MARKETBEAT

HAMPTON ROADS

INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD

THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.0% Vacancy Rate	▲	▲
-127K YTD Net Absorption, SF	▲	▼
$9.39 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
828.1K Hampton Roads MSA Employment	▲	▲
3.4% Hampton Roads MSA Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: STRENGTHENING FUNDAMENTALS

The Hampton Roads market continues to benefit from strong fundamentals, supported by expanding infrastructure, resilient demand drivers, and a steadily diversified occupier base. The Port of Virginia recently completed its $450 million dredging project, establishing it as the deepest harbor on the East Coast and enabling two-way traffic for ultra-large container vessels, a strategic advantage that will only enhance the region's role in global trade. Defense contractors focused on autonomous technologies and tactical distribution remain the most active prospects in the market, driving leasing activity across a range of facility sizes and contributing to the sustained health of the shallow bay segment. Additional demand for rail-served facilities has begun to emerge as users look to take full advantage of the region's comprehensive logistics network.

SUPPLY AND DEMAND: UPTICK IN LEASING ACTIVITY

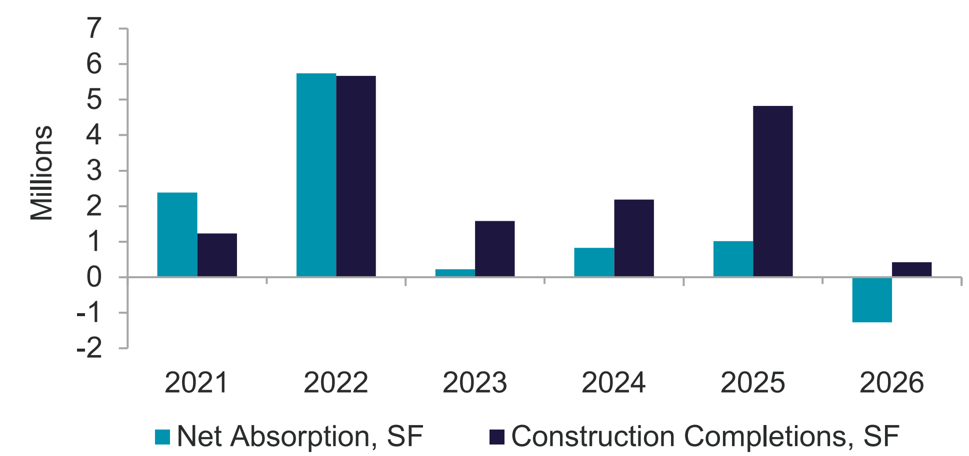
Overall vacancy closed the quarter at 8.0%, up 120 basis points (bps) quarter-over-quarter with the addition of several sizable facilities, including buildings delivered within the last 24 months returned to the available inventory. Beyond the increase in vacancy, leasing activity has rebounded with new deals inked for large blocks of space after stalling for the last six quarters. Two new-to-market leases were signed in the second quarter - the year's first new leases of more than 100,000 square feet (sf) – one to a rail-served distributor in Bainbridge and another to a pharmaceutical company at the newly built Port 460. Both deals had state incentives involved and will be economic generators for the region, creating significant numbers of new jobs. Total leasing activity has topped 3.1 million square feet (msf) over the last four quarters, including renewals, healthy velocity despite the increased availability of second-generation space.

With most planned construction starts remaining on hold, new speculative (spec) development activity remains limited. The next phase at Port 460 in Suffolk is set to move forward with a 1 msf spec building, and wall panels are scheduled to be tilted in the third quarter. Although construction totals on the following page include a 1.4 msf pad-ready site in South Suffolk, active spec construction is currently less than 1.1 msf.

