

COMMERICAL PROPERTY VACANCY REPORT – JANUARY 2015

Introduction

The City of Charlottesville continues to demonstrate a stable retail property environment. In Charlottesville, almost all of the City’s shopping centers have lower vacancy rates than the national average vacancy rate, which is projected to fall to 9.60% in 2015¹. In fact, The Corner is at 1.61%, the Downtown Mall is at 2.11%, and Barracks Road Shopping Center is at 4.21%. Preston Plaza and McIntire Plaza each boast an impressive 0.00% vacancy rate. Seminole Square is the exception with a 15.79% vacancy rate. Altogether, the City of Charlottesville’s January 2015 vacancy rate is 3.91%, which is a slight increase from the overall vacancy rate of 3.25% in July 2014.

Downtown Mall

As established, the vacancy rate for the Downtown Mall has increased to 2.11% since the July 2014 study (1.58%). Based on the definition of “vacant” the number of unoccupied storefronts was found to be 4 out of 190 stores. Below is a table displaying vacancy data from the streets that make up the Downtown Mall area from July 2014 and January 2015.

| Area | Total # of Stores | Vacancies | | Vacancy Rate | |
|-----------------------------|-------------------|-----------|----------|--------------|--------------|
| | | Jul-14 | Jan-15 | Jul-14 | Jan-15 |
| Main Street & Side Streets | 150 | 1 | 2 | 0.67% | 1.30% |
| South Side of Market Street | 21 | 1 | 1 | 4.76% | 4.76% |
| North Side of Water Street | 19 | 1 | 1 | 5.26% | 5.26% |
| Total | 190 | 3 | 4 | 1.58% | 2.11% |

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

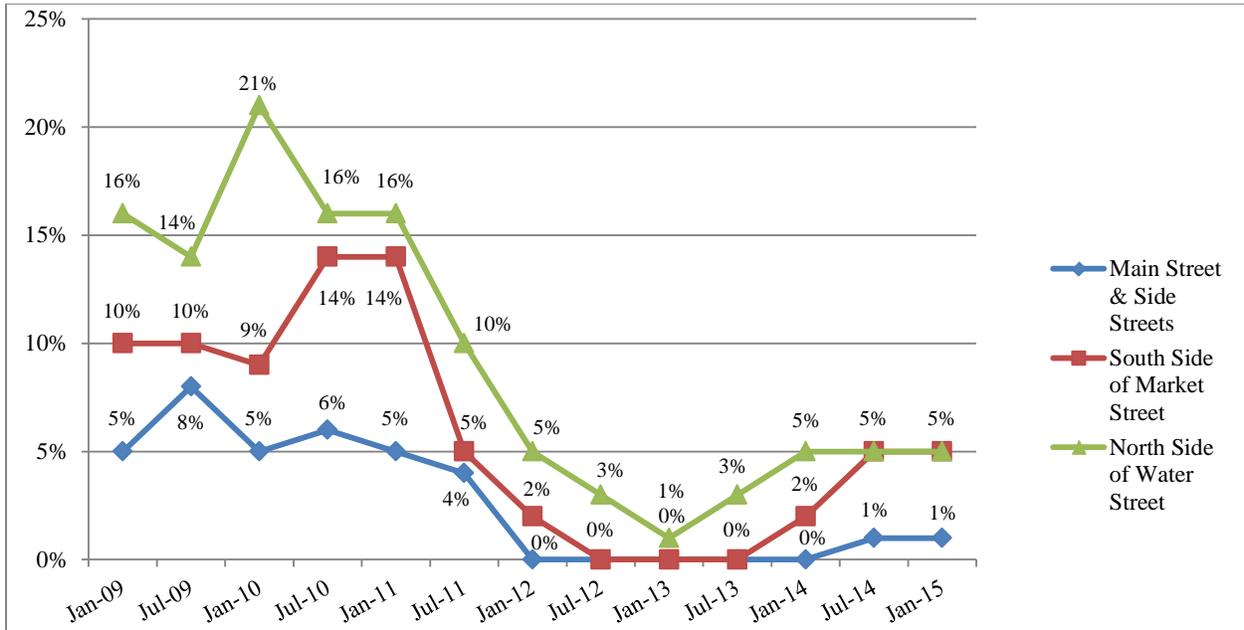
[†]Number of storefronts used to calculate the vacancy rate changed from 191 to 190 in January 2014.

With only 4 qualifying vacant storefronts out of 190, the Downtown Mall boasts an impressive overall vacancy rate of 2.11%. This rate is significantly lower than the peak of 9.00% 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 side streets of the Mall, the south side of Market Street, and the north side of Water Street. The single vacancy on Main Street is the unfinished Landmark Hotel, located at 414 E. Main Street. It has been vacant for approximately six years. The former Peking Restaurant restaurant, located at 115 4th Street NE, has been vacant for approximately three months. The vacancy on the south side of Market Street is located at 220 W. Market Street, formerly Vinegar Hill Theatre and Camino Restaurant, has been vacant for about one year. The vacancy rate on the north side of Water Street, formerly Moler & Associates, is located at 309 E. Water Street and has been vacant for approximately one year, as well.

