

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.

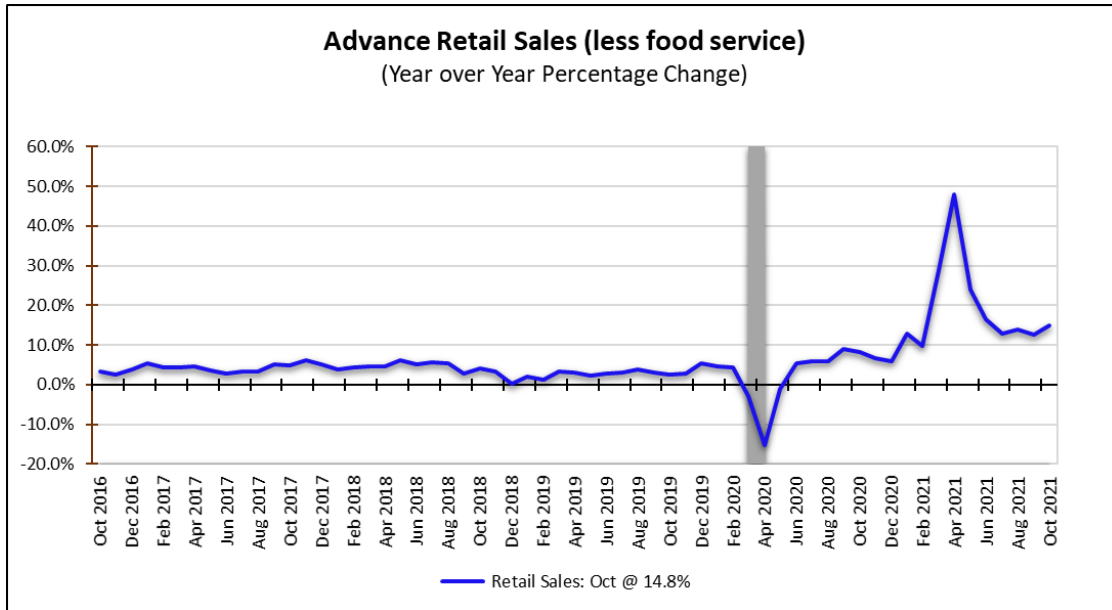
The report utilizes national comparisons from 81 cities across the country. Measures such as rent growth, vacancy rates, inventory, absorption levels and more.

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

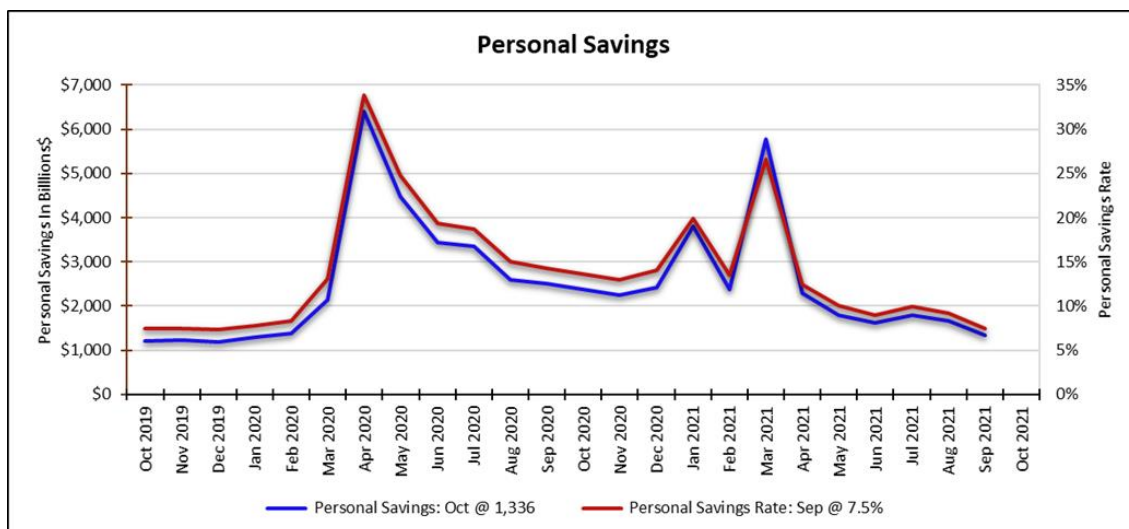
Retail Activity Summary

A booming early start to the holiday shopping season is fueling retail activity in County. The retail market is performing well with falling vacancy rates to 5.3%, positive absorption, and limited new construction hitting the market.

