



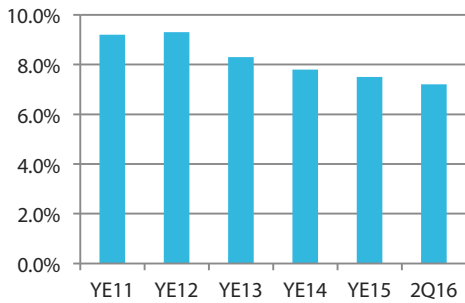
SECOND QUARTER 2016

Greenville/Spartanburg Industrial Report

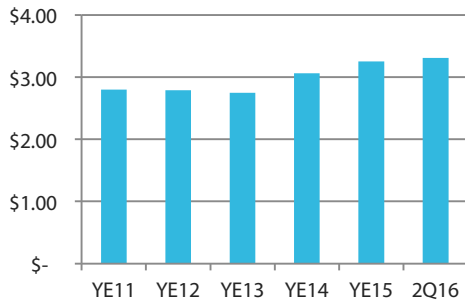
Partnership. Performance.

MARKET FACTS

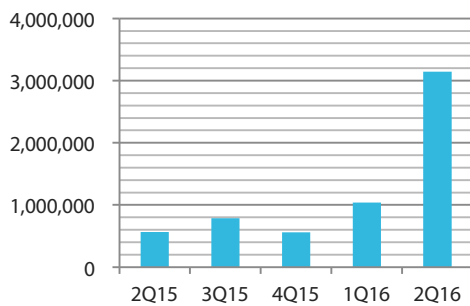
Vacancy Rates



Asking NNN Rents



Net Absorption



Market Takeaway

Keeping up with the Joneses...Atlanta & Charlotte

I-85 corridor continues to be the pipeline for rapid growth in the market. The existing large industrial Class A, B and C buildings are being filled and it is the lack of warehouse distribution space that is the primary driving force behind the demand for build-to-suit and speculative construction. Manufacturers and companies who provide assemblage are still factors, but many of their requirements are warehouse space.

Industrial rental rates have reached an all time high pushing new speculative development investors to increase market share. Construction of free standing Class A buildings is at a higher rate than any time in recent memory. There are ongoing projects in every county that borders an interstate: Anderson, Pickens, Laurens, Greenville, Greer, Spartanburg and Cherokee. The net absorption for the quarter reflects just how quickly those new buildings are being occupied.

I-26/I-385 corridors echo the adjustments as the race continues in the preparation for the widening of the Panama Canal and deepening of the Charleston and Savannah ports traffic. One such adjustment has been The South Carolina Ports Authority (SCPA) Board of Directors to plan on expanding the Inland Port at Greer in 2017.

The flex space market is facing similar challenges with the scarcity of Class A and B space for lease or purchase along I-85 between Greenville and Spartanburg. Mini-warehouse projects are increasing to meet the demands of new arrivals and apartment dwellers while also creating competition for sites with investors/developers of speculative flex buildings. Build-to-suit has increased with users who are unable to find product to meet their needs. Rates are growing, particularly for smaller spaces in metropolitan areas where supply has become tight.

The basic rules of supply and demand should hold true through the end of the year. Supply of quality product has been a long term issue, current and proposed construction will not reach a saturation point. The influx of companies continues due to the efforts of business development and recruitment, as well as, growth of current companies in the market creating demand through the next quarters.

