

GREENVILLE/SPARTANBURG INDUSTRIAL MARKET

UPSTATE SEES \$492.5 MILLION IN CAPITAL INVESTMENT IN 2018

The economy passed a significant milestone this year; this is now officially the second-longest expansion on record. In fact, the stimulus of federal tax reform has increased the probability that this economic upturn will actually result in the longest expansion in history, a milestone set to occur in July 2019. The Federal Reserve has expressed confidence in the economy by raising interest rates three times this year after keeping them at record lows to encourage growth following the financial crisis. Although the Fed must raise rates to prevent the economy from overheating as a result of the tax stimulus, it must raise them gradually in order to prevent inflation.

Several factors are leading many economists to speculate that the next downturn could happen as early as the end of 2019. The yield curve, a chart showing the interest rate paid on bonds of different maturities, has started to flatten. An inverted yield curve, which occurs when short-term interest rates are higher than long-term rates, tends to signal an upcoming recession, though it is by no means definitive or causal. Continued Federal Reserve tightening, soft credit demand and the uncertainty accompanying tariffs and the ongoing trade war are some of the factors that could encourage a downturn in the not-so-distant future.

Currently, though, market fundamentals are strong, and commercial real estate has been performing well this year. The Upstate has seen eight notable manufacturing capital investments from new companies thus far in 2018, totaling \$492.5 million and bringing in approximately 1,100 jobs. Fifteen existing companies invested \$128.3 million and added 445 jobs to current operations. Last year, capital investments totaled just \$1.75 million for both existing and new companies in the region.

The largest announcement in the Upstate this year came from Keurig Green Mountain, which announced plans to construct a new, state-of-the-art packaging and roasting facility on 213 acres in Tyger River Industrial Park-North in Spartanburg County.

This quarter, Green Tech Solutions announced a \$75.0 million investment into a new recycling operation in Cherokee County at 210 Henson Road. The new facility is expected to come online in the second quarter of 2019 and will bring 200 new jobs.

CURRENT CONDITIONS

Vacancy is at a low 4.8%

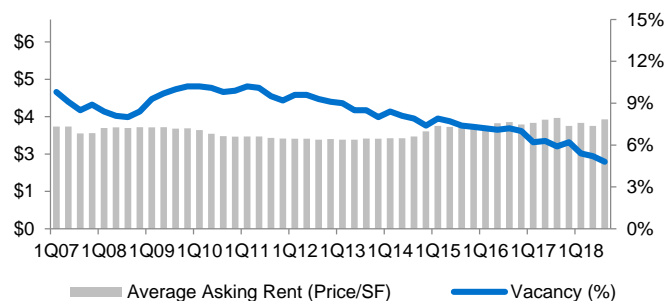
4,075,973 SF has been positively absorbed YTD

The market has seen a positive net absorption every quarter for nearly three years

MARKET ANALYSIS

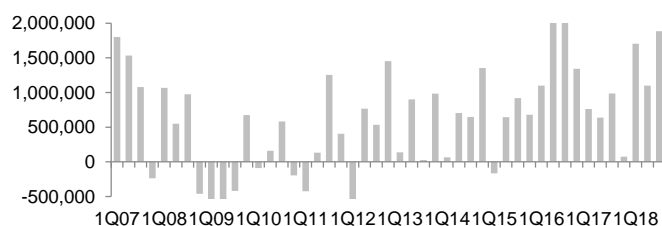
Asking Rent and Vacancy

Asking Rent and Vacancy



Net Absorption (SF, Millions)

Net Absorption
Square Feet



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	210.9 MSF	208.1 MSF	204.9 MSF	↑
Vacancy Rate	4.8%	5.2%	5.4%	↔
Quarterly Net Absorption	1,883,564	1,099,707	678,370	↔
Average Asking Rent	\$3.66	\$3.44	\$3.52	↑

SUBMARKET STATISTICS

	Total Inventory (SF)	Total Vacancy Rate	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	INDUSTRIAL Asking Rent (Price/SF)	FLEX Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Anderson County	24,483,389	3.0%	6.3%	289,882	283,567	\$2.78	\$11.25	\$3.23
Cherokee County	8,472,744	8.7%	8.1%	-38,428	247,872	\$3.02	\$7.50	\$3.05
Greenville County	77,561,048	4.0%	7.7%	253,086	884,420	\$4.02	\$8.02	\$4.35
Laurens County	13,049,293	1.5%	10.8%	-	36,834	\$3.16	-	\$3.16
Pickens County	6,571,912	7.2%	8.0%	12,180	36,992	\$2.86	-	\$2.86
Spartanburg County	80,787,621	6.0%	9.3%	1,366,844	2,586,288	\$3.33	\$7.26	\$3.46
Market	210,926,007	4.8%	8.4%	1,883,564	4,075,973	\$3.46	\$7.95	\$3.66

