

# Mecklenburg County Retail Market

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### **About this report**

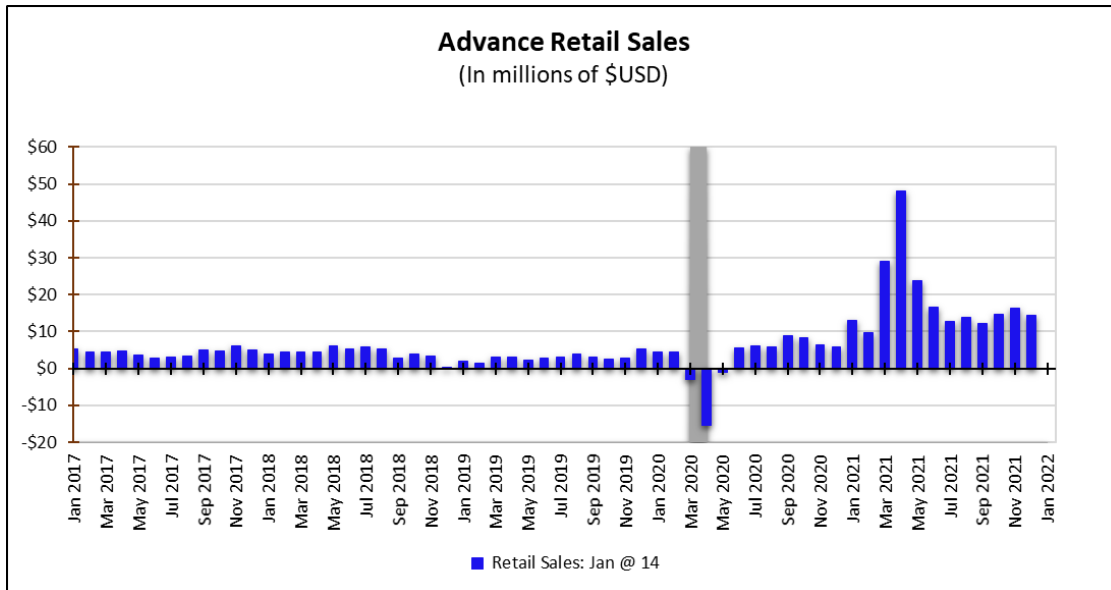
The following report contains information on retail sales and market activity to provide the reader with current performance and forward-looking guidance that can be applied to sales tax forecasts. Sales tax collections for Counties in North Carolina take three months for the County to receive. In March 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 and from Wells Fargo.

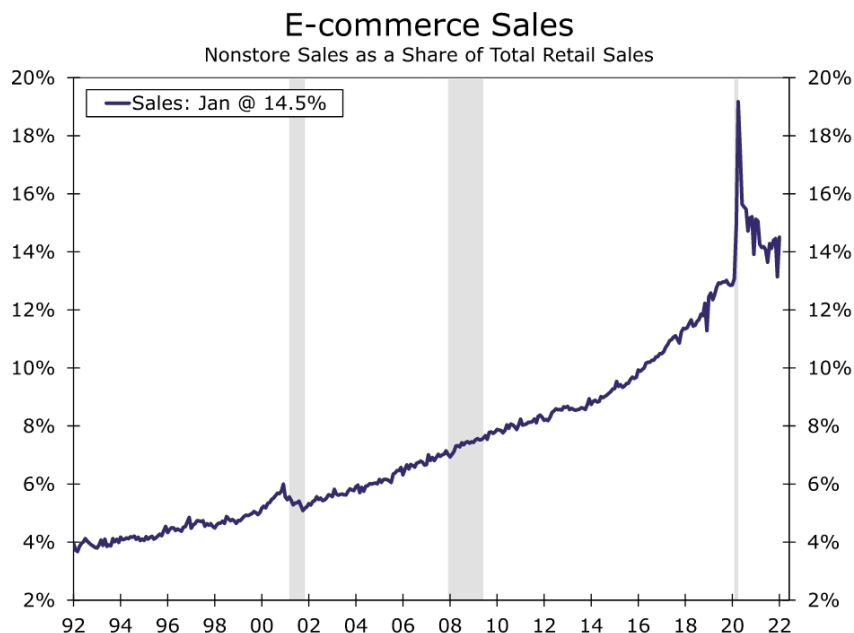
# Retail Activity Summary

January's retail activity increased by 3.8% from December, a better-than-expected result considering inflation is at a 40-year high. Although the sales data appears strong it is important to note that inflation is eating into the wallets of Americans as analysis from Moody's estimates that inflation is costing Americans on average \$274 per month. This means that while January's results were great, they are also unsustainable in the current economic environment.



