



MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.8% Vacancy Rate	▲	▲
-565K YTD Net Absorption, SF	▲	▼
\$9.37 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
816.7K* Hampton Roads MSA Employment	▼	▲
3.7%* Hampton Roads MSA Unemployment Rate	▼	▼
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS
*Q4 2025

ECONOMY: UPTICK IN MARKET FUNDAMENTALS

Market fundamentals in the Hampton Roads region continued to improve in the first quarter with an influx of active requirements, ranging from 200,000+ square-foot (sf) prospects to multiple big box requirements in the range of 1 to 1.5 million square feet (msf). Defense contractors continue to be the most active industry in search of space, a trend likely to be buoyed by the administration's proposed budget for FY 2027 which includes a historic \$1.5 trillion in national defense funding, \$350 billion of which is earmarked as mandatory for key priorities like shipbuilding. Users remain focused on East Coast import distribution and logistics optimization and are drawn to the region's strategic location centered around the Port of Virginia. While requirements for rail-served facilities have been almost non-existent for the last decade, there has been an uptick in prospect activity for these types of locations specifically, all port-driven, and ranging in size from 50,000 to 400,000 sf.

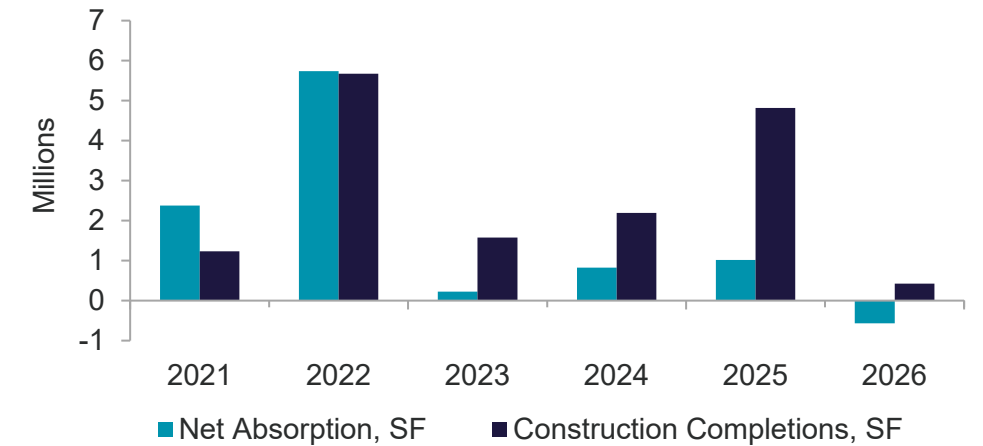
SUPPLY AND DEMAND: INCREASED VELOCITY FORECAST

Overall vacancy closed the quarter at 7.8%, an increase of 70 basis points (bps) quarter-over-quarter as the market is still looking for the first sizable deal of the year to land. Leasing activity topped 3.8 msf over the last four quarters, including renewals, and net absorption neared 650,000 sf in that same timeframe as deliveries have edged deal velocity. Developers remain cautious despite the improvement in market fundamentals. A significant portion of existing supply is expected to be absorbed by the end of 2026, though the pause in speculative (spec) development is unlikely to restart until late 2027, pending increased leasing activity and stronger rent growth. More than 860,000 sf of new build projects are currently under construction, and while construction totals in the table on the following page include a long-dormant 1.4 msf pad-ready site in South Suffolk, active spec projects are limited to less than 35,000 sf. First quarter deliveries totaled 42,500 sf while more than 3.9 msf of space has come online over the last four quarters.

