



Q2 2023 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

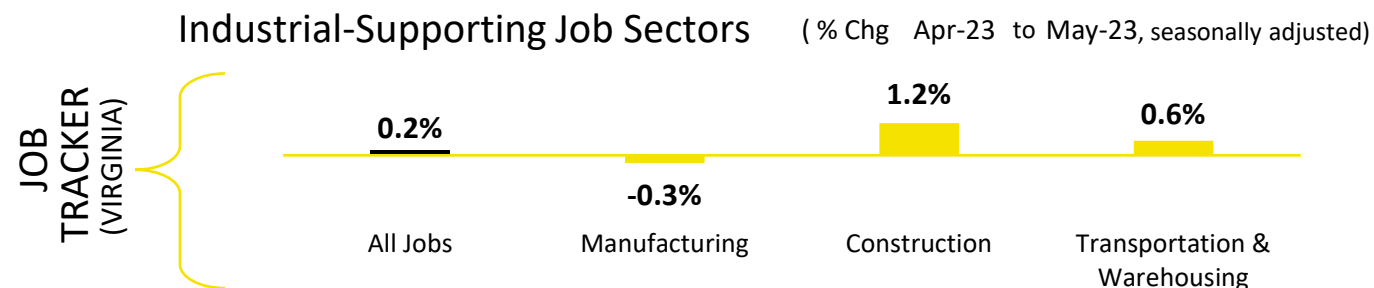
Overview: The industrial market continues to strengthen amid slowdowns in other CRE sectors. Robust demand and limited availability of industrial space continues to push up rents in most regions in Virginia. Vacancy rates remain very low, and this will likely continue as much of the construction pipeline is either build-to-suit or leased up quickly upon delivery. The number of industrial-supporting jobs expanded statewide between April and May, and most of that growth was attributed to construction-related employment.

Absorption: Absorption in the industrial sector continued to boom in Virginia with 2.3 million sq ft of net absorption in Q2 2023. Most of the absorption can be attributed to over 1.5 million square feet of distribution and warehouse space. Lynchburg boasted the largest amount of positive net absorption at 600,319 square feet with manufacturing making up the bulk of that growth.

Vacancy: A positive trend in absorption brought down the vacancy rate in Virginia to 3.0% in Q2 2023. Vacancy rates dropped to a new record low of 3.5% in the manufacturing sector while distribution and warehouse rates fell to 2.9%. The highest industrial vacancy rate in the second quarter was in the Lynchburg market at 6.9% while the Charlottesville market had the lowest vacancy rate at 0.7%.

Rent: In Virginia, industrial rents continue to rise as low vacancies and strong demand drive up prices. Full-service rent reached \$7.00 per square foot, up 18.2% from last year. Both warehouse and manufacturing rents rose year-over-year by 20% compared to the year prior. Across all metro areas in Virginia, Blacksburg saw rent growth increase the most during Q2 2023 (209.9%).

Construction/Deliveries: Deliveries increased in the second quarter to 2.8 million square feet with Richmond having the largest amount of delivered space in the state. There were 15.7 million square feet of industrial space under construction statewide this quarter, down 28% compared to the previous year.



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q2-2023	Indicator
% chg	3.5%	528.3	Total Inventory (sq. ft, in millions)
sq. ft millions	0.3	2.3	Net Absorption (sq. ft, in millions)
pct point	-0.2%	3.0%	Vacancy Rate (%)
\$ per sq. ft	\$1.08	\$7.00	Full Service Rent (\$ per sq. ft)
sq. ft millions	2.0	2.8	New Supply Delivered (sq. ft, in millions)
sq. ft millions	-6.2	15.7	Under Construction (sq. ft, in millions)



Economic Indicator Dashboard

	MoM % Chg	May-23	Indicator
% chg	0.2%	4.1	Total Jobs (in millions, seasonally adjusted)
% chg	0.4%	606.6	Industrial-Supporting Jobs (in thousands, seasonally adjusted)
pct point	-0.2%	2.9%	Unemployment Rate (% seasonally adjusted)
pct point	QoQ Chg -1.5%	Q1-2023 1.1	Gross Domestic Product (% chg from prior year)

Report Index

Virginia Industrial Market

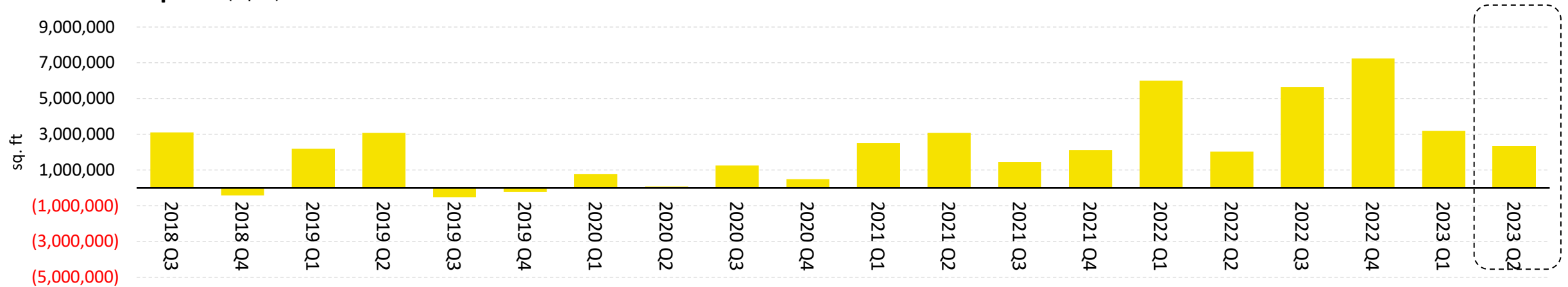
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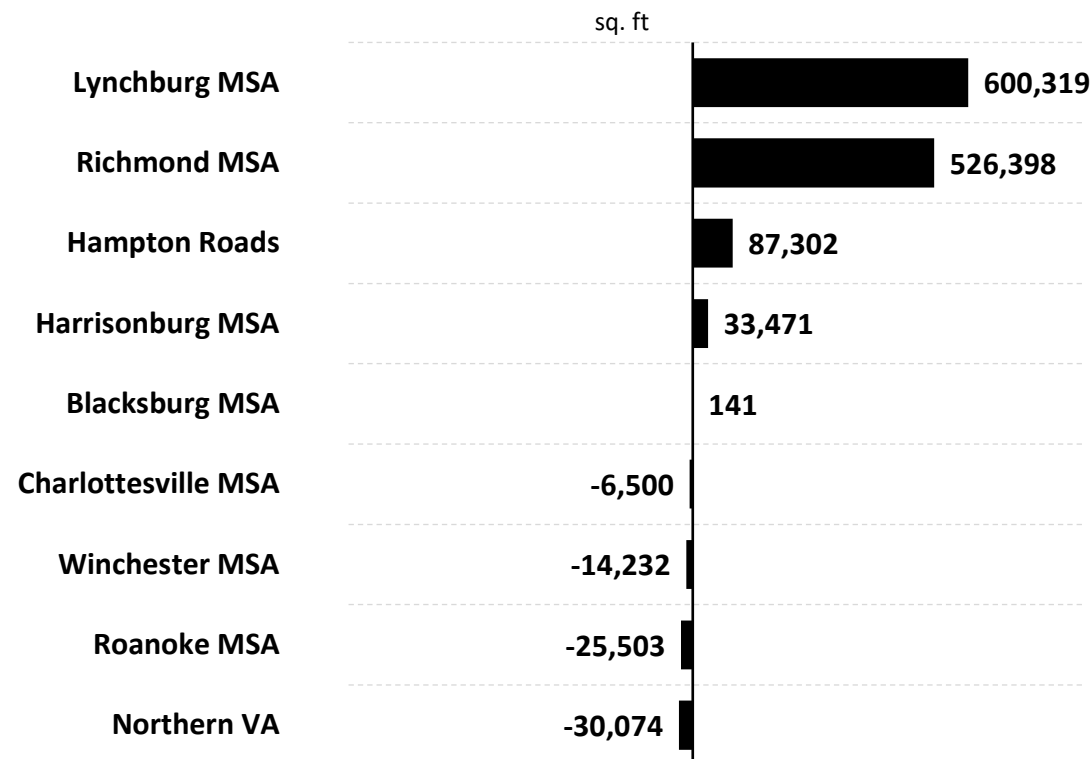
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

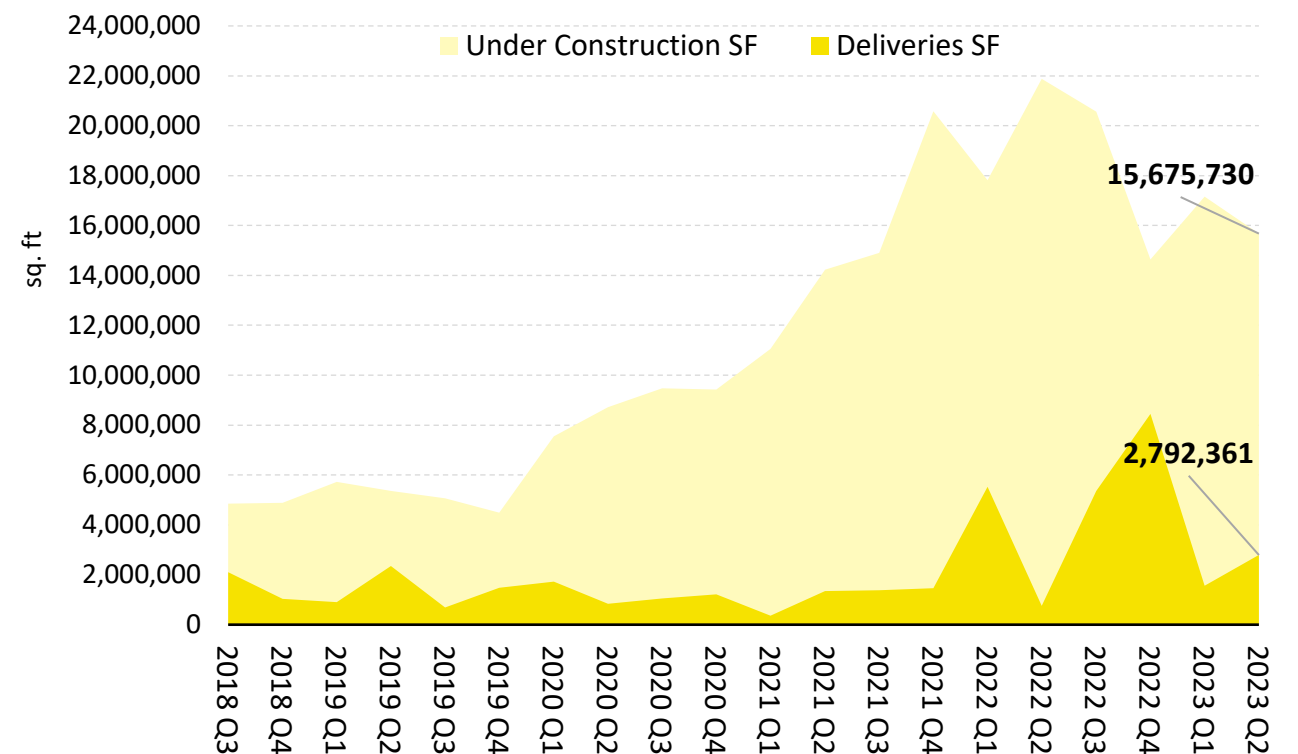
Net Absorption (sq. ft)



