

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

A tightening office market, driven by the steady increase of office jobs in the Greenville Spartanburg market, has led to higher asking rates and lower concessions. The unemployment rate for the state was 6.6% in

January and 6.0% for the Greenville area. Continued job growth and a number of new office development projects in the CBD have the market excited.

ABSORPTION AND LEASING

Leasing activity was robust in the first quarter with a number of transactions completed in the CBD as well as the suburbs. Tenants in healthcare, finance, insurance and real estate, and the tech industry were the most active industries in the market. As service industries continue to grow to keep up with the demand of the current population, this trend should remain.

Landlords are aggressive as tenants compete for quality space in limited supply. Class A space availability in both the CBD and suburbs is tightest, with the majority only available in large blocks. Tenants seeking space in quality buildings less than 15,000 square feet (sf) are finding limited options as this size tenant dominates the demand. Landlords are either hesitant or unable to demise their space easily.

Office development in the CBD is also picking up steam. Trammell Crow is planning to build approximately 130,000 sf of office space at The Greenville News site, and Hughes Commercial Properties is planning an 80,000-sf office building on Court Street. In the West End, office space is limited and at a premium. The Claussen Building located in Greenville's West End reported great success achieving 92% occupancy in the renovated bakery. Time will tell if it rejuvenates the surrounding area.

OUTLOOK

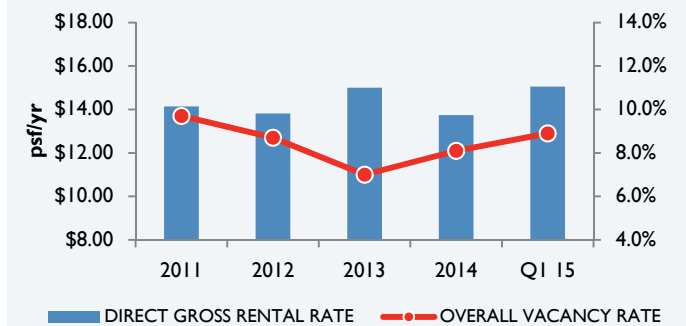
Parking is a major component for each new office development. Approximately 800 new parking spaces are in the planning stages for two of the new office projects. In addition, several new public and private parking decks are being built that will serve new hotel developments as well as surrounding office and residential buildings.

Multifamily development has been underway for some time in the CBD with 1,636 units under construction and 2,741 units in planning stages. The increase in supply of class A office space should lead to more options for tenants to consider.

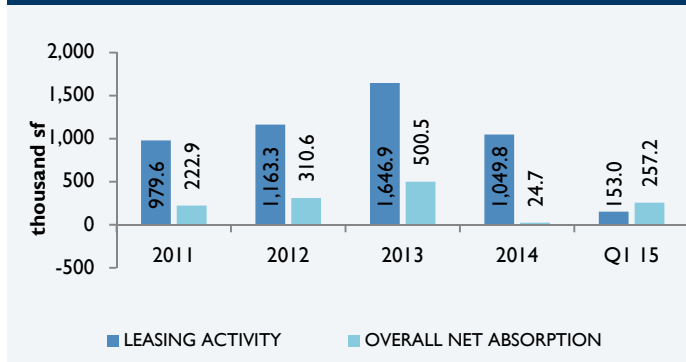
STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.6%	9.0%	-0.6pp	▼
Direct Asking Rents (psf/yr)	\$14.57	\$15.05	3.3%	▲
YTD Leasing Activity (sf)	421,507	153,037	-63.7%	▼

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	2,250,300	6.1%	0	70,000	18,624	3,798	3,798	\$11.72	\$12.00
Greenville CBD	5,854,572	8.9%	87,000	20,000	0	75,022	75,022	\$20.78	\$23.56
Greenville Suburban	12,676,878	9.1%	64,487	128,800	52,500	150,556	150,556	\$13.84	\$18.79
Spartanburg CBD	2,085,137	8.5%	1,550	0	7,000	10,914	10,914	\$14.69	\$20.92
Spartanburg Suburban	3,302,367	11.1%	0	0	7,925	(9,505)	(9,505)	\$11.40	\$19.43
TOTALS	29,169,254	9.0%	153,037	218,800	86,049	230,785	230,785	\$15.05	\$20.31

*RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
400 Augusta Street	West End	McMillian Smith	A	22,000
101 N. Main	Greenville CBD	NEXT	B	20,000
400 Brookfield	Woodruff/I-385	CAT	B+	17,000
2 W. Washington	Greenville CBD	E & Y	A	15,000
101 N. Main Street	Greenville CBD	Iron Yard	B	15,000
15 S. Main Street	Greenville CBD	Joel Bieber	A	5,800
15 S. Main Street	Greenville CBD	Grace Hill	A	5,200
400 Augusta Street	West End	BL Harbert	A	2,200
400 Augusta Street	West End	Tax Advantage	A	1,800
SIGNIFICANT Q1 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
4 Interchange Blvd.	Woodruff/I-385	AFS Logistics	\$950,000/\$86	11,000
12 Interchange Blvd.	Woodruff/I-385	The Sunshine House	\$750,000/\$75	10,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING
I Research Drive CU-ICAR	Woodruff/I-385	Clemson University	TBD	82,000
I Legacy Park Road	Woodruff/I-385	TBD	TBD	20,301
One Laurens – Phase III	Greenville CBD	TBD	Q3 2015	2,000