

	YoY Chg	12-Mo. Forecast
2.5% Vacancy Rate	▼	▲
10.6M YTD Net Absorption, SF	▲	▼
\$4.86 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
616.6K Greenville-Spartanburg Employment	▲	▲
3.1% Greenville-Spartanburg Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Industrial Investment Announced

Amid changing economic tides across the nation, Greenville-Spartanburg notched another quarter of employment growth by adding 6,100 jobs; however, the unemployment rate also increased by 20 basis points (bps) displaying that the civilian labor force growth rate surpassed the non-farm job growth rate in Q4. The unemployment rate is forecasted to increase throughout 2023 along with total employment. A noteworthy announcement was made by BMW in October to expand the company's manufacturing footprint in the Upstate for electric vehicle production. The plan includes an expansion of the existing Spartanburg facility along with a new high-voltage battery assembly facility in Woodruff, a \$1.7 billion total investment creating 300 jobs.

SUPPLY and DEMAND: Vacancy Rises and Demand Decelerates

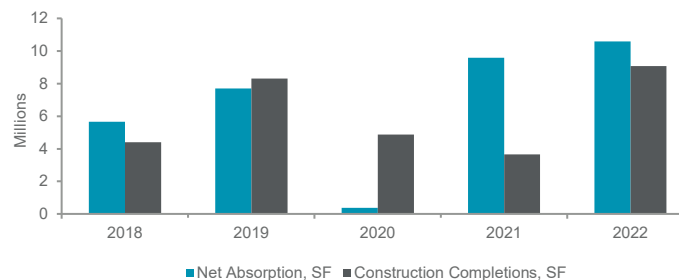
Though readily-available supply remains limited in the market, vacant space increased slightly during Q4 with the overall vacancy rate climbing 30 bps since Q3 to 2.5%, remaining near its historical low. Despite the 4.1 million square feet (msf) of newly constructed product delivered in Q4, only 488,000 sf delivered vacant as 87.3% of this space was either pre-leased or built-to-suit. In total, Q4 deliveries accounted for 44.9% of the 9.1 msf of construction completions throughout 2022, driving the market to a new annual high-water mark. A healthy increase in vacancy rate is expected in the coming year with 17.3 msf of speculative product set to deliver in 2023, 25.5% of which is already pre-leased. The Hwy 290 Corridor was the most popular submarket for speculative development, recording 54.0% pre-leasing at the close of 2022.

Demand for industrial space receded in Q4 with 623,000 sf of new deals signed, well below the average of the three previous quarters. Changes in the economic landscape paired with a limited supply of existing availabilities have reshaped the market after an extraordinary first half of 2022. Occupancy gains of 3.2 msf in the fourth quarter propelled the annual net absorption figure to 10.6 msf, marking a record year for the Greenville-Spartanburg market.

PRICING: Rental Rates Increase Modestly

Asking rents pushed upward for the fifth consecutive quarter, reaching \$4.86 per square foot (psf) and surpassing the previous historical high recorded in Q3 2022 by 0.8%; however, rent growth decelerated with the recent pullback in demand. Landlords have maintained negotiation strength throughout 2022 with the average deal signing at 2.6% above the asking rent along with annual rent escalations climbing from the former 3.0% standard to a new status quo of 3.75% to 4.0%, largely driven by inflationary pressures. Regardless, Greenville-Spartanburg remains an attractive option for tenants seeking industrial space as one of the most affordable markets in the nation, while also providing excellent logistical connectivity.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2022

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	28,120,959	872,284	3.1%	1,056,000	521,684	1,157,511	1,200,000	\$3.85	\$7.79	\$4.57
Cherokee County	10,561,803	10,000	0.1%	10,000	1,628,168	1,189,440	1,401,200	\$6.50	-	-
Greenville Downtown	3,082,527	29,862	1.0%	1,654	-18,662	0	0	-	\$11.57	-
East Greenville	10,853,847	512,577	4.7%	-13,681	-161,716	0	24,500	\$6.06	\$10.68	\$5.63
North Greenville	21,216,651	312,338	1.5%	56,296	465,743	0	44,796	\$4.50	\$6.94	\$6.01
South Greenville	36,872,311	1,310,184	3.6%	148,471	1,358,875	3,599,714	869,160	\$3.11	-	\$5.08
Greer/Hwy 101 Corridor	28,524,593	637,907	2.2%	-96,549	2,981,638	4,712,017	2,100,074	-	\$6.04	\$5.86
Hwy 290 Corridor	13,544,277	336,021	2.5%	454,867	313,421	5,698,484	474,867	\$2.75	-	\$5.91
Laurens County	13,566,177	0	0.0%	0	190,192	320,122	0	-	-	-
North Spartanburg	45,976,126	1,582,197	3.4%	1,602,562	3,262,529	3,116,915	2,958,780	\$4.68	\$6.79	\$4.26
South Spartanburg	9,228,040	78,500	0.9%	0	112,000	0	0	-	-	\$5.01
Pickens County	6,815,460	120,000	1.8%	0	-80,000	0	0	\$3.75	-	-
MARKET TOTALS	228,362,771	5,801,870	2.5%	3,219,620	10,573,872	19,794,203	9,073,377	\$3.84	\$7.57	\$5.18

