

RICHMOND, VA

Retail Q4 2023



\$87,700

Median HH Income

YoY Chg



12-Mo. Forecast



0.5%

Population Growth



2.9%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2023

2.6%

GDP Growth

YoY Chg



12-Mo. Forecast



6.7%

Consumer Spending Growth



3.8%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Growth Mode Activated

The Richmond region closed another active year, and as it continues to rack up accolades for job growth and economic development, the region has also been named as one of the nation's tech hubs for its pharmaceutical manufacturing alliance. Mixed-used redevelopment of obsolete malls is on the rise with the opening of the \$50 million Henrico Sports & Events Center – already a hub for indoor court sports – and continued expansion at Regency, including a new pickleball venue. Construction is underway at the new Timmons headquarters at District 60 in Chesterfield County, and CoStar broke ground on its new 750,000-square-foot (sf) downtown office tower. Dramatic enhancements to regional transit are on the horizon as well. The US Department of Transportation has granted more than \$1.7 billion to speed and expand passenger rail service between Washington, Richmond, and Raleigh, North Carolina, and the associated track improvements will support the flow of people as well as goods within the state and along the entire East Coast.

SUPPLY AND DEMAND: Vacancy Holds at Historic Lows

Richmond retail inventory remains in short supply with vacancy closing the year at 3.1% overall, down 10 basis points (bps) year-over-year (YOY) and hovering near a historic low mark. Leasing activity topped 2.2 million square feet (msf) in 2023, comparable to the annual averages of the past several years, and despite the record-low vacancy, net absorption numbers are down YOY, totaling 44.4% of 2022. The construction pipeline remains limited with just over 320,000 square feet (sf) added to the inventory this year. Active construction projects total 307,580 sf and stand to add less than 20,000 sf to the vacancy as those projects are more than 94% released. The southwest quadrant of Chesterfield County has seen the largest share of development activity with more than 50% of current construction projects located along the expanding Midlothian Turnpike and Hull Street corridors. The appetite for space remains strong, hampered only by the limited availability of product, with multiple national restaurant and grocery concepts aiming to open flagship locations and to expand existing footprints.

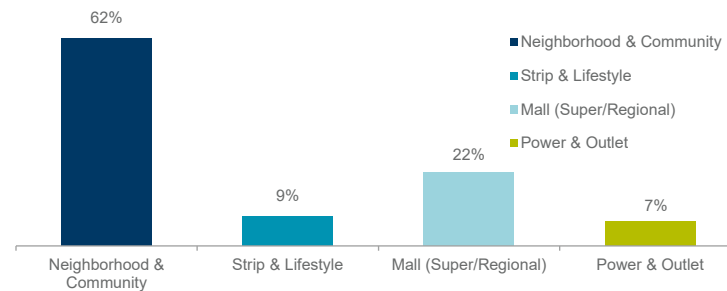
PRICING: Rate Rise Continues

Lease rates closed the fourth quarter up 5.8% quarter-over-quarter (QOQ) and up 8.7% YOY as a result of demand and the sustained pressure on construction prices. Sales volume topped \$510 million in 2023, and while overall deal numbers were down compared to 2022, average pricing increased 8.5% YOY on a per square foot basis. Transfers of grocery-anchored centers led the charge in terms of volume, and sales of neighborhood and community centers accounted for 47.5% of the year's transfers. The year's largest sale was the \$110 million trade of four centers to an entity tied to H.I.G. Realty Partners, a portfolio that included the Wegmans-anchored Stonehenge Village in Chesterfield County.

