

Office Snapshot Q4 2015

Greenville

GREENVILLE OFFICE

Economic Indicators

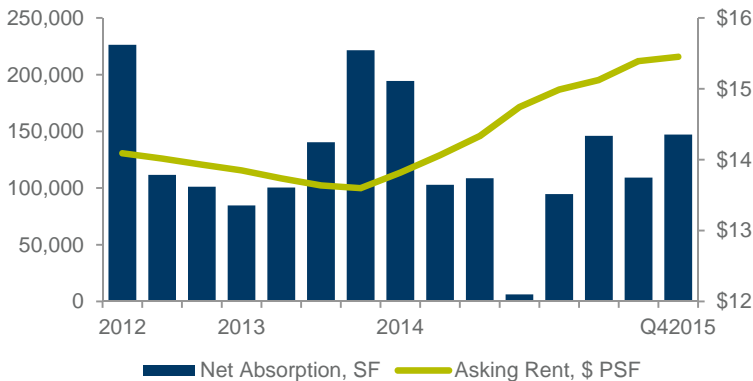
	Q4 14	Q4 15	12-Month Forecast
Greenville Employment	392k	403k	▲
Greenville Unemployment	5.6%	5.4%	▼
U.S. Unemployment	5.7%	5.0%	▼

Market Indicators (Overall, All Classes)

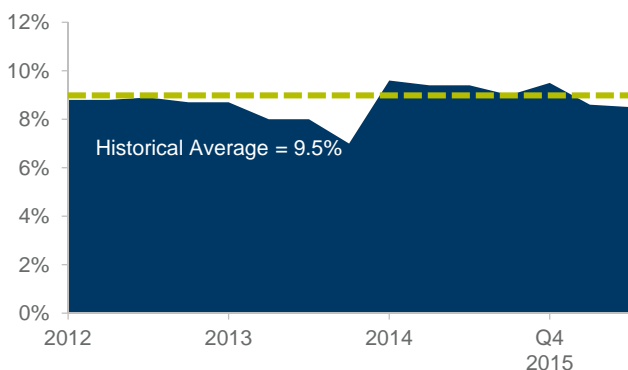
	2014	2015	12-Month Forecast
Overall Vacancy	12.6%	9.0%	▲
Net Absorption	-96k	422K	▲
Under Construction	197k	337K	▲
Overall Average Asking Rent	\$16.00	\$15.49	▲

Overall Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The U.S. economy is healthy and the GDP growth rate will remain within the 2-3% ideal range. Unemployment continues to improve in Greenville and declined to 5.4%. The biggest shift heading into 2016 is the increase in oil production leading to lowered cost of transportation, food and raw materials for business. This increase will raise profit margins and give consumers more disposable income to spend.

Market Overview

During the fourth quarter, Greenville's office market continued to improve ending 2015 with record-high rental rates and stable vacancy. Office rents in the U.S. escalated their increases to 4.9% on a year-over-year basis and local rents in both the suburban and downtown market followed suit. Downtown class A asking rates are in the low \$20s per square foot (psf) for existing space and climbing to the upper \$20's psf for new space set to be delivered in 2016 and beyond.

Downtown office development is keeping pace with the numerous hotel and multifamily projects. Erwin Penland 360 building is under construction as is the Falls Park Place mixed-use development that will include 12,000 square feet (sf) of office. Camperdown project is due to break ground on a 28,000-sf building in February that will be anchored by The Greenville News. WYNIT distribution announced plans to relocate its headquarters to the ONE development in the Central Business District. The company plans to occupy approximately 57,000 sf vacated by CertusBank.

Suburban construction activity includes the 82,000-sf One Research Drive at CUICAR nearing completion with just 40,000 sf available. JTEKT recently announced that it will relocate its North American headquarters to the building in the first quarter of 2016. A 70,000-sf build-to-suit for CH2M is under construction in Verdae by Holder Properties.

Outlook

Company expansions are creating a greater demand for large blocks of contiguous class A space. Some tenants are choosing to upgrade their space from class B to class A. With lower vacancy rates and escalating rental rates, landlords are taking advantage of the strong demand and several CBD towers are on the market for sale or anticipated to come to market including Liberty Towers, Bank of America, Wells Fargo and SunTrust.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	UNDER CNSTR	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Anderson	158	2,279,665	223	101,013	4.4%	47,337	88,190	5,000	\$10.95	N/A
Greenville CBD	172	6,197,644	4,862	666,049	9.7%	(110,473)	52,090	197,500	\$22.94	\$25.83
Greenville Suburban	700	15,995,771	9,473	1,354,290	10.3%	59,085	255,411	122,000	\$18.88	\$22.19
Spartanburg CBD	87	2,085,467	0	167,314	10.0%	1,600	8,523	12,000	\$18.96	\$21.17
Spartanburg Suburban	228	3,450,346	4,325	402,212	10.5%	12,484	18,126	0	\$11.10	\$19.27
GREENVILLE TOTALS	1,345	30,008,893	18,883	2,690,878	9.0%	-10,033	422,340	336,500	\$16.57	\$22.12

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	69	6,520,932	0	751,692	10.5%	(27,441)	93,485	267,000	\$22.31	\$22.36
Class B	753	17,639,361	9,841	1,563,158	9.3%	107	254,171	69,500	\$13.78	\$13.89
Class C	523	5,848,600	9,042	376,028	6.6%	17,301	74,684	0	\$11.18	\$11.13

Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
ONE Greenville – 1 North Main Street	57,000	Wynit	Lease	Greenville CBD
Pate wood III	46,118	Real Page, Inc.	Lease	Pelham Road
Gannett	21,000	Gannett	Lease	Greenville CBD
ONE Greenville – Phase II – 2 West Washington	15,000	Ernst & Young LLP	Lease	Greenville CBD
Erwin Penland 360	14,000	Cherry Bekaert	Lease	Greenville CBD
201 Brookfield	12,800	eRad	Lease	Greenville CBD
One Liberty Square	6,919	Armanda Analytics, Inc.	Lease	Greenville CBD

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