Retail

Richmond

REIS
Real Estate Solutions
by Moody's Analytics

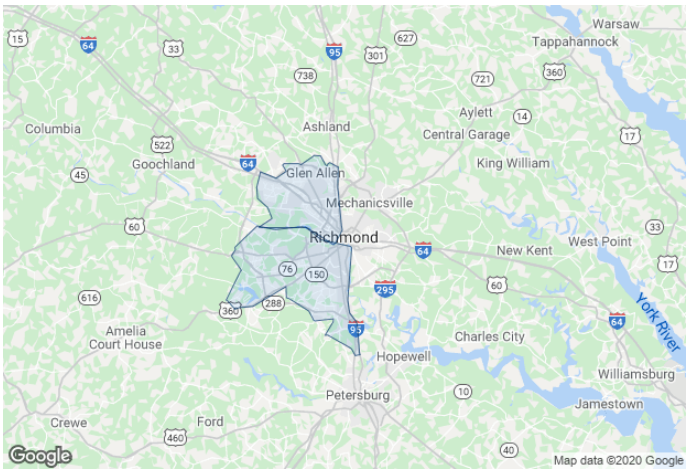
Report Generated

November 24, 2020

Retail Southern Atlantic Region United States

Richmond

A summary of key real estate supply and demand metrics shows that during the third quarter the Richmond retail market experienced positive net absorption, declining effective rents, and no movement in the market's vacancy rate. It is important to examine each of these critical barometers in more detail and from both a historical and forecast perspective.



CRE Fundamentals: REIS Rank, Asking Rent, Vacancy, Inventory

Submarket Name	Type	REIS Rank*	Vacancy	Vacancy % Change bps	Inventory SF	Inventory Buildings
Northwest	Non-Anchor	260	10.7%	-40	3,000,000	68
Northwest	Anchor	260	10.7%	-40	3,600,000	49
Southwest	Anchor	146	12.9%	-130	4,900,000	58
Southwest	Non-Anchor	146	12.9%	-130	3,600,000	70

Concessions: Effective Rent, CRD, Lease Term, Free Rent, Expenses

Submarket Name	Type	Effective Rent % Change SF	CRD	Lease Term Years	Free Rent Mos	Expenses
Northwest	Non-Anchor	13.4%	-5.8%	2.6	3.8	$5.48
Northwest	Anchor	13.4%	-4.3%	8.1	6.1	$5.48
Southwest	Anchor	21.2%	-7.0%	8.4	6.7	$1.19
Southwest	Non-Anchor	21.2%	-7.7%	4.8	6.1	$1.19

Concessions: Leasing Commission, Tenant Improvements

Submarket Name	Type	Leasing Commission New	Leasing Commission Renewal	Tenant Improvements New	Tenant Improvements Renewal
Northwest	Non-Anchor	14.5%	8.8%	$25.03	$13.21
Northwest	Anchor	9.7%	5.5%	$28.89	$15.12
Southwest	Anchor	11.1%	6.8%	$18.27	$10.88
Southwest	Non-Anchor	11.4%	6.8%	$19.24	$11.03

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*There are 0 submarkets in the Retail sector nationally.

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Key Performance Indicators

Q3 2020 Effective Rent Per SF

Richmond

$15 ↓ 1.0% from Q3 2019

Q3 2020 Vacancy Rate

Richmond

12.4% — 0 bps from Q3 2019

Q3 2020 Household Income Growth

Richmond

3.8% ↑ vs 3.8% nationwide

Q3 2020 Job Growth

Richmond

-7.0% ↑ vs -7.2% nationwide

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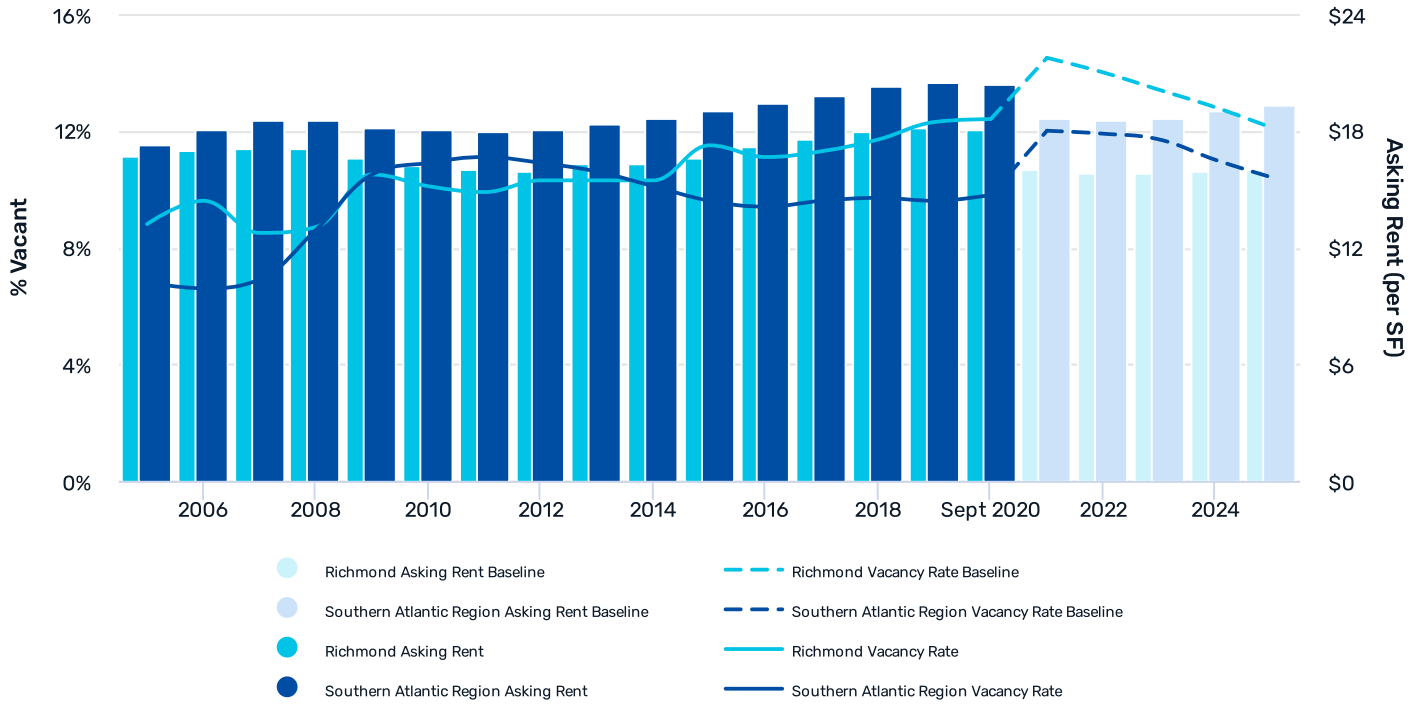
Asking Rent and Vacancy Trends: By Year per SF



Year	Richmond Asking Rent per SF	Richmond % Vacant	Southern Atlantic Region Asking Rent per SF	Southern Atlantic Region % Vacant
2005	$16.75	8.8%	$17.33	6.8%
2006	$16.99	9.6%	$18.07	6.6%
2007	$17.08	8.5%	$18.53	6.9%
2008	$17.13	8.7%	$18.59	8.6%
2009	$16.60	10.5%	$18.16	10.5%
2010	$16.25	10.1%	$18.04	10.9%
2011	$16.08	9.9%	$18.00	11.1%
2012	$15.96	10.3%	$18.11	10.9%
2013	$16.28	10.3%	$18.32	10.6%
2014	$16.34	10.3%	$18.64	10.1%
2015	$16.57	11.5%	$19.07	9.6%
2016	$17.18	11.1%	$19.45	9.4%
2017	$17.63	11.3%	$19.87	9.6%
2018	$18.02	11.7%	$20.26	9.7%
2019	$18.16	12.3%	$20.51	9.6%
Sept 2020	$17.43	13.0%	$19.87	10.4%
2021	$16.08	14.5%	$18.66	12.0%
2022	$15.80	14.0%	$18.52	11.9%

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Year	Richmond Asking Rent per SF	Richmond % Vacant	Southern Atlantic Region Asking Rent per SF	Southern Atlantic Region % Vacant
2023	$15.83	13.4%	$18.70	11.7%
2024	$15.92	12.8%	$19.00	11.0%
2025	$16.03	12.1%	$19.35	10.4%

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Market Performance

Year	Quarter	Asking Rent (per SF)	Asking Rent % Change	Effective Rent (per SF)	Effective Rent % Change	Vacancy Rate	Vacancy Change (BPS)
2017	Q1	$17.30	0.7%	$14.91	0.8%	10.9%	-20
2017	Q2	$17.42	0.7%	$15.01	0.7%	10.6%	-30
2017	Q3	$17.53	0.6%	$15.09	0.5%	11.8%	120
2017	Q4	$17.63	0.6%	$15.17	0.5%	11.3%	-50
2017	Y	$17.63	2.6%	$15.17	2.6%	11.3%	20
2018	Q1	$17.69	0.3%	$15.24	0.5%	11.0%	-30
2018	Q2	$17.72	0.2%	$15.26	0.1%	11.4%	40
2018	Q3	$17.76	0.2%	$15.29	0.2%	11.5%	10
2018	Q4	$18.02	1.5%	$15.50	1.4%	11.7%	20
2018	Y	$18.02	2.2%	$15.50	2.2%	11.7%	40
2019	Q1	$18.05	0.2%	$15.52	0.1%	12.0%	30
2019	Q2	$18.18	0.7%	$15.61	0.6%	12.4%	40
2019	Q3	$18.14	-0.2%	$15.59	-0.1%	12.4%	0
2019	Q4	$18.16	0.1%	$15.61	0.1%	12.3%	-10
2019	Y	$18.16	0.8%	$15.61	0.7%	12.3%	60
2020	Q1	$18.17	0.1%	$15.61	0.0%	12.3%	0
2020	Q2	$18.09	-0.4%	$15.53	-0.5%	12.4%	10
2020	Q3	$18.03	-0.3%	$15.43	-0.6%	12.4%	0
2020	Y	$18.03	-0.3%	$15.43	-0.3%	12.4%	0

