

Industrial Q2 2024

3.6%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

852K

YTD Net Absorption, SF



\$9.34

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q2 2024

821K

Hampton Roads
EmploymentYoY
Chg12-Mo.
Forecast

2.9%

Hampton Roads
Unemployment Rate

4.1%

U.S.
Unemployment Rate

Source: BLS

ECONOMY: Port of Virginia Expansion Focus

The Port of Virginia's has continued its expansive gateway investment program through the first half of the year as with the aim of maintaining its position as the nation's most modern gateway. The port's widened shipping channel opened to two-way traffic for ultra-large container vessels, reducing turnaround time by 15%, with its \$450 million dredging project scheduled for completion in 2025. Scheduled for completion in 2024, the expansion of the central rail yard will accommodate 455,000 additional rail TEUs annually, bringing the port's total annual rail capacity to more than 1.8 million TEUs, further cementing its position as the largest intermodal rail port on the East Coast. Port volume was up 14% year-over-year (YOY) nationwide through the first quarter with East Coast and Gulf ports edging West Coast ports in TEU volume consistently since mid-year 2022. Volume at the Port of Virginia increased 7% YOY through the first quarter.

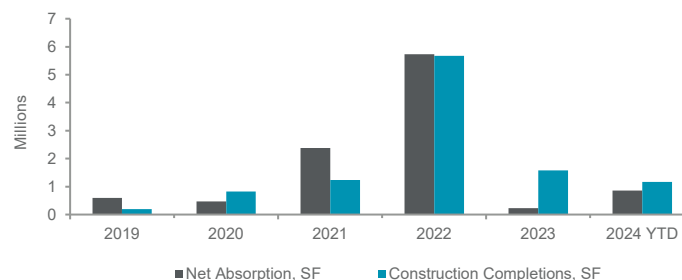
SUPPLY & DEMAND: Supply-Side Shortages Improve

Still logging the lowest industrial vacancy among central East Coast markets, the second quarter closed with vacancy up 40 basis points (bps) quarter-over-quarter (QOQ) and up 130 bps YOY as the extreme supply side shortages faced during the pandemic continue to improve. Leasing activity has topped 1 million square feet (msf) since the start of the year with sustained activity in the 20,000 to 40,000-square-foot (sf) range. Large blocks of first-generation remain in ample supply with almost 1.7 msf available in buildings completed since 2022. Despite the smaller deal sizes in year-to-date transactions, prospect activity continues to rise after the slowdown at the end of 2023 with multiple bulk requirements looking for a place to land, and developers are gearing up for the next phase of building. Turnbridge Equities and Manekin broke ground on the two-building Hampton Logistics Center, which will collectively add more than 506,000 sf of high bay distribution space designed to accommodate a range of requirement sizes. Construction on Port 460 Logistics Center in Suffolk is slated to begin at the start of the third quarter of 2024 with partners Matan and Rockefeller Group planning to develop 5 msf on more than 500 acres. Groundbreaking on the Lovett 64 Logistics Center in Toano is scheduled for the fourth quarter of 2024 with over 2.2 msf planned in six buildings.

PRICING: Sustained Investor Interest

Investor interest in Hampton Roads industrial holdings remains strong with the Port of Virginia as a primary demand driver on the leasing side. Adding to its two existing projects in the market, InLight Real Estate Partners closed on the purchase of the 706,958-sf Bridgeway Business Center in Suffolk, purchasing the fully leased asset from Ashley Capital for \$50.5 million in a joint venture. Year-to-date sales volume has topped \$292 million with median pricing trending above \$105 per square foot. Rent growth has stabilized following the meteoric increases and unprecedented demand of the pandemic era that have collectively served to push quoted rents up 65.6% since the start of 2020.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT HAMPTON ROADS



