



# THE LOOP

COLDWELL BANKER  
COMMERCIAL  
ATLANTIC

## CBC Atlantic Quarterly Newsletter

JANUARY

2024

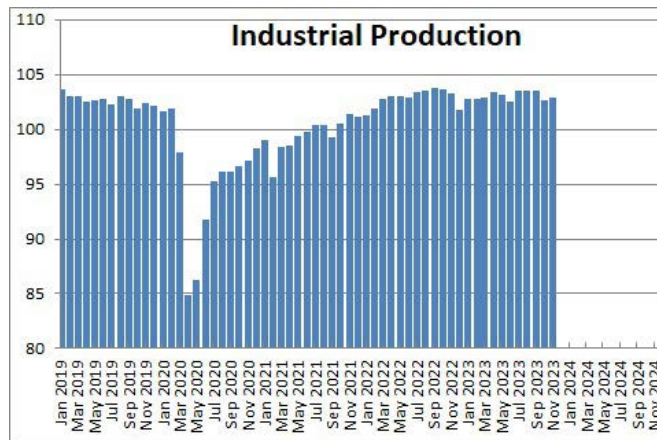


## CBC Atlantic's Month of JANUARY

### Industrial Production - NumberNomics



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

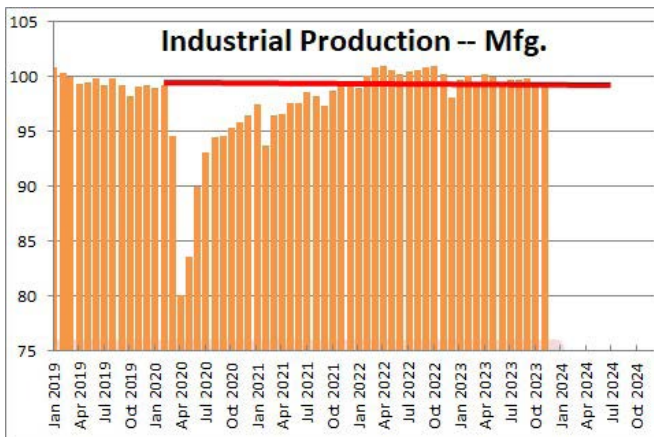


Industrial production rose 0.2% in November after having fallen 0.9% in October. While the October decline is large, it reflects the sharp curtailment in automobile production caused by the UAW strike. It will rebound in subsequent months. In the past year industrial production has fallen 0.4%. On balance, the manufacturing sector remains relatively flat.

Breaking industrial production down into its three basic categories — manufacturing, mining, and utilities — the Fed reported that manufacturing production rose 0.3% in November after having fallen 0.8% in October. Like the overall index this

series was pulled down by the sharp drop in motor vehicle production. In the past year manufacturing output has declined 0.8%.

In the motor vehicle sector production jumped 7.1% in November after having fallen a whopping 9.9% in October. This was the result of the UAW strike on auto production in those two months.



