

DOWNTOWN NORFOLK, VA MARKET ASSESSMENT

2023

Prepared by Progressive Urban Management Associates **P.U.M.A.**

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1. INTRODUCTION

This market assessment was completed in Q2 through Q4 2023 as part of the *Downtown Norfolk Strategic Plan Update*. The purpose of the assessment is to understand the people, assets, economic conditions, and competitive advantages of Downtown Norfolk, as well as factors inhibiting growth; to compare Downtown Norfolk to market dynamics in peer downtowns; and to consider Downtown's post-pandemic economic realities. When relevant and where possible, this analysis compares current available data to the 2015 Downtown Norfolk Market Assessment (also prepared by Progressive Urban Management Associates).

Data was obtained through a variety of primary and secondary sources, including the City of Norfolk, the Downtown Norfolk Council, Esri, U.S. Census, Bureau of Labor Statistics, CoStar, Placer.ai, VisitNorfolk, Festevents, recent housing and retail studies, and local real estate research and interviews, among other available sources.

WHAT FOLLOWS IN THIS DOCUMENT?

The market assessment is organized into two main sections:

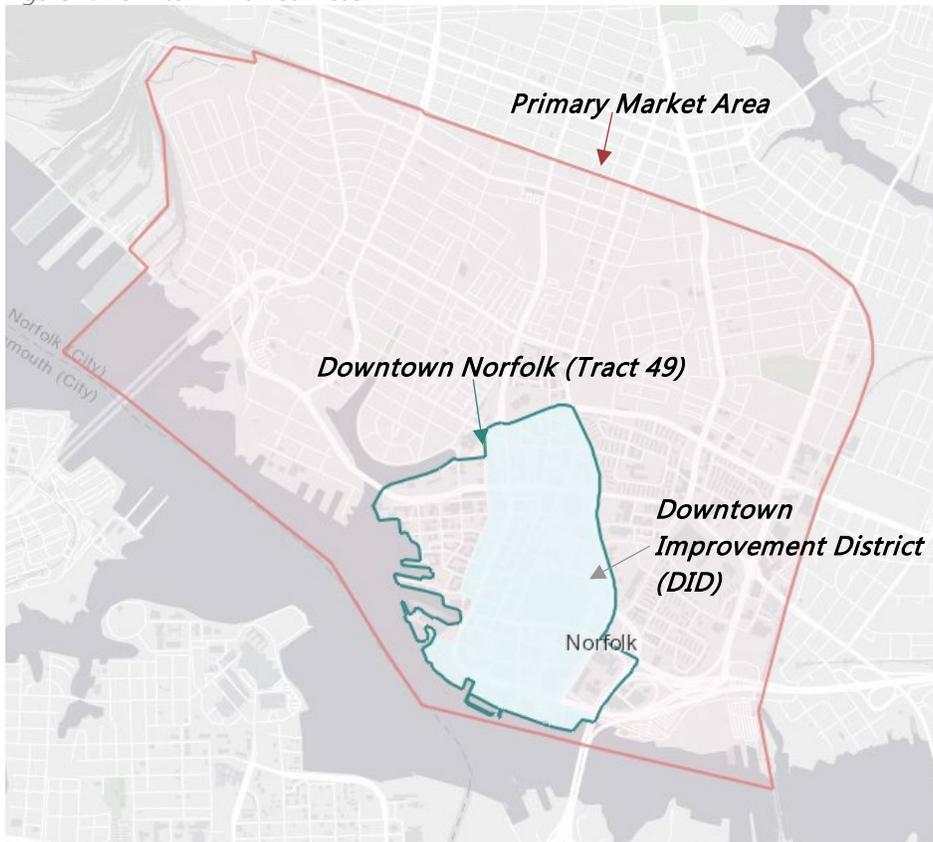
- The **Summary of Findings** chapter provides an overview of key takeaways, organized by sector. It provides a snapshot of existing conditions with implications for Downtown and the city moving forward.
- **Detailed supporting research is provided in the four subsequent chapters.** The *Live* chapter summarizes demographic and housing trends for each of the market geographies, while *Work & Learn* assesses regional and Downtown employment, educational institutions, and the office real estate sector. *Shop & Dine* examines Downtown's storefront economy and retail challenges and opportunities. *Visit & Stay* highlights lodging and visitation metrics and recent trends in the Downtown and regional tourism industries.

MARKET AREAS

Data was collected for four market areas:

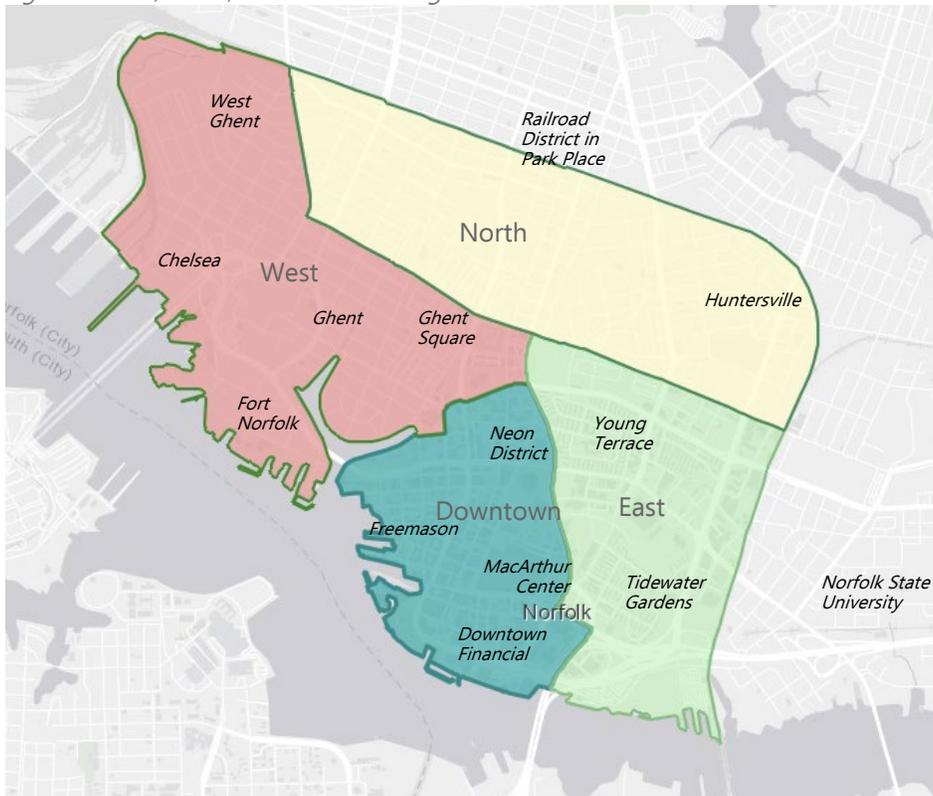
- **(1) Downtown Norfolk**, defined by Census Tract 49;
 - **(2) a Primary Market Area (PMA)** that aligns with the PMA used in the 2015 assessment and which includes Downtown and several neighborhoods east, north, and west (see reference maps on the following page);
 - **(3) the City of Norfolk**; and
 - **(4) the Virginia Beach-Norfolk-Newport News MSA (Metropolitan Statistical Area)**, often used synonymously with "region" and "Hampton Roads region" in this report.
- Where available, data was also collected and analyzed for the **Downtown Improvement District (DID)**. The DID is slightly smaller, and distinguishable from the Downtown Norfolk geography, as shown on the map on the following page.

Figure 1: Downtown Market Areas

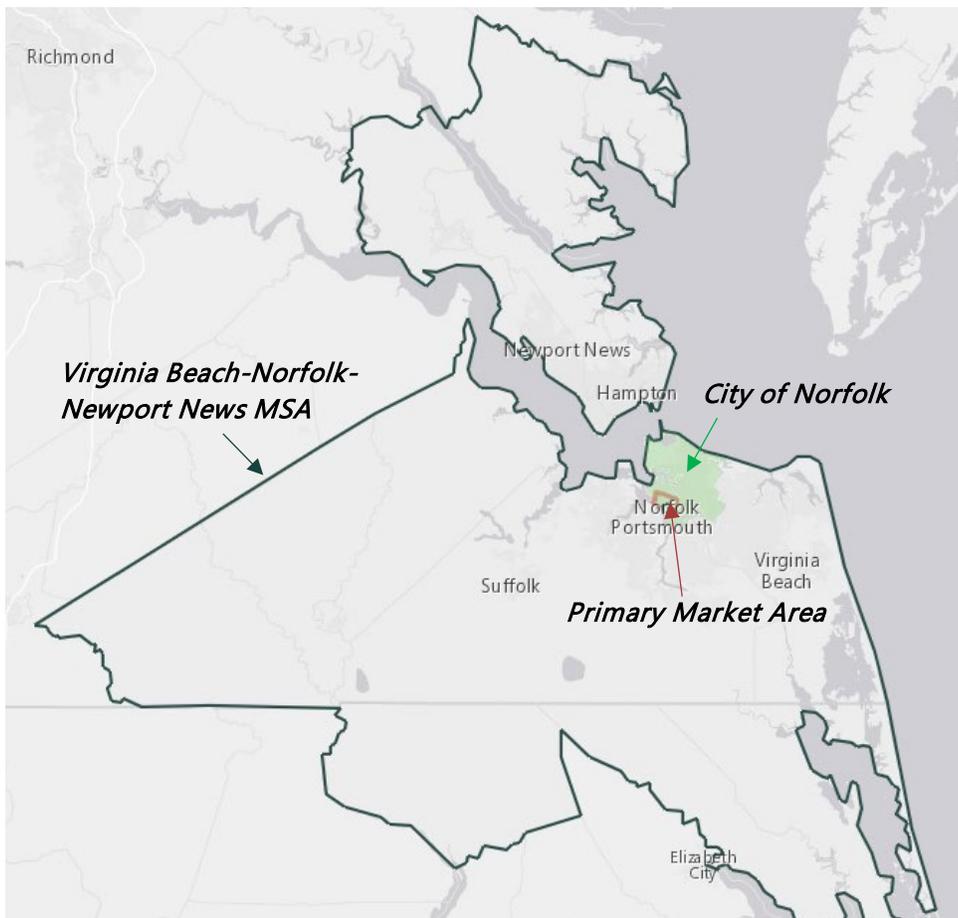


Downtown Norfolk (outlined in teal) shown in comparison to the Downtown Improvement District (DID) in light blue fill. The Primary Market Area (red outline) is shown for context.

Figure 2: West, North, and East PMA Neighborhoods



The Primary Market Area (PMA) is shown divided into four distinct areas: West, North, East, and Downtown, which aligns with the 2015 Market Assessment PMA boundaries and color coding. Each consists of several census tracts.



The Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA) is outlined in dark green in the accompanying regional map, shown at left. The City and PMA are identified in green and red, respectively.

PEER CITIES

Peer cities and downtowns offer a comparative lens for Downtown Norfolk.

- Peer cities were selected based on several factors, including the size and scale of their downtowns and metropolitan regions, economic or geographic similarities, and knowledge of comparable markets.
- The peer communities analyzed in this market assessment were *Charleston, South Carolina; Durham, North Carolina; Jacksonville, Florida; and Richmond, Virginia.*
- Boundaries for peer downtowns were approximated and drawn in *Esri Business Analyst*, based on existing improvement district boundaries, where available, or city neighborhood boundaries and land use maps.

Peer Cities/Downtowns			
City	Regional Population*	Downtown Pop.	Downtown Size
Norfolk, VA	1,777,000	4,691	0.55 sq. mi.
Charleston, SC	815,000	4,901	0.78 sq. mi.
Durham, NC	1,547,000	4,562	0.68 sq. mi.
Jacksonville, FL	1,730,000	713	0.51 sq. mi.
Richmond, VA	1,128,000	4,374	0.73 sq. mi.

*Approximate values for metropolitan/micropolitan statistical areas from the 2020 Census.

2. SUMMARY OF FINDINGS

This section offers a snapshot of existing conditions and an evaluation of the strengths and challenges expected to impact Downtown Norfolk over the next five years and beyond. It summarizes key take-aways from each of the market assessment's four topic areas: *Live, Work & Learn*, *Shop & Dine*, and *Visit & Stay*. Supporting research and references are contained in the full topic area chapters.

OVERVIEW: DOWNTOWN'S IMPACT, POST-PANDEMIC OUTLOOK, AND KEY TAKE-AWAYS

The following high-level take-aways help to contextualize Downtown's market dynamics and post-pandemic realities, with comparisons to the 2015 Downtown Norfolk Market Assessment.

Downtown continues to be Norfolk's economic engine.

Downtown contains a small fraction of the city's total land area, yet creates sizeable impact in terms of property values and the concentration of employment and businesses, as characterized in the table to the right. Downtown Norfolk has **16% of the city's businesses**, and **15% of its jobs**. While Downtown Norfolk comprises less than half of a percent of Norfolk's total land area, it contains about **one-fifth of the city's total commercial property value**.

Downtown's Impact: By the Numbers

0.57 square miles	→	0.4% of the city
<i>Meanwhile, Downtown has...</i>		
4,691 residents	→	2% of the city's
18,500 employees	→	15% of the city's
1,100 businesses	→	16% of the city's
~\$6B in total property value	→	~8% of the city's
~\$2B in total commercial property value	→	~20% of the city's

Downtown's residential sector grew significantly, with more demand ahead.

Downtown's appeal as a vibrant hub for urban living continued over the past eight years, as was predicted in the 2015 market assessment. Downtown population growth was largely driven by millennials and residents over the age of 65. As discussed in the subsequent sections, there will be opportunities to leverage this residential expansion to further attract investment and resident-serving retail and amenities, and to ensure Downtown is an inclusive and welcoming neighborhood.

Volatility has occurred in Downtown's retail sector, with the MacArthur Center's uncertain future in full focus.

One of the most notable differences between the 2015 and 2023 market assessments is the retail market outlook for the MacArthur Center. In 2015, the 930,000 square-foot mall was a high-performing retail destination. In more recent years, even before 2020, the mall began to see declines in performance, followed by significant revenue losses during the pandemic. The City of Norfolk recently acquired the property and will face the challenge to, in collaboration with downtown partners and stakeholders, redevelop the site as a mixed-used center that enhances the surrounding downtown neighborhoods.

MacArthur Center aside, retail and dining is flourishing in many of Downtown Norfolk's districts, with sales performance outpacing pre-pandemic levels.

In fiscal year 2023, retail sales were at an all-time high in the Granby economic sub-district, up 28% from 2019. Upper Granby's \$23 million in retail sales (FY22) was the highest the sub-district has seen in eight years, and 65% over 2019's \$14 million. The total Food and Beverage Tax revenue generated in the Greater Downtown economic district has rebounded and surpassed 2019. Nevertheless, retail performance in several districts including Waterside has continued to decline or stagnate, and there will be challenges and uncertainty ahead for the retail and dining market Downtown overall.

Downtown Norfolk's office sector will need to evolve to meet workers' changing needs.

The pandemic undoubtedly created new challenges for Downtown Norfolk's office sector as well as Downtown's overall sense of activation and vibrancy. In April 2023, total worker visits to Downtown Norfolk were 65% of what they were in April 2019, and while challenges continue, Norfolk is faring better than national return-to-work averages. Looking ahead, more companies will likely downsize office spaces, modifying leases or reimagine floorplans to accommodate shifts in worker preferences as a hybrid of in-office and work-from-home trends will become a permanent reality in Norfolk as in other markets. Both upgraded office amenities internally, and commute-worthy experiences in the downtown realm, like safe and programmed public spaces, can play an important role in attracting workers back to Downtown Norfolk.

Tourism is rebounding in Downtown Norfolk post-pandemic.

