2024 Hampton Roads Real Estate Market Review & Forecast

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

Old Dominion University
Kenneth Kahn, Ph.D.
Dean & Professor,
Strome College of Business

Old Dominion University
Ricky Frantz
Senior Vice President,
Commercial Real Estate
Atlantic Union Bank
Nesha Ubiles
Vice-President of the ODU Student Real Estate Club
Simon Stevenson, Ph.D.
Robert M. Stanton Chair &
Director of the E.V. Williams Center for Real Estate

Old Dominion University
Presentation of the Robert M. Stanton Legacy Award

Harvey L. Lindsay, Jr.
EMCEE
Krista Costa
Executive Vice President, Corporate Services and Office Leasing
Presenting Sponsor

Atlantic Union Bank
Reception Sponsor

S.L. Nusbaum Realty Co. | Since 1906
Media Sponsor

[Logo Image]
Staging Sponsor
Monarch Sponsor

virginia beach
WAVES OF POSSIBILITY
Booth Sponsors

GOROVE SLADE
Transportation Planners and Engineers

YesSuffolk

NOBLE TITLE & ESCROW
Municipal & Civic Sponsors

newport news | BUILT ON BREAKTHROUGHS

HRRA REALTORS®

Hampton Roads Association for Commercial Real Estate

Local Roots, Global Reach

Portsmouth VA economic development

Isle of Wight County, Virginia
Table Sponsors
2024 HAMPTON ROADS REAL ESTATE MARKET REVIEW & FORECAST

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

Robert M. McNab, Ph.D.
Chair and Professor of Economics
Director, Dragas Center for Economic Analysis and Policy

Old Dominion University
Strome College of Business
Civilian Labor Force and Individual Employment
Hampton Roads, January 2007 – December 2023

Thousands of Individuals

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
Nonfarm Payrolls (Jobs)
Hampton Roads, January 2007 – December 2023

Thousands of Jobs

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.
Index of Nonfarm Payrolls (Jobs), Hampton Roads, Virginia, and the United States
February 2010 – December 2023

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 February 2010.
Sources: 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.
Department of Defense Direct Spending
Hampton Roads, 2010 – 2030*

Billions of Nominal Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$18.9</td>
</tr>
<tr>
<td>2011</td>
<td>$18.9</td>
</tr>
<tr>
<td>2012</td>
<td>$19.1</td>
</tr>
<tr>
<td>2013</td>
<td>$20.2</td>
</tr>
<tr>
<td>2014</td>
<td>$21.2</td>
</tr>
<tr>
<td>2015</td>
<td>$22.3</td>
</tr>
<tr>
<td>2016</td>
<td>$23.5</td>
</tr>
<tr>
<td>2017</td>
<td>$24.7</td>
</tr>
<tr>
<td>2018</td>
<td>$26.0</td>
</tr>
<tr>
<td>2019</td>
<td>$27.3</td>
</tr>
<tr>
<td>2020</td>
<td>$28.5</td>
</tr>
<tr>
<td>2021</td>
<td>$28.5</td>
</tr>
<tr>
<td>2022</td>
<td>$28.5</td>
</tr>
<tr>
<td>2023</td>
<td>$28.5</td>
</tr>
<tr>
<td>2024</td>
<td>$29.5</td>
</tr>
<tr>
<td>2025</td>
<td>$29.5</td>
</tr>
<tr>
<td>2026</td>
<td>$29.5</td>
</tr>
<tr>
<td>2027</td>
<td>$29.5</td>
</tr>
<tr>
<td>2028</td>
<td>$29.5</td>
</tr>
<tr>
<td>2029</td>
<td>$29.5</td>
</tr>
<tr>
<td>2030</td>
<td>$29.5</td>
</tr>
</tbody>
</table>

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 2023 are estimates while data for 2024 to 2030 are projections based on DoD spending projections.
Monthly Inflation and Core Inflation
United States, January 2010 – January 2024

Inflation is the year-over-year change in the cost of goods and services but excludes food and energy sectors.

