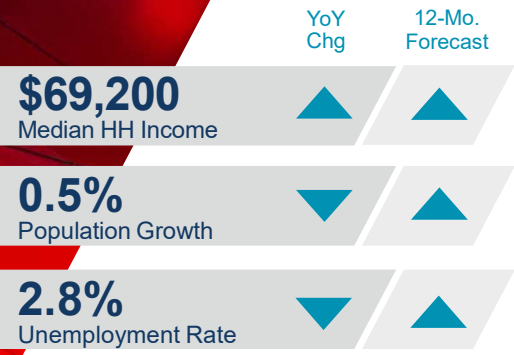


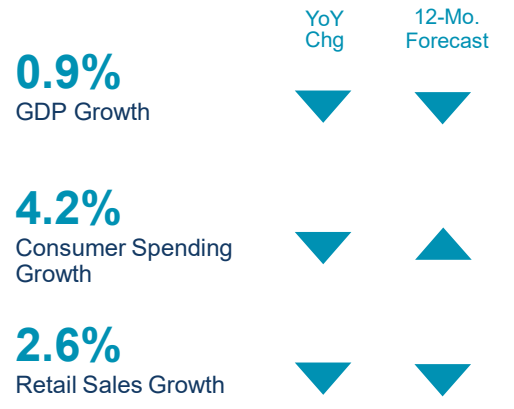
RICHMOND, VA

Retail Q1 2020



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

U.S. ECONOMIC INDICATORS Q1 2020



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: COVID-19 Starts to Take Toll on Economy

After the longest expansion in U.S. history, the global pandemic caused by COVID-19 is causing many businesses to close and furlough or reduce payrolls. Retail, travel, and hospitality sectors are being hit the hardest after the government halted any non-essential businesses. Richmond may be well positioned to manage the 90% increase in unemployment claims that the Virginia Employment Commission reported for the last full week of the quarter when compared to last year. According to Oxford economics, the retail trade and leisure and hospitality sectors account for roughly 19% of all jobs in Richmond, below the U.S. average of 21% and nearby MSA's such as Norfolk, Baltimore, Philadelphia, Raleigh, and Charlotte when compared in a recent CoStar study.

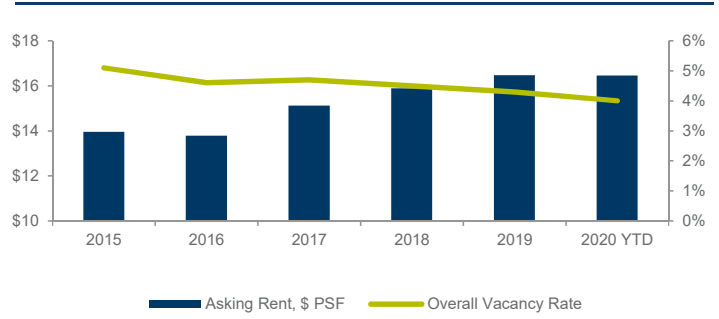
SUPPLY AND DEMAND: Vacancies Near an All-Time Low Prior to Widespread Closures

Development activity continues to be robust, given Richmond's retail market fundamentals, and projects are continuing ahead despite near term uncertainty. The overall vacancy rate has hovered near or below 5.0% for four consecutive years. Several retailers opened prior to government ordered closures, while others were delayed. Whole Foods opened its second Richmond location in the Sauer Center development. First Watch leased an additional location at 5310 W Broad St. and opened a location in Regency, while construction is ongoing on the primary mall redevelopment. Starbucks, Chipotle, Panera Bread, and other quick service restaurants continue to pull out of inline locations and are actively looking for drive thru locations. Starbucks has reported sales are only marginally down during the pandemic crisis with the success of drive thru and to go ordering options. Duluth Trading opened in West Broad Marketplace, but Burlington Coat Factory's scheduled opening was delayed. Another testament to Richmond's strong retail fundamentals was the acquisition of Virginia Center Commons by a public-private partnership between The Rebekke Co., Shamin Hotels and Henrico County. Plans call for the mall to be redeveloped into a mixed-use destination that will include a sports facility to host regional events.

