

WHY INVEST IN CHARLESTON



**COLDWELL BANKER
COMMERCIAL**
ATLANTIC

CHARLESTON MARKET

ABOUT THE CITY

- Second most popular place to move in the U.S.
- 30+ newcomers each day. The median age is 37.6.
- The Charleston region's population is growing 3X faster than the U.S. average, to more than 830,000
- 74th largest among all U.S. metros

ECONOMY

- One of the top places for jobs, according to Forbes and WalletHub
- Growing pool of 400,000+ skilled workers
- Large and growing tech scene nicknamed "Silicon Harbor"
- Local worldwide brand reach, such as Benefitfocus, BMW, Boeing, Google, Mercedes Benz, and Volvo
- Top 10 largest shipping containers terminals in North America
- Growing global importance due to deepening of Charleston Harbor and added transatlantic flight

CULTURE & CONTEMPORARY LIFE

- Major tourism industry, rich historical value, well-preserved architecture, and award-winning restaurants
- Growing number of luxury hotels, inns, hotel chains, and diverse shopping
- Top 25 art destination, growing music and performing arts scene
- Weekly festivals, concerts, farmer's markets, and vibrant nightlife
- Horse-drawn carriage and walking tours, museums, and pop-up sales
- Nicknamed the "Holy City" for its many church steeples
- Beaches and parks, including Isle of Palms, one of the area's most family-friendly communities
- Highly regarded golf destination. 95 miles of coastline to enjoy in a desirable climate.



WHY INVEST IN CHARLESTON?

Live Like a Charlestonian

Housing: Residential areas range from the rural towns of Jamestown and St. George to the vibrant, urban areas of Charleston and North Charleston. The growing demand for housing has spawned a number of new residential opportunities throughout the region, and most price ranges are well represented.

Cost of Living: Compared to many other thriving coastal communities, Charleston offers a reasonable cost of living according to the ACCRA Cost of Living Index.

Climate: The climate of greater Charleston is considered "temperate to sub-tropical." On average, the region enjoys 230 days of sunshine each year. For the outdoors enthusiast, acres of freshwater lakes, a large national forest, miles of beaches and 160 parks provide the perfect setting for numerous outdoor activities, including sailing, kayaking, fishing, hiking, hunting, windsurfing and water skiing.

Work Like a Charlestonian

3.2% Unemployment Rate **2.3%** Unionization Rate

35.9% Future Job Growth **\$111,722** Average Household Income

Top Industries:

Aerospace:
Boeing
TIGHitco
Eaton Corporation
Advanced Security
SAIC
BAE Systems
VT Group
Evolt

Bio Medical:
HillRom, Inc.
Berchton Corporation
XIFIN
Wind Energy:
33 Wind energy facilities in SC employing over 1,100 people

Automotive:
Cummins Turbo Technologies
Mercedes-Benz
Mahle Behr
Volvo

Play Like a Charlestonian



EXPLORE

DINE

SHOP

Commercial Real Estate Climate

Few markets have seen as swift of a shift in industrial demand as Charleston heading into 2024. Vacancies have climbed around 700 basis points from one of the tightest markets in the country in 2022 to well above the national average as speculative supply delivered and leasing activity cooled. With an additional 5.8% expansion of inventory underway, market participants are preparing for continued supply-side pressure, especially in the market's largest spaces. The Port of Charleston is the primary demand driver here. Falling port volume in 2023 led to a decline in demand for distribution services—one reason that net absorption fell by more than 60%, year over year, and sublet space more than doubled, as third-party logistics providers such as 3G Distribution and Tri-Modal put large blocks of space on the market. Additional headwinds are on the horizon for 2024. Drought at the Panama Canal has begun to limit East Coast access from the largest ships on Asian trade routes, which account for more than half of Charleston's imports, and the renegotiation of labor contracts with the International Longshoremen's Association looms in September 2024. Already, a legal dispute over union crane operation at the Port of Charleston's newly opened Hugh K. Leatherman Terminal has left that North Charleston facility running at one-fifth its full capacity. (CoStar Industrial Market Report 2024)



Learn Like a Charlestonian

The College of Charleston is a state-supported comprehensive institution providing a high-quality education in the arts and sciences, education and business. The faculty is an important source of knowledge and expertise for the community, state, and nation.

