



# Mid-Year Medical Market

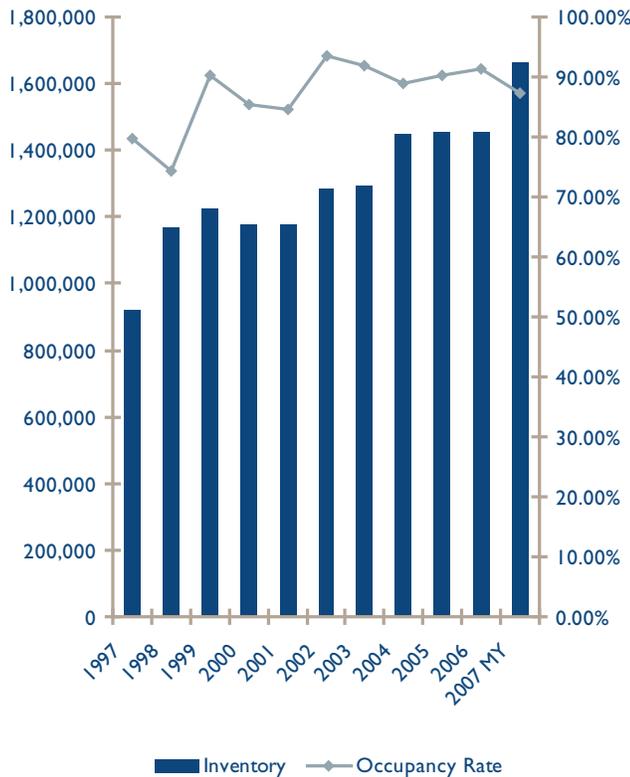
Q2 | 2007



## Market Overview

The three major hospital systems in Columbia, South Carolina remained the focal point of the medical office market over the first six months of 2007, both in terms of hospital based medical office growth, and private practices clustering within proximity to the hospitals. Several new developments were under construction

around hospital campuses as of mid-year 2007, including both private practice office buildings and hospital based medical office buildings (MOB). Three new buildings, which will house Palmetto Retina Center, Columbia Neurosurgical Associates and Columbia Cardiology Consultants, were under construction on Highway 378 near the Lexington Medical Center. These buildings total 33,451 square feet. Also under construction as of mid-year 2007 was a 32,000 square foot building, which will be occupied by Columbia Nephrology Associates, in the Park Central Medical Park adjacent to Palmetto Health Richland.



Over the past several years, historically low interest rates gave rise for private practices to construct their own office space, and while this trend continues, substantial job growth in the medical sector, coupled with increasing medical practices,

has increased the demand for space in hospital based medical office buildings. As such, the total MOB inventory grew to 1,663,679 square feet at mid-year 2007 with the addition of Lexington Medical Park 2 in West Columbia. This building, which is scheduled to open in August 2007, is the first medical building in South Carolina to be designated as a Leadership in Energy and Environmental Design (LEED) building. It was constructed using energy efficient materials and more than 90% of the construction waste generated was recycled rather than being sent to a landfill.

### MARKET INDICATORS

	Q1	Q2
OCCUPANCY	↓	↓
ABSORPTION	↑	↑
CONSTRUCTION	↑	↑
JOB GROWTH	↑	↑

### QUICK UPDATES

- MEDICAL OFFICE PARK DEVELOPMENTS UNDERWAY
- INCREASED PRIVATE PRACTICE CONSTRUCTION
- FIRST MEDICAL BUILDING IN SOUTH CAROLINA TO BE LEED CERTIFIED



## HOSPITAL BASED MEDICAL OFFICE BUILDINGS

Submarket	Inventory	Vacant Space	Occupancy Rate	Six Month Absorption
Irmo	215,104	44,362	79.38%	3,724
Northeast	138,248	27,175	80.34%	-3,412
Lexington Medical Center	410,778	106,410	74.10%	75,204
Palmetto Baptist	262,434	23,500	91.05%	18,211
Palmetto Richland	496,605	2,200	99.56%	4,982
Providence Hospital	140,510	8,410	94.01%	-8,410
Market	1,663,679	212,057	87.25%	86,503

The 175,000 square foot Lexington Medical Park 2 was 44.6% pre-leased at mid-year 2007. With approximately 95,000 square feet of new space available, the market occupancy rate decreased from 91.23% at year-end 2006 to 87.25% at mid-year 2007. Even with this decrease in total occupancy, the market absorbed 86,503 square feet of space over the first half of 2007.

Also under development is the 24-acre Highland Center Professional Park, which is using its proximity to Providence Northeast to brand itself, in part, as a medical office park. There are currently two speculative buildings being marketed as medical office condominiums, and there is additional land available for medical, office or retail development.

The health related employment sector grew by 2.65% or 1,100 jobs from December 2006 to June 2007, while the entire employment base for the region remained flat over this same period. The medical sector has outpaced total job growth over the past twelve to eighteen months, which demonstrates the rapid expansion, and increasing importance, of the medical market to the local economy.

Through the end of 2007 and into 2008 we expect continued growth as the market absorbs new medical office space that has recently come online. One trend that may impact the market is the possible emergence of specialty conglomerates in the medical market. Just as South Carolina Oncology Associates formed a region-wide practice and built a new building on Stoneridge Drive, it could be speculated that other specialists will follow this path to build a synergy and have more control in the market.

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## COLLIERS INTERNATIONAL

266 OFFICES IN 56 COUNTRIES  
ON 6 CONTINENTS

USA 98  
Canada 18  
Latin America 14

Asia Pacific 46  
EMEA 65

\$54B in annual transaction volume  
828M SF under management  
10,171 Professionals

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