

APRIL  
2019

# THE LOOP

CBC Atlantic Newsletter



**COLDWELL  
BANKER  
COMMERCIAL**

2nd Quarter Newsletter | CBC Atlantic's Month of

# APRIL



## QUARTERLY REPORT

MEET OUR MULTI FAMILY, LAND, RETAIL, OFFICE, INDUSTRIAL, CAP RATE AND FINANCIAL SPECIALISTS AS THEY GIVE THEIR PERSPECTIVES AND REVIEW OF THE CURRENT MARKET.



### UNDER ALL IS LAND - JAMES A. DINGLE

As Benjamin Franklin quoted in 1789, "Nothing is more certain except death and taxes." Tax deferred exchanges and strategies are highly important to consider if you are a property owner or investor in commercial real estate. 1031 Exchanges known with the Internal Revenue Code is a legal option to defer taxes on a property sold. The basics is to replace property sold with other like kind property with the entire proceeds from the sale. It has to be non-personal real estate and assets that qualify for productive use in a trade or business. This includes Investment Property, Income Producing property or unimproved property held for profit. Planning ahead with your CPA and (QI) Qualified Intermediary is your first step in accomplishing your exit strategies to (ONLY) defer capital gains with your property.

Investing in Opportunity Zones is another tax deferral incentive recently introduced to South Carolina. In general, investors can sell their existing properties that generate capital gains. Within 180 days, the investor contributes the entire proceeds to a (QOF) Qualified Opportunity Fund that purchases investment property or (QOZP) Qualified Opportunity Zoned Properties for up to a 10 year holding period. The gains are forgiven of the investment based on the future fair market value at that time. It's a "No Brainer" no tax on appreciation of the commercial property investment. The investment must be in designated areas known as a Low Income Communities. The various types of properties to identify are commercial real estate development and renovation, opening of new businesses, expansion of existing businesses or expansion of businesses already in the (OZ) Opportunity Zone. Certain tax rules do apply and your local Commercial Real Estate professional and CPA should be lock in step with the regulations. The certainty Ben Franklin spoke of is true and with these advantages it does not delay the inevitable. Hopefully in the coming years the low income communities will benefit as well. This is to be determined.

Lets Connect!



Market Watch

### RETAIL DEVELOPMENT FOR LEASE AND SALE



**RETAIL DEVELOPMENT/SHOP  
SPACE FOR LEASE**  
**Ridge Church Rd. & N. Main St.**  
**Summerville, SC**  
**1,400-7,000 SF | \$23 PSF NNN**

Pre-leasing for retail development on high traffic 17A in Summerville. With 35,000 VPD and growing, this site is perfect for any user looking to be directly in the path of growth in Summerville. The site is located only 2 miles from the massive Nexton development and Interstate 26 and only 1.5 miles from Carnes Crossroads, another large mixed-Use development. Notable businesses nearby include Waffle House, Culvers, Spinx gas station and Tractor Supply. These parcels are also available as a ground lease or they can be purchased.



**Brent Case, CCIM: 843-725-6255**  
**Zach Wade: 757-651-0734**

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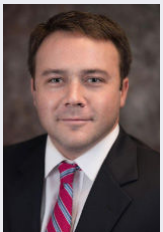
## CAP RATES - CHRIS CANNON

The first quarter of 2019 delivered promising results for the US economy as a whole, with commercial real estate serving as one of the many benefactors. Q4 2018 ended with investor skepticism primarily caused by the prolonged bull market still in effect, geopolitical concerns around the globe including Brexit, and rising interest rates domestically. With the Fed now holding tight on interest rates, and some investors actually predicting a reduction in rates, commercial real estate stands to benefit.

**RETAIL:** Large-scale bankruptcies and store closures signal a continued shift in retail consumer preferences, pressuring rent-growth prospects. While this general trend seems to limit retail cap rate compression and promote higher cap rates, Q1 2019 proved promising for net-leased retail deals. High transaction volumes in Q4 2018 led to reduced supply in Q1 2019, coinciding with renewed economic optimism when compared to the end of 2018, ultimately slowing down the expected cap rate increase. Investors should still expect a slight cap rate increase, particularly in Class B and Class C properties, but to a significantly lower degree than what was expected.

