



Q1 2024 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

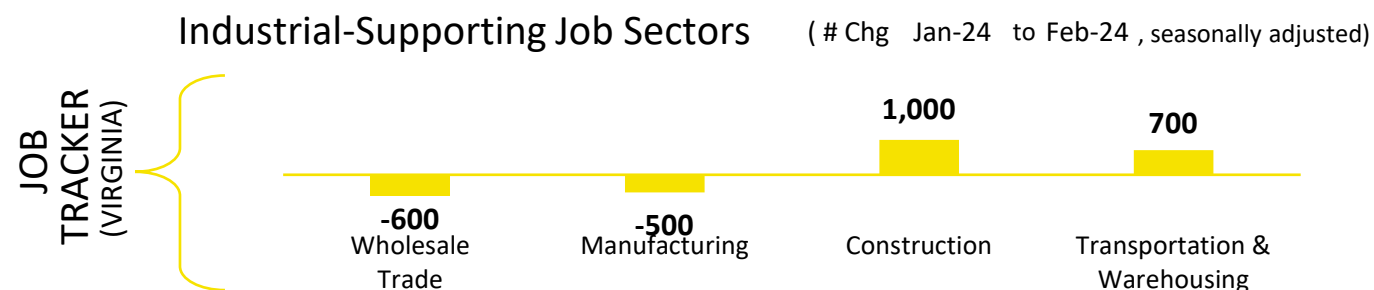
Overview: It was a strong quarter in Virginia's industrial market. There was positive absorption in most regional markets, and rents continue to climb across the state. Vacancy edged up compared to a year ago, but still remains low in most local markets. There was a large influx of new industrial space delivered, most of which was in Richmond and Hampton Roads.

Absorption: The industrial market saw an uptick in absorption levels this quarter, with 3.24 million sq ft of space absorbed, up 24.1% from the previous year. Distribution/warehouse space accounted for much of the positive absorption in Q1 with 1.34 million sq ft of industrial space. The metro area with the highest amount of absorption this quarter was Richmond with 2.44 million sq ft.

Vacancy Rate: At 3.9%, the vacancy rate for industrial space was 0.8 percentage points higher than last year, but still below the levels seen in pre-pandemic years. Vacancy rates for distribution warehouse space jumped from 3.1% to 4.1% in Q1 2024. Charlottesville had the lowest vacancy rate in the state at 0.9%, while Lynchburg had the highest rate at 8.7%.

Rent: Rental prices for industrial space rose 20.3% or \$1.38 from the previous year, bringing the full-service rent per sq ft to \$8.17 in Q1 2024. Manufacturing saw rent decrease by 9.3% while distribution/warehouse spaces saw double-digit growth at 27.7%. Looking at industrial rents from the local level, both Charlottesville (-4.8%) and Blacksburg (-3.3%) experienced negative rent growth in the first quarter compared to the prior year.

Supply/Deliveries: There was a total of 10.3 million sq ft of industrial space under construction in Q1 2024 statewide, dropping 45.4% from the year prior. Despite the decrease in construction levels, more industrial space hit the market with 4.49 million sq ft delivered, up from 1.56 million sq ft a year ago. Richmond had the highest level of industrial new construction and deliveries this quarter.



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q1-2024	Indicator
% chg	2.9%	559.1	Total Inventory (sq. ft, in millions)
sq. ft millions	0.6	3.2	Net Absorption (sq. ft, in millions)
pct point	0.8%	3.9%	Vacancy Rate (%)
\$ per sq. ft	\$1.38	\$8.17	Full Service Rent (\$ per sq. ft)
sq. ft millions	2.9	4.5	New Supply Delivered (sq. ft, in millions)
sq. ft millions	-8.6	10.3	Under Construction (sq. ft, in millions)



Economic Indicator Dashboard

	MoM % Chg	Feb-24	Indicator
% chg	0.3%	4.2	Total Jobs, Virginia (in millions, seasonally adjusted)
% chg	0.1%	618.6	Industrial-Supporting Jobs, Virginia (in thousands, seasonally adjusted)
pct point	0	3.0%	Unemployment Rate, Virginia (% seasonally adjusted)
pct point	QoQ Chg -1.5%	Q4-2023 3.4%	Gross Domestic Product, U.S. (seasonally adjusted annual rate)

