

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.1% Vacancy Rate	▲	▲
1.02M YTD Net Absorption, SF	▲	▼
\$9.06 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
823K Hampton Roads MSA Employment	▲	▼
3.6% Hampton Roads MSA Unemployment Rate	▲	▲
4.6% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: LANDMARK INVESTMENT

Active requirements from defense contractors continue to dominate the region, with a focus on the autonomous, drone-related industry tied to U.S. Navy operations as well as to shipbuilding and repair. Despite the pause in the off-shore wind project, LS Greenlink is moving forward with construction of their cable manufacturing facility in Chesapeake to serve global demand. The company has doubled down on their regional investment with an additional \$689 million facility also in Chesapeake – the single largest capital investment in the history of the region – that will create a domestic supply chain for copper wire and rare earth minerals. After several consecutive years of sustained growth, the Port of Virginia saw an 8.2% drop in traffic compared to the same period last year, due in large part to the sizeable grain export market of corn and soy to China that has been impacted by tariffs.

SUPPLY AND DEMAND: INCREASED VELOCITY FORECAST

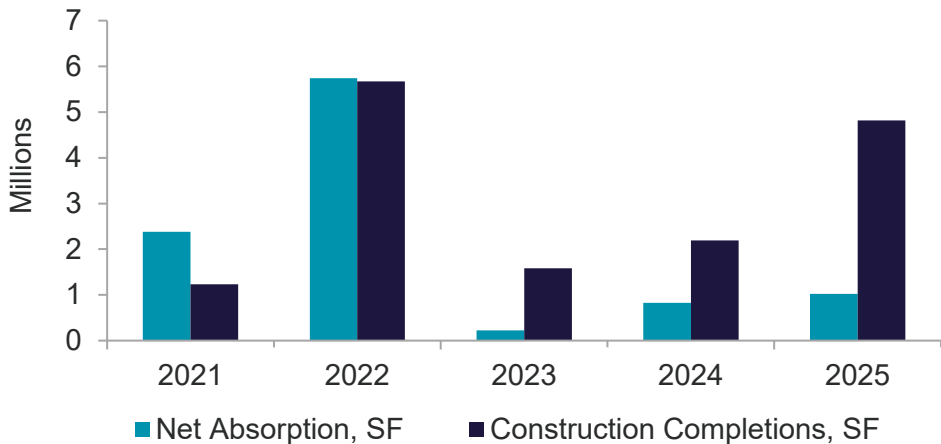
Overall vacancy closed the year at 7.1%, an increase of 50 basis points (bps) quarter-over-quarter and a jump of 270 bps year-over-year as speculative (spec) deliveries have edged absorption. Year-to-date leasing activity neared 3.7 million square feet (msf) with big-box tenant activity increasing in the fourth quarter. Several requirements in the range of 200,000 to 300,000 square feet (sf) are active with a noticeable uptick in inquiries and tours. Larger bulk requirements also came online toward the end of the year with several 1+ msf prospects in the market, a significant shift compared to the slow start to the year. Looking ahead to 2026, leasing activity and overall absorption are both forecast to increase.

PRICING: RENT GROWTH MODERATES

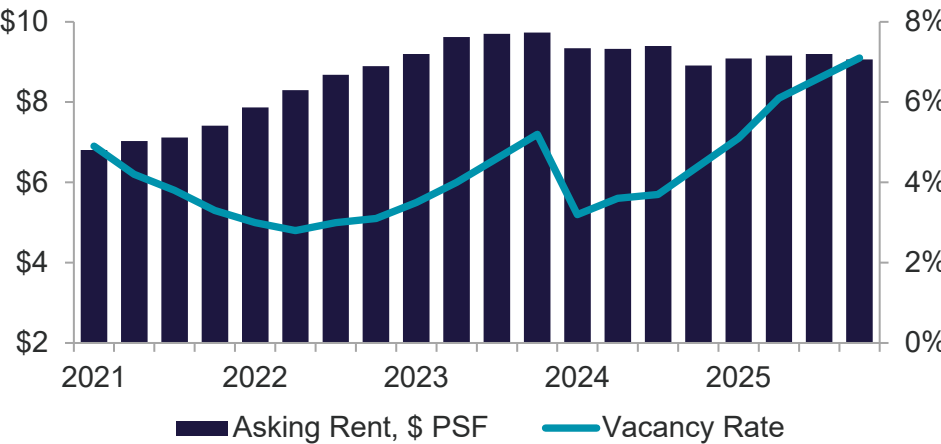
Deliveries topped 4.8 msf in 2025 and included more than 3.2 msf of spec space with preleasing in place in less than 8.0% of that product. Construction starts are still on pause until absorption numbers catch deliveries, a likely scenario over the next four quarters.

