

**GREENVILLE / SPARTANBURG
4Q17 INDUSTRIAL MARKET**

**UPSTATE SEES
SIGNIFICANT GROWTH IN
MANUFACTURING SECTOR
OVER FIVE-YEAR PERIOD**

From 2010 to 2015, the number of manufacturing jobs in the Greenville-Anderson-Mauldin area grew by 37.8%, according to a survey completed by the financial technology company SmartAsset. Likewise, from 2014 to 2015, the average income for a manufacturing worker in the Upstate grew by 14.7%, the 13th-fastest rate according to the study.

More than 1,800 manufacturers currently call the Upstate home, including global brands such as BMW, Michelin, Bosch, GE, Fluor, AFL and Magna.

In June, BMW announced a \$1.0-billion expansion to its plant in Spartanburg, the production facility for the BMW X models. Ongoing expansion of the Spartanburg plant has made it the largest manufacturing facility in the BMW Group production network within the span of 25 years. According to the Department of Commerce, in terms of monetary value, the BMW Group is the largest vehicle exporter from the U.S. The nationwide economic impact of the BMW Group plant in Spartanburg is \$38.5 billion annually.

Several other manufacturers continue to increase their presence in the region, with the following major expansions completed or announced this quarter:

- Bosch Group announced a \$152.0-million expansion to its Anderson County operation at 4421 S.C. Highway 81. The company's expansion will include growth of several product lines related to automotive electronic components and will create an additional 130 jobs.
- Baush + Lomb completed its new build-to-suit 432,000-square-foot Class-A pharmaceutical warehouse in Greenville. Representing just the first phase in the project, phase two will allow Bausch + Lomb to expand operations to an additional 432,000 square feet.
- In October, Arthrex, Inc., a global orthopedic medical device company, announced it will invest \$69.0 million in a new 200,000-square-foot manufacturing facility in Anderson County that will create more than 1,000 new jobs over the next several years.
- Kloeckner Metals, a producer and distributor of steel and metal products, completed an expansion of its Greenville facility. The expansion included a 50,000-square-foot bay with 43-ton cranes.

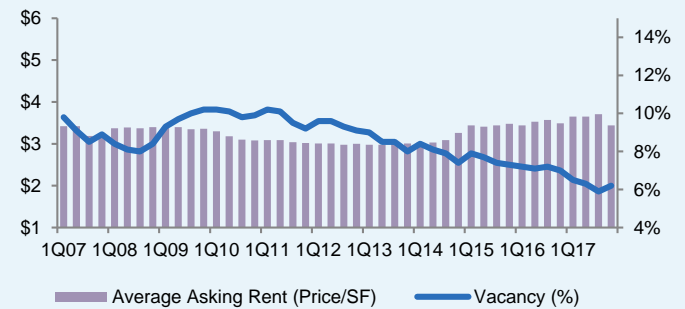
The Upstate's increasing proficiency in several subsectors – advanced materials, aerospace, automotive, bioscience and energy – will likely continue to attract investment and jobs from new and expanding companies.

Current Conditions

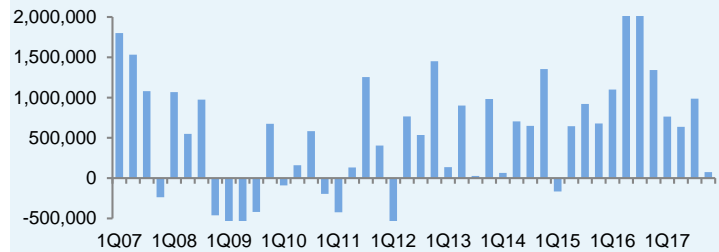
- Vacancy rose slightly to 6.2%
- Industrial rates: \$3.20/SF, Flex rates: \$7.94/SF
- YTD Absorption: 2.9 million SF
- Spartanburg surpasses Greenville in terms of total inventory

Market Analysis

Asking Rent and Vacancy



Net Absorption
Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	205.2MSF	204.7MSF	203.2MSF	↑
Vacancy Rate	6.2%	5.9%	6.7%	↓
Quarterly Net Absorption	74,191	634,688	1,640,934	↑
Average Asking Rent	\$3.44	\$3.53	\$3.54	↑