SELECT LEASE TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
CWT	1631 S Highway 14	Rt 14 Corridor	New	100,000
Landair	199 Black Hawk Rd	West Greenville	New	58,600

SELECT SALES TRANSACTIONS

Building	Submarket	Sales Price	Price/SF	Square Feet
1089 Park West Company	West Greenville	\$3,900,000	\$60.00	65,000
223 Pine Rd	Outlying Anderson County	\$2,250,000	\$33.76	66,645

ECONOMIC CONDITIONS

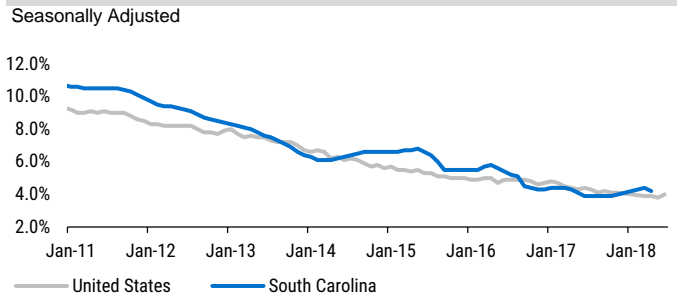
Unemployment in South Carolina remains low at 3.4% as of August 2018, even lower than the national unemployment which came in at 3.9%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

As South Carolina approaches full employment, labor shortages constitute the largest hurdle to continued expansion. Various workforce training programs exist to promote workforce development in the state. One such program, readySC, offers customized training for new or expanding businesses in South Carolina at little or no cost to qualifying companies.

South Carolina brought in 157 economic development projects and \$5.2 billion in capital investment in 2017. This was also the state's eighth consecutive year of record-setting total export sales. The SC Export Incentives Program, which reimburses small and midsize businesses that participate in trade missions and exhibitions, has been credited with encouraging the state's steady export growth, from \$24.7 billion in 2011 to \$32.0 billion in 2017. Vehicle exports dominated at \$11.0 billion, followed by aircraft at \$6.0 billion and machinery at nearly \$4.0 billion.

UNEMPLOYMENT RATE

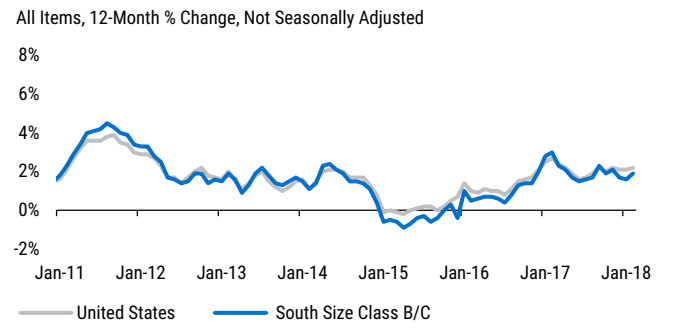
Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

CONSUMER PRICE INDEX (CPI)

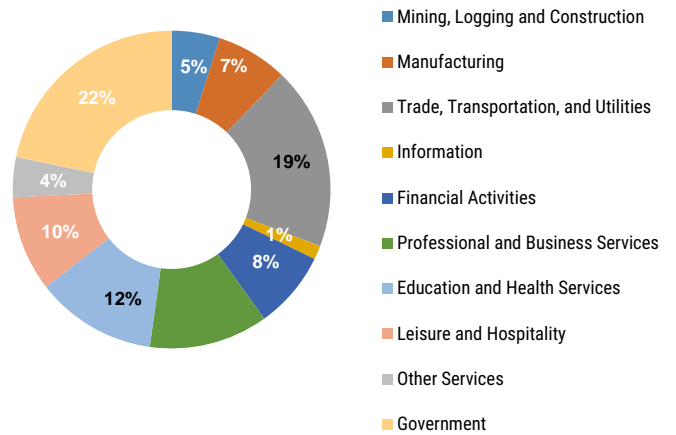
All Items, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

