

# RICHMOND, VA

Retail Q2 2023



**\$77,900**

Median HH Income

YoY Chg



12-Mo. Forecast



**0.6%**

Population Growth



**3.1%**

Unemployment Rate



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

## U.S. ECONOMIC INDICATORS Q2 2023

**2.1%**

GDP Growth

YoY Chg



12-Mo. Forecast



**7.8%**

Consumer Spending Growth



**1.3%**

Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW: A Region In Growth Mode

After a landmark year in terms of capital investment and job creation, the Richmond region hit the mid-year mark with the growth mindset intact. Companies relocating and expanding to Richmond have brought residents with them. The area's population growth rate is estimated to be more than triple that of Virginia's five largest metros as published by the Weldon Cooper Center for Public Service. The Richmond International Airport (RIC) earned the award for North America's Most Efficient Airport from the Air Transport Research Society (ATRS), a nod to RIC's progressive vision following consecutive record-setting months for passenger travel that has resulted in plans to expand international flight offerings. Activation Capital, an innovation ecosystem development organization, announced plans to develop the 102,000-square-foot (sf) Innovation Center in Richmond's Bio+Tech Park, a life sciences hub home to more than 70 companies, research institutes, and state/federal laboratories.

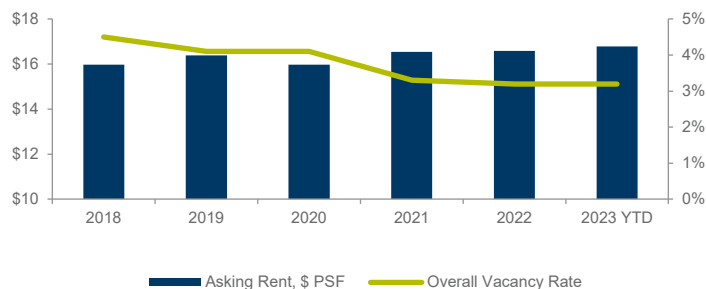
## SUPPLY AND DEMAND: Vacancy Maintains Historic Lows

The second quarter closed with overall vacancy at 3.2%, unchanged since the fourth quarter of 2022 and down 30 basis points (bps) year-over-year (YOY). Net absorption numbers are down from the same period last year, the result of pent-up demand and sustained prospect activity, and leasing activity has topped 1.1 million square feet (msf) year-to-date (YTD), on par with the first half of 2022. The construction pipeline remains limited with a total of 271,892 square feet (sf) in active projects that will add less than 1% to the total inventory. More than 235,000 is scheduled to deliver before the end of the year with almost half of that new product being built in the expanding southwest quadrant of the market. The active pipeline will have a nominal impact on vacancy with preleasing in place for more than 58% of the product currently under construction. Richmond's retail inventory has expanded only 7.5% in the past decade, fueling the focus on redeveloping older, obsolete centers into mixed use campuses. Henrico County's Regency is a prime example of the success of this trend which saw a high-vacancy enclosed mall revitalized into a bustling retail center with modern multifamily and office components along with outparcel developments.

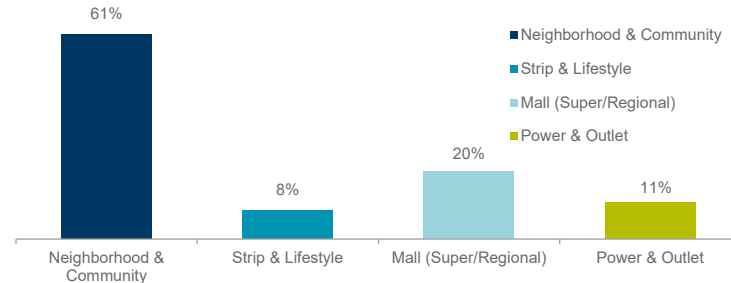
## PRICING: Upward Pressure

At the mid-year mark, overall lease rates ticked up 1.8% quarter-over-quarter (QOQ) and are essentially flat since the start of 2022. Investment sales volume topped \$239 million YTD, and the limited offerings have pressed average pricing up 9.2% on a per-square-foot basis compared to 2022. A portfolio of four grocery-anchored centers totaling 592,000 sf in Henrico and Chesterfield counties traded for a combined \$110 million to an entity tied to H.I.G. Realty Partners. The largest center included was Stonehenge Village anchored by Wegmans, which sold for \$53 million.

