

MARKETBEAT

Greenville, SC

Office Q4 2018



GREENVILLE, SC OFFICE

Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Greenville Spartanburg Employment	572k	578k	▲
Greenville Spartanburg Unemployment	4.1%	3.2%	▼
U.S. Unemployment	4.1%	3.7%	▼

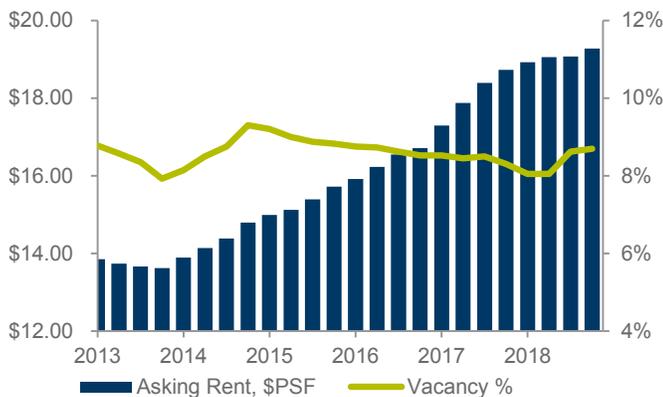
Numbers above are quarterly averages; Nov 2018 data used to represent Q4 2018

Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	7.8	8.1%	▲
YTD Net Absorption (sf)	232.7k	-43.3k	▼
Under Construction (sf)	414k	143k	▼
Average Asking Rent*	\$18.54	\$19.37	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



Economy

In the United States, 2018 was a strong year including a GDP growth measure over 4% in Q2 and 3.5% in Q3 with more mild expectations in Q4. The local economy continued to expand with unemployment that continues to hover under 4% and continued pressure on prices from homes to autos based on interest rates that are 100 basis points (bps) higher than a year ago. Tailwinds for the economy include meaningful work for most, cheaper gas prices at the pump and an economy that continues to create out new jobs including over 300,000 in December 2018.

Market Overview

Given the amount of large block vacancies in Greenville, the office market is shifting in favor of occupiers and is creating an opportunity for the market to attract new users to Greenville.

Landlords continue to get creative in order to attract new tenants. Landlords recognize the demand of amenities like fitness centers and on-site cafeterias by tenants and are focusing on elevating the experience for their tenants. In order to stay competitive, office landlords in both the CBD and suburban markets have begun renovating or are in the process of beginning renovations. For example in the CBD, 220 N. Main Street also known as NOMA Tower is in the process of renovating its entire building in order to further attract new tenants. With the tight labor market in Greenville, tenants are demanding higher quality spaces in order to attract and retain employees. Tenants are continuing to utilize their space more efficiently in turn allowing them to leverage those savings into upgrading their offices.

Outlook

Given the current market conditions due to the new construction, large availabilities, and incentives, we expect to attract occupiers who may have not considered Greenville before to take advantage of this opportunity and relocate to Greenville.

Cushman & Wakefield | Thalhimers
Wells Fargo Center
15 South Main St. Suite 502
Greenville, SC 29601
www.thalhimers.com

For more information, contact:
Jonathan Koes
Research Manager
Tel: +1 804 697 3408
jonathan.koes@thalhimers.com

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