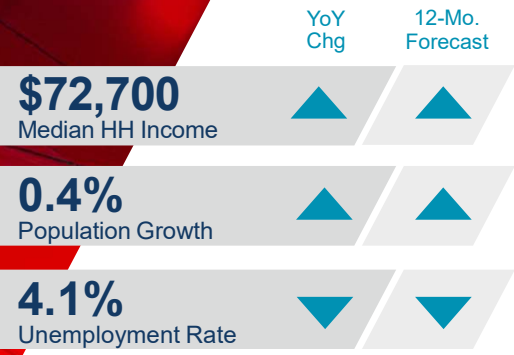


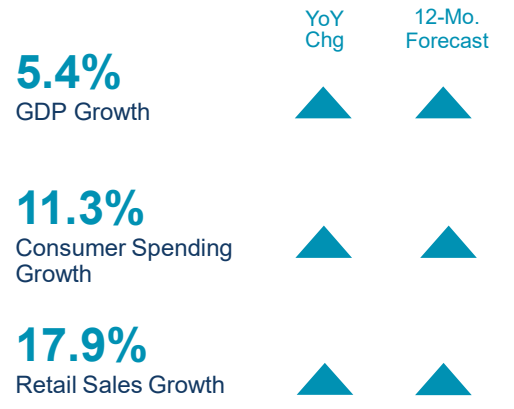
HAMPTON ROADS

Retail Q4 2021



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

U.S. ECONOMIC INDICATORS Q4 2021



Source: BEA, Census Bureau

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

The pre-holiday warnings of supply shortages convinced shoppers they needed to get an early start on the holiday shopping season. According to Mastercard, sales rose 8.5% from November 1 to December 24, the strongest growth in 17 years. In perhaps an even greater surprise, shoppers returned to the physical stores where sales increased 8%. According to ICSC, consumers spent an average of \$1,011 over the holiday season with 226M people spending money on holiday gifts. There are many uncertainties as we head into 2022, but starting the year with a 5% vacancy rate bodes well for the region. Virginia has a new, pro business governor that many in the industry believe will be a positive impact. As always, the local economy is buffered by over 150,000 military and civilian personnel. The economic impact from defense related spending is estimated to be roughly \$25 billion annually. "If we can control COVID-19, the economy will do quite well. But as we've seen for two years, that's a big if," said Vinod Agarwal, deputy director of the Dragas Center and director of the ODU Economic Forecasting Project.

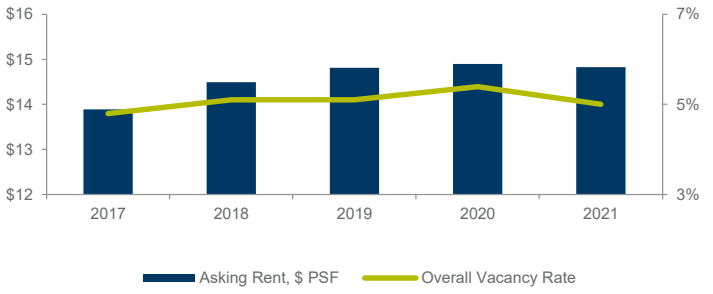
SUPPLY & DEMAND: New tenants are still very active

The regional mall landscape continues to evolve with only two "traditional" malls surviving, Lynnhaven in Virginia Beach and Patrick Henry in Newport News. Pembroke Mall in Virginia Beach, one of the first enclosed malls in the US, announced a conversion to multifamily, senior living and a hotel. All of this will compliment existing peripheral retail and recent conversions of former department store spaces to a 50,000 SF tech office user, Decisions and a 17,000 SF climbing gym. The City of Norfolk announced finalists to an RFP for redevelopment of Military Circle Mall. This site appears to be headed towards mixed use, residential, office and possibly sports entertainment. The grocery scene has been relatively quiet but expects some movement in the year ahead with Amazon Fresh continuing their expansion from NOVA into Hampton Roads. It is also expected that Publix will expand their footprint in the region from their sole store in Williamsburg. Finally, Lidl is showing up on some site plans for the first time in several years. Pad site competition remains healthy from banks, gas stations, car washes, QSR's and fast food and oil change. New and or notable tenants to the region include: Raising Cane's, Legal Seafood, Nandos, Nike, Super Chix, Painted Tree and Chicken Salad Chick.

