

RICHMOND, VA

Retail Q4 2020

\$69,000
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 Q4 2020

-2.5%
GDP Growth



-4.6%
Consumer Spending Growth



5.3%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Pandemic Recovery Continues

The Richmond region continues to recover from the impacts of the COVID-19 pandemic. In the fourth quarter, the unemployment rate fell 30 basis points (bps) to 5.5% as the region regained approximately 14,400 jobs since the third quarter. However, employment levels remain below the same period last year. The recent virus surge led to holiday business restrictions and slowed the pace of recovery. Total employment has mended nearly 60% of the initial job losses caused by the pandemic and the introduction of a vaccine provides optimism that the recovery will accelerate throughout 2021.

During the quarter, Henrico officials and GreenCity LLC announced plans for GreenCity in the county. The \$2.3 billion mixed-use redevelopment of the former Best Products headquarters would include 2.2 million square feet of office space, 280,000 square feet (sf) of retail, up to 2,400 residential units, two hotels, and a 17,000-seat arena.

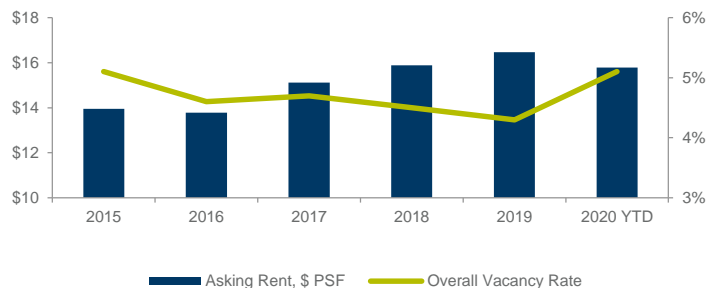
SUPPLY AND DEMAND: Stalled Demand

Richmond's retail market continues to be impacted by COVID-19. Capacity limitations and an overall decline in consumer spending has caused numerous retailers to close their doors. Overall absorption for the fourth quarter totaled negative 97,603 sf. Several leading retail submarkets, such as Short Pump, Regency, Midlothian West, and Willow Lawn, recorded negative absorption during the quarter. The overall vacancy rate has increased 70 basis points (bps) since the onset of the pandemic, ending the year at 5.1%. These vacancies are providing opportunities for retailers to expand into a tight market. Trader Joe's opened its second Richmond area location in Stony Point Shopping Center, while Chase Bank continues its expansion in the region with plans to open 12 branches by the end of 2022. Publix opened in Carytown Exchange, and Sleep Number signed a lease to join Chase Bank in the grocery-anchored development.

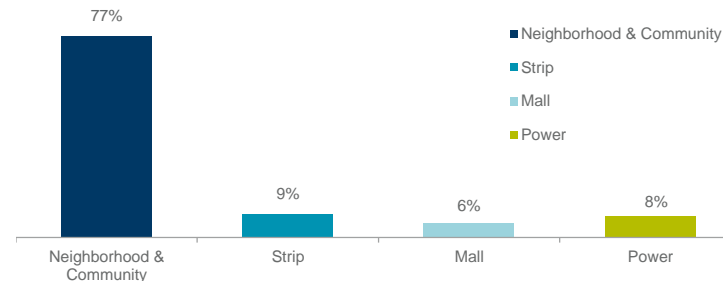
PRICING: Rental Rates Steadying

After a 3.7% decline from the second to third quarter this year, rental rates held steady at \$15.78 per square foot (psf). Pricing stabilization may signify a return to growth in 2021. Drive-thru and free-standing locations will continue to see heavy interest from retailers, a trend that has been accelerated by the pandemic. Overall sales transaction activity accelerated to end the year, but retail investment sales recorded the lowest annual total since 2016 and the average sales price psf declined 2.1% from the previous year to \$142 psf.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

