

GREENVILLE / SPARTANBURG
1Q18 INDUSTRIAL MARKET

SPARTANBURG'S INDUSTRIAL
MARKET SHINES IN FIRST QUARTER

Spartanburg's popularity among industrial users is due in large part to its transportation infrastructure, which includes two interstates (I-85 and I-26), a recently expanded international cargo airport, rail access, the inland port at Greer and a highly ranked aviation airport. The widening of I-85, which will be funded by the roads bill that passed last year, will be a catalyst for further investment in the region. The \$485.5 million project is second only to the Cooper River Bridge project in Charleston in terms of cost for the Department of Transportation. The project reached its halfway point in March and is scheduled to be completed in 2021.

Late last year, BMW Manufacturing Co. announced a \$1.0 billion expansion to its Spartanburg plant, in order to build two of its new X-series vehicles at the facility. Since 1992, BMW has invested more than \$8.0 billion in construction, equipment and other capital expenditures in South Carolina. Ongoing expansion of the plant has made it the largest manufacturing facility in the BMW group production network within the span of 25 years. BMW Manufacturing has 10,000 jobs currently on site, but its impact is much larger, creating close to 30,000 jobs for South Carolinians after the companies that supply and support the campus are taken into account. In all, roughly 40 of BMW's 235 U.S. suppliers currently operate in South Carolina. These suppliers and service providers continue to locate and expand across the Upstate, particularly near the BMW facility in the Highway 101 Corridor.

Grupo Antolin, a designer and manufacturer of components for the automotive industry and a BMW supplier, announced this quarter it plans to invest \$50.0 million in Spartanburg County over the next five years in order to better serve BMW as well as several other automotive assembly plants in the southeast. Grupo Antolin recently leased a 175,000-square-foot spec building on 17.7 acres at 2781 New Cut Road in Wingo Park.

ProTrans, an Indiana-based third-party logistics provider that serves the auto parts transport needs of BMW, opened its new 230,000-square-foot facility in Spartanburg this quarter. The facility, which is located near the Inland Port at Greer and just 6.5 miles from the BMW manufacturing campus, sits on 20 acres at 410 Global Commerce Drive in the Greenville-Spartanburg Airport International Logistics Park.

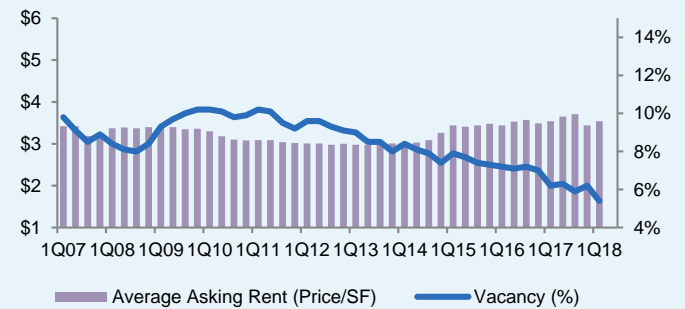
This quarter also saw the announcement of plans to develop a new industrial business park on a 475-acre tract less than five miles south of the BMW plant on Highway 101. The new Smith Farms Industrial Park could yield up to 11 buildings totaling nearly 6.0 million square feet of Class A space, according to the developer. (cont'd)

Current Conditions

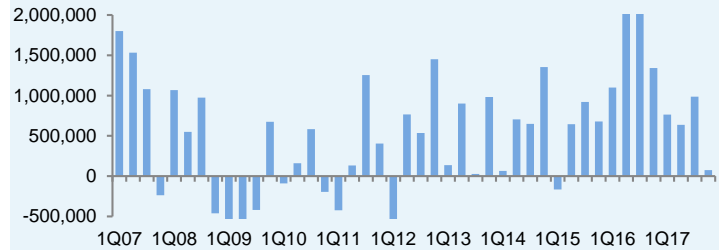
- Vacancy at an all time low of 5.4%
- Industrial rates: \$3.29/SF, Flex rates: \$8.05/SF
- Quarterly Absorption: 1.7 million SF
- Spartanburg remains ahead of Greenville in terms of total inventory

Market Analysis

Asking Rent and Vacancy



Net Absorption
Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	208.6MSF	207.7MSF	205.9MSF	↑
Vacancy Rate	5.4%	6.2%	6.7%	↓
Quarterly Net Absorption	1,702,538	74,191	1,503,397	↑
Average Asking Rent	\$3.54	\$3.44	\$3.54	↑

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The park will join several other new developments along the Highway 101 Corridor, including Michelin North America's new, 3.3 million-square-foot distribution center. The first phase of construction of the new Michelin facility, including 1.1 million square feet in two buildings, is mostly complete. Phase two plans include an additional 2.2 million square feet in five buildings. Full completion is expected by early 2019.

