

# MARKETBEAT OFFICE SNAPSHOT

## GREENVILLE, SC

A Cushman & Wakefield Research Publication

Q3 2013



### ECONOMIC OVERVIEW

The Greenville/Spartanburg office market continues to show improvement in the third quarter, keeping pace with the second quarter in leasing as well as sales activity. Overall vacancy dropped to 7.9% in Q3 down from 8.1%, with net absorption for the quarter at 164,122 square feet (sf). The state of South Carolina continues to see steady job growth with unemployment numbers in Greenville at 6.9% compared to 8.1% at the state level.

### ABSORPTION AND LEASING

Across the market leasing has remained positive as absorption was up 164,122 sf. Leasing activity was strongest in class A space in the non-CBD in the third quarter. Asking rents, while down across the entire market, continue to rise in the CBD, up to \$18.90 per square foot (psf) across all classes and averaging \$19.88 in class A buildings.

Significant leases announced in the third quarter include Bon Secours lease of 35,000 sf at 1200 Brookfield, and BMW who took almost 10,000 sf of office in downtown Greenville. Bon Secours is the third lease signed in the Brookfield Business Park in the last twelve months and has tightened the supply of class A suburban office space. Athene Annuity and Life announced 52,000 sf, and Global Lending Services announced 35,000 sf earlier this year.

The second significant sale of the year took place in the third quarter as Highbrook Investment Management, out of New York, purchased the Liberty Towers in downtown Greenville for \$38 million, or approximately \$87 psf. Highbrook has announced they will inject \$4 million of improvements into the property. These upgrades include updates to tenant common areas, and modernizing the elevator cabs. Plans are also underway to upgrade 15 South Main Street as well as at 101 North Main that will include an expansion in available space.

Hughes Development also announced the development of a 125-key Aloft hotel, and 35,000-45,000 sf of new retail and office space that will be adjacent to 101 North Main and the new One Building in downtown Greenville. In conjunction with the new hotel the city will build a new parking garage to accommodate the new hotel and surrounding office buildings.

The One Building's first tower, approximately 150,000 sf, is now occupied by three tenants and work has begun on the final three tenants. The second tower consisting of approximately 200,000

sf of office is due to be completed next year. Two tenants will occupy all but one floor leaving 20,000 sf of space available.

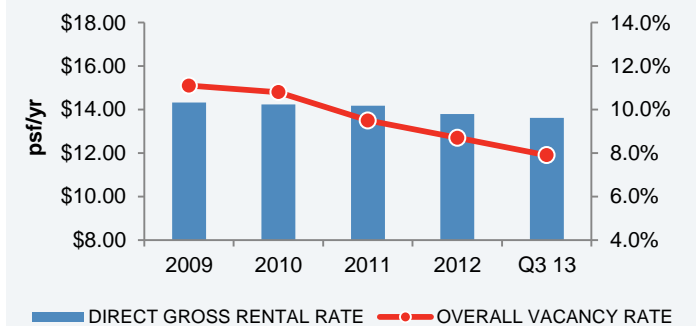
### OUTLOOK

The suburban office market will continue to rise and fall with the success of healthcare and manufacturing in the Upstate. While two long standing tenants gave back space this year it has been outweighed by the growth from tenants in financial services and law firms. The opening of the Inland Port in October will bring new business to the area as will the announcement of awarded contracts to Jacobs engineering, GE, and Flour.

### STATS ON THE GO

	Q3 2012	Q3 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.9%	7.9%	-1.0pp	▼
Direct Asking Rents (psf/yr)	\$13.94	\$13.62	-2.3%	◄
YTD Leasing Activity (sf)	639,020	479,398	-34.3%	▲

### OVERALL RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. NET ABSORPTION

