

An aerial photograph of a city, likely New York City, showing various skyscrapers and buildings. The image is overlaid with a semi-transparent red filter. A diagonal line splits the image from the bottom left to the top right. The area to the right of this line is in grayscale, showing a different part of the city at night with lights visible. The text 'WHAT'S NEXT IN HAMPTON ROADS?' is written in large, white, bold, sans-serif capital letters across the center of the image.

WHAT'S NEXT IN HAMPTON ROADS?



CUSHMAN &
WAKEFIELD

THALHIMER

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PICKING HAMPTON ROADS

WHAT'S
NEXT



PICKING HAMPTON ROADS

Hampton Roads, Virginia is known for its beautiful scenery, nice people, affordable homes, bountiful entertainment, and military presence. The metropolitan statistical area (MSA) is strategically located in the center of the U.S. Eastern Seaboard and is the fifth largest metro area in the Southeastern U.S. with a population of more than 1.7 million. The area is comprised of ten cities – Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg – as well as five counties and is largely divided into two regions – The Virginia Peninsula and Southside Hampton Roads.

WHY HAMPTON ROADS?

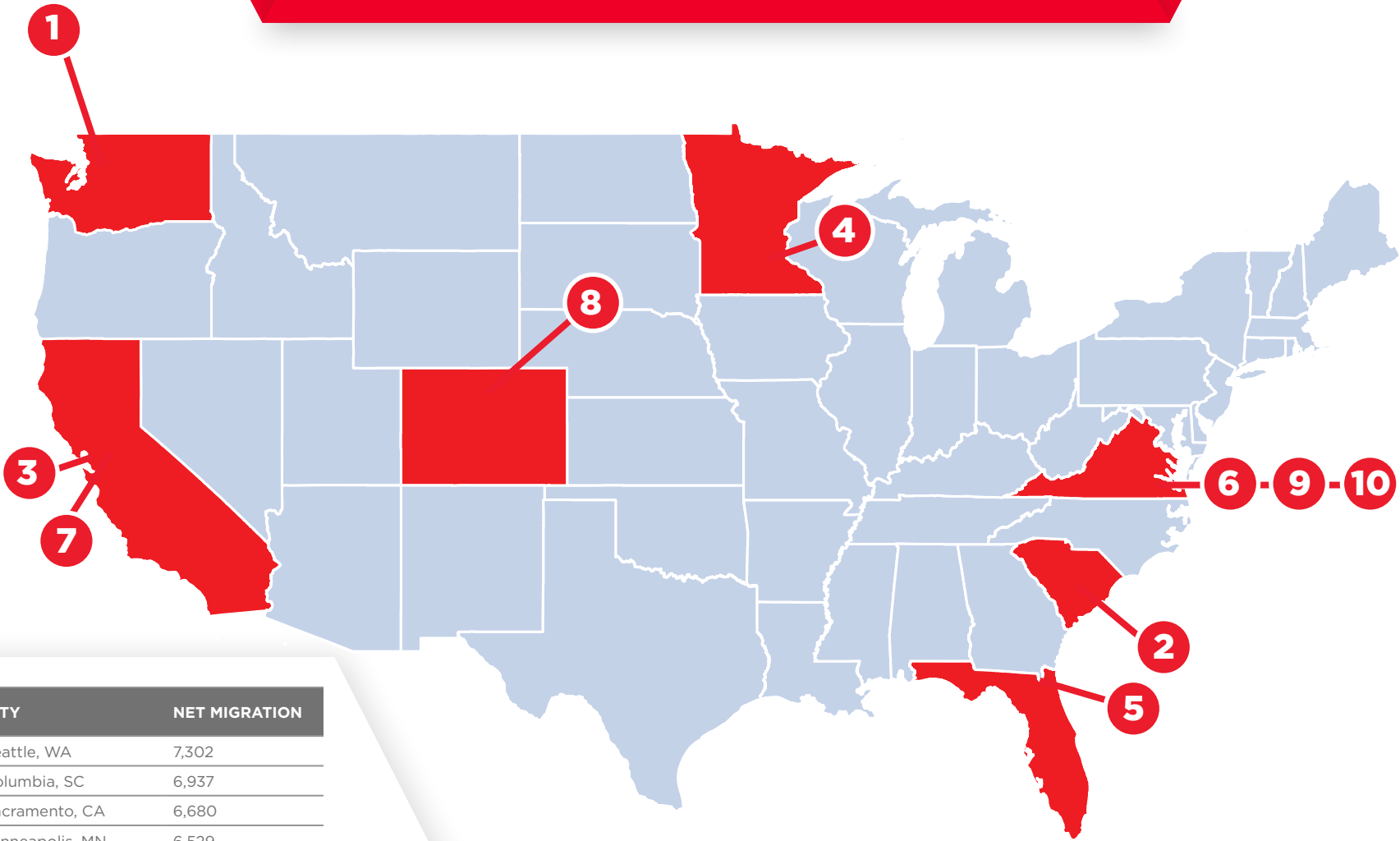
Newport News, Norfolk, and Virginia Beach are ranked the 6th, 9th, and 10th top cities that millennials are moving to, according to SmartAsset. The region continues to attract the millennial talent companies are seeking and is host to a rich and growing global community. 164 international firms, representing 26 different countries, are located in Hampton Roads. More than 77,000 students attend the seven universities and four community colleges in the Hampton Roads region providing a well-educated pool of talent for businesses throughout the region.

