



Q4 2023 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

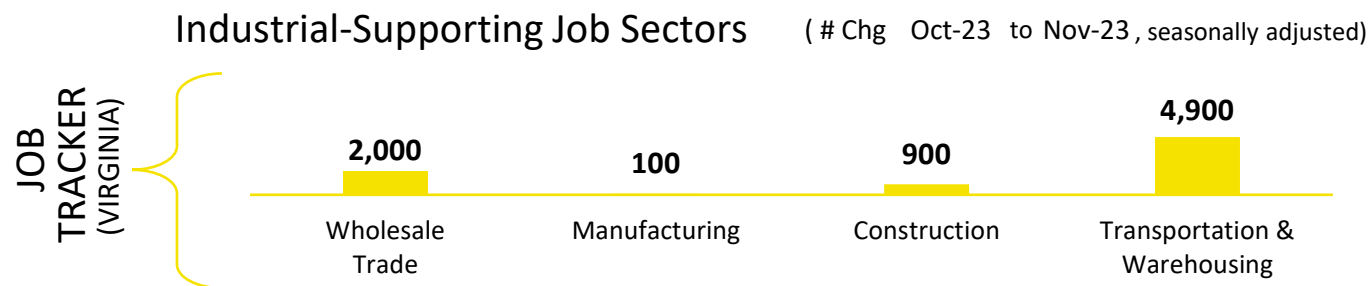
Overview: The demand for industrial space is still strong, but absorption has moderated from last year's highs. Much of this demand is being driven by resilient consumer spending, specifically ecommerce. This is also reflected in strong job growth in the Transportation & Warehousing sector in recent months. Nearly all metro areas in Virginia had positive net absorption of industrial space in Q4, and rents are climbing rapidly across the state. The vacancy rate inched up statewide but remains below 4% across building types.

Absorption: In Q4 2023 there was positive net absorption of about 1.5 million sq ft of industrial space statewide, falling from the record-high of 6.9 million sq ft absorbed in Q4 of last year. In Northern Virginia, there was about 443,000 sq ft of industrial space absorbed, the most across all markets, followed by Richmond with nearly 260,000 sq ft. Hampton Roads was the only local market to experience negative net absorption in Q4 at -289,000 sq ft.

Vacancy Rate: In Virginia, the industrial vacancy rate was 3.5% inching up from 3.4% last year. Distribution/warehouse saw vacancy rates rise from 3.2% to 3.5% while manufacturing vacancy rates dipped from 4.5% to 3.8% in Q4 2023. Harrisonburg had the highest vacancy rate in the state at 6.7% and the vacancy rate in the Lynchburg industrial market was 6.2%.

Rent: Industrial rent continues to climb in the Commonwealth going from \$6.53 per square foot a year ago to \$7.37 in Q4 2023, a 12.8% surge. Rent jumped up 20.1% for distribution/warehouse spaces and dipped 4.5% for manufacturing space compared to Q4 a year ago. Within the metro regions, the strongest industrial rent growth this quarter was in Charlottesville (+22.9%), Blacksburg (+17.2%), and Richmond (+15.2%).

Supply + Deliveries: There was 14.6 million sq ft of industrial space under construction in Q4 2023, a 2.7% increase from the year prior. Deliveries fell to 2.5 million sq ft in Q4 2023, down 71.8% a year ago. Most of the industrial space under construction is in the Richmond metro area.



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q4-2023	Indicator
% chg	1.6%	537.9	Total Inventory (sq. ft, in millions)
sq. ft millions	-5.4	1.5	Net Absorption (sq. ft, in millions)
pct point	0.1%	3.5%	Vacancy Rate (%)
\$ per sq. ft	\$0.84	\$7.37	Full Service Rent (\$ per sq. ft)
sq. ft millions	-6.3	2.5	New Supply Delivered (sq. ft, in millions)
sq. ft millions	0.4	14.7	Under Construction (sq. ft, in millions)



Economic Indicator Dashboard

	MoM % Chg	Nov-23	Indicator
% chg	0.2%	4.2	Total Jobs, Virginia (in millions, seasonally adjusted)
% chg	1.1%	617.5	Industrial-Supporting Jobs, Virginia (in thousands, seasonally adjusted)
pct point	0.2%	2.9%	Unemployment Rate, Virginia (% seasonally adjusted)
pct point	2.8%	4.9	Gross Domestic Product, U.S. (% chg from prior year)

Report Index

Virginia Industrial Market

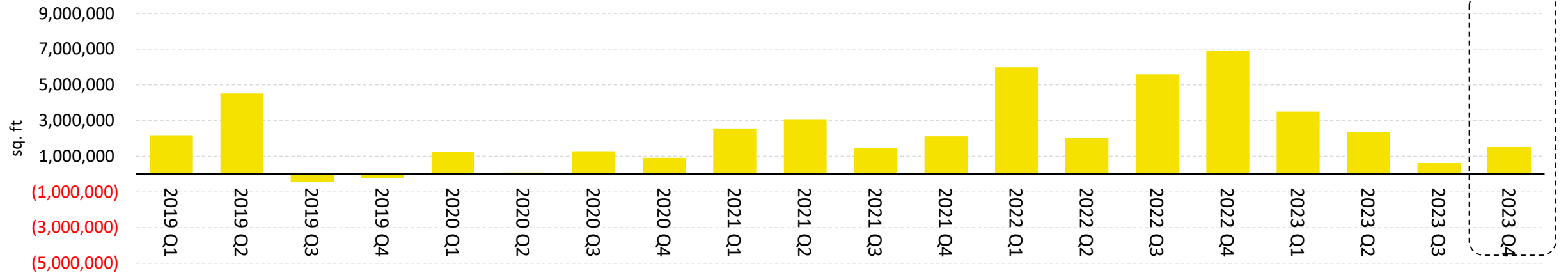
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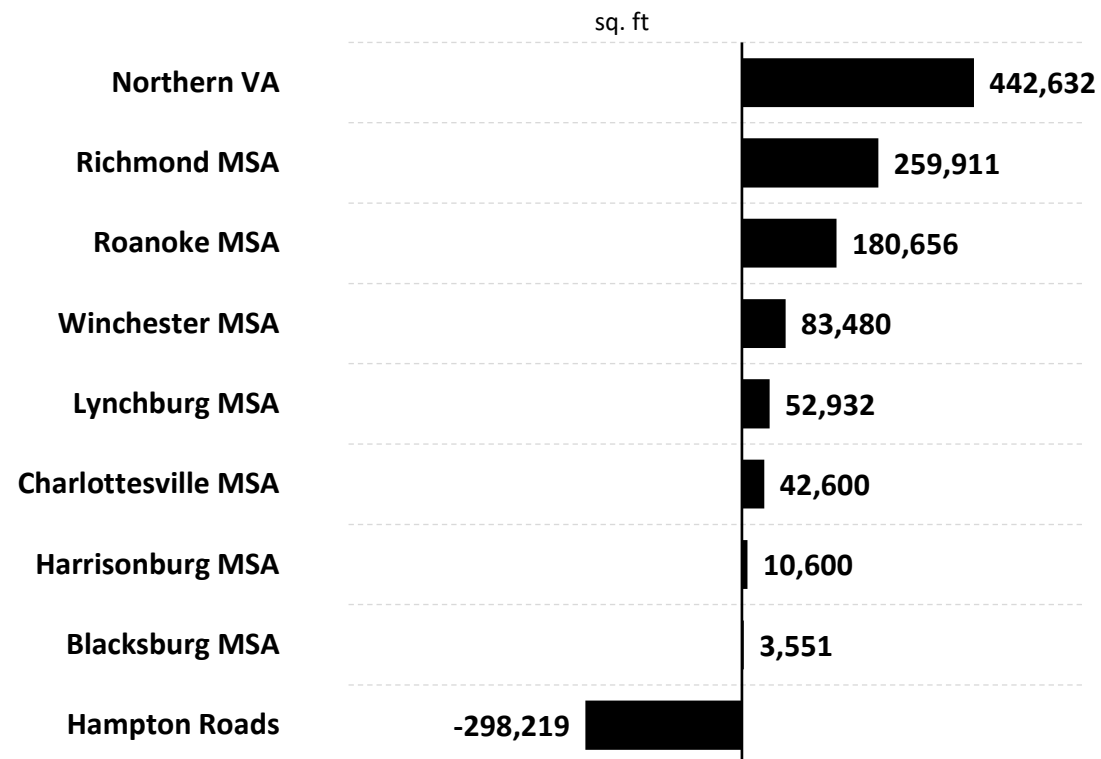
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

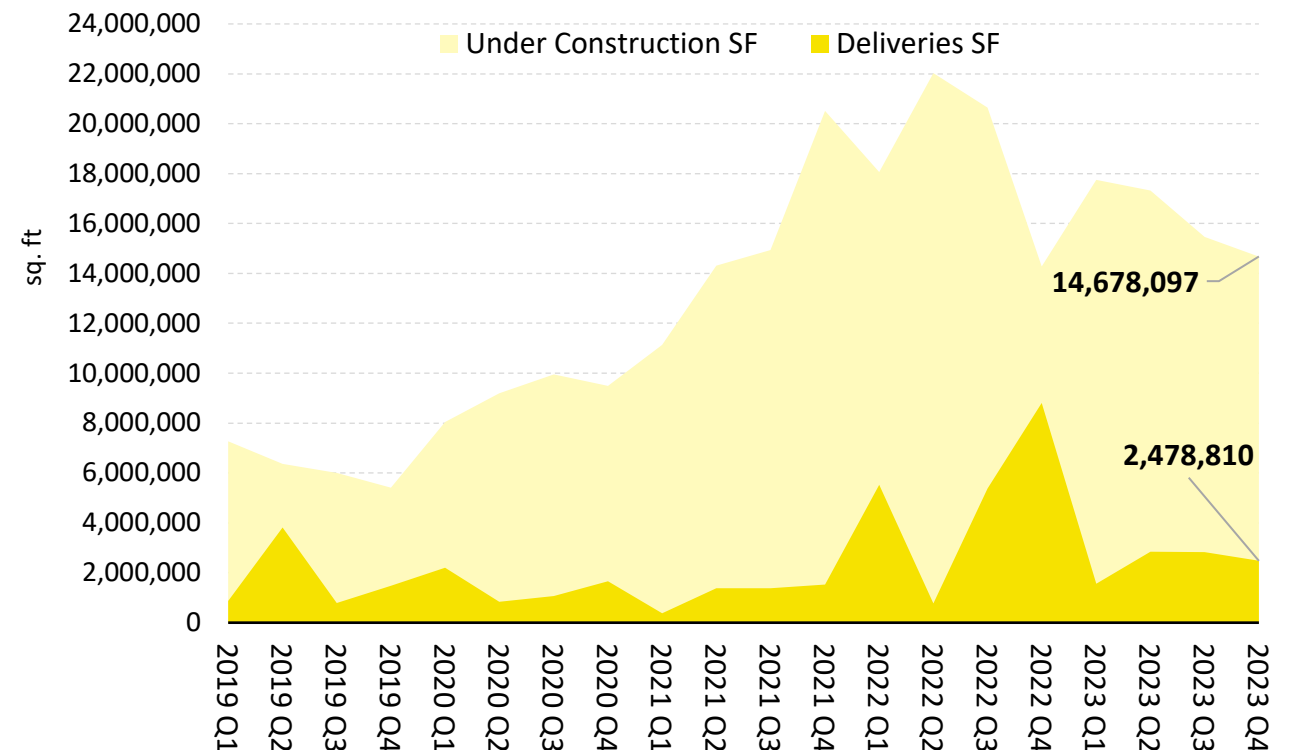
Net Absorption (sq. ft)