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Virginia Industrial Market

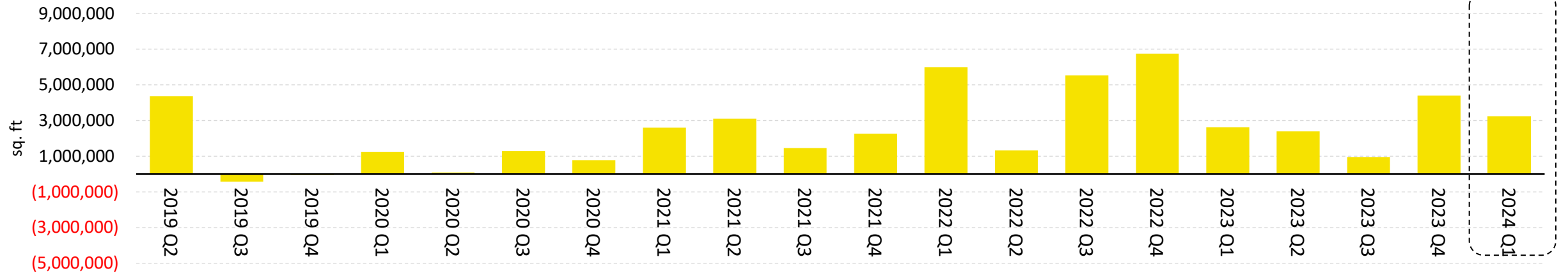
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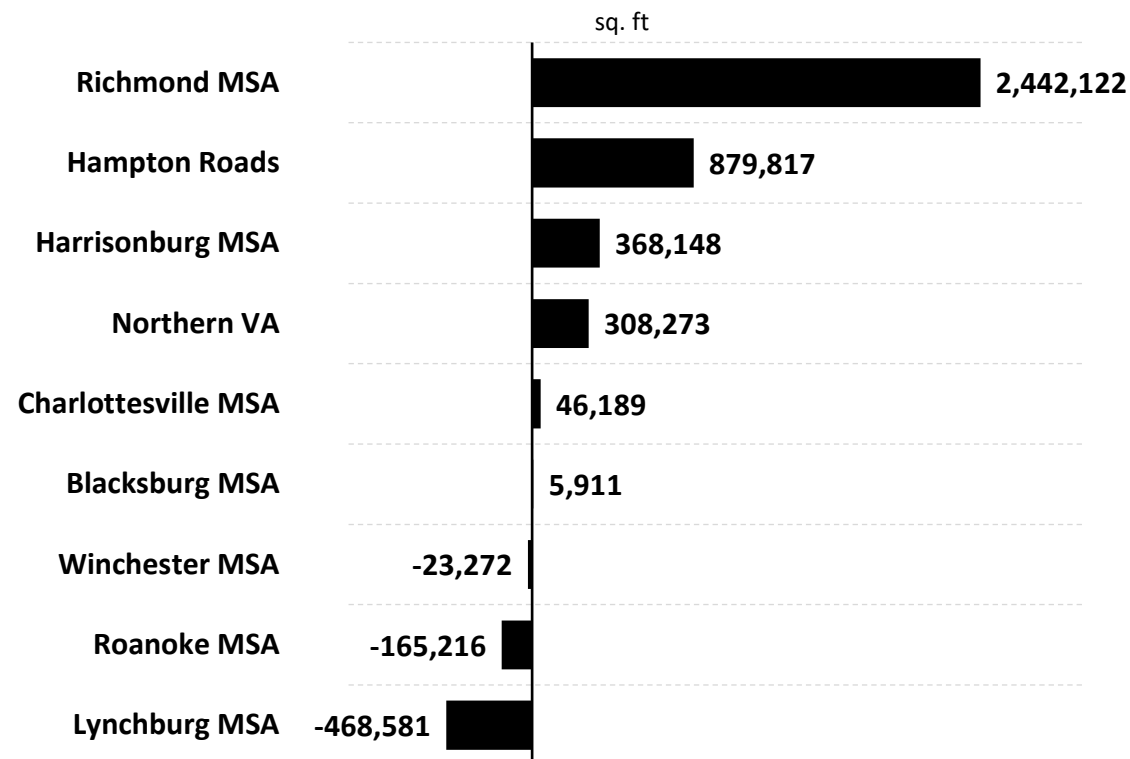
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

