

COMMERICAL PROPERTY VACANCY REPORT – JULY 2014

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 10.10% in 2014. In fact, the Downtown Mall is at 1.58%, The Corner is at 1.61%, 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 12.07% vacancy rate, although this percentage is consistent with the January 2014 rate. Altogether, the City of Charlottesville’s vacancy rate is 3.25%, which is a slight decrease from the overall vacancy rate of 3.28% in January 2014.

Downtown Mall

As established, the vacancy rate for the Downtown Mall has decreased to 1.58% since the January 2014 study (2.11%). Additionally, there has been some turnover in the storefronts that are vacant, and several new businesses have opened their doors. Based on the definition of “vacant” (defined on Page 4 of this document), the number of unoccupied storefronts was found to be three out of 190 stores. Below is a table displaying vacancy data from the streets that make up the Downtown Mall area from January 2014 and July 2014.

Area	Total # of Stores	Vacancies		Vacancy Rate	
		Jan-14	Jul-14	Jan-14	Jul-14
Main Street & Side Streets	150	3	1	2.00%	0.67%
South Side of Market Street	21	1	1	4.76%	4.76%
North Side of Water Street	19	0	1	0.00%	5.26%
Total	190	4	3	2.11%	1.58%

*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.

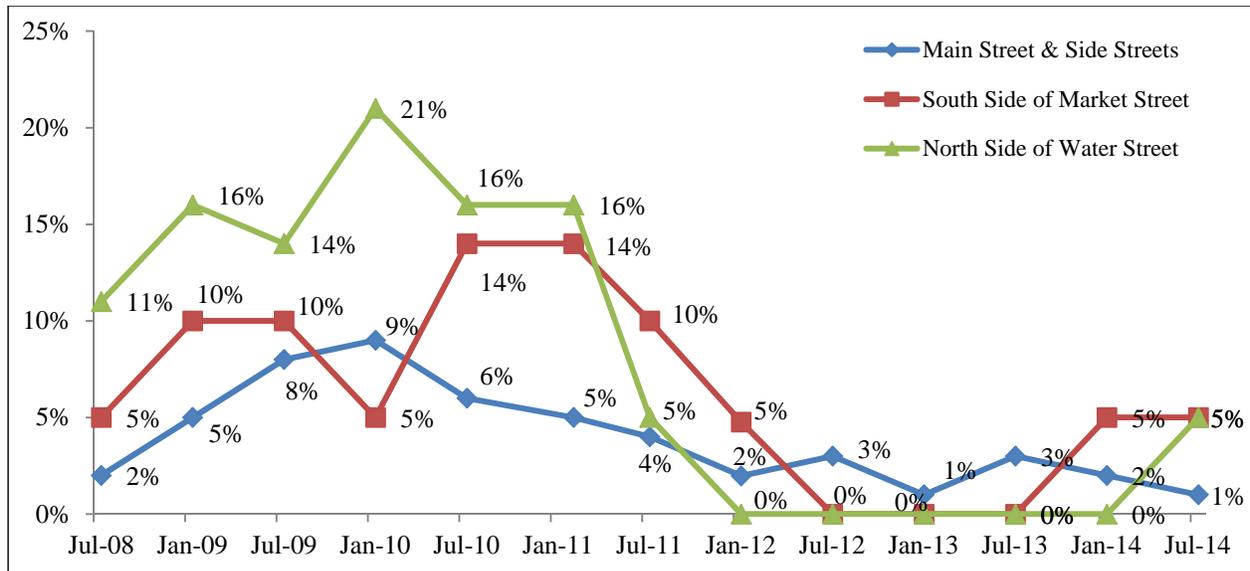
With only three vacant storefronts out of 190, the Downtown Mall boasts an impressive overall vacancy rate of 1.58%. This is lower than the Downtown Mall vacancy rate from six months ago (January 2014), which was 2.11% (four vacancies), and significantly lower than the peak of 9.00% found in both July 2009 and January 2010 during the height of the recession. The recent downward trend in vacancy rates indicates a period of recovery for businesses on the Downtown Mall and the consistency over the past year suggests greater stability in this vital shopping area. 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 six

¹“U.S retail vacancy rate forecast from 2010 to 2015.” *Statista*. 2014.

years. The vacancy on the South Side of Market Street is located at 220 W. Market Street, formerly Vinegar Hill Theater and Camino Restaurant. It has been vacant for about one year. The vacancy on the north side of Water Street is located at 309 E. Water Street and has been vacant for approximately seven months.

