Bentley Commercial LLC/CORFAC INTERNATIONAL

FLEX SPACE MARKET REPORT

GREENVILLE, SC **2009 MID-YEAR REPORT**

MARKET OVERVIEW

By Tim Bright

For the purpose of this report, flex space is defined as a one story building / space within the building / space being divided as 50% being used for office space and 50% being used as warehouse or distribution space. The building / space must also have either a drive-in door or a dock high door.

As the close to the first half of 2009 has come and gone we have seen a change for the good in the world of commercial real estate. The phones are ringing at Bentley Commercial and deals are happening. Owners / Landlords are learning that they will not receive increased rents from current tenants and new tenants are finding quality space at a very reasonable price. Are we out of this "mess" yet? No, we still have a ways to go but things are starting to look brighter in the near future.

When looking at the Upstate Flex Market as a whole, the average asking rate has made a significant jump from $7.41 PSF at the end of last year to an astonishing $9.94 at the mid year point this year. This number is very high, but it's like I said earlier our phones are ringing and deals are being made. The availability rate for the first half of 2009 hasn't really changed much from the end of 2008 only dropping from 20.8% to 19.0%. Net absorption for the midway point of 2009 is at a positive 36,133 SF compared to 10,290 at the end of 2008. Currently there are no buildings under construction.

As we glace at each market individually we will see that the Greenville Flex Market has had a positive net absorption of 30,488 SF for the first half compared to 6,785 SF at years end last year. The Greenville availability rate has dropped from 22.5% at years end to 20.7% so far this year. The number that sticks out the most is the $10.57 PSF average asking rate we currently have. At the end of the year last year the average asking rate was $7.48 PSF. With the number jumping that much in only 6 months it would seem that no deals are happening, but amazingly they are. So far this year Greenville has no construction currently going on and no buildings have been delivered.

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Source: CoStar Property Data and Bentley Commercial, LLC.

FLEX SPACE INVENTORY AND VACANCY RATES

AS OF JUNE 30, 2009

	Greenville	Spartanburg	Anderson	Total Market
Total Inventory	7,306,460	964,856	365,696	8,637,012
Direct Vacant SF	1,514,077	105,623	24,700	1,644,400
Availability Rate	20.7%	11%	6.8%	19%
Y-T-D Net Absorption	30,488	7,445	(1,800)	36,133
YTD New Product	0	26,700	0	26,700
Average Asking Rate/	$10.57	$6.01	$5.03	$9.94

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Spartanburg County had a net absorption of positive 7,445 SF which is down from the end of last year when it was positive 21,785 SF. The availability rate in Spartanburg is currently 11.0% which is at the same level from the end of 2008 when it was 11.2%. The asking rates in Spartanburg County have dropped from $6.36 PSF at the end of last year to $6.01 PSF currently. Spartanburg has added 26,700 SF of flex space all being located at 119 Ian Court.

Anderson County has another negative net absorption of (1,800) SF which is up from the end of last year when it was (18,280) SF. Anderson's availability rate has dropped these past six months from 9.2% at the end of last year to 6.8% currently. The asking rates in Anderson County have also dropped since the end of 2008 going from $6.67 then to $5.03 currently. Anderson has no new construction at this point in the year and hasn't delivered any new buildings either.

The Upstate is a growing market. In these financial times that we are currently in there is a great need for quality flex space. Some companies want to sign short term leases on smaller spaces to see how things will shake out. Greenville County alone at the end of the 1st Quarter had a net absorption of (52,054) and the turned it around to a positive 23,447 in the 2nd Quarter. This is a great indicator that deals are out there to be had in the Upstate of South Carolina.

RECENT SALES COMPS

BUILDING NAME	ADDRESS	CITY	SIZE	SALE DATE	PRICE	PRICE / SF
North Park Industrial	112 North Park Dr.	Anderson	5,288	5/13/2009	$385,000	$ 72.81
209 Holly Ridge	209 Holly Ridge	Greenville	27,000	4/21/2009	$600,000	$ 22.22
Building A	138 Commerce Center	Greenville	10,070	2/27/2009	$635,000	$ 63.06
112 Metro Drive	112 Metro Drive	Anderson	4,800	12/23/2008	$180,000	$ 37.50
7002-7004 Pelham Rd.	7002-7004 Pelham Rd.	Greenville	10,000	12/10/2008	$575,000	$ 57.50
108 Old Dominion Rd.	108 Old Dominion Rd.	Duncan	4,600	10/16/2008	$365,000	$ 79.35
224 Westfield Ave.	224 Westfield Ave.	Greenville	6,412	9/30/2008	$750,000	$116.97
8 Distribution Court	8 Distribution Court	Greer	10,800	9/30/2008	$450,000	$ 41.67
606 Old Buncombe Rd.	606 Old Buncombe Rd.	Travelers Rest	5,000	9/10/2008	$420,000	$ 84.00
222 Ladean Ct.	222 Ladean Ct.	Simpsonville	10,980	9/5/2008	$765,000	$ 69.67

RECENT LEASE COMPS

ADDRESS	CITY	SIZE	LEASE DATE	LEASE RATE	TENANT
48 Brookfield Oaks Dr.	Greenville	9,000	6/2/2009	$ 7.23	Summit Church
7092 Howard St.	Spartanburg	4,900	6/1/2009	$ 2.94	CrossFit Spartanburg
2355 Highway 101 S.	Greer	3,000	6/1/2009	$ 6.59	Hofmann Services
6003 - 6037 Ponders Ct.	Greenville	5,231	6/1/2009	$ 5.87	Laser Pharmaceuticals
108 Park Place Ct.	Greenville	8,000	6/1/2009	$ 5.75	Merus Refreshment Group
7092 Howard St.	Spartanburg	2,250	6/1/2009	$ 5.87	NUCO Supply, LLC.
61 Byrdland Drive	Greenville	5,000	5/2/2009	$ 5.52	Gallman Windows & Doors
48 Brookfield Oaks Dr.	Greenville	4,046	4/1/2009	$ 8.16	Berliner Seilfabrik Play Equipment Corp.
160 Congress Blvd	Duncan	3,810	3/2/2009	$ 9.70	HomeChoice Partners
48 Brookfield Oaks Dr.	Greenville	4,046	1/30/2009	$10.71	Consumer Source