

MARKET FUNDAMENTALS		
	YOY Chg	Outlook
4.4% Vacancy Rate	▲	▲
827.2K YTD Net Absorption, SF	▲	▼
\$8.91 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▲
ECONOMIC INDICATORS		
	YOY Chg	Outlook
827K Hampton Roads MSA Employment	▲	▲
3.1% Hampton Roads MSA Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: PORT LOGISTICS LEAD

The Port of Virginia dominated headlines once again in 2024, becoming the first East Coast port to be powered 100% by clean energy and opening its expanded shipping channel to allow two-way passage for ultra-large container vessels. The Virginia Port Authority also completed the \$83 million railyard expansion at Norfolk International Terminals. The region ranked among the top 10 metro areas for construction job growth by the Associated General Contractors of America with Dominion Energy’s \$9.8 billion offshore wind farm now underway.

SUPPLY AND DEMAND: INCREASED VELOCITY EXPECTED

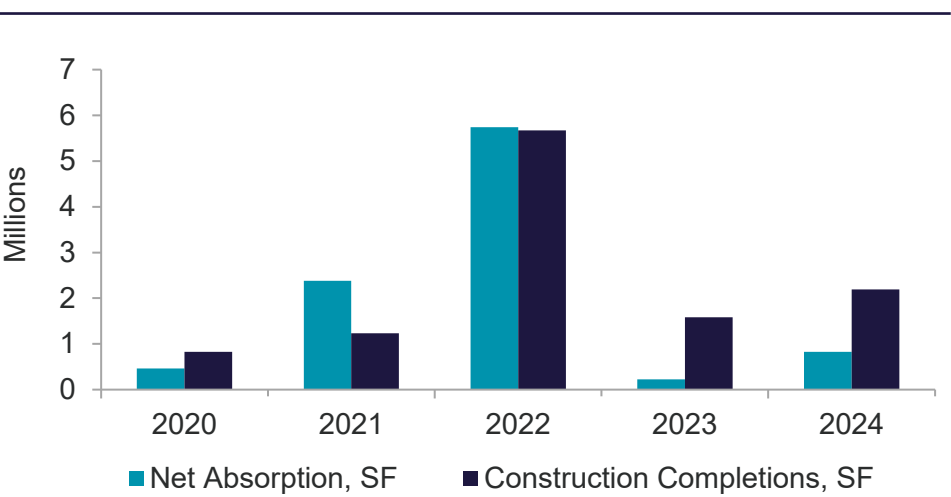
Leasing activity topped 2.8 million square feet (msf) for the year after a slow start. A total of eight deals over 100,000 square feet (sf) were completed, half of which were renewals. Overall market activity has been modest compared to the frenzied volume of the past few years. Even though port labor negotiations were extended 90 days, the threat of the ILA striking again in mid-January kept distributors and importers in limbo, forcing many to push product to less risky locations on the West Coast. Prospect activity was quiet between the election and the holidays as companies are pushing decision making and relocation requirements into 2025. Market activity is expected to rise early in the first quarter of the new year as a result.

Construction activity remains healthy, and while some speculative (SPEC) projects have been delivered vacant, absorption gains are expected over the next four quarters. Matan broke ground on the Port 460 Logistics Center early in the third quarter with more than 340,000 sf scheduled to deliver early in 2025. Manekin’s Hampton Logistics Center complex is scheduled for completion by mid-year, and construction is also slated to begin on the Lovett 64 Commerce Center, projects that will collectively add more than 2.7 msf to the inventory when fully built out.