¹ “U.S retail vacancy rate forecast from 2010 to 2015.” Statista 2015

Chart 1.1 Mall Vacancy Rate by Street 01/2009 – 01/2015



New Since Last Study

Several stores have expanded or moved locations on the Downtown Mall and some new spaces are scheduled to be occupied. WillowTree is still in the process of expanding to 109 5th Street SE, which previously housed the Bikram Yoga Studio. Cville Juice, a smoothie and juice bar, will also be opening at 201 E. Main Street, the former Pearl clothing store.

Other Charlottesville Shopping Centers

In addition to the Downtown Mall, five other area shopping centers were evaluated: 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 5.19% which is still well below the national average of 9.60%.

Barracks Road Shopping Center’s vacancy rate remained the same at 4.21%, although there has been a shuffling of the previous vacancies. There are four retail spaces counted as vacant within the shopping center. The location of 2158A Barracks Road was split into two storefronts three years ago with the closing of Padow’s Deli and it has remained vacant for that entire three year period. Also, 2138 Barracks Road is vacant due to the recent closing of Crème de la Crème at the end of 2014. However, it is not counted as vacant for reporting purposes, since the two-month vacant minimum has yet to be reached. Similarly, 1043 Emmet Street is now vacant, with the closing of Slice Pizza. However, since the closing was in December 2014, it also has not met the two month vacant threshold. 1101 Emmet Street, formerly Quizno’s Subs, and 1145 Emmet Street, formerly Peace Frogs, have been vacant for about two years. Cups Frozen Yogurt, located at 973 Emmet Street Suite A, has been vacant for three months. The former Shenanigans Toy Store, at 2146 Barracks Road, has also been vacant for about two years, but will soon be occupied by Penelope, currently residing at 2160 Barracks Road. Therefore, with a planned vacancy, 2146 Barracks Road is no longer counted as vacant.

The Corner's rate is similar to Barracks Road, where the rate remained the same but there was a shuffling of vacant storefronts. The July 2014 and January 2015 rate has remained at 1.61% with one vacancy. The UVA Student Bookstore, located at 1515 University Avenue, has now been vacant for one year. There is one newly opened business, Café Caturra, at 1327 W. Main, which was formerly Toro's Tacos. Additionally there are several planned new occupancies on The Corner. The former Little India restaurant, at 1329 West Main Street, is currently undergoing renovations and the former Onyx Lounge, at 104 14th Street NW, Suite 2, will soon be re-opened as a Campus Cookie location. Also, the Freeman-Victorious frame shop has moved to 507 West Main Street, and its previous location at 1413 University Avenue will be occupied as a police substation in a partnership between the City of Charlottesville and UVA Police Departments. Finally, the Red Roof Inn, located at 1309 West Main Street, was sold and renovations will soon begin to turn that property in the Graduate Hotel.

Preston Plaza and McIntire Plaza have the lowest vacancy rates of any area, each with a vacancy rate of 0.00%. Preston Plaza has had a vacancy rate of 0.00% since July 2012. McIntire Plaza has had a 0.00% vacancy rate since January 2013, five of the last six vacancy studies.

Finally, Seminole Square's vacancy rate has increased to 15.79% in January 2015. As noted in previous studies, due to the continual subdivision of existing storefronts, the total number of storefronts had increased from 52 to 58. However, with the expansion of ATA Martial Arts moving into 251 Zan Road, the overall number of total storefronts is now 57. There are a total of ten vacant storefronts but only nine vacancies were counted for this reporting period. The Boy Scout Shop, formerly located at 169 Seminole Court, closed at the end of 2014. The former Enterprise Rent-A-Car, located at 151 Seminole Court, and the former Blockbuster, located at 206 Zan Road, have each been vacant for two and a half years. The former location of Dover Saddlery, at 242 Zan Road, has been vacant for a little over a year. Fashion Bug, formerly located at 246 Zan Road, has also been vacant for a little over a year. The former location of Pete's Pet Forum, at 167 Seminole Court, has been vacant for two years. In January 2014, Cavalier Rentals moved from 165 Seminole Court to 187 Seminole Court, so 165 Seminole Court remains vacant for one year. The retail space at 165 Seminole Court has been vacant for one year. The former temporary office of Homewood Suites, at 255 Zan Road, is now vacant, as well as the adjoining storefront of 259 Zan Road. Both spaces will be counted as vacant for six months for this study.

