

COMMERICAL PROPERTY VACANCY REPORT – JANUARY 2014

Introduction

The City of Charlottesville continues to demonstrate a stable retail property environment. The national retail vacancy rate, which stood at 12.50% in 2011, is projected to fall to 10.50% in 2013.¹ In Charlottesville, almost all of the City’s shopping centers have lower vacancy rates than the national average, with the Downtown Mall at 2.11% and Barracks Road Shopping Center at 4.21%. The Corner, Preston Plaza, and McIntire Plaza boast an impressive 0% vacancy rate. Seminole Square is the exception with a 12.07% vacancy rate, slightly higher than the national average. Altogether, this places the City of Charlottesville well below the national average with an overall vacancy rate of 3.28%, a slight decrease from the overall vacancy rate of 3.78% in July 2013.

Downtown Mall

As established, the vacancy rate for the Downtown Mall has decreased slightly since the July 2013 study. Additionally, there has been some turnover in which storefronts 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 4 out of 190. Below is a table displaying vacancy data from the three identifiable sections of the Downtown Mall from July 2013 and January 2014.

| Area | Total # of Stores | Vacancies | | Vacancy Rate | |
|-----------------------------|-------------------|-----------|----------|--------------|--------------|
| | | Jul-13 | Jan-14 | Jul-13 | Jan-14 |
| Main Street & Side Streets | 150 | 5 | 3 | 3.31% | 2.00% |
| South Side of Market Street | 21 | 0 | 1 | 0.00% | 4.76% |
| North Side of Water Street | 19 | 0 | 0 | 0.00% | 0.00% |
| Total | 190 | 5 | 4 | 2.62% | 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.

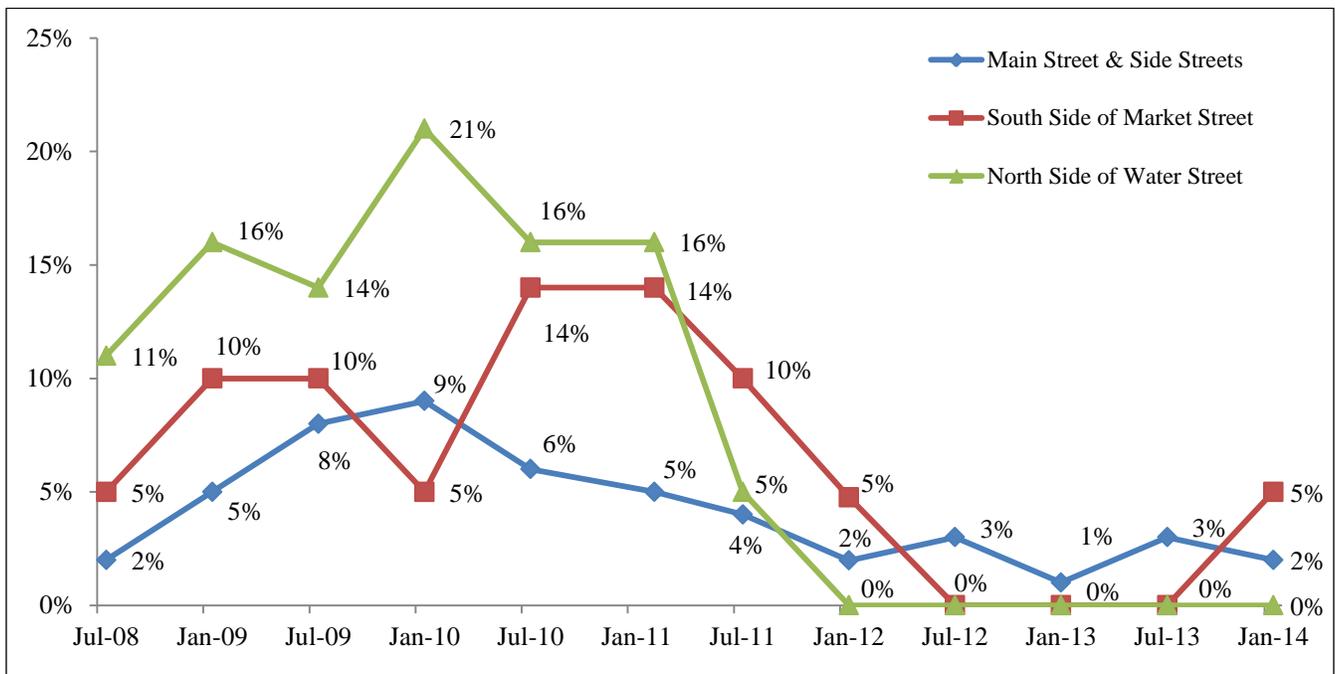
+ Number of storefronts used to calculate the vacancy rate is 191 for Jul 2013 and 190 for Jan 2014.

