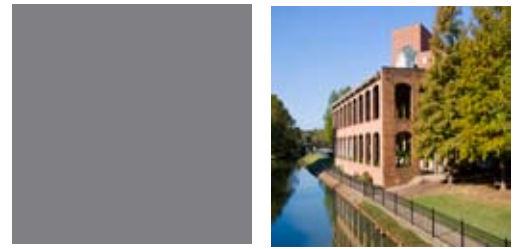


NAI Earle Furman, LLC

Industrial Report | Third Quarter 2008



Upstate Market



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



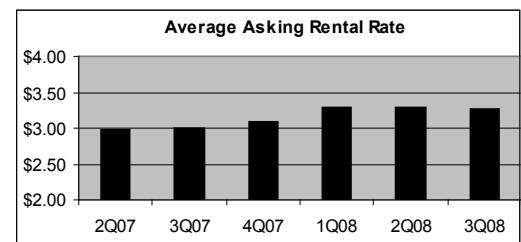
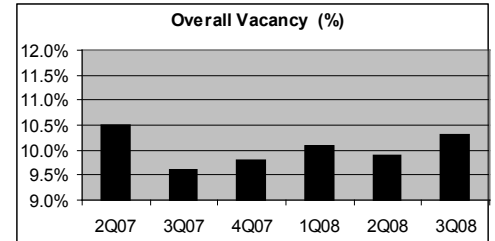
STATISTICS:

| | |
|--|-------------|
| Number of Buildings..... | 3,030 |
| Market Size (SF)..... | 151,645,727 |
| Overall Vacancy Space (SF)..... | 15,549,966 |
| Overall Vacancy (%)..... | 10.3% |
| Direct Vacancy (SF)..... | 15,263,936 |
| Sublease Vacancy (SF)..... | 286,030 |
| Net Absorption..... | (536,881) |
| Average Asking Rental Rate (\$/SF/YR)..... | \$3.27 |

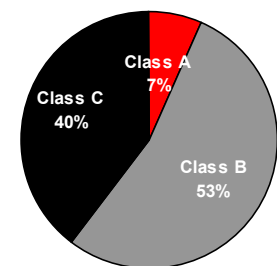
OVERVIEW:

Vacancy rates increased this quarter to 10.3% after a dip in second quarter. Rental rates declined slightly after two quarters of consistent rates. Average rates in the flex sector were \$7.41 per square foot, while warehouse rates were on average \$3.07 per square foot.

One building was delivered this quarter, a 12,275 square foot warehouse on White Horse Road. There were several major projects still under construction at the close of this quarter including the Adidas Distribution Center, a 1,805,000 square foot building and Commonwealth Distribution Center, a 221,000 square foot building.



Market Inventory (SF)



Major Lease Transactions

| Tenant: | Building Name/Address: | Size (SF): | Submarket: |
|---------------------|----------------------------------|------------|------------------|
| Innegrity, LLC | 1312 Old Stage Road | 120,000 | Greenville I-85 |
| Undisclosed | 101 Park Place | 15,000 | Greenville I-85 |
| Laserflex | 230 Brookshire Road | 18,200 | Spartanburg |
| A Team | Merovan Business Center | 9,511 | Greenville I-385 |
| Cafe Table, LLC | 1095 Union Street | 7,200 | Spartanburg |
| Palmetto Stone, LLC | Fairforest Southern - Building 5 | 7,200 | Spartanburg |

