

RICHMOND, VA

Retail Q4 2019



\$70,300

Median HH Income



0.6%

Population Growth



2.8%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2019

2.4%

GDP Growth



4.3%

Consumer Spending Growth



4.1%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Steady Employment Growth Throughout 2019

Richmond's economy added 8,000 jobs over the past twelve months, lowering the unemployment rate 20 basis points (bps) to 2.8% during that time. Office related employment, education and health services, and leisure and hospitality sectors contributed the largest employment gains. Richmond's tourism industry has surged in recent years. The city ranked 39th on the New York Times list of '52 Places to Go in 2020' with new restaurants, cultural sites, and art exhibits gaining national notoriety.

SUPPLY AND DEMAND: Steady Leasing Activity Keeps Vacancy Near an All-Time Low

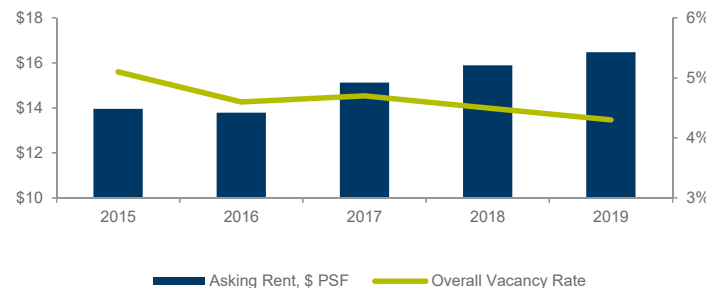
Record-low vacancies continue throughout Richmond. Despite national headlines of store closures, these vacancies are being back-filled and national retailers continue to search for well-located opportunities in the market. Whole Foods announced it will open its second Richmond location at the Sauer Center in January. Near Short Pump Town Center, The Container Store is working to take over the 38,000-square-foot (sf) former H.H. Gregg box and Chase Bank filed plans to take over the former Matchbox restaurant building in Short Pump. Malls continue to reinvent themselves throughout the market. Stumpy's Hatchet House leased 6,700 sf in Stony Point mall, joining a host of experiential and alternative retail users that have opened in the mall. At Regency, NOVA of Virginia Aquatics finalized their lease to create a regional swimming facility in the mall. The first phase of apartments were also approved at Regency, as the mall prepares to become a live-work-play destination.

Development activity is accelerating in response to the limited availabilities throughout the region. New developments such as City View Marketplace in Manchester, Carytown Exchange in Carytown, and The Promenade at Winterfield in Midlothian will deliver additional retail inventory in some of Richmond's fastest growing submarkets. While the proposed Navy Hill redevelopment downtown, which would be the largest economic development project in Richmond's history, could introduce an estimated 100,000 sf of retail space to downtown Richmond. The project includes a new arena to replace the Richmond Coliseum and the rehabilitation of the historic Blues Armory into a food market, music and entertainment hall, and event space.

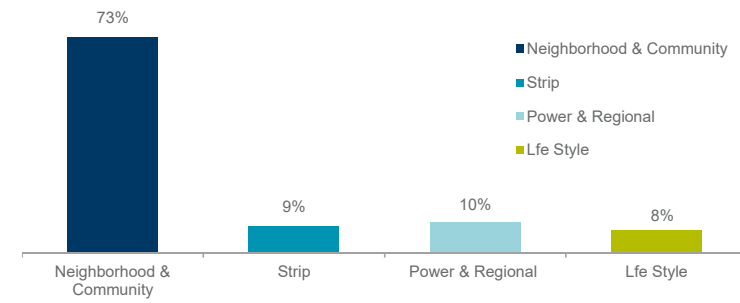
PRICING: Asking Rents Level Off

Despite the overall vacancy rate staying under 4.5% during the year, rent growth did not accelerate. Overall asking rents increased 3.7% in the fourth quarter of 2019, when compared to the fourth quarter of 2018, but have hovered near \$16.50 per square foot (psf) per year over the past twelve months. New developments and premium locations will continue to command substantially higher rents. Rental rate growth is expected to increase as new projects deliver during the year.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

