

# MARKETBEAT

# Retail Snapshot 2Q 2016

Richmond



## ECONOMIC INDICATORS

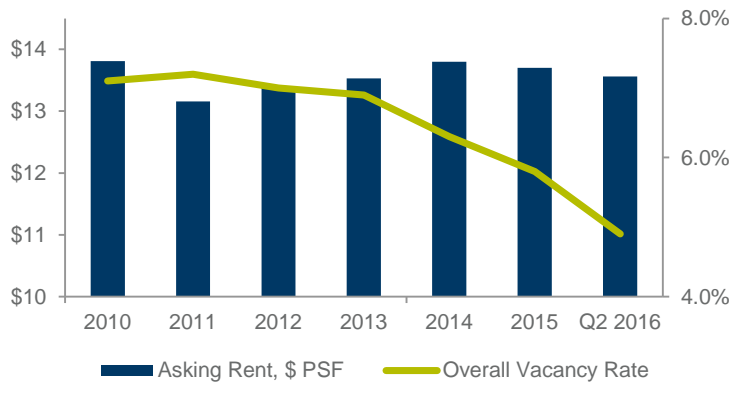
National			
	2Q 2015	2Q 2016	12-Month Forecast
Household Income	\$55,339	\$56,748	▼
Population Growth	0.8%	0.8%	▲
Unemployment	5.4%	4.8%	▲

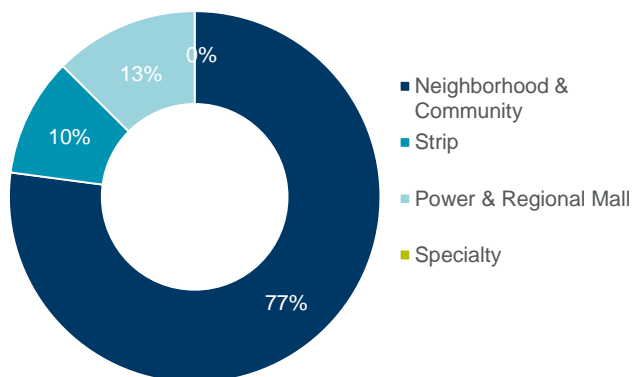
Regional			
	2Q 2015	2Q 2016	12-Month Forecast
Household Income	\$62,738	\$63,931	▲
Population Growth	0.95%	0.8%	▲
Unemployment	4.7%	4.0%	■

Source: Moody's Analytics

## Rental Rate vs. Overall Vacancy



## Availability by Type



## Economy

The U.S. economy continues to be one of the strongest performing in the world with stable, albeit slow, growth. The slowdown in China and uncertainty over the British leaving the EU weighed down international markets, but slow international growth is not expected to derail the domestic economy. The U.S. economy added 2.4 million jobs from July 2015 to July 2016; the unemployment rate is 4.9% as of July 2016. The Richmond Metro economy continues to grow with its 73rd consecutive month of year-over-year jobs gains. The area added 18,900 jobs from July 2015 to July 2016. The unemployment rate in the Richmond MSA is 4.0% as of June 2016.

## Market Overview

Richmond's retail market remains healthy with a low vacancy rate of 4.9%. The overall asking rent was \$13.56/SF and a positive 478,084 square feet (SF) was absorbed in 2Q 2016. Availabilities in malls and power centers continue to remain tight with 2.2% and 3.3% vacancy respectively. Publix has agreed to acquire 10 Martin's supermarkets from Ahold USA. The ten Martin's are primarily north of the James river. Publix expects to open the stores in 2017. An additional nine Martin's supermarkets remain for sale. Wegmans opened two stores, Midlothian and Short Pump. Early reports indicate that both locations are starting off strong. Aldi continues to expand, and Lidl continues to purchase sites but has yet to commence any vertical construction. Complementing the grocery stores' activity is the expansion of quick service restaurants and gyms.

Significant transactions include Southgate Square, an approximately 220,000 SF power center in Colonial Heights, Walmart Neighborhood Market along Brook Road in Henrico, and Midlothian Crossing, an 88,298 SF Big Lots and Goodwill anchored center in Chesterfield.

## Outlook

Richmond's retail market remains healthy with a low vacancy rate, stable rent, and positive absorption. Positive retail absorption in Richmond has occurred in every quarter since 1Q 2014 while adding 1.7 million SF of new supply over the same time period. The grocery store market will continue to evolve with Publix entering the stage and Martin's exiting. Uncertainty remains as to who will operate the nine Martin's that remain for sale. The Richmond Times Dispatch reported that Martin's does not expect to operate the stores a year from now. Richmond's population and job growth keeps retail fundamentals strong attracting new tenants and landlords.

