

# NAI Earle Furman, LLC

Industrial Report | Fourth Quarter 2010



# Upstate Market

## TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



## STATISTICS:

Number of Buildings.....	4,205
Market Size (SF).....	178,413,030
Overall Vacancy Space (SF).....	18,531,074
Overall Vacancy (%).....	10.4%
Direct Vacancy (SF).....	18,084,624
Sublease Vacancy (SF).....	446,450
Net Absorption.....	215,600
Average Asking Rental Rate (\$/SF/YR).....	\$3.07

## FOURTH QUARTER MARKET OVERVIEW:

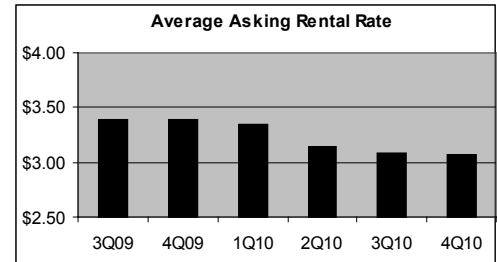
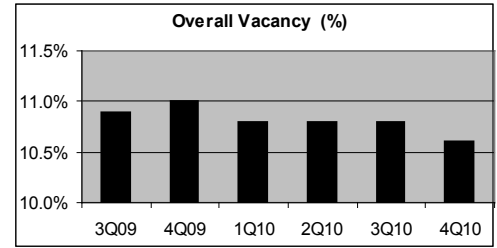
By: Grice Hunt

NAI Earle Furman Industrial Division Broker

As 2011 begins the Industrial market in the Upstate of South Carolina has seen two consecutive quarters of positive absorption showing signs of a recovering industrial market. Even though vacancy has decreased tenants are still able to seek aggressive lease terms among competing buildings. As recession fears wane pent-up demand helps push vacancy numbers down as prospect confidence continues to improve. New construction activity continues to remain sparse as vacancy still allows both tenants and purchasers a wide variety of available options. One new project broke ground in fourth quarter, a 50,000 SF facility in the Pickens area.

Investment activity has slowly begun to increase as tenants are becoming more confident and showing positive signs of growth or longer lease commitments. However acquisition criteria have drastically changed over the past 24 months and while financing is beginning to loosen it can still prove to be a significant hurdle in closing deals. Some investment groups are still taking advantage of opportunities created by the financing crisis by chasing bank owned properties and distressed assets as a means to either expand or break into the Upstate market.

2011 appears to be the first opportunity the market has had to recover. Expectations are that market conditions will begin to stabilize and regain some normalcy over the course of the year.



## Top Lease Transactions

\*NAI Earle Furman Transaction

Tenant:	Address:	Size (SF):	Submarket:
Stacy's Greenhouses*	1001 Lebanon Road	392,040	Anderson
WSI Logistics	104 Hidden Lake Drive	145,210	Spartanburg
Master Precision Global, LLC*	175 Spartangreen Blvd.	85,000	Spartanburg
Hyundam America, Inc.	195 Commerce Center	30,000	Greenville I-385

## Top Sales Transactions

Buyer:	Address:	Size (SF):	Submarket:
BIC Consumer Products*	145 Southchase Blvd.	124,500	Greenville I-85
Coast Sign, Inc.	1698 Perimeter Road	50,000	Greenville I-85

