

Greenville



More Positive Growth and Absorption

Large Industrial Properties

The economic outlook for Upstate South Carolina is strong with continued economic growth and lower unemployment than the national average. Net absorption has surpassed the high number of the last quarter coupled with a slight movement on vacancy and increased rent rates. The result - a lot of new construction is being absorbed, primarily class A space. These spaces are build-to-suit, with no impact on vacancy, as well as speculative buildings which are being filled quickly.

As new industries continue to gravitate to the Upstate market, there is also a movement from area companies to upgrade to a better location or facility. A majority of the demand remains steadily on warehouse space. Additionally, there is some demand for lower cost overflow space from inside the market and across all classes of buildings.

Announcements of proposed and completed projects continue to be released. Manufacturers have been making capital investment commitments regarding expansion of production

space. The impact of the expansions can be expected to be higher warehouse demand from an increase of production. Additionally, the Inland Port has become as much a factor as BMW in driving demand for location in the Highway 101 and Highway 290 submarkets. The keys are reduction in transportation costs, greater access to domestic and international markets and flexibility in logistic options. As a result, the South Carolina Port Authority has allocated for expansion in 2017.

Smaller Industrial Properties

The market continues to see migration of lower tier suppliers to entities like BMW and GE, as well as small business entities flowing to the Upstate. Companies are seeking affordable flex space in the 5,000 to 20,000 square feet categories and the availability continues to tighten along the I-85 corridor. Some businesses are being driven to the northern Anderson County and Spartanburg markets to find those spaces. Owners of those spaces are expecting a premium to lease or sell as scarcity develops.

