

Office Market Trends Columbia, SC

Grubb & Ellis Research

Second Quarter 2008



Sublease Increase

The amount of office space available for sublease, usually a leading indicator of office vacancy rates, increased dramatically in the first two quarters of 2008. While the Columbia market usually has 15,000 square feet available for sublease at any given time, there were 25,967 square feet available at the end of the fourth quarter of 2007. That number skyrocketed to 64,025 square feet available for sublease at the end of the second quarter of 2008. The increase was the largest percentage increase of all the markets tracked by Grubb & Ellis.

Struggling financial institutions, such as Fannie Mae and IndyMac Bank, who have left the Columbia market, are the main contributors to the increase and most of the available sublease space is located downtown.

Despite the increase in available sublease space, overall vacancy rates declined to 15.3 percent from 16.6 percent as the market absorbed 111,925 square feet overall. A majority of the positive absorption was Class A space as tenants are looking to upgrade their existing facilities. The tightening in lending criteria has driven more users to lease space rather than purchase it.

Columbia Office Market Trends

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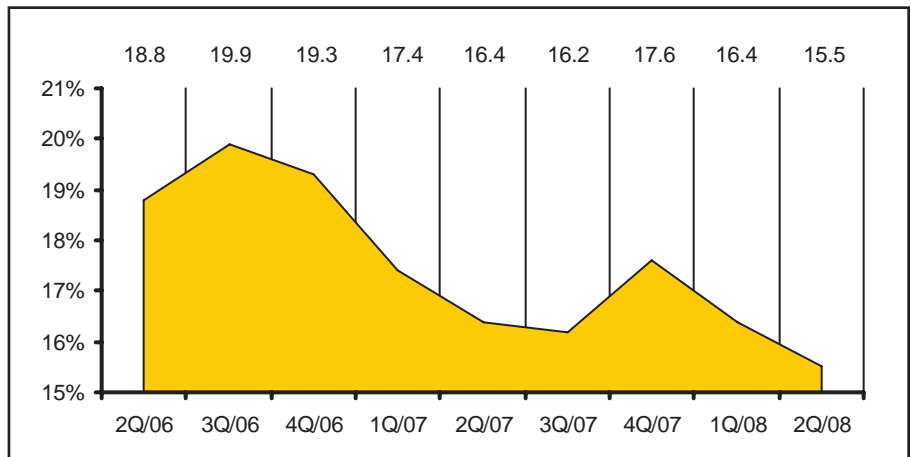
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Independently Owned and Operated



Office Vacancy Rate*

* All Classes of Space

Office Market Snapshot Columbia Second Quarter 2008

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction(3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		Class A	Class B
Downtown	5,261,561	688,673	13.1%	49,410	13,376	-	\$19.68	\$16.10
CBD Total	5,261,561	688,673	13.1%	49,410	13,376	-	\$19.68	\$16.10
Cayce/West Columbia	604,404	111,768	18.5%	3,098	16,598	-	\$17.00	\$12.13
Dutch Fork/Irmo	109,401	7,500	6.9%	1,000	1,000	-	-	\$11.81
Forest Acres	1,058,469	123,063	11.6%	10,841	8,562	-	-	\$14.85
Lexington	142,028	36,931	26.0%	(13,150)	(25,850)	-	\$20.00	\$13.50
Northeast Columbia	1,405,365	215,426	14.3%	41,803	61,738	42,000	\$16.90	\$15.65
Saint Andrews	2,519,675	545,631	21.4%	57,444	20,924	-	\$17.60	\$13.71
Southeast Columbia	247,160	48,304	19.5%	(38,521)	(38,521)	-	-	\$11.92
Suburban Total	6,086,502	1,042,949	17.1%	62,515	44,451	42,000	\$17.31	\$13.99
Totals	11,348,063	1,734,622	15.3%	111,925	57,827	42,000	\$18.88	\$14.65
							<u>Available for Sublease</u>	
By Class (All Submarkets)							CBD	Suburban
Class A	3,442,987	374,583	10.9%	52,257	85,516	42,000	25,609	2,253
Class B	6,146,452	1,067,430	17.4%	35,841	(19,016)	-	36,163	-
Class C	1,758,624	289,609	16.5%	23,827	(8,673)	-	-	-
Totals	11,348,063	1,734,622	15.3%	111,925	57,827	42,000	61,772	2,253

(1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year full service. Rates for each building are weighted by the size of the building.

* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

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