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QUARTERLY REPORT

CHARLESTON, SOUTH CAROLINA

FIRST QUARTER, 2015



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a promise of value...

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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.

The area has seen immense increases in the Automotive industry over the past year. Dalmer AG has announced an investment of over \$500 million to build a Sprinter manufacturing plant in North Charleston, adding 1,360 new jobs to the market. Construction is expected to start in 2016, and will include a new plant, body shop, paint shop and assembly line. Wabco Manufacturing is also planning a \$2.5 million expansion in Dorchester County. South Carolina is also one of the Southeastern states that Volvo has approached about building a U.S. Automobile manufacturing plant.

The Charleston region's aviation sector is fuelling approximately 40% of the region's economy according to the Post & Courier. Boeing and the aviation-related growth has doubled its economic impact to nearly \$14 billion. The airport, Air Force base and Boeing campus support more than 51,000 jobs, or 16% in the region. It also accounts for \$3 billion in pay for local workers.

The Port of Charleston has seen an 18% increase in Container Volume, handling 152,917 twenty-foot equivalent units (TEUs) in January. There has also been a record intermodal rail growth in 2014, with an increase of 38% over the previous year. The *Journal of Commerce* ranked the Port of Charleston the third most productive port in the U.S..

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





15%

The Port of Charleston is expecting container volume to grow by 15%. In 2014, container volume was up 11.9%, and expectations are to be up 8.0% in 2016 for container volume



1,360

Daimler AG will invest \$500 million dollars and create 1,360 new jobs by building a Sprinter manufacturing plant in North Charleston near its current location at Palmetto Commerce Park



955

The Horizon North project, as the first phase is being called, would include a 955-space parking deck behind the six- and seven-story housing structures.

Construction could begin as early as Spring

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

OFFICE SUMMARY

1Q 2015

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	343	1,722,823	193,818	11.3%	40,006	\$17.83
Downtown Charleston	469	5,883,103	469,830	8.0%	37,545	\$28.01
West Ashley	391	2,411,530	196,341	8.1%	28,629	\$19.29
Mt Pleasant	398	3,665,543	142,813	3.9%	17,830	\$23.69
Hanahan/Goose Creek	76	455,262	71,681	15.7%	9,258	\$12.79
James/Johns Island	75	292,109	3,267	1.1%	4,470	\$15.47
North Charleston	173	3,739,532	362,096	9.7%	139,377	\$19.80
Wando/Daniel Island	60	1,575,183	72,608	4.6%	167,081	\$21.39
MARKET TOTAL	1,985	19,745,085	1,512,454	7.8%	444,196	\$19.78

OFFICE SNAPSHOT: JANUARY 2015

OFFICE MARKET
The Office Market is off to a strong start in the new year with the return of speculative office construction. Holder properties is in the middle of delivering a new 75,000 square foot Class A office building on Daniel Island. HCA is the building's first tenant.

NOTABLE TRANSACTIONS*
241-243 East Bay St
5,228 SF | Sold for \$2,300,000 | Buyer: Hanlan Consulting

Benefitfocus, Inc. completed the new 145,800 SF Customer Success Center on its 40-acre campus on Daniel Island.

BENEFITFOCUS
40-acre campus on Daniel Island

CONTACT US TODAY TO FIND OUT MORE
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CENTRAL ISLAND PLAZA
Four-story | 75,000 SF Bldg.
35 acres | Under Preparation for Completion 2015

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THE SNAPSHOT:
Office: February, '15

OFFICE SNAPSHOT: FEBRUARY 2015

OFFICE MARKET
Proposed development and construction in the office market is continuing through the first quarter with the announcement that a new office building has been planned for a 0.75 acre lot on upper King Street. The currently vacant lot sold for \$1.55 million.

NOTABLE TRANSACTIONS*
3820 Faber Place Dr
5,228 SF | Sold for \$2,300,000 | Buyer: Hanlan Consulting

Southpark Circle
4,470 SF | Under Construction

Rutledge Portfolio - Medical District
6 buildings totaling 20,000 SF | Sold for \$2,000,000 | Purchased by Office & Retail Development