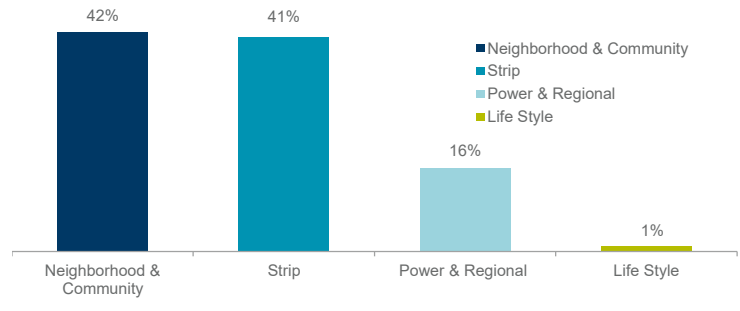
PRICING: Seems to be heading up

Construction cost, supply shortages and labor issues were responsible for driving up pricing for new construction deals throughout much of the year. Collectively those issues seemed to be leveling out as the year wrapped up. However, it remains to be seen what happens with the inevitable Fed rate hikes, continued supply issues and of course inflation. Pricing on existing centers remain flat but healthy due to low vacancy rates and limited new construction.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q4 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	2,020,081	0	203,588	10.1%	10,504	-36,584	0	\$13.44
Williamsburg	7,900,822	3,000	424,793	5.4%	33,291	-29,830	55,020	\$19.38
York/Poquoson	2,399,908	0	46,148	1.9%	-116	25,852	4,000	\$15.38
Newport News	9,477,836	0	309,259	3.5%	-13,586	-15,615	0	\$15.59
Hampton	13,541,286	0	957,858	7.1%	27,481	94,687	0	\$13.41
Smithfield/Isle of Wight/Suffolk/Franklin	5,935,211	0	173,019	2.9%	53,452	7,220	0	\$11.62
Harbourview/Churchland	3,373,474	0	137,389	4.1%	-28,805	-35,343	0	\$15.16
Portsmouth	5,099,405	0	141,983	2.8%	-45,770	-21,212	0	\$8.64
Chesapeake	11,276,402	0	517,202	7.3%	-191,143	-80,831	40,170	\$17.53
Norfolk	17,858,303	23,470	1,282,658	8.0%	28,841	187,620	10,277	\$12.76
Virginia Beach	28,177,582	73,987	1,107,533	4.2%	103,593	183,563	5,985	\$16.79
HAMPTON ROADS TOTALS	107,060,310	100,457	5,301,430	5.0%	-22,258	279,854	144,543	\$14.83

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4588 Virginia Beach Boulevard	Virginia Beach	Decisions	50,000	New
1624 Laskin Road	Virginia Beach	Painted Tree Boutique	38,920	New
2277 Upton Drive	Virginia Beach	PetCo	14,164	New
5900 E. Virginia Beach Boulevard	Norfolk	National Speed	9,391	New

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
7525 Tidewater Drive	Norfolk	Southern Shopping Center, LLC / River City Capital, LLC	98,358	\$12.9M / \$131
455 Merrimac Trail	Williamsburg	455 Merrimac Trail, LLC / ESS Storage Acquisitions, LLC	96,328	\$14.4M / \$149
1311-1363 Armory Dr.	Franklin	Franklin Armory Plaza, LLC / Sai Nah Real Estate, LLC	71,985	\$1.7M / \$24

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

©2022 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.