



GREENVILLE / SPARTANBURG
3Q17 OFFICE MARKET

GREENVILLE'S CBD SEES
23.7% INCREASE IN AVERAGE
RENTS OVER FIVE YEAR
PERIOD

The Greenville/Spartanburg office market ended the third quarter of 2017 with a vacancy rate of 7.4%, down from 7.9% in the previous quarter. Greenville's desirable Central Business District continues to tighten and achieve premium rents compared with other submarkets. This quarter, rents in the CBD reached \$23.53/SF, representing a 23.7% increase in five years.

Desire to be near Downtown Greenville's vast array of retailers, restaurants and attractions has led to a shortage of large blocks of space and much higher asking rates. Further, when large blocks of space come on the market, they lease quickly.

The first building in the Camperdown Project, a large, mixed-use development project at East Broad and Main streets, was fully leased ahead of its delivery in February of this year. The Greenville News currently occupies the entire 28,000-square-foot building.

The Camperdown project is a prime example of the live-work-play concept that has been trending in larger cities across the U.S. With an estimated completion date of second-quarter 2019, the development will feature approximately 150,000 square feet of total office space, along with a 140-room hotel, 217-room apartment development, approximately 80,000 square feet of retail space and 18 condominiums.

Although Downtown Greenville remains number one in terms of vacancy and average rental rates, some companies are choosing to locate elsewhere in the metro. For example, Verizon Wireless has just renewed its lease at 701 Brookfield Parkway in the Woodruff/I-385 Corridor submarket.

Across the Greenville market, seven buildings totaling 487,333 square feet are currently under construction. The Woodruff/I-385 Corridor submarket, where average rents currently come in at a more affordable \$17.20/SF, accounts for 205,000 square feet, or 42.0%, of the space coming to market.

The largest lease signings occurring thus far in 2017 included:

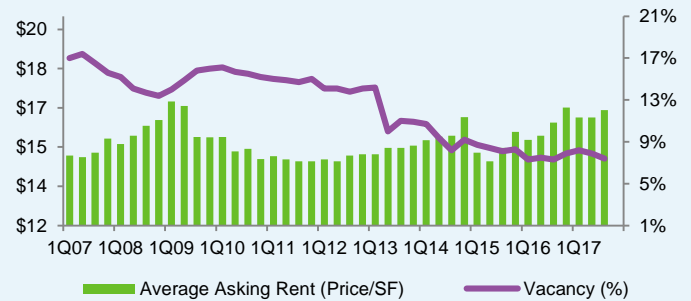
- The 192,884-square-foot renewal at 701 Brookfield Parkway by Verizon Wireless
- The 205,738-square-foot renewal at 141 Southchase Boulevard by Tower International

Current Conditions

- Vacancy rate down to 7.4%
- Class A vacancy: 8.8% - \$22.80/SF
- Class B vacancy: 7.9% - \$15.28/SF
- Class C vacancy: 5.6% - \$12.49/SF
- 487,333 SF in seven buildings currently under construction

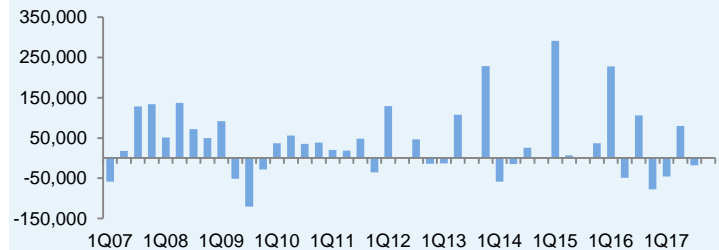
Market Analysis

Asking Rent and Vacancy



Net Absorption

Square Feet, Millions



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	38.1MSF	38.1MSF	37.8MSF	↑
Vacancy Rate	7.4%	7.9%	7.3%	↓
Quarterly Net Absorption	-17,879	80,090	131,756	↑
Average Asking Rent	\$16.23	\$16.13	\$15.94	↑



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Submarket Statistics

	Total Inventory (SF)	Total Vacancy Rate	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Greenville County	25,458,749	8.3%	11.2%	-14,983	256,564	\$17.56	\$19.11	\$17.54
Greenville CBD	4,547,910	10.1%	15.3%	6,834	177,668	\$24.02	\$21.64	\$23.53
Spartanburg County	6,964,060	7.0%	11.8%	-5,541	-8,172	\$12.18	\$19.36	\$12.04
Spartanburg CBD	2,196,972	6.1%	8.5%	1,226	1,573	\$15.77	\$19.36	\$14.77
Market	38,078,062	7.4%	10.5%	-17,879	263,121	\$16.21	\$19.14	\$16.41

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Tower International	141 Southchase Blvd.	I-386/Simpsonville	Renewal	205,738
Verizon Wireless	701 Brookfield Pky.	Woodruff/I-385 Corridor	Renewal	192,884
Jervey Eye Group	Marue Dr.	West Side Greenville	Move-in	30,000

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
301 College St.	Greenville CBD	\$10,000,000	\$85.47	117,000
120 Dillon Dr.	East Side Spartanburg	\$4,040,000	\$217.20	18,600
110 E Court St.	Greenville CBD	\$3,398,121	\$319.82	125,000



**SOUTH CAROLINA
3Q17 LABOR STATISTICS**

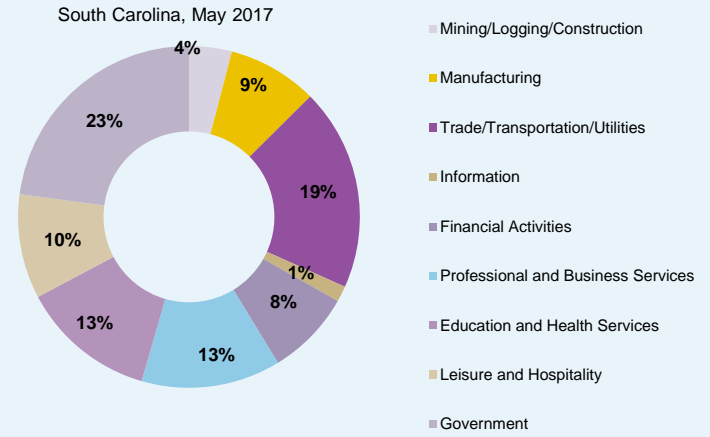
ECONOMIC CONDITIONS

Unemployment in South Carolina has reached an all-time low of 3.9% as of May 2017. The national average for unemployment is currently at 4.3%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

South Carolina was ranked fourth for business in Chief Executive's 13th annual Best and Worst States for Business survey, an advancement of three spots from last year and its highest position yet. Additionally, South Carolina was ranked third for manufacturing and fifth for technology. The rankings, which capture current CEO perceptions of South Carolina's business climate, are considered a good gauge of the state's ability to attract and retain business investment.

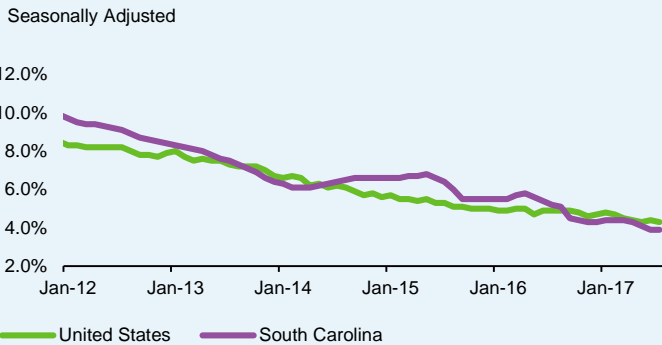
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston. These projects represent the creation of more than 2,300 new jobs and nearly \$1.0 billion in capital investment.

Employment By Industry



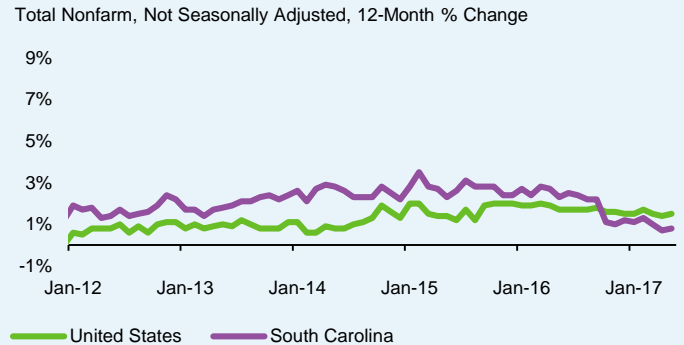
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



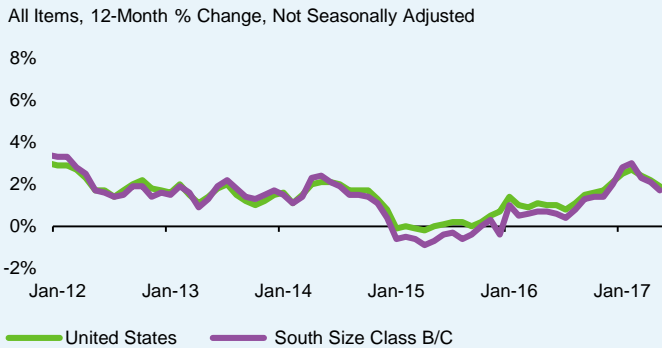
Source: U.S. Bureau of Labor Statistics

Payroll Employment



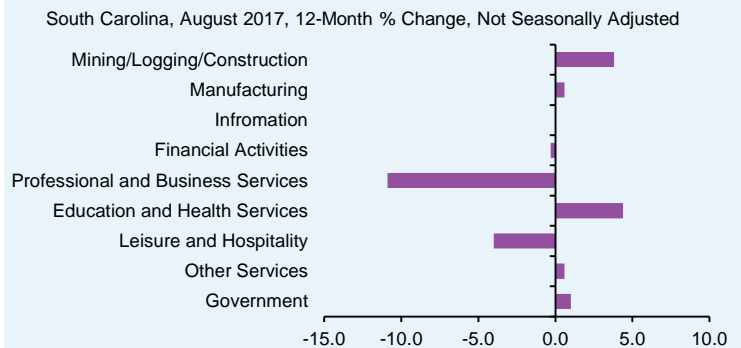
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics



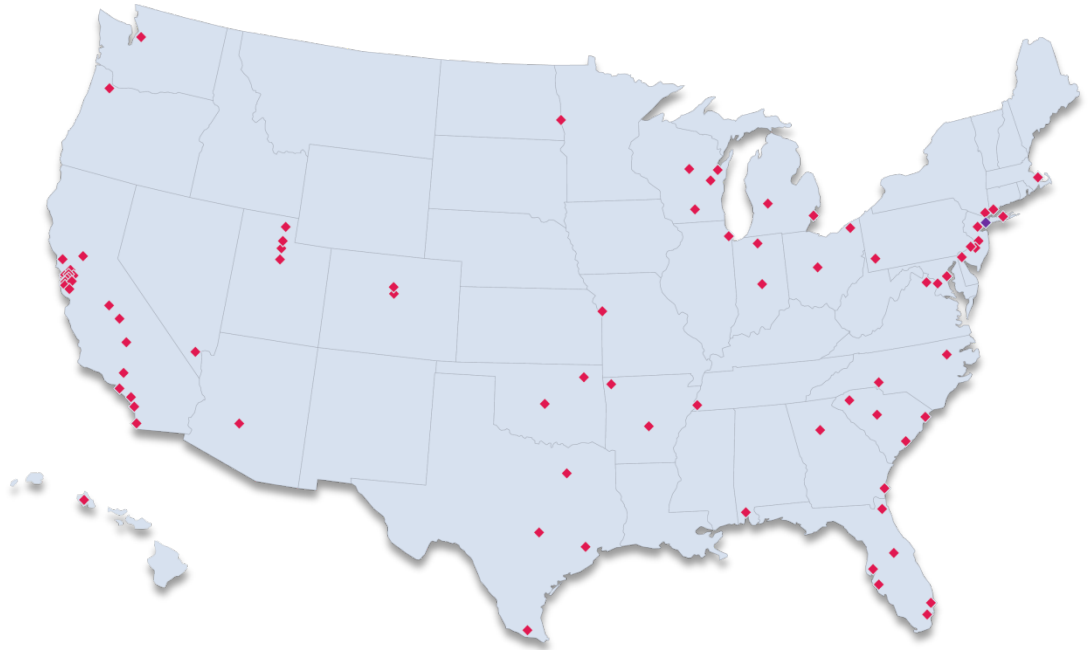
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