

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$86,800 Median HH Income	▲	▲
0.4% Population Growth	▲	▲
3.7% Unemployment Rate	▼	▼

Source: BLS, 4Q 2025

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2% GDP Growth	▼	▲
2.2% Consumer Spending Growth	▼	▲
1.3% Retail Sales Growth	▼	▬

Source: BEA, Census Bureau

ECONOMY: MARKET FUNDAMENTALS SOLID

Despite the impact of tariffs on Port of Virginia export volume, regional unemployment remains robust and well below the national average, and the region’s extensive tourist traffic remains a key economic driver heading into the summer months. Retail market leasing activity continues to include a mix of more typical tenant turnover and new brands, particularly in established centers where small and mid-size vacancies are emerging. National retailers continue to circle the market and remain active in repositioning locations. Dick’s Sporting Goods is expected to return to Patrick Henry in Newport News while discussions continue about a potential House of Sport concept. PGA Superstores and other experiential and specialty users are also actively evaluating the region. MacArthur Mall will officially close its doors in the summer of 2026 following the sale to the City of Norfolk with demolition scheduled for the end of the year. The site is planned for multi-phase mixed-use redevelopment aimed to reinforce the city’s commitment to creating a more walkable, connected urban core.

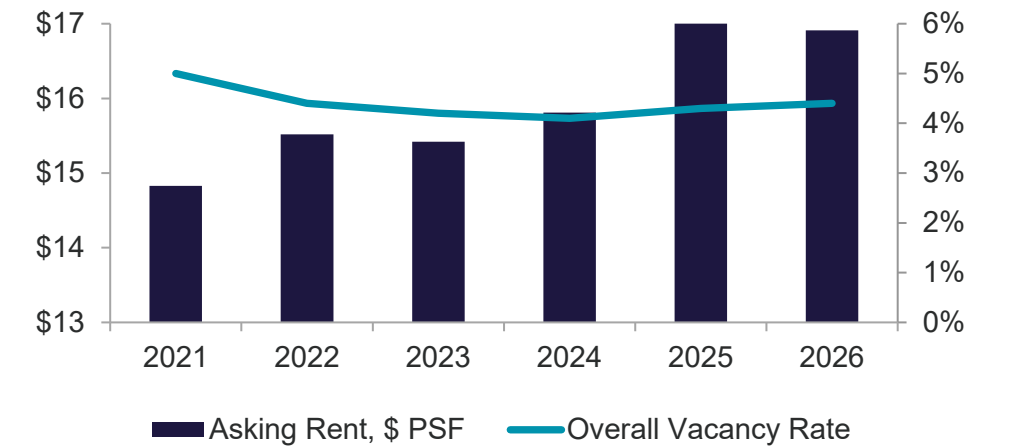
SUPPLY AND DEMAND: GROCERY MOMENTUM

First quarter leasing activity topped 430,000 square feet (sf) despite becoming the fourth consecutive quarter of negative net absorption. Overall vacancy closed the quarter at 4.4%, an increase of 10 basis points (bps) quarter-over-quarter and 70 bps year-over-year (YOY). Market activity remains steady with the majority of prospects focused on repositioning existing product as opposed to ground-up development. Grocery Outlet is planning an additional market location in a former Rite Aid location, similar to its move into the former Earth Fare location in Williamsburg, as the company continues to expand its market footprint by backfilling smaller format locations. Multiple former Rite Aid locations remain available market-wide with ten free-standing buildings still on the market for lease. Additional grocery-related momentum includes Chef’sstore expanding to two market locations, and Sprouts targeting upwards to 35,000 sf for its first market entry.

