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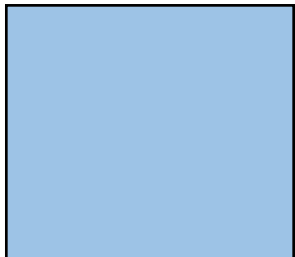
MorrisonGREEN

A MIXED-USE DEVELOPMENT OPPORTUNITY

Charleston • South Carolina

TABLE OF CONTENTS

I.	Introduction	3
II.	Site Analysis	5
	i. Site Overview	6
	ii. Surrounding Area	8
	iii. Physiographic and Biological Context	13
	iv. Land Use	17
	v. Regulatory and Cultural Context	25
III.	Market Analysis	34
	i. Charleston MSA	35
	ii. Office	64
	iii. Multifamily	79
	iv. Retail	96
	v. Hotel	111
IV.	Development Analysis	117
	i. Development Overview	118
	ii. Case Studies	119
	iii. Project Schedule	121
	iv. Site Plan	122
	v. Programming	123
	vi. Architectural Typologies	126
V.	Financial Analysis	130
	i. Financial Overview	131
	ii. Financial Schedules	133
VI.	Development Team	148



Introduction

INTENT

DJL Capital, LLC is pleased to present MorrisonGREEN to Clemson University's 2016 Master of Real Estate Development (MRED) Practicum competition.

On the pages that follow, a comprehensive development proposal is provided that is intended to create a vibrant, live / work / play community that cultivates high-tech business growth for the Charleston, SC region.

Thank you for your participation and support. We look forward to sharing this project with you.

Dennis Jordan

Lance Maxwell

Josh Mitchell

Disclaimer

It should be noted that this presentation is for academic purposes only. All research, images, and recommendations found within this have been assembled for an educational exercise. All assumptions are to be interpreted as speculation.

All informational sources are deemed reasonably reliable. Summaries of any documents are not intended to be comprehensive or all inclusive, but rather only outlines of some of the provisions contained therein.

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Historic Charleston, SC



One Cool Blow • Charleston's Upper Peninsula

Development Overview

MorrisonGREEN

Recognizing that the Upper Peninsula will accommodate a substantial amount of Charleston’s future population growth, Charleston County is seeking conceptual redevelopment plans for its site at 995 Morrison Drive.

DJL Capital, LLC is pleased to propose the following for the complete redevelopment of the site:

- 165,088 rentable square feet Class A office space
- 222 apartment units (*studio, 1BR, & 2BR*)
- 1,222 parking spaces
- 41,705 rentable square feet of rentable ground-floor retail space, and
- 154,640 SF of open green space

At completion, MorrisonGREEN will deliver a total of 372,033 square feet of newly constructed space that will focus on:

- Sustainability
- Transit Alternatives / “Smart” Growth
- High-tech Business Development, and
- The creation of a true live / work / play environment

Total development cost is projected to be \$100,806,355.



Master Plan



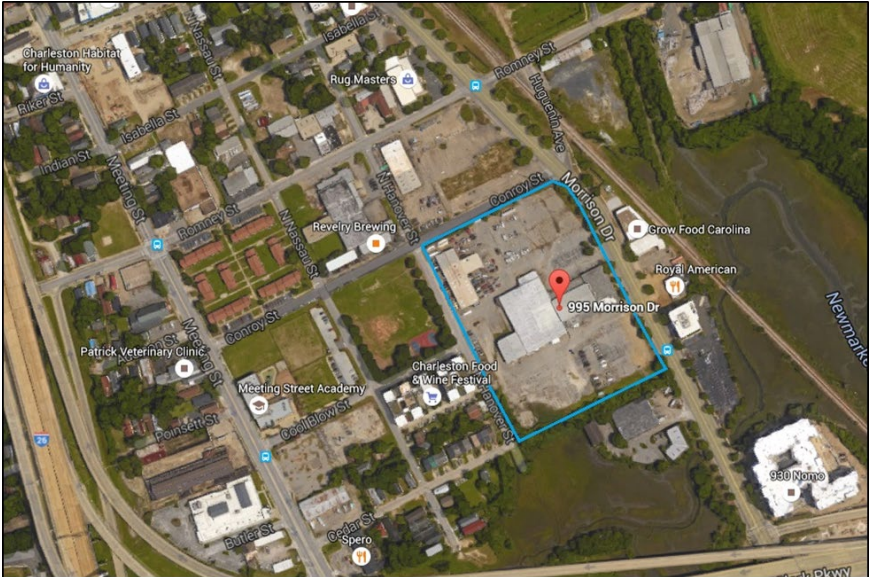
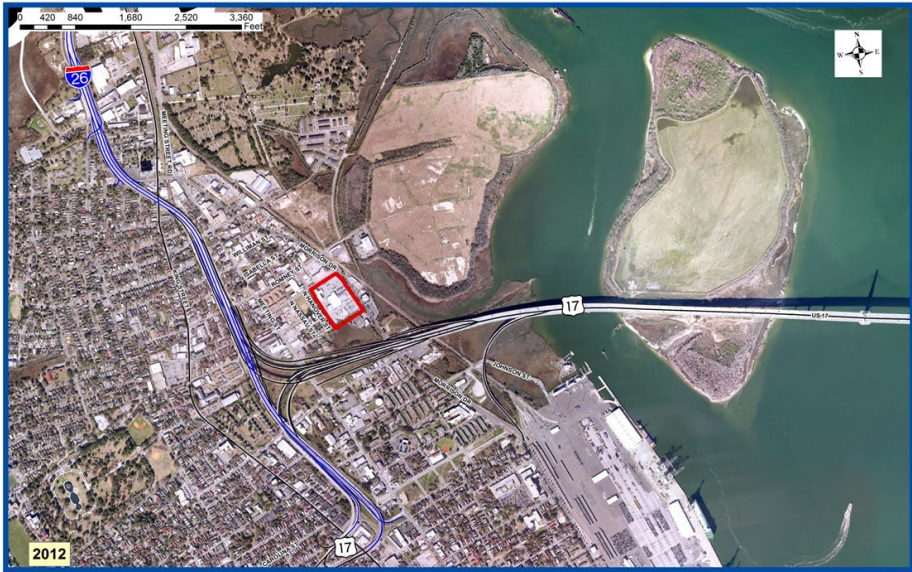
The Site • 995 Morrison Drive



SITE ANALYSIS

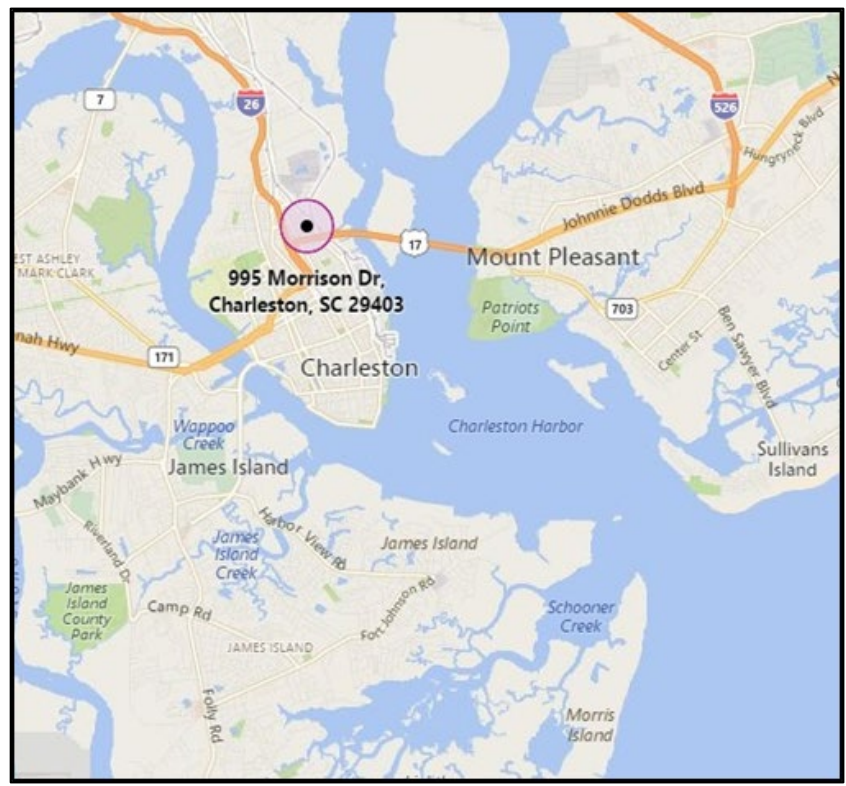
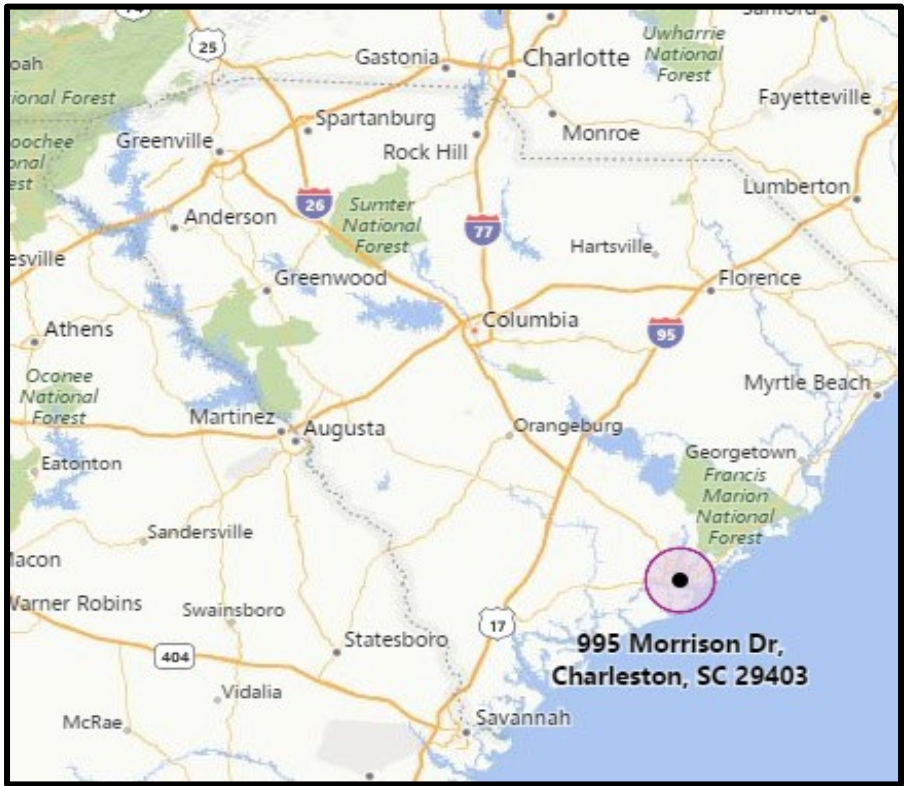
OVERVIEW

The subject site is located at 995 Morrison Drive on the Upper Peninsula of Charleston, SC. Because of its location, the site is in a prime position to take advantage of the next wave of up-and-coming development in downtown Charleston. Several names have been established for the area including the Creative Corridor, NoMo (*North Morrison*), the Charleston EcoDistrict, and the Gateway District. More recently, the neighborhood has been hailed as “the future high-tech hub of the Holy City” and “CharlestonUP”. The site is currently owned by Charleston County and is 7.96, or approximately 8 acres. Although owned by the County, the parcel does sit within city limits. The City of Charleston and Charleston County have been working collectively on redevelopment plans for the site for several years. Laurel Island, which lies east of the site, is 160 acres of high ground that the City of Charleston and Charleston County hope will also serve as a catalyst for future redevelopment of the area.



CITY

The City of Charleston is located on a peninsula created by the Ashley and Cooper Rivers which come together before entering the Atlantic Ocean. North Charleston blocks any expansion of the city and Charleston connects to Mt. Pleasant via the Arthur Ravenel Jr. Bridge, which is part of U.S. Highway 17 (U.S. 17) and runs adjacent to Morrison Drive.



Distance to surrounding City's	
Myrtle Beach, SC.....	98.5 Miles
Columbia, SC.....	114 Miles
Greenville, SC.....	213 Miles
Wilmington, NC.....	170 Miles
Charlotte, NC.....	209 Miles
Savannah, GA.....	106 Miles
Augusta, GA.....	169 Miles
Atlanta, GA.....	307 Miles

Surrounding Area

ENVIRONS NORTH

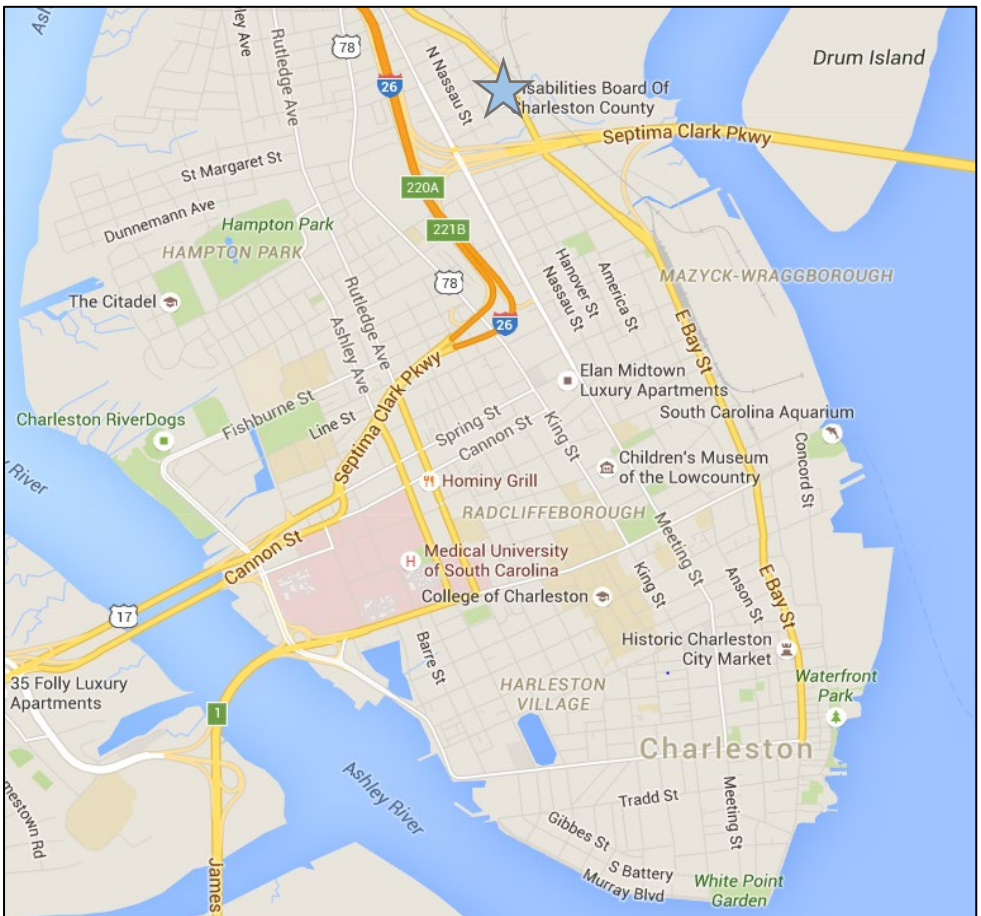
North of the subject property, just past the Charleston City Paper office, is “Half Mile North”. The project exemplifies the kind of mixed-use office development that might become more common on the Upper Peninsula. Developer Michael Woody of Raven Cliff Company was initially drawn to the site due to its lower price-point and easy access to Interstate 26 (I-26) and U.S. 17, Charleston’s main thoroughfares. Several warehouses have been redeveloped into trendy tech space for companies such as Blue Acorn and SIB Development & Consulting. Restaurants in this area include Lewis Barbecue, Martha Lou’s Kitchen, Edmund’s Oast, Tattooed Moose, Santi’s, and Rutledge Cab Co.

Located in Downtown Charleston, the Flagship buildings are Charleston’s premier business incubators for tech and tech-related businesses. The Flagship program offers enterprise-class business spaces at cost-effective rates and flexible terms ideally suited for start-up stage companies. The Flagship program also supports the visual arts community through the Flagship Gallery - a venue for Charleston’s up-and-coming contemporary artists. To date there are two Flagship locations in Charleston. The City purchased 999 Morison Drive for almost \$1.8M in 2013 to build Flagship 3. The Flagship 3 site is across the street from the subject property. The first phase will consist of 40,000 SF on four floors, while the second phase will add another 60,000 SF building. The building is scheduled to open in the Spring of 2017.



ENVIRONS SOUTH

A 430-bed student apartment project, called 930 NoMo, lies immediately south of the site on Morrison Drive. Even further south of the property are an abundance of newly opened restaurants as well as several schools such as The Citadel, College of Charleston, and the Medical University of South Carolina. The port of Charleston maintains several facilities on the eastern side of the peninsula. Lower King Street is considered to be the heart of Downtown Charleston and is rich with historic architecture, churches, restaurants, boutique hotels, coffee shops, bars, restaurants, and national retailers such as, H&M, Quicksilver, Lululemon, J. Crew, Anthropologie, and Banana Republic. At the end of King Street is an area called "The Battery" which features an abundance of historic homes and a public park known as White Point Gardens.



ENVIRONS EAST

To the immediate east of the property is Lee & Associates (commercial brokerage), The Royal American (restaurant), a railroad, and GrowFood Carolina. GrowFood Carolina is South Carolina's first local food hub that works with local farmers. The company is a subsidiary of the Coastal Conservation League whose mission is to protect the state's natural resources. To the east, across the Cooper River, are Mount Pleasant, Sullivan's Island, and Isle of Palms. Mount Pleasant is the fourth largest municipality in South Carolina and is one of the highest income areas in Charleston, SC. Several high-end grocers, a movie theater, and a bowling alley are located in Mount Pleasant just across the bridge from the subject site. Sullivan's Island and Isle of Palms are popular beach destinations and tourist attractions.



Surrounding Area

ENVIRONS WEST

Immediately west of the site is a small public park, a brewery, a CrossFit Gym, and One Cool Blow Condominiums. Meeting Street Academy is expanding at its location along Meeting Street. Crossing under I-26 there is a Food Lion, a CVS, several restaurants, and numerous homes that have recently been renovated. The area features several parks and is home to the Charleston River Dogs minor league baseball team. Leaving the peninsula and crossing over the Ashley River is a Charleston suburb known as West Ashley.

A:
 Revelry Brewing
 Crossfit Gym
 Charleston Food & Wine Festival
 Cool Blow Appartments
 A Public Park
 Spero Restaraunt
 Chick's Fry House Restaraunt
 The Park Cafe
 Moes Crosstown Tavern
 Palace Appartments
 Charleston Charter School
 Food Lion
 CVS
 John L. Dart Library
 Great Wall Hibachi
 Many recently renovated homes

B:
 The Citadel
 Lowndes Grove Plantation
 Hampton Park
 Charleston RiverDogs Stadium
 Harmon Field
 Holiday Inn Express
 Johnson Hagood Memorial Stadium
 Burke High School
 Many recently renovated homes

ADJACENT DEVELOPMENTS

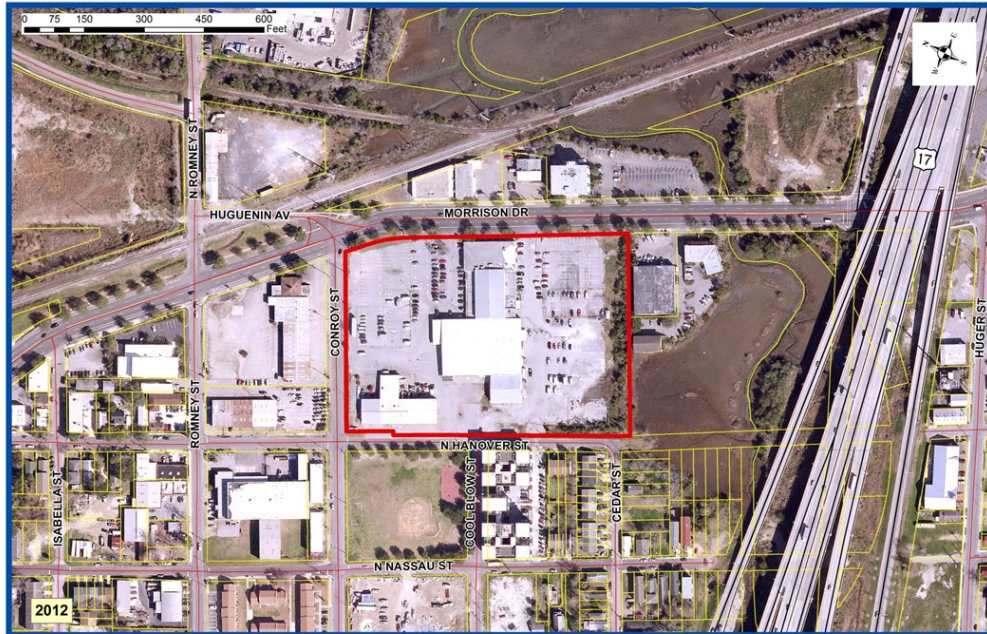
The Upper Peninsula is the next major redevelopment corridor in the Charleston market. Across the street on the rear of the site from Morrison Drive is a condominium development known as One Cool Blow. The street adjacent to One Cool Blow is Cool Blow Street, which currently ends right in the middle of the subject site. The City expects Cool Blow Street to be extended through the site, preferably to Morrison Drive. Across the street and to the east of the site is a new student housing complex called 930 NoMo. Adjacent to the site on Morrison Drive is The Royal American restaurant. There are also numerous other restaurants and bars that have recently moved into the area. In between 930 NoMo and The Royal American sits a refurbished office building with surface-lot parking. Next to the Royal American lies another County-owned site that serves as a recycling center. Located diagonally from the site sits Revelry Brewing. Directly across from the site lies a City-owned site for the planned Flagship III business incubator, as well as a public park. The pieces for a full and vibrant neighborhood can already be seen within the surrounding area of the subject site.



PHYSIOGRAPHIC CONTEXT

Parcel Size and Shape

The parcel is comprised of approximately 8 acres fronting Morrison Drive and is clearly visible when entering the Upper Peninsula from US-17 via the Ravenel Bridge. The subject site's square shape gives it the potential for many design opportunities.



Boundaries

The parcel is bounded on three sides by roads: Morrison Drive, Conroy Street, and N Hanover Street. The remaining side to the south is bounded by marsh land.

Topography

The property has a flat topography with a slight grade towards the southwest. This does not present any obvious challenges that would encumber future project design.

Physiographic and Biological Context

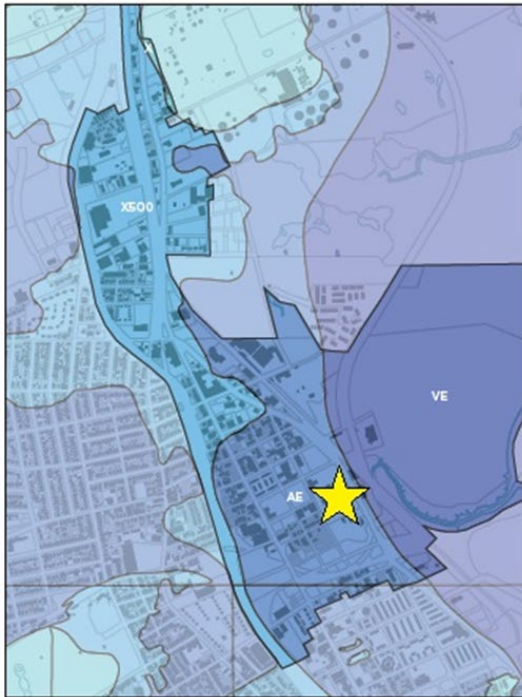
PHYSIOGRAPHIC CONTEXT

Natural Hazards

The primary natural hazard for the subject site is flooding due it's proximity to large water bodies and wetlands.

Flood Zone

The subject site is located in flood zone AE which is in the 100-year flood zone (1% annual chance) and considered a "high-risk" area. FEMA requires that permits are obtained prior to construction in a flood zone. The exact flood zone is AE 13 + 1' freeboard and ground elevation 7. It is noted it would be preferred to flood proof the ground level instead of raising the elevation. Unless parking can be incorporated on the ground floor, it will need to be flood proofed which will add to overall construction costs. Good stormwater management will be important for this location.



FLOOD ZONES

FLOOD ZONES

Within AE flood zones, buildings are required to either elevate their ground levels or floodproof the buildings. Higher insurance rates accompany buildings in the AE zone. Within V zones, buildings must be raised above the flood elevation. In X zones, buildings need not be elevated or carry additional flood insurances.

HEIGHTS

The majority of the study area is currently zoned below 55', although many "spot zoned" areas of additional height exist, and testify to the demand for higher buildings in this area.

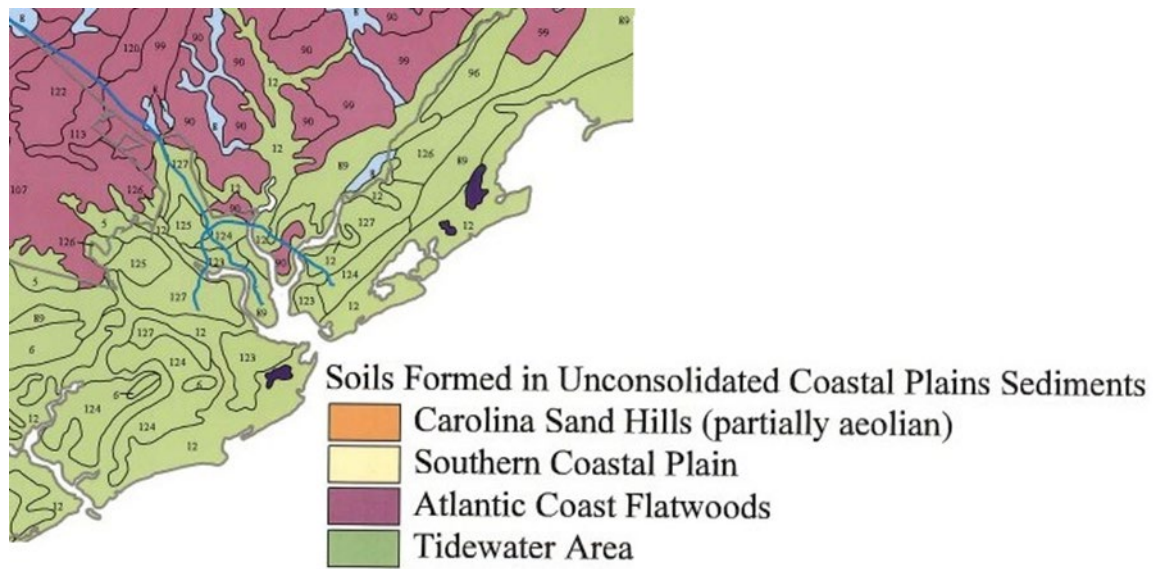
PUBLIC SPACE

Very few park spaces exist here. The central green space shown on this map is in fact in private land ownership and should be preserved for public use through public-private coordination.

PHYSIOGRAPHIC CONTEXT

Soils

Soils on the peninsula are quite frequently noted to be soft, which is the assumed condition for the current site due to its location adjacent to a marsh and its proximity to the waterfront. Suitable fill material may be needed to stabilize the ground. A geotechnical engineer will need to be consulted to determine soil load bearing capacity as the current land owner has no geotechnical reports to analyze.



Sun Angles

The sun rises southeast of the site and sets in the west depending upon the season.

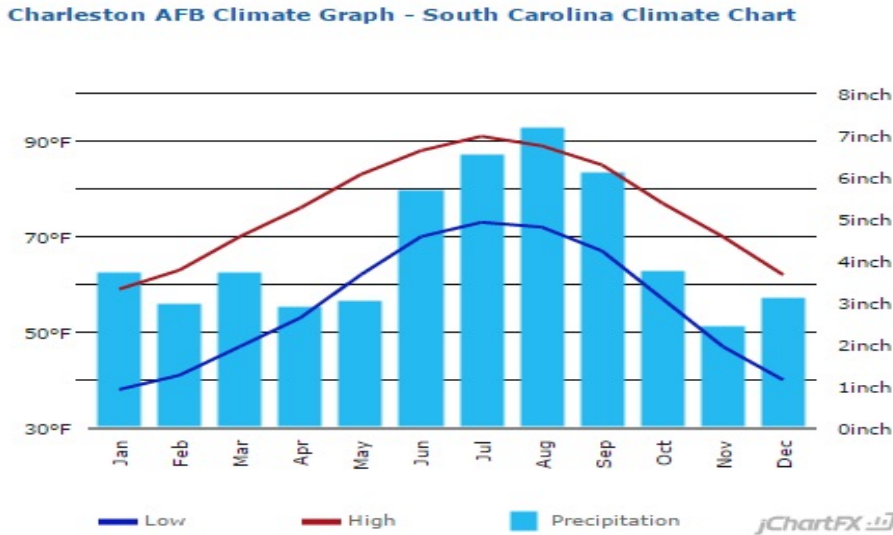
Noise

A train passes near the site roughly two to three times a day with the passage taking nearly 20-30 minutes.

PHYSIOGRAPHIC CONTEXT

Climate

According to U.S. Climate Data, the average temperature for Charleston is 65.85 degrees Fahrenheit. There are an average of 119 days of rainfall per year with 2,993 annual hours of sunshine. Snowfall is extremely rare in the Charleston area.



BIOLOGICAL CONTEXT

Trees

There are approximately ten trees which line Morrison Drive that appear to be in good condition and have the potential to offer a nice street appeal.

Wetlands

A marsh sits to the left of the site when facing the parcel from Morrison Drive. As mentioned previously, the marsh line serves as one of the boundaries to the site.

SITE HISTORY AND IMPROVEMENTS

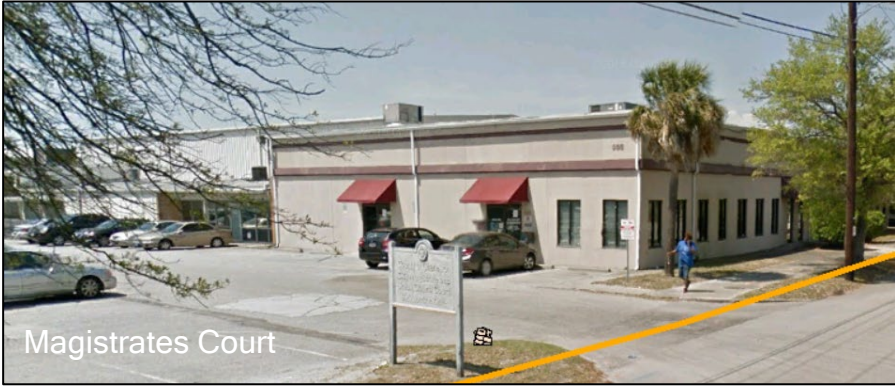
Previous Owners

	<u>Year Purchased</u>	<u>Indicated Purchase Price</u>
Stevenson, Zimmerman & Co.	1965	
Paul Motor Company, Inc.	1965	\$ 140,000
River Road Company	1978	
995 Morrison Drive Associates	1990	\$ 925,000
County of Charleston	1996	\$1,450,000

Previous owners indicate site was used for industrial and business purposes.

Land Improvements

Two structures currently exist on the site with the rest of the parcel being comprised of surface parking except for some grass and trees that form the boundaries. One structure houses a Magistrate Court and other office space, while the second structure is a facilities warehouse. The total square footage of the combined buildings is 80,884 square feet. They were originally built in 1966 and were renovated in 1998.



Magistrates Court

SITE HISTORY AND IMPROVEMENTS

Current Tenants

	<u>SF</u>
Disabilities Board	34,230
Facilities Warehouse	16,330
Out Building	14,211
Unoccupied	12,010
Small Claims and Magistrates Court	<u>4,103</u>
<i>Total</i>	<i>80,884</i>

The County and City require the Small Claims and Magistrate Court to either remain on the site or be relocated to another parcel within their judicial area.

Environmental

There are a total of seven underground storage tanks (UST's) related to the subject site. Three of the tanks have been removed, while the other four have been filled with sand. There are also eight other tanks along Morrison Drive. Although the UST's are noted, they appear not to present an environmental issue or liability to the site.

Property Taxes

The current structures on the site do not contain any taxable value. The most recent assessed value for the property is approximately \$9.3 million. Taxes due last year were roughly \$7,400, but it appears that was based on a prior assessed value of \$1.5 million.

Surveys

There are currently no ALTA surveys available for the site.

Land Use

INFRASTRUCTURE

Utilities

Water and sewer are serviced by Charleston Water. Electricity is serviced by SCE&G. Powerlines surround the property except for a small section on N Hanover Street. Stormwater is regulated by the City of Charleston, although development projects also require approval from OCRM-SCDHEC.

Both fire hydrants on Morrison Drive have a static pressure of 40 and a residual of 30 - with a flow of 1,424 GPM. On the northwest corner of the property at the intersection of Hanover and Conroy Streets there is a hydrant that was tested in 2013 and it only had a flow of 950 GPM.

Sewer Capacity: Conroy Street: 12' main, Morrison Dr: 18' sewer main, Hanover no sewer main.

Water Capacity: Morrison Drive: 8' main, Cool Blow: 6' main, Hanover: 6' main



Land Use

INFRASTRUCTURE

Public Transportation

Public transportation around the site will need to be explored as there are currently no options immediately available next to the site. CARTA Route 11 is the closest bus stop. A new CARTA intermodal bus stop in the area serves as a possibility.

CARTA Route 11, 10, 2, 40, and 41 all bypass the subject site.

