



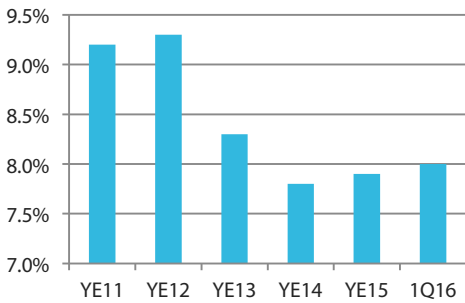
FIRST QUARTER 2016

Greenville/Spartanburg Industrial Report

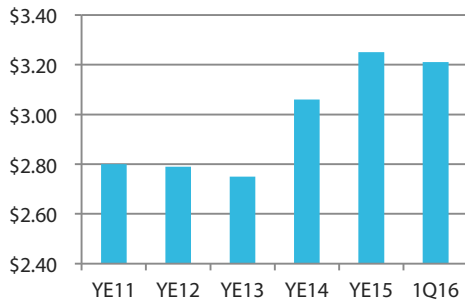
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MARKET FACTS

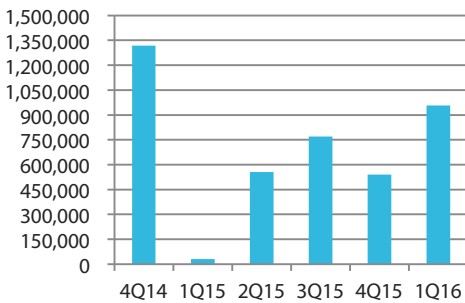
Vacancy Rates



Asking NNN Rents



Net Absorption



Market Takeaway

Speculative Development Continues Amid Absorption

The Upstate's industrial market continues to expand. As existing inventory is absorbed; new product is on the market, under construction and in the planning and proposal stages.

The relative scarcity of good class B and C properties has resulted in stable and rising rates for those existing spaces remaining on the market. Much of the existing inventory has been taken up with the upsurge beginning in 2012.

The available rate is stable at 13% from the end of the fourth quarter of 2015. Triple Net rates have risen 0.05% at an average of \$3.25 per square foot (psf). Overall Rates are also rising from \$3.30 psf to \$3.33 psf.

While there is an increase of over 1 million square feet (sf) of new inventory from the end of the fourth quarter of 2015, we do not see this as significant or worrisome.

Speculative industrial development continues along the I-85, primarily in the Greenville and Spartanburg markets, especially in the area of BMW manufacturing and the Highway 101 corridor. Other smaller corridors of development are occurring in the area northeast and southwest of Greenville, as sister buildings on those developments have been occupied and taken off market. These new class A developments, combined with the scarcity of quality B and C class buildings are driving the market, resulting in the higher rates.

Looking forward into the remainder of 2016, we see continuing sustainable growth in the Upstate of South Carolina. Growth between Greenville and Spartanburg along the I-85 corridor is the result of the new production and facilities expansion at BMW; the resulting influx of Tier I suppliers; the growth and increased utilization of the Inland Port. All of which create the ancillary demand for lower priced buildings and land occurring south of Greenville into Anderson and Oconee counties and northeast toward upper Spartanburg and Cherokee counties.

Trends to Watch

- Rental rates are rising amid demand
- Tenants continue to want flexibility to grow or shrink
- Constant stream of businesses wanting to enter the Upstate market



