2022
HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST
E.V. WILLIAMS CENTER FOR REAL ESTATE
AT THE HARVEY LINDSAY SCHOOL OF REAL ESTATE
EMCEE
KRISTA COSTA
EXECUTIVE VICE PRESIDENT, CORPORATE SERVICES & OFFICE LEASING
BLUE & SILVER SPONSORS

AES Consulting Engineers
Colliers International
DF Multifamily Commercial Ventures
JLL
Towne Bank Mortgage
ECONOMIC TRENDS & CONDITIONS

Robert McNab, PH.D.
Director, Dragas Center for Economic Analysis and Policy
Strome College of Business
Old Dominion University
Civilian Labor Force and Individual Employment
Hampton Roads, January 2007 – December 2021

Thousands of Individuals

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
Thousands of Jobs

Nonfarm Payrolls (Jobs)
Hampton Roads, January 2007 – December 2021

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data. Pre-recessionary peaks in nonfarm payrolls were July 2007 and January 2020. Troughs in nonfarm payrolls were February 2010 and April 2020.
Change in Nonfarm Payrolls (Jobs)
Hampton Roads, December 2019 – December 2021

- Leisure and Hospitality: -9,400, -8,200, -6,400
- Manufacturing: -4,500, -2,600, -1,800, -1,700, -1,400, -1,000, -300
- Prof. and Business Services: -100, -100
- Financial Activities: -1,000
- Wholesale Trade: -100
- Mining, Logging, and Construction: -12,000
- Transport, Warehouse, Utilities: 1,200
- Change in Nonfarm Payrolls (Jobs): 5,000

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data requires the use of the same month in time.
Nonfarm Payrolls (Jobs), Hampton Roads, Virginia, and the United States
January 2020 – December 2021

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Index estimated from seasonally adjusted data. 100 is equal to employment in January 2020.
Sources: United States Department of Defense, Office of Management and Budget, and Dragas Center for Economic Analysis and Policy. Includes federal civilian and military personnel and procurement spending. Data for 2021 are estimates while data for 2022 through 2026 are projections based on DoD spending projections.
Total TEUs
Port of Virginia, January 2019 – November 2021

Source: The Port of Virginia (2021), TEU Volume, Monthly Website Statistics. Total TEUs are equal to Total Loads plus the number of empty TEUs exported and imported through the Port of Virginia.
Source: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. The job openings rate is equal to the ratio of the number of job openings to the sum of employment and job openings. The job quit rate is equal to the ratio of job quits to employment. Both ratios are multiplied by 100.
Personal Consumption Expenditures Price Indices
Year-over-Year Change, January 2019 – January 2022

Durable Goods
Nondurable Goods
Services

Source: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
The Russian invasion of Ukraine highlights the interconnectedness of the global economy and the vulnerability of economies to a synchronized energy shock.

The Department of Defense budget will rise in the coming years and Hampton Roads will see increases in shipbuilding and repair, cybersecurity, and other activities.

The Federal Reserve continues to lag inflationary expectations and will need to rapidly increase the discount rate in the second half of 2022 and into 2023.

Not every recession since World War II has been caused by an energy price shock, but every energy price shock has led to a recession.

The Hampton Roads economy should grow by 2.5% in 2022, but there is growing recessionary risk coupled with persistent inflation.
Ashley M. Bussey
Senior Associate, Office and Industrial Division
S.L. Nusbaum Realty Co.
“Are offices going to be essential?”

The office, as you know it, is dead.

Is “Office Space” Dead After Covid? Far From it.
Return-to-work
FLEXIBILITY
Net Absorption, Net Deliveries, & Vacancy
Soaring Construction Prices

Top 2021 Office Leases
## Top 2021 Office Leases

<table>
<thead>
<tr>
<th>Property</th>
<th>Size</th>
<th>Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>4588 Virginia Beach Boulevard</td>
<td>52,638 SF</td>
<td></td>
</tr>
</tbody>
</table>
## Top 2021 Office Leases