Q4-2023 Net Absorption by Metro Area (sq ft)

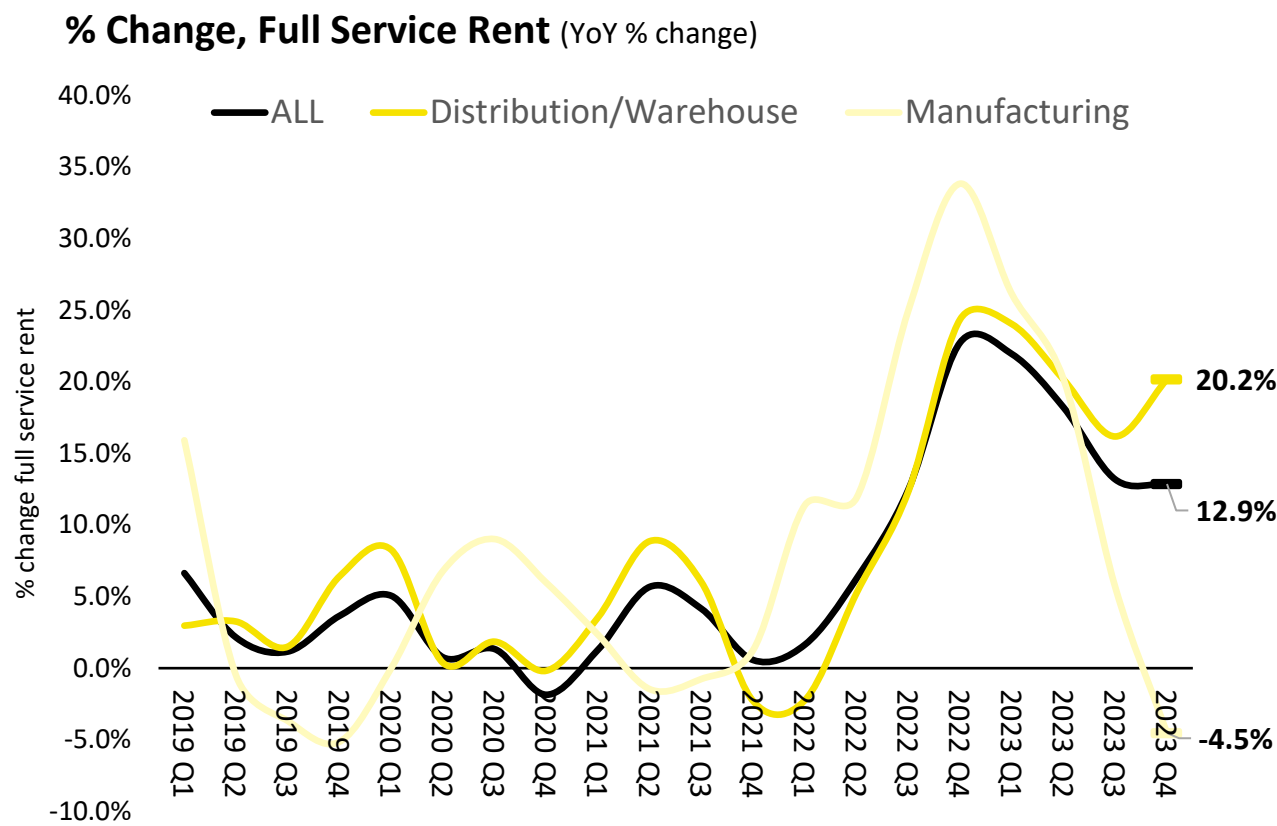
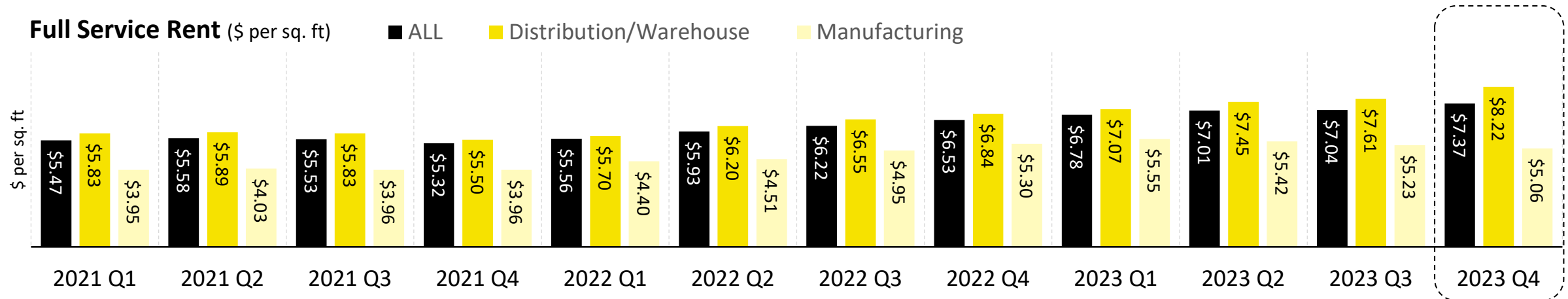


Under Construction & Net Deliveries (sq. ft)

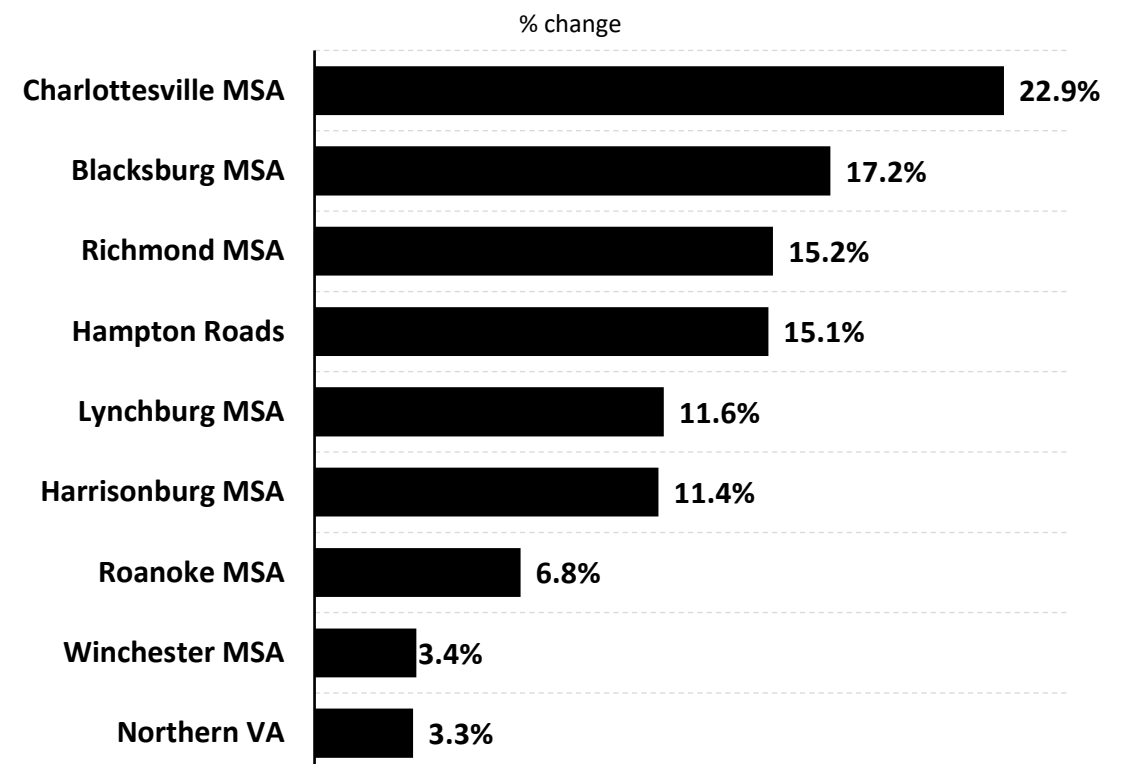


Industrial Market - Rent Trends

VIRGINIA (Statewide)

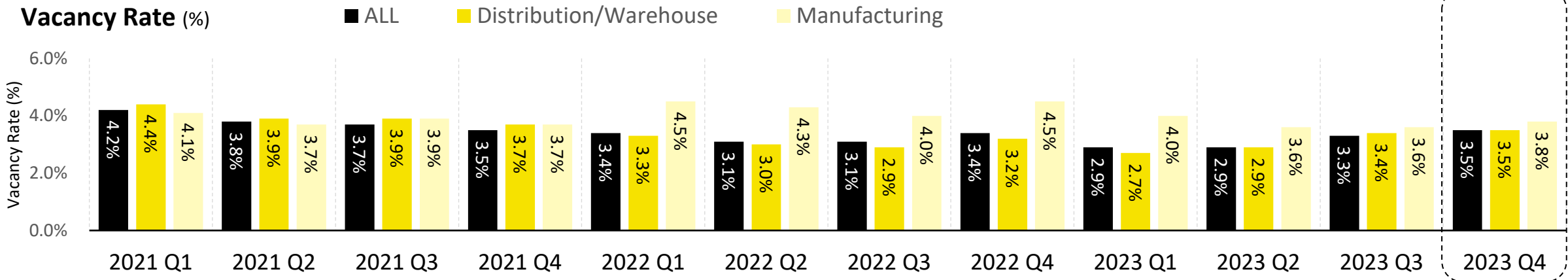


Q4-2023 by MSA: % Change, Full Service Rent (YoY % change)

