



**OLD DOMINION
UNIVERSITY**

Strome College of Business



2026 HAMPTON ROADS REAL ESTATE

MARKET REVIEW & FORECAST

E.V. WILLIAMS CENTER FOR REAL ESTATE

AT THE HARVEY LINDSAY SCHOOL OF REAL ESTATE



REPORTS/PRESENTATION

odu.edu/business/center/evwilliams-center



MEMBERSHIP



DISCOVER THE DIFFERENCE OF FINANCING LOCALLY.

Get fast and fair decisions from our local team of Commercial Real Estate Bankers who understand the Hampton Roads market. When you have experts on your side, you can focus on building your business.

We're ready to help. Contact your local team today:



Ricky Frantz
757.473.5844



Sheila Traficante
757.473.5861



Tim Schwan
757.202.1117



Bonnie Stretz
757.473.5852

We're proud to be the Presenting Sponsor of the 31st Annual Hampton Roads Market Review & Forecast.



AtlanticUnionBank.com



CONTENTS



E.V. Williams Center *for* Real Estate *at* The Harvey Lindsay School *of* Real Estate

31st Annual Hampton Roads Real Estate Market Review & Forecast



REPORTS/PRESENTATION



MEMBERSHIP

odu.edu/business/center/evwilliams-center

MEDIA SPONSOR:



**VIRGINIA
MEDIA**

- 5** Message from the Center
- 6** Advisory Board & Members
- 7** Robert M. Stanton Legacy Award
- 8-9** Sponsors
- 10** Retail
- 14** Office
- 18** Multifamily
- 22** Industrial
- 28** Residential



S.L. NUSBAUM

REALTY CO. | SINCE 1906

Through education, research, and industry engagement, the E.V. Williams Center for Real Estate plays a vital role in preparing future leaders and strengthening the real estate profession throughout Hampton Roads and beyond.

We are grateful for the partnership, insight, and commitment to excellence that ODU and the Center brings to our industry.

Thank you for your dedication to learning, leadership, and community impact.

Thank you.

NORFOLK: 440 Monticello Avenue | Suite 1700 | Norfolk, VA 23510 | 757.627.8611
RICHMOND: 7200 Glen Forest Drive | Suite 300 | Richmond, VA 23226 | 804.320.7600

slnusbaum.com

MESSAGE FROM THE CENTER



It's our pleasure to welcome you to the E.V. Williams Center for Real Estate's Hampton Roads Real Estate Market Review and Forecast. We hope that you find both the Market Review presentations and the in-depth analysis contained in this report useful and informative. Having an awareness of the opportunities and challenges facing the different real estate sectors is more important than ever in these uncertain times. Thank you to all of our speakers today. We have another fantastic lineup, and we hope you find their insights valuable.

What we do in the E.V. Williams Center for Real Estate and the Harvey Lindsay School of Real Estate would not be possible without the support of the industry and community in Hampton Roads. We would like to thank all of those who help support the real estate activities at ODU, including our advisory board members, industry members of the Center and those who have shared their experiences with our students. This year, we would also like to highlight the work we do with various professional bodies. Not only do we have strong relationships with the regional organizations HRACRE and HRRA, but regional chapters of national bodies such as the Appraisal Institute, CREW, IREM and ULI play important roles in the work we do at ODU as well. We want to extend special thanks to all the sponsors of today's event.

These connections also spread beyond Hampton Roads. Last November, the Center's Fall Meeting examined the impact the current financing environment is having on the commercial and residential markets, and we welcomed a number of panelists from national organizations. Furthermore, next month a group of our students will be spending two weeks in London on ODU's first-ever real estate study abroad program.

The connection between academia and the industry is essential for any real estate center and program, and we are incredibly fortunate in this regard at ODU. The contributions and dedication of so many people have helped ensure not only the continued growth of the E.V. Williams Center but also this event. One who has been central in the work undertaken over the last three decades is Deborah Stearn. It is our pleasure to announce that Deborah is this year's recipient of the Robert M. Stanton Legacy Award to honor and recognize her contribution to the Hampton Roads real estate community.

The Center is always looking for ways to provide additional educational opportunities and to support the local community. If you have any thoughts or suggestions in this regard, please reach out to us. Thank you for attending the 31st Annual Market Review. We appreciate your support, and we look forward to seeing you again next year.

Simon Stevenson

Robert M. Stanton Endowed Chair in Real Estate & Economic Development
Director, E.V. Williams Center for Real Estate and Harvey Lindsay School of Real Estate
Strome College of Business, ODU

Krista Costa

Chair, E.V. Williams Center for Real Estate
Executive Vice-President, Divaris Real Estate, Inc



E.V. Williams Center for Real Estate at
The Harvey Lindsay School of Real Estate

ADVISORY BOARD

Thomas Atherton

Atherton Construction & Development, Inc.

Tim Bellman

Independent Contractor

Ashley Bussey Fisher

HBRE

Larry Colorito

Valbridge Property Advisors

Krista Costa

Divaris Real Estate, Inc., Chair

Richard Crouch

Woods Rogers

Dawna Ellis

Harvey Lindsay Commercial Real Estate

Nate Fine

The Runnymede Corporation

Ricky Frantz

Atlantic Union Bank

Jonathan Guion

Jonathan Commercial Properties

Dewey Jones

AECOM

Evan Kalfus

KPMG, LLP

Christina Montgomery

Old Dominion University

Teresa Peters

Stanton Partners, Inc.

Crystal Plum

Wheeler Real Estate Investment Trust

Kevin Prine

City of Suffolk

John Profilet

S.L. Nusbaum Realty Co.

Brad Sanford

Dominion Realty Advisors, Inc.

Jeremy Starkey

TowneBank

Chris Todd

CBRE

Jim Vallos

Harbor Group International

Erica Viola

W.M. Jordan Company

Simon Stevenson

Robert M. Stanton Endowed Chair of Real Estate & Economic Development
 Director, E.V. Williams Center for Real Estate at The Harvey Lindsay School of Real Estate
 Department of Finance | Strome College of Business
 Old Dominion University | 2045 Constant Hall, Norfolk, VA 23529 | sasteven@odu.edu | 757-683-3559

MEMBERS

Ali Allred

Work Program Architects

Chris Ambrosio

Woods Rogers

Doug Aronson

S.L. Nusbaum Realty Co.

Lyle Beckner

Marsh McLennan Agency

Matt Brady

New Day Office

Payson Burnett

Dollar Tree

Nicole Campbell

Cushman & Wakefield |
Thalhimer

Krista Costa

Divaris Real Estate, Inc.

Richard Crouch

Woods Rogers

Dawna Ellis

Harvey Lindsay Commercial
Real Estate

Michael Fountaine

McLeskey

Tasos Galiotos

Willcox Savage, P.C.

Bill Gambrell

Right Coast Properties

Sophie Gregoriou

Commonwealth Commercial
Partners

Jonathan Guion

Jonathan Commercial
Properties

Christine Gustafson

The Breeden Company

Jan Hall

Core 22 Design Build LLC

Candi James

Workplace Solutions

Evan Kalfus

KPMG, LLP

Matt Kantro

Noble Title & Escrow

Justin Kline

Schenley Investments, LLC

Suping Li

GARC

Joe Lowery

Consultant

Jake Marshall

The Breeden Company

Stanton McDuffie

Commonwealth Commercial
Partners

Reid McLay

John Hancock Life
Insurance Co.

Christina Montgomery

Old Dominion University

Teresa Peters

Stanton Partners, Inc.

Casey Petit

Stanton Partners, Inc.

Aaron Phipps

Lawson

Bill Pollard

Blue Ridge Bank

Geoff Poston

Cushman & Wakefield |
Thalhimer

Kevin Prine

City of Suffolk - City
Assessor's Office

John Profilet

S.L. Nusbaum Realty Co.

Craig Read

Read Commercial Properties

J. Van Rose Jr.

Berkshire Hathaway
HomeServices
RW Towne Realty LLC

Mark Rosenfield

McLeskey

Cindy Sabol

McLeskey

Brad Sanford

Dominion Realty Advisors, Inc.

Tara Saunders

ODU Real Estate Foundation

Keith Slattum

Dollar Bank

Jeremy Starkey

TowneBank

Deborah Stearns

JLL

Chris Todd

CBRE, Inc.

Paul Van

Croatian Investments

Erica Viola

W.M. Jordan Company

Sam Walker

Pembroke Commercial
Realty

Gresh Wall

Commonwealth Commercial
Partners

Michael Zarpas

Global Real Estate
Investment, Inc.

Membership as of March 2, 2026

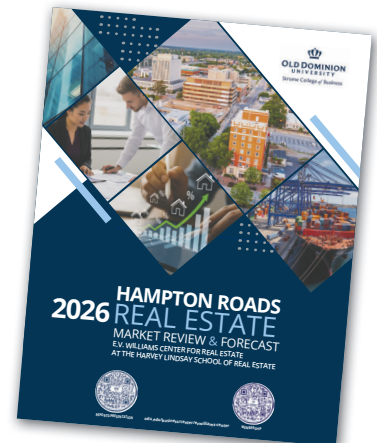
To obtain a PDF of this report and past reports, please visit our website odu.edu/business/center/evwilliams-center and click "Market Review Reports."



REPORTS/PRESENTATION



MEMBERSHIP





DEBORAH STEARNS

2026 RECIPIENT OF THE ROBERT M. STANTON LEGACY AWARD

This year's recipient of the Robert M. Stanton Legacy Award is Deborah K. Stearns.

Deborah was born in Portsmouth and grew up in Ocean View, Norfolk. Her introduction to real estate came when, at age 20, she joined Goodman Segar Hogan as Bob Stanton's Executive Assistant. She quickly fell in love with the industry and moved into a leasing and sales role a year later. Deborah switched her major at ODU from English to Finance with a concentration in Real Estate, completing her degree while working full time. One of her early projects was the World Trade Center in Norfolk, with which she maintained a relationship throughout her career.

In 1986, she moved to Rowe Development and then in 1991, rejoined Goodman Segar Hogan when the two firms merged. When Goodman Segar Hogan merged in 1996 with Armada Hoffler, Deborah became the Chief Operations Officer for brokerage and later the Hampton Roads Regional President. After three years at Harvey Lindsay Commercial Real Estate, she joined JLL in 2013 as Senior Vice President.

Deborah has been active in a wide range of community organizations in Hampton Roads. She has served on the Hampton Roads Partnership, Norfolk Airport Authority and Virginia Port Authority. She has also served as board Chair of organizations such as the Hampton Roads Chamber of Commerce, Bon Secours Hampton Roads,

AAA of Tidewater, the Town Point Club, and the United Way of South Hampton Roads.

She has received numerous awards over the course of her career, including Hampton Roads Woman of the Year in 1998; Commercial Real Estate Council, Person of the Year in 2006; Volunteer Hampton Roads' lifetime achievement award for outstanding community service in 2009; the 2011 Colgate W. Darden Jr. Scouter Citizen of the Year Award, and the Strome College of Business legacy honors recipient in 2019. In 2025, she was recognized as the Hampton Roads Chamber's First Citizen of Hampton Roads.

