

COMMERCIAL PROPERTY VACANCY REPORT – JULY 2016

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 fall to 9.10% in 2016.¹ In fact, the Corner is at 4.84%, Barracks Road Shopping Center is at 2.22%, the Downtown Mall is at 3.16%, McIntire Plaza is at 0.00%, Preston Plaza is at 0.00%, and Seminole Square is at a 7.55% vacancy rate. Altogether, the City of Charlottesville’s July 2016 vacancy rate is 3.34%, which is nearly identical from the overall vacancy rate of 3.31% in January 2016.

Downtown Mall

As established, the vacancy rate for the Downtown Mall has increased slightly to 3.16% since the January 2016 study (2.63%). Based on the definition of vacant, the number of unoccupied storefronts was found to be six out of 190 stores. Below is a table displaying vacancy data from the streets that make up the Downtown Mall area from January 2016 and July 2016.

Area	Total # of Stores	Vacancies		Vacancy Rate	
		Jan-16	Jul-16	Jan-15	Jul-16
Main Street & Side Streets	149	4	4	2.68%	2.68%
South Side of Market Street	21	0	1	0.00%	4.76%
North Side of Water Street	20	1	1	5.00%	5.00%
Total	190	5	6	2.63%	3.16%

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

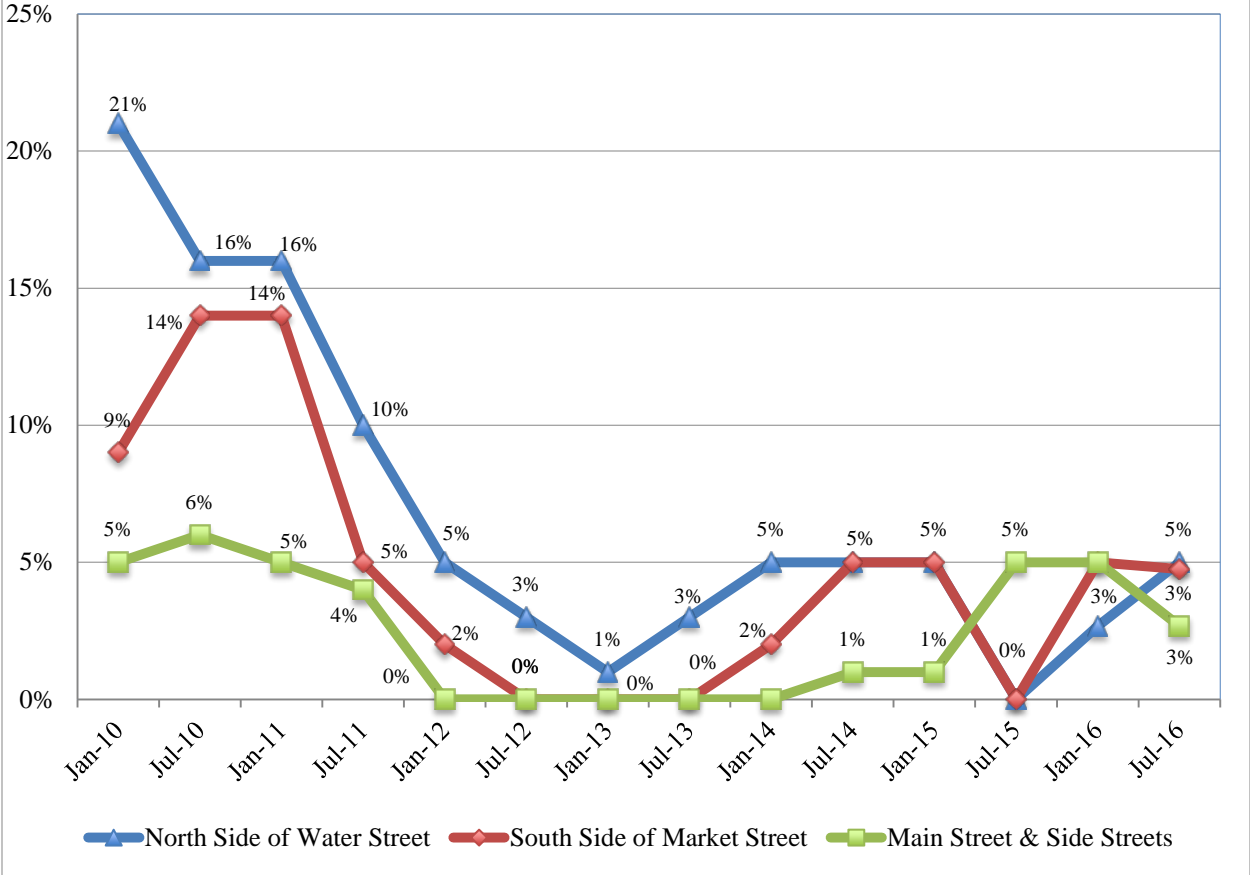
+ Number of storefronts used to calculate the vacancy rate changed from 191 to 190 in January 2014.

