



Q4 2023 RETAIL MARKET REPORT

Retail Market - Key Trends Snapshot

Retail Market

Overview: The retail market had a solid Q4 in Virginia driven by strong absorption in the Richmond region and Hampton Roads. Consumer demand for services has propelled much of the strength in the retail sector. Retail construction continues to increase, the vacancy rate is tightening, and rents are climbing as a result.

Absorption: The demand for retail space in Virginia remained strong in Q4 2023 with nearly 979,000 sq ft of positive net absorption. Much of this came from large/big box retail with about 608,000 sq ft of total occupied space. Richmond had most of the positive absorption overall at 324,000 sq ft while Roanoke (-32,000 sq ft) and Harrisonburg (-13,000 sq ft) had negative absorption this quarter. All other metro areas had positive net absorption of retail space in Q4 2023.

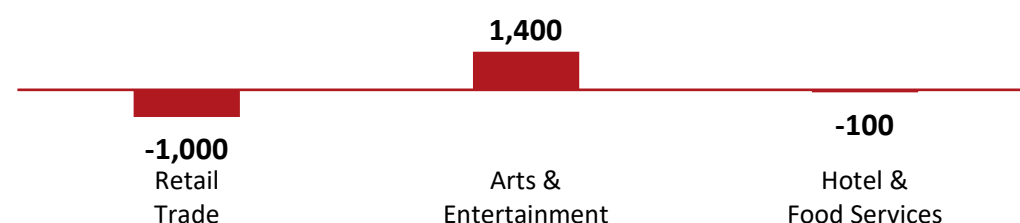
Vacancy Rate: In Virginia, the vacancy rate for retail space went from 4.3% a year ago to 3.7% in Q4 2023, the lowest rate in 12 years. Large/big box retail saw a significant decrease in vacancy rates from last year, dropping by one percentage point to 4.9%. Blacksburg (1.5%) and Harrisonburg (1.6%) were the metro areas with the lowest vacancy rates in Q4 2023. Charlottesville (4.9%) and Hampton Roads (4.6%) had the highest.

Rent: As vacancy rates dipped, rent for retail space continued to increase in Virginia. Overall full-service rent rose 4.3% bringing the price per square foot to \$17.00 in Q4 2023. Small/neighborhood retail had a small increase in rent this quarter, up 1.2% and large/big box retail rent grew 4.9% from Q4 2022. Rent jumped up the most in Winchester (+28.4%) and the Lynchburg market (+13.9%) in Q4.

Construction + Deliveries: Retail construction activity grew in Q4 2023 with 1.31 million sq ft of space under construction, up from about 963,000 sq ft a year ago. Deliveries dipped 6.4% statewide from the previous year.

JOB
TRACKER
(VIRGINIA)

Retail-Supporting Job Sectors (# Chg Oct-23 to Nov-23, seasonally adjusted)

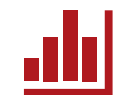


VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q4-2023	Indicator
% chg	-0.1%	455.4	Total Inventory (sq. ft, in millions)
sq. ft	639,438	978,747	Net Absorption (sq. ft)
pct point	-0.6%	3.7%	Vacancy Rate (%)
\$ per sq. ft	\$0.70	\$17.00	Full Service Rent (\$ per sq. ft)
sq. ft	-19,397	283,771	New Supply Delivered (sq. ft)
sq. ft	350,013	1,312,830	Under Construction (sq. ft)



Economic Indicator Dashboard

	MoM % Chg	Nov-23	Indicator
% chg	0.2%	4.2	Total Jobs, Virginia (in millions, seasonally adjusted)
% chg	0.0%	798.7	Retail-Supporting Jobs, Virginia (in thousands, seasonally adjusted)
pct point	0.2%	2.9%	Unemployment Rate, Virginia (% seasonally adjusted)
	QoQ Chg	Q3-2023	
pct point	2.8%	4.9	Gross Domestic Product, U.S. (% chg from prior year)

Virginia Retail Market

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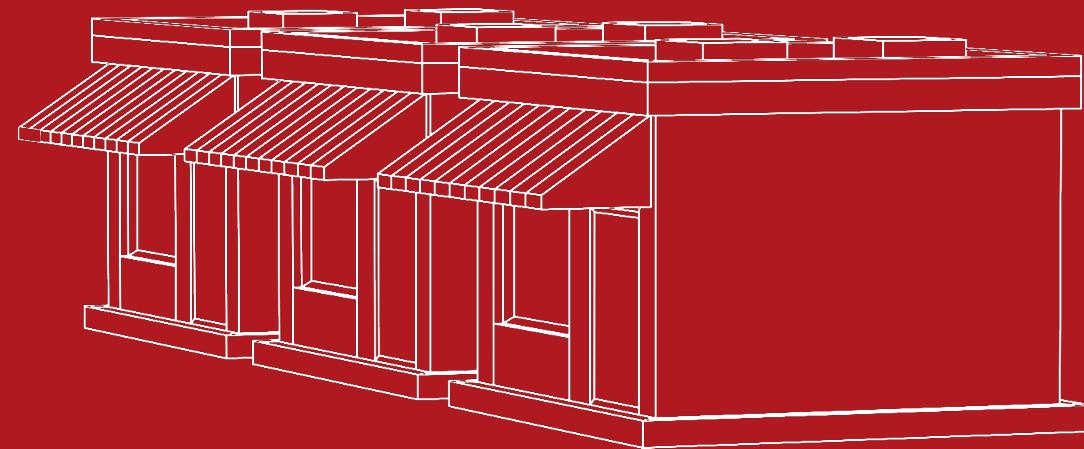
Lynchburg MSA ----- 12

Charlottesville MSA ----- 13

Blacksburg MSA ----- 14

Winchester MSA ----- 15

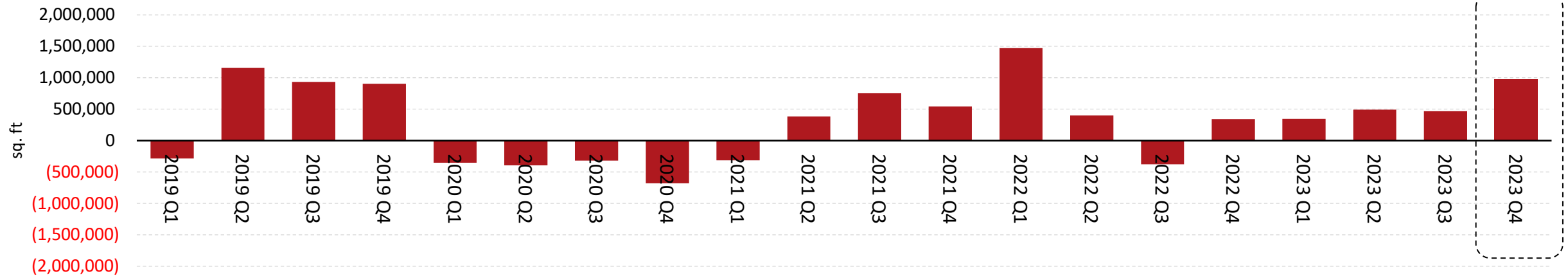
Harrisonburg MSA ----- 16



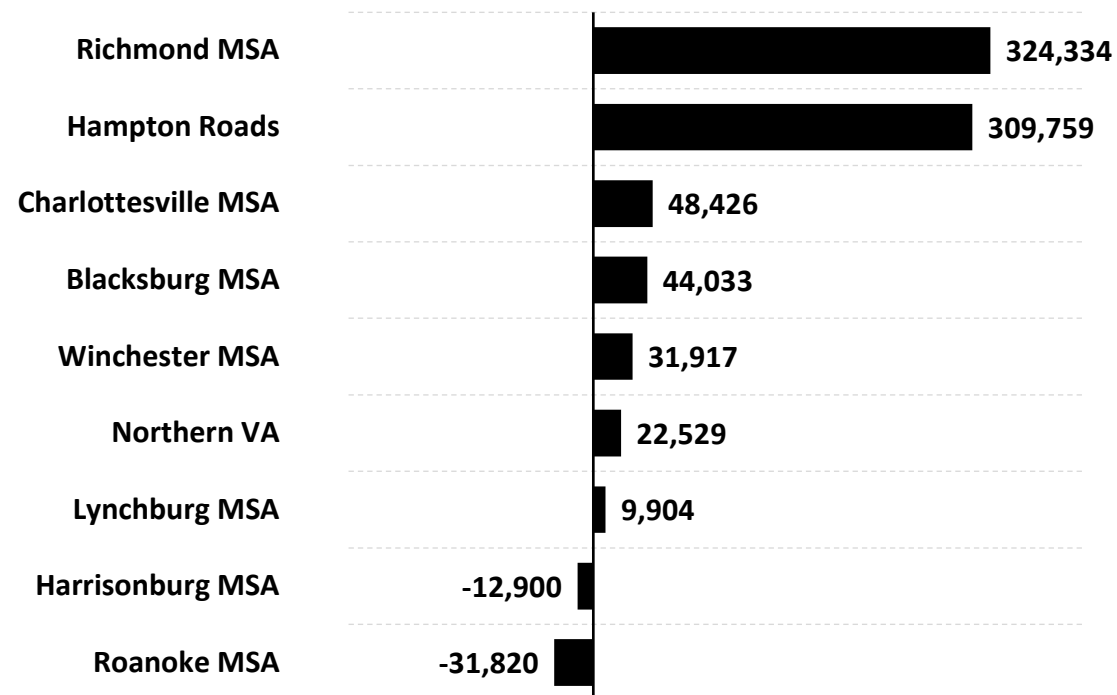
Retail Market - Absorption & Construction Trends

VIRGINIA (Statewide)

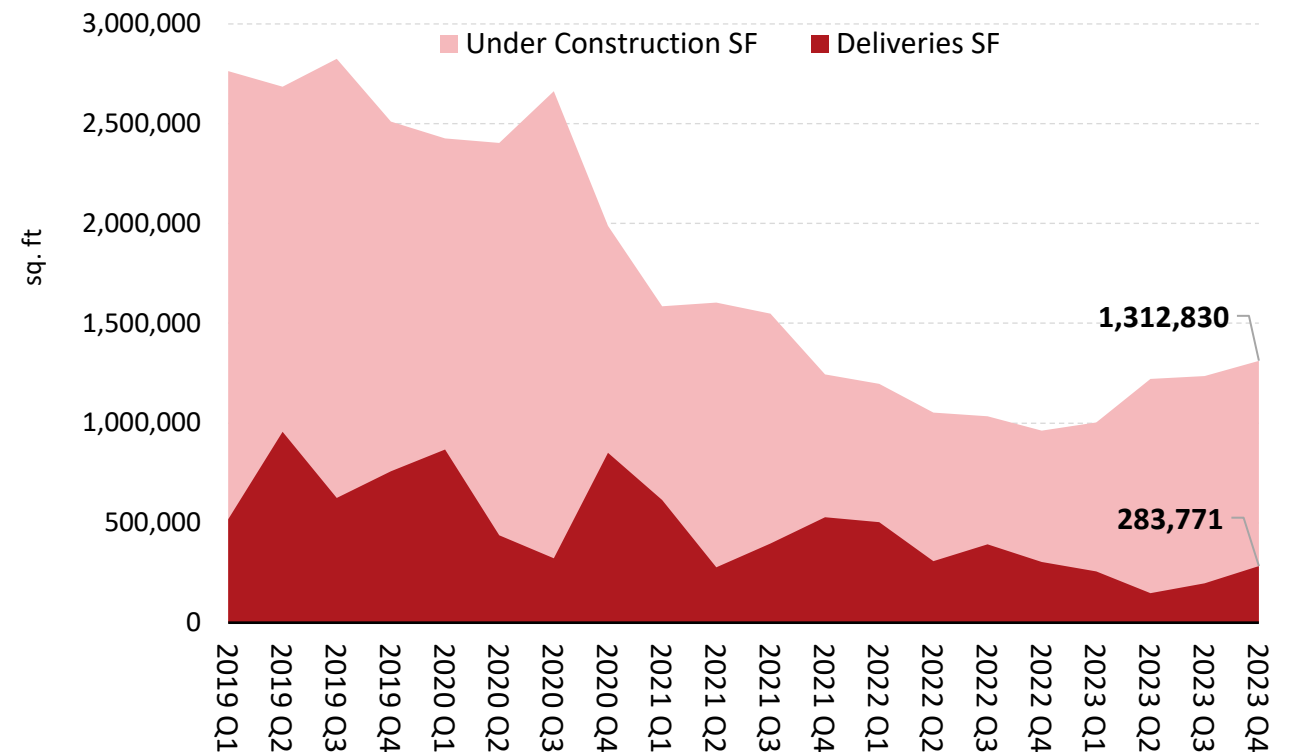
Net Absorption (sq. ft)