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data. Core inflation is the year-over-year change in the cost of goods and services but excludes food and energy sectors.
Monthly Inflation, United States

January 1973 - December 1979

July 2021 - January 2024

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
University of Michigan: Consumer Sentiment
United States, Selected Periods

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

• Inflation decelerating in 2024 and sustained job growth will lead to a rapid improvement in consumer sentiment.

• The Federal Reserve will likely reduce the discount rate by 50 basis points in the 2nd half of 2024, however, it will take a conservative approach to avoid a repeat of the 1970s.

• Labor markets will continue to be relatively tight in Hampton Roads as growth continues in 2024. Availability of labor and workforce housing limit job growth in the region.

• While housing demand is lower due to higher interest rates, housing supply is even more constrained, median housing prices will continue to grow in 2024.

• Congress is the primary domestic source of downside risk, and we should not expect significant action on appropriations in the near-term.
2024 HAMPTON ROADS REAL ESTATE
MARKET REVIEW & FORECAST
E.V. Williams Center for Real Estate at The Harvey Lindsay School of Real Estate
OLD DOMINION UNIVERSITY
Office

John Profilet, SIOR
Senior Vice President,
Associate Broker and Partner
Office/Medical Leasing and Sales

S.L. Nusbaum Realty Co. | Since 1906
CRE NCO Ratios at US Banks

Data for the second calendar quarter each year

- **Total CRE NCOs ($M)**
- **CRE NCOs/average CRE loans (%)**

Data compiled August 23, 2023

CRE = Commercial Real Estate | NCO = Net Charge-Off

Analysis includes U.S. commercial banks, savings banks, and savings and loan associations; excludes non-depository trusts and companies with a foreign banking organization charter.

Commercial real estate loans include non-farm and non-residential loans for U.S. offices.

Data based on regulatory filings.

Source: S&P Global Market Intelligence
OFFICE-TO-APARTMENT CONVERSIONS U.S. PIPELINE
MORE THAN QUADRUPLED IN 4 YEARS

Number of Apartments

Year
2021
2022
2023
2024

12,100
23,100
45,200
55,300

Hampton Roads Office Vacancy Rate

Source: CoStar Realty Information Inc.
Change in Hampton Roads Office Asking Rents

Source: CoStar Realty Information Inc.
<table>
<thead>
<tr>
<th>Property</th>
<th>Date</th>
<th>Square Footage</th>
<th>Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>400 Butler Farm Road Hampton, VA 23666</td>
<td>Q2 2023</td>
<td>50,414</td>
<td>City of Hampton</td>
</tr>
<tr>
<td>Summit Pointe Chesapeake, VA 23320</td>
<td>Q4 2023</td>
<td>28,813</td>
<td>Dollar Tree</td>
</tr>
<tr>
<td>Ghent Station 930 W. 21st Street Norfolk, VA 23517</td>
<td>Q1 2023</td>
<td>26,400</td>
<td>Bon Secours</td>
</tr>
<tr>
<td>Riverside Corporate Center Norfolk, VA 23502</td>
<td>Q4 2023</td>
<td>25,002</td>
<td>U.S. Marine Management</td>
</tr>
<tr>
<td>Summit Pointe Chesapeake, VA 23320</td>
<td>Q3 2023</td>
<td>18,543</td>
<td>Venture X (Co-Working Space)</td>
</tr>
<tr>
<td>Port Warwick Newport News, VA 23606</td>
<td>Q3 2023</td>
<td>13,541</td>
<td>Invictus Health</td>
</tr>
<tr>
<td>Property</td>
<td>Square Footage</td>
<td>Date</td>
<td>Sales Price</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>----------------</td>
<td>-----------</td>
<td>---------------</td>
</tr>
<tr>
<td>6320 &amp; 6330 N. Center Drive, Norfolk, VA 23502</td>
<td>77,490</td>
<td>11/30/23</td>
<td>$16,500,000</td>
</tr>
<tr>
<td>814 Kempsville Road, Norfolk, VA 23502</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ICC #13 – Rappahannock Building)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ICC #15 – Potomac Building)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ICC #17 – Gloucester Building)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>416 J. Clyde Morris Boulevard, Newport News, VA 23601</td>
<td>91,000</td>
<td>09/20/23</td>
<td>$6,700,000</td>
</tr>
<tr>
<td>500 E. Plume Street, Norfolk, VA 23510</td>
<td>64,522</td>
<td>07/10/23</td>
<td>$5,350,000</td>
</tr>
<tr>
<td>(Bank of Hampton Roads)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>110 Wimbledon Square, Chesapeake, VA 23320</td>
<td>14,980</td>
<td>01/05/23</td>
<td>$4,590,000</td>
</tr>
<tr>
<td>1206 Laskin Road, Virginia Beach, VA 23451</td>
<td>35,534</td>
<td>11/30/23</td>
<td>$4,350,000</td>
</tr>
<tr>
<td>99 Old Oyster Point Road, Newport News, VA 23602</td>
<td>25,000</td>
<td>03/15/23</td>
<td>$3,650,000</td>
</tr>
<tr>
<td>2301 General Booth Boulevard, Virginia Beach, VA 23456</td>
<td>10,300</td>
<td>11/08/23</td>
<td>$3,637,500</td>
</tr>
<tr>
<td>358 Mowbray Arch, Norfolk, VA 23507</td>
<td>39,832</td>
<td>03/07/23</td>
<td>$3,200,000</td>
</tr>
<tr>
<td>100 Landmark Square, Virginia Beach, VA 23452</td>
<td>23,565</td>
<td>03/29/23</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>
Industrial

