

# Columbia retail adapts and gains resiliency amid pandemic

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## Key Takeaways

- > Several of the Columbia Bi-Lo grocery stores will be converted to Food Lion and Lowe's by next summer.
- > Quick service restaurant facilities are evolving to keep up with customer needs.
- > Despite a rising vacancy rate in the Columbia retail market, positive retail activity is occurring.

## Fast casual restaurants continue to adapt

Quick service restaurants were gaining sales momentum prior to COVID-19 due to speedy service, convenience and ongoing upgrades to food quality - beginning the trend from fast food to fast casual restaurants. Aesthetic changes and healthy option upgrades led to increased business velocity. Throughout the pandemic, adaptive quick service restaurants continue to thrive by adding curbside pick-up, call ahead ordering and delivery options. In addition, many are decreasing the indoor dining area square footage and adding extra drive-thrus or outdoor seating to provide an enhanced level of safety to diners. Furthermore, restaurant owners are looking to purchase existing buildings rather than constructing new restaurants due to rising construction prices and difficulty getting necessary construction materials. Suburban locations are popular for adding new stores so they are closer to residential areas where many people are still working remotely.

Market Indicators	Q3 2020	Forecast
Relative to prior period		Q4 2020*
VACANCY	↑	↓
NET ABSORPTION	—	+
CONSTRUCTION	↔	↔
RENTAL RATE**	↓	↔

Note: Construction is the change in Under Construction.  
\*Projected-*however, the impact of COVID-19 will not be known for several quarters.*  
\*\*Rent forecast is for metro-wide rents.

## Summary Statistics

Q3 2020 Columbia Retail Market	Core	Non-Core
Vacancy Rate	3.64%	11.79%
Change From Q3 2019 (basis points)	-72	+81
Absorption (Thousand Square Feet)	101.27	-187.34
New Construction (Thousand Square Feet)	-	8.00
Under Construction (Thousand Square Feet)	-	26.48
<b>Asking Rents</b>	Core	Non-Core
Per Square Foot Per Year		
Shopping Center Shop Space	\$17.32	\$13.50
Change From Q3 2019	-7.18%	+10.47%
Urban Retail	\$19.04	-

*In the midst of the COVID-19 outbreak, information and data is emerging at a quick and uneven rate. The information contained herein has been obtained from sources deemed reliable at the time the report was written. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.*

## Market Overview

The Columbia shopping center market is comprised of approximately 13.47 million square feet of shop space. During the third quarter of 2020, core shops posted a positive absorption of 101,266 square feet; however, positive core absorption was offset by a negative non-core absorption of 187,342 square feet. Due to the overall negative quarterly absorption, the overall vacancy rate increased from 7.40% last quarter to 8.04% this quarter. Rental rates continue to fluctuate due to ongoing changes during the pandemic; the overall average rental rate in core shops was \$17.32 per square foot, while in non-core shops, the average

rental rate was \$13.50 per square foot. However, there is still a lot of positive retail activity occurring throughout the Columbia market. Grocery stores have remained an essential business throughout the pandemic, all the while adjusting their operations to include curbside pick-up and home delivery to ensure safety and convenience for their customers. Throughout Columbia, several Bi-Lo grocery stores are being purchased by other successful grocery chains. Food Lion currently operates 14 thriving grocery stores throughout Columbia, and has now purchased 7 Bi-Lo stores with plans to convert them to Food Lion around April of 2021. In addition, Lowe's Foods purchased two Bi-Lo stores and operations will continue through the conversion to Lowe's by next summer.

## Market Forecast

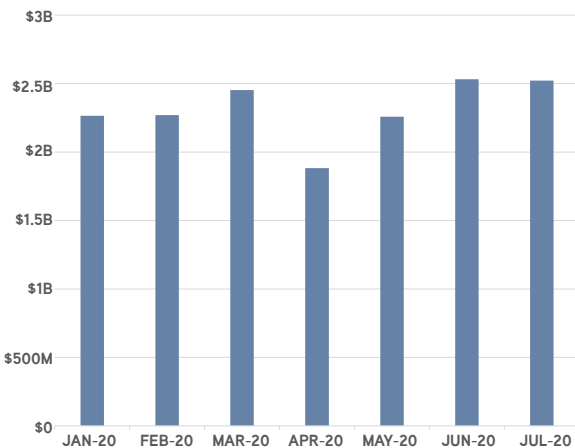
Despite the negative effects COVID-19 is causing throughout the nation, positive activity is still occurring within the Columbia retail market. Retail shops are adapting to survive and gross retail sales are rising month-over-month as consumers gain confidence with new safety implementations throughout all forms of retail shops and restaurants. High construction pricing and lack of raw materials are counterbalanced by owners purchasing and redeveloping existing stores. Suburban retail activity is expected to increase due to shop owners offering convenience to residential areas due to the ongoing trend of working from home. As consumer comfort level rises each quarter, retail activity is anticipated to bounce back.

