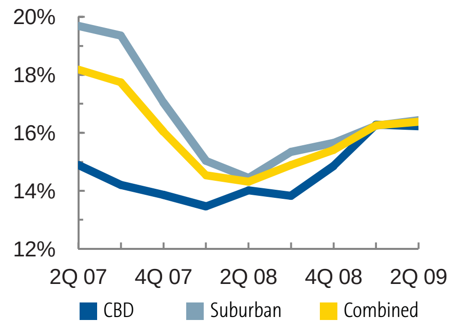
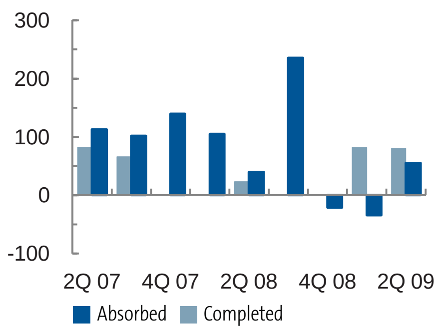
Office Trends Report—Second Quarter 2009
Greenville-Spartanburg, SC

GRUBB & ELLIS
The Furman Co.

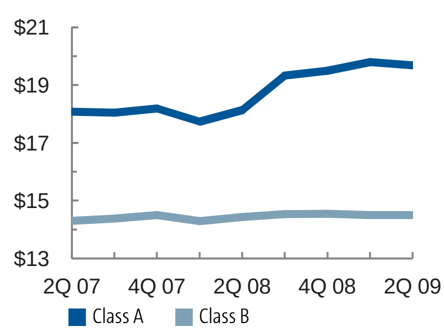
Vacancy Rate
Quarterly



Completion vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly ($/SF/Yr. Full Service)



The South Financial Group's announcement that it will remain downtown and make most of its newly constructed corporate campus near the intersection of I-85 and I-385 available will help the reeling CBD but presents the suburban market with a paradox.

Amid dwindling activity, vacancy effectively remained flat in the second quarter, climbing a mere eleven basis points. The major story this quarter is the announcement that The South Financial Group will remain downtown and make about 70 percent of its 213,000 square foot corporate campus available to new tenants. By staying downtown, the firm is taking 70,000 square feet of Class A sublease space in the CBD off the market. Despite that, the net change in sublease space available only dropped by 20,000 square feet, indicating that other tenants are still putting sublease space on the market.

The South Financial Group's news is being viewed as positive by downtown property owners, who have spent the last six quarters enduring a 237 basis point rise in vacancy and almost 60,000 square feet of negative absorption (the net change in total occupied space.) In addition, civic leaders are thrilled to be keeping the company's presence downtown, which will help downtown maintain its vibrancy. That is not to say the worst is over. About 300,000 square feet of office space in the CBD remains occupied but available for sublease, indicating that further contraction is looming.

In the suburban market, the 154,000 square feet of office space now available at the corporate campus will provide significant competition for any landlord in the market trying to land a large tenant. However, the large corporate campus that is a unique product that presents an opportunity for the Upstate to attract types of users that previously were not considering the market. Ideally, the campus would be a lure for a major tenant in another market interested in relocating or consolidating its operations.

For the market as a whole, absorption was positive, as Samsung's 80,000-square foot build-to-suit call center was delivered in the Greenville Suburban market. Other office developments currently underway include City Plaza. a mixed-use project with 55,000 square feet of office space, and the NEXT Innovation Center, a downtown warehouse being converted to office space geared specifically for technology entrepreneurs.

FORECAST

- Asking rates have stagnated, but will probably rise as new high-end product is delivered to the market.
- Concessions are rising, specifically provisions of free rent.
- Sublease space will confound the office market through the end of 2010

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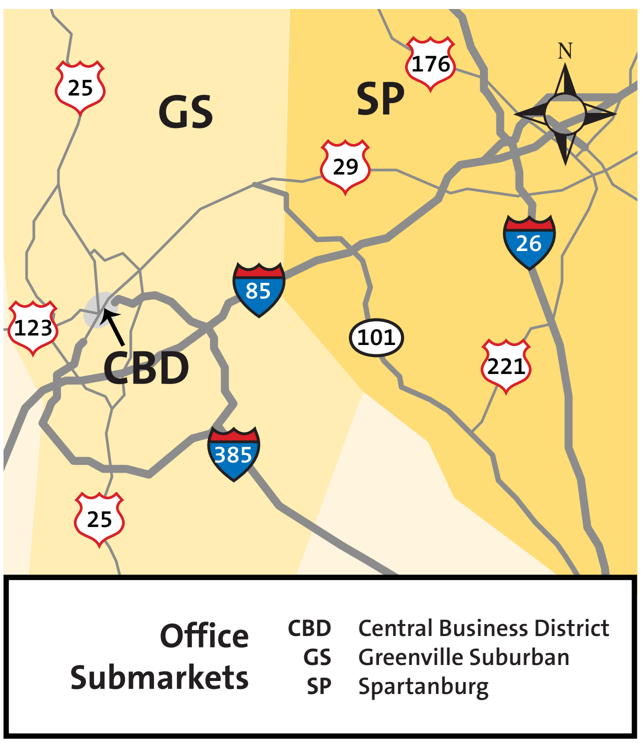
By Submarket	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT Class A	ASKING RENT Class B
Greenville CBD	3,139,769	509,435	14.7%	16.2%	1,868	(33,759)	115,000	$19.50	$16.84
CBD Total	**3,139,769**	**509,435**	**14.7%**	**16.2%**	**1,868**	**(33,759)**	**115,000**	**$19.50**	**$16.84**
Greenville Suburban	5,831,264	920,450	14.9%	15.8%	64,522	34,155	213,300	$19.68	$13.43
Spartanburg	1,578,852	297,552	18.3%	18.8%	(11,393)	20,137	-	$19.92	$12.62
Suburban Total	**7,410,116**	**1,218,002**	**15.6%**	**16.4%**	**53,129**	**54,292**	**213,300**	**$19.73**	**$13.18**
Totals	**10,549,885**	**1,727,437**	**15.3%**	**16.4%**	**54,997**	**20,533**	**328,300**	**$19.69**	**$14.51**

By Class	Total SF	Vacant SF	Direct	Total	Current	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE CBD	AVAILABLE FOR SUBLEASE Suburban
Class A	5,371,898	706,261	11.9%	13.1%	(41,508)	(50,441)	328,300	286,636	106,139
Class B	5,041,887	970,396	18.3%	19.2%	96,505	70,974	-	17,749	50,939
Class C	136,100	50,780	37.3%	37.3%	-	-	-	-	-
Totals	**10,549,885**	**1,727,437**	**15.3%**	**16.4%**	**54,997**	**20,533**	**328,300**	**304,385**	**157,078.00**



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OFFICE TERMS AND 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 adheres to the BOMA 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. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

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 full service where all costs of operation are paid for by the landlord up to a base year or expense stop.. The asking rent for each building in the market is weighted by the amount of available space in the building.

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