



**KEY MARKET METRICS – 2020 EXPECTATIONS**

Annual growth rates, estimated for year-end 2020 vs year-end 2019.

	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↑	↓	↓
Vacant Space	↑	→	→
Construction Levels	↑	↓	↑↑
Leasing Volume	↑	↑	↓
Investment Volume	→	→	↑

to Atlanta and Charlotte, two major interstates and the expanding Greer inland port. As a result, the burgeoning region witnessed all-time highs for industrial absorption and sales volume in 2019. The large number of speculative industrial buildings underway in the market indicates that investors and developers anticipate continued growth in 2020. Additionally, the region's abundant available land provides ample room for expansion, making it attractive to companies looking to grow and maximize last-mile supply chain efficiencies.

The Upstate's retail market remains strong, sustained by robust population growth and tourism. A steady influx of national and regional retailers entering and expanding in the market has helped to mitigate the impact of store closures driven by ongoing structural changes in the sector. The retail market is expected to remain steady in 2020, with older centers being updated and new product coming online at a pace that matches demand. The rebirth of retail can be seen from the submarkets to the central business districts, with experiential retail taking center stage while large vacancies in well-located centers present the opportunity to reposition the real estate for higher and better use.

Commercial real estate investors were incredibly active in the Upstate market in 2019, pushing sales volume toward a record high of more than \$1 billion by late in the year. Multi-family transaction volume once again

**Greenville's industrial market witnessed all-time highs in sales volume and speculative development activity in 2019, signaling investor confidence in the market's performance moving forward.**

led the way with more than \$525 million transacted. Multi-family cap rates continued to move lower, with a recent class A trophy property (District West Apartments) trading for a cap rate of 4.4%. The average price for industrial assets reached \$45 per square foot, an all-time high and an increase of 8.6% over 2018.

An increased focus on placemaking is shaping developments across large urbanized areas and suburban communities alike. Historically low interest rates allowed the city of Greenville to be more ambitious on many of its projects, such as the \$1 billion mixed-use County Square redevelopment in the West End submarket, and the 60-acre public-private Unity Park development on the edge of Downtown. These efforts will pave the way for other projects that might not otherwise have gotten off the ground.

**EXECUTIVE SUMMARY**

- Long-term low interest rates have acted as a catalyst in spurring much of the development in the Greenville-Spartanburg region, more commonly referred to as the Upstate.
- The inland port in Greer and the \$1.2 billion expansion underway at the Port of Charleston are having significant positive impacts on the Upstate's economy.
- Nearly 8 million sf (msf) of industrial space is expected to be delivered in 2020.
- Greenville unemployment stood at just 1.9% in October 2019, with the local economy showing no signs of slowing.

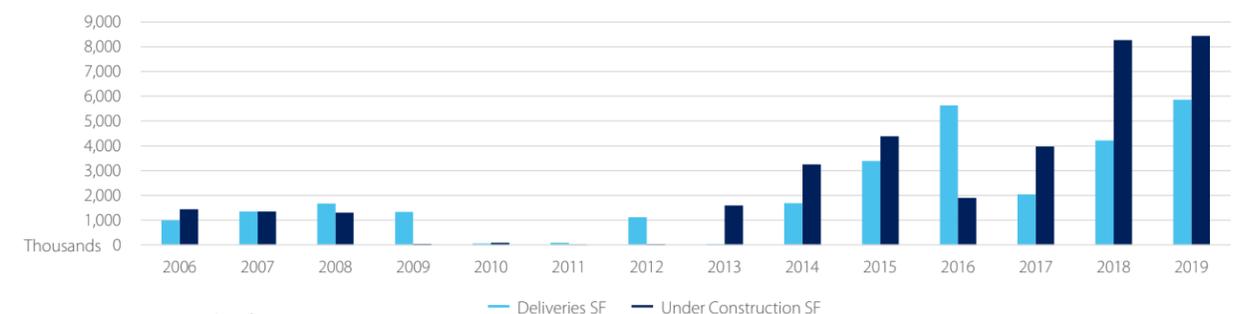
**Through proactive efforts to recruit new and expanding businesses to the region, local government and economic development officials have played a major role in shaping the Upstate market into what it is today. Local authorities continue to be aggressive with incentives to encourage companies to locate their operations in the region. This strategy and the resulting jobs will continue to draw top talent to the area, prompting additional growth for the foreseeable future.**

The Upstate's economy is booming despite the headwinds caused by ongoing U.S.-China trade tensions and slowing global economic growth. While Greenville County manufacturing jobs declined slightly in 2019, this sector continued to expand in Spartanburg. Due to low interest rates, strong job growth, and forward-looking local government policies, the Upstate is positioned for continued expansion heading into 2020 and beyond.

The Upstate's office market boasts strong underlying fundamentals. As it continues to grow in population and industry, the trend of companies looking for buildings that will help them attract and retain top talent will play a role in the demand for class A space. The delivery of the 150,000-sf office component of the Camperdown mixed-use project will add a new calibre of competitive space to the CBD in 2020. The project is 84% leased to Bank of America, Elliott Davis and coworking operator, Spaces. Bank of America and Elliott Davis will relocate to the property from older buildings in the CBD. Owners of existing properties in the submarket will likely need to consider investing in capital improvements to remain competitive in the long term.

Despite the recent slowdown in international demand, the Upstate's industrial market has fared well due to its proximity

**GREENVILLE INDUSTRIAL CONSTRUCTION**



Source: CoStar Realty Information, Inc.