### 2020 Q3 Significant Retail Transactions Columbia

PROPERTY NAME   LOCATION	RETAIL SF   SALE PRICE	BUYER
<b>SALES</b>		
River Oaks Center   2231 West Dekalb Street   Camden	8,400   \$3.5M	Wasserman Holdings
CVS   41 East Calhoun Street   Sumter	10,125   \$2.9M	Gordon Management
Cracker Barrel   1140 Kinley Road   Irmo	9,493   \$2.6M	Oak Street Real Estate Capital
Cracker Barrel   250 Britain Street   Santee	8,275   \$2.8M	Oak Street Real Estate Capital

CoStar, Colliers International

### 2020 Columbia Gross Retail Sales by Month



Source: South Carolina Department of Revenue

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



## Q3 2020 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)
<b>CAYCE/WEST COLUMBIA</b>								
Core	276,970	13.77%	35,550	-	-	-	2,600	\$14.85
Non Core	988,051	15.37%	73,574	\$6.50	23,714	-	54,552	\$13.16
<b>Cayce/West Columbia Total</b>	<b>1,265,021</b>	<b>15.02%</b>	<b>109,124</b>	<b>\$6.50</b>	<b>23,714</b>	<b>-</b>	<b>57,152</b>	<b>\$13.28</b>
<b>DOWNTOWN</b>								
Non Core	144,812	8.55%	-	-	-	-	12,387	-
<b>Downtown Total</b>	<b>144,812</b>	<b>8.55%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,387</b>	<b>-</b>
<b>GOLDEN TRIANGLE</b>								
Core	1,247,294	9.86%	85,000	-	-	-	38,007	\$18.00
<b>Golden Triangle Total</b>	<b>1,247,294</b>	<b>9.86%</b>	<b>85,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,007</b>	<b>\$18.00</b>
<b>HARBISON/ST. ANDREWS</b>								
Core	1,325,084	0.27%	-	-	-	-	3,521	-
Non Core	2,286,387	11.41%	82,192	-	19,500	-	159,116	\$11.86
<b>Harbison/St. Andrews Total</b>	<b>3,611,471</b>	<b>7.32%</b>	<b>82,192</b>	<b>-</b>	<b>19,500</b>	<b>-</b>	<b>162,637</b>	<b>\$11.86</b>
<b>LEXINGTON</b>								
Core	1,247,028	1.16%	-	-	-	-	14,425	-
Non Core	712,375	26.29%	116,233	-	12,000	-	59,048	\$18.51
<b>Lexington Total</b>	<b>1,959,403</b>	<b>10.29%</b>	<b>116,233</b>	<b>-</b>	<b>12,000</b>	<b>-</b>	<b>73,473</b>	<b>\$18.51</b>
<b>NORTH COLUMBIA</b>								
Non Core	359,284	15.11%	30,653	\$5.50	-	-	23,632	\$9.79
<b>North Columbia Total</b>	<b>359,284</b>	<b>15.11%</b>	<b>30,653</b>	<b>\$5.50</b>	<b>-</b>	<b>-</b>	<b>23,632</b>	<b>\$9.79</b>
<b>NORTHEAST COLUMBIA</b>								
Core	2,100,049	2.22%	-	-	29,083	\$25.00	17,525	-
Non Core	1,873,917	6.25%	36,000	\$8.00	-	-	81,099	\$17.23
<b>Northeast Columbia Total</b>	<b>3,973,966</b>	<b>4.12%</b>	<b>36,000</b>	<b>\$8.00</b>	<b>29,083</b>	<b>\$25.00</b>	<b>98,624</b>	<b>\$17.23</b>
<b>SOUTHEAST COLUMBIA</b>								
Non Core	909,519	8.15%	-	-	32,918	-	41,180	\$8.20
<b>Southeast Columbia Total</b>	<b>909,519</b>	<b>8.15%</b>	<b>-</b>	<b>-</b>	<b>32,918</b>	<b>-</b>	<b>41,180</b>	<b>\$8.20</b>
<b>MARKET TOTALS</b>								
Core	6,196,425	3.64%	120,550	-	29,083	\$25.00	76,078	\$17.32
Non Core	7,274,345	11.79%	338,652	\$6.74	88,132	-	431,014	\$13.50
<b>Total Shopping Center Market</b>	<b>13,470,770</b>	<b>8.04%</b>	<b>459,202</b>	<b>\$6.74</b>	<b>117,215</b>	<b>\$25.00</b>	<b>507,092</b>	<b>\$13.73</b>
<b>URBAN RETAIL</b>								
East Gervais	30,965	3.23%						-
Five Points	481,807	12.30%						\$24.10
Innovista	114,862	8.71%						-
Main Street- Columbia	312,442	29.22%						\$16.63
South Main Street	158,472	3.33%						\$16.00
Township	38,280	0.00%						-
Vista Gervais Street	635,777	11.43%						\$22.53
<b>Total Urban Retail</b>	<b>1,772,605</b>	<b>13.51%</b>						<b>\$19.04</b>

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**6** continents

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billion in  
annual revenue

**2**  
billion square feet  
under management

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professionals  
and staff



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