



Colliers Keenan 2005 Year-End Medical Market Columbia, SC

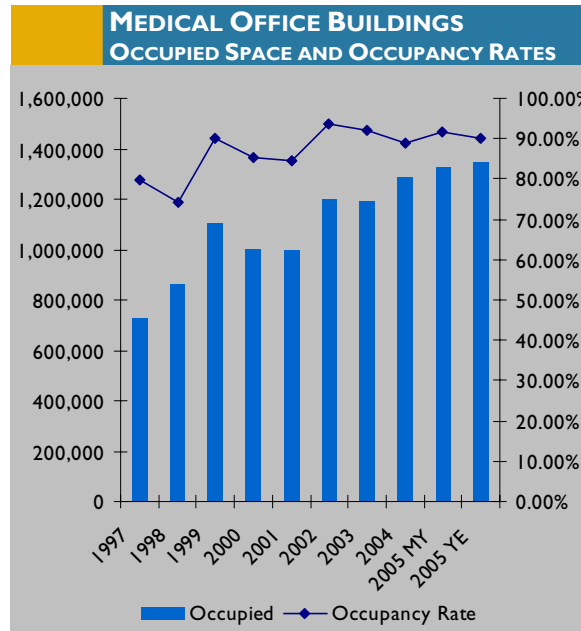


December 2005

MEDICAL OFFICE BUILDING (MOB) MARKET OVERVIEW

The medical office market experienced a slight downturn during the second half of 2005, with 15,256 square feet of negative absorption. Even with this small decline, the market still remains strong with an occupancy rate of 90.20%. Average quoted rental rates, though slightly down from mid-year at \$20.67 per square foot, are still above quoted levels twelve months ago (\$20.20 per square foot).

The majority of space in this 1.50 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, as well as in emerging clusters in the growing suburbs of Irmo and Northeast Columbia.



MOB FORECAST

Historically low interest rates have given rise to many physicians practices purchasing or building their own medical office space and moving away from hospital-owned MOB's. With rising interest rates and rapidly escalating construction costs, this trend will slow over 2006 and expanding medical practices will occupy greater amounts of rental space in multi-tenant medical office buildings.

Asking rents may decline slightly in less occupied buildings as landlords push to lease space, but as higher energy costs boost landlord expenses, we expect a pattern of increased rents across the market in the next twelve months. If the medical sector continues to expand, as it has over the first half of the decade, we would also expect the market to tighten and occupancy rates to rise closer to 93% in 2006.

Cluster	Inventory	Vacant Space	Occupancy Rate	Six Month Absorption
Irmo	215,104	50,549	76.50%	-2,463
Northeast Columbia	138,248	27,858	84.54%	3,628
Lexington Medical Center	199,337	4,775	97.60%	1,839
Palmetto Baptist	272,480	46,941	82.77%	-4,369
Palmetto Richland	496,605	16,273	96.72%	-13,891
Providence Hospital	130,464	0	100.00%	0
Market	1,452,238	146,396	90.20%	-15,256

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 2005.

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

collierskeen.com



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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
Carlsbad, CA	Philadelphia, PA
Charleston, SC	Phoenix, AZ
Charlotte, NC	Pittsburgh, PA
Chicago, IL	Pleasanton, CA
Cincinnati, OH	Plymouth Meeting, PA
Clearwater, FL	Portland, OR
Cleveland, OH	Provo, UT
Columbia, SC	Raleigh, NC
Dallas/Ft.Worth, TX	Reno, NV
Dayton, OH	Roseville, CA
Denver, CO	Sacramento, CA
Detroit, MI	Salt Lake City, UT
Fairfield, CA	San Diego, CA
Fort Myers, FL	San Francisco, CA
Fresno, CA	San Jose, CA
Ft. Lauderdale, FL	San Mateo, CA
Gilroy, CA	Scottsdale, AZ
Greenville, SC	Seattle, WA
Hartford, CT	St. Charles, MO
Honolulu, HI	St. George, UT
Houston, TX	St. Louis, MO
Indianapolis, IN	St. Paul, MN
Jacksonville, FL	Stamford, CT
Kansas City, MO	Stockton, CA
Las Vegas, NV	Sun Valley, ID
Los Angeles, CA	Tacoma, WA
Louisville, KY	Tampa, FL
Memphis, TN	Walnut Creek, CA
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 9.2% of total employment at year-end 2005. On the state level, this sector accounts for only 8.2% of total employment.
- ◆ There are over 34,500 people currently employed in the medical sector in the Columbia region. This is an increase of 6.20% from levels at year-end 2004. This sector grew only 2.20% during the past twelve months on the state level.
- ◆ 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 to the healthcare economy over the next 10 years. With two of the four partners 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 and around 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 contact
Ryan Hyler
at 803.401.4269 or
rhyler@collierskeen.com

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