

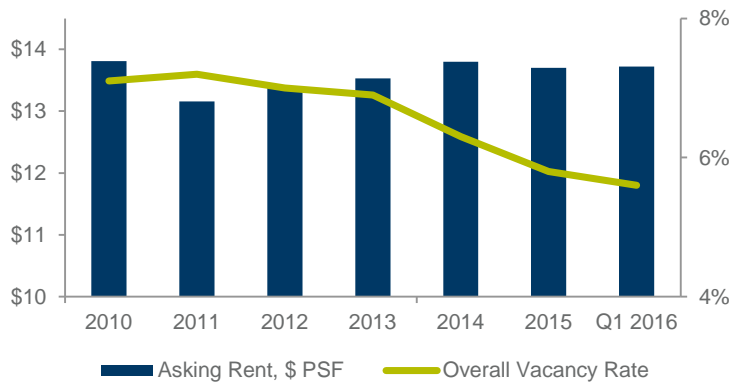
ECONOMIC INDICATORS

National			
	Q1 2015	Q1 2016	12-Month Forecast
GDP Growth	2.9%	2.1%	▼
CPI Growth	-0.1%	0.9%	▲
Household Income Growth	4.1%	2.6%	▲
Retail Sales Growth	2.8%	2.8%	■

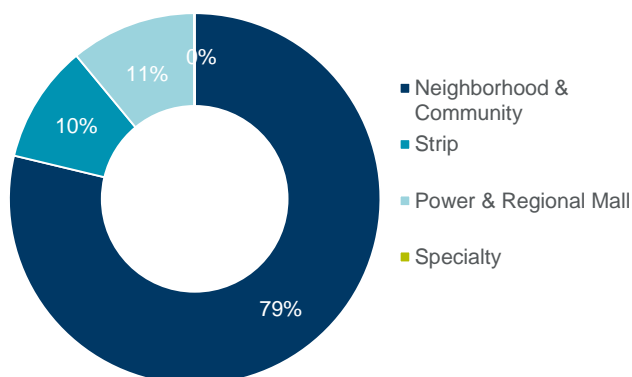
Regional			
	Q1 2015	Q1 2016	12-Month Forecast
Household Income	\$62,208	\$63,870	▲
Population Growth	0.8%	0.8%	▲
Unemployment	5.1%	4.4%	■

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Economic expansion continued despite volatility in equity, oil, and international markets as well as the first rate hike from the Fed. Real GDP increased 2.5% in 2015, and the national economy added 644,000 jobs in March 2016 compared to a year ago. Of the jobs added, 532,000 were in the private sector. Richmond extended its streak of year-over-year job growth to 69 consecutive months and, as of March, added 28,400 more jobs compared to a year ago. Professional and Business Services and Financial Activities added 9,300 and 1,700 jobs, respectively, from March 2015 to March 2016. Wage increases appear to be accompanying the job growth. Wages increased 2.43% in Q3 15 (the latest data available) over Q3 14.

Market Overview

Richmond's retail market remains healthy with a low vacancy rate of 5.6%. The overall asking rent was \$13.72/SF. Malls and power centers continue to be the strongest property types with a vacancy of 2.1% and 3.1%, respectively. Slightly more clarity emerged about the fallout from the Ahold (Martin's) and Delhaize (Food Lion) merger. The plan, according to an industry publication, is to sell all Martin's stores in the Richmond area while continuing to operate the 49 Food Lions. Rumors named Publix and Kroger as a potential purchasers. Publix signed their first lease for a store in the Far West End submarket and has reported the intent to aggressively grow. Southern Seasons closed its 53,000 square feet (SF) store and restaurant in the Libbie Mill - Midtown development as it seeks to focus on a smaller format store. In other grocery news, Aldi and Lidl continue to expand. Complementing the grocery stores' activity is the expansion of quick service restaurants and gyms.

Grocery anchored shopping centers remain desirable among investors but limited product exists on the market. Two small strip centers, The Shoppes at Twin Oaks and Branders Creek Corner sold in Q1 16. The Shoppes at Twin Oaks is anchored by Bank of America and traded for \$194/SF. Branders Creek Corner which has a niche among medical services users sold for \$235/SF.

Outlook

Richmond's retail market will remain healthy with continued positive absorption and high occupancy. Retail absorption in Richmond has average 210,217 SF per quarter since 2007 while 8.1 million SF of new supply has come on-line over the same time period. After having dipped to a low of 92.5% in 3Q 2010, retail occupancy has increased by 210 basis points. Occupancy has averaged 93.5% since 2007.

