



# Q1 2023 RETAIL MARKET REPORT

# Retail Market - Key Trends Snapshot

## Retail Market

The retail sector has been growing rapidly for much of the past year and a half as consumers spent heavily on retail goods, services, and entertainment. As inflation has lingered, and interest rates have climbed, consumers are starting to spend less, and retail sales have taken a hit recently. This trend is likely to continue as the labor market weakens.

Virginia has fully recovered net jobs lost during the pandemic, and the job base has grown by nearly 42,000 jobs statewide since January of 2020. Retail-supporting job sectors were some of the hardest hit by COVID, but these sectors have been the fastest growing over the past year and a half. Much of this growth was fueled by strong consumer spending, which has started to slow down, leading to fewer retail-supporting jobs. Most of the decrease in retail-supporting jobs in February were in Arts & Entertainment, down 2.3% from January (-1,400 jobs). Retail trade jobs edged down by about 200 jobs statewide.

Net retail space absorption continues to be positive, but has moderated from the busy pace a year ago. There was about 438,000 sq. ft of retail space absorbed statewide during Q1-2023, more than 1 million sq. ft. less than this time last year. Most of the retail absorption is taking place in the Northern Virginia market (300,000 sq. ft), and Blacksburg market (107,500 sq. ft). Overall, large/big box retail accounted for about 181,000 net sq. ft of absorption statewide, while small/neighborhood retail had about 142,000 net sq. ft of absorption.

Retail vacancy is down from last year, but has been relatively flat in recent quarters. The overall vacancy rate for retail space statewide was 4.3% in Q1-2023, down from 4.7% in Q1-2022. The Richmond and Hampton Roads markets have the most retail vacancy at 5.5% and 5.0%, respectively in Q1-2023. Most of the vacant space in these areas is large/big box retail.

Full service rent for retail space in Virginia is climbing, but the rate of growth has been steady, and is now mostly driven by small/neighborhood retail properties. The overall rent per sq. ft climbed 2.2% in Q1-2023 compared to last year. For small/neighborhood retail, rents rose 4.4%, while large/big box rents were flat.

New retail construction continues to slow down in Virginia. Overall, there was about 1.3 million sq. ft. of retail space under construction in Q1-2023, down 12.8% from last year. Deliveries of new retail space statewide plummeted 58.8% from this time last year.

### Retail-Supporting Job Sectors (% Chg Jan-23 to Feb-23, seasonally adjusted)



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q1-2023	Indicator
% chg	-0.2%	453,604,616	Total Inventory (sq. ft)
sq. ft	-1,023,622	438,200	Net Absorption (sq. ft)
pct point	-0.4%	4.3%	Vacancy Rate (%)
\$ per sq. ft	\$0.36	\$16.48	Full Service Rent (\$ per sq. ft)
sq. ft	-270,791	189,517	New Supply Delivered (sq. ft)
sq. ft	-190,112	1,295,976	Under Construction (sq. ft)



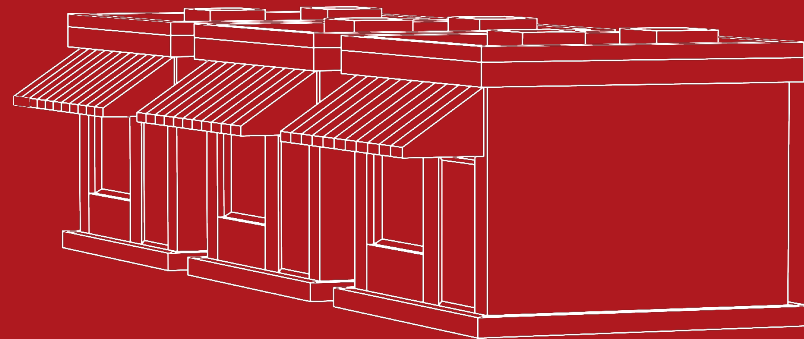
### Economic Indicator Dashboard

	MoM % Chg	Feb-23	Indicator
% chg	-0.4%	4.1	Total Jobs (in millions, seasonally adjusted)
% chg	-0.3%	798.6	Retail-Supporting Jobs (in thousands, seasonally adjusted)
pct point	0	3.2%	Unemployment Rate (% seasonally adjusted)
pct point	QoQ Chg -0.6%	Q4-2022 2.6	Gross Domestic Product (% chg from prior year)

# Report Index

## Virginia Retail Market

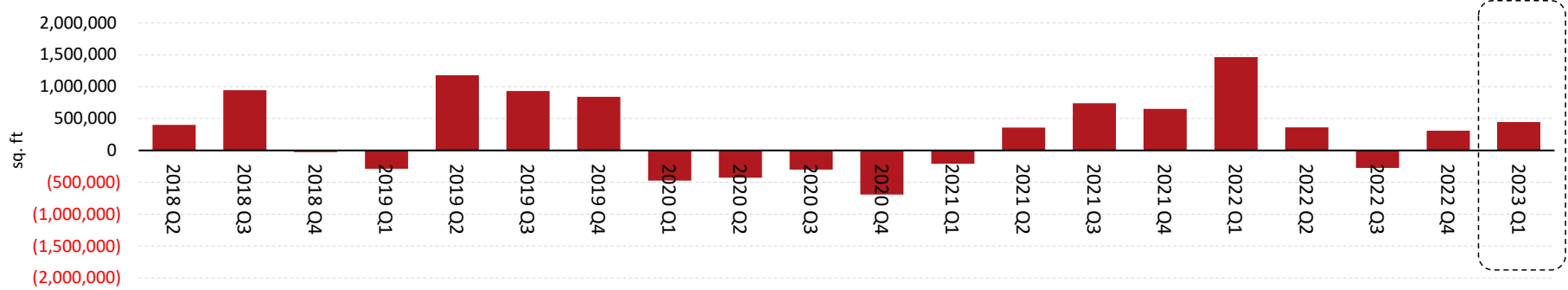
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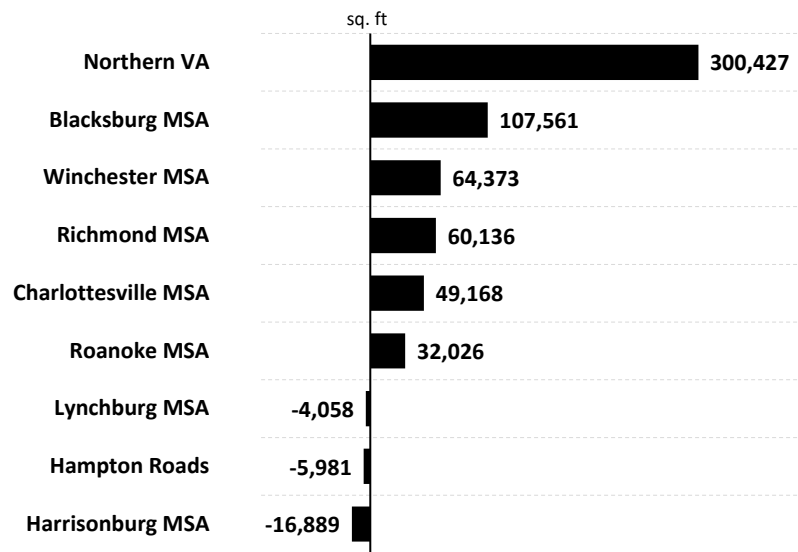
# Retail Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