SOURCE: Virginia Economic Development Partnership



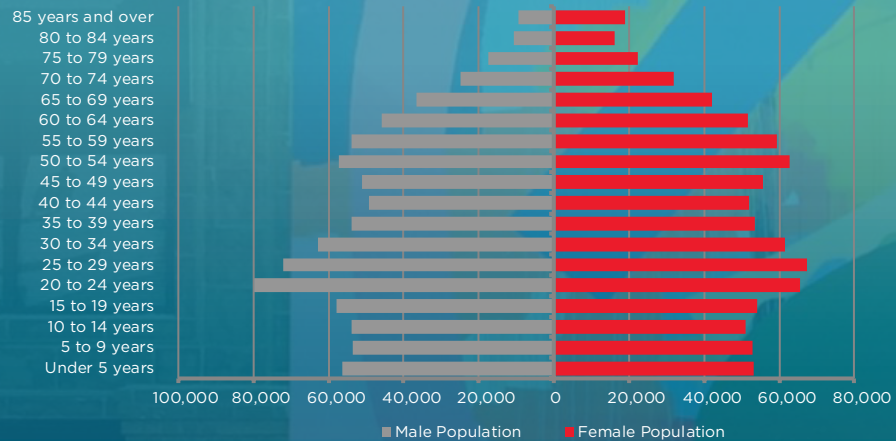
TOP 10

CITIES WHERE MILLENNIALS ARE MOVING

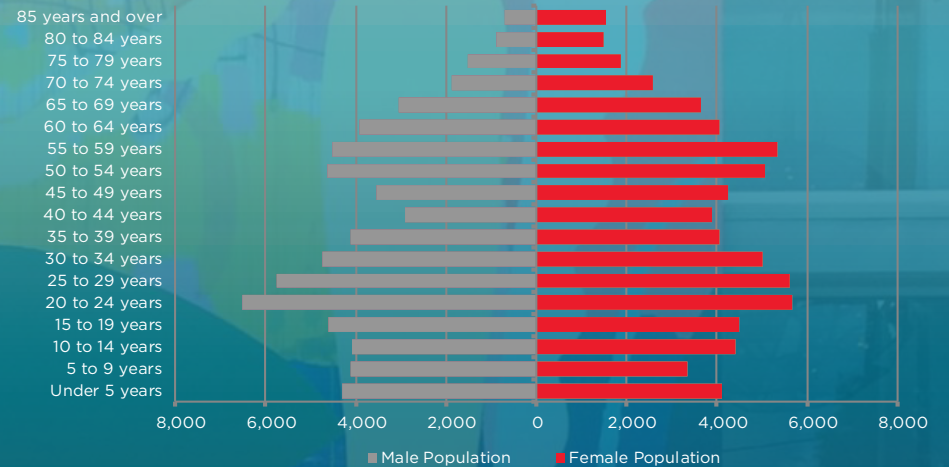


CITY	NET MIGRATION
1 Seattle, WA	7,302
2 Columbia, SC	6,937
3 Sacramento, CA	6,680
4 Minneapolis, MN	6,529
5 Jacksonville, FL	6,354
6 Newport News, VA	5,667
7 San Jose, CA	5,496
8 Denver, CO	5,106
9 Norfolk, VA	4,997
10 Virginia Beach, VA	4,984

Virginia Beach-Norfolk-Newport News, VA Metro Area Population Pyramid



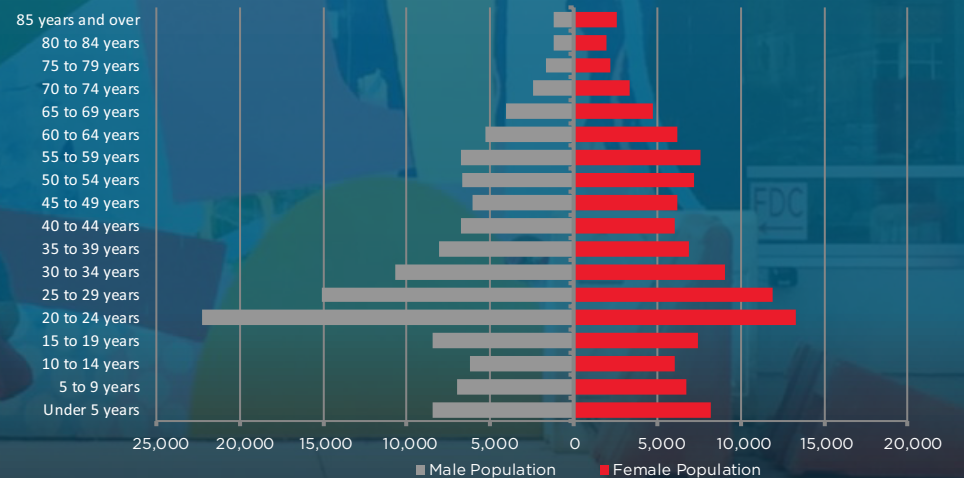
Hampton Population Pyramid



Virginia Beach Population Pyramid



Norfolk Population Pyramid





Virginia Beach was ranked No. 1 for “2019’s Best Big Cities to Live In” by WalletHub.



The overall cost of living in Hampton, VA is approximately 7% lower than the Virginia average.



The Virginia Beach-Norfolk-Newport News MSA Real Gross Domestic Product (GDP) is \$94.9 billion, the largest for an MSA in the state.



Forbes ranks the cost of doing business in Virginia Beach as 56th lowest in the nation, better than Nashville, Baltimore, and Washington D.C. at 121st, 167th, and 183rd respectively.



The Hampton Roads economy, as measured by GDP, is expected to grow at a higher rate in 2019 (2.4%) than in 2018 (2.2%).

**THE 3 PILLARS OF
THE HAMPTON
ROADS' ECONOMY**

WHAT'S
NEXT

THE 3 PILLARS

The region's strategic location on the East Coast has fostered a maritime economy centered around the defense, shipping, and tourism industries. With a large federal military presence, the Department of Defense direct spending in Hampton Roads contributes to an estimated 40% of Hampton Roads' GDP. Increasing activity in the Port of Virginia has also helped to sustain nearly 10% of the entire state of Virginia's workforce that have port-related jobs, while the more than 2,500 miles of shoreline and historical sites provide the backbone to a burgeoning tourism industry.



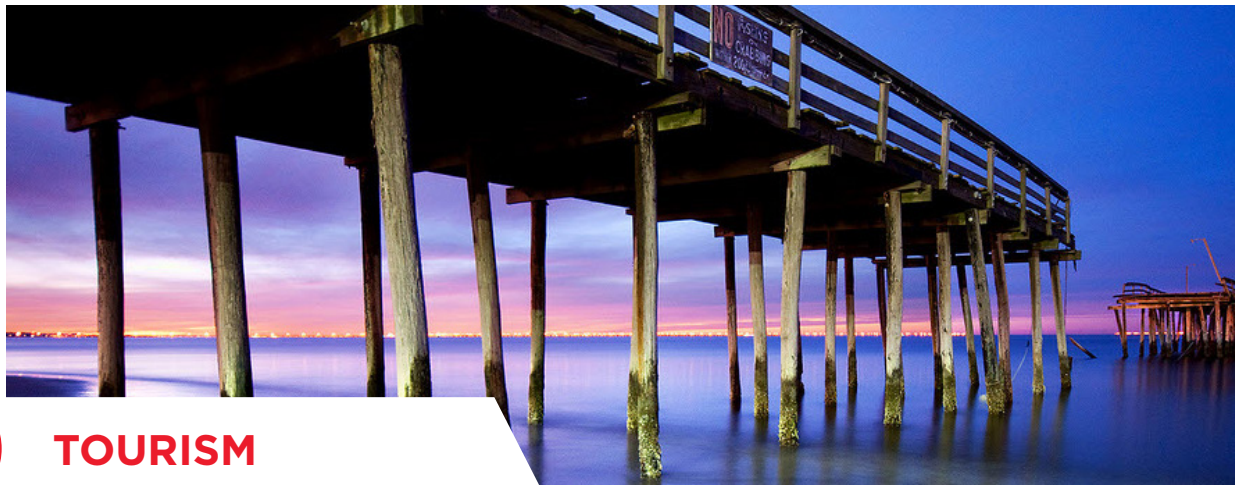
DEFENSE



SHIPPING



TOURISM



DEFENSE

The Hampton Roads MSA is home to the largest active-duty military population in the U.S., as well as nine major military installations representing every branch of the U.S. Armed Forces. In addition, the only permanent NATO Headquarters located outside of Europe is situated in the MSA, as are the world's largest naval base, the Navy's East Coast Master Jet Base, the major operating base for the U.S. expeditionary forces, headquarters for the U.S. Air Force Air Combat Command, major commands for both the Coast Guard and the Marine Corps, and the U.S. Navy's headquarters for computer network command and control.

- Seven of the world's top-10 defense-related firms have a major presence in the MSA, as well as two major federal R&D facilities (Thomas Jefferson National Accelerator Facility and NASA Langley Research Center) responsible for progressing new technologies in the fields of nuclear science, aviation safety, materials, and sensors
- Nearly 12,000 personnel with disciplined and diverse skill sets leave the military each year in the Hampton Roads MSA, which is a unique asset to the region
- The Hampton Roads MSA has the largest concentration of military personnel outside of the Pentagon, with over 86,000 active-duty military personnel
- More than 75 federal facilities and defense installations are located in the MSA
- The increase in Department of Defense spending is one of the significant factors contributing to economic growth in the near term. The Department's direct spending in Hampton Roads is expected to increase 11% in 2019, when compared to 2017



**7 OF THE
WORLD'S
TOP-10**

Defense-Related
Firms Have A
Major Presence In
The MSA

OVER 86,000

Active-Duty
Military Personnel
Are Stationed In
The MSA



Total Fleet Of
355

\$15.2 B
Contract

More Than
2,000
Suppliers

- The Navy's fiscal year (FY) 2019 budget submission includes proposed increases in shipbuilding rates that are intended as initial steps to increase the size of the Navy toward a fleet goal of 355 ships
- The Navy's coming request for the 2020 fiscal year will include billions of dollars to buy two new Ford-class aircraft carriers to be awarded under a dual contract:
 - » The contract is valued at \$15.2 billion and is expected to deliver savings of over \$4 billion compared to the Navy's original cost estimates for procuring the vessels separately
 - » The ships are scheduled to be delivered in 2028 and 2032, respectively
 - » Buying two aircraft carriers will stimulate Newport News' aircraft carrier supplier base of more than 2,000 suppliers in 46 states
- Given the anticipated demands on the ship building and repair community, the office and industrial real estate markets should expect significant interest in leasing additional space in the coming years



SHIPPING

The Port of Virginia is the fastest growing port on the East Coast and boasts the largest natural deep-water harbor on earth. Every major shipping line in the world calls on the Port of Virginia, providing direct access to over 80 ports worldwide, and 9.4% of the state's entire resident workforce have port-related jobs. In addition to the 50-foot deep channels, the port is only 18 miles from open ocean and enjoys a mild climate that allows year-round shipping. Coupled with the largest and fastest container cranes on the planet, the rapid pace that seems to break records practically every month in TEU volume, shows no signs of slowing down.

- The Port of Virginia is the 6th largest port in the United States by total trade, and it's the 3rd largest port on the East Coast
- The port serves 16 Midwest and Southeast inland points by rail. Upon completion in 2020, the port will increase capacity 40%, adding the capacity for one million containers annually
- The port is the only East Coast port with Congressional authorization to dredge to 55 feet offering direct service to 25+ countries worldwide
- Over \$1.6 billion of total merchandise is received in the Port of Virginia's Foreign Trade Zone 20 annually
- Foreign Trade Zone 20 companies produced over \$430 million in exports annually
- With its exceptional location, the port provides access to 75% of the U.S. population within a two days drive.
- The region also enjoys access to two Class I railroads with double-stacked container capabilities allowing distribution throughout the East Coast and Mid-West
- The Port of Virginia disperses \$1 million annually for Aid to local ports
- \$1.2 billion invested in port-related economic development in current year 2018
- \$6.95 million available in Virginia Port Incentives each year
- Over 4 million sf of land available within close proximity for warehouse and distribution development
- The Virginia inland Port has generated investments totaling more than \$900 million
- Over 46 companies have located near Virginia Inland Port since its inception



