

Upstate, SC 3Q16 Industrial Market Report

The Greenville/Spartanburg Industrial market ended the third quarter with a vacancy rate of 7%. The vacancy rate continues to remain low with net absorption totaling positive 2,036,879 square feet. Our average asking rental rates increased 0.8% to \$3.67 NNN per square foot. Flex rates are \$7.55 per square foot and Warehouse rates increased to \$3.50 per square foot compared to \$7.40 for Flex and \$3.46 in the second quarter.

Eight new industrial buildings were delivered to the market for a total of 2,873,000 square feet with an additional 2,017,956 square feet under construction. These figures are slightly down from the second quarter but are much higher than the first quarter of 2016 and the fourth quarter of 2015.

This additional new product, plus more future speculative buildings are critical to supporting the emerging demand in the upstate industrial market. Significant 2016 construction projects include the Dollar Tree Distribution Facility at 1,500,000 SF and the 1,300,000 SF Tectronic Industries building.

As we look toward 2017, we are optimistic about the growth of the Greenville/Spartanburg industrial sector. The Inland Port continues to grow and have a positive impact on logistics providers in the Upstate. The impending election will be behind us soon and the unknown variables from the outcome will become clearer. Expectations are high that market conditions will continue to gain momentum over the remainder of the year. Thus far, activity has been steady, vacancy low, with lease rates on the increase. Investors' confidence is shown by new construction of industrial speculative projects and we hope to see even more support of additional build-to-suit and speculative opportunities. There remains to be an unfulfilled gap in smaller industrial projects in the 50,000 to 100,000 square foot range.

Alex Campbell
NAIEF Industrial Division Broker

Industrial Sector in 3Q16

Number of Buildings	4,127
Market Size (SF)	195,775,270 SF
Overall Vacant Space (SF)	13,726,226 SF
Overall Vacancy (%)	7.0%
Direct Vacancy (SF)	13,720,946 SF
Sublease Vacancy (SF)	5,280 SF
Net Absorption	1,932,493
Average Asking Rental Rate (\$/SF/Yr)	\$3.45

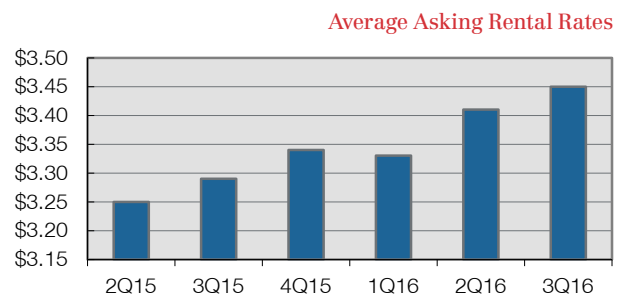
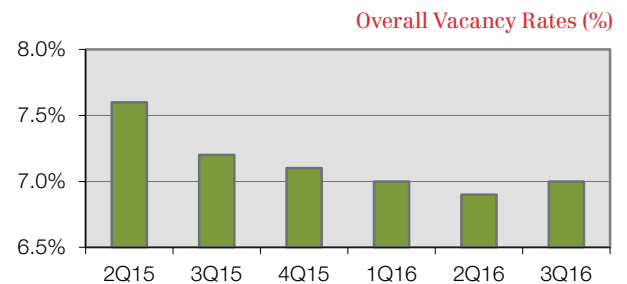
Source: CoStar Industrial Report (Third Quarter 2016)



Upstate Economy in 3Q16*

Total Population ⁺	983,857
Total Households ⁺	359,007
Median Household Income ⁺	\$45,115
Total Labor Force [^]	475,133
Unemployed [^]	23,763
Unemployment Rate [^]	Greenville County: 4.7% Spartanburg County: 5.3% Anderson County: 5.2%

*Includes data for Greenville, Spartanburg and Anderson counties
+US Census Bureau, 2010 Census & 2015 estimates
^scworks.org: October 2016 data



