



# Q2 2023 RETAIL MARKET REPORT

# Retail Market - Key Trends Snapshot

## Retail Market

**Overview:** The retail CRE market remains competitive in many parts of Virginia. In most metro areas in the state rents continue to rise, net absorption remains positive, and vacancies are trending down. More broadly, consumer spending in the U.S. has been resilient which has helped keep retail sales climbing albeit at a slower pace than the last couple years. Retail-supporting employment has been relatively stagnant in recent months, specifically Arts & Entertainment jobs.

**Absorption:** The retail market in Virginia continued its trend of positive absorption with 545,239 sq ft of retail space absorbed, an increase of 188,073 sq ft from the year prior. Hampton Roads led all metro areas in net absorption with 355,185 sq ft, most of which was large/ big box retail, followed by Northern Virginia with 295,827 sq ft absorbed.

**Vacancy:** The vacancy rate for retail spaces in Virginia fell to 4.0% in Q2 2023 with large/big box accounting for most of the vacancies. Small/ neighborhood retail vacancies were at 1.8% this quarter, down from 2.2% last year. In Charlottesville, vacancy rates were the highest in the state during Q2 2023 at 5.8% while Blacksburg had the lowest rates at 1.6%.

**Rent:** Retail rent in Virginia continued to rise in Q2 2023 with low vacancies putting pressure on prices. Full-service rent was \$16.71 this quarter, up from \$16.09 in Q2 2022. Rent growth was up the most in Winchester at 34.4% with small/ neighborhood retail rent accounting for most of the year-over-year rental gains. Blacksburg (-8.5%) and Harrisonburg (-7.3%) had the biggest declines in rent growth during Q2 2023.

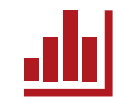
**Construction/Deliveries:** In Virginia, 1.07 million square feet of retail was under construction during the second quarter, an increase of 11.3% from a year ago. Large/big box retail made up the majority of new construction with 305,466 square feet in Q2 2023, an increase of 46.6% from Q2 2022. Net deliveries for retail space in the state dropped 57.7% from the previous year.

## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q2-2023	Indicator
% chg	-0.2%	452.1	<b>Total Inventory</b> (sq. ft, in millions)
sq. ft	188,703	545,239	<b>Net Absorption</b> (sq. ft)
pct point	-0.4%	4.0%	<b>Vacancy Rate</b> (%)
\$ per sq. ft	\$0.62	\$16.71	<b>Full Service Rent</b> (\$ per sq. ft)
sq. ft	-169,141	123,613	<b>New Supply Delivered</b> (sq. ft)
sq. ft	108,908	1,074,946	<b>Under Construction</b> (sq. ft)

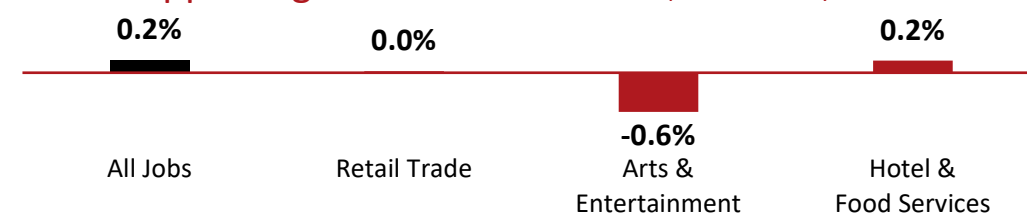


### Economic Indicator Dashboard

	MoM % Chg	May-23	Indicator
% chg	0.2%	4.1	<b>Total Jobs</b> (in millions, seasonally adjusted)
% chg	0.0%	801.2	<b>Retail-Supporting Jobs</b> (in thousands, seasonally adjusted)
pct point	-0.2%	2.9%	<b>Unemployment Rate</b> (% seasonally adjusted)
	<b>QoQ Chg</b>	<b>Q1-2023</b>	
pct point	-1.5%	1.1	<b>Gross Domestic Product</b> (% chg from prior year)

### Retail-Supporting Job Sectors (% Chg Apr-23 to May-23, seasonally adjusted)

JOB TRACKER (VIRGINIA)



## Virginia Retail Market

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Absorption & Construction Trends ----- 4

Rent Trends ----- 5

Vacancy Trends ----- 6

MSA-Level Trends ----- 7

Northern Virginia ----- 8

Richmond MSA ----- 9

Hampton Roads ----- 10

Roanoke MSA ----- 11

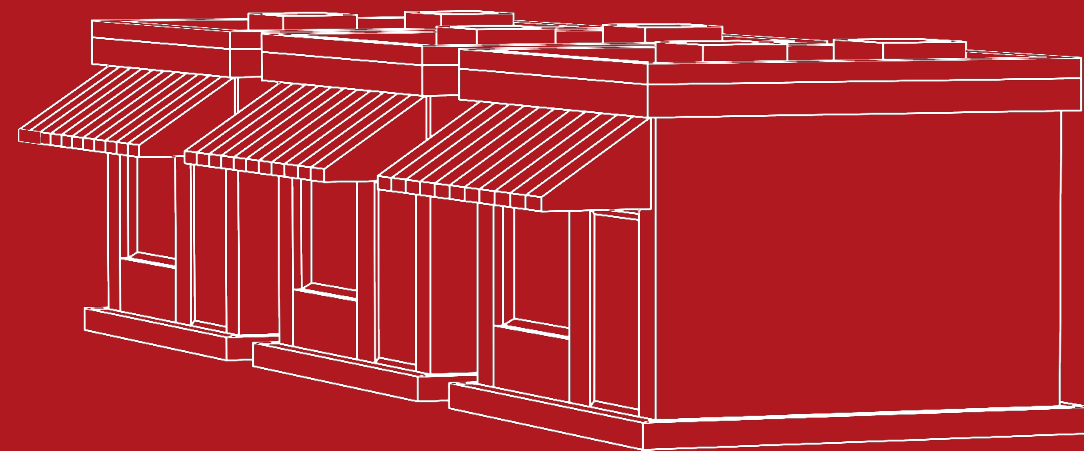
Lynchburg MSA ----- 12

Charlottesville MSA ----- 13

Blacksburg MSA ----- 14

Winchester MSA ----- 15

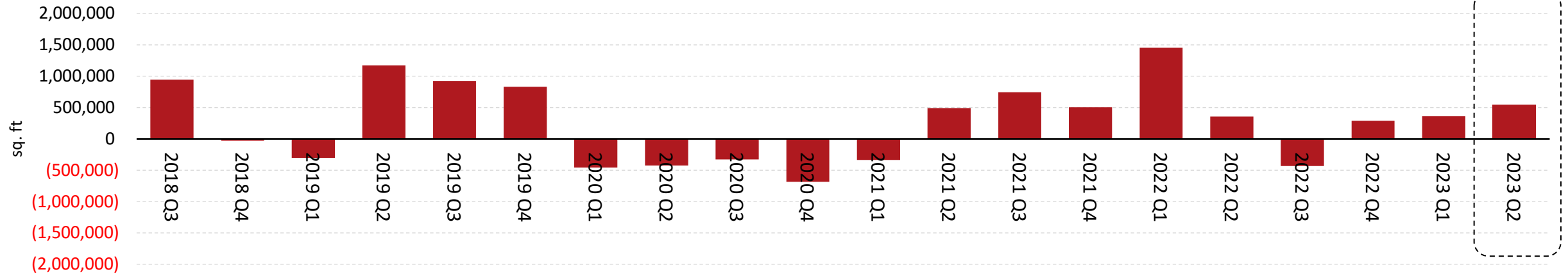
Harrisonburg MSA ----- 16



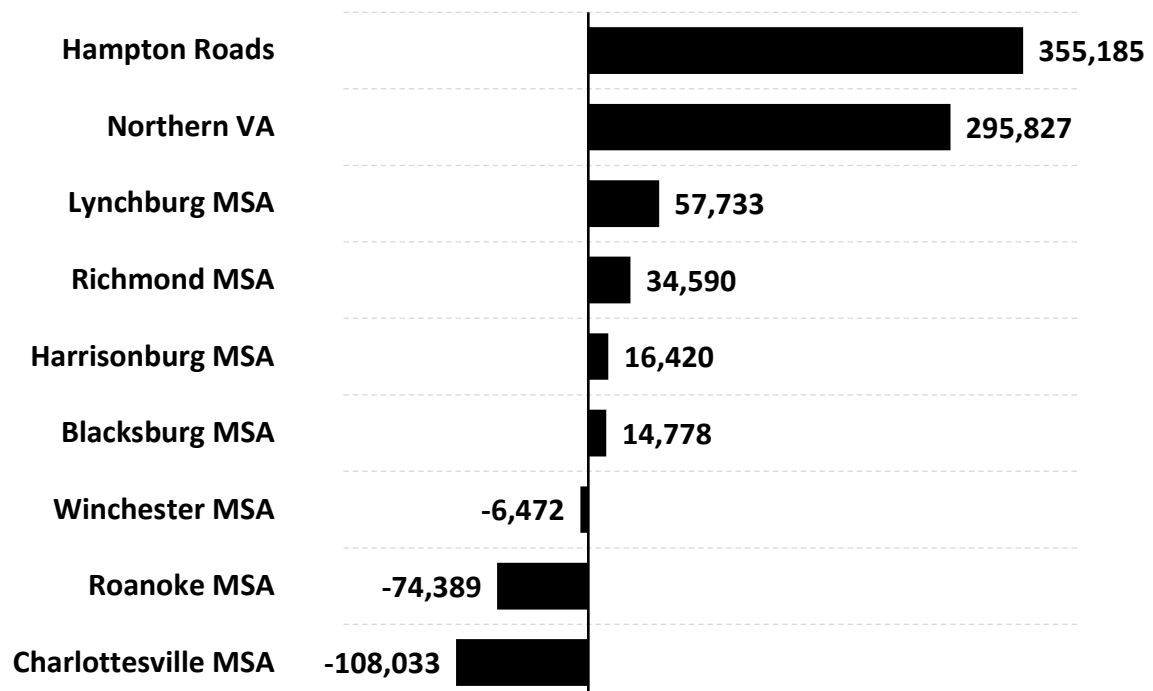
# Retail Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

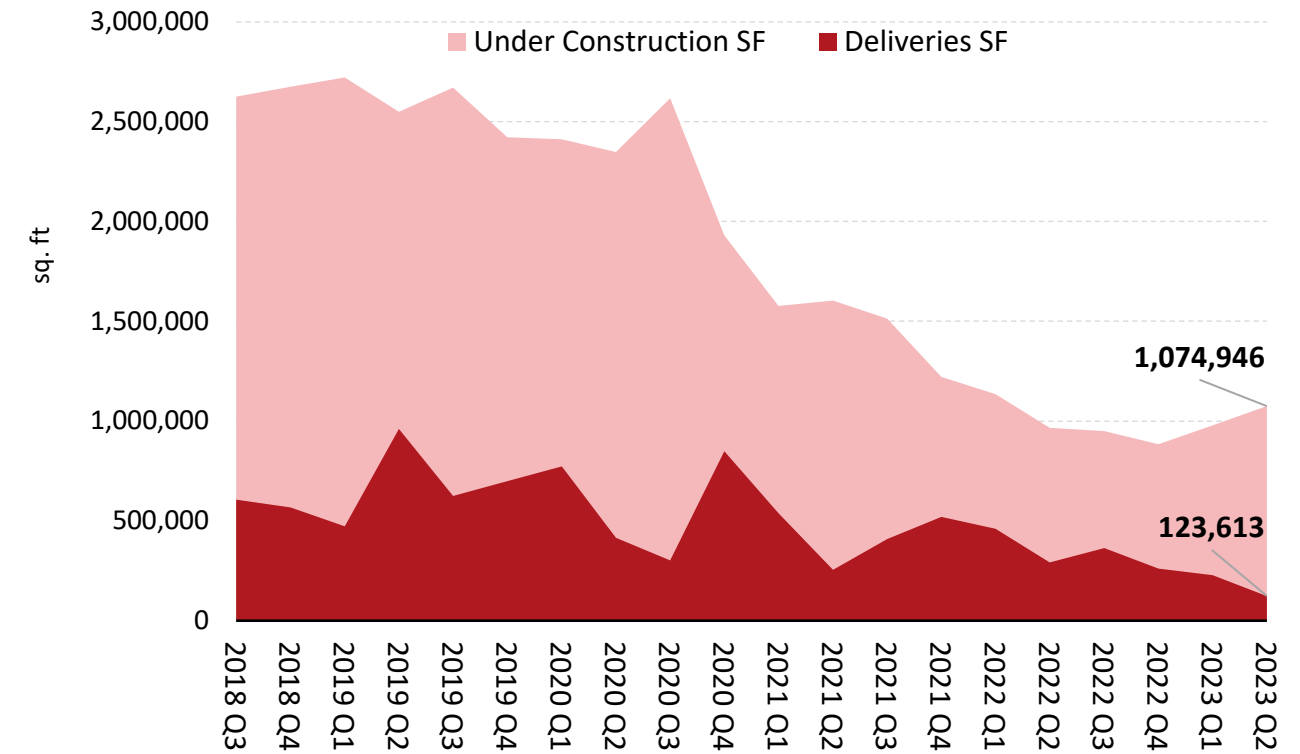
Net Absorption (sq. ft)