Norfolk's tourism industry is still recovering from the Covid-19 pandemic: according to Placer.ai estimates, there were 30% fewer visitors in Downtown Norfolk in April 2023 compared to April 2019. However, there are many signs of its resurgence, including hotel revenue and occupancy at all-time-highs. Since 2015, Downtown Norfolk's variety of tourism offerings for a broad audience and its appeal as an international destination has grown and evolved since 2015, including its cachet as a conference destination. Looking ahead, Downtown Norfolk can expect to see impacts from the Carnival Cruise Line expansion, both positive and negative. Moreover, there will likely be greater demand for events and programming in downtown public spaces that celebrate diverse constituencies and illuminate the region's complex history.

Cultivating an inclusive downtown is a social and economic imperative.

The 2015 market assessment heeded a warning about increasing income inequality, which resonates in 2023 and the years ahead: "many urban areas are on the verge of becoming enclaves of the rich, unable to house or sustain service workers or middle-income professionals..." Meaningful and intentional approaches to equity remain critical for Norfolk. Downtowns can offer economic opportunity and help lift communities that have been historically neglected, such as providing creative solutions to attainable housing and cultural inclusivity. Increased efforts to make Downtown Norfolk welcoming, relevant, and accessible to surrounding neighborhoods, such as the St. Paul's Area, will be critical.

LIVE - SUMMARY

Downtown Norfolk experienced a surge in new multi-family construction and population growth over the past decade. Based on residential developments that are currently planned or under construction, the population could grow by another 25% over the next several years, potentially solidifying Downtown as a thriving residential hub with a critical mass of foot traffic that can help attract amenities like grocery retail. A key opportunity looking ahead is to ensure that a diversity of housing is offered at a range of price points.

Population Growth

- **Since 2010, Downtown Norfolk’s population grew by 87%**, making it one of the fastest growing downtowns among the peer communities analyzed. The population of the **Downtown Improvement District (DID) grew by 137%** since 2010, a net gain of 1,600 people.
- **Outside of Downtown, population growth was more limited and varied.** The city experienced a net loss of over 5,000 people (-2.1%) since 2010. Within the Primary Market Area (PMA), the neighborhoods to the north and west of Downtown (Chelsea, Ghent, West Ghent, etc.) grew modestly, adding several hundred residents, while the neighborhoods east of Downtown had a net loss of more than 600 people, largely attributable to the displacement of households as part of the redevelopment of the St. Paul’s Area.

Demographic and Household Characteristics

- While Downtown Norfolk is racially and ethnically diverse when compared to peer downtowns, Downtown Norfolk **less diverse than Norfolk as a whole**. Only 42% of city residents identified as “white alone” on the most recent Census compared to 69% of downtown residents.
- **25–34-year-olds are the largest age cohort**, followed by residents **over the age of 65**.
- **Downtown has much higher household incomes than the city and region.** Downtown Norfolk also has the highest median household income among its peer downtowns.

Regional and Downtown Housing Markets

- While Norfolk’s home prices have not escalated to the levels seen in other markets, unprecedented **home price increases have still been occurring locally** over the past several years. Moreover, the Norfolk region has the **second highest average rent** among peer regions.
- Apartment leasing remains **competitive**, with **high occupancy rates**.
- Downtown Norfolk has the **highest residential density** and **highest density of housing units** among the peer downtowns.

Strengths

- **The outlook for Downtown’s housing sector remains strong.** New residential projects (planned and under construction) are expected to bring over 1,200 new housing units and an estimated 1,800 additional people to Downtown Norfolk over the next several years.

Vulnerabilities

- In terms of indicators like **educational attainment** and **income**, Norfolk has one of the **largest gaps between the downtown population and the city overall**. While a decrease in households size aligns with national trends for downtowns, the gap between downtown and citywide household income is much starker

in Norfolk when compared to peers. Socioeconomic disparities within the Primary Market Area are evidenced by the household income differences between Downtown and surrounding neighborhoods like the St. Paul's Area.

Key Recommendations

- Ensure that future housing includes a variety of price points, including options for **lower- and moderate-income households**.
- Although there is strong demand for apartment rentals, opportunities for new ownership units should not be overlooked, as respondents to an online survey that was widely distributed as part of the *Downtown Norfolk Strategic Plan Update* indicated that **condo and townhome ownership** options were their top preferences.

WORK & LEARN - SUMMARY

Downtown Norfolk has a substantial economic impact, and a significant concentration of jobs, businesses, and educational institutions. It is a regional hub for “knowledge sector” employment, which tends to employ a highly educated workforce, and includes jobs in Professional, Scientific & Tech Services, Health Care & Social Assistance, and Finance and Insurance industries. Although there has been volatility in the office sector in Downtown Norfolk post-pandemic, and while a large portion of jobs will not require a return to the office full-time, the office real estate sector will have opportunities to evolve and adapt to changing worker needs and preferences.

Regional Economy and Downtown Employment

- The region's top industries include **healthcare, education, manufacturing, retail, and tourism**, with a significant share of military and other government employment.
- **Knowledge sector employment** represents about half of all jobs based in Downtown Norfolk. An estimate of a city's total jobs in this sector can be a good stand-in for measuring economic health and growth potential. **Downtown Norfolk outperforms all peers**, except for Richmond, in terms of the **share of downtown jobs in the knowledge sector**.

Education

- Downtown Norfolk is home to **Tidewater Community College (TCC)**, a public, 2-year college with an annual enrollment of over 5,600 students, as well as **innovation centers** affiliated with both **Old Dominion University** and **Norfolk State University (NSU)**, a 4-year HBCU located outside of Downtown.

Strengths

- Downtown Norfolk has some of the region's **premiere office space**, with **Class A** performing relatively well post-pandemic. Class A office space is leasing at competitive rates and continues to see high occupancy. These facilities tend to have amenities that help draw workers into the office more days per week.
- There may be **increasing demand for Class B and Class C office space in Downtown Norfolk**, particularly for smaller, cost-conscious companies. According to a Q3 2023 CoStar analysis, Downtown's Class B and C inventory could see lower vacancy in the years ahead (between 2% and 4%), which aligns with national trends

that have shown Class C properties to have lower vacancy and availability compared with Class A and B properties.¹

- As noted in the introduction, Downtown comprises less than 0.5% of the city's total land area, but 16% of the city's businesses and 15% of the city's jobs.

Vulnerabilities

- The office sector will continue to endure **challenges and uncertainty**, including deflation in real estate values.
- Downtown boasts several **coworking spaces**, but the region has one of the most expensive average membership costs nationally.
- **98% of downtown workers commute from outside of Downtown**, which has implications for **traffic congestion** and **environmental quality**.

Key Recommendations

- **Enhance the overall quality of the downtown experience to help attract workers more frequently back to the office.** Safe and programmed gathering places in the public realm are critical amenities.
- **Consider new opportunities for Downtown's office inventory, including flexible work space**, with a variety of price points to meet the evolving needs of office workers.
- As the office real estate market evolves, consider opportunities to **convert underutilized inventory to alternative uses, such as housing**.
- Evaluate strategies for increasing the number of **workers who live in Downtown Norfolk**.
- Leverage and connect with **Tidewater Community College (TCC), Old Dominion University (ODU)** and **Norfolk State University (NSU)** to collaborate and help market small business resources and programs.

SHOP & DINE - SUMMARY

Granby Street, Downtown Norfolk's vibrant commercial spine, continues to provide a unique destination for dining, entertainment, and retail, and there is new growth and entrepreneurial energy springing up in downtown sub-districts like Upper Granby (NEON District). However, the retail market has been characterized by volatility in recent years, with business closures, vacancies, and turnover post-pandemic, and, more significantly, the decline of the MacArthur Center shopping district.

Retail and Storefront Economy

- According to a storefront inventory conducted by P.U.M.A., **82% of Downtown Norfolk's storefronts are local, independent businesses**.
- **Nearly half** of Downtown's storefronts are **restaurants, cafés, bars, and other dining**.
- The Greater Downtown economic sub-district saw a decline in Food and Beverage Tax generation during the pandemic, from over \$8 million FY19 to under \$5 million in FY21, but in **FY23, Food and Beverage Tax revenue had rebounded and surpassed FY19**.
- **Retail sales at all-time high in Granby and other economic sub-districts (see map on page 32):** while retail sales throughout Downtown Norfolk took the biggest hit between FY2019 and FY2021, several sub-districts have **fully recovered**, even **surpassing pre-pandemic sales activity**. The Granby district generated

¹ Q3 2022 U.S. Office Market Overview, Avison Young. <https://www.avisonyoung.us/us-office-market-overview>

\$55 million in total retail sales in FY2023, up 28% from FY19. Upper Granby's FY22 retail sales total of \$23 million was the highest the sub-district has seen in eight years, and 65% over FY19's \$14 million.

- In FY2023, the **Downtown Financial** sub-district **surpassed pre-pandemic levels** by 9%.
- The **Waterside** sub-district experienced a 44% decrease between FY21 and FY22, and a 57% decline compared to FY19, but had a **slightly better performance in FY2023** with \$4.5 million in retail sales above FY 2022.
- The **MacArthur Center** sub-district's total retail sales **declined by 67%** between FY19 and FY23.

Strengths

- Downtown Norfolk has a lively **restaurant** and **entertainment** scene, a strong underpinning of **independent businesses**, and **entrepreneurial energy**.
- The **NEON District (Upper Granby)** is seeing innovative restaurant and retail concepts, and increasing exposure, recognition, and investment.
- The **Granby District's Selden Market** is an artisan retail incubator that has helped to spur new businesses, many of which have moved to independent spaces throughout the city. Based on stakeholder interviews and local news stories, Downtown Norfolk seems to be seeing a **new generation of entrepreneurs and retailers interested in starting businesses**.
- **Granby, Upper Granby**, and the **Downtown Financial** economic districts are **outperforming post-pandemic retail sales expectations**.

Vulnerabilities

- **Loss of property and retail tax revenue** from the declining **MacArthur Center** will be a key challenge for the City and downtown partners moving ahead. Once a premiere shopping destination that generated \$20 billion in its first twenty years in operation, the MacArthur Center's retail success began to diminish since before 2020 and accelerated during the pandemic. The 930,000 square-foot facility, now owned by the City of Norfolk, will need to be reimaged.
- The current **mix of restaurant options may be too heavily skewed toward higher price points**, and there is market demand for a more diverse array of cuisines and affordable dining.
- Certain areas in Downtown seem to be more prone to **vacancy and turnover**, including but not limited to: Plume Street, Upper Granby, section of lower- and mid- Granby Street, and Monticello Avenue.
- Downtown Norfolk has recently **lost several businesses owned by people of color**, including restaurants, shops, and bars. According to several stakeholder interviews, this change has made Downtown Norfolk feel less welcoming to a large segment of the local population.
- According to retailer feedback, lease rates are reasonable but **growing costs have pushed some businesses out of Downtown**, and could prevent small businesses from accessing the market.
- In addition to **MacArthur Center**, Downtown Norfolk has several **underperforming** retail centers and districts, including **Selden Market** and **Waterside District**.

Key Recommendations

Moving forward, there are several key opportunities to strengthen Downtown's storefront economy that should be considered, including the following recommendations:

- **Diversify the restaurant mix to add dining options with more affordable price points.**
- Attract more **resident and employee-serving amenities**. Desired retail with potential market demand includes grocery, convenience stores, laundromat, and other household retail and services.

- **Pursue and support new food, beverage and entertainment concepts that are culturally relevant**, particularly for young professionals of color.
- More **student-inclusive programming, events, and marketing**, and a **more representative mix of retail, dining, and entertainment options that cater to students**, should be considered.
- Activate Downtown’s storefront economy **beyond Granby Street**.
- Expand **outdoor dining** and seating options.
- Continue finding creative ways to **support small businesses** and provide attainable commercial spaces for young entrepreneurs, including concepts owned by and catered to underrepresented demographics, including communities of color and younger Gen Z and millennial consumers.
- As opportunities arise, reimagine and reinvigorate the **Waterside District** and **Selden Market**, and collaborate with community stakeholders on the MacArthur Center redevelopment. The 2019 Downtown Plan Update put forth several reuse concepts for **MacArthur Center**, including “daylighting” sections of the existing facility, reconnecting the street grid, and mixed-use redevelopment.

VISIT & STAY - SUMMARY

Visitation in Downtown Norfolk is beginning to return to pre-pandemic levels. Downtown continues to provide a robust selection of tourist attractions and events, with many organizations working to promote Downtown’s offerings. Looking ahead, an anticipated Carnival Cruise Line expansion will substantially increase visitation from cruise passengers to Norfolk, and there may be opportunities to leverage cruise passenger spending as well as collaboratively work to minimize potential negative impacts.

Visitation and Lodging

- There are lingering impacts from the pandemic on Downtown’s tourism sector, and **total visitation to Downtown is down compared to 2019**. According to Placer.ai estimates, there were 910,000 visits to Downtown Norfolk in April 2023, compared with 1,331,000 in April 2019.
- **However, hotel revenue is at an all-time high, outpacing pre-pandemic revenue, and hotel occupancy is near 2019 levels**. April 2023’s average daily hotel rate (ADR) of \$120/night is the highest in the past six years. There are nearly 1,800 hotel rooms in Downtown Norfolk, with two new hotels were added since 2015, the Hilton Norfolk: The Main and the Glass Light Hotel.
- **Festival and performing arts event attendance is rebounding**. In 2023, Virginia Arts Festival attendance was at **97%** of 2019 levels.

Attractions and Events

- Downtown Norfolk offers an array of **arts and cultural attractions**, including **museums and historic landmarks** like the Chrysler Museum and Nauticus. Downtown boasts several **music venues** and **performing arts spaces**, from the Scope Arena to smaller and more intimate theaters. The increasingly popular NEON District is home to **visual art spaces and galleries**. Additionally, **outdoor experiences** like the Elizabeth River Trail have growing appeal to access and explore Downtown.
- Downtown Norfolk continues to maintain a reputation as a regional and national **festival destination**, with year-round programming and signature large-scale events organized by Festevents and Virginia Arts Festival. Many programs offered are free and open to the public.

Strengths

- As tourism rebounds from the pandemic, **hotel revenue and occupancy are exceeding expectations**, which has been fueled in part by an increase in conference attendees.
- Based on interviews conducted for the *Downtown Norfolk Strategic Plan Update*, Downtown's key **tourism and event-producing leaders** want to ensure that moving forward, Downtown's events are welcoming to a diverse array of community members, and that they **celebrate the region's diverse cultures and histories**.

Vulnerabilities

- **Downtown Norfolk faces growing competition from local and regional destinations, such as Virginia Beach's ViBe District.** Visitors and residents have many options to choose from for shopping and entertainment, including well-marketed commercial districts in Virginia Beach, as well as emerging neighborhoods in Norfolk like the Railroad District and Chelsea. Many visitors cite the lack of shopping options, as well as concerns (real and perceived) about crime and safety, as reasons they might prefer other locations to Downtown. Awareness and marketing of Downtown could be improved.
- **Inclusivity, belonging, relevance, and access to non-white populations:** Based on community feedback, some people of color in the city and region do not always feel welcome Downtown. Moreover, according to stakeholder feedback, there are barriers for people who want to create new art and music programming in Downtown Norfolk, particularly for people of color and next-generation creatives.
- Carnival Cruise Lines will be significantly **expanding the number of cruises departing from Downtown Norfolk's** Half Moone Cruise Center starting in 2025. An estimated 280,000 cruise passengers will flow through Norfolk annually, which is a **100,000 person increase from 2022.**² **Downtown's cruise industry expansion could have significant economic and environmental impacts.** Restaurants and retailers could benefit from increased sales, and cruise passengers will likely cause an uptick in demand for pre- and post-cruise hotel stays. However, there is not clear evidence that cruise-related visitors currently spend significant time in Downtown Norfolk. Moreover, cruise passengers have had negative environmental impacts on downtowns due to heightened ship emissions, as findings from peer port cities like Charleston, South Carolina, suggest.

