

MarketView Greenville-Spartanburg Retail

Quick Stats

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy	12.1%	↔	↓
Direct Lease Rate	\$10.01	↔	↓
Net Absorption*	29k SF	↔	↑
Completions	0k 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

- Vacancy has moved little, although the the most prestigious submarkets are seeing activity.
- Until the larger economy improves, new development will have difficulty gaining traction.
- Seasonal retailers are still able to secure best-in-class spaces.
- Vacancy is expected to rise slightly in the coming quarters.

For the past eighteen months, vacancy has hovered at just over 12 percent. Two disparate forces are impacting the current market. On one hand, the general economy is still trying to get back on track, which limits prospects for future development. At the same time, national and regional retailers that are able to expand are taking advantage of current market conditions by negotiating aggressively to secure superior locations.

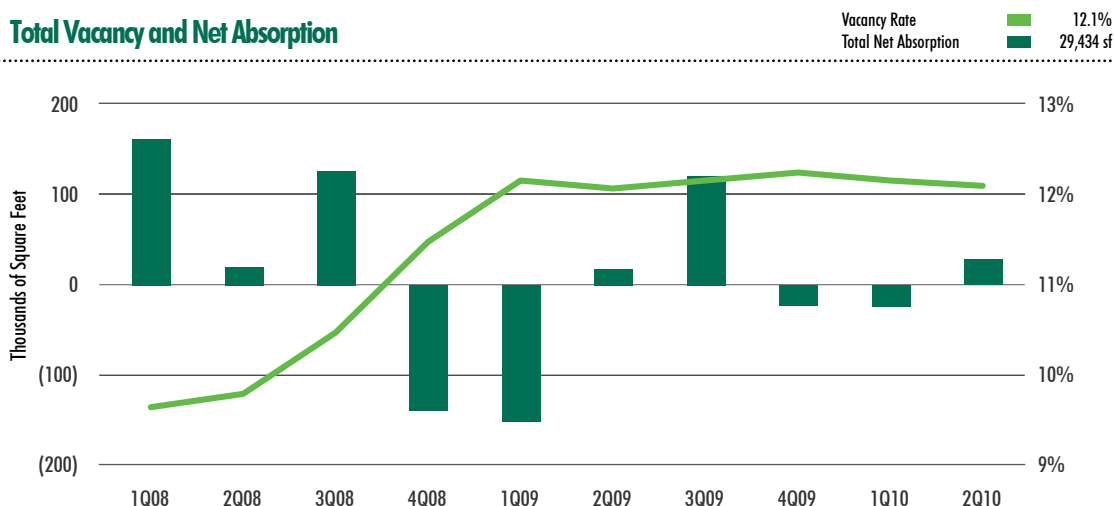
The latest large store closings include Peak Fitness in the Eastside submarket last quarter and Converse Cinema in the Hillcrest submarket in the first quarter. These two businesses vacated over 50,000 square feet of space. Concurrently, retailers still in expansion mode have backfilled vacated space in the market. In the Woodruff Road submarket, Buy Buy Baby took 29,000 square feet at the Shops at Greenridge and Trader Joe's took the last 15,000 square feet of a former BJ's Wholesale Club.

While there has been minimal overall movement in vacancy, a trend is emerging. The four submarkets enjoying the most market growth over the past year are Woodruff Road, Cherrydale, Haywood/Laurens and Blackstock. The four are also typically considered the most desirable areas for retailers new to the market.

In addition, seasonal retailers remain able to secure best-in-class space, as evidenced by the desirable Circuit City space in The Shops at The Point, first occupied by a Halloween Express in the third quarter of 2009 and once again taken by a seasonal fireworks retailer at the close of the second quarter. Prior to the *Great Recession*, the idea of a Whole Foods and a fireworks retailer as co-anchors would have been unthinkable.

Going forward, we expect to see vacancy rise slightly due to the looming movement of Rooms to Go from the Haywood/Laurens submarket to Woodruff Road and the movement of Toys R Us out of the Blackstock submarket.

