12-1-2016

The Sandbox

Dalton Chester
Clemson University

Robert Fauntleroy
Clemson University

Timothy Lengen
Clemson University

Alexandra Ulmer

THE SANDBOX

[sand-boks]

noun

- An environment in which software developers or editors can create and test new content, separate from other content in the project (often used attributively): *sandbox web design; New features are tested and critiqued in the demo sandbox.*

- A box or receptacle for holding sand, especially one large enough for children to play in.

Table of Contents

Letter to the Jury

DART Development Associates is pleased to present our practicum project, The Sandbox, to you. Thank you for taking the time to be a part of our practicum project which is the pinnacle of our education at the Master of Real Estate Development (MRED) program at Clemson University. The generous support from faculty, alumni, advancement board members, and friends of the MRED program over the last decade has allowed the program to thrive and obtain an elite reputation. For that, we are extremely grateful for your support.

As we present our development proposal to you, we greatly appreciate your critique and advice, which will allow us to enhance our knowledge and understanding of the development process. We have used experiences from classes, development tours, conferences, and guest speakers to put together a comprehensive development proposal for 995 Morrison Drive in Charleston, South Carolina. Our development plan is comprised of a mixed-use project that we believe will add great value to the Upper Peninsula.

Throughout the duration of our program, we have been taught to build developments that not only add physical value, but also value to the lives of people in the community. With our development proposal, we have strived to accomplish just this. The Sandbox will serve as a place for people to live, work, and play while enhancing the surrounding community. Thank you to those who have generously provided us with guidance and materials that have allowed this to be a successful practicum project. We hope that The Sandbox will give you meaningful insight on possible development for this site in the future. We look forward to following the transformation of 995 Morrison Drive.

Respectfully,

DART Development Associates

Dalton Chester   Robert Fauntleroy   Timothy Lengen   Alexandra Ulmer

Purpose

The intent of this academic exercise is to evaluate and present a feasible development project. The data, conclusions, and recommendations are stated assumptions to be interpreted as speculation.

Images & Characters

All characters, logos, or images have been either altered or taken from original sources and are not intended for proprietary use. Characters, images, and logos used are properly sourced with the purpose of providing the overall development design. These are not intended to depict actual development designs, but to be used solely in this academic exercise.

The Development Team

Dalton Chester

Clemson University with a B.S. in Financial Management, 2013

Recent internship experience as the Construction & Development Intern for Tanger Factory Outlets located in Greensboro, NC. Worked directly under the Senior Vice President of Development on various projects currently under construction along with additional projects in the development pipeline. Presented comprehensive project results to internal Executive Leadership Team, including the President and CEO Steve Tanger. Experience in Commercial Development and Brokerage as well as the Financial Sector. Spent previous summers interning for USAA in San Antonio, TX under the Property and Casualty (P&C) Underwriting Division. Worked with both the Operations and Staff Side and P&C analyzing market data relating to underwriting standards and principles.

Robert Fauntleroy

Clemson University with a B.S. in Financial Management and Minor in Accounting, 2014

Recent experience in hotel development and commercial brokerage with Windsor Aughtry Company in Greenville, SC. On the brokerage side, assisted in the valuation of properties using sales comparables through CoStar and discounted cash flow analysis. Other responsibilities included preparing LOI's, reviewing sale and purchase agreements, and assisting in site selection and analysis of office and industrial properties. On the hotel side, prepared 2nd quarter memoranda for seven different hotels to inform investors of the current operating status of the hotel. Directly involved in the development of a 128 key Residence Inn.

Timothy Lengen

Niagara University with a B.S. in Finance, 2012

Recent leasing experience interning for Tanger Factory Outlets Corporate in Greensboro, NC. Analyzed tenant leases and generated occupancy reports for development and operating portfolios, including proforma analysis of preleasing efforts in development projects across the country. Presented comprehensive project results to internal Executive Leadership Team, including the President and CEO Steve Tanger. Prior professionals experience working for M&T Bank in Rochester, NY as a Management Trainee. Trained as part of a competitive group of banking professionals in areas such as investments, insurance, consumer lending and business banking. Experience in the real estate investment, management and development field interning for The Hamister Group in Buffalo, NY.

Alexandra Ulmer

Clemson University with a B.A. in Architecture and a Minor in Psychology, 2014

Recent internship experience with Hughes Development Corporation in Greenville, SC. Responsibilities include design work, marketing materials, organization of company documentation for selected projects, and various project-related tasks including the redevelopment of a 165-acre infill, mixed-use development site anchored by a new minor league ballpark in Columbia, SC. Experience with planning, design, and building through projects completed as part of the architecture curriculum. Created an urban design proposal to revitalize the downtown area of Fountain Inn, SC. Project responsibilities included developing a master plan for the selected area with attention to how the enhancements could not only revive the project area, but positively impact the adjacent neighborhoods.

Development Overview

Site Analysis

Subject Site

The subject site is located at 995 Morrison Drive in Charleston, South Carolina. The parcel, approximately 7.96 acres, (Parcel ID 4611303024) has been owned by Charleston County for 19 years, and is within the Charleston City limits. Property ownership most recently changed in 1996 when Charleston County purchased the property for $1,450,000 from 995 Morrison Drive Associations. The current market value of the subject site is $9,250,000 according to a county official.

Subject Site

The Upper Peninsula district was historically used for industrial purposes. Over the years, this area declined in regards to employment and the local economy. Now, the area has begun to experience revitalization and is in transition to a high tech district boasting technology incubators and collaborative spaces as well as restaurants, breweries, and bars.

Currently, the property is occupied by two single-story buildings totaling 80,000 square feet. These buildings currently house the City of Charleston's Small Claims and Magistrate Courts as well as the County's Disabilities Board and a warehouse for the County's facilities and fixed assets. The Small Claims and Magistrate Courts, totaling 4,500 square feet, are the only current uses required to remain on site or be relocated in the immediate vicinity. The subject site is bordered by Morrison Drive, Conroy Street, North Hanover Street, and a marsh on the southeast side. Cool Blow Street also dead ends into the center of the subject site. There is visibility of the subject site from Interstate 26 (I-26) and the Ravenel Bridge as well as opportunities for excellent view corridors from the subject site, primarily from the east corner, to the Ravenel Bridge, the Cooper River, and Downtown Charleston.

Presently, the subject site and the surrounding area are not pedestrian friendly, as only vehicular traffic is practical. Minimal sidewalks, all in disrepair if available, offer limited options for the pedestrian. With no signalization presently benefitting the subject site, any future developments must consider the effect on both pedestrians and vehicular traffic. The closest two signalized intersections are at the intersection of Morrison Drive and Brigade Street and the intersection Morrison Drive and U.S. Highway 17 (US 17).

Signalization

The insufficient infrastructure presents an opportunity to improve the streetscape by creating a space with a more pedestrian scale and adding landscaping and trees. The only existing vegetation onsite are trees fronting the subject site on Morrison Drive. From multiple visits to the subject site, noise pollution is not a concern.

Surrounding Area

Development has leapfrogged the subject site and a steady growth of restaurants and bars have begun to move north on Morrison Drive. New restaurants and bars include Santi's, Taco Boy, The Tattooed Moose, Royal American, Revelry

Brewing, and Palmetto Brewing. Another development north of the subject site includes Half Mile North, an urban renewal project that has successfully created a hub of technology focused office space along with other amenities. Tenants include e-commerce company Blue Acorn and Edmund's Oast Brewpub.

Surrounding Developments

The property directly north of the subject site at 999 Morrison Drive will be the home of the newly proposed Flagship 3 technology incubator. Preliminary plans call for two phases totaling approximately 100,000 square feet of office and light retail with the capacity to house more than 50 start-ups. City Council anticipates this investment will help rejuvenate this part of the peninsula and spur additional development. Neighboring properties to the northeast across Morrison Drive include the Royal American Restaurant, GrowFood Carolina, and office space for Lee & Associates, Capital Bank, and Ravenel Associates. Directly to the rear of these establishments is an active railway connecting the port inland to BMW in Spartanburg County and the Inland Port in Greer. To the west across North Hanover Street is condominium development One Cool Blow that was completed in 2008 and rented as apartments during the recession. One Cool Blow is located at the rear perimeter of the subject site, where Cool Blow Street terminates. At the intersection of Cool Blow Street and North Hanover Street is a parcel owned by SCE&G, designated as and will remain a public green space, ultimately benefitting the surrounding community.

Demand continues to support redevelopment and new construction on the Upper Peninsula. Located 0.1 miles to the southeast of the subject site, 930 NoMo is a recently constructed 430-bed student housing project that was completed in late 2015. A new Element Hotel (Starwood Property) is under construction several blocks to the southwest of the subject site. The SCRA MUSC Innovation Center, a state-of-the-art research and business facility with lab spaces designed to support medical and bioscience research, is located two blocks west of the subject site on Meeting Street. Meeting Street Academy, located a block away from 995 Morrison Drive, is a new school serving children from preschool to 5th grade. Sanders-Clyde Elementary and Middle School is also located inside the Upper Peninsula Initiative area at 805 Morrison Drive.

The Conservation League

The Conservation League started its Food and Agriculture Program in 2007 with the goal of protecting South Carolina's family farms from urban development and rural land loss. With its location directly across Morrison Drive from the subject site, this organization works with the community to preserve land and communities across the state. The Conservation League recognized the need for a food hub to protect rural landscapes and improve quality of life across South Carolina's coast. GrowFood Carolina was created with the objective of tapping into the existing assets of small-scale agriculture to help create a stronger rural economy, spur job growth, and keep farmers on their land for generations to come. GrowFood provides local farmers the sales, marketing, logistics, warehousing and distribution functions needed to be successful. GrowFood Carolina is positioned strategically as the gateway to Laurel Island once the eventual bridge is constructed running over Morrison Drive. The Conservation League's cooperation and partnership is vital to the success of any development on Laurel Island as well as the subject site at 995 Morrison Drive.

Laurel Island

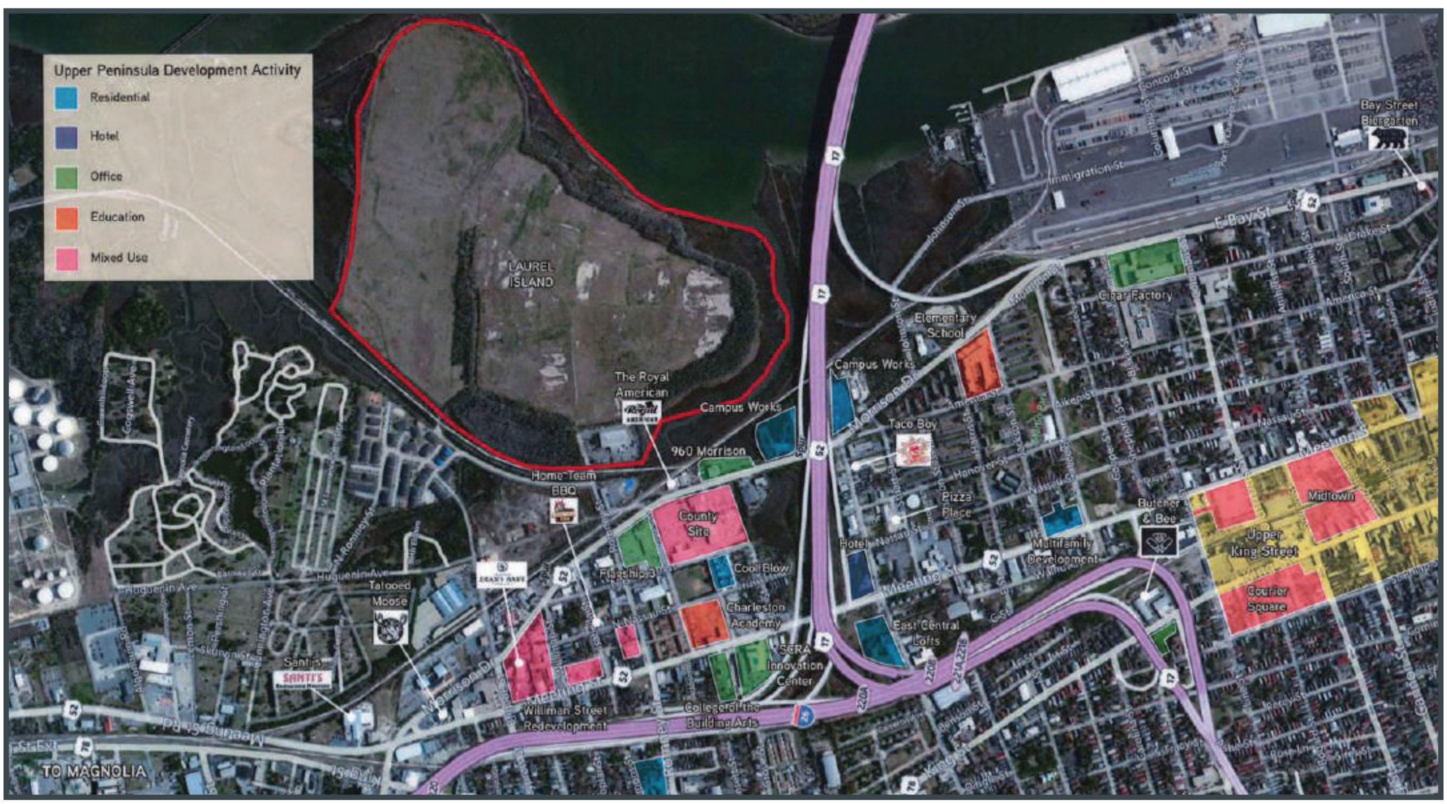
Laurel Island, located northeast of the subject site, is a 175-acre former landfill that currently sits vacant. Being one of the most protected cities with extreme scarcity of land, Charleston's development is naturally moving north towards Laurel Island. The vision to develop Laurel Island is expected to be financed by the Tax Increment Financing (TIF) district encompassing all 175 acres. Over the life of the TIF, it is anticipated to generate more than $600 million in property taxes. The island is currently accessed by Romney Street only; however, a bridge extending through the subject site via Cool Blow Street is planned. The Cool Blow Street Bridge is expected to rise over Morrison Drive and the railroad tracks to access Laurel Island, which significantly impacts development on the subject site. Laurel Island's conceptual site plan includes a mixture of uses, including retail, single and multi-family residential, office, hospitality and civic spaces. The eventual development of Laurel Island, even without a defined timeline established, greatly impacts the demand and vision of 995 Morrison Drive, as the site will essentially be located at the entrance to the island community. Careful consideration must be placed on land uses for the subject site that consider and complement Laurel Island.

Plans Affecting Future Development

The transitional district of the Upper Peninsula in which the subject site is located has become the most popular area for new development. Much of the interest in this location can be attributed to its convenient location. Businesses located here benefit from the close proximity to the heart of downtown Charleston without the traffic and parking difficulties. Located at the foot of the Ravenel Bridge, by I-26, and US 17, this district provides easy to access from Mount Pleasant, West Ashley, and North Charleston.

The City of Charleston (the City) has several plans affecting future development of the subject site and the surrounding area. The Comprehensive Plan, known as the Century V, was adopted by City Council in 2000. The plan is a working document expressing the visions and goals of the City. The plan is divided into seven elements: population and housing, economic development, cultural resources, natural resources, land use, mobility, and community services.

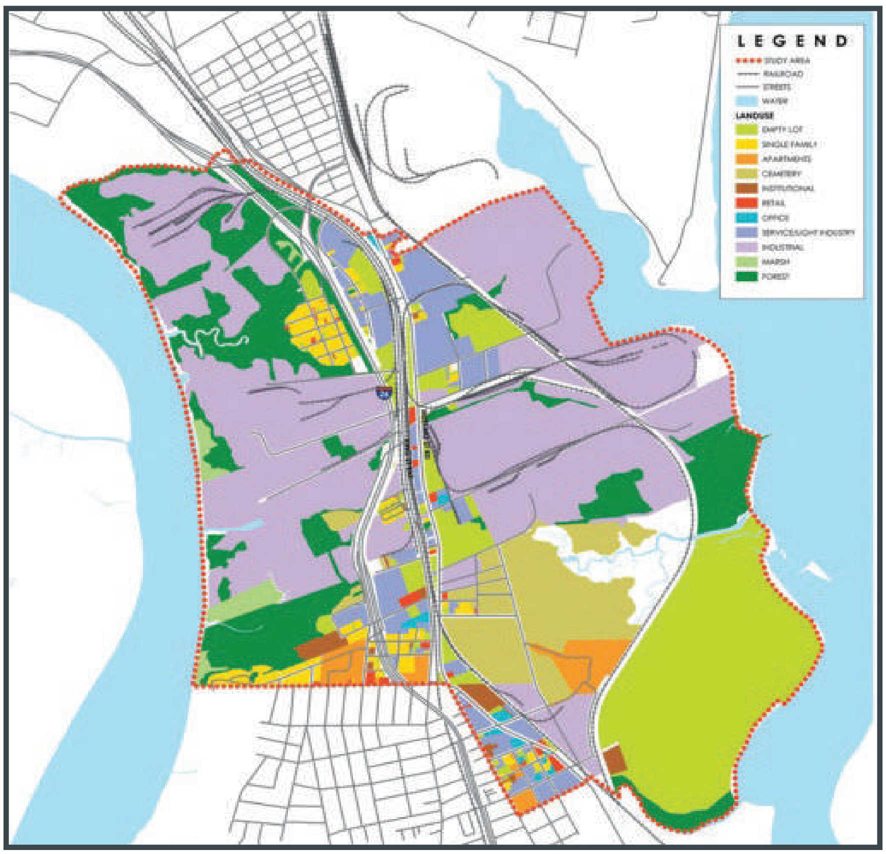
Upper Peninsula Planned and Proposed Developments



The City created the Charleston Neck Area Plan in 2003 which focuses on a framework for developing the Charleston Neck Area, defined as the area north of Mount Pleasant Street and northeast of Morrison Drive.

The subject site is located at the edge of the Charleston Neck Area Plan study area. The basic goals are to create economic opportunities, promote neighborhood revitalization, and improve the delivery of health and human services. Since this area includes significant land holding comprising contaminated brownfield sites, redevelopment can be costly. The plan seeks to approach each property based on identity and function rather than apply a uniform set of design criteria. The subject site is located close to General area 13. According to the plan, the opportunity here is the development of "campus" office activity that cannot be accommodated downtown or a combination of "campus" office activity with residential and commercial recreation.