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Market Inventory

Year	Quarter	Inventory (per SF)	Completions (per SF)	Inventory Growth %	Vacant Stock (per SF)	Occupied Stock (per SF)	Net Absorption (per SF)
2017	Q1	14,844,000	0	0.0%	1,619,000	13,225,000	32,000
2017	Q2	14,844,000	0	0.0%	1,570,000	13,274,000	49,000
2017	Q3	14,941,000	97,000	0.7%	1,758,000	13,183,000	-91,000
2017	Q4	14,837,000	0	-0.7%	1,681,000	13,156,000	-27,000
2017	Y	14,837,000	97,000	0.0%	1,681,000	13,156,000	-37,000
2018	Q1	14,837,000	0	0.0%	1,625,000	13,212,000	56,000
2018	Q2	14,907,000	70,000	0.5%	1,698,000	13,209,000	-3,000
2018	Q3	14,907,000	0	0.0%	1,717,000	13,190,000	-19,000
2018	Q4	15,072,000	165,000	1.1%	1,766,000	13,306,000	116,000
2018	Y	15,072,000	235,000	1.6%	1,766,000	13,306,000	150,000
2019	Q1	15,072,000	0	0.0%	1,806,000	13,266,000	-40,000
2019	Q2	15,072,000	0	0.0%	1,862,000	13,210,000	-56,000
2019	Q3	15,072,000	0	0.0%	1,870,000	13,202,000	-8,000
2019	Q4	15,072,000	0	0.0%	1,852,000	13,220,000	18,000
2019	Y	15,072,000	0	0.0%	1,852,000	13,220,000	-86,000
2020	Q1	15,072,000	0	0.0%	1,847,000	13,225,000	5,000
2020	Q2	15,072,000	0	0.0%	1,865,000	13,207,000	-18,000
2020	Q3	15,072,000	0	0.0%	1,870,000	13,202,000	-5,000
2020	Y	15,072,000	0	0.0%	1,870,000	13,202,000	5,000

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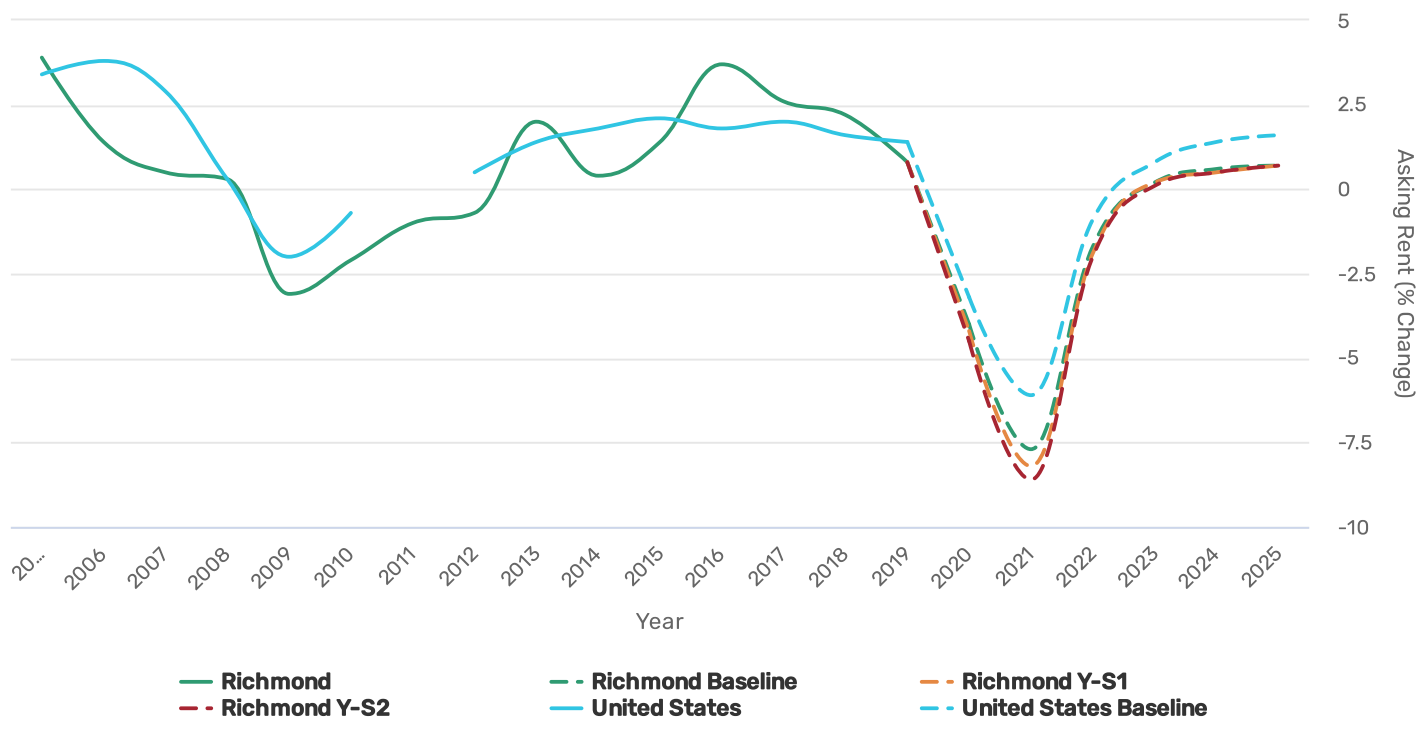
Scenarios - Asking Rent



Year [1]	Richmond (% Change)	Richmond Y-S1 (% Change) [2]	Richmond Y-S2 (% Change) [3]	United States (% Change)
2005	3.9%	–	–	3.4%
2006	1.4%	–	–	3.8%
2007	0.5%	–	–	2.9%
2008	0.3%	–	–	0.3%
2009	-3.1%	–	–	-2.0%
2010	-2.1%	–	–	-0.7%
2011	-1.0%	–	–	0.0%
2012	-0.7%	–	–	0.5%
2013	2.0%	–	–	1.4%
2014	0.4%	–	–	1.8%
2015	1.4%	–	–	2.1%
2016	3.7%	–	–	1.8%
2017	2.6%	–	–	2.0%
2018	2.2%	–	–	1.6%
2019	0.8%	–	–	1.4%
2020	-4.0%	-4.2%	-4.5%	-3.2%

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Year [1]	Richmond (% Change)	Richmond Y-S1 (% Change) [2]	Richmond Y-S2 (% Change) [3]	United States (% Change)
2021	-7.7%	-8.2%	-8.6%	-6.1%
2022	-1.7%	-1.9%	-2.0%	-0.9%
2023	0.2%	0.2%	0.1%	0.8%
2024	0.6%	0.5%	0.5%	1.4%
2025	0.7%	0.7%	0.7%	1.6%

1: *To view historical quarterly data, please download the XLS report.*
2: *Y-S1 is REIS's "downside scenario 1". That corresponds to, and is consistent with, Moody's Analytics "Downside - 90th Percentile (S3)".*
3: *Y-S2 is REIS's "downside scenario 2". That corresponds to, and is consistent with, Moody's Analytics "Downside - 96th Percentile (S4)".*

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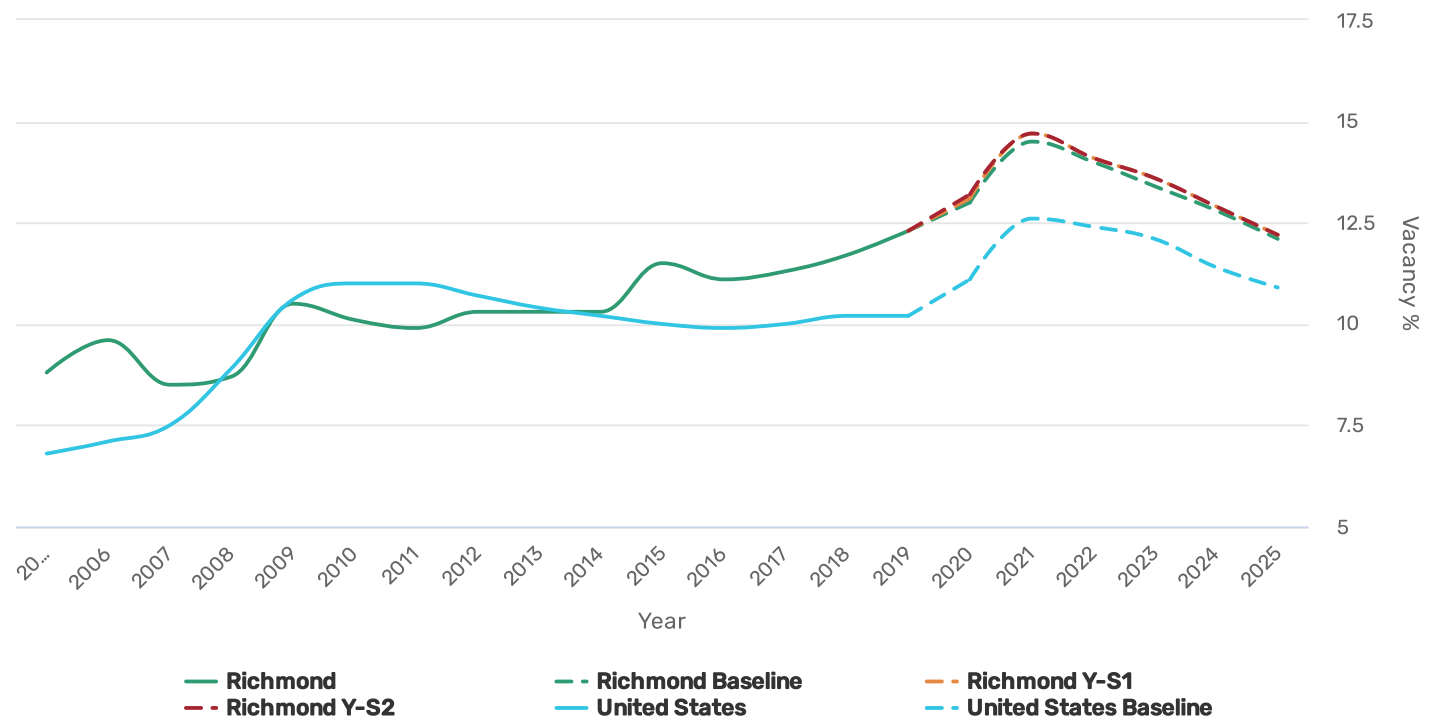
Scenarios - Vacancy



