

FIGURES | GREENVILLE-SPARTANBURG – INDUSTRIAL MARKET | Q4 2024

GSP Industrial Activity Posts the 3rd Best Year of Absorption

▼ 8.6%

***Direct Vacancy Rate**

▼ 2.4%

Sublease Availability

▲ 4M sq. ft.

Net Direct Absorption

▼ 2.7M sq. ft.

Under Construction

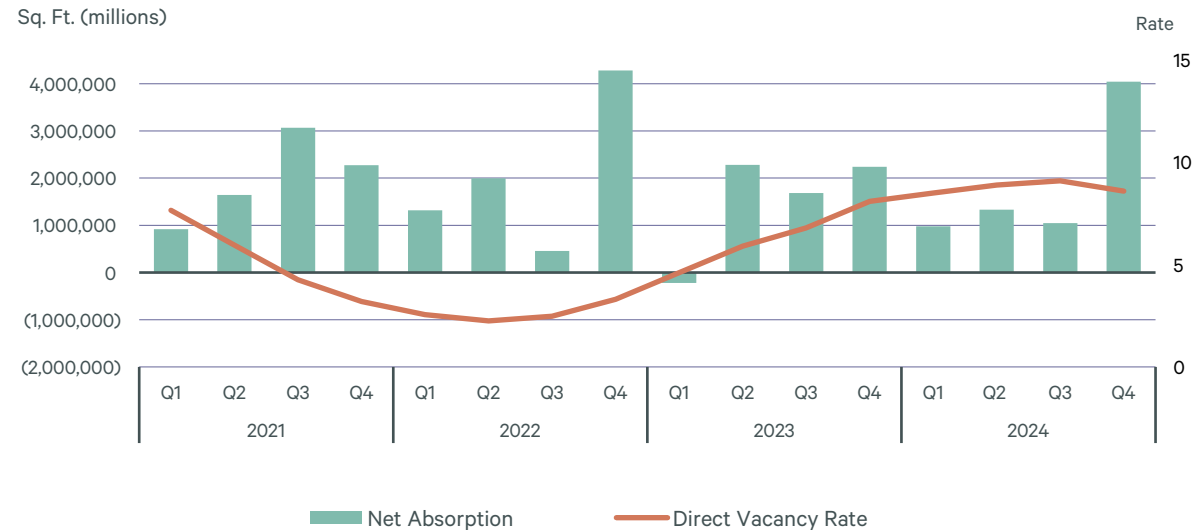
Note: Arrows indicate change from previous quarter.

Key Takeaways

- Greenville-Spartanburg’s “GSP” industrial market closed 2024 with its 3rd best year on record, posting 7.4-million sq. ft. of direct net absorption. Two speculative buildings over 1,000,000 SF were absorbed by a large automotive company and GXO Logistics accounting for over half of the 4.3 million sq. ft. of net absorption in Q4.
- GSP’s vacancy rate spiked from a low of 2.9% at the end of 2022 to almost 10% in mid-2024 after 24.3 million sq. ft. of speculative buildings delivered over the past two years. Despite the large volume of speculative deliveries, the GSP market vacancy rate ended the year at 8.6% due to strong absorption the second half of the year.
- Increased vacancy rates along with challenging economic headwinds spurred by interest rate hikes over the past two years reduced GSP’s construction pipeline to 2 million sq. ft. for 2025. This should continue to put downward pressure on vacancy rates justifying new speculative building starts in 2025.
- The GSP market has fourteen speculative buildings delivered and available over 375,000 sq. ft. Four of these SPEC buildings are over 900,000 sq. ft. and account for approximately 15% of the overall market vacancy.

