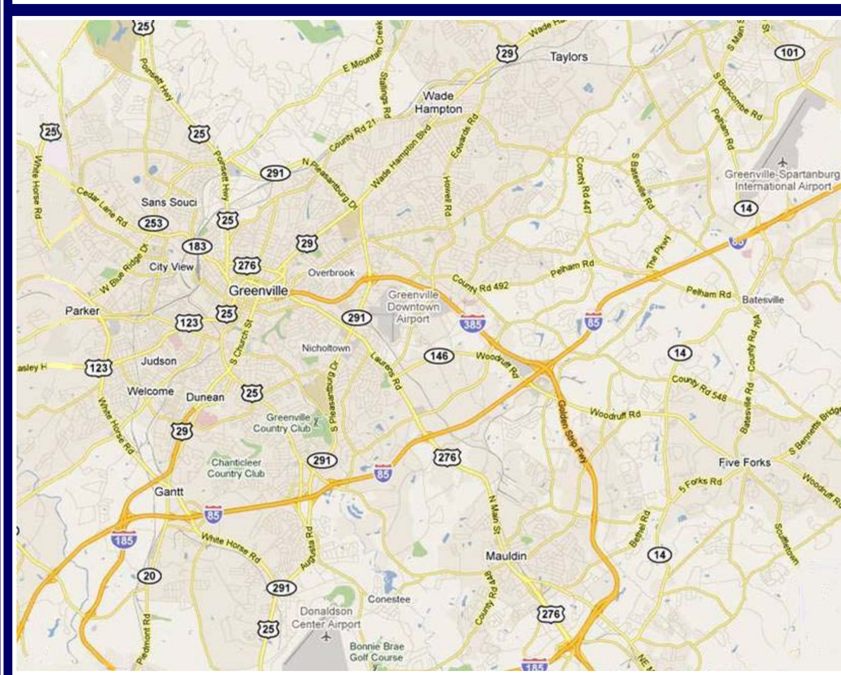
Bentley Commercial LLC
CORFAC INTERNATIONAL

GREENVILLE, SC
2010 YEAR END

COMMERCIAL REAL ESTATE ♦ OFFICE MARKET REPORT

OUR MARKET DEFINED: The Greenville office market is comprised of the Central Business District (CBD) of downtown Greenville and the suburban markets within Greenville County.

Current Greenville Office Inventory:
22,690,682 SF
2,161Buildings



VACANCY RATE ↓ **NET ABSORPTION** ↑ **RENTAL RATES** ↑

AT A GLANCE

- **Vacancy** slightly declined in the first two quarters of the year, and significantly dropped in the last two quarters.
- **Net absorption** showed a strong positive for the year, jumping 160% during the first half of the year from year end 2009.
- **Rental rates** slightly decreased during first two quarters, then increased by 5% by the end of the year.

TOTAL MARKET STATISTICS	2010 Year End	2010 Mid Year	2009 Year End
Vacancy	12.2 %	14.3 %	14.7 %
Net Absorption (SF)	109,285	146,944	8,676
Asking Rates (/SF)	$15.29	$14.56	$14.75

EXPERT ANALYSIS

The statistics alone are a good indication that recovery of the office market is underway. We determined the market hit "bottom" somewhere between 1st & 2nd quarter of 2010 as vacancy peaked and net absorption was approximately negative (68,000) square feet. We then experienced a substantial change from quarter 2 to quarter 3, absorbing 146,944 square feet of space, and bringing vacancy down almost 1%. Asking rates have remained relatively steady through it all, but 4th quarter 2010 did see the highest rates in more than four years. We have every reason to believe this trend will continue and show strong progress for the market in 2011.

