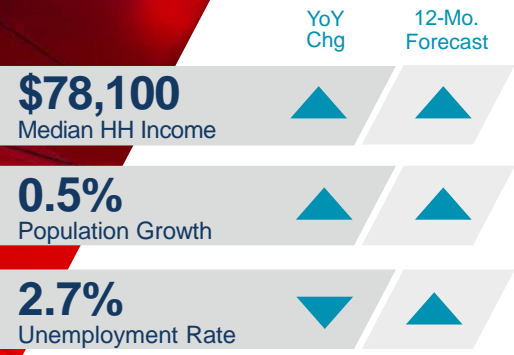


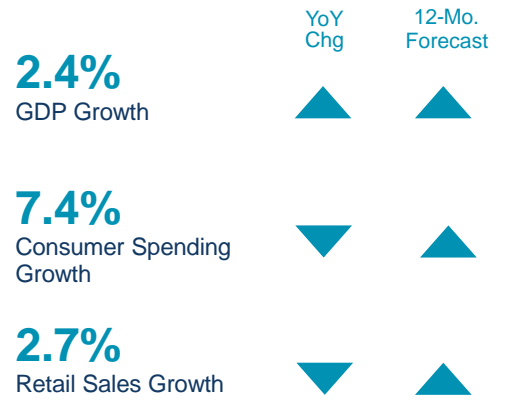
HAMPTON ROADS

Retail Q3 2023



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

U.S. ECONOMIC INDICATORS Q3 2023



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: More of the Same

While recession concerns remain and with headwinds still prevalent, the Hampton Roads region moved forward. The United Autoworkers strike, a potential government shut down, higher oil prices and the looming resumption of student loan payments have been a drag on the struggling economy. The unemployment rate continues to shrink yet staffing remains a challenge for employers. Strong demand for housing, despite higher interest rates, as well as new retail tenants entering the market in search of locations, have kept pricing and rates at the upper end of the spectrum. Through the third quarter, the 3.8% rise in retail sales has slightly outpaced the 3.7% CPI advance which causes concern about an additional Fed rate hike before year end.

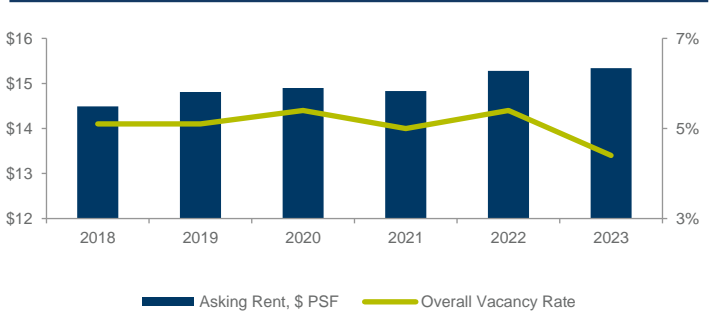
MARKET ACTIVITY: New to Market

Regardless of recession fears, new and existing retailers continue to look and expand within the Hampton Roads market. Bob's Discount Furniture recently signed a lease to backfill the Bed Bath & Beyond in Chesapeake, 7 Brew Coffee opened its first location in Virginia in the Newport News market, McAllister's Deli opened at the Peninsula Town Center in Hampton, Dick's House of Sports and Super Chix opened in Chesapeake, Ross Dress for Less signed in Portsmouth, Starbucks opened three locations in Hampton Roads, and Raising Cane's started construction on their Greenbrier location. Publix has announced a Virginia Beach location at the Hickman project on General Booth Boulevard and is well under construction on its Suffolk location. Several retailers are actively pursuing locations within the Hampton Roads market, have completed market tours, and are in lease negotiations.