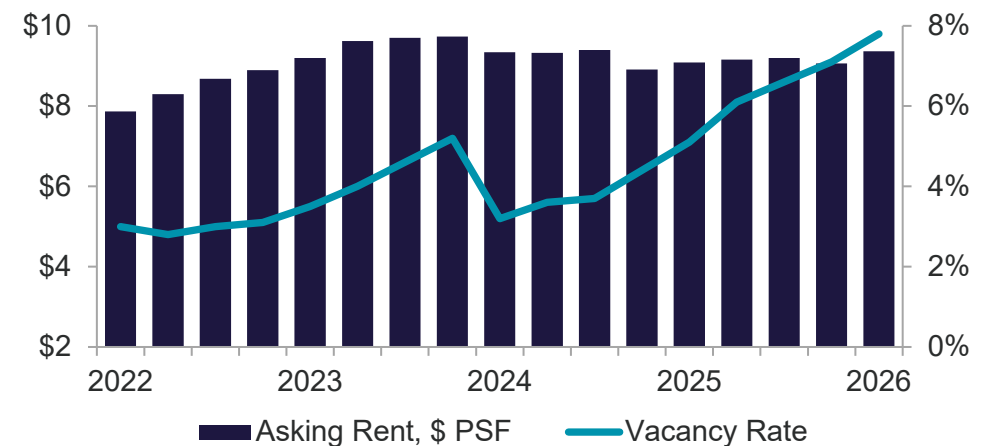
PRICING: RENT GROWTH MODERATES

Overall quoted rates have remained effectively flat through the first quarter with the surplus of available product. Rather than reducing asking rents, landlords are increasingly focused on concessions in the form of free rent and higher tenant improvement allowances to facilities transactions while maintaining face rates. Investor interest in the region's industrial assets remained robust with several notable investments sales closed since the start of the year and additional offerings coming online, a reflection of the continued confidence in the market's long-term outlook despite the slowing development pipeline.

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	1,434,613	11.4%	-35,776	-35,776	0	0	\$8.58	\$10.00	\$9.20
Gloucester	281,080	0	0.0%	0	0	0	0	-	-	-
Oakland	4,814,631	26,600	0.6%	-22,850	-22,850	15,650	0	-	-	\$12.00
Oyster Point	4,694,205	30,227	0.6%	15,778	15,778	35,000	0	\$10.71	\$8.95	\$9.41
Williamsburg	9,741,134	366,592	3.8%	97,828	97,828	0	0	-	-	\$8.21
PENINSULA TOTALS	32,169,041	1,858,032	7.2%	54,980	54,980	50,650	0			
Airport Industrial Park	3,756,914	287,730	7.7%	119,825	119,825	0	0	\$9.45	-	\$9.49
Bainbridge	10,714,752	389,174	3.6%	-137,754	-137,754	18,760	0	\$11.84	\$12.50	\$10.87
Cavalier	7,245,318	713,575	9.8%	22,735	22,735	750,000	0	-	-	\$12.69
Central Norfolk	5,406,769	280,007	5.2%	-126,351	-126,351	0	0	-	\$12.01	\$8.81
Cleveland	2,574,884	132,820	5.2%	9,648	9,648	0	0	\$11.10	\$13.47	\$12.42
Greenbrier	2,720,851	298,443	11.0%	118,746	118,746	0	0	\$9.00	\$14.23	\$8.51
Isle of Wight	4,489,064	826,185	18.4%	-348,107	-348,107	0	0	-	-	-
Lynnhaven	10,484,200	129,387	1.2%	12,293	12,293	0	42,500	\$11.29	-	\$11.84
Norfolk Industrial Park	7,518,784	397,514	5.3%	149,397	149,397	0	0	-	-	\$10.15
North Suffolk	2,627,153	30,500	1.2%	-20,000	-20,000	0	0	-	-	\$10.40
Portsmouth	4,926,727	414,278	8.4%	-91,193	-91,193	0	0	\$11.00	\$10.93	\$9.16
South Suffolk	23,603,695	3,571,204	15.1%	-308,500	-308,500	1,688,990	0	\$8.50	-	\$8.02
West Norfolk	2,307,960	87,560	3.8%	-20,663	-20,663	0	0	-	-	\$9.60
SOUTHSIDE TOTALS	88,377,071	7,558,377	9.9%	-619,924	-619,924	2,457,750	42,500			
HAMPTON ROADS TOTALS	120,546,112	9,416,409	7.8%	-564,944	-564,944	2,508,400	42,500	\$10.45	\$13.71	\$9.06

