

GREENVILLE OFFICE

Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
Greenville Employment	411k	415k	▲
Greenville Unemployment	4.1%	3.5%	■
U.S. Unemployment	4.9%	4.4%	▼

Economy

Third quarter 2017 reported more overall positive news for the U.S. and local economies. Employment in Greenville continued to grow and the unemployment rate has leveled off as the market appeared to be at full employment. Nationally, the U.S. showed a loss of jobs in September primarily based on the two hurricanes that hit Texas and Florida. It is expected the employment gains will pick back up in Q4 and interest rates will remain low, although the Federal Government may raise the primary rate at the December meeting.

Market Indicators (Overall, All Classes)

	Q3 16	Q3 17	12-Month Forecast
Vacancy	8.1%	8.3%	▲
Net Absorption (sf)*	388k	257k	▼
Under Construction (sf)	346k	352k	▲
Average Asking Rent*	\$16.97	\$19.04	▲

*Absorption is year-to-date. Rental rates reflect gross asking \$psf/year

Market Overview

Verizon Wireless signed a 192,884-square-foot (sf) lease at 701 Brookfield Parkway. The 125,000-sf Camperdown building broke ground with expected delivery in 2019. Proposals are out for a 100,000-sf building adjacent to the current AGFA building and the potential of several hundred thousand sf of space developed at the University Ridge site. A 140,000-sf mixed-use project, once occupied by BB&T near the Heritage Green cultural complex, is also in the planning stages with ground breaking expected in spring 2018.

Overall Asking Rent/Overall Vacancy 4-QTR TRAILING AVERAGE



The vacancy rate ticked up just slightly, however, the asking rental rate increased by 12% over the past year. The bankruptcy of Wynit will place Class A space in the One project back on the market. Since vacancy was very tight in the CBD for Class A space, this additional space may be a net positive for the community to help attract new office users downtown. In the suburbs, the disposition of the Fluor campus will put a large block of vacancy on the market in 2018. The buyer of the campus will have an opportunity to renovate and re-tenant the park and perhaps bring some new users to that part of the suburban market.

Outlook

Users such as law firms, financial institutions and engineering firms are active in the market for space and it is forecasted that this trend will continue into 2018. The emergence of more collaborative work environments and the overall shrinking of employee per sf workplaces will keep pressure on landlords to build amenities in their buildings or business parks. Additional new announcements are expected for new tenants coming to market in 2018 to support the growing regional economy.

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