

## COMMERCIAL PROPERTY VACANCY REPORT – JULY 2018

### Introduction

The City of Charlottesville continues to demonstrate a stable retail property environment. In Charlottesville, all of the City’s shopping centers have lower vacancy rates than the expected national average, which is projected to be at 11.40% in 2018.<sup>1</sup> In fact, Barracks Road Shopping Center is at 4.60%, the Downtown Mall is at 1.06%, Seminole Square is at 7.55%, The Corner is at 1.64% and McIntire Plaza and Preston Plaza have a 0.00% vacancy rate. Altogether, the City of Charlottesville’s July 2018 vacancy rate is 2.49%, a slight increase compared with the January 2018 vacancy rate of 1.11%.

### Downtown Mall

As established, the vacancy rate for the Downtown Mall has a small increase to 1.06% since the January 2018 study (0.52%). Based on the definition of vacant, the number of unoccupied storefronts was found to be two out of 188 storefronts. Below is a table displaying vacancy data from the streets that make up the Downtown Mall area from January 2018 and July 2018.

TABLE 1.1 DOWNTOWN MALL VACANCIES & VACANCY RATES*+^@					
JANUARY 2018 & JULY 2018					
Area	Total # of Stores	Vacancies		Vacancy Rate	
		Jan-18	Jul-18	Jan-18	Jul-18
Main Street & Side Streets	148	0	1	0.00%	0.68%
South Side of Market Street	22	0	0	0.00%	0.00%
North Side of Water Street	18	1	1	5.00%	5.56%
<b>Total</b>	<b>188</b>	<b>1</b>	<b>2</b>	<b>0.52%</b>	<b>1.06%</b>

\*Does not include storefronts that have been vacant for less than 2 months, storefronts that are under renovation, or storefronts with pending leases.

+ Number of storefronts used to calculate the vacancy rate changed from 191 to 190 in January 2014.

^Number of storefronts on Main Street adjusted from 149 to 148 (Draft Taproom expansion) and Market Street (The Common House) increased from 21 to 22 in January 2017.

@ Number of storefronts on Main Street adjusted from 148 to 149 (C & F Bank expansion).

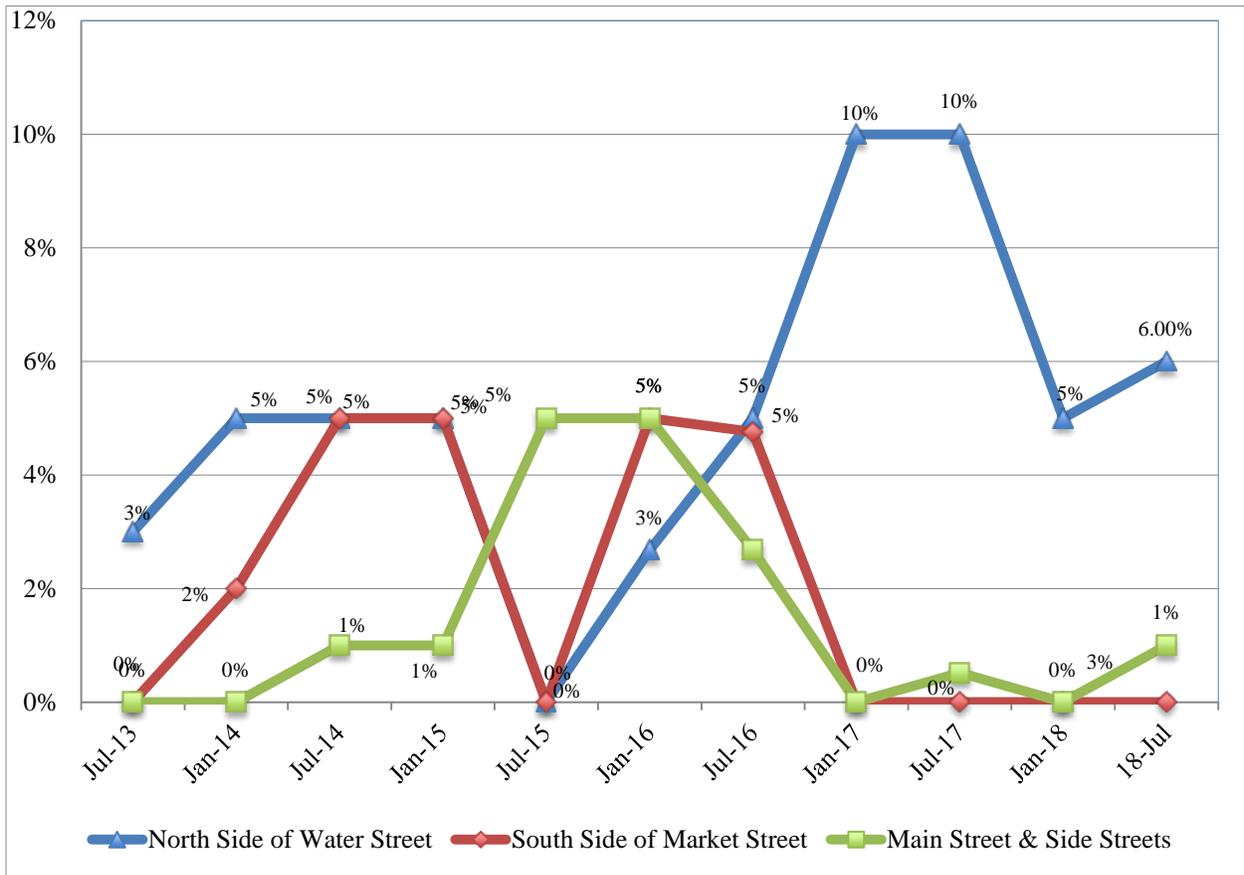
^^Number of storefronts on Water Street adjusted from 20 to 18 (Clock Shop, Escafe planned demolition), number of storefronts on Main Street adjusted from 149 to 148 (Carytown Tobacco planned demolition)