EMPLOYMENT BY INDUSTRY

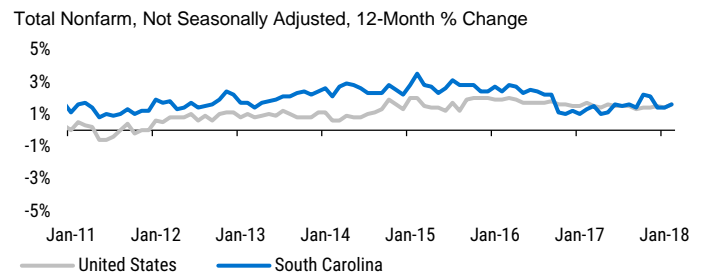
South Carolina, 2017



Source: U.S. Bureau of Labor Statistics

PAYROLL EMPLOYMENT

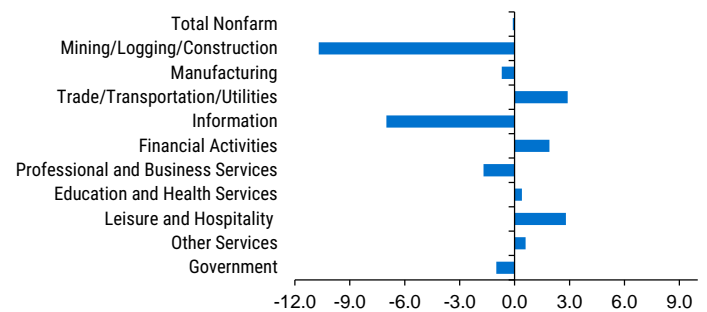
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



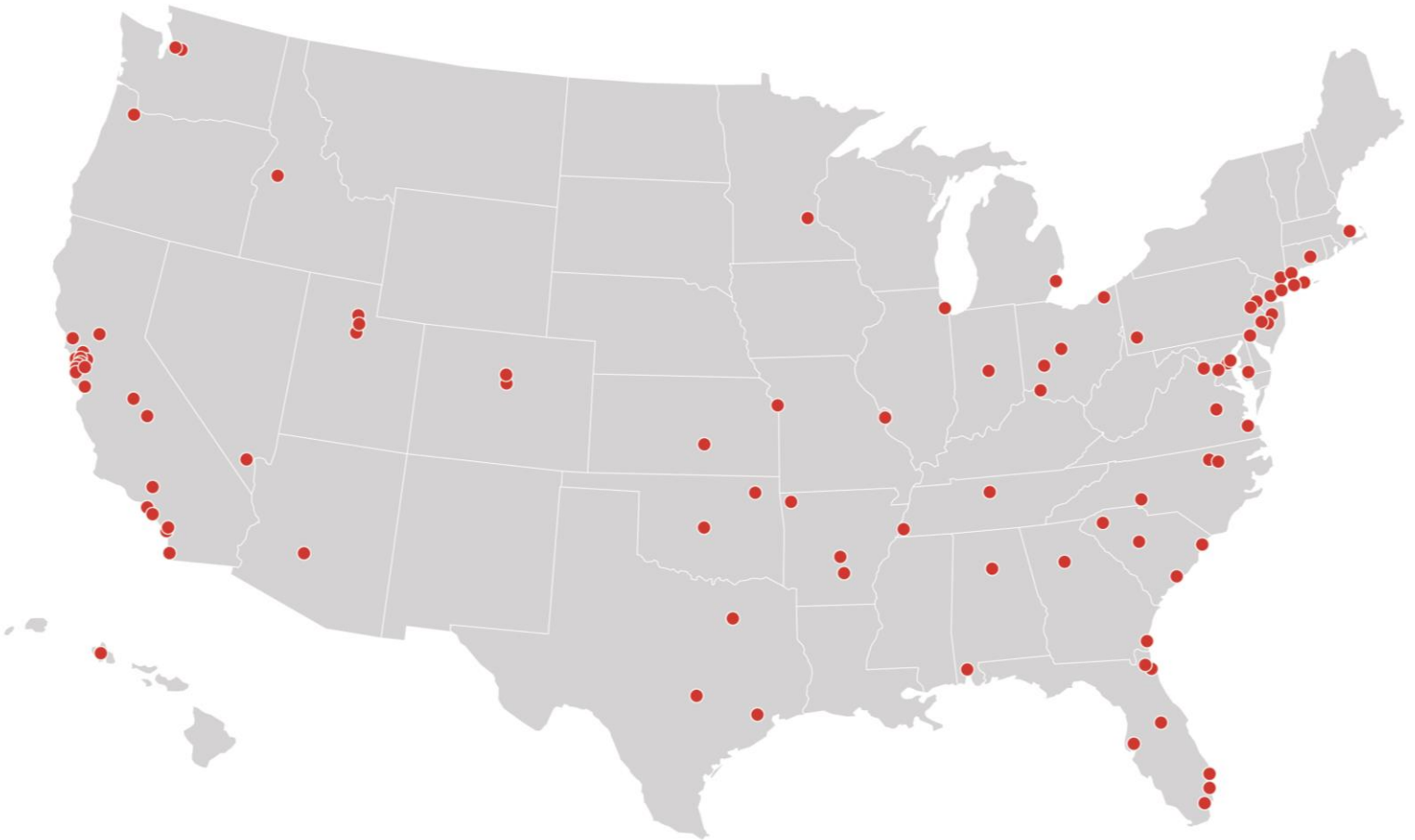
Source: U.S. Bureau of Labor Statistics

EMPLOYMENT GROWTH BY INDUSTRY

Columbia, April 2018, 12-Month % Change, Not Seasonally Adj.



Source: U.S. Bureau of Labor Statistics



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