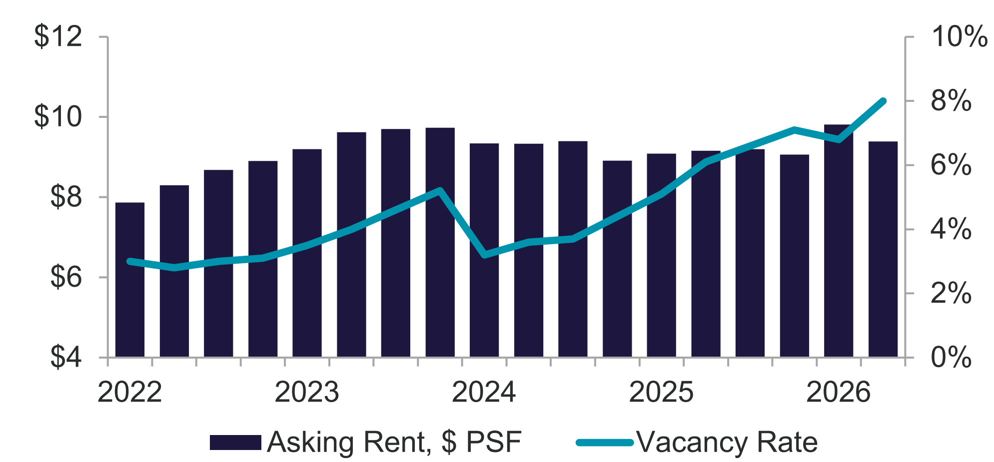
PRICING: SALES VOLUME ACCELERATES

Overall quoted rates have remained effectively flat year-over-year as the market recalibrates in response to the surplus of available product. Sales volume accelerated through the second quarter, topping $478.8 million since the start of the year and already exceeding the transaction volume hit in 2025, further evidence of investor confidence in the market's strengthening fundamentals.

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	12,655,571	1,477,651	11.7%	-60,838	-80,614	0	0	$7.49	$11.37	$9.39
Gloucester	281,080	0	0.0%	0	0	0	0	-	-	-
Oakland	4,811,609	24,100	0.5%	2,500	-19,100	15,650	0	-	-	$12.00
Oyster Point	4,694,095	410,526	8.7%	-593	128,425	35,000	0	$10.71	$8.95	$9.18
Williamsburg	9,741,134	406,886	4.2%	-40,294	57,534	17,000	0	$9.25	-	$8.19
PENINSULA TOTALS	32,183,489	2,319,163	5.8%	54,980	54,980	67,650	0			
Airport Industrial Park	3,756,914	309,190	8.2%	21,475	112,715	0	0	$9.45	-	$9.76
Bainbridge	10,633,040	350,087	3.3%	7,463	-130,291	18,760	0	$11.70	$12.50	$12.09
Cavalier	7,199,146	695,325	9.6%	12,269	27,604	750,000	0	$11.00	-	$11.93
Central Norfolk	5,415,010	300,703	5.6%	-9,769	-133,923	0	0	-	$12.01	$9.33
Cleveland	2,470,246	261,451	10.6%	-127,813	-118,165	0	0	$11.24	$14.14	$12.30
Greenbrier	2,720,851	257,335	9.5%	43,148	156,854	0	0	$8.00	$12.49	$8.54
Isle of Wight	4,507,405	826,185	18.3%	-348,107	-348,107	0	0	-	-	-
Lynnhaven	10,470,366	231,239	2.2%	-74,375	-80,780	192,320	42,500	$11.02	-	$12.08
Norfolk Industrial Park	7,539,524	543,645	7.2%	-71,713	-30,590	0	0	-	-	$10.12
North Suffolk	2,626,193	30,500	1.2%	0	-20,000	0	0	-	-	$10.40
Portsmouth	4,926,727	464,346	9.4%	-104,832	-192,101	61,200	0	$11.00	$10.93	$10.30
South Suffolk	23,945,038	3,017,514	12.6%	-453,460	534,180	2,448,711	0	$8.50	-	$8.17
West Norfolk	2,284,172	57,180	2.5%	30,470	9,717	0	288,900	-	-	$9.60
SOUTHSIDE TOTALS	88,494,632	7,344,700	8.6%	-619,924	-619,924	3,470,991	331,490			
HAMPTON ROADS TOTALS	**120,678,121**	**9,663,863**	**8.0%**	**-1,174,469**	**-126,642**	**3,538,641**	**331,490**	**$10.13**	**$13.16**	**$9.18**