With only two qualifying vacant storefronts out of 188, the Downtown Mall displays a vacancy rate that is significantly lower than the 9.00% peak rate found in both July 2009 and January 2010, during the height of the recession. These trends can be seen in the graph on the following page (Chart 1.1).

Chart 1.1 depicts the Downtown Mall vacancies divided into three main areas: Main Street and the mall side streets, the south side of Market Street, and the north side of Water Street. There are four current vacancies on the West end of the mall (former Clock Shop, Escafe, Carytown Tobacco, and the Ice Rink). However with the planned construction of the Center for Developing Entrepreneurs moving forward, all four of these vacancies are not counted. The two vacancies were found at 201 E. Water Street (planned Dewberry Charlottesville Hotel) and at 117 5th St SE (former Water Street Restaurant). Additionally, no vacancies were found on the south side of Market Street, Main Street and side streets.

<sup>1</sup> “US retail vacancy rate forecast from 4Q 2017 to 2Q 2019.” Statista 2018

CHART 1.1 Mall Vacancy Rate by Street 07/2013– 07/2018



***New Since Last Study***

The Downtown Mall, as noted in several previous studies, continues to experience new activity, with many locations open for business and some scheduled to be occupied. O’Suzannah for Littles opened at 112 2<sup>nd</sup> Street NE. Also, Patisserie Torres will open in the former Cappellino’s Crazy Cakes at 103 3<sup>rd</sup> St NE. Finally, the Virginia Democratic political campaign headquarters opened in the former PCA/Chroma location at 112 W. Main Street #9 and #10.

***Other Charlottesville Shopping Centers***

In addition to the Downtown Mall, five other shopping areas were studied: Barracks Road Shopping Center, The Corner, McIntire Plaza, Preston Plaza, and Seminole Square. Combined, the total vacancy for all shopping centers, excluding the Downtown Mall, is 3.54%, which is well below the national average of 11.40%.

Barracks Road Shopping Center’s vacancy rate has slightly increased, with four vacancies (4.60%) since the last study in January 2018. However, the shopping center continues to build new commercial spaces to add to their total number of available inventory. 945B Emmet Street, between Old Navy and Nike, has been vacant for one and a half years and two new spaces at 1931 A and B Arlington are for lease, and therefore counted on this study. 1114 Barracks Road, Suite B, the former GameStop, remains vacant. Finally, one other vacancy was counted for this study at 1108 Emmet (formerly Vanessa Luggage).

