Key Takeaways

- The 2016 and 2017 retail development pipeline is estimated to be nearly triple the square footage actually delivered over the past 8 years (more than 1.5 million square feet in the development pipeline).

- Development will strengthen toward the Congaree River with Kline City Center, Canalside expansion, SCANA development site (Huger and Hampton Streets - under contract likely mixed-use), Greene Street extensive streetscaping underway (per Innovista master plan), funded Greene Street bridge over railroad tracks connecting up with Huger Street, the Tremont apartments underway, pending proposed Brooklyn mixed use, etc.

- The dynamic growth downtown will pose connectivity challenges. Most notably the crucial Assembly Street/Gervais linkage as well as Assembly/Lady Streets. Securing public infrastructure funding is more important now than ever to connect the Vista and Main Street vibrant districts.

- Parking is in high demand and interest in new parking garages is strong. New parking garages are needed to support and sustain the explosive growth that is underway downtown.

- The swelling downtown population will continue to drive retail to the urban core. Notably most of the large projects planned or underway are mixed use with a retail component.

- Best-in-class public schools will boost retail suburban retail development as retail chases rooftops.

Submarket Statistics:

Trends for 4Q15

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates
Columbia Retail Tops Off Robust Year With Low Vacancy and Strong Development Pipeline

Columbia’s population (MSA-Metropolitan Statistical Area) cracked 800,000 in 2015 thrusting Columbia on the radar of many “new to market” national retailers. Columbia retail closed out 2015 with a low overall vacancy of 6.6%. Net absorption in the fourth quarter was a positive 84,436 SF compared to a positive 168,344 SF of net absorption in the third quarter. At the macro economics or national level, it is noteworthy that holiday sales rose 3% in 2015-below forecast, (partly due to unforeseen weather events). Brick and mortar retailers continue to face headwinds as online sales rose 9%. Retailers are continuing to rethink size of stores and numbers while finding ways to differentiate themselves with a unique store experience. Restaurateurs are wooing millennials, the 83.1 million Americans, born between 1982 and 2000 that represent the largest single age group in the US.

Columbia’s major retail corridors, Harbison, downtown Columbia, the Golden Triangle (generally Forest Acres to Garners Ferry Road within the I-77 loop), Northeast Columbia and Lexington continue to see the most activity resulting in low vacancy rates and retailer expansion.

Harbison (Dutch Fork/Irmo market):
This submarket continues to be the premiere shopping corridor with a current low vacancy of 5.1% and boasts nearly 4.5 million SF of retail. The long awaited coveted Costco is under construction at Piney Grove and I-26. Dave & Busters restaurant will take up about 30,000 sf where Sears used to be at the Columbiana Centre. Guitar Center Store, the world’s largest instrument retailer, moved into a 12,000 SF building at Bower Parkway. Ollie’s Outlet opened a 24,000 SF store at The Clusters of Whitehall on St. Andrews Road mid-year 2015. A Wal-Mart neighborhood market is also under construction at Broad River and Beatty Rd.

Downtown Columbia (Central Business District):
Downtown Columbia retail remains brisk and shows no signs of slowing. This submarket reflects the highest average quoted rates of $20.66 per SF triple net. Year end 2015 CBD quoted rates are now 40% higher than just 2 years ago compared to year end 2013. Plans for the Commons at BullStreet continue to take shape, an 85-store urban village is envisioned comprising 414,000 SF of retail space including a cinema. The First Base Class A 120,000 sf building currently under construction also has a 26,000 sf retail component. As BullStreet Common development takes off, so will the demand for the Smith Branch Greenway linkage from BullStreet Common to Palmetto Health, connecting with Main Street, and Earlewood Park. Similarly, the aggressive USC growth will strengthen demand to link the Rocky Branch urban creek greenway up to Five Points, USC, Granby/Olympia, USC baseball stadium over to the river. City Market at 711 Gervais latest arrival will open any day now - Twisted Spur Brewing (joins previously opened Grill Marks, Newk’s Eatery and Wired Goat Café at City Market). At 700 Gervais, the West End Alley renovation with a pedestrian friendly walkway and outdoor seating was completed in the 4th quarter and Tin Lizzy’s Cantina opened as well. Gervais Street current available retail space is virtually non-existent. Retailers anxiously await Kline City Center and its 15,000 SF of high profile retail space to be delivered.