With only 4 vacant storefronts out of 190, the Downtown Mall posted an impressive overall vacancy rate of 2.11%. This is lower than the Downtown Mall vacancy rate from a six months ago (July 2013), which was 2.62% (5 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 vacancies of the Downtown Mall 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. Three vacancies are on Main Street and Side Streets. The unfinished Landmark Hotel has been vacant for five and a half years. 321 E. Main Street, formerly Studio Baboo has been vacant for over eight months. The former C-Ville Cheese shop at 110 5th Street SE has been closed for five months. There is also one vacancy on the south side of Market Street. The former Vinegar Hill Theater and Camino Restaurant at 220 W. Market Street has been vacant for about six months.

¹“U.S. retail vacancy rate forecast from 2010 to 2014.” *Statista*. 2013.

Chart 1.1 Mall Vacancy Rate by Street 7/2008 -1/2014



New Since Last Study

Several new spaces have opened on the Downtown Mall. Studio Eleven recently opened at 313 E. Main Street, the former location of Blue Ridge Eco Shop. The former Glass Palette at 106 5th Street NE will now become the Charlottesville Technology Incubator. The former Barton Malow at 110 5th Street NE is undergoing renovations to become the City of Charlottesville Office of Human Rights. WillowTree Apps has taken over the 107 5th Street SE, the former location the Bikram Yoga Studio, thus accounting for the decrease in the overall number of retail spaces from 191 to 190.

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 4.10%, still well below the national average.

Barracks Road Shopping Center saw its vacancy rate drop slightly from 4.40% in July 2013 to 4.21% in this study. While the total number of vacancies remains the same (4), 973 Emmet Street is now complete, increasing the total number of storefronts from 91 to 95. The four new retail stores are AT&T, Zoe's Kitchen, Zinburger Wine & Burger Bar, and Cups Frozen Yogurt. Three retail spaces have been vacant for an extended period of time: 2158A Barracks Road, formerly Padow's Deli, which was split into two storefronts, has been vacant for two and a half years; 1145 Emmet Street, formerly Peace Frogs, and 1101 Emmet Street, formerly Quizno's Subs, have been vacant for one and a half years. The former Shenanigans Toy Store at 2146 Barracks Road has been vacant for thirteen months. Blue Ridge Mountain Sports moved on January 25, 2014 from its 1125 Emmet Street location; however, it does not count as vacant because it does not meet the two month threshold. Finally, in November of 2013, J. Jill opened at 1115A Emmet Street, alongside Peach Mac.

The Corner, McIntire Plaza, and Preston Plaza have the lowest vacancy rates of any areas, each with a vacancy rate of 0.00%. In October 2013, Toro's Tacos & Tequila opened at 1327 W. Main Street on the Corner, the former

location of Baja Bean. At McIntire Plaza, The Center for Non-Profit Excellence (CNE) renovated and expanded into 1713 Allied Street #1, which had previously been Possessions Recycled. This expansion decreases the overall storefront number at McIntire Plaza by one from 48 to 47.