Trends to Watch

- Lack of class B warehouse space
- Panama Canal influence driving domestic and foreign investment
- Widening of interstates



Market Indicators

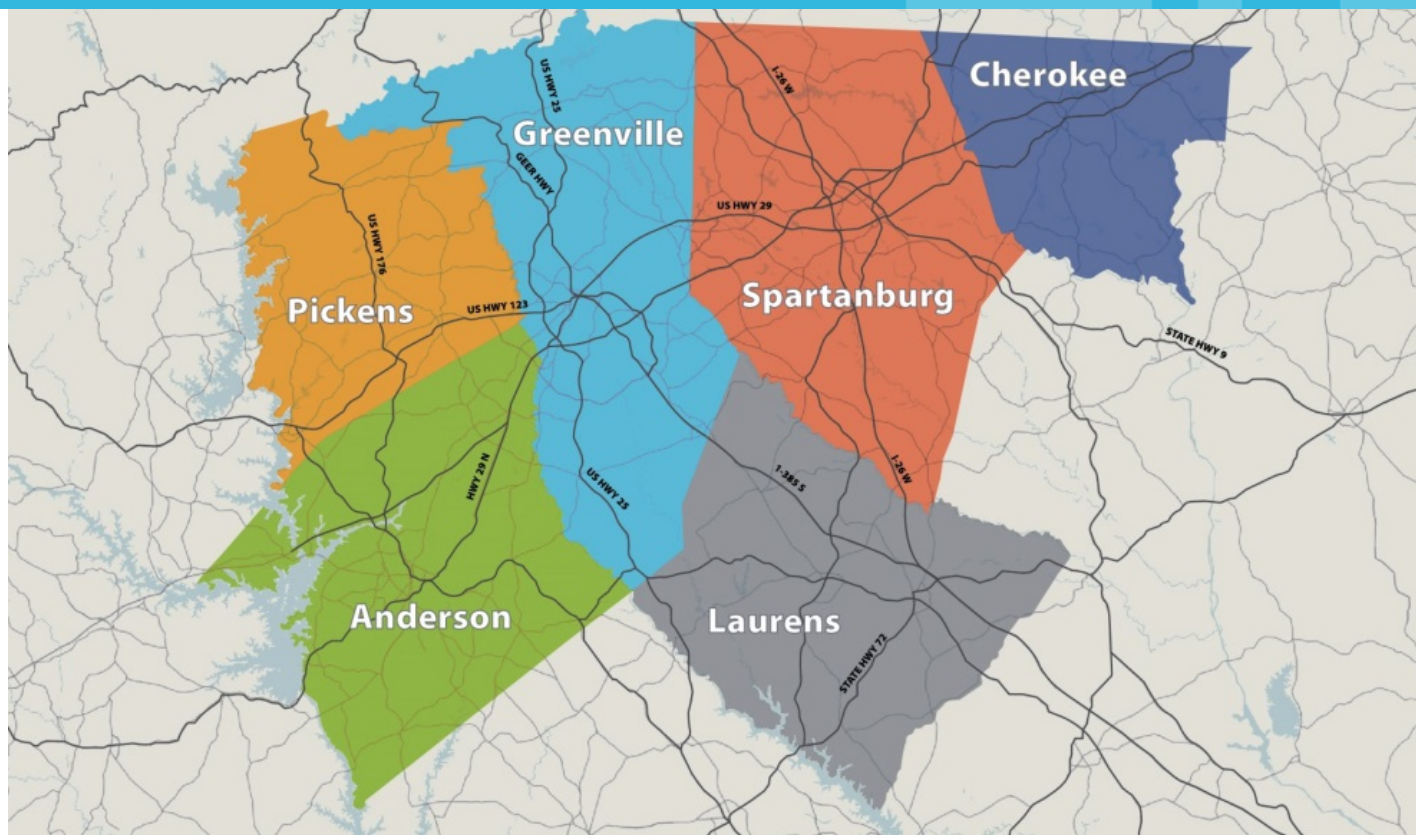
| Anderson County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
|--------------------|------------|------------|------------|------------|------------|
| Inventory | 17,529,303 | 17,529,303 | 17,529,303 | 17,529,303 | 17,529,303 |
| Vacancy Rate | 6.1% | 6.8% | 7.0% | 6.8% | 7.3% |
| Available Rate | 11.1% | 10.8% | 10.8% | 10.8% | 9.9% |
| Direct NNN Rent | \$2.83 | \$2.89 | \$2.90 | \$2.89 | \$2.91 |
| Cherokee County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
| Inventory | 7,167,114 | 5,667,114 | 5,667,114 | 5,667,114 | 5,667,114 |
| Vacancy Rate | 9.4% | 11.8% | 11.8% | 11.8% | 12.7% |
| Available Rate | 23.0% | 23.0% | 22.9% | 15.4% | 21.8% |
| Direct NNN Rent | \$2.67 | \$2.67 | \$3.09 | \$3.09 | \$2.91 |
| Greenville County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
| Inventory | 63,240,533 | 63,240,533 | 63,039,133 | 63,039,133 | 63,039,133 |
| Vacancy Rate | 6.7% | 6.9% | 7.5% | 7.9% | 8.1% |
| Available Rate | 12.7% | 13.7% | 13.4% | 14.4% | 14.1% |
| Direct NNN Rent | \$3.64 | \$3.45 | \$3.45 | \$3.41 | \$3.42 |
| Laurens County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
| Inventory | 10,666,121 | 10,516,121 | 10,516,121 | 10,516,121 | 10,516,121 |
| Vacancy Rate | 0.2% | 0.2% | 0.2% | 0.2% | 2.0% |
| Available Rate | 5.1% | 4.8% | 3.1% | 3.9% | 1.5% |
| Direct NNN Rent | \$2.51 | \$2.53 | \$2.85 | \$2.76 | \$2.19 |
| Pickens County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
| Inventory | 4,683,541 | 4,683,541 | 4,683,541 | 4,683,541 | 4,683,541 |
| Vacancy Rate | 3.4% | 5.4% | 4.9% | 4.1% | 4.5% |
| Available Rate | 18.0% | 17.5% | 18.0% | 23.8% | 24.7% |
| Direct NNN Rent | \$2.51 | \$2.66 | \$2.61 | \$2.61 | \$2.61 |
| Spartanburg County | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
| Inventory | 69,242,539 | 68,005,799 | 67,199,645 | 66,614,613 | 66,614,613 |
| Vacancy Rate | 9.2% | 9.0% | 8.6% | 8.2% | 8.4% |
| Available Rate | 11.8% | 11.8% | 12.4% | 10.8% | 10.0% |
| Direct NNN Rent | \$3.36 | \$3.29 | \$3.23 | \$3.15 | \$3.06 |



Market Indicators

| Greenville/Spartanburg | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Inventory | 172,492,431 | 169,492,411 | 168,484,857 | 167,789,825 | 167,599,825 |
| Vacancy Rate | 7.2% | 7.4% | 7.5% | 7.5% | 7.8% |
| Available Rate | 12.3% | 12.6% | 12.7% | 12.2% | 12.8% |
| Direct NNN Rent | \$3.31 | \$3.21 | \$3.25 | \$3.23 | \$3.18 |
| Net Absorption | 3,145,702 | 1,037,533 | 560,956 | 784,735 | 566,669 |

Greenville/Spartanburg Submarket Clusters



Second Quarter 2016 Lease Transaction

| Tenant | Type | Address | Submarket Cluster | SF |
|-----------------------------------|----------|------------------------|--------------------|---------|
| Cates Sports, LLC | Original | 2172 River Rd | Spartanburg County | 14,225 |
| CH Mueller | Original | 130 Caliber Ridge Dr | Spartanburg County | 156,000 |
| Coca-Cola Bottling Co | Original | 125 Old Williamston Rd | Anderson County | 150,000 |
| J.R. Automation Technologies, LLC | Original | 1473 Walhalla Hwy | Pickens County | 24,300 |
| NFL Office Works | Original | 40 Freedom Ct | Greenville County | 20,000 |
| Siroflex, LLC | Original | 23 Old Mill Rd | Greenville County | 33,783 |
| TBA | Original | 1201 Woods Chapel Rd | Spartanburg County | 53,703 |
| TBA | Original | 1623 S Highway 14 | Greenville County | 48,485 |
| TBA | Original | 1402-1406 Elrod Rd | Anderson County | 50,000 |



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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