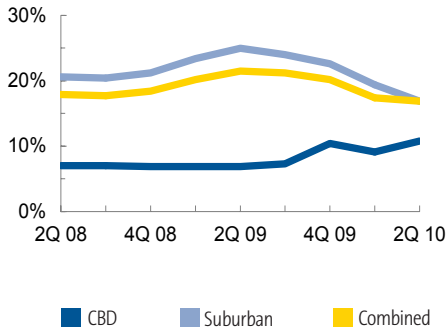


Vacancy Rate



Continued Good News

The Charleston, SC office market has made solid strides in the first half of 2010. While the notable vacancy rate slide that occurred in the first quarter did not repeat, the second quarter did show improvement from the three year rise in the vacancy rate, dropping for the second straight quarter.

This decline is the product of several factors, but mostly the absence of any new office developments. While some companies are shedding extra space through subleasing, they have been outnumbered by those extending terms or expanding into existing vacant space. Tenants are beginning to show a willingness to sign longer term leases as they see the value in the aggressive incentives and lower rates.

The only submarket to see an increase in the vacancy rate is the Downtown Central Business District. This submarket has historically had a below market vacancy rate, but in the past nine months the vacancy rate has inched higher and this quarter reached nearly eleven percent, the highest such total in four years.

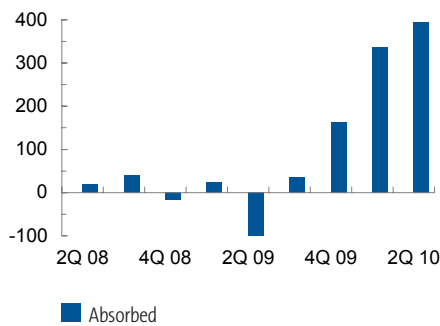
This increase in the Downtown vacancy rate is likely a result of a need to lower occupancy costs. The average lease rates in the CBD is nearly \$5.00 per square foot more than suburban markets. When parking expenses are factored in, this can save a 2,000-square-foot tenant upwards of \$24,000 annually.

On the purchase side several properties have traded hands below \$100 per square foot, such as the purchase of the former Broyhill property on Johnnie Dodds and the sale of the James Doran building on Daniel Island. These deals could put downward pressure on sale and lease prices in the coming quarters.

The Charleston office market is far from out of the woods. It is still expected to remain a tenant/buyer's market in the coming quarters, but landlords should take solace in the fact that lease prices have stayed firm and vacancy is decreasing.

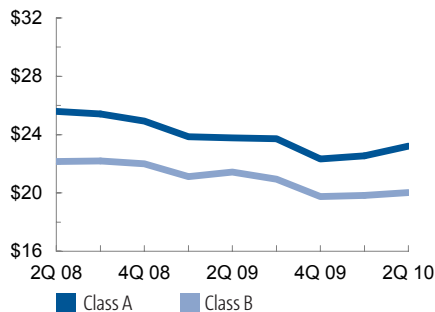
Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr. Full Service)



FORECAST

- The overall office market vacancy rate dropped.
- Limited office development in sight.
- Tenants are signing longer lease terms.
- Downtown vacancy rate is on the rise.

Office Trends Report—Second Quarter 2010

Charleston, SC

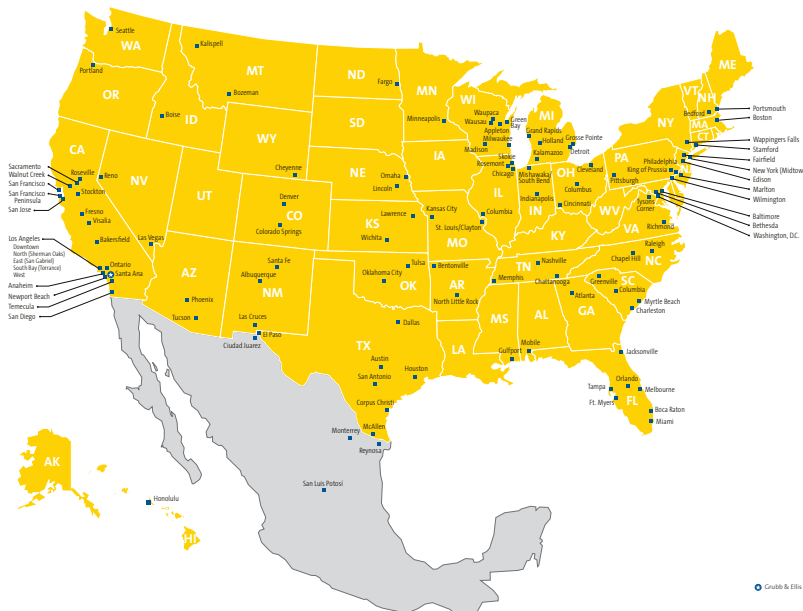


By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		Class A	Class B
Downtown	1,811,459	195,709	10.8%	(30,861)	11,080	35,000	\$27.50	\$22.76
CBD Total	1,811,459	195,709	10.8%	(30,861)	11,080	35,000	\$27.50	\$22.76
Daniel Island	1,120,434	245,149	21.9%	15,154	45,797	-	\$22.33	\$19.57
Mount Pleasant	1,525,288	248,671	16.3%	15,028	41,607	-	\$22.75	\$21.13
North Charleston	3,754,014	697,594	18.6%	51,066	207,521	-	\$22.32	\$17.12
West Ashley	1,143,916	196,465	17.2%	6,796	87,165	-	\$26.56	\$22.62
Suburban Total	7,543,652	1,387,879	18.4%	88,044	382,090	-	\$22.68	\$19.43
Totals	9,355,111	1,583,588	16.9%	57,183	393,170	35,000	\$23.20	\$20.03

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	4,775,308	757,448	15.9%	140,293	351,066	35,000	32,252	37,799
Class B	2,264,609	458,655	20.3%	(29,869)	17,978	-	2,099	17,069
Class C	2,315,194	367,485	15.9%	(53,241)	24,126	-	-	-
Unclassified	-	-	-	-	-	-	-	-
Totals	9,355,111	1,583,588	16.9%	57,183	393,170	35,000	34,351	54,868

Grubb & Ellis Office Locations

as of 1st Quarter 2010



Grubb & Ellis|WRS Real Estate Advisors

Jeremy Willits
 Senior Vice President, Office Sales & Leasing
 843-270-9205
 jwillits@wrsrealty.com

Jon Chalfie
 Senior Vice President, Office Sales & Leasing
 843-345-6000
 jchalfie@wrsrealty.com

Gregg Legerton
 Senior Associate, Medical Office Sales & Leasing
 843-830-7236
 glegerton@wrsrealty.com

OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

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.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

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. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted 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.*