Industrial Q2 2024

| 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 | 11,848,724 | 57,149 | 216,068 | 0.5% | 145,553 | 37,596 | 840,253 | \$6.69 | \$14.44 | \$9.77 |
| Gloucester | 250,528 | 0 | 0 | 0.0% | 0 | 0 | 0 | - | - | - |
| Oakland | 4,835,832 | 5,216 | 14,680 | 0.1% | 76,423 | -3,966 | 43,500 | - | - | - |
| Oyster Point | 4,614,425 | 69,086 | 73,113 | 1.5% | 7,588 | -45,085 | 0 | - | \$8.25 | \$9.20 |
| Williamsburg | 8,921,767 | 616,632 | 4,345 | 6.9% | 27,788 | -14,924 | 0 | - | - | \$7.88 |
| Airport Industrial Park | 3,696,800 | 195,609 | 138,487 | 5.3% | -6,953 | -20,697 | 123,713 | - | - | \$8.63 |
| Bainbridge | 10,767,221 | 228,531 | 131,987 | 2.1% | 118,360 | 127,570 | 0 | \$10.50 | \$12.00 | \$12.22 |
| Cavalier | 7,171,269 | 741,731 | 51,722 | 10.3% | -316,678 | -303,578 | 0 | - | - | \$10.91 |
| Central Norfolk | 5,405,630 | 251,472 | 18,149 | 4.7% | 1,820 | -23,392 | 0 | - | \$12.62 | \$8.51 |
| Cleveland | 2,721,381 | 80,065 | 41,185 | 2.9% | -9,992 | -11,193 | 0 | \$12.73 | \$12.57 | \$10.86 |
| Greenbrier | 2,660,086 | 114,509 | 103,839 | 4.3% | 28,279 | 37,520 | 0 | - | \$11.86 | \$11.25 |
| Isle of Wight | 4,122,879 | 0 | 0 | 0.0% | 0 | 0 | 0 | - | - | - |
| Lynnhaven | 9,391,810 | 93,108 | 37,690 | 1.0% | 7,451 | 106,560 | 991,899 | \$10.16 | - | \$12.31 |
| Norfolk Industrial Park | 7,630,148 | 317,966 | 97,171 | 4.2% | 69,455 | 138,924 | 0 | - | - | \$8.89 |
| North Suffolk | 2,620,360 | 0 | 0 | 0.0% | 0 | 0 | 0 | - | - | - |
| Portsmouth | 4,857,010 | 201,392 | 44,215 | 4.1% | 55,925 | 59,772 | 0 | - | - | \$7.12 |
| South Suffolk | 20,951,705 | 1,094,048 | 36,000 | 5.2% | -108,000 | 791,983 | 2,074,432 | - | - | \$6.82 |
| West Norfolk | 2,739,738 | 97,875 | 17,250 | 3.6% | -2,750 | -25,047 | 0 | \$8.45 | - | \$9.67 |
| HAMPTON ROADS TOTALS | 115,207,313 | 4,164,389 | 1,025,901 | 3.6% | 94,269 | 852,043 | 4,093,797 | \$8.87 | \$12.17 | \$9.34 |

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

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

KEY LEASE TRANSACTIONS Q2 2024

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|--------------------------------|--------------------|---------------------------|---------|------|
| 301 West Park Lane (West Park) | Copeland | Newport News Shipbuilding | 162,118 | New |
| 5816 Ward Court | Airport Industrial | Electronic Systems, Inc. | 41,239 | New |
| 115 Dill Road | South Suffolk | Ocean Container Solutions | 36,000 | New |

