



COLUMBIA, SOUTH CAROLINA RESEARCH & FORECAST REPORT



Healthy & Active Retail Market

KEY TAKEAWAYS

- > Retail activity was up during the first quarter of 2014 which ended with a high occupancy rate of 91.7%.
- > Shopping centers sold during the early months of 2014.
- > Grocery wars continue.
- > Gyms and athletic clubs are increasing their presence in the Columbia market.

MARKET INDICATORS

	Q1 2014	Forecast
VACANCY	↓	↓
NET ABSORPTION	↑	↑
RENTAL RATES	↑	↑
CONSTRUCTION	↑	↑

CURRENT CONDITIONS

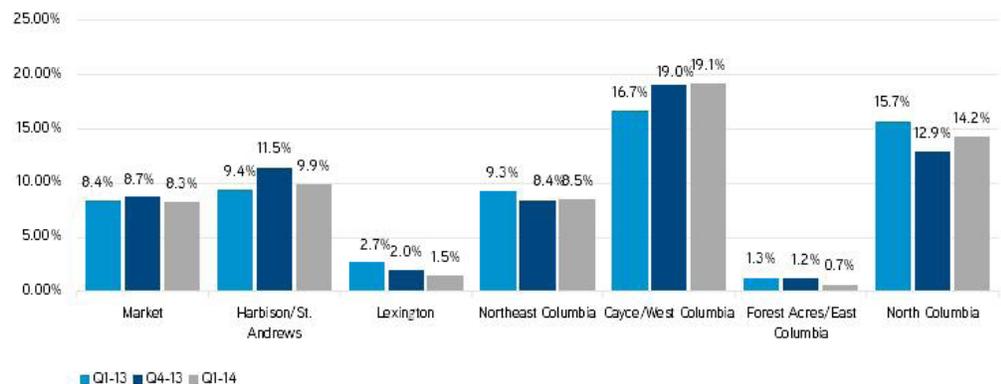
The market experienced increased leasing activity during the first quarter of 2014 which ended with a low vacancy rate of 8.28%, down 44 basis points over year-end 2013. The lowest vacancy rates in the market are in Forest Acres, Lexington and Downtown submarkets which had vacancy rates of 0.66%, 1.49% and 2.63%, respectively. The Harbison/St. Andrews submarket showed the greatest improvements during the quarter dropping 161 basis points to a vacancy rate of 9.85%.

Overall average asking rental rates are up for Junior Anchor and Shop space which were \$8.17 and \$14.43, respectively, at the end of the quarter. Anchor average asking rental rates were down slightly to \$7.25. Downtown and Northeast Columbia submarkets held the highest average asking rates for shop space at \$21.40 and \$17.94, respectively.

QUICK UPDATES

- > VACANCY RATE CONTINUES TO DECLINE
- > SHOPPING CENTER SALES ON THE RISE
- > NEW RETAILERS CONTINUE TO ENTER THE MARKET
- > GYMS AND FITNESS CENTERS EXPANDING PRESENCE
- > GROCER CHANGES
- > POSITIVE OUTLOOK FOR THE FUTURE

VACANCY RATE TRENDS



					Anchor Space		Junior Anchor Space		Shop Space	
	Building Count	Market Size	Vacancy Rate	Pass Throughs	Available	Asking Rent	Available	Asking Rent	Available	Asking Rent
Cayce/West Columbia	15	1,208,665	19.14%	\$2.03	86,109	\$6.47	43,389	\$7.18	10,897	\$12.10
Downtown Columbia	5	304,475	2.63%	\$7.44	-	-	-	-	8,000	\$21.40
Forest Acres/East Columbia	3	775,469	0.66%	-	-	-	-	-	5,100	\$16.00
Harbison/St. Andrews	33	3,441,558	9.85%	\$4.30	95,098	\$8.82	59,460	\$8.98	184,353	\$12.56
Lexington	14	1,569,510	1.49%	\$2.85	-	-	-	-	23,362	\$14.85
North Columbia	6	389,774	14.24%	-	36,000	\$8.00	-	-	19,508	\$10.29
Northeast Columbia	23	3,867,113	8.52%	\$5.62	115,255	\$6.03	27,074	\$7.30	187,175	\$17.94
Southeast Columbia	8	1,011,605	4.87%	\$2.14	-	-	15,000	\$10.00	34,313	\$11.96
Market	107	12,568,169	8.28%	\$4.20	332,462	\$7.25	144,923	\$8.17	563,708	\$14.43

SALES TRANSACTIONS

Shopping center sales were up during the beginning of 2014 as investors took advantage of low interest rates.

