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COMMERCIAL REAL ESTATE SERVICES, INC.



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ESTATE SERVICES

Prince William County



Changing Face of Retail

Presented by: Coleman Rector

June 25, 2021

Retail - PWC

Search Analytics

INVENTORY SF 21.9M +0.3% Prior Period 21.8M	UNDER CONSTRUCTION SF 269K +190.5% Prior Period 92.6K	12 MO NET ABSORPTION SF 53.2K -45.2% Prior Period 97K	VACANCY RATE 4.3% +0% Prior Period 4.3%	MARKET RENT/SF \$24.73 +1.1% Prior Period \$24.46	MARKET SALE PRICE/SF \$297 +4.0% Prior Period \$286	MARKET CAP RATE 6.3% -0.2% Prior Period 6.5%
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Key Metrics

Availability		Inventory	
Vacant SF	941K ↑	Existing Buildings	1,146 ↑
Sublet SF	202K ↓	Under Construction Avg SF	38.4K ↑
Availability Rate	5.9% ↓	12 Mo Demolished SF	0 ↓
Available SF	1.3M ↓	12 Mo Occupancy % at Delivery	98.3% ↑
Available Asking Rent/SF	\$25.71 ↑	12 Mo Construction Starts SF	238K ↑
Occupancy Rate	95.7% ↓	12 Mo Delivered SF	61.6K ↓
Percent Leased Rate	96.7% ↑	12 Mo Avg Delivered SF	14.7K ↑

Sales Past Year		Demand	
Asking Price Per SF	\$383 ↓	12 Mo Net Absorp % of Inventory	0.2% ↓
Sale to Asking Price Differential	-7.8% ↑	12 Mo Leased SF	686K ↑
Sales Volume	\$121M ↓	Months on Market	17.3 ↑
Properties Sold	49 ↓	Months to Lease	11.6 ↓
Months to Sale	10.6 ↑	Months Vacant	9.7 ↓
For Sale Listings	35 ↑	24 Mo Lease Renewal Rate	78.8%
Total For Sale SF	213K ↑	Population Growth 5 Yrs	3.7%

Changing Face of Retail

Retail is still being propped up.

- By the Landlords
- By the Lenders giving Landlords leeway
- By billions of dollars of stimulus money yet to be spent or given away

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Retail has embraced technology.

- Buy online/pick up in store
 - Not just retail but restaurants
- QR code/smart phone menus
- Mobile payments

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This has had a physical change on retail.

- Less retail space/add fulfillment space
 - (Buy online & pick up at the store)
- Less dining room space/more drive-thru's
- Pick-up & drive-thru only restaurants

Changing Face of Retail

Co-tenancy with non-retail uses.

- Quasi office users
 - Real estate & title company offices
- Self-storage – Big Box backfill

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The Future:

- While the consumer is coming back...we are “so” not out of the woods.
- A glut of retail space is coming
 - Rise of e-commerce requiring less physical space
 - Retailers going out of business

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An onslaught of debt looms.

- More than \$2T commercial real estate debt matures between now & 2025
- Much of it is in forbearance or default
- Lots of money on the sidelines to buy it

Changing Face of Retail

- Online sales are expected to decrease as the consumer comes back.
 - But only a little bit
- Online “everything” is going to stick with us moving forward.

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Wrap Up:

- Hard times ahead as debt comes due & stimulus money runs out.
- COVID innovation will remain.
- Continued blend of online/physical store

I wish I had a crystal ball...as the next chapter is not yet written.



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Questions?



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