Year [1]	Richmond (% Vacant)	Richmond Y-S1 (% Vacant) [2]	Richmond Y-S2 (% Vacant) [3]	United States (% Vacant)
2005	8.8%	–	–	6.8%
2006	9.6%	–	–	7.1%
2007	8.5%	–	–	7.5%
2008	8.7%	–	–	8.9%
2009	10.5%	–	–	10.6%
2010	10.1%	–	–	11.0%
2011	9.9%	–	–	11.0%
2012	10.3%	–	–	10.7%
2013	10.3%	–	–	10.4%
2014	10.3%	–	–	10.2%
2015	11.5%	–	–	10.0%
2016	11.1%	–	–	9.9%
2017	11.3%	–	–	10.0%
2018	11.7%	–	–	10.2%
2019	12.3%	–	–	10.2%
2020	13.0%	13.1%	13.2%	11.1%

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Year [1]	Richmond (% Vacant)	Richmond Y-S1 (% Vacant) [2]	Richmond Y-S2 (% Vacant) [3]	United States (% Vacant)
2021	14.5%	14.7%	14.7%	12.6%
2022	14.0%	14.1%	14.1%	12.4%
2023	13.4%	13.6%	13.6%	12.1%
2024	12.8%	12.9%	12.9%	11.4%
2025	12.1%	12.2%	12.2%	10.9%

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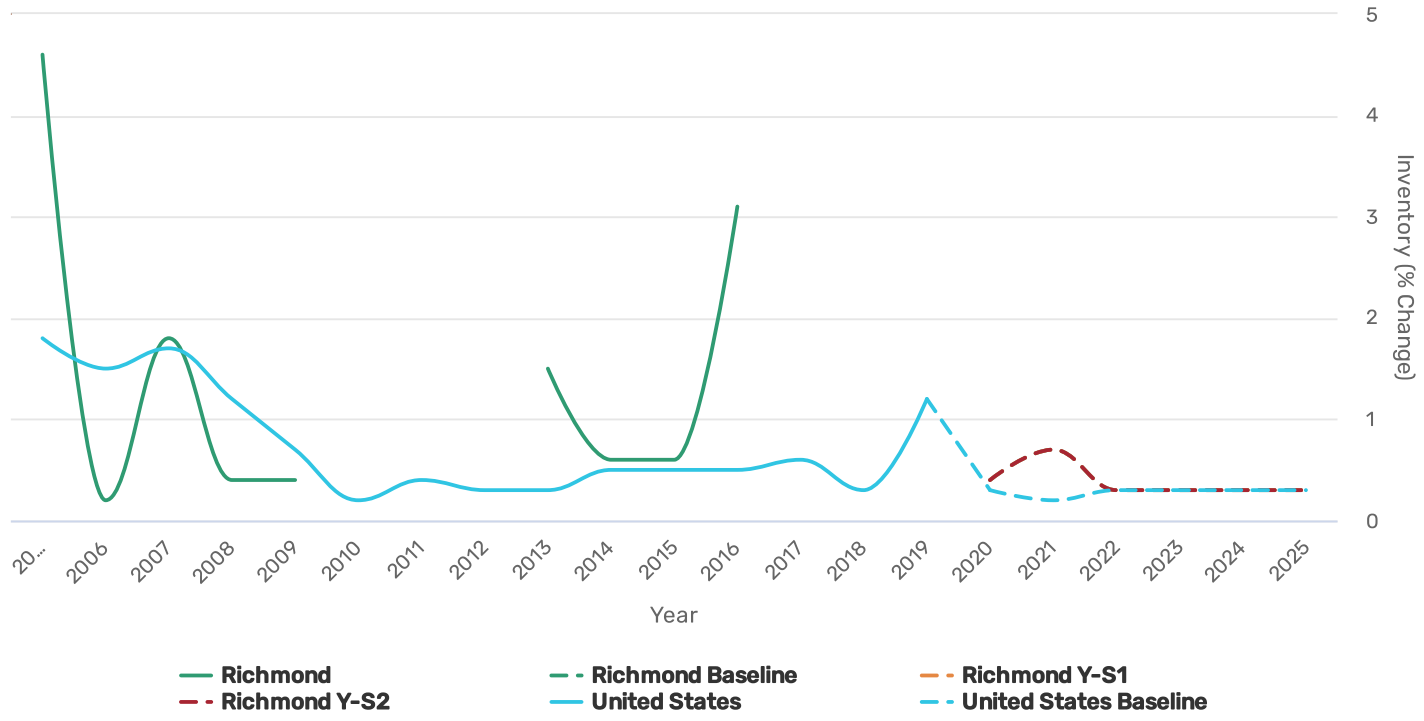
Scenarios - Inventory



Year [1]	Richmond (% Change)	Richmond Y-S1 (% Change) [2]	Richmond Y-S2 (% Change) [3]	United States (% Change)
2005	4.6%	–	–	1.8%
2006	0.2%	–	–	1.5%
2007	1.8%	–	–	1.7%
2008	0.4%	–	–	1.2%
2009	0.4%	–	–	0.7%
2010	0.0%	–	–	0.2%
2011	0.1%	–	–	0.4%
2012	0.0%	–	–	0.3%
2013	1.5%	–	–	0.3%
2014	0.6%	–	–	0.5%
2015	0.6%	–	–	0.5%
2016	3.1%	–	–	0.5%
2017	0.0%	–	–	0.6%
2018	1.6%	–	–	0.3%
2019	0.0%	–	–	1.2%
2020	0.4%	0.4%	0.4%	0.3%

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Year [1]	Richmond (% Change)	Richmond Y-S1 (% Change) [2]	Richmond Y-S2 (% Change) [3]	United States (% Change)
2021	0.7%	0.7%	0.7%	0.2%
2022	0.3%	0.3%	0.3%	0.3%
2023	0.3%	0.3%	0.3%	0.3%
2024	0.3%	0.3%	0.3%	0.3%
2025	0.3%	0.3%	0.3%	0.3%

1: *To view historical quarterly data, please download the XLS report.*
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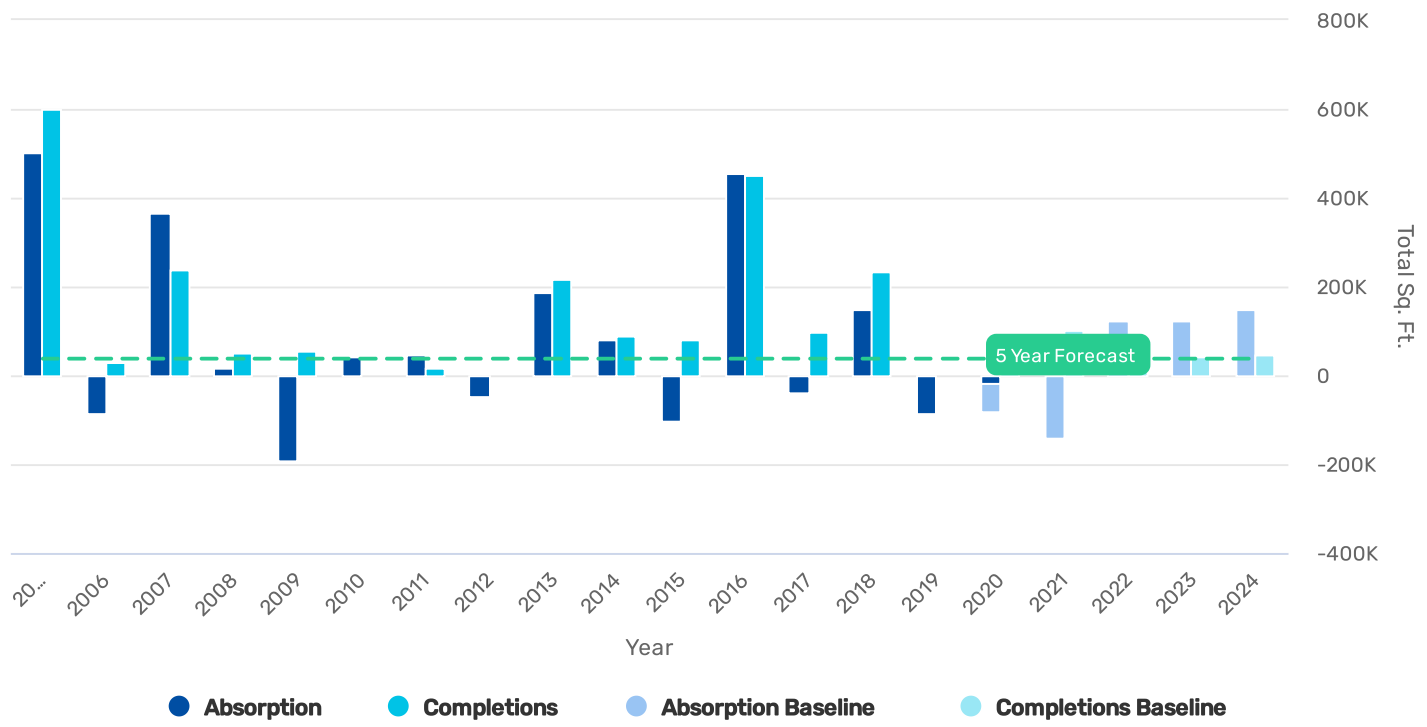
Absorption Trends



Year	Absorption (Sq.Ft)	Completions (Sq.Ft)
2005	501,000	601,000
2006	-87,000	30,000
2007	365,000	240,000
2008	19,000	51,000
2009	-191,000	55,000
2010	44,000	0
2011	45,000	15,000
2012	-47,000	0
2013	189,000	216,000
2014	82,000	91,000
2015	-104,000	82,000
2016	457,000	450,000
2017	-37,000	97,000
2018	150,000	235,000
2019	-86,000	0
2020 YTD	-18,000	0

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Year	Absorption (Sq.Ft)	Completions (Sq.Ft)
2020	-64,000	57,000
2021	-139,000	104,000
2022	122,000	44,000
2023	122,000	44,000
2024	147,000	48,000

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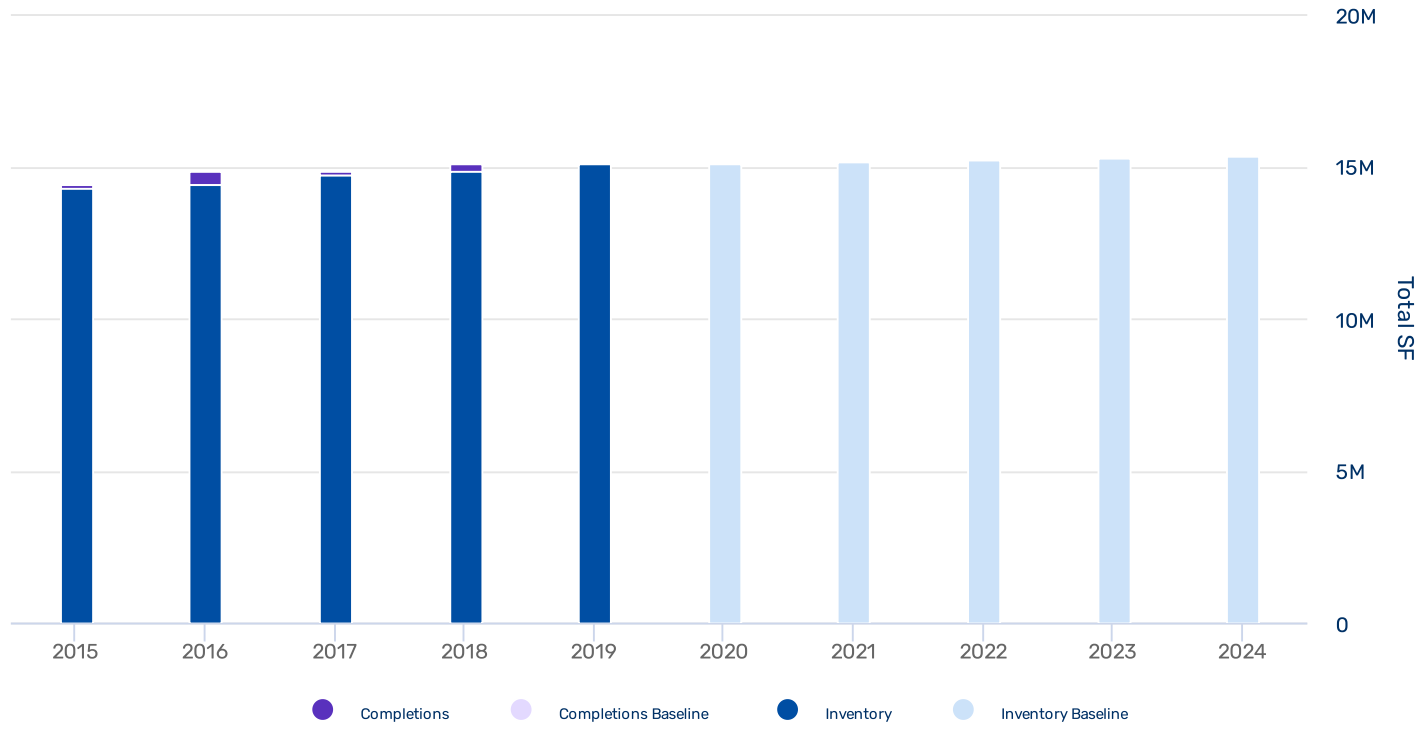
New Construction Trends By Year



Year	Inventory	Completions
2015	14,312,000	82,000
2016	14,394,000	450,000
2017	14,740,000	97,000
2018	14,837,000	235,000
2019	15,072,000	0
2020	15,072,000	57,000
2021	15,129,000	104,000
2022	15,233,000	44,000
2023	15,277,000	44,000
2024	15,321,000	48,000

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Annualized Construction/Absorption (Historical 1 Yr and 3 Yr)

	1 YEAR HISTORY			3 YEAR HISTORY		
	Units Built Ending 12/31/2019	**Units Absorbed** Ending 12/31/2019	**Con/Abs Ratio** Ending 12/31/2019	**Units Built** Ending 12/31/2019	**Units Absorbed** Ending 12/31/2019	**Con/Abs Ratio** Ending 12/31/2019
Richmond	0	-86,000	0.0	111,000	9,000	12.3
Southern Atl...	2,203,000	10,527,000	0.2	3,326,000	4,537,000	0.7

Annualized Construction/Absorption (Historical 5 Yr and Forecast)

	5 YEAR HISTORY			5 YEAR FORECAST		
	Units Built Ending 12/31/2019	**Units Absorbed** Ending 12/31/2019	**Con/Abs Ratio** Ending 12/31/2019	**Units Built** Ending 12/31/2024	**Units Absorbed** Ending 12/31/2024	**Con/Abs Ratio** Ending 12/31/2024
Richmond	173,000	76,000	2.3	59,400	37,600	1.6
Southern Atl...	3,564,000	4,930,000	0.7	1,643,400	-302,800	-5.4

Quarterly Construction/Absorption (Current and Previous Quarter)

	Q3 2020			Q2 2020		
	Units Built Ending 09/30/2020	**Units Absorbed** Ending 09/30/2020	**Con/Abs Ratio** Ending 09/30/2020	**Units Built** Ending 06/30/2020	**Units Absorbed** Ending 06/30/2020	**Con/Abs Ratio** Ending 06/30/2020
Richmond	0	-5,000	0.0	0	-18,000	0.0
Southern Atl...	224,000	-703,000	-0.3	322,000	-307,000	-1.0

Quarterly Construction/Absorption (YTD)

	YTD AVG		
	Units Built Ending 09/30/2020	**Units Absorbed** Ending 09/30/2020	**Con/Abs Ratio** Ending 09/30/2020
Richmond	0	-6,000	0.0
Southern Atl...	255,000	-208,700	-1.2

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Performance by Vintage - All Retail (as of 9/2020)

Year Built	Asking Rent (per Sq. Ft.)	Vacancy Rate	Inventory %
Before 1970	$18.08	13.6%	16.0%
1970-1979	$20.29	19.0%	10.0%
1980-1989	$16.89	11.0%	29.0%
1990-1999	$22.05	10.2%	20.0%
2000-2009	$22.03	9.9%	16.0%
2010-2019	$27.89	12.2%	–
After 2009	–	–	9.0%
After 2019	–	–	–
All	$18.03	12.4%	–

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Performance by Vintage - Neighborhood (as of 9/2020)

Year Built	Asking Rent (per Sq. Ft.)	Vacancy Rate
Before 1970	$17.31	10.4%
1970-1979	$18.42	10.0%
1980-1989	$16.62	14.0%
1990-1999	$18.41	15.5%
2000-2009	$22.25	12.8%
2010-2019	$28.73	7.5%
After 2019	–	–
All	$15.90	12.8%

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Performance by Vintage - Community Centers (as of 9/2020)

Year Built	Asking Rent (per Sq. Ft.)	Vacancy Rate
Before 1970	$20.88	20.2%
1970-1979	$23.04	29.4%
1980-1989	$17.61	6.4%
1990-1999	$24.81	7.5%
2000-2009	$21.75	8.2%
2010-2019	$26.88	15.3%
After 2019	–	–
All	$19.69	12.1%

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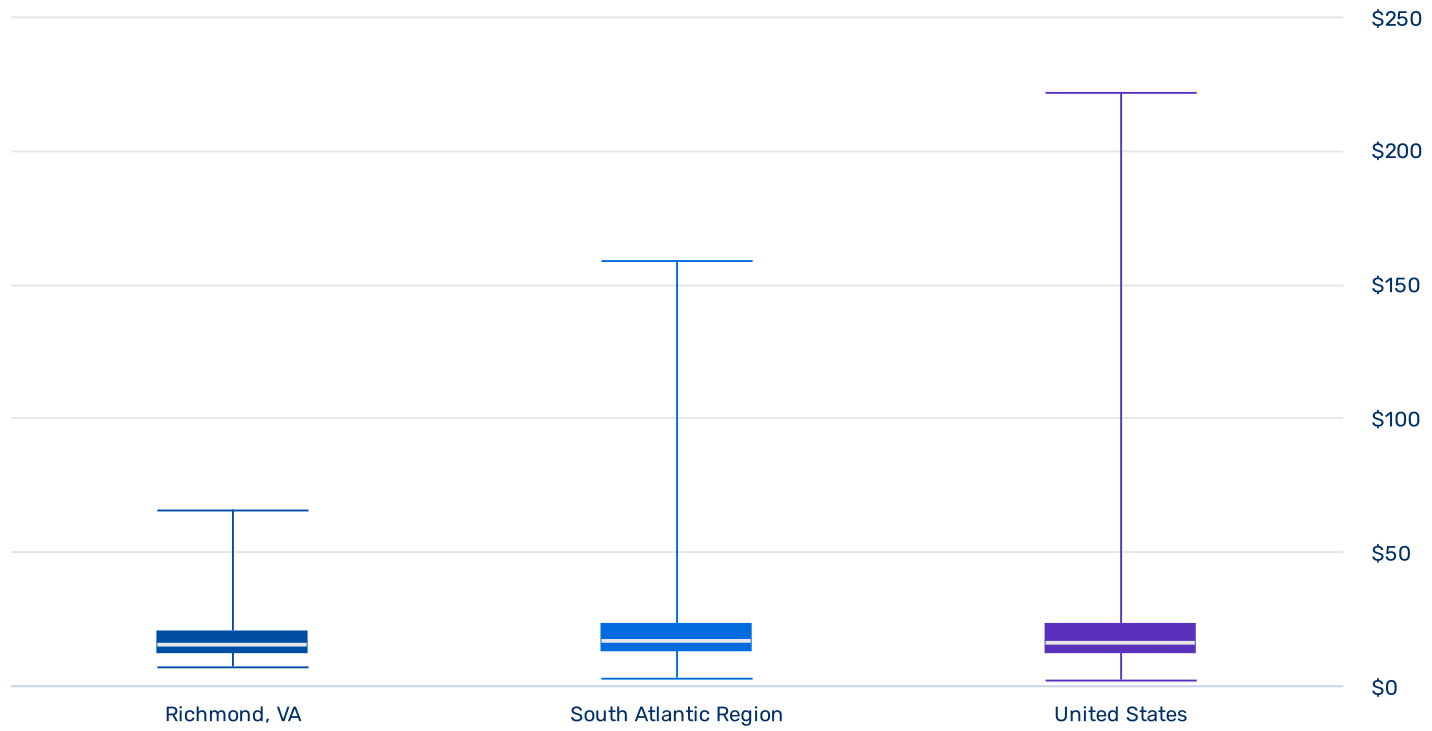
Rent Distribution Benchmark (per SF)



