

FIGURES | GREENVILLE-SPARTANBURG – INDUSTRIAL MARKET | Q1 2024

Market Fundamentals to Provide Stabilization Through Growth In Supply

▲8.8%

*Direct Vacancy Rate

▲12.5%

**Total Availability Rate

▼863k sq. ft.

Net Direct Absorption

▲8.9M sq. ft.

Under Construction

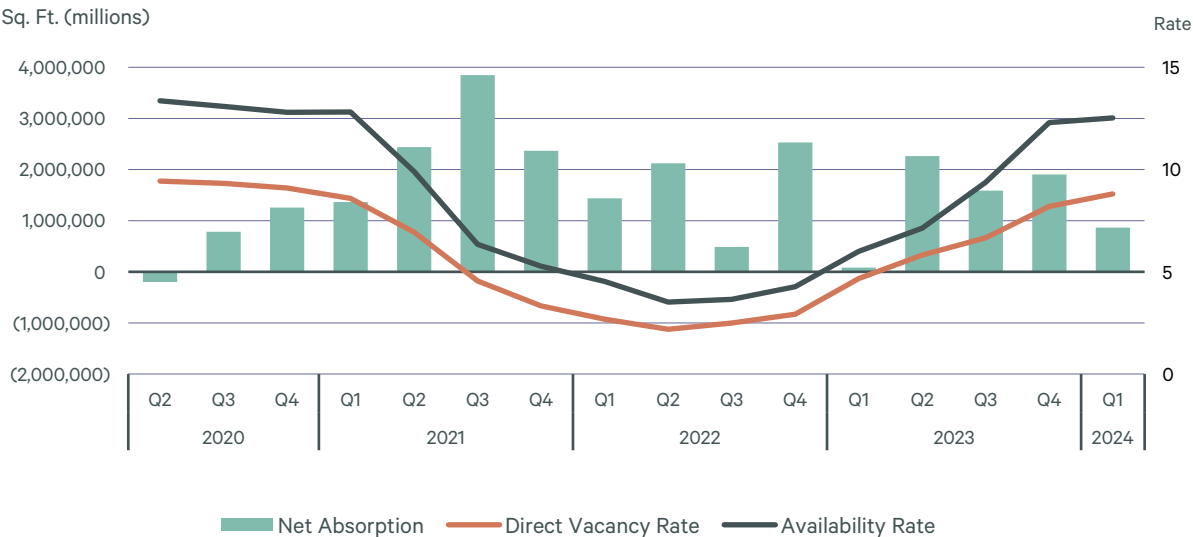
Note: Arrows indicate change from previous quarter.

Key Takeaways

- There are currently 20 projects totaling 8.9 million sq. ft. under construction in the Greenville-Spartanburg market. Of these projects, two projects totaling 1.8 million sq. ft. are build-to-suit and 18 totaling 7.1 million sq. ft. are speculative construction.
- The Greenville-Spartanburg market is currently oversupplied. However, with a slowing pipeline of speculative development and with strong market fundamentals, we anticipate vacancy and availability to improve by the end of 2024.
- In Q1 2024, 7 leases were completed with a total transaction velocity of 630,720 sq. ft. and an average strike rate of \$7.01 per sq. ft. The average deal size was 90,103 sq. ft.
- Capital Markets are trading with a capitalization rate range from the upper 5's to low 6's for Class A for institutional grade investments. CRG sold a 1.4 million sq. ft. distribution center to PRP Real Estate Investors for \$119.5 million in Q1 2024.

