

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.5% Vacancy Rate	▲	▲
72K YTD Net Absorption, SF	▼	▼
\$9.06 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
823K Hampton Roads MSA Employment	▲	▼
3.6% Hampton Roads MSA Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate Source: BLS	▲	▲

ECONOMY: DEFENSE CONTRACTOR FOCUS

Active requirements from defense contractors continue to dominate the region, with companies of all sizes circling the market and looking to establish operations. The majority of these groups are connected to Newport News Shipbuilding (NNS), a division of HII and a key partner in the construction of Columbia-class nuclear-powered submarines, handing the manufacturing and delivery of major module sections. In another move to bolster the U.S. commercial shipbuilding industry, Colonna’s Shipyard Inc. (CSI) acquired its fourth drydock with an investment of more than \$79 million, a move that will allow the company to expand its capabilities in critical ship repair and maintenance services to a broad range of maritime clients. With its waterfront assets and experienced labor pool, Hampton Roads is well-positioned to capitalize on an expanding shipbuilding industry.

SUPPLY AND DEMAND: INCREASED VELOCITY FORECAST

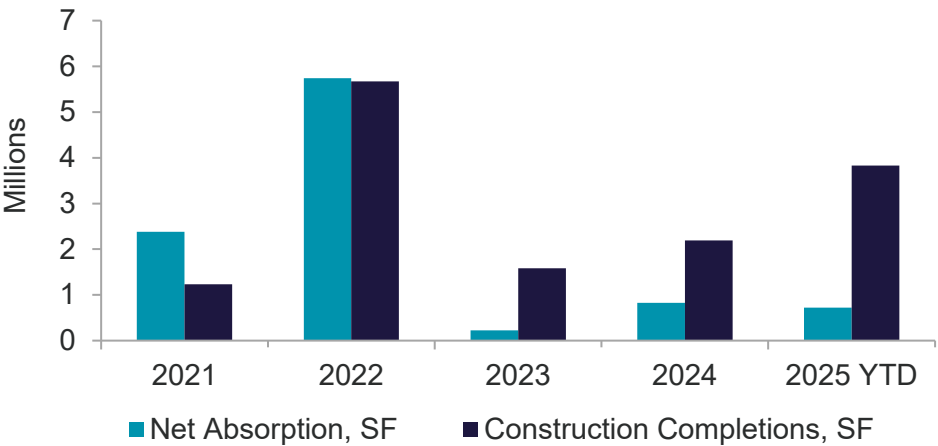
Overall vacancy closed the third quarter at 6.5%, an increase of 40 basis points (bps) quarter-over-quarter (QOQ) and a jump of 280 bps year-over-year (YOY) as speculative (spec) deliveries have edged absorption. Year-to-date (YTD) leasing activity has topped 2.7 million square feet (msf) with big-box tenant activity up heading into the holiday months. Several large deals were inked in the third quarter with most of the recent leasing activity the result of expansion by occupiers with an existing presence in the market, the majority with ties to the maritime industry.

Construction starts have continued to slow as developers are reevaluating spec building with the upward pressure on vacancy, and some have elected to pause development as a result. Deliveries were limited in the third quarter to the new 189,000-square-foot (sf) building in the Greenbrier Commerce Center. Nearly 2.5 msf of spec projects are currently underway throughout the market, including the 352,000 sf in the 460 Commerce Center in Isle of Wight, scheduled to deliver by the end of the year.

