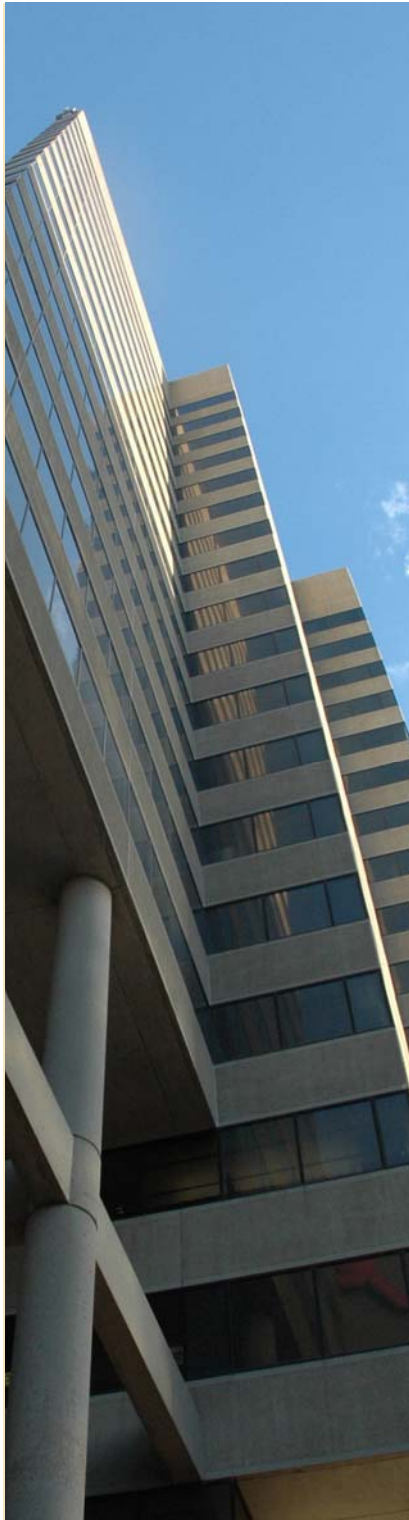




# Colliers Keenan 2005 Year-End Office Market Columbia, South Carolina



December 2005



## Market Summary

The Columbia office market continued to show signs of improvement over the second half of 2005, with positive absorption of 77,592 square feet. Average rental rates increased from \$13.80 per square foot at mid-year to \$14.12 per square foot at year-end 2005. Although rental rates increased across the market, there were noted declines in weaker markets.

The Class A office market experienced negative absorption of 4,288 square feet, largely due to downsizing of companies in the Central Business District. In the suburbs, Class A absorption was 66,576 square feet. Class A occupancy for the overall market currently stands at 86.20% with an average quoted rental rate of \$17.59 (down from \$18.72 at mid-year) per square foot. Class A office space consisted of 2.82 million square feet, or approximately 31% of the overall market.

The Columbia economy continued to perform well in 2005. Job creation in November was up 1.60% over the previous year. Among the highest growth sectors were private services (legal, accountants, etc.) with 4,600 new jobs and government (federal, state and local) with 1,100 new jobs.

## 2006 Forecast

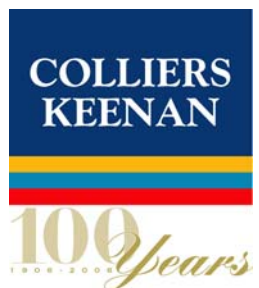
The Columbia office market will continue to strengthen in 2006 as the regional economy expands further. The most robust submarkets will be the St. Andrews and Northeast areas of Columbia. As these markets continue to tighten, we should see an increase in quoted rents.

Other market forces, such as rising utility costs and interest rates, will no doubt increase rents across the board. We may see a trend in early 2006 of small Class C tenants moving into A and B space, locking in rates before they rise significantly.

As the economy continues to improve, worker productivity will continue to increase, as it has in the past several years. We will, therefore, see expanding businesses, but absorption may come more from start-ups rather than growing firms.

