



Q3 2023 RETAIL MARKET REPORT

Retail Market - Key Trends Snapshot

Retail Market

Overview: The market for retail space was relatively stable in the third quarter of 2023 across much of Virginia. Absorption remains positive, and the overall vacancy rate continues to inch downward. Rents are climbing in most metro areas. Smaller neighborhood size retail space had the sharpest increase in rents this quarter.

Absorption: In Virginia, retail net absorption continues to be positive with nearly 499,000 sq ft of space absorbed in the third quarter, up from net negative absorption of 445,000 sq ft a year ago. Across all metro areas, Northern Virginia had the largest amount of retail space absorbed with about 498,000 sq ft followed by Charlottesville with nearly 80,000 sq ft. Large/Big Box retail accounted for most of the positive absorption in the state with about 440,000 sq ft while small neighborhood retail had a negative net absorption of around 41,000 sq ft.

Vacancy Rate: Retail vacancy rates have been coming down slowly over the last few quarters. Statewide, the vacancy rate for retail space was 3.9% in the third quarter of 2023, down from 4.5% a year ago. Charlottesville had the highest vacancy rate in Q3 2023 at 5.0% with large/big box retail making up most of the vacant space at 9.0%. The metro area with the lowest retail vacancy rate this quarter was Harrisonburg at 1.5%.

Rent: The average full-service rent for retail space in Virginia grew to \$17.14 this quarter, an increase of 6.5% from last year. The majority of the growth was driven by small/neighborhood retail with full-service rent jumping up 9.0% from Q2 2023. Retail rents jumped 26.3% in the Winchester market and rose 11% in the Richmond region.

Construction/Deliveries: There was about 1.15 million sq ft of new retail space under construction in Q3 2023, up 18.6% from a year ago. Most new construction took place in Northern Virginia with about 470,000 sq ft of retail space and in Richmond with around 300,000 sq ft. Despite the jump in new construction, deliveries of retail space fell by 51.6% from a year ago.

VIRGINIA (Statewide)



Market Indicator Dashboard

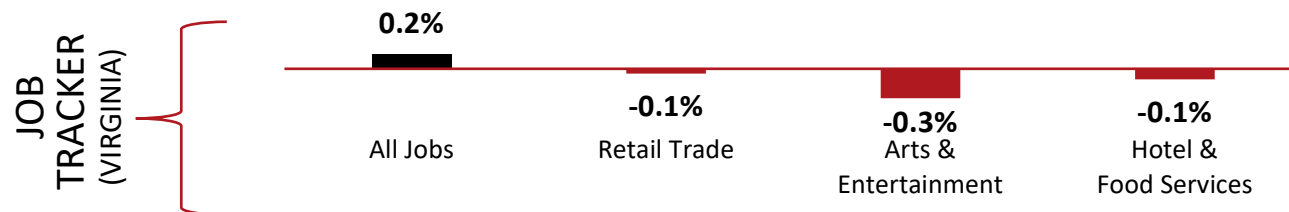
	YoY Chg	Q3-2023	Indicator
% chg	-0.2%	453.1	Total Inventory (sq. ft, in millions)
sq. ft	943,871	498,365	Net Absorption (sq. ft)
pct point	-0.6%	3.9%	Vacancy Rate (%)
\$ per sq. ft	\$1.05	\$17.14	Full Service Rent (\$ per sq. ft)
sq. ft	-197,890	185,716	New Supply Delivered (sq. ft)
sq. ft	182,424	1,158,576	Under Construction (sq. ft)



Economic Indicator Dashboard

	MoM % Chg	Aug-23	Indicator
% chg	0.2%	4.2	Total Jobs (in millions, seasonally adjusted)
% chg	-0.1%	796.7	Retail-Supporting Jobs (in thousands, seasonally adjusted)
pct point	0	2.5%	Unemployment Rate (% seasonally adjusted)
pct point	QoQ Chg -1.5%	Q2-2023 1.1	Gross Domestic Product (% chg from prior year)

Retail-Supporting Job Sectors (% Chg Jul-23 to Aug-23, seasonally adjusted)



Virginia Retail Market

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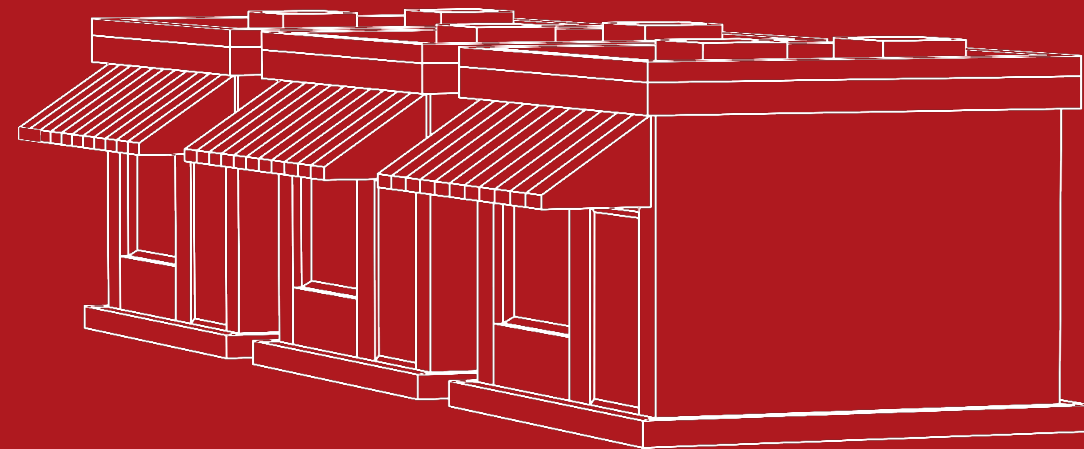
Lynchburg MSA ----- 12

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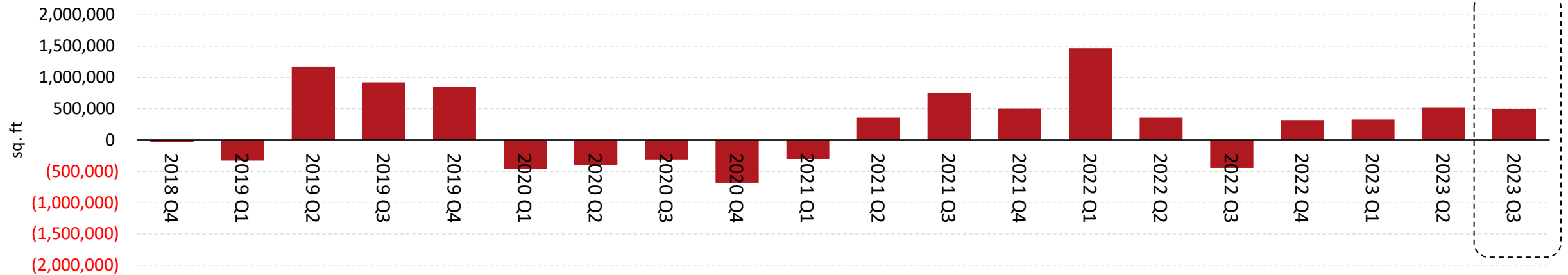
Harrisonburg MSA ----- 16



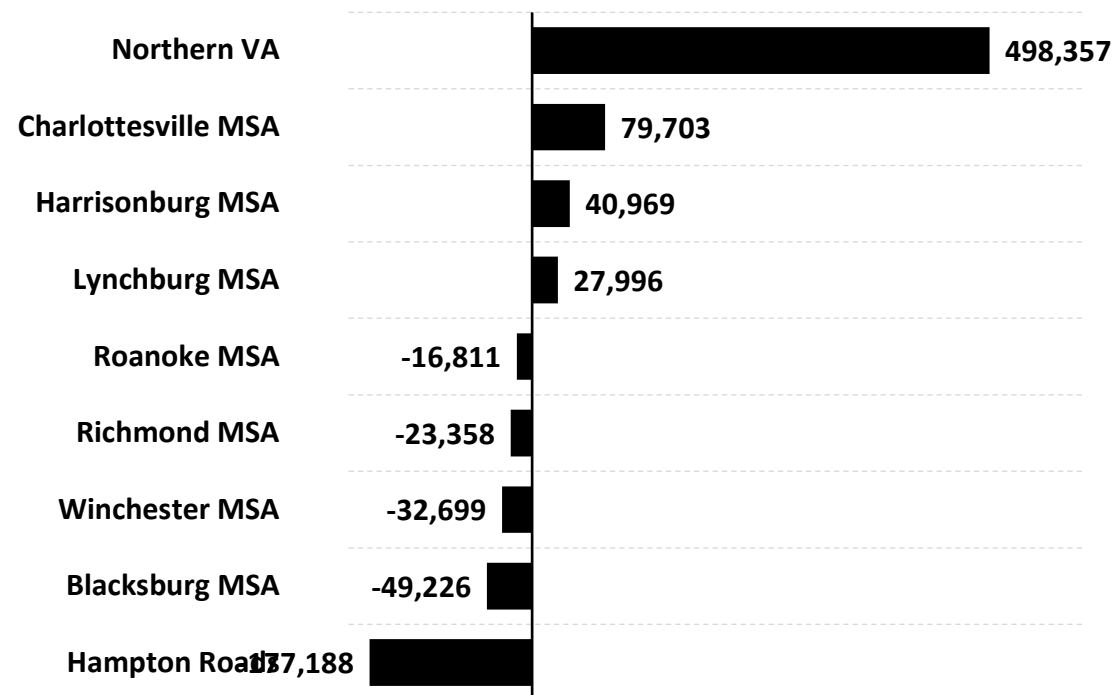
Retail Market - Absorption & Construction Trends

VIRGINIA (Statewide)

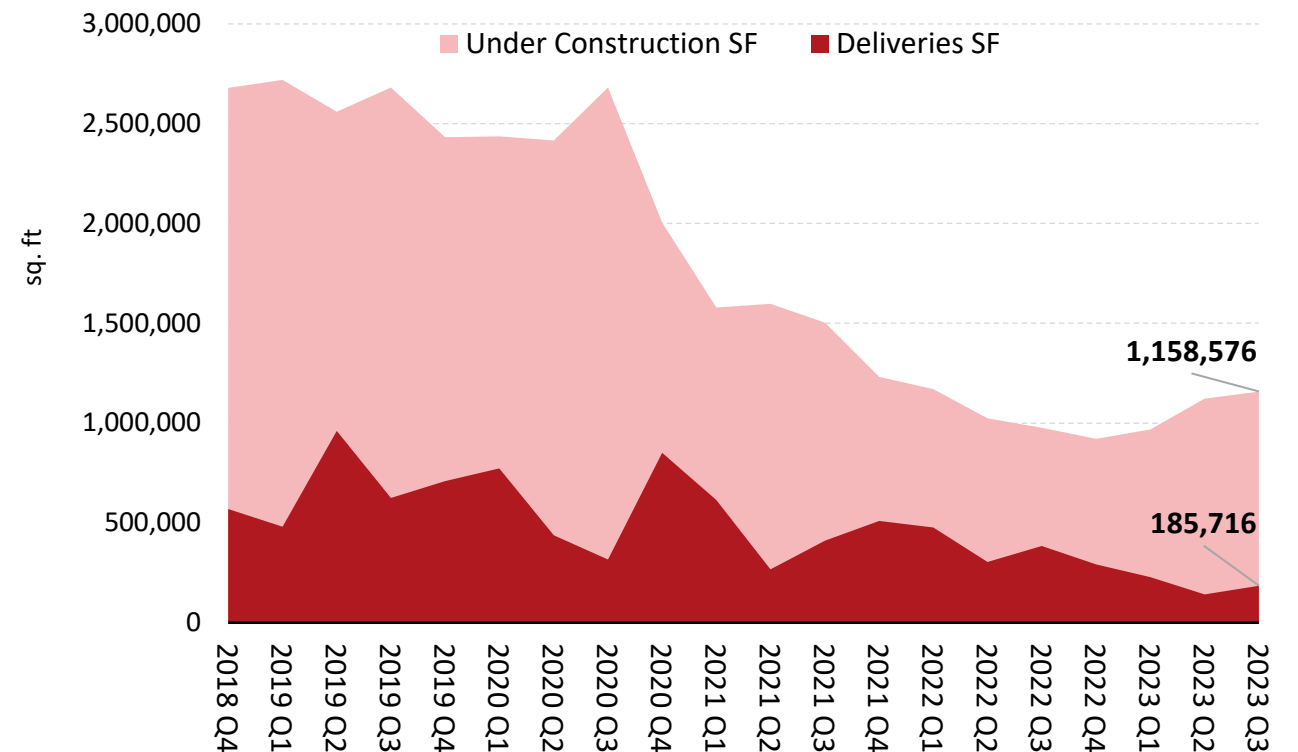
Net Absorption (sq. ft)



