

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q4 2014



ECONOMIC OVERVIEW

The economy continued its slow recovery in 2014. The number of office jobs in the Greenville market has now surpassed the number of office jobs in 2008 prior to the downturn. The unemployment rate for South Carolina in November increased to 6.7% after a low of 4.4% in April. Greenville County added 9,700 new jobs at the end of November bringing total employment to over 324,000. November also marked the third consecutive month of job increases greater than 1,000 in Greenville County.

SALES, ABSORPTION AND LEASING

While leasing activity was not as robust as the previous two years, the first half of 2014 reported announcements of new leases in the Greenville suburban market for 70,000 square feet (sf) by Esurance at 1200 Brookfield and Greenville Health System leased 43,000 sf in the Central Business District at 300 E. McBee Avenue. Key renewals in the market included Wells Fargo at 15 S. Main Street and Jacobs Engineering in the Brookfield Suburban Office Park. A new tenant to the market, New Penn, took 45,000 sf at 75 Beattie Place.

The market has also seen large blocks of space become available. Certus Bank announced this summer it would place 120,000 sf for sublease in its newly acquired corporate headquarters at 1 S. Main Street. Fluor vacated 86,000 sf at Patewood to consolidate at their main campus, adding large blocks of space in the suburban office market.

Building owners with more efficient floor plates benefited this year, as occupiers in the 3,000 to 10,000 sf range are more prevalent in the market than those requiring the normal 15,000 to 20,000 sf floor plates. This resulted in positive absorption for the year, although not equivalent to that of 2012 and 2013.

The capital markets remain strong as investors continue to seek multi-tenant and single-tenant buildings in the Greenville/Spartanburg suburbs like Brookfield and Patewood Office Parks. In the Greenville CBD, local investors acquired several smaller buildings that represent value-add opportunities. We see this as indicative of continued rent growth in the Greenville market at large.

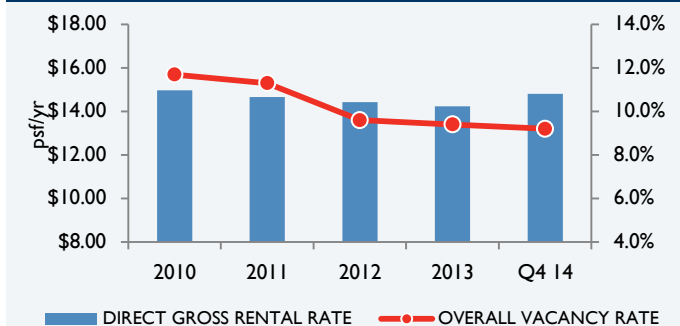
OUTLOOK

Trammell Crow is scheduled to close on The Greenville News site downtown in the first half of 2015. Their current plans are to rebuild the four acre site to include residential, hospitality, office and retail components. Earlier in 2014, Erwin Penland announced it would be the major tenant in a new 80,000 sf office building to be built at Spring Street and Chamber Street. Both developments are currently in planning and, if built, will include much-needed structured parking.

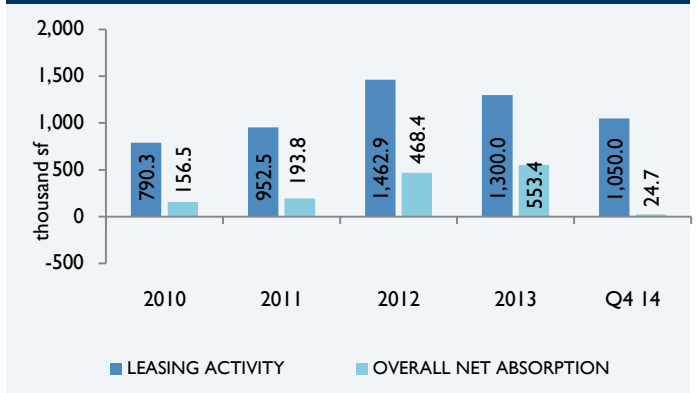
STATS ON THE GO

	Q4 2013	Q4 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.7%	9.2%	2.5pp	▲
Direct Asking Rents (psf/yr)	\$13.58	\$14.81	9.1%	▲
YTD Leasing Activity (sf)	946,424	1,049,814	10.9%	▲

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	2,250,362	6.5%	36,645	127,000	12,000	(9,299)	(9,299)	\$11.70	\$ 0.00
Greenville CBD	5,881,568	9.8%	421,243	44,000	49,100	20,806	20,819	\$19.31	\$23.37
Greenville Suburban	15,712,134	10.5%	527,497	23,300	75,400	13,041	11,693	\$14.67	\$18.96
Spartanburg	5,382,055	10.0%	64,429	0	7,925	4,466	1,476	\$12.29	\$22.00
TOTALS	29,226,119	9.2%	1,049,814	194,300	144,425	29,014	24,689	\$15.24	\$20.07

*RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
1200 Brookfield Parkway	Woodruff/I-385	Esurance	A	70,000 SF
15 S. Main St	CBD	Wells Fargo (Renewal)	A	56,079 SF
75 Beattie Place	CBD	New Penn Financial	A	46,278 SF
300 E. McBee	CBD	Greenville Health	A	43,000 SF
651 Brookfield	Woodruff/I-385	Ahold	A	25,720 SF
617 E. McBee	CBD	Park Sterling Bank	A	25,000 SF
30 Patewood	CBD	Gordian Group	A	22,112 SF
15 S. Main St	CBD	Jackson Lewis	A	12,000 SF
SIGNIFICANT 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Brookfield Business Park	Woodruff/I-385	The Simpson Organization	\$27,000,000/\$129	210,000 SF
Green Gate Office Park	Pelham/I-85	N/A	\$3,000,000 /\$32	102,000 SF
SIGNIFICANT 2014 PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SF
I Research Drive - ICAR	Woodruff/I-385	Clemson	Unknown	82,000 SF
3030 E. Greenville St	Anderson	Unknown	Unknown	70,000 SF
501 - 545 Verdae Blvd.	Woodruff/I-385	Unknown	January 2015	26,000 SF
I Legacy Park Road	Woodruff/I-385	Unknown	Unknown	20,301 SF

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS