

GREENVILLE / SPARTANBURG
1Q18 OFFICE MARKET

RENTS UP NEARLY 25% IN
GREENVILLE'S CBD OVER
FIVE YEAR PERIOD

The Greenville/Spartanburg office market ended the first quarter of 2018 with a vacancy rate of 9.8%, down from 10.7% one year ago. Greenville's desirable Central Business District continues to tighten and achieve premium rents compared with other submarkets. This quarter, rents in the CBD reached \$23.86/SF, representing a nearly 25.0% increase in just five years.

The 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.

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.

Verdae is another mixed-use commercial project currently underway on nearly 70 acres at Henderson and Laurens roads. The project is part of a \$100.0 million redevelopment that was first announced in 2014 and will include office, retail and residential space as well as a new park and trails connecting to the Greenville Health Systems Swamp Rabbit Trail.

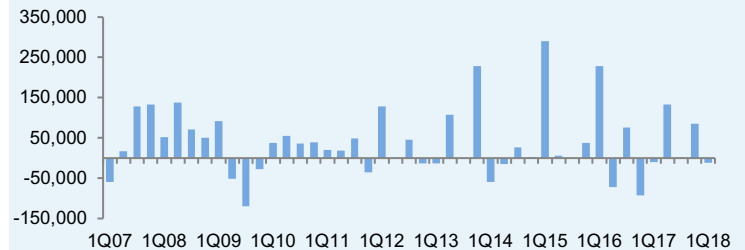
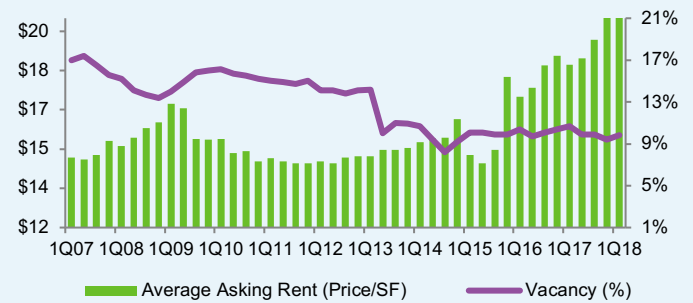
Redevelopment and mixed-use projects are popular across all of South Carolina's major office markets, including Spartanburg. The Aug Smith on Main Development at 174 East Main Street in Spartanburg is a newly constructed, \$8 million project that is bringing life to a nearly 100 year-old-building. Spartanburg Methodist College has already committed to the site.

Across the Greenville/Spartanburg market, seven buildings totaling 151,057 square feet are currently under construction. The West Greenville submarket, where average rents currently come in at a more affordable \$18.00/SF, accounts for 84,157 square feet, or 55.7%, of the space coming to market.

Current Conditions

- Vacancy rate down to 9.8% from 10.7% one year ago
- Class A vacancy: 11.1% - \$23.82/SF
- Class B vacancy: 9.8% - \$18.74/SF
- Class C vacancy: 6.6% - \$18.76/SF

Market Analysis



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	18.9MSF	18.9MSF	18.9MSF	↔
Vacancy Rate	9.8%	9.4%	10.7%	↓
Quarterly Net Absorption	-12,194	85,479	9,818	↑
Average Asking Rent	\$21.15	\$20.71	\$18.29	↑

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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	15,593,310	10.3%	13.2%	-38,923	-38,923	\$21.81	\$16.56	\$21.21
Greenville CBD	3,974,446	8.4%	12.8%	41,044	41,044	\$25.86	\$18.55	\$25.86
Spartanburg County	3,358,091	7.6%	9.3%	-31,190	-31,190	\$18.58	\$19.36	\$18.89
Spartanburg CBD	1,382,793	10.3%	11.0%	-37,478	-37,478	\$14.74	\$19.36	\$18.35
Market	18,951,401	9.8%	12.5%	-70,113	-70,113	\$21.75	\$16.83	\$21.15

Lease/User Transactions				
Tenant	Building	Submarket	Type	Square Feet
	1430 John B White Sr Blvd.	West Side	Move-In	14,500
	401 Brookfield Pky.	Woodruff/I-385 Corridor	Move-In	8,435
	101 N Pine St.	Spartanburg CBD	Move-In	5,810

Select Sales Transactions				
Building	Submarket	Sale Price	Price/SF	Square Feet
340 Rocky Slope Rd.	Woodruff/I-385 Corridor	\$4,600,000	\$225.92	20,361

**SOUTH CAROLINA
1Q18 LABOR STATISTICS**

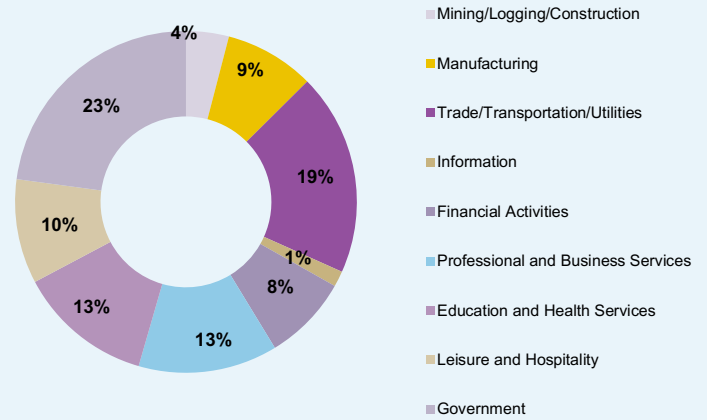
ECONOMIC CONDITIONS

Unemployment in South Carolina has risen from 3.9% in August 2017 to 4.3% in January 2018. The national average for unemployment has held steady at 4.1%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

