

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$85,300 Median HH Income	▲	▲
0.6% Population Growth	▲	▲
3.7% Unemployment Rate	▲	▼
Source: BLS		

ECONOMIC INDICATORS

	YOY Chg	Outlook
0.7% GDP Growth	▼	▲
1.6% Consumer Spending Growth	▼	▲
-0.4% Retail Sales Growth	▼	▬
Source: BEA, Census Bureau		

ECONOMY: MAJOR MIXED-USE DEVELOPMENT NEWS

The third quarter saw the opening of the first phase of Atlantic Park, a \$350 million 12-acre entertainment-based mixed-use development that is master planned for more than 100,000 square feet (sf) of retail space. The 3-acre surf park opened in mid-August, joining a Live Nation indoor/outdoor concert venue that opened earlier in the year, and the majority of retail will be open before the end of the year. The development includes a multifamily component with 309 market-rate apartments, also scheduled for delivery in the fourth quarter. The City of Virginia Beach has invested over \$100 million in the project in addition to its \$580 million public investment in the City’s resort area. The project has garnered international press and a strong reception already on tap from the region’s 1.4 million annual visitors. Construction is also underway on an \$80 million mixed-use development known as The Canopy. Also located in Virginia Beach, near the Hilltop shopping district, the 12-acre project will include a combination of multifamily, retail, and office space.

SUPPLY AND DEMAND: ACTIVE PROSPECTS IN PLAY

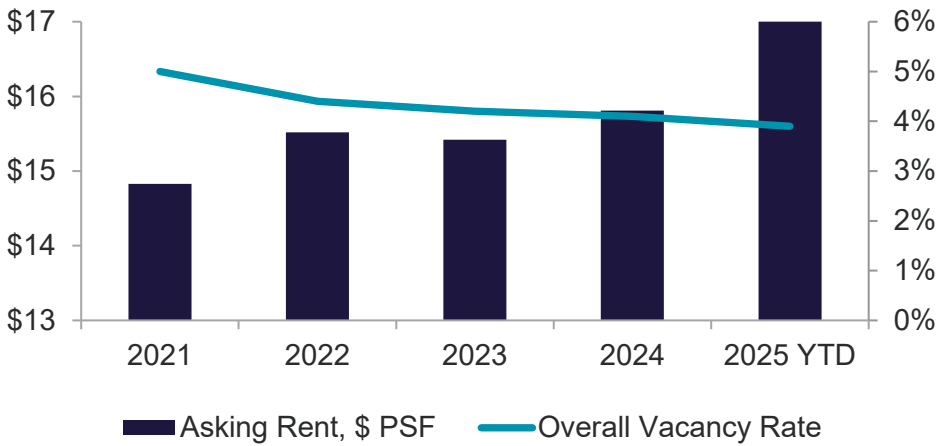
Leasing activity has remained steady, topping more than 1.9 million square feet (msf) since the start of the year despite two consecutive quarters of negative net absorption. Overall vacancy closed the quarter at 3.9%, a drop of only 10 basis points (bps) year-over-year (YOY) and quarter-over-quarter (QOQ). Fogo de Chao opened its first regional location in the third quarter at Pembroke Square in Virginia Beach, while a variety of smaller format QSRs like Dutch Bros Coffee and 7 Brew continue to look for entry points into the market. Multiple grocery store concepts are attempting to transact – including Trader Joe’s and Fresh Market – though few are successful with active competition from multiple occupiers for sites.

The redevelopment of Chesapeake Square Mall is well underway, a \$30 million project by Virginia Beach-based Kotarides, that will convert portions of the indoor mall to modern retail, including a grocery store and sporting goods store, as well as new outparcels that will alleviate some of the supply-side shortages that continue to feel the impact of high construction costs.

