

NORFOLK | RETAIL

Q1 2018



Accelerating success.

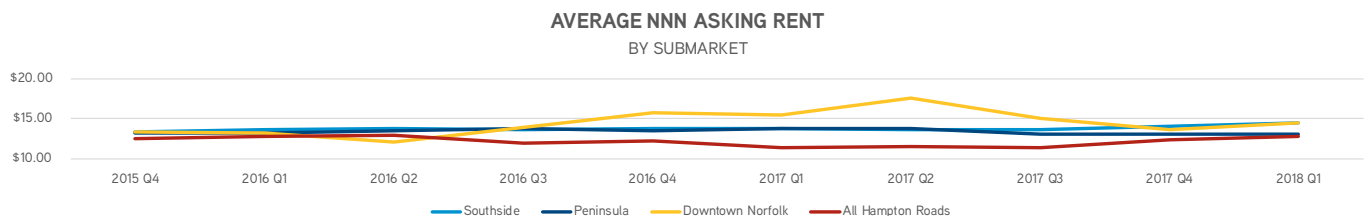
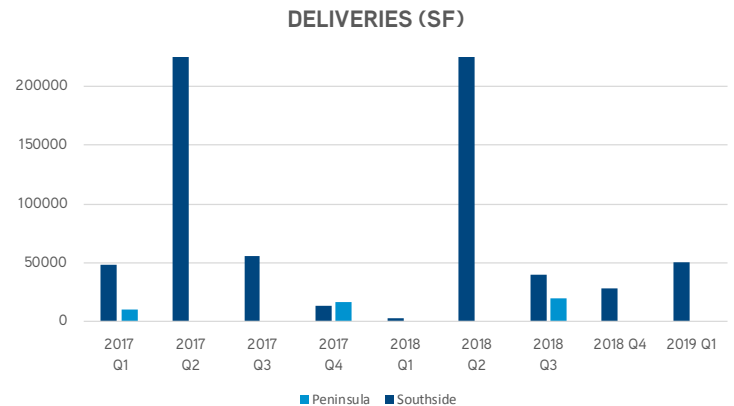
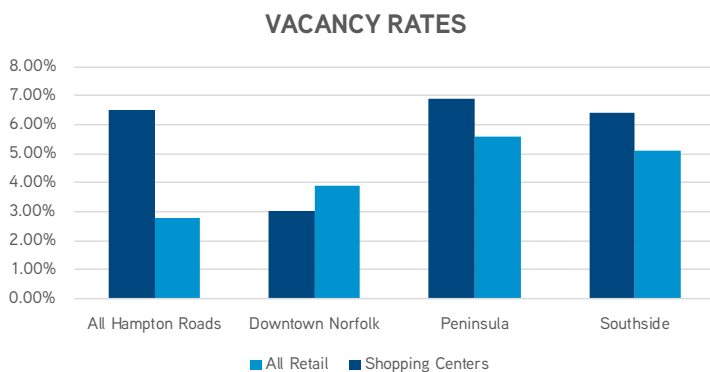
		PENINSULA	SOUTHSIDE	DOWNTOWN NORFOLK	ALL HAMPTON ROADS
Inventory (SF)	All Retail	51,313,339	24,995,457	3,474,465	27,065,112
	Shopping Centers	34,459,936	1,685,251	1,602,430	55,373,141
Average Asking Rent (NNN)	All Retail	\$14.40	\$12.90	\$13.91	\$11.94
	Shopping Centers	\$14.49	\$13.39	\$14.93	\$13.74
Vacancy Rate	All Retail	5.10%	5.60%	3.90%	2.80%
	Shopping Centers	6.40%	6.90%	3.00%	6.50%
Net Absorption (SF)	All Retail	(45,046)	7,896	6,707	7,294
	Shopping Centers	(60,095)	23,376	6,382	(122,947)

MARKET TOTALS

Net Absorption
-36,016

Vacancy
5.2%

Asking Rents
\$13.47





The Hampton Roads retail market experienced not much change in market conditions in the first quarter 2018. The vacancy rate increased to 5.2%, up slightly from the fourth quarter. Net absorption was negative 36,016 square feet, and can be expected to remain negative through the rest of 2018 due to the large amounts of big box vacancies. Rental rates are up slightly this quarter, ending at \$13.47 per square foot per year.