Q2-2023 Net Absorption by Metro Area (sq ft)

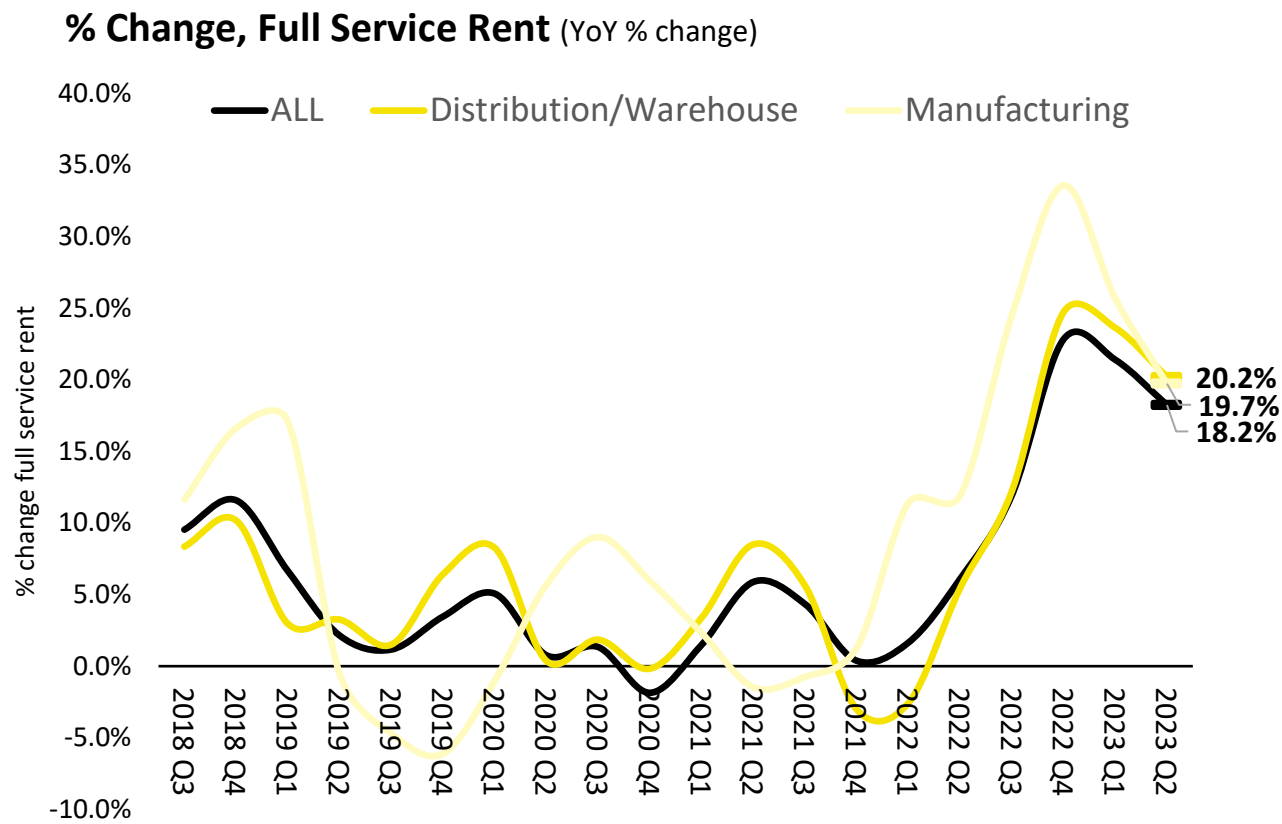
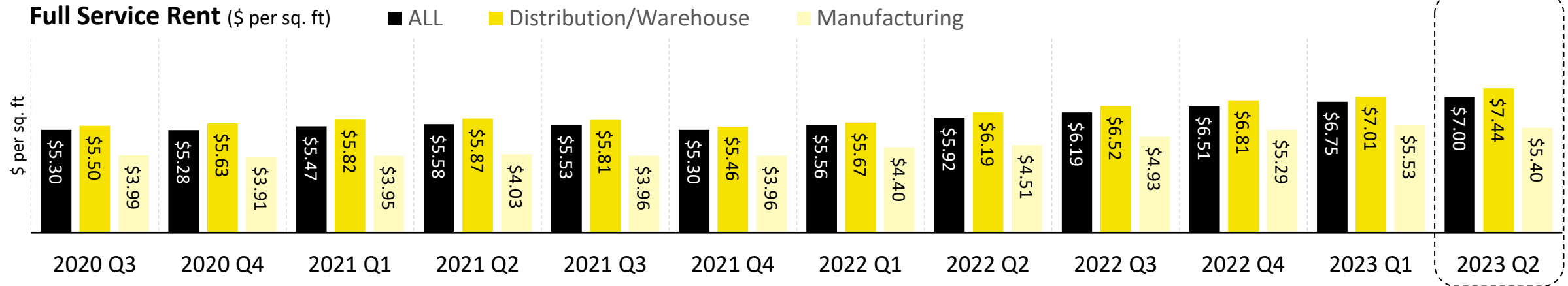


Under Construction & Net Deliveries (sq. ft)

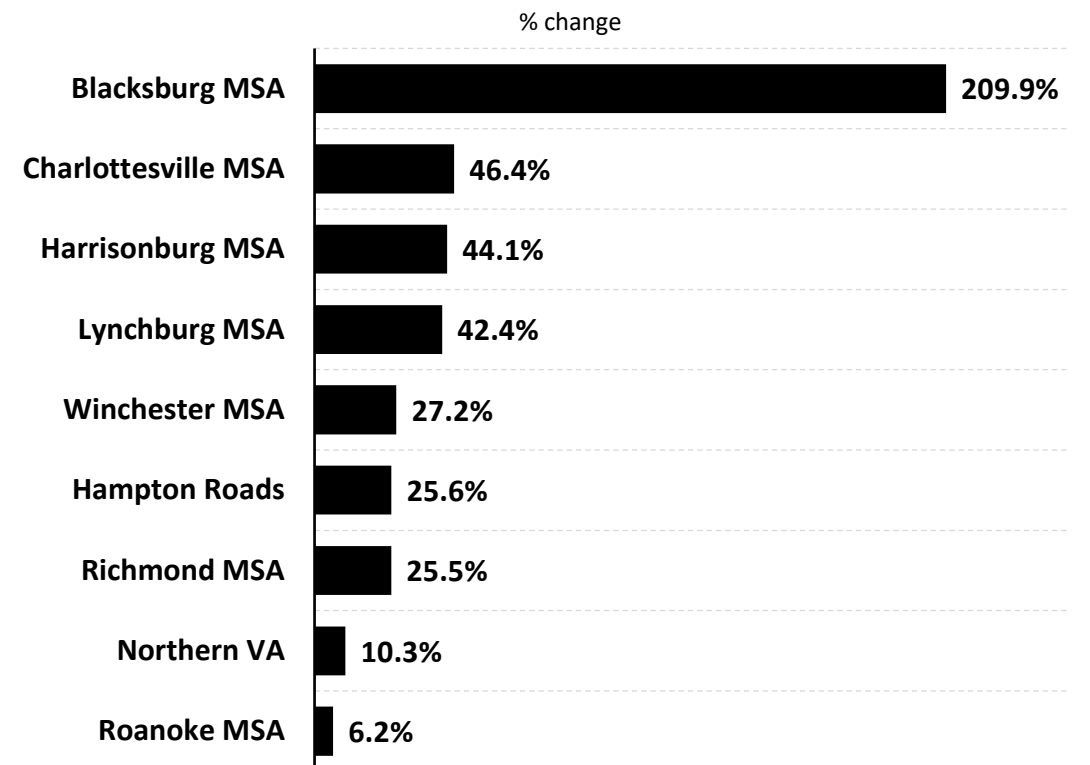


Industrial Market - Rent Trends

VIRGINIA (Statewide)

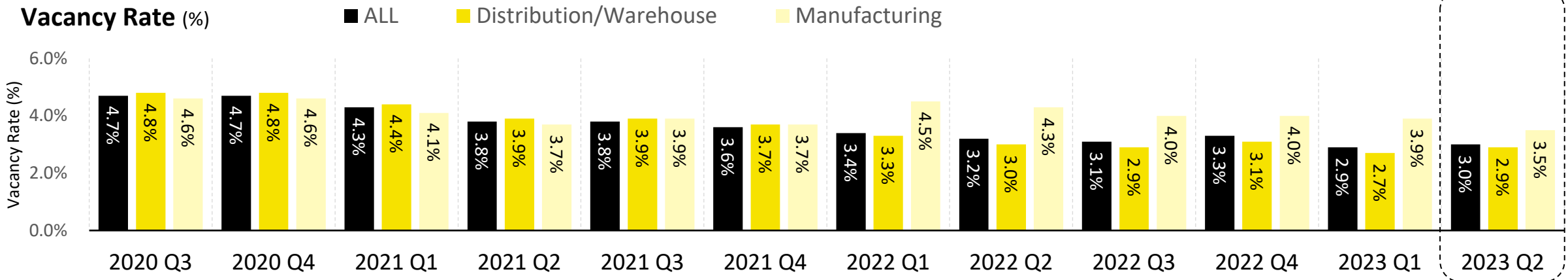


Q2-2023 by MSA: % Change, Full Service Rent (YoY % change)

