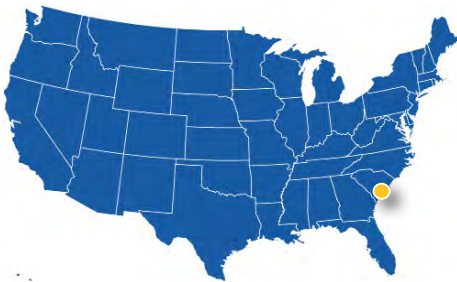




CHARLESTON, SOUTH CAROLINA RETAIL MARKET REPORT



High Occupancy Rates Spur New Construction

Key Takeaways

- King Street continued to excel with new retail tenants including C Wonder, H&M and Madewell opening stores in downtown Charleston.
- Increased demand for retail space spurred new construction and redevelopments throughout the Charleston region.
- Average asking rental rates continued to rise for shop space on King Street and in high growth suburban areas.
- Suburban submarkets encountered the “Grocery Wars” as Piggly Wiggly stores sold and reopened as Bi-Lo or Harris Teeter.

Fourth Quarter 2013 Recap

The Charleston retail market continued to improve since mid-year 2013 with increased occupancy rates and new construction. National tenants are showing a greater interest in Charleston. Bass Pro Shops, Southern Season, H&M, Chipotle and Madewell all opened stores or announced plans to locate to the market. Mixed-use developments in Charleston’s urban cores continued to bring new street level retail to apartments, hotels and office buildings. Much of this is complimentary shop space, but in some proposed developments, there are more significant junior anchor components.

MARKET INDICATORS

	2013	FORECAST
VACANCY	↓	↓
CONSTRUCTION	↑	↑
RENTAL RATE	↑	↑

YEAR-END STATISTICS

	DOWNTOWN	SUBURBAN
Inventory	1,009,663 SF	15,905,882 SF
Vacancy	5.23%	6.18%
Avg. Ask Rate	\$40.00 NNN	\$15.50 NNN

DEVELOPMENT PIPELINE

Development	Approx. Retail SF	Est. Delivery
Midtown Downtown	16,000	2015
Horizon Square Summerville	64,000	2014
Nexton Summerville	125,000	2014
Corners at Wescott North Charleston	162,000	2014
The Folly Market South Islands	45,000	2014
K-Mart Mt. Pleasant	131,000	2015



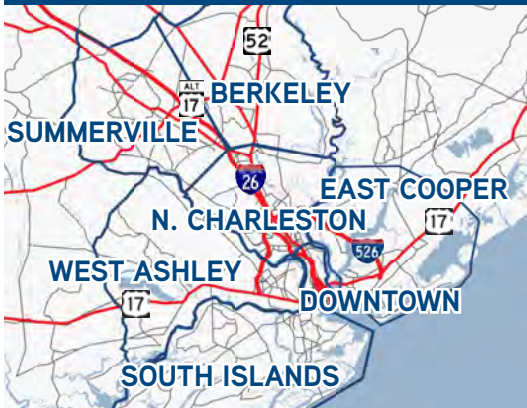
MIDTOWN - Regent Partners commenced construction on Midtown in 2013. The multi-use development will be the cornerstone of downtown Charleston’s Upper King Street and will feature over 16,000 SF of retail space.

CHARLESTON, SOUTH CAROLINA RETAIL MARKET

	Total GLA (SF)	Vacancy Rate	Pass Throughs	Anchor		Jr. Anchor		Shop Space	
				Available SF	Asking Rent	Available SF	Asking Rent	Available SF	Asking Rent
DOWNTOWN	1,009,663	5.23%	\$7.85	0	N/A	0	N/A	52,756	\$40.00
BERKELEY	1,434,743	5.61%	\$2.41	0	N/A	19,364	\$6.00	61,110	\$13.99
EAST COOPER	3,912,375	3.73%	\$4.15	0	N/A	22,034	N/A	123,842	\$20.54
NORTH CHARLESTON	4,586,076	7.93%	\$2.64	40,704	N/A	72,376	\$6.33	250,483	\$14.32
SUMMERVILLE	2,254,888	2.81%	\$3.44	0	N/A	0	N/A	63,433	\$14.39
SOUTH ISLANDS	1,099,617	8.27%	\$4.14	45,000	N/A	0	N/A	45,887	\$14.43
WEST ASHLEY	2,618,183	8.71%	\$3.28	54,281	\$8.00	75,962	\$8.00	97,744	\$15.33
DOWNTOWN TOTAL	1,009,663	5.23%	\$7.85	0	N/A	0	N/A	52,756	\$40.00
SUBURBAN TOTAL	15,905,882	6.18%	\$3.34	139,985	\$8.00	189,736	\$6.78	642,499	\$15.50
MARKET TOTAL	16,915,545	6.04%	\$3.99	139,985	\$8.00	189,736	\$6.78	695,255	\$19.00

This market report is a research document of Colliers International in Charleston. Information herein has been deemed reliable and no representation is made as to the accuracy thereof. As new, corrected or updated information is obtained, it is incorporated into both current and historical data, which may invalidate comparison to previously issued.

RETAIL SUBMARKET MAP



PIGGY WIGGLY STORES SOLD AND REOPENED AS HARRIS TEETER OR BI-LO

Harris Teeter and Bi-Lo acquired eight lowcountry stores from Piggly Wiggly in the Charleston region. Piggly Wiggly lost their foothold to fierce and well-capitalized grocery competition. Currently, they have three stores remaining in Charleston.



