

# MARKETBEAT OFFICE SNAPSHOT

## GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q1 2014



### ECONOMIC OVERVIEW

The Greenville/Spartanburg office market continues to see rising rent rates and limited availability in Class A space. Both downtown and in the suburbs new owners are rehabbing older office product which are driving rent

rates up.

A national trend we are seeing is consolidation into smaller spaces but with the same number of employees. Tenants and owners are operating in a smaller space, which therefore decrease total rents and overall footprint.

New apartment developments in downtown Greenville are creating a “work play” atmosphere which office landlord’s hope will draw more tenants to relocate downtown. Parking continues to tighten in both the CBD and suburban area.

### ABSORPTION AND LEASING

While absorption was negative for the quarter there were a number of large lease signings announced in both Greenville CBD and the suburbs.

Greenville Health System announced they will be expanding in the CBD taking over 43,000 SF of space vacated by Smith Moore Leatherwood Law Firm who down sized from 60,000SF to 40,000SF at 2 West Washington Street. In the suburbs eSurance announced they will be taking 65,000 SF at 1200 Brookfield. eSurance is a new tenant in the GSP market.

The amount of available space on the market increased as landlords begin to market space that is currently occupied by Flour. This opens up large contiguous blocks of Class A space in the suburbs.

### OUTLOOK

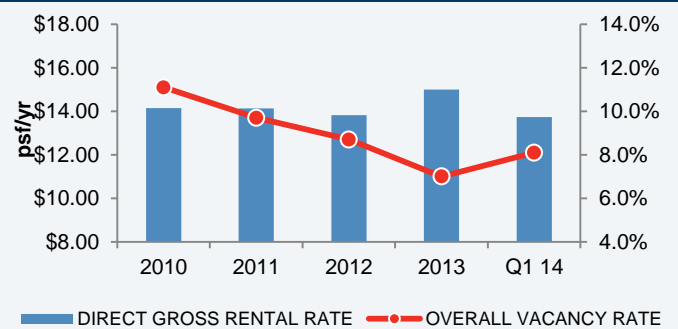
The economy continues to show growing office activity in the CBD and Suburban areas. The market will continue to tighten due to lack of available space. Current rents will not support new developments in the area but new developments are much needed to help with the lack of available space. Also, we foresee the health care industry

continue to grow which will lead to new investments and developments in the Greenville/Spartanburg market.

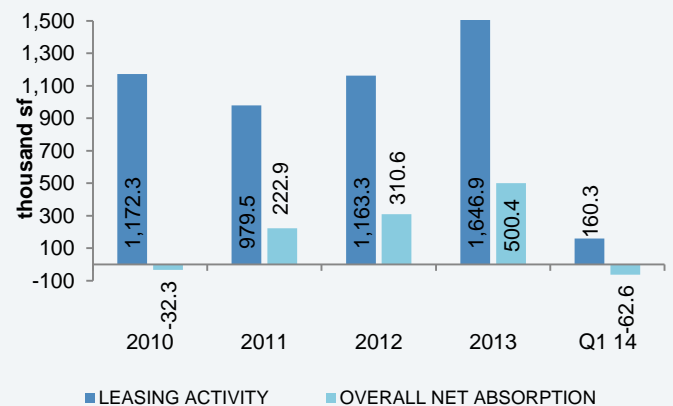
### STATS ON THE GO

	Q1 2013	Q1 2014	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.2%	7.7%	-0.7pp	▼
Direct Asking Rents (psf/yr)	\$13.89	\$14.83	+6.7%	▲
YTD Leasing Activity (sf)	196,587	160,252	-18.5%	▼

### OVERALL RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. NET ABSORPTION



\*Data has been revised after the release of market statistics

## GREENVILLE, SOUTH CAROLINA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	OVERALL WTD. AVG ALL CLASSES GROSS RENTAL RATES*	DIRECT WTD. AVG CLASS A GROSS RENTAL RATES*
Anderson	1,422,423	5.4%	15,195	0	0	(9,676)	(9,676)	\$11.62	\$11.62
Greenville CBD	5,111,020	11.4%	65,249	0	0	(47,406)	(47,406)	\$18.75	\$18.79
Greenville Suburban	13,441,349	8.2%	41,443	0	0	(203,526)	(203,526)	\$14.87	\$16.30
Spartanburg	5,061,510	17.0%	0	0	0	187,500	187,500	\$12.89	\$12.89
<b>TOTALS</b>	<b>24,258,756</b>	<b>8.5%</b>	<b>137,310</b>	<b>0</b>	<b>0</b>	<b>(240,885)</b>	<b>(240,885)</b>	<b>\$14.83</b>	<b>\$17.62</b>

\*RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
1200 Brookfield Parkway	Woodruff/I-385	Esurance	A	70,000 SF
300 E McBee	Greenville CBD	Greenville Health System	A	43,000 SF
15 South Main Street	Greenville CBD	Jackson Lewis	A	12,000 SF
55 E Camperdown Way	Greenville CBD	McAngus Goudelock	A	12,000 SF
15 South Main Street	Greenville CBD	McCallum Sweeney	A	5,000 SF
15 South Main Street	Greenville CBD	Argent Trust	A	5,000 SF
15 South Main Street	Greenville CBD	Thalhimer	A	3,000 SF
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Highwoods Portfolio	Pelham/I-385	Garrison	\$58 Million	690,000 SF
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SF
2 West Washington	Greenville CBD	Leatherwood	Q1 2014	40,000 SF
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SF
South Ridge	West End	TBD	Q3 2015	16,500
CU-ICAR	Mauldin / Fountain Inn	Clemson University	2016	75,000
Aloft Development	Greenville CBD	TBD	2016	45,000

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS