

ECONOMIC INDICATORS

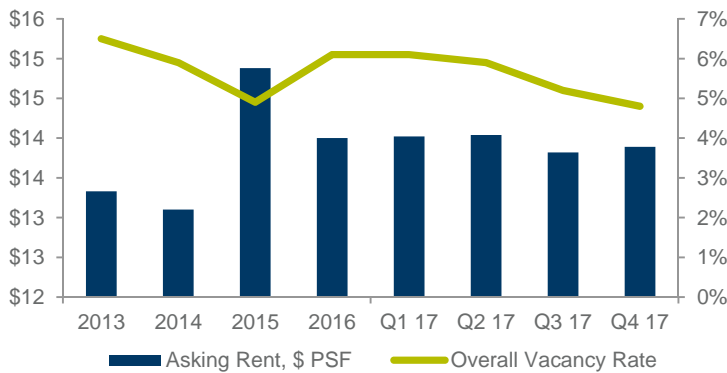
National	Q4 16	Q4 17	12-Month Forecast**
GDP Growth	1.8%	2.2%*	▲
CPI Growth	1.8%	2.0%	▲
Consumer Spending Growth	2.8%	2.7%*	▼
Retail Sales Growth	3.7%	4.3%*	▲

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

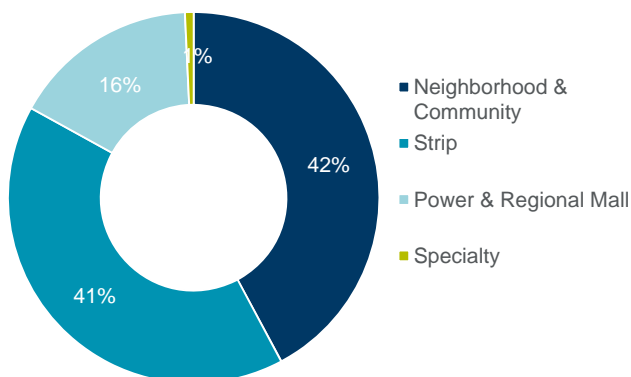
Regional	Q4 16	Q4 17	12-Month Forecast
Household Income	\$62,536	\$64,565	▲
Population Growth	1.0%	1.0%	■
Unemployment	4.6%	4.1%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The economy has been growing, and will have continued growth over the next 12 months. Retail sales have also increased year over year, and are forecasted to continue to increase over the next year. Locally income levels are increasing and unemployment is declining. Asking rents have remained fairly flat over the last 12 months, even though the overall vacancy rate is decreasing.

Market Overview

There were about 9,000 store closures this past year dubbing it the year of the "retail apocalypse". The main cause is the online marketplace. The retail brands that are surviving and growing are the ones who can adapt and develop an online market that can get their products to their customers as quickly as possible or have specialty offerings. As this shift continues to work itself out, we anticipate about 12,000 stores closing in 2018; however many of these closings are due to mergers that created duplicate stores in the market.

Publix announced they'll be opening a store in Williamsburg in the former Martin's grocery store. They still have not released plans to expand into Hampton Roads, but as additional grocery stores close in the market their interest will likely increase. Earth Fare has been identified on a couple of site plans; however no leases have been signed yet. Big Lots has signed a lease to take over the former Ukrops space in the Williamsburg Marketplace, which will bring some much needed traffic and hopefully future tenants to the center. Lidl and Aldi are slowing down, but are still expected to open some additional stores this year. We will see more announcements from Farm Fresh with relation to closing stores this year as their leases expire. Mercury Plaza (Walmart Neighborhood Market and Marshall's shopping center) was acquired in December 2017 and the new owners have plans to add additional retail.

Outlook

With 2017 behind us, we look forward to 2018 with new store openings to announce, future developments, mergers and even keeping up with the store closings; closed stores are now defined as a new opportunity. Landlords will continue to look for creative ways to utilize these vacant storefronts. We will still continue to monitor the large department stores to see what happens with their store counts over the coming months. Fashion retailers will continue to downsize or consolidate to keep up with the ever changing retail world. Lastly, you can expect to see the discount stores add additional stores around the market.

MARKETBEAT

Hampton Roads

Retail Q4 2017



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THALHIMER

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	1,912,581	6.1%	7,229	84,585	0	\$11.805
Williamsburg	501	7,651,320	4.2%	19,562	85,031	0	\$15.17
York/Poquoson	256	2,316,984	3.9%	10,316	566	0	\$17.11
Newport News	679	9,068,994	4.4%	15,405	-1,614	0	\$13.90
Hampton	1,090	13,201,647	6.2%	61,444	7,201	0	\$11.93
Smithfield/Isle of Wight/Suffolk/Franklin	589	5,856,118	5.2%	33,583	149,280	7,489	\$8.62
Harbourview/Churchland/Western Branch	199	3,139,937	3.8%	-9,729	-14,188	66,100	\$14.25
Portsmouth	593	4,803,512	5.0%	-10,761	2,064	0	\$11.19
Chesapeake	532	10,917,073	4.9%	16,846	-41,589	19,200	\$16.90
Norfolk	1,344	16,881,229	4.3%	44,108	659,813	21,000	\$12.92
Virginia Beach	1,983	28,525,627	4.5%	-4,715	93,284	136,956	\$16.02
HAMPTON ROADS TOTALS	7,934	104,275,022	4.8%	183,288	1,024,433	250,745	\$13.89

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q4 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
701 Merrimac Trail	47,848	Food Lion	Renewal	Williamsburg
900 Main Street	26,651	Schewels Furniture	Renewal	Suffolk
4020 Victory Boulevard	25,000	Shoppers World	Renewal	Portsmouth
2105 Princess Anne Road	24,524	Valvoline, LLC	New	Virginia Beach

Key Sales Transactions Q4 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
105 Marketplace Drive	98,066	Oshan Properties / Branch Properties	\$24,200,000 / \$247	Hampton
220 Monticello Avenue	75,446	Greenwood Stores Company / Broad Street Ventures	\$4,200,000 / \$56	Williamsburg
13500 Benns Church Boulevard	19,120	LMB Auburn Hills I LLC / RPA TS Smithfield LLC	\$4,100,000 / \$214	Smithfield

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