

# MARKETBEAT

# Greenville, SC

## Industrial Q4 2018



### GREENVILLE INDUSTRIAL

#### Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Greenville   Spartanburg Employment	572k	578k	▲
Greenville   Spartanburg Unemployment	4.1%	3.2%	▼
U.S. Unemployment	4.1%	3.7%	▼

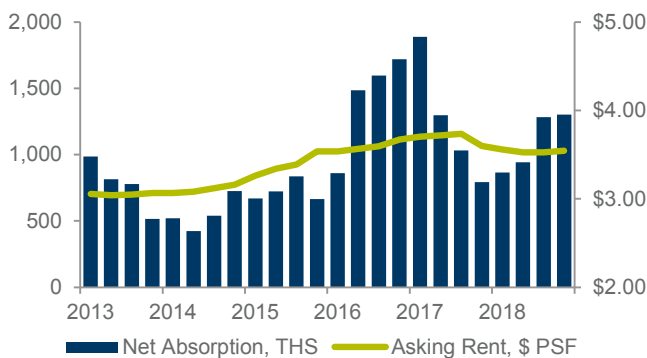
Numbers above are quarterly averages; November 2018 data used to represent Q4 2018

#### Market Indicators (Overall, All Product Types)

	Q4 17	Q4 18	12-Month Forecast
Overall Vacancy	5.8%	4.5%	▼
Net Absorption (sf)	3.2M	465k	▼
Under Construction (sf)	5.2M	4.1M	▼
Average Asking Rent*	\$3.60	\$3.67	▲

\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Rent 4-QTR TRAILING AVERAGE



### Economy

In the United States, 2018 was a strong year including a GDP growth measure over 4% in Q2 and 3.5% in Q3 with more mild expectations in Q4. The local economy continued to expand with unemployment that continues to hover under 4% and continued pressure on prices from homes to autos based on interest rates that are 100 basis points (bps) higher than a year ago. Tailwinds for the economy include meaningful work for most, cheaper gas prices at the pump and an economy that continues to create out new jobs including over 300,000 in December 2018.

### Market Overview

Overall, the market ended 2018 very positively including over 5.2 million square feet (msf) of net absorption and historically low vacancy at 4.5%. Several users found space in recently completed spec buildings as GSP North America leased 115,000 square feet (sf) in Becknell's new speculative building at Wingo Park and Senator leased 120,000 sf in the Apple Valley speculative building.

Rental rates have stabilized and we expect them to remain the same in 2019. There are several eCommerce deals in the market and a couple of those could land in early 2019 as Amazon just leased 60,000 sf of speculative space at the end of 2018. Class B and C space will also continue to be in demand as there are many users that do not need brand new buildings and prefer the lower cost of older second generation buildings.

### Outlook

There are over 3.5 msf of speculative space under construction that will deliver by Q3 2019 and we expect a lot of that to be absorbed. We believe that while rental rates will remain flat, there will likely be some additional landlord concessions in the form of free rent or additional tenant improvements. We expect the first part of 2019 to look a lot like the previous two years.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)*	OVERALL VACANCY RATE	OVERALL NET ABSORPTION (SF) CURRENT QUARTER	OVERALL AVERAGE NET RENT (MF)**	OVERALL AVERAGE NET RENT (OS)**	OVERALL AVERAGE NET RENT (WD)**
Anderson	536	37,361,431	313,984	3.7%	-165,216	\$3.32	\$5.53	\$3.76
Northern Spartanburg	531	41,846,666	1,191,732	6.3%	371,868	\$3.32	\$5.53	\$3.76
Southern Spartanburg	181	12,956,411	18,500	4.0%	325,167	\$3.32	\$5.53	\$3.76
Greer	281	18,097,644	725,674	2.4%	138,880	\$3.32	\$5.53	\$3.76
Hwy. 290 Corridor	88	9,730,762	1,035,344	8.6%	-327,049	\$3.32	\$5.53	\$3.76
Northern Greenville	392	22,339,203	246,950	5.5%	-309,800	\$3.32	\$5.53	\$3.76
I-85 East Greenville	223	9,694,817	312,514	4.3%	-53,244	\$3.32	\$5.53	\$3.76
West Greenville	122	3,617,069	95,077	2.2%	-1,177	\$3.32	\$5.53	\$3.76
Southern Greenville	512	34,874,142	658,089	4.6%	-55,988	\$3.32	\$5.53	\$3.76
Outlying Cherokee   Laurens   Pickens	41	13,408,927	70,400	3.4%	541,900	\$3.32	\$5.53	\$3.76
<b>GREENVILLE TOTALS</b>	<b>2,907</b>	<b>203,927,072</b>	<b>4,668,264</b>	<b>4.5%</b>	<b>465,341</b>	<b>\$3.32</b>	<b>\$5.53</b>	<b>\$3.76</b>

\*Only includes buildings 20,000 SF and larger  
 \*\*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Services/Flex W/D = Warehouse/Distribution

### Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
70 Tyger River Drive	408,000 SF	BMW	New	Rt. 290 Corridor
2725 New Cut Road	115,637 SF	GSP North America	New	Upper Spartanburg Cty Ind
2550 New Cut Circle	100,000 SF	Southeastern Warehouse	Renewal	Upper Spartanburg Cty Ind
280 National Avenue	84,000 SF	Nova Realty	New	Upper Spartanburg Cty Ind
1428 Old Stage Road	80,000 SF	Kimura	New	I-85/Wenwood/ICAR

### Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
5950 N. Main Street	336,667 SF	Progress Lighting/Royal Realty Associates	\$5,975,000/\$18	Lower Spartanburg Cty Ind
7240 Moorefield Memorial Hwy.	310,000 SF	7240 Ptshp/Liberty 123	\$4,529,000/\$15	Outlying Pickens County
1100 Scotts Bridge Road	152,000 SF	Associated Fuel Pump Systems/Robert Bosch	\$3,500,000/\$23	Outlying Anderson County
1310 Old Stage Road	740,000 SF	STAG Industrial/Sunland	\$28,885,000/\$40	Mauldin/Fountain
513 Old Griffin Road	210,900 SF	STAG Industrial/David Poole	\$110,995,812/\$52	I-85 South Donaldson
Gilliam Road	300,000 SF	JTB, LLC	\$9,600,000/\$32	Rt. 290 Corridor
500 Matrix Parkway	70,000 SF	MBH/Blackstone	\$4174,000/\$60	I-85 South Donaldson
531 Brookshire Road	45,000 SF	Agracel Inc./Fisher Lease	\$2,150,000/\$48	Rt. 101 Corridor

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