

MarketView Greenville-Spartanburg Industrial

Quick Stats

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy	10.6%	↔	↓
Direct Lease Rates	\$3.17	↔	↔
Net Absorption*	393k SF	↑	↑
Construction	900k SF	↔	↔

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- Local market vacancy has peaked.
- First Quality Tissue is a major positive announcement for the region, for employment and economic development purposes.
- Transaction activity is going to increase in the second half of 2010, as tenants are able to move with confidence in response to aggressive offerings by landlords.

Since the fourth quarter of 2008, movement in the market has been relatively stagnant. However, there are indications that the market is turning the corner. The second quarter of 2010 marked the first quarter of positive net absorption in three quarters and thanks to a major industrial announcement, vacancy dropped forty basis points to 10.6 percent.

First Quality Tissue announced the intended construction of a new plant on the site of the former 675,000 square-foot Shaw Flooring manufacturing facility in Anderson, removing a large vacancy from the Anderson submarket. In its place, a new one million square-foot facility will be built, with significant expansion potential.

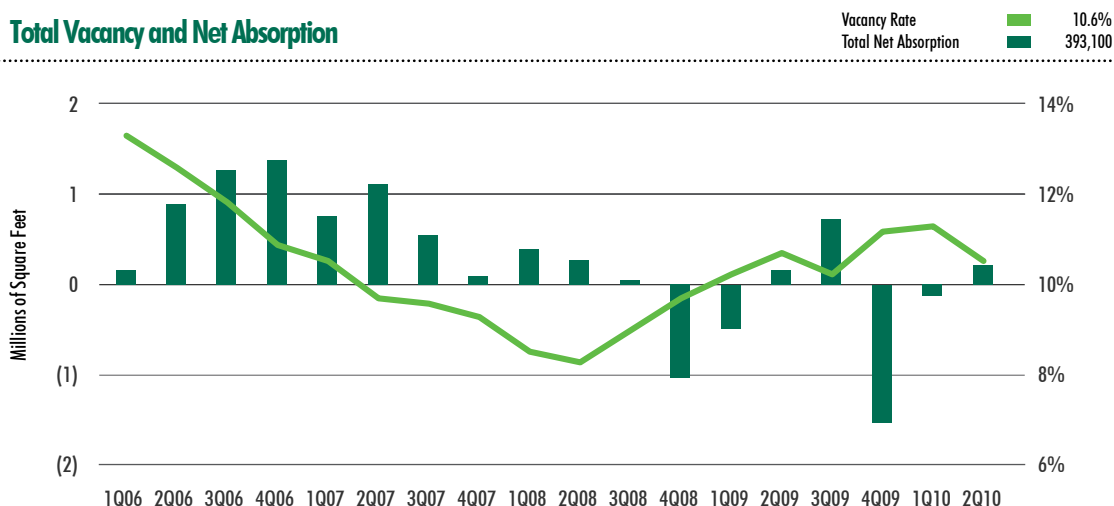
Manufacturing appears to be a driving force behind reversing the *Great Recession*. This is especially true in the Greenville-Spartanburg market, where in addition to First Quality Tissue, CT&T Electric took over 90,000 square feet in the Spartanburg West submarket, and Proterra took 90,000 square feet in the I-385 South submarket in advance of the completion

of their new 260,000 square-foot facility which is scheduled to begin construction in the fall. Both companies are responding to the demand for transportation fueled by alternative energies.

From a distribution and warehousing standpoint, there appears to be a sea change in tenant mentality. A year ago, tenants would use market conditions to secure short-term deals. With more confidence, savvy tenants are now leveraging conditions to secure aggressive lease rates for longer terms.

While there is still a noticeable gap between asking and effective rents, the combination of tenant confidence, improving market conditions and the aggressive pursuit of tenants by landlords indicates that activity is expected to increase through the end of the year. A lot of that activity is likely to be associated with the movement of tenants within market via expansion and contraction, as opposed to attracting new tenants to the market, but by the end of the year, most of the best availabilities could be occupied by tenants.

