Industrial fundamentals tighten as demand outpaces new supply

▲6.3%	▲1.9M	▲2.2M	▼2.4M	▼$6.19
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Direct Lease Rate

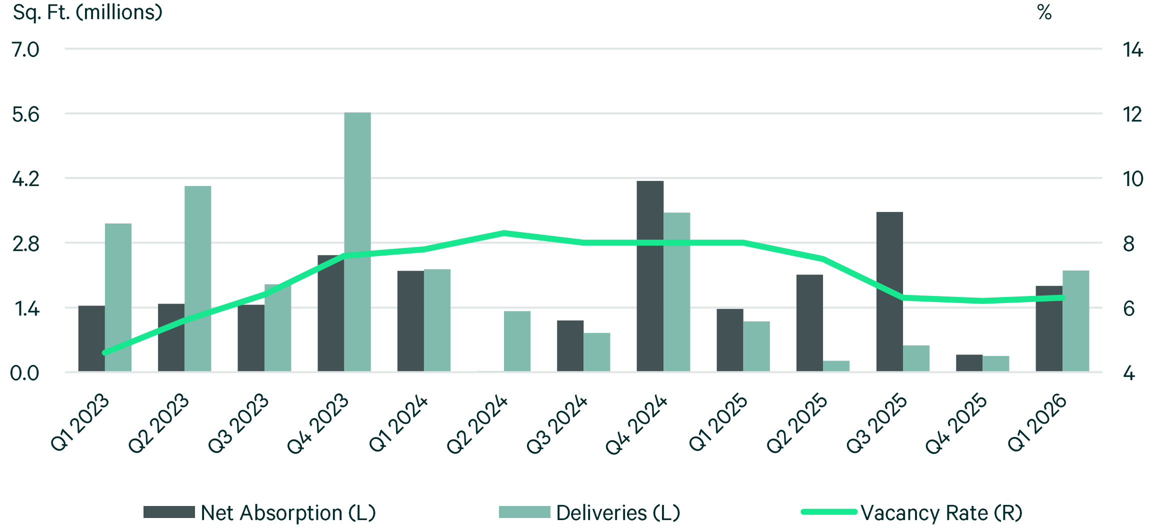
Note: Arrows indicate change from previous quarter.

Market Overview

The market in Q1 2026 recorded a sharp rebound in positive absorption alongside generally tighter conditions on a year-over-year basis. Net absorption rose from the previous quarter to 1.9 million sq. ft., bringing absorption back onto its average trajectory of roughly 7 million sq. ft. a year, after showing a slower than normal pace in Q4 2025. Vacancy was 6.3%, edging up 10 basis points (bps) from Q4 2025 but standing 170 bps points below the 8.0% rate in Q1 2025. Availability showed a clearer improvement, falling to 10.0% from 10.8% in the prior quarter and 12.1% a year earlier, after completing more than 3.8 million sq. ft. of new leasing transactions, with Spartanburg West leading all submarkets at 3.5 million sq. ft. of positive net leasing.

New supply increased significantly, with deliveries reaching 2.2 million sq. ft., supported by 10 completed properties. Deliveries consisted of nearly 1.2 million sq. ft of build-to-suit activity and nearly 1 million sq. ft. of speculative construction. At the same time, the construction pipeline continued to contract to 2.4 million sq. ft., down 29.6% from Q4 2025 and 25.0% below its level in Q1 2025. Average asking rents eased 1.9% from the prior quarter to $6.19 per sq. ft. but remained 3.7% above Q1 2025 and 28.9% higher than in Q1 2023, indicating that pricing stayed well above recent years even as landlords adjusted modestly quarter-over-quarter.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