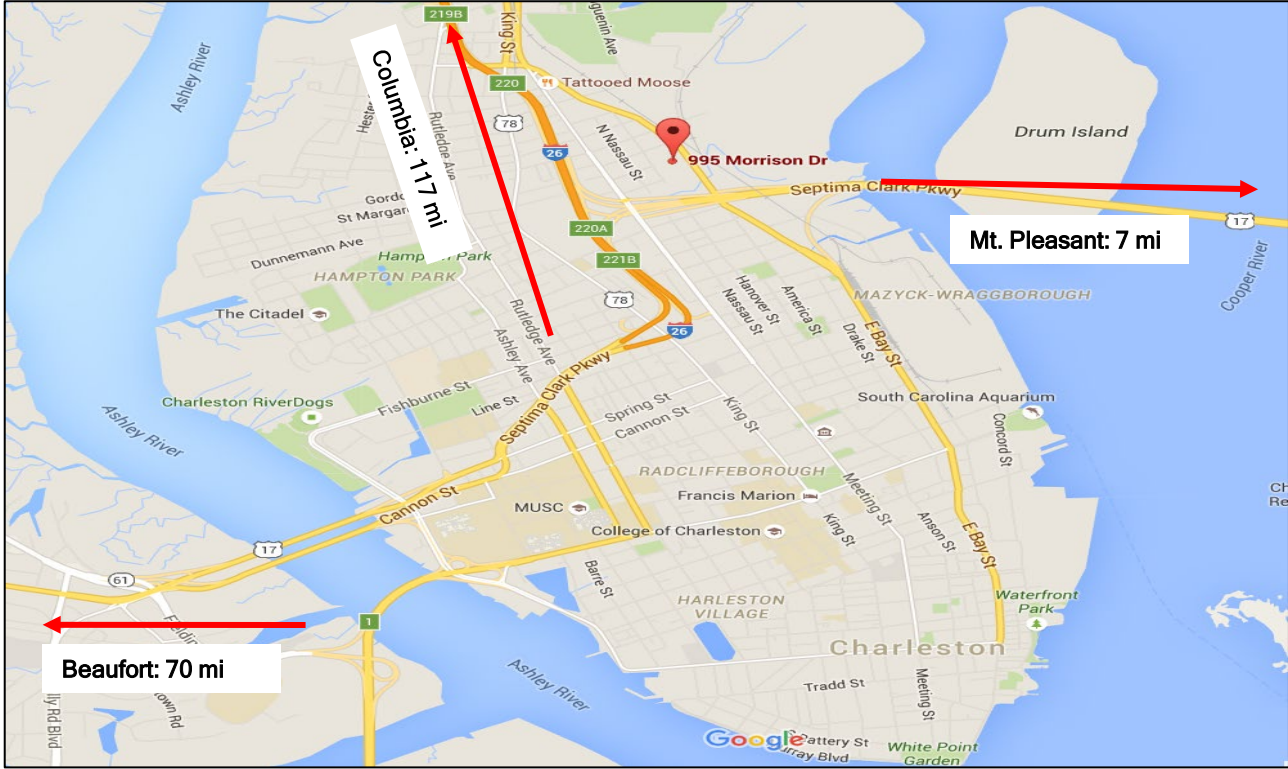


Sources: Charleston Area Regional Transport Authority (CARTA)

INFRASTRUCTURE

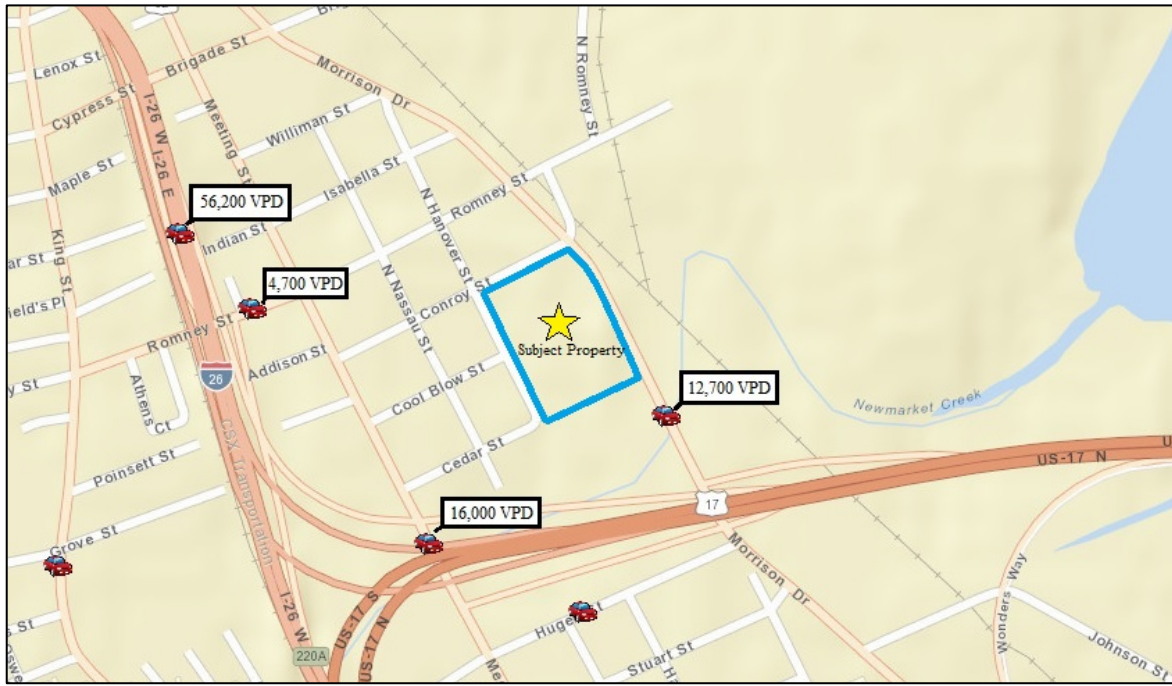
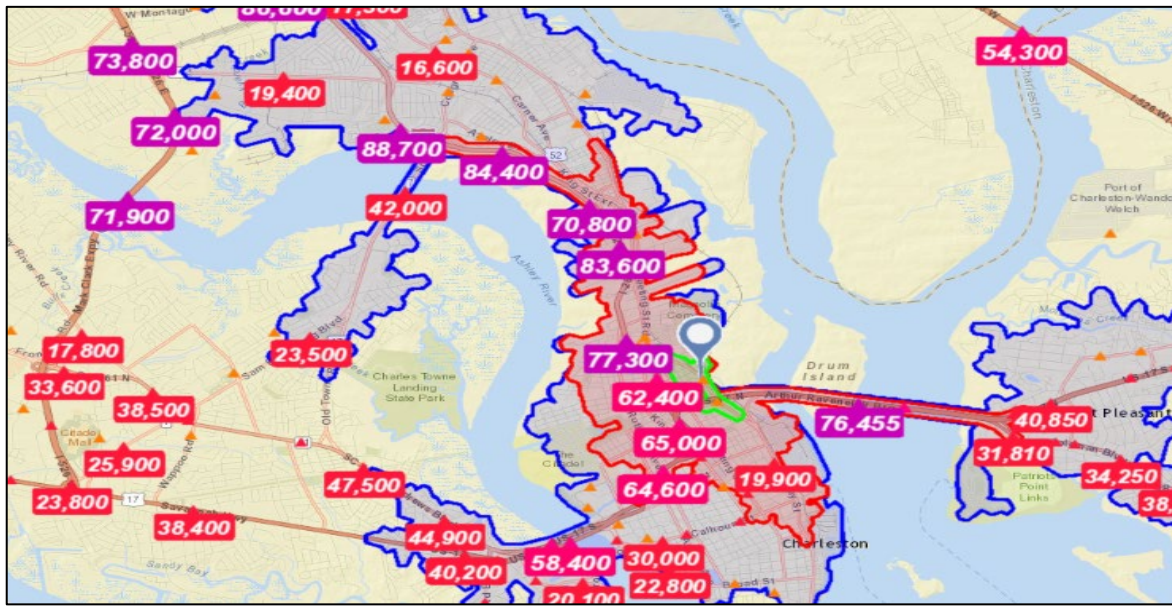
Circulation and Access

Our site is located just 0.9 miles from the I-26 ramp, which allows incoming and outgoing traffic from Greenville and Columbia. Interstate 26 acts as the true 'spine' of the Neck Area connecting Charleston to North Charleston, as well as to Interstate (I-95). US-17 has an exit next to the site, which allows traffic on the peninsula from Mt. Pleasant and to Myrtle Beach over the Ravenel Bridge to the east over the Cooper River or to Beaufort to the west over the Ashley River. The heart of King Street is approximately 1.5 miles from the site, as well as the Port of Charleston. White Point Garden is approximately three (3) miles from the site. After slightly crossing US-17 westward to the south of Charleston, Morrison Dr. turns into East Bay St. which runs all the way to the southern point of Charleston. The subject site may also be accessed by Meeting Street which intersects with Conroy Street and Cool Blow Street. The Charleston International Airport is located 10 miles from the site in North Charleston.



INFRASTRUCTURE

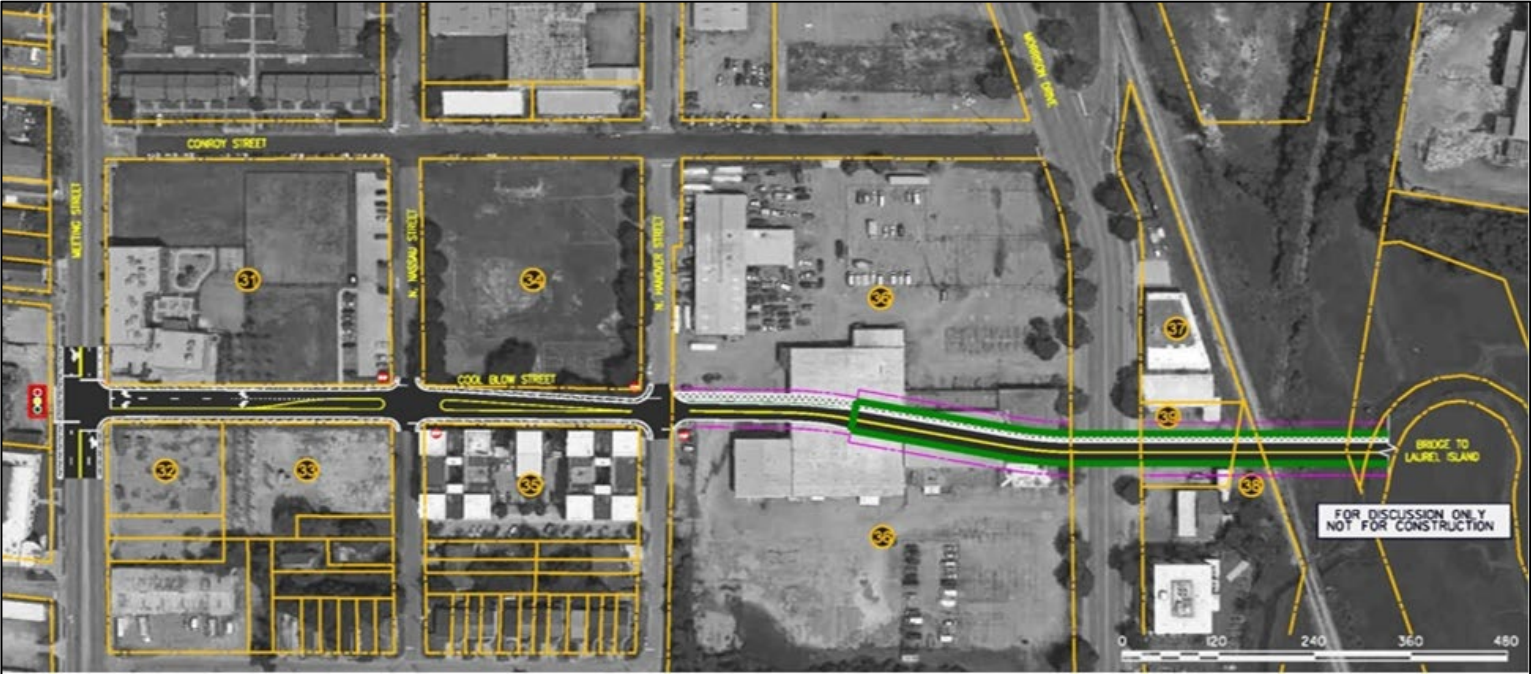
Traffic Counts



INFRASTRUCTURE

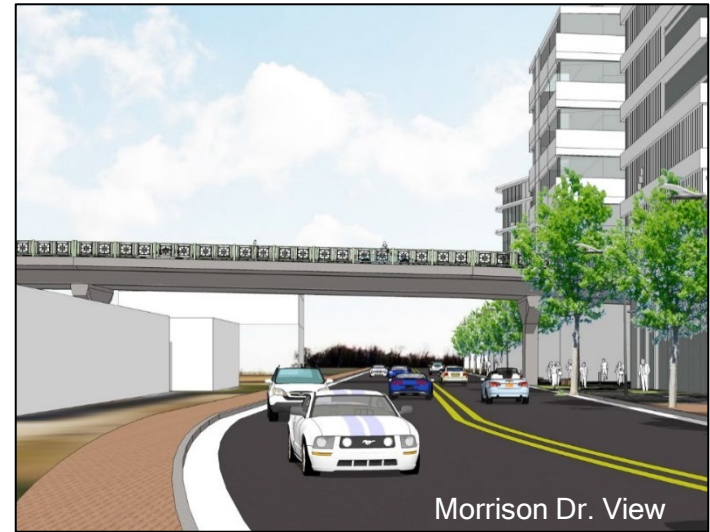
Laurel Island Bridge

A bridge providing access to Laurel Island has been proposed by Robert Clement with CC&T Real Estate Services. The plan calls for the bridge to bisect the middle of the subject site, with the ramp beginning approximately in the middle of the site. The bridge itself will have a pedestrian walkway on the side. The total right of way for the bridge is 50'.



INFRASTRUCTURE

Laurel Island Bridge



Regulatory and Cultural Context

ZONING

The site lies within the GB (General Business) District, but also falls within the TC (Tech Corridor) Overlay Zone. The parcel could also be rezoned as a PDD (Planned Development District) to allow for a mix of uses and greater design flexibility. A rough draft has already been established by the City of Charleston and Charleston County. There is also an incentive point system in the Upper Peninsula (UP) District which can be used as a guideline to increase density on the site if it is rezoned as a PDD. However, it should be noted that the subject site is not part of such a district at this time.

General Business District

The parcel is currently zoned as in the GB (General Business) District. GB is intended to provide for a broad range of commercial uses and activities. It is the most intensive commercial zoning district. Prohibited uses include junk and salvage yards, storage yards (except for vehicles and boats), and warehouses including self-storage mini-warehouses. Automotive repair shops, veterinary clinics, and stables are permitted only as special exceptions subject to the approval of the Board of Zoning Appeals. The height limited related to the GB district is 55 feet or 4 stories.

TC Overlay

The TC Overlay Zone is intended to enable high technology and technology-related industries to anchor new development in the district. The TC Overlay allows a density of 26.4 units per acre and a building height of up to 85 feet. It also limits residential and retail use to 25,000 SF per parcel in which otherwise it requires Special Exception Approval from the Board of Zoning Appeals.

Upper Peninsula District

The purpose of the UP District is to preserve the character and quality of the existing residential neighborhoods and to accommodate responsible growth and redevelopment through the use of incentives designed to promote and protect the built and natural environments. Height and density bonuses are available to owners who achieve a predetermined sum of incentive point options. The most recent published bonuses are shown below.

Building Height	Density	Points Required
four (4) stories	26.4 dwelling units per highland acre	zero (0) points
five (5) stories	not regulated	five (5) points
six (6) stories	not regulated	six (6) points
seven (7) stories	not regulated	seven (7) points
eight (8) stories	not regulated	eight (8) points
nine (9) stories	not regulated	nine (9) points
ten (10) stories	not regulated	ten (10) points
eleven (11) stories	not regulated	eleven (11) points
twelve (12) stories	not regulated	twelve (12) or more points

Regulatory and Cultural Context

ZONING

Upper Peninsula District Bonus Points

The points to achieve the density and height bonuses can be obtained through a list of the following:

	Incentive Options	Description	Point Value	Maximum Allowable Points
1	Stormwater Management	Decrease Stormwater Runoff and Impervious Surfaces	2	2
2	Vegetated Green Roof	Vegetated Green Roof (greater of, 700 ft ² or 30%)	1	2
		Vegetated Green Roof (greater of, 1,500 ft ² or 60%)	2	
3	Building Certification Programs	LEED Silver	2	8
		LEED Gold or Charleston RISES	6	
		LEED Platinum	8	
4	Mobility and Transportation	Alternative Transportation	1	1
		Exceptional Bicycle Parking and Facilities	1	1
		Contribute to Mobility Improvement Fund	varies	varies
5	Renewable Energy	Renewable Energy (5 kW System)	1	2
		Renewable Energy (12 kW System)	2	
6	Outdoor Public Space	Quality Outdoor Public Space (2,500 - 5,000 ft ²)	1-2	4
		Quality Outdoor Public Space (5,000 ft ² – 20,000 ft ²)	2-3	
		Quality Outdoor Public Space (20,000 ft ² or more)	3-4	
7	Workforce Housing	Workforce Housing 60% AMI (greater of, 10 units or 5%)	2	9
		Workforce Housing 80%, 120% AMI (greater of, 15 units or 10%)	3	
		Workforce Housing 80%, 120% AMI (greater of, 25 units or 15%)	4	
TOTAL AVAILABLE POINTS				29

It is noted there are still changes being made to the UP District ordinance. Most recently, the height limit has been capped at a maximum of 12 stories. Also an active first floor is now required, as well as Architectural Review Board approval of the design.

As stated previously, these incentives will most likely only be allowed to be taken advantage of if utilized as part of a PDD rezoning effort. The PDD may however have its on maximum height limits which would reduce the allowable height based on the incentives within the UP district.

ZONING

Charleston County’s Planned Development Draft

A Planned Development District (PDD) would allow for a mixture of uses and greater design flexibility. It is the preferred method of development for the site according to Charleston County. A short summary of some of the key elements of the proposed PDD by the County of Charleston is below:

Rooftop and Ground Floor Uses

Rooftop uses are allowed as long as they are not residential or office, and must be open air. All buildings having frontage on a primary street shall have an active use on the ground floor on at least 60% of the frontage, while the other 40% may be devoted to residential use.

Density and Height

The base density will remain at 26.4 units per acre. The height will be a minimum of 2 stories with a maximum of 10 stories, which is below the current UP district bonus allowance.

Bicycle Parking

Multifamily developments in excess of 10 units shall provide enough secure bicycle parking to accommodate 10% of the units at one space per unit. Commercial developments and redevelopments of 6,000 SF or more shall provide bicycle parking based on the following:

Required Minimum Bicycle Parking Spaces

0 - 6,000 SF:	1
6,0001 - 10,000 SF:	2
10,000 + SF:	1 per each additional 10,000 SF

Outdoor Public Space

A minimum of 2,500 SF of quality outdoor public space is required per each parcel of land.

Workforce Housing

A total of 15% of the residential housing units must be workforce housing as defined by HUD. The three thresholds allowed are 60%, 80%, and 120% of adjusted gross income. Also, 25% of the total number of workforce housing units must contain more than one bedroom.

Regulatory and Cultural Context

POTENTIAL TAX CREDITS

New Markets Tax Credits (NMTC)

Encourage private investors to lend money to smaller projects in low-income areas through Community Development Entities (CDEs) in exchange for tax credits.

Brownfields Voluntary Cleanup Credit

If property is in a Brownfield, this covers up to 50% of cleanup expenses. Can't exceed \$50,000 per tax year. Unused credit up to \$100,000 can be carried forward 5 years. 10% of total cleanup costs, not exceeding \$50,000, is allowed in final year of cleanup.

Low Income Housing Tax Credits (LIHTC)

Claimed pro rata over 10 years, the tax credit can be used to construct new or renovate existing rental buildings. The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project. The 30 percent subsidy, which is known as the so-called automatic 4 percent tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings. The 70 percent subsidy, or 9 percent tax credit, supports new construction without any additional federal subsidies.

Credit for Infrastructure Construction

Credit for up to \$40,000 per project for constructing infrastructure.

Solar Investment Tax Credit ("SITC")

A 30 percent federal tax credit for solar systems on residential (under Section 25D) and commercial (under section 48) properties that, under current law, remains in effect through December 31, 2016. After this date the commercial credit (under section 48) will drop to 10 percent and the residential credit (under Section 25D) will drop to zero. The Section 48 commercial ITC is used for utility-scale, commercial and residential sized projects. The company that installs, develops or finances the project uses the credit. The Section 25D residential ITC is used for residential sized projects, and the homeowner applies the credit to his/her income taxes. This credit is used when homeowners purchase solar systems outright and have them installed on their homes.

COMPREHENSIVE AND AREA MASTER PLANS

City of Charleston Neck Plan 2003

The purpose of the 2003 Neck Plan was to provide a framework for physical development in the Charleston Neck Area which covers 5.94 square miles, or 3,795 acres. Areas towards the southeast side of the Neck Area were designed and proposed as a rezoning to be mixed-use areas and where the bulk of the Neck area redevelopment would take place. The buildings would typically be at least two stories tall and include ground floor retail with office or apartments on upper floors. The plan also placed an emphasis on park space.

Master Plan for the Neck Area of Charleston and North Charleston

This plan labeled the South of Mount Pleasant Street district of the Neck Area as a catalyst since it is a community gateway. It called for the area to take advantage of the established marketing network of the Charleston Digital Corridor to promote and develop opportunities along both Meeting Street and Morrison Drive. Building sizes in the southern portion, where 995 Morrison Drive is located, are imagined to be similar in scale to Cool Blow with one or two landmark buildings at seven to nine stories to take advantage of the views of Ashley and Cooper Rivers and serve as an entrance to Charleston. New transit stops for a future Bus Rapid (BRT) or Light Rail Transit (LRT) system are planned for the intersection of Meeting St. with Brigade St. and Romney St. The Concept Plan for the South of Mount Pleasant Street corridor indicates approximately 850 residential dwelling units and 1 million square feet of non-residential uses. Objectives are to promote a technology corridor, create open space to serve emerging mixed-use, increase pedestrian and bicycle mobility through sidewalk improvements and bike lanes, and create a gateway element along Morrison Drive to identify the area and act as an entry feature for I-26 traffic accessing the downtown cruise ship terminal.

Comprehensive Plans - County (2008), City (2013)

Both comprehensive plans provide for the Neck Area as a future growth corridor. The area plans incorporate the comprehensive plans, but also give more specific detail on design and zoning.

COMPREHENSIVE AND AREA MASTER PLANS

City of Charleston Upper Peninsula Planning Study (2014)

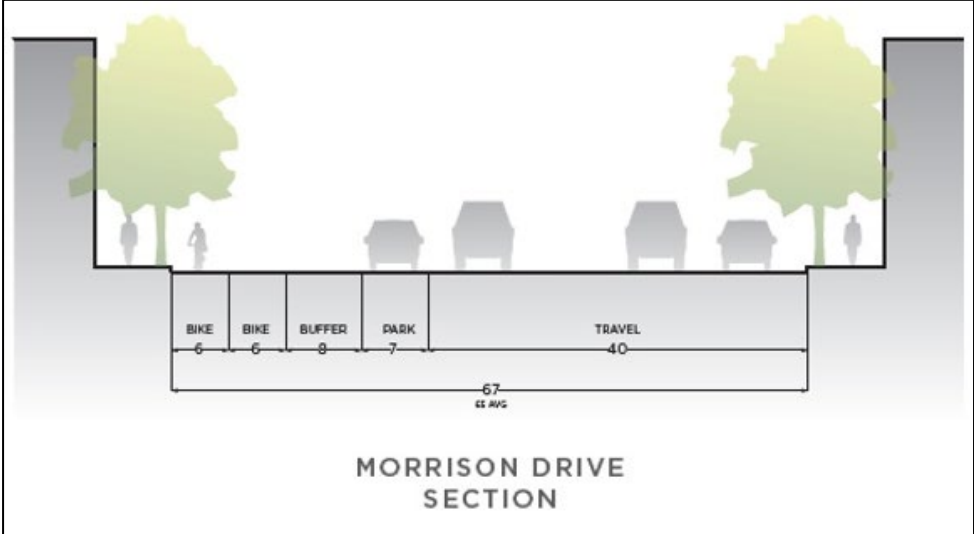
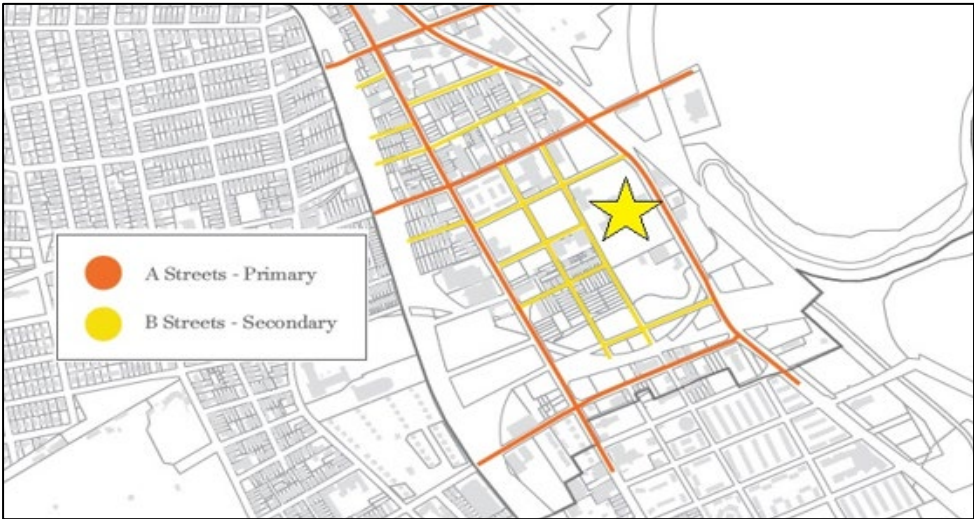
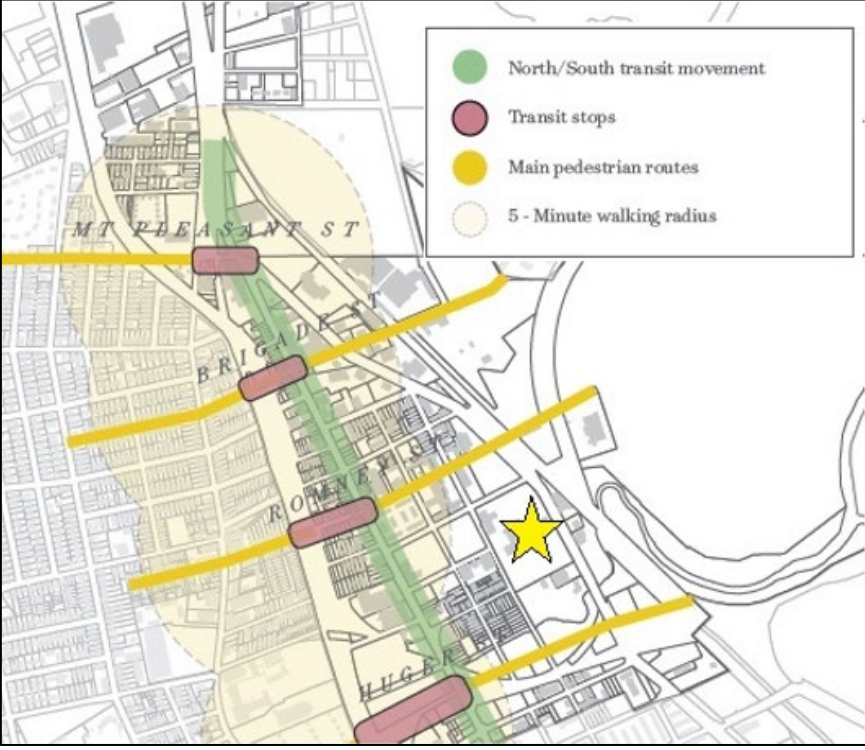
The recent City of Charleston Upper Peninsula Planning Study was conducted to determine how to reposition the Upper Peninsula. Among the design proposals, with one including the extension of Cool Blow Street, was a parking garage to be located on the property and a second garage on the property adjacent to the site.



COMPREHENSIVE AND AREA MASTER PLANS

City of Charleston Upper Peninsula Planning Study (2014)

Suggestions were also made regarding transit stops nearby, as well as street landscaping and bike lanes.



Sources: Charleston UP Planning Study

CULTURE

The Upper Peninsula of Charleston has historically been an industrial area. However, the area has recently added several technology companies (such as Blue Acorn) that have moved into renovated warehouses. The arrival of new companies has triggered various restaurants and bars to follow suit. The area is taking on a unique 'hip' feel while staying within its industrial roots. The area's employment base supports a strong (and growing) technology center.



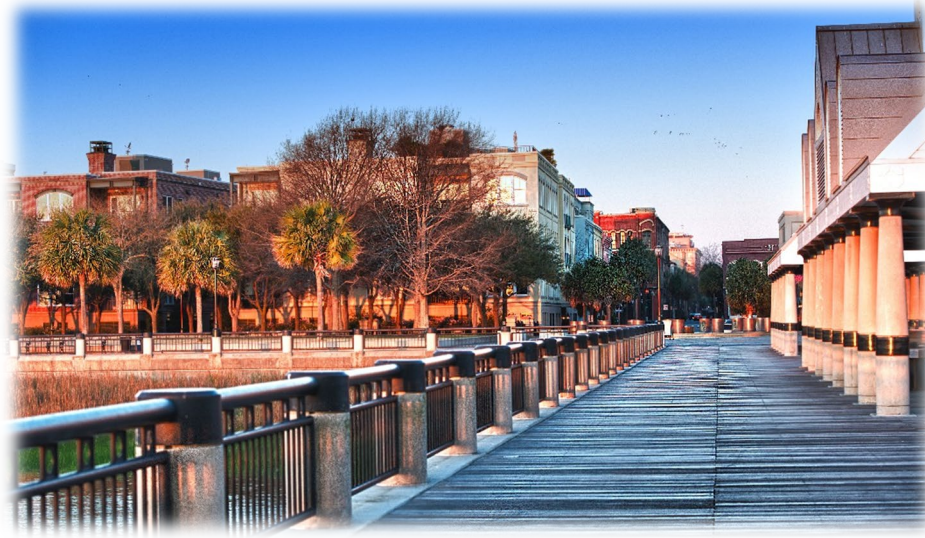
CONSTRAINTS AND OPPORTUNITIES

Constraints

The pedestrian atmosphere along Morrison Drive is a concern. There needs to be more open space or natural features between the street and the sidewalk. Most of the sidewalks surrounding the site need improvements as well. Due to the size of the site, pedestrian connectivity can also become an issue if not designed adequately. However, the extension of Cool Blow Street through the site could solve this concern. On the other hand it could also make the site too divided which would pose difficulties when trying to form a central area on the site. Potentially increased traffic related to US-17 may also become a concern, especially at peak times. The same should be mentioned for traffic entering the rear of the site from Meeting Street. Public transportation seems to be lacking in the area. As with any development with a large scale of density, parking may become an issue. Relocating the Magistrates Court may serve as a constraint, but the buildings will most likely need to be demolished given their poor condition. The flood zone may prove to be an issue as ground floor protection will most likely be required.

Opportunities

The growth for the area is at its prime. The site can serve as a major catalyst for redevelopment in the Upper Peninsula and the start of a major technology corridor. Lifestyle amenities seem to already be joining in on the growth. The site offers great transportation access for workers commuting into Charleston and the size of the parcel allows for the creation of a large scale development with pedestrian walkability, especially if a PDD is established. The design opportunities are limitless. Environmentally, the site is very healthy and seems to be development ready outside of some demolition. The fact that the site will serve as a gateway into Charleston almost sells itself.



MARKET ANALYSIS

OVERVIEW

Comprised of three counties- Berkeley, Charleston, and Dorchester- the Charleston region is a highly diverse market which is strategically located on the Atlantic coast half-way between New York and Miami. The region, which covers more than 3,100 square miles, combines a thriving economy, rich history, and breathtaking environment to offer an outstanding business climate and a quality of life that is second to none.

The Charleston region is the home, workplace, and inspiration to more than 700,000 voices, passions, and ideas. Residents enjoy a lifestyle that offers the perfect balance between work and play. The area's warm climate, diverse culture, international cuisine, and attractive cost of living make the region a globally competitive hub for business, entrepreneurs, and talent.

The Charleston metro economy has transformed over the past decade from a service-based economy to STEM-based thanks to Boeing, Mercedes, Google, Volvo, and many others. This emergence was evidenced by the Advanced Industries Study by Brookings Advanced Industries 2016 release that ranked the region's economy number 18 in the United States (U.S.) among the country's top 100 metros. With a plentiful supply of skilled workers, access to the global marketplace through its logistics and transportation system and a diverse portfolio of location opportunities, the Charleston region offers a winning combination for business.

Charleston Harbor will soon be the deepest port on the East Coast of the U.S in an effort to meet additional demand from Post Panamax ships. There is no question the Charleston metro is a profoundly different place than it was 25 years ago when the economy was centered on the nation's third largest Navy Base. There is also no doubt the region will be profoundly different a decade from now when Boeing, Volvo, and Mercedes are all fully operational with their supply chains in place with the area's airport and port offering thriving logistics and transportation options to reach the global supply chain.

Charleston has earned its place on the global map as a visitor destination and now it is also recognized as a global business destination.



RECENT AWARDS AND ACCOLADES



Charleston Named Best City in North America by Travel + Leisure

newgeography



Charleston Ranked best Cities for Jobs 2014



Charleston #1 Travel Destination in the U.S. (for 5th consecutive year)



Charleston ranked #7 for Where the Jobs Will be in 2015



Charleston ranked #19 'Best Place to Live'



South Carolina #2 Best Business Climate in the Country



#8 large sized U.S. Metro for Economic Development and Job Growth

CHARLESTON ANNUAL EVENT CALENDAR



Cooper River Bridge Run
April



Charleston Wine + Food
March



Blessing of the Fleet and
Seafood Festival
April



Volvo Car Open
April



Spoletto Festival USA
May - June



Southeastern Wildlife
Exposition
February

ECONOMIC DRIVERS

During the past two decades, the economy of the Charleston region has undergone a significant shift from a military / defense-dependent economy to one that is now more diversified than ever. In more recent years, significant economic diversification has fueled the region’s emergence as a world-recognized destination for manufacturing, innovation, and research which is now paralleling Charleston’s national and international reputation as a top travel, tourism, and food mecca. The continued recognition of the region as both a top business and visitor destination attest to the economic vitality of the area and its thriving economic base.

The Charleston regional economy continues to outperform the state and the nation due in part to the following economic drivers:

The Creative Sector

Charleston’s innovative, artistic energy fosters a thriving creative community, which includes numerous architecture, culinary, digital media, software development, graphic design, literary arts, publishing, product design, and film production / post-production companies. Charleston’s creative enterprises and individual entrepreneurs serve as significant foundational support to some of the region’s fastest growing industries.



Healthcare

With a strong commitment to medical research and access to top healthcare professionals, the Charleston region is consistently recognized as one of the Southeast’s most impressive medical hubs. The area’s vital health and wellness community offers a diverse and growing concentration of healthcare talent.



Some of Charleston’s major Hospitals and Medical Facilities include:



ECONOMIC DRIVERS

Higher Education

With a growing international reputation for hospitality and tourism, historic preservation, educational excellence, scientific research, and business growth- Charleston would not be the same community without the long-term presence and unique contributions of the region’s public and private higher educational institutions.

Higher education improves the quality of life for citizens, raises average salaries, and contributes to the global economic competitiveness of the Charleston region.

The impact of Charleston’s higher education is significant:



The area’s four publically-supported higher institutions and Charleston Southern University (the region’s largest accredited, private university) make a substantial economic contribution to the Charleston region. As a whole, these organizations account for approximately 10% of the Charleston region’s \$28 Billion GDP. They directly employ nearly 17,000 faculty, staff, and medical professionals who teach approximately 36,000 students, and provide healthcare services to thousands of residents. If these five schools were a single entity, they would be the second largest employer in the region.