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	23,999,972	4.3%	6.9%	-14,175	-14,175	\$2.81	\$11.22	\$3.39
Cherokee County	8,189,652	8.5%	14.6%	210,800	210,800	\$2.48	-	\$2.48
Greenville County	78,739,875	5.4%	8.8%	882,963	882,963	\$3.88	\$8.45	\$4.30
Laurens County	12,187,500	1.6%	2.0%	36,834	36,834	\$2.48	-	\$2.48
Pickens County	6,064,616	6.9%	8.2%	47,824	47,824	\$2.92	\$4.60	\$3.02
Spartanburg County	79,413,926	6.0%	10.5%	538,292	538,292	\$3.09	\$7.30	\$3.25
Total Market	208,595,541	5.4%	9.1%	1,702,538	1,702,538	\$3.29	\$8.05	\$3.54

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Pratt Industries	1410 Old Stage Rd	I-85 Industrial Corridor	Renewal	121,000
Jarden Plastic Solutions	1221 S Batesville Rd	Pelham Rd	Renewal	112,455
Think Tank Brew Lab	101 Airport Rd	Downtown Airport	Move-In	25,000

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
50 Beechtree Blvd	I-85 South/Donaldson Ind	\$8,250,000	\$33.88	243,500
625 S Old Piedmont Hwy	I-85 South/Donaldson Ind	\$6,800,000	\$17.00	400,000
322 Rhett St	West End Ind	\$2,450,000	\$200.21	12,237
315 Pendleton Rd	West Greenville Ind	\$1,090,000	\$13.14	82,963

**SOUTH CAROLINA
1Q18 LABOR STATISTICS**

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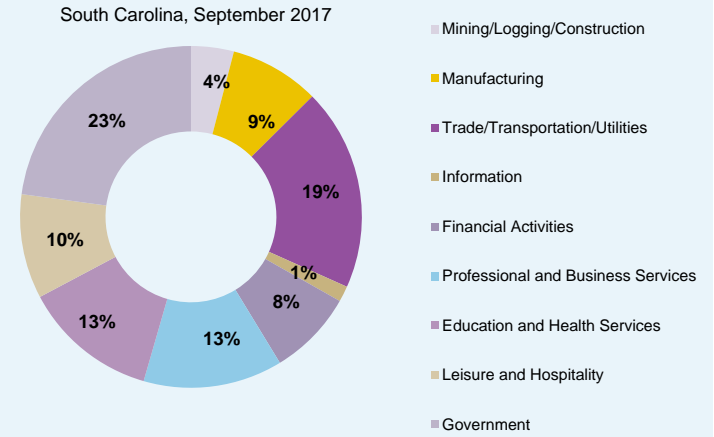
ECONOMIC CONDITIONS

Unemployment in South Carolina has risen from 3.9% in August 2017 to 4.3% in January 2018. The national average for unemployment has held steady at 4.1%. Trade, government and professional services continue to dominate the state's employment sectors.

South Carolina was ranked Business Facilities' 2017 State of the Year. The magazine, which has targeted corporate site selectors and economic development professionals for more than 50 years, cited Samsung's new, \$380.0 million home appliance plant in Newberry County along with BMW's and Volvo's expansions, which have catapulted South Carolina to one of the top places to do business in the country.

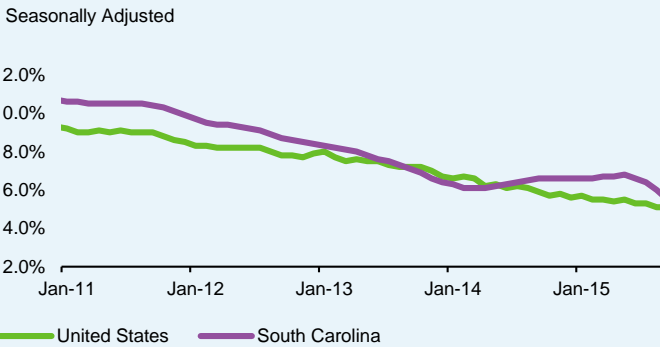
South Carolina brought in 157 economic development projects and \$5.2 billion in capital investment in 2017. This was also the state's eighth consecutive year of record-setting total export sales. The SC Export Incentives Program, which reimburses small and midsize businesses that participate in trade missions and exhibitions, has been credited with encouraging the state's steady export growth, from \$24.7 billion in 2011 to \$32.0 billion in 2017. Vehicle exports dominated at \$11.0 billion, followed by aircraft at \$6.0 billion and machinery at nearly \$4.0 billion.