- James McKissick, Office Broker

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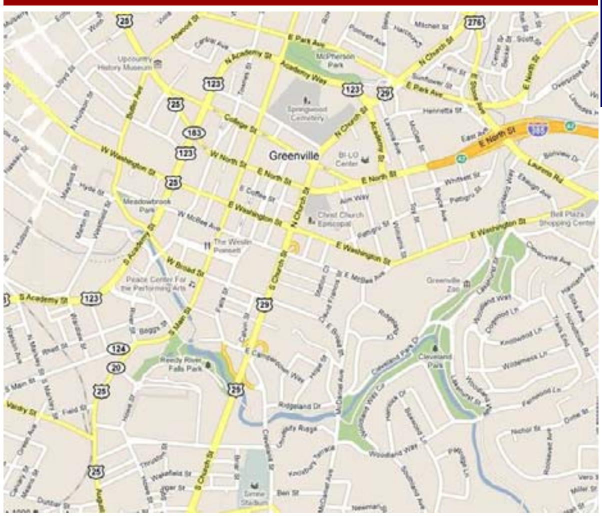
4th QTR. 2010	Greenville CBD		Greenville Suburban		Total Market
	Class A	Total	Class A	Total	
Total Inventory (SF)	1,913,031	4,259,698	3,542,769	18,430,984	22,690,682
Total Vacant (SF)	265,123	602,234	733,781	2,169,572	2,771,806
Vacancy Rate	13.9%	14.1%	20.7%	11.77%	12.22%
Net Absorption (SF)	46,014	45,830	(168,272)	63,455	109,285
New Product (SF)	64,280	64,280	43,000	46,700	110,980
SF Under Construction (SF)	0	0	0	41,883	41,883
Average Asking Rate (/ SF)	$18.70	$17.73	$18.45	$13.98	$15.29

CENTRAL BUSINESS DISTRICT



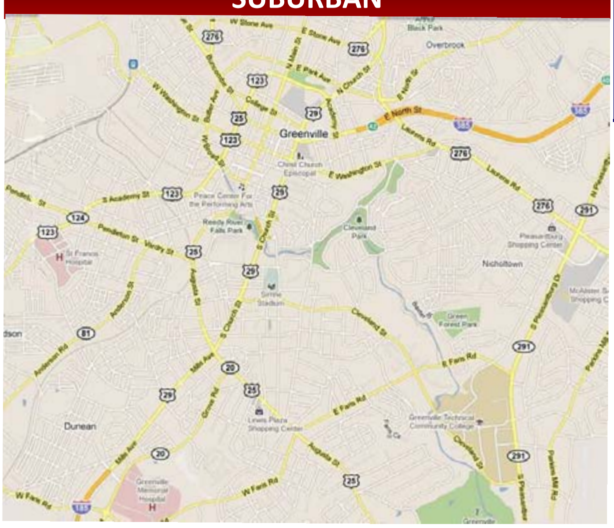
	2010 YEAR END	2010 MID YEAR	2009 YEAR END
VACANCY	14.1%	14.4%	14.2%
NET ABSORPTION	45,830	33,227	(15,520)
ASKING RATES	$17.73	$16.38	$16.71

The CBD office market vacancy rate remained virtually unchanged from year-end 2009 to year-end 2010, although not for a lack of activity. The CBD delivered the 64,280 SF Main @ Broad building in 1st quarter 2010, but quick leasing activity of 60% of the building kept the vacancy rate from dropping significantly.

In spite of the delivery of space, net absorption went from a negative 15,520 SF at year-end 2009 to a positive absorption of 33,227 SF at mid-year 2010. Leasing activity continued throughout the 3rd and 4th quarters ending with a net absorption of 45,830 SF in the CBD.

On another positive note, rental rates rose from an average asking rate of $16.71 at year-end 2009, dipped to $16.38 at mid-year 2010, and then ended at a significant increase to $17.73 at year-end 2010. As CBD office space begins to be absorbed, perhaps the doors of opportunity may once again be opened to some new construction during 2011.

SUBURBAN



	2010 YEAR END	2010 MID YEAR	2009 YEAR END
VACANCY	11.77%	14.2%	15.1%
NET ABSORPTION	63,455	113,717	24,196
ASKING RATES	$13.98	$13.92	$14.07

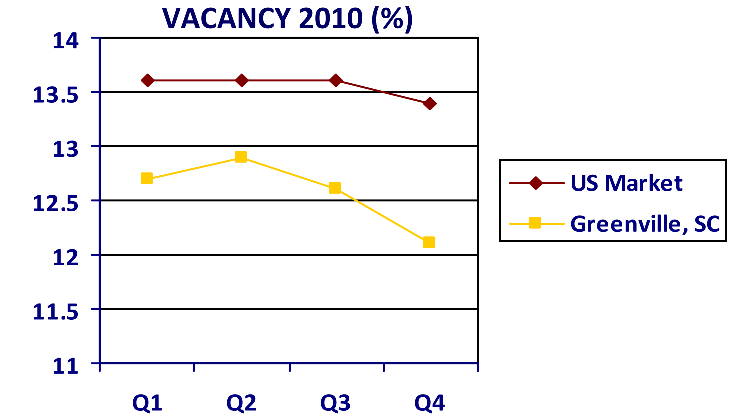
The Class A suburban market took a hit with Ahold moving out of 216,000 square feet at 1200 Brookfield Blvd. In spite of this large vacancy, the overall market still realized a positive absorption of 109,285 SF.

