

MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>\$84,900</div> <div>Median HH Income</div>	▲	▲
<div>0.7%</div> <div>Population Growth</div>	▲	▲
<div>3.6%</div> <div>Unemployment Rate</div>	▲	▼
<div>Source: BLS</div>		

ECONOMIC INDICATORS

	YOY Chg	Outlook
<div>1.4%</div> <div>GDP Growth</div>	▼	▲
<div>2.4%</div> <div>Consumer Spending Growth</div>	▼	▲
<div>2.0%</div> <div>Retail Sales Growth</div>	▼	▬

Source: BEA, Census Bureau

ECONOMY: DODGING TARIFFS

Hampton Roads economy continued its steady trajectory through the second quarter despite looming tariff impacts, powered by the region’s major economic drivers: defense spending, the Port of Virginia, and hospitality/tourism. Defense spending is pacing ahead of projections, setting the stage to exceed \$30 billion by the end of the decade. The Port of Virginia continues to set volume records, buoyed by forward shipments ahead of anticipated tariffs and the April completion of the channel widening allowing two-way transit for ultra-large vessels. Tourism across the region outperformed statewide and national benchmarks again this quarter. However, the housing market remains a persistent challenge. Limited inventory and elevated construction costs are prolonging a shortage of affordable housing, particularly for the workforce population.

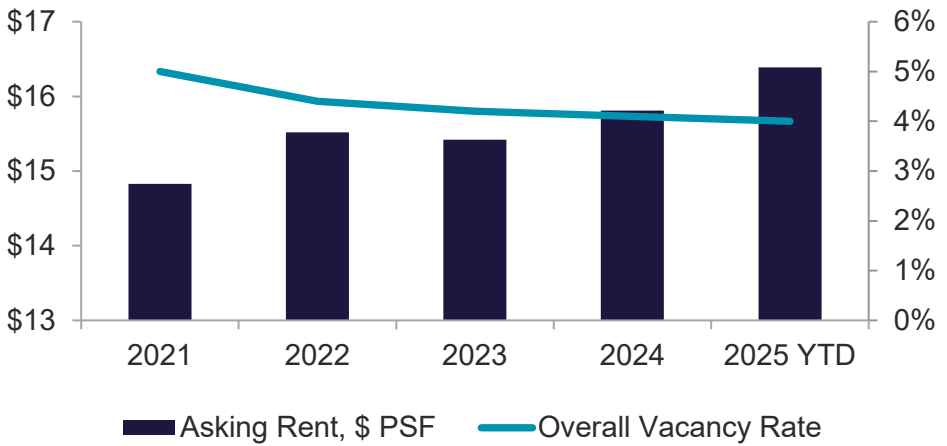
SUPPLY OR DEMAND: GROUND UP REMAINS A CHALLENGE

Retail activity remained steady across the region through the second quarter. On the Southside, Publix opened its long-anticipated Chesapeake store, making it the fourth in Hampton Roads, with two more planned. Fogo de Chao opened its first location at Pembroke Square in Virginia Beach. Other first time market entrants that are close to securing or opening locations include Dutch Bros Coffee and 7 Brew Coffee. Existing retailers in the market that are actively negotiating additional locations include Chipotle, Dave’s Hot Chicken, Qdoba, Habit Burger, Chase Bank, Publix, Academy Sports, Grocery Outlet, and Food Lion. While several chains (including Big Lots, Joann, and Party City) are restructuring or downsizing nationally, landlords in Hampton Roads are encountering minimal downtime due to tight inventory and strong demand. Leasing activity for second-gen boxes remains competitive, especially for sites with drive-thru potential.

