



LEE & ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES



FEATURED MARKET REPORTS

THE LEE ADVANTAGE

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients - from small businesses and local investors to major corporate users and institutional investors. Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

WHAT SETS US APART?

Since 1979, Lee & Associates has reimagined the way that commercial real estate companies should be structured. Each Lee & Associates office is owned and operated by its professionals. As shareholders of the company, this separates us from our competition and creates one common goal; to provide seamless, consistent execution and value-driven market-to-market services to our clients.

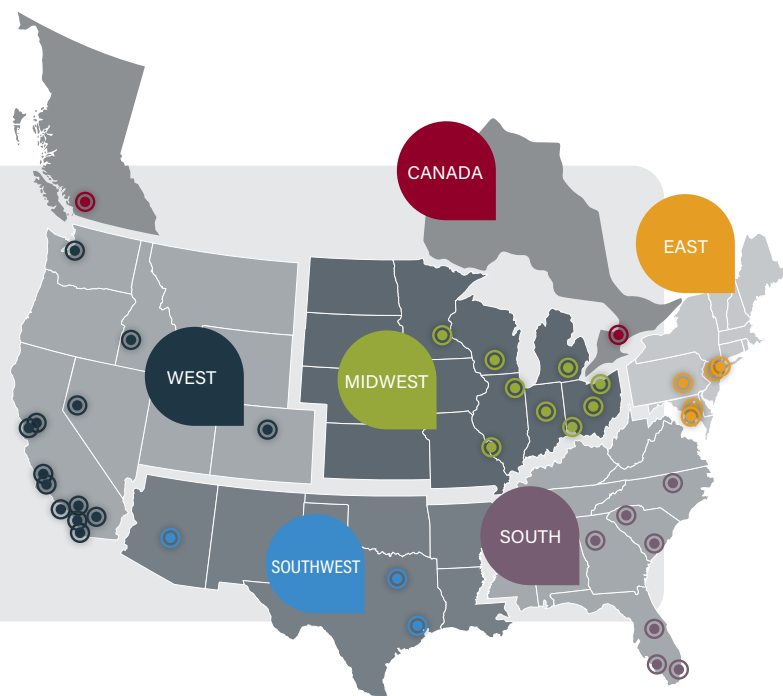
SERVICES TO MEET THE NEEDS OF OUR CLIENTS

Lee & Associates' offices offer a broad array of real estate services tailored to meet the needs of the company's clients in each of the markets it operates, including commercial real estate brokerage, integrated services, and construction services.

With specialty practice groups in each of these disciplines, our professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information.

LOCAL EXPERTISE INTERNATIONAL REACH

With offices in 60+ markets across North America and a strategic international alliance with Gerald Eve, Lee & Associates has the ability to deliver first-class services to our clients both locally and internationally.



CORONAVIRUS FEARS CLOUD OUTLOOK

The nation's office market posted its first negative quarter in a decade as healthy tenant demand gave way to increasing concerns about the coronavirus and economic lockdown.

Net absorption in the first quarter was negative 4.1 million SF, a reversal from 40 straight quarters of growth. Typically, activity lags in the first quarter. But Q1 investment volume was among the lowest quarters in this cycle. And since the first surge of layoffs and statewide lockdowns didn't begin until mid-March, the negative effects of COVID-19 may have come too late to show up in the Q1 data. Moreover, the pace of rent growth and the volume of new requirements began easing overall last year. Net absorption in 2019 averaged 15 million SF per quarter, which represented a 21% decline from the 76.4-million-SF annual total reached at the peak of the cycle in 2018.

If investors are growing more concerned about the weakening outlook for office demand - with soaring jobless rates and likelihood of a global recession - it will begin to show up in the mid-year data. Confounding matters for landlords are the nearly 158 million SF of new space under construction, the most since 2009. Among the leading markets are Austin, Texas; Nashville, Tenn., and San Jose, Calif.

At this early stage in the crisis, it's too soon to predict beyond the second quarter how long the health emergency will last or its toll on the economy. The uncertainty has caused most transactions to be delayed or canceled.

