Bentley Commercial LLC/CORFAC INTERNATIONAL

INDUSTRIAL MARKET REPORT

GREENVILLE, SC **2008 YEAR END REPORT**

MARKET OVERVIEW

By Richard O. Barrett

As we proceed into the 2009 calendar year, it would be difficult to dismiss the repetitive doom and gloom news stories concerning a national recession. This current recession has negatively impacted both the commercial and residential real estate markets nationally to a degree few anticipated in 2007. Couple this with the uncertain state of the banking community and its subsequent fallout in credit markets, and it could lead many to fear the next 12 months. However, the bigger question should be "What does this mean to me and the local Greenville, Spartanburg, Anderson market?" It is clear, the local market is fairing much better.

A few points to keep in mind: The availability rate for industrial / warehouse space at December 31, 2008 for the local market was 14%. While a challenging number on the surface, it bears further examination. Net absorption for the full year was a negative *(164,117)* square feet during 2008. It is important to note that with the exception of an extremely poor third quarter at a negative *(618,945)* square feet, there was positive absorption in the remaining three quarters with the fourth quarter a positive 39,719 square feet. This would not indicate a negative trend but reflect an extremely difficult third quarter. The indicators are positive otherwise.

This positive read is further confirmed by a rising average asking rate. This was $3.41 PSF at year end which represented a 1.9% increase in quoted rental rates from the first quarter of the year. This can best be attributed to a somewhat consistent demand for good quality space and new companies entering the market or expanding the current footprints.

Major lease signings occurring in the Greenville Market for 2008 included: the 625,000 SF lease signed by Louis Dreyfus Company at Donaldson Distribution Center in the Greenville market; the 187,000 SF deal by Southern Cotton on Rutherford Road in the Greenville market and the 160,000 SF lease signed by UTI Integrated Logistics at 2819 Wade Hampton Boulevard, Building 2. Other significant lease signings were ***Gas Turbine Efficiency taking 49,225 SF at 240 E. Parkway, Iron Mountain taking 45,000 SF at 125 Caliber Ridge Drive,*** and ***Earth Protection Service, Inc. taking 15,000 SF at 109 Twenty Nine Court in Anderson (Bentley Commercial, LLC transactions).***

Bentley Commercial LLC
CORFAC INTERNATIONAL

FOR MORE INFORMATION, CONTACT OUR INDUSTRIAL SPECIALISTS:

Randall Bentley, CCIM, SIOR
rbentley@bentleycommercial.com

Laurens C. Nicholson, CCIM, SIOR
lnicholson@bentleycommercial.com

Kevin Bentley
kbentley@bentleycommercial.com

Richard Barrett
rbarrett@bentleycommercial.com

Tim Bright
tbright@bentleycommercial.com

101 A WEST COURT STREET
GREENVILLE, SC 29601
PHONE: 864.704.1040
FAX: 864.704.1041
www.bentleycommercial.com

Source: CoStar Property Data and Bentley Commercial, LLC.

INDUSTRIAL INVENTORY AND VACANCY RATES

AS OF DECEMBER 31, 2008

	Greenville	Spartanburg	Anderson	Total Market
Total Inventory	68,398,327	68,692,487	10,530,983	147,621,797
Direct Vacant SF	9,173,390	9,555,543	1,035,426	19,762,359
Sub-lease SF	150,000	699,240	0	849,240
Availability Rate	13.7%	15.0%	10.2%	14.0%
Y-T-D Net Absorption	1,088,523	(1,230,242)	(22,398)	(164,117)
YTD New Product	162,950	233,000	0	395,950
SF Under Construction	300,000	1,815,000	0	2,115,000
Average Asking Rate/SF	$3.09	$3.71	$4.25	$3.41

MARKET OVERVIEW CONTINUED

In terms of industrial / warehouse construction the Greenville market had deliveries of 162,950 SF, with 300,000 SF under construction. The Spartanburg market saw deliveries of 233,000 SF with 1,815,000 SF under construction.

As we move forward into 2009, a few significant developments will continue to have a positive impact on this market. One is the major expansion of BMW. Most have witnessed the continued inquiries of secondary suppliers, both current and potential, seeking to locate or expand in this area. Recent announcements of other large industrials including International firms (Fitesa of Brazil) moving to this area will only create more local demand from their current supplier base. The other development is the continuing relocation of call centers and the demand for readily available quality industrial space to meet the needs of these potential tenant's inquiries.

GREENVILLE MARKET

The Greenville availability rate was 13.7% at year end. Net absorption for the year was a positive 1,088,523 SF. As in the overall market this would have been stronger however, this number was skewed by an extremely poor third quarter which was a negative *(334,421)* SF. All other quarters were positive.

Significant year to date deliveries include ***105 Ben Hamby Drive at 108,800 SF***, 319 Garlington Road at 40,000 SF and ***3044 White Horse Road at 12,275 SF***. The Greenville market asking rate for the year averaged $3.09 NNN. ***(Bentley Commercial, LLC transactions)***

SPARTANBURG MARKET

The Spartanburg availability rate was 15% and ranked currently as the highest among the 3 Upstate markets. As this market continues to transition, it has had some uneven quarters. This is further confirmed by the net absorption which was a negative *(1,230,242)* SF. This number was affected by the delivery of certain large properties during the year, including the Commonwealth Distribution Center at 221,000 SF as well as the Adidas Distribution Center, Building I at 550,000 SF. These large additions confirm the long term growth prospects and reflects the rebounds the market is now seeing. The asking rate for this area was $3.71 NNN. The Spartanburg area will continue to see significant activity as the I-26 and I-85 corridors continue to grow in importance as a business hub.