

Retail Market Trends Greenville

Grubb & Ellis Research
Second Quarter 2007



The Upstate now has over 750,000 square feet of retail space under construction, the highest amount since 2005.

Groceries for sale

The retail market posted a slight uptick in vacancy from 10.5 to 10.8 percent despite the completion of two Super BI-LO concept grocery stores, due to the closing of two older BI-LO grocery stores. In late 2005, Winn-Dixie's bankruptcy proceedings left ten empty Upstate grocery stores in its wake. Since then, eleven new grocery stores have opened, hoping to capture Winn-Dixie's former market share.

In addition to the new development, BI-LO has also undertaken significant renovations to several stores in the Upstate. While Winn-Dixie's departure may have created an additional incentive for BI-LO to build and renovate stores, both appear to be attempts to improve the perception of the company in the face of stiff competition from Publix and Bloom, both from a consumer and investor perspective. In 2004, ownership of BI-LO was transferred from global retailer Royal Ahold N.V. to private equity firm Lone Star Funds. Three years later, Lone Star Funds has announced their intention to sell the popular regional chain.

Despite the completion of the two Super BI-LO stores, the amount of space currently under construction actually increased, thanks to the construction starts of two separate Costco stores. The Upstate now has over 750,000 square feet of retail space under construction, the highest amount since 2005.

Amid continuing residential growth, the Upstate remains poised for increased retail activity in the coming quarters. A series of announced projects that have not yet begun construction should grow retail markets across the Upstate in the next 24 months.

Greenville Retail Market Trends

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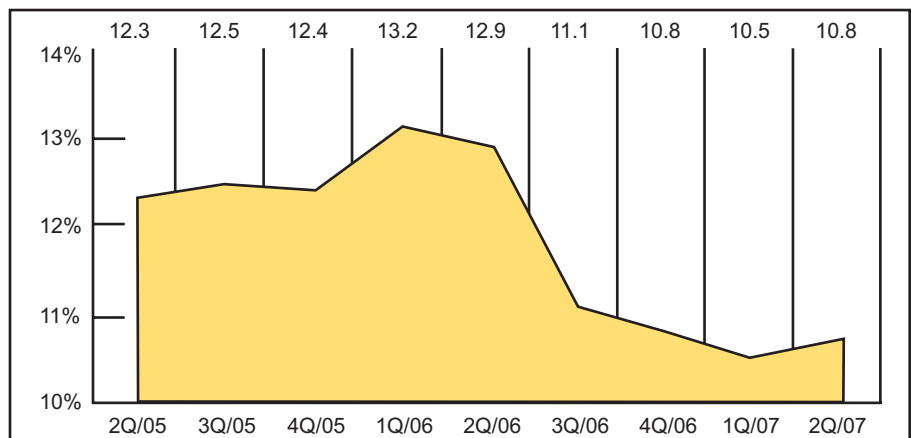
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Independently Owned and Operated



Retail Vacancy Rate*

* All Classes of Space

Retail Market Snapshot Greenville Second Quarter 2007

By Submarket(1) (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction (3)
				Current Qtr.	Year-to-date	
Anderson	3,978,639	530,949	13.3%	(4,865)	(2,615)	43,400
Easley	787,226	67,168	8.5%	-	-	-
Augusta	857,830	98,333	11.5%	-	(5,429)	-
Berea	1,131,456	46,440	4.1%	(4,000)	6,825	-
Cherrydale Area	893,081	157,198	17.6%	-	-	50,000
Eastside	682,697	93,430	13.7%	-	42,956	179,000
Haywood/Laurens	2,783,762	297,786	10.7%	48,605	43,695	-
I-385 South	1,887,453	129,165	6.8%	22,776	60,776	40,000
Pleasantburg	554,505	9,000	1.6%	-	8,989	60,000
Wade Hampton	1,452,344	188,086	13.0%	2,000	(10,945)	-
Woodruff Road	3,032,293	94,330	3.1%	(66,570)	(67,770)	150,635
Greenville	13,837,337	1,166,668	8.5%	2,811	79,097	562,635
Blackstock	3,730,311	521,020	14.0%	-	-	150,000
Duncan/Lyman	864,611	71,538	8.3%	-	35,000	-
Hillcrest	1,132,689	130,401	11.5%	(1,168)	(1,168)	-
Spartanburg North	881,729	99,090	11.2%	(2,800)	(2,800)	-
Spartanburg	7,338,390	1,001,411	13.6%	(1,287)	66,663	150,000
Totals	25,941,592	2,789,958	10.8%	(3,341)	143,145	756,035

(1) Inventory includes multi-tenant, single tenant and owner-occupied 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.

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

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