Table 1.2 on page four provides an overview of the vacancy counts and rates in the various shopping centers. Overall, vacancy rates across these six commercial districts increased slightly from 3.25% in July 2014 to 3.91% 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 2015. 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 2014, July 2014, & January 2015 | | | | | | | |
| Area | Total # of Stores | Vacancies | | | Vacancy Rate ² | | |
| | | Jan-14 | Jul-14 | Jan-15 | Jan-14 | Jul-14 | Jan-15 |
| Downtown Mall ³ | 190 | 4 | 3 | 4 | 2.11% | 1.58% | 2.11% |
| Barracks Road ⁴ | 95 | 4 | 4 | 4 | 4.21% | 4.21% | 4.21% |
| The Corner | 62 | 0 | 1 | 1 | 0.00% | 1.61% | 1.61% |
| Preston Plaza | 9 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| Seminole Square ⁵ | 57 | 7 | 7 | 9 | 12.07% | 12.07% | 15.79% |
| McIntire Plaza ⁶ | 47 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| Total | 460 | 15 | 15 | 18 | 3.28% | 3.25% | 3.91% |

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, and 461 for Jul 14 and 460 for Jan 15.

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.

⁴ Number of storefronts used to calculate Barracks Road vacancy rate is 90 for Jul 12, 91 for Jan 13 and Jul 13, and 95 for Jan 14 and Jul 14.

⁵ 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 2014 and 57 for Jan 15.

⁶ 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.

⁷ Number of storefronts used to calculate The Corner vacancy rate is 59 for Jan 13, Jul 13, Jan 14, and 62 for Jul 14.

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 (Red Roof Inn), 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 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 – January 2015

| Downtown Mall: Vacant Storefronts – January 2015 | | | | |
|---|---|--|---|--|
| <p>414 E. Main St. <i>Landmark Hotel</i> Est. Vac: 6 yrs. ⁺</p>  | <p>115 4th Street NE <i>Former Peking Restaurant</i> Est. Vac: 3 mos.</p>  | <p>220 W. Market Street <i>Former Vinegar Hill Theater and Camino Restaurant</i> Est. Vac: 1 yr.</p>  | <p>309 E. Water Street <i>Former Moler & Associates Consulting Structural Engineers</i> Est. Vac: 7 mos.</p>  | |

| Downtown Mall: Planned/New Occupancy – January 2015 | | | | |
|---|--|--|--|--|
| <p>109 5th Street SE <i>WillowTree</i> Est. Occ: Mar. 2015</p>  | <p>201 E. Main Street <i>Cville Juice</i> Est. Occ: Feb. 2015*</p>  | | | |

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

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

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2015

| Barracks Road: Vacant Storefronts – January 2015 | | | | |
|---|--|---|---|--|
| <p>2156A Barracks Road <i>Former Padow's Deli</i> Est. Vac: 3 yrs.</p>  | <p>2138 Barracks Road <i>Former Crème de la Crème</i> Est. Vac: 1.5 mos.*</p>  | <p>1145 Emmet Street <i>Former Peace Frogs</i> Est. Vac: 2.5 yrs.</p>  | <p>1043 Emmet Street <i>Former Slice Pizza</i> Est. Vac: 1.5 mos.*</p>  | <p>1101 Emmet Street <i>Former Quizno's Subs</i> Est. Vac: 2.5 yrs.</p>  |

| Barracks Road: Planned/New Occupancy – January 2015 | | | | |
|--|---|--|--|--|
| <p>2148 Barracks Road <i>Phenix Salon Suites</i> Est. Occ: Mar. 2015</p>  | <p>2146 Barracks Road <i>Penelope</i> Est. Occ: Mar. 2015</p>  | | | |

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2015

Seminole Square: Vacant Storefronts – January 2015

| | | | | |
|---|--|---|---|---|
| <p>165 Seminole Court Former Cavalier Rentals Est. Vac: 1.5 yrs.</p>  | <p>151 Seminole Court Former Enterprise Rent-A-Car Est. Vac: 2.5 yrs.</p>  | <p>167 Seminole Court Former Pete's Pet Forum Est. Vac: 1 yr.</p>  | <p>259 Zan Road Former Tenant Unknown Est. Vac: 6 mos.</p>  | <p>246 Zan Road Former Fashion Bug Est. Vac: 1 yr.</p>  |
|---|--|---|---|---|

Seminole Square: Vacant Storefronts – January 2015

| | | | | |
|---|---|--|--|--|
| <p>255 Zan Road Former Homewood Suites Offices Est. Vac: 6 mos.</p>  | <p>206 Zan Road Former Blockbuster Est. Vac: 2.5 yrs.</p>  | | | |
|---|---|--|--|--|

Seminole Square: Planned/New Occupancy – January 2015

| | | | | |
|---|--|--|--|--|
| <p>251 Zan Road ATA Martial Arts Est. Occ.: 3 mos.</p>  | | | | |
|---|--|--|--|--|