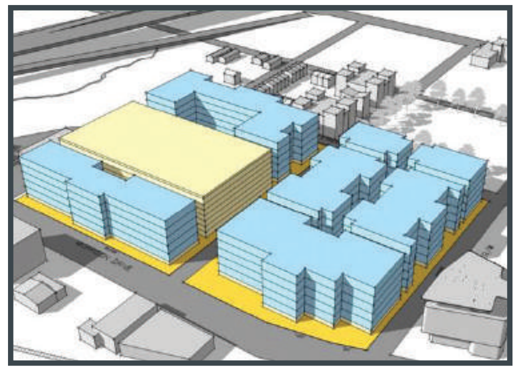
Charleston Neck Plan - Existing Land Use Map



Existing Plans for the Subject Site

The County has already developed a conceptual master plan for the possible development of the subject site. Their plans include an option for the extension of Cool Blow Street. The road extension allows for better circulation through the subject site as well as the opportunity to construct a bridge connecting to Laurel Island. The following rendering is the County's conceptual plan for a mixed-used development including the Cool Blow Road extension.

Conceptual Plan



Access and Circulation

The City of Charleston is located on Charleston Harbor, formed by the confluence of the Ashley and Cooper Rivers, which opens to the Atlantic Ocean. The City consists of six distinct areas: the Peninsula, West Ashley, Johns Island, James Island, Daniel Island, and the Cainhoy Peninsula. Charleston is found at the intersection of I-26 and US 17 (Arthur Ravenel Bridge). I-26 is the main north-south corridor connecting Charleston with not only the tri-county area (North Charleston, Summerville & Berkeley), but also with I-95, I-77 and I-20. This connectivity allows accessibly to major metropolitan areas including Atlanta, GA and Charlotte, NC. Easy access from the subject site to US 17 is an advantage that allows connectivity to Mount Pleasant, one of the fastest growing communities in the country, as well as Beaufort, Myrtle Beach, and other coastal cities. The subject site is located two miles from the Port of Charleston and only 10 miles or a 15 minute drive from the Charleston International Airport.

Vehicular Traffic

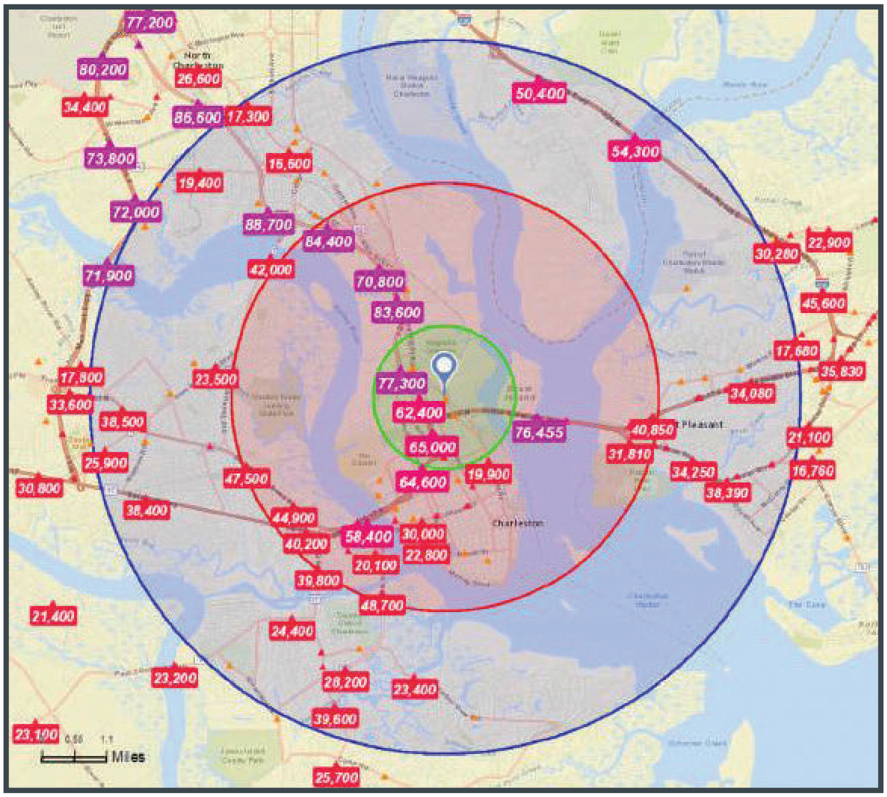
The principal form of transportation in Charleston is the automobile. The subject site is positioned on a major thoroughfare that connects I-26 and US 17. Traffic counts estimate that Morrison Drive experiences close to 12,000 vehicles per day (VPD) with peak traffic occurring during commute to and from work. Meeting Street, running parallel to Morrison Drive, experiences about 17,000 VPD according to Esri data. I-26 and US 17 from Mount Pleasant both account for over 60,000 VPD; all of which have access to Morrison Drive and the subject site. The visibility from US 17 is extremely beneficial to the subject site, and will have great exposure to the traffic that passes each day.

With additional developments proposed along Morrison Drive it will be important to control and monitor the flow of traffic in order to prevent congestion between I-26 and US 17. With no proposed signalization by the City of Charleston, substantial road improvements will need to be made to accommodate increased density and the resulting escalation in both vehicular and pedestrian traffic.

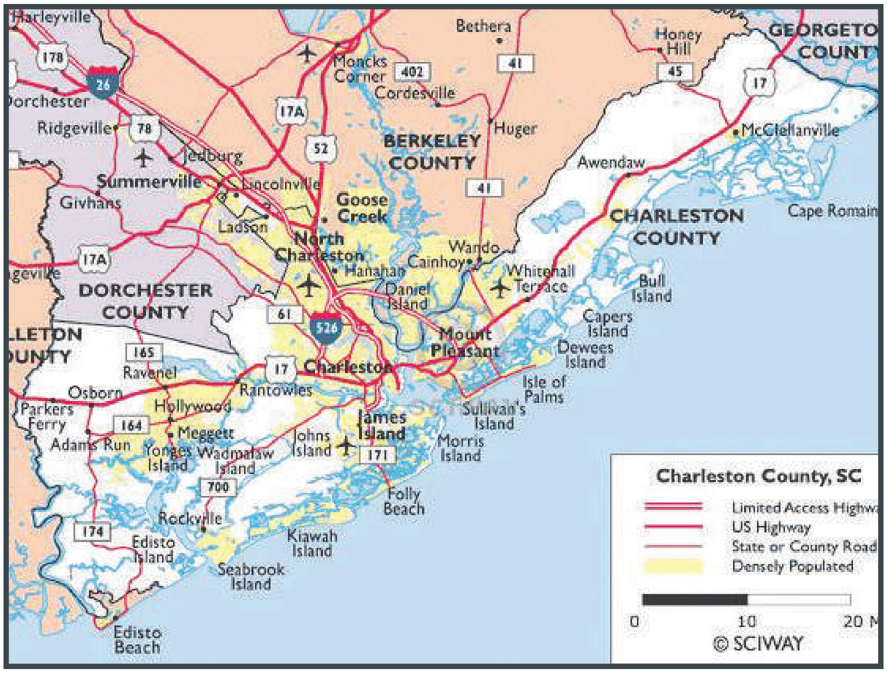
Airports

The Charleston International Airport (CHS) is centrally located in the Charleston metropolitan area and services nearly 3 million passengers annually for business and leisure activities. The airport is operated by the Charleston County Aviation Authority under a joint-use agreement with Charleston Field, a facility of Joint Base Charleston. It is South Carolina's largest and busiest airport; in 2015 the

Traffic Counts



Access Map



airport served over 3.4 million passengers resulting in the busiest year on record. The airport is located in North Charleston and is approximately 12 miles (20 km) northwest of Downtown Charleston. The airport also accommodates the Boeing South Carolina facility that assembles the 787 Dreamliner. There are two private airports located in the Charleston metropolitan area, the Charleston Executive Airport on Johns Island, and the Mount Pleasant Regional Airport in Mount Pleasant.

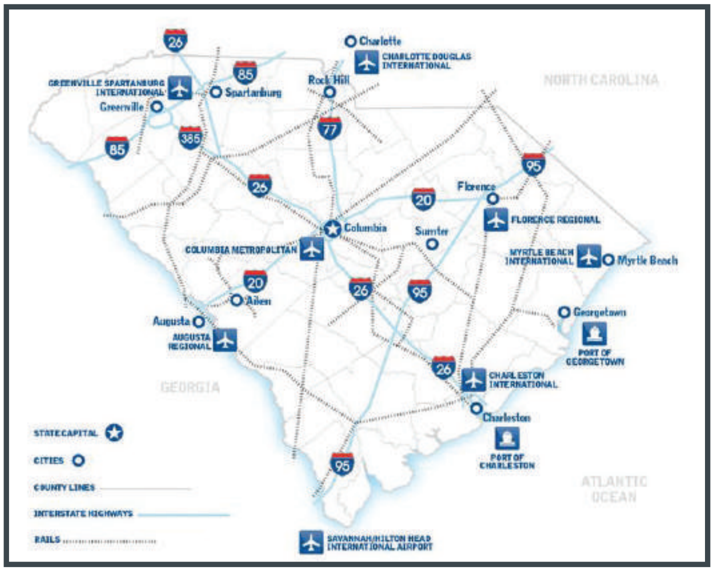
CARTA

The Charleston Area Regional Transportation Authority (CARTA) has been responsible for public transportation since 1998. It offers fixed-route, flex service, express commute service, and paratransit service throughout the Charleston metropolitan area. Bike racks are available on most CARTA routes. The 1,371 bus stops in the CARTA service area, including one at the intersection of Morrison Drive and Stuart Street approximately 0.3 miles from the subject site, allow for easy public transportation. The City of Charleston's Century V Plan proposes to continue working closely with CARTA to identify optimal transit routes and locations for current and future transit stops.

Rail

Directly across Morrison Drive from the subject site, there is a public railway connecting the Port of Charleston to locations such as BMW in Spartanburg. The automobile industry, especially BMW, is the predominant user of this section of railway leading to the Port. According to Curtis Broughton, the Vice President of South Carolina Public Railways, a train passes the subject site twice a day, once inbound and once outbound, at a maximum of one hour in each direction or a total of two hours per day. Another train passes by two to three additional times per week. It is unknown how the completion of the Volvo manufacturing plant, located 30 miles northwest of Charleston, will affect this section of railway. Getting future traffic over this railway when Laurel Island is developed is the primary reason for the proposed bridge on Cool Blow Street.

Rail Map



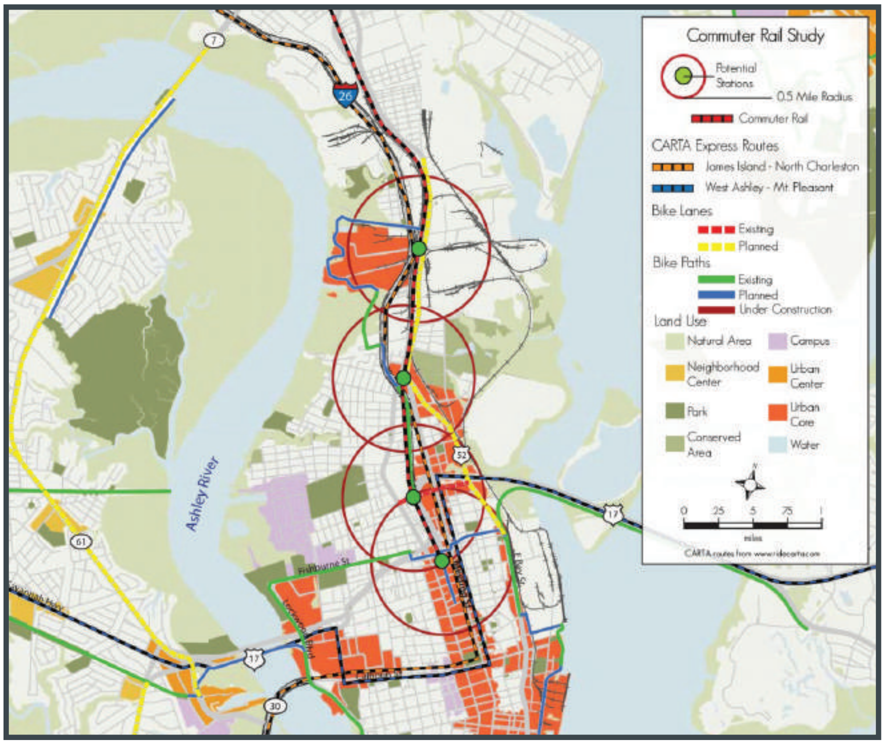
Alternate Transportation

Charleston's unique geography of waterways and marshes separating the City's five land bodies limits the ability to fully connect various points of the City and region by roadway. In addition, Charleston's urban setting naturally results in increased congestion that cannot be completely mitigated through road construction. Notwithstanding the geographical factors, demographic data suggests a need for alternative transportation options. In the 2000 Census, over 15% of households in the City of Charleston were identified as not having a vehicle available for transportation. Thus, at a minimum, over 18,000 people in the City will likely be walking, biking, riding public transportation, or carpooling every day. Due to the limited ability to expand roadway capacity, the Century V Plan places emphasis on the need for a transportation network that includes all means of travel. Access for bicycles and pedestrians is essential as the Charleston area grows. Charlestonians bike or walk to jobs, schools or entertainment options including recreation and exercise. The plan focuses on pedestrian and bicyclist friendly street design.

The Century V Plan proposes enhancing water transportation service between the Peninsula and Mount Pleasant. The limited number of roadway connections to the peninsula makes water taxi and ferry services a useful and unique way to travel.

Peninsula Bicycle/Pedestrian System

Commuter Rail Study



Due to Charleston's limited ability to expand roadway capacity, its dense downtown, its large number of visitors, and its growth, a commuter rail study is underway. Preliminary feasibility studies suggest that there is potential for a fixed-guideway transit service such as commuter rail or light-rail system. The commuter rail study illustration outlines the potential rail stations as well as CARTA routes, existing and planned bike paths, and their proximity to the subject site.

Proposed Lowcountry Lowline

Lowcountry Lowline aims to revitalize the historic rail corridor that bisects the middle of the Charleston peninsula. Working hand-in-hand with the City of Charleston, the Friends of the Lowcountry Lowline has secured a two-year option to purchase approximately 1.6 miles of Norfolk Southern railroad right-of-way stretching from Courtland Street to Woolfe Street. With the purchase option secured, the next challenges are to work with the community to build the vision and secure the funds. Less than a mile from the subject site, pedestrians will be able to access the Lowcountry Lowline where I-26 passes over Romney Street.

Environmental

Charleston, a humid subtropical climate, typically has hot summers and mild winters. Throughout the year, the temperature usually varies from 38 degrees to 91 degrees. The warm season from late May to late September averages a daily high temperature above 84 degrees. The cold season from early December to late February averages a daily high temperature below 63 degrees. The average annual precipitation is approximately 51 inches and occurs 119 days out of the year. Snowfall is rare and averages less than one inch annually. It is not uncommon for the area so go several years without snowfall.

The majority of the City is at or below sea level elevation. Its low elevation and warm, coastal location puts it at risk for hurricanes and flooding throughout the year. These events make it necessary to accommodate with strict building standards for elevation and wind resistance, storm water management, and other sustainability practices.

The subject site is in the Lower Coastal Plain Geologic Province. Resulting from previous development, fill soils upwards of 5 to 10 feet can be expected. Natural soils below the fill in this part of Charleston typically consist of interbedded layers of loose sands and soft clays underlain by the Cooper marl. The marl is estimated to be 50 to 70 feet deep in this area, and it is the bearing level for deep foundations. The subject site borders a tidal salt marsh. As such, it may be subject to flooding during high tides or large rainfall events and may have poor drainage.

South Carolina's Department of Health and Environmental Control lists seven (7) underground storage tanks that have been located on the subject site. Three (3) of these have been removed and the other four have been filled with sand.

Seismic Conditions

The Charleston Earthquake of 1886 that occurred in the Coastal Plain near Charleston, South Carolina was the largest recorded earthquake in the southeastern United States, and one of the largest historic earthquakes in eastern North America. The 7.3 magnitude shock hit Charleston on August 31, 1886 and lasted only one minute, however, resulted in over 60 deaths and catastrophic damage to the City of Charleston. Historic records indicate the Charleston-Summerville area had relatively low seismic activity prior to the 1886 earthquake, and low-level activity continues in the same area today. As a way to mitigate the flood risks from earthquakes in the future, a dam was constructed. The Saluda Dam is located approximately 10 miles west of Columbia, South Carolina on the Saluda River. The dam was constructed between 1927 and 1930 for the purposes of flood control, recreation, and water supply. In 2005, a backup dam immediately adjacent to the Saluda Dam was completed as required by the federal government as a way to prevent flooding if an earthquake of similar magnitude to the 1886 Charleston earthquake was ever to occur again in South Carolina.

Being that seismic ground motions are historically high in Charleston, South Carolina, loose sands are susceptible to liquefaction, which would cause foundation damage to structures supported on shallow foundations. The soft clays are highly compressible and would also be subject to large settlements under shallow foundation loads. As such, buildings in Charleston would need to be supported on piles bearing in the marl.

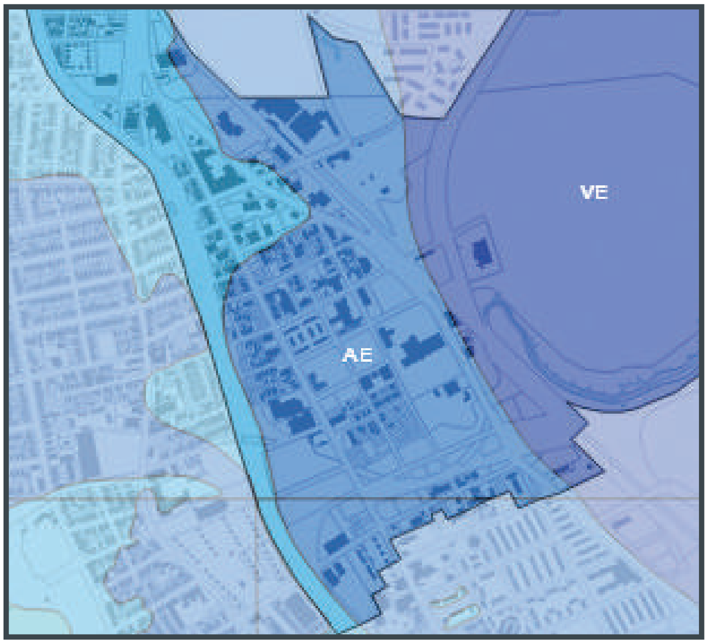
Topography

The subject site is relatively flat and averages 13 feet above sea level and contains a marsh at the southeast side. The marsh connects to the Cooper River, and will not affect development on a majority of the subject site. The subject site is currently mostly covered with asphalt, which will have to be removed before any necessary site-work could be completed. An updated survey and storm water management plan is recommended to show any potential issues created by the topography of the subject site.

