

MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>\$83,500</div> <div>Median HH Income</div>	▲	▲
<div>0.4%</div> <div>Population Growth</div>	▼	▲
<div>3.1%</div> <div>Unemployment Rate</div> <div>Source: BLS</div>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
<div>2.1%</div> <div>GDP Growth</div>	▼	▲
<div>2.7%</div> <div>Consumer Spending Growth</div>	▬	▲
<div>1.9%</div> <div>Retail Sales Growth</div> <div>Source: BEA, Census Bureau</div>	▼	▲

ECONOMY: KEY SECTORS REMAIN HEALTHY

Hampton Roads is on track for its fourth consecutive year of economic growth, driven primarily by defense, the Port of Virginia, and hospitality/tourism. Defense spending exceeded \$28 billion in 2024 and is projected to surpass \$30 billion by 2030. The Port of Virginia continues to outperform other East Coast ports. Notably, a new six-year contract between the Port of Virginia and the ILA Union was finalized, averting a potential strike. The hospitality and tourism industry has also shown strong performance. However, the region faces challenges in the housing sector, where a persistent shortage of affordable options remains due to a prolonged construction deficit.

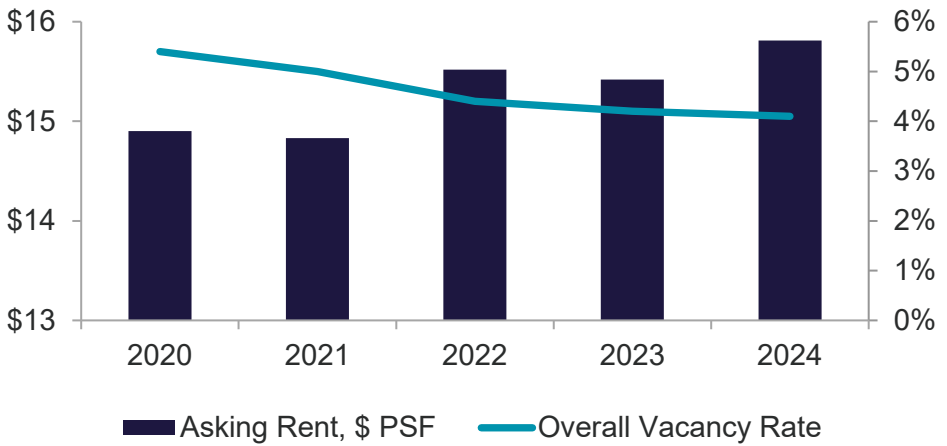
SUPPLY OR DEMAND: IT'S GOOD TO BE THE LANDLORD

The region's first indoor pickleball court, The Picklr, is under construction in Williamsburg in the 45,800 square foot (sf) facility formerly occupied by Dick's Sporting Goods. Fast-casual dining continues to thrive, with Shake Shack, Saladworks, Qdoba, and Habit Burger all securing new locations. Publix opened its third regional store at Hickman Place in Virginia Beach, with two additional locations under construction. Academy Sports signed their first deal in the market in the Lynnhaven section of Virginia Beach. Suffolk welcomed strong regional players in New Realm Brewery and Red Wood Smoke Shack. Despite these positive developments, several national chains have announced mass closures or filed for Chapter 11 bankruptcy. Potentially impacted stores in the region include Big Lots (10), Party City (5), and JOANN Fabric and Crafts (5). However, with record-low vacancy rates, landlords are unlikely to face significant challenges in backfilling these spaces if they become available.

