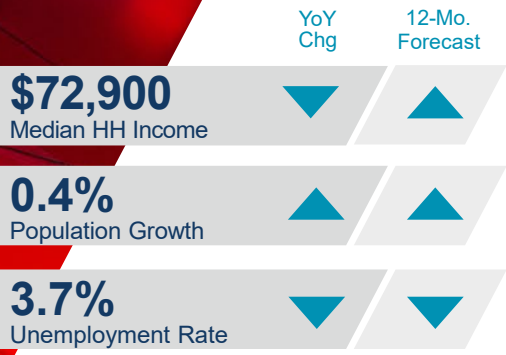


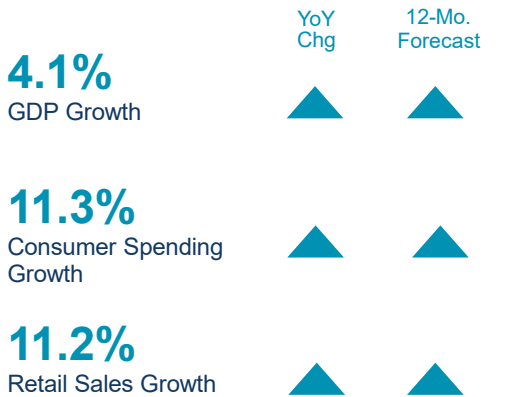
# HAMPTON ROADS

Retail Q1 2022



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

## U.S. ECONOMIC INDICATORS Q1 2022



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW: Inflation is the Word of the Day

Previously Covid and supply chain disruptions had a serious impact on rising inflation rates; however, the US economy has been better than forecast. The unemployment rate of 3.7% shows it is back to full employment levels, labor force participation has seen an increase with some people returning to the labor force and strong corporate profits supporting business investment. As concerns over Omicron's impact to the economy decreased, the Russian invasion into Ukraine pushed oil prices higher and added an additional pressure on inflation and the global economy. Factoring in Europe's reliance on Russian natural gas, any boycott of that product will slow the European economy, strengthen the US dollar, increase the cost of US goods and in turn result in less exports from the US to Europe. While we are concerned about the economic headwinds and inflation, the strength of the Port of Virginia as an economic driver stabilizes Southeastern Virginia. According to the just-released State of the Port report, Port TEU (twenty-foot equivalent unit) volume was 25.2%, tons of cargo increased 6% and year-over-year (YOY) operating income increased 319.5%. Combined with port efficiencies, significant backlog and challenges of west coast ports, and the substantial military presence in southeastern Virginia, this area is somewhat insulated to economic challenges that may lie ahead.

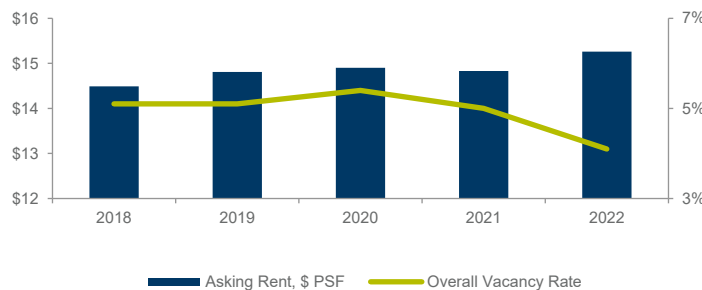
## MARKET ACTIVITY: New Tenants Still Very Active

Over the first quarter of this year, there continues to be an uptick in activity from tenants touring and entering the market as well as opening locations. Kickback Jacks opened their first Suffolk location in the Harborview trade area and continues to search for opportunities, Freddy's Custard and Steamburgers opened on Lynnhaven Parkway in Virginia Beach and went under construction on a site in Hampton, Raising Cane's started construction on their Mercury Blvd location in Hampton. Big Lots backfilled the former Wal-Mart Neighborhood Market on Virginia Beach Boulevard and Dollar Tree backfilled the former Farm Fresh at Holly Point in Chesapeake. Banks, car washes, and quick-serve restaurants are battling for quality real estate. Starbucks continues to be very active in the market and is now joined by Black Rifle Coffee Company and 7 Brew, who have both secured locations and search for additional sites.