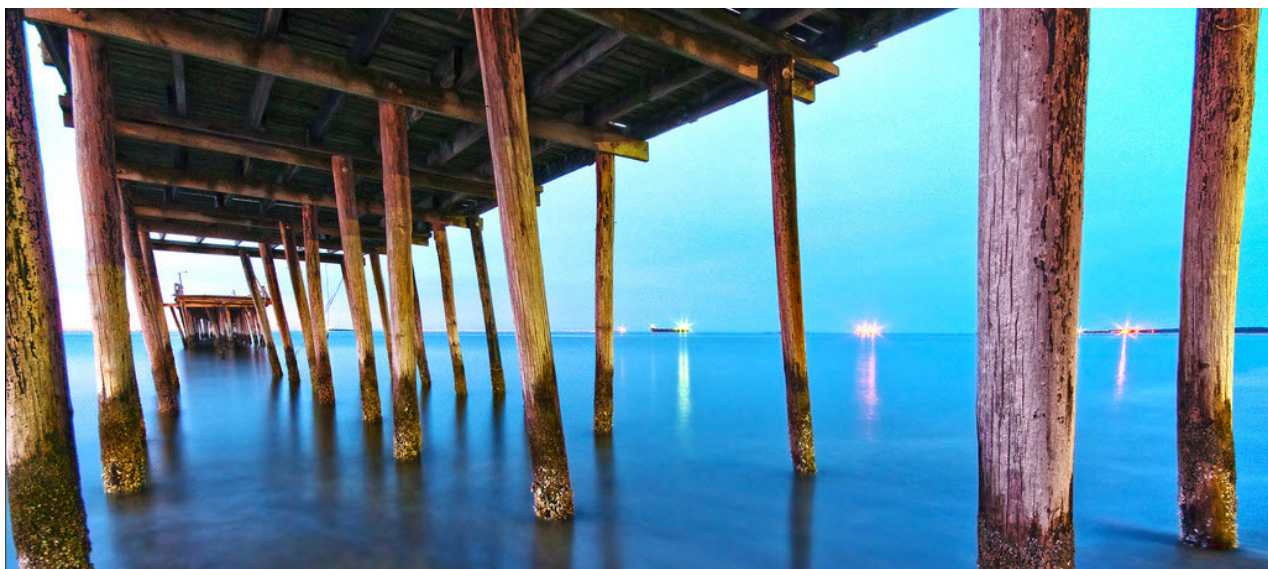
6TH
Largest Port
In The U.S.

\$1.2 B
Invested In
Port-Related
Economic
Development

TOURISM

Hampton Roads is surrounded by recreational opportunity and generates tourism on a national and international level year after year. From the historical landmarks to the beautiful coastal shoreline, this region is an irreplaceable slice of both the East Coast and the state of Virginia. Every week, Hampton Roads welcomes arriving tourists anxious to explore the state parks, entertainment venues, festivals, sporting events, conventions, and many others. Moreover, it is the region's annual average of 219 sunny days and year-round climate that allow tourists and residents to continuously maximize their experience.

- The tourism and hospitality industry support around 14,000 local jobs.
- Travel jobs are also responsible for higher wages and better skills training than many other top industries, according to a new study from the U.S. Travel Association.
- The industry will also continue to need workers in the future, according to the study. Employment in travel and tourism is expected to grow 5% in the next decade. Even outside of the typical June-August tourism season, Virginia Beach hotels maintain a 63.7 percent occupancy rate, making Virginia Beach a year-round destination.
- The introduction of craft breweries is helping diversify Hampton Roads' tourism offerings and placing them on the list of go-to places to visit for quality beers, ciders, wines and other alcoholic beverages.



ONE VACATION, MULTIPLE DESTINATIONS

HAMPTON

One of America's oldest cities, Hampton is situated along breathtaking views of the Chesapeake Bay. While the city is rich with historic attractions, it is also a hotbed for new attractions and one of the fastest growing cities in the region. Hampton offers delicious dining, high-end shopping, and a diverse variety of entertainment to keep the whole population satisfied. The city is ideal for young people but also perfect for on-the-move adults who enjoy cultural arts, live music performances, and weekend events.

NORFOLK

Best described as Hampton Roads' cultural center, there's always an event happening in Norfolk. The city is home to a diverse array of venues that host events such as Broadway plays, comedians, dancers, musical acts, and even hockey. The downtown area provides a true city vibe, with MacArthur Mall and many other fantastic dining and shopping destinations. Further, Norfolk is known for its waterfront and numerous annual festivals, such as wine and beer fests and delicious food festivals.