NAI Earle Furman, LLC

Industrial Report | Third Quarter 2008



| SUBMARKET/ CLASS | # BLDGS. | TOTAL RBA (SF) | TOTAL AVAIL. (SF) | TOTAL VACANT AVAIL (%) | TOTAL NET Absorption (SF) | TOTAL AVERAGE RATE (\$/SF/YR) | UNDER CONSTRUCTION (SF) |
|---------------------------|----------|-------------------|----------------------|---------------------------|------------------------------|----------------------------------|-------------------------------|
| Greenville CBD | 144 | 3,743,261 | 311,221 | 8.3% | (12,900) | \$3.51 | 0 |
| Class A | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Class B | 63 | 1,778,646 | 116,221 | 6.5% | 0 | \$3.03 | 0 |
| Class C | 65 | 1,456,120 | 195,000 | 13.4% | (12,900) | \$3.84 | 0 |
| Greenville I-385 | 324 | 16,598,812 | 641,245 | 3.9% | 82,700 | \$3.53 | 0 |
| Class A | 7 | 565,900 | 125,724 | 22.2% | 0 | \$4.69 | 0 |
| Class B | 65 | 4,831,494 | 303,792 | 6.3% | 145,900 | \$3.53 | 0 |
| Class C | 74 | 2,909,131 | 210,889 | 7.2% | (63,200) | \$3.30 | 0 |
| Greenville I-85 | 176 | 8,755,794 | 1,015,350 | 11.6% | 5,400 | \$2.66 | 0 |
| Class A | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Class B | 35 | 3,774,381 | 602,800 | 16.0% | 9,900 | \$3.05 | 0 |
| Class C | 40 | 1,098,607 | 399,750 | 36.4% | (4,500) | \$2.01 | 0 |
| Pelham Road/ Hwy. 14 | 141 | 4,594,143 | 496,225 | 10.8% | 36,100 | \$4.92 | 0 |
| Class A | 4 | 32,000 | 22,000 | 68.8% | (12,900) | \$7.02 | 0 |
| Class B | 35 | 1,255,909 | 367,200 | 29.2% | (27,200) | \$4.59 | 0 |
| Class C | 32 | 1,308,253 | 107,025 | 8.2% | 3,100 | \$3.90 | 0 |
| Rt. 29/ Rutherford Rd. | 117 | 6,406,843 | 817,635 | 12.8% | 14,840 | \$2.97 | 0 |
| Class A | 3 | 327,750 | 0 | 0 | 0 | N/A | 0 |
| Class B | 30 | 1,787,379 | 578,000 | 32.3% | 10,000 | \$3.16 | 0 |
| Class C | 56 | 1,121,241 | 239,635 | 19.8% | 4,840 | \$2.50 | 0 |
| Travelers Rest | 56 | 3,031,744 | 285,966 | 9.4% | 0 | \$2.62 | 0 |
| Class A | 2 | 122,550 | 0 | 0 | 0 | N/A | 0 |
| Class B | 15 | 1,064,453 | 56,066 | 5.3% | 0 | N/A | 0 |
| Class C | 17 | 753,856 | 229,900 | 30.5% | (2,400) | \$2.62 | 0 |
| West Greenville | 281 | 12,581,310 | 1,578,833 | 12.5% | (142,397) | \$2.62 | 0 |
| Class A | 4 | 599,454 | 400,000 | 66.7% | 0 | \$2.75 | 0 |
| Class B | 57 | 3,288,889 | 377,603 | 11.5% | (160,897) | \$2.84 | 0 |
| Class C | 113 | 4,673,533 | 801,230 | 17.1% | 13,500 | \$2.32 | 0 |
| Anderson/Pickens | 267 | 13,358,918 | 1,386,944 | 10.4% | (36,884) | \$2.75 | 0 |
| Class A | 7 | 304,363 | 3,800 | 1.2% | 0 | N/A | 0 |
| Class B | 79 | 4,840,238 | 1,038,171 | 21.4% | 6,300 | \$2.76 | 0 |
| Class C | 97 | 4,210,482 | 344,973 | 8.2% | (43,184) | \$2.71 | 0 |
| Spartanburg | 1,163 | 66,937,435 | 5,937,435 | 8.9% | (242,640) | \$3.70 | 2,026,000 |
| Class A | 13 | 2,341,698 | 424,800 | 18.1% | (33,541) | \$3.90 | 221,000 |
| Class B | 212 | 19,220,390 | 3,022,679 | 15.7% | (248,389) | \$4.05 | 1,805,000 |
| Class C | 326 | 14,324,396 | 2,397,300 | 16.7% | 34,290 | \$2.92 | 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

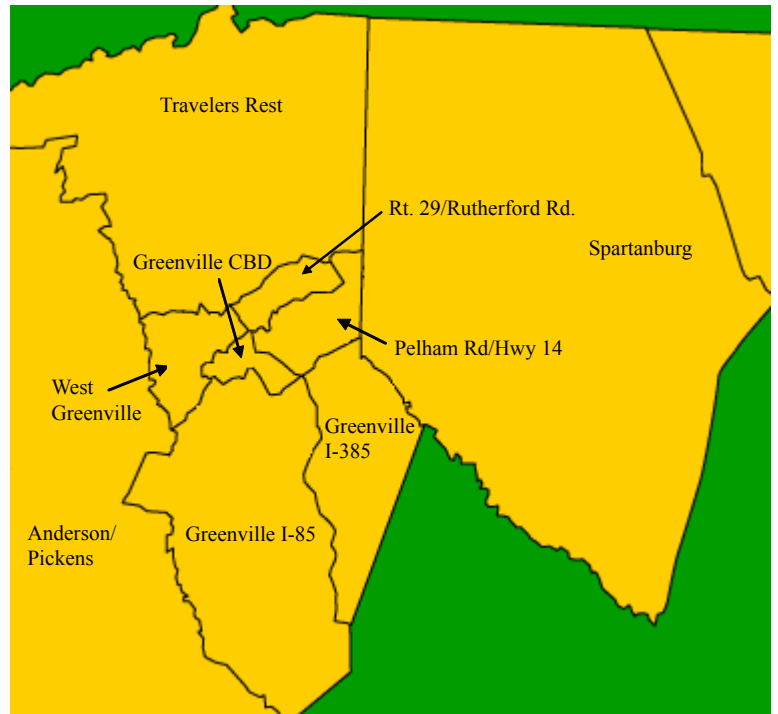
Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

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.

