

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<div>\$82,900</div> <div>Median HH Income</div>	▲	▲
<div>0.4%</div> <div>Population Growth</div>	▼	▲
<div>3.0%</div> <div>Unemployment Rate</div>	▬	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<div>2.4%</div> <div>GDP Growth</div>	▼	▲
<div>7.0%</div> <div>Consumer Spending Growth</div>	▬	▲
<div>1.7%</div> <div>Retail Sales Growth</div>	▼	▲

Source: BEA, Census Bureau

ECONOMY: MARKET OPTIMISM

Consumer spending grew at a 2.8% annual pace in the third quarter despite continued higher interest rates. The market is optimistic that additional rate adjustments are forthcoming following the September rate cut. As a result, retail tenants continued to be active in the third quarter seeking sites and opportunities within the Hampton Roads market. Grocery stores, fitness and entertainment box users, and furniture and sporting good stores led the way, competing for sites throughout the market along with banks and traditional drive thru pad users.

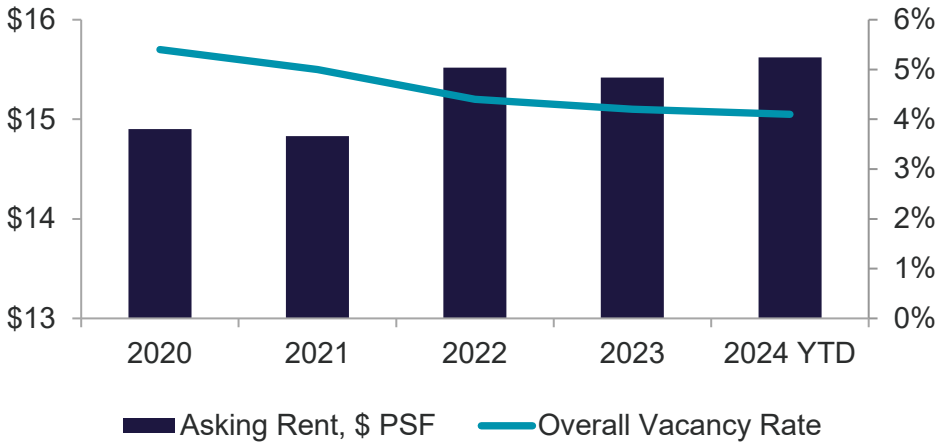
SUPPLY AND DEMAND: MAJOR CHAIN CLOSURES

The third quarter consisted of multiple national retailers announcing the closing numerous locations. The parent company of 7-11 stated 444 locations will be shuttered in the US and Canada in the fourth quarter of this year, Walgreens followed with planned closures of 1,200 locations, Conn’s with 170 locations, Big Lots with 344 locations, and Wendy’s with 140 locations. The number of store closings announced through the third quarter of 2024 eclipses the total number of all store closings for 2023. Rite Aid emerged from bankruptcy and many of the shuttered locations in the Hampton Roads market have leased or been purchased by new users.

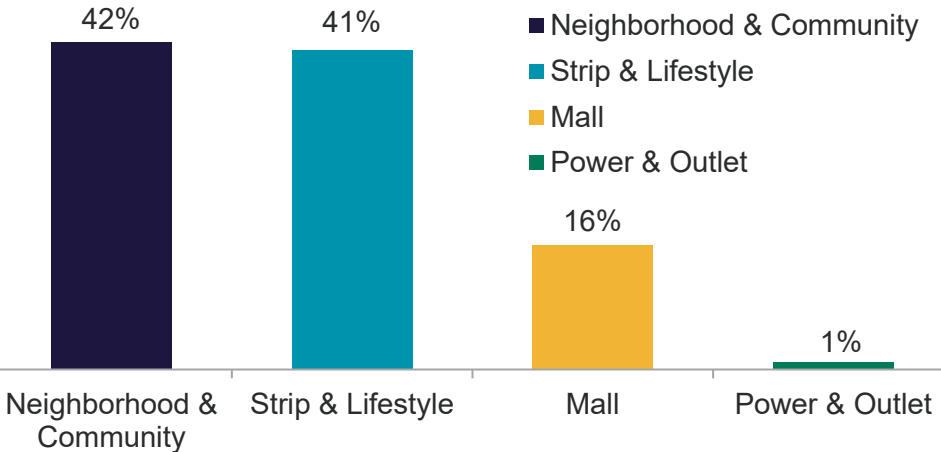
PRICING: IMPACT & OPPORTUNITIES OF CLOSINGS

New retail construction has been very limited for the past few years as a result of higher interest rates and construction costs, forcing the market to reposition existing real estate to bring new tenants and grow rental rates. Bob’s Discount Furniture opened in the former Bed Bath & Beyond in Newport News in August, Panera leased the former Burger King in Chesapeake, Cava opened in a former restaurant in Virginia Beach, Dave’s Hot Chicken opened in a former KFC in Chesapeake, and Academy Sports signed a lease for the former Toys“R”Us in Virginia Beach. Well positioned real estate continues to draw significant interest, and the ownership of those assets should see an upside because of this repositioning. With overall market vacancy at 4.1%, any retailer closings will provide an opportunity for new users.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	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	1,917,063	0	97,247	5.1%	-7,937	22,853	0	\$12.17
Williamsburg	7,576,407	0	319,618	5.8%	43,856	44,466	0	\$18.34
York/Poquoson	1,980,162	0	66,483	3.4%	-3,771	-49,039	0	\$15.79
Newport News	8,667,653	0	230,164	2.7%	39,387	92,356	0	\$12.38
Hampton	12,405,645	0	671,865	5.4%	80,455	50,691	0	\$14.81
Smithfield/Isle of Wight/Suffolk/Franklin	5,385,089	0	246,766	4.6%	3,013	53,282	61,587	\$15.90
Harbourview/Churchland	3,173,109	0	72,870	2.3%	9,050	-23,713	25,265	\$18.75
Portsmouth	3,978,770	0	183,629	4.6%	-24,613	-53,173	7,500	\$11.53
Chesapeake	10,842,784	0	274,226	2.5%	-6,819	14,740	15,382	\$23.30
Norfolk	15,059,955	15,832	985,258	6.6%	-4,019	-44,370	72,700	\$11.72
Virginia Beach	26,572,210	24,043	797,181	3.1%	-54,169	-91,645	299,735	\$19.76
HAMPTON ROADS TOTALS	97,558,847	39,875	3,945,307	4.1%	74,433	16,448	482,169	\$15.62

