



Market Report

GREATER CHARLESTON AREA

NOVEMBER 2014

Significant Transactions

4975 Lacross Road, North Charleston, \$4,525,000 Sale of a 72,000 SF Office Building to Rivergate II, LLC (Milton Thomas, CCIM, SIOR)

3290 & 3298 Benchmark Drive, Ladson, 257,000 SF Industrial Space Leased to Tri-Modal Distribution Services, Inc. (Thomas G. Buist, Jr.)

725 Johnnie Dodds Blvd., Mt. Pleasant, 8,685 SF Retail Building Leased to Southern Spas, LLC (Jonathan J. Chalfie)

8992 University Blvd., North Charleston, \$2,650,000 Sale of a 13,626 SF Office Space to SNT, LLC (Robert H. Nuttall, CCIM, SIOR & Milton Thomas, CCIM, SIOR)

7269 Cross Park Drive, North Charleston, \$1,004,000 Sale of a 15,000 SF Industrial Building to C Level Investments, LLC (Reid Davis, CCIM, SIOR)

1 Central Island Plaza, Daniel Island, \$1,050,000 Land Sale for the Development of a 75,000 SF Office Building for Holder Properties (Reid Davis, CCIM, SIOR & Pete Harper, CCIM)

Up, up and away! That about sums up the attitude at the annual Charleston Commercial Market Forecast held in October. The market continues to improve across all sectors, though some are recovering faster than others. Some municipalities are even considering ways to limit growth, a clear indication of long term, improving market conditions.

The retail market in Charleston continues to experience lower vacancies, down to about 5%, as older space continues to get absorbed such as the vacant K-Mart in Mt. Pleasant (Dick's Sporting Goods; Nordstrom Rack) and several vacant Food Lions securing replacement tenants. Additionally, the upper King Street Corridor is seeing rates as high as \$60/SF with a waiting list for space. New developments are coming, which is inevitable with the present demand vs. current vacancy. Rates and lease terms are both climbing as well. Big box tenants are taking hard looks at Charleston, though in smaller spaces than previous times. CEO's want to have locations here given the way Charleston has been on the map in recent years as a shining light in both the State and the Southeast.

The office market is also dynamic and improving, with vacancy rates falling to 8%. Activity is evident in Downtown, Mt. Pleasant, Daniel Island, North Charleston, and Summerville. The Cigar Factory, Nexton, Shem Creek Office Building, Gateway Center, the 40,000 MOB at Summerville Medical Center, and the new Holder project on Daniel Island are just a few of the projects which are in various states of development. The potential hindrances to further development are the lending requirements—pre-leasing and initial equity requirements—plus the cost of land and improvements, both of which are increasing at surprising rates. Rental rates are rising again as well. Those developers who are stable enough to come out of the ground now will fare much better than those who wait to begin.

In the industrial arena, the velocity of deals is increasing, supply is tightening, and values are either stabilized or increasing along with rental rates as demand accelerates. However, rail-served product is hard to find. The hot areas will continue to be the Palmetto Commerce Parkway corridor down to the Boeing plant as connectivity between the two is completed; the "Future Parkway" exit 207 between Highway 78 and Ashley Phosphate Road; and the Nexton area and above with the planned Sheep Island interchange. The Airport interchange and the new port terminal and rail yard at the Navy Yard will also be desirable areas. The market needs smaller industrial buildings as well, as most are old and close to being obsolete altogether. The Port and aerospace industries will continue to be strong drives in the industrial sector. Industrial development is limited by essentially the same factors as the office market noted above.

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



OFFICE

Charleston, Berkeley & Dorchester Counties

of Properties.....560
Total SF.....18,049,550
Total Available SF..... 2,062,832 (11.3%)
Total Vacant SF..... 1,489,059 (8.2%)
Average Rental Rates..... \$20.44/SF

SUMMERVILLE



Summerville / Goose Creek

of Properties.....53
Total SF.....1,256,796
Total Available SF..... 252,582 (19.0%)
Total Vacant SF..... 234,814 (18.7%)
Average Rental Rates..... \$18.93/SF



North Charleston

of Properties.....180
Total SF.....6,809,956
Total Available SF..... 784,783 (11.5%)
Total Vacant SF..... 507,777 (7.5%)
Average Rental Rates..... \$18.03/SF

Daniel Island

of Properties..... 35
Total SF.....1,285,812
Total Available SF.....156,932 (11.0%)
Total Vacant SF..... 86,171 (6.7%)
Average Rental Rates..... \$19.99/SF

WEST ASHLEY

West of the Ashley

of Properties.....56
Total SF.....1,463,567
Total Available SF..... 172,954 (11.8%)
Total Vacant SF..... 145,108 (9.9%)
Average Rental Rates..... \$20.42/SF



