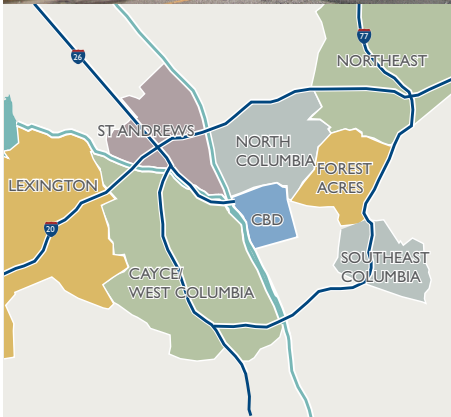




Year-End Retail Market

Q4 | 2007



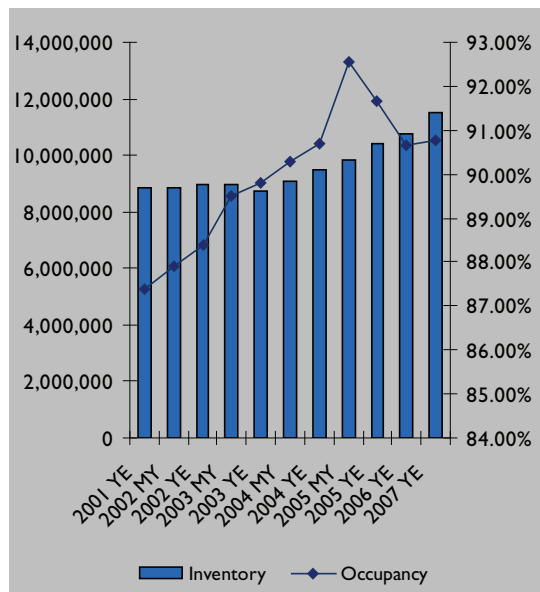
MARKET INDICATORS

	Q3	Q4
OCCUPANCY	↑	↑
ABSORPTION	↑	↑
RENTAL RATE	↑	↑
CONSTRUCTION	↑	↑

QUICK UPDATES

- BEDROOM COMMUNITIES OF LEXINGTON AND NORTHEAST COLUMBIA CONTINUE TO DRIVE GROWTH
- HARBISON CORRIDOR EXPERIENCES SCARCITY OF DEVELOPABLE LAND
- MARKET OCCUPANCY AT A HISTORIC HIGH
- RETAIL MARKET WILL REMAIN STABLE THROUGH 2008

The Columbia, South Carolina, retail market experienced robust growth during 2007, with the market expanding by 723,615 square feet. The majority of growth occurred in the Northeast and Lexington markets, as the Wal-Mart in Redbank came online and the Village at Sandhill on Clemson Road continued its expansion. This growth can largely be attributed to the health and vibrancy of the Columbia market. Employment growth in the region increased by 5,700 jobs over the course of 2007, with 2,300 of those jobs being within the retail sector.



Even with the significant amount of new space developed in 2007, market occupancy remained almost unchanged, increasing slightly from 90.66% at year-end 2006 to 90.78% at year-end 2007. Historically speaking, the market occupancy for the Columbia retail market has hovered in the range of 10% to 12%. This demonstrates both the stability of the market and the fact that the majority of new space developed is either pre-leased or build-to-suit, rather than speculatively developed space.

Suburban Markets

The Lexington market experienced the most retail growth with over 473,000 square feet of new retail space added to the market during 2007. The retail corridor along Highway 378 is now home to Target, Cost Plus

World Market, Best Buy and Home Depot. Even with significant development over the past 12 months, interest from retailers remains high in this area. The challenge facing future development is the sloping topography along Highway 378 and the lack of available sites.

Harbison Boulevard and the surrounding corridor remained relatively unchanged over the twelve months prior to year-end 2007. With the addition of the Kohl's at the Harbison/St. Andrews Road intersection, there is a scarcity of developable land. Any future expansion of this corridor will likely occur as residential growth continues to move towards Lake Murray.

With an occupancy of 98.70%, the Forest Acres area remained stable during 2007 with relatively little change. Over the next twelve months, however, this area will experience growth along Forest Drive as several small retail developments are planned. The dense population surrounding this corridor gives cause for additional restaurant developments in the area. Construction of a new restaurant carrying the Zoe's Kitchen flag has commenced, and rumors of new developments containing eateries and upscale boutiques are circulating.



Market	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Small Shop Rent	Average Pass Throughs
Market	11,490,133	10,430,803	1,059,330	90.78%	\$15.14	\$19.97	\$2.82
Downtown	269,075	260,475	8,600	96.80%	\$16.48	\$18.05	\$2.34
Cayce/West Columbia	1,067,554	972,465	95,089	91.09%	\$10.40	\$15.78	\$1.43
Forest Acres	775,469	765,419	10,050	98.70%	\$17.22	\$19.74	\$3.54
Harbison/St Andrews	2,801,254	2,598,631	202,623	92.77%	\$15.59	\$18.88	\$3.09
Lexington	1,465,620	1,349,934	115,686	92.11%	\$16.94	\$20.84	\$2.27
North Columbia	424,514	361,354	63,160	85.12%	\$8.74	\$12.80	\$1.82
Northeast Columbia	3,572,106	3,097,468	474,638	86.71%	\$16.31	\$23.91	\$3.73
Southeast Columbia	1,114,541	1,025,057	89,484	91.97%	\$13.62	\$17.14	\$2.65

The Southeast market along Garners Ferry road remained stable during 2007, finishing the year with an occupancy of 91.97%. East Point Plaza on Garners Ferry Road was purchased by Phillips Edison, the owners of Dutch Square Mall, with future plans to renovate the center. The Burnside Tract on Garners Ferry has been purchased for the development of a Walgreens, with additional room for a future big-box retailer.

As residential construction continued to expand in the Northeast over the course of 2007, this market became the largest in the Columbia area with the addition of 267,933 square feet. The Village at Sandhill continued to drive this expansion with the addition of Belk and JC Penney.

Of particular interest is the new intersection of Killian Road and I-77. The newly redesigned interchange now gives Northeast Columbia and arterial route between I-20 and I-77. The intersection is in the early stages of explosive retail growth with a new Wal-Mart Supercenter under construction as well as several new car dealerships, banks, drug stores and home improvement stores.

Forecast

With 2007 being such a robust year for retail property growth, it is likely that expansion in 2008 will occur at a somewhat slower pace. As the national economy appeared to be in a recession at year-end 2007, the Columbia market will feel the outside pressures of an economic downturn over the next year, albeit with much less force than experienced elsewhere in the nation. Columbia remains relatively sheltered from outside economic forces due to a large government presence and diverse economy, causing employment to remain stable throughout the region. As such, this limited expansion should be only temporary and growth of retail properties should continue at a moderate pace in 2009.

The biggest concerns to retailers in 2008 will be the decline in consumer purchasing power which has resulted from inflationary pressures on food and energy in a lagging economy, as well as the national credit crunch that will continue to unfold during the second quarter of 2008. These factors combine together to create a very difficult market for retailers to expand within. Not only is disposable income at a historical low, but lack of available capital could create a slowdown on any speculative projects.

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ON 6 CONTINENTS

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Canada 17
Latin America 17

EMEA 85
Asia Pacific 53

\$1.6B in Revenue
673M SF under management
10,092 Professionals

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