Gregg Christoffersen
Managing Director and
Norfolk Market Industrial Lead

JLL®
Why Hampton Roads?

Industrial Market Dynamics

A rock-solid local economic base secures enormous Investments in 2023 and 2024!

The Hampton Roads Industrial Market will enjoy supercharged growth throughout the region, bringing with it meaningful increases in employment and capital investment, so...

LET’S GO!
State of The Port 2023

• There was a slight contraction of container volumes at The Port of Virginia during 2023, TEU volumes were still in excess of 2020 pre-pandemic levels.

• The Port of Virginia faired better than more than half of competing ports.

• The Port led all net gains for East Coast Ports in loaded TEU volumes in Q4 2023 vs 2022— and growth is coming back to the region from international trade.

• Significant multi-billion dollar investment and regional transportation infrastructure projects are being completed, building out a transportation economy.

Source: JLL Research
The 2023 Industrial Market

Key Factors in 2023

- We continued building onto our past 5-6 years of industrial demand and absorption with new commitments to larger industrial projects.
- Absorption and demand was demonstrated by local company expansions as well as out of market corporate occupiers.
- Demand velocity was forecast to continue for the foreseeable future because of its structural nature from both local companies and from out of market corporate occupiers.

1-Year Rent Growth

- Orlando: 18.2%
- Baltimore: 18.6%
- Charlotte: 19.3%
- Richmond: 22.5%
- San Antonio: 22.6%
- Broward County: 22.9%
- Palm Beach: 26.8%
- Nashville: 27.3%
- Jacksonville: 27.4%
- Hampton Roads: 27.8%

Source: JLL Research
Where are we now?

• The deepening and widening of the shipping channels is nearing completion in late 2024, increasing throughput and velocity capability at the Port of Virginia.

• With the significant transportation infrastructure investments coming online, Hampton Roads is completing a transition to a world-class transportation economy for all manner of commerce, distribution and logistics. The completion of the HRBT expansion will be the capstone to this narrative in late 2025 or early 2026.

• In almost all instances today, multiple tenants and buyers continue to compete for lease and purchase options of limited small block spaces between 10,000 to 100,000 SF.

• With demand outstripping supply, Tenant Improvements will continue to be at the discretion of landlords and owners, and concessions in terms of free rent will be limited at best.