<table>
<thead>
<tr>
<th>Property</th>
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<tbody>
<tr>
<td>4588 Virginia Beach Boulevard</td>
<td>52,638 SF</td>
<td>Decisions</td>
</tr>
<tr>
<td>1434 Crossways Boulevard</td>
<td>51,700 SF</td>
<td>Conduent</td>
</tr>
<tr>
<td>Property</td>
<td>Size</td>
<td>Tenant</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------</td>
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</tr>
<tr>
<td>1434 Crossways Boulevard</td>
<td>51,700 SF</td>
<td>CONDUENT</td>
</tr>
<tr>
<td>5151 Bonney Road</td>
<td>43,686 SF</td>
<td>QED SYSTEMS, INC</td>
</tr>
</tbody>
</table>
Top 2021 Office Sales
### Top 2021 Office Sales

<table>
<thead>
<tr>
<th>Property</th>
<th>Sale Price</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>101 W. Main Street</td>
<td>$68,900,000</td>
<td>$187.74</td>
</tr>
<tr>
<td>Property</td>
<td>Sale Price</td>
<td>Price/SF</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------</td>
<td>-----------</td>
</tr>
<tr>
<td>101 W. Main Street</td>
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<tr>
<td>850 Enterprise Parkway (part of a 14-property portfolio)</td>
<td>$44,894,049</td>
<td>$484.82</td>
</tr>
<tr>
<td>Property</td>
<td>Sale Price</td>
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</tr>
<tr>
<td>----------------------------------</td>
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<td>$484.82</td>
</tr>
<tr>
<td>(part of a 14-property portfolio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1717 Will O Wisp Drive</td>
<td>$20,785,787</td>
<td>$404.46</td>
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</tbody>
</table>
Continued Office Trends
Hybrid Work-From-Home
Innovative Office Space
• Greater Space Utilization
• Space Flexibility
• Enhanced Technology
• Attractive Amenities
• Sustainability
Future of Office
Flexibility
2022 Office Outlook

- Companies continue to "right-size"
2022 Office Outlook

• Companies continue to “right-size”
• Minimal supply-side pressures
2022 Office Outlook

- Companies continue to “right-size”
- Minimal supply-side pressures
- Construction prices will limit new inventory
2022 Office Outlook

• Companies continue to “right-size”
• Minimal supply-side pressures
• Construction prices will limit new inventory
• Landlords combat rising inflation
2022 Office Outlook

- Companies continue to “right-size”
- Minimal supply-side pressures
- Construction prices will limit new inventory
- Landlords combat rising inflation
- Rental rates will increase slightly
2022
HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST
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AT THE HARVEY LINDSAY SCHOOL OF REAL ESTATE
INDUSTRIAL
Hampton Roads Industrial Market Review - 2021

US Industrial Market Stats

<table>
<thead>
<tr>
<th>Metric</th>
<th>YoY Chg</th>
<th>12-Mo. Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy Rate</td>
<td>3.8%</td>
<td>Down</td>
</tr>
<tr>
<td>Net Absorption, SF</td>
<td>507.3M</td>
<td>Up</td>
</tr>
<tr>
<td>Asking Rent, PSF</td>
<td>$7.62</td>
<td>Up</td>
</tr>
</tbody>
</table>

Hampton Roads Industrial Market Stats

<table>
<thead>
<tr>
<th>Metric</th>
<th>YoY Chg</th>
<th>12-Mo. Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy Rate</td>
<td>1.5%</td>
<td>Down</td>
</tr>
<tr>
<td>Net Absorption, SF</td>
<td>6.7M</td>
<td>Up</td>
</tr>
<tr>
<td>Asking Rent, PSF</td>
<td>$6.85</td>
<td>Up</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield | Thalhimer
Hampton Roads Industrial Market Review - 2021

- Private equity and institutional investors and developers
- Record-breaking year at the Port (again)
- eCommerce push continues
- Offshore wind energy supply chain hub
Hampton Roads Industrial Market - 2021

- Low interest rates
- Repositioning asset classes
- Investor appetite for transportation-oriented markets
- Diversification and shifting trade patterns

Source: Viewpoint 2022 Commercial Real Estate Trends Report, Integra Realty Resources (IRR)
The Port of Virginia

• 25.2% increase YoY in 2021 – 3.5 million TEUs handled
• Most efficient Port in US in 2021 (amongst ports handling over 1m TEUs)
• Over $100bn economic impact
• PMT – Siemens Gamesa

Differentiators

• One authority; six terminals
• Most automated terminal in US (VIG)
• Two Class I railroads and ability to handle ULCVS

Source: Port of Virginia
Top 3 Industrial Leases – 2021

1. Lot 6, Enterprise Dr, Virginia Port Logistics Park, Suffolk. **1,500,000 SF.**
Top 3 Industrial Leases – 2021

1. Lot 6, Enterprise Dr, Virginia Port Logistics Park, Suffolk. 1,500,000 SF.
2. 1401 Enterprise Dr, Virginia Port Logistics Park, Suffolk. 348,500 SF.

