

Mid-Year Retail Market

Q2 | 2007



MARKET INDICATORS

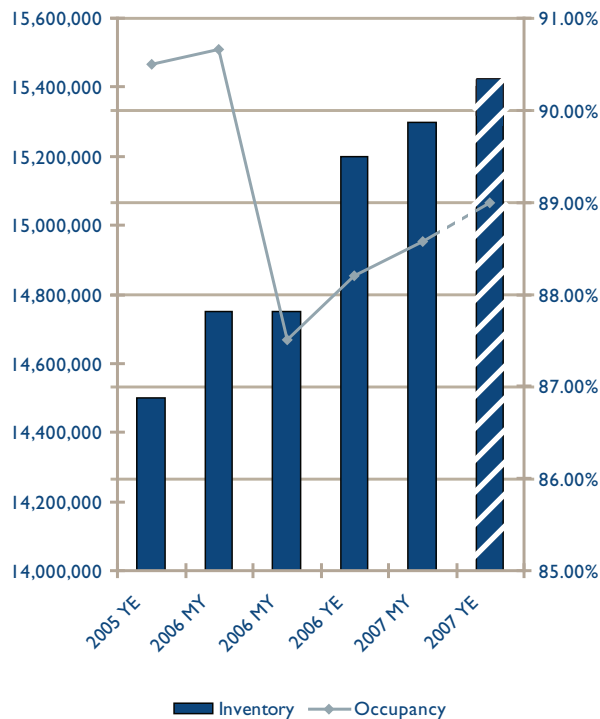
	Q1	Q2
OCCUPANCY	↑	↑
ABSORPTION	↑	↑
RENTAL RATE	↑	↑
JOB GROWTH	↑	↑

QUICK UPDATES

- RAPID MARKET ABSORPTION
- RENTAL RATES CONTINUE TO CLIMB
- CAP RATES FALL
- NATIONAL RECOGNITION DRIVES RETAIL GROWTH

Market Overview

The Charleston, South Carolina retail market remained strong over the first half of 2007, with steady growth both on the peninsula and in the suburbs. The retail market has now surpassed 15.3 million square feet, including enclosed malls, and stood at 88.58% occupied as of mid-year 2007. Rental rates escalated mildly from year-end 2006, which reflects continued demand as well as rising land and development costs.



Over 2006, the market experienced increases in acquisition volume and price per square foot; 2007 has thus far been more of the same. Regarding cap rates, the Charleston MSA continued to experience a downward push and the market continued to be quite robust especially among the REIT and institutional investors. Several recent retail investment transactions helped to keep this trend in place including the late 2006 acquisition of Mt. Pleasant Towne Center by Miller Capitol.

There are many factors that contributed to the momentum that Charleston continued to experience over the first six months of 2007. As mentioned in earlier reports, Charleston's recognition as an international travel destination has put the MSA in a spotlight situation for development, acquisition and inbound migration.

In 2006, Charleston was voted number four in the world's best North American Cities behind New York, San Francisco and Chicago by Travel & Leisure Magazine.

According to a recent economic report by Wachovia, statewide population growth surged in 2006 partly due to migration from other regions of the country. Total population grew by 74,316, which can be partially attributed to rising home prices, insurance costs and property taxes in other states. The largest increases in population have occurred along the coast, with Horry County adding more than 40,000 residents since 2000. Dorchester County (included in the Charleston MSA) had the largest percentage change in population, which grew by 26% since 2000.



	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Average Pass Throughs
Peninsula	518,037	507,947	10,090	98.05%	\$26.37	\$5.79
Malls	2,521,481	2,307,033	214,448	91.50%	N/A	N/A
Suburban Totals	12,260,955	10,738,378	1,509,442	87.58%	\$13.60	\$2.52
Berkeley	992,918	835,556	157,362	84.15%	\$9.24	\$1.63
North Charleston	3,639,130	2,963,258	675,872	81.43%	\$12.91	\$2.44
East Cooper	2,477,465	2,310,694	166,771	93.27%	\$20.61	\$3.79
Summerville	1,891,423	1,712,308	179,115	90.53%	\$10.74	\$1.62
West Ashley	3,260,019	2,916,562	330,322	89.46%	\$11.93	\$2.28

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Along with population growth, the Charleston MSA job market also continued to expand during the first quarters of 2007. Charleston's total employment grew by 3%, adding 8,500 new jobs. Employment in the retail sector increased by 700.

From a broad stand point, Charleston's economy is booming. Economic developments efforts have broadened the industrial base bringing in new industries such as Vought Aircraft, Daimler Corporation and Google. The Port of Charleston is another key resource for the region, helping fuel gains in warehousing and logistics. Job growth is currently on track to post its largest gain in seven years.

As of mid-year 2007, there were several suburban projects slated for development. The bulk of the gains that the market will experience in terms of gross leasable area (GLA) will take place in Berkeley and Dorchester Counties. These projects include approximately 550,000 square feet of proposed retail developments in Goose Creek, and an approximate 450,000 square foot lifestyle center in Daniel Island.

Forecast

Currently the MSA contains approximately 570,000 people and an additional 138,000 homes are in the planning phase. These numbers include only projects that have been publicly announced and should therefore be seen as a conservative estimate. According to the Post & Courier, "If population trends hold true, these houses would be home to about 269,000 people. That's more people than live in Charleston, North Charleston, Summerville and Mt Pleasant combined." Based on current data, the market has an extremely bright future as developers continue to observe the old adage "retail follows rooftops."

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