ECONOMIC DRIVERS

Military

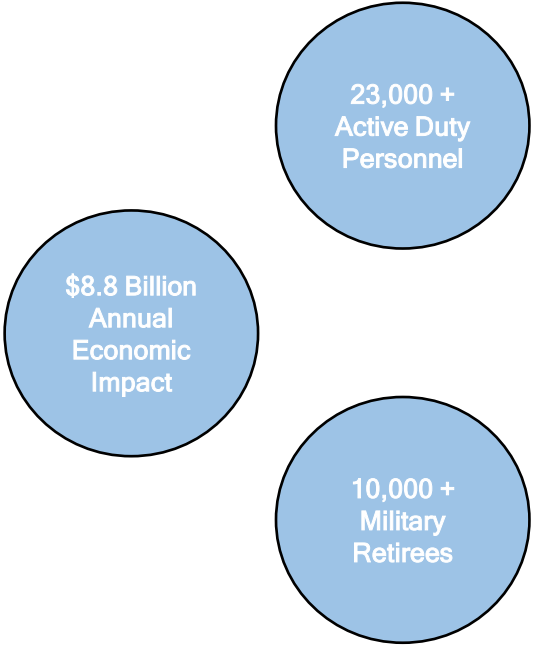
With the deepest harbor in the south Atlantic and a strategic East Coast location, Charleston has benefited from a significant military presence since its founding in 1670. The Charleston region is home to Joint Base Charleston, the U.S. Space & Naval Warfare Systems Center Atlantic (SPAWAR), and nearly all U.S. Department of Defense and Department of Homeland Security agencies.



SPAWAR Atlantic is a highly classified cybersecurity engineering facility that designs , acquires, engineers, and sustains the systems needed by the U.S. Navy and other federal agencies.



Joint Base Charleston is a logistics, training, transportation, and engineering hub comprised of 23,000 non-contiguous acres and 34 miles of active rail. As the largest C-17 base on the East Coast, the base houses a variety of Department of Defense operations.

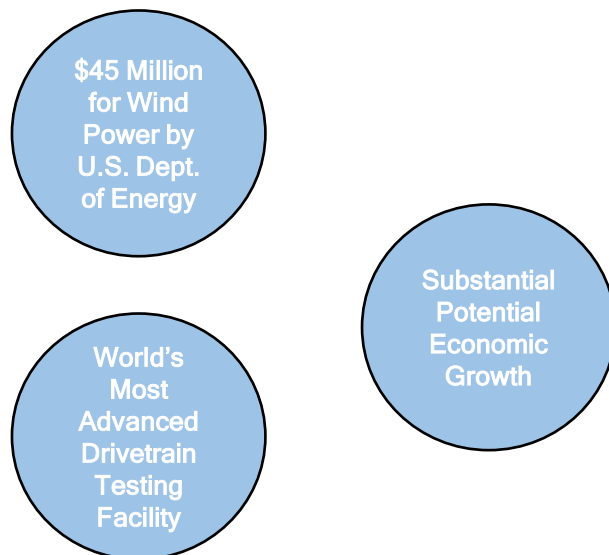


ECONOMIC DRIVERS

Power Systems

The Charleston region is an ideal location for developing, testing, and launching new power system technologies. Competitive advantages include: university-based research, engineering and supercomputing capabilities, a strong existing manufacturing cluster, renewable energy industry, and a deep-water port. Clemson University's Energy campus is the hub of drivetrain and power system technologies for the Charleston region.

The continued development of the region's aerospace industry will provide complementary and non-competing capabilities in composites, logistics, electronics, and other related areas.



Clemson University's Innovation Center is home to the world's most advanced drivetrain testing facility for systems turbines, marine, and automotive industries

ECONOMIC DRIVERS

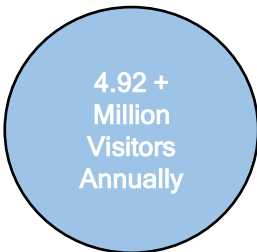
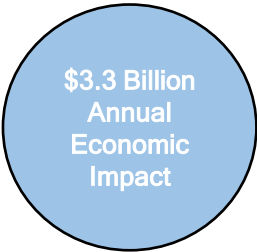
Tourism

The Charleston region has enticed visitors for centuries. It's one of few places in the world where you have an immediate sense of something special. Iconic for beautifully-preserved historic architecture, gardens, award-winning food, world-class golf, arts and culture, and miles of unspoiled beaches- Charleston offers endless sources of inspiration and recreation.

Known for charming friendly people and gracious hospitality, Charleston is the preferred destination for international business and discerning travelers. It's why this community consistently appears on the World's Best Cities lists, and why Conde Nast Traveler readers voted Charleston the #1 city in the U.S. for five years in a row.

Charleston is in the top 20% of mid-sized U.S. metros for growth in the tourism economy from 2008-2013, and it offers the #2 highest employment concentration for tourism and accommodations.

These attributes make the Charleston region such a popular visitor destination and contribute to a quality of life that spurs broader economic development. A thriving visitor industry helps to sustain a world-class array of restaurants, shops, recreational, and cultural amenities rarely found in mid-size metro areas. Local businesses benefit from endless options for client entertainment and employee recruitment.



NOTABLE TARGET INDUSTRIES

The Charleston region possesses a strong network of investors, businesses, and academic and governmental partners committed to strengthening regional employment and building a base of high-value industries by pursuing the following target industries for the three-county region's economy:

Info Tech

Fast emerging as the next tech hub, Charleston offers a great place to do business, to innovate, get inspired, and be successful.

Fourth in the nation for high tech GDP growth, Charleston's digital economy ranks alongside Austin, Raleigh, and San Francisco- growing 26% faster than the U.S. average. With 11,000+ people employed in tech occupations, Charleston has a larger percentage of employment in IT-related businesses than Austin or Raleigh.

With a collaborative creative community, supportive entrepreneurial network, skilled talent pool, numerous colleges, startup incubators, accelerators, co-working spaces, code education programs / camps, tech conferences, meetups and user groups, Charleston offers the ideal business environment for technology companies and talent to thrive in a metro that consistently receives global accolades.

The logo for BenefitFocus, featuring the word "BENEFITFOCUS" in blue capital letters with a registered trademark symbol. The letter "O" in "FOCUS" is replaced by a blue circle containing a white dot.The multi-colored Google logo, with "G" in blue, "o" in red, "o" in yellow, "g" in green, and "le" in red.The logo for blackbaud, featuring the word "blackbaud" in a dark grey, lowercase, sans-serif font with a registered trademark symbol.

NOTABLE TARGET INDUSTRIES

Automotive

With a concentration of skilled engineering talent and technical workers, Charleston area companies excel at component manufacturing, vehicle assembly, and the remanufacture/maintenance of automotive parts.



Volvo estimates it will initially produce 100,000 vehicles at its Berkeley County plant once opened in 2018. The firm, moreover, has selected this facility as sole producer of its S60 sedan. The \$500 Million plant is projected to create 2,000 jobs over the next decade and up to 4,000 jobs by 2030.



In 2015, Daimler announced plans to build a \$500 million manufacturing facility in North Charleston for the production of Mercedes-Benz Vans.



STREIT Group is one of the world's leading, privately owned armored vehicle manufacturers. Their vehicles are sold for both commercial and vehicle use. The company has a 75,000 square foot manufacturing facility on Palmetto Commerce Parkway in North Charleston, SC.



NOTABLE TARGET INDUSTRIES

Aerospace

Charleston is one of the fastest-growing U.S. mid-size metros for aircraft manufacturing, and one of the nation's Top 10 mid-size metros for workforce growth in aircraft mechanics, computer hardware, and electrical engineers.

As an emerging international hub for aerospace and aviation, Charleston is one of three places in the world assembling and delivering wide body jets. Boeing's North Charleston campus (which opened its doors in 2011) is home to the Boeing Centers of Excellence for IT, Research & Technology, and Engineering Design, and will be the exclusive manufacturer of Boeing's 787-10 starting in 2017.

The Charleston region offers the R&D, subassembly manufacturing, suppliers, advanced materials manufacturing, and non-destructive mechanical testing expertise necessary for successful aerospace operations.



BOEING South Carolina operates its Dreamliner facility, an interiors factory, a propulsion center, and a research and technology center on its North Charleston campus. Boeing employs about 8,200 people in the Charleston region. Boeing contributed more than \$7 million to charitable organizations in 2015.



NOTABLE TARGET INDUSTRIES

Logistics

International commerce has been a key driver of the Charleston economy since 1670.

With one of the world's most productive, deep water seaports, quick access to international air hubs at JFK, Atlanta, and Dulles, dual rail service, multiple interstates, and highly reliable communications infrastructure, Charleston provides companies a seamless connection to world markets.

The Port of Charleston: For companies looking to export and import, Charleston's central East Coast location and access to one of the fastest-growing markets in the U.S.- the Southeast- are strategic advantages. The Port of Charleston offers the deepest harbor in the south Atlantic and provides global access to 150+ countries. In addition, Charleston is the only port in the Southeastern U.S. efficiently handling fully-loaded post-Panamax vessels. An effort is currently underway to deepen the harbor channel to 52 feet by 2019 in preparation for the recent Panama Canal Expansion. The Port of Charleston is also home to the only permitted new container terminal currently under construction on the U.S. East Coast- at completion, the new facility will boost capacity by 50%.

Warehouses: The Charleston region is supported by a number of well-equipped warehousing firms. Also, approximately 20 million square feet of prime class A industrial distribution centers are scheduled to open in the Port of Charleston market in the next few years. Speculative buildings in the 200,000 - 1.5 million square foot range are planned within an hour's drive of the port facilities.

Foreign Trade Zones: Companies involved in international trade can take advantage of nearly a dozen general-purpose sites within Foreign Trade Zone 21, comprising almost 8,000 acres of space. FTZs are restricted-access sites that allow businesses to store and process goods or raw materials duty and quota free until they are transported into the Customs territory of the United States or into another NAFTA.



NOTABLE TARGET INDUSTRIES

Life Sciences

The Charleston region offers the resources and network of support needed to thrive, as well as incentive programs to facilitate the location/expansion of biomedical companies and venture investment.

Charleston is gaining international recognition as an emerging life sciences market, and the Medical University of South Carolina (MUSC)'s world-class research is key to this region becoming a globally competitive location for bio businesses and talent.

Annually contributing more than \$3.4 billion to the local economy and employing nearly 13,000, the MUSC medical complex, university campus, and research commitment anchor the area's R&D and life sciences sector.

Charleston is home to more than 35 medical device and pharmaceutical manufacturers, and more than 50 research laboratories and development companies.

Charleston is also home to numerous life sciences companies that employ 1,600+ skilled professionals.

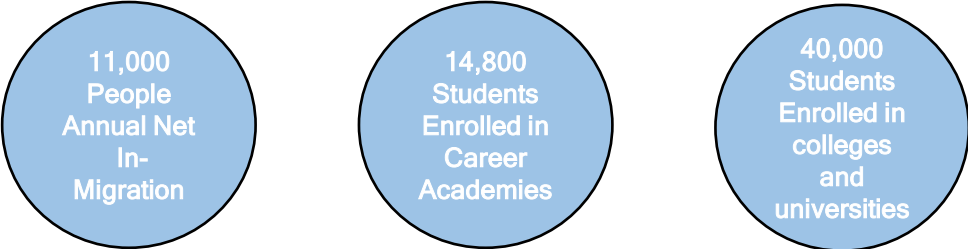


LABOR FORCE

Charleston offers the workforce and talent companies need to succeed and grow.

The region is home to more than 24 colleges and universities that train the local workforce, drive groundbreaking research and technological breakthroughs, and build a globally competitive market. The Charleston area’s economic development teams are committed to nurturing locally grown innovation, aligning education with business, and commercializing technologies.

Even with recent successes such as Boeing, Volvo, and Daimler expanding in the market, Charleston MSA’s labor pool offers more opportunities for continued business growth.



Workforce Programs

Numerous state-funded and private programs exist to provide customized workforce recruitment, assessment, training development, management and implementation services to both job seekers and employers. For example, since 2010 readySC has trained 4,500+ people and helped 21+ companies in the aerospace/aviation industry.



A state-funded program, readySC is provided at little or no cost to qualifying companies. The organization, a division of the SC Technical College System, is one of the oldest and most experienced workforce training programs in the United States.



Provided through the Trident One-Stop Career System, SC Works offers employment-related services available to both job seekers and employers. Services help eliminate or reduce the costs of employee recruitment, screening, and testing.

EMPLOYMENT DATA

Employment

Year	Charleston MSA		South Carolina		United States	
	Employment	% Change	Employment	% Change	Employment	% Change
2014	329,644	11%	2,074,277	8%	146,305,000	5%
2010	296,891		1,915,045		139,064,000	

Unemployment

Year	Charleston MSA		South Carolina		United States	
	Unemployment	Rate	Unemployment	Rate	Unemployment	Rate
2014	19,111	5.50%	142,505	6.40%	9,617,000	6.20%

Employment by Industry

Charleston MSA	
Industry	%
Professional and Business Services	19.03%
Education and Health Services	12.83%
Other Services	12.39%
Leisure and Hospitality	9.73%
Natural Resources, Mining and Construction	8.85%
Total Non Agricultural Employment	7.96%
Government	7.52%
Manufacturing	7.52%
Financial Activities	7.08%
Trade, Transportation, and Utilities	3.98%
Information	3.10%
TOTAL	100.0%

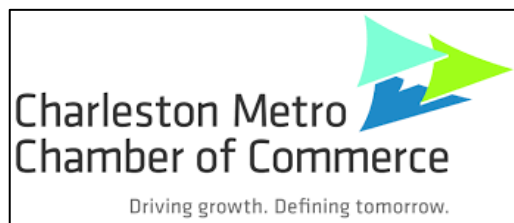
Greater Charleston continues to attract corporate investment, with both multinational corporations and fast-growing startups taking advantage of the area’s skilled workforce infrastructure and globally competitive business environment.

EMPLOYMENT DATA

In March of 2016, the Charleston Metro Chamber of Commerce released its 2016-2017 Economic Outlook Forecast. The projection calls for strong growth across the region.

The jobs forecast is predicted to show the healthiest gain in several years.

- In 2015, total employment grew by 2.8%
- More than 9,000 net new jobs were created in 2015, outpacing the predicted 6,000
- As hiring begins for the Volvo and Mercedes new automotive facilities, and with the continued expansion of other sectors, it is forecasted that job growth will accelerate for the next two (2) years, adding 20,000 + net jobs in the region
- All job sectors experienced gains in 2015 and
- Unemployment is expected to continue to decline, falling to 4.9% by the end of 2017



The Post and Courier

Chamber forecast: Accelerating job growth to fuel Charleston's economy

David Wren

Mar 10 2016



It turns out even computers can't keep up with the pace of the Charleston region's economic growth.

The Charleston Metro Chamber of Commerce usually relies on computer modeling to forecast area economic conditions. This year, the chamber rejected every computer-generated growth forecast and adjusted the numbers higher.

"The board changed every single number," said Mary Graham, the chamber's chief advancement officer, referring to an economic outlook board that reviews the forecast. "The models still had the recession in play and in many ways it said we weren't going to grow very much. We all knew there was way too much happening in our community for that to happen."

Among the strongest growth indicators for the coming two years will be the number of new jobs created region-wide — more than 20,000 of them in the next two years — according to the

RECENT JOB ANNOUNCEMENTS

Varied companies- from startups to multinational corporations- continue to relocate and expand existing operations in the Charleston region.

Company	Year	Area	Jobs
Call Experts	2016	Charleston	310
Limehouse Produce Company	2016	North Charleston	40
Volvo	2015	Berkley County	2,000
Mercedes-Benz / Daimler	2015	North Charleston	1,300
Money Penny	2015	Charleston	400
Bennett Hospitality Luxury Hotel	2015	Charleston	350
Alkane Truck Company	2015	Charleston	300
SPARC / Booz Allen Hamilton	2015	Charleston	150
Sea Pac LLC	2015	Charleston	50

DAIMLER



EMPLOYMENT DATA

Employers: Public and Private

Largest Public Sector Employers

Company	Employees
Joint Base Charleston	36,000
Medical University Of South Carolina (MUSC)	12,200
Charleston County School District	5,300
Berkeley County School District	4,200
Dorchester County School District II	3,500
Charleston County	2,500
College of Charleston	2,200
City of Charleston	1,800
Santee Cooper	1,700
Trident Technical College	1,500
U.S. Postal Service	1,100
Berkeley County	1,100
City of North Charleston	1,100

Largest Private Sector Employers

Company	Product or Service	Employees
The Boeing Company	Aircraft manufacturing	8,200
Roper St. Francis Healthcare	Roper and Bon Secours St Francis Hospitals	5,100
Trident Health System	Hospital system	2,500
Walmart Inc.	Retail merchandise	2,500
Robert Bosch LLC	Brake systems, fuel injectors, common rail & unit injectors	2,000
Kiawah Island Golf Resort	Resort	1,500
Blackbaud, Inc.	Specialty computer software development & design	1,300
SAIC	System engineering and integration services	1,200
BenefitFocus	Custom benefits software	1,200
Bi-Lo Stores	Retail grocery stores	1,200
Publix Supermarkets	Retail grocery stores	1,200
Verizon Wireless	Inbound/outbound call center for communications company	1,200
Nucor Steel	Manufacture carbon & alloy steel in various forms	1,000
KapStone Charleston Kraft LLC	Manufacture specialty paper & packaging	1,000



EMPLOYMENT DATA

Corporations that call Charleston, SC Home

Headquarters Facilities: Charleston MSA			
Company	Product	Type	Local employees
Blackbaud, Inc.	Software	Corporate	1,300
Benefitfocus	Software	Corporate	850
Evening Post Industries Inc.	Media / Real Estate Forestry	Corporate	450
Ware On Earth Communications Inc.	Communications	Corporate	400
JW Aluminum	Aluminum Products	Corporate	380
GEL Group	Environmental / Engineering	Corporate	350
MWV - Specialty Chemicals Division	Chemicals	World	350
Mediterranean Shipping Co. (USA) Inc.	Shipping	U.S.	300
Quoizel, Inc.	Distribution of Lighting Products	Corporate	225
Knight's Companies	Concrete / Construction	Corporate	220
Hagemeyer North America	Electrical / Industrial Equipment	Corporate	150
Life Cycle Engineering Inc.	Engineering / Technology	U.S.	130
SPARC, LLC	Software	Corporate	130
American Tactical Imports (ATI)	Firearms / Ammunition	Corporate	120
PeopleMatter	Software	World	100
Z Marine of North America Inc.	Watercraft Manufacturing	Division	100
Bunch Transport Inc.	Trucking Logistics	Corporate	100
Sawgrass Technologies	Ink Systems	World	85
Pegasus Steel	Steel Fabrication	North American	75
AstenJohnson, Inc.	Paper Products	Corporate	75
Rogers & Brown	Logistics	World	75
ArborGen LLC	Tree Genetics	Corporate	70
Thrace-LINQ, Inc.	Petroleum-based Textiles	U.S.	70
Aeterna Zentaris	Life Sciences	North American	60
Belimed, Inc.	Technology	U.S.	50
Le Creuset of America	Cookware Manufacturer	Division	25
The Intertech Group Inc.	Manufacturer	World	25

EMPLOYMENT DATA

Employment by Industry

The Charleston region offers local employers a growing pool of 350,000 + skilled workers. The region's education and workforce training system continues to build a solid base of technically-skilled workers in engineering, information technology, and more.

Workforce and Employment Profile: Charleston MSA			
Occupation Title	2014 Total Employment	2014 Avg Hourly Wage (\$)	2014 Median Hourly Wage (\$)
All Occupations	308,520	\$20.56	\$16.17
Office and Administrative Support Occupations	48,410	\$16.32	\$14.94
Sales and Related Occupations	34,340	\$14.81	\$10.61
Food Preparation and Serving Related Occupations	31,960	\$10.19	\$9.04
Healthcare Practitioners and Technical Occupations	22,570	\$34.25	\$29.25
Transportation and Material Moving Occupations	20,020	\$15.90	\$13.37
Production Occupations	18,660	\$19.33	\$17.80
Education, Training, and Library Occupations	18,610	\$23.42	\$23.26
Business and Financial Operations Occupations	13,980	\$30.58	\$28.08
Management Occupations	13,550	\$47.72	\$42.52
Installation, Maintenance, and Repair Occupations	12,940	\$21.25	\$20.06
Construction and Extraction Occupations	12,760	\$18.15	\$16.65
Building and Grounds Cleaning and Maintenance Occupations	11,180	\$11.13	\$9.99
Computer and Mathematical Occupations	8,460	\$33.79	\$32.50
Personal Care and Service Occupations	7,980	\$11.28	\$9.38
Healthcare Support Occupations	7,800	\$13.17	\$12.26
Architecture and Engineering Occupations	7,360	\$35.00	\$34.23
Protective Service Occupations	7,310	\$17.79	\$16.97
Arts, Design, Entertainment, Sports, and Media Occupations	3,400	\$20.42	\$17.36
Community and Social Service Occupations	3,040	\$20.76	\$18.69
Legal Occupations	2,060	\$34.60	\$26.27
Life, Physical, and Social Science Occupations	1,700	\$27.94	\$25.34
Farming, Fishing, and Forestry Occupations	440	\$16.77	\$15.63

POPULATION AND DEMOGRAPHICS

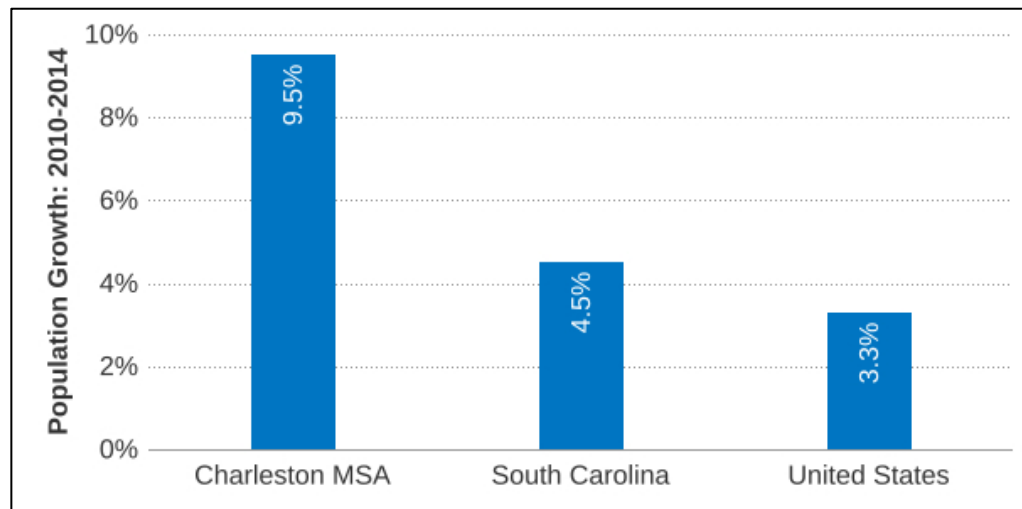
Population Growth

The Charleston region's population is growing three (3) times faster than the U.S. average, to more than 725,000.

A steady stream of well-educated young talent, who come for jobs - or create their own in our business-friendly community - are helping to boost that number.

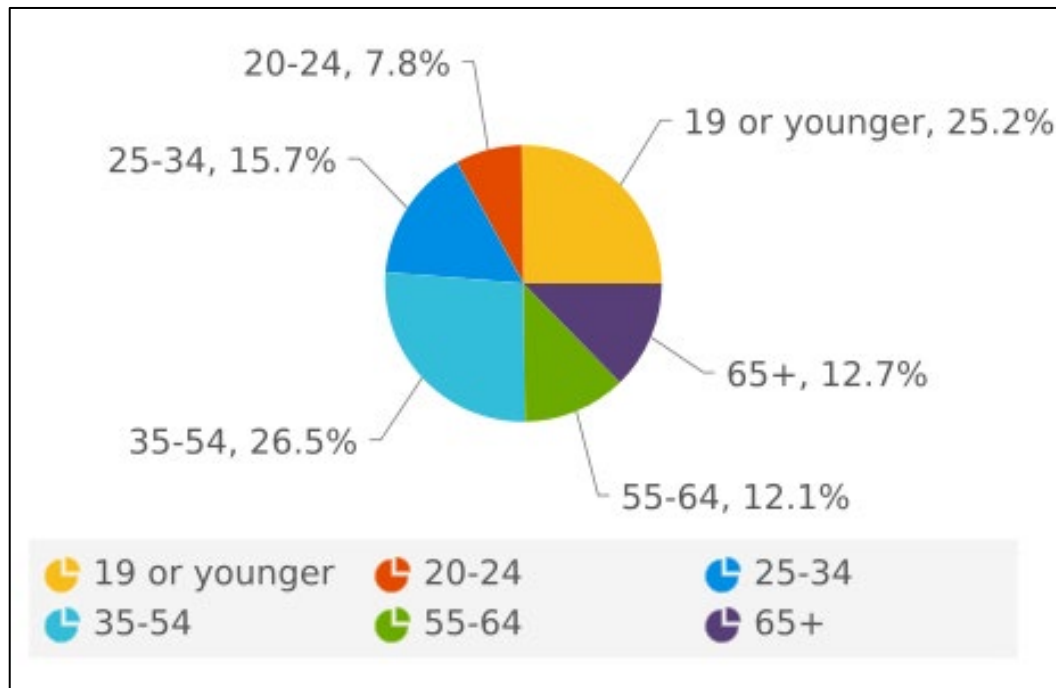
The Charleston MSA population is projected to be 1 million by 2025.

POPULATION % GROWTH: 2010 - 2014



POPULATION AND DEMOGRAPHICS

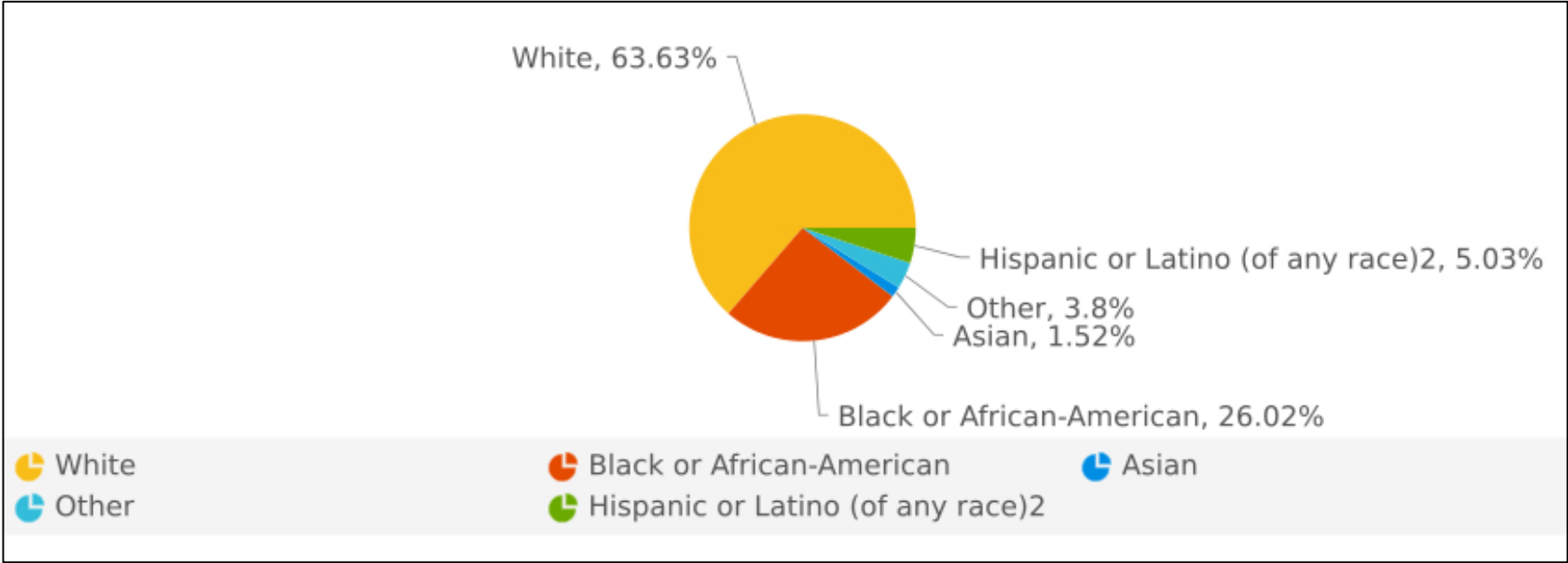
Population by Age



Charleston MSA Median Age = 35.8 Years

POPULATION AND DEMOGRAPHICS

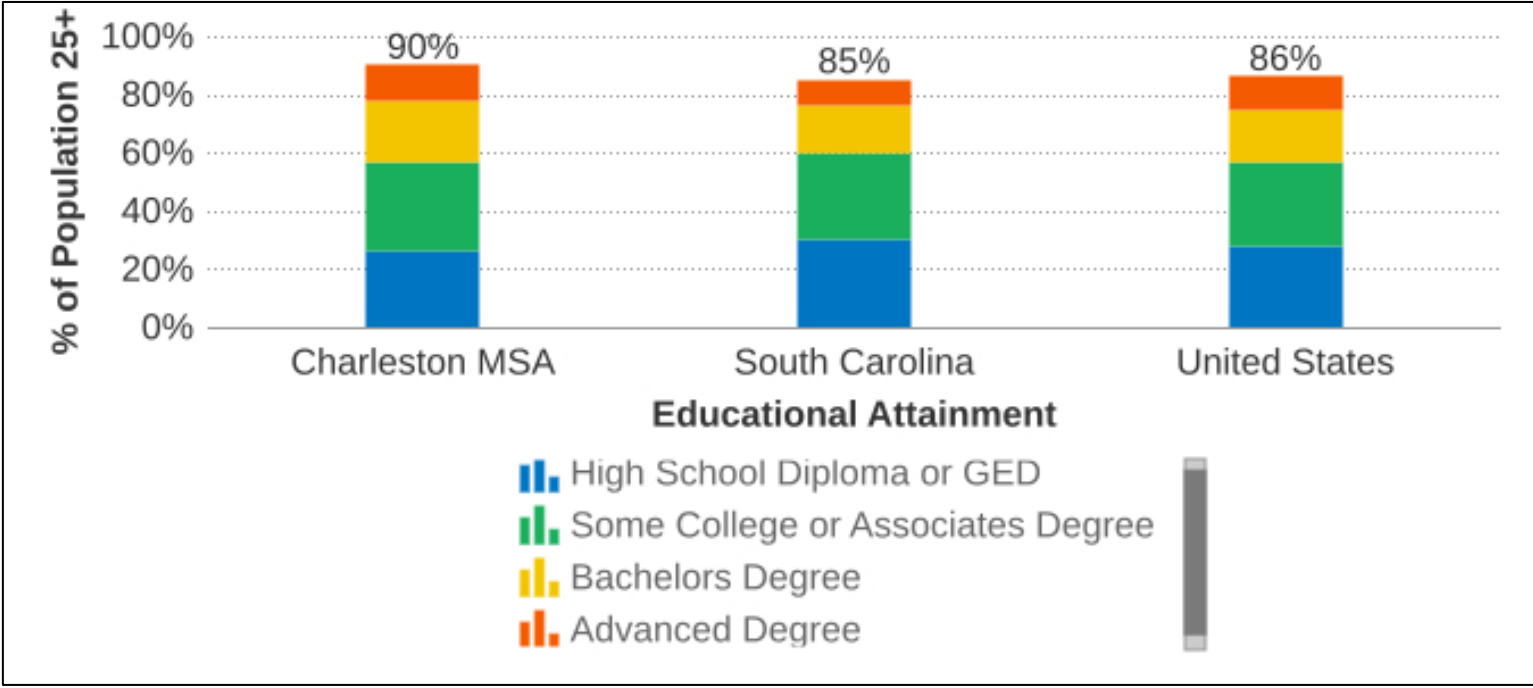
Population by Race



POPULATION AND DEMOGRAPHICS

Educational Attainment

% of Population 25 +



POPULATION AND DEMOGRAPHICS

Households and Income

Year	Charleston MSA		United States	
	Median Household Income	% Change	Median Household Income	% Change
2014	\$53,410.00	11.2%	\$53,660.00	7.2%
2010	\$48,050.00		\$50,050.00	

2014 Charleston MSA Households:

264,864

Average Annual Pay:

From 2005 to 2013, the Charleston region’s average annual pay grew 23.7% to \$41,944, a higher growth rate than the U.S. (22.4%) and South Carolina (20.8%). However, the region’s average salary is below the U.S. average of \$49,808. While Charleston’s cost of living is very close to the U.S. average, a gap exists between what people earn and what it costs to live in the area.

Cost of Living Index	
U.S. Metro	Cost of Living Index
Atlanta GA	100.0
Austin TX	95.5
Boston MA	145.7
Charleston SC	100.5
Charlotte NC	97.0
Denver CO	110.2
Miami-Dade FL	110.9
Nashville-Murfreesboro TN	96.7
New York (Manhattan) NY	236.1
Raleigh NC	89.0
San Francisco CA	178.1
Seattle WA	145.5
U.S. Average	100.0

GROSS REGIONAL PRODUCT (GRP) PER CAPITA

The Gross Regional Product is defined as the market value of all final goods and services produced within a region, or economic output. A rising GRP means more money is flowing through the local economy, and per capita GRP is used as a standard of living indicator.

From 2005 to 2013, Charleston’s GRP per capita grew 18.7%, outperforming six metros, and falling just shy of the U.S. average.

GRP PER CAPITA

Charleston: \$47,890
 U.S. Average: \$47,650

GRP PER CAPITA GROWTH (2005-2013)

U.S. Metro	% Growth
Salt Lake City	33.4%
Seattle	26.3%
Charleston	18.7%
Austin	18.1%
Richmond	17.9%
Greenville	16.3%
Nashville	15.3%
Raleigh	15.1%
Jacksonville	3.1%
U.S. Average	19.2%

GLOBAL ACCESS AND INFRASTRUCTURE

With the most productive and efficient seaport in North America, an integrated rail and highway system, and an international airport, Charleston provides seamless connections to the global marketplace.

Strategic Location

The region's central location, halfway between New York and Miami, offers prime access to the U.S. Southeast.

