



Industrial Q4 2023

8.6%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

746K

YTD Net Absorption, SF



\$5.90

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2023

633.2K

Greenville-Spartanburg
EmploymentYoY
Chg12-Mo.
Forecast

2.9%

Greenville-Spartanburg
Unemployment Rate

3.7%

U.S.
Unemployment Rate

Source: BLS

ECONOMY: Jobs Added and Population Growth

Amid shifting economic tides across the nation, Greenville-Spartanburg notched another quarter of employment growth by adding 2,400 jobs, pushing total nonfarm employment to 633,200, a 1.8% increase year-over-year (YOY). Multiple new capital investment announcements were made across the Upstate during Q4, totaling nearly \$1.0 billion with over 1,600 new jobs planned. Consistent job gains held the unemployment rate below 3.0% for a second consecutive quarter while the national unemployment rate inched up 10 basis points (bps) to 3.7% in 2023. Despite forecasts of an increasing unemployment rate throughout 2024, the Greenville-Spartanburg economy is well-positioned to weather economic headwinds as economic investment and population growth remain healthy. Notably, South Carolina was reported as the fastest-growing state in 2023 in terms of population due to strong domestic migration according to the United States Census Bureau.

SUPPLY and DEMAND: Space Options Expand while Demand Recalibrates

Supply of vacant space in the market rose sharply for the fourth consecutive quarter as multiple new construction projects were delivered fully available, increasing the overall vacancy rate by 170 bps to 8.6%. With 4.3 million square feet (msf) of speculative product delivered in the fourth quarter, bringing the annual deliveries total to a record-setting 16.7 msf, Greenville-Spartanburg was the 11th fastest-growing market out of 83 markets tracked nationally in 2023. A noteworthy delivery in Q4 was the SC Global Logistics Center located within the Hwy 290 Corridor submarket. The warehouse/distribution (W/D) facility measures a remarkable 1.9 msf and was the largest existing Class A availability in the nation.

Demand for industrial space receded slightly in Q4 with 1.5 msf of new deals signed, marginally below the average of the three previous quarters. Only two full-building deals were inked in Class A W/D product during the quarter as the average lease size in 2023 was 33.2% smaller than the 2022 average. As space requirement sizing has contracted significantly, the willingness of landlords and developers to demise larger properties into multi-tenant configurations remains a key factor in an asset's lease-up velocity moving into 2024.

PRICING: Direct and Sublease Rents Balance

Asking rents remained steady quarter-over-quarter, with an overall market average of \$5.90 per square foot (psf) recorded as available supply remained abundant. Direct asking rents grew by 1.5% in Q4; however, sublease asking rents moved in the opposite direction during 2023, decreasing by 3.1% YOY as many occupiers have cost bases that are below market pricing and possess downward flexibility. Rents for smaller W/D and flex space are forecasted to continue rising throughout 2024 while bulk W/D asking rent growth is expected to pause, and possibly abate until the excess supply is absorbed.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2023

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 | 28,800,871 | 2,577,048 | 9.0% | 41,387 | -535,653 | 968,240 | 1,280,511 | \$7.21 | \$5.00 | \$5.71 |
| Cherokee County | 10,935,831 | 582,033 | 5.3% | -374,033 | -582,033 | 1,189,440 | 0 | - | - | \$4.12 |
| Greenville Downtown | 3,121,179 | 19,040 | 0.6% | 15,127 | 17,187 | 0 | 0 | - | \$11.52 | - |
| East Greenville | 10,937,159 | 384,227 | 3.5% | -24,313 | 85,270 | 305,500 | 0 | \$5.75 | \$11.83 | \$6.70 |
| North Greenville | 20,546,115 | 770,994 | 3.8% | -420,145 | -520,185 | 0 | 11,760 | \$6.50 | - | \$6.27 |
| South Greenville | 40,358,886 | 3,098,216 | 7.7% | 44,012 | 1,225,820 | 910,669 | 3,418,267 | \$3.04 | \$18.00 | \$6.02 |
| Greer/Hwy 101 Corridor | 32,519,324 | 3,928,436 | 12.1% | 258,138 | 863,584 | 1,405,580 | 4,159,757 | - | \$10.23 | \$6.20 |
| Hwy 290 Corridor | 19,242,442 | 4,894,139 | 25.4% | 42,500 | 1,029,247 | 110,000 | 5,698,016 | - | - | \$5.72 |
| Laurens County | 14,262,947 | 917,298 | 6.4% | 0 | -597,176 | 0 | 320,122 | - | - | \$5.08 |
| North Spartanburg | 47,748,728 | 3,516,848 | 7.4% | 227,830 | -121,815 | 4,563,977 | 1,779,222 | \$4.34 | \$8.94 | \$5.85 |
| South Spartanburg | 9,206,540 | 115,000 | 1.3% | 0 | -88,000 | 0 | 0 | \$5.25 | - | \$4.25 |
| Pickens County | 6,813,052 | 185,387 | 2.7% | 0 | -30,000 | 0 | 0 | \$3.22 | - | \$5.16 |
| MARKET TOTALS | 244,493,074 | 20,988,666 | 8.6% | -189,497 | 746,246 | 9,453,406 | 16,667,655 | \$5.84 | \$11.02 | \$5.81 |

