

GREENVILLE, SC

JANUARY 2003

2002 YEAR-END OFFICE MARKET REPORT

MARKET SUMMARY

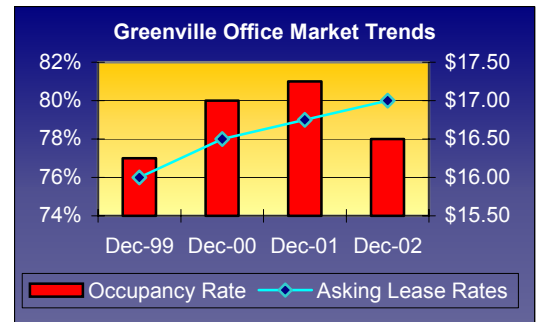
The Greenville office market consists of 6 million square feet of multi tenant office buildings, situated in the central business district (CBD) and the suburban market. The Greenville office market continued to soften during 2002 as the recession lingered on. Overall, market occupancy levels decreased from 82.6% at year-end 2001 to 78% on December 31st, 2002. Net absorption for 2002 was 104,000 square feet, but 340,000 square feet of direct vacant space was added to the market during 2002. Also, 54,000 square feet of new sub-lease space was added to the market during 2002, all of which contributed to the decreased occupancy levels. For the year, leasing activity continued to be slow with very few large tenants in the market. All of these factors resulted in putting downward pressure on rental rates, especially in the suburban market.

The overall availability rate at year-end 2002 was 25.3% (availability rate is direct vacant space added to sub-lease space). 25.3% of the office space in the Greenville market is available, either through direct vacant space from landlords, or through sub-lease space. Our survey shows that the suburban market is significantly weaker than the CBD market.

Central Business District

The CBD occupancy rate was 86.2% on December 31st, 2002, which is a slight increase from 85.7% at year-end 2001. The CBD's absorption was 154,000 square feet for 2002, a relatively good year.

Many consider Class A space to be the true barometer of the health of a market. Using this standard, the CBD turned in a particularly good year. The Class A absorption was 179,000 square feet, primarily due to the delivery of two new Class A buildings to the market, mostly pre-leased. Developer Phil Hughes completed the construction of the 75,000 square foot NBSC building in the second half of 2002. Also tenants begin moving into the new 108,000 Elliott Davis building late in the year.



Suburban Market

The Suburban market weakened considerably during 2002. The occupancy rate was 71.9%, which is a decline from 80.4% at year-end 2001. The suburban market experienced a negative net absorption of 49,639 square feet as companies downsized and closed offices. When direct vacant space is added to sub-lease space, the resulting availability rate is 31.8%, an increase from the 28% availability rate at year-end 2001.

201 E. Mc Bee Ave., Ste 201
PO Box 10825
Greenville, SC 29601
Voice: 864-297-5490
Fax: 864-527-5444
www.collierskeenan.com



OFFICE MARKET



GREENVILLE, SC



234 Offices Worldwide

134	Americas
	102 United States
	17 Canada
	15 Latin America
57	Europe, Middle East & Africa
43	Greater Asia

United States Cities

Akron, OH	Las Vegas, NV
Allentown, PA	Los Angeles, CA
Anaheim, CA	Louisville, KY
Atlanta, GA	Memphis, TN
Austin, TX	Miami, FL
Bakersfield, CA	Milwaukee, WI
Baltimore, MD	Minneapolis/S.T. Paul, MN
Bellevue, WA	Nashville, TN
Boise, ID	New York, NY
Boston, MA	Oakland, CA
Carlsbad, CA	Orlando, FL
Charleston, SC	Palo Alto, CA
Charlotte, SC	Philadelphia, PA
Chicago, IL	Phoenix, AZ
Cincinnati/Dayton, OH	Pittsburg, PA
Cleveland, OH	Pleasanton, CA
Columbia, SC	Portland, OR
Dallas/Ft. Worth, TX	Provo, UT
Denver, CO	Raleigh, NC
Detroit, MI	Reno, NV
Fairfield, CA	Sacramento, CA
Ft. Lauderdale, FL	St. Louis, MO
Ft. Myers/Naples, FL	Salt Lake City, UT
Fresno, CA	San Diego, CA
Greenville, SC	San Francisco, CA
Hartford, CT	San Jose, CA
Honolulu, HI	Seattle, WA
Houston, TX	Stamford, CT
Indianapolis, IN	Tampa/ Clearwater, FL
Irvine, CA	Washington, DC
Kansas City, MO	

Suburban Market (Continued)

While the net absorption was strong at 107,871 square feet for Class A properties, many B and C properties experienced negative net absorption. With few large tenants in the suburban market, many landlords were competing for few tenants. These factors continued to put downward pressure on rental rates in the suburban market.

Forecast

At year-end 2001, many economists were predicting a modest economic recovery for 2002, however, with the current credibility crisis in corporate America, there is further uncertainty about the economic recovery. Many economists are now concerned that the US economy may be experiencing a double-dip recession.

During the last year, the Greenville office market has experienced decreased occupancy rates, an increase of new sub-lease space on the market, continued corporate downsizing, and very little leasing activity. All these factors are putting downward pressure on rental rates, especially in the suburban market. One bright spot in the Greenville office market is that there is no new construction underway in the suburbs or the Central Business District. If the economy begins to improve during 2003, we should begin to see a decline of the current inventory on the market. However, there is still continued uncertainty about the economic recovery, primarily due to the possible war with Iraq. All these factors make it extremely difficult to predict what will happen to the office market during 2003.

Office Inventory & Percent Vacant End-Year 2002

	CBD		SUBURBAN		TOTAL MARKET
	CLASS A	TOTAL	CLASS A	TOTAL	
<i>Total Inventory</i>	1,267,599	2,580,834	1,860,879	3,461,463	6,042,299
<i>Direct Vacant SF</i>	132,617	356,846	542,274	971,163	1,328,009
<i>Sublease SF</i>	14,923	74,269	52,385	128,564	202,833
<i>Direct Vacancy Rate</i>	10.5%	13.8%	29.1%	28.1%	22%
<i>Availability Rate (direct & sublease)</i>	11.6%	16.7%	32%	31.8%	25.30%
<i>YTD New Product</i>	183,000	183,000	0	0	183,000
<i>YTD Net Absorption</i>	179,466	153,852	107,871	-49,639	104,213
<i>SF Under Construction</i>	0	0	0	0	0
<i>Average Rental Rate *</i>	\$18.25	\$17.25	\$17.50	\$16.75	\$17.00

FORECAST – 12 month

Vacancy Rate	Decrease	Decrease	Stable	Stable	Decrease
Net Absorption Rate	100,000	150,000	100,000	150,000	300,000
Rental Rates	\$18.25	\$17.25	\$17.00	\$16.00	\$16.50

Survey Methodology~The Colliers Keenan Goldsmith, LLC Office Market Review surveys multi-tenant office buildings greater than 20,000 SF in the Greenville, SC Metropolitan area. Absorption rates are based only on the buildings surveyed. Colliers Keenan Goldsmith greatly appreciates and acknowledges those individuals who provided us with information about their properties. The accuracy of this report is a reflection of the participation and cooperation of those individuals and companies.