Finally, Seminole Square has seen several recent vacancy rate increases from 3.77% in January 2012, 7.55% in July 2012, 13.21% in January 2013, 13.36% in July 2013. Due to the continual subdivision of existing storefronts, the total number of storefronts has increased from 52 to 58, decreasing the vacancy rate to 12.07% in January 2014. A total of 7 storefronts were vacant in this study. The former Citi Financial office space at 259 Zan Road has been vacant for two years and three months. This space has been subdivided, creating space for a temporary Homewood Suites office at 255 Zan Road. The former Enterprise Rent-a-Car at 151 Seminole Court and the former Blockbuster at 206 Zan Road have been vacant for two years. The former location of Dover Saddlery at 242 Zan Road has been vacant for one year and eleven months. The former location of Pete’s Pet Forum at 167 Seminole Court has been vacant for one year. Two storefronts have become vacant in the past six months. Office Depot, formerly at 270 Zan Road, and Fashion Bug, formerly at 246 Zan Road, have both closed. Additionally, Cavalier Rentals moved in January 2014 from 165 Seminole Court to 187 Seminole Court. The retail space at 165 Seminole Court is vacant; however, it does not meet the two month threshold to be included in the study. In November 2013, Ashley Home Furniture Outlet opened at 220 Zan Road with a temporary lease through September 2014.

Table 1.2 below provides an overview of the vacancy counts and rates in the various shopping centers. Overall, vacancy rates across these six commercial districts fell slightly from 3.78% in July 2013 to 3.28% in this study. However, this is higher than the 2.45% vacancy surveyed in January 2012. Given the continued low vacancy rates, 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 attachments, *Vacant Downtown Mall Storefronts & Planned/New Occupancy – January 2014* and *Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2014*. For a map detailing the surveyed areas, please refer to the attachment *Vacancy Report Study Areas*.

TABLE 1.2 VACANCY TOTALS AND RATES - ALL SHOPPING CENTERS¹
July 2012, January 2013, July 2013, & January 2014

| Area | Total # of Stores | Vacancies | | | | Vacancy Rate ² | | | |
|------------------------------|-------------------|-----------|-----------|-----------|-----------|---------------------------|--------------|--------------|--------------|
| | | Jul-12 | Jan-13 | Jul-13 | Jan-14 | Jul-12 | Jan-13 | Jul-13 | Jan-14 |
| Downtown Mall ³ | 190 | 4 | 2 | 5 | 4 | 2.08% | 1.04% | 2.62% | 2.11% |
| Barracks Road ⁴ | 95 | 3 | 3 | 4 | 4 | 3.33% | 3.30% | 4.40% | 4.21% |
| The Corner | 59 | 1 | 1 | 0 | 0 | 1.69% | 1.69% | 0.00% | 0.00% |
| Preston Plaza | 9 | 1 | 0 | 0 | 0 | 11.11% | 0.00% | 0.00% | 0.00% |
| Seminole Square ⁵ | 58 | 4 | 7 | 7 | 7 | 7.55% | 13.21% | 13.46% | 12.07% |
| McIntire Plaza ⁶ | 47 | 1 | 0 | 1 | 0 | 2.08% | 0.00% | 2.08% | 0.00% |
| Total | 458 | 14 | 13 | 17 | 15 | 3.10% | 2.88% | 3.78% | 3.28% |

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, and 458 for Jan 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.

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.

⁵ Number of storefronts used to calculate Seminole Square vacancy rate is 53 for Jul 12 and Jan 13, 52 for Jul 13, and 58 for Jan 14.