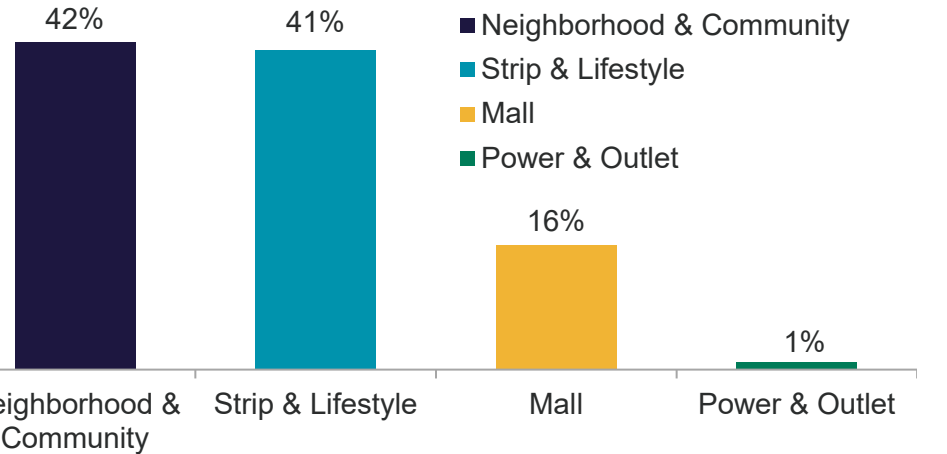
PRICING: RENT GROWTH ON THE RISE

Lease rates for prime corridor space and end caps have continued to tick upward, increasing 9.2% YOY overall. YTD sales volume has topped \$321 million after a sizable number of first quarter closings. Woodford Square led the third quarter deals, transferring from Moxie Equities to United Properties Corp for \$12.1 million.

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	1,907,879	85,243	0	4.5%	2,102	8,313	0	\$13.41
Williamsburg	7,236,908	330,390	0	4.6%	-4,218	-158,985	8,000	\$15.80
York/Poquoson	2,001,434	65,034	0	3.2%	-2,300	16,950	0	\$15.46
Newport News	8,540,570	322,246	4,000	3.8%	-46,192	-64,019	0	\$17.81
Hampton	12,155,882	557,487	0	4.6%	3,203	93,930	0	\$15.68
Smithfield/Isle of Wight/Suffolk/Franklin	5,199,826	178,663	0	3.4%	-37,215	28,010	24,181	\$16.65
Harbourview/Churchland	2,917,888	82,894	0	3.0%	13,298	-1,293	0	\$19.20
Portsmouth	3,824,835	107,376	0	2.8%	35,369	108,913	0	\$12.55
Chesapeake	10,310,091	253,443	0	2.5%	14,342	39,702	10,701	\$25.48
Norfolk	14,729,936	822,865	12,832	5.7%	28,153	67,414	179,025	\$15.65
Virginia Beach	26,089,463	873,789	5,402	3.4%	-20,500	-57,653	259,200	\$20.23
HAMPTON ROADS TOTALS	94,914,712	3,679,430	22,234	3.9%	-13,958	81,282	481,107	\$17.09

