

NAI Earle Furman

Q3 2026 Industrial Market Outlook

THE UPSTATE

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Patrick Chambers
NAI Columbia Market
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Q3 Commercial Real Estate Review: A Stable Carolinas Market

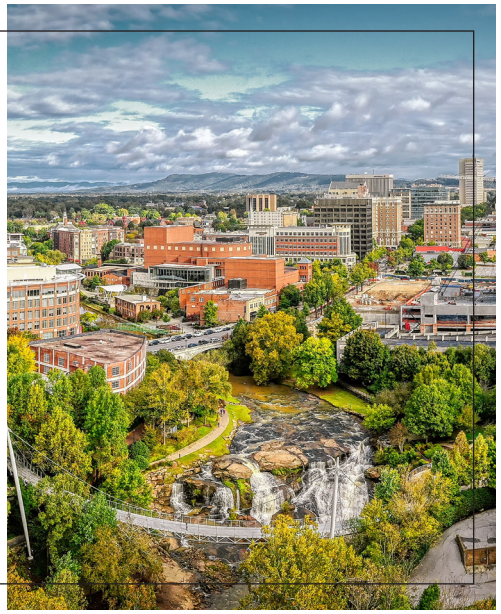
Commercial real estate conditions across the Carolinas remained stable through the third quarter, supported by continued population growth and steady tenant demand across core asset classes. Retail and industrial continue to lead. Retail availability remains low, as construction over the past several years has been modest and concentrated in suburban submarkets, anchored by national big-box and grocery tenants. Industrial leasing momentum remains steady, with demand focused on new, modern product along the interstate corridors and in port-served markets, as the region absorbs recent deliveries and speculative development slows. In the urban cores, multifamily continues to drive new development, and the momentum is building as more people choose urban living.

Population growth remains the driver of all CRE sectors, as the Carolinas continue to rank among the nation's leaders in in-migration. Housing demand is driving land sales in suburban markets, with employment and retail following close behind. Entitlement challenges continue to slow new single-family housing supply, and higher mortgage rates are constraining demand, thus the housing sector is searching for its equilibrium. Office remains selective, with quality, amenitized and well-located space outperforming older product, and new construction remains limited.

Overall, the market remains stable, but higher long-term rates are the main headwind, weighing on acquisitions, development feasibility and pricing across asset classes. We are hopeful that as energy prices ease, long-term base rates will follow, improving cash flow and project economics. In the meantime, we expect a disciplined but healthy regional market, with new supply following continued population growth. Opportunities are emerging in growing suburbs across the region's major metros, and renewed activity in urban cores positions the Carolinas for continued growth.

ABOUT NAI EARLE FURMAN

NAI Earle Furman (NAIEF) is the Upstate's largest commercial real estate brokerage and property management firm and has been providing superior results to its clients for over thirty years. With three Upstate offices, NAIEF delivers creative solutions to ensure client success while promoting a culture of collaboration, drive, and innovation. The company's unique shareholder-owned structure creates an engaging environment which thrives on mentorship and common goals. Invested in the community and its people, the NAIEF team is committed to being experts in the field of commercial real estate and improving the Upstate market through its wide range of quality client services. In 2017, NAI Earle Furman and North Carolina's NAI Piedmont Triad joined forces to form a creative commercial real estate collaboration across state lines. The teams expanded their market footprint in 2019 by partnering with the newly rebranded NAI Columbia (formerly Avant) group operating in the South Carolina Midlands, and later merged in January 2023. This strategic alliance equally benefits all three firms with additional manpower, expanded resources, and everevolving cross-market projects fueled by combined expertise. Learn more at www.naief.com



BY THE NUMBERS
Q3 2026 INDUSTRIAL MARKET REPORT

MARKET INDICATORS Greenville MSA*	Vacancy Rate	12 Mo. Absorption SF	Aborption SF (Qtr)	12 Mo. Delivered SF	Mkt Asking Rent Growth (YOY)	Market Asking Rent/SF	Market Sale Price/SF	12 Mo. Sales Volume	Market Cap Rate	Months on Market
Current Quarter 3Q26	5.2%	8.2 M	1.4 M	3.8 M	4.7%	$7.05	$73.00	$1.2 B	8.3%	7.8
	▼	▲	▼	▼	▼	▲	▲	▲	▲	=
Previous Year 3Q25	8.0%	6.1 M	1.6 M	6.5 M	6.2%	$6.73	$70.00	$558 M	7.5%	7.8
5 Year Average	7.4%	7.0 M	1.2 M	9.0 M	8.1%	$6.13	$66.00	$912 M	7.2%	8.2

