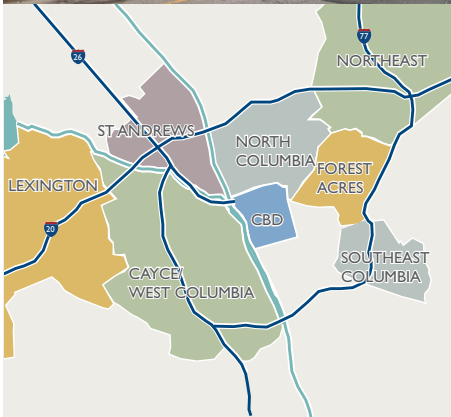




Mid-Year Retail Market

Q2 | 2007



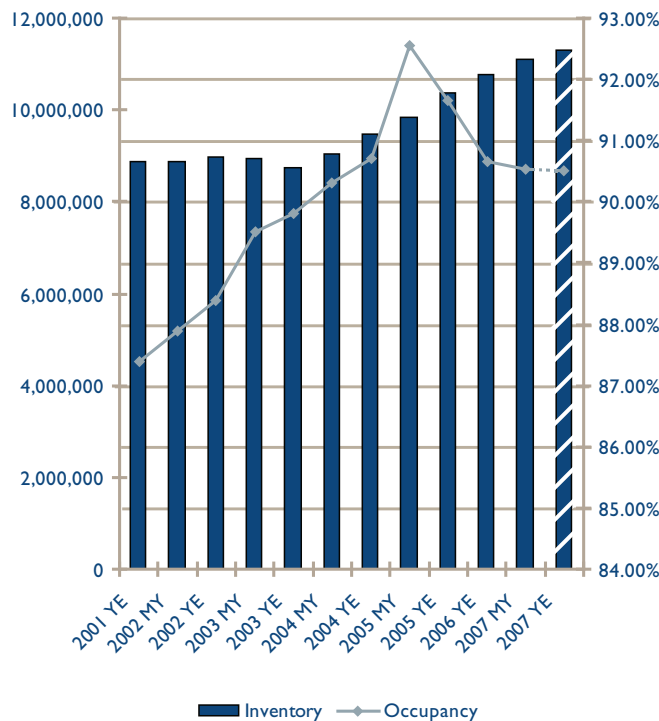
MARKET INDICATORS

	Q1	Q2
OCCUPANCY	↑	↑
ABSORPTION	↑	↑
RENTAL RATE	↑	↑
CONSTRUCTION	↑	↑

QUICK UPDATES

- NEW CONSTRUCTION DRIVES UP SMALL SHOP RENTAL RATES
- LAST AVAILABLE LAND IN HARBISON CORRIDOR UNDER DEVELOPMENT
- SPECULATIONS OF REDEVELOPMENT ALONG GARNERS FERRY ROAD
- LIMITED LAND CONTINUES TO STRETCH RETAIL CORRIDORS

The Columbia, South Carolina retail market continued to expand over the first half of 2007, absorbing 291,626 square feet of big box and big box-anchored space. Market rental rates remained flat over this period, averaging \$13.52 per square foot, but a divergence continued to grow between rental rates in existing retail space and in new developments. Existing small shop space averaged \$17.05 per square foot at mid-year 2007, but retailers looking for prime retail space should expect to pay anywhere from \$17.00-\$35.00 per square foot due to escalating land and construction costs in new developments.



While growth continued at sustainable levels in the first two quarters of 2007, the vitality was not as robust as that experienced in 2006. This slowdown may be for a several reasons. The retail market is very closely linked to the health of the economy, and although the local economy continued to expand, a weakening national economy may have altered consumer expectations and slowed retail spending on a local level. Additionally, at mid-year 2007, the market was still absorbing many new developments that were announced in 2006.

Over the previous twelve months, the market has absorbed a large percentage of new space. The Village at Sandhill continued to attract new tenants, as the freestanding Belk came online in the Spring of 2007.

Lexington Pavilion, the new Target-anchored center on Highway 378 in Lexington, had only two retail spaces available at mid-year 2007, The new Wal-Mart Supercenter on Bush River road has also leased all but two small tenant spaces. Two additional Wal-Mart Supercenters are under construction on Killian Road and in the Red Bank area of Lexington County, which will have a large amount of shadow space available for small retailers. With this large amount big-box development occurring in the market, it is likely that the market will enter a holding pattern until any remaining excess space is absorbed and new retailers come into the Columbia market.

Columbia's suburban areas continued to experience residential growth and as such, retail traffic continued to expand. In the northwest, occupancy in the Harbison/St Andrews submarket increased to 94.39% at



Market	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Small Shop Rent	Average Pass Throughs
Market	11,104,743	10,049,922	1,054,821	90.50%	\$13.52	\$17.05	\$2.96
Downtown	231,075	222,175	8,900	96.15%	\$15.06	\$17.42	\$2.73
Cayce/West Columbia	1,021,554	932,502	89,052	91.28%	\$10.01	\$14.62	\$1.40
Forest Acres	791,869	784,069	7,800	99.01%	\$16.12	\$19.51	\$3.55
Harbison/St Andrews	3,044,863	2,857,545	187,318	93.85%	\$15.45	\$18.96	\$3.24
Lexington	1,222,620	1,150,574	72,046	94.11%	\$10.70	\$19.32	\$3.13
North Columbia	424,514	370,194	54,320	87.20%	\$7.69	\$10.85	\$1.82
Northeast Columbia	3,247,648	2,735,247	512,401	84.22%	\$14.37	\$21.14	\$3.69
Southeast Columbia	1,120,600	997,616	122,984	89.03%	\$13.01	\$17.40	\$2.64

mid-year 2007, up from 93.59% at year-end 2006. As space in the Harbison market became tighter, retailers have been forced to become creative in locating along this retail corridor. The Kohl's Department store, which remained under development at mid-year 2007, demonstrates the vibrancy of the market and lack of developable sites in this area. This development was positioned abnormally from other Harbison Boulevard centers, but as this was the last parcel available, developers creatively made this project work.

The Northeast submarket continued to draw attention from retailers along Clemson and Killian Roads, but occupancies in the submarket suffered due to older retail developments in less desirable areas remaining vacant. Overall market occupancies posted at 85.57% as of mid-year 2007. Although this appears low, rental rates continued to climb due to new developments coming online. The average for small shop space increased from \$17.76 per square foot at year-end 2006 to \$21.14 per square foot at mid-year 2007.

As residential growth continued to move eastward on Garners Ferry Road during the first part of 2007, plans for redevelopment projects in the Southeast submarket began to surface. The new owners of East Point Plaza have reported strong interest from national big-box retailers. Just as the Target at The Shoppes at Woodhill fueled the redevelopment of this center, we will likely see new big-box tenants spurring growth towards the end of 2007 and into 2008.

In the Lexington area, the retail corridor along Highway 378 continued to move eastward with the addition of The Lexington Pavilion. This trend will likely continue and could possibly stretch onto arterial roads as more and more housing developments are planned for this former rural area. In the Redbank area, retail traffic will likely increase as the Wal-Mart Supercenter comes online causing smaller shadow centers to grow around this development.

The Downtown and Forest Acres markets remained strong as of mid-year 2007, with infill developments being the primary retail focus. Smaller retail centers will likely continue along Forest Drive as limited land is available for redevelopment. In the Vista, Starbucks and Ruth's Chris Steakhouse will serve as a catalyst, and we will likely see more local and national retailers looking for space.

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