### 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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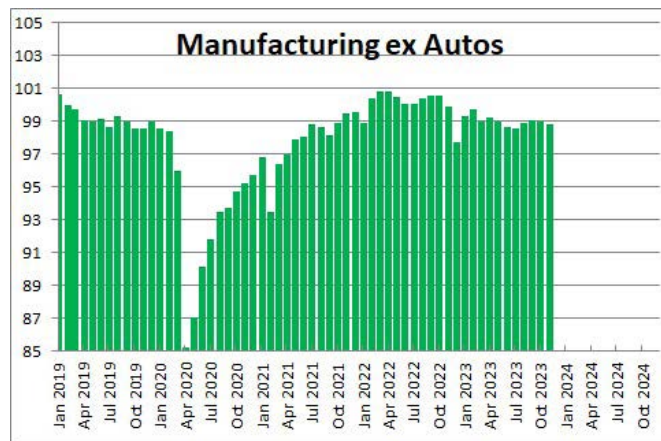
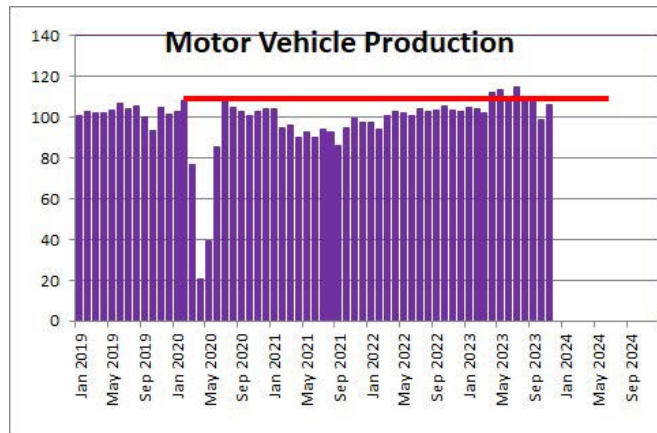
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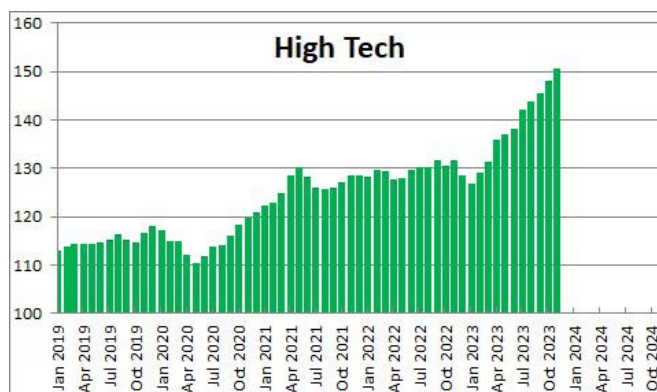
Excluding the motor vehicle sector, manufacturing output fell 0.2% in November after declining 0.1% in October

The bright spot in this report is that high tech production climbed 1.7% in both October and November. In fact this is tenth straight month that high tech production has increased. High tech production has risen 14.4% in the past year. We would



past year.

Utilities output rose 0.1% in October after having declined 1.6% in October. Over the past year utility output has risen 1.3%. This component is extremely volatile from month-to-month as the weather fluctuates.



suggest that if firms are unable to find an adequate supply of workers, and when they can find them the workers demand significantly higher wages, they will turn to technology in an effort to boost production and satisfy the demand for their products.

Mining (14%) output rose 0.3% in November after declining 1.1% in October. Mining has risen 2.3% in the

## MARKET WATCH

### INDUSTRIAL WAREHOUSE OFFICE WITH M-1 CLEARED ACREAGE FOR SALE



5515 Rivers Avenue  
North Charleston, SC  
\$3,125,000  
1.61 AC

M1 Zoning and B2 Office Warehouse opportunity awaits a buyer with Light Industrial uses seeking office and land. The combination property consists of (1) 2,400 sqf building and (5) .24 AC lots previously rezoned for M1 Light Industrial uses. The office and land are in close proximity to Interstate 526 and Interstate 26 fronting Rivers Avenue for quick access to transportation routes. This is a key development opportunity for a manufacturer seeking a Light Industrial use for example: Supply Chains, Moving Companies, Storage of RV's/Boats, Solar Farm Facilities, Wholesale, Heavy Construction or Government use. A strategic location in North Charleston, South Carolina. Lease to purchase is a viable option to be considered.

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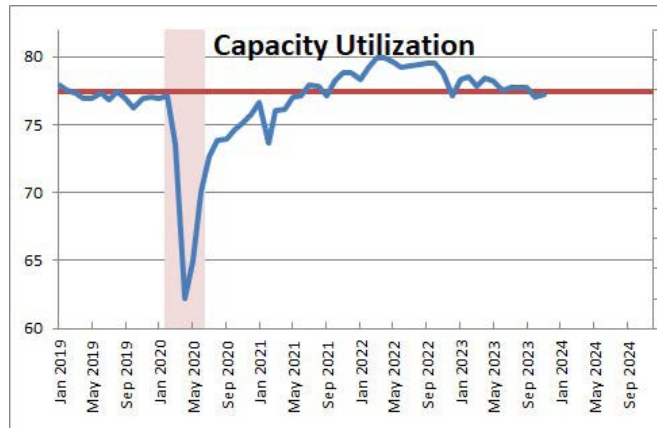
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Capacity utilization in the manufacturing sector rose 0.2% in November to 77.2% after having declined 0.7% in October. It is essentially the same as the 77.4% level that is generally regarded as effective full capacity utilization.



