

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.7%	▲	▲
Vacancy Rate		
872.7K	▲	▼
YTD Net Absorption, SF		
\$9.69	▲	▲
Asking Rent, PSF		
(Overall, Net Asking Rent)		

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
822K	▲	▲
Hampton Roads MSA Employment		
3.0%	▬	▲
Hampton Roads MSA Unemployment Rate		
4.1%	▲	▲
U.S. Unemployment Rate		

Source:BLS

ECONOMY: EXPANSION PLANS DOMINATE

The third quarter closed with expansion announcements from multiple groups along with the Virginia Port Authority’s completion of an \$83 million railyard expansion at Norfolk International Terminals. Stihl announced plans to invest more than \$60 million in battery manufacturing at its Virginia Beach headquarters, and LS Greenlink announced selected Chesapeake for a 750,000-square-foot (sf) manufacturing plant for undersea cables. Based in South Korea, LS Greenlink plans to invest \$681 million in the facility, creating more than 330 jobs. Rail access was a critical component in the site selection process, which covered fifteen states.

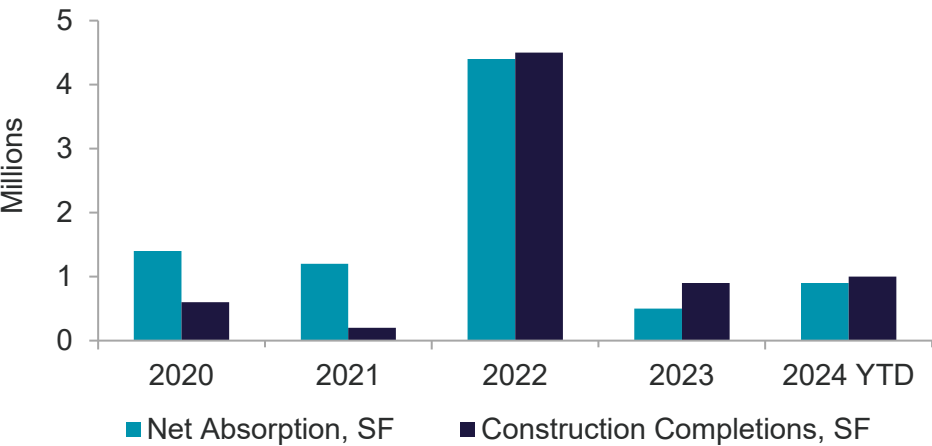
SUPPLY OR DEMAND: SUPPLY-SIDE SHORTAGES EASE

Overall vacancy ticked up slightly, increasing 10 basis points (bps) quarter-over-quarter (QOQ) and 110 bps year-over-year (YOY) as supply-side shortages continue to ease. Deliveries have slowed, following the breakneck pace of the post-pandemic years, and while no buildings were completed in the third quarter, year-to-date (YTD) deliveries have topped 1 million square feet (msf). The construction pipeline remains active with nearly 4.7 msf in development and 45.6% of that product preleased. More than 919,000 sf of speculative space is scheduled for completion by the end of the year. YTD leasing activity has neared 1.8 msf with sustained interest from smaller bay and mid-size users as well as several bulk requirements still in play.