Overall quoted rates have remained effectively flat since the start of the year with the surplus of product available. Rents remain stable, and growth rates are likely to rebound in 2026 with the increased velocity forecast. Positive sales activity closed the year with multiple large transfers, including 42 acres at Port 460 in Suffolk to a new-to-market LTL freight company with plans to self-develop a 460,000-sf integrated logistics facility. Lovett Industrial also sold 26 acres at Lovett 64 Commerce Center in James City County as the site for a 151,000-sf manufacturing facility for an international defense contractor.

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	12,637,991	1,398,837	11.1%	12,090	114,098	0	1,100,762	\$8.55	\$10.00	\$9.14
Gloucester	281,080	0	0.0%	0	0	0	0	-	-	-
Oakland	4,814,631	6,250	0.1%	70,250	113,966	15,650	43,500	-	-	-
Oyster Point	4,648,453	9,156	0.2%	39,511	-76,059	0	0	\$10.71	\$8.95	\$9.20
Williamsburg	9,062,385	452,420	5.0%	196,040	184,991	0	47,000	-	-	\$8.05
PENINSULA TOTALS	31,444,540	1,866,663	3.3%	317,891	336,996	15,650	1,191,262			
Airport Industrial Park	3,756,914	401,031	10.7%	-111,471	-92,054	0	0	\$9.45	-	\$9.53
Bainbridge	10,795,709	268,466	2.5%	187,838	73,302	18,760	244,190	\$13.00	\$12.50	\$12.21
Cavalier	7,238,467	702,925	9.7%	2,107	49,105	0	0	-	-	\$14.18
Central Norfolk	5,389,297	158,186	2.9%	9,332	48,150	0	0	-	-	\$8.80
Cleveland	2,598,778	138,817	5.3%	-12,223	-54,527	0	0	\$11.10	\$13.21	\$11.91
Greenbrier	2,691,861	390,653	14.5%	-119,320	-234,831	0	0	\$9.00	\$14.23	\$8.68
Isle of Wight	4,489,064	478,078	10.6%	0	-126,078	0	352,000	-	-	-
Lynnhaven	10,052,140	93,415	0.9%	37,255	716,684	472,500	675,000	\$11.70	-	\$12.33
Norfolk Industrial Park	7,499,634	330,395	4.4%	13,009	-218,495	0	0	\$9.95	-	\$9.95
North Suffolk	2,627,153	10,500	0.4%	0	-10,500	0	0	-	-	-
Portsmouth	4,924,018	330,245	6.7%	-40,200	-134,144	0	73,500	\$11.00	\$10.95	\$9.04
South Suffolk	23,651,733	3,223,214	13.6%	425,755	634,865	1,688,990	2,279,416	\$8.50	-	\$7.64
West Norfolk	2,333,160	66,897	2.9%	25,229	29,564	0	0	-	-	\$9.60
SOUTHSIDE TOTALS	88,047,928	6,592,822	6.5%	417,311	681,041	2,180,250	3,624,106			
HAMPTON ROADS TOTALS	119,492,468	8,459,485	7.1%	735,202	1,018,037	2,195,900	4,815,368	\$9.99	\$11.51	\$8.85

