



### ECONOMY: OCEANFRONT DEVELOPMENT DRIVERS

Annual visitors to Virginia Beach topped 14.1 million in 2024 and created almost \$4 billion in economic impact to the region. Despite the impact of tariffs on Port of Virginia export volume, regional unemployment remains robust and well below the national average. The massive impact of tourism continues to drive development at the oceanfront, and 2025 saw the highly-anticipated 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 three-acre surf park opened in mid-August, joining a Live Nation indoor/outdoor concert venue that opened earlier in the year. Virginia Beach also issued an RFP in the fourth quarter seeking development proposals for a major sports venue in the Central Beach region along 19<sup>th</sup> Street. The new development would complement the adjacent Virginia Beach Sports Center, a \$68-million multipurpose facility that is one of the largest of indoor venues on the East Coast.

### SUPPLY AND DEMAND: ACTIVE REGIONAL EXPANSION

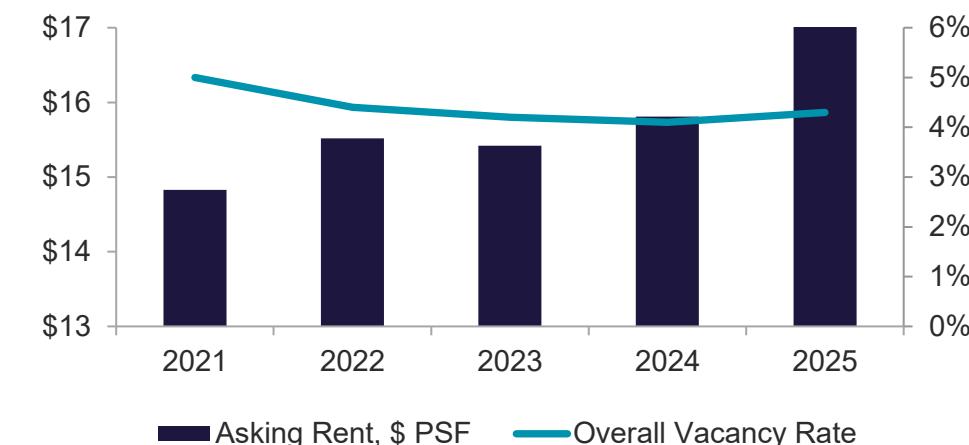
Annual leasing activity hit more than 2.5 million square feet (msf) despite three consecutive quarters of negative net absorption. Overall vacancy closed the year at 4.3%, an increase of 40 basis points (bps) quarter-over-quarter and 20 bps year-over-year (YOY). Regional grocery expansion remained a focus in 2025 with three new store openings from Publix, and new locations for Grocery Outlet and Chef's Store scheduled to come online in 2026. Raising Cane's opened its fourth market location in Lynnhaven in the fourth quarter, and Habit Burger has secured locations in Hampton and Virginia Beach, taking over former Boston Market locations in each submarket.

The redevelopment of Chesapeake Square Mall continues to progress. The \$30-million project by Virginia Beach-based Kotarides will convert portions of the indoor mall to modern retail, including a grocery store and sporting goods store, and multiple outparcels will alleviate some of the market's supply-side shortages.

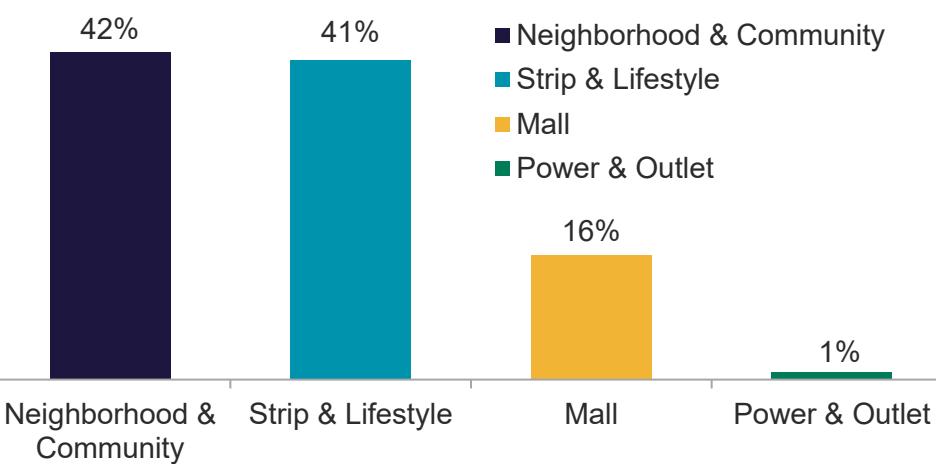
### PRICING: SUSTAINED RENT GROWTH

Sustained demand and compressed vacancy have continued to apply upward pressure to quoted pricing with lease rates up 7.8% YOY overall. Total annual sales volume topped \$454 million after an active fourth quarter, an increase of 17.9% overall compared to prior year numbers. The sale of the Midtown Row portfolio in Williamsburg topped the list of fourth quarter deals, with 158,537 sf combined in the two centers and a transfer price of \$29.8 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	1,940,851	85,322	0	4.4%	1,323	10,136	0	\$12.75
Williamsburg	7,206,660	402,449	0	5.6%	38,811	-120,174	16,000	\$15.70
York/Poquoson	2,004,851	34,425	0	1.7%	30,609	47,559	0	\$15.83
Newport News	8,513,873	331,479	9,418	4.0%	-50,836	-114,855	6,800	\$16.72
Hampton	12,121,192	569,828	0	4.7%	46,730	140,660	0	\$16.26
Smithfield/Isle of Wight/Suffolk/Franklin	4,603,499	131,180	0	2.8%	22,731	68,056	24,181	\$15.02
Harbourview/Churchland	2,908,292	158,105	0	5.4%	-45,248	-46,541	0	\$19.41
Portsmouth	3,840,850	138,703	0	3.6%	-31,577	77,336	0	\$12.47
Chesapeake	10,342,582	344,812	0	3.3%	-88,763	-49,061	0	\$25.94
Norfolk	14,826,175	887,403	12,832	6.1%	54,160	121,574	142,000	\$15.47
Virginia Beach	26,233,635	895,926	3,902	3.4%	-21,787	-79,440	230,000	\$20.20
<b>HAMPTON ROADS TOTALS</b>	<b>94,542,460</b>	<b>3,979,632</b>	<b>26,152</b>	<b>4.3%</b>	<b>-43,847</b>	<b>55,250</b>	<b>418,981</b>	<b>\$17.04</b>

