

# 4Q17: Columbia Retail Market Report



## VACANCY

5.4%

Rates decreased for the first time in four quarters



## NET ABSORPTION

250,526 SF

-128,359 SF in 3Q17



## AVERAGE RENTAL RATE

\$11.66

Up from \$11.20 in 3Q17



## VACANCY: MALLS

13%

Malls have the highest vacancy rates of all retail buildings in Columbia MSA



## RENTAL RATES: IRMO

\$20.79

Highest submarket rental rate

## Exciting Growth in Downtown Columbia and Lexington Surges to Close Out the Year

Nationally, holiday sales rose a better than expected 5.5%, the strongest gain since the Great Recession. A booming stock market, rising home values, tight job market with steady pay increases, and a year-end tax cut all bodes well for consumer confidence driving retail spending.

Locally, the Downtown Columbia area is on a roll with exciting projects taking shape across the skyline: final phase of Canalside, the Empire apartments rising near the State House, historic renovation of the old Columbia fire station, and just across the river the Brookland mixed use development is well underway. Columbia will finally be getting a coveted rooftop dining option with the Black Rooster restaurant at Brookland overlooking the river, and the old fire station renovation will include an outdoor patio deck as part of its event venue. Millennials and students are shaking up retail with a strong appetite for a walkable, vibrant urban experience.

The Columbia retail market improved slightly in all areas in the fourth quarter of 2017 with a vacancy rate decrease, strong net absorption, and rental rate increase.

Vacancy hovered a little over 5% throughout all 4 quarters in 2017 and ended the year at a low vacancy of 5.4%.

Net absorption this quarter was strong, a positive 250,526 square feet (SF). The 3rd quarter absorption was a negative 128,359 SF.

Rental rates are also strong, up over all quarters in 2017 and up over the rate at the close of 2016. The quarter closed with rental rates at \$11.66 per SF – up 4.1% from the third quarter and up 9.43% at the close of last year.

And it doesn't stop in downtown. In an era of shrinking footprints for many national retailers as online sales bite into bottom lines, new ground-up, predominantly grocery-anchored shopping centers are hardly slowing down for the booming Lexington area. With great schools and Lake Murray, the stores are chasing rooftops. Lexington County's rapid growth is not slowing, and northeast

Continued on Page 2

### Broker Insight Continued

Columbia will also see new development. The retail market will continue to tighten. The grocery stores will continue to battle it out for market share, and the restaurant sector will continue to grow at a rapid pace.

### 4Q17 Retail Highlights:

#### Harbison (Dutch Fork/Irmo market):

This submarket continues to be the premiere shopping corridor in the Columbia market and available space in this submarket remains tight. Our retail experts say Harbison would do more if there was more available, explaining retailers would locate to Harbison in a heartbeat, but often their condition is that the location must be physically on Harbison Boulevard. Charleston based Palmetto Moon announced its 2nd Columbia store at Columbiana Centre. Also at Columbiana Centre, Forever 21 will expand and unveil its new concept cosmetic store, Riley Rose. Haverty's Furniture opened a new showroom at 234 Harbison Blvd. and Footaction relocated across the street to 275 Harbison Blvd. Babies "R" Us at 254 Harbison Boulevard is one of the 180 stores nationwide closing. On the restaurant front, national operator BJ's Restaurant and Brewhouse opened in the 4th quarter at 148 Harbison Blvd. Vacancy in this submarket has increased steadily from 3.5% at the close of 2016 to 5.5% at the close of this quarter. Average rental rates in this submarket were the highest of all the Columbia MSA submarkets at \$20.79.

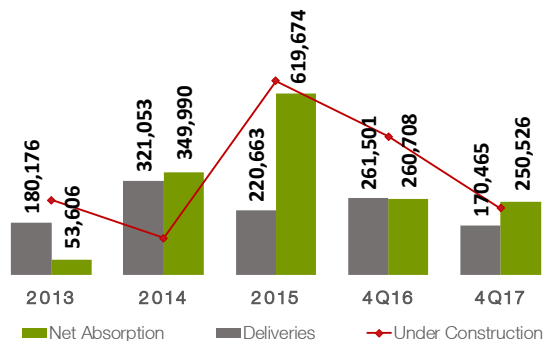
#### Downtown Columbia:

Average rental rates were at \$18.53, the second highest rate of all the Columbia MSA submarkets.