Employment By Industry



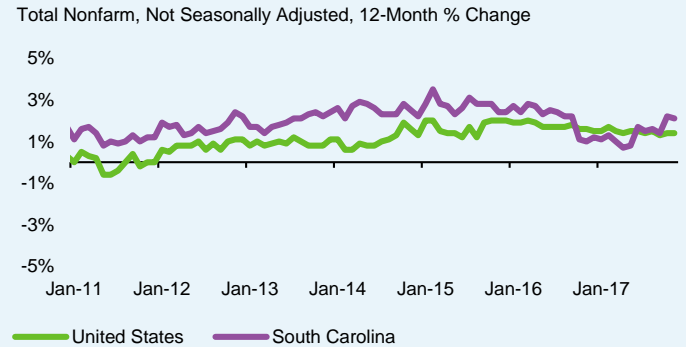
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



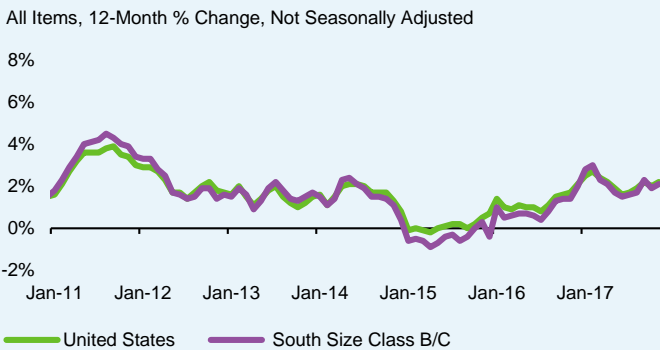
Source: U.S. Bureau of Labor Statistics

Payroll Employment



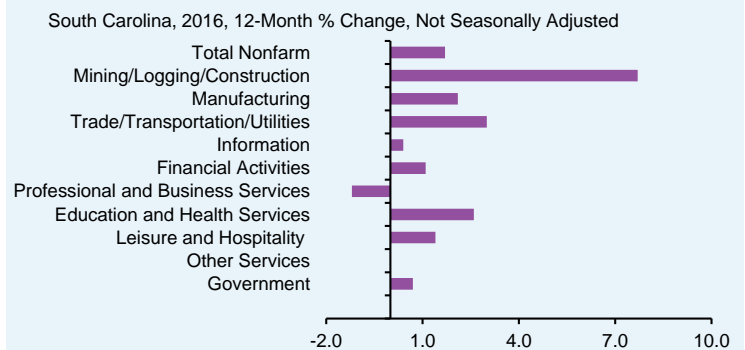
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics

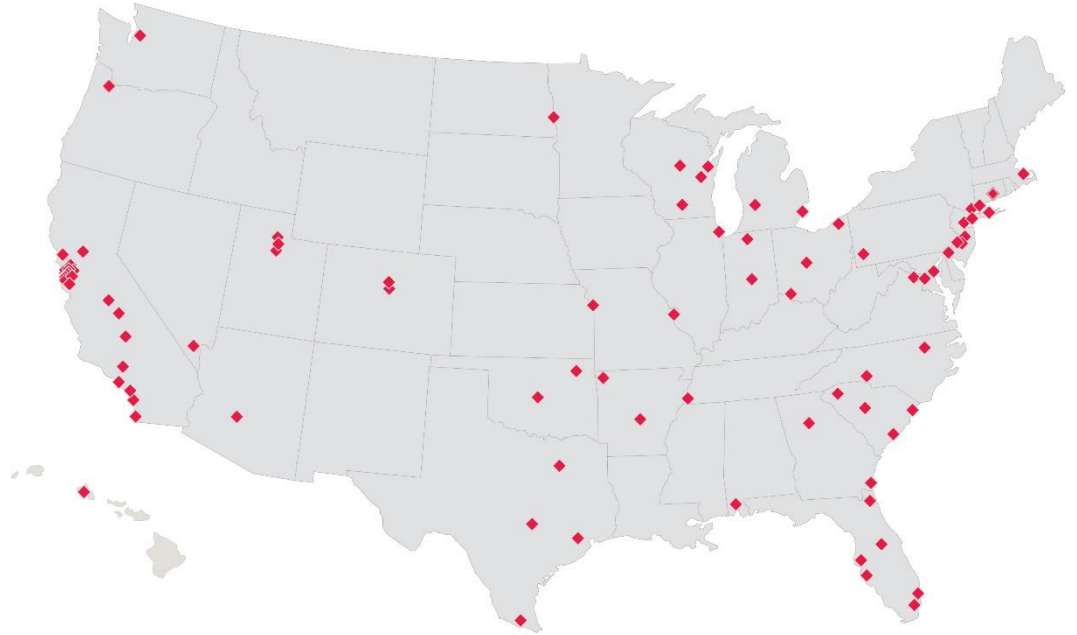
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