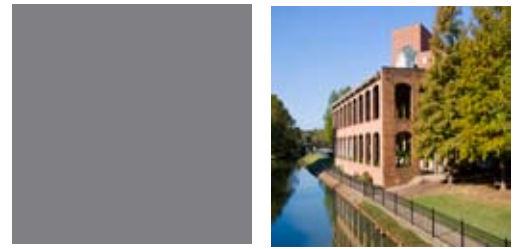


# NAI Earle Furman, LLC

Industrial Report | Fourth Quarter 2009



# Upstate Market



## TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



## STATISTICS:

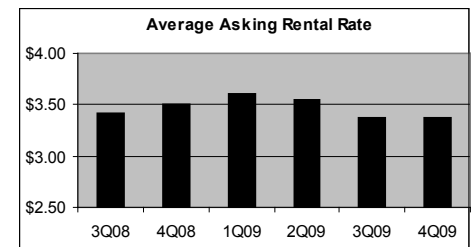
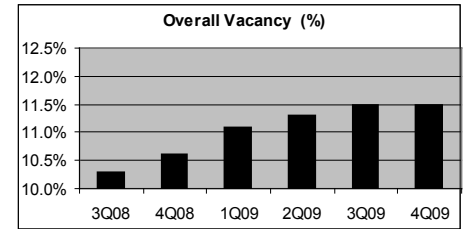
|  |             |
|--|-------------|
| Number of Buildings.....                   | 4,019       |
| Market Size (SF).....                      | 173,974,449 |
| Overall Vacancy Space (SF).....            | 19,980,556  |
| Overall Vacancy (%).....                   | 11.5%       |
| Direct Vacancy (SF).....                   | 19,387,276  |
| Sublease Vacancy (SF).....                 | 593,280     |
| Net Absorption.....                        | 451,879     |
| Average Asking Rental Rate (\$/SF/YR)..... | \$3.38      |

## 4<sup>TH</sup> QUARTER OVERVIEW:

Vacancy rates and rental rates remained flat this quarter, with the bigger change coming from the positive net absorption.

Projects under construction at the end of 4th quarter include a 23,728 SF class B facility located at 806 SE Main Street in Simpsonville. The building is 100% leased by Discover Church. Also under construction is a 77,089 SF manufacturing building located at 7139 Augusta Street in Greenville.

Adidas moved into their 550,000 SF Class A facility in Spartanburg. The largest lease transaction this quarter was Timken Company moving into a 303,091 SF space.



## 2009 REVIEW:

The Upstate's Industrial Market has been somewhat tumultuous during 2009. Market rates have come down resulting from an increase in vacancy. Sales and leasing volume have been slower than previous years while cap rates have increased. Despite a hostile 2009 market leasing activity appears as though it may steadily increase during 2010.

- Grice Hunt, Industrial Group Broker

## Recent Lease Transactions

| Tenant:                          | Address:                     | Size (SF): | Submarket:       |
|----------------------------------|------------------------------|------------|------------------|
| The Timken Company               | 120 Hidden Lake Circle       | 303,091    | Spartanburg      |
| Suminoe Textiles of America      | 805 Victory Trail Road       | 208,800    | Cherokee         |
| One World Technologies*          | 7240 Moorefield Memorial Hwy | 184,000    | Pickens          |
| Jetline                          | 202 Hyatt Street             | 147,580    | Cherokee         |
| Speedway Packing & Distribution* | S. Hwy Distribution Center   | 61,000     | Hwy 14           |
| Century Plastics                 | 1104 Old Stage Road          | 40,000     | Greenville I-385 |
| Capsugel                         | 1024 Old Stage Road          | 30,750     | Greenville/I-385 |

\*Renewal

# NAI Earle Furman, LLC

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| SUBMARKET/<br>CLASS       | # BLDGS. | TOTAL RBA<br>(SF) | TOTAL AVAIL.<br>(SF) | TOTAL VACANT<br>AVAIL (%) | TOTAL NET<br>Absorption (SF) | TOTAL AVERAGE<br>RATE (\$/SF/YR) | UNDER<br>CONSTRUCTION<br>(SF) |
|---------------------------|----------|-------------------|----------------------|---------------------------|------------------------------|----------------------------------|-------------------------------|
| Greenville I-385          | 431      | 19,134,398        | 1,994,970            | 6.6%                      | 8,037                        | \$4.51                           | 23,728                        |
| Class A                   | 9        | 647,300           | 211,733              | 30.7%                     | 25,400                       | \$4.95                           | 0                             |
| Class B                   | 156      | 8,755,038         | 1,164,573            | 7.2%                      | 25,687                       | \$4.97                           | 23,728                        |
| Class C                   | 150      | 3,908,958         | 597,824              | 11.1%                     | (43,050)                     | \$3.90                           | 0                             |
| Greenville I-85           | 246      | 10,748,372        | 3,017,935            | 22.8%                     | (14,000)                     | \$3.16                           | 77,089                        |
| Class A                   | 3        | 1,099,457         | 799,200              | 72.7%                     | (19,200)                     | \$3.95                           | 0                             |
| Class B                   | 72       | 4,980,959         | 1,539,347            | 24.3%                     | 1,200                        | \$3.44                           | 77,089                        |
| Class C                   | 106      | 2,288,718         | 649,296              | 18.1%                     | 4,000                        | \$2.34                           | 0                             |
| Pelham Road/<br>Hwy. 14   | 174      | 5,145,755         | 970,620              | 17.3%                     | (246,633)                    | \$5.15                           | 0                             |
| Class A                   | 5        | 56,000            | 37,000               | 66.1%                     | 7,500                        | \$6.26                           | 0                             |
| Class B                   | 46       | 1,682,965         | 546,904              | 31.6%                     | (16,813)                     | \$5.23                           | 0                             |
| Class C                   | 59       | 1,740,938         | 376,716              | 18.3%                     | (227,320)                    | \$4.61                           | 0                             |
| Rt. 29/<br>Rutherford Rd. | 179      | 7,341,379         | 1,309,283            | 9.0%                      | 58,000                       | \$2.89                           | 0                             |
| Class A                   | 3        | 327,750           | 0                    | 0%                        | 0                            | N/A                              | 0                             |
| Class B                   | 38       | 2,106,079         | 655,900              | 20.6%                     | 0                            | \$2.85                           | 0                             |
| Class C                   | 111      | 2,545,327         | 653,383              | 8.9%                      | 58,000                       | \$3.06                           | 0                             |
| Travelers Rest            | 69       | 2,775,548         | 256,229              | 3.1%                      | (5,200)                      | \$2.44                           | 0                             |
| Class A                   | 2        | 122,550           | 0                    | 0%                        | 0                            | N/A                              | 0                             |
| Class B                   | 17       | 910,998           | 85,494               | 1.6%                      | 0                            | N/A                              | 0                             |
| Class C                   | 28       | 719,990           | 170,735              | 9.7%                      | (5,200)                      | \$2.44                           | 0                             |
| West Greenville           | 454      | 14,162,054        | 3,141,200            | 15.8%                     | (35,600)                     | \$2.59                           | 0                             |
| Class A                   | 4        | 599,454           | 436,814              | 72.9%                     | 0                            | \$2.50                           | 0                             |
| Class B                   | 99       | 3,892,418         | 595,818              | 11.4%                     | 0                            | \$2.91                           | 0                             |
| Class C                   | 291      | 7,758,283         | 2,058,568            | 16.9%                     | (35,600)                     | \$2.22                           | 0                             |
| Anderson/Pickens          | 444      | 18,344,911        | 3,162,543            | 9.0%                      | (17,542)                     | \$2.60                           | 0                             |
| Class A                   | 7        | 356,560           | 3,800                | 1.1%                      | 0                            | N/A                              | 0                             |
| Class B                   | 114      | 6,428,817         | 1,263,927            | 16.4%                     | 2,658                        | \$2.83                           | 0                             |
| Class C                   | 239      | 7,868,575         | 1,894,816            | 7.6%                      | (23,800)                     | \$2.42                           | 0                             |
| Spartanburg               | 1,268    | 70,183,327        | 11,607,569           | 9.8%                      | 947,377                      | \$3.58                           | 0                             |
| Class A                   | 17       | 4,227,828         | 743,000              | 16.4%                     | 522,500                      | \$4.14                           | 0                             |
| Class B                   | 284      | 23,978,552        | 4,556,187            | 11.0%                     | 272,875                      | \$3.98                           | 0                             |
| Class C                   | 421      | 18,034,944        | 6,292,682            | 19.5%                     | 152,002                      | \$3.01                           | 0                             |
| Cherokee                  | 56       | 4,544,133         | 949,203              | 20.2%                     | (217,397)                    | \$2.76                           | 0                             |
| Class A                   | 4        | 1,006,199         | 476,000              | 47.3%                     | 0                            | \$2.15                           | 0                             |
| Class B                   | 31       | 2,479,293         | 228,653              | 8.8%                      | (217,397)                    | \$3.13                           | 0                             |
| Class C                   | 18       | 770,484           | 244,550              | 29.1%                     | 0                            | \$2.93                           | 0                             |
| Laurens                   | 38       | 3,946,092         | 1,140,543            | 20.6%                     | (5,000)                      | \$2.29                           | 0                             |
| Class A                   | 2        | 606,679           | 525,979              | 86.7%                     | 0                            | 0                                | 0                             |
| Class B                   | 15       | 2,259,967         | 351,280              | 6.4%                      | 0                            | \$2.32                           | 0                             |
| Class C                   | 17       | 932,546           | 239,884              | 15.3%                     | (5,000)                      | \$2.10                           | 0                             |

# NAI Earle Furman, LLC

Methodology / Definitions / Submarket Map

## Absorption (Net)

The change in occupied space in a given time period.

## Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

## Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company, For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a triple net basis.

## Building Class

Class A Product is office Space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

## Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

## Market Size

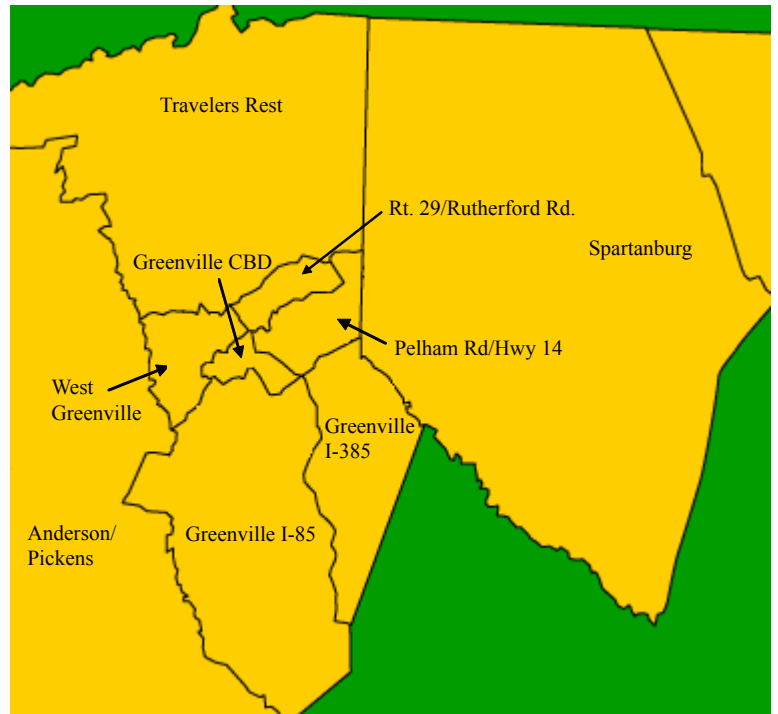
Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

## Overall Vacancy

All unoccupied lease space, either direct or sublease.

## SF/PSF

Square foot/per square foot, used as a unit of measurement.



## Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

## Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

## Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

Some of the data in this report has been gathered from third party sources including CoStar Group, Inc. and has not been independently verified by NAI Earle Furman, LLC. NAI Earle Furman, LLC makes no warranties or representations as to the completeness or accuracy thereof. All rents are per SF/per YR unless otherwise noted. Construction is defined as total RBA under construction. The Upstate Market is defined by: Greenville, Anderson, Spartanburg, Cherokee and Pickens counties. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings.

# Upstate in the News

“Real estate partnership acquires former Claussen’s Bakery building”

GSA Daily Staff Report  
Published Oct. 21, 2009

A real estate partnership, 400 Augusta Street Investors LLC, today announced that it has completed the acquisition of the former Claussen’s Bakery building located at 400 Augusta St. in Greenville. The building is located one block from the Greenville Drive complex, adjacent to Greenville High School.

“This is a fantastic building that has numerous possibilities,” said Stephen Navarro, president of The Furman Co. and partner in 400 August Street Investors. “It’s also in a strategic location connecting the newly revitalized West End with the popular Augusta Street shopping district. We are excited to have control of this structure and intend to invest the necessary time to successfully reintroduce the building back into the community.”

Harper Corp. has been engaged to begin interior cleanup in preparation for future renovations of the vacant structure.

The two-story brick structure consisting of more than 40,000 square feet was originally constructed in 1930 by Claussen’s Bakery. It’s a replica of the Claussen’s Bakery building in Columbia, which is now on the National Register of Historic Buildings.

Judith Bainbridge, a Greenville historian and retired Furman University professor of English, said when the Claussen building was built it was hailed as a major addition to Greenville. For years the aroma of the bread baking floated over the West End.

Additions have been made since the 1950s, and Claussen’s occupied it until 1975. Since that time several additional bakery operations occupied the building until late 2008.

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# Upstate in the News

## “Timken to create distribution center in Duncan ”

GSA Daily Staff Report  
Published Nov. 12, 2009

Timken plans to invest \$3 million and hire 100 people at a new distribution facility at the Spartan Green Business Park in Duncan.

In addition, Timken will transfer to the new facility 50 employees from its existing distribution center in Spartanburg. The company plans to occupy the 300,000-square-foot space in December.

“Having a larger facility in the area provides significant customer service efficiencies,” said Chris Coughlin, president of Timken’s process industries division. “With much of our supply chain based in the Southeast, consolidating our distribution in the region will help us reduce movements between locations to serve customers more quickly. That also will make our operation leaner and greener.”

State Rep. Mike Forrester said: “This reaffirms the importance of our state’s port in the recruitment process and further positions Spartanburg as a logistics hub. In addition to the new jobs Timken will create, it is also important to note that by successfully recruiting this expansion in Spartanburg County, we also retained 50 existing jobs. During these trying economic times, job retention is just as important as job creation, and we are very pleased with Timken’s decision.”

State Commerce Secretary Joe Taylor said the move strengthens Timken’s commitment to South Carolina.

David Britt, chairman of Spartanburg County Council Economic Recruitment and Development, and board member of the Economic Futures Group, added, “We are excited by Timken’s continued investment and addition of 100 new jobs in Spartanburg County. The strategic decision to locate a distribution center here reinforces our cost effectiveness as a location accessible to 70 percent of the U.S. population from within two days’ truck transport.”

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# Upstate in the News

## “City May Occupy Former Hitachi Site ”

GSA Daily Staff Report  
Published Dec. 14, 2009

The city of Greenville has identified a potential relocation site for its Public Works Operations Center and tonight, City Council will consider a resolution at its regular formal meeting authorizing the city manager to enter into a purchase agreement for the former Hitachi building, located at 575 Mauldin Road.

The resolution would authorize payment of a \$50,000 refundable deposit and the contract would give the city approximately 45 days to perform its due diligence, including conducting an environmental assessment, developing a detailed financing plan and programming the site to determine the most efficient use of space.

If the resolution passes, City Council will make a decision by Jan. 29, and if they decide to proceed with the purchase, the closing will take place within 60 days.

Located on 53 acres, the former Hitachi building is about 550,390 square feet, with 40,762 square feet of office space and 509,628 square feet of shop or warehouse space. The purchase price for the city would be \$10 million.

In 2004, the city was forced to relocate the traffic engineering division from Hudson Street because of flooding, which also affected the Public Works Operations Center. The city estimates constructing a new facility would cost upward of \$30 million.

In addition to relocating public works out of the floodplain, the move would also aid redevelopment of the area where the A.J. Whittenberg Academy and Salvation Army Kroc Center are currently under construction.

“While City Council’s ultimate decision will depend on our findings over the next 45 days, council members felt that the attractive price of the former Hitachi site and the potential opportunities it offers for streamlining city operations and increasing service efficiencies warranted further exploration,” said City Manager Jim Bourey.

In November 2008, Weston Inc., an Ohio-based commercial real estate company, purchased the former Hitachi manufacturing plant and renamed it the Greenville Commerce Center.

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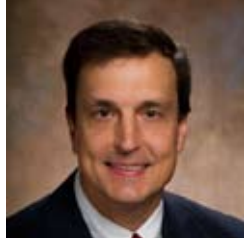
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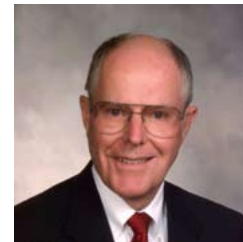
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# Additional Resources

**[www.naiearlefurman.com](http://www.naiearlefurman.com)** – Complete listings of NAI Earle Furman’s available properties

**[www.greenvilleeconomicdevelopment.com](http://www.greenvilleeconomicdevelopment.com)** – Greenville Economic Development’s goal is to promote and enhance the economic growth of Greenville County by serving as the single source contact for economic development in the greater Greenville area.

**[www.upstatealliance.com](http://www.upstatealliance.com)** – Upstate Alliance is a public/private regional economic development organization designed to market the dynamic 10-county Upstate region to the world.

**[www.greenvillechamber.org](http://www.greenvillechamber.org)** - The Greater Greenville Chamber at its core is dedicated to promoting quality development of Upstate South Carolina through managed growth, service to members and the public, and a community-wide approach to issues shaping the region's future.

**[www.spartanburgcounty.org](http://www.spartanburgcounty.org)** – Official website of Spartanburg County government

**[www.greenvillecounty.org](http://www.greenvillecounty.org)** – Official website of Greenville County government

**[www.andersonsccounty.org](http://www.andersonsccounty.org)** - Official website of Anderson county government

**[www.sccommerce.com](http://www.sccommerce.com)** - Provides information on trade, grants, rural development, and recycling. Includes databases of community profiles, labor market information, etc..

**[www.sciway.net](http://www.sciway.net)** - South Carolina's Information Highway is the largest directory of South Carolina information on the Internet.

**[www.southcarolinapowerteam.com](http://www.southcarolinapowerteam.com)** - The South Carolina Power Team promotes industrial sites & industrial buildings in South Carolina and the state's unique advantages for industry.