## Central Business District (CBD)

Columbia's Central Business District is the largest office market in the Columbia area, with nearly 4.5 million square feet of office space. The CBD experienced a decrease in occupancy during the



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



# Colliers Keenan 2005 Year-End Office Market Columbia, South Carolina



December 2005

	Total Feet	Occupied	Vacant	Occupancy Rate	Sublease Space	Absorption (Six Month)	Class A Rates	Class B Rates	Class C Rates
<b>Total Market</b>	<b>9,278,368</b>	<b>7,635,145</b>	<b>1,642,463</b>	<b>82.29%</b>	<b>63,198</b>	<b>77,592</b>	<b>\$17.59</b>	<b>\$14.56</b>	<b>\$11.52</b>
CBD	4,480,629	3,908,882	571,654	87.24%	58,491	-65,841	\$19.78	\$15.40	\$13.22
Cayce/WC Total	522,193	321,506	200,020	61.57%	0	5,923	\$16.00	\$12.69	\$7.68
East Columbia (Devine St)	87,002	83,402	3,600	95.86%	0	2,550	-	-	\$11.55
Forest Acres	891,923	733,682	158,241	82.26%	1,300	22,514	-	\$14.17	\$13.86
Northeast Columbia	1,227,947	1,011,702	216,245	82.39%	3,407	55,194	\$15.62	\$15.06	\$10.89
St. Andrews	2,068,674	1,575,971	492,703	76.18%	0	57,252	\$16.95	\$14.60	\$11.42

## CBD (-continued-)

latter part of 2005, largely due to governmental downsizing. Although federal and local governments increased the size of their workforces in Columbia, the State of South Carolina decreased its workforce by 500 jobs over the past year, resulting in an additional 40,000 square feet of vacant Class A space. This, combined with other industry downsizes and migration to the suburbs, resulted in negative absorption of 65,841 square feet in the CBD over the last six months.

Currently the market stands at 87.24% occupied, with Class A space at 85.38% occupied. There was a small amount of absorption in the Class B and C markets, each absorbing 3,916 and 1,107 square feet, respectively. Quoted rents across the market averaged \$16.75 per square foot; wherein Class A rates averaged \$19.78 per square foot.

## St. Andrews

The St. Andrews market is the largest suburban market in the Columbia area, consisting of over 2 million square feet of office space. This market continued to perform well in 2005, absorbing 57,252 square feet in the last half of the year. Current occupancies stand at 76.18% with average quoted rents at \$13.07 per square foot. The Class A market absorbed 52,128 square feet and currently has an occupancy rate of 87.12%.

## Northeast Columbia

The Northeast area of Columbia remained the fast growing residential market in the region, thus the office market continued to improve in this area. Absorption of 55,194 square feet brings the year-end occupancy to 82.39%. The Class A and C markets continued to perform well, with occupancies of 90.35% and 93.73% respectively. Average quoted rents for the Class A market are currently at \$15.62, while Class B quoted rents are averaging \$15.06. This accounts for the Class B markets 68.75% occupancy rate. Office users are choosing to upgrade to nicer space with a minimal budgetary impact.

## Forest Acres

The Forest Acres area improved towards the end of 2005, showing positive absorption of 22,514 square feet. After declining to 76.9% at mid-year, occupancy rates stood at 82.26% at year-end. Average quoted rents are down slightly at year end, falling from \$13.99 per square foot at mid-year to a current average of \$13.95 per square foot.

The construction of a new building at 4406 Forest Drive brought the only Class A space into this market, with year-end occupancy of 66.7%.

## Cayce/West Columbia

The Cayce/West Columbia market is one of the smallest in the area, consisting of just over 520,000 square feet, with over half of the market being Class C space. The market absorbed 5,923 square feet of space, which brought occupancy to 61.57% at year end. Quoted rents in the Cayce/West Columbia area averaged \$9.13 per square foot at year end, down from the mid-year average of \$9.76 per square foot.

## East Columbia (Devine Street)

The office market along Devine Street is only 87,002 square feet and is predominately Class C space. This market continued to perform well with a 95.86% occupancy rate, the highest in the Columbia market. Average quoted rates for this market, was \$12.00 per square foot.

*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 and encompasses all multi-tenant office buildings 10,000 square feet and greater.*

For further information on the  
Columbia, SC Office Market  
Contact  
David C. Lockwood, III, CCIM, SIOR  
at (803) 401-4211 or  
[dlockwood@collierskeenan.com](mailto:dlockwood@collierskeenan.com)



**collierskeenan.com**

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