

NAI Earle Furman, LLC

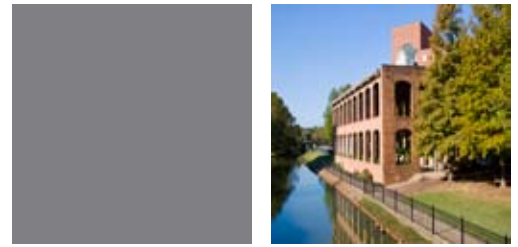
Retail Report | Third Quarter 2008



NAI Earle Furman, LLC

Commercial Real Estate Services, Worldwide.

Upstate Market



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



STATISTICS:

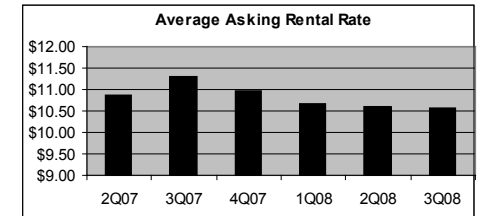
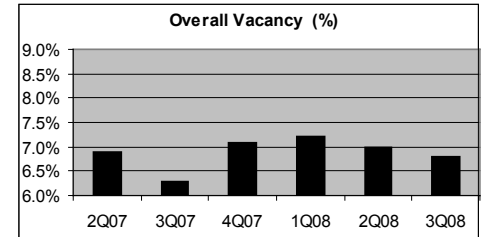
Number of Buildings.....	6,831
Market Size (SF).....	69,391,404
Overall Vacancy Space (SF).....	4,736,323
Overall Vacancy (%).....	6.8%
Direct Vacancy (SF).....	4,606,079
Sublease Vacancy (SF).....	130,244
Net Absorption.....	206,699
Average Asking Rental Rate (\$/SF/YR).....	\$10.57

OVERVIEW:

The Upstate market saw rental rates and vacancy rates both drop slightly, a continued trend in recent quarters. Vacant sublease space has also been decreasing since fourth quarter 2007. There were a total of 73 lease transactions in third quarter and four buildings delivered to the market.

The Point on Woodruff Road recently signed new tenants such as Alltel, Scottrade and Chipotle Mexican Grill to a new 14,550 SF outparcel to Whole Foods. Early 2009 will mark the first South Carolina location for Chipotle who currently has 500 locations nationwide.

The largest lease signed this quarter was Badcock Furniture & Appliances who will occupy 19,880 square feet at Windsor Place Shopping Center in Anderson. They are anticipating a late fourth quarter 2008 move in. Anderson has been a flurry of activity with the completion of MidTown Park, a new 163,801 square foot shopping center on Clemson Boulevard. The center has welcomed Kohl's, Dick's Sporting Goods and Staples as anchor tenants. There are also three outparcels which include AT&T Mobility and a Hardees ground lease.



Major Lease Transactions

Tenant:	Property Type:	Size (SF):	Submarket:
Badcock Furniture & Appliances	Neighborhood Center	19,880 SF	Anderson
Family Dollar	Free Standing	9,180 SF	Travelers Rest
Cream Nightclub	Free Standing	6,250 SF	Congaree Road
Miami Subs Pizza & Grill	Free Standing	5,500 SF	Spartanburg
Aaron's	Neighborhood Center	5,400 SF	Spartanburg
Star Automotive	Free Standing	4,000 SF	Wade Hampton Blvd.

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.

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SUBMARKET/ CLASS	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAIL. (SF)	TOTAL VACANT AVAIL (%)	TOTAL NET Absorption (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Anderson	691	9,474,193	842,742	8.9%	108,210	\$8.37	0
Greenville	3,054	31,131,565	1,994,429	6.4%	180,156	\$11.73	60,494
Travelers Rest/ Cherrydale	317	3,153,611	231,233	7.3%	(4,364)	\$9.44	0
Wade Hampton	387	3,935,462	397,302	10.1%	6,805	\$9.69	0
West Greenville	381	3,029,121	127,292	4.2%	(13,281)	\$7.73	0
Pelham Rd.	141	1,370,753	113,973	8.3%	(12,214)	\$15.46	6,250
I-385/Woodruff Rd.	233	3,533,508	160,632	4.5%	32,185	\$12.90	0
Mauldin	180	1,376,514	40,793	3.0%	14,635	\$10.20	0
Fairview Rd.	218	2,200,357	116,087	5.3%	12,589	\$10.91	34,000
South Greenville	196	1,184,064	81,558	6.9%	(3,000)	\$10.13	0
Stone Ave/ E. North St.	137	772,174	52,330	6.8%	6,366	\$7.81	0
Greenville CBD	101	815,957	109,808	13.5%	(3,640)	\$18.74	0
Pleasantburg Dr.	148	1,177,656	137,802	11.7%	(14,375)	\$10.01	0
Augusta Rd.	210	1,490,333	100,521	6.7%	(27,414)	\$13.10	0
Haywood/Congaree & Woodruff Corridor	406	7,092,055	325,098	4.6%	184,864	\$14.21	20,244
Spartanburg	2,751	23,697,556	1,481,831	6.3%	(86,269)	\$9.84	30,448
Upper Spartanburg	701	4,181,716	259,672	6.2%	(28,918)	\$6.06	0
East Side & Hwy 9	1,100	9,183,447	568,482	6.2%	(35,011)	\$10.10	14,448
West Side	569	7,902,946	536,365	6.8%	(17,590)	\$13.02	16,000
Lower Spartanburg	381	2,429,447	117,313	4.8%	(4,750)	\$8.91	0

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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

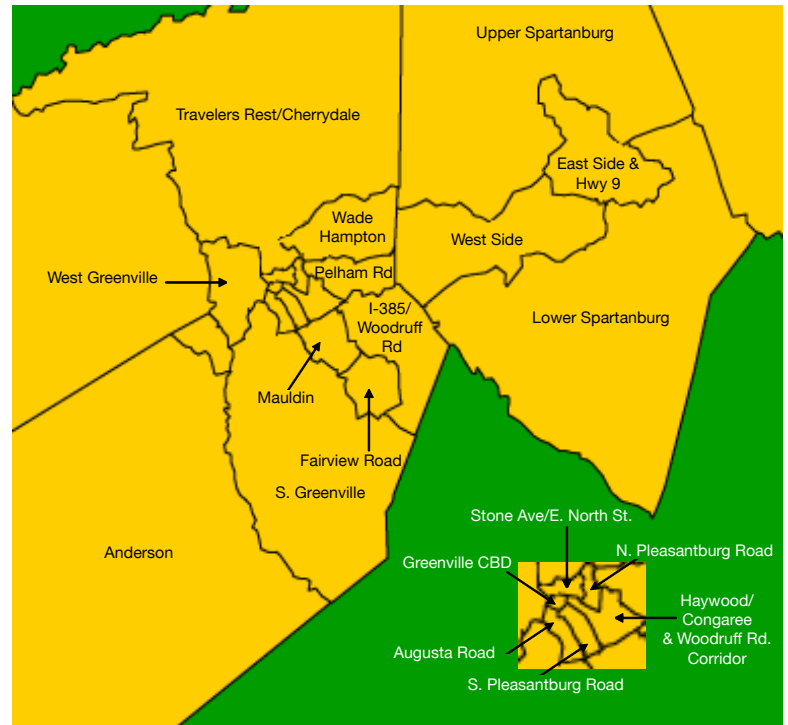
Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

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

“Retail Spaces Going Fast at McBee Station”

The Greenville News

BY ANGELA DAVIS • BUSINESS WRITER • SEPTEMBER 27, 2008

Retail space at McBee Station is filling up even in the midst of the economic slowdown.

Hampden Clothing store; Design On Tap, an upscale kitchen and bath gallery; and Go Tri Sports triathlon sporting goods are among the retailers coming soon to the 1-year-old mixed-use development between McBee Avenue, East Broad Street, Church Street and David Francis Court in downtown Greenville.

All three retailers have a site in the Lowcountry.

Magic Touch Cleaners and The Joint chiropractic practice opened in McBee Station recently.

The only remaining retail space in McBee Station is 1,915 square feet in building 500 and 1,176 square feet in building 400.

“We’ve got a lot of interest and we’re actually negotiating with a lot of potential tenants,” said Snow Parrott, managing partner of Greenville-based SE Retail Advisors, which is working to lure more national retailers to McBee Station, anchored by Staples and Publix, opened in summer 2007.

Parrott said she believes the development is doing well because “Greenville doesn’t have anything like this.”

Another thing Greenville doesn’t have is a boutique like Hampden, said its owner, Stacy Smallwood. Smallwood, a graduate of Christ Church Episcopal School, opened her first Hampden Clothing on King Street in Charleston two years ago.

A former buyer for the Neiman Marcus flagship store in Dallas, Smallwood said her store reaches out to “emerging designers.”

“So many of the lines in my store, people haven’t heard of,” she said. “I look at it as my job to go out and find the latest, most unique designers that you’ll probably be hearing more about in five years.” Smallwood’s Greenville store will carry three shoe lines. The Charleston store doesn’t sell shoes.

McBee Station will also be the second location for Hilton Head-based Go Tri Sports, according to Alfred Olivetti, chief of triathlon operations for Go Tri Sports.

Olivetti said the store’s anticipated opening is during the weekend of Fall for Greenville, Oct. 11-12.

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Upstate in the News

“Large Development Considered Near New Greer Hospital”

The Greenville News

BY LARK REYNOLDS • STAFF WRITER • SEPTEMBER 4, 2008

A 34-acre commercial development, possibly including a movie theater, is being considered for South Buncombe Road near the new Greer Memorial Hospital.

