

MARKETBEAT

Hampton Roads

Retail Q2 2018



ECONOMIC INDICATORS

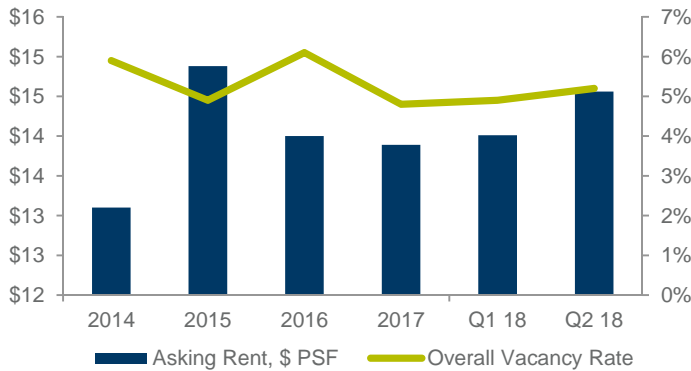
National	Q2 17	Q2 18*	12-Month Forecast**
GDP Growth	2.2%	3.0%	▲
CPI Growth	1.9%	2.8%	▲
Consumer Spending Growth	2.7%	2.5%	▲
Retail Sales Growth	4.3%	5.3%	▲

*Q2 18 Estimates. Values represent year-over-year % change
 **Forecast by Cushman & Wakefield

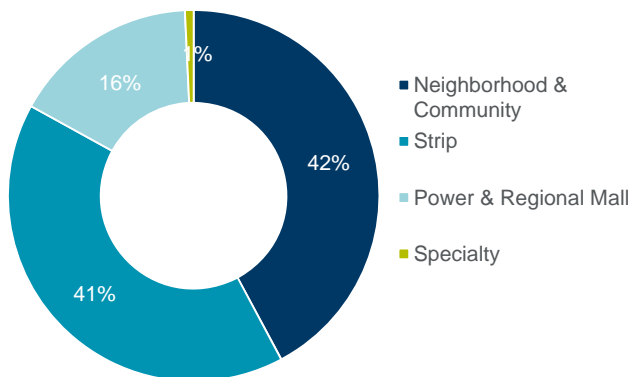
Regional	Q2 17	Q2 18	12-Month Forecast
Household Income	\$64,195	\$65,509	▲
Population Growth	1.0%	1.0%	■
Unemployment	4.3%	3.8%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Even though vacancy rates have climbed slightly, the overall asking rates have increased over the last year. The area is not seeing asking rates as high as 2015, but is continuing to show steady improvements every quarter. The regional unemployment growth has decreased again, and will continue to decrease, while the household income will continue to increase. The region will continue to see a steady rate of growth, which has been consistent over the last few years. Nationally, we're seeing growth in almost every area, and will continue to see growth over the next 12 months. Consumer spending decreased slightly over last year's report, however spending is forecasted to increase over the next 12 months.

Market Overview

Farm Fresh has closed all of their stores, with Food Lion, Kroger and Harris Teeter opening in a number of their former locations. Two Farm Fresh sites will continue to operate under the Farm Fresh flag with a different operator. Wegmans is under construction at Town Center, and Earthfare opened its location in Williamsburg. Piggly Wiggly opened their second location in Newport News replacing the former Jim's Local Market. The Fresh Market has just announced that they are closing 15 underperforming stores throughout the country, two of which are located in Virginia.

Sears has announced they'll close their Greenbrier and Pembroke stores in early September. Rooms-to-Go has commenced construction on their Newport News and Virginia Beach stores. Floor and Décor opened their doors in Town Center and Conn's HomePlus has signed 3 leases between 37,500-44,000 SF around Hampton Roads.

Club Pilates has made an entrance into the market in Chesapeake and is looking to open a couple of other locations. Caribou Coffee has announced it will open their first location in the Virginia Beach Town Center in a joint effort with Einstein Bagels. Various Valvoline Instant Oil Changes are starting to receive their approved (or denied) SUP applications from the various local governments.

Outlook

Looking ahead to the next 6 months, we will see Wegmans and Ikea finish their shells as they get closer to opening, and the other developments that have been announced will start to come out of the ground. There will continue to be store closing announcements; however, the trend seems to be local and regional players throughout the rest of 2018.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Gloucester	171	1,936,852	5.0%	1,185	24,628	6,471	\$14.02
Williamsburg	502	7,567,151	6.2%	-26,769	21,526	0	\$15.04
York/Poquoson	258	2,322,207	5.4%	-28,721	-32,934	0	\$33.72
Newport News	683	9,080,025	4.6%	6,805	-6,292	1,634	\$15.26
Hampton	1,096	13,210,797	6.2%	16,314	-13,210	0	\$11.81
Smithfield/Isle of Wight/Suffolk/Franklin	593	5,926,494	5.7%	-52,074	-24,580	17,825	\$8.67
Harbourview/Churchland/Western Branch	205	3,214,496	3.3%	23,262	40,879	50,000	\$16.25
Portsmouth	600	4,822,212	5.0%	-7,308	-5,987	10,500	\$10.57
Chesapeake	537	10,858,540	5.1%	-137,861	-156,726	22,520	\$16.36
Norfolk	1,360	16,728,413	3.9%	-107,325	-48,346	26,500	\$13.92
Virginia Beach	1,993	28,861,748	5.4%	1,763	-105,710	326,497	\$16.02
HAMPTON ROADS TOTALS	7,998	104,528,935	5.2%	-310,729	-306,752	461,947	\$14.56

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2558 Airline Boulevard	44,386	Conn Appliances, Inc.	New	Portsmouth
1044 W. Mercury Boulevard	40,500	Conn Appliances, Inc.	New	Hampton
3333 Virginia Beach Boulevard	37,500	Conn Appliances, Inc.	New	Virginia Beach
3450 E. Virginia Beach Boulevard	17,100	National Restoration dba Peerless Carpet Care	Renewal	Virginia Beach

Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Commonwealth Center	30,242	Gerry & Donna Wilkins / Karditsa Properties, LLC	\$3,600,000 / \$119	Newport News
4210 Portsmouth Boulevard	23,504	Rosalinde & Arthur Gilbert Foundation / Kotarides Developers, LLC	\$2,200,000 / \$ 94	Chesapeake
433 Centerville Turnpike	19,072	Lamar Companies / Exchangeright Net Leased Portfolio 21, LLC	\$4,500,000 / \$236	Chesapeake
3717 Hampton Boulevard	13,632	Jubilee Management Co. / Ki J Cho & Son Y Cho	\$5,700,000 / \$418	Hampton

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