

# RICHMOND, VA

Retail Q2 2020

**\$71,000**

Median HH Income

YoY  
Chg12-Mo.  
Forecast**0.5%**

Population Growth

**10.7%**

Unemployment Rate



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

## U.S. ECONOMIC INDICATORS Q2 2020

**-9.9%**

GDP Growth

YoY  
Chg12-Mo.  
Forecast**-11.0%**Consumer Spending  
Growth**-10.3%**

Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW: COVID-19 Starts to Take Toll on Economy

With widespread business disruptions, Richmond's unemployment rate reached 10.7% and surpassed the previous peak set during the Great Recession of 8.7%. Restrictions to operate businesses entered Phase 3 in Virginia on July 1 and most retailers have reopened their doors. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

## SUPPLY AND DEMAND: Vacancies Near an All-Time Low Prior to Widespread Closures

Restaurants have been hit hard by the pandemic, leading to several permanent closures announced during the quarter. Takeout and curbside pickup allowed restaurants to continue to operate but the overall decline in sales proved to be too detrimental in several cases. Panera Bread closed two locations in the Carytown Place shopping center and Stony Point Fashion Park. Morton's Steakhouse closed its Shockoe Bottom location. Tijuana Flats closed its location in Willow Lawn and Fox & Hound closed in Chesterfield. The Belleville, a planned food hall in Scott's Addition, also abandoned plans due to the impact of the pandemic. Nordstrom announced that it is permanently closing its 120,000 square foot (sf) store in Short Pump Town Center Tuesday Morning is closing its location in the Pocono Crossing shopping center after the national retailer filed for bankruptcy. Starbucks closed its location at 5802 Grove Ave. after signing a lease for a drive-through location in Libbie Mill. Despite uncertainty, several companies are moving forward with new locations. Trader Joe's leased 12,995 sf at Stony Point Village for its second location. Virginia National Bank signed a lease for 2,700 sf at 1401 Roseneath Road in Scott's Addition. Chase Bank delayed opening its first locations in the market until the Q3 but announced an additional location in Shockoe Slip and is targeting to open ten total locations by the end of 2022.

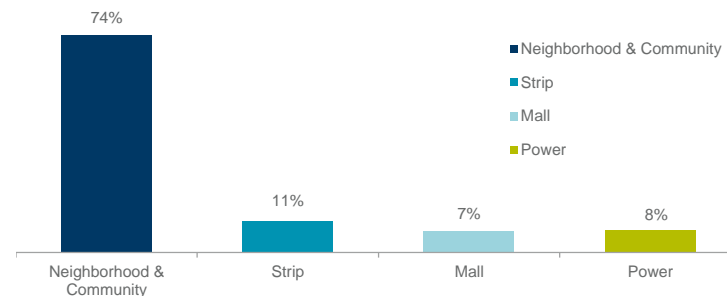
## PRICING: Downward Pressure on Rental Rates

Following several closures throughout the market and vacancies expected to rise in the second half of the year, the overall rental rate slightly declined during the quarter to \$16.41 per square foot (psf). Downward pressure on rents will continue, especially in secondary submarkets that are more impacted from the pandemic. Still, with restrictions being lifted in Virginia and a retail market with all-time low vacancies, landlords will remain confident in Richmond for the long-term as evidenced by the \$18.5 million Bermuda Commons sale that occurred late in the quarter.

## RENT / VACANCY RATE



## AVAILABILITY BY PRODUCT TYPE



# RICHMOND, VA

Retail Q2 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	271	4,888,017	3.3%	-14,371	-38,000	2,800	6,528	\$17.87
Colonial Heights	216	3,286,212	7.1%	-2,262	-10,206	0	0	\$22.69
Downtown	458	3,208,039	4.8%	-28,542	23,635	5,900	0	\$17.69
East End	508	4,444,386	2.4%	2,404	14,104	0	18,575	\$17.90
Far West End North	32	318,227	3.6%	3,100	2,883	0	0	\$32.70
Far West End South	84	1,308,862	7.5%	3,042	7,409	6,816	9,000	\$15.01
Goochland	66	474,335	0.8%	1,000	1,000	0	40,400	N/A
Hopewell	168	1,303,177	5.9%	-950	1,350	0	0	\$9.78
I-95 Ashland/NW	215	2,069,236	2.7%	-3,604	1,081	0	0	\$13.38
I-95 Chamberlayne/NE	113	1,020,879	2.4%	3,900	-12,948	5,000	52,300	\$16.39
Jeff Davis Corridor	525	3,051,761	3.8%	-1,894	-3,445	4,050	16,000	\$13.88
Laburnum/Rte 360	460	2,862,321	7.7%	583	31,899	0	0	\$14.62
Louisa County	80	884,100	1.1%	-2,590	-2,590	0	0	\$11.46
Mechanicsville	222	2,877,793	3.1%	-19,780	-12,204	9,100	0	\$9.71
Midlothian E/Hull St	580	7,268,528	4.5%	-35,658	-692	2,600	8,800	\$12.00
Midlothian Village	134	1,785,726	4.0%	-3,133	25,364	15,000	48,140	\$24.32
Midlothian West	299	6,952,203	4.2%	19,294	-5,602	9,074	67,102	\$16.43
Near West End	668	3,827,336	2.2%	3,168	42,752	46,500	109,473	\$20.53
New Kent County	62	586,802	3.6%	3,880	2,806	0	0	\$18.88
Petersburg	400	3,027,893	6.2%	-10,859	-8,700	9,180	0	\$10.45
Powhatan	79	777,104	1.3%	212	3,112	0	0	\$18.34
Prince George	69	917,390	4.3%	31,540	42,431	15,040	9,002	\$15.00
Regency	120	2,509,504	5.4%	-2,909	-6,485	3,615	128,332	\$19.90
Short Pump	145	4,758,480	2.3%	-13,928	47,691	62,314	0	\$19.28
South Chesterfield	341	3,962,073	3.8%	8,413	12,351	20,738	123,107	\$15.90
Staples Mill / Parham	358	5,488,774	3.1%	2,527	24,380	7,515	5,250	\$17.26
Swift Creek	184	3,772,932	2.8%	14,187	24,655	0	6,500	\$21.75
Willow Lawn	302	3,096,820	1.6%	5,618	-4,782	7,000	39,421	\$25.23
<b>RICHMOND, VA TOTALS</b>	<b>7,364</b>	<b>82,190,090</b>	<b>3.9%</b>	<b>-37,612</b>	<b>199,027</b>	<b>232,242</b>	<b>687,930</b>	<b>\$16.41</b>

\*Rental rates reflect NNN asking \$psf/year

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Tuckermuck Commons	Broad St Corridor	Ollie's Bargain Outlet	93,602	New
Stony Point Village	Midlothian West	Trader Joe's	12,995	New
1515 W Broad St	Near West End	Foot Locker	5,462	New

\*Renewals included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Bermuda Crossroads	South Chesterfield	Armada Hoffer / State Retail REIT	122,816	\$18.5M / \$151
1301 N Laburnum Ave	Laburnum/Rte 360	Creighton Construction & Development / Miller Properties	6.06 AC	\$6.5M/\$1.1M/AC
10101 Brook Rd	Staples Mill/Parham	Kohan Retail Investment Group / Impact Investments Group	86,627	\$4.1M / \$47
Centralia Crossing	South Chesterfield	Berman Kappler Properties / Genesis Property Mgmt	47,743	\$4.0M / \$84

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