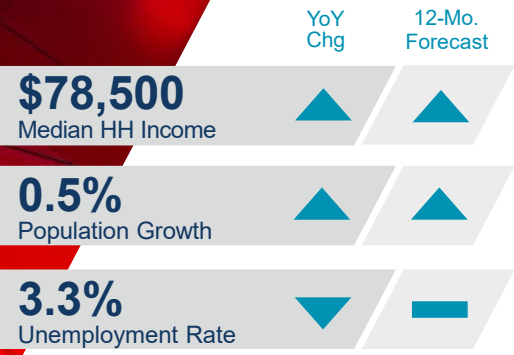


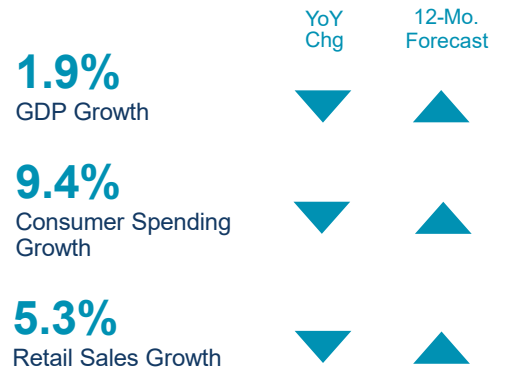
RICHMOND, VA

Retail Q1 2023



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

U.S. ECONOMIC INDICATORS Q1 2023



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: A Region In Growth Mode

Coming off one of the region's best years in more than two decades, Richmond is in growth mode. More than \$1.6 billion in capital investment and nearly 5,000 new jobs were announced in 2022, and the region has been ranked as the #4 hottest city for job growth by Gusto, a leader in human resources management software. Mixed-use development is on the rise with a focus on expanding Richmond's already varied and vibrant lifestyle amenities. Henrico County's Virginia Center Commons is slated for redevelopment with a mix of retail and residential housing as well as space for two large job centers included on its 90-acre campus. Construction began on Midlothian's Springline at District 60 development, replacing a former retail center with entertainment venues, apartment units, and office space on its 42 acres in Chesterfield County. Richmond's Stone Brewing facility will begin brewing Sapporo, expanding its facilities and doubling its workforce, and SanMar announced plans to establish a \$50 million distribution hub in Hanover County.

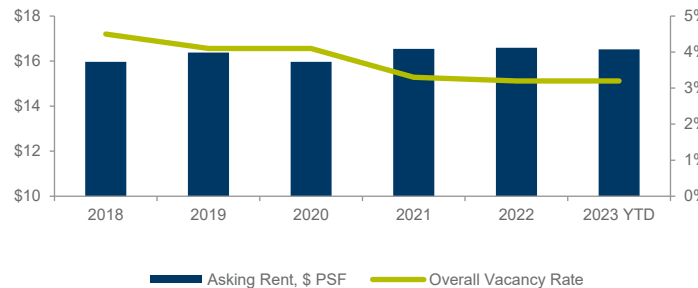
SUPPLY AND DEMAND: Vacancy Maintains Historic Lows

The first quarter closed with overall vacancy at 3.2%, unchanged since the mid-year mark of 2022 and down 40 basis points (bps) year-over-year (YOY). Of the total vacant space, 51.6% is confined to nineteen centers with more than 20,000 sf vacant, and of those centers, the vast majority are older construction with an average age of more than 30 years. Richmond retail activity averaged more than 2.3 million square feet (msf) per year since 2020, trending above pre-pandemic numbers, and leasing was up 10% quarter-over-quarter (QOQ) in terms of the number of deals signed. The construction pipeline remained limited with just under 230,000 sf of active projects underway, and with 62% of that product already spoken for, those projects will have little impact on the overall vacancy when they deliver. The redevelopment of older, obsolete centers into mixed use campuses will add some much-needed space to the inventory and is a trend likely to continue.

