

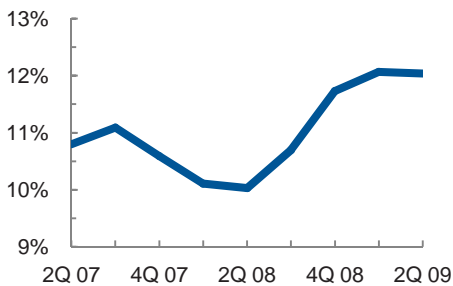
Retail Trends Report—Second Quarter 2009

Greenville-Spartanburg, SC



Vacancy Rate

Quarterly



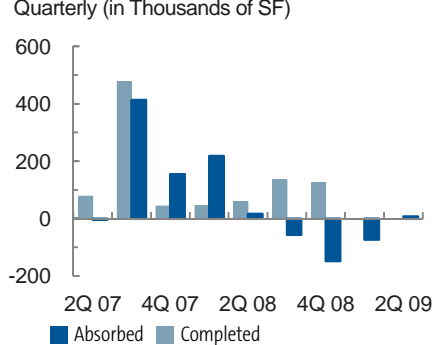
Activity was flat in the second quarter, with vacancy dropping two basis points. The stream of closings has slowed and tenants appear to be holding ground as they ride out the end of the great recession.

Because retail development is primarily tenant-driven, developers with planned projects on hold are keeping a close eye on credit markets and consumer confidence figures. As credit markets loosen and consumers are able to spend more confidently, retailers will be able to think about expanding again.

Right now, discount retailers are one of the few tenants that appear to be riding the economic storm relatively well, allowing these retailers to improve their market position. A good example last quarter was TJ Maxx, which repositioned in Spartanburg by backfilling higher quality space vacated earlier in the year by Linens N' Things.

Completion vs. Absorption

Quarterly (in Thousands of SF)

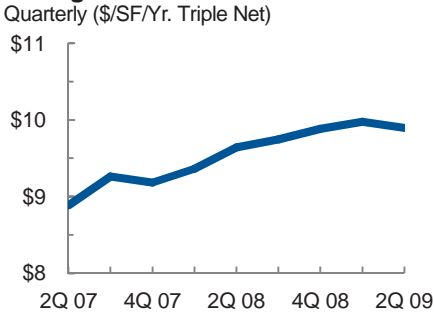


Although it happened too late to affect second quarter numbers, Academy Sports occupied space that was renovated just nine months after BJ's Wholesale vacated along Woodruff Road, the market's premier trade area. While BJ's Wholesale departure might imply a weak market, especially given the retailer's relative success nationally, it was more a function of local market dynamics. After the 2007 completion of Costco to the west on Woodruff Road, the retailer was boxed in by wholesale retailers, with the other being Sam's Club to the east. Sales for the Costco on Woodruff Road are exceeding projections, which indicates that new retailers can be successful, even in this economy, assuming consumers perceive value.

Academy Sports' arrival will impact the third quarter numbers, bringing with it an increase in absorption, the net change in occupied space. The redevelopment also brings with it 16,000 square feet of speculative space, presenting an opportunity for tenants looking to get into a top trade area.

Asking Rental Rates

Quarterly (\$/SF/Yr. Triple Net)



The decline in home values nationally has dealt a significant blow to retail markets across the country. Despite not undergoing a major residential correction, the local market is not likely to see expansion activity from national retailers until larger residential markets revive. This will present a lingering opportunity for local and regional retailers that are not situated in these struggling markets to benefit from success in the local market after the great recession ends.

FORECAST

- Retailers that do well in recessions will look to improve their market position
- Projects on hold will remain so until tenant interest can be solidified and financed
- The retail market will rebound before the office and industrial markets

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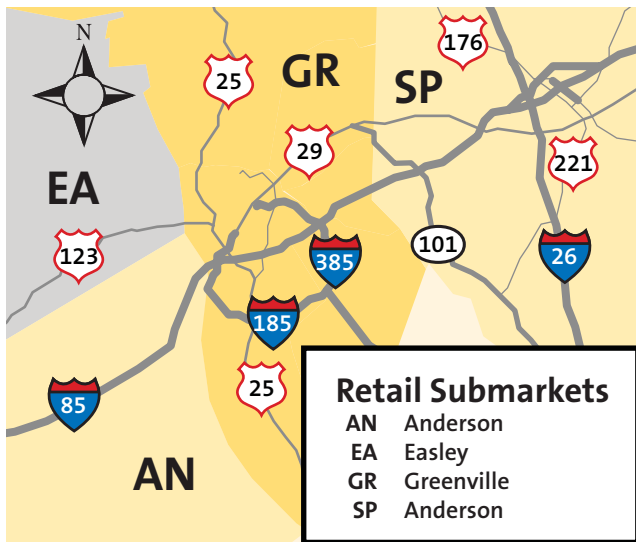
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GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction	ASKING RENT	
				Current	Year To Date		Neighborhood	Power
Anderson	4,255,610	491,696	11.6%	12,500	14,810	-	\$5.88	\$12.78
Easley	787,226	74,224	9.4%	-	-	500,000	\$8.26	-
Greenville	14,297,786	1,660,605	11.6%	13,231	(51,139)	102,269	\$9.69	\$17.17
Spartanburg	7,512,373	1,006,493	13.4%	(18,799)	(29,387)	-	\$8.33	\$14.00
Totals	26,852,995	3,233,018	12.0%	6,932	(65,716)	602,269	\$8.50	\$15.41

By Property Type	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction	ASKING RENT	
				Current	Year To Date		Neighborhood	Power
Community	3,655,324	419,574	11.5%	778	(29,973)	-	\$11.61	
Free-standing	5,162,570	603,740	11.7%	-	4,800	102,269	\$8.37	
Neighborhood	9,940,835	1,688,562	17.0%	20,156	(41,585)	-	\$8.50	
Power	2,321,168	206,856	8.9%	-	9,100	-	\$15.41	
Regional	4,306,763	118,799	2.8%	-	(110)	500,000	\$19.95	
Strip	1,386,335	188,397	13.6%	(14,002)	(7,463)	-	\$12.56	
Urban Retail	80,000	7,090	8.9%	-	(485)	-	\$18.00	
Totals	26,852,995	3,233,018	12.0%	6,932	(65,716)	602,269	\$9.90	



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RETAIL TERMS AND DEFINITIONS

Inventory: Retail inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 square feet.

Neighborhood Shopping Center: Shopping center with approximately 50,000 to 200,000 square feet of space, at least one or more anchor stores, typically featuring a supermarket and drug store.

Power Shopping Center: Shopping center with approximately 250,000 to 800,000 square feet of space, at least three or more anchor tenants such as a category killer, home improvement, discount department store or warehouse club. It has little or no in-line shop space.

Industrial Buildings Classifications: Retail buildings are categorized using definitions published by the International Council of Shopping Centers. Building categories are based on building square foot, tenant mix, and property location (urban or suburban.)

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.

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. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed 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.*