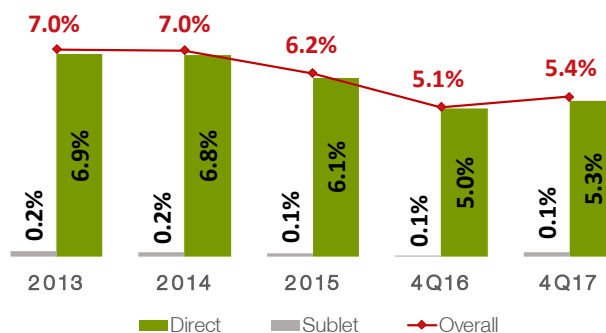
Main Streets momentum shows no signs of slowing. Wine parlor Lula Drake opened an upstairs event venue in its latest renovation project. Dubbed the Pastor's Study at Lula Drake, the space has been restored including heart-of-pine floors, wallpaper nearly 100 years old, and exposed brick and wood-panel walls. And next door, The Grand boutique bowling alley, restaurant and bar opened its doors in December. Offering lanes, classic games, an outdoor plaza, taproom, and restaurant, The Grand joins an ever-growing array of colorful businesses in the vibrant 1600 block of Main Street, including the new Shoppes on Main, Ally & Eloise Bakeshop and Cyberwoven. On the horizon for Main street is Sugar Belle's clothing boutique at 1623 Main Street, Birds & Bubbles restaurant at 1649 Main Street and Local Yocal boutique grocery at 1712 Main Street.

The spill over activity to North Main continues as it has for the last 2 years: Cromer's will open in February at 3030

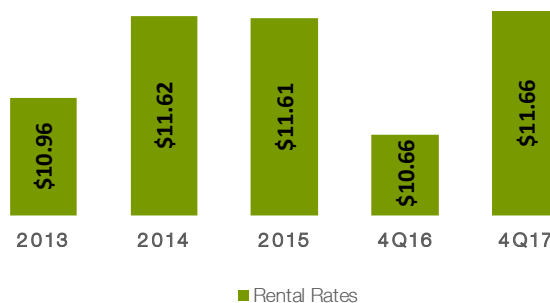
### NET ABSORPTION



### VACANCY



### RENTAL RATE



### Broker Insight Continued

North Main, Amsterdam Lumber Co., a custom wood supplier will open its design center showroom at 2222 Sumter Street and plans are still in motion for NOMA Revival (a 7,100 SF multi-use complex including a restaurant, beer garden, bocce courts, concert hall and open bit BBQ) at 2150 North Main Street.

BullStreet: The retail component of the Commons at BullStreet will now be developed in organic stages, as opposed to beginning construction of a massive center at one time after tenants were secured. The changes in the national retail industry dictated the change in development strategy, according to developer Robert Hughes. Bone-In Barbeque will open at the historic Ensor Building outside the gates of Spirit Communications Park this spring.

In the Vista, riverfront dining is coming to Columbia. Charleston's The Beach Co. is building ±30,000 square feet of retail space in its new Sola Station development at CanalSide, including space for two or three restaurants. Sola Station is the final phase of the 713-unit CanalSide apartment development at the foot of Taylor Street. The Empire luxury student apartment project is taking shape on Assembly near the State House with a summer 2018 delivery. The Empire will have 684 beds in its 227 apartment units. The old Columbia fire station headquarters mixed use welcomes a French restaurant and a 7,000 SF event venue with an outdoor patio deck to its previously announced Thai restaurant.

New restaurants in the Vista also include COA Agaveria Y Cocina on Lady Street, Fresh Poke on Huger Street, Z Pizza as well as Zombie Coffee & Donuts on Lincoln Street.

