



Colliers Keenan 2005 Year-End Retail Market Columbia, SC

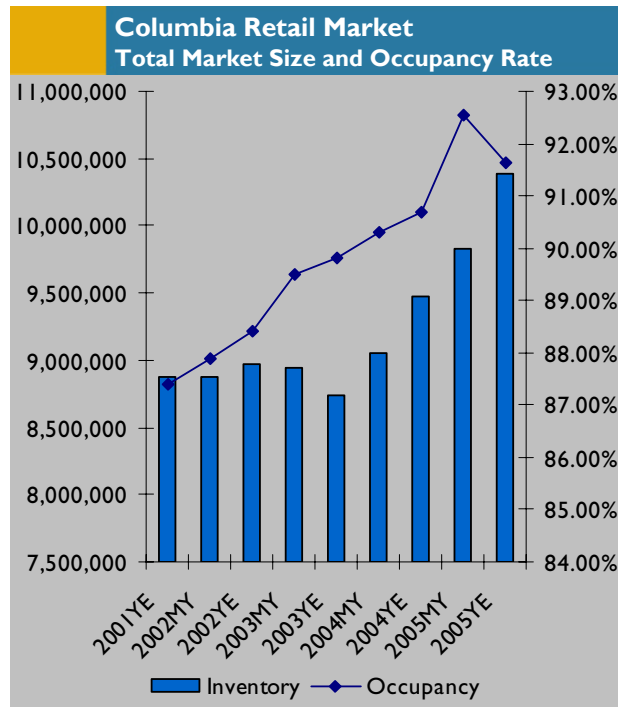


January 2006

Retail Market Overview

The retail market in Columbia, South Carolina surpassed the 10 million square foot mark in 2005 with the expansion of the Village at Sandhill in Northeast Columbia. The market absorbed 116,200 square feet over the second half of 2005, bringing annual absorption to 616,000 square feet. The year-end occupancy fell slightly to 91.65% due to remaining vacancies in new construction and vacant big boxes in weaker submarkets.

Newly constructed space is commanding a premium rental rate due to increased construction and landlord costs. This, coupled with low availability in prime retail areas, has pushed the average quoted rental rates up to \$12.86 per square foot. This is an increase from \$12.39 per square foot at mid-year 2005 and \$12.14 per square foot at year-end 2004. As utility costs continue to rise, landlord's allowable pass throughs have increased from \$2.24 per square foot at mid-year to \$2.61 per square foot at year-end.



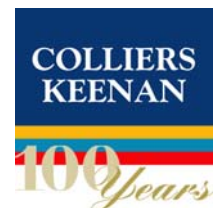
Forecast

Columbia's retail economy continued to perform well over 2005, but rising energy costs and increased interest rates on credit cards may quell consumer spending in 2006. Gas prices may reduce extra shopping trips and a value-conscious consumer will be more inclined to shop at discount stores. Any new retail developments are expected to follow population growth, with both the Northeast and Southeast submarkets drawing the most attention. As Columbia's consumer remains value oriented, national discount stores such as Wal-Mart and Target will possibly expand their presence. Wal-Mart recently announced a new location on Bush River Road and will likely follow the growing population of Northeast Columbia in 2006.

Malls

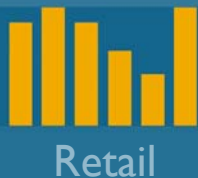
Columbia's enclosed malls experienced some transformations over the second half of 2005. The JC Penny at Columbia Place relocated to the Village at Sandhill, leaving a large anchor space vacant. The Parisian at Columbiana Centre announced that it will be consolidating to its other Columbia location at Richland Mall, and that JC Penny will assume the lease for this 95,000 square foot space. Richland Mall has also been slated for a redevelopment that will include a mix of upscale retail, office and residential space. Dutch Square Mall, which in the past has had large amounts of vacant space, experienced positive absorption and now stands at 96.83% occupied. The four enclosed malls experienced a decrease in occupancy during the last half of 2005, with the overall occupancy rate falling from 94.27% at mid-year to 91.97% at year-end. Average sales per square foot for Columbia's malls increased significantly over the past twelve months, rising to \$328 in 2005 from \$287 in 2004. This increase is largely skewed by Columbiana Centre, which experienced average sales per square foot of over \$400 in 2005.