VIRGINIA BEACH

Virginia Beach is the largest city in Hampton Roads. Although it is mainly known for its boardwalk and oceanfront, the city offers much more than just the beach, including the Sportsplex, parks, museums, a variety of restaurants and shops, and a live music venue. Many people are also drawn to the city for the military and the Oceana Naval Air Station. Virginia Beach is an excellent mix between city life, because there is always something to do, and the suburbs, because it's an ideal location to raise a family.

WILLIAMSBURG

The city of Williamsburg offers an enticing mix of both past and present. Colonial Williamsburg and the Jamestown Settlement allow visitors to take a trip to the past. Tourists can stroll through the historically accurate Duke of Gloucester Street in Colonial Williamsburg and interact with colonists to gain a better understanding of the time period. The area also provides a modern atmosphere where visitors and locals can spend time at several amusement parks or search for deals at the outlet mall.



WHAT'S THE NEXT
WAVE FOR
HAMPTON ROADS?

WHAT'S
NEXT

MUSIC AND CULTURAL DESTINATION

SOMETHING IN THE WATER MUSIC FESTIVAL

The inaugural Something in the Water music festival, organized by hip-hop star Pharrell Williams in Virginia Beach was held from April 26-28, 2019 at the Oceanfront during College Beach Weekend. Performers included Pharrell Williams, Usher, Snoop Dog, Travis Scott, Migos, Gwen Stefani, and more. The organizers estimated the attendance of 25,000 people per day after selling out of 35,000 tickets. 80 percent of residents rated the festival a 10 out of 10 and more than 95 percent rated the event an 8 or higher in a survey following the event.

AMERICAN MUSIC FESTIVAL

The sounds of rock, jazz, country, R&B, and more flood the Virginia Beach oceanfront for three sun-filled days over Labor Day Weekend at the Chartway Federal Credit Union American Music Festival. The largest outdoor music event on the East Coast, the American Music Festival brings together national, regional, and local acts to play.



35,000
Tickets Sold

80%
Of Residents
Rated The
Festival A 10
Out Of 10





VETERANS UNITED HOME LOANS AMPHITHEATER, VIRGINIA BEACH

The Veterans United Home Loans Amphitheater opened in 1996 and is owned by the city of Virginia Beach and operated by Live Nation. It is one of the largest amphitheaters in the U.S., with a capacity of 20,000 (12,500 general admission lawn seats and 7,500 covered pavilion seats), and hosts some of the largest touring acts such as The Dave Matthews Band and Kenny Chesney. The facility has hosted an average of 27 shows per year since 1999, with an average attendance of slightly more than 10,000. Sponsored by Blackbird Presents, the Outlaw Music Festival takes place across North America and will be returning to Virginia Beach on September 14, 2019, featuring Willie Nelson, The Avett Brothers, Bonnie Raitt, and Lukas Nelson. Last year, the Outlaw Tour hosted more than 200,000 fans in amphitheaters and arenas all over the country. Bringing together a family of top-class musicians, artists, and singers alike, the festival is a roadshow for true music-lovers.

HAMPTON COLISEUM

The Hampton Coliseum opened in 1970 and is owned and operated by the city of Hampton. The arena has a maximum concert capacity of 13,800, which makes it the largest indoor arena in the immediate area. In recent years, the coliseum's average attendance for entertainment and music events has been 6,100, with an average ticket price of \$57. Moreover, the arena hosted approximately 95 events just this past year. The most common event type was consumer and trade shows (23), other events included 22 family shows, 17 sporting events, 11 religious events, and 10 concerts.





225,000 SF

Retail, Restaurant,
Entertainment,
And More

\$328 M

Proposal

THE WAVE

The city of Virginia Beach has made an agreement with a Pharrell Williams-backed developer to bring a multi-million-dollar entertainment surf park and complex to the former location of the Virginia Beach Dome. The surf park is expected to be the centerpiece of the development and will provide perfect waves to the public. The project is an estimated \$328 million proposal at the Oceanfront that involves plans for a 3,500-seat indoor music venue accompanied by an outdoor portion of an additional 1,500 seats. Retail, office space, restaurants, and residential units are also included in the plans.



MERCHANTS SQUARE

Merchants Square, located in the heart of Williamsburg's downtown, is flanked by Colonial Williamsburg's historic Area and Art Museums and the campus of the College of William & Mary. Merchants Square is a vibrant, mixed-use center encompassing roughly 10 city blocks and comprised of approximately 225,000 square feet of retail, restaurant, entertainment, residential, and specialty space plus over 30,000 square feet of office space. It also contains several undeveloped parcels that have tremendous potential for development. The Colonial Williamsburg Foundation is working to create a five-year strategic master plan that enhances the economic value of its real estate holdings in support of the Foundation's core mission. revamped shopping district in the heart of historic district. The City and Economic Development Authority assisted with renovation costs at Henry Street Shops to create an outdoor dining venue.

