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## GROCCERS REMAIN TOP BRASS IN CAROLINAS

Entertainment, fitness and fast-casual dining concepts are also infiltrating the region with new stores.

By John Nelson

The narrative of “grocery wars” may be considered well-worn at this point, but in North and South Carolina, the development and leasing activity of grocers is playing out like a montage scene from a war movie, where battle formations are drawn and troops are making their advances.

The Carolinas have a couple home-grown grocery brands, namely Harris Teeter, that are entrenched in the market. The company, recently purchased by Kroger, has been reformatting its stores and expanding its capabilities in preparation for other large-scale supermarket chains like Publix and Wegmans that are scouring the region for sites.

“Publix is marching north, they’re

now in Virginia where we’re based,” says Jon Wheeler, CEO of Wheeler Real Estate Investment Trust (Wheeler REIT), a shopping center owner and developer based in Virginia Beach. “Wegmans is marching south as well, which bodes well for the area because they tend to have a higher demographic profile like Trader Joe’s and Whole Foods Market.”

In the Charlotte suburb of Belmont, Harris Teeter will anchor the 105,000-square-foot Belmont Town Center, a shopping center under development by Raley Miller Properties. The grocer plans to open the new store this fall, roughly a year after opening a 53,000-square-foot location in nearby Gastonia.

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Regency Centers is developing Midtown East, a retail center in Raleigh that Wegmans will anchor. The Raleigh store will be Wegmans’ first location in the Triangle region.

## ‘PLENTY OF RUNWAY LEFT’

A multifamily investor outlines a three-step acquisition strategy for 2017.

By Colin Gillis of Passco Cos.

Multifamily has remained the preferred investment vehicle of commercial real estate for the last several years, and for good reason. Apartments have demonstrated strong demand, healthy absorption levels and rents that are growing at rates above historical norms.

In addition, multifamily provides a stabilized opportunity for investors, as it is more apt to withstand shifts in economic pressures compared to other products types. People will always need a place to live, and therefore there will always be demand for multifamily product.

see **MULTIFAMILY**, page 35



Passco Cos. purchased The Ivy in Orlando’s Florida Hospital Health Village in 2016. The firm was attracted to Orlando’s job growth and the metro’s renter demographics.

## UNCERTAIN FUTURE

Interest rates, political unrest threaten to jeopardize health of commercial real estate, says economist.

By Peter Muoio of Ten-X

The U.S. economic expansion continues on, extending its long streak of slow but steady growth. The economy has benefited from years of stability in both the political and monetary realms, but massive paradigm shifts are underway. These changes are breeding uncertainty, which threaten both overall economic

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# GROCCERS REMAIN TOP BRASS IN CAROLINAS

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Harris Teeter expanded its capabilities at Folly Road Crossing in Charleston shortly before Wheeler REIT purchased it. The property features a Harris Teeter Fuel Station.

Following parent company Kroger's footsteps, Harris Teeter will operate a Harris Teeter Fuel Station at Belmont Town Center, which will help drive traffic to the shopping center. The grocer has recently opened fuel stations at shopping centers throughout the region, including locations in Charlotte, Leland, Burlington and Holly Springs, N.C.

Harris Teeter also reconfigured its store at Wheeler REIT's Folly Road Crossing in Charleston, S.C., to add a gas station.

"Harris Teeter expanded its store right before we bought it," says Laura Nguyen, director of investor relations at Wheeler REIT. "Those types of grocers are stepping up their game."

Based in Rochester, N.Y., the privately held Wegmans has committed to North Carolina as it continues its

southward march through the Mid-Atlantic to the Carolinas. Following the recent announcement of a new Virginia Beach store and the opening of the store at Foundry Row in Baltimore County, Wegmans is hoping to gain a foothold in the Raleigh-Durham area with the announcement of four new stores.

"Wegmans has announced new stores in Cary, Raleigh and Chapel Hill, and it is my understanding Charlotte will have future stores as well," says Steve Rich, director of retail in Colliers International's Charlotte office.

Wegmans is known for operating large-format stores and offering a unique shopping experience, with market cafes and burger bars in some locations. The grocer is expected to make waves as it expands its footprint in the Triangle area.

Folks are rightly concerned about us having enough rooftops to support all the grocery stores that are potentially coming on line.

— David Connor, Lincoln Harris  
Senior Vice President, Raleigh Market Director

"Wegmans is a game-changer," says Beverly Keith, senior vice president of Avison Young's Raleigh office. "As our market becomes more populated by Northerners who are huge fans of this super-grocer, expect to see significant market penetration and margin share being taken by Wegmans."

