

HAMPTON ROADS

Retail Q3 2022



\$75,600

Median HH Income

YoY Chg



12-Mo. Forecast



0.5%

Population Growth



3.1%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q3 2022

1.5%

GDP Growth

YoY Chg



12-Mo. Forecast



7.9%

Consumer Spending Growth



8.9%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: It's All About the Fed

To paraphrase James Carvel, It's the Fed, Stupid. All eyes are on the economy and monetary policy of the Federal Reserve after two quarters of contraction in Gross Domestic Product. Consumer spending in the third quarter was down 4.8%, and although inflation ticked down for the third consecutive month, the Fed will continue to raise rates. The late October Q3 GDP announcement is expecting growth in the economy for this past quarter despite these economic headwinds. One of the largest challenges to the Hampton Roads economy according to the Dragas Center for Economic Analysis & Policy is the reduced labor force. Ultimately this impacts all sectors and may become a barrier to a vibrant economy according to its director, Robert M. McNabb. On the other hand, defense and military spending as well as the strength of the Port of Virginia, which is on pace for another record year, stabilize this market.

MARKET ACTIVITY: Open for Business

There have been more store openings than closings in 2022, and the Hampton Roads market continues to benefit from this. In Q3, numerous retailers announced plans for new stores: TJX announced 150 new stores in the U.S., Starbucks announced 2,000 new U.S. locations by 2025, Burlington announced 90 locations, Chesapeake Based Dollar Tree is planning to add 590 new locations, Ross Stores plans 75 locations, and Dollar General / Popshelf announced 1,100 locations. TJX and Starbucks have been active in the market both signing leases and opening locations. Additional new retail locations in Hampton Roads include Sherwin Williams, Aldi, Green Clean Car Wash, Big Lots, Insomnia Cookies, and Cookie Crumble, and Starbucks opened its first corporate location on HBCU at Hampton University. Black Rifle Coffee purchased a closed KFC in Norfolk and is under construction in Virginia Beach, and Raising Cane's is under construction on two locations that will both open in the fourth quarter of this year.

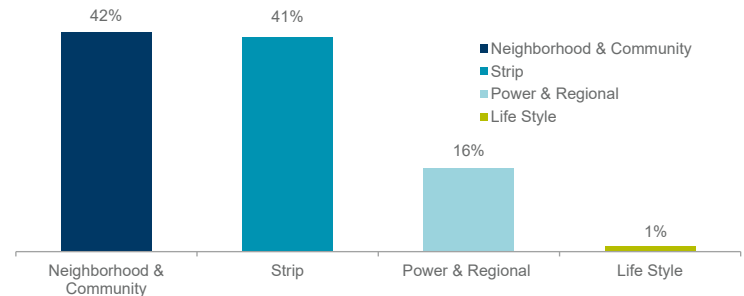
TRENDS: Capital Markets in an Inflationary Market

While overall retail investment sale closings continued their 2022 trend in Q3, the quarter saw a significant decrease in new retail listings. The greatest reason for this is a 300-basis point rise in the Fed since March of this year. High interest rates have had a huge impact on the commercial real estate market. Although rates remain historically low, steeper borrowing costs and concerns of continued rate hikes are putting many buyers and sellers into more of a wait-and-see mode. Higher interest rates and changing lender requirements are making it harder to qualify for loans. Notwithstanding, single-tenant net lease retail sales are still favorable in the Hampton Roads MSA, specifically those with national credit and long-term leases.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q3 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	163,637	9.3%	43,970	31,032	14,067	\$14.99
Williamsburg	7,433,552	8,450	370,655	5.1%	14,606	49,258	6,000	\$20.20
York/Poquoson	1,990,975	0	27,961	1.9%	17,373	22,979	0	\$13.88
Newport News	8,441,044	12,608	282,660	3.7%	37,103	-695	0	\$15.41
Hampton	12,031,634	0	780,036	6.5%	39,097	145,880	14,545	\$13.95
Smithfield/Isle of Wight/Suffolk/Franklin	5,011,666	0	165,941	3.5%	-23,381	-13,175	0	\$11.33
Harbourview/Churchland	3,149,497	0	143,704	4.6%	-5,199	22,742	111,850	\$15.47
Portsmouth	4,041,704	0	147,719	4.7%	-21,729	-16,088	51,454	\$11.04
Chesapeake	10,567,059	2,833	220,261	3.5%	105,086	283,117	29,120	\$17.21
Norfolk	15,219,083	23,740	1,073,915	7.5%	216,142	215,486	45,000	\$14.23
Virginia Beach	25,505,381	88,922	894,925	4.1%	116,085	189,876	20,007	\$16.73
HAMPTON ROADS TOTALS	95,152,774	136,553	4,271,414	5.3%	539,153	930,412	292,043	\$14.95

