

# MARKETBEAT

## Richmond, VA

Retail Q1 2018



### ECONOMIC INDICATORS

#### National

	Q1 17	Q1 18*	12-Month Forecast**
GDP Growth	2.0%	2.9%	▲
CPI Growth	2.6%	2.3%	▲
Consumer Spending Growth	2.9%	2.8%	▲
Retail Sales Growth	5.2%	4.8%	▲

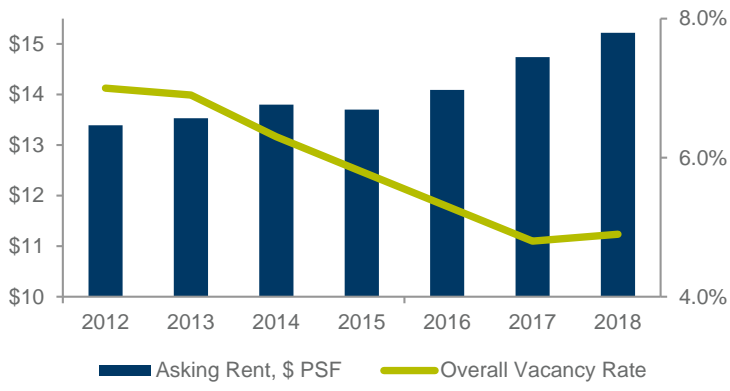
\*Q1 Values \*\* Forecasted by Cushman & Wakefield . Values represent year-over-year % change

#### Regional

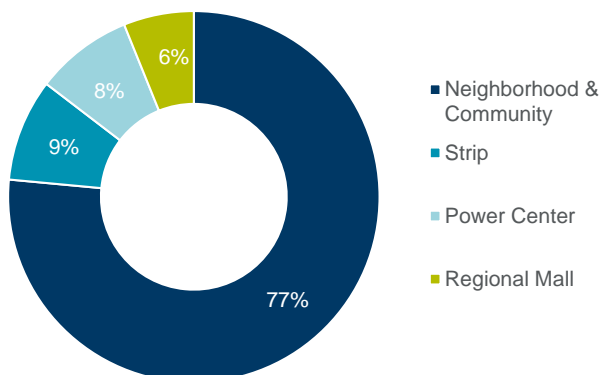
	Q1 17	Q1 18	12-Month Forecast**
Household Income	\$64,146	\$66,581	▲
Population Growth	0.96%	0.84%	■
Unemployment	4.1%	3.7%	▼

Based on Moody's baseline estimates Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The U.S. economy remained steady to begin 2018 with GDP growth increasing 90 basis points (bps) from the prior year. While the Federal Reserve Bank approved the sixth rate hike since the financial crisis, economists tempered expectations for additional rate increases with inflation concerns. Consumers will begin to feel the impact of the revised tax policy this tax season and may lead to additional increases in consumer spending during 2018. Consumer spending and retail sales increased 2.8% and 4.8% from the prior year. Concerns over a potential trade war have tempered and the economy is largely expected to sustain moderate growth in 2018.

### Market Overview

While many national headlines showcase retail closures and issues stemming from eCommerce, the Richmond retail market remains a strong performer. Overall, the market is characterized by low vacancies and increasing rents with tenants finding it hard to find space. 393,000 square feet (sf) of redevelopment and new construction is underway to provide space that is attractive to tenants and consumers alike. Renovations are underway at Arch Village Shopping Center, the newly branded Carytown Exchange, and Publix's new locations in Westpark, The Shops at Stratford Hills and The Village shopping centers. Meanwhile, Advance Auto Parts opened its doors at the former Martin's Food Market in Dumbarton Square.

Quick Service Restaurants have a sustained interest in Richmond as regional concepts continue to compete for space in the city. Brands such as Bartaco, who inked a deal at The Shoppes at Greengate, are lured by the city's food culture. National retailers are also taking note of the city's appeal. West Elm recently announced a lease at the former W. Hirsch Oriental Rug location in Carytown. Dick's Sporting Goods is on track to open its new location this summer, joining Chopt Creative Salads in the Shops at Willow Lawn.