Retail Q4 2020



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	272	4,899,046	3.7%	34,466	-19,134	9,328	0	\$18.11
Colonial Heights	216	3,276,115	6.6%	8,613	60	0	0	\$12.06
Downtown	455	3,130,068	4.8%	2,588	21,410	5,900	0	\$16.70
East End	508	4,446,784	1.7%	2,375	45,475	0	20,975	\$16.61
Far West End North	31	307,227	3.3%	1,194	4,077	0	0	\$30.72
Far West End South	86	1,281,752	6.1%	28,915	36,821	15,816	0	\$15.06
Goochland	66	474,235	-	1,200	4,930	0	40,400	-
Hopewell	169	1,293,855	8.4%	14,216	-30,859	0	0	\$9.79
I-95 Ashland/NW	214	2,053,381	2.6%	-2,868	-2,017	0	0	\$14.52
I-95 Chamberlayne/NE	115	1,137,264	1.7%	4,749	7,621	21,300	36,000	\$16.15
Jeff Davis Corridor	524	3,053,680	3.1%	19,656	15,421	4,050	14,358	\$14.14
Laburnum/Rte 360	462	2,866,773	5.9%	39,499	80,626	0	0	\$12.23
Louisa County	79	881,100	2.7%	2,632	-16,420	0	0	\$11.00
Mechanicsville	221	2,865,815	3.5%	-19,127	-42,844	9,100	0	\$9.36
Midlothian E/Hull St	580	7,286,987	4.6%	-3,352	-3,928	8,228	40,500	\$12.52
Midlothian Village	134	1,794,315	4.4%	1,844	19,743	15,000	48,140	\$24.87
Midlothian West	301	6,881,159	4.8%	-19,399	10,653	74,176	2,000	\$17.43
Near West End	669	3,891,551	2.4%	50,952	87,427	105,940	49,779	\$19.79
New Kent County	63	591,802	1.9%	1,004	12,968	0	0	\$23.00
Petersburg	401	3,023,911	6.0%	11,822	-13,234	0	0	\$10.76
Powhatan	82	787,676	1.3%	1,800	3,112	0	0	\$18.34
Prince George	69	924,808	4.7%	-118	47,815	24,042	0	-
Regency	121	2,614,251	4.8%	-157,509	-200,251	3,615	5,000	\$18.17
Short Pump	145	4,777,743	3.6%	-73,022	-148,232	56,844	0	\$18.57
South Chesterfield	344	3,888,985	4.2%	47,822	56,839	26,423	122,422	\$14.17
Staples Mill / Parham	357	5,467,491	3.6%	-76,371	-1,101	2,265	27,475	\$16.74
Swift Creek	185	3,812,162	3.8%	1,457	-14,363	0	3,500	\$21.12
Willow Lawn	303	3,132,805	2.4%	-24,850	-33,586	22,471	35,339	\$23.03
RICHMOND, VA TOTALS	7,379	82,307,804	5.1%	-97,603	-83,268	404,498	445,888	\$15.78

*Rental rates reflect NNN asking \$psf/year. Renewals included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7026-7042 Mechanicsville Tpke	Mechanicsville	Mechanicsville Hardware	19,780	New
Chesterfield Marketplace	North Chesterfield	Boil Bay Cajun Seafood & Bar	13,300	New
Merchant's Walk	Broad St. Corridor	Brother's Outlet	11,455	New
4118 W Broad St	Willow Lawn	Virginia Alcoholic Beverage Control Authority	9,758	New

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10150 Brook Rd – Publix	Staples Mill / Parham	Cedar Realty Trust / Benderson Development Co.	63,496	\$8.5M / \$135
Parc Place	Short Pump	Colony Capital, Inc. / Auerbach-Parc Short Pump LLC	56,196	\$7.7M / \$136
8400 Midlothian Tpke	Midlothian E/Hull St	Midlothian Pike Center Inc / Hampton Heights LLC	38,116	\$5.9M / \$155
8820 W Broad St – CVS Pharmacy	Brad St Corridor	The Landes Group / Pals Properties LP	10,125	\$5.7M / \$563

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