

RICHMOND, VA

Retail Q4 2022



\$78,000

Median HH Income

YoY Chg



12-Mo. Forecast



0.6%

Population Growth



2.9%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2022

0.1%

GDP Growth

YoY Chg



12-Mo. Forecast



8.3%

Consumer Spending Growth



7.7%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Job Recovery Nears 100%

The Richmond metro area closed the year posting rising employment numbers close to pre-pandemic levels and boasting the addition of 4,300 jobs. BHE GT&S, a subsidiary of Berkshire Hathaway Energy, became the latest regional company to announce expansion plans with the purchase of a two-building complex in Innsbrook – Henrico County’s office hub – from Capital One. Facebook parent company Meta purchased an additional 475 acres in eastern Henrico’s White Oak Technology Park to expand its sprawling data center footprint, taking advantage of the county’s infrastructure that hosts 18% of the East Coast’s internet traffic. On a statewide level, Virginia earned the top ranking from Site Selection as the best state business climate, beating Georgia, the winner for the past eight consecutive years. The Greater Richmond Partnership reports an additional seven megaprojects in its active pipeline, requirements on a scale comparable to LEGO’s investment and each bringing a minimum of 1,000 jobs.

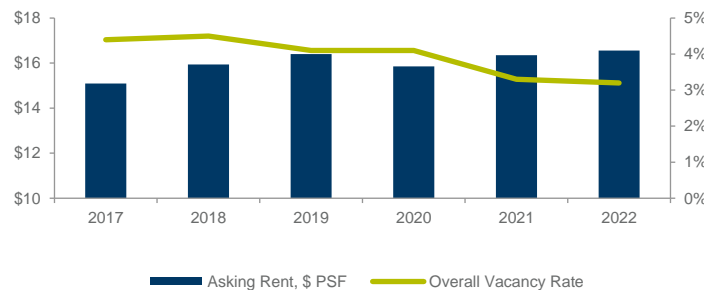
SUPPLY AND DEMAND: Vacancy Hits Historic Lows

With vacancy trending below 5% for the majority of the last decade, Richmond’s retail market is known to run hot, and 2022 was no exception. Vacancy rates ended the year at a historic low of 3.2% overall, unchanged from the third quarter of 2022 and down 30 basis points (bps) year-over-year (YOY). Limited deliveries and prohibitive construction costs have both contributed to the tight supply. Deliveries have topped 1.5 million square feet (msf) since the start of 2020, the equivalent of 1.9% of the total inventory. The construction pipeline totals less than 200,000 square feet (sf) with 60% of that product located southwest of central Richmond in Chesterfield and Powhatan counties. Leasing activity decreased from 2021, down 15% in 2022 in terms of square footage, though the change is more likely attributed to the limited space and rising costs and less the result of a decreased appetite. Redevelopment of older existing centers is expected to become more common as an alternative to new construction.

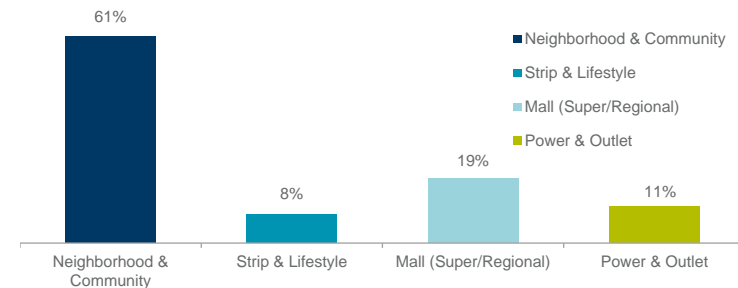
PRICING: Rents Stabilize, Sales Volume Up

After rising through the first half of 2022, overall lease rates ended the year essentially flat YOY and up only 1% since the start of 2020. Rates have continued to increase for newer product built since 2015, ending the year over \$32 per square foot (psf) and up 14% since the start of 2020. Sales volume topped \$551 million for the year, up 4% YOY, with pricing up 5.3% on a psf basis. Located in western Henrico County and anchored by Whole Foods, the retail and commercial sections of lifestyle center West Broad Village sold to CTO Realty Growth in the fourth quarter for \$93.9 million. The sale was the largest of the year and accounted for 17% of the total annual sales volume.

