



Colliers Keenan 2005 Mid-Year Medical Market Columbia, SC



July 2005

MEDICAL OFFICE BUILDING (MOB) MARKET OVERVIEW

The medical office market continued to perform favorably over the past year, with current occupancy rates once again surpassing the 90% mark. The market absorbed 41,000 square feet over the past twelve months and average rent increased from \$19.59 per square foot at mid-year 2004 to \$20.76 per square foot at mid-year 2005.

The majority of space in this 1.45 million square foot market is located in and around the campuses of Columbia's four major hospitals, Lexington Medical Center, Palmetto Health Baptist, Palmetto Health Richland and Providence Hospital.

MOB PAST TRENDS

The MOB market has remained strong over the past several years. Even with Palmetto Parkridge and the Irmo Professional Center adding a large amount of MOB space in 2004, occupancy rates only dropped below 90% for a brief period. Average rental rates have risen significantly from \$18.25 per square foot in 2002 to the present average of \$20.76 per square foot.

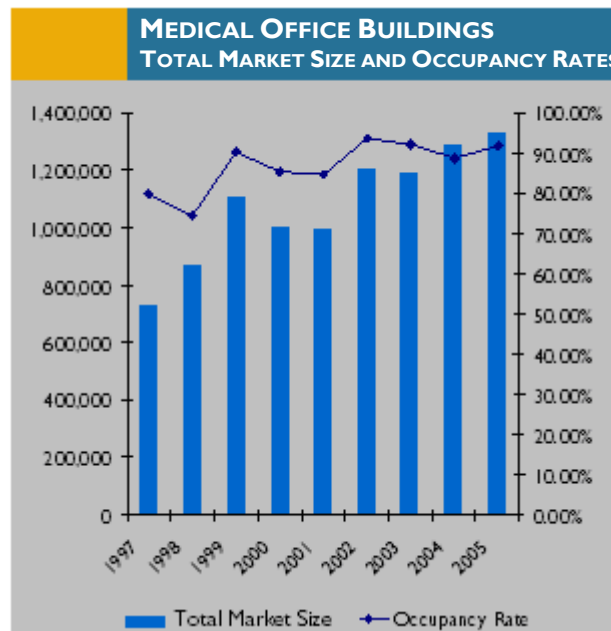
Historically low interest rates have given rise to many practices purchasing or building their own medical office space and moving away from hospital-owned MOB's. Even with this trend, the demand for multi-tenant medical office space has remained high over the first half of the decade, as demonstrated by high occupancy and ever increasing rental rates.

MARKET FORECAST

The forecast for the remainder of 2005 and into 2006 is continued expansion of the medical market. The market quickly absorbed much of the new construction in 2004, even with the emerging trend for physicians to move into their own facilities. We would expect the greatest expansion in the suburban market where population growth is the greatest.

CURRENT MEDICAL OFFICE MARKET	
Total Inventory	1,452,238
Occupied Space	1,329,671
Vacant Space	122,567
Average Rent	\$20.76
Occupancy	91.56%

We are beginning to see healthcare clusters develop in both the Northeast and Northwest submarkets of Columbia. The best performing properties in the market are located adjacent to Palmetto Health Richland and Providence Hospital; these properties are 100% occupied.



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United States

Akron, OH	Minneapolis, MN
Allentown, PA	Nashville, TN
Atlanta, GA	New Haven, CT
Austin, TX	New Jersey, NJ
Bakersfield, CA	New York, NY
Baltimore, MD	Oakland, CA
Beachwood, OH	Ogden, UT
Bellevue, WA	Orlando, FL
Boca Raton, FL	Palo Alto, CA
Boise, ID	Park City, UT
Boston, MA	Philadelphia, PA
Carlsbad, CA	Phoenix, AZ
Charleston, SC	Pittsburgh, PA
Charlotte, NC	Pleasanton, CA
Chicago, IL	Plymouth Meeting, PA
Cincinnati, OH	Portland, OR
Clearwater, FL	Provo, UT
Cleveland, OH	Raleigh, NC
Columbia, SC	Reno, NV
Dallas/Ft.Worth, TX	Roseville, CA
Dayton, OH	Sacramento, CA
Denver, CO	Salt Lake City, UT
Detroit, MI	San Diego, CA
Fairfield, CA	San Francisco, CA
Fort Myers, FL	San Jose, CA
Fresno, CA	San Mateo, CA
Ft. Lauderdale, FL	Scottsdale, AZ
Gilroy, CA	Seattle, WA
Greenville, SC	St. Charles, MO
Hartford, CT	St. George, UT
Honolulu, HI	St. Louis, MO
Houston, TX	St. Paul, MN
Indianapolis, IN	Stamford, CT
Jacksonville, FL	Stockton, CA
Kansas City, MO	Sun Valley, ID
Las Vegas, NV	Tacoma, WA
Los Angeles, CA	Tampa, FL
Louisville, KY	Walnut Creek, CA
Memphis, TN	Washington, DC
Miami, FL	Wilmington, DE
Milwaukee, WI	

COLUMBIA MEDICAL ECONOMY

- ◆ The medical sector in the Columbia region emerged over the 1990's as a key component of the local economy, with a regional concentration of 12.2% of total employment. On the state level, this sector accounts for only 7.2% of total employment.
- ◆ There are over 34,000 people currently employed in the medical sector in the Columbia region, up from just over 30,000 in 2000.
- ◆ According to the South Carolina Employment Security Commission, nurses rank in the top 10 most difficult positions to fill, showing the increased demand for healthcare in the region.
- ◆ In 2004, Columbia based Palmetto Health, Greenville Hospital System, the Medical University of South Carolina, and the University of South Carolina formed a statewide healthcare research collaborative. With matching state funds, this agreement will add \$160 million in research funds over the next 10 years to the healthcare economy. With two of the four players located in Columbia, this will vastly stimulate the local medical sector.

SURVEY METHODOLOGY

- ◆ The Medical Office Market Review surveys multi-tenant medical office buildings located in the campuses of hospitals and multi-tenant medical buildings privately owned within the Columbia, SC market area. Facilities used or occupied exclusively by hospital departments have not been included within this survey. Colliers Keenan Inc. gratefully 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, owners and companies.

**For further information on
the Columbia, SC medical
office market
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