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Submarket Statistics

	Total Inventory (SF)	Total Vacancy Rate	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	INDUSTRIAL Asking Rent (Price/SF)	FLEX Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Anderson County	22,799,207	4.1%	7.3%	-74,052	44,125	\$2.71	\$7.67	\$2.79
Cherokee County	7,833,343	8.9%	15.1%	459,742	526,946	\$2.57	-	\$2.57
Greenville County	77,532,234	6.6%	11.6%	-144,596	173,514	\$3.68	\$8.35	\$4.01
Laurens County	11,559,393	1.8%	3.7%	30,500	40,666	\$2.17	-	\$2.17
Pickens County	5,881,584	7.6%	8.8%	-	-31,548	\$2.25	-	\$2.25
Spartanburg County	78,420,453	6.8%	10.0%	-205,503	2,182,512	\$3.03	\$6.85	\$3.20
Total Market	205,243,462	6.2%	10.1%	74,191	2,934,418	\$3.20	\$7.94	\$3.44

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Bosch	4421 N 81 Hwy.	Outlying Anderson County	Renewal	350,000
	101 Groce Rd.	Upper Spartanburg County	Move-In	64,720

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
3052 Moore Duncan Hwy.	Lower Spartanburg County	\$18,453,016	\$80.25	229,950
Judson Mill - 701 Easley Bridge Rd.	West Greenville Ind	\$6,000,000	\$7.33	819,000
103-105 Shaw St.	West Greenville Ind	\$2,900,676	\$22.31	130,000

SOUTH CAROLINA
4Q17 LABOR STATISTICS

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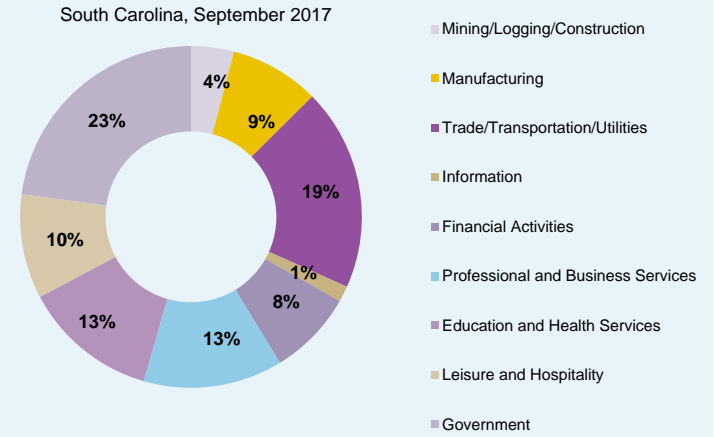
ECONOMIC CONDITIONS

Unemployment in South Carolina has reached an all-time low of 3.9% as of August 2017. The national average for unemployment is currently at 4.1%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

South Carolina was ranked fourth for business in Chief Executive's 13th annual Best and Worst States for Business Survey, an advancement of three spots from last year and its highest position yet. Additionally, South Carolina was ranked third for manufacturing and fifth for technology. The rankings, which reflect current CEO perceptions of South Carolina's business climate, are considered an accurate assessment of the state's ability to attract and retain business investment.

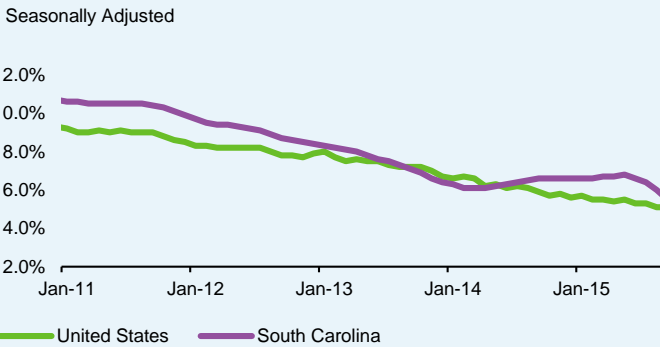
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston. These projects represent the creation of more than 2,300 new jobs and nearly \$1.0 billion in capital investment.

