

NAI Earle Furman

Upstate, SC 3Q16

Retail Market Report

The retail market has changed from a product-driven market to an entertainment-driven market. Let's use Magnolia Park and The Shops at Greenridge as examples. Greenridge was built in 2006 and Magnolia park was started shortly thereafter. However, Magnolia Park stalled out during the Great Recession and didn't hit its stride again until the beginning of 2014. Greenridge is a classic power center with eight or nine big box retailers plus small shop spaces and restaurants on the outparcels. Magnolia Park is a new power/entertainment center with a couple of big box retailers and eight or nine large, inline restaurants and some type of entertainment option.

This is further shown by the amount of new construction in our market. Over the past 34 years, the Greenville/Spartanburg market has delivered an average of 1,000,000 SF of new space a year. In the last eight years, we have delivered an average of 462,000 SF per year. Some of that can be attributed to the Great Recession, but during that same eight-year stretch the Greenville/Spartanburg market grew at a rate of about 2% per year which, over that time, means we added about 100,000 additional consumers to the market. So our growth is not stagnant like the rust belt. I believe a consumer shift is happening—the consumer is looking for entertainment, food and services when they go out rather than products which was the case through the early 2000s. This means that we don't need as much product in the marketplace; the big boxes are still growing, but the growth is in their web sales more so than the bricks and mortar and as a population we still like to eat and be entertained.

Jimmy Wright
NAIEF Retail Broker & Shareholder

Retail Sector in 3Q16

Number of Buildings	9,878
Market Size (SF)	85,705,645 SF
Overall Vacant Space (SF)	4,538,995 SF
Overall Vacancy (%)	5.3%
Direct Vacancy (SF)	4,182,715 SF
Sublease Vacancy (SF)	356,280 SF
Net Absorption	223,645
Average Asking Rental Rate (\$/SF/Yr)	\$10.23

Source: CoStar Property as of 10/14/16.

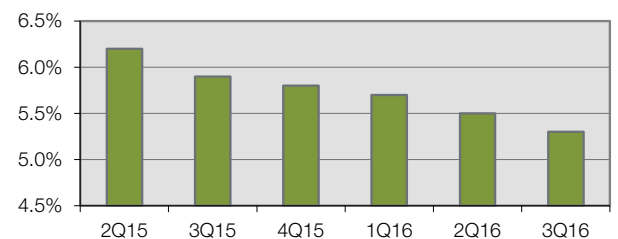


Upstate Economy in 3Q16*

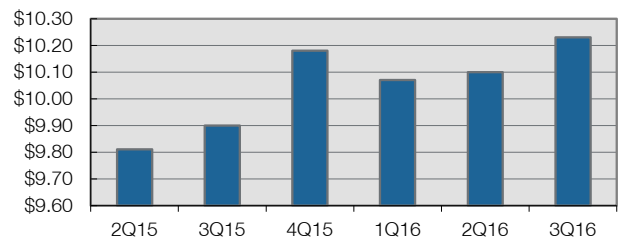
Total Population ⁺	983,857
Total Households ⁺	359,007
Median Household Income ⁺	\$45,115
Total Labor Force [^]	475,133
Unemployed [^]	23,763
Unemployment Rate [^]	Greenville County: 4.7% Spartanburg County: 5.3% Anderson County: 5.2%

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

Overall Vacancy Rates (%)