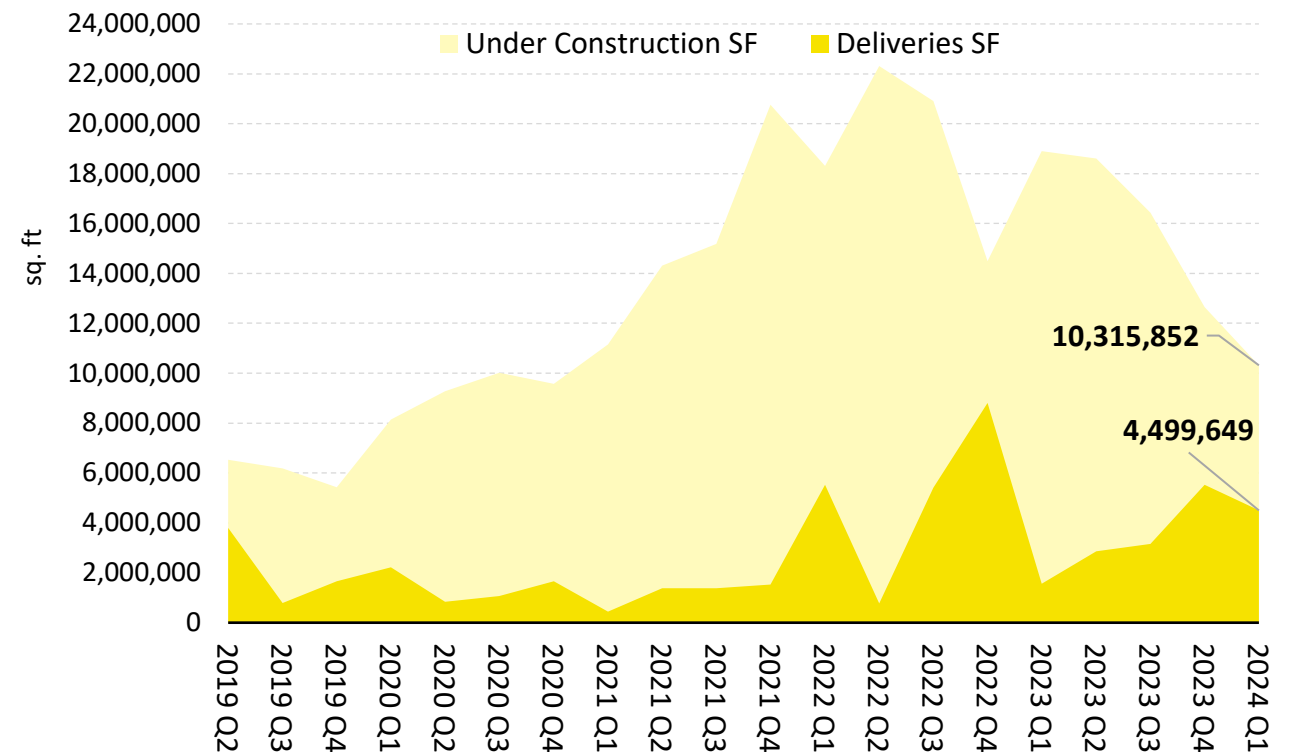
Net Absorption (sq. ft)



Q1-2024 Net Absorption by Metro Area (sq ft)

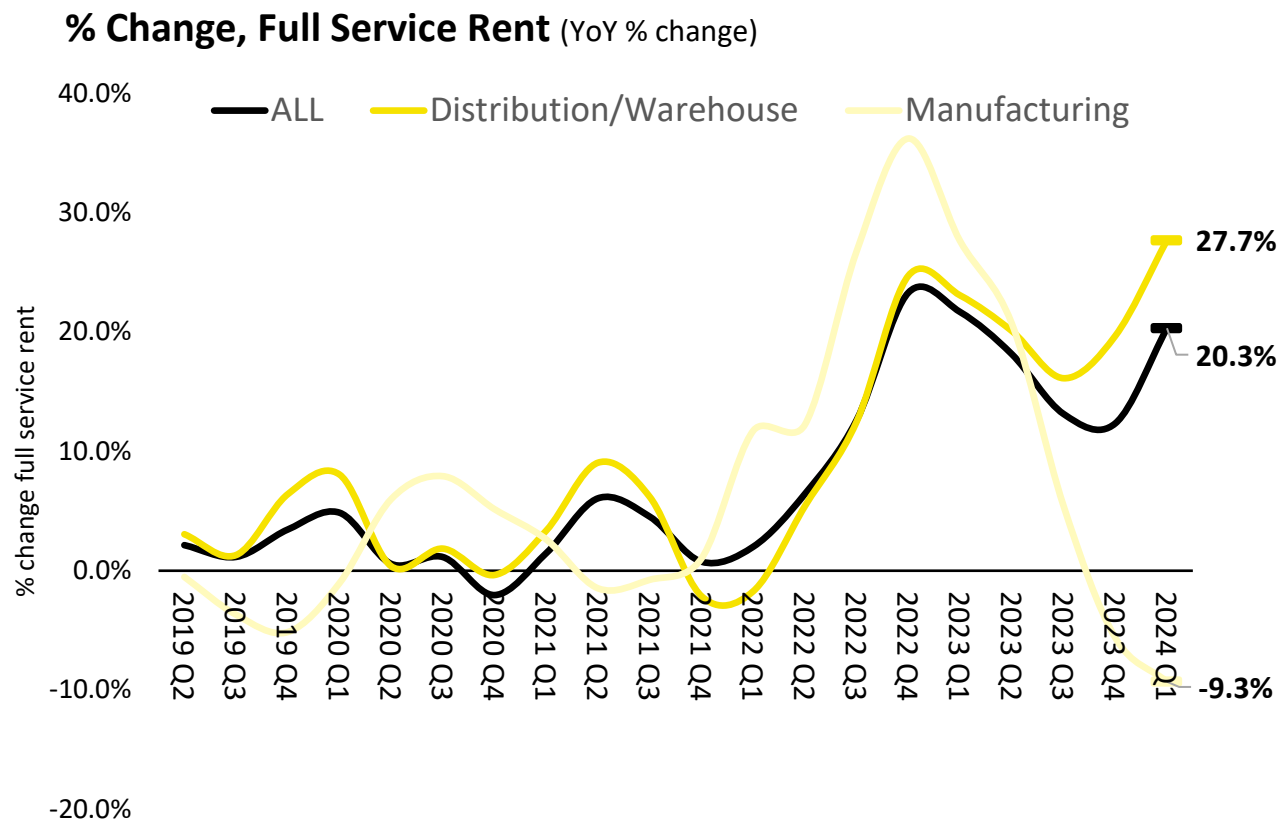
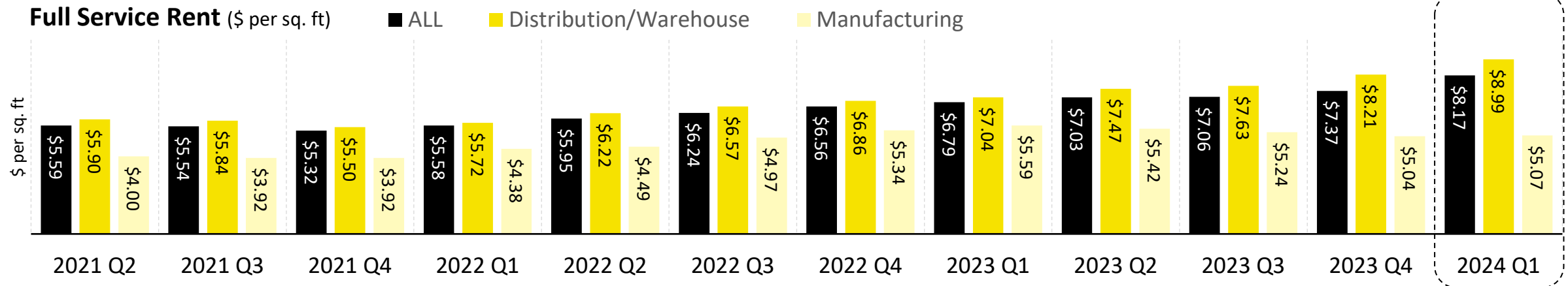


