MARKETBEAT

HAMPTON ROADS

INDUSTRIAL Q3 2026

CUSHMAN & WAKEFIELD THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.6% Vacancy Rate	▲	▲
-17K YTD Net Absorption, SF	▲	▼
$9.43 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
826.7K Hampton Roads MSA Employment	▼	▲
3.8% Hampton Roads MSA Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: MAJOR DEFENSE INDUSTRY AWARDS

Significant defense-related contract awards and manufacturing investments continued to strengthen Hampton Roads' economic foundation during the third quarter. The U.S. Navy awarded Huntington Ingalls Industries (HII) and Newport News Shipbuilding a $76.6 billion contract supporting Columbia-class and Virginia-class submarine construction and shipyard infrastructure improvements, alongside a $5.1 billion contract for the refueling and overhaul of the nuclear-powered aircraft carrier USS *Harry S. Truman*. These awards, coupled with the Navy's acceptance of the USS *John F. Kennedy* (CVN 79), provide sustained employment and economic activity that supports demand across the industrial sector. Workforce development remains a priority, with a $1.2 million state grant funding maritime career training programs for workers in shipbuilding, advanced manufacturing, logistics, warehousing, port operations, and energy security. Building on LS GreenLink's nearly $700 million advanced manufacturing facility in Chesapeake, the largest private investment in Virginia's history, LG Electronics announced a $64 million investment in a new Isle of Wight County manufacturing campus dedicated to HVAC system production, creating 164 new jobs.

SUPPLY AND DEMAND: RENEWED MARKET MOMENTUM

Leasing activity accelerated through the third quarter and has topped 2.3 million square feet (msf) for the year with noticeable momentum in active requirements, tours, and lease signings over the last 90 days. Demand has been driven by a combination of new market entrants including Ciuti Olive Oil Distribution and Terminal Corporation, tenants evaluating relocation options as leases approach fair market renewals, and expansion activity among defense contractors. Prospect activity is strong with multiple key requirements circling the market including several defense technology firms continuing to expand, often doubling or tripling their footprints as they transition from research and development operations to growth-stage businesses.

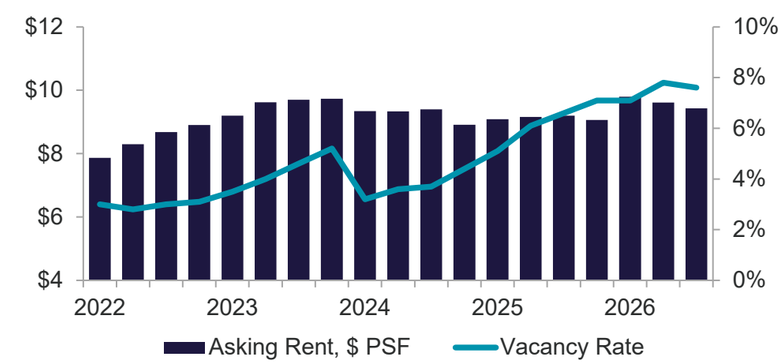
With most planned construction starts still on hold, new speculative (spec) development activity remains limited. Rockefeller and Matan have gone vertical with the next building at Port 460 in Suffolk with walls for the 1 msf facility tilted in the third quarter.

PRICING: INVESTMENT SALES HEADWINDS

Rising interest rates continue to influence investment sales activity, prompting lenders and investors to adopt more conservative underwriting assumptions and stricter deal structures. While rising interest rates have impacted the investment environment, investor appetite for quality industrial product remains robust, driving year-to-date sales volume beyond $600 million despite a constrained inventory of opportunities.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



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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	12,657,022	1,425,702	11.3%	53,749	-26,865	0	0	$6.95	$10.73	$9.39
Gloucester	281,080	0	0.0%	0	0	0	0	-	-	-
Oakland	4,854,609	114,100	2.4%	-67,750	-107,850	15,650	0	-	-	$10.31
Oyster Point	4,693,915	420,548	9.0%	-1,929	118,403	35,000	0	$10.71	$13.00	$8.84
Williamsburg	9,740,936	410,441	4.2%	12,325	53,781	17,000	0	$9.25	$10.75	$8.14
PENINSULA TOTALS	32,227,562	2,370,791	5.4%	-3,605	37,469	67,650	0			
Airport Industrial Park	3,759,631	335,629	8.9%	-31,193	81,522	0	0	$9.45	-	$9.36
Bainbridge	10,735,482	277,297	3.3%	-230,950	-342,481	0	18,760	$11.02	$13.90	$12.93
Cavalier	7,222,358	948,380	13.1%	-275,245	-213,510	750,000	0	$11.00	-	$12.42
Central Norfolk	5,417,710	230,718	4.3%	43,404	-86,923	0	0	-	$12.23	$9.42
Cleveland	2,470,200	251,711	10.2%	9,740	-100,314	0	0	$11.24	$14.10	$12.30
Greenbrier	2,724,327	259,452	9.5%	-35,178	122,476	0	0	$8.00	$12.49	$8.68
Isle of Wight	4,489,064	700,107	15.6%	126,078	-222,029	0	0	-	-	-
Lynnhaven	10,472,835	221,822	2.1%	55,009	-67,363	192,320	42,500	$9.73	-	$11.96
Norfolk Industrial Park	7,539,524	518,013	6.9%	41,972	11,382	0	0	-	-	$10.16
North Suffolk	2,627,595	30,500	1.2%	0	-20,000	0	0	-	-	$9.31
Portsmouth	4,905,106	424,011	8.6%	120,740	-147,876	61,200	0	$11.00	$10.93	$8.56
South Suffolk	23,921,349	2,597,735	10.9%	230,063	924,698	1,048,711	288,990	$8.50	-	$8.26
West Norfolk	2,269,172	60,706	2.7%	94	6,191	0	0	-	-	$10.13
SOUTHSIDE TOTALS	88,554,353	6,856,081	7.5%	54,534	-54,227	2,052,231	350,250			
HAMPTON ROADS TOTALS	**120,781,915**	**9,226,872**	**7.6%**	**50,929**	**-16,758**	**2,119,881**	**350,250**	**$9.03**	**$13.29**	**$9.28**

