

ECONOMIC INDICATORS

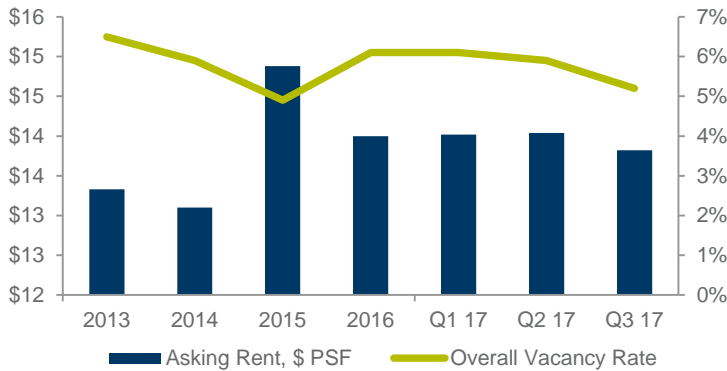
National	Q3 16	Q3 17	12-Month Forecast**
GDP Growth	1.2%	2.2%*	▲
CPI Growth	1.1%	2.0%	▲
Consumer Spending Growth	2.8%	2.7%*	▼
Retail Sales Growth	2.3%	3.9%	▲

*Q2 Values ** Forecasted by Cushman & Wakefield . Values represent year-over-year % change

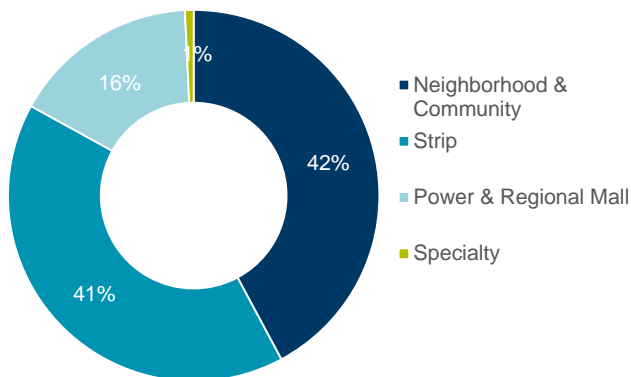
Regional	Q3 16	Q3 17	12-Month Forecast
Household Income	\$62,690	\$65,050	▲
Population Growth	1.0%	1.0%	▬
Unemployment	4.6%	4.3%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Retail growth was strong year-over-year both nationally and regionally, which is giving landlords and tenants confidence to act more aggressively in their plans for expansion. GDP and retail sales were positive with over 1% growth over the last year, demonstrating confidence in the market from the consumers' perspective. Regionally, household incomes are increasing and forecasted to continue to rise, while unemployment has decreased and is forecasted to continue to fall.

Market Overview

Amazon acquired Whole Foods and Wegmans is now under construction in Virginia Beach (scheduled to open Spring 2019). Lidl and Aldi are assessing new stores performance throughout the Hampton Roads market. There are a handful of Aldi and Lidl stores that are still under construction, and Aldi recently acquired a new site on Main Street in Suffolk. Farm Fresh announced plans to close a store in Williamsburg and the grocer is considering closing other stores in region. Kroger Marketplace announced plans to delay construction on the former Riverdale Shopping Center that they acquired in 2016, the new development off Cedar Road and Dominion Blvd., and the former K-Mart on Norview Ave. in Norfolk.

Due to construction delays, the IKEA in Norfolk is scheduled to open in Spring 2019. In Hampton, site work on the Floor & Décor and Sky Zone is underway and the buildings should break ground soon. K-Mart and Sears continued to announce store closings across the area. Toys R-U's filed for bankruptcy, however have not yet announced any stores closing. Vitamin World will be closing 51 of their stores, but that store list has not been released yet. Gap announced 200 stores will be closing, but no specific stores have been announced. Teavana (Starbucks subsidiary) is closing all 379 locations. Lastly, the Ascena Retail Group who owns and operates Ann Taylor, Dress Barn, Loft, Layne Bryant, Justice, Maurice's and Catherine's is being watched carefully. They are planning to close 250-650 locations over the next two years depending on performance.

Outlook

The past quarter has created a lot of confusion in the grocery sector but the market will have a better understanding of which grocers will come out ahead over the new year. New mergers are expected in the grocery market. Landlords continue to repurpose and redevelop their existing space to keep up with the changing retail landscape.

MARKETBEAT

Hampton Roads

Retail Q3 2017



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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	168	1,912,670	6.6%	4,160	75,716	0	\$11.65
Williamsburg	499	7,645,192	5.5%	15,868	63,297	0	\$15.53
York/Poquoson	256	2,316,984	4.4%	2,541	-10,578	0	\$17.33
Newport News	677	9,102,997	5.3%	-1,742	-27,917	7,760	\$13.59
Hampton	1,087	13,177,011	6.5%	75,511	-54,243	17,000	\$12.10
Smithfield/Isle of Wight/Suffolk/Franklin	587	5,892,604	7.9%	14,777	119,797	37,180	\$9.43
Harbourview/Churchland/Western Branch	198	3,140,239	3.4%	-7,343	-4,659	27,600	\$12.71
Portsmouth	591	4,771,463	5.0%	88,105	14,805	7,489	\$11.52
Chesapeake	533	10,915,464	5.1%	24,890	-58,435	50,000	\$16.92
Norfolk	1,342	16,983,963	4.4%	106,498	615,863	11,013	\$12.98
Virginia Beach	1,982	28,525,627	4.6%	149,309	78,058	233,100	\$15.98
HAMPTON ROADS TOTALS	7,920	104,384,214	5.2%	472,574	811,704	391,142	\$13.82

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9600 – 9702 Warwick Boulevard	13,858	Shawel's TV & Appliance Co.	Renewal	Newport News
829 Lynnhaven Parkway	13,053	Bounce House	Renewal	Virginia Beach
7519 Tidewater Drive	11,620	Advance Stores Inc. t/a Advance Auto	Renewal	Norfolk
4000 Virginia Beach Boulevard	9,329	Bangkok Garden Restaurant	Renewal	Virginia Beach

Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1430 High Street	112,907	Roseland Company / Lamar Companies	\$14,450,000 / \$128	Williamsburg
2300 E. Little Creek Road	109,175	Ziff Properties / Coastal Equities	\$10,200,000 / \$93	Norfolk
849 E, Little Creek Road	31,930	P&W Enterprises, Inc. / Lien Nguyen	\$3,450,000 / \$108	Norfolk
3633 Bridge Road	14,490	Walgreens / Kenneth Paige & Dorothy E. Paige	\$6,650,000 / \$459	Suffolk

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