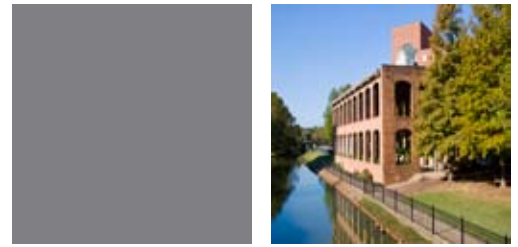


NAI Earle Furman, LLC

Office Report | Third Quarter 2008



Upstate Market



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



STATISTICS:

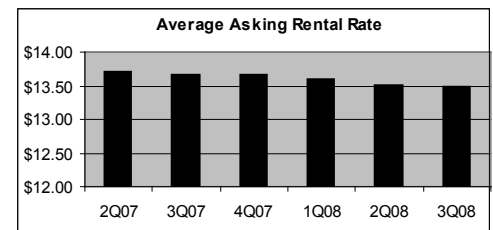
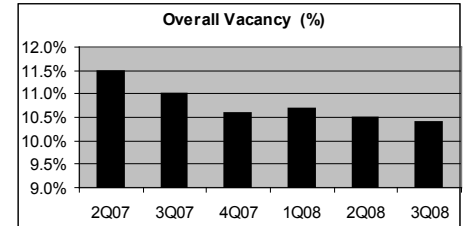
Number of Buildings.....	2,949
Market Size (SF).....	29,806,748
Overall Vacancy Space (SF).....	3,100,113
Overall Vacancy (%).....	10.4%
Direct Vacancy (SF).....	2,981,814
Sublease Vacancy (SF).....	118,299
Net Absorption.....	23,110
Average Asking Rental Rate (\$/SF/YR).....	\$13.50

OVERVIEW:

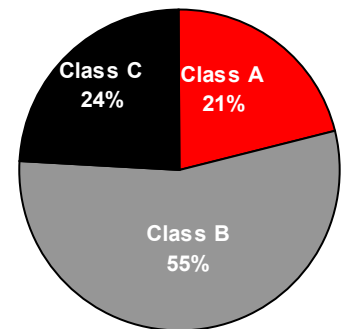
Third quarter vacancy and rental rates both continued to decline this quarter. Greenville's average rate was \$13.77/SF in third quarter, while Spartanburg's average rate was \$12.89/SF.

Investor John Boyd and Cousins Properties announced a major project this quarter for downtown Greenville. The developers are proposing a 200,000 square foot office building and hotel on the corner of Washington Street that formerly was home to Woolworth, G.Q. Fashions and Young Fashions. A groundbreaking date has not been set, but the 1.3 acre Washington Square project will be a major development to watch in the coming months.

Also this quarter, The Greenville New Markets Opportunity ("GNMO") LLC announced over \$17 million in below-market financing for the Main at Broad project. Main at Broad will include 10,000 square feet of retail, 55,000 square feet of office space, a Courtyard Marriot, parking garage and plaza area. The developers, Windsor Aughtry Company expect a first quarter 2010 opening.



Market Inventory



Major Lease Transactions

Building:	Size (SF):	Submarket:
Park East - Marion Building	31,960	Greenville Suburban
Patewood Office Park	10,432	Greenville Suburban
Park East - Laurens Building	5,820	Greenville Suburban
84 Villa Road	5,462	Greenville Suburban
Ivey Square	4,874	Greenville CBD
113 Broadbent Way	5,000	Anderson

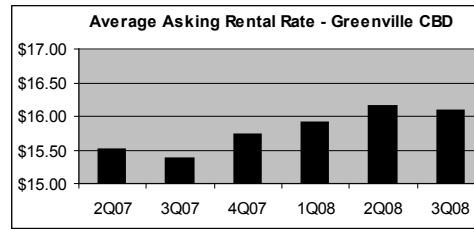
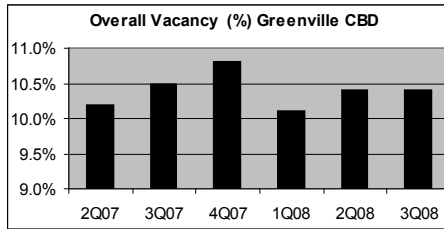
The Upstate Market is defined by: Greenville, Anderson, Spartanburg, Cherokee and Pickens counties.