Market Facts

176,209,267 sf

Inventory

7.4%

Vacancy Rate

11.4%

Available Rate

\$3.36 psf

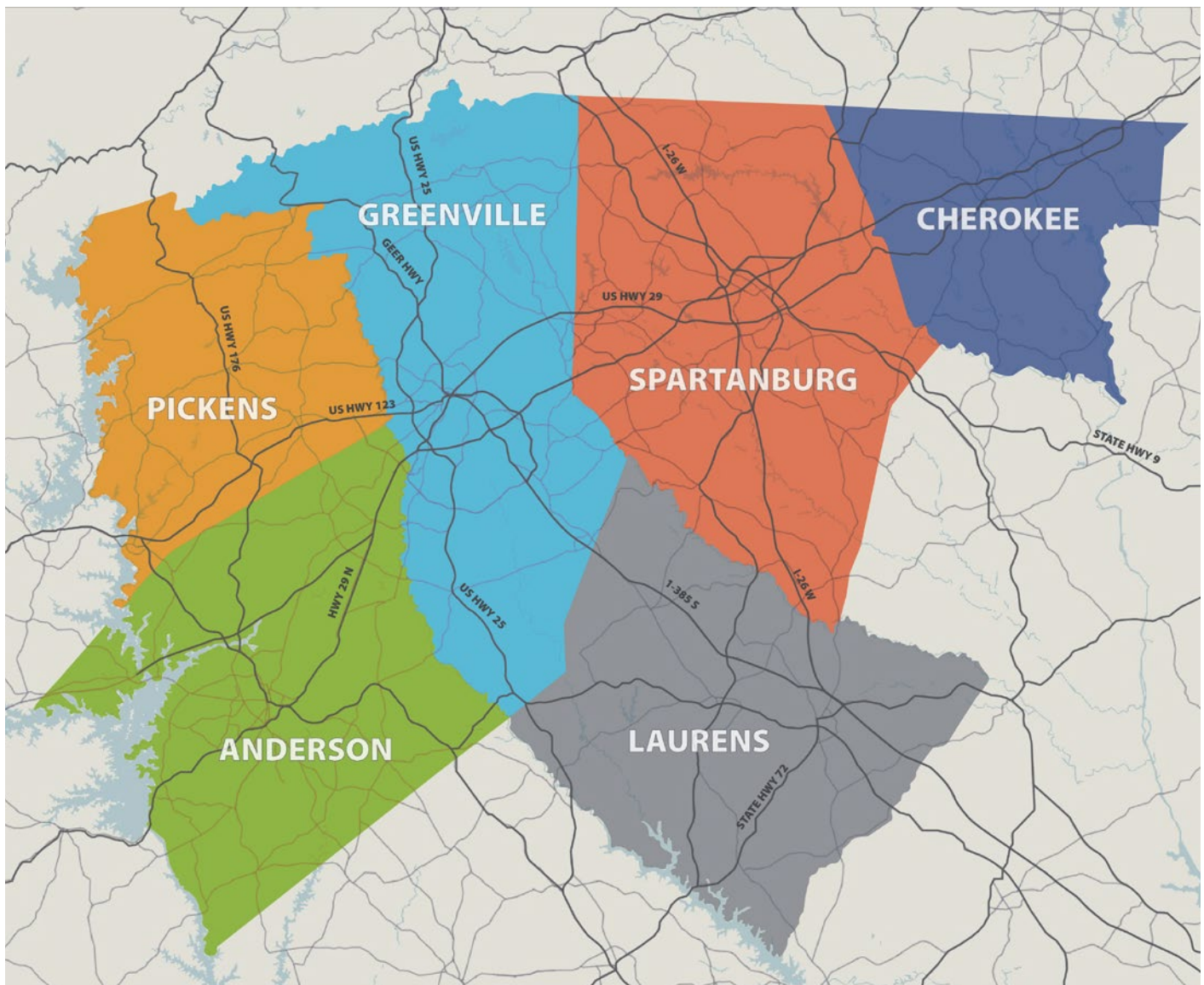
Direct NNN Rent

Submarket Indicators

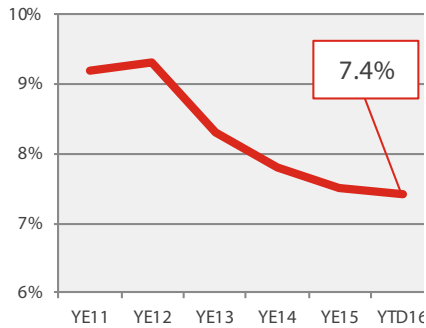
| Anderson County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
|--------------------|------------|------------|------------|------------|------------|
| Inventory | 20,583,192 | 17,529,303 | 17,529,303 | 17,529,303 | 17,529,303 |
| Vacancy Rate | 5.1% | 6.1% | 6.8% | 7.0% | 6.8% |
| Available Rate | 6.4% | 11.1% | 10.8% | 10.8% | 10.8% |
| Direct NNN Rent | \$2.87 | \$2.83 | \$2.89 | \$2.90 | \$2.89 |
| Cherokee County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 7,166,862 | 7,167,114 | 5,667,114 | 5,667,114 | 5,667,114 |
| Vacancy Rate | 17.0% | 9.4% | 11.8% | 11.8% | 11.8% |
| Available Rate | 23.7% | 23.0% | 23.0% | 22.9% | 15.4% |
| Direct NNN Rent | \$2.67 | \$2.67 | \$2.67 | \$3.09 | \$3.09 |
| Greenville County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 63,653,611 | 63,240,533 | 63,240,533 | 63,039,133 | 63,039,133 |
| Vacancy Rate | 6.8% | 6.7% | 6.9% | 7.5% | 7.9% |
| Available Rate | 11.4% | 12.7% | 13.7% | 13.4% | 14.4% |
| Direct NNN Rent | \$3.77 | \$3.64 | \$3.45 | \$3.45 | \$3.41 |
| Laurens County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 10,743,610 | 10,666,121 | 10,516,121 | 10,516,121 | 10,516,121 |
| Vacancy Rate | 3.4% | 0.2% | 0.2% | 0.2% | 0.2% |
| Available Rate | 25.1% | 5.1% | 4.8% | 3.1% | 3.9% |
| Direct NNN Rent | \$2.60 | \$2.51 | \$2.53 | \$2.85 | \$2.76 |
| Pickens County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 4,723,541 | 4,683,541 | 4,683,541 | 4,683,541 | 4,683,541 |
| Vacancy Rate | 3.4% | 3.4% | 5.4% | 4.9% | 4.1% |
| Available Rate | 25.1% | 18.0% | 17.5% | 18.0% | 23.8% |
| Direct NNN Rent | \$2.60 | \$2.51 | \$2.66 | \$2.61 | \$2.61 |
| Spartanburg County | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 69,338,451 | 69,242,539 | 68,005,799 | 67,199,645 | 66,614,613 |
| Vacancy Rate | 9.0% | 9.2% | 9.0% | 8.6% | 8.2% |
| Available Rate | 12.0% | 11.8% | 11.8% | 12.4% | 10.8% |
| Direct NNN Rent | \$3.38 | \$3.36 | \$3.29 | \$3.23 | \$3.15 |