Q4-2023 Net Absorption by Metro Area (sq ft)

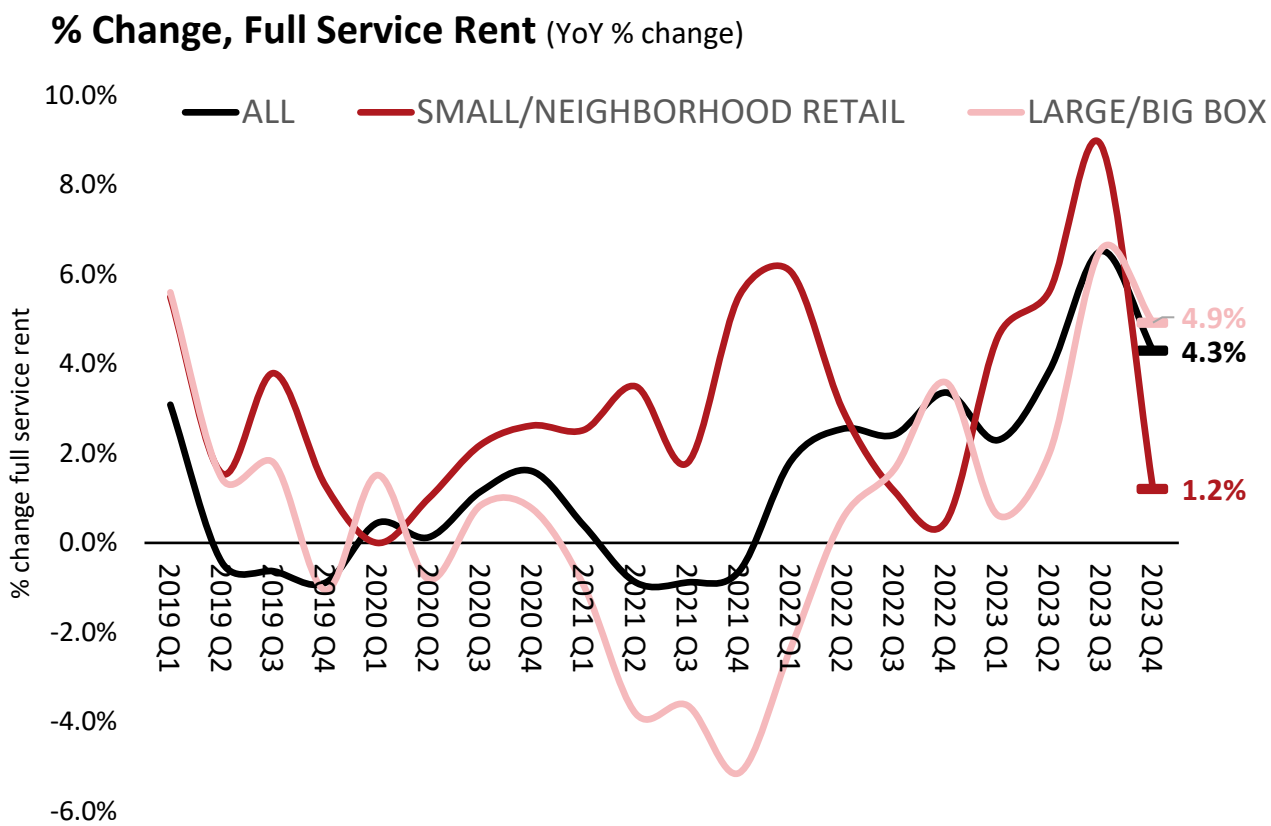
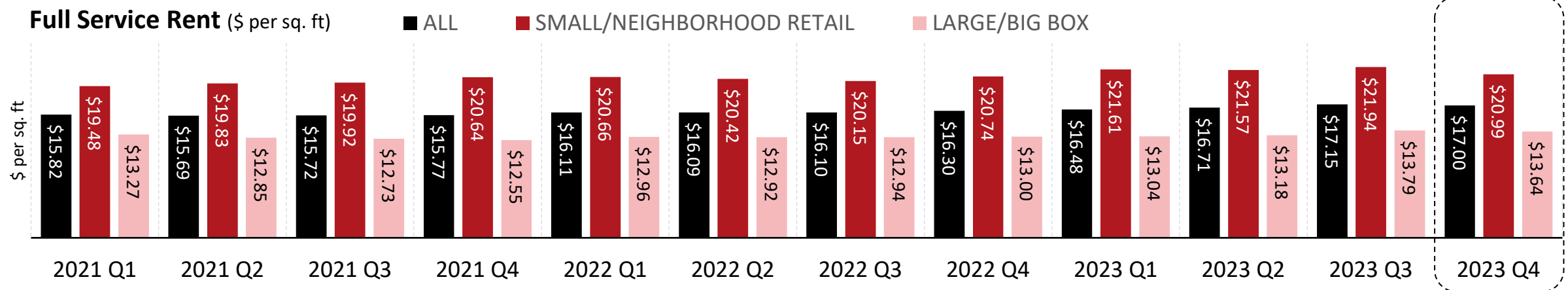


Under Construction & Net Deliveries (sq. ft)

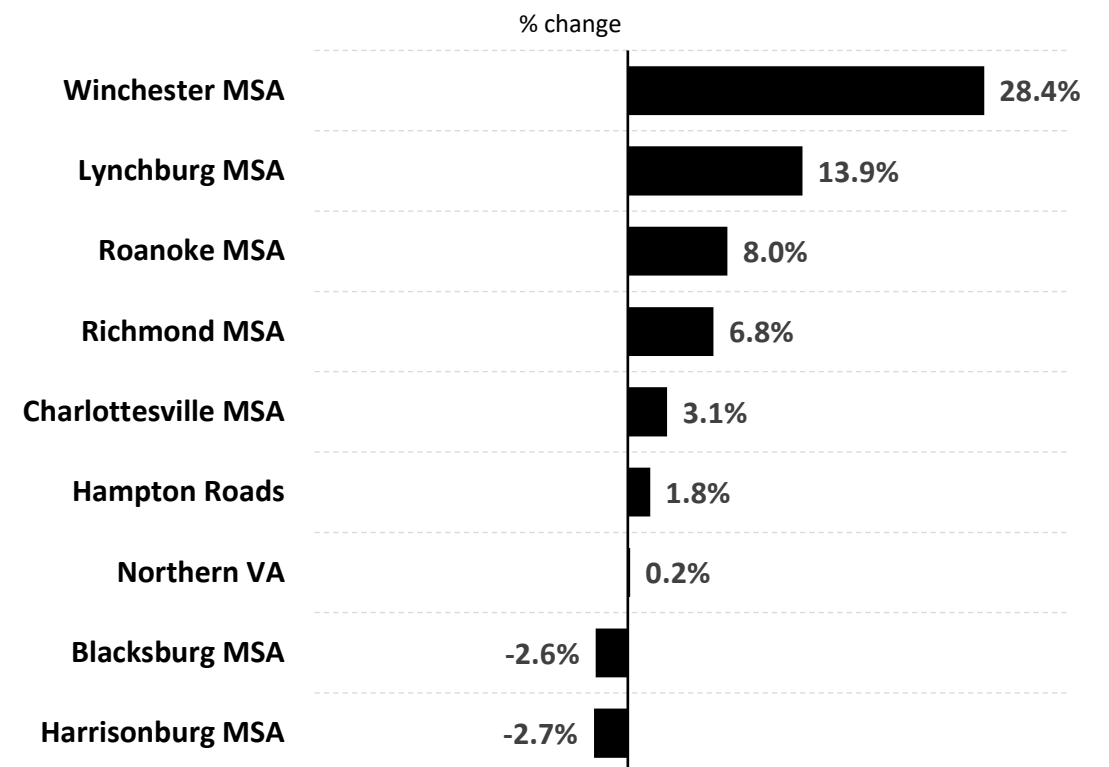


Retail Market - Rent Trends

VIRGINIA (Statewide)

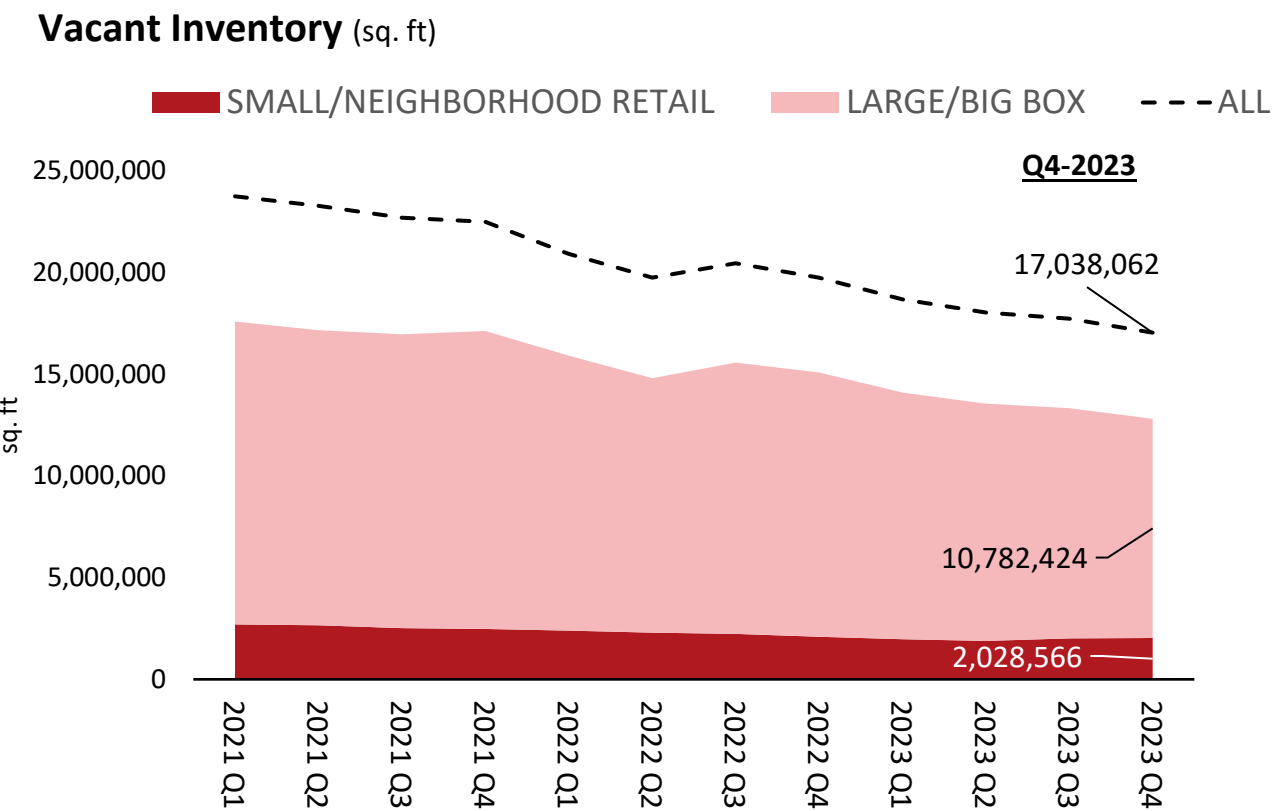
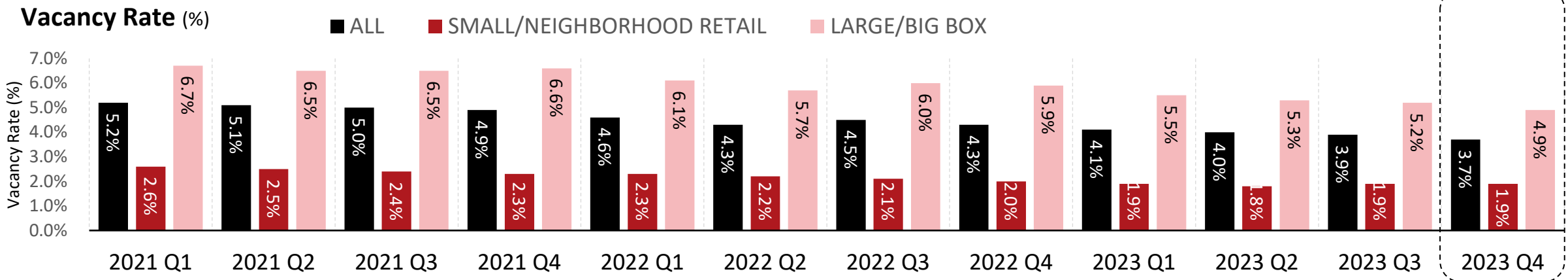