NAI Earle Furman, LLC

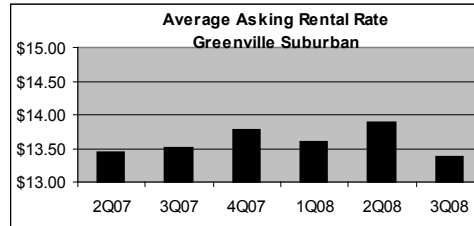
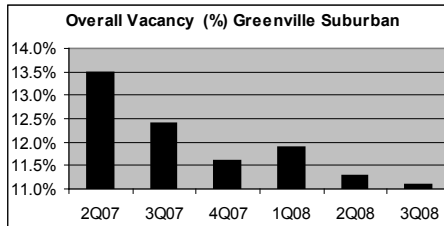
Office Report | Third Quarter 2008



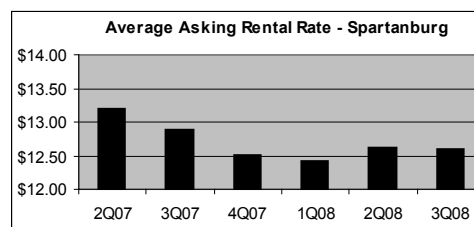
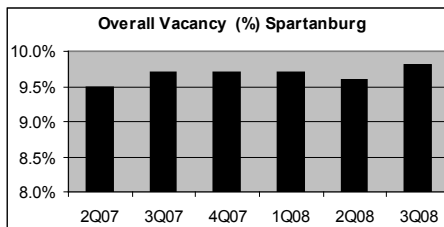
SUBMARKET/ CLASS	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAIL. (SF)	TOTAL VACANT AVAIL (%)	TOTAL NET Absorption (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Greenville CBD	411	5,702,778	592,184	10.4%	(1,880)	\$16.09	55,000
Class A	15	1,843,952	207,484	11.3%	(29,403)	\$18.58	55,000
Class B	132	2,819,940	316,514	11.2%	8,589	\$15.33	0
Class C	263	1,032,286	70,186	6.8%	18,934	\$12.61	0



Greenville Suburban	1,481	15,467,956	1,647,720	10.7%	25,881	\$13.37	33,121
Class A	41	2,860,662	114,439	4.0%	(12,677)	\$18.41	11,378
Class B	706	8,746,500	1,134,287	13.0%	57,272	\$13.35	21,743
Class C	735	3,871,746	398,994	10.3%	(18,714)	\$11.86	0



Spartanburg	697	5,891,180	571,334	9.7%	(16,410)	\$12.60	81,838
Class A	15	1,001,907	64,840	6.5%	4,200	\$18.37	81,838
Class B	415	3,681,685	336,569	9.1%	(18,882)	\$13.01	0
Class C	266	1,205,120	169,925	14.1%	1,728	\$9.61	0



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. Construction is defined as total RBA under construction.

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

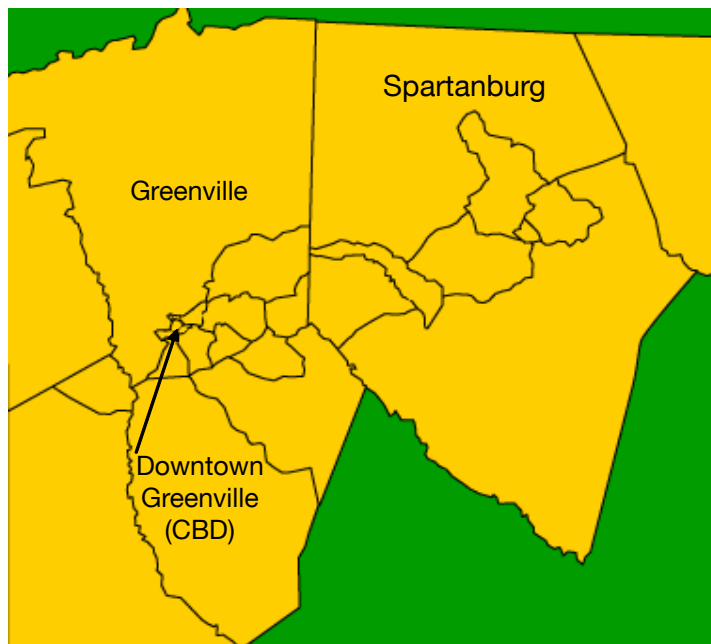
Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

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.