• We are the single tightest market with the lowest vacancy of any national market. Hampton Roads is a #1 nationally recognized market by the global investment community.
Looking forward into 2024 and 2025

• Functional industrial vacancy will remain restricted in all size ranges with Class A and B vacancy at 0.1% for buildings in excess of 10,000 SF.

• 100% of all speculative construction projects that delivered for occupancy through Q1 2023 were absorbed.

• Even with a robust pipeline of under construction and proposed speculative projects, the data clearly reflects a healthy absorption and lease up of past projects and this will set the stage for a continued vibrant market.

• With rock solid leasing and pricing fundamentals the Hampton Roads market will continue to be a lightning rod for the attraction of new investment and development capital.

• Over 7.9 million SF of new industrial product is planned to deliver over the next three years – equal to about 60% of the more than 13 million square feet of requirements from tenants in the market.
Field of Dreams: If they come will you build it?

- 100% of speculative projects delivered between 2020 & 2022 have been absorbed and committed!
- 78% of buildings under construction for delivery in 2023 have been absorbed and committed!
- 73% of buildings that are under construction for delivery in 2024 have been absorbed and committed.
- The remaining vacancy is contained in only 1 or 2 buildings available on the market today.
- These statistics are a clear indication of robust and pent-up demand in the market.
Availability in 2023 speculative deliveries sourced from one bulk delivery in Q2 2023 totaling over 800,000 s.f.

Speculative developments (2021-2023)

<table>
<thead>
<tr>
<th>Address</th>
<th>Submarket</th>
<th>Status</th>
<th>Build Date</th>
<th>Bldg RBA (s.f.)</th>
<th>Available area (s.f.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>700 Shell Rd</td>
<td>Copeland</td>
<td>UC</td>
<td>12/1/2024</td>
<td>299,783</td>
<td>299,783</td>
</tr>
<tr>
<td>750 Shell Rd</td>
<td>Copeland</td>
<td>UC</td>
<td>12/1/2024</td>
<td>540,700</td>
<td>540,470</td>
</tr>
<tr>
<td>Carolina Rd</td>
<td>South Suffolk</td>
<td>UC</td>
<td>12/1/2024</td>
<td>716,527</td>
<td>716,527</td>
</tr>
<tr>
<td>301 Kenyon Rd</td>
<td>South Suffolk</td>
<td>UC</td>
<td>5/31/2024</td>
<td>342,640</td>
<td>342,640</td>
</tr>
<tr>
<td>1637 Green Mount Pkwy</td>
<td>Williamsburg</td>
<td>UC</td>
<td>1/1/2024</td>
<td>373,536</td>
<td>373,536</td>
</tr>
<tr>
<td>150 Judkins Ct</td>
<td>South Suffolk</td>
<td>Existing</td>
<td>5/1/2023</td>
<td>814,105</td>
<td>610,525</td>
</tr>
<tr>
<td>600 Curtis Saunders Ct</td>
<td>Cavalier Ind</td>
<td>Existing</td>
<td>3/1/2023</td>
<td>334,800</td>
<td>0</td>
</tr>
<tr>
<td>3226 Industrial Dr</td>
<td>South Suffolk</td>
<td>Existing</td>
<td>1/1/2023</td>
<td>278,670</td>
<td>0</td>
</tr>
<tr>
<td>1614 W Pembroke Ave</td>
<td>Copeland</td>
<td>Existing</td>
<td>11/1/2022</td>
<td>115,500</td>
<td>0</td>
</tr>
<tr>
<td>6601 Park Dr</td>
<td>North Suffolk Ind</td>
<td>Existing</td>
<td>8/1/2022</td>
<td>338,000</td>
<td>0</td>
</tr>
<tr>
<td>1401 Enterprise Dr</td>
<td>South Suffolk</td>
<td>Existing</td>
<td>12/1/2021</td>
<td>348,500</td>
<td>0</td>
</tr>
</tbody>
</table>
Overall development activity led by BTS projects between 2020 and 2024 but shifting to 100% speculative development in 2025.

