

# Industrial Market Trends Greenville

Grubb & Ellis Research  
Third Quarter 2007

 **The Furman Co.**  
Property Solutions Worldwide

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## A big deal and a big box

The warehouse/distribution sector continues to lead the current wave of industrial growth with almost 500,000 square feet of positive net absorption in the third quarter of 2007. However, vacancy remained practically unchanged due to the completion of a new speculative 345,000 square foot warehouse/distribution facility in Spartanburg. Two major headlines highlighted the other activity in the quarter: the \$250 million portfolio sale one major Upstate developer, and the construction start of Adidas's 1.9 million square foot distribution facility.

Spartanburg-based Johnson Development sold a considerable portion of their industrial portfolio to Los Angeles-based CB Richard Ellis for just under \$250 million. The transaction featured 34 properties in both North and South Carolina totaling over 5 million square feet of industrial space. Locally, the portfolio included over 2 million square feet of space in 21 properties.

Also having a strong long-term impact on the industrial market is the construction start for Adidas's east coast distribution hub. Adidas is consolidating distribution operations from three states to their 1.9 million square foot facility in Spartanburg; which is expected to be completed in 2009. The combination of available land and decent interstate access makes much of the region attractive for the development of other similar distribution facilities.

The two major headlines for the quarter have a common theme: outside interest in the local market for both users and investors. With vacancy dropping from 14.2 percent to 10.4 percent in the last two years, the attention has been warranted.

### Greenville Industrial Market Trends

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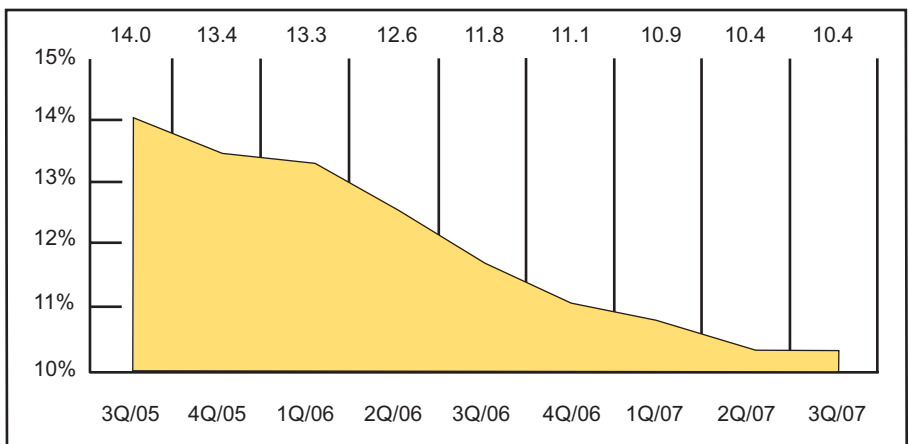
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**Industrial Vacancy Rate\***

\* All Types of Product

## Industrial Market Snapshot Greenville Third Quarter 2007

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	17,159,961	1,880,959	11.0%	(29,004)	(145,961)	-	\$2.00	\$7.90
I-385 South	18,174,882	1,280,652	7.0%	180,650	302,402	18,000	\$2.49	\$7.92
I-85 East	12,625,635	1,239,020	9.8%	(35,580)	220,401	-	\$3.25	\$8.11
I-85 West	16,036,264	1,920,897	12.0%	250,400	120,579	-	\$3.05	\$7.31
Taylors-Greer	8,018,861	1,107,780	13.8%	154,206	453,608	20,000	\$3.17	\$4.87
Travelers Rest	3,242,754	219,700	6.8%	(15,000)	(15,000)	-	\$1.98	-
<b>Greenville County</b>	<b>75,258,357</b>	<b>7,649,008</b>	<b>10.1%</b>	<b>505,672</b>	<b>936,029</b>	<b>38,000</b>	<b>\$2.73</b>	<b>\$7.81</b>
Spartanburg East (5)	21,042,257	2,859,998	13.6%	(60,000)	130,500	1,900,000	\$2.35	\$5.14
Spartanburg West	28,488,160	2,480,058	8.7%	93,336	593,235	126,000	\$3.15	\$6.93
<b>Spartanburg County</b>	<b>49,530,417</b>	<b>5,340,056</b>	<b>11.2%</b>	<b>33,336</b>	<b>723,735</b>	<b>2,026,000</b>	<b>\$2.94</b>	<b>\$5.96</b>
<b>Totals</b>	<b>124,788,774</b>	<b>12,989,064</b>	<b>10.4%</b>	<b>539,008</b>	<b>1,659,764</b>	<b>2,064,000</b>	<b>\$2.80</b>	<b>\$7.38</b>
<b>By Property Type</b>								
(All Submarkets)							Asking Rent (4)	
General Industrial	66,455,315	5,828,005	8.8%	14,254	(178,002)	126,000	\$2.70	
R&D/Flex	6,025,797	1,081,203	17.9%	25,420	68,881	18,000	\$7.38	
Warehouse/Distribution	52,307,662	6,079,856	11.6%	499,334	1,768,885	1,920,000	\$2.80	
<b>Totals</b>	<b>124,788,774</b>	<b>12,989,064</b>	<b>10.4%</b>	<b>539,008</b>	<b>1,659,764</b>	<b>2,064,000</b>	<b>\$3.08</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.

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