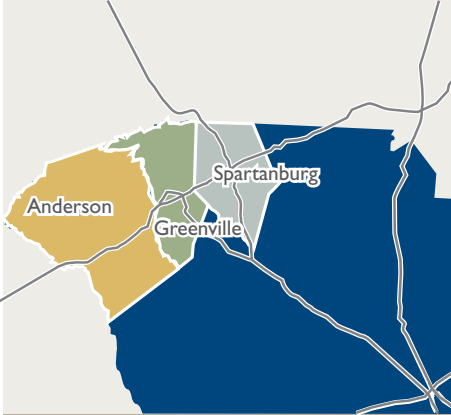




Year-End Industrial

Q4 | 2007



Market Overview

The industrial market in South Carolina's Upstate continued to expand throughout 2007, totaling 142,459,142 million square feet in Greenville, Spartanburg and Anderson Counties. The region absorbed 4,733,586 square feet from year-end 2006 to year-end 2007, with the vacancy rate closing the year at 10.5%. The largest transactions over the year included Cliffstar Corporation occupying 215,000 square feet in Hampton Park in Greenville County, Atlas Cold Storage executing two leases totaling 252,460 square feet, Pro Logis leasing 209,000 square feet of space in Greenville County and Edward B. De Lee Company leasing 116,413 square feet in the Community Cash Complex in Spartanburg County.

MARKET INDICATORS

	Q3	Q4
OCCUPANCY	↑	↑
ABSORPTION	↑	↑
RENTAL RATE	↑	↑
CONSTRUCTION	↑	↑

The largest project under development at year-end 2007 was the 1.9 million square foot multi-building Adidas Distribution Center in Spartanburg County. This facility will consolidate several of Adidas' national distribution facilities and relocate operations to the Upstate. The first building in the project is expected to be occupied in the first quarter of 2008, with complete buildout scheduled for December 2009. Adidas executed a sale/leaseback transaction on their current 563,210 square foot facility in Spartanburg, which sold for \$18,000,000.

Rental rates in the Upstate market continued to exhibit a divergence between existing space and new construction, which partially caused a lag in absorption of new speculative developments. While existing space has achieved lease rates ranging from \$2.75 to \$3.50 per square foot, new Class A construction has been marketed for \$4.50 to \$5.25 per square foot. It is likely that new speculative construction will not see large amounts of activity until existing quality and functional space is taken off of the market.

QUICK UPDATES

- AUTOMOTIVE INDUSTRY CONTINUES TO FUEL UPSTATE MARKET
- GEOGRAPHIC BOUNDARIES CONTINUE TO STRETCH
- DIVERGENCE IN RENTAL RATES BETWEEN NEW AND EXISTING SPACE

The above mentioned gap in rental rates proved to be a slight market deterrent during 2007. As tenants from larger markets have become accustomed to lower rental rates achieved through larger developments and economies of scale, the reality in the Upstate market is that space ranging from 50,000 square feet to 150,000 square feet commands a higher rental rate, thus some tenants experienced frustration when shopping the local market.

As industrial activity continued to grow along I-85 from Atlanta to Charlotte during 2007, the market experienced a geographic push southward into Anderson County. As Atlanta continues to grow northward along I-85 geographic growth in the Upstate industrial market is expected to continue.

The Upstate market also demonstrated signs of growth southward along I-385 during 2007. With the Columbia, South Carolina, industrial vacancy of 2.4% being the tightest in the United States at year-end 2007, this market's geographic boundaries are stretching northward and industrial



Market	Total	Vacant	Vacancy Rate	Absorption	Under Construction	Rental Rates
Anderson Ind	8,790,352	327,116	3.7%	1,777,031	0	\$2.73
Greenville Ind	70,378,257	9,488,893	13.5%	1,579,408	223,332	\$3.36
Spartanburg Ind	63,290,533	4,205,998	6.8%	1,377,147	1,805,000	\$2.75
Total	142,459,142	14,022,007	9.8%	4,733,586	2,028,332	\$3.16

product is being delivered in Newberry County. Therefore, the Upstate and Columbia markets should continue to converge along the I-385/I-26 corridor in the future, pending the resolution of utility issues in Laurens County.

BMW and its Tier 1 suppliers have significantly expanded in the Upstate industrial market over the past decade and automotive-related industries continue to fuel the market. Since opening its Upstate facility during the 1990's, BMW has attracted 22 suppliers to the region. Several new international prospects in the automotive industry began searching for space in the Upstate during 2007 and are expected to take occupancy of space in 2008. Additionally, BMW has started efforts to expand the Greer facility to include the production of the X3 sport utility vehicle. This comes at a time when the automotive manufacturer is downsizing globally, demonstrating the continued robustness of the Upstate market as it relates to both the automotive industry and its international presence in the Southeast market.

Over the next twelve months, the Upstate industrial market will continue to expand in terms of volume and geographic boundary. A small amount of speculative development will come online, most notably the Commonwealth development at Hillside, which will total 220,000 square feet. Absorption will remain strong over the course of the year as new tenants absorb the large amount of space that was delivered during 2007. As this occurs, the market should once again be poised for speculative development in 2009.

This report and other research materials may be found on our website at www.collierskeen.com. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Colliers Keenan is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with 266 offices throughout 56 countries worldwide.

COLLIERS INTERNATIONAL

266 OFFICES IN 56 COUNTRIES
ON 6 CONTINENTS

USA 98
Canada 18
Latin America 14

Asia Pacific 46
EMEA 65

\$54B in annual transaction volume
828M SF under management
10,171 Professionals

CONTACT INFORMATION

For More Information:

Givens Stewart
Brokerage Associate
(864) 297-4950
gstewart@collierskeen.com

Ryan Hyler
Director of Research & Marketing
(803) 401-4269
rhyler@collierskeen.com

GREENVILLE
201 E. McBee Avenue, Suite 201
Greenville, SC 29601
Tel: 864.297.4950
Fax: 864.527.5444

COLUMBIA
1301 Gervais Street, Suite 600
Columbia, SC 29201
Tel: 803.254.2300
Fax: 803.252.4532

CHARLESTON
151 Meeting Street, Suite 350
Charleston, SC 29401
Tel: 843.723.1202
Fax: 843.577.3837

**COLLIERS
KEENAN**

www.collierskeen.com