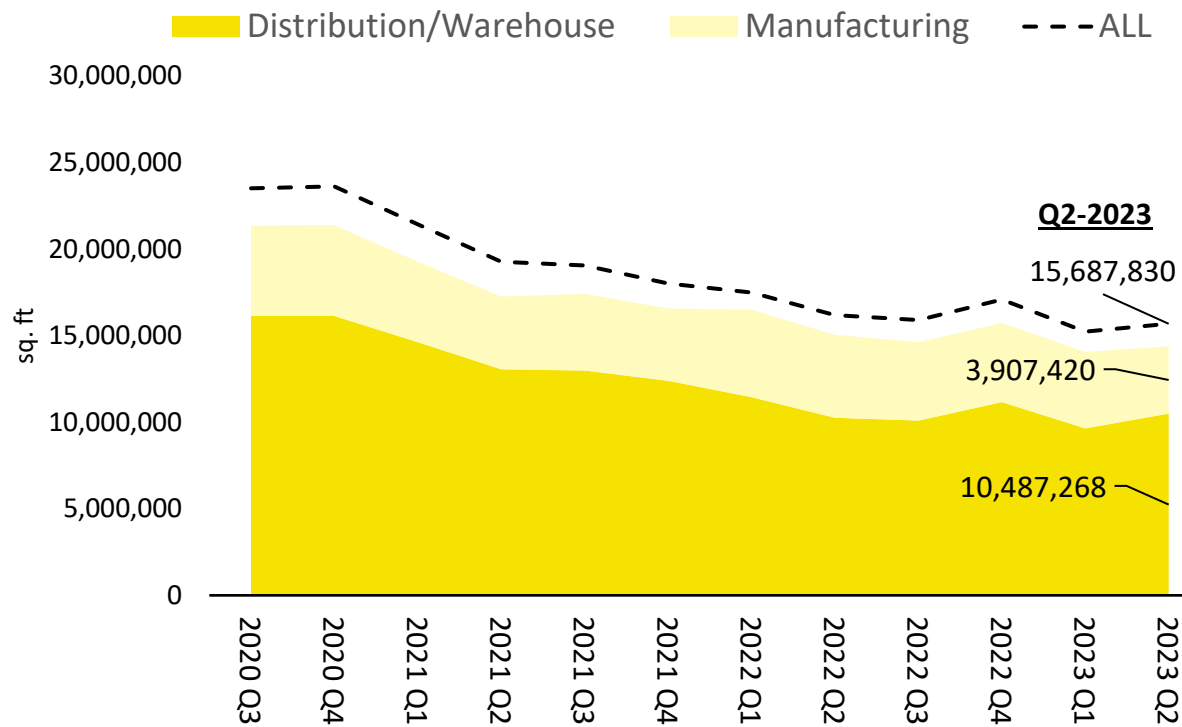


Industrial Market - Vacancy Trends

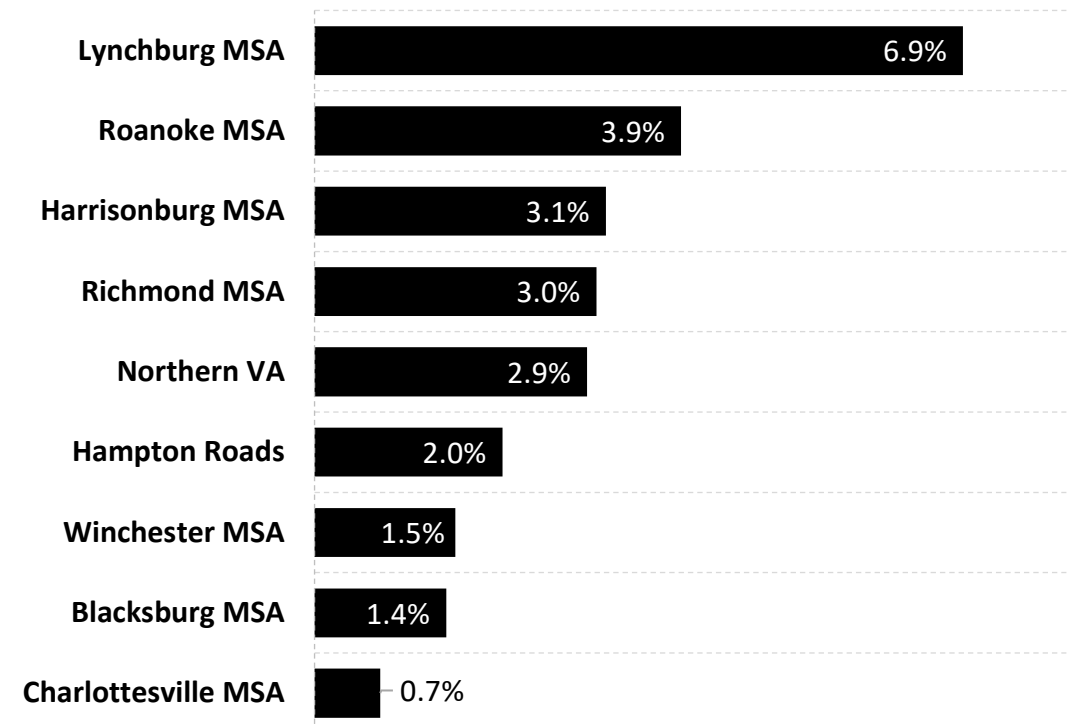
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q2-2023 Industrial Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q2



2023

INDUSTRIAL
Market Report



Snapshot of Industrial Market Conditions Around Virginia

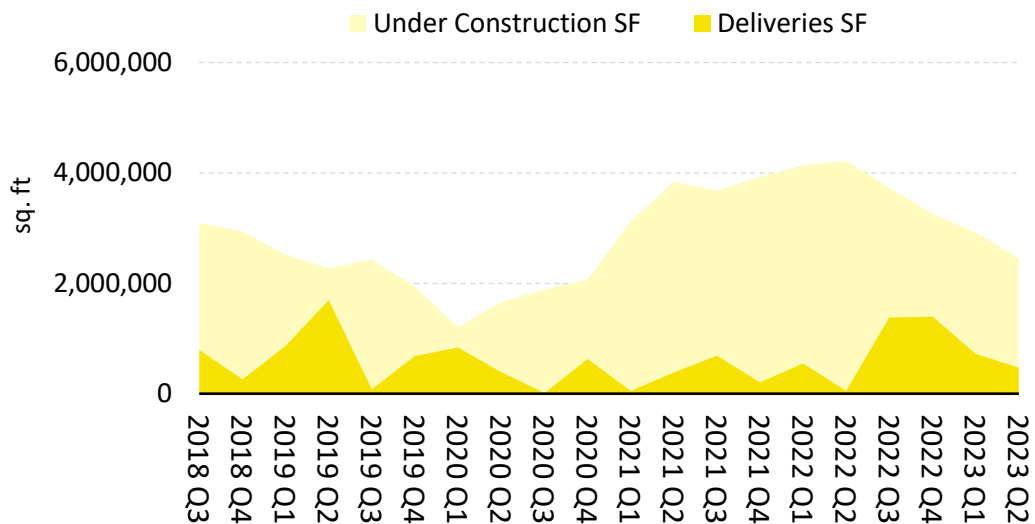
Industrial Market - MSA Trends

NORTHERN VIRGINIA

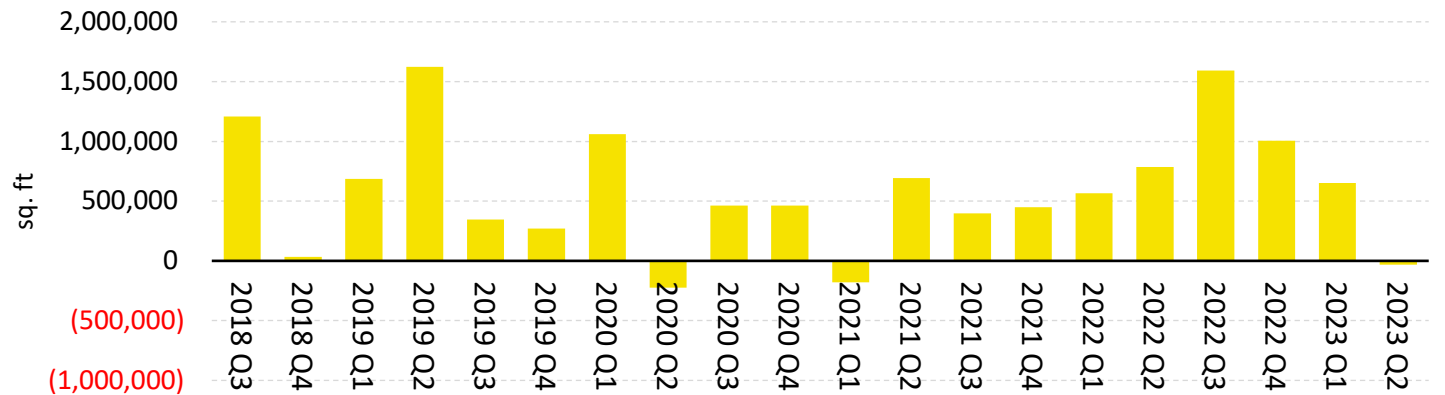
Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (sq. ft, millions)	94.9	4.4% % chg
Vacancy Rate (%)	2.9%	0.7% pct points
Net Absorption (sq. ft)	(30,074)	-816,244 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.86	\$1.20 \$ per sq. ft
Deliveries (sq. ft)	472,433	425,841 sq. ft
Under Construction (sq. ft)	2,448,526	-1,767,866 sq. ft

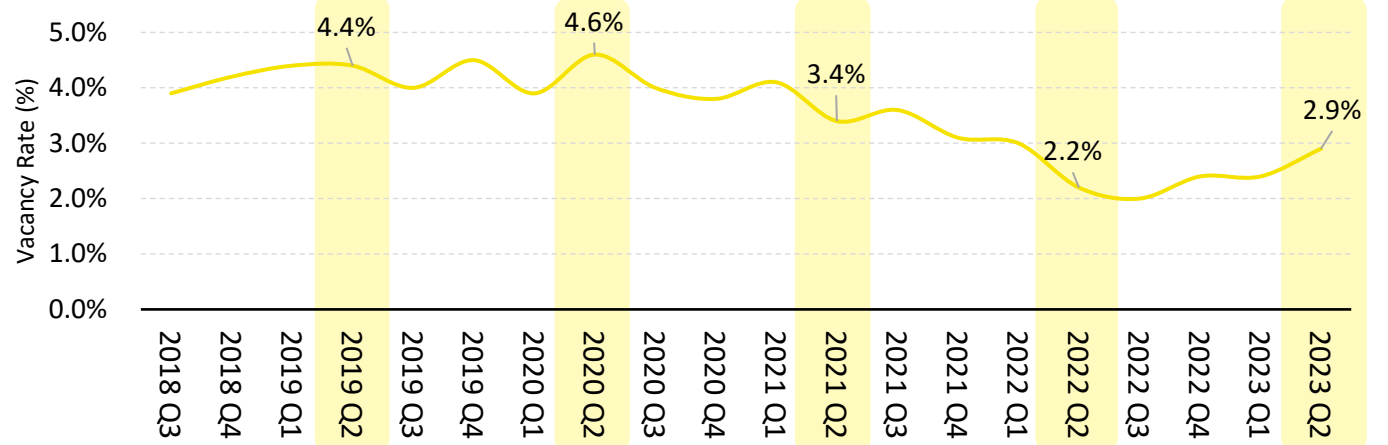
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