- Ranks 24th in the U.S. in terms of population
- Geographically diverse & moderate climate: an easy drive from the ocean to the mountains in just 3 to 4 hours
- Home to the state's busiest passenger airport
- Situated in the Eastern Time Zone, an advantage with European markets
- An integrated transportation network allows shipments to reach most domestic markets within 48 hours
- More than one-fifth of the U.S. population resides within 500 miles (800 km) of the Charleston region

The Charleston Region's Highway System

- Two (2) Interstate highways (I-26 and I-526)
- Three (3) major U.S. Highways, 7 major State Highways
- I-95, I-77, I-20, I-85, and I-40 all link directly to I-26
- Land-based shipments can reach most domestic markets within 48 hours

The Port of Charleston

- Handles more than 1.5M TEUs annually
- Serves more than 150 countries worldwide, 40 steamship lines, including all top 20 carriers
- Deepest water port in Southeastern U.S., and the only Southeastern port that can efficiently handle post-Panamax vessels up to 9,600 TEUs
- The Port's container volume is projected to expand in 2016 and 2017

GLOBAL ACCESS AND INFRASTRUCTURE

Charleston International Airport

- Charleston International Airport continues to break passenger records: The airport closed out 2015 serving a record 3.4M passengers
- Quick access to I-26 & I-526
- Served by eight airlines: Alaska Airlines, American, Delta, JetBlue, Porter Airlines, Silver Airways, Southwest, United
- 100+ daily flights
- Non-stop service to 22 airports and 17 cities in the United States and Canada (Includes service to both major airports in Washington DC, New York, Chicago, and Houston)
- Growing air cargo service
- Runway lengths: 9,001 feet (2,744 meters) & 7,004 feet (2,135 meters)

The Charleston Region's Primary Railways

- CSX and Norfolk Southern both operate large, well-equipped rail yards
- Dedicated intermodal trains for service to key markets
- Daily express services inbound/outbound
- Double Stack, COFC and TOFC services

Telecommunications

The Charleston region features fiber optic, digital, and IP-based networks that offer businesses highly reliable communication services- from the latest feature-rich voice and data services to advanced wireless solutions- all provided by leaders in the telecommunications industry. The Charleston region, which is home to a growing number of Gigabit communications, has more than 90% of its telecommunication lines buried.

TAXES AND INCENTIVES

South Carolina's business environment supports success.

With a business-friendly tax and incentive structure, companies locating in Charleston hold down operating costs while improving their investment returns.

Business-Friendly Incentives

Property tax incentives, sales tax exemptions, and special discretionary incentives at the local and state levels. There are numerous ways to reduce, or even eliminate corporate income taxes.

Tax Credits

Numerous South Carolina tax advantages exist for new and expanding companies:

- No state property tax
- No local income tax
- No inventory tax
- No sales tax on manufacturing machinery, industrial power, or materials for finished products
- No wholesale tax
- No unitary tax on worldwide profits
- Favorable corporate income tax structure



Revolving Loan Fund

The Berkeley-Charleston-Dorchester Council of Governments' Revolving Loan Fund (RLF) is a locally controlled source of capital that assists startup and growing businesses whose projects help improve the region's economy. The RLF is used as "gap financing" to leverage private-sector loans and investments to help fulfill an applicant's capital needs.

Urban Renewal Community

The Department of Housing and Urban Development (HUD) has designated Charleston a 'Renewal Community' which is eligible to share in an estimated \$17 billion in tax incentives to stimulate job growth, promote economic development, and create affordable housing. As a result, certain areas of Charleston receive regulatory relief and tax breaks to help local businesses provide more jobs and promote community revitalization.

NATIONAL OFFICE TRENDS

Key Takeaways from 2015

Despite recent financial market volatility in Q4, office-using employment posted the largest quarterly increase in more than a year, capping off a sixth consecutive year of office-using job gains. Of particular note, markets with significant 'tech clusters' were among the best performers of office-using job growth in 2015.

In 2015, national net absorption reached its highest level since 2006. Nearly 90% of the markets tracked by CBRE Research posted positive absorption for the year.

As for vacancy, more than three-quarters of the U.S. markets tracked by CBRE Research posted vacancy declines throughout 2015.

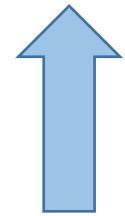
Rent growth continued in both the downtown (5%) and suburban markets (3.5%) in 2015. As the national market continues to tighten, national rent growth is projected in the 4% - 5% range- a healthy rate particularly given the current, low inflation environment.

CBRE Research's Q4 2015 underwriting survey concludes that investors remain confident in the future performance of office investments, as reflected in their willingness to transact at very competitive cap rates and investment returns. Class A office acquisitions were underwritten with cap rates averaging 5.9% for CBD properties and 6.5% for suburban properties.

Demand Drivers

Throughout the United States, high-tech companies remained the greatest driver of major leasing activity in 2015. The healthcare / life sciences share nearly doubled as an aging population continues to fuel increased demand for related products and services.

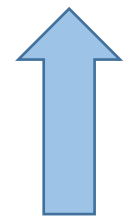
After substantial job losses during and following the recession, the share of major leasing activity by the financial services and government sectors has appeared to stabilize during the past three years.



U.S. Net Absorption



U.S. Vacancy



U.S. Rental Rates

CHARLESTON OFFICE MARKET

Fueled by recent job growth on the local level, the Charleston office market is alive and well. More specifically, the latest Q4 2015 data suggests that Charleston is experiencing its tightest office market in over a decade.

Rents

Current market conditions favor landlords who have significantly increased rental rates over the past year. With heightened competition for space, landlords are also offering fewer concessions as incentives are not required for securing new leases. Office rental rates in Charleston are at record-high levels and are expected to continue to increase in the coming years.

Year End 2015: A Summary

- Asking rental rates for the Charleston market averaged \$23.17 per square foot at year-end 2015, increasing 6.4% over year-end 2014 when rental rates averaged \$21.77 PSF. Class A and Class B asking rental rates averaged \$27.06 PSF and \$22.61PSF, respectively.
- Rental rates in Downtown Charleston are the highest in the market and averaged \$31.29 PSF at year-end, increasing from \$28.82 PSF one year ago and \$25.45 PSF in 2012.
- Asking rental rates for Class A downtown space averaged \$34.93 PSF, up 6.4% over the previous year.
- Asking rental rates for suburban office space are also increasing but continue to be more affordable than Downtown. Asking rental rates averaged \$21.33 PSF for suburban office space, increasing from \$20.64 PSF the previous year. Daniel Island is home to the most expensive suburban office space with asking rental rates averaging \$22.55 PSF.

Current Rental Rates

Market	Rate	% Change (12 Months)
Market Average	\$23.17	+ 6.4%
Market Class A	\$27.06	N/A
Downtown Average	\$31.29	+ 8.6%
Downtown Class A	\$34.93	+ 6.4%
Suburban Average	\$21.33	+ 3.3%

CHARLESTON OFFICE MARKET

Vacancy

Occupancy in the Charleston office market continued along its upward path through 2015, ending the year with a total vacancy rate of 7.8%, the market's lowest vacancy rate in over 10 years. The vacancy rate is down from 9.4% the previous quarter and 11.7% one year ago.

The growing preference for high-end space that began several years ago is contributing to significant declines in Class A vacancy. At the end of the fourth quarter of 2015, the Class A vacancy rate for the market was 6.7%, down from 9.8% one year ago and 14.5% in 2010. Less than 325,000 square feet of Class A space remain in the market with virtually no large blocks of contiguous space available for lease. As a result, tenants are finding themselves competing for space and oftentimes limited by the space they occupy.

Downtown Charleston remains the epicenter of the market and ended 2015 with a total vacancy rate of 6.4%, down from 8.8% one year ago.

New leasing velocity for Class A Downtown space has been limited given the few available options for quality space. Less than 60,000 square feet of Class A space remain vacant downtown contributing to a Class A vacancy rate of 5.4%. Class B and C vacancy rates were 7.8% and 4.9% at year-end.

The vacancy rate for the suburban submarkets was down to 8.2% at year-end 2015 from 9.1% the previous quarter and 12.4% one year ago.

Current Vacancy Rates

Market	Rate	% Change (12 Months)
Market Average	7.8%	-33.0%
Market Class A	6.7%	-31.6%
Downtown Average	6.4%	-27.3%
Downtown Class A	5.4%	N/A
Suburban Average	8.2%	-33.9%

CHARLESTON OFFICE MARKET

The Charleston Submarkets

A comprehensive examination of the Charleston office market shows the largest concentrations of office space are located in the North Charleston submarket, representing nearly half of the metropolitan inventory followed by the Peninsula and Mount Pleasant respectively.

Since the beginning of Q1 2006, the fastest growing area has been the North Charleston submarket.

As noted earlier, options for Class A office space on the Charleston peninsula are severely limited. As such, the development team proposes to deliver a 180,000 SF Class A building at the site at 995 Morrison Drive. For comparison purposes, Class A office data for the Charleston metro area is provided in the below chart:

Q4 2015 CLASS A DATA

Charleston Submarkets	Buildings	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Total Vacancy Rate	Q4 2015 Absorption (SF)	Average Asking Rental Rate
Downtown Charleston	18	1,029,594	41,221	14,233	55,454	5.4%	25,921	\$34.93
Lower North Charleston	17	968,163	39,237	0	39,237	4.1%	6,613	\$25.53
Upper North Charleston	13	847,212	18,992	43,000	61,992	7.3%	-1,416	\$23.73
Daniel Island	16	875,937	27,715	0	27,715	3.2%	8,769	\$25.34
Mount Pleasant	19	581,683	22,342	41,441	63,783	11.0%	4,596	\$31.29
West Ashley	3	140,749	1,861	0	1,861	1.3%	25,335	\$26.04
Summerville / Goose Creek	2	175,000	57,500	0	57,500	32.9%	0	\$26.50
Suburban Total	70	3,588,744	167,647	84,441	252,088	7.0%	43,897	\$25.64
Market Total	88	4,618,338	208,868	98,674	307,542	6.7%	69,818	\$27.06

CHARLESTON OFFICE MARKET

Comparisons and Projections

Rent Growth

Market	2015 Rent Growth	5 Year Forecast
Charleston	2.5%	3.4%
South Atlantic	1.7%	3.2%
United States	3.1%	3.9%

Vacancy

Market	2015 Vacany Rate	5 Year Forecast
Charleston	14.4%	11.9%
South Atlantic	16.6%	14.9%
United States	16.5%	14.9%

Forecasted Vacancy Rates



Forecasted Rental Rates



- The Charleston office market has experienced the fastest rent growth in the South Atlantic region
- During the past four quarters, positive movement in asking rent in all four of REIS' Charleston submarkets
- REIS anticipates that asking rent growth will accelerate to an annualized average of 2.8% during 2016 and 2017
- REIS' 5 Year Forecast projects that the Charleston market's rent growth will outpace the South Atlantic region as a whole
- The Charleston office market is currently experiencing one of its lowest vacancy rates since 2007
- Charleston's continued office employment growth is expected to apply downward pressure on the market's vacancy rate
- REIS' 5 Year Forecast projects that the Charleston market's vacancy rate will outpace the South Atlantic region as a whole

CHARLESTON OFFICE MARKET

Supply and Absorption

Market	SF Built	2015		5 Year Forecast		
		SF Absorbed	Ratio	SF Built	SF Absorbed	Ratio
Charleston	280,000	321,000	0.9	96,400	128,200	0.8
South Atlantic	5,376,000	6,634,000	0.8	12,265,200	14,918,800	0.8

- Over the last four quarters, the market absorption for Charleston office totaled nearly 321,000 square feet. This amount is nearly quadruple the average annual absorption rate of 87,900 square feet recorded since the beginning of Q1 2006.
- Between now and year-end 2017, developers are anticipated to deliver a total of 272,000 square feet. Office employment growth within the metro is expected to facilitate an absorption rate averaging 179,000 square feet per year. This absorption rate exceeds the amount of new space expected to come on line within that time frame. As a result, vacancy rates will move in a downward direction while asking rental rates will accelerate.
- Currently, only three (3) competitive properties are in the construction phase in the market area: Faber Plaza in North Charleston, Courier Square in downtown Charleston, and 101 Coleman Boulevard in Mount Pleasant.

RENT COMPARABLES



The Cigar Factory

Address:	710 East Bay Street, SC 29403
Developer / Owner:	Roi-Tan Investments, LLC
Category:	Existing
Use:	Office + Retail
Office SF:	100,000
Parking:	Surface
Asking Rent:	\$30.00
Location:	<i>Superior</i>

1



Midtown

Address:	544 King Street, Charleston, SC 29401
Developer / Owner:	Clement, Crawford, and Thornhill, Inc.
Category:	Existing
Use:	Mixed-Use
Office SF:	19,000
Parking:	City Garage at City Rates
Asking Rent:	\$28.00 - \$36.00
Location:	<i>Superior</i>

2



1 Central Island Plaza

Address:	1 Central Island Street, Daniel Island, SC 29492
Developer / Owner:	Holder Properties
Category:	Existing
Use:	Office
Office SF:	75,000
Parking:	Surface
Asking Rent:	\$28.00
Location:	<i>Equivalent</i>

3

RENT COMPARABLES



Half Mile North

Address:	145 Williman Street, Charleston, SC 29403
Developer / Owner:	Ravin Cliff Company
Category:	Existing
Use:	Office + Retail
Office SF:	80,000
Parking:	Surface
Asking Rent:	\$28.00 (Estimated)
Location:	<i>Inferior</i>

4



101 Coleman Boulevard

Address:	101 Coleman Boulevard, Mt. Pleasant, SC 29464
Developer / Owner:	AVTEX Commercial Properties
Category:	Under Construction
Use:	Office
Office SF:	41,473
Parking:	On-site Garage (free)
Asking Rent:	\$25.00 NNN
Location:	<i>Equivalent</i>

5



Faber Plaza

Address:	4400 Leeds Avenue, North Charleston, 29405
Developer / Owner:	Durlach Associates
Category:	Under Construction
Use:	Office
Office SF:	125,000
Parking:	Surface
Asking Rent:	\$28.50
Location:	<i>Inferior</i>

6

RENT COMPARABLES



Courier Square

Address:	465 Meeting Street, Charleston, SC 29403
Developer / Owner:	Evening Post Industries
Category:	Under Construction
Use:	Mixed-Use
Office SF:	55,000
Parking:	On-site Garage
Asking Rent:	\$35.00 (Estimated)
Location:	<i>Superior</i>

7



Pacific Box & Crate

Address:	1505 King Street, Charleston, SC 29403
Developer / Owner:	Raven Cliff Company
Category:	Under Construction
Use:	Office + Retail
Office SF:	100,000
Parking:	Surface
Asking Rent:	\$30.00 (Estimated)
Location:	<i>Equivalent</i>

8



22 WestEdge

Address:	22 WestEdge Street, Charleston, SC 29403
Developer / Owner:	The Horizon Project Foundation
Category:	Proposed
Use:	Office + Retail
Office SF:	135,000
Parking:	Garage
Asking Rent:	\$37.00
Location:	<i>Superior</i>

9

RENT COMPARABLES



Gateway

Address:	235 Magrath Darby, Mt. Pleasant, SC 29464
Developer / Owner:	Landmark Enterprises
Category:	Proposed
Use:	Office
Office SF:	60,000
Parking:	Surface
Asking Rent:	\$25.50
Location:	<i>Equivalent</i>

10

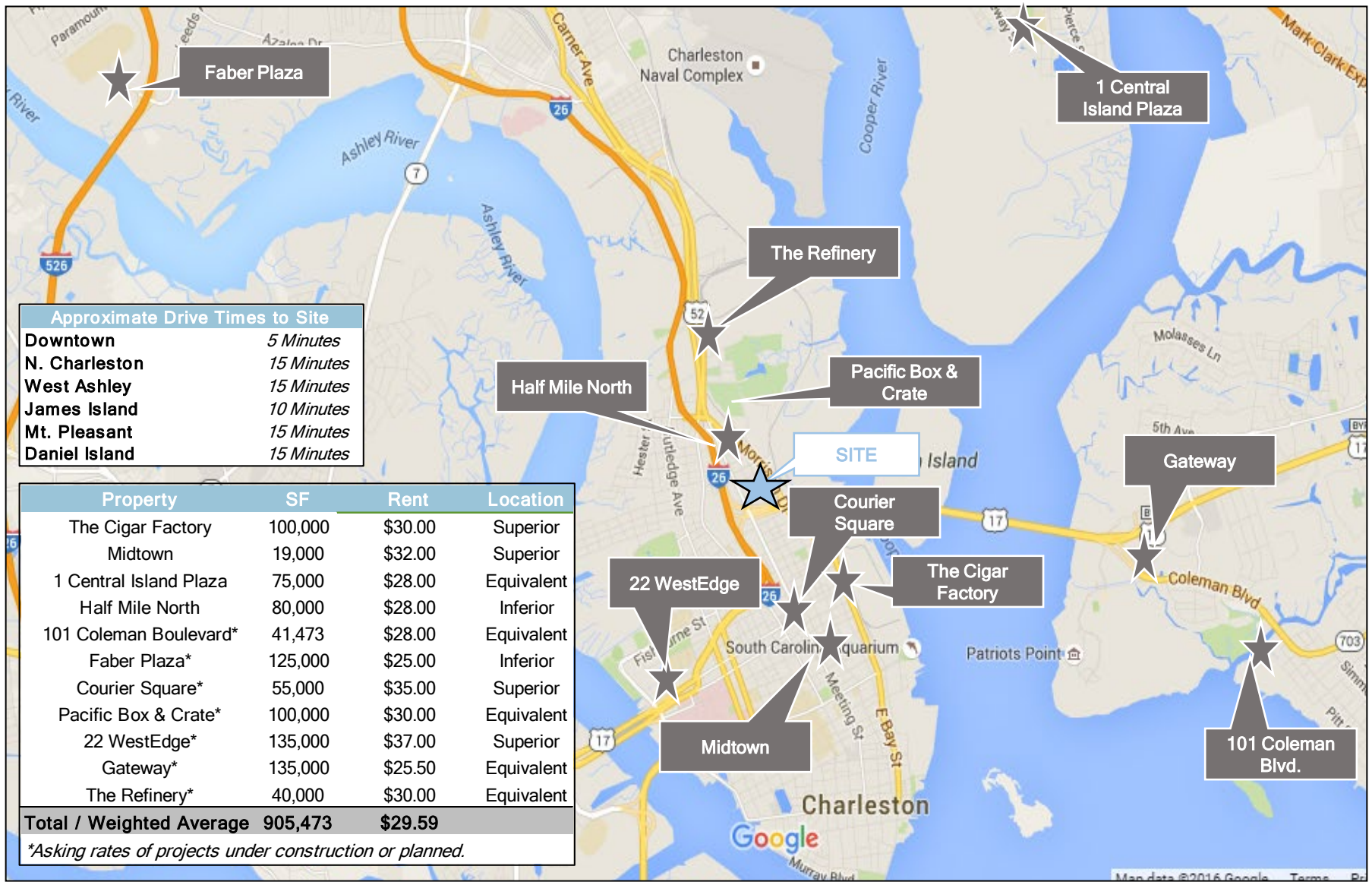


The Refinery

Address:	1640 Meeting Street, Charleston, SC 29405
Developer / Owner:	Flyway
Category:	Proposed
Use:	Office
Office SF:	40,000
Parking:	Surface
Asking Rent:	\$30.00
Location:	<i>Equivalent</i>

11

RENT COMPARABLES



SALES COMPARABLES



Faber Plaza

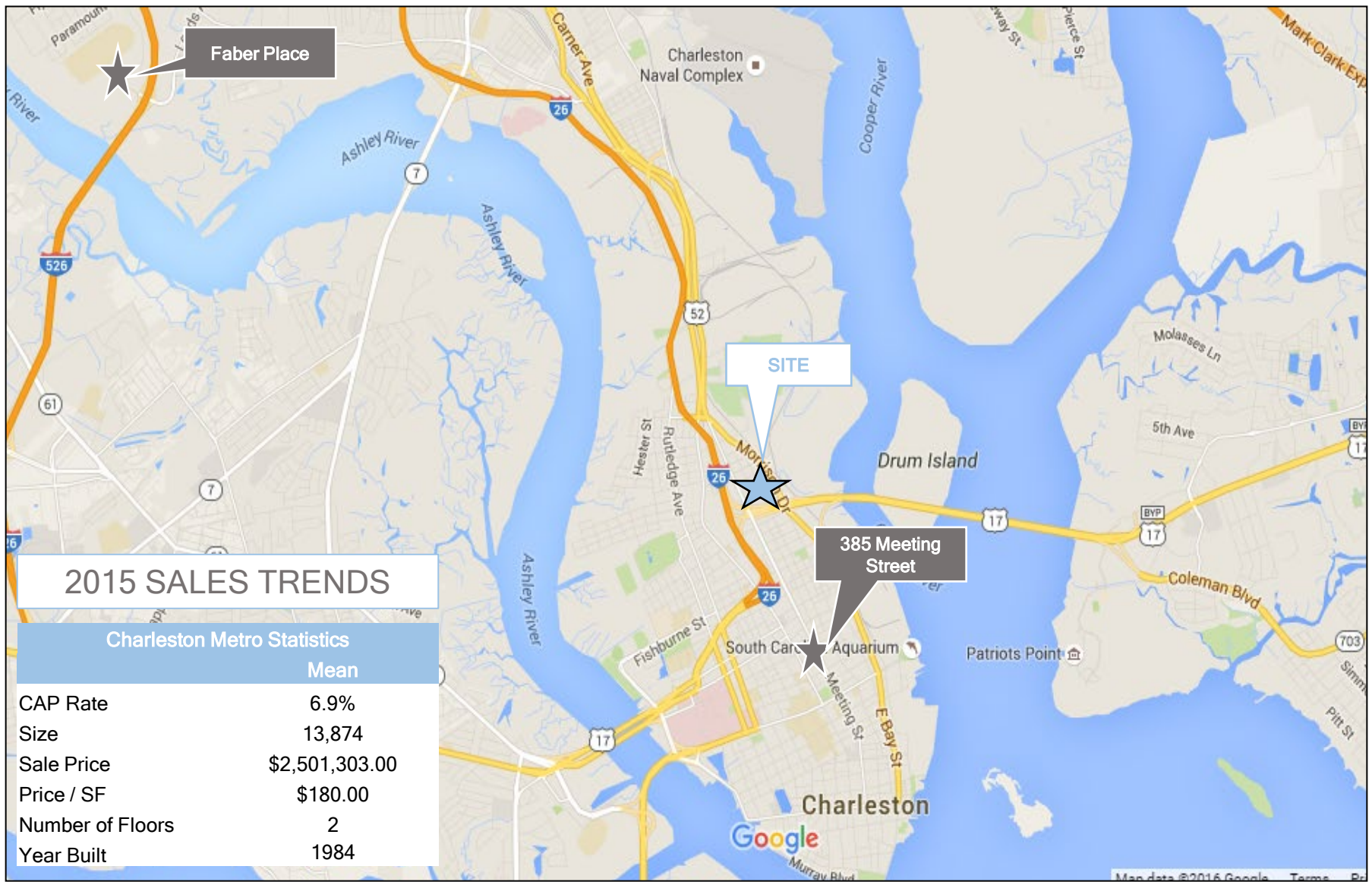
Address	3955 Faber Place Drive, N. Charleston, SC 29405
Property Type	Multi-Tenant
Square Footage	65,204
Sale Date	August 25, 2015
Seller	Tamsberg Properties
Buyer	Sentinel Real Estate Corporation
Sale Price	\$13,050,000
Price / SF	\$200.14
Reported CAP	8.7%
Location	<i>Inferior</i>



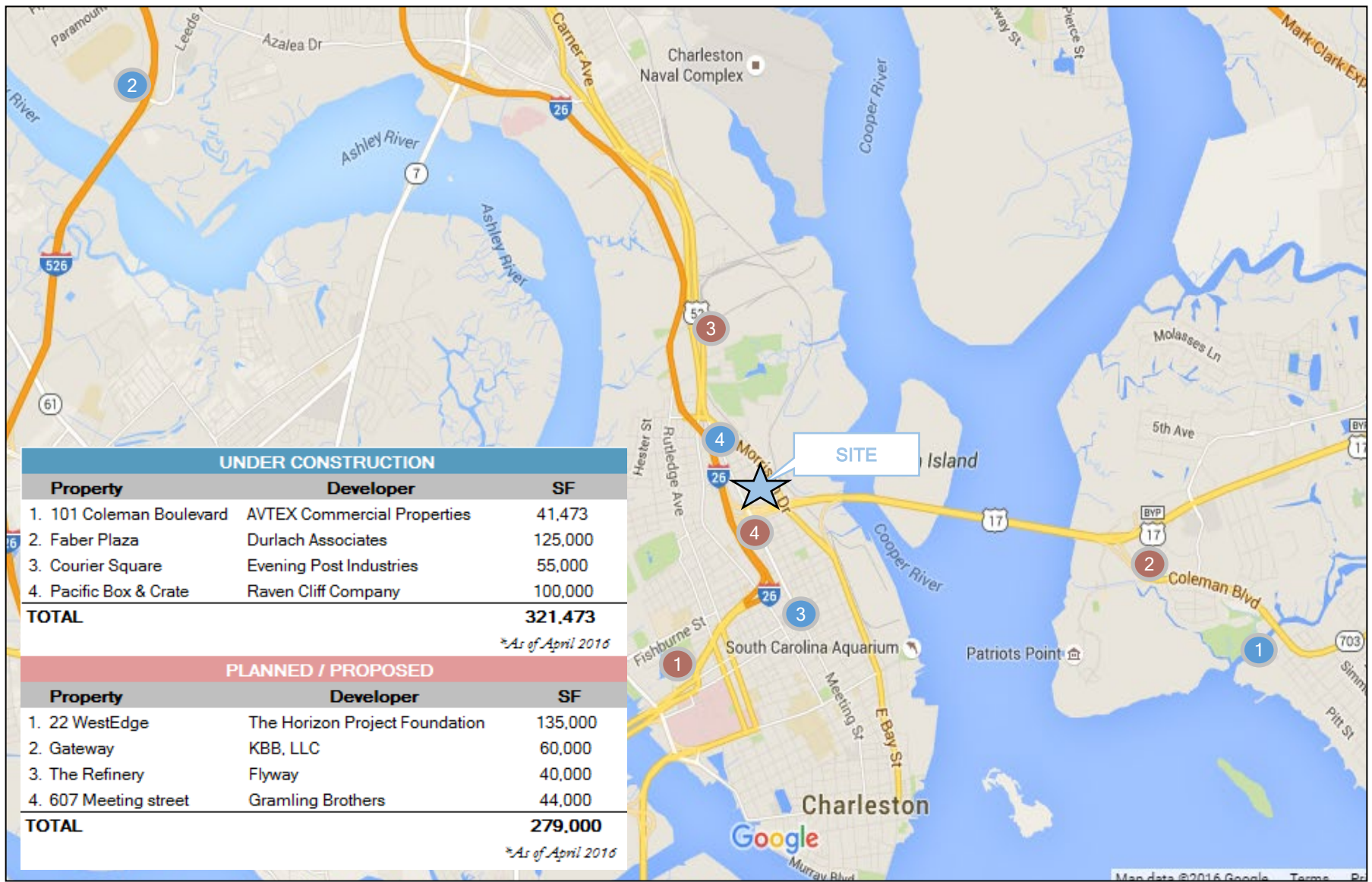
385 Meeting Street

Address	385 Meeting Street, Charleston, SC 29403
Property Type	Multi-Tenant
Square Footage	80,000
Sale Date	December 2014
Seller	AT&T
Buyer	Jupiter Holdings
Sale Price	\$15,610,000
Price / SF	\$195.13
Reported CAP	Unreported
Location	<i>Superior</i>

SALES COMPARABLES



DEVELOPMENT PIPELINE



SUMMARY AND OUTLOOK

The Charleston office market shows continued signs of strength and stability in the near future.

Given the current and anticipated strength of major local industry sectors- aerospace and auto manufacturing, port-related trade, and tourism- outlook for the Charleston areas seems sound for the near term.

In Charleston, demand for office space in and near the downtown area is particularly pronounced due to strong tech tenant demand for dynamic live/work/play environments that are attractive to millennial talent.

From an investment perspective, recent sales such as the one at Faber Place, prove that Charleston's Class A office assets have managed to attract the attention of outside institutional organizations.

Supply and Demand

As evidenced earlier, Charleston's office demand is expected to outpace supply in 2016 and 2017. Vacancy rates are projected to trend downward while asking rental rates accelerate in an upward direction.

Product Offering

In response to the most current market data, the development team proposes to construct an office building with ground-floor retail. The building design and construction will rely heavily on green building practices and principles. In an effort to attract the growing (and targeted) tech sector, the proposed building will feature an attractive, enduring exterior design with interior spaces that feature column-free layouts and floor-to-ceiling glass.

Capture Rate and Absorption

Absorption rates within the Charleston office market are expected to exceed the introduction of new space on the supply side.

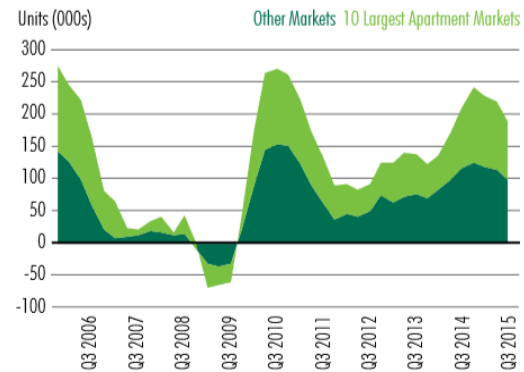
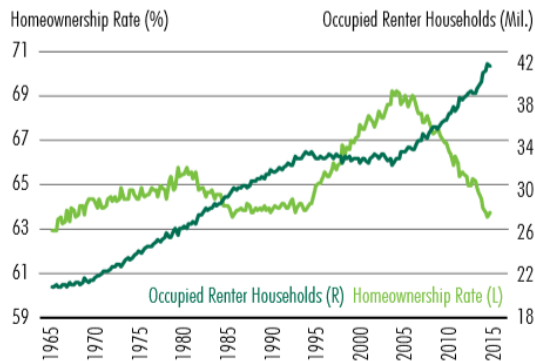
The development team intends to work closely with various economic and state agencies to lure and attract potential technology-related tenants to the newly constructed building that would drive economic growth for the greater Charleston, SC region.

At the time of delivery, it is estimated the project will capture approximately 18% of the market's total competitive development supply.

NATIONAL APARTMENT TRENDS

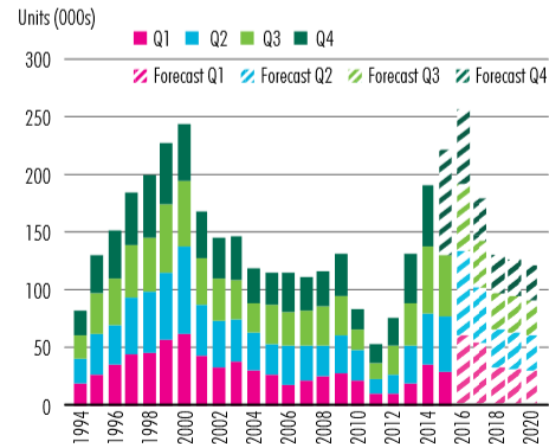
Jobs Fuel Demand

The U.S. economy added 509,000 jobs in October and November alone, keeping the national unemployment rate around 5.0%. The current year over year gain in employment as of the end of 3Q 2015 is 2.2%. Although the home ownership rate saw a slight uptick, demand for rental units still remains strong. Across 62 major markets, there was a positive net absorption of nearly 50,000 units with only 12 markets reporting negative absorption. The highest absorption rates continue to be seen in the southeast. On a year-over-year basis, net absorption totaled 189,300 units.



Supply Remains Strong

Nearly 132,000 apartment units were completed in the first three quarters of 2016 and another 91,350 was expected in the fourth quarter, which will yield the greatest annual total since 2000. The annual cyclical rate is expected to peak in 2016 before receding thereafter.



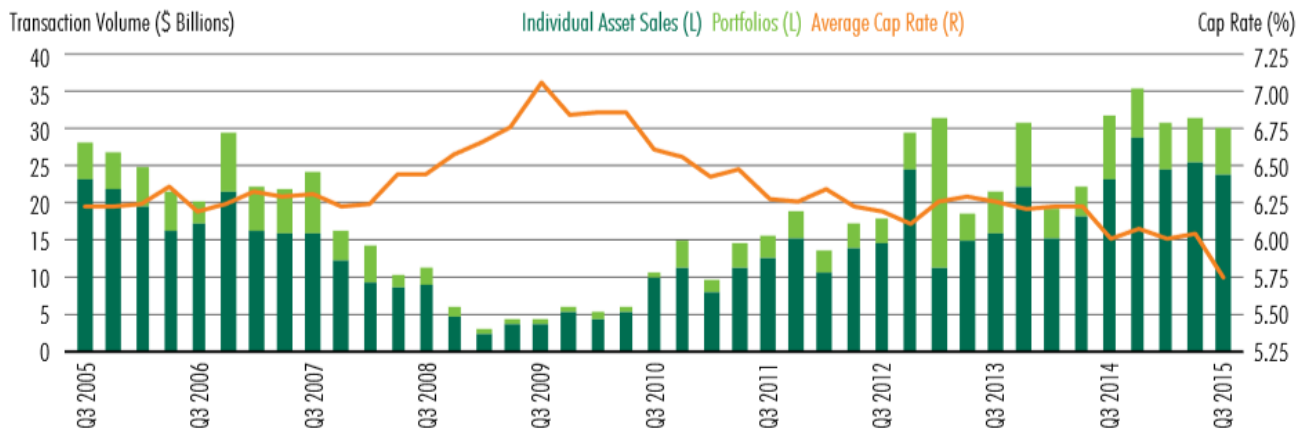
NATIONAL APARTMENT TRENDS

Rent Growth Strong, Vacancy Low

The vacancy rate as of the end of 3Q 2015 was 4.3%, the lowest of the current market cycle. Occurring alongside a rapid increase in apartment completions, the low vacancy rate indicates the strength of apartment demand in major markets. Rent growth increased 5.2% on a year-over-year basis and marked the 22nd continued quarter of growth. Health demand should be more than sufficient to keep growth above 5% in 2016 even as a wave of new supply pushes vacancy back above 5%.

Capital Markets

Rental multifamily investment continues its extraordinary run, reflecting solid confidence in the sector's future; however, lending is starting to cool although totals were still high on a historical basis. Buyers of Class A prime mid- and high-rise produces in core submarkets are transacting with very low cap rates of 4.2%. The annual rent growth used in underwriting is averaging 3.8%.



Market Outlook

Completions are expected to peak to 257,900 units in 2016, before receding to 130,800 units in 2018. Positive absorption of 169,600 units and 171,700 units is forecast for 2016 and 2017, respectively. Given the steadfastness of apartment demand and projections for new construction remaining somewhat contained by high construction costs, the sector should sidestep the risk of overbuilding. Pent-up demand, especially among millennials, could even maintain balance in markets at the greatest risk of overbuilding. Overall, the outlook of the multifamily sector remains positive.

CHARLESTON APARTMENT MARKET

Rents

Charleston had the fastest rent growth in the South Atlantic region and the third fastest in the nation during the last quarter of 2015. Rents have risen every quarter since year-end 2009, growing a total of 25.0%. Average rents in 4Q 2015 grew 1.6% to an average of \$941, and grew 4.8% for the year of 2015. Average rents for Class A units alone were \$1,086 in 4Q 2015, which marks growth of 5.8% for the year. Properties built after 2009 average rents of \$1,504, considerably higher than the metro and Class A average. Rents are projected to grow annually by 4.2% and 4.0% during 2016 and 2017, respectively. Charleston is forecasted to rank fourth in the South Atlantic for metro area rent growth based on a REIS's five-year forecast.

