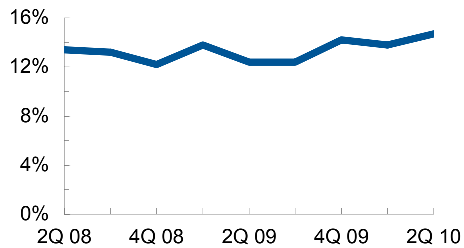
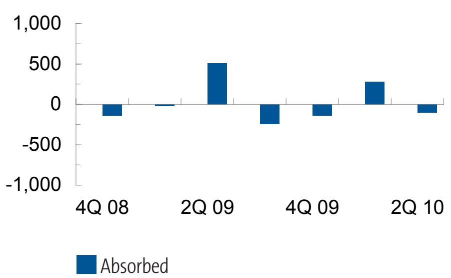
Industrial Trends Report—Second Quarter 2010
Charleston, SC

GRUBB & ELLIS. WRS

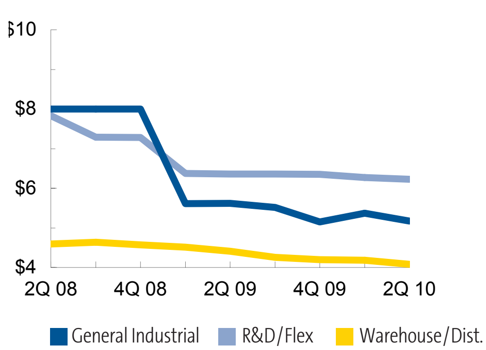
Vacancy Rate



Absorption
(in Thousands of SF)



Asking Rental Rates
($/SF/Yr./Triple Net)



Market Bouncing Along Bottom

At the mid way point we continue to see evidence of an improving market, as companies realize improving revenues, and seek longer-term leases. While the numbers do not immediately inspire confidence, when we look below the surface, the story is much more positive. Several large transactions have already taken place this year. Food Handler has renewed its 200,000-square-foot lease with Pattillo and a mobile home manufacturer subleased 300,000 square-feet from Briggs Plumbing. In addition, SAIC subleased 305,000 square-feet from JAG, and Pattillo was awarded the design build for 240,000-square-foot Boeing cabin interiors plant.

While these deals do not positively impact absorption much, they do help attack the high availability rate. Rental rate growth is not expected until the glut of cheap sublease space is removed first. These deals also help the market by creating new jobs to replace the ones lost by closures and the preservation of jobs by the food handler renewing its lease. Moreover, the 150 new jobs will be created by Boeing in addition to the 3,800 jobs that will be created with the assembly plant announced here last fall. The multiplier effect is already being felt as several mid-size deals have been completed as unrelated industries look to open locations in Charleston in anticipation of new growth.

A continued reduction in the amount of shadow space is foreseeable as more and more subleases are back filled or expire; only then with vacancy rate really see a significant decrease.

Land transactions have been few and far between. During the last 12 months only 24 land properties have traded hands in the entire market, most at 2000 – 2003 prices. During the same 12 month period in '05-'06, 154 land properties sold. Land will continue to suffer until banks will consider financing these types of deals again.

FORECAST

- Vacancy rates will begin to drop by year-end.
- Rent rates will be off the bottom by year-end.
- Long-term leases should return as the norm, and buyers return.
- Demand for space will grow as more companies come to the area to take advantage of future growth in the market.

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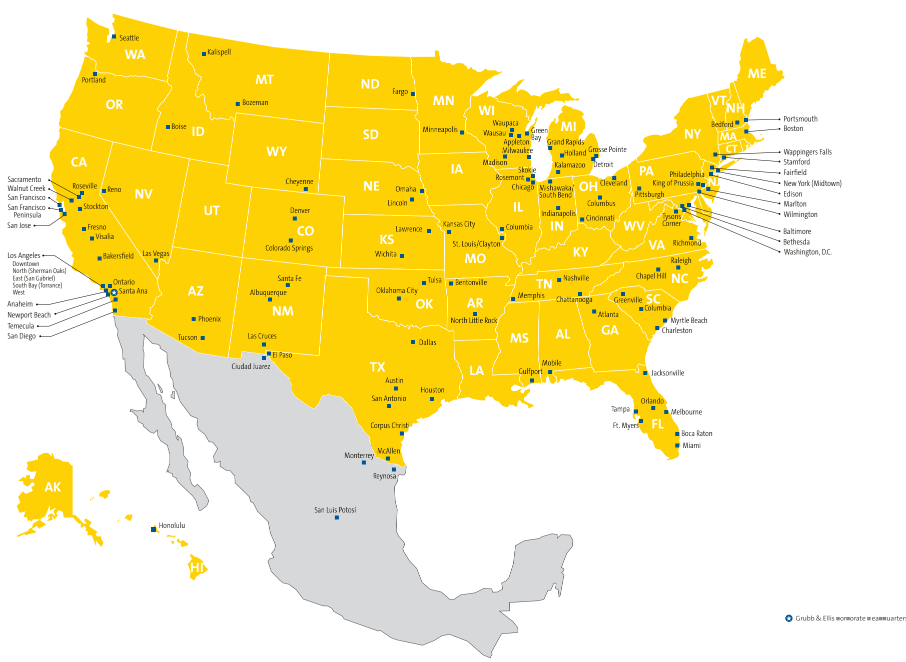
By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Construction SF	Asking Rent WH/Dist	Asking Rent R&D/Flex
Berkeley	6,774,030	462,315	6.8%	-	11,200	1,100,000	$5.10	$6.86
Downtown	2,682,144	339,760	12.7%	(24,450)	(38,162)	-	$3.65	$6.54
East Cooper/Clements Ferry	4,267,749	1,026,463	24.1%	5,709	(49,243)	-	$5.47	$5.69
North Charleston	18,537,646	2,318,306	12.5%	(99,852)	239,539	-	$3.98	$6.30
Summerville	7,015,192	1,608,646	22.9%	(255,845)	(252,345)	60,000	$3.59	$6.44
West Ashley	880,950	167,273	19.0%	(600)	(8,400)	-	$4.49	$7.13
Totals	**40,157,711**	**5,922,763**	**14.7%**	**(375,038)**	**(97,411)**	**1,160,000**	**$4.08**	**$6.23**

By Property Type	Total SF	Vacant SF	Vacancy %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Construction SF	Asking Rent
General Industrial	2,212,490	330,988	15.0%	15,616	4,420	1,100,000	$5.17
R&D/Flex	4,556,396	1,124,858	24.7%	(20,467)	(24,072)	-	$6.23
Warehouse/Distribution	33,388,825	4,466,917	13.4%	(370,187)	(77,759)	60,000	$4.08
Totals	**40,157,711**	**5,922,763**	**14.7%**	**(375,038)**	**(97,411)**	**1,160,000**	**$4.53**

Grubb & Ellis Office Locations

as of 1st Quarter 2010



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INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*