**OFFICE:** Strong national economic performance significantly bolstered office demand over the last few years, increasing rents and thereby decreasing cap rates. Central Business District properties have benefited the most with suburban offices conversely experiencing increasing cap rates as vacancies mount. Select markets such as Dallas, Chicago, Phoenix, and Atlanta serve as prime examples of markets in which high levels of absorption have spurred ambitious construction levels, which should serve as a demand stress test in the coming 12-18 months.

**INDUSTRIAL:** Industrial cap rates continued their tightening trend in Q1 2019. The Northeast and West in particular, have benefited from improved trade relations and a general population trend towards the coasts, with industrial/distribution cap rates standing in the mid 5%'s. The sector has weathered an influx of new product well, with vacancies remaining constant, and geographically advantageous properties experiencing rent growth. Both of these factors should at least keep industrial cap rates steady through 2019, with some decrease possible in particular instances.



## OFFICE - BRETT SCHLEIFER

Strong net absorption has continued throughout the Charleston office market, driven by the continual population and job growth, which has been fueled by the deepening of the Port of Charleston as well as a multitude of other major manufacturers. 2018 saw a record of nearly 200 deals in more than \$330 million in volume in outside investment dollars. The Charleston metro market is comprised of approximately 30 million square feet of office space, with the average vacancy rate was driven down to 5.1% at the end of Q4. The strong absorption has allowed landlords to push rents above precession peak through 2018.

With an ample amount of speculative space in the pipeline, vacancies could loosen in the near future if leasing is slower than expected. This effect has already been observed over the past few quarters as vacancies have gradually increased, though strong absorption has kept the increases manageable. Unsurprisingly, the metro's highest rents are found in the downtown area, which average roughly \$33/SF—close to a 20% premium over the metro-wide average.



## MULTIFAMILY - JOHN TRUE

Charleston continues to show a very healthy appetite for the multifamily sector. Developers and investors alike are flocking from around the country to get in on the action in the Charleston MSA. It has created a frenzy for buyers looking to invest at a reasonable price point and it has also created a shortage of available land for developers driving up the value of land. Rents continue to grow and occupancy levels are still extremely high. A trend to watch carefully is whether the units under construction (4,163) that will come on line at various times in 2019-2020 will absorb as quickly as they are delivered or cause a hiccup in occupancy levels. 1,325 of these units under construction are in downtown Charleston so it should be particularly interesting to keep a close eye on this specific market.

Lets Connect!



Market Watch

## NEIGHBORHOOD REDEVELOPMENT OPPORTUNITY



MOTIVATED SELLER FINANCE OPTION  
LIMITED BUSINESS ZONING/ SHORT TERM OVERLAY  
DISTRICT

Property located at the corner of Spring and Ashe Streets within the Charleston City Limits in the uptown Elliotborough trendy area.

Short term Overlay Zone allows rentals of an average rate of \$241 per stay.  
Amusement and Recreation Overlay, Multiple Height Districts included with zoning as well.

Parking is in the rear of 2-4 spaces on the property as well as on street parking on Ashe street. Can be a spectacular renovation as the property is two stories having retail commercial on the 1st floor and residential on the 2nd floor.

Spring Street is a main attraction for the eclectic at heart. The now two way traffic lanes along the corridor is convenient, hip and under construction with many new, major installments like West Edge Project, Luxury Student Apartment High Rise and the Hyatt Place Hotel to name a few. This location is pedestrian friendly and within short walking distance to King Streets renowned dining, shops and night life in the #1 City voted by Conde Nast Traveler World Poll.

The site is a great space and future location for any boutique retail with an added bonus of (STR) short term rentals above or an option to owner occupy as well.

Drive by and see or have lunch nearby to experience what this unique area offers.

**James A. Dingle**  
843-822-4311  
jdingle@cbcatlantic.com

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## INDUSTRIAL - IAN J. WEBSTER

Charleston is becoming an industrial hub – Port related activity and a diverse group of auto, aerospace, and tech players make Charleston an ideal ecosystem for industrial real estate.