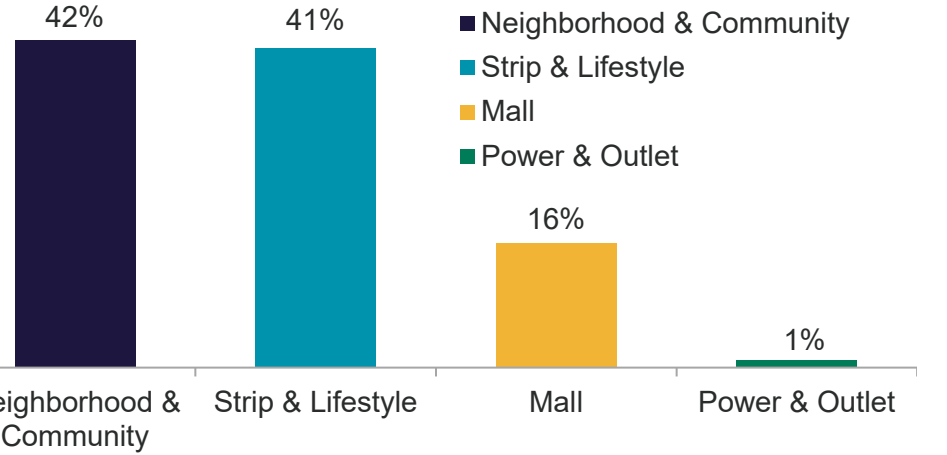
PRICING AND TRENDS: LANDLORDS ON TOP

Vacancy remains historically low at 4.0%, giving landlords continued leverage in rental negotiations. Lease rates for prime corridor space and end caps have continued to tick upward, and drive-thru sites remain the hottest commodity in the market. High interest rates and construction costs continue to restrict ground-up development. Build-to-suit deals are increasingly common for national users, especially those in banking, fuel/convenience, and express car wash categories. Emerging trends to watch include Publix’s expansion with four open locations and several more proposed, signaling long-term investment in the region. Trader Joe’s expansion rumors continue to swirl, with Williamsburg and Chesapeake cited as potential targets.

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	1,909,225	88,747	0	4.6%	-377	6,260	0	\$14.03
Williamsburg	7,239,788	371,337	0	5.1%	-71,673	-154,767	6,000	\$16.17
York/Poquoson	1,958,050	62,734	0	3.2%	750	4,250	0	\$16.12
Newport News	8,550,253	269,542	4,000	3.2%	-14,633	-17,827	0	\$14.45
Hampton	12,152,824	533,021	44,814	4.8%	3,098	88,799	0	\$15.27
Smithfield/Isle of Wight/Suffolk/Franklin	5,291,382	141,448	0	2.7%	-5,162	65,225	24,181	\$14.93
Harbourview/Churchland	3,144,169	93,594	0	3.0%	-35,041	-14,591	7,000	\$19.74
Portsmouth	3,830,493	131,000	0	3.4%	40,974	73,544	0	\$12.13
Chesapeake	10,818,038	252,311	0	2.3%	21,531	25,360	11,922	\$24.21
Norfolk	14,912,814	955,573	12,832	6.5%	-9,807	39,261	54,025	\$14.66
Virginia Beach	26,333,262	839,228	13,243	3.2%	128,809	176,602	20,500	\$19.90
HAMPTON ROADS TOTALS	96,140,298	3,738,535	74,889	4.0%	58,469	292,116	123,628	\$16.39

