

HAMPTON ROADS

Retail Q2 2022



\$75,000

Median HH Income

YoY Chg



12-Mo. Forecast



0.5%

Population Growth



3.4%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q2 2022

2.5%

GDP Growth

YoY Chg



12-Mo. Forecast



9.8%

Consumer Spending Growth



8.7%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: The R Word

Rebound, yes not the other "R" word, not yet anyway. The Hampton Roads retail market continues to carry its rebound momentum from the early COVID-19 shutdown. Benefiting from the dollars consumers saved during the lockdown, the subsequent spending on retail goods, and residual economic stimulus dollars, the local retail market remained healthy for the second quarter. According to the Dragas Center for Economic Analysis at ODU, retail sales were up 6% over Q1 2022, Hotel REVPAR up 18% year-to-date, and local unemployment at a healthy 3.4%. Moving forward, however, the trifecta of Fed tightening due to record inflation, the war in Ukraine, and the continued supply constraints are a real threat to push us into a recession. While many experts see some form of a recession as a likely result, the opinions vary greatly on the depth or severity of the same. With solid fundamentals in place that are supported by strong defense spending and yet another record-breaking year for the Port, Hampton Roads is in a good position as it heads into uncertain headwinds for the second half of the year.

MARKET ACTIVITY: Steady as she goes

We continue to see a steady wave of openings that far outpace the closings. Retailers will open 2.5 times as much retail space in the U.S. as they'll close in 2022, according to Coresight. Notable openings on the south side of the market for Q2 included Painted Tree Boutiques, 2nd & Charles, Freddy's Burgers & Custard, Tesla Service Center, Charcoal Chicken, Shore Break Pizza, and a Chipotle relocation to their new Chiptolane format. On the Peninsula, notable openings included Salad Works, Planet Fitness, Buff City Soap, and Benny's Pizza. Texas De Brazil, a long-standing holdout at MacArthur Center Mall in Norfolk, closed while the once-dominant mall awaits a redevelopment.

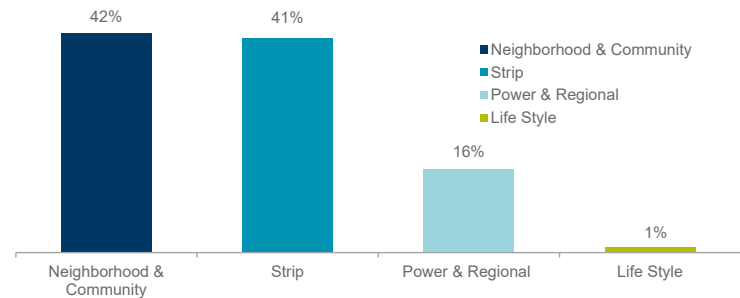
TRENDS: Grocery battle looming on the horizon?

After several years of limited new grocers entering the market, and even fewer new grocery developments, could there be a new wave of grocery developments on the horizon? Publix recently confirmed two new sites in Suffolk and Norfolk. Adding these new sites to their existing store in Williamsburg would give them a total of three in the region. Compared to the sixteen Publix locations in Richmond, it seems logical there could be more on the way. The Publix activity is sure to be on the radar of Kroger/Harris Teeter (39 stores) as their only large format, higher-end competition in the region has been the sole Wegmans store in Virginia Beach. Finally, Amazon Fresh, rumored to be kicking the tires in Hampton Roads for the past few years, has yet to announce anything. They have, however, accelerated their growth with a plethora of openings and lease signings in Northern, VA paving the way for new stores in Hampton Roads.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q2 2022

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	1,761,179	0	174,105	12.0%	-16,210	-12,398	5,867	\$13.75
Williamsburg	7,355,729	8,450	373,187	5.4%	-8,449	34,562	37,755	\$20.30
York/Poquoson	1,992,389	0	54,634	2.7%	-15,569	5,606	0	\$13.88
Newport News	8,418,755	12,608	274,609	4.2%	-52,824	-39,318	0	\$14.88
Hampton	12,030,901	0	786,266	6.8%	27,120	106,783	0	\$13.64
Smithfield/Isle of Wight/Suffolk/Franklin	5,002,159	0	143,521	2.9%	-625	10,206	0	\$11.91
Harbourview/Churchland	3,156,754	0	141,205	4.5%	24,055	27,941	121,850	\$15.48
Portsmouth	4,044,183	0	125,374	4.1%	13,220	5,641	76,454	\$10.88
Chesapeake	10,565,335	1,759	387,177	4.3%	-5,600	178,031	45,570	\$17.31
Norfolk	15,199,365	23,740	1,218,373	9.0%	23,297	-656	45,000	\$14.25
Virginia Beach	25,501,006	88,922	950,008	4.4%	32,004	73,791	0	\$16.55
HAMPTON ROADS TOTALS	95,027,755	135,479	4,628,459	5.5%	15,524	389,919	332,496	\$15.22

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

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
500 Marquis Parkway	Williamsburg	C&F Home	104,000	New
2400-2420 E. Little Creek Rd.	Norfolk	Dollar Tree Center	51,415	New
3169 Godwin Blvd.	Suffolk	Publix	45,000	New
118-120 Waller Mill Rd.	Williamsburg	Locke Supply Company	40,000	New

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
6499-6513 Market Drive	Gloucester	BH Gloucester, LLC / Shoppes at Gloucester, LLC	92,273	\$7.45M / \$81
100 Gristmill Plaza	Williamsburg	CIM Real Estate Finance Trust, Inc. / The Necessity Retail REIT, Inc.	89,911	\$9.21M / \$103
4876 Princess Anne Road	Virginia Beach	Princess Anne 4876, LLC / New Sam Vision, LLC	57,188	\$8.7M / \$122

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