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QUARTERLY REPORT

CHARLESTON, SOUTH CAROLINA

SECOND QUARTER, 2015



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a promise of value...

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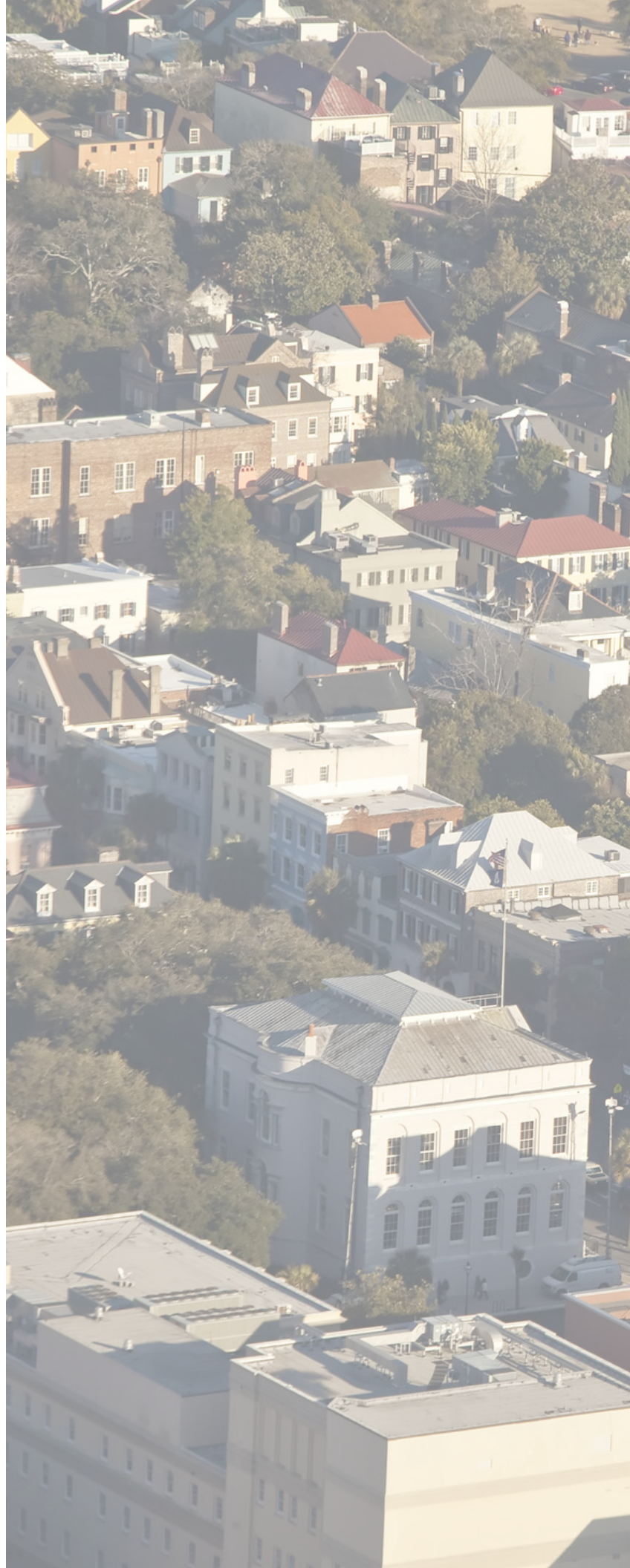
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a *Note* from the *Broker in Charge*

Thank you for your interest in the Commercial Real Estate Market in Charleston, South Carolina. The following pages encapsulates data that the Lincoln Harris team has cultivated for this quarter. Please contact our researchers with any questions on this report.

At Lincoln Harris, we are dedicated to providing our clients with superior real estate solutions. It is the reason we opened our doors decades ago, and has helped us achieve success in every economic climate since. We are relentless in our search for new opportunities that add tangible and intangible value for our clients and we hire and retain the most talented real estate professionals in each of our markets. Our people work with skill, innovation and diligence to earn the respect of our clients, who repeatedly engage the talents of Lincoln Harris to address their real estate needs. We value our relationships with our clients above all else. If you have been looking for a comprehensive real estate solution, your search is over. We're your strategic partner.

Mike Ferrer





23.7%

The number of homes breaking ground in metro Charleston grew by 23.7% in 2014-2015. Around 28% of home closings in April, 2015 were new homes. The national rate was 8%.



