

Greenville



Interest and Investment in Upstate Continues to Soar

The fourth quarter of 2016 finished strong by following the positive growth trends seen throughout the previous three quarters. These trends can be attributed to the continued interest to live in the Upstate paired with local and national investor interest to establish a presence in the market.

In the heart of Greenville's Central Business District (CBD), nearly 650,000 square feet (sf) of office space was purchased between two transactions in the fourth quarter. The Liberty Square Towers, totaling 445,612 sf, were purchased by an out-of-state investment firm, while the Bank of America building, totaling 196,152 sf, was purchased by a local investment group.

Additionally, lease rates remain stable from quarter three to quarter four in the CBD and the suburban markets, leasing at an average of \$18.77 per square foot. The demand for class A

office space continues to exceed the supply in both the CBD and suburban markets. However, the availability of class B, C and D space increases as the development of class A space advances.

It is anticipated that more speculative building by local and outside investors in Greenville, Spartanburg and the I-85 and I-385 corridors will slow demand during 2017, yet may catch up by mid-2018 if the current economic trends of low interest rates combined with low cap rates progresses. The I-85 and I-385 corridors maintain strong industrial and retail development, thus spurring office growth.

With 2016 ending on a high note, the Upstate will continue to draw in residents and businesses alike with its superb quality of life paired with its low cost of living. As stable growth flows into 2017, the area will remain a landlord favored market.

