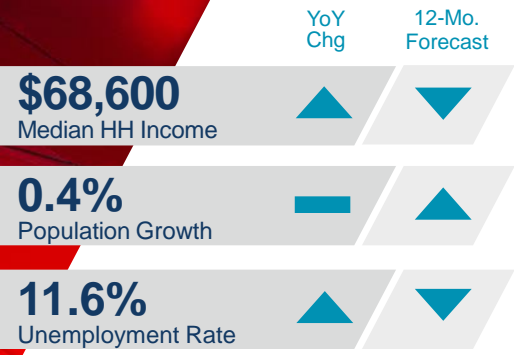


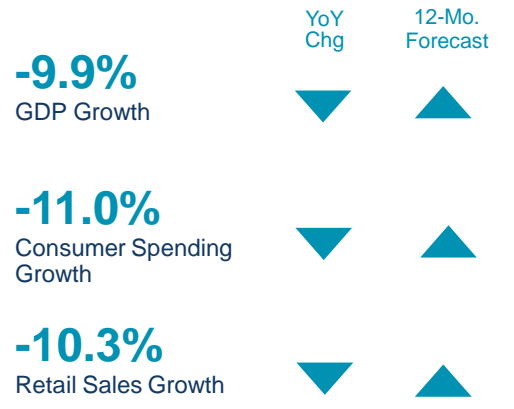
HAMPTON ROADS

Retail Q2 2020



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

U.S. ECONOMIC INDICATORS Q2 2020



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Too early to assess the true impact of the pandemic

The Hampton Roads market is fortunate to be back stopped by over 150,000 active duty and civilian workers employed by armed forces branches throughout the region. That presence, coupled with the Federal Governments stimulus programs, are helping our region to stay afloat during this difficult time. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

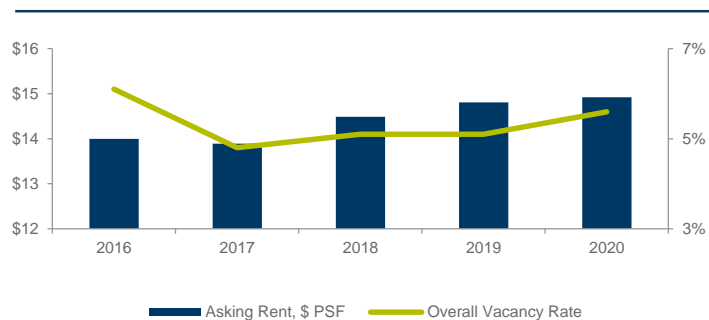
SUPPLY & DEMAND: The closure list is not bad, yet

Announced closures in the region this quarter included JCPenny(2), Tuesday Morning(3), Pier One(6), Ruby Tuesday(2), Metro Diner (2), GNC, Chucky Cheese, Gordon Biersch, McCormick & Schmicks and Fruitive. The watch list contains many retailers that were previously suspect but are in more dire financial straits due to Covid including: Mens Warehouse, Ann Taylor, Game Stop, Signet Jewelers, Brooks Brothers and Macy's. Previously announced projects, such as the 1.5 million square foot mixed use Summit Point in Chesapeake and the 500,000 square foot (sf) mixed-use collaboration with Pharrell adjacent to the Virginia Beach resort area, are still moving forward. We continue to monitor the sit-down restaurant category, both local and national brands, to see how they cope with limited or no indoor dining. On the positive front, grocery, home improvement and restaurants with drive-throughs or a solid delivery platform appear to be the early survivors/winners. Retailers actively developing or seeking multiple sites in the region include Publix, Starbucks, Chipotle, Raising Canes, McDonald's, Valvoline, Take 5 Oil, 7-11, Mezeh, Freddy's Custard and Steakburgers, Bubba's 33, Cava and several Childcare providers.

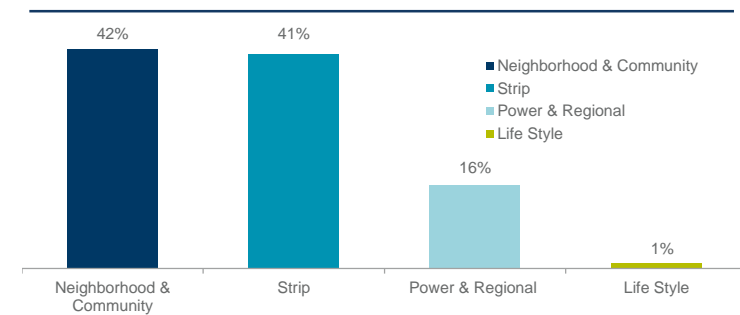
PRICING: Rents rates begin to decline

As with any major downturn there is a standoff between buyers/renters and sellers/landlords. Retailers want and need lower rents in order to survive, while the landlord still has a mortgage to pay. Fortunately, our region went into the downturn in strong position and rents were at all time highs in the Class A trade areas and healthy across the market in general. The overall asking rate declined 0.4% from the first quarter, but a floor has yet to be established as retailers and landlords continue to cope with the impacts from the pandemic.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q2 2020

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	1,984,334	0	136,953	6.9%	-9,472	-4,472	0	\$15.41
Williamsburg	7,680,488	3,813	419,551	5.5%	-24,566	-27,652	55,020	\$18.13
York/Poquoson	2,373,177	0	123,421	5.2%	-8,118	-13,712	0	\$13.88
Newport News	9,238,898	0	401,035	4.3%	15,503	17,488	5,700	\$14.24
Hampton	13,508,611	2,660	1,112,534	8.3%	26,978	-47,936	15,049	\$12.98
Smithfield/Isle of Wight/Suffolk/Franklin	5,898,628	0	214,129	3.6%	-2,966	-39,440	0	\$13.39
Harbourview/Churchland/Western Branch	3,461,422	2,401	210,275	6.1%	-8,860	-14,622	0	\$16.84
Portsmouth	4,907,895	0	157,103	3.2%	-11,607	-14,382	0	\$8.38
Chesapeake	11,198,885	0	555,517	5.0%	-6,186	11,803	37,283	\$17.91
Norfolk	17,808,385	33,580	1,151,073	6.7%	15,552	-302,829	0	\$13.79
Virginia Beach	27,760,314	66,012	1,349,858	5.0%	8,263	11,748	8,034	\$16.48
HAMPTON ROADS TOTALS	105,821,037	108,466	5,831,449	5.6%	-5,479	-447,502	12,086	\$14.92

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

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3116-3146 Western Branch Boulevard	Western Branch	Rose's	50,100	Renewal
4017 E. Little Creek Road	Norfolk	Planet Fitness	32,394	Renewal
5218 Providence Road	Virginia Beach	T.J. Maxx	25,000	Renewal
4210 Portsmouth Boulevard	Chesapeake	Office Max	23,504	Renewal
1948 Diamond Springs Road	Virginia Beach	National Car Care	21,780	Renewal

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
880 N. Military Highway	Norfolk	Midland Loan Services OBO GMAC 2004-C2 / Norfolk Economic Development Authority	740,788	\$11.1M / \$15
109 Gainsborough Square	Chesapeake	Armada Hoffer / Slate Retail REIT	88,838	\$9.3M / \$114
5048 Ferrell Parkway	Virginia Beach	Armada Hoffer / Slate Retail REIT	71,020	\$6.6M / \$132

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