



GREENVILLE, SOUTH CAROLINA

RESEARCH & FORECAST REPORT



Vacancy Rates Decline as the Market Sees Improvement

MARKET OVERVIEW

The Greenville, South Carolina office market witnessed an increase in leasing activity in 2012 resulting in a third quarter direct vacancy rate of 13.93%, 427 basis points lower than a year ago. With the market absorbing 180,626 square feet since year-end 2011 and increased construction activity, continued growth is expected through the rest of the year and into 2013.

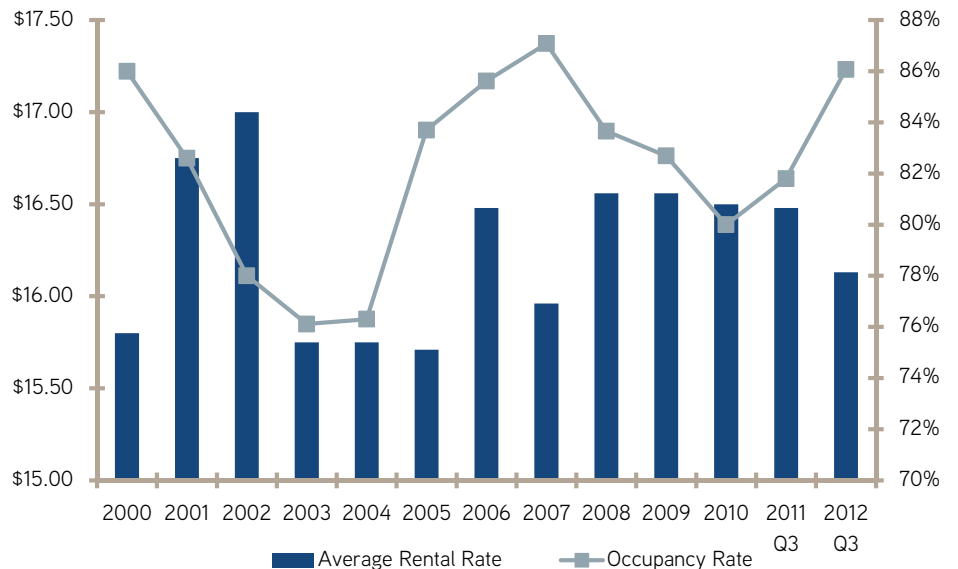
MARKET INDICATORS

	Q3 2012	Forecast
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	—	—
RENTAL RATE	—	↑

CURRENT CONDITIONS

CENTRAL BUSINESS DISTRICT SUBMARKET

The Central Business District (CBD) submarket ended the third quarter with a direct vacancy rate of 9.87%. Class A office space is becoming limited having a direct vacancy rate of just 5.99%. Class B and C third quarter vacancy rates were 15.40% and 16.70%, respectively. With Class A space becoming less available, the “flight to quality” trends of the past several years are waning. This should provide owners of higher quality Class B properties opportunity in the



	Buildings	Inventory	Direct Vacant	Direct Vacancy Rate	Sublease	Total Vacant	Q3 Absorption	Average Asking Rate
CBD								
A	20	1,871,715	112,043	5.99%	14,892	126,935	101,697	\$18.69
B	14	1,084,658	167,074	15.40%	18,059	185,133	26,501	\$17.58
C	6	187,306	31,285	16.70%	3,200	34,485	(274)	\$14.35
Total	40	3,143,679	310,402	9.87%	36,151	346,553	127,924	\$17.66

SUBURBAN MARKET								
A	29	2,245,798	341,745	15.22%	8,664	350,409	(1,227)	\$17.00
B	23	2,289,847	416,978	18.21%	42,457	459,435	31,706	\$14.26
C	9	557,360	77,977	13.99%	-	77,977	26,279	\$13.08
Total	61	5,093,005	836,700	16.43%	51,121	887,821	56,758	\$15.48

MARKET TOTALS								
A	49	4,117,513	453,788	11.02%	23,556	477,344	100,470	\$17.42
B	37	3,374,505	584,052	17.31%	60,516	644,568	58,207	\$15.25
C	15	744,666	109,262	14.67%	3,200	112,462	26,005	\$13.45
Total	101	8,236,684	1,147,102	13.93%	87,272	1,234,374	184,682	\$16.13

coming year. Less desirable Class B and Class C properties will continue to struggle unless owners are willing to dedicate the necessary resources to improve those properties.

Recent lease transactions in the CBD include an 18,000 square foot lease signed by Sempura U.S. Gas & Power at 201 Riverplace. Also, Windstream Communications signed a 40,000 square foot lease in the Landmark Building located at 301 North Main Street.

Construction continues on Phases I and II of ONE, a 395,000 SF Class A mixed use project which will bring a unique office and retail experience to the CBD. Containing nearly 50,000 square feet of retail space, the building will be home to national retailer Anthropologie and provide a new retail branch and headquarters for Certus Bank. Phase I is nearing completion and Phase II has a completion date of late 2013. While the delivery of ONE will improve the overall CBD submarket, some office buildings will be adversely affected in the process as tenant relocation to ONE leaves vacancies in other buildings.

SUBURBAN SUBMARKETS

The suburban submarkets saw steady activity in 2012 with the third quarter coming to a close at a direct vacancy rate of 16.43%, 0.82% lower than the year-end 2011 vacancy rate. As office space becomes scarce in the CBD, certain tenants will begin looking for space in the suburban submarkets leading to a decrease in vacancy rates. The third quarter Class A suburban direct vacancy rate was 15.22%, more than double that of the CBD submarket.

IN THE MONTHS AHEAD

The remaining quarter of 2012 and beginning of 2013 are expected to bring continued improvements with decreased vacancy rates and positive absorption. Rental rates are anticipated to increase in 2013 as space becomes limited. Although the outlook for the Greenville office market appears to be optimistic, tenants and businesses will act cautiously until there is a clearer vision of the future economy.

522 offices in 62 countries on 6 continents

- \$1.8 billion in annual revenue
- 1.25 billion square feet under management
- Over 125,300 professionals
- 73,972 Lease/Sale Transactions
- \$59.6 Billion Total Transaction Value

FOR MORE INFORMATION:

Bob Shaw, SIOR
Principal | Greenville
201 E. McBee Street
Suite 201
Greenville, South Carolina 29603
TEL +1 864 297 4950
FAX +1 864 527 5444

Liz H. McCary,
Director of Marketing & Research
South Carolina
1301 Gervais Street
Suite 600
Columbia, South Carolina 29201
TEL +1 803 401 4269
FAX +1 803 401 4269

This market report is a research document of Colliers International. Information herein has been deemed reliable and no representation is made as to the accuracy thereof. Colliers International South Carolina, Inc., and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 522 offices throughout more than 62 countries worldwide.



Accelerating success.