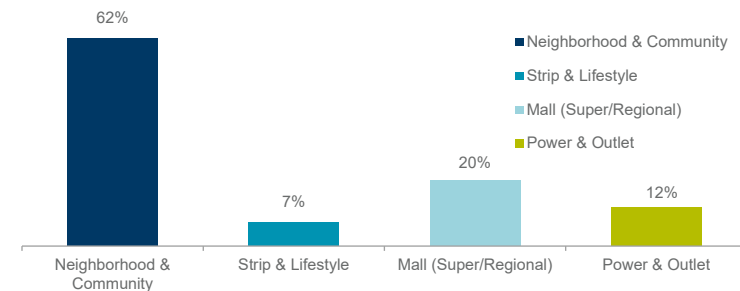
PRICING: Class A Rents Rising

After rising through the first half of 2022, overall lease rates ended the year essentially flat quarter-over-quarter and down 2.1% YOY. For newer product built since 2010, rates ended the quarter over \$29 psf, an increase of 23.4% YOY with vacancy down 20 bps QOQ to a slim 2.6%. Sales volume topped \$62.7 million for the quarter, down following an active fourth quarter. Parc Place at Short Pump in western Henrico County transferred for \$17.65 million to a regional investor. The two-building center totals almost 83,000 sf and was more than 92% leased at the time of the sale.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

Retail Q1 2023

	TOTAL BUILDINGS	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTR (SF)	OVERALL AVG ASKING RENT
Broad St Corridor	270	4,793,911	2.6%	5,296	5,296	69,408	0	\$18.54
Colonial Heights	227	3,341,837	2.2%	-17,684	-17,684	12,220	0	\$22.00
Dinwiddie	66	411,916	0.8%	0	0	0	19,289	-
Downtown	452	3,076,026	2.3%	-6,465	-6,465	2,990	0	\$16.39
East End	517	4,469,604	1.7%	24,504	24,504	13,000	0	\$13.47
Far West End North	32	329,402	0.5%	3,040	3,040	0	0	\$31.24
Far West End South	89	1,328,495	2.8%	6,604	6,604	9,297	0	\$14.50
Goochland	74	495,590	2.3%	-250	-250	0	8,465	-
Hopewell	170	1,293,573	7.4%	0	0	5,450	0	\$12.57
I-95 Ashland/NW	219	2,106,759	1.0%	-185	-185	0	0	\$21.29
I-95 Chamberlayne/NE	116	1,154,737	2.6%	1,158	1,158	0	0	\$11.93
Jeff Davis Corridor	523	3,095,847	0.9%	-7,667	-7,667	35,981	0	\$18.22
Laburnum/Route 360	464	2,864,162	5.6%	-1,237	-1,237	20,300	0	\$15.93
Louisa County	91	946,242	8.9%	-76,572	-76,572	0	0	\$17.07
Mechanicsville	223	2,882,997	2.0%	-31,038	-31,038	8,771	6,500	\$10.76
Midlothian E/Hull St	584	7,045,984	3.9%	33,080	33,080	49,024	7,230	\$14.79
Midlothian Village	140	1,904,031	5.3%	5,992	5,992	23,888	13,000	\$30.48
Midlothian West	305	6,875,203	7.2%	39,586	39,586	40,120	18,923	\$16.99
Near West End	667	3,814,145	3.3%	-11,950	-11,950	39,793	22,923	\$21.51
New Kent County	64	575,038	1.6%	0	0	0	0	-
Petersburg	405	3,132,561	3.5%	-8,369	-8,369	3,370	0	\$20.41
Powhatan	90	851,138	0.5%	9,353	9,353	0	28,174	\$19.39
Prince George	72	1,050,193	1.9%	4,360	4,360	0	0	-
Regency	121	2,617,444	4.0%	8,603	8,603	6,680	6,000	\$21.79
Short Pump	143	4,695,828	0.8%	-11,847	-11,847	27,750	15,500	\$26.23
South Chesterfield	352	4,082,993	3.2%	782	782	13,600	15,000	\$15.72
Staples Mill/Parham	361	5,124,785	2.3%	9,867	9,867	3,052	12,200	\$9.46
Swift Creek	190	3,939,283	3.1%	-13,444	-13,444	22,238	53,545	\$22.00
Willow Lawn	302	3,073,892	2.3%	1,042	1,042	7,041	3,200	\$45.00
RICHMOND, VA TOTALS	7,329	81,373,616	3.2%	-33,441	-33,441	413,973	229,949	\$16.52

*Rental rates reflect NNN asking \$PSF/year.