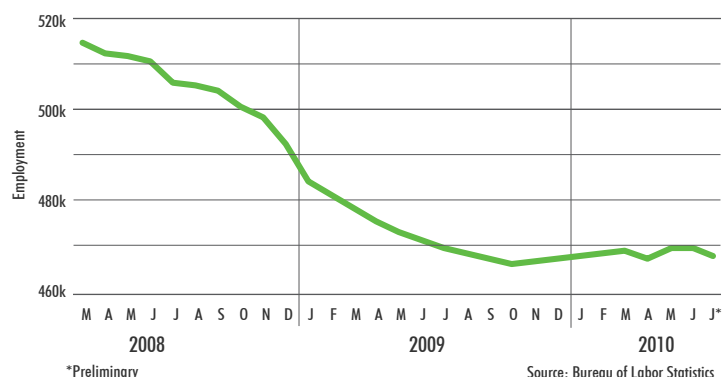
Total Vacancy and Net Absorption



Market Statistics

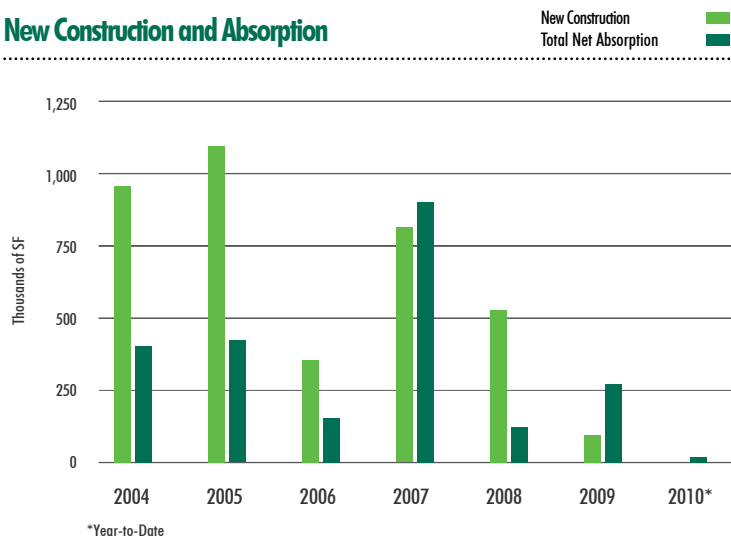
Market	Building SF	Total Vacancy %	Avg Asking Dir Lse Rate (\$/SF/YR)	Under Construction	Last 4 Qtrs Net Absorption	2Q Net Absorption
Anderson	4,255,610	11.9	\$6.42	—	(13,178)	(9,869)
Anderson Total	4,255,610	11.9	\$6.42	—	(13,178)	(9,869)
Easley	787,226	9.8	\$8.44	500,000	(1,600)	—
Easley Total	787,226	9.8	\$8.44	500,000	(1,600)	—
Augusta	901,830	15.5	\$8.12	—	(42,419)	(2,950)
Berea	1,131,456	10.5	\$7.95	—	(6,000)	500
Cherrydale	943,081	17.8	\$15.95	—	35,000	—
Eastside	870,037	30.6	\$14.18	—	(40,490)	(33,000)
Haywood/Laurens	2,896,291	13.2	\$12.13	—	22,508	9,884
I-385 South	1,891,179	7.4	\$10.07	—	(8,660)	(783)
Pleasantburg	614,505	20.9	\$13.96	—	(34,419)	(13,487)
Wade Hampton	1,473,273	10.1	\$8.65	—	(785)	(4,088)
Woodruff	3,033,487	3.8	\$20.73	35,000	163,413	79,920
Greenville Total	14,400,055	11.9	\$11.61	35,000	80,442	40,499
Blackstock	3,904,294	10.7	\$9.72	—	51,008	(2,301)
Duncan/Lyman	864,611	10.2	\$9.21	—	(8,750)	(3,050)
Hillcrest	1,132,689	18.0	\$9.89	—	(21,414)	7,527
Spartanburg North	881,729	12.5	\$11.40	—	1,380	(4,772)
Spartanburg Total	7,512,373	12.9	\$9.55	—	23,778	(1,196)
MARKET TOTAL	26,955,264	12.1	\$10.01	535,000	90,882	29,434

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



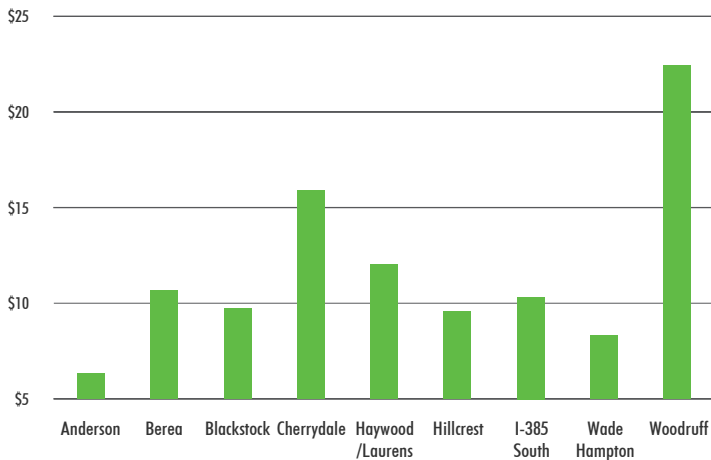
Employment is one of the most significant indicators of future commercial real estate demand. As evidenced by the last few recessions, employment growth is not expected to return until the economic recovery is on stronger footing. Unfortunately for commercial real estate, until employment begins to rise 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.