Market Indicators

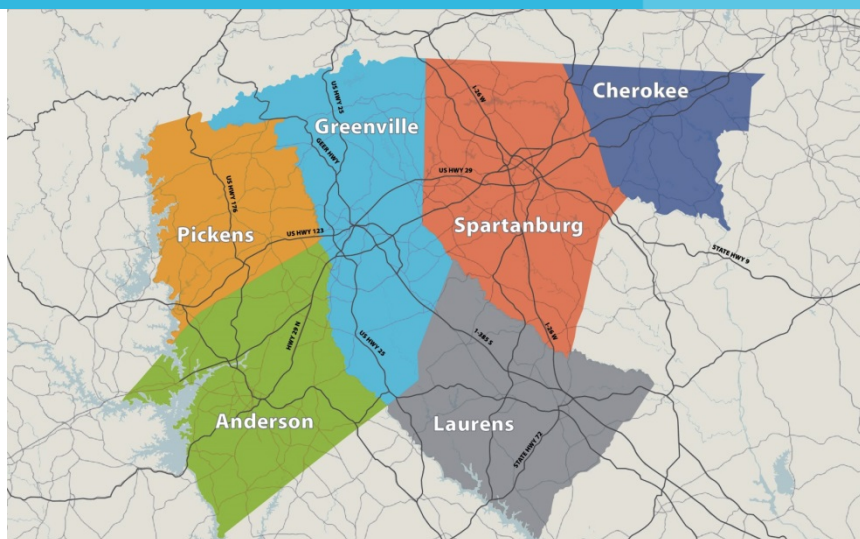
Anderson County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	16,895,451	16,895,451	16,895,451	16,895,451	16,895,451
Vacancy Rate	5.1%	5.2%	5.8%	6.3%	6.5%
Available Rate	10.1%	10.1%	10.9%	9.8%	10.2%
Direct NNN Rent	\$2.62	\$2.62	\$2.62	\$2.66	\$2.68
Cherokee County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	5,667,114	5,667,114	5,667,114	5,667,114	5,667,114
Vacancy Rate	11.8%	11.8%	11.8%	12.7%	12.7%
Available Rate	29.0%	29.0%	19.4%	21.8%	21.8%
Direct NNN Rent	\$2.67	\$3.09	\$3.09	\$2.91	\$3.01
Greenville County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	63,490,089	63,288,689	62,972,951	62,782,951	62,609,951
Vacancy Rate	7.2%	7.7%	7.8%	8.0%	9.2%
Available Rate	13.5%	13.3%	14.6%	14.3%	14.7%
Direct NNN Rent	\$3.45	\$3.45	\$3.41	\$3.42	\$3.41
Laurens County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	10,797,016	10,647,016	10,647,016	10,647,016	10,522,016
Vacancy Rate	5.1%	5.1%	5.1%	6.8%	5.7%
Available Rate	9.6%	7.9%	8.7%	6.2%	7.4%
Direct NNN Rent	\$2.53	\$2.85	\$2.76	\$2.19	\$2.14
Pickens County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	4,679,920	4,679,920	4,679,920	4,679,920	4,679,920
Vacancy Rate	7.3%	7.9%	7.0%	7.5%	7.5%
Available Rate	20.5%	21.0%	26.8%	27.7%	20.0%
Direct NNN Rent	\$2.66	\$2.61	\$2.61	\$2.61	\$2.55
Spartanburg County	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	68,004,709	67,199,280	66,614,257	66,614,257	66,614,257
Vacancy Rate	9.6%	8.9%	8.2%	8.4%	7.7%
Available Rate	11.7%	12.1%	10.6%	10.1%	10.4%
Direct NNN Rent	\$3.24	\$3.17	\$3.15	\$3.06	\$3.12



Market Indicators

Greenville/Spartanburg	1Q16	4Q15	3Q15	2Q15	1Q15
Inventory	169,936,261	168,779,441	167,878,671	167,688,671	167,204,671
Vacancy Rate	8.0%	7.9%	7.7%	8.1%	8.1%
Available Rate	12.9%	12.9%	12.7%	12.3%	12.3%
Direct NNN Rent	\$3.21	\$3.25	\$3.23	\$3.18	\$3.21
Net Absorption	957,031	539,790	770,435	554,569	30,710

Greenville/Spartanburg Submarket Clusters



First Quarter 2016 Lease Transaction

Tenant	Type	Address	Submarket Cluster	SF
ZF Chassis Systems Duncan, LLC	Original	925 Berry Shoals Road	Spartanburg County	28,000
Sunland Logistics Solutions	Original	10024 Pelham Road	Greenville County	41,500
Span Packaging Services	Renewal	575 Mauldin Road	Greenville County	54,814
Tramrail Material Handling, Inc.	Renewal	112 Leader Drive	Greenville County	7,000
Otto Brock Polyurethane Technologies, Inc.	Original	130 Caliber Ridge Drive	Spartanburg County	51,600
Shreve's Cabinet Concepts	Original	4303 S Pine Street	Spartanburg County	7,570
Woodtex Products	Original	716 E Fairfield Road	Greenville County	30,000
Ushers Machine & Tool Co., Inc.	Original	6998 Pelham Road	Greenville County	71,800
Package Concepts & Materials	Original	11Forrester Drive	Greenville County	25,600
LEL International	Renewal	1700 Victor Hill Road	Spartanburg County	27,500
Vintage Warehouse, LLC	Original	1201 Union Street	Spartanburg County	34,053
Property Polymers	Original	Old Grove Road	Greenville County	50,000
Palmetto State Glass, Inc.	Original	16 Victor Stree	Greenville County	8,000
Universal Packaging and Sewing Supplies, Inc.	Original	160 Lincoln School Road	Spartanburg County	85,795
Bell's Environmental Services	Original	125 Saco-lowell Road	Pickens County	2,747



Industrial Terms & Definitions

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country. Industrial rents are reported on a triple net basis where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

Researcher Comments

Market research data and lease transaction information provided by CoStar.

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