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.

page 1 of 2

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

“Developer Unveils “Next” Plans”

By: Rudolph Bell

The Greenville News

Published: September 17, 2008

Greenville developer Bob Hughes is creating a new home for Next, a group of technology entrepreneurs organized by the Greater Greenville Chamber of Commerce.

Hughes said he plans to turn an unoccupied building at the corner of Church Street and University Ridge into new office space for Next member companies, giving them the shared premises they have long sought. The \$10 million development would also include 24 one-bedroom condominiums attached to the office space, Hughes said.

The 2.5-acre site is near County Square, Greenville County's main office complex, and was formerly a warehouse for Cameron Barkley Co., an electrical supplies distributor.

Eight members of Next, all of them small technology companies, plan to take space in the development, which will be called the Next Innovation Center, said Hughes and Brenda Laakso, the Chamber's vice president for entrepreneurship and small business.

The building will also house Next offices and events and the Upstate Carolina Angel Network, a group of affluent individuals who invest in startup companies.

The chamber organized Next in 2006 as part of its efforts to boost entrepreneurship, and the group's members have always talked about sharing a building, Laakso said. "By being able to sort of bump into each other in the hallways, they'll leverage their synergies," she said. Greenville businessman Andrew Kurtz, founder of two Next companies and the group's current chair, said Next members can help one another grow by sharing space.

"There's a lot of potential collaboration and cooperation that can come out of us being in the same facility," he said. The Next Innovation Center should also help the group's members recruit talented employees, Kurtz said, since potential employees considering a move to Greenville like to see other technology companies where they might work. Nearly half of the planned 60,000 square feet of office space has been reserved, Laakso said. Tenants so far include Customer Effective, PromoPipeline, Servosity, Gnosso, Vigilix, ProActive Technology and Single Point, she said. Another Next member that is going in the building has not been disclosed, she said.

Hughes said office tenants in the new development would have access to bicycle racks, showers in the bathrooms, a cafe and a "Wii room" for exercise. The plans call for a wall of metal mesh with the Next logo embedded in it to stretch across the front of the building. The development site borders a riverfront property where a park is planned. Next members really "wanted something to stimulate their creativity," Laakso said. "These CEOs know their employees are most creative and most productive when they are enjoying what they do, and space is important to that."

Activities at the Next Innovation Center may include displays of technology available for licensing from Clemson University, said Vincie Albritton, associate director of the Clemson University Research Foundation. "The premise would be to toss the technology out there, let the entrepreneurs engage the faculty, discuss the commercial potential and development hurdles and see if we get any interest in licensing," Albritton said. Laakso said Next members talked with two developers besides Hughes about their plans to share space. "Bob was the developer who really seemed intent on striving to make it work," she said.

Copyright (c) The Greenville News. All rights reserved. Reproduced with the permission of Gannett Co., Inc. by NewsBank, inc.

Upstate in the News

“Construction to Begin Soon at Millennium
Campus Medical Building”

By: Liv Osby

The Greenville News

Published: August 13, 2008

Land is being cleared for construction of a medical office building that will be part of Bon Secours St. Francis Health System's Millennium campus off I-85 and Laurens Road.

The building is being developed by DASCO, which will lease offices to physicians, Mary Hassett, vice president of strategic initiatives for St. Francis, told the Greenville News today. It should be completed by next July, she said.

Development of an acute care hospital on the 60-acre St. Francis site, meanwhile, is contingent on the state Department of Health and Environmental Control approving a certificate of need for its construction, she said.

St. Francis plans to make that application in the coming weeks, she said. A ruling typically takes about six months.

"We need the capacity," Hassett said. "We're just full up at both hospitals on a continual basis."

Construction on the hospital would take about two years and begin as soon as the certificate of need is granted, she said.

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

Contact Us

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

Glenn Batson
gbatson@naiearlefurman.com

William Burgess, CCIM, SIOR - principal
bb@naiearlefurman.com

J. Peter Couchell, CCIM - principal
couchell@naiearlefurman.com

David Feild
dfeild@naiearlefurman.com

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

Keith Jones
keith@naiearlefurman.com

W. Scott Jones, SIOR
sjones@naiearlefurman.com

Greg Koch
greg@naiearlefurman.com

Stuart Wyeth
swyeth@naiearlefurman.com