

RICHMOND, VA

Retail Q2 2022



\$76,600

Median HH Income

YoY Chg



12-Mo. Forecast



0.5%

Population Growth



3.2%

Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q2 2022

2.5%

GDP Growth

YoY Chg



12-Mo. Forecast



9.8%

Consumer Spending Growth



8.7%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Employment Numbers Rise

Richmond's employment numbers continue to trend upward with metro-area unemployment still below the national average with job recovery at 98% of pre-pandemic levels. Greater Richmond is now home to the headquarters of a total of eight Fortune 500 companies with convenience store operator ARKO joining the list this year, with the area's educated workforce cited as a key factor in the company's growth. The talent base has also led education firm EAB to expand its local operation with a planned \$6 million investment and the addition of 200 new jobs over the next five years. Hamilton Insurance announced plans to create a U.S. subsidiary in Henrico County, creating 70 new jobs, and the LEGO Group has selected Chesterfield County as the site of its first U.S. operation, bringing 1,760 new jobs to the area with an investment of more than \$1 billion.

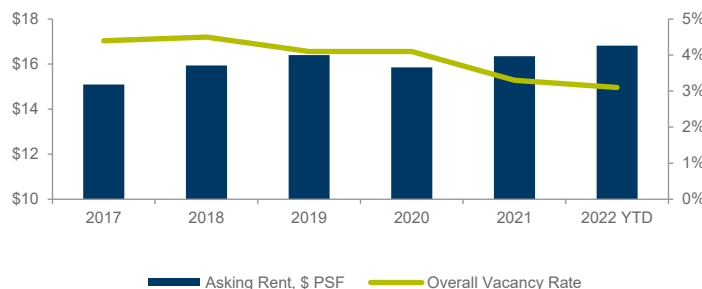
SUPPLY AND DEMAND: Vacancy Rates Falling

At the mid-year mark, net absorption is above 370,000 square feet (sf), an increase of almost 45% year-over-year (YOY). While the overall absorption is higher, the number of deals is lower YOY by almost 10%, suggesting that the average deal size has increased as retailers are navigating the post-pandemic marketplace. Vacancy rates continue to trend downward at 3.1% overall, a drop of 80 basis points (bps) YOY and a decrease of 100 bps compared to pre-pandemic levels at the start of 2020. Mall vacancy rates are following this downward trend, ending the quarter at 6.0% overall, and while vacancy is still above historic lows, Placer.ai data shows an increase in foot traffic to mall anchors throughout the region. Vacancy rates in neighborhood and community centers have hit an all-time low at 5.2%, a drop of 27% YOY as traffic to grocery-anchored centers and demand for essential items remains high. The pipeline remains active with over 270,000 sf under construction, and with approximately 58% of that product preleased, deliveries will have a limited impact on the overall vacancy. Cosby Village in Chesterfield County is scheduled to break ground in September, 2022, with forward commitments pending or executed on the majority of the retail spaces.