Source: CoStar
Top 3 Industrial Leases – 2021

1. Lot 6, Enterprise Dr, Virginia Port Logistics Park, Suffolk. 1,500,000 SF.
2. 1401 Enterprise Dr, Virginia Port Logistics Park, Suffolk. 348,500 SF.
3. 6601 Park Dr, Portside Logistics and Commerce Park, Suffolk. 338,000 SF.

Source: CoStar
Top 3 Industrial Sales – 2021

1. 5045 Portsmouth Blvd, Chesapeake. $156,987,294. 637,266 SF.

Source: CoStar
Top 3 Industrial Sales – 2021

1. 5045 Portsmouth Blvd, Chesapeake. $156,987,294. 637,266 SF
2. Crossways Commerce Center, Chesapeake. $61,050,000. 525,082 SF

Source: CoStar
Top 3 Industrial Sales – 2021

1. 5045 Portsmouth Blvd, Chesapeake. $156,987,294. 637,266 SF.
2. Crossways Commerce Center, Chesapeake. $61,050,000. 525,082 SF.
3. 1440 London Bridge Rd, Virginia Beach. $18,000,000. 400,000 SF.

Source: CoStar
Outlook For 2022

DEMAND
• 3PLs, eCommerce, and continued migration to east coast ports

PRICING
• Rental rates rise

AVAILABILITY
• Vacancy stabilizes...at 0.5%

DEVELOPMENT
• New Class A development projects in the works

OBSTACLES
• But limited industrial development opportunities remain
• Indirect impact from Russia’s invasion of Ukraine
• Inflation
THOUGHTS AND PRAYERS WITH THE PEOPLE OF UKRAINE

Thank you and have a great 2022!
Erica Rorrer
Executive Vice President and Associate Broker
7 Hills Advisors
“2021? Well, it can’t be as bad as 2020!”

- Said Every Human On Earth
Greater Hampton Roads 2021 Spotlight

Total Space Leased
- Total Space Vacated

NET ABSORPTION (SF)

2020: (82,661)
2021: 252,782
2019: 795,562

Source: CoStar
Vacant Units / Total Units = VACANCY RATE

Source: CoStar
National Retail & Food Service Sales

Source: U.S. Census Bureau
Retail Square Feet Leased in 2021

\[ 1 \text{ ft}^2 \times 900,000 = 1^{st} \text{ Quarter 2021} \]

\[ 1 \text{ ft}^2 \times 2.6 \text{ million} = 2021 \text{ Total} \]

Source: CoStar
More Stores Open Than Close

- 2020 Announced Closings: 3,950
- 2021 Announced Closings: 8,100
- 2020 Announced Openings: 10,700
- 2021 Announced Openings: 8,100
Anchor / Jr. Anchor Announced Store Openings

- Ross: ~45 stores
- dd's Discounts: ~20 stores
- Costco Wholesale: ~60 stores
- T.J. Maxx: ~120 stores
- HomeGoods: ~120 stores
- Sam's Club: ~30 stores
- Dollar General: ~1,050 stores
- Dollar Tree: ~393 stores
- Burlington: ~220 stores
- Family Dollar: ~198 stores
- Five Below: ~170 stores
# TOP RETAIL LEASES

## SURPLUS FREIGHT

<table>
<thead>
<tr>
<th>SHOPPING CENTER</th>
<th>CITY</th>
<th>QUARTER</th>
<th>SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenbrier Market Center</td>
<td>Chesapeake</td>
<td>Q1</td>
<td>42,296 SF</td>
</tr>
<tr>
<td>The Shops at Hilltop</td>
<td>Virginia Beach</td>
<td>Q4</td>
<td>38,920 SF</td>
</tr>
<tr>
<td>Newport Crossing</td>
<td>Newport News</td>
<td>Q1</td>
<td>33,472 SF</td>
</tr>
<tr>
<td>Newmarket SC</td>
<td>Newport News</td>
<td>Q2</td>
<td>33,200 SF</td>
</tr>
<tr>
<td>Kingsgate Green SC</td>
<td>Williamsburg</td>
<td>Q2</td>
<td>30,000 SF</td>
</tr>
<tr>
<td>Southern Shopping Center</td>
<td>Norfolk</td>
<td>Q4</td>
<td>30,000 SF</td>
</tr>
</tbody>
</table>
Outer Banks is our Inner Circle