2,000

Volvo cars decided to build its first U.S. plant in Berkeley County, SC at the Camp Hall Industrial Campus near Ridgeville. The \$500 million plant will begin construction in 2015, and is expected to add 2,000 jobs to the area.



70%

Several new hotels are expected to begin construction in downtown Charleston, driven by the accolades as a tourist destination. Hotel occupancy rates are above 70 percent.

data provided by Costar, Post & Courier, Charleston Regional Business Journal & Lincoln Harris proprietary data

OFFICE SUMMARY

2Q 2015

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	346	1,802,641	209,227	11.6%	112,065	\$18.16
Downtown Charleston	470	5,924,061	350,637	5.9%	168,439	\$27.64
West Ashley	384	2,408,510	185,026	7.7%	17,087	\$18.36
Mt Pleasant	409	3,721,385	155,901	4.2%	(9,476)	\$23.68
Hanahan/Goose Creek	76	457,315	70,581	15.4%	9,985	\$13.54
James/Johns Island	73	285,895	3,267	1.1%	2,853	\$13.13
North Charleston	172	3,660,532	347,208	9.5%	137,107	\$19.81
Wando/Daniel Island	57	1,606,529	116,769	7.3%	197,191	\$21.59
MARKET TOTAL/AVG	1,987	19,866,868	1,438,616	7.8%	635,251	\$19.49

OFFICE SNAPSHOT: APRIL 2015

OFFICE MARKET

Bank of America sold off a dozen South Carolina branches to Columbia-based South State Bank, according to the Post & Courier. The deal will give South State entry into six new areas, including Florence, Greenwood, Orangeburg, and Newberry. The purchase price will be finalized when it closes, expected in the third quarter of 2015.

North Charleston in Top 10 Places to Start Business

North Charleston is the 10th best place to start a business in South Carolina, according to the Post & Courier. A number of factors were used to arrive at this result, including business climate and local economic change. The presence of large manufacturing in North Charleston, including Boeing Co., as well as ranking as the number one retail center, propelled the area into the top 10.

Mayor Keith Summy stated that [North Charleston] is proud to be considered one of the state's best places to start a business and believe that [it] can compete with any other city in the country for economic development growth.

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NOTABLE TRANSACTIONS*

409 King St, Charleston

2,000 SF | Leased to Energy Insurance Mutual

701 East Bay St, Charleston

6,500 SF | Leased to

40 Calhoun

4,000 SF | Leased to

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THE SNAPSHOT:
Office: May, '15

OFFICE SNAPSHOT: May 2015

OFFICE MARKET

Proposed development and construction in the office market is continuing through the second quarter with the completion of Midtown on the horizon, as well as the continued redevelopment of the Cigar Factory. The Charleston Office Market is currently experiencing a shortage of supply.

Benefitfocus completed its expansion of the Daniel Island Executive Center 2, adding 145,000 square feet to the Charleston Office Market.

The building at 325 River Landing is a proposed two-story, 22,000 square foot office building located on Daniel Island. The building is already over 40% occupied, with only 4,500 SF remaining on the first floor. It is expected to be completed in December 2015.

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RECENT TRANSACTIONS

940 Johnnie Dodds Blvd, Mt Pleasant

5,130 SF | Sold for \$1,050,000 on 5/11/15

Recorded Seller: Sajelj Family

Limited Partnership

Recorded Buyer: Buxton & Collie

472 Long Point Rd, Mt Pleasant

4,502 SF | Sold for \$2,000,000 on 4/21/15

Recorded Seller: Realterm Global

Recorded Buyer: Robin Hood Container LLC

Purchased for 6.8 acre land & building value

Bulk Sale of 101 Pitt St and 188-192 East Bay Street, Downtown Charleston

37,231 SF | Sold for \$4,650,000 on 4/30/15

Recorded Seller: Venning & Pitt Real Estate

Recorded Buyer: Hall Management Group

8992 University Blvd, North Charleston

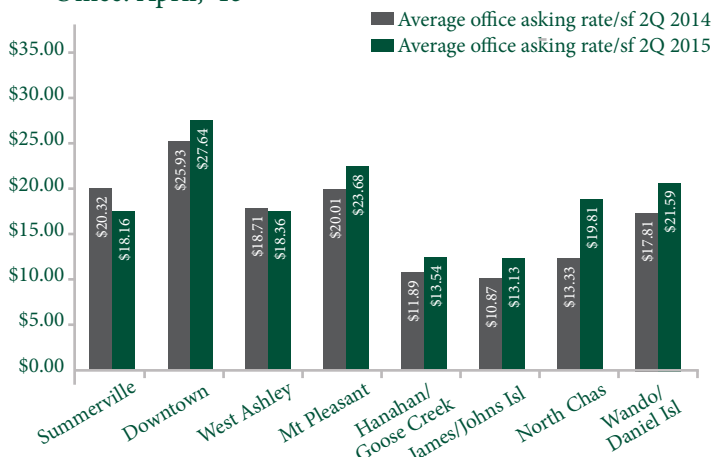
41,168 SF | Sold for \$10,600,000 on 5/6/15