Trends for 3Q16

NET ABSORPTION

VACANCY RATE

CONSTRUCTION

ASKING RATES

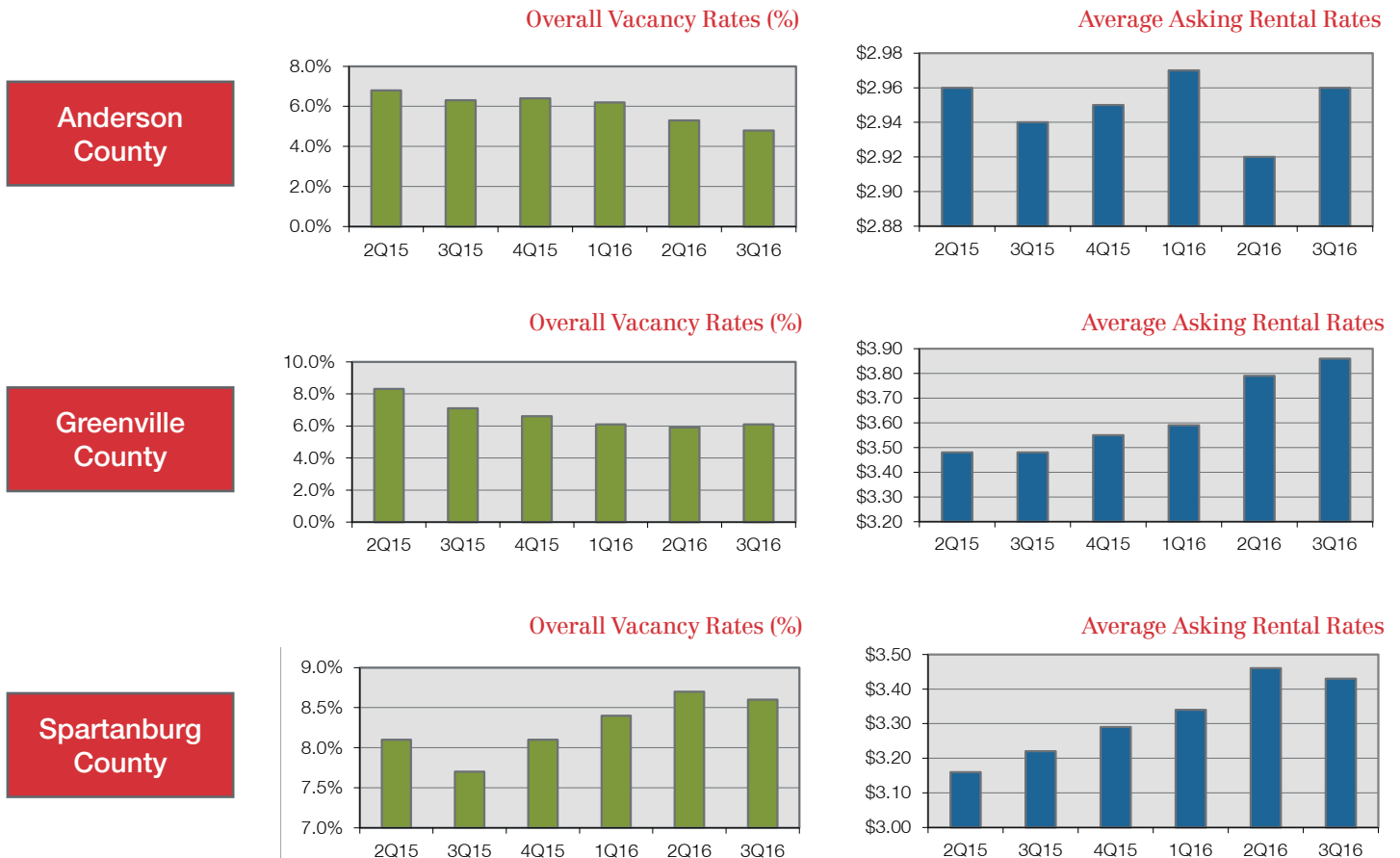
Upstate, SC 3Q16

Industrial Market Report

Industrial Submarket Overview:

Below is a sampling from CoStar of the major industrial submarkets in the Upstate as of 10/13/16. For data on additional counties or submarkets, please send a request to marketing@naief.com.

