

COLUMBIA, SC



Year-End 2001 Office Market

Market Summary

The Columbia office market remained healthy in spite of a weakening economy during 2001. While office markets across the United States have been severely impacted by the weakening economy and the collapse of the technology sector, the Columbia office market has been only slightly affected. Nationally, corporations continue to reduce expenses and conserve resources by reducing office space. Yet, by the statistics of the Columbia office market at year-end 2001, the market remains relatively healthy with a positive outlook for 2002.

At year-end 2001, the 10.5 million square feet of multi-tenant office space within the Columbia market was 90.4% occupied compared to 93.0% at year-end 2000.

This decrease pales in comparison to decreases experienced in many other markets in the Southeast. It is important to note there is a substantial amount of sublease space available within the market. Several large blocks of available sublease space further reduce the overall occupancy rate to 86.0%. Yet sublet space which is available is not being leased as most tenants prefer to lease space directly from owners of commercial properties. Even though the space is available, it has not extensively impacted the market during 2001.

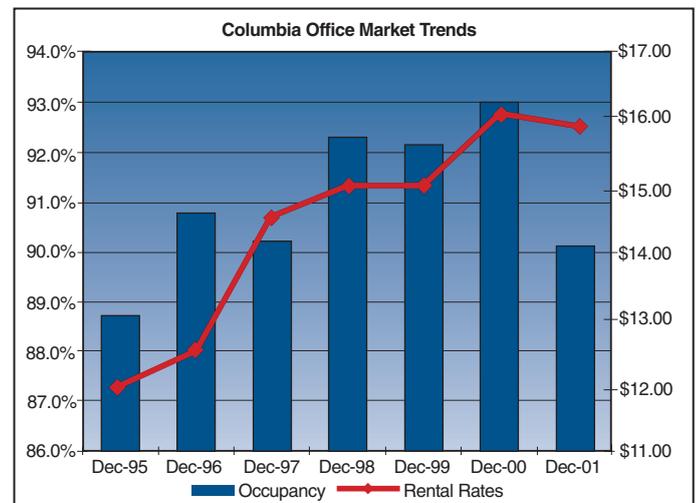
The occupancy rate of Class A space in Columbia at year-end 2001 was 90.9%, a decrease from 94.2% at year-end 2000. The 90.9% occupancy level signifies a relatively strong Class A market in Columbia.

Central Business District

The CBD continued to perform well during 2001 but weakened from the all time high occupancy level of 95.4% at year-end 2000. At year-end 2001 the overall occupancy of the CBD was 90.1%. During 2001, newly renovated office buildings, as well as previously occupied corporate space, were added to the market. The additional space which is largely vacant, coupled with existing vacancies, resulted in a lower occupancy rate than one year earlier.

As a further measurement of the strength of the CBD Class A space at year-end 2001 was 92.7% occupied

thereby indicating a strong occupancy base in the Class A market in the CBD. With only one new building of 56,000 square feet currently under construction, the market should maintain or improve this level of occupancy during 2002. The market continues to see expansions of service-related companies and law firms within the CBD. However the slowing absorption rate, coupled with the availability of some sublease space in the CBD, will limit a landlord's ability to increase rental rates within the coming year.



St. Andrews

The St. Andrews market contains over 2.0 million square feet of office space and continues to outpace the rest of the market in terms of occupancy. The overall occupancy rate of 94.7% at year-end 2001 is virtually the same level of occupancy which existed one year earlier. Even when sublease space is added to the available inventory in St. Andrews the occupancy rate is 91.0%. Additionally this market has one building of 50,000 square feet under construction with a completion date during the first half of 2002. With very little change in occupancy, this market experienced only minor activity during 2001. This trend should be reversed in 2002 as many tenants are expected to relocate and expand during the coming year.

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OFFICE MARKET

Northeast

The Northeast market consists of 1.4 million square feet and is 86.8% occupied at year-end 2001. However this market has an extreme level of volatility. Upon closer examination the Northeast market has in excess of 225,000 square feet of available sublease space. The availability of this space lowers the effective occupancy rate to approximately 75%. This situation may be further compounded with the addition of a new 60,000 square foot office building which will be completed during the second quarter of 2002. Although there are vast amounts of corporate sublease space available in the Northeast market, this space has yet to realize any substantial lease activity due to its size, location and corporate environment. The coming year will be a challenging year for the Northeast office market. Yet the availability of large blocks of space may attract many tenants from other areas of Columbia and therefore could become a very active market in 2002.

Forest Acres

As of year-end 2001 the Forest Acres market declined to 87.0% compared to 89.0% at year-end 2000. The decline in occupancy rate is greatly attributable to the State of South Carolina canceling several large leases in this market. The lack of Class A space in this market limits the ability of tenants to adequately expand into newer facilities. As a result, we anticipate that available space in other suburban markets coupled with a weakening of rental rates in the Class A market, may indicate tenants in the Forest Acres market will decide to relocate from this area to other suburban markets. Thus we envision a continued weakening of the Forest Acres office market during 2002.

Cayce/West Columbia

The Cayce/West Columbia market continued its decline in occupancy during 2001. This declining occupancy rate marks the third straight year that the 500,000 square feet Cayce/West Columbia market has weakened. The overall occupancy rate of this very small market was 81.5% at year-end 2001 compared to 86.4% at year-end 2000. Forecasts are for

moderate increases in occupancy rates during 2002 while rental rates remain flat for the coming year.

Forecast

One year ago the forecast by Colliers Keenan Inc. was "caution." This forecast held true throughout 2001. There was a considerable amount of volatility in the market as activity slowed and sublease space became more prevalent. Yet, throughout the year, occupancy levels were not drastically affected. For 2002 the market should remain stable with some segments of the market experiencing substantial activity. The CBD, the St. Andrews market and the Northeast market should be very active during 2002 following the prediction of a strengthening economy. Much of the activity will occur during the later part of 2002 and will be contingent on the state of the national economy as well as political issues facing the United States.

**Office Inventory & Percent Vacant
Year-End 2001**

	CBD Class A	Total	Suburban Class A	Total
Total Inventory	2,700,000	5,100,000	1,800,000	5,400,000
Direct Vacant SF	240,000	505,000	225,000	470,000
Occupancy Rate	91.9%	90.1%	87.5%	91.3%
Sublease Vacant SF	10,000	20,000	150,000	190,000
YTD New Product	60,000	60,000		
SF Under Construction	56,000	56,000	110,000	110,000
Average Rental Rates	\$19.00	\$16.00	\$17.75	\$15.00

Survey Methodology

The Office Market Report surveys multi-tenant office buildings greater than 20,000 square feet in the Columbia, South Carolina metropolitan area. The office properties surveyed represent approximately 70.0% of the total market, indicating that 30.0% of the market is situated in smaller office properties. Colliers Keenan Inc. acknowledges those individuals who provided us with information about their properties. The accuracy of this report is a reflection of the participation and cooperation of those individuals and companies.

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