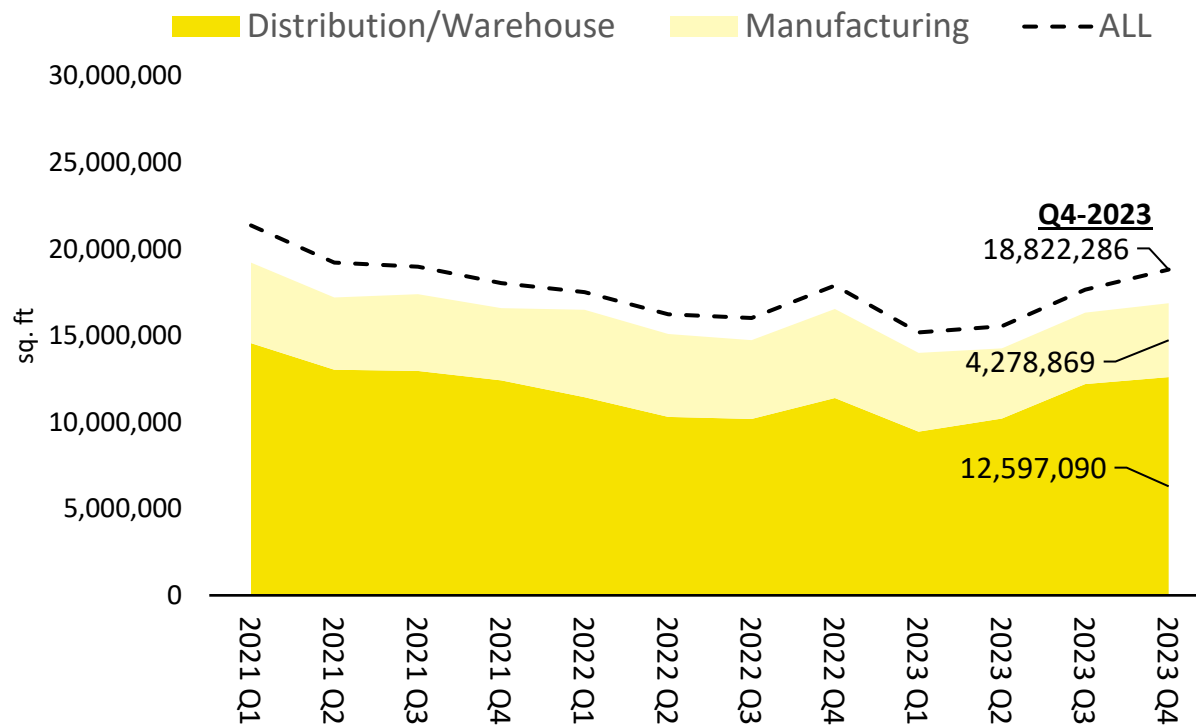


Industrial Market - Vacancy Trends

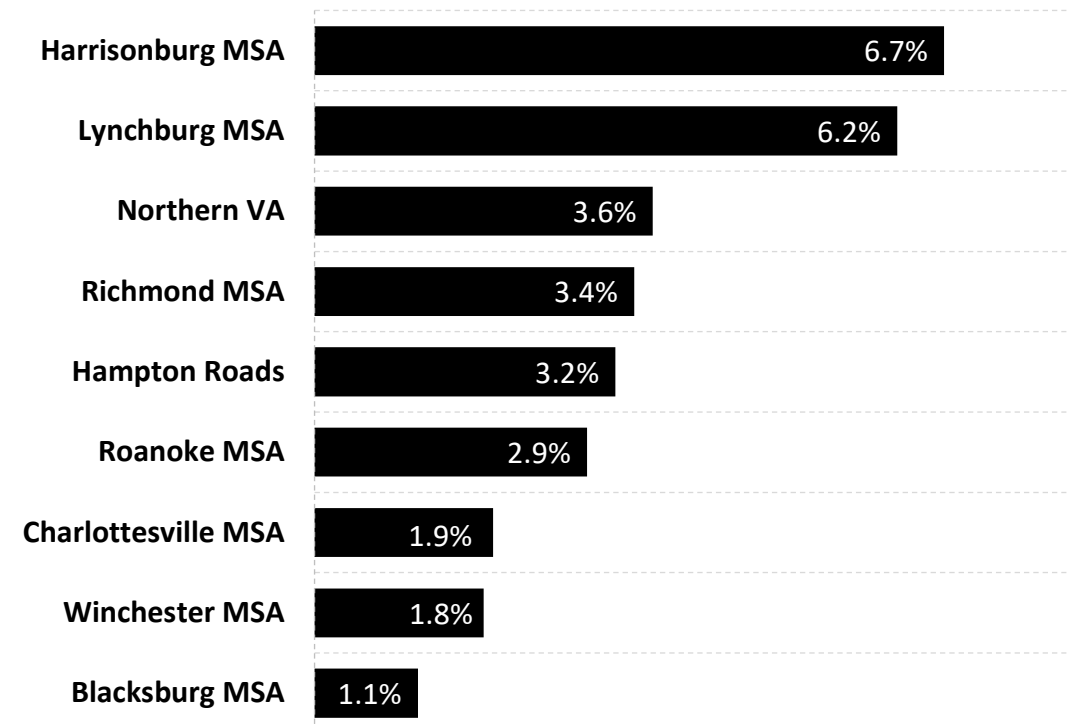
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q4-2023 Industrial Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q4



2023

INDUSTRIAL
Market Report



Snapshot of Industrial Market Conditions Around Virginia

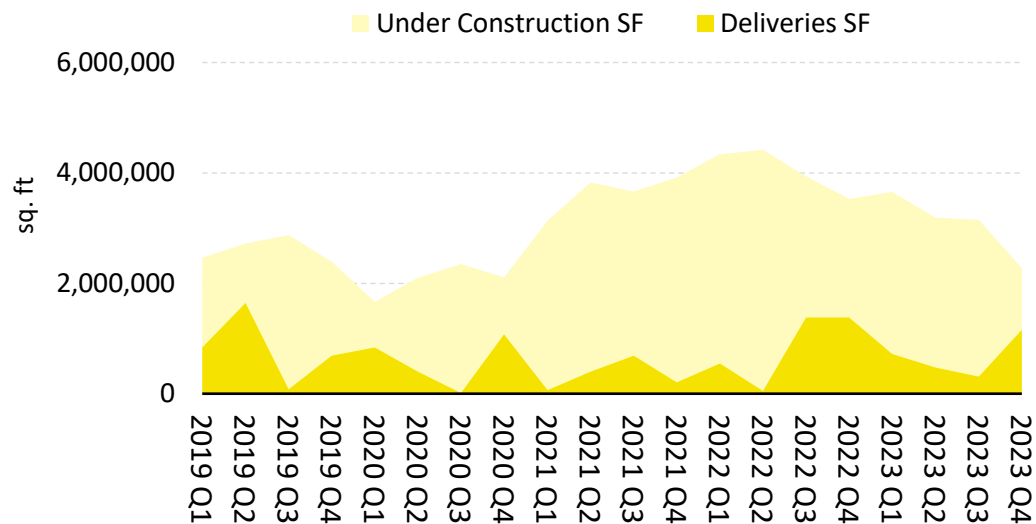
Industrial Market - MSA Trends

NORTHERN VIRGINIA

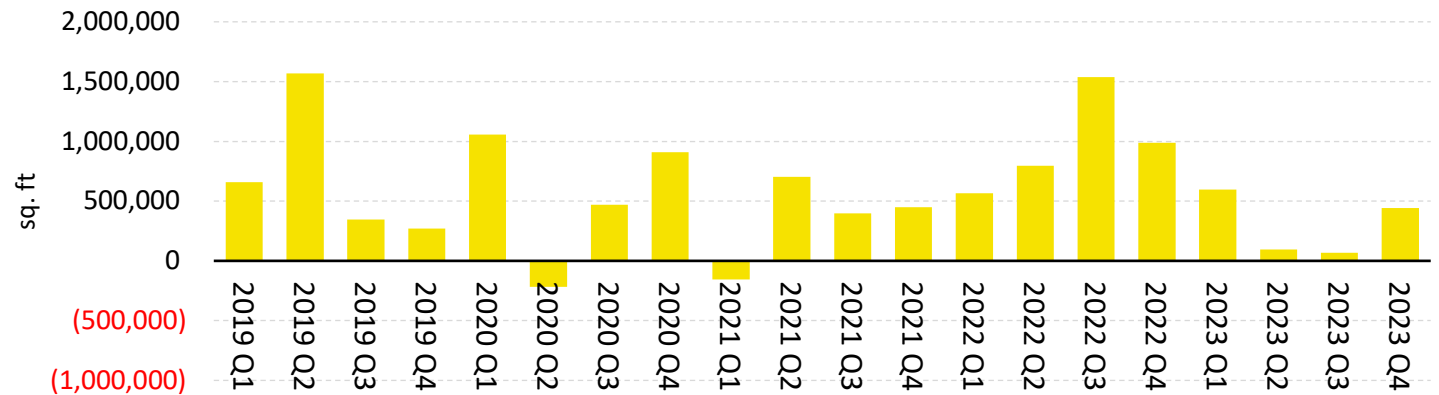
Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (sq. ft, millions)	96.6	2.5% % chg
Vacancy Rate (%)	3.6%	1.2% pct points
Net Absorption (sq. ft)	442,632	-544,133 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.91	\$0.41 \$ per sq. ft
Deliveries (sq. ft)	1,157,324	-222,739 sq. ft
Under Construction (sq. ft)	2,271,232	-1,255,407 sq. ft

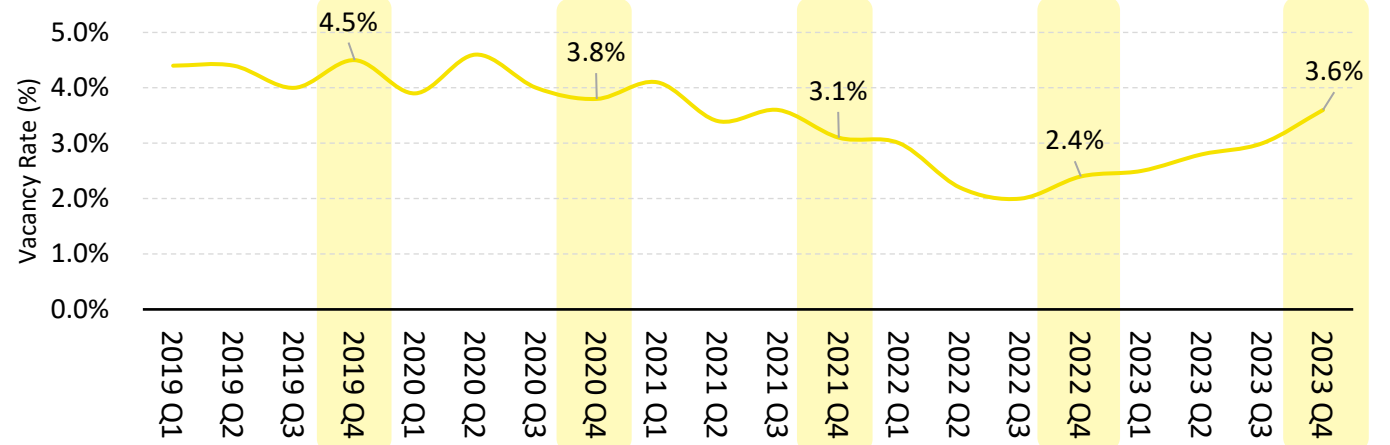
Under Construction & Net Deliveries (sq. ft)