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SUBMARKET/ CLASS	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAIL. (SF)	TOTAL VACANT AVAIL (%)	TOTAL NET Absorption (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Greenville I-385	601	22,271,343	2,782,771	6.8%	105,575	\$3.96	0
Class A	10	720,790	347,335	33.6%	(20,654)	\$4.67	0
Class B	232	10,948,595	1,366,355	5.5%	75,695	\$3.78	0
Class C	261	5,602,981	1,049,081	12.0%	50,534	\$3.90	0
Greenville I-85	252	12,290,699	2,170,493	13.2%	84,056	\$3.06	77,089
Class A	4	1,164,722	829,292	71.2%	10,880	\$4.87	0
Class B	76	5,530,839	1,042,693	12.9%	91,376	\$2.99	77,089
Class C	136	4,969,194	298,508	1.7%	(18,200)	\$3.19	0
Pelham Road/ Hwy. 14	182	5,253,407	828,268	12.7%	(43,514)	\$4.74	0
Class A	5	56,000	22,000	39.3%	0	\$5.87	0
Class B	51	1,868,659	523,807	26.5%	(8,500)	\$5.08	0
Class C	70	1,890,932	282,461	7.9%	(35,014)	\$4.10	0
Rt. 29/ Rutherford Rd.	186	7,223,743	1,411,203	9.7%	(4,075)	\$2.79	0
Class A	3	402,601	0	0%	0	N/A	0
Class B	40	1,948,308	705,900	24.1%	6,400	\$2.79	0
Class C	117	2,515,361	705,303	9.3%	(10,475)	\$2.83	0
Travelers Rest	81	2,979,492	170,140	3.1%	(2,300)	\$2.71	0
Class A	2	122,550	0	0%	0	N/A	0
Class B	23	934,979	89,600	2.4%	(4,600)	\$4.38	0
Class C	34	879,753	80,540	7.9%	2,300	\$2.14	0
West Greenville	498	14,482,165	2,771,419	14.0%	(18,950)	\$2.72	0
Class A	5	601,854	436,814	72.6%	0	\$1.95	0
Class B	105	4,309,404	481,595	8.6%	2,500	\$2.61	0
Class C	374	9,020,762	1,853,010	13.5%	(21,450)	\$2.91	0
Anderson/Pickens	472	20,085,087	2,525,835	6.6%	(48,066)	\$2.10	66,371
Class A	7	356,560	3,800	1.1%	0	N/A	0
Class B	124	6,975,485	1,276,661	13.9%	47,711	\$2.53	16,371
Class C	261	9,877,030	1,245,374	3.6%	(54,266)	\$1.87	50,000
Spartanburg	1,309	69,612,954	11,372,917	9.2%	286,736	\$3.06	0
Class A	20	4,348,215	636,720	11.7%	0	\$3.76	0
Class B	333	26,202,298	5,281,117	10.7%	231,223	\$3.39	0
Class C	506	19,018,455	5,417,468	16.3%	48,013	\$2.66	0
Cherokee	60	5,025,352	1,941,543	22.9%	0	\$2.35	0
Class A	4	1,006,199	476,000	47.3%	0	\$2.15	0
Class B	35	3,143,354	1,220,993	14.3%	0	\$2.44	0
Class C	18	587,642	244,550	38.2%	0	\$2.68	0
Laurens	47	3,704,991	1,131,158	21.5%	6,000	\$2.61	0
Class A	2	606,679	525,979	86.7%	0	0	0
Class B	18	2,357,462	261,159	1.6%	2,000	\$3.64	0
Class C	23	593,950	320,620	35.1%	4,000	\$1.55	0

# NAI Earle Furman, LLC

Methodology / Definitions / Submarket Map

## Absorption (Net)

The change in occupied space in a given time period.

## Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

## Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company, For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a triple net basis.

## Building Class

Class A product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

## Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

## Market Size

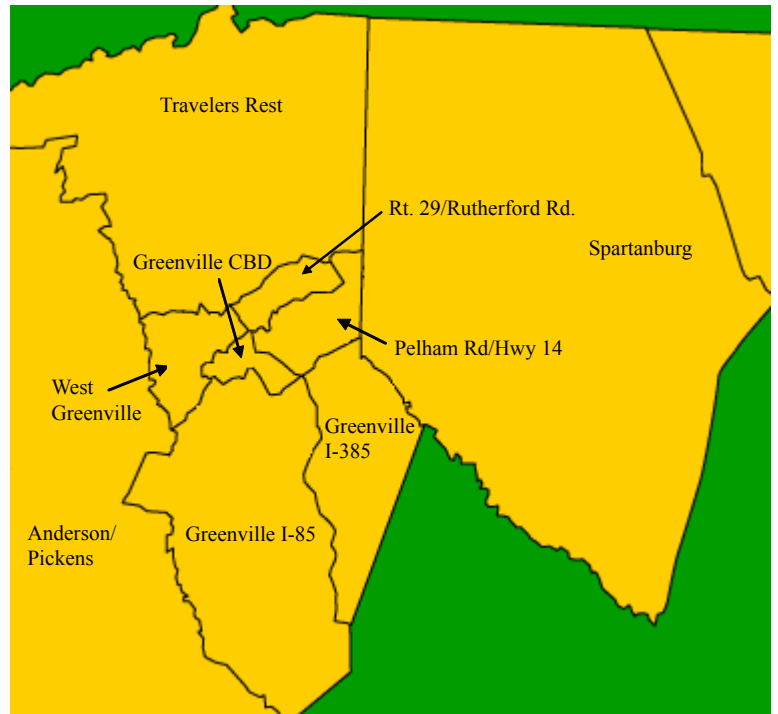
Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

## Overall Vacancy

All unoccupied lease space, either direct or sublease.