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

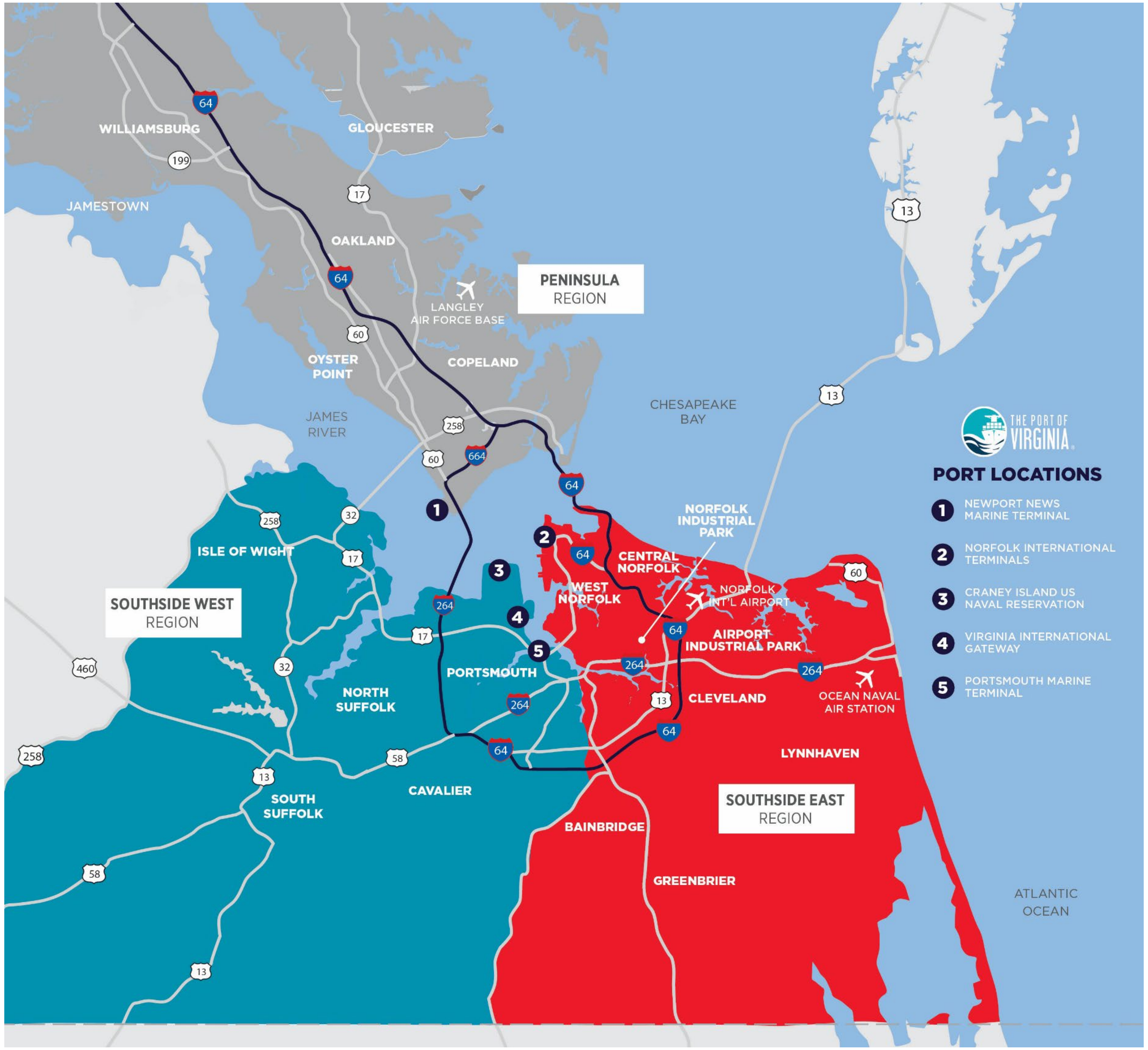
KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Port 460 (1034 Port St)	South Suffolk	Undisclosed Pharmaceutical Tenant	219,249	New
4101 Washington Avenue	Copeland	Huntington Ingalls Industries	153,890	Renewal
Diamond Hill III (1960 Diamond Hill Rd)	Bainbridge	Undisclosed Rail Tenant	100,002	New
4025 Seaboard Court	Portsmouth	Jered, LLC	58,000	New

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
2200 Enterprise Drive	South Suffolk	Equus Capital Partners, Ltd. / Elm Tree Funds, LLC	1,519,000	$139.5M / $92
Equus Shallow Bay Portfolio	Greenbrier	Equus Capital Partners, Ltd. / NorthPoint Development	655,852	$106M / $162
11850 Jefferson Ave	Oyster Point	W.M. Jordan Company / Gladstone Commercial Corporation	153,980	$22.8M / $148

INDUSTRIAL SUBMARKETS



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