Chart 1.1 Mall Vacancy Rate by Street 7/2008 – 7/2014



New Since Last Study

Several stores have expanded or moved locations on the Downtown Mall and new spaces have opened. Rock, Paper, Scissors has moved from 225 E. Main Street to 321 E. Main Street. Red Pump Kitchen opened in July at 401 E. Main Street, the former location of Positively 4th Street. WillowTree Apps is in the process of further expanding to 109 5th Street SE, which previously housed the Bikram Yoga Studio. The Impeccable Pig will also be opening at 323 E. Main Street, the former Five Guys location, which closed approximately a month ago.

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 4.43%. Although higher than the January 2014 vacancy rate of 4.10%, it is still well below the national average.

Barracks Road Shopping Center's vacancy rate remained the same at 4.21%. Four retail spaces have been vacant for an extended period of time. The location of 2158A Barracks Road, which was formerly Padow's Deli and has since been split into two storefronts, has been vacant for two and a half years. Both 1145 Emmet Street, formerly Peace Frogs, and 1101 Emmet Street, formerly Quizno's Subs, have been vacant for two years. The former Shenanigans Toy Store at 2146 Barracks Road has been vacant for about a year and a half. The storefront at 2148 Barracks Road is currently under construction and will be opening in October as Phenix Salon Suites. For this study, the location was not counted as vacant.

Differing from its vacancy rate of 0.00% for the past two studies, The Corner currently has a vacancy rate of 1.61%. This is due to the closing of the hookah bar Onyx Lounge in January 2014, which was located at 104 14th Street NW. Also for this study, storefronts located at 1325A W. Main Street, 1325B W. Main Street, and 1325C W. Main Street were included in the count, raising the number of stores from 59 to 62. These were added due to their proximate location to other storefronts on The Corner.

Finally, Seminole Square has seen several recent vacancy rate increases from 7.55% in July 2012, to 13.21% in January 2013, to 13.36% in July 2013. As noted in the previous study, due to the continual subdivision of existing storefronts, the total number of storefronts had increased from 52 to 58, decreasing the vacancy rate to 12.07% in January 2014. Since this time, the vacancy rate has remained the same at 12.07%, with a total of seven storefronts counted as vacant in this study. The former Citi Financial office space at 259 Zan Road has been vacant for two years. This space has been subdivided, creating space for the temporary Homewood Suites office at 255 Zan Road. 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 years. The former location of Dover Saddlery at 242 Zan Road has been vacant for eleven months. The former location of Pete's Pet Forum at 167 Seminole Court has been vacant for a year and a half. Fashion Bug, formerly located at 246 Zan Road, has been vacant for the past eight months. Additionally, in January 2014, Cavalier Rentals moved from 165 Seminole Court to 187 Seminole Court. The retail space located at 165 Seminole Court has been vacant for about six months.

Royal Indian Restaurant, previously located at 155 Seminole Court, has moved, leaving 155 Seminole Court vacant for around a month. Also, 123 Seminole Court, previously Great Wall Restaurant, has been vacant for a month and a half. Because both have been vacant for less than two months, they were not included in the calculation of the vacancy rate. In November 2013, Ashley Home Furniture Outlet opened at 220 Zan Road with a temporary lease through September 2014. The former Office Depot, located at 270 Zan Road, is being temporarily leased by Bounce-n-Play and is being used as a laser tag center. Therefore, it was not counted as vacant for this study.

Table 1.2 on page 4 provides an overview of the vacancy counts and rates in the various shopping centers. Overall, vacancy rates across these six commercial districts decreased slightly from 3.28% in January 2014 to 3.25% in this study. This is lower than both the previous study's vacancy rate and the 3.78% vacancy rate surveyed in July 2013. Given the decreased vacancy rate, it appears that the Charlottesville retail climate is continuing its recovery following the economic slowdown, which began in 2008.

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 2014. 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							
July 2013, January 2014, & July 2014							
Area	Total # of Stores	Vacancies				Vacancy Rate ²	
		Jul-13	Jan-14	Jan-14	Jul-13	Jan-14	Jul-14
Downtown Mall ³	190	5	4	3	2.62%	2.11%	1.58%
Barracks Road ⁴	95	4	4	4	4.40%	4.21%	4.21%
The Corner	62	0	0	1	0.00%	0.00%	1.61%
Preston Plaza	9	0	0	0	0.00%	0.00%	0.00%
Seminole Square ⁵	58	7	7	7	13.46%	12.07%	12.07%
McIntire Plaza ⁶	47	1	0	0	2.08%	0.00%	0.00%
Total	461	17	15	15	3.78%	3.28%	3.25%

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 2012, 452 for Jan 2013, 450 for Jul 2013, 458 for Jan 2014, and 461 Jul 2014.