*Direct Vacancy Rate does not include sublease square feet in the calculation.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research, Q4 2024

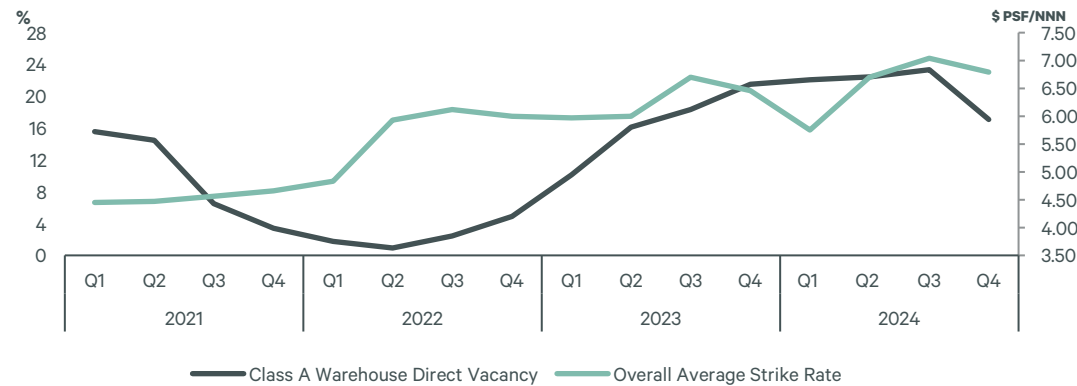
Development Activity

In 2024, there were over 10-million sq. ft. of new overall construction deliveries, 6.5-million sq. ft. of those deliveries were speculative construction. Spartanburg West was the most active submarket delivering 2.5-million square feet of overall construction, followed by Anderson County with 2.2-million square feet. Spartanburg West is the largest submarket and over 50% of the new development over the past 2 years was delivered in that region, thereby, putting upward pressure on the vacancy rate of 15.5%. Therefore, future speculative construction will likely be focused on other submarkets with lower vacancy rates. The median size of the Q4 2024 deliveries was 440,077 square feet, ranging from 20,880 to 1.7 million square feet, including three projects over 1 million square feet. By year-end, five buildings totaling 2.7 million square feet remained under construction; two of the four buildings are build-to-suits and a third has pre-leased nearly 40% of the total rentable building area.

Strike Rates

The average strike rate has seen significant fluctuations over the past three years, peaking in 2022 with a nearly 40% increase over seven quarters due to rising construction costs and new Class A deliveries. As construction slows and cost inflation stabilizes, the rate is starting to normalize at a higher level. By the end of 2024, the overall market strike rate was \$6.79 per sq. ft. Rates vary by property subtype, with Q4 2024 averages at \$7.34 per sq. ft. for manufacturing, \$10.17 per sq. ft. for R&D/Flex, and \$6.75 per sq. ft. for warehouses. In addition to overall strike rate growth in the market, non-bulk properties (below 700,000 sq. ft.) had a strike rate growth of 6.5% year-over-year in 2024.*

FIGURE 4: Class A Warehouse Vacancy Rate and Overall Average Strike Rate



* This statistic compares the base rent of leases of 12 or more months from 01/01/2023-12/31/2023 to 01/01/2024-12/31/2024.

Sources: CBRE Research, CoStar, Q4 2024

FIGURE 3: New Speculative Deliveries 2024

Building Size Range	# of Buildings	Total SF	Average SF	Pre-leased SF	Pre-leased %	% of Total Spec Deliveries
<375K SF	8	1,688,821	211,103	0	0.00%	25.8%
375,001 – 600K SF	2	1,115,760	557,880	0	0.00%	17.1%
+600K SF	5	4,412,484	882,497	0	0.00%	57.1%
TOTAL	14	6,543,145	467,368	0	0%	100%

FIGURE 5: New Speculative Deliveries in 2023

Building Size Range	# of Buildings	Total SF	Average SF	Pre-leased SF	Pre-leased %	% of Total Spec Deliveries
<375K SF	34	7,860,318	224,779	5,887,250	23.2%	44.7%
375,001 – 600K SF	8	3,165,650	446,706	2,214,050	0.00%	18%
+600K SF	6	6,563,708	1,093,951	3,435,768	47.7%	37.3%
TOTAL	48	17,779,860	370,414	11,537,068	35.1%	100%

