

MARKETBEAT OFFICE SNAPSHOT

GREENVILLE/SPARTANBURG, SC

A Cushman & Wakefield Research Publication



ECONOMIC OVERVIEW

South Carolina's unemployment rate decreased significantly to 7.1% in November down from 7.5% in October. Steady job growth continued in the Greenville MSA as well with the unemployment rate dropping to 5.5% in

November. The Greenville/Spartanburg office market continues to show improvement in the fourth quarter, keeping pace with the third quarter in leasing as well as sales activity. Overall vacancy dropped to 7.0% in Q4 down from 8.0% in Q3.

ABSORPTION AND LEASING

Across the market leasing activity in Q4 remained positive as absorption was 180,218 square feet (sf). While there remain large blocks of contiguous space, landlords are hesitant to demise this space to accommodate smaller tenants. Asking rents continue to rise in the CBD, up to \$18.90 across all classes and averaging \$19.88 in class A buildings.

While the fourth quarter did not have the number of large leases announced in Q3, the number of transactions was still significant in number. Cushman & Wakefield | Thalhimers office group represented UBS in the renewal of 12,879 sf at 104 S Main Street, the renewal of JDRF at 37 Villa Road, and the new lease for Thalhimers at 15 S Main Street.

The year ended with a bang as Highwoods closed on the sale of an eight building portfolio totalling 690,000 sf. The transaction included the Patewood Business Park and two buildings in the Brookfield Office park owned by Highwoods. Cushman & Wakefield's Capital Markets team represented the seller in this transaction. The transaction closed in Q4 and concludes a year that saw three downtown towers change hands in Bank of America and the Liberty Towers. The sale of these eleven assets in 2013 accounted for more than 1.3 million sf of class A and B office space in the GSP market.

NEW DEVELOPMENT

The Beach Company announced up to 16,500 sf of new office product in the new South Ridge mixed use development, which will be located at University Ridge and Church Street. CU-ICAR announced design work has started for a 75,000 sf building that will include 53,000 sf of office and 22,000 sf of research space. Hughes Development also announced the development of a 125-key Aloft hotel, and 35,000-45,000 sf of new retail and office space that will be

adjacent to 101 North Main and the new One Project Building in downtown Greenville.

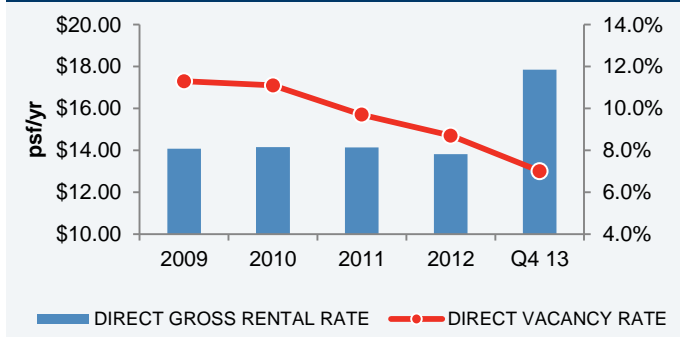
OUTLOOK

In 2012 South Carolina attracted \$2.88 billion in new capital investment which led to a number of new jobs across the manufacturing and service industry in 2013. Asking rents in class A offices are on the rise in both the CBD and suburbs as tenants continue to look for higher quality space. 2014 should bring more downtown office development supported by a continuing increase in rents both in downtown and the suburbs.

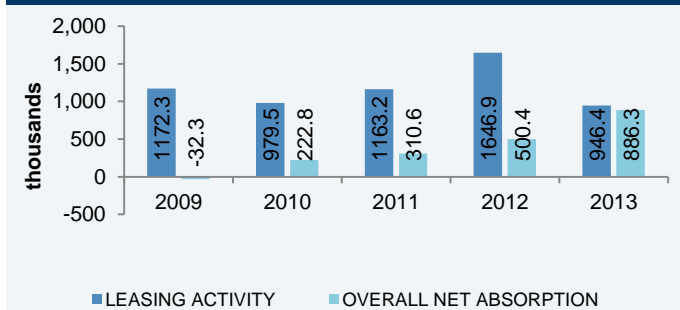
STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.7%	7.0%	0.9pp	▼
Direct Asking Rents (psf/yr)	\$13.82	\$17.85	-3.8%	▲
YTD Leasing Activity (sf)	910,314	946,424	16.2%	▲

DIRECT RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION



MARKET HIGHLIGHTS

SIGNIFICANT 2013 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
55 Beattie Place	Greenville CBD	Resurgent	A	100,000
400 Brookfield	Woodruff Rd/I-385	Athene	B	52,000
50 International Drive	Pelham Rd / I-85	Ogletree Deakins	A	40,000
1200 Brookfield	Woodruff Rd/I-385	St. Francis	A	35,000
22 S Main St	Greenville CBD	BMW	B	10,000
400 Executive Center Dr	Pelham Rd / I-85	AMEC	B	33,000
SIGNIFICANT 2013 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Highwoods Portfolio	Pelham Rd/I-85 and Woodruff Rd/I-385	N/A	N/A	690,000
55 & 75 Beattie Place	Greenville CBD	Highbrook Investment Group	\$38,000,000 / \$87	437,000
101 N Main St	Greenville CBD	Hughes Development Corp	\$9,800,000 / \$51.50	191,600
SIGNIFICANT 2013 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
I N Main & 2 W Washington (Project One)	Greenville CBD	Certus Bank	Q4 2013	400,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
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