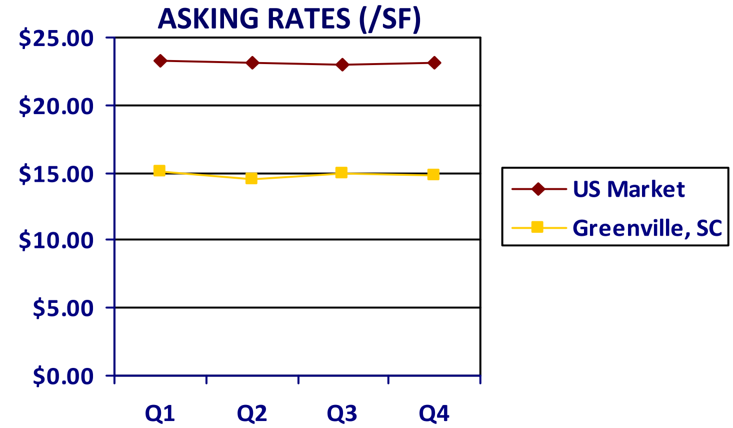
The largest office absorption in the 4th quarter 2010 occurred in the Pelham Road/I-85 area with tenants moving into nearly 80,300 square feet of space. This was primarily from medical expansion.

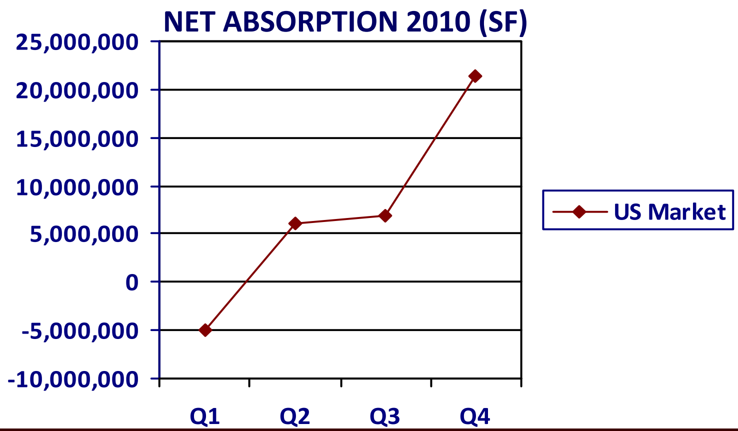
The Greer/Taylors submarket came in second place with an absorption of 51,306 SF, and the Mauldin/Fountain Inn submarket came in third with an absorption of 40,413 SF.

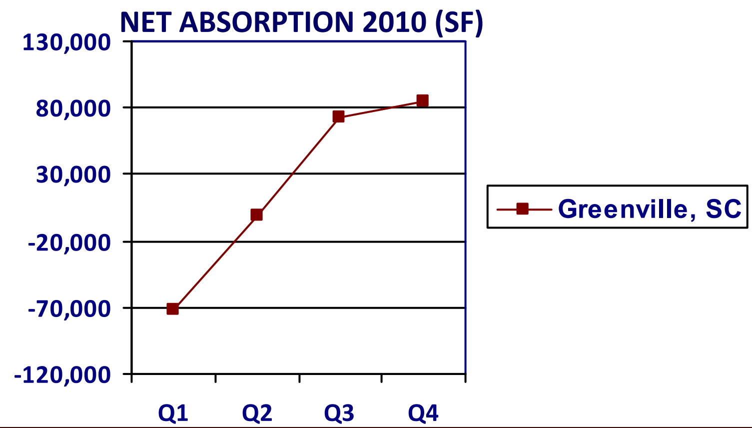
In turn, the market saw a significant decrease in its vacancy rate from 15.1% at year-end 2009 to 11.7% at year-end 2010. Lower rental rates and landlord incentives pushed the net absorption to a positive 113,717 SF at mid-year 2010 and a positive 63,455 SF at year-end 2010 which led the way for the drop in vacancy.

The suburban office market was actually much stronger at year-end 2010 than the numbers indicate, simply because the net absorption was still in the positive, but didn't seem as high as it should be because it included the large 216,000 SF of space that was vacated at the end of the year.









