Retail

Colliers Keenan
2004 Year-End Retail Market
Columbia, SC

January 2005

COLUMBIA RETAIL MARKET CONTINUES IMPROVEMENT

- **HARBISON IN-FILL DEVELOPMENT STRONG; LITTLE ROOM REMAINS FOR DEVELOPMENT**
- **Lexington Market Remains One of Strongest in Columbia Area**
- **WOODHILL MALL AND GARNERS FERRY CROSSING ADD 400,000 SF TO SOUTHEAST MARKET**
- **VILLAGE AT SANDHILLS OPENING IN '05**
- **VERY POSITIVE MARKET FORECAST FOR 2005**

Market Overview

The Columbia, South Carolina retail market continued to perform very well in the second half of 2004 with only minor market fluctuations in occupancy rates during the last six months of 2004. Strong national consumer confidence and increasing disposable income continued to propel the retail market. Market occupancy at year-end 2004 for the Columbia metropolitan area was 90.7%, up slightly from the mid-year 2004 level of 90.3%. With continued strong occupancy levels, rental rates improved from the mid-year 2004 average rate of $11.36 per square foot to $12.18 per square foot. This increase can be attributed to a significant increase in rental rates in Southeast Columbia's new Wal-Mart Supercenter development and the new Woodhill Mall. These two projects were responsible for adding about 400,000 square feet of high quality retail space to the Columbia market during the second half of 2004.

MARKET	2004 YEAR-END			
	TOTAL SQ.FT.	OCCU-PANCY	AVG. RENTAL RATE	PASS-THRUS
Harbison / St. Andrews	2,539,172	93.4%	$14.03	$2.63
Lexington	986,215	94.2%	$12.21	$2.50
Cayce / West Columbia	1,058,850	90.7%	$10.05	$1.29
North Columbia	424,514	98.2%	$ 7.27	$1.59
Downtown / Devine Street	256,075	95.4%	$13.88	$2.63
Southeast Columbia	1,236,459	87.1%	$10.98	$1.29
Forest Acres	515,929	95.4%	$15.41	$2.75
Northeast Columbia	2,451,927	83.4%	$11.62	$2.18
TOTAL	**9,469,141**	**90.7%**	**$12.18**	**$2.14**

Columbia's four enclosed regional malls, totaling over 3,500,000 square feet, remained at almost the same levels as mid-year 2004. Occupancy rates were 93.8%, down slightly from 94.5% at mid-year 2004. Average rental rates for the enclosed malls were nearly unchanged from mid-year 2004, at $24.51 per square foot. Average sales per square foot in the enclosed malls remained strong at $287.21 per square foot. The average pro rata pass-through expenses for enclosed malls were relatively unchanged at $11.83 per square foot.

MARKET FORECAST

The market forecast for Columbia's retail market for 2005 is very positive. Of particular interest will be Northeast Columbia's Village at Sandhills, which opens during the first half of 2005. This will be a dynamic boost for Northeast Columbia's retail market. Additional in-fill development will continue to take place as evidenced by the in-fill areas of Harbison along Columbiana Drive and in Lexington along US Hwy 378. Occupancy rates should continue to rise and rental rates are anticipated to increase due largely to increases in land cost, construction costs and rising occupancy levels.

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Market Spotlight

♦ Harbison / St. Andrews

The Harbison / St. Andrews retail market occupancy rates increased slightly from mid-year. Occupancy in this 2.5 million square foot market rose from 93.3% at mid-year 2004 to 93.4% at year-end 2004. Average rental rates for year-end 2004 were $14.03 per square foot. Harbison Boulevard continues to be Columbia's preferred retail location. In-fill development in the Harbison Boulevard area continues to be strong particularly along Columbiana Drive. Harbison is rapidly becoming completely built out with little remaining land for development.

♦ Lexington

The Lexington retail market remains one of the strongest retail markets in the Columbia area. This sub-market experienced an increase in occupancy at year-end 2004 with a rate of 94.2%, up from 92.7% at mid-year 2004. Average rental rates at year-end 2004 were at $12.21 per square foot. Focus continues to be in the area of US Hwy 378 near the intersection of US Hwy 6 although retail projects are expanding east from this intersection along US Hwy 378 as sites become less available.

♦ Cayce / West Columbia

The one million square foot Cayce/West Columbia retail market experienced little change from mid-year 2004, with occupancy rates declining from 90.8% to 90.7% at year-end 2004. Average rental rates for year-end 2004 increased mildly to $10.05 per square foot, from $9.95 per square foot at mid-year.

♦ North Columbia

North Columbia's retail market remained strong in the second half of 2004. Mid-year 2004 occupancy rates were 95.5%, rising to 98.2% at year-end 2004. Average rental rates remained consistent at $7.27 per square foot, the lowest in the Columbia metropolitan area. The City of Columbia will likely be focusing more attention on revitalization in this area which could spur some new isolated development in this market.

♦ Downtown / Devine Street

The Downtown / Devine Street occupancy rates improved to 95.4%, compared to 83.6% at mid-year 2004. The average rental rate was $13.88 per square foot. This increase is due primarily to the redevelopment of Marketplace on Harden shopping center, which has attracted new tenants such as Pet Supplies Plus and Office Depot.

♦ Southeast Columbia

The Southeast Columbia retail market now consists of nearly 1,236,459 square feet of retail space, up 389,046 square feet from mid-year 2004. Occupancy rates have risen to 87.1% at year-end 2004, up from 82.2% at mid-year 2004. The average rental rates in the Southeast retail market have also risen to $10.98 per square foot up from $9.47 per square foot at mid-year 2004. These changes are due to the addition of Garners Ferry Crossing with its new Wal-Mart Supercenter and retail space and Woodhill Mall anchored by Target, Bed Bath and Beyond, and Pier One Imports. Both developments have strong occupancy levels and higher rental rates than those previously achieved in this sub-market.

♦ Forest Acres

The Forest Acres retail market remains one of Columbia's tightest sub-markets with occupancy declining slightly to 95.4% from 97.6% at mid-year 2004. Average rental rates are $15.41 per square foot; the highest average rate in the Columbia area. Several new retailers have entered the market in 2004 to include Hobby Lobby, AJ Wright and Payless Shoes.

♦ Northeast Columbia

The Northeast Columbia market, with over 2.4 million square feet, is the second largest retail market in the Columbia area. Occupancies in this market have fallen slightly in the second half of 2004 to 85.4%, down from 86.4% at mid-year 2004. The average rental rate was $11.62. The 300 acre Village at Sandhills mixed use development at Clemson Road and Two Notch Road will officially open in 2005. This lifestyle center will add many quality retailers to this sub-market during 2005.

Survey Methodology

♦ The Colliers Keenan 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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