

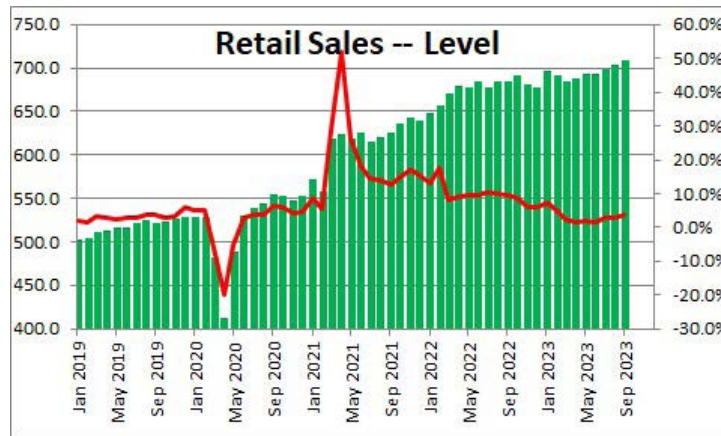


CBC Atlantic's Month of OCTOBER

Retail Sales - NumberNomics



Contributed by Brent Case, CCIM - President/
Broker in Charge Written by Steven Slifer of
NumberNomics



Retail sales rose 0.7% in September after jumping 0.8% in August after climbing 0.6% in July. In the past year retail sales have risen by 3.6%.

Motor vehicle sales rose 1.0% in September after gaining 0.4% in August. In the past year car sales have climbed by 6.0% as inventory levels have been restocked. (See Figure 2)

Retail sales ex autos and gas, which eliminates the two most volatile components and is a better gauge of the trend pace of sales, rose 0.6% in September after climbing 0.3% in August after gaining 0.8% in July. The consumers' pace of spending is remaining steady. In the past year this series has risen 3.9%. The object for the Fed is to reduce the pace of economic activity so that the unemployment rate actually rises slightly from its current level of 3.8% at least to the 4.0% mark (which is widely regarded as the full employment threshold) but preferably somewhat higher to about 4.5%. Thus far it is not doing that as the consumer keeps spending. (See Figure 3)

Restaurant sales jumped 0.9% in September after having increased 0.4% in August after jumping 0.9% in July. In the past year restaurant sales have risen 9.1%. Consumers still seem perfectly willing to go out to a restaurant. (See Figure 4)

Sales at nonstore retailers gained 1.1% in September after rising 0.4% in August after jumping 1.7% in July. In the past year nonstore sales have risen 8.2%. (See Figure 5)

Until recently the problem was that inflation had been rising more quickly than sales and, as a result, real retail sales were declining in real terms. Our income had been rising and we kept spending, but the amount of goods and services we were able to purchase with our fatter paycheck was somewhat less than it was a year ago. But as inflation subsides

MARKET WATCH

COMMERCIAL LEASE NEW RETAIL SHOPPING CENTER DEVELOPMENT



5301 Indigo Fields Blvd
North Charleston, SC 29418
1,951 SF - 8,355 SF
\$23 PSF NNN

Newly developed Shopping Center fronting Dorchester Road with traffic counts above 40,400 vehicles per day. This Center is right next to the intersection of Ashley Phosphate & Dorchester Road and close proximity and easy access to I-26 & I-526. Incredible visibility and access off Dorchester Road with a multitude of uses available ranging from Retail, Office, Medical and Flex. Opportunity for large restaurant user with patio with Dorchester Road visibility.

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Hannah Kamba 310.691.9522



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sales in real terms sales seem to be rebounding. In September real retail sales rose 0.3% after climbing 0.2% in August and 0.4% in July. In the past year real retail sales have fallen 0.1%, but in the past three months they have climbed at a relatively robust 3.5% pace. (See Figure 6)

GDP seems on track to increase 4.0% in the third quarter. We also anticipate GDP growth of 1.5% in the fourth quarter as real interest rates remain low, firms keep creating a sizeable number of jobs each month, and the unemployment rate remains near a 50-year low. With no fear of losing their job, consumers are likely to just keep spending.