Pet Supermarket will open in the ±8,750 SF former Rite Aid pharmacy building located at 818 Harden Street in the heart of Five Points. The building sold for \$1.3 million and Pet Supermarket will lease ±7,100 SF of space, leaving a remaining ±1,650 SF for another retailer. Local developers also purchased 713 and 715 Saluda Avenue with plans to carve an alleyway between the two storefronts and create a handful of storefronts ranging from 350 to 1,850 SF each. Macado's, a 40-year-old chain with about 20 restaurants across Virginia, West Virginia, Tennessee and North Carolina, plans to open on Blossom Street in Five Points. They specialize in sandwiches and casual entrees. Copper Penny is relocating from Harden Street to 2700 Devine Street in mid-2018.

Hunter-Gatherer Brewery and Alehouse, a Main Street mainstay, opened its second location in January. Located at the Curtiss-Wright Hanger at Owens field, the 13,000 SF restaurant / event space will feature a tap room, 527-gallon brewhouse and observation deck overlooking the airport.

Roses leased over 35,000 SF at 4033 West Beltline Boulevard– Edens Plaza.

### Lexington:

The vacancy rate in Lexington continues to be the lowest of the submarkets at 2.1%, despite having risen from 1.8% at the close of the third quarter. They even reached as low as 1.3% in the third quarter of 2016. This submarket absorbed 127,331 SF of space this quarter, this highest by far of all the submarkets.

Anchored by Hobby Lobby and Fresh Market, the 135,000 SF Lexington Marketplace added Tuesday Morning, Brain Balance and Affordable Apparel to its rapidly growing tenant mix.

A second Aldi location was announced for Lexington. The grocery store will be located at 5506 Platt Springs Road on 2.82 acres of land. Primary Aldi competitor Lidl grocery store, is well underway with its new store in the 5200 block of Sunset with an estimated delivery towards the end of the 1st quarter 2018. Near the new Aldi site and White Knoll High School in Redbank, Publix Supermarket purchased 9 acres for a new store at Platt Springs Road and South Lake Drive.

In addition, O'Hara's Public House, an authentic Irish pub, is set to open at 131 East Main Street and Alodia's Cucina Italiana will open at 101 W. Main Street in February 2018. Lexington's Main Street has seen a flurry of activity with several new restaurants. The corridor has been boosted by the town funded Icehouse Amphitheater, a popular outdoor venue which opened in later 2016. Café Strudel is opening at 309 S. Lake Drive.

The new Lowes Foods-anchored Lexington Square shopping center on Sunset Boulevard reports an impressive lease up of over 90% just several months after completing construction of the 87,000 SF center.

### Broker Insight Continued

#### The Golden Triangle:

This area is generally defined from Forest Acres near Trenholm Plaza over to Garners Ferry Road (within the I-77 beltway), stretching also to include the Whole Food anchored Cross Hill Market and Target anchored Shoppes at Woodhill area. The Southeast Columbia submarket includes a portion of the Golden Triangle area and ended the year with an exceptionally low 2.5% vacancy.

Construction is underway at the much-anticipated Cardinal Crossing, the ±42,000 SF retail component of the upcoming Cardinal Crossing mixed use development, and will be complete in early 2019 (along with 246 apartments and 10 townhouses). The developer's vision is to create a gathering place planned for the highly sought-after Forest Acres neighbors with shops, restaurants, and upscale apartments in a walkable setting. Immediately adjacent to this project, Lowes Foods is under construction in the former BI-LO space at the Forest Park shopping center. Also, a third Midlands-area Eggs Up Grill will be joining Lowes Foods in the Forest Park shopping center at 4711 Forest Drive. It will open in early 2018. Clean Eat, a healthy lifestyle restaurant, is set to open its second Midlands location after leasing space at 5550 Forest Drive in Columbia.

Over at the Whole Foods anchored Cross Hill Market Center, high end ladies athletic apparel shop Athleta opened its first Columbia store. Just down the road on Garners Ferry, Hickory Tavern is slated to open a new restaurant at Woodhill Shopping Center and Eric's San Jose is reopening at 4478 Rosewood Drive.

