

COMMERCIAL PROPERTY VACANCY REPORT – JANUARY 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 2018.¹ In fact, Barracks Road Shopping Center is at 2.35%, the Downtown Mall is at 0.52%, Seminole Square is at 3.33% and McIntire Plaza, Preston Plaza, and The Corner, have a 0.00% vacancy rate. Altogether, the City of Charlottesville’s January 2018 vacancy rate is 1.11%, lower than the July 2017 vacancy rate of 2.44%.

Downtown Mall

As established, the vacancy rate for the Downtown Mall has decreased to 0.52% since the July 2017 study (1.05%). Based on the definition of vacant, the number of unoccupied storefronts was found to be one out of 191 storefronts. Below is a table displaying vacancy data from the streets that make up the Downtown Mall area from July 2017 and January 2018.

TABLE 1.1 DOWNTOWN MALL VACANCIES & VACANCY RATES* ⁺ [®]					
JULY 2017 & JANUARY 2018					
Area	Total # of Stores	Vacancies		Vacancy Rate	
		Jul-17	Jan-18	Jul-17	Jan-18
Main Street & Side Streets	149	1	0	0.67%	0.00%
South Side of Market Street	22	0	0	0.00%	0.00%
North Side of Water Street	20	2	1	10.00%	5.00%
Total	191	2	1	1.05%	0.52%

*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).

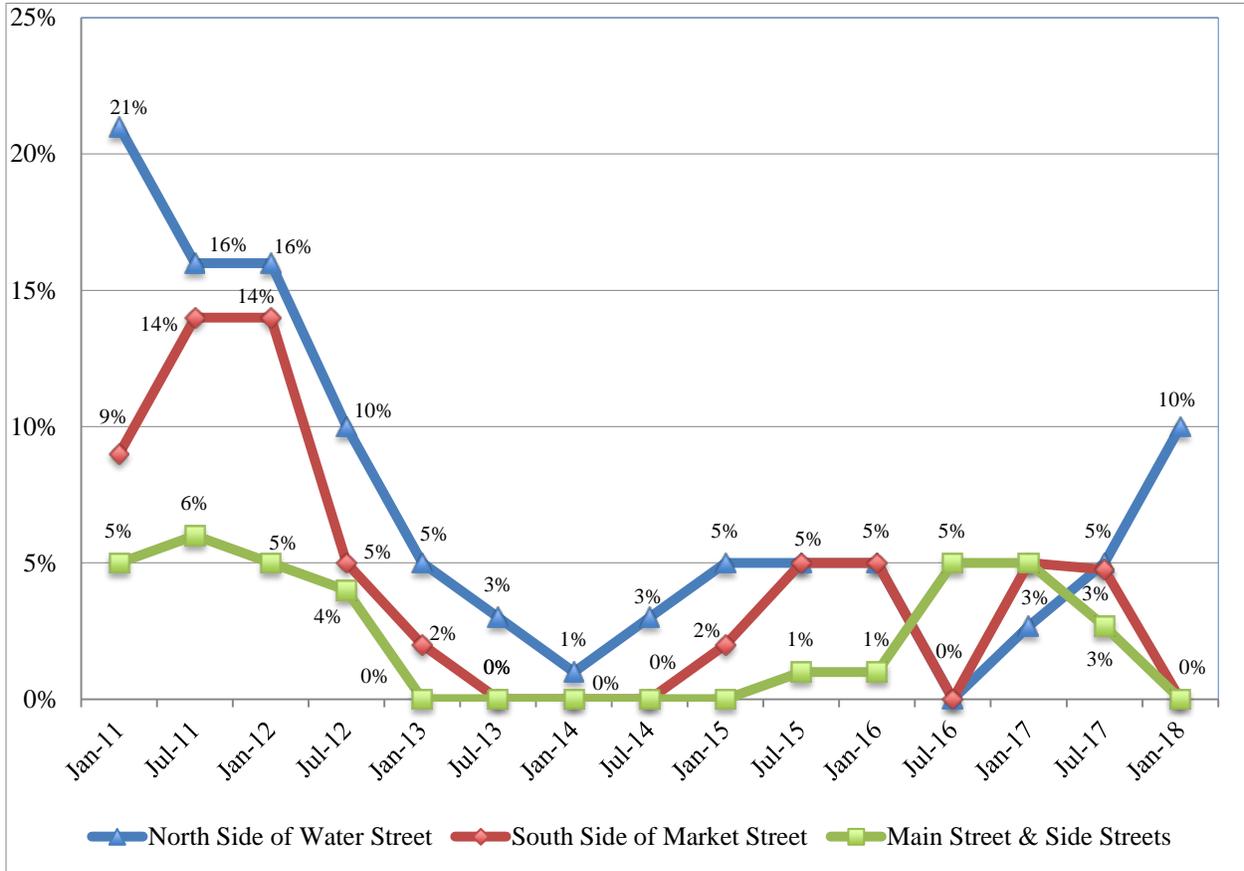
With only one qualifying vacant storefront out of 191, the Downtown Mall displays a vacancy rate that is significantly lower than the 9.00% peak rate found in both July 2009 and January 2010, during the height of the recession, and the lowest vacancy rate since the study began. These trends can be seen 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. The one vacancy was found at 201 E. Water Street (planned Dewberry Charlottesville Hotel). The building at 201 W. Water (former Clock Shop) has been approved for demolition and the property is no longer considered for the purposes of this study. The former locations of Gifts on Main, 510 E. Main Street, and Yofina, 219 W. Main Street, are both under new leases therefore not counted as vacant in this study. Piedmont Council for the Arts ceased operations in August but since that organization was co-located with Chroma Projects,

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

the space at 112 W. Main Street #9 and #10 did not meet the two month vacancy threshold since Chroma moved less than two months before this study iteration started. Additionally, no vacancies were found on the south side of Market Street, Main Street and side streets.

CHART 1.1 Mall Vacancy Rate by Street 01/2011– 01/2018



New Since Last Study

The Downtown Mall, as noted in the several previous studies, continues to experience a flurry of new activity, with many locations open for business and some scheduled to be occupied. Kebabish opened in the former Downtown Thai space 111 W. Water Street and Citizen Bowl opened in the former Eleven Months location at 223 W. Main Street. Tilman’s opened in the former My Chocolate Shoppe at 406 E. Main Street and across the Mall, Honey Ryder Boutique is now located in the former Spectacle Shop at 407 E. Main Street. Other activity includes The Candy Store opening at 114 4th Street NE (former O’Suzannah), Chroma Projects relocating to 103 W. Water Street (former Oasis Day Spa) and Maru Korean replacing Miso Sweet at 412 E. Main Street. Additionally, I Love C’Ville opened in the former Reflections Salon at 406 E. Market Street, Suite 102 and Moon Maiden’s Delights occupies the newly created space from part of Marco and Luca’s at 112 W. Main Street #12. As a result of this new location, combined with the Paramount’s purchase of 105 3rd Street NE (a subtraction of available retail space) the total number of stores remains the same.

*Many businesses have either changed names or have new ownership since our last report. These changes occurred between study periods and did not meet the vacancy criteria. Those are noted to include Magpie Knits (former Needle Lady).

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 1.55%, which is well below the national average of 11.40%, and has decreased since the last study (3.90%).

Barracks Road Shopping Center's vacancy rate has improved, slightly decreasing, with two vacancies (2.35%) since the last study in July 2017 (4.71%). 945B Emmet Street, between Old Navy and Nike, has been vacant for one year and 1114 Barracks Road, Suite B, the former GameStop, remains vacant as well. J-Petal, a new restaurant is opening soon in the former location of Kate Spade at 1045 Emmet Street, Custom Ink opened a retail location in North Barracks at 2118 Barracks Road (formerly Neroli Spa), and Poke Sushi opened at 1104 Emmet Street, the former location of Aroma's. Finally, two new retail locations are planned on Arlington Blvd but are not counted for this study, as the space is not yet available to occupy.

The Corner's rate also decreased and is at 0.00% for this study. The former St. Maarten's location at 1400 Wertland Street is now a commercial kitchen so the overall Corner total has decreased to 61. Juice Yoga and Sheetz are open on University Avenue (1509 and 1517, respectively), and Armando's is soon to open at 105 14th Street NW, where Zip Chicken closed recently. Feelin' Saucy opened and closed between the July 2017 and January 2018 study and Marco and Luca is making plans to occupy the space. Finally, Café Caturra recently closed but was not counted as vacant, by study definitions.

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. La Poblana Sports Lounge changed named to La Patrona but this change did not impact the vacancy rate. McIntire Plaza also has a 0.00% vacancy rate, down from 2.27% in July 2017. Ecosystem Services, an engineering consultant firm, took over the former Carpet Plus Space at 1739-A Allied Street, reducing the total retail spaces available. However, Unlocked History Escape Room will soon open at 1717 1B Allied Street, creating a new retail location, and keeping McIntire's total retail locations the same at 44. 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 remained the same with two vacancies since July 2017 (3.33%). Since Kroger announced plans not to relocate to 220 Zan Road, that space was counted as vacant for this study and the newly remodeled space at 309 Hillsdale remains vacant as well. The End Games expanded into the former space of Scott Wagner Chiropractic at 147 Zan Road, but with the newly created space at 2109 India Road occupied by Anytime Golf, the total number of retail locations remains the same. Hillsdale Drive Extension is now open but since the large road construction project directly impacted the northern-most section of the shopping center, this section was not counted against the vacancy rate.