GDP appears to be on track to grow at a 1.5% pace in the fourth quarter as firms keep hiring at a relatively rapid pace, the unemployment rate remains steady at a near 50-year low of 3.7%, and the housing sector begins to edge upwards. However, we expect GDP to slip to 0.7% or so in the first two quarters of next year but that should be followed by 1.5-2.0% GDP growth in the second half of the year as the Fed begins to ease.

Source: <https://numbernomics.com/industrial-production/>

## What's up with restaurant real estate in 2024



*Restaurant real estate will remain challenged into 2025, experts say, as supply and demand even out. Here's where operators should look for growth today.*

Contributed by Bryan Fogle - Associate  
Written by Ron Ruggless

The restaurant real estate landscape will remain challenged through 2024 and into 2025, but pockets of development continue apace, according to David Orkin,

EVP and restaurant practice leader for real estate services firm CBRE.

"It's going to remain challenged due to supply and demand reasons," Orkin said. "We haven't had much development in the past half a dozen years, and so we're at an all-time low."

## MARKET WATCH

### 8-UNIT MULTIFAMILY RESIDENTIAL USE FOR SALE



49 Smith Street  
Charleston, SC  
\$4,850,000  
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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Shopping center development continues to be hamstrung by limits from the coronavirus pandemic, he added.

"In shopping center development construction," Orkin said, "costs are up because of the pandemic. Nobody really turned development back on from three or four years ago. But now we're seeing where there is a ton of demand both for retail and restaurants."

CBRE's economists anticipate resilient consumer spending will counter economic headwinds in 2024, including high interest rates and near recessions in Europe and China. CBRE predicts the U.S. unemployment rate, which was 3.7% in December, will rise slightly to 4.5%, and an easing of inflation will allow the Federal Reserve to reduce short-term interest rates to around 4.25% by the end of 2024 and to 3.5% in 2025.

"This anticipated economic bottoming out and initial rebound will affect all sectors of commercial real estate," the company said in December. "CBRE sees lending remaining tight, property values declining further in the first half of the year before activity rebounds in the second half, a topping out of office vacancy, and a wave of multifamily construction."

"There is a bit more real estate pain ahead, but stabilization and the early stages of recovery aren't far behind that," said Richard Barkham, CBRE global chief economist and global head of research, in a statement. "Investment volumes will be down overall for 2024 but will start an upturn in the second half. And leasing activity will pick up a bit from a sluggish 2023."

U.S. office vacancy will peak at 19.8% in 2024, up from 18.4% in Q3 2023 and 12.1% at the end of 2019. Office-leasing activity will revive slightly in 2024 but remain significantly below pre-pandemic levels, CBRE said. Companies seeking blocks of office space of less than 20,000 square feet will account for the bulk of leasing activity. Office construction will slow to the lowest level since 2014, raising the prospect of a shortage of available Class-A space later in the year.

A long-running lack of new retail construction will contribute to retail availability rates declining by 20 basis points in 2024 to 4.6%. CBRE foresees retail spending moderating to 2.6% in 2024 from 4.4% in 2023, and net absorption — which is new demand for retail space — declining to 28 million square feet from 35 million square feet a year earlier. Luxury retailers will look to expand in U.S. resort markets and underserved major metros like Dallas and Houston, CBRE said.

## 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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CBRE works with such restaurant clients such as Darden Restaurants, Bloomin' Brands, Cooper's Hawk and others, Orkin said.

"It's a sprint right now," Orkin said, noting how he works with clients to fill their pipelines two to three years out. "There is a lot of activity, and deals are happening. They're just taking a little bit longer to do and they're doubles — they're not triples and home runs."

Restaurants are finding landlords offering less attractive finish-out allowances than before the pandemic, Ortiz noted. "They're being reduced, so you have a lot of people competing for fewer sites on less desirable terms. It's certainly getting more challenging to make deals."

