

RICHMOND, VA

Retail Q3 2020



	YoY Chg	12-Mo. Forecast
\$69,400 Median HH Income	▲	▼
0.6% Population Growth	▼	▲
7.7% Unemployment Rate	▲	▼

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

U.S. ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
-4.2% GDP Growth	▼	▲
-7.6% Consumer Spending Growth	▼	▲
5.1% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Early Stage Recovery

Unemployment fell 190 basis points (bps) from the second quarter to 7.7% in Richmond, below the national rate of 8.8%. Many businesses were able to reopen, re-hire, and return to the workplace following pandemic forced closures. The economic recovery is in its early stages as the federal government debates additional stimulus funding and the long-term impacts unfold.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

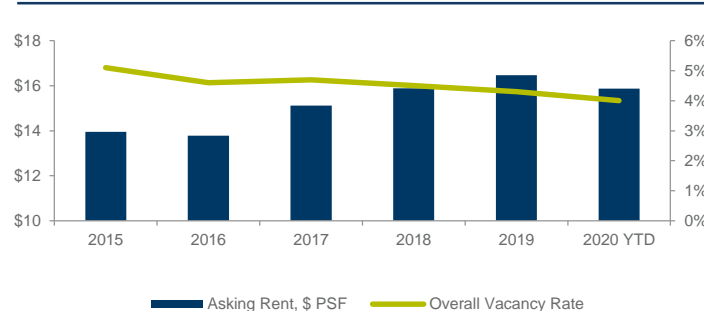
SUPPLY AND DEMAND: Vacancies Near an All-Time Low Prior to Widespread Closures

Approximately 40 restaurants have closed in the Richmond region since the onset of the pandemic, including 13 national or regional chains. Despite several locations announcing new tenants to backfill closures, the overall Richmond market recorded negative absorption for the second consecutive quarter: -193,090 square feet (sf) was absorbed, slightly increasing the overall vacancy rate to 4.0%. Despite uncertainty, several deals moved forward, and retailers have started to claim well-located availabilities caused by the pandemic. At Bermuda Square, Burlington leased the 34,700-sf former Martin's box, while Hobby Lobby plans to build a 50,000-sf store on a 6-acre pad site. Trader Joe's opened its 12,995-sf location in Stony Point Village. In the West End, Grit Coffee opened a 1,300-sf location at 409 Libbie Ave in the former Sweet Frog space and Stella's Grocery leased the 2,000-sf former Starbucks location at 5802 Grove Ave. In Willow Lawn, IHOP leased the 4,000-sf former SaltBox Oyster Co. space, which closed in July due to the pandemic. Chase Bank opened its first Richmond location at 8727 Parham Road. Chase Bank also started construction along with First Watch on new locations in Willow Lawn.

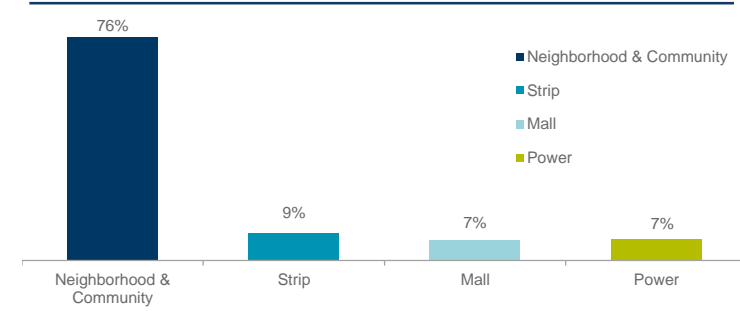
PRICING: Downward Pressure on Rental Rates

Rental rates declined 4.6% year-over-year and 3.7% from the prior quarter, marking the largest annual decline since 2015. Downward pressure on rents may continue for in-line space, however drive-thru oriented locations will continue to be in high demand as retailers adapt. With vacancy rates staying near cyclical lows, space that is well-positioned for pick-up and drive-thru options will continue to command a premium.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CONSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	272	4,894,631	4.0%	(15,600)	(53,600)	9,328	0	\$17.58
Colonial Heights	216	3,276,115	6.9%	1,653	-8,553	0	0	\$10.39
Downtown	459	3,222,089	5.2%	-13,452	10,183	5,900	0	\$17.32
East End	508	4,446,748	1.5%	28,996	43,100	0	18,575	\$16.85
Far West End North	32	318,227	3.6%	-	2,883	0	0	\$32.70
Far West End South	86	1,290,421	8.2%	497	7,906	15,816	0	\$15.04
Goochland	66	474,335	0.0%	2,730	3,730	0	40,400	-
Hopewell	169	1,293,676	9.5%	-46,425	-45,075	0	0	\$9.82
I-95 Ashland/NW	215	2,055,931	2.7%	-230	851	0	0	\$13.00
I-95 Chamberlayne/NE	115	1,041,243	2.2%	15,820	2,872	21,300	36,000	\$16.69
Jeff Davis Corridor	525	3,053,508	3.4%	-790	-4,235	4,050	14,801	\$17.73
Laburnum/Rte 360	460	2,861,884	7.4%	9,228	41,127	0	0	\$12.23
Louisa County	79	881,100	2.7%	-16,462	-19,052	0	0	\$11.46
Mechanicsville	222	2,882,553	3.5%	-11,513	-23,717	9,100	0	\$9.45
Midlothian E/Hull St	581	7,296,301	4.4%	488	-576	8,228	0	\$12.26
Midlothian Village	134	1,785,726	4.5%	-7,465	17,899	15,000	48,140	\$24.38
Midlothian West	301	7,016,276	4.2%	60,420	54,818	74,176	2,000	\$16.37
Near West End	667	3,821,409	2.4%	-6,277	36,475	46,500	109,219	\$19.97
New Kent County	63	591,802	2.0%	9,158	11,964	0	0	\$19.82
Petersburg	399	3,023,660	6.4%	-7,186	-25,056	0	0	\$10.75
Powhatan	81	784,109	1.6%	-1,800	1,312	0	0	\$18.34
Prince George	68	915,806	4.7%	-3,500	38,931	15,040	9,002	\$15.00
Regency	120	2,511,054	5.2%	-195,542	-202,027	3,615	15,000	\$18.17
Short Pump	145	4,755,529	2.5%	2,569	-75,210	56,844	0	\$18.92
South Chesterfield	342	3,911,406	4.2%	-3,334	9,017	23,923	169,922	\$13.99
Staples Mill / Parham	357	5,465,348	2.1%	56,640	81,020	7,515	27,475	\$17.23
Swift Creek	184	3,772,932	3.6%	-40,475	-15,820	0	6,500	\$21.79
Willow Lawn	303	3,116,715	1.8%	-3,954	-8,736	19,221	27,200	\$24.62
RICHMOND, VA TOTALS	7,375	82,221,714	4.0%	-193,090	-129,075	335,556	524,234	\$15.87

*Rental rates reflect NNN asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bermuda Square	South Chesterfield	Hobby Lobby	50,000	New
Bermuda Square	South Chesterfield	Burlington	34,700	New
Broad Street Plaza	Broad St. Corridor	Michael's	26,723	Renewal

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Wawa Net-Lease Portfolio	Multiple	Provco, Goodman Properties and Pineville Properties / Terminal Plaza Associates	24,867	\$35.2M / \$1,415
4710 Walmsley Blvd	Jeff Davis Corridor	Verdad Capital / 4710 Walmsley Blvd Llc	4,050	\$5.6M / \$1,382
The Boulders Center	Midlothian E/Hull St	Blackwood Development Co. / WPB LLC	31,400	\$3.7M / \$118

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