	Minimum Rent	Lower Quartile Rent	Median Rent	Upper Quartile Rent	Maximum Rent
Richmond, VA	$6.98	$12.62	$15.33	$20.17	$65.13
South Atlantic Region	$2.61	$12.79	$17.04	$23.28	$158.86
United States	$1.67	$12.58	$16.59	$22.69	$221.07

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Top New Construction Projects By Size

Property Name	Property Type	Address	Size sqft	Construction Status	Expected Completion	Expected Groundbreak	Developer	Developer Phone
Breckenridge Shopping Center	Community Center	12810 Jefferson Davis Hwy, Chester, VA, 23831	96,600	Complete	10/01/2018	–	GFD Management	(919) 401 - 5500
Cosby Village	Neighborhood Center	15930 Hull Street Road, Chesterfield, VA, 23832	67,582	Complete	11/01/2018	–	Thalmer	(804) 697 - 3446
Brandy Creek Commons	Neighborhood	6603 Mechanicsville Tpke, Mechanicsville, VA, 23111	67,398	Complete	12/01/2018	11/2017	Morgan Property Group	(954) 522 - 6010
Huguenot Village Shopping Center Redevelopment	Neighborhood	2001 Huguenot Rd, Richmond, VA, 23235	60,000	Complete	08/01/2020	–	Harris Development Partners LLC	(919) 410 - 6002
West Broad Marketplace South	Community	W Broad St & Robert Attack Way, Henrico, VA, 23233	57,350	Under Construction	–	–	NV Retail	(703) 448 - 4312
Westpark Shopping Center	Neighborhood Center	9645 W Broad St, Glen Allen, VA, 23060	52,401	Complete	05/01/2019	10/2017	Skilken Gold	(614) 418 - 3100
The Shoppes at Harper's Mill	Neighborhood	7600 Otterdale Rd, Chesterfield, VA, 23832	52,100	Complete	03/01/2019	9/2017	Blackwood Development	(804) 320 - 0422
Carytown Exchange Publix Anchor	Freestanding	W Cary St & S Thompson St, Richmond, VA, 23221	49,000	Under Construction	11/01/2020	–	Regency Centers	(919) 831-4915
Swift Creek Place	Neighborhood	13501 Hull St Rd, Midlothian, VA, 23112	33,300	Complete	09/01/2019	–	–	–
Winterfield Crossing Tier 1	Mixed Use	14381 Winterview Parkway, Midlothian, VA, 23113	25,600	Complete	09/01/2019	–	GBD Holdings	(804) 794 - 0681

NC listings will include all New Construction projects in a market as well as relevant projects outside of submarket bounds

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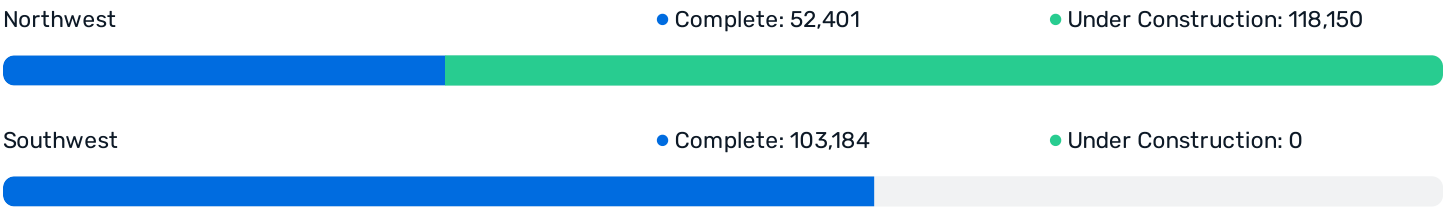
Submarket Project Tally[1] (as of 10/30/2020)



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	PROPOSED & PLANNED						UNDER CONSTRUCTION						
	Mixed Use	Neighborhood	Regional	Community	Power Center	Other	Mixed Use	Neighborhood	Regional	Community	Power Center	Other	Mixed Use
Northwest	64,530	91,560	–	433,907	–	–	–	11,800	–	57,350	–	49,000	
Southwest	390,000	155,807	–	–	–	–	–	–	–	–	–	–	25,60

1: *Size of Projects is in sqft.*

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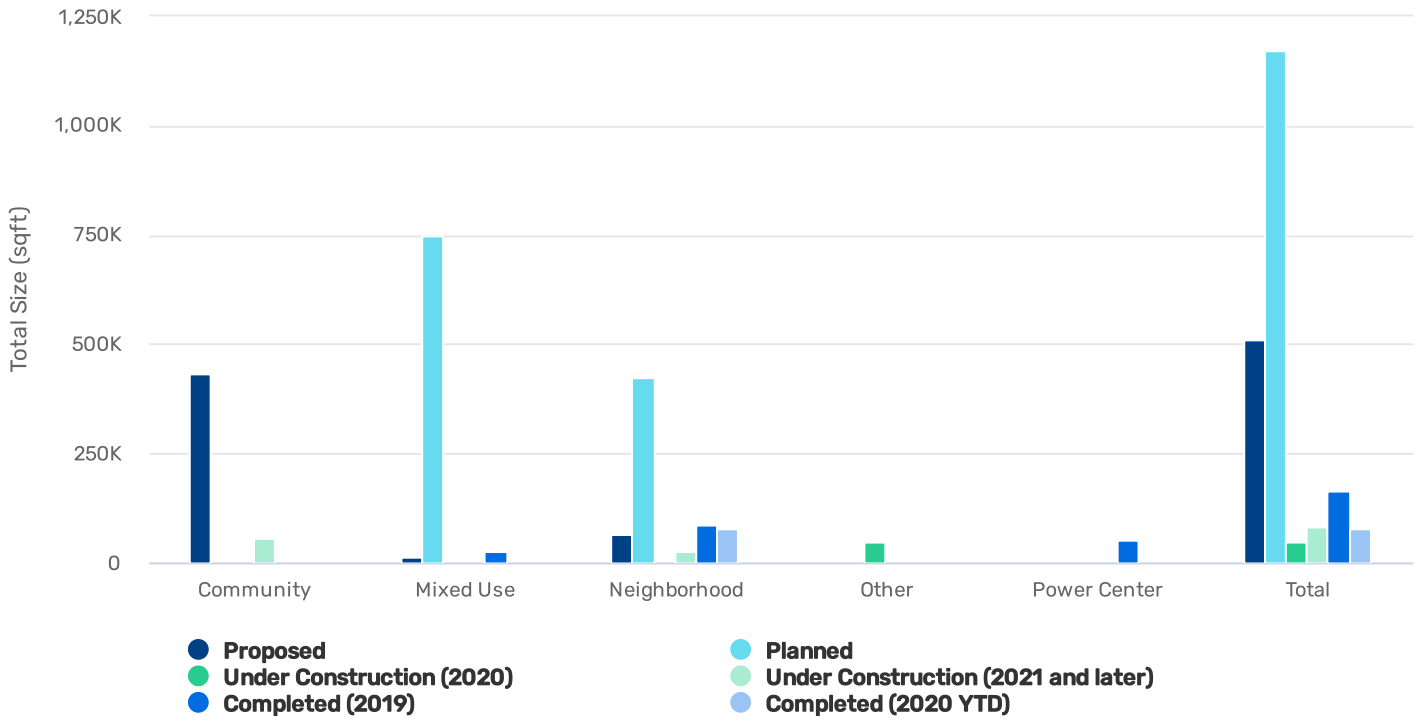
Construction Deliveries - All Construction (in SF)



	Proposed	Planned	Under Construction 2020	Under Construction 2021 and later	Completed 2019	Completed 2020 YTD
Community	433,907	–	–	57,350	–	–
Mixed Use	13,000	747,030	–	–	25,600	–
Neighborhood	65,300	424,867	–	23,800	85,400	77,584
Other	–	–	49,000	–	–	–
Power Center	–	–	–	–	52,401	–
Total	**512,207**	**1,171,897**	**49,000**	**81,150**	**163,401**	**77,584**