Q3-2023 Net Absorption by Metro Area (sq ft)

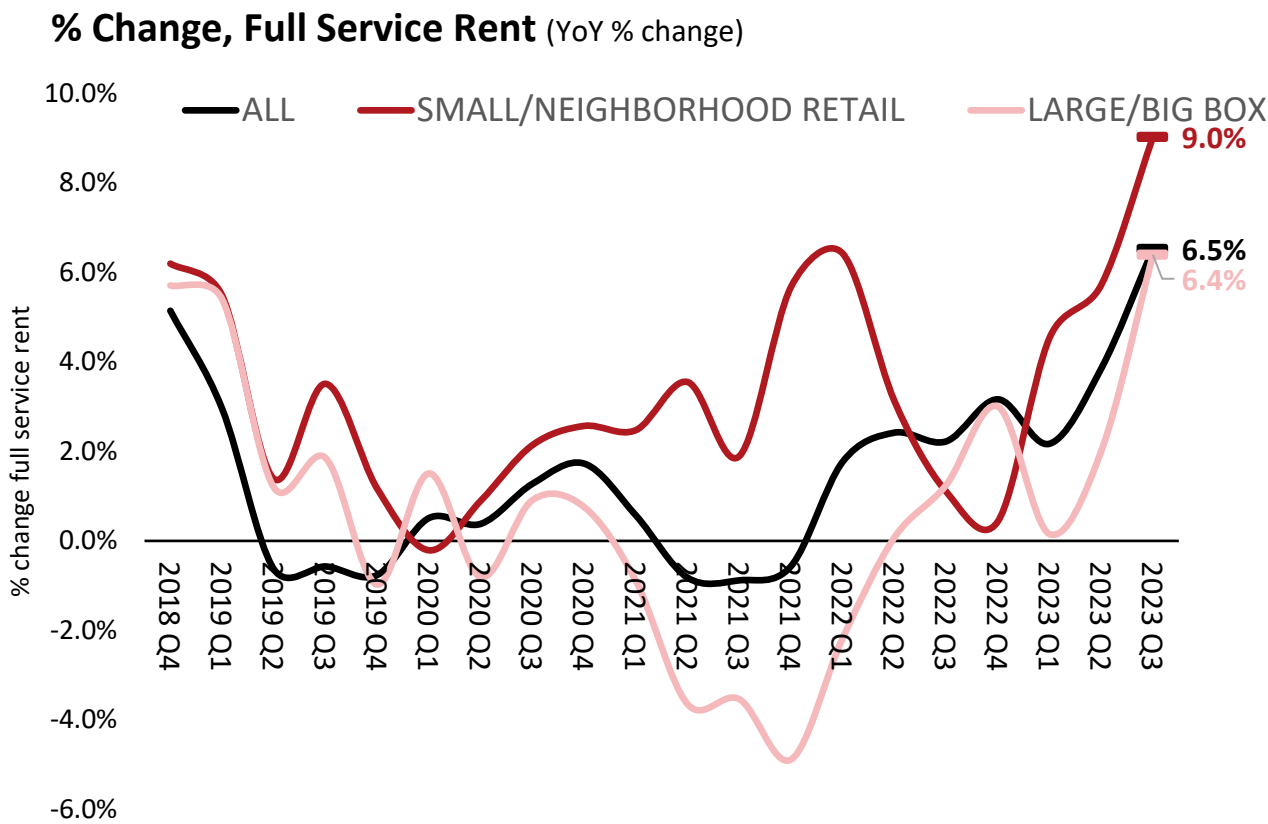
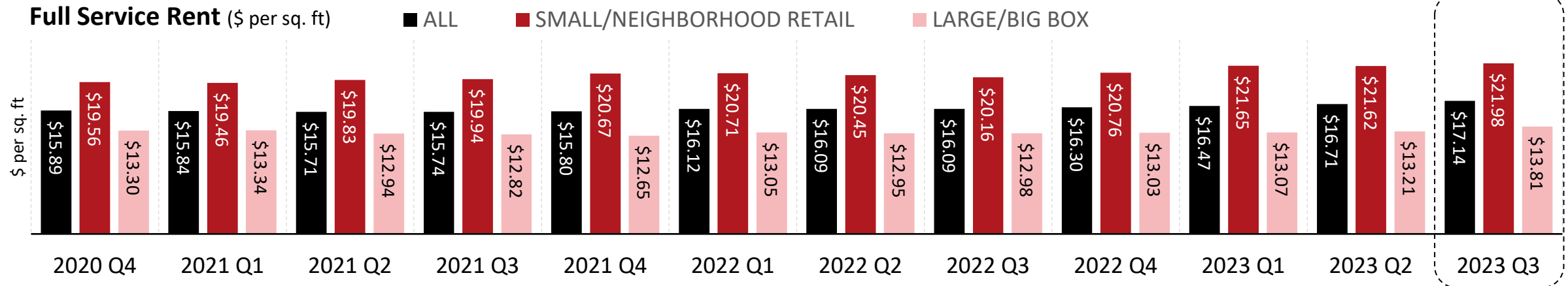


Under Construction & Net Deliveries (sq. ft)

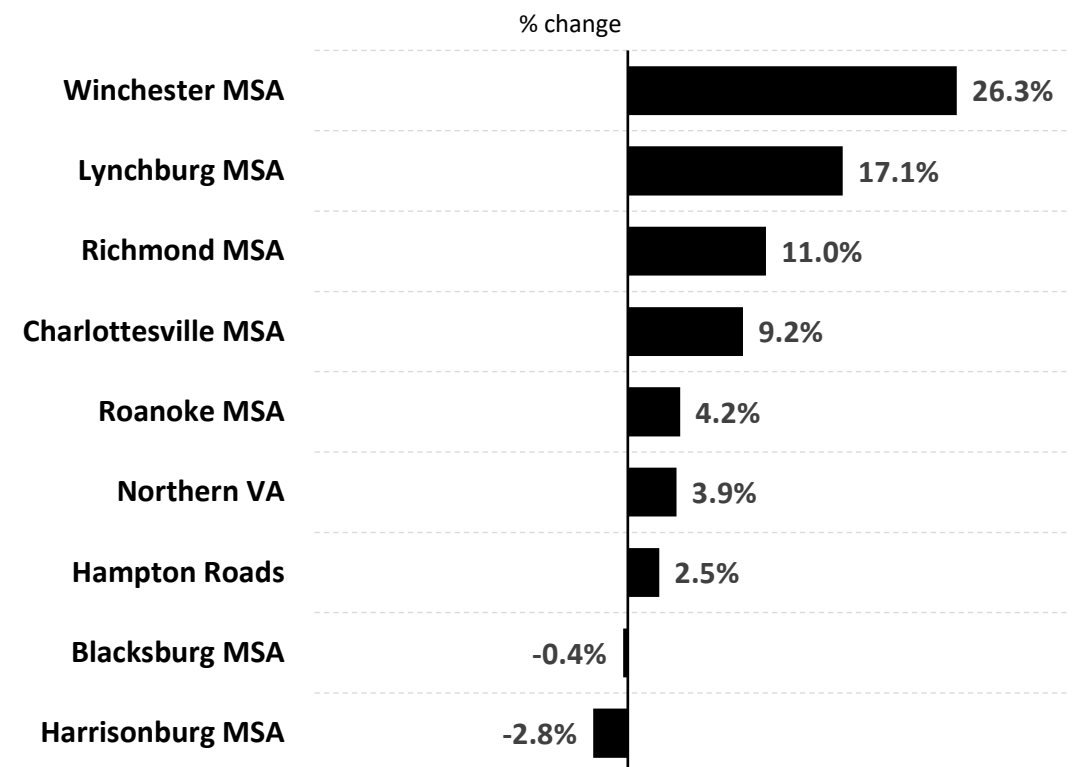


Retail Market - Rent Trends

VIRGINIA (Statewide)

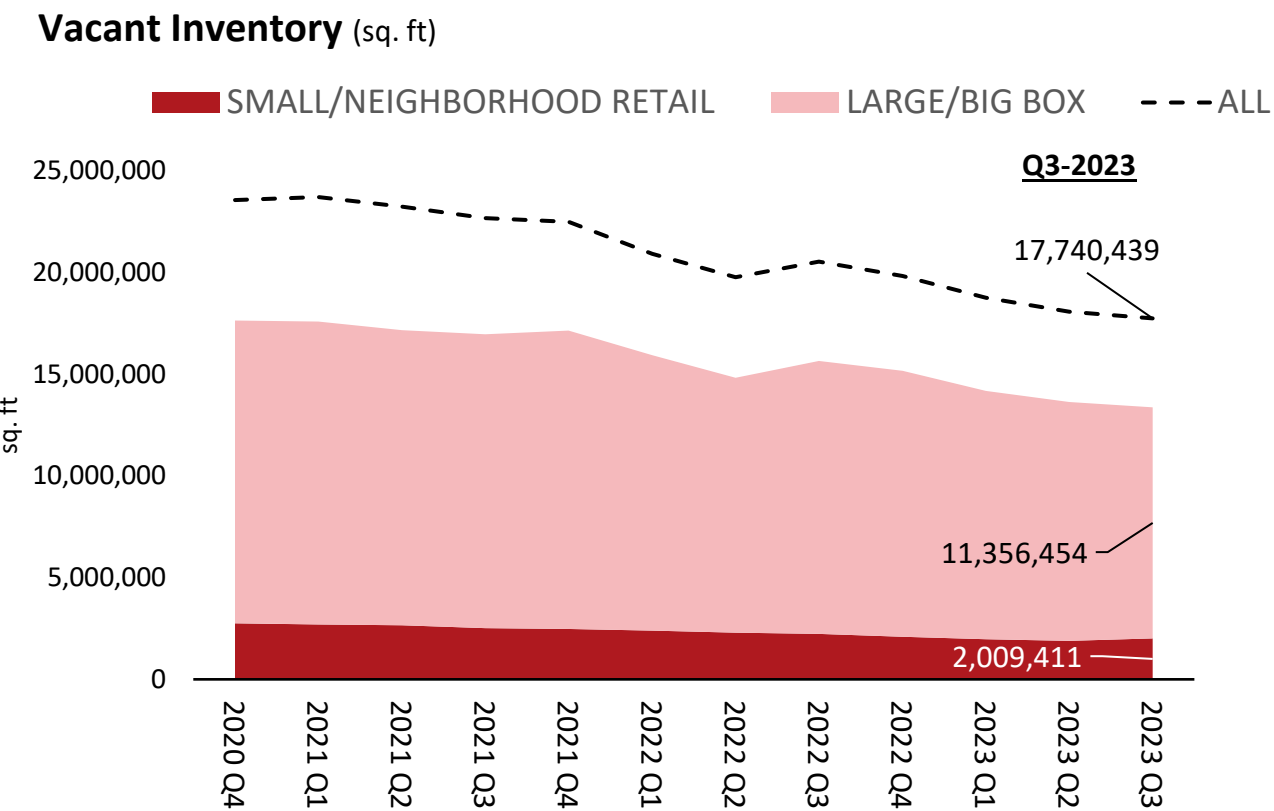
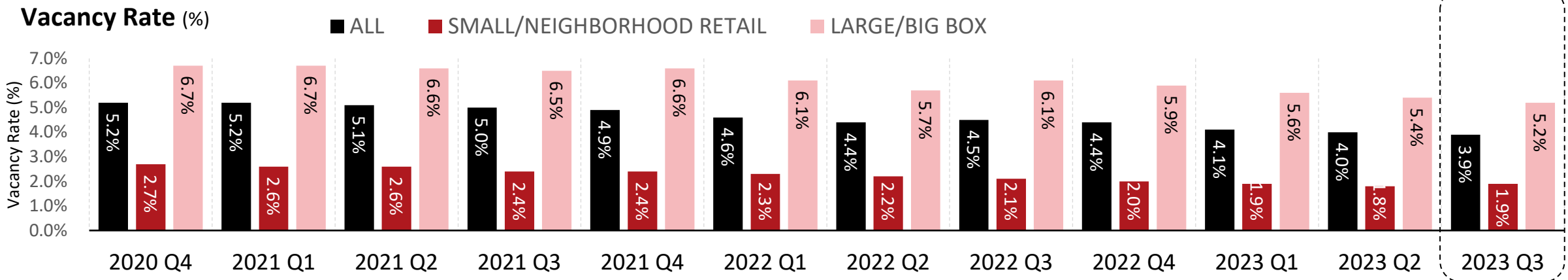