"One of Wegmans' greatest attributes is that when you're there, you feel like you're in a European piazza and it's really an experience," adds Wheeler. "Grocery stores are creating that lifestyle experience above and beyond what is currently represented. All of the Krogers that we have in our portfolio are candidates for expansion to compete with Publix entering our markets. Wegmans will change the landscape and they'll go to more community-type areas versus neighborhood."

Wegmans is expanding into the region a few years after its southern counterpart, Lakeland, Fla.-based Publix. Since arriving in North Carolina with a store in Charlotte's Ballantyne submarket in early 2014, Publix has spread out in the state with 22 stores, in addition to 57 stores in South Carolina. Publix opened three North Carolina locations in February

alone.

Publix prefers to own its shopping centers, making the grocer one of the larger shopping center landlords in the region. According to some insiders, Publix has had some difficulties recently gaining entitlements for future stores.

"Publix hasn't had as much success entering North Carolina as it had in South Carolina and Georgia," explains Charlie Coyne, senior vice president of CBRE | Raleigh. "In the Triangle, there are challenging municipalities with restrictive covenants and governing laws. Publix is having significant issues getting entitlements in our market. The land could either need to be rezoned or Publix is being denied a conditional use permit. It's unfriendly neighborhoods for the most part."

Whole Foods Market remains a major player in the region as well, with plans to anchor new developments in the Charlotte area, like Waverly and Stonewall Station.

The smaller format grocery store segment is also driving new development, mostly of standalone locations. This niche is dominated by two German-based grocers, Lidl and Aldi. Similar in a lot of ways, the two active grocers compete for a different consumer.

"Aldi is at a lower price point, whereas Lidl is like Trader Joe's. It has its own branding and a lot of it is organic," says Nguyen, who shared that Wheeler REIT is working on its first Lidl store in a redevelopment project within a high barrier to entry market in the Carolinas.

"Lidl is going to come into the market and it'll be a great addition," says Nguyen. "Lidl has a very structured format and its own unique architecture. The grocer is really banking on the Southeast in its expansion."

Similar to Publix, Lidl wants to buy its own real estate and it mostly develops its own buildings with cash on hand, according to Wheeler. Although at different ends of the grocery spectrum in terms of consumer base, both Lidl and Aldi are attracted to similar locations.

"Lidl and Aldi are very active in the market, but generally speaking they're pursuing secondary real estate that's not Main-and-Main," says

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Morgan Construction will build its 100th and 101st Aldi stores in Conway, S.C. Aldi recently announced a \$1.6 billion remodeling plan to enhance 1,300 stores.

Coyne. "They're either in a rural sub-market or off-corner in a Class B or C site."

In early February, Aldi announced a \$1.6 billion remodeling plan to enhance the customer shopping experience at 1,300 stores by 2020. In addition to the store overhaul, Aldi is still growing its number of stores in the region. Chattanooga, Tenn.-based general contractor Morgan Construction will build its 100th and 101st stores for Aldi in the next several months. Both will be located in Conway, S.C.

"Aldi is still active in the market," says David Connor, senior vice president and Raleigh market director at Lincoln Harris. "It has been actively pursuing sites in the [Raleigh] market since the late 1990s and early 2000s. Aldi is preparing to position itself in the market to compete with Lidl."

There are winners and losers in any war. With battles playing out in the top metros across the Carolinas, there are bound to be some grocers left holding the bag at checkout.

"It's an interesting time that we're in," says Connor. "Folks are rightly concerned about us having enough rooftops to support all the grocery stores that are potentially coming on line over the next few years. That's what really bears watching, where the fallout will be and whose left standing."

### Other Expanding Retailers

In addition to grocery stores, the Carolinas have become a hot spot for new leasing activity by restaurants, ranging from fast-casual concepts to chef-driven eateries. Landlords love having restaurants in their centers because they drive foot traffic and are mostly unaffected by e-commerce.

"We like to have at least 10 percent of the GLA in our centers devoted to restaurants," says Wheeler of Wheeler REIT. "Restaurants pay more rent and they create more traffic and promote better co-tenancy and cross-

## Publix is marching north...Wegmans is marching south as well, which bodes well for the trade area.

— Jon Wheeler, CEO  
Wheeler REIT

shopping."

