



Colliers Keenan 2006 Mid-Year Office Market Charleston, SC



July 2006

TOTAL OFFICE MARKET

	Total	Available	Sublet	Avg. Rate	Vacancy	Proposed
West Ashley	973,917	171,325	0	\$17.98	17.59%	62,000
Lower North Charleston	1,878,322	227,314	13,493	\$17.62	12.82%	529,000
Upper North Charleston	1,447,805	107,575	0	\$16.77	7.43%	100,000
East Cooper	1,893,247	143,911	15,717	\$20.45	8.43%	1,057,610
Downtown Charleston	2,044,704	181,531	1,800	\$22.80	8.97%	332,804
Total Market SF	8,237,995	831,656	31,010	\$19.12	10.47%	2,081,414

CLASS "A" OFFICE MARKET

	Total	Available	Sublet	Avg. Rate	Vacancy	Proposed
West Ashley	422,848	29,322	0	\$22.78	6.93%	62,000
Lower North Charleston	739,540	139,250	6,753	\$21.10	19.74%	529,000
Upper North Charleston	376,000	1,860	0	\$19.65	0.49%	100,000
East Cooper	1,179,237	88,189	14,000	\$24.98	8.67%	1,057,610
Downtown Charleston	1,031,219	100,251	1,800	\$27.22	9.90%	332,804
Total Market SF	3,748,844	358,872	22,553	\$23.15	10.17%	2,081,414

Market Overview

The Greater Charleston Office Market continues to grow with new deliveries of speculative office product in the North Charleston area. Rents across the board have accelerated due to low vacancy and high costs of land and construction throughout the region. With more new product being delivered throughout the market, rents should stabilize in the \$24.50 full service range in the suburbs, and the downtown market should stabilize just above \$30.00 full service. Fewer and fewer land opportunities remain in the Greater Charleston area inside of I-526, so we will look for the market to expand to remote areas farther out along I-26 and US 17 North and South. Service companies, banks and defense contractors have combined to be predominant users.

Downtown Charleston

New record prices are being set for both office building sales and lease rates in the downtown area. Office building sales have moved past an average of \$30.00 PSF for recent sales, and opportunities exist for higher prices yet. From a lease standpoint, most Class "A" office building rents have escalated to \$30.00 PSF or greater and have sparked interest in the prospect of new speculative office development north of Calhoun Street and into the Charleston neck area. A few proposed new projects may get underway before the end of 2006 to provide competition for the space in the 40 Calhoun expansion and the former Wachovia Bank at 158 Meeting Street..

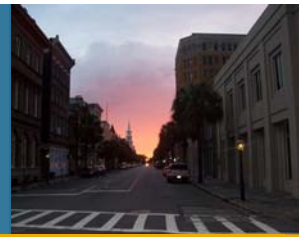
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100 Years

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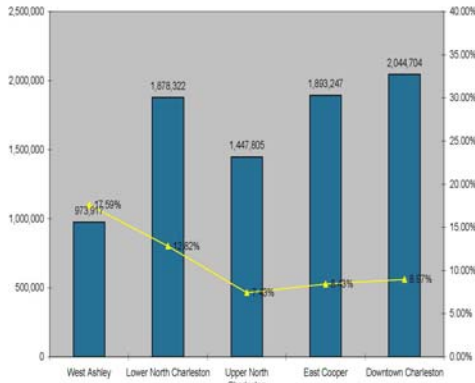


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CHARLESTON OFFICE MARKET
TOTAL MARKET INVENTORY VS' VACANCY



Lower North Charleston

The newest Class "A" addition to this growing submarket is Holder Properties' new 105,000 square foot office project, Ashley Overlook. This bold and exciting project, with freeway signage and great exposure, adds to a submarket that has benefited greatly from Corporate America and will continue to do so in the near future. Many new projects are on the drawing board and many should come to fruition in 2007. Rental rates will push higher with lower vacancy and greater development costs. Close proximity to the Center Pointe Development will provide amenities to office workers previously missing in this submarket.

likely have small mass and be limited to two and three story options. Parking and access will remain favorable.

Forecast

The overall fundamentals are sound for the Greater Charleston Office Market. Responsible growth will continue, and the area will become more attractive to important users and developers monitoring the Southeast and national economies. Development will be seen in all submarkets, with Class "A" projects dominating urban development, and both Class "A" traditional and flex projects being prevalent in suburban locales. Rates will rise on land and construction cost increases. Balance will be maintained between supply and demand. Despite more national developers existing in the market with new product, overbuilding is not anticipated.

East Cooper

Mt. Pleasant and Daniel Island make up the submarket leading the pack in growth of new construction and upward pressure on rent levels comparable to Downtown. Growing demand and occupancy rates have spurred new projects to come out of the ground. Of particular note is the Long Point and I-526 intersection, which has an exploding office market being fueled by the ground breaking of the Offices of Belle Hall, a new two-building 80,000 square foot project. Daniel Island, the location of the Benefit Focus buildings which encompass 150,000 square feet, continues to gain traction as an office destination. Both projects are well underway for December 2006 deliveries.

Upper North Charleston

Defense, Defense, Defense has been the mantra for this submarket for the last few years. Continued expansion in the defense sector will continue to fuel speculation by developers and build-to-suit development opportunities for years to come. Notable corporate installations such as Global Aeronautics Manufacturing Plant and the Sprinter Van Plant will lead to additional corporate office opportunities. New development will include traditional and flex products, which are geared for upper scale appearance and functionality.

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West Ashley

The time for development is now for this submarket. Rents are rising, demand is growing and vacancy is shrinking. The time for product delivery is not a distant future, as the previous malaise in this market has been turned around by new housing, medical and retail development. Opportunities exist for new product to be developed in conjunction with a major retail expansion growing in the area to service a growing residential base. Typical development will

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Charleston, SC Office Market
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