

Office Market Trends Greenville-Spartanburg

Grubb & Ellis Research
Second Quarter 2008

 **The Furman Co.**
Property Solutions Worldwide

While the vacancy news is positive and may be indicative of a strengthening office market, a more in-depth examination reveals that there is more to the story.

Activity slows, CBD to recruit more

Activity in the Greenville-Spartanburg office market is slightly positive, but slow and limited to the suburbs. The largest deal of the quarter was General Electric's absorption of over 27,000 square feet of space at Class A Brookfield Plaza in the Greenville Suburban submarket, which helped bring total market vacancy down for the fifth consecutive quarter.

While the vacancy news is also positive and may be indicative of a strengthening office market, a more in-depth examination reveals that there is more to the story. The Bowater Building in downtown Greenville is occupied, but all of its space is now available for tenants interested in this well-positioned space. The 100,000 square foot building effectively doubles the amount of available Class A space downtown in the competitive inventory.

When the space available at the Bowater Building is combined with existing availabilities, a looming vacancy at Poinsett Plaza and Windsor-Aughtry's new building at Main and Broad, over 300,000 square feet of space is expected to be available by the end of 2009. With an average absorption rate of 40,000 square feet per year, the Greenville CBD will have over seven years of inventory available. In order to mitigate the consequences of surplus office space, more growth is needed from outside of the market over the next few years.

As if on cue, the City of Greenville, the Greenville Chamber and the Downtown Owner's Group (an organization of downtown property owners) have agreed hire a recruiter to specifically help attract new business to downtown. In the face of a declining economy, this has the potential to increase the exposure of the Greenville CBD in the hopes of attracting companies that otherwise may not have considered Greenville as an option for relocation.

Greenville Office Market Trends

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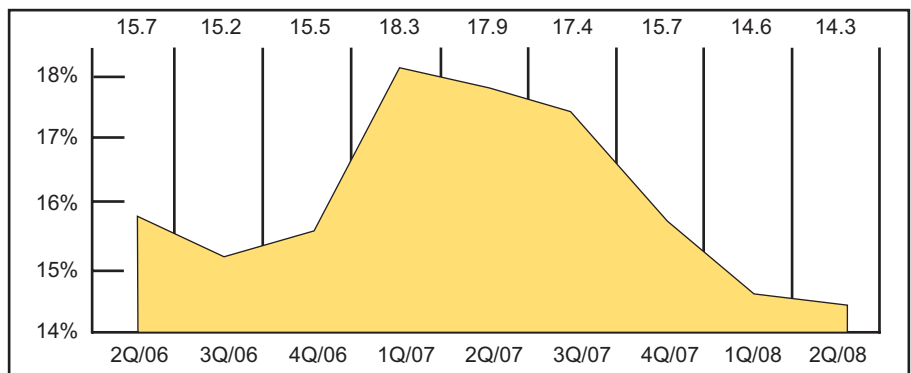
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Independently Owned and Operated



Office Vacancy Rate*

* All Classes of Space

Office Market Snapshot Greenville-Spartanburg Second 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 | | Class A | Class B |
| CBD | 3,194,579 | 439,736 | 13.8% | (9,740) | 1,076 | - | \$19.53 | \$17.13 |
| CBD Total | 3,194,579 | 439,736 | 13.8% | (9,740) | 1,076 | - | \$19.53 | \$17.13 |
| Greenville Suburban | 5,550,262 | 769,138 | 13.9% | 40,485 | 79,658 | - | \$16.72 | \$13.39 |
| Spartanburg | 1,369,577 | 235,723 | 17.2% | 19,250 | 74,021 | 80,000 | \$19.47 | \$14.19 |
| Suburban Total | 6,919,839 | 1,004,861 | 14.5% | 59,735 | 153,679 | 80,000 | \$17.09 | \$13.63 |
| Totals | 10,114,418 | 1,444,597 | 14.3% | 49,995 | 154,755 | 80,000 | \$17.90 | \$14.72 |
| By Class (All Submarkets) | | | | | | | Available for Sublease | |
| | | | | | | | CBD | Suburban |
| Class A | 5,038,301 | 345,911 | 6.9% | 32,144 | 93,454 | 80,000 | 37,157 | 54,934 |
| Class B | 4,940,017 | 1,054,256 | 21.3% | 17,851 | 61,301 | - | 2,000 | 41,868 |
| Totals | 10,114,418 | 1,444,597 | 14.3% | 49,995 | 154,755 | 80,000 | 39,157 | 96,802 |

(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|The Furman Co. 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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