## RENT / VACANCY RATE



## AVAILABILITY BY PRODUCT TYPE



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	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	271	4,807,299	3.0%	-37,655	-32,359	119,531	0	\$18.83
Colonial Heights	231	3,352,173	2.4%	379	-17,305	81,769	0	\$25.68
Dinwiddie	66	411,916	0.8%	0	0	0	28,389	-
Downtown	453	3,081,038	2.0%	15,046	1,501	13,156	0	\$16.38
East End	516	4,468,006	1.9%	-10,076	14,428	29,650	2,400	\$15.39
Far West End North	32	329,402	0.0%	1,620	4,660	8,324	0	\$31.24
Far West End South	86	1,247,896	2.5%	5,775	12,379	32,482	0	\$14.50
Goochland	75	499,281	2.3%	2,500	2,250	0	0	-
Hopewell	172	1,333,378	9.8%	-30,396	-30,396	11,651	0	\$11.87
I-95 Ashland/NW	221	2,117,996	1.3%	-5,751	-5,936	8,169	0	\$24.00
I-95 Chamberlayne/NE	116	1,154,737	3.3%	-8,670	-7,512	884	0	\$19.50
Jeff Davis Corridor	524	3,099,391	0.6%	5,520	6,817	59,217	0	\$18.36
Laburnum/Route 360	464	2,867,505	5.5%	1,592	355	36,573	0	\$15.93
Louisa County	91	947,536	8.5%	4,092	-72,480	0	0	\$17.21
Mechanicsville	223	2,885,174	2.1%	-12,853	-38,291	15,471	6,500	\$10.82
Midlothian E/Hull St	586	6,791,775	3.5%	55,552	91,453	156,139	4,730	\$15.35
Midlothian Village	141	1,926,667	5.8%	-4,342	1,650	46,165	25,600	\$30.05
Midlothian West	306	6,914,605	7.3%	-6,780	32,806	84,720	18,923	\$17.91
Near West End	666	3,817,999	2.9%	24,520	15,642	72,921	22,923	\$22.47
New Kent County	64	575,038	0.2%	8,450	8,450	8,450	0	-
Petersburg	404	3,127,148	2.8%	17,367	10,698	17,002	0	\$20.73
Powhatan	89	847,798	0.2%	2,600	11,953	0	30,744	\$19.39
Prince George	73	1,056,517	1.6%	1,860	6,220	7,609	0	\$14.04
Regency	122	2,623,444	4.0%	4,711	13,314	55,844	0	\$22.08
Short Pump	144	4,720,360	0.9%	-4,023	-9,346	47,533	26,500	\$26.20
South Chesterfield	351	4,073,744	2.9%	-5,187	-805	31,861	15,000	\$16.02
Staples Mill/Parham	361	4,289,925	2.6%	14,881	26,950	77,494	15,500	\$9.55
Swift Creek	191	3,938,138	3.3%	-13,285	-26,729	33,675	74,683	\$21.24
Willow Lawn	303	3,077,515	2.4%	-762	1,144	77,221	0	\$45.00
<b>RICHMOND, VA TOTALS</b>	<b>7,342</b>	<b>80,383,401</b>	<b>3.2%</b>	<b>26,685</b>	<b>21,511</b>	<b>1,133,511</b>	<b>271,892</b>	<b>\$16.82</b>

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

## KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Southpark Shopping Center (1891-1899 Southpark Blvd)	Colonial Heights	Haverty Furniture Companies Inc.	39,903	New
Midlothian Center Shops (101-271 Wadsworth Dr)	Midlothian E/Hull St	Pinnacle Treatment Centers	31,754	New
Colonnades West (10931-10941 W Broad St)	Broad St Corridor	PGA Tour Superstore	30,189	New
The Shops at Stratford Hills (7101 Forest Hill Ave)	Midlothian E/Hull St	Goodwill	18,065	New

