



Colliers Keenan 2005 Year-End Industrial Market Columbia, South Carolina



December 2005

INDUSTRIAL MARKET OVERVIEW

Columbia's industrial market continued to show improvement and strength throughout 2005 with the absorption of 1,744,800 square feet, greatly surpassing the level achieved in 2004. Since 2003, when occupancy rates dropped below 85%, the market has shown significant improvement with almost 3,000,000 square feet of industrial and warehouse space being absorbed and with year-end 2005 witnessing a 94.9% occupancy rate.

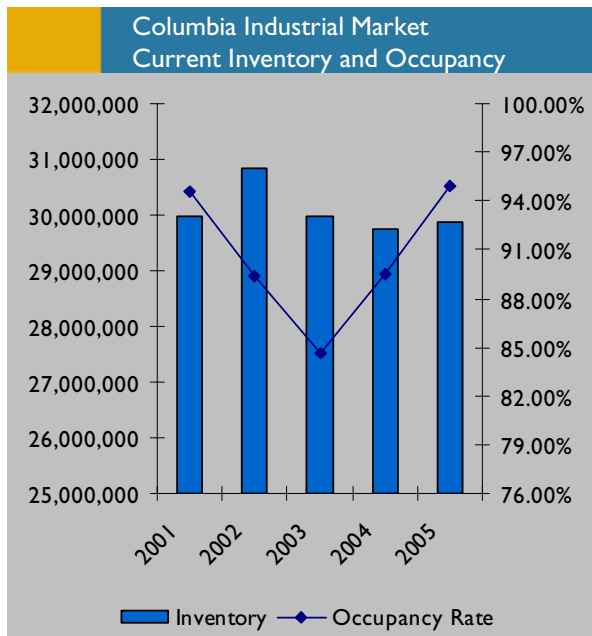
There was limited new product coming into the market during the year. The recently completed Carolina Pines II, a 178,000 square foot speculative industrial building in the northeast area on I-77 and marketed by Colliers Keenan, provided occupancy for both Shakespeare Company (100,800 sf) and Aaron Rents (75,250 sf). Along with occupancy, market rental rates continued to improve during the year from an average of \$3.65 per square foot in 2004 to \$3.78 per square foot at 2005 year-end.

INDUSTRIAL MARKET FORECAST

There are many local and national factors that will influence the industrial market throughout 2006. The current very limited supply of Class A product, together with increased customer demands and changing retail patterns, may spur the development of additional speculative industrial product in the coming year. However, recent increases in the cost of construction will require rental rates greater than the market is currently supporting and developers may decide to wait and see if rates will rise enough to support new product before they commit to additional product.

As the U.S. consumer demand for imports continues to escalate, the overall demand for warehousing and distribution space will increase. With the effects of Hurricane Katrina still very much evident in New Orleans and at its port, the Port of Charleston, as well as the midlands area of South Carolina, should see greater traffic and rising demand for storage and distribution space.

Total Inventory	29,884,329
Occupied Square Feet	28,360,796
Occupancy Rate	94.90%
2003 Net Absorption	<1,082,726>
2004 Net Absorption	1,253,357
2005 Net Absorption	1,744,871
Average Rental Rate	\$3.78



* The inventory of the Columbia industrial market decreased from 2002 to 2003 due to conversion/change of industrial space to other uses.

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COLUMBIA INDUSTRIAL ECONOMY

- ◆ Consistent with the national trend, Columbia's manufacturing sector lost 800 jobs in the prior 12 months. There are 30,100 people currently employed in the manufacturing sector. The State of South Carolina experienced a loss of 7,900 jobs in this sector, representing 2.90% of the manufacturing workforce.
- ◆ During 2005 there was a large growth in the retail sector, particularly in imported goods. This growth accounted for 500 new jobs in the transportation/warehousing sector. Statewide, retail activity accounted for 1,900 new jobs in this sector.
- ◆ Several industrial announcements were made during 2005 that will lead to long-term job creation in the local industrial economy.
- ◆ FN Manufacturing announced that they will add 100 new jobs.
- ◆ SMI Joist announced an expansion that will lead to 50 new jobs.
- ◆ Hengst announced they will open a new facility in the Columbia region, creating 60 new jobs.
- ◆ Select Comfort announced that it will open a manufacturing and distribution center in Columbia, creating 30 new jobs.
- ◆ Forgitron is opening a new manufacturing facility, creating 35 new jobs.

SURVEY METHODOLOGY

- ◆ The Industrial Market Report surveys privately owned industrial facilities over 10,000 square feet in the Columbia Metropolitan Area. 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 industrial market
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