Q4-2023 by MSA: % Change, Full Service Rent (YoY % change)

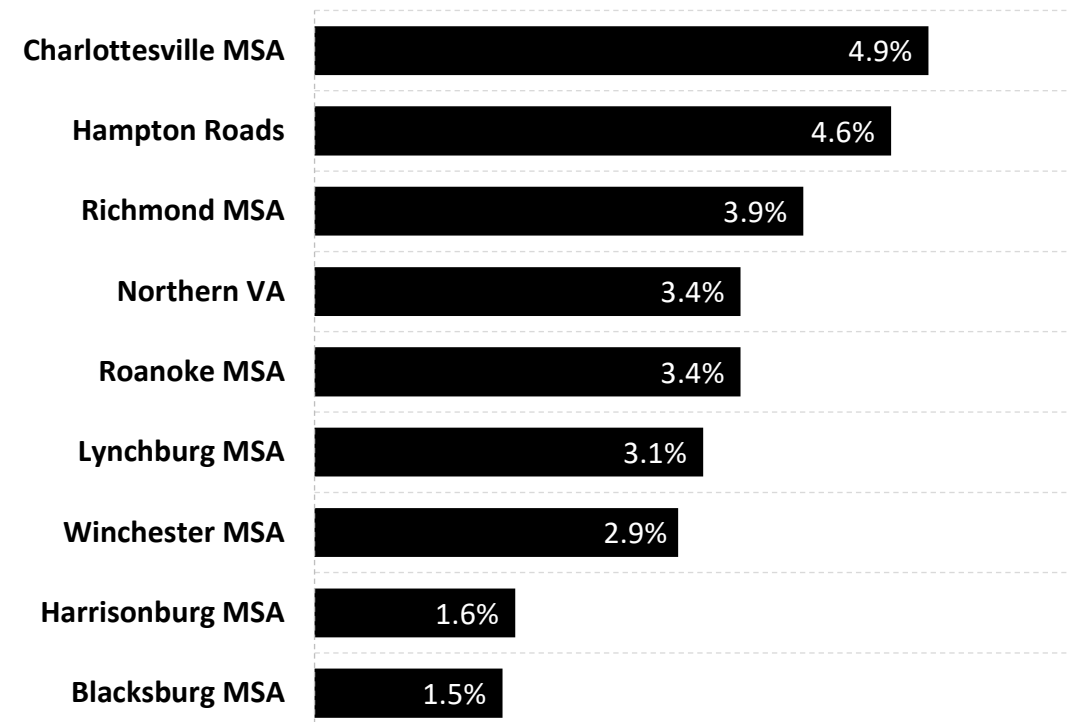


Retail Market - Vacancy Trends

VIRGINIA (Statewide)



Q4-2023 Retail Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q4



2023

RETAIL
Market Report



Snapshot of Retail Market Conditions Around Virginia

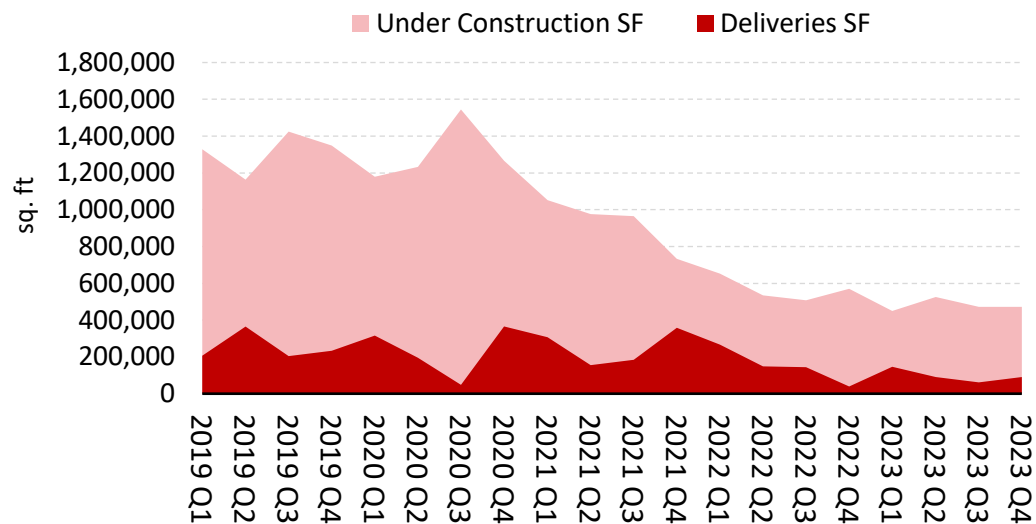
Retail Market - MSA Trends

NORTHERN VIRGINIA

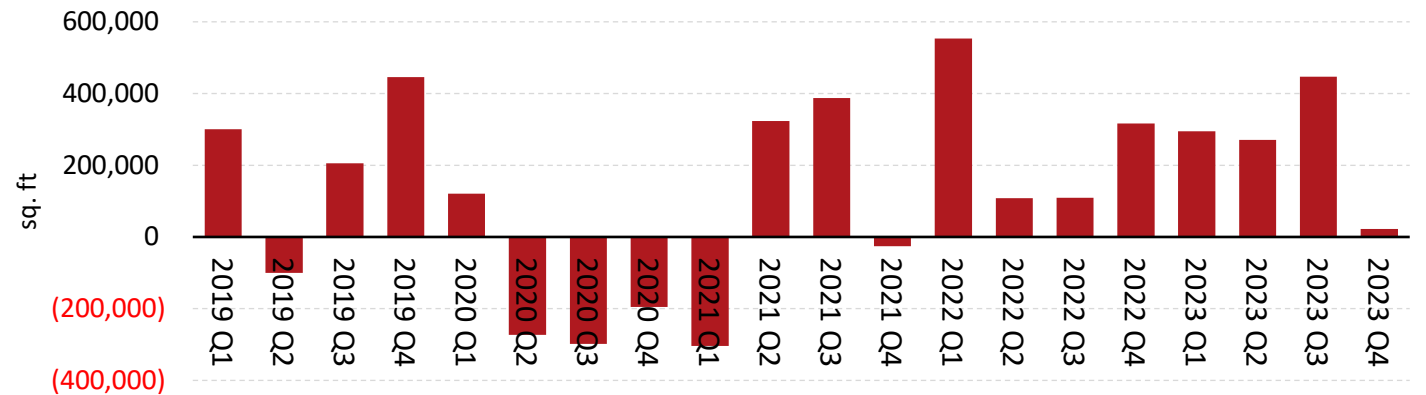
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	136.0	0.3%	% chg
Vacancy Rate (%)	3.4%	-0.5%	pct points
Net Absorption (sq. ft)	22,529	-294,216	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$26.95	\$0.05	\$ per sq. ft
Deliveries (sq. ft)	89,674	51,257	sq. ft
Under Construction (sq. ft)	473,041	-96,258	sq. ft

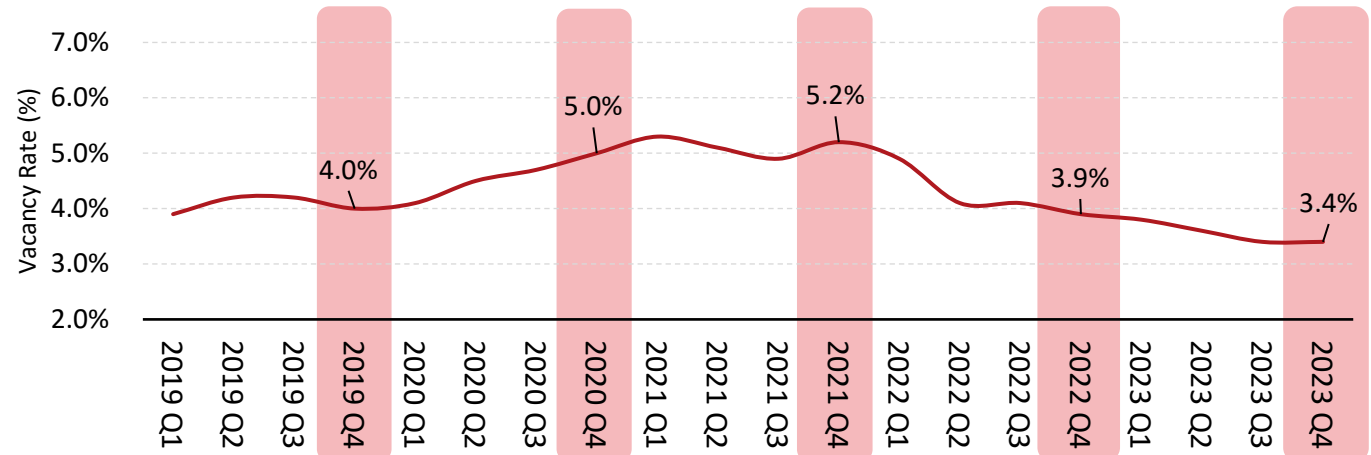
Under Construction & Net Deliveries (sq. ft)



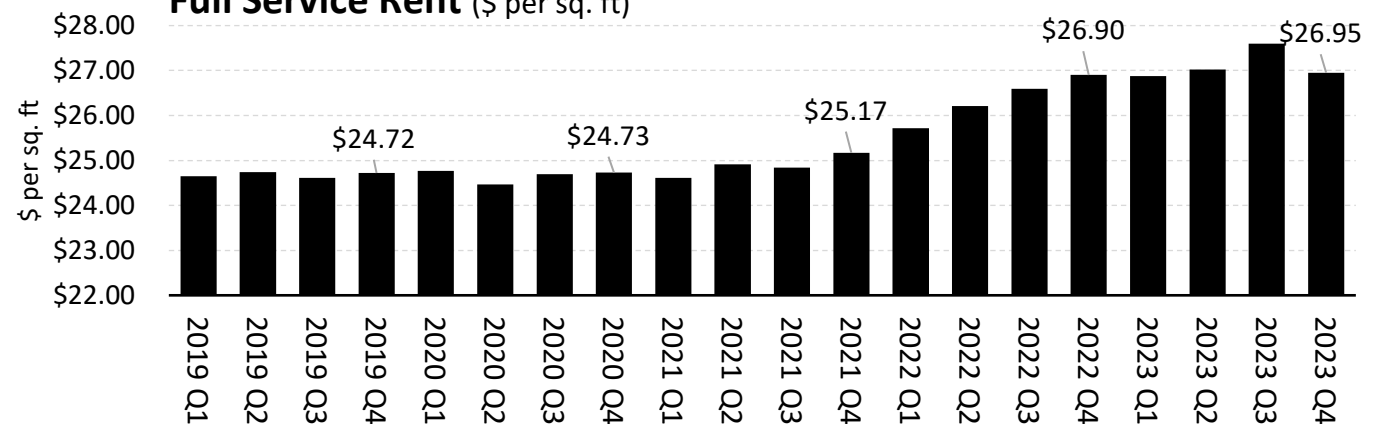
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



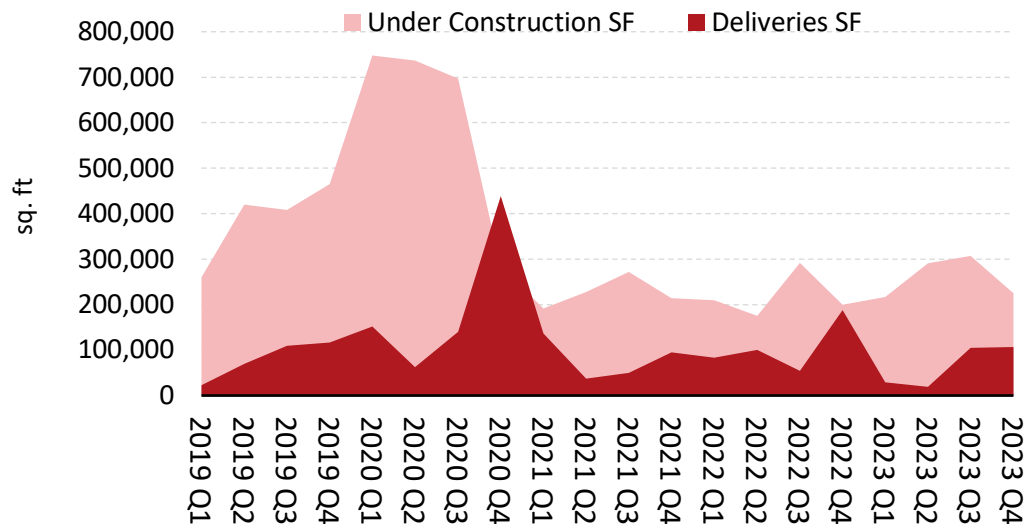
Retail Market - MSA Trends

RICHMOND MSA

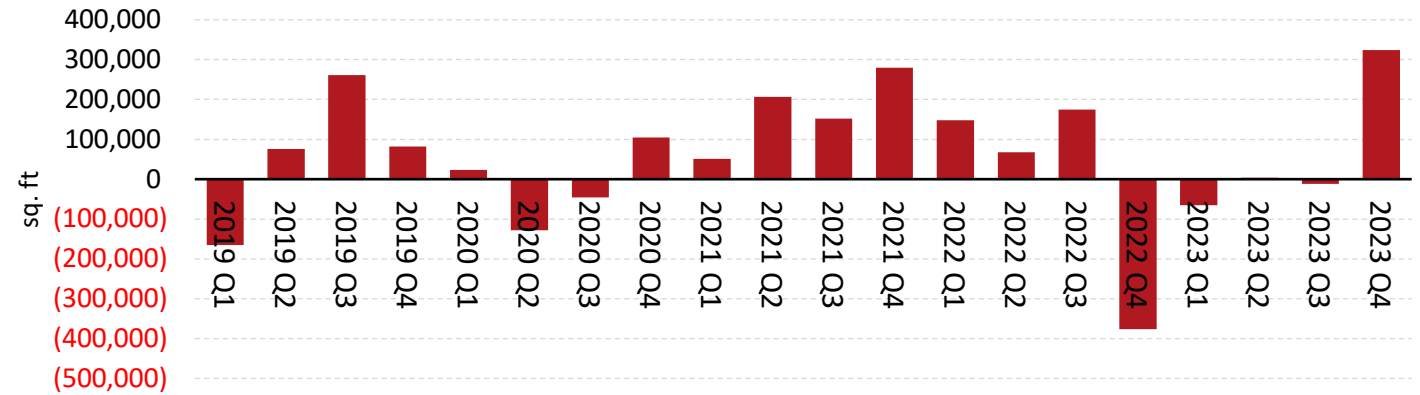
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	80.0	-1.2%	% chg
Vacancy Rate (%)	3.9%	-1.4%	pct points
Net Absorption (sq. ft)	324,334	701,223	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$17.79	\$1.14	\$ per sq. ft
Deliveries (sq. ft)	106,347	-81,687	sq. ft
Under Construction (sq. ft)	225,085	25,737	sq. ft

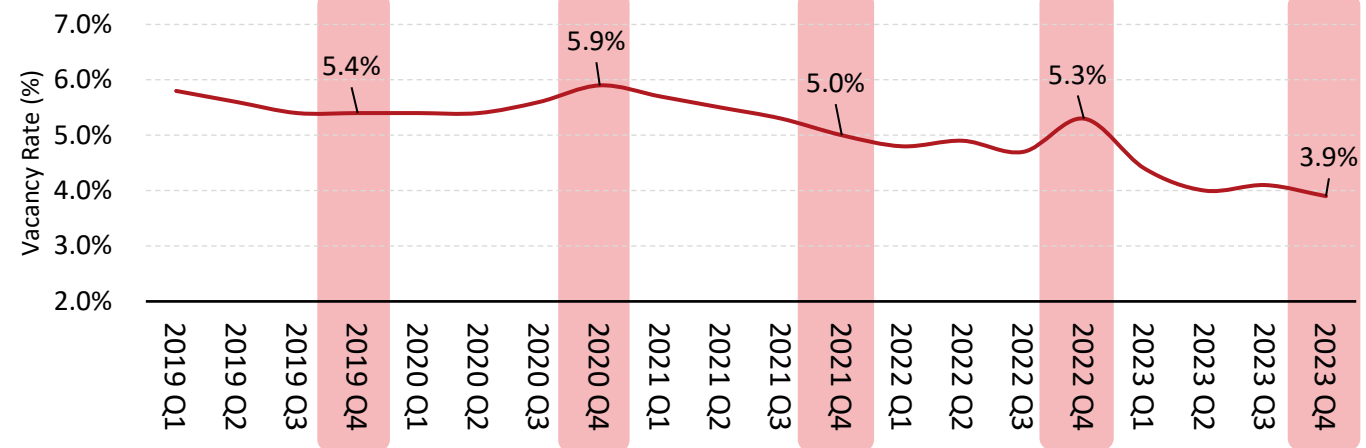
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



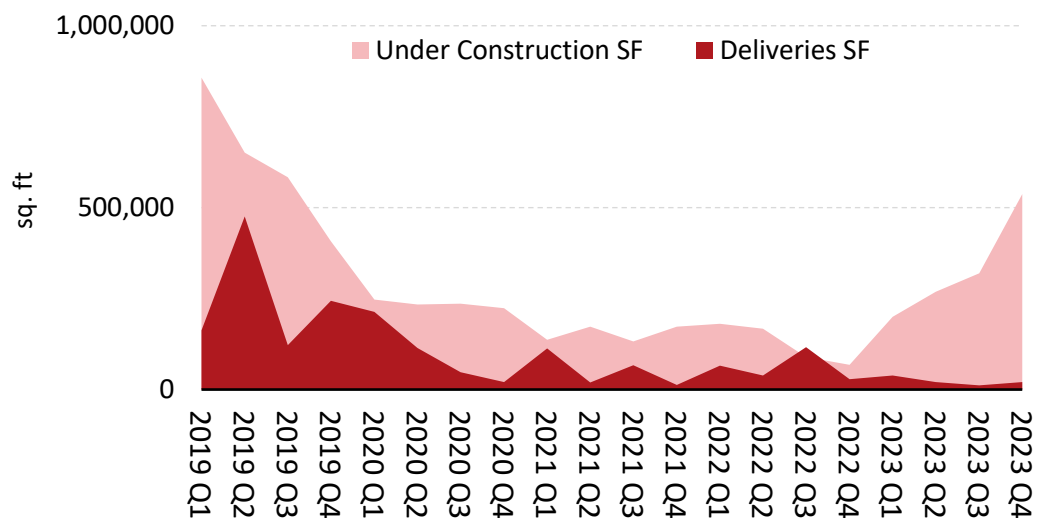
Retail Market - MSA Trends

HAMPTON ROADS

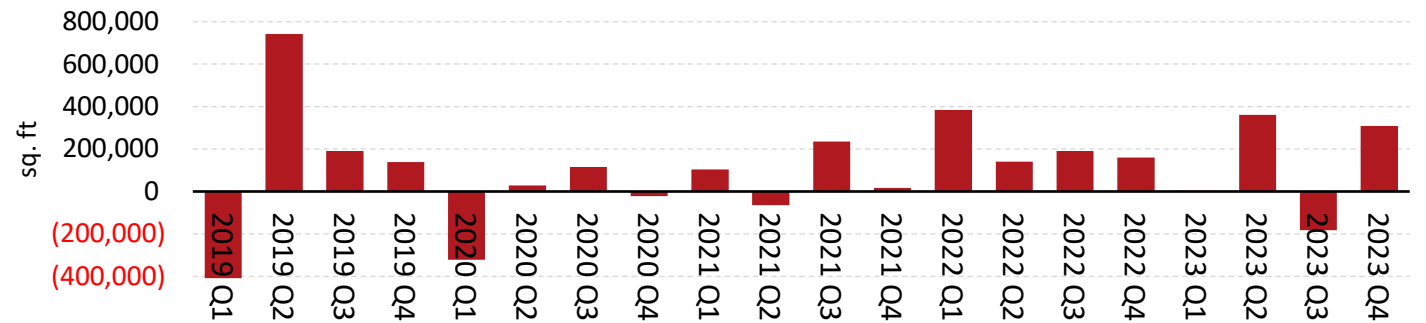
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	106.9	0.1%	% chg
Vacancy Rate (%)	4.6%	-0.4%	pct points
Net Absorption (sq. ft)	309,759	149,181	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$15.43	\$0.27	\$ per sq. ft
Deliveries (sq. ft)	20,353	-7,990	sq. ft
Under Construction (sq. ft)	536,693	468,574	sq. ft

