

COLUMBIA, SC

Mid-Year 2001 Office Market

MARKET SUMMARY

The Columbia office market has recently experienced a significant increase in vacancy but is fairing relatively well compared to other markets across the United States. Many cities across the country have been hit hard with massive amounts of vacant office space, including sublease space. Nationally, corporations began scaling back in the second quarter in an effort to reduce expenses and conserve resources.

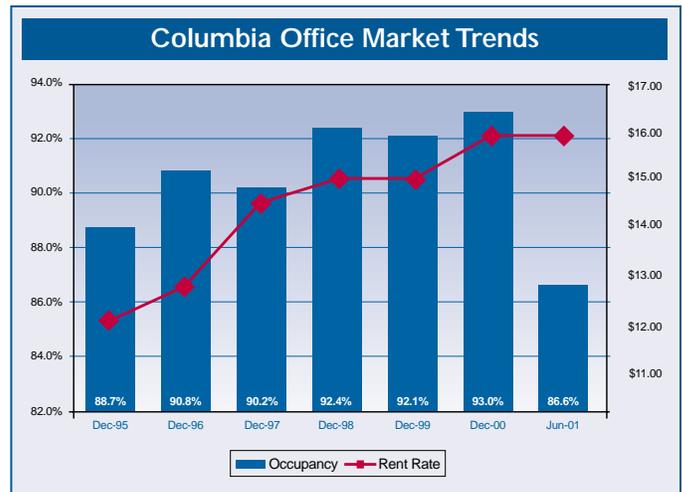
The 10.5 million square feet of multi-tenant office space within the Columbia market enjoyed unprecedented strengthening during the last three years. At the end of 2000, the market had reached an all time high occupancy level of 93.0%. Absorption had climbed to over 200,000 square feet in each of the last three years, yet the first half of 2001 brought a sudden shift in market conditions. Mergers and downsizing created significant amounts of excess space. The result in Columbia was an immediate availability of large amounts of sublease or excess space during the first six months of the year. However, this phenomenon has not had an overwhelming negative effect on the market as a whole.

As of June 30, 2001, the overall occupancy rate of the Columbia market was at 91.8%. This rate has declined slightly from year end 2000 due in part to several newly constructed buildings being added to the overall inventory. The occupancy rate of class A space within the Columbia market at mid-year 2001 is 91.7%, a decrease from 94.2% at year end 2000. However, when sublease space is added to the availability category, the overall occupancy rate decreases to 86.6%.

Central Business District

Columbia's central business district has been extremely active during the past two years. This trend continued during the first half of 2001, as several new office buildings have been added to the inventory. These spaces include

newly constructed buildings as well as buildings which are corporately owned but have now been transformed into multi-tenant office buildings. The total inventory of space within the CBD has increased to over 4.4 million square feet. The overall occupancy rate of the CBD at mid-year 2001 was 92.6%. However, with large amounts of sublease space being available due to corporate mergers and down-sizing, there is an additional 150,000 square feet of vacant multi-tenant sublease space available, lowering the actual occupancy to 88.7%. As of mid-year 2001, the class A market was 91.7% occupied. Leasing activity is strong in the CBD, however, additional vacant or new space being placed on the market at this time could severely damage the position of the CBD as one of the stronger and most active markets in Columbia.

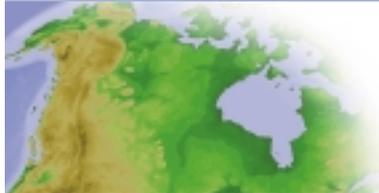


St. Andrews

The St. Andrews office market continues to perform very well in a time when there is some degree of caution in most markets. Historically, even in times of a weaker economy, the St. Andrews market has continued to excel given

OFFICE MARKET

COLUMBIA, SC



251 Offices Worldwide

127	Americas
	95 United States
	17 Canada
	15 Latin America
78	Europe, Middle East & Africa
46	Greater Asia

United States Cities

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

its excellent location and the diversity of the businesses concentrated in this market of 2.0 million square feet. The overall occupancy of the St. Andrews market was 93.4% at mid-year 2001, the same level as of year-end 2000. A concern is that some corporations are placing their excess space on the availability list. This space, coupled with a minor amount of sublease space, contributes to a lower actual occupancy rate of 90.0% within the St. Andrews market.

Northeast

The Northeast market consists of over 1.5 million square feet of multi-tenant space. This market is one of the few markets to experience excellent lease activity during the first six months of 2001. The overall occupancy rate remained fairly stable, decreasing from 89.7% at year-end 2000 to 87.6% at mid-year 2001. The slight reduction was due to the addition of over 115,000 square feet of multi-tenant space which was previously owner occupied. It is important to note that this is the only market as of mid-year 2001 which has new office construction underway.

Forest Acres

The Forest Acres market performed very well during the first half of 2001 with occupancy rates increasing from 89.0% at year-end 2000 to 91.1% at mid-year 2001. Since this market is comprised primarily of local, longstanding tenants there is relatively no sublease space found within this market.

Cayce/West Columbia

The Cayce / West Columbia market experienced mixed activity during the first half of 2001. Occupancy actually increased from 86.4% at year-end 2000 to 87.6% at mid-year 2001. However, there is an additional 260,000 square feet of technology manufacturing / lab space available for sublease which has never been considered as a multi-tenant office building. This space has not yet been factored into the multi-tenant office market. The outcome of this space during the second half of 2001 will determine the true strength of the smallest submarket of Columbia.

FORECAST

"Caution" is the forecast for the entire Columbia office market. Mixed signals create an air of uncertainty within the market. Leasing activity has been and will remain strong in Columbia for the second half of 2001. The negative impact of sublease space has not yet been felt, as much of the space has not been leased. Tenants are inclined to lease office space directly from landlords and avoid the many difficulties associated with subleasing. Historically, Columbia's leasing activity is derived from tenants relocating and expanding, rather than from new job growth in the region. If the available sublease space begins to attract larger tenants from within the market, there will be a weakening in overall market conditions. Yet, in some cases, the sublease space may not be leased quickly or leased at all and, therefore, may allow existing true vacancies time to be absorbed.

Office Inventory & Percent Vacant
Mid-Year 2001

	CBD Class A	Total	Suburban Class A	Total
Total Inventory	2,700,000	5,000,000	1,800,000	5,400,000
Direct Vacant SF	150,000	284,000	155,000	310,000
Sublease Vacant SF	30,000	150,000	40,000	190,000
Vacancy Rate	6.7%	11.2%	10.8%	9.3%
YTD New Product	60,000	60,000	0	0
YTD New Absorption	<60,000>	<150,000>	<5,000>	<70,000>
SF Under Construction	0	0	40,000	40,000
Average Rental Rates	\$19.00	\$16.25	\$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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