

MARKETBEAT

Greenville, SC

Office Q1 2018



THALHIMER

GREENVILLE, SC OFFICE

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Greenville Employment	414k	422k	▲
Greenville Unemployment	4.0%	4.0%	■
U.S. Unemployment	4.7%	4.1%	▼

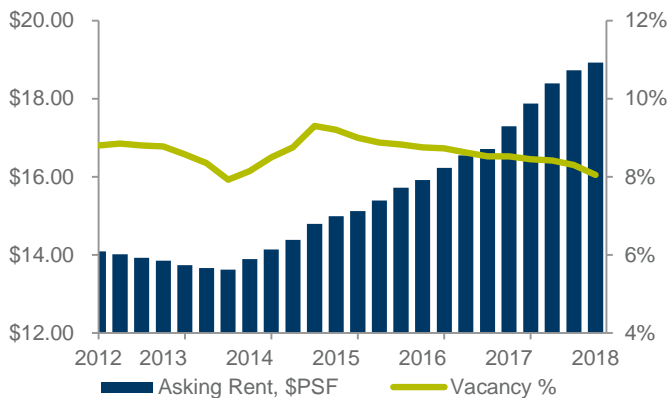
Market Indicators (Overall, All Classes)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	8.9%	7.9%	▼
Net Absorption (sf)	202k	64k	▼
Under Construction (sf)	104k	143k	▲
Average Asking Rent	\$17.36	\$19.39	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Economy

The U.S. Economy has been on a hiring binge through Q1 2018 adding over 200,000 jobs each month totaling almost 750,000 since the start of the year. Locally, Greenville Spartanburg has added almost 13,000 new jobs since the start of 2017. There are some headwinds going forward as interest rates have risen since Q4 2017, the stock market has become more volatile and the new tariffs on imports may lead to an increase in the cost of goods made overseas or new tariffs on U.S. made goods. Overall, the local and national economies are strong and should remain steady during 2018.

Market Overview

The Greenville office market has continued to experience an increase of available office space in both the suburban and CBD markets as over 1.5 million square feet (sf) is coming to the market this year. South State Bank and Park Sterling Bank's merger demonstrates the ongoing trend of bank consolidation. Engineering firms are also consolidating leading to combining of locations placing more space on the market. Mortgage companies are expanding as seen by Prime Lending moving into the recently renovated Park 37.

Landlords are holding firm on their asking rents but are also increasing their concessions and tenant improvement allowances. Tenants are demanding more on-site amenities such as fitness centers and cafeterias, looking at ways to reduce costs, and are decreasing the amount of space per worker needed.

Outlook

With a large amount of office space available in both the suburban and CBD markets, landlords will continue to be aggressive in their leasing strategies to attract and retain tenants. Assuming other market conditions stay constant, rental rates are expected to decrease as more large block availabilities come online.

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