From her degree onwards, Deborah has maintained a strong and deep relationship with ODU. She has been a long-standing member of ODU's Real Estate Foundation Board, assisting in projects such as the development of University Village around the Ted Constant Center. Alongside Bob Stanton, Deborah was fundamental in the establishment of the Market Review in the 1990s and helped support and nurture the development of ODU's newly established Real Estate Center.

After a career of nearly five decades, Deborah retired last year. Her contribution to the real estate community in Hampton Roads, especially the numerous individuals who have benefited from her mentorship and guidance, has been immense.



Presenting Sponsor



Reception Sponsor



S.L. NUSBAUM
REALTY CO. | SINCE 1906

Media Sponsor



Staging Sponsor



Blue & Silver Sponsors



+ MULTIFAMILY + COMMERCIAL + VENTURES



Civic & Municipal Sponsors



Hampton Roads Association
for Commercial Real Estate



PORTSMOUTHVA
economic development

Program Sponsors



Table Sponsors





DAVID MACHUPA
Senior Vice President
Cushman and
Wakefield | Thalhimer

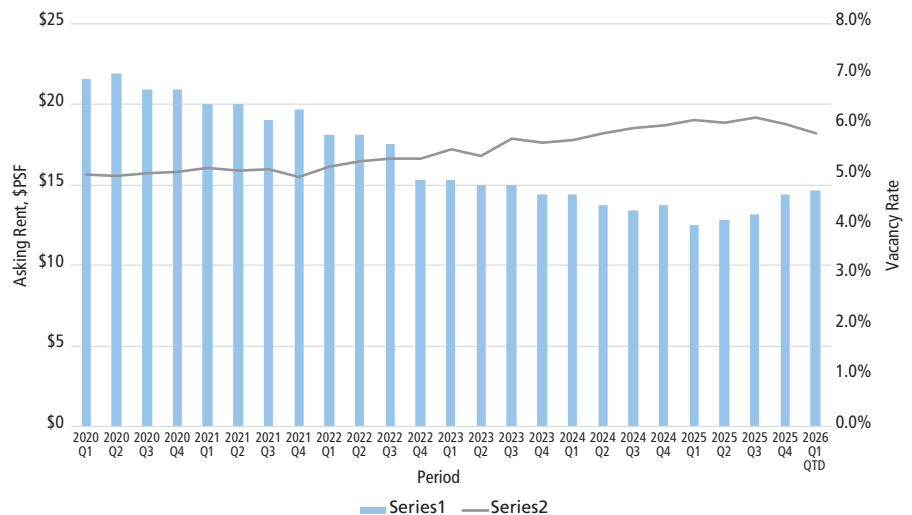
Key Hampton Roads Market Statistics Dashboard

Entering 2025, the Hampton Roads retail market faced the same macroeconomic headwinds affecting retail nationally, including inflationary pressures, interest rate uncertainty, and concerns surrounding the potential impacts of tariffs on consumer goods. These factors contributed to expectations of a consumer slowdown and more cautious retailer expansion. While some of these pressures have been evident—most notably in reduced cargo volumes at the Port of Virginia—the local retail market has remained comparatively stable.

Retail vacancy across Hampton Roads continues to trend at historically low levels, particularly within well-located neighborhood and community shopping centers. Although vacancy varies by submarket and asset quality, the overall lack of available space has been a defining feature of the market. This tightening is largely the result of limited new retail construction over the past several years, driven by higher construction costs, labor constraints, and more conservative lending conditions. Together, these factors have restricted new supply and reinforced pricing strength for existing centers.

As a result, asking rents increased throughout 2025. Overall quoted retail rates finished the year approximately 7.8% higher than the prior year. New

NNN Asking Rent vs. Overall Vacancy



Source: CoStar

construction rents commonly commenced at \$35 psf on a triple-net basis, with many executed leases exceeding published market averages, particularly for well-located or newly delivered space.

Tourism continues to play an important role in supporting the region's retail economy. Hampton Roads welcomed more than 14.1 million visitors in 2024, generating nearly \$4 billion in economic impact. This activity continues to benefit food-and-beverage operators, entertainment venues, and experiential retail uses, particularly in Virginia Beach, Williamsburg,

and select Peninsula submarkets.

Availability of large-format retail space remains limited. Contiguous spaces exceeding 20,000 SF are increasingly difficult to secure. Construction cost for this size product has become cost prohibitive. This scarcity has intensified competition among expanding retailers and has contributed to continued upward pressure on rents for larger spaces.

Continues on page 12

WE'RE MOVING COMMERCIAL REAL ESTATE **FORWARD.**



Divaris Group is one of the largest and most highly regarded full-service commercial real estate enterprises on the east coast of the United States. Our mission is simple: to consistently meet and exceed the expectations of our clients by leveraging our unique combination of talent, technology and business integration. Get in touch to join our roster of exceptional clients who rely on our expertise and experience to deliver results.



Valbridge
PROPERTY ADVISORS

THE LARGEST INDEPENDENT
COMMERCIAL VALUATION
FIRM IN NORTH AMERICA

Contact: Larry Colorito, MAI

lcolorito@valbridge.com

757.410.1222

valbridge.com

SUPPORTS THE ODU E.V. WILLIAMS CENTER FOR REAL ESTATE

Key Hampton Roads Transactions

Despite a more selective national investment environment, Hampton Roads recorded several notable retail transactions in 2025 that reflect continued confidence in the market’s fundamentals. Leasing activity was strongest among large-format users, fitness concepts, grocery operators, and experiential tenants.

Significant leases included Academy Sports’ 60,000-SF commitment in Virginia Beach and Rebounderz’ 54,686-SF lease in Williamsburg. The fitness sector remained particularly active, with Crunch Fitness leasing 44,386 SF in Portsmouth and Planet Fitness expanding with a 29,293-SF lease in Poquoson. These transactions underscore sustained demand for health and wellness-oriented uses across both Southside and Peninsula markets.

Grocery-anchored retail continued to provide stability. Publix opened three new stores during the year, reinforcing the strength of grocery-anchored centers. Grocery Outlet also expanded its presence in the region, backfilling several former Rite Aid locations and demonstrating the continued viability of second-generation retail space when appropriately re-tenanted.

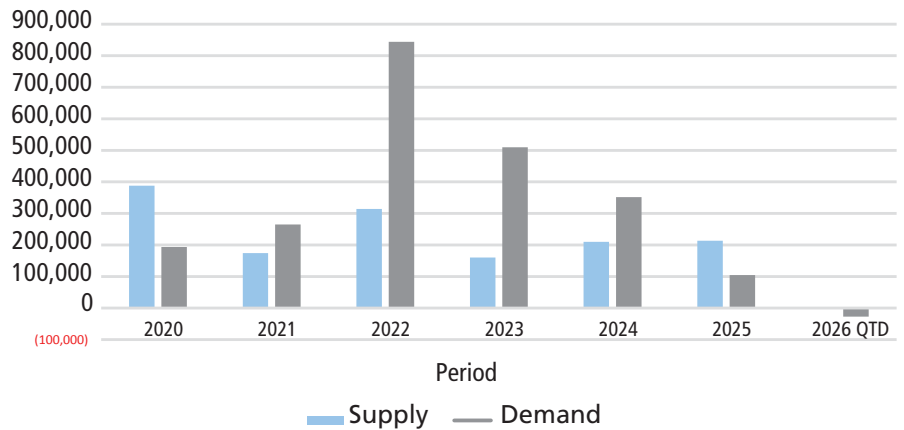
On the redevelopment side, national retailers made long-term commitments to the region. A 125,000-SF Target redevelopment in Norfolk and Costco’s acquisition and redevelopment of the former Ferguson Building Supply headquarters into a 152,000-SF facility in Newport News represent two of the most significant owner-user retail investments in the market.

Retail investment sales activity remained measured but notable. Greenbrier Mall in Chesapeake sold for \$22.9 million, while Midtown Row in Williamsburg traded for \$13.6 million. These transactions highlight investor interest in established retail assets with strong locations and repositioning potential. Increased competition for assets in larger metropolitan areas has also driven additional investor interest in tertiary markets such as Hampton Roads.

Hampton Roads Market Overview

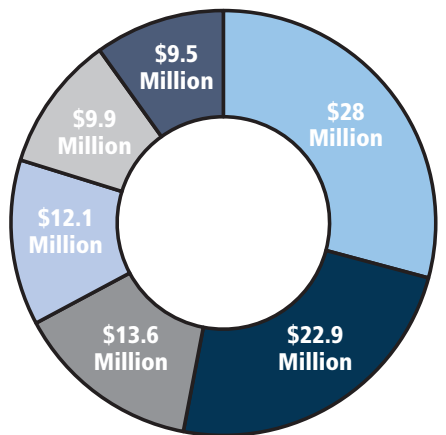
The Hampton Roads retail market in 2025 can be characterized as stable and supply-constrained. While national retail narratives have emphasized store closures and shifts in consumer behavior,

Hampton Roads Supply and Demand (SF)



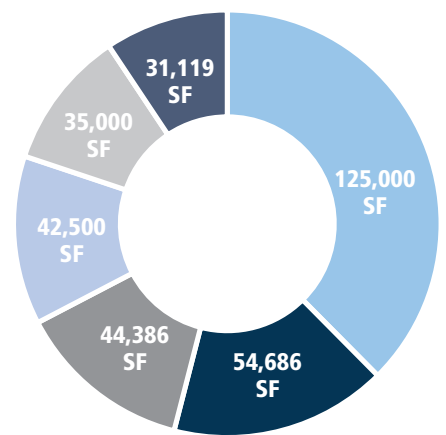
Source: CoStar

Biggest Sales of 2025 (by price)



- #1 Costco purchase Newport News
- #2 Greenbrier Mall, Chesapeake
- #3 Midtown Row, Williamsburg
- #4 Woodford Square, Chesapeake
- #5 Settlers Market at New Town, Williamsburg
- #6 Peninsula Town Center, Hampton

Biggest Leases of 2025 (by sf)



- #1 Target, Norfolk
- #2 Rebounderz, Williamsburg
- #3 Crunch Fitness, Portsmouth
- #4 Crunch Fitness, Norfolk
- #5 VA Vintage, Virginia Beach
- #6 Pickle Ball Group, Newport News

Source: CoStar

the local market has benefited from a diverse economic base anchored by military activity, tourism, healthcare, and port-related industries. These factors have helped maintain steady employment and consumer spending levels.

Although several national retailers exited the market due to bankruptcy—including Rite Aid, Big Lots, Party City, Jo-Ann, and Red Lobster—these closures did not result in prolonged vacancy. Big Lots reopened four locations under new ownership, and many former Rite Aid locations were quickly re-tenanted. This relatively rapid absorption highlights both the depth of tenant demand and the adaptability of existing retail inventory.

Well-located centers have remained competitive, with consistent interest from new-to-market concepts. Given the limited availability of new construction, infill opportunities, pad sites, and second-generation spaces have become increasingly important. As a result, landlords of quality assets have generally maintained favorable negotiating positions.

Market Trends to Watch

Several trends continue to shape the Hampton Roads retail market.

Limited new supply remains one of the most significant factors influencing market

Continues on page 13

Continued from page 12

performance. Elevated construction costs and tighter financing conditions have discouraged speculative retail development, contributing to ongoing availability constraints and rent growth, particularly in neighborhood and community centers.