Applications for jobless payments in the first four weeks of the health emergency totaled 22 million workers, equaling the last recession and overwhelming state systems. In the previous recession, 49.7 million SF went back on the market in the 12 months ending in 2009 and rents contracted 9.8%. The peak in the vacancy rate, 13.3%, followed in Q3 2010.

The last contraction lasted 19 months and stemmed from a financial crisis brought on by subprime mortgage recklessness. In contrast, industry analysts argue that the recovery from the health emergency will be stronger because the crisis is more akin to a natural disaster that blindsided an economy with healthy fundamentals. Congress has shown a willingness to spend on massive rescue packages.

There are countless unknowns. But there is wide agreement that it is vital to flatten the curve of new coronavirus cases to reduce stress on the healthcare system and enable a quicker economic recovery.

FEATURED OFFICE MARKET REPORTS

- CA, LA San Gabriel Valley
- CA, LA Tri-Cities
- CA, North San Diego County
- CO, Denver
- DC, Washington
- FL, Miami
- GA, Atlanta
- MD, Columbia South
- NC, Durham
- NC, Raleigh
- NJ, Northern New Jersey
- OH, Cincinnati
- SC, Charleston
- SC, Greenville / Spartanburg
- TX, Houston
- WA, Seattle
- WI, Madison

LOWEST VACANCY RATE

CA, San Luis Obispo	2.06%
CA, Santa Barbara	4.31%
WI, Madison	4.41%
ID, Boise	4.67%
CA, Stockton	4.89%
U.S. Index	9.94%

HIGHEST MARKET RENT / SF

NY, New York	\$58.50
CA, Los Angeles	\$41.34
MA, Boston	\$41.01
CA, East Bay	\$39.86
FL, Miami	\$38.73
U.S. Index	\$34.35

HIGHEST MARKET SALE PRICE / SF

NY, New York	\$667.00
WA, Seattle	\$477.00
CA, Los Angeles	\$443.00
MA, Boston	\$431.00
DC, Washington	\$373.00
U.S. Index	\$323.00

MOST SF UNDER CONSTRUCTION

NY, New York	24,046,517 SF
MA, Boston	12,274,894 SF
DC, Washington	10,632,846 SF
TX, Dallas-Fort Worth	9,034,971 SF
CA, Los Angeles	8,074,253 SF
U.S. Index	158,020,313 SF

LARGEST INVENTORY BY SF

NY, New York	941,101,834 SF
DC, Washington	504,178,377 SF
IL, Chicago	497,008,882 SF
CA, Los Angeles	422,380,439 SF
TX, Dallas-Fort Worth	394,457,180 SF
U.S. Index	8,024,387,984 SF

HIGHEST MARKET CAP RATE

OH, Cleveland	9.80%
MI, Detroit	9.20%
PA, Lehigh Valley	9.20%
PA, Harrisburg	9.00%
OH, Cincinnati	9.00%
U.S. Index	6.80%