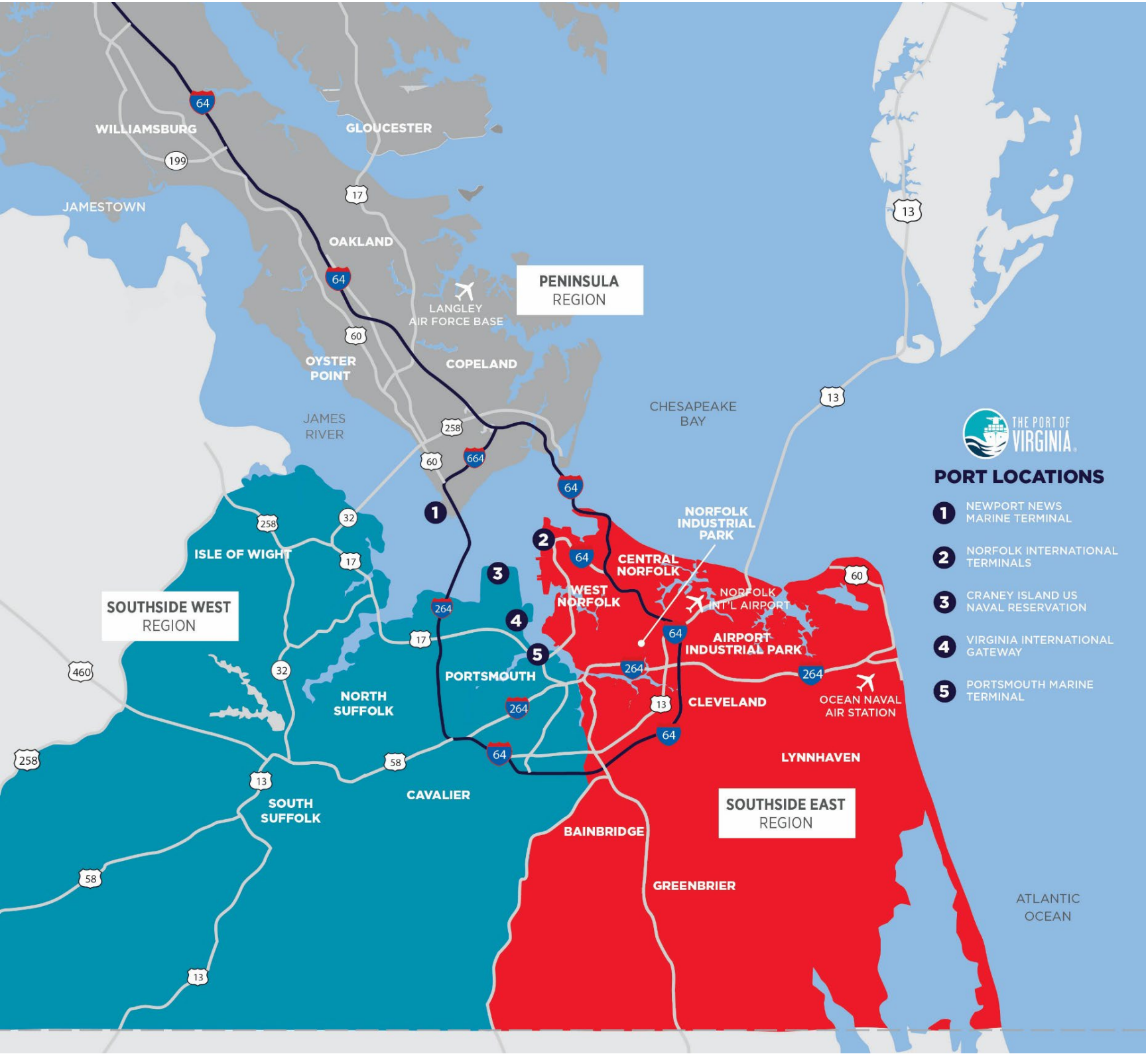
KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3666 Progress Road	Norfolk Industrial Park	Tidewater Fleet Supply	82,964	Renewal
907 Live Oak Drive	Greenbrier	Operation Blessing	65,000	Renewal
5732 Bayside Road	Airport Industrial Park	Fracht	36,000	Expansion

KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
524 Viking Drive	Lynnhaven	Hermes Abrasives Ltd. / Selko Real Estate Ventures LLC	146,256	\$13M / \$89
809 Principal Court	Greenbrier	Nitto Denko / Schenley Investments LLC	64,720	\$6M / \$93
501 Truswood Lane	Oakland	Truswood Inc / Frogale Lumber Supply	72,500	\$10.8M / \$149

INDUSTRIAL SUBMARKETS



GEOFF POSTON, SIOR
Senior Vice President
Tel: +1 757 650 8437
geoff.poston@thalhimer.com

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