Q2-2023 Net Absorption by Metro Area (sq ft)

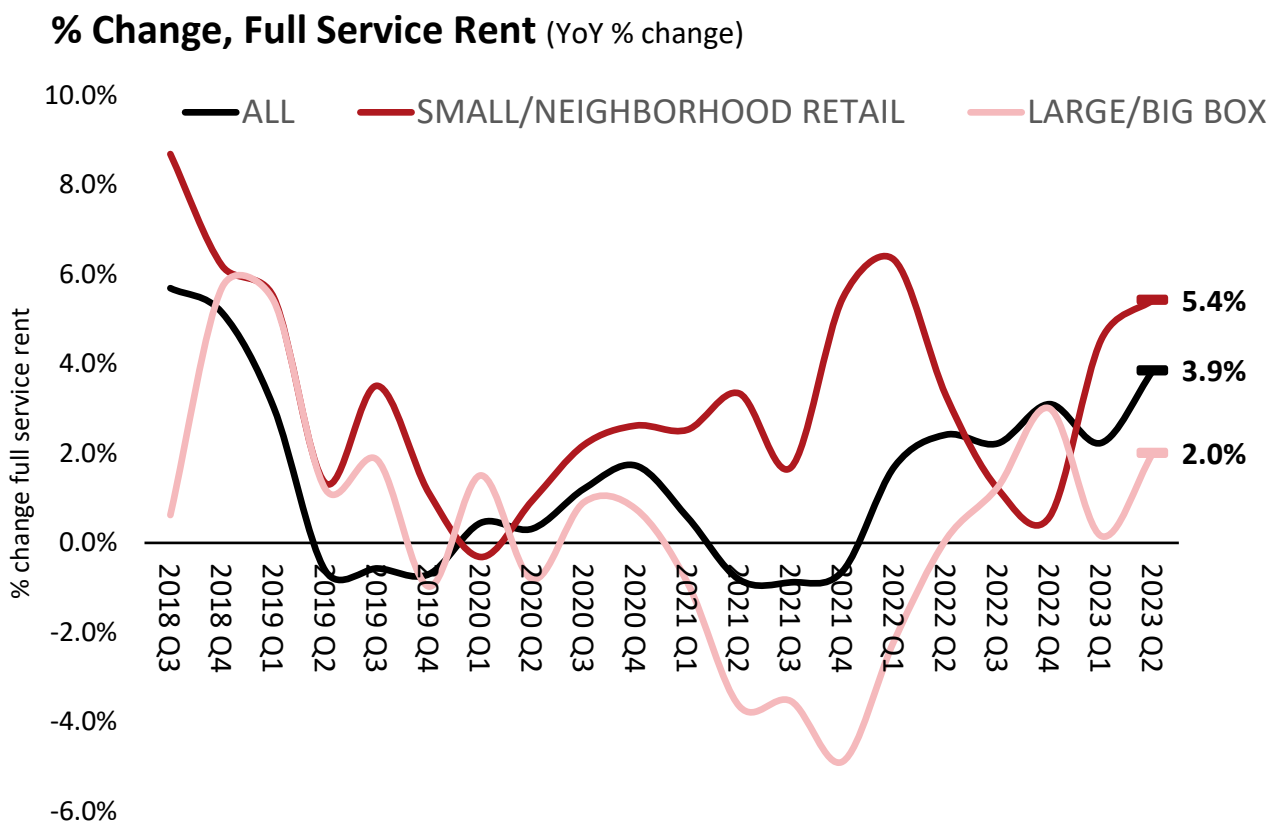
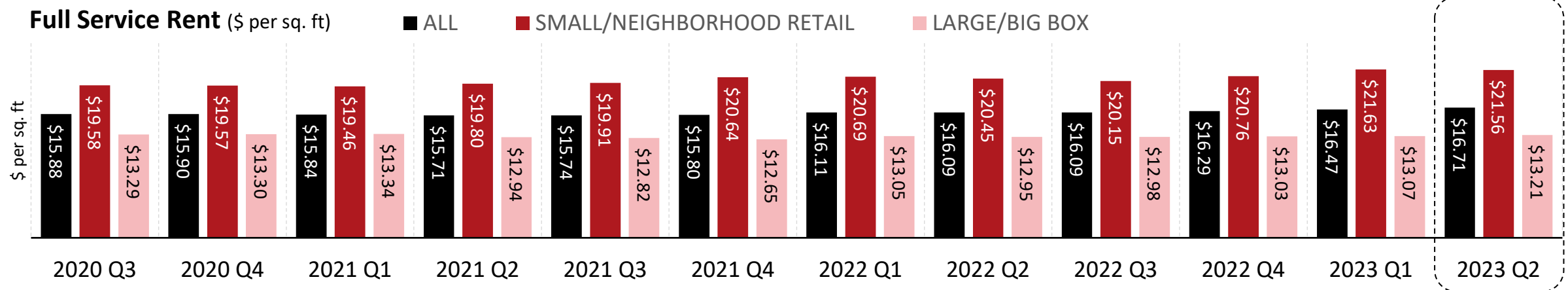


Under Construction & Net Deliveries (sq. ft)

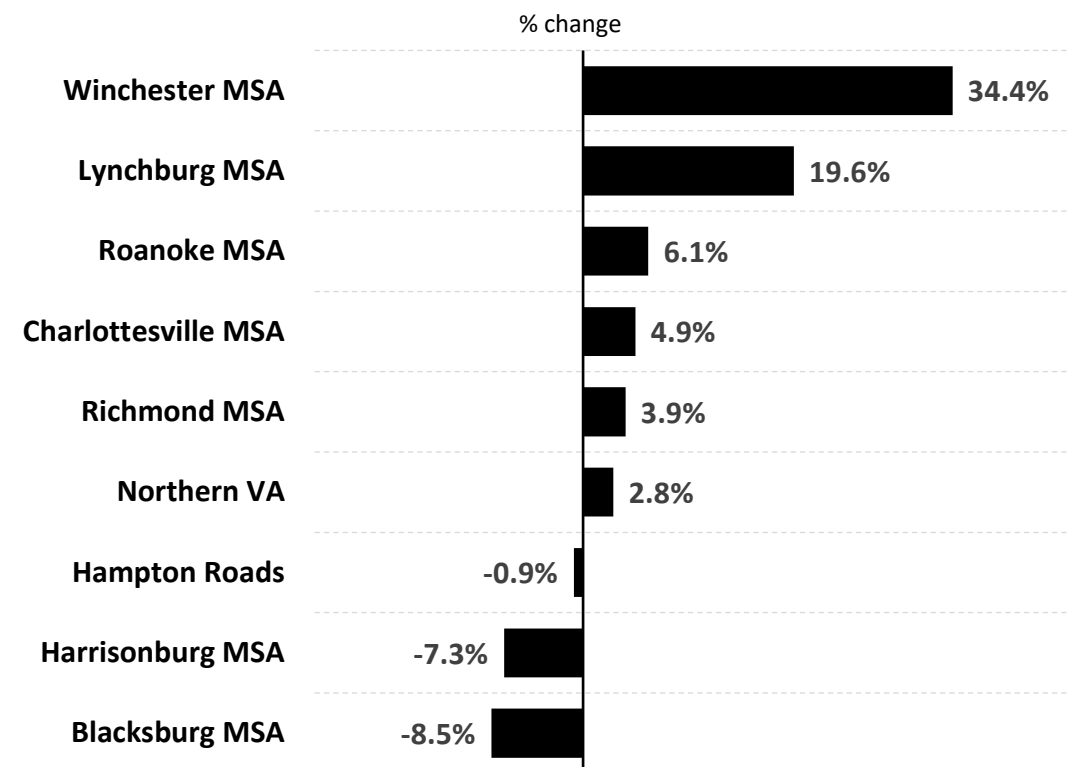


# Retail Market - Rent Trends

## VIRGINIA (Statewide)

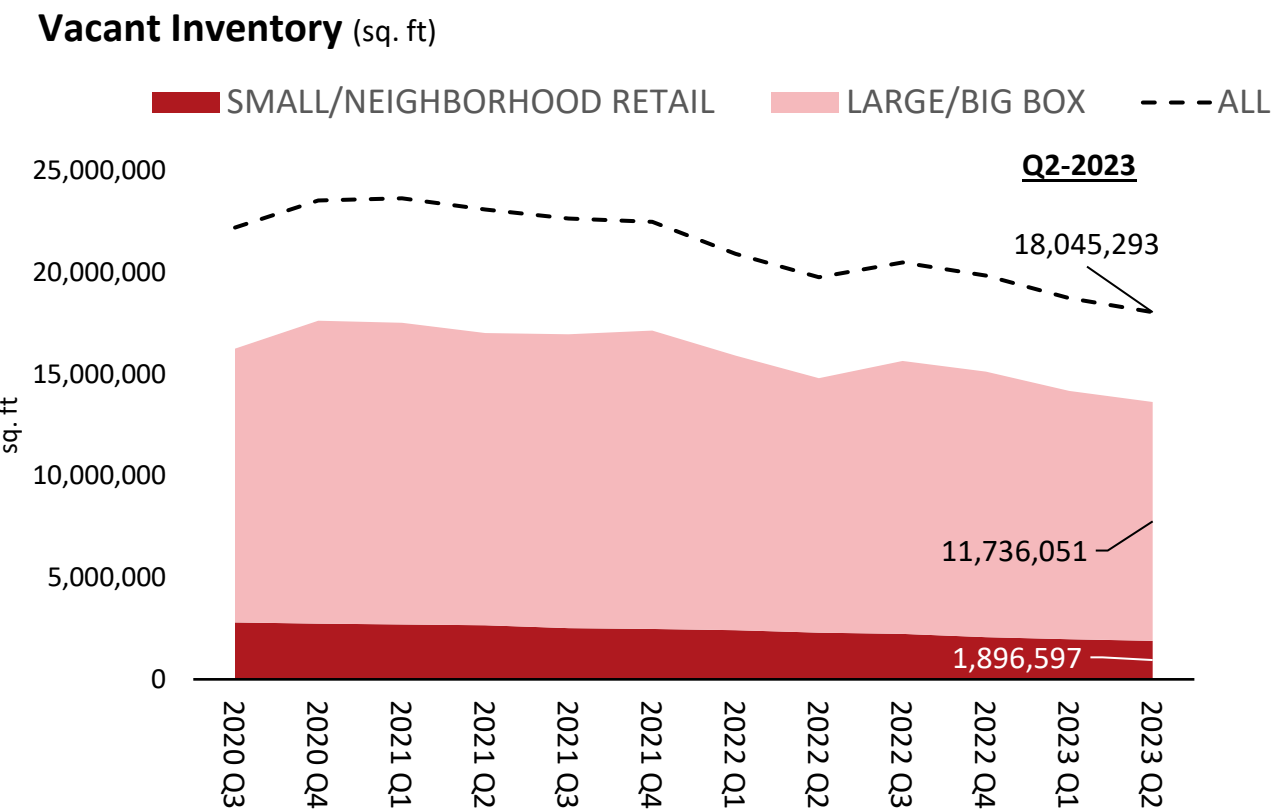
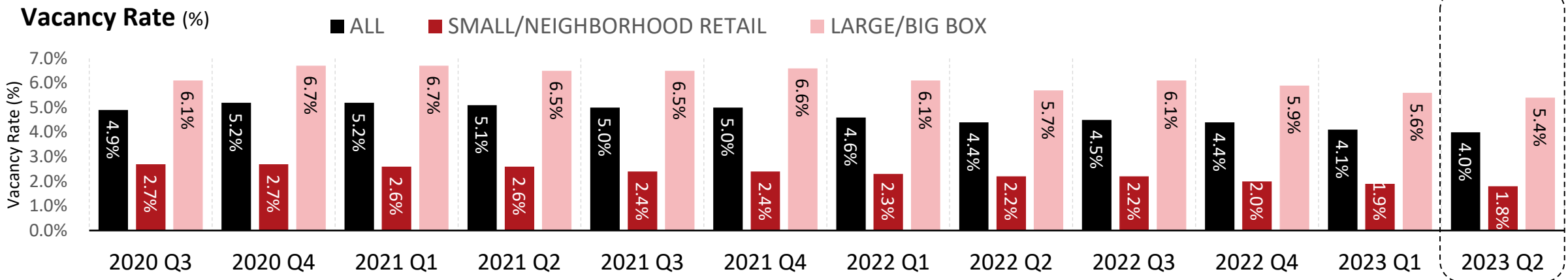