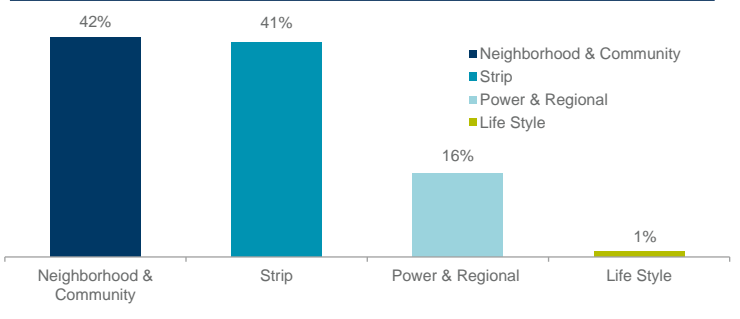
TRENDS: Interest Rates & the Retail Market

Food users for both inline and pad locations are very active in the market. Most seem to want a drive thru or pickup window when possible but are getting very competitive as they fight for position within Hampton Roads. There has been a push by Chase Bank for sites as they enter the southeastern Virginia market. The car washes finally seem to be cooling as several groups have dropped sites when they fail to get the mass necessary to be successful, and Green Clean has been the clear winner in this battle. Pharmacies were on a watch list as their business model is shifting. Rite Aid is positioning themselves for bankruptcy and is expected to shutter 400+ locations in the early fourth quarter. This will lead to real estate coming back to the market, some of which is quality and others that are significantly more challenged. The inline locations will be larger blocks that may have challenges subdividing but are opportunities, nonetheless.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

Retail Q3 2023

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	2,060,838	0	160,703	7.8%	3,254	16,478	5,867	\$13.89
Williamsburg	7,575,312	8,450	399,343	5.4%	-6,097	178	0	\$21.28
York/Poquoson	1,989,897	0	19,515	1.0%	2,871	4,571	0	\$15.79
Newport News	8,484,029	12,608	299,768	3.7%	32,439	17,973	0	\$15.69
Hampton	12,163,732	0	814,949	6.7%	-171,412	-107,490	0	\$13.35
Smithfield/Isle of Wight/Suffolk/Franklin	5,045,834	0	165,198	3.3%	570	-11,735	54,791	\$14.52
Harbourview/Churchland	3,107,142	0	105,891	3.4%	18,623	37,909	0	\$16.42
Portsmouth	4,068,310	11,600	129,900	2.4%	-8,977	24,808	0	\$13.90
Chesapeake	10,772,691	3,500	291,463	2.7%	-3,890	588	21,430	\$20.33
Norfolk	15,457,111	34,640	1,070,973	7.2%	-56,098	131,746	93,053	\$13.10
Virginia Beach	26,432,791	95,763	772,596	3.3%	-946	83,031	55,735	\$18.33
HAMPTON ROADS TOTALS	97,157,687	166,561	4,230,299	4.5%	-189,663	198,057	283,876	\$15.24

Rental rates reflect triple net asking \$PSF/year

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
928 Diamond Springs Road	Virginia Beach	Wal-Mart Stores East LP	53,231	Renewal
1228-1324 Greenbrier Parkway	Chesapeake	Bob's Furniture	40,484	New
3770 Virginia Beach Boulevard	Virginia Beach	Food Lion	34,441	Renewal
4020 Victory Boulevard	Portsmouth	Ross Dress for Less	25,000	New