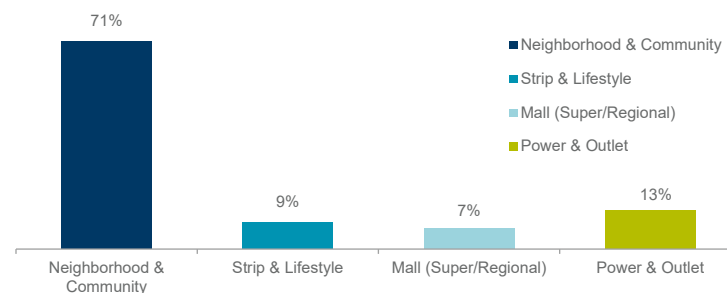
PRICING: Historic Highs

Quoted rates hit a historic high at the mid-year mark, rising to \$16.93 per square foot (psf) overall, an increase of 7.2% YOY and up from pre-pandemic levels. Retail locations are also leasing more quickly with the overall year-to-date time on market more than three (3) months shorter than the 2021 average. Grocery and entertainment uses were the largest deals of the quarter with Maryland-based Asian grocer Lotte Plaza Market opening its first Richmond area location, and DEFY Extreme Air Sports opening its second location, both in facilities in western Henrico County.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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	TOTAL BUILDINGS	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTR (SF)	OVERALL AVG ASKING RENT
Broad St Corridor	271	4,830,437	2.2%	11,500	-4,792	136,474	0	\$18.68
Colonial Heights	227	3,343,562	1.4%	132,530	122,381	43,422	0	\$19.00
Downtown	450	3,144,264	3.1%	-20,704	-40,214	26,867	0	\$16.85
East End	513	4,411,974	2.1%	-7,594	-22,795	22,626	23,300	\$12.93
Far West End North	32	328,702	1.4%	0	0	7,079	0	\$32.54
Far West End South	89	1,322,567	3.4%	-3,275	-7,429	17,974	0	\$14.62
Goochland	68	470,911	0.3%	-1,248	-1,248	16,454	16,531	\$12.00
Hopewell	170	1,297,226	8.1%	-8,630	25,065	0	0	\$12.45
I-95 Ashland/NW	216	2,115,728	0.9%	4,828	-7,684	66,207	3,000	\$21.29
I-95 Chamberlayne/NE	115	1,155,206	3.6%	3,106	-17,554	7,924	0	\$11.83
Jeff Davis Corridor	525	3,106,190	1.3%	-2,950	71,358	40,890	25,050	\$18.96
Laburnum/Route 360	465	2,864,913	6.4%	15,738	18,407	27,521	2,500	\$14.26
Louisa County	90	937,923	0.9%	13,654	15,494	20,630	0	\$18.15
Mechanicsville	221	2,871,165	2.3%	30,701	28,255	28,955	0	\$10.77
Midlothian E/Hull St	581	6,960,380	5.2%	-91,233	-104,547	125,705	2,500	\$13.97
Midlothian Village	139	1,896,035	6.3%	12,254	22,325	47,603	31,336	\$28.77
Midlothian West	302	6,901,956	4.5%	-46,506	-25,410	77,649	22,464	\$17.29
Near West End	670	3,890,205	3.0%	2,491	17,839	69,511	36,499	\$20.94
New Kent County	64	594,096	1.4%	0	-8,450	0	0	-
Petersburg	408	3,188,653	2.7%	3,493	100,719	13,579	0	\$10.88
Powhatan	87	818,284	0.5%	0	-1,500	2,135	0	\$19.39
Prince George	72	1,075,304	2.9%	240	5,240	240	0	\$16.00
Regency	120	2,603,023	4.3%	-28,964	-1,736	76,148	0	\$22.94
Short Pump	144	5,036,919	1.4%	82,674	104,097	68,330	8,000	\$18.98
South Chesterfield	349	4,073,965	3.3%	6,097	28,036	28,825	18,805	\$15.07
Staples Mill/Parham	361	5,300,500	2.5%	902	-10,469	59,971	19,400	\$19.14
Swift Creek	189	3,840,177	3.6%	13,708	48,065	40,897	62,826	\$23.35
Willow Lawn	303	3,086,815	2.2%	-14,546	-6,947	58,588	0	\$21.03
RICHMOND, VA TOTALS	7,241	81,467,080	3.1%	108,266	346,506	1,132,204	272,211	\$16.93

*Rental rates reflect NNN asking \$PSF/year.

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
205 Towne Center West Boulevard	Far West End	DEFY Extreme Air Sports	50,000	New
7801 West Broad Street	Broad St Corridor	Lotte Plaza Market	40,000	New
10901-11003 Hull Street	Midlothian E/Hull St	Ashley Home Store	40,000	Renewal
12120 West Broad Street	Short Pump	Michaels	20,565	New