Under Construction & Net Deliveries (sq. ft)

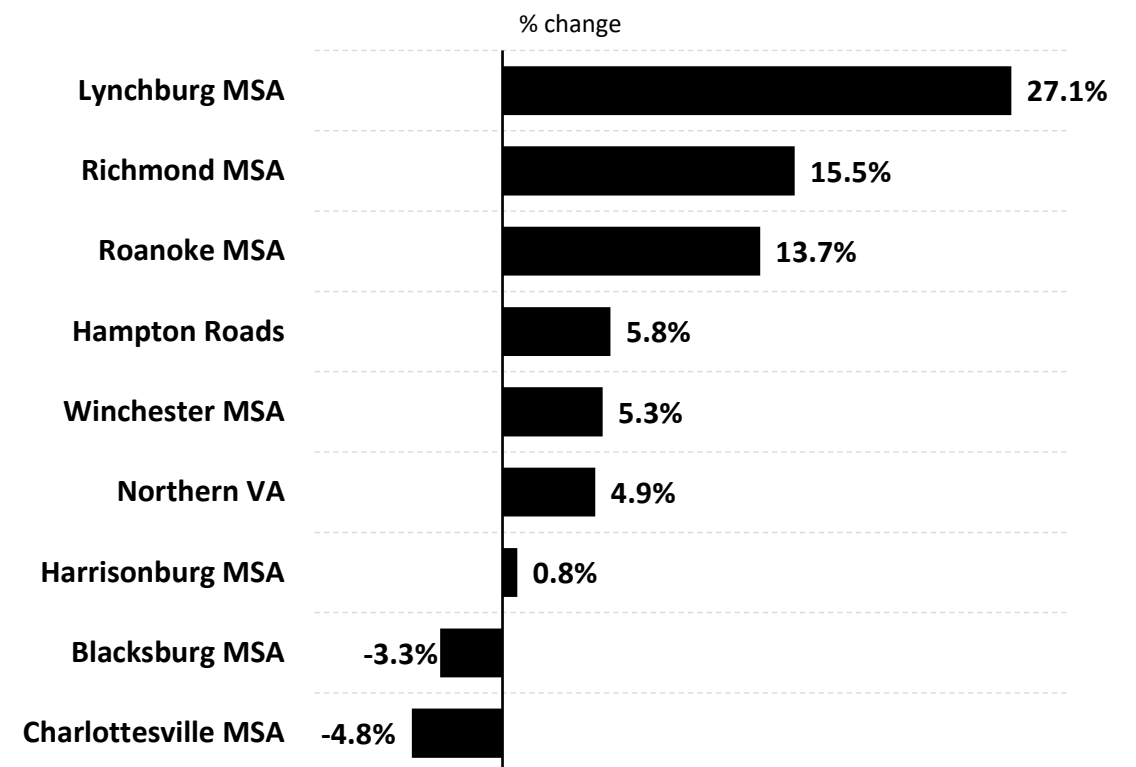


Industrial Market - Rent Trends

VIRGINIA (Statewide)