In most new mixed-use and retail developments in the Carolinas, restaurants are a must-have for landlords. Aston Properties is a very active developer of strip retail center projects in the Carolinas, most of which have a heavy presence of fast-casual restaurants.

"We have seven developments underway in the Carolinas," says George Dewey IV, president and CEO of Aston Properties. "The projects under development include a deal in Charlotte's City Park area with a Panera Bread, Chipotle and Firehouse. We have a project with Outback and another unnamed tenant in front of the Target in the Lake Norman area just north of Charlotte. We also have a MOD Pizza and a McAlister's Deli we're developing in the Berewick development of Charlotte."

Quick-service pizza concepts like Uncle Maddio's, Pieology and Blaze Pizza, as well as burger joints like Burger Craft, Wahlburgers and Bad Daddy's Burger Bar are expanding in the area. In addition to the national and regional brands of fast-casual restaurants, the Carolinas are also experiencing a growth in specialty dining concepts that cater to Millennials and the craft beer movement.

"Landlords are interested in restaurants, especially chef-owned

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restaurants, even at the expense of passing on national chains with better credit," says Rich of Colliers. "Breweries are opening all over the region. In Charlotte, there are 17 breweries, most of them opening up along the Blue Line Light Rail."

"Fast-casual restaurants and breweries that source their ingredients locally are very hot right now," agrees Troy Legge, executive director of Sam's Real Estate LLC, sister company of Sam's Xpress Car Wash and Sam's Mart convenience stores. Sam's Real Estate is a retail developer based in Matthews, N.C., that owns several land parcels in the Charlotte area that are garnering interest from restaurants and retailers looking to expand their footprint in the area.

"Our land positions get a great deal of interest from quick-serve restaurants, banks, auto parts stores and other single-use tenants," says Legge.

Beyond food and groceries, landlords are attracted to specialty fitness concepts because they create repeat traffic and bring in a more affluent demographic to their centers. In the Carolinas, these concepts include Pure Barre, Orangetheory Fitness and O2 Fitness.

"Fitness is very popular with landlords currently," says CBRE | Ra-



Entertainment concepts like Main Event are having success backfilling vacant junior anchor spaces in the Carolinas, and landlords love the repeat traffic they generate.

leigh's Coyne. "You can't purchase fitness online, it's somewhat e-commerce proof. The type of fitness retailer is changing, too. We're going from a Gold's Gym-type association to well-educated, higher-income female concepts. Landlords love them because they bring in that female shopper. Nordstrom Rack actually wants to be situated near fitness users now. The market is definitely changing the way it's looking at fitness. They're on the top of the list to

backfill vacant spaces now."

Entertainment concepts are also enjoying backfilling locations left behind by soft goods and other junior anchor users that are consolidating their store counts. Concepts like Main Event, upscale bowling alleys and movie theaters are popular with landlords in the region.

"It's an alternative direction to grocery-anchored centers and it's driving new development in Charlotte," says Susan McGuire, principal and


managing director of Foundry Commercial's Charlotte office. "Those entertainment and experiential users are also independent of online shopping. It gives people a social connection and creates a sense of community and place."

"Landlords like entertainment and experiential users because they engage with the shoppers and they create more foot traffic in those centers," adds Julie Augustyn, senior vice president of Foundry Commercial's Raleigh office.


Following the announcement of massive store closures by Macy's and Sears earlier this year, there are a wave of opportunities for retailers to backfill sites left vacant. As part of the closures, five Kmart and two Macys are closing in North Carolina, and three Kmart and one Sears store are closing in South Carolina.

BC Wood Properties, owner of Southwood Square Shopping Center in High Point, N.C., plans to re-merchandise the center's former Kmart store with retailers including Planet Fitness, Roses and dd's Discounts. Shopping center owners like BC Wood are having to get creative to backfill vacancies, whether it's with one retailer, multiple tenants or even converting those sites to other uses like self storage.





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Landlords like entertainment and experiential users because they engage with the shoppers and they create more foot traffic in those centers.

— Julie Augustyn, Foundry Commercial Senior Vice President, Raleigh Office

“There has been a few times where we experienced first-hand the contraction that has happened with retail anchors as a result of the greater changes in the retail industry,” says Paul Herndon, president and partner of American Asset Corp., a retail developer with several Carolinas shopping centers in its portfolio. “In one situation we made the decision to create more diversity in our center by converting an anchor space to multi-tenant retail space. As a long-term property owner, we feel that investing in a change like this is best for the long-term aspect of our retail center as opposed to filling the space as-is with a user that may not be compatible with the center.”

