

Mecklenburg County Retail Market

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About this report

The following report contains information on retail sales and market activity to provide the reader with current performance and forward-looking guidance that can be applied to sales tax forecasts. Sales tax collections for Counties in North Carolina take three months for the County to receive. In March for example we would receive December collections. The County utilizes national retail sales trends and market reports to inform our forecast on sales tax collections.

The report utilizes national comparisons from 80 cities across the country. Measures such as rent growth, vacancy rates, inventory, absorption levels and more.

Data from this report was sourced from Cushman and Wakefield, the U.S. Census Bureau, and the Bureau of Economic Analysis.

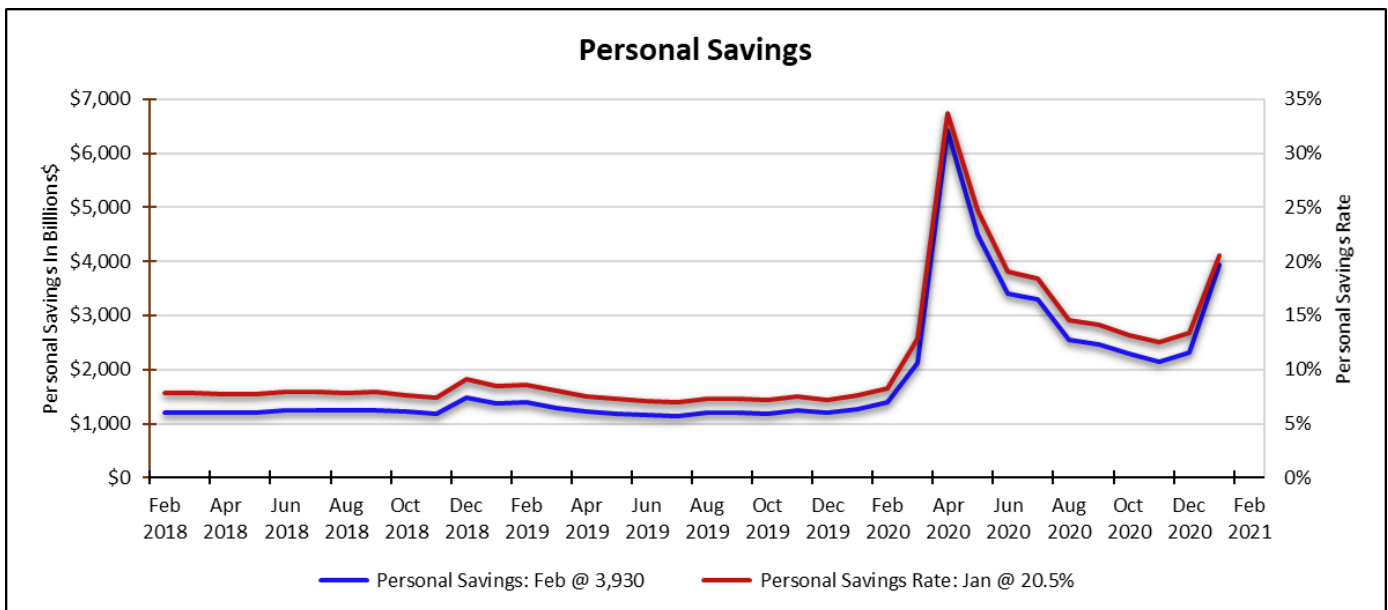
Retail Market Summary

In the 4th quarter Charlotte's retail market was growing while other major cities fell short. Overall, with the passage of the \$1,400 stimulus retail activity should be strong throughout the coming months.

The 4th quarter returned record national holiday shopping sales with a growth of 8.7% over the prior year. Retail activity at the end of the quarter softened as increasing COVID-19 cases around the US forced cities to enact measures to control the pandemic. Since January the situation has become far more upbeat. COVID-19 cases have fallen sharply, and the passage of two stimulus bills have provided a much-needed boost to the economy.

Saving rates jumped following the issuance of the \$600 stimulus checks. In January the personal savings rate was 20% whereas prior to the recession a savings rate of roughly 7% was normal. As the most recent \$1,400 stimulus checks begin to hit the streets, we can expect an even greater amount of savings. These savings will unwind into the economy as individuals draw those balances down providing a boost to the retail industry.