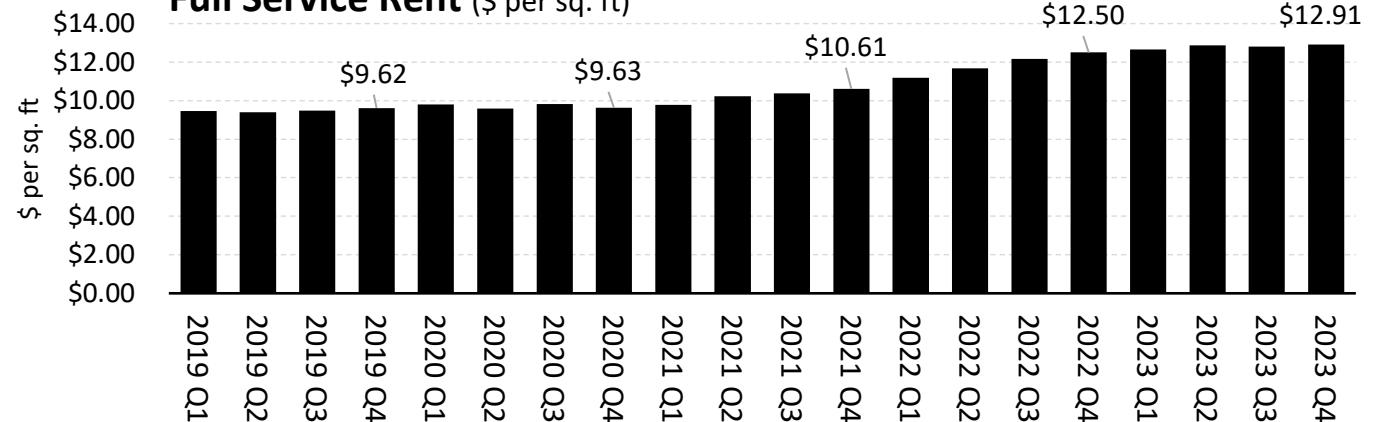
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



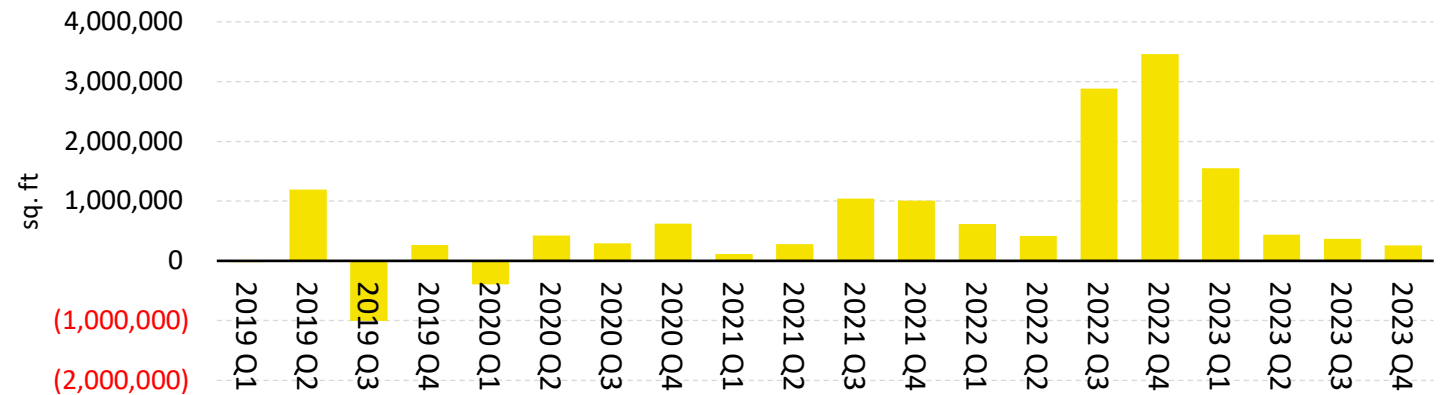
Industrial Market - MSA Trends

RICHMOND MSA

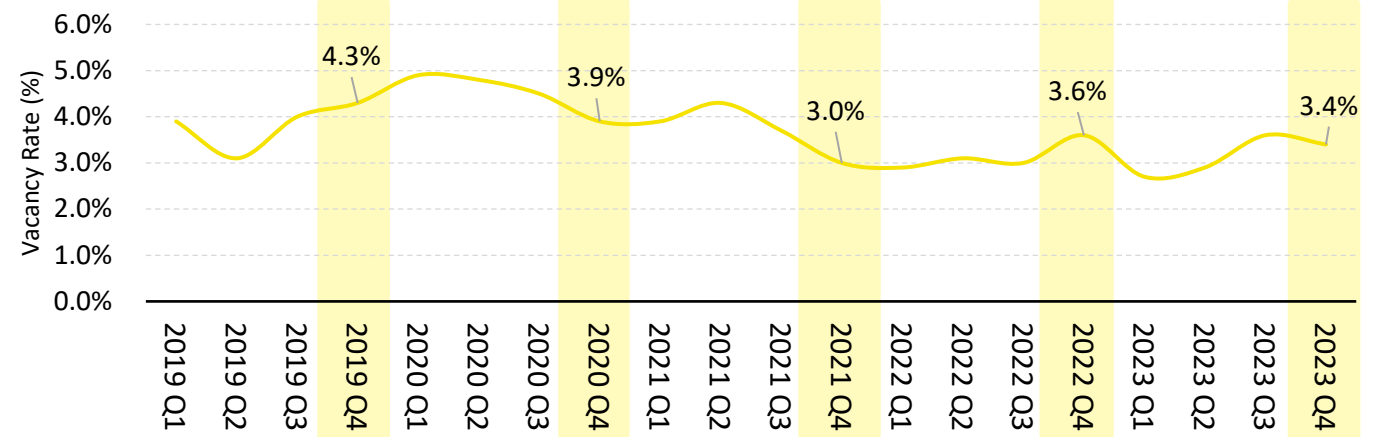
Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (sq. ft, millions)	131.5	1.9% % chg
Vacancy Rate (%)	3.4%	-0.2% pct points
Net Absorption (sq. ft)	259,911	-3,200,554 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.71	\$1.02 \$ per sq. ft
Deliveries (sq. ft)	10,350	-4,288,079 sq. ft
Under Construction (sq. ft)	8,146,448	3,192,403 sq. ft

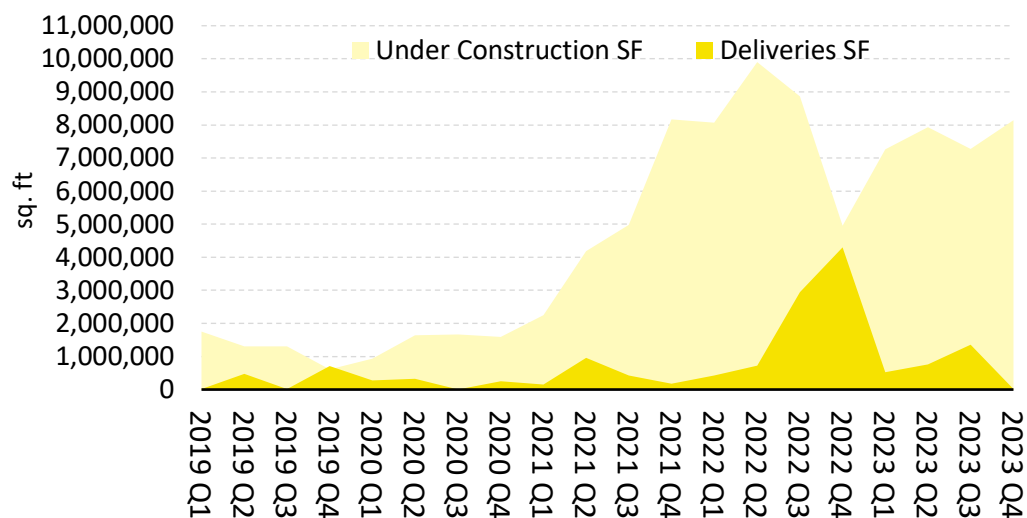
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