³ Number of storefronts used to calculate the Downtown Mall vacancy rate is 192 for Jul 2012 and Jan 2012, 191 for Jul 2013, and 190 for Jan 2014 and Jul 2014.

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 2014.

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 and Jul 2014.

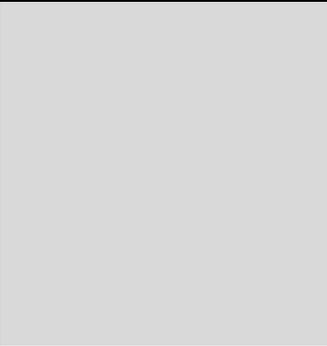
⁶ Number of storefronts used to calculate McIntire Plaza vacancy rate is 48 for Jan 13, Jul 13, and Jul 14 and 47 for Jan 14 and Jul 2014.

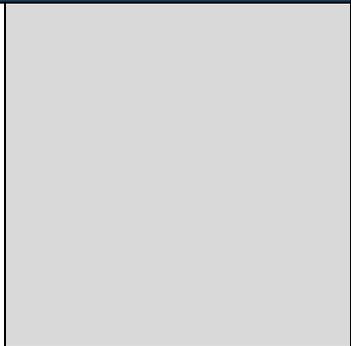
⁷ Number of storefronts used to calculate The Corner vacancy rate is 59 for Jan 13, Jul 13, Jan 14, and 62 for Jul 14.

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 7 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 2 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 2 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 2014

Downtown Mall: Vacant Storefronts – July 2014				
<p>220 W. Market Street <i>Former Vinegar Hill Theater and Camino Restaurant</i> Est. Vac: 6 mos.</p> 	<p>309 E. Water Street <i>Former Moler & Associates Consulting Structural Engineers</i> Est. Vac: 7 mos.</p> 	<p>414 E. Market St. <i>Landmark Hotel</i> Est Vac: 5.5 yrs.</p> 		

Downtown Mall: Planned/New Occupancy – July 2014				
<p>321 E. Main Street <i>Rock, Paper, Scissors</i> Occupied Since: June 2014</p> 	<p>401 E. Main Street <i>Red Pump Kitchen</i> Occupied Since: July 2014</p> 	<p>109 5th Street SE <i>WillowTree Apps</i> Est. Occ: September 2014</p> 	<p>323 E. Main Street <i>Impeccable Pig</i> Est. Occ: October 2014</p> 	

Vacant Barracks Road Storefronts & Planned/New Occupancy – July 2014

Barracks Road: Vacant Storefronts – July 2014				
<p>2146 Barracks Road <i>Former Shenanigans Toys</i> Est. Vac: 1.5 yrs.</p> 	<p>1101 Emmet Street <i>Former Quizno's Subs</i> Est. Vac: 2 yrs.</p> 	<p>1145 Emmet Street <i>Former Peace Frogs</i> Est. Vac: 2 yrs.</p> 	<p>2158A Barracks Road <i>Former Padow's Deli</i> Est. Vac: 2.5yrs.</p> 	

Barracks Road: Planned/New Occupancy – July 2014				
<p>2148 Barracks Road <i>Phenix Salon Suites</i> Est. Occ: October 2014</p> 				

Vacant Corner Storefronts & Planned/New Occupancy – July 2014

The Corner: Vacant Storefronts Continued – July 2014

104 14th Street NW
Former Onyx Lounge
Est. Vac: 5 mos.