FIGURE 6: New Speculative Deliveries in 2022

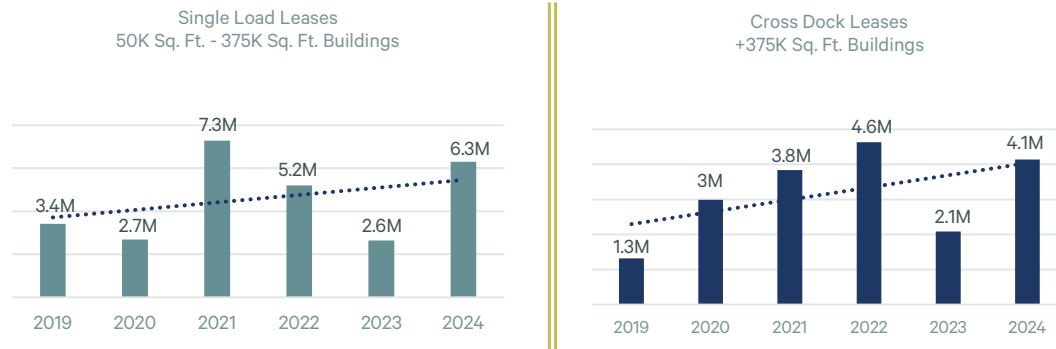
Building Size Range	# of Buildings	Total SF	Average SF	Pre-leased SF	Pre-leased %	% of Total Spec Deliveries
<375K SF	12	2,406,903	200,575	1,421,672	59.1%	33.3%
375,001 – 600K SF	4	1,900,547	475,137	1,424,267	74.9%	26.4%
+600K SF	4	2,906,596	968,865	2,906,596	100%	40.3%
TOTAL	19	7,214,046	379,687	5,752,535	79.7%	100%

Source: CBRE Research, Q4 2024

Absorption & Leasing Activity

GSP's industrial market concluded 2024 with its 2nd highest quarterly performance, achieving 4-million sq. ft. of direct net absorption, largely driven by new leases, totaling 7.1-million sq. ft. of net direct annual absorption, marking the third most successful year historically. Absorption was bolstered by 9.4 million sq. ft. of direct leasing activity in 2024. The largest contributors to absorption this quarter were one new lease by GXO in the amount 1.18-million sq. ft. and a 1-million sq. ft. owner-user purchase by major automotive company. In addition, Custom Goods subleased 1-million sq. ft. in Q4 to reduce the overall sublease availability rate. The market is stabilizing after delivering over 40 million sq. ft. of overall construction over the past five years, leading to a reduced development pipeline in Q4 2024. Industrial properties in the range of 50,000 sq. ft. to 375,000 sq. ft. absorbed nearly 1.6-million sq. ft. during the fourth quarter of 2024 due to 2.9-million sq. ft. of leasing activity and will likely be the size range where new construction is needed in 2025.

FIGURE 2: Historical Lease Velocity: Single Load versus Cross Dock**



- 2021 was led by single load leases followed by cross-dock leasing increasing in 2022 to meet logistic and warehouse demand.
- Activity in 2023 slowed due to economic uncertainty and high interest rates; however, 2024 ended with record activity during the last quarter.

***Note: These charts have been updated to enhance accuracy by excluding all deals under 50,000 square feet from the Single Load category.*