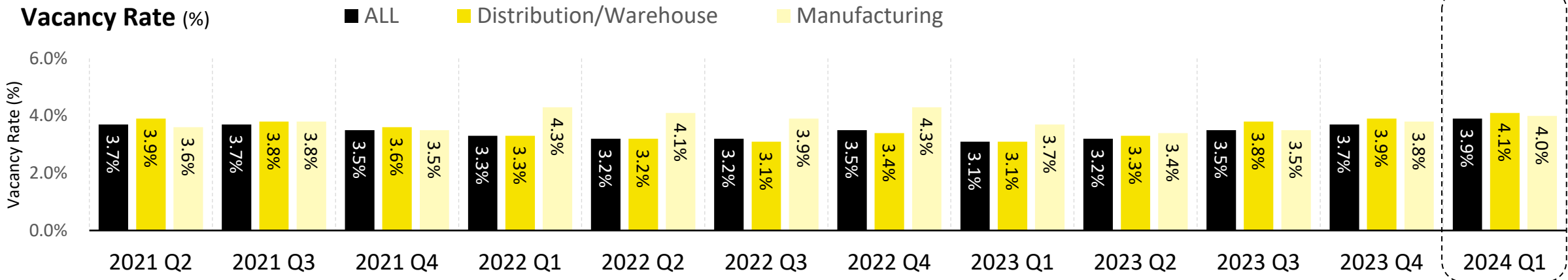


Q1-2024 by MSA: % Change, Full Service Rent (YoY % change)