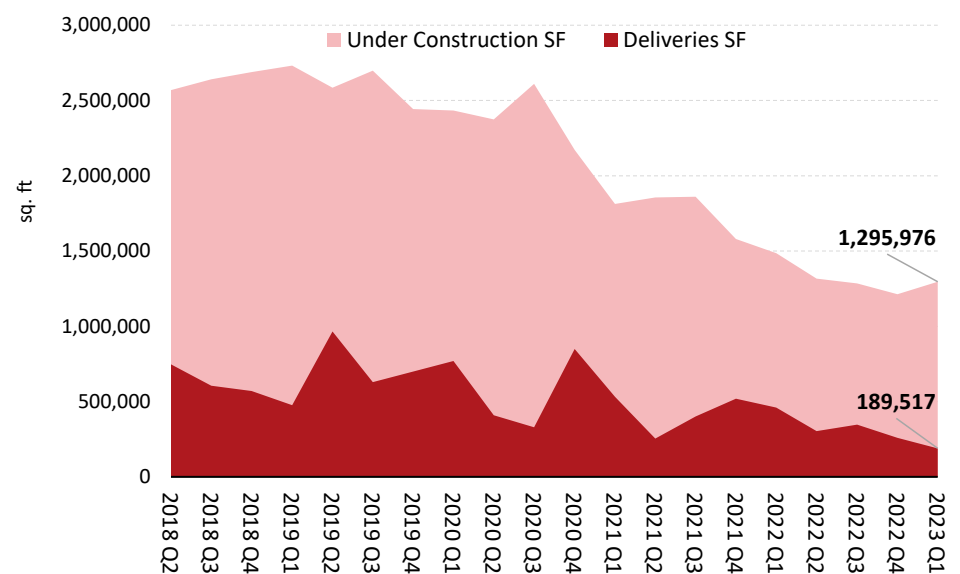
Net Absorption (sq. ft)



Q1-2023 Net Absorption by Metro Area (sq ft)

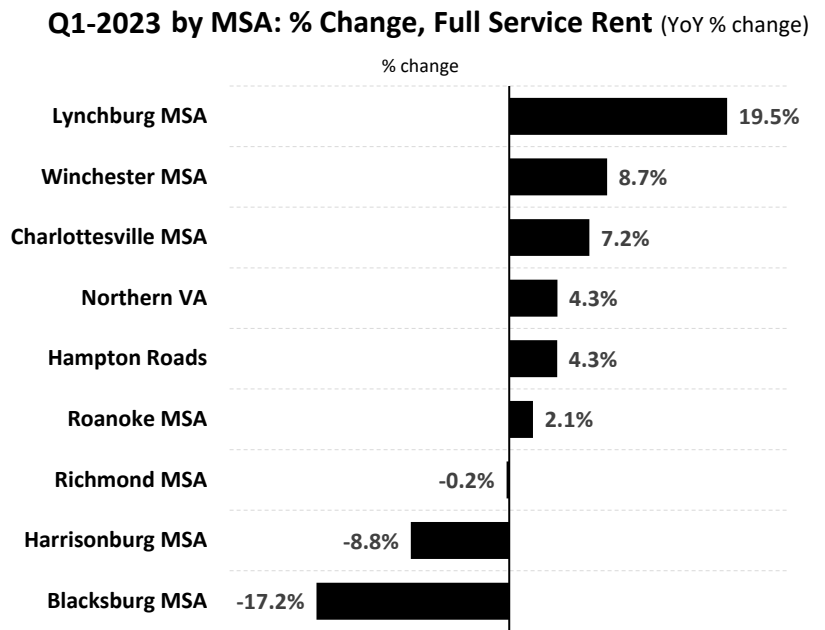
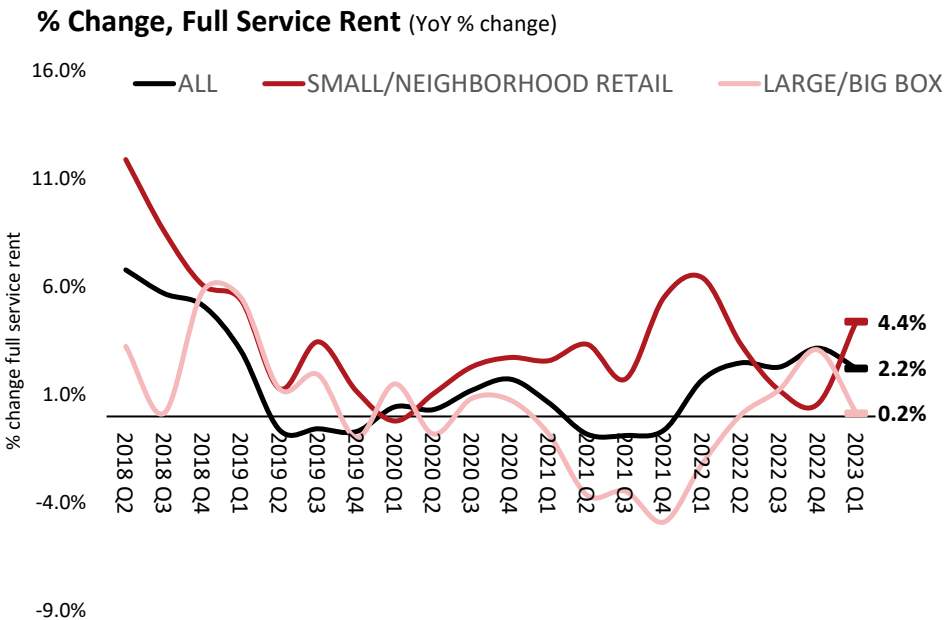
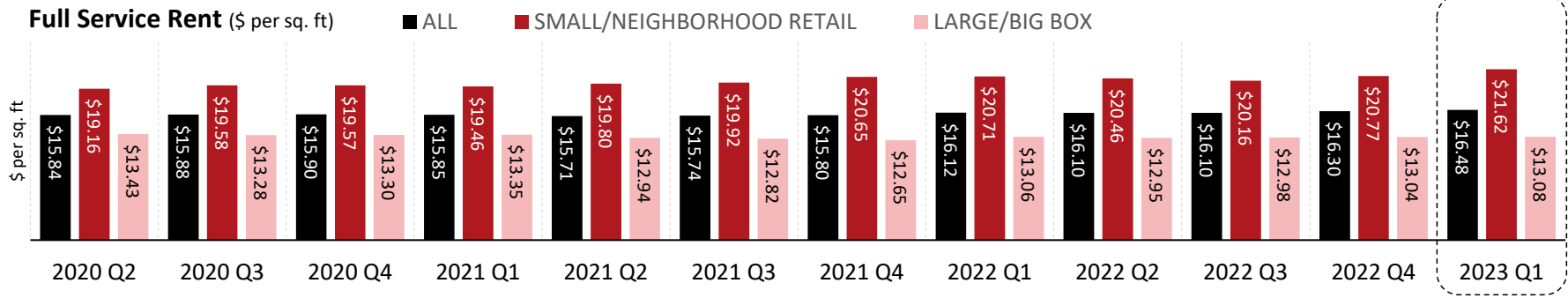