Overall deliveries: RBA (s.f.) delivered by construction type

2021-2025 Deliveries: Construction type (%)

Source: JLL
YES!

• At last...there are now a number of critical projects proceeding to construction that will deliver – on average – 1.2 to 1.5 million SF per year over the next 3 to 4 years.

• Dependent upon pre-leasing commitments we can expect this delivery pipeline to accelerate.

• The master planned parks at Port 460 Logistics Center, Lovett Commerce Center, Coastal Logistics Center, Westport, Phenix Commerce Center, Virginia Commerce Center, and other single building projects will provide much-needed supply of more than 10 million SF over the next several years.

• NOW – we finally have the supply pipeline of warehouse, distribution centers and logistics centers that we have needed for so long to put our region to deliver on the potential for this market. After all, we are a top 5 port market in the United States of America.

• The secret ingredient for our market is a deep and capable labor pool that few other markets can claim that will allow us to continue attracting top-tier corporate occupiers for a long time to come.
2024 expected to produce a record year of speculative development following years of BTS and owner-occupier deliveries.

Historical development by construction type

Source: JLL
Hampton Roads has a deeper labor pool in relation to its inventory size compared to other major metros and peer markets.

Warehouse/Distribution inventory vs worker and MSA population

Source: JLL, ESRI
The Tide is Rolling In!

• The 37th Largest SMSA in the United States

• A top 5 Port Market with a burgeoning transportation-based economy

• A proven winner on the national industrial market stage and

• An International World Champion in Global Trade
Retail

Wick Smith
Senior Vice President, Retail
2024 STATE OF RETAIL
OUT OF BALANCE
FEED ME NOW!!!
ACTIVE GROCERY
THE PARTY’S OVER!!!
CONSTRUCTION COSTS

$ = 2X
THE FUTURE OF RETAIL

PHONES, DRONES & AUTOMOBILES
2024 Hampton Roads Real Estate Market Review & Forecast

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

Victoria Pickett
Executive Managing Director,
Multifamily Capital Markets

NEWMARK
Hampton Roads multifamily proves resilience, forecast to national trends

Hampton Roads Occupancy, Net Deliveries, & Absorption

Source: CoStar
Modest rent growth in 2023 projected to rebound to 4.3% in 2024, exceed historic average

