

- Questions about regarding future office space needs
- Investors taking a wait-and-see approach to the market

## HIGHLIGHTS

### Office Market Remains Uncertain as 30% of the U.S. population reportedly vaccinated from COVID-19

The office market continues to face uncertainty as we move past the one-year-anniversary of the COVID-19 pandemic in the United States. Regional firms with local leadership were the first to return to the office in 2020, implementing new protocols such as preventative screenings, staggered employee schedules, and new sanitation processes, while many national tenants continue to work from home and are expected to do so through mid-2021.

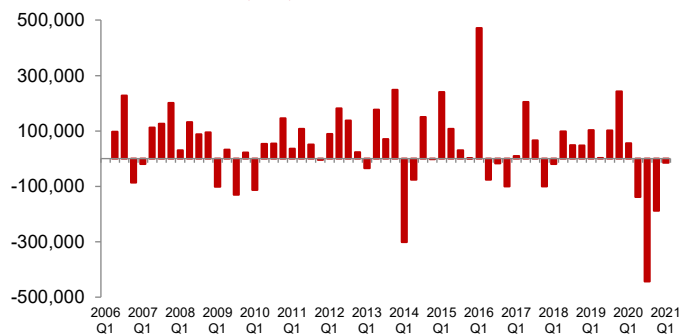
Office rent collections remain well above 90% nationally, despite the fact that most office-using jobs have shifted to a work-from-home model. Questions abound over future space needs and the utility of office space moving forward, and investors, for the most part, are taking a wait-and-see approach to 2021.

(cont'd)

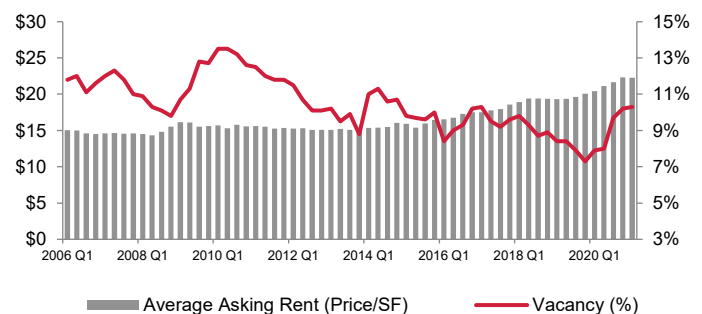
### Historic Comparison

	Current Quarter	Prior Quarter	Year Ago Period	Trending Forecast
Total Inventory	28.9 MSF	28.9 MSF	28.7 MSF	↑
Vacancy Rate	10.3%	10.2%	6.8%	↔
Quarterly Net Absorption	-14,048	-188,179	51,902	↑
Average Asking Rent	\$22.26	\$22.32	\$19.56	↔

### Net Absorption (SF)



### Asking Rent & Vacancy Trends



VACANCY RATE (%)



NET ABSORPTION (SF)



ASKING RENT (\$/SF)



UNDER CONSTRUCTION (SF)

- Average asking rents are up nearly 9.2% YOY
- Vacancy rates are up to 10.3% after four quarters of negative net absorption

## HIGHLIGHTS

Employers of those heading back to a more traditional workplace/space often cite the hindrance to collaboration caused by working remotely as a major factor in the decision to return, but many are opting to keep employees out of the office.

It is estimated that as many as 25 to 30 percent of the U.S. workforce will be working from home multiple days a week by the end of 2021, while 82 percent of U.S. office workers say they want to continue to work from home on a weekly basis when the pandemic is over. That being said, estimates of how many people want to *never* return to the office are as low as 16 to 19 percent.

Though the market has seen a negative net absorption in each of the last four quarters, average asking rents are up nearly 9.2% year-over-year, coming in at a strong \$22.26/SF this quarter from \$20.37/SF just one year ago.

It is unsurprising, then, that vacancy rates are up, but they are holding steady with just a .01% increase from year-end 2020 and first-quarter 2021. The percentage of vacant space has increased nearly 23.8 percent year-over-year, and it is difficult to say how much of that space will be reoccupied as the number of vaccinated employees increases.

Of those returning, many are looking to downsize existing leases. Due to the current cost of construction, some landlords are opting to “downsize” tenants’ rent temporarily in order to avoid the high costs associated with dividing the space (or backfilling it).

There are many predicted timelines for economic recovery, but some shifts caused by the pandemic are sure to permanently change various aspects of our lives, including how and where we work. The office market will be one to watch closely over the next few quarters.



VACANCY RATE (%)



NET ABSORPTION (SF)



ASKING RENT (\$/SF)



UNDER CONSTRUCTION (SF)

- Many users looking to physically downsize, but in some cases, landlords are “downsizing” tenants’ rent temporarily in order to avoid the costs associated with dividing the space

## HIGHLIGHTS

### Q1 2021 Submarket Statistics

	Inventory (SF)	Vacancy Rate	Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Greenville County	23,125,832	10.6%	12.6%	56,101	56,101	\$23.10	\$17.90	\$22.42
Greenville CBD	4,927,670	14.0%	15.4%	6,140	6,140	\$25.92	\$19.38	\$25.36
Spartanburg County	5,865,216	9.3%	10.0%	-70,149	-70,149	\$20.89	-	\$20.89
Spartanburg CBD	2,223,107	10.9%	10.9%	-3,086	-3,086	\$22.98	-	\$22.98
<b>Market</b>	<b>28,991,048</b>	<b>10.3%</b>	<b>12.1%</b>	<b>-14,048</b>	<b>-14,048</b>	<b>\$22.84</b>	<b>\$17.90</b>	<b>\$22.26</b>

\* Data set includes all existing properties over 5,000 SF



\* Asking rents are gross





- Questions about regarding future office space needs
- Investors taking a wait-and-see approach to the market

## NOTABLE TRANSACTIONS

### Select Lease Transactions

	Submarket	Tenant	Type	Square Feet
<b>200 E Broad St</b> 	Greenville CBD	Wyche Professional Association	New	±28,584
<b>423 S Main St</b> 	Greenville CBD	Resurgent Capital Services	New	±23,500

### Select Sales Transactions

	Submarket	Square Feet	Sales Price	Price/SF
<b>7 Research Dr</b> 	Woodruff/I-385 Corridor	±117,700	\$23,490,000	\$200.56
<b>2375 SC-101 Hwy</b> 	Greer	±3,845	\$4,500,000	\$1,170.35



# Q121

**Wilson Kibler**  
COMMERCIAL REAL ESTATE

Office

THE UPSTATE



# Wilson Kibler

COMMERCIAL REAL ESTATE

[www.wilsonkibler.com](http://www.wilsonkibler.com)

**ALYSE HOWARD**

Director of Marketing and Research  
803.255.8611  
[Alyse.howard@wilsonkibler.com](mailto:Alyse.howard@wilsonkibler.com)

**EDWARD WILSON**

Managing Partner, Office Specialist  
803.528.3574  
[edward.wilson@wilsonkibler.com](mailto:edward.wilson@wilsonkibler.com)

**SCOTT SNEDIGAR**

Senior Associate, Office Specialist  
864.444.4814  
[ssnedigar@wilsonkibler.com](mailto:ssnedigar@wilsonkibler.com)

**WILSON KIBLER GREENVILLE**

864.679.8600  
420 The Parkway Ste K, Greer, SC 29650

**WILSON KIBLER COLUMBIA**

803.779.8600  
1111 Laurel Street, Columbia, SC 29201

All information contained in this publication is derived from sources that are deemed to be reliable. However, Wilson Kibler has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Wilson Kibler. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Wilson Kibler, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.