During the 1st round of stimulus, the savings rate increased to 33.7% and fell on average 3% per month until November when the savings rate hit 12.5%. The latest round of stimulus should produce a similar result with the excess savings funneling its way through the economy over the next two quarters.

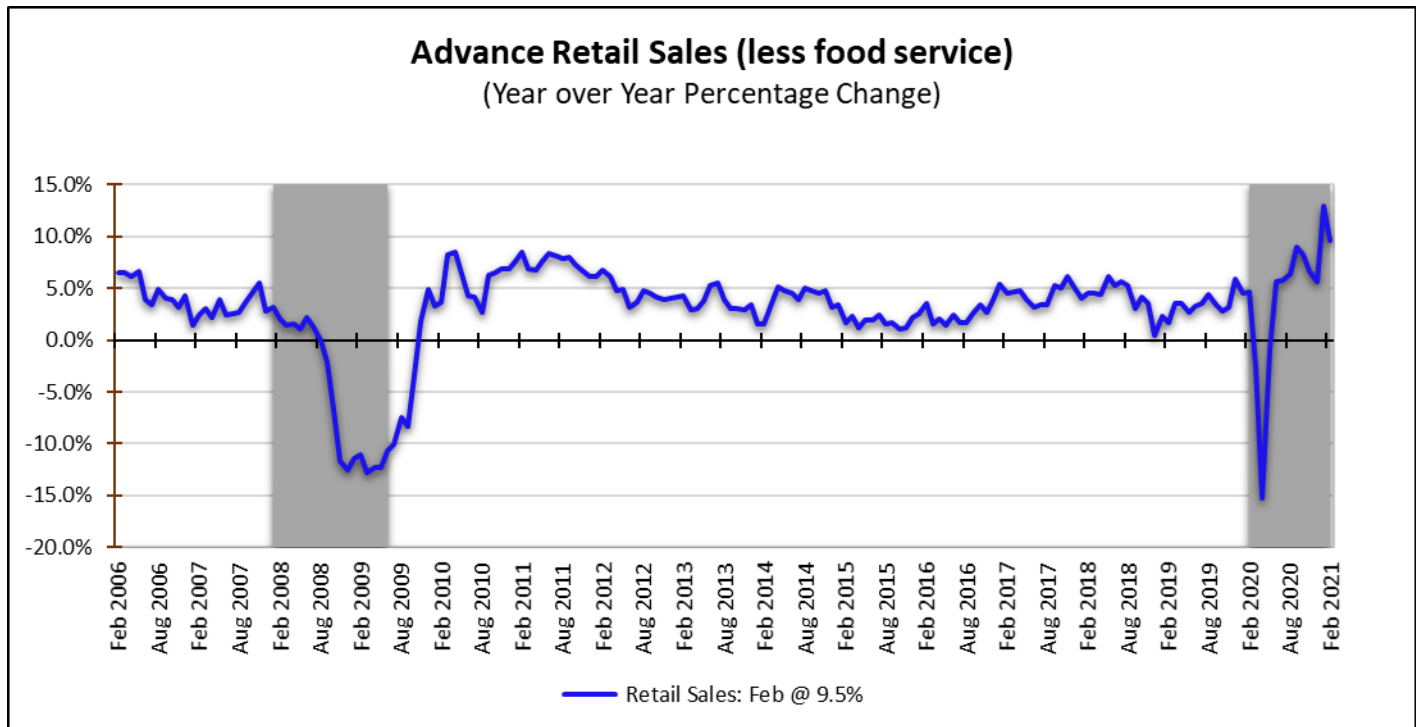


With the rollout of vaccinations, COVID-19 appears to be loosening its grip on the economy and the gradual reopening of businesses is underway. There is considerable demand for service type businesses in the economy right now such as bars, travel, entertainment, and sporting events. Service spending typically remains unphased by recessions, whereas spending on goods declines. This recession is different in that service spending was reduced by restrictions placed on businesses or forced closures. Although this has greatly benefitted stores that sell goods, we can expect that once services begin to reopen people will spend more at service-oriented businesses and less on goods until returning to a more even distribution.