TECHNOLOGY AND RESEARCH

TRANSATLANTIC CABLES ANCHORED IN VIRGINIA BEACH

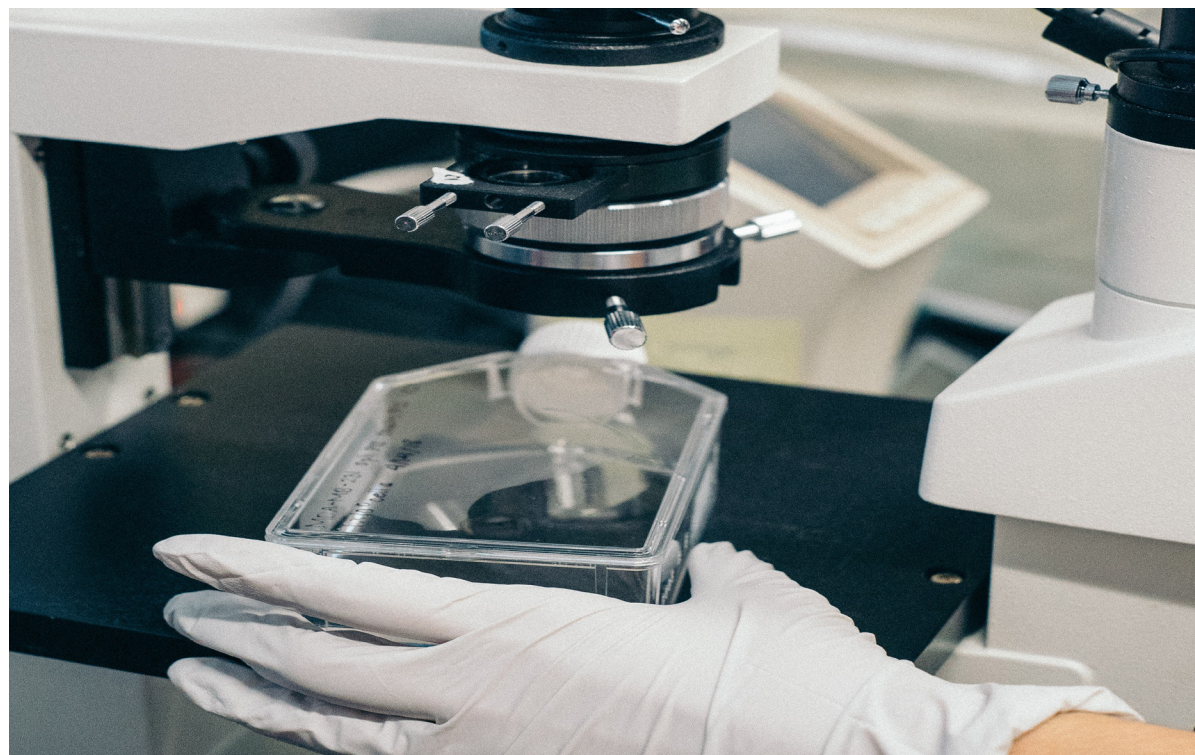
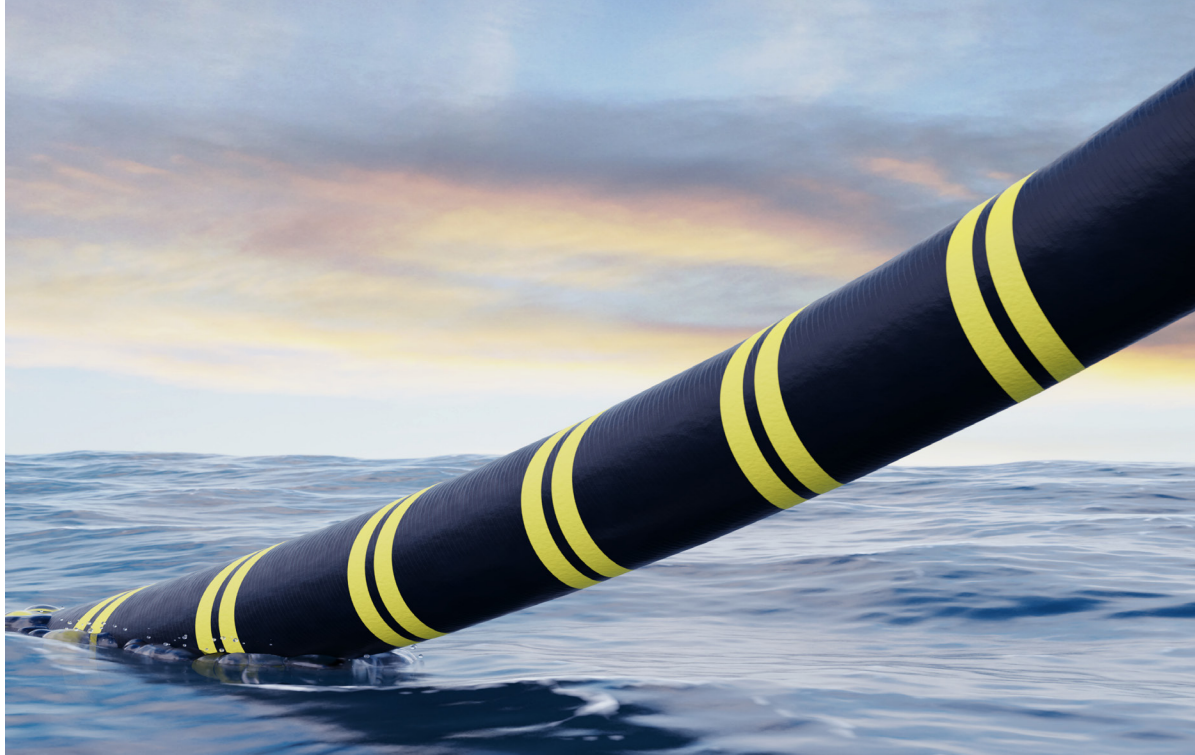
In the 1850's, twisted-pair copper lines were laid underwater to provide telegraph communication between continents. The types of cables and data they carry has evolved over time, and fiber optics is now at the forefront of digital communications, providing reliable signal at extreme capacity. Transatlantic fiber cables can now carry digital traffic from other continents to Virginia Beach, traveling thousands of miles from digital ports in South America, Europe, and soon Africa.