Year Built	Rent
Before 1970	\$761
1970-1979	\$819
1980-1989	\$923
1990-1999	\$1,059
2000-2009	\$1,095
After 2009	\$1,504
All	\$941

As of 12/31/15

	Asking Rent Growth						
	Quarterly			Annualized			
	4Q15	3Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Charleston	1.6%	2.0%	1.2%	4.8%	4.9%	4.2%	3.0%
South Atlantic	0.7%	1.3%	0.9%	3.7%	3.3%	2.9%	2.7%
United States	0.9%	1.5%	1.1%	4.6%	3.8%	3.3%	3.1%
Period Ending:	12/31/15	09/30/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/20

Vacancy

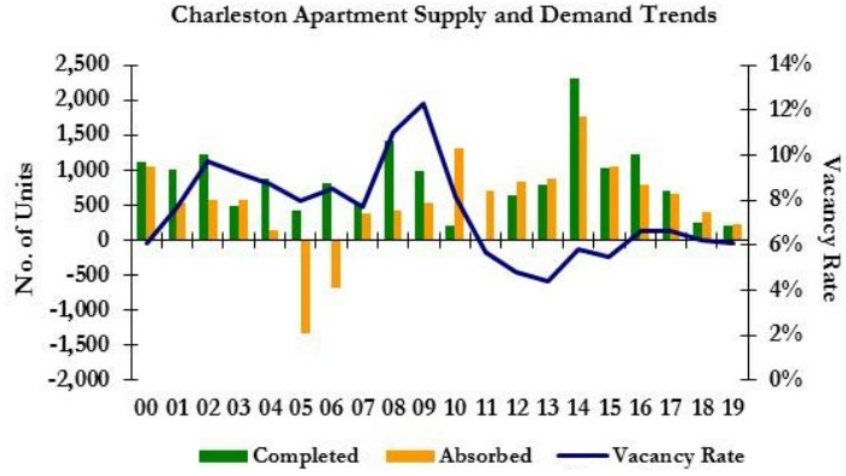
The vacancy rate for Charleston has averaged 7.5% since 2006, which is five basis points above the 4Q 2015 rate of 7.0%. The annualized vacancy rate for 2015 is 6.4%, which is slightly below the five year forecasted rate of 6.9%. Vacancy for Class A apartments for the last quarter of 2015 is higher than the current metro average at 8.5%. It is noted however that Class A vacancy in the Mount Pleasant submarket was 13.1%, therefore inflating the overall metro rate.

	Vacancy Rates						
	Quarterly			Annualized			
	4Q15	3Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Charleston	7.0%	5.3%	5.6%	6.4%	5.6%	6.0%	6.9%
South Atlantic	5.1%	5.2%	5.1%	5.2%	5.2%	5.7%	5.8%
United States	4.4%	4.3%	4.3%	4.4%	4.4%	4.9%	5.1%
Period Ending:	12/31/15	09/30/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/20

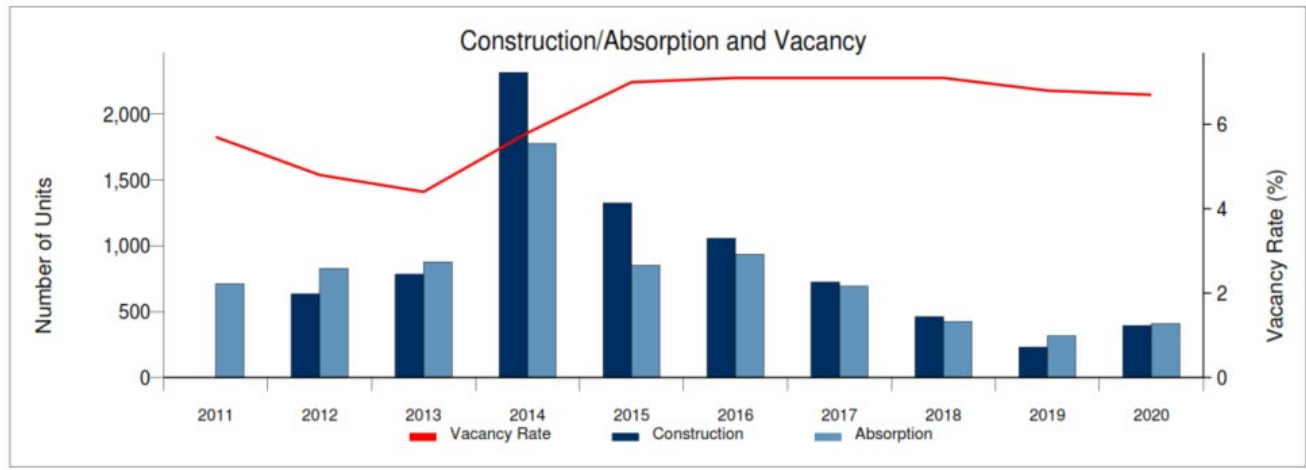
CHARLESTON APARTMENT MARKET

Supply and Absorption

Household formations since 2006 have averaged 5,900 units per year including 1,820 formations in the fourth quarter of 2015, which is an annualized growth rate of 2.3%. In 2014, 2,316 Class A apartments were completed in Charleston, which stands as the largest single-year total by a sizable margin for the area. A total of 1,324 units were built in 2015 with a net absorption of 850 units on the year. Although absorption seems low, it is still above the 702 unit annual average since 2006. Also, absorption outpaced new construction from 2011-2013. Newly completed units are forecasted to lead absorption through 2018, although the margins are slim compared to 2014 and 2015. There are currently 1,779 additional units expected between 2016 and 2017. Household formation is estimated to grow 2.3% annually, which yields a net absorption of 813 units per year. This indicates there may be a slight increase in vacancy of around 10 basis point as supply outpaces demand, although occupancy is expected to remain stable.



Empty nesters are projected to grow by over 8,200 from 2015-2020, while millennials are projected to grow by 2,200 during the same time frame. Contributing to the younger population is Charleston’s technology hub which attracts workers, therefore in turn creating greater apartment demand. Overall, these two groups will drive demand in the area.



CENTRAL CHARLESTON SUBMARKET

It should be noted the Central Charleston submarket includes James Island, Folly Beach, and much of North Charleston as mapped out by REIS, while Colliers International includes only the peninsula market.

Rents

Rents in Central Charleston grew 5.2% during 2015, while growing 7.3% to \$1,063 for Class A units alone. Rent growth over the past three years for Class A apartments has an annualized average is 4.8%. As of mid-2015, rents per square foot on the peninsula according to Colliers averaged \$1.37 per square foot. REIS projects rents to grow by 2.5% on an annual basis over the next five years.

Vacancy

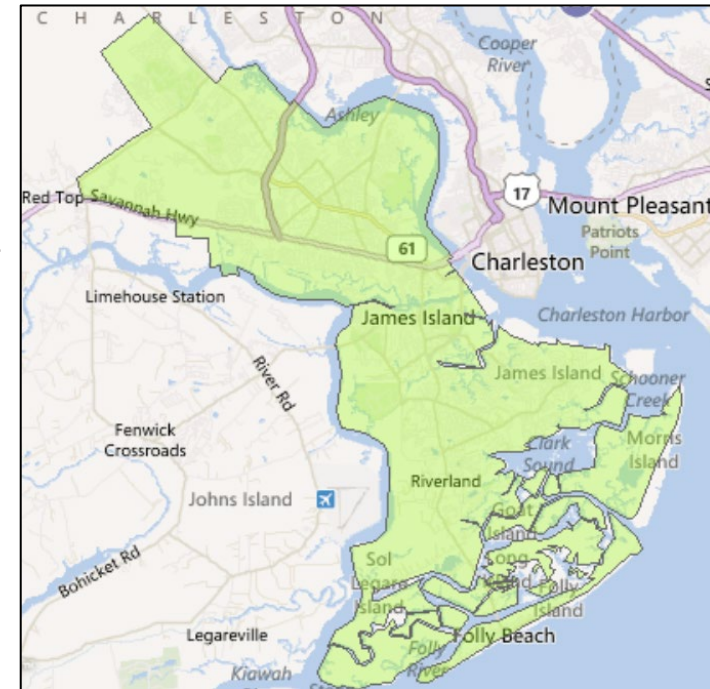
Annualized vacancy for 2015 amounted to 6.1% and is projected to increase to an average of 7.0% over the next five years as new supply comes on line.

Supply and Absorption

There was 568 and 574 units completed in 2014 and 2015, respectively. Prior to 2014, there were no units built in the submarket for four years. Net absorption for 2015 was 233 units. There are currently is approximately 250 units under construction with another roughly 1,400 proposed or planned on the peninsula alone.

Demand Drivers

As mentioned previously, baby boomers and millennials are projected to add roughly 10,000 people in the Charleston population, many who will be looking to live in a walkable urban core, especially the younger millennials who are a part of the technology hub working on the peninsula. Also, as more commercial venues move in the area, such as Revelry Brewing and Tattooed Moose, the area will continue to become more attractive to young workers.



RENT COMPARABLES

Elan Midtown



441 Meeting Street
Charleston, SC 29403

Year Built: 2013
of Units: 200
Occupancy: 93%

Current Rents as of February 2016

Unit Type	# of Units	SF	Effective Rents	
			Effective Rents	PSF
WORKFORCE	30	652	\$ 979	\$ 1.50
STUDIO	13	579	\$ 2,057	\$ 3.55
1 BR	106	749	\$ 1,826	\$ 2.44
2 BR	51	1,332	\$ 3,412	\$ 2.56
ASSET TOTAL / AVG	200	872	\$ 2,118	\$ 2.43

Community Features
Espress and Coffee Bar
Media Lounge
SkyVue Pool with Cabanas and Sundeck
Electric Vehicle Parking Stations
Fitness Center with Pilates Studio
Grilling Stations
Controlled Access
Game Room
Dog Park

Unit Features
Mosaic Tile Kitchen Backsplashes
Ceramic Tile in Bathrooms and Kitchens
42' Maple Cabinets
Granite Countertops
Washer & Dryer
Wood Plank Flooring
Stainless Steel Appliances
Rich Espresso Cabinetry

1

The Boulevard



725 Coleman Boulevard
Mount Pleasant, SC 29464

Year Built: 2014
of Units: 325
Occupancy: 92%

Current Rents as of February 2016

Unit Type	# of Units	SF	Effective Rents	
			Effective Rents	PSF
STUDIO	156	540	\$ 1,203	\$ 2.23
1 BR	78	662	\$ 1,439	\$ 2.17
2 BR	47	1,038	\$ 1,959	\$ 1.89
3 BR	44	1,382	\$ 2,451	\$ 1.77
ASSET TOTAL / AVG	325	755	\$ 1,538	\$ 2.04

Community Features
Clubroom and Game Area
Sundeck with Grilling Stations
Saltwater Pool
Commercial Fitness Center
Community Bikes
Coffee Bar
Electric Car Charging Station
Pet Park
Business Center

Unit Features
9'-14' Foot Ceilings
Island Kitchens
Granite Countertops
Clean Steel Appliances
Washer & Dryer
Contemporary 42" Cabinets
Polished Concrete and Wood Style Floors
Patios and Balconies

2

RENT COMPARABLES

East Central Lofts



274 Huger Street
Charleston, SC 29403

Year Built: 2013
of Units: 72
Occupancy: 96%

Current Rents as of February 2016

Unit Type	# of Units	SF	Effective Rents	Effective Rents PSF
WORKFORCE	12	265	\$ 759	\$ 2.86
STUDIO	1	440	\$ 959	\$ 2.18
1 BR	47	515	\$ 1,391	\$ 2.70
2 BR	12	625	\$ 1,563	\$ 2.50
ASSET TOTAL / AVG	72	491	\$ 1,308	\$ 2.67

Community Features
Fenced-in Relaxation Courtyard
Boccee Ball Court
Bike Storage
Central Laundry on each Floor
Community Grills

Unit Features
Floor to Ceiling Windows
Hardwood Plank Flooring
Granite Countertops
14' Ceilings
Ceiling Fans
Stainless Steel Appliances

3

The Standard



215 Promenade Vista Street
Charleston, SC 29412

Year Built: 2015
of Units: 280
Occupancy: (Lease-Up) 31%

Current Rents as of February 2016

Unit Type	# of Units	SF	Effective Rents	Effective Rents PSF
STUDIO	47	865	\$ 913	\$ 1.06
1 BR	130	763	\$ 1,502	\$ 1.97
2 BR	86	1,118	\$ 1,688	\$ 1.51
3 BR	17	1,265	\$ 2,007	\$ 1.59
ASSET TOTAL / AVG	280	920	\$ 1,491	\$ 1.62

Community Features
Clubhouse with Fireplaces
Full Gourment Kitchen
Fitness Center with Yoga Room
Saltwater Pool
Boccee Ball Court
Picnic Courtyard with Grilling Stations
Business Center
Bicycle Racks
Four Courtyards

Unit Features
Wood Flooring
Stainless Steel Appliances
Walk-in Closets
Clean Steel Appliances
Washer & Dryer
Granite Countertops

**Roughly 50% leased after 5 months, or an absorption of roughly 31 units per month.*

4

RENT COMPARABLES

35 Folly



35 Folly Road
Charleston, SC 29407

Year Built: 2015
of Units: 200
Occupancy: (Pre-Lease) 0%

Current Rents as of February 2016

Unit Type	# of Units	SF	Effective Rents	Effective Rents PSF
1 BR	193	752	\$ 1,372	\$ 1.82
2 BR	107	1,122	\$ 1,776	\$ 1.58
ASSET TOTAL / AVG	300	884	\$ 1,516	\$ 1.72

Community Features

- Game Room
- Business Center & Coffee Bar
- Fitness Center with Yoga Room
- Resort-Style Pool
- Gated Community
- Bike Storage and Repair Station
- Outdoor Living Areas with Grills
- Fire Pits
- Dog Washing Station
- Bocce Ball Court

Unit Features

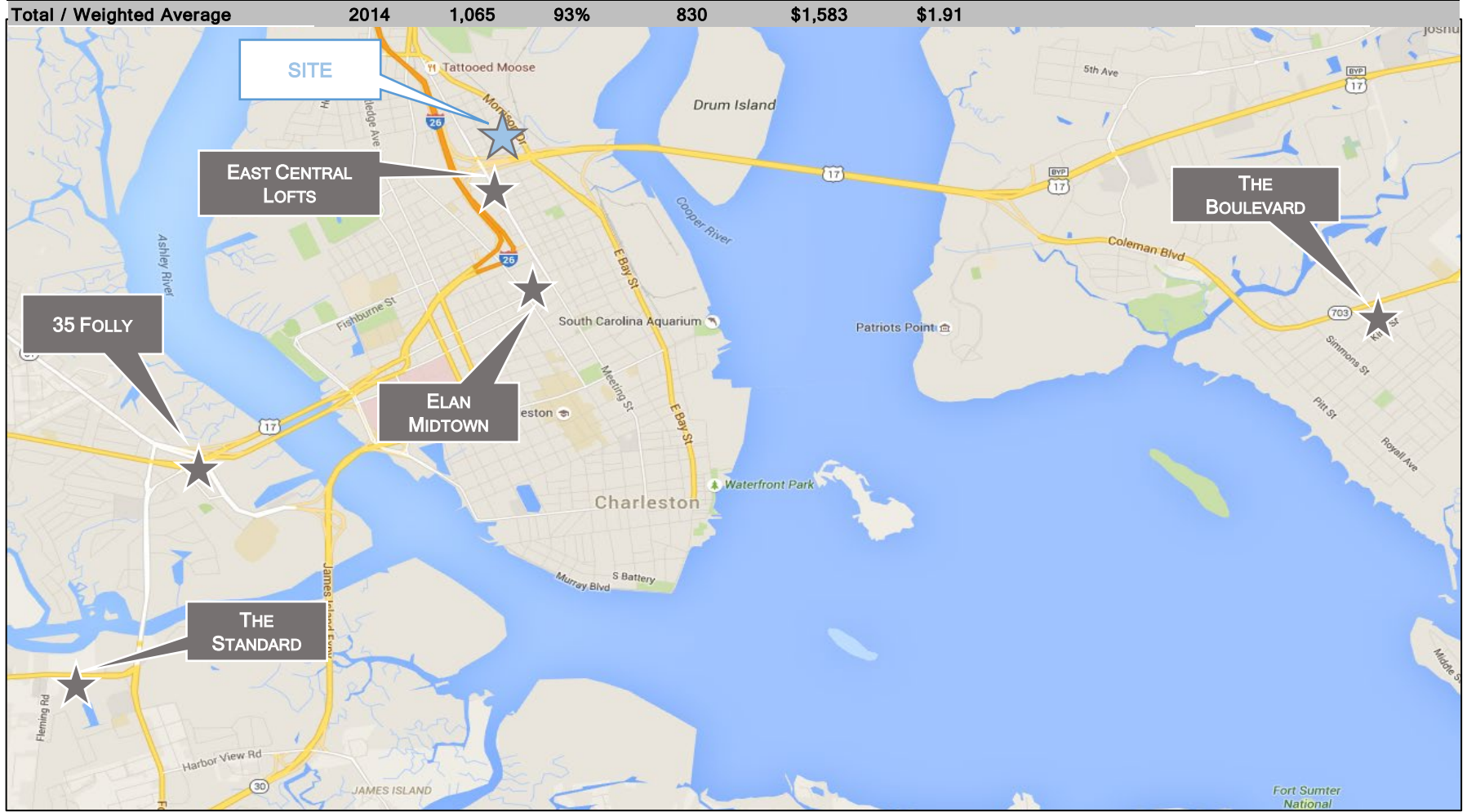
- 9' Ceilings
- Hardwood-Style Flooring
- Granite Countertops
- Glass Subway Tile Backsplash
- Washer & Dryer
- Walk-in Closets
- Stainless Steel Appliances
- Farm Style Sinks
- Flat Top Stoves
- Under-Cabinet Lighting

RENT COMPARABLES

	WORKFORCE HOUSING			
	# of Units	Avg. Unit Size (SF)	Avg. Monthly Effective Rent	Avg. Monthly Rent Per Square Foot
Elan Midtown	30	652	\$979	\$1.50
East Central Lofts	12	265	\$759	\$2.86
Total / Wtd Avg	42	541	\$916	\$1.69
	STUDIOS			
	# of Units	Avg. Unit Size (SF)	Avg. Monthly Effective Rent	Avg. Monthly Rent Per Square Foot
Elan Midtown	13	579	\$2,057	\$3.55
The Boulevard	156	540	\$1,203	\$2.23
East Central Lofts	1	440	\$959	\$2.18
The Standard	47	865	\$913	\$1.06
Total / Wtd Avg	217	612	\$1,190	\$1.95
	1 BEDROOMS			
	# of Units	Avg. Unit Size (SF)	Effective Rent	Per Square Foot
Elan Midtown	106	749	\$1,826	\$2.44
The Boulevard	78	662	\$1,439	\$2.17
East Central Lofts	47	515	\$1,391	\$2.70
The Standard	130	763	\$1,502	\$1.97
35 Folly	193	752	\$1,372	\$1.82
Total / Wtd Avg	554	721	\$1,500	\$2.08
	2 BEDROOMS			
	# of Units	Avg. Unit Size (SF)	Avg. Monthly Effective Rent	Avg. Monthly Rent Per Square Foot
Elan Midtown	51	1,332	\$3,412	\$2.56
The Boulevard	47	1,038	\$1,959	\$1.89
East Central Lofts	12	625	\$1,563	\$2.50
The Standard	86	1,118	\$1,688	\$1.51
35 Folly	107	1,122	\$1,776	\$1.58
Total / Wtd Avg	303	1,123	\$2,046	\$1.82

RENT COMPARABLES

Property	Year Delivered	# of Units	Occupancy	Avg. Unit Size (SF)	Avg. Monthly Effective Rent	Avg. Monthly Rent Per Square Foot	Unit Mix (STUDIO, 1BR, 2BR, 3BR)	Product Type	Location
Elan Midtown	2013	200	93%	872	\$1,936	\$2.22	12% / 63% / 25% / 0%	Mid-Rise with Deck	Superior
The Boulevard	2014	325	92%	755	\$1,538	\$2.04	48% / 24% / 15% / 13%	Mid-Rise with Deck	Equivalent
East Central Lofts	2013	60	96%	491	\$1,308	\$2.67	18% / 65% / 17% / 0%	Mid-Rise	Equivalent
The Standard	2015	280	Lease-Up	920	\$1,491	\$1.62	17% / 36% / 31% / 6%	Mid-Rise Deck Wrap	Inferior
35 Folly	2015	200	Pre-Lease	884	\$1,516	\$1.72	0% / 64% / 36% / 0%	Mid-Rise Deck Wrap	Equivalent
Total / Weighted Average	2014	1,065	93%	830	\$1,583	\$1.91			



SALES COMPARABLES

East Central Lofts

274 Huger Street
Charleston, SC 29403

Year Built: 2013
Units: 72
Avg Square Feet: 491
Class: A
Type: Mid-Rise

Sales Price: \$12,400,000
Price Per Unit: \$172,222
Price Per SF: \$310
Sales Date: May-15



Elan Midtown

441 Meeting Street
Charleston, SC 29403

Year Built: 2013
Units: 200
Avg Square Feet: 872
Class: A
Type: Mid-Rise

Sales Price: \$64,000,000
Price Per Unit: \$320,000
Price Per SF: \$367
Sales Date: Oct-14



The Boulevard

441 Meeting Street
Charleston, SC 29403

Year Built: 2013
Units: 325
Avg Square Feet: 755
Class: A
Type: Mid-Rise

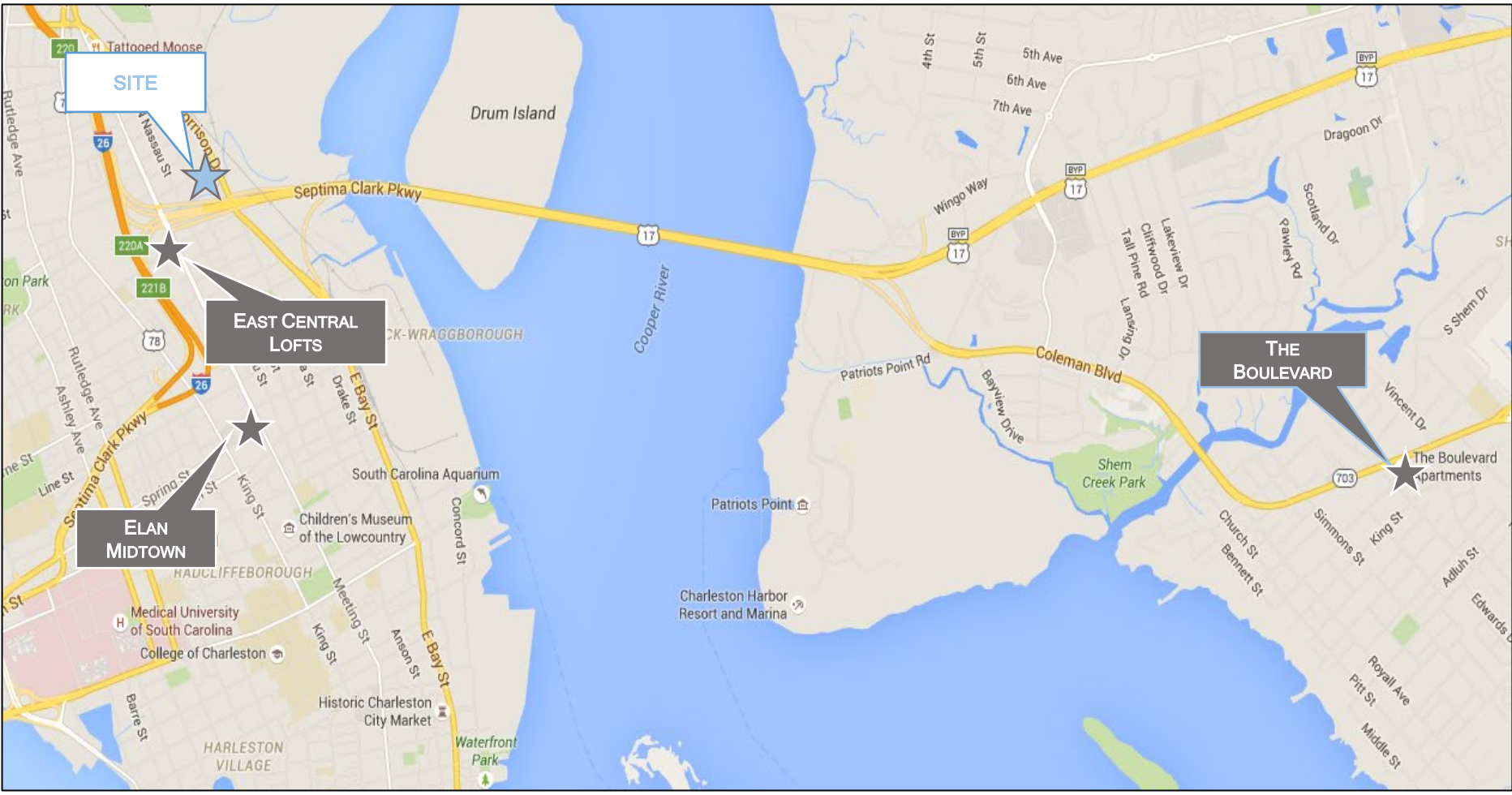
Sales Price: \$66,500,000
Price Per Unit: \$204,615
Price Per SF: \$271
Sales Date: Feb-14



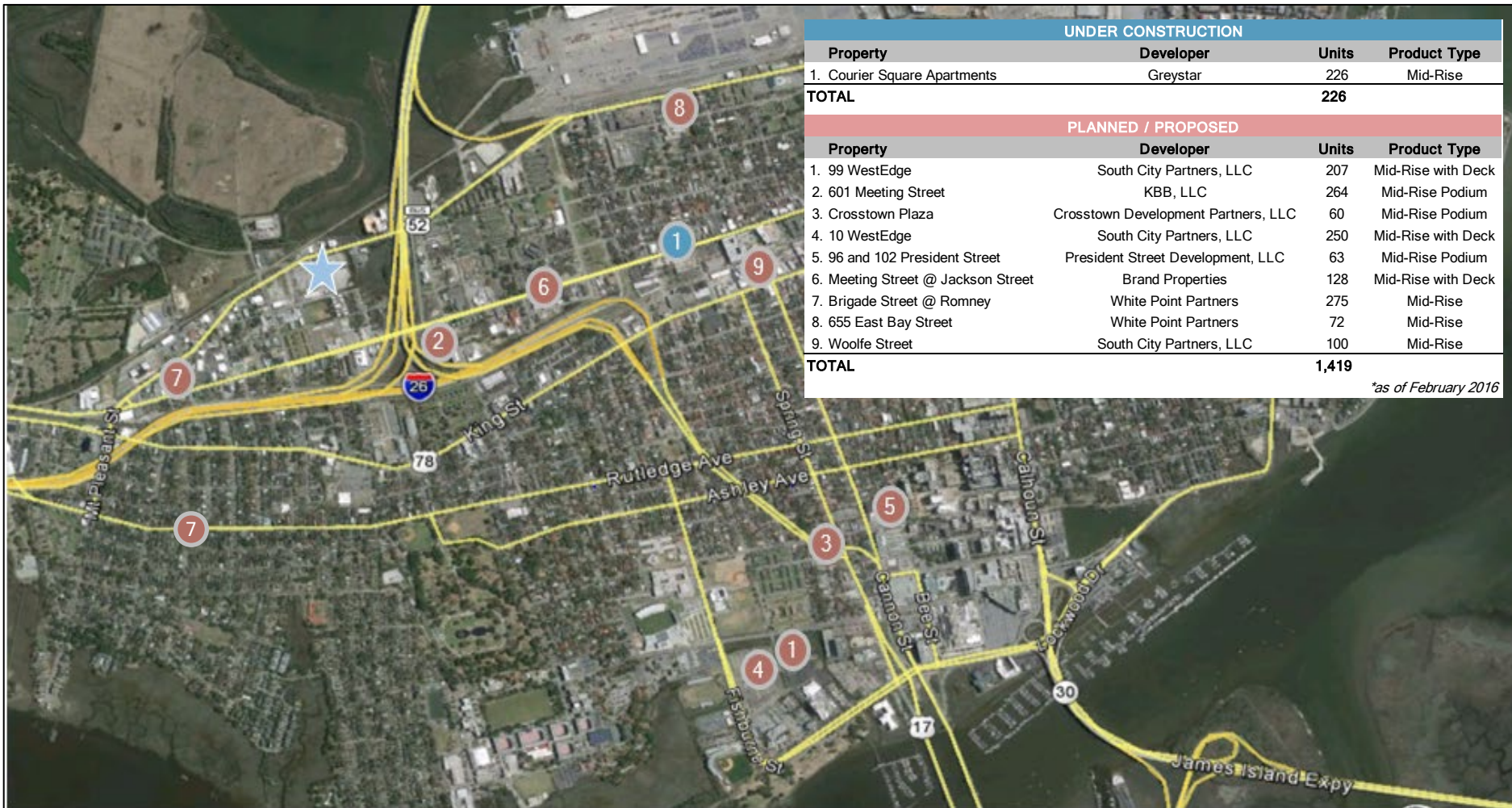
It is noted at there are other various apartment sales; however, they are either outdated or are garden style apartment acquisitions which are not representative of the proposed development. Also, East Central Lofts does not have any structured parking.

SALES COMPARABLES

Property	Year Built	Units	Sale Date	Sales Price	Price / Unit	Seller	Buyer
East Central Lofts	2013	72	May-15	\$12,400,000	\$172,222	East Central Lofts, LLC	Federal Capital Partners
Elan Midtown	2013	200	Oct-14	\$64,000,000	\$320,000	Greystar	JP Morgan
The Boulevard	2013	325	Feb-14	\$66,500,000	\$204,615	The Beach Company	Heitman Capital Management
Total / Wtd Avg	2013	597		\$142,900,000	\$239,363		



DEVELOPMENT PIPELINE



UNDER CONSTRUCTION			
Property	Developer	Units	Product Type
1. Courier Square Apartments	Greystar	226	Mid-Rise
TOTAL		226	
PLANNED / PROPOSED			
Property	Developer	Units	Product Type
1. 99 WestEdge	South City Partners, LLC	207	Mid-Rise with Deck
2. 601 Meeting Street	KBB, LLC	264	Mid-Rise Podium
3. Crosstown Plaza	Crosstown Development Partners, LLC	60	Mid-Rise Podium
4. 10 WestEdge	South City Partners, LLC	250	Mid-Rise with Deck
5. 96 and 102 President Street	President Street Development, LLC	63	Mid-Rise Podium
6. Meeting Street @ Jackson Street	Brand Properties	128	Mid-Rise with Deck
7. Brigade Street @ Romney	White Point Partners	275	Mid-Rise
8. 655 East Bay Street	White Point Partners	72	Mid-Rise
9. Woolfe Street	South City Partners, LLC	100	Mid-Rise
TOTAL		1,419	

**as of February 2016*

CHARLESTON AFFORDABLE HOUSING MARKET

Rising Rents

Charleston area residents and their counterparts across the nation are increasingly struggling to pay rising rents with incomes that have not kept pace. The majority of renters in South Carolina have been paying more than 30.0% of the household’s income in rent. The U.S. Department of Housing and Urban Development consider this a level at which households may have difficulty affording necessities such as food, clothing, transportation, and medical care. In Charleston County, 57.0% of renters were paying at least 30.0% of the household’s income to a landlord. Nearly half paid 35.0%.

Demand drivers for the rising rents include higher mortgage requirements and more people seeing a home as an anchor instead of an asset. Rising rents in desirable urban areas have caused disruptive demographic changes and priced some people out of living in the areas where they work. A major problem in Charleston is that to provide affordable housing, the area will need improved transportation options.

Workforce Housing Units

There is currently an incentive density option for developments which include workforce housing based on the Upper Peninsula as shown below.

	Points
Workforce Housing 60%. AMI (greater of, 10 units or 5%)	2
Workforce Housing 80%. 120% AMI (greater of, 15 units or 10%)	3
Workforce Housing 80%. 120% AMI (greater of, 25 units or 15%)	4

Developing 15% or more workforce housing in the Upper Peninsula District provides projects up to four bonus density points. To meet requirements for the point system, no more than 25% of the unit mix can be 1BR units.

Due to rezoning requirements, East Central Lofts and Elan Midtown were both required to provide 15% of the development as workforce housing units. East Central Lofts currently provides studios, while Elan Midtown provides 10 studios and 20 one bedroom units.

Current Rents as of February 2016				
Property	# of Units	Average SF	Effective Rents	Effective Rents PSF
East Central Lofts	12	265	\$ 759	\$ 2.86
Elan Midtown	30	652	\$ 979	\$ 1.50

CHARLESTON LIHTC MARKET

LIHTC Overview

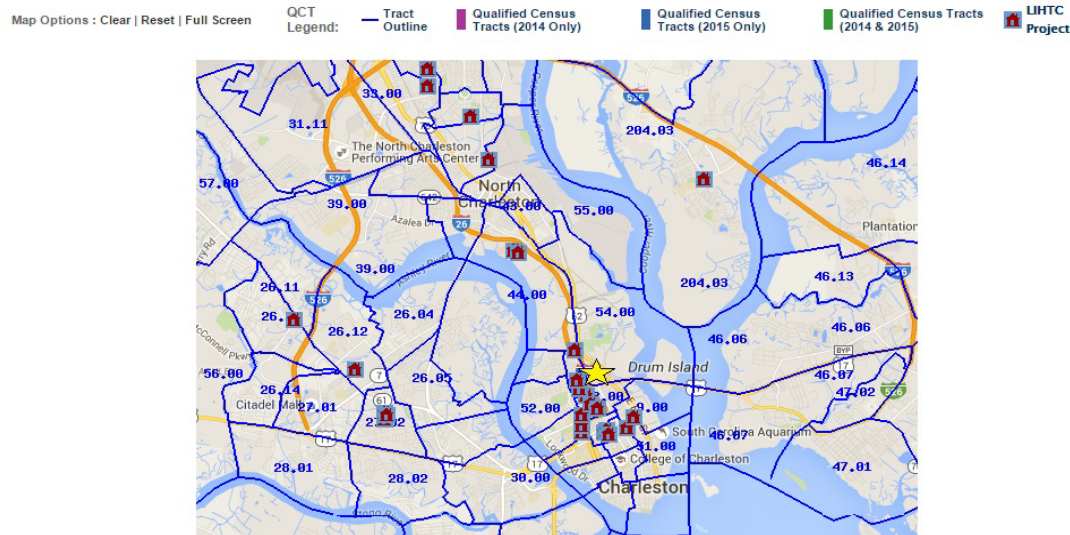
Low-Income Housing Tax Credit (“LIHTC”) units are reserved for tenants with incomes capped at 30% to 60% of AMI and the property must meet one of the following conditions:

- a) At least 20% of the residential units of the property are rent restricted and occupied by individuals whose income is 50% or less of the AMI (20/50 election); and
- b) At least 40% of the residential units of the property are rent restricted and occupied by individuals whose income is 60% or less of the AMI (40/60 election).

