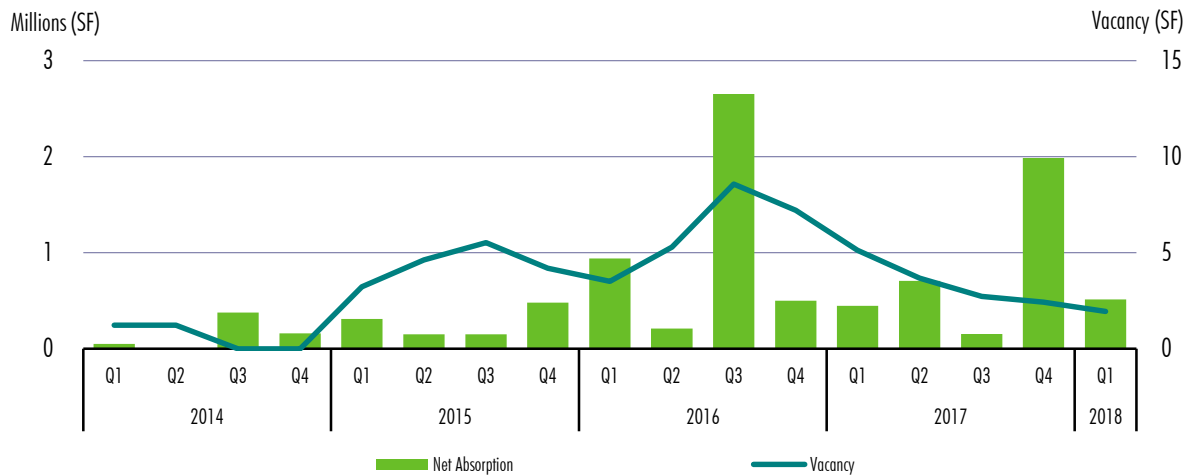


Greenville-Spartanburg Industrial & Logistics, Q1 2018

Regional speculative success leads to a new record low vacancy rate

▼ Vacancy Rate 6.6%
▼ Availability Rate 10.3%
▼ Net Absorption 1,124,533 SF
▼ Asking Rate \$3.29 PSF NNN
▲ Under Construction 4,229,367 SF

Figure 1. Class A Warehouse Vacancy vs. Absorption



Source: CBRE Research, Q1 2018

The Greenville-Spartanburg industrial market is experiencing strong speculative success as a wide variety of users seek space for growth and expansion. With its central location and strategic access to the I-85 interstate corridor, diverse local economy with longstanding ties to manufacturing and steady logistics growth, the market is attracting a large number of developers who are delivering new product and acquiring land at an unprecedented pace.

Due to the region's heightened demand, the Greenville-Spartanburg market is undergoing a period characterized by limited vacancy. At the close of the first quarter, rates dipped to an all-time low of 6.6%, down 25 basis points from last quarter.

A major driver of activity in the market can be attributed to the success of speculative development. Two large leases in speculatively built properties occurred this quarter. Automotive supplier Android Industries and apparel manufacturer OOBE, Inc. combined to lease more than 400,000 sq. ft. of speculative space in the I-85 West submarket.

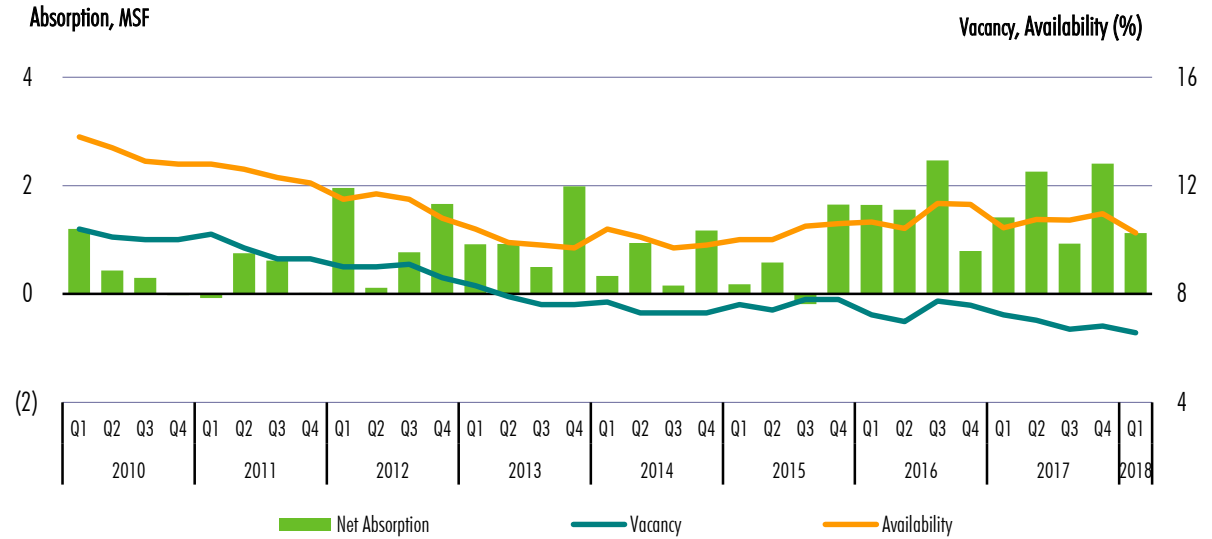
Despite last quarter's increased levels of activity within the I-85 West submarket, Spartanburg-West still remains the most sought after submarket to date. It is worth noting that although there were no Class A availabilities in Spartanburg-West capable of accommodating either Android or OOBE at the time, there are now several large industrial warehouses under

