

Greenville/ Spartanburg industrial market report

Q4 2022



Greenville/Spartanburg industrial market indicators

+0.10%

The industrial market saw 0.10% of positive **absorption** as a share of inventory in Q4 2022.

3.8%

The Upstate experienced 3.8% **vacancy** in the fourth quarter.

22.6 msf

Industrial construction is exponentially increasing, with 22.6 msf of **development** activity this quarter.

\$4.69 psf

Rental rates have increased by 12.5% in the market year over year.

\$63 psf

The average industrial **sale price** psf increased by 3.2% from Q3 to Q4 2022.

11.0%

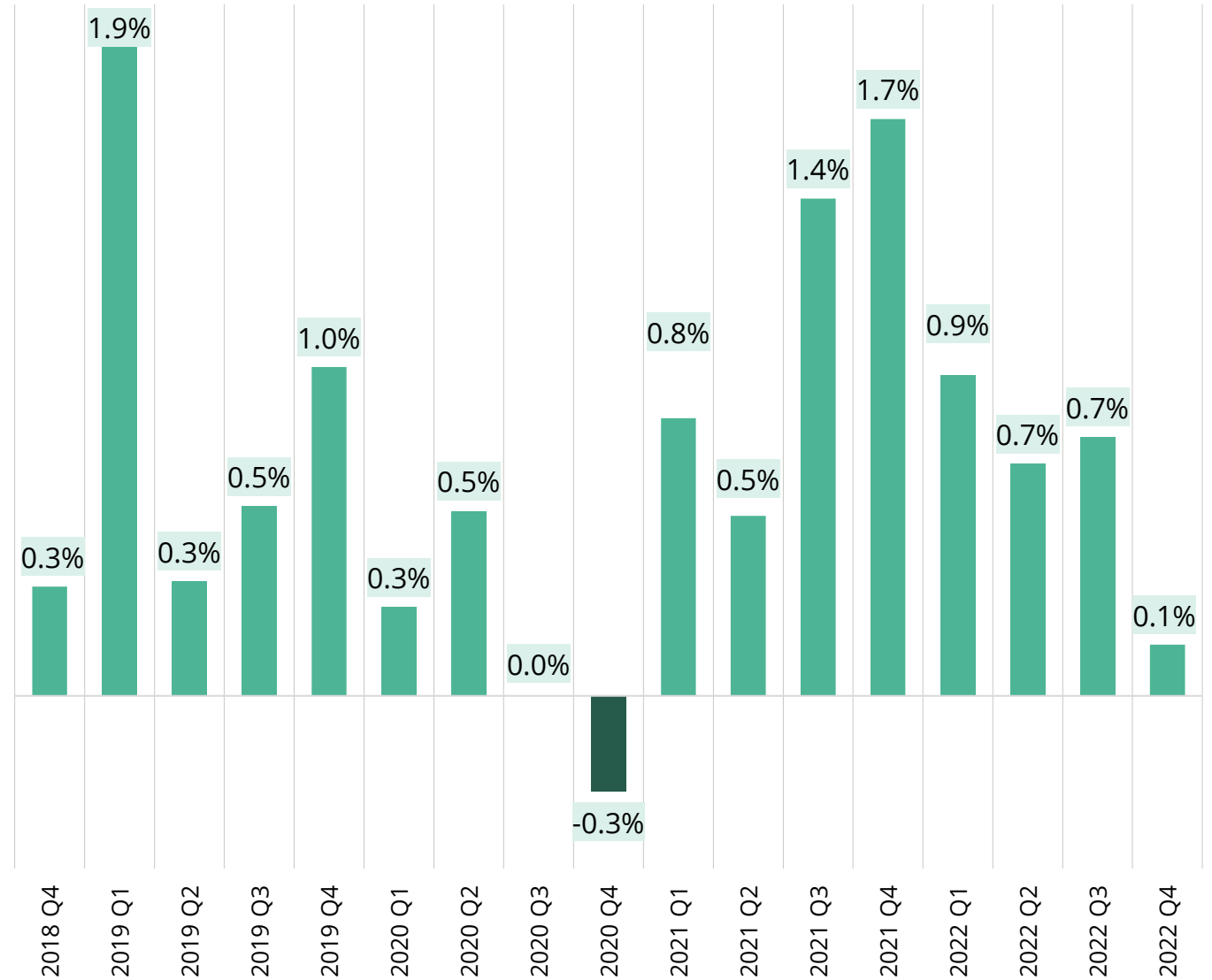
New **construction** activity composes 11.0% of the Upstate industrial market.

