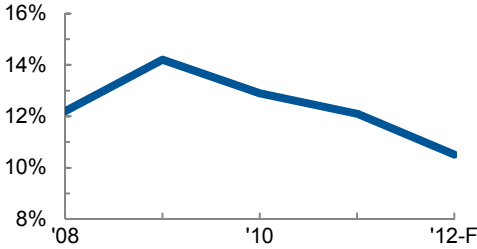
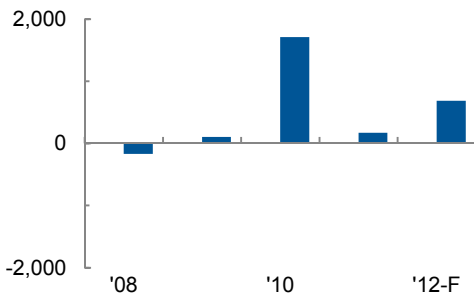


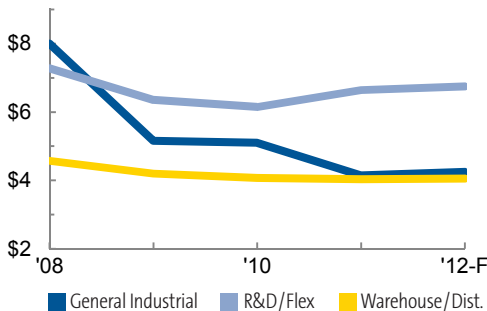
Vacancy Rate



Absorptions
(in Thousands of SF)



Asking Rental Rates
(\$/SF/Yr. Full Service)



Recovery Continues

2011 was another meaningful year for the Charleston regional industrial market, with vacancy dropping from 12.9 percent to 12.1 percent. While many markets still suffered from a glut of over capacity, Charleston has not shared that dilemma. The vacancy and absorption number might not immediately indicate it, but Charleston actually suffers from a shortage of Class A distribution facilities. Charleston is faced with the classic chicken or the egg scenario. It is harder to demonstrate to developers and to their lenders that there is pent-up demand for Class A product when there is not a long list of transactions to support the claim. On the other hand, one would argue that without a supply deals cannot materialize since many tenants, especially those involved in third-party logistics, do not have time to wait for build-to-suits and rule out Charleston before even making contact. The proof is in the scarcity of the product; as of this publication there are only two properties that could handle a 100,000-square-foot requirement for Class A space. There is only one Class A space for a tenant looking for up to 250,000 square feet and there is not a single facility to accommodate a tenant over 250,000 square feet in any Class.

2011 REVIEW

The Rockefeller Group along with its JV partner MeadWestvaco have attempted to bridge this gap by offering pad-ready sites, attempting to complete the majority of the horizontal development for a big-box tenant in advance of signing a lease. Hopefully the time they can shave off the delivery schedule will keep them in the running against other existing buildings in other regional markets. This method has yet to be proven but they obviously are bullish on Charleston industrial demand.

(CONTINUED ON PAGE 2)

KEY TRANSACTIONS FOR 2011

<p>New Breed Logistics Leased 240,000 SF in Hanahan, SC 7401 Magi Road</p>	<p>Husqavanna Leased 200,000 SF in Hanahan, SC 5801 North Rhett Avenue</p>	<p>Boeing Opens its 240,000 SF Interior Parts up fit Facility on Palmetto Commerce Parkway in North Charleston, SC</p>
---	---	---

INDUSTRIAL MARKET REVIEW AND FORECAST

	2010	2011	2012 Forecast
Vacancy Rate	12.9%	12.1%	10.5%
General Industrial Rental Rate ¹	\$5.10	\$4.14	\$4.25
R&D/Flex Rental Rate ¹	\$6.15	\$6.64	\$6.75
Warehouse/Dist. Rental Rate ¹	\$4.07	\$4.03	\$4.05
Net Absorption	1,709,965	169,979	686,043
Space Completed	-	-	-

1. Asking rate per square foot per year triple net

(CONTINUED FROM PAGE 1)

The JV has recently acquired the Trammel Crowe industrial site along with the residual land of the former Baucom Nursery. All told it has purchased over 300 acres of developable land in the region to complement its already significant holdings in the market.

Grubb & Ellis|WRS anticipates that 2012 will be the year that land transactions return to the market. The lack of viable options and moderate improvement in the lending environment will fuel the return of more land acquisitions and related development. The lack of developable sites in the region due to the topography and geographical limitations will also help to put upward pressure on land values.

(CONTINUED ON PAGE 3)

(CONTINUED FROM PAGE 2)

Vacancy Rate

2012 FORECAST

While 2012 will not be without its challenges, continued improvement is anticipated market wide. While U.S. ports expect volume to increase by 3 percent, the S.C. State Port Authority expects Charleston terminals to increase their volume by a higher percentage. A dramatic reduction in the overall vacancy rate is not predicted due to the fact that much of the remaining vacancy is located in buildings with physical limitations or outright functional obsolescence. Much of the shadow inventory has been leased up and that will allow for moderate rental rate growth.

