



GREENVILLE, SOUTH CAROLINA

RESEARCH & FORECAST REPORT



Greenville Office Market Conditions Remain Steady in 2012

MARKET OVERVIEW

The Greenville, SC office market ended 2012 with a total vacancy rate of 17.18%, the same vacancy rate it was a year ago. Leasing activity remained steady throughout the year keeping overall vacancy rates stable in the 16% to 18% range in 2012. The total vacancy rate increased 105 basis points in the fourth quarter from the third quarter vacancy rate of 16.13%. Much of the increase in vacancy can be attributed to the negative net absorption in CBD Class A office space. The average market rental rate at year-end 2012 showed a 2.3% increase from the third quarter but was just eight cents higher than year-end 2011.

CURRENT CONDITIONS

CENTRAL BUSINESS DISTRICT SUBMARKET

The Greenville CBD underwent negative net absorption in the fourth quarter and consequently an increase in vacancy rate of 3.44 percentage points from

MARKET INDICATORS

	Q4 2012	Forecast
VACANCY	↑	↓
NET ABSORPTION	↓	↑
CONSTRUCTION	↔	↔
RENTAL RATE	↑	↑

GREENVILLE OFFICE MARKET Q4-2012 Summary of Statistics

Total Vacancy Rate: **17.18%**

CBD: **15.68%**

Suburban: **18.10%**

Under Construction: **335,000 SF**

Average Asking Rate Per Square Feet:

Class A: **\$18.55**

Class B: **\$15.38**

Class C: **\$13.13**

Overall Rental Rates: **\$16.47**

CBD Class A: **\$19.90**

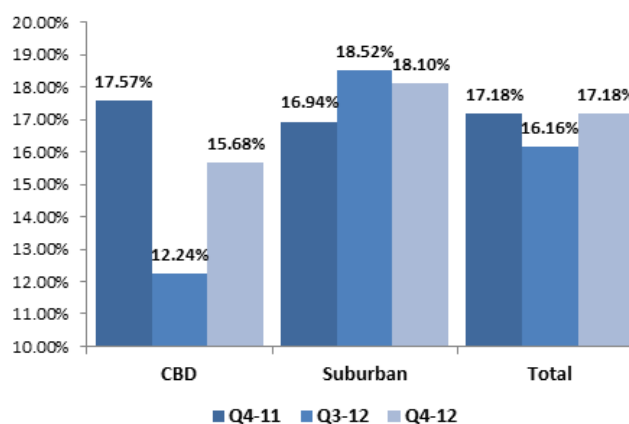
Suburban Class A: **\$17.32**

Q4-2012 Absorption: **(86,398) SF**

2012 Absorption: **240 SF**

QUICK UPDATES

VACANCY RATE TRENDS



- CBD CLASS A RENTAL RATES SPIKE 6% FROM THE PREVIOUS QUARTER
- GREENVILLE UNEMPLOYMENT RATES REMAIN BELOW NATIONAL AND STATE LEVELS
- ONE GREENVILLE CONTINUES TO ATTRACT TENANTS

	Buildings	Inventory	Direct Vacant	Sublease	Total Vacant	Total Vacancy Rate	Q4 Absorption	Average Asking Rate
CBD								
A	20	1,871,715	283,224	3,603	286,827	15.32%	(121,511)	\$19.90
B	14	1,084,658	155,684	16,268	171,952	15.85%	13,181	\$17.38
C	6	187,306	33,793	300	34,093	18.20%	392	\$14.21
Total	40	3,143,679	472,701	20,171	492,872	15.68%	(107,938)	\$18.58

SUBURBAN MARKET								
A	29	2,245,798	278,737	5,500	284,237	12.66%	66,172	\$17.32
B	23	2,289,847	473,477	55,733	529,210	23.11%	(14,168)	\$14.81
C	9	557,360	108,441	-	108,441	19.46%	(30,464)	\$12.75
Total	61	5,093,005	836,700	61,233	921,888	18.10%	21,540	\$15.36

MARKET TOTALS								
A	49	4,117,513	561,961	9,103	571,064	13.87%	(55,339)	\$18.55
B	37	3,374,505	629,161	72,001	701,162	20.78%	(987)	\$15.38
C	15	744,666	142,234	300	142,534	19.14%	(30,072)	\$13.13
Total	101	8,236,684	1,333,356	81,404	1,414,760	17.18%	(86,398)	\$16.47

the previous quarter. Class A CBD rental rates spiked 6% from an average rental rate of \$18.76 in the third quarter of 2012 to \$19.90 at year-end 2012. Despite this significant spike, the average rental rate remains lower than the average rate of \$20.61 at year-end 2011.

Construction continues on ONE Greenville, a 395,000 square foot Class A mixed use project which will bring a unique office and retail experience to the Greenville CBD. Phase I of the project is nearing completion and Phase II is anticipated to be complete in late 2013. Interest in the new office building has resulted in numerous pre-lease signings bringing the building to near full occupancy. Delivery of ONE will prove beneficial to the Greenville CBD overall but will adversely affect other office buildings as currently evidenced by an increase in available space on the market.

SUBURBAN SUBMARKETS

The suburban submarkets experienced a decrease in vacancy rate of 42 basis points with a positive absorption of over 20,000 square feet in the fourth quarter. Despite this improvement, the vacancy rate of the suburban submarkets is 1.16

percentage points higher than the 16.94% vacancy rate at year-end 2011. Suburban rental rates fluctuated slightly throughout 2012 and ended the fourth quarter just ten cents higher than the year-end 2011 average rental rate of \$15.26.

IN THE MONTHS AHEAD

With an unemployment rate of 6.6% in November 2012, Greenville remains appealing to young professionals looking to launch their careers. This provides an opportunity for companies to expand into the Greenville market which in turn will help the office market by lowering vacancy rates. 2013 is anticipated to bring improvements to the office market, but big changes are not expected to appear until the second half of 2013 as economic recovery advances. The completion of ONE Greenville will have mixed effects on the market. Rental rates for Class A CBD office space will continue to climb as vacancy rates decrease and quality space becomes limited. The suburban submarkets are expected to remain healthy and stable throughout 2013.

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

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