Hampton Roads Annual Rent Growth & Average Market Rent

$992
$1,162
$1,474
$1,771
$600
$800
$1,000
$1,200
$1,400
$1,600
$1,800
$2,000


Annual Rent Growth

Rent Growth Y/Y
Asking Rent Per Unit

Forecast

Source: CoStar

2.6% Historic Average
# Hampton Roads Submarket Performance

*(sorted by stabilized vacancy)*

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Properties</th>
<th>Units</th>
<th>Overall Vacancy</th>
<th>Stabilized Vacancy</th>
<th>Asking Rent</th>
<th>Y-O-Y Rent Growth</th>
<th>2024 Projected Rent Growth</th>
<th>12-Month Units Absorbed</th>
<th>12-Month Units Delivered</th>
<th>Units Under Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Peninsula</td>
<td>39</td>
<td>7,309</td>
<td>3.9%</td>
<td>3.9%</td>
<td>$1,653</td>
<td>3.7%</td>
<td>4.0%</td>
<td>51</td>
<td>0</td>
<td>533</td>
</tr>
<tr>
<td>Chesapeake</td>
<td>46</td>
<td>9,773</td>
<td>4.8%</td>
<td>4.2%</td>
<td>$1,646</td>
<td>3.9%</td>
<td>4.3%</td>
<td>194</td>
<td>103</td>
<td>0</td>
</tr>
<tr>
<td>Norfolk</td>
<td>106</td>
<td>17,877</td>
<td>6.1%</td>
<td>5.1%</td>
<td>$1,369</td>
<td>3.3%</td>
<td>4.4%</td>
<td>42</td>
<td>67</td>
<td>1,222</td>
</tr>
<tr>
<td>Virginia Beach</td>
<td>142</td>
<td>32,686</td>
<td>6.3%</td>
<td>5.3%</td>
<td>$1,586</td>
<td>2.4%</td>
<td>4.0%</td>
<td>450</td>
<td>730</td>
<td>665</td>
</tr>
<tr>
<td>Hampton/Poquoson</td>
<td>63</td>
<td>13,125</td>
<td>6.1%</td>
<td>6.0%</td>
<td>$1,392</td>
<td>1.6%</td>
<td>6.0%</td>
<td>301</td>
<td>159</td>
<td>176</td>
</tr>
<tr>
<td>Suffolk City/Isle of Wight</td>
<td>29</td>
<td>5,271</td>
<td>11.0%</td>
<td>6.6%</td>
<td>$1,651</td>
<td>1.0%</td>
<td>3.7%</td>
<td>467</td>
<td>255</td>
<td>344</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>31</td>
<td>4,642</td>
<td>7.2%</td>
<td>7.2%</td>
<td>$1,242</td>
<td>4.1%</td>
<td>3.4%</td>
<td>(26)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Newport News</td>
<td>95</td>
<td>19,763</td>
<td>7.3%</td>
<td>7.4%</td>
<td>$1,293</td>
<td>1.9%</td>
<td>3.9%</td>
<td>226</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total/Average</strong></td>
<td><strong>551</strong></td>
<td><strong>110,446</strong></td>
<td><strong>6.4%</strong></td>
<td><strong>5.7%</strong></td>
<td><strong>$1,474</strong></td>
<td><strong>2.6%</strong></td>
<td><strong>4.3%</strong></td>
<td><strong>1,705</strong></td>
<td><strong>1,395</strong></td>
<td><strong>2,940</strong></td>
</tr>
</tbody>
</table>

Source: CoStar
Rising expenses are exacerbated by operational woes

Year-over-Year Change in Operating Expenses, Nationally

Utilities  Management  Insurance  Property Taxes  Other  Totals

Source: Newmark Research, NCREIF
Despite headwinds, NOI growth remains above long-term average

Year-over-Year Change in Net Operating Income, Nationally

NOI Growth

Year-over-Year Change

Long-Term Average (4.1%)
Multifamily Remains a Preferred Asset Class

- Renting is cost-effective to consumers
- High barriers to entry for single family homes
- Consumer debt is growing as savings rates declines
- New home formation is on the rise
- Outlook on long-term performance remains positive
- Attractive GSE financing available

Source: Newmark Research, MSCI Real Capital Analytics
Price dislocation due to surging interest rates plunged sales volume 65% year-over-year

Hampton Roads Sales Volume

<table>
<thead>
<tr>
<th>Quarterly Volume</th>
<th>Rolling 4-Quarter Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>$627M</td>
<td>$637M</td>
</tr>
<tr>
<td>$1.97B</td>
<td>$1.808</td>
</tr>
<tr>
<td>$1.80B</td>
<td></td>
</tr>
</tbody>
</table>