Adaptive reuse has become increasingly common. Retailers are repurposing former big-box and drugstore spaces to accommodate new uses. Green Clean Car Wash's conversion of multiple former Rite Aid locations is one example of how non-traditional retail users are successfully reactivating vacant space.

Experiential and entertainment-oriented retail continues to outperform traditional soft-goods concepts. The opening of the first phase of Atlantic Park—a \$350 million, entertainment-driven mixed-use development in Virginia Beach—reflects growing demand for destinations that combine retail, entertainment, and lifestyle uses.

Restaurant demand remains strong, especially among fast-casual and quick-service concepts. Raising Cane's, Habit Burger, Shake Shack, and First



Watch all expanded within the region, while coffee concepts such as 7 Brew, Tim Hortons, and Dutch Bros continued to target Hampton Roads for growth.

While mixed-use development remains limited by market density and consumer preference for surface parking, certain nodes—such as Town Center in Virginia Beach—continue to perform exceptionally well due to strong daytime employment and destination appeal as evidenced by Trader Joe's and Golf Galaxy's back filling of the former Bed Bath & Beyond.

Outlook / Forecast

The near-term outlook for the Hampton Roads retail market remains cautiously positive. While broader economic uncertainty persists, local market fundamentals—including limited new supply, steady

population drivers, and continued tenant demand—are expected to support stable occupancy and incremental rent growth.

Retailers are likely to remain disciplined in site selection, focusing on proven trade areas and infill opportunities. Adaptive reuse and redevelopment are expected to continue to outpace ground-up construction, while grocery, restaurant, fitness, and experiential uses remain the most active tenant categories.

Investment activity is expected to remain selective, with continued interest from buyers seeking stable income-producing assets in secondary and tertiary markets. Overall, Hampton Roads is positioned to remain one of the more resilient retail markets in the Mid-Atlantic, supported by its diversified economy and constrained development pipeline.

An advertisement for IOI Image Business Interiors. The main image shows a woman with blonde hair sitting on a modern yellow and grey sofa in a bright, modern office space with large windows overlooking a city. The text reads: "Furniture for everywhere you work" and "Hampton Roads 757.962.9810 | Richmond 804.548.4241". On the right side, there is the IOI logo and the text "IMAGE BUSINESS INTERIORS". A QR code is located in the bottom right corner of the advertisement area.

Furniture for everywhere you work

Hampton Roads 757.962.9810 | Richmond 804.548.4241

IOI
IMAGE
BUSINESS
INTERIORS



NATE FINE
Asset Manager
The Runnymede
Corporation



Market Overview

The Hampton Roads office market remained comparatively resilient through 2025, supported by an economy anchored by military and defense contracting, healthcare, port operations, shipbuilding, tourism, and higher education. These sectors provide durable employment and stable tenancy that has helped the region avoid the sharper vacancy expansion seen in many national office markets.

At year-end, market occupancy held at 89.3% (10.7% vacancy). While the market posted negative absorption in 2025 (approximately -315,000 SF), local performance continues to reflect a broader national pattern: tenants right-sizing footprints while upgrading into better space. In Hampton Roads, that dynamic is most visible in the flight to quality and a greater willingness to pay for location, parking, and efficient layouts.

Leasing Conditions and Pricing

Leasing demand in 2025 skewed smaller and more selective, with tenants prioritizing functionality, employee experience, and operational efficiency rather than pure headcount growth. Many occupiers reduced square footage while targeting improved layouts and higher-quality buildings that support hybrid schedules, client-facing collaboration, and talent retention.

Rental rate tiers remained clearly

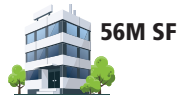
Office Market Review 2025

Economic Drivers

Military - Tourism

Ship Building & Port - Healthcare

Total Office Inventory



Average Occupancy



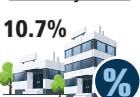
Average Rent



Annual Net Absorption



Vacancy Rate



Sublease Space



segmented by quality and submarket. Premium Class A space in top submarkets, including Town Center, Summit Pointe in Chesapeake and select Downtown Norfolk assets, achieved rents in the \$30 to \$33 (or higher in select deals) per square foot range. The broader market averaged \$22.93 per square foot, and well-located mid-rise Class A product like those in Lynnhaven and Battlefield commonly ranged from \$22 to \$25 per square foot.

The strongest rent growth has occurred in Class A buildings, which posted a 3.4% annual increase. This trend reflects a flight-to-quality dynamic, where tenants prioritize well-located, move-in-ready space with

modern amenities that make the office feel worth the commute. Despite soft overall demand, limited new construction and the removal of obsolete inventory have tightened supply in the top tier, allowing landlords to push rents upward in select buildings.

Even where nominal rents held steady, deal structure mattered more than ever. Tenant improvement allowances (and, in select cases, turnkey delivery) increasingly determined which landlords won competitive requirements.

Major Themes: Flight To Quality, Repositioning, and Adaptive Reuse

Two structural characteristics continue to shape office performance in Hampton Roads.

First, much of the region's office inventory is older and more functionally constrained relative to current tenant expectations. Tenants are gravitating toward buildings that deliver reliable building systems, efficient and flexible layouts, and highly competitive amenities.

Second, speculative new supply remains limited. Deliveries in 2025 were minimal, and development stayed subdued due to high interest rates and tight lending conditions. As a result, the market continues to lean on repositioning and adaptive reuse, including subdividing

Continues on page 16



E.V. Williams Center for Real Estate at
The Harvey Lindsay School of Real Estate

WE ARE PROUD TO SHARE THE SCHOLARSHIP RECIPIENTS FOR THE 2025 - 2026 ACADEMIC YEAR BELOW

This year, 15 scholarships totaling nearly \$60,000 were awarded to support students in their academic and professional pursuits. We are deeply grateful for the generosity of our scholarship donors, whose support plays a vital role in developing the next generation of real estate professionals.



Scholarship recipients attended the Fall Meeting. From left to right: Raymond Dayanghirang, Jhimere Harper-Ruffin, James Bridgeforth, Maliya Terry.

'25- '26 Scholarship Recipients

The Jeffrey W. Ainslie Endowed
Scholarship in Real Estate

Nicolle Gutierrez Galue

The Anne D. Wood Endowed
Scholarship

Ronald Wilson

The Barry Kornblau Real Estate
Endowed Scholarship

Megan Hopfensperger

The Chesapeake Bay Wine
Classic Foundation Scholarship
Endowment

Keirstan Alig

The Clyde Turner Real Estate
Scholarship

Jhimere Harper-Ruffin

The Robert O. Copeland En-
dowed Scholarship in
Real Estate

Aireona Hudson

The Mark A. Davis/Atlantic Bay
Mortgage Group Memorial En-
dowed Scholarship in Business

Maliyah Terry

The Hannah Grace Fitzgerald
Memorial Scholarship

James Bridgeforth

The Joan Gifford Scholarship in
Real Estate

Audrey Krause

Hampton Roads Realtors
Foundation Scholarship

Raymond Dayanghirang

The Harvey L. Lindsay Jr.
Real Estate Scholarship

Braydon Taylor

Harvey Lindsay Scholarship in
Real Estate

Jayden Harris

The Hunter A. Hogan
Scholarship

**Apryl Albritton
Joselyn Rosales**

The Lauren L. Connor '79
Scholarship Endowment

Breonna Hall

The Lori E. Kaplan Real Estate
Endowed Scholarship

**Kenisha Adams-Harris
Amanda Maupin**

Building stronger communities,

together.



Proud to support the
Old Dominion University -
Strome College of Business

Fulton Bank

800.FULTON.4 • fultonbank.com

Fulton Bank, N.A. Member FDIC.

large footprints, converting older offices to medical or flex configurations, and modernizing common areas and building systems to remain competitive.

The Economics of Tenant Improvements and Lease Term

The most important underwriting reality in 2025 was cost. Occupancy has become materially more expensive for landlords due to higher tenant improvement (TI) costs, increased capex exposure, and pressure on operating expenses. Typical TI packages that once penciled at \$20 to \$30 per square foot are now often \$40 to \$50 per square foot, with select deals materially higher.

This environment has pushed two outcomes that are now common in Hampton Roads. First, longer lease terms are increasingly required to justify capital investment, with many deals moving toward five- to seven- or even ten-year terms when meaningful TI is needed. Second, renewals, early renewals, and retention-first strategies have taken priority over aggressive rent growth as landlords focus on cash flow stability and minimizing downtime risk.

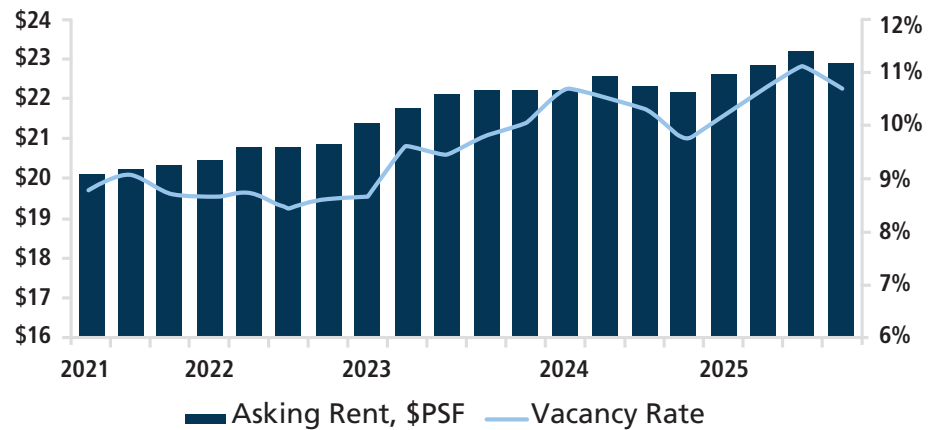
Notable Leasing Activity and Sublease Conditions

While overall leasing volume softened, Hampton Roads remained active, with demand concentrated in renewals and select flight-to-quality relocations. As shown in the "Largest Leases of 2025" graph, the four largest leases were all renewals, reinforcing that much of the market's large-block activity was retention-driven rather than relocation-driven.

At the same time, the market continued to see 'quality-first' moves into top-tier space. A strong example was Trader Interactive's 12,358-SF Town Center relocation, reportedly breaking through \$40 per square foot full service, supported by a TI package exceeding \$100 per square foot and a 10-year term. Transactions like this reinforce the market's direction: tenants will commit long-term when the space, location, and buildout align with their workplace strategy, and when landlords are willing to invest to deliver it.

Sublease availability declined to roughly 210,000 SF (approximately 4% of inventory), suggesting gradual stabilization. Most sublease space remains concentrated in

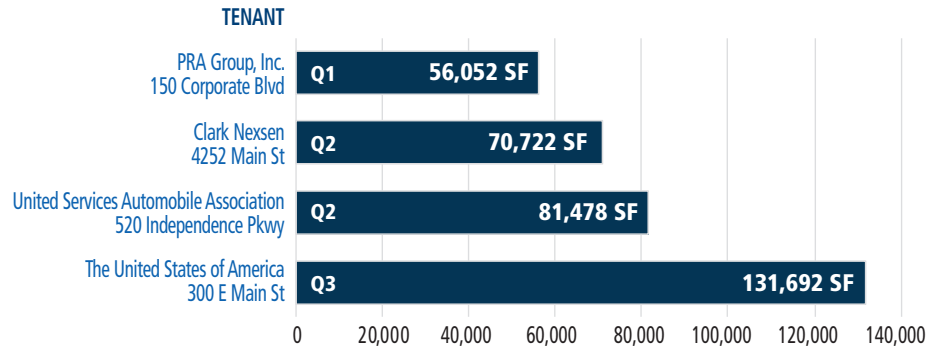
Overall Vacancy & Asking Rent



Cushman and Wakefield Office Q4 2025

Notable transactions included:

Largest Leases of 2025



Source: CoStar

older Class B and C assets, while better-performing Class A corridors continue to experience limited turnover.