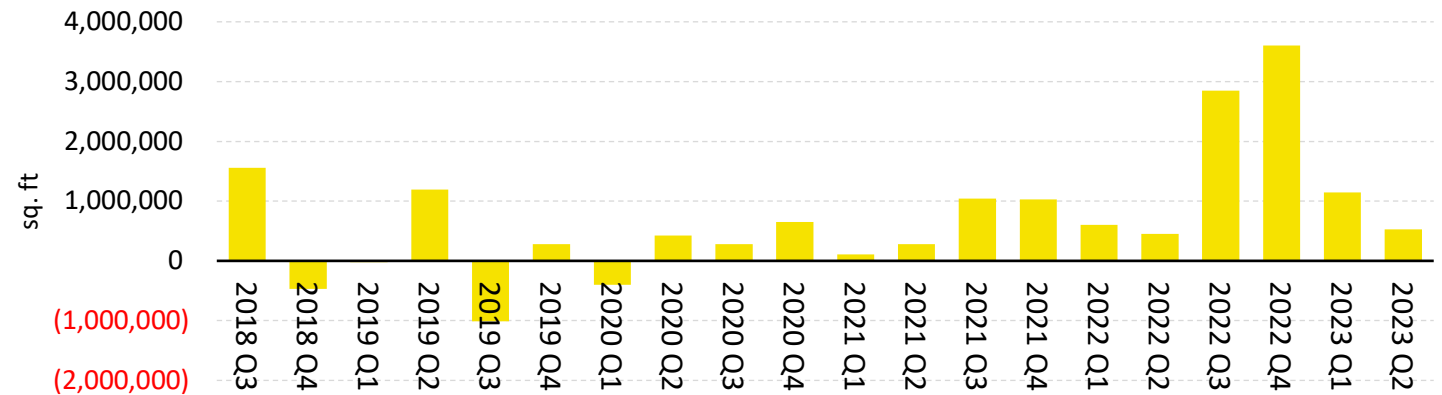
Industrial Market - MSA Trends

RICHMOND MSA

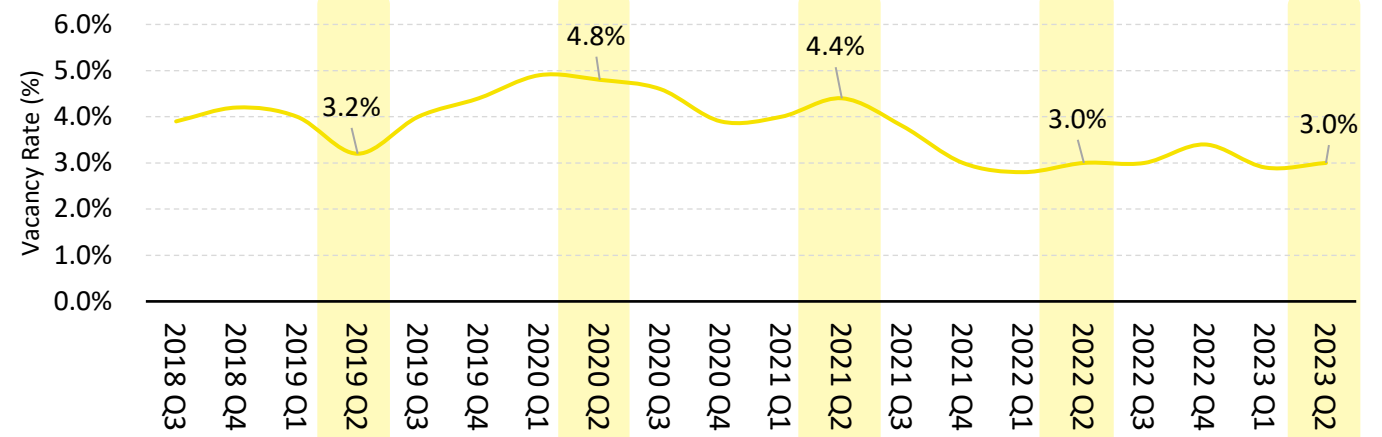
Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	129.1	7.0%	% chg
Vacancy Rate (%)	3.0%	0	pct points
Net Absorption (sq. ft)	526,398	77,037	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.19	\$1.46	\$ per sq. ft
Deliveries (sq. ft)	755,893	46,943	sq. ft
Under Construction (sq. ft)	6,327,809	-3,633,799	sq. ft

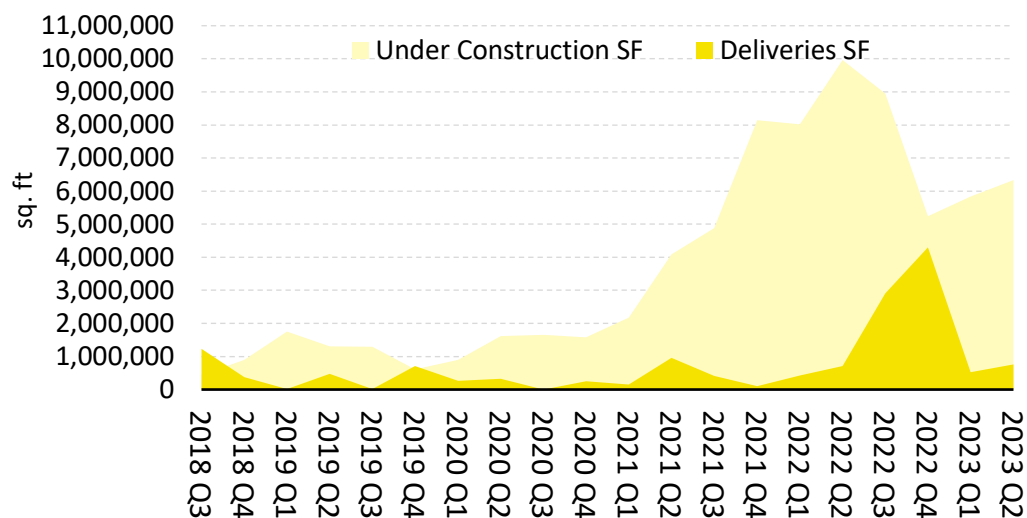
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



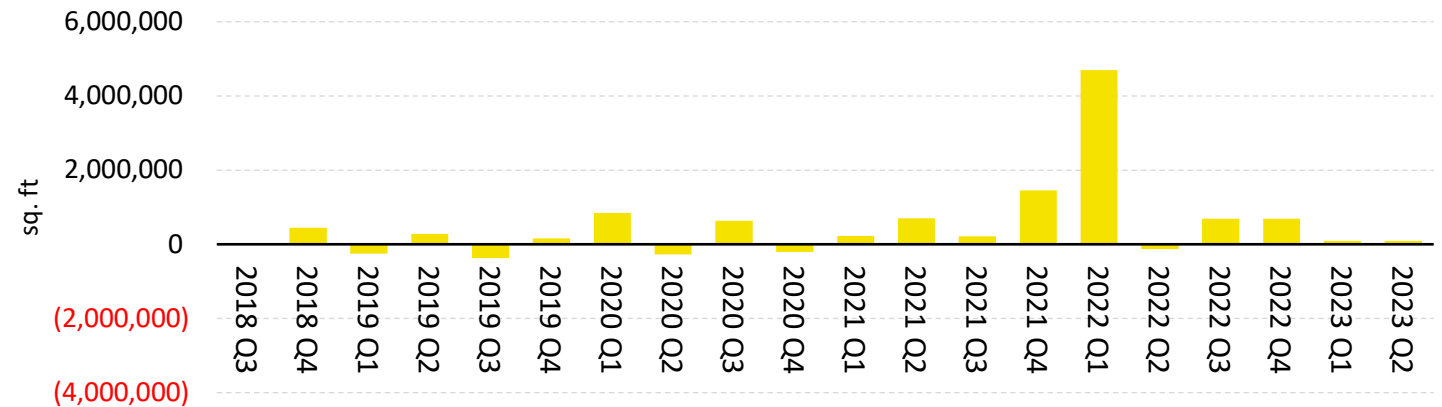
Industrial Market - MSA Trends

HAMPTON ROADS

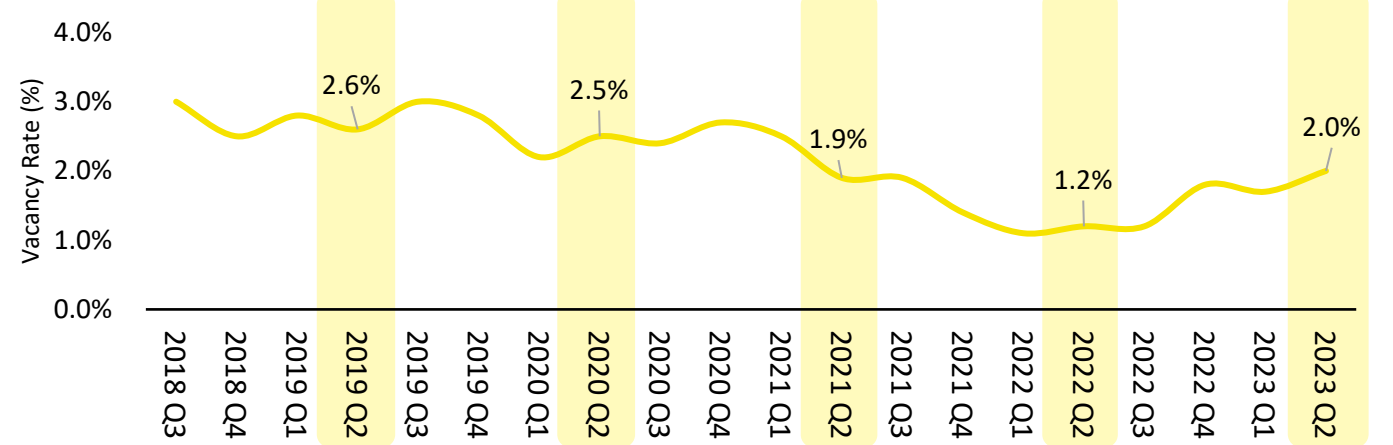
Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (sq. ft, millions)	113.1	2.2% % chg
Vacancy Rate (%)	2.0%	0.8% pct points
Net Absorption (sq. ft)	87,302	214,019 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.94	\$1.82 \$ per sq. ft
Deliveries (sq. ft)	404,800	402,820 sq. ft
Under Construction (sq. ft)	3,849,645	122,302 sq. ft