CAVA, the fast-casual Mediterranean brand with roughly 300 locations, went public in mid-2023. The Washington, D.C.-based company had set on what it called a "coastal smile strategy" for development.

Tricia Tolivar, CAVA's chief financial officer, said that "coastal smile strategy" involved adding restaurants both on the East and West Coasts as well as the Southeast, based on the CAVA brand's origins in the District of Columbia, Maryland, and Virginia.

"We took a very unconventional turn and went out to L.A. 3,000 miles across the country and opened locations there," Tolivar said, crediting CEO Brett Schulman's expansion strategy. "He really was watching consumer trends even before the pandemic and moving into suburban markets and into the coastal smile. So we think of it down the East Coast across into Texas and up into California."

The Zoes Kitchen acquisition helped that strategy, she added. "Zoes' major crown jewels were Atlanta, Dallas and Houston," she said. "Those were the key markets that were enabling us to fill out that 'coastal smile' strategy successfully."

California remains a difficult real estate market, given legislation in the state, Orkin said.

"If you're there, you're filling out the dance card because you have to," he said. "You're not pulling up operations and leaving. But if you're not there yet, between the cost of labor, the cost of construction ... it's a hard place to develop restaurants. You can have really, really good top-line sales and not make money." Source: <https://www.nrn.com/finance/what-s-restaurant-real-estate-2024>

## MARKET WATCH

### YEAMANS HALL SHOPPING CENTER FOR LEASE



1268 Yeaman's 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 Yeaman's 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 Yeaman's 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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### Single-Family Rental Investment Trends Report Q4 2023



#### *SFR Construction Starts Reach New Peak as Cap Rates Slide*

Contributed by John True - Associate  
Report by Arbor

#### Key Findings:

- SFR/BTR construction starts reached a new record high in the second quarter of 2023, accounting for 7.7% of all single-family starts.
- Rent growth for lease renewals continued to outpace historical averages.
- Cap rates slid to 6.1% in the third quarter amid rising home prices.

#### State of the Market

While elevated interest rates have impeded commercial real estate growth, the single-family rental (SFR) sector has exhibited strength and resiliency due to its favorable balance of structural tailwinds.

New construction has continued to be one of SFR's brightest spots. With mortgage rates at a multi-decade high, many priced-out homebuyers have been choosing to live in build-to-rent (BTR) communities. As demand for SFR units grows nationally, the market share of new BTR construction has set new milestones in 2023.

However, the interest rate environment in the fourth quarter of 2023 still presents challenges in capital markets. CMBS activity, which attracted large amounts of capital into the SFR sector in recent years, has been quiet. At the same time, SFR's fundamental strengths are undeniable. On-time rent payments remained robust as cap rates slid in the third quarter of 2023, demonstrating the health of this sector amid ongoing economic dislocation.

Source: To read the full report, follow the link here: [https://arbor.com/research/reports/single-family-rental-investment-trends-report-q4-2023/?acc=y&utm\\_content=2023\\_q4&utm\\_medium=email&utm\\_source=pardot&utm\\_term=NA&utm\\_campaign=chandan\\_sfr\\_quarterly\\_report&utm\\_source=pardot&rdnaLabel=chandan\\_sfr\\_quarterly\\_report](https://arbor.com/research/reports/single-family-rental-investment-trends-report-q4-2023/?acc=y&utm_content=2023_q4&utm_medium=email&utm_source=pardot&utm_term=NA&utm_campaign=chandan_sfr_quarterly_report&utm_source=pardot&rdnaLabel=chandan_sfr_quarterly_report)

### 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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Principal - Senior Broker - Industrial

### Mike Rose, CCIM

Industrial land is getting harder to find to meet clients needs. Since first of January activity has been high for all levels of land and industrial needs. An abundance of speculative buildings has been built in the larger distribution size above 200,000sf throughout the region. Filling those spaces seems to be slower than previous years. I'm having difficulty finding land for the smaller user in the 5-10ac range. Despite predictions of a slower 2024

nationally the Charleston region I think will continue to be in strong demand. Port trade is down as shipping is being affected world-wide conflicts in Ukraine to Israeli Hamas war in Gaza to Middle East attacks on shipping in the Gulf off Yemen. While things may slow in latter part of year the activity since start of the year is encouraging.