A notable sublease example highlights how sublease activity in Hampton Roads is not always a sign of tenants leaving the region. Cox Communications sold its local headquarters building to USAA, and USAA then subleased approximately 82,000 SF to Cox at 1341 Crossways Blvd in Chesapeake. This was a meaningful transaction for the local market and underscores that, even as occupiers adjust footprints, major employers have continued to maintain a long-term presence in Hampton Roads.

Submarket Performance Leasing strength continued to concentrate in Chesapeake and Virginia Beach, where the inventory base includes more modern or renovated options, while Downtown Norfolk faced more friction in older product, with select premium assets outperforming. Newport News and Hampton remained steadier,

supported in part by government-adjacent and education-related demand.

Sales Market: Slower Volume, More Owner-User Activity

Office investment sales slowed in 2025 relative to longer-term averages, reflecting caution around leasing risk, TI exposure, and financing constraints. Total transaction volume was approximately \$140 million across 150 buildings (about 1.23 million SF), below the five-year averages referenced in prior market cycles.

Despite slower volume, pricing provided a useful signal of market positioning. Average sale pricing was approximately \$128 per square foot, average cap rates were roughly 7.7%, and vacancy at sale averaged approximately 5.5%.

Buyer composition also shifted.

Continues on page 17

Continued from page 16

Owner-users represented a meaningful portion of market activity, and many of the largest transactions skewed toward user-buyers. In a market where tenant improvements and downtime can materially impact returns, many businesses have found value in controlling occupancy cost and investing in their own space.



2026 Outlook

Hampton Roads enters 2026 positioned for stable to improving office conditions. The region's fundamentals are supported by durable economic anchors, comparatively modest vacancy, and limited new supply, particularly outside of medical and user-specific development.

While 2025 absorption was negative, much of that movement reflected tenants upgrading and right-sizing rather than exiting the market. Looking ahead, demand should continue to favor upgraded buildings and user-specific layouts, with medical users remaining a consistent driver.

The primary constraints and opportunities for 2026 are clear. Owners that can deliver modern, efficient space and selectively fund TI should outperform. Longer terms tied to capital investment are likely to remain the norm. Owner-user activity should remain active as businesses pursue cost certainty and control in a volatile financing and construction-cost environment.

Overall, Hampton Roads is not immune to the structural shift in how office space is used. However, the market's demand base is steadier than most, and with constrained new supply, the region is positioned to maintain balance and gradually strengthen occupancy in the best-located, best-executed assets.

INDUSTRIAL SPACE AVAILABLE IN ISLE OF WIGHT, VIRGINIA



Former Keurig Facility
(Ready for immediate occupancy)
348,107 SF



460 Commerce Center
(Ready for immediate occupancy)
352,000 SF



Virginia ColdDock 258
(Planned)
240,000 SF



Tidewater Logistics Center
(Planned)
726,000 SF (multiple buildings)

- Within 35-minute drive to the Port of Virginia
- Access to Interstates 95, 85, 64, 264, 664
- Able & ready labor force of 800,000+
- Enterprise & Foreign Trade Zones
- Adjacent to nationally recognized companies: World Market & Saftco Products

Scan this code to explore
Class-A industrial spaces
under development!



ISLE OF WIGHT
COUNTY, VIRGINIA

DEPARTMENT OF ECONOMIC DEVELOPMENT
INSIDETHEISLE.COM

FOLLOW US



MULTIFAMILY



PAUL VAN
Chief Executive Officer
and Chief Investment
Officer
Croatan Investments

The Hampton Roads multifamily market closed 2025 as one of the stronger-performing apartment markets in the nation, particularly during the current national slowdown. While many Sun Belt metros experienced rising vacancy, elevated concessions, and muted rent growth amid a surge of new supply, Hampton Roads continued to demonstrate resilience in both occupancy and rent performance.

Market vacancy declined to approximately 6.1% in Q4 2025, representing meaningful tightening both quarter-over-quarter and year-over-year. Effective rents averaged roughly \$1,600 per unit, increasing 3.5% year-over-year, materially outperforming the national average of approximately 1.5% during the same period.

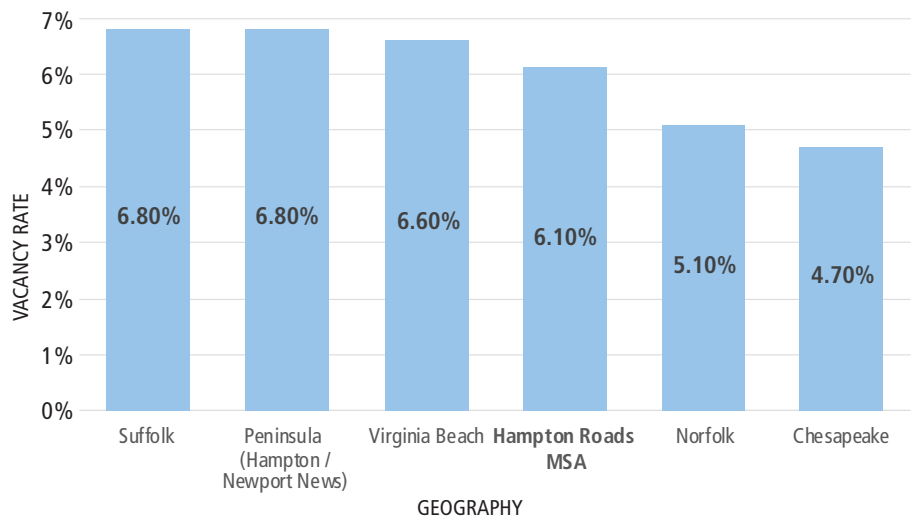
Importantly, this outperformance reflects structural market balance rather than overheating, positioning Hampton Roads among the most resilient large apartment markets during the current phase of the cycle.

Structural Drivers of Market Resilience

Hampton Roads' multifamily outperformance is rooted in three durable structural advantages that collectively reduce volatility across economic cycles.

First, the regional employment base is heavily anchored by government, military, defense contracting, port operations, and healthcare. These sectors tend to remain more stable through economic

Market Performance by Geography Apartment Vacancy Rates by Geography (Q4 2025)



Source: CoStar Group; RealPage.

contractions than private-sector-driven industries. In addition, the government and military population is inherently transient, driven by rotations, reassignments, and temporary duty postings. This mobility structurally favors rental housing over homeownership, bolstering consistent apartment demand and reducing sensitivity to for-sale housing cycles. As a result, renter demand in Hampton Roads has historically been less volatile than in markets where housing demand is more closely tied to long-tenured private-sector employment.

Second, homeownership affordability

remains constrained. Elevated mortgage rates, limited for-sale inventory, and the 'rate-lock' effect have extended renter tenure across income levels, supporting demand across workforce, mid-market, and select Class A product.

Third, Hampton Roads faces meaningful land and development constraints. Large portions of the region are bounded by water, military installations, and fully built-out urban areas, limiting the availability of entitled, developable land—particularly in coastal submarkets such as Virginia

Continues on page 20

Hampton Roads Commercial Sales & Leasing
Achievement Award Recipients

2025

CHAMPION SPONSOR
Kimley»Horn
 Expect More. Experience Better.

PLATINUM



Chris Rouzie
 Cushman & Wakefield/Thalhimer



Charles Dickinson
 Harvey Lindsay
 Commercial Real Estate



Ricky Anderson
 Colliers International



Lang Williams
 Colliers International



Victoria Pickett
 Newmark



Pat Mugler
 Colliers International



Peter Abraham
 Harvey Lindsay
 Commercial Real Estate



Geoff Poston
 Cushman & Wakefield/Thalhimer



Perry Frazer
 Colliers International



Ashton Williams
 Colliers International

GOLD



Chris Todd
 CBRE



Chris Read
 Colliers International



George Fox
 Colliers International



Brian Devlin
 JLL



Debra Ramey
 TSO



Krista Costa
 Divaris Real Estate



Matt Wilbricht
 NAI Dominion



Jeff Parker
 CBRE



Christine Kaempfe
 Cushman & Wakefield/Thalhimer



Rob Wright
 Cushman & Wakefield/Thalhimer



Don Crigger
 Colliers International



Brian Davidson
 Colliers International



Clark Simpson
 Colliers International



Tyler Brooks
 Colliers International



Chamie Burroughs
 Colliers International



Wick Smith
 Cushman & Wakefield/Thalhimer



Sezin Cortinas
 Divaris Real Estate



Brett Sain
 Cushman & Wakefield/Thalhimer



Patrick Reynolds
 NAI Dominion



David Machupa
 Cushman & Wakefield/Thalhimer



Ed Kimple
 Cushman & Wakefield/Thalhimer

SILVER



Ned Brooks
 Colliers International



Karen Mikulski
 TSO



Mac Weaver
 Dragas Company Realty



Jeff Fritz
 Colliers International



John Duffly
 Cushman & Wakefield/Thalhimer



Ben Anderson
 Colliers International



Ellis Colthorpe
 Cushman & Wakefield/Thalhimer



Larry Hecht
 Harvey Lindsay
 Commercial Real Estate



Teresa Nettles
 Cushman & Wakefield/Thalhimer



Gresh Wall
 Commonwealth Commercial



Noah Reyes
 Commonwealth Commercial



Dean Martin
 Cushman & Wakefield/Thalhimer



Drew Ott
 Colliers International



Levi Thomson
 Divaris Real Estate

BRONZE



Eric Stanley
 Cushman & Wakefield/Thalhimer



Bill Throne
 Cushman & Wakefield/Thalhimer



Steve Weinstein
 Colliers International



Kris Fuller
 Divaris Real Estate



David Bickford
 Divaris Real Estate



Elizabeth Napolitano
 Divaris Real Estate



Taylor Anderson
 Cushman & Wakefield/Thalhimer



Nicole Campbell
 Cushman & Wakefield/Thalhimer



Lindsay Himelright
 Harvey Lindsay
 Commercial Real Estate



Ashley Beck
 Divaris Real Estate



Greg DeLuca
 Colliers International



Clay Willis
 Cushman & Wakefield/Thalhimer

2025
 Rising
 Star



Noah Reyes
 Commonwealth Commercial

2025
 Emerging
 Brokers



Sophie Gregoriou
 Commonwealth Commercial



Foster Dodd
 Divaris Real Estate



Jonathan Levin
 Harvey Lindsay
 Commercial Real Estate

THANK YOU TO OUR SPONSORS



Continued from page 18

Beach and Norfolk. As a result, Hampton Roads is structurally less prone to rapid supply expansion than many high-growth Sun Belt markets.

Together, these factors have produced more moderate supply cycles and helped sustain occupancy and rent stability through multiple economic periods.