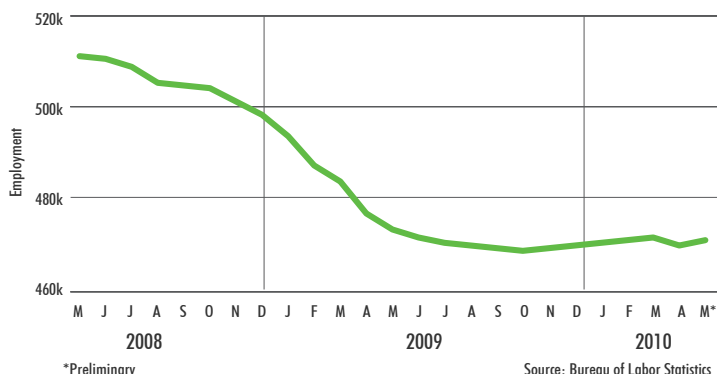
Total Vacancy and Net Absorption



Market Statistics

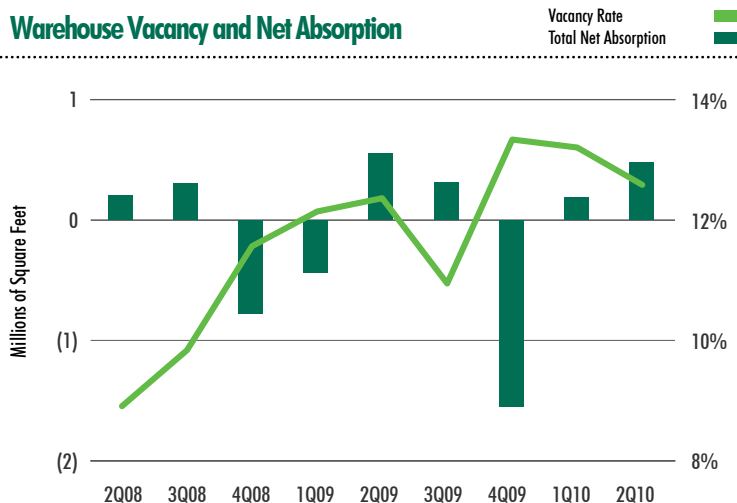
Market	Building SF	Total Vacancy %	Total Availability %	Avg Asking Dir Lse Rate (\$/SF/YR)	Under Construction	Last 4 Qtrs Net Absorption	2Q Net Absorption
Anderson	16,828,223	7.2	8.3	\$2.66	—	(58,510)	(10,000)
Anderson County	16,828,223	7.2	8.3	\$2.66	—	(58,510)	(10,000)
Central Greenville	17,591,566	9.9	15.3	\$2.60	—	10,536	104,635
I-385 South	18,010,614	12.2	18.1	\$3.31	—	(820,471)	51,200
I-85 East	12,658,585	9.4	9.4	\$6.15	—	54,437	31,604
I-85 West	16,071,304	12.2	13.1	\$3.42	—	(25,810)	(130,000)
Taylors-Greer	7,982,145	11.3	11.6	\$2.67	—	132,350	(10,000)
Travelers Rest	3,242,754	7.3	12.7	\$2.50	—	99,110	99,110
Greenville County	75,556,968	10.9	14.0	\$3.40	—	(549,848)	146,549
Spartanburg East	21,101,387	16.0	17.0	\$2.37	—	61,250	—
Spartanburg West	30,626,735	7.8	14.6	\$3.33	900,000	(149,330)	256,551
Spartanburg County	51,728,122	11.2	15.4	\$2.85	900,000	(88,080)	256,551
MARKET TOTAL	144,113,313	10.6	13.9	\$3.17	900,000	(937,047)	393,100
Manufacturing	79,267,052	8.2	11.8	\$2.74	900,000	(273,777)	(20,852)
R&D/Flex	6,503,636	21.1	22.8	\$6.20	—	(6,922)	2,457
Warehouse/Distribution	58,342,625	12.6	15.5	\$2.91	—	(670,192)	411,495
MARKET TOTAL	144,113,313	10.6	13.9	\$3.17	900,000	(937,047)	393,100

Employment, Seasonally Adjusted (Greenville, Spartanburg and Anderson MSAs)



