

# MARKETBEAT

## Richmond, VA

Retail Q1 2019



### ECONOMIC INDICATORS

#### National

	Q1 18	Q1 19*	12-Month Forecast**
GDP Growth	2.6%	2.9%	▲
CPI Growth	2.2%	1.6%	▲
Consumer Spending Growth	2.4%	3.2%	▲
Retail Sales Growth	4.9%	4.2%	▲

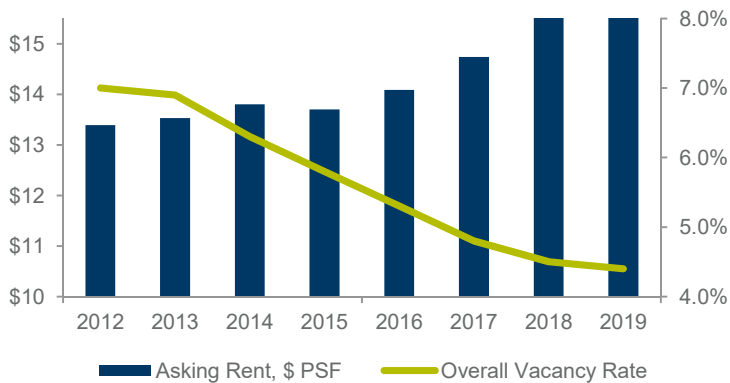
\*Q1 19 Estimates. Values represent year-over-year % change  
 \*\* Forecasted by Cushman & Wakefield.

#### Regional

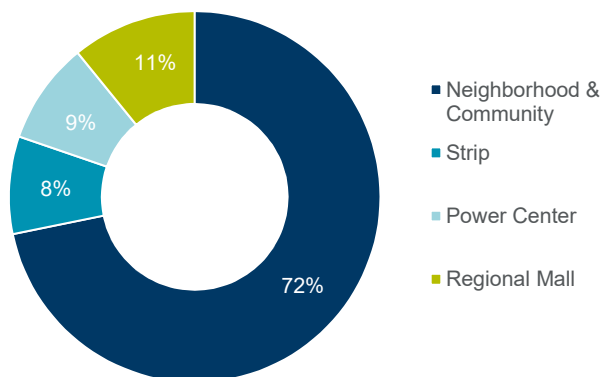
	Q1 18	Q1 19*	12-Month Forecast**
Median Household Income	\$68,765	\$70,442	▲
Population Growth	0.75%	0.67%	■
Unemployment	3.6%	2.9%	▼

Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The Federal Reserve Bank announced plans to hold interest rates steady in 2019 over risk concerns tied to slowing economic momentum. Still, growth in manufacturing activity and construction spending provide optimism for continued expansion. The Richmond area unemployment rate declined to 2.9% during the first quarter of 2019 as employers continued to hire workers. The regional economy added 6,300 jobs over the past twelve months with the largest gains in the construction, finance, and manufacturing sectors.

### Market Overview

Retail space remains difficult to find in Richmond. The overall retail vacancy rate fell 30 basis points (bps) over the past twelve months to 4.4% and the overall rental rate increased 7.1% over the same period to \$16.42. Continued demand in the region is driving development activity. Next quarter, Publix is scheduled to open a location in the Westpark Shopping Center and continue work on additional locations in Charter Colony and Huguenot Village, Whole Foods should be completed in the Sauer Center development, and site work will begin on Carytown Exchange. Starbucks, Panera Bread and Chipotle continue to seek drive-thru locations in the area. Construction is already underway on two drive-thru Starbucks locations in Willow Lawn and Arch Village.

Restaurants provided much of the activity during the first quarter. Rusty Taco leased space at Westchester Commons and Burger IM leased space at Nuckols Place for their first locations in Richmond. Other restaurants are expanding their presence – Pizza & Beer of Richmond signed a lease for its second location in The Shoppes at Rutland Place, while Mission BBQ signed a lease for its third location at Swift Creek Place. Restaurants continue to seek space with the hopes to expand their presence in the market, these include Panera Bread, MOD Pizza, Burger IM, Tropical Smoothie Café, and Chicken Salad Chick. In addition to restaurant activity, specialty fitness uses are offering a resurgence to malls and shopping centers. NOVA Aquatics Center announced that it will replace a former Macy's store at Regency. The facility will offer a regional attraction for events and competitions in the mall redevelopment. Core Power Yoga, Club Pilates and Rowhouse are also searching for expansion opportunities in the market.

### Outlook

The Richmond retail market will continue to perform well in 2019. Big box vacancies have had little impact and investment activity is on pace for a record breaking year following the Marchetti Properties Retail Portfolio, Gayton Crossing, and Pocono Crossing sales. Infill opportunities will be highly desirable and new development that caters to retailers expanding in the region will capitalize on Richmond's strong retail performance.

# MARKETBEAT

## Richmond, VA

Retail Q1 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	4,922,117	3.8%	(27,357)	(27,357)	0	0	\$15.90
Colonial Heights	210	3,405,042	4.6%	32,928	32,928	0	68,400	\$18.11
Downtown	458	3,208,285	5.8%	19,983	19,983	0	0	\$14.67
East End	506	4,454,477	2.7%	5,117	5,117	0	0	\$17.29
Far West End North	32	318,565	5.4%	-4,184	-4,184	0	0	\$29.97
Far West End South	81	1,293,767	9.1%	-7,774	-7,774	0	2,000	\$14.81
Goochland	66	467,335	1.1%	4,500	4,500	0	0	\$8.89
Hopewell	167	1,296,062	5.1%	937	937	0	0	\$9.18
I-95 Ashland/NW	214	2,057,361	3.5%	-10,738	-10,738	0	0	\$12.82
I-95 Chamberlayne/NE	111	964,654	2.1%	11,637	11,637	0	17,769	\$15.46
Jeff Davis Corridor	523	3,226,582	4.2%	-27,637	-27,637	0	0	\$13.66
Laburnum/Rte 360	462	2,761,767	10.0%	-51,525	-51,525	0	6,500	\$12.75
Louisa County	79	873,583	1.5%	5,000	5,000	0	0	\$12.28
Mechanicsville	222	2,865,257	2.4%	-12,674	-12,674	0	3,000	\$12.44
Midlothian E/Hull St	578	7,174,349	5.0%	57,680	57,680	0	0	\$12.45
Midlothian Village	126	1,782,903	8.7%	34,492	34,492	0	17,556	\$23.89
Midlothian West	295	7,170,500	4.3%	35,285	35,285	0	8,600	\$16.67
Near West End	670	3,887,552	2.1%	-15,209	-15,209	0	51,500	\$19.19
New Kent County	59	576,894	3.8%	-8,795	-8,795	0	0	\$11.37
Petersburg	393	2,847,790	6.4%	-26,202	-26,202	0	0	\$11.69
Powhatan	79	821,929	1.8%	4,500	4,500	6,500	0	\$16.05
Prince George	68	916,778	3.5%	-3,596	-3,596	0	0	\$15.00
Regency	117	2,420,699	7.7%	10,888	10,888	0	56,815	\$18.26
Short Pump	143	5,066,075	3.6%	-25,776	-25,776	0	0	\$22.54
South Chesterfield	333	3,905,769	2.9%	43,808	43,808	0	104,380	\$15.98
Staples Mill / Parham	356	5,440,523	5.8%	3,901	3,901	0	0	\$17.77
Swift Creek	180	3,771,349	3.3%	-11,302	-11,302	23,192	21,998	\$22.88
Willow Lawn	300	3,216,943	1.8%	67,456	67,456	0	2,200	\$22.86
<b>Richmond, VA Totals</b>	<b>7,297</b>	<b>82,538,143</b>	<b>4.4%</b>	<b>119,206</b>	<b>119,206</b>	<b>29,692</b>	<b>360,718</b>	<b>\$16.42</b>

\*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	418	4,285,778	5.3%	-6,524	-6,524	0	218,203	\$17.25
Mall	48	6,823,076	4.2%	-43,083	-43,083	0	13,992	\$18.00
Power Center	137	5,725,189	4.1%	57,448	57,448	0	0	\$19.34
Shopping Center	861	26,767,725	7.1%	35,442	35,442	17,736	128,523	\$16.08

### Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11198 W Broad St	18,000	World Market	Renewal	Short Pump
125-177 Perimeter Dr	18,000	OfficeMax	Renewal	Midlothian Village
Southside Plaza	12,750	Family Dollar	New	Midlothian E/Hull St
Chesterfield Crossing	8,072	Kids First Swim School	New	Swift Creek

### Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
Marchetti Properties Portfolio	694,949	Marchetti Properties / Rosenthal Properties and PGIM	\$125.0M / \$180	Multiple
Gayton Crossing	156,916	Regency Centers / PAC	\$27.0M / \$172	Far West End South
Pocono Crossing	180,845	Midland Loan Services / Big V Properties	\$12.3M / \$68	Midlothian West

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