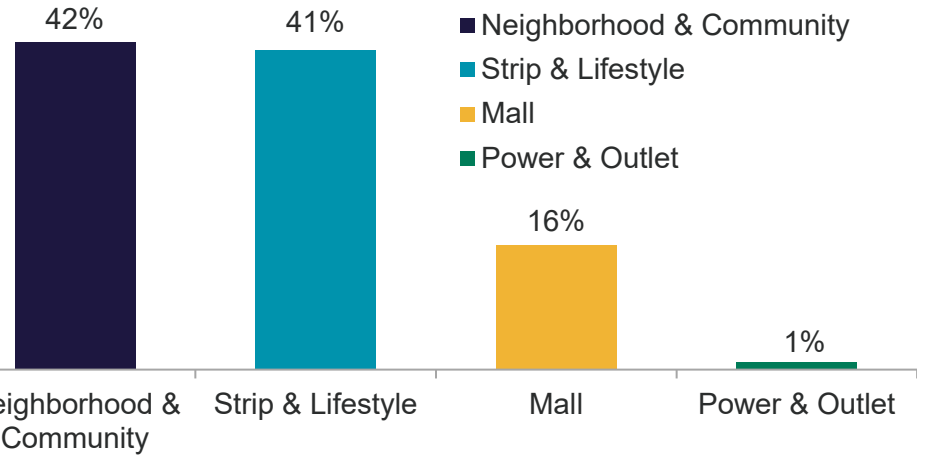
PRICING AND TRENDS: TICKING UPWARD

Pricing continues to trend upward for both existing retail space and new construction. Existing shopping centers benefit from a low 4.1% vacancy rate, enabling landlords to charge premium rents. New construction remains constrained by high building costs and elevated interest rates. Key trends to watch in the coming year include the continued regional expansion of Publix and the potential entry of competitors such as Grocery Outlet and the expansion of Trader Joe's. In the coffee market, several chains are brewing competition for Starbucks' dominance, including Dutch Bros, Tim Hortons, and 7 Brew.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	1,926,464	95,007	0	4.9%	13,504	36,357	0	\$12.71
Williamsburg	7,603,572	280,613	0	3.7%	92,043	136,509	0	\$18.93
York/Poquoson	1,979,863	66,984	0	3.4%	10,150	-38,889	0	\$15.97
Newport News	8,727,858	274,296	0	3.1%	-34,687	53,969	0	\$13.50
Hampton	12,409,253	649,375	0	5.2%	-9,109	51,772	0	\$14.96
Smithfield/Isle of Wight/Suffolk/Franklin	5,420,233	140,086	0	2.6%	106,680	159,962	71,587	\$14.81
Harbourview/Churchland	3,199,021	74,766	7,758	2.6%	2,658	-21,055	7,000	\$20.59
Portsmouth	4,055,199	193,823	0	4.8%	-6,778	-52,451	0	\$11.46
Chesapeake	10,831,665	260,533	0	2.4%	37,155	51,895	0	\$22.86
Norfolk	15,093,213	1,092,101	15,832	7.3%	-82,582	-127,252	72,700	\$11.97
Virginia Beach	26,442,141	795,389	21,993	3.1%	161,835	81,190	250,500	\$19.38
HAMPTON ROADS TOTALS	97,688,482	3,922,973	45,583	4.1%	290,869	332,007	401,787	\$15.81