## New SC industrial park serving Port of Charleston proposed by Va. developer



Contributed by Miles Barkley Jr. -

Associate

Written by David Wren

A Falls Church, Va., developer that purchased a large Berkeley County tract in May plans to build up to five industrial warehouses on the property, according to plans included on the firm's website.

Rushmark Properties, a privately held real estate investment group, wants to build more than 2.2 million square feet of space on about 300 acres along Interstate 26 southwest of Jedburg Road and north of Dawson Branch Road. The company paid \$16.8 million for about 300 acres in late May for development of its Rushmark Berkeley Commerce Center project.

The Army Corps of Engineers is reviewing Rushmark's application for a permit to fill 96.8 feet of streams and 0.28 acres of wetlands for construction of the first

## MARKET WATCH

### DORCHESTER SQUARE SHOPPING CENTER FOR LEASE



4391 Dorchester Road  
North Charleston, SC 29405  
900 - 30,500 SF  
\$12 - \$35 PSF (Annual)

Dorchester Square is located at one of the most prominent intersections in North Charleston: the intersection of Dorchester Road and Leeds Avenue. The location has easy access to I-526 and I-26 from Dorchester Road. It caters to area residents and a substantial daytime population from many nearby businesses. Some of these businesses include: Boeing, Bosch, North Charleston City Hall, The Charleston County Office Complex, Faber Place Office Park, and many others in this area of North Charleston. With an abundant field of parking, excellent visibility, convenient access off of Dorchester Road and Leeds Avenue, and 195,000 people within a 15 minute drive, Dorchester Square is ideal for businesses that wish to cater to this area of the Greater Charleston Market.

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building, which will total 340,200 square feet.

The construction will also include trailer parking areas, stormwater ponds and an entrance road. Rushmark has proposed buying credits in stream and wetlands mitigation banks as compensation.

A representative of Rushmark did not respond to a request for comment about the plans.

According to the company's website, construction is scheduled to start during the first quarter of 2024.

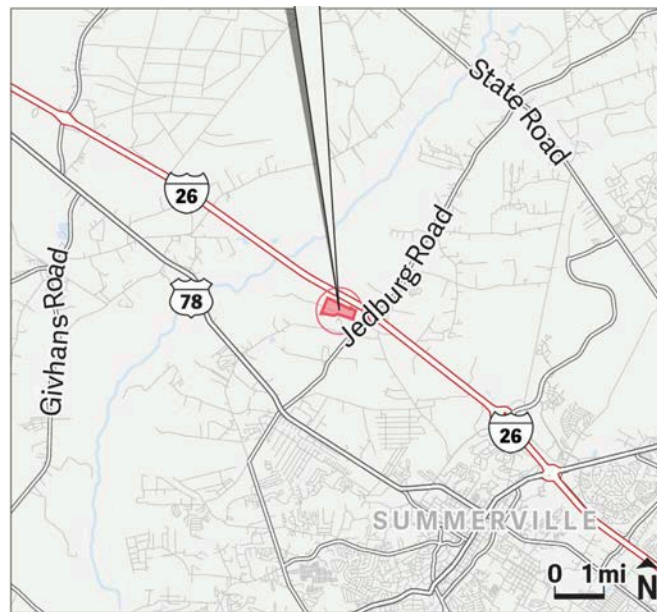
A report by real estate group JLL shows the Charleston-area industrial market remains strong despite higher interest rates and financing issues that have hampered development in other places.

More than 6 million square feet of space has been leased during the first three quarters of 2023 and the local vacancy rate for industrial buildings, at 2.93 percent, is more than a full percentage point less than the national average.

"Charleston's industrial market will continue to perform well, supported by strong port demand and expanding manufacturing operations," the report states. "Despite the subtle pullback in development activity, it is anticipated that new construction starts will begin to pick up in Q2 2024 as both economic and market conditions improve."

Rushmark has been active in the local market for years.