Recorded Seller: University Place Developers

Recorded Buyer: Healthcare Trust of America - purchased as an investment property

data provided by Costar & Lincoln Harris proprietary data
data captured 6/24/2015

CLICK HERE TO VIEW
THE SNAPSHOT:
Office: April, '15



2Q 2015

INDUSTRIAL SUMMARY

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	306	8,707,359	1,146,909	13.2%	80,160	\$4.41
Downtown Charleston	78	1,262,846	76,102	6.0%	(40,057)	\$13.41
West Ashley	105	826,766	13,000	1.6%	17,295	\$8.18
Mt Pleasant	78	777,142	14,400	1.9%	(301)	\$10.09
Hanahan/Goose Creek	44	5,931,778	249,400	4.2%	424,791	\$5.07
James/Johns Island	53	809,243	5,000	0.6%	22,842	\$5.20
North Charleston	211	7,843,800	487,321	6.2%	487,321	\$4.84
Wando/Daniel Island	101	8,057,984	607,971	4.3%	(66,227)	\$5.19
MARKET TOTAL	976	34,216,918	2,600,103	4.8%	925,824	\$7.05

INDUSTRIAL SNAPSHOT: APRIL 2015

INDUSTRIAL MARKET



The Charleston airport projects revenue to climb 12.6% next year, as stated by the Post & Courier. The expected revenue increase is to \$37.1 million, funding its largest budget ever. Passenger counts for the state's busiest airport is expected to grow by 30,000 over the next year as well. The airport is upgrading three taxiways. The terminal renovation includes five new gates and a new TSA checkpoint area. These upgrades will be completed in April. This area has seen tremendous growth in light & heavy industrial need, and inventory in 10,000 SF buildings and below is lower than average, making this area a competitive market.

NOTABLE TRANSACTIONS

- 2568 Oscar Johnson Dr
10,500 SF | Leased to Paper Chemical Supply, Inc.
- 3150 Stanton Ct, N Chas
14,500 SF | 100,000 NNN
- 7257 Peppermill
16,200 SF | 100,000 NNN

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THE SNAPSHOT:
Industrial: May, '15

INDUSTRIAL SNAPSHOT: May 2015

INDUSTRIAL MARKET



Volvo announced that it will build a \$500 million factory in Berkeley County to produce 100,000 cars a year. Volvo could employ up to 2,000 workers in the first decade, and another 2,000 by 2030, states the SC Department of Commerce. The plant is coming to Camp Hill, a 2,000-acre site near Ridgely.

Volvo is receiving at least \$204 million in incentives from the state, with some of the money going towards a new interchange on I-26.

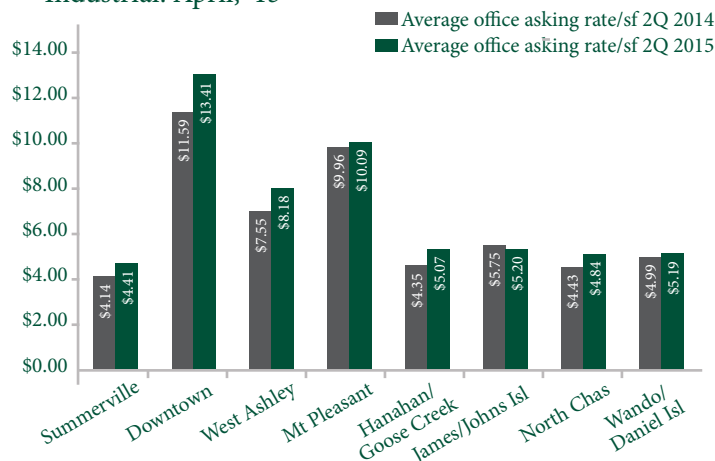
NOTABLE TRANSACTIONS

- 4748 Franchise St, N Charleston
4,300 SF | 26.50 \$/SF | Leased to Deep Steel Corp.
- 2550 Highway 52, Goose Creek
10,000 SF | 10.00 \$/SF | Leased to PDSB Enterprise
- 9801 Highway 78, N Charleston
200,000 SF | 10.00 \$/SF | Leased to PDSB Enterprise

