



# Market Report

**GREATER CHARLESTON AREA**

**NOVEMBER 2013**

## Significant Transactions:

**320-330 Deming Way**, Summerville, 170,000 SF of industrial space leased to Cowboy USA and 50,000 SF of industrial space leased to Velocity Services Charleston, LLC (J. Ryan Welch)

**927 Central Avenue**, Summerville, \$650,000 Sale of a Dollar General (Chris Koeppenick, CCIM)

**656 Coleman Blvd.**, Mount Pleasant, \$1,826,000 Sale of 35 townhome style lots to Ryland Homes (Gordon Geer & Reid Davis, CCIM, SIOR)

**Heritage Square**, Summerville, \$3,350,000 Sale of 14.2 Acres containing 110,000 SF and 32 apartments to 338 Magnum, LLC (Jack V. Owens, CCIM)

**1812 Savannah Highway**, West Ashley, \$805,000 Sale of two office buildings totaling 10,874 SF to Wappoo Corner II, LLC (Jonathan Chalfie)

**28 Hasell Street**, Downtown Charleston, \$1,000,000 Sale of an approximately 6,500 SF Office/Residential Building to Hire Quest, LLC. (J. Miles Barkley)

It's like music to our ears to hear for the third time in a row that Charleston is named the top U.S. city by Conde Nast, ranked according to atmosphere & ambiance, culture & sites, friendliness, restaurants & shopping, and lodging. Lee & Associates expects the Charleston area to gain worldwide recognition for more than its historic appeal and southern charm: Ongoing commercial developments around the Tri-County region, coupled with an immense port expansion and harbor deepening project, are projected to earn Charleston recognition as a leading economic engine of the Southeast.

Charleston is already the 3rd highest ranked port on the East Coast, and the 8th highest in the U.S., for its dollar value of goods handled per year. A total of \$1.3 Billion is being spent on port expansion, updates, and harbor deepening, all of which should be complete by 2019, resulting in a 50% anticipated increase in port activity. The \$23 Million update to the Columbus Terminal will enhance the flow of break-bulk cargo, namely to export BMW's X-class automobiles that are in high demand, and Downtown retailers will benefit from the new \$40 million cruise terminal redevelopment as nearly 90 cruise ships are expected to call on the port each year.

The Federal Reserve's pending phase-out of QE will foreseeably lead to a rise in interest rates, so commercial developers realize the time for capital expenditures is now. Here in Charleston where vacancy rates are trending low, new development is a must. Although economic hardships are still felt from high unemployment rates across the U.S., Charleston is showing signs of market confidence through commercial developments around the area. In Summerville, Nexton Office Campus will bring 100,000 SF of Class A Office space, Crosspoint at Palmetto Commerce Park will bring over 2 Million SF of Class A Industrial space, and Boeing will add a new 225,000 SF Industrial facility with an expansion capability to reach 600,000 SF total. Boeing is also committed to creating 2,000 new jobs and investing over \$1 Billion in our State over the next eight years. The Gateway project will add 65,000 SF of Class A Office space in Mount Pleasant. Downtown, 2.8 acres at the Courier Square site will be developed into multi-use office space, and 20 acres of prime real estate known as the Horizon site, will add medical research centers, retail shops, recreational facilities, and residential units to an emerging area.

Rental Rates for office space are expected to creep up even with increased volume from new developments, as well as the continuing absorption of cheaper priced Class B and Class C spaces. Both Industrial and Retail rental rates increased as space became more limited in both segments around the Tri-County area. Industrial and Retail rates are expected to rise, especially as more manufacturers and retailers grow and relocate here. Overall, the market indicators continue to trend towards a healthier climate. Charleston remains a very desirable place to live and work, and although the commercial real estate market will remain complicated, 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