The total rents and utilities for LIHTC units are limited to 30% of a family’s income. Also, the property is required to partake in a 15 year affordability commitment once the project is placed in service. The tax credits are taken annually over a 10-year period based on the qualified basis related to costs multiplied by the federal percentage credit rate.

LIHTC Projects

There are several LIHTC projects within the area. LIHTC projects require a capture at or below 30%, which means our site would most likely not reach above the 30% capture rate.



CHARLESTON LIHTC MARKET

Qualified Census Tract

The subject property is located in a qualified census tract, which implies the poverty rate is above 50%. This means the qualified basis for the tax credits would receive a basis boost of 130%.

LIHTC Points

The SC State Housing Authority awards credits to developers based on a scoring system related to the site, development experience, vacancy rates, architectural features, and bedroom counts. The subject property is eligible for 23.5 points based on the site conditions alone.

Qualified Census Tract Information	
Tract	54.00
County	Charleston County
State	SC
Status (2014)	Qualified
Status (2015)	Qualified
Poverty Rate	59.6%
Ratio of Tract Median Income to Tract Income Limit	2.133
Full Tract Number	45019005400

995 Morrison Drive LIHTC Points:			
<i>Only one (1) of each service type is counted for points.</i>			
Type	Miles from Subject Property	Name	Number of Points
1 Full Service Grocery Store:	0.7	Food Lion	3.5
2 Pharmacy or Drug Store:	0.7	CVS	3.5
3 Convenience Store and Gas Station:	0.9	Circle K Gas Station	3.5
4 Restaurant:	across the street	Royal American	3
5 Entertainment Venue:	0.6	John K. Dart Library	2.5
6 Retail Shopping areas (min 4 retail stores):	1.5	King Street Retailers	2
7 Doctors office:	1.3	Fetter Family Health Center	2
8 Public Schools:	0.8	James Simons Elementary	2.5
9 Bank:	1	South State Bank	2.5
10 ATM machine:	0.8	Circle K Gas Station	2.5
11 Public Parks or Playground:	1.5	Hampton Park	2
12 Compatible with surrounding land uses:		YES	2
13 Water and Sewer Accessibility within 350 feet of site:		YES	2
Total			33.5
3 Point Deductions:			
1 Within 500 feet of easement containing electric substation:			
2 Overhead electric line easement on property:			
3 Building located within fall distance of pole, tower, or support structure of high voltage transmission power line:			
4 Nearby active railroad causes excessive noise and vibration:			-3 (N/A if less than 65 dBA)
5 Unacceptable slope on site:			
6 Floodplain, Wetlands, etc:			-3
7 Site within 1/2 mile of operating commercial meat processing plant:			
8 Sites within 1/2 mile of treatment, storage, or disposable facility hazardous wastes:			
9 Sites within 1/4 mile of sewage plant:			
10 Sites within 1/4 Mile of any jail, prison, or detention center:			
Total			-6
2 Point Deductions:			
1 Sites within 500 feet of commercial junkyard or salvage yard, trash heap, dump pile, or other eyesore:			
2 Sites within 500 feet of a pipeline (excluding low pressure gas, water, or sewer line):			
3 Sites within 500 feet of commercial bulk storage or distribution facilities for propane/butane gas, etc.			
4 Sites within 500 feet of bars and night clubs or one that sells alcohol:			-2
5 Sites within 1/4 mile of adult video/entertainment clubs:			
6 Sites within 1/4 mile of operating industrial facility:			
7 Sites that require the execution of voluntary or involuntary cleanup agreements according to DHEC:			-2 (Site may be contaminated)
Total			-4
Point totals less deductions			23.5

SUMMARY AND OUTLOOK

The national multifamily market still has a positive outlook. Demand is poised to stay strong even as overbuilding becomes a concern.

Rent Growth and Vacancy

Rent growth is expected to be around 3.0%, which shows a decline from roughly 5.0% in prior years. Vacancy is expected to increase to around 7.0% due to the increased supply coming on line. Although rent growth is declining while vacancy is increasing shows a possible trend of overbuilding, it is expected this is more of the market currently stabilizing as demand will still remain strong due to the high growth of millennials and boomers projected to move to Charleston.

Supply and Demand

Absorption remained positive in 2015 with a net of 233 units. Supply in 2016 is expected to hit its peak in 2016, and it is expected 1,779 units will be completed between 2016 and 207. Of these, a large portion will be completed on the peninsula. There are currently over 1,400 units planned or proposed on the peninsula, although it is noted not all may ever come to fruition. Demand will remain strong as population and job growth continue to increase.

Product Offering

The most likely multifamily product will be a mid-rise building either wrapped by a parking deck or adjacent to one. Units may also be mixed in to a high-rise building, defined as eight stories or more by ULI. Also, if a PDD zoning is required, it will most likely require workforce housing of 15% minimum. It is suggested try to factor in 15% for workforce housing even if a PDD is not used.

Capture Rate and Absorption

HUD projects demand in Charleston will be roughly 1,200 units per year in 2016 and 2017. According to REIS, there are currently 1,779 units projected to be completed between 2016 and 2017, leaving a gap of roughly 620 units. Overall, the analysis indicates 222 units would yield roughly a 5.4% capture rate based on a projected three-year demand, which is a rough estimate for units in the proposed development. Using the absorption rate of roughly 30 units based on The Standard, the lease-up period would be roughly 7 months.

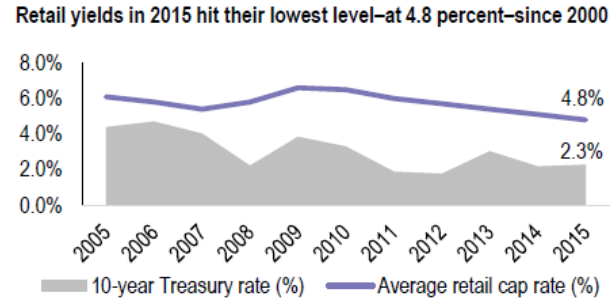
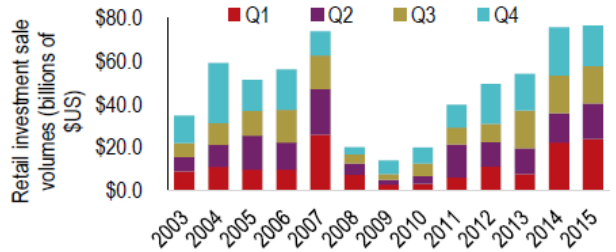
NATIONAL RETAIL TRENDS

Real Capital Analytics reported a total of \$533 billion in sales representing a \$24 billion gain over 2014. This was also the second highest level of investment volume behind the peak of \$573 billion seen in 2007. The National Retail Federation (“NRF”) released its 2016 economic forecast recently and projected that retail industry sales (which exclude automobiles, gas stations and restaurants) will grow 3.1 percent, higher than the 10-year average of 2.7 percent. NRF also announced that it expects non-store sales in 2016 to grow between 6.0 and 9.0 percent, fueling growth. According to the National Association of Realtors, vacancy rates in the retail market are expected to decline from 9.6 percent currently to 9.2 percent in the second quarter of 2016. Currently, the markets with the lowest retail vacancy rates include San Francisco, at 3.0 percent; Orange County, Calif., and San Jose, Calif. at 4.6 percent; Fairfield County, Conn. at 4.7 percent; and Long Island, N.Y. at 4.9 percent. Average retail rents are forecast to rise 2.6 percent in 2015 and 3.1 percent in 2016. Net absorption of retail space is likely to total 15.8 million square feet for year-end 2015 and jump to 21.1 million in 2016.

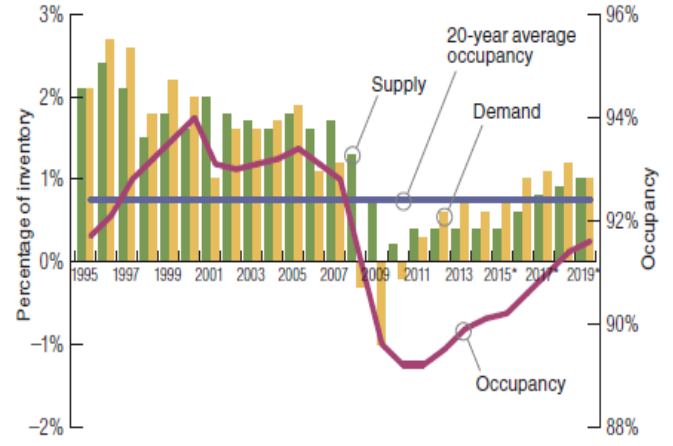
JLL reported \$76.6 billion worth of U.S. retail investment sales in 2015. A recent REIS forecast predicted that retail demand will continue to increase until 2017.

U.S. Retail investment	
\$76.6 Investment sales (2015, billions of \$US)	1.0% Annual investment sale growth (%)
22.5% 12-month change in pricing (p.s.f., %)	-50 bps 2015 change in cap rate (bp)
U.S. Retail investment sales by market type	
2.7% Annual primary volume growth (%)	3.9% Annual secondary volume growth (%)
-35 bps 2015 change in primary cap rate (bp)	-23 bps 2015 change in secondary cap rate (bp)

Despite a slow fourth quarter, retail volumes increased 1.0 percent at year-end, transacting above prior peak levels for second consecutive year



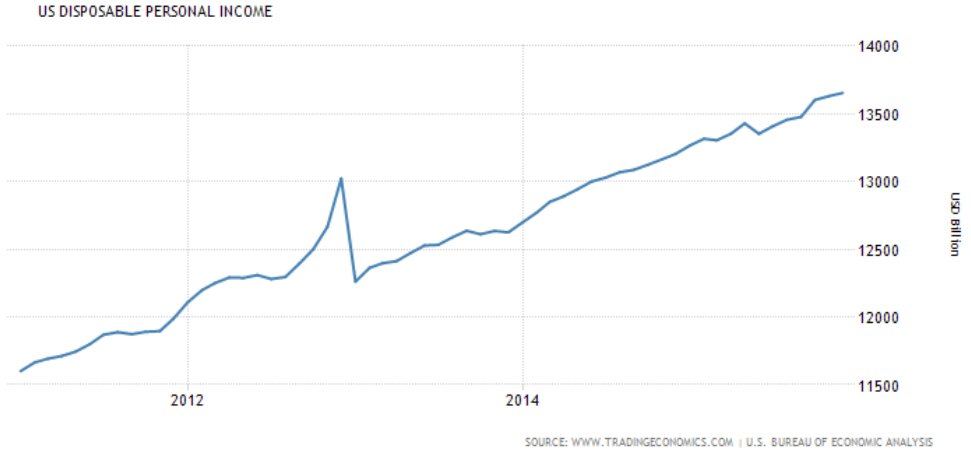
Source: JLL Research, Real Capital Analytics (Transactions greater than \$5.0m)



Source: REIS Inc. * Forecast.

NATIONAL RETAIL TRENDS

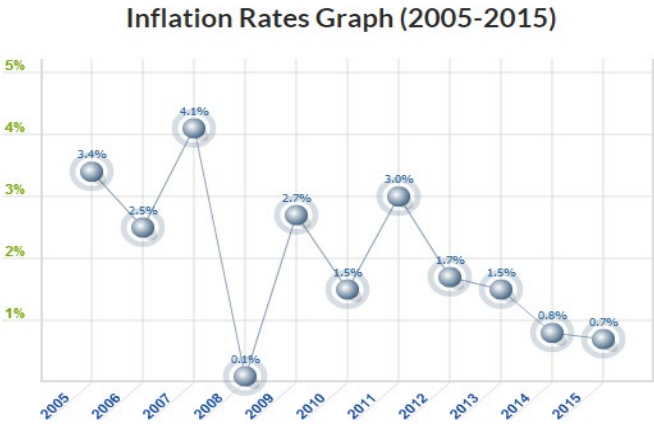
Consumer Confidence



The University of Michigan's consumer sentiment fell to 90.7 in February of 2016 from 92 in January, much lower than market expectations of 92. It is the weakest figure in four months, due to lower current and future expectations and lower inflation outlook. Consumer Confidence in the United States averaged 85.81 from 1952 until 2015, reaching an all time high of 111.40 in January of 2000 and a record low of 51.70 in May of 1980. Consumer Confidence in the United States is reported by the University of Michigan.

Consumer Confidence in the United States is expected to be 90.09 by the end of the 1st quarter of 2016, according to Trading Economics global macro models and analysts expectations. Looking forward, estimates in the United States are expected to stand at 89.14 by the end of 2016 In the long run, the United States Consumer Sentiment is projected to trend around 86.04 in 2020.

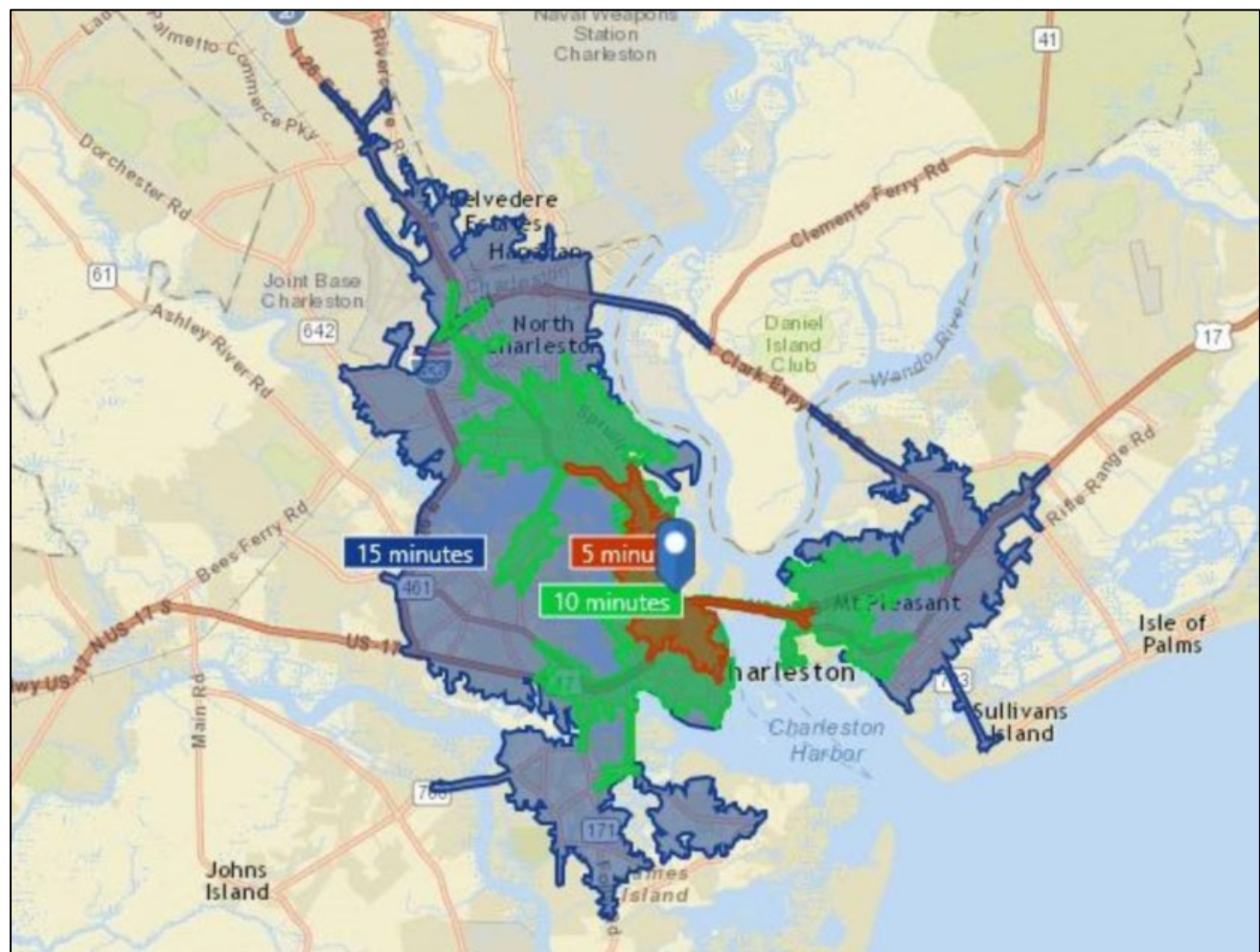
US disposable income has been rising. Inflation rates have further decreased and national job postings numbers have increased.



U.S. Indicators	
▲	Consumer Confidence 1.8 pts
▲	Employment Trends Index 0.2 %
▲	Help Wanted OnLine 13,500
▼	Leading Economic Index 0.2 %
▼	Measure of CEO Confidence 3.0 pts

TRADE AREAS

Trade areas are based on drive-times and vary by retailer size and type. The following graph depicts 5, 10, and 15 minute drive times. It was determined the primary trade area will comprise 80% of the market and come from those located within the 15-minute drive time. The other 20% will come from those outside the 15-minute drive time and will include tourists and seasonal visitors.



TRADE AREAS

Demographics and Trade Areas

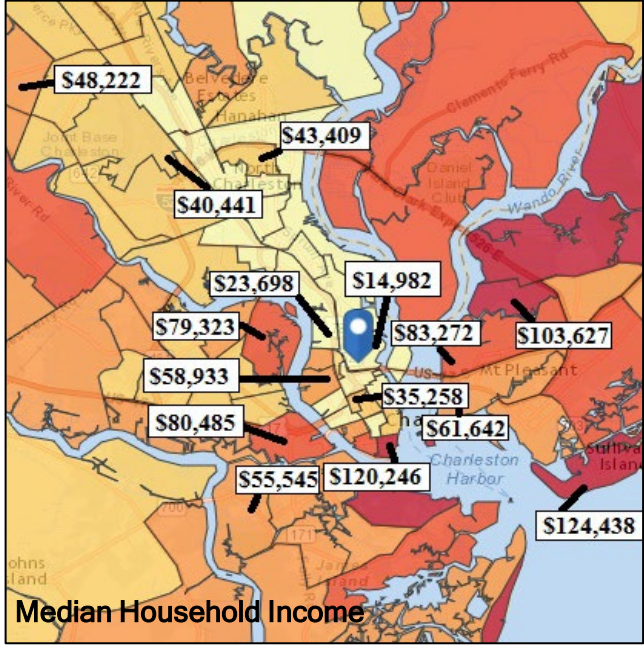
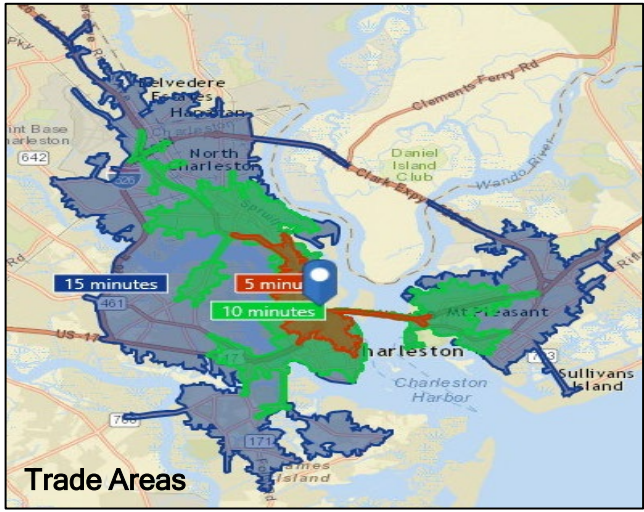


Demographic and Income Comparison Profile

995 Morrison Dr, Charleston, South Carolina, 29403 9
 995 Morrison Dr, Charleston, South Carolina, 29403
 Drive Times: 5, 10, 15 minute radii

Prepared by Esri
 Latitude: 32.80746
 Longitude: -79.94296

	5 minutes	10 minutes	15 minutes
Census 2010 Summary			
Population	14,875	58,565	158,419
Households	6,624	23,714	66,569
Families	2,951	11,156	35,244
Average Household Size	2.13	2.22	2.26
Owner Occupied Housing Units	2,446	9,571	33,709
Renter Occupied Housing Units	4,178	14,143	32,860
Median Age	31.9	29.1	33.9
2015 Summary			
Population	15,671	61,755	165,496
Households	7,091	25,394	70,418
Families	3,063	11,723	36,642
Average Household Size	2.09	2.20	2.23
Owner Occupied Housing Units	2,401	9,557	33,583
Renter Occupied Housing Units	4,690	15,837	36,834
Median Age	32.8	30.1	34.8
Median Household Income	\$26,114	\$34,224	\$42,636
Average Household Income	\$41,757	\$58,606	\$64,551
2020 Summary			
Population	16,646	65,938	176,544
Households	7,621	27,351	75,595
Families	3,238	12,475	38,918
Average Household Size	2.07	2.19	2.23
Owner Occupied Housing Units	2,565	10,263	35,958
Renter Occupied Housing Units	5,056	17,087	39,637
Median Age	34.1	31.7	36.1
Median Household Income	\$29,890	\$39,025	\$49,530
Average Household Income	\$47,275	\$65,710	\$72,334



TRADE AREAS

Leakages



Retail MarketPlace Profile

995 Morrison Dr, Charleston, South Carolina, 29403 16
 995 Morrison Dr, Charleston, South Carolina, 29403
 Drive Time: 5 minute radius

Prepared by Esri
 Latitude: 32.80746
 Longitude: -79.94296

Summary Demographics						
2015 Population						15,852
2015 Households						7,088
2015 Median Disposable Income						\$21,864
2015 Per Capita Income						\$17,818
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$157,372,467	\$197,444,749	-\$40,072,282	-11.3	221
Total Retail Trade	44-45	\$141,715,090	\$146,804,906	-\$5,089,816	-1.8	134
Total Food & Drink	722	\$15,657,377	\$50,639,844	-\$34,982,467	-52.8	87
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$31,776,355	\$28,964,021	\$2,812,334	4.6	9
Automobile Dealers	4411	\$25,951,052	\$19,745,489	\$6,205,563	13.6	2
Other Motor Vehicle Dealers	4412	\$3,242,168	\$6,590,241	-\$3,348,073	-34.1	4
Auto Parts, Accessories & Tire Stores	4413	\$2,583,135	\$2,628,291	-\$45,156	-0.9	3
Furniture & Home Furnishings Stores	442	\$3,912,683	\$12,675,704	-\$8,763,021	-52.8	9
Furniture Stores	4421	\$2,593,164	\$8,678,054	-\$6,084,890	-54.0	4
Home Furnishings Stores	4422	\$1,319,519	\$3,997,650	-\$2,678,131	-50.4	4
Electronics & Appliance Stores	443	\$7,345,656	\$7,148,040	\$197,616	1.4	5
Bldg Materials, Garden Equip. & Supply Stores	444	\$5,752,294	\$9,819,717	-\$4,067,423	-26.1	10
Bldg Material & Supplies Dealers	4441	\$5,233,732	\$9,819,717	-\$4,585,985	-30.5	10
Lawn & Garden Equip & Supply Stores	4442	\$518,562	\$0	\$518,562	100.0	0
Food & Beverage Stores	445	\$26,443,316	\$48,155,364	-\$21,712,048	-29.1	37
Grocery Stores	4451	\$23,360,335	\$39,533,862	-\$16,173,527	-25.7	29
Specialty Food Stores	4452	\$1,591,089	\$6,603,376	-\$5,012,287	-61.2	6
Beer, Wine & Liquor Stores	4453	\$1,491,892	\$2,018,125	-\$526,233	-15.0	2
Health & Personal Care Stores	446,4461	\$8,603,482	\$3,820,227	\$4,783,255	38.5	4
Gasoline Stations	447,4471	\$10,968,542	\$2,311,178	\$8,657,364	65.2	2
Clothing & Clothing Accessories Stores	448	\$6,626,694	\$15,220,703	-\$8,594,009	-39.3	22
Clothing Stores	4481	\$4,410,414	\$10,373,251	-\$5,962,837	-40.3	16
Shoe Stores	4482	\$925,944	\$673,883	\$252,061	15.8	1
Jewelry, Luggage & Leather Goods Stores	4483	\$1,290,336	\$4,173,568	-\$2,883,232	-52.8	5
Sporting Goods, Hobby, Book & Music Stores	451	\$3,577,596	\$1,771,562	\$1,806,034	33.8	4
Sporting Goods/Hobby/Musical Instr Stores	4511	\$2,810,364	\$1,042,510	\$1,767,854	45.9	2
Book, Periodical & Music Stores	4512	\$767,233	\$729,052	\$38,181	2.6	2
General Merchandise Stores	452	\$29,838,810	\$3,409,508	\$26,429,302	79.5	6
Department Stores Excluding Leased Depts.	4521	\$22,683,490	\$414,453	\$22,269,037	96.4	1
Other General Merchandise Stores	4529	\$7,155,320	\$2,995,055	\$4,160,265	41.0	5
Miscellaneous Store Retailers	453	\$4,959,353	\$11,392,489	-\$6,433,136	-39.3	26
Florists	4531	\$175,604	\$361,582	-\$185,978	-34.6	2
Office Supplies, Stationery & Gift Stores	4532	\$1,143,727	\$1,610,418	-\$466,691	-16.9	6
Used Merchandise Stores	4533	\$313,784	\$558,494	-\$244,710	-28.1	5
Other Miscellaneous Store Retailers	4539	\$3,326,237	\$8,861,996	-\$5,535,759	-45.4	13
Nonstore Retailers	454	\$1,910,310	\$2,116,393	-\$206,083	-5.1	1
Electronic Shopping & Mail-Order Houses	4541	\$1,196,260	\$0	\$1,196,260	100.0	0
Vending Machine Operators	4542	\$118,181	\$0	\$118,181	100.0	0
Direct Selling Establishments	4543	\$595,869	\$1,902,840	-\$1,306,971	-52.3	1
Food Services & Drinking Places	722	\$15,657,377	\$50,639,844	-\$34,982,467	-52.8	87
Full-Service Restaurants	7221	\$7,400,070	\$37,247,257	-\$29,847,187	-66.9	66
Limited-Service Eating Places	7222	\$7,103,814	\$6,948,532	\$155,282	1.1	11
Special Food Services	7223	\$207,547	\$709,076	-\$501,529	-54.7	2
Drinking Places - Alcoholic Beverages	7224	\$945,946	\$5,734,979	-\$4,789,033	-71.7	8

TAPESTRY GROUPS

Group Rank #1 (12%)



LifeMode Group: Middle Ground

Emerald City

8B

Households: 1,677,000

Average Household Size: 2.05

Median Age: 36.6

Median Household Income: \$52,000

WHO ARE WE?

Emerald City's denizens live in lower-density neighborhoods of urban areas throughout the country. Young and mobile, they are more likely to rent. Well educated and well employed, half have a college degree and a professional occupation. Incomes close to the US median come primarily from wages and self-employment. This group is highly connected, using the Internet for entertainment and making environmentally friendly purchases. Long hours on the Internet are balanced with time at the gym. Many embrace the "foodie" culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment. They travel frequently, both personally and for business.

OUR NEIGHBORHOOD

- There are mostly older, established neighborhoods with homes built before 1960; around 30% built before 1940.
- Just over half of all homes are renter occupied.
- Single-person and nonfamily types make up over half of all households.
- Median home value and average rent are slightly above the US levels; around half of owned homes are worth \$150,000–\$300,000.

SOCIOECONOMIC TRAITS

- Well educated, these consumers research products carefully before making purchases.
- They buy natural, green, and environmentally friendly products.
- Very conscious of nutrition, they regularly buy and eat organic foods.
- Cell phones and text messaging are a huge part of everyday life.
- They place importance on learning new things to keep life fresh and variable.
- They are interested in the fine arts and especially enjoy listening to music.

TAPESTRY GROUPS

Group Rank #2 (8%)



LifeMode Group: GenXurban
In Style

5B

Households: 2,675,000
Average Household Size: 2.33
Median Age: 41.1
Median Household Income: \$66,000

WHO ARE WE?

In Style denizens embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement.

OUR NEIGHBORHOOD

- City dwellers of large metropolitan areas.
- Married couples, primarily with no children (Index 112) or single households (Index 109); average household size at 2.33.
- Home ownership average at 69% (Index 108); more than half, 51%, mortgaged (Index 112).
- Primarily single-family homes, in older neighborhoods (built before 1980), with a mix of town homes (Index 133) and smaller (5–19 units) apartment buildings (Index 110).
- Median home value at \$213,500.
- Vacant housing units at 8.8%.

SOCIOECONOMIC TRAITS

- College educated: 46% are graduates (Index 162); 75% with some college education.
- Low unemployment is at 5.6% (Index 65); higher labor force participation rate is at 68% (Index 108) with proportionately more 2-worker households (Index 112).
- Median household income of \$65,600 reveals an affluent market with income supplemented by investments (Index 143) and a substantial net worth (Index 179).
- Connected and knowledgeable, they carry smartphones and use many of the features.
- Attentive to price, they use coupons, especially mobile coupons.

TAPESTRY GROUPS

Group Rank #3 (7%)



LifeMode Group: Hometown
Modest Income Homes

12D

Households: 1,632,000
Average Household Size: 2.56
Median Age: 36.1
Median Household Income: \$22,000

WHO ARE WE?

Families in this urban segment may be nontraditional; however, their religious faith and family values guide their modest lifestyles. Many residents are primary caregivers to their elderly family members. Jobs are not always easy to come by, but wages and salary income are still the main sources of income for most households. Reliance on Social Security and public assistance income is necessary to support single-parent and multigenerational families. High poverty rates in this market make it difficult to make ends meet. Nonetheless, rents are relatively low (Index 73), public transportation is available, and Medicaid can assist families in need.

OUR NEIGHBORHOOD

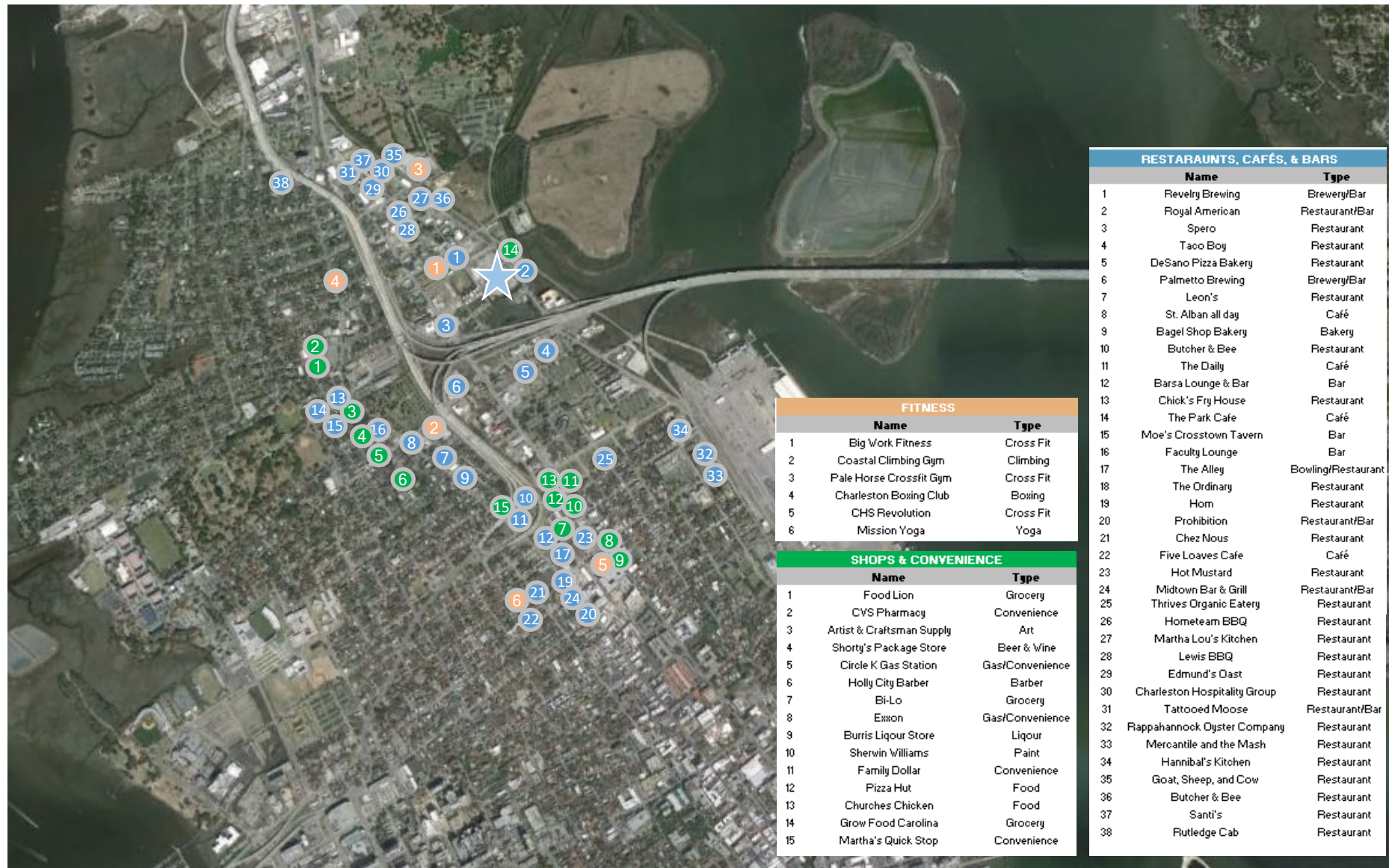
- Households are single person or single parent (usually female householders). Multigenerational families are also present.
- Homes are predominantly single family; values reflect the age of the housing, built more than 60 years ago.
- Over half of the homes are renter occupied; average rent is lower than the US average.
- Most households have no vehicle or one car, with a high dependence on public transportation.

SOCIOECONOMIC TRAITS

- Almost a quarter of adults aged 25 or more have no high school diploma.
- Labor force participation is only 50%, with unemployment at more than double the US rate.
- Income is less than half of the US median income; one in three households are in poverty, dependent on Social Security, public assistance, and Supplemental Security Income.
- Consumers in this market consider traditional gender roles and religious faith very important.
- This market lives for today, choosing to save only for a specific purpose.
- They favor TV as their media of choice and will purchase a product with a celebrity endorsement.



