

# Industrial Market Trends Greenville

Grubb & Ellis Research  
Second Quarter 2006

 **The Furman Co.**  
Property Solutions Worldwide

“The drop in local vacancy rates... hit full-stride during the second quarter... [while] the announcement of Echostar’s new facility in Spartanburg County takes the largest speculative building under construction off the market.”

## The fruits of labor

High levels of real estate activity have finally delivered a shot in the arm to the local industrial market. The industrial real estate market has been on a roll at the national level, with vacancy rates dropping from 10.1 percent to 8.0 percent in less than three years. The drop in local vacancy rates has been more moderate and slightly behind the national trend, but it hit full-stride during the second quarter, with vacancy decreasing from 14.0 percent to 13.1 percent.

Declining vacancy rates were expected during the second quarter, but that was largely attributed to the pending occupancy of over 800,000 square feet of distribution space previously occupied by Winn-Dixie. The expected deal collapsed, leaving the space vacant. In our opinion, the site now appears destined for retail redevelopment, but and deal could take several quarters to come to fruition. Despite this large vacancy, the market still enjoyed over 900,000 square feet of positive absorption in the quarter.

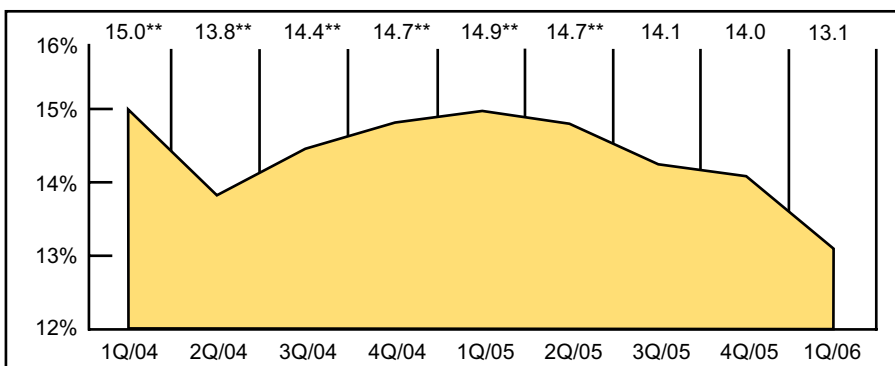
The strongest property type during this quarter was warehouse/distribution, especially in the Spartanburg West submarket. This submarket alone, accounted for over 400,000 square feet of warehouse/distribution absorption in the market. The growth in this submarket was highlighted by the re-occupation of the former Allied Textile Sales building (166,500 square feet), the Coyne Textiles building (100,000 square feet), and the S & S Warehouse (115,100 square feet.)

The announcement of Echostar’s new facility in Spartanburg County takes the largest speculative building under construction off the market. When completed in the fourth quarter of 2006, the building, which will bring with it 315,000 square feet of occupied space, marks the sixth building in the Fairforest Business Center. A seventh is also under construction and at completion, the center will contain over 900,000 square feet of space.

**Greenville Industrial Market Trends** is a newsletter published quarterly by Grubb & Ellis|The Furman Co. To obtain additional copies or other Grubb & Ellis|The Furman Co. publications, please contact:

**Brian Reed, AICP**  
Research Manager  
E-mail: [breed@furmanco.com](mailto:breed@furmanco.com)

Grubb & Ellis|The Furman Co.  
7 N. Laurens Street  
Suite 1000  
Phone: 864.242.5151  
E-mail: [breed@furmanco.com](mailto:breed@furmanco.com)  
Internet: [www.furmanco-commercial.com](http://www.furmanco-commercial.com)  
*Independently Owned and Operated*



**Industrial Vacancy Rate\***

\* All Types of Product

\*\* Adjusted to account for new submarket

## Industrial Market Snapshot Greenville Second Quarter 2006

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction (3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		WH/Dist	R&D/Flex
Central Greenville	8,530,209	795,163	9.3%	-	140,800	51,000	\$2.48	-
I-385 South	19,800,813	1,984,009	10.0%	156,781	322,403	96,000	\$3.06	\$8.18
I-85 East	11,657,435	1,114,558	9.6%	(78,005)	(80,482)	40,000	\$3.84	\$6.99
I-85 West	20,544,656	2,440,243	11.9%	60,180	(164,946)	130,000	\$2.98	\$4.04
Spartanburg East (5)	19,119,354	3,009,018	15.7%	221,465	256,782	417,950	\$2.56	\$5.12
Spartanburg West	28,227,792	3,653,551	12.9%	603,940	666,436	-	\$2.98	\$6.82
Taylors-Greer	11,829,312	2,688,767	22.7%	156,931	174,041	-	\$2.94	\$5.71
Travelers Rest	3,145,199	444,529	14.1%	(185,560)	(250,260)	-	\$2.59	-
<b>Greenville Total</b>	<b>75,507,624</b>	<b>9,467,269</b>	<b>12.5%</b>	<b>110,327</b>	<b>141,556</b>	<b>317,000</b>	<b>\$2.99</b>	<b>\$6.85</b>
<b>Spartanburg Total</b>	<b>47,347,146</b>	<b>6,662,569</b>	<b>14.1%</b>	<b>825,405</b>	<b>923,218</b>	<b>417,950</b>	<b>\$2.94</b>	<b>\$5.91</b>
<b>Totals</b>	<b>122,854,770</b>	<b>16,129,838</b>	<b>13.1%</b>	<b>935,732</b>	<b>1,064,774</b>	<b>734,950</b>	<b>\$2.97</b>	<b>\$6.61</b>
<b>By Property Type</b>								
(All Submarkets)							<u>Wtd Asking Rent</u>	
General Industrial	64,310,467	6,362,831	9.9%	427,981	875,222	181,000	\$2.82	
R&D/Flex	5,463,119	823,566	15.1%	(55,843)	(160,884)	136,000	\$6.61	
Warehouse/Distribution	53,081,184	8,943,441	16.8%	563,594	350,436	417,950	\$2.97	
<b>Totals</b>	<b>122,854,770</b>	<b>16,129,838</b>	<b>13.1%</b>	<b>935,732</b>	<b>1,064,774</b>	<b>734,950</b>	<b>\$3.15</b>	

(1) Inventory includes multi-tenant, single tenant and owner-occupied buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year, triple net. Rates for each building are weighted by the amount of available space within the building.

(5) Spartanburg East is a new submarket that was added during the first quarter of 2006. Historical numbers have been modified accordingly.

\*Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

### Statistical audit

Two significant changes in the market statistics took place during the first quarter of 2006:

**Additional submarket:** The Spartanburg East submarket is now included in the Greenville market. This is a market that has historically experienced higher vacancy rates than the market as a whole. As a result, the vacancy chart on the front page has been adjusted to account for the addition of this market, in order to provide a sense of vacancy trends for the whole market.

**Size threshold:** The minimum size threshold for industrial property has been increased from 5,000 square feet to 10,000 square feet to insure that statistics provided are more accurate. The impacts of this change on statistics for the market as a whole are not significant.

### Industrial Advisors

John Scott, CCIM, SIOR  
Vice President, Industrial Group  
jscott@furmanco.com

Gerald Peek, CCIM  
Industrial Group  
gpeek@furmanco.com

Brian Young  
Industrial Group  
byoung@furmanco.com

Glenn Batson  
Industrial Group  
gbatson@furmanco.com