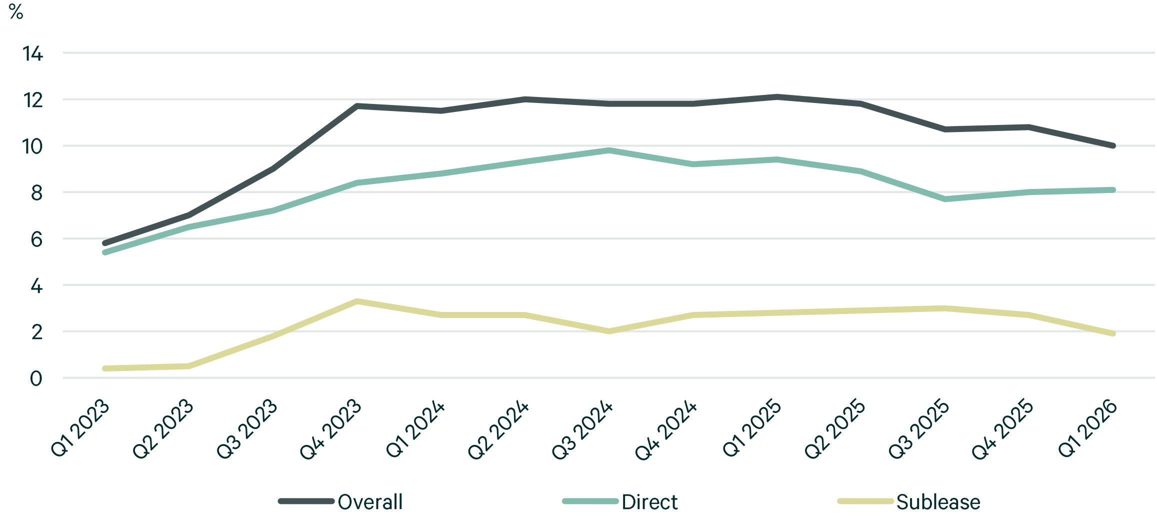
Source: CBRE Research, Q1 2026

Availability Rate

The Greenville-Spartanburg industrial market continues to tighten, with overall availability finishing Q1 2026 at 10.0%, down 80 bps quarter-over-quarter and 210 bps year-over-year. As flight-to-quality exacerbates a supply-demand imbalance, new inventory is becoming increasingly scarce as speculative construction has largely stalled and bulk options have become limited. After peaking near-historically high levels in mid-2024, Class A availability rates rapidly compressed into the single-digit range, underscoring outsized leasing demand for modern space. Without a renewed wave of speculative development, the market availability is becoming meaningfully tightened for viable options for tenants with near-term requirements.

Sublease space declined in Q1 2026, with an availability rate of 1.9% compared to 2.7% in Q4 2025, a decrease of 0.8%. This was in part due to the 1.4 million sq. ft. DMA sublease at 578 Robinson Rd in Greer, which helped drastically reduce overall sublease availability. In total, there remains 4.7 million sq. ft. of sublease space on the market in Q1 2026. Class A sublease availability has also maintained a continuous decline, having a high of 6.24% in Q1 2025, decreasing to 3.26% in Q1 2026.