National Rent Growth Context — RealPage Q4 2025

According to RealPage Market Analytics, Hampton Roads ranked fifth nationally in year-over-year rent growth during 2025 among the top 50 U.S. apartment markets by existing inventory. When the San Francisco and San Jose metros are considered together as a single Bay Area MSA, Hampton Roads effectively ranks fourth nationally.

Construction and Supply Dynamics

Multifamily construction activity in Hampton Roads remains modest relative to total inventory, reinforcing the region's near-term outperformance. As of Q4 2025, approximately 1,500 units were under construction, representing approximately 1.0% of the region's total apartment inventory at a point in time—well below levels observed in many high-growth Sun Belt markets.

New product continues to absorb efficiently with limited concessions. For example, Allure at Edinburgh reached approximately 90 percent occupancy within eight months, averaging roughly 32 units per month during lease-up.

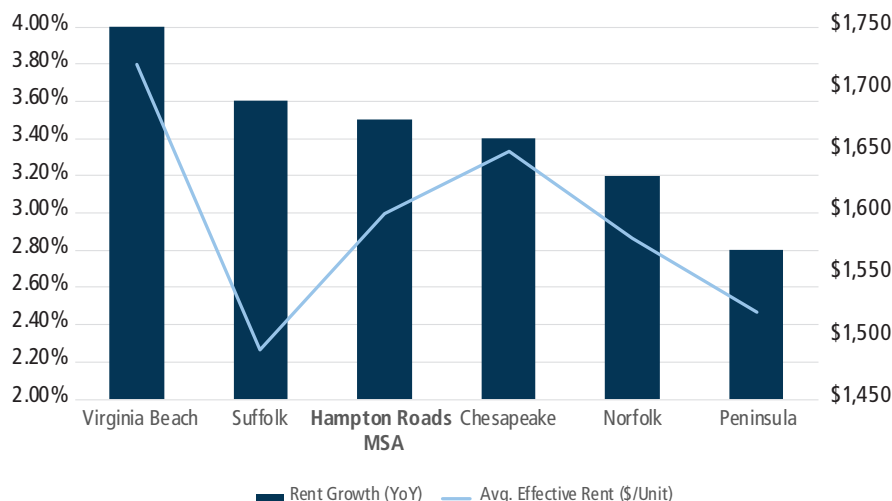
Approximately one-third of the active development pipeline is concentrated in Virginia Beach. While Suffolk has experienced above-average supply growth relative to its existing inventory, absorption has kept pace.

New construction starts are at one of the lowest levels of the past decade, constrained by site scarcity, elevated construction and labor costs, and higher return thresholds.

Capital Markets and Investment Activity

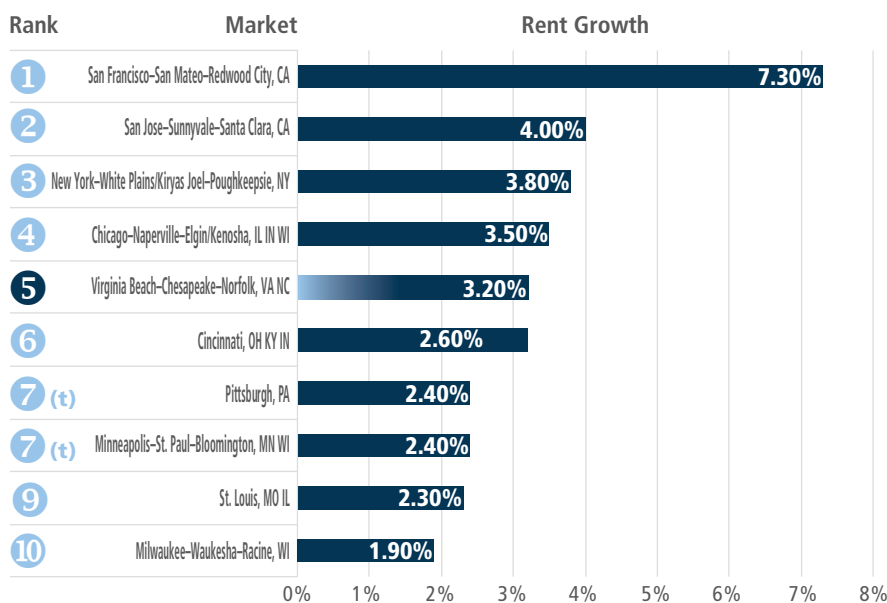
Investment activity in Hampton Roads reaccelerated in 2025 as pricing expectations reset and capital markets stabilized. While transaction volume remained below

Effective Rent Growth & Rent Levels by Geography (YoY 2025)



Source: CoStar Group; RealPage.

Top 10 U.S. Rent Growth Markets (Calendar 2025)



Source: CoStar Group; RealPage.

peak-cycle levels nationally, liquidity improved meaningfully in Hampton Roads, reflecting investor preference for markets with durable fundamentals and limited downside risk.

Following a cyclical low point in 2023, multifamily transaction activity in Hampton Roads has demonstrated a clear upward trajectory. Transaction volume increased from approximately \$780 million in 2023 to roughly \$844 million in 2024, before rising further to an estimated \$1.1 billion in 2025. Taken together, this represents an increase of approximately 40 percent or

more from the cyclical bottom, reflecting improving price discovery, narrowing bid-ask spreads, and renewed investor conviction, even as activity remains below peak-cycle levels observed earlier in the decade.

Importantly, the recovery in transaction volume has been driven by disciplined, income-oriented capital rather than leverage-driven speculation, underscoring the market's defensive positioning during the current phase of the cycle.

Continues on page 21

Bottom 10 U.S. Markets by Rent Performance (Calendar 2025)

Several high-profile transactions during the year illustrate both the entry of new capital and the achievement of new pricing benchmarks:

Latitudes (Virginia Beach) traded for approximately \$102 million, representing the largest single apartment sale in Hampton Roads history and one of only three transactions in the region to eclipse \$100 million, signaling confidence in long-term cash-flow stability.

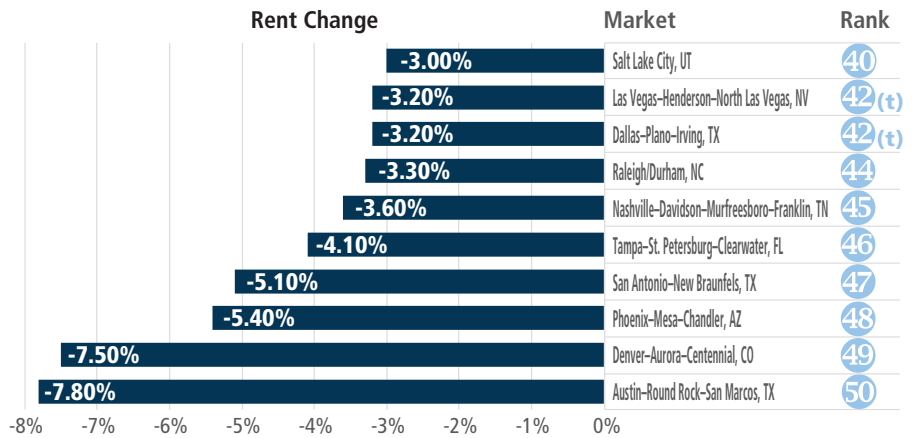
Red Knot at Edinburgh (Chesapeake) was acquired by Kuwait Finance House and McCann Realty Partners, marking one of the most significant international capital investments in the regional apartment market.

Banyan Grove (Virginia Beach) attracted a new market entrant and institutional Fund manager at pricing exceeding \$240,000 per unit, reinforcing investor willingness to pay a premium for well-located, stabilized assets despite a higher-rate environment.

These transactions demonstrate that select Hampton Roads assets are now reaching pricing levels previously uncommon for the region, reflecting growing institutional recognition during a period when many markets are experiencing valuation pressure.

Outlook for 2026

Looking ahead, Hampton Roads is expected to remain a top-performing multifamily market over the near term.



Apartment Inventory by City / County

GEOGRAPHY	EXISTING UNITS	SHARE OF MSA	UNITS UNDER CONSTRUCTION (#)	UNITS UNDER CONSTRUCTION (% OF INVENTORY)
Virginia Beach	38,000	28%	397	0.29%
Norfolk	32,000	23%	950	0.69%
Peninsula (Hampton / Newport News)	30,000	22%	0	0.00%
Chesapeake	24,000	17%	281	0.20%
Suffolk	14,000	10%	120	0.09%
Total Hampton Roads MSA	138,000	100%	1,748	1.27%

Source: CoStar Group

Over the longer term, as peak oversupply in several Sun Belt metros is absorbed — likely during 2027-2028 — those higher-growth markets are expected to reassert stronger rent growth and demand momentum. As a result, Hampton Roads’ relative outperformance is likely to normalize.

Nonetheless, the region’s government-anchored employment base, transient renter population, land-constrained development environment, and historically moderate supply cycles position Hampton Roads to continue delivering consistent, risk-adjusted multifamily performance.

Top Transactions Chart — 2025 Multifamily Sales

RANK	PROPERTY	SUBMARKET	BUYER	SELLER	UNITS	PRICE	\$ / UNIT
1	Latitudes	Virginia Beach	Briar Capital	Heritage Capital	448	\$102.0M	\$227k
2	Red Knot at Edinburgh	Chesapeake	Kuwait Finance House / McCann Realty Partners	Breeden Co.	336	\$95.8M	\$285k
3	District 757	Norfolk	Kushner	LIV Development	295	\$91.0M	\$308k
4	Reflections VB	Virginia Beach	Harbor Group	Breeden Co.	480	\$86.0M	\$179k
5	Compass @ City Center	Newport News	Penzance	Drucker & Falk	396	\$75.5M	\$191k
6	Banyan Grove	Virginia Beach	Abacus Capital	Croatan Investments	288	\$69.5M	\$241k
7	Trail Creek (Recapitalization)	Hampton	Prospect Ridge	Croatan Investments	300	\$68.8mm	\$229k
8	Fusion @ NEON	Norfolk	NewCastle	Marathon Development	239	\$63.8mm	\$267k
9	Aspire @ Towne Place	Chesapeake	Chartwell	Bonaventure	214	\$56.3mm	\$263k
10	Century Hampton Roads	Suffolk	Centennial	Baron Realty	216	\$50.3mm	\$233k

Source: Real Capital Analytics; market transaction data.



TONY BECK
Senior Vice President
CRBE



An AI-based analysis of Hampton Roads' 2025 industrial market performance produces the following assessment: "The Hampton Roads industrial market is currently experiencing a notable period of growth and transformation, marked by significant construction and dynamic leasing activities throughout 2025."

This characterization is far from what was actually experienced in the market this year, though three major indicators did trend positively:

- There was significant new product added to the market.
- Net absorption was positive for the year.
- Overall market vacancy is better than the national average.

In isolation, these metrics suggest that the Hampton Roads industrial market in 2025 was active and vibrant. However, for those working in the sector firsthand, that conclusion does not fully reflect the reality of market conditions.

Hampton Roads Industrial Market Statistics

For year-end 2025, a total of 125 new and renewal leases were signed, representing 3,917,691 SF. The average lease term was 49 months, with an average deal size of 31,342 SF, respectively. The average rental rate for the year was \$9.32 triple net.