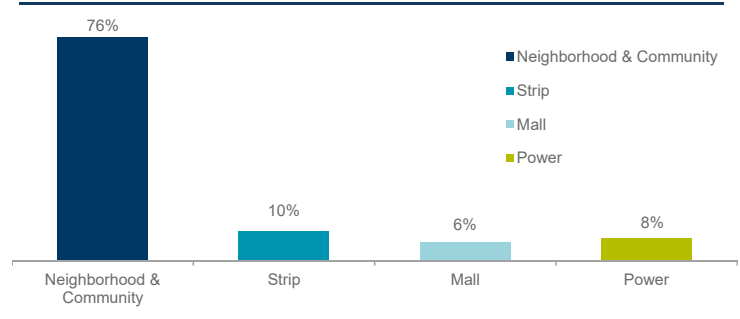
PRICING: Rental Rents Stay Level

With many retailers forced to close due to the coronavirus pandemic, landlords and tenants are navigating alternative options to make rent payments on time. Options for tenants have included adding rental term to the end of a lease, rent reductions or abatements, or applying security deposits towards immediate rental obligations. Federal support for small businesses can also support rent obligations in addition to employee salaries. As a result, rental rates have stayed level near \$16.50 per square foot and are expected to stay near that rate in the near term as businesses and landlords navigate these uncertain times.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

Retail Q1 2020

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORTPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CONSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	270	4,884,959	3.8%	(23,629)	(23,629)	0	6,528	\$16.68
Colonial Heights	215	3,435,635	6.8%	-7,944	-7,944	0	0	\$22.69
Downtown	458	3,208,736	4.1%	52,177	52,177	5,900	0	\$17.24
East End	507	4,401,945	2.4%	-122,921	-122,921	0	18,575	\$17.85
Far West End North	32	318,427	3.6%	-217	-217	0	0	\$32.36
Far West End South	84	1,308,844	7.8%	4,367	4,367	6,816	9,000	\$15.05
Goochland	66	474,335	1.0%	0	0	0	40,400	\$16.00
Hopewell	168	1,302,877	5.8%	2,300	2,300	0	0	\$10.06
I-95 Ashland/NW	215	2,069,236	2.5%	4,685	4,685	0	0	\$13.28
I-95 Chamberlayne/NE	112	1,008,268	2.3%	-16,848	-16,848	0	57,300	\$16.39
Jeff Davis Corridor	523	3,043,711	3.6%	-1,551	-1,551	0	0	\$13.20
Laburnum/Rte 360	461	2,848,477	7.5%	31,316	31,316	0	0	\$14.41
Louisa County	80	884,100	0.8%	0	0	0	0	\$11.64
Mechanicsville	222	2,872,392	2.4%	7,576	7,576	9,100	0	\$9.71
Midlothian E/Hull St	579	7,277,669	4.0%	34,966	34,966	0	46,600	\$11.53
Midlothian Village	134	1,785,726	4.0%	28,497	28,497	15,000	48,140	\$24.37
Midlothian West	297	7,211,454	4.8%	-25,970	-25,970	4,500	67,102	\$16.73
Near West End	668	3,826,964	2.2%	39,584	39,584	46,500	108,873	\$20.74
New Kent County	62	586,802	4.3%	-1,074	-1,074	0	0	\$14.51
Petersburg	400	3,021,647	5.9%	2,159	2,159	9,180	0	\$10.44
Powhatan	79	777,104	1.4%	2,900	2,900	0	0	\$18.00
Prince George	67	902,350	7.1%	3,371	3,371	0	0	\$15.00
Regency	120	2,518,770	5.3%	-3,576	-3,576	3,615	128,332	\$19.90
Short Pump	144	4,751,419	3.4%	-11,925	-11,925	0	62,314	\$20.64
South Chesterfield	338	3,920,815	4.9%	2,270	2,270	9,960	130,017	\$15.07
Staples Mill / Parham	358	5,492,427	3.2%	21,853	21,853	7,515	5,250	\$17.10
Swift Creek	185	3,807,997	2.8%	10,468	10,468	0	6,500	\$21.57
Willow Lawn	303	3,104,372	3.4%	-10,400	-10,400	7,000	27,200	\$25.34
RICHMOND, VA TOTALS	7,351	82,503,512	4.0%	23,484	23,484	125,086	762,131	\$16.45

*Rental rates reflect NNN asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2120-2130 S Crater Rd	Petersburg	Food Lion	50,328	Renewal
1516 W Kroger Center Blvd	Midlothian West	Home-Makers Furniture	25,000	New
11740 W Broad St	Short Pump	Dollar Tree	11,653	Renewal

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Former Sam's Club – White Oak Village	East End	Walmart, Inc. / Aston Properties	134,721	\$7.0M / \$52
Former Sears – Virginia Center Commons	Staples Mill/Parham	Sears Roebuck & Co. / Rebkee Co.	132,638	\$2.5M / \$19
Oxbridge Square Shopping Center	Midlothian E/Hull St	PMAT Real Estate Investments / Mosaic Realty Partners	116,240	\$10.25M / \$88
Virginia Center Commons	Staples Mill/Parham	Impact Investments Group / VCC Partners	395,525	\$2M / \$5

JONATHAN KOES

Research Manager

+1 804 697 3560 / jonathan.koes@thalhimer.com

thalhimer.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value 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.

©2020 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.