Located in the heart of historic Charleston, it strives to meet the growing educational demands primarily of the Lowcountry and the state and, secondarily, of the Southeast.

The Citadel is a landmark in Charleston and South Carolina that is noted for its educational reputation as well as its rich history. Founded in 1842, The Citadel has an undergraduate student body of about 3,506 students who make up the South Carolina Corps of Cadets.

The Medical University of South Carolina (MUSC) has grown from a small private medical school founded in 1824 into one of the nation's top academic health science centers, with a 700-bed medical center (MUSC Health) and six colleges.

Charleston Retail Market Overview. Coastal tourism and continued population growth helped Charleston's retail market weather the dual disruptions of the coronavirus pandemic and the longer-term secular shift to e-commerce. While consumer spending slowed in 2023, leading to a few quarters of negative absorption, retail demand recovered heading into 2024. The lack of new retail supply has kept retail fundamentals stable, with reuse and redevelopment options becoming more popular than new construction. There is currently roughly 630,000 SF underway, representing just 1.3% of total retail inventory, the majority of which is in growing suburban areas. Over half of the current pipeline is already preleased, so supply-side pressure shouldn't have too much of an impact on Charleston's fundamentals in the near term. (CoStar Retail Market Report 2024)

3506 W Montague Ave | North Charleston, SC 29418
cbatlantic.com | cbcretailatlantic.com

PRESS



"#1 Small City in the U.S."
**-Conde Nast Traveler
Readers Choice 2023**

"#1 2023 World's Best Awards'
favorite cities in the U.S."
-Travel + Leisure Magazine 2023

"South Carolina Ranks #1 Best
State for Manufacturing"
-The Site Selection Group 2023

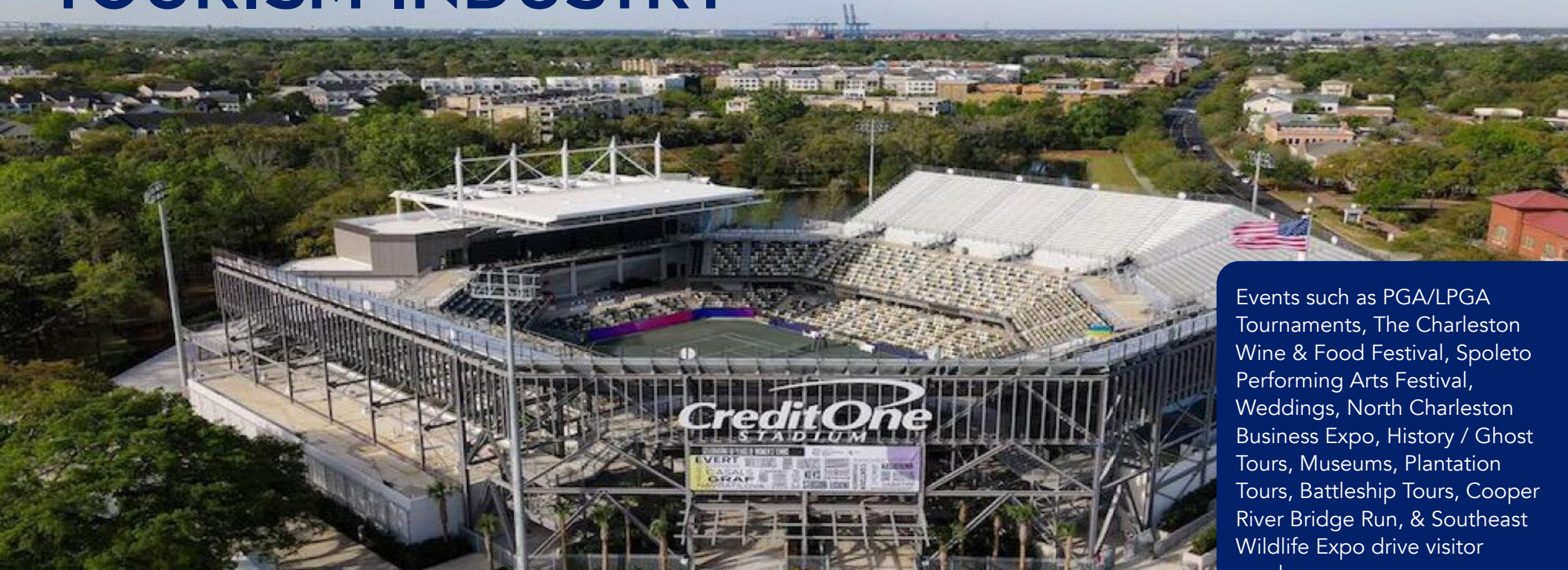
"The 50 Best Small Towns In The
South 2023" Folly Beach, SC
-Southern Living Magazine 2023