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 decreased from 2.44% in July 2017 to 1.11% 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 January 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 ¹ January 2017, July 2017, & January 2018							
Area	Total # of Stores	Vacancies			Vacancy Rate		
		Jan-17	Jul-17	Jan-18	Jan-17	Jul-17	Jan-18
Downtown Mall ³	191	2	3	1	1.05%	1.57%	0.52%
Barracks Road ⁴	85	4	4	2	4.71%	4.71%	2.35%
The Corner ⁵	61	1	1	0	1.61%	1.61%	0.00%
Preston Plaza ⁶	8	0	0	0	0.00%	0.00%	0.00%
Seminole Square ⁷	60	0	2	2	0.00%	3.33%	3.33%
McIntire Plaza ⁸	44	1	1	0	2.17%	2.27%	0.00%
Total²	449	8	11	5	1.78%	2.44%	1.11%

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

² 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, and 450 for Jul 17.

³ 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.

⁴ 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.

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

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

⁷ 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), and 60 for Jul 17.

⁸ 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, and 44 for Jul 17.

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 14th Street to its intersection with Wermland 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 – January 2018

Downtown Mall: Vacant Storefronts

<p>201 E. Water Street <i>Planned Dewberry Hotel</i> Est. Vac: 8.5 years</p> 	<p>112 W. Main Street # 9 & 10 <i>Former Chroma/PCA</i> Est. Vac: 2 months*</p> 			
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Downtown Mall: Planned/New Occupancy

<p>111 W. Water Street <i>Kebabish Sizzling & Fire Grill</i> Now Open</p> 	<p>223 W. Main Street <i>Citizen Bowl/Penny Heart</i> Now Open</p> 	<p>300 E. Main Street <i>Former Bank of America</i> Est. Occ: Unknown</p> 	<p>407 E. Main Street <i>Honey Ryder Boutique</i> Now Open</p> 	<p>112 W. Main Street, #12 <i>Moon Maiden's Delights</i> Now Open</p> 
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Vacant Downtown Mall Storefronts & Planned/New Occupancy – January 2018

Downtown Mall: Planned/New Occupancy				
<p>225 E. Main Street <i>Former Rock Paper Scissors</i> Est. Occ: Unknown</p> 	<p>406 E. Main Street <i>Tilman's</i> Now Open</p> 			

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2018

Barracks Road: Vacant Storefronts				
<p>945B Barracks Road <i>Newly Remodeled Space</i> Est. Vac: 1 year</p> 	<p>1114 Barracks Road, Ste B <i>Former GameStop</i> Est. Vac: 10 months</p> 			

Barracks Road: Planned/New Occupancy				
<p>2118 Barracks Road <i>Custom Ink</i> Now Open</p> 	<p>1104 Emmet Street <i>Poke Sushi Bowl</i> Now Open</p> 	<p>1045 Emmet Street <i>J-Petal</i> Est. Occ: Spring 2018</p> 		

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2018

Seminole Square: Vacant Storefronts				
<p>309 Hillsdale Drive <i>Newly Remodeled Space</i> Est. Vac: 9 months</p> 	<p>220 Zan Road <i>Former Kroger Relocation</i> Est. Vac: 7 months</p> 			

Seminole Square: Planned/New Occupancy				
<p>2109 India Road <i>Anytime Golf</i> Now Open</p> 	<p>270 Zan Road <i>Ferguson</i> Now Open</p> 	<p>147 Zan Road <i>The End Games Expansion</i> Now Open</p> 		

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2018

The Corner: Vacant Storefronts				
<p>1327 W. Main Street <i>Former Café Caturra</i> Est. Vac: < 1 month*</p> 				
The Corner: Planned/New Occupancy				
<p>1517 University Avenue <i>Sheetz (Fuel Free)</i> Now Open</p> 	<p>1509 University Avenue <i>Juice Yoga</i> Now Open</p> 			

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2018

McIntire Plaza: Planned/New Occupancy

1717-1B Allied Street
Unlocked History Escape Room
Est. Occ: Spring 2018



Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2018

Preston Plaza: Planned/New Occupancy				
<p>917 Preston Avenue Suite B <i>La Patrona</i> Now Open</p> 				

*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

