



Office Q4 2022

YoY Chg 12-Mo. Forecast

10.7%
Vacancy Rate



2.7K
Net Absorption, SF



\$22.63
Asking Rent, PSF



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q4 2022**

YoY Chg 12-Mo. Forecast

616.6K
Greenville-Spartanburg
Employment



3.1%
Greenville-Spartanburg
Unemployment Rate



3.7%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Unemployment Rate Inches Upward

Greenville-Spartanburg exhibited economic growth in the fourth quarter of 2022. Employment increased by 6,100 jobs or 1.0%, while the unemployment rate increased by 20 basis points (bps) quarter-over-quarter (QOQ), matching the national unemployment rate growth. The uptick in the unemployment rate is an outcome of a series of interest rate hikes enacted throughout the year by the Fed to calm soaring inflation. Despite the shifting economic indicators, the metro's unemployment rate was 30 bps below the Q4 2021 reading and employment has increased 4.1% year-over-year (YOY).

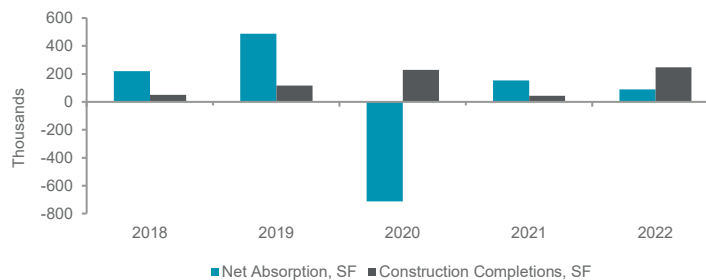
SUPPLY and DEMAND: Supply Increases as Demand Softens

The market's overall vacancy rate climbed 40 bps during Q4, reaching an annual high of 10.7% due to two large block availabilities listed in the Northeast Greenville submarket. Additionally, three sublet availabilities located in the Greenville Central Business District (CBD) and along the I-385 corridor also contributed to the quarterly vacancy rate increase. The Spartanburg CBD vacancy rate edged up slightly by 10 bps to 2.5% with all available space accounted for as direct listings, though it remains one of the tightest CBD areas in the Southeast. Both the Spartanburg CBD and Suburban submarkets have evaded sublet availabilities since 2020 and 2019, respectively. While all 730,000 square feet (sf) of new office product under construction is located within Greenville County, a new four-story, 83,000-sf office/retail development named LIBERTY, has been announced for the Spartanburg CBD and is expected to break ground in the second quarter of 2023. The firm responsible for the design of the development, McMillan Pazdan Smith Architecture, has already pre-leased 13,000 sf of office space on the fourth floor. Demand for space softened in Q4 with new leasing activity totaling slightly above 123,000 sf, an 8.3% decrease from the Q3 figure. Class A space located in the Greenville CBD accounted for 22.1% of this activity followed by Class B space located in Southeast Greenville, accounting for 21.9%. Notable Q4 occupancies included Canal Insurance moving into 62,000 sf spread across multiple floors at 101 N Main St in the Greenville CBD and Interim HealthCare of the Upstate moving into 31,000 sf at 100 Verdae Blvd in Southeast Greenville.

