

GREENVILLE OFFICE

Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
Greenville Employment	411k	416k	▲
Greenville Unemployment	4.0%	3.5%	▼
U.S. Unemployment	4.6%	4.1%	▼

Market Indicators (Overall, All Classes)

	Q4 16	Q4 17	12-Month Forecast
Vacancy	8.6%	7.8%	▼
Net Absorption (sf)	-67k	-227k	▲
Under Construction (sf)	221k	30k	▼
Average Asking Rent	\$17.20	\$18.54	▲

*Rental rates reflect gross asking \$psf/year

Overall Asking Rent/Overall Vacancy 4-QTR TRAILING AVERAGE



Economy

2017 saw strong asset price escalation as the Dow Jones Industrial Average was up 25%, the S&P 500 was up 19%, and real estate continued to see higher returns with rising rents and falling cap rates. Greenville/Spartanburg mirrored the national economy for job growth, declining unemployment, and rising rental rates as well as lower cap rates. The market is expected to further expand and create solid returns for investors. The tax reform will likely have a positive impact on corporations and occupiers in the long-term.

Market Overview

The Greenville suburban market had the biggest change in occupancy with 250,000 square feet (sf) of office space going back on the market once the Fluor Quad campus sale closed. Patewood, Park 37, and Harbinger are all under new ownership and are undergoing renovation along with Independence Corporate Park. Thus, suburban asking rates should stay solid or even become more competitive as the new, upgraded availabilities come to the market. Along with making general improvements, new amenities are being added to the buildings and there is additional acreage available for build-to-suit. The largest suburban lease was Day & Zimmerman taking 43,000 sf in Patewood V, while the largest sale transaction was the 14,000-sf building at 112 Haywood trading hands for \$2.9 million or \$206 per square foot (psf). With engineering firms consolidating and moving, there will be even more suburban availability in 2018.

In the CBD, the 159,000-sf Wells Fargo building is 11,000 sf short of full occupancy. JR Automation took 11,000 sf at 22 S Main. The site of the former Greenville Memorial Auditorium was sold for \$3.0 million to a hotelier with plans to develop a mixed-use project on the 1.83-acre parcel. Asking rates in the CBD are holding because of available amenities, restaurants, and events bringing more tenants downtown.

Outlook

There is good office availability in both suburban areas and the CBD. Rental rates are expected to stay elevated in the CBD, but soften in the suburban market. Renovations and additions of amenities will allow for overall fundamentals to remain strong.

About Cushman & Wakefield

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