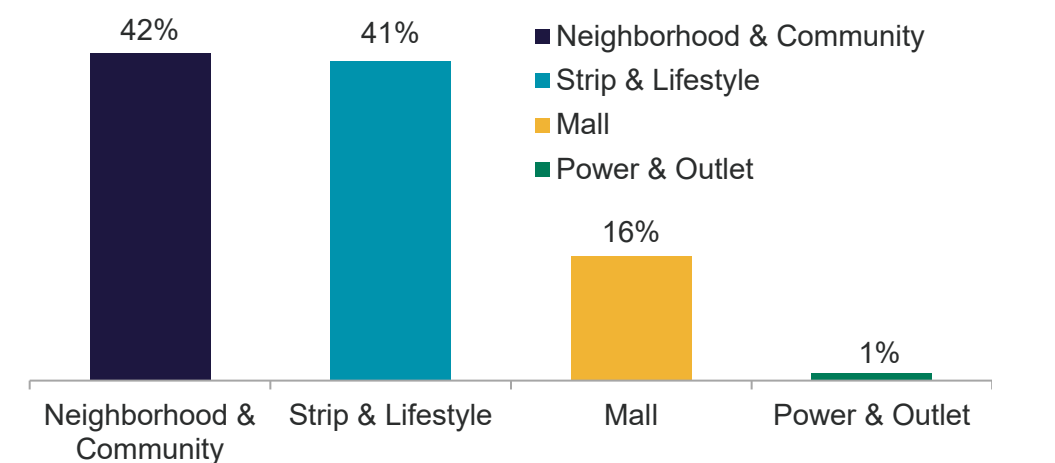
PRICING: SUSTAINED RENT GROWTH

Sustained demand and compressed vacancy have continued to apply upward pressure to quoted pricing with lease rates up 7.8% overall since the start of 2024. Sales volume topped \$265 million in the first quarter, including the transfer of the 408,000-sf Landstown Commons Shopping Center in Virginia Beach to Yale Realty Services for \$102 million. The 184,000-sf Fairfield Shopping Center in Virginia Beach also sold, trading to BC Wood Properties for \$34.9 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	1,949,026	104,076	0	4.4%	-25,945	-25,945	0	\$11.94
Williamsburg	7,204,253	382,574	0	5.3%	23,745	23,745	0	\$15.48
York/Poquoson	2,029,994	40,250	0	2.0%	-15,125	-15,125	0	\$16.02
Newport News	8,512,648	287,767	5,418	3.4%	34,156	34,156	6,800	\$15.25
Hampton	12,120,604	568,542	0	4.7%	-696	-696	0	\$16.14
Smithfield/Isle of Wight/Suffolk/Franklin	3,851,324	120,720	0	3.1%	2,490	2,490	0	\$17.40
Harbourview/Churchland	5,218,987	359,368	0	6.9%	-78,214	-78,214	0	\$19.55
Portsmouth	3,757,295	136,970	0	3.6%	3,233	3,233	0	\$12.60
Chesapeake	10,312,583	441,253	0	4.3%	-90,603	-90,603	13,545	\$23.83
Norfolk	14,750,230	988,145	12,832	6.8%	-107,777	-107,777	146,000	\$15.68
Virginia Beach	23,134,391	873,272	3,902	3.8%	-17,911	-17,911	230,000	\$21.49
HAMPTON ROADS TOTALS	92,841,335	4,302,937	22,152	4.4%	-272,647	-272,647	396,345	\$16.91