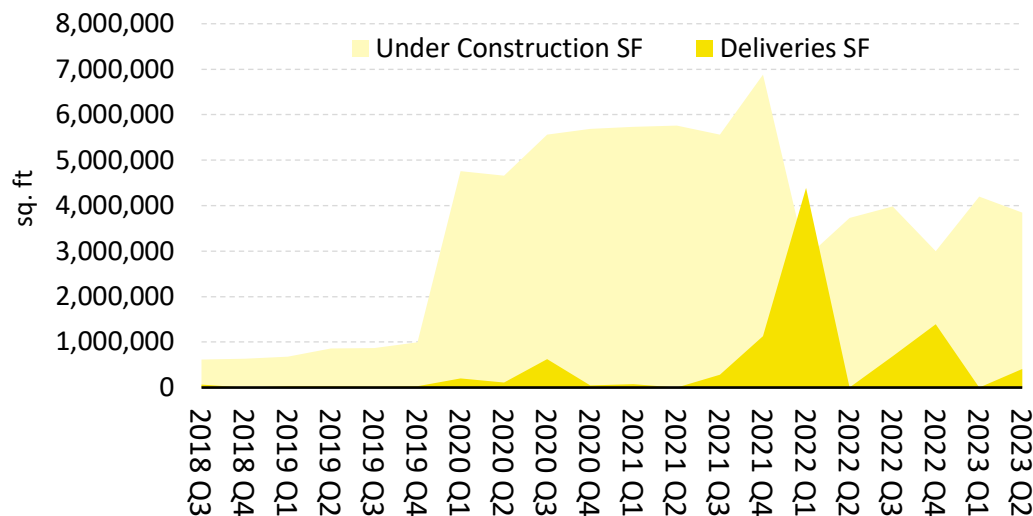
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



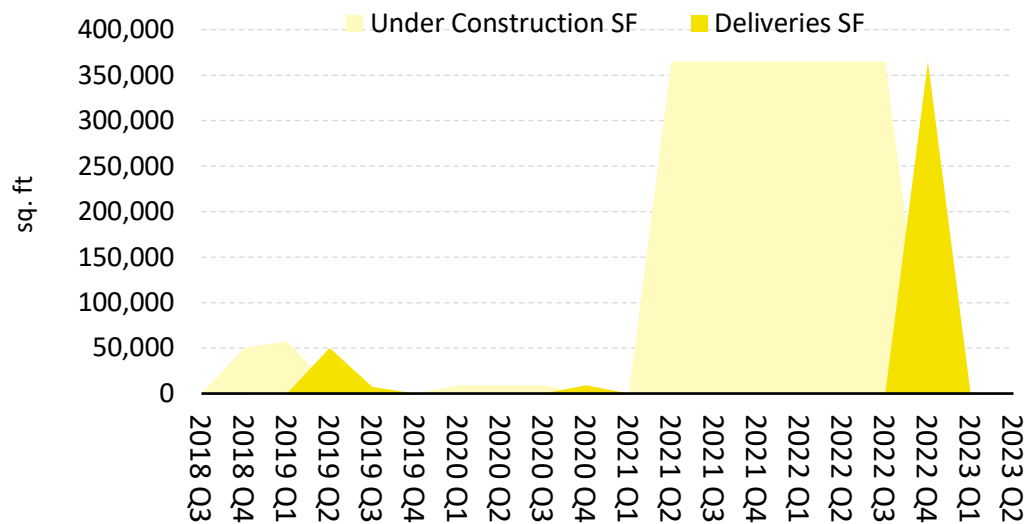
Industrial Market - MSA Trends

ROANOKE MSA

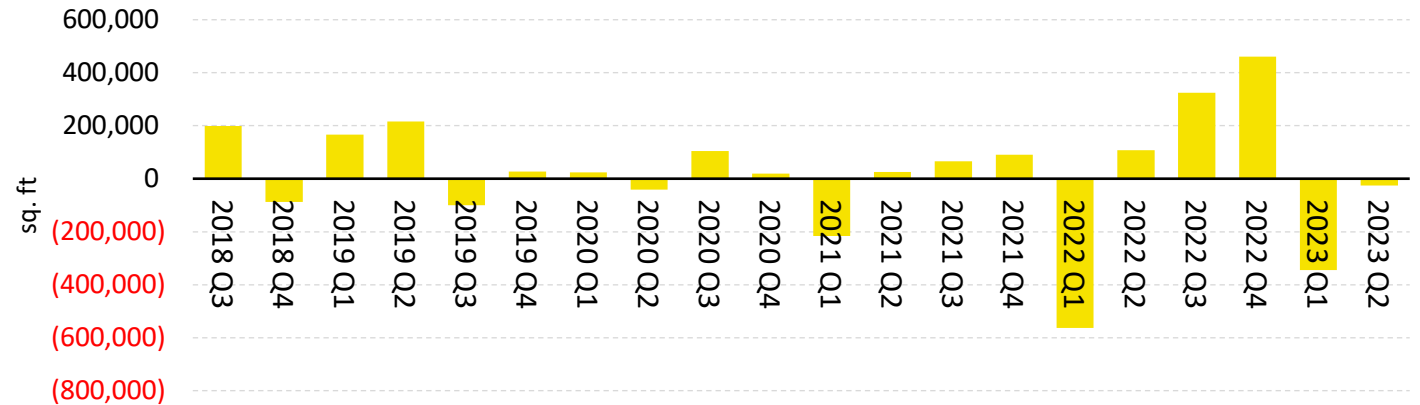
Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	38.1	0.6%	% chg
Vacancy Rate (%)	3.9%	-0.5%	pct points
Net Absorption (sq. ft)	(25,503)	-133,062	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.99	\$0.29	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-365,000	sq. ft

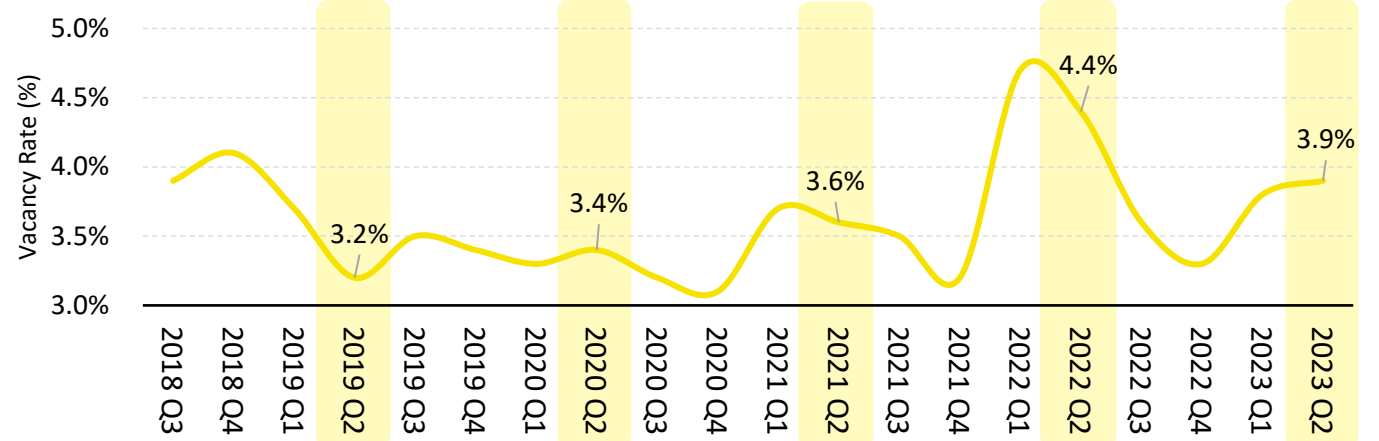
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



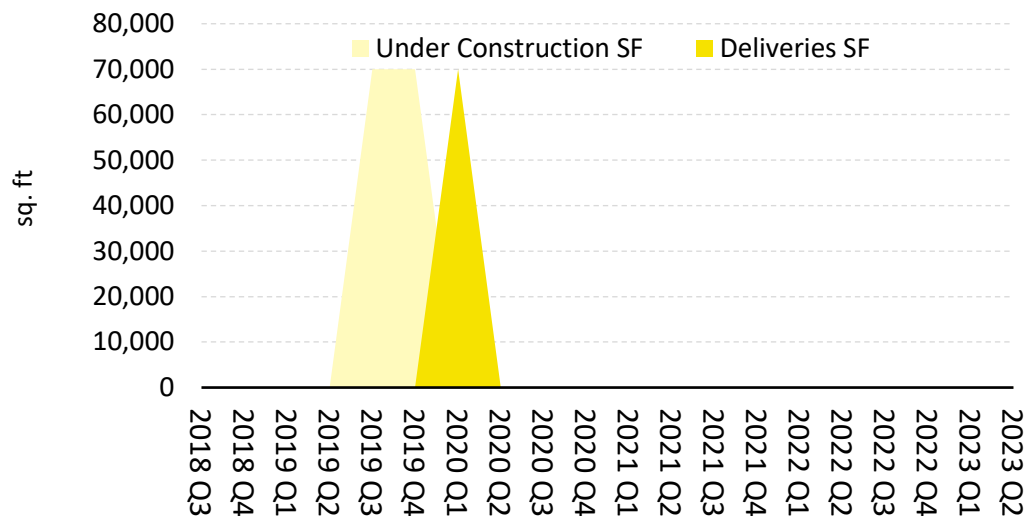
Industrial Market - MSA Trends

LYNCHBURG MSA

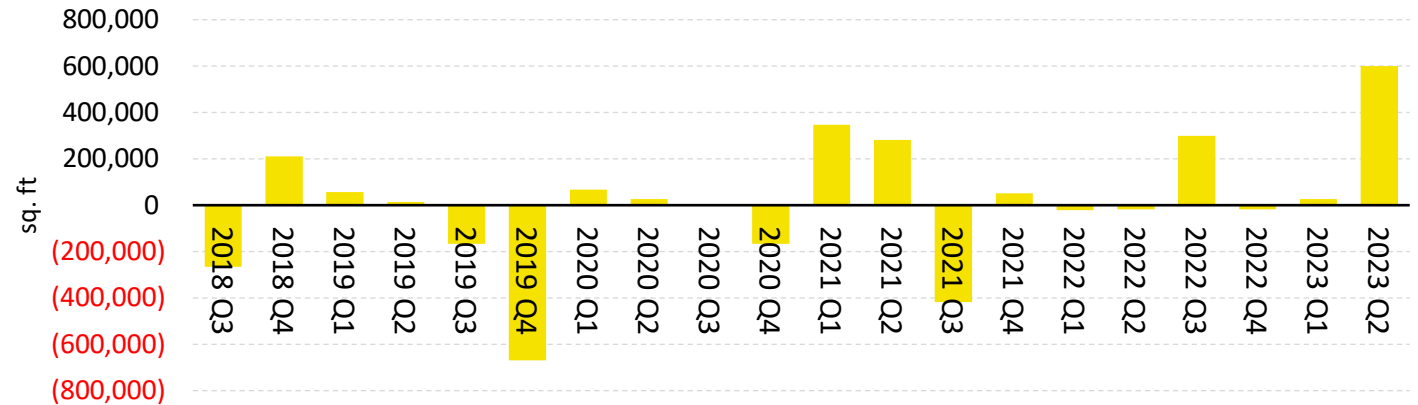
Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	17.4	0	% chg
Vacancy Rate (%)	6.9%	-5.2%	pct points
Net Absorption (sq. ft)	600,319	618,843	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.23	\$1.26	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