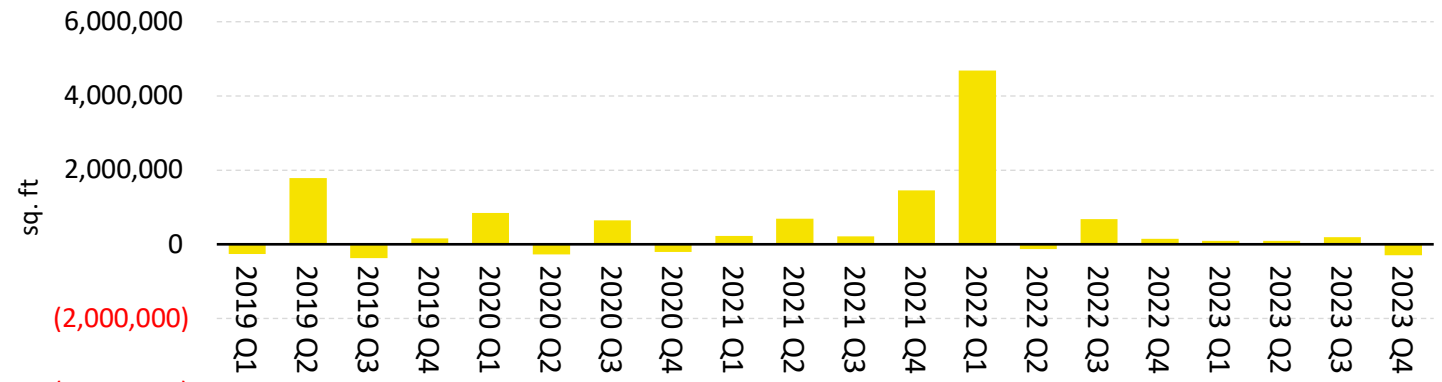
Industrial Market - MSA Trends

HAMPTON ROADS

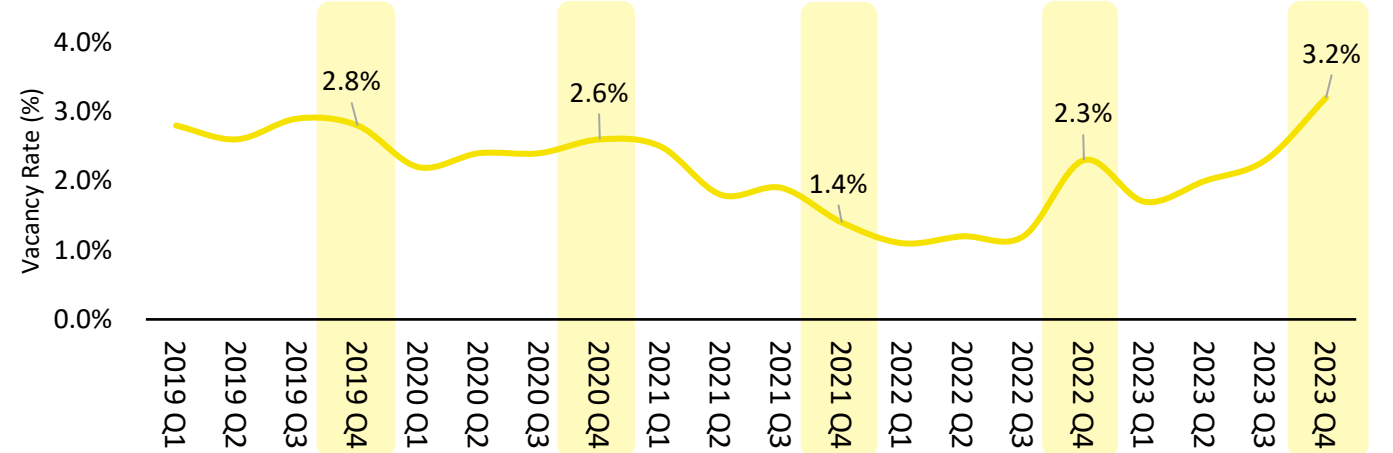
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	114.8	1.0%	% chg
Vacancy Rate (%)	3.2%	0.9%	pct points
Net Absorption (sq. ft)	(298,219)	-445,356	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.23	\$1.21	\$ per sq. ft
Deliveries (sq. ft)	653,636	-737,007	sq. ft
Under Construction (sq. ft)	3,584,917	530,481	sq. ft

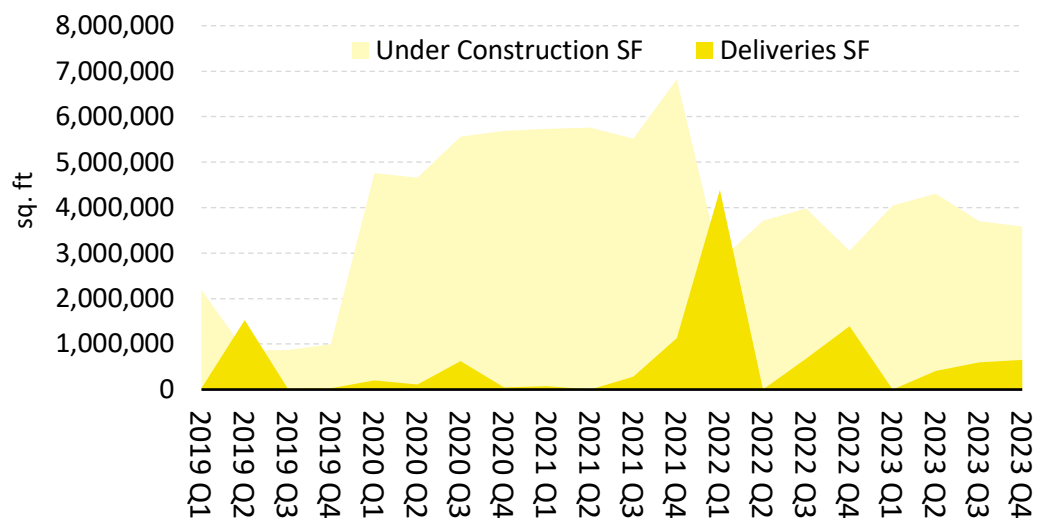
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



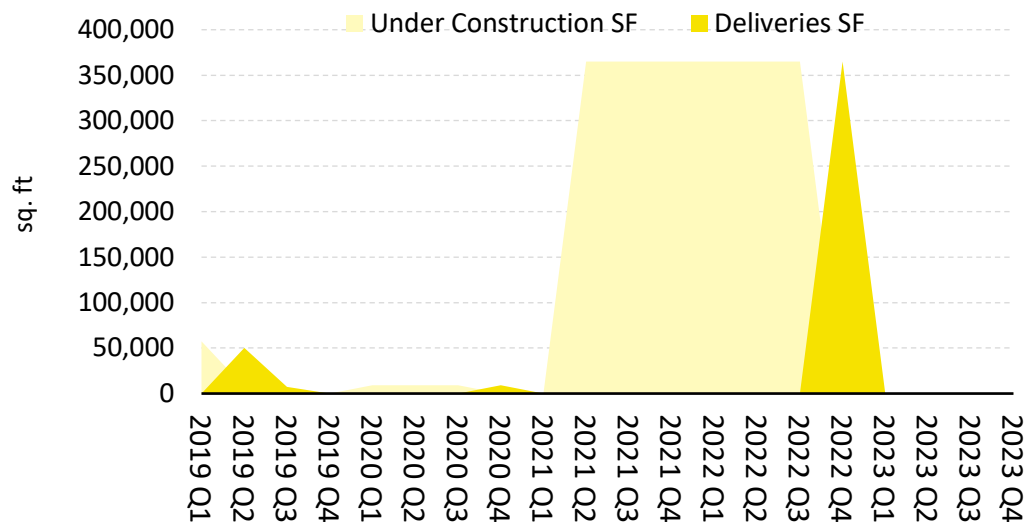
Industrial Market - MSA Trends

ROANOKE MSA

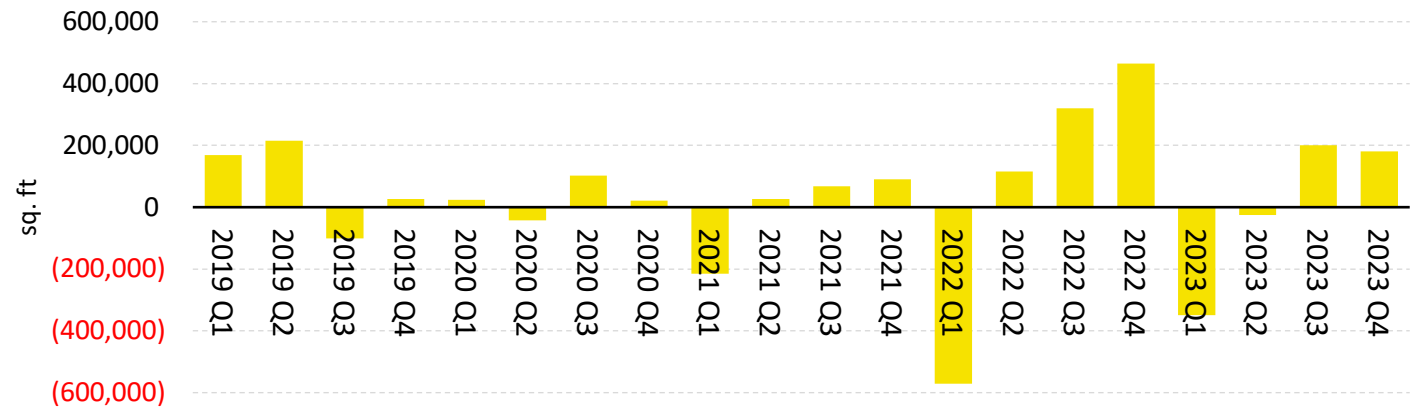
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	38.3	-0.4%	% chg
Vacancy Rate (%)	2.9%	-0.4%	pct points
Net Absorption (sq. ft)	180,656	-284,486	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.15	\$0.33	\$ per sq. ft
Deliveries (sq. ft)	0	-365,000	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

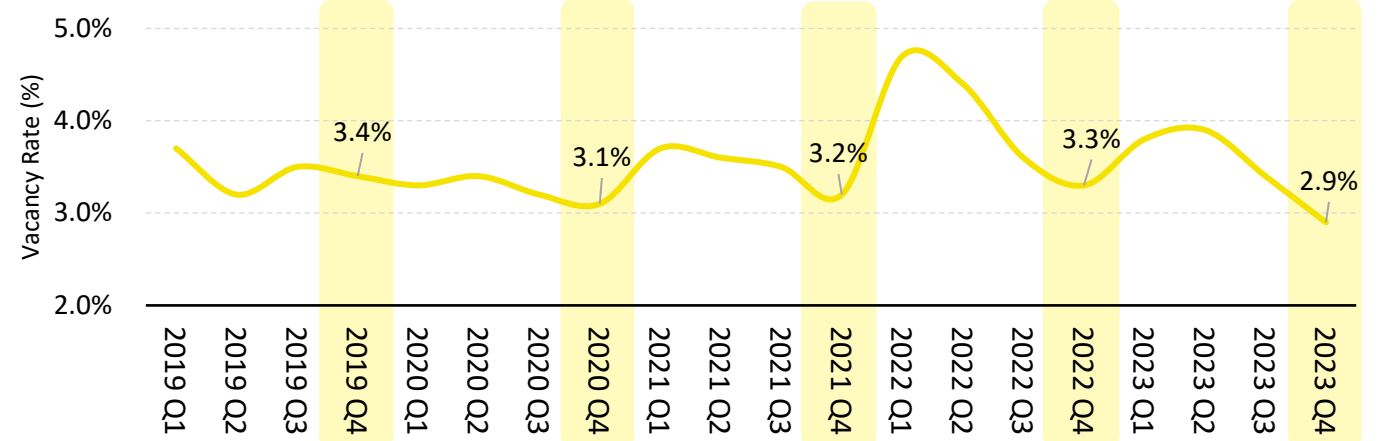
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