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY	MARKET CAP RATE
AZ, Phoenix	12.07%	\$26.07	\$208	3,443,055	192,521,875	7.1%
CA, East Bay	8.73%	\$39.86	\$355	439,851	114,917,443	5.6%
CA, Inland Empire	7.07%	\$21.95	\$196	730,835	74,747,241	7.2%
CA, Los Angeles	10.11%	\$41.34	\$443	8,074,253	422,380,439	5.4%
CA, Orange County	10.07%	\$31.74	\$324	1,083,109	158,589,542	5.8%
CA, San Diego	9.78%	\$34.24	\$336	1,849,427	117,439,208	6.2%
CA, San Luis Obispo	2.06%	\$25.74	\$263	65,160	6,442,721	7.0%
CA, Santa Barbara	4.31%	\$30.08	\$342	93,803	12,694,276	5.9%
CA, Stockton	4.89%	\$21.04	\$190	11,000	12,673,944	7.4%
CA, Ventura	10.97%	\$26.52	\$225	63,948	22,748,162	7.5%
CO, Denver	10.34%	\$28.34	\$241	3,479,760	177,349,868	6.9%
DC, Washington	13.31%	\$38.49	\$373	10,632,846	504,178,377	6.7%
FL, Fort Myers	6.03%	\$18.32	\$147	292,550	20,599,575	7.8%
FL, Miami	8.59%	\$38.73	\$332	3,744,383	108,393,353	6.0%
FL, Naples	9.00%	\$25.69	\$236	105,374	9,697,492	7.1%
FL, Orlando	7.10%	\$24.26	\$184	1,382,210	95,875,812	7.5%
GA, Atlanta	11.70%	\$26.22	\$199	6,284,630	318,040,596	7.2%
ID, Boise	4.67%	\$17.96	\$153	852,093	31,106,844	8.4%
IL, Chicago	12.24%	\$29.35	\$225	6,366,232	497,008,882	7.2%
IN, Indianapolis	7.93%	\$20.52	\$128	503,480	107,356,558	8.3%
MA, Boston	7.70%	\$41.01	\$431	12,274,894	348,600,785	5.9%
MD, Baltimore	9.43%	\$23.31	\$171	924,106	150,127,482	7.8%
MI, Detroit	9.97%	\$20.51	\$111	3,357,706	193,554,566	9.2%
MN, Minneapolis	7.74%	\$25.70	\$161	3,590,927	198,436,788	7.5%
MO, Saint Louis	7.43%	\$20.23	\$124	2,246,073	141,985,996	8.4%
NC, Durham	9.42%	\$24.51	\$218	1,342,636	33,758,702	7.2%
NC, Raleigh	5.30%	\$27.44	\$216	2,909,177	73,608,363	7.1%
NJ, Northern New Jersey	11.78%	\$25.93	\$185	453,095	153,324,701	7.9%
NV, Reno	8.66%	\$20.46	\$184	4,019	16,146,968	7.7%
NY, Long Island	6.96%	\$28.60	\$199	502,857	95,884,233	7.7%
NY, New York	8.44%	\$58.50	\$667	24,046,517	941,101,834	5.1%
OH, Cincinnati	8.60%	\$19.35	\$109	635,773	102,592,212	9.0%
U.S. Index	9.94%	\$34.35	\$323.00	158,020,313 SF	8,024,387,984 SF	6.80%

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY	MARKET CAP RATE
OH, Cleveland	7.26%	\$18.67	\$98	909,110	103,947,688	9.8%
OH, Columbus	7.68%	\$20.11	\$113	977,971	109,615,750	8.7%
PA, Harrisburg	6.65%	\$17.32	\$132	67,800	35,872,934	9.0%
PA, Lehigh Valley	8.01%	\$19.74	\$119	1,008,700	29,790,767	9.2%
PA, Philadelphia	8.55%	\$26.29	\$190	1,982,047	318,155,797	7.6%
SC, Charleston	7.64%	\$26.79	\$197	873,368	31,130,665	7.7%
SC, Greenville	6.97%	\$19.84	\$151	280,801	33,457,123	7.8%
SC, Spartanburg	5.25%	\$17.46	\$123	0	7,239,358	8.9%
TX, Dallas-Fort Worth	15.44%	\$27.36	\$217	9,034,971	394,457,180	6.9%
TX, Houston	16.90%	\$28.46	\$225	5,010,270	332,827,369	7.4%
WA, Seattle	6.16%	\$38.02	\$477	7,587,825	211,096,475	5.5%
WI, Madison	4.41%	\$22.44	\$139	339,578	35,341,518	8.6%
U.S. Index	9.94%	\$34.35	\$323.00	158,020,313 SF	8,024,387,984 SF	6.80%