### KEY TAKEAWAYS:

- Demand for Charleston industrial space is rising; the market absorbed 654,951 square feet during the first quarter of 2019.
- Six new buildings totaling 217,431 square feet were added to the market this quarter, and 3.51 million square feet are under construction.
- The overall average weighted market rental rate continues to rise quarter over quarter.
- The deepening of the Port of Charleston harbor is a major contributor to the increasing industrial activity throughout the region.

Port of Charleston included in federal budget proposal: The Port of Charleston has been an economic driver for the Charleston market for hundreds of years, and now the deepening of the Port of Charleston harbor is a major contributor to the increasing industrial activity throughout the region. That activity is expected to escalate further if Congress approves the proposed \$138 million federal funding included in the 2020 fiscal year budget. This federal money will push the harbor deepening project toward completion, which will increase port activity and add to the logistics pipeline feeding the import/export portion of the industrial market throughout Charleston. When the harbor deepening is completed, it will accommodate larger container vessels whose imports can then be transported to the inland ports and distributed throughout the country. Likewise, goods manufactured in the United States will have a convenient export route out of the Port of Charleston. With the completion of the deeper harbor, Charleston will have the deepest Eastern seaport. If the federal funding is approved, Charleston will be one step closer to quickly becoming an east coast industrial hub.<sup>2</sup>



## RETAIL - ZACH WADE

We're hot and heavy into Q2 of 2019 as we take a look at what has transpired from the beginning of the year as well as what to expect going forward in the Charleston Retail Real Estate Market. We continue to see more new concepts coming to town as well as existing concepts expanding in the area. A few newbies to note are Duck Donuts and Metro Diner that opened on Sam Rittenberg in front of the newly renovated Harris Teeter center. Bahama Breeze found their first Charleston location and is scheduled to go into the old Sears building on Rivers Ave and the ever popular Salty Dog Café is coming to Seabrook Island in Bohicket Marina and is scheduled to open May 15.

As we look ahead, there is still plenty of retail development happening in in the upper peninsula area as well as on Johns Island as home building ramps up. Live Oak Square, a mixed use development looks to deliver 35,000 ft of commercial space at the end of Spring. Another project, Grand Oaks Village is looking to deliver 30,000 ft of retail space with various retailers and restaurants. Summerville also continues to be a hot market with the completion of highly anticipated Nexton Square to be delivered at the end of Spring as well as the completion of another strip center across from Carnes Crossroads that will contain Dunkin Donuts, a Sherwin Williams and a nail salon. As the year goes on, there should be announcements of more developments taking place as long as housing stays in demand.

Lets Connect!



Market Watch

## STUNNING HOMESITE ON KIAWAH ISLAND



**11.5 Acre Homesite | Offered as  
Lot Only | \$2,750,000**

A scenic preserve within The Preserve of Kiawah, 248 Eagle Point is the largest lot available on the Island. Offering the perfect retreat for the discriminating yacht owner, complete with a permitted Private Deepwater Dock with a double-sided 40' floater; an additional guest boat slip included. Water views extend over Bass Creek, Stono River, Kiawah River and the Atlantic Ocean. Truly, a yachtsman's paradise.



**Home to be Designed | \$6,650,000**

*Eagle Point*

KIAWAH ISLAND LIVING

## ABOUT KIAWAH

A private barrier island located south of Historic Charleston in the temperate South Carolina Lowcountry. Features include: 10 miles of beaches, 30 miles of bike trails, spectacular waterways, pristine forests and abundant wildlife. Other amenities: Kiawah Island Club, The Beach Club, Sasanqua Spa, Freshfields Village, The Sanctuary and 5 world-class golf courses to include the famous Ocean Course.

**Kip Bowman 843-437-0074  
Sara Bodell: 864-903-2731**

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## WHEN FINANCE MATTERS - KEN KOOS

Finance is only part of the deal. In fact, it's the after thought. Financing doesn't exist without the deal. It's the deal that allows finance to have a seat at the table.

Quick story – I moved to Charleston in March 2013, although I'd been coming to Charleston since the late 80's. I met and married a Charleston girl in 1984 in New Jersey and from there moved to NYC. At some point it was time to visit the in-laws. Upon my arrival, I immediately fell in love Charleston. That's the backdrop.