### North Carolina

Underpinning the growth of grocers, restaurants and specialty retailers in the Carolinas is the economic strength of the region. Charlotte experienced a 1.7 percent year-over-year increase of total nonfarm employment in 2016, according to the U.S. Bureau of Labor Statistics (BLS). The BLS also reported a 1.8 percent increase in total nonfarm employment in 2016 in Raleigh-Cary and a 3.4 percent yearly jump in Durham-Chapel Hill.

“We have strong job growth in the metro areas of the Carolinas — Raleigh, Charlotte, Charleston and the Upstate portion of South Carolina,” says Connor of Lincoln Harris. “With job growth you have higher income demographics and inbound population migration, and all of those elements attract retailers and provide for a healthy retail real estate environment.”

Charlotte’s overall retail market was 8.7 percent vacant at the end of 2016, according to Reis. The metro area tightened from 9.7 percent vacancy in 2014 and 9.4 percent vacancy in 2015.

“In the Charlotte MSA, there are only four shopping centers coming out of the ground for completion in 2017,” says Foundry’s McGuire. “That’s minimal new product, so our absorption rate has been extremely healthy as well.”

In addition to less available space, landlords have been able to push rents in the market, albeit slightly. Asking rents are at \$18.71 per square

foot, a 0.3 percent increase from 2015, according to Reis. Effective rents are up 0.4 percent in the same time frame.

Some of the major developments in Charlotte include Waverly, a 90-acre mixed-use development that Childress Klein, Crosland Southeast and the Matthews Family are co-developing. Situated near the intersection of Providence and Ardrey Kell roads in south Charlotte, Whole Foods will anchor the project. Chuy’s and Ulta Beauty have recently opened their locations at the development, and other concepts joining the project include Chick-fil-A, Starbucks Coffee, Mattress Firm, Panera Bread, Mainstream Boutique and Source1Phones.

Across the street from Waverly will be Rea Farms, a 180-acre mas-



Childress Klein, Crosland Southeast and the Matthews Family are co-developing the 90-acre Waverly project in Charlotte, which will feature a new Whole Foods Market.

ter-planned development that Lincoln Harris is developing. The project includes 200,000 square feet of retail, which will be anchored by a 76,000-square-foot Harris Teeter.

“Rea Farms will also include about 600 multifamily units and 700 single-family residences, as well as 600,000 square feet of office space,” says Connor. “We also sold a site within the development to Charlotte-Mecklenburg Schools, as well as Lifetime Fitness and it is under construction right

now and will open later this year.”

Aston Properties and Marsh Properties are also underway on a grocery-anchored project in the Charlotte area. Set to open in May, Sedgefield will be anchored by a Harris Teeter.

Raleigh-Durham’s retail market has also experienced tightening. Reis reports the year-end vacancy rate for Raleigh-Durham at 7.6 percent, up from 8.2 percent in 2015 and 9.2 percent in 2014. Rental rates have also increased, with asking rates jumping



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Aston Properties and Marsh Properties are co-developing Sedgefield, a Harris Teeter-anchored shopping center located in Charlotte's South End.



American Asset Corp. recently delivered Phase I of Alston Town Center, a 70,000-square-foot shopping center in Cary anchored by Whole Foods Market.

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1 percent year-over-year and effective rates up 1.1 percent, according to Reis.

"Rental rates are certainly trending up in Raleigh," says Coyne of CBRE | Raleigh. "We've had good absorption, but we had a slight uptick in vacancy in the fourth quarter because we had three big boxes come back on the market. Field & Stream and Burlington vacated their spaces and caused a blip on our radar."

Retail projects underway in the area include TradeMark Properties' Seaboard Station, which will give Raleigh its first urban format Harris Teeter. Other properties include the Wegmans-anchored Midtown East project that Regency Centers is developing and The Dillon, a mixed-use project in downtown Raleigh.

Kane Realty Corp. is the developer of The Dillon, which will comprise an 18-story office tower with ground-level retail space anchored by Urban Outfitters. The project will also include two six-story apartment buildings.

In Cary, American Asset Corp. recently delivered Phase I of Alston Town Center, a 70,000-square-foot shopping center anchored by Whole Foods.