### Q2-2023 by MSA: % Change, Full Service Rent (YoY % change)

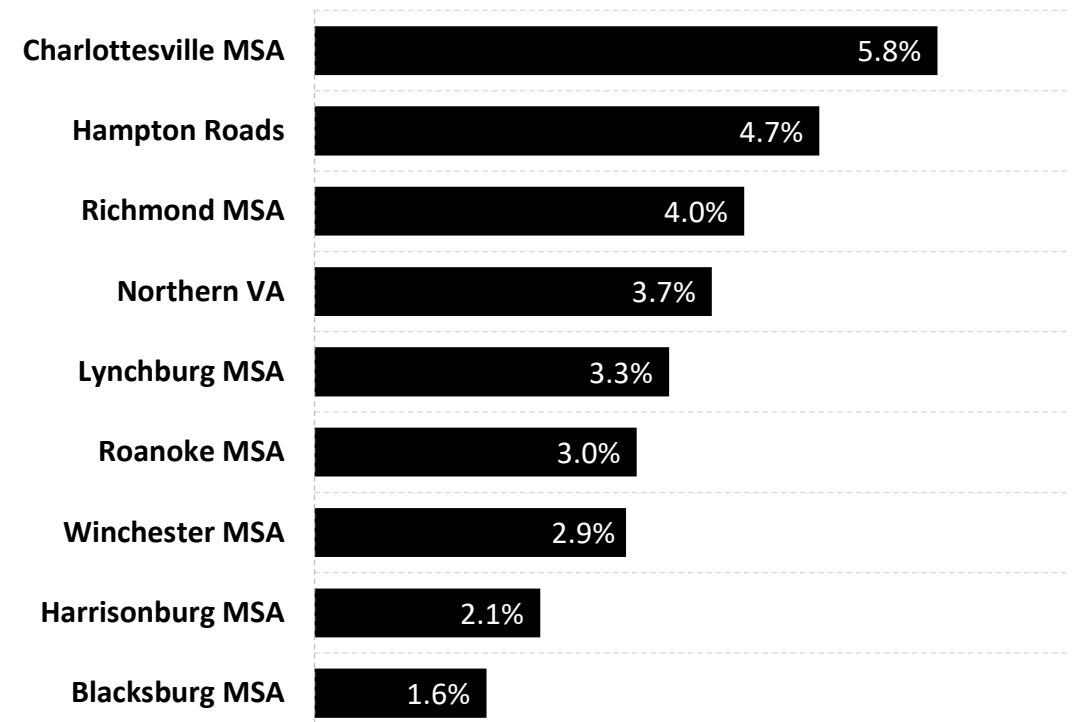


# Retail Market - Vacancy Trends

## VIRGINIA (Statewide)



## Q2-2023 Retail Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q2



2023

RETAIL  
Market Report



*Snapshot of Retail Market Conditions Around Virginia*

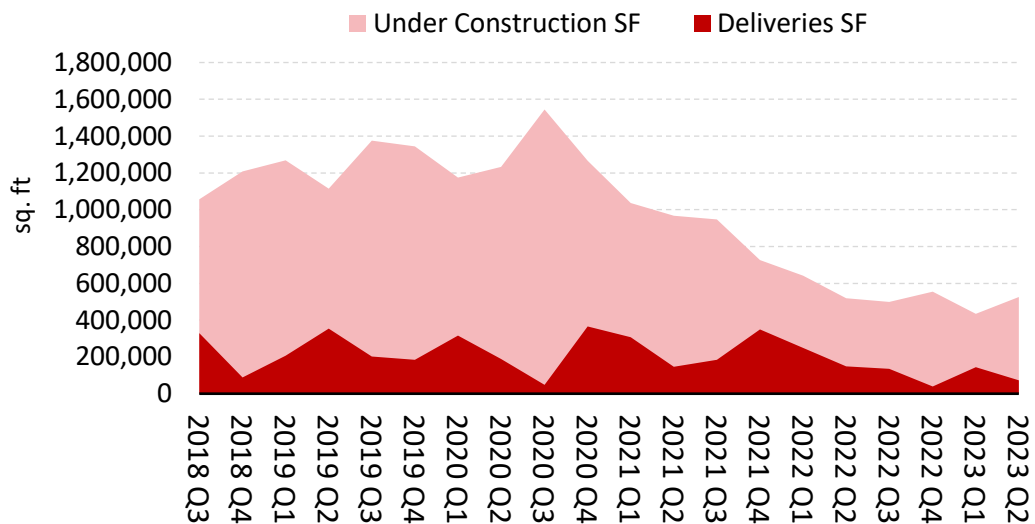
# Retail Market - MSA Trends

## NORTHERN VIRGINIA

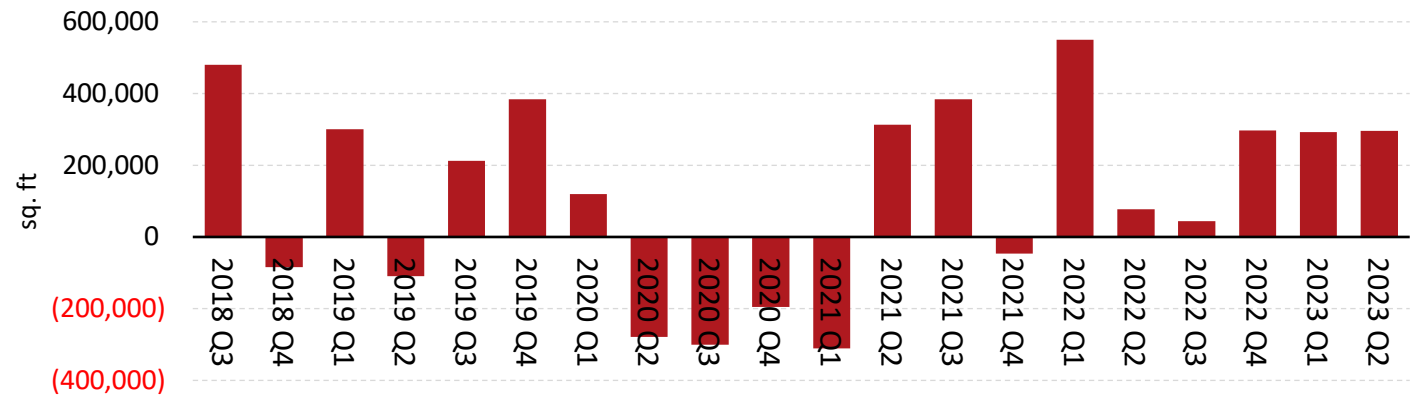
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	135.0	0.2%	% chg
Vacancy Rate (%)	3.7%	-0.5%	pct points
Net Absorption (sq. ft)	295,827	218,469	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$26.95	\$0.74	\$ per sq. ft
Deliveries (sq. ft)	72,356	-75,328	sq. ft
Under Construction (sq. ft)	526,382	7,705	sq. ft

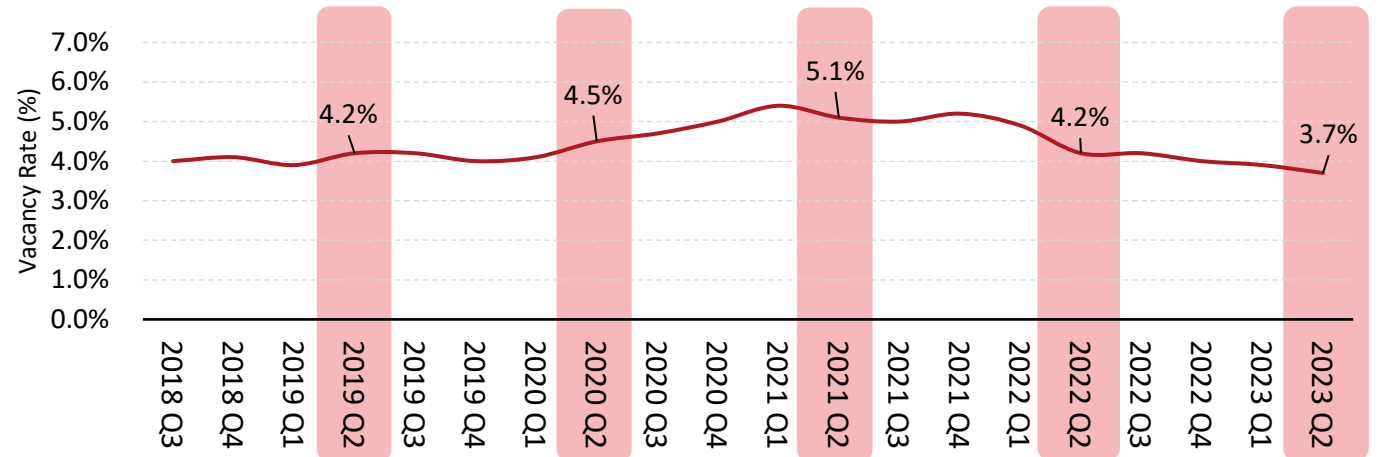
### Under Construction & Net Deliveries (sq. ft)



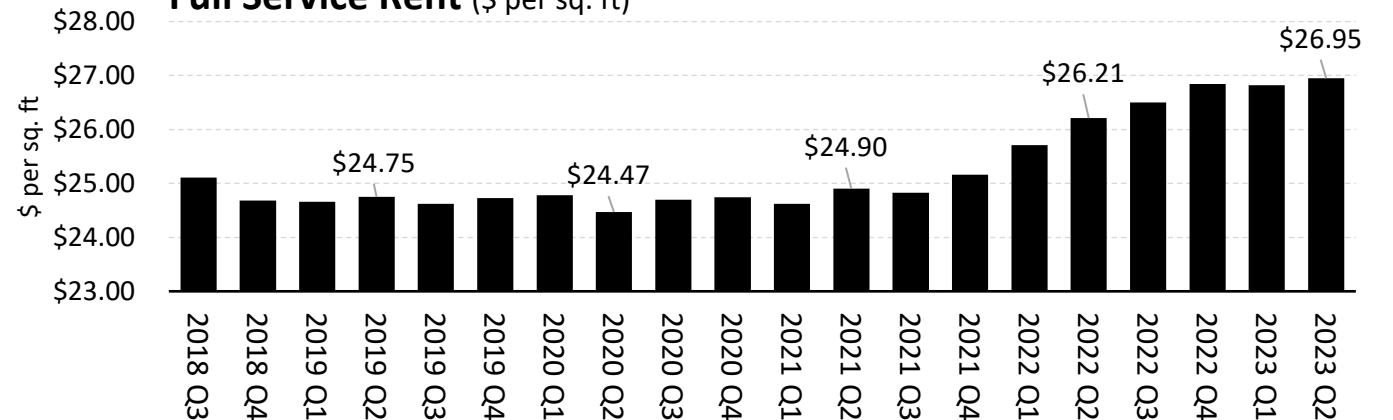
### Net Absorption (sq. ft)



