

Greenville



Industrial Sector Remains Strong And Stable In The Upstate

Observed in the fourth quarter of 2016, construction has slowed nationwide but remains healthy in the Upstate, particularly in the industrial sector. Build to suit and speculative buildings are coming to market and are being absorbed quickly. Class B assets are the most challenging market sector as vacancy rates are highest in this group. Class B inventory has remained stagnant with several additional buildings expected to become available in 2017. PL Developments' plan to open a distribution center on Old Griffin Road is one of the few class B buildings that is being absorbed.

The Upstate is experiencing manufacturers, such as Ultrafab and Sealed Air, planning expansions of their production spaces. Other area companies including Ritrama, Magna International, Martin Printing and Advanced Ceramic Coating have all announced plans for build to suits. As an overall trend, manufacturers are seeing a greater return with investment capital on production space than with warehousing space. Most of the development, both speculative and build to suit construction, continues to focus on

the areas surrounding Highways 101 and 290.

While large companies are expanding rapidly, smaller companies struggle with the decision of purchasing versus leasing. Investors are looking for opportunities with secure tenants but are making plays for vacant buildings.

The Inland Port remains a strategic asset in the industrial sector and is well underway in expansion plans. The Port had a record breaking year with container volume in 2016, handling more than \$74 billion in international commerce. The Ports Authority anticipates that 2017 will continue on the same track.

The final observable trend - Greenville's current boom in urban apartment projects is fueling a concurrent surge in redevelopment and adaptive reuse of historic textile and warehouse properties near Downtown Greenville. Area projects such as Hampton Station, Brandon Mill, The Commons, and Markley Station are receiving substantial attention for their progress in creating dynamic community gathering places.