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

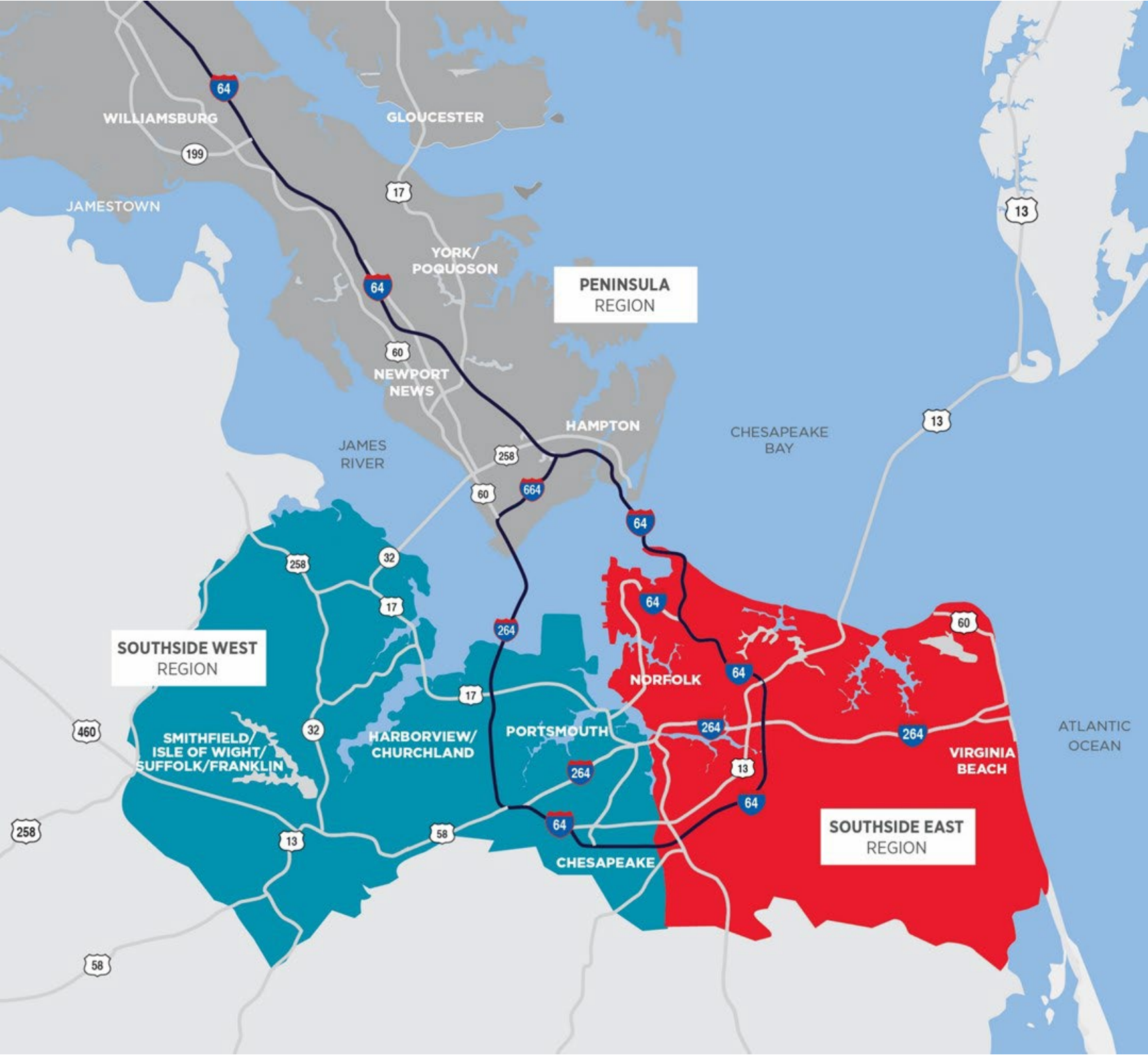
KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
500 Marquis Parkway	Williamsburg	Rebounderz	54,686	New Lease
4913 Courthouse Street	Williamsburg	Regal Cinemas	42,050	Renewal
3809 Princess Anne Road	Virginia Beach	Onelife Fitness	41,685	Renewal
1205 Fordham Drive	Virginia Beach	Enson Market	25,000	New Lease

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5100 Kilgore Avenue	Hampton	Tabani Group, Inc. / Ltpip Hampton I, LLC	66,068	\$3.38M / \$51
2058 S. Independence Boulevard	Virginia Beach	Rialto Capital Management / Noor Amusement, LLC	59,643	\$6M / \$101
Shops at High Street	Williamsburg	The Khoshbin Company / High Street Regal Investments, LLC	58,434	\$9.25M / \$158

RETAIL SUBMARKETS



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