Q3-2023 by MSA: % Change, Full Service Rent (YoY % change)

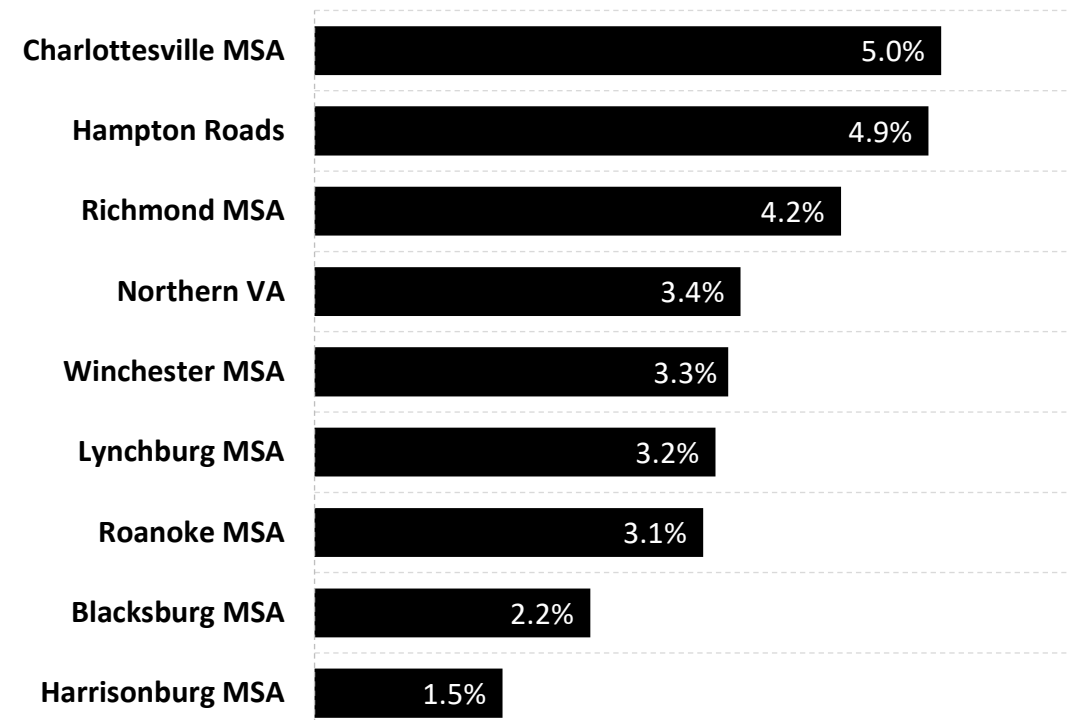


Retail Market - Vacancy Trends

VIRGINIA (Statewide)



Q3-2023 Retail Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q3



2023

RETAIL
Market Report



Snapshot of Retail Market Conditions Around Virginia

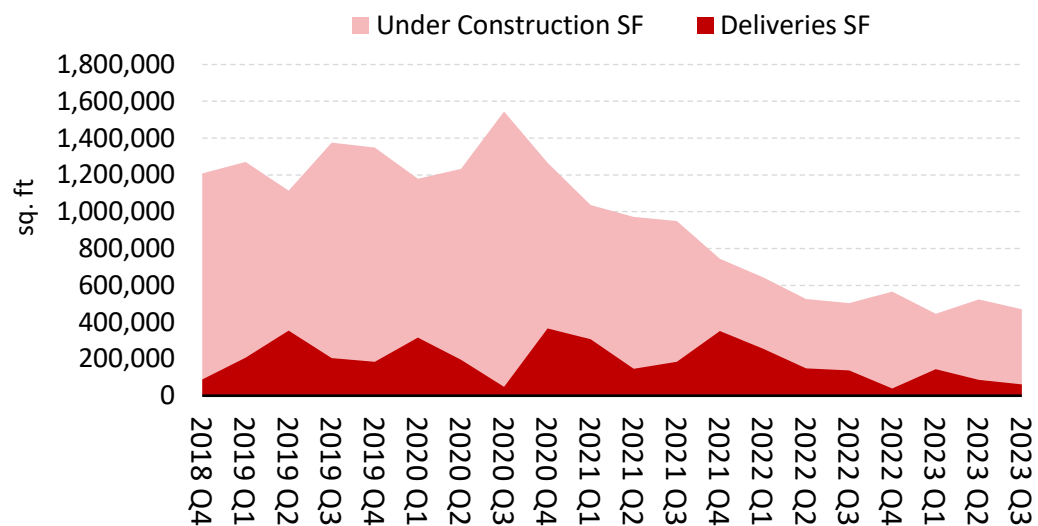
Retail Market - MSA Trends

NORTHERN VIRGINIA

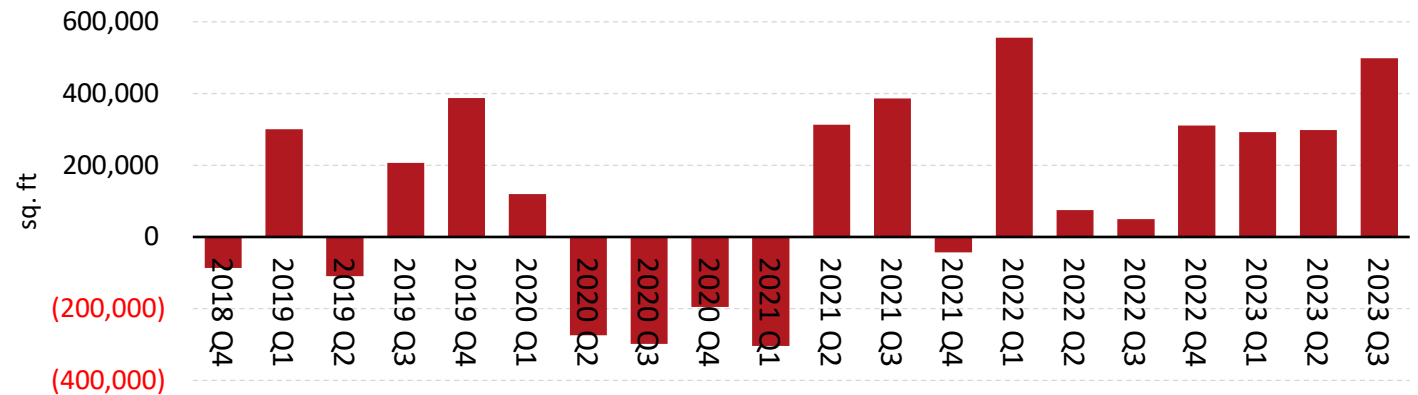
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	135.3	0.2%	% chg
Vacancy Rate (%)	3.4%	-0.8%	pct points
Net Absorption (sq. ft)	498,357	448,457	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$27.53	\$1.03	\$ per sq. ft
Deliveries (sq. ft)	62,536	-74,573	sq. ft
Under Construction (sq. ft)	470,091	-32,899	sq. ft

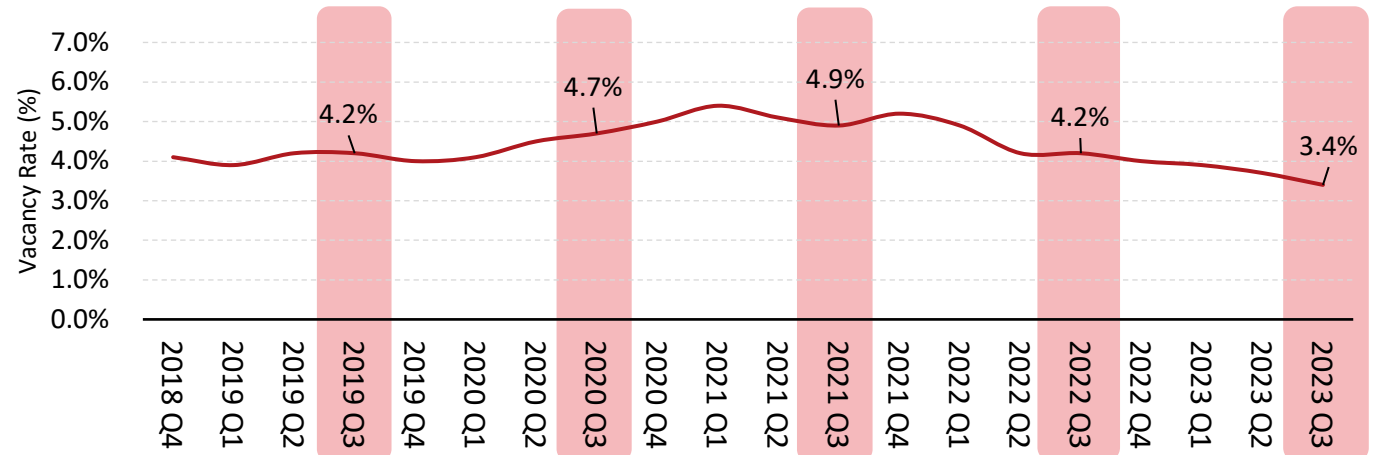
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



