

Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
7.4% Vacancy Rate	▲	▲
272K YTD Net Absorption, SF	▼	▲
\$5.86 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMY: Unemployment Drops Despite Manufacturing Job Losses

While the economic landscape across the nation remained uncertain in Q3, Greenville-Spartanburg notched another quarter of employment growth by adding 700 jobs; however, growth is beginning to decelerate. After strong manufacturing job growth was recorded in 2021 and the first half of 2022, employment levels have since receded by 1.9% year-over-year (YOY). Trade, Transportation, and Utilities, another key industrial sector, exhibited healthy YOY employment growth of 3.5% as of Q3, though signs of a slight deceleration have begun to emerge as manufacturing slows. Despite fewer jobs added during the quarter, the Upstate's unemployment rate remained well below the national average of 3.7%.

SUPPLY and DEMAND: Vacancy Jumps to a Five-Year High

The market expanded further in Q3 as the supply of vacant space continued to mount with relatively soft quarterly demand. The overall vacancy rate increased by 240 basis points (bps) to 7.4%, largely due to 17 speculative new construction deliveries totaling 4.2 million square feet (msf). Of the new product added, only 24.3% of the space was pre-leased by occupiers at the time of completion. In addition to the large wave of construction deliveries, Techtronic Industries (TTI), a major occupier in the market, vacated over 1.5 msf of existing space to consolidate operations. This supply handed back to the market was also accompanied by another 1.0 msf of warehouse/distribution space vacated by a contracted third-party logistics company. The supply of vacant space is expected to climb higher in the coming 12 months with 11.5 msf of speculative product currently under construction.

Leasing volume for industrial space in Q3 was relatively low with 859,200 sf of new deals signed, pushing the year-to-date figure past the 4.0-msf mark. While the number of potential occupiers surveying the market for space options remained consistent, the average size requirement per occupier decreased. With the recent normalization of demand and increased supply, landlords and developers have become more willing to accept multi-tenant configurations rather than delay rental income for a full-building user.

PRICING: New Product Pulls the Market Average Upward

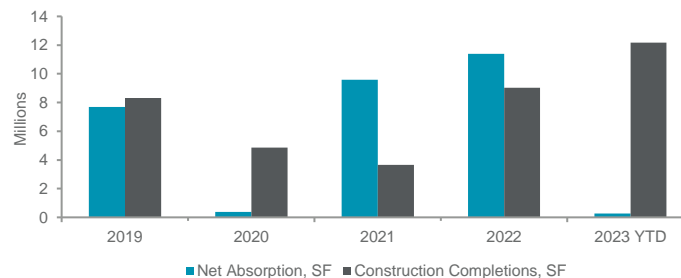
The overall average asking rate of the market reached \$5.86 per square foot (psf) in Q3, a marked increase of 5.4% QOQ or 21.7% YOY. The substantial climb was due to the plethora of newly constructed product that delivered to the market priced above \$6.00 psf. The average strike price for deals larger than 50,000 sf inked in 2023 was recorded at \$5.73 psf for all classes and \$6.14 psf for Class A specifically. A considerable gap between Class A and Class B pricing remained evident in Q3 due to increased construction costs for new builds and high demand for Class A space driving rent growth through previous quarters. The market average asking rent is forecasted to push higher; albeit, asking rent growth for new deliveries is expected to taper off.

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
630.8K Greenville-Spartanburg Employment	▲	▲
2.9% Greenville-Spartanburg Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (FX)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Anderson County	28,743,524	2,669,835	9.3%	-1,072,189	-619,040	968,240	1,140,511	\$7.07	\$5.00	\$5.62
Cherokee County	10,935,831	208,000	1.9%	214,219	-208,000	1,189,440	0	-	-	\$3.75
Greenville Downtown	3,121,052	19,040	0.6%	1,472	17,187	0	0	-	\$11.52	-
East Greenville	10,914,739	285,053	2.6%	44,985	198,143	0	0	\$5.75	\$11.84	\$7.54
North Greenville	20,505,929	598,077	2.9%	-8,400	-100,040	0	11,760	\$6.51	-	\$6.63
South Greenville	40,074,348	3,194,642	8.0%	-228,935	1,181,366	1,037,569	3,164,725	\$3.25	-	\$5.92
Greer/Hwy 101 Corridor	32,697,850	4,446,634	13.6%	-278,893	272,936	1,221,440	4,087,257	-	\$10.58	\$6.18
Hwy 290 Corridor	16,120,082	2,469,249	15.3%	50,921	442,577	3,232,360	2,575,656	\$2.75	-	\$6.16
Laurens County	14,262,947	917,298	6.4%	0	-597,176	0	320,122	-	-	\$5.08
North Spartanburg	46,964,431	2,603,096	5.5%	-244,106	-230,893	5,507,897	811,760	\$4.47	\$6.68	\$5.45
South Spartanburg	9,206,540	115,000	1.3%	0	-88,000	0	0	\$6.25	-	\$4.25
Pickens County	6,813,052	152,387	2.2%	28,000	3,000	0	0	\$3.34	-	\$5.93
MARKET TOTALS	240,360,325	17,678,311	7.4%	-1,492,926	272,060	13,156,946	12,111,791	\$5.52	\$10.07	\$5.86