## SF/PSF

Square foot/per square foot, used as a unit of measurement.



## Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

## Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

## Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

Some of the data in this report has been gathered from third party sources including CoStar Group, Inc. and has not been independently verified by NAI Earle Furman, LLC. NAI Earle Furman, LLC makes no warranties or representations as to the completeness or accuracy thereof. All rents are per SF/per YR unless otherwise noted. Construction is defined as total RBA under construction. The Upstate Market is defined by: Greenville, Anderson, Spartanburg, Cherokee and Pickens counties. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings.

# Upstate in the News

## Coast Sign Inc. Announces New Facility in Greenville County Investment Expected to Create 135 New Jobs

Greenville Area Development Corporation

GREENVILLE COUNTY, SC -- October 27, 2010 – The South Carolina Department of Commerce and the Greenville Area Development Corporation today announced that Coast Sign Inc. will establish its new facility in Greenville County. The \$2.4 million investment is expected to generate 135 new jobs.

“We are pleased to establish our newest facility in South Carolina’s Upstate. Demand from our customers has grown substantially, and this new facility will help us meet that demand and increase our market share. Greenville County provides us with an excellent business environment, and has a top-notch workforce and exceptional market access. We look forward to becoming a part of the Palmetto State’s business community,” said Charlie Alemi, president of Coast Sign Inc.

Coast Sign installs thousands of signs nationwide for a variety of businesses with an emphasis on financial institutions, automotive companies and the hospitality industry. The company also provides a full line of sophisticated ATM signage.

“Today’s announcement that Coast Sign will invest and create 135 new jobs in South Carolina is another sign that efforts to focus on the business fundamentals such as keeping taxes and regulatory burdens low are working to attract new investment. This announcement is also a reminder that manufacturing continues to play a critical role in our state’s economy and growth in this sector over the past several months is a positive reflection of our state’s skilled workforce and an indication of future opportunities. We recognize that Coast Sign could have made this investment anywhere and we appreciate their decision to do business in South Carolina,” said Joe Taylor, Secretary of Commerce.

The company will locate its new sign manufacturing facility in Greenville County at 1698 Perimeter Road, located within the South Carolina Technology and Aviation Center (SC-TAC). The company plans to have the facility online in the first quarter of 2011.

“Coast Sign’s decision to launch here in Greenville County is great news,” added H.G. “Butch” Kirven, chairman of Greenville County Council and director of the Greenville Area Development Corporation. “Our economic development teams provided the help the company needed to make this possible, and this venture will create good paying jobs for our citizens. It also affirms that specialty manufacturing companies can thrive here, and we look forward to a long and mutually beneficial relationship with them in the years ahead.”

The company will begin hiring for the new positions in approximately six weeks. Anyone interested in job opportunities with the company is encouraged to contact Melinda Washington at (714) 999-1917 or by email at [Melinda.washington@coastsign.com](mailto:Melinda.washington@coastsign.com).

### About Coast Sign Inc.

Coast Sign Inc., established in 1964, is headquartered in Anaheim, Calif., and is an industry leader in the design, engineering, project management, fabrication, installation and maintenance of exterior illuminated signage. Coast Sign’s customers include a number of Fortune 1000 companies. For more information, please visit [www.coastsign.com](http://www.coastsign.com).

About GADC: The Greenville Area Development Corporation is a non-profit organization established by Greenville County Council to promote and enhance the economic growth and development of Greenville County. For additional information, visit them on the web at [www.GoGADC.com](http://www.GoGADC.com) or call (864) 235-2008.

# Upstate in the News

## High-tech Coatings Manufacturer Lands Southern Operations at SCTAC

Boston-based GVD Corporation establishes first operation outside of Massachusetts

Greenville Area Development Corporation

GREENVILLE COUNTY, SC -- December 8, 2010 – Cambridge, MA based GVD Corporation has selected the SC Technology and Aviation Center (SCTAC) as the new location for their first established operation in the Southeast. The polymer coating company's recent expansion to SCTAC is influenced by Greenville's pull as a manufacturing headquarters. At the new SCTAC location, GVD can now serve their Southeastern client base more effectively.

"The reputation of Upstate SC as a hub for manufacturing excellence makes it an excellent home for GVD. Our specialty polymer coatings have numerous applications in the manufacturing environment, consumer products and medical device industries" says Founder and President, Dr. Hilton Pryce Lewis. "SC Technology & Aviation Center offers a variety of important resources for us – including a tremendous community of fellow business leaders from smaller high-technology companies to multi-national industrial plants. We feel right at home here."

