

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Chesapeake	5,149,080	38,182	165,905	5.1%	-8,000	-8,000	44,466	158,000	\$18.60	\$20.07
Gloucester	106,173	0	452	0.4%	0	0	0	0	\$10.50	N/A
Hampton	3,539,518	13,855	746,763	21.9%	-41,823	-41,823	18,806	0	\$15.27	\$16.66
Harborview / Western Branch	1,871,280	0	156,070	9.5%	-40,427	-40,427	17,569	0	\$16.90	\$27.00
Newport News	6,955,009	1,796	532,202	8.5%	-4,707	-4,707	99,034	316,565	\$18.06	\$22.45
Norfolk	9,822,872	18,625	847,197	9.3%	233,521	233,521	76,304	20,000	\$21.26	\$24.46
Portsmouth	1,090,020	0	88,170	8.1%	-3,952	-3,952	4,327	0	\$16.69	\$17.99
Suffolk	1,080,443	0	32,892	3.0%	0	0	0	0	\$18.03	N/A
Virginia Beach	11,776,815	24,884	687,736	6.5%	114,721	114,721	143,787	70,000	\$19.69	\$20.99
Williamsburg	1,436,144	0	65,910	4.6%	-7,238	-7,238	0	0	\$19.09	\$23.00
York	594,631	0	27,650	5.1%	-6,047	-6,047	2,500	0	\$18.26	\$19.75
HAMPTON ROADS TOTALS	43,421,985	97,432	3,350,947	7.9%	236,048	236,048	406,793	564,565	\$18.94	\$21.51

*Rental rates reflect full service asking. Leasing statistics include renewals.

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1151 Azalea Garden Rd.	Norfolk	US Government Fleet Human Resources	44,066	New Lease
1317 Executive Blvd.	Chesapeake	Burns & McDonnell	37,850	New Lease
2 BayPort Way, Ste. 200/300	Newport News	BayPort Credit Union	34,264	New Lease
222 Central Park Ave.	Virginia Beach	Cherry, Bekaert & Holland, LLP	18,255	Renewal

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
150 W. Brambleton Boulevard	Norfolk	Virginian-Pilot Media Companies, LLC / The Monument Companies, LLC	173,000	\$9.4M / \$54
400 Granby Street	Norfolk	The City of Norfolk / Beacon Norfolk, LLC	88,836	\$3.7M / \$42
733 Volvo Parkway	Chesapeake	Davenport Group / Volvo III, LLC	75,969	\$8.4M / \$111
2877 Guardian Lane	Virginia Beach	Greenspring Realty Partners, Inc. / Guardian Lane West, LLC	66,062	\$6.8M / \$102
555 S. Independence Boulevard	Virginia Beach	Thalhimer Realty Partners / Inmotion Hosting Inc.	61,528	\$8.5M / \$138

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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 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

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