NAI Earle Furman, LLC | 101 E. Washington Street, Suite 400 | Greenville 29601
864 232 9040 | www.naiearlefurman.com

Upstate in the News

“Area has jobs in pipeline - experts point to weak dollar, BMW expansion as reasons for success.”

By: Rudolph Bell
The Greenville News
Published - September 16, 2008

With the economy as shaky as it is, you'd think Greenville County's industrial recruiters would be as lonely as the Maytag repairman.

As it turns out, they say they're working as hard as ever courting numerous companies that are thinking about building or expanding facilities in the county.

"Our activity level is probably at an all-time high," said Jerry Howard, president of the Greenville Area Development Corp., Greenville County's economic development arm.

Four prospects that together would create at least 1,000 jobs and invest at least \$155 million are presently seeking tax-break packages from Greenville County Council.

"This is probably not the end of the light show, either," Howard said Monday. Asked what's fostering the activity, Howard pointed to the \$750 million, 500-worker expansion of the BMW plant in Greer. He also said a weak U.S. dollar has encouraged foreign investment and that the diversification of the county's economy is helping.

"We're seeing opportunity from a lot of different business sectors," Howard said.

County officials have been tight-lipped about the prospects, referring to them in public under code names. Still, some details of the companies' plans have emerged in paperwork prepared for County Council. According to that paperwork:

- Project Teal is an international company planning to hire at least 1,000 people at a new customer service center and regional headquarters that would cost at least \$20 million.
- Project New Year would spend at least \$23 million and could add jobs expanding facilities that are already in Greenville.
- Project Shepherd, a manufacturer already operating in Greenville County, plans to spend at least \$85 million for new manufacturing capacity.
- Project Elephant, an Illinois-based company, plans to spend at least \$27 million expanding a distribution center in Greenville County.

Copyright (c) The Greenville News. All rights reserved.

Upstate in the News

“Upstate Tax Structure Draws Business - Greenville-Spartanburg Enticing to Recruiters”

By: Trevor Anderson
Spartanburg Herald Journal
Published: July 29, 2008

Benjamin Franklin surmised that "nothing is certain except death and taxes."

In today's global economy, as companies weigh the latter certainty in order to keep a healthy bottom line and avoid the former, U.S. cities are doing all they can to make sure their tax structures are favorable for businesses.

The Greenville-Spartanburg MSA appears to be one of the communities leading the way in establishing a tax environment that encourages economic development.

According to a study released Monday by KPMG, an international accounting and consulting firm, the Greenville-Spartanburg metro area was ranked No. 2 among mid-sized cities in 10 countries in offering the lowest corporate income taxes, capital taxes, sales taxes, property taxes, miscellaneous local business taxes and statutory labor costs.

"Cities across the U.S. recognize that attracting and retaining businesses of all sizes is important for a vibrant local economy," said Hartley Powell, national leader of strategic relocation and expansion for KPMG. "Certain communities such as Greenville-Spartanburg are leading the way, as tax costs are a key consideration in the site selection process."

The KPMG study is intended to provide companies a guide to compare tax burdens they might incur in 102 cities throughout 10 countries. Omaha, Neb., was the only mid-sized community ranked higher than Greenville-Spartanburg. For larger cities, with populations exceeding 2 million people, San Juan, Puerto Rico, Baltimore and Atlanta provided the most favorable tax structures, according to the study.

Greenville-Spartanburg's tax index was only one-tenth of a percent higher than Atlanta, the study said.

"I'm excited to hear it, and it gives us great visibility," said David Cordeau, president and CEO of the Spartanburg Area Chamber of Commerce. "What we're looking at is our competitive position in the world and the Southeast generally has a good environment, but it's not something we can take for granted. It confirms the position we have taken that we will strive to have a favorable tax environment. It really says that taxes will not be your obstacle here." Powell said the state's tax structure has helped the Greenville-Spartanburg area.

South Carolina's corporate income tax is one of the lowest in the country at 5 percent. The state's rate is also low, compared with its neighbors. North Carolina's rate is 6.9 percent and Georgia's is 6 percent.

The state's 6 percent sales tax is average, compared with the rest of the country, and its property tax rate is 1.38 percent, the same as the national average.

Labor costs in South Carolina are slightly lower than the rest of the country, according to the Bureau of Labor Statistics, and companies can take advantage of tax credits of up to \$1,500 per job.