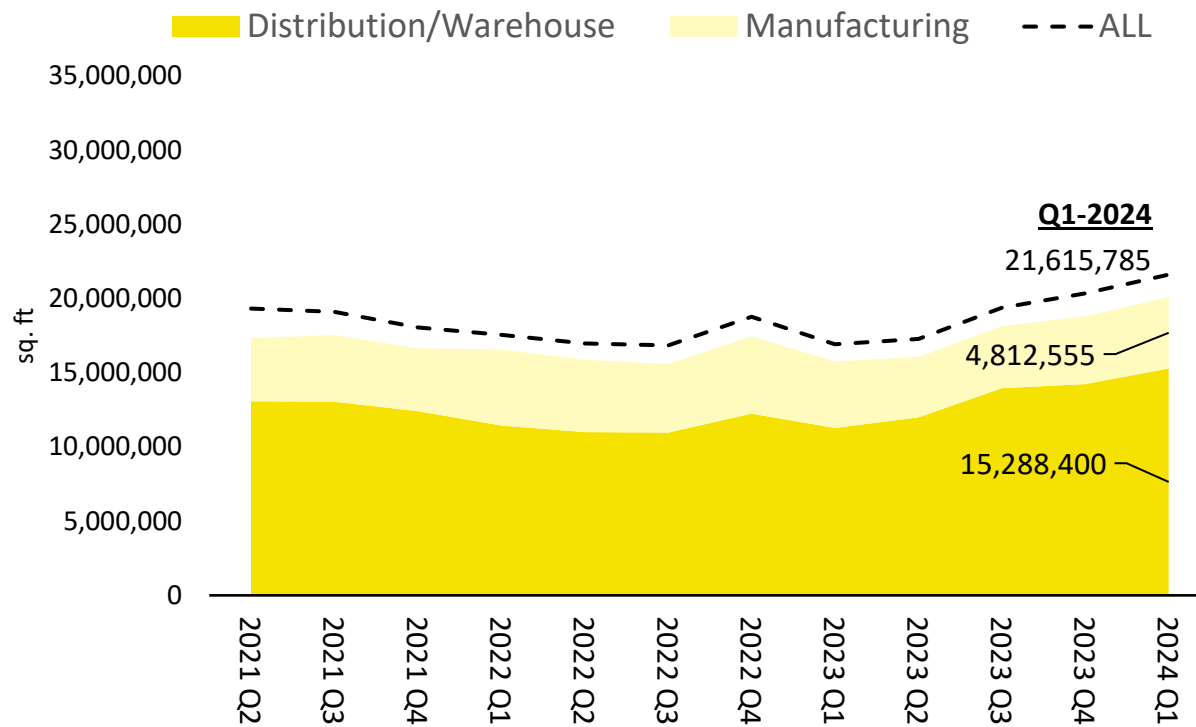


Industrial Market - Vacancy Trends

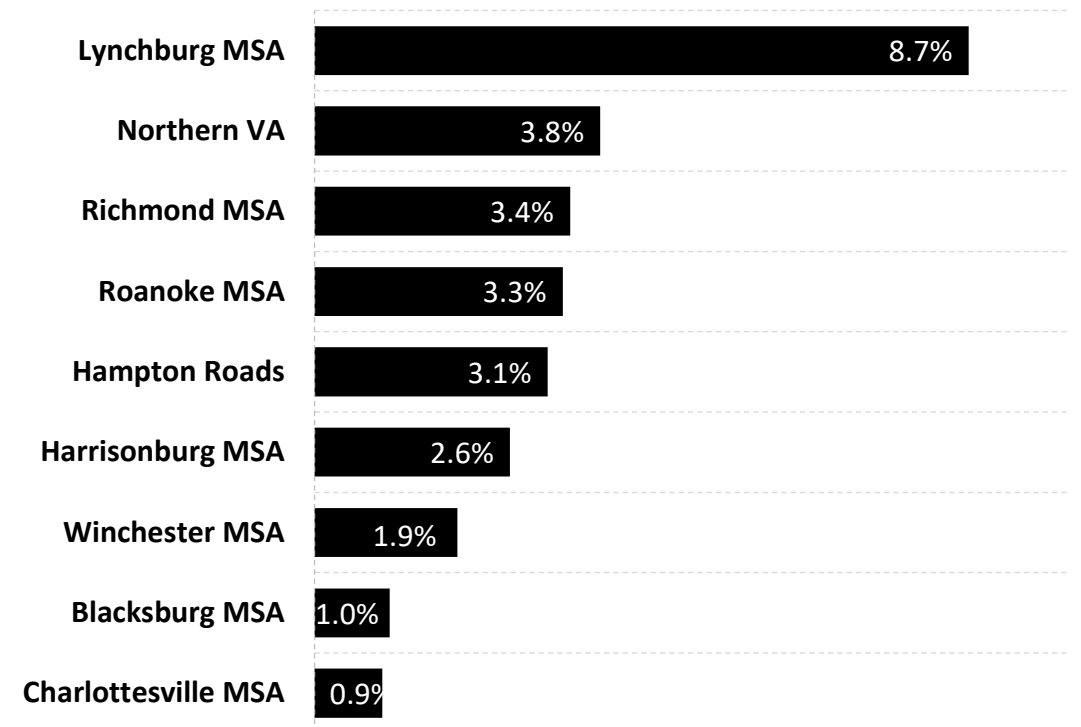
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q1-2024 Industrial Vacancy Rate by MSA



