

HAMPTON ROADS

Industrial Q4 2021

1.5%

Vacancy Rate

YoY Chg



12-Mo. Forecast



2.4M

Net Absorption, SF



\$6.85

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

767K

Hampton Roads Employment

YoY Chg



12-Mo. Forecast



4.1%

Hampton Roads Unemployment Rate



4.2%

U.S. Unemployment Rate



Source: BLS

SUPPLY:

Multiple deliveries occurred in Q4, including Amazon's 3.8 million square foot (msf) robotics fulfillment center in Suffolk and the company's 637,000 square foot (sf) import facility in Chesapeake, Lineage Logistics' 167,000 sf cold storage facility in Portsmouth, and XPO Logistics' 350,000 sf distribution building at Virginia Port Logistics Park in Suffolk – originally a speculative construction building started by developer Equus Capital Partners in the first half of 2021. The new development pipeline consists of 4.3 msf under construction; however, this almost exclusively caters to the big box distribution market for users over 100,000 sf. More supply for users under 100,000 sf is desperately needed. Only three small-scale development projects are currently underway to accommodate local and regional users servicing the local community. The challenge lies in land constraint in infill markets in and around the I-64 / I-664 beltway.

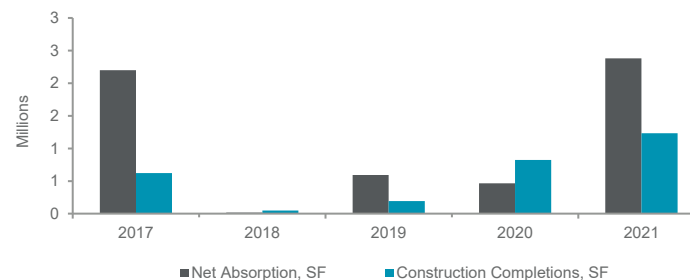
DEMAND: Build It...They're Already Here

Driven by shifting trade patterns resulting in more East Coast port calls by ocean liners, ever-increasing e-Commerce sales, and higher real estate costs in primary and secondary markets, the Hampton Roads region has seen an influx in out-of-market, big box tenant demand. It was the third most active year on record in terms of the amount of industrial space that was leased, and the second largest amount of positive absorption ever. Institutional investors and developers are also highly active, drawn to the market due to impressive fundamentals and growth at the Port of Virginia. The Port ended the year with their best December on record, handling more than 325,000 TEUs (twenty-foot equivalent units) in the month, and their best year ever, processing over 3.5 million TEUs.

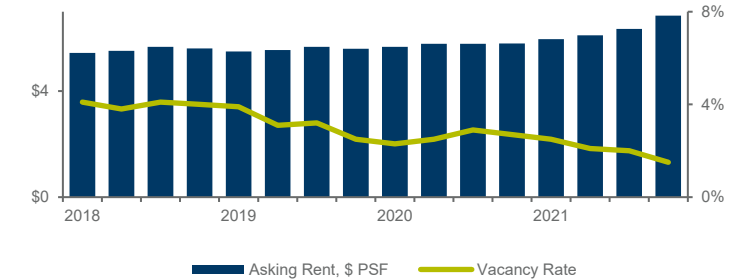
PRICING: Historic Rent Growth in 2021

The region experienced an astonishing 10% rent growth year-over-year. The lack of supply and increase in demand continued to drive fierce competition among users. Landlords and Sellers reap the benefits of property values increasing as well as reduce Landlord inducements. Most lease transactions are completed with little to no Landlord improvements and free rent, while maintaining strong annual rent increases and above average length of lease terms.

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	11,293,584	189,334	683,940	1.7%	58,322	104,930	388,000	\$5.50	N/A	\$6.71
Gloucester	225,794	37,200	0	16.5%	0	0	0	N/A	N/A	N/A
Oakland	4,588,852	187,584	101,987	4.1%	0	-115,000	43,500	N/A	N/A	\$6.50
Oyster Point	4,505,210	46,032	114,368	1.0%	22,048	128,281	0	\$6.30	\$12.	\$6.92
Williamsburg	8,579,462	139,362	75,349	1.6%	26,497	49,981	36,520	N/A	N/A	\$7.25
Airport Industrial Park	3,677,080	10,500	238,987	0.3%	16,912	153,039	0	N/A	N/A	\$8.68
Bainbridge	10,428,050	223,627	336,723	2.1%	29,652	-78,890	0	\$6.50	\$12.00	N/A
Cavalier	6,739,622	33,000	629,144	0.5%	597,630	619,798	0	\$5.54	N/A	\$4.90
Central Norfolk	4,976,992	68,680	168,483	1.4%	29,739	330,514	0	N/A	N/A	\$4.46
Cleveland	2,928,164	60,066	237,932	2.1%	-44,990	29,328	0	\$12.50	\$12.60	\$10.07
Greenbrier	2,595,707	217,040	192,727	8.4%	-108,164	-34,462	66,294	N/A	\$11.75	\$7.55
Isle of Wight	4,122,879	0	0	0.0%	0	0	0	N/A	N/A	N/A
Lynnhaven	8,954,345	51,364	338,539	0.6%	62,947	71,336	31,000	\$6.50	\$9.50	\$10.63
Norfolk Industrial Park	7,837,121	84,737	288,267	1.1%	42,859	335,530	0	\$6.50	N/A	\$7.03
North Suffolk	2,233,332	0	20,000	0.0%	20,000	50,000	338,000	N/A	N/A	N/A
Portsmouth	4,621,193	118,178	345,516	2.6%	-37,840	65,986	0	N/A	N/A	\$9.38
South Suffolk	12,340,945	84,043	378,167	0.7%	481,142	689,827	4,455,700	N/A	N/A	\$3.32
West Norfolk	2,667,604	25,800	45,675	1.0%	0	-18,268	0	\$4.00	N/A	\$6.56
HAMPTON ROADS TOTALS	103,315,936	1,576,547	4,195,804	1.5%	1,196,754	2,381,930		\$5.75	\$12.15	\$6.54

*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 Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6601 Park Drive	North Suffolk	RTS Holdings, LLC	338,000	New
1080 Centerpoint Drive	South Suffolk	Dart Logistics	307,200	New
2655 International Parkway	Lynnhaven	AGI	141,962	Renewal
2601 Indian River Road	Greenbrier	Carparts.com	115,926	Renewal

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5045 Portsmouth Boulevard	Cavalier	Panattoni Development Company, Inc. / VA Costal Logistics DST	650,000	\$157M / \$241
401 Volvo Parkway	Bainbridge	Mitsubishi Chemical America / 2852, LLC	156,586	\$4.99M / \$32
8963 Pocahontas Trail	Williamsburg	Chesapeake Bank / 8963 Trail, LLC	145,585	\$1.25M / \$8.59

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