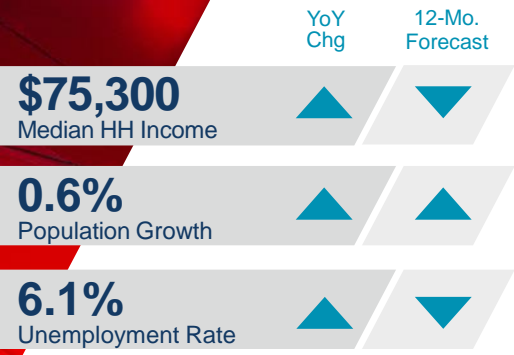


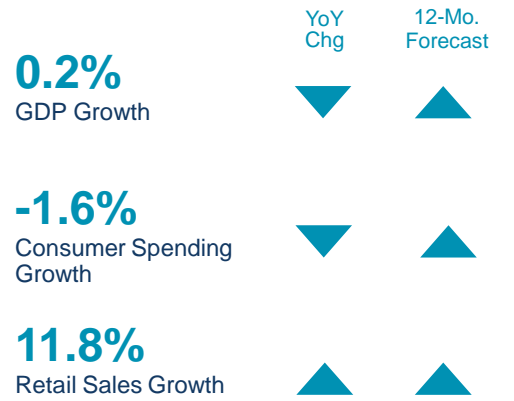
HAMPTON ROADS

Retail Q1 2021



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

U.S. ECONOMIC INDICATORS Q1 2021



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Starting to gain a bit of traction

The first quarter of 2021 is off to a solid start. To date, 34 companies of the S&P 500 have reported first quarter earnings with 88% of those companies beating their Q1 targets by an average of 22%. Positive signs for our local economy include jobless claims being down 83% year over year, tax returns and the next round of government stimulus aiding consumer spending growth, and planned increases in defense spending fueling the recovery within the overall Hampton Roads market. On a national and local level, retailers are seeing increased sales and strengthening consumer traffic as a larger portion of the population has been vaccinated. Additionally, Pandemic Fatigue is expected to lead to a surge in spending on travel, leisure and entertainment which will drive both sales and employment numbers in the second quarter.

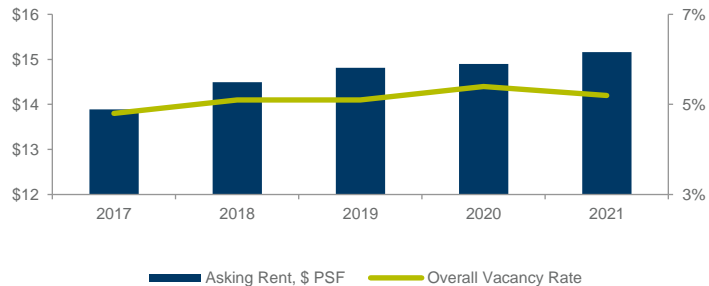
SUPPLY & DEMAND: Steady demand for quality real estate

The demand for quality real estate remains strong in Hampton Roads as new and existing retailers look for opportunities to open or relocate stores. Having said that, retailers realize the market is softer and have been looking for landlords to be more aggressive on rental rates. Retailers with the wherewithal are looking to take advantage of new opportunities with perceived softer retail markets. Amazon has continued to impact the retail market but not in the ways we are accustomed to. Both locally and on a national level, Amazon and other non-traditional retail users have been repurposing vacant big boxes for distribution or other uses. One example of this is the former K-Mart in Hampton, VA that is being re-purposed as a last-mile distribution site by Amazon. Additionally, the first quarter saw a variety of new food retailers tour the market looking for development and redevelopment opportunities. Car washes have also become the new drug store, as we have seen numerous car wash providers aggressively come to market and pay premiums for vacant bank branches or other desirable retail pads.

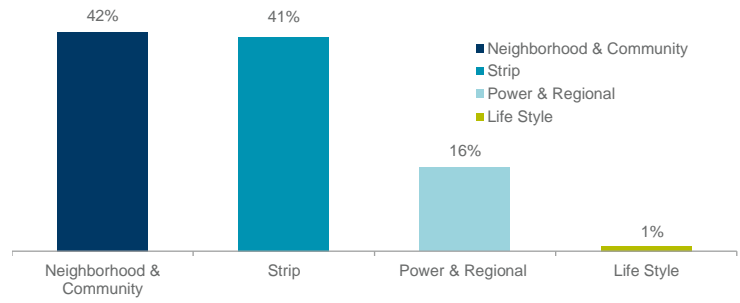
PRICING: Holding steady

Several factors are contributing to minimal movement in rental rates, with an overall average asking rate of \$15.16 per square foot (psf). Inline small shop space has seen the most challenges as there are few retailers looking to backfill these vacancies. Mom-and-pop retailers have been more cautious to expand or relocate while they wait out the pandemic, while other users are looking to occupy large chunks of this space. Salon suites concepts are active and can occupy 8,000 -12,000 square feet (sf) of space, while food users and car washes are extremely active. The increase in activity has held firm the premium real estate pricing and is counteracting downward movement caused by the pandemic.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q1 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	2,000,929	0	173,504	8.7%	-5,600	-5,600	0	\$15.53
Williamsburg	7,832,521	0	451,247	5.7%	-31,426	-31,426	55,020	\$18.77
York/Poquoson	2,374,555	0	97,172	4.0%	4,118	4,118	0	\$13.50
Newport News	9,506,613	0	318,916	3.2%	-7,283	-7,283	0	\$15.79
Hampton	13,380,455	0	1,037,183	7.6%	16,512	16,512	11,500	\$13.22
Smithfield/Isle of Wight/Suffolk/Franklin	5,932,322	0	182,833	3.1%	-7,684	-7,684	0	\$13.01
Harbourview/Churchland	3,453,052	0	165,070	4.6%	-760	-760	109,000	\$20.06
Portsmouth	4,946,108	0	181,489	3.1%	-25,438	-25,438	5,412	\$8.60
Chesapeake	11,279,848	0	555,821	3.4%	-11,099	-11,099	16,169	\$17.98
Norfolk	17,792,989	33,580	1,477,819	8.1%	61,234	61,234	3,864	\$13.01
Virginia Beach	30,235,358	73,987	1,328,816	4.3%	80,397	80,397	9,000	\$17.72
HAMPTON ROADS TOTALS	108,734,750	107,567	5,969,873	5.6%	72,971	72,971	209,965	\$15.16

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

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7519 Tidewater Drive	Norfolk	Food Lion, LLC	35,550	Renewal
369 Chatham Drive	Newport News	Riverside Health Systems	34,130	New
439-467 Oriana Rd	Newport News	Surplus Plus	33,472	New

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
457-473 Merrimac Trail	Williamsburg	Manual B. Saunders / Country Town Plaza, LLC	39,000	\$2.9M / \$74
1134 W. Mercury Boulevard	Hampton	Eleven Thirty Four, LLC / Jcarver Holdings, LLC	24,494	\$5.0M / \$204
4900 George Washington Memorial Highway	York/Poquoson	Harvey Lindsay Commercial Real Estate / Home Technologies	12,000	\$800K / \$67

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