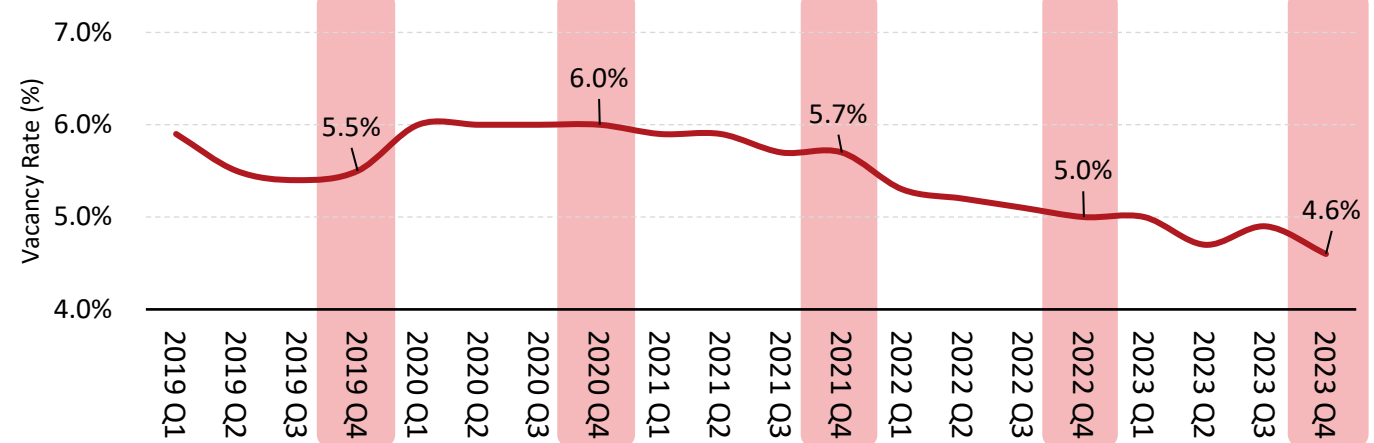
Under Construction & Net Deliveries (sq. ft)



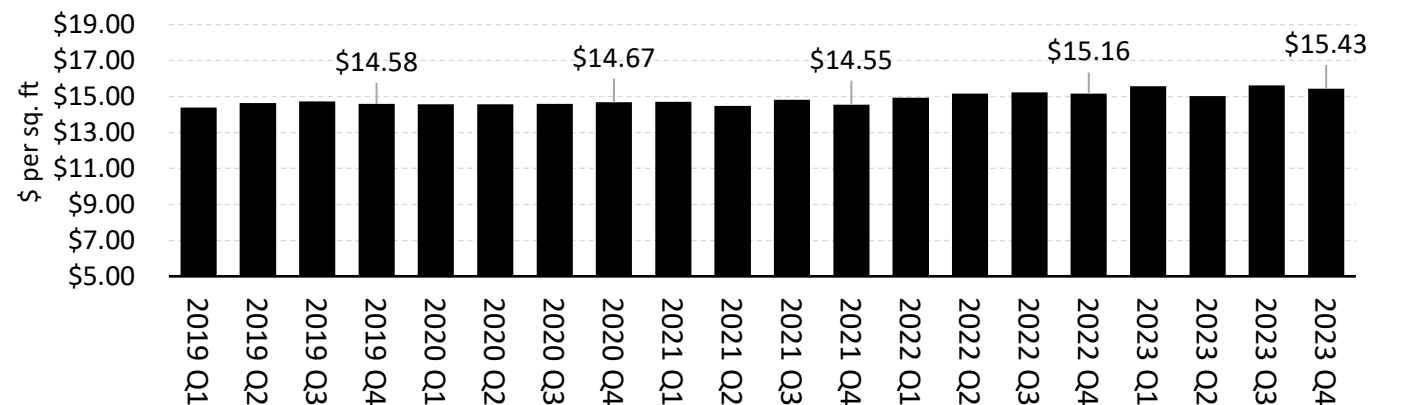
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

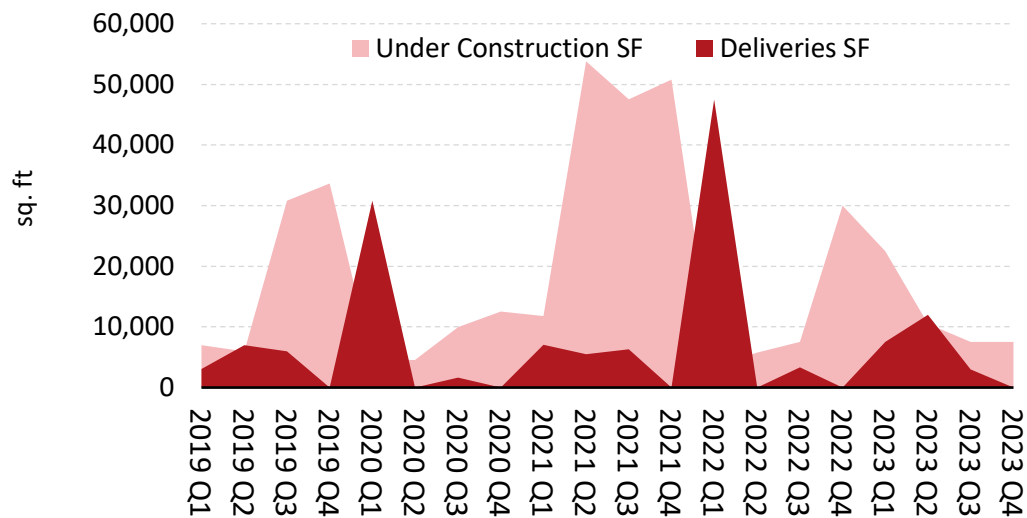


ROANOKE MSA

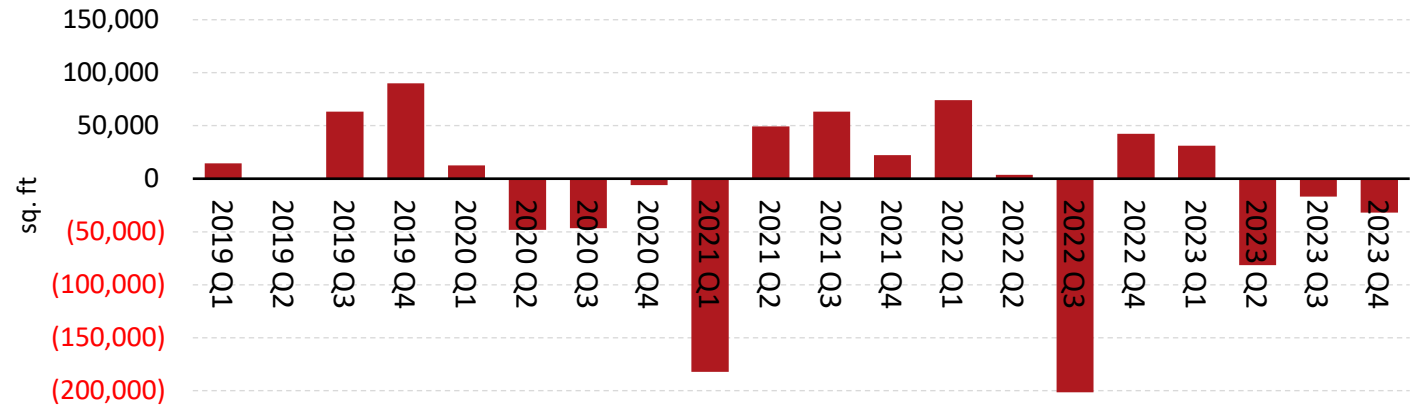
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	24.3	0.1%	% chg
Vacancy Rate (%)	3.4%	0.5%	pct points
Net Absorption (sq. ft)	(31,820)	-74,000	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$14.24	\$1.05	\$ per sq. ft
Deliveries (sq. ft)	0	\$ -	sq. ft
Under Construction (sq. ft)	7,500	-22,500	sq. ft

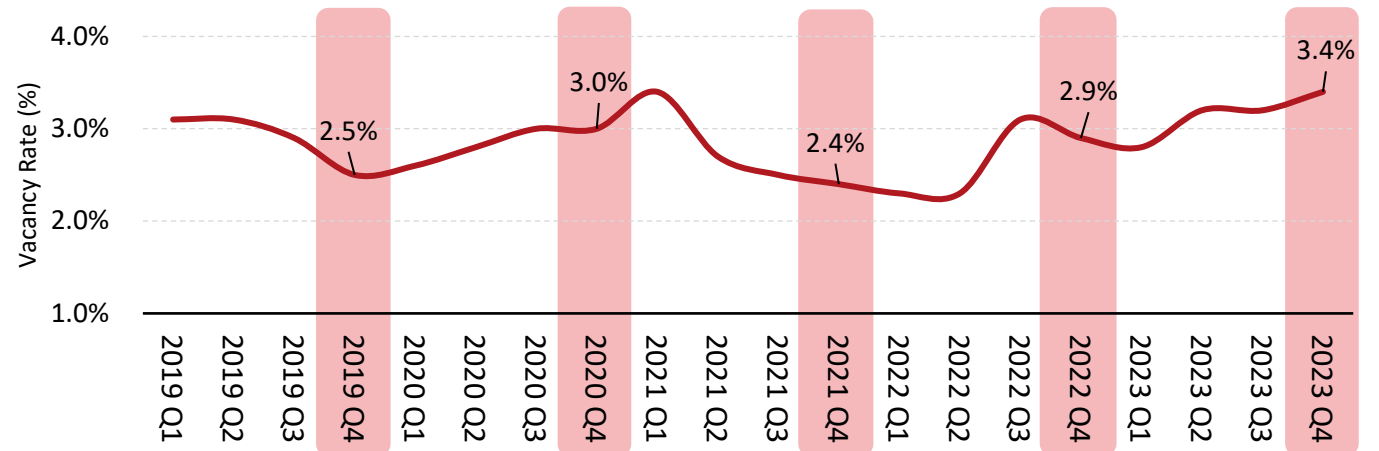
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