National Retail Spending

Retail spending increased 9.5% in February, which slowed from January as cold weather during the month kept individuals indoors. As we move into March the stimulus checks should boost spending in the economy.

Note that retail sales should move much higher on a year-over-year basis in the upcoming months as we will be coming over the months in which quarantine and stay-at-home orders were at its most restrictive points last year.



In January department store sales (excluding discount stores) were 43.5% lower than last January, with men's clothing sales down 41.3%. Women's clothing was also down compared to last year, but to a lesser degree at 17.1%.

Food and drinking establishments recorded lower sales down 14.3% from last year while beer, wine, and liquor sales increased by 21.2%. and grocery sales were up 10.6%.

The largest increases were found in toy and hobby stores at 40.1% and sporting goods stores at 36.2% from last January which has been a common theme throughout the past year as individuals sought out substitute forms of entertainment.

Both new and used car sales increased in January with new car sales up 11% and used cars up 16.5%.

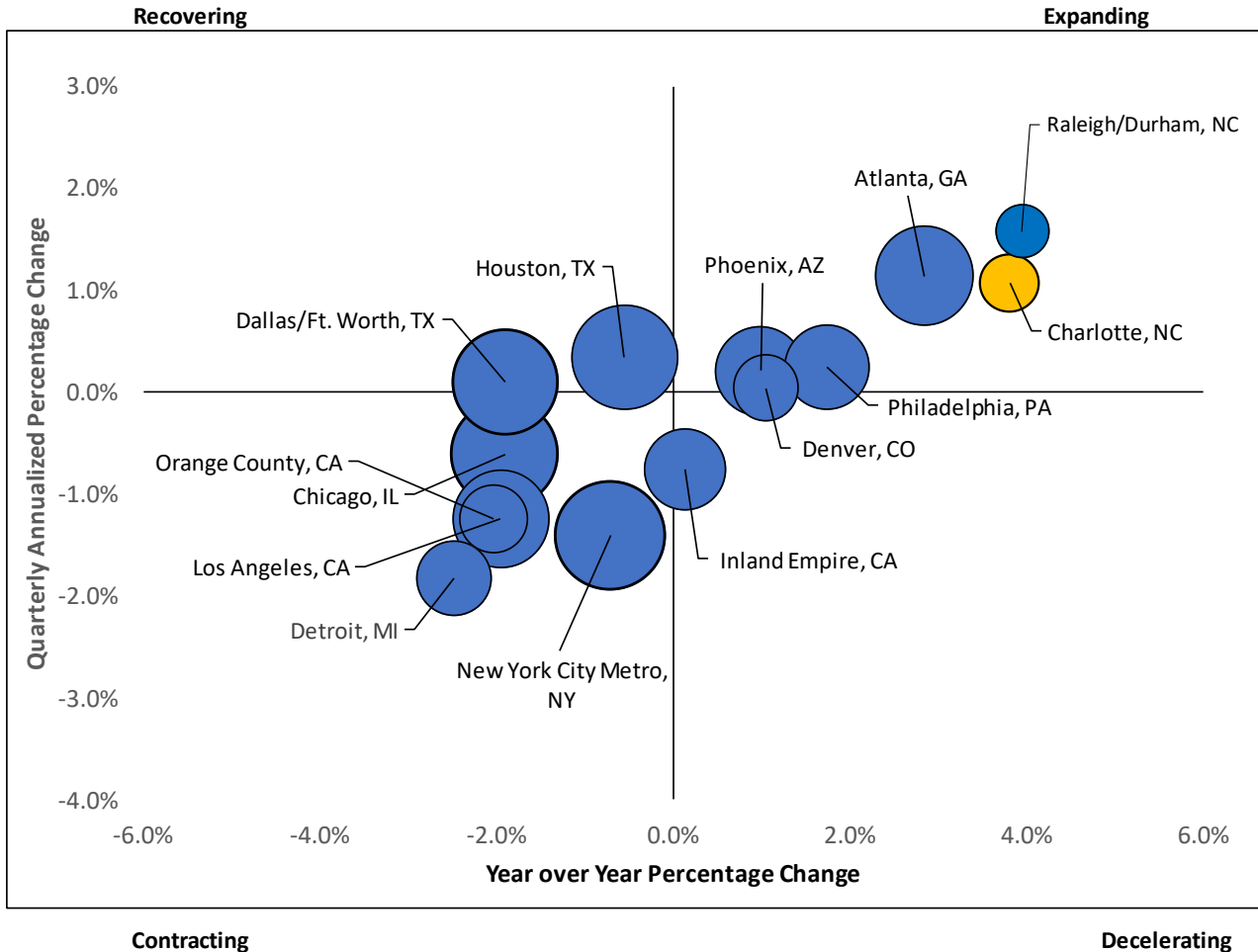
Retail Sales by Kind of Business

Kind of Business	Jan. 2021	Jan. 2020	YOY %^
Hobby, toy, and game stores	1,619	1,156	40.1%
Sporting goods stores	3,892	2,857	36.2%
Household appliance stores	1,595	1,197	33.2%
Electronic shopping and mail-order houses	73,761	56,350	30.9%
Nonstore retailers	82,089	64,512	27.2%
Sporting goods, hobby, musical instrument, and book stores	7,221	5,807	24.3%
Beer, wine, and liquor stores	5,320	4,388	21.2%
Furniture stores	5,755	4,904	17.4%
Used car dealers	10,447	8,971	16.5%
All other gen. merchandise stores	7,026	6,046	16.2%
Other general merchandise stores	51045	44406	15.0%
Building mat. and garden equip. and supplies dealers	32,017	27,887	14.8%
Warehouse clubs and superstores	44,019	38,360	14.8%
Building mat. and supplies dealers	28,013	24,555	14.1%
Hardware stores	2,165	1,902	13.8%
Automobile and other motor vehicle dealers	96,942	85,823	13.0%
