

CHARLESTON, SC

January 2004

2003 YEAR-END MEDICAL MARKET

Total Medical Market

Market	Total	Available	Sublet	Avg. Rate	Vacancy	Proposed
Downtown Charleston	270,442	11,435	0	\$21.42	4.2%	80,000
North Charleston	374,778	22,140	0	\$21.00	5.9%	0
West Ashley	529,317	42,690	0	\$20.65	8.1%	132,676
East Cooper	567,868	39,229	3,464	\$23.97	6.9%	27,000
Total Market	1,742,405	115,494	3,464	\$21.76	6.6%	239,676

MARKET OVERVIEW

The Greater Charleston Medical Office Market is divided into four major sub-markets, each of which are driven by population. The four sub-markets in Greater Charleston include Downtown Charleston, North Charleston, West Ashley and East Cooper including Daniel Island. Three major health systems and several hospitals are located within the four sub-markets. Downtown Charleston is comprised of the Medical University of South Carolina, Charleston County Hospital, Roper St. Francis, Ralph H. Johnson VA Hospital and Kindred Hospital. The North Charleston sub-market includes Trident Medical Center owned by Trident Healthcare, HealthSouth and the Charleston Naval Hospital. In the West Ashley sub-market, Bon Secours St. Francis relocated from Downtown Charleston in 1998 and is already expanding. East Cooper contains East Cooper Regional Medical Center owned by Tenet HealthSystem, Roper's Mt. Pleasant Medical Center on Longpoint Road and Daniel Island Medical Center owned by Trident Health System. As overall population grows throughout Charleston, growth of medical office is occurring in each sub-market.

MARKET SURVEY

Beginning in the second quarter of 2003, Colliers Keenan began canvassing each single user and multi-tenant medical office building (MOB) in the Greater Charleston area, as well as multi-tenant office buildings which house medical practices and are in close vicinity to medical complexes and campuses. Through this canvassing and surveying, a base inventory was established for the market. Colliers Keenan identified approximately 1,742,405 square feet of medical office space within the four sub-markets. Vacancy among the properties canvassed and surveyed was 115,494 square feet, representing an overall medical office market vacancy rate of 6.6%. The Charleston medical office market has continued to grow as hospitals throughout the market, such as the Medical University of South Carolina, continue to expand. Dorchester and Berkeley counties, home to smaller segments of the medical office market, are not included in this survey but will be included in the 2004 Mid-Year Medical Office Market Report to be completed in July.

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**COLLIERS
KEENAN**

MEDICAL MARKET





238 Offices Worldwide

134 Americas

- 102 United States
- 17 Canada
- 15 Latin America
- 58 Europe, Middle East & Africa
- 46 Greater Asia

United States Cities

- | | |
|----------------------|----------------------|
| Akron, OH | Milwaukee, WI |
| Allentown, PA | Minneapolis, MN |
| Atlanta, GA | Nashville, TN |
| Austin, TX | New Jersey, NJ |
| Bakersfield, CA | New York, NY |
| Baltimore, MD | Oakland, CA |
| Beachwood, OH | Ogden, UT |
| Bellevue, WA | Orlando, FL |
| Boise, ID | Palo Alto, CA |
| Boston, MA | Park City, UT |
| Carlsbad, CA | Philadelphia, PA |
| Charleston, SC | Phoenix, AZ |
| Charlotte, NC | Pittsburgh, PA |
| Chicago, IL | Pleasanton, CA |
| Cincinnati, OH | Plymouth Meeting, PA |
| Clearwater, FL | Portland, OR |
| Cleveland, OH | Provo, UT |
| Columbia, SC | Raleigh, NC |
| Dallas/Ft. Worth, TX | Reno, NV |
| Dayton, OH | Roseville, CA |
| Denver, CO | Sacramento, CA |
| Detroit, MI | St. Charles, MO |
| Fairfield, CA | St. Louis, MO |
| Ft. Lauderdale, FL | St. Paul, MN |
| Ft. Myers, FL | Salt Lake City, UT |
| Fresno, CA | San Diego, CA |
| Gilroy, CA | San Francisco, CA |
| Greenville, SC | San Jose, CA |
| Hartford, CT | San Mateo, CA |
| Honolulu, HI | Scottsdale, AZ |
| Houston, TX | Seattle, WA |
| Indianapolis, IN | Stamford, CT |
| Jacksonville, FL | Stockton, CA |
| Kansas City, MO | Sun Valley, ID |
| Las Vegas, NV | Tacoma, WA |
| Los Angeles, CA | Tampa, FL |
| Louisville, KY | Walnut Creek, CA |
| Memphis, TN | Washington, DC |
| Miami, FL | |

MARKET TRENDS

Trends have shown to be consistent among the West Ashley, North Charleston and East Cooper markets. Each of these sub-markets is experiencing a population growth, which in turn spurs healthcare and medical growth. As Bon Secours St. Francis Hospital in West Ashley continues its growth, so do the independent and specialty practices within the area, which support the Hospital. There is a pattern of these specialty practices being located in each sub-market, just as Lowcountry Medical Associates has an internal medicine practice in each sub-market. North Charleston's Trident Medical Center continues to grow, as do the smaller practices within its immediate vicinity. These smaller and specialty practices are also showing growth around the East Cooper Regional Medical Center, as it expands its coverage. The Downtown Charleston medical market, however, is not following the same trend. Although the Medical University of South Carolina is currently undergoing an expansion phase of several hundred thousand square feet, this sub-market is not seeing the same growth in population, thus not experiencing the growth of smaller, owner occupied specialty practices. Lack of parking and traffic congestion throughout Downtown Charleston limit available options for private practice offices apart from hospital owned medical office buildings.

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FORECAST

The Charleston medical office market will show continued growth throughout 2004. Long-term residential development projects occurring in every sub-market will stimulate this growth. West Ashley Circle at Bee's Ferry Road and Glenn McConnell Parkway, the growth of Daniel Island, the expansion of Mt. Pleasant to Oakland Plantation and the Marino tract, as well as the development of Centre Pointe at I-26 and I-526 will all contribute. The majority of growth will occur in the West Ashley sub-market around Bon Secours St. Francis Hospital. Charlie Hall Boulevard has a proposed 50,000 - 60,000 square feet of medical office space currently beginning to come out of the ground, and the 32,000 square foot St. Francis Medical Plaza is well underway on Henry Tecklenburg Drive. Activity will also be relatively strong in East Cooper, both in Mt. Pleasant and on Daniel Island. Absorption will not change drastically due to the construction over the course of this next year.

SURVEY METHODOLOGY

The Colliers Keenan Greater Charleston Medical Office Market Report surveys facilities not exclusively used or owned by hospitals, single and multi-tenant medical office buildings and certain multi-tenant office buildings containing medical practices equal to or in excess of 5,000 square feet. All statistics provided in this survey are based solely on the individual properties actually surveyed. Colliers Keenan acknowledges and appreciates those individuals who provided information about the properties they own or represent. The accuracy of this report is a reflection in part of the participation and cooperation of those individuals.

