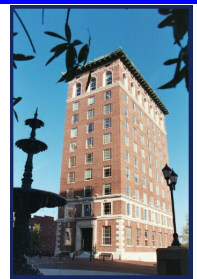




OFFICE MARKET REPORT

MID-YEAR 2011 MARKET SURVEY

GREENVILLE, SC



135 S MAIN ST.

OFFICE MARKET CONTINUES IMPROVEMENT!!

MARKET OVERVIEW By BRENT FREEMAN, CCIM

SEE DATA ON BACK

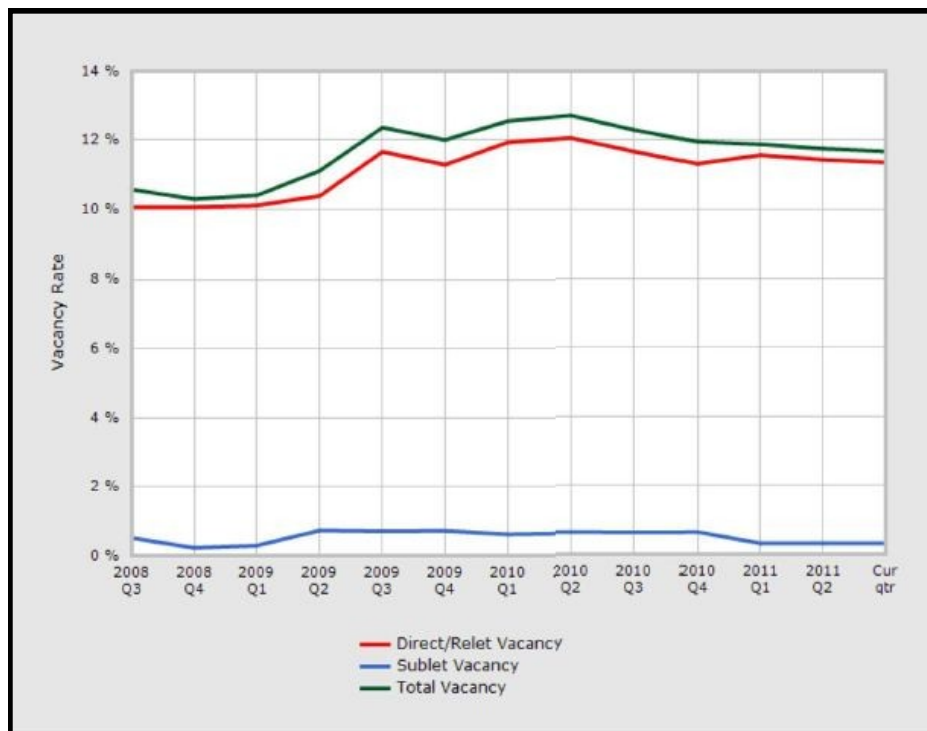
THE GREENVILLE, SC OFFICE MARKET CONSISTS OF 23,839,644 SF IN THE CENTRAL BUSINESS DISTRICT (CBD) AND SUBURBAN MARKETS. IN THE YE 2010 SPECTRUM OFFICE MARKET REPORT WE REPORTED THE VACANCY RATE STABILIZED IN THE 2ND QUARTER OF 2010 AND HAS DECLINED FOR TWO CONSECUTIVE QUARTERS. THIS TREND CONTINUED DURING THE FIRST HALF OF 2011 WITH **VERY STRONG NET ABSORPTION** OF 106,300 SF AFTER POSTING NET ABSORPTION OF 8,959 SF FOR THE ENTIRE YEAR OF 2010. (SEE GRAPH BELOW) THIS STRONG PERFORMANCE WAS FUELED BY A COMBINATION OF SEVERAL LEASES IN THE 9,000 TO 15,000 SF RANGE AS WELL AS STRONG LEASING ACTIVITY UNDER 5,000 SF. THE AVAILABILITY RATE (VACANT SPACE AVAILABLE FROM LANDLORDS PLUS SUB-LEASE SPACE) STOOD AT 16.7% AT MID 2011. THIS MEANS THE GREENVILLE, SC OFFICE MARKET FUNDAMENTALS HAVE BEEN STEADILY IMPROVING DURING THE LAST TWELVE MONTHS. HOWEVER WITH THE DEBT CRISIS AND TALK OF A "DOUBLE DIP" RECESSION IT IS DIFFICULT TO PREDICT WHERE WE GO FROM HERE. IN THE SUBURBS PIEDMONT CENTER WEST TURNED IN A TOTAL OF 27,000 SF OF NET ABSORPTION FUELED BY THE SC HIGHWAY PATROL TAKING 18,207 SF. IN THE CBD, PERCEPTIS MOVED IN 11,411 SF AT 325 W MCBEE AVE (FIRST CITIZENS BUILDING), WHILE SEVERAL NEW TENANTS TOTALING 12,000 SF MOVED IN 220 N MAIN ST AND CERTUS BANK TOOK 13,061 SF OF SUBLEASE SPACE AT THE FIELDHOUSE AT WEST END.