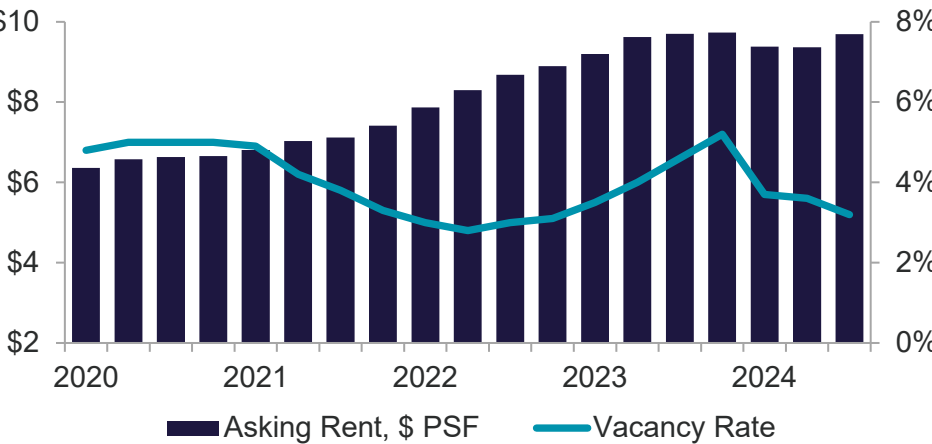
PRICING: ACTIVE INVESTMENT MARKET

Lease rates continue to rise with overall increases of 3.4% QOQ and 5.7% YOY respectively. Rates for office/service and flex product have seen a sharper increase of 12.2% YOY, and continued demand for smaller bay sizes will likely continue to push rates higher. Sales volume topped \$130 million in the third quarter with YTD sales nearing \$431 million as investor interest in the region remains strong. A prominent two-building portfolio in Virginia Beach totaling 184,500 sf traded for \$22 million Schenley Investments, whose market presence continues to expand. Industrial Realty Group also added to its area holdings with the acquisition of a 298,000 sf Norfolk facility for \$34.9 million.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Copeland	11,775,426	84,791	0.7%	-18,556	6,040	840,253	0	-	\$14.44	\$9.37
Gloucester	266,778	0	0.0%	0	0	0	0	-	-	-
Oakland	4,797,753	5,216	0.1%	0	-3,966	43,500	0	\$8.50	-	-
Oyster Point	4,622,309	71,086	1.5%	11,000	-34,085	0	0	-	\$8.25	\$9.20
Williamsburg	8,921,081	606,532	6.8%	-6,000	-24,824	20,000	0	-	-	\$7.57
Airport Industrial Park	3,671,580	173,656	4.7%	-5,595	-26,292	71,777	0	-	-	\$8.12
Bainbridge	10,809,651	314,885	2.9%	-78,469	54,101	37,960	185,640	\$11.11	\$12.00	\$12.97
Cavalier	7,207,858	706,301	9.8%	41,830	-266,348	0	0	-	-	\$11.36
Central Norfolk	5,423,760	254,728	4.7%	-10,553	-33,945	0	0	-	\$12.81	\$8.72
Cleveland	2,722,161	104,468	3.8%	-17,553	-30,056	0	0	\$12.73	\$12.86	\$10.73
Greenbrier	2,755,081	161,328	5.8%	4,367	6,766	0	0	\$12.00	\$11.75	\$12.01
Isle of Wight	4,122,879	0	0.0%	0	0	0	0	-	-	-
Lynnhaven	9,379,001	97,433	1.0%	-44,297	121,363	1,361,899	60,000	\$11.21	-	\$12.42
Norfolk Industrial Park	7,539,425	325,176	4.3%	63,724	202,648	0	0	-	-	\$9.07
North Suffolk	2,627,171	0	0.0%	0	0	0	0	-	-	-
Portsmouth	4,866,974	171,057	3.5%	22,495	104,267	0	72,000	-	-	\$7.18
South Suffolk	20,198,100	1,058,048	5.2%	239,580	805,132	2,301,932	683,569	\$8.50	-	\$6.82
West Norfolk	2,739,738	88,531	3.2%	16,900	-8,147	0	0	\$7.87	\$11.54	\$9.09
HAMPTON ROADS TOTALS	114,446,726	4,223,236	3.7%	218,873	872,654	4,677,321	1,001,209	\$9.81	\$12.11	\$9.35