Flood Plains

The subject site is located in Zone AE-13 of the Special Floor Hazard Area (SFHA), meaning that it is 13 feet above sea level. The AE zone is the base floodplain where base flood elevations are provided. A zones are subject to rising waters because they are usually near a lake, river, or other body of water. In this case, the subject site is located in close proximity to the Cooper River. It is recommended that the lowest elevation for a building in this flood zone must be at or above Base Floor Elevation (BFE), the enclosed areas should not be used for living space, and electrical, heating, ventilation, plumbing, air conditioning, equipment and other service facilities must be elevated to or above the BFE. The first floor needs to be elevated 7 feet above grade according to the AE-13 flood plain. Mandatory flood insurance purchase requirements and floodplain management standards apply.

Flood Zone Map



Infrastructure and Utilities

The Century V Plan notes the street infrastructure in the area of the subject site needs to be improved to accommodate walking, biking and vehicle travel. To help balance the scales for pedestrians and bicyclists, street design standards need major upgrading. Current codes mirror those found around the country which are based on suburban or rural, vehicle only design types. The problem with these codes is they almost never take the principles of walkability into account and instead move vehicles at the highest possible speed through the community. In addition, existing streets should be improved to provide convenient and safe sidewalk connections. Whenever streets are resurfaced in the City, lane widths should be analyzed with the goal of moving away from rural or suburban design standards. The factors that would make Charleston a more walkable community are outlined in the plan, and are the focus of infrastructure improvements moving forward. These factors include small block sizes, lower traffic speeds, interconnected streets, increased sidewalks, and street trees.

Utilities to the subject site are owned and serviced by South Carolina Electric & Gas (SCE&G) and Charleston Water Authority. At this time, there is an eight (8) inch water line and an eight (8) inch sewer line serving the site.

Tap, Impact, and Change-in-Use Fees will need to be estimated along with current capacity levels relative to the subject site to make sure future capacity can be supported.

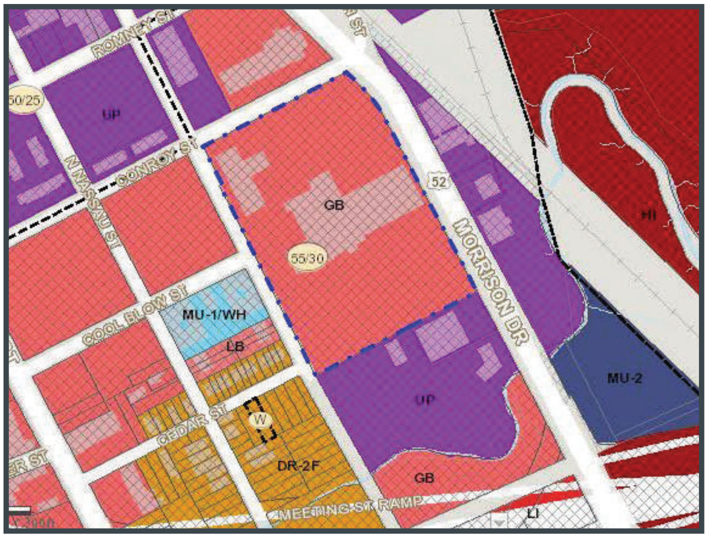
Zoning and Districts

The subject site is zoned General Business (GB). As the most intensive commercial zoning district, this district allows for a broad range of commercial uses and activities. Prohibited uses include public warehousing, mini-warehousing, self-storage facilities, gasoline service stations, veterinary clinics, and stables unless permitted as special exceptions subject to the approval of the Board of Zoning Appeals. The property is included in the Old City Height District, Amusement and Recreation Overlay, and the Tech Corridor Overlay.

The Amusement and Recreation (AR) Overlay Zone applies to all areas of the peninsular section of the City south of Mount Pleasant Street as extended across the entire peninsula from the Ashley River to Town Creek, the Cooper River, Charleston Harbor and Ashley River. Inside the Amusement and Recreation Overlay Zone, there are restrictions on amusement and recreation services in addition to regulations for each overlayed zone.

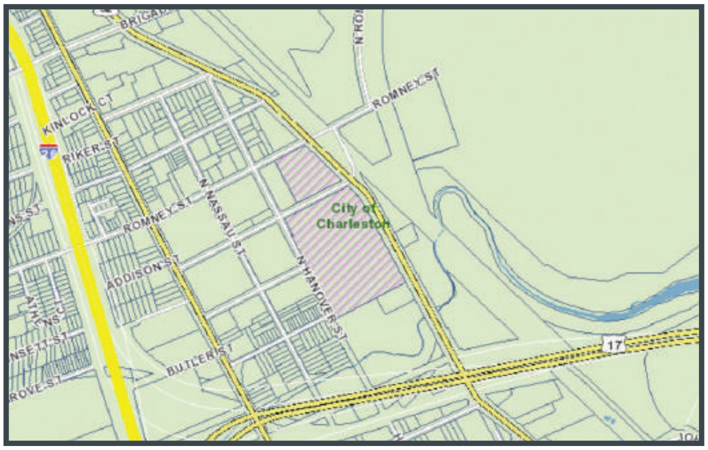
The Old City Height District is made up several height district classifications and includes all of Charleston south of Mount Pleasant and the extension of the entire peninsula, the Magnolia redevelopment area, and parts of West Ashley. Certain height districts have a minimum and maximum height requirement and additional setbacks. The subject site has a maximum building height of 85 feet and a minimum building height of 30 feet. There are no setbacks and no maximum lot coverage for the subject site.

Zoning Map



The subject site is also within the Tech Corridor Overlay Zone which was adopted by the City in 2014. It is intended to support technology and technology-related industries to anchor new development in the area. This allows General Business zoning district uses. The City deems it necessary to provide additional protections to ensure these key properties are used predominately for tech office uses. Within this overlay zone, specific types of land uses are permitted only with the approval of a special exception and certain uses are specifically prohibited. The density allowed is 26.4 units per acre and building heights up to 85 feet. This limits retail and residential use to 25,000 square feet per parcel unless a Special Exception approval is obtained from the Board of Zoning Appeals.

Tech Corridor Overlay



The Upper Peninsula Zoning District is part of the City's Upper Peninsula Initiative. This zoning district is incentive based, which allows the owners to build taller and denser in return for implementing development which is purposefully designed to benefit the area. The subject site is currently not included in the Upper Peninsula Zoning. However, the incentives can still be used for the subject site for a mixed-use development. These incentives include height and density bonuses for owners who reach a certain number of incentive option points. Incentive options include storm water management, vegetated green roof, building certification programs, mobility and transportation, renewable energy, outdoor public space, and workforce housing.

Smart Growth Options

Smart Growth Option	Description	Point Value	Max Value
Stormwater Management	Decrease Stormwater Runoff	2	2
Vegetated Green Roof	700 sf	1	3
	1,500 sf	2	
	3,500 sf	3	
Building Certification Program	LEED Silver	2	8
	LEED Gold	6	
	LEED Platinum	8	
Mobility + Transportation	Alternative Transportation	1	6
	Exceptional Bicycle Facilities	1	
	Contribute to Mobility Improvement Fund	1-4	
Renewable Energy	3 kW System	1	3
	6 kW System	2	
	12 kW System	3	
Outdoor Public Space	Quality Outdoor Public Space	1-2	4
	Quality Outdoor Public Space > 5,000 sf	2-4	
Workforce Housing	60% AMI (5 units or 5%)	2	6
	80-120% AMI (10 units or 10%)	3	
	80-120% (15 units or 15%)	4	
Affordable Commercial Space	4,000 sf or 5%	2	3
	8,000 sf or 10%	3	

Smart Growth Options

Building Height	Density	Points Required
4 Stories	As Defined by General Business	0 Points
5 Stories	Not Regulated	5 Points
6 Stories	Not Regulated	6 Points
7 Stories	Not Regulated	7 Points
8 Stories	Not Regulated	8 Points
9 Stories	Not Regulated	9 Points
> 9 Stories	Not Regulated	> 12 Points

Conclusion

The Upper Peninsula Area in which the subject site is located is growing, and there is significant opportunity for development. The subject site's location is ideal because of its close proximity to downtown as well as several Charleston submarkets. Other developments have already paved the way for the initial revitalization of the area, and recently completed developments further into the Neck Area suggest that development is likely to continue. The flat topography, visibility, and strong market demand in Charleston make this a strong site location that will benefit from strategic and practical development.

The subject site has many challenges in the form of flood zones, topography, as well as City and County restrictions. Engineering may be more time consuming and costly due to the topography and soils onsite. Charleston's frequent flooding will require creative solutions to storm water management and the use of other sustainability practices.

The subject site's blighted condition will require many streetscape improvements. The provides an opportunity to build a new, urban development that will adhere to the specific path of growth designed by the City's plans and zoning districts while encouraging connectivity with the rest of the City. The County and City are motivated to secure a development plan that will create a sense of place keeping in line with the character and vision of Charleston. The subject site has abundant opportunities that will need to be developed and capitalized on through careful planning and execution.

Southwest View of the Site towards One Cool Blow

View of the Southern Corner Towards I-26

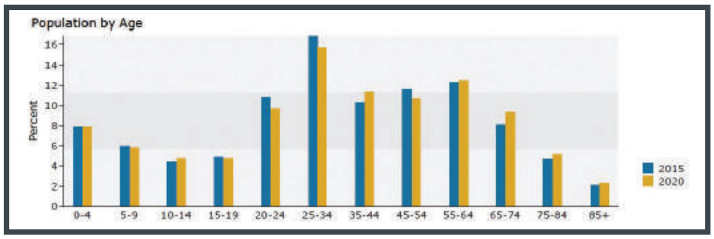
View of the Northern Corner From Conroy Street

Market Analysis

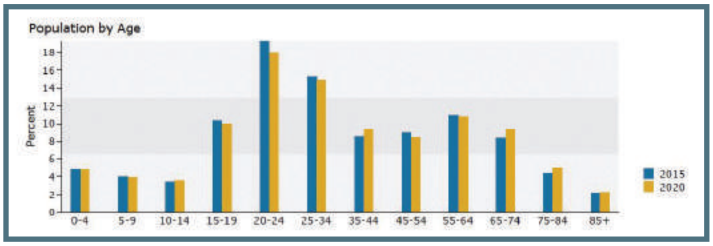
Demographics

The population within one mile of the subject site is 10,611 based on Esri data for 2015. By 2020, this figure grows to 11,197 – an increase of 1.08%. The population within a three and five mile ring of the subject site in 2015 is 48,752 and 130,422 respectively. These figures are projected to grow steadily at approximately 1.44% from 2015 to 2020. The population within one mile of the subject site has a median household income of $24,955, with projected growth to $27,933 by 2020. Median household income of residents living within three miles of the subject site is estimated at $40,392 per year, with a forecast of $47,087 by 2020. Within five miles, the median household income is $46,079 in 2015 and rises to $52,623 by 2020.

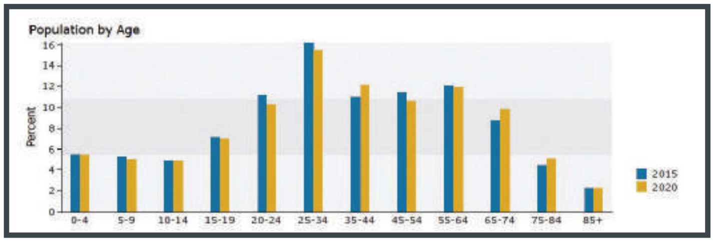
1 Mile Radius



3 Mile Radius



5 Mile Radius



Renter occupied household growth is trending positively in the neighborhood. In 2015, there were 4,679 households within one mile of the subject site – 3,038 of which being renter occupied and the balance owner occupied. Within three and five miles of the subject site, there were 20,466 and 55,419 households, respectively. The majority of households within the surrounding community are renter occupied, which shows strong support for the rental market. The average age of resident in the area could speak to the reliance on renting as opposed to owning. The average age within one mile is 34.4 years old, 29.5 years old within three miles, and 34.9 years old within five miles. The millennial population is becoming prominent in the Upper Peninsula area of Charleston, and the supply of rental real estate options is subsequently trying to keep up with demand.
Housing units in the area, both renter and owner occupied, were generally constructed prior to 1960, with only about 10% built after 2000. However, there is a trend of renters moving into the area within the past decade. About 55% of the residents in the area moved into renter occupied units between 2000 and 2015. The influx of renters is a strong indicator of growth moving north on Morrison Drive and away from the traditional boundaries of the Charleston Peninsula. The recent developments occurring in the area, as well as planned developments, are preparing for the population growth in the area.

Tapestry Segmentation within 1 Mile of the Subject Site

Tapestry Segmentation within 1 Mile of the Subject Site
According to Esri, Tapestry segmentation provides an accurate, detailed description of America's neighborhoods. U.S. residential areas are divided into 67 distinct segments based on their socioeconomic and demographic composition. Tapestry segmentation then further classifies the segments into Life Mode and Urbanization groups.

Life Mode groups represent markets that share a common experience – born in the same generation or immigration from another country – or a significant demographic trait, like affluence. Tapestry Segments are classified into 14 Life Mode groups.

Tapestry groups are also available as Urbanization summary groups, in which markets share similar locals, from the urban canyons of the largest cities to the rural lanes of villages or farms. Tapestry Segments are classified into six Urbanization groups.

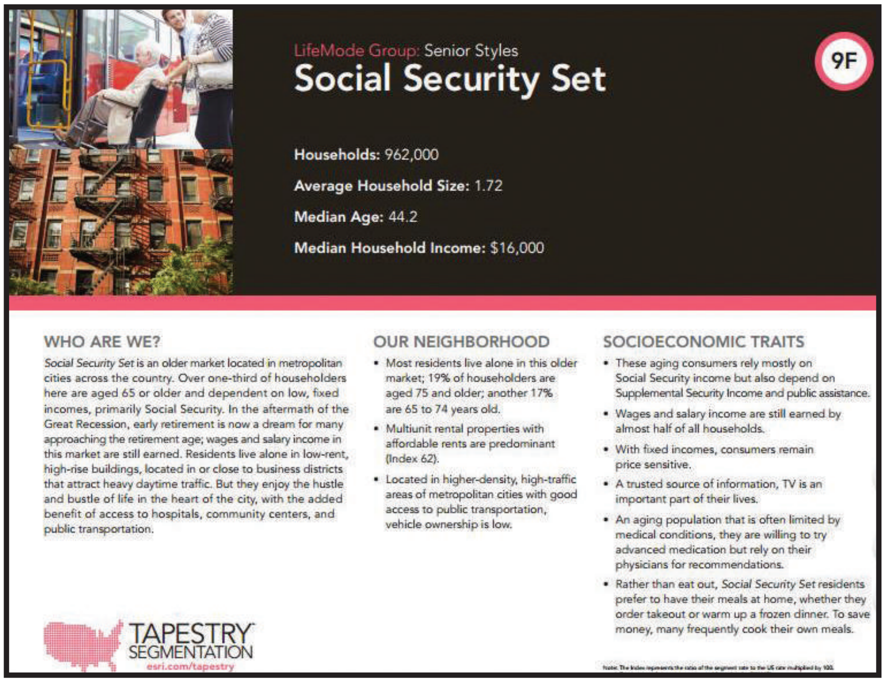
Major Groups within 1 Mile of the Subject Site

		2015 U.S. Households		2015 U.S. Households		
Rank	Tapestry Segment	Percent	Cumulative Percent	Percent	Cumulative Percent	Index
1	Social Security Set (9F)	23.0%	23.0%	0.8%	0.8%	2,842
2	City Commons (11E)	20.4%	43.4%	0.9%	1.7%	2,258
3	Old and Newcomers (8F)	13.8%	57.2%	2.3%	4.0%	591

Accounting for 23% of 2015 households, the Social Security set is the largest tapestry segment within a one mile radius of our site. Over one third of households in this group are 65 years or older and rely on low, fixed incomes, primarily Social Security. They live in higher-density, high traffic areas of metropolitan cities having good access to public transportation, hospitals, and community centers. Residents live in low-rent, high-rise buildings and still earn salary income.

Next, the City Commons group comprises 20.4% of the households within a one mile radius. They have a median age of 27.6 and live in single-person and single-parent households in large, metro cities. Although a third have a college degree or attended college for some time, almost a third did not finish high school. Their neighborhoods are older with high vacancy rates and built before 1960. Unemployment is very high at 24% and nearly one in four households receives contributions from Social Security and public assistance.

Lastly, the Old and Newcomers account for 13.8% of the households. Living in neighborhoods in transition, this group is made up of those just beginning their careers or retiring. The living situation is 54% renter occupied, 44% single-family housing, and 44% multifamily in older neighborhoods. Of this group, 28% have a college degree, 33% have some college education, and 10% still attend college. They are price aware when purchasing



LifeMode Group: Senior Styles

9F

Social Security Set

Households: 962,000

Average Household Size: 1.72

Median Age: 44.2

Median Household Income: $16,000

WHO ARE WE?

Social Security Set is an older market located in metropolitan cities across the country. Over one-third of householders here are aged 65 or older and dependent on low, fixed incomes, primarily Social Security. In the aftermath of the Great Recession, early retirement is now a dream for many approaching the retirement age; wages and salary income in this market are still earned. Residents live alone in low-rent, high-rise buildings, located in or close to business districts that attract heavy daytime traffic. But they enjoy the hustle and bustle of life in the heart of the city, with the added benefit of access to hospitals, community centers, and public transportation.

