



# Colliers Keenan Goldsmith 2005 Year End Retail Report Greenville, SC



January 2006

## IN THE PIPELINE

- **PUBLIX IS ADDING A NEW STORE IN THE AUGUSTA ROAD AREA IN 2006**
- **COSTCO PLANS NEW STORE ON WOODRUFF ROAD**
- **SUNTRUST BANK WILL BE OPENING THEIR FIRST NEW BANK IN THE AREA IN 2006**
- **RIVERPLACE, THE CBD'S LARGEST PLANNED MIXED-USE DEVELOPMENT, BEGINS PHASE II CONSTRUCTION**
- **JEFF LYNCH APPLIANCES IS RELOCATING TO ROPER MOUNTAIN ROAD AT WOODRUFF ROAD IN 2006 IN THE FORMER LOWE'S**

## Retail Market Overview

Retail space in Greenville, South Carolina, remained strong throughout 2005, posting a year-end occupancy of 92.38%. This is a slight increase from 90.25% at year-end 2004 and up substantially from 88.04% at year-end 2003. With the employment base in this sector growing by 1.3% from December 2004 to December 2005, retail trade is increasing in importance to the local economy. There was an increase in the market size by 800,000 square feet in 2005.

In May, Hollingsworth Funds Inc. announced a long-range development project of 1,100 acres within the Greenville city limits. The first phase will include parks and residential areas. Future plans include hotels, corporate offices, professional services and retail space. The development is being marketed as a live, work and relax community similar to Daniel Island in Charleston, South Carolina. Upon build out, it is expected to change the face of retail activity in downtown Greenville.

## Forecast

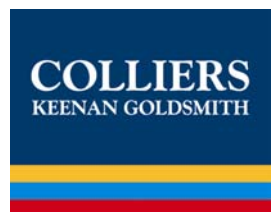
As the retail market continues to expand, developers will face difficulties in finding attractive sites for future projects. With 1.8 million square feet of new space coming online in the past two years, the availability of land is becoming scarce and the same growth rate experienced in the past is not expected in 2006.

The retail sector already shows signs of slowing as interest rates have picked up, cap rates have flattened and construction costs have skyrocketed. Combined with volatile energy prices and a slowing of new housing construction, this signals not only a slowdown in retail growth, but probable decreases in consumer spending as well. Although fundamentals will remain strong in 2006, we don't expect the market to continue at the pace of the last three years. Any impacts on the local economy will be negligible. Occupancies will be steady, and due to rising landlord costs and an already tight market, rents will rise.

## Malls

The regional malls in the Greenville area continue to be the hub of retail activity, both in Greenville and Spartanburg. In Greenville, Haywood Mall remained strong in 2005, closing out the year with a 99% occupancy. This mall is currently undergoing a multi-million dollar renovation. In Spartanburg, Westgate Mall continues to be the center for retail activity and had a year end occupancy of 82%.

The Greenville Mall, located on Woodruff Road, has been sold for the purpose of demolition and redevelopment. This site will be converted into a power center anchored by Costco and Rooms To Go. The mall is currently in the process of un-tenanting so that redevelopment may begin.



[collierskeenan.com](http://collierskeenan.com)

Colliers Keenan Goldsmith  
201 E. McBee Ave., Suite 201  
Greenville, SC 29601 USA  
Tel: (864) 297-4950  
Fax: (864) 527-5444



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	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Average Pass Throughs
North Greenville	514,161	490,561	23,600	95.41%	\$12.50	\$2.13
East Side	1,295,496	1,078,312	217,184	83.24%	\$10.78	\$1.79
Haywood Road	1,311,192	1,188,582	122,610	90.65%	\$11.38	\$1.83
South Side	283,470	261,219	22,251	92.15%	\$6.91	\$1.13
West Side	379,850	354,850	25,000	93.42%	\$9.72	\$1.25
Woodruff Rd / Simpsonville	2,294,885	2,242,421	52,464	97.71%	\$12.98	\$2.32
<b>Market Totals</b>	<b>6,079,054</b>	<b>5,615,945</b>	<b>463,109</b>	<b>92.38%</b>	<b>\$11.41</b>	<b>\$1.93</b>
Malls	1,387,679	1,189,679	198,000	85.73%	N/A	N/A

## North Greenville

The North Greenville submarket stood strong at 95.41% occupied at year-end 2005, with the Cherrydale area serving as its major retail hub. Average rental rates were \$12.50 per square foot with allowable pass throughs of \$2.13 per square foot at year-end.

A new Wal-Mart Supercenter recently opened in Traveler's Rest, geographically expanding this retail corridor in North Greenville. There is also a new 6.5 acre development being planned across from Cherrydale. Parcels were pre-selling at year-end, with the first site being sold to Golden Corral Restaurants.

## East Side

The occupancy rate in Greenville's East Side remained the lowest in the market at 83.24% at year-end 2005. The majority of new retail development in this submarket is occurring on Wade Hampton Boulevard, with the new Target center serving as the retail backbone in the area. SunTrust Bank recently announced that they will be opening their first site in the area in 2006.

## Haywood Road

Occupancy in the Haywood Road area increased from 88.66% at year-end 2004 to 90.65% at year-end 2005. Average rental rates stood at \$11.38 per square foot at year-end with allowable pass throughs of \$1.83 per square foot. The Best Buy on Haywood Road has relocated to Woodruff Road, which is consistent with the trend of

"Big Boxes" relocating to the Woodruff Road Corridor. With this being said, small retailers are still moving into the Haywood Road area. Advance Auto recently announced that it will be opening a new store on Laurens Road.

## South Side

The retail sector on Greenville's South Side remained stable over the past twelve months, with very little new activity occurring in 2005. Occupancy rates remained strong at 92.15% at year-end. Rental rates on Greenville's South Side are the lowest in the market, averaging \$6.91 per square foot at year-end.

## West Side

The West Side submarket stood at 93.42% occupied at year-end with quoted rents averaging \$9.72 per square foot. The biggest development in this area was the announcement that Compare Foods, a Charlotte-based chain, will take over the 45,000 square foot former Winn Dixie building at 642 Sulphur Springs Road. They will specialize in Hispanic foods and initially hire 40 to 60 people.

## Woodruff Road / Simpsonville

The Woodruff Road area remained the strongest submarket in Greenville, closing out 2005 with an occupancy rate of 97.71%. This is up slightly from 95.25% at year-end 2004. With retail space in this area at such high demand, rental rates are the highest in the market, averaging \$12.58 per square foot at year-end 2005.

Greenville's newest retail development, GreenRidge, is now fully open. This 600,000 square foot lifestyle center features a Lowe's, Best Buy, Dick's Sporting Goods, Marshall's, Ross and World Market.

The former Lowe's, located at the intersection of Woodruff Road and Roper Mountain Road, has been purchased by Jeff Lynch Appliances. They plan to relocate from their North Pleasantburg location by Spring 2006.

HH Gregg also opened on Woodruff Road in 2005. This growing chain has plans to open in Spartanburg and Anderson in 2006.

## Survey Methodology

The retail market review surveys anchored shopping centers in the Greenville market area. The Downtown (Central Business District) is excluded. Regional Shopping Centers are addressed in this report, but their gross square footage and vacancy is excluded from the Market Summary. Colliers Keenan Goldsmith gratefully acknowledges those individuals who provided information about their properties.

For further information  
on the  
Greenville, SC Retail Market  
Contact  
James A. Hopple, CCIM  
(864) 527-5439 or  
[jhopple@collierskeenan.com](mailto:jhopple@collierskeenan.com)

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