Motor vehicle and parts dealers	104,655	93,268	12.2%
General merchandise stores	59,046	52,885	11.6%
Automobile dealers	90,131	80,728	11.6%
Food and beverage stores	70,887	63,590	11.5%
New car dealers	79,684	71,757	11.0%
Retail sales, total	467,507	421,093	11.0%
Supermarkets and other grocery (except convenience) stores	61,170	55,178	10.9%
Retail sales, total (excl. motor vehicle and parts dealers)	362,852	327,825	10.7%
Grocery stores	63,764	57,667	10.6%
Furniture and home furnishings stores	10,210	9,257	10.3%
Retail sales and food services excl gasoline stations	483,096	442,922	9.1%
Discount dept. stores	6,705	6,186	8.4%
Retail sales and food services excl motor vehicle and parts and gasol	378,441	349,654	8.2%
Retail and food services sales, total	519,588	481,862	7.8%
Other clothing stores	1,179	1,103	6.9%
Retail sales and food services excl motor vehicle and parts	414,933	388,594	6.8%
GAFO(1)	100,716	94,367	6.7%
Miscellaneous store retailers	11,083	10,552	5.0%
Furniture, home furn, electronics, and appliance stores	17,766	16,993	4.5%
Health and personal care stores	31,367	30,047	4.4%
Limited service eating places	29,350	28,217	4.0%
Automotive parts, acc., and tire stores	7,713	7,445	3.6%
Electronics and appliance stores	7,556	7,736	-2.3%
Fuel dealers	3,345	3,448	-3.0%
Paint and wallpaper stores	863	903	-4.4%
Department stores	8,001	8,479	-5.6%
Gasoline stations	36,492	38,940	-6.3%
Office supplies and stationery stores	895	975	-8.2%
Electronics stores	5,961	6,539	-8.8%
Restaurants and other eating places	48,463	53,411	-9.3%
Clothing and clothing access. stores	14,884	16,612	-10.4%
Shoe stores	2,019	2,293	-11.9%
Office supplies, stationery, and gift stores	1,799	2,070	-13.1%
Food services and drinking places	52,081	60,769	-14.3%
Used merchandise stores	1,166	1,388	-16.0%
Clothing stores	10,119	12,060	-16.1%
Book stores	797	956	-16.6%
Women's clothing stores	2,099	2,532	-17.1%
Gift, novelty, and souvenir stores	904	1,095	-17.4%
Family clothing stores	5,714	6,953	-17.8%
Men's clothing stores	323	550	-41.3%
Department stores(excl. discount department stores)	1,296	2,293	-43.5%