Transaction activity in larger size ranges was limited. Ten leases were completed in the 100,000- to 200,000-SF range, none between 200,000 and 300,000 SF, two

Net Absorption by Quarter

QUARTER	NET ABSORPTION (SF)	VACANCY RATE	ASKING RENT (NNNN)	DELIVERIES (SF)	BLDG COUNT
Q1	301,057	4.40%	\$9.70	540,470	1
Q2	-493,660	5.80%	\$9.40	1,202,992	4
Q3	3,503,829	5.50%	\$9.55	3,340,720	2
Q4	66,168	6.50%	\$9.32	1,408,192	7

Source: CBRE Research

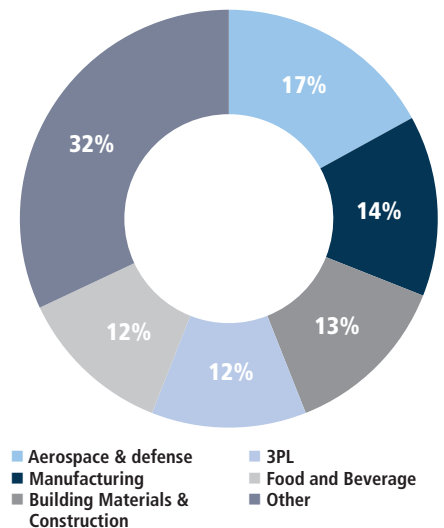
between 300,000 and 400,000 SF, and there were no transactions exceeding 400,000 SF.

Leasing Activity by Sector

Leasing activity in the Hampton Roads industrial market was diverse in 2025, with several key sectors driving demand. Aerospace & defense, manufacturing, construction, 3PL, and food and beverage tenants accounted for the largest share of gross leasing activity during the year, with each sector representing between 12% and 17% of total activity.

The average lease size recorded was 31,342 SF with an average lease term of 49 months, reflecting a continued commitment by businesses to long-term operations in the region. Average base rents for these transactions totaled \$9.26 per square feet, down from 2024.

Leasing Activity by Sector



Source: CBRE Research

Significant Lease and Sales Transactions

The Hampton Roads industrial market experienced a moderate amount of leasing activity through 2025, with

125 total leases signed, encompassing approximately 3.9 million SF. Notable transactions included a 369,855-SF lease

Continues on page 24



CIVIL ENGINEERING | LAND PLANNING | SURVEYING | LANDSCAPE ARCHITECTURE | MUNICIPAL UTILITIES

Founded in 1980, AES Consulting Engineers (AES) is a dynamic civil engineering and land planning firm with offices in Richmond, Williamsburg, Chesapeake, and Harrisonburg. AES provides land development design services including civil engineering, surveying, landscape architecture, land planning, and municipal utilities design.

AES is employee-owned, which means we're committed to taking care of each other and our clients. This shared ownership strengthens our pride and dedication, ensuring we approach every project with care and responsibility. By staying true to our employees, we stay true to our clients. It's how we build trust, deliver results, and create lasting partnerships.

RICHMOND | WILLIAMSBURG | CHESAPEAKE | HARRISONBURG
aesva.com

Nationally Recognized Real Estate Firm



+ MULTIFAMILY + COMMERCIAL + VENTURES



DF CONDUCTS BUSINESS IN 9 STATES
NC, VA, MD, SC, AR, TN, FL, OH, AL



43,000 APARTMENT HOMES
Under DF Management



105,000 RESIDENTS
Call DF Apartments Home



1,100 TEAM MEMBERS
Make Up DF



2.5 MILLION SQUARE FEET
Of Commercial Space Under DF Commercial Management and Leasing



7,200 APARTMENT HOMES
Acquired Under DF Ventures



500+ HOURS
Of Community Service Given Annually



88+ YEARS
Of Advancing New Technologies, Tools and Resources

DRUCKERANDFALK.COM

Continued from page 22

renewal at 6701 College Drive in Suffolk with a large government contractor.

Additionally, Transnational Foods secured a new lease totaling 358,738 SF at the newly constructed Class A facility at 700 Carolina Road in Suffolk after relocating operations from Chesapeake. This move highlights Suffolk's growing appeal among logistics, distribution, and manufacturing users. Transnational Foods, a leading provider of food products, works with the Port of Virginia to import more than 400 food items across over 30 categories.

Other notable leases during the first half of 2025 included CEL Critical Power, which leased 149,040 SF, and US eLogistics, which completed a 149,685-SF transaction.

Construction Activity and Market Performance

The Hampton Roads industrial market saw a substantial influx of new supply, with seven speculative projects delivered during the most recent quarter of 2025. Collectively, these projects added 1.4 million SF of new industrial space, with approximately 85% of this new capacity available for lease.

Notable developments include Port 460

Top Five Lease Transactions of 2025

Confidential
6701 College Drive

369,855 SF

RENEWAL

Transnational Foods
700 Carolina Road

358,738 SF

NEW LEASE

Caligari Gerloff Painting
3700 Village Avenue

152,516 SF

NEW LEASE

US eLogistics
30 Aberdeen Road

149,685 SF

NEW LEASE

CEL Critical Power
1637 Greenmount Pkwy

149,040 SF

NEW LEASE

Even amid a challenging interest rate environment, sales volume in 2025 totaled \$320 million across

Source: CBRE Research

approximately 2.9 million SF, demonstrating that Hampton Roads continued to attract investor interest.

Logistics Center Building 1 in Suffolk, which delivered 339,660 SF and 460 Commerce Center, which added another 352,000 SF of vacant space. The rapid delivery of speculative projects put upward pressure

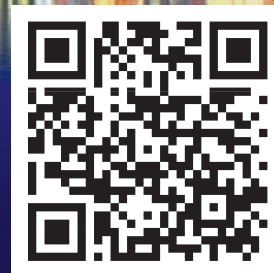
on the market's vacancy rate, which increased by 100 basis points (bps) to 6.5% in the fourth quarter of 2025. Despite the

Continues on page 25

THE UNIFIED VOICE FOR THE COMMERCIAL REAL ESTATE INDUSTRY IN HAMPTON ROADS



Hampton Roads Association
for Commercial Real Estate



Join Today!

Continued from page 24

increase, vacancy remains slightly below the national industrial average of 6.6%.

Overall net absorption totaled a positive 3.38 million SF for the year; however, this figure was heavily influenced by Amazon, which accounted for approximately 3.2 million SF of absorption during the third quarter.

External Factors Impacting Market Performance

Several external factors influenced supply chain conditions in 2025, including the political environment associated with the election and new administration, DOGE initiatives, tariffs, drought conditions affecting the Panama Canal, and labor disputes.

Tariffs, particularly those imposed on imported steel, aluminum, and other building materials, contributed to increased costs for both businesses and consumers. These measures raised construction costs by an estimated 5% and resulted in longer lead times and tighter contractor bids, in some cases causing developers to pause or

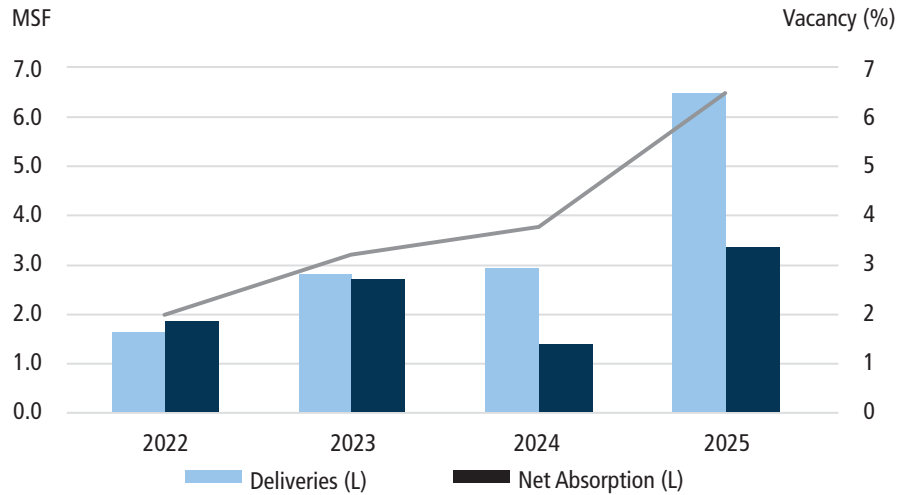
Continues on page 26

Top Five Sales Transactions of 2025

PROPERTY	LOCATION	SQUARE FOOTAGE	SELLER	BUYER
1080 Centerpoint Drive	Suffolk	307,200	Equus Capital Partners	Dedeaux Properties
Greenbrier Circle	Chesapeake	253,006	DSC Partners LLC	Heritage Capital
Harbor Commerce Center	Hampton	231,000	WM Jordan Co Inc	North Haven Net REIT
1305 Progress Road	Suffolk	175,582	CPI Associates III	ECG 1305 Progress LLC
101 Dexter Street W	Chesapeake	151,669	B&D Holdings	JP Morgan REIT

Real Capital Analytics

Industrial Supply Deliveries vs. Vacancy Rate



CBRE Research

THE BUSINESS OF SOLVING TOMORROW'S PROBLEMS TODAY

What's Next is What's Now

We turn challenges into breakthroughs and opportunities into solutions at Old Dominion University's Strome College of Business. Our faculty molds problem solvers in business, government and non-profit organizations, because true leaders prepare for tomorrow before tomorrow arrives.



FORWARD-FOCUSED
Learn More at
odu.edu/business

Continued from page 25

hesitate on new projects. While tariffs may incentivize domestic production, they can also disrupt complex global supply chains and increase operating costs for industrial users that rely on imported components.

The drought impacting the Panama Canal continued to affect East Coast ports in 2025, though conditions showed signs of recovery. Several indicators pointed to a gradual return toward normalized operations, despite lingering effects and the emergence of new logistical challenges.

Additionally, federal cost-cutting initiatives, particularly within the defense budget, had implications for the region's military offices and government contractors.

Conversely, the completion of the Port of Virginia's widening and dredging project represented a significant positive development. The project, which deepened shipping channels to 55 ft, and widened them to as much as 1,400 ft, was completed in March 2025 and now allows for safe, two-way vessel traffic while reducing ship dwell times by up to 15%. These enhancements are expected to increase port efficiency, support job creation, and attract additional

business investment throughout the region.

The Port of Virginia remains a critical economic engine for the Commonwealth, supporting approximately 565,000 jobs statewide and generating \$63 billion in gross state product in fiscal year 2022. However, total TEU volume declined by approximately 8.1% from 3,523,512 in calendar year 2024 to 3,239,638 in calendar year 2025.

The True Story

Despite several positive indicators, 2025 was not the 'Survive to '25' or 'Build it and they will come' year everyone hoped for. The second half of the year saw a notable decline in tours, with new tenant activity in the market nearly disappearing -- all while the largest wave of speculative warehouse construction in three to four decades was being delivered.

Overall market vacancy trended closer to the national average, and rental rates declined. Landlords increasingly relied on rent abatement and reduced annual escalations to attract tenants while continuing to hold the face rate on rents where possible.

Crystal Ball or Snow Globe for 2026

Predicting a year like 2025 proved

difficult. While there was hope for some improvement, there was no clear crystal ball pointing to such a sharp slowdown. Looking ahead to 2026, the outlook may be better described as a snow globe: shaken over the past few years, with expectations that conditions will begin to settle.