Key Recommendations

Looking ahead, there are opportunities for improving the tourism experience in Downtown Norfolk:

- **Provide diverse experiences and cultivate a more inclusive, welcoming environment through events and cultural programming.** Proactively celebrate diverse cultures and history in Downtown Norfolk, through cultural offerings and the overall business mix, and consider new events and experiences that cater to diverse constituencies and illuminate the region's complex history.
- **Continue to invest in new amenities and experiences, beyond dining, to attract more people to Downtown Norfolk.** Ensure Downtown offers a wide array of shopping and cultural experiences, including free and low-cost programming.
- **Engage with and provide more opportunities for students and younger demographics.** Provide more affordable programming for people under 40, including events that are relevant to younger demographics. Create safe entertainment venues for youth.

² Burchett, Caitlyn. "More cruises coming to Norfolk: Carnival announces year-round sailings beginning in 2025." *The Virginian-Pilot*, 15 December 2022,

- **Diversify and remove barriers to create a thriving music and arts scene.** In order to nurture a more authentic, free-flowing, and accessible music scene that showcases Norfolk’s unique talent, Downtown needs to fully embrace existing diverse art and musical talent and remove barriers. Permitting costs and licensing requirements to put on smaller-scale events and concerts should be re-evaluated. Moreover, work to understand supports needed, such as funding, marketing, and assistance navigating the permitting processes. Consider providing more maker, art, and micro-manufacturing spaces in downtown, as well as affordable studio space for musicians and artists.
- **Additional efforts to broaden Downtown’s marketing reach could help draw in more visitors.** Continue to build on creative marketing efforts like VisitNorfolk’s “City with Bite” culinary promotion campaign.
- **Continue to invest in tourism infrastructure.** Ensure visitor needs are met. Consider adding public restrooms and expanding on Downtown’s wayfinding program.
- **Leverage Norfolk’s anticipated cruise industry expansion.** Downtown stakeholders and DNC should be at the forefront of capitalizing on the anticipating increased cruise passenger traffic to help ensure that people stay and spend money in Downtown. Moreover, Downtown proponents should work with the cruise industry to ensure that environmental impacts are mitigated to the greatest extent possible.

3. LIVE

The following section highlights population growth trends, demographic indicators, and the regional and Downtown Norfolk housing markets. Data sources included Esri Business Analyst, the US Census, city records, Zillow, local news articles, and recent studies including the Zimmerman/Volk Associates’ 2021 *Downtown Norfolk Analysis of Residential Market Potential*.

DEMOGRAPHICS

Population Growth

- Downtown Norfolk grew by 87%, and the Downtown Improvement District grew by 137% (a net gain of 1,600 people). The Primary Market Area grew by 26%.
- Meanwhile, the regionwide growth rate was 6.3%. The City of Norfolk, however, lost population (-2%).

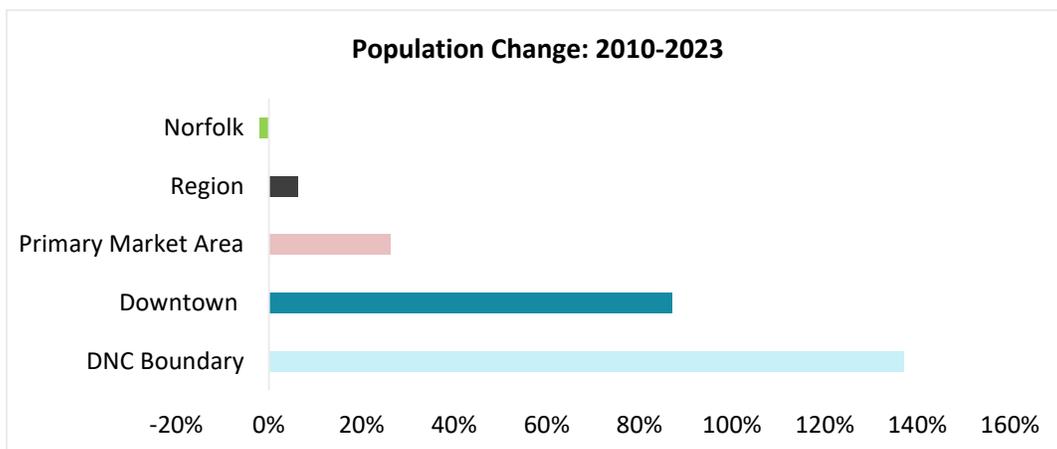


Figure 3: Esri Community Profile

- **Downtown Norfolk’s population grew by 85% since the 2015 downtown plan.**³ In 2023, there were an estimated 4,691 residents living in Downtown (excluding the prison population), up from just 2,509 in 2010.
- **The primary market area**⁴ **grew by about 9% overall.**⁵ Neighborhoods north and west of Downtown (Chelsea, Ghent, West Ghent, etc.) grew modestly, adding several hundred people, while the eastern neighborhoods had a net loss of more than 600 people which can be largely attributed to the recent displacement of households as part of the St. Paul’s Area Transformation initiative (also known as Kindred and the greater St. Paul’s neighborhood).⁶

Kindred and the Greater St. Paul’s Neighborhood

St. Paul’s is a downtown-adjacent neighborhood. A partnership between the City of Norfolk and the Norfolk Redevelopment and Housing Authority aims to reimagine the St. Pauls’ Area with new housing, infrastructure, and a reconnected street grid. The focus of the first phase is Tidewater Gardens neighborhood (also known as *Kindred*, or *Kindred in St. Paul’s*). Many residents have been temporarily relocated with the option of returning as residents once construction has been completed.⁷ Previously, this part of the neighborhood contained 600 housing units, which have been demolished to prepare for new housing. Kindred will create 720 new units over the next five years, one-third that will be for middle income households (50% AMI). Another one-third will be market rate units. The project also promises to reconnect the street grid and create more connections to Downtown.⁸

Household Composition

Population and Households				
2023 Estimates	Downtown Norfolk	PMA	City of Norfolk	Region
Population				
Population	4,691	24,926	237,665	1,822,409
Households	3,249	12,588	94,216	716,178
Avg. Household Size	1.44	1.86	2.29	2.46
Median Age	37.9	34.4	32.9	38.2
Median Household Income	\$84,413	\$62,090	\$58,586	\$75,397
Bachelor’s Degree or Higher	73%	57%	34%	36%
Housing				
Housing Units	3,676	14,077	102,755	775,990
Owner-Occupied	28%	26%	42%	58%
Renter-Occupied	60%	63%	50%	35%
Vacant	12%	11%	8%	8%
Median Home Value	\$453,670	\$430,335	\$289,133	\$327,211

Source: Esri, Community Profile & Population Summary; P.U.M.A.

³ 2014 data from PUMA Market Assessment 2015

⁴ Downtown plus the neighborhoods north, west, and east

⁵ Excluding the inmate population of the Norfolk City Jail located in the downtown.

⁶ St. Paul’s Transformative Project, stpaulsdistrict.org

⁷ St. Paul’s Area Transformation – Choice Neighborhood Initiative. Presentation from November 11, 2023.

⁸ Stpaulsdistrict.org

- **The average household in the Primary Market Area (PMA) and Downtown is smaller compared to the region and compared to 2010.** While the Virginia-Norfolk-Newport News MSA’s average household is 2.46 persons in 2023 (and 2.55 in 2010), the average household size in the PMA is 1.86 in 2023 (compared to 2.05 in 2010). The Downtown market area decreased from an average of 1.5 in 2010 to 1.44 in 2023. This is in line with national trends in downtowns, and as seen with the peer communities analyzed: the average peer downtown household sizes ranged from 1.31 in Downtown Jacksonville to 1.83 in Downtown Charleston.
- Married couples with children represent just 3% of Downtown households, compared to 15% of households city-wide.⁹

Age

- **At 32% of the total Downtown population, 25–34-year-olds are the most prominent age cohort.** By comparison, only 15% of the region’s residents are between the ages of 25 and 34.
- **The second largest constituency is 65-and-older,** with 20% of Downtown’s population’s, compared to 14% of the City of Norfolk population.
- **Very few children live Downtown:** only 5% of Downtown residents are under the age of 17, compared to 21% in the city and region.
- **At a median age of 38, Downtown Norfolk got younger since 2010 (when the median age was 42),** while all four peer downtowns got older – yet Downtown Norfolk still has the highest median age.

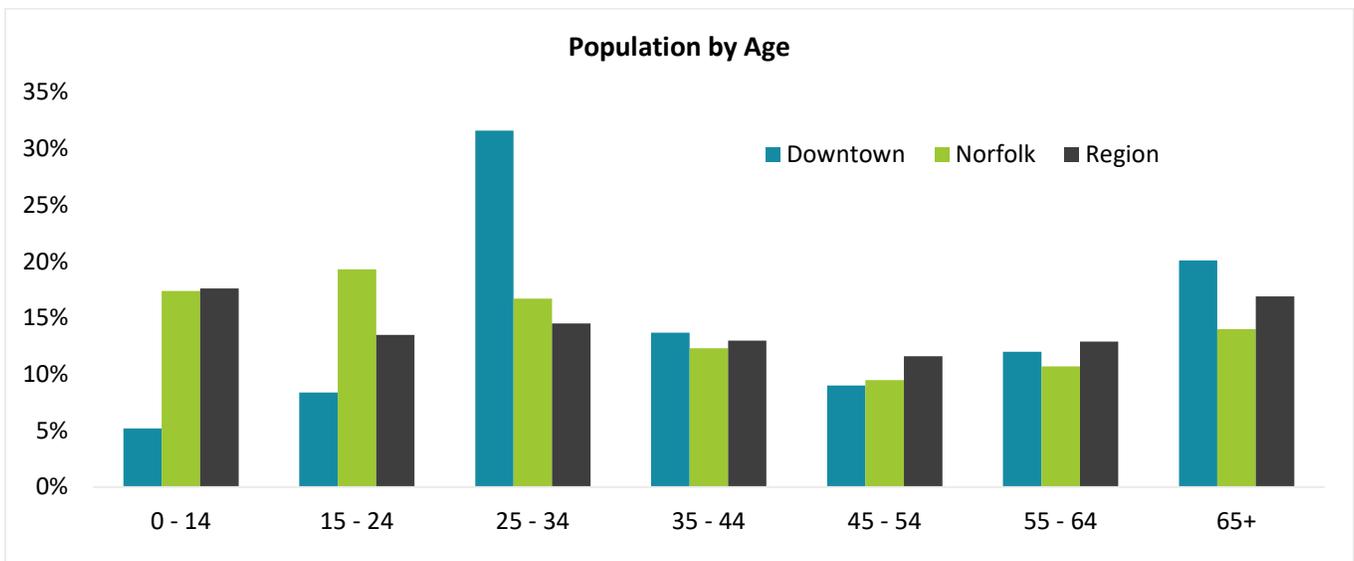


Figure 4: Esri Community Profile, 2023

Race/Ethnicity

- **Norfolk is racially and ethnically diverse.** 40% of residents identify as African American, with 42% identifying as White Alone. 10% of the city’s population today is of Hispanic Origin.
- **Downtown is considerably whiter than the city overall, with 69% of downtown residents identifying as white compared to 42% who identify as white citywide.**

⁹ Zimmerman/Volk study, 2021

Race/Ethnicity, 2023 Estimates					
	DID	Downtown*	PMA	City of Norfolk	Region
White Alone	65.5%	68.8%	50.0%	42.3%	53.1%
American Indian	0.0%	0.0%	0.3%	0.6%	0.5%
Some Other Race	2.5%	2.2%	1.8%	4.2%	3.0%
Two or More Races	9.7%	9.5%	7.3%	8.5%	8.5%
Black	12.8%	11.6%	36.4%	40.3%	30.4%
Asian	9.2%	7.8%	4.1%	4.0%	4.3%
Hispanic Origin	10.0%	8.9%	5.9%	10.3%	7.9%

Educational Attainment

- **Norfolk’s educational attainment is lower than Durham, Charleston, and Richmond.** 34% of Norfolk residents aged 25 or higher have at least a Bachelor’s degree.
- **Downtown Norfolk is highly educated: 73% of residents have a Bachelor’s or higher.** This is the second highest educational attainment among the peer downtowns.

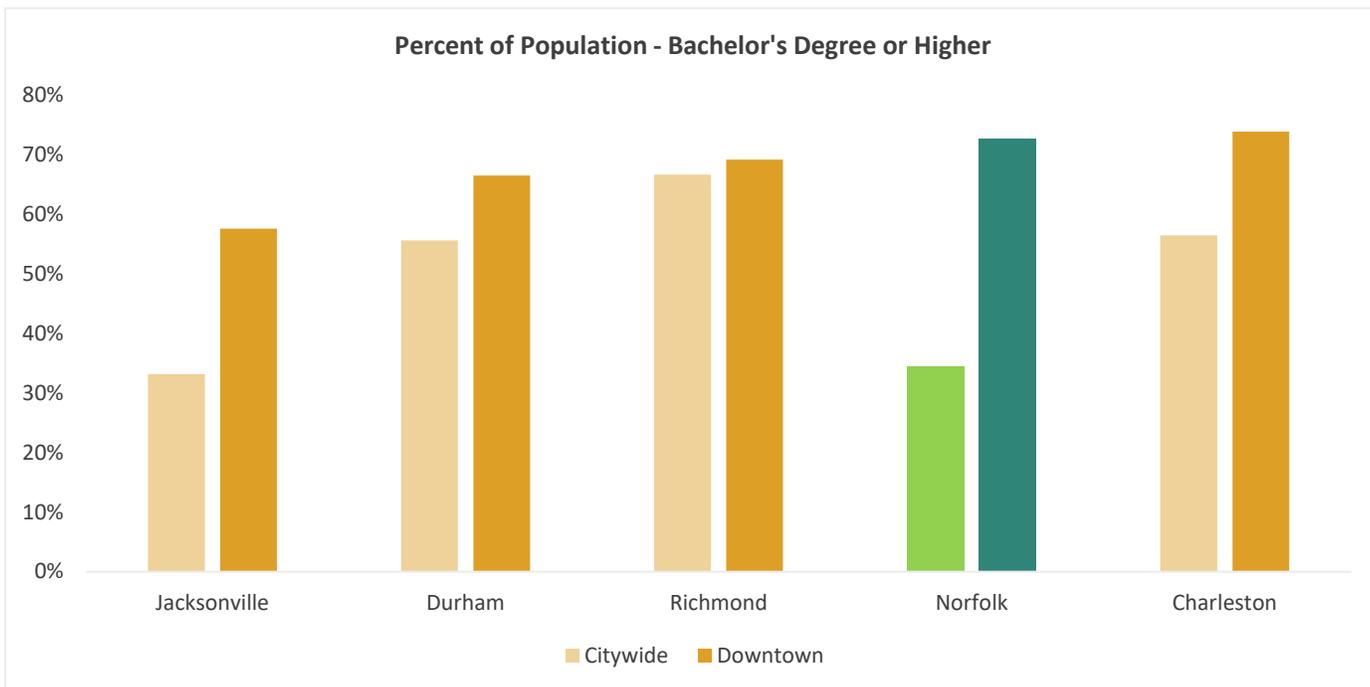


Figure 5: Esri, Community Profile

Household Income

- **Downtown Norfolk’s median household income is considerably higher than the city and region.** At \$84,413, this median household income is well above the city’s \$58,586, slightly above the region’s \$75,397, and higher than the primary market area’s \$62,909.