South Carolina is ranked #5 Best Business Climate in the Nation- *Site Selection Magazine*

"Fifth-ranked South Carolina is quietly becoming a transportation-industry powerhouse with automotive investment clustering in the Up-state and aerospace anchored by Boeing in N. Charleston, with many other sector projects announced in recent years. South Carolina's business climate is more than just those two industries and anticipates much more growth with the new bill that was signed, aimed at en-hancing South Carolina's ability to attract jobs and investment and compete in a global market place."

(Sources: siteselection.com, gsabusiness.com)

2010 SELECT TOP OFFICE SALE TRANSACTIONS

Address	Submarket	Buyer	Size (SF)	Sale Date	Sales Price	Sales Price (/ SF)
3 St. Francis Drive	West End	Cogdell Spencer Erdman	72,491	7/29/10	$16,000,000	$220.72
105 North Spring Street	CBD	HTC Properties, LLC	30,000	12.30.10	$2,650,000	$88.33
101 Halton Road	Haywood Rd.	Jocassee Cottage, LLC	8,750	6/3/10	$1,851,132	$211.56
164 Milestone Way	Pelham Rd.	Lower Waverly, LCC	14,336	3/19/10	$1,457,046	$101.64
7 Memorial Medical Drive	Downtown	Landspring LP	4,883	11/1/10	$598,000	$122.47

2010 SELECT TOP OFFICE LEASE TRANSACTIONS

Address	Submarket	Size (SF)	Qtr. Leased	Tenant
856 S. Pleasantburg Drive	South Pleasantburg	17,457	1st	Guardian Healthcare, Inc.
The Dorchester Building	Pelham Rd.	16,669	2nd	Defense Support Services, LLC
One Liberty Square	CBD	15,362	1st	US Attorney Office
Two Liberty Square	CBD	15,188	3rd	Brown Mackie College
131 Commonwealth Drive	Pelham Rd.	12,059	4th	St. Francis Medical Plaza
*221 Pelham Rd.	Pelham Rd.	12,000	4th	Ogletree Deakins

*BENTLEY COMMERCIAL DEALS

IN THE NEWS

Economic Development Experts See a Good Year Ahead

South Carolina was named “#1 for Economic Growth Potential” by Business Facilities Magazine in 2010. In looking forward to 2011, economists are forecasting a strong year based on the many announcements of new business made in 2010. Several large corporations will be opening new business or expanding in our area in 2011. Perceptis Inc., an Ohio based customer support services company, is coming to Greenville in March 2011 and will invest $1.125 million and create 200 new jobs. Century Plastics, a local family-owned business will expand their facility with a new 93,000 square foot building and will add 25 new jobs. Coast Sign, Inc. will invest $2.4 million in a new facility and bring 135 new jobs. The former KEMET Electronics will soon become SAATI Americas and will provide 80 new jobs. Op Tek Systems announced plans for expansion that will bring 20 new jobs, and Saint-Gobain Abrasives will be undergoing a $1.4 million expansion. Jerry Howard, President and CEO for the Greenville Area Development Corporation states, “I think we’re going to continue to see a lot of the same types of projects that we’ve had historically– automotive, advanced materials, advanced manufacturing, call centers, and back office.” Joe Taylor, the former Secretary for the South Carolina Department of Commerce is pleased with the progress that was made during his tenure and comments, “The Department of Commerce produced exceptional results in 2010. In fact, the year set a new record for jobs recruited by the agency. With continuous years of record job recruitment, the pipeline for new jobs coming to South Carolina is promising and these recruitment efforts will continue to pay dividends in the years ahead. With this success, South Carolina is well positioned to continue to attract new jobs and investments in 2011.”

Source: Greenville Business Magazine

UNEMPLOYMENT

According to the US Bureau of Labor Statistics, unemployment significantly decreased in 2010. The US rate peaked in 3rd quarter 2009 at 10.1% and has been gradually falling since, reaching **9.0%** currently. The Greenville, SC unemployment rate went from 11.5%, which was the peak, in January of 2010 to **9.2%** at the end of December 2010. This dramatic decline proves that companies in our area were recovering and actively hiring; thus absorbing office space and leading to a healthy drop in vacancy.

KEY TERMS AND DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year’s net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets.

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

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For a copy of our Retail, Industrial, or Flex Market Reports, please e-mail a request to info@bentleycommercial.com