Submarket	# of Buildings	Total RBA (SF)	Vacant (%)	Total Net Absorption (SF)	Total Avg. Rate
Anderson County					
Class A	7	1,721,003	0.20%	1,300,000	-
Class B	119	8,525,080	5.00%	(6,200)	\$3.18
Class C	442	13,199,871	5.40%	993,250	\$2.73
All Classes	575	23,572,599	4.80%	2,287,050	\$2.96
Greenville County					
Class A	31	3,159,537	11.00%	0	\$4.76
Class B	517	32,427,474	5.70%	85,799	\$3.98
Class C	1,289	37,255,654	6.20%	(60,069)	\$3.33
All Classes	1,840	72,900,282	6.20%	25,730	\$3.86
Spartanburg County					
Class A	41	11,057,232	13.10%	59,664	\$4.27
Class B	414	30,431,313	7.40%	(141,085)	\$3.36
Class C	876	33,494,132	8.30%	288,321	\$3.00
All Classes	1,334	74,990,536	8.70%	206,900	\$3.46



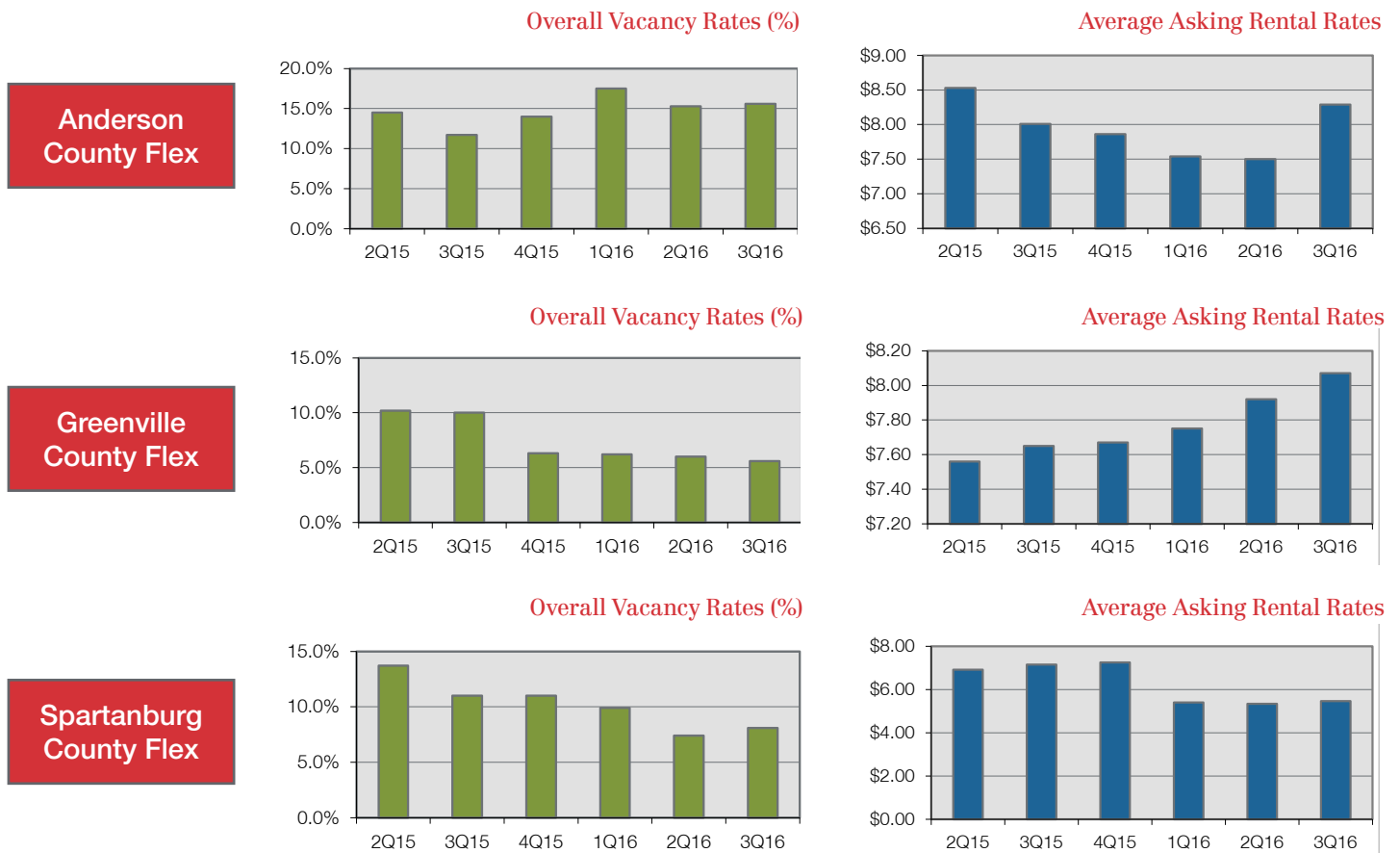
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Industrial Market Report