Retail Q4 2019

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CONSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	269	4,868,120	3.2%	39,631	(19,829)	0	2,800	\$16.56
Colonial Heights	213	3,471,046	7.2%	-24,043	16,669	68,400	0	\$15.98
Downtown	454	3,183,365	5.4%	16,496	29,015	0	5,900	\$16.41
East End	508	4,522,676	2.6%	-4,599	15,672	3,440	17,600	\$17.59
Far West End North	32	318,565	4.5%	4,396	-1,193	0	0	\$32.36
Far West End South	83	1,299,180	7.8%	35,214	37,862	25,246	6,000	\$15.58
Goochland	66	474,335	1.0%	12,400	16,550	12,000	40,400	\$13.41
Hopewell	168	1,301,646	6.0%	-2,100	-11,451	0	0	\$9.91
I-95 Ashland/NW	214	2,068,436	2.8%	10,860	5,006	0	0	\$12.99
I-95 Chamberlayne/NE	112	1,008,268	0.7%	1,500	37,884	17,769	52,300	\$15.31
Jeff Davis Corridor	523	3,042,166	3.7%	-3,852	-8,195	0	0	\$13.35
Laburnum/Rte 360	461	2,696,100	8.5%	11,563	-4,248	2,956	0	\$13.71
Louisa County	79	873,460	0.8%	-440	11,450	0	0	\$11.64
Mechanicsville	221	2,861,469	2.2%	-5,940	3,174	3,847	9,100	\$10.25
Midlothian E/Hull St	579	7,182,979	5.1%	36,256	38,692	0	37,800	\$13.19
Midlothian Village	130	1,748,931	6.3%	22,415	112,554	25,006	69,640	\$24.33
Midlothian West	298	7,310,112	4.5%	-1,502	39,918	30,796	8,000	\$16.41
Near West End	665	3,778,183	2.1%	-16,107	-2,063	0	153,750	\$21.14
New Kent County	62	588,174	4.1%	-7,330	-9,239	0	0	\$14.51
Petersburg	399	3,012,071	5.5%	14,169	-12,317	0	9,180	\$9.71
Powhatan	79	775,678	1.7%	0	6,100	6,500	0	\$17.54
Prince George	67	902,350	7.5%	-35,923	-31,159	6,500	0	\$15.00
Regency	119	2,515,155	5.0%	3,413	70,286	61,815	3,615	\$19.95
Short Pump	143	4,733,109	3.2%	9,886	-1,359	0	62,314	\$21.14
South Chesterfield	337	3,921,239	4.7%	11,220	4,152	24,700	150,195	\$15.10
Staples Mill / Parham	356	5,495,590	5.2%	2,989	20,747	0	5,250	\$17.19
Swift Creek	185	3,805,505	3.1%	22,868	45,405	78,523	0	\$21.29
Willow Lawn	301	3,117,465	3.0%	-50,103	37,013	2,200	7,000	\$23.12
RICHMOND, VA TOTALS	7,324	82,315,447	4.3%	101,046	477,229	369,698	640,844	\$16.47

*Rental rates reflect NNN asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Regency	Regency	NOVA of Virginia Aquatics	69,824	New
11732 W Broad St	Short Pump	Container Store	34,575	New

*Renewals included in leasing statistics

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Bermuda Square	South Chesterfield	Ahold / Bermuda Square Venture LLC	84,064	\$18.6M / \$221
Virginia Center Station	Staples Mill/Parham	LMD Invest / HDJR Central LLC	25,000	\$6.35M / \$254
Regency Outparcel – Panera and Bettermed	Regency	Holly Hill Parham LLC / Statewide Properties	11,792	\$7.4M / \$628

JONATHAN KOES

Research Manager

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

thalhimer.com

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