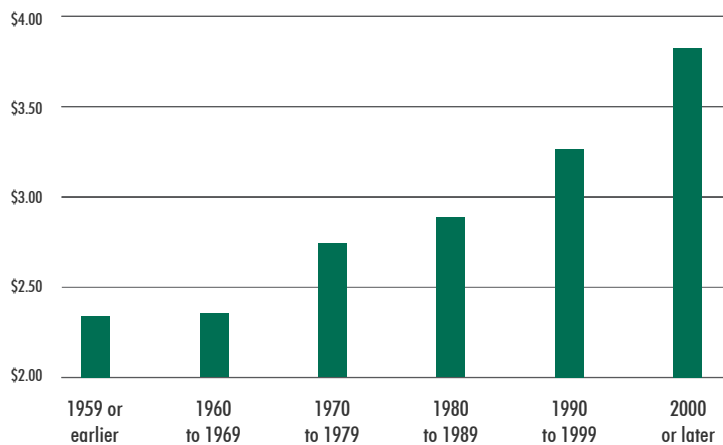
Employment is one of the most important indicators of commercial real estate demand. As it did in the last few recessions, employment growth is not expected to return until the economic recovery is on stronger footing. Unfortunately for commercial real estate, until employment begins to rise considerably, market vacancy will be unlikely to drop. Since the beginning of 2008, over 45,000 jobs have been lost in the Greenville, Spartanburg and Anderson Metropolitan Statistical Areas. Despite the strengthening manufacturing sector, manufacturing employment is down four percent over the last twelve months, which is largely a function of gains in efficiency.

Warehouse Vacancy and Net Absorption



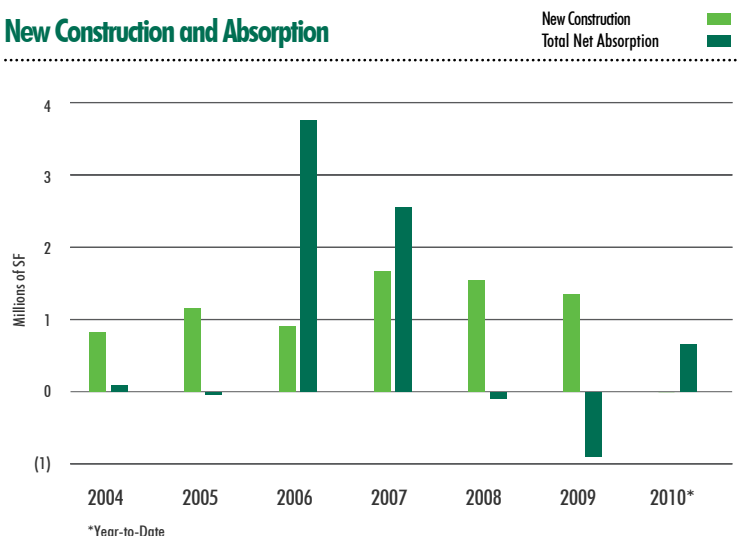
The warehouse/distribution market experienced over 400,000 square feet of positive net absorption in the second quarter, with vacancy dropping to 12.6 percent. About one-third of the market losses experienced at the end of 2009 has been regained.

Warehouse Asking Rates by Year Built (NNN per square foot)



The distribution of asking rates for warehouse/distribution product has a predictable pattern, with older properties having significantly lower asking rates than newer properties. The average asking rate for space built in the past ten years is \$3.78 per square foot on a triple net basis.

New Construction and Absorption



BMW's plant expansion is expected to be completed in the third quarter, bringing with it 900,000 square feet of new construction and net absorption to the market.

MarketView Greenville-Spartanburg Office

Submarket Map



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Asking Lease Rate

Average of Asking Lease Rates for each property weighted by the associated Available Space. Includes Direct Available Space unless otherwise indicated

Completions

Rentable Building Area completed during the period

Market Coverage

'Existing' completed competitive properties

Net Absorption

The change in Occupied SF during the period for all Existing properties

Base Inventory, Base or Building Square Feet

The sum of the Rentable Building Area for all competitive properties

Occupied Square Feet

Rentable Building Area less Vacant Space

Under Construction

Buildings that have begun construction as evidenced by site excavation or foundation work, and is on-going

Available Space

Space being marketed to potential occupants, in Rentable SF (direct and sublease combined, unless otherwise indicated)

Availability Rate

Available space as a percentage of the Base Inventory or Building SF

Vacant Space

Available Space that is physically vacant, in Rentable SF

Vacancy Rate

Vacant space as a percentage of the Base Inventory or Building SF

For more information regarding the

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