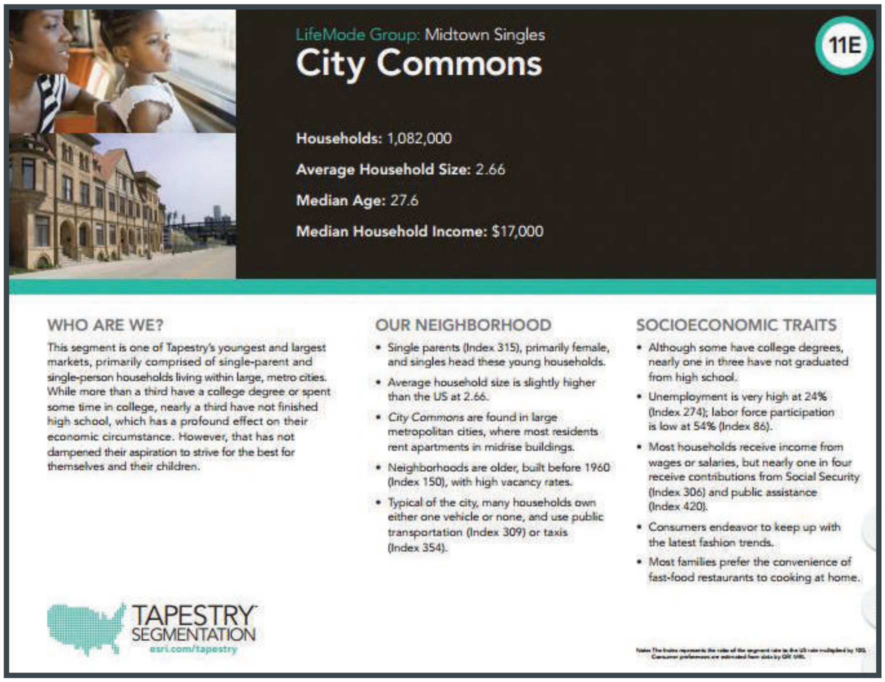
OUR NEIGHBORHOOD

- Most residents live alone in this older market; 19% of householders are aged 75 and older; another 17% are 65 to 74 years old.
- Multiunit rental properties with affordable rents are predominant (Index 62).
- Located in higher-density, high-traffic areas of metropolitan cities with good access to public transportation, vehicle ownership is low.

SOCIOECONOMIC TRAITS

- These aging consumers rely mostly on Social Security income but also depend on Supplemental Security Income and public assistance.
- Wages and salary income are still earned by almost half of all households.
- With fixed incomes, consumers remain price sensitive.
- A trusted source of information, TV is an important part of their lives.
- An aging population that is often limited by medical conditions, they are willing to try advanced medication but rely on their physicians for recommendations.
- Rather than eat out, *Social Security Set* residents prefer to have their meals at home, whether they order takeout or warm up a frozen dinner. To save money, many frequently cook their own meals.

TAPESTRY SEGMENTATION
esri.com/tapestry



LifeMode Group: Midtown Singles

11E

City Commons

Households: 1,082,000

Average Household Size: 2.66

Median Age: 27.6

Median Household Income: $17,000

WHO ARE WE?

This segment is one of Tapestry's youngest and largest markets, primarily comprised of single-parent and single-person households living within large, metro cities. While more than a third have a college degree or spent some time in college, nearly a third have not finished high school, which has a profound effect on their economic circumstance. However, that has not dampened their aspiration to strive for the best for themselves and their children.

OUR NEIGHBORHOOD

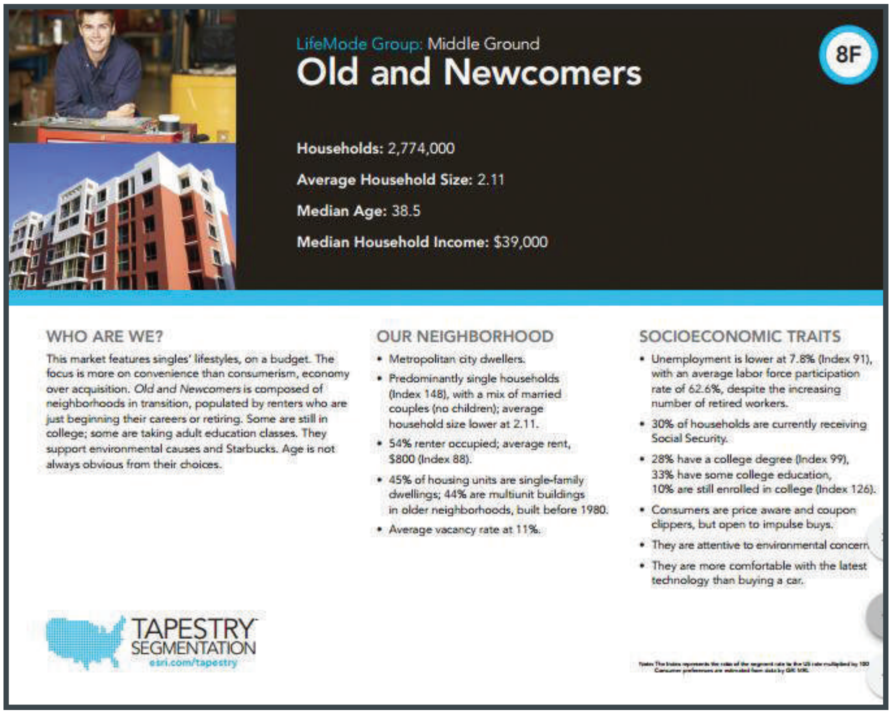
- Single parents (Index 315), primarily female, and singles head these young households.
- Average household size is slightly higher than the US at 2.66.
- *City Commons* are found in large metropolitan cities, where most residents rent apartments in midrise buildings.
- Neighborhoods are older, built before 1960 (Index 150), with high vacancy rates.
- Typical of the city, many households own either one vehicle or none, and use public transportation (Index 309) or taxis (Index 354).

SOCIOECONOMIC TRAITS

- Although some have college degrees, nearly one in three have not graduated from high school.
- Unemployment is very high at 24% (Index 274); labor force participation is low at 54% (Index 86).
- Most households receive income from wages or salaries, but nearly one in four receive contributions from Social Security (Index 306) and public assistance (Index 420).
- Consumers endeavor to keep up with the latest fashion trends.
- Most families prefer the convenience of fast-food restaurants to cooking at home.

TAPESTRY SEGMENTATION
esri.com/tapestry

products and are attentive to environmental concerns. The median age is 38.5, although age is not obvious from some of their lifestyle choices.


LifeMode Group: Middle Ground

8F

Old and Newcomers

Households: 2,774,000

Average Household Size: 2.11

Median Age: 38.5

Median Household Income: $39,000

WHO ARE WE?

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. *Old and Newcomers* is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

OUR NEIGHBORHOOD

- Metropolitan city dwellers.
- Predominantly single households (Index 148), with a mix of married couples (no children); average household size lower at 2.11.
- 54% renter occupied; average rent, $800 (Index 88).
- 45% of housing units are single-family dwellings; 44% are multiunit buildings in older neighborhoods, built before 1980.
- Average vacancy rate at 11%.

SOCIOECONOMIC TRAITS

- Unemployment is lower at 7.8% (Index 91), with an average labor force participation rate of 62.6%, despite the increasing number of retired workers.
- 30% of households are currently receiving Social Security.
- 28% have a college degree (Index 99), 33% have some college education, 10% are still enrolled in college (Index 126).
- Consumers are price aware and coupon clippers, but open to impulse buys.
- They are attentive to environmental concern
- They are more comfortable with the latest technology than buying a car.

TAPESTRY SEGMENTATION

esri.com/tapestry

Charleston Economic Overview

The Charleston Metropolitan Area experienced stellar economic performance in 2015 within an array of asset classes. One of the largest economic producers in the metropolitan area is The Boeing Company, which shifted a large portion of its production capacity to North Charleston starting in November of 2011 by investing in a 1.2 million square foot facility. The aerospace giant currently builds the 787 Dreamliner aircraft along with the 787-10 variant model in its North Charleston facilities. Boeing recently began construction on a 256,000 square foot decorative paint facility planned to open in late 2016. Keeping with manufacturing, Volvo estimates it will initially produce 100,000 vehicles at its Berkeley County plant, which will serve as the sole producer of the S60 Sedan. The $500 million manufacturing facility, estimated to create up to 4,000 jobs, is expected to begin rolling vehicles off the assembly line in 2018. Finally, Daimler announced it will build a $500 million-plant for Mercedes-Benz Vans in Charleston, South Carolina to build the next-generation of Sprinter vans. According to Daimler, the facility will begin construction in 2016. The German multinational automotive corporation expects to add a total 1,300 jobs as well.

Another major contributor to the economic success of the Charleston Metropolitan Area in 2015 was the rapid growth of the Port of Charleston. A report in late January by the Journal of Commerce, a maritime industry publication, stated the Port of Charleston experienced 12.48% growth in imports last year — the fifth-highest total among all U.S. ports. Exports at the Port of Charleston were down 1.5% year-over-year in December 2015, while imports were up 9.2% over the same period. Production growth is expected to continue in 2016 as the Port of Charleston is in the process of dredging the Charleston Harbor to accommodate larger shipping vessels. The increased capacity from the dredging combined with increased production from Volvo, expected to begin affecting the port beginning in 2018, will continue to boost the Charleston economy. "Momentum from South Carolina's strong economy in 2015 will continue into 2016, and the state should see a temporary boost from the October flood this year," stated University of South Carolina research economist Joseph C. Von Nessen, as quoted by Charleston Regional Business Journal in January.

Norfolk Southern Railway has expanded its cargo shipment capacity at the Port of Charleston with a new service that moves cargo between the port and the railroad's intermodal facility in Charlotte. The new service runs five days a week on existing overnight routes between Charleston and Spartanburg, and then connects with trains traveling to Charlotte. The Charlotte market offers a diverse containerized cargo base including furniture, home improvement goods, and chemicals, and the link between Charleston and Charlotte provides a reliable rail option that has not been previously available.

Employment in Professional and Business Services grew by only 1.6% via the net addition of 800 jobs. Manufacturing, a focus of much attention as described above, added only 200 jobs November-to-November for a 0.8% increase. Business leaders at Volvo, Boeing, and The InterTech Group, sounded a warning, “South Carolina faces major challenges to produce more skilled workers and improve crumbling infrastructure if it hopes to remain globally competitive,” the Journal reported in November 2015.

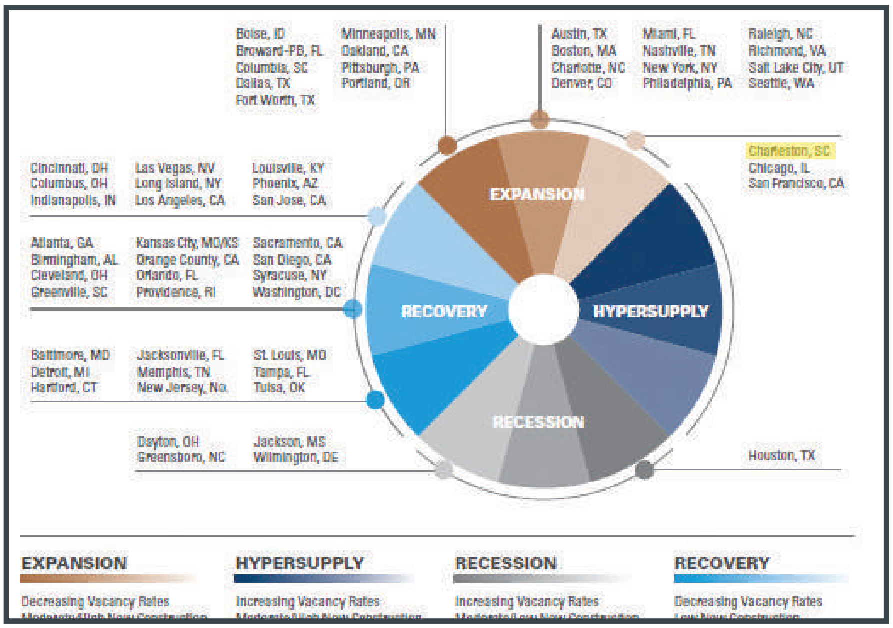
Based on the current and anticipated strength of major local industry sectors—aerospace and auto manufacturing, port related import and exports, and tourism—outlooks for the Charleston area and for South Carolina appear solid for 2016, assuming cooperation of the national and global markets.

Office Market Analysis

National Overview

The U.S. office market exhibited numerous positive indicators in 2015 that are expected to continue in 2016. Despite challenges resulting from volatile global and domestic financial markets and expected interest rate hikes, gains in employment helped drive demand for office space in 2015. Integra Realty Resources' research found values are expected to increase more among Class A office properties than Class B properties overt the next 12 months. Additionally, Integra expects 18.6% of U.S. markets will experience Central Business District (CBD) Class A value increases of at least 4% in 2016.

CBD Office Market Cycle



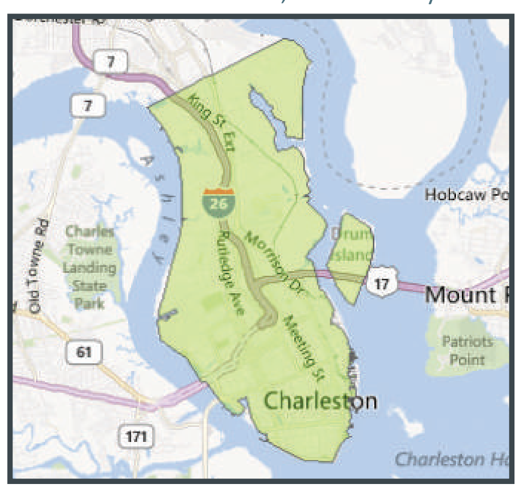
Cap rate compression continues to be strong in the Southeast for the CBD Class A assets with 77% of the markets surveyed by Integra experiencing contraction. Confidence from investors remains high for CBD office assets moving into 2016. Data indicates 60% of office markets expect to see cap rates remain constant over the next 12 months, with no markets expecting more than 50 basis points of change in cap rates in 2016.

The macro-economic trends favor the office sector, which has been growing in lockstep with the economic recovery without much new construction to hinder new rent growth. Office tends to be less volatile compared to other asset classes since rental contracts are longer and tend to be more durable throughout cycles.

Regional Overview

Companies are expanding quickly in the Charleston, SC office market, contributing to positive net absorption and the most demand-driven market in over a decade. The largest concentrations of competitive office space are located in the North Charleston submarket, representing roughly 3.8 million square feet (48.5%) of the metropolitan market, followed by the Peninsula submarket (25.3%), and Mount Pleasant (14%). Asking rents in the Charleston market climbed 1.1% during 4Q 2015 to an average of $22.11 per square foot. This marks four consecutive quarterly gains in asking rents, for a cumulative total increase of 2.5%. Between now and the conclusion of 2017, developers are expected to deliver a total of 272,000 square feet. Office employment at the metropolitan level is forecasted to increase at an average of 2.2% annually over the same period. Effective rents are expected to increase at an average of 3.5% as market conditions start to allow landlords to limit the amount of concessions. A recent REIS report estimates asking rents will experience rent growth acceleration of 2.8% during 2016 and 2017, capping out at roughly $23.38 per square foot.

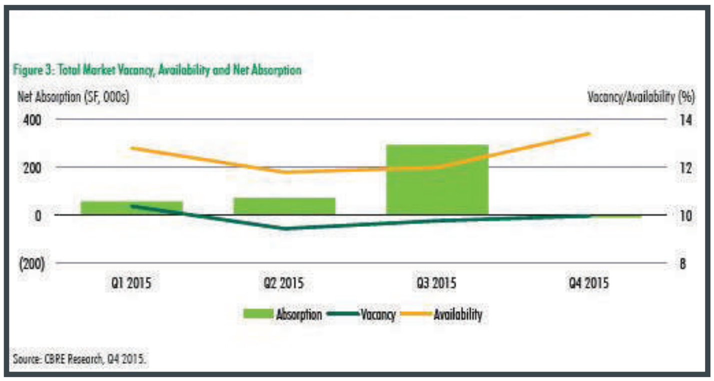
The Peninsula Submarket, as defined by REIS



Demand Analysis

Total employment in the Charleston metropolitan area increased by 1,600 jobs during 1Q 2015, amounting to a growth rate of 0.5%, while in the dominant office-using industries, employment grew by 500 jobs. Absorption rates in competitive office space may not immediately reflect quarterly total job gains or losses; nevertheless it is prudent to consider longer-term economic and demographic performance as influential upon current occupancy levels. Since the beginning of 1Q 2006, the average growth rate for office-using employment in Charleston has been 2.0% per year, representing an average annual addition of 1,900 jobs. Leasing activity generated 172,000 square feet of absorption during 4Q 2015.

Marketview Charleston Office

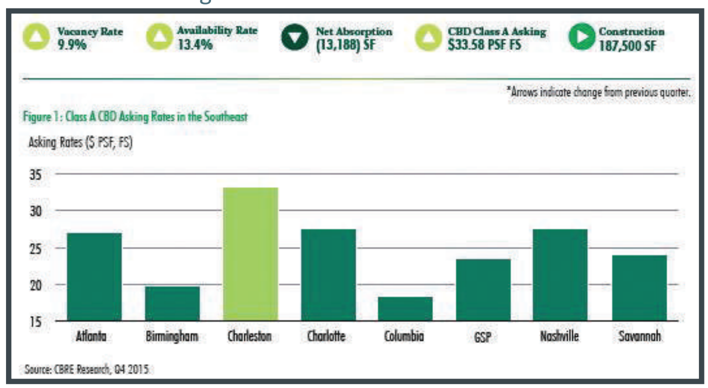


Looking ahead to 2016, the Charleston Metro Chamber of Commerce expects to see net gains of more than 5,000 jobs in Tri-County Area (Charleston, Berkeley, and Dorchester Counties), the healthiest gain in several years. The Port of Charleston is also expected to see a steady increase in exports in 2016, due to opening of the Panama Canal expansion, as container volumes are forecasted to increase by 8%. Break-bulk cargo and the number of vehicles shipped through the Port of Charleston are also expected to grow in 2016. As jobs and production continue to expand in 2016, Class A space on the Peninsula will continue to command upward trending rents as vacancy continues to decrease, and as new product is delivered to the market.

Supply Analysis

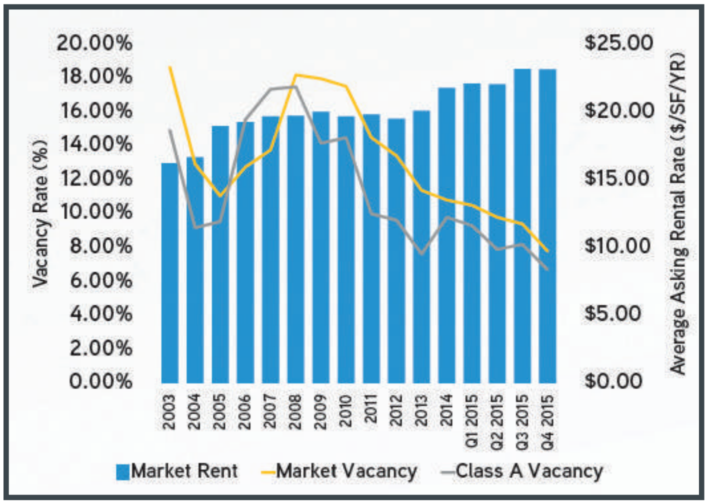
The Peninsula remains the focal point of the market, ending 2015 with a total vacancy rate of 6.4% which is down from 8.8% in 2014. Leasing velocity for Class A Downtown space has been limited due to the low availability of Class A vacant space. Currently, there is less than 60,000 square feet of Class A vacant space resulting in a vacancy rate of 5.4%. Rental rates in Downtown Charleston are the highest in the market and averaged $31.29 per square foot at the end of 2015. Class A office space on the Peninsula averaged $34.93 per square foot, up 6.4% over the previous year.