Figure 2: Availability Rates



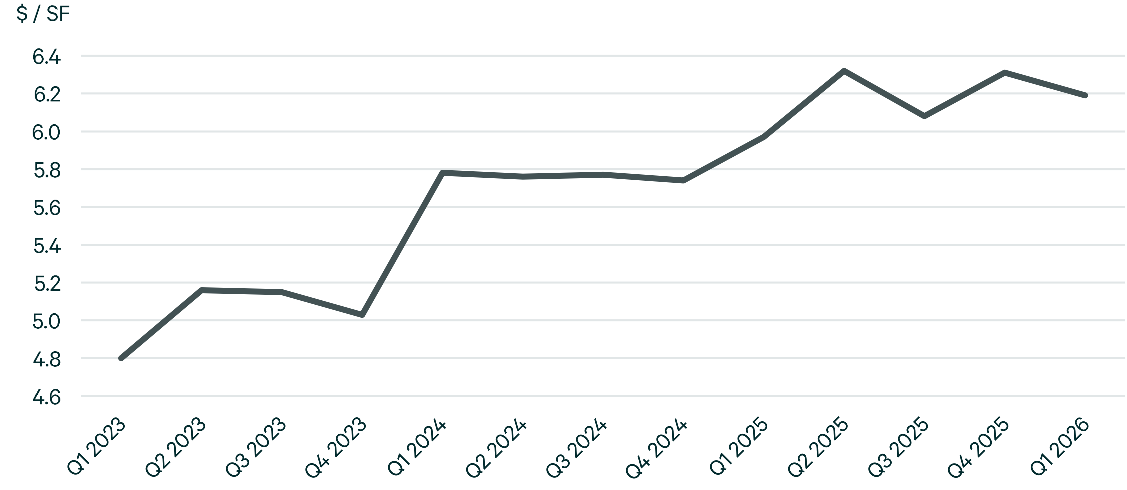
Source: CBRE Research, Q1 2026

Asking Rent

In Q1 2026, pricing strength in the Greenville–Spartanburg industrial market remained concentrated in Class A assets. Class A asking rents increased to $6.68 per sq. ft., marking the highest level on record and continuing a trend of steady, organic rent growth in existing high-quality buildings. This performance outpaced the broader market, where the average direct asking rent measured $6.19 per sq. ft., down modestly from the prior quarter but still higher than one year earlier. Since Q1 2023, overall asking rents have increased materially, though much of that growth has been driven by Class A space, where tenant demand has remained more resilient.

I-85 East submarket posted the highest direct average asking rent in Q1 2026 for distribution/logistics at $7.36 per sq. ft., while the highest direct average asking rate for R&D/Flex was in Central Greenville at $11.27 per sq. ft.. All submarkets in Greenville experienced positive rent growth - except for Pickens - as the market has been benefitting from a heatwave of leasing due to net-new and in-market expansions. Across these 11 submarkets with rent growth, the average rate was $6.22 per sq. ft., with a spread of $5.33 per sq. ft. between the highest and lowest.

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption totaled approximately 1.9 million sq. ft. during Q1 2026, representing a constructive start to the year relative to the market's typical annual absorption range of roughly 7.0 to 8.0 million sq. ft.. Activity was led by large single-tenant occupancies and build-to-suit deliveries, with the 1.02 million sq. ft. lease at Spartanburg 221 and the 1.0 million sq. ft. BMW Battery Factory accounting for a significant share of quarterly gains. Additional positive absorption was generated by a confidential e-commerce tenant's 251,700 sq. ft. build-to-suit facility and a series of mid-sized move-ins between 75,000 and 200,000 sq. ft., supporting steady demand across multiple user profiles. These gains were partially offset by negative absorption tied primarily to move-outs at larger, legacy distribution facilities. 901 Victor Hill road in Greer recorded the most notable contraction at nearly 298,000 sq. ft., while several additional properties posted vacancy additions exceeding 100,000 sq. ft. Collectively, these reversals were concentrated in older assets rather than newly delivered product.

Overall, Q1 net absorption reflects a market absorbing space at a pace consistent with long-term trends. With a sizable portion of annual absorption typically occurring in the second half of the year, Q1 performance places the market on pace to exceed its three-year average annual absorption trajectory.

