

HAMPTON ROADS

Retail Q4 2023

\$80,500

Median HH Income

YoY
Chg12-Mo.
Forecast

0.4%

Population Growth



3.1%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2023

2.6%

GDP Growth

YoY
Chg12-Mo.
Forecast

6.7%

Consumer Spending
Growth

3.8%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Steady As She Goes

The Hampton Roads economy finished 2023 on a positive note. The region's economy is supported by three pillars: defense, the Port of Virginia, and the hospitality and tourism industry. In 2023, defense spending was \$27.1 billion, and the amount of cargo moved through the port was at a record high according to the state of the region report from Old Dominion University. The heightened geopolitical unrest abroad will undoubtedly keep this level of robust defense spending flowing through the region. The region received over \$6 billion in tourism revenues last year with hotel revenues 28% above pre-pandemic levels according to the district commission of the Virginia Department of Taxation. Unemployment for the region remains at a historically low 3.1% which, coupled with an active-duty military population at 120,000 strong, has the Hampton Roads region poised to enter 2024 on solid footing.

MARKET ACTIVITY: Healthy Balance

It was a busy quarter for new retailer openings in the region despite a record low vacancy rate of 4.3%. While not the largest deal, The Lego Store opening just prior to the holiday season in Virginia Beach Town Center was a huge hit. The southside welcomed its first Publix on Godwin Boulevard in Suffolk. On the box front, One Life Fitness opened in Hampton, and Home Sense opened at Landstown Commons in Virginia Beach. Restaurants remain the most active category with Bubbas 33 opening at Chesapeake Square, Chicken Salad Chick opening at Railyard Norfolk, Voodoo Brewing in Virginia Beach, Qdoba in Hampton, Super Chix in Chesapeake, and Starbucks in both Chesapeake and Williamsburg.

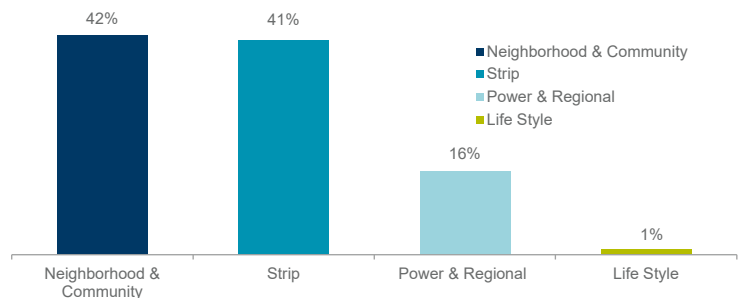
TRENDS: Interest Rate Impact

With historically low vacancy rates, end users or developers are poised to backfill or redevelop well-located, second-generation sites. Rite Aid announced they would be closing 17 Hampton Roads locations via their bankruptcy, and a likely rate tug-o-war between the property owners and end users may slow the repositioning of these properties. The owners, most of whom have enjoyed above market rents for years, must now cope with current market rates. Other notable closings include Dillard's, the last anchor store in Norfolk's MacArthur Center Mall, and Regal Cinemas in the Greenbrier section of Chesapeake. While Starbucks enjoys a dominant position in the region, they will soon face several new competitors entering the market led by Oregon-based Dutch Bros, Black Rifle, and 7 Brew. McDonalds, with a rare new store, signed a deal at Godwin Boulevard in Suffolk. Newcomer Academy Sports will be looking to challenge market leader Dicks Sporting Goods. Finally, Publix is continuing their steady entrance into the region with three additional deals announced in Virginia Beach, Carrolton, and Chesapeake.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



HAMPTON ROADS

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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	2,075,507	0	130,864	6.3%	29,839	46,317	5,867	\$13.89
Williamsburg	7,566,212	8,450	415,291	5.6%	-13,548	-12,370	0	\$21.30
York/Poquoson	1,973,896	0	28,394	1.4%	-8,879	-4,308	0	\$15.79
Newport News	8,483,255	12,608	299,504	3.7%	-1,452	17,973	0	\$15.69
Hampton	12,078,281	0	731,824	6.1%	60,429	-58,761	0	\$13.34
Smithfield/Isle of Wight/Suffolk/Franklin	5,085,088	0	245,848	4.8%	-74,837	-86,572	107,791	\$14.26
Harbourview/Churchland	3,118,981	0	42,064	1.3%	58,934	96,843	10,182	\$16.42
Portsmouth	4,068,610	0	163,897	4.0%	-22,242	2,566	0	\$12.10
Chesapeake	10,813,046	3,500	303,428	2.8%	22,262	22,850	21,430	\$20.79
Norfolk	15,431,771	12,832	876,044	5.8%	204,112	340,890	89,188	\$12.81
Virginia Beach	27,030,616	14,743	821,245	2.6%	55,963	135,994	295,735	\$18.01
HAMPTON ROADS TOTALS	97,725,263	52,133	4,058,403	4.2%	310,581	501,970	530,193	\$15.14

