



# GREENVILLE, SOUTH CAROLINA RESEARCH & FORECAST REPORT



## Industrial Market on the Rebound in 2012

### MARKET OVERVIEW

Despite a slow start to 2012, the Greenville/Spartanburg Industrial Market gained momentum in the second half of 2012 ending the year with a total vacancy rate of 9.1%, 70 basis points lower than year-end 2011. The market absorbed over 2.1 million square feet in 2012, over half of which was absorbed in the fourth quarter alone. Construction was strong this year with almost 2 million square feet being delivered to the market. Rental rates remained steady throughout 2012 ending the year with an average rental rate of \$3.07, just \$0.02 less than year-end 2011.

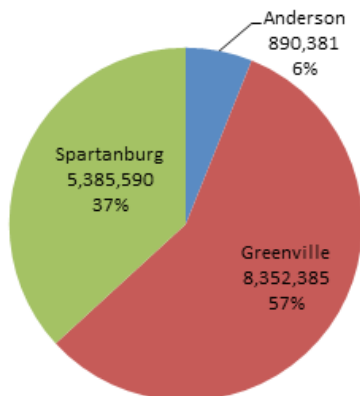
### CURRENT CONDITIONS

Greenville/Spartanburg's industrial market owes much of its success to large automotive manufacturing plants. The presence of BMW and Michelin manufacturing plants in the Greenville/Spartanburg market continues to put South Carolina on the map as a leading automotive manufacturing state. Low labor costs, tax break incentives and a lack of large union groups makes the state attractive to companies looking to expand and grow. Equally attractive is South Carolina's supply of a skilled technical labor force. As a result, manufacturing job growth is on the rise throughout the state and as of November 2012 had grown 2.2% from the previous year.

### MARKET INDICATORS

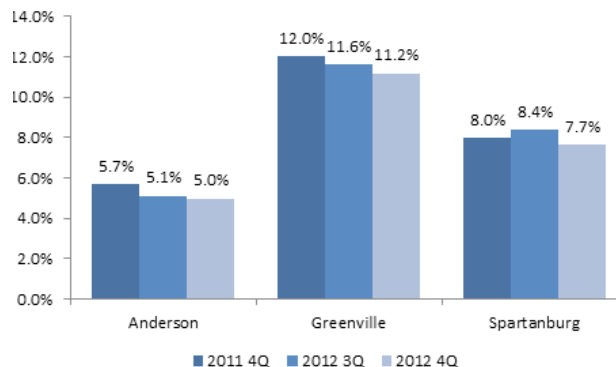
	Q4 2012	Forecast
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	—	—
RENTAL RATE	—	—

### Q4 2012 VACANCIES (SF)



### QUICK UPDATES

#### VACANCY RATE TRENDS



- VACANCY RATE REMAINS BELOW 10%
- MANUFACTURING JOB GROWTH CONTINUES
- LEADING AUTOMOTIVE MANUFACTURER
- NEARLY 2,000,000 SQUARE FEET DELIVERED TO THE MARKET IN 2012

	Number of Buildings	Square Feet	Direct Vacant	Sublease Vacant	Direct Vacancy	Total Vacancy	Absorption
Anderson	298	17,906,634	863,551	26,830	4.82%	4.97%	190
Cherokee	56	5,160,358	981,241	-	19.01%	19.01%	(7,196)
Greenville	1,357	74,743,818	8,051,021	301,364	10.77%	11.17%	328,378
Laurens	68	9,981,690	774,303	-	7.76%	7.76%	(43,000)
Pickens	79	5,080,991	378,256	-	7.44%	7.44%	16,000
Spartanburg	953	70,362,666	5,079,590	306,000	7.22%	7.65%	1,435,762
<b>Market</b>	<b>2,811</b>	<b>183,236,157</b>	<b>16,127,962</b>	<b>634,194</b>	<b>8.80%</b>	<b>9.15%</b>	<b>1,730,134</b>

As of December 2012, BMW's manufacturing plant in Spartanburg county was the 2nd largest production plant for BMW in the world. Earlier in the year, BMW Group announced a \$900 million investment plan to expand the plant by 1.6 million square feet. Michelin has been awarded a tax incentive by the state of South Carolina and is in the deciding phases of whether or not to implement their expansion plan.

Construction completed on the Amazon Distribution Center in Spartanburg County during the fourth quarter of 2012. The 1,015,740 square foot distribution center was sold in December for \$63.3 million to Cole ID Spartanburg SC LLC, a subsidiary of Cole Corporate Income Trust Inc. The majority of the largest lease signings from 2012 occurred in Greenville and Spartanburg counties. In the fourth quarter, Higher Source Aviation signed a 155,847 square foot lease at 46 Beechtree Boulevard in Greenville county. A tenant

moved into 1 Brozzini Court occupying 72,000 square feet in the warehouse. Another noteworthy lease signed in the fourth quarter was 47,047 square feet at 560-562 Gilliam Road in Spartanburg county by an undisclosed tenant.

#### IN THE MONTHS AHEAD

The early months of 2013 are speculated to bring slow but promised growth to the Greenville/Spartanburg market with activity picking up later in the year. Rental rates are expected to remain flat as vacancy rates decline in the market. With a vacancy rate below 10%, available space is tight and speculative construction may be witnessed in the market. Expansions are anticipated to continue as tax incentives are issued for major companies and employers. In turn job growth is expected to further increase and promote economic growth in the Greenville/Spartanburg market and the entire state of South Carolina.

## 522 offices in 62 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

#### FOR MORE INFORMATION:

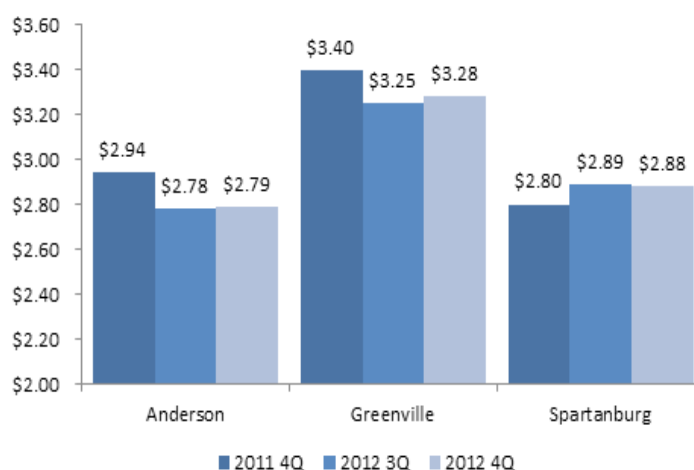
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#### UNEMPLOYMENT RATES

7.8%	UNITED STATES
8.3%	SOUTH CAROLINA
8.0%	ANDERSON
10.4%	CHEROKEE
6.6%	GREENVILLE
8.1%	LAURENS
7.5%	PICKENS
8.2%	SPARTANBURG

#### RENTAL RATE TRENDS



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