

Charlottesville, VA

Retail Q2 2020



	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▲	▲
-47K Net Absorption, SF	▼	▲
\$20.69 Asking Rent, PSF	▼	▲

U.S. ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
-9.9% GDP Growth	▼	▼
-11.0% Consumer Spending Growth	▼	▲
-10.3% Retail Sales Growth	▼	▼

Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Uncertain Recovery

With widespread business disruptions, Charlottesville's unemployment rate reached 9.5% before lowering to an estimated 8.3%. The impact has varied across industries, but employees are getting back to work as the state ushers in Phase III of reopening. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

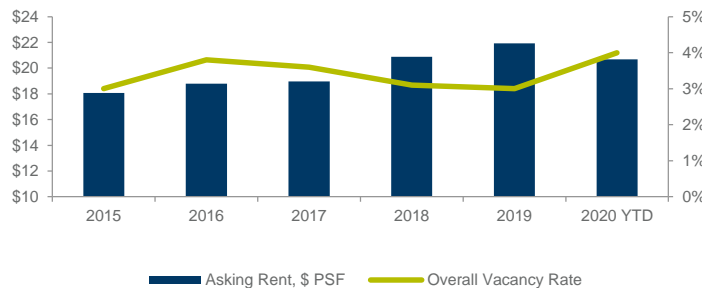
SUPPLY AND DEMAND: Vacancies Starting to Appear Following Widespread Disruption

As we continue to see the devastating effect of COVID as it relates to retail; vacancies will be on the rise with national store closures announcing on a weekly basis. With the announcements of Pier 1, Neiman Marcus and other retailers closing their doors forever, big box retail will continue to shift and adapt. Virtually half of in-store commerce has slowed down considerably as consumers turn to online shopping. Discretionary spending is not where it used to be, as consumer spending across the U.S. fell 11.0% and retail sales fell 10.3% year over year. When comparing April of 2020 to April of 2019, a report from the Free Enterprise Forum estimates a loss of 22.49% of total retail sales in the Charlottesville area. As the state continues to reopen, Retailers will take extra measures to ensure the safety of their customers. Most have introduced curb-side pick up, touchless payments and social distancing spacing to re-open their stores. Despite the uncertainty, The Wool Factory opened during the quarter. The renovated site in Woolen Mills has three dining options open to the public and will be WillowTree's future headquarters.

PRICING: Rental Rents Stay Level

The rent fall out from the pandemic is not fully known at this point. Stagnant rents could collide with new vacancies, as well as stalled pipeline development. We anticipate pricing fluctuations in the coming months. The expected downward pressure on asking rents could present opportunities for value companies and buyers alike. If the uncertainty continues, landlords are expected to become increasingly aggressive on deal terms.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE

