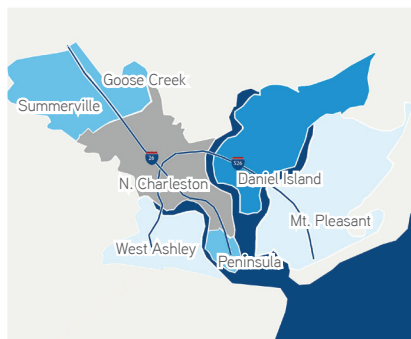


# CHARLESTON, SOUTH CAROLINA RETAIL MARKET REPORT



## MARKET INDICATORS

	Q4 2010	Forecast
OCCUPANCY	↑	↑
ABSORPTION	↑	↑
CONSTRUCTION	↓	↔
RENTAL RATE	↔	↔



### RIVERTOWNE PLACE

The Harris Teeter anchored shopping center reached full occupancy in 2010.

## Back In Black

The Charleston MSA retail market started to show signs of improvement at year-end 2010, not only through increased optimism, but through increases in deal making volume and occupancy levels. This was a substantial improvement to the performance experienced, particularly from an occupancy perspective. At 2009 year-end, the market occupancy rate was 86.93% compared to 89.20% at year-end 2010. Asking rates for all category types including anchor, junior anchor, and shop space have all increased; albeit shop space increased mildly from \$15.07 per square foot at year-end 2009 to \$15.35 per square foot at year-end 2010.

Substantial economic development activity occurred in the Charleston market during 2010, which will continue to drive economic recovery throughout 2011. Boeing Corporation commenced construction on their 250,000-square-foot facility in North Charleston, which will be complete in 2011, and Southwest Airlines will have a significant impact to the visitor count in the Charleston market when flight operations commence in March 2011.

### CHARLESTON PENINSULA

The downtown submarket with its central geographic position continues to be the heartbeat of the Charleston market with respect to retail activity. Typified by an urban retail experience, many buildings feature office or residential components situated above retail users. South of Calhoun Street, King Street has experienced a surge in activity among national retailers, regional retailers and restaurants primarily due to higher levels of foot traffic created by tourism and the College of Charleston. This area is the most significant example of mixed-use real estate on the peninsula, populated by Apple, Pottery Barn, BCBG Max Azria, Louis Vuitton, Gucci, J. Crew, Banana Republic and Urban Outfitters. New shopping destinations to Lower King Street include Forever 21 and CosBar.

North of Calhoun Street, King Street has been redeveloped in recent years as an outlet for smaller regional and local tenants that could no longer afford the rental rates commanded below Calhoun Street. This redevelopment has resulted in the rebirth of energy and retail synergy along upper King, particularly among restaurant and evening destinations. Therefore, the higher than normal level of restaurant vacancies along King Street recovered rapidly with relatively few spaces remaining in 2010.

## CHARLESTON RETAIL MARKET

MARKET	MARKET SIZE	OCCUPANCY RATE	PASS THROUGHS	ANCHOR		JR. ANCHOR		SHOP SPACE	
				AVAILABLE	ASKING RENT	AVAILABLE	ASKING RENT	AVAILABLE	ASKING RENT
Goose Creek	1,054,348	93.09%	\$2.03	32,000	\$6.00	0	-	40,862	\$11.10
East Cooper	3,395,790	92.21%	\$4.48	32,000	\$1300	72,641	\$14.50	160,021	\$18.93
N. Charleston	3,504,590	82.30%	\$2.58	254,623	\$8.50	74,715	\$9.90	291,025	\$14.39
Summerville	1,824,592	92.03%	\$3.47	44,000	\$9.00	44,900	\$8.50	56,587	\$15.63
West Ashley	3,104,453	86.40%	\$3.14	205,693	\$6.91	55,400	\$8.42	161,081	\$16.70
<b>TOTAL MARKET</b>	<b>10,538,928</b>	<b>89.20%</b>	<b>\$3.14</b>	<b>568,316</b>	<b>\$8.68</b>	<b>247,656</b>	<b>\$10.33</b>	<b>709,576</b>	<b>\$15.35</b>

## SUBURBAN CHARLESTON

The suburban submarket which includes East Cooper, North Charleston, Goose Creek, Summerville and West Ashley all experienced an uptick in their occupancy rates during 2010, absorbing 153,574 square feet of space. Absorption can partially be attributed to business expansions and start-ups, which resulted from increased availability of SBA loans.

Highlights of the Charleston suburban market include the announcement of P.F. Chang's China Bistro and the opening of Guy Harvey's Island Grill, both located at Mount Pleasant Town Center. Trader Joe's announced it will open later this year on Johnnie Dodds Boulevard in Mount Pleasant. Tanger Outlet Mall located at Centre Pointe and Northwoods Mall in North Charleston both near 100% occupancy levels at the end of 2010. Polo Ralph Lauren opened a store at the nearly leased outlets and Off 5th announced they will open there in October 2011. In West Ashley, the continued evolution and re-development of the Avondale area included the opening of a freestanding Mellow Mushroom and East Bay Deli. Both of these restaurants are near the newly redeveloped, Harris Teeter-anchored St. Andrews Shopping Center. New retail stores to the Summerville submarket include Ulta, Panera Bread, and Five Guys.

## OUTLOOK

The suburban markets are expected to see a continued level of growth in 2011. Occupancy levels should stabilize as options diminish for both existing tenants to expand and inbound tenants to land. Some of the currently planned retail development projects may have enough velocity to move forward in late 2011 or early 2012.

As the Charleston Peninsula continues to grow as a global tourism destination, we expect that by year-end 2011 the downtown submarket will have again exceeded supply, and availability on King Street will be extremely limited for shop space users.

The outlook for the Charleston retail market remains extremely optimistic because most retailers view Charleston as their main point of entry in South Carolina. The market can expect the continued growth and additional growth of the quick-casual category like Mellow Mushroom and Buffalo Wild Wings, as well as corporate expansions such as AT&T and Verizon Wireless.

480 offices in  
61 countries on  
6 continents

United States: 135  
Canada: 39  
Latin America: 17  
Asia Pacific: 194  
EMEA: 95

- \$1.6 billion in annual revenue
- 672.9 million square feet under management
- Over 10,000 professionals

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