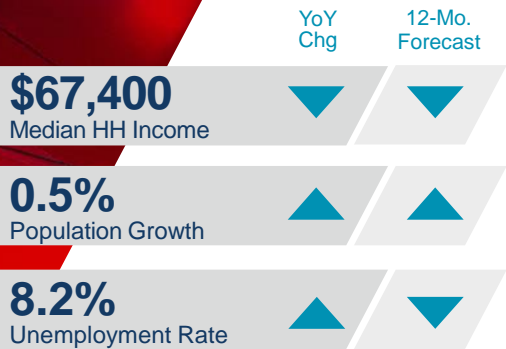


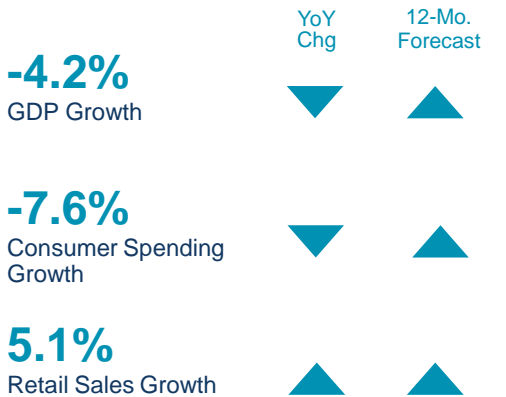
# HAMPTON ROADS

Retail Q3 2020



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

## U.S. ECONOMIC INDICATORS Q3 2020



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW: Mixed messages for the Third Quarter

It is often stated that the Hampton Roads market does not reach as high as larger markets in the peak times but nor does it swing as low during the lean times and that continues to be true today. With a backlog of shipbuilding, a strong stable military presence and a vibrant Port that is firing on all cylinders, the Hampton Roads Market is somewhat insulated from the economic downturn caused by the pandemic. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

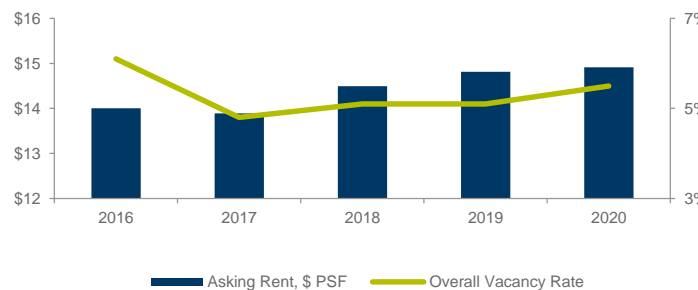
## SUPPLY & DEMAND: More consumers embrace online

It is difficult to state online sales are a new trend, but consumers are utilizing online sales at a rate never experienced. With consumers growing more comfortable with online shopping, the question remains if they will return to old shopping habits when the pandemic is no longer a factor. More importantly, which retailers have the cash reserves to sustain until consumers walk back through their doors? Many retailers and restaurants have successfully adapted by utilizing online, mobile apps, curbside pick-up, and delivery to boost sales, while others have been slower to act. Year-to-date, 27 national retailers have declared bankruptcy. Retailers that announced bankruptcies during the third quarter included: Stein Mart, Tailored Brands (Men's Warehouse, Jos. A. Banks and K&G Men's store), Ascena (Justice, Lane Bryant, Catherine's, Any Taylor and Loft), New York & Co, Brooks Brothers, Sur La Table and Lucky Brand. Beyond retailers, restaurants are declaring bankruptcy at a rapid rate. CEC Entertainment (Chuck E Cheese), California Pizza Kitchen, Sizzler, Ruby Tuesday and a Pizza Hut Franchisee with over 1200 locations declared bankruptcies during the quarter. The better located properties are being actively pursued by restaurants, retailers and other non-traditional uses that are taking advantage of these new opportunities.

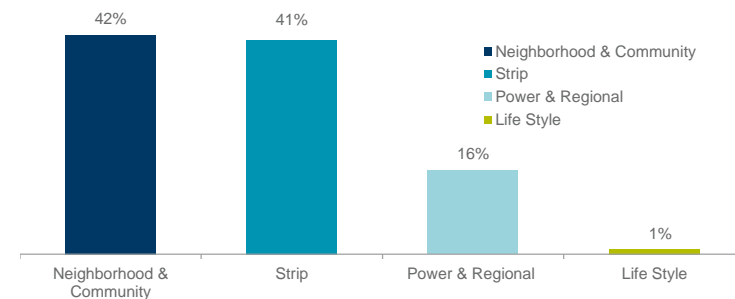
## PRICING: Rental rates begin to decline

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. Our region went into the downturn in strong position and rents were at all time highs in the Class A trade areas but are expected to decline as vacancy rates start to increase.

## RENT / VACANCY RATE



## AVAILABILITY BY PRODUCT TYPE



# HAMPTON ROADS

Retail Q3 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	1,989,249	0	142,242	7.2%	-7,889	-12,361	0	\$15.48
Williamsburg	7,680,002	3,813	419,551	5.2%	22,434	-5,218	55,020	\$18.75
York/Poquoson	2,373,791	0	121,093	5.1%	2,238	-11,474	0	\$13.56
Newport News	9,531,831	0	331,511	3.5%	70,482	87,970	5,700	\$14.90
Hampton	13,602,461	2,660	1,126,511	8.3%	-10,377	-58,313	15,049	\$14.27
Smithfield/Isle of Wight/Suffolk/Franklin	5,908,231	0	197,205	3.3%	16,600	-22,840	0	\$13.37
Harbourview/Churchland	3,475,890	2,401	185,484	5.4%	27,091	12,469	0	\$16.84
Portsmouth	4,895,579	0	171,346	3.5%	-14,243	-29,075	0	\$8.54
Chesapeake	11,250,730	0	507,547	4.5%	66,693	78,496	32,429	\$18.26
Norfolk	17,790,347	33,580	1,231,818	7.1%	-80,745	-383,574	0	\$12.71
Virginia Beach	29,943,321	66,012	1,427,154	5.0%	-38,374	-26,626	18,034	\$16.34
<b>HAMPTON ROADS TOTALS</b>	<b>108,441,432</b>	<b>108,466</b>	<b>5,861,462</b>	<b>5.5%</b>	<b>61,799</b>	<b>-370,546</b>	<b>126,232</b>	<b>\$14.91</b>

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

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3116-3146 Western Branch Boulevard	Western Branch	Rose's	50,100	Renewal
12705-12799 Jefferson Avenue	Newport News	Dollar Tree	20,891	Renewal
301-309 Oyster Point Road	Newport News	Planet Fitness	18,200	Renewal
2947-2961 Shore Drive	Virginia Beach	Ascent Church	14,136	New
5193 Shore Drive	Virginia Beach	Second Chance Thrift	12,911	Renewal

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
353-365 Chatham Drive	Newport News	Frontier Development, LLC / J&J Investments	86,201	\$5.8M / \$67
2211-2213 S. Military Highway	Chesapeake	Yagen Rental Properties, LLC / Chesapeake Virtual Offices &	43,375	\$3.5M / \$81
5140 River Club Boulevard	Harbourview	Riverfront Shoppes, LLC / Liberty Investment Partners	19,370	\$8.4M / \$221

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