Office Market Trends Greenville

Grubb & Ellis Research

First Quarter 2006

Grubb & Ellis | The Furman Co.
Property Solutions Worldwide

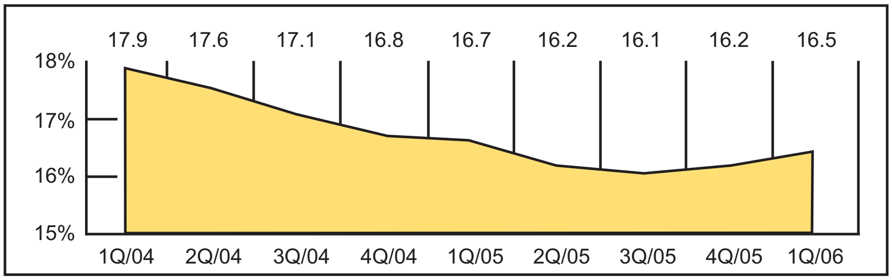
The South to heat suburbs

In March, The South Financial Group announced the location of their corporate campus. This will bring a substantial amount of occupied office space to the Greenville Suburban market in the next five years. The expected addition of 600 knowledge-based jobs and $100 million investment by the company strengthens the prospects for office development in the area, especially along I-385 and I-85. While The South Financial Group campus has the potential to emerge as a second "hot" office submarket to compete with the Greenville CBD, the downtown core will remain strong, given its wealth of diverse amenities.

"While The South Financial Group campus has the potential to emerge as a second "hot" office submarket to compete with the Greenville CBD, the downtown core will remain strong, given its wealth of diverse amenities."

Between the fourth quarter of 2003 and the third quarter of 2005, the Greenville market posted eight consecutive quarters of positive absorption, dropping the vacancy rate from 22.6 percent to 16.1 percent. In the last two quarters, the trend has slowed, resulting in a vacancy rate of 16.5 percent for the market, as a whole. While vacancy did trend upwards, the Greenville Suburban submarket posted its sixth consecutive quarter of positive absorption, highlighted by 19,000 square feet of absorbed space at Patewood Plaza. Since the third quarter of 2004, vacancy in the Greenville Suburban submarket has declined from 20.2 percent to 17.6 percent.

For the market as a whole, Class A space enjoys a vacancy rate of 11.7 percent, as compared to 21.2 percent for Class B space. In the more immediate future, both the Greenville CBD and Greenville Suburban markets have significant Class A office developments under construction that are expected to arrive on the market completely occupied. The second phase of Riverplace will bring approximately 50,000 square feet of positive absorption to the Greenville CBD submarket, while Collaboration 3 at the Clemson University International Center for Automotive Research (CU-ICAR) will bring 117,000 square feet to the Greenville Suburban market. Due to the success of Class A properties in the market, owners of less competitive Class B properties should consider renovations to better compete in the market.



Office Vacancy Rate*

** All Classes of Space*

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Office Market Snapshot Greenville First Quarter 2006

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption Current Qtr.	Net Absorption Year-to-date	Under Construction (3)	Asking Rent(4) Class A	Asking Rent(4) Class B
CBD	3,151,589	414,803	13.2%	(38,578)	(38,578)	50,000	$19.12	$16.54
Greenville Suburban	5,100,474	896,973	17.6%	17,097	17,097	117,100	$16.73	$13.98
Spartanburg	1,192,947	247,389	20.7%	(8,174)	(8,174)	65,000	$19.75	$12.30
CBD Total	**3,151,589**	**414,803**	**13.2%**	**(38,578)**	**(38,578)**	**50,000**	**$19.12**	**$16.54**
Suburban Total	**6,293,421**	**1,144,362**	**18.2%**	**8,923**	**8,923**	**182,100**	**$16.93**	**$13.41**
Totals	**9,445,010**	**1,559,165**	**16.5%**	**(29,655)**	**(29,655)**	**232,100**	**$17.62**	**$14.55**
By Class (All Submarkets)							**Available for Sublease CBD**	**Available for Sublease Suburban**
Class A	4,696,897	551,833	11.7%	(1,369)	(1,369)	232,100	25,200	75,456
Class B	4,689,713	993,032	21.2%	(26,986)	(26,986)	-	4,338	18,095
Class C	58,400	14,300	24.5%	(1,300)	(1,300)	-	-	-
Totals	**9,445,010**	**1,559,165**	**16.5%**	**(29,655)**	**(29,655)**	**232,100**	**29,538**	**93,551**

(1) Inventory includes multi-tenant and single tenant buildings with at least 20,000 sq. ft.
(2) Vacant space includes both vacant direct and vacant sublease space.
(3) Space under construction includes speculative and build-to-suit for lease projects.
(4) Asking rates are per square foot per year full service. Rates for each building are weighted by the size of the building.

**Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

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Office Market Terms & Definitions

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis|The Furman Co. adheres to the Building Owners and Managers Association 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: The vacancy rate is the amount of physically vacant space 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 and dollars per square foot per month in areas of California and selected other markets. Office rents are reported as full service where all costs of operation are paid by the landlord up to a base year or expense stop.

Average Weighted Asking Rent: An average market rent where the asking rent for each building in the market is weighted by the building size.

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