| Submarket Indicators | | | | | |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Overview | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
| Inventory | 176,209,267 | 172,492,431 | 169,492,411 | 168,484,857 | 167,789,825 |
| Vacancy Rate | 7.4% | 7.2% | 7.4% | 7.5% | 7.5% |
| Available Rate | 11.4% | 12.3% | 12.6% | 12.7% | 12.2% |
| Asking Direct NNN Rent | \$3.36 | \$3.31 | \$3.21 | \$3.25 | \$3.23 |
| Net Absorption | 1,871,353 | 3,145,702 | 1,037,533 | 560,956 | 784,735 |

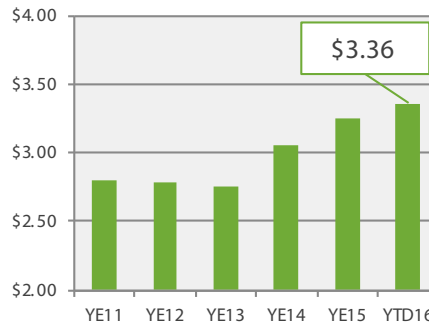
Submarket Map



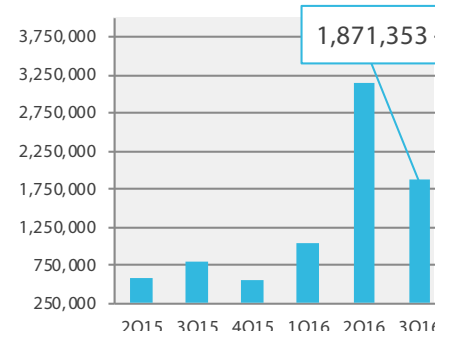
Vacancy Rates



Asking NNN Rents



Net Absorption



Notable Leases

| Tenant | Type | Address | Market | SF |
|----------------------------|----------|--------------------------|--------------------|---------|
| Le Saint Logistics | Renewal | 1201 Woods Chapel Road | Spartanburg County | 250,000 |
| Innovative Fibers, LLC | Original | 117 Littlejohn Street | Spartanburg County | 116,413 |
| C.H. Mueller | Original | 130 Caliber Ridge Drive | Spartanburg County | 114,400 |
| Brose North America, Inc. | Original | 1171 Howell Road | Spartanburg County | 77,000 |
| Baier & Michaels USA, Inc. | Original | 65 Brookfield Oaks Drive | Greenville County | 76,800 |

Notable Sales

| Buyer | Address | Market | SF | Sale Price |
|-----------------------------------|---|-------------------|---------|-------------|
| STAG Industrial Holdings, LLC | 111 Southchase Blvd | Greenville County | 168,087 | \$7,025,000 |
| NI Ventures X Grandview, LLC | 2838 Grandview Dr | Greenville County | 195,210 | \$6,450,000 |
| ROIF Turningstone, LLC | 127 Turningstone Ct | Greenville County | 90,000 | \$4,975,000 |
| MDH Propco 2015-B, LLC | Matrix Business Center, 500-514 Matrix Pkwy | Greenville County | 71,809 | \$2,915,926 |
| Te Storage Rentals of America Eli | 1108 NE Main St | Greenville County | 82,380 | \$2,625,000 |

Trends to Watch



New Flex Spaces
Coming to meet rising demand from in-migrating businesses & small manufacturers



Demand Class A Space
The region's Industrial Market will have a continued demand for class A space



Inland Port will remain key market driver

Industrial Terms and Definitions

■ Total Square Footage

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.

■ Submarkets

Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within.

Researcher Comments

Market research data and transaction information provided by CoStar.

Market Name

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