



# 2023 Richmond Commercial Market Report

COMPASS





# 2023 Office Report

ASKING RENT PER SQ. FT.

**\$22.49**

VACANCY RATE

**8.5%**

AVG. SALES PRICE PER SQ. FT.

**\$178.79**

ANNUAL SALES VOLUME

**\$180,623,696**

# 2023 Office Summary

In 2023 commercial office spaces saw asking rents 3.6% higher than last year, with a vacancy rate increase of .4% YOY. The average sales price per square foot stood at \$178.79, down 4% from 2022, contributing to an annual sales volume of \$180,623,696. This is a remarkable 69.3% lower than 2022. As hybrid work models gain prevalence, incorporating a blend of in-person and remote work, a portion of office space remains unutilized. Concurrently, tenants are strategically reducing their occupancy costs by optimizing their square footage per person, consequently diminishing the demand for office space. While Richmond has seen a dramatic reduction in sales from last year, asking rents and vacancy have remained stable overall.

# 2024 Office Forecast

Despite strong job growth in the Richmond market, remote work models continue to disrupt demand for office space across industries. Analysts project a “rebalancing year” for this sector of commercial real estate. 2024 will likely be a relatively flat market for owners as they reinvest in upgrades to current inventory in order to accommodate the hybrid work model that is here to stay.

Source: CoStar; Deloitte

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# 2023 Retail Report

ASKING RENT PER SQ. FT.

**\$20.33**

VACANCY RATE

**3.0%**

AVG. SALES PRICE PER SQ. FT.

**\$184.87**

ANNUAL SALES VOLUME

**\$514,841,184**

# 2023 Retail Summary

Commercial retail spaces over 2023 saw asking rents 6.5% higher than last year, with a vacancy rate decrease of 1.4% YOY. The average sales price per square foot stood at \$184.87, up 6.8% from 2022, contributing to an annual sales volume of \$514,841,184. This was a 20.5% decrease from 2022. Despite a decline in overall sales, the retail market has demonstrated resilience, with higher rents and lower vacancy rates signaling the continued viability of retail properties as a strong investment opportunity.

# 2024 Retail Forecast

Retail sector projections for 2024 show a relatively flat market. Asking rental rates will see a modest .6% increase and vacancy rates will remain virtually flat, as will the sales price per square foot. The retail market appears to be maintaining post-pandemic era growth momentum, as store opening outpaced store closings from 2022 to 2023. Analysts are forecasting the retail sector of commercial real estate to maintain a relatively balanced supply and demand in 2024.



# 2023 Multifamily Report

AVG. ASKING RENT PER MONTH

**\$1,438**

VACANCY RATE

**9.6%**

AVG. SALES PRICE PER DOOR

**\$186,935**

ANNUAL SALES VOLUME

**\$367,321,216**



# 2023 Multifamily Summary

Multifamily properties over 2023 saw asking rents 1.5% higher than last year, with a vacancy rate increase of 2.3% YOY. The average sales price per door stood at \$186,935, down 7% from 2022, contributing to an annual sales volume of \$367,321,216. This is a staggering 120% lower than 2022. After experiencing a relatively consistent level of investment activity in 2022, the transaction volume has been notably subdued in 2023. The reduction in interest rates throughout 2022 may have facilitated increased accessibility for individuals seeking to invest in a multifamily portfolio.

# 2024 Multifamily Forecast

Richmond's multifamily market remains in a high-growth mode. Inventory has expanded over 15% in the last five and a half years, and the pipeline will continue to be packed through 2024. However, demand has regressed to pre-pandemic levels and the impact of this new supply has started to affect vacancy rates. Asking rents will also continue to be in flux as demand volatility impacts pricing power. As we continue to see new inventory come to market this year, rental rates are predicted to remain relatively flat overall. However the new inventory will likely have a negative impact on price per door. We already saw that the tremendous increase in value was not sustainable with a 7% drop in value in 2023, and the same is predicted to be the case this year.



# 2023 Industrial Report

ASKING RENT PER SQ. FT.

**\$8.90**

VACANCY RATE

**3.4%**

AVG. SALES PRICE PER SQ. FT.

**\$89.91**

ANNUAL SALES VOLUME

**\$790,009,856**



# 2023 Industrial Summary

Industrial spaces over 2023 saw asking rents 7.1% higher than last year, with a vacancy rate decrease of .2% YOY. The average sales price per square foot stood at \$89.41, down 3.1% from 2022, contributing to an annual sales volume of \$790,009,856. This is a healthy 2.8% increase from 2022. The strong demand for industrial and warehouse space highlights the attractiveness of this investment opportunity. As e-commerce and logistics continue to expand, these properties offer a favorable outlook, making them an appealing option for investors looking for long-term growth and stability in their portfolios.

# 2024 Industrial Forecast

Growth in e-commerce, logistics and data centers have driven above-average growth in the industrial sector. The Richmond industrial market maintains one of the lowest vacancy and availability rates among major markets. Steady demand continues to keep pressure on new construction, with more than two-thirds of newly developed industrial space already committed to. We will continue to see rents grow due to scarcity of available space, and available land to develop new industrial properties. The health and performance of the industrial market has caught the eyes of investors, both in Richmond and nationally.

Source: CoStar; Deloitte



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