

Industrial Market Trends Greenville

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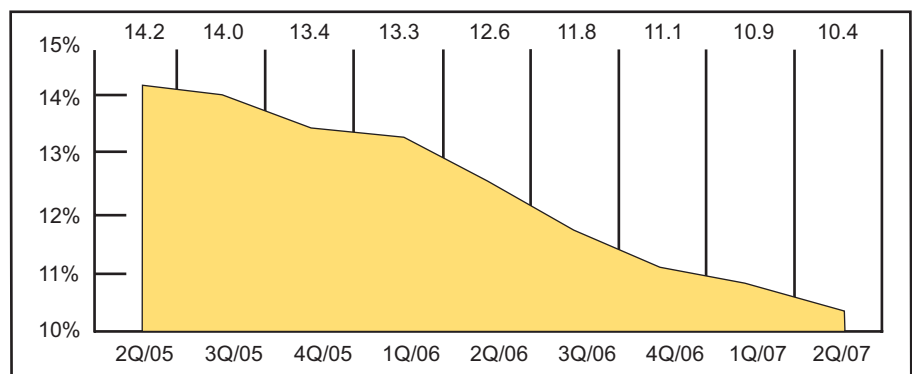
Eight straight quarters

In the last three quarters of 2006, the Upstate industrial market absorbed over 3.3 million square feet of space. While such high levels of growth were not expected to continue, the industrial market did expand for the eighth consecutive quarter, bringing vacancy down from 14.2 percent to 10.4 percent over the span. With over 600,000 square feet of net absorption, warehouse and distribution properties are leading the charge.

The combination of rising demand inspired by the increasing needs of manufacturers and a lack of supply that fails to be sufficiently supplied by new construction has transformed new warehouses into one of the stronger investment options in the Upstate. With new construction slowed by costs, market fundamentals have inspired investors to look for other ways to meet the warehousing demand, such as Trinity Capital Partners' acquisition of the old Pillowtex facility in the I-385 South submarket.

Trinity Capital will be converting the 750,000 square foot facility from a single-tenant warehouse distribution center to Trinity Commerce Center, a facility that can meet the warehousing and distribution needs of as many as eight tenants. This is just the latest in a series of deals resulting in the conversion of old single-tenant facilities into parks meeting the needs of several smaller tenants. Hampton Park, the former Winn-Dixie distribution center, underwent a similar transformation in the third quarter of 2006 and has successfully leased almost 300,000 square feet since.

Despite the very strong levels of industrial growth, the market still ranks in the bottom-third of industrial markets in the United States in terms of overall vacancy. Given the amount of older facilities that remain vacant on the market, there is little expectation for this to change. The potential for additional growth exists, but the availability of good warehousing and distribution space is diminishing and eventually new space will need to be constructed to meet the demand.



Industrial Vacancy Rate*

* All Types of Product

Industrial Market Snapshot Greenville Second Quarter 2007

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction (3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		WH/Dist	R&D/Flex
Central Greenville	17,152,500	1,854,955	10.8%	(119,953)	(116,957)	12,000	\$1.88	\$7.99
I-385 South	18,157,327	1,443,747	8.0%	133,801	187,752	18,000	\$2.51	\$8.70
I-85 East	12,501,435	1,086,060	8.7%	228,881	255,981	108,800	\$3.22	\$8.03
I-85 West	15,946,264	2,091,297	13.1%	(6,000)	(139,821)	90,000	\$3.08	\$7.31
Taylors-Greer	8,018,861	1,261,986	15.7%	(45,950)	299,402	20,000	\$3.08	\$4.87
Travelers Rest	3,242,754	204,700	6.3%	-	-	-	\$1.75	-
Greenville County	75,019,141	7,942,745	10.6%	190,779	486,357	248,800	\$2.73	\$7.90
Spartanburg East (5)	21,028,857	2,786,598	13.3%	125,366	190,500	-	\$2.32	\$5.08
Spartanburg West	28,127,122	2,230,468	7.9%	199,271	499,899	468,926	\$2.90	\$6.98
Spartanburg County	49,155,979	5,017,066	10.2%	324,637	690,399	468,926	\$2.74	\$5.98
Totals	124,175,120	12,959,811	10.4%	515,416	1,176,756	717,726	\$2.73	\$7.47
By Property Type								
(All Submarkets)							Asking Rent (4)	
General Industrial	66,395,648	5,800,704	8.7%	(237,286)	(192,256)	216,000	\$2.71	
R&D/Flex	5,822,197	909,843	15.6%	95,667	109,461	126,800	\$7.47	
Warehouse/Distribution	51,957,275	6,249,264	12.0%	657,035	1,259,551	374,926	\$2.73	
Totals	124,175,120	12,959,811	10.4%	515,416	1,176,756	717,726	\$3.03	

(1) Inventory includes multi-tenant, single tenant and owner-occupied buildings with at least 10,000 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, triple net. Rates for each building are weighted by the amount of available space within the building.

(5) Spartanburg East is a new submarket that was added during the first quarter of 2006. Historical numbers have been modified accordingly.

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

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