After winding down a mortgage bank in 2009, I knew my exit from the Philly metro area was eminent. At that point in my life, I didn't want to work that hard for the property tax man. What we paid annually in property taxes could pay for a decent mid-sized car.

Back to 2013. I was only going to be in town a week before I would leave again for a scheduled ski trip to Utah. One afternoon prior to my departure to go skiing, I was looking through the City Paper and I saw a half page add for the inaugural Dig South conference that was described as a coming together of tech, music and art. I thought to myself, it sounds like they might be trying to copy SXSW, the tech, film, music festival held in Austin, TX every year that's become an annual event the scale and notoriety of Sundance. Being new in town, I knew this was a "must go to event" that would allow me to plug into the community and meet people that were making things happen. Call it my jump-start intro to Charleston. I called two of my younger associates from Jersey that were always looking for a reason to come to Charleston and the three of us snagged all access VIP passes and jumped in head first. What a way to get introduced the Charleston. I met so many great people and immediately established a base of friends from that one event.

Fast forward to April 2019 and I'm still on a high having just spent a three and a half day bender at Dig South v.7.0. Hats off to the hard work Stanfield and Sunny Gray have done to make this a go to event. Held at the Giallard Center, Dig South is a coming together of the entrepreneurial spirit that lives and thrives in the world. It's about learning how the world is changing so fast around us. Speaker's sharing their failures and successes, inspiring those eager to learn from them. It's about the one's starting out with the courage to pitch their idea in front of hundreds of people. It's about making new friends from all over America and beyond. And yes, it's about deal making, finding new opportunities and fellow investors looking for the next opportunity.

Remember my opening lines? Well, I'm a finance guy. And without the deal, there is no finance. To sum this up, opportunities exist in Charleston and they're growing. Whether they are real estate related or tech related, they're here.

Here's to the entrepreneurial spirit, go make it happen.

Lets Connect!



Market Watch

## PRE-LEASING GOOSE CREEK VILLAGE



**0 Plantation N. Blvd.  
Goose Creek, SC  
1,300-3,900 SF | \$25-\$30 PSF NNN**

The site is located on Plantation Blvd behind the Mattress Firm off Saint James Blvd next to the Walmart Supercenter. Goose Creek Village is a 19,139 SF planned development with neighboring businesses such as Lowes and Rite Aid. Nearby restaurants include Wendy's, Arby's, McDonald's, and Chick Fil A. This is a perfect location for Service Retail, Restaurants that require outdoor seating, or Professional offices in a rapidly developing area. Can customize space for qualified tenants. Delivery of Space is planned for Q3 2019.

NNN Costs are estimated to be \$5.50/ft.

Current tenants include La Hacienda, Charleston Sports Pub, Dream Vapor, 1000 Degrees Pizza, Fantastic Sams, a nail salon, a Vietnamese and Pho restaurant, and an Asian/Cajun restaurant in a brand new center!



**Brent Case, CCIM: 843-725-6255  
Zach Wade: 757-651-0734**

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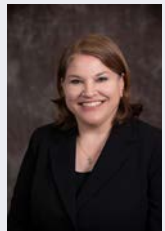


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**NEAL WALSH**

nwalsh@cbcatlantic.com  
843-459-2200



**LISA LOESEL**

lloesel@cbcatlantic.com  
248-974-5224

## CREATING COMMUNITIES - NEAL WALSH & LISA LOESEL

In Part 1, we considered the due diligence that a developer goes through when evaluating the feasibility of a new development: Net buildable land, Wetlands, Zoning, Environmental, and Utilities. Now that the developer believes it can proceed with the development, what is next?

**Plans** – subdivision plans often start with a rough sketch of the property, noting its existing land features and ways to maximize the natural attributes as well as the home density permitted by the zoning ordinance. For additional density, a developer may need to consider a rezoning or planned unit development, which can provide additional flexibility in formatting the new subdivision.