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

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research, Q1 2024

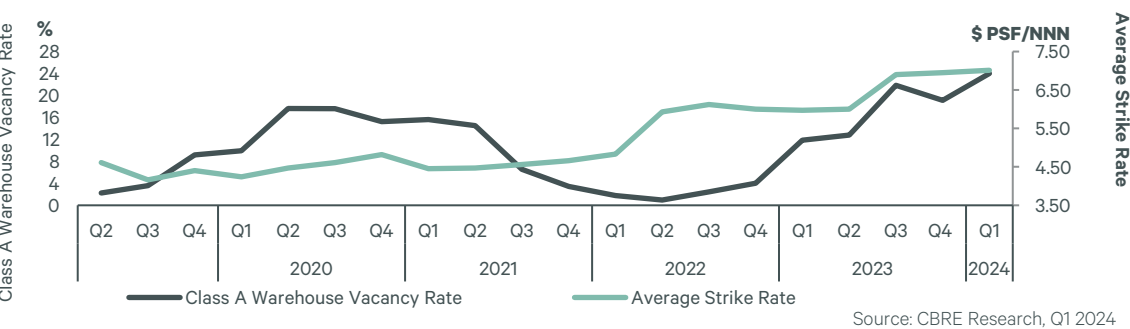
Development Activity

The Greenville-Spartanburg market is experiencing a decrease in new construction deliveries compared to last year, as many projects initiated in 2021 were completed and delivered in 2022 and 2023 (See *Figures 5 & 6*), causing an expected temporary oversupply. That coupled with sublease space increases are causing developers to be cautious this year. Current construction includes 8.9 million square feet, with 7.1 million being speculative and 1.8 million being build-to-suit. The direct vacancy and overall availability rate have not been this high since Q4 2020, the first wave of the development boom deliveries. However, the market absorbed the newly delivered space within two years and that trend will likely repeat itself over the next two years.

Absorption & Leasing Activity

In Q1 2024, seven leases were finalized, amounting to a transaction volume of 630,720 sq. ft with an average strike rate of \$7.01 per sq. ft. The completion of the Walmart distribution center in the Fort Prince Industrial Park boosted the total direct net absorption by 720,000 square feet to 862,745 square feet due to its completion this quarter. The overall average deal size increased to 90,103 sq. ft., ending a trend over the last several quarters of decreasing deal sizes.

FIGURE 3: Class A Warehouse Vacancy Rate and Average Strike Rate



Outlook

The Greenville-Spartanburg industrial market anticipates increased leasing activity and positive absorption in 2024 due to strong market fundamentals like the Inland Ports Greer and Dillon's 8% rise in rail moves in March, and a 22% annual increase at Inland Port Greer. The area remains attractive due to better quality of life and affordability, with an unemployment rate of 3.4%, lower than the 3.8% national average. In addition, continued investment in infrastructure at the Port of Charleston, Greer Inland Port, Interstates 85 and 26, and utilities in several counties will continue to support the growth of the Upstate.

FIGURE 4: New Speculative Deliveries YTD 2024

| Building Size Range | # of Buildings | Total SF | Average SF | Pre-leased SF | Pre-leased % | % of Total Spec Deliveries |
|---------------------|----------------|----------|------------|---------------|--------------|----------------------------|
| <375K SF | 0 | 0 | 0 | 0 | 0.00% | 0 |
| 375,001 – 600K SF | 1 | 560,240 | 560,240 | 0 | 0.00% | 100% |
| +600K SF | 0 | 0 | 0 | 0 | 0.00% | 0 |
| TOTAL | 1 | 560,240 | 560,240 | 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, Q1 2024

FIGURE 5: Historical Statistics

| Submarket | Building SF | Direct Vacancy (%) | Sublease Available (%) | Total Availability (%) | Avg Asking Lease Rate (PSF/NNN) | Under Construction | 2023 Net Absorption | Q1 2024 Direct Net Absorption (SF) |
|---------------------|-------------|--------------------|------------------------|------------------------|---------------------------------|--------------------|---------------------|------------------------------------|
| Anderson County | 28,165,423 | 7.8 | 5.3 | 13.4 | \$4.44 | 1,00,000 | 675,640 | 40,000 |
| Central Greenville | 16,062,186 | 7.4 | 0.9 | 9.1 | \$5.43 | 0 | (257,333) | (28,500) |
| I-385 South | 23,431,181 | 6.0 | 1.4 | 9.8 | \$6.97 | 290,100 | 67,558 | (10,000) |
| I-85 East | 10,305,461 | 4.8 | 2.7 | 9.1 | \$5.14 | 136,500 | 270,537 | (29,112) |
| I-85 West | 23,984,694 | 9.4 | 1.9 | 11.4 | \$5.88 | 445,900 | 663,667 | 21,450 |
| Taylors-Greer | 17,668,958 | 1.9 | 0 | 1.9 | \$5.24 | 0 | 10,939 | 0 |
| Travelers Rest | 3,647,638 | 0 | 0 | 0 | - | 0 | 0 | 0 |
| Greenville County* | 95,100,118 | 5.9 | 1.3 | 8.2 | \$5.58 | 872,500 | 755,368 | (46,162) |
| Laurens County | 12,596,444 | 2.4 | 0 | 2.9 | \$6.25 | 621,468 | 217,816 | 118,336 |
| Spartanburg East | 24,125,959 | 4.9 | 0 | 5.3 | \$4.82 | 2,029,162 | (143,202) | (27,000) |
| Spartanburg West | 71,812,250 | 15.5 | 4.7 | 21.9 | \$6.02 | 2,682,782 | 2,408,245 | 777,571 |
| Spartanburg County* | 95,938,209 | 12.8 | 3.5 | 17.8 | \$5.42 | 4,711,944 | 2,265,043 | 750,571 |
| MARKET TOTAL | 231,800,194 | 8.9 | 2.6 | 12.5 | \$5.77 | 8,947,872 | 3,913,867 | 862,745 |