80,000 square-foot store will open in 2023 in Kill Devil Hills at the site of the old Kmart

24,000 square-foot store to open in 2023 in Marketplace at Southern Shores

The first legal distillery in Currituck! Buffalo City Distillery is a “farm to bottle” operation using this fertile land to grow exceptionally flavorful grains to produce premium spirits with a unique coastal terroir.
TOP SHOPPING CENTER SALES

- GREENBRIER SQUARE
- $36.5M
- $140 PSF
- 3rd Quarter of 2021
- 240,602 Square Feet
TOP SHOPPING CENTER SALES

- SOUTHERN SHOPPING CENTER
- $25M
- $101 PSF
- 4th Quarter of 2021
- 246,622 Square Feet
- Anchored by Food Lion, Dollar Tree, Rainbow, Ross Dress for Less (coming soon)
TOP SHOPPING CENTER SALES

- HAMPTON TOWNE CENTRE
- $7.7M
- $44 PSF
- 2nd Quarter of 2021
- 174,540 Square Feet
- Anchored by Ace Hardware, Rite Aid, Dollar Tree and Chuck E. Cheese
Outer Banks is our Inner Circle

785 Sunset Blvd Corolla, NC 27927 USA
Three buildings totaling 38,421 Square Feet sold for $10.5M ($273/sf)
What Types Of Centers Perform Well

Rent Premium Increases for Centers With More Nontraditional Tenants
Rent Per Square Foot and Rent Premium by Share Of Nontraditional Tenants

- Below-Average Nontraditional Share
- Above-Average Nontraditional Share
- Premium

Source: CoStar Advisory Services
As of 3/15/21
A Growing Industry

Hemp House Wellness: A CBD Boutique

★ ★ ★ ★ ★ Rated 5/5.0 from 5 Reviews

Hemp House Wellness: A CBD Boutique is a CBD store in Virginia Beach, Virginia.
Soon-to-be-renamed Pembroke Mall

$200 Million Investment

14-story dual branded hotel at former SunTrust Bank outparcel

329 multifamily apartments at former Stein Mart location

Seven-story, 156-unit senior living community
The Fall Of The Mall & Mall Makeovers

The Virginian-Pilot

Revitalizing Military Circle: Pharrell, Emmitt Smith among developers to present proposals to Norfolk City Council

The proposals would transform the area around Military Circle mall in Norfolk, which city leaders have long sought to redevelop.
Chesapeake Square Mall

PROPOSED
Midtown Row

- Williamsburg
- Mixed-use redevelopment
- 63,000 SF of retail constructed in 2021
2021 LARGEST CONSTRUCTION PROJECTS

Volvo Place at The Summit

- 601 Volvo Parkway, Chesapeake
- Neighborhood Retail Center
- 43,500 SF constructed in 2021
2021 LARGEST CONSTRUCTION PROJECTS

Bridgeport

- North Suffolk
- Mixed-Use/ Retail and Apartments
- 36,370 SF of retail constructed in 2021
2021 LARGEST CONSTRUCTION PROJECTS

Summit Pointe
500 Volvo Parkway
CHESAPEAKE | VA 23320

$330M Coastal Virginia Mixed-Use Project

25,000 SF of Retail Constructed in 2021

New Block Anchored by Cork & Bull!
Retail E-Commerce Sales as % of Total Retail Sales:

<table>
<thead>
<tr>
<th></th>
<th>1Q 2017</th>
<th>2Q 2017</th>
<th>3Q 2017</th>
<th>4Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2018</td>
<td>17%</td>
<td>16%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>1Q 2019</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>1Q 2020</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>1Q 2021</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau

MARCH 2020
COVID-19 BEGINS

MAY 2020
STORES REOPEN

Q1 2021
Stores Are Here To Stay
In other news...

Retail Store Marries the Internet!

