

Charlottesville, VA

Retail Q4 2020

	YoY Chg	12-Mo. Forecast
4.5% Vacancy Rate	▲	▲
-34K Net Absorption, SF	▼	▲
\$20.50 Asking Rent, PSF	▼	▲

U.S. ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-2.5% GDP Growth	▼	▲
-4.6% Consumer Spending Growth	▼	▲
5.3% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Uncertain Recovery

Charlottesville's unemployment rate declined to 3.8% in the fourth quarter after reaching 9.5% in the second quarter. The unemployment rate remains 160 basis points (bps) above the same period last year but is considerably lower than the national rate and surrounding cities. State restrictions on gatherings returned for the holiday season, but the regional economy has managed to regain approximately 75% of the initial job losses caused by the pandemic. The return of students to grounds at the University of Virginia after an extended winter break due to COVID-19 will provide some relief for local businesses, while the introduction of a vaccine provides optimism that the economic recovery will accelerate throughout 2021.

SUPPLY AND DEMAND: Retailers Contend with Pandemic Restrictions

Retailers are continuing to deal with the impact of COVID-19. Consumer spending across the nation is down 5.3% from this time last year. While retailers have been able to adjust their operating procedures to reopen amidst the pandemic, overall foot traffic has not resumed to pre-pandemic levels and several retailers and restaurants have been forced to close their doors. The overall retail vacancy rate increased 150 bps over the past twelve months, reaching 4.5% to end the year. Despite restrictions, Dairy Market was able to open its doors in the fourth quarter and has been well received by customers eager to experience the region's first food hall. Dairy Market will continue to operate at limited capacity as additional vendors plan to open in the food hall later this spring. AutoZone broke ground on a new location at Westfield Road and Route 20, while Wawa is entering the Charlottesville market and is under construction on two locations in Pantops and Proffit Road.

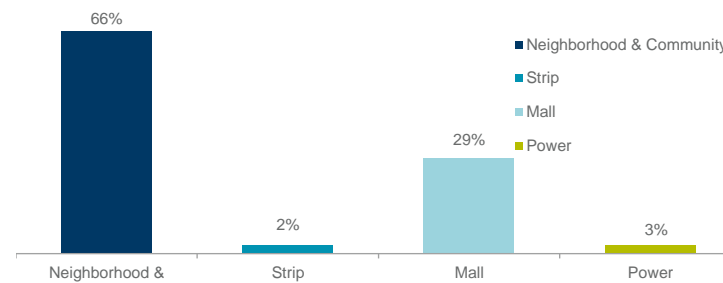
PRICING: Inflection Point

Downward pressure on rental rates saw the overall retail rate post its first annual decline in five years. As retailers weather the winter months, pricing may be reaching an inflection point as high-quality retail space continues to command premium rents in an otherwise desirable retail market. Landlords are expected to become increasingly aggressive on deal terms if vacancies do not rebound, which may present favorable opportunities for tenants that are able to expand during the early stages of economic recovery.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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