

# MARKETBEAT

## Richmond, VA

Retail Q4 2018



### ECONOMIC INDICATORS

#### National

	Q4 17	Q4 18*	12-Month Forecast**
GDP Growth	2.5%	3.3%	▲
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth	2.7%	2.7%	▲
Retail Sales Growth	5.9%	4.6%	▲

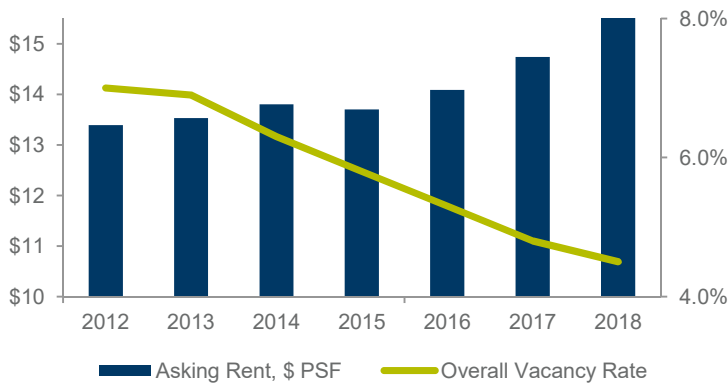
\*Q4 18 Estimates. Values represent year-over-year % change  
 \*\* Forecasted by Cushman & Wakefield.

#### Regional

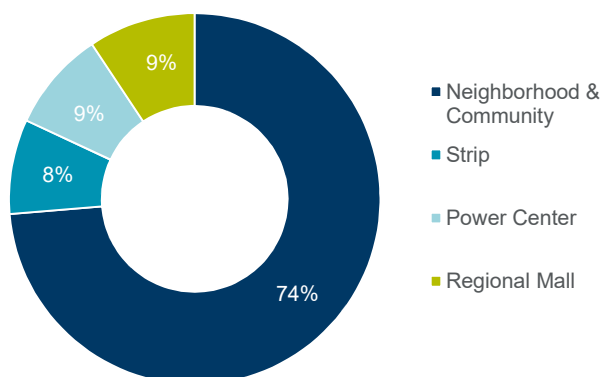
	Q4 17	Q4 18*	12-Month Forecast**
Median Household Income	\$68,814	\$69,978	▲
Population Growth	0.87%	0.74%	▬
Unemployment	3.8%	3.1%	▼

Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The U.S. economy posted 3.4% GDP growth in the third quarter and growth for the year is expected to remain over 3.0% after fourth quarter results. With consistent growth over the past few quarters, the Federal Reserve Bank raised interest rates for the fourth time in the calendar year. Rate hikes are expected to decelerate in 2019, but continue at a more modest pace. Richmond maintained its momentum to close out the year. The economy added 10,400 jobs from the prior year and unemployment remains near the lowest rate since 2001 at 3.1%. Richmond retail sales increased 4.3% as wages increased 4.9% over the past 12 months.

### Market Overview

Richmond's retail market continues to display tight fundamentals. With record low vacancy rates, retailers are having a tough time finding quality available space. Demand in the region should lead to additional development activity in order to add quality space that retailers are searching for. Richmond's overall retail vacancy rate sits at 4.5% in the fourth quarter of 2018, while average rental rates have increased 5.8% in the past 12 months.

Despite a few closures that will add available inventory to the market, more than 120,000 square feet (sf) were absorbed during the quarter and over 550,000 sf were absorbed during 2018. Carolina Ale House and Johnny Rocket closed in Short Pump while considerable movement in Willow Lawn will provide opportunities for retailers in 2019. In Willow Lawn, Food Lion, Extra Billy's, Ruby Tuesday, and Applebee's have closed, in addition to Starbucks relocating to a drive-thru location in the coming months.

Local retailers are expanding their presence and leasing space in small, specialty projects. Taste Unlimited opened at Westhampton on Grove, SaltBox Oyster Co opened in Willow Lawn, Pizza & Beer of Richmond signed a lease for their second location in The Shoppes at Rutland Place, and Wong Gonzalez will open their second location in the former Bartaco space in GreenGate. Publix continues to be active in the market, formally announcing their leases to anchor the Carytown Exchange redevelopment and take over the former Martin's store on Charter Colony Parkway. The grocer also started construction on its Swift Creek location and opened at Cosby Village.

