



# THE MARKET COMMON

Good morning, I am Heather Gray, the Property Manager of The Market Common. I work directly for BEI Beach LLC, owner of The Market Common. This Saturday will mark the 15<sup>th</sup> year anniversary of the day the center opened. I have a deep pride and passion for both The Market Common and The City of Myrtle Beach as I am a fourth generation area native. Additionally, my mother met my father who was stationed at the Myrtle Beach Air Force Base, so each morning as I drive in “The Front Gate” I feel a bit of nostalgia.

For those who may not know, The Market Common is one of the original urban lifestyle centers where a person can: live, shop, dine, play, work and never have to get into their car. The lifestyle center opened in April of 2008, with an impressive lineup of nationally named tenants that lined the main street, “Howard Avenue”. Deville, Nevers and Reed Street’s presented more of a challenge for the developers for these streets did not have that same “Wow” location factor as the popular Howard Avenue delivered. These streets were filled with locally owned businesses, which delivered a needed balance to draw in the local community.

No one could have anticipated that in just a few months after opening, there would be a stock market crash that the resultant impact ultimately forced The Market Common into receivership. During this time, most, if not all, national and regional tenants exercised their sales kick-out options. This means that the tenants had the upper hand to negotiate extremely low rents, no rents or move out. Roughly 45% moved out, leaving The Market Common in a precarious position and a difficult uphill road for the receiver.

On January 7<sup>th</sup> 2011, BEI Beach LLC purchased The Market Common. The obstacles ahead were huge:

1. The Market Common Center was built in advance of the surrounding community you see today.
2. New home construction had nearly ground to a halt, with the center being designed as a walkable community, there were only a few residences that lived close enough to walk and enjoy the center.
3. The Market Common was built between Business and By-pass 17, it is not located on a major thoroughfare. This has been and will continue to be our greatest obstacle when it comes to leasing to national tenants for they normally demand that level of visibility.

During this time period, new home construction basically stopped throughout most of the country and Myrtle Beach. To further help support the center, the owner of BEI Beach assisted with underwriting the surrounding home construction. With this action, home construction and sales slowly started to pick up pace in The Market Common and throughout the district. With 2021/2022 bringing in the highest number of transplants from other states.

BEI Beach, LLC

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## RETAIL

In the initial years, retail sales struggled with retailers often ending their years flat or with slow growth. Obviously, sales are key to retaining retailers. Often national tenants have sales thresholds kickouts and if a location fails to meet that threshold they may terminate and vacate, there is literally nothing a landlord can do to keep that retailer, even offering free rent.

Restaurants have always been very popular in The Market Common. This is one area we have seen growth and increased sales year over year. Ownership prides themselves in protecting tenants by not leasing to a competitor with the same use clause. As you can imagine, this business philosophy can hurt ownership's rental income and occupancy in the short term, however, our philosophy is that if our tenants are successful, we will be as well. Our goal is to have successful tenants that never want to leave.

Coming out of 2020 into 2021, we were unsure how retailers would rebound from the catastrophic event that happened the year prior. To our amazement, we had 21 retailer/restaurants that reported their best sales they have ever had since the center opened and accumulatively, The Market Common had its best sales year since the center's inception.

With feedback from our retailers and various other measurement tools, we have learned that with all the added homes, townhomes and apartments in the Market Common district, we have become a hometown center that primarily serves the needs of the local community that is supplemented with tourism in the spring and summer. With the growth in the number of homes in the district and in Myrtle Beach, our year-over-year sales have continued to increase. 2022 sales exceeded 2021 and currently, 2023 sales are tracking 10.1% over 2022 with retailers having a greater increase than restaurants.

The Market Common has been very careful in its tenant selection. Our biggest consideration is whether or not a new potential tenant will complement our current line up and how well it fits with the community as a whole. In 2022, we added 8 new retailer/restaurants and 17 current tenants renewed their leases. We currently have 4 new leases out for signature, which we hope to send out a press release in the coming months. With the addition of these new tenants, The Market Common will be 97% occupied. As always, our goal is to be 100% leased. We are optimistic that we'll hit our goal by the end of 2023.