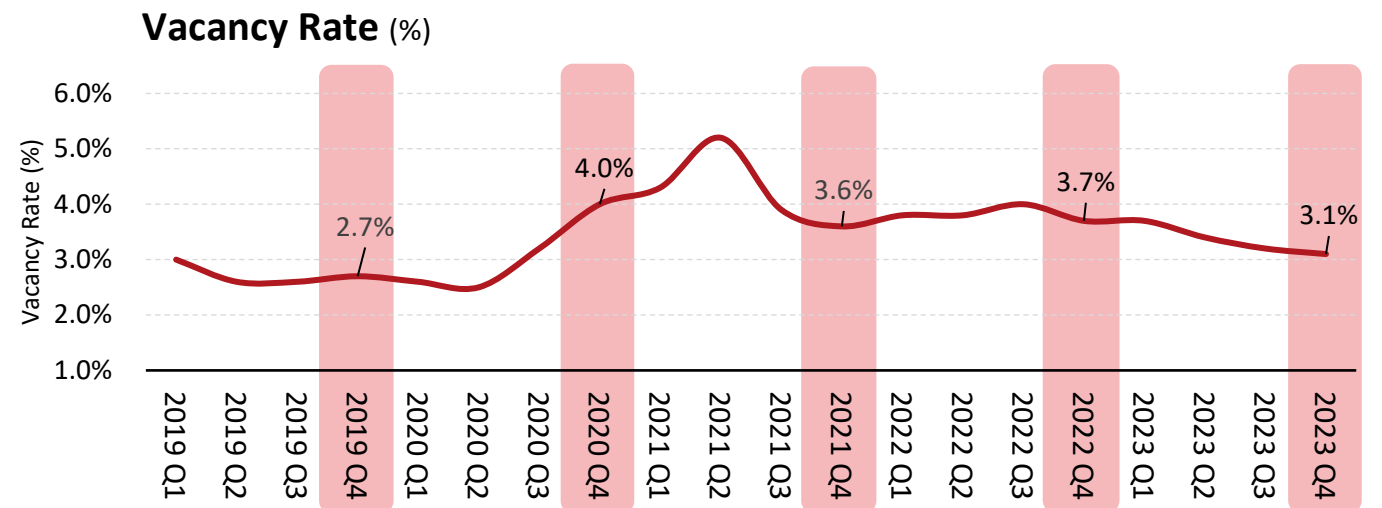
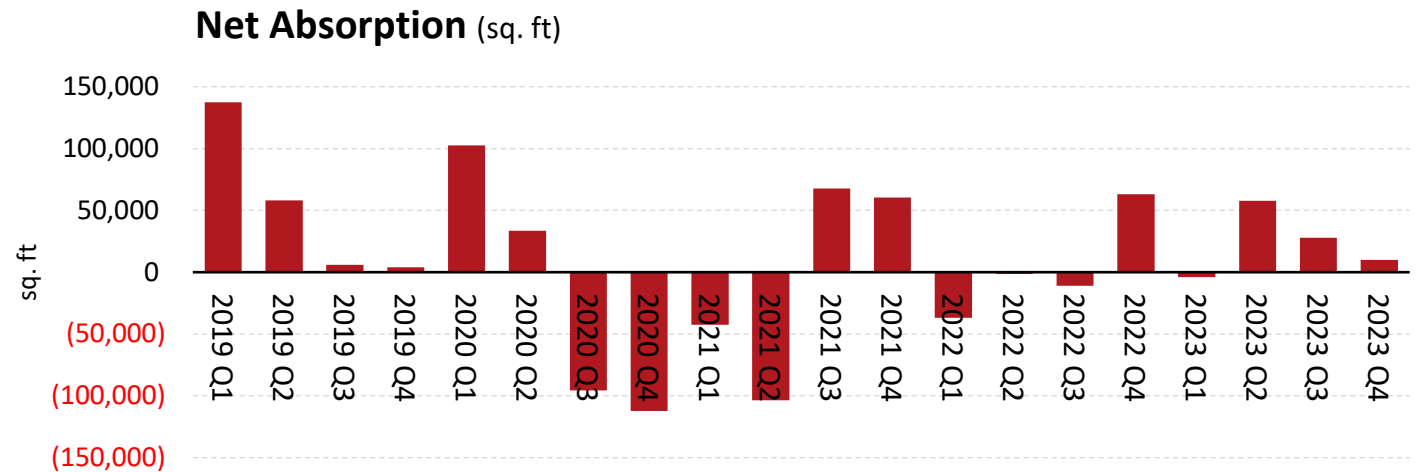


Retail Market - MSA Trends

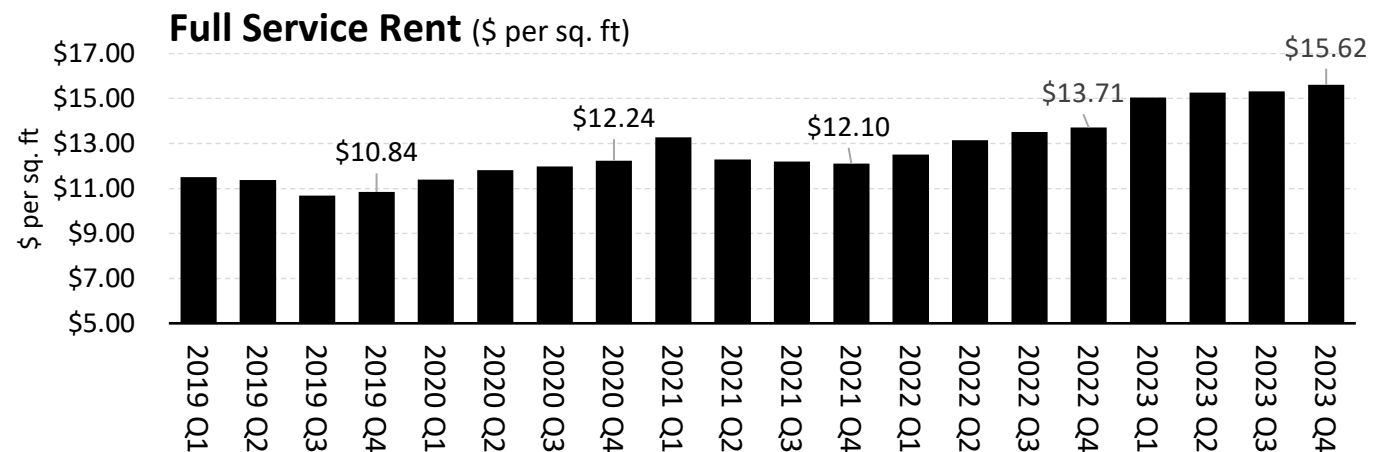
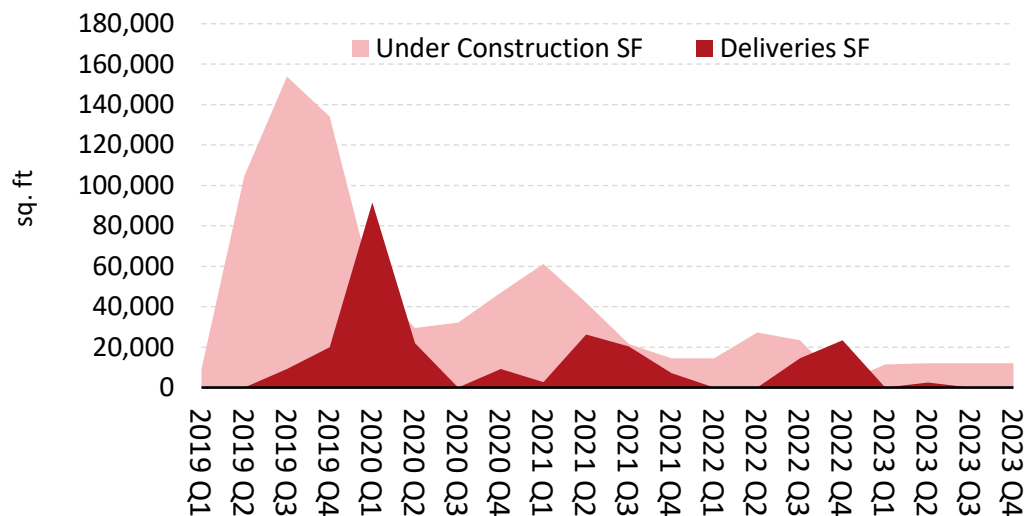
LYNCHBURG MSA

Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	14.1	0.0%	% chg
Vacancy Rate (%)	3.1%	-0.6%	pct points
Net Absorption (sq. ft)	9,904	-53,025	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$15.62	\$1.91	\$ per sq. ft
Deliveries (sq. ft)	0	-23,374	sq. ft
Under Construction (sq. ft)	11,970	9,470	sq. ft



Under Construction & Net Deliveries (sq. ft)



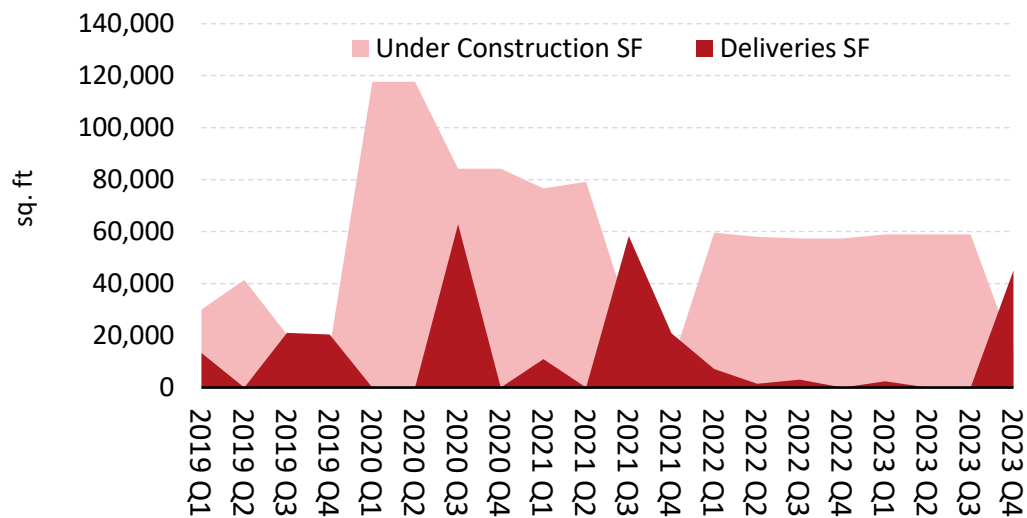
Retail Market - MSA Trends

CHARLOTTESVILLE MSA

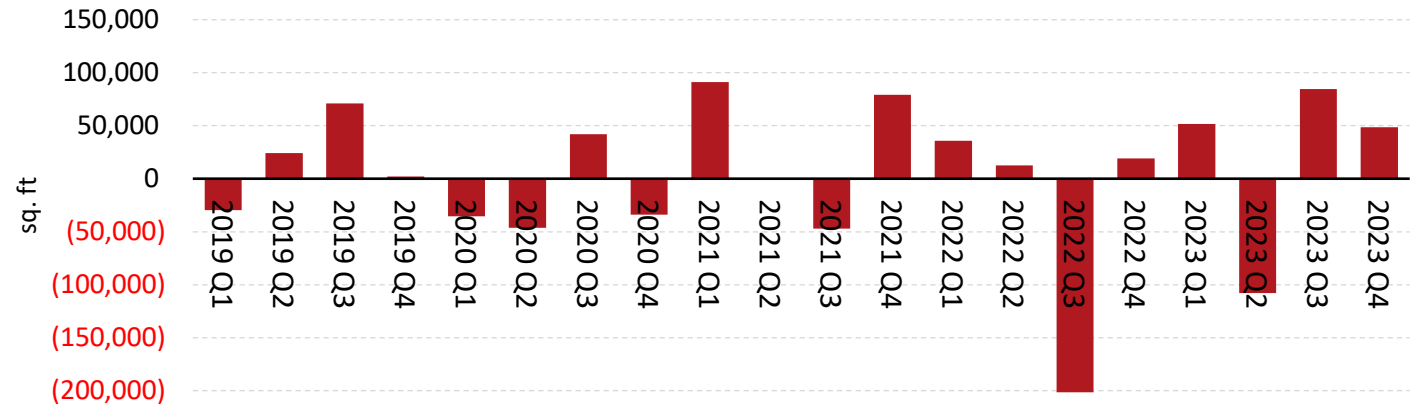
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	10.5	0.5%	% chg
Vacancy Rate (%)	4.9%	-0.3%	pct points
Net Absorption (sq. ft)	48,426	29,424	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$20.98	\$0.64	\$ per sq. ft
Deliveries (sq. ft)	45,000	45,000	sq. ft
Under Construction (sq. ft)	14,000	-43,400	sq. ft