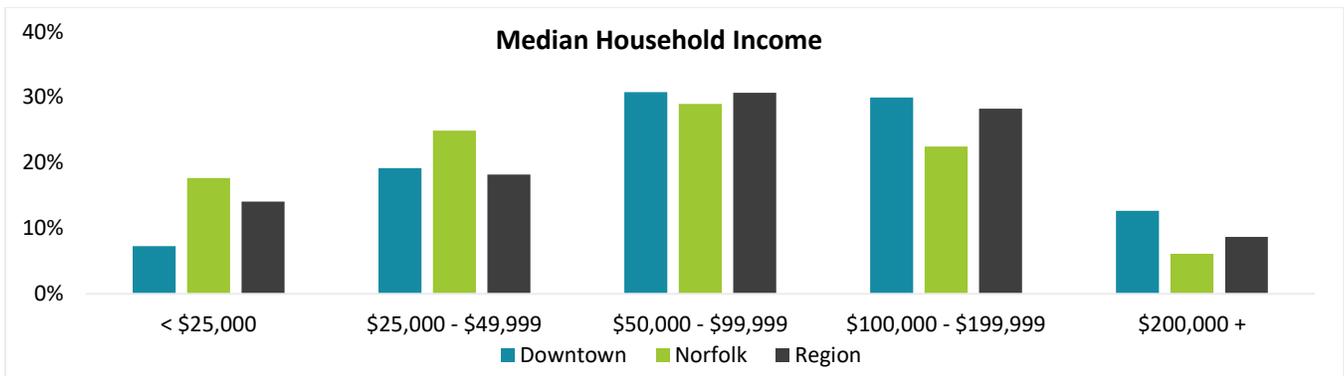


Figure 6: Esri, Community Profile, 2023 estimates

- Compared to peer downtowns, **Downtown Norfolk has the highest median household income.**
- Downtown Norfolk may be well educated with high incomes, but it has one of the biggest gaps in attainment and income between the Downtown and the city, compared to peer cities and downtowns.**
- Downtown Norfolk residents enjoy very low rates of unemployment.** Based on May 2023 estimates, there was 1.5% unemployment Downtown, outperforming all four peer downtowns.

Median Household Income, 2023		
	City	Downtown
Norfolk, VA	\$58,586	\$84,413
Durham, NC	\$72,508	\$74,399
Jacksonville, FL	\$61,525	\$63,089
Charleston, SC	\$80,653	\$57,166
Richmond, VA	\$53,780	\$51,909

Source: Esri, Community Profile

Resident Psychographics (Lifestyle Segments)

Psychographics are a broad, qualitative characterizations that consider the lifestyles, consumer preferences, and cultural influences of a given population. Esri's *Tapestry Segmentation* system has 60 distinct psychographic "segments" that attempt to capture the range of demographic and economic sub-groups in the United States. The table lists the top three tapestry segments in Downtown Norfolk's Primary Market Area, which includes the neighborhoods surrounding Downtown. Note, the Downtown Norfolk geography had only one predominant tapestry, Metro Renters.

Psychographic Segments
Primary Market Area
1. Metro Renters
2. City Commons
3. Emerald City

Source: Esri, Tapestry Segmentation Profile

- Metro Renters:** A highly mobile and educated demographic, this Tapestry Segment has slightly higher-than-average incomes and is attracted by lifestyle amenities offered in the urban core of American cities. The average Metro Renter is in their early thirties, lives alone or with roommates, and frequently chooses to walk, bike, use rideshare, or take public transportation to get around the city.
- City Commons:** The second most common Tapestry Segment in the Primary Market Area, City Commons is largely composed of single-parent and single-person households, primarily female and primarily Black, living in metro areas in the eastern half of the country. Households in this segment have much lower median household incomes compared to national averages, and some receive public assistance.
- Emerald City:** Young and mobile, this Tapestry Segment is fairly educated, in their thirties and forties, and rents or owns in older, lower density neighborhoods within urban areas. Although their median household incomes are slightly below national averages, household consumer expenditures tend to be a bit higher than average.

REGIONAL HOUSING MARKET

For-Sale Housing Market

While Norfolk’s home prices have not ballooned to levels seen in other markets, significant market tightening and unprecedented price increases have still been occurring locally over the past several years.

- According to the *Zillow Home Value Index’s* 1-year change estimates, Norfolk’s home values increased by 3.2% between May 2022 and May 2023, which is a faster rate than Jacksonville and Durham.
- Norfolk’s median home values, remain below nationwide averages (\$286K in June 2023), but this median is at an all-time high for the local market.
- Other parts of the region are rapidly becoming unaffordable. Virginia Beach’s median home value, \$387,000, is higher than the US average.

Comparative Home Values			
	Zillow: Home Value Index* (May 2023)	Zillow Home Value Index (May 2022)	Index 1-year % Change
Charleston, SC	\$510,627	\$490,150	4.2%
Durham, NC	\$395,303	\$401,171	-1.5%
Richmond, VA	\$338,319	\$324,226	4.3%
Jacksonville, FL	\$303,097	\$296,886	2.1%
Norfolk, VA	\$282,672	\$274,000	3.2%

Source: Zillow Home Value Index

Rental Market

Rental housing in the region is relatively expensive, and average rents have quickly grown in the past several years.

- The average monthly cost for a 2-bedroom apartment in the Virginia Beach-Norfolk-Newport News MSA grew 20% since 2019, from \$993/month to \$1,215/month.
- The average rent for all units in the MSA was \$1,646 in 2023, around \$200/month less expensive than Charleston but slightly higher than the other peer regions.

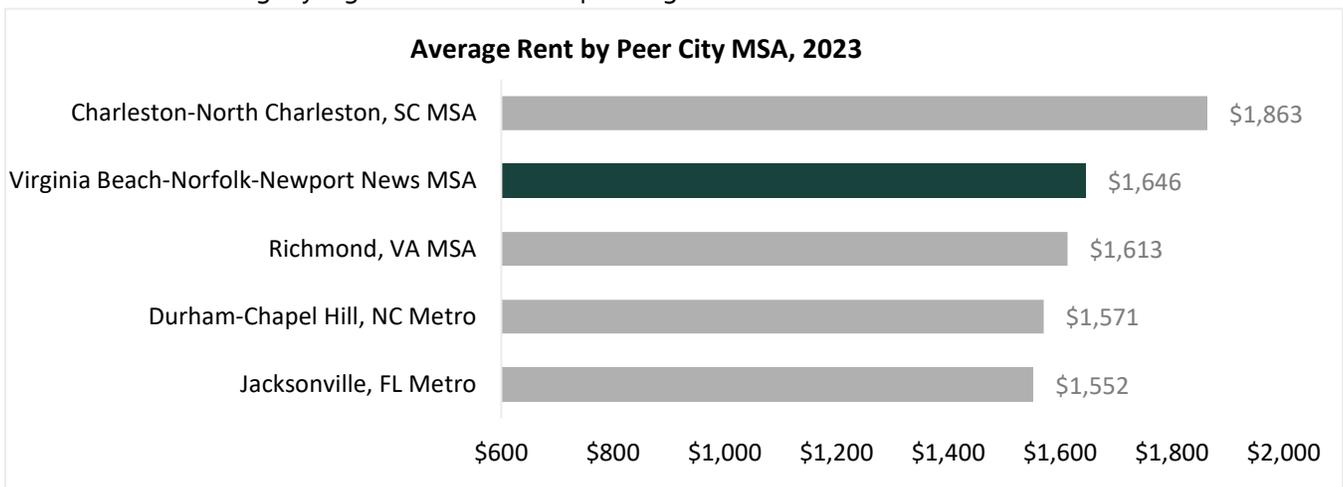


Figure 7: Source: rentdata.org

Cost of Living

As illustrated in the graph below, Norfolk's combined average housing and transportation costs are slightly above the commonly used affordability threshold of 40% of household income, but the city remains more affordable than Charleston, Jacksonville, and Durham.

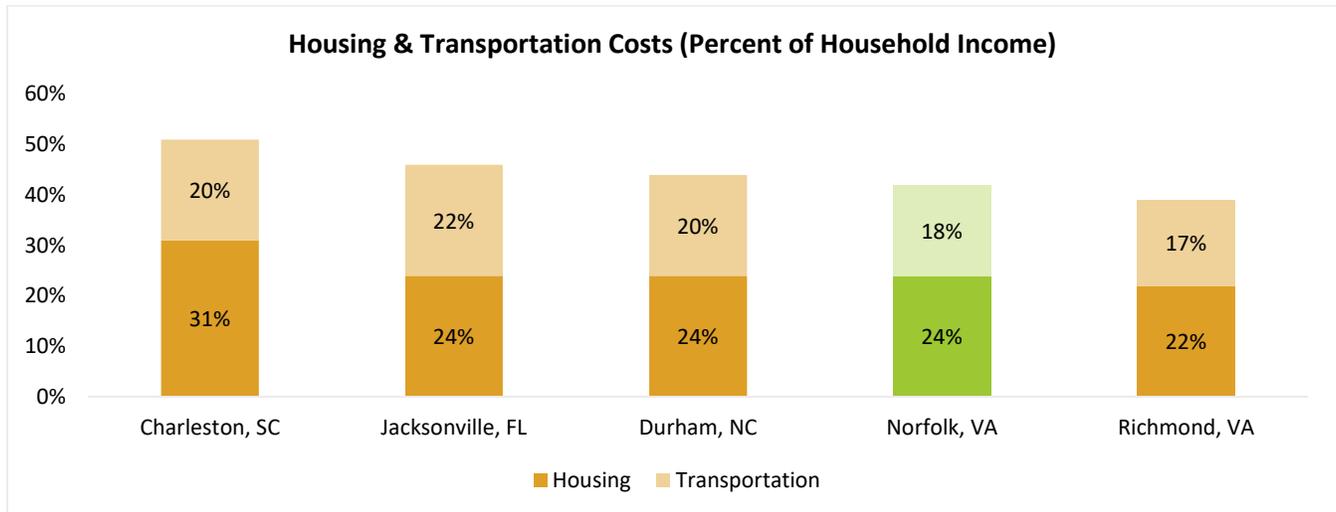


Figure 8: Housing and Transportation (H+T@) Affordability Index

DOWNTOWN NORFOLK HOUSING MARKET

Downtown Norfolk has continued to experience a healthy residential real estate market, with hundreds of new market-rate apartment and condominium units added to the inventory in recent years, through new construction and office conversions.

Key Metrics

- **Downtown Norfolk has the highest residential density and highest density of housing units among the peer downtowns.** At nearly 13 residents per acre, Norfolk marginally out-performs Durham, Richmond, and Charleston, and significantly out-performs Jacksonville.
- **Most housing units in Downtown and in the PMA are renter-occupied:** 60% of Downtown units are renter-occupied, versus 28% owner-occupied.
- **According to a recent study, more than half of all residential units in the Downtown area¹⁰ are in buildings with 20 or more units, illustrating the density of Downtown Norfolk.**
 - 53% of units are in buildings with 20 or more units.
 - 35% of the Downtown Study Area's housing is in buildings with 3 to 19 units
 - 7.8% of units are in townhouses or rowhouses
 - 2.8% of units are single-family detached houses (compared to 49.3% citywide)
 - 1.5% of units are in duplexes or doubles
- **More than 22% of Downtown's housing units were built or converted after 2000 – compared to 13% citywide.¹¹**

¹⁰ slightly larger study area than DNC boundaries

¹¹ Zimmerman/Volk study, 2021

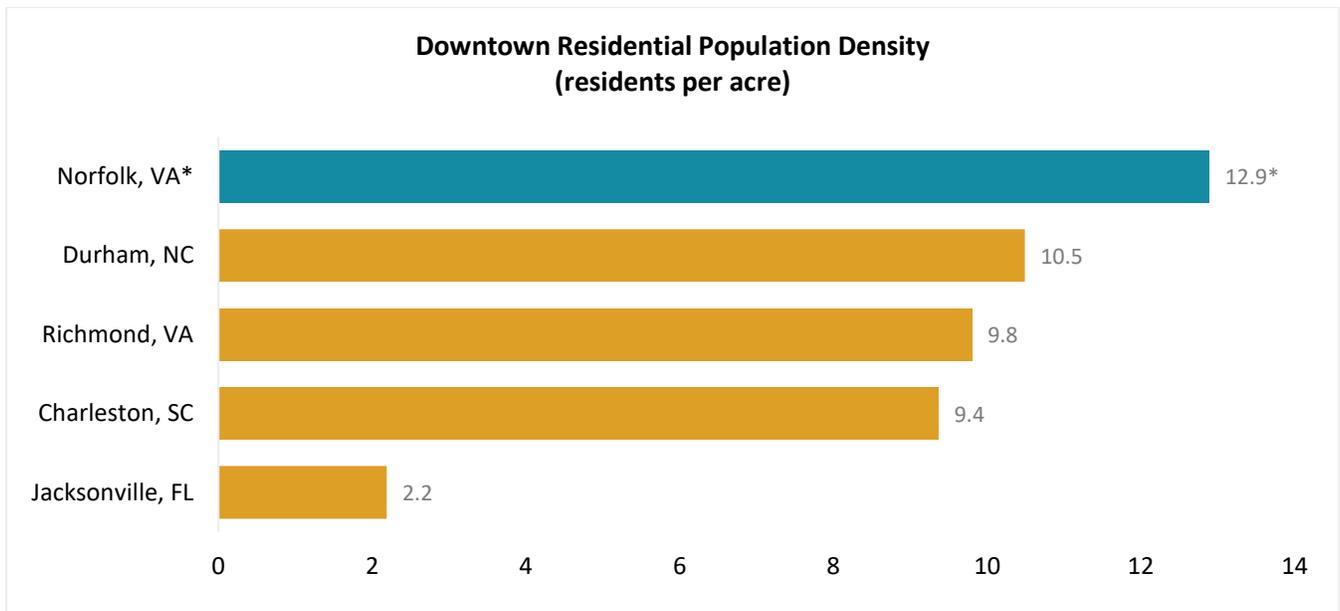


Figure 9: Downtown Residential Density, Source: Esri Community Profile and Google for city acreage

- **Multi-family apartment leasing remains active and competitive, with very high occupancy rates.** The Downtown apartment occupancy rate hovered around 97% at the time of this report.¹²
- **More than 300 new housing units were built downtown in the last three years alone.** In addition to new builds, several buildings have been converted to residential, including a couple former municipal buildings, such as the Pilot building (former newspaper building).
- **At least ten apartment buildings are planned or currently under construction in Downtown Norfolk.** These properties include Fusion (253 units), Duke Grace (35 units), Gravity 400 (273 units), York Street (60), 78 @ St. Paul's (287), Greyhound lot (TBD)¹³, Block 17 (58), Block 18 (89), Block 19 (72), and Block 20 (120).

LOOKING AHEAD: KEY OPPORTUNITIES

- **Residential projects in the pipeline will bring over 1,200 new housing units and an estimated 1800 additional people to Downtown Norfolk over the next several years.** At the pace that new multi-family housing construction is occurring, **Downtown Norfolk could potentially increase its residential population by at least another 25% over the next several years.**
- According to a 2021 study that examined the residential market in a broadly defined downtown area, singles and childless couples represent roughly 57% of the potential market, followed by empty nesters and retirees (29%), and traditional and non-traditional family households of all incomes (14%).¹⁴
- **Multi-family for-rent units represent most of the demand, versus condos, according to the study. However, opportunities for ownership units should not be overlooked.** The online survey conducted for the *Downtown Norfolk Strategic Plan Update* revealed that for-sale condos and townhouses to be the top two desired housing options among survey respondents.

When survey respondents were asked what type of housing they would most desire if they were to consider living Downtown, the top two answers were:

- *Condominium building unit (ownership)*
- *Townhouse (ownership)*

¹² Interview with SL Nusbaum, May 2023

¹³ The City has put out an RFP for residential redevelopment of the former Greyhound station lot, entire block would be 3-5 story residential.

¹⁴ *Downtown Norfolk Analysis of Residential Market Potential*, 2021. Zimmerman/Volk Associates.