Under Construction & Net Deliveries (sq. ft)



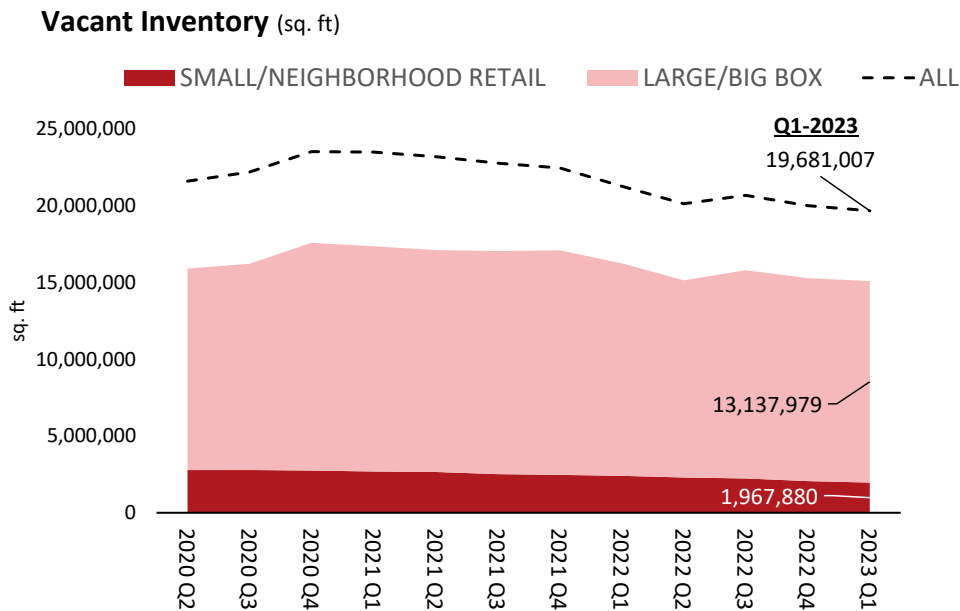
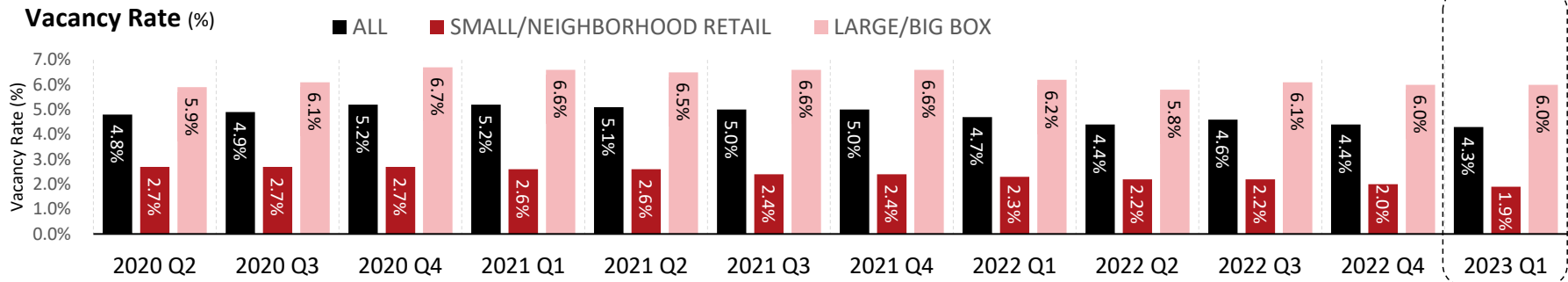
# Retail Market - Rent Trends

## VIRGINIA (Statewide)

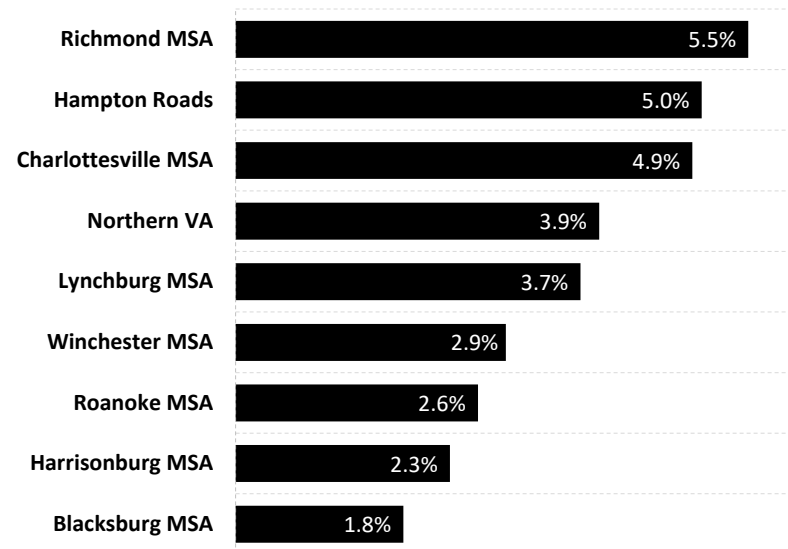


# Retail Market - Vacancy Trends

## VIRGINIA (Statewide)



## Q1-2023 Retail Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q1  
2023

Virginia  
REALTORS®

RETAIL  
Market Report



*Snapshot of Retail Market Conditions Around Virginia*

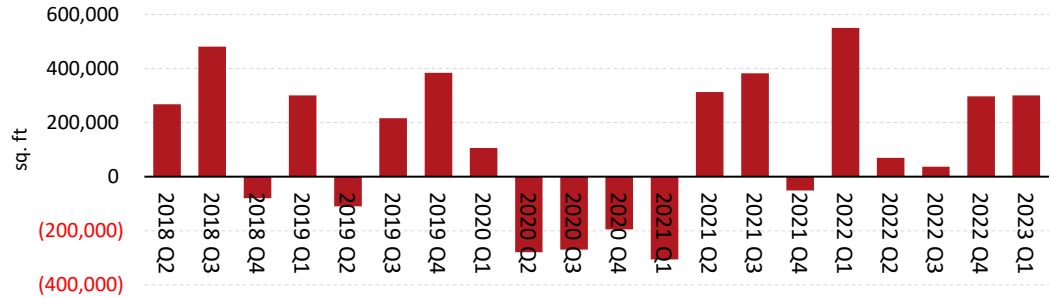
# Retail Market - MSA Trends

## NORTHERN VIRGINIA

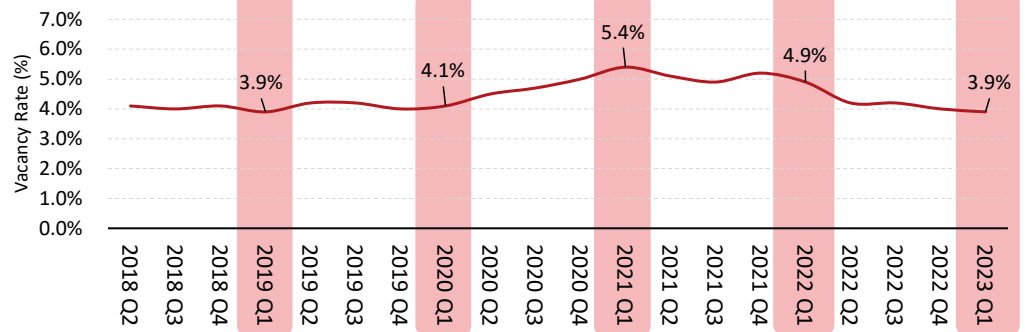
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	135.1	-0.5%	% chg
Vacancy Rate (%)	3.9%	-1.0%	pct points
Net Absorption (sq. ft)	300,427	-249,741	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$26.82	\$1.11	\$ per sq. ft
Deliveries (sq. ft)	137,161	-110,846	sq. ft
Under Construction (sq. ft)	560,809	-170,433	sq. ft

