



Colliers Keenan 2006 Mid-Year Retail Market Charleston, SC



July 2006

	Market Size	Occupied	Vacant	Occupancy Rate	Average Rent	Average Pass Throughs
Peninsula	516,406	509,606	6,800	98.68%	\$25.26	\$6.42
Malls	2,163,720	2,045,945	117,775	94.56%	\$17.45	\$16.00
Suburban Totals	12,077,856	10,492,118	1,585,738	86.87%	\$13.62	\$2.45
Berkeley	992,809	827,447	165,362	83.34%	\$9.37	\$1.61
North Charleston	3,430,729	2,838,234	592,495	82.73%	\$12.48	\$2.28
East Cooper	2,476,838	2,310,088	166,750	93.27%	\$20.26	\$3.64
Summerville	1,921,423	1,731,268	190,155	90.10%	\$10.72	\$1.64
West Ashley	3,256,057	2,785,081	470,976	85.54%	\$12.72	\$2.17

Market Overview

The Charleston MSA continues to enjoy healthy, robust growth in the retail sector. Our survey indicates that the retail market in Charleston, SC MSA has exceeded 14.5 million square feet including enclosed malls. In keeping with this trend of expansion, occupancy rates for the MSA, including enclosed malls, hovers at 90.5%. As in other markets in the southeast, newly constructed space is being leased at "top of the market" rents due to demand as well as rising construction prices and impact fees levied by municipalities and being absorbed by developers. Lured by consistent growth in population and employment, retailers, existing and those new to the market, continue to seek additional sites.

Peninsula Charleston

The Peninsula Charleston submarket continues to be the heartbeat of Charleston's "Soho of the South" reputation. Upper King Street, recently a blighted area not on the radar screen of credit retailers, has experienced a renaissance based on growth in the hospitality and design categories. The opening of a new freestanding Piggly Wiggly starts the redevelopment of upper Meeting Street

that will also include the "Midtown" project which calls for hospitality, office, and retail components as well as a parking garage. The grand opening of Urban Outfitters in the Garden Theater, south of Calhoun Street, scheduled just before Christmas 2005, has created a buzz. More redevelopment will take place with the \$12 million acquisition early this year of Millennium Center at the corner of King and Calhoun Streets. This project will replace the current improvements with a new structure comprised of retail, office, and residential condos with onsite parking further enhancing this intersection as a major destination.

West Ashley

The new developments at the intersection of Highway 7 and Orleans Road, fronting Citadel Mall, are adding to this submarket's hub. With the opening of Harrell Square, a 40,000 square foot retail/office project and Best Buy opening in the former Toys R Us space across the street before Christmas, there will be a flurry of new activity. A new Wal-Mart Super Center at Glenn McConnell Parkway and Bees Ferry Road has opened and will spawn activity that may move the retail market further westward.

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North Charleston

As South Carolina's largest and highest volume retail submarket, North Charleston remains the epicenter of national power and big box tenants. That reputation will only grow as the Centre Point project continues to develop with the upcoming 375,000 square foot Tanger Outlet Center set to open in late summer of this year. Wal Mart SuperCenter and Sams Club have already opened and resulted in construction for a multi-phase power center, outparcels, restaurant and unanchored strip center. Over time, the area bound by I-26, I-526, Montague Avenue and International Boulevard, could rival the current #1 retail intersection of Rivers Avenue and Ashley Phosphate Road.

East Cooper

The opening of the new 8-lane Arthur Ravel, Jr. Bridge has further enhanced Charleston's most upscale suburban market, East Cooper, which is positioned to experience continued retail and rooftop growth. The Market at Oakland, including approximately 425,000 square feet of retail, has broken ground to include a 188,000 square foot Wal Mart SuperCenter. New residential projects continue to be developed along Rifle Range Road and Highway 17 north of the Isle of Palms Connector. In an effort to reduce traffic concerns, Hungryneck Boulevard, has been completed and the Highway 17 expansion to six lanes is underway between I-26 and the IOP Connector.

Summerville

The Summerville submarket has become a spotlight for national and regional retail growth in the last several years. The Summerville Parkway submarket continues to add national tenants, and it appears that the next major growth area for retail space will take place at the intersection of Berlin G. Myers and Highway 78, with 2 of the 4 corners having active projects under way. The Dorchester Road corridor continues to grow in terms of new neighborhoods and retail developments to include strip, neighborhood, outparcel and pad site opportunities.

Berkeley County

Re-positioning based on the opening of TailRace Crossing, a new Wal Mart Super Center anchored project, continues to take place in this traditionally rural submarket. As expected, many retailers continue to cluster around this new project. Major new residential projects have been announced in this submarket, that have the potential to be "towns in themselves". Crescent Resources has begun The Parks at Berkeley, which will encompass over 13,000 new housing units. Additionally, a nearby project of Highway 176, Cane Bay, will feature approximately 5,500 residential units.

Forecast

The Charleston, SC retail market has many factors currently driving its momentum. As mentioned in the 2005 Mid Year Retail report, the city was named #6 of the top ten cities in the United States and Canada by Travel & Leisure Magazine's 2005 World's Best Cities Awards. For 2006, Charleston moved up to the #4 slot behind New York, San Francisco, and Chicago. Additionally, the lure of relocating to this historic coastal city has brought a large and steady stream of new residents helping to drive up demand for housing as well as most retail categories. The overall "cache"

of Downtown Charleston, particularly King Street retail, continues to expand its reputation. Ambitious new road projects such as the Highway 17 expansion in Mt. Pleasant are being planned and implemented throughout the area to accommodate growth. Currently, the MSA holds approximately 570,000 people. At this time, at least 113,000 new houses are planned, permitted, or under construction, in the Charleston MSA. These numbers only include the projects that have been announced publicly, so they could be on the low side. 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 Mount Pleasant combined." We expect the North Charleston submarket to experience the largest quantity of activity for 2006 due to the current and ongoing development of the Centre Pointe project.

NOTE: Permission is granted to quote from this publication only when Colliers Keenan is credited as the source. All information contained herein was compiled utilizing data from sources deemed reliable. It is submitted without warranty. Statistical data was collected as of June 2006 and encompasses retail buildings 20,000 square feet and greater.

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Charleston, SC Retail Market
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