

Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
1.6% Vacancy Rate	▼	▼
-273K Net Absorption, SF	▼	▼
\$7.10 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS
Q2 2022

	YoY Chg	12-Mo. Forecast
779K Hampton Roads Employment	▲	▲
3.4% Hampton Roads Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

SUPPLY: Tight Market Continues + Functional Space Scarce

Vacancy is 1.6% and has stabilized over the past several quarters and cannot get much lower. Many deals are still being completed off market before ever hitting the market. Class A inventory now sits at 0% vacancy for nearly 30 million square feet (msf) of Class A industrial warehouse product. Several speculative warehouse projects are underway, with Flint Development's Coastal Logistics Center leading the way. CLC's 814,000 square foot (sf) slab is poured, steel on-site, and walls will begin pouring in the next several weeks. The development pipeline remains tight through the rest of the year with no anticipated deliveries. The pipeline will be more robust in 2023 and 2024, offering more speculative development opportunities.

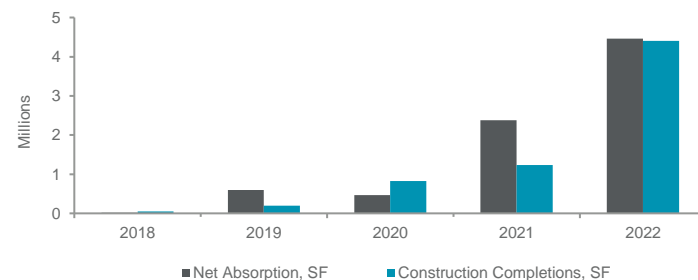
DEMAND: Steady As It Goes

User demand remains elevated despite the -273,000 sf overall net absorption. The region continues to see interest from 3PLs and port-related logistics and trucking companies. The speculative development options available in the market all have multiple RFPs (Requests For Proposals). Users with a presence in the market continue to seek overflow space to increase inventory as a risk mitigation strategy should supply chains become more volatile. Building materials companies and heavy equipment rental companies are very active in the market, seeking additional locations to accommodate the improving industrial construction activity. Industrial and residential correlate with each other

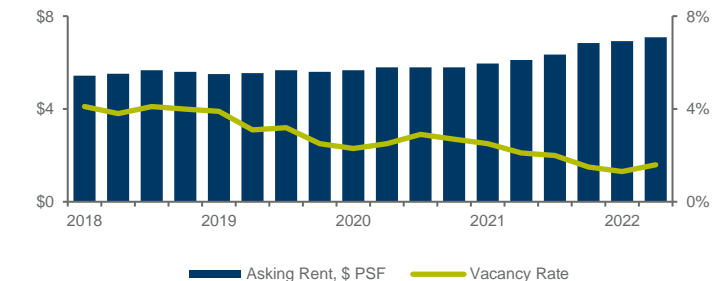
PRICING: Rate Growth

Despite rising interest rates, Hampton Roads leasing and sales pricing has continued to increase as a result of limited supply and user competition. Class A space below 100,000 sf is now leasing consistently in the \$8.00 to \$10.00 per square foot (psf), nnn range; a near 10% growth rate year-over-year. Investment pricing has slowed with many deals retrading or falling out of contract in the past 60 days. Capitalization rates have pulled back with the increased cost of debt from mid to high 4% to above 5%. Looking forward, lease and sales values for industrial product are expected to continue rising until the development pipeline catches up with demand.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT HAMPTON ROADS

Industrial Q2 2022

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	YTD LEASING ACTIVITY (SF)**	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Copeland	11,535,545	170,423	196,700	1.5%	-18,300	237,735	231,000	\$6.25	N/A	\$6.88
Gloucester	225,794	37,200	0	16.5%	0	0	0	N/A	N/A	N/A
Oakland	4,586,852	32,694	136,126	3.4%	25,440	27,940	43,500	N/A	N/A	\$5.88
Oyster Point	4,520,210	11,449	7,790	0.3%	45,069	34,583	0	\$6.95	\$12.75	\$7.85
Williamsburg	8,540,763	295,408	213,632	3.5%	-153,258	-144,447	20,000	N/A	N/A	\$7.22
Airport Industrial Park	3,682,410	25,050	145,518	1.5%	-47,400	-44,550	0	N/A	N/A	\$9.54
Bainbridge	10,467,242	233,220	29,233	2.4%	-3,714	124,096	56,868	\$12.00	\$12.00	N/A
Cavalier	6,886,299	33,000	160,206	1.0%	26,950	42,925	334,800	\$5.54	N/A	\$7.86
Central Norfolk	5,087,909	76,871	17,177	1.5%	-1,076	-35,390	94,000	N/A	N/A	\$5.22
Cleveland	2,819,274	61,108	32,715	2.2%	-4,649	17,318	0	\$12.50	\$12.99	\$8.81
Greenbrier	2,657,141	141,189	21,700	5.3%	14,000	158,562	0	N/A	\$11.75	\$6.75
Isle of Wight	4,122,879	0	0	0.0%	0	0	0	N/A	N/A	N/A
Lynnhaven	9,069,048	117,366	184,648	1.6%	-65,823	-60,806	131,000	\$8.05	N/A	\$9.80
Norfolk Industrial Park	7,701,960	53,158	73,803	1.2%	-32,129	8,988	0	N/A	N/A	\$7.17
North Suffolk	2,195,278	0	0	0.0%	0	0	338,000	N/A	N/A	N/A
Portsmouth	4,675,035	173,056	127,575	3.7%	83,568	-6,478	0	N/A	N/A	\$9.00
South Suffolk	16,591,524	214,543	46,548	1.5%	-159,500	4,099,502	2,963,975	N/A	N/A	\$4.08
West Norfolk	2,683,643	25,800	4,220	1.0%	17,500	0	0	\$5.65	N/A	\$6.56
HAMPTON ROADS TOTALS	108,048,806	1,701,355	1,397,591	1.6%	-273,322	4,459,978	4,213,143	\$6.77	\$12.46	\$6.71

*Rental rates reflect weighted net asking \$/psf/year

**Does not include lease renewals

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

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5401 Virginia Regional Drive	South Suffolk	Not Disclosed	67,500	New
22220 Paramont Avenue	Greenbrier	Bakefresh Manufacturing Company	46,400	Renewal
1400 Cavalier Boulevard	Cavalier	GEESE Logistics	33,385	Sublease
1400 Cavalier Boulevard	Cavalier	GSR Global Group	33,370	New

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
3700 Village Avenue	Norfolk Industrial	OSS Village Ave., LLC / 3700 Village Avenue, LLC	152,516	\$11M / \$72
1368 Progress Road	South Suffolk	JMS Foodservice, LLC / Progress Road Partners, LLC	152,000	\$3.86M / \$25
5301 Robin Hood Road	Central Norfolk	Ip Dsc Norfolk 2551, LLC / Heritage Capital Group	128,410	\$18M / \$140

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