### Vacancy Rate (%)



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





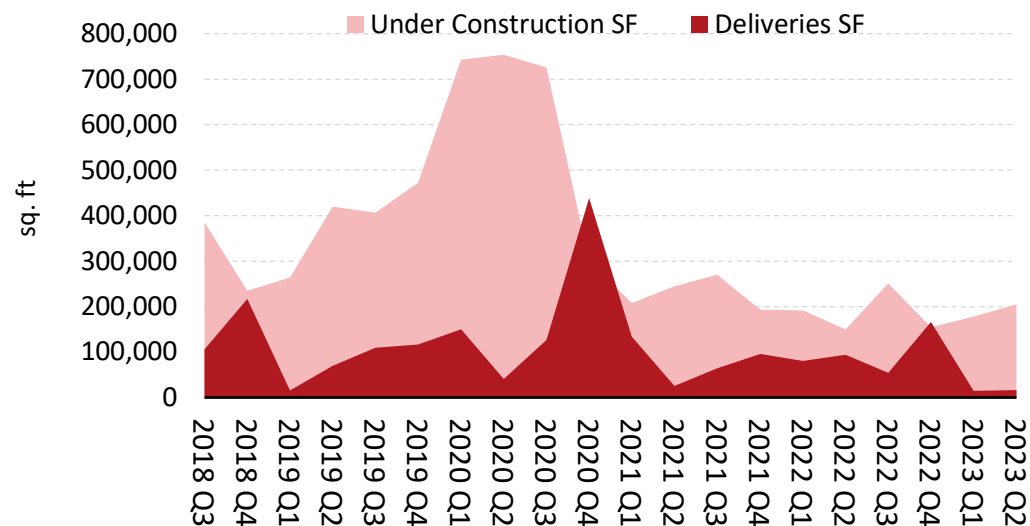
# Retail Market - MSA Trends

## RICHMOND MSA

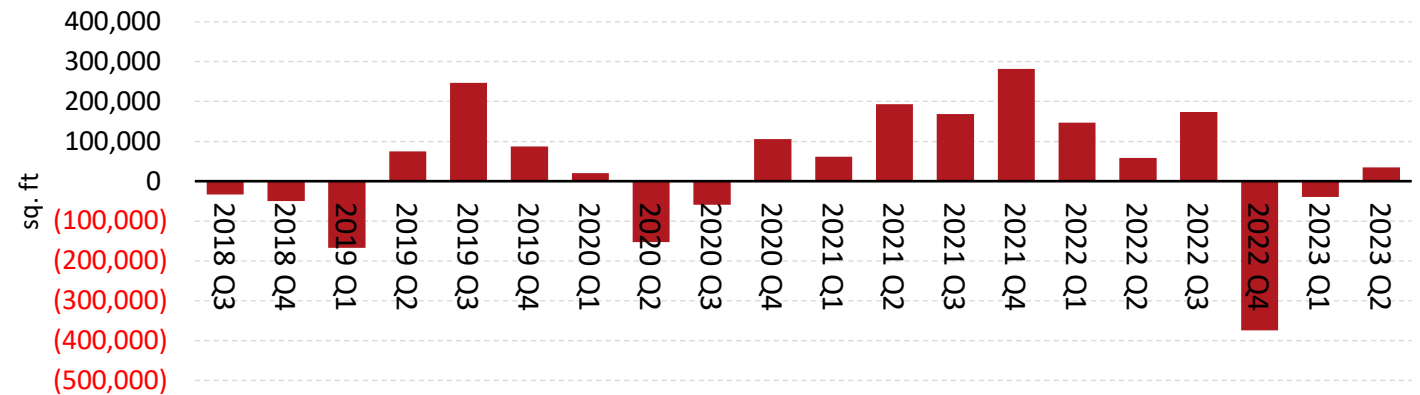
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	<b>79.3</b>	<b>-1.2%</b>	% chg
Vacancy Rate (%)	<b>4.0%</b>	<b>-0.9%</b>	pct points
Net Absorption (sq. ft)	<b>34,590</b>	<b>-23,370</b>	sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$17.13</b>	<b>\$0.65</b>	\$ per sq. ft
Deliveries (sq. ft)	<b>16,041</b>	<b>-78,278</b>	sq. ft
Under Construction (sq. ft)	<b>205,477</b>	<b>55,574</b>	sq. ft

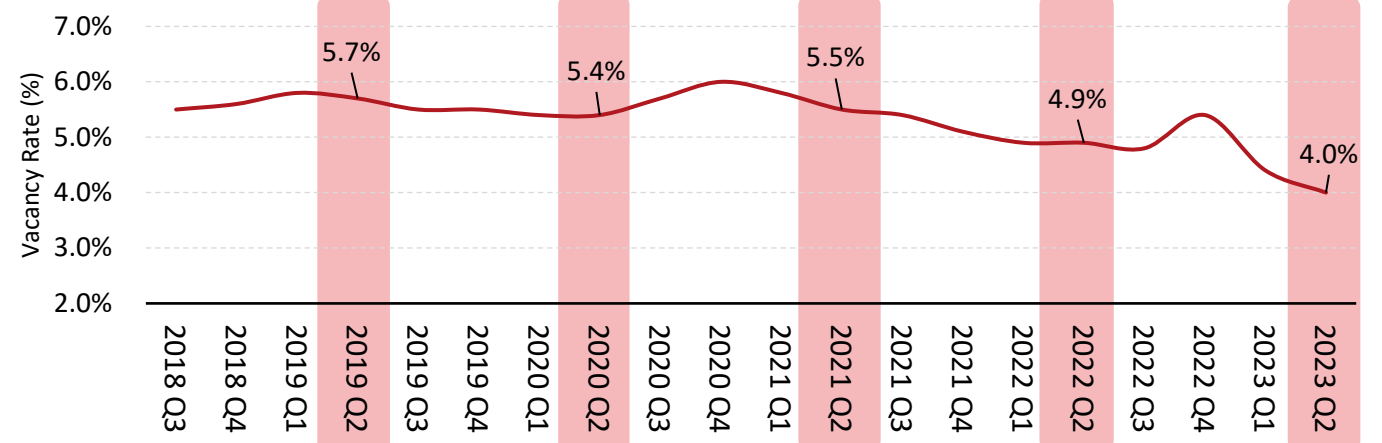
### Under Construction & Net Deliveries (sq. ft)



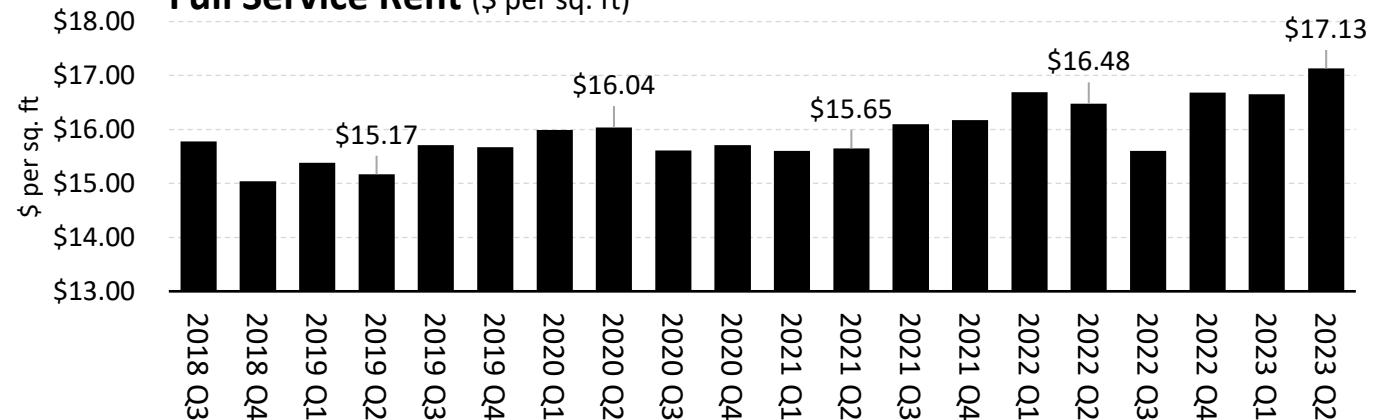
### Net Absorption (sq. ft)



### Vacancy Rate (%)



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

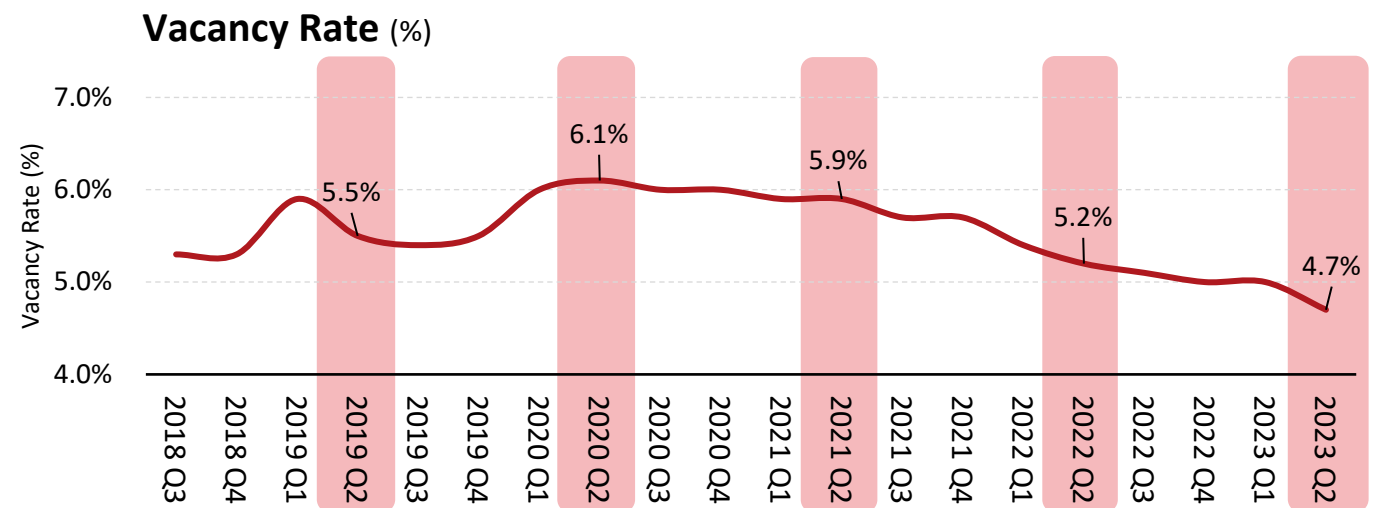
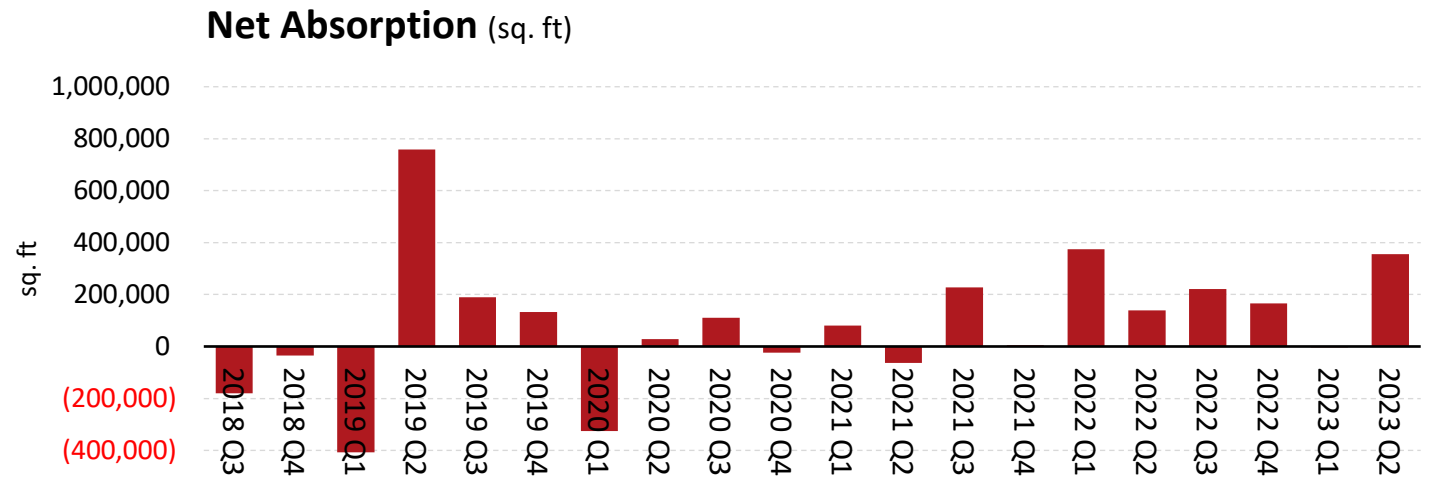