National Comparison

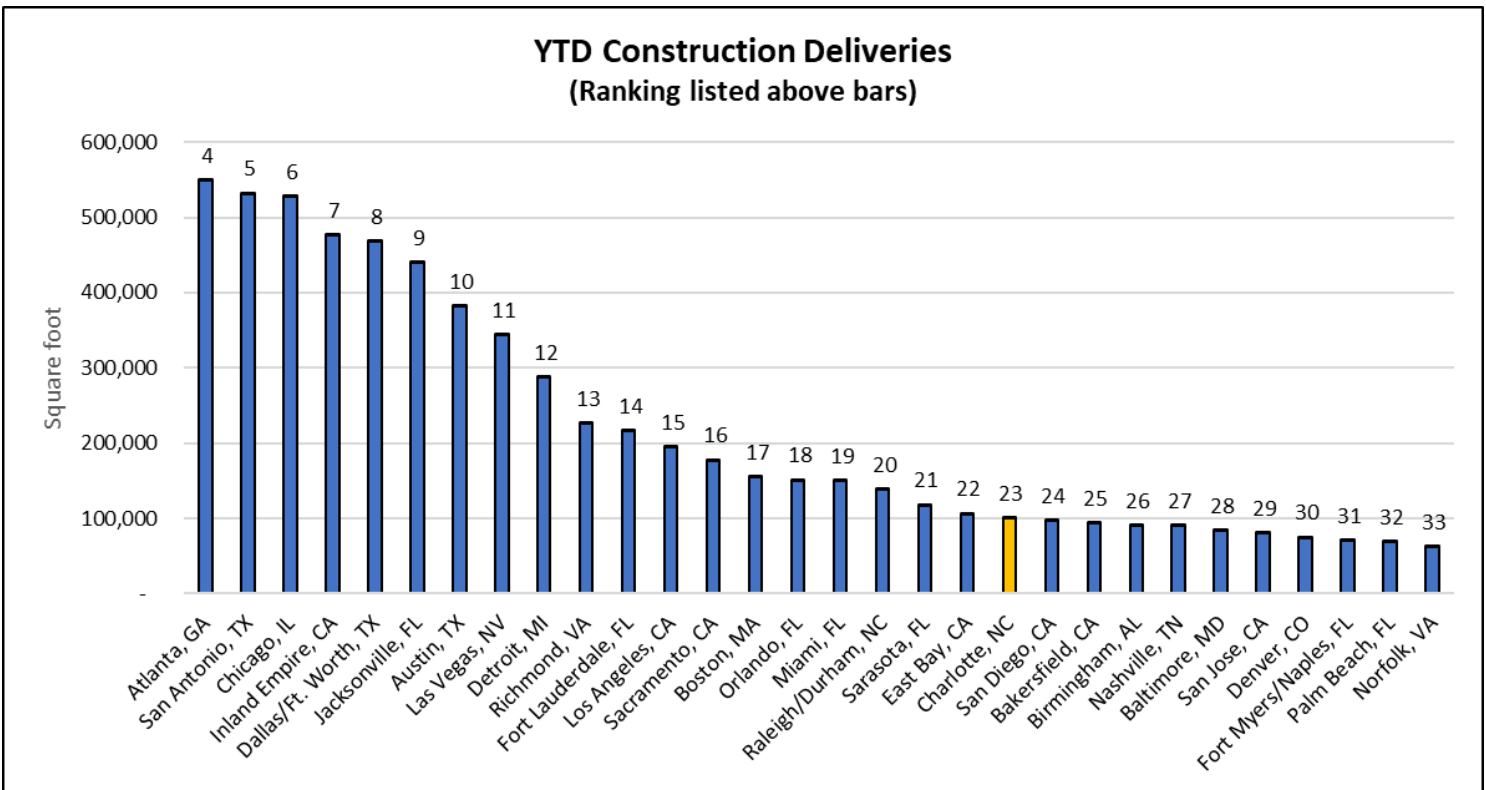
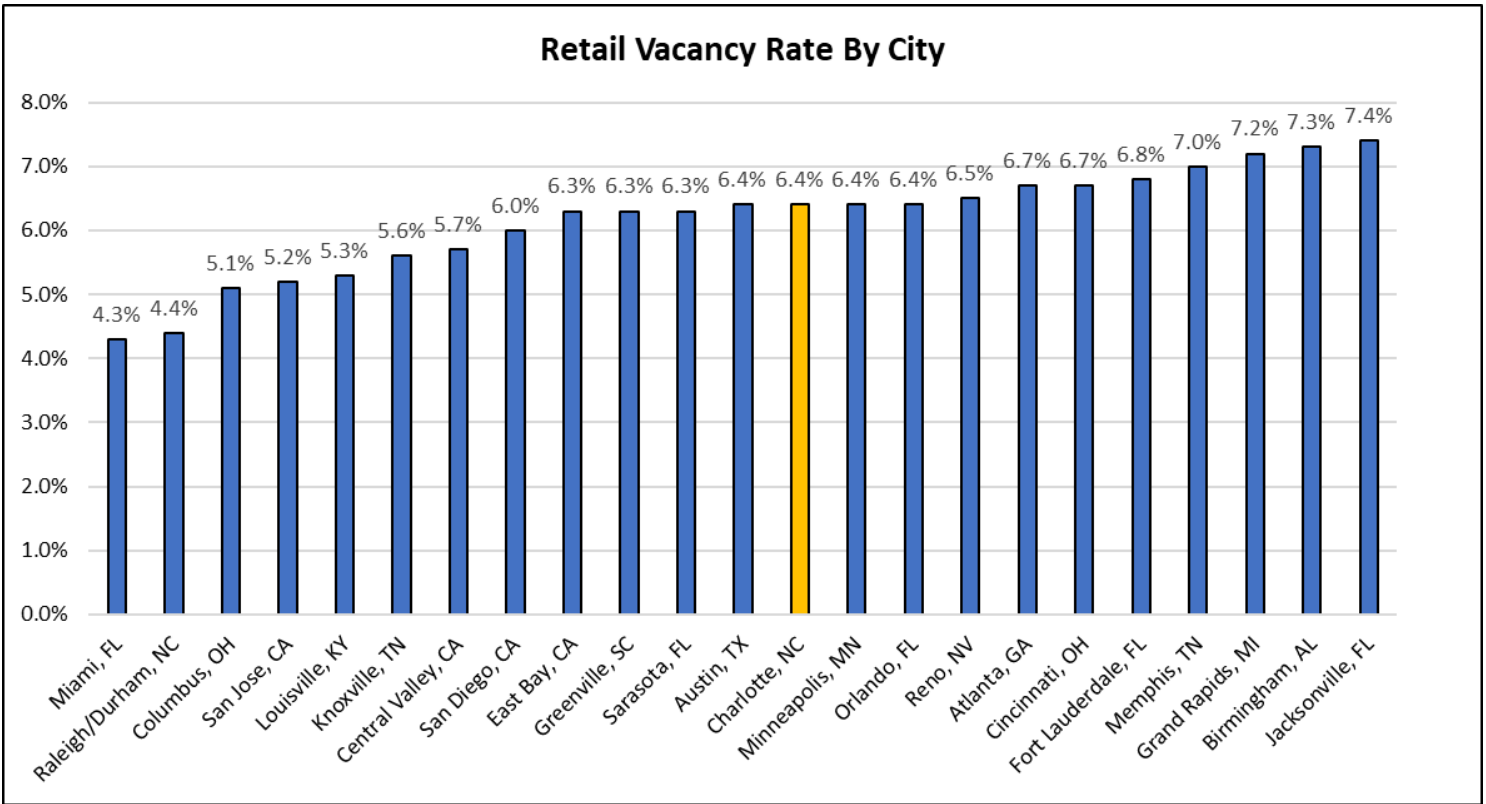
The Southeast performed well in the 4th quarter of 2020. Of the cities listed Charlotte, Raleigh/Durham, and Atlanta continued to grow. Many other major cities have contracted, mostly the largest retail cities such as New York, Chicago, Los Angeles, and Orange County.

Mecklenburg County Effective Retail Rent Growth



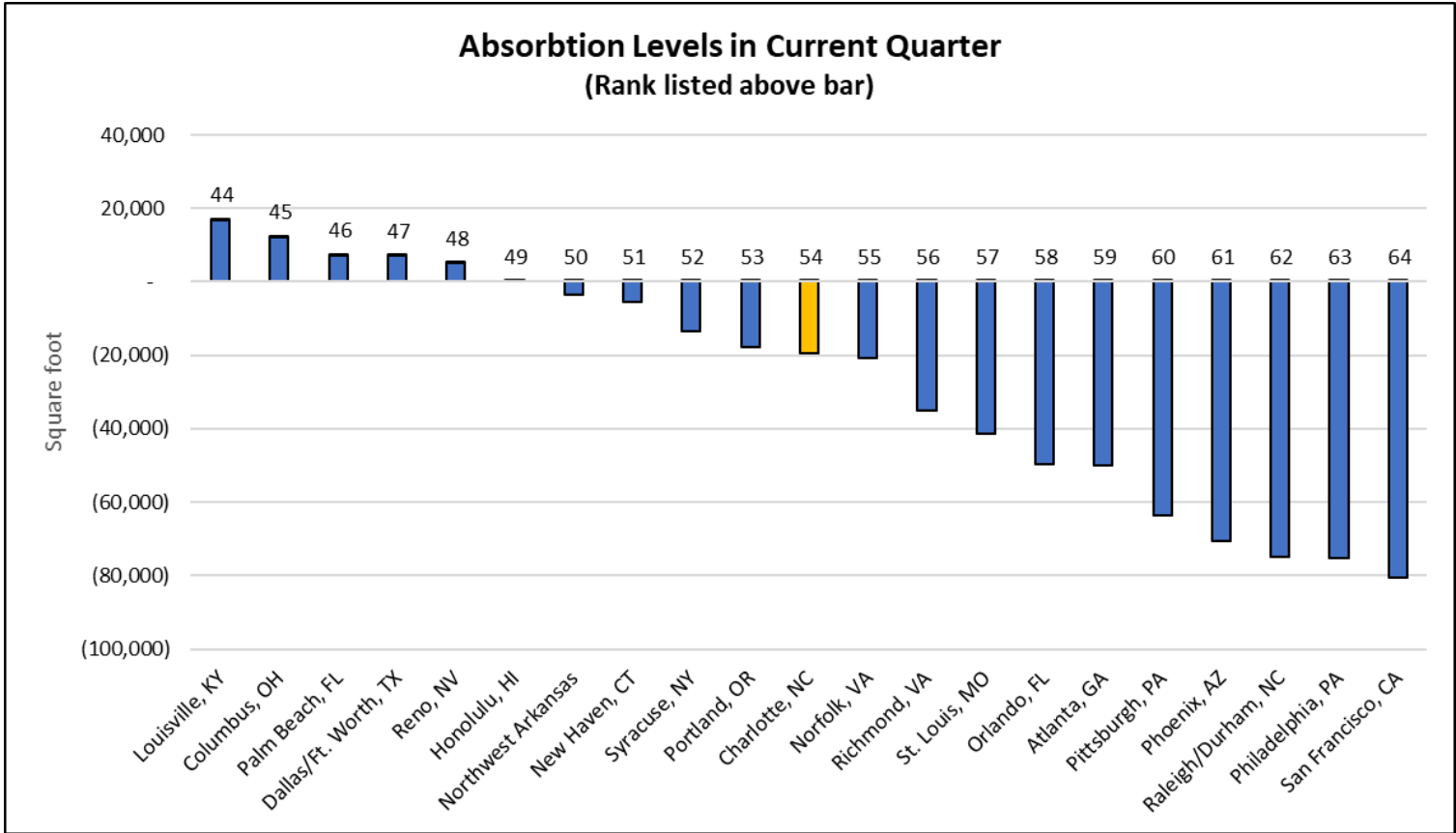
Mecklenburg County's vacancy rate was 6.4% in the 4th quarter. That ranks 23rd out of the 80 cities used in the comparison. Raleigh/Durham had the second lowest vacancy rate at 4.4%. The lowest vacancy rate was in Miami at 4.3% and the highest was Rochester, NY at 9.6%.

Market Comparison Graphs I



YTD Construction Deliveries refer to the square footage of new retail space created year-to-date

Market Comparison Graphs II



Net absorption is the sum of square feet that became physically occupied, minus the sum of square feet that became physically vacant during a specific period.

