Bentley Commercial LLC/CORFAC INTERNATIONAL

RETAIL MARKET REPORT

GREENVILLE, SC **2008 YEAR END REPORT**

MARKET OVERVIEW

By Deanna Hemberger

What a year! In the real estate arena, individual speculation remains as wide-ranging as the numbers themselves. In the midst of the download spiral of assumption and negative economics, the following report presents the numbers from the "half-full" side of the Greenville/Spartanburg retail market.

In the Greenville/Spartanburg retail market, which includes the Anderson, Cherokee, Greenville, Pickens, and Spartanburg markets, the picture is not as bleak as some anticipated. Regarding year-end statistics, Vacancy remained stable at 7.1% from 2007 to 2008. First quarter to fourth quarter 2008, Vacancy actually decreased one basis point from 7.2% to 7.1%. Total Net Absorption for the year emerged positive at 305,349 SF with Total Gross Absorption of 3,137,993 SF. The largest lease signings include Cross Country Home Services at Windsor Place Shopping Center in 35,922 SF, CVS/Pharmacy at Pine Street Crossing in 33,166 SF, and Badcock Furniture & Appliances at Windsor Place Shopping Center in 19,880 SF. There was 331,320 SF of Rentable Building Area added to inventory. By year-end, there were 388 deals in the Greenville/Spartanburg retail market that leased 1,102,494 SF at an average rate of $10.74/SF/NNN in the fourth quarter. Additionally, we recorded 54 deals under construction at year-end, comprised of 2,605,384 SF of RBA, averaging 48,248 SF per deal under construction.

The Greenville retail market posted positive numbers as well. Vacancy in the Greenville market declined from first quarter to fourth quarter by three basis points from 7.1% to 6.8%. Although the fourth quarter posted negative Net Absorption, the annual Net Absorption was positive at 134,557 SF with Total Gross absorption of 1,404,085 SF. Total Rentable Building Area increased by 183,979 SF from year-end 2007, creating a total inventory of 31,565,495 SF. This is nearly half of the total Greenville/Spartanburg retail market of 70,089,432 SF. There were 192 deals in the Greenville market that leased 557,702 SF, at an average rate of $12.07/SF/NNN in the fourth quarter. Twenty-nine deals were under construction, comprising 378,438 SF of RBA, averaging 13,050 SF per deal under construction.

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Bentley Commercial LLC
CORFAC INTERNATIONAL

FOR MORE INFORMATION, CONTACT OUR RETAIL SPECIALISTS:

DEANNA HEMBERGER
dhemberger@bentleycommercial.com

RAND BENTLEY
rand@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, Forbes.com, Relocate-America and Bentley Commercial, LLC.

GREENVILLE MARKET VACANCY STATISTICS

	Direct	Sublet	Total
Overall decrease in Vacancy for 2008: 7.1% to 6.8%			
4Q	1,953,349	181,706	2,135,055
3Q	1,957,717	119,793	2,077,510
2Q	2,078,962	118,117	2,197,079
1Q	2,041,491	189,002	2,230,493
Overall decrease in Vacancy for 2008: 6.1% to 6.6%			
4Q	1,898,085	187,548	2,085,633
3Q	1,636,244	72,716	1,708,960
2Q	1,741,181	88,343	1,829,524
1Q	1,817,999	81,616	1,899,615

GREENVILLE MARKET NET ABSORPTION

	Direct	Sublet	Total
2008			
Total	**128,715**	**5,842**	**134,557**
4Q	(3,173)	(61,913)	(65,086)
3Q	194,159	(1,676)	192,483
2Q	37,508	70,885	108,393
1Q	(99,779)	(1,454)	(101,233)
2007			
Total	**494,183**	**(76,432)**	**417,751**
4Q	(145,476)	(114,832)	(260,308)
3Q	381,672	15,627	397,299
2Q	97,705	(6,727)	90,978
1Q	160,282	29,500	189,782

MARKET OVERVIEW CONTINUED

While the national economy showed acute, consistent signs of weakness, the upstate South Carolina area appeared to remain somewhat insulated from the national woes as we continued to produce positive outcomes overall and continue to draw national attention. Greenville earned national distinction with both Relocate-America and Forbes.com. Relocate-America's Top 10 Places to Live and Work ranked Greenville 4th in the nation and Forbes.com named Greenville County, SC, the 5th best place to weather the economic downturn based upon affordability, property taxes, and job growth.

Comparatively, 2007 and 2008 present an intriguing view of retail activity. In the Greenville/Spartanburg market, while Vacancy remained relatively stable, Total Net Absorption decreased from fourth quarter 2007 into first quarter 2008. However, both years remained positive overall. Notably, each fourth quarter reporting of Net Absorption indicated a significant decrease, greatly due to the Sublet market. While 2007 posted negative fourth quarter numbers for both Direct and Sublet lease space, 2008 posted negative for Sublet space but positive for Direct lease space. Pre-term lease terminations are the single most significant area of note for this down side of the market, accounting for 199,247 SF of vacant retail space.

Inventory and Construction increased in the number of buildings built from 31 in 2007 to 40 in 2008. Although the amount of square footage is significantly less, 1,046,350 and 368,232, respectively, the average RBA decreased from 33,753 SF in 2007 to 9,206 SF in 2008. Two of the greatest factors for this occurrence are downsizing and market necessity. The Greenville/Spartanburg market has shown a reasonable need for retail space 10,000 to 15,000 SF in RBA. Many new builds will meet that market demand as new businesses begin to discover upstate South Carolina.

As 2009 progresses, the market reality brings to mind an old Chinese Proverb which is both prudent and optimistic. "You cannot prevent the birds of sorrow from flying over your head, but you can prevent them from building nests in your hair." With each new market condition, new opportunities present themselves. This is not the day for "business as usual". Signs and flyers alone are not enough to attract the savvy real estate consumer. While the upstate market is not as negative as speculated, constant and deliberate action is the prerequisite of the day. Greenville, as well as the surrounding upstate counties, is still a wonderful place to live, work, and attract business. Make it a great 2009!

GREENVILLE / SPARTANBURG MARKET VACANCY

	Direct	Sublet	Total
Overall decrease in Vacancy for 2008: 7.2% to 7.1%			
4Q	4,749,113	199,247	4,948,360
3Q	4,748,045	130,244	4,878,289
2Q	4,816,371	135,658	4,952,029
1Q	4,812,833	237,176	5,050,009
Overall increase in Vacancy for 2007: 6.9% to 7.1%			
4Q	4,676,467	245,922	4,922,389
3Q	4,233,175	135,390	4,368,565
2Q	4,528,212	191,377	4,719,589
1Q	4,563,802	171,415	4,735,217

GREENVILLE / SPARTANBURG MARKET NET ABSORPTION

	Direct	Sublet	Total
2008			
TOTAL	**258,674**	**46,675**	**305,349**
4Q	9,419	(69,003)	(59,584)
3Q	168,368	5,414	173,782
2Q	106,282	101,518	207,800
1Q	(25,395)	8,746	(16,649)
2007			
TOTAL	**1,084,156**	**(45,007)**	**1,039,149**
4Q	(5,650)	(110,532)	(116,182)
3Q	901,656	55,987	957,643
2Q	56,477	(19,962)	36,515
1Q	131,673	29,500	161,173