Average Asking Rental Rates



Trends for 3Q16

▲
NET ABSORPTION

▼
VACANCY RATE

▼
CONSTRUCTION

▲
ASKING RATES

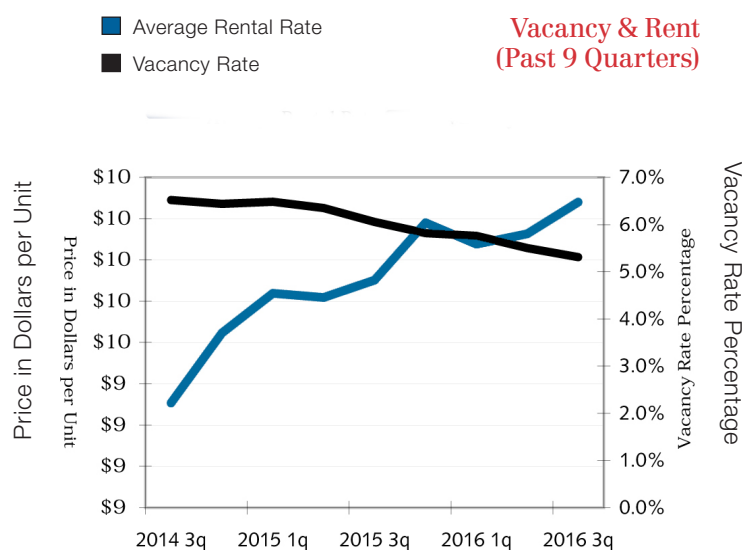
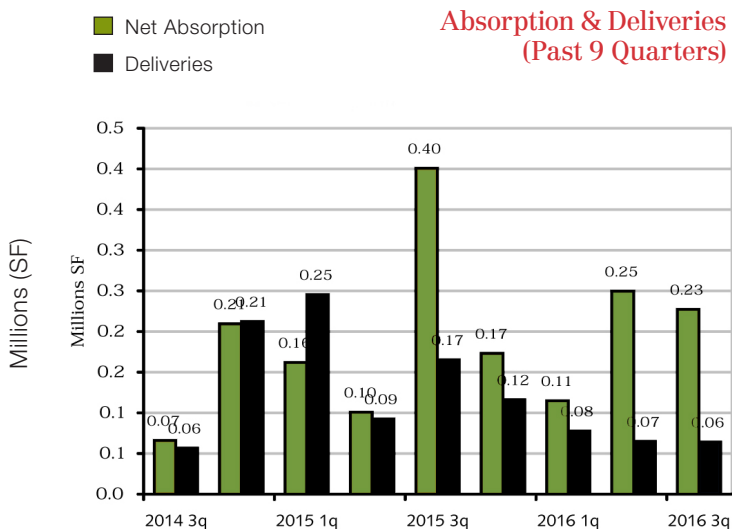
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Retail Submarket Overview:

Below is a sampling from CoStar of the major retail submarkets in the Upstate as of 10/14/16. For data on additional counties or to view corridor mapping, please send a request to marketing@naief.

Submarket	# of Buildings	Total RBA (SF)	Vacant (%)	Total Net Absorption (SF)	Total Avg. Rate
Greenville County					
Augusta Road	244	1,687,207	8.60%	1,875	\$13.82
Laurens, Haywood, & Congaree	429	7,697,844	3.20%	18,250	\$11.79
Downtown Greenville	104	873,858	6.90%	3,305	\$24.88
Woodruff Road/Butler Road	364	4,539,191	4.30%	29,822	\$13.81
Pelham Road	151	1,503,374	7.80%	10,571	\$13.08
Simpsonville	395	3,610,581	2.80%	9,499	\$14.15
Wade Hampton/Greer	579	4,741,849	7.30%	36,595	\$11.91
All Submarkets	3,868	35,798,915	5.10%	170,588	\$12.45
Spartanburg County					
East Side/Downtown	522	5,087,284	7.20%	20,552	\$9.76
West Side	449	6,177,517	5.90%	(64,019)	\$9.21
Boiling Springs/Highway 9	570	3,702,296	3.60%	(30,608)	\$9.92
All Submarkets	2,976	23,498,355	5.80%	(37,227)	\$8.58
Anderson County					
Highway 81 & Clemson Blvd	377	5,548,475	2.50%	(3,021)	\$12.45
Pickens	756	6,687,379	5.30%	43,404	\$9.84
All Submarkets	1,557	13,596,165	4.30%	23,667	\$8.33



Graphs Source: CoStar Property

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New to the Market in 3Q16

Haywood/Congaree	Bargain Hunt
Downtown Greenville	Biscuit Head
Pelham Road/Greer	Lowe's Foods
Spartanburg	Blue Moon Specialty Foods

Sampling of Top Transactions in 3Q16

*NAI Earle Furman Transaction

Sales

501 North Harper Street Laurens RBA: 10,908 Sale Price: \$3,375,000 Sale Date: 9/19/16	26-40 Rushmore Drive* Greenville RBA: 13,620 Sale Price: \$925,000 Sale Date: 8/19/16	2400 North Pleasantburg Drive Greenville RBA: 15,361 Sale Price: \$2,575,000 Sale Date: 9/19/16	2400 North Pleasantburg Drive Piedmont RBA: 3,300 Sale Price: \$790,000 Sale Date: 9/19/16
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Leases

150 East Blackstock Road Spartanburg SF: 23,500 Tenant: Aldi	1117 Woodruff Road Greenville SF: 4,500 Tenant: Bar Louie	133 Woodruff Place Circle* Greenville SF: 2,364 Tenant: Phoenix Senior Living	418 North Main Street Anderson SF: 2,200 Tenant: European Market
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News Highlight from 3Q16

Lowes Foods Opens New Grocery Store in Greer

By Trevor Anderson | *Upstate Business Journal* | September 29, 2016

Winston-Salem, NC-based grocery store chain Lowes Foods celebrated the grand opening of its new store in Greer on Friday.

