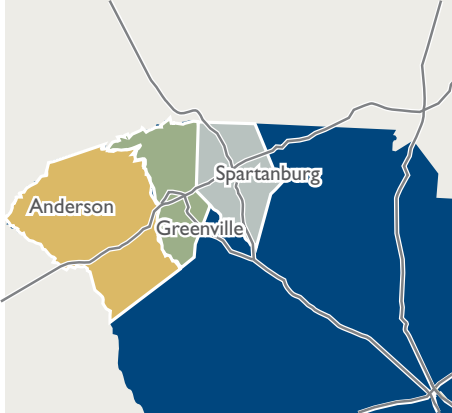


Year-End Industrial

Q4 | 2009



MARKET INDICATORS

	Q3	Q4
OCCUPANCY	↓	↓
ABSORPTION	↓	↓
RENTAL RATE	↓	↓
CONSTRUCTION	↓	↓

QUICK UPDATES

- \$750 MILLION BMW EXPANSION UNDERWAY
- CLASS A LANDLORDS PROVIDING CONCESSIONS FOR SHORT-TERM DEALS
- VACANCY EXPECTED TO STABILIZE; RATES TO REMAIN VOLATILE

MARKET OVERVIEW

The industrial market in South Carolina's upstate experienced a degree of volatility in during the first half of 2009. However, as the national economy experienced improvement during the last two quarters of the year the market experienced a rebound that resulted in an occupancy rate of 11.9% at year-end 2009.

Although occupancy ended the year on a stable note, rental rates remained much more volatile experiencing downturns by as much as 30% in some areas. Savvy landlords with Class A buildings were negotiating leases in the low \$3.00 per square foot range at year-end 2009, down from previous asking rates of as much as \$4.50 per square foot. This reduction in rent is being negotiated on shorter-term deals, ranging from one to three years, and allows landlords to receive income on otherwise vacant properties. By doing shorter-term deals, landlords are optimistic that rental rates will increase as the global economy rebounds.

CHANGE IN ANNUAL EMPLOYMENT

Manufacturing	Year-End 2008	Year-End 2009	Change	% Change
Greenville	41,200	38,900	-2,300	-5.58%
Spartanburg	25,900	23,100	-2,800	-10.81%
Anderson	12,600	10,900	-1,700	-13.49%
South Carolina	233,600	207,500	-26,100	-11.17%

Trade & Transportation	Year-End 2008	Year-End 2009	Change	% Change
Greenville	63,000	57,000	-6,000	-9.52%
Spartanburg	25,400	23,700	-1,700	-6.69%
Anderson	12,000	11,500	-500	-4.17%
South Carolina	370,200	350,000	-20,200	-5.46%

The metal market in the Upstate experienced a significant decline in occupancy during the first half of 2009, but began to rebound during the second half. Absorption is expected to increase significantly during the first quarter of 2010 and the market may experience as much as 1,000,000 square feet of metal absorption by the end of the second quarter. This absorption will be largely be attributable to the expansion at BMW; the auto manufacturer is scheduled to produce between 400 and 500 additional vehicles per day in 2010 and suppliers are anticipating an increase in business. Rental rates for the metal market ranged between \$1.50 and \$2.50 per square foot at year-end 2009, and should remain stable during 2010.

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Market	Total	Vacant	Vacancy Rate	Absorption	Under Construction	Rental Rate
Anderson	13,434,680	1,181,328	8.80%	-290,343	0	\$2.66
Greenville	74,228,262	9,064,360	12.60%	-432,552	100,000	\$3.32
Spartanburg	66,555,474	6,629,947	10.30%	549,200	0	\$3.25
Upstate Market	154,218,416	16,875,635	10.94%	-173,695	0	\$3.24

In Greenville County, the market finished 2009 with a 12.6% vacancy rate which is up slightly from year-end 2008 due to a negative absorption of approximately 430,000 square feet during the twelve month period.

Two significant announcements were made in the latter part of 2009, which will bode well for the Upstate in 2010. Both Proterra and Sage Automotive Interiors announced that they will build new facilities in CU-ICAR. Proterra, will manufacture advanced energy storage systems to power electric vehicles and mass transportation. They are projected to invest \$68 million and create 1300 jobs. Additionally, Sage Automotive Interiors announced that they will build their new international headquarters in CU-ICAR as a part of a \$3 million construction grant from the Federal Government.

Spartanburg County was the only Upstate submarket to experience positive absorption during 2009. With 329,000 square feet of absorption, the market ended the year with a vacancy rate of 10.3%. While there was an introduction of a great deal of sublease space to the market in the first half of 2009, the majority of this space was absorbed in the second half of the year. This activity was largely due to the expansion of BMW suppliers preparing for the future production of the new BMW X6.

The Anderson County submarket remained the tightest in the Upstate, finishing 2009 with a vacancy rate of 8.8%. The market experienced a slight decline in occupancy during the year, due to the non-renewal of leases that expired in 2009. There was very little activity in the Anderson submarket, with the exception of the expansion of a few BMW suppliers that are able to locate in Anderson County due to decreased just-in-time restrictions that most BMW suppliers must meet.

FORECAST

Vacancy in the Upstate market is expected to stabilize during 2010, but rental rates will remain volatile into 2011. The Class A market will be the first market to rebound as landlords continue to make concessions on short-term lease deals. There will be limited construction activity throughout the year, with the exception of the two facilities planned for the CU-ICAR campus.

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Latin America 17

Asia Pacific 97
Europe, Middle East & Africa 64

\$1.6B in Revenue
1.1B SF Under Management
12,749 Professionals

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