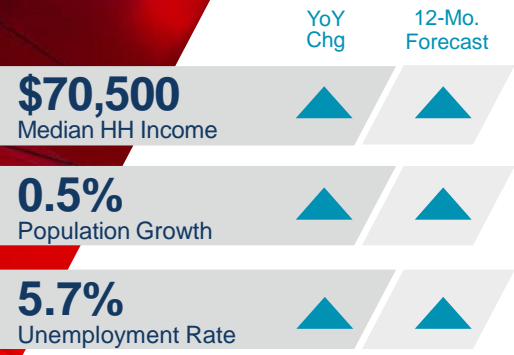


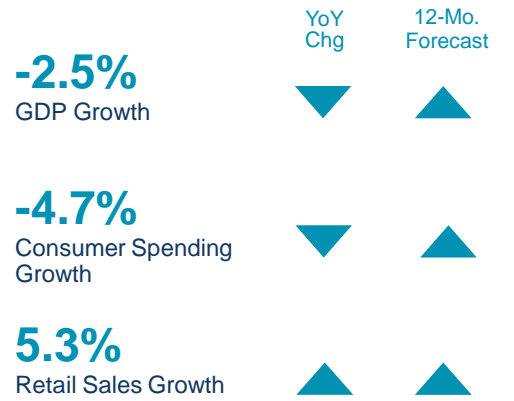
HAMPTON ROADS

Retail Q4 2020



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

U.S. ECONOMIC INDICATORS Q4 2020



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Steady as she goes

As the pandemic continues to impact the regional and local economy, the Hampton Roads region is fortunate to once again be able to lean on our military and defense industries. Hampton Roads is home to the largest Navy base in the world. As the true anchor for the region, the Navy's total economic input in the region was \$15.4 billion in the last fiscal year. When comparing year-over-year (YOY) total employment growth for metropolitan areas between one and four million, all 39 metro areas experienced a decline in total employment in the fourth quarter. Hampton Roads' YOY decline was only 3.4% according to Hampton Roads PDC as the region has steadily regained jobs since losses peaked in the second quarter of the year. November total sales tallied the largest total on recorded after much of the Hampton Roads retail economy reopened and consumers started their pre-holiday spending.

SUPPLY & DEMAND: Brick and mortar fighting a good fight

Overall, the retail landscape saw little change in the second half of year, primarily due to lingering effects of COVID-19. Online retail shopping continues to be a threat to the older chains (JCPenny, Belk, etc.) or smaller local retailers that have not successfully incorporated a digital platform. The handful of notable openings were deals completed prior to the pandemic that carried through and bravely opened. The most noteworthy opening was the 84,000 square foot (sf) Apex Entertainment at Virginia Beach Town Center in the former Dicks Sporting Goods. Vacancy rates continue to creep higher, but the overall rate remains a healthy 5.7% despite the disruption to retailers. This number will need to be monitored as retailers continue to negotiate lower rents, blend and extends, and subleasing efforts.

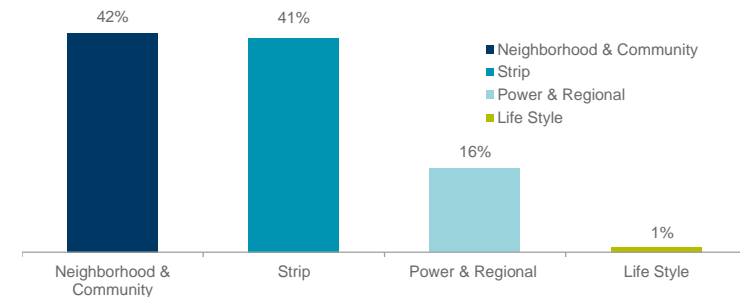
PRICING: Top markets still commanding a premium

The top trade areas have been able to keep rents closer to their pre-pandemic levels. Outside of that, in B or C trades areas, rents are declining as Landlords get aggressive to keep struggling tenants or chase a smaller pool of prospective tenants. A category that is bucking the trend across the board is real estate that can accommodate quick service restaurants (QSR) or Fast Casual restaurants with a drive through. This real estate is commanding a premium throughout the region, a trend that has been accelerated by the pandemic.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q4 2020

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	1,995,532	0	167,904	8.4%	-25,162	-35,423	0	\$15.53
Williamsburg	7,803,510	2,040	399,403	5.1%	-513	-5,731	55,020	\$18.84
York/Poquoson	2,367,877	0	101,290	4.3%	19,803	8,419	0	\$13.34
Newport News	9,513,932	0	310,913	3.3%	19,837	128,738	6,049	\$15.24
Hampton	13,278,028	2,660	1,053,986	8.0%	84,025	22,112	0	\$14.27
Smithfield/Isle of Wight/Suffolk/Franklin	5,927,818	0	175,149	3.0%	22,056	6,816	0	\$12.98
Harbourview/Churchland	3,449,995	0	165,819	4.8%	20,666	45,848	9,000	\$19.24
Portsmouth	4,911,606	0	156,051	3.2%	15,295	-12,830	5,412	\$8.63
Chesapeake	11,248,892	1,074	535,248	4.8%	49,305	138,428	30,869	\$18.00
Norfolk	17,781,244	33,580	1,522,053	8.7%	-154,515	-537,589	0	\$12.75
Virginia Beach	27,936,518	62,112	1,330,154	5.0%	25,167	22,168	8,034	\$16.41
HAMPTON ROADS TOTALS	106,214,952	101,466	5,917,970	5.7%	75,964	-219,044	114,384	\$14.99

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

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4200 Portsmouth Boulevard	Chesapeake	Burlington Coat Factory	81,721	Renewal
1543 Sam's Circle	Chesapeake	Wayne's Furniture	25,000	New
4421 Virginia Beach Boulevard	Virginia Beach	TPMG	23,260	New

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
210 W. Mercury Boulevard	Hampton	Gator Investments / Amazon	94,649	\$5.95M / \$63
1401 N. Main Street	Suffolk	Cedar Realty Trust, Inc. / Slate Grocery REIT	69,930	\$6.95M / \$99
648 Grassfield Parkway	Chesapeake	Sun Life Assurance Company of Canada / Grassfield Parkway, LLC	57,385	\$3.8M / \$67

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