"IF YOU LOVE IT SO MUCH, WHY DON'T YOU MARRY IT"
- SHE SAID
Christen Faatz
SVP, Corporate Finance and Accounting
The Franklin Johnston Group

MULTIFAMILY
MULTIFAMILY MARKET FUNDAMENTALS ARE STRONG
OUR APARTMENTS ARE HIGHLY OCCUPIED.
VACANCY RATES LOWER THAN HISTORICAL AVERAGES

Vacancy in HR vs. Nation

HR Historical Avg = 6.6%
2021 HR AVERAGE 3.3%

Source: CoStar
### Occupancy by Submarket and Neighboring Regions

#### Submarket Growth Current

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Growth</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesapeake</td>
<td>1.1%</td>
<td>98.3%</td>
</tr>
<tr>
<td>Gloucester County</td>
<td>2.5%</td>
<td>99.7%</td>
</tr>
<tr>
<td>Hampton/York</td>
<td>2.2%</td>
<td>97.4%</td>
</tr>
<tr>
<td>Isle of Wight County</td>
<td>1.7%</td>
<td>99.0%</td>
</tr>
<tr>
<td>Kempsville/Bayside</td>
<td>2.3%</td>
<td>97.8%</td>
</tr>
<tr>
<td>Lynnhaven/Oceana</td>
<td>1.4%</td>
<td>96.7%</td>
</tr>
<tr>
<td>Newport News</td>
<td>1.8%</td>
<td>96.4%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>1.4%</td>
<td>97.5%</td>
</tr>
<tr>
<td>Portsmouth/Suffolk</td>
<td>1.0%</td>
<td>97.7%</td>
</tr>
<tr>
<td>Williamsburg</td>
<td>2.0%</td>
<td>97.2%</td>
</tr>
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#### Market Occupancy

<table>
<thead>
<tr>
<th>Market</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton Roads</td>
<td>96.70%</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>93.60%</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>95.20%</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>93.60%</td>
</tr>
</tbody>
</table>

Source: Berkadia internal system data.
RENT IS GOING UP.

11.2% IN 2021!
Hampton Roads Rent Growth

2020: 5.30%
2021: 11.20%
2022: 6.00%

HR Historical Average = 3.1%

Source: CoStar.
## Rent Growth by Submarket and Neighboring Regions

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Growth</th>
<th>Rent Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesapeake</td>
<td>11.40%</td>
<td>$1,391</td>
</tr>
<tr>
<td>Gloucester County</td>
<td>8.50%</td>
<td>$763</td>
</tr>
<tr>
<td>Hampton/York</td>
<td>17.40%</td>
<td>$1,322</td>
</tr>
<tr>
<td>Isle of Wight County</td>
<td>10.90%</td>
<td>$1,346</td>
</tr>
<tr>
<td>Kempsville/Bayside</td>
<td>13.50%</td>
<td>$1,444</td>
</tr>
<tr>
<td>Lynnhaven/Oceana</td>
<td>18.40%</td>
<td>$1,542</td>
</tr>
<tr>
<td>Newport News</td>
<td>15.80%</td>
<td>$1,167</td>
</tr>
<tr>
<td>Norfolk</td>
<td>9.80%</td>
<td>$1,209</td>
</tr>
<tr>
<td>Portsmouth/Suffolk</td>
<td>10.40%</td>
<td>$1,210</td>
</tr>
<tr>
<td>Williamsburg</td>
<td>14.30%</td>
<td>$1,449</td>
</tr>
</tbody>
</table>

## Market Rent by Neighboring Regions

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Growth</th>
<th>Rent Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton Roads</td>
<td>11.20%</td>
<td>$1,318</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>9.30%</td>
<td>$1,957</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>12.10%</td>
<td>$1,341</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>16.60%</td>
<td>$1,472</td>
</tr>
</tbody>
</table>

Source: Berkadia internal system data.
2022
HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST
E.V. WILLIAMS CENTER FOR REAL ESTATE

RENT WILL RISE AGAIN IN 2022

• CoStar 6+%  
• Realtor.com 7+%  
• Axiometrics 12%
Occupied... but will the rent be paid?
Rent Relief Program

• Total Rent Relief Available in VA: $1.02 Billion
• More than 76K households have been helped as of Nov. 2021
• Per DHCD, on January 25, the Agency had $220M left in Emergency Assistance Funds.
• Burn rate: $10 million per week
• At this rate, the state could run out of these funds by summer
Transaction Volume