# MARKETBEAT

## Retail Snapshot 2Q 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	125	2,087,763	4.4%	2,194	(1,316)	0	\$15.05
Colonial Heights	200	3,498,816	2.2%	14,934	14,154	0	\$17.93
Downtown	460	3,300,458	7.3%	10,082	(25,976)	0	\$15.21
East End	496	3,925,663	2.9%	7,312	23,656	0	\$12.85
Far West End North	26	223,271	1.2%	(1,540)	(1,540)	0	\$20.00
Far West End South	80	1,262,067	12.6%	(6,636)	(7,830)	0	\$13.70
Goochland	57	397,479	7.1%	(5,650)	(3,850)	0	\$12.70
Hopewell	161	1,274,707	14.0%	(7,706)	(13,306)	0	\$9.63
I-95 Ashland/NW	204	2,028,497	2.6%	1,500	2,165	0	\$14.11
I-95 Chamberlayne/NE	106	1,001,998	3.1%	(413)	637	0	\$20.47
Jeff Davis Corridor	530	3,115,901	7.2%	55,395	50,718	0	\$10.17
Laburnum/Rte 360	456	2,776,785	4.8%	8,045	24,891	0	\$10.92
Louisa County	66	774,591	1.7%	4,400	2,014	10,000	\$14.55
Mechanicsville	212	2,755,707	3.4%	19,349	20,971	0	\$11.83
Midlothian E/Hull St	565	6,930,116	6.3%	48,149	55,915	916	\$10.97
Midlothian Village	120	1,679,161	9.6%	14,402	18,964	0	\$17.72
Midlothian West	295	7,284,332	4.3%	66,371	202,573	0	\$15.28
Near West End	657	3,779,733	2.2%	33,179	51,455	3,800	\$16.58
New Kent County	54	546,516	2.2%	14,356	14,356	0	\$10.21
Petersburg	368	2,745,683	9.1%	213	22,728	0	\$7.91
Powhatan	71	733,380	4.4%	(14,530)	(11,970)	0	\$13.25
Prince George	62	996,641	14.6%	(55,564)	(45,809)	0	\$5.56
Regency	113	2,393,755	5.4%	(1,471)	1,614	0	\$11.27
Short Pump	126	4,848,882	2.9%	156,943	226,464	50,058	\$24.97
South Chesterfield	314	3,782,692	3.1%	29,128	23,724	0	\$14.06
Staples Mill / Parham	493	7,857,449	4.8%	83,628	56,408	14,000	\$14.48
Swift Creek	165	3,479,886	3.8%	2,504	4,305	0	\$17.92
Willow Lawn	299	3,129,252	2.0%	(15,276)	3,811	0	\$14.01
<b>RICHMOND TOTALS</b>	<b>7,083</b>	<b>80,092,559</b>	<b>4.9%</b>	<b>478,084</b>	<b>727,512</b>	<b>78,774</b>	<b>\$13.56</b>

\*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	411	4,258,486	7.8%	20,314	19,229	0	\$15.27
Mall	7	6,887,922	2.2%	(3,231)	25,612	0	\$21.26
Power Center	121	5,339,709	3.3%	123,911	203,866	0	\$16.25
Shopping Center	832	26,533,161	9.1%	156,962	268,915	0	\$13.09

### Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Tuckernuck Square	36,125	2 <sup>nd</sup> & Charles	Lease	Brooad St. Corridor
5300 Midlothian Tpk	34,484	The Auto Connection	Lease	Midlothian E/ Hull
9850 W Broad	30,000	Tesla	Lease	Staples Mill/Parham
8533-8535 Midlothian Tpk	18,463	Big Lots	Lease	Midlothian E/Hull
1501 Roseneath	16,783	Vasen Brewing	Lease	Near West End

### Key Sales Transactions 2Q 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
SouthGate Square	220,000	Blackwood Development/Armada Hoffler	\$38,600,000 / \$175	Colonial Heights
Walmart Neighborhood Market	41,117	Azalea Investments / Inland	\$11,709,257 / \$285	I-95 Chamberlayne/NE
Midlothian Crossing	88,298	Midlothian Associates / Hackney	\$4,950,000 / \$56	Midlothian West

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