## KEY SALES TRANSACTIONS Q2 2023

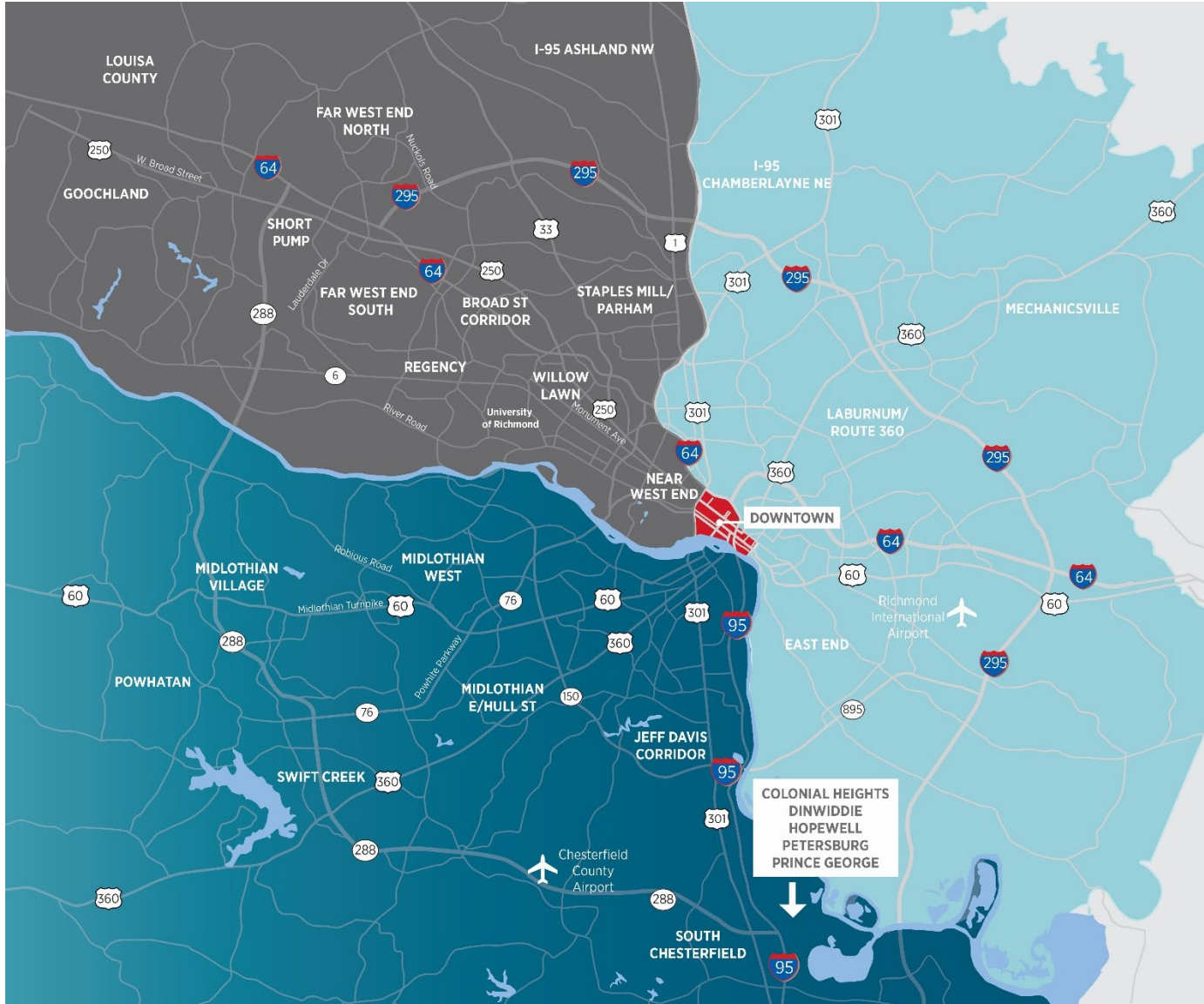
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Stonehenge Village, Parham Plaza, Ridge SC, Staples Mill Sq	Multiple	Rosenthal Properties LLC & PGIM / Rosenthal Properties, H.I.G. Capital, FarmView Ventures	592,000	\$110M / \$186
Deer Run Village (13959-13973 Raised Antler Circle)	Swift Creek	UCC Retrievals Inc. / Fogelman Management Group	63,431	\$4.93M / \$78
Watermark Town Center (7000 Iron Bridge Rd)	South Chesterfield	Venture Capital Properties / T.L.M. Realty Corp	41,117	\$8.97M / \$218

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## RETAIL SUBMARKETS



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