Net absorption as a share of inventory

+0.10%

net absorption as a share of inventory in the market for Q4 2022

The Upstate experienced 0.10% of positive absorption in the fourth quarter, which is an 86% decrease from the previous quarter. It seems that tenant demand is struggling to keep pace with new inventory, with twice the deliveries in Q3 than Q4.



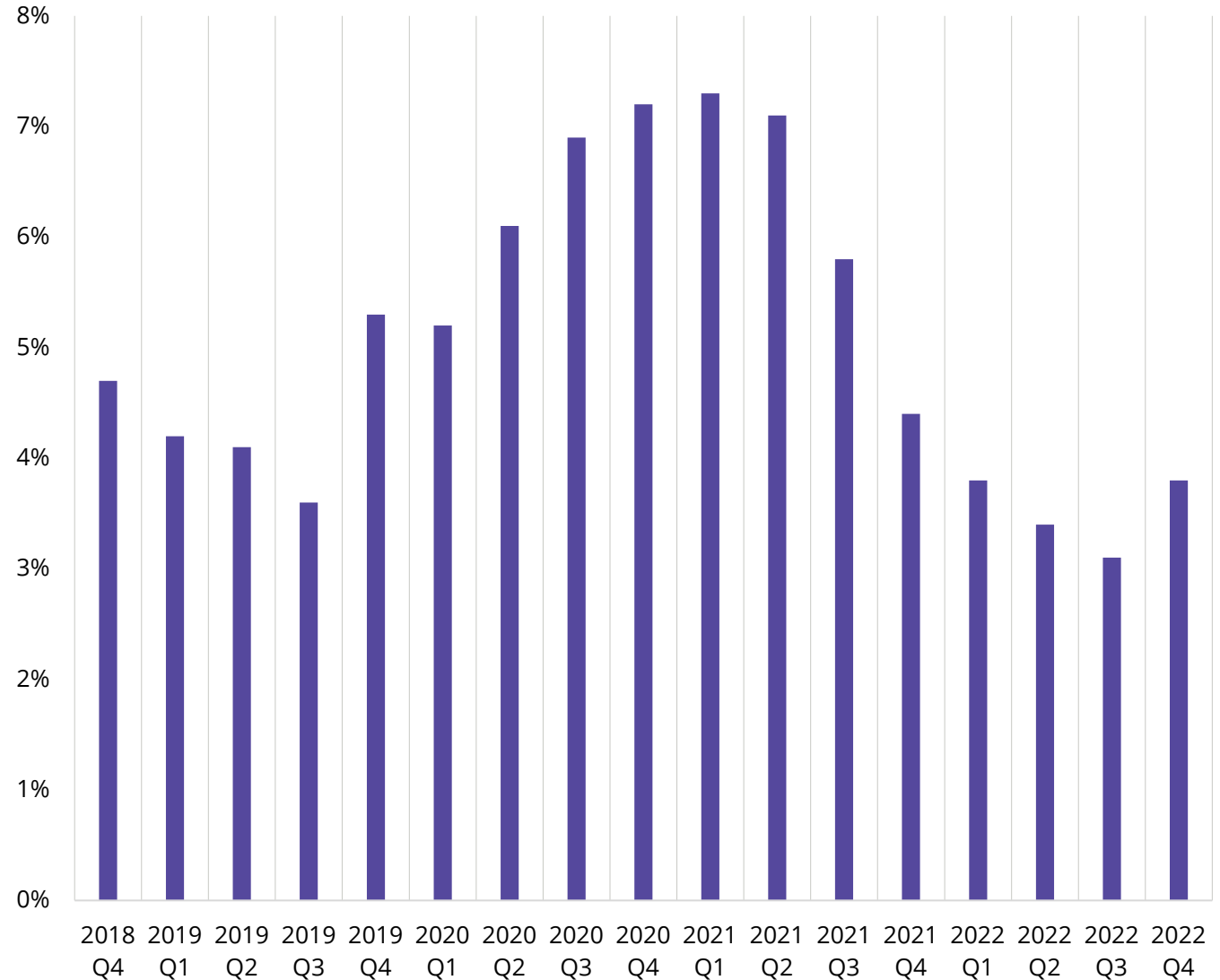
Source: AVANT by Avison Young, CoStar

Greenville/Spartanburg vacancy rate

3.8%

vacancy in the Upstate industrial
market this quarter

An uptick in deliveries paired with lower absorption caused a slight increase in vacancy in the fourth quarter. The industrial market saw 3.8% vacancy in Q4, the highest of 2022. However, year over year vacancy has decreased by 13.6%.

