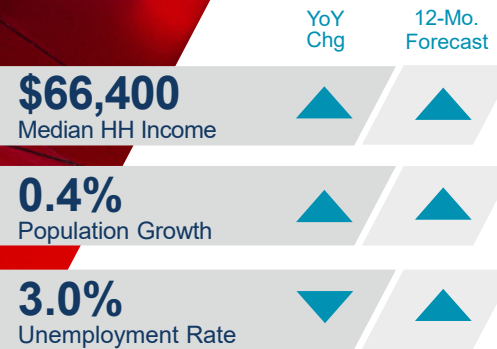


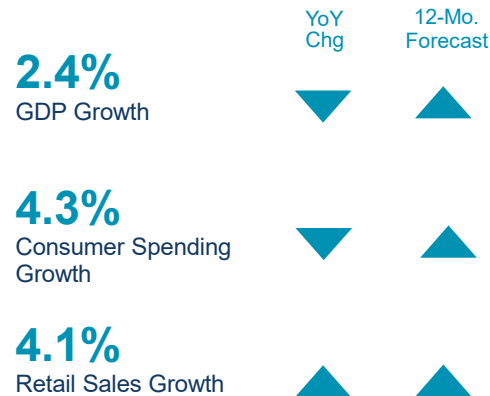
HAMPTON ROADS

Retail Q4 2019



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q4 2019



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: More retailers closing doors leads to redevelopment/re-leasing opportunities

Approximately 39 restaurants opened in Hampton Roads (recently branded as the "757") during the fourth quarter of 2019. On the other hand, ten restaurants closed in the same period. The 757 gained four new breweries, increasing the existing brewery count to 35 (15% of the breweries in Virginia are located within the 757). Pier One announced they will close 450 stores nationally, along with Chico's (up to 250), Gap (up to 250), Office Depot (up to 90, which some are probably lease expirations that overlap with the merger), Bed Bath & Beyond and chains (up to 60), Sears (51), Kmart (45), Macys (28). A.C. Moore and Kmart will close their remaining stores within the market. Even with these stores closing, landlords have found strong, national replacement tenants to take these vacancies, leaving little down time. Strong unemployment rates, and household income growth within the region have helped keep an active retail market, bringing in new to market tenants as some of the older brands close their doors.

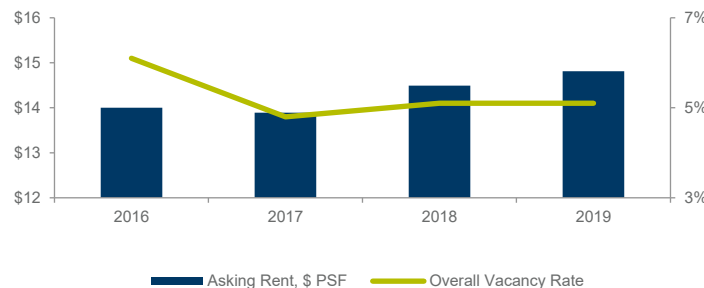
SUPPLY & DEMAND: Stores are closing, but steady vacancy rates

Watching the news, one could assume that all shopping centers and malls are going to close due to the shift in consumer spending patterns; however, that is not the case. There have been many store closures and additional announcements; at the same time, those vacancies have been leased to other national retailers or redeveloped into multifamily or hotels. Summit Pointe, a new development in Chesapeake that is home to the new Dollar Tree headquarters, is the largest development that is under construction at this time. Over 500,000 square feet (sf) of retail and 1,400 residential units are slated for this project when completed. Kroger Marketplace (123,000 sf) recently opened their doors in Hampton leaving their former 56,000-sf box vacant, and Aldi recently opened two new locations within Norfolk.

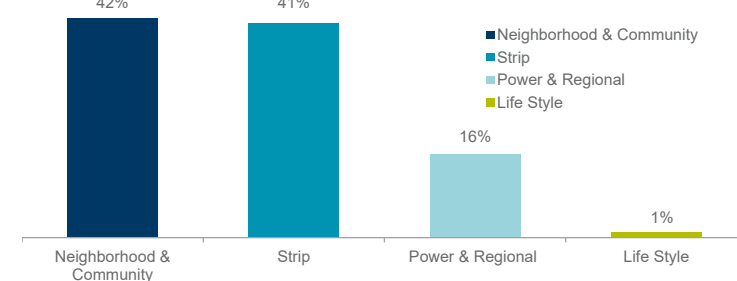
PRICING: Asking Rents Creeping Up

Even though consumer spending growth has slowed, retail sales continue to rise. Looking over the next 12 months, analysts are predicting that spending and sales will continue to grow within the market. Retailers are taking notice by repositioning and rebranding their stores to make sure they can capture those sales. Even though we have seen national retailers close their doors within the 757, there is a steady vacancy rate. Asking rents are moderately increasing, which could imply there is slightly more demand than there is supply. Many older centers are being redeveloped, with the addition of new national retailers, which allows landlords to ask and achieve higher rents than what they were previously asking.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q4 2019

MARKET STATISTICS

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Gloucester	1,966,770	0	133,731	6.8%	2,167	-11,087	5,940	\$14.44
Williamsburg	7,629,528	0	439,348	5.8%	-6,956	143,088	63,250	\$17.77
York/Poquoson	2,372,973	0	109,709	4.6%	14,735	47,335	0	\$14.35
Newport News	9,169,975	0	425,481	4.6%	7,579	2,962	0	\$13.25
Hampton	13,613,435	2,660	956,988	7.0%	-109,579	-211,493	15,049	\$12.87
Smithfield/Isle of Wight/Suffolk/Franklin	5,863,160	0	184,464	3.1%	115,773	140,344	0	\$13.99
Harbourview/Churchland/Western Branch	3,326,186	0	120,451	3.6%	21,555	-1,450	7,850	\$14.29
Portsmouth	4,903,653	0	141,439	2.9%	32,220	80,625	0	\$8.55
Chesapeake	11,022,815	3,825	539,150	4.9%	41,364	40,906	51,660	\$17.16
Norfolk	16,627,199	33,580	840,102	5.3%	22,253	358,046	31,557	\$14.53
Virginia Beach	28,030,952	64,487	1,329,857	5.0%	-49,302	124,155	19,634	\$16.29
HAMPTON ROADS TOTALS	104,526,646	104,552	5,220,720	5.1%	91,809	713,431	194,940	\$14.81

*Rental rates reflect triple net asking \$PSF/year

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4605 Columbus Street	Virginia Beach	Apex Entertainment	84,000	New Lease
500 Marquis Parkway	Williamsburg	Foundations Church, LLC	25,000	New Lease
1205 Fordham Drive	Virginia Beach	Planet Fitness	24,215	New Lease
12551 Jefferson Avenue	Newport News	Home Goods, Inc.	21,368	Renewal
12638 Jefferson Avenue	Newport News	Goodwill, Inc.	13,600	Renewal

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
5070 Virginia Beach Boulevard	Virginia Beach	CSA VA BK, LLC / Freedom Land Investment, LLC	50,902	\$8.7M / \$171
5231 Monticello Avenue	Williamsburg	New Town Six, LLC / Brooks & Goldman Realty JV Klein Enterprises	48,650	\$12.2M / \$251
236 Carmichael Way	Chesapeake	Suburban Capital / South Coast Commercial, LLC	32,277	\$5.0M / \$154
237 Carmichael Way	Chesapeake	Suburban Capital / South Coast Commercial, LLC	25,482	\$2.1M / \$81
1105 S. Military Highway	Chesapeake	Suburban Capital / South Coast Commercial, LLC	24,948	\$1.1M / \$45

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