Number of Properties Sold

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>39</td>
<td>88</td>
<td>63</td>
<td>88</td>
<td>63</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Newmark Research, MSCI Real Capital Analytics
<table>
<thead>
<tr>
<th>Property Name</th>
<th>City</th>
<th>Date</th>
<th>Units</th>
<th>Year Built</th>
<th>Sales Price</th>
<th>Assumption or Free &amp; Clear</th>
<th>Price Per Unit</th>
<th>Cap Rate</th>
<th>Buyer</th>
<th>Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottage Trails at Culpepper Landing</td>
<td>Chesapeake</td>
<td>December</td>
<td>183</td>
<td>2012</td>
<td>$40,750,000</td>
<td>Free &amp; Clear</td>
<td>$222,678</td>
<td>6.05%</td>
<td>Conserve Holdings</td>
<td>IRT Living</td>
</tr>
<tr>
<td>Monticello Station</td>
<td>Norfolk</td>
<td>November</td>
<td>121</td>
<td>2011</td>
<td>$42,000,000</td>
<td>Assumption</td>
<td>$347,107</td>
<td>4.70%</td>
<td>Bonaventure</td>
<td>S.L. Nusbaum</td>
</tr>
<tr>
<td>Nav850 at Olde Towne</td>
<td>Portsmouth</td>
<td>September</td>
<td>246</td>
<td>2006</td>
<td>$41,500,000</td>
<td>Free &amp; Clear</td>
<td>$168,699</td>
<td>5.79%</td>
<td>Foxfield</td>
<td>Blackfin Real</td>
</tr>
<tr>
<td>Wyndham at Hampton</td>
<td>Hampton</td>
<td>February</td>
<td>276</td>
<td>1986</td>
<td>$50,000,000</td>
<td>Free &amp; Clear</td>
<td>$181,159</td>
<td>6.00%</td>
<td>Oakmark</td>
<td>Weinstein Properties</td>
</tr>
<tr>
<td>Waterford Apartments</td>
<td>Virginia Beach</td>
<td>February</td>
<td>376</td>
<td>1978</td>
<td>$55,350,000</td>
<td>Free &amp; Clear</td>
<td>$147,207</td>
<td>5.49%</td>
<td>Blackfin Real</td>
<td>Perrel Management</td>
</tr>
<tr>
<td>ReNew Marina Shores</td>
<td>Virginia Beach</td>
<td>February</td>
<td>392</td>
<td>1991</td>
<td>$101,920,000</td>
<td>Free &amp; Clear</td>
<td>$260,000</td>
<td>5.69%</td>
<td>FPA Multifamily</td>
<td>C-III Investment Mgmt</td>
</tr>
<tr>
<td>Riverlands Apartments</td>
<td>Newport News</td>
<td>January</td>
<td>404</td>
<td>1987</td>
<td>$42,200,000</td>
<td>Free &amp; Clear</td>
<td>$104,455</td>
<td>5.79%</td>
<td>Blackfin Real</td>
<td>Perrel Management</td>
</tr>
</tbody>
</table>
$645 Billion in multifamily loans are set to mature between 2024 and 2026

Multifamily Loan Maturities by Lender Group

Multifamily Loan Maturities by Origination Period

Source: MBA, Trepp, RCA, Newmark Research as of 2/15/2024
Rate hikes are likely behind us

Rates are projected to decline in 2024

Abundance of “Dry Powder”

Most owners are net buyers

One-third of 2024 loan maturities will need help

Institutions are becoming more active

COLLECTIVE OPTIMISM

Why Newmark’s Multifamily Finance Leader Is Upbeat About 2024

By Laura Calugar

December 13, 2023

Sharon Karaffa, the firm's president of multifamily debt and structured finance, shares her views on the lending landscape.

With 20 years of experience, Sharon Karaffa recently became president of Newmark’s multifamily debt & structured finance division. In her new role, she will lead the company’s Fannie Mae, Freddie Mac and FHA lending platforms, during a period of prolonged monetary tightening and economic volatility that is affecting the entire industry and residents alike.

Multi-Housing News caught up with Karaffa to discuss how she expects multifamily lending to evolve in the upcoming year.

Timing is everything, what is it like to assume your new role at a time when debt liquidity is suppressed?
2024 Hampton Roads Real Estate
Market Review & Forecast

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

Old Dominion University
Residential

J. Van Rose Jr., MIRM
Executive Chairman of the Board
Resale Units for 2023

Source: Residential DataBank and REIN
New Home Units for 2023

- **2020**: 3,799 units (13% increase)
- **2021**: 3,570 units (6% decrease)
- **2022**: 3,160 units (12% decrease)
- **2023**: 2,753 units (13% decrease)