Source: CBRE Research, CoStar Q4 2024

Market Appeal

- **Inland Port in Greer:** This quarter, the inland port’s completed new buildings and a chassis yard, along with expansions to the east and west yards, added roughly 18 acres to the productive inland port. The addition of new working and storage tracks has increased rail capacity by 60%, enabling the port to double its rail moves to 320,000 annually. Located in Greer, the inland port serves over 72% of the U.S. population within a two-day delivery window, making it an ideal location for manufacturing and consumer goods distribution. The rail-served terminal operates 24/7, providing overnight access to the Port of Charleston, which significantly benefits users. According to SCPA data, the Greer location can reach more people within a one-day drive than either Atlanta or Charlotte.
- **Population:** Greenville-Spartanburg’s CMSA’s population grew 1.4% from 2020 thru 2024 and is expected to have an annual growth rate of 0.96% thru 2029.
- **Labor Market:** Greenville-Spartanburg has become an attractive destination for those seeking improved quality of life and affordability. This migration trend has alleviated some of the labor market pressures seen in larger neighboring areas. Over the past two years, Greenville has added 3,460 jobs, and the current unemployment rate in the Greenville-Spartanburg Combined Metropolitan Statistical Areas (CMSAs) is 4.7% as of July 2024, slightly above the national average. Despite this, the region's labor force has grown, maintaining robust employment levels.
- **Infrastructure:** The Greenville-Spartanburg International airport, the major interstates, such as I-85 and I-26, and utilities are slated for upgrades to help continue to support the growth of the Upstate.

Outlook

The U.S. economy's strong performance is mirrored in the Greenville-Spartanburg industrial market, driven by increased household wealth, real income growth, and a resilient labor market. This economic vigor, combined with Federal Reserve rate cuts, has significantly boosted the commercial real estate sector, particularly in the fourth quarter of 2024. Real estate capital markets have also shown progress with tightening lending spreads and rising credit issuance. The GSP industrial market is anticipated to continue its positive trajectory in leasing and land sales leading to new construction to meet growing demand. In addition, a new presidential administration coming into office in 2025 with plans to impose international tariffs on imported goods will likely reshore manufacturing which will positively impact the GSP industrial activity in the next few years.

FIGURE 5: Historical Statistics

Submarket	Building SF	Direct Vacancy (%)	Sublease Available (%)	Total Availability (%)	Avg Asking Lease Rate (PSF/NNN)	Under Construction	YTD 2024 Total Direct Absorption	Q4 2024 Direct Net Absorption (SF)
Anderson County	29,892,986	6.2	0.0	7.1	\$5.47	0	232,980	(14,000)
Cherokee County	2,752,353	20.2	0.0	20.2	-	0	1,189,440	1,189,440
Central Greenville	15,991,694	5.8	0.8	7.8	\$5.78	0	107,629	66,646
I-385 South	23,413,544	4.9	0.7	8.4	\$6.66	0	(12,327)	(67,000)
I-85 East	10,493,645	5.3	2.3	9.2	\$5.51	0	284,063	(30,430)
I-85 West	25,578,886	3.8	1.2	5.9	\$6.03	0	2,725,908	66,113
Taylors-Greer	17,672,181	2.3	0.0	2.4	\$3.79	0	(100,600)	(72,800)
Travelers Rest	3,647,638	0.5	0.0	0.5	\$7.25	0	(19,000)	0
Greenville County*	96,797,588	4.4	0.9	5.7	\$5.84	0	2,985,673	(37,471)
Laurens County	14,119,149	6.5	0.1	9.9	\$4.95	0	475,122	131,786
Pickens	-	-	-	-	-	1,295,060	-	0
Spartanburg East	25,135,921	8.2	0.4	9.1	\$5.43	1,020,195	94,460	0
Spartanburg West	73,886,344	15.5	6.5	23.4	\$6.16	349,844	2,137,609	782,313
Spartanburg County*	99,022,265	11.9	3.6	16.3	\$5.80	1,370,039	2,232,069	782,313
MARKET TOTAL	242,584,341	8.6	2.4	12.3	\$5.90	2,665,099	7,115,284	4,045,386