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

KEY LEASE TRANSACTIONS Q4 2024

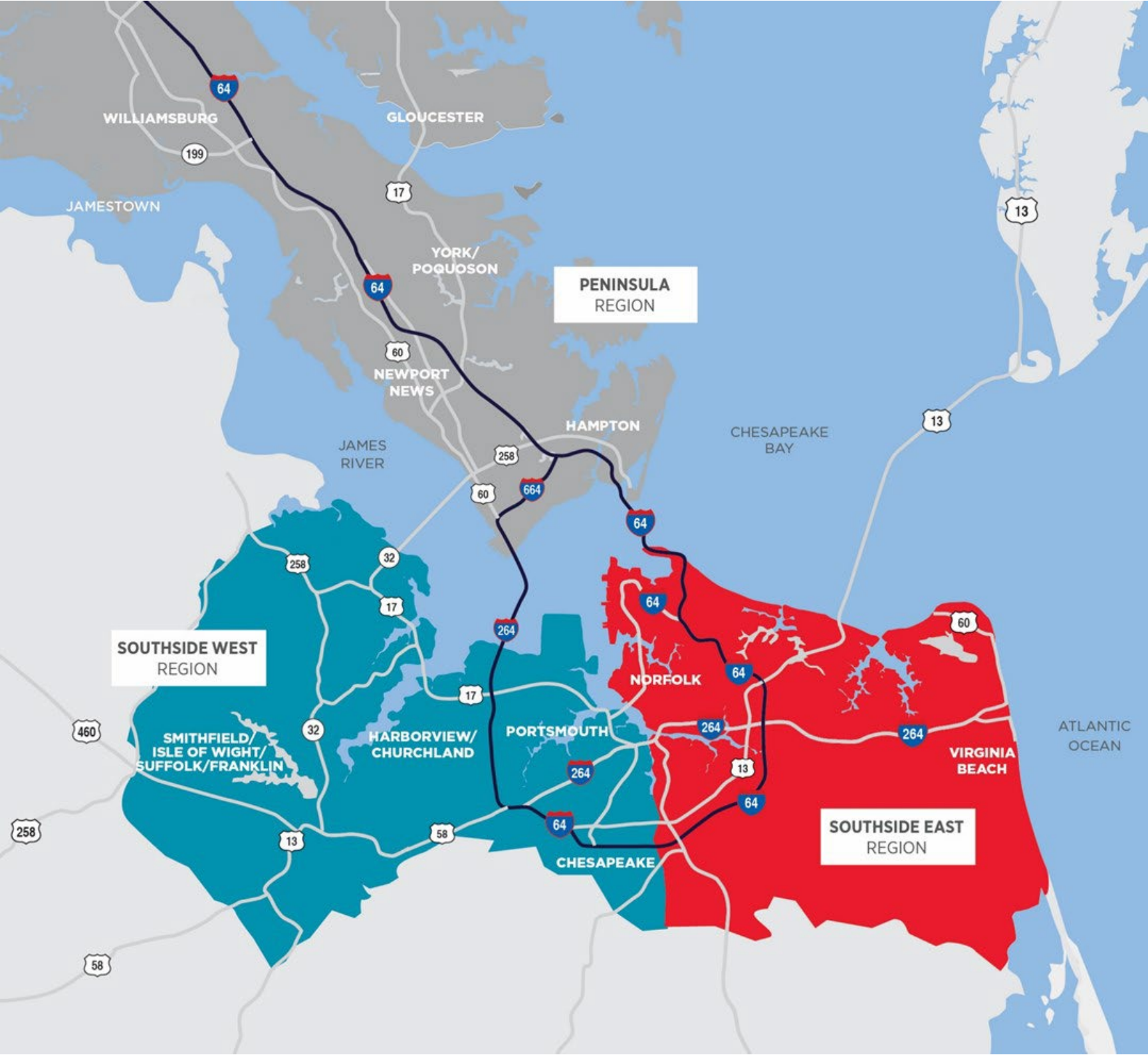
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2701 N. Mall Drive	Virginia Beach	Academy Sports & Outdoors	65,000	New Lease
5100 Kilgore Avenue	Hampton	Bryant & Stratton College	29,666	New Lease
200-220 Monticello Avenue	Williamsburg	Grocery Outlets	18,019	New Lease
6501-6567 College Park Square	Virginia Beach	Goodwill	15,000	Renewal

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
6610 Mooretown Road	Williamsburg	Mooretown Road, LLC / SV Fincas Williamsburg, LLC	147,091	\$11.7M / \$80
741 E. Little Creek Road	Norfolk	Love in Greenwich, LLC / Norfolk Developments, LLC	136,550	\$8.32M / \$61
11006 Warwick Boulevard	Newport News	Warwick Plaza Shopping Center, LLP / City of Newport News	80,895	\$6.5M / \$80
9545-9583 Shore Drive	Virginia Beach	Shore Drive Plaza, LLC / East Beach Square, LLC	64,441	\$7.5M / \$116



RETAIL SUBMARKETS



**ED KIMPLE**  
*Senior Vice President*  
Tel: +1 757 213 4155  
[ed.kimple@thalhimer.com](mailto:ed.kimple@thalhimer.com)

**DAVID MACHUPA**  
*Senior Vice President*  
Tel: +1 757 213 4156  
[david.machupa@thalhimer.com](mailto:david.machupa@thalhimer.com)

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