

HAMPTON ROADS

Retail Q2 2023



\$77,000
Median HH Income

YoY Chg 12-Mo. Forecast



0.5%
Population Growth



3.2%
Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q2 2023

2.1%
GDP Growth

YoY Chg 12-Mo. Forecast



7.8%
Consumer Spending Growth



1.3%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Banking Concerns & Forecasting the Fed

The Hampton Roads region experienced a mixed, but generally positive economic performance during the second quarter. Strong rent growth and continued historically low vacancy rates allowed the retail sector to remain healthy. The labor market in Hampton Roads exhibited positive trends, with the unemployment rate landing at a strong 3.2%. However, workforce shortages continued to be a concern, particularly in industries that rely heavily on skilled labor. The demand for residential properties remained high, leading to rising housing prices despite the increased interest rates. A pillar of the local economy – the tourism industry – saw a notable rebound in this quarter as people were anxious to get back into their summer vacation patterns.

MARKET ACTIVITY: Surf's Up

In the face of historically low vacancy rates at 4.3%, new openings and announcements continue to outpace the closings in the Hampton Roads market. The openings lead off with a long-awaited Target launch in Kill Devil Hills, North Carolina. Other notable openings and announcements for the second quarter include Orvis, Wayne's Home Furniture, Popshelf, Dick's House of Sports, One Life, Crunch, Chase, Wawa, and Old Time Pottery. On the grocery front, Publix continues their methodical entry into the market by announcing three more locations at Cedar & Dominion, Chesapeake, General Booth, Virginia Beach and Carrollton. The restaurant segment remains hot with the following announcements and openings to include Starbucks, Biscuit Belly, Roots, Black Rifle, Chipotle, Super Chix, Legal Seafood, and Chicken Salad Chick.

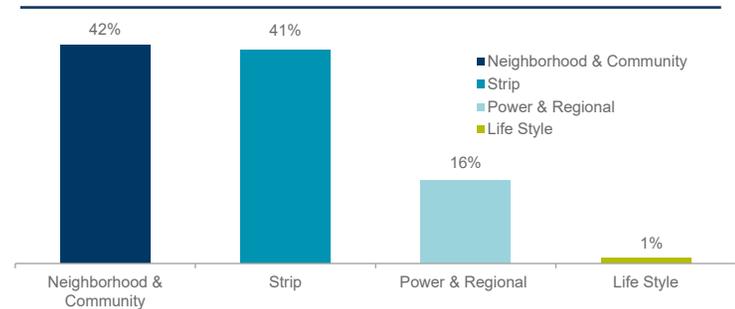
TRENDS: Interest Rates & the Retail Market

Hampton Roads continues to avoid any significant closings. Regional announcements from Tuesday Morning and Bed Bath & Beyond can be largely attributed to a dying and a mismanaged brand respectively. Dillard's, the last national retailer standing at Macarthur Center Mall, finally pulled the plug on their location. The future of Macarthur Center is uncertain, but it's clear it will not be a mall. The regional mall scene appears there will be two winners: Lynnhaven Mall in Virginia Beach and Patrick Henry in Newport News. The City of Norfolk's hand was forced, and it confirmed it will purchase the soon-to-be-defunct Macarthur Center for \$13 million as the City owns the attached parking garages. While their anchors left years ago, Military Circle Mall in Norfolk officially closed its doors last month. Chesapeake Square and Greenbrier Mall in Chesapeake are both great retail locations and will be prime redevelopment opportunities in the near future.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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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	2,055,356	0	163,957	8.0%	8,230	13,224	5,867	\$13.50
Williamsburg	7,555,342	8,450	380,446	5.1%	-36,188	6,775	0	\$19.53
York/Poquoson	2,001,897	0	22,186	1.1%	0	1,700	0	\$15.75
Newport News	8,473,181	12,608	302,015	3.7%	41,311	-14,466	0	\$15.60
Hampton	12,071,148	0	659,107	5.5%	82,055	65,922	0	\$13.51
Smithfield/Isle of Wight/Suffolk/Franklin	5,034,762	0	169,561	3.4%	-5,455	-12,305	54,791	\$11.32
Harbourview/Churchland	3,101,486	0	110,031	3.5%	11,130	22,886	0	\$16.59
Portsmouth	4,070,470	11,600	86,142	2.4%	67,203	33,785	0	\$13.39
Chesapeake	10,751,795	0	335,184	3.1%	6,039	4,478	26,098	\$19.63
Norfolk	15,288,173	34,640	1,025,020	6.9%	118,688	175,744	101,071	\$12.77
Virginia Beach	26,437,444	95,763	803,342	3.4%	73,128	84,477	60,735	\$17.18
HAMPTON ROADS TOTALS	96,841,054	163,061	4,056,991	4.3%	366,141	382,220	248,562	\$15.34