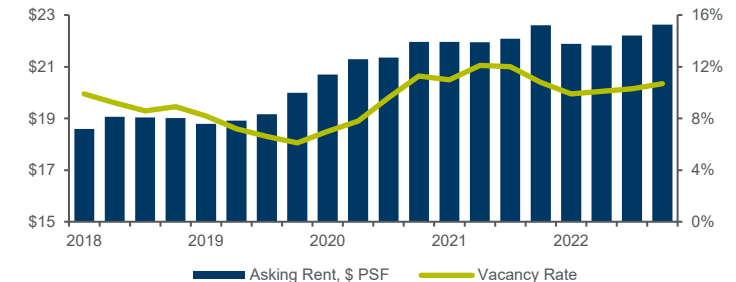
PRICING: A New Historical High Set

Asking rents took a considerable step higher for a second consecutive quarter with a recorded 1.9% increase QOQ and an overall average of \$22.63 per square foot (psf). This figure set a new historical high-water mark for asking rent, surpassing the Q4 2021 rate by \$0.02 psf. The Greenville CBD and Southeast Greenville posted average asking rent increases of 3.1% and 1.3% respectively, whereas the average receded by 2.7% in the Spartanburg CBD. A modest climb in asking rents is expected to continue in the coming 12 months as Class A space pricing increases and more affordable options are leased.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | SUBLET VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION | YTD OVERALL ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CONSTRUCTION (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|----------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|-----------------------------|---------------------------|-------------------------|--|------------------------------------|
| Greenville CBD | 5,623,194 | 659,653 | 107,403 | 13.6% | 5,056 | 90,804 | 171,020 | 368,843 | \$25.34 | \$27.26 |
| Southeast Greenville | 8,617,335 | 835,075 | 249,029 | 12.6% | 70,430 | 127,826 | 238,693 | 150,000 | \$22.06 | \$24.50 |
| Northeast Greenville | 1,998,420 | 250,723 | 6,152 | 12.9% | -132,691 | -136,385 | 16,118 | 0 | \$19.24 | - |
| Southwest Greenville | 550,722 | 141,480 | 6,500 | 26.9% | -5,171 | -22,939 | 13,441 | 211,644 | \$16.55 | - |
| Northwest Greenville | 363,721 | 0 | 0 | 0.0% | 0 | 0 | 8,630 | 0 | - | - |
| Spartanburg CBD | 1,630,186 | 40,142 | 0 | 2.5% | -969 | -8,629 | 56,355 | 0 | \$21.99 | \$24.13 |
| Spartanburg Suburban | 1,640,494 | 37,801 | 0 | 2.3% | 66,000 | 71,853 | 13,074 | 0 | \$19.94 | - |
| Anderson County | 1,251,677 | 8,611 | 2,963 | 0.9% | 0 | -3,500 | 0 | 0 | \$16.82 | - |
| Cherokee County | 102,730 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | - | - |
| Laurens County | 137,920 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | - | - |
| Pickens County | 502,863 | 50,586 | 0 | 10.1% | 0 | -30,615 | 13,982 | 0 | \$16.34 | - |
| MARKET TOTALS | 22,419,262 | 2,024,071 | 372,047 | 10.7% | 2,655 | 88,415 | 531,313 | 730,487 | \$22.63 | \$25.87 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|-----------------------|----------------------|------------------------------------|--------|-----------|
| 135 N Church St | Spartanburg CBD | Taylor Enterprises, Inc. | 15,911 | New Lease |
| 186 N Liberty St | Spartanburg CBD | McMillan Pazdan Smith Architecture | 13,000 | Pre-Lease |
| 508 Rhett St | Greenville CBD | Corsica Technologies | 7,500 | New Lease |
| 101 E Washington St | Greenville CBD | First National Bank | 6,180 | New Lease |
| 430 Roper Mountain Rd | Southeast Greenville | Precision Genetics | 6,141 | New Lease |

KEY SALES TRANSACTIONS Q4 2022

| PROPERTY | SUBMARKET | SELLER BUYER | SF | PRICE \$ PSF |
|------------|----------------|--|--------|--------------------|
| NOMA Flats | Greenville CBD | Lat Purser & Associates, Inc. NAI Earle Furman | 40,000 | \$6.7 M \$167.50 |

