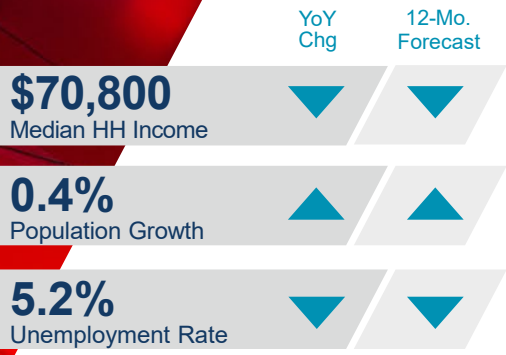


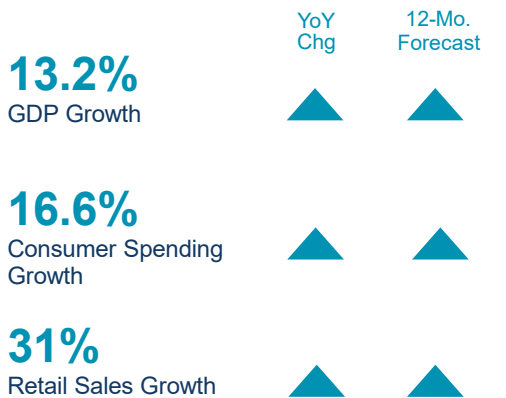
HAMPTON ROADS

Retail Q2 2021



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

U.S. ECONOMIC INDICATORS Q2 2021



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: The consumer is back and they are spending

Following the national trend, the economic recovery was in full swing in Hampton Roads for the second quarter of 2021. The emboldened, immunized consumers led the retail charge not just with online shopping, but they also returned to the physical stores in full force. Armed with stimulus checks, unemployment benefits and tax refunds year over year spending hit record levels. Whether it is the continued unemployment benefits or lingering Covid concerns/issues, there is a noticeable trend that can be seen on most store fronts across the region; "Help Wanted." Several businesses, particularly restaurants, have been forced to operate at limited capacity due to staff shortages. While the debate rages on in Washington about how much and when to end the extra benefits, the fact remains that retailers are struggling to staff their businesses.

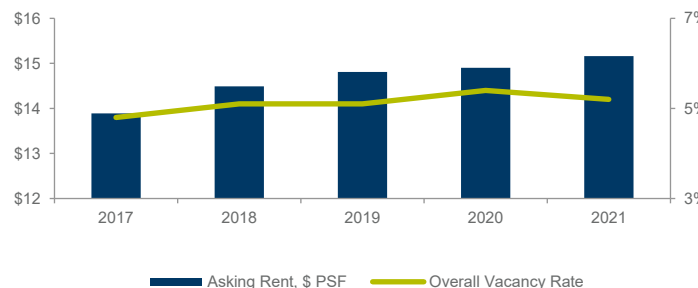
SUPPLY & DEMAND: Strong demand for quality real estate

The confident consumers are doing their part to help push the retail demand in the market. The prime trade areas remain very tight with only a few projects on the horizon to ease that shortage. Notable projects under way are Town Center Marketplace in Virginia Beach, Summit Pointe and Volvo Place at the Summit in the Greenbrier section of Chesapeake. Big box vacancies in the A and B trade areas are seeing users such as Marshalls, Total Wine and Home Goods fill spaces. The nontraditional big box backfill continues with users such as AutoZone taking a former grocery space in Norfolk. A big winner in during the lockdown was the grocery store. Leveraging off that success we are seeing chains such as Publix and Aldi dusting off plans and looking to expand in the region. The drive through was king during the lock down and those that already had it in place are leading the charge on seeking new locations. Baton Rouge based Raising Cane's is a prime example signing deals in Hampton and Yorktown in Q2.

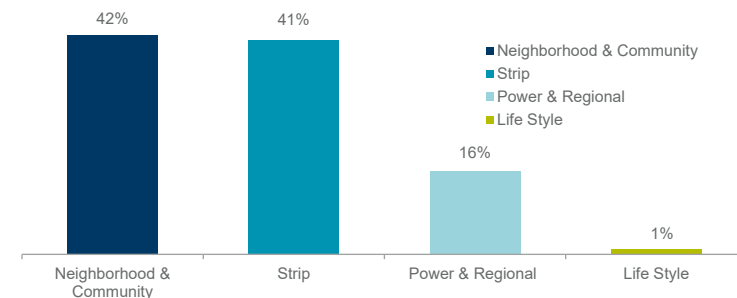
PRICING: Steady, for now

There was little change in pricing from Q1 to Q2 but that is expected to change moving forward. With limited new product being developed over the past two years, vacancy rates are expected to continue to decline pushing rents higher. The prime trade areas have low single digit vacancy rates and will be able to command rents consistent with pre-Covid levels. Secondary trade areas and those leasing to local mom and pop businesses should only see a flat to modest increase. Nicely located outparcels are commanding a premium as there is plentiful competition amongst the drive through QSR's and Fast Casuals as well as the relatively new, but aggressive car wash users.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q2 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	2,016,289	0	216,423	10.3%	-42,319	-47,919	0	\$13.39
Williamsburg	7,855,211	0	462,878	5.9%	-30,326	-61,752	55,020	\$19.15
York/Poquoson	2,380,250	0	75,161	3.2%	15,261	19,379	4,000	\$13.95
Newport News	9,546,238	0	284,749	3.0%	10,868	13,085	0	\$15.88
Hampton	13,455,439	0	986,284	7.8%	449	16,961	2,500	\$13.34
Smithfield/Isle of Wight/Suffolk/Franklin	5,930,081	0	185,043	3.1%	-4,101	-11,785	0	\$12.99
Harbourview/Churchland	3,519,169	0	192,885	5.5%	-16,505	-19,575	67,600	\$16.72
Portsmouth	5,058,668	0	154,519	3.1%	-2,968	-28,606	0	\$9.03
Chesapeake	11,113,743	0	360,513	3.2%	65,053	-11,099	48,639	\$18.02
Norfolk	17,869,407	26,640	1,372,452	7.8%	-17,555	43,732	16,784	\$12.41
Virginia Beach	28,095,670	73,987	1,162,897	4.4%	51,978	97,972	14,985	\$17.41
HAMPTON ROADS TOTALS	106,840,165	100,627	5,453,804	5.2%	29,835	10,393	209,528	\$14.87

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1200 Military Highway	Norfolk	AutoZone	50,000	New
1328-1340 Greenbrier Parkway	Chesapeake	Hobby Lobby	50,000	New
1328-1340 Greenbrier Parkway	Chesapeake	Marshalls	22,000	New
1228-1324 Greenbrier Parkway	Chesapeake	Total Wine	22,000	New

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
2-22 Towne Center Way	Hampton	Hampton Towne Centre, LLC / Capstone Commercial	174,540	\$7.8M / \$45
12625-12629 Jefferson Avenue	Newport News	Pomoco Group, LLC / Winners Properties, LLC	87,040	\$14M / \$161
23-25 & 40 Town Center Way	Hampton	Hampton Towne Centre, LLC / Shops at Hampton Towne Center	74,353	\$7.7M / \$103

ED KIMPLE

Senior Vice President

+1 757 213 4155 / ed.kimple@thalhimer.com

DAVID MACHUPA

Senior Vice President

+1 757 213 4156 / david.machupa@thalhimer.com

thalhimer.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.