**Product mix** - attached or detached homes? Townhouses, ranches, or 2-story homes? The developer uses its knowledge of the market to create a mix of product type and price points that will benefit the new community as well as meet the buyers' needs. In Myrtle Beach, for example, ranches are a popular style, as many of the new home buyers are in the older demographic and concerned about future accessibility of their homes.

**Pricing** – evaluate the infrastructure needed for the development and its respective costs. Property prices, new roads, curb cuts, sidewalks, utility lines, and drainage basins are all costs that the developer must consider in its cost structure for the development. According to REIS, the top 20 subdivisions in the Charleston market had builder lot sales between \$10,000 and \$183,000 per lot with an average cost of \$85,000 per lot. The typical lot costs includes the hard costs (ex. land, new roads) and soft costs (ex. architectural plans, overhead). Considering the ever changing pricing for hard costs (think tariffs), the developer does its best to accommodate the risk of price changes, while still providing a cost effective lot for the new residential builder and customer. With lot pricing typically 20-30% of the cost of the finished home, the developer continually keeps the buyer in mind when designing the new development.

Once the developer has site plans for the property, the product and price mix of the homes, and the project development costs – the next step is to create the community that will be an asset to the Charleston market today and for years to come. Stay tuned...

Lets Connect!



Market Watch

### VACANT LAND FOR SALE IN DORCHESTER



**2.51 acre Corner Lot  
at Hwy 78 & Sandhill  
Road in Dorchester**  
\$155,000 | MLS #30415919

### VACANT LAND FOR SALE IN BRANCHVILLE



**Over 4,000 Ft. of  
Frontage on the  
Edisto River with 387  
Acres**  
\$1,509,300  
MLS #30408581

Market Watch

### VACANT RESIDENTIAL LAND FOR SALE IN ST. GEORGE



**37.5 Acres Available  
in the St. George  
Opportunity Zone**

\$862,500 | MLS #30297888

Neal Walsh: 843-459-2200  
Lisa Loesel: 248-974-5224

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## WELCOME NEW AGENTS!



### DAVID CLARK

David has spent most of his life and career in the restaurant business. After obtaining a Business Degree with a Hospitality Major from Appalachian State University, he started his career working for large hotel companies and big restaurant chains. David soon realized that he was better suited for the restaurant business, and also knew he wanted to be part of a smaller company where he could truly make a difference. He eventually settled in with a local "mom and pop" restaurant called Wild Wing Café, that at the time, had two locations; one on Hilton Head Island and one in Charleston. David moved to Charleston and ran the Charleston restaurant for the next five years. He became the restaurant's first Director of Operations in the mid 90's and assisted the owners in opening multiple locations throughout Charleston and South Carolina. The owners soon realized they had a franchisable concept, so David assisted them in the lengthy process to become a Franchisor. There wasn't one aspect of the restaurant's growth that David wasn't part of. Aside from the normal day to day operations, David also designed thirty-five restaurants, assisted with site selection, negotiated leases and oversaw construction. The original founders sold the restaurant chain to private equity in 2012. David remained on board as the company's VP of Development where he continued to assist with franchise sales, prototype development and operations and construction services. In 2013 David ventured off with two long-time friends and co-workers and opened a new restaurant concept, now with three locations in the Charleston area and one in Charlotte.

Choosing Commercial Real Estate as a second career was an easy decision for David. His past experiences in the commercial business sector are an asset to any individual or company seeking assistance with their real estate and business needs. David, his wife Ashley, and their three daughters reside in Mt Pleasant.



### TIM GEORGE JR.

Having an eclectic background in professional motorsports and the restaurant industry, Tim is now working with one of the top names in the real estate world. Having started in residential, and moved to commercial with Coldwell Banker, Tim is currently utilizing his networking skill set to strategically bring like-minded people together. Recognizing growth trends and being able to identify new and unique opportunities sets him apart. The industry is built on relationships, and Tim understands this to be a key factor in meaningful real estate projects.

Tim grew up in New York City, and in the suburbs of Rye NY and Greenwich CT. He played on his high school golf team and was in the chess club. By the time he was attending the University of Miami (FL), Tim was also on the road to be a professional race car driver for one of the top teams in NASCAR, Richard Childress Racing. After a decade of professional motorsports, Tim attended chef training in NYC and worked in the restaurant industry for four years with top names such as Jean Georges and Tom Colicchio. Seeking a more fluid schedule, Tim shifted to real estate and enjoys golf, surfing, snowboarding, cooking, yoga, cycling and travel.