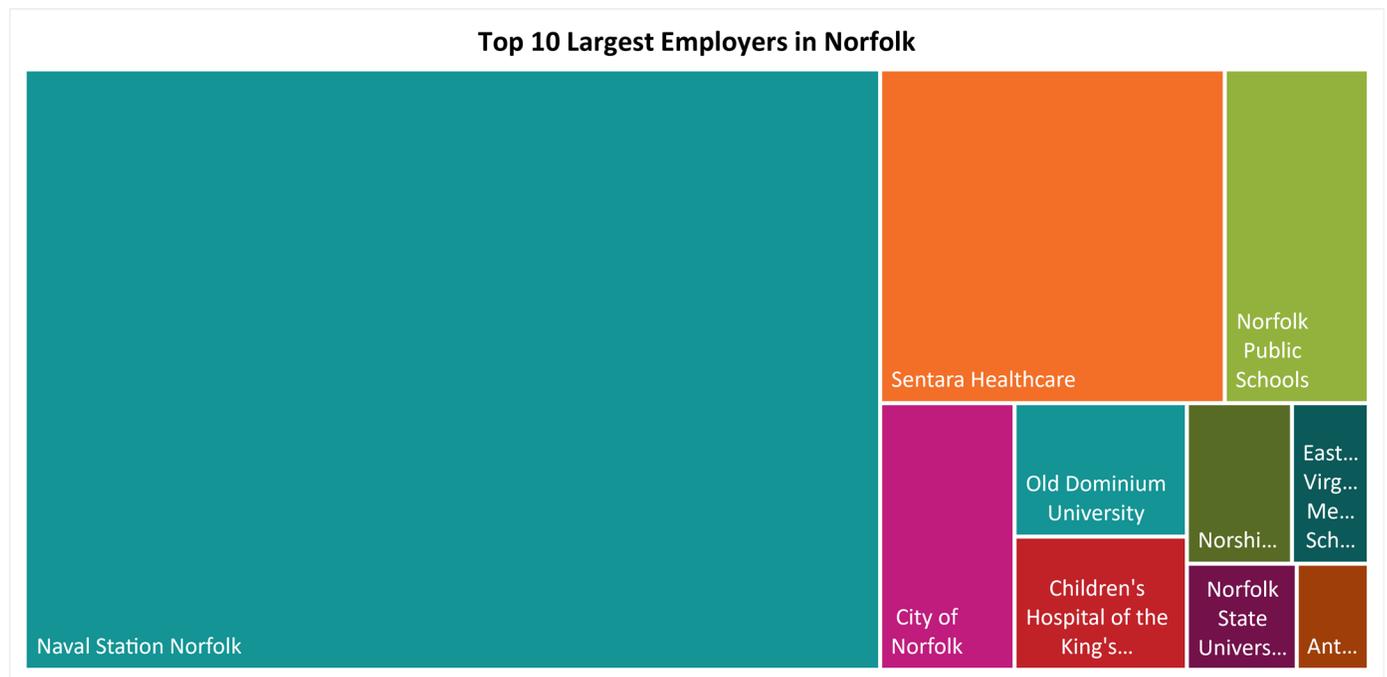
4. WORK & LEARN

The following section presents findings related to the regional and downtown economies, workforce and employment, educational resources, and the office real estate market. Data sources include Esri Business Analyst, the Bureau of Labor Statistics, CoStar, local news articles, city records, recent studies, and other publications.

THE REGIONAL ECONOMY

Overview

- The region's top industries include **healthcare**, **education**, **manufacturing**, **retail**, and **tourism**, with a significant share of military and other government employment.



- Naval Station Norfolk** is the top employer in Norfolk, providing 67,000 jobs.
- Most of Norfolk's top ten largest employers are in **healthcare**, **government**, and **education**, with employers that include Sentara Healthcare, the City of Norfolk, Norfolk Public Schools, Old Dominion University, Children's Hospital of The King's Daughters, Eastern Virginia Medical Schools, Norfolk State University, and Anthem.
- In the last ten years, employment in the Virginia Beach-Norfolk-Newport News MSA grew by an average rate of 6.4%. While still considered a positive rate, peer MSA's analyzed in this assessment all had higher growth rates between 14% (Richmond) and Jacksonville (27%).¹⁵
- At 5.2% unemployment in May 2023, the region's unemployment rate is still considered low, although it is marginally higher than all four peer cities.¹⁶

¹⁵ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics. Average annual employment growth rates between 2013 and 2023.

¹⁶ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

- Roughly 19% of Norfolk’s jobs are in Professional, Scientific & Tech Services, the city’s top industry, followed by Health Care & Social Assistance and Public Administration. A larger proportion of the MSA’s Accommodation & Food Services jobs are in Norfolk.

THE DOWNTOWN ECONOMY

Overview: Economic Impact

- **Downtown Norfolk contains under 0.5% of the city’s total land area, but is home to 16% of the city’s businesses and 15% of the city’s jobs.** There are over 1,100 businesses and over 18,500 jobs in Downtown.
- **The 23510-zip code – which includes an area only slightly larger than Downtown Norfolk – makes up 0.9% of the city’s total land area yet has 24.6% of the city’s total commercial property value.** See zip code map reference map below.

Total Value (Land and Improvements) by Fiscal Year								
	Acres	FY24	FY23	FY22*	FY21	FY20	FY19	
Total Value All Property	Norfolk	97,769	\$80,881,145,500	\$75,320,415,900	\$70,203,786,800	\$68,764,940,800	\$68,347,838,200	\$66,864,937,100
	23510	941	\$6,718,284,600	\$6,416,939,800	\$6,046,852,900	\$5,608,869,800	\$5,597,750,400	\$5,368,786,500
	% in Zip 23510:		8.3%	8.5%	8.6%	8.2%	8.2%	8.0%
Total Value Commercial Property	Norfolk	6,370	\$9,120,010,300	\$8,428,774,900	indeterminate	\$8,270,110,000	\$8,141,891,900	\$7,954,236,000
	23510	166	\$2,239,051,700	\$1,993,457,300	indeterminate	\$2,117,135,900	\$2,121,200,900	\$2,099,367,500
	% in Zip 23510:		24.6%	23.7%	indeterminate	25.6%	26.1%	26.4%

Source: City of Norfolk Real Estate Assessor’s Office, Property Assessment and Sales databases FY19 through FY24 accessed via Norfolk Open Data. Analysis by PUMA.
 *FY22 Commercial categories in deviated from other years

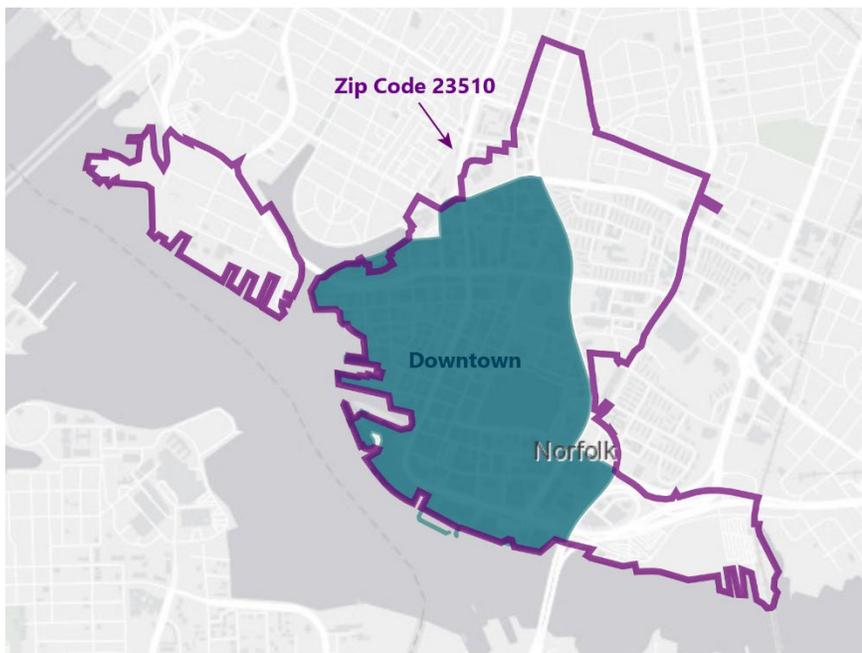


Figure 10: Zip Code 23510 and Downtown Norfolk geographies. Map by PUMA.

- **At 51 jobs per acre, Downtown Norfolk’s employment density is higher than Durham and Charleston,** slightly lower than Jacksonville, and far lower than Richmond.

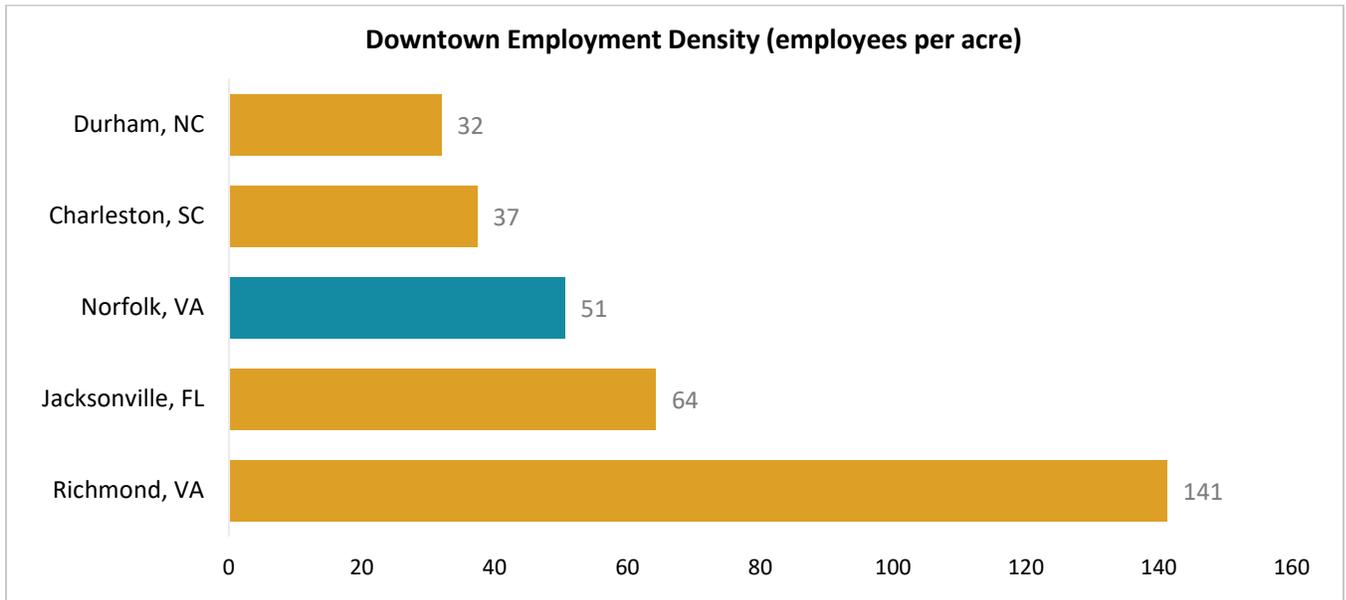


Figure 11: Esri, Business Profile, and Business Analyst mapping for acreage

Top Industries and Employment

- Aside from Norfolk Public Schools and the City of Norfolk, Downtown’s largest employers include **Harbor Group Management, Tidewater Community College, Systems Engineering Services, Inc., SL Nusbaum Realty, ADP, and TowneBank.** While none of the city’s top eight largest private sector employers are located Downtown, several of these largest companies are in nearby neighborhoods. Sentara Hospital and Eastern Virginia Medical Center are in Ghent, for example.

Knowledge Sector

- **Half of all Downtown Norfolk jobs are in the “knowledge sector.”** Knowledge sector industries include Professional, Scientific & Tech Services, Health Care & Social Assistance, and Finance and Insurance. **In terms of downtown knowledge sector job share, Downtown Norfolk outperforms all peers, except for Downtown Richmond.**
- Downtown Norfolk has 61% of the city’s Information jobs, 35% of all Finance & Insurance jobs, 33% of its Public Administration jobs, 33% of the city’s Accommodation and Food Services jobs, and 28% of its Professional, Scientific & Tech Services jobs.

Downtown Workforce Characteristics

Employee Characteristics

- **The Downtown workforce mirrors city demographics overall,** including racial/ethnic composition. Downtown workers tend to be slightly more educated.
- **According to census estimates, 2 out of every 3 downtown workers is female,** which is noteworthy. In the city overall, the gender distribution is more balanced (albeit still skewed female).
- **Wages are slightly higher for Downtown jobs:** 53% of downtown employees earn more than \$40,000 annually, compared to 49% citywide.

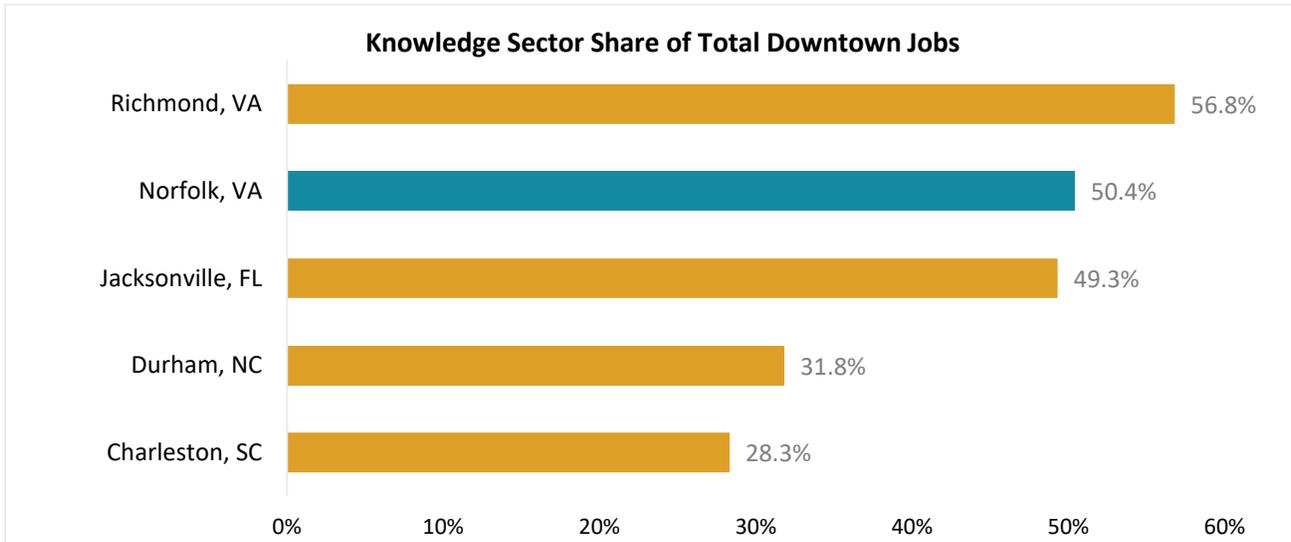


Figure 12: Esri, Business Summary, 2023 estimate. For Norfolk, the Downtown study area encompasses Census Tract 49

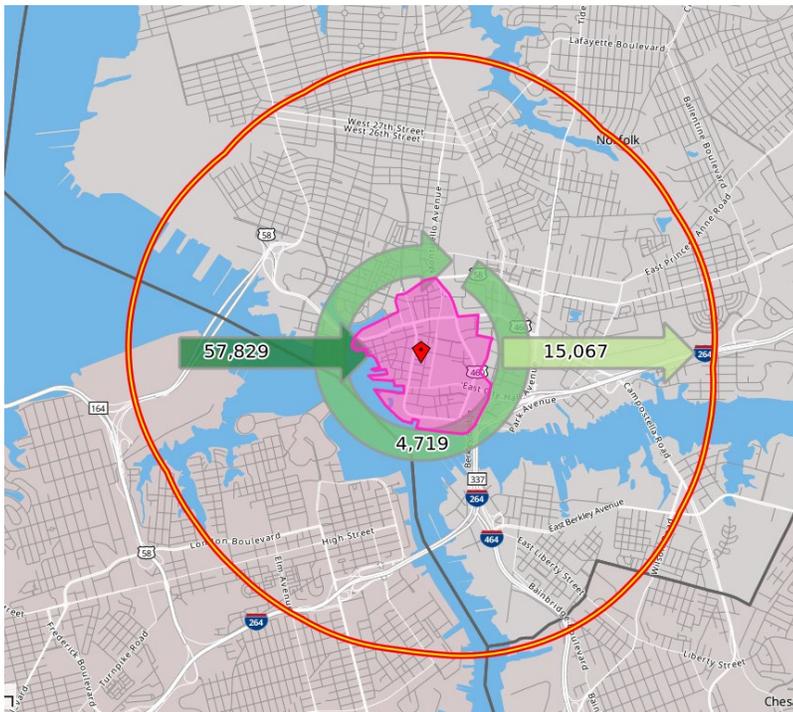
Commuting Trends

- **98% of workers commute from outside of Downtown.** According to census estimates, less than 300 people both live *and* work in Downtown Norfolk.
- **However, when looking at a slightly larger, 1.5-mile geography: approximately 62,548 people work within a 1.5-mile radius of Downtown, and nearly 20,000 people live in the 1.5-mile radius. Of the 20,000 people, nearly a quarter (4,719 people) live *and* work in that geography.** The geography includes parts of Ghent and the medical district, and Portsmouth.