NORTH CHARLESTON



DANIEL ISLAND



CHARLESTON



JOHNS ISLAND

JAMES ISLAND

MOUNT PLEASANT

Downtown

of Properties.....127
Total SF..... 4,646,174
Total Available SF.....506,894 (10.9%)
Total Vacant SF..... 438,106 (9.4%)
Average Rental Rates..... \$28.26/SF

FOLLY BEACH

Mount Pleasant

of Properties.....106
Total SF..... 2,444,277
Total Available SF.....176,527 (7.2%)
Total Vacant SF..... 77,083 (3.2%)
Average Rental Rates..... \$22.25/SF

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RETAIL

Charleston, Berkeley & Dorchester Counties

# of Properties.....	824
Total SF.....	28,831,513
Total Available SF.....	2,263,026 (7.8%)
Total Vacant SF.....	1,875,763 (6.5%)
Average Rental Rates.....	\$14.41/SF

Summerville / Goose Creek

# of Properties.....	202
Total SF.....	6,944,000
Total Available SF.....	567,264 (8.2%)
Total Vacant SF.....	486,042 (7.0%)
Average Rental Rates.....	\$12.41/SF



North Charleston

# of Properties.....	210
Total SF.....	8,326,962
Total Available SF.....	684,114 (8.2%)
Total Vacant SF.....	552,846 (6.6%)
Average Rental Rates.....	\$10.77/SF

Daniel Island

# of Properties.....	10
Total SF.....	410,939
Total Available SF.....	32,280 (7.9%)
Total Vacant SF.....	31,255 (7.6%)
Average Rental Rates.....	\$15.67/SF

West of the Ashley

# of Properties.....	176
Total SF.....	7,303,717
Total Available SF.....	616,996 (8.4%)
Total Vacant SF.....	480,653 (6.6%)
Average Rental Rates.....	\$13.18/SF

Downtown

# of Properties.....	91
Total SF.....	1,623,466
Total Available SF.....	51,629 (3.2%)
Total Vacant SF.....	39,479 (2.4%)
Average Rental Rates.....	\$37.34/SF

Mount Pleasant

# of Properties.....	124
Total SF.....	4,248,323
Total Available SF.....	289,997 (6.8%)
Total Vacant SF.....	262,042 (6.2%)
Average Rental Rates.....	\$18.20/SF

INDUSTRIAL/FLEX

Charleston, Berkeley & Dorchester Counties

of Properties.....1,097
Total SF..... 56,987,090
Total Available SF.....6,503,768 (11.4%)
Total Vacant SF.....5,031,989 (8.8%)
Average Rental Rates.....\$4.76/SF

SUMMERVILLE



Summerville / Goose Creek

of Properties..... 279
Total SF..... 19,397,356
Total Available SF.. 3,056,536 (15.5%)
Total Vacant SF..... 3,117,935 (16.4%)
Average Rental Rates..... \$4.34/SF



North Charleston

of Properties..... 635
Total SF..... 29,641,689
Total Available SF.. 2,706,206 (9.0%)
Total Vacant SF..... 1,748,547 (5.9%)
Average Rental Rates.....\$4.88/SF

Daniel Island

of Properties.....67
Total SF..... 4,636,934
Total Available SF.....684,036 (14.7%)
Total Vacant SF..... 138,947 (3.0%)
Average Rental Rates..... \$5.57/SF

WEST ASHLEY

West of the Ashley

of Properties.....74
Total SF.....1,880,067
Total Available SF..... 179,513 (9.5%)
Total Vacant SF..... 64,962 (3.5%)
Average Rental Rates.....\$7.53/SF

NORTH CHARLESTON



DANIEL ISLAND



CHARLESTON



JOHNS ISLAND

JAMES ISLAND

MOUNT PLEASANT

Downtown

of Properties.....34
Total SF.....1,057,456
Total Available SF.....47,102 (4.5%)
Total Vacant SF.....47,102 (4.5%)
Average Rental Rates.....\$13.41/SF

FOLLY BEACH

Mount Pleasant

of Properties.....37
Total SF.....871,331
Total Available SF.....60,262 (6.9%)
Total Vacant SF..... 79,972 (9.2%)
Average Rental Rates..... \$9.38/SF

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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.



COMMERCIAL REAL ESTATE SERVICES

960 Morrison Drive, Suite 400
Charleston, SC 29403



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



Gordon Geer



Pete Harper
CCIM



Jack Owens
CCIM



Thomas G. Buist, Jr.
SIOR



J. Ryan Welch



Amanda Reeves
CCIM, LEED AP®



Henry B. Fishburne, Jr.



Jonathan J. Chalfie



Doug Hart