Sales Volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Volume (Millions)</th>
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<tbody>
<tr>
<td>2018</td>
<td>$600</td>
</tr>
<tr>
<td>2019</td>
<td>$800</td>
</tr>
<tr>
<td>2020</td>
<td>$600</td>
</tr>
<tr>
<td>2021</td>
<td>$1,200</td>
</tr>
</tbody>
</table>

Source: CoStar.
Sales Price Per Unit Soaring Higher and Higher

Source: CoStar.
## Notable Sales in 2021

<table>
<thead>
<tr>
<th>Property/Address</th>
<th>Year Build</th>
<th>Units</th>
<th>Price</th>
<th>Price/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastline</td>
<td>1970</td>
<td>600</td>
<td>$ 98,500,000</td>
<td>$ 164,166</td>
</tr>
<tr>
<td>Virginia Beach</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lumen Apartments</td>
<td>2020</td>
<td>300</td>
<td>$ 82,000,000</td>
<td>$ 273,333</td>
</tr>
<tr>
<td>Hampton</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Streets of Greenbrier</td>
<td>2013</td>
<td>280</td>
<td>$ 66,459,600</td>
<td>$ 237,355</td>
</tr>
<tr>
<td>Chesapeake</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>River House Apartments</td>
<td>2008</td>
<td>194</td>
<td>$ 49,500,000</td>
<td>$ 255,154</td>
</tr>
<tr>
<td>Norfolk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Rockefeller</td>
<td>2015</td>
<td>146</td>
<td>$ 29,758,500</td>
<td>$ 203,825</td>
</tr>
<tr>
<td>Norfolk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CoStar.
Coastline Apts

HIGHEST PRICE PAID FOR A SINGLE DEAL

$164k/door in Virginia Beach
River House Apartments
$255k/door in Norfolk
Lumen Apartments
HIGHEST PRICE PAID PER UNIT
$273k /door in Hampton
2,500+ units in the Construction Pipeline

<table>
<thead>
<tr>
<th>Location</th>
<th>2021 Units Delivered</th>
<th>2021 Units Absorbed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton Roads</td>
<td>1,348</td>
<td>2,003</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>13,242</td>
<td>21,210</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>3,096</td>
<td>4,436</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>9,000</td>
<td>11,531</td>
</tr>
</tbody>
</table>

Source: CoStar.
Amenity Packages
Average One Bedroom Rent

<table>
<thead>
<tr>
<th>Location</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, DC</td>
<td>$1,774</td>
</tr>
<tr>
<td>Virginia Beach, VA</td>
<td>$1,395</td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td>$1,325</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>$1,272</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>$1,171</td>
</tr>
</tbody>
</table>

Source: CoStar.
## Average Two Bedroom Rent

<table>
<thead>
<tr>
<th>City</th>
<th>Rent (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, DC</td>
<td>$1,793</td>
</tr>
<tr>
<td>Virginia Beach, VA</td>
<td>$1,639</td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td>$1,516</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>$1,421</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>$1,346</td>
</tr>
</tbody>
</table>

Source: CoStar.
## Average Three Bedroom Rent

<table>
<thead>
<tr>
<th>Avg. Three Bedroom</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, DC</td>
<td>$2,142</td>
</tr>
<tr>
<td>Virginia Beach, VA</td>
<td>$2,099</td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td>$1,820</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>$1,658</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>$1,611</td>
</tr>
</tbody>
</table>

$434,919 home at 4.09%!

Source: CoStar.
MULTIFAMILY OUTLOOK IS STRONG IN 2022 AND BEYOND
2022

HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST

E.V. WILLIAMS CENTER FOR REAL ESTATE
AT THE HARVEY LINDSAY SCHOOL OF REAL ESTATE

PRESENTED BY

Old Dominion University
Strome College of Business
E.V. Williams Center for Real Estate
At the Harvey Lindsay School of Real Estate
J. Van Rose, Jr., MIRM
Principal Owner
Rose & Womble Realty Co., LLC