New Construction and Absorption



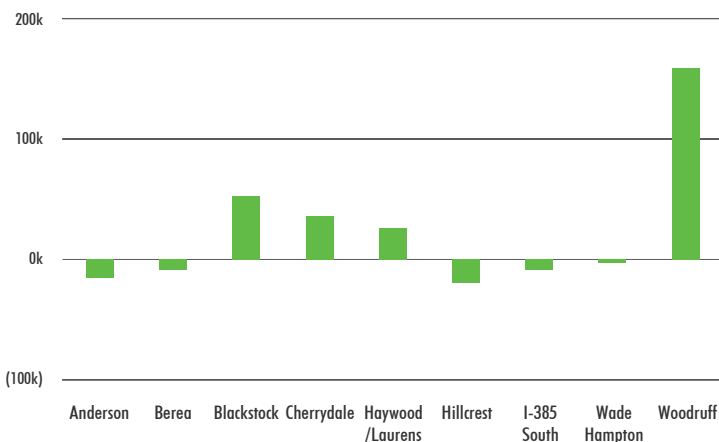
The only new construction expected to be completed by the end of the year is the new Rooms To Go on Woodruff Road. The only other property under construction is Easley Town Center, slated for completion in mid-2011.

Asking Rates in Nine Largest Submarkets (NNN per square foot)



As expected, Greenville has higher retail asking rates than other areas in the market. While the market average asking rate is around \$10 per square foot, the asking rate for Woodruff Road, the most expensive submarket, is over \$20 per square foot.

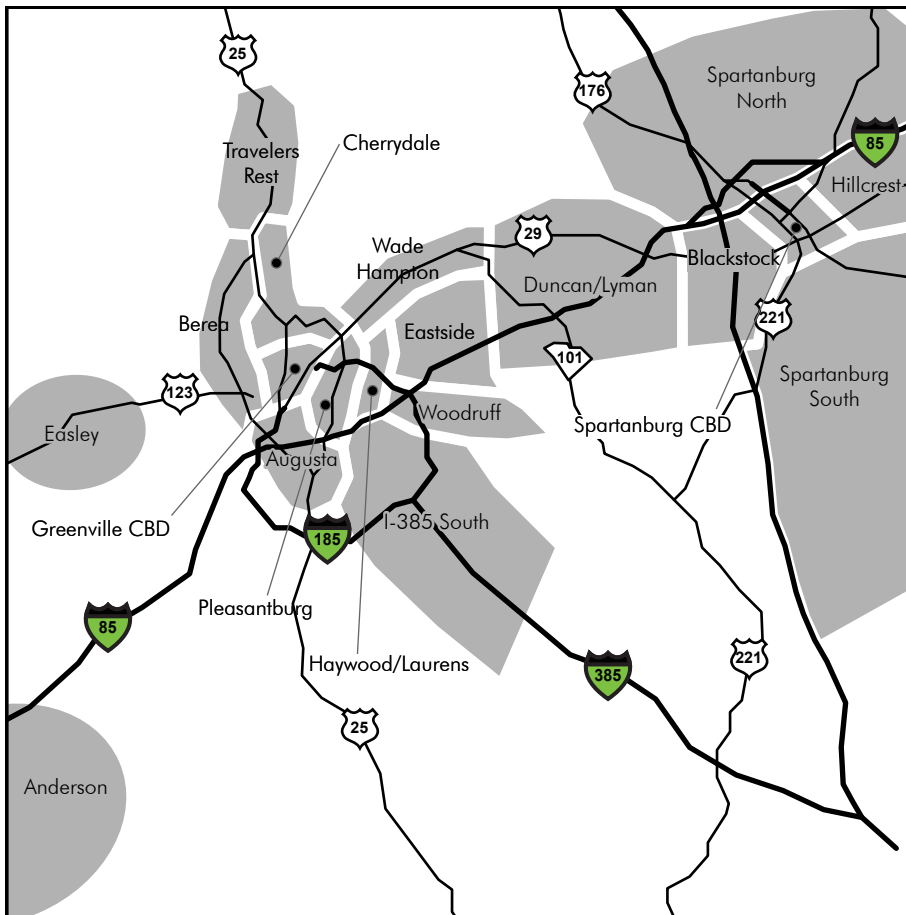
Net Absorption in Nine Largest Submarkets (sf last four quarters)



While the *Great Recession* has taken a toll on retail market growth, absorption levels are following predictable patterns. The most prestigious markets - Woodruff Road, Haywood/Laurens, Cherrydale and Blackstock - fared far better than other submarkets in the region.

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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

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