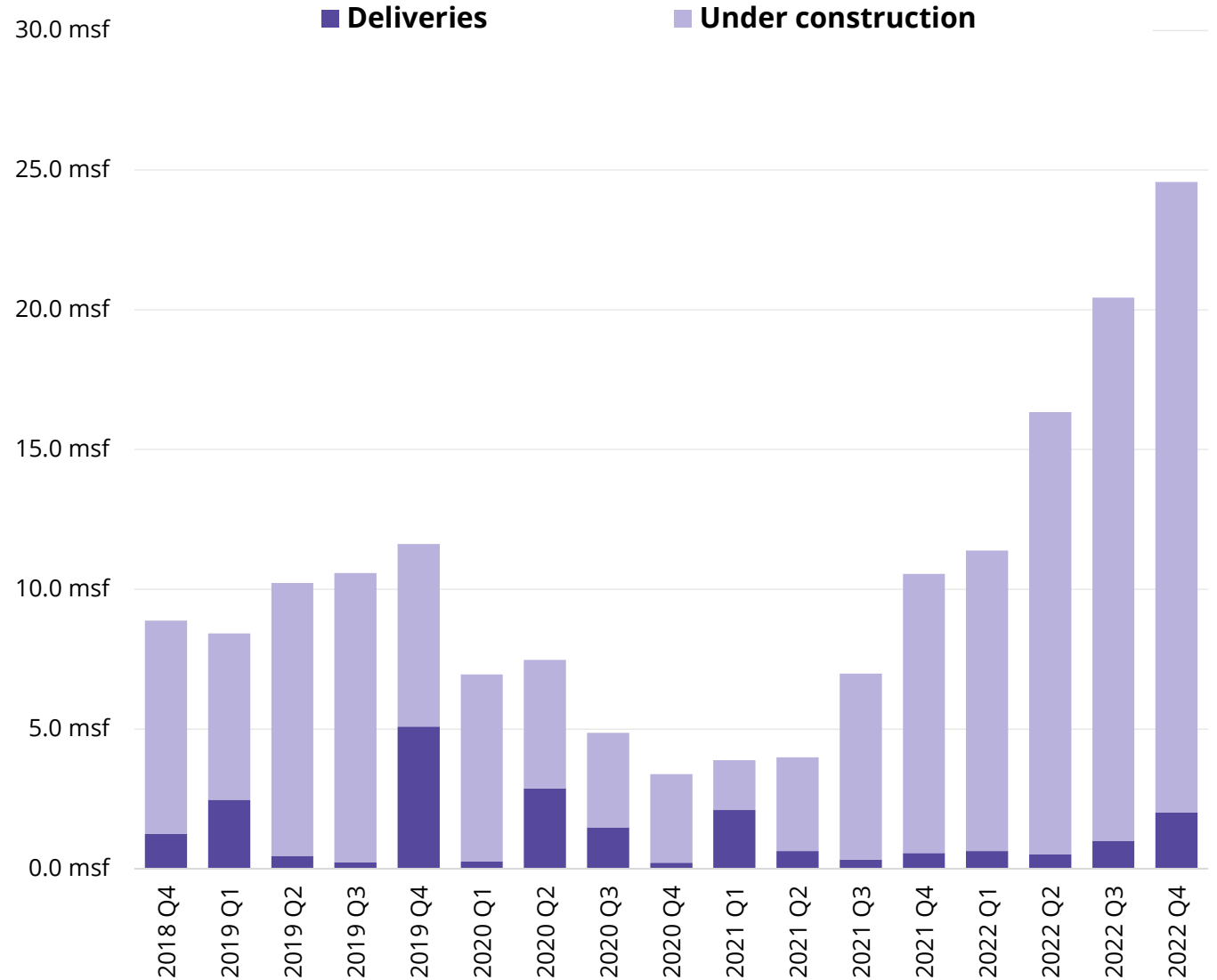


Greenville/Spartanburg development activity

22.6 msf

industrial construction activity in the market

Though new construction is slowing nationally, industrial construction remains fairly steady in the Upstate. Deliveries were up by 102.1% from Q3 to Q4.