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SOURCE: COSTAR PROPERTY DATA AND SPECTRUM COMMERCIAL PROPERTIES



OFFICE INVENTORY & VACANCY RATES

As of 6/30/2011	Central Business District	Central Business District	Suburban	Suburban	Total All	Market
	Class A	Total	Class A	Total	Class A	Total
Total Inventory	1,738,476	6,143,020	3,089,605	17,696,624	4,828,081	23,839,644
Direct Vacant SF	223,777	894,486	701,831	2,765,189	925,608	3,659,675
Sub-Lease SF	28,843	62,502	58,082	255,800	86,925	318,302
Availability Rate	14.5%	15.6%	24.6%	17.1%	21.0%	16.7%
Y-T-D Net Absorption	37,519	46,812	<16,203>	59,488	21,316	106,300
Y-T-D New Product	0	0	0	46,097	0	46,097
SF Under Construction	4,500	4,500	0	25,974	4,500	30,474
Average Asking Rate / SF	\$ 18.96	\$ 16.26	\$ 21.07	\$ 14.15	\$ 20.35	\$14.66

CENTRAL BUSINESS DISTRICT

THE CBD MARKET FUNDAMENTALS REMAINED THE BRIGHT SPOT OF THE GREENVILLE, SC OFFICE MARKET. THE AVAILABILITY RATE WAS 15.6% AT MID 2011 WITH THE CLASS A AVAILABILITY RATE BEING 14.5%. CONSTRUCTION CONTINUED ON 7 S MAIN ST AT THE CORNER OF S MAIN ST AND E MCBEE AVE WITH COMPLETION SCHEDULED FOR THE FOURTH QUARTER. WHILE IT CONTAINS ONLY 4,500 SF OF OFFICE SPACE IT OFFERS A CVS PHARMACY OF 13,050 SF COMPLETE WITH A DRIVE THROUGH AND ALSO CONTAINS 1,250 SF OF RETAIL SPACE ON MAIN ST. THIS NEW DEVELOPMENT BY KDS COMMERCIAL PROPERTIES LLC WILL PROVIDE DOWNTOWN WORKERS AND RESIDENTS THE CONVENIENCE OF A DRIVE THROUGH PHARMACY WHICH IS A MUCH NEEDED ADDITION TO GREENVILLE'S THRIVING DOWNTOWN.

SUBURBAN MARKET

THIS MARKET CONTINUED TO LAG BEHIND THE CBD WITH THE SUBURBAN AVAILABILITY RATE STANDING AT 17.1% WHILE THE CLASS A AVAILABILITY RATE WAS 24.6%. THE SUBURBAN MARKET DELIVERED 46,097 SF OF NEW OFFICE SPACE, ALL LEASED, WITH A BUILDING SIZE OF 6,000 TO 10,000 SF. MOST OF THIS NEW CONSTRUCTION WAS MEDICAL SPACE. IN ADDITION, THERE IS CURRENTLY 25,974 SF OF NEW CONSTRUCTION UNDERWAY IN THE SUBURBS.



130 INDUSTRIAL DRIVE

OFFICE INVESTMENT MARKET SELECT OFFICE BUILDING SALES

ACCORDING TO COSTAR DATA, TOTAL OFFICE BUILDING SALES ACTIVITY WAS UP FOR 2011 COMPARED TO 2010. CAP RATES EDGED SLIGHTLY HIGHER IN 2011 AVERAGING 8.6%. THE LACK OF FINANCING HAS REDUCED DEMAND FOR OFFICE INVESTMENT PROPERTIES AND VALUES HAVE DECLINED 20% TO 30% FROM 2007 LEVELS. HOPEFULLY THE DECLINE IN VALUE HAS STABILIZED AND WE ARE AT THE BOTTOM OF THE "DOWN CYCLE."

Address	Area	Size (SF)	Sale Date	Sale Price	Price PSF	Cap Rate
10 McCar Dr	Sub	7,016	4/13/2010	\$ 850,000	\$ 121.15	N/A
Halton Village-Bldg 6	Sub	8,750	6/3/2010	\$ 1,851,132	\$ 211.56	N/A
105 N Spring St-McDowell Bldg*	CBD	30,000	12/30/2010	\$ 2,650,000	\$ 83.33	N/A
741 Pleasantburg Dr	Sub	23,918	2/21/2011	\$ 1,500,000	\$ 62.71	N/A

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