⁶ Number of storefronts used to calculate McIntire Plaza vacancy rate is 48 for Jul 12, Jan 13, and Jul 14 and 47 for Jan 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. 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 – January 2014

Downtown Mall: Vacant Storefronts – January 2014*

| | | | | |
|--|--|---|---|--|
| <p>110 5th Street SE <i>Former C-Ville Cheese Shop</i> Est. Vac: 5 mos.</p>  | <p>220 W. Market Street <i>Former Vinegar Hill Theater and Camino Restaurant</i> Est. Vac: 6 mos.</p>  | <p>321 E. Main Street <i>Former Studio Baboo</i> Est. Vac: 8 mos.</p>  | <p>414 E. Market St. <i>Landmark Hotel</i> Est Vac: 5.5 yrs.</p>  | |
|--|--|---|---|--|

* Includes all ground level storefronts on the eight-block pedestrian mall (Main Street, side streets, south side of Market Street and north side of Water Street).

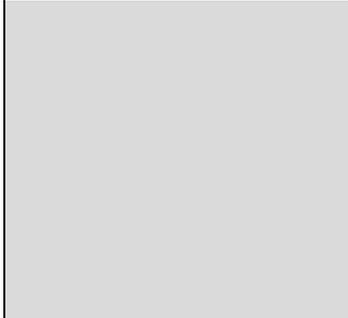
Downtown Mall: Planned/New Occupancy – January 2014^o

| | | | | |
|--|--|---|--|--|
| <p>313 E. Main Street <i>Studio Eleven</i> Est. Occ: December 2013</p>  | <p>106 5th Street NE <i>Charlottesville Technology Incubator</i> Est. Occ: March 2014</p>  | <p>110 5th Street NE <i>City of Charlottesville Office of Human Rights</i> Est. Occ: March 2014</p>  | <p>107 5th Street SE <i>WillowTree Apps</i> Est. Occ: November 2013</p>  | |
|--|--|---|--|--|

^o Buildings under renovation, under lease, or that have been vacant for less than 2 months were not counted as vacant by this survey.

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2014

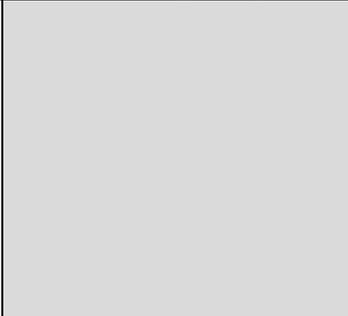
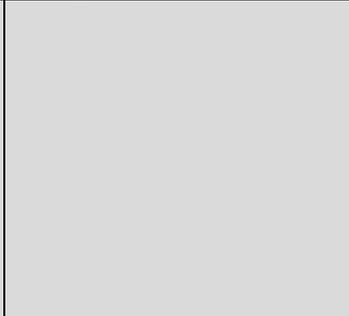
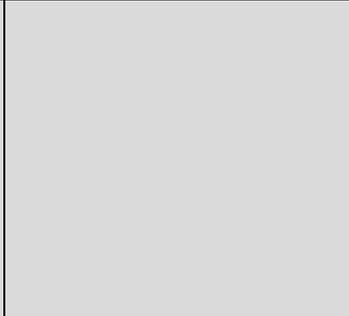
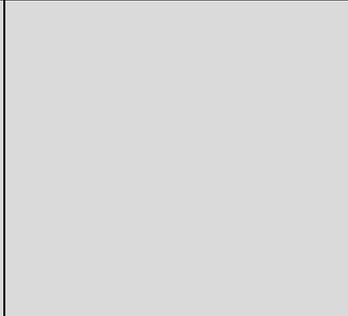
Barracks Road: Vacant Storefronts – January 2014

| | | | | |
|--|---|--|---|---|
| <p>2146 Barracks Road Former Shenanigans Toys Est. Vac: 13 mos.</p>  | <p>1101 Emmet Street Former Quizno's Subs Est. Vac: 1.5 yrs.</p>  | <p>1145 Emmet Street Former Peace Frogs Est. Vac: 1.5 yrs.</p>  | <p>2158A Barracks Road Former Padow's Deli Est. Vac: 2.5yrs.</p>  |  |
|--|---|--|---|---|