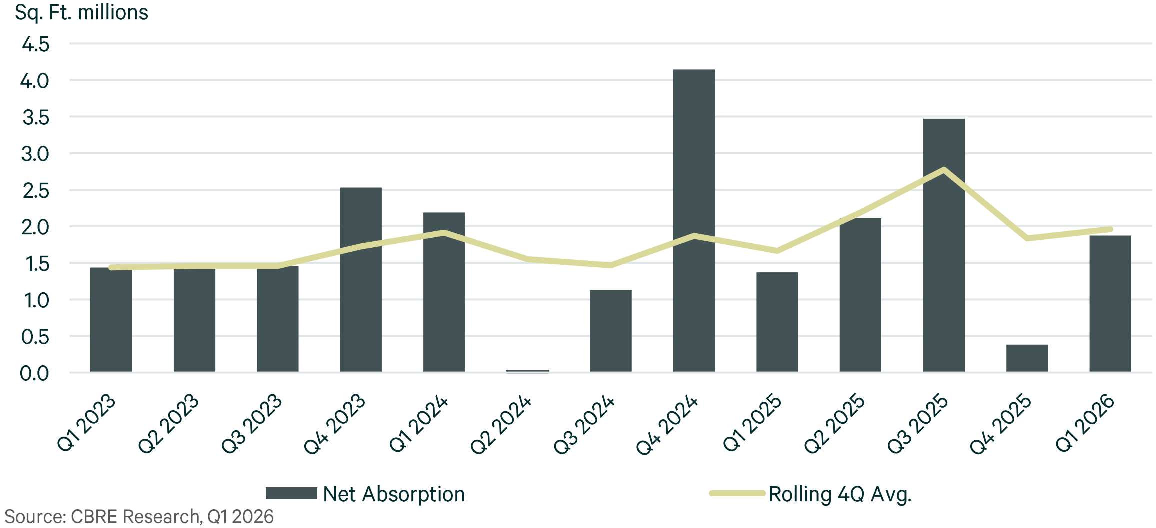
Construction Activity

The industrial construction pipeline continues to reflect a more measured development pace, following a wave of new construction in recent years. New deliveries skew toward build-to-suit, rather than speculative, projects. Total industrial deliveries during Q1 reached approximately 2.2 million sq. ft., led by the 1.0 million sq. ft. BMW Battery Factory in Spartanburg West and a 251,700 sq. ft. build-to-suit distribution facility in I-385 South. These owner-occupied projects account for a significant share of completions and delivered fully leased, limiting their impact on market availability. Speculative deliveries were more modest and concentrated in mid-sized buildings, including multiple projects along Zimmerman Road and Standing Springs Road, most of which delivered with some vacant inventory.

Active construction consists of 1.8 million sq. ft., the majority of which includes ongoing development of Class A speculative projects ranging between 85,000 and 225,000 sq. ft., primarily located in Spartanburg West and along the I-85 West corridor. Among the most notable build-to-suit construction projects is First Solar's expansion, totaling approximately 735,000 sq. ft.

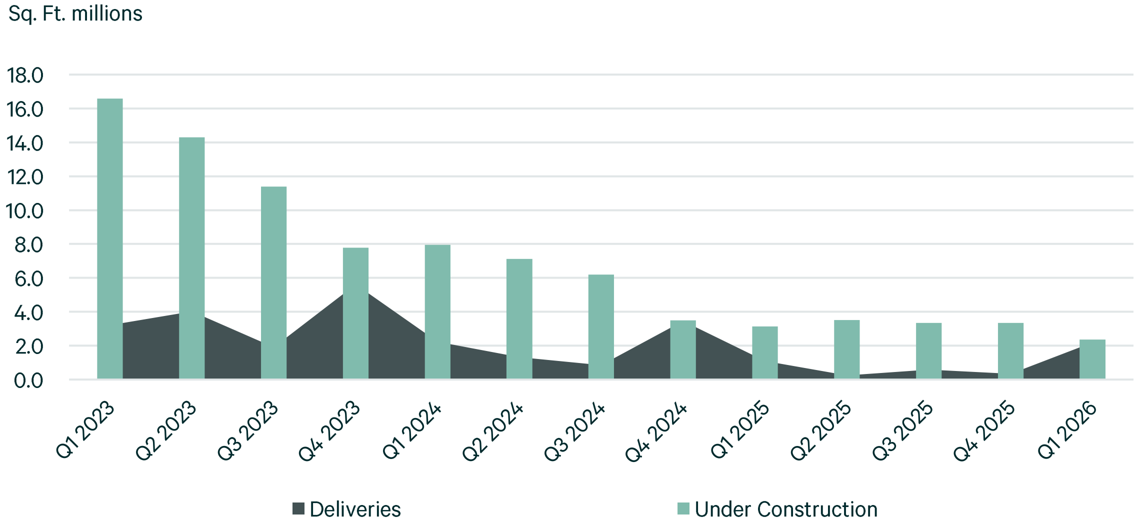
Overall, the pipeline reflects a market focused on mid-sized projects, with limited speculative development and a high share of pre-leased or owner-occupied supply. As availability tightens in newer buildings, some markets may face constraints accommodating larger, multi-market site selection requirements.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