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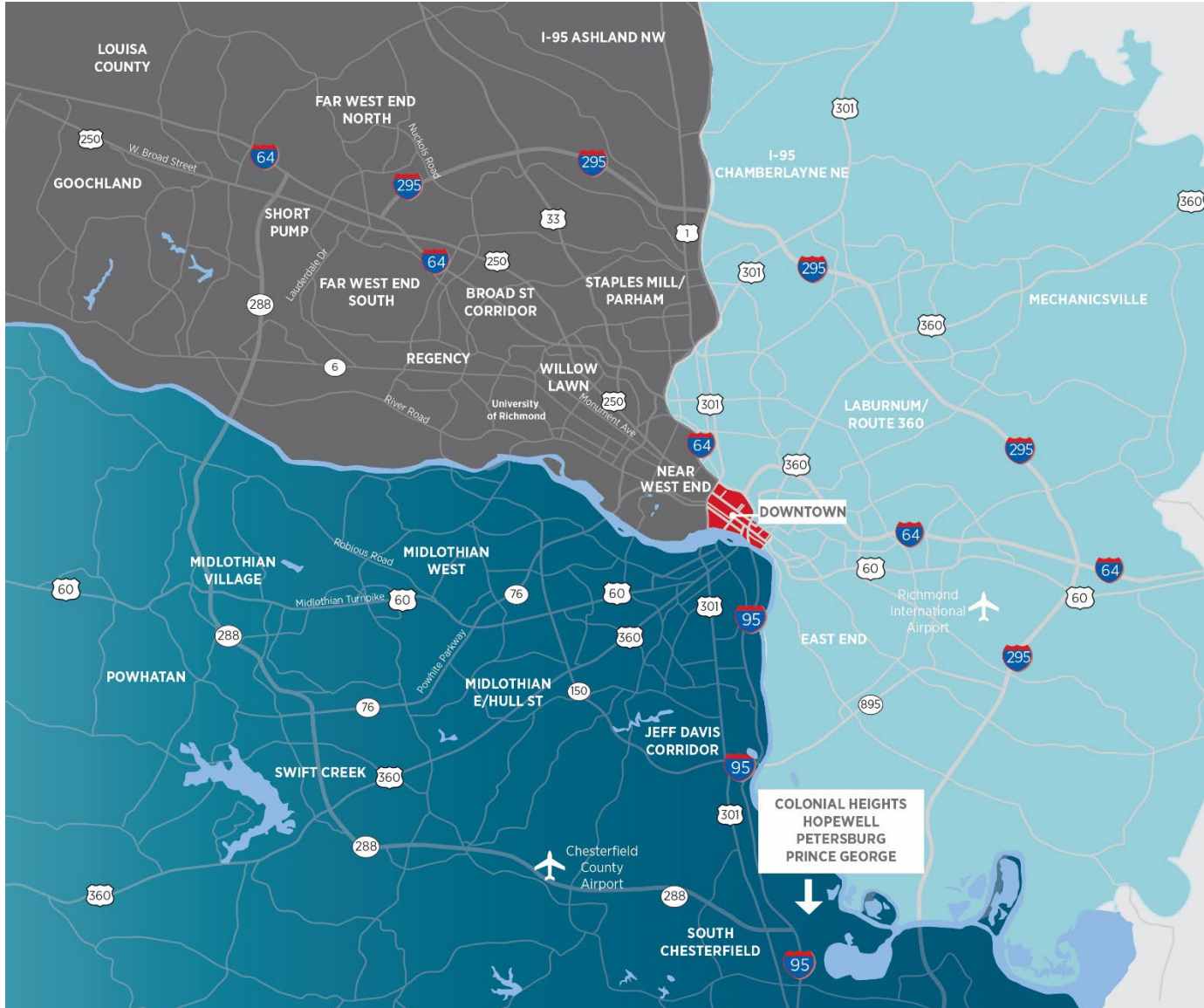
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Village Marketplace East / 13100 Midlothian Turnpike	Midlothian Village	The Wilton Companies / Red Dog Capital	62,558	\$6.64M / \$106
7929 Midlothian Turnpike	Midlothian E/Hull St	Bowl America Inc. / Cape Virginia LLC	50,500	\$3.2M / \$63
Village Marketplace West / 13152 Midlothian Turnpike	Midlothian Village	The Wilton Companies / Red Dog Capital	42,836	\$3.98M / \$93
Gayton Crossing – Gold's Gym/Goldfish Swim School	Far West End	Preferred Apartment Communities Inc. / Blackstone REIT Inc.	38,408	\$5.87M / \$153

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RETAIL SUBMARKETS



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