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

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2180 General Booth Boulevard	Virginia Beach	Publix	49,235	New
22449 Spadea Way	Isle of Wight	Publix	48,387	New
1620 Cedar Road	Chesapeake	Publix	46,953	New
5900 E. Virginia Beach Boulevard	Norfolk	TJ Maxx	37,383	Renewal

KEY SALES TRANSACTIONS Q2 2023

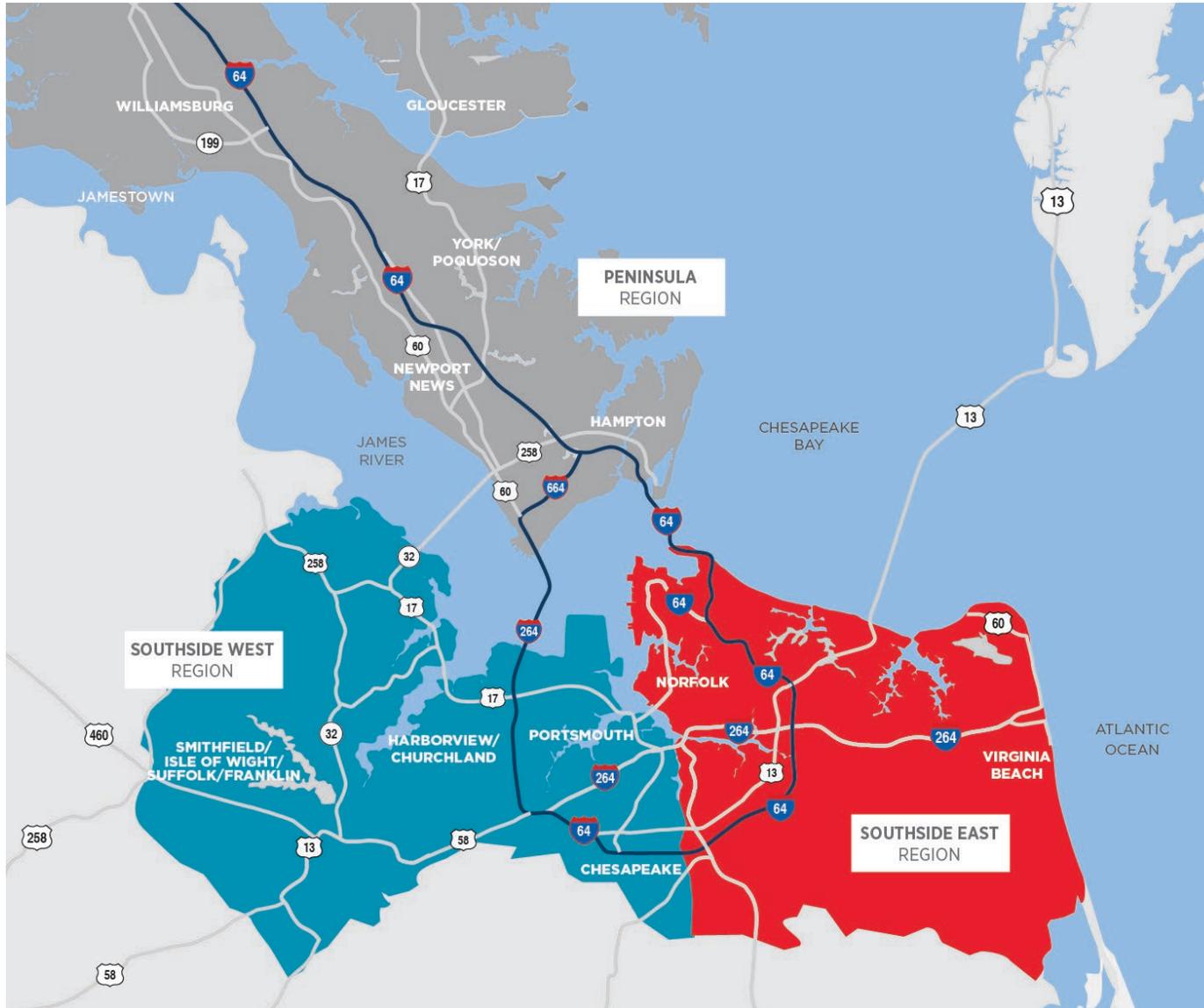
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Priority Auto Group Portfolio	Various	Priority Auto Group / Lithia Motors, Inc.	112,320	\$34M / \$303
12638 Jefferson Avenue	Newport News	SOJ, LLC / PGP Turnberry, LLC	53,775	\$8.2M / \$152
561-565 Cedar Road	Chesapeake	Cedar Lakes Center, LLC / Cedar Lakes Associates, LLC	35,659	\$4.9M / \$137

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RETAIL SUBMARKETS



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