"#1 Hotel in Charleston":
Hotel Bennett
**-Conte Nast Traveler Readers
Choice 2023**

"South Carolina Ranked #2
State for Doing Business"
-Area Development 2023



TOURISM INDUSTRY



Events such as PGA/LPGA Tournaments, The Charleston Wine & Food Festival, Spoleto Performing Arts Festival, Weddings, North Charleston Business Expo, History / Ghost Tours, Museums, Plantation Tours, Battleship Tours, Cooper River Bridge Run, & Southeast Wildlife Expo drive visitor numbers



Piccolo Spoleto



COMMERCIAL REAL ESTATE

Leasing

Charleston Retail

Charleston's port access, coastal location, and relative affordability have continued to attract retailers and new residents. In addition, regional and national tourism remained strong, and Charleston's population growth continues to outpace the national benchmark.

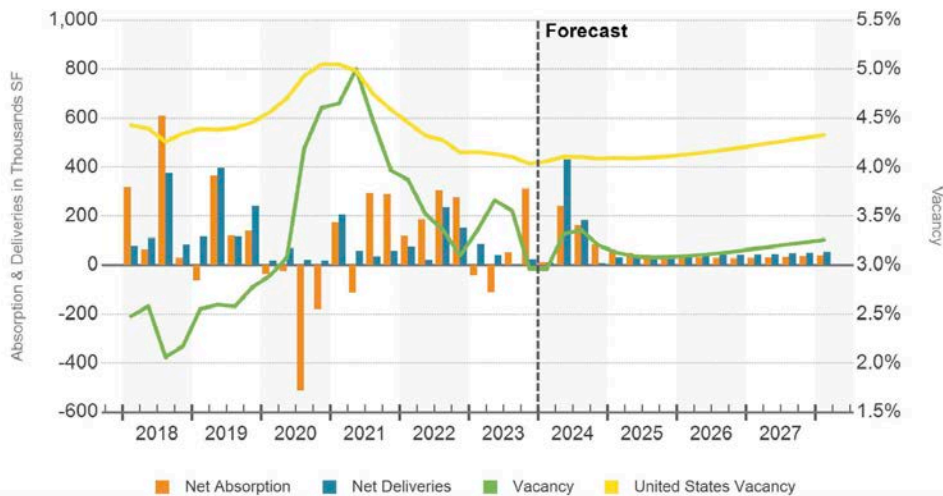
Retail leasing remains slower than pre-pandemic trends, which is largely due to smaller average footprint requirements of retailers adapting to the rise of e-commerce and limited new construction. The average size of leases signed in 2023 was around 2,600 SF, compared to more than 3,500 SF between 2010 and 2019. A more cautious approach to new retail construction has kept vacancies below the national average, at 3.1%, despite slowing net absorption.