Charleston was voted the No. 1 City in the U.S.

in 2011, 2012 and 2013
by Conde Nast Traveler

Occupancy rates increased to 93.9% at year-end 2013 from 93.3% at mid-year and 92.7% a year ago. Charleston's employment growth, recovered housing market and booming tourism industry contributed to the rise in occupancy rates. The rising demand for retail space resulted in higher asking rental rates for shop space; which ended 2013 at \$19.00/SF up from \$18.89/SF at mid-year and \$18.25/SF a year ago. King Street in downtown Charleston reported the highest asking rental rates at \$40.00/SF while rents in suburban grocery-anchored centers averaged \$15.50/SF.

Construction commenced in Summerville, East Cooper and Downtown submarkets, which hold the highest occupancy rates in the market.

Summerville's Retail Market is Hot

Summerville's retail market is the tightest of all the submarkets with a reported occupancy rate of 97.2% at year-end; up from 96.9% at mid-year. New tenants to Summerville included Newk's Eatery, Jos A Bank and Mellow Mushroom. Horizon Square, a redevelopment of the former Strobel Tire site off Highway 17A, has approximately 64,000 SF of grocery-anchored shop space for lease. Nexton, a mixed-use development which commenced construction earlier this year, will deliver two office buildings in 2014 totaling 175,000 SF. Approximately 125,000 SF of retail space is planned. Both projects will eventually alleviate some demand as these developments progress.

Over-Store East Cooper Attracts High-End Grocers

East Cooper's retail occupancy rate increased to 96.2% at year-end 2013 from 95.6% at mid-year. The submarket is considered to be over-stored, however, attracted Southern Season to open a 44,000 SF location off Coleman Boulevard. In addition, a new Harris Teeter is under construction on Isle of Palms and is anticipated to open in 2014. The 24,000 SF store was initially Newton Farms prior to the Piggly Wiggly buyout. Belk continued construction on their expansion at Mount Pleasant Towne Centre, which will double the size of their current store. The Boulevard, a 325-unit multifamily development off Coleman Boulevard, delivered late 2013 and features approximately 15,000 SF of retail and restaurant space. The project attracted Maverick Southern Kitchens which announced plans to open a street level restaurant in 2014. K-Mart announced it will close its location on Johnnie Dodds Boulevard making the 131,000 SF shopping center ideal for redevelopment.

RECENT & FUTURE STORE OPENINGS (NATIONAL TENANTS)

TENANT	ADDRESS	SUBMARKET	APPROX.SF	OPENING
BASS PRO SHOPS	I-26 & Northside Drive	North Charleston	150,000	2015
H&M	Tanger Outlets	North Charleston	20,000	2014
H&M	King Street	Downtown	16,434	2013
MADEWELL	King Street	Downtown	2,500	2014
C WONDER	King Street	Downtown	3,500	2013
MARSHALLS	Corners at Wescott	North Charleston	25,000	2014
HIBBETT SPORTS	James Island	South Islands	14,000	2014
SMASHBURGER	Azalea Station	Summerville	2,000	2013
JOS A BANK	Azalea Station	Summerville	4,200	2013
NEWK'S EATERY	Azalea Station	Summerville	4,500	2013
SOUTHERN SEASON	Coleman Boulevard	Mt. Pleasant	44,000	2013

New Tenants & Construction in Downtown

King Street continued to draw new retailers and restaurateurs to Downtown Charleston supported by a booming tourism industry. Downtown Charleston's occupancy rate hovered around 95% at year-end and mid-year 2013 as King Street storefronts changed. International tenants such as H&M and C Wonder opened stores late in 2013. Madewell and Chipotle Mexican Grill have locations currently under construction. Despite the flat absorption, average asking rental rates increased to \$40.00/SF at year-end from \$38.00/SF at mid-year.

Development started to shift up King Street in response to the demand for retail space. The revival of Upper King has evolved to a 'Dine and Design' district featuring a lively culinary and nightlife scene. Indaco and Prohibition both joined Upper King in 2013. The cornerstone of Upper King is Midtown, which commenced construction late 2013 and is expected to be completed in 2015. The multi-use development will offer over 37,000 SF of retail and office space, a dual-branded Hyatt House and Hyatt Place hotel, and a seven-story parking garage. Next door is Elan Midtown, a 228-unit luxury apartment project with 7,000 SF of retail. The project was recently completed late 2013 and, so far, Bull Street Gourmet and Edward Jones Investments have leased space.

North Charleston Hooks Bass Pro Shops

Occupancy rates in North Charleston increased from mid-year to year-end, from 91.6% to 92.1%, respectively. Tanger Outlets welcomed two new tenants including Crocs and Cole Haan. In addition, H&M will open their second Charleston location consisting of 20,000 SF at Tanger Outlets. Bass Pro Shops announced they will open a 150,000 SF store in 2015 at I-26 and Northside Drive. The Corners at Wescott is currently under construction and will deliver early 2014. The new shopping center will be home to multiple new tenants including a new Harris Teeter, Marshall's, Moe's, TCBY, Starbucks, Rack Room Shoes, Five Guys, Hallmark, Massage Envy, and Pet Supplies Plus.

Outlook

- Rental rates will continue to rise due to demand and increased construction costs.
- Outdated centers will be prime contenders for redevelopment and adaptive reuse projects.
- As market conditions continue to become more favorable for landlords, more new construction will likely occur.
- Tenant activity in downtown Charleston will continue to shift upward on King Street.

482 offices in 62 countries on 6 continents

- \$2 billion in annual revenue
- 13,500 professional and staff
- 1.12 billion* square feet under management
- \$71 billion USD in total transaction value

*Together, Colliers International and FirstService manage 2.515 billion square feet of property - second-largest in the world.

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