Class A CBD Asking Rates in the Southeast



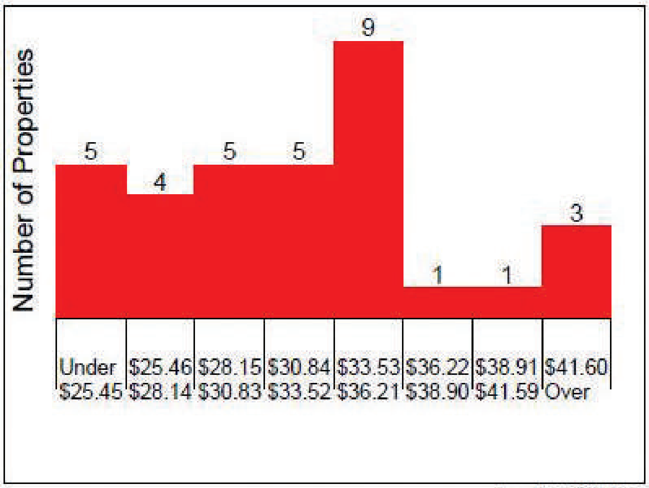
While a number of future projects are planned for the suburban submarket, office developers are competing for limited development sites on the Peninsula. With hotel and multifamily developers being able to justify paying over $250 per square foot of land, office developers are forced to carry higher land costs resulting in higher rents. Land prices this high are frequently seen in markets like Miami, San Francisco and Los Angeles, where asking rents for new construction are north of $40 per square foot (full service). Another constraint affecting office development on the Peninsula is the shortage of available parking, preventing some office space from being leased. Currently parking is averaging $200 per space per month, a line item tenants are having to budget for in addition to monthly rent.

Charleston Office Market Historical Vacancy and Average Asking Rental Rate



Asking Rent Distribution

Low	25%	Mean	Median	75%	High
$22.76	$28.31	$27.70	$33.38	$34.45	$44.29



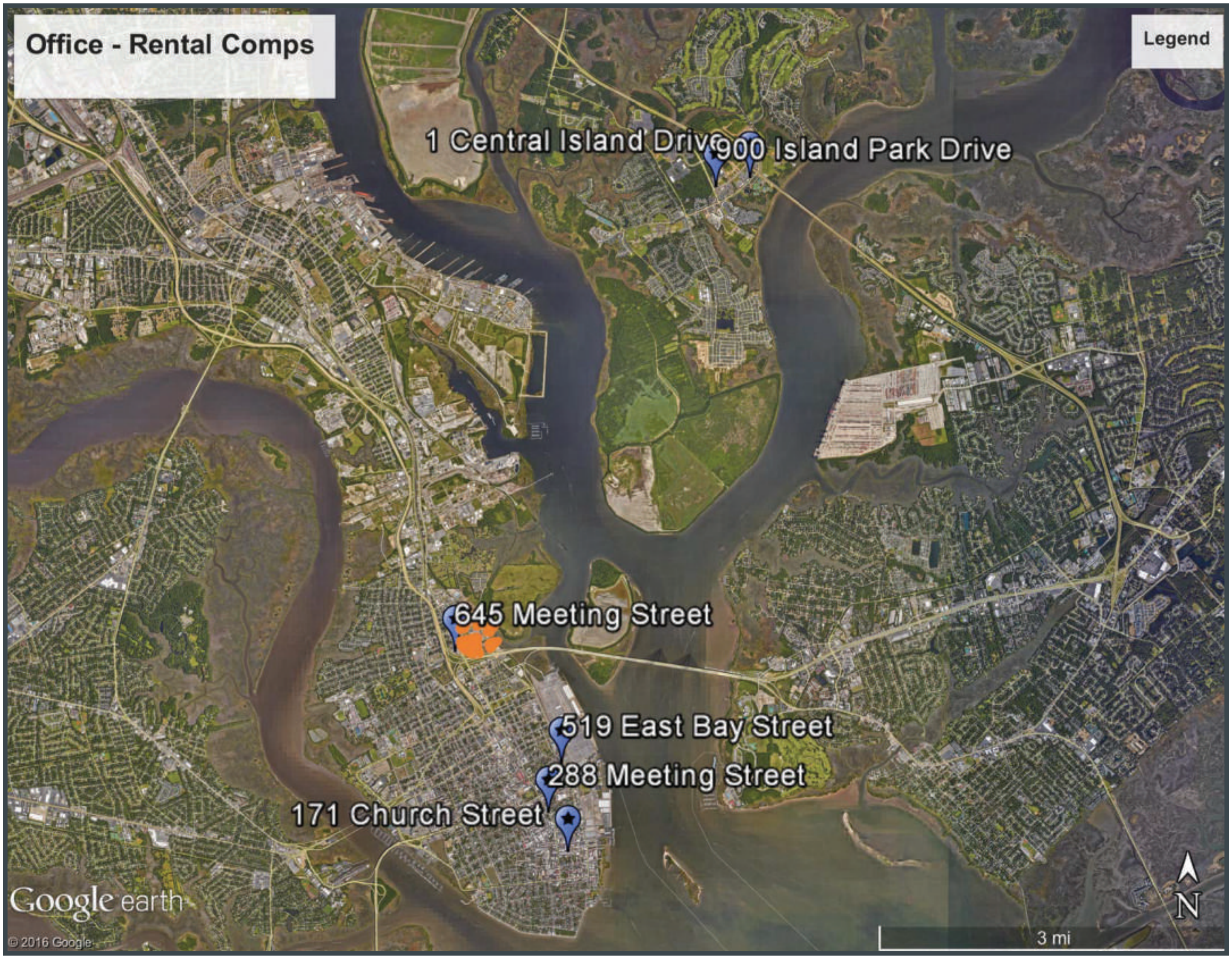
As of 12/31/15

Conclusion

The overall outlook for office is favorable. Charleston's demand for Class A office on the Peninsula continues to far exceed current levels of supply. As vacancy continues to decline and rental rates continue to increase, prospective tenants may find themselves looking at potential build-to-suit options if being located within the CBD is a necessity. Office developers will continue to face astronomical land costs as they compete with both multi-family and hotel developers for some of the few remaining parcels on the Peninsula. Given the continued emergence of technology based companies relocating to the CBD, specifically the Upper Peninsula, office developers will begin looking at possible mixed-use options to incorporate both residential and retail in order to offset costs.

Rental Comps

Property Name	Property Address	SqFt	Lease Rate	Distance to Subject
288 Meeting Street	288 Meeting St.	8,523	$30 FS	1.9 Miles
171 Church Street	171 Church St. Unit 140	3,559	$32 NN	2.2 Miles
645 Meeting Street	645 Meeting St. Unit 200	9,211	$24.88 FS	0.4 Miles
519 East Bay Street	519 East Bay St.	5,879	$23 NNN	1.3 Miles
1 Central Island Drive	1 Central Island Drive	12,500	$28 FS	12.6 Miles
900 Island Park Drive	900 Island Park Drive	2,895	$19 NNN	15.1 Miles



288 Meeting Street

•Full Service Lease Class A Office Space at the corner of Meeting and George Street in Downtown Charleston
•Full Service Rate Includes Utilities, Janitorial, and Maintenance
•Four Story Multi-Tenant Office Building

645 Meeting Street Unit 200

•Sublease Opportunity in Downtown Charleston's Hottest Submarkets
•Property was recently redeveloped through partnership of MUSC and the SCRDA
•Suite includes bright open space, privates offices, shared video-conference room, and break room space

171 Church Street Unit 140

•Corner Suite First Floor in the Franke Building
•Unit 140 includes 4 Large Offices, 7 Cubes, Large Conference Room, Interior Bathroom, Full Kitchen, Storage Room
•Unit 140 also includes access cards to garage attached to the Franke Building

519 East Bay Street

•Free-Standing Building with 11 Parking Spaces
•Single-Story Property Renovated in 2003 with Interior and Exterior Improvements
•Current floor plan includes a reception area, five private offices along East Bay Street, large open office/work area in the center of the suite, kitchen, break room and storage

1 Central Island Drive

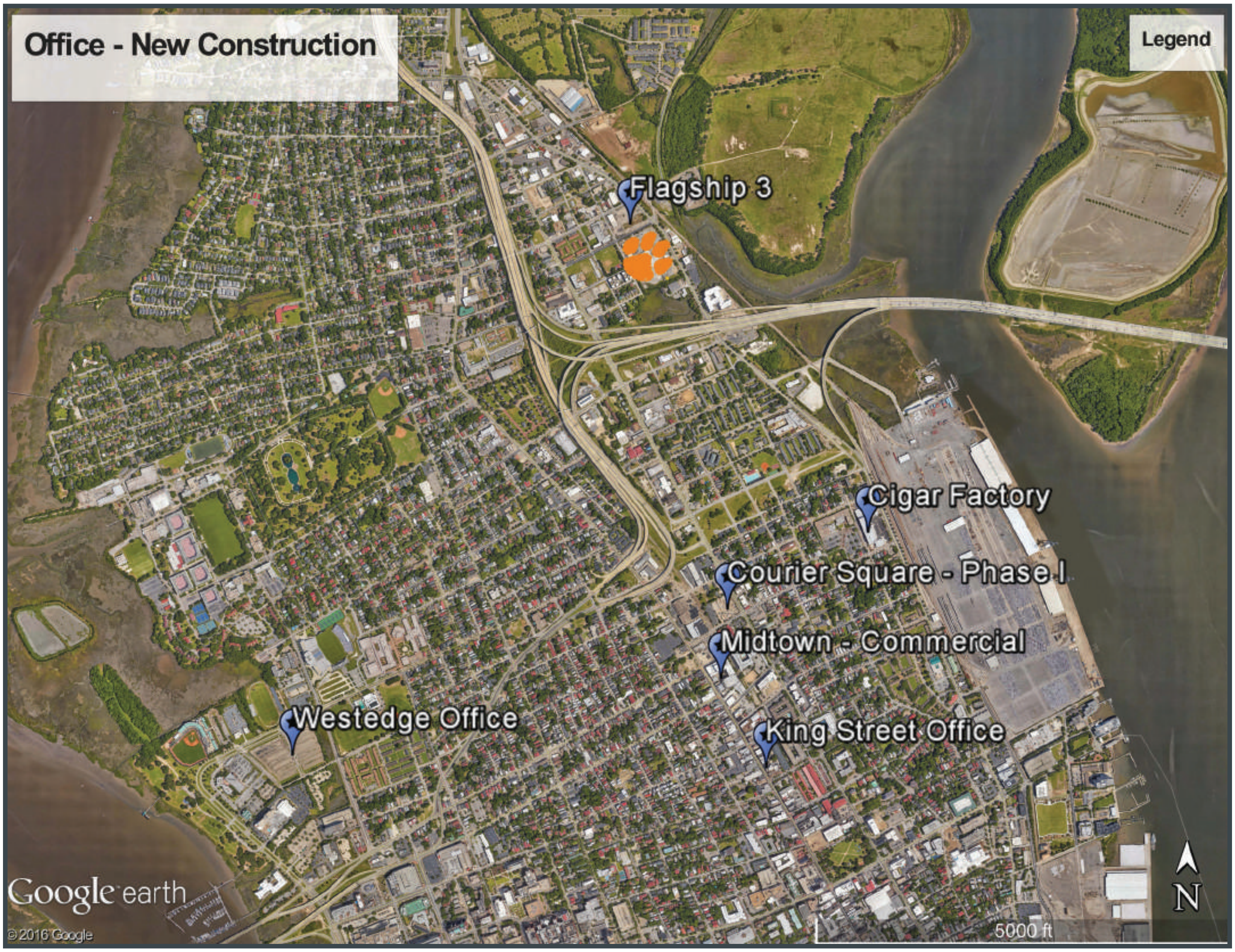
•Class A Office Space located on Daniel Island, SC
•75,000 Square Foot Multi-Tenant Building completed in 2015
•On-Site Surface Parking – Roughly 265 Spaces

900 Island Park Drive

•Two Story Class A Office Building located on Daniel Island, SC
•Wide range of spaces from 1,000-25,000 Square Feet
•Walking distance to Publix, multiple restaurants, banks and other retail/office

New Construction

Property Name	Property Address	SqFt	Status	Distance to Subject
Flagship 3	999 Morrison Dr.	45,000	Planned	0.1 Miles
WestEdge Office	Horizon St. & Hagood Ave	150,000	Planned	2.2 Miles
Midtown-Commerical	544-560 King St. & Spring St.	20,000	Completed	1.5 Miles
Cigar Factory	701 E Bay St.	190,000	Completed	0.8 Miles
King Street Office	468 King St.	40,000	Proposed	1.5 Miles
Courier Square Phase 1	Meeting St. & Columbus St.	55,000	Proposed	1.3 Miles



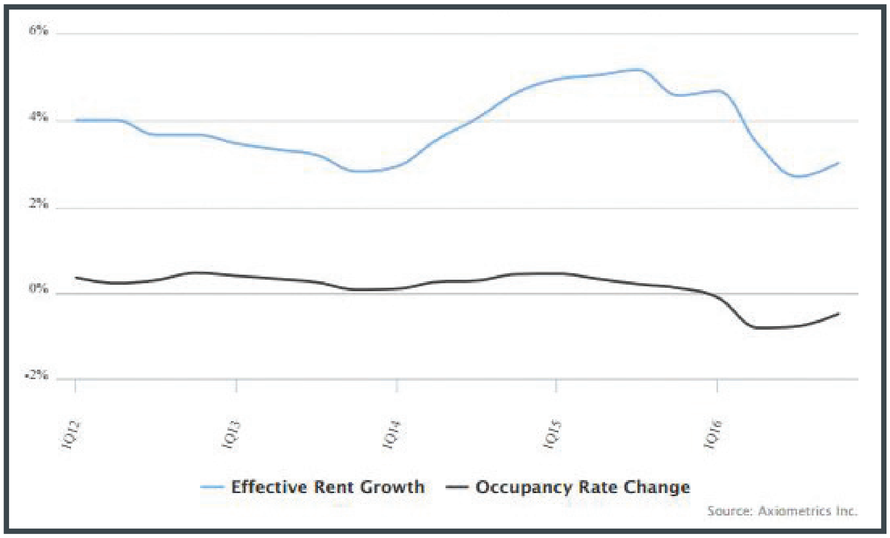
Multifamily Market Analysis

National Overview

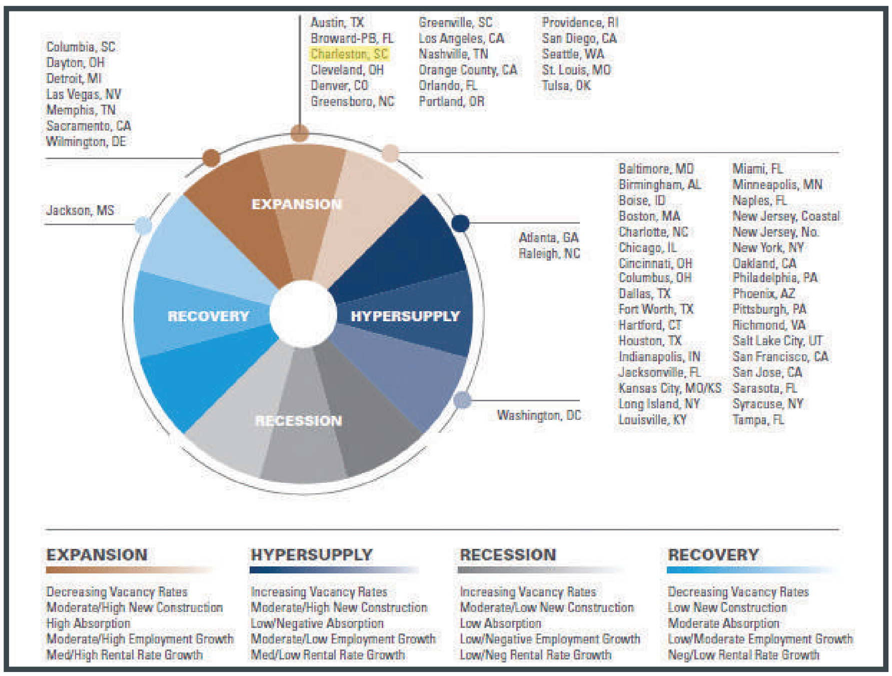
As reported by the Integra Realty Resources' (Integra) 2016 Commercial Real Estate Trends Report, job growth in 2015 produced considerable expansion for the U.S. economy, particularly the demand for the multifamily asset class. In 2016, vacancy rates are expected to remain at 14-year lows, based on forecasted demand in most markets. According to Real Capital Analytics (RCA), the multifamily market has grown from $37.4 billion in total annual national transaction volume to $130.7 billion since 2010 through 3Q 2015. The South led the regional distribution of this $130.7 billion with 39.6% in national transaction volume. A review of the 2015 market performance for multifamily property unveils that 93% of markets are currently in the expansion phase.

Data from Integra forecasts that multifamily cap rates in 47% of U.S. markets will remain stable in 2016, including the markets in the Southeast. The Southeast experienced strong year-over-year (YOY) contraction (20 bps) following declining YOY cap rates amongst 52% of the markets. Notably strong YOY cap rate compression for urban, Class A multifamily properties was identified in Charleston, South Carolina (80 bps) and Nashville, Tennessee (100 bps). According to Integra, the chief factors influencing cap rates are the balance between supply and demand within the marketplace, prospective income growth of a multifamily property, and the level of success of a market's local economy. As long as employment growth continues, the multifamily market will continue to enjoy investment activity due to restrained demand and rent versus buy preferences. The multifamily supply and demand is expected to rebalance in 2016 based on forecasted deliveries.