Charleston's tenant portfolio is expected to continue expanding in the near term. Already, grocers such as Aldi, Publix, and Harris Teeter plan to open new locations in North Charleston, Summerville, and West

Ashley, respectively. Walmart has also entered the market aggressively, opening seven stores in the metro since 2010 and moving into a new 3 million-SF imports center in 2022.

Older big-box spaces in suburban areas are being backfilled by new uses. For example, Urban Air Indoor Adventure Park moved into a 40,000-SF former Gander Outdoors store in North Charleston in early 2023, Stroud Discount Window and Door moved into a 26,550-SF space in North Charleston in early 2023, and the Spirit Halloween Superstore moved into a 25,500-SF space at North Pointe Shopping Center in September. Discounters such as Dollar General, which signed for 8,450 SF in North Charleston in May 2023, and Sav-a-Lot grocer, which leased 15,500 SF in North Charleston with a January 2024 move-in, have also been active. General freestanding retail and suburban power center properties have the lowest vacancy rates, at 2.0% and 1.1%, respectively.

NET ABSORPTION, NET DELIVERIES & VACANCY



Leasing

Charleston Industrial

Leasing activity has downshifted considerably in Charleston in early 2024. Tenants signed for just more than 7 million SF in 2023, about a 20% decrease on a year-over-year basis. And a handful of larger leases may be masking a broader decline. One 1.1 million-SF lease in Camp Hall, for example, accounted for 15% of total leasing activity over the year, and leasing in the second half of the year was down more than 30% compared to the year prior.

At the same time, sublet space has ticked up as logistics and supply chain providers rethink their space needs. Large blocks of sublet space such as 3G Distribution Services' 587,720 SF at Omni Industrial Building and Tri-Modal Distribution's 110,760 SF at Ladson Industrial Park became available in late 2023. The impact of declining demand and delivery of speculative supply pushed the metro-wide vacancy rate to 9.1%, an increase of 6.4% over the past 12 months.

In previous years, purpose-built facilities dominated Charleston's industrial pipeline, and the metro added international users like Volvo and Mercedes-Benz to its tenant roster. While build-to-suit projects are still common here, such as Redwood Material's space in Camp Hall, developers have ramped up speculative supply. Home goods tenants, such as home decor company Twin Star, furniture distributor Sagebrook

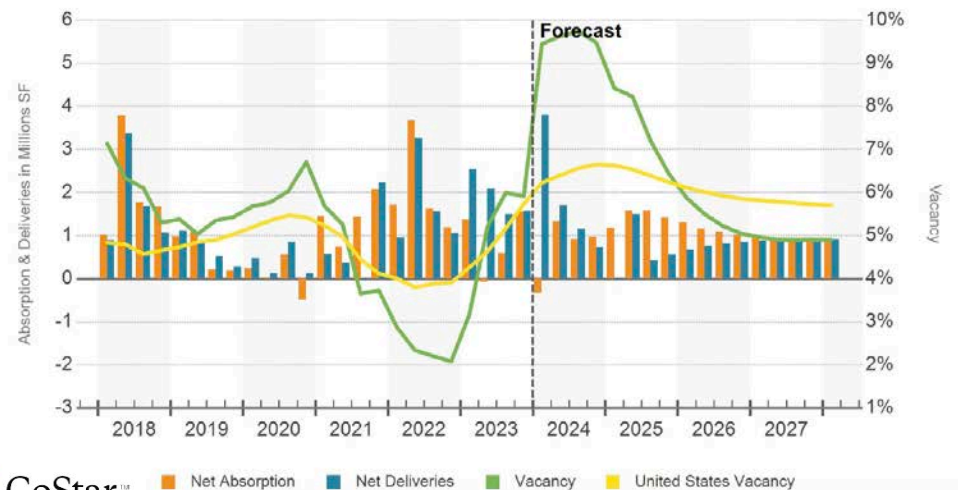
Home, and flooring company Cali Bamboo, leased a total of nearly 2 million SF in 2022, but larger leases leveled off in 2023. Other major leases in 2023 included Gildan's renewal of 603,000 SF on Clements Ferry Road, Leidos' 149,000 SF in Ladson Industrial Park, and Pepsi's 130,000-SF lease in the North Charleston Submarket.