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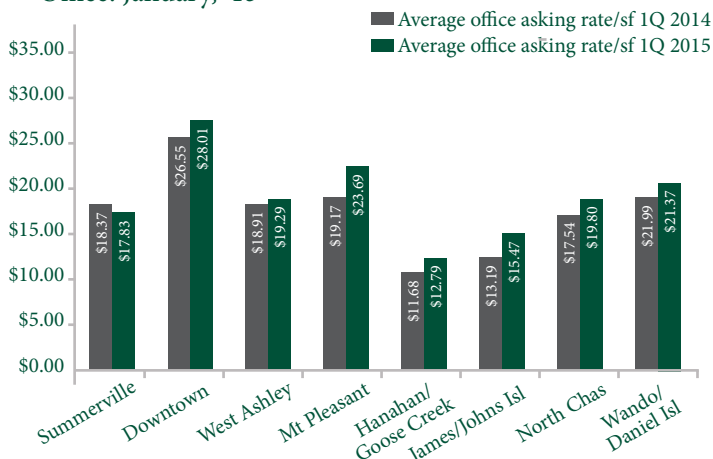
551 KING ST
0.75 acres | \$1,550,000
Buyer: Rutledge Portfolio, LLC
Richard Gregory

WELLS FARGO
Wells Fargo is moving its regional commercial banking office from Columbia to Charleston. The eastern office will be located at the bank's 177 Meeting Street office.

The new owner plans to develop an office building and renovate a house currently located on the tract of land.

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THE SNAPSHOT:
Office: January, '15



RECENT TRANSACTIONS

SC Employment Security Commission

176 Lockwood Blvd, Charleston

16,865 SF | Sold for \$4,985,000 on 2/17/15

Recorded Seller: City of Charleston

Recorded Buyer: College of Charleston

Bulk Sale of Six Properties on Rutledge Ave

19,346 SF | Sold for \$3,000,000 on 2/12/15

Recorded Seller: MUSC

Recorded Buyer: Charles Kronenwetter

Plan to renovate for office, retail & multifamily use

Bulk Sale of Three Properties: 1 Carriage Ln, 884 Johnnie Dodds Blvd, 270 Coleman Blvd

12,122 SF | Sold for \$2,388,512 on 1/14/15

Recorded Seller: Matt Pruitt

Recorded Buyer: Lisa DiGeronimo

241-243 East Bay Street, Charleston

9,228 SF | Sold for \$2,300,000 on 1/7/15

Recorded Seller: Tanenbaum Law

Recorded Buyer: Hanlan Consulting & Development - now occupying space

*data provided by Costar & Lincoln Harris proprietary data
data captured 3/26/2015*

1Q 2015

INDUSTRIAL SUMMARY

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	304	8,675,133	1,352,398	15.6%	278,495	\$4.39
Downtown Charleston	79	1,268,903	76,102	6.0%	(57,384)	\$13.41
West Ashley	123	972,851	37,438	3.8%	3,795	\$7.42
Mt Pleasant	78	777,142	11,400	1.5%	99	\$9.55
Hanahan/Goose Creek	43	5,831,777	195,700	3.4%	634,047	\$4.84
James/Johns Island	53	809,243	15,938	2.0%	11,904	\$5.78
North Charleston	210	7,833,800	486,825	6.2%	90,794	\$4.66
Wando/Daniel Island	96	8,031,332	334,189	4.2%	(86,923)	\$5.11
MARKET TOTAL	986	34,200,181	2,509,990	5.34%	874,827	\$6.90

MONTHLY REPORT: JANUARY 2015

INDUSTRIAL MARKET

Wabco Manufacturing is planning a \$2.5 million expansion into Dorchester County.

South Carolina is one of at least three Southeastern states that Volvo has approached about possibly building a U.S. automobile manufacturing plant.

The State Ports Authority's North Charleston terminal was named the nation's most productive terminal in 2014 by the Journal of Commerce.

1320 GARROTT AVE
100,823 SF
Leased 3/1/2015
to Menlo Logistics, Inc.

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CLICK HERE TO VIEW THE SNAPSHOT:
Industrial: February, '15

MONTHLY REPORT: JANUARY 2015

INDUSTRIAL MARKET

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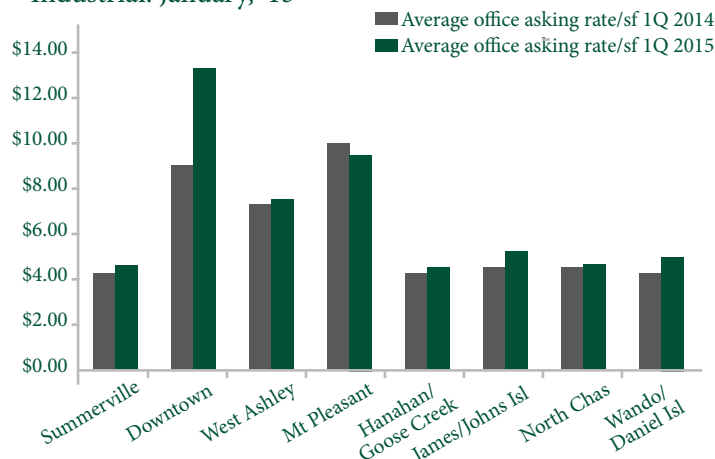
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CLICK HERE TO VIEW THE SNAPSHOT:
Industrial: January, '15