Contact our experienced retail specialists for more details on the statistics offered in this report.
The Golden Triangle:
The area generally defined from Forest Acres near Trenholm Plaza over to Garners’ Ferry Road (within the I-77 beltway) including the Whole Foods anchored Cross Hill Market and Target anchored Shoppes at Woodhill areas. The newest arrival to the 98,000 sf Rosewood Crossing is Bottles Beverage Store taking 15,000 SF and opened in December. Further up Garners Ferry Road at the Landmark Square Shopping Center, Burkes Outlet recently opened and will be joined by Ross Dress for Less this spring. Dick Smith Ford’s new state of the art 43,000 SF dealership is under construction at Garner’s Ferry and I-77. In Forest Acres, the Beach Company’s planned $60 million mixed use development at the former Cardinal Newman property is progressing through entitlement. Plans call for 300 apartments as well as retail space for restaurant and stores. Trenholm Plaza commands the Columbia markets highest rental rates at $40 per SF triple net. The centers exceptionally strong tenant mix and affluent demographics rarely has vacancy opportunities. The new specialty center at Forest Drive and Percival Road is 100% leased at delivery with Panera Bread, Petco, as well as Mattress Firm.

Northeast Columbia:
This submarket is excited to welcome Fresh Market’s second gourmet grocery store to Columbia with its 36,500 SF anchored center being delivered early fall 2016 at Two Notch and Fore Avenue. Over at the Village at Sandhills, Sam’s Club is moving forward with a 136,000 SF warehouse super store along Fashion Drive at Forum Drive. On a related note, BJ’s Wholesale Club pulled the plug on its plans for a 200,000 sf store on Sparkleberry Lane near Two Notch Road. As previously reported, Kroger is kicking off the large Killian’s Crossing mixed use development with a 124,000 SF Kroger Marketplace store currently under construction. Most of Killian’s Crossings retail outparcels are sold or under contact (big box pads remain available). At the same Killian and I-77 interchange, a total of 12 automobile dealerships have located or have announced plans to creating a “auto mile” shift to the Northeast.

Lexington:
The Lexington submarket vacancy is currently only 3% and the average quoted rates continue to escalate. The quoted average rates of $17.66 triple net represents a nearly 30% increase in two years (compared to fourth quarter 2013). Lexington’s exceptional public schools and huge school investments are driving intense demand and population growth. A new shopping center is planned on a 29 acre tract on US 378 at Hope Ferry Rd. Plans call for Hobby Lobby, an unidentified super market and a half dozen stores in the 131,000 sf center. Goodwill Industries is underway with yet another 35,000 SF store across from Fred Anderson Toyota on Sunset Blvd in West Columbia. Wal-Mart’s neighborhood market on Knox Abbott in Cayce is well underway with a summer of 2016 opening.

Previously reported Status Updates Columbia Retail:
- West Columbia’s gateway project The Brookland (over 200 apartments, 30,000 SF of retail, office space, parking garage and pocket parks) is slated for West Columbia City Council vote on January 20, 2016.
- The $100 million Kline City Center project could break ground as early as the first quarter 2016 (approximately 300 apartments, hotel, 15,000 SF of retail and 20,000 SF of office space.)
- The 35,000 square foot historic Columbia Fire Station mixed-use project in the Vista recently received design approval.
- We anticipate additional Kroger expansions to be announced in 2016 including downtown Columbia.

The forecast for Columbia’s retail market remains positive for 2016. On a concerning note, the very rough start to the year in the stock market can have a lingering impact on the emotionally sensitive retail consumer spending.
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