*Rental rates reflect weighted net asking \$psf/year

FX = Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Fox Hill Business Park – Building 3	South Greenville	Confidential	251,100	Pre-Lease
Garlington North – Building B	East Greenville	American Tire Distributors	169,000	Pre-Lease
Atlas at Inland Port Greer	Greer/Hwy 101 Corridor	Confidential	57,511	Pre-Lease
AXIAL Crosspoint – Building 3	South Greenville	Confidential	56,667	Pre-Lease
Crossroads Logistics Park – Building 1	North Spartanburg	Confidential	56,120	New Lease

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
Woodfield Commerce Center	Laurens County	Tectonic & Angelo Gordon Lightstone	320,122	\$32.0 M \$99.96
2930 Greenville Hwy	Pickens County	Brennan Investment Group Saxena Properties, LLC	257,086	\$15.8 M \$61.26
10 Jack Casey Ct	South Greenville	IPS Packaging & Automation Buckeye Corrugated, Inc.	113,000	\$10.6 M \$93.81

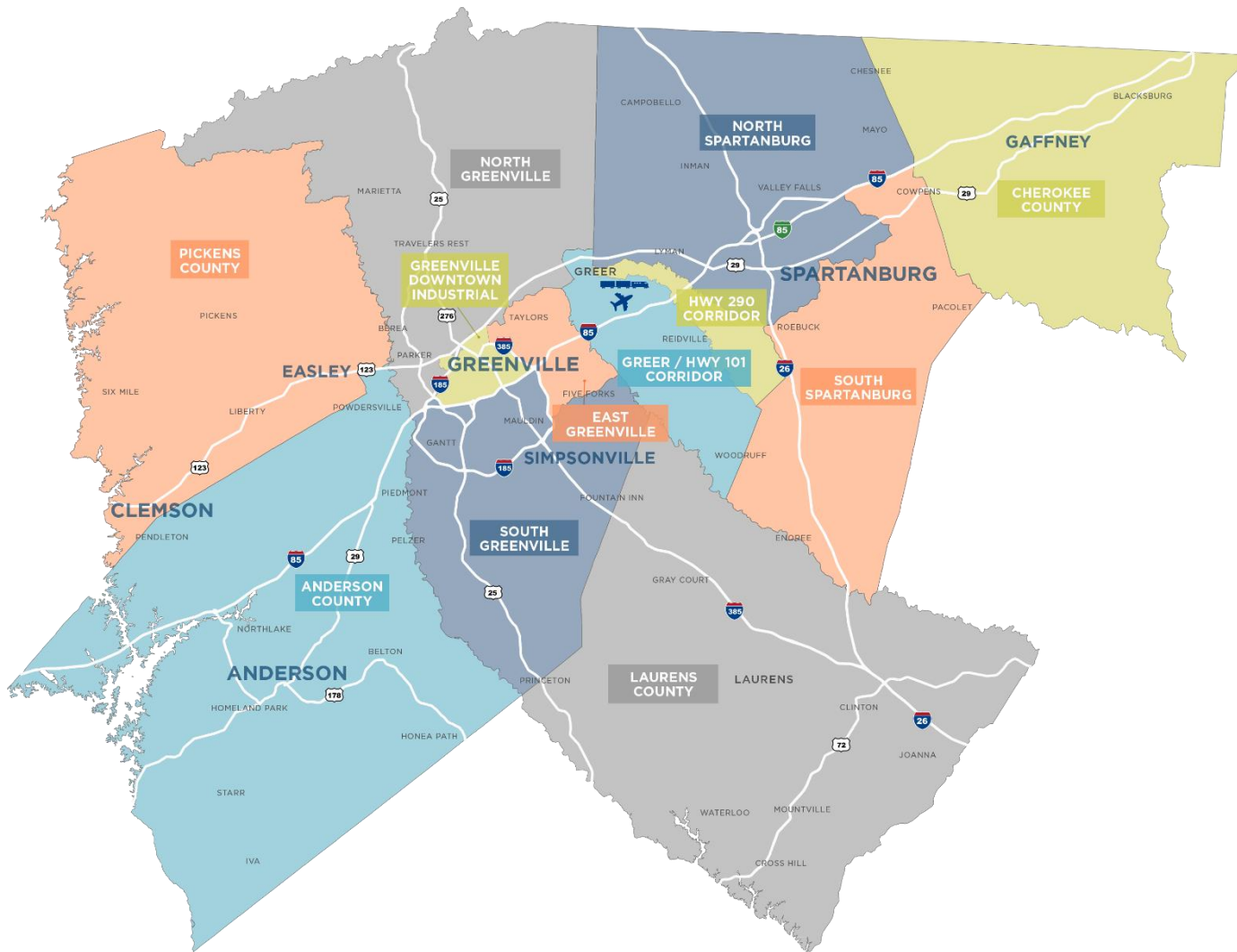
KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER DEVELOPER
Enterprise 85	South Greenville	N/A	1,006,880	SunCap Property Group
Park 290 at I-26 – Building 1	Hwy 290 Corridor	Ingram Micro	618,002	VanTrust
Port 290 Industrial Park – Building A	Hwy 290 Corridor	N/A	473,767	STAG Industrial Strategic Capital Partners

GREENVILLE, SC

Industrial Q3 2023

INDUSTRIAL SUBMARKETS



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