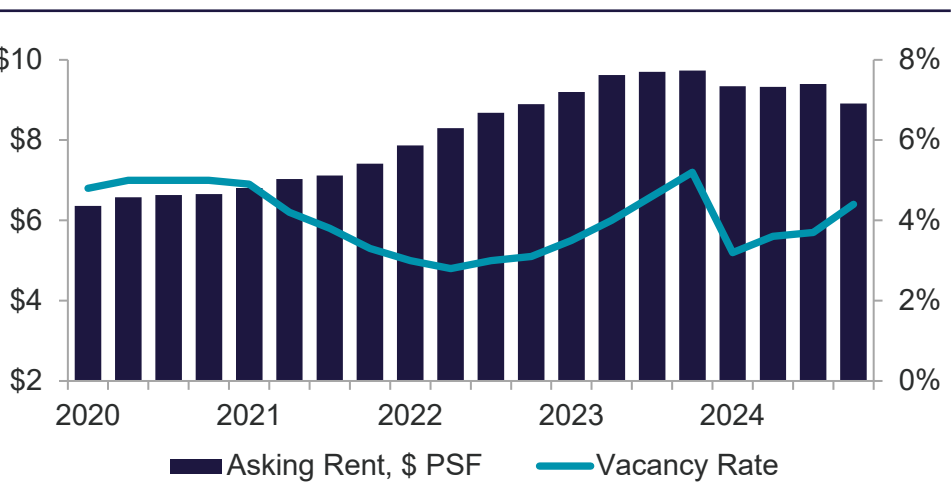
PRICING: GROWTH RATES STABILIZED

Overall quoted lease rates dipped 4.5% year-over-year (YOY) as growth rates have stabilized following the dramatic increases of the pandemic years. Sales demand for infill product in the range of 10,000 to 50,000 sf has been sustained, and pricing has increased on local market type properties. Big box investment was limited through 2024 due to continued upward pressure on interest rates.

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	12,064,675	408,259	3.4%	-30,506	-11,824	1,100,762	299,783	-	\$11.13	\$9.65
Gloucester	266,778	0	0.0%	0	0	0	6,000	-	-	-
Oakland	4,770,123	76,716	1.6%	-71,500	-75,466	43,500	0	\$8.50	-	-
Oyster Point	4,639,572	57,686	1.2%	6,500	-28,185	0	0	-	\$12.74	\$9.24
Williamsburg	8,774,816	594,911	6.8%	1,458	-13,203	0	0	-	-	\$7.57
Airport Industrial Park	3,745,819	257,433	6.9%	-59,428	-77,458	0	71,777	-	-	\$8.39
Bainbridge	10,491,058	111,781	1.1%	190,247	58,708	226,960	190,640	-	\$12.00	\$12.52
Cavalier	7,253,018	790,023	10.9%	-70,392	-336,740	0	0	-	-	\$11.30
Central Norfolk	5,405,536	203,549	3.8%	31,223	-2,722	0	0	-	\$12.81	\$8.78
Cleveland	2,686,752	68,372	2.5%	6,500	-25,046	0	0	\$12.73	\$12.86	\$11.28
Greenbrier	2,788,715	176,455	6.3%	-40,901	-30,329	0	0	\$12.00	\$11.75	\$12.01
Isle of Wight	4,122,879	38,990	0.0%	-39,000	-39,000	352,000	0	-	-	-
Lynnhaven	9,366,622	129,499	1.4%	201,746	325,909	1,105,000	316,899	\$12.36	-	\$12.33
Norfolk Industrial Park	7,570,621	325,176	4.3%	-1,940	200,708	0	0	-	-	\$8.80
North Suffolk	2,627,153	0	0.0%	-16,939	-16,939	0	0	-	-	-
Portsmouth	4,790,793	122,601	2.6%	48,456	88,563	0	72,000	-	-	\$7.26
South Suffolk	21,124,130	1,602,559	7.6%	23,385	813,948	2,357,856	1,231,569	\$8.50	-	\$6.43
West Norfolk	2,776,864	88,531	3.2%	4,244	-3,903	0	0	-	\$11.54	\$9.09
HAMPTON ROADS TOTALS	115,497,497	5,052,541	4.4%	222,153	827,021	5,186,078	2,188,668	\$9.84	\$12.41	\$8.53