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	4,851,849	3.4%	-15,706	-40,675	200,121	0	\$18.51
Colonial Heights	227	3,344,323	1.8%	-17,313	-5,150	73,074	0	\$20.24
Downtown	451	3,180,364	1.8%	15,263	-1,208	52,882	0	\$16.60
East End	513	4,422,144	2.1%	-6,940	-10,205	52,723	8,000	\$12.75
Far West End North	32	329,402	1.4%	4,246	-20	11,521	0	\$31.24
Far West End South	90	1,330,015	3.0%	-6,644	-4,472	41,015	0	\$14.57
Goochland	71	488,391	2.3%	-7,950	2,066	16,854	5,965	-
Hopewell	170	1,298,183	7.7%	4,844	29,781	0	0	\$12.57
I-95 Ashland/NW	218	2,129,515	1.0%	3,904	7,864	74,090	0	\$21.29
I-95 Chamberlayne/NE	115	1,151,109	2.4%	15,701	-2,933	29,237	0	\$11.93
Jeff Davis Corridor	524	3,117,887	0.9%	-2,080	95,106	56,986	0	\$18.49
Laburnum/Route 360	465	2,871,259	5.6%	9,910	41,192	56,726	0	\$15.54
Louisa County	90	937,923	0.8%	0	16,228	20,630	0	\$18.15
Mechanicsville	222	2,857,792	0.9%	50,145	72,800	85,367	0	\$10.88
Midlothian E/Hull St	584	7,005,562	4.3%	85,863	-3,265	296,152	5,000	\$14.29
Midlothian Village	141	1,911,285	6.6%	18,122	30,889	88,029	8,700	\$30.59
Midlothian West	305	6,935,858	7.6%	37,750	59,211	174,186	16,334	\$16.90
Near West End	667	3,848,578	3.1%	31,048	49,675	112,386	22,923	\$20.97
New Kent County	64	594,096	1.6%	-1,000	-9,450	0	0	-
Petersburg	406	3,161,550	3.3%	6,212	79,447	23,181	0	\$15.57
Powhatan	89	841,784	1.2%	0	10,800	12,135	30,744	\$19.39
Prince George	72	1,075,304	1.3%	4,800	11,680	10,600	0	-
Regency	121	2,609,215	4.4%	3,007	-1,738	90,546	6,000	\$21.79
Short Pump	144	4,697,284	0.8%	33,567	213,052	138,432	8,000	\$31.49
South Chesterfield	353	4,077,570	3.2%	22,027	47,083	69,879	15,000	\$15.60
Staples Mill/Parham	361	5,175,821	2.5%	-38,060	14,347	127,252	23,722	\$9.64
Swift Creek	190	3,951,767	2.7%	139,262	183,579	121,074	41,274	\$22.83
Willow Lawn	303	3,083,311	2.3%	5,030	-9,031	93,195	3,200	-
RICHMOND, VA TOTALS	7,258	81,279,141	3.2%	395,008	876,653	2,128,273	194,862	\$16.56

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

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8004 Midlothian TnPk	Midlothian E/Hull St	Carytown Tobacco	24,000	New
520 Oaklawn Blvd (The Crossings)	Prince George	Rainbow	10,360	New
1800 South Creek One (The Shoppes at South Creek)	Powhatan	Pleasants Hardware	10,000	New