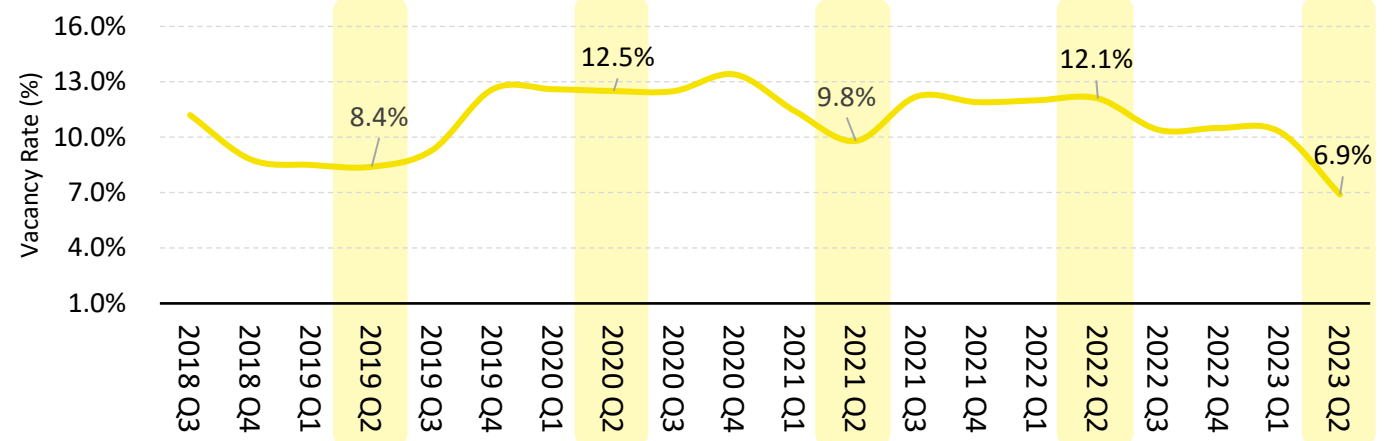
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



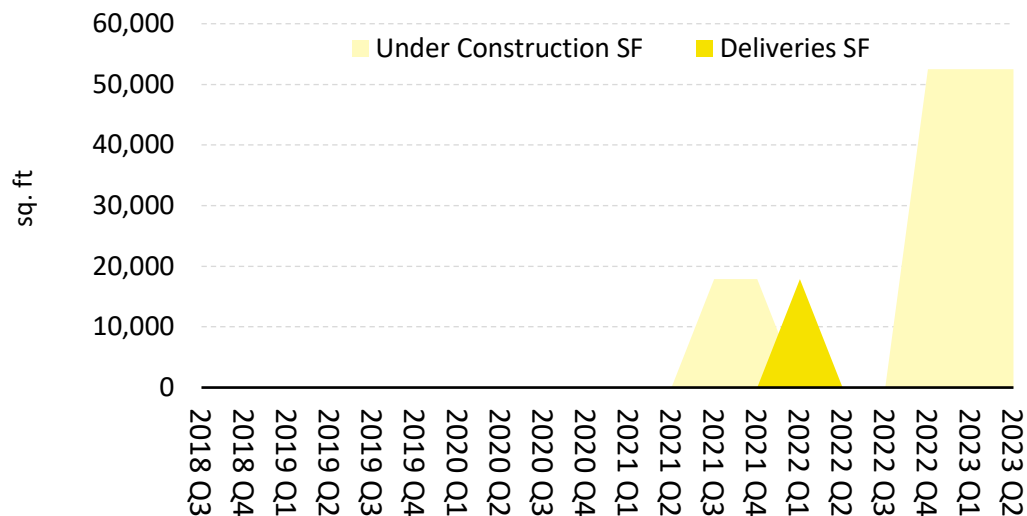
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

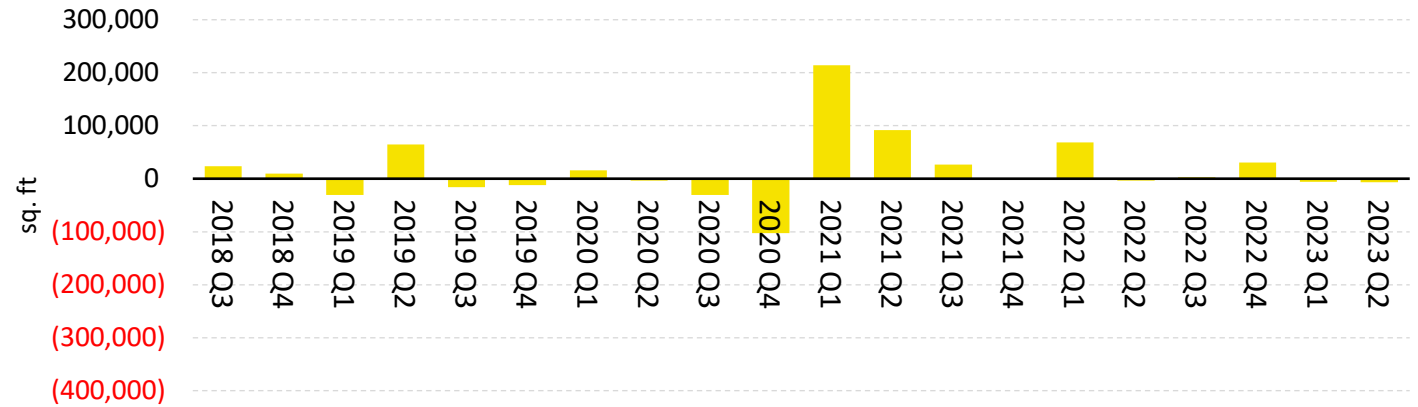
Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	3.9	0	% chg
Vacancy Rate (%)	0.7%	-0.5%	pct points
Net Absorption (sq. ft)	(6,500)	-2,620	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.06	\$3.82	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	52,500	52,500	sq. ft

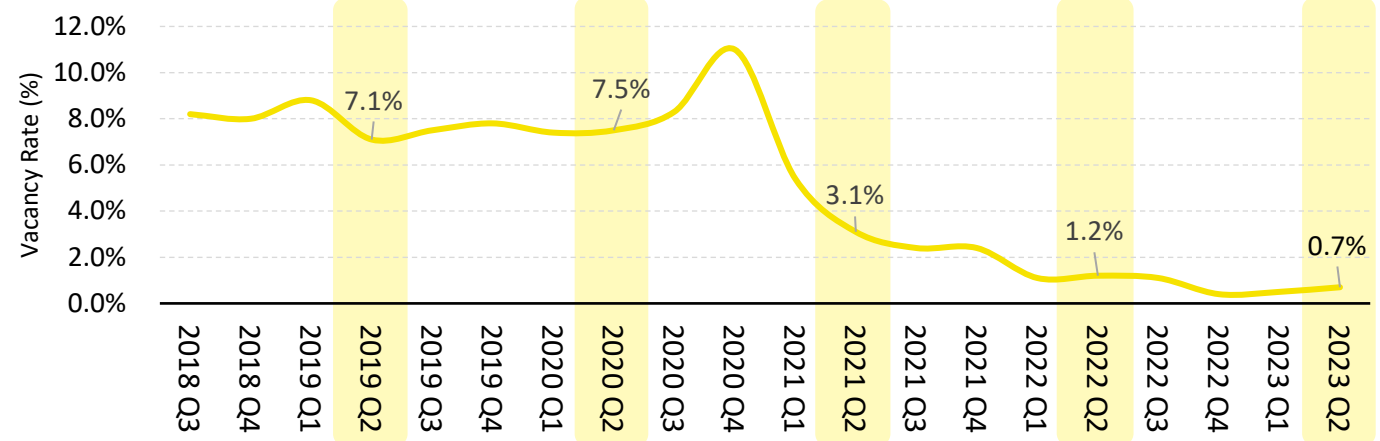
Under Construction & Net Deliveries (sq. ft)



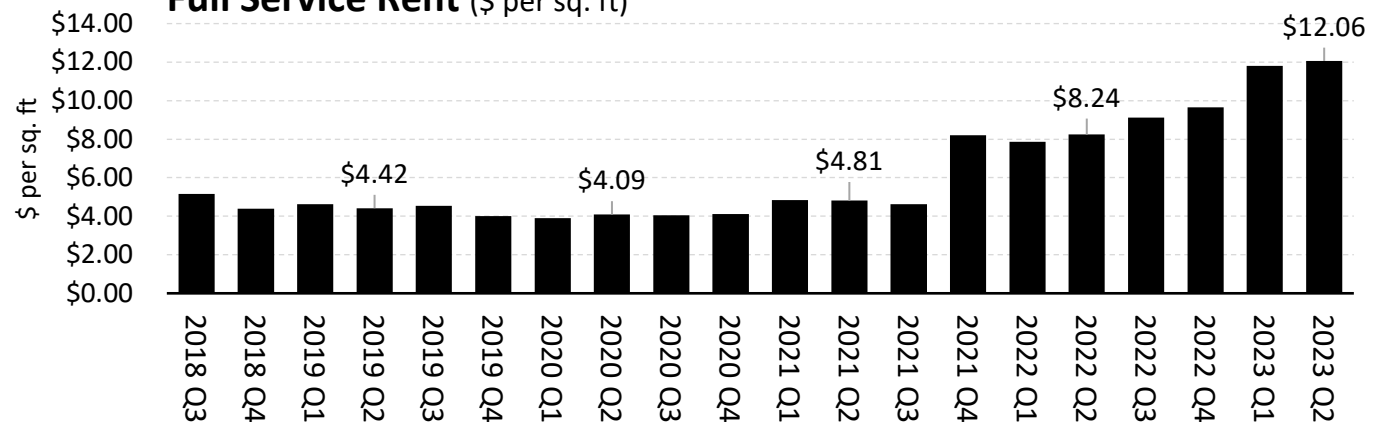
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