As the environment becomes clearer, Hampton Roads could see increased interest from new, larger prospects drawn by the availability of newly constructed Class A industrial product. A continued flight to quality is expected, with existing tenants seeking newer and, in some cases, larger facilities as rental rate compression narrows the gap between older assets and new construction.

Landlords are likely to continue holding asking rates to maintain long-term value, while offering concessions such as rent abatement to help tenants make quicker location decisions. A measured decline in interest rates could also sustain investor interest in the Hampton Roads market. Nationally, industrial real estate remains one of the top-performing sectors, positioning Hampton Roads to finally prove the long-standing thesis we have been shouting for decades: "Build it and they will come."

DSC Partners

A Donatelli | Smith Capital Company

AVAILABILITIES THROUGHOUT HAMPTON ROADS



Liberty Executive Park
2,000 – 30,000 Sq. Ft. Available



676 Independence Parkway
1,200 – 11,000 Sq. Ft. Available



Reflections Office Park
1,500 – 30,000 Sq. Ft. Available



500 Independence Parkway
38,000 Sq. Ft. Available



521 Butler Farm Road
Entire Bldg. - 53,000 Sq. Ft. Available



Hampton Roads Center
1,500 – 50,000 Sq. Ft. Available

CONTACT:

PERRY FRAZER
CHRIS KIERAN

PAT MUGLER
RICKY ANDERSON



CONTACT:

ROB WRIGHT
NICOLE CAMPBELL
THERESA NETTLES

A heartfelt thank you to our dedicated community of real estate professionals who support The Harvey Lindsay School of Real Estate. Whether through funding scholarships or generously donating your time, your contributions make a meaningful impact!



E.V. Williams Center for Real Estate at
The Harvey Lindsay School Real Estate



Members of the Monarch Real Estate Club enjoyed hearing from guest speakers Gresh Wall, Sophie Gregoriou and Stanton McDuffie.



Panelists from the residential panel at the Fall Meeting (from left to right): Phil Kazmierczak, Jessica Lautz, Lei Zhang, Greg Chaplain, Jim Miller



THANK YOU TO ALL OF THE INDIVIDUALS, COMPANIES AND ORGANIZATIONS WHO CAME TO MEET WITH THE STUDENTS, INCLUDING;

- Kevin Prine, City of Suffolk Assessor's Office
- CREW (Commercial Real Estate Women) Coastal Virginia
- Ali Allred, Work Program Architects
- Vickie Carnegie, School of Public Administration, ODU
- Ashley Bussey Fisher, HBRE
- Christina Montgomery, Old Dominion University
- Gresh Wall, Stanton McDuffie, Sophie Gregoriou, Commonwealth Commercial Partners
- Samantha Sours, CoStar Group
- Chris Todd, CBRE
- Laura Swankler, Port of Virginia
- Dawna Ellis, Harvey Lindsay Real Estate
- Terry Smith, Suffolk Economic Development
- Mark Rosenfield, McLeskey
- Payson Burnett, Dollar Tree



J. VAN ROSE, JR.
Executive Chairman
of the Board & CEO
Berkshire Hathaway
HomeServices
RW Towne Realty, LLC

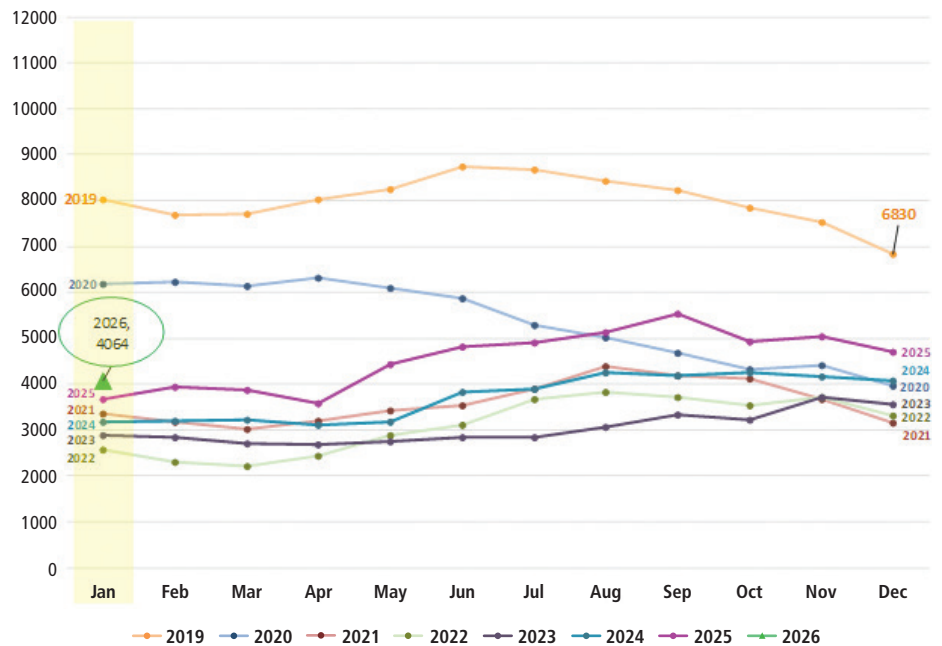
A Year That Looked More Normal (Even When It Didn't Feel Like It)

The 2025 housing market across Hampton Roads and the surrounding region can best be understood as a year of stabilization disguised as struggle. For many households, it didn't feel like relief as affordability challenges remained stiff, rates stayed elevated longer than expected, and inventory remained below historical norms. But beneath the surface turbulence, the market finally began to move away from the extremes that defined the early 2020s cycle.

Compared with the prior five years, prices stopped accelerating, inventory loosened a bit, and people started making decisions again. These shifts mark a significant turn from the whiplash conditions of 2020-2022, when stimulus-driven demand collided with a generational inventory shortage.

Between 2021 and 2024, the resale market was defined by bidding wars, marketing times less than a week, large appraisal gaps, and homeowners resisting moves due to their current homes' unprecedented low mortgage rates. By late 2024 and throughout 2025, that dynamic softened. Homeowners began to adjust to 'new normal' rates, sellers reentered the market slowly, and buyers recalibrated expectations on both price and competition. The result was a more balanced, but still supply-constrained resale environment, with moderate price growth replacing the overheated escalation of prior years.

On the Market Now
Hampton Roads Residential Inventory January 1, 2026



Source: Residential Data Bank

Inventory: Slightly Better, Still Not Easy

Inventory was still tight in 2025, but 'tight' is an improvement over 'critically undersupplied.' The shift was modest but meaningful. Resale listings ticked upward, and price growth continued

but slowed. Some households grew less willing to wait out rate changes, while others adjusted to life transitions they had postponed. This helped create a less frantic environment, even if not yet an abundant one. Many owners with 3-4%

Continues on page 29

Continued from page 28

Hampton Roads Resale Market 2021 - 2025 Attached & Detached

mortgages stayed put, limiting turnover. The partial recovery in resale listings could be viewed as 'pent-up mobility' finally showing through.

Affordability Pressures

Affordability remained a defining constraint. Even with slower price growth, the cumulative increases from 2020-2023 remained fully 'baked in.' This meant monthly payments stayed high due to the combined effects of elevated rates, higher insurance premiums, property tax increases, and persistently high asking prices.

The result? Many households found that what they could afford on paper differed from what felt sustainable in practice. This tension will continue into 2026, shaping both resale demand and the competitive space between resale and new construction.

Demographics, Household Formation, and Demand Dynamics

One of the most important forces shaping

YEAR	2021	2022	2023	2024	2025
Year	2021	2022	2023	2024	2025
Closed Sales	34,150	27,820	21,547	21,572	21,955
Year- Over- Year Change	+15.8%	-18.5%	-22.5%	+0.1%	+1.9%
Average Sales Price	\$320,043	\$344,269	\$367,534	\$391,447	\$410,447
Year- Over- Year Change	+10.1%	+7.6%	+6.8%	+6.5%	+11.7%

Source: REIN

the next five years is the decline in household formation among younger adults. Delayed marriage, fewer births, higher living costs, and multi-adult living arrangements have all slowed the pipeline of new households. The National Association of REALTORS® 2025 Profile of Home Buyers and Sellers reported the average age of a first time homebuyer reached a record high of 40 years old, and their share of purchases dropped to a record low share of 21%. Buying a home now takes more time, more savings and often more help. Reduced household formation did not fully offset inventory limits. According

to that same NAR report, the median age of all homebuyers reached 59 years old (July 2024-June 2025). Older buyers used equity or cash to overcome higher rates. Some estimates of the share of cash sales put it as high as a third of all sales. Equity is the new advantage. All together, these trends reshaped demand and pricing, including Hampton Roads home sales.

Resale Report

In 2025, the Hampton Roads resale market showed early signs of stabilization after

Continues on page 30

**PORTSMOUTH:
THE FUTURE OF
HAMPTON ROADS**

**THREE DISTRICTS.
ONE STRATEGIC LOCATION.**

Portsmouth's location at the center of the Mid-Atlantic's largest natural deep-water harbor continues to drive commercial, industrial, and mixed-use development across the city.

From industrial sites to waterfront redevelopment, Portsmouth offers space to build - backed by strategic infrastructure and access.

Explore development opportunities in Portsmouth.

PORTSMOUTHVA
economic development

757.393.8804 | ACCESSPORTSMOUTHVA.COM

CRAWFORD BAY WATERFRONT

THE LINC DISTRICT

THE ENTERTAINMENT DISTRICT

Continued from page 29

several years of significant volatility. Closed sales edged up to 21,955, a modest 1.9% increase from 2024, suggesting that buyer and seller activity was beginning to normalize after steep declines earlier in the decade. Prices continued their steady upward climb, with the average sales price reaching \$410,447, marking a strong 11.7% year-over-year increase, the highest growth since 2021. Viewed across the 2021–2025 period, the data reflects a market that cooled sharply from its 2021 peak but regained footing by 2024–2025, with sales stabilizing and price growth accelerating again, signaling renewed confidence despite ongoing affordability challenges.

New Construction: Two Markets, Two Price Stories

If the resale market in 2025 was a story of stabilization, the new homes market was a story of divergence. New construction pricing continued rising for reasons independent of resale dynamics. Whereas resale prices are driven by scarcity and buyer competition, new home prices

Hampton Roads New Construction Market 2021 - 2025 Attached & Detached

YEAR	2021	2022	2023	2024	2025
Closed Sales	3,503	2,995	2,691	2,584	2,505
Year- Over- Year Change	-8.4%	-14.5%	-10.2%	-4.0%	-6.9%
Average Sales Price	\$405,810	\$462,123	\$475,616	\$481,813	\$527,543
Year- Over- Year Change	+9.3%	+13.9%	+2.9%	+1.3%	+10.9%

Source: REIN

are driven by input costs such as labor, materials, land acquisition and regulatory delays, carrying costs, and interest rate exposure on builder loans. Even as demand cooled slightly from pandemic era peaks, supply side pressures kept new home prices elevated.

New Construction Share of the Residential Market

In Hampton Roads, new construction represented approximately 10% of total residential sales for the year. This percentage underscores the structural imbalance: while new construction plays a vital role in meeting demand, it cannot scale fast enough to offset lack of supply.