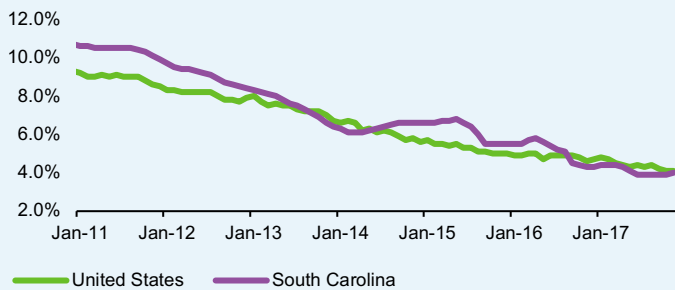
South Carolina was named 2017 State of the Year by Business Facilities magazine. The magazine, which has targeted corporate site selectors and economic development professionals for more than 50 years, cited Samsung's new, \$380.0 million home appliance plant in Newberry County along with BMW's and Volvo's expansions, which have catapulted South Carolina to one of the top places to do business in the country.

South Carolina brought in 157 economic development projects and \$5.2 billion in capital investment in 2017. This was also the state's eighth consecutive year of record-setting total export sales. Vehicle exports dominated at \$11.0 billion, followed by aircraft at \$6.0 billion and machinery at nearly \$4.0 billion.

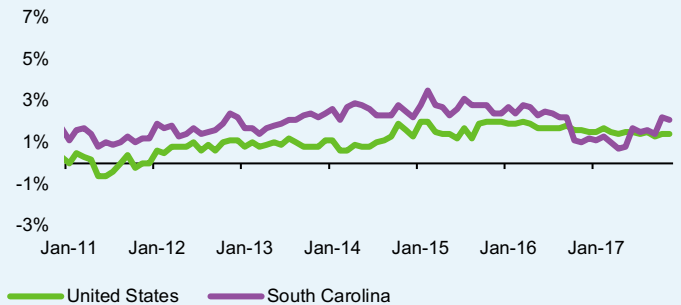
Employment By Industry



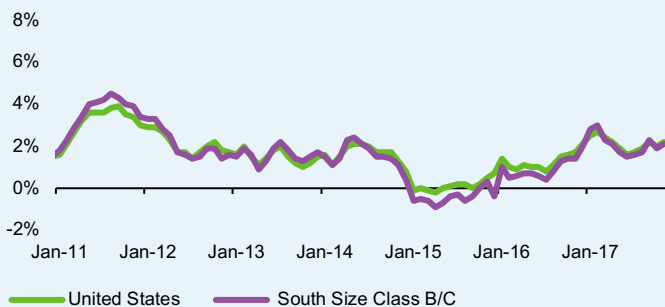
Unemployment Rate



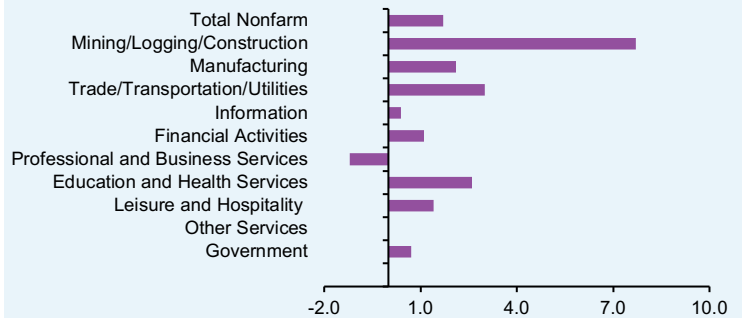
Payroll Employment



Consumer Price Index (CPI)



Employment Growth by Industry



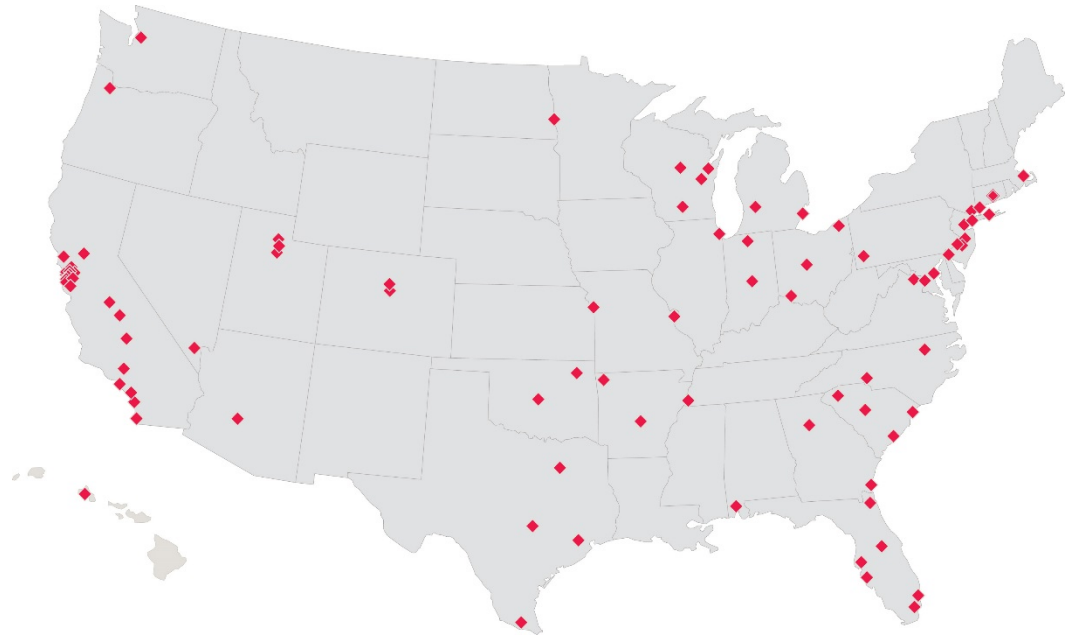
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