SURROUNDING RESTAURANTS, BARS, GYMS, & SHOPS



FITNESS		
Name	Type	
1	Big Work Fitness	Cross Fit
2	Coastal Climbing Gym	Climbing
3	Pale Horse Crossfit Gym	Cross Fit
4	Charleston Boxing Club	Boxing
5	CHS Revolution	Cross Fit
6	Mission Yoga	Yoga

SHOPS & CONVENIENCE		
Name	Type	
1	Food Lion	Grocery
2	CVS Pharmacy	Convenience
3	Artist & Craftsman Supply	Art
4	Shorty's Package Store	Beer & Wine
5	Circle K Gas Station	Gas/Convenience
6	Holly City Barber	Barber
7	Bi-Lo	Grocery
8	Exxon	Gas/Convenience
9	Burris Liquor Store	Liquor
10	Sherwin Williams	Paint
11	Family Dollar	Convenience
12	Pizza Hut	Food
13	Churches Chicken	Food
14	Grow Food Carolina	Grocery
15	Martha's Quick Stop	Convenience

RESTAURANTS, CAFÉS, & BARS		
Name	Type	
1	Revelry Brewing	Brewery/Bar
2	Royal American	Restaurant/Bar
3	Spero	Restaurant
4	Tao Boy	Restaurant
5	DeSano Pizza Bakery	Restaurant
6	Palmetto Brewing	Brewery/Bar
7	Leon's	Restaurant
8	St. Alban all day	Café
9	Bagel Shop Bakery	Bakery
10	Butcher & Bee	Restaurant
11	The Daily	Café
12	Barsa Lounge & Bar	Bar
13	Chick's Fry House	Restaurant
14	The Park Cafe	Café
15	Moe's Crosstown Tavern	Bar
16	Faculty Lounge	Bar
17	The Alley	Bowling/Restaurant
18	The Ordinary	Restaurant
19	Horn	Restaurant
20	Prohibition	Restaurant/Bar
21	Chez Nous	Restaurant
22	Five Loaves Cafe	Café
23	Hot Mustard	Restaurant
24	Midtown Bar & Grill	Restaurant/Bar
25	Thrives Organic Eatery	Restaurant
26	Hometeam BBQ	Restaurant
27	Martha Lou's Kitchen	Restaurant
28	Lewis BBQ	Restaurant
29	Edmund's Oast	Restaurant
30	Charleston Hospitality Group	Restaurant
31	Tattooed Moose	Restaurant/Bar
32	Rappahannock Oyster Company	Restaurant
33	Mercantile and the Mash	Restaurant
34	Hannibal's Kitchen	Restaurant
35	Goat, Sheep, and Cow	Restaurant
36	Butcher & Bee	Restaurant
37	Santi's	Restaurant
38	Rutledge Cab	Restaurant

CHARLESTON RETAIL MARKET

Rents

At year-end 2015, asking rental rates for suburban shop space averaged \$19.14 NNN per square foot, increasing 6.6% in just one year. Rising construction costs due to an increase in labor and material costs, coupled with strong competition among tenants are pushing rental rates to record-high levels. Asking rental rates for newly constructed retail space in suburban Charleston range from \$30 to \$40 NNN per square foot, well above the market average. On King Street, (2.2 miles from the subject site) we are seeing rents as high as \$95NNN per square foot.

Vacancy

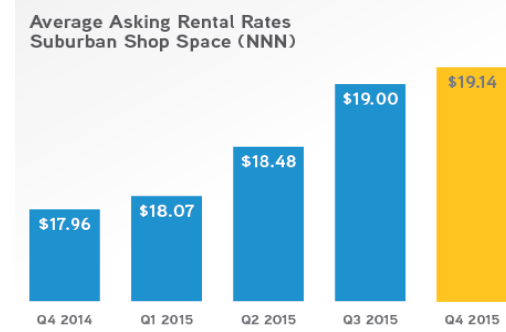
The vacancy rate in the suburban submarkets was down to 4.7% at year-end 2015 from 5.1% the previous quarter and 5.6% one year ago. Vacancy has been declining steadily as retailers enter and expand within the market. Less than 525,000 square feet of junior anchor and shop space remain available in the suburban market as the mid-to-small size range in greatest demand, while less than 104,442 square feet of junior anchor and shop space remain available in Downtown Charleston. The tightening market is shifting in favor of landlords who are raising rents as retailers show a strong desire to locate within the market.

Submarket Overview

The site is located in the North Charleston submarket per the defined location boundaries. However, the North Charleston submarket expands north through Summerville and is not representative of the site location. The site is also relatively close to downtown, and many restaurants in the area of the subject site, such as Home Team BBQ, consider their location as “Downtown”. However, statistics in the actual downtown area are not comparable. Due to this, we have not specifically addressed a submarket analysis.

Market Indicators	Q4 2015	Q1 2016*
Relative to prior period		
VACANCY	↓	↓
NET ABSORPTION	+	+
CONSTRUCTION	↑	↑
RENTAL RATE	↑	↑

Note: Construction is the change in Under Construction.
*Projected



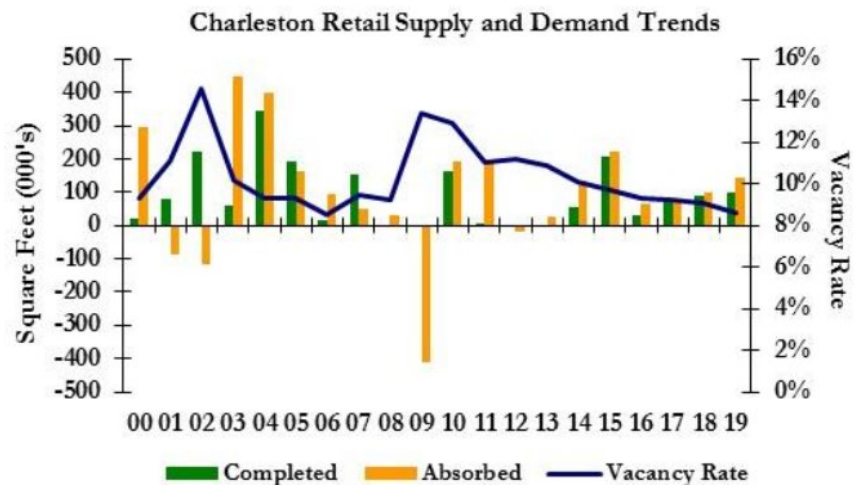
Q4 2015 Retail Market Summary Statistics

Charleston, SC								
MARKET	INVENTORY (SF)	VACANCY RATE (%)	ANCHOR SPACE (GREATER THAN 25,000 SF)		JR. ANCHOR SPACE (10,000-25,000 SF)		SHOP SPACE (LESS THAN 10,000 SF)	
			VACANT (SF)	ASKING RENT (NNN)	VACANT (SF)	ASKING RENT (NNN)	VACANT (SF)	ASKING RENT (NNN)
Downtown Charleston	1,005,604	10.4%	0	-	0	-	104,442	\$55.00
Berkeley	1,465,058	5.6%	50,000	\$11.50	0	-	31,414	\$11.90
East Cooper	3,731,281	2.1%	0	-	11,120	-	65,380	\$22.21
North Charleston	4,626,445	7.2%	90,994	-	57,623	\$12.00	185,332	\$18.12
South Islands	1,054,395	4.2%	26,680	-	0	-	17,975	\$29.36
Summerville	2,390,304	2.9%	0	-	23,200	\$10.00	46,648	\$19.21
West Ashley	2,524,598	5.1%	52,384	-	10,200	\$11.00	66,864	\$19.30
Suburban Total	15,792,081	4.7%	220,058	\$11.50	102,143	\$11.09	413,613	\$19.14
Market Total	16,797,685	5.0%	220,058	\$11.50	102,143	\$11.09	518,055	\$26.37

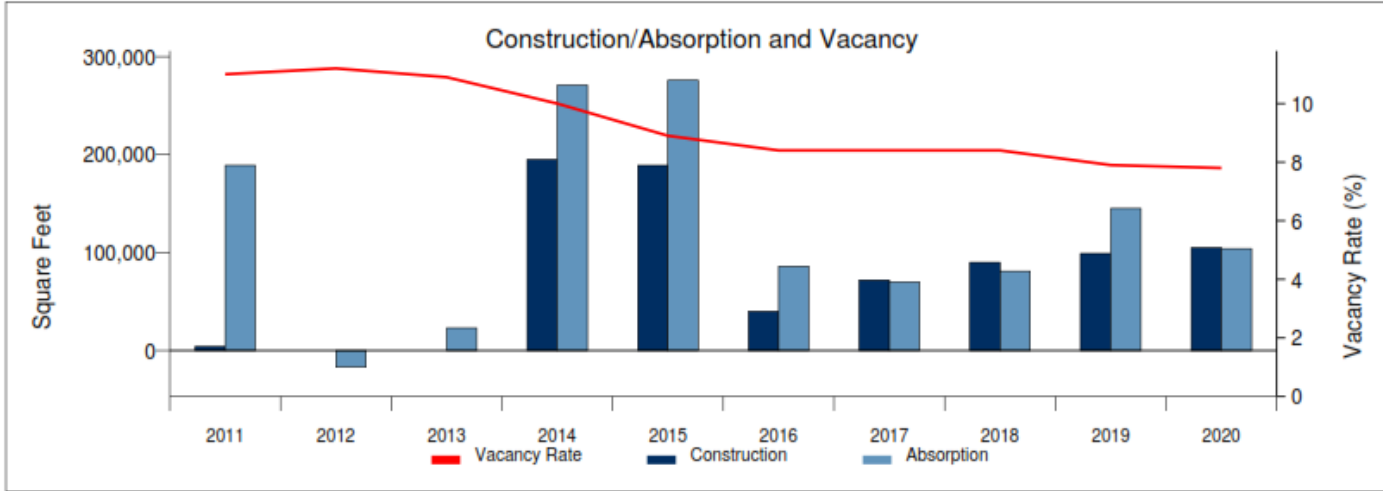
CHARLESTON RETAIL MARKET

Supply and Absorption

Construction activity gained momentum through 2015, experiencing the greatest level of construction in recent years. New development slowed down during the recent recession, but began to pick up in 2014. Activity became visible in 2015 as new projects delivered, bringing new retailers to the region. Developers are responding to a robust demand for space with new construction and redevelopment. The developments are providing a gateway for new retailers to enter the market while supporting the expansion of existing retailers.



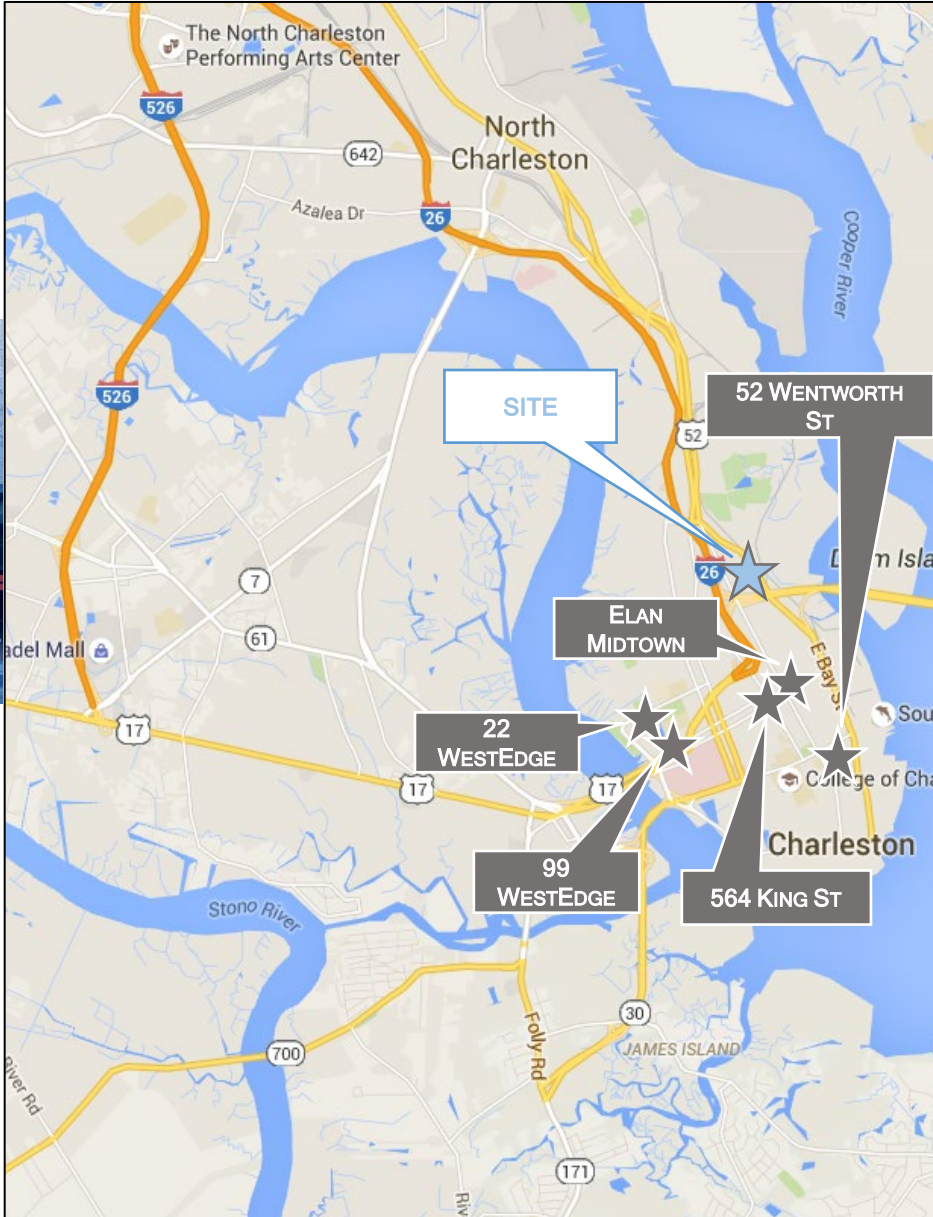
In the Charleston metro area, only 189,000 square feet of retail product completed construction in 2015. Demand, meanwhile, has been relatively favorable. By the end of 2015, the Charleston market absorbed over 275,000 square feet of retail space. Looking ahead absorption is expected to decrease down to 90,000 square feet in 2016 and 80,000 square feet in 2017. Vacancy rates are expected to continue to decrease which is quite remarkable considering that the current vacancy rate is a mere 5%.



RENT COMPARABLES

Property	Year Delivered	SF	Distance from Site (miles)	Non-Anchored NNN Rent	Location
52 Wentworth Street	1900	898	2.0	\$46.80	Superior
564 King Street	2016	1,897	1.4	\$24.00	Superior
Elan Midtown	2013	1,180	1.2	\$30.00	Superior
22 WestEdge*	2018	19,743	2.3	\$33.00	Superior
99 WestEdge*	2018	16,411	2.3	\$30.00	Superior
Total / Weighted Average	1993	40,129	1.8	\$31.57	

*Represents planned projects and their current asking rates.



Tenant improvements for WestEdge are currently being offered at \$20 per square foot.

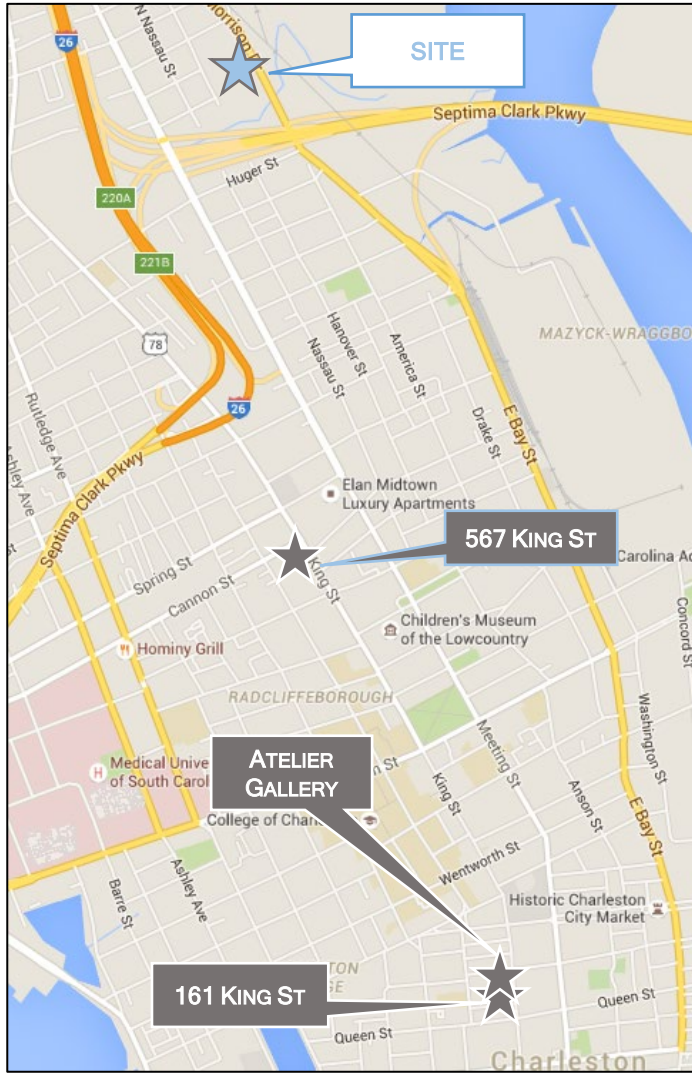
SALES COMPARABLES

Property	Year Built	SF	Sale Date	Sales Price	Price / SF	Cap Rate	Seller	Buyer
161 King Street	1978	4,580	Jan-16	\$3,600,000	\$786	6.60%	161 King Street Partners LLC	Blatteis & Schnur Inc
Atelier Gallery	1995	4,440	Jan-16	\$2,131,868	\$480	6.60%	Monts Investment Properties LP	Good King LLC
567 King Street	1980	4,241	Jan-16	\$2,600,000	\$613	6.60%	Jack M Alterman	NB 567 LLC
Total / Wtd Avg	1984	13,261		\$8,331,868	\$628	6.60%		

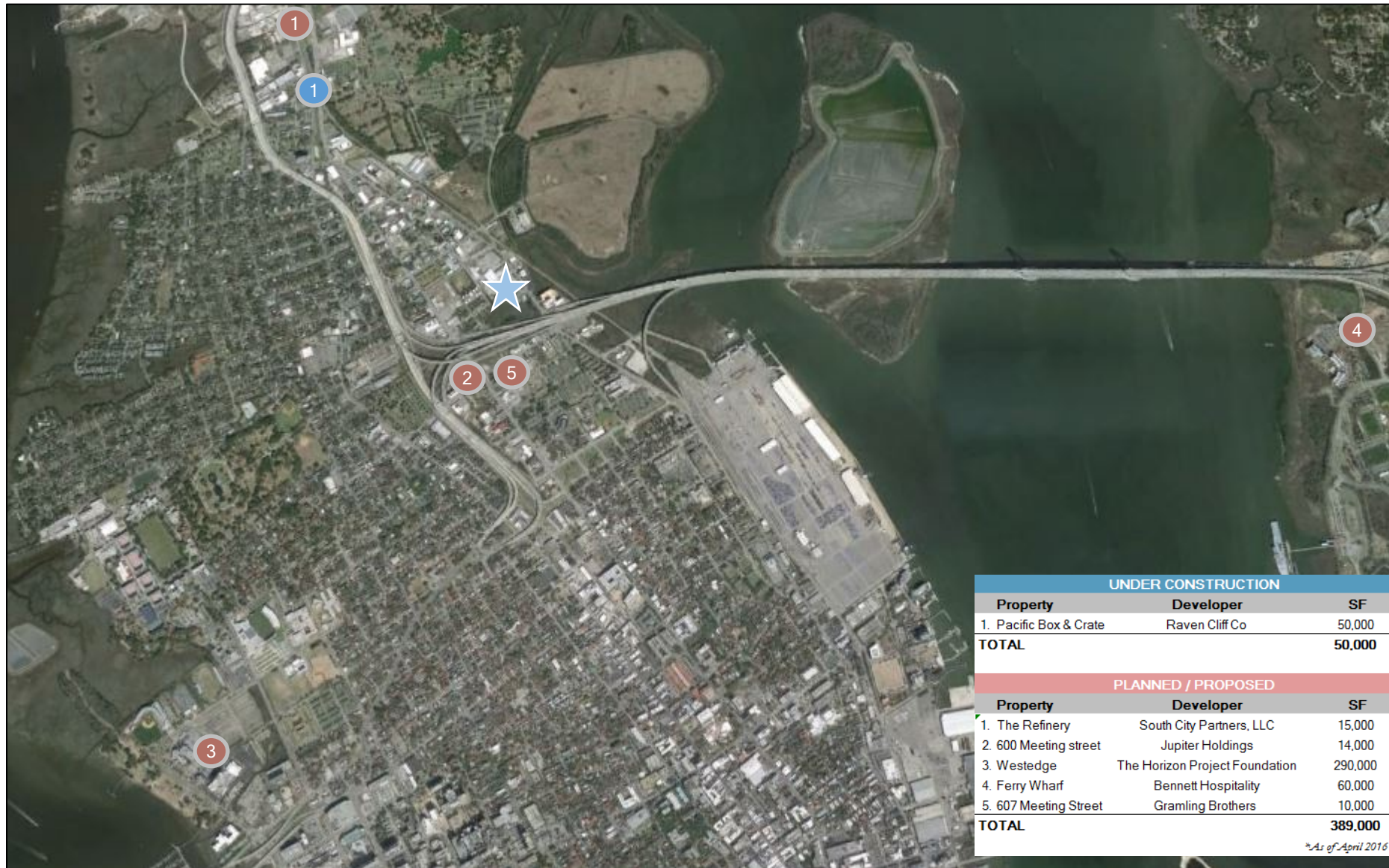


It is noted there is a lack of similar sales information available for comparable properties. The properties listed are not deemed fully comparable. First off, they are in an overall superior location. Secondly, the age of the properties is substantially older. However, the better location yet older product create a medium. Also the comparables shown are more to validate a capitalization rate. Overall, all sales within the Downtown and North Charleston region are selling around a mid 6% capitalization rate.

The 12-month rolling mean capitalization rate as of 4Q 2015 was 6.6%, down from 6.8% the prior year.



DEVELOPMENT PIPELINE



UNDER CONSTRUCTION		
Property	Developer	SF
1. Pacific Box & Crate	Raven Cliff Co	50,000
TOTAL		50,000
PLANNED / PROPOSED		
Property	Developer	SF
1. The Refinery	South City Partners, LLC	15,000
2. 600 Meeting street	Jupiter Holdings	14,000
3. Westedge	The Horizon Project Foundation	290,000
4. Ferry Wharf	Bennett Hospitality	60,000
5. 607 Meeting Street	Gramling Brothers	10,000
TOTAL		389,000

*As of April 2016

SUMMARY AND OUTLOOK

A booming economy, steady job creation and overall residential growth are motivation retail development throughout Charleston. Growth in retail sales over the first ten months was \$20.7 billion, which is an 11% increase over the same 2014 period.

Rent Growth and Vacancy

Charleston's retail market will remain tight in 2016 with vacancy continuing to decline and rental rates climbing further. Increasing land and construction costs will push up rental rates to new record-level highs. Effective rents are projected to grow 3.5% and 3.8% in 2016 and 2017, respectively.

Supply and Demand

Following a strong 2015 absorption of 275,000 square feet, net absorption over 2016 and 2017 is expected to average 78,000 square feet per year. New retail construction will be needed to sustain growth and accommodate the growing demand for space.

Product Offering

Based on the tech overlay and desire to see a mix of uses on the cite from the public perspective, it is best to offer ground floor retail as a component to other uses which will also create a walkable and pedestrian friendly area and feel. Our analysis shows a strong demand for restaurant and bar space on the site. We also expect to capture several retail tenants who desire to locate downtown, but cannot afford the high rental rates found on King Street.

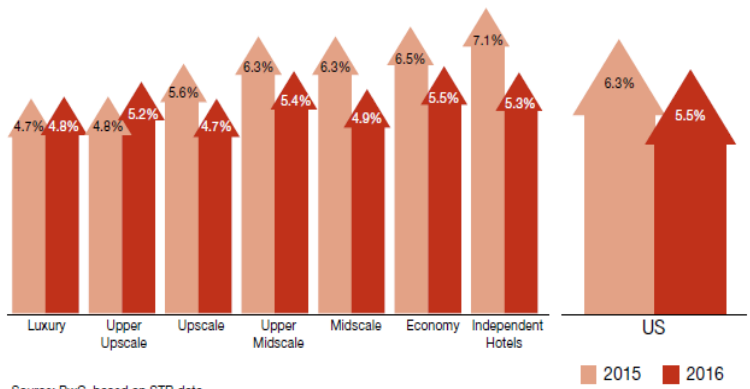
Capture Rate and Absorption

With a projected positive net absorption, demand will continue to exceed supply. There is 389,000 square feet of retail under construction or proposed between six projects which would serve as direct competition, with the majority set to come online after 2018. Assuming a proposed retail development of roughly 41,705 square feet, this would yield a capture rate of 7%. Although this rate may be high, it is far below the pro-rata capture based on seven projects, including Morrison Green. Also, the actual demand is projected to be much higher than used in this calculation and there is little concern related to filling retail space on the peninsula. The main focus will be on gaining the type of tenants desired for the subject site. Historical absorption over the past two (2) years has averaged 270,000 square feet annually. Calculating for absorption time: $\{104,442 \text{ (vacant space)} + 389,000 \text{ (new developments)} + 41,705 \text{ (our project)}\} / \{270,000 \text{ (absorption)} / 12 \text{ months}\} = 23.78$ months until all new retail space will be fully absorbed. This equates to a full lease up by the summer of 2018.

NATIONAL HOTEL TRENDS

According to STR Global, compared to 2014, the 2015 U.S. hotel industry's occupancy was up 1.7% to 65.7%; its ADR rose 4.4% to \$120.01; and its RevPAR increased 6.3% to \$78.67. This occupancy rate is the highest rate we have seen in 20 years. The U.S. hotel industry also set records for supply (more than 1.8 billion room nights) and demand (almost 1.2 billion room nights). In terms of percentage growth for the year, demand (+2.9%) outpaced supply (+1.1%).

Figure 1: RevPAR growth, US and chain scales



Source: PwC, based on STR data

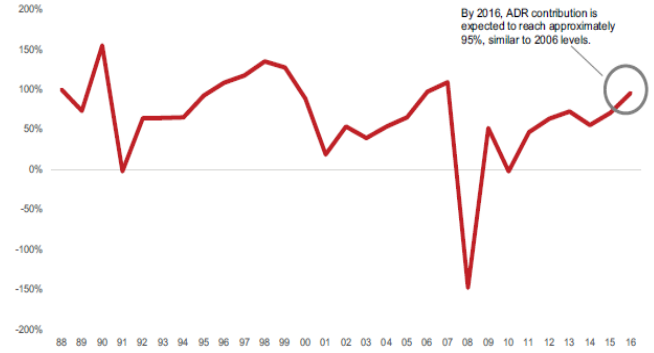
Our outlook for 2016 anticipates:

Supply growth reaching long-term average of **1.9%**.

Marginal increases in occupancy levels.

Average daily rate growth drives RevPAR increase of **5.5%**.

Figure 2: ADR contribution to RevPAR growth



Source: PwC, based on STR data

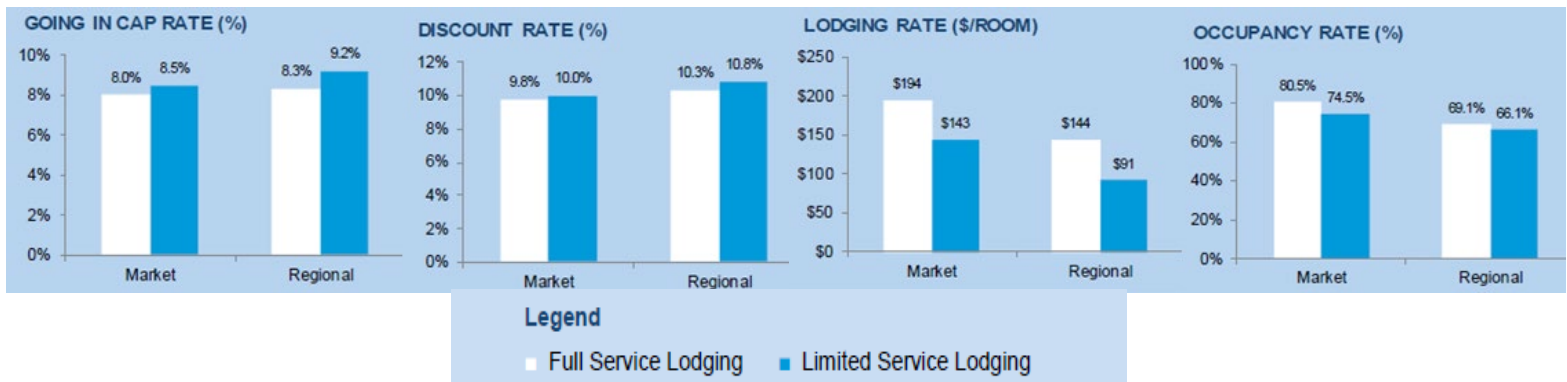
Demand trends are expected to remain strong in 2016, driven by a number of factors, including continued economic growth and improving group demand. The pace of supply growth is expected to increase to 1.9%, reaching the long-term average. As a result, the outlook anticipates a marginal increase in occupancy levels to 65.8%; the highest since 1981. With occupancy levels at a 35-year high, increased confidence amongst hotel operators and brands is expected to result in more meaningful average daily rate increases, albeit offset by the continued strength of the US Dollar, resulting in RevPAR growth of 5.5%; approximately 20 basis points lower than in our November forecast.

CHARLESTON HOTEL MARKET

Charleston is one of the fastest growing cities in the south east. Charleston’s tourism industry consistently generates over \$3.5 Billion in revenue annually. It is the regions #1 industry. Condé Nast Traveler readers has ranked Charleston as the top tourist destination in the U.S. for 4 years in a row from 2011 to 2014. Peak occupancy in Charleston is typically achieved between the warm months of March through July. In the past several years hotel demand has skyrocketed. This demand has led to an abundance of hotel developments on the Peninsula. By the end of 2015, the peninsula of Charleston had 4,865 rooms available or under construction with an additional 738 rooms in the process of getting necessary approvals.

The highest concentration of hotels in Charleston is found in the Central Business District (CBD) near King Street. In 2013, the City of Charleston imposed a fifty (50)-room limit on new lodgings from Calhoun Street north to the Septima Clark Expressway. The rezoning stated that hotels can have no more than fifty (50) rooms unless they provide certain amenities including meeting space and restaurants that can be used not just by guests but by non-guests as well. This restriction has led to a large supply of boutique hotels in the CBD. Recently proposals have also been made that could eliminate hotel zoning altogether in certain areas along Meeting and St. Philip Streets in order to prevent intrusion into nearby residential areas. Such restrictions could drive up hotel values in the CBD and inevitably force development to go elsewhere such as the Upper Peninsula and West Ashley.

There are approximately 8,232 rooms within a ten (10) mile drive from downtown Charleston.



The Charleston hotel market has been outperforming national averages. According to Integra Realty Resources (IRR), in 2015 the average daily rate for hotels in Charleston, SC was \$194 for full service and \$143 for limited service. Occupancy rates were 80.5% for full service and 74.5% for limited service. Cap rates were also lower than the national average. According to IRR Viewpoint, cap rates in 2015 for Charleston, SC hotels were 8% for Full Service and 8.5% for Limited Service. Overall values for both full and limited service hotels in Charleston, SC increased by 2% to 3.9% in the last 12 months. Hotel developments for most markets typically begin once occupancy levels go above 70%.