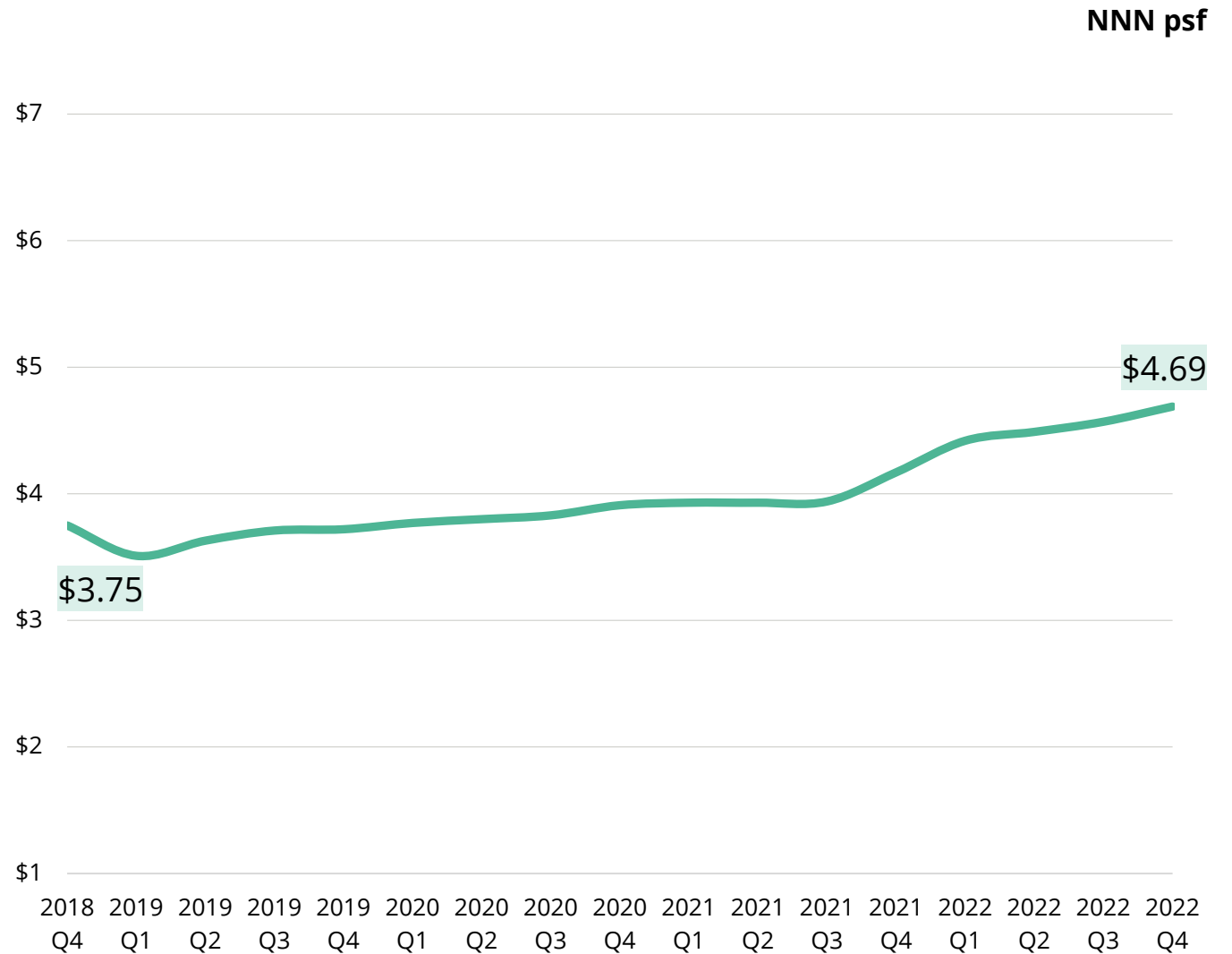
Source: AVANT by Avison Young, CoStar

Greenville/Spartanburg asking rents

\$4.69 psf

average rent in the Upstate industrial market

Industrial rent prices in the Upstate have continued to experience steady growth, increasing by 12.5% year over year. Average rental rates should continue to rise due to new construction deliveries, as the market continues to gain national recognition as a logistics and transportation hub.