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	270	4,796,999	2.4%	83,203	62,207	243,287	0	\$18.38
Colonial Heights	236	3,378,682	1.6%	11,549	7,113	116,063	0	\$23.55
Dinwiddie	83	508,552	4.3%	-2,350	11,554	0	0	-
Downtown	447	2,965,185	2.1%	-10,310	2,232	32,700	0	\$16.96
East End	515	4,446,390	2.1%	6,349	-3,032	42,088	2,400	\$21.57
Far West End North	33	328,781	2.3%	-4,100	-2,890	11,335	0	\$33.66
Far West End South	89	1,272,835	2.4%	12,841	12,344	66,696	0	\$14.91
Goochland	80	515,910	4.0%	1,500	-7,250	1,916	0	\$13.00
Hopewell	177	1,352,924	10.0%	-5,019	-35,715	15,501	0	\$11.72
I-95 Ashland/NW	227	2,214,272	1.7%	9,610	36,955	26,218	0	\$16.14
I-95 Chamberlayne/NE	121	1,185,903	1.1%	6,920	17,902	21,142	9,375	\$18.86
Jeff Davis Corridor	524	3,123,617	0.7%	-5,389	6,624	60,547	0	\$20.26
Laburnum/Route 360	465	2,876,144	5.0%	17,485	13,837	62,219	14,929	\$17.48
Louisa County	92	947,647	3.1%	20,580	-21,900	0	0	\$9.28
Mechanicsville	229	2,933,261	1.9%	1,850	-33,241	36,631	6,000	\$9.65
Midlothian E/Hull St	586	6,759,007	4.1%	-5,002	52,923	211,345	0	\$17.86
Midlothian Village	145	1,942,532	6.9%	-17,358	-388	177,433	55,600	\$31.97
Midlothian West	310	6,999,839	6.8%	51,092	73,318	218,426	20,923	\$19.57
Near West End	661	3,804,180	3.5%	-10,390	-8,796	118,861	75,923	\$22.91
New Kent County	65	574,355	0.7%	-3,029	5,421	8,450	0	-
Petersburg	408	3,057,917	3.8%	11,183	-12,593	32,063	0	\$14.06
Powhatan	94	872,243	1.3%	-4,480	13,698	4,800	0	\$22.71
Prince George	77	1,102,425	1.8%	-1,635	4,934	10,909	0	\$14.04
Regency	123	2,619,752	3.8%	-2,400	20,321	78,586	0	\$30.12
Short Pump	144	4,774,146	1.4%	2,732	-34,893	83,794	26,089	\$28.83
South Chesterfield	360	4,118,866	2.7%	12,987	22,451	79,517	0	\$16.41
Staples Mill/Parham	363	4,309,134	1.8%	34,483	57,259	165,181	15,500	\$9.02
Swift Creek	196	4,031,511	1.7%	129,530	145,494	163,890	85,726	\$22.26
Willow Lawn	300	3,061,048	2.0%	303	6,381	120,785	0	\$39.63
RICHMOND, VA TOTALS	7,420	80,874,057	3.1%	342,735	412,270	2,210,383	312,465	\$18.03

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

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Westchester Commons (109 Perimeter Dr)	Midlothian Village	Marshalls	25,000	New
10140 Staples Mill Rd	Staples Mill/Parham	Virginia Family Dentistry	9,840	New
Deep Run Centre (3981-3991 Deep Rock Rd)	Broad St Corridor	Next Day Cabinets	8,699	New
Stony Point Village (3000-3096 Stony Point Rd)	Midlothian West	Richard L. Byrd DDS & Associates	7,500	New