Figure 2

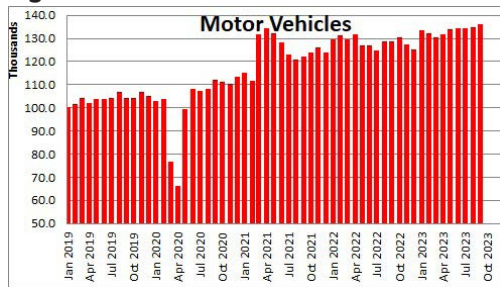


Figure 3

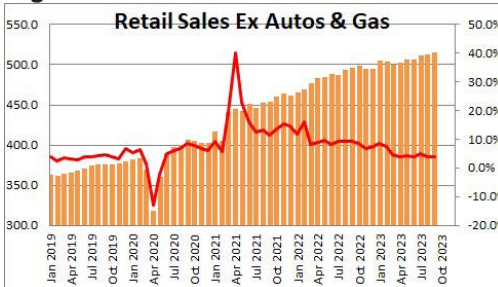


Figure 4

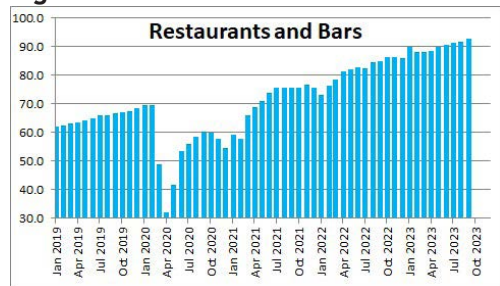


Figure 5

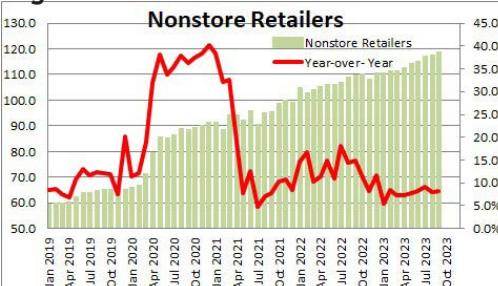
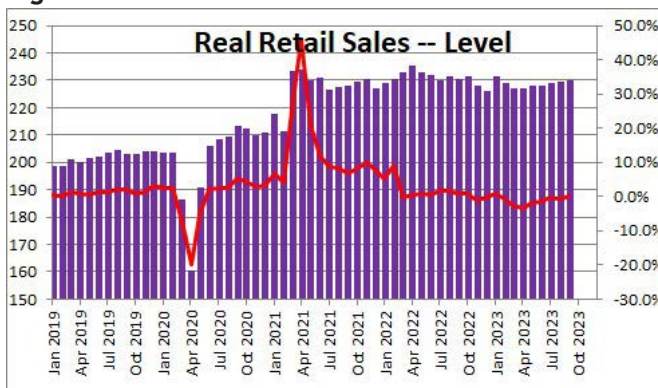


Figure 6



Source: <https://numberronomics.com/retail-sales/>

MARKET WATCH

PRE-LEASING RETAIL



3517 Maybank Hwy
Johns Island, SC 29455
2,000 - 14,000 SF
\$32 - \$36 PSF NNN

Tremendous opportunity to pre-lease street retail space along one of the burgeoning CBD corridors in the Greater Charleston area. Highly visible location with high traffic count in the Charleston Business Overlay. Pre-leasing street retail from 2500 SF to 14,000 SF with tenant allowance (call for details). 3.3 acre total development with an opportunity for a QSR (contact Broker for more details on QSR pad). This site is 1.5 miles to proposed site for new Trident Hospital. Numerous multi-family developments in the immediate area. See marketing package for site plan and layout of retail space.