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THE SNAPSHOT:
Industrial: April, '15



RECENT TRANSACTIONS

7257 Peppermill Pkwy, North Charleston
16,200 SF | Leased 4/1/15 at \$5.04/sf/yr NNN
Recorded Tenant: The Reading Warehouse
Term: 3 years, expiring 6/30/2018

3270 Associate Dr, North Charleston
20,160 SF | Sold for \$1,400,000 on 5/1/15
Recorded Seller: Landmark Enterprises
Recorded Buyer: Roberts SC Land Charleston
Purchased with 1.57 acres of land

926-928 W 5th N St, Summerville, SC
3,560 SF | Sold for \$1,880,000 on 5/12/15
Recorded Seller: Walter B. Wall Jr.
Recorded Buyer: Sunoco, Inc
Purchased for new Owner use

Six Building Park at 9801 US Highway 78, North Charleston
591,900 SF | Sold on 5/5/15 for \$22,000,000
Recorded Seller: Aerospace of Defence Inc
Recorded Buyer: JL & Associates

data provided by Costar & Lincoln Harris proprietary data
data captured 6/24/2015

RETAIL SUMMARY

2Q 2015

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	568	5,804,465	299,251	5.2%	27,683	\$16.05
Downtown Charleston	709	4,071,822	84,780	2.1%	(8,132)	\$38.24
West Ashley	545	7,052,340	446,891	6.3%	66,803	\$14.57
Mt Pleasant	529	5,923,902	316,330	5.3%	78,974	\$20.48
Goose Creek/Hanahan	191	2,077,551	175,557	8.5%	(928)	\$10.55
James/Johns Island	100	680,170	15,128	2.2%	4,706	\$16.14
North Charleston	215	3,575,552	456,742	12.8%	79,033	\$13.51
Wando/Daniel Island	32	491,243	19,228	3.9%	15,320	\$17.16
MARKET TOTAL	2,917	29,824,823	1,595,027	6.18%	313,250	\$17.91



RETAIL SNAPSHOT: APRIL 2015

RETAIL MARKET

Downtown Charleston has seen an increase in larger chains moving and opening in the market. Ruth's Chris Steakhouse is set to open on May 24th, the 50th anniversary of the founding of the chain. Raleigh-based Bevello opened its 2,442 sq women's clothing store this month. Two local retailers are joining Elan Midtown, the mixed-use apartment complex on Spring & Meeting Street. These retailers include King of Pops and an expected wine shop.



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NOTABLE TRANSACTIONS*

920 Houston Northcutt Blvd
2,000 SF | Leased to: Kinokids this month

186 Seven Farms Dr, Charleston
1,325 SF | Leased to: [redacted]

343 King I
2,892 SF | Leased to: [redacted]

RETAIL MARKET

The latest upswing in the market has increased store openings throughout the area. The new Walgreens recently opened on the corner of Calhoun Street along with Chipotle. Roberta Roller Rabbit, which opened on King St at the beginning of the year, is adding a second location in Freshfields Village. A new kitchenware shop has recently opened in Mt Pleasant, before the much anticipated opening of Dick's Sporting Goods, expected to open in June.



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CLICK HERE TO VIEW
THE SNAPSHOT:
Retail: May, '15

RETAIL SNAPSHOT: May 2015

NOTABLE TRANSACTIONS*

2408 Ashley River Rd, Charleston
1,400 SF | Leased to: The Beaches, Magnolia & Company

142 Sportsman Island Dr, Charleston
1,075 SF | Leased to: [redacted]

77 Wentworth St
1,000 SF | Leased to: [redacted]

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RECENT TRANSACTIONS

Skatell Center

1798 Ashley River Rd, Charleston SC
4,400 SF | Sold for \$1,750,000 on 5/13/15
Recorded Seller: JTS Charleston, LLC
Recorded Buyer: Jupiter Holdings

241 King St, Downtown Charleston

7,441 SF | Sold for \$4,042,500 on 5/26/15
Recorded Seller: 237 King LLC
Recorded Buyer: 237 King Street Corp