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

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12375 William A. Gwaltney	Isle of Wight	LG Electronics	352,000	New
2034 Atlantic Avenue	Bainbridge	The Terminal Group	169,245	New
30 Aberdeen Road	Copeland	Brucha	82,066	New
809 Principal Court	Greenbrier	Valkyrie	64,420	New
324 E Street	Copeland	CRE – Crane Research & Engineering	53,760	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
615 Bland Boulevard	Oyster Point	Bland Boulevard, LLC / Phoenix Investors, LLC	378,331	N/A
5820 Ward Ct (Ward Court Distribution Center)	Airport Industrial Park	Hickory Real Estate Partners / NorthBridge	85,295	$12.7M / $149
3812 Cook Boulevard	Cavalier	UFP Eastern Division Inc. / American Realty Advisors	57,606	$6.3M / $109
909-913 Professional Place	Greenbrier	B&D Holdings / Center Capital Partners	31,000	$9.1M / $294

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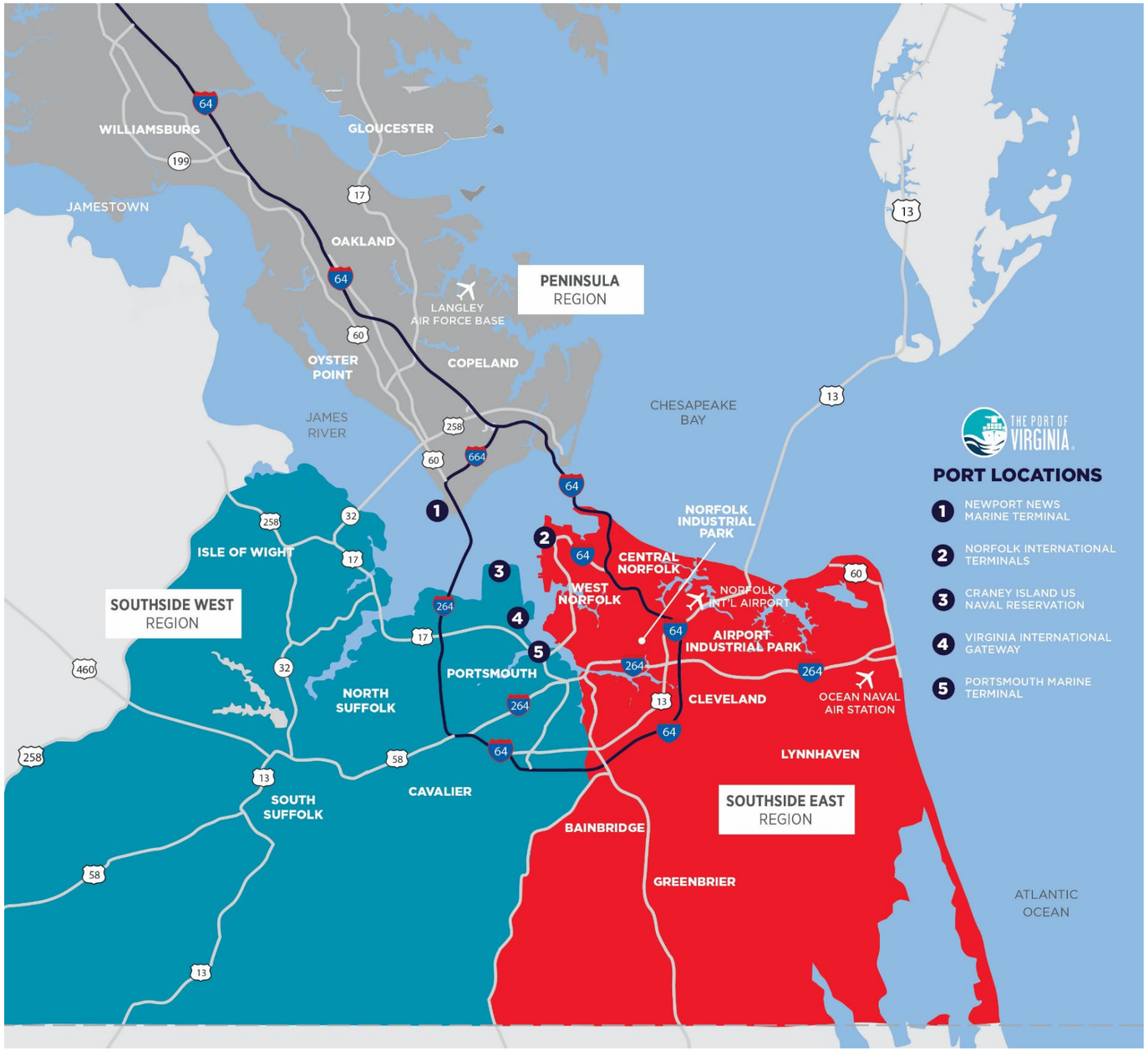
INDUSTRIAL SUBMARKETS



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