

RICHMOND, VA

Retail Q2 2022



\$76,600

Median HH Income

YoY Chg



12-Mo. Forecast



0.5%

Population Growth



3.2%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q2 2022

2.5%

GDP Growth

YoY Chg



12-Mo. Forecast



9.8%

Consumer Spending Growth



8.7%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Employment Numbers Rise

Richmond's employment numbers continue to trend upward with metro-area unemployment still below the national average with job recovery at 98% of pre-pandemic levels. Greater Richmond is now home to the headquarters of a total of eight Fortune 500 companies with convenience store operator ARKO joining the list this year, with the area's educated workforce cited as a key factor in the company's growth. The talent base has also led education firm EAB to expand its local operation with a planned \$6 million investment and the addition of 200 new jobs over the next five years. Hamilton Insurance announced plans to create a U.S. subsidiary in Henrico County, creating 70 new jobs, and the LEGO Group has selected Chesterfield County as the site of its first U.S. operation, bringing 1,760 new jobs to the area with an investment of more than \$1 billion.

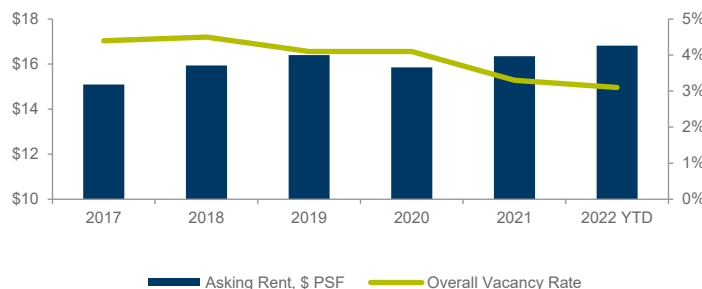
SUPPLY AND DEMAND: Vacancy Rates Falling

At the mid-year mark, net absorption is above 370,000 square feet (sf), an increase of almost 45% year-over-year (YOY). While the overall absorption is higher, the number of deals is lower YOY by almost 10%, suggesting that the average deal size has increased as retailers are navigating the post-pandemic marketplace. Vacancy rates continue to trend downward at 3.1% overall, a drop of 80 basis points (bps) YOY and a decrease of 100 bps compared to pre-pandemic levels at the start of 2020. Mall vacancy rates are following this downward trend, ending the quarter at 6.0% overall, and while vacancy is still above historic lows, Placer.ai data shows an increase in foot traffic to mall anchors throughout the region. Vacancy rates in neighborhood and community centers have hit an all-time low at 5.2%, a drop of 27% YOY as traffic to grocery-anchored centers and demand for essential items remains high. The pipeline remains active with over 270,000 sf under construction, and with approximately 58% of that product preleased, deliveries will have a limited impact on the overall vacancy. Cosby Village in Chesterfield County is scheduled to break ground in September, 2022, with forward commitments pending or executed on the majority of the retail spaces.

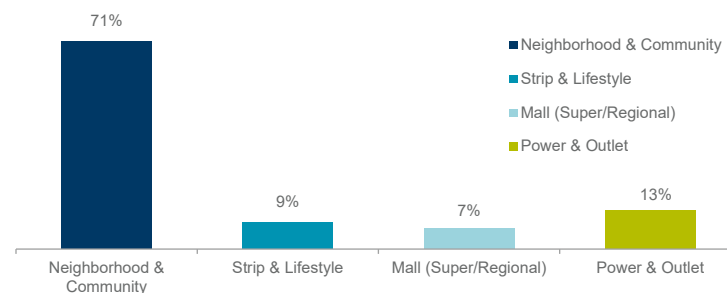
PRICING: Historic Highs

Quoted rates hit a historic high at the mid-year mark, rising to \$16.93 per square foot (psf) overall, an increase of 7.2% YOY and up from pre-pandemic levels. Retail locations are also leasing more quickly with the overall year-to-date time on market more than three (3) months shorter than the 2021 average. Grocery and entertainment uses were the largest deals of the quarter with Maryland-based Asian grocer Lotte Plaza Market opening its first Richmond area location, and DEFY Extreme Air Sports opening its second location, both in facilities in western Henrico County.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