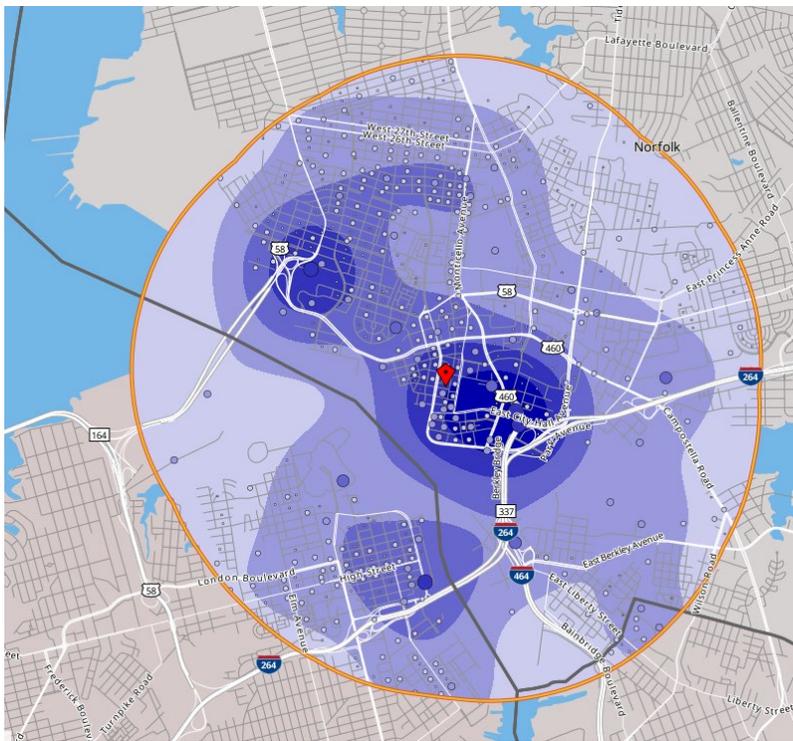
Employee Characteristics (2020)		
	Downtown ¹⁷	Norfolk
Age		
29 or younger	18%	19%
30 to 54	54%	54%
55 or older	28%	26%
Gender	Downtown	Norfolk
Female	64%	53%
Male	36%	47%
Race & Ethnicity	Downtown	Norfolk
White	57%	55%
American Indian	0%	0%
Two or More	2%	2%
Black or African American	37%	37%
Asian	4%	5%
Hispanic/Latinx	5%	5%
Annual Earnings	Downtown	Norfolk
\$15,000 or less	22%	22%
\$15,000 to \$40,000	25%	29%
More than \$40,000	53%	49%

Source: U.S. Census LEHD; 2020 data (latest available)

¹⁷ PUMA approximated Census Tract 49 through the "draw" tool in On The Map. Accessed 6.7.23.



The graphic on the left shows Downtown, in pink, and the 1.5-mile radius, in orange. The dark green arrow represents workers commuting into the 1.5-mile ring, the light green arrow represents workers commuting out, and the circular arrow is the number of people who both live and work in the selection area.



The graphic on the left visualizes relative employment density in the 1.5-mile ring, with darker purple colors representing the highest concentration of jobs.

EDUCATION

Norfolk is home to several post-secondary educational institutions, including a few that are located in Downtown or in the Primary Market Area.

Colleges and Universities with a Downtown Presence

- **Tidewater Community College (TCC)** is a public, non-profit, 2-year college with its flagship campus located in the heart of Downtown Norfolk. The Norfolk campus' annual student enrollment is approximately 5,686 students. TCC owns several large buildings along Granby Street used for instructional classroom space, research and innovation, and performing arts. TCC recently opened a Visual Arts Center on Boush Street.
- **Norfolk State University (NSU)** is a public, 4-year HBCU (Historically Black Colleges and Universities) with an annual enrollment of 5,783 students and offering a wide range of degree programs. NSU's main campus is connected to Downtown by light rail.
- ODU and NSU also have **Innovation Centers located Downtown**, which provides entrepreneurship and innovation services to students and the community. According to conversations with university leadership, one of NSU's core values is to be a community-based institution – NSU offers many programs related to community development (social work, healthcare, public health, etc.).

Other Norfolk Educational Institutions

- **Eastern Virginia Medical School** is located less than one mile east of Downtown Norfolk, and is also connected by the light rail line. This public medical school has an annual enrollment of 1,100 students.
- **Old Dominion University (ODU)** is large public university situated two miles northwest of Downtown Norfolk. ODU's student population is over 23,000 students.

Key Themes

- **College students represent a relatively untapped market for engagement with Downtown.** Feedback from NSU, ODU, and TCC stakeholders is that Downtown Norfolk is not always seen as welcoming. More student-inclusive programming, events, and marketing, and a more representative mix of retail, dining, and entertainment options that cater to students should be considered.
- Some of the feedback from stakeholders suggests that more could be done to bridge the physical, cultural, and economic connections between NSU and Downtown Norfolk.
- **Innovation centers and entrepreneurial resources:** there is a key opportunity to better connect with TCC, ODU and NSU to collaborate and help market small business resource centers and programs.

DOWNTOWN OFFICE MARKET

Office Inventory and Performance Metrics

Downtown Norfolk has some of the region’s premiere office space.

- Downtown Norfolk is where the **majority of the region’s Class A office** space is concentrated, giving it a competitive market advantage. There are eleven Class A office buildings in Downtown, totaling nearly 3 million square feet. Elsewhere, there are two Class A buildings in Chesapeake, and several in Virginia Beach.
- Class A office space is **leasing at competitive rates and continues to see high occupancy**, according to conversations with local real estate experts and market reports. These facilities tend to have amenities that help draw workers into the office more days per week.
- There will likely be **increasing or sustained demand for Class B and Class C office space in Downtown Norfolk**, particularly for smaller, cost-conscious companies. According to a Q3 2023 CoStar analysis, Downtown’s 3-Star inventory could see lower vacancy (between 2% and 4%) which indicates that there may be strong demand for Class B and C (3-Star) office buildings over the next several years. This aligns with national trends that have shown Class C properties to have lower vacancy and availability compared with Class A and B properties.¹⁸
- At an average of \$24 per square foot across office classes, gross rent for office space was **three dollars more expensive in the Downtown Sub-Market**¹⁹ compared to the larger Norfolk Market in Q2 2023. The average rent for 4- & 5-star office space was \$27.00/sf.

Office Real Estate Market (Q2 2023)		
	Downtown Sub-Market	Norfolk Market
Building Inventory (sf)	5,300,000	56,100,500
Under Construction	0 sf	226,400
Vacancy Rate	11.2%	7.5%
12 Mo Market Rent Growth	1.00%	1.30%
Gross Market Rent	\$24.00/sf	\$21.00/sf
4&5 Star Market Rent	\$27.00/sf	\$26.00/sf
Market Sale Price	\$148.00/sf	\$158.00/sf

Source: CoStar – “Downtown Norfolk Office submarket Report,” and “Norfolk VA Office Market Report” via Robert Sharak, City of Norfolk

“While the ‘flight to quality’ trend is real, don’t discount the cost competitiveness of Class C properties, which have weathered the current market conditions well.” Avison Young Q3 2023 U.S. Office Market Overview

Downtown Norfolk’s office sector continues to feel the impacts of the pandemic and employment shifts.

- According to Q2 2023 CoStar estimates, the Downtown Sub-Market²⁰ is 11.2% vacant, compared to a region-wide office vacancy rate of 7.5%. According to CoStar forecasts, Downtown’s overall office vacancy rate could hover around 12% for the next several years. Rents continued to increase over the past year at a 1% growth rate, which is lower than the typical 1.7% annual increase seen in the Downtown Sub-Market.²¹
- By qualitative and quantitative accounts, on a typical work day **Downtown Norfolk is emptier compared to pre-pandemic times**. According to Placer.ai estimates, there were nearly 397,000 employee visits to Downtown in April 2019, but only 255,000 in April 2023. While only 65% of 2019 figures, this still points to an overall healthy downtown worker occupancy.

¹⁸ Q3 2022 U.S. Office Market Overview, Avison Young. <https://www.avisonyoung.us/us-office-market-overview>

¹⁹ Note that the “Downtown Sub-Market” defined by CoStar is much larger than what is traditionally considered Downtown Norfolk. It includes Ghent, Park Place, Larchmont, Highland Park, and other adjacent neighborhoods. This was the smallest geography available for analysis.

²⁰ See above.

²¹ Norfolk VA Office Market Report, CoStar.

- **Most jobs will be hybrid and in-person work moving forward.** According to a Q3 2023 snapshot of all job listings nationally, just 6% of all job postings were for fully remote positions.²²
- By most predictions, **the future of office will be a hybrid of in-office and work-from-home** days for any given office worker, with many companies evolving their business models to allow employees to work remotely 1-3 days per week.

There are ample coworking options Downtown, although coworking memberships are not generally seen as affordable as they could be.

- Downtown Norfolk is home to several coworking spaces, including Gather Norfolk, Percolator, Assembly, Expansive, and Regus. Most do not require memberships, and they provide a plethora of options for individuals or small teams looking for temporary or longer-term office space.
- While there are a number of coworking space options in Downtown Norfolk, the region as a whole is undersupplied, which has contributed to the **Hampton Roads region** being ranked as the **second most expensive metro area for open workspaces in the United States**. Moreover, Gather Norfolk and others provide Class A amenities, which drive up costs.

“While leasing activity remains below pre-pandemic norms in the Tidewater region, the absence of new supply has benefited existing owners and leasing agents alike. It has been three years since a multi-tenant office property of at least 50,000 SF has opened its doors and given that just 230,000 SF is underway, supply-based vacancy expansions aren’t imminent.” CoStar Q2 2023 report.

LOOKING AHEAD: KEY OPPORTUNITIES

- **Consider new opportunities for Downtown’s office inventory, including new Class A office and flexible work space**, with a variety of price points to meet the evolving needs of office workers.
- **The office sector will continue to face challenges – but the quality of downtown experience and office amenities can play a role in attracting workers back to the office.** While the traditional five-day work week will not return, hybrid in-person and remote work will likely be the norm for most office workers. Office buildings – and downtowns as a whole –will need to offer a safe and convenient environment, a variety of amenities, and commute-worthy experiences. This will be critical to attract and retain a workforce and to encourage workers to choose in-person work when possible.
- As the office real estate market evolves, consider opportunities to **convert underutilized inventory to alternative uses, such as housing.**
- Evaluate strategies for increasing the number of **workers who live in Downtown Norfolk.**
- **Cultivate partnerships with educational institutions** with a Downtown presence, like TCC, ODU and NSU, to collaborate and help market small business resource centers and programs.

²² Q3 2022 U.S. Office Market Overview, Avison Young. <https://www.avisonyoung.us/us-office-market-overview>

5. SHOP & DINE

The following section examines Downtown Norfolk’s storefront economy. It provides a snapshot of retail real estate trends and the overall business mix. Data sources include Esri Business Analyst, Google Maps, CoStar, City records and studies, local news articles, and stakeholder interviews.

DOWNTOWN RETAIL MARKET INDICATORS

Retail Real Estate: Inventory, Leasing Activity, Sales, and Construction

Downtown is one of 16 geographies that comprise CoStar’s quarterly real estate reporting for the Norfolk MSA. Note that the “Downtown Sub-Market” defined by CoStar is much larger than what is traditionally considered Downtown Norfolk, as it includes Ghent, Park Place, Larchmont, Highland Park, and other adjacent neighborhoods. This was the smallest geography available for analysis.

- Most new retail real estate under construction in the “Downtown Sub-market” is currently occurring along Hampton Blvd north of the urban core. Within the DNC boundaries, there was one mixed-used retail building in the development stages at the time of publication (439 Granby St.).
- The Downtown Sub-Market averages \$20.22/sf in monthly rent, which is about a dollar more than elsewhere in the Norfolk Market. On the flip side, the average sale price in the Downtown Sub-Market is more than \$20/sf less than the larger Norfolk Market.

Retail Real Estate Market		
	Downtown Sub-Market	Norfolk Market
Under Construction (sf)	52,000	233,000
Under Construction buildings	5	20
Pre-leased	100%	66.60%
Vacancy Rate	7.6%	4.8%
12 Mo. Net Absorption	36,300	299,000
12 Mo. Rent Growth	4.9%	5.3%
Market Rent / sf	\$20.22	\$19.29
Avg. Sale Price / sf	\$143	\$177
Avg. building size (sf)	11,717	12,879

Source: CoStar - "Downtown Norfolk Retail Submarket Report," and "Norfolk VA Retail Market Report" via Robert Sharak, City of Norfolk

Retail Business Performance by Total Sales and Food & Beverage Tax

Annual Retail Sales

Annual retail sales numbers published by the City of Norfolk were analyzed. The graph on the following page shows retail sales for each fiscal year between 2014 and 2023, for seven downtown economic sub-districts as well as the composite (Greater Downtown). A reference map of the seven districts is provided below.