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Sara Bodell 864.903.2731



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Principal - Senior Broker - Industrial

Mike Rose, CCIM

The Charleston industrial market continues to see high demand with vacancies diminishing. Current speculative construction has been strong with completions at their highest. However, new developments have slowed due to construction cost and increased cost of capital. Labor shortages along supply chain issues. Leasing activity remains strong but new construction starts are down. There is still a good inventory of buildings under 100,000 sf. A more limited number of 4

warehouse buildings just over 100,000sf averaging \$8.15/sf. From 200,000sf to 300,000sf there are seven warehouses averaging \$8.03/sf. All of these buildings can be subdivided from 25,000-75,000sf. There are two large buildings under construction at 846,711sf and 971,302sf at Jedburg to Camp Hall in Ridgeville. These inventories will hopefully be absorbed in 4th quarter through 2024. Expecting to have fewer speculative inventory being constructed in 2024.

Industrial Developers Pump the Brakes in South Carolina



Increased Financing Costs and Cooling Demand Put a Lid on New Construction

Contributed by Caine Halter, CCIM - Senior Broker

Written by Chuck McShane - CoStar Analytics

Rising interest rates and slowing demand for bulk industrial space have put a halt to South Carolina's record run of industrial construction. While millions of square feet are currently under construction in the Palmetto State's two largest pop-

ulation and distribution centers, less than 800,000 square feet of new industrial projects broke ground in the third quarter of 2023, marking the third consecutive quarter of declining construction starts.

The four-quarter rolling total of construction starts of 14.3 million square feet in both Charleston and Greenville-Spartanburg, South Carolina, was down 29% from the second quarter, and less than half of the all-time peak of 30.2 million square feet reached in the fourth quarter of 2022.

MARKET WATCH

8-UNIT MULTIFAMILY RESIDENTIAL USE FOR SALE



49 Smith Street
Charleston, SC
\$4,995,000
7,525 SF

This Historic European Villa Estate Style Architectural Multi-Family compound is a landmark in the coveted downtown area of Harleston Village, Charleston SC. There are (8) eight residential units in total with two color English Flemish brick exterior, stately custom wood interiors and stairwells. Property consists of (10) Ten bedrooms (10.5) Ten and half bathrooms, 1 large community laundry room, garage and carport space, rare Roof Top deck access from large 2 story Carriage house and several Veranda patios. This stately property can be leased as units for an investor ROI or potential to add value by converting into condos and sell separately or convert front and rear buildings back to a single-family home for a buyers Private Villa Residential use. This property is half a block from the famous Wentworth Mansion and surrounded by many historically renovated Mansions within blocks of the estate. This property is walking distance to Colonial Lake, an abundance of shops, restaurants, hotels, entertainment services, and historic landmarks. The front building was built in Circa 1860 and rear Carriage house in 1881 reflecting high quality construction. The two color English Flemish brick is original with soft white mortar and the large windows are hand poured glass with abundance of natural light and views of Cypress trees. Floor plans and custom flyer are available from the listing agent. Total square footage is approx. 7525 SF.

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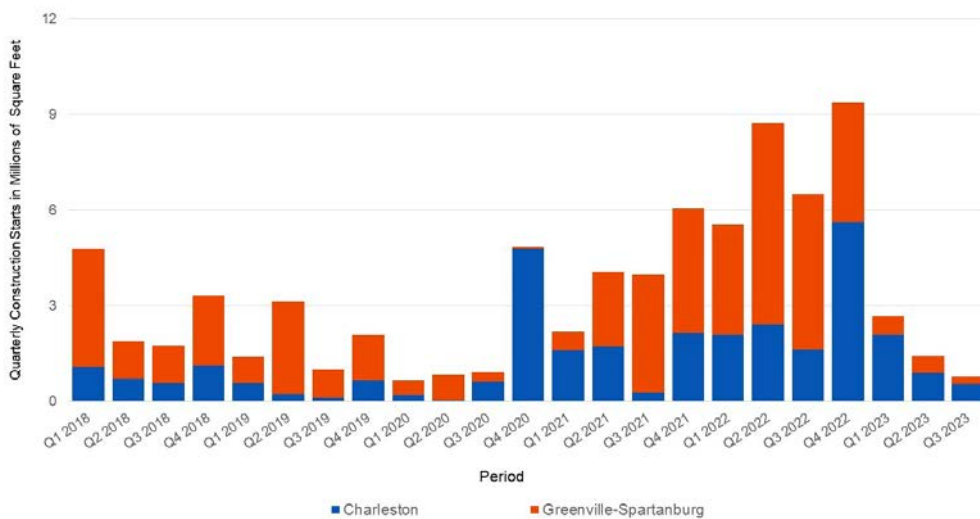