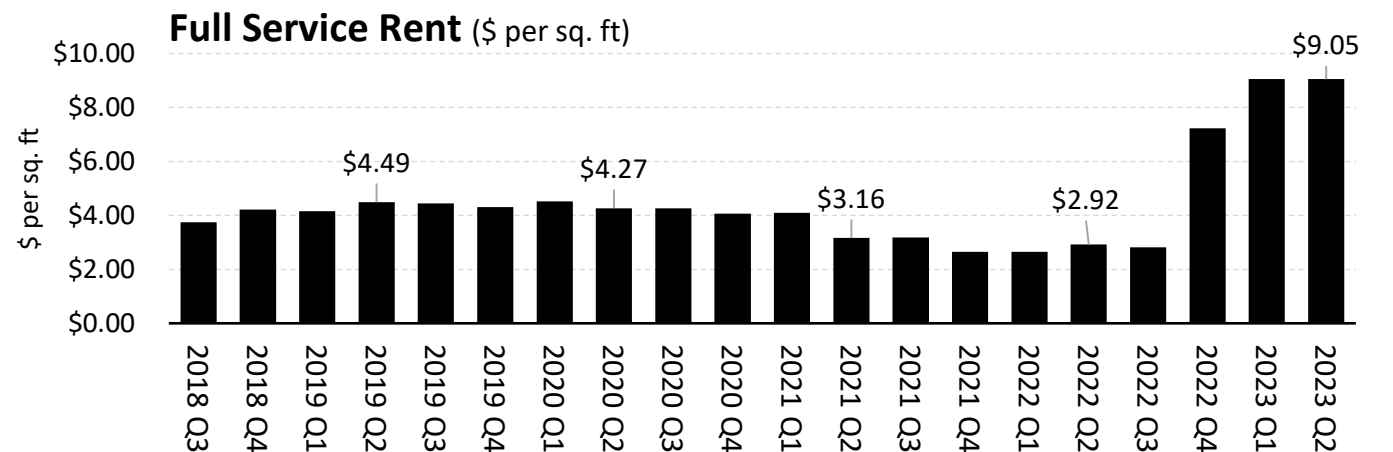
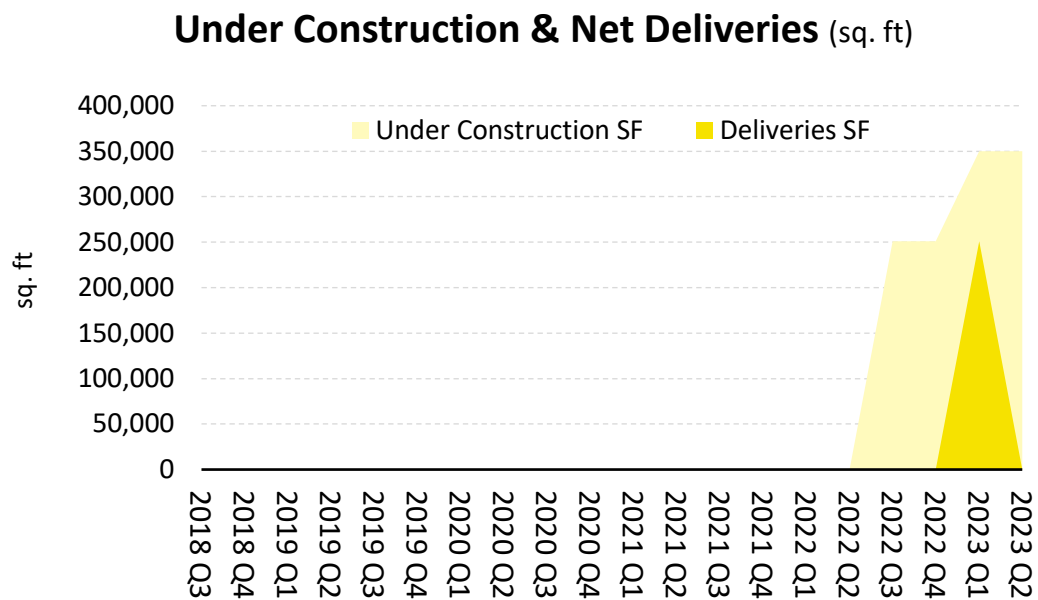
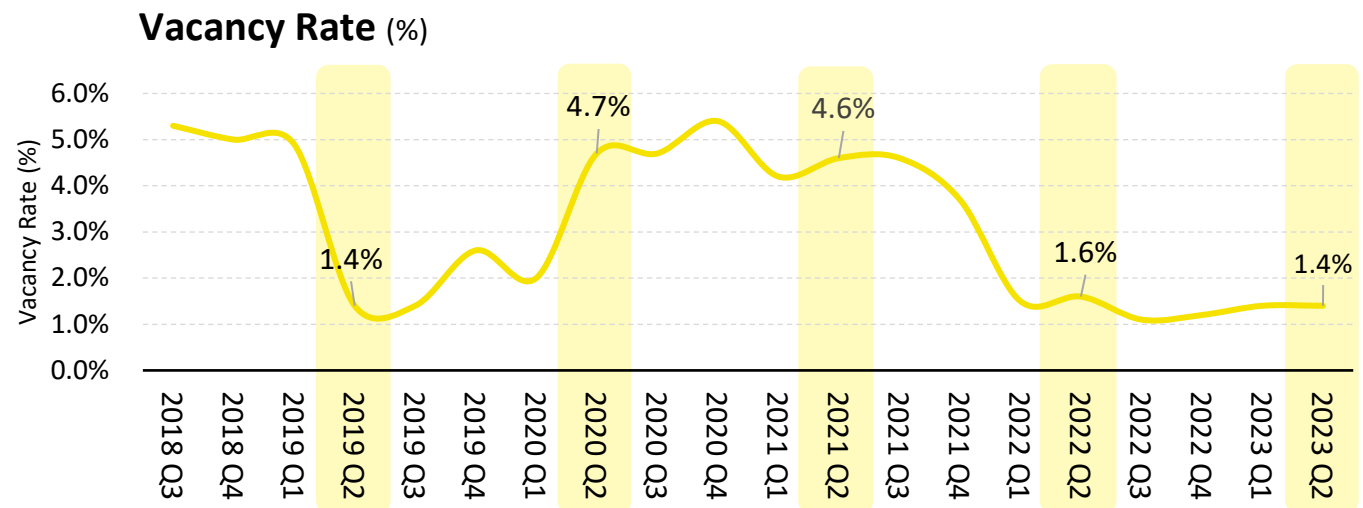
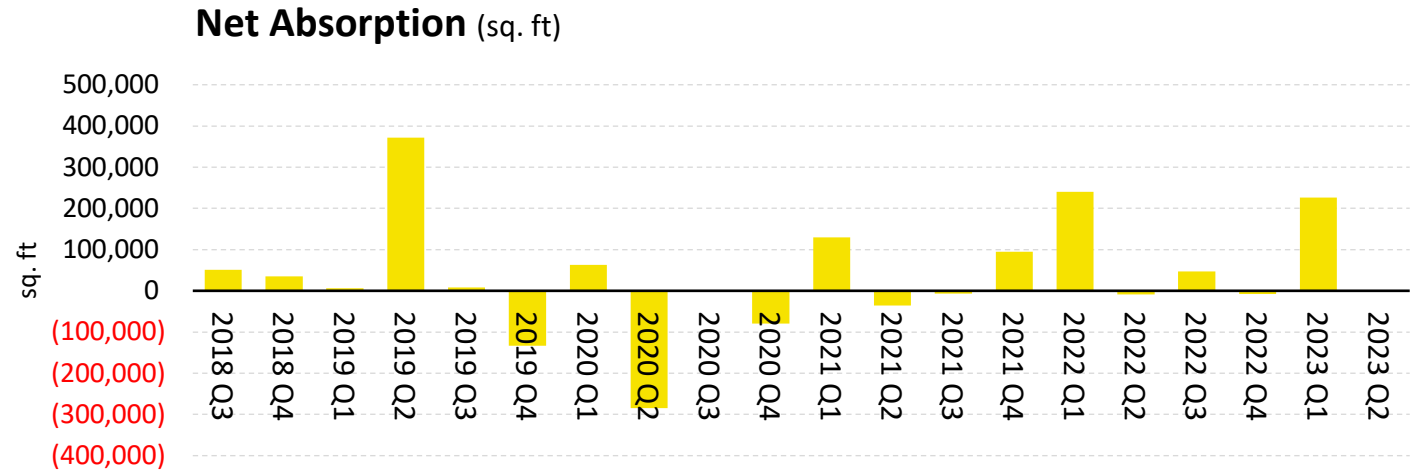


Industrial Market - MSA Trends

BLACKSBURG MSA

Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	11.0	2.3%	% chg
Vacancy Rate (%)	1.4%	-0.2%	pct points
Net Absorption (sq. ft)	141	8,450	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.05	\$6.13	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	350,000	350,000	sq. ft



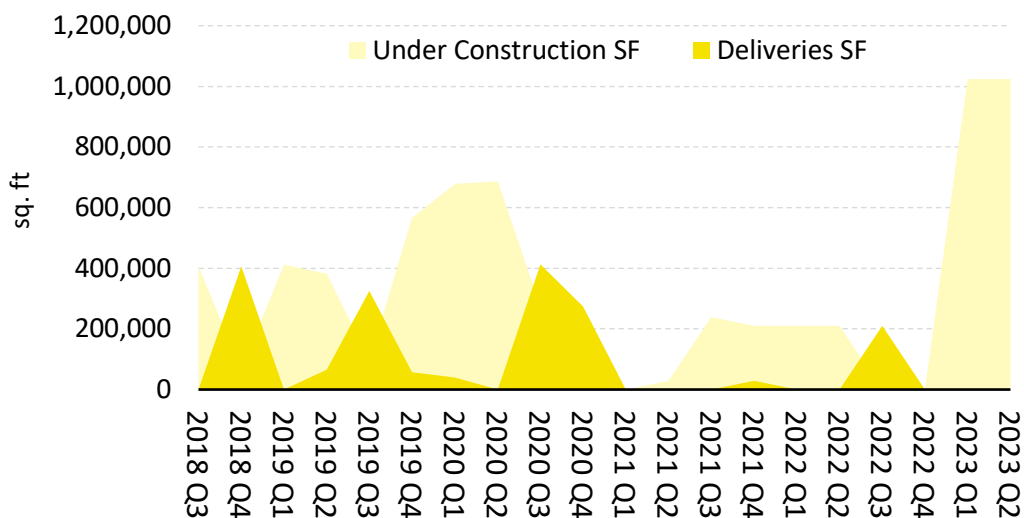
Industrial Market - MSA Trends

WINCHESTER MSA

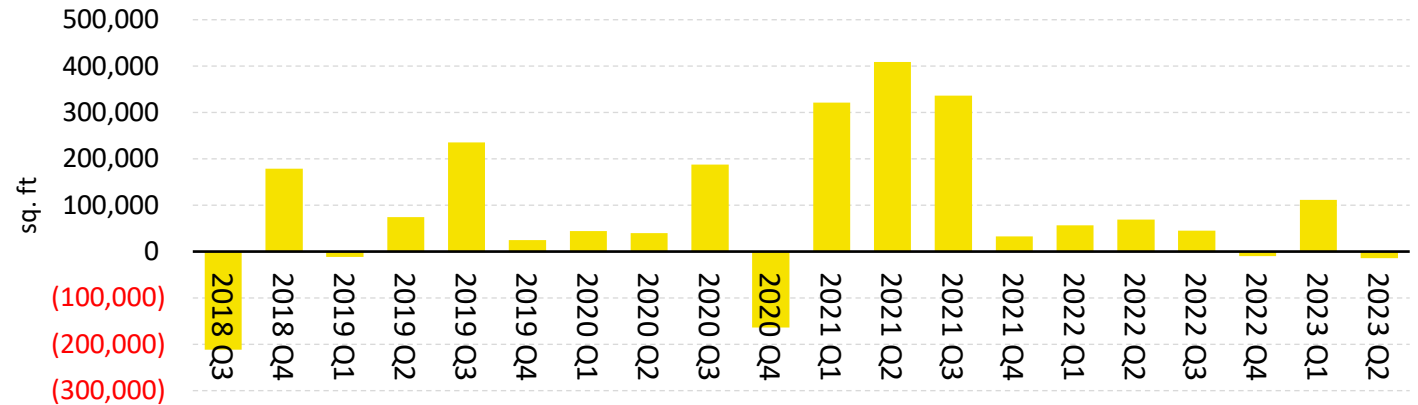
Local Market Indicator Dashboard

	Q2-2023	YoY Chg
Total Inventory (sq. ft, millions)	20.4	1.0% % chg
Vacancy Rate (%)	1.5%	0.4% pct points
Net Absorption (sq. ft)	(14,232)	-83,272 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.13	\$1.74 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	1,024,000	814,440 sq. ft