Facebook and Microsoft, in conjunction with Spanish-based Telefonica, laid the first ever subsea cable (MAREA) to Virginia Beach with a 4,000-mile fiber connection to Bilbao, Spain. Telefonica also installed a second cable (BRUSA), which is 6,800 miles long and connects Brazil to Virginia Beach. The latest project includes an 8,000-mile cable between Cape Town, South Africa and Virginia Beach. As 72% of the world's data center traffic goes through Ashburn, Virginia, these undersea telecommunications cables are key strands in the ever-expanding internet.

BIOMEDICAL AND LIFE SCIENCES

Many of Virginia's more than 600 biomedical and life science companies are located in the Hampton Roads MSA. The biomedical/life sciences cluster is driven by direct and easy access to such resources as Eastern Virginia Medical School, Sentara Health, Bon Secours Health System, Children's Hospital of the Kings' Daughters, LifeNet Health and its Center for Regenerative Medicine, and the global headquarters of Operation Smile.

The industry is supported by research and academic institutions, including: NASA Langley Research Center, Thomas Jefferson National Accelerator Facility, Old Dominion University, Hampton University, and Tidewater Community College.



EMERGENCE OF COWORKING

Coworking, in Google's dictionary terms, is the use of an office or other working environment by people who are self-employed or working for different employers, typically so as to share equipment, ideas, and knowledge. Now a global happening, coworking spaces are growing in most major cities with an annual rate of 24.2%. It is influencing how occupiers, workers, and investors think about the workplace, and the trend is growing in popularity across Hampton Roads.

Gather is open in Downtown Norfolk in 30,000 SF on the top two floors of 500 E. Main. Novel Coworking acquired the 55,000 SF City Center building and is under construction with a planned Fall 2019 opening. Percolator has three locations open in Norfolk. Additionally, Regus and OSS, traditional shared space options, have had steady occupancy for years. Assembly, an ambitious office campus project by Grow, is under construction at 400 Granby Street and its first phase will be nearly 50,000 SF.

The absorption of this new coworking product in Downtown Norfolk will be top of mind for operators, building owners, tenants, and municipalities across the region.

- Roughly 10% of the region's office inventory is in Downtown Norfolk, but nearly 95% of the coworking options are in the same submarket.
- 230,000 SF of coworking space will be available by the end of 2019.
- The saturation in the Downtown Norfolk market is spurring on companies like Gather, Venture X, Industrious, and rumors of WeWork to explore other submarkets across the region.



230,000 SF
Coworking Space Will
Be Available By The
End Of 2019





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