#### Northeast Columbia:

Northeast Columbia closed the year with a vacancy rate of 5.7% and an average rental rate of \$10.49.

Richland County announced their controversial plan to purchase Columbia Mall and convert it into county government offices. Burlington Coat Factory's new 45,000 SF store at Sandhill Station is scheduled for delivery the 1st quarter of 2018 and as expected Burlington Coat Factory at Columbia Place Mall will close.

Killian's Crossing added several tenants to its Kroger Marketplace anchored center including Firehouse Subs, Salsarita's, Tropical Smoothie Café, Supercuts, Posh Nail Spa and Pacific Dental. Freddy's Steakburger opened on an outparcel and a future Steak N' Shake restaurant closed on an outparcel also.

#### Cayce/West Columbia:

The vacancy rate of this submarket rose this year, starting at 5.4% and closing the year at 6.2%.

Restaurateur Kristian Niemi announced plans for a rooftop restaurant and bar atop the Brookland, the \$40 million mixed-use development under construction at State and Meeting streets near the Gervais Street bridge in West Columbia. Overlooking the Congaree River with views of downtown Columbia, the French-inspired restaurant will be named Black Rooster. Also, Planet Fitness moved forward with plans to open its 4th Columbia location in Cayce's Parkland Plaza Shopping Center.

#### Forecast:

The downtown Columbia area will continue to thrive. The explosive growth of USC will drive even more new development and adaptive reuse of historic buildings. Retailers will transform to meet the demand for a unique sense of place and an entertaining mixed-use shopping experience. Lexington's growth will accelerate and the growth gap will widen compared to neighboring Richland County. Lexington's schools are a primary economic driver but infrastructure needs presently lack proper funding to keep up with the growth.

From a national perspective, an excellent example of a retailers embracing dynamic change and performing at a high level is Target. Target is planning about 100 stores in the next few years, most of them smaller format and plan to operate virtually all their stores as hubs to more quickly and efficiently ship items to customers doorsteps. Target purchased delivery logistics Grand Junction and recently began offering same day delivery in Columbia via Shipt. The national trend will continue with shopping centers offering more service oriented and online-sale resistant retailers: less apparel, more dining, entertainment, service and wellness. A healthy synergistic mix of national and local businesses is the future.



### Overall Market Indicators

Vacancy ▼

Rental Rate ▲

Net Absorption ▲

Construction ▼

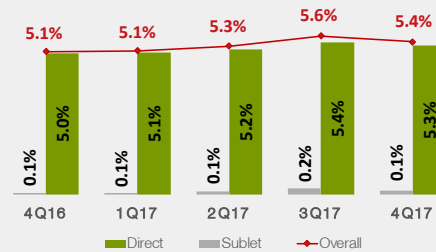
Prior Quarter Indicator | ▲ Up ▼ Down ◀ Flat ▶ Prior Year Indicator | ▲ Up ▼ Down ◀ Flat ▶

### Vacancy Rates

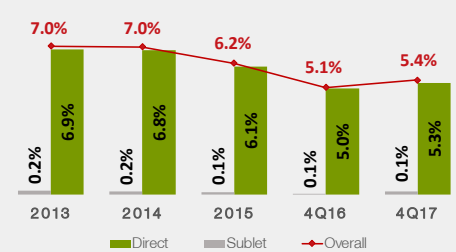
Vacancy rates take a dip for the first time in more than a year.

#### Available | Building Type

Single Tenant	3.3%	◀	▲
Shopping Center	7.3%	▼	▲
Power Center	2.7%	▼	▼
Malls	13.0%	◀	▲
Total Retail	5.4%	▼	▲



Quarterly Overall Trend



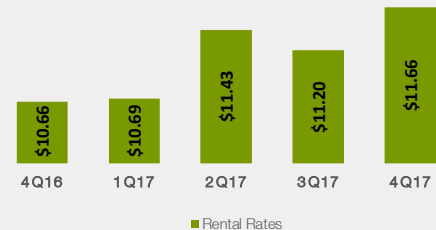
Annual Overall Trend

### Rental Rates

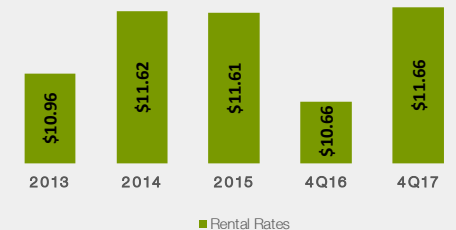
With shopping centers leading the charge, rental rates hit the highest mark since 2Q of 2016.