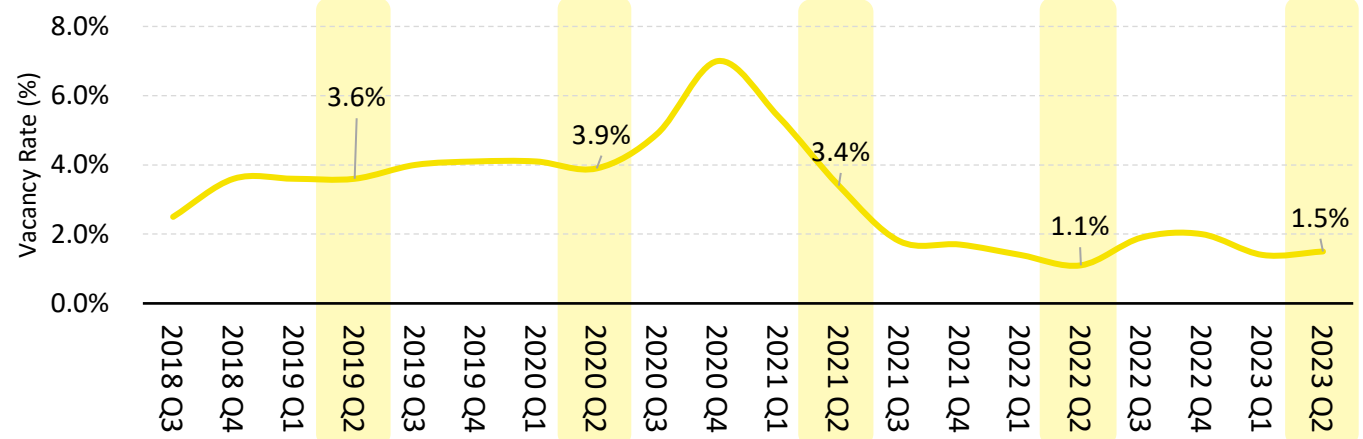
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



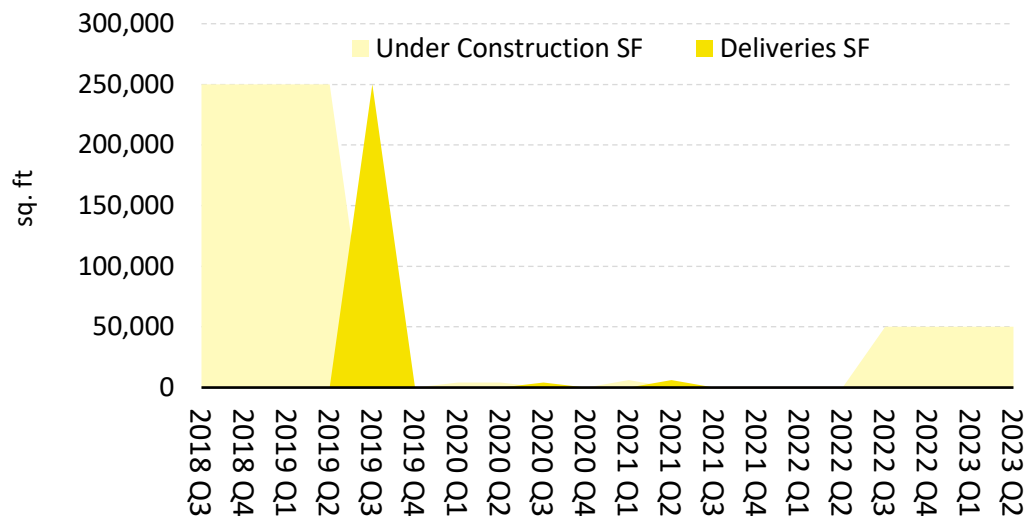
Industrial Market - MSA Trends

HARRISONBURG MSA

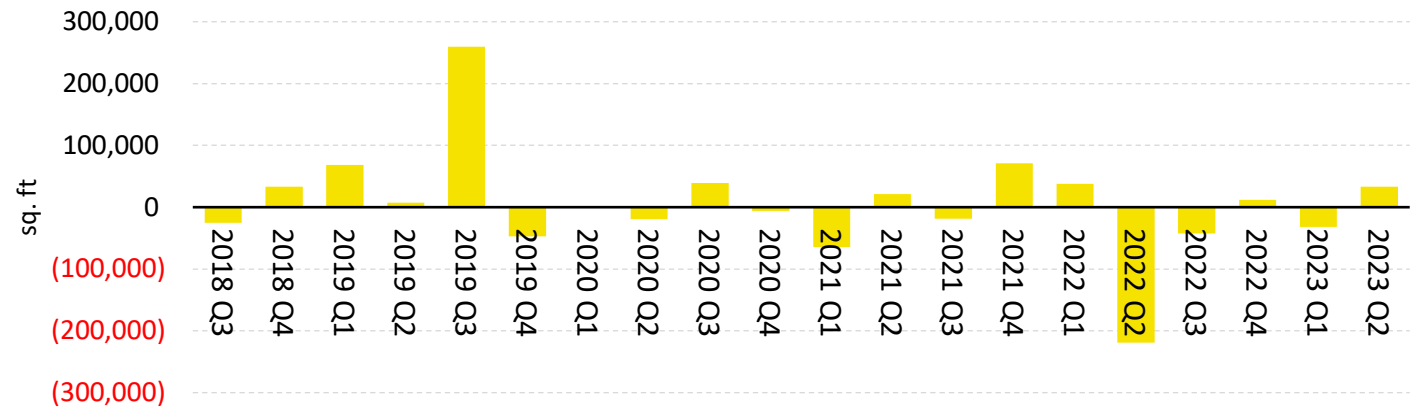
Local Market Indicator Dashboard

	Q2-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.9	0	% chg
Vacancy Rate (%)	3.1%	0.3%	pct points
Net Absorption (sq. ft)	33,471	252,410	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.92	\$2.73	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	50,250	50,250	sq. ft

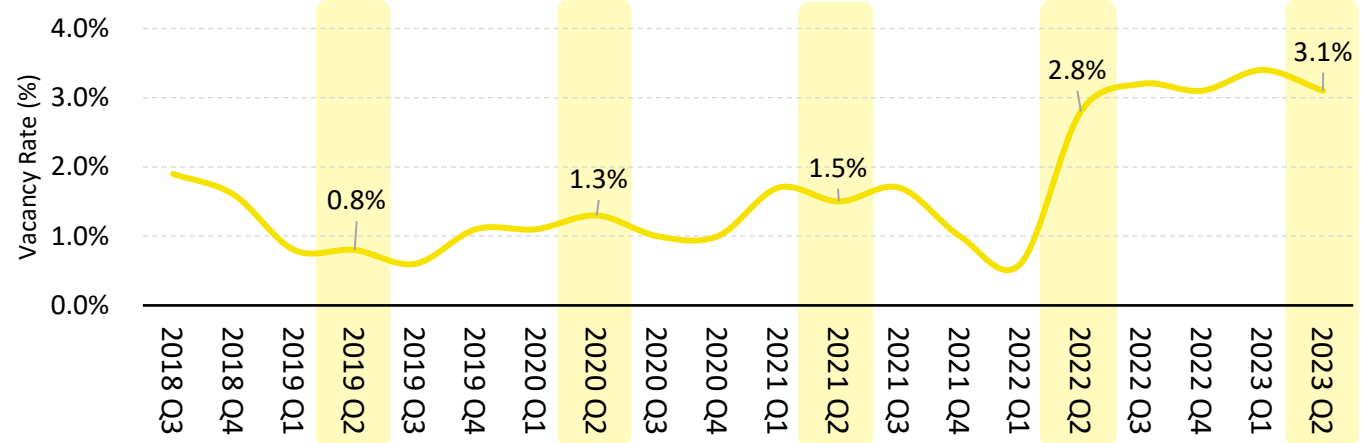
Under Construction & Net Deliveries (sq. ft)



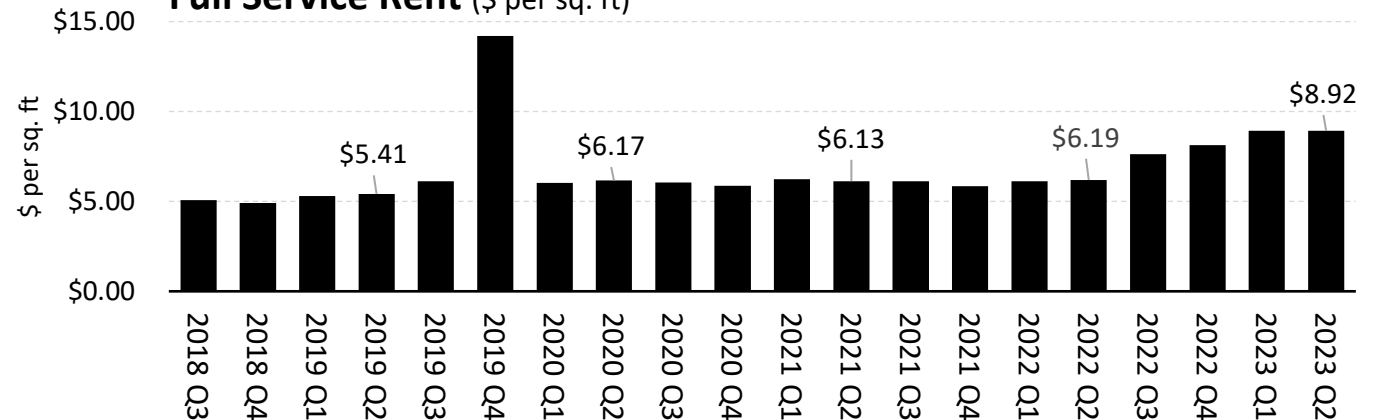
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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