"Alston Town Center will ultimately span close to 500,000 square feet of commercial space and have almost 500 residential units," says Herndon of American Asset Corp. "Last year we sold approximately 30 acres to Woodfield Investments, and it is developing a residential community that will include a mixture of residential products on its parcel. For the next retail phases of Alston, we are willing to wait for the right tenants. We are in discussions with a number of retailers currently for Phase II that would make this next phase slightly bigger than Phase I."

### South Carolina

Charleston's retail market is buoyed by the job growth in the region from major players such as

Boeing, Volvo and Mercedes-Benz, as well as the increased industrial and shipping activity from the Port of Charleston. The BLS reports that the total nonfarm employment in Charleston-North Charleston-Summerville is up 3.2 percent in 2016 compared to year-end 2015.

"Charleston has six submarkets (Downtown, West Ashley, Mount Pleasant, Centre Pointe, North Charleston and Summerville), and they are all in the process of either growing or redeveloping current retail assets due to job and population growth," says Michael Silverman, retail real estate advisor at The Shopping Center Group.

Like the rest of the region, grocers are driving a lot of the development in Charleston. Lowes Foods is adding a 50,000-square-foot store in Mount Pleasant, and more than 200,000 square feet of grocery construction is in the development pipeline in Summerville alone, according to Silverman.

"Summerville is booming with a Walmart Supercenter, BJ's Wholesale Club, two Harris Teeters, Sam's Club and an Aldi in the pipeline," says Silverman. "Whole Foods is also building a second store in West Ashley. WestEdge, a mixed-use development project between MUSC and the Citadel, will house a Publix, and The Fresh Market plans to anchor the new Indigo Shopping Center in Mount Pleasant. The grocery wars are in full force in Charleston and they spur more growth."

Columbia's retail growth is also driven by expanding grocers, as well as the student population at the University of South Carolina and the state government. Patrick Palmer, director of retail services at NAI Avant, says that the activity from grocers is nothing new for Columbia.

"Grocers are kind of our bread and butter. Columbia has a Lowes Foods coming to the market, and The Fresh

see **SOUTH CAROLINA**, page 38

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# UNCERTAIN FUTURE

## ECONOMY from page 1

expansion and the commercial real estate industry in a way not seen in years.

On the monetary front, years of low and declining interest rates supporting credit markets and asset prices are giving way to a new environment. Rates have risen noticeably since the fall and the Fed is overseeing a tightening cycle. Rising interest rates pose a new challenge to credit conditions and valuations, which has already been reflected in the significant decline in investment volume reported in January by Real Capital Analytics. The sharp rise in interest rates has scuttled the closing of some deals, protracted the closing of others and thrown financing terms for a loop across the board.

The larger uncertainty and concern, however, is emanating from the political realm. The new administration has proposed radical policy shifts to immigration, trade, regulations and taxes. Both the amount of proposed policy changes and their severity are resulting in an uptick in uncertainty.

For example, tariff proposals are a threat to global trade, and their implementation would slow both global and domestic economic growth. The proposed tariffs would have the potential to adversely affect the real estate space by constraining demand for industrial property, especially in markets near large ports or the country's southern border.

Immigration crackdowns threaten the demographic underpinning of robust growth in many metros, and these crackdowns could result in dramatically higher labor costs for construction across all property segments. Reduced taxes and regulations could be a boon for businesses, but proposals in this realm have been vague at best, and outside of some very narrow financial regulations, do not seem to



The economy remains healthy and on solid ground, but for the first time since the U.S. debt ceiling and European debt worries of 2011, the outlook is muddied.

— Peter Muoio, Ten-X, Chief Economist

be one of the administration's priorities.

While the U.S. economy remains in expansion thanks to a robust labor market, a continuation of this political volatility amid a less supportive monetary environment increases the threat of recession. Payroll gains remain solid, having averaged a gain of just under 189,000 jobs per month over the last six months, while the unemployment rate continues to improve, most recently measuring 4.8 percent. The reduction of slack in the labor market continues to spur wage growth, which is critical at this point in the cycle. Wage growth is a key to continued expansion in multifamily rents and home prices, as affordability has eroded in recent years.

Housing remains a ballast of growth for the economy, with a strong labor market and rising wages combining to fuel gains. Home sales have been trending higher since the recession, and existing home sales recently reached their highest pace of the cycle, surpassing their tax credit peak. (While new home sales dipped at year-end, they had been trending steadily higher until that one month of data.)

Despite the strong sales figures, this cycle of home sales growth has actually been constrained by historically low inventory levels, which have combined with low and declining mort-

gage rates to push home prices up to peak levels. These low inventory levels could linger for some time, as immigration crackdowns will remove a sizable portion of the home construction labor force, driving up construction costs and constraining the supply side of the market.

