

Industrial Market Trends Greenville-Spartanburg

Grubb & Ellis Research
First Quarter 2008



BMW's expansion may help industrial developers overcome any additional vacancies brought on by an economic downturn.

BMW to drive the market

Vacancy declined for the eleventh straight quarter, declining from 14.9 percent in the second quarter of 2005 to 9.5 percent at the close of the last quarter. While the Greenville-Spartanburg industrial market enjoyed strong growth during that span, absorption has slowed noticeably over the past six months.

Growth in the second quarter may be limited, however the announcement of BMW's intention to add 1.5 million square feet of space to their manufacturing facilities greatly improves the outlook for the Greenville-Spartanburg industrial market through the end of 2009. In particular, this may help improve the feasibility of new construction, especially in the Spartanburg West and I-385 East submarkets.

While the textile industry is generally considered a declining industry, the largest deal of the quarter involved Allenberg Cotton Co., who signed a deal to occupy over 600,000 square feet in Hollingsworth Capital's warehouse facility in the I-85 West submarket. The market gains by Hollingsworth were largely offset by Hitachi's vacating over 400,000 square feet of space. Other than UTI Logistics's lease of 155,000 square feet at Hampton Park, there were no other major transactions in the first quarter.

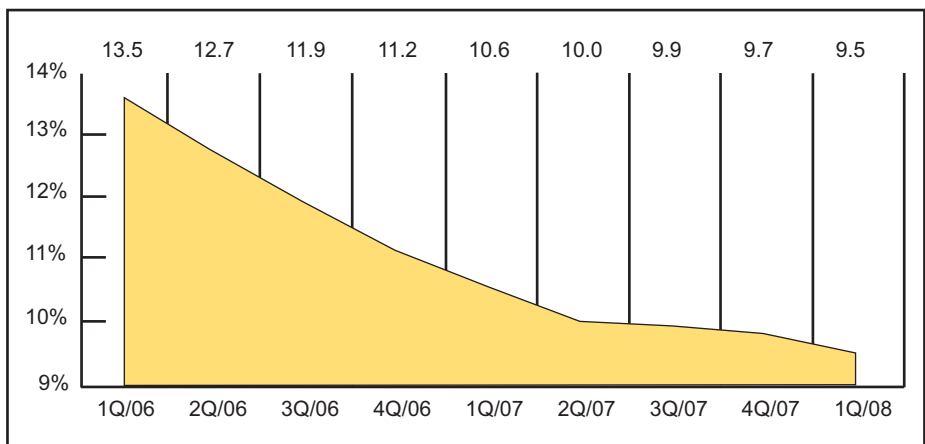
Owners of older facilities have been the beneficiaries of the market growth over the past three years. This contrasts with the challenges for developers of new space struggling to compete with the lower asking rates of older facilities. Each large vacancy on the market adds just another affordable alternative to compete with newly constructed spaces. BMW's expansion may help industrial developers overcome any additional vacancies brought on by an economic downturn.

The Greenville-Spartanburg industrial market numbers included in this report now include information for Anderson County. This change presented little impact on vacancy.

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Industrial Vacancy Rate*

* All Types of Product

Industrial Market Snapshot Greenville First Quarter 2008

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	17,161,323	1,378,291	8.0%	178,600	178,600	-	\$2.40	\$8.27
I-385 South	18,158,933	1,337,838	7.4%	(71,886)	(71,886)	18,000	\$2.49	\$6.58
I-85 East	12,625,435	1,278,990	10.1%	(157,770)	(157,770)	43,000	\$3.25	\$8.49
I-85 West	16,058,264	1,688,265	10.5%	310,132	310,132	-	\$3.60	\$7.31
Taylor-Greer	8,038,861	856,821	10.7%	168,959	168,959	-	\$2.99	\$6.25
Travelers Rest	3,242,754	236,273	7.3%	(16,573)	(16,573)	-	\$2.28	-
Greenville County	75,285,570	6,776,478	9.0%	411,462	411,462	61,000	\$2.84	\$7.38
Spartanburg East	20,922,257	2,707,734	12.9%	-	-	1,900,000	\$2.19	\$5.14
Spartanburg West	28,600,306	2,300,108	8.0%	(23,652)	(23,652)	300,000	\$2.99	\$5.71
Spartanburg County	49,522,563	5,007,842	10.5%	(23,652)	(23,652)	2,100,000	\$2.59	\$5.43
Anderson (5)	16,865,727	1,641,130	9.7%	1,775	1,775	-	\$2.67	\$4.51
Anderson County	16,865,727	1,641,130	9.7%	1,775	1,775	-	\$2.67	\$4.51
Totals	141,673,860	13,425,450	9.5%	389,585	389,585	2,161,000	\$2.94	\$6.59
By Property Type								
(All Submarkets)							Asking Rent (4)	
General Industrial	78,955,867	6,849,880	8.7%	(315,236)	(315,236)	300,000	\$2.84	
R&D/Flex	6,428,354	1,332,176	20.7%	(11,879)	(11,879)	18,000	\$6.59	
Warehouse/Distribution	56,289,639	5,243,394	9.3%	716,700	716,700	1,943,000	\$2.94	
Totals	141,673,860	13,425,450	9.5%	389,585	389,585	2,161,000	\$3.30	

(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) During the first quarter of 2008, the Anderson submarket was added to the statistical inventory.

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

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