#### Available | Building Type

Single Tenant	\$14.05	▲	▲
Shopping Center	\$11.07	▲	▲
Power Center	\$8.05	▼	▼
Malls	\$9.67	◀	▼
Total Retail	\$11.66	▲	▲



Quarterly Overall Trend



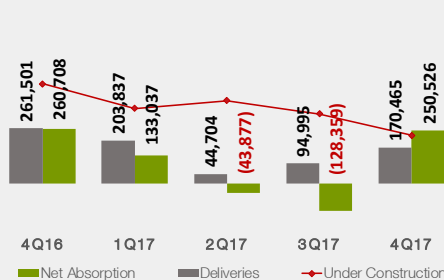
Annual Overall Trend

### Market Activity

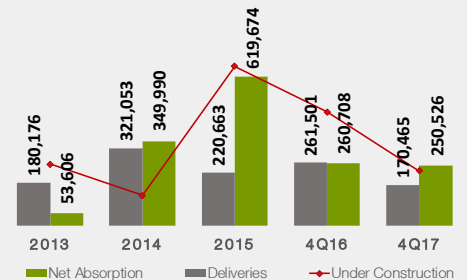
Downtown growth continues to thrive as several tenants open their doors for business.

#### Overall Net Absorption | Building Type

Single Tenant	140,226	▲	▼
Shopping Center	102,592	▲	▲
Power Center	6,467	▲	▼
Malls	1,241	▲	▼
Total Retail	250,526	▲	▼