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3612 LaGrange Parkway	Williamsburg	C&F Enterprises Inc.	103,795	New
415 N. Military Highway	Norfolk	Planet Fitness	24,000	Renewal
5802 E. Virginia Beach Boulevard	Norfolk	K&G Fashion Superstore	21,360	Renewal
6501 College Park Square	Suffolk	Goodwill	40,000	Renewal

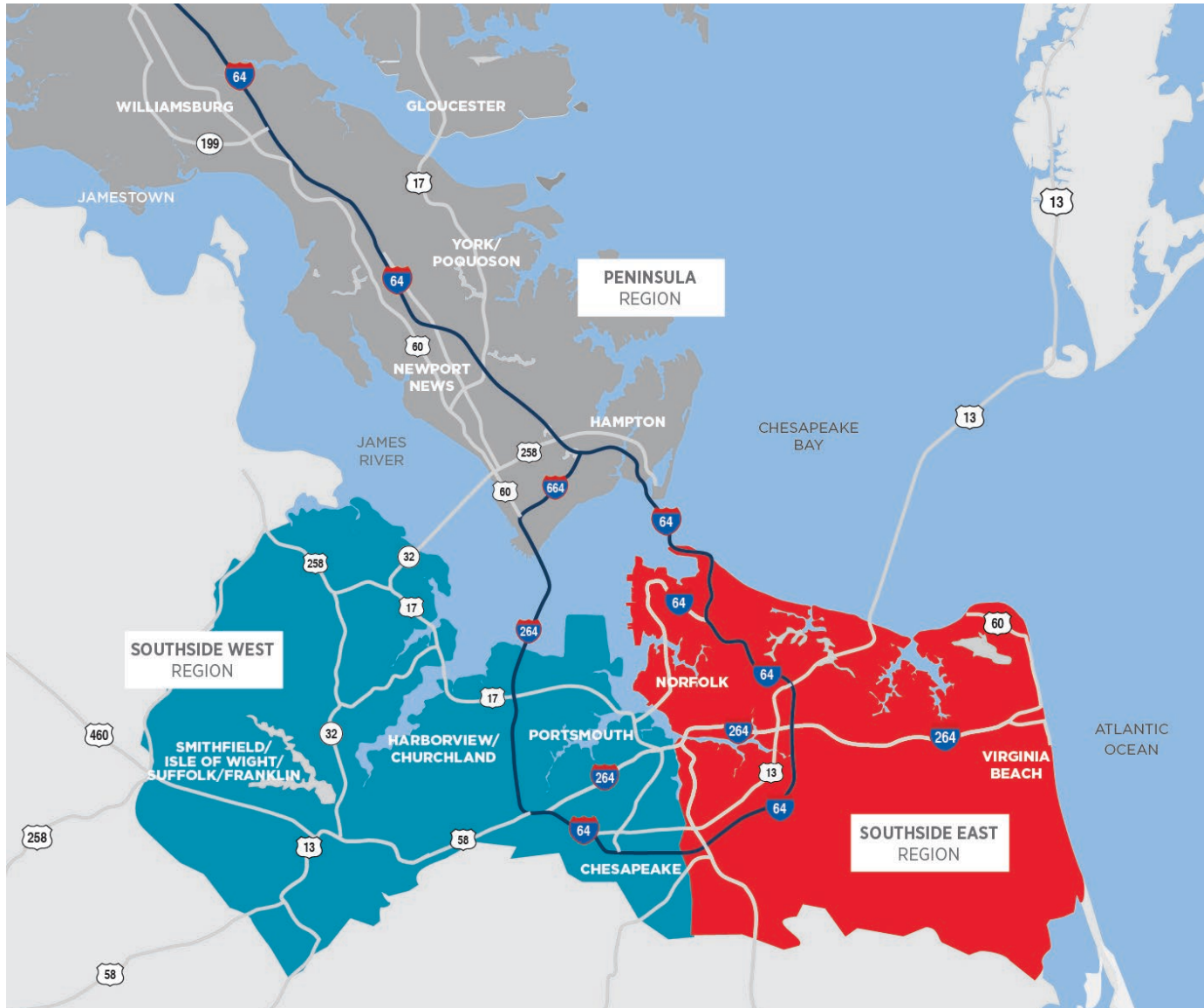
KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1401 Greenbrier Parkway	Chesapeake	Seritage SRC Finance, LLC / Sifen, Inc.	169,376	\$6.8M / \$40
Oyster Point Plaza (4 Properties)	Newport News	N/A / N/A	73,197	\$7.87M / \$108
7521 Richmond Road	Williamsburg	Candle Factory Building, LLC / Prime Storage Group	78,230	\$3.8M / \$49

HAMPTON ROADS

Retail Q3 2022

RETAIL SUBMARKETS



ED KIMPLE

Senior Vice President

Tel: +1 757 213 4155

ed.kimple@thalhimer.com

DAVID MACHUPA

Senior Vice President

Tel: +1 757 213 4156

david.machupa@thalhimer.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 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.

©2022 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.

thalhimer.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance