



Colliers Keenan 2006 Mid-Year Office Market Greenville, South Carolina

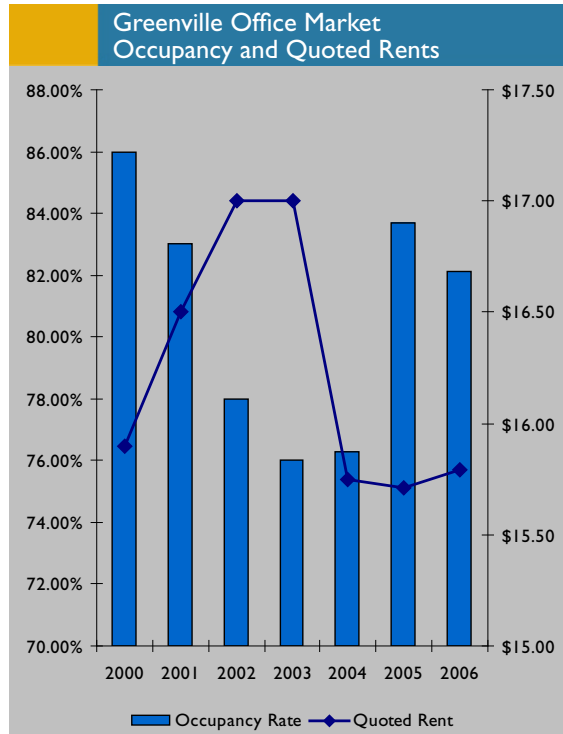


July 2006

Market Overview

- Rental rates see slight increase during first half of 2006
- Positive absorption (barely) in the CBD
- New Construction in the CBD
- New banking activity across the market

The Greenville, South Carolina office market experienced a decline in occupancy over the first half of 2006, declining from 83.7% at year-end 2005 to 82.13% at mid-year 2006. Quoted rental rates increased slightly, averaging \$15.79 per square foot at mid-year 2006, up from \$15.71 per square foot at both mid-year and year-end 2005. This incremental increase in asking rates is due to lack of demand and productivity over the past six months and can be largely attributed to the rising costs of land, construction, utilities and interest rates.



CBD

The Central Business District absorbed 13,411 square feet over the first half of 2006, posting a mid-year occupancy of 88.4%. Leasing activity occurred primarily in the Class A market, which absorbed 22,588 square feet; the Class B and C markets both experienced declines in occupancy. Quoted rental rates in the Class A market increased to an average of \$19.34 per square foot at mid-year 2006, up from \$18.91 per square foot at year-end 2005. Quoted rents across the CBD increased 2.7% to \$17.67 per square foot at mid-year 2006, largely due to increases in the Class A market.

New developments in the CBD are quickly drawing attention away from the traditional Main Street office environment with the new baseball stadium development in the WestEnd drawing in a mix of restaurants, shops and office space. The Vardry Center next to the stadium is almost fully occupied now that a real estate firm has purchased it and moved their offices in. The Field House at West End building overlooking the ball stadium announced that New York Life will occupy the top floor, which is about 13,000 square feet. Retail shops are quickly taking hold on the ground level of this facility.

The development at RiverPlace also continues to bring positive absorption to the Greenville CBD. The Bounce Advertising Agency announced it will occupy 17,000 square feet at the 130,000 square foot RiverPlace II building, currently under construction. The building, which is to be completed in early 2007, will also be the headquarters for Donald A. Gardner Architects. RiverPlace II will also include 27 luxury condominiums and ground floor retail space, next to the CBD's newest hotel, Hampton Inn & Suites.