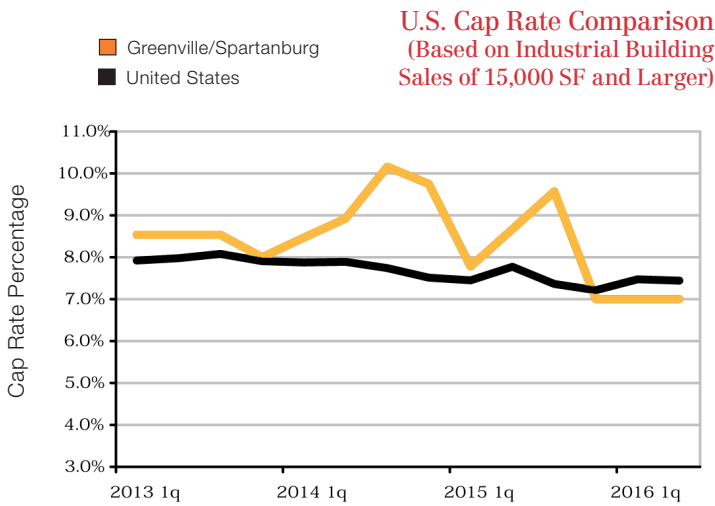
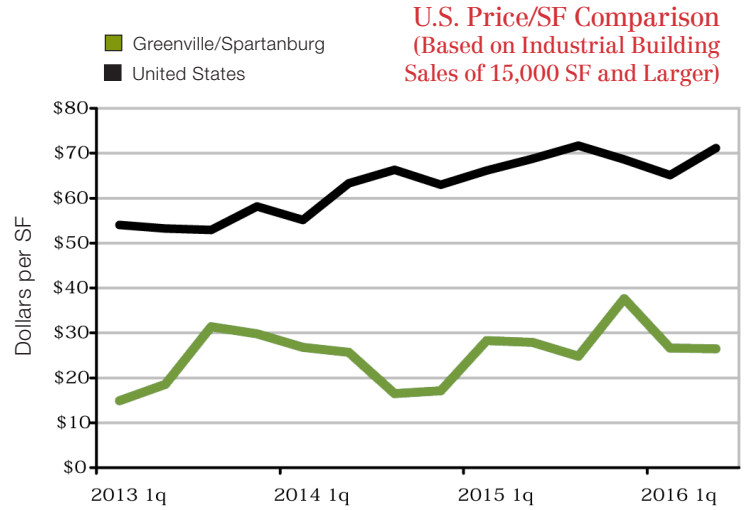
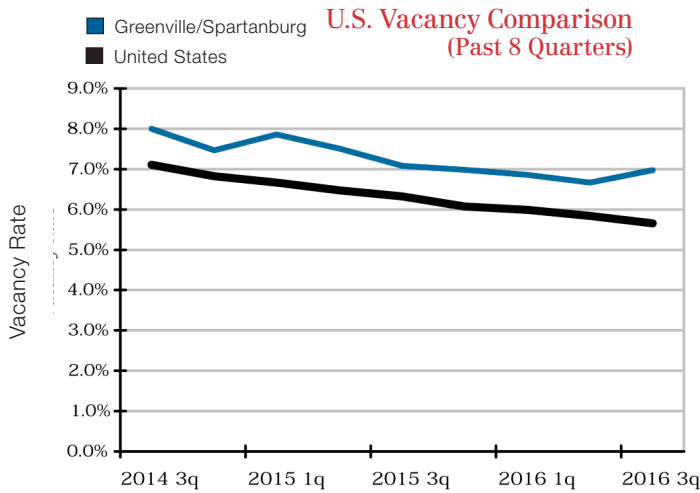
Industrial Flex Submarket Overview:

Below is a sampling from CoStar of the major industrial flex submarkets in the Upstate as of 10/13/16. For data on additional counties or submarkets, please send a request to marketing@naief.