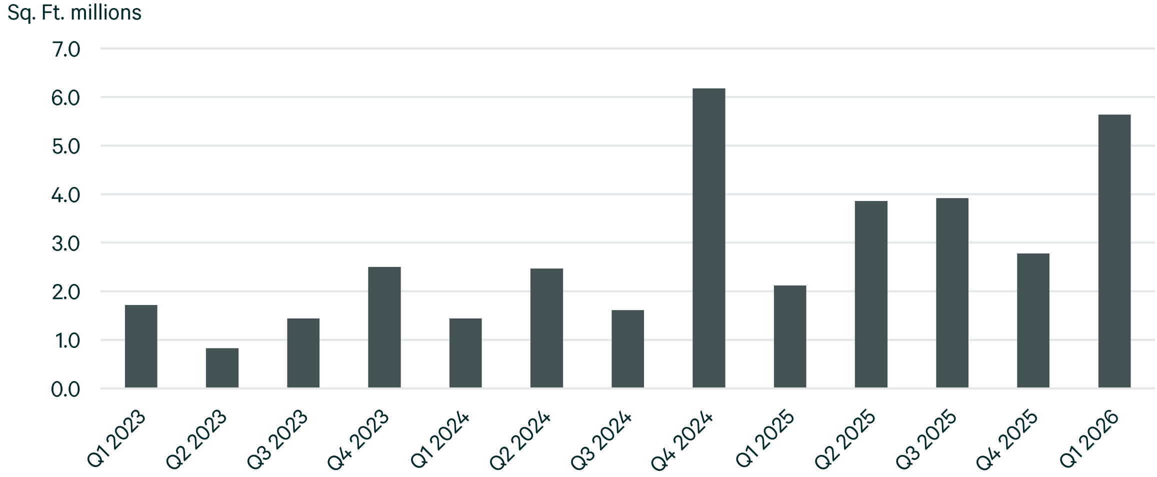
Source: CBRE Research, Q1 2026

Leasing Activity

Industrial leasing activity across the Greenville-Spartanburg market remained elevated in Q1 2026, supported by both large-scale transactions and consistent demand for smaller spaces. Total leased area reached 5.6 million sq. ft., marking the second-highest quarterly total on record and continuing the gradual upward trend in leasing volume observed since Q1 2023. Activity was anchored by two significant transactions: DHL Supply Chain's renewal of nearly 1.1 million sq. ft. and DMA Industries' 1.4 million sq. ft. sublease, reflecting ongoing commitments from Logistics and Distribution users. Of the 34 leases signed during the quarter, 28 were new leases and six were renewals, while subleases accounted for four of the new transactions. In aggregate, new leasing totaled approximately 3.9 million sq. ft., renewals 1.7 million sq. ft., and sublease activity 1.6 million sq. ft.

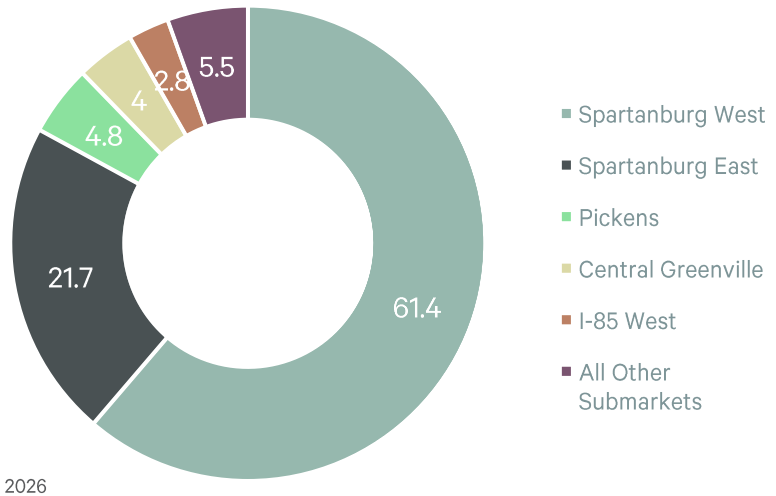
Leasing momentum was concentrated in core logistics corridors, with Spartanburg West leading all submarkets at 3.5 million sq. ft. of positive net leasing, followed by Spartanburg East at 1.2 million sq. ft. Positive leasing was recorded across Pickens, Central Greenville, I-85 West, I-385 South, I-85 East, and Anderson - though with more modest activity totals - where transactions ranged from 60,000 sq. ft. to 268,000 sq. ft., indicating broad demand across property sizes and locations.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
DMA Industries	1,401,000	New Lease	578 Robinson Rd	Spartanburg West
DHL	1,092,000	Renewal	160 Smith Farms Pkwy	Spartanburg West
Confidential Tenant	1,020,000	New Lease	2536 Chesnee Hwy	Spartanburg East
Sunland Logistics Solutions	298,000	Renewal	915 Victor Hill Road	Spartanburg West
E&I Engineering USA	268,000	New Lease	285 Speedway Blvd	Pickens
White Mountain Paper	202,000	New Lease	1298 New Cut Rd	Spartanburg East
Steeling Golf Carts	197,000	New Lease	285 Parkway E	Spartanburg West
Fortified Solar	150,000	New Lease	6801 Augusta Rd	I-85 West