*Rental rates reflect Triple Net asking \$PSF/Year

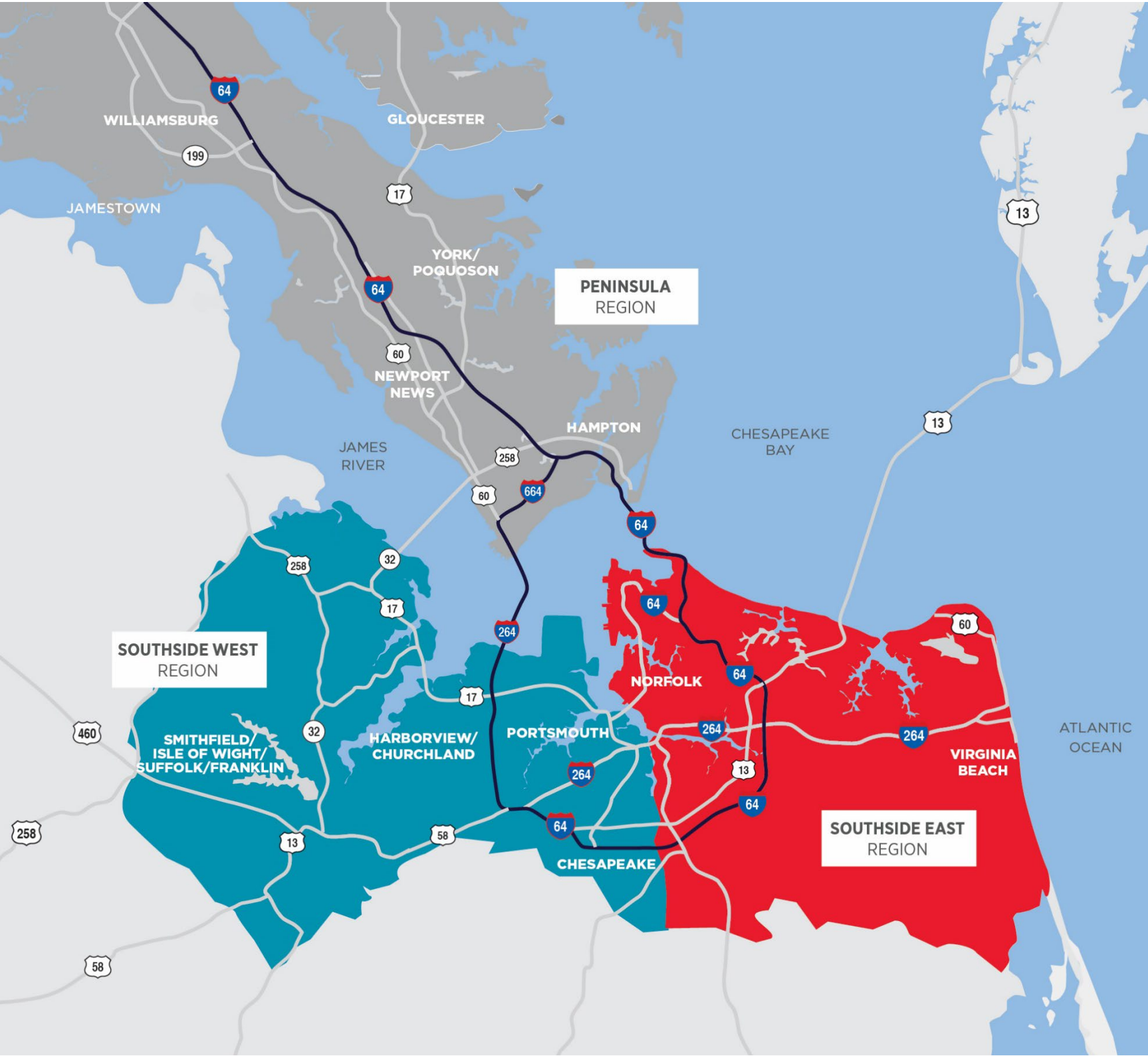
KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4900 Monticello Avenue	Williamsburg	Belk	73,860	Renewal
120 Gristmill Plaza	Williamsburg	The Picklr	45,781	New
2858-2884 Airline Boulevard	Portsmouth	Hidden Treasures Galleria	26,000	New
2720 N. Mall Drive	Virginia Beach	The Tile Shop	22,000	Renewal
11800 Merchants Walk	Newport News	Chef Market	16,800	New

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
928 Diamond Springs Road	Virginia Beach	LNR Partners / Boyd Homes	118,200	\$12M / \$102
601 Thimble Shoals Boulevard	Newport News	601 Partners, LLC / John K. Bishard	29,751	\$4.03M / \$135
1458 Mount Pleasant Road	Chesapeake	JRFP, LLC / Sifen, Inc.	14,562	\$2.9M / \$199
816 N. Eden Way	Chesapeake	Barnes & Smith Enterprises, LLC / Boys & Girls Club of Southeast Virginia	12,096	\$2.4M / \$198

RETAIL SUBMARKETS



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