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

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

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Clarius Park Inland Port Greer - Building 3	Hwy 290 Corridor	Bonded Logistics, Inc.	303,580	Pre-Lease
Smith Farms Industrial Park - Building 11B	Greer/Hwy 101 Corridor	Heritage Southern Logistics, Inc.	81,058	New Lease
50 Commerce Ctr	East Greenville	Strong Hydraulics	46,078	New Lease

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
34 Commerce Dr (Sale Leaseback)	Cherokee County	Techtronic Industries LRC Properties	915,911	\$80.5M \$87.89
877 Torrington Rd	Laurens County	Ravine Park Partners Southpaw Ventures	190,192	\$10.6M \$55.65
6997 Pelham Rd	East Greenville	Bostik, Inc. Parliament Acquisitions, LLC	106,080	\$5.1M \$48.08

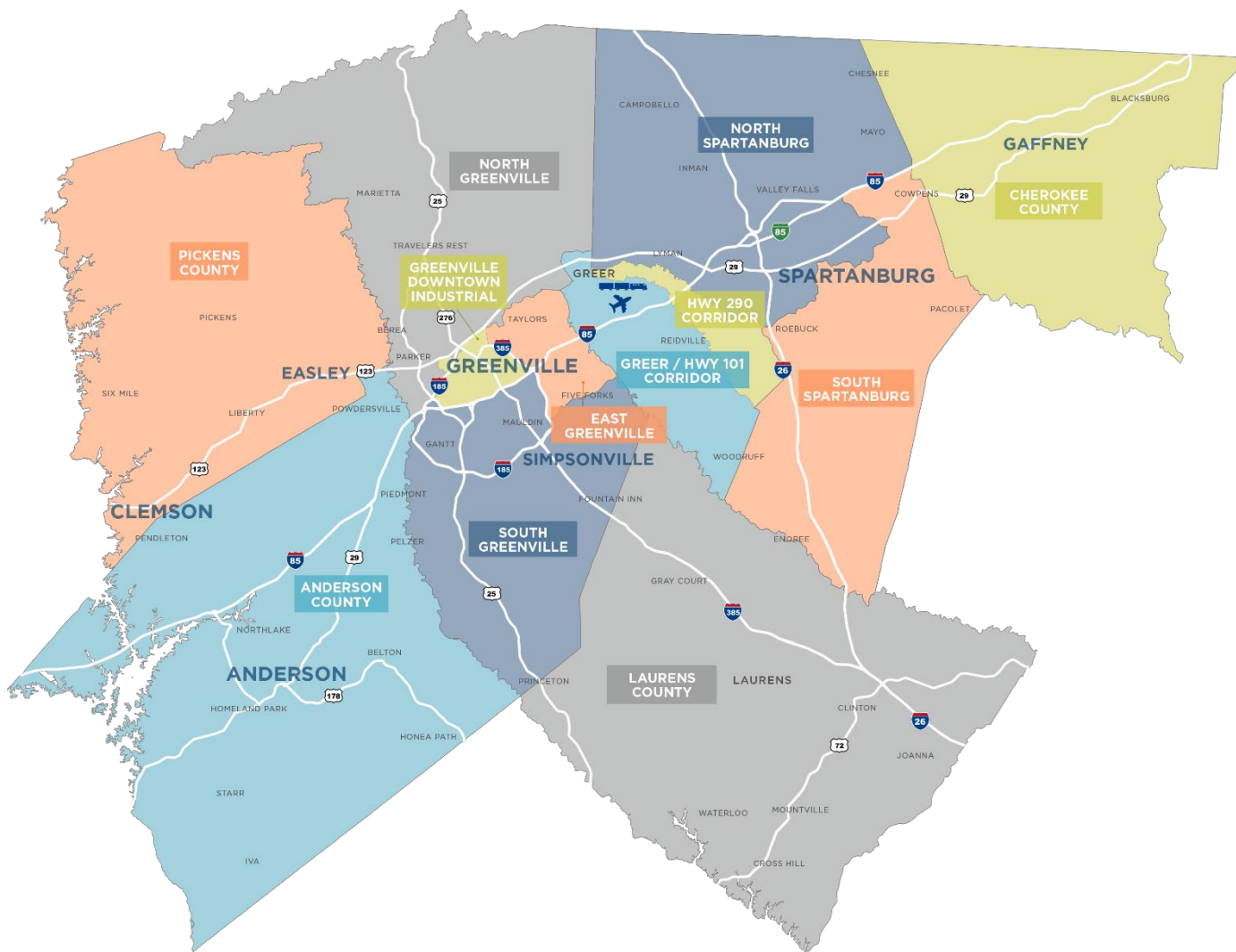
KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER DEVELOPER
The Cubes Fort Prince - Building A	North Spartanburg	Techtronic Industries	1,501,500	CRG
TTI Distribution Center - Building 2	Anderson County	Techtronic Industries	1,000,000	Techtronic Industries
Fort Prince Logistics Center	North Spartanburg	N/A	476,280	Hunt Midwest
Tyger River Industrial Park North - Hillwood Building 400	Hwy 290 Corridor	RDI USA, Inc.	474,867	Hillwood

GREENVILLE, SC

Industrial Q4 2022

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