Upstate in the News

“Upstate Tax Structure Draws Business - Greenville-Spartanburg Enticing to Recruiters”

Powell said Greenville-Spartanburg is getting its edge from fee-in-lieu of property tax agreements and other corporate tax incentives that can be introduced by local governments.

"It's really what keeps Greenville-Spartanburg competitive," he said. "That kind of flexibility is important. And it's a combination of all these things that really sets the area apart."

Spartanburg has already experienced a banner year for economic development. The Spartanburg Chamber's Economic Futures Group, a committee formed in January to accelerate economic growth in the county, has aided in the expansion or relocation of nine companies during the first six months of the year, which brought \$850 million in capital investment and 1,166 new jobs to the county.

The projects for 2008 include the relocations of American Yuncheng Plate Making Inc., Achieva Rubber Corp., Master Precision Global, Jeffrey Specialty Equipment, Platronic Seals, Paccar and Iljin USA, as well as expansions of BMW Manufacturing Co. and Lubrizol.

Greenville County also has experienced its fair share of economic development this year. Nine companies have moved to Greenville since January, bringing the county 665 jobs and capital investment in excess of \$87 million. The projects include the relocations of Intec, Millmer Milliken, Synnex Corp., Fabri-Kal, Precision Valve, BR Barber, Rema and two other projects.

"We've had such a good reputation of being an area that is great for international investment," said Jim Hill, a spokesman for the Greenville Area Development Corp., an organization that facilitates economic development in Greenville County. "We're seeing a lot of international companies examining our business climate. When they start looking around, they see we are a great place to live and work."

page 2 of 2

Upstate in the News

“FedEx Says Upstate on Short List for Hub”

By: Trevor Anderson

The Spartanburg Herald Journal

Published: August 2, 2008

The Greenville-Spartanburg metro area is a finalist in the hunt for a \$110 million, 400,000-square-foot FedEx Ground Southeastern shipping hub that would employ about 470 workers at full capacity, the company said Friday.

David Westrick, a spokesman for Pittsburgh-based FedEx Ground, said Murfreesboro, Tenn., and Guilford, N.C., are also being considered. He said the company should make its decision in September, with the facility possibly opening in 2010. "We are looking for a site to build a new hub facility for the Southeast, and I can confirm Greenville-Spartanburg is an area we're looking at," Westrick said.

The Nashville Business Journal reported Thursday a tax abatement valued at \$2.56 million over the next 10 years was approved Wednesday for the Murfreesboro distribution center by the Rutherford County Industrial Development Board.

The Business Journal of the Greater Triad Area in Greensboro, N.C., reported Friday that Guilford County commissioners approved incentives for FedEx Ground worth \$952,500, over three years, contingent on the company meeting certain employment and investment benchmarks.

David Cordeau, president and CEO of the Spartanburg Area Chamber of Commerce, said as a matter of policy, he does not comment on potential projects. The company said the new facility is part of its overall expansion plans, which include six new hubs nationally by 2014 to buttress its 30 existing ground hubs.

Allison Sobczak, a FedEx Ground spokeswoman, told the Nashville Business Journal the new hub is necessary to provide some relief to hub operations in Charlotte.

The new hubs being planned will enable FedEx Ground to compete more aggressively with shipping giants UPS and DHL. With six new hubs, Sobczak said, overall shipping capacity will rise from 3.8 million packages per day to 6.1 million packages per day.

Westrick ruled out a location at the Greenville-Spartanburg International Airport, as FedEx Ground doesn't require airport access. "It doesn't really come into play in our business," he said.

Prerequisites for the facility FedEx Ground is considering, he said, are access to major highways, a sizeable employee pool, proximity to colleges and universities and closeness to its customer base.

"We're looking for the best site we can find, as this will be a significant facility that will bring in a number of jobs and be in operation for a number of years," Westrick said. "We're taking our time and making sure everything falls in line."

FedEx Ground reported \$6 billion in revenue in 2007. The company has more than 70,000 employees and independent contractors.

Contact Us

For more information on the Upstate Industrial market please contact one of our specialists:

John Baldwin
jbaldwin@naiearlefurman.com

Glenn Batson
gbatson@naiearlefurman.com

Ford Borders, SIOR - principal
fborders@naiearlefurman.com

J. Earle Furman, Jr., SIOR - principal and broker-in-charge
efurman@naiearlefurman.com

Hunter Garrett, CCIM, SIOR - principal
hgarrett@naiearlefurman.com

Jon Good - principal
jgood@naiearlefurman.com

Michael D. Greer, CCIM, SIOR
mgreer@naiearlefurman.com

Grice Hunt
grice@naiearlefurman.com

Jerome K. Jay
jkjay@naiearlefurman.com

Clay Mardre
claym@naiearlefurman.com

Dave Reeves - principal
dreeves@naiearlefurman.com