

## Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
<b>2.4%</b> Vacancy Rate	▼	▼
<b>423K</b> Net Absorption, SF	▲	▼
<b>\$5.98</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
<b>760K</b> Hampton Roads Employment	▲	▲
<b>5.2%</b> Hampton Roads Unemployment Rate	▼	▼
<b>5.9%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### SUPPLY: Outlook for Small, Local Users Remains Competitive

There are very few options anywhere in the market for users seeking space, regardless of size range or asset class. Currently, only six spaces are available for lease in the +50,000-square foot (sf) and up-size range. The Class A institutional development pipeline looks healthy. Industrial Realty Group recently acquired the 72-acre, shovel ready site at 271 Benton Road in Suffolk with plans to break ground soon on a 450,000 sf speculative Class A distribution facility where the development pipeline is lacking for smaller, local and regional users in the 10,000 to 30,000 sf size range. The eight-building development at Steppingstone Square, Chesapeake was quickly absorbed at record prices. Another similar development focusing on 10,000 to 20,000 sf buildings would meet a growing need in the market.

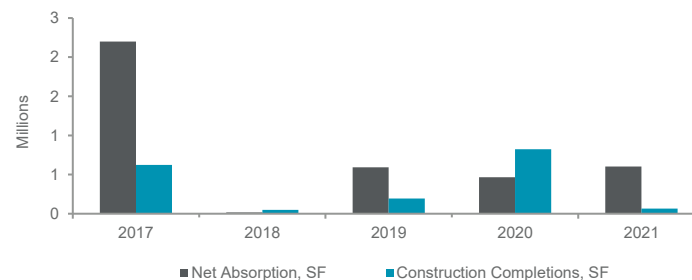
### DEMAND: No Slowing Down

Through the first half of the year and into the dog days of summer, demand for industrial properties in Hampton Roads is showing no signs of cooling off. Landlords are seeing multiple offers across all asset classes and size ranges. The 228,000 sf former Massimo Zanetti food processing and distribution facility at 1200 Court Street in Portsmouth, which was recently leased by Frito Lay, fielded three different offers in quick succession. Smaller facilities like 3933 and 3916 Holland Boulevard, both in Cavalier Industrial Park, have received multiple offers in less than one month of being on the market.

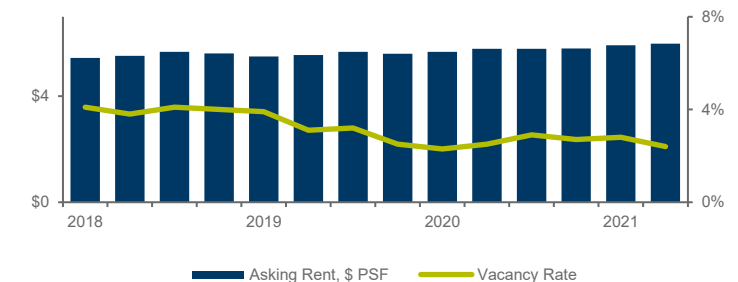
### PRICING: Upwards Pressure on PSF Values

High-bay distribution space below 100,000 sf is now leasing comfortably in the high \$5.00-\$6.00 per square foot (psf) triple net, NNN range depending on functionality, image and location with some Class A options now pushing into the \$7.00 psf range. Completed sales prices continue to rise as well. 2500 Encounter Court in Virginia Beach recently sold to an owner occupant for \$870,000 or \$122.54 psf. Capitalization rates on investment sales have experienced further compression as a result of rising property values and evidenced by the recent sales of 3404 Business Center Drive and 806 Meads Court, both in Chesapeake.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	YTD LEASING ACTIVITY (SF)**	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Copeland	11,725,153	392,615	121,801	3.8%	-18,269	-143,145	157,000	\$5.50	N/A	\$5.52
Gloucester	225,794	37,200	0	16.5%	0	0	0	N/A	N/A	N/A
Oakland	4,569,659	198,384	3,272	4.3%	-122,234	-125,800	43,500	\$6.40	N/A	\$5.88
Oyster Point	4,512,192	83,634	53,628	1.9%	87,808	98,879	0	\$6.30	\$13.00	\$6.81
Williamsburg	8,589,453	143,459	53,249	2.1%	-22,116	13,484	16,520	N/A	N/A	\$7.15
Airport Industrial Park	3,614,580	38,267	81,098	1.8%	-8,089	108,956	0	\$7.50	N/A	\$5.31
Bainbridge	10,377,784	156,545	27,425	1.5%	158,235	117,994	0	\$6.50	\$12.00	\$7.50
Cavalier	6,089,622	206,226	253,687	4.1%	-25,050	-21,032	650,000	\$5.25	N/A	\$4.81
Central Norfolk	4,909,135	114,383	136,569	3.3%	141,564	243,097	0	N/A	N/A	\$5.31
Cleveland	3,083,855	171,207	25,535	5.9%	-2,149	-53,665	0	\$11.55	\$9.11	\$7.61
Greenbrier	2,580,780	125,293	34,498	6.0%	25,068	44,504	66,294	N/A	N/A	\$7.55
Isle of Wight	4,122,879	0	0	0.0%	0	0	0	N/A	N/A	N/A
Lynnhaven	8,931,578	114,498	53,741	1.4%	-20,670	12,817	31,000	\$6.50	\$11.38	\$9.80
Norfolk Industrial Park	7,729,176	138,791	124,181	2.2%	187,324	263,126	0	\$6.50	N/A	\$6.45
North Suffolk	2,276,942	0	50,000	2.2%	0	0	0	N/A	N/A	N/A
Portsmouth	4,268,926	61,570	6,000	1.4%	-23,820	3,030	167,264	N/A	N/A	\$8.11
South Suffolk	12,188,408	429,810	100,000	2.0%	72,916	49,633	4,486,636	N/A	N/A	\$3.34
West Norfolk	2,590,232	51,507	5,500	2.0%	-8,800	-8,800	0	\$4.00	N/A	\$6.24
<b>HAMPTON ROADS TOTALS</b>	<b>101,386,148</b>	<b>2,463,389</b>	<b>1,130,184</b>	<b>2.4%</b>	<b>421,718</b>	<b>603,078</b>	<b>5,618,214</b>	<b>\$5.84</b>	<b>\$11.68</b>	<b>\$5.67</b>

\*Rental rates reflect weighted net asking \$/psf/year

\*\*Does not include lease renewals

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1200 Court St	Portsmouth	Frito Lay	228,810	New
5740 Bayside Road	Airport Industrial	iMedical Equipment and Services	69,170	New
5401 Virginia Regional Drive	South Suffolk	GoGreen Farms and Greenhouses	67,500	New
1709 Endeavor Drive	Williamsburg	CTPS LLC	35,000	New

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
205-213 First Colonial Rd	Lynnhaven	First Colonial Condo Park LLC / Roadrunner	37,500	\$4.1M / \$109
5465 Greenwich Rd	Cleveland	Hoffland Properties / Warehouse 888	104,661	\$4.5M / \$43
Globe Iron	Central Norfolk	Maltby Ave Partners / City of Norfolk	332,854	\$5.52M / \$17

## GEOFF POSTON, CCIM, SIOR

Vice President

+1 757 213 4161 / [geoff.poston@thalhimer.com](mailto:geoff.poston@thalhimer.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter. *Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance*

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. [thalhimer.com](http://thalhimer.com)