RICHMOND, VA

Retail Q2 2022

| | 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 | 4,830,437 | 2.2% | 11,500 | -4,792 | 136,474 | 0 | \$18.68 |
| Colonial Heights | 227 | 3,343,562 | 1.4% | 132,530 | 122,381 | 43,422 | 0 | \$19.00 |
| Downtown | 450 | 3,144,264 | 3.1% | -20,704 | -40,214 | 26,867 | 0 | \$16.85 |
| East End | 513 | 4,411,974 | 2.1% | -7,594 | -22,795 | 22,626 | 23,300 | \$12.93 |
| Far West End North | 32 | 328,702 | 1.4% | 0 | 0 | 7,079 | 0 | \$32.54 |
| Far West End South | 89 | 1,322,567 | 3.4% | -3,275 | -7,429 | 17,974 | 0 | \$14.62 |
| Goochland | 68 | 470,911 | 0.3% | -1,248 | -1,248 | 16,454 | 16,531 | \$12.00 |
| Hopewell | 170 | 1,297,226 | 8.1% | -8,630 | 25,065 | 0 | 0 | \$12.45 |
| I-95 Ashland/NW | 216 | 2,115,728 | 0.9% | 4,828 | -7,684 | 66,207 | 3,000 | \$21.29 |
| I-95 Chamberlayne/NE | 115 | 1,155,206 | 3.6% | 3,106 | -17,554 | 7,924 | 0 | \$11.83 |
| Jeff Davis Corridor | 525 | 3,106,190 | 1.3% | -2,950 | 71,358 | 40,890 | 25,050 | \$18.96 |
| Laburnum/Route 360 | 465 | 2,864,913 | 6.4% | 15,738 | 18,407 | 27,521 | 2,500 | \$14.26 |
| Louisa County | 90 | 937,923 | 0.9% | 13,654 | 15,494 | 20,630 | 0 | \$18.15 |
| Mechanicsville | 221 | 2,871,165 | 2.3% | 30,701 | 28,255 | 28,955 | 0 | \$10.77 |
| Midlothian E/Hull St | 581 | 6,960,380 | 5.2% | -91,233 | -104,547 | 125,705 | 2,500 | \$13.97 |
| Midlothian Village | 139 | 1,896,035 | 6.3% | 12,254 | 22,325 | 47,603 | 31,336 | \$28.77 |
| Midlothian West | 302 | 6,901,956 | 4.5% | -46,506 | -25,410 | 77,649 | 22,464 | \$17.29 |
| Near West End | 670 | 3,890,205 | 3.0% | 2,491 | 17,839 | 69,511 | 36,499 | \$20.94 |
| New Kent County | 64 | 594,096 | 1.4% | 0 | -8,450 | 0 | 0 | - |
| Petersburg | 408 | 3,188,653 | 2.7% | 3,493 | 100,719 | 13,579 | 0 | \$10.88 |
| Powhatan | 87 | 818,284 | 0.5% | 0 | -1,500 | 2,135 | 0 | \$19.39 |
| Prince George | 72 | 1,075,304 | 2.9% | 240 | 5,240 | 240 | 0 | \$16.00 |
| Regency | 120 | 2,603,023 | 4.3% | -28,964 | -1,736 | 76,148 | 0 | \$22.94 |
| Short Pump | 144 | 5,036,919 | 1.4% | 82,674 | 104,097 | 68,330 | 8,000 | \$18.98 |
| South Chesterfield | 349 | 4,073,965 | 3.3% | 6,097 | 28,036 | 28,825 | 18,805 | \$15.07 |
| Staples Mill/Parham | 361 | 5,300,500 | 2.5% | 902 | -10,469 | 59,971 | 19,400 | \$19.14 |
| Swift Creek | 189 | 3,840,177 | 3.6% | 13,708 | 48,065 | 40,897 | 62,826 | \$23.35 |
| Willow Lawn | 303 | 3,086,815 | 2.2% | -14,546 | -6,947 | 58,588 | 0 | \$21.03 |
| RICHMOND, VA TOTALS | 7,241 | 81,467,080 | 3.1% | 108,266 | 346,506 | 1,132,204 | 272,211 | \$16.93 |

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

KEY LEASE TRANSACTIONS Q2 2022

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---------------------------------|----------------------|-------------------------|--------|---------|
| 205 Towne Center West Boulevard | Far West End | DEFY Extreme Air Sports | 50,000 | New |
| 7801 West Broad Street | Broad St Corridor | Lotte Plaza Market | 40,000 | New |
| 10901-11003 Hull Street | Midlothian E/Hull St | Ashley Home Store | 40,000 | Renewal |
| 12120 West Broad Street | Short Pump | Michaels | 20,565 | New |