Even though mortgage rates are at extremely low levels historically, the Fed has initiated a tightening cycle that in the coming years will raise interest rates, and mortgage rates along with them. Some sources indicate that the current administration is considering some reform to Fannie Mae and Freddie Mac. While no concrete plans have been disseminated, any changes to the GSEs will result in changes in mortgage availability, greatly affecting the housing market.

The industrial side of the economy appears to be stabilizing as well. Oil prices remain well below their heights from a few years ago, and their recent stabilization has reduced a headwind on the U.S. economy, one that was felt most acutely in the Southwest. Capital goods orders appear to have troughed and are seeing modest growth, though they remain below their range from 2012 to 2015. The energy and industrial sectors are not considered growth drivers quite yet, but they are no longer impeding growth.

The robust labor market has result-

ed in a strong consumer sector as well, and consumer spending continues to reach new heights month after month. This has helped drive the expansion onwards and upwards, but has done nothing to help the retail property sector, as a growing percentage of spending is captured by e-commerce retailers. Retailers have also been outspoken about the rumored border tax, claiming it would drive up costs to consumers by nearly 25 percent and dramatically harm their businesses.

Currently, the economy remains healthy and on solid ground, but for the first time since the U.S. debt ceiling and European debt worries of 2011, the outlook is muddied. Financial markets remain placid and tranquil, but the interest rate and political regimes have completely changed. The current administration has proposed numerous radical shifts to U.S. policy and has been erratic and volatile in its communications and actions in its brief time in office.

This is exacerbated by uncertainty in Europe over Brexit and upcoming elections in France, Italy and Germany, which further threaten the EU's stability. While there is time for clarity to return, it is hard to imagine the commercial real estate cycle continuing to enjoy its uninterrupted rise amid rising political volatility and rising interest rates. ■

## SOUTH CAROLINA from page 34

Market is finally adding a second store," says Palmer. "Kroger and Publix are also on the move, and Lidl has sites tied up as well. Kroger has a site tied up at the old Bomber baseball stadium for one of its Marketplace locations. Kroger also recently opened a Marketplace store out at Killian Crossing."

Similar to Charleston, Hilton Head is a high barrier to entry market for retailers. The popular tourist destination is surrounded by the Atlantic Ocean and wetlands, so developers have learned to be patient in assembling their sites.

In January, Jaz Development delivered Bluffton Gateway, a retail development near Hilton Head anchored by an 185,000-square-

foot Walmart Supercenter and a 140,000-square-foot Sam's Club. The center's outparcel retailers are set to open in the near future.

Jaz Development is currently developing a nearby shopping center known as Bluffton Crossing, situated down the main retail corridor of U.S. Highway 278. The 118,000-square-foot center will feature a 55,000-square-foot Hobby Lobby, 25,000-square-foot PGA Tour Superstore, 21,000-square-foot Fresh Market, Aspen Dental, Sleep Number and about 8,000 square feet of shop space.

"There's not a lot of spec space, it's more of a grouping of junior tenants we're looking to get into the market," says David Oliver, president of Jaz Development. "It's 96 percent pre-leased. Our first tenants will

open this spring, and the bulk will open by the summer."

Oliver says Jaz Development is doubling down on Hilton Head because of the year-round draw of the island city and the visibility along U.S. Highway 278.

"The Hilton Head trade area is half water and there's one major road where 95 percent of Hilton Head's visitors drive in from," says Oliver. "There are 2.5 million yearly visitors to Hilton Head, most of whom live within a five-hour drive. This corridor on Highway 278, the only road to Hilton Head, has become the retail trade area of the region. The area is a vibrant retail corridor year-round, but it obviously has big swings during the summer months."

The York County markets of Rock Hill and Fort Mill are leveraging their

retail activity with nearby Charlotte, which is situated just across the border. Warren Norman III, development director for retail developer Warren Norman Co. Inc., says his company will break ground on two projects this year in the county.

"York County is one of the fastest growing counties in South Carolina thanks to the growth of Charlotte," says Norman. "We're seeing small shops and restaurants locate here. Metro Charlotte is one of the best areas in the country that you could possibly be in. Being situated across the state line has provided a good many advantages for us. Being 10 minutes outside of downtown Charlotte and having access to a more advantageous tax system in South Carolina put us in a really unique position." ■