MARKETBEAT

Retail Snapshot Q1 2016

Richmond



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Broad St. Corridor	124	2,050,846	4.4%	(3,510)	(3,510)	0	\$15.39
Colonial Heights	200	3,498,439	2.6%	(780)	(780)	0	\$19.59
Downtown	463	3,326,690	7.9%	(36,058)	(36,058)	0	\$14.96
East End	496	3,923,626	6.7%	16,344	16,344	0	\$12.62
Far West End North	26	223,271	0.5%	0	0	0	\$20.00
Far West End South	80	1,233,230	12.3%	(1,194)	(1,194)	0	\$13.45
Goochland	57	397,561	6.1%	1,800	1,800	0	\$13.37
Hopewell	161	1,272,057	13.4%	(5,600)	(5,600)	0	\$10.27
I-95 Ashland/NW	203	2,025,745	2.6%	665	665	0	\$14.11
I-95 Chamberlayne/NE	107	1,012,198	3.4%	1,050	1,050	0	\$20.47
Jeff Davis Corridor	530	3,113,200	8.9%	(4,677)	(4,677)	0	\$10.49
Laburnum/Rte 360	454	2,773,835	5.1%	16,846	16,846	0	\$10.61
Louisa County	66	774,591	2.2%	(2,386)	(2,386)	10,000	\$14.55
Mechanicsville	211	2,750,153	4.0%	1,622	1,622	0	\$12.00
Midlothian E/Hull St	566	6,941,167	7.8%	7,766	7,766	0	\$11.00
Midlothian Village	120	1,678,152	11.0%	4,562	4,562	0	\$17.84
Midlothian West	294	7,218,041	4.3%	136,202	136,202	71,000	\$14.11
Near West End	656	3,746,497	2.3%	18,276	18,276	0	\$16.74
New Kent County	53	544,529	4.9%	0	0	0	\$11.59
Petersburg	366	2,702,926	9.2%	22,515	22,515	0	\$7.95
Powhatan	67	709,026	4.0%	2,560	2,560	0	\$13.38
Prince George	61	989,720	9.1%	9,755	9,755	0	\$7.37
Regency	113	2,388,839	5.4%	3,085	3,085	0	\$11.65
Short Pump	123	4,698,597	3.2%	69,521	69,521	171,358	\$25.25
South Chesterfield	314	3,771,533	4.1%	(5,404)	(5,404)	0	\$14.16
Staples Mill / Parham	493	7,857,862	6.2%	(27,220)	(27,220)	12,000	\$14.78
Swift Creek	165	3,495,219	4.0%	1,801	1,801	0	\$17.44
Willow Lawn	298	3,111,135	1.8%	19,087	19,087	0	\$11.73
RICHMOND TOTALS	7,067	79,703,661	5.6%	247,064	247,064	264,358	\$13.72

*Rental rates reflect gross asking \$psf/year

This report does not include a minimum SF requirement. Submarkets Amelia, Dinwiddie, and Sussex included in totals.

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General Retail	416	4,283,461	7.9%	(1,085)	(1,085)	22,000	\$15.18
Mall	7	6,887,922	2.1%	28,843	28,843	0	\$21.30
Power Center	120	5,209,042	3.1%	79,955	79,955	171,358	\$16.25
Shopping Center	829	26,437,878	9.4%	111,953	111,953	71,000	\$13.24

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
14101 Midlothian Tpk	109,118	Kroger	Lease	Midlothian Village
5400 Wyndham Forest Dr.	49,000	Publix	Lease	Far West End North
Nine Mile & Laburnum	44,000	Conn Appliances	Lease	Laburnum/Rte 360
5700 Hopkins	27,979	Gold's Gym	Lease	Jeff Davis Corridor
Shops at Stratford Hills	10,480	Tuesday Morning	Lease	Midlothian E/Hull St.

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
The Shoppes at Twin Oaks	39,117	Cohen / Kotarides	\$7,600,000 / \$194	Broad St.
Branders Creek Corner	26,355	Trine Properties./Brander Creek Corner	\$6,210,000 / \$235	Iron Bridge
Irongate Village	57,830	Pratt Street / Yed Properties	\$4,430,000 / \$77	Iron Bridge

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