

Columbia retail has a steady third quarter

Crystal Baker Research Coordinator | South Carolina

Key Takeaways

- > The Columbia shopping center market absorbed 17,717 square feet during the third quarter of 2019; non-core retail space posted negative absorption of 17,583 square feet, while core retail shops absorbed 35,300 square feet.
- > Pop-up shops may appear throughout retail centers more frequently in the next few quarters.

Pop-up shops: a bridge to fully leasing centers

Pop-up shops are less of a trend and more of a retail strategy now that consumers understand more about them. Often pop-ups use social media to expand awareness of the pop-up location and even advertise the shop longer than the actual shop is open; however, pop-ups are highly successful if executed correctly. There are several reasons pop-ups are advantageous:

- > To test out a “cold” market with a new brand in order to gauge the opportunity to thrive;
- > Allow one-on-one interaction with customers allowing them to evaluate products and answer consumer questions;
- > Introduce a new line of a known brand so consumers can try samples from a company they already trust;
- > Consumers are likely to show up and shop so they do not miss out on an opportunity.

Listed above are a few ways retailers can succeed using pop-up shops, nevertheless owners of retail centers can also bridge the gap to a fully-leased building by allowing pop-ups to rent space for short periods of time. Not only will it bring in revenue but it will also drive traffic to shopping centers; therefore, allowing for a vibrant and renewed environment for surrounding shops. If pop-ups have considerable success, they may become long-term tenants as well.

Market Indicators Relative to prior period	Forecast	
	Q3 2019	Q4 2019
VACANCY	↑	↓
NET ABSORPTION	+	+
CONSTRUCTION	↔	↔
RENTAL RATE**	↓	↑

Note: Construction is the change in Under Construction.
**Rental rates for current quarter are for CBD. Rent forecast is for metro-wide rents.

Summary Statistics

Q3 2019 Columbia Retail Market	Core	Non-Core
Vacancy Rate	5.78%	13.17%
Change From Q3 2018 (basis points)	+79	-143
Absorption (Thousand Square Feet)	+35.3	-17.6
New Construction (Thousand Square Feet)	-	-
Under Construction (Thousand Square Feet)	-	-

Asking Rents

Per Square Foot Per Year	Core	Non-Core
Shopping Center Shop Space	\$18.66	\$12.14
Change From Q3 2018	-6.28%	+3.23%
Urban Retail	\$20.82	-

Market Overview

The Columbia shopping center market is comprised of approximately 13.38 million square feet of shop space and absorbed 17,717 square feet during the third quarter of 2019. Non-core shop space posted a negative absorption of 17,583 square feet; however in the Northeast Columbia submarket non-core shops absorbed 32,684 square feet, half of which was caused by Caliber Collision absorbing 15,000 square feet on Killian Road. All of the core positive absorption was in the Harbison/St. Andrews submarket due to stores such as Rainbow, PetCo and Shoe Carnival pushing the total market core space absorption to 35,300 square feet.

The non-core vacancy rate rose from 12.44% during the second quarter of 2019 to 13.17% this quarter, but the core vacancy rate dropped from 6.35% to 5.78% due to the positive absorption. The overall average shop space rental rate in the Columbia market was \$14.22 per square foot during the third quarter of 2019. The decrease in weighted rental rates is an indication that the few remaining shop spaces are dated or not located in a popular retail spot, therefore the rental rates are lower. Columbia retail rental rates across the submarkets range from \$8.00 per square foot up to \$24.36 per square foot.

Market Forecast

Columbia retail is still posting positive absorption in many submarkets and core retail space is most desirable, although non-core shops offer many options, sizes and pricing variations. The vacancy rate is expected to decline next quarter because there are no buildings currently under construction.

The type of retail that will continue to perform well across the submarkets are fitness centers/gyms, restaurants automobile servicing centers and customer service and experience-oriented shops. The most frequent leases executed are between 3,000 square feet and 6,000 square feet; however, big box retail trends dictate the spaces will likely be filled by fitness centers and furniture stores. Pop-up shops will show up throughout Columbia during the holiday season next quarter.

Columbiana Centre | 100 Columbiana Circle Columbia, SC



Source: CoStar

Commercial Real Estate Growth Cycle: Where the market stands & where it is going.



