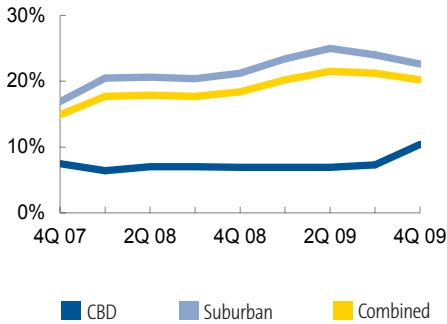


### Vacancy Rate

Quarterly



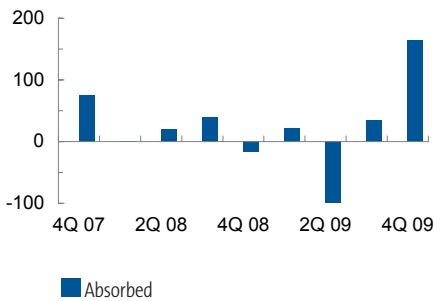
## Office Market Ends Decade on a Soft Note

At the end of the decade, Charleston, South Carolina is faced with the highest vacancy in nine years of tracking the office market. The final year-end vacancy was approximately 21 percent, 25 basis points higher than the 18.5 percent vacancy at the end of 2008. Only the short lived drop of 2003 matched this level of vacancy which was also 18.5 percent.

Prices have dropped sharply in the past twenty four months, with the average price of office space in Charleston dropping from \$26.64 per square foot at the end of 2007 to just \$20.32 per square foot at the end of 2009, a decrease of 24 percent or about 1 percent per month. This is evident in both new leases and renewals, as transactions are primarily short-term lease renewals where landlords are cutting rates aggressively to keep tenants in place for short-term deals.

### Completions vs. Absorption

Quarterly (in Thousands of SF)

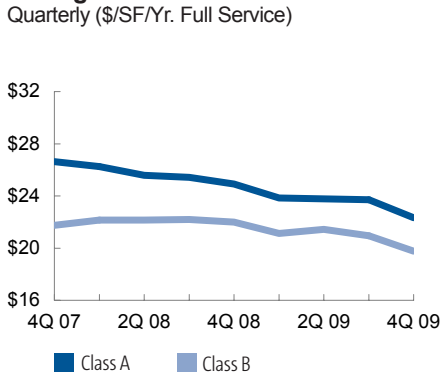


The sales market has been stagnant with investment properties and owner occupant transactions kept to a minimum. Sellers (and their banks) have resisted dropping prices in line with the reduction of rental rates. More aggressive pricing is expected in the next twelve months enabling both investors and owner occupants to become more active in 2010.

The big movers in the 2009 office market were governments and educators. Specifically, the City of North Charleston purchased its 150,000-square-foot headquarters in the summer of 2009 leaving behind a small fraction of a footprint in its former city hall space just down the street. New or expanding educators in the market include ITT, Virginia College & Strayer University, with others eyeing up expansions or market entry.

### Asking Rental Rates

Quarterly (\$/SF/Yr. Full Service)



The rising vacancy is anticipated to peak in mid-2010 with a slow recovery to follow. In the meantime, those owners who can afford to professionally maintain their property's appearance and offer aggressive rates should see the most success in the coming year.

### FORECAST

- Vacancy rates will peak in the middle of 2010.
- Office purchase prices will remain soft.
- Tenants will seek value opportunities over high quality spaces.

# Office Trends Report—Fourth Quarter 2009

## Charleston, SC



By Submarket	Total SF	Vacant SF	VACANCY %		NET ABSORPTION		Under Construction SF	ASKING RENT	
			Direct	Total	Current	Year To Date		Class A	Class B
Downtown	1,791,459	186,789	9.2%	10.4%	(33,402)	(39,379)	35,000	\$28.72	\$21.97
<b>CBD Total</b>	<b>1,791,459</b>	<b>186,789</b>	<b>9.2%</b>	<b>10.4%</b>	<b>(33,402)</b>	<b>(39,379)</b>	<b>35,000</b>	<b>\$28.72</b>	<b>\$21.97</b>
Daniel Island	1,106,839	272,822	24.6%	24.6%	45,717	(3,886)	20,000	\$23.06	\$20.87
Mount Pleasant	1,496,788	267,078	17.6%	17.8%	65,252	49,227	22,500	\$20.45	\$22.15
North Charleston	3,762,221	872,017	21.3%	23.2%	159,698	180,186	30,000	\$20.31	\$17.75
West Ashley	1,143,916	283,630	23.1%	24.8%	(7,585)	(22,911)	-	\$24.94	\$19.29
<b>Suburban Total</b>	<b>7,509,764</b>	<b>1,695,547</b>	<b>21.3%</b>	<b>22.6%</b>	<b>263,082</b>	<b>202,616</b>	<b>72,500</b>	<b>\$21.54</b>	<b>\$19.41</b>
<b>Totals</b>	<b>9,301,223</b>	<b>1,882,336</b>	<b>19.0%</b>	<b>20.2%</b>	<b>229,680</b>	<b>163,237</b>	<b>107,500</b>	<b>\$22.32</b>	<b>\$19.76</b>

By Class	Total SF	Vacant SF	Direct	Total	Current	Year To Date	AVAILABLE FOR SUBLEASE		
							CBD	Suburban	Totals
Class A	4,639,250	988,828	19.3%	21.3%	291,803	303,220	107,500	21,861	72,404
Class B	2,191,779	385,463	17.2%	17.6%	(57,283)	(144,661)	-	-	45,918
Class C	2,442,194	483,045	19.3%	19.8%	(4,840)	4,678	-	-	12,048
Unclassified	28,000	25,000	89.3%	89.3%	-	-	-	-	-
<b>Totals</b>	<b>9,301,223</b>	<b>1,882,336</b>	<b>19.0%</b>	<b>20.2%</b>	<b>229,680</b>	<b>163,237</b>	<b>107,500</b>	<b>21,861</b>	<b>130,370</b>

### Grubb & Ellis Office Locations

as of 3rd Quarter 2009



## Grubb & Ellis | WRS Real Estate Advisors

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843-270-9205  
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**Jon Chalfie**  
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**Gregg Legerton**  
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## OFFICE TERMS AND DEFINITIONS

**Inventory:** 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.*