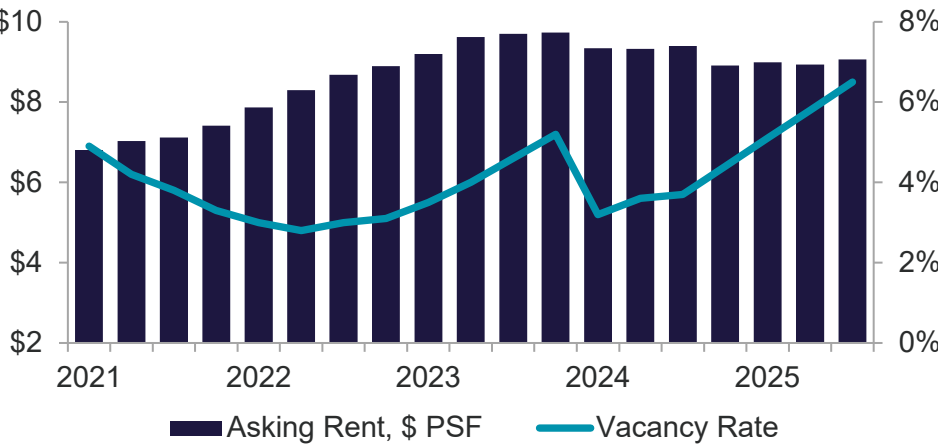
PRICING: STABILIZED GROWTH RATES

The increase in available product over the past several quarters has stalled rent growth rates, holding rates effectively flat since the start of the year. Manufacturing rates have seen the largest increase and are up 3.3% YTD. Quality sale offerings remain in high demand, and total volume has topped \$328.7 million since the start of the year despite the limited product. In the largest third quarter sale, a two-building campus located in Hampton and fully leased to HII traded to North Haven Net REIT for \$35.8 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)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Copeland	12,235,848	883,395	7.2%	131,985	123,008	506,532	594,230	\$8.55	\$10.00	\$9.74
Gloucester	280,750	0	0.0%	0	0	0		-	-	-
Oakland	4,813,955	76,500	1.6%	-1,250	43,716	0	43,500	-	-	-
Oyster Point	4,648,453	60,623	1.3%	3,454	-113,460	0		\$10.71	\$12.76	\$9.80
Williamsburg	8,995,385	466,920	5.2%	10,878	-21,049	47,000	0	-	-	\$7.81
PENINSULA TOTALS	30,974,391	1,487,438	3.5%	145,067	32,215	553,532	637,730			
Airport Industrial Park	3,763,744	331,969	8.8%	-95,769	23,417	0	0	-	-	\$9.21
Bainbridge	10,781,816	466,920	4.3%	-64,702	-120,844	37,760	225,190	\$13.00	\$12.50	\$12.17
Cavalier	7,244,887	732,206	10.1%	120,451	49,102	0	0	-	-	\$13.30
Central Norfolk	5,359,297	180,428	3.4%	16,636	49,608	0	0	-	\$11.72	\$8.80
Cleveland	2,584,614	120,676	4.7%	-47,673	-30,654	0	0	\$11.10	\$13.19	\$11.80
Greenbrier	2,691,861	430,329	16.0%	-40,453	-231,437	0	0	\$9.00	\$14.23	\$7.47
Isle of Wight	4,368,632	126,078	3.0%	0	-87,078	352,000	0	-	-	-
Lynnhaven	10,061,775	125,970	1.3%	-26,498	677,779	430,000	675,000	\$11.70	-	\$12.17
Norfolk Industrial Park	7,538,522	322,788	4.3%	56,610	-231,504	0	0	\$9.95	-	\$9.92
North Suffolk	2,627,153	10,500	0.4%	-2,500	-10,500	0	0	-	-	-
Portsmouth	4,941,864	290,045	5.9%	46,608	-93,944	0	73,500	\$11.00	\$10.95	\$9.04
South Suffolk	23,143,745	2,990,571	12.9%	-411,559	41,110	2,154,150	1,771,756	\$8.50	-	\$7.75
West Norfolk	2,352,957	92,126	3.9%	0	4,335	0	0	-	\$13.50	\$10.35
SOUTHSIDE TOTALS	87,460,867	6,220,018	5.4%	-448,849	39,390	2,973,910	2,671,946			
HAMPTON ROADS TOTALS	118,435,258	7,707,456	6.5%	-303,782	71,605	3,527,442	3,383,176*	\$9.98	\$12.43	\$8.81