Bill Misiaveg, a developer with Carolina Holdings, said the company is in the initial stages of evaluating Century Crossing, which would straddle South Buncombe just north of Brushy Creek Road.

The plan includes more than 300,000 square feet of retail space and a grocery store, one or two anchor stores and several outparcels. One option includes a cinema. Misiaveg said potential tenants have expressed interest.

Misiaveg said the new hospital, which opened Aug. 24, and the employment bases in general were important factors in locating the development, along with nearby residential communities.

He said the company is assessing infrastructure needs and also whether any rezoning would be requested from the city. Currently the property is zoned I-1 industrial.

Carolina Holdings is also developing a property south of Greer at State 101 and State 296.

“We certainly believe in the future of this area,” Misiaveg said.

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Upstate in the News

“Dillard’s Plans October Opening for Location at Anderson Mall”

The Greenville News

BY Angela Davis • BUSINESS WRITER • JULY 11, 2008

ANDERSON -- Anderson Mall's newest anchor is set to open this fall, but the shopping center's new lifestyle element is not.

Dillard's department store will open at the mall in October, according to Julie Bull, the retail chain's corporate spokesperson.

Les Morris, spokesman for Simon Property Group Inc., the mall's owner, said construction on the lifestyle center has yet to start.

The open-air lifestyle component at the front of the mall and the addition of Dillard's are part of the expansion plans announced by Simon last year.

The planned lifestyle element will add approximately 30,000 square feet to the Anderson Mall tenant mix, the company said.

Morris said the current focus is on renovating the existing mall entrance. He said the prep work is being done now and that the project should be complete in a few months.

He said the lifestyle expansion would not open this year, but a few new tenants will join Dillard's in the lineup.

CocoBon, a fine chocolate store, will open there this month, and Chick-Fil-A will reopen in the food court in August.

Located at 3131 N. Main St., Anderson Mall is a 635,000-square-foot enclosed mall. Its current anchors are JC Penney, Sears and Belk.

Based in Arkansas, Dillard's is one of the nation's largest fashion and home furnishing retailers.

Its new 126,000 square-foot store at the Anderson Mall will feature fashion for women, men, juniors and children, as well as cosmetics and home selections.

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Upstate in the News

“Entertainment Complex Slated for Spartanburg - 12 movie screens, bowling, miniature golf, game room included”

The Spartanburg Herald Journal

BY Lynne P. Shackelford • JULY 16, 2008

A new family entertainment center complete with a state-of-the-art theater, a miniature golf course and bowling lanes will anchor the new Easton MarketPlace on the former Lan-Yair property off East Main Street.

Bruce Frank, president of Frank Theatres, said the complex that combines cinemas with other entertainment options will open in the next 14 months, with a groundbreaking ceremony expected in the next three to four months. Frank's concept, SuperPLAY USA, also will offer batting cages, laser tag, a game room and food. The center will have 12 movie screens with a total of 2,500 seats.

Frank said the theater will have floor-to-ceiling screens and wall-to-wall premium stadium seating, with seating also available on the second floor of the theater for those over 21 to enjoy a cocktail and food while watching a movie. This will be the first combined theater and SuperPLAY USA complex built in South Carolina, although Frank Theatres has cinemas in Conway and is working with a Myrtle Beach developer to build a SuperPLAY USA center there. “The lifestyle center concept appeals to us and fits in well with what we bring, family entertainment, world-class food and cinemas,” Frank said.

Centennial American Properties is the primary developer for Easton MarketPlace, the \$100 million development project with 500,000 square feet of commercial space, and Johnson Development is overseeing construction and management of 12 three-story luxury apartment buildings on the site. Plans are still in place for high-end and local retailers, and the development will have a “Main Street” or boulevard atmosphere with lush landscaping and pedestrian- and bicycle-friendly amenities. The SuperPLAY USA and theater complex is planned for the rear of the site.

Pete Brett, director of development for Centennial, said the cinema and entertainment center concept is a big draw for retailers, restaurants and those interested in living at Easton.

“It's a new concept that Frank has been successful with and they're breaking into the Carolinas now. We couldn't be more excited,” Brett said.

Centennial announced in May that Atlanta-based Cousins Properties was no longer part of the development but that Centennial planned to push forward, despite tough market conditions.

Mayor Bill Barnet said the latest announcement was exciting as the pieces start to fall into place for Easton's development.

“Given the financial dislocation of the market and challenges that retail companies are facing, I think it's great for our community and the eastern side of Spartanburg,” Barnet said. “It's good news for the city and the entire area that we ultimately serve.”

Contact Us

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

Jimmy Wright - principal
jwright@naiearlefurman.com

Ted Lyerly, CCIM
tlyerly@naiearlefurman.com

Bill Sims
bsims@naiearlefurman.com

Austin Knapp
aknapp@naiearlefurman.com

Jake Van Gieson
jakev@naiearlefurman.com