The Corner’s rate increased to one vacancy (1.64%) for this study. The closing of Café Caturra, at 1327 West Main, was the only vacancy found during July 2018.

Two of the most stable areas continue to show impressive rates. Preston Plaza has had the lowest consistent vacancy rate of any location, with a vacancy rate of 0.00%, and has held that rate since July 2012. McIntire Plaza continued to hold at a 0.00% vacancy rate, the same as January 2018. Construction continues on over 30,000 square feet of new retail space but since construction is not complete, it is not included in this study.

Finally, Seminole Square’s vacancy rate has increased to four vacancies (7.55%) The former planned Kroger remains vacant at 220 Zan Road, and stores along the north end of the shopping center are now counted as part of this study since the Hillsdale Drive Extension construction project was completed earlier this year. In the north wing of Seminole Square 165, 167, and 169 Seminole Court are all currently vacant with Skyline Church having plans to soon occupy 309 Hillsdale Drive.

Table 1.2 provides an overview of the vacancy counts and rates in the six shopping centers. Overall, vacancy rates across these six commercial areas increased from 1.11% in January 2018 to 2.49% in this study.

**For a visual depiction of the vacancies and planned/new occupancies on the Downtown Mall and in non-Downtown Mall shopping centers, please refer to the attached table including vacant storefronts and planned/new occupancy for July 2018. For a map detailing the surveyed areas, please refer to the attachment *Vacancy Report Study Areas*.**

TABLE 1.2 VACANCY TOTALS & RATES - ALL SHOPPING CENTERS <sup>1</sup> July 2017, January 2018 & July 2018							
Area	Total # of Stores	Vacancies			Vacancy Rate		
		Jul-17	Jan-18	Jul-18	Jul-17	Jan-18	Jul-18
Downtown Mall <sup>3</sup>	188	3	1	2	1.57%	0.52%	1.06%
Barracks Road <sup>4</sup>	87	4	2	4	4.71%	2.35%	4.60%
The Corner <sup>5</sup>	61	1	0	1	1.61%	0.00%	1.64%
Preston Plaza <sup>6</sup>	8	0	0	0	0.00%	0.00%	0.00%
Seminole Square <sup>7</sup>	53	2	2	4	3.33%	3.33%	7.55%
McIntire Plaza <sup>8</sup>	45	1	0	0	2.27%	0.00%	0.00%
<b>Total<sup>2</sup></b>	<b>442</b>	<b>11</b>	<b>5</b>	<b>11</b>	<b>2.44%</b>	<b>1.11%</b>	<b>2.49%</b>

<sup>1</sup> Does not include storefronts that have been vacant for less than 2 months, storefronts under renovation, or storefronts with pending leases.

<sup>2</sup> Number of storefronts used to calculate the total vacancy rate is 451 for Jul 12, 452 for Jan 2013, 450 for Jul 13, 458 for Jan 14, 461 for Jul 14, 460 for Jan 15, 453 for Jan 16, 449 for Jul 16, 450 for Jul 17, and 442 for Jul 18.

<sup>3</sup> Number of storefronts used to calculate the Downtown Mall vacancy rate is 192 for Jul 12 and Jan 12, 191 for Jul 13, and 190 for Jan 14 and Jul 14, and 191 for Jul 17.

<sup>4</sup> Number of storefronts used to calculate Barracks Road vacancy rate is 90 for Jul 12, 91 for Jan 13 and Jul 13, 95 for Jan 14 and Jul 14, 91 for Jan 16, 90 for Jul 16, 85 for Jan 17, and 87 for Jul 18.

<sup>5</sup> Number of storefronts used to calculate The Corner vacancy rate is 59 for Jan 13, 62 Jul 14, and 61 for Jan 18.

<sup>6</sup> Number of storefronts used to calculate Preston Plaza vacancy rate is 9 for Jan 16, and 8 for Jul 16.

<sup>7</sup> Number of storefronts used to calculate Seminole Square vacancy rate is 53 for Jan 13, 52 for Jul 13, and 58 for Jan 14, 58 for Jul 14, 57 for Jan 15, 54 for Jan 16, 53 for Jul 16, 59 for Jan 17 (adjusted for construction), 60 for Jul 17, and 53 for Jul 18 (adjusted for completed construction).