Among the company's previous commercial real estate holdings was a part ownership with Charleston developer and investor Frank Haygood in the S.H. Kress



## MARKET WATCH

### WEST ISLAND CENTER FOR LEASE



2049 Savannah Hwy  
Charleston, SC 29407  
2,152 - 5,946 SF  
\$17 - \$23 PSF

(West Island Center) Unit 30 (10,000 square feet), Unit 40 (2,200 square feet) and Unit 50 (3,950 square feet) and Units are available. Located in the heart of West Ashley where the Mark Clark Expressway meets Savannah Highway. This signalized Retail Center has quick access to Hwy 17 and quick access to 526 to North Charleston. Three adjacent, vacant units await your new or existing shop, business, specialty, or service that aligns with home products or accessories (see list of neighbors) plenty of parking and signage. Drive by and see the frontage and high traffic volume.

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& Co. building at 281 King St. on the peninsula. They sold the art deco-style structure for \$19.5 million in 2019.

The company also developed Aviation Business Park in North Charleston, selling the property in 2018. It also planned the 36-acre Montague office and hotel project in North Charleston but sold the property before construction commenced.

All told, the 25-year-old company has completed 22 projects valued at more than \$1 billion, including 2,000 apartment units, 845,000 square feet of office space and 100,000 square feet of retail space.

Source: [https://www.postandcourier.com/business/south-carolina-industrial-park-berkeley-county-rushmark/article\\_bf19dbdc-9462-11ee-99d5-5b7889dd08b5.html](https://www.postandcourier.com/business/south-carolina-industrial-park-berkeley-county-rushmark/article_bf19dbdc-9462-11ee-99d5-5b7889dd08b5.html)



## Industrial Flex Report - Q1 2024: Sneak Peek

The Charleston Flex market is experiencing a period of growth due to port activity and manufacturing growth within the region. Currently sitting at a vacancy rate of 3.3% in Q4 2023, we can see just how in demand flex spaces are within the market, as evidenced by the vacancy rate of 3.9% in Q3 2023. This is also supported by the fact that we are seeing positive absorption in the area, to the tune of 77,905 SF positively for the past 12 months, and 34.1K SF under construction. The area is making a big push to be an ideal location for larger manufacturing and distribution services, so we can only expect to see this trend increasing.

## MARKET WATCH

### THE RUNWAY EXECUTIVE OFFICES: NOW LEASING



3300 W Montague Ave Suite 200  
North Charleston, SC  
58 - 14,000 SF  
[runway3300.com](http://runway3300.com)

This office building is under new ownership and can be renovated to meet a tenant's needs. Total building is 16,000 SF and can accommodate a tenant up to 14,000 SF split on two floors. In addition, there will be small office suites available for short or long term leases. Additional parking has been negotiated to accommodate any tenant needs. Location can't be beat. 3300 W. Montague has easy access to both I-26 and I-526 and is also located near North Charleston Convention Center, Coliseum, Boeing, Charleston International Airport, Centre Pointe, and numerous restaurants, retail, lodging, and other amenities.

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**Employee of the Year  
2023: Rachel Bodell,  
Property Manager**

**Congratulations Rachel!**

**New Hire: Kristin Happe,  
Office Coordinator**

**Welcome to the team  
Kristin!**



## TRANSACTIONS

Jing (Julia) Donovan and Trey Davis of Coldwell Banker Commercial Atlantic represented the tenant SureRock USA Corporation in the lease of 20,000 SF of Warehouse space at 4068 Fernandina Road in Columbia, SC. The landlord Gemini Associates, LLC was represented by William Durham of the William Durham Company LLC.

Jing (Julia) Donovan of Coldwell Banker Commercial Atlantic represented the tenant Balance Spa, LLC a Massage Therapy Studio in the lease of retail space at Unit 14 at 878 Fording Island Road in Bluffton, SC. The landlord GOF, LLC was represented by Vonnie Majewski of VM Real Estate.





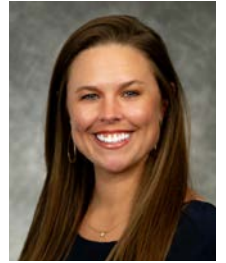
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