

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q3 2014



ECONOMIC OVERVIEW

The Upstate office market continues to see activity from notable tenants and growing interest from outside investors due in large part to the growth of the automotive and healthcare industries. Year-to-date, vacancy and asking rents have improved over the same period one year ago. While overall absorption for the year remains negative we did see positive absorption in the third quarter. Landlords continue to increase asking rates and hold on to large blocks of space in both the CBD and suburbs. Landlords are maintaining large blocks of space in pursuit of tenants with large floor requirements. Unfortunately, large-block users are not in excess and will ultimately lead to the division of large spaces, which will be helpful for smaller tenants that have struggled to secure space.

SALES, ABSORPTION AND LEASING

In the third quarter, the office market continued to see speculative activity, but little in the way of lease executions. Highlights of the quarter included the announcement of three new office developments in the Central Business District (CBD). Erwin Penland announced a new 80,000-square foot (sf) office building adjacent to a new 700-space parking deck that will allow them to expand their operations. The Claussen Bakery redevelopment announced a 40,000-sf building that will include McMillan Pazdan Smith as the anchor tenant with 17,000 sf on the second floor. Additionally, Trammell Crow announced their intent to purchase the Greenville News site, and construct a mixed-use development that will include approximately 100,000 sf of office. The developments come in the wake of CertusBank's placement of 120,000 sf of sublease space on the market.

OUTLOOK

While leasing was slow in the third quarter there were positive signs in the market. In addition to new development announcements, two office assets were traded. The Jacobs building, a 210,000-sf class A asset, sold for \$27 million to The Simpson Organization from Atlanta. Green Gate Office Park, a 102,000-sf class B office park, sold for \$3.3 million to a group of regional investors.

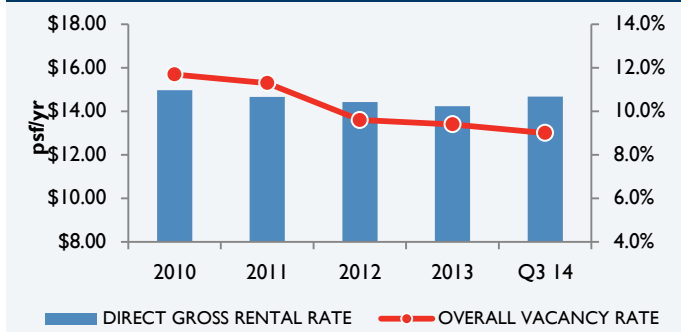
*Data has been revised after the release of market statistics

As job growth continues in our manufacturing and distribution industries the office market is benefiting. Healthcare is expanding as expected. As a result, we are seeing an increase in the number of finance, insurance and real estate companies looking to expand for the first time since pre-recession.

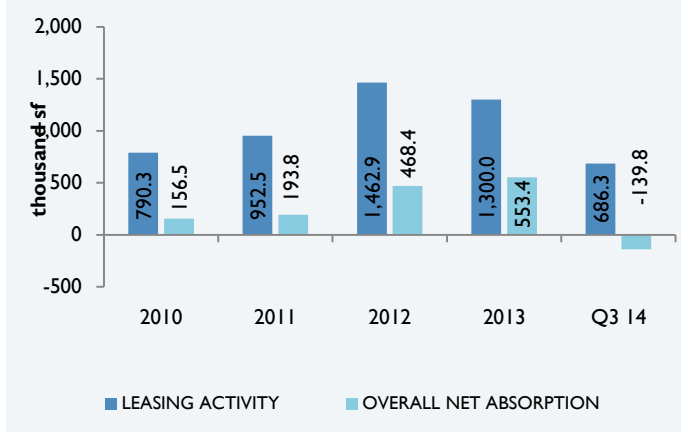
STATS ON THE GO

	Q3 2013	Q3 2014	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.4%	9.0%	-0.4 pp	▼
Direct Asking Rents (psf/yr)	\$14.24	\$14.68	3.1%	▲
YTD Leasing Activity (sf)	901,331	686,252	-23.9%	▲

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. NET ABSORPTION



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	2,240,114	4.2%	21,470	82,000	0	(5,299)	(5,299)	\$11.46	\$ 0.00
Greenville CBD	5,652,623	9.9%	277,768	14,000	40,000	(12,546)	(12,546)	\$18.78	\$21.42
Greenville Suburban	15,588,862	9.2%	336,309	6,000	91,500	(75,158)	(102,210)	\$14.52	\$18.77
Spartanburg	5,392,247	9.8%	50,705	0	7,925	(15,441)	(19,766)	\$12.05	\$20.21
TOTALS	28,873,846	9.0%	686,252	102,000	139,425	(108,444)	(139,821)	\$14.60	\$20.05

*RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q3 2014 LEASE TRANSACTIONS

	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
15 S. Main St	CBD	Wells Fargo (Renewal)	A	56,079 SF
75 Beattie Place	CBD	New Penn Financial	A	46,278 SF

SIGNIFICANT Q3 2014 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Brookfield Business Park	Woodruff/I-385	The Simpson Organization	\$27 Million	210,000 SF
Green Gate Office Park	Pelham/I-85	N/A	\$3.3 Million	102,000 SF

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SF
3030 E. Greenville St	Anderson	Unknown	Unknown	70,000 SF
2454 N. Pleasantburg Drive	Greenville	Unknown	Unknown	14,000 SF
2021 Cardinal Circle	Anderson	Unknown	Unknown	12,000 SF
Batesville Road	Woodruff/I-385	Unknown	Unknown	6,000 SF

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS

Cushman & Wakefield | Thalhimier
Wells Fargo Center
15 South Main St. Suite 925
Greenville, SC 29601
www.thalhimier.com

For more information, contact:
Brad McGetrick, Director of Brokerage Services
804 697 3558
brad.mcgetrick@thalhimier.com

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