

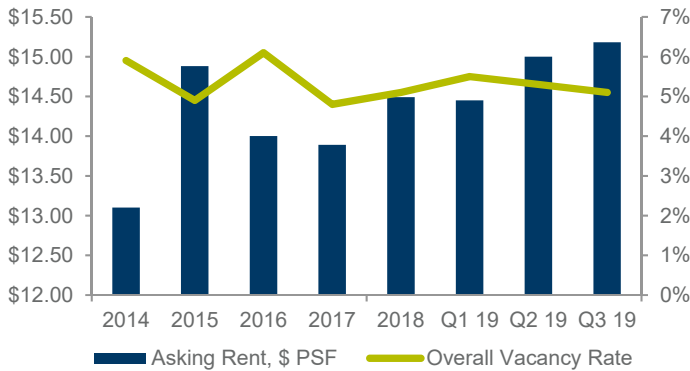
## ECONOMIC INDICATORS

National	Q3 18	Q3 19	12-Month Forecast
GDP Growth	3.1%	2.0%	▲
CPI Growth	2.6%	1.8%	▲
Consumer Spending Growth	5.9%	4.0%	▲
Retail Sales Growth	5.5%	4.1%	▲

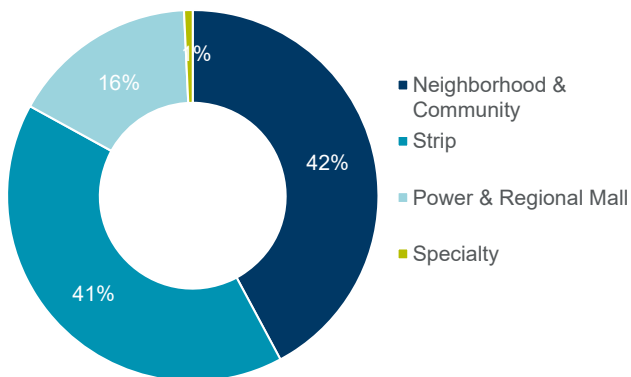
Regional	Q3 18	Q3 19	12-Month Forecast
Household Income	\$65,800	\$66,800	▲
Population Growth	0.3%	0.4%	▲
Unemployment	3.1%	3.1%	▲

2019 Q3 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

Growth in all aspects has slowed down over this past year, and economists are forecasting that the GDP growth and retail sales growth will continue to shrink, while CPI growth and consumer spending are expected to increase. Regionally, the market continues to grow and is expected to over the next year. Rental rates are inching up and vacancy rates are declining, an encouraging sign after several store closing reports over the past year.

## Market Overview

To date, more than 8,800 store closures totaling almost 89 million square feet (msf) have been announced by retailers across the U.S. All reports suggest there will be more closings and announcements by the end of the year. Many of the stores that closed their doors this quarter were announced earlier this year; however, GNC and Forever 21 recently announced store closings that may impact the Hampton Roads market. GNC will close 900 stores (1.5 msf) around the country. Although a list of specific stores has not been released at this time, GNC currently has 30 stores throughout Hampton Roads. Forever 21 will close 178 stores (6 msf), with one of them being located within MacArthur Mall. Other notable announcements this quarter included Dick's Sporting Goods. The retailer will not renew its lease and close in Virginia Beach Town Center, however the landlord is reporting they already have a replacement lined up. K-Mart will close its last two Virginia stores located in Chesapeake and Yorktown. Two Farm Fresh stores that were acquired by private operators have elected to terminate their leases and close their doors, one in Virginia Beach, and the other in Norge, VA.

Amazon leased space in Harbourview for a fulfillment center, and Wayfair is currently searching the market. With store closures grabbing most of the attention in the headlines, there are still many openings around the market. Many have been local, regional and national restaurants opening locations in new construction, or previously closed restaurants. We will continue to see new medical users venture into new retail developments with "doc in the box" concepts, dental, and vision centers wanting to become more convenient and accessible to customers.

## Outlook

Looking ahead, as the holiday season gets closer, retailers who are "on the edge" of closing down or filing for bankruptcy will see how they perform in November and December. The decisions will be made in the first quarter of 2020 as to whether or not more stores will close or they will keep moving forward with new developments.

# MARKETBEAT

# Hampton Roads

Retail Q3 2019



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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	177	1,966,616	6.6%	5,789	-13,254	5,940	\$14.51
Williamsburg	516	7,581,586	5.8%	26,981	82,228	41,900	\$18.16
York/Poquoson	261	2,368,100	5.0%	5,200	32,600	0	\$15.28
Newport News	688	9,124,398	4.2%	3,131	29,486	14,000	\$13.21
Hampton	1,101	13,393,052	6.3%	-35,383	-101,952	20,774	\$13.67
Smithfield/Isle of Wight/Suffolk/Franklin	606	5,853,552	4.9%	-4,147	24,571	0	\$13.97
Harbourview/Churchland/Western Branch	208	3,322,025	4.4%	2,444	-23,005	118,403	\$13.72
Portsmouth	607	4,902,473	3.7%	-19,297	48,045	0	\$8.39
Chesapeake	552	11,050,123	5.3%	27,886	-3,070	47,960	\$16.92
Norfolk	1,375	16,713,340	5.6%	32,737	318,334	52,557	\$15.19
Virginia Beach	2,017	28,018,902	4.7%	117,518	164,249	30,235	\$16.71
<b>HAMPTON ROADS TOTALS</b>	<b>8,108</b>	<b>104,294,167</b>	<b>5.1%</b>	<b>162,859</b>	<b>558,232</b>	<b>331,769</b>	<b>\$15.18</b>

\*Rental rates reflect gross asking \$psf/year

## Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
4200 Portsmouth Boulevard	84,746	J.C. Penney Corporation, Inc.	Renewal	Chesapeake
2720 N. Mall Drive	41,262	Surge Adventure Park	New	Virginia Beach
7525 Tidewater Drive	30,098	Peebles	Renewal	Norfolk
600 S. Lynnhaven Road	27,000	Sk8 House	New	Virginia Beach

## Key Sales Transactions Q3 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
3312 Princess Anne Road	409,749	Kite Realty Group / Acadia Realty	\$87,000,000 / \$212	Virginia Beach
5218 Fairfield Shopping Center	240,471	Wheeler Interests / Crosland Southeast JV New Market Props LLC	\$29,300,000 / \$122	Virginia Beach
4107 Portsmouth Boulevard	201,103	Inland Institutional Capital LLC / American Commercial Realty	\$23,100,000 / \$115	Chesapeake

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