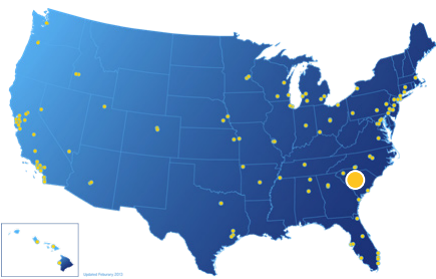




GREENVILLE, SOUTH CAROLINA

RESEARCH & FORECAST REPORT



Welcoming New Retailers

KEY TAKEAWAYS

- > The overall vacancy rate in Greenville, SC increased slightly to 10.79% at the end of the third quarter of 2013.
- > DSW Shoe Warehouse, Brooks Brothers and other retailers enter the market.
- > Magnolia Park continues to attract new retailers. The redevelopment is anticipated to complete in 2014.
- > Grocer acquisitions announced throughout South Carolina.

MARKET INDICATORS

	Q3 2013	Forecast
VACANCY	↑	↓
NET ABSORPTION	↓	↑
RENTAL RATES	↑	↑
CONSTRUCTION	↑	↑

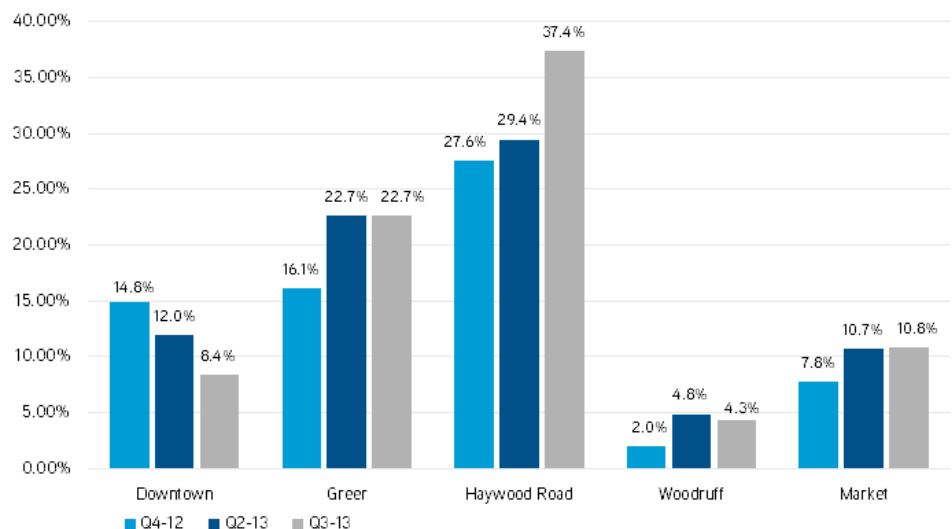
CURRENT CONDITIONS

The overall vacancy rate for the Greenville, SC retail market increased slightly to 10.79% during the third quarter of 2013, just 8 basis points higher than the second quarter. Retailer relocations from Haywood Road to Woodruff Road left the Haywood Road retail corridor with a 37.4% vacancy rate, the highest in the market. Babies R Us is one of such retailers which moved from Haywood Road to Magnolia Park on Woodruff Road. Average asking rental rates were \$6.73, \$8.80 and \$13.40 for anchor, junior anchor and shop space, respectively.

QUICK UPDATES

- > NEW RETAILERS ENTERING THE MARKET
- > MAGNOLIA PARK ATTRACTS MORE TENANTS
- > ACTIVITY INCREASES IN DOWNTOWN GREENVILLE
- > HAYWOOD RETAIL CORRIDOR SUFFERING FROM RETAILER RELOCATIONS

VACANCY RATE TRENDS



				Anchor Space		Junior Anchor Space		Shop Space	
	Building Count	Market Size	Vacancy Rate	Available	Asking Rent	Available	Asking Rent	Available	Asking Rent
Cherrydale	4	471,901	9.29%	-	-	-	-	43,856	\$13.82
Downtown	1	80,614	8.38%	-	-	-	-	6,757	\$19.00
East Side	18	1,687,716	22.37%	259,756	-	36,289	\$9.61	81,490	\$13.15
Greer	2	193,932	22.65%	-	-	10,540	\$8.00	33,382	\$9.14
Haywood Road	4	510,872	37.40%	146,534	\$6.73	-	-	44,517	\$14.58
Laurens Road	5	801,161	5.12%	-	-	15,500	\$8.00	25,559	\$17.37
Mauldin	5	630,943	2.90%	-	-	-	-	18,284	\$13.00
Simpsonville	9	889,514	4.07%	-	-	-	-	36,225	\$14.26
South	4	252,964	10.00%	-	-	-	-	25,299	\$9.31
West	6	721,279	3.72%	-	-	-	-	26,800	\$11.69
Woodruff	12	2,100,945	4.26%	22,000	-	12,000	-	55,468	\$16.48
Market	70	8,341,841	10.79%	428,320	\$6.73	74,329	\$8.80	397,637	\$13.40

