

# MARKETBEAT OFFICE SNAPSHOT

## GREENVILLE/ SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q2 2015



### ECONOMIC OVERVIEW

The office market continues to expand, albeit at a slower pace than what had been expected. The Upstate sustains a low unemployment rate with increasing demands on the labor pool to fill both blue and white collar jobs. We expect steady job growth for the balance of the year. One aspect of job growth has been the interest in incubator space which was initially made popular through NEXT. We have seen many of these users locate out of NEXT and take their own space in the market. We have also seen NEXT grow to require another building in the downtown area.

### ABSORPTION AND LEASING

During the second quarter leasing activity was mostly a result of smaller tenants relocating and/or expanding. Downtown rental rates continued to be in the low to mid \$20's per square foot (psf) with landlords, in many cases, achieving these rents through concessions on tenant improvements and free rent. Rental rates in the suburban markets continue to be \$3.00 psf to \$5.00 psf lower and are also seeing some concessions to push up the rental rates.

The Downtown market will report negative absorption once Certus Bank winds down operations and moves out of 160,000 square feet (sf) of space. This, coupled with the potential for a significant amount of space at the Camperdown project and the new Erwin Penland building, will provide downtown with the equivalent of several years of net absorption available. And all of this space is going for rental rates north of \$26.00 psf.

The suburbs only have one new building available: the CU-ICAR 80,000-sf building coming on line of which 20,000 sf will be available. Many of the suburban buildings are relatively fully occupied with the exception of Patewood which offers significant blocks of available space due to Fluor's contraction back to its main campus.

### OUTLOOK

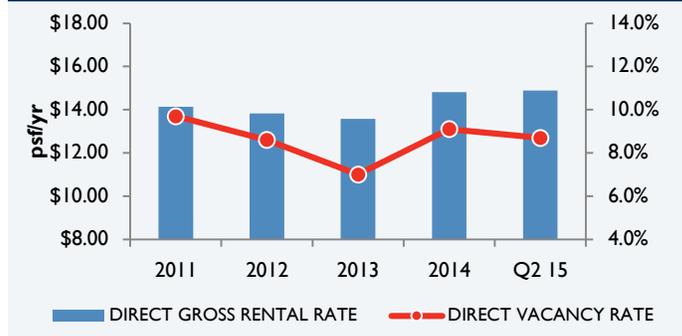
Many of the downtown, and some suburban, office properties appear to be repositioning and restructuring their facilities and rent rolls to be more attractive for potential sales. The Upstate has been discovered

by many investors that previously were only interested in the primary and second tier cities. This has improved interest for acquisitions in the market and should continue to do so. With a relatively large amount of available space in our market we have the ability to attract larger corporate tenants from out of market as well.

### STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.4%	8.9%	-0.5 pp	▼
Direct Asking Rents (psf/yr)	\$14.68	\$14.89	1.4%	▲
YTD Leasing Activity (sf)	616,240	255,352	-58.6%	▼

### DIRECT RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. NET ABSORPTION