KEY LEASE TRANSACTIONS Q3 2025

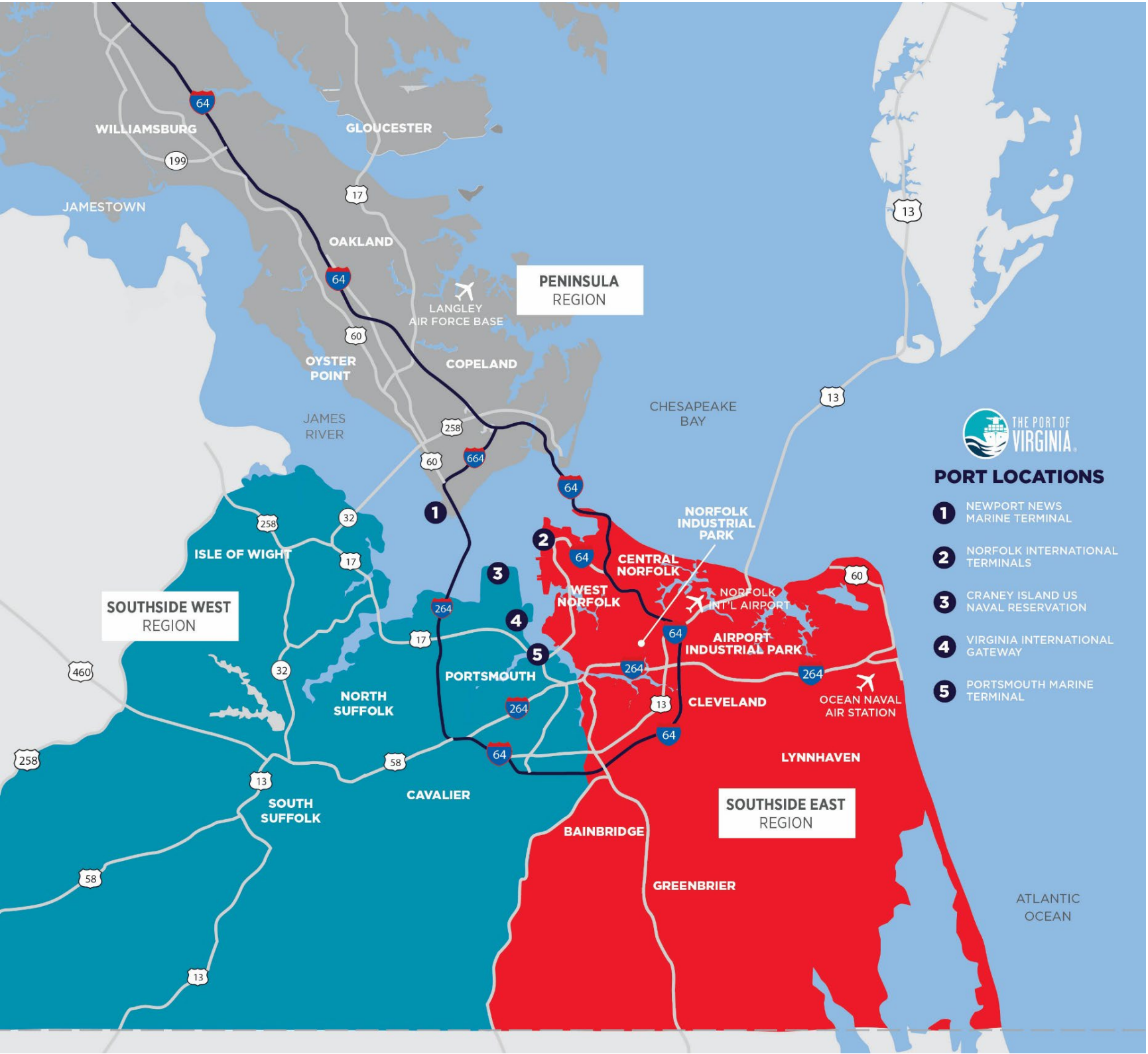
*Stats do not match published national numbers.

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3700 Village Avenue	Norfolk Industrial Park	Caligari Gerloff Painting, Inc.	152,516	New
725 City Center Boulevard	Oyster Point	Huntington Ingalls Industries	113,286	New
1400 Cavalier Boulevard	Cavalier	Barton International	102,099	Renewal
902 Cooke Avenue	Central Norfolk	HRCP	68,567	New

KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
350 & 360 Salters Creek Road	Copeland	W. M. Jordan Company / North Haven Net REIT	231,000	\$35.8M / \$155
Precon Drive Portfolio	Bainbridge	Precon Marine, Inc. / Green Courte Partners, LLC	165,000	\$29.5M / \$179
725 City Center Boulevard	Oyster Point	Muller Martini Manufacturing Corp / Box Equities	113,286	\$10.5M / \$93

INDUSTRIAL SUBMARKETS



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