## “THE RESIDENCE'S OF THE MARKET COMMON”

The Market Common has 195 luxury apartments that are perched above the retail sector of the community. Each unit features plush carpeting or high-end planking, kitchen islands, outdoor balconies, valet trash chutes, private secure lobbies and elevator buildings.

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Living at the Market Common is living at its best! Clearly, many of our residents feel the same way as 5 units remain occupied by the original families that first rented in 2008 and 12 have been living with us for over 10 years. Often, our residents are relocating to the area, choose our quaint township while their new home is being built or they buy one that is available in the district.

We take pride in the fact that The Market Common Residences have been essentially 100% occupied since 2018, with a waiting list that ranges from 60 to 100 potential new renters on a year-round basis.

Unfortunately, we fall short in meeting the needs of all potential renters. In recent years, renters have options beyond just renting an apartment. Today, within the County, renters have the ability to live in rental communities that offer options which include single family homes of various sizes and townhouses. Many of our upscale tenants have the desire and ability to afford the added benefits of a build-to-rent community, that offer green spaces, private parking, a dog park and walking trails. Unfortunately, with the denial of the proposed MarketWalk project, we are unable to fulfill the demand or the potential increase in sales these new residents would have brought to the retail tenants.

Later this afternoon, BEI Beach LLC will be in front of the City of Myrtle Beach's Planning Commission for approval of construction drawings to rehab all of the vertical mixed-use buildings within the center. The cost for this undertaking is in the multiple tens of millions of dollars. The start date for this work is undetermined.

### **OFFICES OF THE MARKET COMMON**

The Office building is home to many office tenants, including the Veterans Administration Outpatient Clinic for many years while the planning and building of the new VA Clinic now located at ITAP was completed. Upon the VA vacating we were pleased to be able to secure new tenants that back filled their location, this leaving the office currently at 95% occupied with one available space remaining.

### **OWNER CONTRIBUTION TO THE AREA**

We like to call this the "Give Back to the Community" to show our appreciation who support our center. In most shopping centers, an owner is only required to contribute ~25% of the total collected marketing fund. Our owner wanted to do more; over the years they have contributed +3X more on Give Back's. The complimentary horse drawn carriage rides, movies in the park, concerts in the park, New Years Eve Southern Time Square and Family festivals are exactly that!! Free to those who support our tenants. In 2022, BEI Beach ownership spent ~\$180,000 on Give Backs to the Community, this is not required, it's their way of saying "Thank you"

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## FUTURE OF THE CENTER

Our overall goal is to be 100% lease in all three business units by the end of 2023 and with many current tenants performing refreshes and rebranding's in the coming year.

In 2023 the maintenance contract between the City of Myrtle Beach and BEI Beach LLC expired, we are currently in a one year hold over and will be working with the city manager for renewal terms. Below is an abbreviated version of that contract:

### CURRENT AGREEMENT:

**Parking garages and surfaces parking lots:** BEI Beach LLC is responsible for all maintenance, repairing, cleaning, painting of the walls in the parking decks, ceilings, stairwells, railings, exterior fences, safety posts, doors, drain grates, sweeping, trash collection, removal and replacing all light fixtures and bulbs.

**Fountains:** BEI Beach LLC is responsible for cleaning, painting and maintenance of pumps, filters and plumbing components.

**Other items:** cleaning of gazebo's, chess set, Playground equipment, benches, tables, chairs, trash receptacles, and dumpsters.

There are many items not listed in the contract that BEI Beach cleans and maintains: 1- Trash at the bus stop on Phillis, Public Restrooms in the parking deck, Clean the park after events, speakers, gazebo's roof, etc.

Attached you will find the spreadsheet to show the financial expense that BEI Beach has paid over the years and what is to come for 2023.

Let's review the sheet.

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