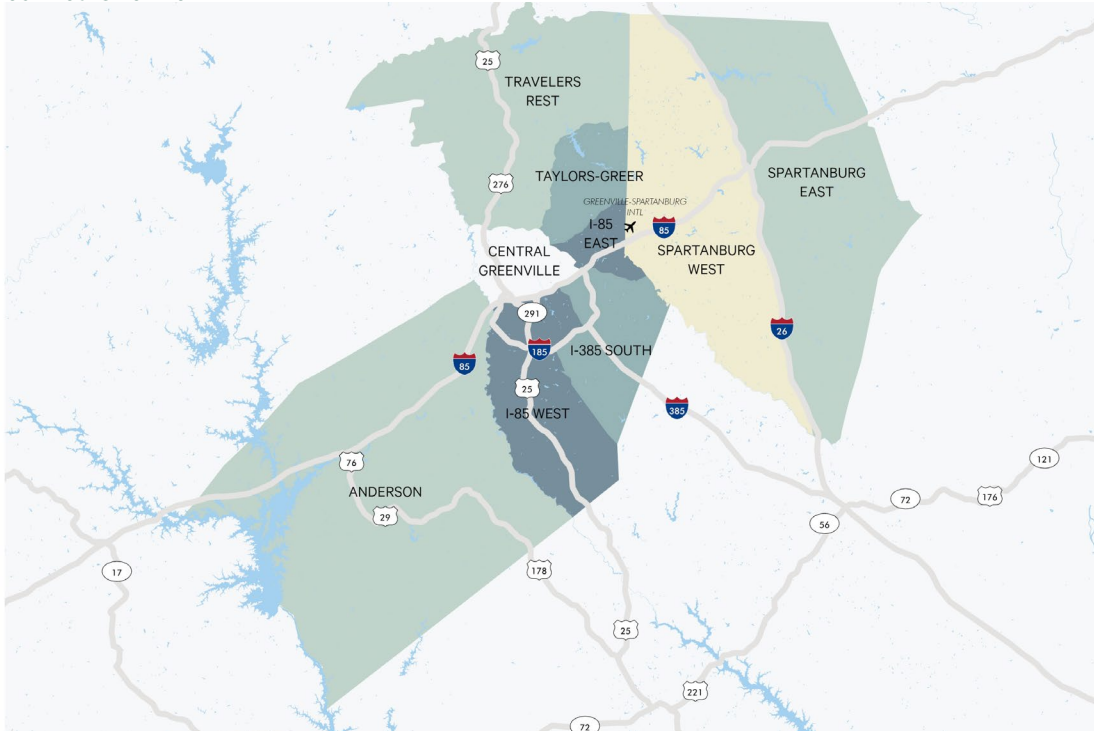
*NOTE: These two counties are meant for summation and not included in totaling submarkets

Property Subtype	Building SF	Direct Vacancy (%)	Sublease Available (%)	Total Availability (%)	Avg Asking Lease Rate (PSF/NNN)	Under Construction	YTD 2024 Total Direct Absorption	Q4 2024 Direct Net Absorption (SF)
Manufacturing	101,054,048	2.1	0.3	3.2	\$4.27	--	660,728	(9,037)
R&D/Flex	7,578,564	9.1	0.2	11.8	\$7.24	-	6,836	(16,264)
Warehouse/Distribution	133,951,729	13.6	4.1	19.2	\$6.10	2,397,259	6,447,720	4,070,737

Class	Building SF	Direct Vacancy (%)	Sublease Available (%)	Total Availability (%)	Avg Asking Lease Rate (PSF/NNN)	Under Construction	YTD 2024 Total Direct Absorption	Q4 2024 Direct Net Absorption (SF)
Class A Warehouse	70,610,854	21.2	6.4	28.8	\$6.33	2,397,259	6,376,956	4,187,363
Class B Warehouse	33,089,026	3.5	2.3	9.1	\$5.35	0	(65,586)	(110,626)

Source: CBRE Research, Q4 2024

Market Area Overview



Survey Criteria

The CBRE, Inc. Industrial MarketView report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Anderson, Central Greenville, I-385 South, I-85 East, I-85 West, Laurens County, Pickens, Spartanburg East, Spartanburg West, Taylors-Greer and Travelers Rest. All properties are industrial properties greater than 10,000 sq. ft. Absorption is counted when the lease is signed and is not based on physical occupancy; when a building delivers, preleases are counted as absorption in the quarter of delivery. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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