Charleston should also benefit from the fact that Boeing and several of its suppliers have finally gotten their operations up and running along with the resolution of the lawsuit with their unions should remove the final cloud of uncertainty about Boeing and its impact to the market. To date, it has been a model corporate citizen and its positive economic impact is now starting to be truly felt.

Potential cuts in U.S. Defense spending is a concern on the horizon, with defense contractors occupying a sizeable portion of the Charleston industrial market. However, non-defense manufacturing, distribution, and service companies are expected to increase their expand in the market. Construction is the wild card that could further increase absorption. If residential and commercial construction activity improves, that would also add to absorption as many of those contractors have reduced their real estate footprints significantly in the downturn. If they return, they could help to push vacancy closer to the 10 percent mark, at which point rental rates and sales prices should begin to show improvement.

Industrial Trends Report—Fourth Quarter 2011

Charleston, SC

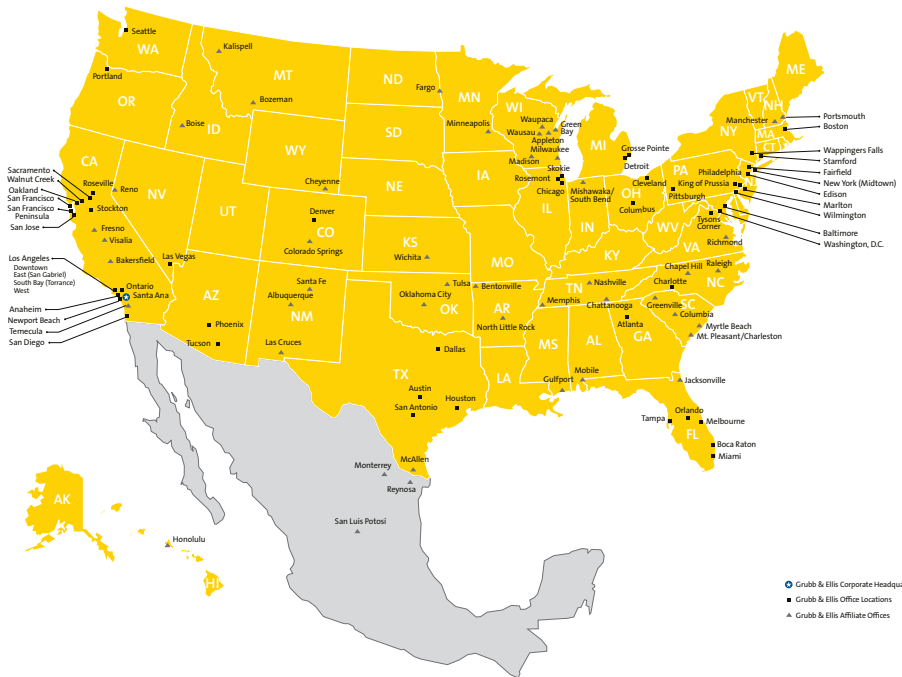


By Submarket	Total SF	Vacant SF	Vacancy %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		WH/Dist	R&D/Flex
Berkeley	8,301,550	979,224	11.8%	14.6%	-	(193,605)	-	\$4.60	\$7.02
Downtown	2,776,298	306,720	11.0%	13.1%	44,000	115,339	-	\$3.90	\$6.46
East Cooper/Clements Ferry	3,967,249	309,221	7.8%	26.2%	17,410	108,470	-	\$4.95	\$8.80
North Charleston	18,577,409	1,900,737	10.2%	17.6%	100,754	226,459	700,000	\$4.04	\$6.30
Summerville	8,035,734	1,498,319	18.6%	23.0%	5,315	71,957	318,000	\$3.47	\$6.12
West Ashley	1,219,433	186,766	15.3%	16.5%	2,500	74,011	-	\$4.01	\$7.13
Totals	42,877,673	5,180,987	12.1%	18.5%	169,979	402,631	1,018,000	\$4.03	\$6.64

By Property Type	Total SF	Vacant SF	Vacancy %	Available %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT
								\$/Sq Ft
General Industrial	3,225,021	697,263	21.6%	26.5%	(21,190)	(40,451)	958,000	\$4.14
R&D/Flex	4,607,747	842,099	18.3%	22.2%	39,649	20,097	-	\$6.64
Warehouse/Distribution	35,044,905	3,641,625	10.4%	17.3%	151,520	422,985	60,000	\$4.03
Totals	42,877,673	5,180,987	12.1%	18.5%	169,979	402,631	1,018,000	\$4.43

Grubb & Ellis Office Locations

as of 4th Quarter 2011



Grubb & Ellis|WRS Real Estate Advisors

Michael J. Ferrer, CCIM
Global Logistics
 843.568.3427
 mferrer@wrsrealty.com

Todd P. Garrett, CCIM
Industrial Sales & Leasing
 843.408.8846
 tgarrett@wrsrealty.com

Charlene Aydelotte
Business Operations Manager
 843.654.7855
 caydelotte@wrsrealty.com

INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 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.*

Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis Company. Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.