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Industrial Groundbreakings Decline in Largest S.C. Markets



Source: CoStar, October 2023



The slowdown in new groundbreakings comes shortly after an intense period of industrial construction, which catapulted the port market of Charleston and the neighboring distribution and automotive manufacturing hubs of Greenville and Spartanburg to among the top 10 markets for construction activity.

Over the past five years, industrial developers have expanded Charleston's inventory of industrial space by 26% and increased Greenville-Spartanburg's by more than 17%. The additional supply was needed, as demand in both markets surged through the pandemic, compressing vacancy rates below 3% in Greenville-Spartanburg, and as low as 2.1% in Charleston in late 2022.

More recently, however, plateauing consumer spending, declining port volumes and a challenged home-building sector have cooled industrial demand across the region. At the same time, new speculative space in industrial projects that were started last year when demand was peaking has begun to deliver, pushing vacancy rates up to 5.9% in Charleston and 7% in Greenville-Spartanburg. The average vacancy has remained lower in areas that have lower levels of construction.

The recent surge in supply has led to slowing rent growth. Quarterly rent gains fell to an average of 1.3% in the third quarter in both Charleston and Greenville-Spartanburg, a considerable drop for both markets where quarterly rent growth had averaged 2.7% and

MARKET WATCH

YEAMANS HALL SHOPPING CENTER FOR LEASE



1268 Yeamans Hall Road
Hanahan, SC 29410
720 - 4,300 SF
Starting at \$25 PSF NNN

Yeaman's Hall Shopping Center For Lease – Come be a part of the exciting new chapter of Yeamans' Hall Shopping Center, the gateway to Hanahan. The property sits at the most highly-trafficked intersection in town, with access and visibility from both Remount Rd. and Yeamans Hall Rd. New tenants will join a roster of thriving local businesses including a Charleston classic, Piggly Wiggly. Several different suite sizes and layouts are available for a variety of uses.

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2.8%, respectively, over the prior eight quarters.

Both markets have considerable speculative supply pipelines scheduled to be completed soon. In Charleston, 10.5 million square feet are under construction, 28% of which is pre-leased. And in Greenville-Spartanburg, 8.1 million square feet are underway, of which only about 12% has been released.

The new supply is likely to elevate vacancy levels through next year, when the bulk of this pipeline is scheduled to be completed. However, the more recent decline in new starts will mean far fewer completions in 2025. If demand trends remain stable, market fundamentals are likely to tighten, shifting pricing power back into property owners' favor.

Source: <https://product.costar.com/home/news/shared/35430193?culture=en-US&-source=sharedNewsEmail>

AI-Powered Software Promises To Help Speed up the Development Process



Contributed by Miles Barkley Jr. - Associate

Written by Holly Dutton

Since AI platforms opened up to the public last year, kicked off by ChatGPT's release, commercial real estate professionals have been clamoring to find out how the technology can be used in commercial real estate. Generative AI programs have already been widely used to do common tasks like research, writing, and creating images. But as it's grown in popularity and use, it's been criticized for its shortcomings. Earlier this

year, two attorneys in New York who used ChatGPT to write a legal brief were formally sanctioned by a judge after discovering that the brief included several fabricated case citations generated by the AI platform. It's a technology that is still finding its footing, and industries are figuring out what it can and cannot do. But one promising new avenue where it could be useful is for developers looking to streamline the development process and get projects done faster.