Since officially beginning operations at the new SCTAC facility in July, GVD has seen revenues grow and increasing sales volumes. While initial investment in their 5,200 square foot space at the SCTAC campus is undisclosed, the high-tech coatings manufacturer has already made several local hires and anticipates further hires as business growth demands.

"The expansion of GVD Corporation to SCTAC demonstrates the success of our new branding and economic development strategy," says John Hopkins, SCTAC Board Chairman. "GVD's choice to make SCTAC their first home outside of Boston is evidence that SCTAC competes on a national level in terms of manufacturing excellence."

GVD is dedicated to improving the surface of things through the use of novel coating methods that enable enhanced product performance. GVD specializes in altering the surface properties of almost any part to achieve desired functionalities like lubricity, water repellency, stability, and electrical conductivity. GVD produces ultra-thin coatings for medical devices, industrial parts, cutting blades, seals, filters, fabrics, sensors and many other components.

GVD's technology does not require the use of high temperatures, solvents, and additives typically associated with conventional polymer coatings. Rather, GVD's chemical vapor deposition (CVD) technology allows it to create ultra-thin, ultra-pure polymer coatings that adhere well to any surface or geometry. As a result, a whole new universe of materials and shapes can be coated.

"GVD Corporation is a great example of how a company that combines world-class technology with innovative research and development and an Upstate presence can grow their business in North America," said Jo Hackl, Chairperson of the Greenville Area Development Corporation. "The company is research-driven, innovative and an ideal corporate citizen that we welcome to the many opportunities to be found in Greenville County and South Carolina."

About GVD Corporation: Inspired by processes commonly used in the microelectronics industry, GVD has pioneered novel technology that allows almost any surface to be coated with an ultra-thin polymer to dramatically improve product performance. GVD's coating techniques make it uniquely capable of meeting the coating demands of *semiconductor, aerospace, defense, medical device, consumer products and other industries*. Founded in 2001, the company has successfully commercialized its *polytetrafluoroethylene (PTFE) coating process*, and its "gentle" *chemical vapor deposition process* offers an unprecedented degree of control over surface properties. To learn more about the GVD Corporation and its unique processes, please visit [www.gvdcorp.com](http://www.gvdcorp.com).

About South Carolina Technology & Aviation Center: SC Technology and Aviation Center is designed to meet the unique needs of *technologically-advanced businesses in a global economy*. The center features an attractive combination of *advanced manufacturing, distribution, and aviation facilities*. The park is also recognized as a *major aircraft maintenance and modification center* capable of completing *major structural repairs, inspections, and other service needs*. For more information on SC Technology and Aviation Center, or to learn more about available industrial or aviation facilities at the Greenville center, please visit [www.sc-tac.com](http://www.sc-tac.com).

# Upstate in the News

## Century Plastics Announces Expansion in Greenville County - Investment Expected to Create 25 New Jobs

Greenville Area Development Corporation:

GREENVILLE COUNTY, SC -- December 6, 2010 – The South Carolina Department of Commerce and the Greenville Area Development Corporation today announced that Century Plastics will expand its production facility in Greenville County. The \$3.5 million investment is expected to generate 25 new jobs.

“Our company has operated for nearly three decades in the Upstate, and we are excited to have the chance to grow our operations here. South Carolina has offered us an excellent business environment, a strong workforce and exceptional market access. Demand continues to increase for our products and we look forward to continuing to grow here,” said Dominick Morabito, president of Century Plastics.

Century Plastics will construct a new 93,000-square-foot building at its current location at 849 Neely Ferry Road. The new building, which is expected to be completed by May 2011, will allow the company to greatly increase its production capacity. It will also allow Century Plastics to expand Century Closures, a division of Century Plastics specializing in caps and closures. Century Closures will launch its new line of Dispensing Spout Caps by the end of the first quarter 2011.

“It is always great to see a home-grown business find success in South Carolina and choose to grow here. Starting with just five employees more than a quarter century ago, Century Plastics has continually grown over the years and is again ready to further invest and create jobs in our state. The company’s decision to increase its presence here is another indication that South Carolina’s business-friendly climate and talented workforce provide the tools to help businesses compete and succeed. We congratulate Century Plastics on their growth and wish them continued success for the years to come,” said Joe Taylor, Secretary of Commerce.