More recently, though, larger leases have become less common as consumer spending and softer port volumes lead to less demand for the largest spaces. Tenants signed only eight leases larger than 250,000 SF in 2023, compared to 24 in 2022. By contrast, the 218 leases smaller than 100,000 SF in 2023 were only slightly lower than the 238 signed in 2022.

This shift has left the largest buildings with double-digit availability rates, while availabilities in smaller infill properties remain extremely tight. As of early 2024, properties larger than 500,000 SF, which tend to be located in exurban submarkets such as Berkeley County and Dorchester County along the Interstate 26 corridor are 23% available, while only 4.3% of buildings 100,000 SF or smaller, largely in closer-in submarkets such as North Charleston, remained available.

New supply will likely outweigh new demand through the next several quarters, which will continue to lift vacancies through early 2025.

NET ABSORPTION, NET DELIVERIES & VACANCY



COMMERCIAL REAL ESTATE

Leasing

Charleston Office

The Charleston office market posted its weakest net absorption performance in three years in 2023. However, that still left the coastal market with better performance than larger Southeastern markets or the national average. While vacancy rates ticked up to 8.1%, they still remain comfortably below the national average. Solid job growth over the past several years has helped bring office-using jobs to the area. While the pace of job growth slowed in late 2023, overall job growth is up nearly 13% since February 2020.

Still, the Charleston market has not been immune to the impact of declining tech valuations and financial skittishness, which have led to layoffs and space consolidations in those office-using sectors. Daniels Island-based tech companies Benefitsfocus and Blackbaud as well as North Charleston's TELUS have each given back large blocks of space over the past two years. Sublease space has hit a new high of 610,000 SF, well above the pre-2020 average of around 150,000 SF.

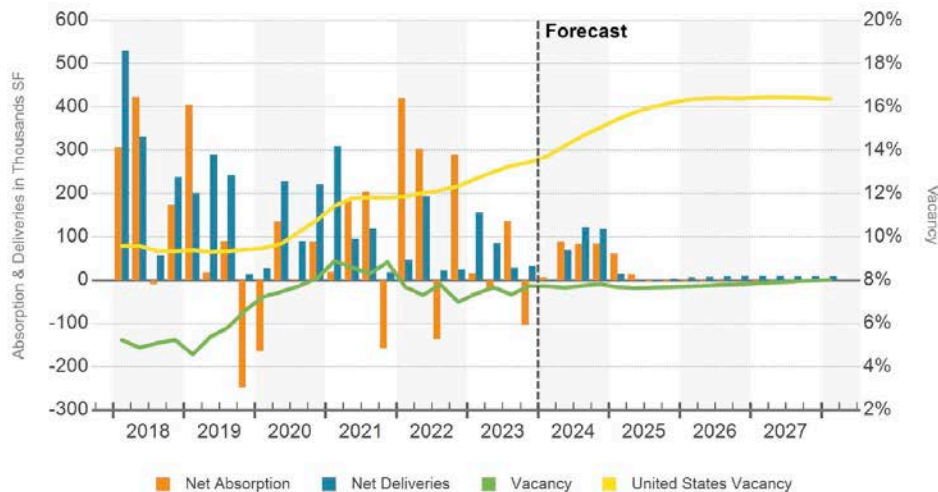
Total leasing activity was down more than 15%, year-over-year, in 2023. The largest leases of the year came from healthcare and government-related organizations, such as the Charleston County Board of Voter

Registration's 40,000-SF move in at a North Charleston facility in July or HCA Healthcare's South Atlantic Division 39,000-SF lease at Marshside on Daniels Island in August. Preleased move-ins into the newly built Morrison Yard included Pinnacle Bank, JLL, law firm Parker Poe, and Morgan Stanley, among others. Along with neighbor The Morris, these two buildings have intensified a flight to quality in the market.

