



GREENVILLE, SOUTH CAROLINA

RESEARCH & FORECAST REPORT



Market Absorbs One Million SF.

The industrial market in the Upstate of South Carolina absorbed just over 1,000,000 square feet during the third quarter of 2011. Greenville County experienced the greatest amount of net absorption, as the largest transaction that occurred during this three month period was the 293,000-square-foot lease by Confluence Water Sports at Greenville Commerce Center. Spann Contract Packaging also leased 50,000 square feet in the same building, which is a total of 550,000 square feet.

ZF Group, a current BMW supplier in Spartanburg County, has started construction on a 950,000-square-foot manufacturing facility in Laurens County. This new facility is expected to create more than 300 new jobs in the upstate economy and has a construction value of over \$350,000,000.

Although advanced manufacturing has remained a staple of the post-recessionary Upstate economy, growth within the market has solely been dependent upon the expansion of existing firms. New industries have yet to relocate to the Greenville region due to continued problems in the housing markets and the inability for workers in other markets to sell their homes. Without flexibility in relocating executives it remains difficult for large operations to relocate or enter new markets.

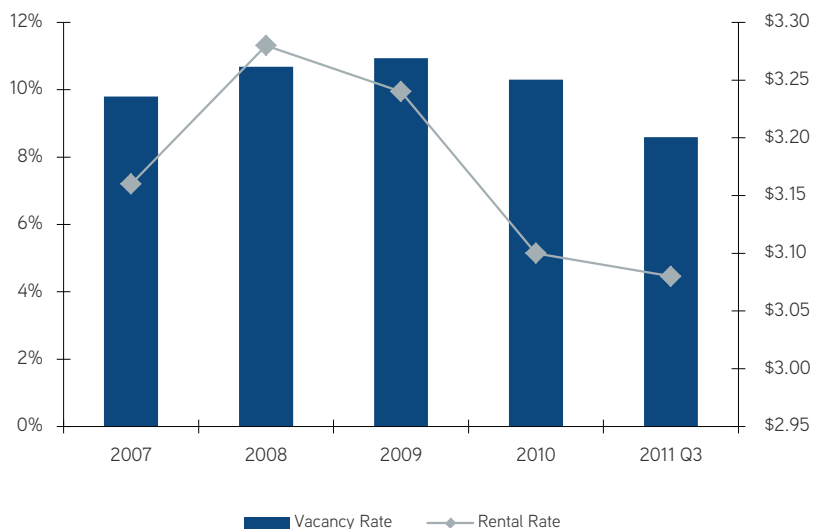
MARKET INDICATORS

	Q3 2011	Forecast
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↑
RENTAL RATE	—	—

QUICK UPDATES

- MARKET GROWTH CONTINUES TO COME FROM EXISTING COMPANIES
- RENTAL RATES YET TO EXPERIENCE INCREASES
- ONSHOREING MAKES UPSTATE MARKET MORE ATTRACTIVE

2000 - 2011 Occupancy Rates and Average Asking Rents



	Bldgs	Square Feet	Vacant Space	Sublease Space	Direct Vacancy Rate	Q3 Absorption	Average Rates
GREENVILLE							
Flex	456	7,155,190	1,872,944	-	26.18%	(4,743)	\$7.06
Shallow Bay	1,752	61,039,821	3,638,266	360,000	5.96%	168,679	\$2.90
Warehouse	101	11,600,597	2,687,666	238,998	23.17%	485,538	\$3.18
Market	2,309	79,795,608	8,198,876	598,998	10.27%	654,217	\$3.28

SPARTANBURG							
Flex	63	868,617	137,813	6,000	15.87%	38,234	\$5.76
Shallow Bay	1,228	56,766,079	3,015,665	2,000	5.31%	200,775	\$2.78
Warehouse	110	13,202,625	2,094,733	575,210	15.87%	18,500	\$2.90
Market	1,401	70,837,321	5,248,211	583,210	7.41%	257,509	\$2.80

ANDERSON							
Flex	46	622,149	37,350	-	6.00%	5,386	\$4.65
Shallow Bay	423	15,681,334	883,782	28,580	5.64%	96,828	\$2.90
Warehouse	14	1,322,533	85,000	-	6.43%	(10,000)	\$2.92
Market	483	17,626,016	1,006,132	28,580	5.71%	92,214	\$2.95

MARKET							
Flex	565	8,645,956	2,048,107	6,000	23.69%	38,877	\$6.93
Shallow Bay	3,403	133,487,234	7,537,713	390,580	5.65%	466,282	\$2.85
Warehouse	225	26,125,755	4,867,399	814,208	18.63%	494,038	\$3.05
Market	4,193	168,258,945	14,453,219	1,210,788	8.59%	1,003,940	\$3.08

While the upstate market has yet to experience growth from new companies, interest from manufacturing users increased substantially during the third quarter as onshoring continued to be a growing trend throughout the United States. As Asian economies have continued to expand, and transportation costs have increased, many markets in the U.S., and particularly in the Southeast, have become increasingly competitive. Increased interest should result in positive growth from outside the market during the second half of 2012.

The market will continue to see positive absorption during the fourth quarter of 2011, but without substantial increases in rental rates. Rates will not increase until the remaining available Class A space in the market is absorbed and build-to-suit opportunities become the only option for Class A users.

512 offices in 61 countries on 6 continents

- \$1.5 billion in annual revenue
- 979 million square feet under management
- Over 12,000 professionals
- 73,972 lease/sale transactions
- \$59.6 billion total transaction value

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