“We’re pleased that the leadership of Century Plastics recognizes the many advantages that Greenville County offers their company,” said Jo Hackl, chairwoman of the Greenville Area Development Corporation Board. “As a family-owned business with innovative processes, blue-chip customers and a history of positive growth here, their expansion announcement is another positive boost to Greenville County’s growing business community.”

The company, which currently has 175 employees, has already begun to recruit for the new positions. Anyone interested in job opportunities as injection molding process technicians or mold hangers with the company should apply at the Greenville Workforce Center located at 706 Pendleton St. in Greenville.

Century Plastics, Inc. molds plastic parts for a wide variety of industries including agriculture, appliance, automotive, food service, juvenile furniture, packaging and pharmaceutical. The company has been providing quality plastic products since 1983. For more information about the company, please visit [www.century-plastics.com](http://www.century-plastics.com).

About GADC: The Greenville Area Development Corporation is a non-profit organization established by Greenville County Council to promote and enhance the economic growth and development of Greenville County. For additional information, visit them on the web at [www.GoGADC.com](http://www.GoGADC.com) or call (864) 235-2008.

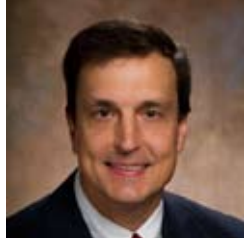
# Contact Us

For more information on the Upstate Industrial market please contact one of our specialists:



**John Baldwin**  
Broker

[jbaldwin@naiearlefurman.com](mailto:jbaldwin@naiearlefurman.com)



**Glenn Batson**  
Broker

[gbatson@naiearlefurman.com](mailto:gbatson@naiearlefurman.com)



**Ford Borders, SIOR**  
Principal & Broker

[fborders@naiearlefurman.com](mailto:fborders@naiearlefurman.com)



**J. Earle Furman, Jr., SIOR**  
Principal & Broker-in-Charge

[efurman@naiearlefurman.com](mailto:efurman@naiearlefurman.com)



**Hunter Garrett, CCIM, SIOR**  
Principal & Broker

[hgarrett@naiearlefurman.com](mailto:hgarrett@naiearlefurman.com)



**Jon Good, SIOR**  
Principal & Broker

[jgood@naiearlefurman.com](mailto:jgood@naiearlefurman.com)



**Michael Greer, CCIM, SIOR**  
Broker

[mgreer@naiearlefurman.com](mailto:mgreer@naiearlefurman.com)



**Grice Hunt**  
Broker

[grice@naiearlefurman.com](mailto:grice@naiearlefurman.com)



**Dave Reeves**  
Broker

[dreeves@naiearlefurman.com](mailto:dreeves@naiearlefurman.com)



**John Staunton**  
Broker

[john@naiearlefurman.com](mailto:john@naiearlefurman.com)

# Additional Resources

**[www.naiearlefurman.com](http://www.naiearlefurman.com)** – Complete listings of NAI Earle Furman’s available properties

**[www.greenvilleeconomicdevelopment.com](http://www.greenvilleeconomicdevelopment.com)** – Greenville Economic Development’s goal is to promote and enhance the economic growth of Greenville County by serving as the single source contact for economic development in the greater Greenville area.

**[www.upstatealliance.com](http://www.upstatealliance.com)** – Upstate Alliance is a public/private regional economic development organization designed to market the dynamic 10-county Upstate region to the world.

**[www.greenvillechamber.org](http://www.greenvillechamber.org)** - The Greater Greenville Chamber at its core is dedicated to promoting quality development of Upstate South Carolina through managed growth, service to members and the public, and a community-wide approach to issues shaping the region's future.

**[www.spartanburgcounty.org](http://www.spartanburgcounty.org)** – Official website of Spartanburg County government

**[www.greenvillecounty.org](http://www.greenvillecounty.org)** – Official website of Greenville County government

**[www.andersonsccounty.org](http://www.andersonsccounty.org)** - Official website of Anderson county government

**[www.cherokeecountysc.com](http://www.cherokeecountysc.com)** - Official website of Cherokee county government

**[www.sccommerce.com](http://www.sccommerce.com)** - Provides information on trade, grants, rural development, and recycling. Includes databases of community profiles, labor market information, etc..

**[www.sciway.net](http://www.sciway.net)** - South Carolina's Information Highway is the largest directory of South Carolina information on the Internet.

**[www.southcarolinapowerteam.com](http://www.southcarolinapowerteam.com)** - The South Carolina Power Team promotes industrial sites & industrial buildings in South Carolina and the state's unique advantages for industry.