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United States Locations

- Akron, OH
- Allentown, PA
- Atlanta, GA
- Austin, TX
- Bakersfield, CA
- Baltimore, MD
- Bellevue, WA
- Bentonville, AR
- Boca Raton, FL
- Boise, ID
- Boston HQ, MA
- Carlsbad, CA
- Charleston, SC
- Charlotte, NC
- Chicago, IL
- Cincinnati, OH
- Clearwater, FL
- Cleveland, OH
- Columbia, SC
- Columbus, OH
- Conshohocken, PA
- Dallas, TX
- Dayton, OH
- Denver, CO
- Detroit - DT, MI
- Fairfield, CA
- Fort Meyers, FL
- Fresno, CA
- Ft. Lauderdale, FL
- Gilroy, CA
- Greenville, SC
- Hartford, CT
- Honolulu, HI
- Houston, TX
- Indianapolis, IN
- Jacksonville, FL
- Kansas City, MO
- Los Angeles, CA
- Las Vegas, NV
- Little Rock, AR
- Louisville, KY
- Memphis, TN
- Miami, FL
- Milwaukee, WI
- Minneapolis, MN
- Nashville, TN
- New Haven, CT
- New Jersey
- New York, NY
- Oakland, CA
- Orlando, FL
- Palo Alto, CA
- Pepper Pike, OH
- Philadelphia, PA
- Phoenix, AZ
- Pittsburgh, PA
- Pleasanton, CA
- Portland, OR
- Raleigh NC
- Reno, NV
- Roseville, CA
- Sacramento, CA
- San Diego CA
- San Francisco, CA
- San Jose, CA
- Scottsdale, AZ
- Seattle, WA
- St. Louis, MO
- St. Paul, MN
- Stamford, CT
- Stockton, CA
- Sun Valley, ID
- Tacoma, WA
- Tampa, FL
- Walnut Creek, CA
- Washington, DC
- Wilmington, DE

	Total Feet	Occupied	Vacant	Occupancy Rate	Absorption (Six Month)	Sublease Space	Average Rate	Class A Rate	Class B Rate	Class C Rate
Total Market	6,902,892	5,669,516	1,233,376	82.13%	-63,800	117,802	\$15.79	\$17.54	\$15.06	\$14.05
CBD	3,099,858	2,742,457	357,401	88.47%	13,411	28,797	\$17.67	\$19.34	\$17.13	\$15.98
Suburbs	3,803,034	2,927,059	875,975	76.97%	-77,211	89,005	\$15.03	\$16.81	\$14.41	\$12.32

Suburbs

The suburban office market in Greenville declined over the past six months, with negative absorption of 77,211 square feet. Overall occupancy stood at 76.9% at mid-year 2006, down from 78.9% at year-end 2005. Average asking rents also declined slightly, from \$15.08 per square foot at year-end 2005 to \$15.03 at mid-year 2006. Class A rates managed to increase slightly, even with 21,962 square feet of negative absorption. Quoted rents averaged \$16.81 per square foot at mid-year 2006, up from \$16.73 at year-end 2005. Once again this is evident of increased landlord costs in newer properties.

Banks

Several new banks have been formed or added new locations in the Greenville area that have absorbed a large amount of available real estate, both in the suburbs and the CBD. CountyBank subleased the approximately 15,000 square foot of office space vacated by the former SouthTrust Bank in the Piedmont Plaza. Peoples National Bank headquartered in nearby Pickens County opened a new branch in the CBD and purchased the former Vince Perone's Restaurant site on East Antrim Drive off of Pleasantburg Drive. Greenville First Bank will be moving their headquarters from Haywood Road to the Bonaventure I office building at Verdae. The building is being up fitted to suit banking operations. Pinnacle Bank located their offices in the former Summit Bank building on N. Pleasantburg Drive. Bank Greenville is constructing their first office on Woodruff Road near the planned Verdae Development.

Forecast

Although the office market in Greenville is off to a less than impressive start in 2006, the next 12 to 24 months should bring with it much improved performance and absorption. The South Financial

Group announced the location of its corporate campus, including 600 new jobs and \$100 million in investment. Engineering jobs are also on the upswing in Greenville. This is welcome news to a county that boasts of having more engineers per capita than any other county in the Country. Global Performance announced plans to move their headquarters, including 200 jobs, to 19,000 square feet in Patewood Office. Mustang Engineering LP of Houston, Texas, then purchased Global Performance and announced that the firm will be rolled into Mustang's Process and Industrial business unit and will be based in Greenville.

Methodology

We have refined our methodology from prior years with the rental rates shown being average quoted rents in proportion to the amount of space available in each building, so that smaller spaces do not disproportionately skew the total average rental rates. The average quoted rents, therefore, become a "weighted average."

For further information on the Greenville, SC Office Market Contact
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NOTE: Permission is granted to quote from this publication only when Colliers Keenan Inc. is credited as the source. All information contained herein was compiled utilizing data from sources deemed reliable. It is submitted without warranty. Statistical data was collected as of June 2006 and encompasses all multi-tenant office buildings 20,000 square feet and greater.



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