Barracks Road: Planned/New Occupancy – January 2014

| | | | | |
|---|--|---|--|---|
| <p>973 Emmet Street N Suite A Zinburger Wine & Burger Bar Est. Occ: March 2014</p>  | <p>973 Emmet Street N Suite B Cups Frozen Yogurt Est. Occ: March 2014</p>  | <p>973 Emmet Street N Suite C AT&T Est. Occ: March 2014</p>  | <p>973 Emmet Street N Suite D Zoe's Kichen Est. Occ: January 2014</p>  | <p>1115A Emmet Street J.Jill Est. Occ: November 2013</p>  |
|---|--|---|--|---|

The Corner: Planned/New Occupancy – January 2014

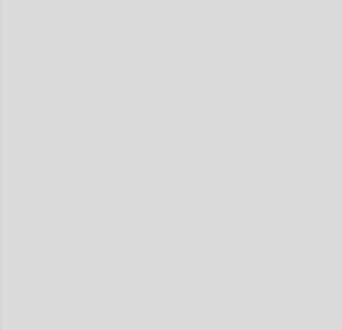
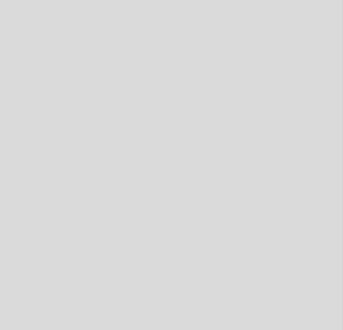
| | | | | |
|---|---|--|---|---|
| <p>1327 W. Main Street Toro's Tacos & Tequila Est. Occ: October 2013</p>  |  |  |  |  |
|---|---|--|---|---|

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2014

Seminole Square: Vacant Storefronts – January 2014

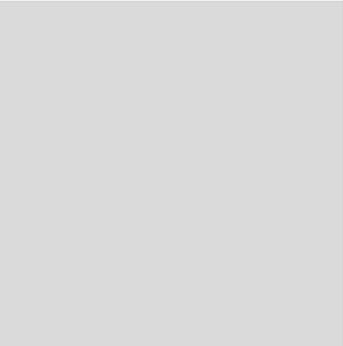
| | | | | |
|---|--|---|---|--|
| <p>270 Zan Road Former Office Depot Est. Vac: 2 mos.⁺</p>  | <p>246 Zan Road Former Fashion Bug Est. Vac: 2 mos.⁺</p>  | <p>167 Seminole Court Former Pete's Pet Forum Est. Vac: 1 yr.</p>  | <p>242 Zan Road Former Dover Saddlery Est. Vac: 1 yr. 5 mos.</p>  | <p>151 Seminole Court Former Enterprise Rent-A-Car Est. Vac: 1 yr. 6 mos.</p>  |
|---|--|---|---|--|

Seminole Square: Vacant Storefronts Continued – January 2014

| | | | | |
|---|--|--|---|---|
| <p>259 Zan Road Former Citi Financial Est. Vac: 1 yr. 6 mos.</p>  | <p>206 Zan Road Former Blockbuster Est. Vac: 1 yr. 6 mos.</p>  |  |  |  |
|---|--|--|---|---|

⁺ "Est. Vac" is defined as "Estimated Time of Vacancy."

