

GREENVILLE, SC

January 2004

YEAR END 2003 OFFICE MARKET

Market Summary

The Greenville Office Market consists of 6.1 million square feet of multi-tenant office buildings situated in the Central Business District (CBD) and the Suburban Market. During 2003 the Greenville Office Market turned in the worst performance since Colliers Keenan Goldsmith began surveying the office market. The lingering effects of the economic recession were the primary factors contributing to the performance. Overall market vacancies increased from year end 2002 levels of 22% to 23.9% at year end 2003. Net absorption for 2003 was a dismal negative 75,700 square feet. The only bright spot in the market was a reduction in sub-lease space of 86,600 square feet. This was due primarily to lease terms expiring during the period. Overall 2003 can be characterized as a year in which no new major office tenants entered the market from outside Greenville and there were few tenants in excess of 5,000 square feet moving within the market. The market weakness remains focused primarily in the Suburban Market, with the CBD basically trading water during the year.

OFFICE INVENTORY & PERCENT VACANT – YEAR END 2003					
	CBD		SUBURBAN		TOTAL MARKET
	CLASS A	TOTAL	CLASS A	TOTAL	
Total Inventory	1,267,600	2,609,800	1,935,900	3,536,500	6,145,300
Direct Vacant SF	146,500	384,600	609,700	1,086,900	1,471,500
Sublease SF	10,900	34,300	3,900	82,000	116,300
Direct Vacancy Rate	11.6%	14.7%	31.5%	30.7%	23.9%
Availability Rate (direct & sublease)	12.4%	16.1%	31.7%	33.1%	25.8%
YTD New Product	0	29,000	75,000	75,000	104,000
YTD Net Absorption	{14,000}	1,200	{67,400}	{76,800}	{75,700}
Average Asking Rental Rate	\$18.25	\$16.25	\$16.00	\$15.50	\$15.75
Occupancy Rate 12/31/03	88.4%	85.3%	68.5%	69.3%	76.1%
FORECAST—12 MONTH					
Vacancy Rate	Decrease	Decrease	Decrease	Decrease	Decrease
Net Absorption Rate	Increase	Increase	Increase	Increase	Increase
Rental Rates	Stable	Stable	Stable	Stable	Stable

Central Business District

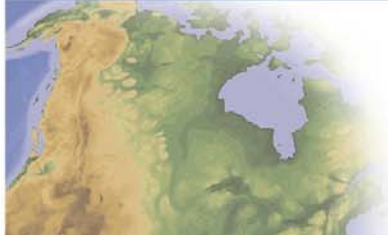
The CBD vacancy rate was 14.7% at year end 2003, which is a slight increase from 13.8% at year end 2002. Net absorption was a dismal 1,200 square feet. The only new product delivered during 2003 was the renovation of the old Family Court building by developer Bob Hughes on South Main Street. Design Strategies, an architectural firm, took 12,000 square feet of the 29,000 square foot historical building on South Main Street. Reports continued to circulate that a planned mixed use development, the River Place to be located along the Reedy River, would be kicked off soon, but as of this report no firm announcements have been made. This development will include retail, residential and a hotel. The site is located on South Main Street across the Reedy River from the Peace Center for the Performing Arts. A third developer has the old Memorial Auditorium site under contract and is currently attempting to obtain enough pre-leasing to begin construction. It is forecasted that these projects will be underway by year's end 2004.

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COLLIERS
KEENAN GOLDSMITH

OFFICE MARKET





238 Offices Worldwide

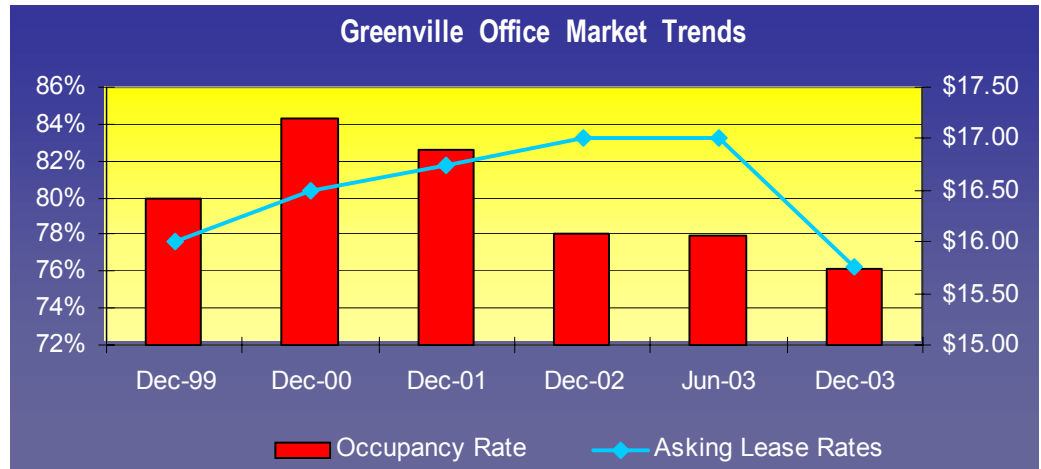
134	Americas
	102 United States
	17 Canada
	15 Latin America
58	Europe, Middle East & Africa
46	Greater Asia

US Locations

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

Suburban Market

At the end of 2002 the Suburban Market was very weak but by year's end 2003 the Suburban Market was even weaker. The Suburban vacancy rate was 30.7% at year end 2003, an increase from 28.1% at year end 2002. The availability rate in the suburbs increased to 33.1% at year end 2003, from 31.8% at year end 2002. Suburban net absorption for the year was a disappointing negative 76,800 square feet. This was primarily due to a telecom company going out of business and putting an additional 75,000 square feet of space on the market. The Suburban Market was characterized by very few tenants in excess of 5,000 square feet in the market and no new in-migration from companies outside the Greenville area. This resulted in building owners competing over what few tenants were in the market and leases being signed by as much as \$5.50 per square foot lower than leases signed just two years ago.



Forecast

Given the performance of the economy the last four months of 2003, most economists are predicting the economy is coming out of the lingering recession. Growth in the office market depends primarily on job creation and in-migration of large tenants from outside the area. Strong job creation usually starts at the later stages of the economic recovery. Also, as of the writing of this report, we know of no major tenants from the outside looking in the Greenville market. Both of these factors do not bode well for the Greenville Office Market for 2004. If the economy does continue to grow during the first six months of 2004, then we should expect a pick-up in the office market in the second half of 2004. However, the large amount of vacancies, particularly in the suburbs, show that there is a great deal of space currently on the market. All of the above factors make a forecast for the 2004 office market difficult at best. Hopefully the economy will gain steam during 2004 and start the office market on a strong recovery.

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.

For more information on the Greenville, SC Office Market contact:
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