Columbia Pop-up Shops | November 2019



Variety Pop-up
November 9
2052 Blythewood Crossing Lane

Source: Eventbrite.com



Spa Pop-up
November 17
Ra'Ve'll's Barber & Beauty



Small Business Pop-up
November 29
Opulent Events and Entertainment



Holiday Pop-up
November 30
Converspace

Q3 2019 Retail Market Summary Statistics

SHOPPING CENTER MARKET	INVENTORY (SF)	VACANCY RATE (%)	ANCHOR SPACE (GREATER THAN 25,000 SF)		JR. ANCHOR SPACE (10,000 SF-25,000 SF)		SHOP SPACE (LESS THAN 10,000 SF)	
			VACANT (SF)	ASKING RENT (NNN)	VACANT (SF)	ASKING RENT (NNN)	VACANT (SF)	ASKING RENT (NNN)
CAYCE/WEST COLUMBIA								
Core	276,970	2.42%	-	-	-	-	6,700	\$15.56
Non Core	935,984	19.71%	36,034	-	23,714	-	124,704	\$10.60
Cayce/West Columbia Total	1,212,954	15.76%	36,034	-	23,714	-	131,406	\$11.10
DOWNTOWN								
Non Core	144,812	1.66%	-	-	-	-	2,400	\$19.00
Downtown Total	144,812	1.66%	-	-	-	-	2,400	\$19.00
GOLDEN TRIANGLE								
Core	1,247,294	9.50%	60,000	-	25,000	-	33,458	\$24.36
Golden Triangle Total	1,247,294	9.50%	60,000	-	25,000	-	33,458	\$24.36
HARBISON/ST. ANDREWS								
Core	1,325,084	3.43%	-	-	-	-	45,453	\$22.00
Non Core	2,274,847	14.40%	126,762	\$8.00	31,375	\$7.50	169,415	\$12.46
Harbison/St. Andrews Total	3,599,931	10.36%	126,762	\$8.00	31,375	\$7.50	214,868	\$13.23
LEXINGTON								
Core	1,247,028	1.58%	-	-	-	-	19,673	-
Non Core	692,775	17.82%	77,624	-	12,000	-	33,848	\$15.51
Lexington Total	1,939,803	7.38%	77,624	-	12,000	-	53,521	\$15.51
NORTH COLUMBIA								
Non Core	353,774	15.34%	-	-	-	-	54,252	\$8.00
North Columbia Total	353,774	15.34%	-	-	-	-	54,252	\$8.00
NORTHEAST COLUMBIA								
Core	2,100,049	8.00%	-	-	29,083	-	138,907	\$18.16
Non Core	1,873,917	9.65%	69,218	\$8.00	10,000	-	101,584	\$16.07
Northeast Columbia Total	3,973,966	8.78%	69,218	\$8.00	39,083	-	240,491	\$17.43
SOUTHEAST COLUMBIA								
Non Core	900,519	8.04%	-	-	16,650	-	56,450	\$10.31
Southeast Columbia Total	900,519	8.04%	-	-	16,650	-	56,450	\$10.31
MARKET TOTALS								
Core	6,196,425	5.78%	60,000	-	54,083	-	244,191	\$18.66
Non Core	7,185,628	13.17%	309,638	\$8.00	93,739	\$7.50	542,655	\$12.14
Total Shopping Center Market	13,382,053	9.75%	369,638	\$8.00	147,822	\$7.50	786,846	\$14.22
URBAN RETAIL								
East Gervais	33,176	3.01%						-
Five Points	445,442	4.81%						\$23.40
Innovista	114,862	15.50%						\$30.00
Main Street- Columbia	366,154	20.35%						\$19.49
South Main Street	158,472	2.08%						\$16.00
Township	38,280	0.00%						-
Vista Gervais Street	708,777	1.54%						\$27.00
Total Urban Retail	1,865,163	6.91%						\$20.82

400 offices in
68 countries on
6 continents

\$3.3
billion in
annual revenue

2
billion square feet
under management

17,000+
professionals
and staff



FOR MORE INFORMATION:

Liz H. McCary
Vice President, Marketing | South Carolina
+1 803 401 4269
Liz.McCary@colliers.com

Crystal Baker, CPRC
Research Coordinator | South Carolina
+1 803 401 4230
Crystal.Baker@colliers.com

COLUMBIA RETAIL PROFESSIONALS:

Rox Pollard
Vice President & Director
of Retail Services Team
Rox.Pollard@colliers.com

Tripp Bradley
Vice President
Tripp.Bradley@colliers.com

Craig Waites
Vice President
Craig.Waites@colliers.com

Danny Bonds
Brokerage Associate
Danny.Bonds@colliers.com

Taylor Wolfe
Brokerage Associate
Taylor.Wolfe@colliers.com

Colliers International | South Carolina
1301 Gervais Street, Suite 600
Columbia, South Carolina 29201
+1 803 254 2300
colliers.com

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