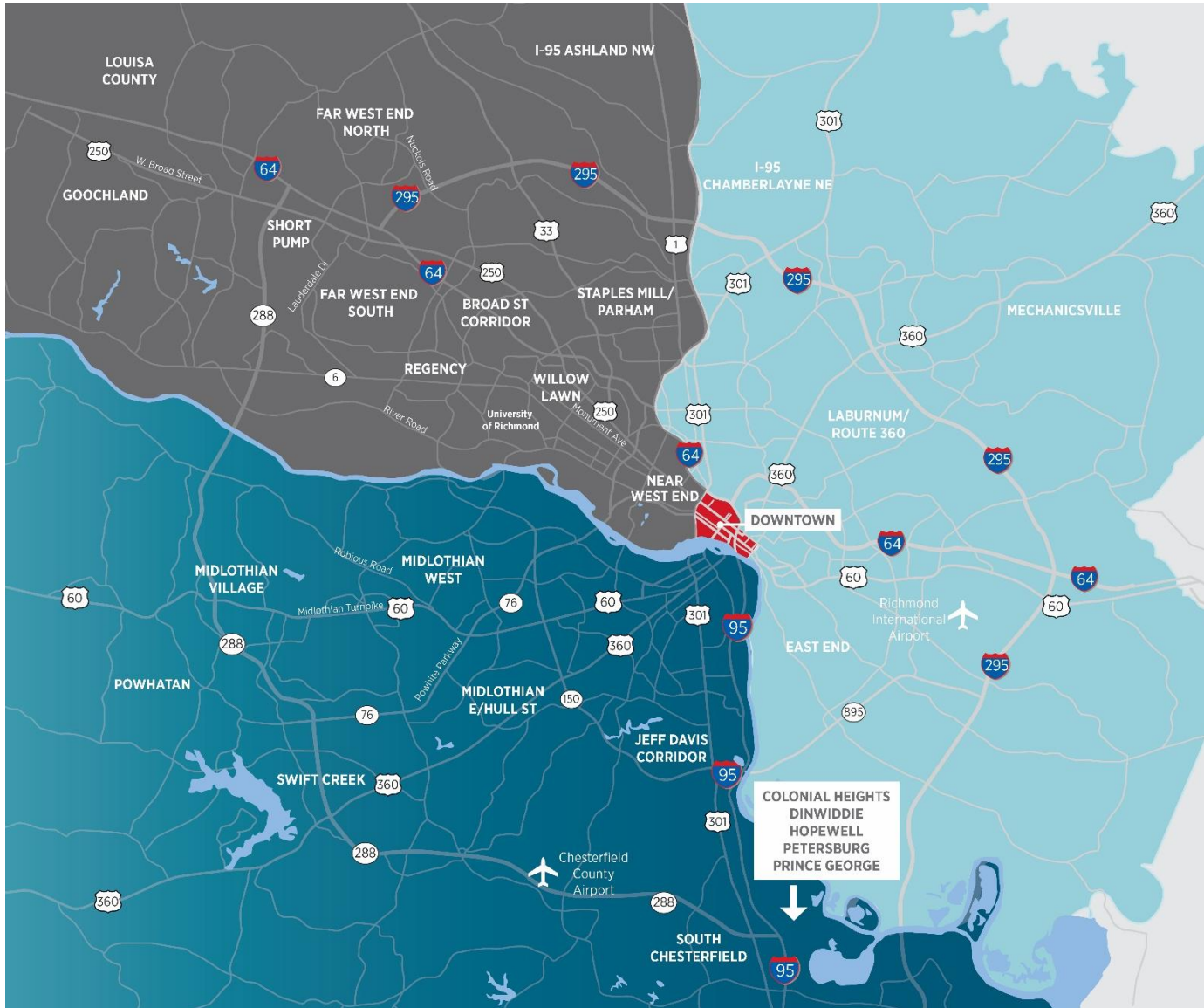
KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
West Broad Village (11173 W Broad St)	Short Pump	ShopCore Properties / CTO Realty Growth	400,422	\$93.9M / \$234
Ashland Hanover Shopping Center (203 N Washington Hwy)	I-95 Ashland/NW	First National Realty Partners / Silver Bear Real Estate	218,815	\$22.5M / \$103
Bermuda Square (12607 Jefferson Davis Hwy)	South Chesterfield	GBT Realty Corporation / Tabani Group Inc.	77,850	\$22.5M / \$289
Park South (798 Southpark Blvd)	Colonial Heights	Faison & Associates LLC / Evans Best LLC	42,857	\$4.2M / \$98
Short Pump Plaza (4400 Pouncey Tract Rd)	Short Pump	Bowl America Inc. / CNLI AMF I LP	35,272	\$5.6M / \$158

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RETAIL SUBMARKETS



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