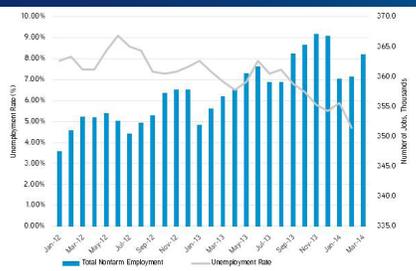
- > The Crossings Shopping Center, former Food Lion, at 2110 Clemson Road was sold for \$3,175,000. The 41,232 square foot shopping center is located in the Northeast Columbia submarket.
- > Westland Square, a 62,735 square foot shopping center in the Cayce/West Columbia submarket, was acquired for \$3.8 million. Virginia-based Wheeler Real Estate Investment Trust purchased the center as part of a \$15.8 million transaction involving 5 retail centers in South Carolina totaling 261,869 square feet.
- > A 13,500 square foot retail strip center along Bush River Road was sold for \$725,000. The fully leased center is home to tenants Sprint and Blimpie. The new owner plans to occupy space in the center and open a Nutrition Warehouse Store.

RECENT ANNOUNCEMENTS

- > Nordstrom Rack is entering the Columbia market and opening its second South Carolina store. The retailer will backfill 34,000 square feet of space recently vacated by Barnes and Noble at Harbison Court along the Harbison Boulevard retail corridor. Harbison Court is home to cotenants Ross Dress for Less, Pier 1 Imports, Golfsmith and Anna's Linens. The Columbia location and recently announced Greenville store are set to open in the fall of 2014.
- > Destination XL opened its first Columbia location at 1005 Bower Parkway. The clothing store, which caters to the fashion needs of men who wear extra large or larger, is also located in North Charleston.

- > Tampa-based Grow Financial recently purchased two outparcels at Hendrix Crossing located in Lexington on US 378, a Publix anchored development by Edens. The federal credit union paid \$1.1 million for the land and plans to build its second Columbia branch. The new branch and existing Village at Sandhill branch are the credit union's first two branches to locate outside of Florida.
- > Palmetto Moon plans to enter the Columbia market this summer with a 4,300 square foot store at the Village at Sandhill in Northeast Columbia. The Charleston based retail chain specializes in South Carolina lifestyle and collegiate gifts
- > Jewelry Warehouse closed its doors at Sparkleberry Square in Northeast Columbia.
- > Gyms and fitness studios are expanding their presence through Columbia to cater the growing demand for healthier and more active lives.
 - > Jamie Scott Fitness is introducing its SWEAT fitness concept, an innovative cycling studio, to downtown Columbia. The 1,928 square foot studio will be open late Spring 2014 and locate at 1125 Lady Street in The Palms mixed-use redevelopment owned by Ben Arnold.
 - > Planet Fitness opened its third Columbia location in Northeast Columbia. The 22,722 square foot gym is located at the intersection of Two Notch and Polo Roads and occupies former grocery space which has been vacant for years. The gym is also located in Dutch Square Mall and East Point Plaza.
 - > Bikram Yoga opened its Harbison location at Columbiana Station on Bower Parkway. This studio is also located along Forest Drive.

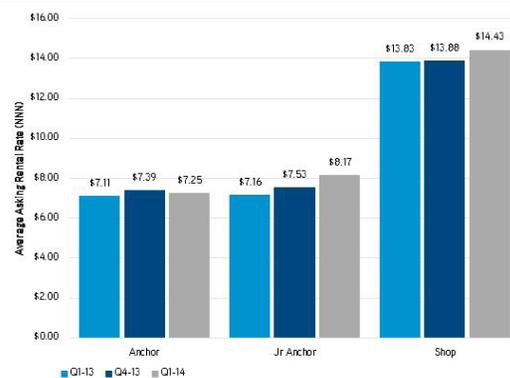
ECONOMIC UPDATE | COLUMBIA, SC



The unemployment rate was down to 4.7% in February 2014 from 5.9% in January 2014 and 7.2% in February 2013. This is below the state and national unemployment rates of 5.7% and 6.7%, respectively. Greenville, SC and Charleston, SC had unemployment rates of 4.3% and 4.5%, respectively.