237 King Street, Downtown Charleston

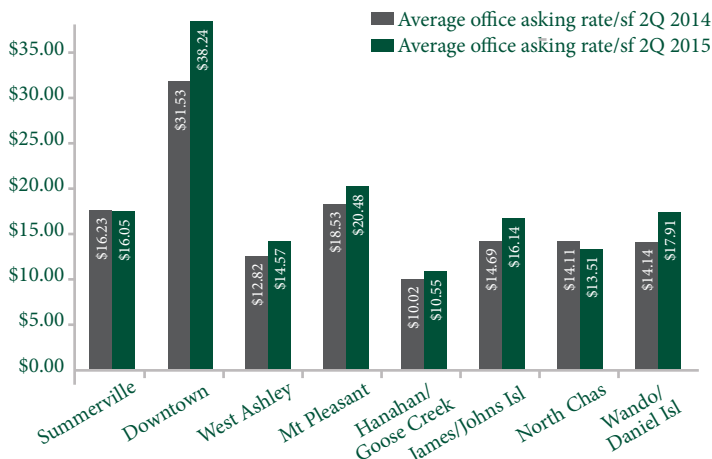
6,600 SF | Sold for \$4,425,000 on 5/26/15
Recorded Seller: 237 King LLC
Recorded Buyer: Rangoni of Florence Shoes

214 Azalea Square Blvd, Summerville

11,966 SF | Sold for \$5,200,000 on 4/1/15
Recorded Seller: The Shoppes At Azalea
Recorded Buyer: Abbe & Russell Gittle,
Eugene & Elaine Zaveloff

data provided by Costar & Lincoln Harris proprietary data
data captured 6/24/2015

CLICK HERE TO VIEW
THE SNAPSHOT:
Retail: April, '15





East Central Lofts, a 72-unit apartment building in Charleston, has new owners, and the acquisition group is considering developing an adjacent parcel with more apartments. The apartment building, featuring one- and two-bedroom lofts, is 43,000 square feet and opened just two years ago.

Maryland-based Federal Capital Partners real estate investment company, already involved in the redevelopment of the historic Cigar Factory a few blocks away, announced Tuesday it has acquired East Central Lofts on Huger Street at the base of the Ravenel Bridge in a joint venture with three other firms.

The partnership bought the site for \$12.4 million, according to Charleston County property records.



28 Woolfe Street, Charleston, SC

0.27 acres | Sold for \$8,000,000 on 4/23/15

Recorded Buyer: South City Partners, LLC

Sold on 8/15/2014 for \$2,700,000 to

Spandrel Development Partners

This property sold in 2014 for \$100,000/ 1/10th of an acre, and recently traded for almost \$300,000/ 1/10th of an acre. The previous owner was planning to develop an eight-story luxury apartment building on the property. Zoning requires that 15% of the living units be classified as “workforce housing” for low- to moderate-income residents on this site.

CARTA PARCEL

36 acres | Sold for \$6,500,000 on 4/15/2015

Recorded Seller: CARTA

Recorded Buyer: Rushmark Properties, LLC

Rushmark Properties, LLC acquired the 36-acre vacant site at 4894 Dorchester Rd in April of 2015. The land, zoned for Commercial Redevelopment and Light Industrial, was previously owned by the Charleston Area Retional Transport Authority, which purchased the land in 2002 for a mass transit hub. This project has since been moved to a site on Graynor Avenue. The buyer also purchased the adjacent proeprties totalling 1.72 acres.



LET US PUT OUR TEAM TO WORK FOR YOU



MIKE FERRER, CCIM

Broker in Charge

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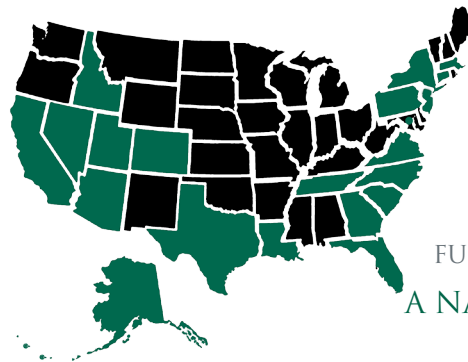
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Experience

Mike Ferrer has been helping buyers, sellers and users of real estate get the best value for their dollar since 2002. Prior to Lincoln Harris, Mike was Vice President at Avison Young where he was responsible for the assemblage of properties and site selection data for tenant/buyer representation and development of market comparisons and evaluation in dispositions of landlord/seller representation. He earned his Certified Commercial Investment Member (CCIM) designation in 2008. Mike is a licensed broker in South Carolina and Georgia. He earned his Bachelor of Arts from Clemson University. Mike is currently an MCR and SIOR Candidate. Please see LinkedIn for full bio.



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