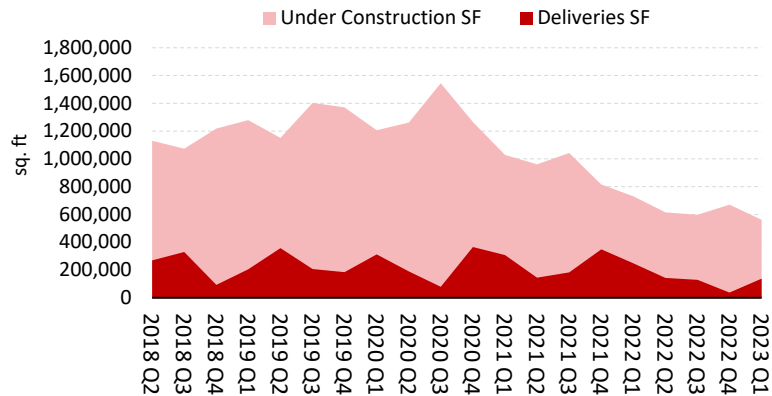
### Net Absorption (sq. ft)



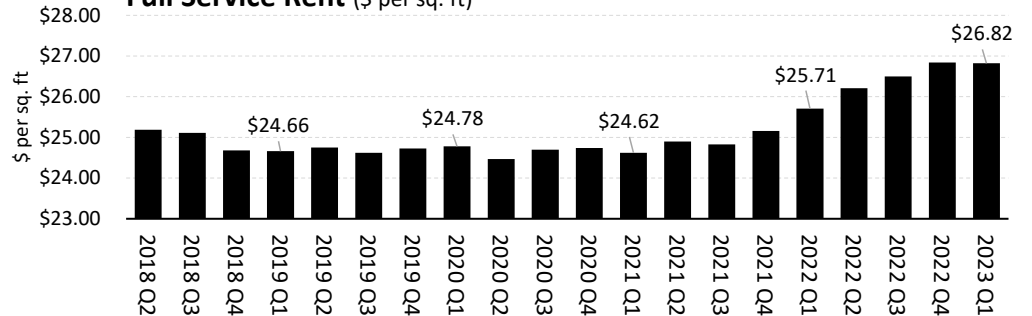
### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)





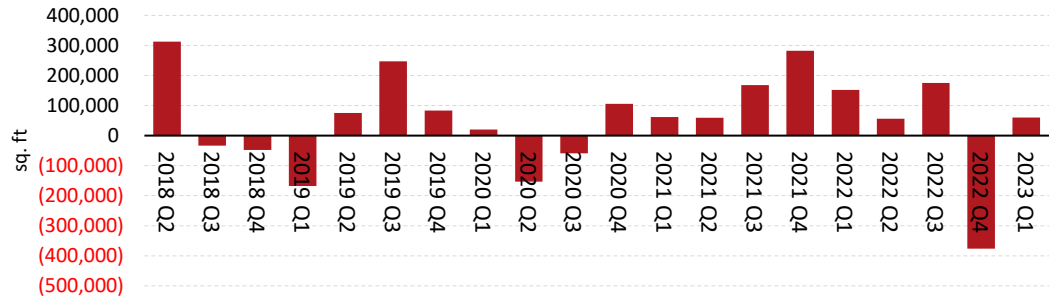
# Retail Market - MSA Trends

## RICHMOND MSA

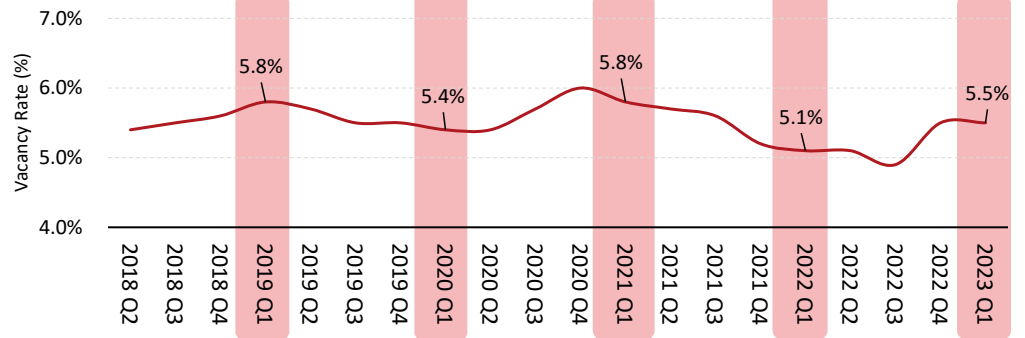
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	<b>80.3</b>	<b>0.3%</b>	% chg
Vacancy Rate (%)	<b>5.5%</b>	<b>0.4%</b>	pct points
Net Absorption (sq. ft)	<b>60,136</b>	<b>-91,621</b>	sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$16.65</b>	<b>-\$0.04</b>	\$ per sq. ft
Deliveries (sq. ft)	<b>14,264</b>	<b>-66,363</b>	sq. ft
Under Construction (sq. ft)	<b>170,125</b>	<b>-24,199</b>	sq. ft

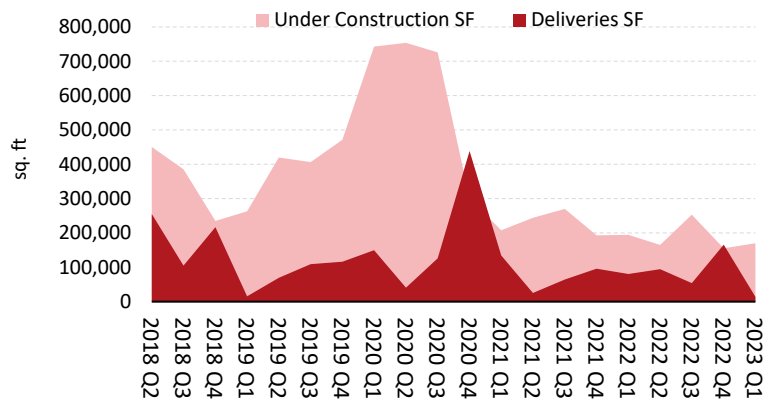
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



