

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q2 2014



ECONOMIC OVERVIEW

Year-to-date, vacancy and asking rents are improved over the same period one year ago. While overall absorption for the year remains negative, pending activity for the remainder of 2014 is expected to bring absorption in line

with the yearly average by year end. Additionally, limited product in select areas encouraged landlords to increase asking rates in order to preserve space for large-block users. The trend was one felt in the CBD and suburbs alike.

The national economy added over 800,000 jobs in Q2 and the unemployment rate dropped to 6.1%, which is the lowest level since the great recession. Locally, we have added almost 5,000 jobs to the labor market in the Greenville/Spartanburg area. The Greenville/Spartanburg unemployment rates stood at 4.3% and 4.9% respectively through May 2014.

ABSORPTION AND LEASING

Suburban absorption in class A office was the highlight for the Greenville/Spartanburg market with leases signed by Ahold, Gordian Group, and Auto Owners Insurance, all of which took place at the Patewood and Brookfield Office Parks. The two parks saw success with large lease executions, but were also plagued with a large amount of availability slated to come online later in the year. The givebacks were primarily a result of Fluor's and CertusBank's consolidation into headquarter operations.

Downtown Greenville's market continues to thrive with the introduction of OpenWorks, a collaborative office environment at the base of the former Nuvox building at 2 N. Main Street. OpenWorks falls in line with a national initiative to provide space to tech startups and other new companies that wish to collaborate with groups similar and dissimilar than themselves in order to accomplish a fully integrated idea sharing platform. The collaboration has been shown to increase a company's initial chances of success.

OUTLOOK

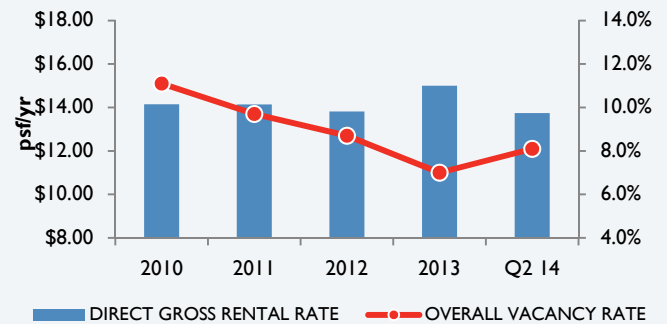
As there is an apparent need for additional space downtown, developers are beginning to act. The announcement of the Aloft Hotel at One Main Plaza will include 8,000 square feet (sf) of office and the Bank of America renovation will add nearly 40,000 sf of new class A space. The Beach Company has broken ground at South Ridge

at the corner of Church and University and is offering up to 16,000 sf of creative office space that will cater to growing companies in the adjacent NEXT Innovation building. Over 200,000 sf of office space is under construction or has been announced in the CBD and Suburbs.

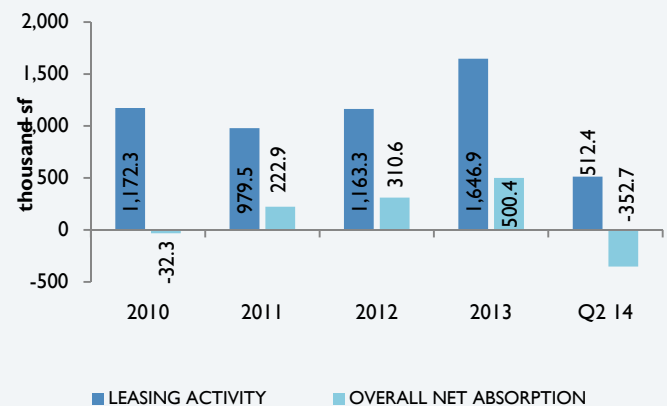
STATS ON THE GO

	Q2 2013	Q2 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.8%	8.2%	-0.6pp	▼
Direct Asking Rents (psf/yr)	\$13.76	\$13.98	+2.2%	▲
YTD Leasing Activity (sf)	334,542	512,391	-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	3,299,960	7.3%	48,529	0	0	7,578	7,578	\$10.73	\$11.71
Greenville CBD	7,867,431	11.5%	132,172	0	0	(86,333)	(86,333)	\$22.32	\$18.49
Greenville Suburban	17,231,540	8.9%	331,690	0	0	(264,997)	(264,997)	\$12.05	\$15.15
Spartanburg	7,412,041	8.3%	0	0	0	(15,012)	(15,012)	\$11.07	\$13.75
TOTALS	35,810,972	10.6%	512,391	0	0	(352,770)	(352,770)	\$13.95	\$19.90

*RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q2 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
651 Brookfield Pkwy	Woodruff/I-385	Ahold	A	25,720 SF
617 E. McBee Ave	Greenville CBD	Easlan	A	25,000 SF
30 Patewood Dr	Greenville CBD	Gordian Group	A	22,112 SF
33 Villa Dr	Greenville CBD	Concentry Renewal	A	15,000 SF
10 Patewood Dr	Greenville CBD	Auto Owners	A	9,425 SF
351 S. Main St	Greenville CBD	Edward, Church,& Muse	A	6,126 SF
33 Villa Dr	Greenville CBD	SCHD	A	5,000 SF
148 River St	Greenville CBD	Oobe	A	3,763 SF
37 Villa Dr		Amec	A	3,400 SF
SIGNIFICANT Q2 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Highwoods Portfilio	Pelham/I-385	Garrison	\$58 Million	690,000 SF
SIGNIFICANT Q2 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