The largest retail news in the first quarter of 2018 included two closing announcements - Toys 'R' Us and Farm Fresh. Out of the 32 Farm Fresh locations in Hampton Roads, 8 have been purchased by Kroger; 10 by Harris Teeter-which is a subsidiary of the Kroger Co.- and 3 by Food Lion, leaving 17 remaining big box openings in the market. The Kroger Co, which now will operate 18 stores in the region after the Farm Fresh acquisition, has placed its Southern Chesapeake store on hold indefinitely. There are five Toys 'R' Us and three Babies 'R' Us in the Hampton Roads market which will be closed by the end of the second quarter. The Norfolk Sam's Club, which closed in January, also remains vacant. Like other markets, Hampton Roads is continuing to face the challenge of backfilling other vacant big-box stores.

Chesapeake Square Mall was purchased this quarter by local apartment and home developer Kotarides, who has not announced plans for the mall. The mall is the company's first retail venture.

Green Flash's 58,000 square foot brewery in Virginia Beach abruptly closed in March, listing the facility and all of its' contents for sale. The facility has attracted interest from local and national brewers.

SIGNIFICANT MARKET ACTIVITY

SALES	SUBMARKET	SALE DATE	SIZE	PRICE	PRICE / SF	BUYER	TYPE
JANAF Shopping Yard (26 Properties)	Norfolk	Jan 2018	887,917	\$85,650,000	\$96.46	Wheeler REIT	Investment
Crossways Center II	Chesapeake	Feb 2018	152,697	\$19,900,000	\$130.32	Grand Discount Furniture Inc	Owner/User
Indian Lakes Crossing	Virginia Beach	Jan 2018	71,020	\$14,700,000	\$206.98	Armada Hoffer Properties	Investment
Chesapeake Square Mall	Chesapeake	Feb 2018	613,809	\$12,900,000	\$21.02	Kotarides	Investment
4115 Mercury Blvd	Hampton	Feb 2018	31,217	\$8,700,000	\$278.69	Priority Auto Group	Owner/User
2101 General Booth Blvd & 3673 Virginia Beach Blvd	Virginia Beach	Feb 2018	2,200	\$5,255,547	\$2,388.89	7-Eleven Inc.	Owner/User
11825 Jefferson Ave (7-Eleven)	Newport News	Mar 2018	3,073	\$3,275,000	\$1,212.17	Creative Investment Properties	Investment
LEASES		LEASE DATE	SF LEASED	TENANT			TYPE
4019-4041 W Mercury Blvd	Hampton	Jan 2018	26,051	Harbor Freight Tools			New
1260 Richmond Road	Williamsburg	Feb 2018	24,042	Earth Fare			New
6533-6585 Market Drive	Gloucester	Feb 2018	21,828				New
4239 Holland Rd	Virginia Beach	Mar 2018	17,729	Blink Fitness			New
3032-3044 Richmond Rd	Williamsburg	Jan 2018	11,000	Lenox			Renewal
15425 Warwick Blvd	Newport News	Jan 2018	10,857	Dollar General			Renewal
5900 E Virginia Beach Blvd	Norfolk	Mar 2018	9,985	Gallo Clothing			New

* indicates transaction represented by Colliers International | Richmond



Chesapeake Square Mall was purchased by developer Kotarides in February for \$12.8M. No plans for the vacant mall have been released.



Green Flash Brewery in Virginia Beach abruptly closed this quarter. We can expect another brewery to fill the space.



Farm Fresh is closing 32 locations in Hampton Roads. 21 have been backfilled by other grocers.

FOR MORE INFORMATION:

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