E-Commerce shopping decreased in 2021 as traditional brick and mortar retail grew faster than e-commerce for the first time since e-commerce began. This was due to a return to traditional shopping following the lockdowns and restrictions surrounding COVID-19

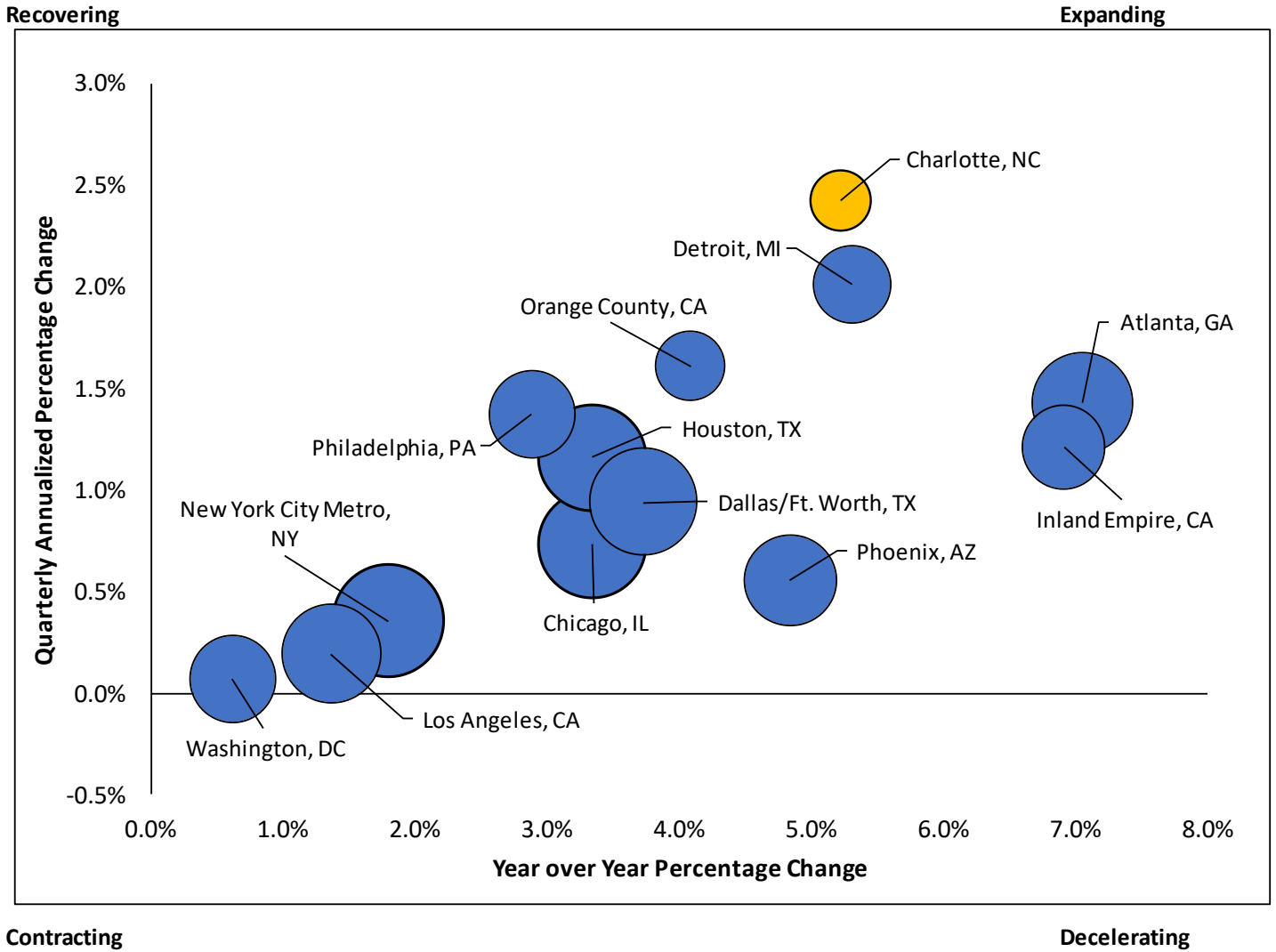
The lockdowns of 2020 led to a lot of forced e-commerce and online grocery adoption, and a lot of growth was pulled forward. While initially, that growth looked like a step-change, it is now settling back to a trend line it was on for over a decade - U.S. e-commerce penetration is currently at levels it would have reached even if the pandemic didn't happen.



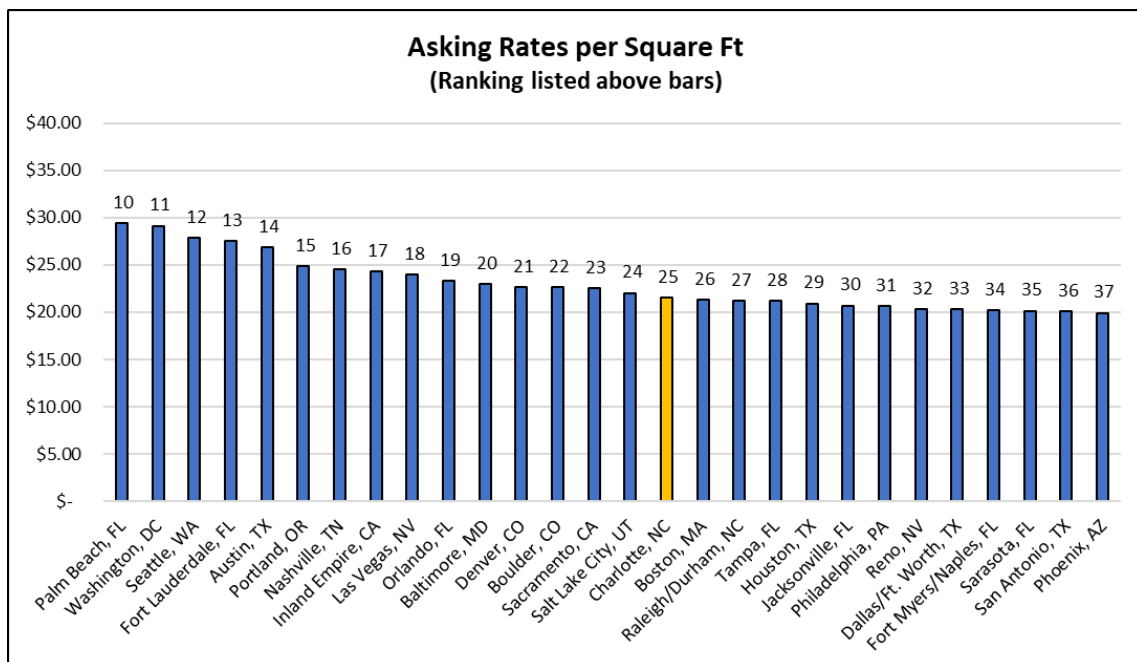
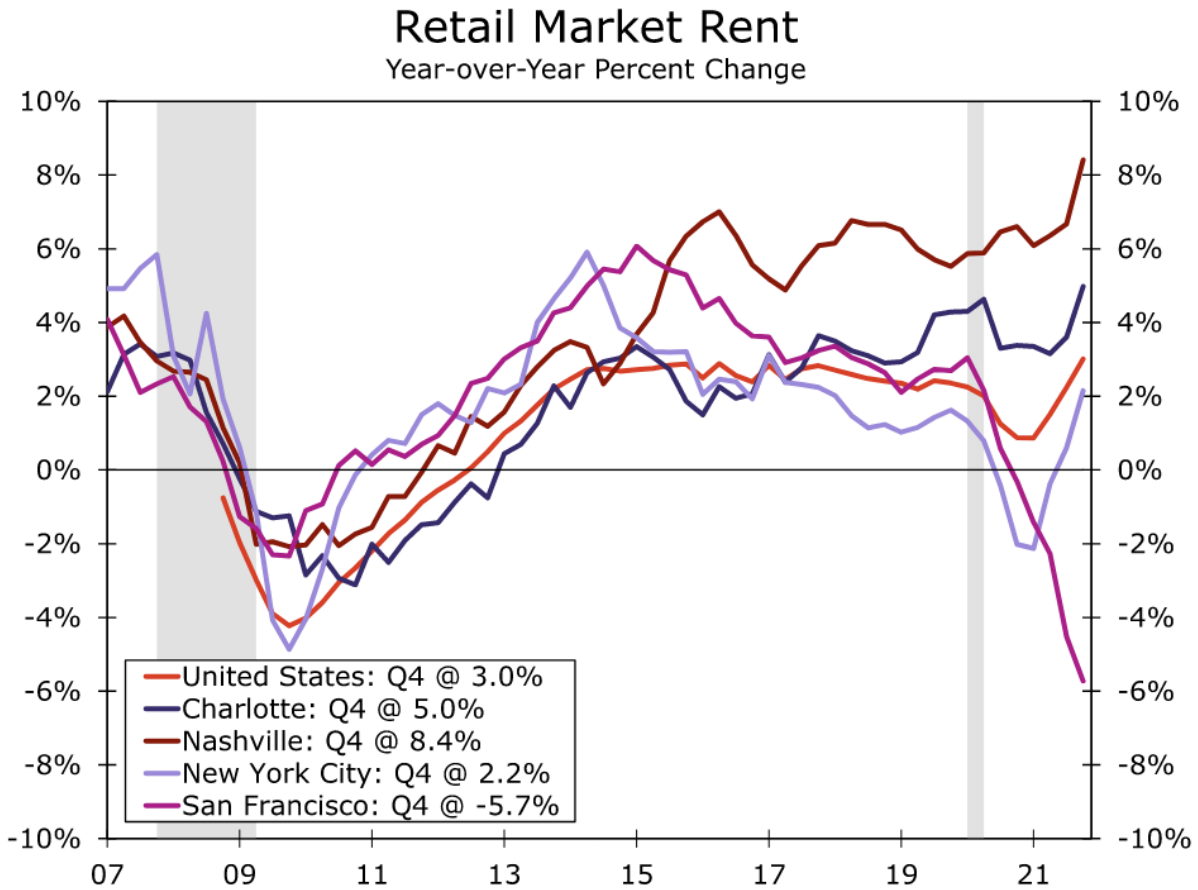
# National Rent Growth Comparison