Market Facts

20,209,876 sf

Inventory

9.9%

Vacancy Rate

11.9%

Available Rate

\$18.77 psf

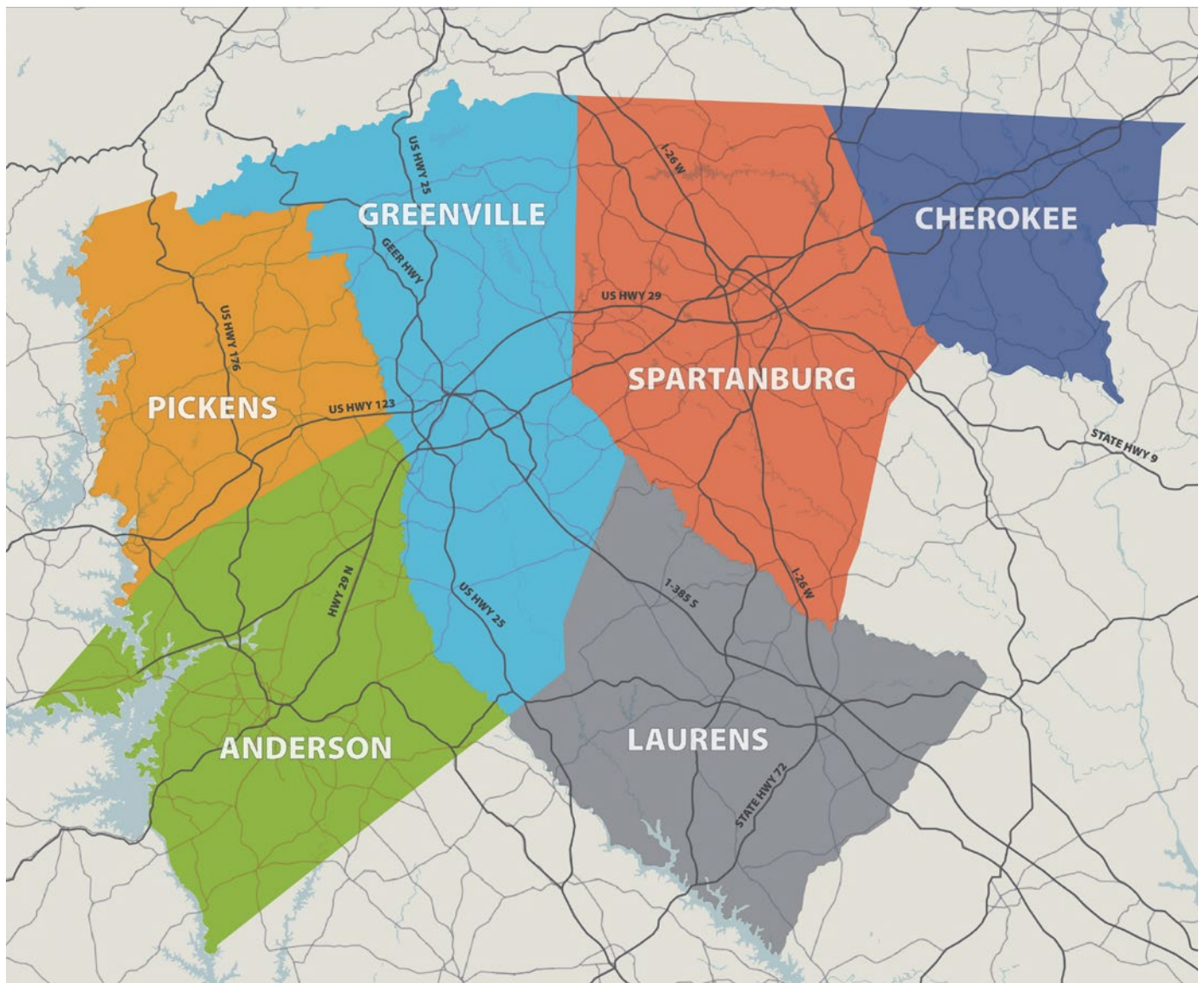
Direct NNN Rent

Submarket Indicators

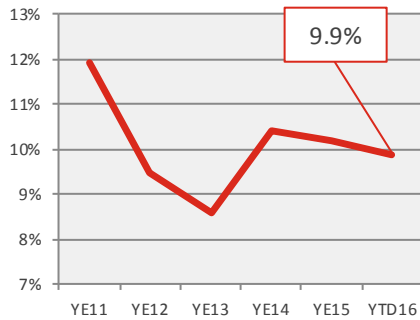
Anderson County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	1,085,290	1,085,290	1,085,290	1,085,290	1,085,290
Vacancy Rate	4.1%	4.0%	4.2%	4.1%	4.2%
Available Rate	5.0%	4.9%	5.5%	5.8%	5.9%
Direct NNN Rent	\$10.38	\$10.30	\$10.34	\$10.34	\$10.28
Cherokee County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	61,597	61,597	61,597	61,597	61,597
Vacancy Rate	0%	0.0%	0.0%	0.0%	0.0%
Available Rate	0%	0.0%	0.0%	0.0%	0.0%
Direct NNN Rent	-	-	-	-	-
Greenville County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	15,612,359	15,467,359	15,447,059	15,447,059	15,377,059
Vacancy Rate	11.1%	9.7%	10.0%	9.1%	11.4%
Available Rate	12.4%	11.1%	11.4%	11.7%	13.8%
Direct NNN Rent	19.36	\$19.14	\$18.56	\$18.31	\$18.63
Laurens County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	91,326	91,326	90,946	90,946	90,946
Vacancy Rate	0%	0.0%	0.0%	0.0%	0.0%
Available Rate	0%	0.0%	0.0%	0.0%	0.0%
Direct NNN Rent	-	-	-	-	-
Pickens County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	230,746	207,328	207,328	207,328	137,328
Vacancy Rate	0%	1.4%	1.4%	1.4%	2.2%
Available Rate	0%	1.4%	1.4%	1.4%	35.2%
Direct NNN Rent	-	-	-	-	-
Spartanburg County	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	3,128,558	3,128,558	3,128,558	3,128,558	3,128,558
Vacancy Rate	7.5%	7.2%	7.2%	7.3%	7.2%
Available Rate	13.6%	13.3%	13.4%	13.1%	13.1%
Direct NNN Rent	\$15.68	\$15.54	\$15.56	\$15.55	\$13.83

Submarket Indicators					
Overview	4Q16	3Q16	2Q16	1Q16	4Q15
Inventory	20,209,876	20,041,458	20,021,158	20,021,158	19,881,158
Vacancy Rate	9.9%	8.8%	9.1%	8.4%	10.2%
Available Rate	11.9%	11.0%	11.3%	11.4%	13.4%
Asking Direct NNN Rent	\$18.77	\$18.55	\$18.03	\$17.81	\$17.80
Net Absorption	(66,275)	68,169	(133,452)	476,688	58,622

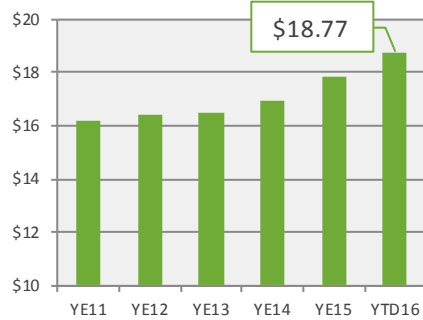
Submarket Map



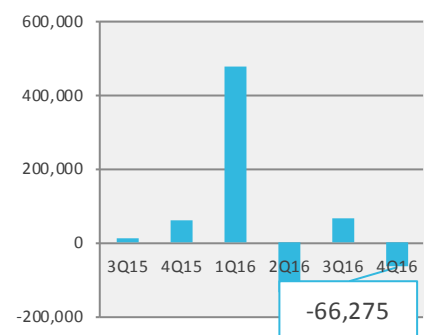
Vacancy Rates



Asking Base Rents



Net Absorption



Notable Lease Transactions

Tenant	Type	Address	Market	SF
O'Neal, Inc.	Renewal	10 Falcon Crest Drive	Greenville County	58,008
Jacobs Engineering	Original	1 Research Drive	Greenville County	10,000
GFM Wellness	Original	850 S Pleasantburg Drive	Greenville County	7,578
SC Highway Patrol	Renewal	211 Century Drive	Greenville County	6,500
Greenville Heath Systems	Original	109 Fleetwood Drive	Pickens County	5,990

Notable Sales Transactions

Buyer	Address	Market	SF	Sale Price
LCP Liberty Square, LLC	55 Beattie Place	Greenville County	258,047	\$33,948,829
Caprocq Greenville, LLC	15 S Main Street	Greenville County	158,896	\$26,858,651
LCP Liberty Square, LLC	75 Beattie Place	Greenville County	187,565	\$24,676,171
ROIB 101 North Main, LLC	101 N Main Street	Greenville County	196,152	\$22,425,00
ET III Greenville, LLC	200 Verdae Boulevard	Greenville County	70,000	\$16,750,000

Trends to Watch

Growth
The Upstate will continue to experience strong economic growth.

Development
Working developments will be delivered and additional plans will be announced.

Investment
Investment interest will continue to rise in the Upstate.

Office Terms and Definitions

■ Total Square Footage

Office inventory includes all multi-tenant and single tenant buildings at least two stories containing 20,000 square feet.

■ Office Building Classifications

Avison Young adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

■ Vacancy and Availability

The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

■ Net Absorption

The net change in physically occupied space over a period of time.

■ Asking Rent

The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country. Office rents are reported as base rent. The asking rent for each building in the market is weighted by the amount of available space in the building.

■ Submarkets

Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within.

Researcher Comments

Market research data and transaction information provided by CoStar.

Market Name

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