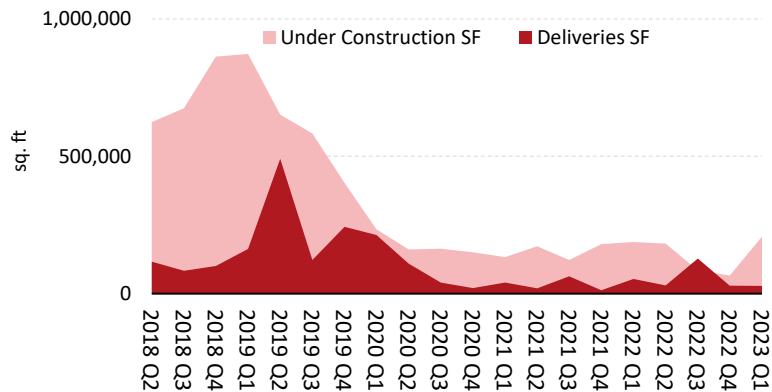
# Retail Market - MSA Trends

## HAMPTON ROADS

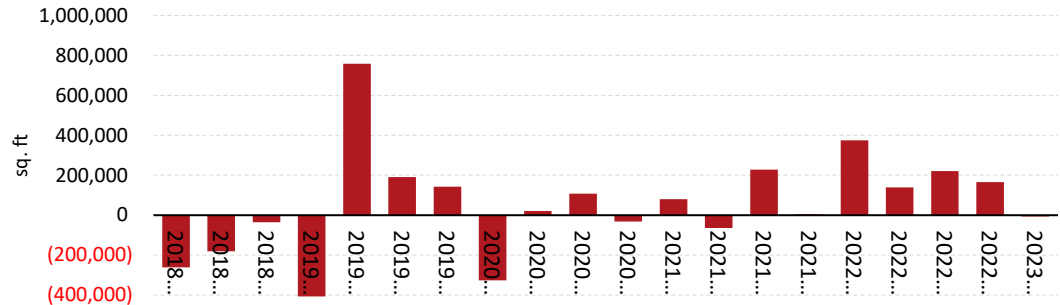
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	<b>106.7</b>	<b>0.2%</b>	% chg
Vacancy Rate (%)	<b>5.0%</b>	<b>-0.3%</b>	pct points
Net Absorption (sq. ft)	<b>(5,981)</b>	<b>-380,516</b>	sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$15.58</b>	<b>\$0.64</b>	\$ per sq. ft
Deliveries (sq. ft)	<b>28,075</b>	<b>-25,157</b>	sq. ft
Under Construction (sq. ft)	<b>207,493</b>	<b>19,379</b>	sq. ft

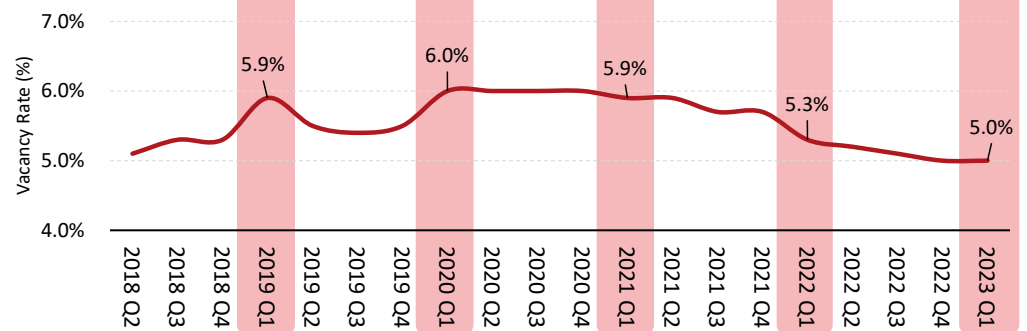
### Under Construction & Net Deliveries (sq. ft)



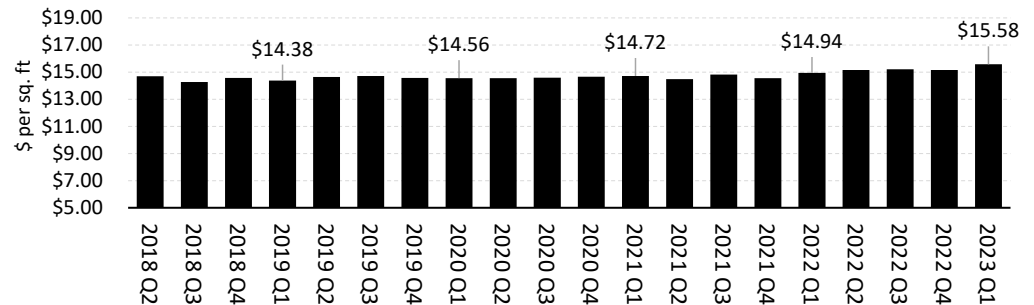
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Full Service Rent (\$ per sq. ft)



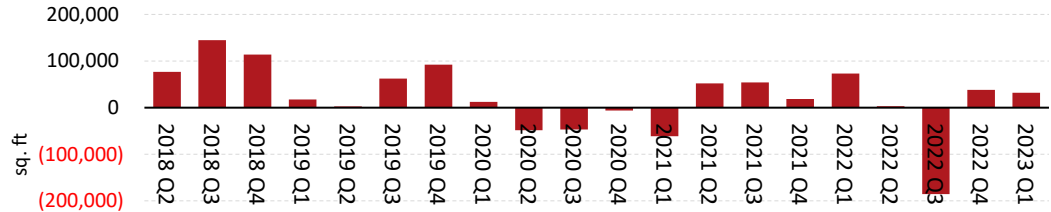
# Retail Market - MSA Trends

## ROANOKE MSA

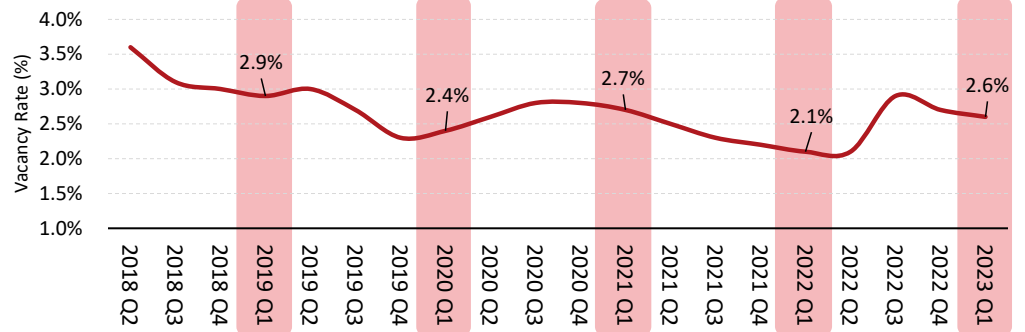
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	24.4	0.0%	% chg
Vacancy Rate (%)	2.6%	0.5%	pct points
Net Absorption (sq. ft)	32,026	-41,224	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.46	\$0.28	\$ per sq. ft
Deliveries (sq. ft)	7,500	-40,000	sq. ft
Under Construction (sq. ft)	0	-3,300	sq. ft