Effective Rent and Occupancy Rate Change



Multifamily Market Cycle



Regional Overview

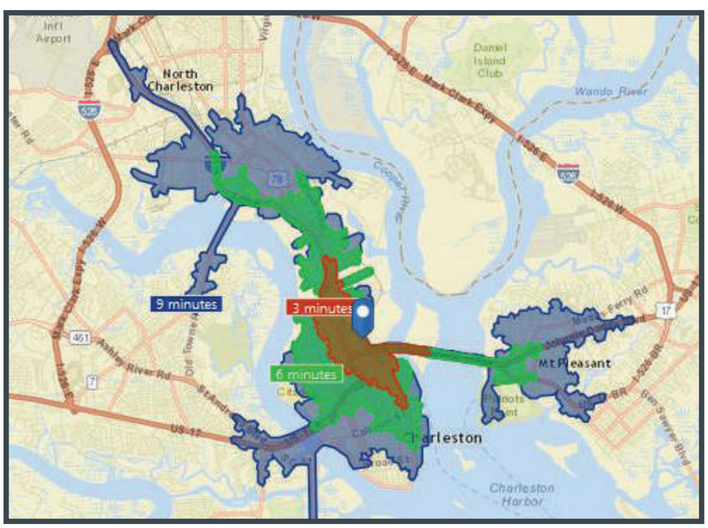
According to Colliers' Research and Forecast Report, activity has been strong for Charleston's multifamily market throughout 2015 and is expected to continue. Charleston's economy has been boosted by job growth, specifically from major companies such as Volvo, Mercedes-Benz, and the

Boeing Company. Additionally, Charleston is home to a major Southeastern port that is now in the process of expanding to accommodate larger ships. Charleston's healthy market conditions are a byproduct of both job growth and current economic conditions, specifically in manufacturing. Consequently, Charleston's multifamily market is booming as reflected in its all-time high construction activity and continually increasing rental rates.

According to REIS, 2,316 market-rate units were completed in 2014, and net absorption was 1,776 units. In December 2015, it was reported that more than 8,000 multifamily projects were either in the plan-review process, under construction, or recently completed. In addition, the Tri-County area is expected to see 645 units in North Charleston, 1,500 units in Mount Pleasant, and 250 units in Summerville in 2016. Despite the large amount of multifamily activity, vacancy rates have remained low - down 50 points year-to-date. Although the market has a relatively low household income profile overall, rents are increasing; a 6% rent growth was reported for 2014, and growth remains strong.

Traditional apartment renters, typically ages 20 to 34, are still a target demographic for apartment rentals, but a new group of empty nesters have been entering the group of renters. Millennials are choosing to rent over buy for the flexibility of apartment life, while Empty Nesters are selling their suburban homes to move to the city and free themselves of the responsibilities of home maintenance.

Submarket



The submarket graphic depicts the market within a three minute, six minute, and nine minute drive time from the subject site.

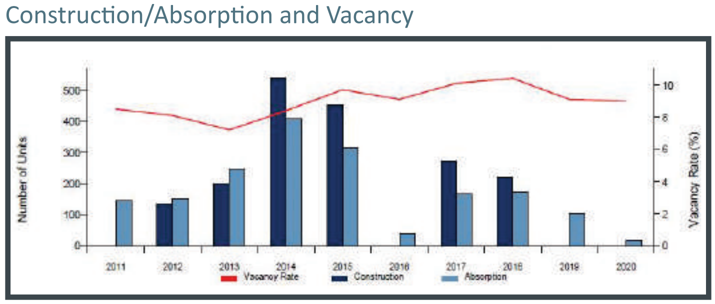
Demand Analysis

According to Colliers' Report, the 20 to 34 age group in Charleston is expected to increase by 2,859 people from 2015 to 2020, after an approximate increase of 8,667 people from 2010 to 2015. The 50 to 69 year old age group is growing as well, with an additional 8,222 people anticipated by 2020. The combined population growth of the Millennials and Empty Nesters is the major contributor to the significant demand for multifamily developments. Charleston's emerging technology hub, known as the Digital Corridor, is revamping the once declining neighborhood and contributing to the apartment demand with its attraction of young talent to the area.

Demand from the increasing number of millennial renters is influencing the style and atmosphere of apartment buildings. Apartment developments are being built in urban downtown areas, close to jobs, entertainment, and green space. To compete in the market and attract new residents, apartment complexes are providing upscale designs and state-of-the-art amenities. Residents are looking for amenities such as upgraded appliances, high-end finishes, common areas for socializing, internet connectivity, resort-like pools, fitness studies, and valet trash pick-up.

According to REIS, growing demand contributed to the absorption of 850 units in 2015 which is 20.9% greater than the average annual absorption rate of 702 units documented since the beginning of 1Q 2006. The fourth quarter vacancy rate is 0.5 percentage points lower than the 7.5% average recorded vacancy rate since the beginning of 1Q 2006.

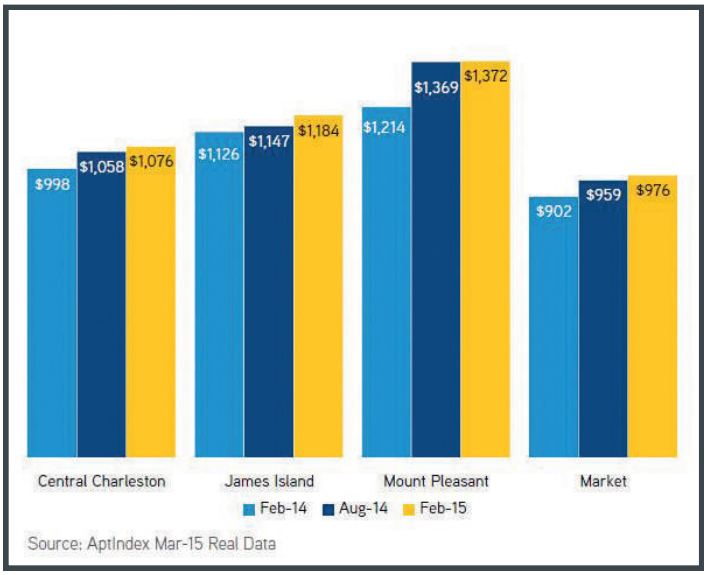
Construction/Absorption and Vacancy



Supply Analysis

Rental rates for new apartments and average market rates are increasing because land and construction costs are on the rise. According to AptIndex, the average monthly rental rate for the market was $976 per unit or $1.00 per square foot in February 2015; this is an 8.2% increase in one year and a 30.7% increase since 2010. Rent is expected to increase, but at a slower pace than the 5% growth in 2014. The highest average monthly rental rates are in the Mount Pleasant, James Island, and Central Charleston (West Ashley and the Peninsula) submarkets. The average rental rate in Central Charleston was $1,076 per unit in February 2015, increasing 7.8% year-over-year. The market as a whole experienced an increase in rental rates in one, two, and three bedroom units.

Rental Rate Trends



According to REIS, 1,779 additional units are expected to be introduced to the metro inventory during 2106 and 2017. Market vacancy is expected to rise to 7.1% by year-end 2017 due to a shortage of demand. Asking and effective rents are projected to rise by 4.2% to $1,021 and 4.0% to $987, respectively, by year-end 2017.

Sales Comps

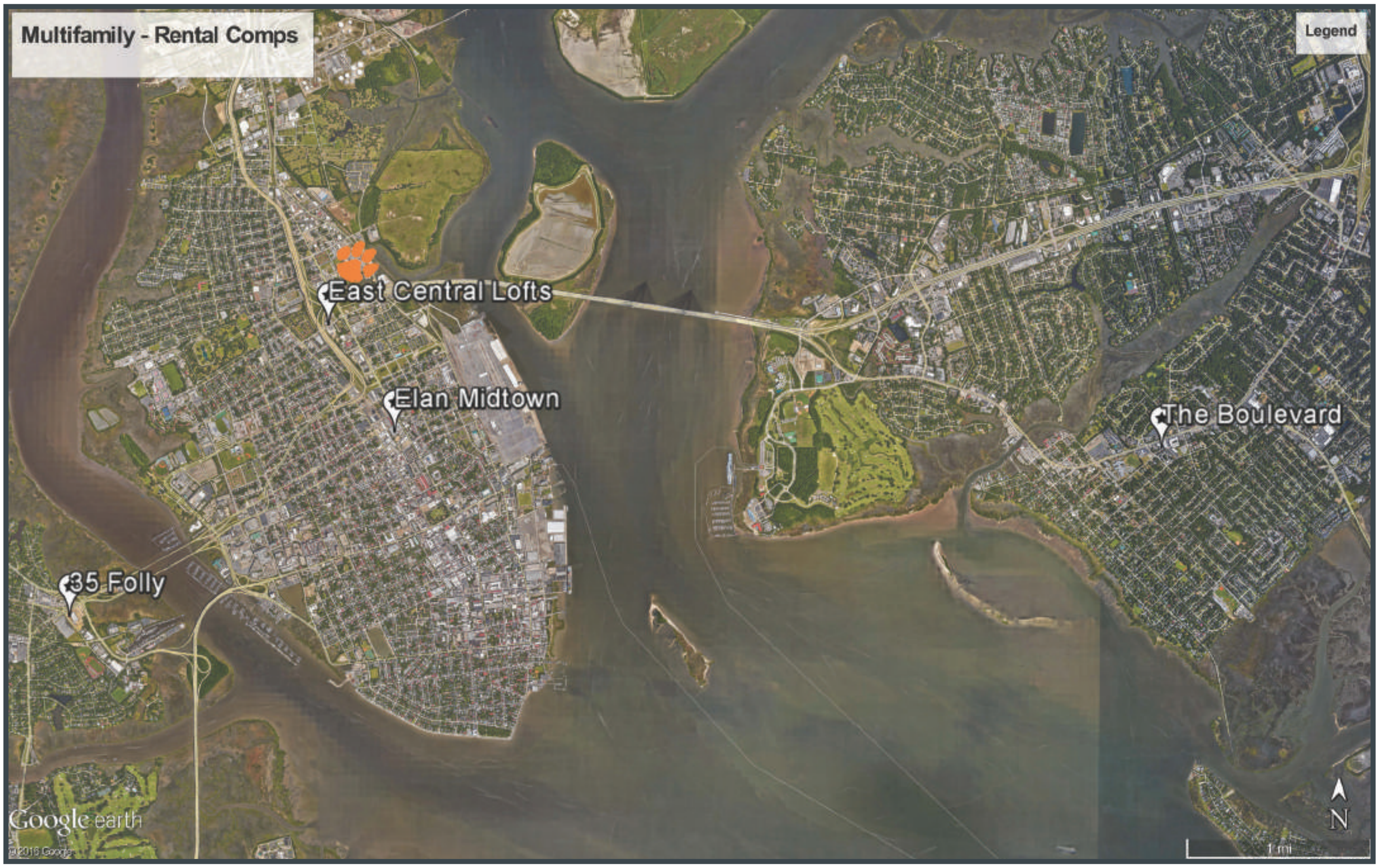
According to Colliers' report, sales were strong in 2014 with more than 20 multifamily projects containing 3,400 units sold for $417 million throughout the Tri-County area. In 2014, the average price per unit was $123,000. Sales in 2015 are predicted to be in line with 2014 sales numbers. By April 2016, six multifamily projects totaling 1,242 units traded at a value of $156.9 million.

One of the most recent transactions was the East Central Lofts property located on the Upper Peninsula. This apartment building was sold in 2Q 2015 for $12,400,000 or $203,279 per unit.

THE SANDBOX

Rental Comps

Property Name	Property Address	Total Units	Distance to Subject	Year Built	Occupancy
East Central Lofts	274 Huger St	72	0.6 Miles	2013	96%
Elan Midtown	441 Meeting St	200	1.2 Miles	2014	97%
35 Folly	35 Folly Rd	300	3.6 Miles	2016	0%
The Boulevard	725 Coleman Blvd	325	5.3 Miles	2013	92%



East Central Lofts

Bedroom/Bath	SqFt	Total Rent	$/SqFt	Units
Studio	440	$959	$2.18	1
1 Bed/1 Bath	515	$1,391	$2.70	47
2 Bed/1 Bath	625	$1,563	$2.50	12

East Central Lofts, a 60 unit, four-story building, consists of one and two-bedroom loft-style units with floor-to-ceiling windows. Opened in 2013, this development was the first of its kind in Charleston's East Central submarket. The developers were optimistic about the area's revitalization. Amenities include secured access with key fob entry, lofted storage area, floor to ceiling windows, high-end finishes and appliances, celling fans, a courtyard, a bocce ball court, secure bike storage, central laundry on each floor, community grills, pet friendly units, online rent payment, and plans for a swimming pool and fitness center.

Elan Midtown

Bedroom/Bath	SqFt	Total Rent	$/SqFt	Units
Studio	585	$1,903	$3.25	24
1 Bed/1 Bath	744	$1,823	$2.45	125
2 Bed/2 Bath	1,332	$2,553	$1.92	51

Elan Midtown, a luxury 200 unit, five-story apartment building located in historic downtown Charleston, offers studio, one, and two-bedroom apartments. Amenities include high-end finishes and appliances, a washer and dryer in each unit, Downtown and Ravenel Bridge views, a coffee bar, controlled access community, a media lounge, SkyVue pool, an electric vehicle charging stations, on-site parking, a fitness center, Aqua – entertainment hot spot and cabana, and Spot – a place for pets.

35 Folly

Bedroom/Bath	SqFt	Total Rent	$/SqFt	Units
1 Bed/1 Bath	752	$1,372	$1.82	193
2 Bed/2 Bath	1,222	$1,776	$1.45	107

35 Folly is a 300 unit, four-story apartment building located in West Ashley just across the Ashley River bridges with easy access to downtown Charleston. Amenities include waterfront views of downtown, sophisticated finishes, private patios, walk-in closets, a washer and dryer in each unit, a business center, courtyards, an outdoor kitchen, a fire pit, and a parking structure accommodating approximately 451 vehicles.

The Boulevard

Bedroom/Bath	SqFt	Total Rent	$/SqFt	Units
Studio	504	$1,063	$2.11	90
1 Bed/1 Bath	648	$1,384	$2.13	119
2 Bed/2 Bath	1,139	$1,536	$1.35	87
3 Bed/2 Bath	1,370	$2,410	$1.76	29

The Boulevard, located in the heart of Mount Pleasant consists of three, four-story buildings with 325 urban residential apartments along with first-floor restaurant and retail space. Amenities include high-end finishes and appliances, high ceilings, outdoor patio space, a saltwater pool, a sun deck with grilling and a fire pit, community bikes, Starbucks Coffee, pet park, business center, energy efficient lighting, electric car charging station, on site restaurant and retail, and structured parking.

New Construction

According to Colliers, current construction activity is substantial. As of February 2015, 3,700 units are under construction and 5,785 units are proposed. Central Charleston has experienced significantly less new construction than James Island, West Ashley, or Mount Pleasant, but it is expected to gain 1,424 of the proposed units.

Construction Pipeline

•Bridgeside at Patriots Point, a 324 unit luxury apartment community, is the first piece of the 45-acre Bridgeside project in Mount Pleasant developed by Daniel Corporation. Downtown is just several miles away by bridge and even shorter by water taxi that runs from Patriot's Point.

•550 apartment units along with a small amount of office and other commercial uses are planned by White Point Partners for Brigade Street on Charleston's Upper Peninsula where former Charleston Steel & Metal business operated before it moved to North Charleston in 2008. This site is located about 0.5 miles from the subject site.

•Three acres on Huger Street containing buildings that house Charleston Coffee Roasters, Palmetto Brewing, and Brooks Signs have been acquired by White Point Partners. The company plans to build 200 apartments on the site while keeping the existing building for retail or restaurant. This is located 0.6 miles from the subject site just across the street from East Central lofts.

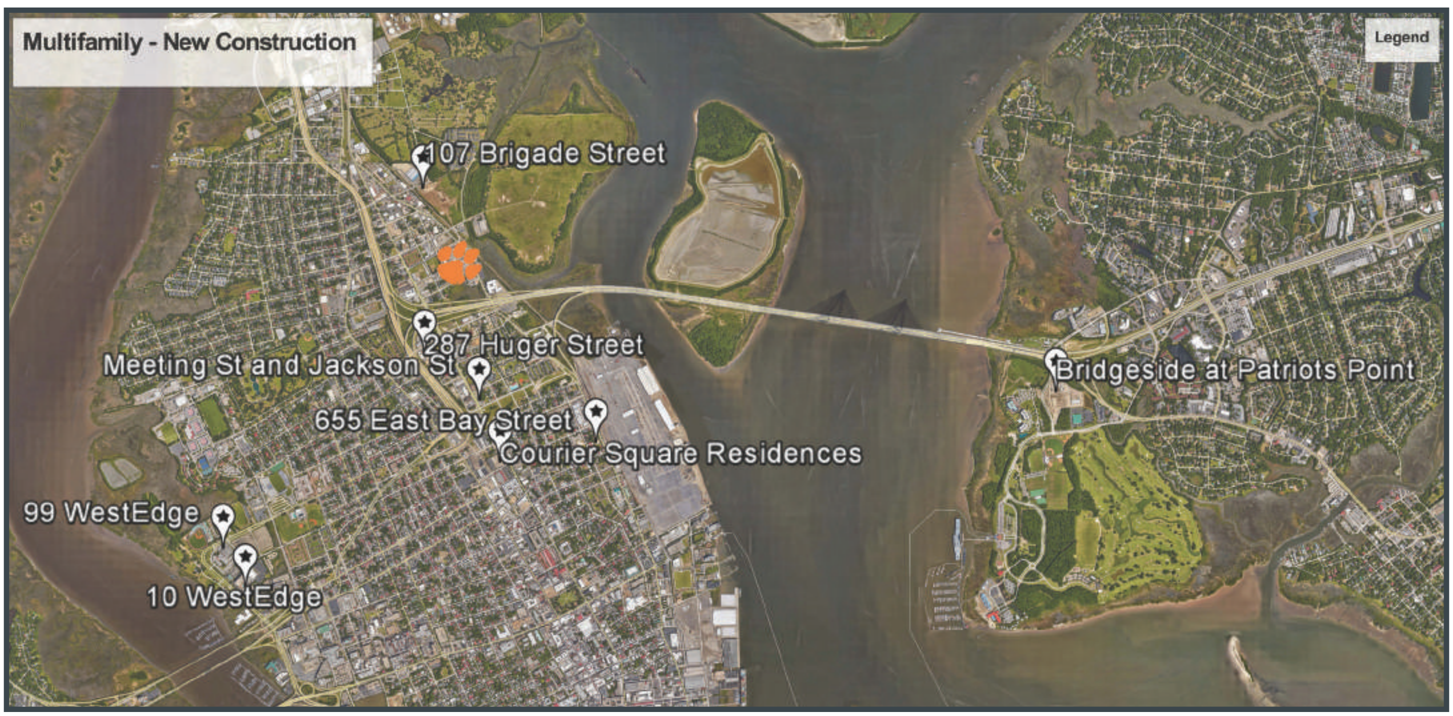
•Developer White Point Partners plan to erect a 72-unit, four-story structure on a vacant, 1-acre parcel at 655 East Bay Street. This is located 0.9 miles from the subject site.