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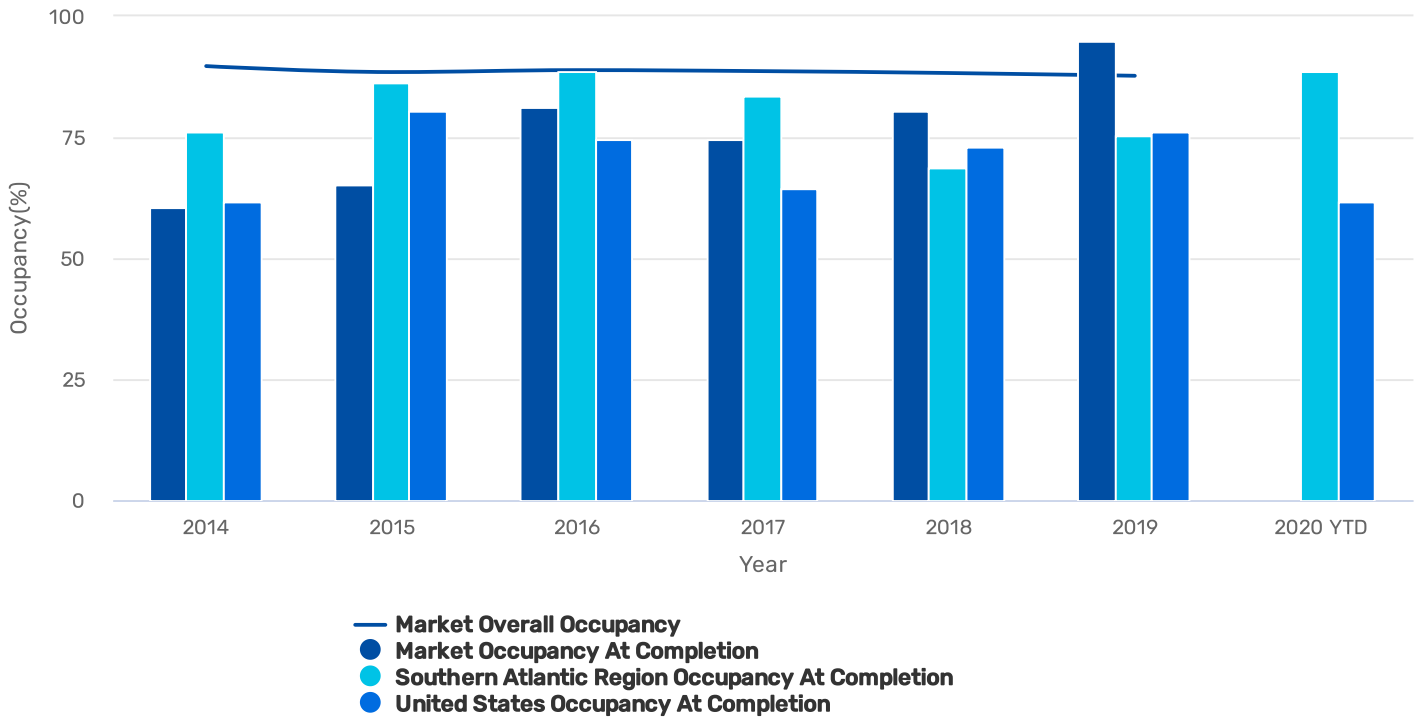
Occupancy At Completion



	2014	2015	2016	2017	2018	2019	2020 YTD
Market Overall Occupancy	89.7%	88.5%	88.9%	88.7%	88.3%	87.7%	–
Market Occupancy At Completion	60.6%	65.4%	81.3%	74.7%	80.4%	95.0%	–
Southern Atlantic Region Occupancy At Completion	76.2%	86.4%	88.6%	83.5%	68.6%	75.3%	88.6%
United States Occupancy At Completion	61.9%	80.5%	74.7%	64.6%	72.9%	76.3%	61.9%

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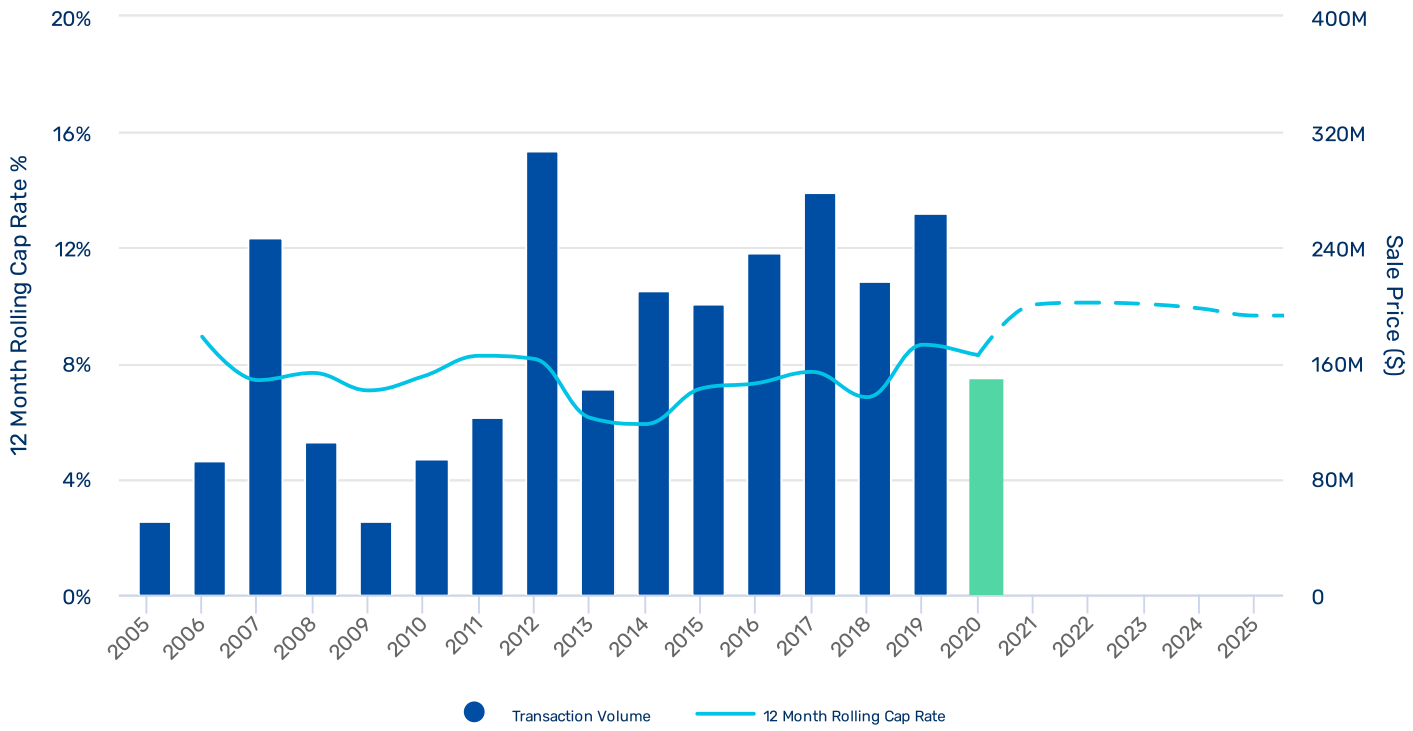
Sales Trends



Year	Transaction Volume ($)	Number of Transactions	12 Month Rolling Cap Rate
2005	$50,550,000	4	–
2006	$92,651,261	18	8.9%
2007	$247,356,896	35	7.4%
2008	$105,649,225	27	7.7%
2009	$51,453,834	11	7.1%
2010	$93,564,900	13	7.6%
2011	$122,878,467	21	8.3%
2012	$307,298,214	11	8.2%
2013	$142,796,003	30	6.1%
2014	$210,629,860	36	5.9%
2015	$200,903,641	36	7.1%
2016	$236,895,071	45	7.3%
2017	$279,063,336	42	7.7%
2018	$217,579,236	50	6.8%
2019	$263,586,824	40	8.6%
2020	$148,769,595	24	8.3%
2021	–	–	10.0%
2022	–	–	10.1%

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Year	Transaction Volume ($)	Number of Transactions	12 Month Rolling Cap Rate
2023	–	–	10.1%
2024	–	–	9.9%
2025	–	–	9.7%

Includes sales of $2M and greater only

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10 LARGEST TRANSACTIONS: 2020 YTD

Address	City	State	Submarket	Sale Price [1,2]	Sale Price Per SQFT	Sale Date	Size sqft
10931-10973 W Broad St	Glen Allen	VA	Northwest	$23,860,000	$175	01/06/2020	136,000
12248 Bermuda Crossroads Ln	Chester	VA	Southwest	$21,025,362	$171	03/01/2020	122,566
10001 Hull St Rd	Richmond	VA	Southwest	$10,250,000	$88	01/21/2020	127,801
4502 W Broad St	Richmond	VA	Northwest	$8,800,000	$357	03/05/2020	24,635
6001 Iron Bridge Rd	North Chesterfield	VA	Southwest	$8,145,500	$1,674	07/28/2020	4,865
600 E Hundred Rd	Chester	VA		$6,898,500	$1,417	07/28/2020	4,865
3840 N Bailey Bridge Rd	Midlothian	VA	Southwest	$6,622,000	$1,149	07/28/2020	5,761
3850 N Bailey Bridge Rd	Midlothian	VA	Southwest	$6,622,000	$1,361	07/28/2020	4,865
4700 Walmsley Blvd	Richmond	VA		$5,598,880	$1,382	07/14/2020	4,050
8200 W Broad St	Henrico	VA	Northwest	$5,400,000	$131	03/05/2020	41,112

1: *Only includes transactions that are REIS verified*
2: *Any transactions missing a sale price did not have their sale price disclosed at time of sale*