### BARRY DANIELS

A Charleston native, Barry Daniels comes from a family of real estate experts with a particular focus on development. Growing up in the lowcountry gave him a unique perspective on how the city has grown and will continue to thrive.

Barry was raised in West Ashley where he and his family were members of Holy Trinity Episcopal church. He attended porter-gaud until high school then graduated from Christ school in Asheville, NC in 2009. He received his undergraduate from Newberry college with degrees in communications and psychology, later acquiring training and certifications in software development at The Iron Yard in Charleston. After college he worked for Kirkman broadcasting as an on-air talent and producer for Fan Talk with Bobby Hartin and Legg Up with Mike Legg on the ESPN broadcast channels. Working in radio re-attuned Barry with the goings on in the city. While working in radio he continued to work with his father, Thomas Daniels, a Charleston broker and developer of over 55 years. Working with his father Barry learned many of the ins and outs of the Charleston rental market as well as getting behind the scenes on the Pines at Gahagan development project.

Barry's move to Coldwell Banker Commercial Atlantic at the beginning of 2019 was critical in getting to work with many key players in the Charleston Market. With the unique skills and experiences of the CBC Atlantic family there is no doubt Barry will be able to assist in any deal to further this great city we live in.

Lets Connect!



Upcoming Events

# THIS MAY



MAY 15, 2019  
1PM - 7PM

The North Charleston Business Expo is North Charleston's premier business event showcasing regional companies. This must-attend event, in its fifth year, offers the business community, from small business entrepreneurs to senior executives, an opportunity to network with local professionals, engage with exhibitors, and discover new resources for business growth.

Contact Kim McManus today at (843) 849-3116 or [kmcmanus@scbiznews.com](mailto:kmcmanus@scbiznews.com), for more information about available booth space.

## WE LOOK FORWARD TO SEEING YOU THERE!

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## CBC ATLANTIC TEAM

**CONTACT US** [info@cbcatlantic.com](mailto:info@cbcatlantic.com) | 843-744-9877



Brent Case



Mike Rose



Brian Aiken



Sara Bodell



Kathleen Boswell



Kip Bowman



Chris Cannon



Nicole Carroll



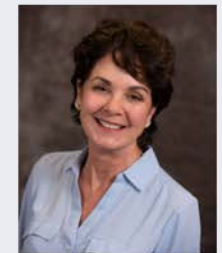
David Clark



Barry Daniels



James Dingle



Marlena Franklin



Lea Givens



Tim George Jr.



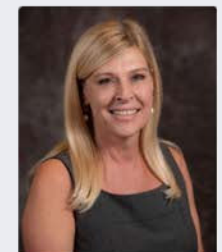
Caine Halter



Hannah Kamba



Ken Koos



Kristen Krause



Lisa C. Loesel



Bobby Reece



Aaron Rowley



Brett Schleifer



John True



Zach Wade



Neal Walsh



James Warrington



Ian Webster



Trey Zimmerman

## Recent Transactions:

Summerville, SC - 4/24/2019 - Mike Rose, CCIM of Coldwell Banker Commercial Atlantic represented the Seller, First National Bank of SC in the Sale of a 1.01-acre piece of land for \$365,000 at 2861 Ladson Rd. in Summerville, SC. Billy Benedict of SE Retail Advisors represented the Buyer, Speedway, LLC.

Branchville, SC - 4/17/2019 - Neal Walsh and Lisa Loesel of Coldwell Banker Commercial Atlantic represented both the Buyer and Seller in the Sale of a 12-acre piece of land on Edisto River for \$72,000 on Wire Rd. in Branchville, SC.

Branchville, SC - 4/16/2019 - Neal Walsh and Lisa Loesel of Coldwell Banker Commercial Atlantic represented the Seller in the Sale of a 28.5-acre piece of land for \$75,000 on Wire Rd. in Branchville, SC. Olde South Properties and Investments represented the Buyer.