Source: PwC, based on STR data

EXISTING SUPPLY (10 MILE RADIUS)

EXISTING SUPPLY (MIDDLE)					EXISTING SUPPLY (UPPER)				
HOTEL	Rating	Price/night	Rooms	Distance to Downtown (Miles)	HOTEL	Rating	Price/night	Rooms	Distance to Downtown (Miles)
1 Kings Courtyard Inn	3	\$ 163.00	41	0.7	1 Wentworth Mansion	5	\$ 400.00	21	0.9
2 DoubleTree by Hilton Hotel & Suites	3	\$ 143.00	212	0.5	2 Belmont Charleston Place	4	\$ 266.00	435	0.3
3 Andrew Pinckney Inn	3	\$ 154.00	41	0.5	3 Market Pavilion Hotel	4	\$ 259.00	70	0.5
4 Indigo Inn	3	\$ 139.00	40	0.5	4 Zero George	4	\$ 249.00	18	0.9
5 King Charles Inn	3	\$ 189.00	31	0.4	5 John Rutledge House Inn	4	\$ 260.00	19	0.1
6 Francis Marion Hotel	3	\$ 184.00	235	0.9	6 The Restoration on King	4	\$ 239.00	16	0.6
7 Courtyard Charleston Historic District	3	\$ 149.00	176	0.8	7 HarbourView Inn	4	\$ 229.00	52	0.4
8 Embassy Suites by Hilton	3	\$ 179.00	153	0.9	8 French Quarter Inn	4	\$ 289.00	50	0.4
9 Elliott House Inn	3	\$ 199.00	25	0.2	9 Planter's Inn	4	\$ 239.00	64	0.5
10 The Lodge Alley Inn	3	\$ 279.00	35	0.4	10 Renaissance Charleston Historic District Hotel	4	\$ 159.00	166	0.6
11 Church Street Inn	3	\$ 170.00	31	0.4	11 The Vendue - Boutique Art Hotel	4	\$ 209.00	66	0.4
12 Meeting Street Inn	3	\$ 123.00	56	0.3	12 The Mills House Wyndham Grand Hotel	4	\$ 199.00	214	0.1
13 Fulton Lane Inn	3	\$ 169.00	36	0.8	13 Grand Bohemian Hotel Charleston	4	\$ 209.00	50	0.5
14 The Society House	3	\$ 349.00	9	0.9	14 The Spectator Hotel	4	\$ 249.00	41	0.4
15 Ansonborough Inn	3	\$ 127.00	45	0.7	15 Courtyard Charleston Waterfront	4	\$ 129.00	171	1.8
16 Hampton Inn Charleston-Historic District	3	\$ 149.00	171	0.9	16 Charleston Marriott	4	\$ 154.00	347	2.1
17 Hilton Garden Inn	3	\$ 149.00	141	1.9	17 Charleston Harbor Resort and Marina	4	\$ 129.00	125	4.6
18 Comfort Inn	3	\$ 87.00	129	1.8	18 Holiday Inn Express Charleston Us Hwy 17 & I-526	4	\$ 84.00	80	6.2
19 Holiday Inn	3	\$ 115.00	120	1.2	TOTAL		\$ 219.50	2005	
20 Hyatt House	3	\$ 143.00	113	1.6					
21 Kings Courtyard Inn	3	\$ 169.00	41	0.8					
22 Holiday Inn Express	3	\$ 99.00	153	2.4					
23 Holiday Inn	3	\$ 86.00	178	2.5					
24 SpringHill Suites	3	\$ 101.00	123	2.8					
25 Residence Inn	3	\$ 135.00	119	2.7					
26 La Quinta Inn & Suites	3	\$ 79.00	175	2.6					
27 Town & Country Inn and Suites	3	\$ 109.00	105	6.2					
28 Comfort Suites West	3	\$ 95.00	100	6.5					
29 Hampton Inn & Suites	3	\$ 99.00	121	6.9					
30 Quality Inn & Suites Patriots Point	3	\$ 76.00	103	4.6					
31 Clarion Inn	3	\$ 85.00	115	4.6					
32 Hilton Garden Inn	3	\$ 119.00	133	4.7					
33 Holiday Inn Charleston	3	\$ 98.00	116	4.7					
34 The Cottages on Charleston Harbor	3	\$ 263.00	20	5.8					
35 Shem Creek Inn	3	\$ 89.00	50	5.6					
36 Home2 Suites by Hilton	3	\$ 139.00	122	9.9					
37 Residence Inn	3	\$ 151.00	150	9.8					
38 Homewood Suites by Hilton	3	\$ 219.00	128	9.7					
39 Staybridge Suites	3	Opens late 2016	108	4.6					
40 Residence Inn	3	\$ 169.00	119	2.7					
41 InTown Suites	3	\$ 95.00	108	10.2					
TOTAL		\$ 142.44	3612		TOTAL		\$ 111.14	1880	

*As of April 2016

EXISTING SUPPLY (ECONOMY)

HOTEL	Rating	Price/night	Rooms	Distance to Downtown (Miles)
1 Days Inn Charleston Historic District	2	\$ 93.00	123	0.2
2 Sleep Inn	2	\$ 81.00	74	5.1
3 Best Western Sweetgrass Inn	2	\$ 72.00	87	5.2
4 Motel 6	2	\$ 56.00	110	6.4
5 Hampton Inn Charleston/Mt. Pleasant-Patriots Point	2	\$ 119.00	120	4.5
6 Best Western Patriots Point	2	\$ 81.00	70	4.7
7 Days Inn Mount Pleasant-Charleston-Patriots Point	2	\$ 86.00	130	4.6
8 Red Roof Plus+ Mt Pleasant	2	\$ 72.00	124	4.7
9 Holiday Inn Express & Suites Mt Pleasant-Charleston	2	\$ 84.00	116	5.1
10 Extended Stay America - Charleston - Mt. Pleasant	2	\$ 90.00	101	4.8
11 MainStay Suites	2	\$ 74.00	71	4.7
12 Sleep Inn	2	\$ 74.00	83	4.7
13 Value Place	2	\$ 95.00	121	10.2
14 Extended Stay America	2	\$ 90.00	98	10.1
15 Extended Stay America	2	\$ 70.00	126	10.1
16 Value Place	2	\$ 120.00	121	9.1
17 Suburban Extended Stay Hotel	2	\$ 76.00	104	8.7
18 Extended Stay America	2	\$ 123.00	101	4.8
TOTAL		\$ 111.14	1880	

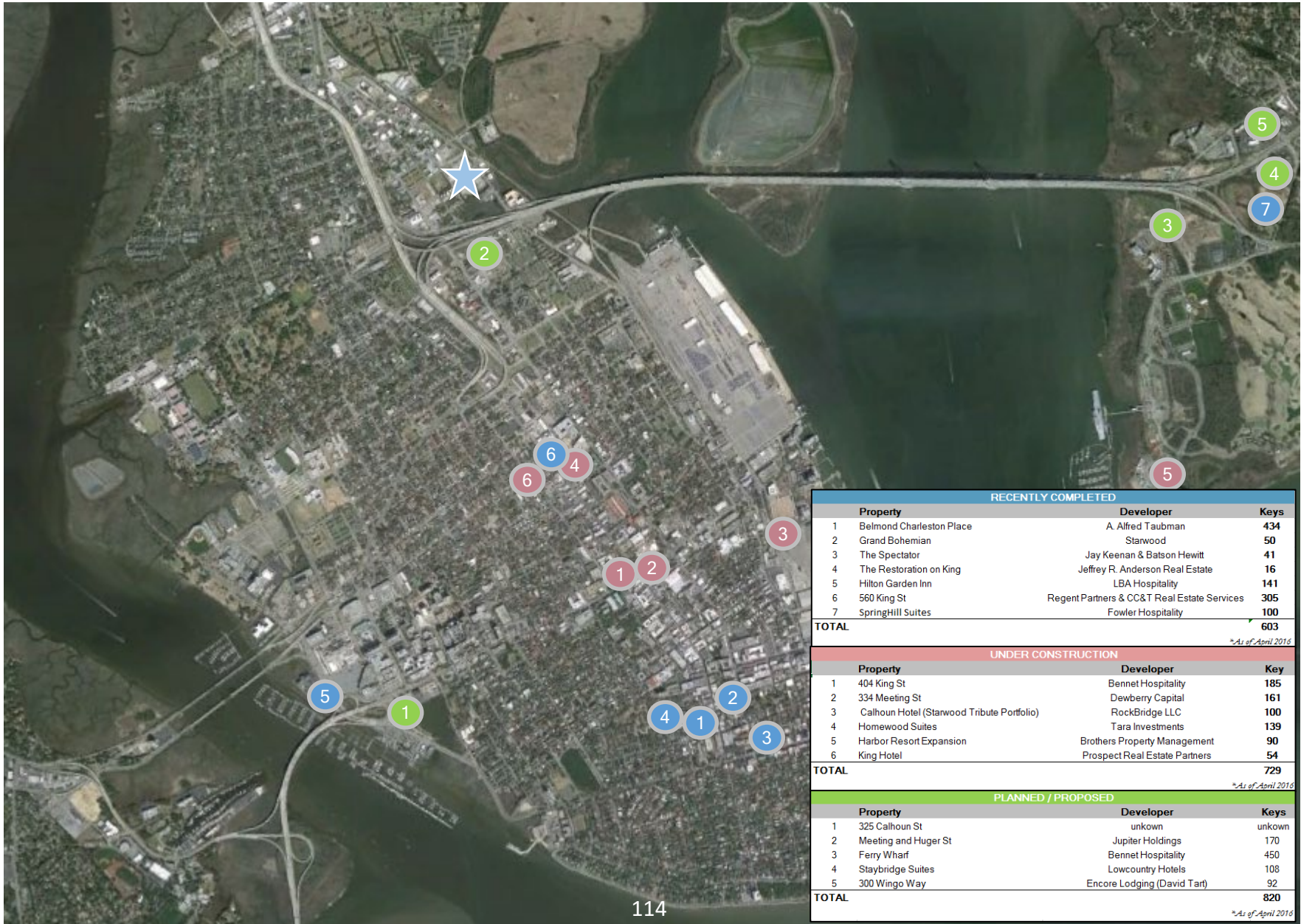
*As of April 2016

*As of April 2016

*Extended Stay

8,232 rooms within a 10 mile radius of the subject property

DEVELOPMENT PIPELINE



RECENTLY COMPLETED		
Property	Developer	Keys
1 Belmont Charleston Place	A. Alfred Taubman	434
2 Grand Bohemian	Starwood	50
3 The Spectator	Jay Keenan & Batson Hewitt	41
4 The Restoration on King	Jeffrey R. Anderson Real Estate	16
5 Hilton Garden Inn	LBA Hospitality	141
6 560 King St	Regent Partners & CC&T Real Estate Services	305
7 SpringHill Suites	Fowler Hospitality	100
TOTAL		603

*As of April 2016

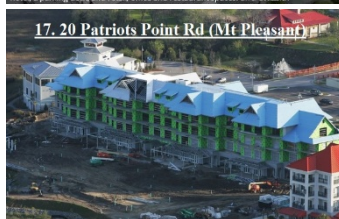
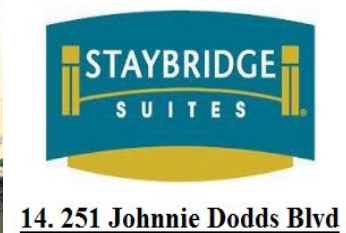
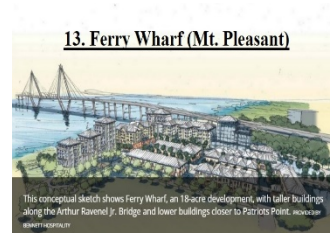
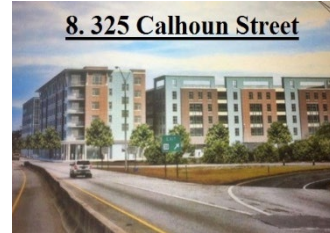
UNDER CONSTRUCTION		
Property	Developer	Key
1 404 King St	Bennet Hospitality	185
2 334 Meeting St	Dewberry Capital	161
3 Calhoun Hotel (Starwood Tribute Portfolio)	RockBridge LLC	100
4 Homewood Suites	Tara Investments	139
5 Harbor Resort Expansion	Brothers Property Management	90
6 King Hotel	Prospect Real Estate Partners	54
TOTAL		729

*As of April 2016

PLANNED / PROPOSED		
Property	Developer	Keys
1 325 Calhoun St	unkown	unkown
2 Meeting and Huger St	Jupiter Holdings	170
3 Ferry Wharf	Bennet Hospitality	450
4 Staybridge Suites	Lowcountry Hotels	108
5 300 Wingo Way	Encore Lodging (David Tart)	92
TOTAL		820

*As of April 2016

DEVELOPMENT PIPELINE



SUMMARY AND OUTLOOK

Supply and Demand

The peninsula has been a strong market for hotel operators in recent years, which helps explain the demand from the development and investment side. Occupancy has climbed in four of the past five years, according to data from the College of Charleston. Charleston Mayor John Tecklenburg recently proposed a moratorium on new lodging applications for the rest of the year. The idea was to give the city time to assess the impact of planned and existing hotels “as it relates to maintaining a balance of uses” on the peninsula, Mayor Tecklenburg said in a written resolution. All though hotel room demand is currently strong, the influx of hotel developments on the Peninsula will likely drive down occupancy rates.

Product Offering

Increasing restrictions on hotels Downtown will likely continue to push hotel development north towards the subject property; however, a hotel has not been considered for the subject site due to the abundance of hotels existing, proposed, and under construction on the Peninsula.

Capture Rate and Absorption

The following calculation assumes that average hotel rates will not fluctuate from today's rates. Averaging out limited and full service hotel room occupancy rates of 80.5% and 74.5% respectively for Charleston, SC provides us with an average occupancy of 77.5%. There are approximately 8,232 rooms within a 10 mile drive of downtown Charleston. $8,232 \times 365 \text{ days} \times 77.50\% =$ approximately 2,328,627 room sales per year. There are approximately 1,529 rooms planned or under construction. $8,232 + 1,529 \text{ rooms} = 9,761 \text{ rooms by 2018}$. $9,761 \times 365 \text{ days} = 3,573,765$ potential room sales annually. $2,328,627 \text{ sales} / 3,573,765 \text{ available} = 65.16\%$. This calculation indicates that the addition of 1,529 rooms could dilute hotel occupancy down to approximately 65%. Most hotel developers will not build hotels until market occupancy rates climb above 70%.



DEVELOPMENT ANALYSIS

MorrisonGREEN

Recognizing that the Upper Peninsula will accommodate a substantial amount of Charleston’s future population growth, Charleston County is seeking conceptual redevelopment plans for its site at 995 Morrison Drive. The plans are based on what the current market can support.

DJL Capital, LLC is pleased to propose the following for the complete redevelopment of the site:

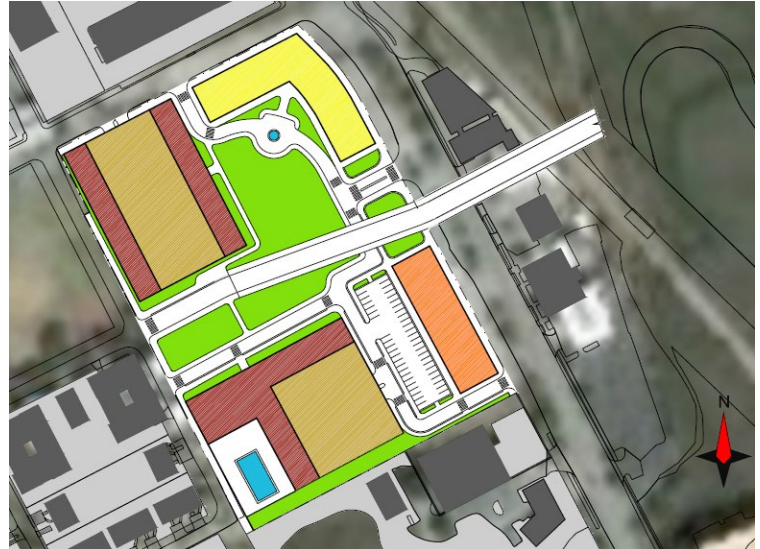
- 165,088 rentable square feet of Class A office space
- 222 apartment units (*studio, 1BR, & 2BR*)
- 1,222 parking spaces
- 41,705 rentable square feet of ground-floor retail space; and
- 154,640 SF of open green space

At completion, MorrisonGREEN will deliver a total of 372,033 square feet of newly constructed space that will focus on:

- Sustainability
- Transit Alternatives / “Smart” Growth
- High-tech Business Development; and
- The creation of a true live / work / play environment

Total development cost is projected to be \$100,806,355.

To provide greater design flexibility and a comprehensive plan for MorrisonGREEN, DJL Capital, LLC will seek a Planned Unit Development (PUD) from the City of Charleston for the site at 995 Morrison Drive.



Master Plan



The Site • 995 Morrison Drive

To help guide the master planning and architectural design processes of MorrisonGREEN, the project team has identified several existing developments within the United States that have successfully utilized some of the best practices of real estate and urban development. Those developments include:

1. MOCKINGBIRD STATION

- *Mockingbird Station is an urban, mixed-use development that sits on 10 acres just outside of downtown Dallas, TX. The scale, massing, and architecture of the project have created an activity center that has its own unique sense of place and style.*
- Completed in 2001
- 211 Loft Residences
- 140,000 SF of Office
- 180,000 SF of Retail

2. ONEC1TY

- *ONEC1TY is an urban community nearing completion in Nashville, TN that is setting the standard of how a technology-enabled commercial, residential, research, and retail activity center can cater to the idea that mindful, healthy living can be made easy. Prior to its development, the site contained a large warehouse with many shipping containers. ONEC1TY is designed to achieve LEED for neighborhood development.*
- Expected completion in 2016
- 1,000,000 SF of Office
- 600 Residences
- 35,000 SF of Retail



Mockingbird Station



Mockingbird Station



ONEC1TY

3. TECHNOLOGY SQUARE

- *Technology Square is a two-block-long complex of five four-to six-story buildings on eight acres in the Midtown neighborhood of Atlanta, GA. The project, which includes a collection of inner plazas and courtyards, is anchored by a LEED-certified building. Technology Square is a shining example of an urban redevelopment that has helped transform a run-down neighborhood into a vibrant district.*
- Completed in 2003
- 350,000 + SF of Office / Educational Space
- 60,000 SF of Retail
- 250 Room Hotel
- 1,500 Parking Spaces



Technology Square



Technology Square

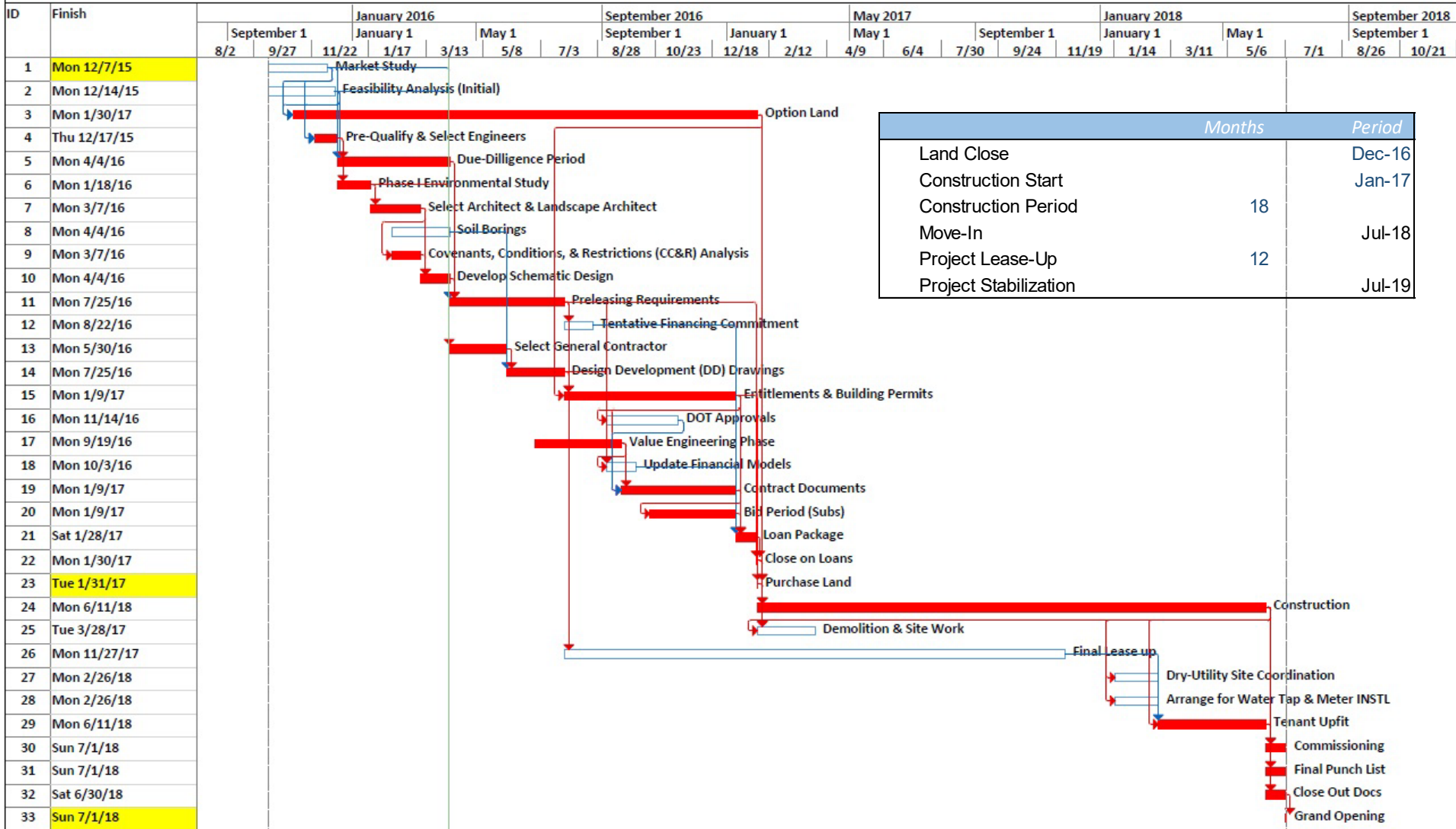


CityCentre

4. CITYCENTRE

- *CityCentre is a mixed-use urban development in Houston, TX that sits on the site of a former retail mall that was failing. The development plan revolves around a central open space / plaza that is surrounded by hotel, office, restaurant, and retail uses. Although CityCentre is substantially larger than the development proposed for MorrisonGREEN, CityCentre possesses many attractive design features (such as central open spaces and pedestrian-friendly streets) that should be mirrored during the design process for the redevelopment of the site at 995 Morrison Drive.*
- Phase 1 completed in 2009
- 37 Acres
- 862,547 SF of Residential Space
- 625,000 SF of Office Space
- 400,000 SF of Retail Space
- 255 Hotel rooms

Morrison Green





MorrisonGREEN • Master Plan

MorrisonGREEN

The redeveloped site at MorrisonGREEN will play host to a variety of newly constructed buildings that will each have their own unique style, massing, and height.

A detailed description of DJL's development proposal is found below:

Building A

This building, which is approximately 142,000 SF in size, will serve as the 'anchor building' for the newly redeveloped site. The building will house six levels of modern office space that will be designed and constructed in ways that are attractive to today's tech-office user. The ground floor, which is approximately 23,600 SF, will provide a distinctive lobby, 1st floor office space, and 5,000 SF of space for a high-end restaurant user. Tenant spaces will offer excellent views of MorrisonGREEN, Laurel Island, and the Cooper River.

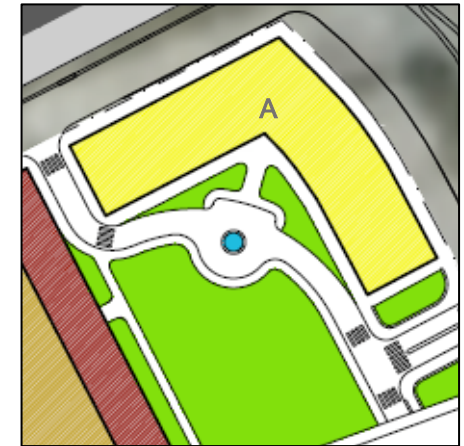
The building's architecture will be 'inventive' and unlike any other in the Charleston area. It will brand the site and play a significant role in MorrisonGREEN's over-all identity. Green building rating systems, such as LEED certification, will be adhered to during the building's design and construction.

Building B

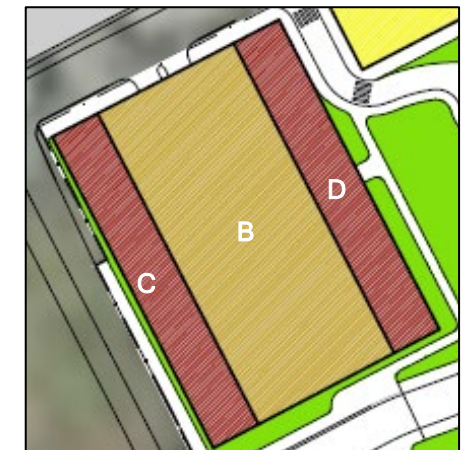
This structure will provide 647 spaces (*or approximately 165,000 SF*) of structured parking. Current planning calls for four levels of above-ground and one level of roof/open air, concrete parking in a contained garage. The garage will accommodate users of Buildings A, C, and D.

Buildings C & D

The ground floor retail space in these buildings, which each have a footprint of 10,950 SF, will be topped by four levels of urban apartment units. Each level will contain approximately 12 -13 apartment units with a total count of 106 within the two buildings. All levels of Building C will overlook the City of Charleston's Simmons Playground.



Building A



Buildings B, C, and D

Building E

This building will provide structured parking to accommodate MorrisonGREEN's southern-most side. More specifically, 529 spaces (or 135,000 SF) of structured parking would be housed in this building to accommodate buildings F and G. A crosswalk or sidewalk will be constructed to provide a direct pedestrian connection between the garage and Building G.

Building F

MorrisonGREEN's additional 116 apartment units will be housed in Building F. The building, which has a T-shaped footprint of approximately 24,000 SF, will provide four levels of urban apartments over the ground-floor level which will be reserved for amenity and service space for this MorrisonGREEN apartment community. The grassy area to the rear of buildings E and F could potentially be used as additional amenity space such as a dog park / pet area for residents.

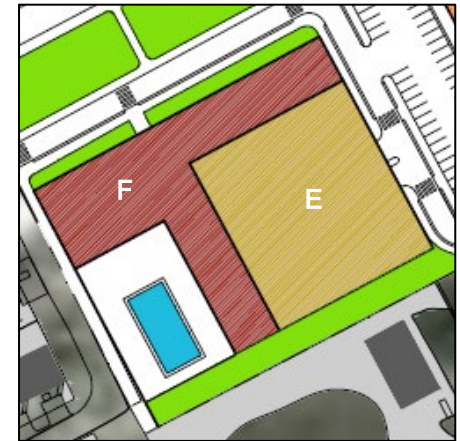
Building G

Building G, which also provides direct frontage along Morrison Drive, will offer 17,000 SF of ground-floor retail space. It is assumed that a high percentage of this space will be occupied by neighborhood restaurants and/or bars due to the neighborhood's growing popularity for these types of establishments. Glass storefronts that utilize roll-up doors and windows will be encouraged during the design process for the building. The building offers a unique advantage due to its close proximity to the adjacent surface parking lot (within MorrisonGREEN) that will offer a unique convenience not found elsewhere within the development. Currently planning calls for 46 surface-lot parking spaces.

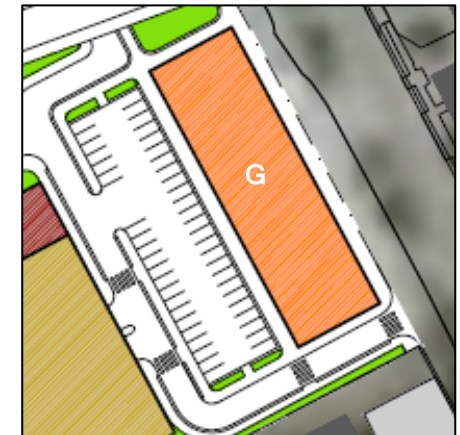
Above the ground floor retail space, three levels of commercial office space totaling 51,000 square feet will top-out the building. Similar to Building A, the office space will be designed and constructed in ways that are attractive to today's tech-office user.

Open Space

MorrisonGREEN will offer 154,640 square feet of residual open space, which accounts for roughly 45 percent of the total footprint of the site. A majority of this space could be turf to aid future maintenance efforts but there will also be an abundance of flowers and native plants. This open space will play a vital role in helping create vibrancy throughout the development. Special events on the green could include live music, movie nights, food truck rodeos, car shows, yoga, and art fairs. Events will also cater to variety of holidays throughout the year.



Buildings E and F



Building G

PARKING RATIOS

There are a total of 1,222 parking spaces, which includes 46 surface parking spaces. Based on a shared parking analysis, the total site would need a maximum of 1,160 spaces; therefore, the site requires more than adequate parking.

Office

Book Ends Deck: 4.15 spaces per 1,000 square feet (367 spaces)
Wrap Deck: 6.00 spaces per 1,000 square feet (498 spaces)

Multifamily

Book Ends Deck: 1.40 spaces per unit (162 spaces)
Wrap Deck: 1.40 spaces per unit (149 spaces)

Retail

There are approximately 46 surface parking spaces located in front of retail. The retail will share parking with both decks as well. Based on a shared parking analysis, there is enough parking for more than 12 spaces per 1,000 square feet of restaurant space and 6 spaces per 1,000 square feet of soft goods retail space.

Bicycle Parking

There will be numerous bicycle parking spaces placed at the entrance of each building.

MULTIFAMILY AMENITIES

Community Features

- Saltwater pool with cabanas
- Bike repair shop
- Indoor / outdoor clubroom with wine bar next to pool
- Tech lounge
- Grilling areas
- Fitness center with yoga studio
- Community kitchen

Unit Features

- Granite countertops
- Stainless steel appliances
- Washer and dryer
- Subway tile backsplash
- Patios and balconies
- Wood-style flooring

Includes 15% workforce housing units (33 units)



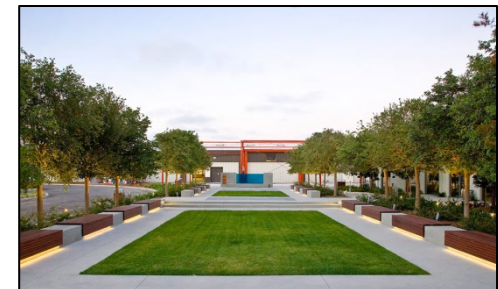
MorrisonGREEN will be a vibrant hub of bustling activity for Charleston's Upper Peninsula. It will feature cutting-edge architecture, bold building facades, and smart planning practices that will make the destination instantly recognizable within the Charleston community.

Restaurant and retail spaces will open to the outdoors where a pedestrian-friendly network of open greens and inviting plazas will make customers feel at ease. Eclectic public art and water features will be at every turn.

Creative planning and attractive aesthetics will lay the groundwork for a true 'sense of place'. More importantly, the styles and themes utilized throughout the 8 acre site at MorrisonGREEN will set design precedents for future developments that follow on the Upper Peninsula of Charleston.

On this page, and those that follow, the development team has assembled a collection of various photographs and images that are representative of the design goals for MorrisonGREEN.

GREEN SPACE



OFFICE



MULTIFAMILY



RETAIL





FINANCIAL ANALYSIS

CAPITAL STRUCTURE

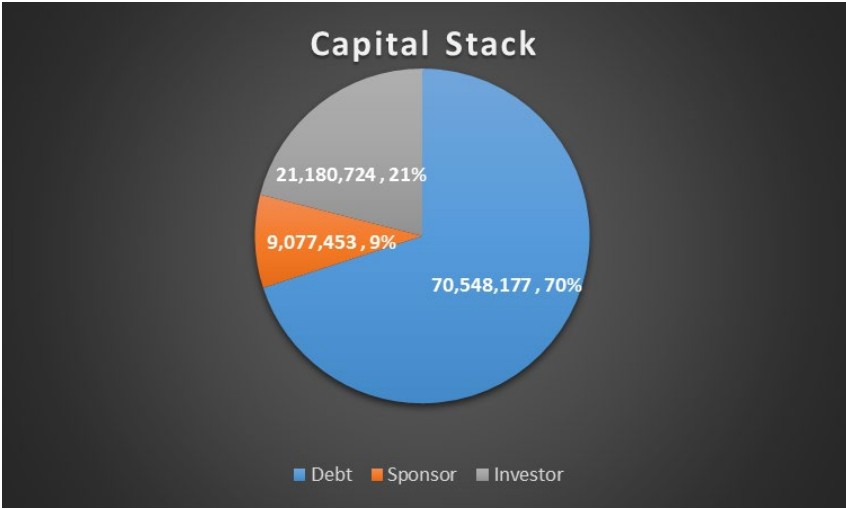
Equity

The total amount of equity required for the deal is \$28,478,328, or roughly 30.0% of the total costs. DJL Capital, LLC will provide 30% of the required equity with an investment partner contributing 70%.

DJL Capital, LLC: \$ 9,077,453
Investor: \$21,180,724

The waterfall structure is as follows:

- 10% preferred return to investor
- Promote 1: 70/30 split up to 15% IRR
- Promote 2: 60/40 split between 15% & 18% IRR
- Promote 3: 50/50 split between 18% & 20% IRR
- Promote 4: 40/60 split for all cash flows above 20% IRR



Construction Loans

There is a single construction loan for each product type. A loan to cost of roughly 70% was used, and then capitalized interest of 3% of construction draws and a 0.5% loan fee was added.

Permanent Loans

The construction loans are refinanced with permanent loans one month after the related product type reaches stabilization. The minimum financing was selected from the options of a 75% loan to value (LTV), 1.20x debt service coverage ratio (DSCR), or construction loan rollover.

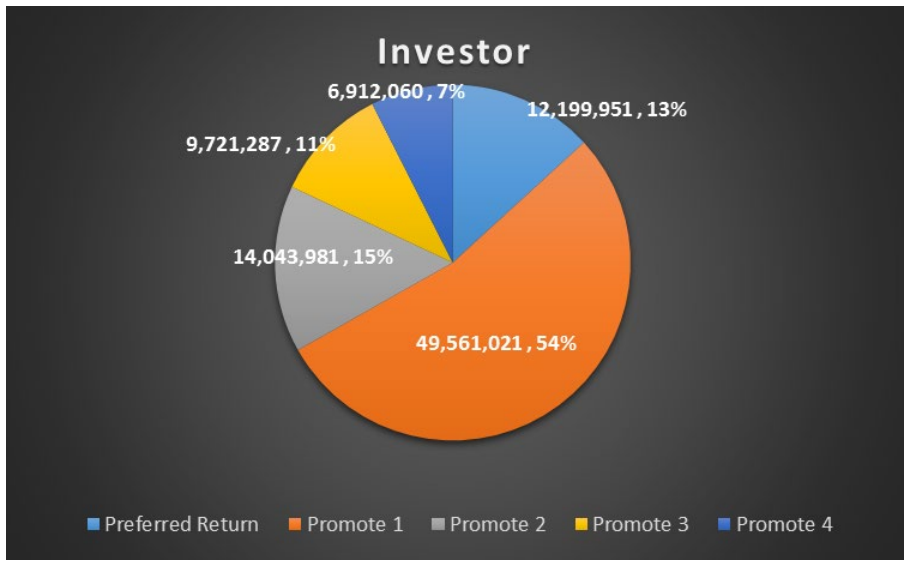
WATERFALL RETURNS

Investor

Equity Commitment: \$21,180,725

Total Cash Flow: \$92,438,301

INVESTOR RETURNS	
Equity IRR	21.7%
Equity Multiple	3.36 x
Net Profit	\$ 71,257,577
Payback Period	6.4 years

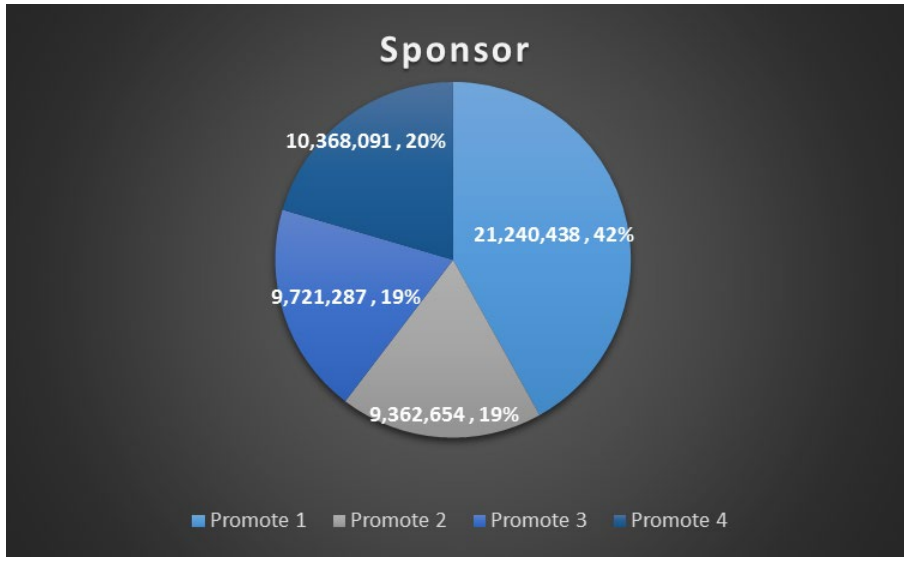


Sponsor

Equity Commitment: \$9,077,453

Total Cash Flow: \$50,692,470

SPONSOR RETURNS	
Equity IRR	21.3%
Equity Multiple	4.58 x
Net Profit	\$ 41,615,017
Payback Period	9.0 years



FINANCIAL SCHEDULES

SCHEDULE 1:	PROJECT SUMMARY
SCHEDULE 2:	DEVELOPMENT BUDGET
SCHEDULE 3:	CAPITAL STRUCTURE
SCHEDULE 4:	CONSTRUCTION DRAWS
SCHEDULE 5:	RENT ROLL
SCHEDULE 6:	ABSORPTION SCHEDULE
SCHEDULE 7:	OFFICE PRO-FORMA
SCHEDULE 8:	MULTIFAMILY PRO-FORMA
SCHEDULE 9:	RETAIL PRO-FORMA
SCHEDULE 10:	PROJECT IRR ANALYSIS
SCHEDULE 11:	WATERFALL ANALYSIS
SCHEDULE 12:	AMORTIZATION TABLES
SCHEDULE 13:	PARKING ANALYSIS
SCHEDULE 14:	SQUARE FOOTAGE CALCULATIONS

**All assumptions are clearly labeled within in the project schedules. Cost, financing, and operating expense assumptions were provided as this is an academic exercise. All other assumptions such as rents and capitalization rates were based on the current market. Please reference footnotes for detail relating to the financial analysis.*