INVENTORY Greenville MSA*	Existing Buildings	Existing SF	Construction Starts SF	Under Construction SF
Current Quarter 3Q26	1,678	262.8 M	382,970	1.4 M
	▲	▲	▲	▼
Previous Year 3Q25	1,656	259.0 M	367,471	3.9 M
5 Year Average	1,608	242.1 M	2.2 M	9.8 M

** Anderson, Cherokee, Greenville, Laurens, Pickens, and Spartanburg Counties (Data for 30,000+ SF Industrial Properties)*

Source: CoStar

SUBMARKET TRENDS

GREENVILLE COUNTY | INVENTORY 85.9M SF

VACANCY ▲ Q3: 6.1% Q2: 5.8%

RENTAL RATE ▲ Q3: $6.72 Q2: $6.66

ABSORPTION ▼ Q3: (158K) SF Q2: 105K SF

SPARTANBURG COUNTY | INVENTORY 122M SF

VACANCY ▲ Q3: 9.0% Q2: 8.8%

RENTAL RATE ▲ Q3: $5.31 Q2: $5.27

ABSORPTION ▲ Q3: 1.1M SF Q2: 528K SF

Source: CoStar



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KEY TAKEAWAYS

The Upstate's industrial market continued shifting from oversupply to tightening fundamentals in Q3 2026. Net absorption reached ±2.4 million square feet, up 6.3% quarter-over-quarter, while vacancy fell to roughly 5–7% , with large-block vacancy especially tight. Specifically, few buildings over 900,000 SF are available. New leasing activity approached 7 million square feet year-to-date, led by BMW's 918,000-SF lease backfilling former DHL space in Spartanburg , plus major leases from Suniva and Detmold Group. Our region also drew significant capital investment, highlighted by USA Rare Earth's $1.2 billion commitment.

Construction continued to contract, falling to 2.1 million square feet underway — down 42% year-over-year and a steep drop from the 8.9 million square feet under construction in early 2024 — as developers work through the historic 2023–2024 supply wave. Cherokee County emerged as a standout growth area, closing the competitive gap with Charlotte through lower land costs and strong incentives.

Tightening vacancy, slowing new supply, and renewed rent growth are expected as 2026 progresses.

SIGNIFICANT TRANSACTIONS



50 PEACHVIEW BOULEVARD
GAFFNEY, SC

226,968 SF
Hunter Garrett, CCIM, SIOR, John Staunton, SIOR, and Josh Kenyon



950 BRISACK ROAD
SPARTANBURG, SC

226,140 SF
Grice Hunt, SIOR, Clay Williams, SIOR, and Will Coker



1560 INTERNATIONAL DRIVE
SPARTANBURG, SC

30,490 SF
Light McNiel

DEAL HIGHLIGHT *Our team represented the tenant, a multi-state manufacturer with existing operations in Texas, Ohio, and Florida, in securing a long-term lease at 1560 International Drive in Spartanburg, SC. Entering the Upstate South Carolina market was a key part of our client's expansion strategy, and the 30,490 SF facility checked the right boxes: location, functionality, and access to the I-26 corridors. The deal reflects the Upstate's growing draw for out-of-state companies looking to establish a Southeast presence and shows how a well-positioned site paired with highly competitive lease terms can give a new-to-market business a strong foundation for long-term growth. (Associate Light McNiel)*

RECENT PROJECTS SHAPING OUR MARKET

Tyson Steel selects first South Carolina Operation

Tyson Steel Building Products is bringing its first South Carolina operation to Pickens County with a $15.15 million investment. The company will establish a 96,000-square-foot manufacturing facility in Liberty, creating approximately 20 new jobs. The facility will produce components for pre-engineered metal buildings, with operations expected to begin by spring 2027.