Employment By Industry



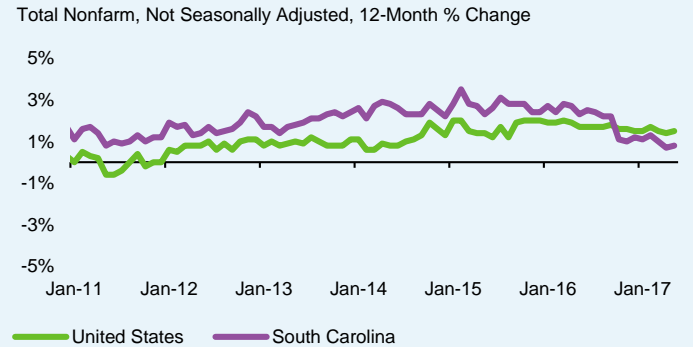
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



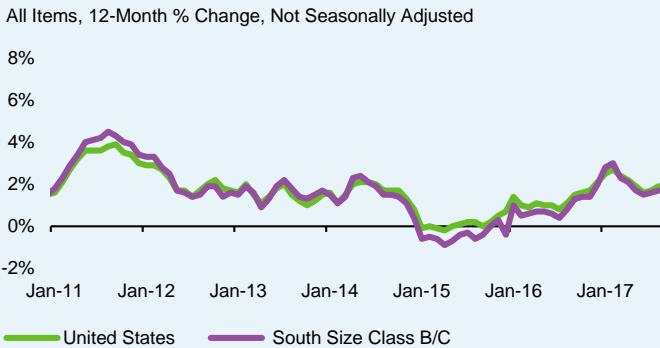
Source: U.S. Bureau of Labor Statistics

Payroll Employment



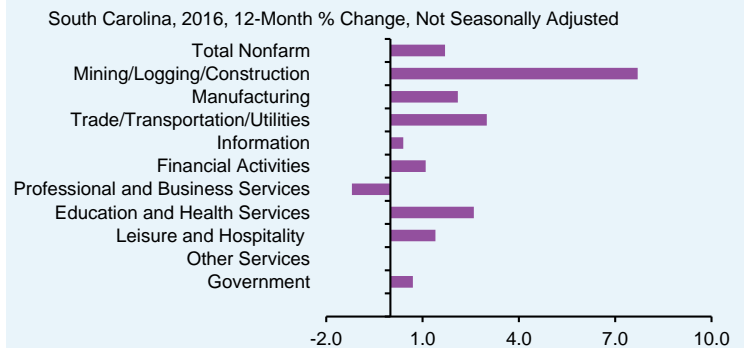
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics

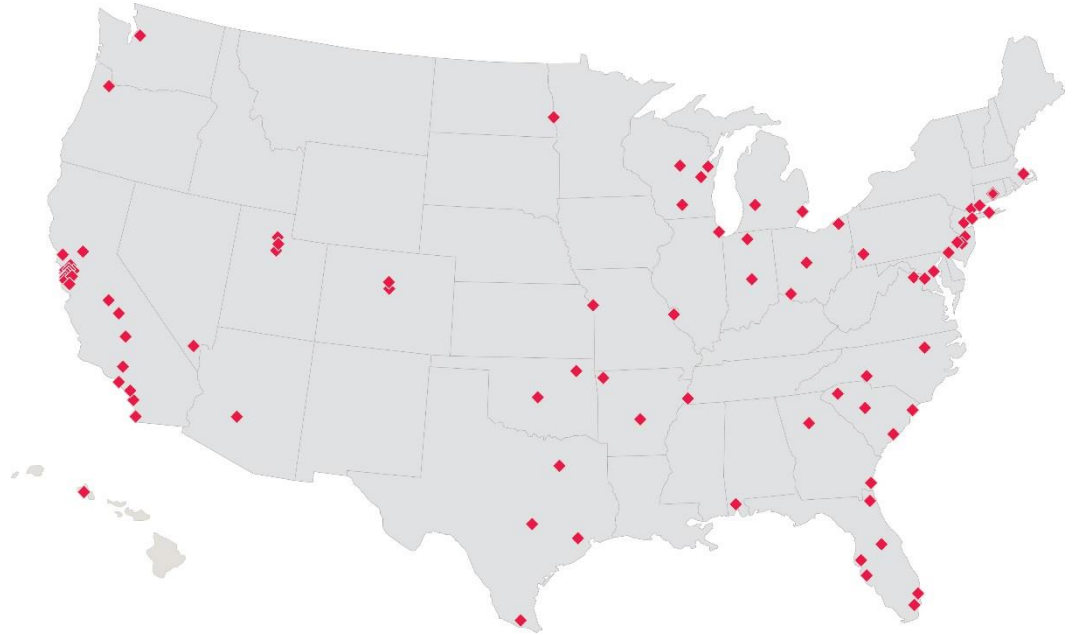
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