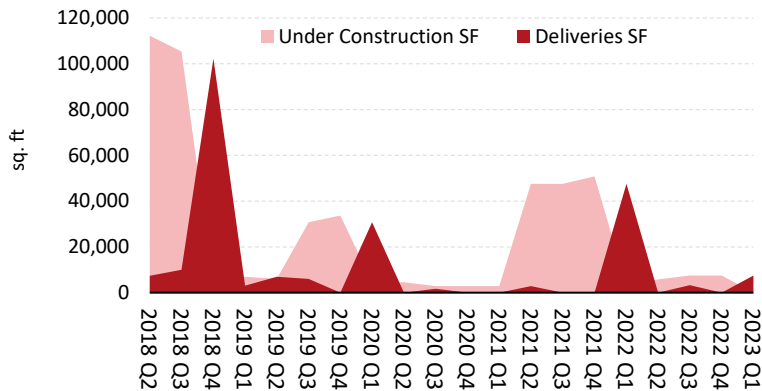
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



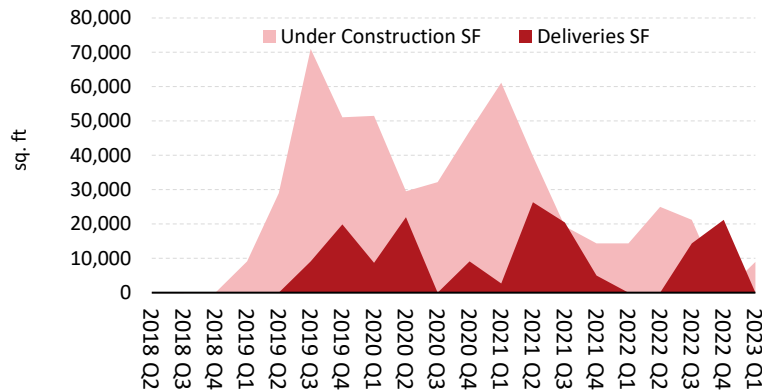
# Retail Market - MSA Trends

## LYNCHBURG MSA

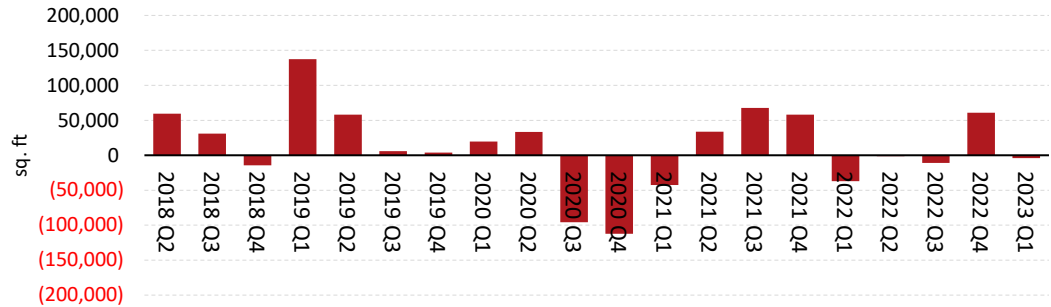
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	14.2	0.3%	% chg
Vacancy Rate (%)	3.7%	-0.1%	pct points
Net Absorption (sq. ft)	(4,058)	32,909	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$14.91	\$2.43	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	9,000	-5,362	sq. ft

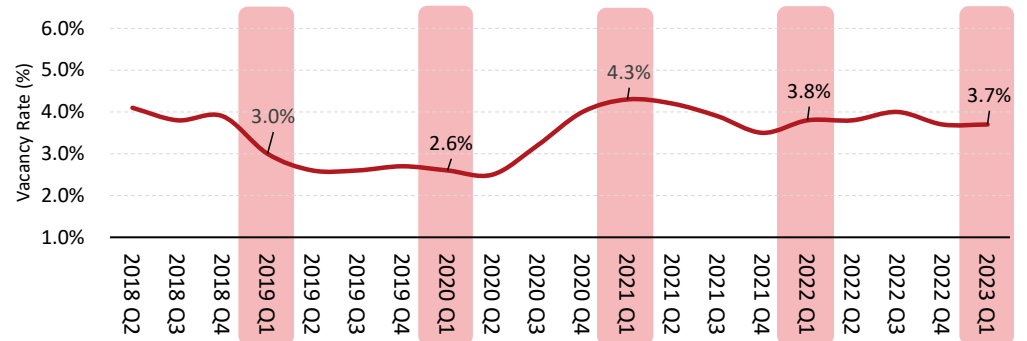
### Under Construction & Net Deliveries (sq. ft)



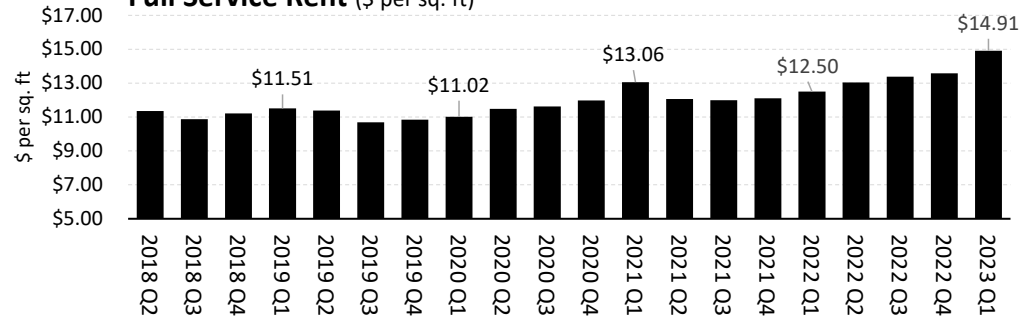
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Full Service Rent (\$ per sq. ft)



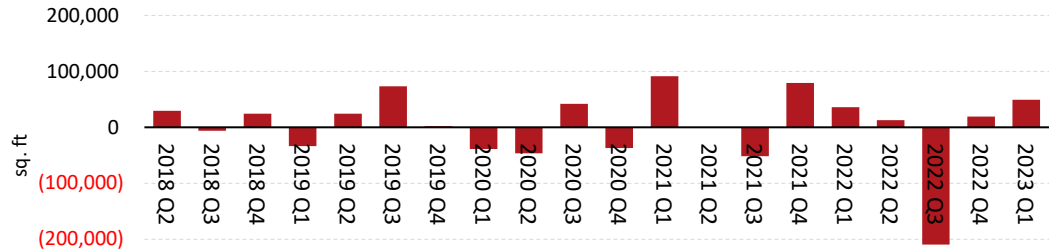
# Retail Market - MSA Trends

## CHARLOTTESVILLE MSA

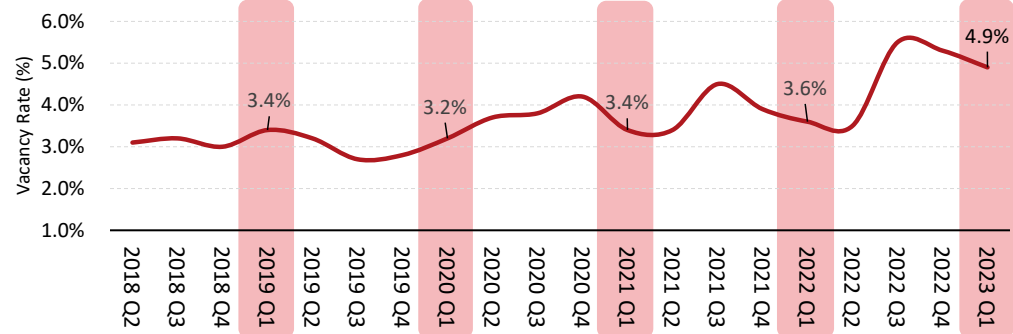
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	10.1	0.0%	% chg
Vacancy Rate (%)	4.9%	1.3%	pct points
Net Absorption (sq. ft)	49,168	13,420	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$21.37	\$1.43	\$ per sq. ft
Deliveries (sq. ft)	0	-7,180	sq. ft
Under Construction (sq. ft)	49,600	-1,320	sq. ft

