

MARKETBEAT

Richmond, VA

Retail Q2 2019



ECONOMIC INDICATORS

National

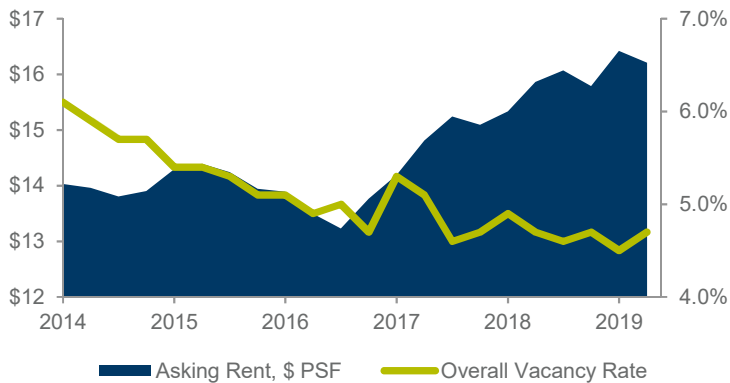
	Q2 18	Q2 19*	12-Month Forecast
GDP Growth	2.9%	2.6%	▼
CPI Growth	2.7%	1.8%	▲
Consumer Spending Growth	4.7%	4.5%	▼
Retail Sales Growth	5.6%	3.3%	▼

Regional

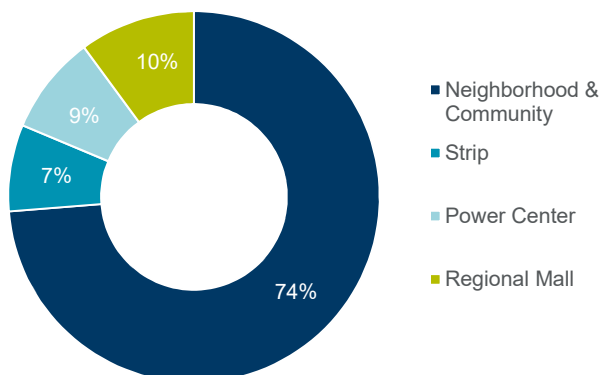
	Q2 18	Q2 19*	12-Month Forecast
Median Household Income	\$69,500	\$70,700	▲
Population Growth	1.0%	0.6%	■
Unemployment	3.2%	3.1%	▲

*2019 Q2 data are based on latest available data. Growth rates are year-over-year. Source: BLS, BOC, Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The U.S. economic expansion continued and became the longest in history starting the second half of the year. GDP growth continued at an estimated rate of 2.6% during the quarter. The Federal Reserve Bank held interest rates steady and signaled the potential for rate cuts if growth hinders in the near term. The Richmond area unemployment rate sits near cycle lows, declining to 3.1%. The regional economy continues to experience positive job growth, adding 6,300 jobs over the past twelve months, and benefits from its strategic location in CNBC's top rated state for business.

Market Overview

Several restaurant closures in the Richmond market contributed to a slight uptick in the overall retail vacancy rate to 4.5% from the preceding quarter. Still, the overall vacancy rate held steady year-over-year and the overall rental rate increased 2.2% over the past twelve months. Restaurant closures were concentrated in Short Pump and Willow Lawn. In Short Pump, Matchbox in Short Pump Town Center, Malabar Indian Cuisine in the Shops at Wellesley, and Kona Grill in West Broad Village all closed during the quarter, while in Willow Lawn, Travinia Italian Kitchen and Pie Five Pizza closed their doors. Quick service restaurants are beginning to focus their attention downtown. Potbelly opened in Scott's Addition and Chopt Salad signed a lease at the James Center.

Larger retail tenants made progress expanding their presence in Richmond. Publix opened a location in the Westpark Shopping Center and is planning to open around Labor Day in the Village Shopping Center. Meanwhile, demolition was completed and sitework began on the Publix-anchored Carytown Exchange development. The Container Store started construction to convert the former HH Gregg box and construction started on the Burlington Coat Factory and Duluth Trading Company site in West Broad Marketplace. Aspen Dental demolished the former Wells Fargo site in front of Chesterfield Marketplace and is now under construction. Whole Foods is also nearing completion in the Sauer Center development.

Outlook

Strong demand has propelled vacancy rates to historic lows in Richmond. With little speculative development, rental rate growth has slowed and quality available space is difficult to find. Infill opportunities continue to be highly desirable, with the likes of Starbucks, Panera Bread and Chipotle seeking drive-thru locations. New development that caters to retailers hoping to expand in the region will capitalize on Richmond's strong retail performance.