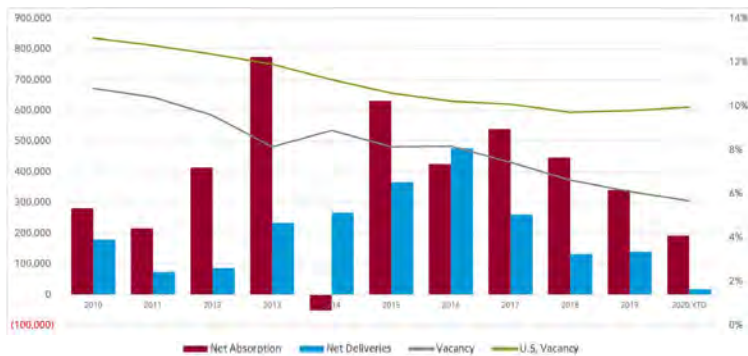
OFFICE MARKET OVERVIEW

DARATH MACKIE, Associate

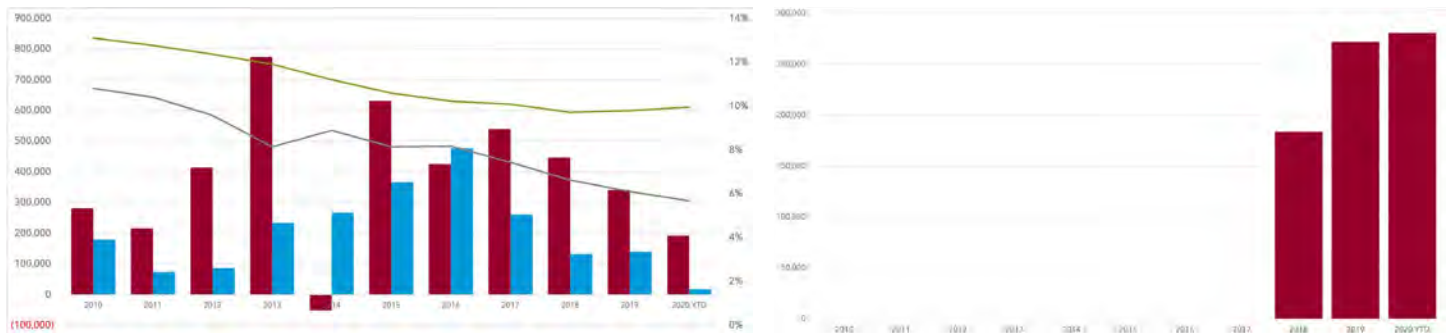
The overall Upstate SC vacancy decreased from 6.2% in Q4 of 2019 to 5.6% in Q1 of 2020 across all class types. Class A space had a significant decrease to 7.2% vacancy from 10.5% in the previous quarter, and Class B and C remained unchanged from the previous quarter. Overall net absorption increased in the First quarter to 212,541 SF. The overall market average asking rents increased again for the seventh quarter in a row to \$18.51 per square foot at the end of the 1st quarter of 2020. We experienced a significant square footage decrease in new construction deliveries in Q1 at 17,446 SF compared to 91,000 SF in the last quarter of 2019; however, we maintained the same number of deliveries at 3 buildings delivered.

MARKET INDICATORS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
▲ Net Absorption	212,541 SF	89,374 SF	71,561 SF	(396,728) SF	401,445 SF
▼ Vacancy Rate	5.60%	6.20%	6.50%	7.60%	6.50%
▲ Avg NNN Asking Rate	\$18.51/SF	\$18.17/SF	\$17.78/SF	\$17.70/SF	\$17.75/SF
▲ Under Construction	280,801 SF	234,797 SF	246,351 SF	188,627 SF	196,000 SF
▲ Inventory	40,576,039 SF	39,936,116 SF	39,869,859 SF	40,375,803 SF	40,185,832 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
850 S. Pleasantburg Dr Greenville, SC	36,446 SF	\$1,350,000 \$37.04/SF	Jake Van Gieson Ramsay Warne LLC/Charles Warne	Class C
1005 Grove Rd Greenville, SC	18,695 SF	\$3,825,000 \$204.60/SF	Prisma Healthcare Daniel McCollum	Class B
1 Real Estate Way Spartanburg, SC	13,921 SF	\$600,000 \$43.00/SF	NAI Earle Furman LLC Recor Investors (Remax Residential)	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
349 E. Main St Spartanburg, SC	12,750 SF	Mary Black Foundation	Spartanburg Academic Movement	Education
65 Concourse Way Greer, SC	11,750 SF	Fred Jones	Service Pros Installation Group	Construction
7001 Pelham Rd Greenville, SC	9,000 SF	Gerber Pelham Realty, LLC	Undisclosed	-

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