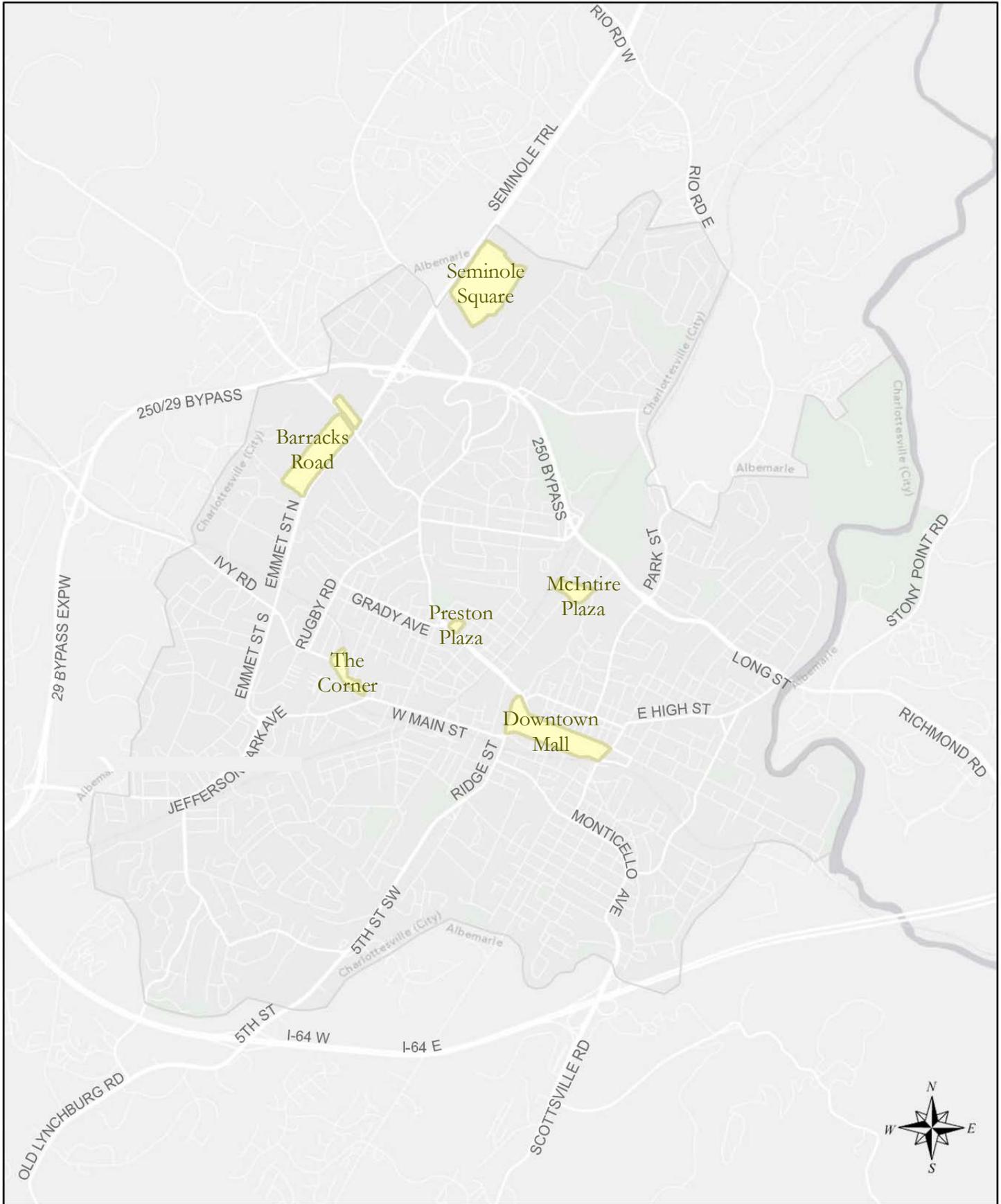
Seminole Square: Planned/New Occupancy – January 2014

| | | | | |
|---|---|--|---|---|
| <p>220 Zan Road Ashley Home Furniture Outlet Est. Occ: November 2013</p>  | <p>255 Zan Road Temporary Homewood Suites Est. Occ: January 2014</p>  |  |  |  |
|---|---|--|---|---|

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – January 2014

| Preston Plaza: Planned/New Occupancy – January 2014 | | | | |
|---|--|--|--|--|
| <p>1713 Allied Stree #1 <i>Center for Non-Profit Excellence (CNE)</i> Est. Occ: October 2013</p>  | | | | |

Vacancy Report Study Areas



 Retail Areas