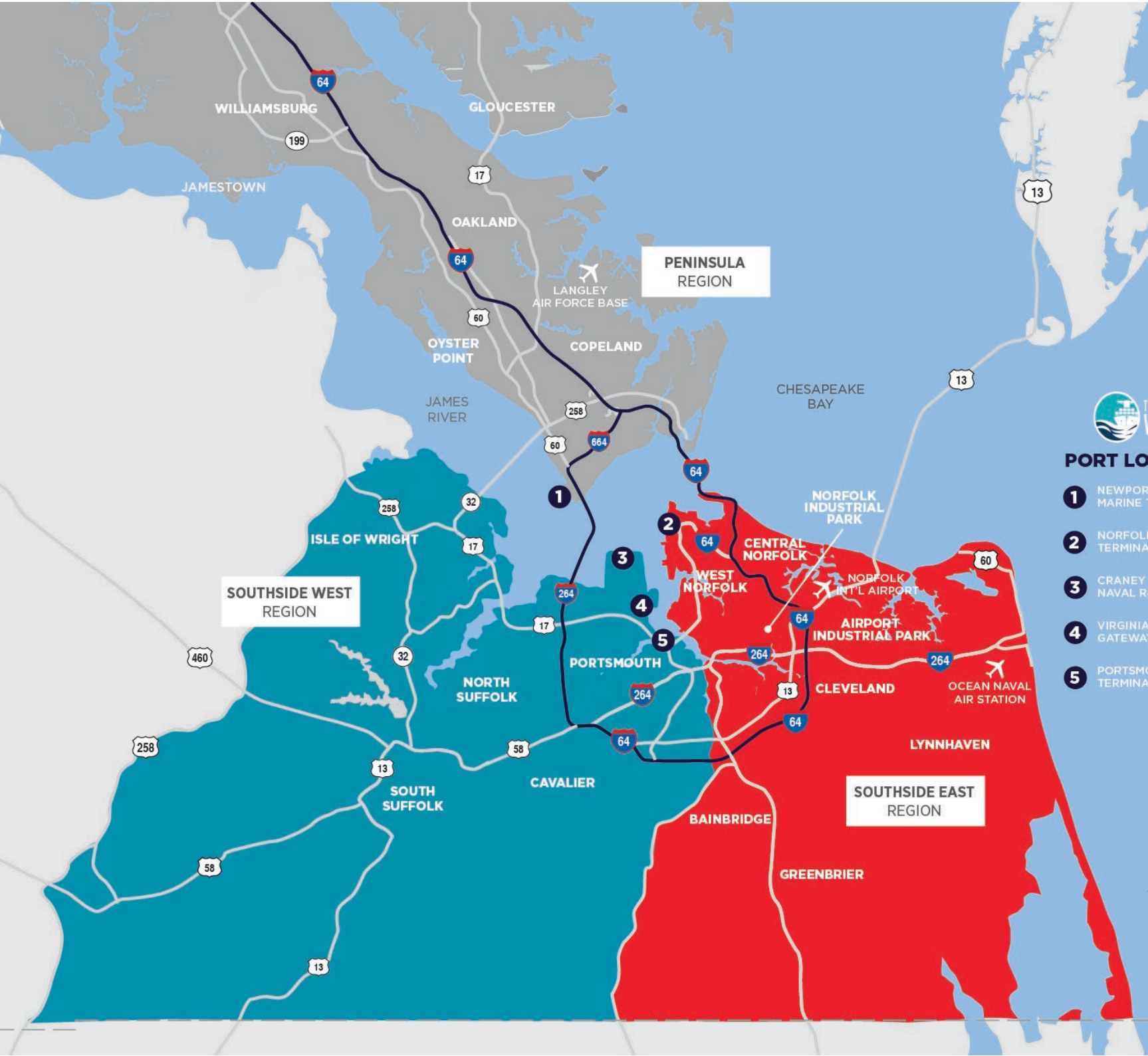
KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5401 Virginia Regional Drive	South Suffolk	Friant Furniture	138,069	New
324 Moore Avenue	South Suffolk	Acesur North America	123,600	New
5816 Ward Court	Airport Industrial	Global Concentrate Inc.	107,953	New

KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2821 Holland Road	South Suffolk	McDonald Ventures XXVII, LLC / Wesport Vano, LLC	548,000	\$59.4M / \$108
3030 Enterprise Drive	South Suffolk	Equus Capital Partners, Ltd. / 3030 Enterprise Dr., LLC	150,000	\$70.0M / \$467
1300 Ingleside Road	Norfolk Industrial Park	1300 Ingleside LLC / HREP Ingleside Road LLC	24,144	\$2.2M / \$90

OFFICE SUBMARKETS



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