

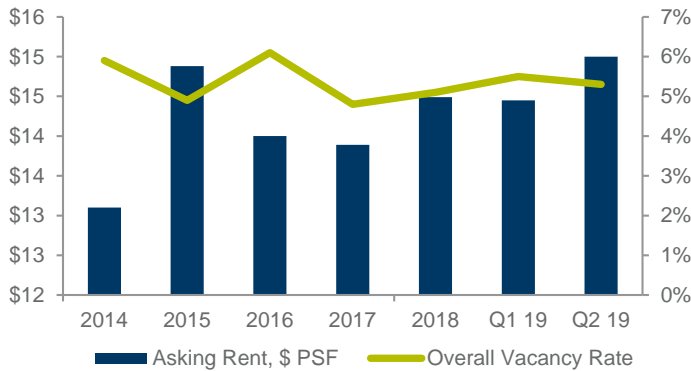
ECONOMIC INDICATORS

National		Q2 18	Q2 19	12-Month Forecast
GDP Growth		2.9%	2.6%	▼
CPI Growth		2.7%	1.8%	▲
Consumer Spending Growth		4.7%	4.5%	▼
Retail Sales Growth		5.6%	3.3%	▼

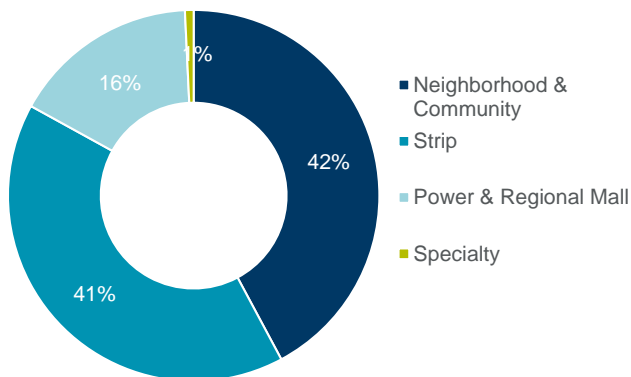
Regional		Q2 18	Q2 19	12-Month Forecast
Household Income		\$65,700	\$66,700	▲
Population Growth		0.2%	0.4%	▲
Unemployment		3.3%	3.3%	▲

2019 Q2 data are based on latest available data. Growth rates are year-over-year. Source: BLS, BOC, Moody's Analytics.

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The U.S. economy officially began its 11th consecutive year of growth in the second half of 2019. Although the pace of job growth has slowed from last year, the economy continued to add jobs during the first six months of 2019. Consumer confidence has fluctuated since the beginning of the year—due in part to global economic concerns and trade disputes. Consumer spending will continue to post gains, supported by a healthy job market and wage growth. The vacancy rate for the Hampton Roads market dropped to 5.3% putting continued upward pressure on rental rates. As of midyear 2019, the average asking rent was \$15.00 per square foot (psf), up from \$14.45 psf the previous quarter and \$14.56 psf one year ago.

Market Overview

Armada Hoffer made national news by acquiring almost 500,000 square feet (sf) of new retail space within Virginia Beach, including Red Mill Commons and the Marketplace at Hilltop purchased from Venture Realty Group, another local developer. The Tabani Group is making headway at Peninsula Town Center in Hampton by developing and selling a fully occupied strip center to the investment group, Bond Street Advisors.

National brands are coming into the market along with regional and local operators stepping up to the plate to take over these newly vacant storefronts. Wegman's and IKEA officially opened, along with Harris Teeter in the Ocean View submarket of Norfolk. Lidl has considerably slowed their expansion plans within the United States to only 25 over the next 12 months, and one of those stores will be opening in Virginia Beach. Restaurants continue to expand the fastest with some notable openings like Shake Shack in Virginia Beach, Guy Fieri's Pizza Parlor and Drive and Taco Joint opening in Hampton. Caribou Coffee and Einstein Bagels made their debut at Virginia Beach Town Center, and local Dirty Buffalo is opening their third location. There are many new farm to table local operators opening in opportunity zones that are really coming back to life with the help of city and national incentives. Fitness and entertainment-based retailers are continuing to add experiences into various areas of the market.

Outlook

We will continue to see store closure announcements as some struggling retailers file for bankruptcy, or as healthier retailers strategically closer under-performing as leases expire. Owners and developers continue to respond to the shifting retail market as new retail concepts and entertainment retailers become more prominent. Retailers are becoming more specific about their requirements, and working towards maximizing their reach in the market.

MARKETBEAT

Hampton Roads

Retail Q2 2019



CUSHMAN & WAKEFIELD

THALHIMER

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Gloucester	175	1,969,980	7.4%	-17,525	-18,543	5,940	\$14.54
Williamsburg	513	7,550,133	6.3%	54,215	-16,166	0	\$17.64
York/Poquoson	261	2,396,716	5.4%	27,830	26,900	0	\$15.25
Newport News	687	9,076,848	4.4%	-3,966	23,032	14,000	\$13.72
Hampton	1,098	13,357,449	6.1%	1,176	-64,226	5,725	\$13.33
Smithfield/Isle of Wight/Suffolk/Franklin	602	5,822,548	5.3%	3,586	1,492	114,103	\$14.81
Harbourview/Churchland/Western Branch	208	3,136,905	4.9%	13,605	-29,206	0	\$13.63
Portsmouth	606	4,895,347	3.3%	19,879	68,652	0	\$7.95
Chesapeake	547	11,013,641	5.5%	-8,468	-42,823	49,966	\$17.40
Norfolk	1,370	16,768,581	5.4%	354,417	229,672	55,489	\$15.18
Virginia Beach	2,014	28,283,667	5.0%	224,140	56,473	32,191	\$16.40
HAMPTON ROADS TOTALS	8,081	104,271,815	5.3%	668,889	235,257	277,414	\$15.00

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
5600-5632 Princess Anne Road	21,690	National Right to Work Committee	Renewal	Virginia Beach
113 Colony Square	17,600	Habitat for Humanity	New	Williamsburg
3312 Princess Anne Road	15,363	Old Navy	New	Virginia Beach

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1157 Nimmo Parkway	374,000	Ellis Gibson / Armada Hoffler	\$79,800,000 / \$213	Virginia Beach
1744 Laskin Road	118,000	Ellis Gibson / Armada Hoffler	\$25,200,000 / \$214	Virginia Beach
10500-10524 Jefferson Avenue	46,920	Alcove Corporation / Riverside Healthcare Association	\$2,375,000 / \$51	Newport News
2011 Von Schilling Drive	14,850	Tabani Group / Bond Street Advisors	\$5,900,000 / \$398	Hampton

Cushman & Wakefield | Thalhimer
1 BayPort Way, Suite 100
Newport News, VA 23606
thalhimer.com

For more information, contact:
David Tunnicliffe
Vice President
Tel: +1 757 873 9368
david.tunnicliffe@thalhimer.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.