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	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Average Pass Throughs
Cayce/West Columbia	1,058,850	926,748	132,102	87.52%	\$9.89	\$1.48
Downtown	231,075	226,175	4,900	97.88%	\$13.90	\$2.70
Forest Acres	791,869	785,640	6,229	99.21%	\$15.63	\$2.81
Harbison/St. Andrews	2,861,413	2,683,328	179,142	93.78%	\$14.61	\$3.03
Lexington	986,215	913,993	72,222	92.68%	\$12.16	\$2.45
North Columbia	424,514	310,831	113,683	73.22%	\$7.31	\$1.74
Northeast Columbia	2,747,118	2,494,034	253,084	90.79%	\$13.13	\$2.97
Southeast Columbia	1,285,605	1,178,483	105,822	91.67%	\$11.50	\$2.36
Market	10,386,659	9,519,232	867,184	91.65%	\$12.86	\$2.61
Malls	3,539,699	3,255,699	284,000	91.97%	26.44	\$14.54

Harbison/St. Andrews

Retail space along Harbison Boulevard remains the premier space in Columbia. The opening of Ashley Home Furniture at the west end of Harbison Boulevard has stretched the corridor slightly. While there are a few sites on Harbison Boulevard that remain undeveloped, the demand for this premier space is high and we expect full build out along Harbison in the near future. Occupancy in this submarket remains high at 93.78% and quoted rents are \$14.61 per square foot.

Northeast Columbia

The Village at Sandhill continues to gain traction with a number of new retailers opening in the second half of 2005. Several national chains, such as Sharper Image and Jos. A. Bank, which are new to the Columbia market, have opened hoping to take advantage of this quickly expanding population. The Two Notch and Clemson Road corridors continue to be thriving retail hubs as the Northeast submarket remains strong across the board, with overall occupancies at 90.79% and quoted rental rates averaging at \$13.13 per square foot.

Southeast Columbia

The Southeast submarket is on everyone's watch list. With more residential development taking place along Garners Ferry Road, anticipated retail growth continues to loom on the horizon. Occupancy rates are strong at 91.67%, up substantially from 87.1% at year-end 2004. Rental rates also increased over the past 12 months, from \$10.98 per square foot at year-end 2004 to \$11.50 per square foot at year-end 2005.

Cayce/West Columbia

Retail activity in the Cayce/West Columbia submarket is largely unchanged, other than the conversion of the Winn Dixie in Parkland Plaza to Bi-Lo. Occupancies decreased slightly from 89.12% at mid-year to 87.52% at year-end and average quoted rents remained unchanged at \$9.89 per square foot.

Lexington

The Lexington submarket continues to be a hot spot for retail development. Occupancies currently stand at 92.68% with an average quoted rent of \$12.16 per square foot. As this suburban submarket continues to expand, retail development will follow. On the horizon is a Target-anchored retail center on Highway 378 that will likely house additional national chains. This center is expected to open in mid-2007.

Forest Acres

Forest Acres remains Columbia's tightest submarket. The high occupancy can be attributed to a strong residential base, coupled with almost no available land for development. Forest Acres' occupancy rate is currently at 99.21% with only 6,000 square feet available for lease. With such high demand, this submarket has the highest quoted rents in Columbia, averaging \$15.63 per square foot.

North Columbia

The North Columbia submarket consists largely of third generation space, causing many retailers to migrate to newer centers in Forest Acres and the Harbison/St. Andrews area. Several vacancies at Edens Plaza on Beltline

and the closing of grocery anchors in other centers have decreased occupancy in this submarket to 73.22%. Average quoted rents in North Columbia are the lowest in the Columbia area, currently averaging \$7.31 per square foot.

Downtown

Retail development in Columbia's CBD continues to expand as the area experiences ever increasing redevelopment activity. The CBD grocery-anchored shopping centers are currently at 97.88% occupancy. A newly renovated Food Lion-anchored shopping center in Five Points brings a good mix of basic products and services to the eclectic mix of specialty shops and will prove to be a good traffic generator after the Harden Street streetscaping is complete. Average quoted rental rates in the CBD are currently at \$13.90 per square foot.

Survey Methodology

The Colliers Keenan Retail Market Report 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.

For further information on the Columbia, SC Retail Market
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