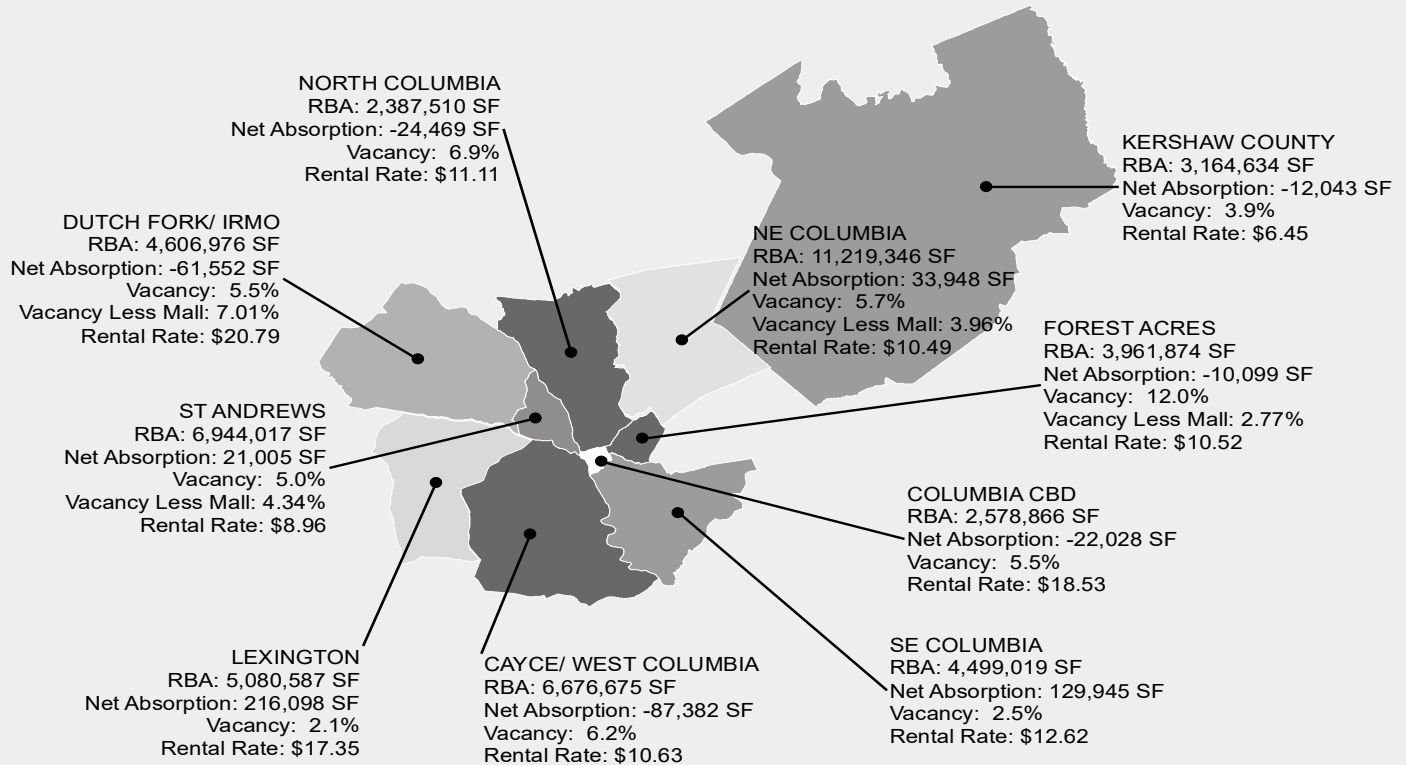


Quarterly Overall Trend



Annual Overall Trend

### Submarket Statistics



### Significant Transactions



**LEASED**  
**North Columbia**  
**EDENS PLAZA**  
**4033 WEST BELTLINE BOULEVARD**  
**±35,625 SF**  
Tenant: Roses



**LEASED**  
**CAYCE/WEST COLUMBIA**  
**PARKLAND PLAZA**  
**300 KNOX ABBOTT DRIVE**  
**±32,000 SF**  
Tenant: Planet Fitness

## NAI Avant, At A Glance

Realizing Potential, Delivering Results



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As a full-service company, headquartered in Columbia SC, our brokerage, development, management and consulting services are tailor-made to meet the specific needs of each assignment, from single transactions to coordinating the delivery of multiple services over broad geographic areas. As a spin-off of the over \$6 billion EDENS (formerly Edens & Avant), NAI Avant traces its roots back to 1966.

Through our professional and network affiliations, we effectively and efficiently deliver our services at the local, regional, national and global levels.

Creativity and experience combined with quality research and support, have been the hallmark of NAI Avant's brokerage staff that has been South Carolina's leading performer for nearly three consecutive decades.

### Our Depth of Experience Includes

- Investment Sales
- Healthcare Real Estate Services
- Retail Sales and Leasing
- Property and Project Management Services
- Office Sales and Leasing
- Industrial Sales and Leasing
- Special Asset and Receivership Services
- Tenant Representation
- Corporate Advisory Services
- Site Selection and Land Sales
- Fee Development and Build-to-Suit Services
- Mixed-Use Urban Infill

### NAI GLOBAL

NAI Avant is a member of the NAI Global premier network, the largest independent commercial real estate service provider worldwide. NAI Global member firms span worldwide, with 400 offices and more than 7,000 local market experts on the ground. NAI Avant is a recipient of NAI Global's prestigious Eagle Award, recognizing the top firm in the U.S. secondary markets demonstrating the highest levels of achievement through a combination of leadership, capital resources, commitment to quality and global vision.

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## Featured Listings



FOR SALE OR LEASE  
Northeast Columbia

SPARKLEBERRY CROSSING  
841 SPARKLEBERRY LANE  
UP TO ±9,000 SF

Price: \$1,759,492 or \$14.00 SF, NNN



FOR SALE OR LEASE  
Northeast Columbia

120 SPARKLEBERRY CROSSING  
UP TO ±3,800 SF

Lease Rate: 14.00 - \$16.00 SF