Rental rates reflect triple net asking \$PSF/year

KEY LEASE TRANSACTIONS Q4 2023

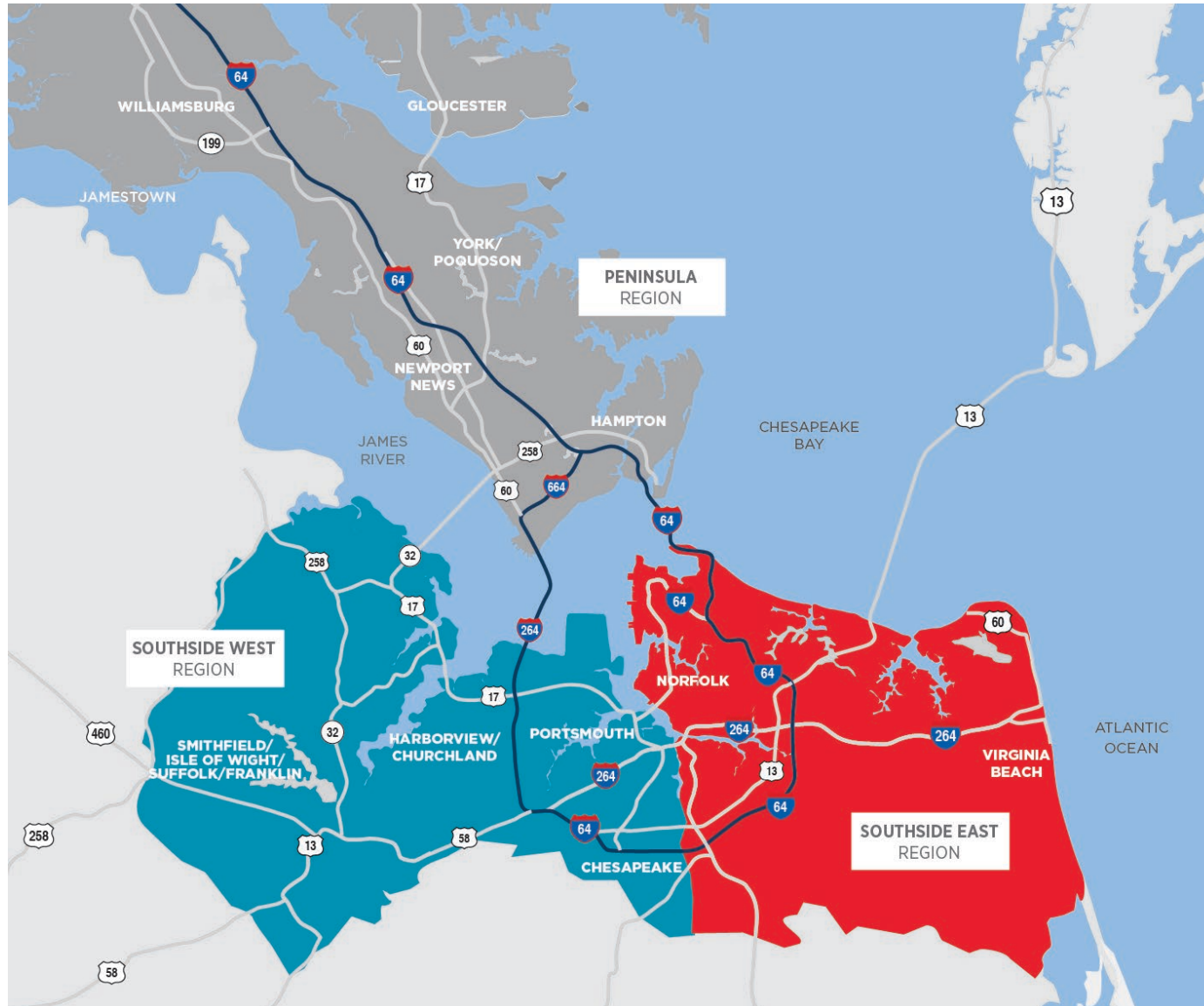
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Yoder Plaza	Newport News	Bobs Furniture	50,000	New
Janaf Shopping Center	Norfolk	Burlington Coat Factory	23,750	New
Harbor View East	Suffolk	Burlington Coat Factory	18,200	New
Janaf Shopping Center	Newport News	Beyond Excellence, LLC	13,277	New

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
112 – 162 E. Little Creek Road	Norfolk	Midtown Development Corp. / Times Square of the South, LLC	71,025	\$5.0M / \$70
5169 Virginia Beach Boulevard	Virginia Beach	One Liberty Properties, Inc. / 5169 VB Blvd., LLC	58,956	\$5.5M / \$93
315 N. Great Neck Road	Virginia Beach	Daniel & Patricia Dehart / London Center, LLC	45,037	\$3.0M / \$59

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