**Total decrease from 2020 to 2023**: 1,046 units

Source: Residential DataBank and REIN
Resale Market

Average Sales Price
2023: $367,481
2022: $344,661

Average Market Time
2023: 27 days
2022: 7 days

Months of Supply = 1.63

Source: Residential DataBank and REIN
New Construction Market

Average Sales Price

2023: $474,014
2022: $458,904

3.3%

Months of Supply = 3.0

Source: Residential DataBank
2024 Head Winds
Interest Rates

Shock! 2.5% - 8.0%

Current:
- VA: 6.625%
- Conventional: 7.125%

Stay put & keep low interest rate

First time Homebuyer cannot qualify

The magic number is 5%

Source: RW Towne Mortgage Company
Example:
Average Resale Home - $340,000
7% mortgage with PI of $2,262 per month
One year ago, same home - 2.5% mortgage with PI was $1,260 per month

The $1,000 increase requires $48,000 of additional income to qualify.
Yet, the average income only went up 2.2% last year in our MSA.

Source: RW Towne Mortgage Company
Inventory

Number of Homes on the Market on January 2, 2024

January 2024 starts the month with 298 more homes on the market than January 2023 and represents 67% less inventory than the peak in January 2015.

Source: Residential DataBank
<table>
<thead>
<tr>
<th></th>
<th>Attached</th>
<th>Detached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average SF:</td>
<td>1,823</td>
<td>2,400</td>
</tr>
<tr>
<td>Average $/SF:</td>
<td>$211.62</td>
<td>$194.67</td>
</tr>
<tr>
<td>Units:</td>
<td>1,060</td>
<td>1,870</td>
</tr>
<tr>
<td>Market Share:</td>
<td>36%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Source: Residential DataBank
Bright Spots for 2024

Pool of buyers for our MSA
Interest rates trending toward 5.0%
Undersupply of housing for the past 3 years
Natural pressure of living in the marketplace of 1.8 million.
Builders - “If you build it, they will come.”

Source: Residential DataBank
Pool of Buyers

Demographics

Total Population: 1,808,102
Baby Boomers: 350,814 (19.3%)
Gen X: 310,584 (17.2%)
Millennials: 502,586 (27.8%)

(64.3%) of our population is in the home buying zone

Income

Median Household Income: $79,540
Increase for 2023: 2.2%

Can pent-up sellers wait any longer...what happens every 12 months amongst this population? (from National Association of Realtors)

- 3.5 million new-born babies
- 1.5 million marriages
- 0.75 million divorces
- 3.5 million (and rising) turn 65 years old
- 2 million deaths
- 2 million net new jobs
- 25 million job switches

Source: National Association of Realtors
<table>
<thead>
<tr>
<th>Builder Name</th>
<th>Closings Recorded</th>
<th>Average Sales Price</th>
<th>No. of Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>RYAN HOMES</td>
<td>832</td>
<td>$420,892</td>
<td>28</td>
</tr>
<tr>
<td>DRAGAS COMPANIES</td>
<td>124</td>
<td>$393,218</td>
<td>3</td>
</tr>
<tr>
<td>CHESAPEAKE HOMES</td>
<td>120</td>
<td>$747,471</td>
<td>6</td>
</tr>
<tr>
<td>D.R. HORTON</td>
<td>98</td>
<td>$508,654</td>
<td>8</td>
</tr>
<tr>
<td>NAPOLITANO HOMES</td>
<td>90</td>
<td>$447,243</td>
<td>4</td>
</tr>
<tr>
<td>KIRBOR HOMES</td>
<td>87</td>
<td>$614,852</td>
<td>13</td>
</tr>
<tr>
<td>HHHUNT HOMES HAMPTQ</td>
<td>63</td>
<td>$408,060</td>
<td>4</td>
</tr>
<tr>
<td>WETHERINGTON HOMES</td>
<td>47</td>
<td>$422,559</td>
<td>21</td>
</tr>
<tr>
<td>FRANCISCUS HOMES</td>
<td>47</td>
<td>$292,671</td>
<td>3</td>
</tr>
<tr>
<td>EDC HOMES</td>
<td>44</td>
<td>$544,428</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Residential DataBank
Please join us for a reception in the Big Blue Room.