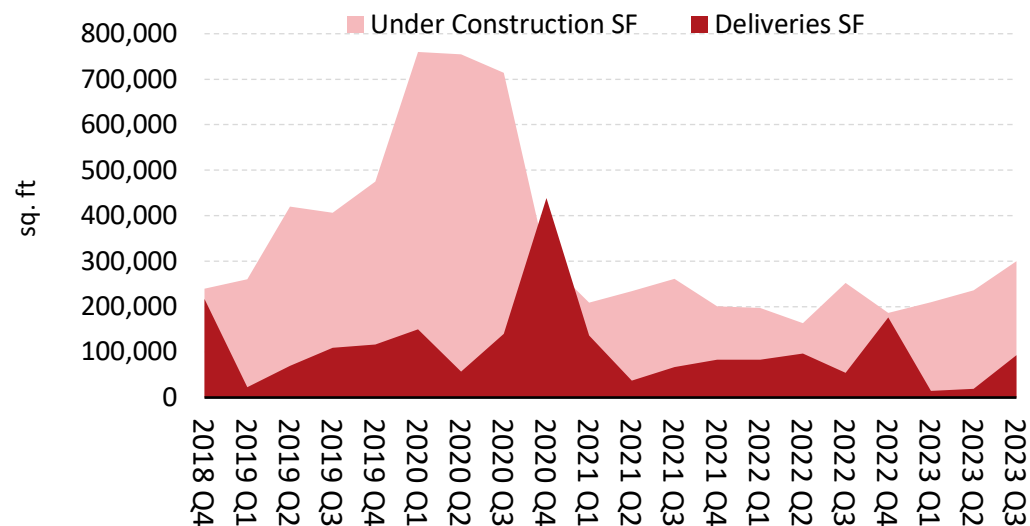
Retail Market - MSA Trends

RICHMOND MSA

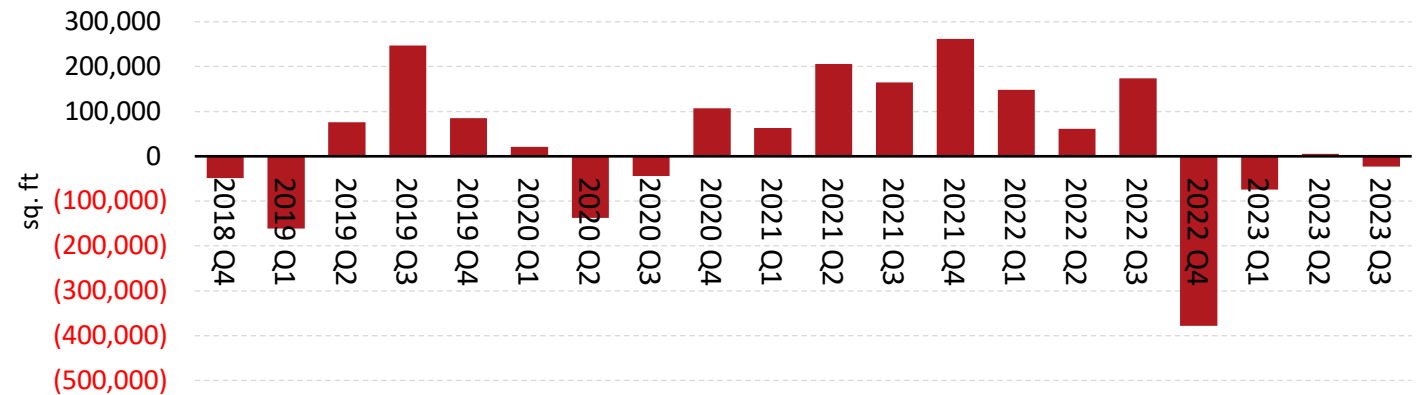
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	79.5	-1.2%	% chg
Vacancy Rate (%)	4.2%	-0.5%	pct points
Net Absorption (sq. ft)	(23,358)	-196,810	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$17.32	\$1.72	\$ per sq. ft
Deliveries (sq. ft)	92,840	38,674	sq. ft
Under Construction (sq. ft)	300,158	47,873	sq. ft

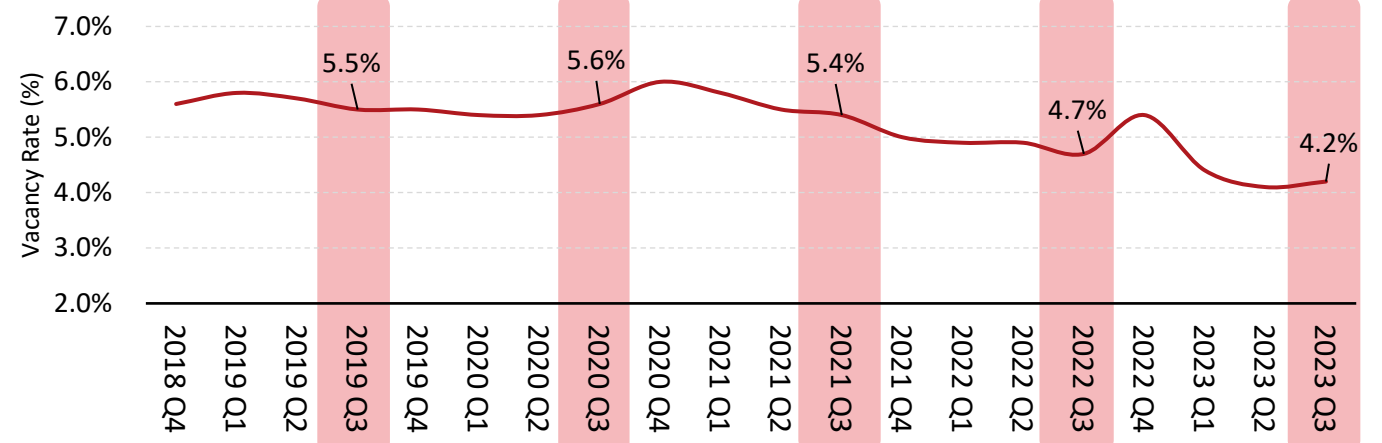
Under Construction & Net Deliveries (sq. ft)



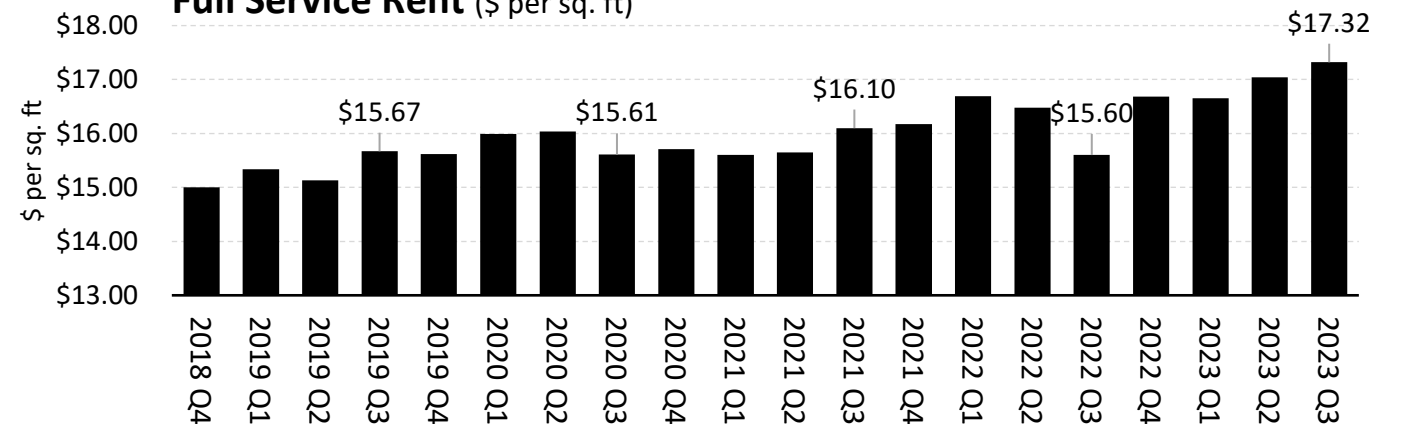
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



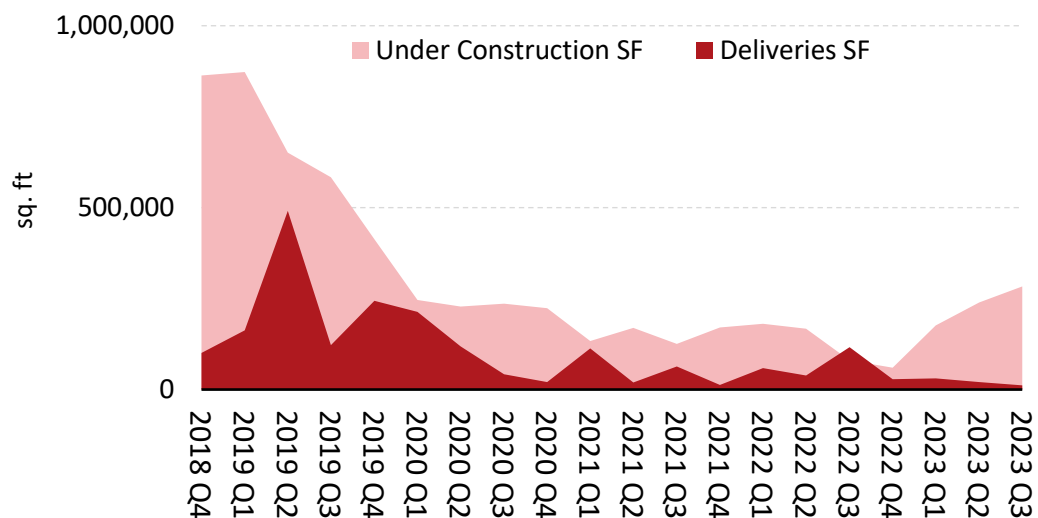
Retail Market - MSA Trends

HAMPTON ROADS

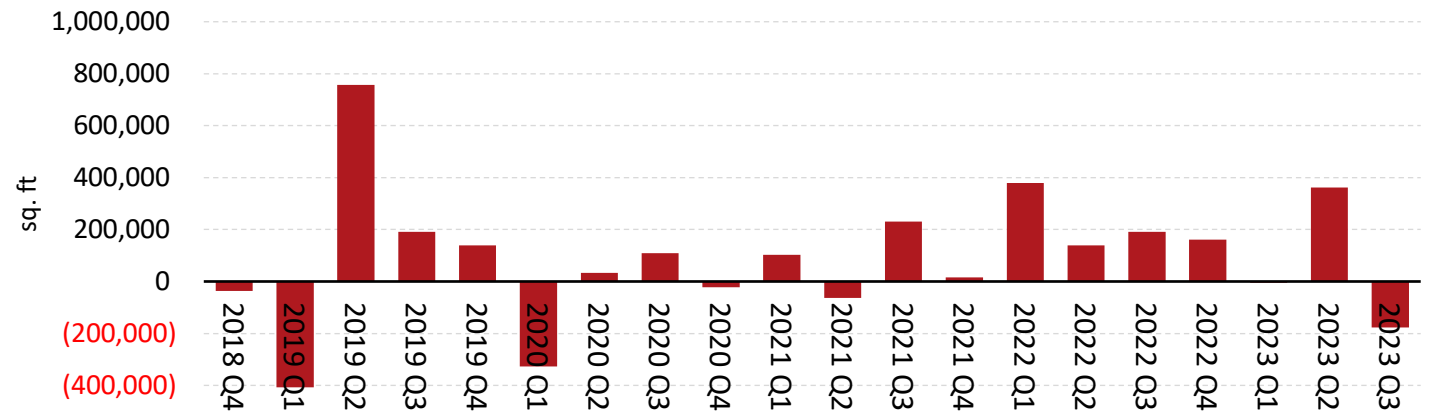
Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (sq. ft, millions)	106.8	0.1% % chg
Vacancy Rate (%)	4.9%	-0.2% pct points
Net Absorption (sq. ft)	(177,188)	-367,799 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$15.60	\$0.38 \$ per sq. ft
Deliveries (sq. ft)	11,700	-104,474 sq. ft
Under Construction (sq. ft)	283,511	202,659 sq. ft