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

KEY LEASE TRANSACTIONS Q3 2024

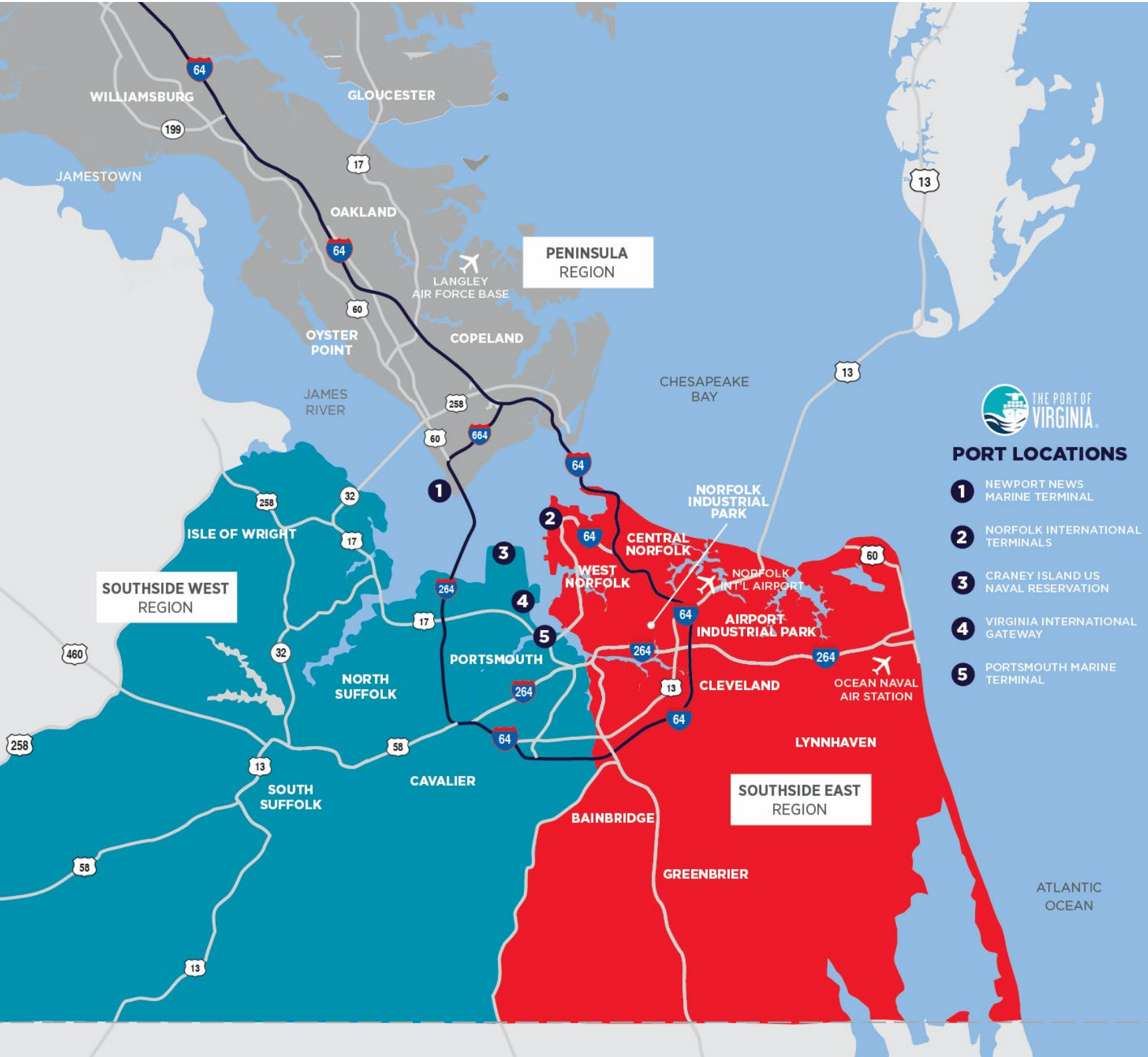
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Energy Drive	Cavalier	LS Greenlink	750,000	New
5401 Virginia Regional Drive	South Suffolk	Ocean Container Solutions	80,000	New
1910 Campostella Road	Bainbridge	Busch Manufacturing	63,960	New

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3221 E Princess Anne Road	Norfolk Industrial Park	3221 Princess Anne, LLC / Norfolk Princess Anne, LLC	298,126	\$34.9M / \$117
1337 & 1345 Taylor Farm Road	Lynnhaven	RTA Taylor Farms, LLC / SI Taylor Farm Owner, LLC	185,400	\$11.1M / \$116
401 Woodlake Drive	Bainbridge	Drew Rosen Family Li, LLC / Chesapeake Woodlake Dr., LLC	142,600	\$14.5M / \$102



INDUSTRIAL SUBMARKETS



**GEOFF POSTON**  
Senior Vice President  
Tel: +1 757 213 4161  
[geoff.poston@thalhimer.com](mailto:geoff.poston@thalhimer.com)

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