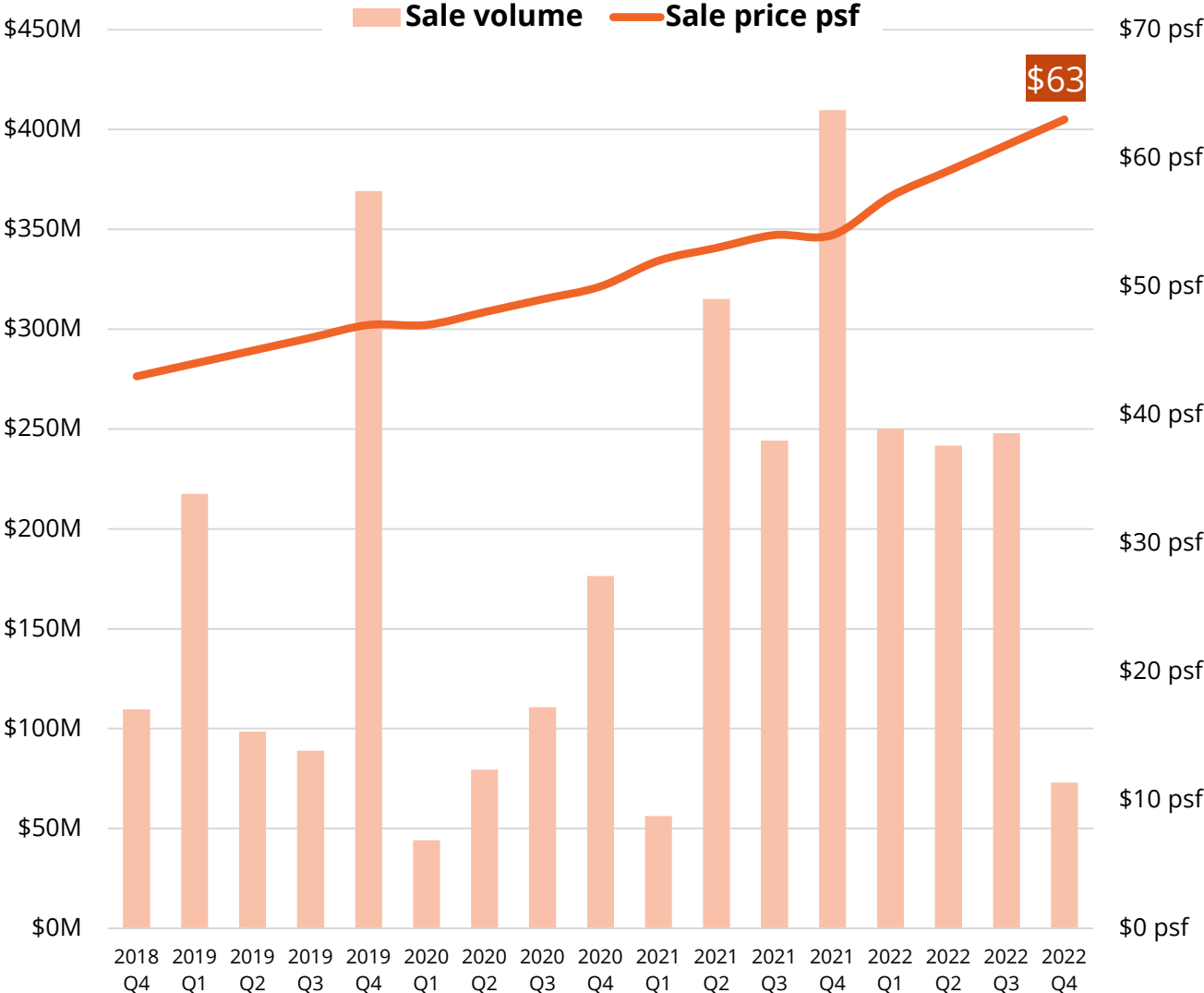


Greenville/Spartanburg investment sales activity and price

\$63 psf

average sale price in the market in the fourth quarter

Industrial investments sales have slowed amid rising interest rates, although prices continue to rise. Increasing sale prices are likely due to high demand paired with inflated construction costs. The average sale price psf grew by 3.2% from Q3 to Q4 2022.