•Currently under construction, Bridgeside at Patriots Point is a 324 unit luxury apartment community making up the first phase of the 45-acre Bridgeside project in Mount Pleasant. This is located 3.6 miles from the subject site.

•The Courier Square Residences made up 226 units are part of Phase I of Courier Square, a mixed-use project consisting of apartments, retail, and office. This is located 1.1 miles from the subject site.

•99 WestEdge, the first phase of a long-planned redevelopment of a 22-acre tract on Charleston Peninsula's west side, will include 207 apartments above restaurant and retail space. Following that, 10 WestEdge, a mixed-use tower including 350 apartment units, will be built. These are located about 2 and 2.5 miles from the subject site.

•Atlanta real estate investor Brand Properties proposed a five-story, 128 unit apartment building on Meeting Street between Lee Street and Jackson Street. The building will include a 208 space parking deck and 11,200 square feet of office space. This is located .8 miles from the subject site.



Conclusion

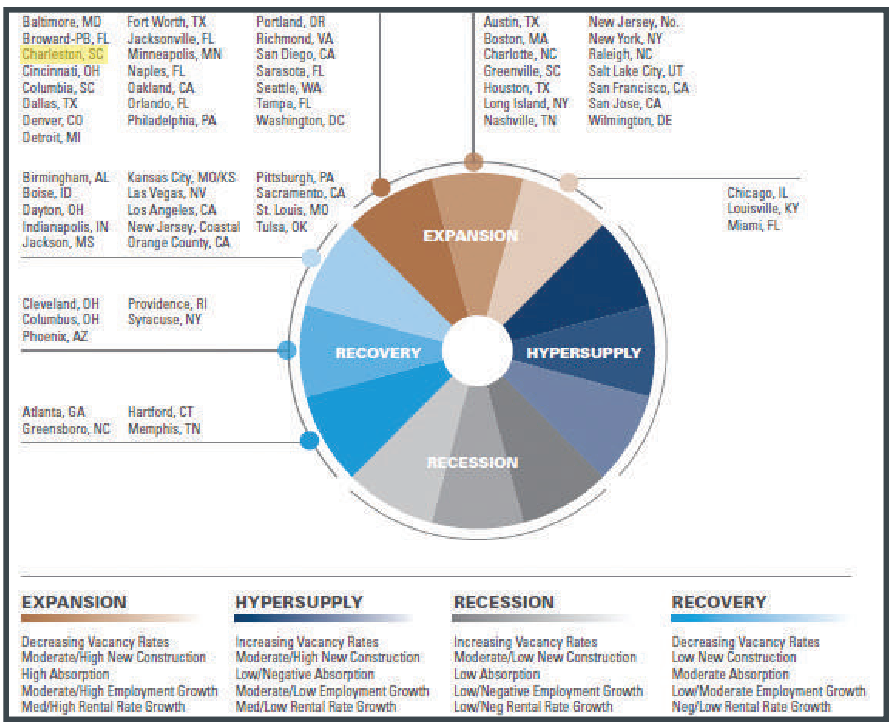
Charleston's multifamily market has a favorable outlook. The supply of apartments is growing at one of the highest rates in the country. Previously, demand has been greater than the new supply, but as the planned multifamily projects are delivered, demand will briefly fall short of supply. However, demand is expected to continue to grow and support long-term supply in the market. As occupancy rises, rents will also increase. The emergent tech industry will increase the renter population, and new developments will continue to offer attractive amenities and features in an effort to meet the demands of the changing renter demographics.

Retail Market Analysis

National Overview

The national retail market experienced strong results in 2015 despite uncertain consumer confidence and strong competition in the national and international marketplace. Rents have trended upwards for retail throughout the country, and vacancy rates have declined steadily. According to the Integra 2016 Commercial Real Estate Trends Report, annual transaction volume through 3Q 2015 reached $90.4 billion, which is a nearly $20 billion increase from the previous year. While grocery-anchored retail centers experienced strong growth and interest from lenders, outlet centers and regional malls are considered the highest risk considering the threat of e-commerce. Data from the Integra report suggests cap rates for retail real estate will remain constant at approximately 7% for the Southeast, or decrease slightly for 2016, further enforcing the strong competitive outlook for the market. The Charleston retail market has experienced strong rental growth and vacancy decline, placing it in the expansion cycle of the market.

Retail Market Cycle



The largest threat to "brick and mortar" retail has been, and will continue to be, the emergence of e-commerce and technology related retailers. Multichannel retailing has become increasingly popular in the United States, and has added a unique and challenging aspect to the world of retail. According to ULI's Emerging Trends in Real Estate, the "bricks and clicks" conversation is becoming the forefront of the retail market and will continue to evolve. Retail space is becoming smaller or even obsolete in reaction to the e-commerce marketplace and the convenience of online shopping. However, technology has also become increasingly important in driving sales and keeping retailers competitive. The goal of these technological advances is to make the in-store experience similar to being online.

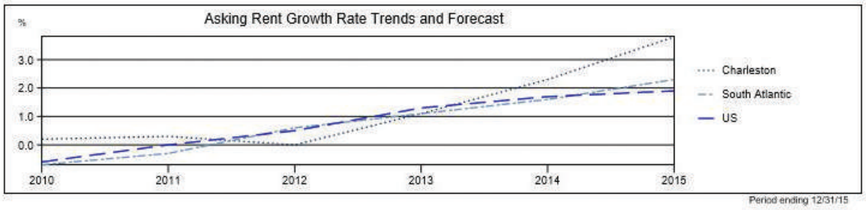
Regional Overview

The Charleston retail market has experienced increasing rents, declining vacancy rates, and increased new construction over the past year. In fact, the rental rates in the Charleston market are among the fastest growing rates in the country, and have consecutively risen for nine straight quarters ending in 4Q 2015 according to REIS data. Strong economic factors in the region have contributed to job creation and housing growth, which consequently drives retail development. The tourism industry in Charleston has historically contributed to the strong retail market, which continues to be a strong factor in rising popularity of shop space in the Central Business District. Leasing activity on King Street has remained steady, holding rents to a high standard throughout the regional market. Competition among retailers, coupled with rising land costs, has tightened the retail market. Tenants are beginning to pursue space in growing areas beyond the King Street corridor in the form of new construction and adaptive reuse projects. Retailers are investing heavily in the Charleston market, and demand for space has increased significantly over the past few years.

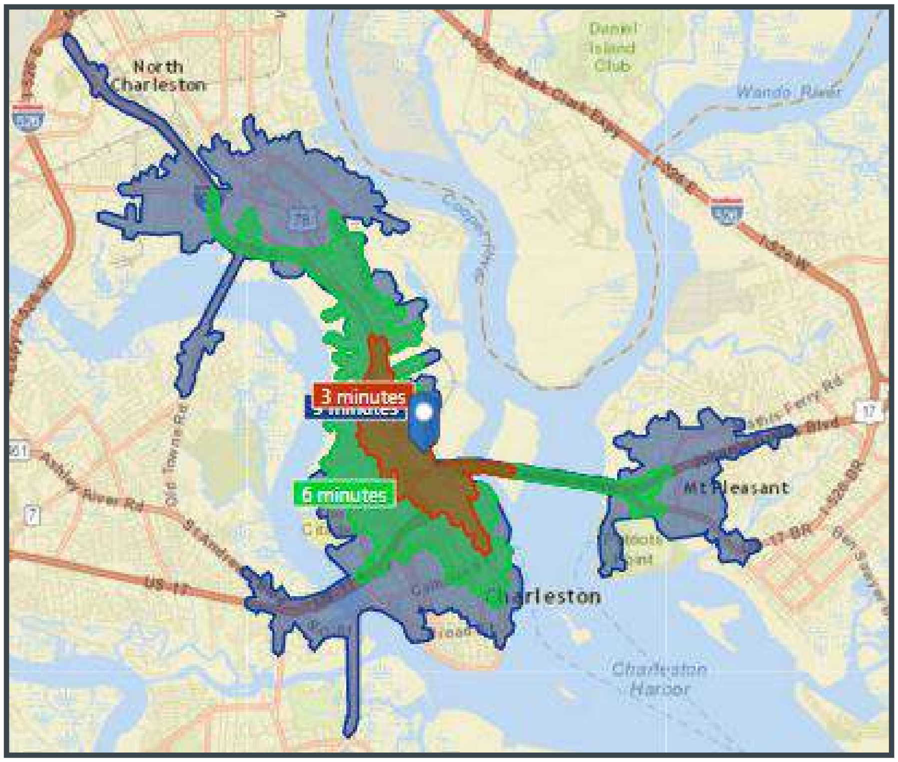
Nonanchor Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	4Q15	3Q15	YTD Avg	1 Year	3 Year	5 Year
Charleston	1.7%	0.9%	0.9%	3.8%	2.4%	1.5%
South Atlantic	0.5%	0.6%	0.6%	2.3%	1.7%	1.1%
United States	0.4%	0.5%	0.5%	1.9%	1.7%	1.1%
Period Ending:	12/31/15	09/30/15	12/31/15	12/31/15	12/31/15	12/31/15

Metro Rank Compared to:	Total Metros	Metro Ranks					
		4Q15	3Q15	YTD	1 Year	3 Year	5 Year
South Atlantic	25	1	4	2	2	2	4
United States	80	1	13	4	4	8	11



Submarket



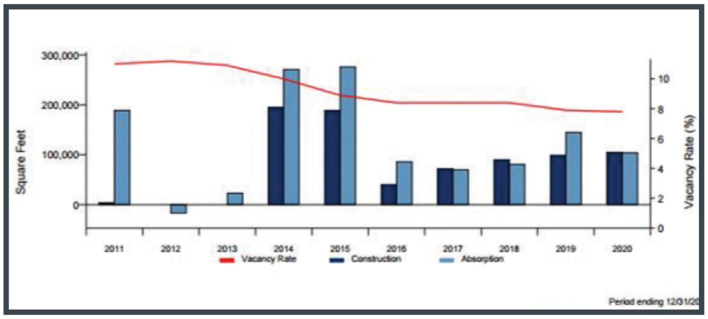
The map above depicts the market within a three minute, six minute, or nine minute drive time.

Demand Analysis

According to Esri data, the population in the area surrounding the subject site will grow at an estimated rate of 1.44% from 2015 to 2020, outpacing the South Carolina growth rate of 0.99% and the national rate of 0.75%. The median household income within the Tri-County area will also rise at a rate of 2.71% annually between 2015 and 2020. The population and income growth, coupled with the attractive tourism market, will be beneficial for this site. Major companies investing in the Charleston market will continue to push rents higher and vacancy rates lower. The investments from Volvo and Mercedes Benz, for example, will create significant job growth and consequently generate demand for more retail space. The Mercedes Benz and Volvo investments total $1 billion collectively and will create approximately 5,300 jobs over the next five years, according to the South Carolina Research & Forecast Report by Colliers International.

The growing demand for retail space resulting from investments in the market will be met with high interest from developers. However, the rising land and construction costs will create barriers to entry. Retail developers are competing with multifamily and office developers for sites which is raising the land costs. Many new projects are facing delays due to the limited supply of labor and materials. Overall, the growing Charleston population and tourism market along with low interest rates will bode well for the sales activity in 2016 and beyond. Based on annualized absorption data from REIS, the Charleston metro market has absorbed 276,000 square feet of retail space over the past year, of which 189,000 square feet was new inventory. A forecast of the next five years states that Charleston will absorb 97,200 square feet per year.

Construction/Absorption and Vacancy



According to Esri, 11,400 vehicles travel Morrison Drive per day. Meeting Street, to the west of the subject site, experiences 17,100 vehicles per day. Vehicular traffic can access the subject site via ramp from US-17 or I-26, which both see an average vehicle count of over 60,000 per day. As more development moves north on Morrison Drive, the vehicular count will increase in favor of more retail offerings.

Traffic Counts for the Subject Site

Supply Analysis

Between 2015 and 2017, developers are expected to deliver a total of 112,000 square feet of new retail space in the Tri-County region. This supply is in line with the forecasted absorption and vacancy figures in the market. During 4Q 2015, 223,000 square feet of retail space was absorbed, which is a significant increase from historical absorption rates. According to the South Carolina Research & Forecast Report by Colliers International, vacancy was down to 4.7% in the Charleston suburban submarkets at the end of 2015, a decrease from the 5.6% at the same time in 2014. Rental rates for suburban retail space during 4Q 2015 were $19.14 triple net (NNN) per square foot, increasing 6.6% in just one year. A triple net lease dictates that all common area maintenance (N), taxes (N), and insurance (N) costs are passed through to the tenant. These elevated rental rates are a result of rising construction costs and strong competition within the marketplace among tenants. Newly constructed retail space in suburban Charleston rents from $30 NNN to $40 NNN per square foot, which is well above the market average. Tenants on King Street are experiencing rents as high as $95 NNN per square foot. As national retailers move into the market willing to pay higher rental rates, the existing supply and new inventory will experience increasing rates. After the recession, new retail construction gained momentum in 2014 and increased steadily into 2015. Retailers have responded to an overwhelming demand for retail space in the market, and have delivered both downtown and suburban projects. Despite the strong activity, demand for space continues to exceed supply.

Development Activity

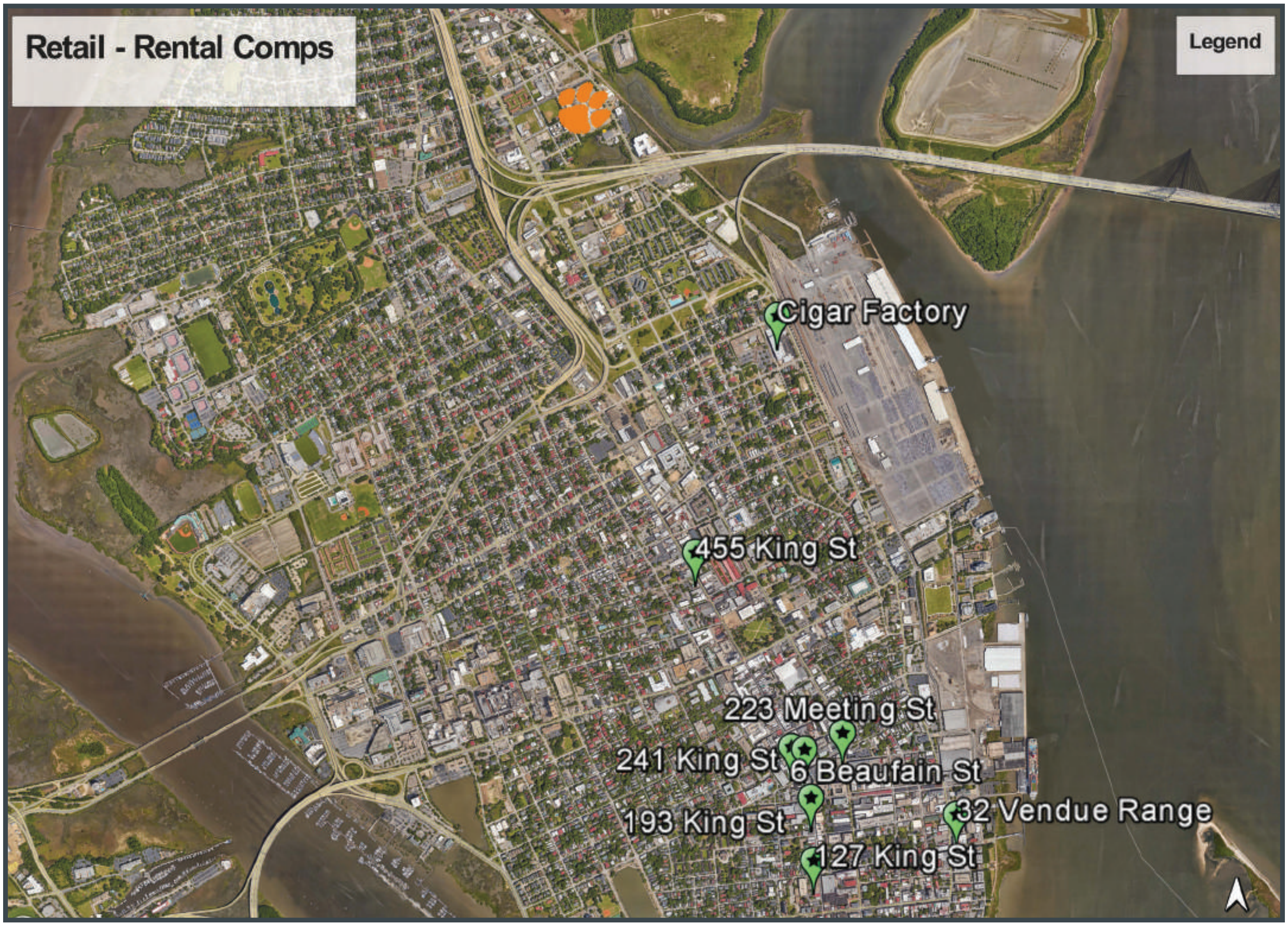
• The 40,000 square foot Morris Sokol Furniture store closed on Upper King Street in late 2015, and will likely receive attention from national retailers.

• The Cigar Factory redevelopment on East Bay Street is attracting high end retailers, restaurants and convention space. Located within the development is Fritz Porter – a unique design emporium, The Cedar Room – a luxury convention and meeting space, and Mercantile and Mash – a distinctive restaurant.

• A food hall that caters to upcoming chefs wanting to test restaurant concepts is planned for the Upper Peninsula's tech corridor. The project, being called Pacific Box & Crate, is expected to open in 2017.

Rental Comps

Property Addess	SqFt	$/SqFt	Type	Distance to Subject	Notes
701 E Bay Street	244,000	$28.00	Mixed Use	0.8 Miles	The Cigar Factory
127 King Street	3,000	$45.00	Street Retail	2.6 Miles	First Floor Retail
241 King Street	1,668	$75.00	Street Retail	2.3 Miles	Across from Belmond Charleston Place Hotel
455 King Street	2,000	$40.00	Mixed Use	1.6 Miles	Upper King Street Retail Area
6 Beaufain Street	2,176	$35.00	Street Retail	2.4 Miles	Newly Renovated
223 Meeting Street	810	$74.04	Street Retail	2.1 Miles	
32 Vendue Range	2,240	$54.00	Mixed Use	2.2 Miles	Easy Bay/Vendue Corner, Ground Floor Retail
193 King Street	3,405	$70.00	Street Retail	2.4 Miles	Historic Building, Ground Floor Retail
	Average Rent	$52.63			



New Construction

• Midtown is a new mixed use development containing 19,000 square feet of office space, 11,000 square feet of retail space, and a dual-branded Hyatt Place and Hyatt House hotel. A 405-space parking garage is also located in the project.
• Bowman Place is a redevelopment of a former Kmart shopping center on Johnnie Dodds Boulevard in Mount Pleasant. The anchors include Dicks Sporting Goods, Nordstrom Rack, and DSW. Set to open in early spring 2016, J. Crew Mercantile Store plans to open its first South Carolina location in this project.
• The former Millennium Music Building redevelopment is very successful, located at the corner of King Street and Calhoun Street, which has attracted tenants such as MOD Pizza, Panera Bread, Walgreens, Chipotle, and Carolina Ale House.