With only six qualifying vacant storefronts out of 190, 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. Vacancies found on Main Street include 102 5th Street NE (former MMM Design Group), 112 2nd Street NE (former Hedge Fine Blooms), 111 East Main Street (former Jean Theory), and 225 East Main Street (former Rock Paper Scissors). Three vacancies were found of the north side of Water Street, to include 201 East Water (planned Landmark Hotel), 221 East Water (former Old Michie Theater), and 201 West Water (former Clock Shop). One vacancy was identified on the south side of Market Street, 300 East Market Street (former Betsey Clever Clothing). Two of these vacancies – the former locations of Clock Shop and Old Michie Theater – were not included in the calculation of vacant storefronts because the locations have been vacant for less than two months.

¹ “US retail vacancy rate forecast from 2010 to 2016.” Statista 2016

CHART 1.1 Mall Vacancy Rate by Street 01/2010– 07/2016



New Since Last Study

The Downtown Mall has experienced a flurry of new activity since the last study, with some locations open for business and many scheduled to be occupied. Chalk, a pop up shop, has occupied the former Young Men’s Shop at 320 East Main Street, as well as the Democratic Voting Office taking up temporary space at 112 West Main Street, formerly Kingsmill Jewelry. Both the Fitzroy and The Juice Place have officially opened at 120 and 201 East Main Street, respectively. Neal Guma Fine Art has replaced Warm Springs Gallery at 105 3rd Street NE and Harris Fine Art has taken over the vacant space at 109 South 1st Street, formerly eg clothing boutique. Eg has moved next door to 115 South 1st Street, replacing Petite Bebe. Posture Studio has expanded into the former Wagner Hearing location at 218 Market Street and now had two studios located in the same building. Derriere de Soie moved to 1104th Street NE, formerly Telegraph Art and Comics, and Woodard Properties will now have a leasing office at Derriere de Soie’s former location, 105 East Main Street. Mr. Fix is opening soon at 503 East Main Street, formerly Great Graphics. The Commonwealth Reserve moved across Main Street to 102 5th Street SE, the former Cat House, and the Reserve’s former location is undergoing renovations for a new business. Finally, Thrive Architecture and 20th Century Vintage have opened at 108 1st South Street (former Bella Boutique) and 301 East Main Street (former Vivian’s), respectively.

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 3.47%, which is well below the national average of 9.10%.

Barracks Road Shopping Center's vacancy rate has remained stable, increasing slightly from 1.10%, one vacancy, to 2.22% (two vacancies) since the last study in January 2016. The two vacancies are the former Peace Frogs (1145 Emmet Street), which has been closed for four years, and 1037 Emmet Street, formerly Beecroft & Bull. Beecroft & Bull remains in the Barracks Road Shopping Center and now occupies 2126 Barracks Road. Scarpa is currently expanding at 2114 Barracks Road and this will decrease the total number of storefronts from 91 to 90. Zoom Cycling has now opened at 1929 Arlington Blvd (former University Florists) and renovations are still underway for a new Nike Factory Store at 945 Emmet Street, replacing the former Smoothie King and FedEx.

The Corner's rate has increased to 4.84% since the last study, with one additional vacancy. The vacancies were found to be at 104 14th Street NW Suite 3 (former Subway), 1509 University Avenue (former Dunkin' Donuts/Baskin Robbins), and 1309 West Main Street (former Jimmy John's). A student center, sponsored by UVa, is expected to open at 1515 University Avenue (former University Bookstore), which has previously been vacant for two and a half years. Boom Boom Waxing and Nail Lounge plans to open at 111 14th Street NW, formerly Bluetique. Kulture Vape and Smoke Shop has closed but Island Dyes will be occupying the space at 1325 West Main Street.