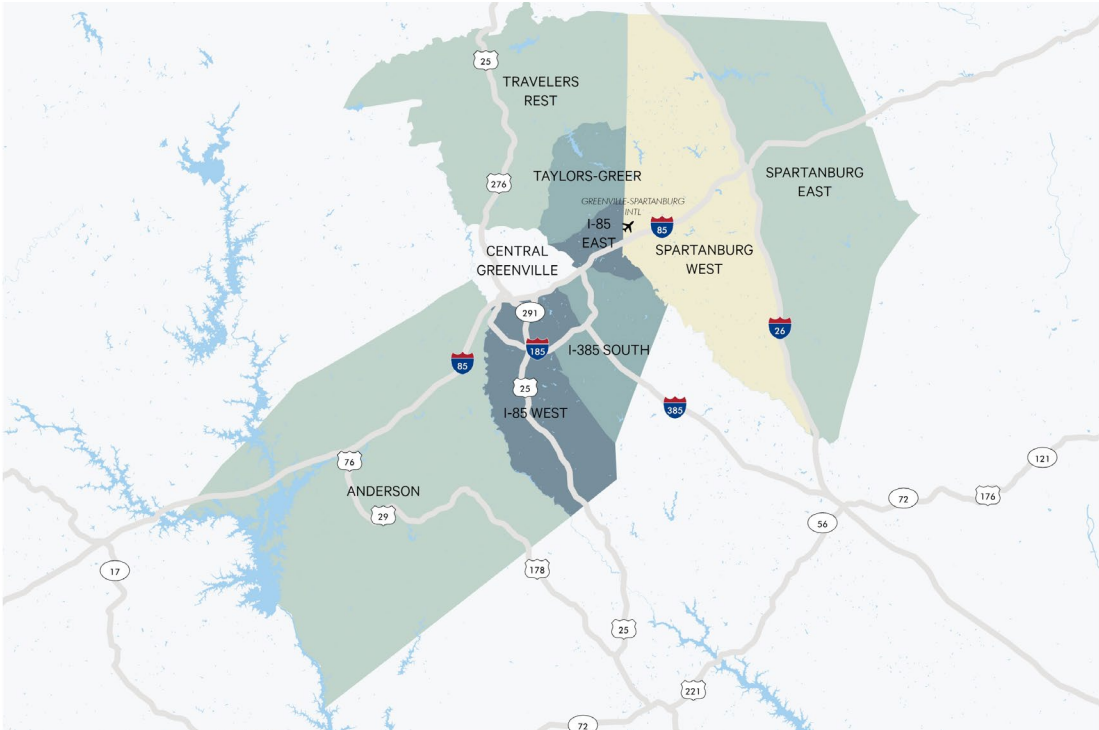
*NOTE: These two counties are meant for summation and not included in totaling submarkets

| Property Subtype | Building SF | Direct Vacancy (%) | Sublease Available (%) | Total Availability (%) | Avg Asking Lease Rate (PSF/NNN) | Under Construction | 2023 Net Absorption | Q1 2024 Direct Net Absorption (SF) |
|------------------------|-------------|--------------------|------------------------|------------------------|---------------------------------|--------------------|---------------------|------------------------------------|
| Manufacturing | 100,193,988 | 2 | 0.6 | 3.6 | \$4.25 | 0 | (208,594) | (50,803) |
| R&D/Flex | 7,564,564 | 9 | 0.6 | 11.6 | \$7.21 | 39,000 | 58,006 | 0 |
| Warehouse/Distribution | 124,041,642 | 14.3 | 4.4 | 19.8 | \$5.97 | 8,908,872 | 4,194,895 | 913,548 |

| Class | Building SF | Direct Vacancy (%) | Sublease Available (%) | Total Availability (%) | Avg Asking Lease Rate (PSF/NNN) | Under Construction | 2023 Net Absorption | Q1 2024 Direct Net Absorption (SF) |
|-------------------|-------------|--------------------|------------------------|------------------------|---------------------------------|--------------------|---------------------|------------------------------------|
| Class A Warehouse | 60,548,148 | 24.1 | 7.2 | 32.1 | \$6.27 | 8,908,872 | 4,456,967 | 957,598 |
| Class B Warehouse | 27,562,044 | 2.3 | 3.1 | 8.2 | \$4.64 | 0 | (15,603) | 0 |

Source: CBRE Research, Q1 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, 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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