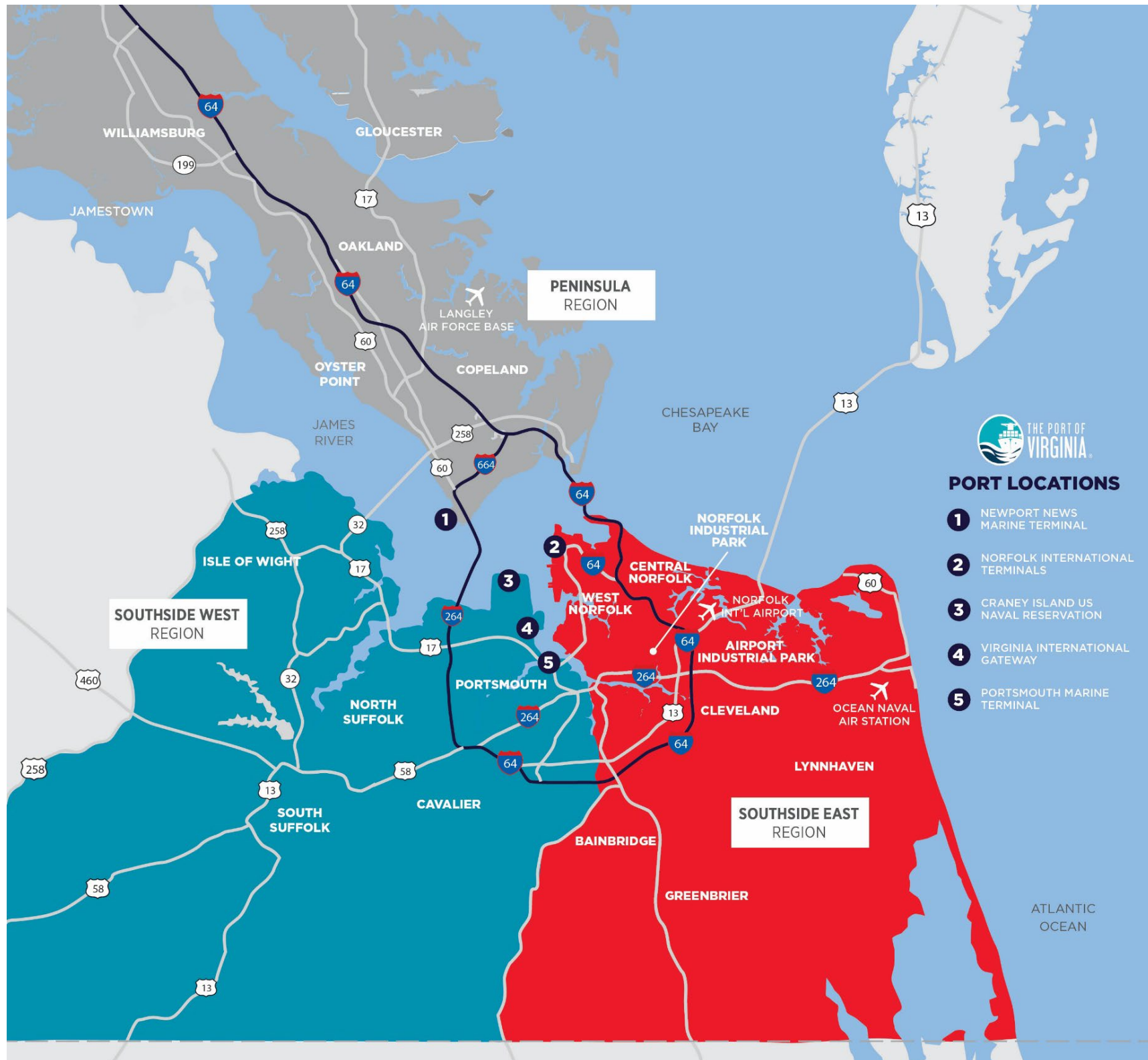
KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3800 Cook Boulevard	Cavalier	Seacoast	125,906	Renewal
3321 E. Princess Anne Road	Norfolk Industrial Park	East Coast Appliance	39,588	New
6950 Harbour View Boulevard	North Suffolk	Akima	30,000	Renewal

KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
25400 Old Mill Road	Isle of Wight	Keurig Dr Pepper / Schenley Investments, LLC	348,107	\$20.2M / \$58
2150 Enterprise Drive	South Suffolk	Equus Capital Partners, Ltd./ Elm Tree Funds, LLC	278,670	\$68.6M / \$246
900 Jefferson Avenue	Copeland	Asheville Mica / BRP Investments II, LLC	86,630	\$1.11M / \$23

INDUSTRIAL SUBMARKETS



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