# Retail Market - MSA Trends

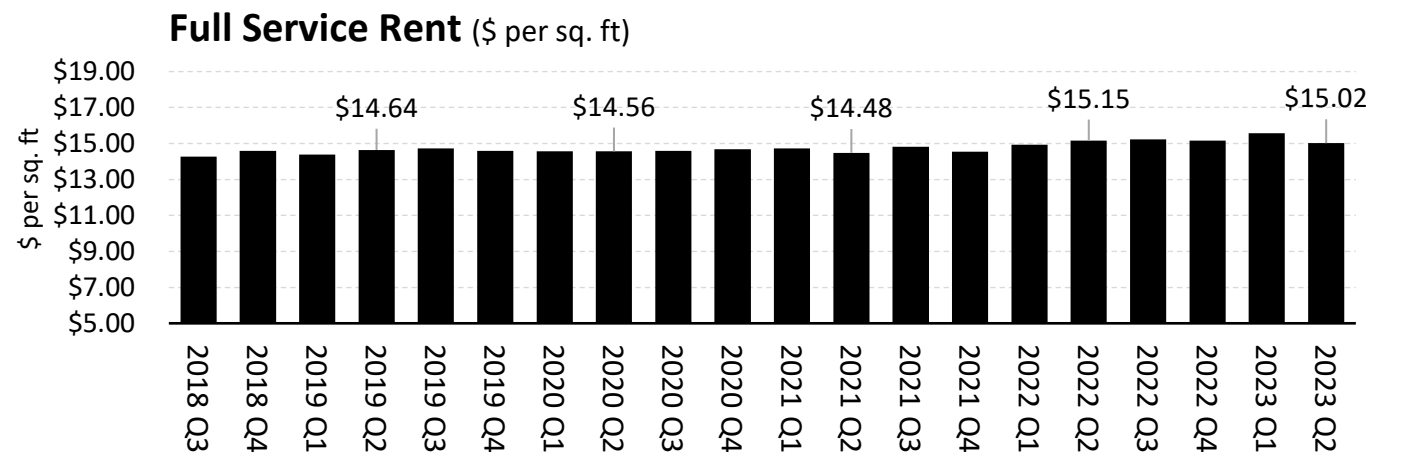
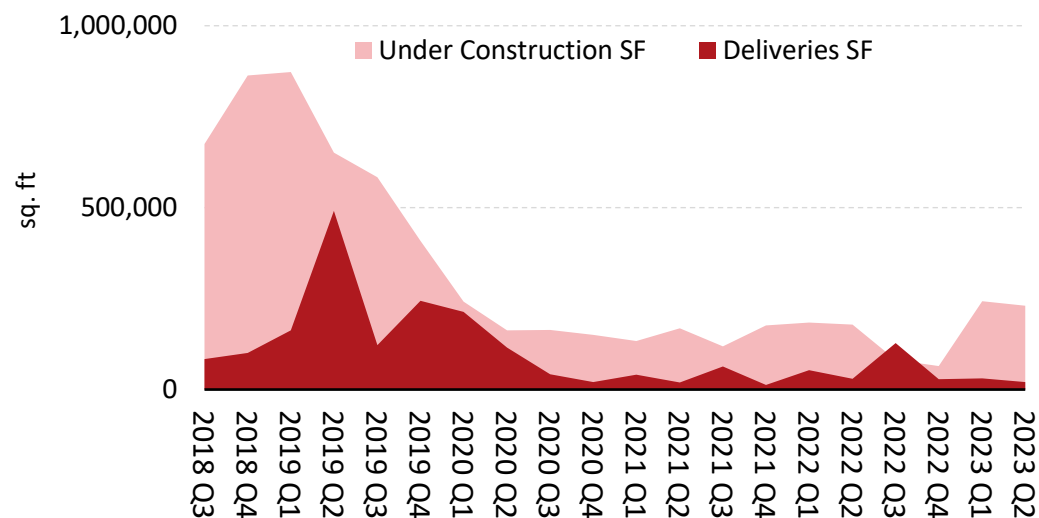
## HAMPTON ROADS

### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (sq. ft, millions)	<b>106.6</b>	<b>0.2%</b> % chg
Vacancy Rate (%)	<b>4.7%</b>	<b>-0.5%</b> pct points
Net Absorption (sq. ft)	<b>355,185</b>	<b>215,744</b> sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$15.02</b>	<b>-\$0.13</b> \$ per sq. ft
Deliveries (sq. ft)	<b>20,716</b>	<b>-9,384</b> sq. ft
Under Construction (sq. ft)	<b>230,197</b>	<b>51,449</b> sq. ft



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



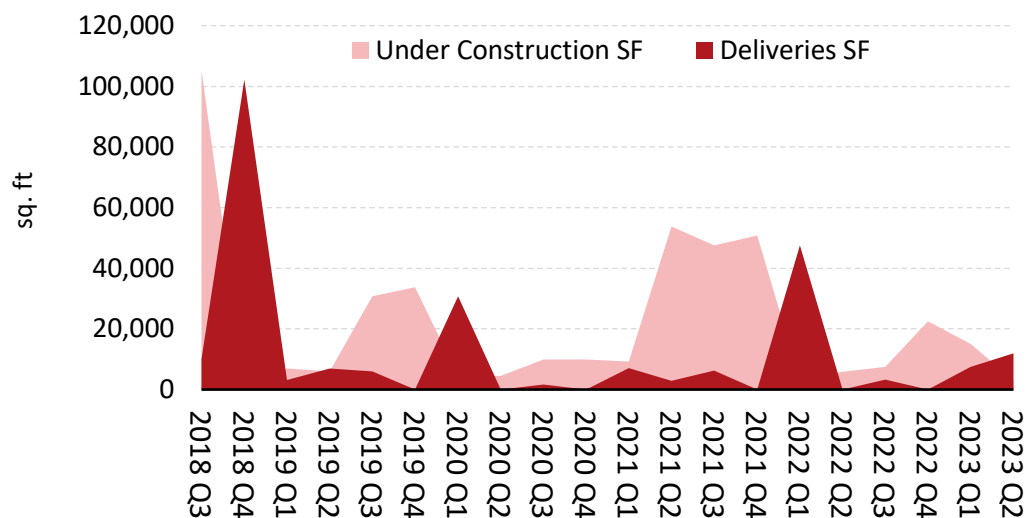
# Retail Market - MSA Trends

## ROANOKE MSA

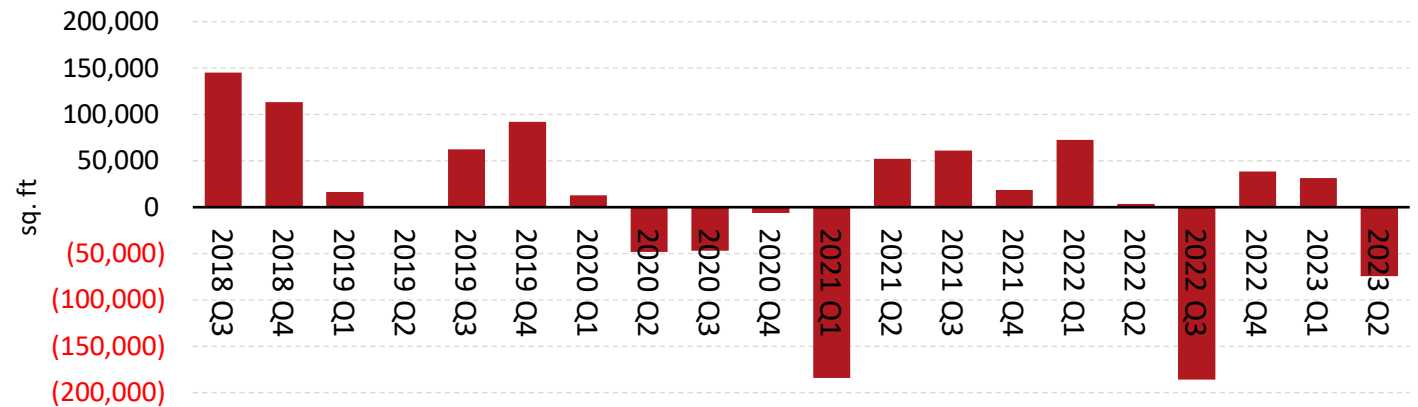
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	24.2	0.1%	% chg
Vacancy Rate (%)	3.0%	0.9%	pct points
Net Absorption (sq. ft)	(74,389)	-77,902	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.82	\$0.79	\$ per sq. ft
Deliveries (sq. ft)	12,000	12,000	sq. ft
Under Construction (sq. ft)	3,000	-2,800	sq. ft

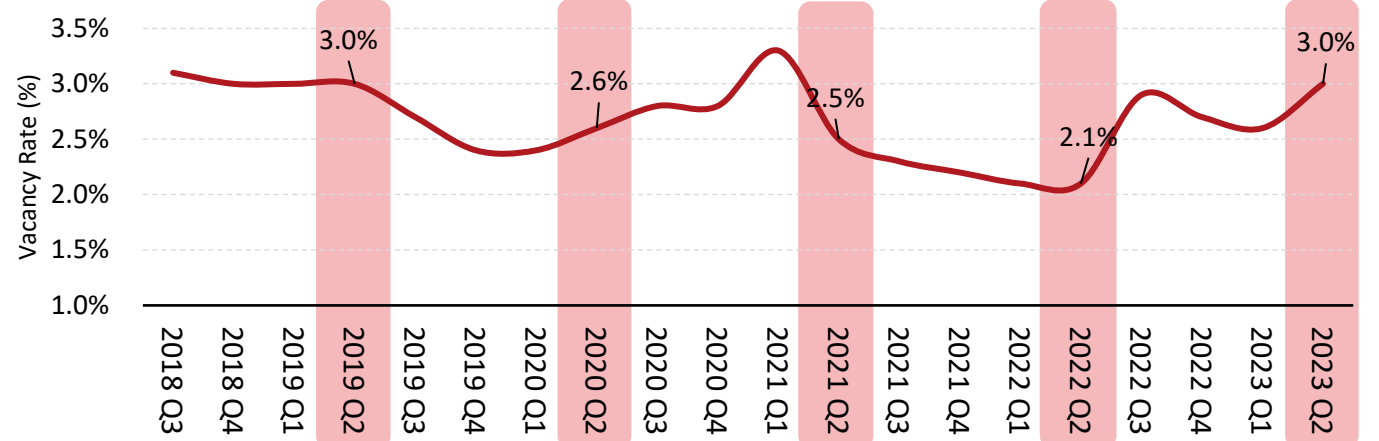
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