RECENT TRANSACTIONS

107 Brigade St, Charleston

16,102 SF | Sold for \$5,250,000 on 2/9/15
Recorded Seller: Brigade Holding Co
Recorded Buyer: White Point Partners

2460 Remount Rd, North Charleston

26,144 SF | Sold for \$1,550,000 on 1/30/15
Recorded Seller: Remount Airport Assoc
Recorded Buyer: Marabu North America LP
Purchased by current tenant | Zoned M-1

483 Long Point Rd, Mt Pleasant, SC

23,760 SF | Sold for \$1,491,000 on 1/20/15
Recorded Seller: Withers Enterprises, LLC
Recorded Buyer: Blane Cowart
Located in the Wando Industrial Park

1230 Garrott Ave, North Charleston

100,823 SF | Leased 3/1/2015
to Menlo Logistics, Inc, a Delaware Corp.
Tenant Agent: Mike Ferrer, CCIM
Landlord Office: CBRE

data provided by Costar & Lincoln Harris proprietary data
data captured 3/26/2015

RETAIL SUMMARY

1Q 2015

BY SUBMARKET	Inventory (Buildings)	Inventory (SF)	Overall vacant SF	Overall vacancy %	12 Mo. Absorption SF	Gross asking rent PSF
Summerville	566	5,807,127	336,765	5.8%	116,714	\$16.89
Downtown Charleston	709	4,062,990	59,639	1.5%	25,040	\$35.47
West Ashley	576	7,236,429	501,405	6.9%	20,316	\$13.49
Mt Pleasant	525	5,893,424	27,880	5.7%	27,880	\$19.95
Goose Creek/Hanahan	189	2,055,692	176,976	8.6%	42,014	\$10.37
James/Johns Island	103	690,475	16,328	2.4%	2,011	\$16.29
North Charleston	215	3,565,960	445,482	12.5%	72,543	\$14.15
Wando/Daniel Island	34	512,726	30,552	6.0%	6,732	\$16.69
MARKET TOTAL	2,917	29,824,823	1,595,027	6.18%	313,250	\$17.91



RETAIL SNAPSHOT: FEBRUARY 2015

RETAIL MARKET

King Street is experiencing a changing tenant list, as big players like Chipotle Mexican Grill and West Elm have announced store openings, while Planet Smoothie and Cache have closed their doors. While the national women's clothing retailer filed for bankruptcy, forcing the close, other tenants may be moving due to the high rent value for prime first-floor retail spaces. Retailers are now looking at second- and third-floor opportunities to set up shop.



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NOTABLE TRANSACTIONS*

7558 Rivers Ave, North Charleston
13,000 SF | Leased to: Tuesday Morning

Azalea Square, Summerville
12,000 SF | \$32.00 SF NNW | Leased to: Retailer

522-524 King Street, Charleston
5,000 SF Retail Building | Sold for \$2,500,000
Purchased by: Manor Enterprises, Inc.