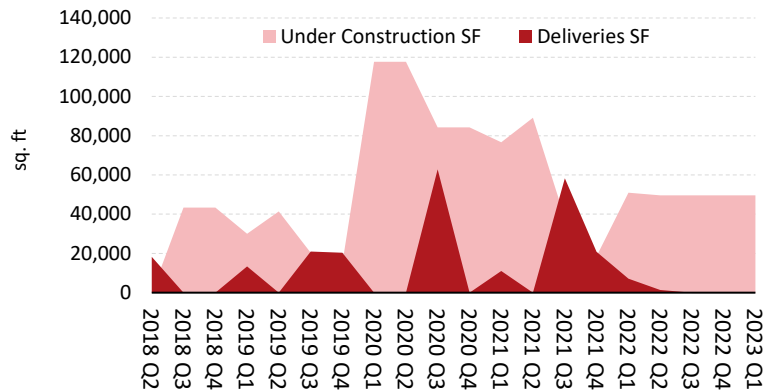
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



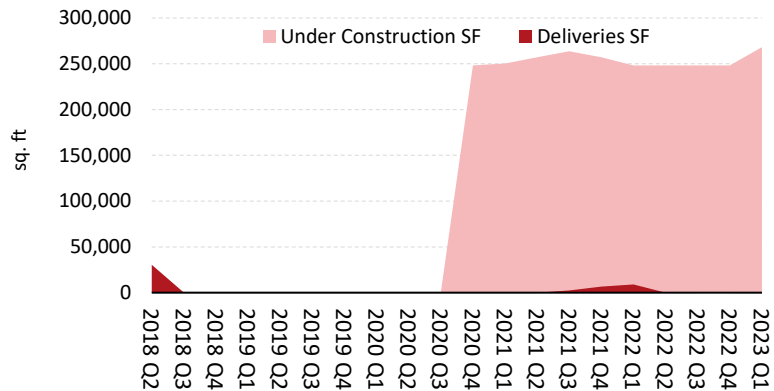
# Retail Market - MSA Trends

## BLACKSBURG MSA

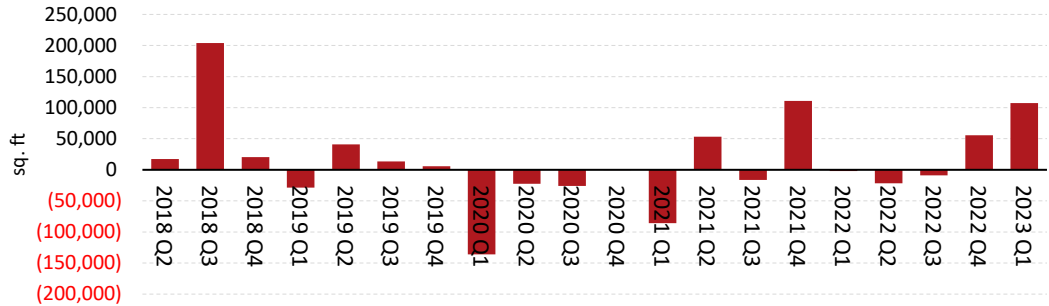
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.2	0	% chg
Vacancy Rate (%)	1.8%	-1.5%	pct points
Net Absorption (sq. ft)	107,561	109,347	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.12	-\$2.73	\$ per sq. ft
Deliveries (sq. ft)	0	-8,907	sq. ft
Under Construction (sq. ft)	268,075	20,000	sq. ft

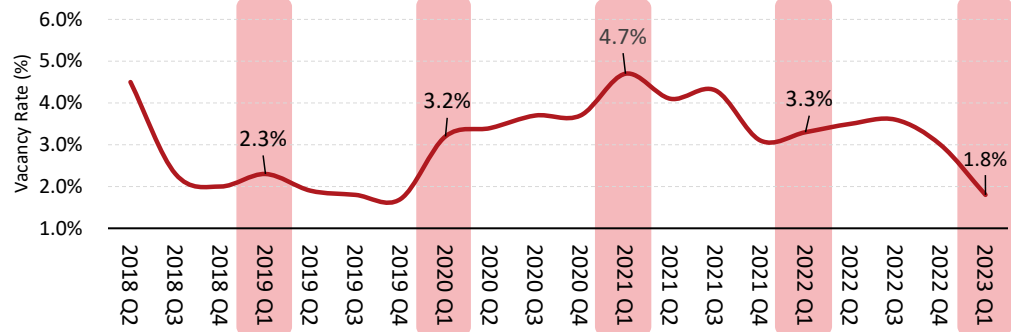
### Under Construction & Net Deliveries (sq. ft)



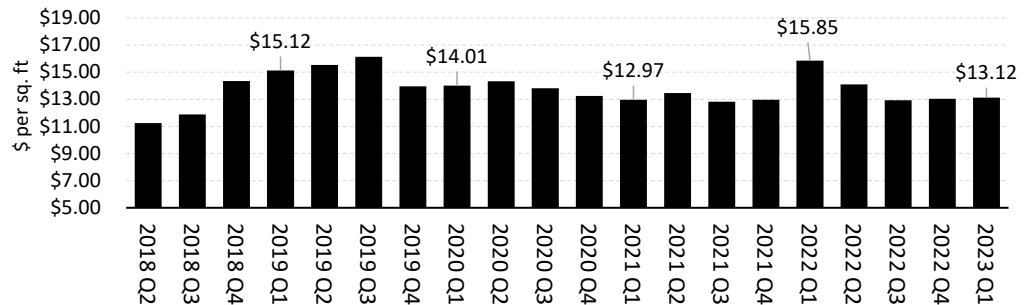
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Full Service Rent (\$ per sq. ft)