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



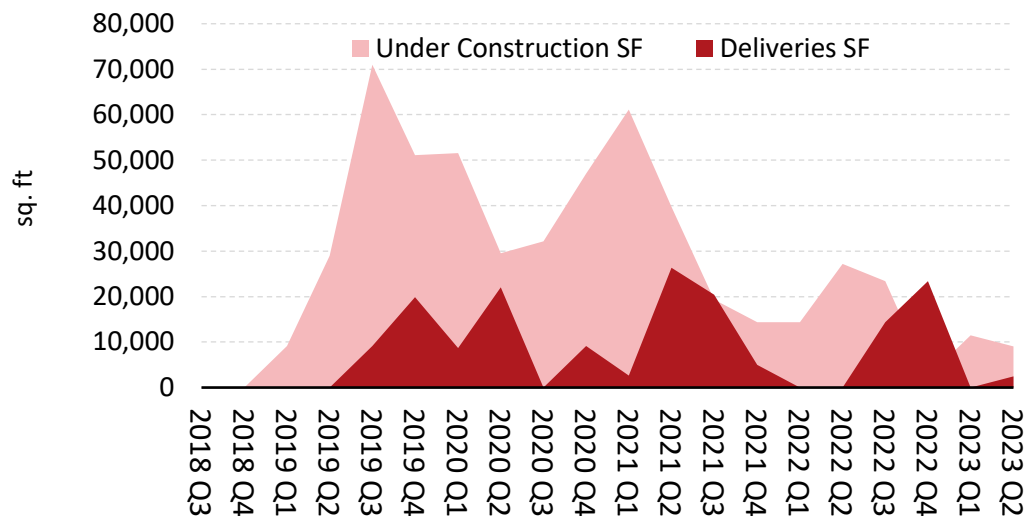
# Retail Market - MSA Trends

## LYNCHBURG MSA

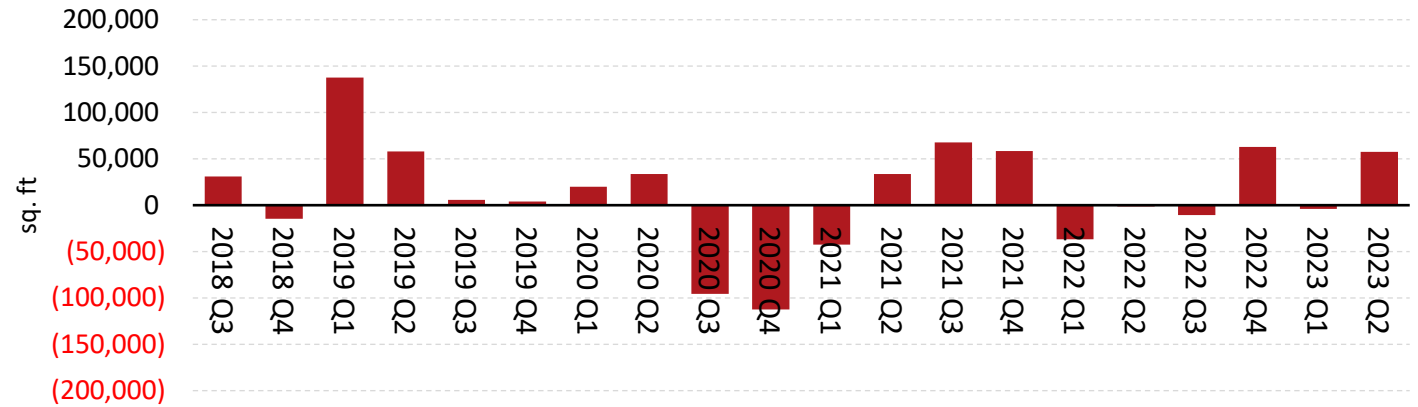
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	14.2	0.3%	% chg
Vacancy Rate (%)	3.3%	-0.5%	pct points
Net Absorption (sq. ft)	57,733	59,160	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$15.12	\$2.48	\$ per sq. ft
Deliveries (sq. ft)	2,500	2,500	sq. ft
Under Construction (sq. ft)	9,000	-18,170	sq. ft

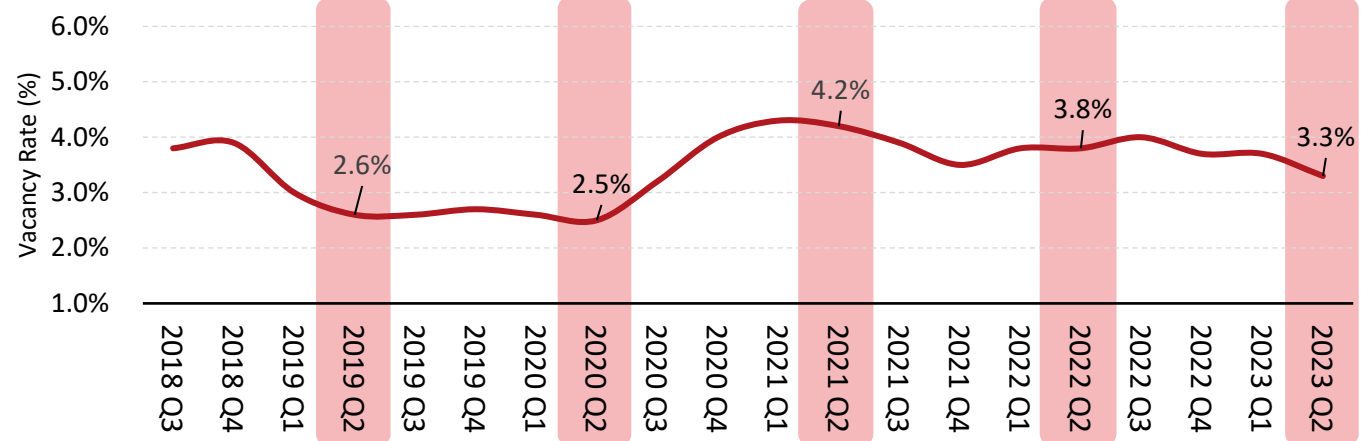
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



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



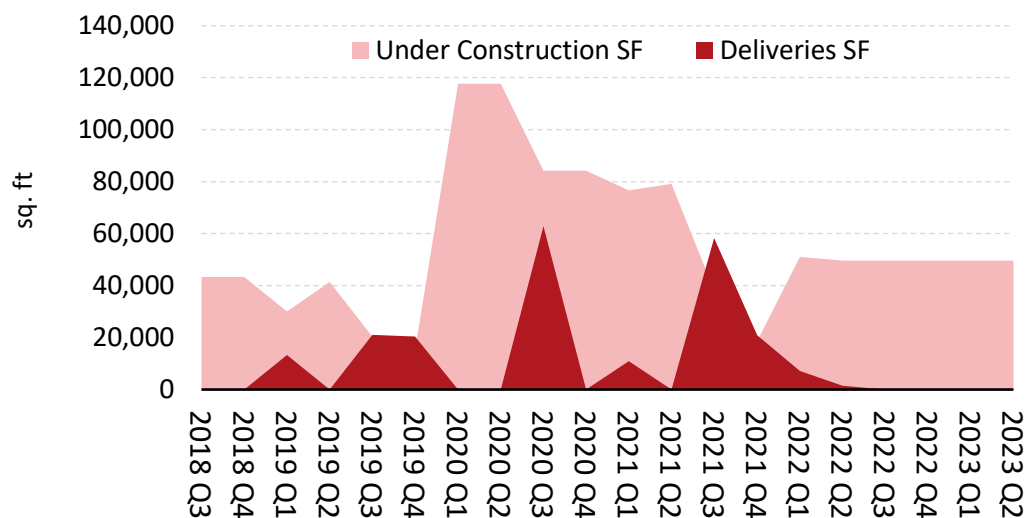
# Retail Market - MSA Trends

## CHARLOTTESVILLE MSA

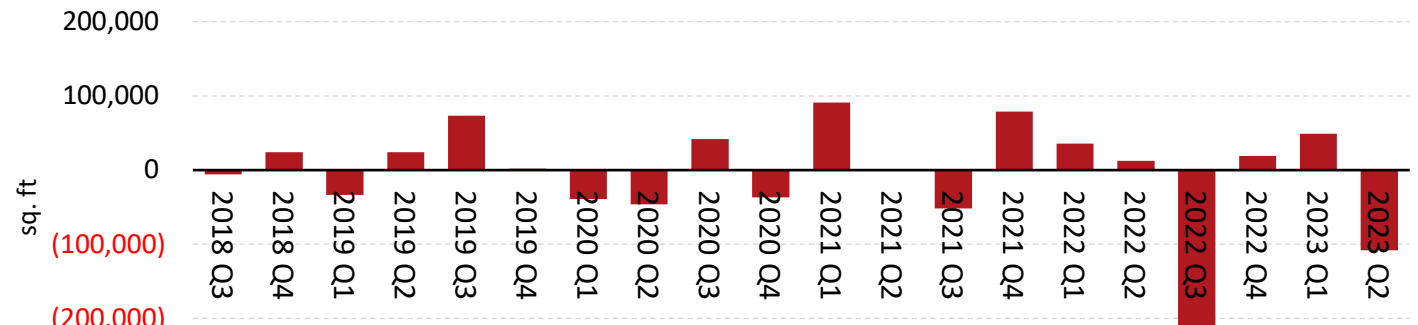
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (sq. ft, millions)	<b>10.3</b>	<b>0.0%</b> % chg
Vacancy Rate (%)	<b>5.8%</b>	<b>2.4%</b> pct points
Net Absorption (sq. ft)	<b>(108,033)</b>	<b>-120,691</b> sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$20.90</b>	<b>\$0.97</b> \$ per sq. ft
Deliveries (sq. ft)	<b>0</b>	<b>-1,500</b> sq. ft
Under Construction (sq. ft)	<b>49,600</b>	<b>0</b> sq. ft

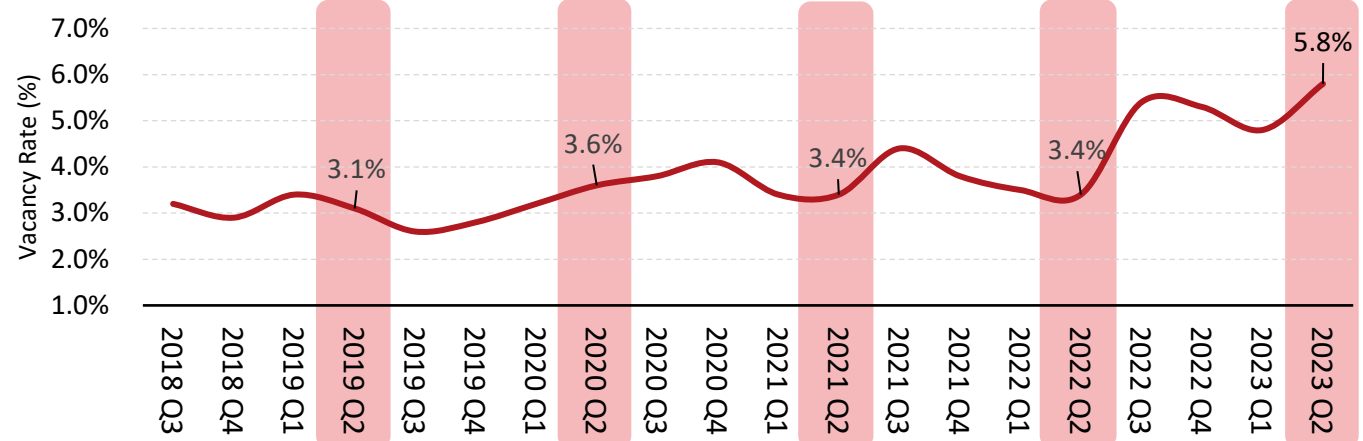
### Under Construction & Net Deliveries (sq. ft)



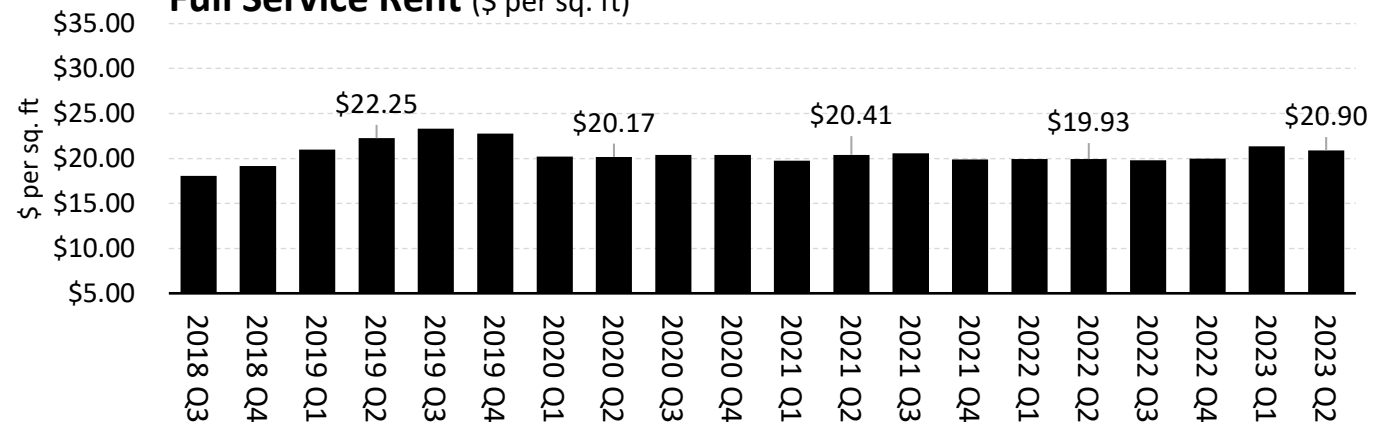
### Net Absorption (sq. ft)