The 58,000-square-foot store is at the Riverside Crossing shopping center at the intersection of Suber Road and Hammett Bridge Road across the street from Riverside High School.

"We are thrilled to share our new Greer store with the entire Greenville community," said Tim Lowe, president of Lowes Foods, in a statement. "It represents the latest addition in our journey to completely reimagine the grocery shopping experience and inspire guests. Our commitment includes offering produce sourced through our partnership with more than 200 local farmers and featuring a wide assortment of unique local products found throughout the store."

The family-owned company broke ground on the store in July 2015. At the time, the grocery chain said it is the first store it hopes to open across Greenville County and the Upstate.

Lowe said construction is continuing on Lowes Foods' second location in the area at the Village Market-East shopping center on the northwest corner of Woodruff Road and Sunnydale Drive in the Five Forks area of Simpsonville.

The Greer store features a plethora of special concepts called Lowes Foods Originals, including its Chicken Kitchen, Sausage Works, Pick & Prep, The Beer Den, The Cakery, Boxcar Coffee & Chocolates, Breadcrumb bakery, Smokehouse and the Community Table.

It also will have a wide assortment of organic foods, premium aged beef, bulk foods, fresh pizza and paninis, and prepared foods. Customers can take advantage of Lowes Foods-to-Go, an online personal shopping service, and a loyalty program offering price discounts and fuel rewards.

"As a fellow Carolinas-based business, Elevation is very excited to bring the first Lowes Foods to the Greenville Market," said Christopher La

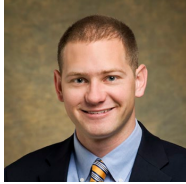
Mack, principal at Elevation Real Estate Group, the owner and developer of Riverside Crossing, in a statement. "We know the excitement surrounding this opening has been building for several months, and we believe this store will be very successful and wish Lowes Foods every success."

Elevation said the store will soon be accompanied at the \$12.3 million shopping center by an Elizabeth Todd Hair Salon, Lee Spa Nails and Madi Boutique, a women's apparel and gift store. All of those stores are expected to open in the next 60 days.

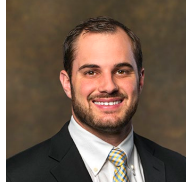
La Mack said the company is in negotiations with a local Asian restaurant and a national fitness facility that could spur an additional 9,600 square feet of development at the center. He said the shopping center has also received interest from two major medical providers and national, regional and local restaurant operators.

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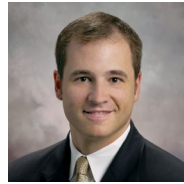
NAI Earle Furman Retail Division



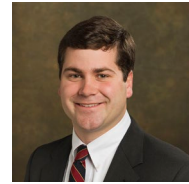
Gaston Albergotti
Broker
gaston@naief.com



Chris Harrison
Broker
charrison@naief.com



Ted Lyerly, CCIM
Broker
tlyerly@naief.com



Graham Mullikin
Broker
gmullikin@naief.com



Bill Sims
Broker
bsims@naief.com



Jake Van Gieson
Broker
jakev@naief.com



Jimmy Wright
Principal and Broker
jwright@naief.com

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.

Reports Prepared by:

Lauren Newton
Director of Marketing | lnewton@naief.com

Wendy Carlton
Marketing Assistant | wendyc@naief.com

Jimmy Wright
Broker and Shareholder | jwright@naief.com

Brokerage Services

- Tenant Representation
- Landlord Representation
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- Financial Analysis
- Site Selection
- Lease Versus Own Analysis
- Due Diligence Consulting
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- Development
- Land Acquisition and Disposition



The shareholders of NAI Earle Furman

Contact Us:

101 E Washington Street Suite 400
Greenville, South Carolina 29601
864 232 9040

naiearlefurman.com