Office Market Trends Greenville

Grubb & Ellis Research
Second Quarter 2007

Grubb & Ellis | The Furman Co.
Property Solutions Worldwide

Engineering some growth

Net absorption topped 100,000 square feet for the first time in three quarters, largely the result of the completion of a new Class A building in the suburbs and growth in the engineering field. As a result, vacancy for the Upstate office market dropped from 17.9 to 17.6 percent.

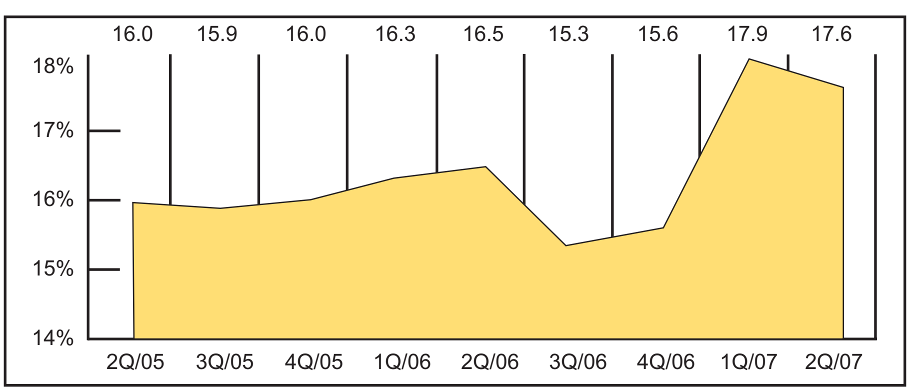
The completion of Liberty Property's seventh building at Independence Corporate Park delivered over 80,000 square feet of space to the market. The building provides one of the few places in the market where a tenant requiring more than 20,000 square feet or more of Class A space can locate. The property is also well situated to take advantage of burgeoning ancillary growth around Clemson University International Center for Automotive Research and The South Financial campus.

With much of the new space at Independence Corporate Park likely to become occupied in the coming quarters and the engineering field's continued hunger for more space, the office market is expected to tighten by the end of the year.

New construction often leads to an increase in vacancy, as it takes time to find the right tenants for new buildings. Liberty Property's new building is no different. However, the market as a whole enjoyed a decline in vacancy thanks to growth in the engineering sector.

Fluor Corporation and Day & Zimmerman are expanding in the suburbs. Both companies are being driven by local growth in the field of engineering, which is nothing new. According to Claritas, the Upstate market had the ninth largest number of engineers, scientists, and computer professionals per employee in the United States. Among markets in the South, only Raleigh, North Carolina, had more than the Upstate.

With much of the new space at Independence Corporate Park likely to become occupied in the coming quarters and the engineering field's continued hunger for more space, the office market is expected to tighten by the end of the year. A positive side effect of the increase in high-paying engineering jobs may be its positive impact on the retail and residential sectors.



Office Vacancy Rate*
** All Classes of Space*

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Office Market Snapshot Greenville Second Quarter 2007

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	3,158,579	487,480	15.4%	10,505	8,787	50,000	$19.34	$16.89
CBD Total	3,158,579	487,480	15.4%	10,505	8,787	50,000	$19.34	$16.89
Greenville Suburban	5,587,285	988,350	17.7%	87,240	74,680	47,000	$16.25	$13.47
Spartanburg	1,369,577	301,650	22.0%	7,426	22,113	-	$18.00	$13.81
Suburban Total	6,956,862	1,290,000	18.5%	94,666	96,793	47,000	$16.48	$13.59
Totals	10,115,441	1,777,480	17.6%	105,171	105,580	97,000	$17.54	$14.64

By Class (All Submarkets)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption Current Qtr.	Net Absorption Year-to-date	Under Construction (3)	Available for Sublease CBD	Available for Sublease Suburban
Class A	4,979,301	584,484	11.7%	70,823	108,419	50,000	19,867	39,512
Class B	5,000,040	1,162,166	23.2%	34,348	(2,839)	47,000	5,700	38,665
Totals	10,115,441	1,777,480	17.6%	105,171	105,580	97,000	25,567	78,177

(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.

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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