Downtown Economic Districts

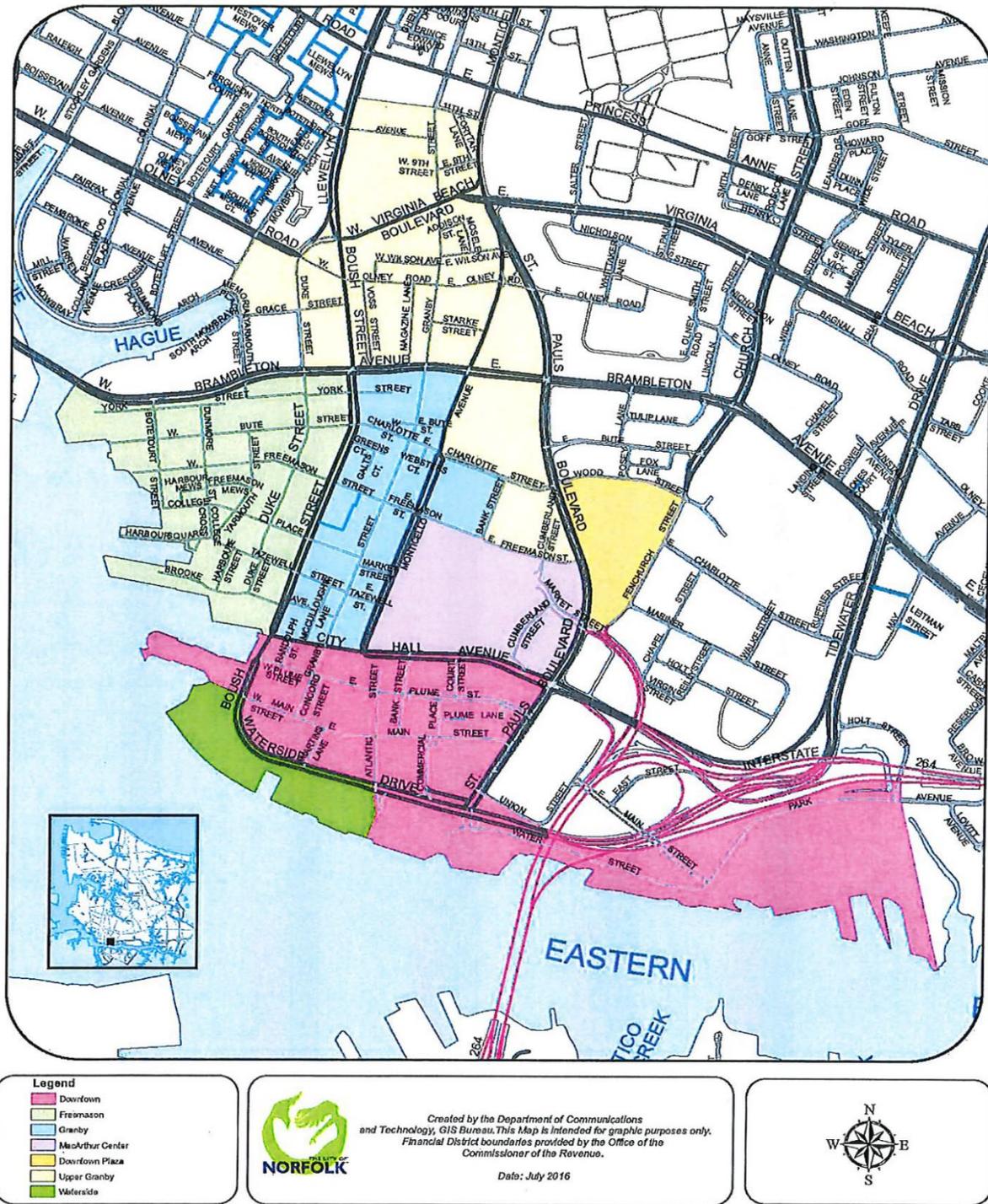
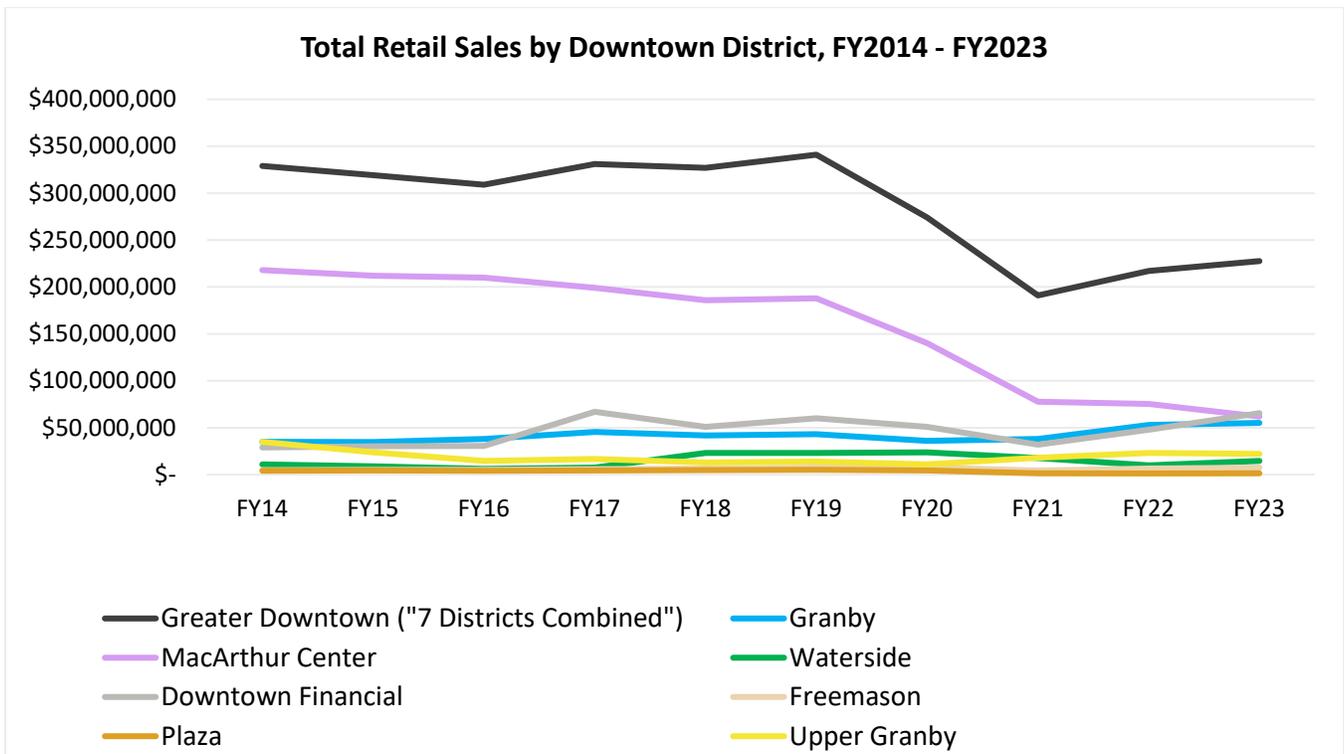


Figure 13: City of Norfolk's Downtown Economic Districts



Across the board, retail sales took the biggest hit between fiscal years 2019 and 2021. Several sub-districts started to recover and surpass pre-pandemic sales by FY22, including Granby, Upper Granby, and Downtown Financial. Others, most notably MacArthur, have experienced declines.

- The Granby district generated \$53 million in retail sales last fiscal year (FY23), up 28% from FY19.
- Upper Granby’s FY22 sales of \$23 million were the highest in eight years, and 65% over FY19’s \$14 million. In FY 2023, sales decreased from the prior year but not significantly.
- The Downtown Financial district recovered to pre-pandemic levels in FY23, surpassed FY19 by 9%.
- Waterside experienced a 44% decrease between FY21 and FY22, and a 57% decline compared to FY19, but had a slightly better performance in FY23 with \$4.5 million in retail sales above FY22.
- MacArthur Center district took a sharp decline of -67% in total retail sales between FY19 and FY23.

Food & Beverage Tax

Revenue generated from the City’s 6.5% Food and Beverage Tax is another way to measure a commercial area’s performance over time. The Greater Downtown District (“7 Districts Combined”) saw declines in this tax generated during the pandemic, from over \$8 million FY19 to under \$5 million in FY21. By FY22, they had increased back to \$7.9 million. In FY23, the Greater Downtown economic district surpassed FY19’s annual Food and Beverage Tax revenue generation by \$4,580.

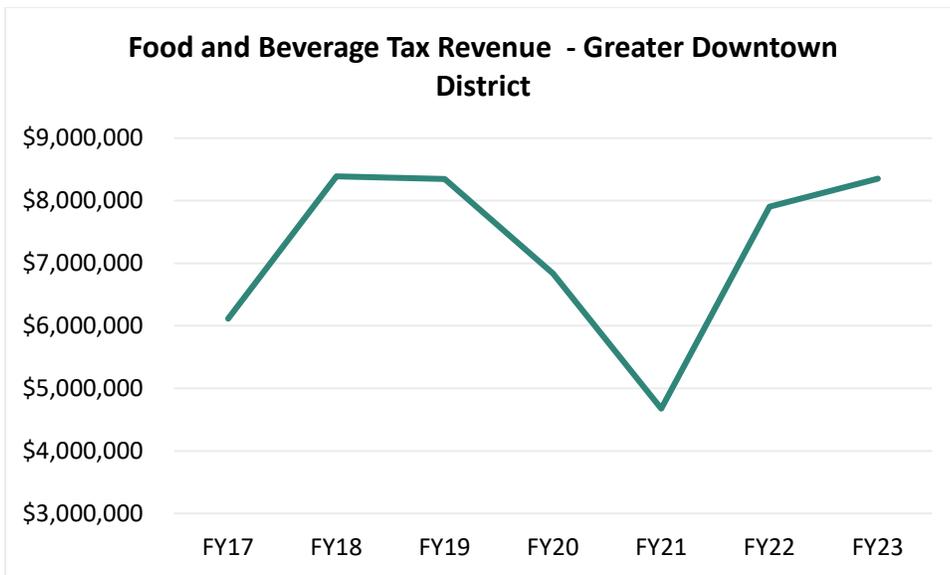


Figure 14: City of Norfolk Sales and Revenue Reports, Fiscal Years 2017-2023. City Commissioner of the Revenue

MacArthur Center

After fewer than 25 years in existence, the 930,000 square-foot MacArthur Center’s future is in flux. The shopping center has experienced vacancy, retail sales declines, and turnover of tenants and ownership since before the pandemic. The property includes 4,000 parking spaces and two large anchor stores each occupying 300,000 square feet of space, in addition to the 250,000 square feet of smaller retail spaces.

The top-rated physical improvement for Downtown Norfolk among online survey respondents was “reimagine and redevelop MacArthur Center.”

In June 2023, Norfolk City Council voted to allocate funds to purchase the majority of MacArthur Center for \$18 million).²³ Dillard’s, the last anchor retailer in MacArthur Center, is set to close in September of 2023.²⁴ In August 2023, City Council voted in favor of allocating \$4.1 million to acquire the Dillard’s property.²⁵ In the near term, according to City spokespeople, the property will continue operating as a mall while redevelopment plans are pulled together. The 2019 Downtown Plan Update put forth several reuse concepts for the area, including “daylighting” sections of the existing facility, reconnecting the street grid, and mixed-use redevelopment along inner streets.

DOWNTOWN STOREFRONT INVENTORY

Storefront Inventory Overview

Using Google mapping tools coupled with knowledge of the study area, P.U.M.A. conducted a virtual inventory of street-level storefront uses in Downtown Norfolk. *Note on methodology: Upper floor businesses were not included in the analysis. The inventory excludes large stand-alone facilities (such as Scope Arena) or single-purpose government buildings (e.g., courthouse). Hotels were not counted, but a hotel’s ground floor retail uses, if applicable, were tabulated. The inventory did NOT include MacArthur Center establishments. Selden Market businesses were included in the inventory.*

²³ Metcalfe, Trevor. “MacArthur Center Dillard’s is set to close September.” The Virginian-Pilot, 12 August 2023.

²⁴ Metcalfe, Trevor. “MacArthur Center Dillard’s is set to close September.” The Virginian-Pilot, 12 August 2023.

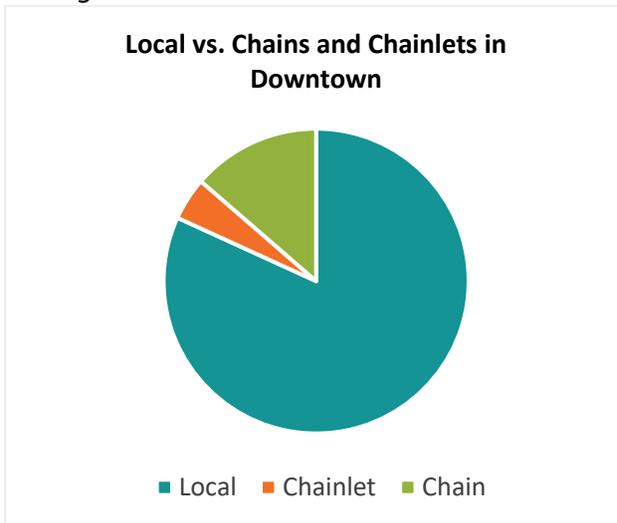
²⁵ Ponton, Brendan. “Norfolk city council approves purchase of two more properties.” WTKR News, 30 August 2023.

Restaurants and dining comprise the largest storefront category.

- 46% of Downtown’s storefronts are restaurants (including bars, cafes)
- 17% of Downtown’s storefronts are retail shopping (including gifts/specialty retail, convenience stores)
- 24% of Downtown’s storefronts are related to services (banking, beauty, fitness, legal, etc.)
- 13% are “other” including performing arts venues, educational institutions, and nonprofit service providers.
- Downtown also boasts several entertainment businesses including a comedy club, and a barcade. These were included within the “other” storefront category.

Most of Downtown’s storefront businesses are locally owned. *Note: only restaurants/bars, shopping, and service establishments were included in the ownership tally.*

- 82% are local establishments
- 14% are national chains (e.g., restaurants like Subway and national banks).
- 5% of storefronts are “chainlets.” Chainlets are defined as regional chains with at least 5 locations.



Restaurant & Dining

- **Of the 46% of Downtown storefronts currently used for restaurants, cafés, bars, and other dining, the majority are located along Granby Street.** 55% are in the Granby economic district, and another 25% are in the area officially known as the Downtown Financial economic district (part of Granby Street south of City Hall Avenue falls in that later district). 13% are in the Upper Granby (NEON District), 7% are in Waterside, and 2% are in the part of Freemason within DNC boundaries. *See reference map in the previous section.*
- **There is a significant concentration of higher-end restaurants and dining experiences.** 25% of all restaurants inventoried could be classified as “sophisticated casual,” upscale, or very upscale.

Retail - Shopping

- Half of the ground-floor retail establishments inventoried were categorized as **gift shop and specialty stores, including jewelers, records shops, and other boutique retail.**
- 83% of retail stores are local, and 17% are chains.
- There are only four convenience stores (including a pharmacy) in Downtown, two of which are 7-Elevens.

Services

- **About one-quarter of storefronts are service-oriented**, including banking and financial services, beauty and health (salons, nail salons, spas), fitness, medical, printing and shipping, and apartment leasing offices.
- 84% are local services businesses, and 15% are chains (mainly financial institutions)

STRENGTHS

- **Granby Street success:** Despite areas with vacancy and turnover, Granby remains Downtown's walkable, well-branded, activated corridor of dining and shopping activity.
- **The NEON District (Upper Granby) is seeing innovative restaurant and retail concepts, and increasing exposure, recognition, and investment.**
- **Based on stakeholder interviews and local news stories, Downtown Norfolk seems to be seeing a new generation of entrepreneurs and retailers** (such as a new market concept in the former Urban Outfitters.)²⁶
- **Selden Market is an artisan retail incubator that has helped dozens of different businesses get their start in Downtown.** On the other hand, due to Selden Market's orientation and location, the market's foot traffic volume does not always meet retailers' expectations.²⁷

250 people responded to a live poll during DNC's June Annual Meeting. When asked which of several Downtown activities is the most fun, "dining at a Downtown restaurant" was the top choice.

COMPETITION AND VULNERABILITIES

- **The current mix of restaurant types may be too heavily skewed toward higher price points.** Stakeholder feedback indicates that the dining scene tends to cater to a certain sub-set of the population (whiter and more affluent).
- **Downtown Norfolk has recently lost several restaurants, shops, and bars owned by people of color.**
- **Downtown faces growing competition from shopping districts throughout the city and region.**
 - New businesses are opening and patrons are increasingly spending their time and money in other Norfolk neighborhoods like the **Railroad District in Park Place** and **Chelsea**.
 - Suburban competition has intensified in recent years, with cachet shopping destinations like Town Center in Virginia Beach gaining traction.
- The storefront inventory confirmed the frequently cited concern that **Downtown lacks affordable household retail, including groceries and hardware.**
- **There is limited activity and limited food options available during the later evening:** for a downtown with such a bustling lunch and dinner scene, not enough stays open past 10 pm, and restaurants and shops often have inconsistent hours of operation.
- According to retailer feedback, **lease rates are reasonable but growing costs have pushed some businesses out of Downtown, and could prevent small businesses from accessing the market.**

The second highest rated service improvement needed for Downtown, according to survey respondents, was "attract retail and services for daily needs."

The third highest rated was "create more reasons for people to come Downtown, particularly after 5 p.m."

²⁶ Pennecke, Sandra J. "Norfolk's former Urban Outfitters spot has a new tenant: an artisan boutique market." *The Virginian-Pilot*, 16 Aug 2023.

²⁷ Retail and Restaurant roundtable interview

- **Based on the storefront inventory, certain parts of Downtown seem to have higher vacancy and turnover, including but not limited to:**
 - Plume Street
 - West Olney and Granby in the NEON District
 - Parts of lower- and mid- Granby Street
 - Monticello Avenue

LOOKING AHEAD: KEY OPPORTUNITIES

The following section captures several considerations for improving Downtown Norfolk’s storefront vitality:

- **Attract more resident and employee-serving amenities**, including a grocery store, convenience retail, hardware stores, and other businesses.
- **Diversify the restaurant mix to add dining options with more affordable price points**, including healthy fast casual establishments.
- Pursue and support new food, beverage and entertainment concepts that are **culturally relevant, particularly for young professionals of color**.
- **Activate Downtown’s storefront economy beyond Granby**. Look to fill vacant spaces and activate east-west connecting streets throughout Downtown.
- **Expand outdoor dining and seating options**. Ensure implementation of design guidelines that improve character of the streetscape and help activate Downtown. There may also be market opportunities for more breweries, brew pubs, and beer gardens with outdoor space.
- **Pursue joint marketing opportunities to elevate how Downtown Norfolk is marketed to visitors and to residents outside the PMA**. Broaden downtown’s market reach.
- **Continue finding creative ways to support small retailers and provide attainable commercial spaces for young entrepreneurs**.
- Reimagine the **Waterside District, Selden Market, and MacArthur Center**, as opportunities arise.

6. VISIT & STAY

This chapter provides a snapshot of Downtown Norfolk’s attractions, events, and arts and cultural opportunities, as well as lodging and visitation metrics. Data sources include VisitNorfolk, Festevents, City of Norfolk, AirDNA, local news stories, and other primary and secondary sources.

VISITATION BY THE NUMBERS

Visitation to Norfolk took a hit during and following the Covid-19 pandemic, but tourism is beginning to return to pre-pandemic levels.

- According to Placer.ai estimates, there were an estimated 910,000 visits to Downtown Norfolk in April 2023, compared with 1,331,000 in April 2019.

Hotel revenue is at an all-time high, outpacing pre-pandemic numbers, and occupancy is near 2019 levels.

- In FY22, hotels in Norfolk collectively generated \$136.8 million in revenue, up 16.2% from FY19. The Average Daily Rate (ADR) for hotels in the Norfolk market was \$109 in FY22, the highest ADR to date.²⁸
- The city’s hotel occupancy rate was 72% in April 2023 - just shy of April 2019’s occupancy rate of 74%.

DOWNTOWN ATTRACTIONS

Museums and Year-Round Draws

Downtown Norfolk has an array of tourism offerings, including museums and destinations, such as the **Chrysler Museum of Art and Glass Studio**, situated just outside of Downtown. The waterfront area is a popular destination, with offerings such as **Nauticus**, a science and technology center adjacent to Town Point Park, and the **Maritime Museum & Battleship Wisconsin**. Downtown also has a handful of smaller museums devoted to Norfolk’s history.

Art, Culture, and Music Venues

Downtown Norfolk boasts several arts and cultural venues, including spaces like **D’Art Center**, a visual art space and gallery that hosts artisan studios and classes in the increasingly popular **NEON district**.

Performing arts and music venues include the **Granby Theater**, **Wells Theater**, **Roper Performing Arts Center**, and the **Push Comedy Theater**. Concert venues include **the Norva**, **Harrison Opera House** (home of the Virginia Opera) and **Norfolk Scope**. The **Scope Arena** holds 11,000 people, while the **Prism Theater at Scope** provides performance space for 4,000 people. Located next to the Norfolk Scope arena is **Chrysler Hall** (home to the Virginia Symphony Orchestra). The **Attucks Theater**, a revamped theater east of Downtown with historic significance to African American community, can accommodate up to 1,500 people for live music and other performances.

The **Virginia Arts Festival** is the largest performing arts organization in southeastern Virginia and brings world-renowned musicians to Norfolk and the Hampton Roads region, offerings performances at venues including Attucks Jazz Club and Chrysler Hall, to name just a few. One of the organization’s signature annual events is the Virginia International Tattoo, a performance that pays tribute to the military, which continually draws over 20,000

²⁸ Visit Norfolk FY22 Annual Report

people to the Scope Arena each April. According to data provided by the Virginia Arts Festival, 35% of all ticket sales across the organization’s events come from attendees who reside outside of the region.

- Total attendance to VAF events in 2023 was at **97%** of 2019 levels.

Virginia Arts Festival Attendance			
	Ticketed Events	Free Events	Total
FY19	51,721	28,153	79,874
FY20	6,006	1,208	7,214
FY21	23,324	4,202	27,526
FY22	48,826	26,013	74,839
FY23	54,144	23,408	77,552

Outdoor Attractions

Downtown Norfolk’s waterfront is a tourism focal point, providing passive recreation opportunities with harbor cruises and Town Point Park programming. The ever-expanding **Elizabeth River Trail** stretches through Downtown and adjoining neighborhoods and has become the “placemaking spine” of Norfolk. The trail sees an estimated half a million users annually. The Elizabeth River Trail Foundation organizes over 100 programs annually, including educational bike tours, botanical classes, and pop-up activations.²⁹ Another popular attraction, located just outside of Downtown, is **Harbor Park Stadium** (home to the Norfolk Tides AAA baseball team).

Events & Programming

Large-scale and outdoor seasonal events

Norfolk Festevents is a nonprofit that organizes large-scale events along Downtown Norfolk’s waterfront since 1982. Events like the annual Harbor Fest have helped Norfolk garner an international reputation as a premier festival destination. Nearly 200,000 people attended Festevents’ signature event series in 2021.³⁰ Most of this programming is free and open to the public. Festevents’ signature large-scale downtown events (with number of years recurring in parenthesis, if known) include:

- **Harborfest (47 years)**
- **Fourth of July Great American Picnic (40 years)**
- **Norfolk Waterfront Jazz Festival (40 years)**
- **Virginia Children’s Festival (33 years)**
- **Norfolk Latino Music and Food Festival (22 years)**
- **CaribFest (18 years)**
- **Fall Town Point Wine Festival (15 years)**
- **Virginia Symphony Orchestra Concert in the Park (15 years)**
- **Nashfest (3 years)**
- **Juneteenth in the Park (2 years)**
- **Yule Log Bonfire & Christmas Marketplace**

Smaller scale programming and activation

- **Restaurant Week:** Every January and July, several dozen restaurants participate in a week-long promotional event that offers prix-fix, multi-course dinners that allow patrons to sample new dining options (organized by Downtown Norfolk Council).
- **Holiday events and parades, including the Grand Illumination Parade** that takes place every year on the Saturday before Thanksgiving (organized by Downtown Norfolk Council).

²⁹ Interview with Kindra Greene, Executive Director of the Elizabeth Trail Foundation

³⁰ Festevents 2021 reporting

- **First Fridays** was a popular event series organized by the Downtown Norfolk Council. As of 2022, DNC has put the events series on hiatus while the organization re-evaluates the event.

CRUISE INDUSTRY

Long an important commercial and tourism port, Downtown Norfolk will begin to experience increased impacts from the cruise industry, starting in 2025, when Carnival Cruise Line doubles the number of cruises departing from Norfolk and lengthening the cruise season by four months.³¹ An estimated 280,000 cruise passengers will flow through Norfolk each year (up from 180,000 in 2022)³² The City recently invested \$2.6 million to upgrade Downtown Norfolk’s Half Moone Cruise Center to accommodate larger ships like the Carnival Magic.³³

The uptick in cruise passenger traffic could impact Downtown in several ways. On the plus side, restaurants and retailers could benefit from increased sales, and cruise passengers will likely cause increased demand for pre- and post-cruise hotel stays. On the other hand, there is not clear evidence that cruise-related visitors spend significant time in Downtown Norfolk, if at all. Most are shuttled to the Cruise Center from a parking lot located outside of Downtown and may skip visiting altogether.

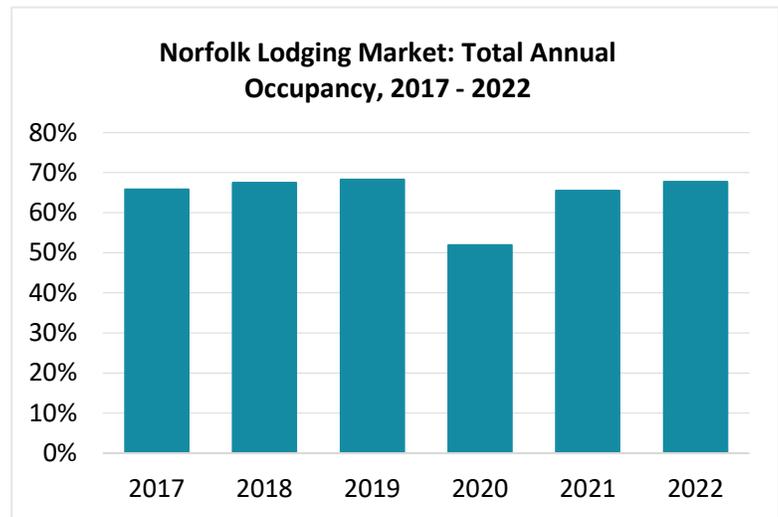
According to an analysis on the impacts of the cruise industry in Charleston, South Carolina, the 200,000+ cruise passengers that departed from Downtown Charleston accounted for only 2.87% of local tourism spending. Moreover, large ships docked in downtowns cause environmental impacts due to emissions, and can take a toll on a downtown’s infrastructure overall.^{34, 35}

LODGING MARKET

Hotel Metrics

As tourism rebounds from the pandemic, hotel revenue and occupancy are exceeding expectations.

- Hotel occupancy in April 2023, 72%, is **almost back to April 2019 levels** (74% occupancy).³⁶
- Hotel revenue in the Norfolk market is at a **6-year high**. April 2023’s average daily rate (ADR) of \$120/night is the highest it has been in the past six years.³⁷
- In 2022, there were an estimated 190 conventions that took place in Norfolk,



³¹ Peifer, Karri. "Carnival is offering twice as many cruises out of Norfolk this year." Axios.com.

³² Burchett, Caitlyn. "More cruises coming to Norfolk: Carnival announces year-round sailings beginning in 2025." The Virginian-Pilot, 15 December 2022.

³³ Nauticus.org. "Construction begins on Norfolk’s new \$2.6 million cruise ship gangway." October 20, 2021.

³⁴ For these reasons, in 2020, Charleston’s Port Authority decided to end cruise tourism and announced plans to redevelop its port into a mixed-use neighborhood

³⁵ Wren, David. "As new cruise terminal hopes faded, port officials turned to revamped site." *The Post and Courier*.

³⁶ VisitNorfolk

³⁷ VisitNorfolk

drawing 32,000+ convention attendees / hotel guests to the city.³⁸

Downtown Hotels

There are nearly 1,800 hotel rooms in Downtown Norfolk. In the past several years, two new hotels were added, including the Hilton Norfolk: The Main, with 300 rooms, reception and conference space, and unique dining options. The Glass Light Hotel opened in 2020 in a renovated 13-story historic office building located on Granby Street. The hotel includes 100 rooms, a restaurant, and gallery space.

Hotels in Downtown Norfolk, VA		
Name	Rooms	Year Built/Renovated
Sheraton Norfolk Waterside Hotel	466	1976
Norfolk Waterside Marriott	405	1991
Hilton Norfolk The Main	300	2015
Courtyard by Marriott Norfolk Downtown	140	2002
Glass Light Hotel & Gallery, Autograph Collection	113	2020
Residence Inn by Marriott Norfolk Downtown	160	2009
Wyndham Garden Norfolk Downtown	204	1961
Total Hotel Rooms in Downtown Norfolk	1788	

Short Term Rentals

Short term rentals (STRs) include Airbnb, VRBO, and other furnished residential vacation rentals. In June 2023, STRs in Norfolk had an occupancy rate of 64%.

Norfolk Short-Term Rental Market	
Total Listed Rentals	3,104
Active Rentals (June 2023)	1,100
Avg. Daily Rate	\$184
Occupancy Rate	64%
Bedrooms (avg)	2.4
Guest (avg)	5.4
Market Grade - Rental Demand	N/A
Listing Type	
Entire unit	85%
Private Room	15%

Source: AirDNA; last-twelve-months data as of June 2023

Active Rental are those that had at least one reserved or available day in the last month

Summary of Challenges and Vulnerabilities

- Downtown Norfolk faces growing competition from local and regional destinations, such as Virginia Beach's ViBe District.** Visitors and residents have many options to choose from for shopping and entertainment, including competing, well-marketed commercial districts in Virginia Beach, as well as emerging

³⁸ VisitNorfolk FY22 Annual Report

neighborhoods in Norfolk like the Railroad District in Park Place and Chelsea. Many visitors cite the lack of shopping options, as well as concerns (real and perceived) about crime and safety, as reasons they might prefer other locations to Downtown.

- **Awareness and marketing of Downtown could be improved.** Entities like VisitNorfolk have revamped marketing efforts to offer more curated experiences, such as their *City With Bite* series promoting Norfolk's culinary offerings, along with partners like DNC who work to maintain a lively, activated experience, but additional efforts to broaden Downtown's marketing reach could help draw in more visitors.
- **Inclusivity, belonging, and relevance to non-white populations:** Based on community feedback, many people of color in the city and region do not feel welcome Downtown.
- **There are barriers to young entrepreneurs and people of color in music and the arts.** According to stakeholder feedback, there are barriers for people who want to create new art and music programming in Downtown Norfolk, particularly for people of color and next-generation creatives. Required fees and licensing procedures can feel cumbersome.

LOOKING AHEAD: KEY OPPORTUNITIES

- **Provide diverse experiences and cultivate a more inclusive, welcoming environment through events and cultural programming.** Proactively celebrate diverse cultures in Downtown Norfolk, through new event series, cultural offerings, and the overall business mix. Consider events and experiences that acknowledge diverse constituencies and that do not gloss over Norfolk's past atrocities, but rather illuminate the region's complex history dating back to colonial settlement.
- **Continue to invest in new amenities and experiences, beyond dining, to attract more people to Downtown Norfolk.** Ensure Downtown offers a wide array of shopping and cultural experiences, including free and low-cost programming.
- **Engage with and provide more opportunities for students and younger demographics.** Provide more affordable programming for people under 40, including events that are relevant to younger demographics. Create safe entertainment venues for youth.
- **Diversify and remove barriers to create a thriving music and arts scene.** In order to nurture a more authentic and accessible downtown music scene that showcases Norfolk's unique talent, fully embrace artists and musicians from diverse backgrounds. Permitting costs and licensing requirements for organizing smaller-scale events and concerts should be re-evaluated. Moreover, provide needed support, such as funding, marketing, and assistance navigating the permitting processes, where possible. Consider providing more maker, art, and micro-manufacturing spaces in downtown, as well as affordable studio space for musicians.
- **Continue to invest in tourism infrastructure.** Ensure visitor needs are met. Consider adding public restrooms Downtown.
- **Downtown Norfolk could better leverage the cruise industry.** Downtown stakeholders should be at the forefront of capitalizing on the anticipated increased cruise passenger traffic to help ensure that people stay and spend money in Downtown. Moreover, Downtown stakeholders should work with the cruise industry to ensure that environmental impacts are mitigated to the greatest extent possible.