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2015

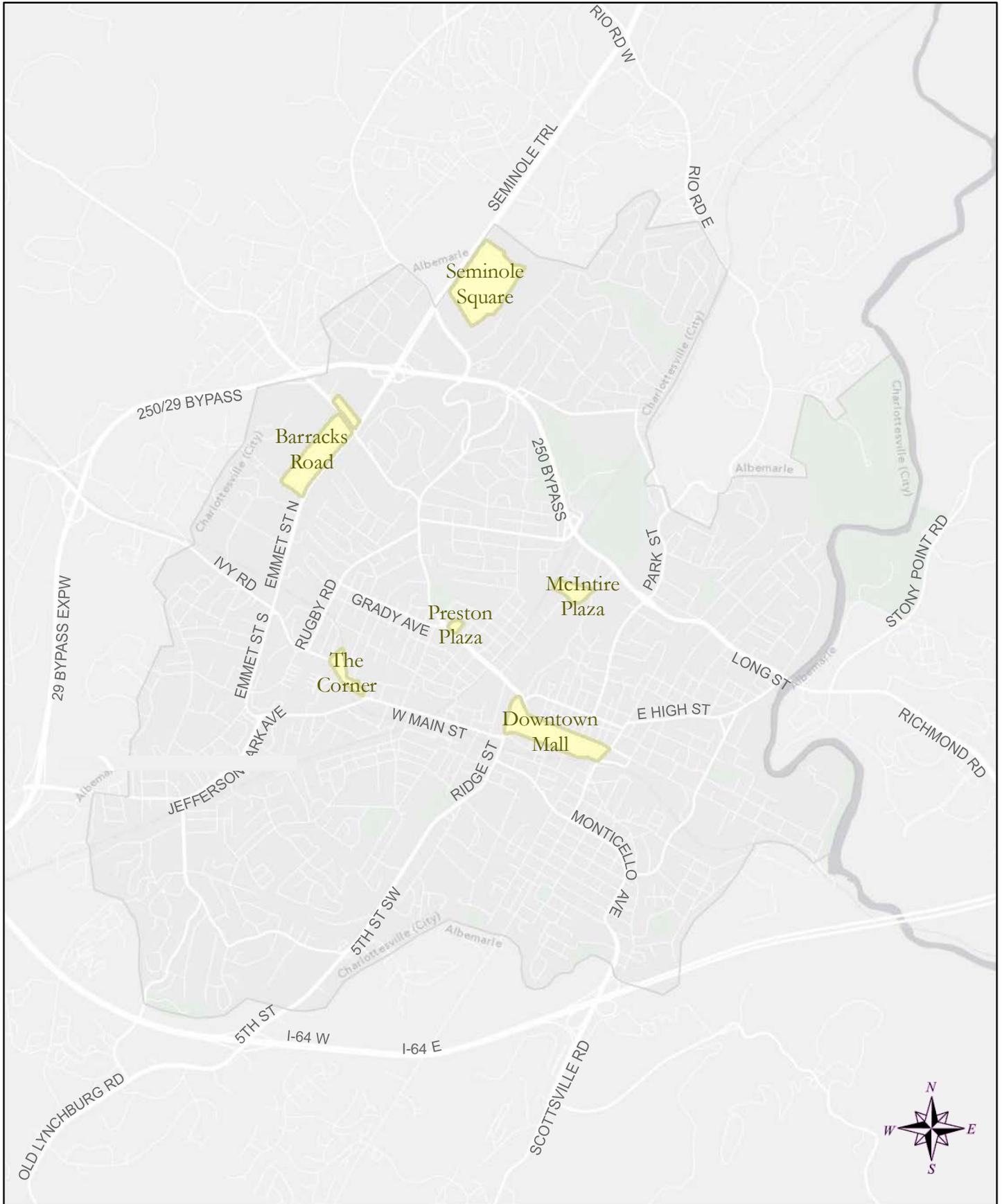
The Corner: Vacant Storefronts Continued – January 2015

| | | | | |
|--|--|--|--|--|
| <p>1515 University Avenue <i>Former Student Bookstore</i> Est. Vac: 1 yr.</p>  | | | | |
|--|--|--|--|--|

The Corner: Planned/New Occupancy – January 2015

| | | | | |
|---|--|---|--|--|
| <p>1327 West Main Street <i>Tenant Unknown</i> Under Renovation</p>  | <p>1329 West Main Street <i>Café Caturra</i> Est. Occ: Feb. 2015</p>  | <p>1413 University Avenue <i>Police Sub Station</i> Est. Occ: May 2015</p>  | <p>104 14th Street NW, Suite 2 <i>Campus Cookies</i> Under Renovation</p>  | |
|---|--|---|--|--|

Vacancy Report Study Areas



 Retail Areas