

Office Market Trends Greenville

Grubb & Ellis Research
Second Quarter 2006



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Brian Reed, AICP
Research Manager
E-mail: breed@furmanco.com

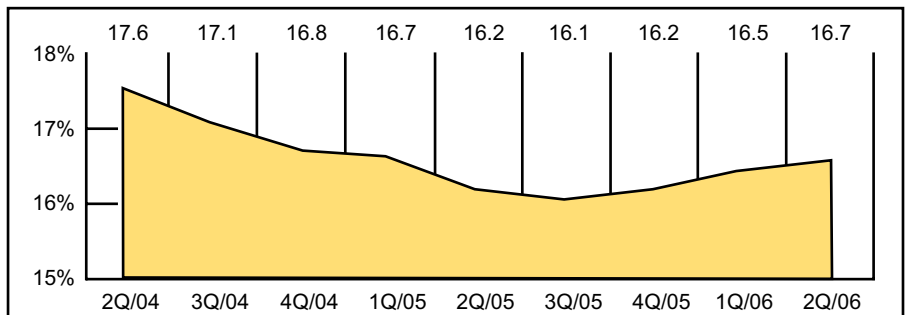
Grubb & Ellis|The Furman Co.
7 N. Laurens Street
Suite 1000
Phone: 864.242.5151
E-mail: breed@furmanco.com
Internet: www.furmanco-commercial.com
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The second quarter concluded with only a slight increase in vacancy in the office market from 16.5 percent to 16.7 percent. This minor change belies a significant trend of the past few years that remained prevalent during the quarter: tenants want the best space available and are willing to pay for it. The supply of Class A space in the most desirable areas has not kept up with demand, resulting in lower vacancy rates and higher asking rates. Despite rising asking rates for Class A space in the CBD, vacancy is now down to 7.5 percent from 13.2 percent just two years ago.

During the second quarter of 2006, asking prices for Class A space in the CBD submarket leapt 45 cents per square foot to \$19.57. This is part of a continuing trend, as this rate has increased \$1.02 per square foot in the last four quarters. In smaller markets like Greenville, significant jumps in asking prices are often attributed to new construction, as new product often enters the market at the highest prices to cover investment costs. Considering that only the first phase of Riverplace has been delivered to the market in the last year, the rise in asking rates is more a product of market pressures, as several key existing buildings have increased their asking prices over the past year. Despite the rising rates, the market is still considered affordable.

Greenville is often viewed as a great place to do business, as it provides an unrivaled combination of affordability and a high quality-of-life. These characteristics have inspired a significant amount of national investment in the local market. One of the largest investors is the Florida-based, FRI Investors, Inc., which recently purchased the two Liberty towers for \$58 million. This marks FRI Investors' second major investment in the local market, as the group purchased Wachovia Place for \$31 million in 2005.



Office Vacancy Rate*

* All Classes of Space

Office Market Snapshot Greenville Second Quarter 2006

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction (3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		Class A	Class B
CBD	3,151,589	405,833	12.9%	8,970	(29,608)	50,000	\$19.57	\$16.60
Greenville Suburban	5,100,474	924,283	18.1%	(8,846)	8,251	117,100	\$16.79	\$13.86
Spartanburg	1,192,947	247,199	20.7%	190	(7,984)	65,000	\$19.75	\$12.23
CBD Total	3,151,589	405,833	12.9%	8,970	(29,608)	50,000	\$19.57	\$16.60
Suburban Total	6,293,421	1,171,482	18.6%	(8,656)	267	182,100	\$16.98	\$13.31
Totals	9,445,010	1,557,315	16.7%	314	(29,341)	232,100	\$17.85	\$14.53
By Class (All Submarkets)							Available for Sublease	
							CBD	Suburban
Class A	4,696,897	580,731	12.4%	(10,434)	(11,803)	232,100	12,500	152,090
Class B	4,689,713	982,344	20.9%	10,688	(16,298)	-	2,834	18,095
Totals	9,445,010	1,557,315	16.7%	314	(29,341)	232,100	15,334	170,185

(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.

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.

Office Advisors

Steve Smith, SIOR
Vice President
ssmith@furmanco.com

Janet Gent
Vice President
jgent@furmanco.com

Doug Webster
Office Group
dwebster@furmanco.com

Tripp Sellers, CCIM
Office Group
tsellers@furmanco.com

Charles Gouch
Office Group
cgouch@furmanco.com