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q1 Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Under 100,000 sq. ft.	55.57	6.8	8.9	8.6	0.3	6.39	(0.07)	(0.07)	0.20	0.28
100,000-199,999 sq. ft.	41.39	6.1	10.3	7.7	2.6	6.24	0.04	0.04	0.29	0.26
200,000-299,999 sq. ft.	30.94	12.1	16.4	15.0	1.4	6.64	0.07	0.07	0.71	0.74
300,000-499,999 sq. ft.	34.18	9.3	15.0	12.0	3.0	5.89	(0.19)	(0.19)	-	0.34
500,000-749,999 sq. ft.	28.12	4.5	6.5	5.9	0.6	5.63	-	-	-	0.74
750,000 sq. ft.	56.76	2.0	6.1	2.8	3.3	5.50	2.02	2.02	1.00	-
Total	**246.96**	**6.3**	**10.0**	**8.1**	**1.9**	**6.19**	**1.87**	**1.87**	**2.20**	**2.35**

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q1 Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Distribution/Logistics	137.38	9.2	14.4	11.2	3.2	6.33	0.45	0.45	1.17	1.91
Manufacturing - General	102.01	2.3	3.9	3.6	0.3	5.31	1.41	1.41	1.00	0.26
R&D/Flex	7.56	8.5	11.7	11.4	0.3	7.73	0.01	0.01	0.02	0.18
Total	**246.96**	**6.3**	**10.0**	**8.1**	**1.9**	**6.19**	**1.87**	**1.87**	**2.20**	**2.35**

Source: CBRE Research, Q1 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q1 Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Class A	97.70	9.0	13.6	10.3	3.3	6.68	2.08	2.08	2.12	2.34
Class B and C	149.26	4.6	7.7	6.6	1.0	5.70	(0.21)	(0.21)	0.08	0.01
Total	**246.96**	**6.3**	**10.0**	**8.1**	**1.9**	**6.19**	**1.87**	**1.87**	**2.20**	**2.35**