Total nonfarm jobs in South Carolina were up to 1,922,600 jobs in March 2014, a 2.0% increase over the previous year. 363,700 jobs were reported in March in Columbia, a 1.4% increase over March 2013. Greenville reported 317,800 jobs, a 2.8% increase over March 2013, and Charleston reported 310,600 jobs in March 2014, a 1.1% increase over 2013.

RENTAL RATE TRENDS



- > PureBarr opened second location on February 7th in Columbiana Station on Bower Parkway.

GROCERY-WAR UPDATE

Grocer acquisitions, store closings and a new grocery store are shaping Columbia’s supermarkets.

- > KJ’s Market, an IGA brand grocer, opened its doors to customers at 543 St. Andrews Road, former home of Food Lion which closed last year. The grocer offers more service and variety than the traditional IGA store. The approximately 40,000 square foot grocery store offers organic produce, a floral department, a new line of deli meats and a service desk.
- > Bi-Lo Holdings is closing Reids in Cayce. The Cayce location is one of four Reids and Bi-Lo locations throughout South Carolina planned to close. Bi-Lo, which recently acquired Delhaize America consisting of Sweetbay, Harveys and Reids supermarket chains, decided to close the stores due to their close proximity to other Bi-Lo stores.

- > Piggly Wiggly in Northeast Columbia is closing, further decreasing the grocers presence in Columbia. Last year, Piggly Wiggly closed its doors at its Forest Drive and Lexington stores which were reopened at Bi-Lo. The grocer sold 22 stores to Bi-Lo and 7 to Harris Teeter.

- > Kroger may be coming to downtown Columbia. Atlanta-based Bright-Meyers plans to redevelop the Capital City Stadium on Assembly Street and recruit Kroger as its anchor grocery tenant. Work on the project is anticipated to begin in early spring of 2015.

IN THE MONTHS AHEAD

Higher occupancy and rental rates are likely for 2014. Redevelopments will become increasingly popular as quality available retail space diminishes in the market. New retailers are anticipated to enter the market and existing ones are likely to expand their presence in the market thriving off the growth of the University of South Carolina and the city of Columbia.

AROUND THE STATE

Outdoor retailers are growing their footprint in the Southeast with new stores throughout South Carolina. Major retailers of outdoor gear and equipment, Cabela’s and Bass Pro Shops are expanding their presence in the market.

Cabela’s opened its door at its new Greenville store early in April 2014. The 100,000 square foot store is expected to be a main attraction at Magnolia Park, site of the former Greenville Mall, and employ approximately 235 full time, part time and seasonal employees. Cabela’s, which was designed with museum quality wildlife displays, includes a gun library, indoor archery range and fudge shop. The location is the first Cabela’s in South Carolina. A second South Carolina store is anticipated to open in Fort Mill in 2015.

Bass Pro Shops, already located in Myrtle Beach, South Carolina, is coming to North Charleston and Spartanburg County. Both the North Charleston and Spartanburg County locations will feature Uncle Buck’s Fishbowl and Grill, a nautical-themed center located within the store offering family dining and entertainment. The Bass Pro Shops are known for attracting tourists and providing retail with entertainment and conservation and outdoor education. The stores will be primary anchors for new mixed-use developments and will attract consumers from surrounding markets.

- > The North Charleston location will be between 130,000 to 150,000 square feet and will be located at the intersection of Interstate 26 and Northside Drive. The store will be the primary anchor for a 2-million square foot mixed-use development known as Ingleside Plantation North. The store is anticipated to open in 2015.
- > The Spartanburg County store will be the company’s third South Carolina location and is to be located between Greenville and Spartanburg on Interstate 85 at Highway 101. The store will be over 120,000 square feet and be the primary anchor for a 75-acre mixed-use development to include retail, hotels, and restaurants.



Cabela’s, Greenville, South Carolina



Bass Pro Shops Outdoor World

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www.colliers.com/greenville/insights and www.colliers.com/charleston/insights

**485 offices in
63 countries on
6 continents**

- \$2.1 billion in annual revenue
- 1.46 billion square feet under management
- Over 15,800 professionals
- 80,000 Lease/Sale Transactions
- \$75 Billion Total Transaction Value

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Sources: Bureau of Labor Statistics, Colliers International Research, CoStar Group

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