Co-working firms have been particularly active, tapping into Charleston's ability to attract entrepreneurial and remote workers through its status as a coastal hub and tourist destination. Serendipity Labs' 26,000-SF lease at the mixed-use Nexton Gardens in suburban Summerville was one of the largest deals so far in 2023. That followed Industrious' entrance into the market in 2022 with a 34,000-SF lease at 677 King St.

An additional 350,000 SF is under construction and scheduled to deliver over the coming two years. More than half of that space is preleased, though, and it is unlikely to cause any major spikes in availability. Demand could be influenced by slower office-using job growth in the coming years, but the lack of a considerable supply surge is likely to keep vacancy rates relatively stable, if elevated, in the near term.

NET ABSORPTION, NET DELIVERIES & VACANCY



Vacancy

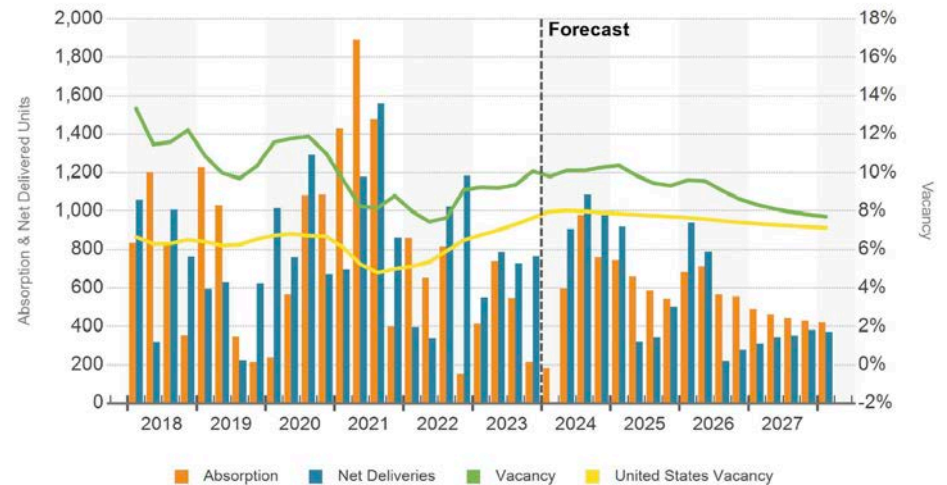
Charleston Multi-Family

Absorption of apartment units in Charleston bounced back through 2023 and into early 2024. A strong spring and summer leasing season gave this coastal market its best-performing quarter in two years in 23Q3, and demand outpaced supply for the first time since early 2022. That indicated that the market had fully recovered from an especially steep drop in demand in 22Q4. A new wave of supply began delivering in 2023, though, which added to the competitive pressure on landlords and put upward pressure on vacancy rates.

Vacancy rates rose to 9.8%, and the additional 6,600 units under construction are likely to lift vacancies higher through the rest of 2024 as they deliver over the coming quarters.

While supply additions have loosened the market, absorption has remained positive in nearly all submarkets, particularly suburbs such as Summerville/Goose Creek and Daniel Island. Year-over-year rent growth has cooled since peaks in 2021 but remains at 0.5%, which is above the national average.

ABSORPTION, NET DELIVERIES & VACANCY



LOCAL NEWS

SC BATTERY-RECYCLING PLANT OWNER BREAKS GROUND ON \$3.5B LOWCOUNTRY PROJECT

Post & Courier
David Wren
January 23, 2024

Redwood Materials broke ground Jan. 23 on its \$3.5 billion battery recycling site in Berkeley County with the aim of starting to reclaim materials needed to power electric vehicles before the end of the year.