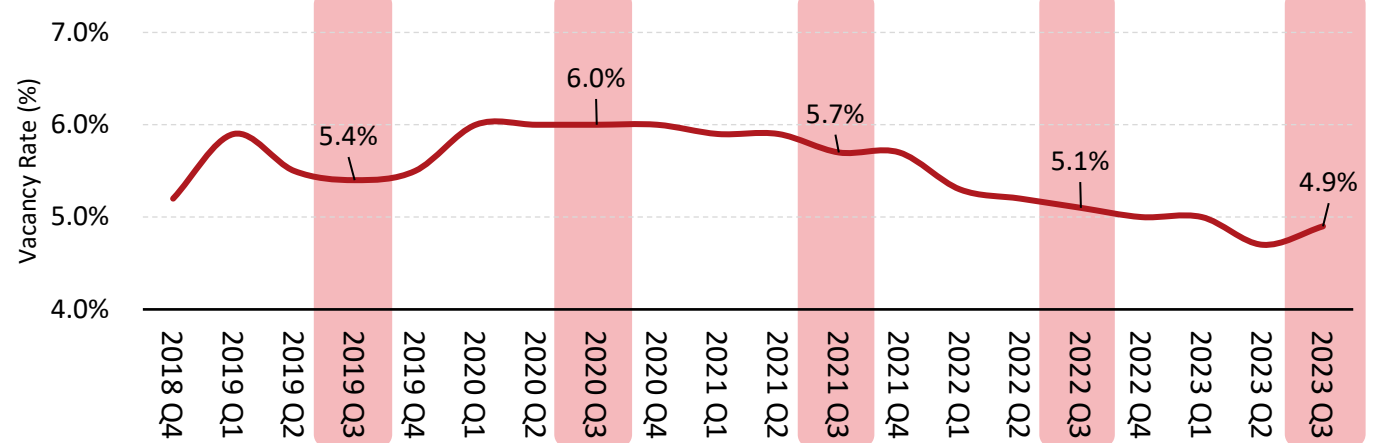
Under Construction & Net Deliveries (sq. ft)



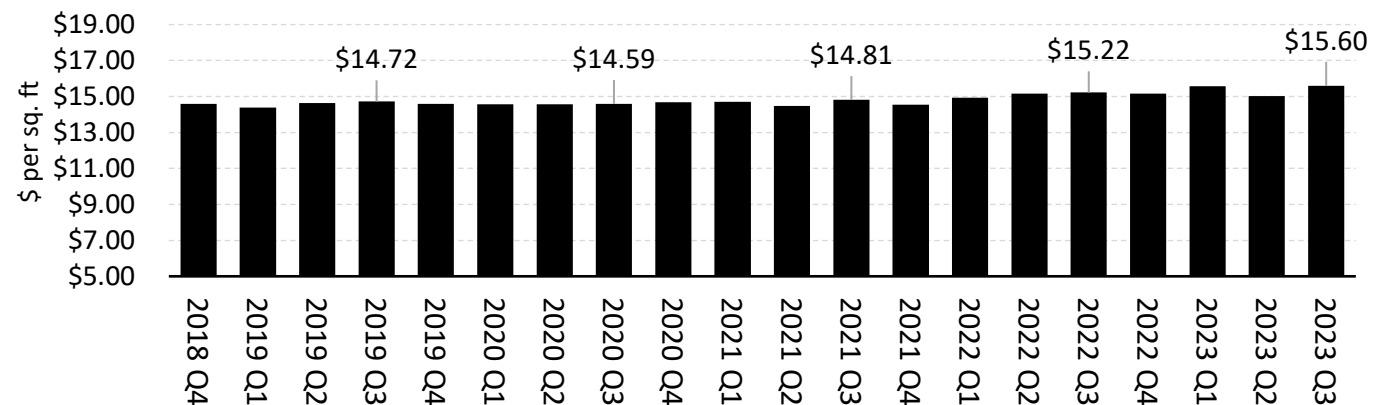
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



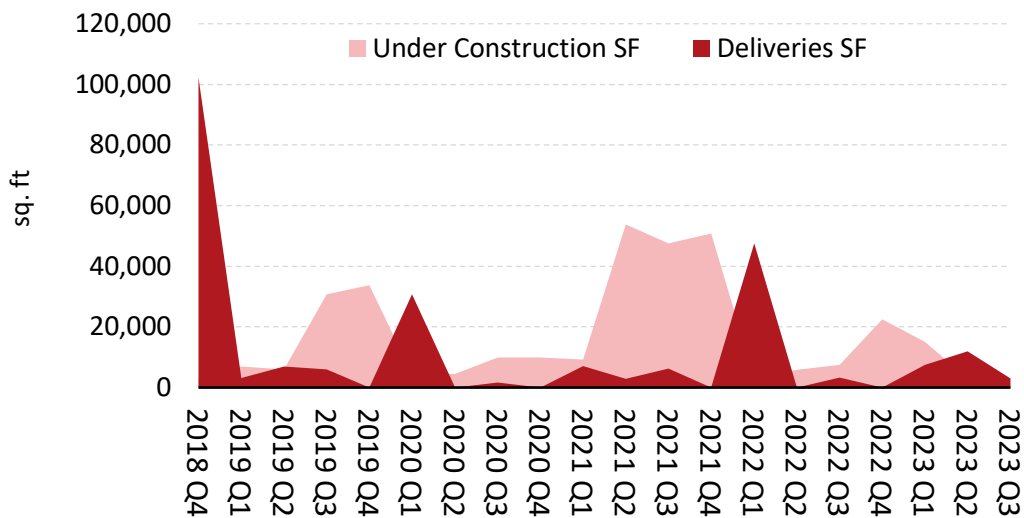
Retail Market - MSA Trends

ROANOKE MSA

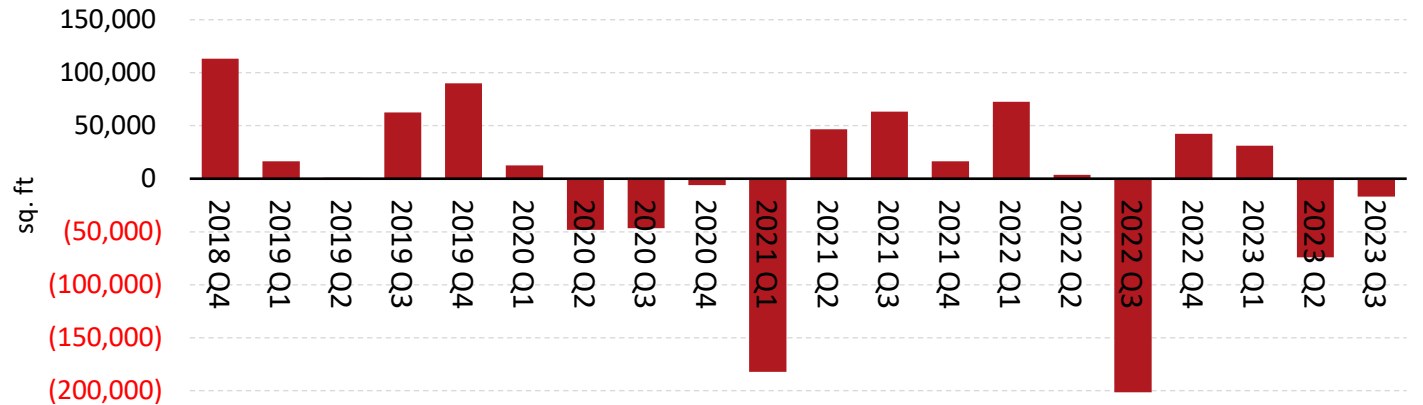
Local Market Indicator Dashboard

	Q3-2023	YoY Chg
Total Inventory (sq. ft, millions)	24.2	0.0% % chg
Vacancy Rate (%)	3.1%	0.1% pct points
Net Absorption (sq. ft)	(16,811)	188,091 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.73	\$0.55 \$ per sq. ft
Deliveries (sq. ft)	3,000	-300 sq. ft
Under Construction (sq. ft)	0	-7,500 sq. ft

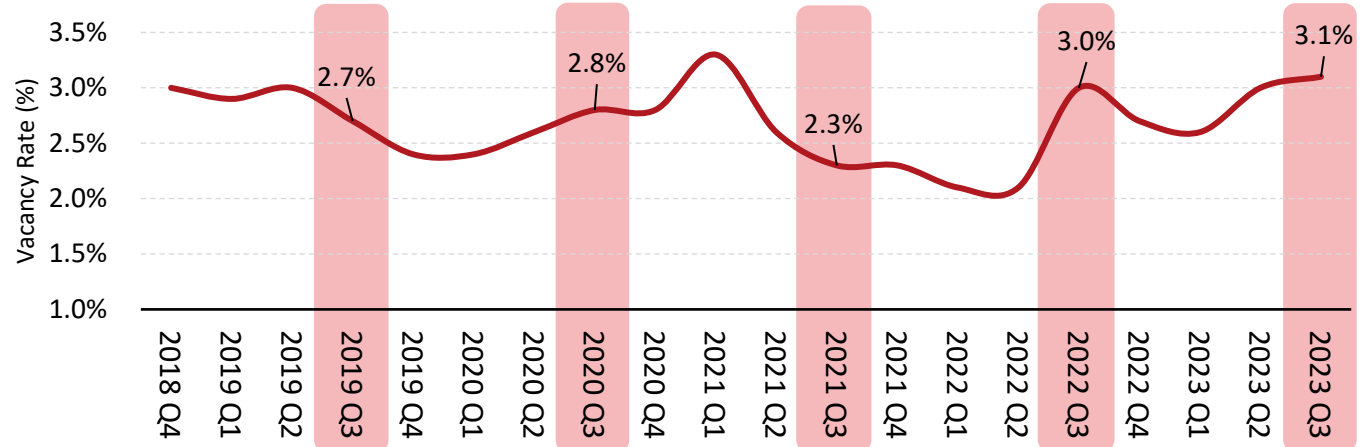
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



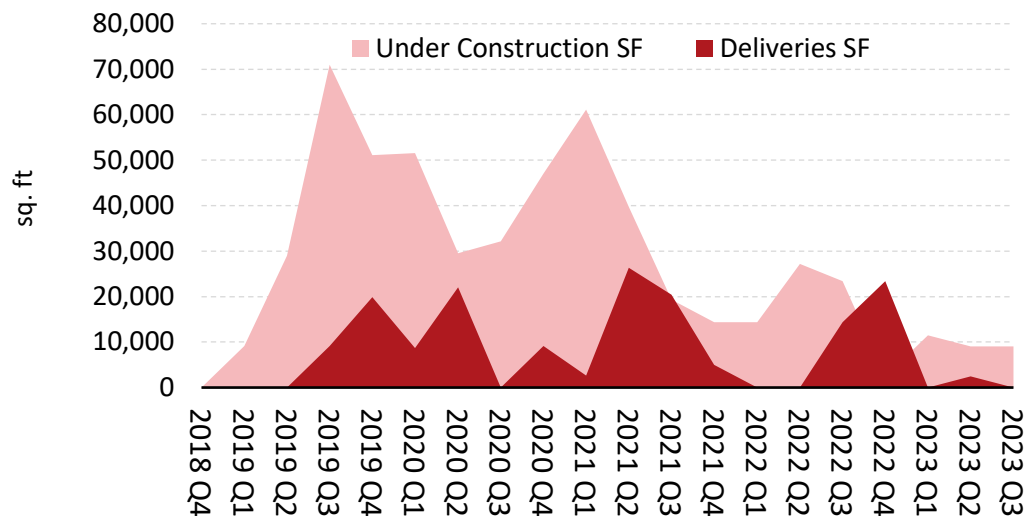
Retail Market - MSA Trends

LYNCHBURG MSA

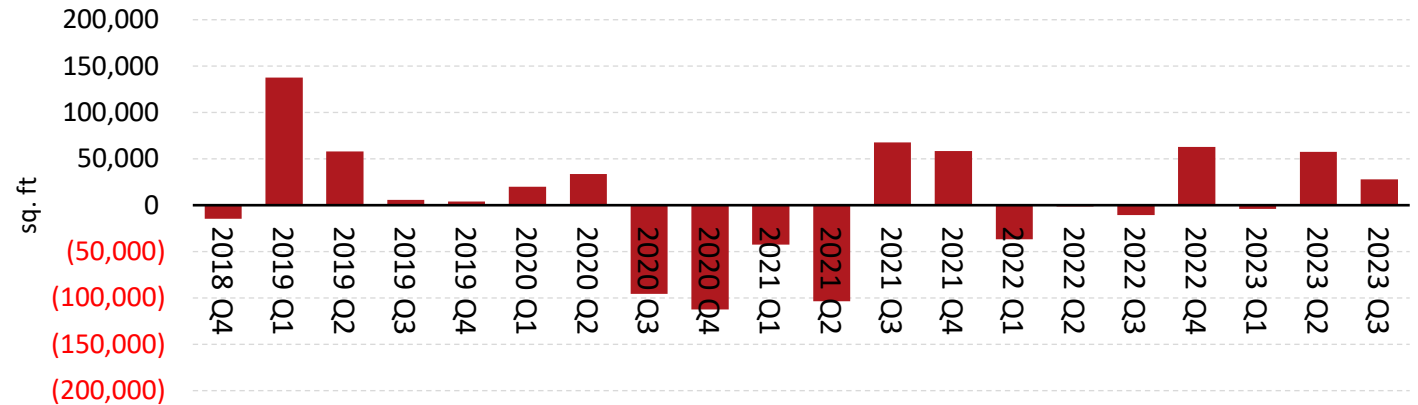
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	14.1	0.2%	% chg
Vacancy Rate (%)	3.2%	-0.8%	pct points
Net Absorption (sq. ft)	27,996	38,832	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$15.10	\$2.21	\$ per sq. ft
Deliveries (sq. ft)	0	-14,362	sq. ft
Under Construction (sq. ft)	9,000	-14,374	sq. ft

