

# VIEWPOINT



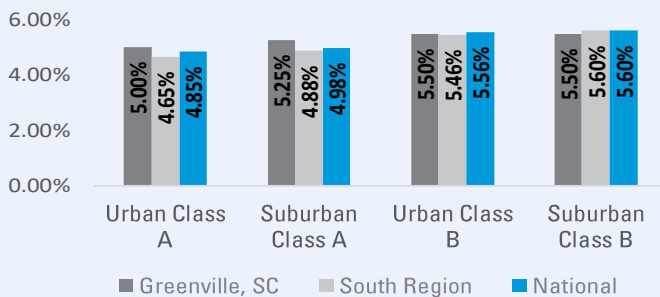
## 2023 GREENVILLE, SC MULTIFAMILY ANNUAL REPORT

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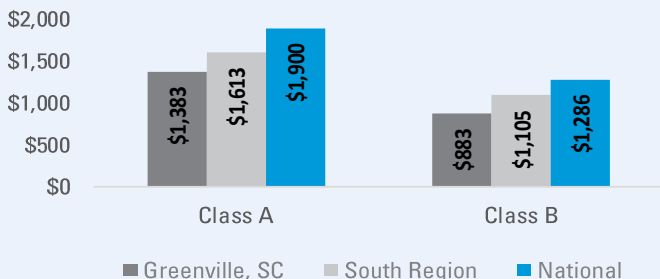
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▲

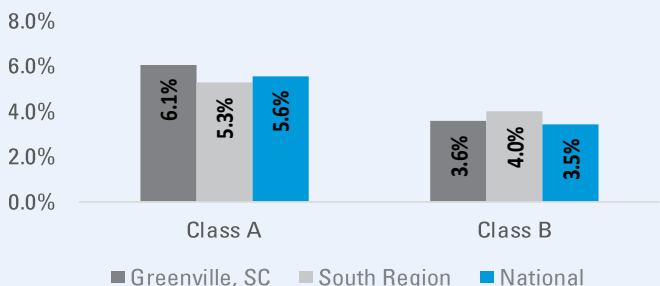
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



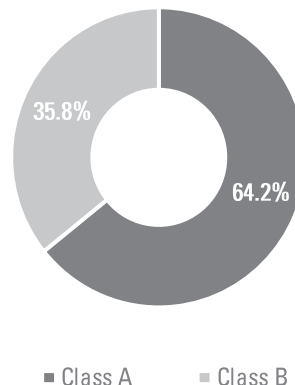
### Vacancy Rates (%)



### Greenville, SC Multifamily Market Overview

The Greenville-Spartanburg region, also known as South Carolina's Upstate, is the state's largest consolidated metro area and its manufacturing hub. More than 14% of the workforce here is employed in manufacturing, with competitive strengths in automotive and advanced textiles, according to an analysis by the Upstate SC Alliance. This industrial focus has helped the region weather the pandemic and accompanying economic downturn with a faster-than-average jobs recovery. Employment in the area has fully recovered from its pre-pandemic levels with unemployment at 2.7% in September 2022. Once a textile mill hub, the decline of the U.S. textiles industry in the 1990s focused Upstate economic development efforts toward attracting advanced manufacturers. BMW's production facility in nearby Greer, which opened in 1994, has become the German automaker's most productive plant worldwide with around 10,000 employees producing the majority of the company's SUVs sold in the U.S. In 2019, the company announced a \$1 billion expansion of the plant, making room for production of its new X7 model. A new training center, scheduled to be complete in mid-2022, broke ground on the BMW campus in February 2021. The presence of BMW, Michelin, Bosch, and other major automotive and machinery manufacturers has attracted automotive parts suppliers to the region and reoriented the textile industry here around producing for automotive uses. ZF, a German transmission manufacturer, announced 500 new jobs in February, and Huvis Indorama Advanced Materials announced that it would add 50 new jobs at its current facility. While industrial sectors draw the most attention, the area is also known for its downtown redevelopment, particularly in Greenville, and the office and retail uses that accompany it. Major office users include TD Bank regional headquarters, Denny's corporate headquarters, and the global headquarters of Fortune 1000 technology distributor ScanSource. In 21Q4, Canal Insurance signed a 60,000-SF lease in Downtown Greenville, the largest office lease since the beginning of the pandemic. Layoffs in the leisure and hospitality industry weighed on job growth, particularly in the Greenville area, but some office users did announce recent office expansions, such as United Community Bank's 230-job move to downtown Greenville, Epsilon Software's 145-job expansion in Mauldin, and Global Lending Services' 660-job expansion in Greenville County. Multifamily developers have responded to the population boom, expanding inventory by about 30% since 2015. Demand for multifamily units has largely kept up with these record levels of supply, with a current overall vacancy hovering around 6.1%. Rental rate increases have been strong in recent years, although the average Greenville rent remains below \$1,300 per month. Most multifamily development has focused in and around downtown Greenville. Four submarkets, the CBD, neighboring Greenville/Mauldin, Eastside Greenville, and Simpsonville account for two-thirds of construction activity.

### Distribution of Total Inventory



48,429 Units  
Multifamily Inventory

3.84% - 12 Mo. Proj.  
Construction/Inventory

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## Change In Value Next 12 Months



**+/- 0%**

Urban Class A

**+/- 0%**

Urban Class B



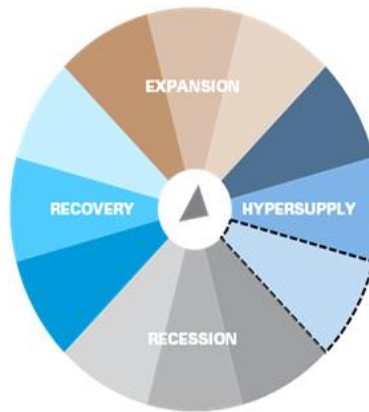
**+/- 0%**

Suburban Class A

**▼0.1%-0.9%**

Suburban Class B

## Market Cycle: Hypersupply Stage 3



- Increasing Vacancy Rates
- Low/Negative Absorption
- Med/Low Rental Rate Growth
- Moderate/High New Construction
- Moderate/Low Employment Growth

## Forecasts

### Greenville, SC 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Increase 1-24 bps	Remain Steady - no change	Increase 1-24 bps
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	1,862			
Market Rent Change	+4.00%	+3.00%	+4.00%	+2.00%
Expense Rate Change	+4.00%	+3.00%	+3.00%	+3.00%
Years to Balance	3			

### Greenville, SC 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+14.89%			
Change in Value	Increase 2%-2.9%	Increase 2%-2.9%	Increase 2%-2.9%	Increase 0.1%-0.9%

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