

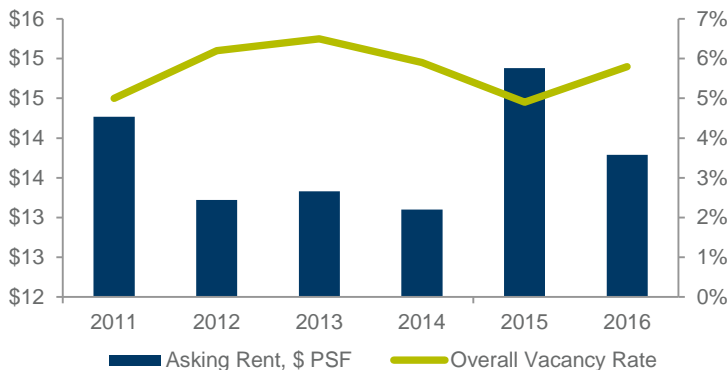
## ECONOMIC INDICATORS

National	Q3 15	Q3 16	12-Month Forecast
GDP Growth	2.0%	2.4%	▲
CPI Growth	1.4%	1.2%	▲
Consumer Spending Growth	3.1%	2.8%*	▲
Retail Sales Growth	2.0%	2.9%	▲

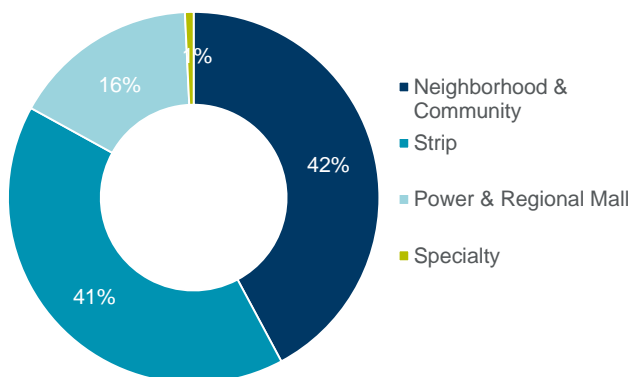
Regional	Q3 15	Q3 16	12-Month Forecast
Household Income	\$60,603	\$62,106	▲
Population Growth	1.0%	1.0%	■
Unemployment	4.7%	4.4%	▼

Source: Moody's Analytics

## Rental Rate vs. Overall Vacancy



## Availability by Type



## Economy

Unemployment rates have gradually decreased in the Hampton Roads market. Since employment in Information, Manufacturing, and Government are the only job sectors reporting a decline, the rise in labor force over the past five months could potentially cause an increase in unemployment numbers, especially since all other industry sectors continued to grow this year.

## Market Overview

There is improved activity from retailers seeking to wrap up deals before year-end and projects that have been in the works finally breaking ground. A few noteworthy new developments include Fox Mill Centre in Gloucester and the Norfolk Premium Outlets along the Norfolk/Virginia Beach border. Fox Mill Centre, slated to open Spring 2017, is adding approximately 60,000 square feet (SF) of new retail which will be home to TJ Maxx, Ulta, PetCo, Rack Room Shoes and Kay Jewelers. The 350,000-SF Premium Outlet Mall is scheduled to open late 2017.

With the announcement of Ikea and other major retailers making their market debut, it is expected that a flurry of additional new national tenants will make an entrance into the Hampton Roads market over the next three to nine months. The new Kroger Marketplace, Dick's Sporting Goods, Home Goods, and Field and Stream successfully opened in Chesapeake. Harbor Freight also opened three new locations in Virginia Beach. Uncertainty remains with the entrance of Publix and Wegmans into the market. Aldi and Lidl on the other hand, continue to expand throughout Hampton Roads. Aldi currently has two stores open, Williamsburg and Portsmouth, with the next store set to open in Newport News this fall.

Wells Fargo and Bank of America are closing branches in order to consolidate. Monarch Bank continues to close their last few branches as a result of their merger with Towne Bank. Bank of Hampton Roads will begin their rebrand to Xenith, whose merger officially concluded in Q3.

## Outlook

Every election year brings uncertainty to the retail world, with tenants somewhat hesitant to sign new leases. Shortly after the election, and once the dust has settled, business will level and continue as normal. New plans will emerge for big box stores previously vacated this year, initiating creative redevelopments or big-box reuse by local and national retailers.

## MARKETBEAT

# Hampton Roads

Retail Q3 2016



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	155	1,808,271	6.7%	-5,903	-5,903	27,200	\$12.37
Williamsburg	484	7,396,696	7.1%	158,569	164,912	34,575	\$15.45
York/Poquoson	255	2,276,758	4.5%	11,983	43,803	6,000	\$14.90
Newport News	672	9,025,448	5.7%	70,547	80,700	30,500	\$13.65
Hampton	1,079	13,176,151	6.6%	-41,667	-17,432	5,024	\$12.49
Smithfield/Isle of Wight/Suffolk/Franklin	579	5,822,859	8.6%	-3,420	-41,097	9,026	\$8.57
Harbourview/Churchland/Western Branch	198	2,943,956	3.0%	48,412	140,849	0	\$13.61
Portsmouth	587	4,760,256	5.7%	-15,212	-18,493	13,000	\$11.22
Chesapeake	528	10,685,646	4.4%	148,495	184,017	0	\$17.22
Norfolk	1,315	15,502,269	6.4%	-46,718	-60,089	494,809	\$12.75
Virginia Beach	1,966	27,952,965	5.4%	-89,803	-80,409	122,000	\$15.90
<b>HAMPTON ROADS TOTALS</b>	<b>7,818</b>	<b>101,351,275</b>	<b>6.0%</b>	<b>235,283</b>	<b>390,858</b>	<b>742,134</b>	<b>\$13.79</b>

\*Rental rates reflect gross asking \$psf/year

### Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Crossroads North	117,242	BJ's Wholesale	Lease	Chesapeake
Crossroads Holdings	44,481	Delhaize America	Lease	Chesapeake
Chesapeake Crossing	34,600	Big Lots	Renewal	Chesapeake
118 W. 21 <sup>st</sup> Street	15,781	Tuesday Morning, Inc.	Expansion	Norfolk

### Key Sales Transactions Q3 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
550 First Colonial Road #4	140,785	Hilltop Copeland Associates LP / Wal-Mart Real Estate Business Trust	\$9,000,000 / \$64	Virginia Beach
1329 Battlefield Boulevard	10,200	Battlefield Boulevard Associates, LLP / Pavilion Development, LLC	\$1,700,000 / \$167	Virginia Beach

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