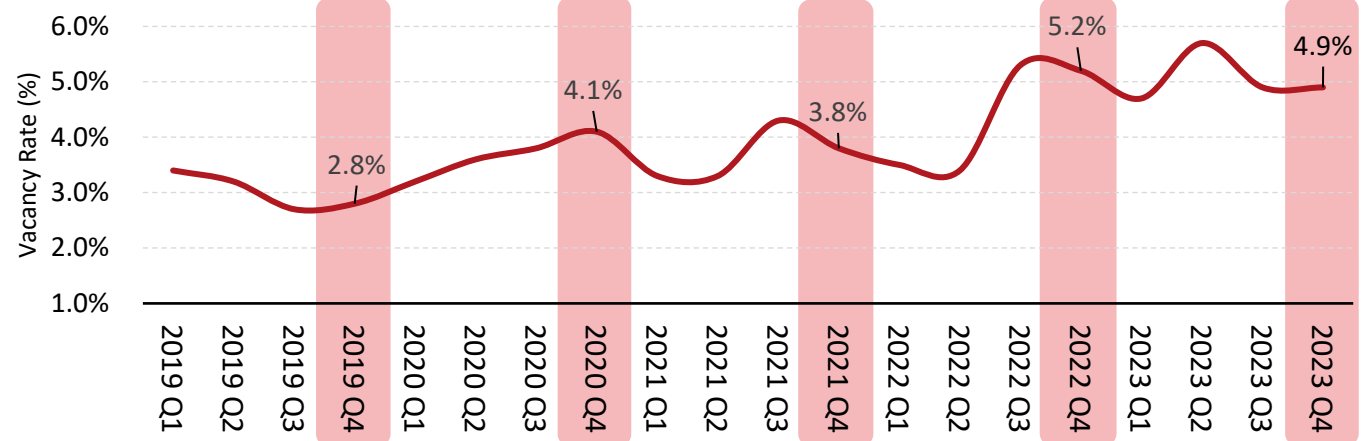
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

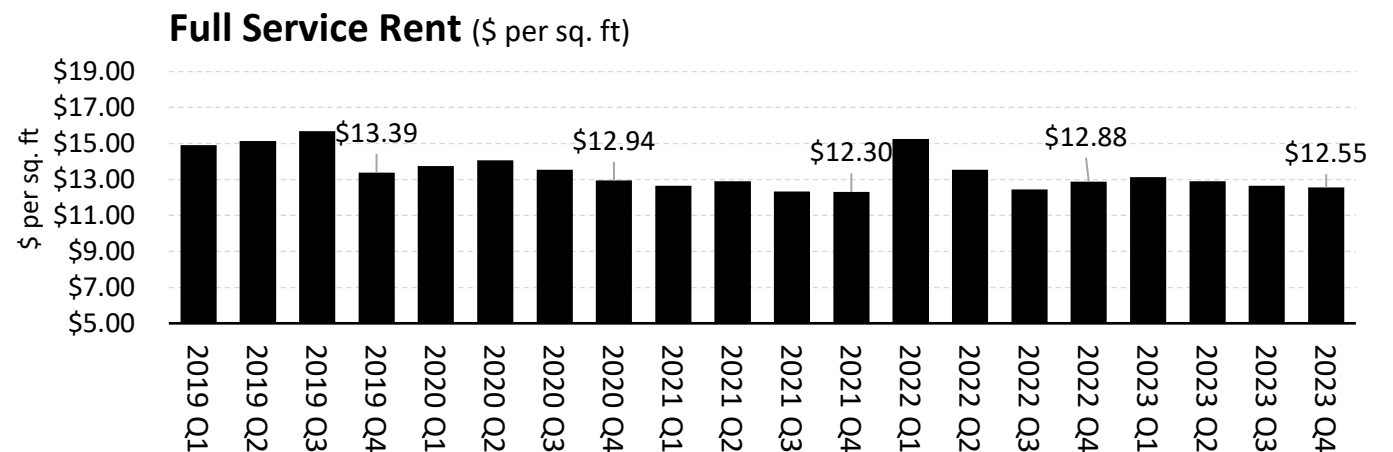
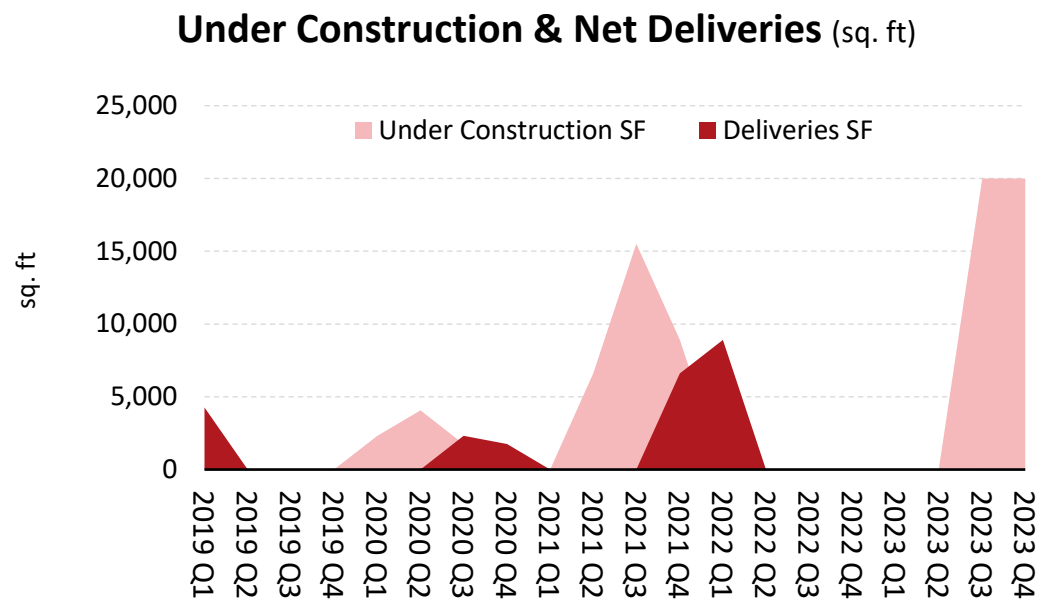
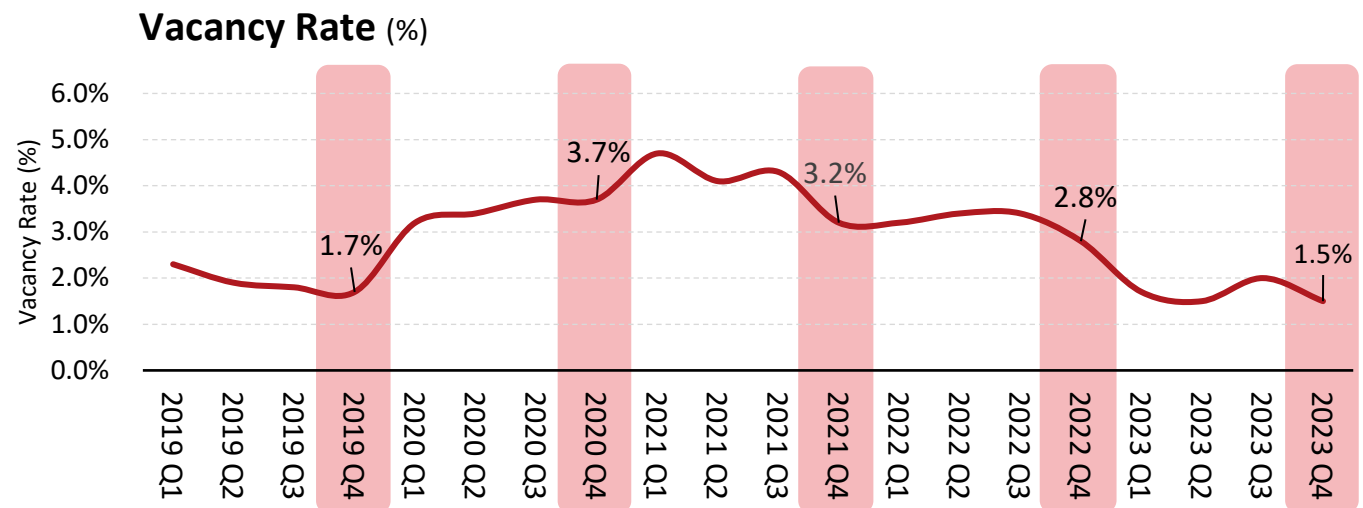
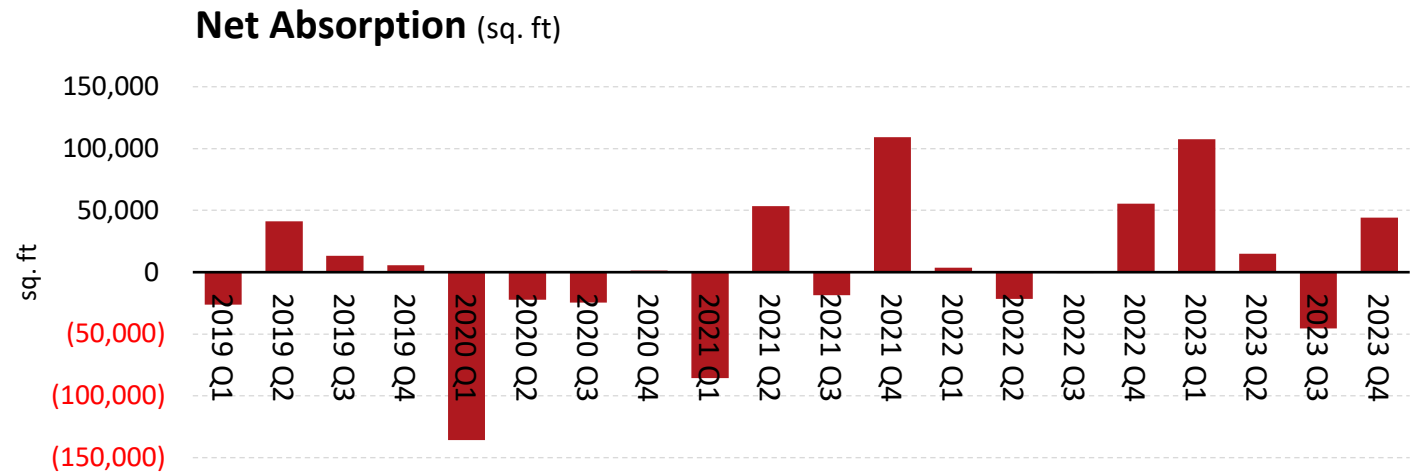


Retail Market - MSA Trends

BLACKSBURG MSA

Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.2	0	% chg
Vacancy Rate (%)	1.5%	-1.3%	pct points
Net Absorption (sq. ft)	44,033	-11,482	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.55	-\$0.33	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	20,000	20,000	sq. ft



