

Retail Snapshot Q3 2015

Hampton Roads, Virginia

ECONOMIC INDICATORS

National

	Q3 14	Q3 15	12-Month Forecast
GDP Growth	2.4%	2.5%	▲
CPI Growth	1.6%	0.2%	▲
Consumer Spending Growth	2.7%	3.3%	▲
Retail Sales Growth	3.8%	2.5%	▲

Regional

	Q3 14	Q3 15	12-Month Forecast
Household Income	\$58,672	\$59,742	▲
Population Growth	0.5%	0.7%	■
Unemployment	5.6%	5.2%	▼

Source: Moody's Analytics

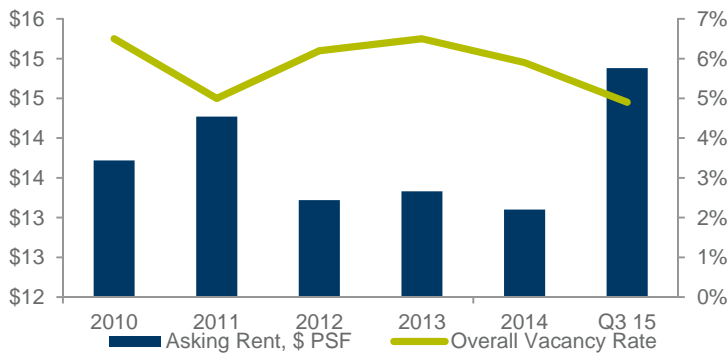
Economy

The Hampton Roads economy experienced gradual improvement in the unemployment rate, which decreased slightly from 5.6% in Q3 2014 to the current rate of 5.2%. Consumer confidence remains positive, with slight increases in planned home improvements, new apparel purchases, and vacations.

Market Overview

Brokers are closely following the progress of competitor acquisitions in the market, which will add new vacancies to the market. Notably, the Dollar Tree/Family Dollar integration will likely leave empty boxes in the market. The Walgreens/Rite Aid merger will likely be a slow conversion due to remaining term on existing leases. The consolidation of Office Max/Office Depot and Petco/PetSmart will also likely create junior anchor vacancy in the market. Similar to the merger of Sears/Kmart and Eckerd/Rite Aid, we will see opportunities in the market for new retailers.

Rental Rate vs. Overall Vacancy

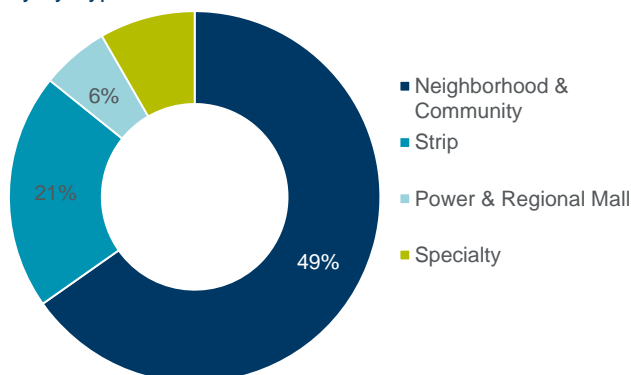


Auto stores are performing well in this economy, as people are spending more on maintaining vehicles. O'Reilly's, AutoZone, and Advance Auto Parts are all active in the market. Grocers have been driving activity throughout the year, with recent openings by Aldi, Kroger, and Whole Foods.

Outlook

Looking ahead, brokers expect continued recovery for the remainder of 2015. The construction pipeline remains healthy with a over a half-million square feet underway in the market. Renovations are in progress for new Pembroke Mall tenants, to include DSW, Fresh Market, Nordstrom Rack, and REI. Walmart is completing the permitting process to convert the for the former Super Kmart at Hilltop Square Shopping Center.

Availability by Type



MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RENT (NNN)
Gloucester	60	1,689,645	6.4%	10,400	9,800	0	\$12.13
Williamsburg	261	6,967,525	6.4%	40,657	42,357	67,410	\$15.97
York/Poquoson	95	1,977,068	5.5%	293	3,968	0	\$13.77
Newport News	447	11,889,105	7.4%	147,822	48,423	226,960	\$12.65
Hampton	327	7,477,269	7.5%	37,614	28,706	0	\$11.8
Smithfield/Isle of Wight/Suffolk/Franklin	257	4,987,310	8.8%	22,586	34,090	19,673	\$8.82
Harbourview/Churchland/Western Branch	153	5,470,352	5%	5,111	6,361	155,730	\$12.81
Portsmouth	212	3,877,272	6.3%	-8,537	3,860	0	\$9.87
Chesapeake	286	8,578,938	4.2%	57,602	58,193	67,674	\$16.94
Norfolk	495	12,748,367	6.6%	120,184	47,428	0	\$12.88
Virginia Beach	956	24,735,268	5.2%	-21,124	49,660	86,488	\$14.81
HAMPTON ROADS TOTALS	3,549	90,398,119	6.3%	412,608	332,846	623,935	\$12.95

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
Triangle Shopping Center	33,485	Planet Fitness	Neighborhood Center	Victory
Salem Crossing Shopping Center	18,147	SkyZone	Community Center	Lynnhaven
Willow Oaks Shopping Center*	14,668	Rite Aid	Neighborhood Center	Fox Hill
Mt. Pleasant Marketplace	14,578	Rite Aid	Freestanding	Greenbrier
801 N. Eden Way	5,000	Mattress Firm	Specialty Center	Greenbrier

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
645 First Colonial Rd (Walgreens)	14,200	Old Brandon First Colonial Associates, LLC/Sequoia Frankford Springs	\$12,000,000	Hilltop
1543 Sams Circle (HH Gregg)	25,132	HHG Chesapeake LLC/DHJ Chesapeake LLC	\$4,200,000	Greenbrier

*Renewal

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