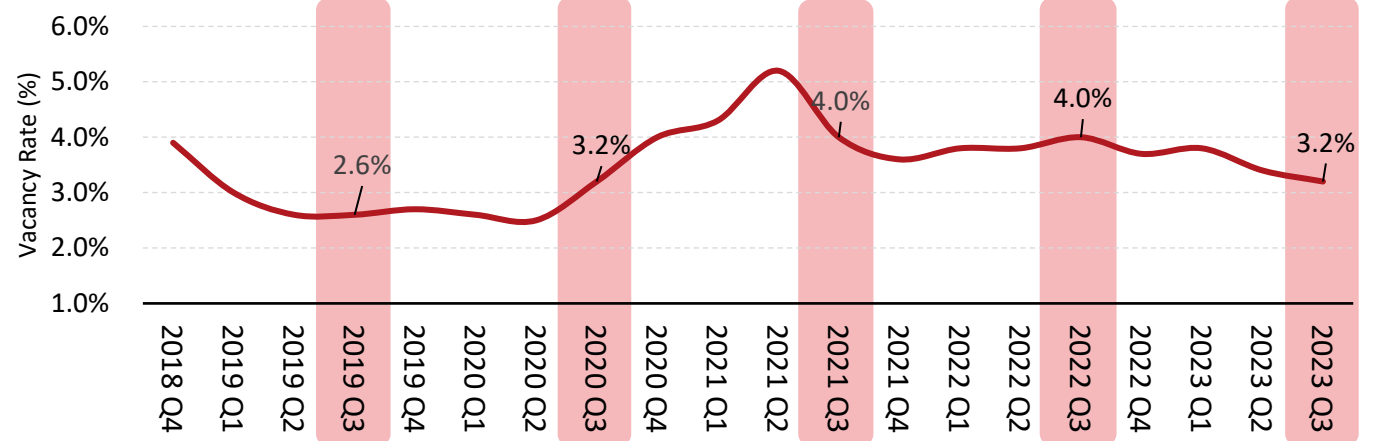
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



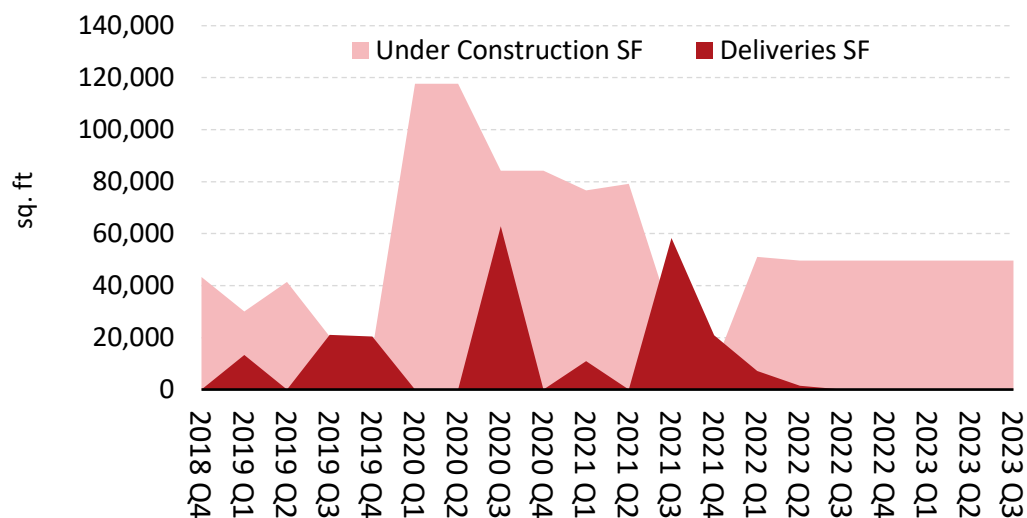
Retail Market - MSA Trends

CHARLOTTESVILLE MSA

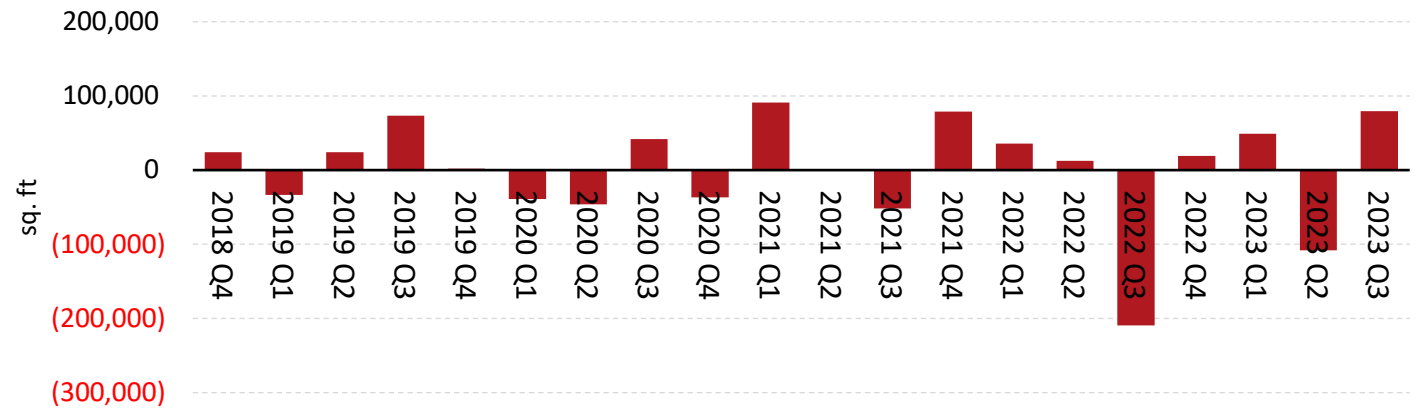
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	10.3	0	% chg
Vacancy Rate (%)	5.0%	-0.4%	pct points
Net Absorption (sq. ft)	79,703	289,289	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$21.62	\$1.82	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	49,600	0	sq. ft

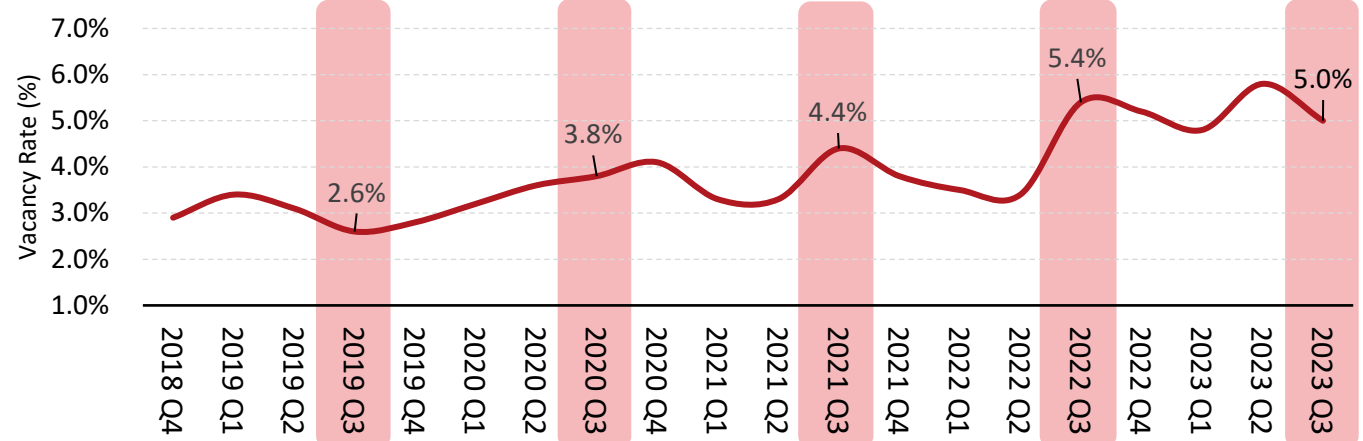
Under Construction & Net Deliveries (sq. ft)



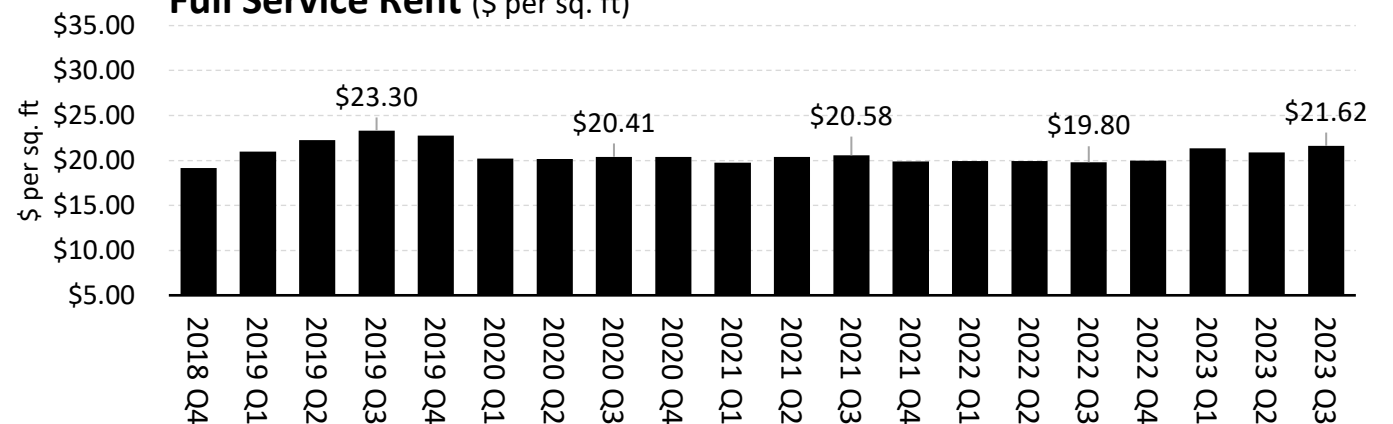
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