The Carson City, Nev.-based company plans to eventually hire 1,500 workers at its Ridgeville campus to extract minerals needed to make new EV power packs from old batteries that have outlived their usefulness in a range of consumer products.

Read the full story, [HERE](#).

Source: https://www.crda.org/news/local_news/sc-battery-recycling-plant-owner-breaks-ground-on-3-5b-lowcountry-project/

CHARLESTON AIRPORT EYES NEW PASSENGER MILESTONE OF 6M AFTER SEEING 2.9M IN 6 MONTHS

Post & Courier
Warren L. Wise
July 24, 2023

Halfway through the year, Charleston International is eyeing a new milestone for passenger traffic.

The state's busiest airport saw 2.93 million travelers arriving and departing though June, up more than 17 percent over the same span last year and almost 25 percent higher than the first six months of 2019, the year before the pandemic.

Read the full article, [HERE](#).

Source: https://www.crda.org/news/local_news/charleston-airport-eyes-new-passenger-milestone-of-6m-after-seeing-2-9m-in-6-months/

TECH COMPANY TO BUILD 200K-SQUARE-FOOT DATA CENTER IN BERKELEY COUNTY

Charleston Regional Business Journal
Jason Thomas
October 2, 2023

A digital infrastructure company has purchased land in Berkeley County for the construction of a new data center.

DC Blox, a provider of data centers, dark fiber, cable landing stations and connectivity solutions focused on the Southeast, recently completed the purchase from Santee Cooper of 27.5 acres in Berkeley County, with plans to construct a data center at the site, according to a DC BLOX news release. The facility in the Camp Hall commerce park will be the third data center the company has committed to building in South Carolina.

Read the full article, [HERE](#).

Source: https://www.crda.org/news/local_news/tech-company-to-build-200k-square-foot-data-center-in-berkeley-county/

FRAMPTON CONSTRUCTION GROWS REGIONAL HEADQUARTERS WITH CHARLESTON COUNTY EXPANSION

South Carolina Department of Commerce
September 28, 2023

Frampton Construction, a full-service construction firm, today announced it is growing its regional headquarters with an expansion in Charleston County. The \$12.9 million investment will create 69 new jobs.

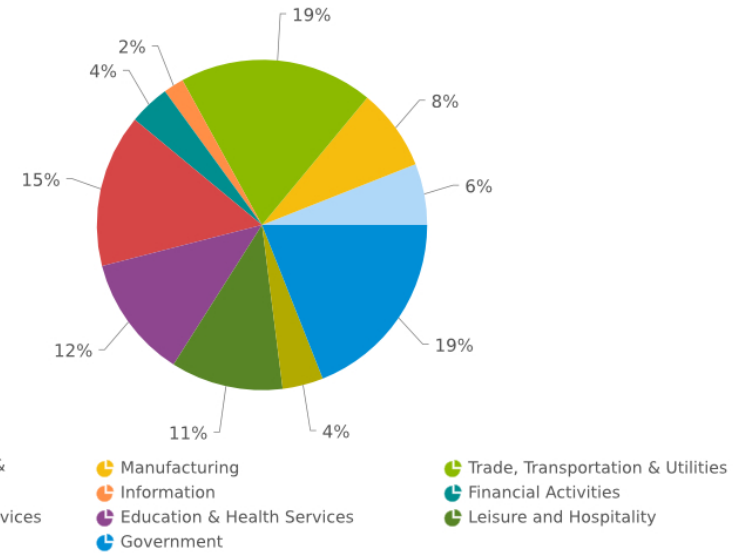
Founded in 1993, Frampton Construction offers planning and design support as well as preconstruction and construction services for the commercial, industrial and manufacturing market sectors. The company is enlarging its manufacturing business unit and expanding the support staff dedicated to growing and developing Frampton team members.

Read the full article, [HERE](#).