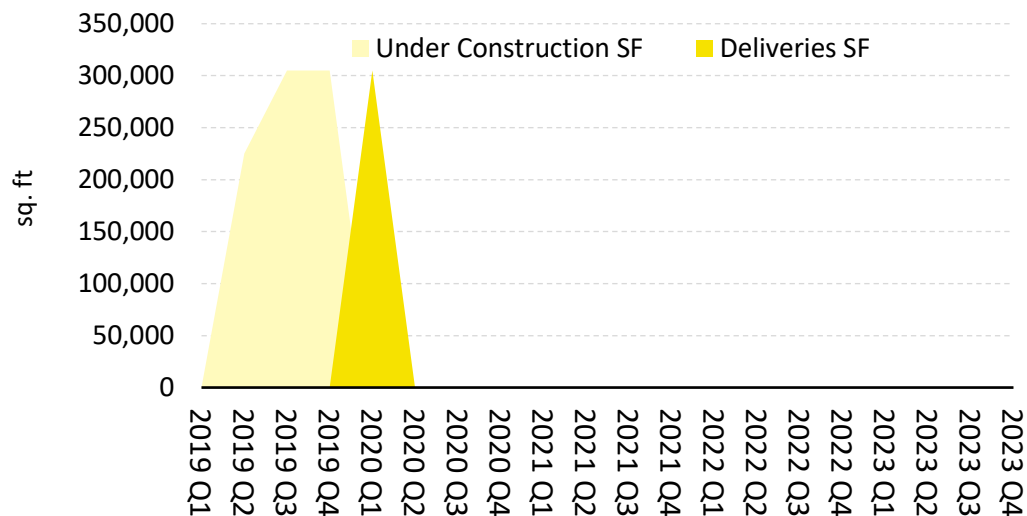
Industrial Market - MSA Trends

LYNCHBURG MSA

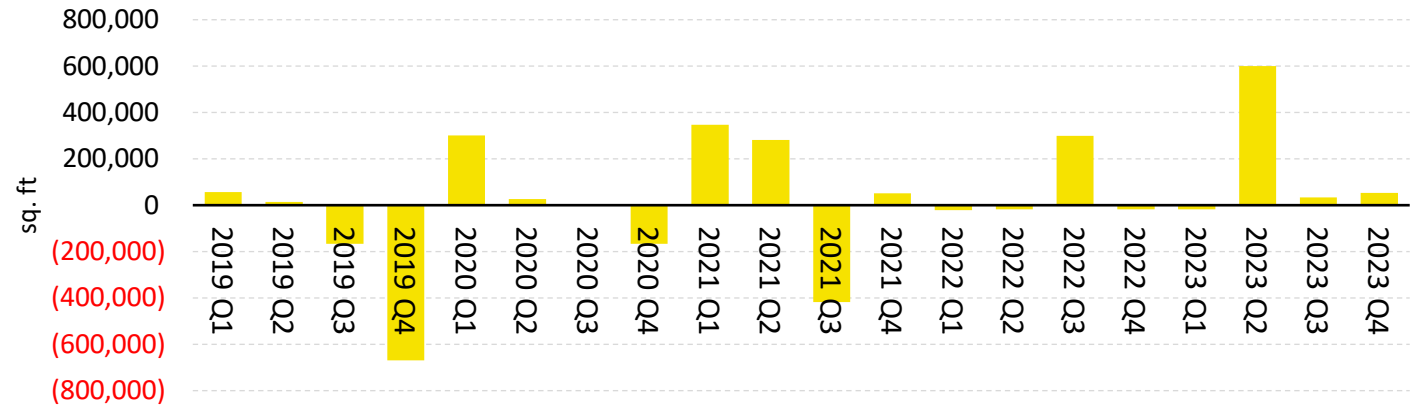
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	18.0	0	% chg
Vacancy Rate (%)	6.2%	-3.7%	pct points
Net Absorption (sq. ft)	52,932	71,408	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.23	\$0.44	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

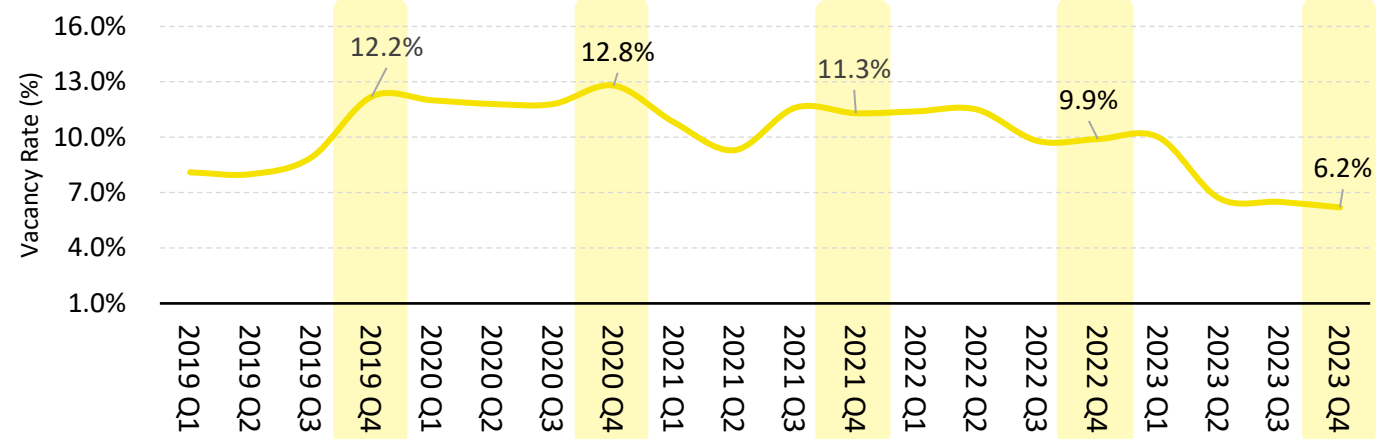
Under Construction & Net Deliveries (sq. ft)



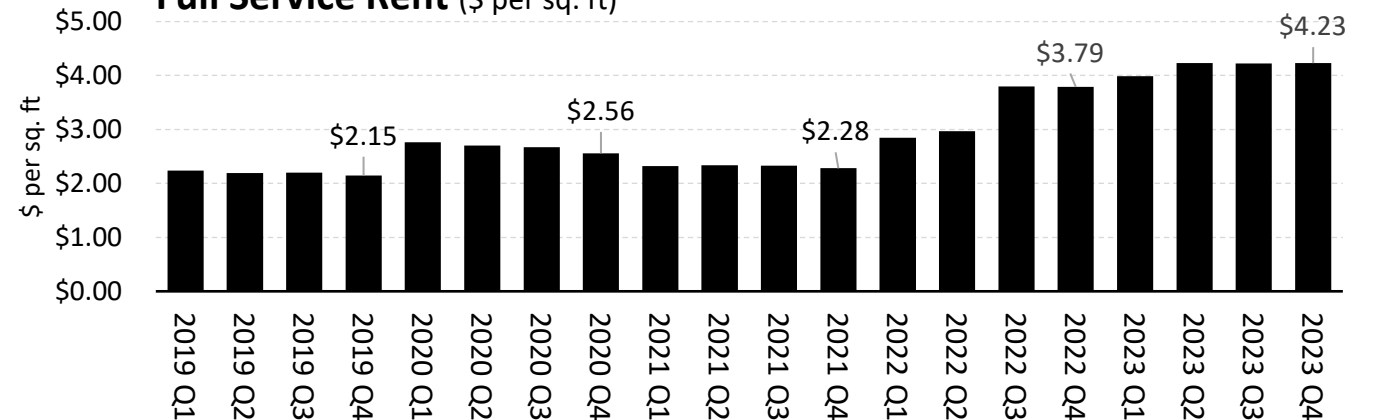
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



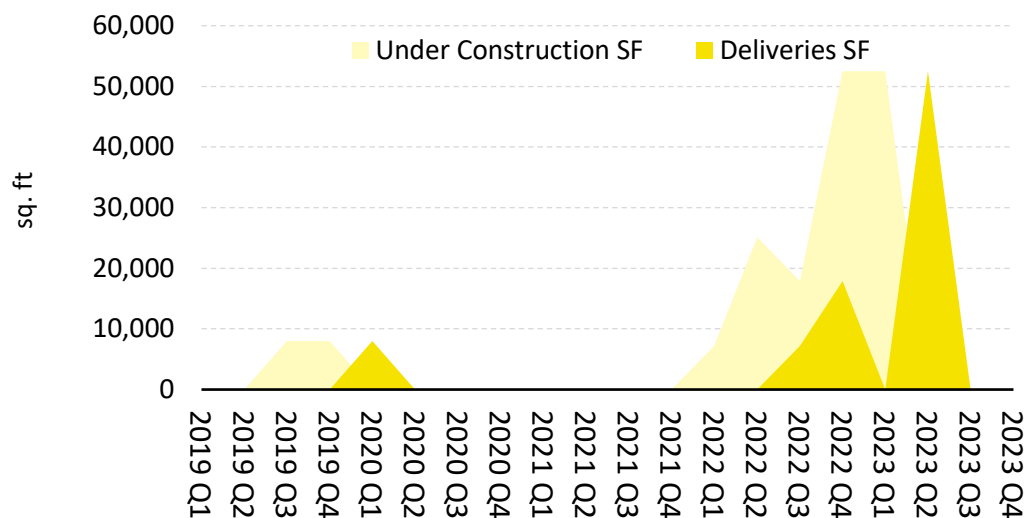
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

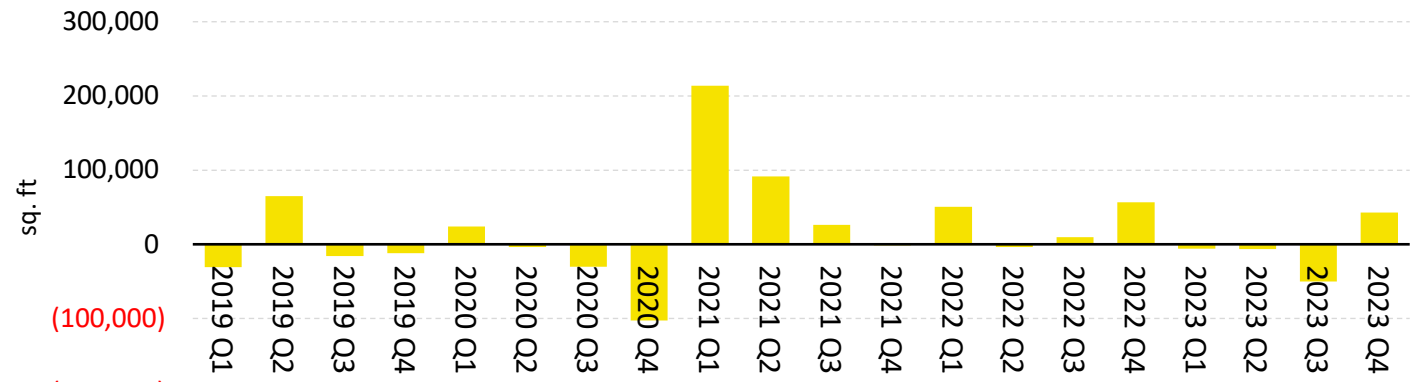
Local Market Indicator Dashboard

	Q4-2023	YoY Chg
Total Inventory (sq. ft, millions)	4.1	1.3% % chg
Vacancy Rate (%)	1.9%	1.8% pct points
Net Absorption (sq. ft)	42,600	-13,900 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$11.53	\$2.15 \$ per sq. ft
Deliveries (sq. ft)	0	-17,880 sq. ft
Under Construction (sq. ft)	0	-52,500 sq. ft

