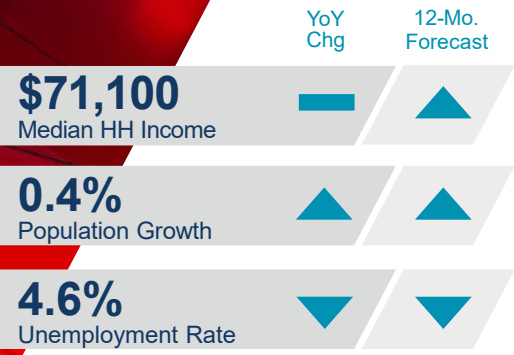


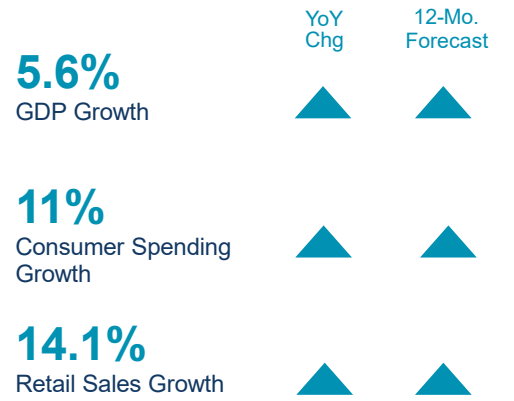
HAMPTON ROADS

Retail Q3 2021



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

U.S. ECONOMIC INDICATORS Q3 2021



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Consumer spending and rising cost fuel retail sales growth

Despite the discontinued pandemic relief, retail sales were up 14.1% in year over year growth which was a combination of increased consumer spending and higher cost of goods. Rising oil prices and supply chain disruptions combined with strong consumer demand across most retail lines fueled growth. American Express reported increased 3rd Quarter earnings in spending by Millennials and Gen Z with spending up 38% over 2019 3rd quarter numbers. While much of the spending was on food and beverage (entertainment), fashion, and travel. On a national level, health and fitness facilities saw a resurgence as consumers were getting back to the gym. Retailers seem to be doing more with less these days. The challenge of hiring plagues all employers whether it be restaurant or retail causing shorter operating hours or reduced days open for business, yet sales continue to climb. There is some concern that consumer confidence is waning as we enter the strongest retail season. Concern over supply chain disruption should cause an earlier start to the holiday season which may benefit retailers if the backlog can be freed.

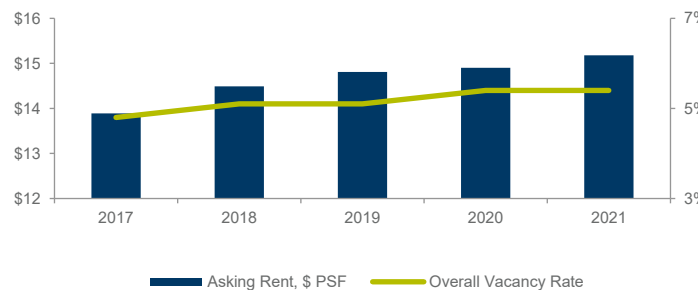
SUPPLY & DEMAND: New tenants are still very active

Category of tenants tend to come in waves, and we witnessed more of this in the past quarter. Driven Brands concept, International Car Wash Group, Green Clean Car Wash, TidalWave and others have actively been buying sites or ground leasing across Virginia. Bank of America and Chase Bank are making an appearance as they are pursuing sites in Hampton Roads and on a grocery front, Aldi, Publix and lidl are all tied to new projects. Regional sub-markets are in high demand and retailers are getting creative to enter those by redeveloping properties. Freddy's Frozen Custard and Steakburgers purchased a former TGIFridays in the Lynnhaven sub-market and ground leased a former Shoney's in the Battlefield sub-market. Junior anchor box vacancies are being absorbed by tenants that are right sizing their stores or making a push into the market, as an example, Hobby Lobby signed a lease for the former Babies r us in Greenbrier. From a capital markets perspective, quality retail properties, whether they be single tenant or multi-tenant are being met with high demand from purchasers and generating multiple offers for the seller. Cap rates and interest rates continue to remain low with lenders desire for creditworthy tenants.

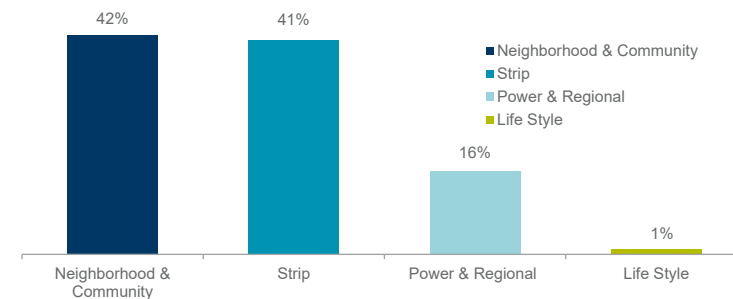
PRICING: Seems to be heading up

Be it construction cost, land or rent, cost seem to be heading up. High demand for construction, labor shortages and supply chain disruption have increased cost. Rising construction cost directly correlate with rising rents. Demand from users has maintained or increased land prices within various sub-markets. With banks, food users, car washes and medical users all vying for prime real estate, small shop development and pad pricing is near all time highs in the strongest A markets. Secondary markets continue to have interest from users and rents are stable.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q3 2021

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	2,018,871	0	215,592	10.3%	831	-47,088	0	\$13.39
Williamsburg	7,905,805	3,000	466,671	5.6%	-6,793	-68,045	55,020	\$19.17
York/Poquoson	2,379,412	0	75,325	1.9%	6,586	25,965	4,000	\$14.18
Newport News	9,606,993	0	313,442	3.3%	-15,114	-2,029	0	\$15.69
Hampton	13,523,307	0	900,749	7.3%	54,985	71,946	2,500	\$13.70
Smithfield/Isle of Wight/Suffolk/Franklin	5,930,355	0	226,471	3.8%	-39,853	-51,322	0	\$12.87
Harbourview/Churchland	3,519,386	0	172,267	4.9%	16,762	-2,813	17,600	\$16.61
Portsmouth	5,080,227	0	137,805	2.7%	53,164	24,558	0	\$8.93
Chesapeake	11,273,407	0	434,830	3.9%	55,928	110,282	48,639	\$17.89
Norfolk	17,863,607	28,450	1,399,720	8.0%	100,731	158,779	16,784	\$12.63
Virginia Beach	28,066,034	73,987	1,226,262	4.6%	-17,170	80,048	0	\$17.87
HAMPTON ROADS TOTALS	107,167,404	105,437	5,569,134	5.4%	210,057	300,281	144,543	\$15.18

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4588 Virginia Beach Boulevard	Virginia Beach	Decisions, LLC	52,638	New
3312 Princess Anne Road	Virginia Beach	Burlington Coat Factory	27,971	New
3750 Virginia Beach Boulevard	Virginia Beach	National Corporate Housing, Inc.	22,400	New
1200 N. Military Highway	Norfolk	Iron Asylum	22,108	New

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
1501 & 1653 Sentinel Drive	Chesapeake	Principal Real Estate Investors, LLC / Armada Hoffer Properties, Inc.	260,710	\$36.5M / \$140
Sterling Creek Commons	Portsmouth	Victory Real Estate Assessments, LLC / Ripley Heatwole Co., Inc.	80,689	\$3.6M / \$44
3208 Holland Road	Virginia Beach	Club Forest Callonwood, LLC / Ben Clarke	63,993	\$6.43M / \$100

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