Holiday shopping season is off to a great start with October sales up 14.8% over last year. The holiday shopping season has been starting earlier and earlier over the past few years, but with supply issues and stores encouraging shoppers to buy now and not wait, it is pulling demand forward at an even faster pace than normal. Expectations are that retail sales could slow moving into December as supply issues are likely to crop up.



As of September, personal savings in the US amounted to \$1.136 trillion, a personal savings rate of 7.5%. Note that this level of savings is now below February 2020 when personal savings amounted to \$1.392 trillion. This implies that most of the stimulus money that issued as well as other benefits have been largely exhausted. We know from surveys from the US Census Bureau that the highest income households that received the child tax credit mostly saved the credit (57.5%), while those in the lowest income bracket overwhelmingly used the credit to pay off debt or spend it (85.4%). Therefore, we can assume that a disproportionately higher amount of savings in the economy resides with higher income households.

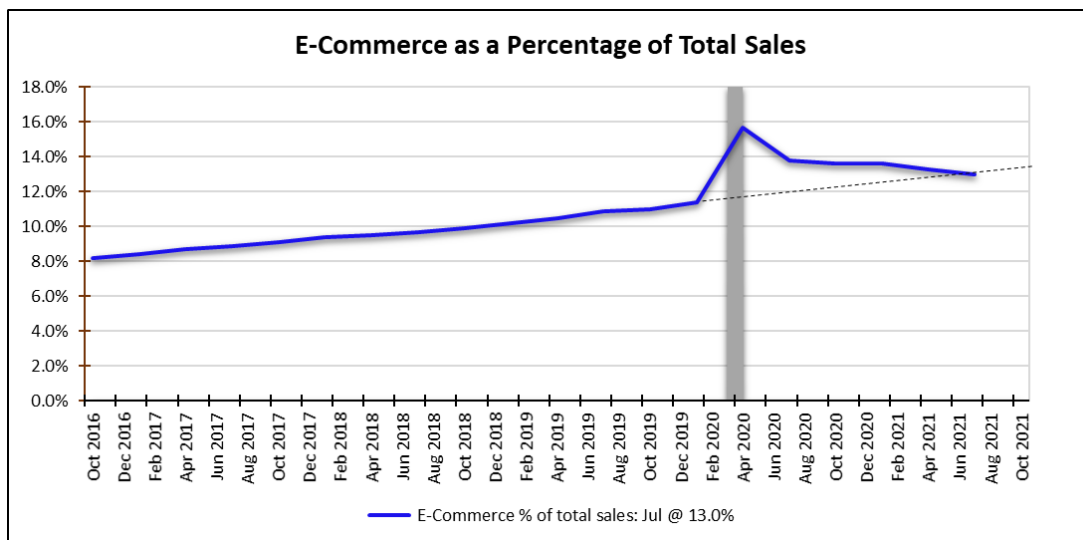


	Total Surveyed	Someone in household received a Child Tax		
		Mostly spend it	Mostly save it	Mostly use it to pay off debt
Household income				
Less than \$25,000	5,151,402	33.1%	14.6%	52.3%
\$25,000 - \$34,999	4,163,941	35.3%	14.6%	50.1%
\$35,000 - \$49,999	4,238,110	36.9%	15.5%	47.6%
\$50,000 - \$74,999	7,197,256	34.3%	22.6%	43.1%
\$75,000 - \$99,999	4,905,487	37.9%	31.3%	30.8%
\$100,000 - \$149,999	7,047,526	33.0%	39.0%	28.0%
\$150,000 - \$199,999	2,885,131	33.0%	43.3%	23.6%
\$200,000 and above	2,595,895	31.1%	57.5%	11.4%

	Total Surveyed	Someone in household received a Child Tax		
		Mostly spend it	Mostly save it	Mostly use it to pay off debt
Education				
Less than high school	4,077,384	38.2%	21.5%	40.3%
High school or GED	13,296,396	30.6%	20.5%	48.9%
Some college/associate's degree	15,517,134	31.4%	27.5%	41.1%
Bachelor's degree or higher	15,939,799	35.6%	37.6%	26.8%

The data above was pulled from a national survey of how individuals spent the Child Tax credit. From the results it shows higher income and households with higher education mostly saved the credit.

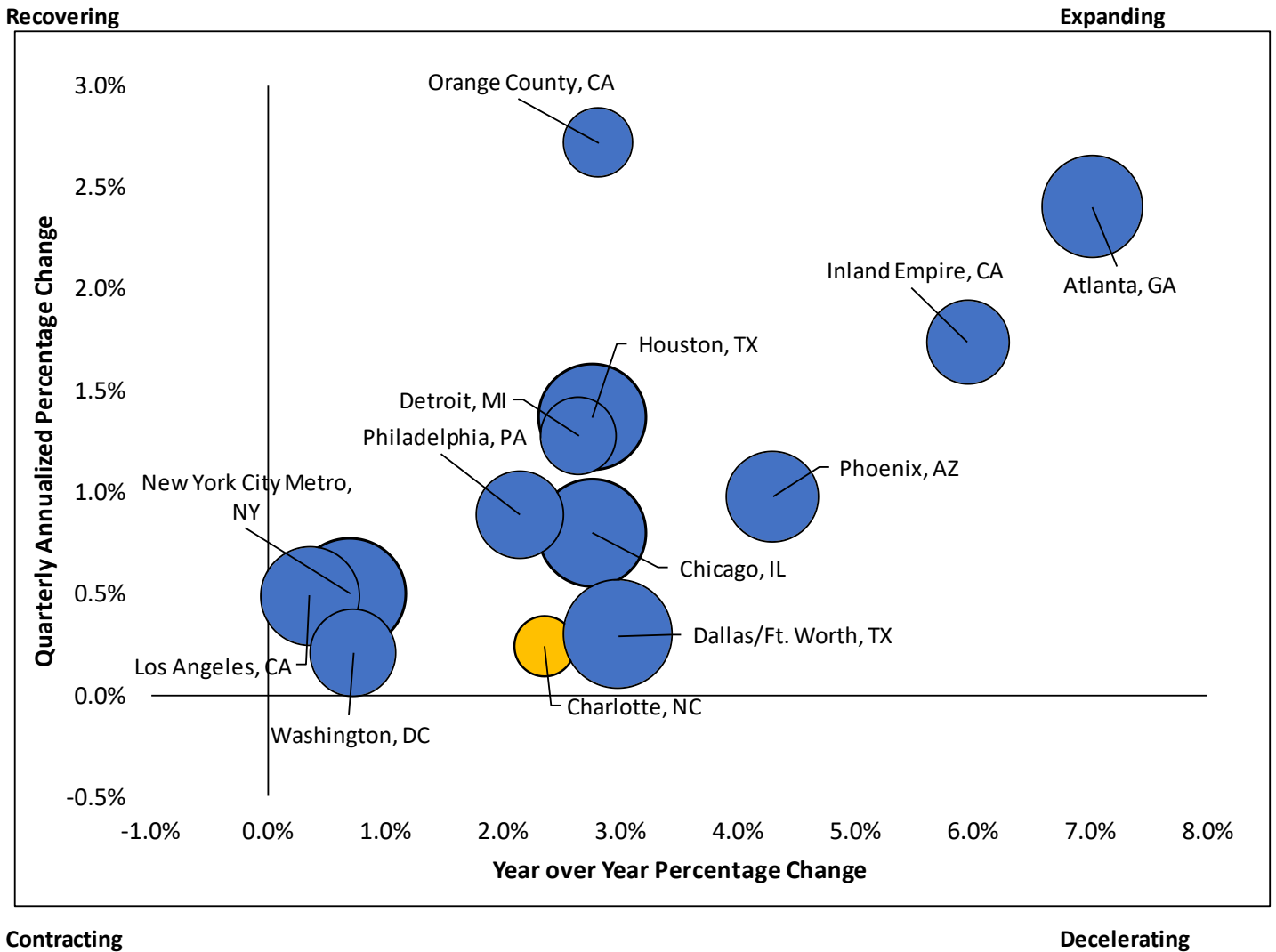
E-Commerce shopping declined through the second quarter of the year as shoppers returned to brick-and-mortar centers. The graph below shows the long-term trajectory of e-commerce if the pandemic were not to occur. Through the second quarter e-commerce sales accounted for 13% of all sales, slightly below the forecasted long-term growth of E-commerce.



National Rent Growth Comparison

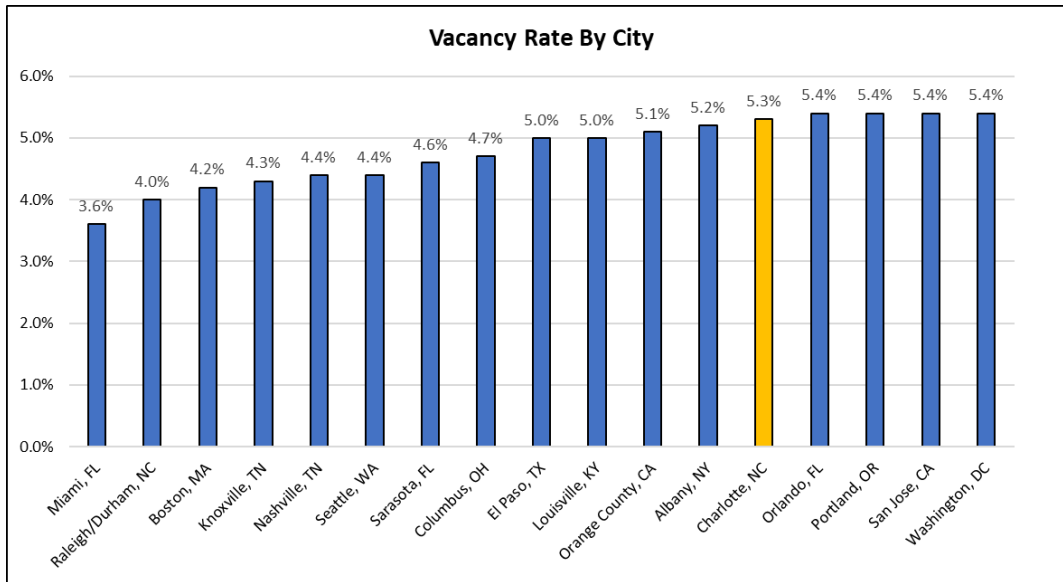
Charlotte rents grew 0.2% from the second quarter to the third quarter of 2021, or 2.4% year-over-year. Charlotte's average asking rents for all classes of retail property was \$20.80 per square foot in the 3rd quarter, lower than the national average of \$21.43 per square foot. The market is ranked 27th highest rent out of the 81 cities in the comparison and has fallen from 26th to 27th over the year after Salt Lake City, UT rents increased at a faster rate. The market continues to expand although at a slower rate than other major cities such as Atlanta, Dallas, and Phoenix. Raleigh/Durham's growth was very comparable to our own, with rents increasing 0.1% over the quarter or 2.5% year-over-year.

Mecklenburg County Effective Retail Rent Growth

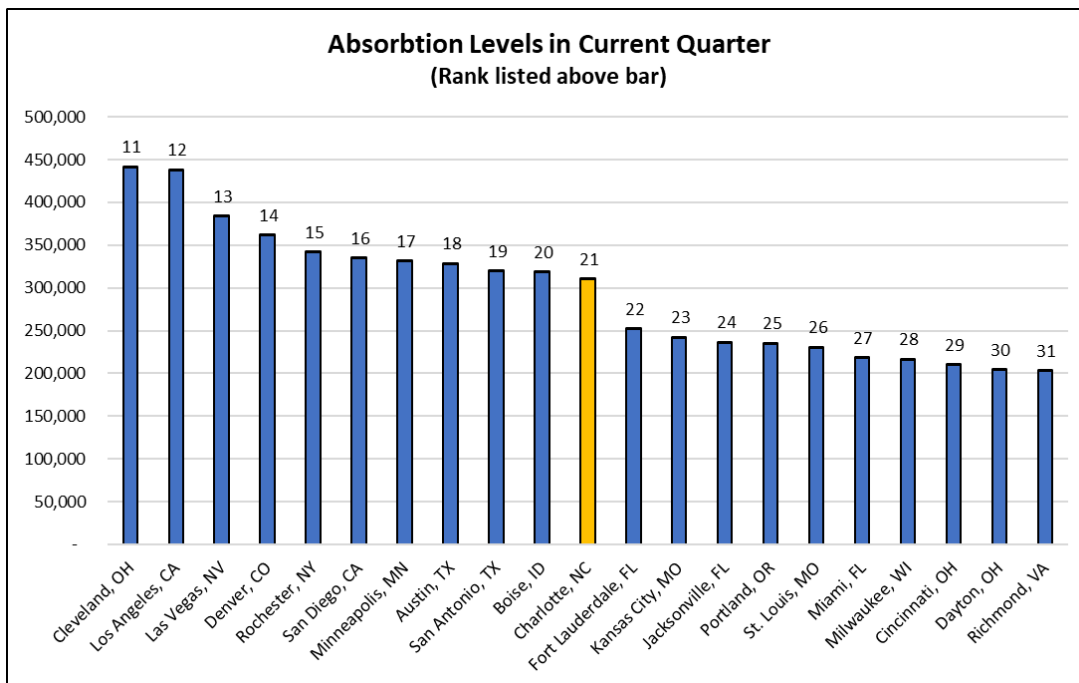


National Vacancy and Absorption Comparison

Charlotte's retail vacancy rate has improved markedly since last year moving from middle of the pack at 42, last year, down to 13th lowest of the cities in study in the 3rd quarter of 2021. The cities current vacancy rate sits at 5.3%, which is very good considering the national rate is 6.8%. If vacancy rates continue to decline it is likely that we will see more upward movement in asking rents.



