Industrial

Colliers Keenan
2004 Year-End Industrial Market
Columbia, SC

January 2005

COLUMBIA INDUSTRIAL MARKET MAKING A COMEBACK

- **MARKET STABILIZERS: STRONGER ECONOMY, LOWER INTEREST RATES, IMPROVED JOB GROWTH**
- **1.26 MILLION SF POSITIVE ABSORPTION**
- **INDUSTRIAL VACANCIES DECREASE 4.1% IN 2004**
- **CLASS A DISTRIBUTION RENTAL RATES REMAIN STEADY**
- **SOUTH COLUMBIA AND CAYCE/WEST COLUMBIA MOST ACTIVE SUBMARKETS**
- **PELLA WINDOWS AND DANA CHASSIS OCCUPY 500,000 SF**

Market Survey

2004 proved to be a "comeback" year for the Columbia area industrial marketplace. Following two years of plant closings and job losses, the Midlands area experienced a very positive year in 2004, resulting in a positive 1,262,000 square feet of industrial space being absorbed.

As a result, vacancies ended the year at 10.48%, a decrease of 4.1% from year-end 2003. One significant stabilizing factor during 2004 was the fact that there was limited new industrial construction or development activity during the year. Only one large speculative facility, the 176,400 square foot Carolina Pines II building, was brought onto the marketplace, with 100,800 square feet of that building being quickly occupied by Shakespeare Corp.

Industrial Inventory		
	2004 Year-End	2005 Forecast
Total Inventory	29,736,822	Stable
Vacant SF	3,120,897	Decrease
Vacancy Rate	10.49%	Decrease
YTD New Product	218,400	Increase
SF Under Construction	- 0 -	Increase
2003 Net Absorption	-1,082,726	N/A
2004 Net Absorption	1,253,357	Decrease
Average Rental Rate	$3.65	Increase
Average Sales Price/SF	$30.00	Stable

Significant contributors to the year's 1.26 million square feet positive absorption were two manufacturers, Pella Windows and Dana Chassis, which collectively occupy in excess of 500,000 square feet of formerly vacant space. Most notably, Pella Windows purchased and occupied the former 263,300 square foot Pirelli manufacturing facility, located in CAE Industrial Park, which had been constructed by Pirelli only a few years earlier. Other significant activity included the State of South Carolina's acquisition of the former 163,700 square foot Hydra Sport Boat plant on Shop Road in Columbia and Wal-Mart's use for warehousing of the previously vacant Sam's Club facility on Sunset Boulevard, also in Columbia.

collierskeenan.com

Colliers Keenan
1301 Gervais Street
Suite 600
Columbia, SC 29201 USA
Tel: (803) 254-2300
Fax: (803) 252-4532

Colliers Keenan

2004 Year-End Industrial Market

Columbia, SC

Industrial

January 2005

As a result, largely from the transactions cited herein, the South Columbia and Cayce/West Columbia collectively were the region's most active submarkets and accounted for 843,000 square feet of this year's positive absorption.

Forecast

At this time, limited new construction or speculative development activity is anticipated within the market. With a relatively stable national economy, low interest rates and signs of positive job growth, 2005 is predicted to be a stable year for the Midlands region. For the longer term, however, the lack of creation of significant new employment opportunities, concerns about local military base closures, coupled with high oil prices and worldwide political instability, continue to cast doubt and uncertainty on the longer term outlook for the industrial/distribution marketplace.

Rental rates for Class A distribution space held steady throughout 2004 at just above $4.00 per square foot. Lease rates for older, Class B warehouse/distribution space remain in the $2.50 - $3.25 per square foot range.

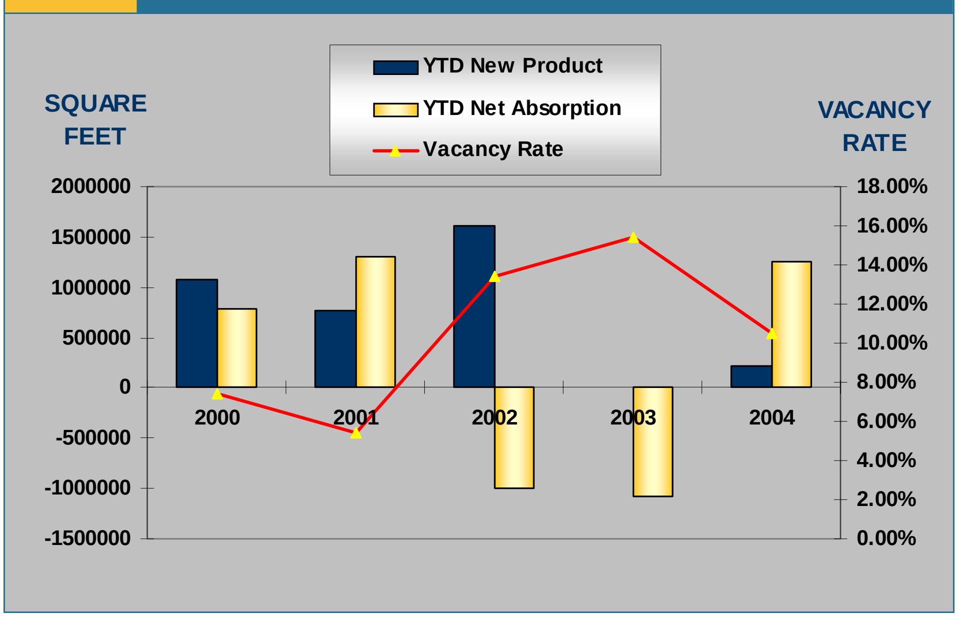
The I-77 corridor of Richland County and the I-20 corridor in NE Richland and Kershaw, following the rapid residential growth in those areas, should continue to host a significant portion of any new industrial growth or activity.

In Lexington County, the CAE Industrial Park and other areas near the Columbia Metropolitan Airport will continue to receive attention from potential users and developers.

Survey Methodology

Colliers Keenan's Industrial Market Report surveys warehouse, distribution and light industrial properties located in the Midlands area of South Carolina, that are in excess of 10,000 square feet. For purposes of this survey, the Midlands area includes Richland and Lexington Counties, together with portions of Newberry, Fairfield, Kershaw and Calhoun Counties. Absorption and individual rental rates are based only on the buildings surveyed. Colliers Keenan greatly acknowledges those who provide us with information about their properties. The accuracy of this report is a reflection of the participation and cooperation of those individuals and companies.

COLUMBIA INDUSTRIAL MARKET TRENDS



For further information on the Columbia, SC Industrial Market Contact
Woody Moore, CCIM
at (803) 401-4236 or
wmoore@collierskeenan.com

NOTE: Permission is granted to quote from this publication only when Colliers Keenan Inc. is credited as the source. All information contained herein was compiled utilizing data from sources deemed reliable. It is submitted without warranty. Statistical data was collected as of December 31, 2004.

COLLIERS KEENAN

collierskeenan.com