Figure 2. Market Statistics

Market	Rentable Area (SF)	Vacancy Rate (%)	Total Availability (%)	Avg Asking Dr Rate (\$ PSF/YR)	Under Construction (SF)	Net Absorption Last 4 Qtrs (SF)	Net Absorption Current Qtr (SF)
Anderson	23,102,594	8.5	9.6	2.87	200,000	221,711	7,200
Anderson County	23,102,594	8.5	9.6	2.87	200,000	221,711	7,200
Central Greenville	16,502,509	9.0	13.2	2.70	-	(70,518)	25,000
I-385 South	21,481,181	6.2	12.2	3.75	306,240	441,975	(46,073)
I-85 East	14,301,307	5.9	9.8	5.38	-	356,273	133,480
I-85 West	18,970,579	5.7	11.1	3.20	256,200	438,390	534,390
Taylors-Greer	8,210,278	10.8	12.4	2.99	-	81,208	(15,424)
Travelers Rest	3,661,519	6.3	6.3	3.41	-	130,000	-
Greenville County	83,127,373	7.0	11.5	3.55	562,440	1,377,328	631,373
Spartanburg East	22,988,764	8.5	11.3	2.76	-	317,610	176,960
Spartanburg West	48,371,308	3.9	7.9	3.08	3,466,927	6,215,171	309,000
Spartanburg County	71,360,072	5.4	9.0	2.96	3,466,927	6,532,781	485,960
MARKET TOTAL	177,590,039	6.6	10.3	3.29	4,229,367	8,131,820	1,124,533
Development Type							
Manufacturing	93,609,589	4.7	7.1	2.82	2,144,200	2,911,311	(69,470)
R&D/Flex	7,261,219	14.5	17.7	5.94	26,240	35,404	(13,300)
Warehouse/Distribution	76,719,231	8.1	13.3	3.12	2,058,927	5,185,105	1,207,303
Class A (100k SF+)	18,679,524	1.9	2.9	4.13	1,998,927	3,810,178	512,390
Class B (100k SF+)	16,017,290	6.5	17.6	3.06	-	704,888	397,840
MARKET TOTAL	177,590,039	6.6	10.3	3.29	4,229,367	8,131,820	1,124,533

Source: CBRE Research, Q1 2018

Figure 3. Vacancy, Availability and Absorption



Source: CBRE Research, Q1 2018

construction. As the market tightens, it is important to monitor the relationship between industrial supply and demand to avoid delivering too much industrial product at one time. If lease-up periods were protracted considerably, it could be detrimental to future market growth and economic development. With more than 3.8 million sq. ft. of absorption among Class A product and a vacancy rate below 2%, it is clear the appetite for additional product remains unsatisfied.