<sup>8</sup>Number of storefronts used to calculate McIntire Plaza vacancy rate is 48 for Jan 13, Jul 13, and Jul 14 and 47 for Jan 14 and Jul 14, 46 for Jul 16, 44 for Jul 17, and 45 for Jul 18.

***The following criteria were used to determine the vacancy rate in Charlottesville shopping centers:***

- Only ground level storefronts were counted.
- Definitions: For the purposes of this survey, the Downtown Mall was defined as the 8-block pedestrian mall, including storefronts on Main Street, the side streets, the south side of East Market Street and the north side of Water Street. The Corner was defined as all commercial establishments on the seven blocks between Madison Lane (Bank of America) and 12 ½ Street Southwest (Graduate Hotel), including side streets such as Elliewood Avenue. As of the July 2014 study, the storefronts on the block of 14<sup>th</sup> Street to its intersection with Wertland Street have also been included as part of The Corner. Seminole Square, Barracks Road, McIntire Plaza, and Preston Plaza were each defined as the group of commercial buildings that self-identified as a member of the shopping center.
- Storefronts that have been unoccupied for two or more months were considered vacant.
- Storefronts that are unoccupied due to renovations were *not* considered vacant if there are plans for occupancy once the renovations are complete.
- Storefronts that have been unoccupied for less than two months were *not* considered vacant to allow for normal property use transitions.
- Storefronts that are vacant but have a lease pending/approved were *not* considered vacant.

**Vacant Downtown Mall Storefronts & Planned/New Occupancy – July 2018**

**Downtown Mall: Vacant Storefronts**

<p><b>201 E. Water Street</b>  <i>Planned Dewberry Hotel</i>                  Est. Vac: 9 years</p> 	<p><b>117 5<sup>th</sup> Street SE</b>  <i>Former Water Street Restaurant</i>                  Est. Vac: 4 months</p> 			
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**Downtown Mall: Planned/New Occupancy**

<p><b>201 E. Main Street</b>  <i>Patisserie Torres</i>                  Est. Occ: August</p> 	<p><b>112 2<sup>nd</sup> Street NE</b>  <i>O'Suzannah for Littles</i>                  Now Open</p> 	<p><b>112 W. Main Street #9 &amp; 10</b>  <i>Virginia Democrats Office</i>                  Now Open</p> 		
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## Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy July 2018

### Barracks Road: Vacant Storefronts

**945 B Barracks Road**  
*Newly Remodeled Space*  
Est. Vac: 1.5 years



**1114 Barracks Road, Ste B**  
*Former GameStop*  
Est. Vac: 1.5 years



**1931 A Arlington Blvd**  
*Newly Remodeled Space*  
Est. Vac: 6 months



**1931 B Arlington Blvd**  
*Newly Remodeled Space*  
Est. Vac: 6 months



**1108 Emmett Street N**  
*Former Vanessa Luggage*  
Est. Vac: 3 months



## Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy July 2018

Seminole Square: Vacant Storefronts				
<p><b>165 Seminole Court</b>  <i>Former Occupant Unknown</i>                      Est. Vac: 6 months</p> 	<p><b>167 Seminole Court</b>  <i>Former Pete's Pet Forum</i>                      Est. Vac: 6 months</p> 	<p><b>169 Seminole Court</b>  <i>Former Boy Scouts Shop</i>                      Est. Vac: 6 months</p> 	<p><b>220 Zan Road</b>  <i>Former Kroger Relocation</i>                      Est. Vac: 1 year</p> 	

Seminole Square: Planned/New Occupancy				
<p><b>309 Hillsdale Drive</b>  <i>Skyline Church</i>                      Est. Occ: August</p> 				

## Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy July 2018

### The Corner: Vacant Storefronts

**1327 W. Main Street**  
*Former Café Caturra*  
Est. Vac: 6 months



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## Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy July 2018