In most commercial real estate developments, the contractor or construction company on the project uses construction management software like Procore to organize and keep track of all the various moving parts of a project. It essentially acts as a central hub for all documents, calendars, invoices, and all the other various paperwork and updates that occur during the construction process. But historically, the developer or sponsor on

MARKET WATCH

MAYBANK HWY BUSINESS REDEVELOPMENT OPPORTUNITY CORNER PARCEL FOR SALE



3407 Maybank Hwy
Johns Island, SC
\$2,095,000
2.09 AC

Prime Corner Property For Sale on Maybank Hwy. This location currently has an existing Church Building and daycare with potential for a "Redevelopment Business Opportunity". This beautifully appointed property is approx. 2.09 acres and is located on a highly visible corner of Maybank Highway and Paulette Drive considered in the center of Johns Island, located approximately halfway between the main arteries of River Rd and Maybank Hwy/ Bohicket Rd. A perfect location for a Shopping center, Restaurant, Hospitality, Wedding Venue and Catering or many other business uses are approved.

Currently there is approx. 2500 SF plus a 900 SF detached small building.

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a project has used individual spreadsheets, a practice that doesn't exactly lend itself to efficiency. While it's well-known that the commercial real estate industry has been slow to adopt technology, it still surprises me that project management software for developers, like what the construction industry uses, was unavailable until recently. Now, more software is being rolled out that gives developers the same organizational tools as construction companies—with AI built into it.

Developers already face difficulties in today's landscape of high-interest rates, inflation, and ongoing issues with labor shortages and construction delays. Added to that, a complex, multi-million dollar development project could mean constantly trying to wrangle data from vendors, including everything from an elevator company to a door hardware consultant. Meanwhile, that data is collected on several different spreadsheets that tend to be error-prone or get stale from slow data entry, everyone's least favorite task. "Real estate development has been slow to change," said William Sankey, Founder and CEO of Northspyre, a company that creates project management software for developers. "General contractors are probably a decade ahead of developers."

When Sankey first founded Northspyre in 2017, it was a relatively green field. He estimates that 95 percent of teams were using spreadsheets to organize all their data and vendors. As he and his team first began showing potential clients demos of their software, it was hard to even get them to take a look at it. Several years later, he's finding developers to be much more receptive to the idea. "Every knowledge-based industry is going through a transition where highly effective team members in any industry are expected to have good tools, and real estate development is no different," he said.

The software can now bring all the data components of development together in one place and open up what AI can then do with all of that data. One of the biggest ways it can help developers is during the pre-planning phase. The programs take in a lot of data coming from different angles of the project and even additional info about zoning, permits, and conditions of a property. Machine intelligence can process all these different data points and can generate different scenarios of how a project can run and what the cost would be. This is especially useful for developers and owners looking to convert an office building to residential use, "conversion projects are harder than normal because there are unforeseen field conditions; it's kind of unknowable," Sankey said.

Before settling on a final project, a developer could run up to two dozen different scenarios in order to stress test every possible thing that could happen. For instance, if inflation were to increase costs by 10 percent, how much would that impact the entire project? The software can also pull in historical and institutional data and even market data in some of the larger office markets around the U.S. Typically, it's difficult for developers to estimate costs without doing a lot of expensive probes up front, so having the ability to run different scenarios while avoiding undertaking timely and costly probes has huge upside for development teams.

TRANSACTIONS

10.11.2023 - Kip Bowman and Sara Bodell of Coldwell Banker Commercial Atlantic represented the seller in the sale of 3,158 sf of office space located in Beresford Creek Executive Center, Suite 209, 2265 Clements Ferry Road in Charleston, SC. Hunter Hartley of Lee & Associates represented the buyer.

10.13.2023 - Coldwell Banker Commercial Atlantic has recently brokered multiple leases at the Oyster Park shopping center at 1440 Ben Sawyer Blvd. and 1400-1421 Shucker Circle in Mount Pleasant.