Conclusion

The retail market in Charleston has experienced strong rental rates and low vacancy rates with the help of the robust tourism economy, the growing population, and the success of the port. King Street has historically been the most highly sought after street in Charleston, and the rental rates illustrate the high demand. As growth moves up the Peninsula towards Morrison Drive, retailers will follow. Developments in Summerville as well as Mount Pleasant have grown significantly, and the Tech Corridor will surely begin to experience this growth in retail offerings as well. The Cigar Factory space is a case study that exemplifies the expansion in retail offerings and the willingness of retailers to follow the demand. The rents upwards of $100 per square foot on King Street are not sustainable in the surrounding areas, which supports the expansion of retailers to up-and-coming areas such as Morrison Drive. Based on research from Integra, Colliers International, and Lee & Associates, the retail market in Charleston is robust and will continue to thrive.

Industrial Market Analysis

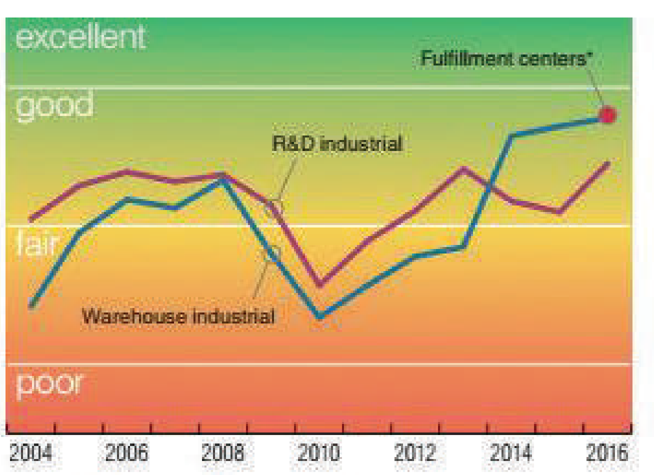
National Overview

The U.S. industrial market continues to adapt to shifting global trade routes, changes in global supply chain logistics, and new technologies designed to make the flow of products more efficient. Industrial transaction volume was $66 billion as of 3Q 2015, an increase of 41.5% Year-Over-Year (YOY) from that same period in 2014.

Over the next three years, market rents are expected to grow by more than 3% annually in 30% of U.S. markets, while the remaining markets could see limited or stable growth. Integra Realty Resources project rents to increase in 75% of markets nationally. Additionally, greater than 70% of the markets in the South and the West have seen cap rate compression in the last 12 months. Research calls for steady or decreasing cap rates in 95% of industrial markets.

The biggest challenge that industrial properties face in 2016 is the global tension on trade due to the strengthening of the U.S. dollar. The shift towards e-commerce has also forced owners and tenants to create new ways of conducting business in order to meet multichannel retail strategies.

Exhibit 4-7 **Industrial/Distribution Investment Prospect Trends**



Source: *Emerging Trends in Real Estate surveys.*

Regional Overview

The Charleston industrial market is the tightest it has been in years due to rising rents and decreasing vacancy rates. The total vacancy rate for the market was 6.5% at year-end 2015 compared to 8.6% the previous quarter and 9.1% in 2014. Over 1.7 million square feet of industrial space was absorbed in 2015 with 1 million of that space absorbed in 4Q 2015 alone. Over 984,000 square feet of industrial space was added to the Charleston market in 2015 with an additional 1.5 million expected to be delivered 1Q 2016. As a result of the rising demand for industrial space, some developers are focusing on speculative construction while others are turning to build-to-suit.

In the beginning of 2015, both Mercedes-Benz and Volvo announced plans to locate or expand in the Charleston market. Mercedes-Benz Vans is investing $500 million in a new manufacturing plant, while Volvo is investing $500 million in a Berkeley County facility. Due to these new plant openings, automotive suppliers are expected to invest in the region to take advantage of reduced transportation costs and delivery time.

Investment opportunities are at an all-time high in the Charleston market as a result of high occupancy and strong rental rates. High sales prices and low yields are making developers look at secondary and tertiary markets in search for higher returns. In 2016, the industrial market should continue to improve as demand remains strong in tight market conditions.

Conclusion

Although 995 Morrison Drive has been used as a warehouse and storage facility in the past, industrial space does not align with the goals of the Upper Peninsula area. The Upper Peninsula Initiative strives to continue to transform this area into a vibrant place where people want to live, work, and play with an emphasis on smart development, sustainability, affordability, community, and mobility. Industrial space does not align with the goals of the Upper Peninsula Initiative. Therefore, the highest and best use of 995 Morrison Drive is not industrial space.

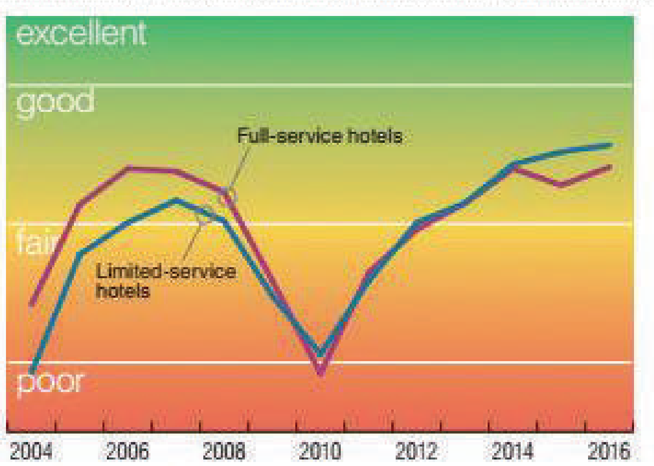
Hotel Market Analysis

National Overview

Although Revenue per Available Room (RevPar) was up again in 2015, as it has been since 2010, the rise of Airbnb is diverting demand from full-service hotels. A recent surge in hospitality development has challenged the hotel industry to keep RevPar numbers at all-time highs. Additionally, a strong U.S. dollar is making international travel to the states more expensive for tourists and business visitors.

ULI Emerging Trends survey respondents expect the hotel sector to finally hit a peak and trend downwards in 2016, especially for full-service hotels. Although development and investment in the hotel industry is up, more survey respondents are favoring a sell position in the current year. The percentage of respondents favoring a sell position for limited-service hotels has risen since the last survey, but those recommending "sell" (30.7%) for full-service hotels has risen even more. Compared to that 30.7%, only 24.8% of respondents recommended "buy" for full-service.

Exhibit 4-16 **Hotel Investment Prospect Trends**



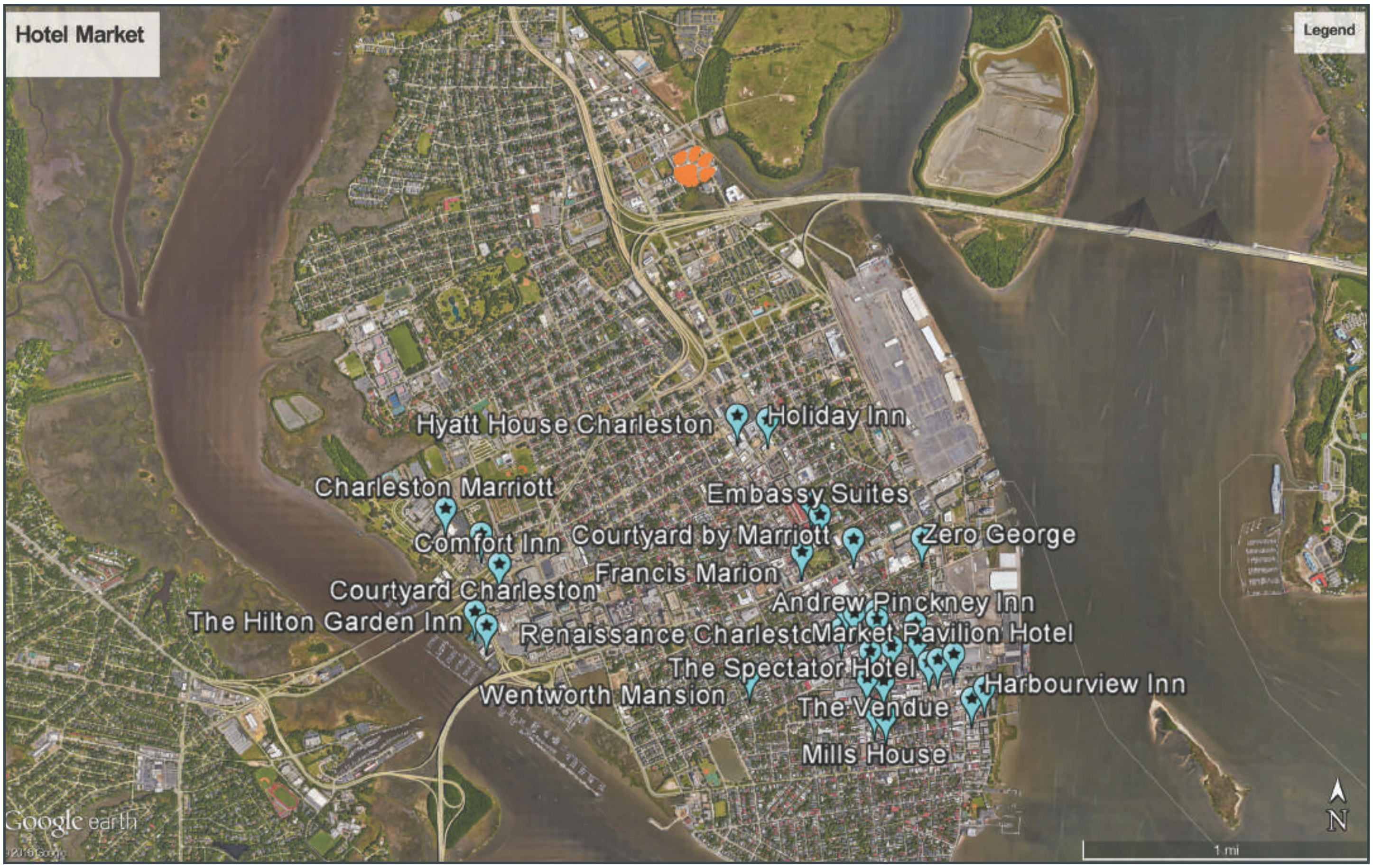
Source: *Emerging Trends in Real Estate* surveys.

The biggest challenge facing the hotel sector in the next cycle is the rise of Airbnb and boutique hotels. Airbnb is not just diverting demand from limited service hotels, but also from luxury full-service hotels. One capital manager expressed this by saying, "I personally know people who are booking through Airbnb with their families instead of staying at four- or five-star hotels." Continuing a trend from 2014, boutique hotels are also competing with established hotel chains for hospitality demand. Being a very volatile sector relying on by-the-night "lease terms", the hotel sector could be facing a downturn in the near future. With an expected increase in competition from Airbnb, hotel developers will now see market share absorbed by less traditional, innovative hospitality concepts.

Regional Overview

Downtown Charleston hotels experience significant demand from tourism year round. A few of Charleston's greatest assets for tourism include historic sites, the beach, restaurants, shopping and local cuisine, outdoor recreation, and tours. With Boeing already located in Charleston, and Daimler and Volvo plants in the pipeline, demand from business travel is only increasing for hotels in the area.

Hotels located on the Peninsula performed well during the period from January 2015 to July 2015 with a stable occupancy that increased by 0.7% and an increase in Average Daily Rate (ADR) of 8.0%. Occupancy rates for Peninsula hotels are expected to drop slightly from 79.4% in 2015 to 77.5% in 2016. ADR for the same area is forecasted to increase from $203.65 a night in 2015 to $208.15 a night in 2016. It is clearly evident that hotels on Charleston's Peninsula continue to operate at high levels.



Conclusion

Although the Charleston Peninsula hotel market is strong, the immediate area around the subject site is not conducive to a hotel at this time. The Upper Peninsula is a transitioning area with significant potential for future development, but visitors staying on the Charleston Peninsula want to be closer to existing shops, restaurants, historic sites, and other attractions that the Lower Peninsula offers to tourists.

As the Upper Peninsula continues to be developed, the area will become a place for people to live, work, and play. In the future, this part of downtown Charleston will increasingly become a more desirable place for visitors to see. However, at the present time, demand to justify investing in a hotel at 995 Morrison Drive is not warranted.

Development Plan

Case Studies

Atherton Mill • Charlotte, NC

Atherton Mill is a historic cotton mill that opened in 1893 on a 9.75-acre site at the intersection of South Boulevard and Tremont Avenue in Charlotte, North Carolina. The site is adjacent to the South Corridor Light Rail, connecting Pineville with Uptown Charlotte. Atherton Mill is located in the heart of Charlotte's South End District and one mile from the financial district. Edens, a Columbia-based developer, completed the transformation of this 98,000 square foot mill into a farmers market, retail outlet, and residential community. During the redevelopment, Edens made certain to reuse building materials from the original mill and incorporate them into the design. The tenant mix includes boutique retailers such as Savory Spice Shop, Vin Master, and the Atherton Market. National retailers include Anthropologie, Free People, Ferguson, and Yadkin Bank. While The Sandbox may not seek to attract national retailers such as these, the fitness and boutique bank concepts are being targeted for the development.

The neighborhood that Atherton Mill is located in has experienced a revitalization over the past decade, much like the vision of the City of Charleston for the Morrison Drive corridor. The Atherton Mill redevelopment sought to create a destination for residents and tourists to enjoy by bringing retail, residential, and office together in one community. A major component of the mill project was the Atherton Market, a farmers-market concept bringing local vendors in that sell an array of products ranging from home décor to fresh baked goods. The neighborhood boutique atmosphere that the market creates is one that The Sandbox development will seek to replicate. A market that offers unique food, beverage, and gift concepts will cater to the technology users that are anticipated to live and work in or around the development.

The Atherton Mill development satisfies the need for entertainment and recreation at all times of the day. The market, offering fresh foods and home goods, is a popular destination for daytime visitors, and the multitude of restaurants and retail shops are vibrant places to go at night. Providing an enriching and entertaining space for customers and residents to go throughout the week is challenging, however the right mix of tenants and uses can facilitate traffic to the project. The eclectic and vibrant atmosphere that Atherton Mill has created in Charlotte is what the development team envisions for The Sandbox in Charleston. Utilizing strategies in regards to proper tenant mix and site layout, The Sandbox will look to replicate the success of Atherton Mill.

Half Mile North • Charleston, SC

The Half Mile North development is a technology campus developed by Raven Cliff Company, encompassing the entire block between Morrison Drive, Meeting Street, Brigade Street, and Williman Street. The success of the development has consequently led to an expansion to the block south of the current campus fronting Meeting Street between Williman Street and Isabella Street. The expansion will likely be completed in mid-2016. Blue Acorn, a world renowned eCommerce company, has anchored the Half Mile North campus, and has expressed need for more space to expand in the development. Besides Blue Acorn are tenants such as SIB Development and Consulting, a fixed cost reduction firm, and Edmund's Oast, a brew pub founded by the owners of the Charleston Beer Exchange. The Half Mile North project gave its tenants the opportunity to create their own unique spaces to serve as what has become the center of the Charleston Digital Corridor. The repurposed architecture and sustainable practices utilized in the development of these spaces emulates the technology community, and is comparable to what The Sandbox development will look to accomplish.

The Half Mile North complex is located in the Upper Peninsula, north of The Sandbox development on Morrison Drive. The development is conveniently located a half mile north of the Ravenel Bridge, and is arguably one of the most easily accessible areas on the Charleston Peninsula. This region of Morrison Drive contains four lanes of traffic, bike lanes, and bus routes, and is nestled in between US Highway 17 and Interstate 26. The technology initiative led by the City of Charleston for the Morrison Drive corridor is driving developments such as these. Half Mile North has become a catalyst in the efforts to create a "Silicon Valley" style community on Charleston's Upper Peninsula, and sites such as Flagship 3 and The Sandbox will act as complements to the area.

Blue Acorn, the leading tenant in this development, is housed in a 12,000 square foot repurposed warehouse facility, and is currently expanding into a 6,000 square foot space in Phase 2 of the project. The facility opened in 2014 and includes open, collaborative work spaces along with private meeting space. The "urban technology campus" feel that The Half Mile North development has attained is directly comparable to what The Sandbox is looking to accomplish. Creating collaborative office space with modern amenities, close proximity to recreation and green space, and the flexibility for users to expand in the development are all goals that The Sandbox will aim to achieve in the development at 995 Morrison Drive.

Ponce City Market • Atlanta, GA

Ponce City Market is a great example of how a successful food hall can add value to a mixed-use project. The Central Food Hall provides Ponce City Market residents, workers, and visitors with an array of high-quality dining options and serves as a gathering place for the whole project. Including a food hall at 995 Morrison Drive will add similar value.

From 1926 to 1979 Ponce City Market in Atlanta included retail, warehouse, and office space as the South's train stop headquarters for Sears, Roebuck & Co. The historic building is located where the Beltline intersects with Ponce de Leon Avenue in the Old Fourth Ward neighborhood. The retail store closed in 1979, however, the building continued to operate as a regional office for Sears until 1987.

Today, Ponce City Market is owned by private-equity group Jamestown and is being redeveloped into a mixed-use project including retail, office, and apartments with the help of developer Green Street Properties. The Central Food Hall is located at the heart of the project and is becoming one of the most vibrant food halls and markets in the Southeast. There is 550,000 square feet of Class-A office space, 320,000 square feet of retail and restaurants, and 260 apartment units ranging from $1,471 per month for a 560 square-foot unit to $3,728 for a three-bedroom.

Nearly all of Ponce City Market's food stalls are open now, and they have attracted some of the most well-known chefs. James Beard Award-winning chefs like Anna Quatrano, Linton Hopkins, and Sean Brock are offering everything from "Georgia and Carolinas-caught seafood, to classic burgers, cold-pressed juice, and locally-made kimchee and Korean steamed buns." Similar to the legendary Chelsea Market in Manhattan, which is owned by the developers of Ponce City, the Central Food Hall is a culinary gathering place situated in a historic setting.