



Market Report

GREATER CHARLESTON AREA

NOVEMBER 2012

2012: A slow and steady year

The **Charleston Office Market** continues to improve with decreasing vacancies and increasing rental rates. With a lot of the best office space picked through, there remains significant challenges for tenants to make remaining vacant space suitable for their needs. For the first time in many years, there is a pipeline of new Class A inventory coming online in the market to include 75,000 SF in Faber and 52,000 SF downtown, both developed by Atlanta based Holder Properties. A host of other developers are also back at the drawing board looking at potential build to suit projects or even breaking ground on spec space such as the 100,000 SF Nexton project in Summerville scheduled for a late 2013 delivery.

The **Charleston Retail Market** continues to show its resilience with a quarterly absorption of over 165,000 SF which equates to an annualized amount of 660,000 SF. Average market vacancy is hovering around 8.25% and rents continue to trend upward. The market has seen the start of a new 130,000 SF Harris Teeter / Marshalls center on Dorchester Road, the completion of the market's first Hobby Lobby in Mt. Pleasant and the sale of North Rivers Marketplace in North Charleston to

Hawthorne Retail Partners of Charlotte, NC. King Street in Downtown Charleston continues to see revitalization with the opening of new restaurants and retailers. Lee & Associates Charleston predicts that rents will continue to rise in all submarkets due to continued demand and the lack of new product being added to the market, which should also further new development in the coming year.

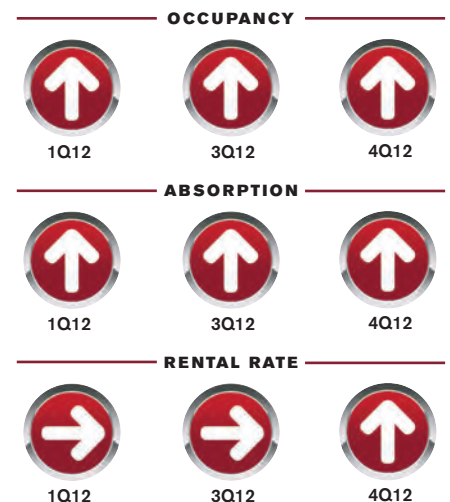
The **Charleston Industrial Market** continues to show improvement on all fronts and product lines, despite the fact that transactional volume over the past year has been at a somewhat slow pace. We are seeing more investors and developers interested in both speculative product as well as investment grade assets in a market that continues to strengthen. Additionally, we continue to see Class "A" warehouse space tighten. Much of this strength has come from the larger, well capitalized companies. The first spec building in some time is under construction in Cross Pointe which is inside Palmetto Commerce Park. This 175,000 SF building developed by Childress Klein will be anchored by JAS Logistics which is taking 75,000 SF of the space. We are still not seeing the smaller owner/user buy-

ers, less than 10,000± SF, showing a level of interest at this point. This is a good indication in our eyes that the "recovery" still has a way to go. Overall the greater Charleston Industrial market is stabilized and positioned to see good activity in the coming year.

Overall, we expect things to continue to track towards a healthier market. Charleston remains a very desirable place to live and work. The commercial real estate market will remain complicated, but the team at Lee & Associates is more than capable of keeping it simple for you. Let us show you how we put People First; Properties Second.

Advantage: Lee!

Market Indicators



OFFICE

Total SF: 15,616,090

Available SF: 1,701,866 % Vacant: 10.90%
Rental Rates: \$18.95



North Charleston

Total SF..... 5,904,487
Available SF..... 825,842
% Vacant 13.99%
Rental Rates \$16.66

Daniel Island

Total SF..... 1,170,414
Available SF..... 203,683
% Vacant 17.40%
Rental Rates \$18.50

West of the Ashley

Total SF..... 1,374,785
Available SF..... 179,477
% Vacant 13.05%
Rental Rates \$18.75

Downtown

Total SF..... 4,799,811
Available SF..... 246,758
% Vacant 5.14%
Rental Rates \$22.58

Mount Pleasant

Total SF..... 2,366,593
Available SF..... 246,106
% Vacant 10.40%
Rental Rates \$18.27



RETAIL

Total SF: 26,398,105

Available SF: 2,100,599 % Vacant: 7.96%
Rental Rates: \$15.52



Summerville

Total SF..... 3,649,849
Available SF..... 259,882
% Vacant 7.12%
Rental Rates \$14.14

