Office Market Trends Greenville

Grubb & Ellis Research
Third Quarter 2007

Grubb & Ellis | The Furman Co.
Property Solutions Worldwide

Engineering growth redux

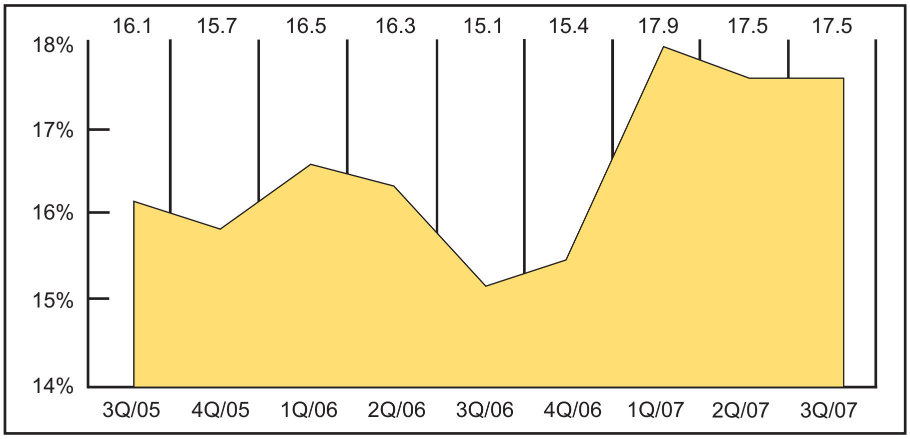
At the close of the third quarter, office market vacancy remained steady at 17.5 percent. Despite the lack of movement, the market is still benefiting from growth in the field of engineering, which will contribute over 110,000 square feet of positive net absorption by the end of the year. The market gains of the third quarter were offset by the completion of a new speculative Class A office in the CBD.

The fifth building of Riverplace was completed in the third quarter, bringing with it 30,000 square feet of pre-leased space. Major tenants of the property include the Bounce Agency (an advertising firm) and Donald A. Gardner Architects. An additional 20,000 square feet of space in the building is expected to be leased in the coming quarters.

The tightening of the Class A market appears to be finally paying dividends for Class B owners, who have been struggling with higher vacancy rates.

Four more engineering-related deals were completed last quarter expanding the importance of the field to the local economy. Local growth in the engineering field is having a big impact on suburban office vacancy. General Electric and Fluor Corporation completed deals to occupy over 45,000 square feet of Class A space at Independence Corporate Park and Patewood Plaza. Due to the lack of contiguous space among Class A properties, both companies also completed deals for over 65,000 square feet in Class B space within Park East and the ECPI Building. The tightening of the Class A market appears to be finally paying dividends for Class B owners, who have been struggling with higher vacancy rates.

By the end of the fourth quarter of 2007, the office market will have absorbed over 250,000 square feet of office space. However, with more than half of that absorption being directly attributed to engineering, we expect to see a slow down in this trend, unless employers are able to recruit from out-of-market.



Office Vacancy Rate*
** All Classes of Space*

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Office Market Snapshot Greenville Third Quarter 2007

By Submarket				Net Absorption		Under	Asking Rent(4)	
(All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Current Qtr.	Year-to-date	Construction (3)	Class A	Class B
CBD	3,208,579	503,257	15.7%	24,589	40,513	-	$19.34	$16.91
CBD Total	3,208,579	503,257	15.7%	24,589	40,513	-	$19.34	$16.91
Greenville Suburban	5,617,285	986,246	17.6%	29,787	124,177	-	$16.38	$13.61
Spartanburg	1,369,577	296,412	21.6%	5,238	27,351	-	$18.00	$13.81
Suburban Total	6,986,862	1,282,658	18.4%	35,025	192,041	-	$16.58	$13.68
Totals	10,195,441	1,785,915	17.5%	59,614	192,041	-	$17.57	$14.71

By Class							Available for Sublease	
(All Submarkets)							CBD	Suburban
Class A	5,029,301	556,058	11.1%	37,562	175,612	-	15,284	39,707
Class B	5,030,040	1,199,027	23.8%	22,052	16,429	-	-	38,665
Totals	10,195,441	1,785,915	17.5%	59,614	192,041	-	15,284	78,372

(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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