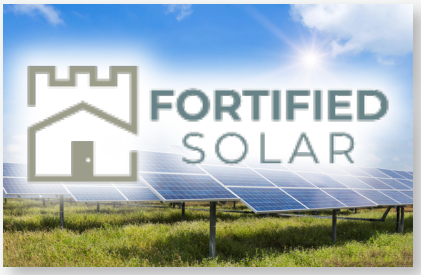
Source: upstatebizSC (September 2026)



Detpak Opens First U.S. Operation in Spartanburg County

Detpak USA is establishing its first U.S. manufacturing facility in Spartanburg County with a multi-million-dollar investment in an existing 175,000-square-foot facility on New Cut Road. The packaging supplier's new operation will support its North American growth and is expected to create 50 jobs. Operations are expected to begin in August.

Source: Upstate Business Journal (July 2026)



Fortified Solar Expands Greenville County Operations

Fortified Solar is expanding its Greenville County operations with a $22.75 million investment expected to create more than 151 new jobs. The solar manufacturer is adding manufacturing, production and operational capabilities at a new facility on A.D. Asbury Road, alongside its existing Taylors operation. New manufacturing lines are expected to reach full production by October 2026.

Source: Upstate Alliance (July 2026)

INDUSTRIAL ACTIVITY SNAPSHOT

Q3 2026 INDUSTRIAL MARKET REPORT

KEY INDUSTRIAL DEMAND DRIVERS IMPACTING OUR REGION

Southeastern industrial demand stayed healthy in the third quarter, supported by trade flows, manufacturing investment, and population growth. In Greenville-Spartanburg, industrial vacancy declined to 5%, with 685,000 sq. ft. of positive net absorption in Q3 and more than 5.3 million sq. ft. year-to-date.[1] No new industrial projects were delivered during the quarter, and over 3.3 million sq. ft. remains under construction, increasingly concentrated in a handful of large projects. Availability remains tight, particularly for facilities of 500,000 sq. ft. or more.[1]

Port and inland logistics volumes stayed solid despite a volatile trade environment. The Port of Savannah handled 503,739 TEUs in July, up 5.7% year-over-year to open Georgia's fiscal year.[2] August volumes were essentially flat, with exports up 4.2% and imports up 1.5%. The Appalachian Regional Port, an inland rail-connected port, set an August record, up 10% from the prior year.[3] That inland port strength supports demand for distribution space in markets tied to Southeastern rail and highway corridors.

Manufacturing continued to add tenants and expansions across the Upstate. UFP Packaging announced a $5.31 million investment in Gaffney that will create 136 jobs.[4] Detpak's 175,000 sq. ft. Spartanburg County plant, its first in the U.S., was set to open in August.[4] A wood milling company pledged to revamp an Upstate textile plant and bring more than 200 jobs.[5] Recently, seven Scout Motors suppliers announced more than $82 million of investment across Spartanburg, Duncan, and Piedmont, creating 200 jobs.[6] Higher borrowing costs and energy prices are the main headwinds. Oil has traded near $105 a barrel and Treasury yields have surged.[7]

1. Greenville Business Magazine 2. The Trucker (Georgia Ports Authority) 3. Metro Atlanta CEO (Georgia Ports Authority) 4. SCBiz 5. SC Daily Gazette 6. SCBiz / South Carolina Public Radio 7. Commercial Observer

PROPERTY SPOTLIGHTS: INDUSTRIAL OPPORTUNITIES



500 Furman Hall Road
Greenville, SC
±62,529 SF | ±4 Acres

Warehouse | Prime Location Near Downtown Greenville

Sale Price
Contact brokers



1216 N. Sloan Street
Clinton, SC
±10,000 SF | ±6.9 Acres

±5,628 SF Enclosed Warehouse & ±2,372 SF Office

Sale Price / Lease Rate
$750,000.00 / $4.50/SF/NNN



105 Wood Street
Greenville, SC
±5,000 and ±10,000 SF

Flexible bulk storage minutes from downtown Greenville

Lease Rate
$6,250 per month (Gross)



247 Harvard Court
Lyman, SC
±1,500 - ±8,760 SF

Building 1: ±4,800 SF total
Building 2: ±3,960 SF

Lease Rate
$2,000/mo - $4,500/mo

PROPERTY MANAGEMENT SPOTLIGHT



226,968 SF

SINGLE-TENANT INDUSTRIAL FACILITY

50 Peachview Blvd | Gaffney, SC

NEW ASSIGNMENT
An existing client purchased the asset with an LOI in place for a packaging company.

NOTES
We oversaw the replacement of the roof, a 20-ton rooftop unit, and parking lot repairs.