

Retail Snapshot 2Q 2016

Hampton Roads, Virginia

ECONOMIC INDICATORS

National

	2Q 15	2Q 16	12-Month Forecast
GDP Growth	2.7%	1.8%*	▲
CPI Growth	0.0%	1.1%	▲
Consumer Spending Growth	3.3%	2.8%*	▲
Retail Sales Growth	2.1%	2.6%	▲

*Based on Moody's baseline estimates

Regional

	2Q 15	2Q 16	12-Month Forecast
Household Income	\$60,313	\$61,527	▲
Population Growth	1.0%	1.0%	▬
Unemployment	5.0%	4.5%	▼

Source: Moody's Analytics

Economy

Summer is in full swing and the Leisure and Hospitality industry has experienced a to-be-expected jump in employment. Since the Hampton Roads economy continues to improve, it is looking much healthier and created a lasting positive trend in employment numbers.

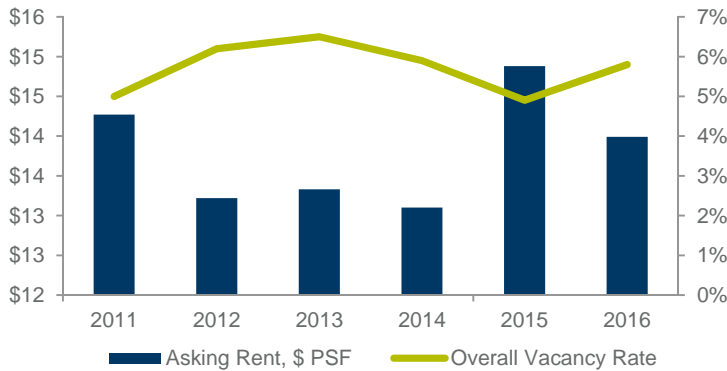
Market Overview

With only 42 locations in the U.S., Hampton Roads can now boast its acquisition of Ikea opening a 331,000 square foot (SF) in 2018 in Norfolk. This surprise announcement comes on the heels of Simon Mall officially breaking ground on a 332,000-SF outlet center across I-64 from the new Ikea site. The outlet mall will include 90 designer and brand name stores also scheduled to open in 2018.

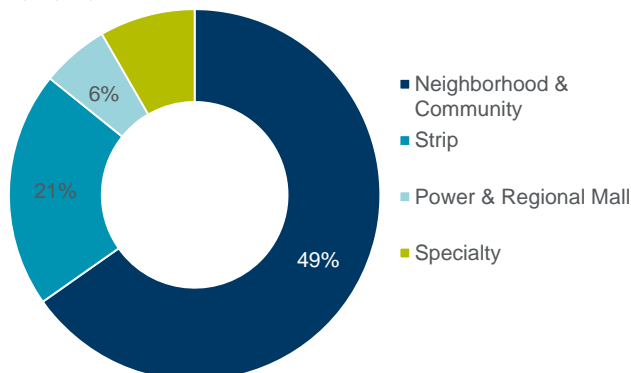
The region has attained a number of big name openings, including a few "first" stores to the market, including REI at Pembroke Mall, Diamond's Direct near Pembroke Mall, and LL Bean at Lynnhaven Mall. Jim's Local Market opened in downtown Newport News. Other notable second quarter openings include Marshalls in Hampton, Fresh Market in Virginia Beach, and Zoe's and Brix Pizza in Greenbrier.

First quarter brought the announcement of Sports Authority's closure, leaving three locations empty in our region. Look for those empty boxes to be subdivided to accommodate retailer's smaller footprints. The only other notable closure in the region is Hancock Fabrics. Their spaces will begin to go dark over the next few months and since they're located in larger shopping centers, backfilling the space with a comparable national retailer should not be difficult. Big name grocers are making an entrance into Hampton Roads, Wegmans is still pursuing a location near the Virginia Beach Town Center and should announce the site shortly. Publix has also been trying to penetrate the market, focusing on a couple of sites in Virginia Beach as its initial entry.

Rental Rate vs. Overall Vacancy



Availability by Type



Outlook

Moving into third quarter, the opening of Greenbrier Square in Chesapeake is highly anticipated. Kroger Marketplace will anchor this 200,000-SF center, along with Field & Stream, Dick's Sporting Goods, and Home Goods. Construction is also underway on the latest addition of Fox Mill Centre in Gloucester. The next phase of the center will open in Spring 2017 and will include TJ Maxx, Petco, Ulta, and Rack Room Shoes.

MARKETBEAT

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Hampton Roads, Virginia



SUBMARKET	TOTAL BLDGS	INVENTORY	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RENT (NNN)
Gloucester	154	1,802,270	6.4%	0	0	0	\$12.35
Williamsburg	480	8,079,052	7.4%	(462)	6,343	72,175	\$15.45
York/Poquoson	252	2,259,741	4.8%	35,200	31,100	6,000	\$14.79
Newport News	670	9,017,803	6.5%	(546)	10,153	2,000	\$14.34
Hampton	1,080	13,298,896	6.3%	7,820	24,235	5,024	\$12.85
Smithfield/Isle of Wight/Suffolk/Franklin	577	5,809,201	10.0%	(43,600)	(37,677)	0	\$8.59
Harbourview/Churchland/Western Branch	198	2,944,065	4.8%	(4,005)	92,437	0	\$13.76
Portsmouth	588	4,758,793	5.4%	(1,622)	(3,281)	13,000	\$11.68
Chesapeake	526	10,475,064	3.5%	24,856	35,522	255,500	\$17.73
Norfolk	1,311	15,510,118	6.0%	25,608	(13,371)	1,760	\$12.77
Virginia Beach	1,960	27,875,712	5.1%	12,162	9,394	90,535	\$16.04
HAMPTON ROADS TOTALS	7,796	101,830,715	5.8%	55,144	154,855	445,994	\$13.99

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions 2Q 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
Patriot Plaza	30,000*	Sara Enterprises, LLC	Community Center	Williamsburg
Greenbrier Square	22,500	The TJX Companies, Inc.	Neighborhood Center	Chesapeake
Southern Shopping Center	11,437*	Southern Bingo, Inc.	Community Center	Norfolk
Newtown – Baker Crossing	10,301	Stepping Stones Academy & Preschool, Inc.	Community Center	Virginia Beach

*Renewal

Key Sales Transactions 2Q 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$ PSF	SUBMARKET
2591 Tidewater Dr.	9,408	KLS Development Group, LLC / Sylvan Realty Trust	\$1,275,400 / \$136	Norfolk
7620 Hampton Blvd.	1,491	Cajun Realty, LLC / Verdad Real Estate Inc.	\$870,000 / \$584	Norfolk

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