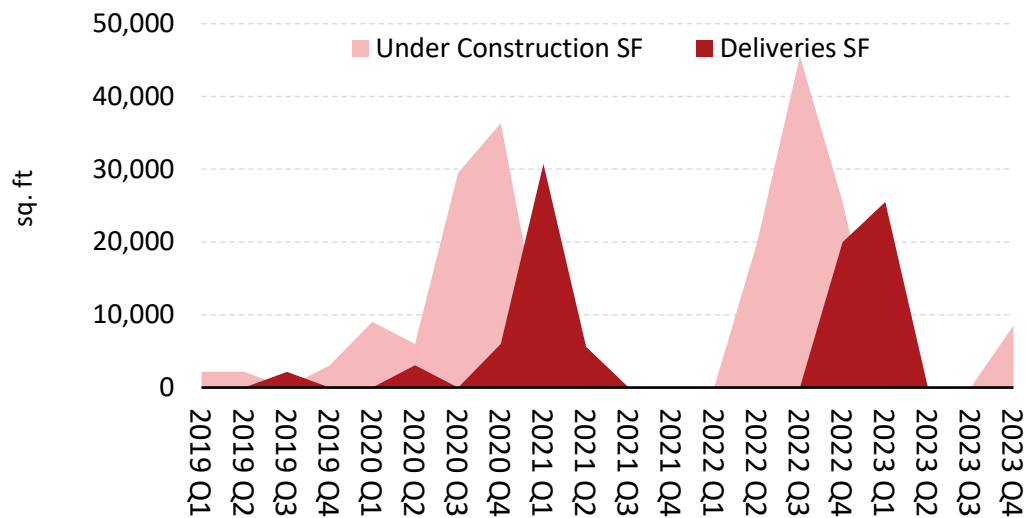
Retail Market - MSA Trends

WINCHESTER MSA

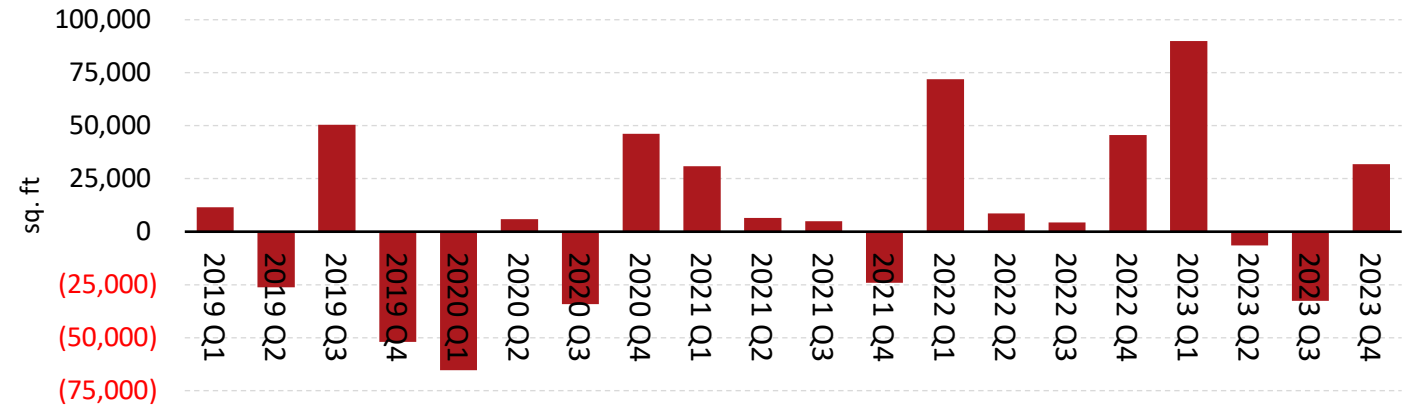
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.1	0.3%	% chg
Vacancy Rate (%)	2.9%	-0.6%	pct points
Net Absorption (sq. ft)	31,917	-13,688	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$14.68	\$3.25	\$ per sq. ft
Deliveries (sq. ft)	0	-20,000	sq. ft
Under Construction (sq. ft)	8,541	-16,993	sq. ft

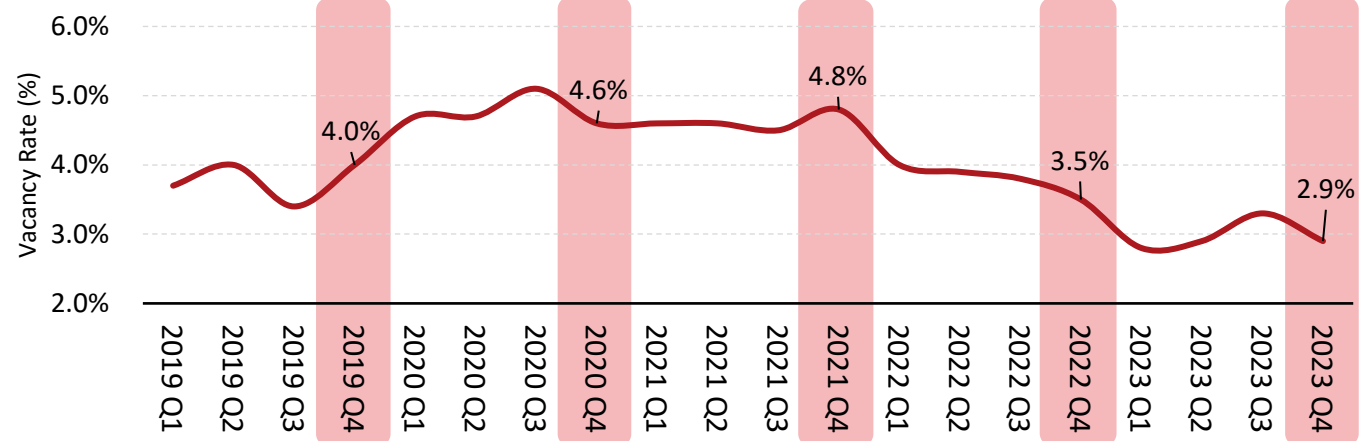
Under Construction & Net Deliveries (sq. ft)



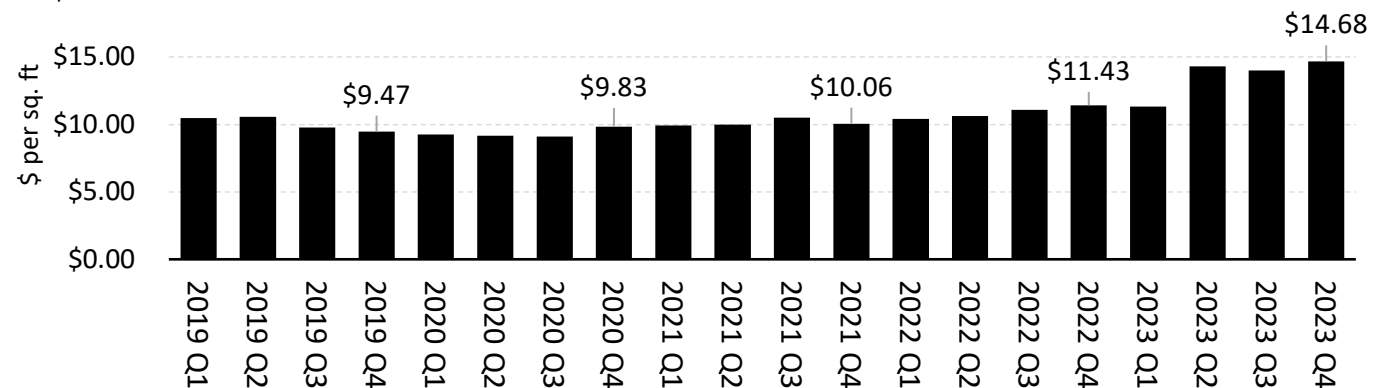
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



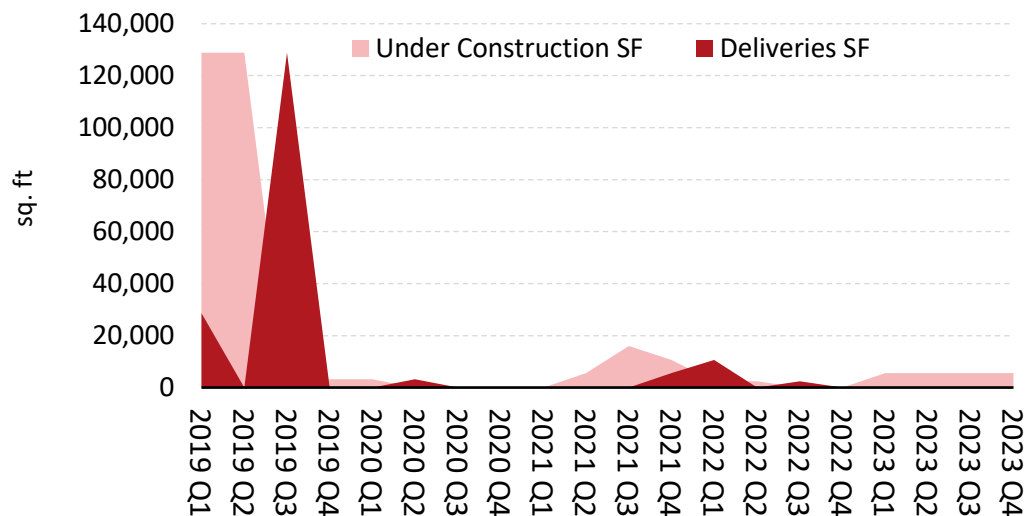
Retail Market - MSA Trends

HARRISONBURG MSA

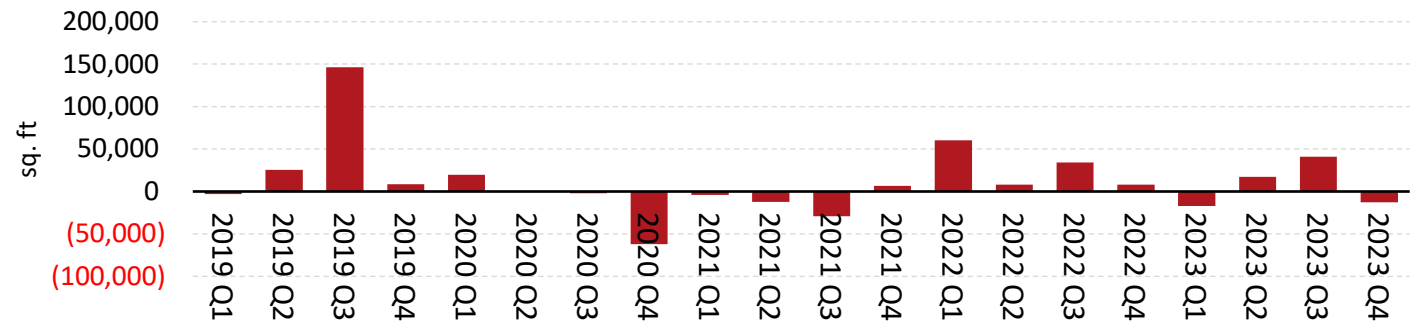
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	6.8	0	% chg
Vacancy Rate (%)	1.6%	-0.5%	pct points
Net Absorption (sq. ft)	(12,900)	-21,119	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.97	-\$0.36	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	5,500	5,500	sq. ft

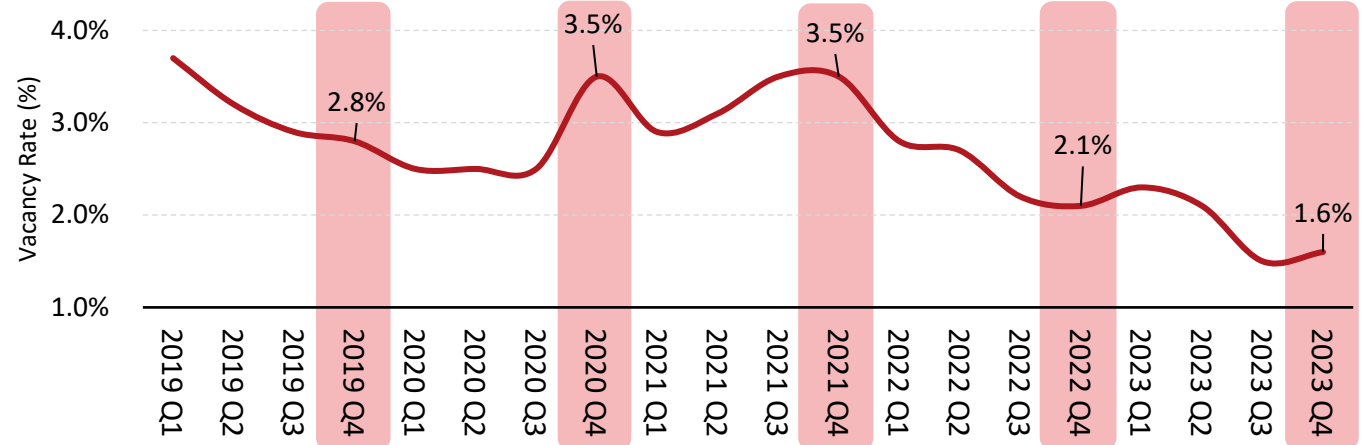
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



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