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Merchants Walk (7504-7580 W Broad St)	Broad St Corridor	AutoZone	27,000	New
Meadowbrook Plaza (5700-5760 Hopkins Rd)	Jeff Davis Corridor	Burlington Coat Factory	25,000	New
Chesterfield Plaza (1516 W Koger Center Blvd)	Midlothian West	Bangers and Drinks	25,000	New
Broad Street Plaza (9856-9864 W Broad St)	Broad St Corridor	Kids Empire	16,155	New

KEY SALES TRANSACTIONS Q1 2023

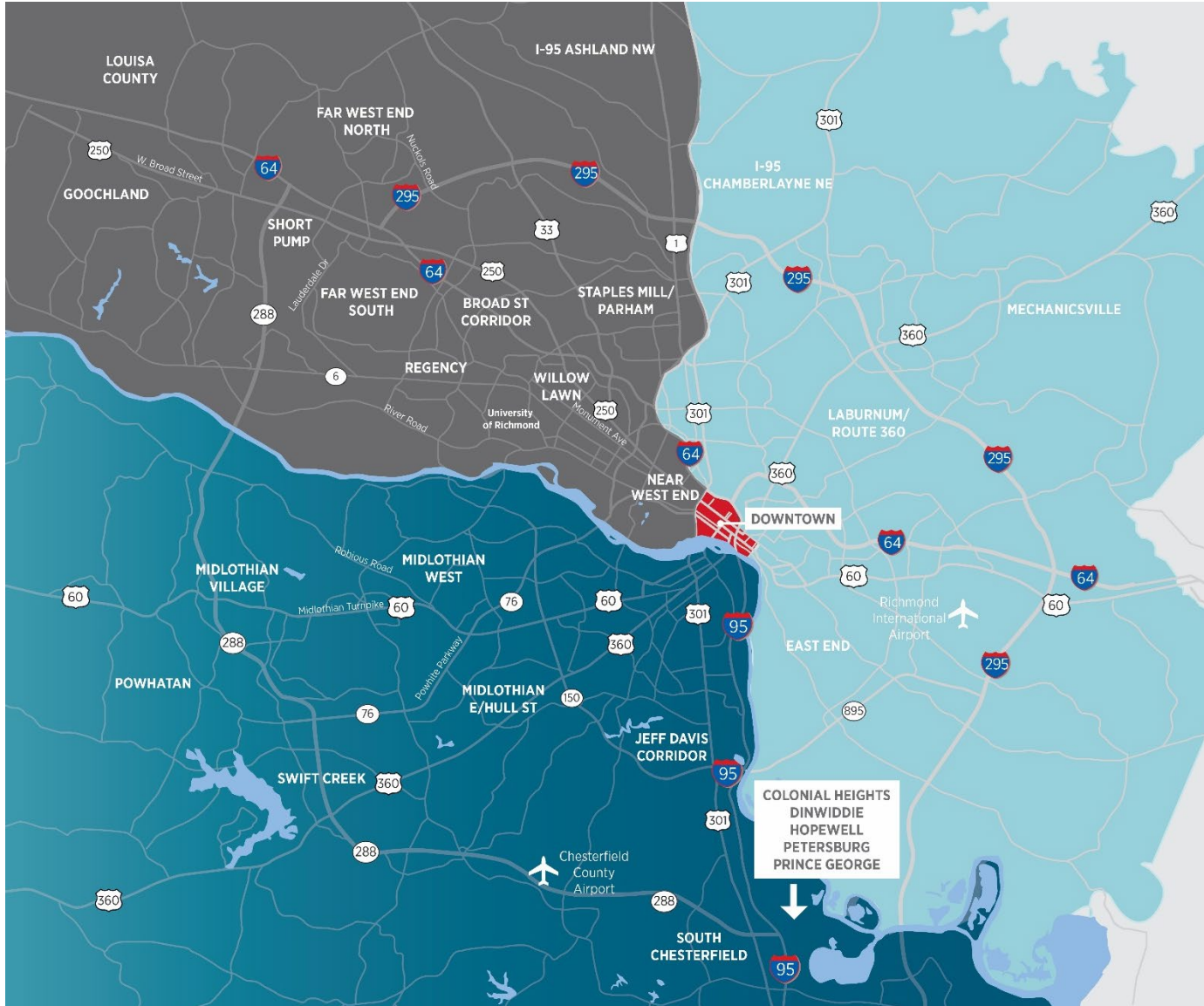
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Parc Place at Short Pump (11736-11740 W Broad St)	Short Pump	Elevation Commercial Brokerage LLC / Parc Place Holdings LLC	82,968	\$17.7M / \$213
East Towne Plaza (2901-2949 Williamsburg Rd)	East End	Brookline Development Co / Victory Real Estate Investments	64,774	\$6.0M / \$93
5918 W Broad St	Willow Lawn	Matthews Real Estate Investment Services / Montecito Medical Real Estate	21,000	\$7.6M / \$361

RICHMOND, VA

Retail Q1 2023



RETAIL SUBMARKETS



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