### Vacancy Rate (%)



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

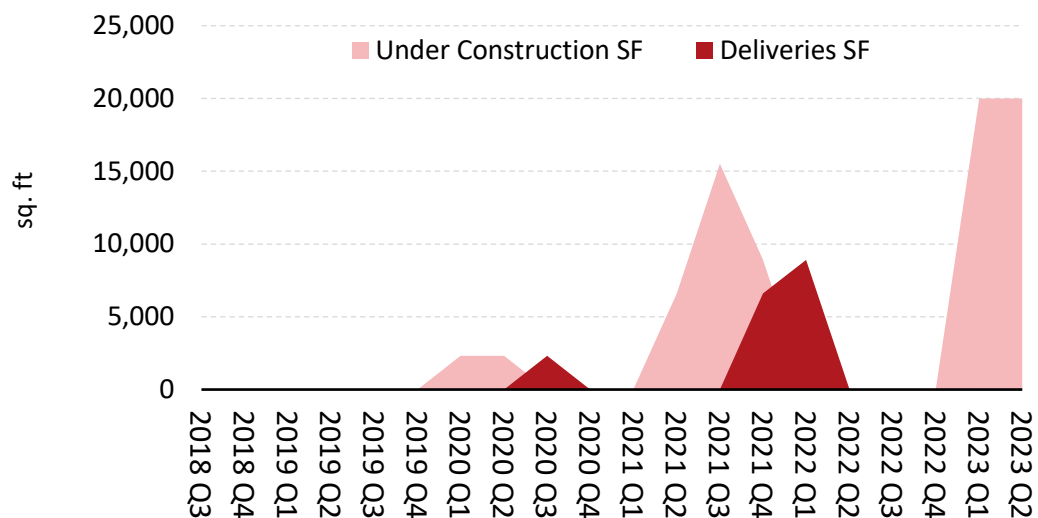


## BLACKSBURG MSA

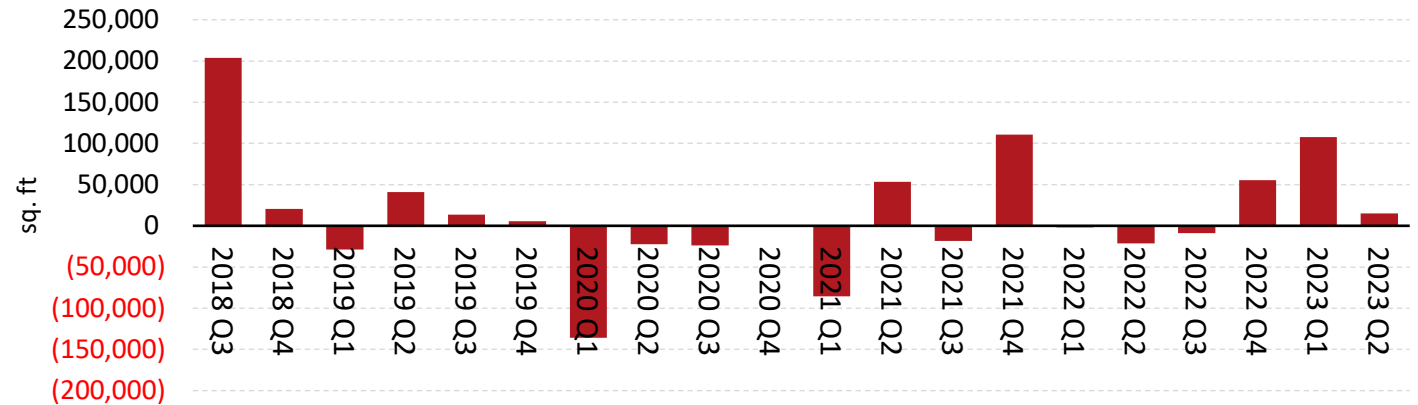
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.3	0	% chg
Vacancy Rate (%)	1.6%	-1.9%	pct points
Net Absorption (sq. ft)	14,778	36,335	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.89	-\$1.20	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	20,000	20,000	sq. ft

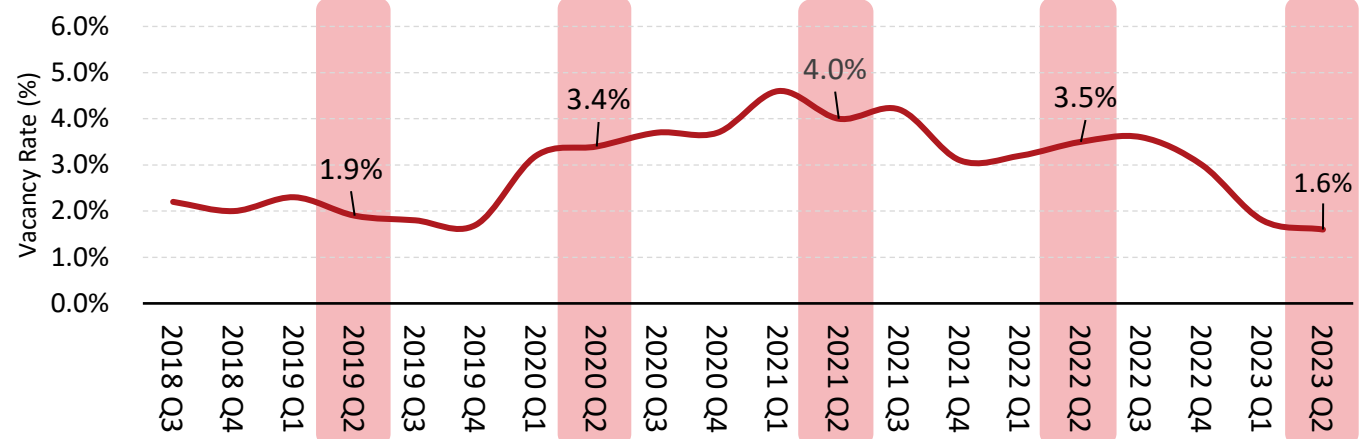
### Under Construction & Net Deliveries (sq. ft)



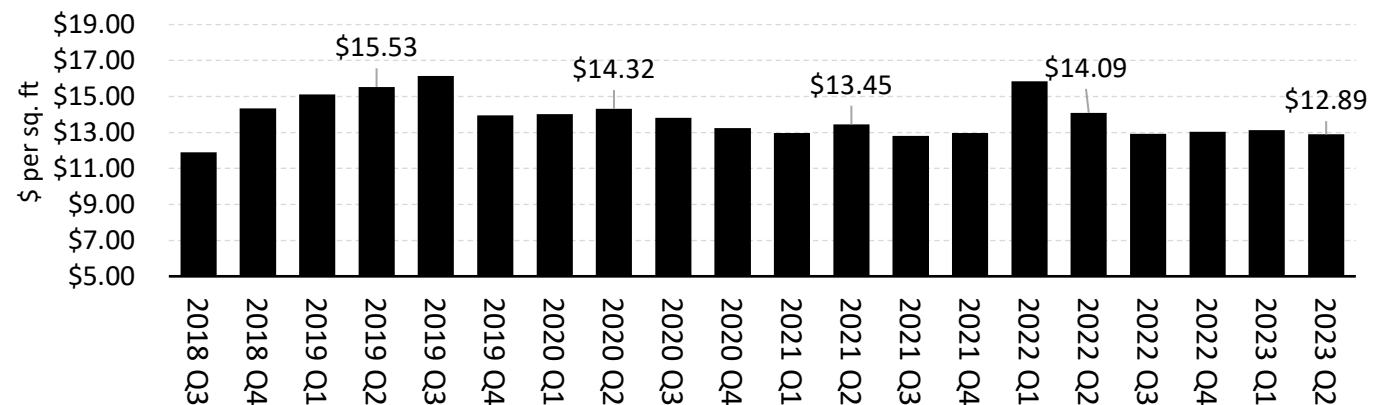
### Net Absorption (sq. ft)



### Vacancy Rate (%)



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

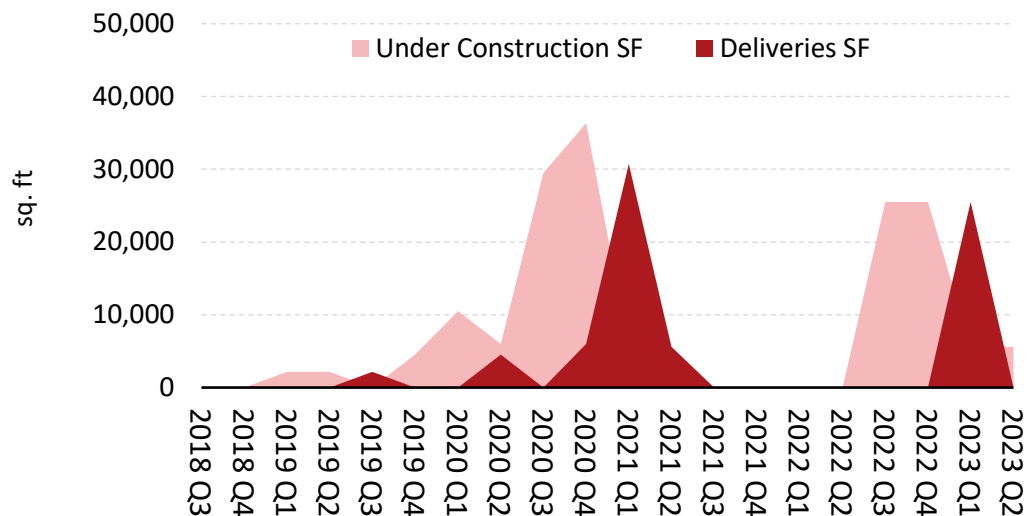


## WINCHESTER MSA

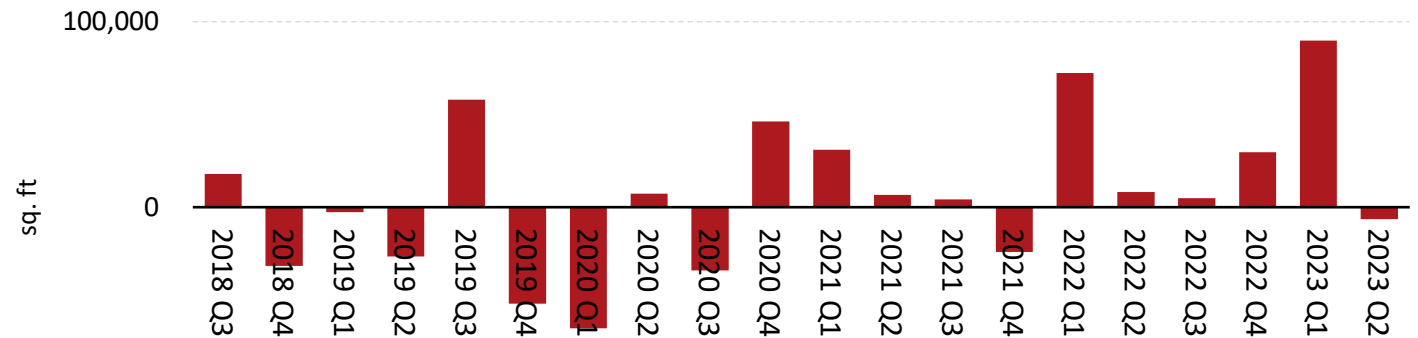
### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.0	0.3%	% chg
Vacancy Rate (%)	2.9%	-1.1%	pct points
Net Absorption (sq. ft)	(6,472)	-14,590	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$14.30	\$3.66	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	5,600	5,600	sq. ft

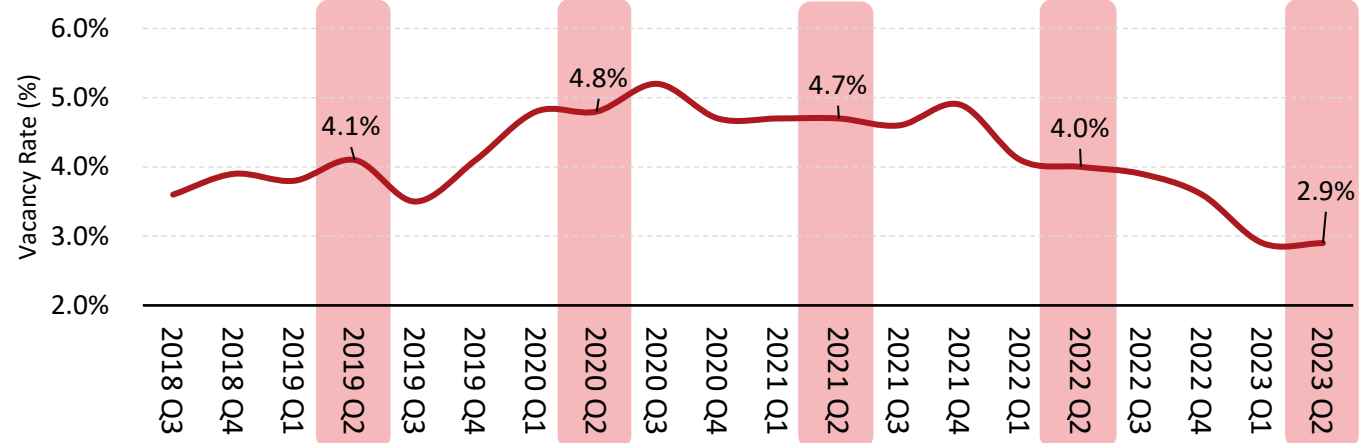
### Under Construction & Net Deliveries (sq. ft)



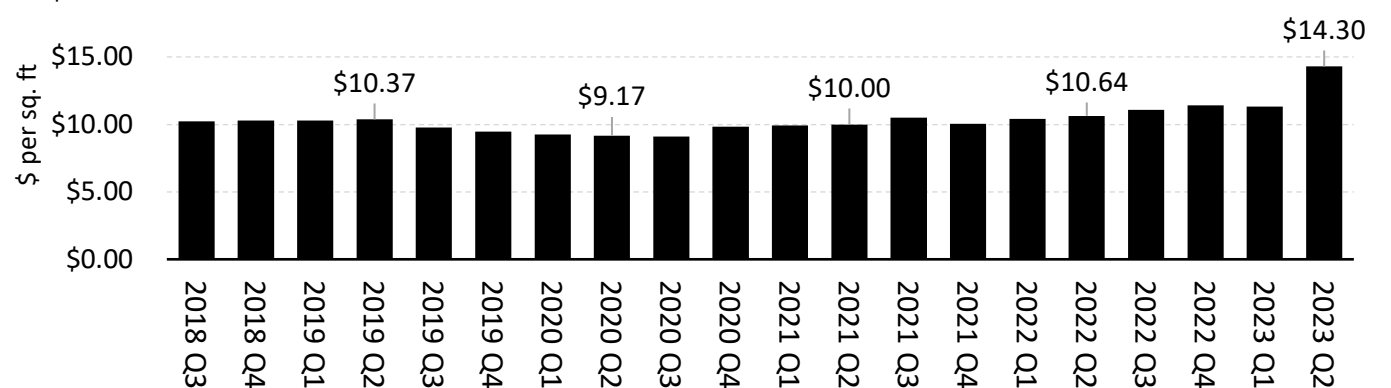
### Net Absorption (sq. ft)



### Vacancy Rate (%)



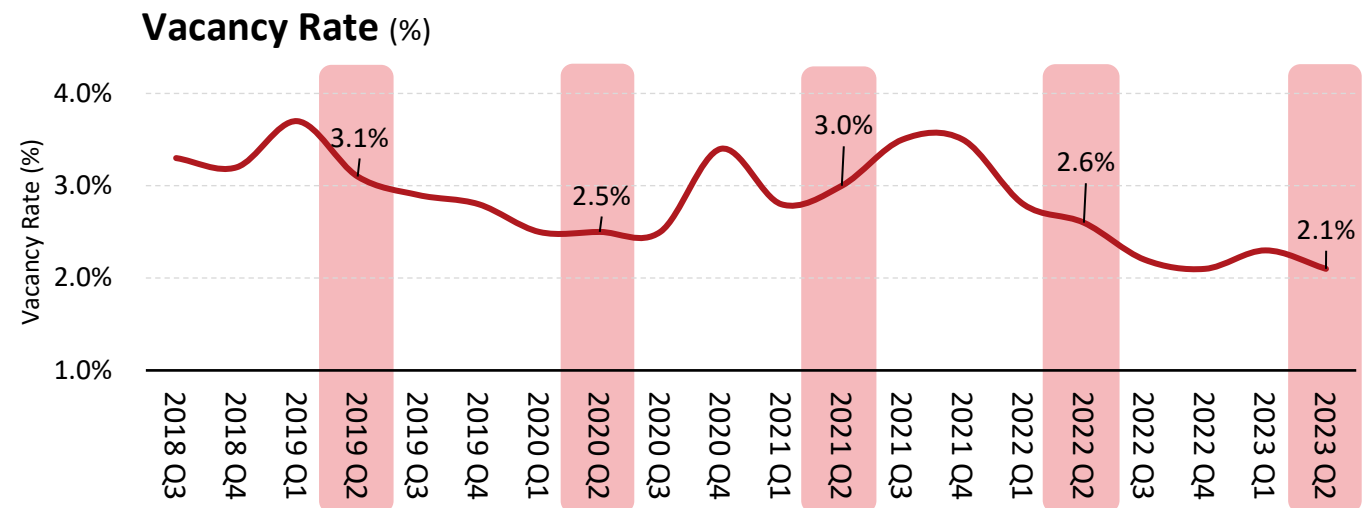
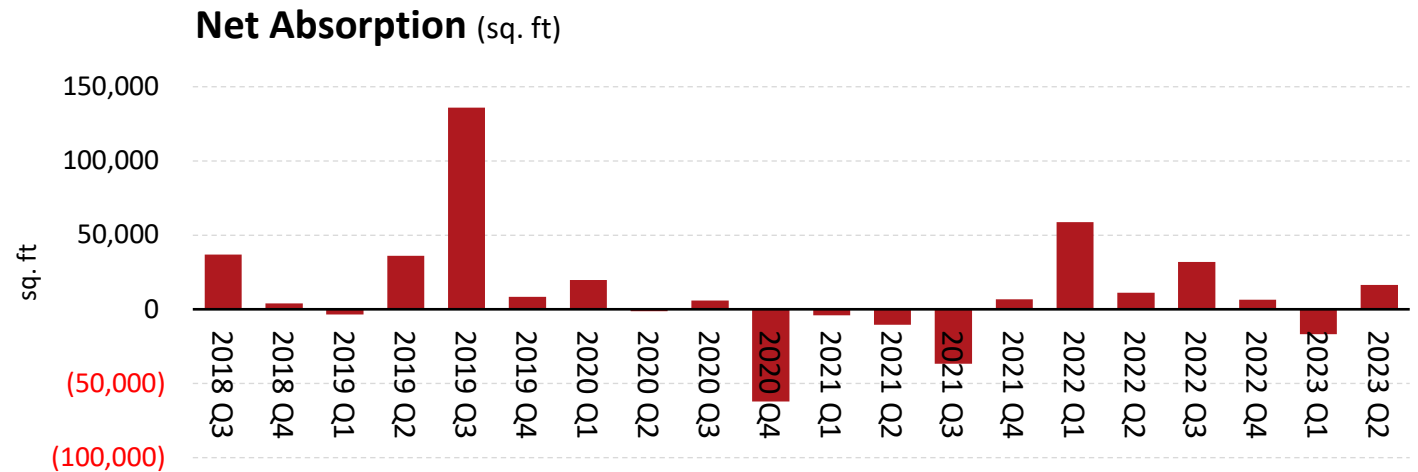
### Full Service Rent (\$ per sq. ft)



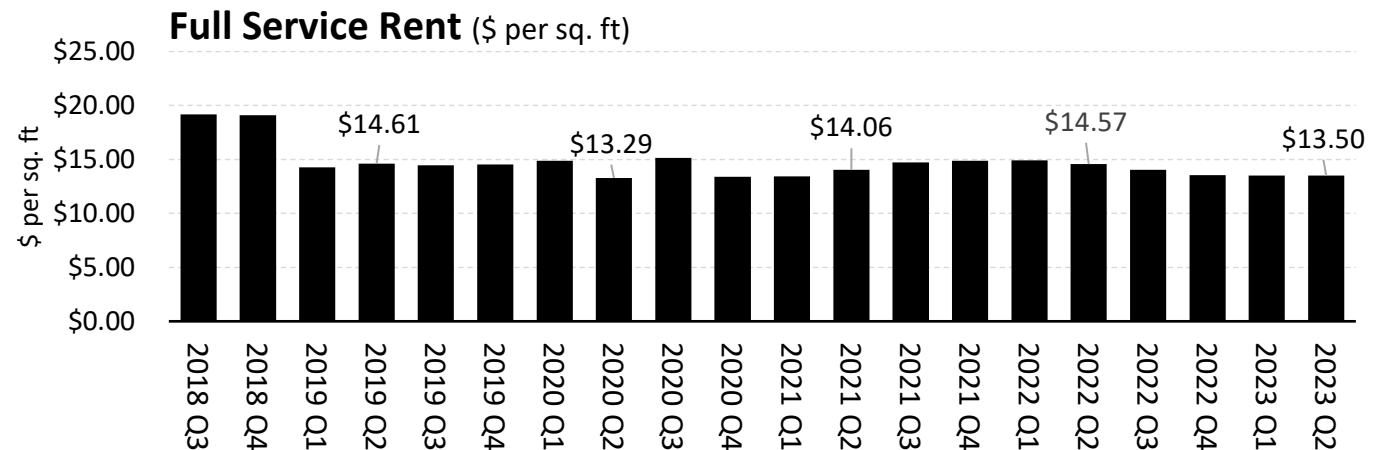
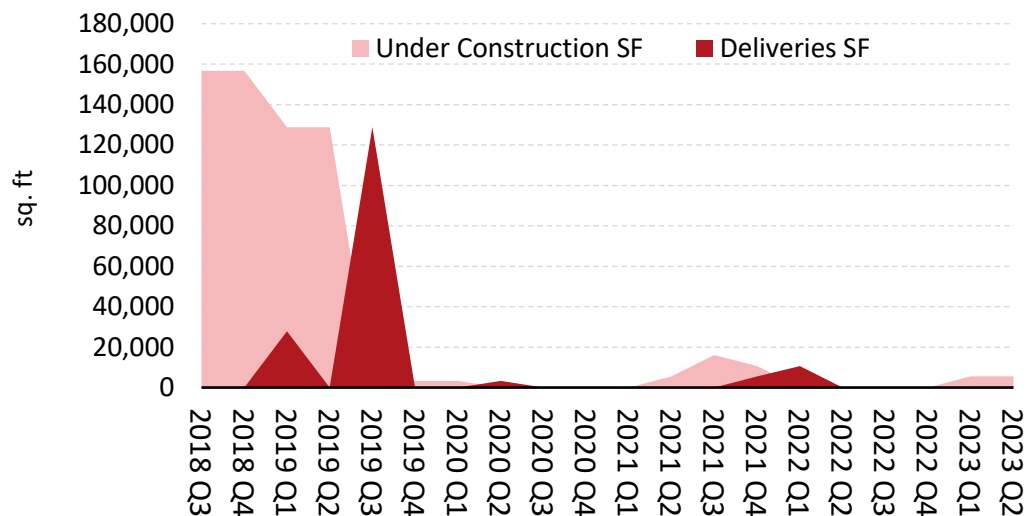
## HARRISONBURG MSA

### Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	6.7	0	% chg
Vacancy Rate (%)	2.1%	-0.5%	pct points
Net Absorption (sq. ft)	16,420	5,259	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.50	-\$1.07	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	5,500	5,500	sq. ft



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





The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 38,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

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All inquiries regarding this report may be directed to:

**Robin Spensieri**

Virginia REALTORS® Vice President of Communications and Media Relations  
[rspensieri@virginiarealtors.org](mailto:rspensieri@virginiarealtors.org)  
404-433-6015

Data and analysis provided by Virginia REALTORS® Chief Economist.

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