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. The number of storefronts at Preston Plaza decreased by one, as Serenity Nails has expanded into the former space of Mr. Hank's Fabric Outlet.

McIntire Plaza has had a 0.00% vacancy rate since January 2013 but new businesses continue to open in the shopping center. Rethreads now occupies 1716 and 1718 Allied Street, which is the former location of La Linea Bella Fantastic Framing and Art. Cathy Mares Custom Sewing has taken over Rethreads former space at 1738 Allied Street and is now open for business.

Finally, Seminole Square's vacancy rate has decreased dramatically from 12.96% since the January 2016 study to 7.55% in this current study. Due to the Hillsdale Drive extension project's direct impact on the shopping center, the amount used to calculate the vacancy rate has been reduced to 53. The four vacancies found at Seminole Square include 220 Zan Road (former Ashley Furniture), 234 Zan Road (formerly Performance Bike), 242 Zan Road (former Dover Saddlery), and 259 Zan Road (former tenant unknown). Dr. Scott Wagner plans to move his office to 2109 India Road (former Quinn & Farmer Auctions) and there is a reserved sign displayed at 270 Zan Road, so that location was not counted as vacant for purposes of this study. Two businesses have switch locations within the Seminole Square Shopping Center. Performance Bike moved locations to 246 Zan Road, and their former location 234 Zan Road, was counted as vacant since the move happened four months ago. Finally, Cosmo Prof moved to a new location at a combined storefront of 206 (former tenant unknown) and 208 Zan Road (formerly

Blockbuster). This consolidation has lowered the total number of stores, as previously mentioned, and their former location at 159 Zan Road was not counted as vacant due to the impending construction.

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 slightly increased from 3.31% in January 2016 to 3.34% 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 2016. 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 2015, January 2016, & July 2016							
Area	Total # of Stores	Vacancies			Vacancy Rate		
		Jul-15	Jan-16	Jul-16	Jul-15	Jan-16	Jul-16
Downtown Mall ³	190	8	5	6	4.21%	2.63%	3.16%
Barracks Road ⁴	90	7	1	2	7.37%	1.10%	2.22%
The Corner ⁵	62	1	2	3	1.61%	3.23%	4.84%
Preston Plaza ⁶	8	0	0	0	0.00%	0.00%	0.00%
Seminole Square ⁷	53	9	7	4	15.79%	12.96%	7.55%
McIntire Plaza ⁸	46	0	0	0	0.00%	0.00%	0.00%
Total²	449	25	15	15	5.43%	3.31%	3.34%

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, 460 for Jan 15, 453 for Jan 16, and 449 for Jul 16.

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, 95 for Jan 14 and Jul 14, 91 for Jan 16, and 90 for Jul 16.

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

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, and 53 for Jul 16.

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 and 46 for Jul 16.

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 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 2016

Downtown Mall: Vacant Storefronts				
<p>201 E Water Street <i>Landmark Hotel</i> Est. Vac: 7.5 yrs.</p> 	<p>112 2nd Street NE <i>Former Hedge Fine Blooms</i> Est. Vac: 6 mos.</p> 	<p>102 5th Street NE <i>Former MMM Design Group</i> Est. Vac: 1.5 yrs.</p> 	<p>225 E. Main Street <i>Former Rock Paper Scissors</i> Est. Vac: 7 mos.</p> 	<p>111 E. Main Street <i>Former Jean Theory:</i> Est. Vac: 1 yr.</p> 

Downtown Mall: Vacant Storefronts				
<p>300 E. Main Street <i>Former Betsey Fine Clothing</i> Est Vac: 3 mos.</p> 	<p>201 W. Water Street <i>Former Clock Shop & Comics</i> Est Vac: 1 mo.*</p> 	<p>221 E. Water Street <i>Former Old Michie Theater</i> Est Vac: 2 mos.*</p> 		