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10 MOST RECENT TRANSACTIONS

Address	City	State	Sale Price [1]	Sale Price Per SQFT	Sale Date	Size sqft
212 E Grace St	Richmond	VA	$548,050	–	10/16/2020	–
7430 Brook Rd	Richmond	VA	$410,000	–	10/16/2020	–
1425 Hull St	Richmond	VA	–	–	10/05/2020	–
11119 Hull Street Rd	Midlothian	VA	$5,000,000	$359	10/05/2020	13,905
11000 Midlothian Tpke	Chesterfield	VA	$2,400,000	$153	10/01/2020	15,600
520 N 25th St	Richmond	VA	$950,000	–	09/30/2020	–
1600 W Broad St	Richmond	VA	$2,900,000	$2,035	09/29/2020	1,425
24 W Brookland Park Blvd	Richmond	VA	$225,000	–	09/24/2020	–
7522 Midlothian Tpke	North Chesterfield	VA	$3,700,000	$117	09/23/2020	31,400
1114 Hull St	Richmond	VA	$1,175,000	$1,205	09/21/2020	975

1: *Any transactions missing a sale price did not have their sale price disclosed at time of sale*

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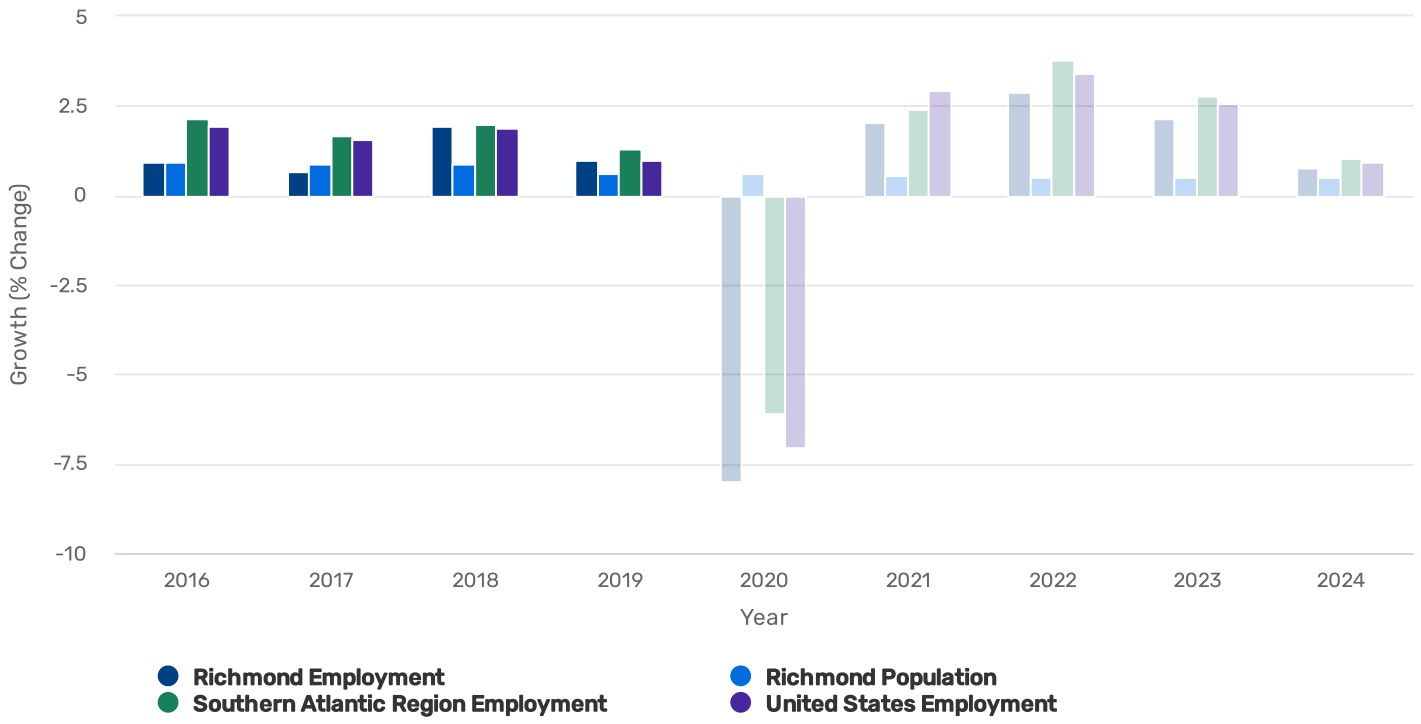
Employment and Population



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Richmond Employment	0.92%	0.67%	1.96%	0.96%	-7.99%	2.02%	2.87%	2.15%	0.77%
Southern Atlantic Region Employment	2.17%	1.65%	2.00%	1.29%	-6.10%	2.40%	3.78%	2.79%	1.04%
United States Employment	1.92%	1.59%	1.87%	0.96%	-7.05%	2.92%	3.41%	2.57%	0.93%
Richmond Population	0.92%	0.90%	0.89%	0.63%	0.64%	0.58%	0.53%	0.52%	0.51%
Southern Atlantic Region Population	1.33%	1.11%	0.92%	0.98%	0.87%	0.89%	0.87%	0.88%	0.88%
United States Population	0.88%	0.71%	0.58%	0.62%	0.70%	0.70%	0.69%	0.69%	0.68%

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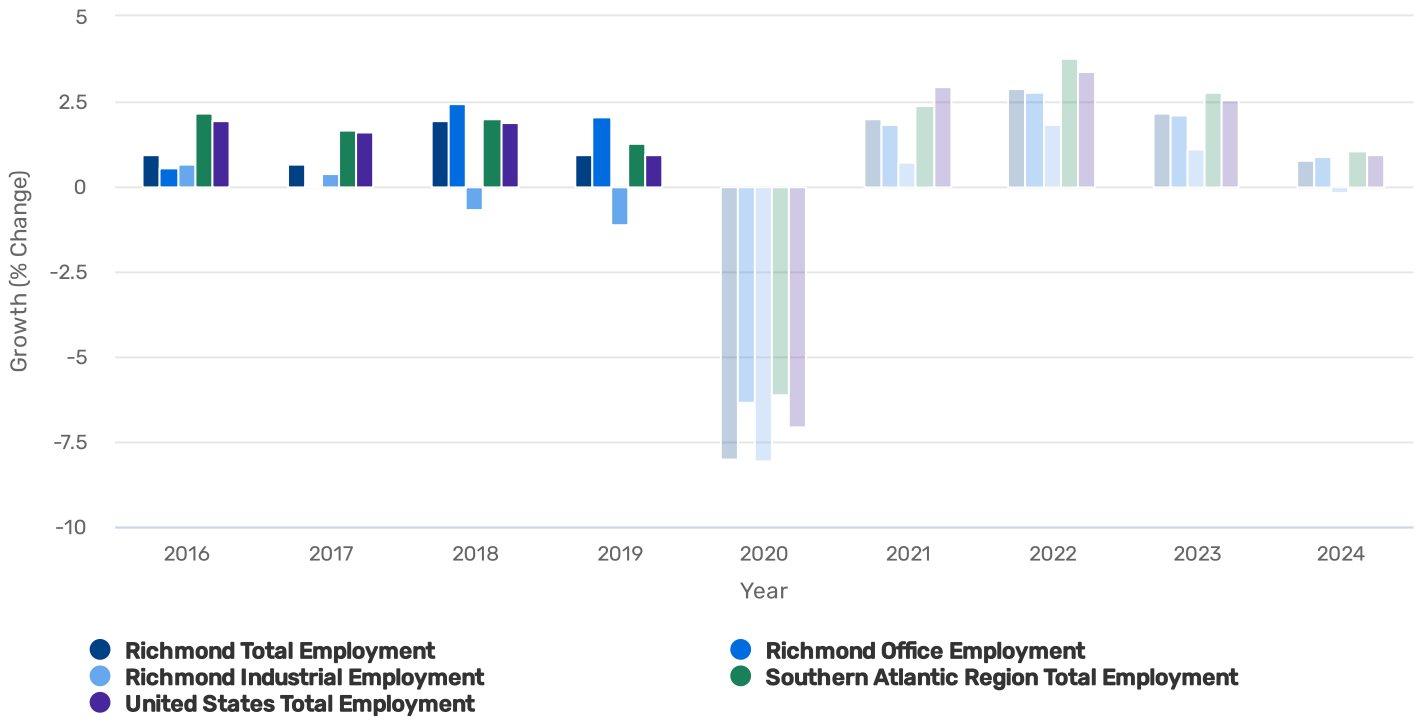
Employment



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Richmond Total Employment	0.92%	0.67%	1.96%	0.96%	-7.99%	2.02%	2.87%	2.15%	0.77%
Southern Atlantic Region Total Employment	2.17%	1.65%	2.00%	1.29%	-6.10%	2.40%	3.78%	2.79%	1.04%
United States Total Employment	1.92%	1.59%	1.87%	0.96%	-7.05%	2.92%	3.41%	2.57%	0.93%
Richmond Office Employment	0.58%	0.05%	2.44%	2.05%	-6.31%	1.84%	2.79%	2.09%	0.87%
Southern Atlantic Region Office Employment	1.97%	1.61%	1.87%	1.34%	-4.40%	2.24%	3.74%	2.80%	1.17%
United States Office Employment	1.80%	1.39%	1.74%	1.07%	-5.04%	2.61%	3.50%	2.64%	1.11%
Richmond Industrial Employment	0.69%	0.41%	-0.67%	-1.14%	-8.03%	0.73%	1.85%	1.10%	-0.17%
Southern Atlantic Region Industrial Employment	1.50%	1.13%	2.14%	1.11%	-5.63%	1.55%	2.93%	1.68%	-0.02%
United States Industrial Employment	0.35%	0.86%	1.77%	0.26%	-6.12%	2.01%	2.55%	1.45%	-0.15%