North Charleston

Total SF..... 8,229,960
Available SF..... 537,203
% Vacant 6.53%
Rental Rates \$12.12

Berkeley

Total SF..... 1,995,632
Available SF..... 197,504
% Vacant 9.90%
Rental Rates \$13.11

West of the Ashley

Total SF..... 6,717,265
Available SF..... 535,709
% Vacant 7.98%
Rental Rates \$13.91

Downtown

Total SF..... 1,569,132
Available SF..... 115,508
% Vacant 7.36%
Rental Rates \$22.31

East of the Cooper

Total SF..... 4,236,267
Available SF..... 454,793
% Vacant 10.74%
Rental Rates \$17.54



WAREHOUSE/INDUSTRIAL

Total SF: 46,953,786

Available SF: 5,764,450 % Vacant: 12.28%
Rental Rates: \$5.70



Summerville

Total SF..... 7,937,450
Available SF..... 1,222,368
% Vacant 15.40%
Rental Rates \$5.21

North Charleston

Total SF..... 21,565,885
Available SF..... 2,298,100
% Vacant 10.66%
Rental Rates \$4.73

Berkeley

Total SF..... 8,526,881
Available SF..... 1,286,922
% Vacant 15.09%
Rental Rates \$4.43

West of the Ashley

Total SF..... 1,693,446
Available SF..... 149,304
% Vacant 8.82%
Rental Rates \$6.53

East of the Cooper

Total SF..... 5,662,179
Available SF..... 646,606
% Vacant 11.42%
Rental Rates \$6.23

Downtown

Total SF..... 1,567,945
Available SF..... 161,150
% Vacant 10.47%
Rental Rates \$7.09



Lee & Associates Service Line

3 Solid areas of Expertise in a recovering Economy

1. Brokerage

The brokers of **Lee & Associates** serve a select group of Charleston clients with comprehensive leasing, sales and corporate service skills. All Lee & Associates brokers are dedicated to superior client service, and will represent our clients' interests with proven expertise and the utmost integrity, whether for landlords or tenants, buyers or sellers. From office, retail, warehouse and industrial, to land site selection and corporate services, Lee & Associates brokers are committed to results. That's one more way we put *"People First, Properties Second."*

2. Management

Lee & Associates currently manages a large portfolio of commercial properties for clients who own office buildings and retail centers, as well as several commercial property regimes. We are also capable of providing corporate services for clients who own properties in multiple states. We are one of the largest third-party property managers in Charleston. We have achieved our present level of success through an absolute commitment to client satisfaction. Client satisfaction means removing the headaches of commercial property ownership. It means managing property and protecting the investment as if it were our own. We handle dozens of details, large and small, including physical maintenance, tenant relations, fiscal reporting, and so much more.

3. Development

Lee & Associates stands out among Charleston's commercial property developers. Through many years of varied experience of property development in the Charleston real estate market, we have mastered the fine details. We anticipate the bumps in the road. This allows us to offer our commercial clients an unsurpassed level of personal customer service. Property development entails high stakes and high expectations, and it requires a unswerving commitment to superior service and processes. Lee & Associates property development experience, our commitment to superior service and our desire to always do things better have paved the way to success in the Charleston market. Past satisfied clients include Emery Worldwide, Applied Industrial Technologies, EDO Corporation, ITT and Linq Industrial Fabrics. Find out what we can do for you.



Robert H. Nuttall, Jr.
SIOR, CPM
Principal



R. Milton Thomas, III
CCIM, SIOR
Principal



Reid P. Davis
CCIM, SIOR
Principal



Will Sherrod
CCIM
Principal



J. Miles Barkley
Principal



Chris Koepenick
CCIM



Gordon Geer



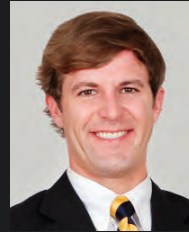
Pete Harper



Jack Owens
CCIM



Thomas G. Buist, Jr.
SIOR



J. Ryan Welch



Amanda Reeves
CCIM, LEED AP®



Henry B. Fishburne, Jr.



William H. Fishburne

Phone (843) 747-1200 | Fax (843) 747-1070 | www.lee-charleston.com



COMMERCIAL REAL ESTATE SERVICES

Daniel Island Office: 126 Seven Farms Drive, Suite 110
Charleston, SC 29492

Downtown Office: 293 East Bay Street
Charleston, SC 29401