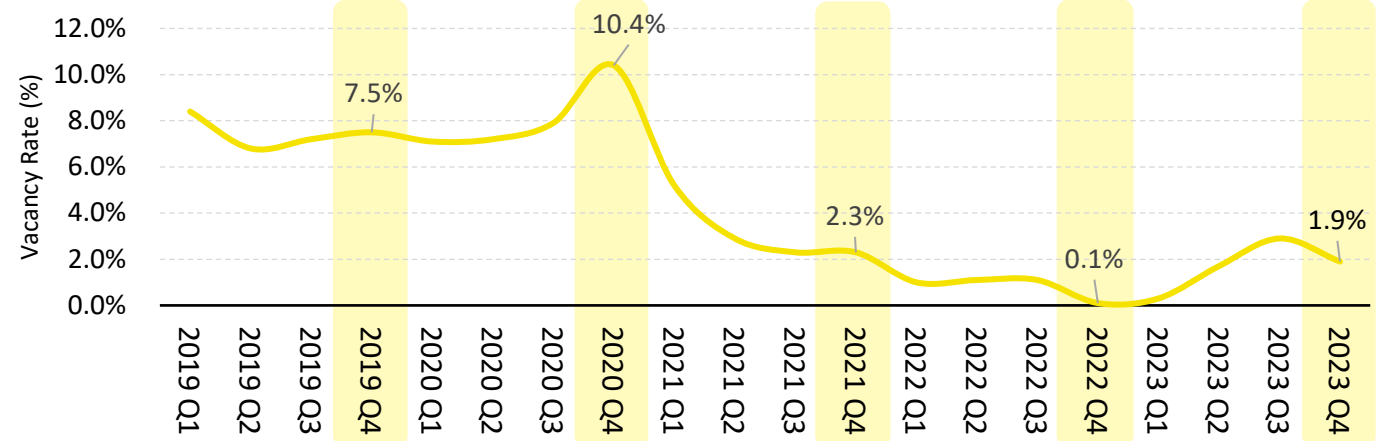
Under Construction & Net Deliveries (sq. ft)



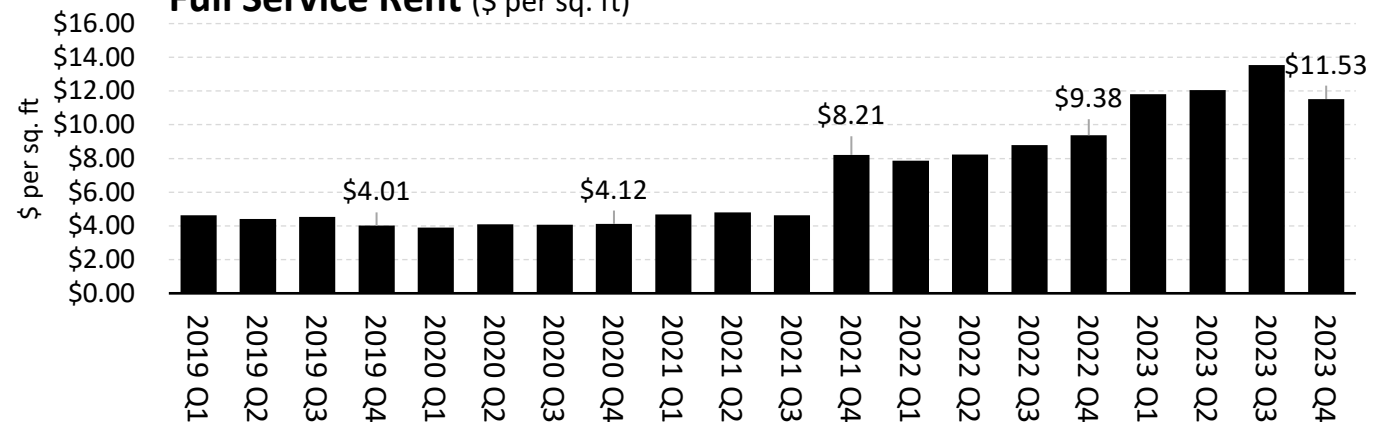
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



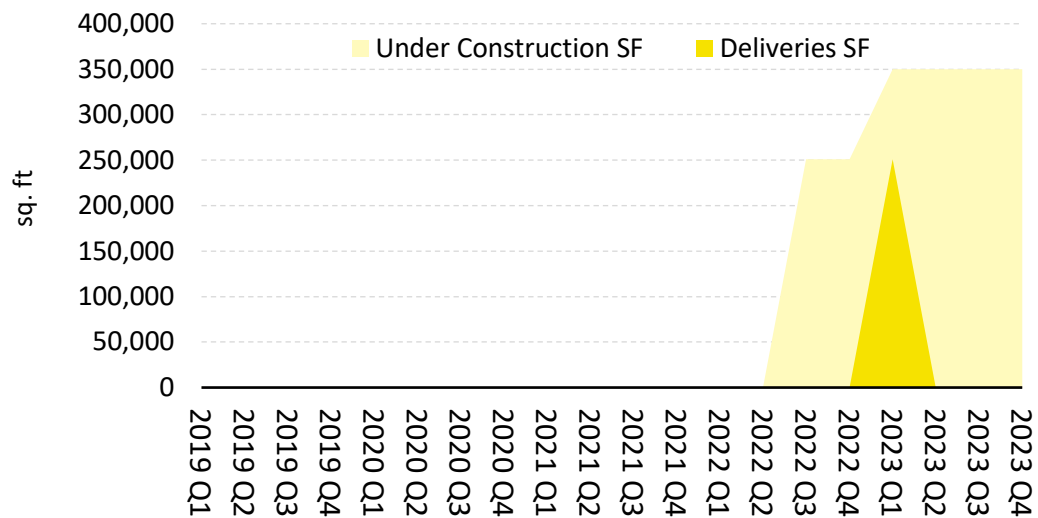
Industrial Market - MSA Trends

BLACKSBURG MSA

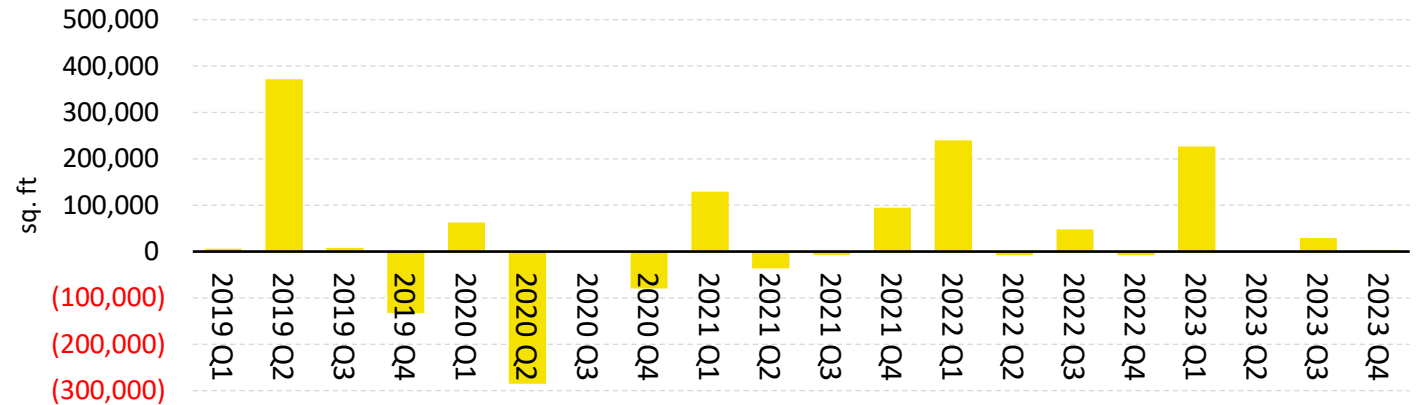
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	11.0	2.3%	% chg
Vacancy Rate (%)	1.1%	-0.1%	pct points
Net Absorption (sq. ft)	3,551	11,325	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.47	\$1.24	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	350,000	99,045	sq. ft

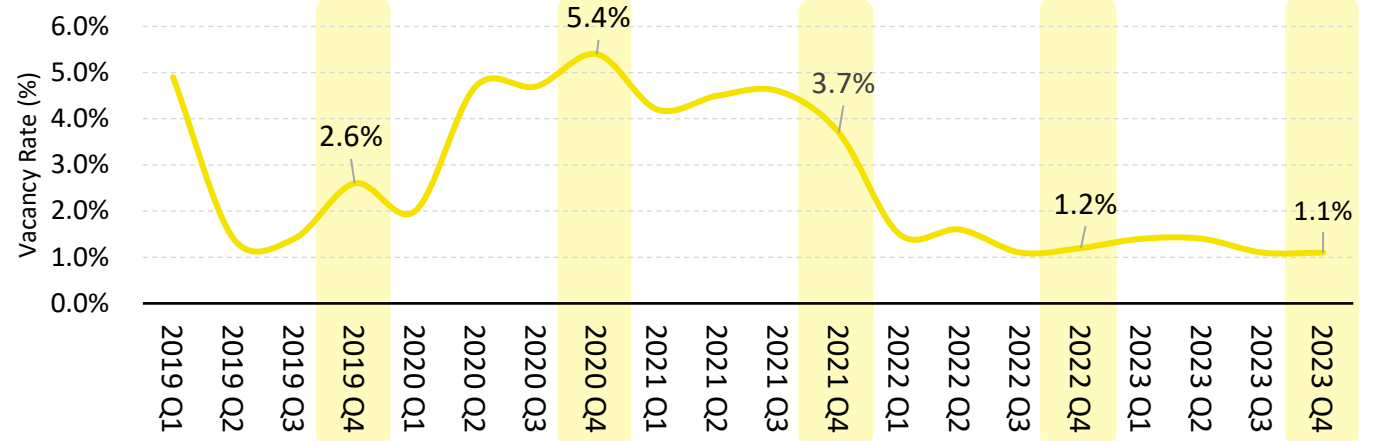
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