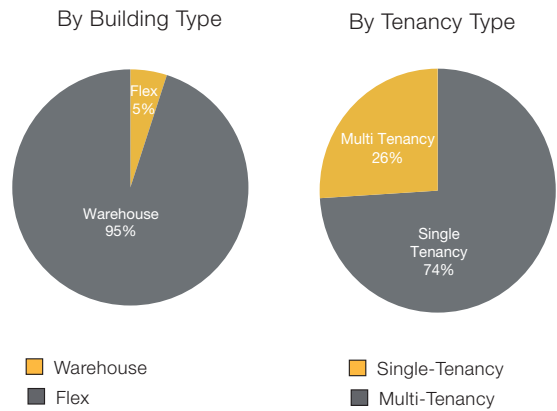
Submarket	# of Buildings	Total RBA (SF)	Vacant (%)	Total Net Absorption (SF)	Total Avg. Rate
Anderson County					
Class A	1	111,000	0.00%	0	-
Class B	22	278,375	15.00%	-14,191	\$9.11
Class C	48	368,704	5.50%	-7,750	\$6.27
All Classes	71	758,079	8.20%	-21,941	\$8.29
Greenville County					
Class A	3	181,400	0.00%	100000	\$8.95
Class B	144	2,662,371	7.80%	3,441	\$8.37
Class C	301	3,306,193	4.10%	14,338	\$7.65
All Classes	448	6,149,964	5.60%	117,779	\$8.07
Spartanburg County					
Class A	8	336,638	5.10%	0	\$5.45
Class B	49	856,477	11.00%	28,656	\$5.96
Class C	67	733,867	6.10%	17,887	\$5.11
All Classes	124	1,926,982	8.10%	46,543	\$5.46



Upstate, SC 3Q16 Industrial Market Report



Existing Inventory Comparison



Graphs Source: CoStar Property

Sampling of Top Transactions in 3Q16

*NAI Earle Furman Transaction

Sales

2838 Grandview Drive
Simpsonville
RBA: 195,210
Sale Price: \$6,450,000
Sale Date: 8/9/16

27 West Road *
Travelers Rest
RBA: 64,700
Sale Price: \$562,500
Sale Date: 9/7/16

1108 NE Main Street
Simpsonville
RBA: 82,380
Sale Price: \$2,625,000
Sale Date: 7/28/16

401 Crowther Drive
Anderson
RBA: 40,000
Sale Price: \$320,000
Sale Date: 8/26/16

Leases

Greenco
Greenville
SF: 130,000
Tenant: Greenco Beverage Company

Community Cash Complex -
Building III - Lewis
Greenville
SF: 116,413
Tenant: Innovative Fibers, LLC

108 White Horse Court*
Greenville
SF: 60,000
Tenant: Builders First Source

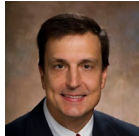
2995 New Cut Rd
Spartanburg
SF: 17,200
Tenant: Goluda and Company

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NAI Earle Furman Industrial Division



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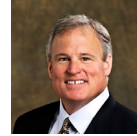
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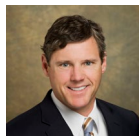
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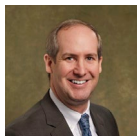
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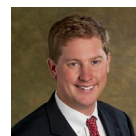
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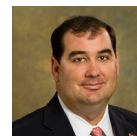
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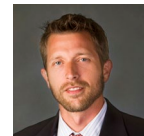
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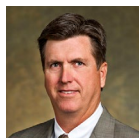
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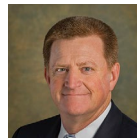
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About Us

Solid Foundation. Proven Results.

Founded by J. Earle Furman in 1986, NAI Earle Furman is celebrating its 30th year as a leading full-service commercial real estate brokerage firm in the Upstate of South Carolina specializing in the office, industrial, investment and retail sectors. NAI Earle Furman offers a wide range of services including sales, leasing, development, site selection, consulting and property management. A partnership with NAI Global allows NAI Earle Furman to access a network of worldwide real estate connections and offer international commercial real estate services to Upstate clients, while retaining local personality and knowledge.

The firm has 80 team members and completed nearly 600 transactions in 2015. The Property Management team manages 5.5 million square feet of commercial space in North and South Carolina.

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Brokerage Services

- Tenant Representation
- Landlord Representation
- Market Analysis
- Financial Analysis
- Site Selection
- Lease Versus Own Analysis
- Due Diligence Consulting
- Lease Review and Renewal Services
- Tax Deferred Exchanges
- Development
- Land Acquisition and Disposition



The shareholders of NAI Earle Furman

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