In Hampton Roads, prices varied widely based on location, product type, builder, and subdivision maturity; but the overarching story is that cost-driven pricing keeps new homes above the regional resale median.

In 2025, the Hampton Roads new construction market continued its multi-year slowdown in sales activity, with closed sales declining to 2,505, a 6.9% drop from 2024 and the fifth consecutive annual decrease. Despite softer demand, prices continued to rise, with the average sales price climbing to \$527,543, a strong 10.9% year-over-year increase and the largest jump since 2022. Viewed across the 2021–2025 period,

Continues on page 31

In a world where we see thousands of marketing messages a day, we strive to create campaigns that cut through the noise to help our clients achieve their objectives.

We turn clicks into customers.

- Search Engine Marketing
- Search Engine Optimization
- Social Media Advertising
- Owned & Operated Display Advertising
- Programmatic Display Advertising
- 3rd Party Email Marketing
- Website Development
- Contests & Promotions
- Branded Content



VIRGINIA
MEDIA

Data-driven results you need. Experience you trust.
ski.miller@virginiamedia.com | 757-222-3993

Continued from page 30

the trend shows a consistent contraction in new-home sales volumes paired with steady upward pressure on prices, reflecting cost-driven pricing dynamics and persistent supply-side constraints even as overall market demand cooled.

Why Big Builders Are Winning

One of the most consistent themes across 2025 is the continued dominance of large regional and national builders. Their advantages include:

- Access to cheaper capital
- Ability to purchase and bank land at scale
- Standardized building processes
- Vendor and labor relationships that command lower per unit costs
- Capacity to absorb delays without threatening solvency

Big builders offered rate buydowns, upgrades, and other incentives that smaller firms could not match. As costs, regulation, and risk increase, scale becomes an advantage.

That's why national builders now produce a growing share of new homes and why it's harder for small, local builders to compete.

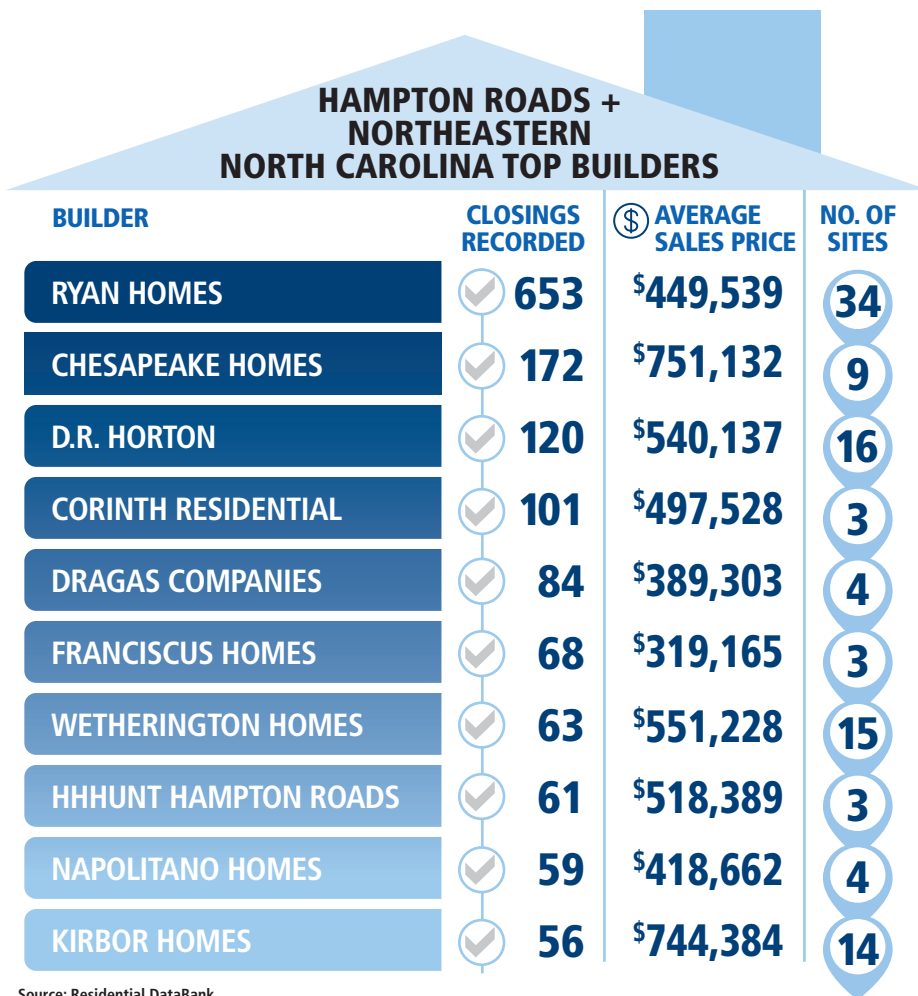
Regulatory Environment and the Productivity Challenge

One of the most important realities is that housing is still built the slow way. Productivity in the homebuilding sector has barely budged in decades. Unlike manufacturing sectors that benefit from automation and economies of scale, most homes are still built one lot at a time, with complex, fragmented labor pipelines and lengthy permitting processes.

Regulatory timelines, not regulatory standards, remain one of the biggest contributors to cost inflation. Communities that streamline approvals, enforce predictable timelines, and allow concurrent reviews can reduce per unit costs significantly without lowering building standards. Regulation isn't the enemy, uncertainty is. Time limits and predictable processes don't lower standards, but they do lower costs.

Demographic Overhang and Long Term Supply Constraints

While demographics lowered near-term



Source: Residential DataBank



demand, they pose longer-term concerns. Fewer births and slower household formation point to shifting demand composition a decade from now. In the meantime, housing supply remains too constrained to meet current needs, especially in price ranges accessible to first-time buyers.

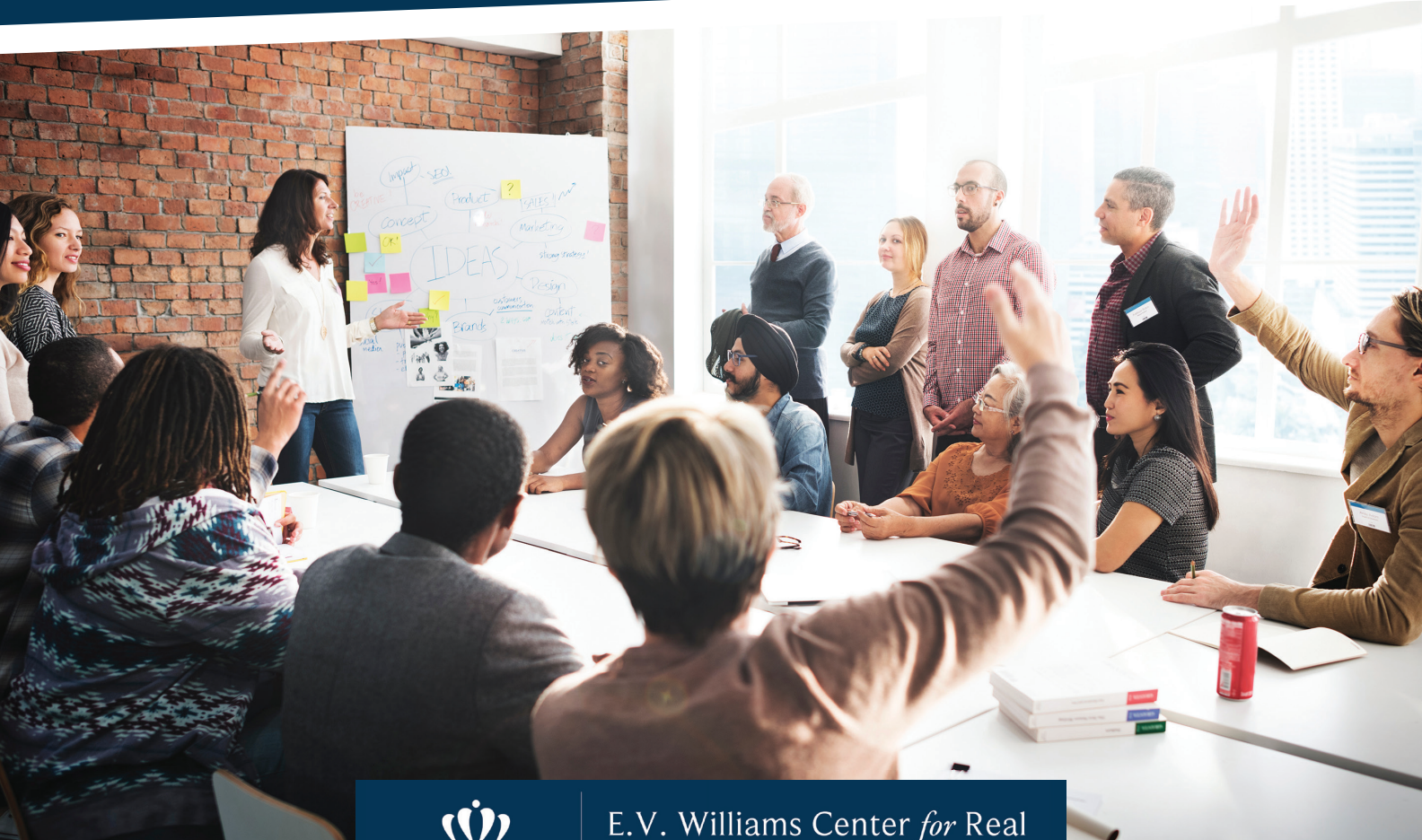
New construction will play a pivotal role in shaping affordability in the next cycle, but constraints, such as land availability, stormwater requirements, labor shortages, and material volatility, will continue to limit how quickly and cheaply builders can produce homes. In the short run, supply still drives prices. In the long run, demographics matter, and they're moving in the wrong direction.

Conclusion: Entering 2026 with Cautious Optimism

Looking ahead, 2026 is expected to offer more clarity than chaos, but not necessarily more comfort. Affordability will remain the central pressure point in both resale and new construction markets. Demographic softness will shape demand, while supply constraints, regulatory concerns, labor, and costs will continue to influence the pace and price of new housing delivery.

Yet, the broader picture is not pessimistic. Stability has returned. Buyers and sellers have adapted. Market dynamics are healthier, more predictable, and less speculative than they were at any point since 2019. The challenge ahead is not demand, it's delivery. If the region can improve supply efficiency, streamline processes, and continue diversifying its housing stock, the next phase of the cycle could bring much needed balance. Housing works when supply, demographics, and policy align. The challenge ahead isn't demand. It's delivery.

EDUCATE - CONNECT - INSPIRE



E.V. Williams Center *for* Real Estate *at* The Harvey Lindsay School *of* Real Estate

The E.V. Williams Center for Real Estate strives to connect those engaged in real estate and economic development to the research, curriculum and students at Old Dominion University. Through programming,

research, and publications, the Center partners with its members to educate the community and provide ODU students with enrichment experiences that facilitate their professional development.

MEMBER BENEFITS

Networking opportunities at member-exclusive events.

Admission to all events including the Hampton Roads Real Estate Market Review.

Recognition in the Market Review report (digital magazine).

Opportunity to participate in student events and serve as internship hosts and mentors.

Help support the research conducted by ODU faculty.



JOIN TODAY!
odu.edu/business/center/evwilliams-center