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

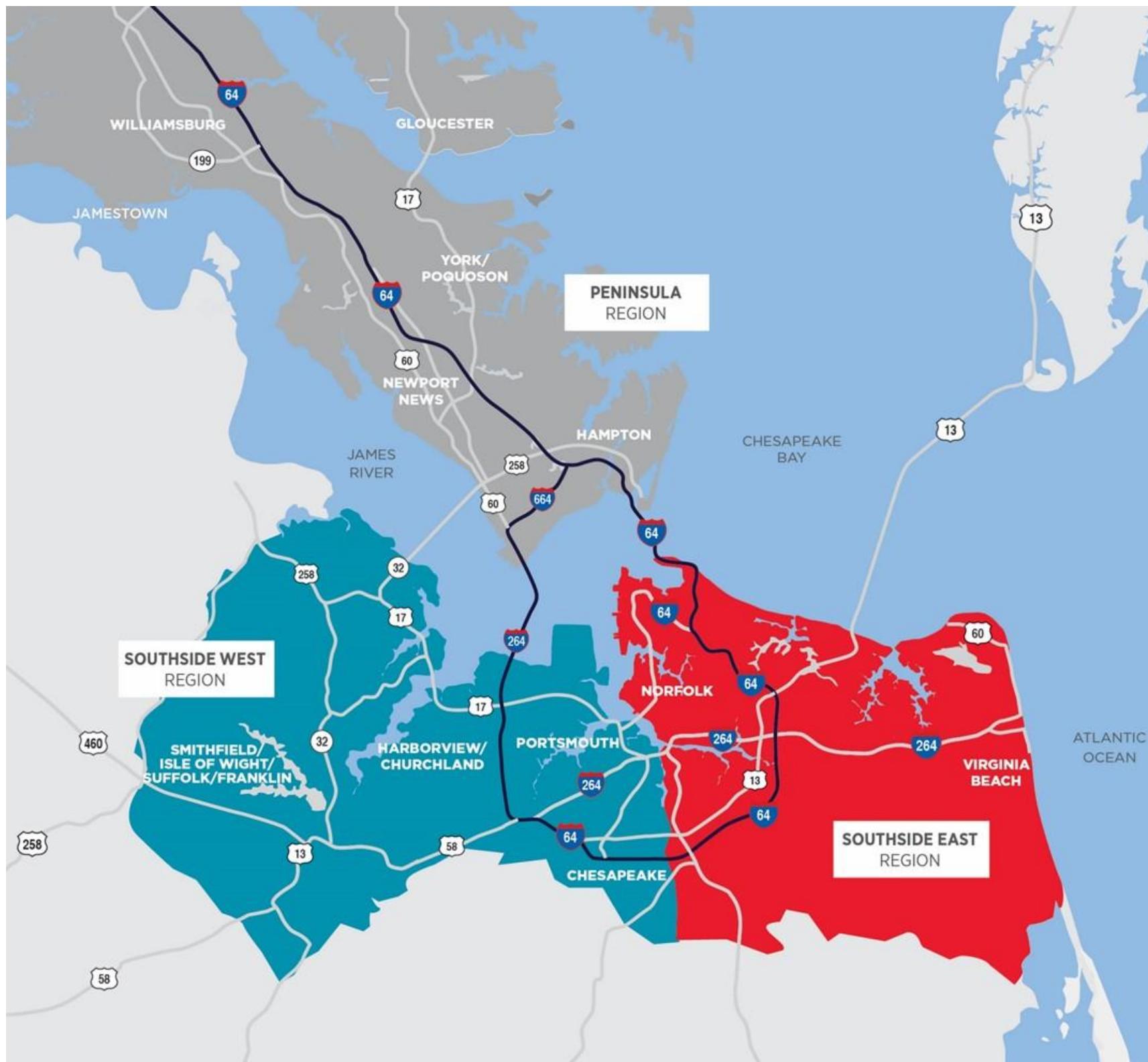
## KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
456-476 Wythe Creek Road	Portsmouth	Planet Fitness	29,293	New Lease
1412 Greenbrier Pkwy.	Chesapeake	Harygul Halloween	26,785	New Lease
932-1000 N Main Street	Suffolk	Schewels Home	26,651	Renewal
1120 N. Military Highway	Norfolk	Northern Tool + Equipment	20,695	Renewal

## KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Midtown Row Portfolio	Williamsburg	Broad Street Realty / BC Wood Properties	158,537	\$28.9M / \$190
4401 Claiborne Square	Hampton	Tabani Group, Inc. / LTPIP Hampton II, LLC	146,502	\$17.0M / \$116
100 Regal Way (Redevelopment)	Yorktown	Regal Cinemas, Inc. / D & B Regal LLC	47,703	\$7.4 / \$13
1620 Sentinel Drive	Greenbrier/Battlefield	The Miller Group of Virginia / The Overton Group Inc.	24,700	\$6.8M / \$275

## RETAIL SUBMARKETS



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