### Outlook

Richmond's retail market has weathered national bankruptcies. Big box closures have had little impact on the overall market's momentum. Major developments are anticipated to take hold, as plans for Regency and Carytown Exchange continue to be solidified. Sustained retail demand in Richmond has the potential to encourage further retail redevelopments. Tenants continue to seek high-quality space that supports modern concepts, encourages foot traffic, and attracts customers.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	270	4,868,299	3.3%	(1,558)	19,253	6,252	0	\$15.77
Colonial Heights	211	3,473,354	5.1%	14,955	52,139	5,435	0	\$18.73
Downtown	460	3,239,080	6.4%	-59,723	-35,368	0	0	\$14.66
East End	506	4,447,887	2.9%	-1,277	-31,158	10,300	0	\$17.08
Far West End North	32	317,421	4.1%	8,488	13,196	13,000	0	\$31.39
Far West End South	82	1,297,212	8.8%	-5,110	-19,052	0	0	\$14.76
Goochland	66	467,335	2.0%	14,600	51,372	56,000	0	\$8.89
Hopewell	167	1,296,062	5.2%	8,625	1,579	0	0	\$9.02
I-95 Ashland/NW	214	2,057,361	3.0%	5,385	17,578	4,300	0	\$13.32
I-95 Chamberlayne/NE	111	964,659	3.3%	-170	-7,943	0	34,069	\$15.89
Jeff Davis Corridor	523	3,043,909	3.3%	130,028	153,715	0	0	\$14.16
Laburnum/Rte 360	462	2,769,042	8.3%	-48,745	-117,789	3,160	0	\$12.33
Louisa County	79	876,907	2.1%	-3,500	5,700	0	0	\$12.28
Mechanicsville	220	2,848,257	2.1%	73,602	85,906	76,017	16,000	\$11.64
Midlothian E/Hull St	579	7,291,686	5.5%	-5,959	153,173	23,600	0	\$12.44
Midlothian Village	124	1,769,333	10.7%	3,642	-32,351	8,000	0	\$20.22
Midlothian West	295	7,170,815	5.0%	10,250	31,437	11,500	8,600	\$16.51
Near West End	667	3,845,680	1.7%	27,678	59,404	42,641	46,500	\$17.87
New Kent County	60	581,894	3.2%	2,850	20,966	23,456	0	\$13.06
Petersburg	391	2,834,068	5.5%	10,950	18,050	2,000	0	\$10.71
Powhatan	78	815,429	1.6%	9,000	4,000	3,700	6,500	\$15.09
Prince George	66	1,017,305	2.6%	-6,395	-9,611	0	0	\$15.00
Regency	116	2,454,189	8.1%	-96,177	-72,482	11,426	59,710	\$17.45
Short Pump	144	5,077,786	3.0%	9,650	38,233	75,490	56,844	\$30.48
South Chesterfield	333	3,912,118	4.2%	3,615	12,351	4,834	56,500	\$16.14
Staples Mill / Parham	355	5,436,424	5.8%	-52,329	26,176	0	0	\$16.61
Swift Creek	176	3,664,027	2.8%	58,613	112,990	56,000	48,734	\$22.23
Willow Lawn	299	3,169,018	1.9%	7,161	22,733	14,606	49,800	\$21.03
<b>Richmond, VA Totals</b>	<b>7,284</b>	<b>82,427,761</b>	<b>4.5%</b>	<b>121,325</b>	<b>554,689</b>	<b>451,717</b>	<b>383,257</b>	<b>\$15.81</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)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
General Retail	416	4,310,565	5.2%	71,234	75,439	62,055	254,272	\$17.29
Mall	46	6,807,603	3.7%	-47,996	-57,646	8,426	10,005	\$18.00
Power Center	128	5,235,816	4.5%	-8,323	48,385	75,490	56,844	\$23.56
Shopping Center	870	27,442,409	7.3%	128,812	486,372	118,169	18,600	\$14.80

### Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Charter Colony	74,000	Publix	New	Midlothian Village
Carytown Exchange	45,000	Publix	New	Near West End
44-100 Southpark Blvd	44,000	Conn's HomePlus	New	Colonial Heights

### Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
North Ashland Plaza	220,499	Ashland Hanover LLC / First National Realty Partners	\$17.8M / \$80	I-95 Ashland/NW
Former Kmart Redevelopment	114,000	Si J Lee / Colonial Downs Group LLC	\$7.5M / \$66	Midlothian E/Hull St
4101 Dominion Blvd	12,635	Belleau Wood Development / Dominion Shoppes LLC	\$8.5M / \$673	Broad St. Corridor
SunTrust Bank	10,626	National Retail Properties / Mulco LLC	\$3.6M / \$338	Near West End

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