KEY PROJECTS UNDER CONSTRUCTION

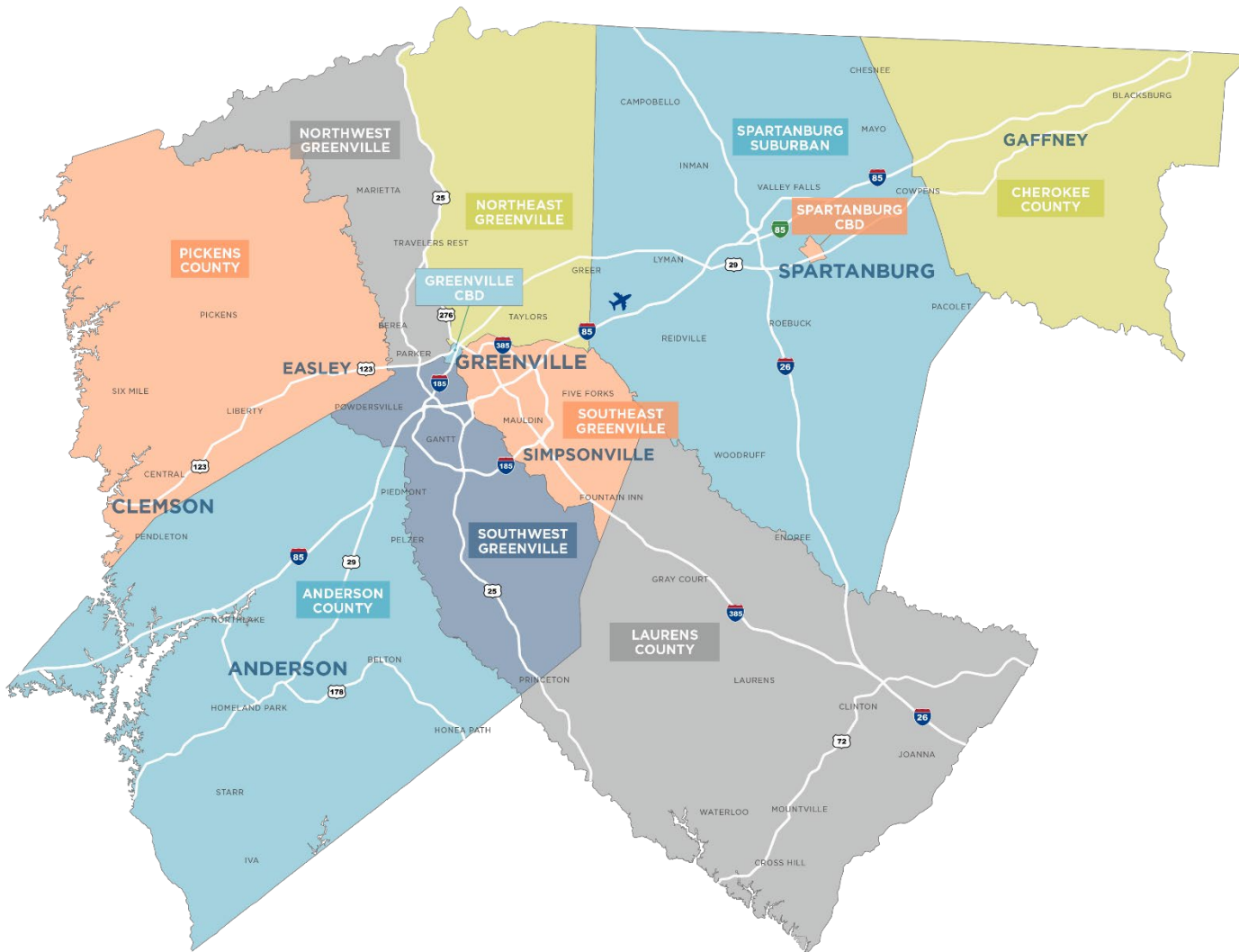
| PROPERTY | SUBMARKET | OWNER DEVELOPER | SF | TYPE |
|--------------------------|----------------------|---|---------|---------------|
| Greenville County Square | Greenville CBD | The County of Greenville RocaPoint Partners | 250,843 | Built-To-Suit |
| Judson Mill | Southwest Greenville | Belmont Sayre & Taft Family Ventures | 211,644 | Speculative |

GREENVILLE, SC

Office Q4 2022



OFFICE SUBMARKETS



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