KEY SALES TRANSACTIONS Q2 2022

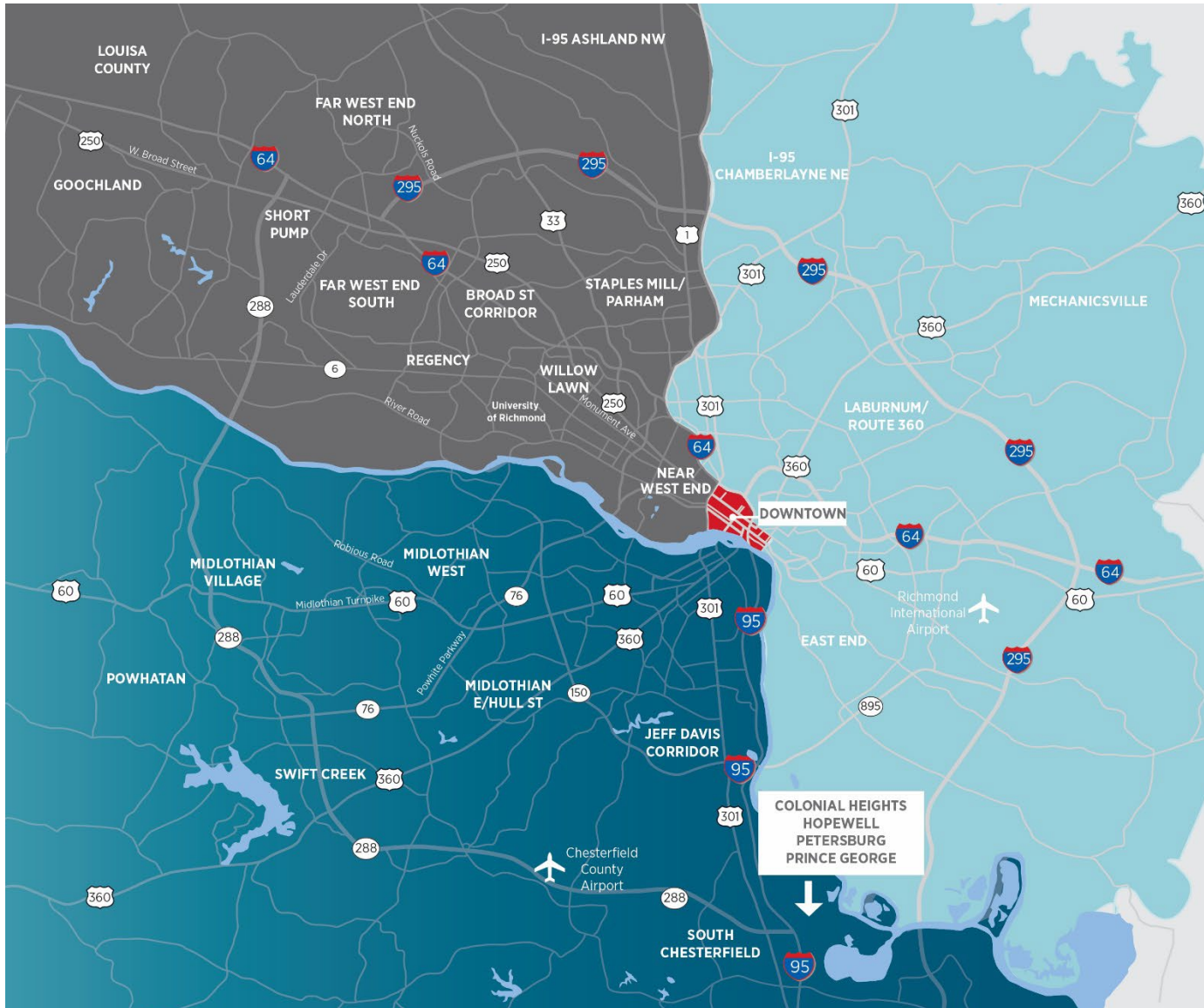
| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$PSF |
|--|----------------------|---|--------|-----------------|
| Village Marketplace East / 13100 Midlothian Turnpike | Midlothian Village | The Wilton Companies / Red Dog Capital | 62,558 | \$6.64M / \$106 |
| 7929 Midlothian Turnpike | Midlothian E/Hull St | Bowl America Inc. / Cape Virginia LLC | 50,500 | \$3.2M / \$63 |
| Village Marketplace West / 13152 Midlothian Turnpike | Midlothian Village | The Wilton Companies / Red Dog Capital | 42,836 | \$3.98M / \$93 |
| Gayton Crossing – Gold's Gym/Goldfish Swim School | Far West End | Preferred Apartment Communities Inc. / Blackstone REIT Inc. | 38,408 | \$5.87M / \$153 |

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RETAIL SUBMARKETS



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