MSA TRENDS

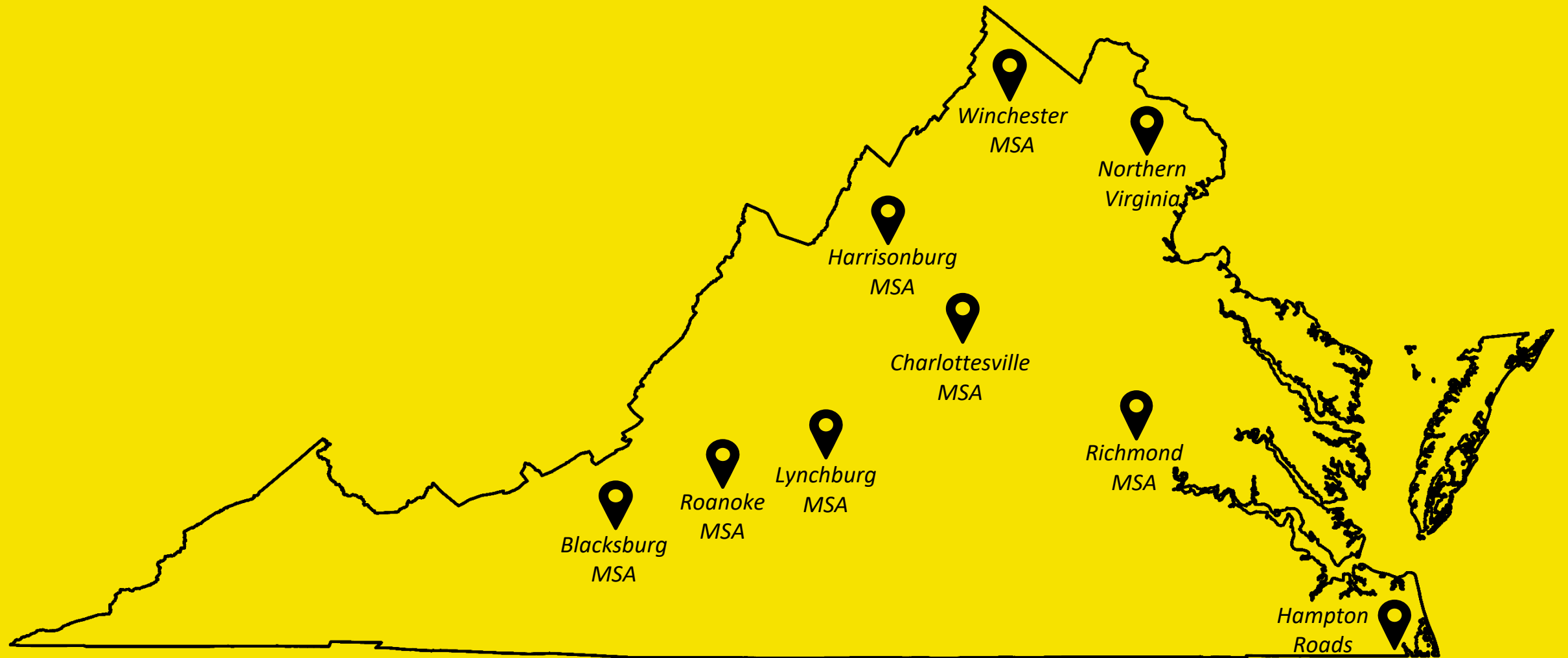
METROPOLITAN STATISTICAL AREA

Q1



2024

INDUSTRIAL
Market Report



Snapshot of Industrial Market Conditions Around Virginia

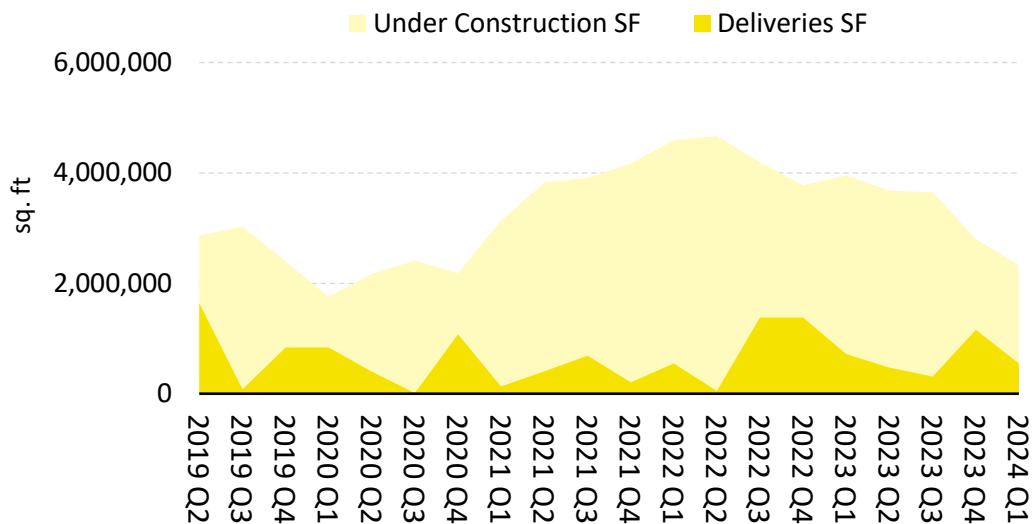
Industrial Market - MSA Trends

NORTHERN VIRGINIA

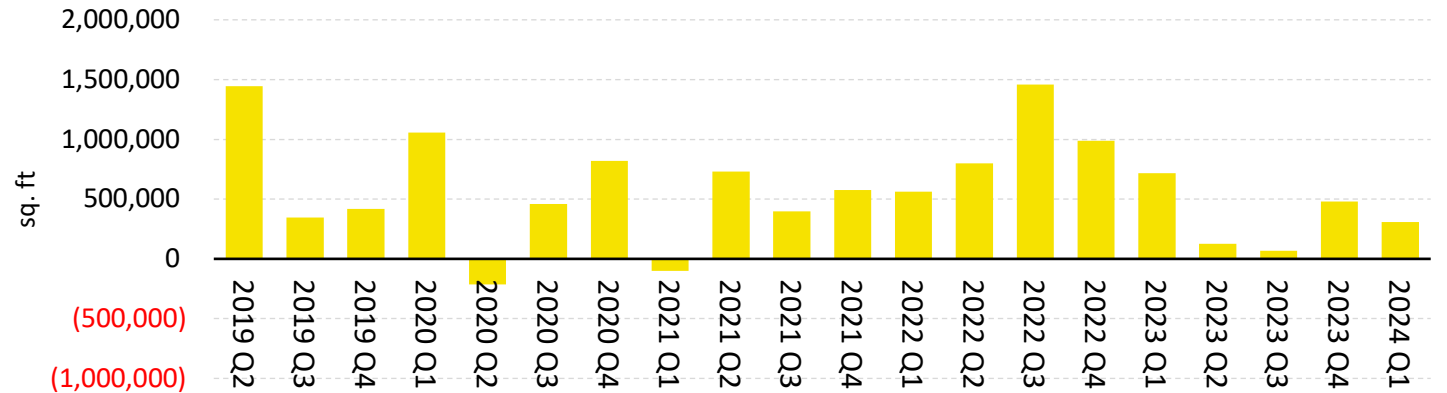
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	97.8	2.3%	% chg
Vacancy Rate (%)	3.8%	1.3%	pct points
Net Absorption (sq. ft)	308,273	-408,114	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.16	\$0.62	\$ per sq. ft
Deliveries (sq. ft)	547,105	-168,926	sq. ft
Under Construction (sq. ft)	2,327,941	-1,625,759	sq. ft