Source: https://www.crda.org/news/local_news/frampton-construction-grows-regional-headquarters-with-charleston-county-expansion/



AN INTERNATIONAL DESTINATION FOR BUSINESS & TALENT



Employers by Industry: Greater Charleston continues to attract corporate investment, with both multi-national corporations and fast-growing startups taking advantage of our skilled workforce, world-class infrastructure, and globally competitive business environment.

Global trade and investment are driving the Charleston region's continued success. From the Port of Charleston to the automotive industry to tourism, Charleston's industries are global in nature - with international competitors, supply chains, R&D, and talent. Attracting and supporting foreign direct investment (FDI) is a foundational element of our market's global competitiveness.

The Charleston region offers local employers a growing pool of 380,000+ skilled workers. The region's education and workforce training system continues to build a solid base of technically - skilled workers in engineering, information technology and more.

160+ INTERNATIONAL COMPANIES (CENTER FOR BUSINESS RESEARCH)

5% OF REGIONAL POPULATION IS INTERNATIONAL (CENTER FOR BUSINESS RESEARCH)

4TH ON "AMERICA'S BIGGEST BOOMTOWNS" (MAGNIFYMONEY)

TOP 20 U.S. METRO FOR HIGH-TECH GDP GROWTH SINCE 2014 (MILKEN INSTITUTE)

#6 BEST STATE IN THE U.S. TO DO BUSINESS (CHIEF EXECUTIVE)

TRAVEL TO CHARLESTON



**CHS
PLANNING
GOALS
THROUGH
2041**

- ✈️ Nine Additional Gates will be required by 2041
- ✈️ 19 Additional Remain Overnight Parking will be required by 2041
- ✈️ Deficient 1600 – 2500 Parking Stalls by 2026
- ✈️ Deficient 2800 – 4000 Parking Stalls by 2031
- ✈️ Deficient 5200 – 6200 Parking Stalls by 2041

Charleston International has met a long-expected milestone by exceeding 6 million travelers for the first time in 2023. The state's busiest airport saw nearly 470,000 passengers arriving and departing last month, boosting the year-end total by more than 15 percent to 6,153,540, the Charleston County Aviation Authority reported Jan. 18. The previous high of 5.32 million was set in 2022. Officials have previously attributed the monthly increases throughout last year to a post-pandemic uptick in travel and new destinations that airlines are serving from the Lowcountry. Charleston International CEO Elliott Summey attributed the growth to significant investments in developing a business and leisure travel gateway that can keep up with the ever-increasing number of travelers. Recent examples include new food-and-beverage options, an expansion of the jet fuel storage facility, the addition of more boarding gates and the completion of a 3,000-space parking garage. As the airport infrastructure grows and more flights are added, Summey said the passenger record could reach 8 million over the next four years. He said one goal is to attract nonstop flights preferred by business travelers.

Explore Charleston CEO Helen Hill, who chairs the aviation authority, said more upgrades are on the way to accommodate the demand for airline services, such as a new passenger concourse, an expansion of the ticketing hall and more parking. Hill said she expects to see continued momentum this year "as future airline schedules reveal increased seats inbound and outbound at CHS." Already on the books is a new Charleston-Toronto service from Air Canada that launches in late March and a Breeze Airways nonstop flight to Los Angeles in May. The airport's growth is closely tied to the region's population boom and a local tourism economy that's also thriving. The economic impact of the hospitality trade climbed to \$12.8 billion in 2022, as the number of annual visitors set a new high of 7.7 million, according to the latest study. "Increasing convenience and access for travelers in cities across the country has diversified our primary markets of visitor origin," Hill said. "We know that air travelers tend to stay longer and have a larger economic impact, which supports our strategy of prioritizing the value of each visit for our local community as opposed to the total number of visitors."

Source: https://www.postandcourier.com/business/charleston-international-airport-travel-passengers/article_84ce39ba-b581-11ee-b225-fba8a54dbba4.html

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crda.org

Esri 2023

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3506 W Montague Ave | North Charleston, SC 29418

cbcatlantic.com | cbcretailatlantic.com

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