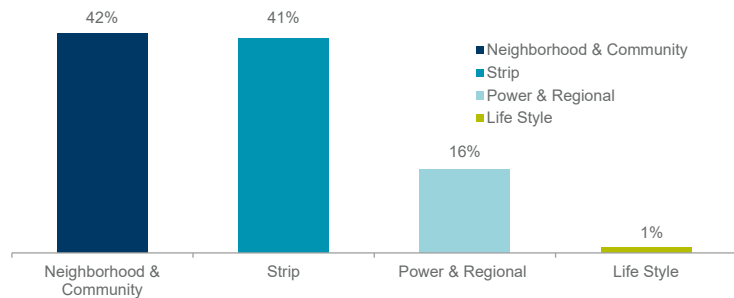
## TRENDS: Restaurants Continue to Evolve and Adapt

The move to drive-thru or pick-up windows for restaurants is in full swing as restaurants that have not traditionally had windows are competing for endcaps or freestanding buildings that can accommodate a window. This trend had started just before Covid but accelerated significantly as retailers and restaurants adapted to changing retail scenery and shopping patterns. Full-service sit-down restaurants have also adapted and have added pick-up/to-go parking that was previously a small portion of the business. We expect these trends to continue and evolve.

## RENT / VACANCY RATE



## AVAILABILITY BY PRODUCT TYPE



# HAMPTON ROADS

Retail Q1 2022

## 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	2,024,686	0	166,588	8.2%	7,900	7,900	0	\$13.44
Williamsburg	7,972,019	3,000	401,363	5.1%	42,697	42,697	31,755	\$19.67
York/Poquoson	2,399,908	0	52,216	2.2%	23,225	23,225	8,000	\$15.75
Newport News	9,392,536	0	293,969	3.2%	8,440	8,440	0	\$15.26
Hampton	13,573,385	0	877,529	6.5%	67,438	67,438	0	\$13.83
Smithfield/Isle of Wight/Suffolk/Franklin	5,937,988	0	156,068	2.6%	15,826	15,826	8,425	\$11.74
Harbourview/Churchland	3,391,959	0	145,938	4.3%	-2,296	-2,296	0	\$13.57
Portsmouth	5,056,054	0	146,620	2.9%	-14,995	-14,995	70,454	\$11.43
Chesapeake	11,275,395	0	301,841	2.7%	174,111	174,111	40,170	\$17.48
Norfolk	17,183,191	23,470	1,288,315	7.6%	-29,232	-29,232	0	\$14.21
Virginia Beach	28,197,217	95,223	1,001,155	3.9%	5,689	5,689	0	\$16.60
<b>HAMPTON ROADS TOTALS</b>	<b>106,404,338</b>	<b>121,963</b>	<b>4,831,602</b>	<b>4.6%</b>	<b>298,803</b>	<b>298,803</b>	<b>158,804</b>	<b>\$15.26</b>

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

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
211 Providence Road	Chesapeake	Dollar Tree	43,359	New
2844-2864 Virginia Beach Boulevard	Virginia Beach	Big Lots	41,176	New
2226-2421 York Crossing Drive	Gloucester	Burke's Outlet	30,600	New
7525 Tidewater Drive	Norfolk	Ross Dress for Less	30,098	New

## KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
880 S. Military Highway	Virginia Beach	Indian River Shopping Center, LLC / JFS Real Estate, LLC	128,017	\$5.9M / \$46
701 N. Battlefield Boulevard	Chesapeake	Woodford Square Associates / Moxie Equities Woodford Square LLC	85,323	\$6.85M / \$80
109 Gainsborough Square	Chesapeake	Gotjen Adrian / J&MR&E Invs, LLC	81,154	\$232K / \$2.86

### ED KIMPLE

Senior Vice President

+1 757 213 4155 / [ed.kimple@thalhimer.com](mailto:ed.kimple@thalhimer.com)

### DAVID MACHUPA

Senior Vice President

+1 757 213 4156 / [david.machupa@thalhimer.com](mailto:david.machupa@thalhimer.com)

[thalhimer.com](http://thalhimer.com)

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