MARKETBEAT

Richmond, VA

Retail Q2 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	270	4,918,714	4.0%	(42,605)	(69,962)	0	0	\$16.36
Colonial Heights	210	3,407,137	4.7%	-3,560	29,368	0	68,400	\$18.11
Downtown	455	3,194,849	5.7%	-5,332	21,801	0	0	\$14.79
East End	506	4,459,115	2.8%	405	8,962	3,440	0	\$16.71
Far West End North	32	318,565	5.9%	-1,405	-5,589	0	0	\$32.04
Far West End South	81	1,293,767	8.6%	9,719	1,945	0	2,000	\$14.78
Goochland	66	467,035	1.1%	-350	4,150	0	33,672	\$8.89
Hopewell	167	1,288,761	6.1%	-12,278	-11,341	0	0	\$9.75
I-95 Ashland/NW	215	2,078,130	2.9%	4,535	442	0	0	\$15.02
I-95 Chamberlayne/NE	111	989,902	1.4%	17,769	29,406	17,769	0	\$15.00
Jeff Davis Corridor	524	3,060,349	4.0%	8,607	-13,280	0	0	\$12.97
Laburnum/Rte 360	461	2,711,911	10.5%	-8,534	-60,059	0	0	\$12.33
Louisa County	79	873,460	0.8%	6,890	11,890	0	0	\$11.64
Mechanicsville	221	2,860,740	1.7%	34,947	22,273	3,847	0	\$11.97
Midlothian E/Hull St	579	7,142,502	6.0%	-96,645	-38,465	0	0	\$12.74
Midlothian Village	126	1,782,903	9.9%	23,061	57,553	0	83,596	\$23.90
Midlothian West	297	7,275,847	4.7%	-66,979	-17,991	8,600	22,800	\$16.74
Near West End	665	3,800,725	1.9%	7,555	-7,654	0	51,500	\$20.08
New Kent County	59	576,894	3.5%	1,901	-6,894	0	0	\$10.87
Petersburg	395	2,921,424	6.1%	-4,390	-19,804	0	0	\$9.38
Powhatan	78	762,545	1.9%	600	5,100	6,500	0	\$15.79
Prince George	68	918,857	3.4%	0	-3,596	0	0	\$15.00
Regency	117	2,417,916	7.7%	8,876	19,764	6,554	60,261	\$18.43
Short Pump	145	5,016,759	3.6%	-26,586	-52,362	0	62,314	\$22.56
South Chesterfield	334	3,901,859	3.9%	-32,034	11,774	3,000	15,500	\$15.68
Staples Mill / Parham	357	5,532,465	5.6%	9,769	12,970	0	5,250	\$17.66
Swift Creek	181	3,786,559	3.0%	40,970	29,668	45,190	33,333	\$20.59
Willow Lawn	302	3,725,160	1.4%	10,777	78,233	2,200	0	\$22.35
Richmond, VA Totals	7,302	82,929,800	4.5%	-92,936	71,046	97,100	438,626	\$16.21

*Rental rates reflect gross asking \$psf/year

Submarkets Amelia, Dinwiddie, and Sussex included in totals.

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
General Retail	420	4,299,888	4.9%	24,768	16,344	162,479	305,465	\$17.20
Mall	43	6,369,814	4.4%	8,872	-34,211	6,554	10,238	\$18.00
Power Center	137	5,676,955	4.2%	-15,635	41,813	0	62,314	\$22.59
Shopping Center	846	26,333,260	7.8%	-179,487	-109,454	26,336	60,609	\$15.45

Shopping Center includes neighborhood and community centers.

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
West Broad Marketplace	40,016	Burlington	New	Short Pump
West Broad Marketplace	16,828	Duluth Trading Company	New	Short Pump
Chippenham Square SC	10,050	The Hidden Spot	New	Midlothian E/Hull St
1401 Roseneath	5,200	Wood and Iron	New	Swift Creek

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
The Shoppes at Belvedere	22,577	Shops at Belvedere LLC / DK Belvedere Shoppes LLC	\$5.65M / \$250	Midlothian West
2600 Weir Pl - Rite Aid	14,704	A&C Ventures / The Niki Group	\$4.0M / \$273	South Chesterfield
The Shops at Town Center	8,806	Chesterfield Investors of Richmond / RAJDC NC Props	\$6.15M / \$698	Midlothian West

Cushman & Wakefield |
Thalhimer
11100 W. Broad St.
Glen Allen, VA 23060
thalhimer.com

For more information, contact:
Jonathan Koes
Research Manager
Tel: +1 804 697 3560
jonathan.koes@thalhimer.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.