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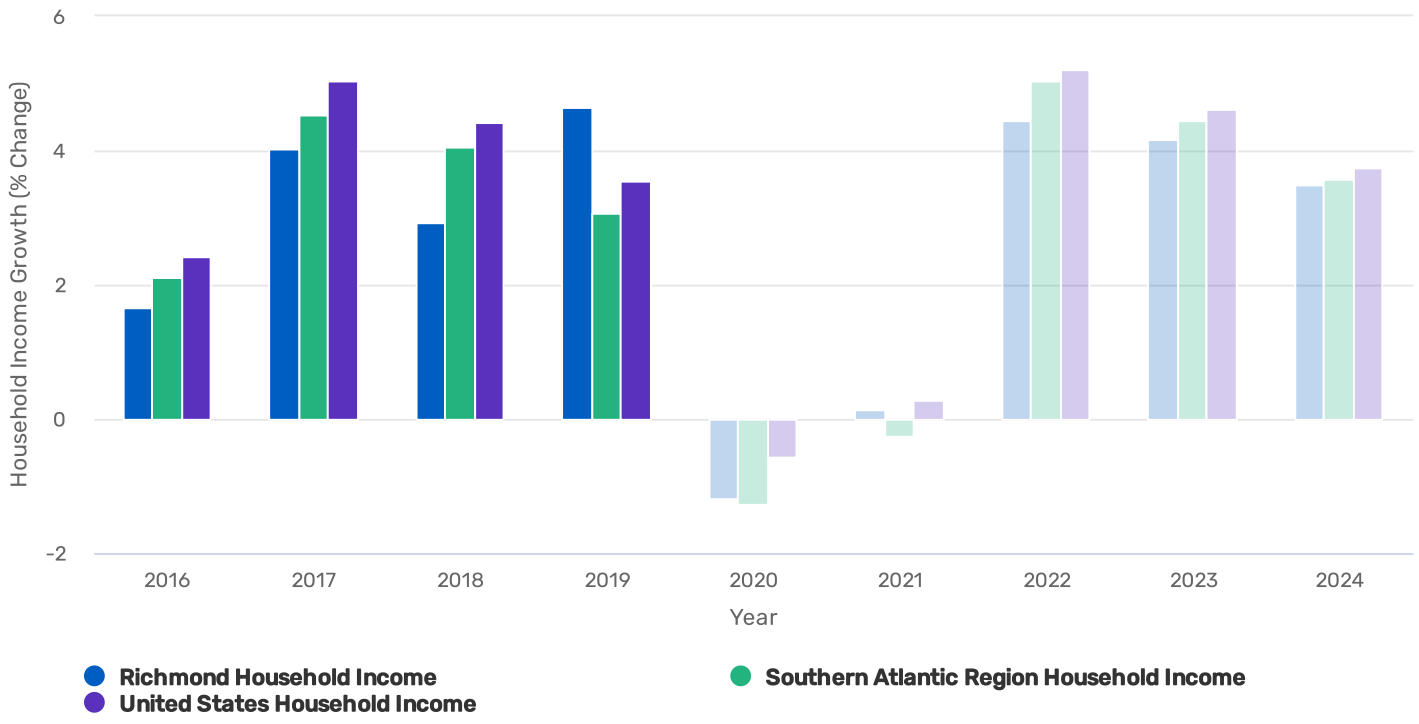
Households - Household Income



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Richmond Household Income	1.66%	4.04%	2.92%	4.65%	-1.20%	0.13%	4.46%	4.17%	3.50%
Southern Atlantic Region Household Income	2.11%	4.53%	4.04%	3.08%	-1.28%	-0.25%	5.04%	4.45%	3.57%
United States Household Income	2.42%	5.03%	4.42%	3.55%	-0.55%	0.27%	5.20%	4.61%	3.74%
Richmond Household Growth	1.23%	1.09%	1.13%	0.83%	0.41%	0.50%	0.74%	0.92%	0.99%
Southern Atlantic Region Household Growth	1.39%	1.08%	0.96%	1.26%	0.84%	1.04%	1.41%	1.55%	1.61%
United States Household Growth	1.05%	0.72%	0.63%	0.94%	0.57%	0.66%	0.97%	1.12%	1.18%

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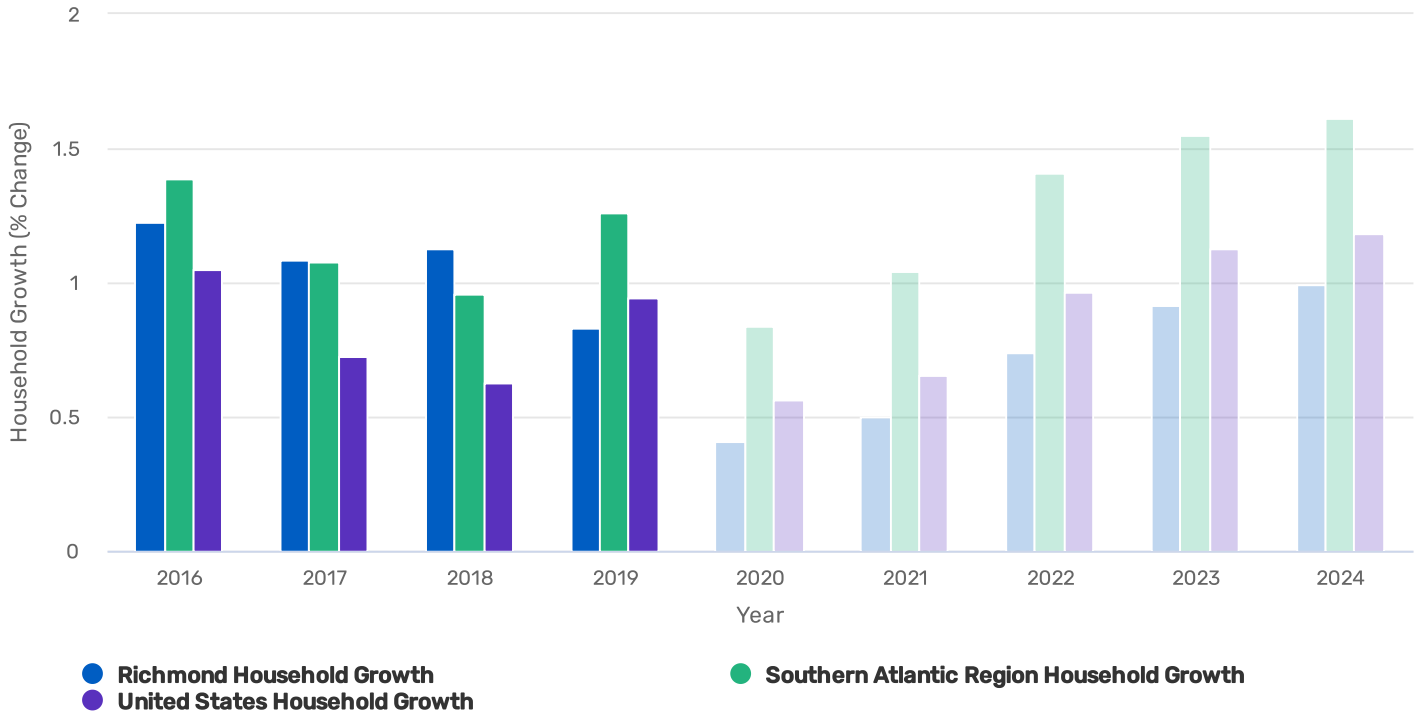
Households - Household Growth



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Richmond Household Income	1.66%	4.04%	2.92%	4.65%	-1.20%	0.13%	4.46%	4.17%	3.50%
Southern Atlantic Region Household Income	2.11%	4.53%	4.04%	3.08%	-1.28%	-0.25%	5.04%	4.45%	3.57%
United States Household Income	2.42%	5.03%	4.42%	3.55%	-0.55%	0.27%	5.20%	4.61%	3.74%
Richmond Household Growth	1.23%	1.09%	1.13%	0.83%	0.41%	0.50%	0.74%	0.92%	0.99%
Southern Atlantic Region Household Growth	1.39%	1.08%	0.96%	1.26%	0.84%	1.04%	1.41%	1.55%	1.61%
United States Household Growth	1.05%	0.72%	0.63%	0.94%	0.57%	0.66%	0.97%	1.12%	1.18%

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Executive Briefing

SEPTEMBER 2020

Market Overview

A summary of key real estate supply and demand metrics shows that during the third quarter the Richmond retail market experienced positive net absorption, declining effective rents, and no movement in the market's vacancy rate. It is important to examine each of these critical barometers in more detail and from both a historical and forecast perspective.

Asking and Effective Rent

Monthly movement in asking rent during the third quarter was varied, with September's decline of 0.3% bringing the cumulative quarterly total down to 0.3%. Since the same reporting period last year, asking rents have declined by 0.6%, down from $18.14. Since the beginning of Q4 2010, the metro as a whole has recorded an annual average increase of 1.1%. Effective rents, which exclude the value of concessions offered to prospective tenants, also fell by 0.3% during September. The identical rates of change suggest that, although rents trended downward, landlords managed to avoid increasing the relative value of incentives packages used to attract and retain lessees.

Competitive Inventory, Absorption

The current level of occupied retail stock equals the level recorded 12 months ago; in historic perspective, this flat level of retail demand compares unfavorably to the annual average of 64,000 recorded since the beginning of Q4 2010. In a long-term context, September vacancy rate is 1.5 percentage points higher than the 10.9% average recorded since the beginning of Q4 2010.

Outlook

Between now and year's end, 57,000 square feet of competitive retail stock will be introduced to the metro, and Reis estimates that net total absorption will be negative 46,000 square feet. As a result, the vacancy rate will drift upward by 0.6 percentage points to 13.0%. During 2021 and 2022, construction activity under surveillance is projected to deliver a total of 148,000 square feet. Total employment growth during 2021 and 2022 is expected to average 2.4% annually, while household formations are anticipated to average an increase of 0.6% per year. Over the same period the metro absorption rate is expected to average negative 8,000 square feet per year. The market vacancy rate will finish 2021 at 14.5% and will fall 0.5 percentage points to 14.0% by year end 2022. Between now and year-end 2020 asking rents are expected to fall -3.3% to a level of $17.43, while effective rents will decline by -5.4% to $14.59. Thereafter, Reis anticipates that asking rent growth will decelerate to an annualized average of -4.8% during 2021 and 2022 to reach a level of $15.80 per square foot.

$18 ↓

Average Asking Rent (Per Square Foot)

12.4% —

Average Vacancy Rate

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