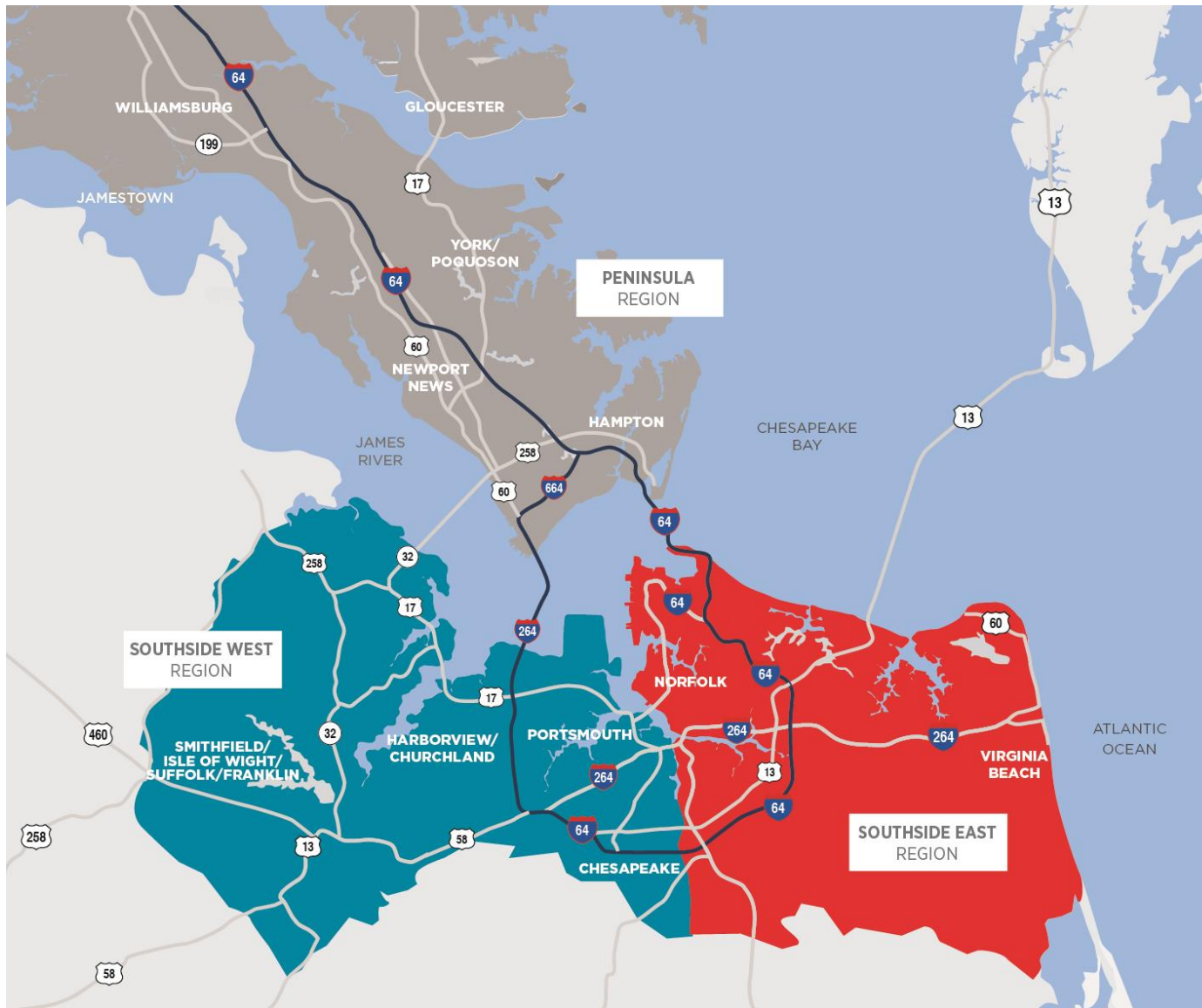
KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3353 Western Branch Boulevard	Chesapeake	Churchland Ventruess, LLC / Peak Av RE, LLC	65,522	\$12.43M / \$190
2413 Chesapeake Square Ring Road	Chesapeake	Chesapeake Theater, LLC / KH Western Branch Theater, LLC	42,248	\$3.5M / \$83
Portsmouth Boulevard Portfolio	Portsmouth	Haysom Street Associates / RSD Multi Properties	32,747	\$5.2M / \$159

HAMPTON ROADS

Retail Q3 2023

RETAIL SUBMARKETS



ED KIMPLE
Senior Vice President
Tel: +1 757 213 4155
ed.kimple@thalhimer.com

DAVID MACHUPA
Senior Vice President
Tel: +1 757 213 4156
david.machupa@thalhimer.com

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