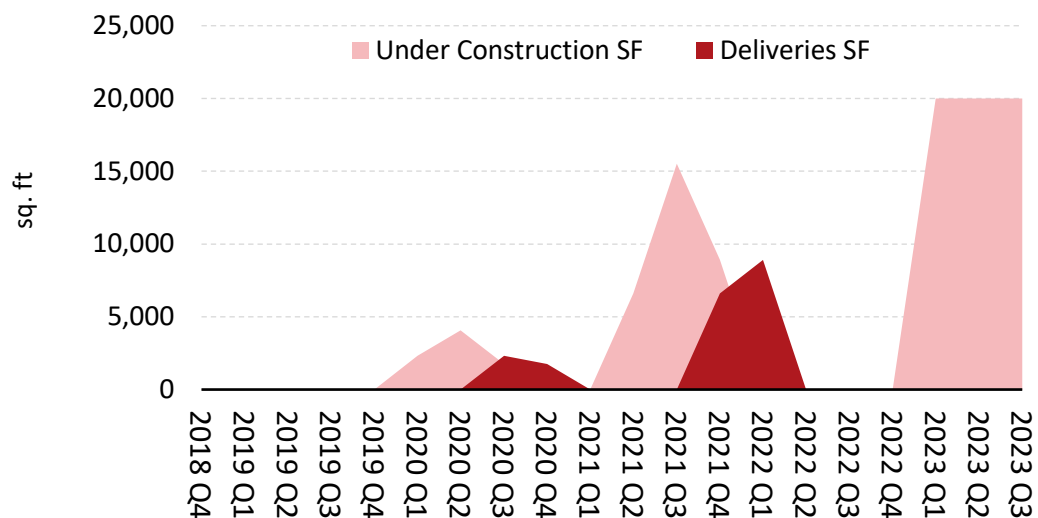


BLACKSBURG MSA

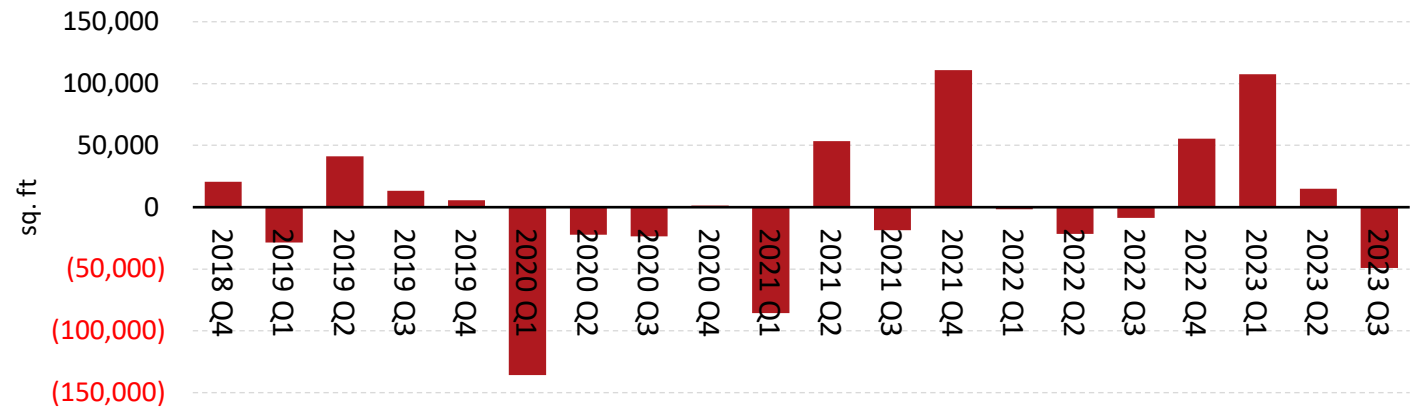
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.3	0	% chg
Vacancy Rate (%)	2.2%	-1.4%	pct points
Net Absorption (sq. ft)	(49,226)	-40,415	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.88	-\$0.05	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	20,000	20,000	sq. ft

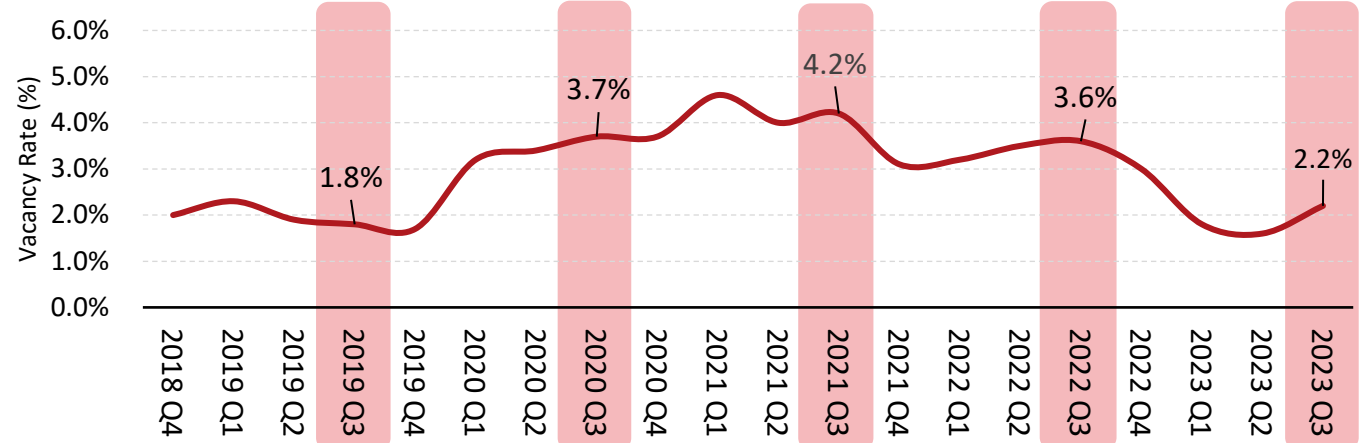
Under Construction & Net Deliveries (sq. ft)



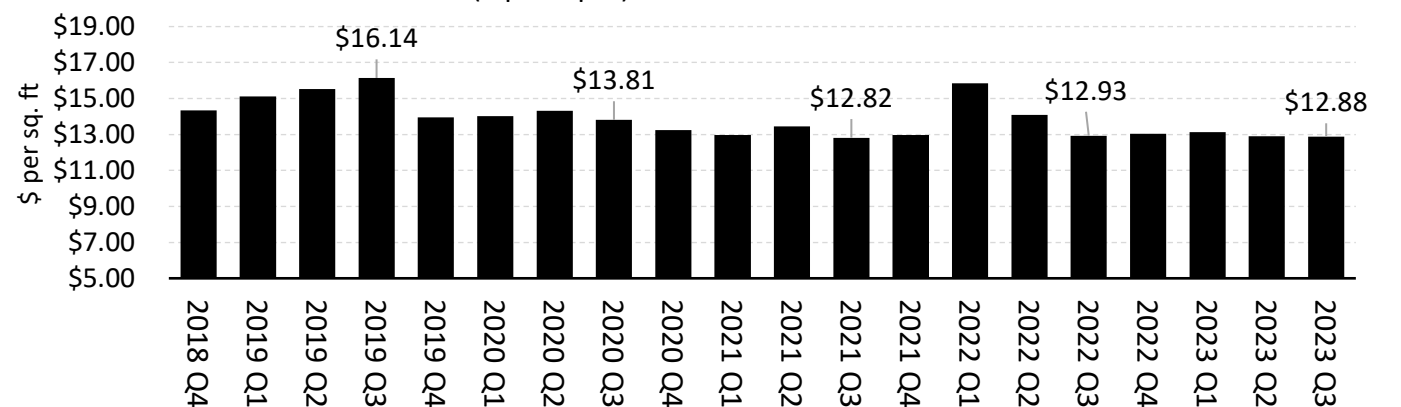
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



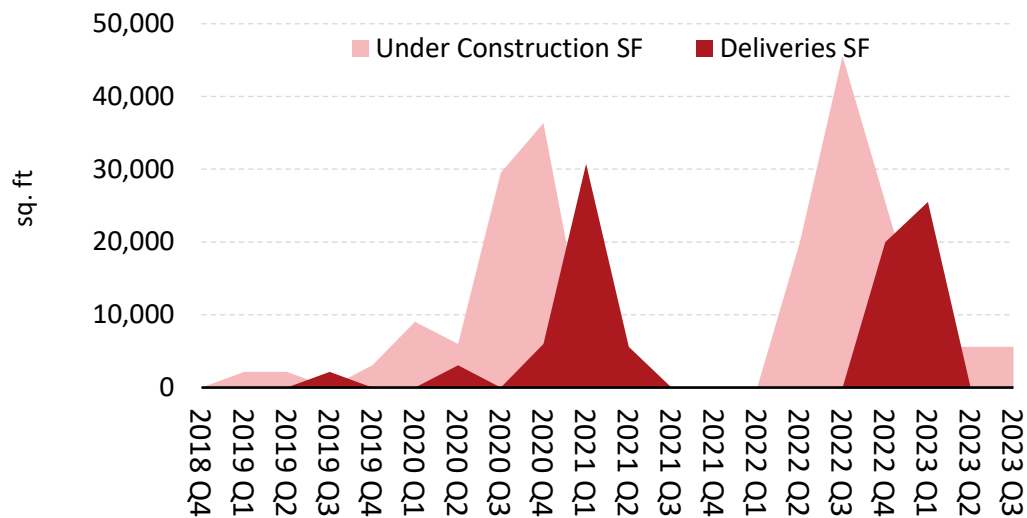
Retail Market - MSA Trends

WINCHESTER MSA

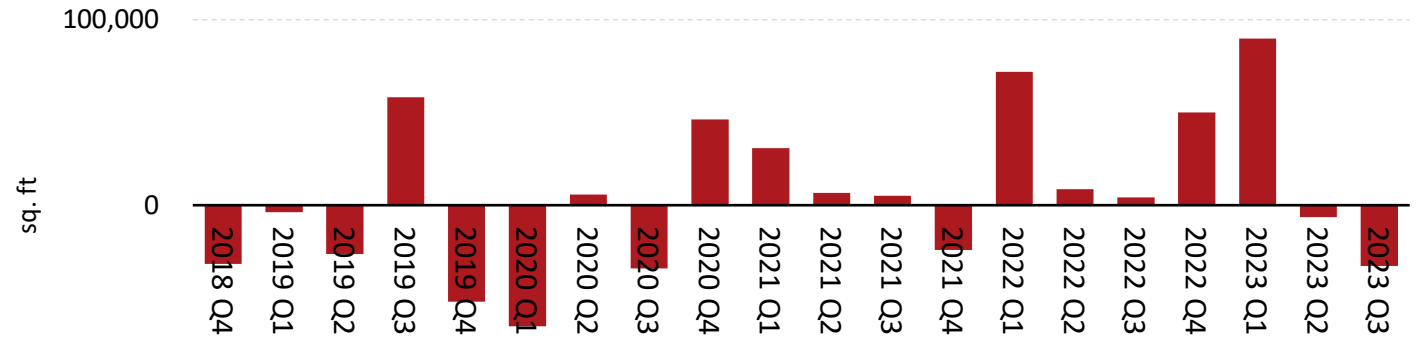
Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.1	0.5%	% chg
Vacancy Rate (%)	3.3%	-0.6%	pct points
Net Absorption (sq. ft)	(32,699)	-36,968	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.99	\$2.91	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	5,600	-39,934	sq. ft