Source: CBRE Research, Q1 2026

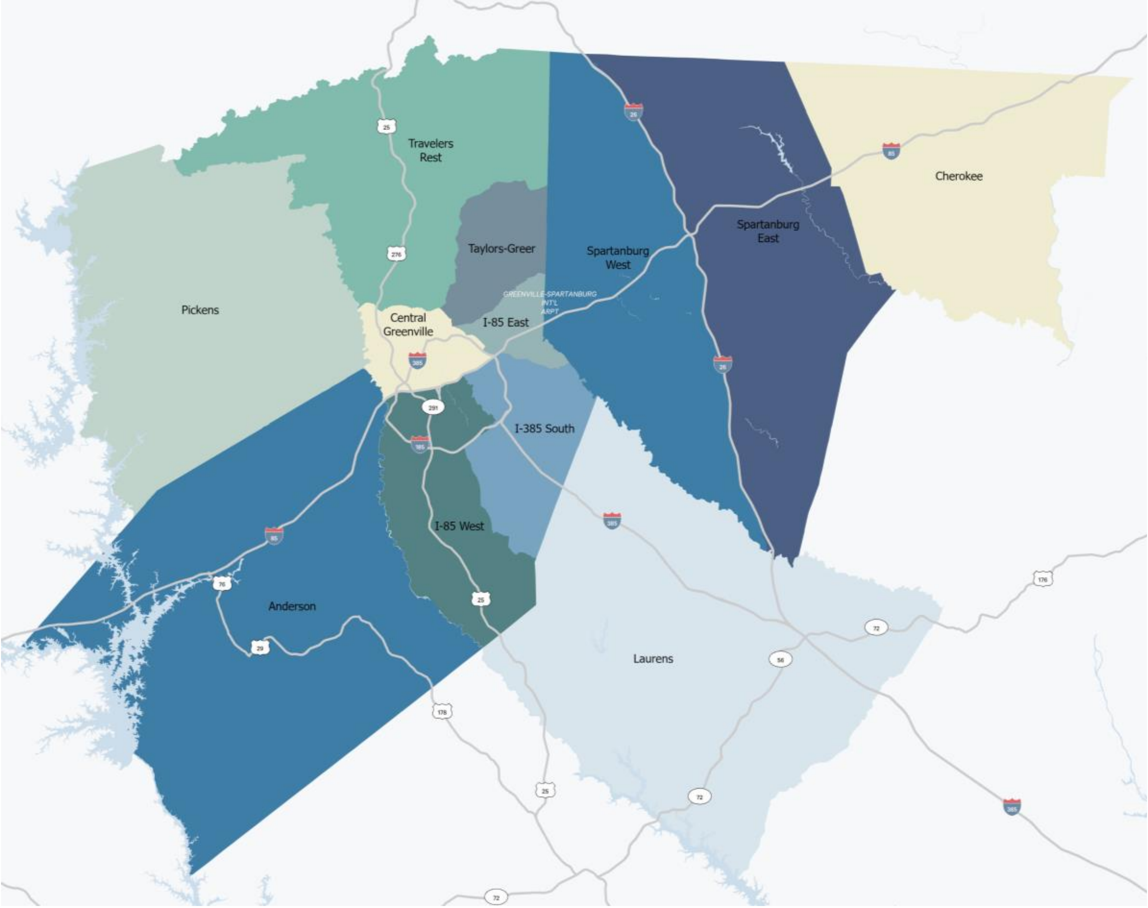
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q1 Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Anderson	28.97	4.7	6.5	6.5	-	5.52	(0.03)	(0.03)	0.06	0.25
Central Greenville	15.17	7.9	9.1	9.1	-	6.67	0.07	0.07	-	-
Cherokee	2.75	36.6	36.6	36.6	-	5.50	-	-	-	0.74
I-385 South	22.94	4.6	10.4	9.4	1.0	6.46	0.24	0.24	0.40	-
I-85 East	10.15	6.5	10.9	7.9	3.0	7.20	(0.09)	(0.09)	0.11	-
I-85 West	25.81	2.3	5.8	4.7	1.1	6.45	0.02	0.02	-	0.54
Laurens	14.21	5.3	10.0	8.5	1.4	5.79	-	-	-	-
Pickens	2.88	1.6	1.6	1.6	-	-	0.01	0.01	-	0.34
Spartanburg East	25.51	3.4	3.9	3.8	0.0	5.18	1.07	1.07	-	-
Spartanburg West	87.21	8.8	14.4	10.1	4.2	6.47	0.58	0.58	1.63	0.49
Taylors-Greer	8.00	4.7	5.4	5.4	-	3.94	-	-	-	-
Travelers Rest	3.35	0.9	1.4	1.4	-	9.27	-	-	-	-
Total	**246.96**	**6.3**	**10.0**	**8.1**	**1.9**	**6.19**	**1.87**	**1.87**	**2.20**	**2.35**

Source: CBRE Research, Q1 2026

Market Area Overview



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Survey Criteria

The CBRE, Inc. Industrial MarketView report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Anderson, Central Greenville, I-385 South, I-85 East, I-85 West, Laurens County, Pickens, Spartanburg East, Spartanburg West, Taylors-Greer and Travelers Rest. All properties are industrial properties greater than 10,000 sq. ft. Absorption is counted when the lease is signed and is not based on physical occupancy; when a building delivers, preleases are counted as absorption in the quarter of delivery. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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