Market Facts

177,575,887 sf

Inventory

7.2%

Vacancy Rate

10.3%

Available Rate

\$3.30 psf

Direct NNN Rent

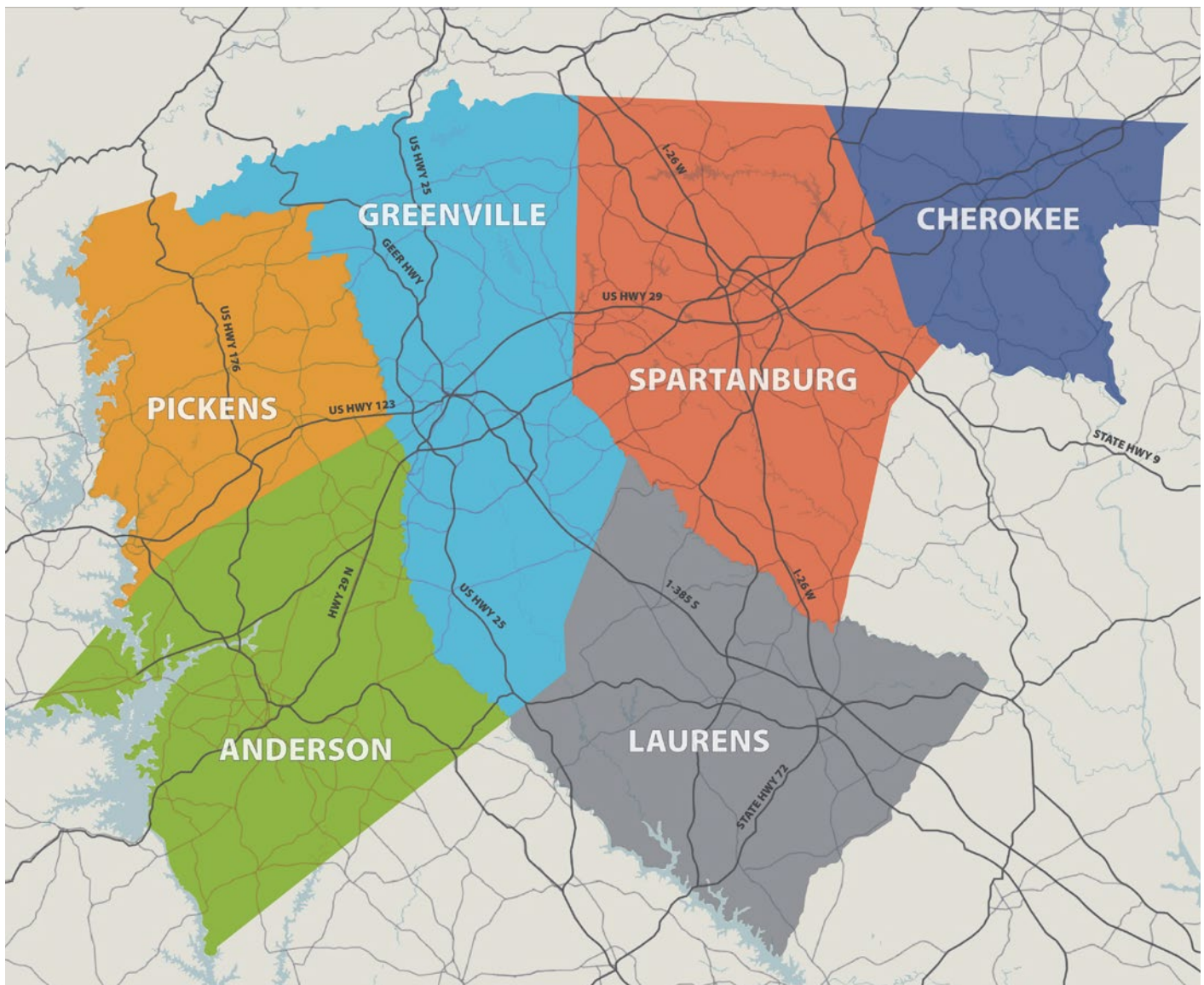
Submarket Indicators

Anderson County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	20,415,192	20,583,192	17,529,303	17,529,303	17,529,303
Vacancy Rate	5.6%	5.1%	6.1%	6.8%	7.0%
Available Rate	6.8%	6.4%	11.1%	10.8%	10.8%
Direct NNN Rent	\$2.26	\$2.87	\$2.83	\$2.89	\$2.90
Cherokee County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	7,166,051	7,166,051	7,166,051	5,666,051	5,666,051
Vacancy Rate	15.5%	17.0%	9.4%	11.8%	11.8%
Available Rate	21.5%	23.7%	23.0%	23.0%	22.9%
Direct NNN Rent	2.67	\$2.67	\$2.67	\$2.67	\$3.09
Greenville County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	63,999,090	63,717,472	63,483,472	63,240,533	63,282,072
Vacancy Rate	6.7%	6.7%	6.3%	6.6%	7.2%
Available Rate	10.4%	11%	12.2%	13.2%	12.8%
Direct NNN Rent	\$3.72	\$3.77	\$3.68	\$3.48	\$3.44
Laurens County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	10,751,298	10,751,298	10,726,298	10,576,298	10,576,298
Vacancy Rate	1.4%	0.4%	0.2%	0.2%	0.2%
Available Rate	3.1%	3.1%	5.1%	4.8%	3.1%
Direct NNN Rent	\$2.47	\$2.55	\$2.51	\$2.53	\$2.85
Pickens County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	4,723,541	4,723,541	4,683,541	4,683,541	4,683,541
Vacancy Rate	8.4%	3.4%	3.4%	5.4%	4.9%
Available Rate	18.3%	25.1%	18.0%	17.5%	18.0%
Direct NNN Rent	\$2.60	\$2.60	\$2.51	\$2.66	\$2.61
Spartanburg County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	70,520,715	69,245,615	68,835,615	67,635,514	66,898,240
Vacancy Rate	8.1%	8.2%	8.4%	8.1%	7.9%
Available Rate	10.6%	10.5%	11.1%	10.7%	11.5%
Direct NNN Rent	\$3.31	\$3.38	\$3.36	\$3.29	\$3.23

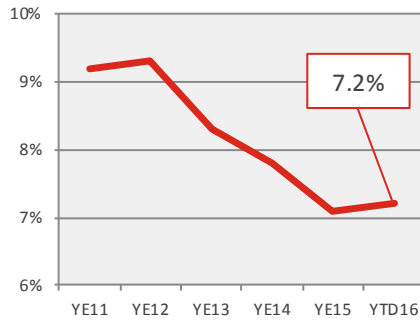
Submarket Indicators

Overview	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	177,575,887	176,019,169	173,050,169	170,050,068	169,111,394
Vacancy Rate	7.2%	7.1%	6.8%	7.0%	7.1%
Available Rate	10.3%	10.7%	11.6%	11.8%	11.8%
Asking Direct NNN Rent	\$3.30	\$3.37	\$3.33	\$3.25	\$3.27
Net Absorption	1,203,209	2,234,693	3,120,928	1,108,5237	535,256

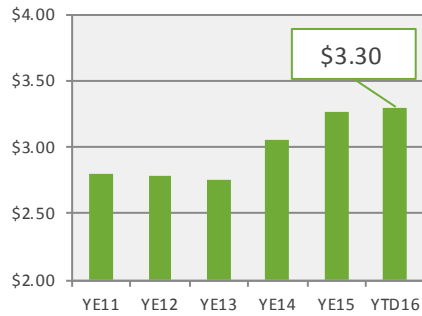
Submarket Map



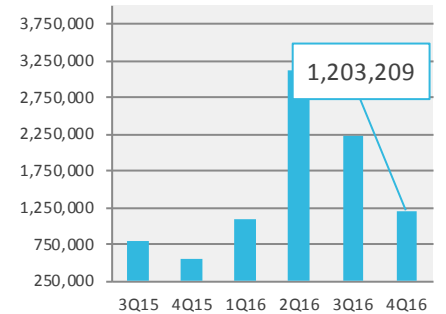
Vacancy Rates



Asking NNN Rents



Net Absorption



Notable Lease Transactions

Tenant	Type	Address	Market	SF
PL Development	Original	513 Old Griffin Road	Greenville County	210,891
Gibbs International, Inc.	Renewal	655 Old Greenville Highway	Spartanburg County	197,000
Brose North America, Inc.	Original	1171 Howell Road	Spartanburg County	154,336
Steel Heddle Reeds, LLC	Renewal	133 White Horse Court	Greenville County	80,000
Bo Parts, Inc.	Original	129 Metro Court	Greenville County	60,000

Notable Sales Transactions

Buyer	Address	Market	SF	Sale Price
17 Haywood, LLC	17 Haywood Road	Greenville County	100,000	\$3,700,000
Industrial Warehouse Svcs, Inc.	5530 Airport Road	Anderson County	54,322	\$1,900,000
Rema USA, LLC	385 S Woods Drive	Laurens County	37,000	\$1,675,000
Perimeter Road Investors, LLC	1698 Perimeter Road	Greenville County	30,000	\$1,350,000
Wrecked Dawg, LLC	3040 White Horse Road	Greenville County	30,000	\$1,350,000

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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