KEY SALES TRANSACTIONS Q4 2023

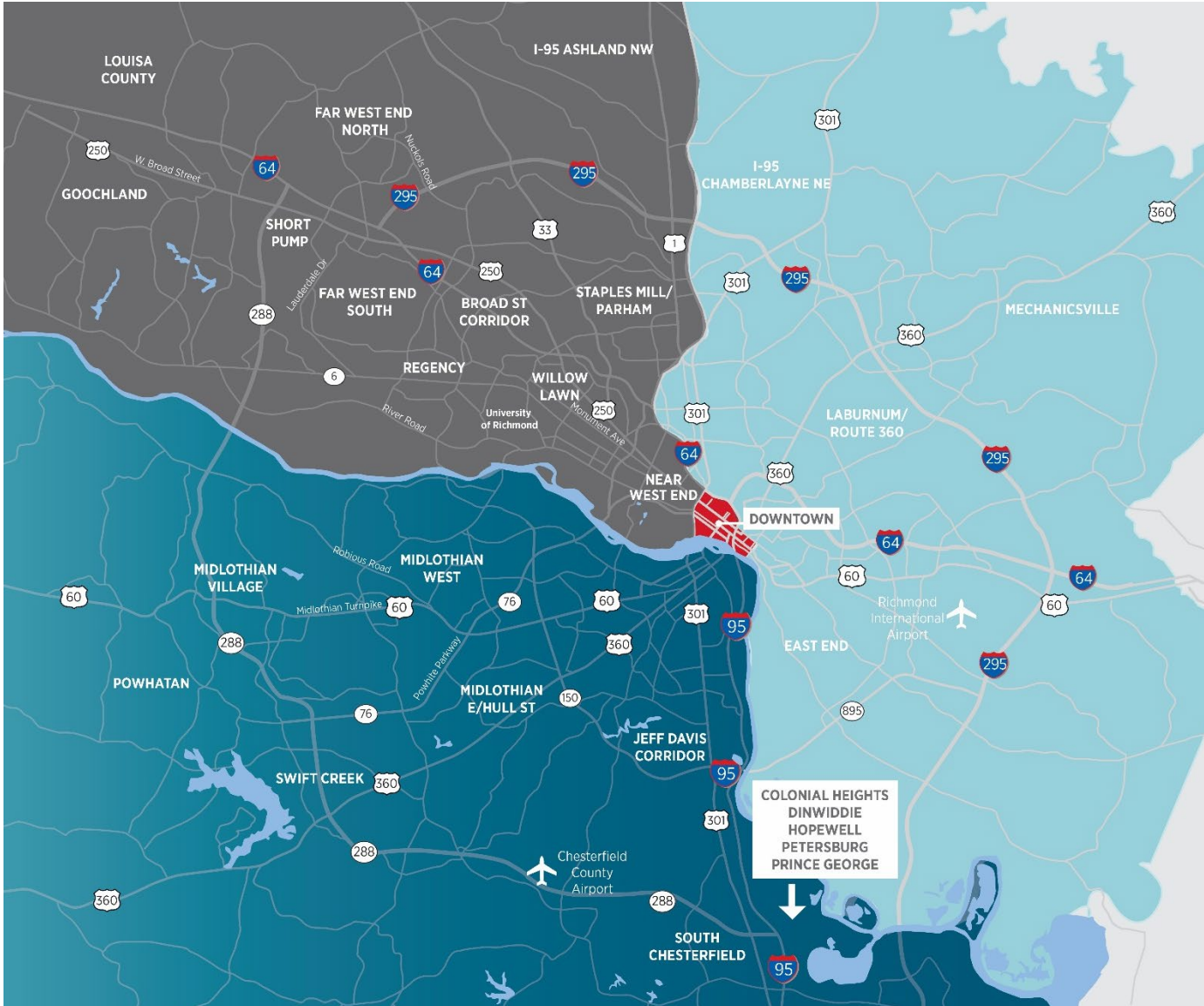
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
9700 & 9750 W Broad St	Broad St Corridor	Commercial Net Lease Realty / Costco Wholesale Corporation	43,144	\$13M / \$301
7620 Left Flank Rd	I-95 Chamberlayne/NE	Bundle of Joy Properties Bell Creek LLC / Store Master Funding XI LLC	8,136	\$5.3M / \$649
The Corner Shops (11530-11546 Midlothian Tnpg)	Midlothian West	PH Mechanicsville LLC / 1838 East 4 Street LLC	8,120	\$4.8M / \$591

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RETAIL SUBMARKETS



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