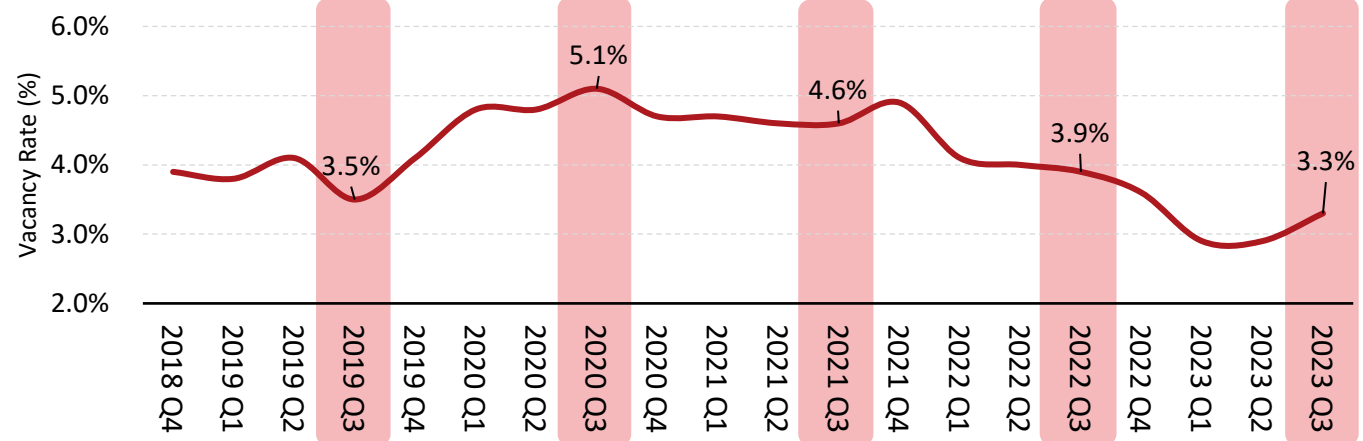
Under Construction & Net Deliveries (sq. ft)



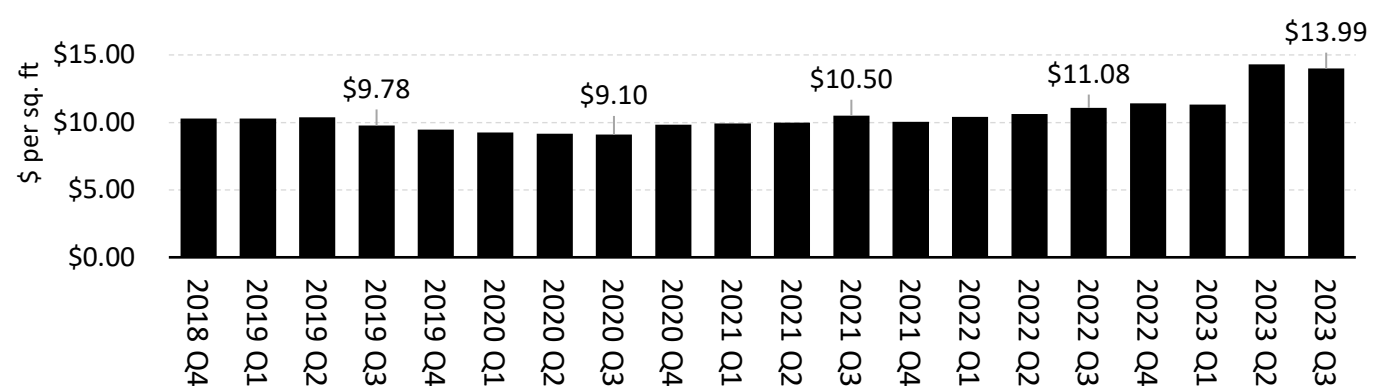
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

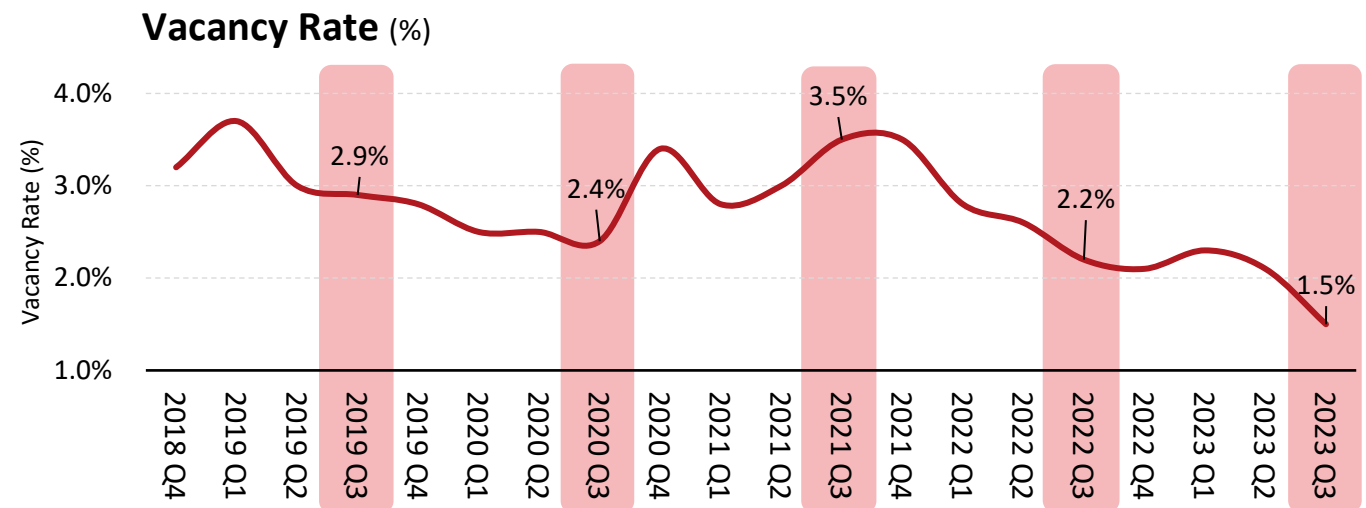
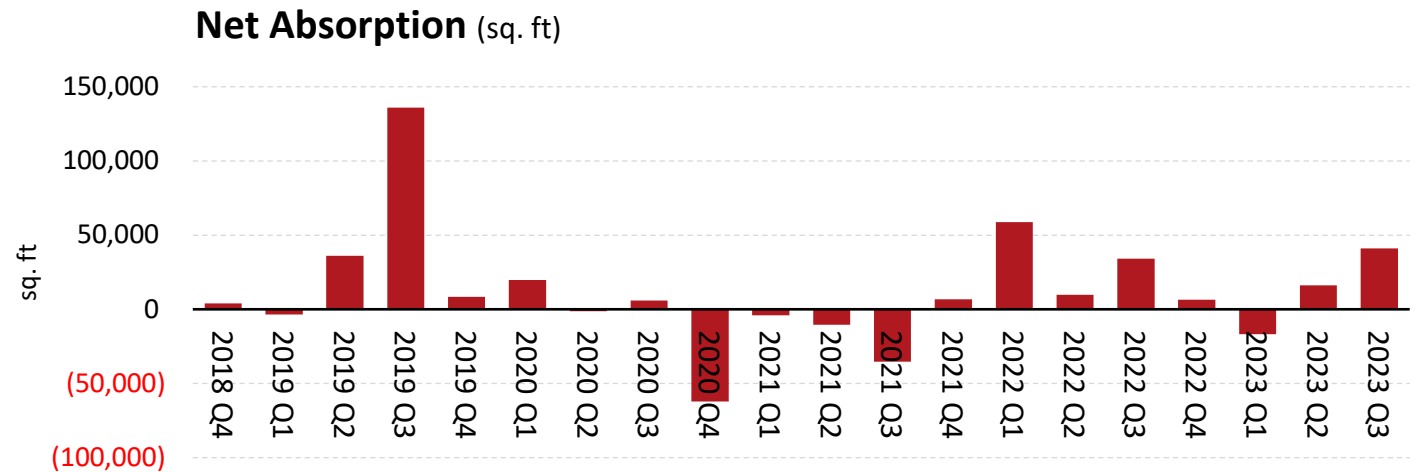


Retail Market - MSA Trends

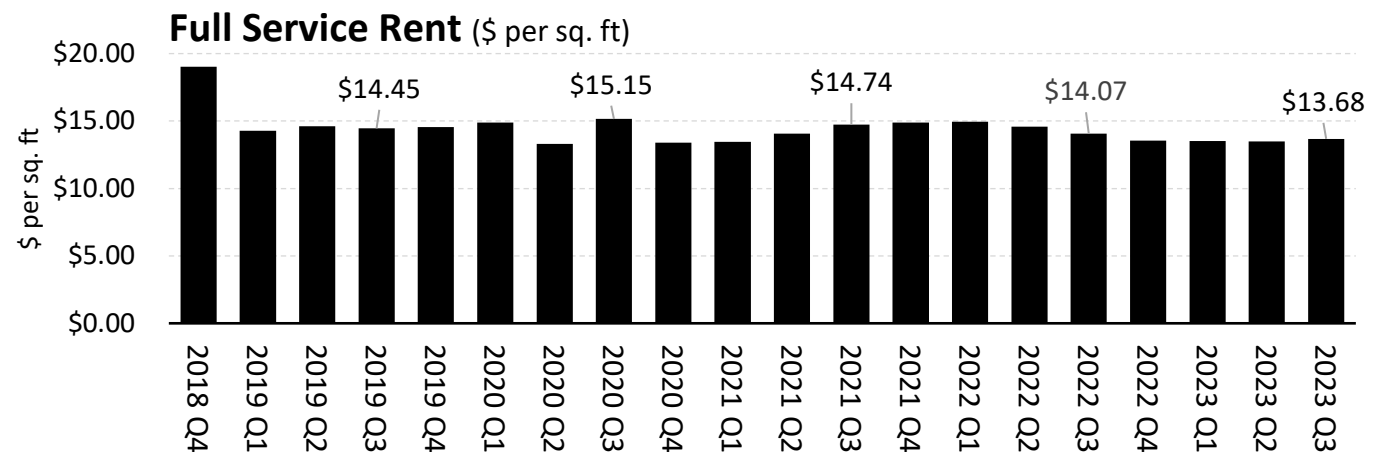
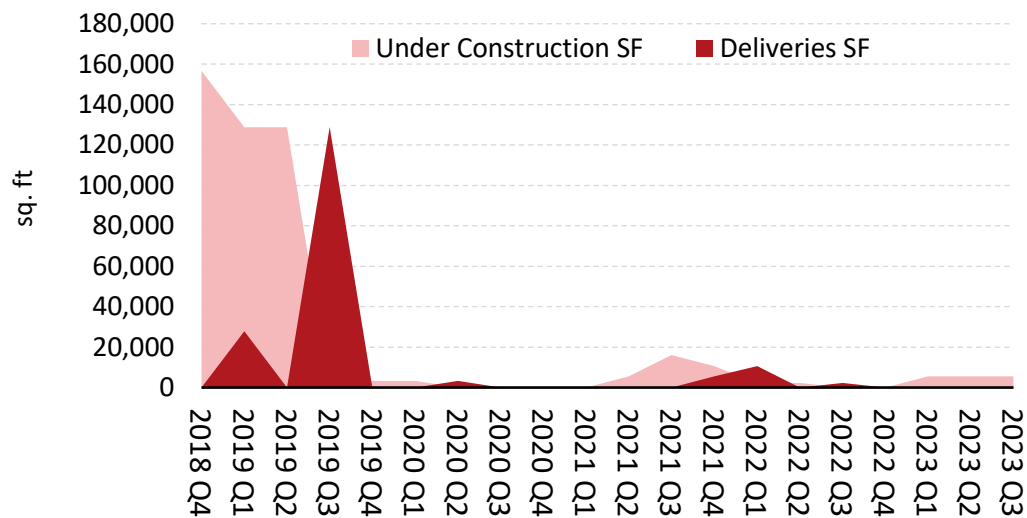
HARRISONBURG MSA

Local Market Indicator Dashboard

	Q3-2023	YoY Chg	
Total Inventory (sq. ft, millions)	6.8	0	% chg
Vacancy Rate (%)	1.5%	-0.7%	pct points
Net Absorption (sq. ft)	40,969	6,731	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.68	-\$0.39	\$ per sq. ft
Deliveries (sq. ft)	0	-2,351	sq. ft
Under Construction (sq. ft)	5,500	5,500	sq. ft



Under Construction & Net Deliveries (sq. ft)



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