

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE / SPARTANBURG, SC

A Cushman & Wakefield Alliance Research Publication

Q1 2013



ECONOMIC OVERVIEW

The unemployment rate in Greenville and Spartanburg in February was 6.9% and 8.4%, respectively. This is an improvement for both MSA's over last year at this time.

The office market showed significant improvement in the first quarter of 2013 as overall vacancy is down from 8.7% at the end of 2012 to 8.2%. Class A space, which totals about 6.5 million square feet (msf), decreased to 9.1% from 9.5% one year ago. The class B market saw some improvement in the first quarter as well as vacancy dropped from 8.3% at the end of 2012 to 8.2%. Project One has begun to deliver space with their first office tenant taking occupancy in the north tower in the first quarter. No new office development is currently underway but many owners of existing buildings are investigating updates to meet the demands of new tenants.

ABSORPTION AND LEASING ACTIVITY

Net absorption for the first quarter was positive totaling 208,000 square feet (sf) which is almost half of the total absorption seen in 2012. Class A space was responsible for 75,353 sf of absorption while class B and C were also both positive and made up the remainder.

Significant leases announced in the 1st quarter include Customer Effective who took 13,085 sf at the Liberty One Tower and AMEC Inc, an engineering firm that renewed 34,000 sf in The Darlington Building at Park East Business Park. The only significant sale in the first quarter was the 191,600-sf Bank of America Building in Greenville that sold for \$9,800,000, or \$51.50 per square foot.

Project One, the only significant office product under construction in the market, consists of two phases totaling 385,000 sf of office with ground floor retail. Phase I of the project is currently 95% leased and has turned over space to Haynesworth and the first retail tenant, Anthropologie. Phase II is scheduled to deliver in late 2013 early 2014 and currently has 20,000 sf that has not been leased.

OUTLOOK

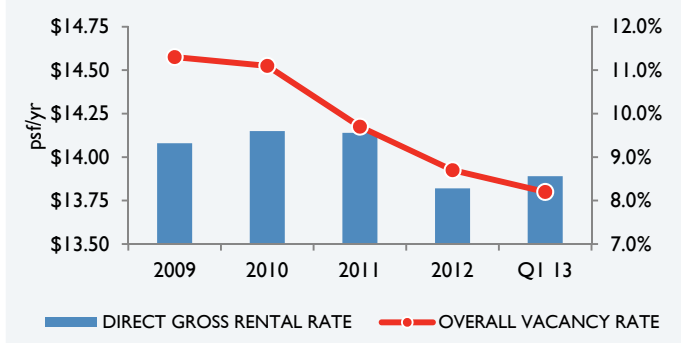
The economy continues to expand and manufacturing is leading the way. Locally, we have seen the effects of a strong manufacturing sector as manufacturers have leased or purchased most of the vacant buildings. The hope is this growth in the industrial sector will carry

over to the office market, specifically the suburban offices in close proximity to the larger manufacturers in the area. No new office projects are schedule to break ground. The supply of downtown space currently outweighs the demand and there are multiple options for a significant tenant needing large contiguous space.

STATS ON THE GO

	Q1 2012	Q1 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.9%	8.2%	-0.7pp	◀▶
Direct Asking Rents (psf/yr)	\$14.15	\$13.89	-1.8%	◀▶
YTD Leasing Activity (sf)	615,161	196,587	-68.0%	▲

DIRECT RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION