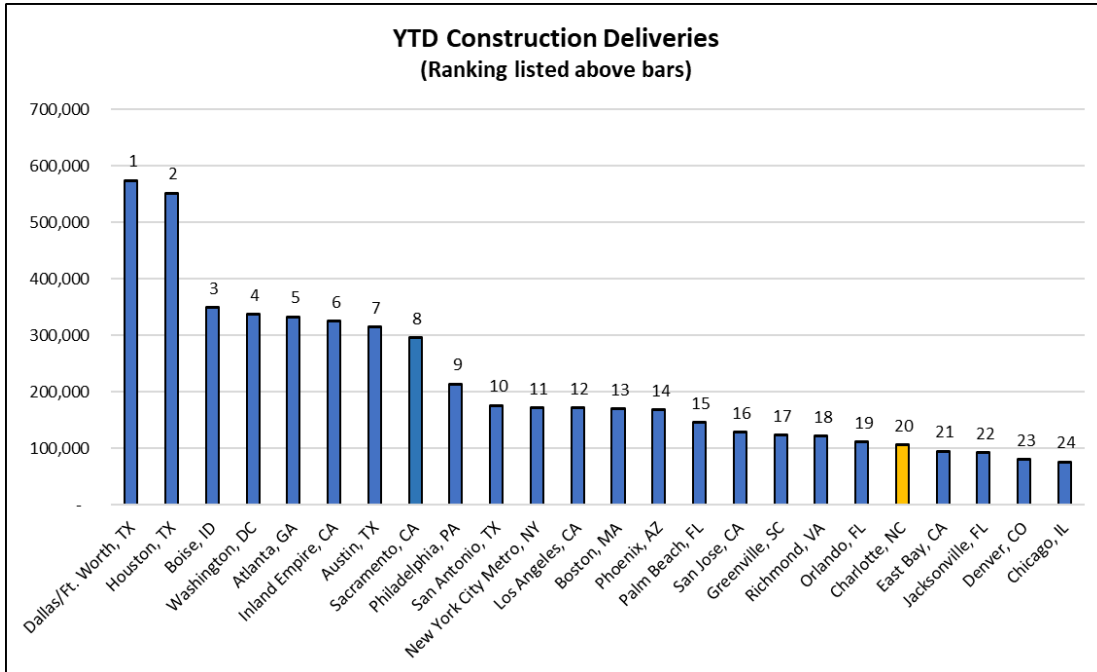
Positive Net Absorption means more space was leased than what was vacated/supplied in the market. In the 3rd quarter Charlotte had the 21st highest level of positive net absorption in the market with 310,192 square feet, a sign that the market is growing and healthy.



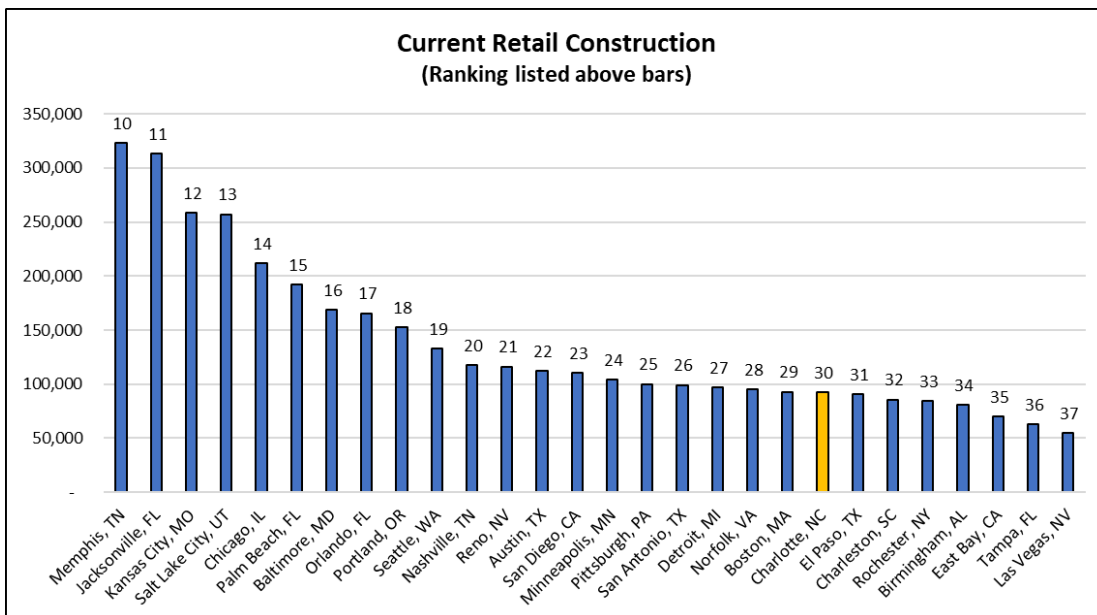
Net absorption is the sum of square feet that became physically occupied, minus the sum of square feet that became physically vacant during a specific period.

National Construction Comparison

Year-to-date Charlotte completed construction on 104,866 square foot of new retail space ranking 20th for the most construction completed during the year. Currently, there is 92,363 foot of new retail space under development.



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



Current Retail Construction is the total square footage of all new retail construction projects in the city