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The Corner: Planned/New Occupancy – July 2014

1329 W. Main Street
Little India
Occ.: 2 mos.



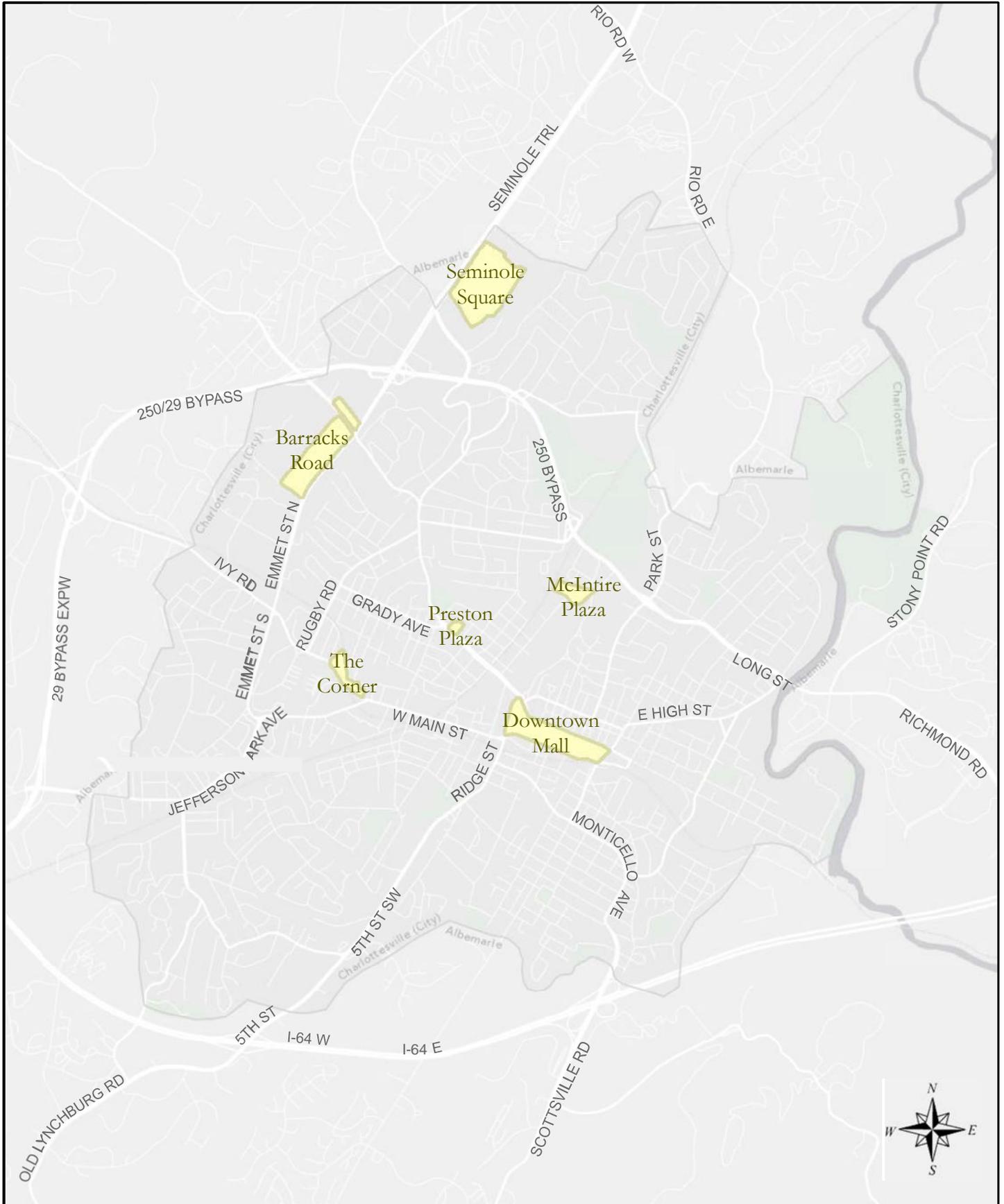
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Vacant Seminole Square Storefronts & Planned/New Occupancy – July 2014

Seminole Square: Vacant Storefronts – July 2014				
<p>165 Seminole Court Former Cavalier Rentals Est. Vac: 6 mos.</p> 	<p>246 Zan Road Former Fashion Bug Est. Vac: 8 mos.</p> 	<p>242 Zan Road Former Dover Saddlery Est. Vac: 11 mos.</p> 	<p>167 Seminole Court Former Pete's Pet Forum Est. Vac: 1 yr.</p> 	<p>151 Seminole Court Former Enterprise Rent-A-Car Est. Vac: 2 yrs.</p> 
<p>259 Zan Road Former Citi Financial Est. Vac: 2 yrs.</p> 	<p>206 Zan Road Former Blockbuster Est. Vac: 2 yrs.</p> 			

Seminole Square: Planned/New Occupancy – July 2014				
<p>270 Zan Road Bounce-n-Play: Laser Tag Occ Since: June 2014</p> 				

Vacancy Report Study Areas



 Retail Areas