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

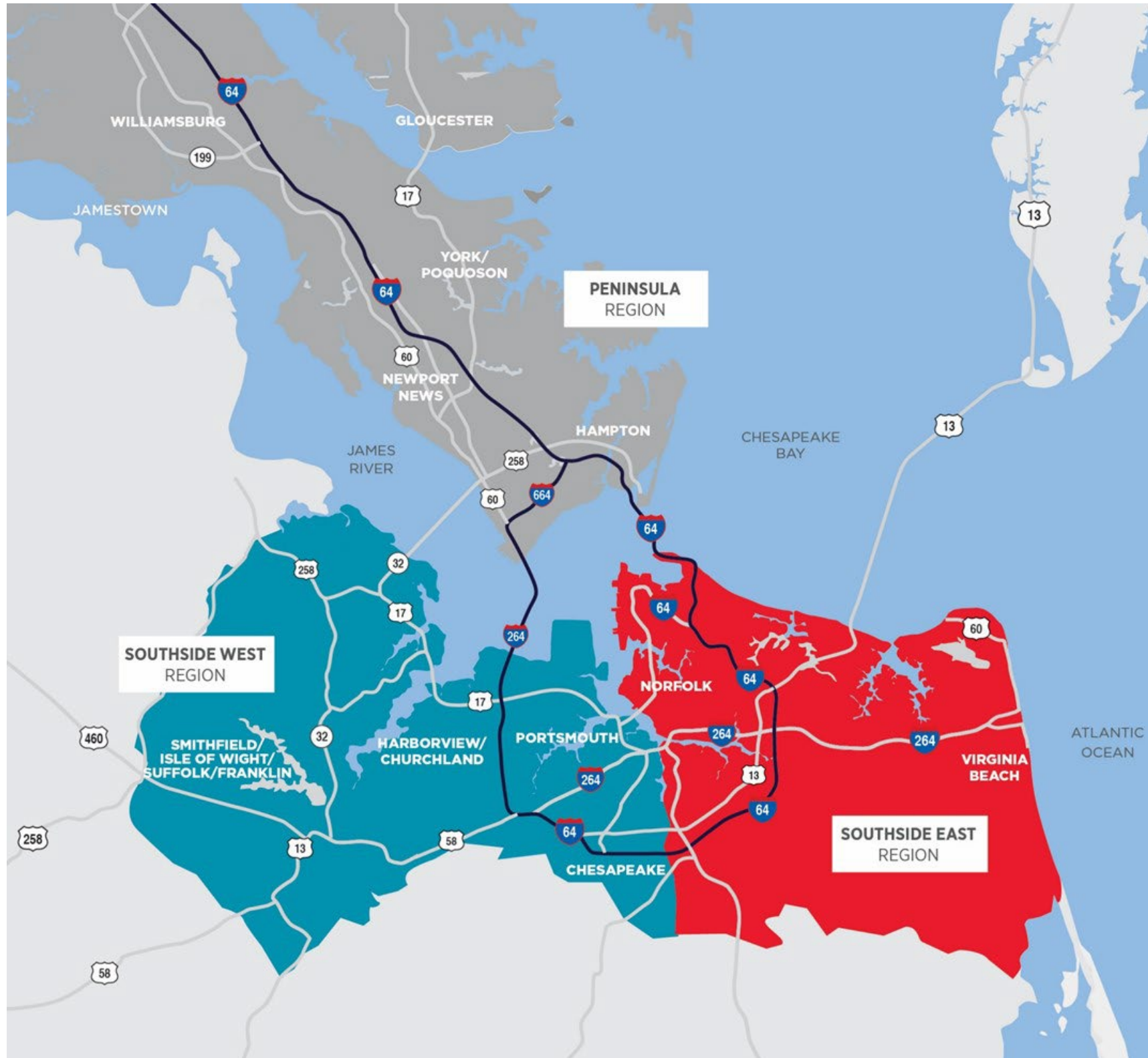
KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2817 Shore Drive	Virginia Beach	Food Lion	33,136	Renewal
2858-2884 Airline Boulevard	Portsmouth	Wizard Bins & Auctions	26,000	New Lease
1944 Laskin Road	Virginia Beach	Planet Fitness	21,374	Renewal
12300 Jefferson Avenue	Newport News	The Pickle Pad	21,092	New

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Landstown Commons Shopping Center	Virginia Beach	Acadia Realty Trust / Yale Realty Services Corp.	399,677	\$102M / \$255
Fairfield Shopping Center	Virginia Beach	Perform Properties / BC Wood Properties	184,106	\$34.9M / \$190
Hampton Plaza Shopping Center	Hampton	COVA Acquisitions One, LLC / C.F. Smith Property Group	159,798	\$12M / \$75
1920 / 1924 Centerville Turnpike	Virginia Beach	Harmony Hospitality / Piedmont Capital	157,434	\$18.2M / \$116

RETAIL SUBMARKETS



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