### Outlook

With the changing landscape of retail nationwide, several companies continue to seek or have already altered their real estate strategy. Bank consolidation requires a smaller retail footprint and several Wells Fargo locations are for sale in Richmond. Starbucks is also moving towards free standing buildings to leverage its success with drive-thru locations. The retail outlook remains positive in Richmond despite national headlines. Toys R Us is the only major closure in the area, opening the door for new brands or experiential retail concepts to enter the Richmond market. Investors and tenants will look to take advantage of Richmond's historically stable vacancy rates, rent prospects, and consumer demand throughout the metro region.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	268	4,890,134	3.5%	5,960	0	6,252	\$15.67
Colonial Heights	207	3,578,841	5.5%	47,320	5,435		\$19.07
Downtown	459	3,248,775	6.0%	-38,356	0		\$15.84
East End	504	4,347,493	2.6%	-25,846	3,500		\$13.51
Far West End North	31	316,579	6.8%	2,708	11,000		\$36.75
Far West End South	81	1,275,969	8.2%	-11,695	0		\$17.98
Goochland	64	411,157	4.1%	-12,172	0		\$8.85
Hopewell	166	1,293,002	5.5%	-3,795	0		\$9.24
I-95 Ashland/NW	211	2,096,321	3.2%	7,429	0		\$14.09
I-95 Chamberlayne/NE	109	1,013,298	2.3%	200	0	21,300	\$15.94
Jeff Davis Corridor	526	3,067,841	8.6%	1,587	0		\$16.01
Laburnum/Rte 360	462	2,815,863	6.9%	-74,088	0	3,160	\$14.15
Louisa County	80	878,631	1.7%	9,200	0		\$13.72
Mechanicsville	218	2,830,643	3.3%	-8,575	0	50,717	\$13.66
Midlothian E/Hull St	578	7,237,892	7.1%	-24,244	8,400	7,200	\$11.93
Midlothian Village	123	1,707,267	9.1%	-5,549	8,000		\$14.78
Midlothian West	299	7,222,397	5.0%	4,554	0		\$16.34
Near West End	668	3,803,334	2.6%	-33,499	0	1,500	\$16.60
New Kent County	56	559,150	1.5%	7,010	2,500	9,336	\$9.86
Petersburg	388	2,814,618	7.3%	14,554	0		\$9.55
Powhatan	75	745,519	2.8%	-17,200	0		\$14.00
Prince George	65	1,015,531	1.9%	0	0		-
Regency	114	2,439,188	4.8%	-1,715	0		\$16.36
Short Pump	138	5,026,023	2.7%	-612	0	126,409	\$29.37
South Chesterfield	320	3,847,619	3.4%	8,324	0	85,008	\$14.99
Staples Mill / Parham	355	5,449,019	5.5%	17,551	0		\$14.67
Swift Creek	172	3,675,034	4.7%	-1,245	0	17,736	\$18.94
Willow Lawn	302	3,266,800	3.7%	19,709	11,700	64,406	\$23.33
<b>Richmond, VA Totals</b>	<b>7,256</b>	<b>82,395,319</b>	<b>4.9%</b>	<b>-135,856</b>	<b>50,535</b>	<b>393,024</b>	<b>\$15.22</b>

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

Submarkets Amelia, Dinwiddie, and Sussex included in totals.

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
General Retail	414	4,241,908	6.3%	-24,696	-24,696	10,332	\$16.06
Mall	49	7,144,037	2.5%	-18,289	-18,289	0	\$18.00
Power Center	124	5,236,125	4.8%	-24,845	-24,845	115,600	\$24.44
Shopping Center	858	27,385,368	8.3%	29,397	29,397	30,178	\$14.71

### Key Lease Transactions 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Spring Rock Green	40,000	Conn Appliances	New	Midlothian West
100 N. Providence Rd	15,580	Restauracion Corp (MITRA)	New	Midlothian West
Westchester Commons	11,500	Glowgolf Ventures	New	Midlothian West

### Key Sales Transactions 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
1400 N Parham Rd	67,530	Sears Roebuck & Co. / Thalhimer Realty Partners	\$3,000,000 / \$44	Regency
Winterpock Shops	10,080	FHS Chesterfield / CRP Chesterfield	\$4,600,000 / \$460	South Chesterfield
Walgreens Midlothian	13,380	Midlothian Brown Investors / Woolridge Investments	\$4,100,000 / \$304	Midlothian Village

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#### About Cushman & Wakefield

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