Industrial development pipeline

20.9 msf

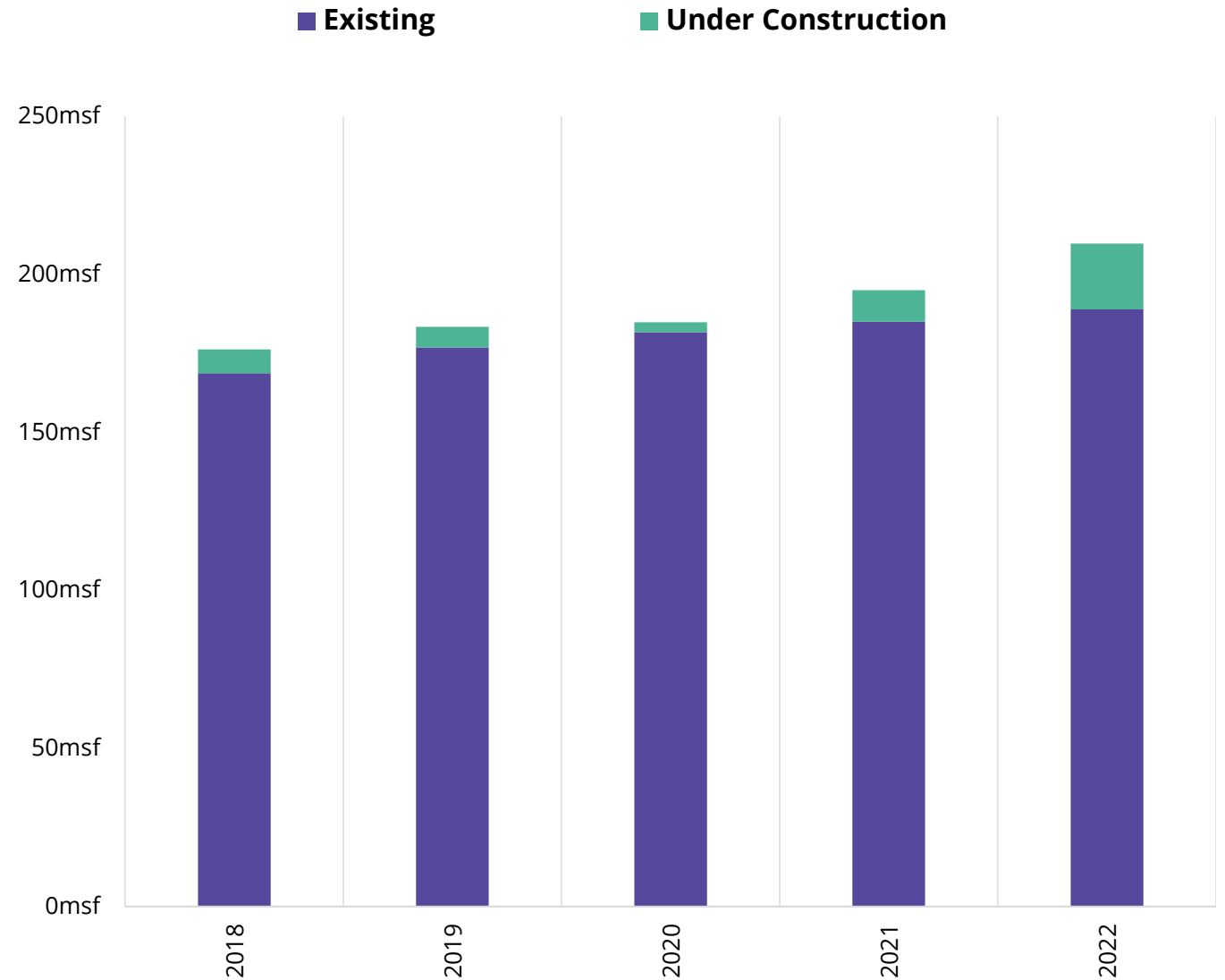
under construction

11.0% inventory

under construction

63 properties

under construction



Greenville/Spartanburg industrial market activity

Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type	Submarket
Orian Rugs	2415 N Highway 81	Dec 2022	730,000	New	Direct	Anderson County
Unknown Tenant	550 Mason Farm Ln	Dec 2022	303,580	New	Direct	Spartanburg County
Unknown Tenant	6997 Pelham Rd	Oct 2022	106,080	New	Direct	Greenville County
Heritage Southern Logistics	7820 Reidville Rd	Oct 2022	81,058	New	Direct	Spartanburg County
Unknown Tenant	50 Commerce Ctr	Dec 2022	46,078	New	Direct	Greenville County

Recent sales activity

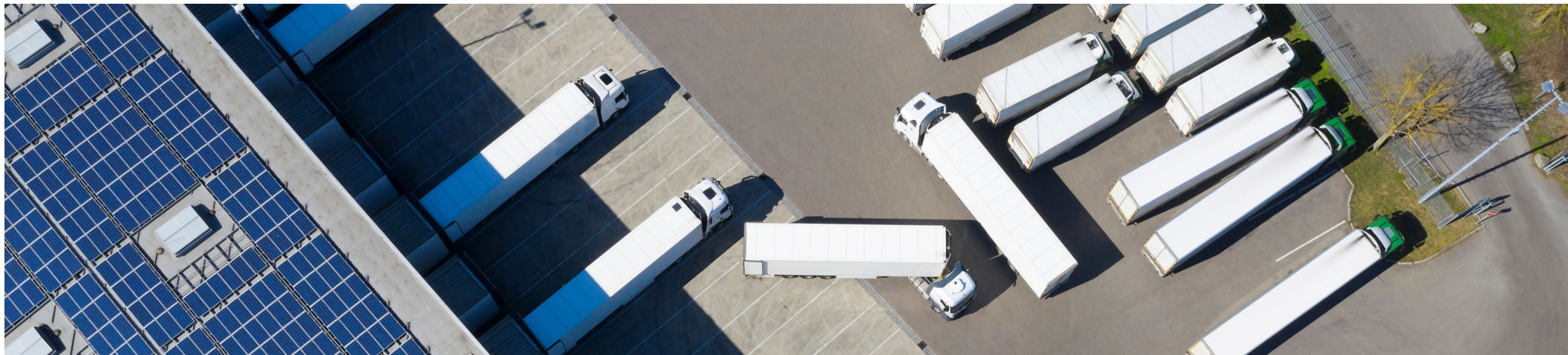
Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Sage Park	2415 N Highway 81	Oct 2022	730,000	\$17,500,000	\$23.97	Orion Rugs
Southpaw Ventures	877 Torrington Rd	Oct 2022	190,192	\$10,584,595	\$55.65	Ravine Park Partners
Sveiks Holdings	790 Berry Shoals Rd	Oct 2022	58,734	\$6,300,000	\$107.26	Adelphoi Investments

Top projects under development

Property	Address	Delivery Date	Building Size (sf)	% Preleased	Developer	Submarket
The Cubes at Fort Prince – Bldg A	0 Fort Prince Blvd	Jun 2023	1,501,500	100	CRG	Spartanburg County
Enterprise 85	7755 Augusta Rd	Jun 2023	1,500,000	0	SunCap Property Group	Greenville County
Smith Farms Industrial Park – Bldg 3	0 Reidville Rd	Mar 2023	1,091,888	0	Red Rock	Spartanburg County

Greenville/Spartanburg industrial market stats by class

		Vacancy	Net Absorption	SF Under	Average Asking Rent
By Submarket	Inventory (sf)	Total %	4Q22	Construction	Total
Anderson County	26,155,568	4.9%	-284,000	2,022,711	\$4.04
Greenville County	67,287,149	3.9%	361,961	4,314,234	\$4.24
Laurens County	13,226,242	0.2%	0	837,562	\$3.50
Spartanburg County	90,620,900	4.0%	213,636	15,380,854	\$4.77
Market Total	197,289,859	3.8%	291,597	22,555,361	\$4.69



Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

*Tracking class A, B, & C Industrial buildings 20,000 sf and up

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
information visit **avisonyoung.com**

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