KEY SALES TRANSACTIONS Q2 2024

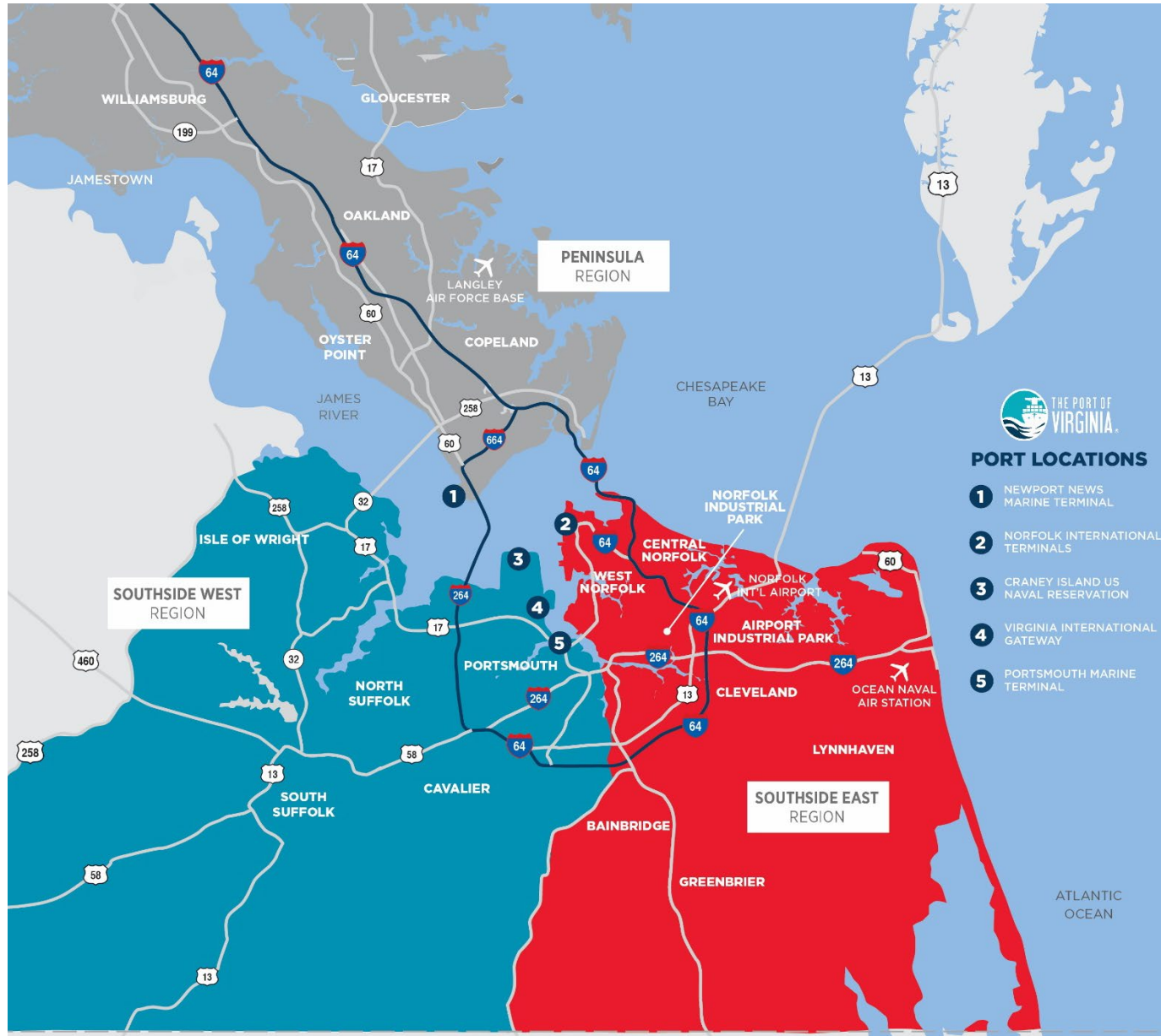
| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|---|---------------|---|---------|----------------|
| 6701 College Drive | North Suffolk | Ashley Capital, LLC / InLight Real Estate Partners, LLC | 706,958 | \$50.5M/\$71 |
| 314 E. 23 rd Street – 315 E. 25 th Street | West Norfolk | KMN, LLC, Sharrick Company & Jackson Williams, LLC / Elite Mgmt., LLC | 35,862 | \$2.425M/\$68 |
| 401 E Street | Copeland | JZ Property Management Co., Inc. / N/A | 33,184 | \$2.95M/\$89 |

MARKETBEAT HAMPTON ROADS

Industrial Q2 2024

CUSHMAN &
WAKEFIELD
THALHIMER

INDUSTRIAL SUBMARKETS



GEOFF POSTON, CCIM, SIOR

Senior Vice President

+1 757 213 4161

geoff.poston@thalhimer.com



PORT LOCATIONS

- 1 NEWPORT NEWS MARINE TERMINAL
- 2 NORFOLK INTERNATIONAL TERMINALS
- 3 CRANEY ISLAND US NAVAL RESERVATION
- 4 VIRGINIA INTERNATIONAL GATEWAY
- 5 PORTSMOUTH MARINE TERMINAL

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