



Colliers Keenan 2006 Year-End Retail Market Columbia, South Carolina



February 2007

Market Overview

The retail market in Columbia, South Carolina continued to perform well over the course of 2006. Several announcements were made that will significantly impact the retail market during 2007. Wal-Mart started development work on four new locations which will greatly increase retail traffic on Killian Road, Bush River Road, in the Red Bank area of Lexington and in Batesburg-Leesville. A fifth location has been announced in the Peak area, but remains subject to local approval.

These developments will begin to reshape what is already a very healthy and stable retail market. Total market occupancy finished 2006 at 90.66%. This is a slight decrease from the 91.01% occupancy posted twelve months earlier at year-end 2005, largely due to new product that is yet to be occupied. Even with a decrease in total occupancy, the retail market absorbed 290,934 square feet in 2006.

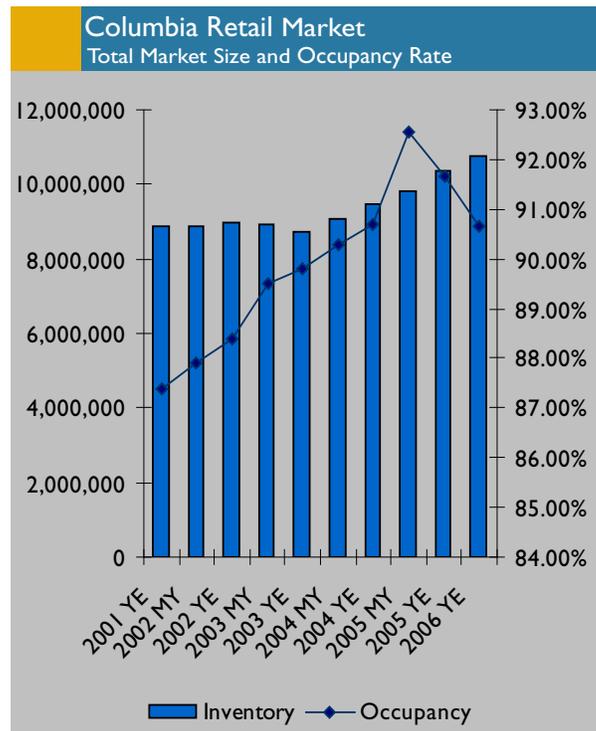
Employment in the retail sector continued to expand over 2006. From December 2005 to December 2006, employment in retail trade increased by 1.20%, wholesale trade increased by 2.50%, and food and beverage stores experienced an increase of 9.10% in total employment.

Forecast

Over the next three to five years, we can expect Columbia's retail nodes to stretch significantly. In Lexington, the market will grow eastward. While topography issues will be the main challenges developers face, commercial activity at the Highway 378/I-20 interchange will add to the momentum caused by the new Target Center.

In the Northeast, a new retail node may develop around the Killian Road/I-77 interchange. While several developments are already on the drawing board for this area, the progression of retailers will likely begin with grocery anchored centers and be followed by big box retailers.

As growth moves out I-26 away from Columbia, the Harbison/St. Andrews area will expand westward. With the supply of developable land along Harbison Boulevard exhausted, retailers will begin to look at nearby interchanges for future developments. Additionally, the new Wal-Mart on Bush River Road will increase retail traffic and should bring new life to older retail centers



in the area.

Northeast

The rapidly expanding population in Columbia's Northeast remained strong over the course of 2006. Retail activity continued to migrate towards the Two Notch/Clemson Road Interchange, with the Village at Sandhill serving as the hub for new growth. Rental rates in the Northeast increased from \$13.13 per square foot at year-end 2005 to \$14.12 per square foot at year-end 2006. The year-end 2006 occupancy decreased to 85.85% from 90.79% at year-end 2005, due to new construction at the Village at Sandhill not yet leased.

Lexington

The retail corridor along Highway 378 in Lexington continued to stretch eastward during 2006. The addition of the Target Center and Home Depot increased the vitality of this market, which finished 2006 with a 93.38% occupancy rate. Rental rates remained stable, increasing slightly from \$12.16 per square foot at year-end 2005 to \$12.26 per square foot at year-end 2006.

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	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Average Pass Throughs
Market	10,766,518	9,760,906	872,312	90.66%	\$13.50	\$2.84
Downtown	231,075	227,775	4,900	98.57%	\$14.88	\$2.64
Cayce/West Columbia	1,063,004	952,102	132,102	89.57%	\$10.17	\$1.41
Forest Acres	791,869	784,369	7,829	99.05%	\$15.63	\$2.79
Harbison/St Andrews	2,798,663	2,619,313	180,492	93.59%	\$14.92	\$3.04
Lexington	992,620	926,900	73,422	93.38%	\$12.26	\$2.48
North Columbia	424,514	351,194	117,683	82.73%	\$7.58	\$1.49
Northeast Columbia	3,304,173	2,836,697	253,084	85.85%	\$14.12	\$3.70
Southeast Columbia	1,160,600	1,062,556	102,800	91.55%	\$13.04	\$2.15

Harbison/St. Andrews

The Harbison/St. Andrews submarket posted an occupancy rate of 93.59% at year-end 2006. While the Harbison/St. Andrews area remains Columbia's top retail node, national tenants remain focused on having a Harbison Boulevard address. As such, centers on Harbison Boulevard remained near or at full occupancy during 2006. As a result of high demand rental rates in the Harbison/St. Andrews area increased from \$14.61 per square foot at year-end 2005 to \$14.92 per square foot at year-end 2006.

Forest Acres

The Forest Acres submarket remained almost fully occupied in 2006, posting a year-end occupancy of 99.05%. The area also maintained the highest average rent in Columbia, at \$15.63 per square foot. With little availability of developable land along Forest Drive, we can expect rental rates to stay at a premium, and any new developments to be smaller, infill retail developments. The redevelopment of Richland Mall will also greatly impact the area's retail market.

Southeast

The Southeast submarket along Garners Ferry Road continued to see steady residential development during 2006, which bodes well

for the long-term vitality of this retail corridor. Over the past year, redevelopment efforts began on vacant big boxes in the area, and a new neighborhood center was constructed adjacent to Wal-Mart. The Southeast finished out 2006 with an occupancy of 91.55% at year-end and an average rent of \$13.04 per square foot.

Downtown

Downtown Columbia's hospitality industry expanded significantly during 2006. With the completion of the Lady and Senate Street redevelopment projects, in addition to the announcements of several new hotel developments, we can expect downtown to continue to grow during 2007. While the Downtown retail mix is mostly comprised of restaurant and tourism activity, the addition of Ruth's Chris Steakhouse, Five Guys Famous Burgers & Fries and Starbucks to the Vista may draw the attention of national hard and soft goods retailers.

Survey Methodology

The Colliers Keenan Retail Market Report surveys grocery-anchored and neighborhood power centers 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. Permission is granted to quote from this publication only when Colliers Keenan Inc. is credited as the source. All information herein was compiled utilizing data from sources deemed reliable. It is submitted without warranty. Statistical data was collected as of December 2006.

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