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

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

KEY LEASE TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|------------------------|-------------------------------|---------|-----------|
| Smith Farms Industrial Park – Building 2 | Greer/Hwy 101 Corridor | Dunlop Sports Americas | 304,884 | New Lease |
| Blackstock Commerce Center – Building A | North Spartanburg | Somnus Mattress International | 233,280 | New Lease |
| Hillside Industrial Park – 260 Parkway East | Hwy 290 Corridor | TEiC Construction Services | 96,400 | New Lease |
| Access Point – Building 3 | South Greenville | Clickstop, Inc. | 82,305 | New Lease |
| Gateway 29 | North Spartanburg | GCG | 82,001 | New Lease |

KEY SALES TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | SELLER BUYER | SF | PRICE \$ PSF |
|------------------------------|-------------------|--|---------|---------------------|
| 255 Black Hawk Rd | North Greenville | Sunland Logistics Solutions Woodhill Real Estate | 404,000 | \$17.9 M \$44.42 |
| I-26 Logistics Center | North Spartanburg | Hughes Commercial Properties MSG Acquisitions | 226,800 | \$26.1 M \$115.00 |
| Pelzer Point Commerce Center | Anderson County | Techtronic Industries EastGroup Properties | 212,500 | \$21.8 M \$102.59 |

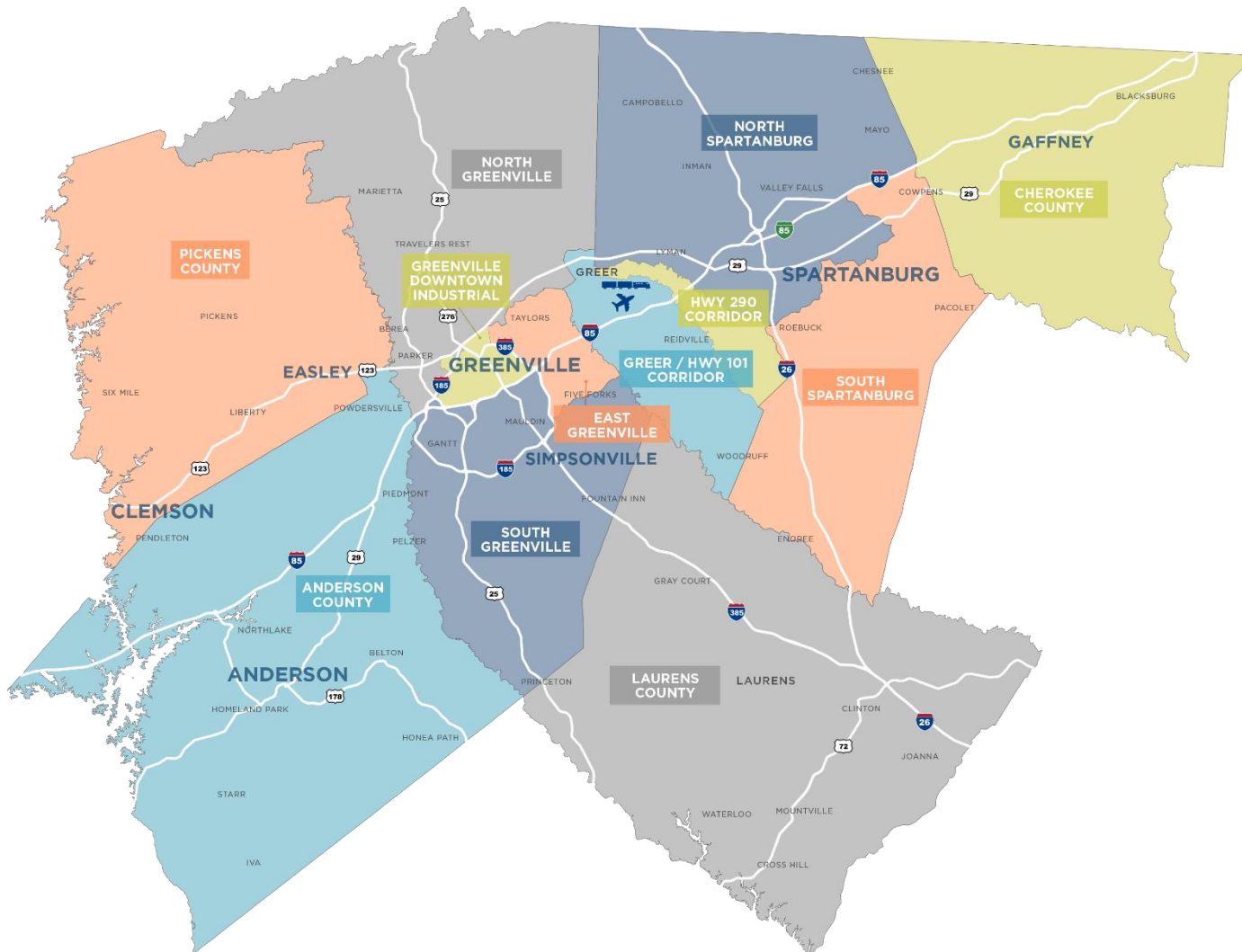
KEY CONSTRUCTION COMPLETIONS Q4 2023

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER DEVELOPER |
|--|-------------------|--------------|-----------|---|
| SC Global Logistics Center | Hwy 290 Corridor | N/A | 1,850,113 | PRP Real Estate Investment Management Flint Development |
| Crossroads Logistics Park – Building 3 | North Spartanburg | N/A | 477,360 | Brennan Investment Group |
| Duncan Logistics Center – Building 1 | Hwy 290 Corridor | N/A | 431,460 | Rockefeller Group |

GREENVILLE, SC

Industrial Q4 2023

INDUSTRIAL SUBMARKETS



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