CONTACT US TODAY TO FIND OUT MORE

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

RECENT TRANSACTIONS

Crickentree Village Shopping Center

1055 Johnnie Dodds Blvd, Mt Pleasant
20,101 SF | Sold for \$3,100,000 on 1/13/15

Recorded Seller: Bobby Reece

Recorded Buyer: CSJ Realty Advisors

522-524 King St, Charleston

5,000 SF | Sold for \$2,500,000 on 1/16/15

Recorded Seller: Second Story, LLC

Recorded Buyer: Manor Enterprises, Inc

Pro-forma cap rate of 5%, \$125,000 NOI

Woodhouse Spa

725 Johnnie Dodds Blvd, Mt Pleasant

8,685 SF | Sold for \$2,250,000 on 2/11/15

Recorded Seller: Zeus Investment Properties

Recorded Buyer: Southern Spas Realty LLC

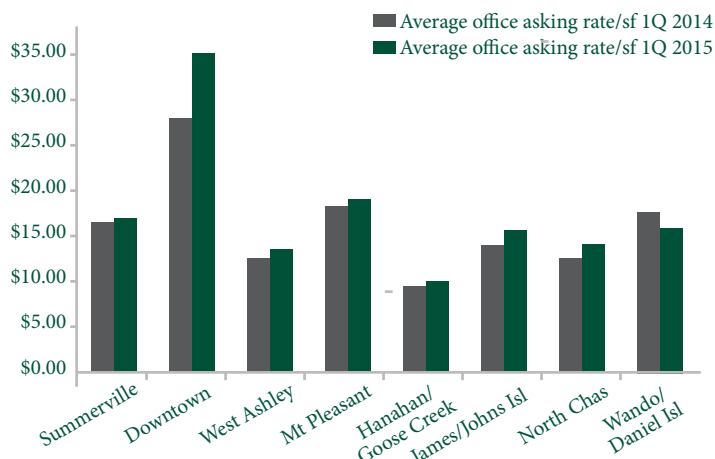
1063 Morrison Dr, Charleston

8,279 SF | Sold for \$1,087,000 on 1/13/15

Recorded Seller: Lord & Evans Capital Group

Recorded Buyer: 1063 Morrison Dr, LLC

data provided by Costar & Lincoln Harris proprietary data
data captured 3/26/2015





There has been a fundamental shift in how people are choosing to live, according to the Post & Courier. Charleston has several apartment complexes under construction, including:

- 430-bed, \$35 million complex catering to college students on Morrison Drive, scheduled to open in Fall, 2015.
- 200-unit community in Courier Square, which is set to include office, commercial and a parking deck.
- 269-unit complex called Simmons Park is under construction on Daniel Island, expected to be completed mid-2015.

The country's annual effective rent growth reached a 4.9% pace in December, the highest it's been since 2011.



661 King St, Charleston, SC

.79 acres | Sold for \$1,550,000 on 1/29/2015

Recorded Seller: David B Jones, Jr

Recorded Buyer: The Twisted Bubble/Greg Development Inc

David Jones sold 0.79 acres of land on King Street to Greg Development. The space sits across from Barsa Lounge & Bar close to the intersection of King St & Line St and within walking distance to the new Courier Square & Midtown developments

581-583 King St, Charleston, SC

0.27 acres | Sold for \$3,325,000 on 1/7/2015

Recorded Seller: Prospect Real Estate Partners, LLC

Recorded Buyer: King 583 Partners, LLC

The 0.27 acres of property located on Upper King Street across the street from the new Midtown development sold in January to King 583 Partners, LLC. According to the Post & Courier, the buyers plan on developing the vacant lot and building a 54-room Boutique Hotel Property.



LET US PUT OUR TEAM TO WORK FOR YOU



MIKE FERRER, CCIM

Broker in Charge

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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.

JOHN NASH

Commercial Brokerage Associate

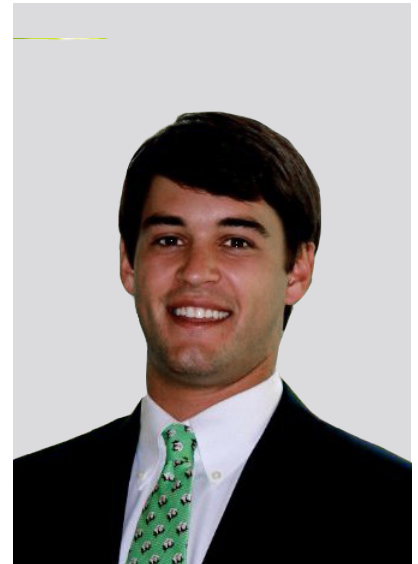
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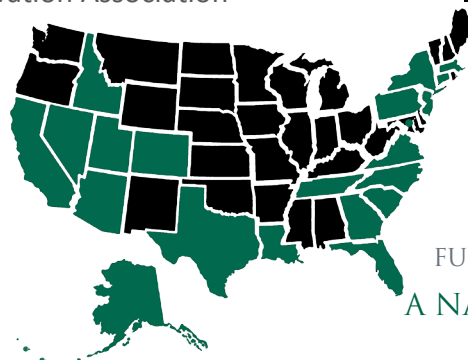
Experience

John Nash is the newest edition to the Lincoln Harris brokerage team. As a recent graduate, John is currently working under the guidance of Mike Ferrer and learning all that he can about the commercial brokerage business. A graduate of the UNC—Chapel Hill, John has a strong background in marketing and sales and looks forward to putting his skills to work for Lincoln Harris. His love for the water, as well as a promising real estate market, is what brought John to the Charleston area, and he looks forward to establishing himself further into the lowcountry community.

John participates in several organizations throughout Charleston, including: Charleston Young Professionals, UNC General Alumni Association, Green Heart Charleston, and the Coastal Conservation Association



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