Vacant Downtown Mall Storefronts & Planned/New Occupancy – July 2016

Downtown Mall: Planned/New Occupancy

108 S. 1st Street
Thrive Architecture
 Now Open



109 S. 1st Street
Harris Fine Art
 Now Open



115 S. 1st Street
eg
 Now Open



105 3rd Street NE
Neal Guma Fine Art
 Now Open

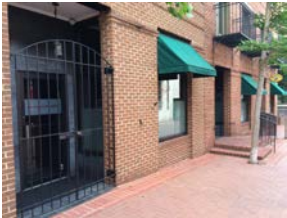


110 4th Street NE. Main Street
Derriere de Soie
 Now Open



Downtown Mall: Planned/New Occupancy

102 5th Street SE
Commonwealth Reserve
 Now Open



112 W. Main Street #3
VA Dems
 Now Open



218 Market Street #5
Posture Studio
 Now Open








105 E. Main Street
Woodard Properties Office
 Est. Occ: Summer 2016




120 E. Main Street
The Fitzroy
 Now Open









Vacant Downtown Mall Storefronts & Planned/New Occupancy – July 2016

Downtown Mall: Planned/New Occupancy				
<p>201 E. Main Street <i>The Juice Place</i> Now Open</p> 	<p>301 E. Main Street <i>20th Century Vintage</i> Now Open</p> 	<p>320 E. Main Street <i>Chalk</i> Now Open</p> 	<p>425 E. Main Street <i>Tenant Unknown</i> Est. Occ: Fall 2016</p> 	<p>427 E. Main Street <i>Tenant Unknown</i> Est. Occ: Fall 2016</p> 

Downtown Mall: Planned/New Occupancy				
<p>503 E. Main Street <i>Mr. Fix</i> Now Open</p> 				


Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – July 2016

Barracks Road: Vacant Storefronts				
<p>1037 Emmet Street <i>Former Peace Frogs</i> Est. Vac: 3 mos.</p> 	<p>1145 Emmet Street <i>Former Peace Frogs</i> Est. Vac: 4 yrs.</p> 			


Barracks Road: Planned/New Occupancy				
<p>945 Emmet Street <i>Planned Occupancy</i> Est. Occ: Summer 2016</p> 	<p>2114 Barracks Road <i>Scarpa (expansion)</i> Est. Occ: Summer 2016</p> 	<p>2126 Barracks Road <i>Becroft & Bull</i> Now Open</p> 	<p>1929 Arlington Blvd <i>Zoom Indoor Cycling</i> Now Open</p> 	

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – July 2016



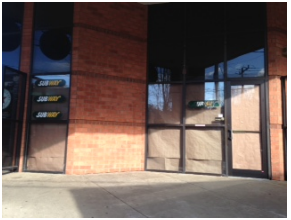



Seminole Square: Vacant Storefronts

<p>220 Zan Road Former Ashley Furniture Est. Vac: 6 mos.</p> 	<p>234 Zan Road Former Performance Bike Est. Vac: 4 mos.</p> 	<p>242 Zan Road Former Dover Saddlerly Est. Vac: 2.5 yrs.</p> 	<p>259 Zan Road Former Unknown Tenant Est. Vac: 6 mos.</p> 	
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Seminole Square: Planned/New Occupancy

<p>208 Zan Road Cosmo Prof Now Open</p> 	<p>246 Zan Road Performance Bike Now Open</p> 	<p>270 Zan Road Unknown Est. Occ: Unknown</p> 	<p>2109 India Road Dr. Scott Wagner Est. Occ: Summer 2016</p> 	
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Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – July 2016

The Corner: Vacant Storefronts				
<p>1309 W. Main Street Former Jimmy John's Est. Vac: 8 mos</p> 	<p>1509 University Avenue Former Dunkin' Donuts/Baskin Robbins Est. Vac: 6 mos.</p> 	<p>104 14th Street NW, Suite 3 Former Subway Est. Vac: 10 mos.</p> 		
The Corner: Planned/New Occupancy				
<p>111 14th Street NW Boom Boom Waxing & Nails Est. Occ: Fall 2016</p> 	<p>1325 W. Main Street Island Dyes Est. Occ: Fall 2016</p> 	<p>1515 University Avenue Student Center Est. Occ.: Fall 2016</p> 		