RESIDENTIAL
THE KEY INGREDIENTS FOR STRONG SALES

- HIGH DEMAND
- COVID
- LOW RATES
- LOW SUPPLY
Total Closings in 2021

39,998 Homes
HAMPTON ROADS RESALE HOMES

CLOSINGS

+16.3%
YOY

2019: 25,925
2020: 29,162
2021: 33,920

2019: +16.3% YOY

HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST
E.V. WILLIAMS CENTER FOR REAL ESTATE
HAMPTON ROADS NEW CONSTRUCTION HOMES

CLOSINGS

-8.9% YOY

2019 Closings 3,124
2020 Closings 3,987
2021 Closings 3,630
LOW SUPPLY (ACTIVE LISTINGS) IS CONSTRAINING DEMAND

14,644 in 2010

2,581 in 2022

Year End 2021 Key Statistics

• Median Days on Market: 14
• Months to Absorb: 0.88
• Homes Selling in 30 Days: 72%
## Resale Market in Hampton Roads by Price Point

<table>
<thead>
<tr>
<th>Price Range ($000s)</th>
<th>Months to Absorb</th>
<th>Market Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $100</td>
<td>1.4</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>101-150</td>
<td>1.0</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>151-200</td>
<td>0.8</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>201-250</td>
<td>0.8</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>251-300</td>
<td>0.7</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>301-350</td>
<td>0.6</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>351-400</td>
<td>0.8</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>401-500</td>
<td>0.8</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>501-600</td>
<td>0.9</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>601-700</td>
<td>1.4</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>701-800</td>
<td>1.9</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>801-900</td>
<td>1.5</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>901-1M</td>
<td>2.1</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>1M-2M</td>
<td>2.7</td>
<td>Extreme Sellers Market</td>
</tr>
<tr>
<td>&gt;2M</td>
<td>7.6</td>
<td>Balanced Market</td>
</tr>
<tr>
<td>Total</td>
<td>0.8</td>
<td>Extreme Sellers Market</td>
</tr>
</tbody>
</table>
DISTRESSED SALES

No!!! Forbearance Did Not Kill The Market

In 2021 Hampton Roads: 0.4% - 2.5% of all Sales
HOW HAS PRICING BEEN IMPACTED?

Resale Construction – Median Price Detached Home

$245,000 in 2017
+3.5%

$253,500 in 2018
+3.7%

$263,000 in 2019
+8.3%

$285,000 in 2020
+10.4%

$314,685 in 2021
+25.6%
HOW HAS PRICING BEEN IMPACTED?

New Construction – Median Price Detached Home

$343.105 in 2017
$359,941 in 2018
$363,200 in 2019
$368,730 in 2020
$405,564 in 2021

+4.9%
+.9%
+1.5%
+9.9%
+17.20%
2022 FORECAST – RESALE SECTOR

Sales = Slower
Prices = Slightly Up
Buyers = Plentiful... but Cautious
Supply = Lower
Rates = Higher
THE DEMOGRAPHIC TSUNAMI

Millennials in Hampton Roads:
392,247 by population;
approximately 153,029 Households

Boomers in Hampton Roads:
387,243 by population;
approximately 154,898 Households

Source: Weldon Cooper Center at UVA
2022 FORECAST – NEW CONSTRUCTION SECTOR

Sales = Higher
Prices = Higher
Buyers = Plentiful
  w/Pricing Fatigue
Supply = Higher
Rates = Higher
Supply Chain Issues = Lingering but Improving
IS HOME EQUITY FUELING THE MARKET?

According to Forbes Magazine, home equity in the United States hit a record $23,000,000,000,000 just at the end of Q2 2021!
<table>
<thead>
<tr>
<th>Rank</th>
<th>Builder</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Ryan Homes</td>
<td>833</td>
<td>844</td>
</tr>
<tr>
<td>#2</td>
<td>Dragas Companies</td>
<td>321</td>
<td>210</td>
</tr>
<tr>
<td>#3</td>
<td>Napolitano Homes</td>
<td>48</td>
<td>154</td>
</tr>
<tr>
<td>#4</td>
<td>Chesapeake Homes</td>
<td>107</td>
<td>128</td>
</tr>
<tr>
<td>#5</td>
<td>Franciscus Homes</td>
<td>104</td>
<td>122</td>
</tr>
</tbody>
</table>

40.2%
2022 Forecast: Bright Market with a Few Challenges

- Low Supply
- Supply Chain Issues
- Interest Rates
2022
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