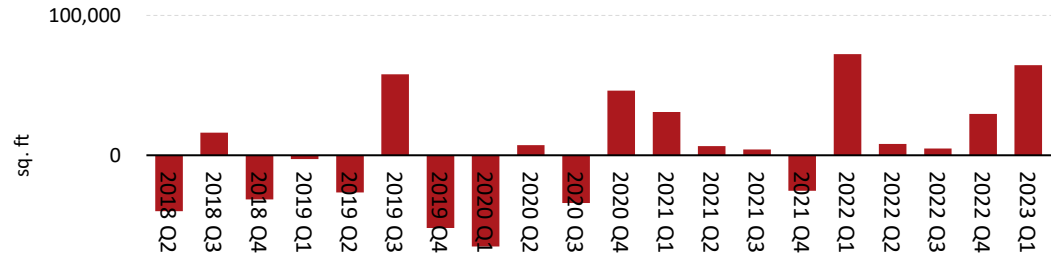
# Retail Market - MSA Trends

## WINCHESTER MSA

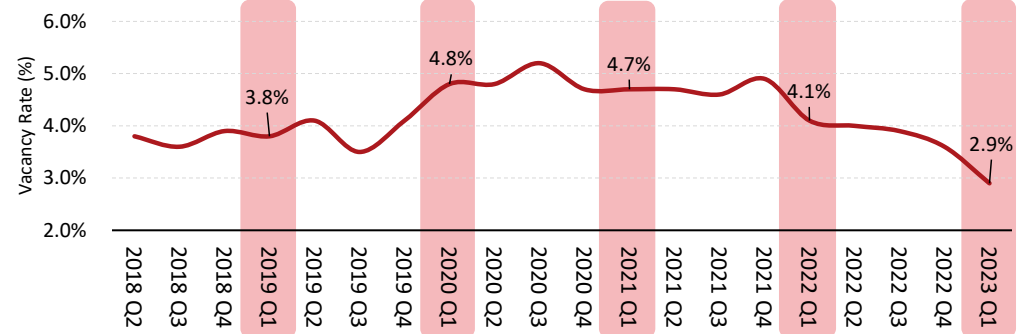
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.0	0	% chg
Vacancy Rate (%)	2.9%	-1.2%	pct points
Net Absorption (sq. ft)	64,373	-8,043	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$11.32	\$0.91	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	18,374	18,374	sq. ft

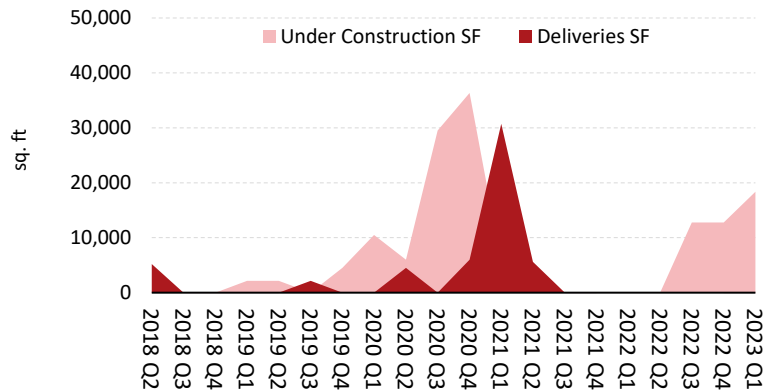
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



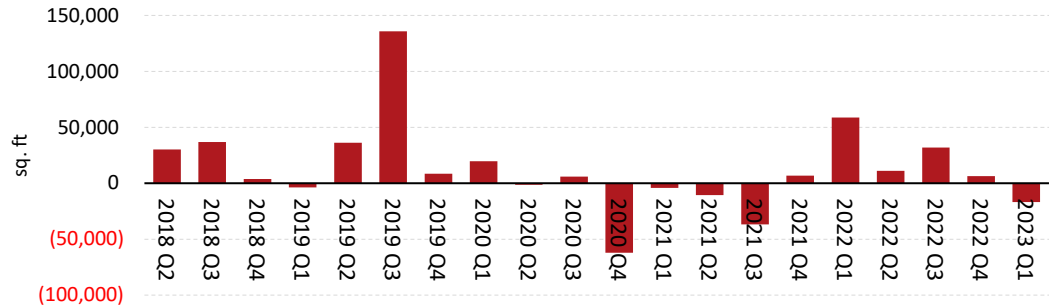
# Retail Market - MSA Trends

## HARRISONBURG MSA

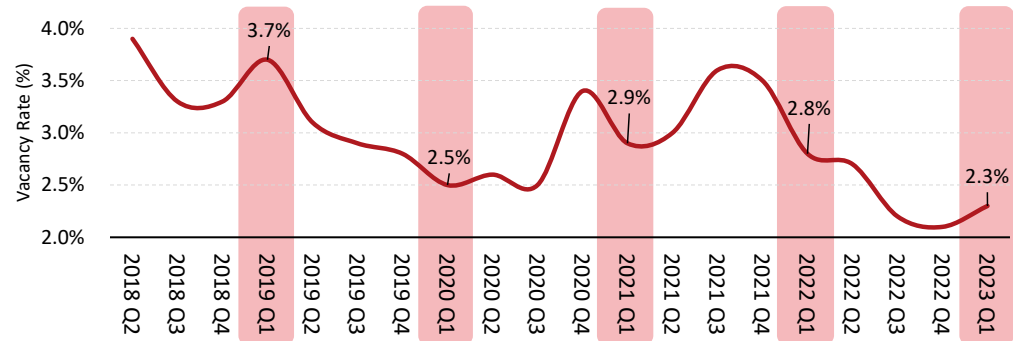
### Local Market Indicator Dashboard

	Q1-2023	YoY Chg	% chg
Total Inventory (sq. ft, millions)	6.7	0	
Vacancy Rate (%)	2.3%	-0.5%	pct points
Net Absorption (sq. ft)	(16,889)	-75,546	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$14.00	-\$1.35	\$ per sq. ft
Deliveries (sq. ft)	0	-10,542	sq. ft
Under Construction (sq. ft)	5,500	5,500	sq. ft

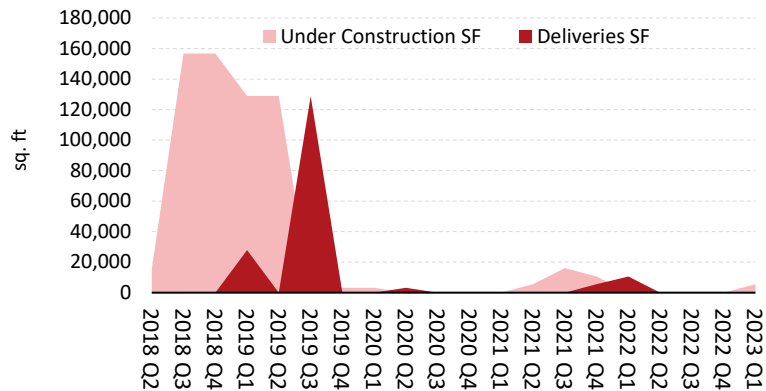
### Net Absorption (sq. ft)



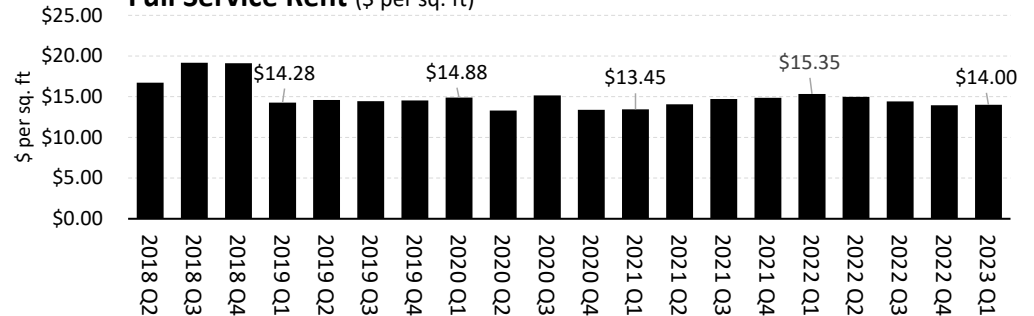
### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)





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