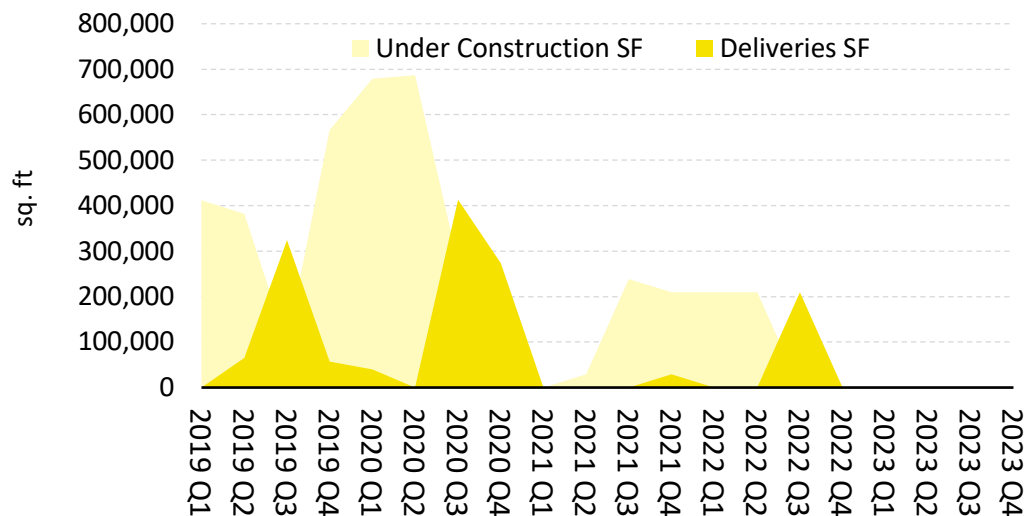
Industrial Market - MSA Trends

WINCHESTER MSA

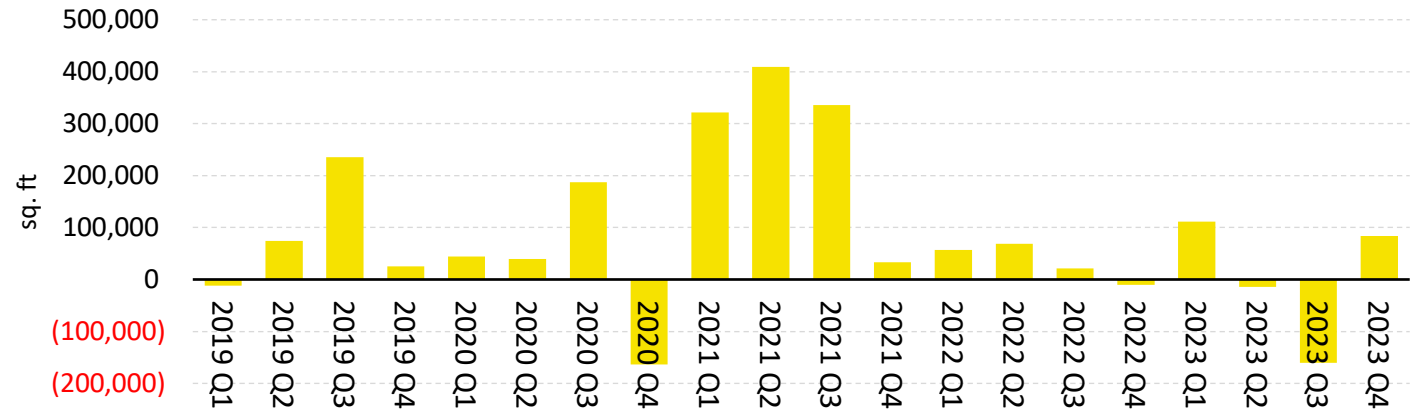
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	20.4	0	% chg
Vacancy Rate (%)	1.8%	-0.1%	pct points
Net Absorption (sq. ft)	83,480	93,430	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.02	\$0.23	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

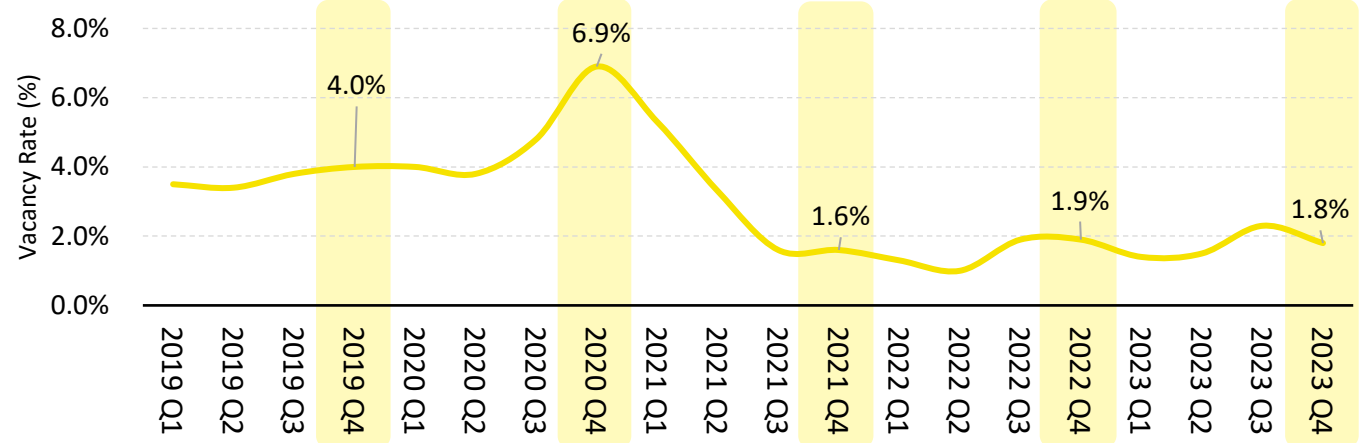
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



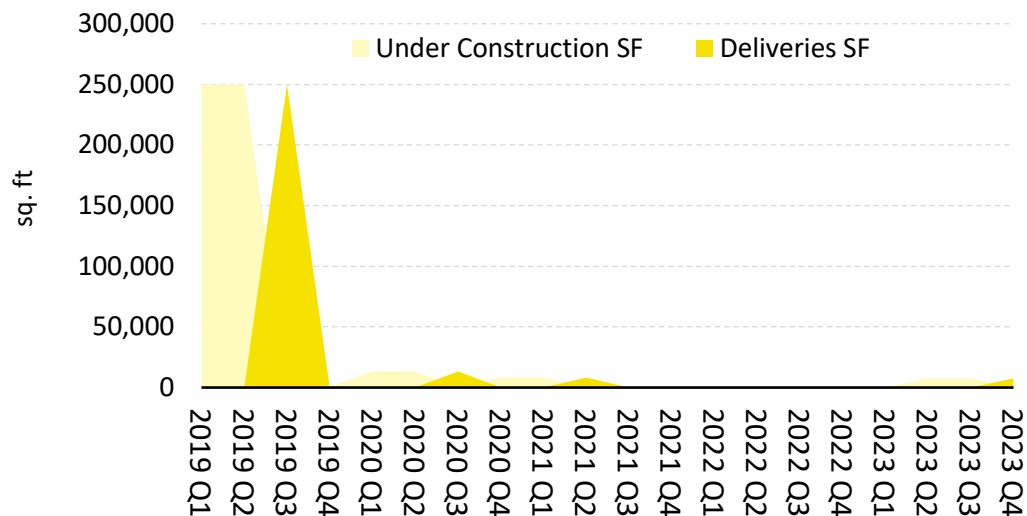
Industrial Market - MSA Trends

HARRISONBURG MSA

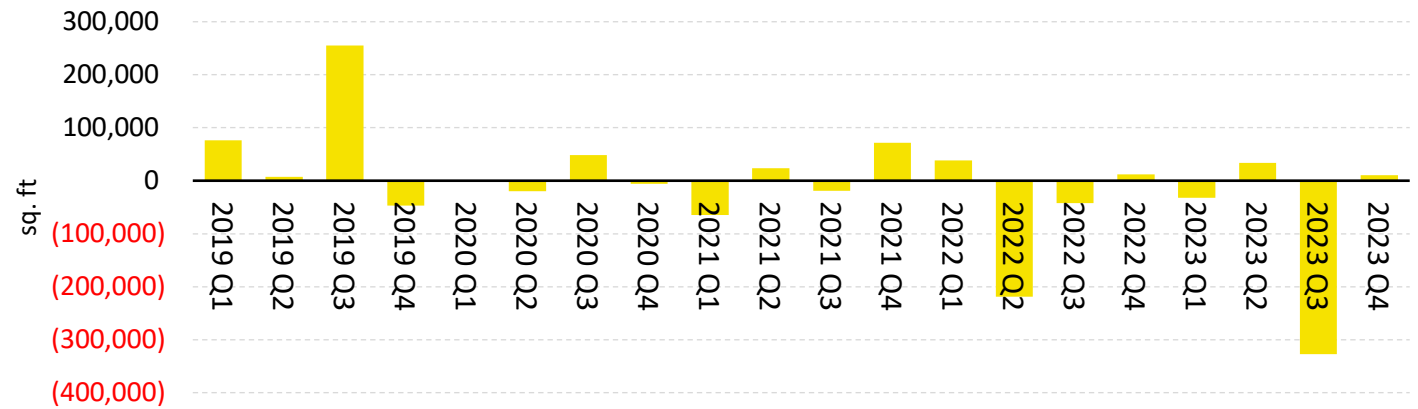
Local Market Indicator Dashboard

	Q4-2023	YoY Chg	
Total Inventory (sq. ft, millions)	9.4	0.1%	% chg
Vacancy Rate (%)	6.7%	3.4%	pct points
Net Absorption (sq. ft)	10,600	-1,395	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.06	\$0.93	\$ per sq. ft
Deliveries (sq. ft)	7,500	7,500	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

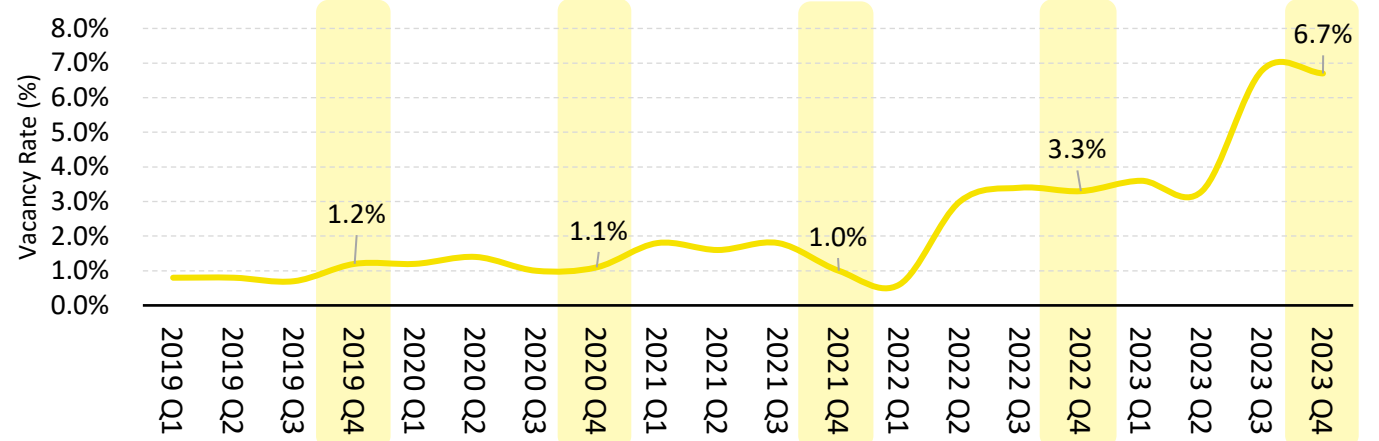
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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