

# COLUMBIA, SC

JULY 2002

## MID-YEAR 2002 RETAIL MARKET

### MARKET OVERVIEW

ZONE	Mid-Year 2002 Total Sq.Ft.	Sq.Ft. Change from Year-End 2001	Mid-Year 2002 Occupancy %	Mid-Year 2002 Average Rental Rate	Mid-Year 2002 Pass thrus
Harbison / St. Andrews	2,596,973	(62,995)	88.6%	\$ 11.93	\$ 1.78
Lexington	942,952	0	92.6%	\$ 10.89	\$ 1.64
Cayce/West Columbia	1,033,905	68,000	75.5%	\$ 9.28	\$ 1.31
North Columbia	426,374	0	94.3%	\$ 7.96	\$ 1.38
Downtown/Devine St.	260,075	0	83.4%	\$ 13.13	\$ 1.94
Southeast Columbia	941,413	0	82.0%	\$ 7.34	\$ 1.46
Forest Acres	520,540	0	96.2%	\$ 12.88	\$ 2.66
Northeast Columbia	2,157,843	5,000	90.6%	\$ 11.76	\$ 1.93
<b>TOTAL</b>	<b>8,880,075</b>	<b>10,505</b>	<b>87.9%</b>	<b>\$ 10.65</b>	<b>\$ 1.76</b>

### MARKET SUMMARY

As of June 30, 2002, the Columbia, SC retail market can be characterized as stable. Although the economy, both locally and nationally, shows moderate signs of strengthening, retailers continue to be very cautious about expansion. Many retailers are using the economic slowdown to negotiate for lower rents or repositioning weaker stores. The Colliers Keenan Retail Market Report encompasses 8,880,075 square feet of anchored neighborhood shopping centers in the Columbia, SC MSA. As of mid-year 2002, occupancy has increased from 87.4% at year-end 2001 to 87.9%, with most of the occupancy increase in Cayce / West Columbia, by the absorption of 65,000 square feet by Carolina Pottery.

At mid-year 2002, the average rental rate for "in-line" shop space remains \$10.65 per square foot. The average cost for pro-rated real estate taxes, insurance and common area maintenance pass through expenses is \$1.76 per square foot at mid-year 2002. These costs are adjusted annually.

Regional malls in Columbia, SC MSA performed well in the first half of 2002, with occupancy slipping slightly to 92.3% down from the occupancy rate of 95.0% at year-end 2001. Average rental rates fell to \$24.75 per square foot, down from \$27.38 per square foot at year-end 2001. The cost for pass through expenses rose significantly from \$9.02 per

square foot the previous year to \$11.34 per square foot at mid-year 2002. The average sales per square foot for non-anchor tenants in the regional malls were \$281.75 per square foot.

### FORECAST

Although overall occupancy has increased slightly since the end of 2001, occupancy will continue to improve in the second half of 2002 and into early 2003 as the economy slowly recovers. Sub-markets which should receive the most attention from retailers will continue to be the Harbison/ St. Andrews area with several back-fill opportunities available, and Northeast Columbia as national tenants continue to expand in the rapidly growing Northeast corridor.

Rental rates for anchored neighborhood shopping centers will likely remain flat during the second half of 2002. Occupancy rates will improve slightly as new stores are positioned for the pending Christmas season.

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## MARKET SPOTLIGHT

### HARBISON / ST. ANDREWS

Occupancy in the Harbison / St. Andrews area has fallen slightly from 89.3% at year-end 2001 to 88.6% at mid-year 2002. Many retailers are using this time to relocate or renegotiate leases, which is causing occupancy to remain stable among the large tenants. Due to the weaker economy over the last six months, several smaller shop tenants have closed in this area. The Harbison / St. Andrews area should be well positioned for a strong recovery as the improvement in the national economy continues.

### LEXINGTON

The Lexington market continues to perform very well. This market is 92.6% occupied at mid-year 2002. Rental rates averaged \$10.89 per square foot as of mid-year 2002. New stores such as Kohl's and Office Depot are nearing completion in the Lexington area. Several other national retailers are reportedly considering Lexington for possible expansion.

### CAYCE/WEST COLUMBIA

The Cayce / West Columbia area occupancy is improving over year-end 2001. This sub-market has the largest number of vacant big box spaces. There is a reasonable level of activity in the vacant spaces in Cayce / West Columbia. With the recent leasing activity, occupancy has increased to 75.5%.

### NORTH COLUMBIA

There has been no substantive tenant movement in the North Columbia market during the first half of 2002. This market has not experienced any new growth and therefore, the market is positioned well for stable occupancy in the coming year.

### DOWNTOWN/DEVINE STREET

The Downtown / Devine Street market was 83.4% occupied as of mid-year 2002. Recent activity includes the development of Rosewood Shopping Center with a new Publix grocery store and the re-development of Food Lion grocery store in Five Points.

### SOUTHEAST COLUMBIA

The Southeast Columbia sub-market remained close to its year-end 2001 occupancy level of 82.0%. There is some absorption projected for the second half of 2002 by local retailers.

### FOREST ACRES

Forest Acres remains very tight on both occupancy and available space or sites for development. Shop space continues to be rapidly absorbed if it becomes available. Talbot's will be locating at the intersection of Forest Drive and Trenholm Road in 2003. Several other national and regional tenants continue to search for space in the Forest Acres market near the intersection of Forest Drive and Trenholm Road.

### NORTHEAST COLUMBIA

Northeast Columbia remains very tight for existing space in the Two Notch Road and Sparkleberry Road corridor. New developments include Kohl's, Target and Super Wal-Mart. The Village at Sandhills at Two Notch Road and Clemson Road is still in the planning stages. Development of this 300-acre master planned residential, retail and office project should begin in 2003. A \$10 million renovation to Columbia Mall is underway which, once completed, will be a big asset to those centers surrounding Columbia Mall.

## SURVEY METHODOLOGY

The Retail Market Review surveys anchored neighborhood shopping centers and regional malls in the Columbia, South Carolina metropolitan area. Colliers Keenan 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 and companies.

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