### McIntire Plaza: Planned/New Occupancy

1229 Harris Street #11  
*Diamondback Toolbelts*  
Now Open

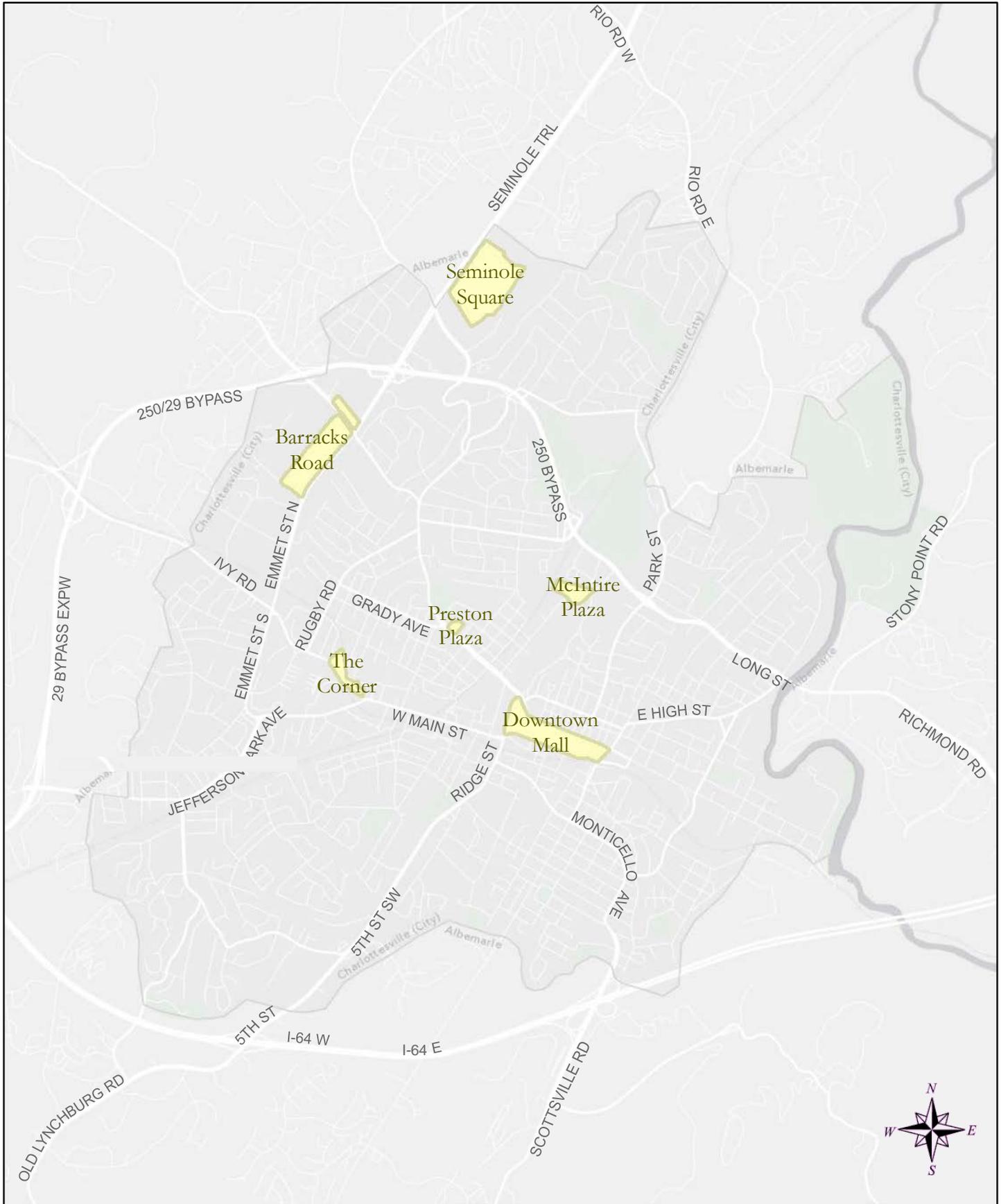


\*Indicates storefront has been vacant for less than two months, therefore not meeting the vacancy minimum

“Est. Vac” is defined as “Estimated Time of Vacancy”

“Est. Occ” is defined as “Estimated Time of Occupancy”

# Vacancy Report Study Areas



 Retail Areas