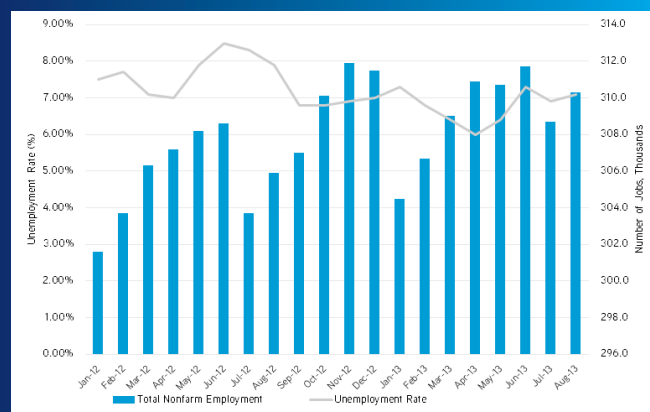
RECENT ANNOUNCEMENTS

- > DSW Shoe Warehouse announced plans to open its first Greenville location in Crosspointe Plaza at 822 Woods Crossing.
- > Wal-Mart Neighborhood Market is to open during the fourth quarter and will be the second location in South Carolina. The store, located at 2014 Wade Hampton Boulevard, will open 24 hours and sell groceries and general merchandise such as fresh produce, deli products, paper goods, pet products, hardware and contain a pharmacy.
- > Brooks Brothers opened at ONE Greenville joining Anthropologie and Tupelo Honey Café which opened earlier during the year in the new mixed-use building.
- > Aloft Hotel is planned for downtown Greenville and is anticipated to open in 2015. The new seven-story hotel is to sit above a city parking garage and contain retail shops and restaurants.
- > A new shopping center is to break ground in Greenwood during the fourth quarter of 2013. The 71,000 square foot center will be home to anchor tenant Publix which will occupy 49,000 square feet and open in the spring of 2014.
- > A new 12,000 square foot retail strip center, Suber Commons, is being developed at Wade Hampton Boulevard and North Suber Road in Greer. The center has leased to tenants Doctors Express, Heartland Dental and IHOP.
- > The Oil & Vinegar franchise, a Netherlands-based retailer of international food and cooking products, is opening a store at NOMA Square during the fourth quarter of 2013.
- > Magnolia Park has announced the commitment of a mix of retailers including Cabela's, Dave & Busters, Toby Keith's I Love This Bar, Babaziki Mediterranean Grill and Beef Jerky Outlet. Retailers already open at the mixed-use lifestyle center include Costco, Regal Cinemas, Rooms to Go, Toys R Us, Babies R Us, Cheddar's, Select Comfort, South Carolina BLUE Retail Center, Jared Jewelers, Firebirds Wood Fired Grill and Bad Daddy's Burger Bar.



Planned Aloft Hotel, Downtown Greenville

ECONOMIC UPDATE



Despite a slight increase in August unemployment rate to 7.1% from 6.9% in July 2013, the Greenville unemployment rate remained below the South Carolina and national levels of 8.1% and 7.3%, respectively. The unemployment rates for Charleston and Columbia were 6.9% and 7.5%, respectively, in August 2013. Total nonfarm jobs in the Greenville-Mauldin-Easley MSA were up to 310,300 jobs in August 2013, a 1.4% increase over August 2012.

IN THE MONTHS AHEAD

The vacancy rate is anticipated to decrease throughout the Greenville retail market as the area continues to attract new retailers. Average asking rental rates will increase as availability declines. Magnolia Park will complete within the next year and will draw further retail growth to nearby submarkets.

AROUND THE STATE

Grocery stores were no strangers to the headlines during the third quarter with multiple announcements of acquisitions, construction and closures.

- › Piggly Wiggly is feeling the competitive pressure among grocers and announced plans to sell 29 of its stores and close two locations. The grocer will be selling 22 stores to Bi-Lo and 7 stores to Harris Teeter throughout South Carolina and Georgia. Additionally, two Piggly Wiggly store closures are planned for Charleston.
- › Kroger acquired Harris Teeter in a transaction valued at \$2.5 billion. The 212 acquired stores will operate as a subsidiary of The Kroger Co. Together, the companies will operate 2,631 supermarkets across 34 states and Washington, D.C.
- › Publix is expanding its footprint in the Carolinas.

 - › Publix is expanding its presence in South Carolina with plans to enter the Myrtle Beach and Pawleys Island markets. Publix leased a 49,000 square foot space at Coastal North Town Center in North Myrtle Beach to open in late 2014 and a 45,000 square foot space at Pawleys Island Plaza at Highway 17 and Petigru Drive to open early 2015 as part of the center's redevelopment.
 - › Publix purchased seven Charlotte area Bi-Lo stores. The acquired locations are in Matthews, Lake Wylie, Huntersville and Rock Hill. Just a year ago, Publix had no stores in Charlotte but upon completion of the transaction, Publix will have 13 stores under development or open in the area.
 - › The grocer announced plans to enter two new North Carolina markets, Asheville and Cary. The 49,000 square foot Asheville store, located in Buncombe County at Hendersonville and Overlook, will include a drive-thru pharmacy and is to open in 2015. The 49,000 square foot Cary location anticipated to open in late 2014 is planned for Wake County at High House and Davis.
- › Whole Foods is growing its market share in Charlotte by signing a lease for its second location planned for Lake Norman. Last year, the grocer opened its first Charlotte location in the SouthPark area. Currently Whole Foods has one location in Greenville at 1140 Woodruff Road.

Increased acquisitions are driven by grocers wanting to increase their market share in the most efficient way. By acquiring a competitor, the grocer gains a new location and has one less competitor in the market. Additionally, the time required to build a new store is much longer than the time needed to renovate an existing store therefore making it more feasible to buy out a competitor.



These two Piggly Wiggly grocery stores, located at 4711 Forest Drive (left) and 4360 Augusta Road (right) in Columbia, SC, will be converted into Bi-Lo grocery stores.

482 offices in 62 countries on 6 continents

- \$2 billion in annual revenue
- 1.12 billion square feet under management
- Over 13,500 professionals
- 78,000 Lease/Sale Transactions
- \$71 Billion Total Transaction Value

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

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