Charlotte rents grew 0.9% from the 3<sup>rd</sup> quarter to the 4<sup>th</sup> quarter of 2021, or 2.4% year-over-year. Charlotte's average asking rents for all classes of retail property was \$21.55 per square foot in the 4<sup>th</sup> quarter, lower than the national average of \$21.71 per square foot. The County's retail market ranks 25<sup>th</sup> highest rent out of the 81 cities in the comparison moving up two spots since last quarter.

## Mecklenburg County Effective Retail Rent Growth

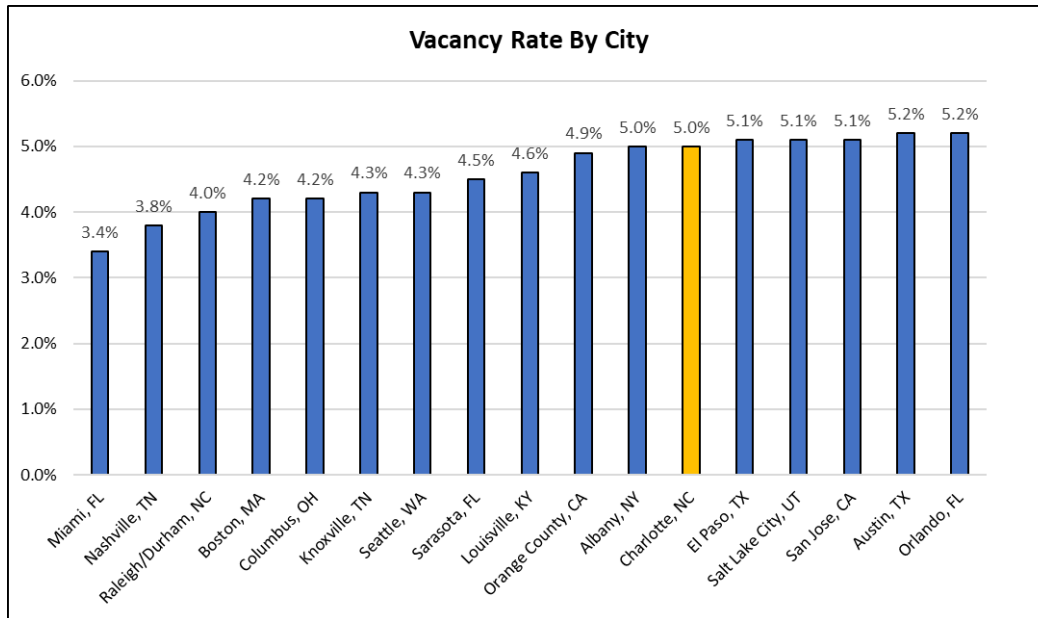


Charlotte's year-over-year growth at 5.0% is outpacing the US which has grown at 3.0%. While growth in the South east has been strong, major cities in the West Coast and the Northeast such as San Francisco and New York have languished with rents growing at -5.7% and 2.2% respectively.

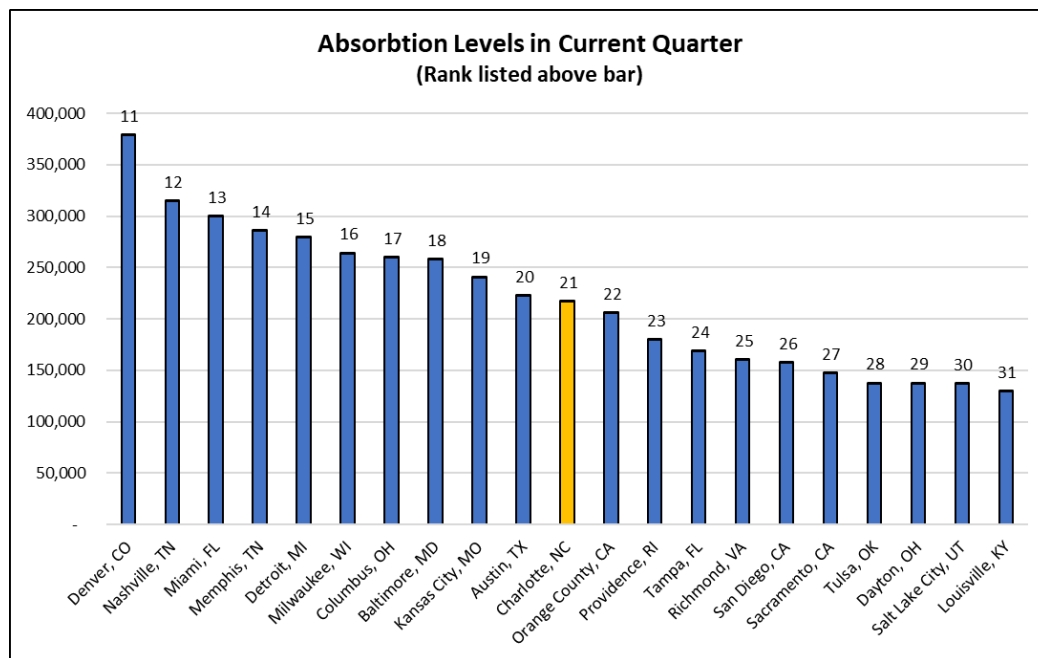


## National Vacancy and Absorption Comparison

Charlotte's retail vacancy rate remained at 5.0% from the 3<sup>rd</sup> quarter to the 4<sup>th</sup> but moved up the ranking list from 13<sup>th</sup> lowest vacancy to 12<sup>th</sup>. Vacancy should remain stable as the County has been a popular destination to move to, and population growth continues to remain strong fueling the need for retail space.



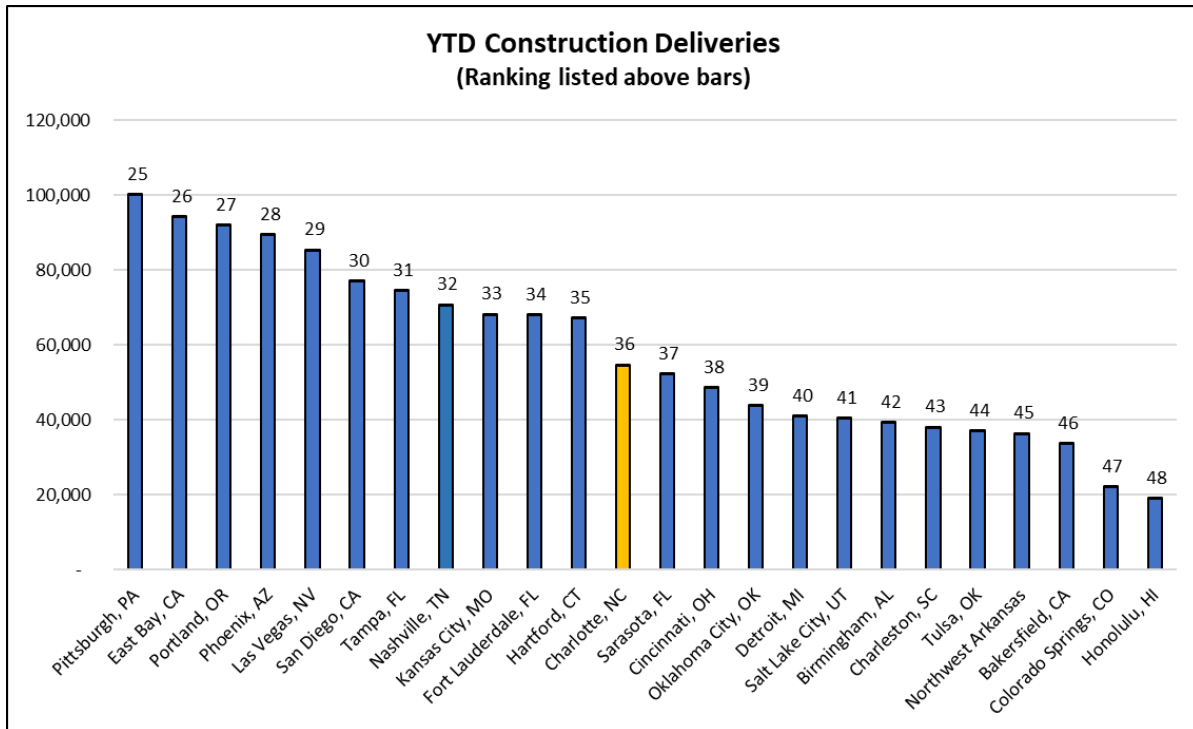
Positive Net Absorption means more space was leased than what was vacated/supplied in the market. In the 4<sup>th</sup> quarter Charlotte had the 21<sup>st</sup> highest level of positive net absorption in the market with 216,852 square feet, a sign that the market is growing and healthy.



*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

In 2021 a total of 54,516 square foot of new retail space was added to the County with an additional 95,466 square foot of new space under construction. In comparison to other major cities Charlotte ranked 36<sup>th</sup> in construction deliveries and 24<sup>th</sup> in ongoing construction.



*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*