



# Colliers Keenan 2005 Mid-Year Retail Market Columbia, SC



July 2005

## Retail Market Overview

The retail market in Columbia, South Carolina continued to expand over the first half of 2005. With the first phase of the Village at Sandhill coming online and the expansion of East Forest Plaza Shopping Center, the retail market increased by over 400,000 square feet. Not only did this robust market absorb virtually all new construction, but it also absorbed 95,000 square feet of vacant space for a total absorption of nearly 500,000 square feet. The total occupancy of the Columbia retail market at mid-year 2005 was 92.55%.

As demand for retail space increased over the first six months of 2005, so did rental rates, climbing to an average of \$12.39 per square foot. This was up from \$12.14 per square foot at year-end 2004.

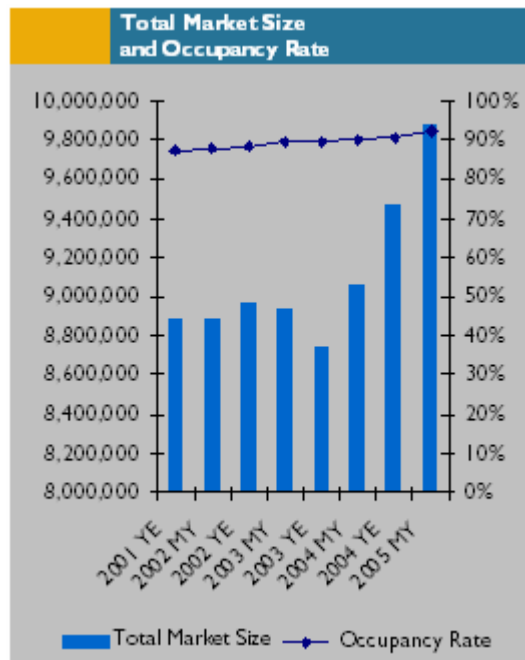
The retail market is just over 9.8 million square feet, with an additional 400,000 square feet under construction in the second phase of the Village at Sandhill. This lifestyle center is the first of its kind in the Columbia market and is quickly drawing national brands into Northeast Columbia. Scheduled to open in fall 2005, the second phase includes one of the first freestanding JC Penney stores in the country.

Also drawing attention is Columbia's Central Business District. The recent completion of the Publix Grocery Store in the State Dispensary Building and its overwhelming success is bringing new light to retail within the urban core. Also, the redevelopment of the Market Place Shopping Center on Harden Street, with a current occupancy rate of 100%, and the addition of Office Depot is giving rise to an ongoing rejuvenation of retail in Five Points and along Devine Street.

Columbia's four enclosed malls remained strong over the first half of 2005, with occupancy rates and rental rates improving slightly. Occupancy rates at mid-year 2005 increased to 94.27% from 93.80% at year-end 2004. Rental rates increased from \$24.51 to \$28.28 per square foot at mid-year 2005.

## Forecast

The forecast for the remainder of 2005 and into 2006 is for increased demand and steady absorption across the market. As the population expands in Northeast Columbia and the Village at Sandhill approaches completion, we expect this submarket to maintain its strong growth trends. With development along Harbison Boulevard nearing capacity, we anticipate that the Northeast and Lexington markets will continue to develop as prime retail sub-markets. The Columbia consumer continues to be value oriented, as evidenced by the recent openings of AJ Wright, Hobby Lobby, Rugged Warehouse and the planned opening of value retailers such as JC Penney and HH Gregg. Due to both increased demand for retail space and increased cost for land and construction, we project that rental rates will continue to rise over the remainder of 2005.



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	Gross Square Feet	Leased Square Feet	Occupancy	Vacant Square Feet	Average Rent	Pass Throughs
Cayce/W. Columbia	1,058,850	943,623	89.12%	115,227	\$9.89	\$1.30
Downtown	231,075	227,375	98.40%	3,700	\$13.90	\$2.64
Forest Acres	650,929	635,300	97.60%	15,629	\$15.83	\$2.78
Harbison	2,539,172	2,364,294	93.11%	174,878	\$14.35	\$2.73
Lexington	986,215	901,577	91.05%	88,219	\$12.04	\$2.40
North Columbia	424,514	413,672	97.45%	10,842	\$7.26	\$1.59
Northeast Columbia	2,696,637	2,475,233	91.79%	221,404	\$11.93	\$2.07
Southeast Columbia	1,236,459	1,130,537	91.43%	105,922	\$11.29	\$2.18
<b>Total Market</b>	<b>9,823,851</b>	<b>9,091,611</b>	<b>92.55%</b>	<b>735,821</b>	<b>\$12.39</b>	<b>\$2.24</b>
Malls	3,539,699	3,337,035	94.27%	202,664	\$28.28	\$13.75

## Northeast

With the completion of the first phase of the Village at Sandhill, Northeast Columbia is now the largest retail market in the Columbia area, with almost 2.7 million square feet of retail space. This area had over 380,000 square feet of positive absorption in the first half of 2005, pushing occupancy rates up from 85.4% at year-end 2004 to 91.79%. Rental rates increased to an average of \$11.93 per square foot at mid-year 2005, up from \$11.62 per square foot at year-end 2004.

## Harbison/St. Andrews

Although the Harbison/St. Andrews market is now the second largest retail market in Columbia, the retail space along Harbison Boulevard remained Columbia's premier retail address. Occupancy rates were 93.11% and rental rates averaged \$14.35 per square foot, up from \$14.03 per square foot at year-end 2004.

## Southeast Columbia

The Southeast market, along Garners Ferry Road, consists of just over 1.2 million square feet of retail space. The market absorbed 53,000 square feet in the first half of 2005. Rental rates increased by \$0.31 to \$11.29 per square foot.

## Cayce/West Columbia

The retail market in Cayce/West Columbia experienced a minor downturn over the first half of 2005. Occupancy fell slightly from 90.8% at year-end 2004 to 89.12% at mid-year 2005. Rental rates in the market dipped to \$9.89 per square foot.

## Lexington

The retail market in the Lexington area also experienced a slight downturn, with negative absorption of 19,000 square feet. Asking rents in this market decreased from \$12.21 per square foot at year-end 2004 to \$12.04 per square foot at mid-year 2005. The US 378 corridor, which saw expansive growth during 2004, is still prime for retail development.

## Forest Acres

The Forest Acres market saw a 135,000 square foot increase with the expansion of East Forest Plaza Shopping Center, bringing the total market size to 650,000 square feet. Even with the addition of this space, occupancy rates remained strong at 97.60%. The Forest Acres market experienced the highest rental rates in Columbia, averaging \$15.83 per square foot.

## North Columbia

The North Columbia market remained strong over the first half of 2005, with occupancy rates at 97.45%. Average rental rates remained consistent at \$7.26 per square foot. The City of Columbia currently has plans to begin a \$21 million streetscaping/beautification plan for North Columbia in late 2005. This may bring renewed interest to this area and spur new retail development.

## Downtown

The retail market in the downtown Columbia area exhibited the highest occupancy rate at 98.40%. Columbia's commitment to streetscaping and beautification along Lady Street, Main Street, Devine Street and Five Points should continue to improve retailing in each of these downtown areas.

### 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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