Broker Tim Rowley of Coldwell Banker Commercial Atlantic represented the landlord at Oyster Park in the leases of Dear Lucy Shoes, The Works Cycle, Clean Your Dirty Face (30-minute facial bar) and Findings Boutique. Rowley is the exclusive broker for Oyster Park.



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AI can also automate a lot of the repetitive and time-consuming tasks involved in a project, including scheduling, progress tracking, and document management. It has the ability to automatically scan incoming emails for certain documents, pull them out, and upload them to the project's central hub. AI-powered software can also predict potential risks associated with a project, like material shortages and labor disputes. It can help develop strategies to tackle these potential risks and reduce the likelihood of them happening again. "I think what's most important in using technology is it really equips developers with the tools most construction companies have on their side," said Phil Kang, CEO of Velocity Property Management, a Washington, D.C.-based real estate firm. "It kind of evens the table in the ability to be organized and update changes to a project."

The ways AI is being used in the real estate industry continue to expand. After ChatGPT was released to the public less than a year ago, it was quickly identified as a tool for real estate professionals to help with things like writing marketing copy, generating business strategy ideas, and writing basic HTML code. Professionals in design and architecture have experimented with the tech in developing hypothetical prototypes of buildings and even to help make buildings more sustainable. With a growing number of developers looking to up their game with property management software that uses AI to automate time-consuming tasks, we're seeing even more of what AI can provide to the industry. Though there has been a lot of criticism around factual errors and fabrications, AI platforms have generated and the limitations that this kind of tech has, it's still an area that represents a lot of possibilities for the real estate industry, and we'll surely see more ways it can be used in the future.

Source: <https://www.propmodo.com/ai-powered-software-promises-to-help-speed-up-the-development-process/>

TRANSACTIONS

10.13.2023 - Coldwell Banker Commercial Atlantic has been instrumental in the re-tenanting and remercandising for the redeveloped of Montague Corners, formerly Oak Ridge Plaza, at 5060 Dorchester Rd. in North Charleston.

Broker Tim Rowley of Coldwell Banker Commercial Atlantic has represented landlord 1,001 Harborview, LLC in signing leases with El Callao (Latin fusion restaurant), Silver Crowne Liquors, Whiskey Run Grill (sports bar), Sticky Fingers Rib House, Kanji Sushi & Hibachi, 540 Vape, Platia Greek Goodness and The Montague Room (upscale steak and martini lounge).



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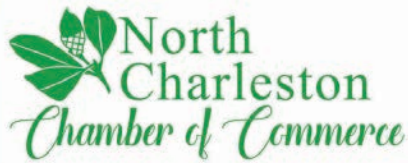


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TRANSACTIONS



November MIXER

Tuesday, November 21st 3300 W Montague Ave Suite 200
5:00pm - 7:00pm North Charleston, SC



November 21st is the North Charleston Chamber November Mixer hosted by Coldwell Banker Commercial Atlantic at The Runway Executive Offices. Join us on Tuesday November 21st, 2023 for drinks and light refreshments.

10.18.2023 - Brent Case and Hannah Kamba of Coldwell Banker Commercial Atlantic represented the landlord Azalea 888 Zhou Tang LLC in the lease of 2,800 SF of retail space for the tenant Nail Garden LLC, a Nail Salon at Unit 101B at 143 Berkeley Circle in Summerville, SC. Nail Garden has a current location at Suite F at 5325 Park Forest Parkway in North Charleston, SC.

10.18.2023 - Brent Case and Hannah Kamba of Coldwell Banker Commercial Atlantic represented the landlord Azalea 888 Zhou Tang LLC in the lease of 3,080 SF of retail space at Unit 105 & 106 at 143 Berkeley Circle in Summerville, SC. Jenna Philipp of Palmetto Commercial Properties represented the tenant Energy Enhancement Centers USA LLC, a Wellness Spa.



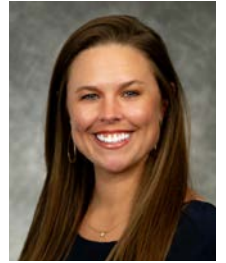
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