Vacant Non-Downtown Mall Storefronts & Planned/New Occupancy – July 2016

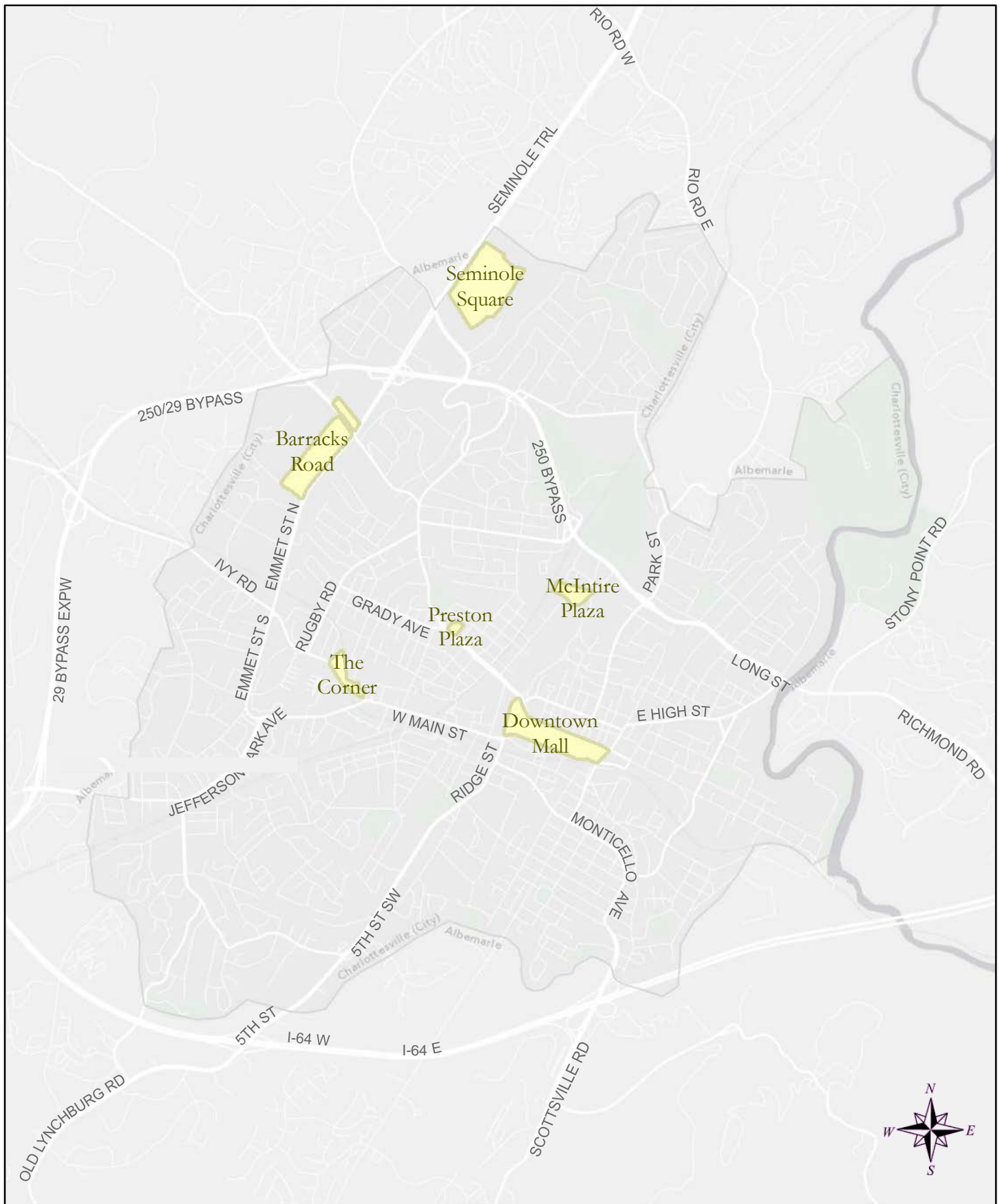
McIntire Plaza: Planned Occupancy				
<p>1716-1718 Allied Street <i>ReThreads</i> Now Open</p>	<p>1738 Allied Street <i>Cathy Mares Custom Sewing</i> Now Open</p>			
				

*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



 Retail Areas