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

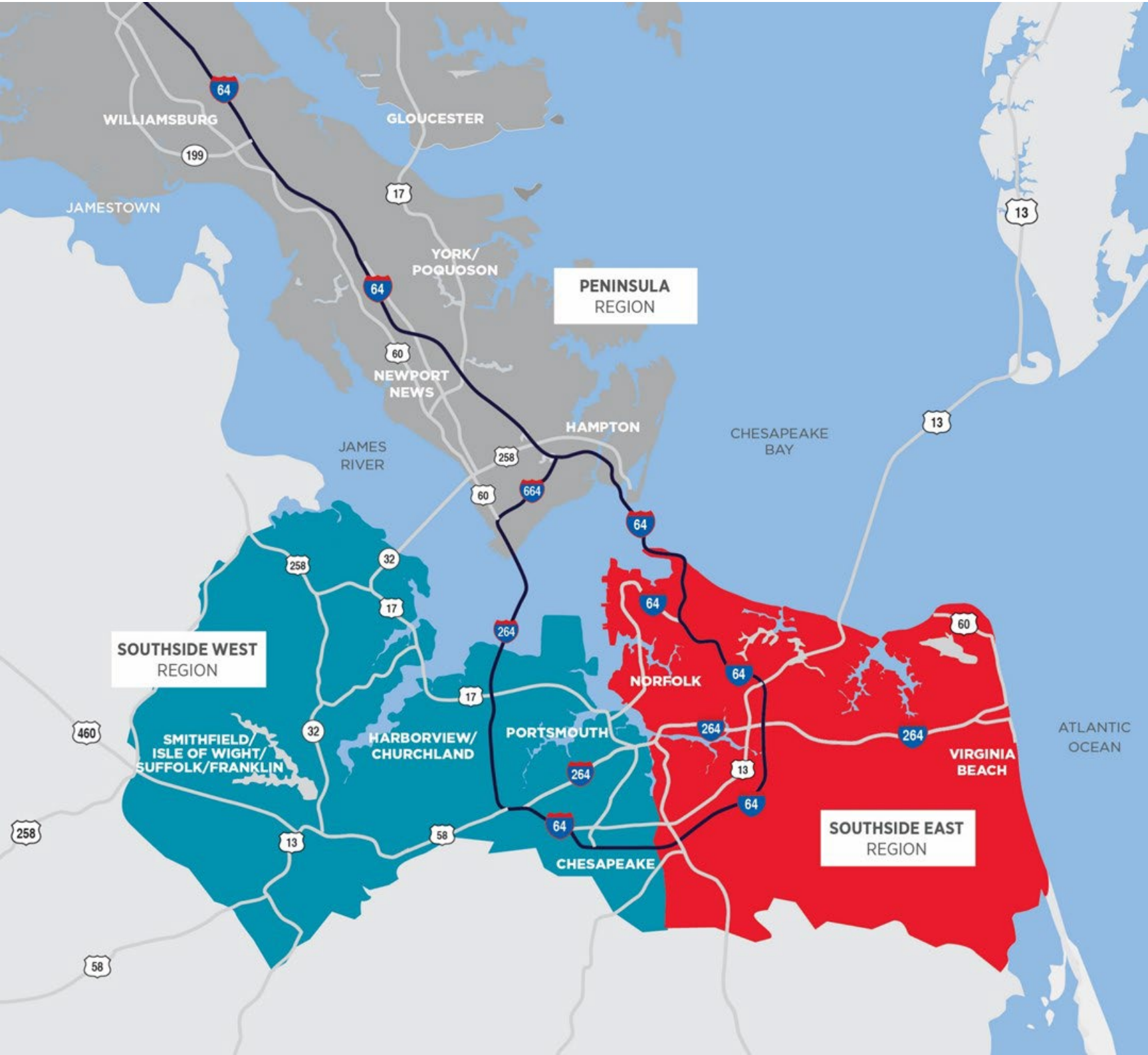
KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
201 – 207 E Little Creek Road	Norfolk	Target	135,720	New Lease
416 Denbigh Boulevard	Newport News	Pickle Ball Group	31,119	New Lease
5225 Settlers Market Boulevard	Williamsburg	Nordstrom Rack	26,464	New Lease
4303 – 4361 Indian River Road	Chesapeake	Undisclosed Grocery Store	20,000	New Lease

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
4401 Claiborne Square	Hampton	Tabani Group, Inc. / AG Commercial LLC	111,202	\$2M / \$18
701 N. Battlefield Boulevard	Chesapeake	Moxie Equities / United Properties Corp.	85,323	\$12.1M / \$142
Victory Boulevard Portfolio	Portsmouth	R&D Properties, LLC / RLM Development, LLC	42,487	\$456K / \$18

RETAIL SUBMARKETS



WICK SMITH
Senior Vice President
Tel: +1 757 457 9998
wick.smith@thalhimer.com

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