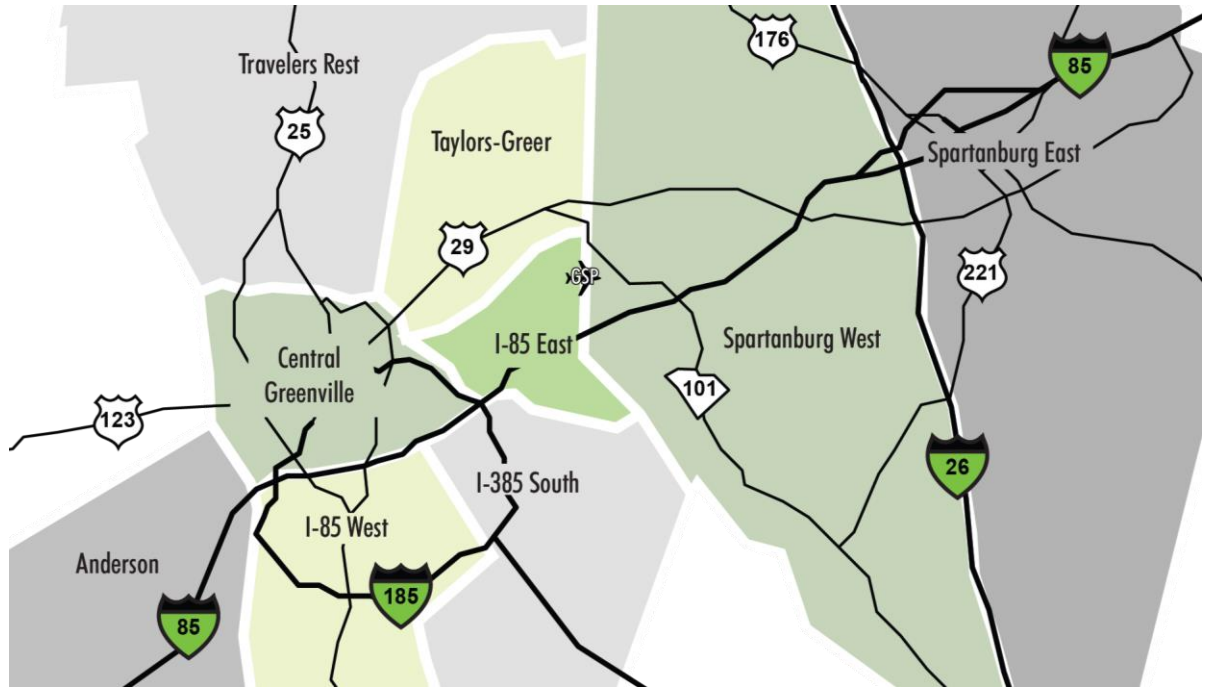
Approximately 1.2 million sq. ft. of speculative space is under construction and expected to be completed by the end of the year. The largest speculative development currently underway is a part of Spartanburg County's Apple Valley Industrial Park in the Spartanburg West submarket. The project, led by California-based Pannattoni Developers, will include two warehouse properties accounting for more than 373,000 sq. ft. of Class A industrial space, 177,000 sq. ft. of which has already been pre-leased. Given current market conditions, it is unlikely remaining warehouse space will remain vacant very long.

The Greenville-Spartanburg industrial market is undergoing an evolution away from a region that focuses on solely on manufacturing to one that now has a growing distribution sector. Much of

this shift can be attributed to the development of the Greer Inland Port. The inland port continues to outperform expectations which is helping to warrant the opening of a second inland port in Dillon, South Carolina. Two inland ports will work together to help increase the capacity at the Port of Charleston, to which the Greenville-Spartanburg is inextricably linked.

The value of the Port of Charleston to Greenville-Spartanburg industrial users is significant, as it allows for the efficient movement of goods to and from the market. The Port of Charleston is one of the fastest growing ports in the country and has an established reputation for efficiency. It is difficult to understate its role in helping to stimulate regional growth and industrial expansion. Industrial users rely heavily on the Port of Charleston and the Greer Inland Port to help facilitate both the international import and export of goods.

The Port of Charleston is undertaking a significant capital expenditure program which will help facilitate its continued growth for the long-term. Chief among these improvements are a deeper channel and a new terminal to help facilitate the movement of goods via the largest ships traveling through the Panama Canal.



CONTACTS

Kendall Chorey
Research Analyst
 +1 843 720 3556
 kendall.chorey@cbre.com

Steve Smith, SIOR
Managing Director
 +1 864 527 6030
 steve.b.smith@cbre.com

CBRE
 101 North Main Street
 Suite 1400
 Greenville, SC 29601
 @CBRE_SC

INDUSTRIAL SERVICES

Trey Pennington, SIOR
Senior Vice President
 +1 864 527 6095
 trey.pennington@cbre.com
 @Trey_Pennington

John Scott, CCIM, SIOR
First Vice President
 +1 864 527 6050
 john.p.scott@cbre.com

Marcus Cornelius
Vice President
 +1 864 527 6081
 marcus.cornelius@cbre.com
 @mmcorneliusiv

Campbell Lewis, SIOR
Senior Associate
 +1 864 527 6041
 campbell.lewis@cbre.com
 @wclsoup

Nick Hollstegge
Senior Associate
 +1 864 527 6053
 nick.hollstegge@cbre.com