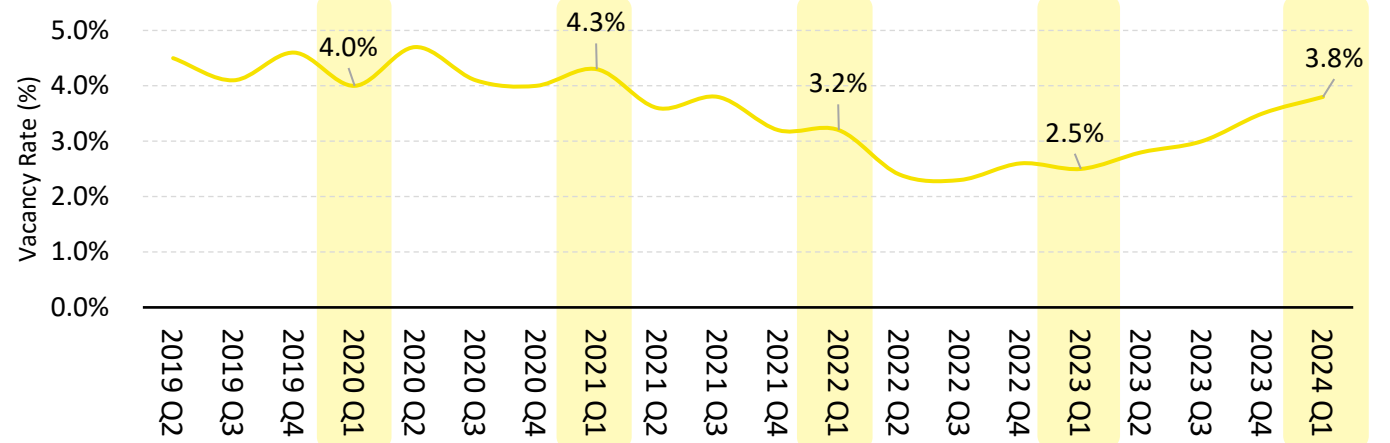
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



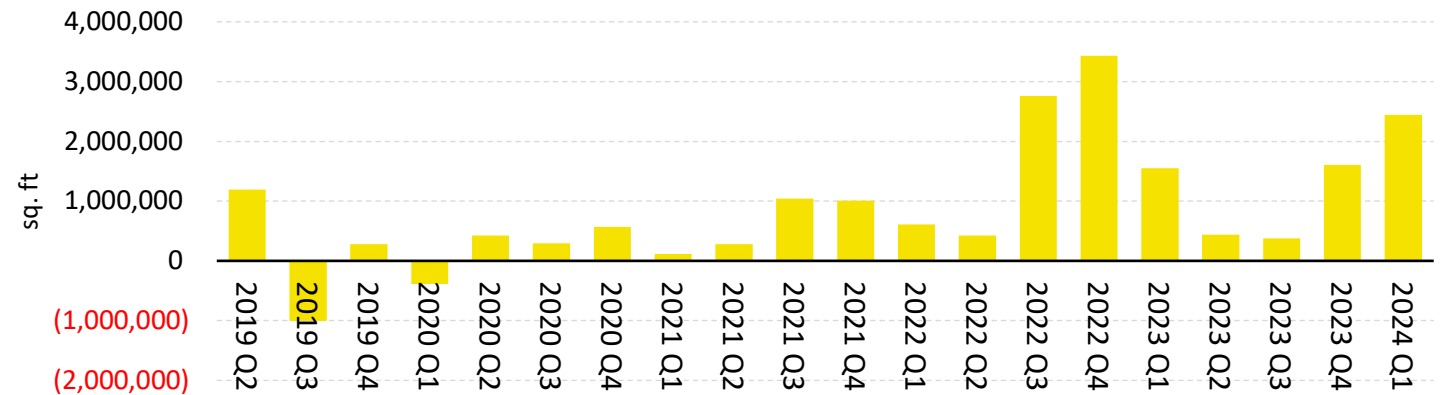
Industrial Market - MSA Trends

RICHMOND MSA

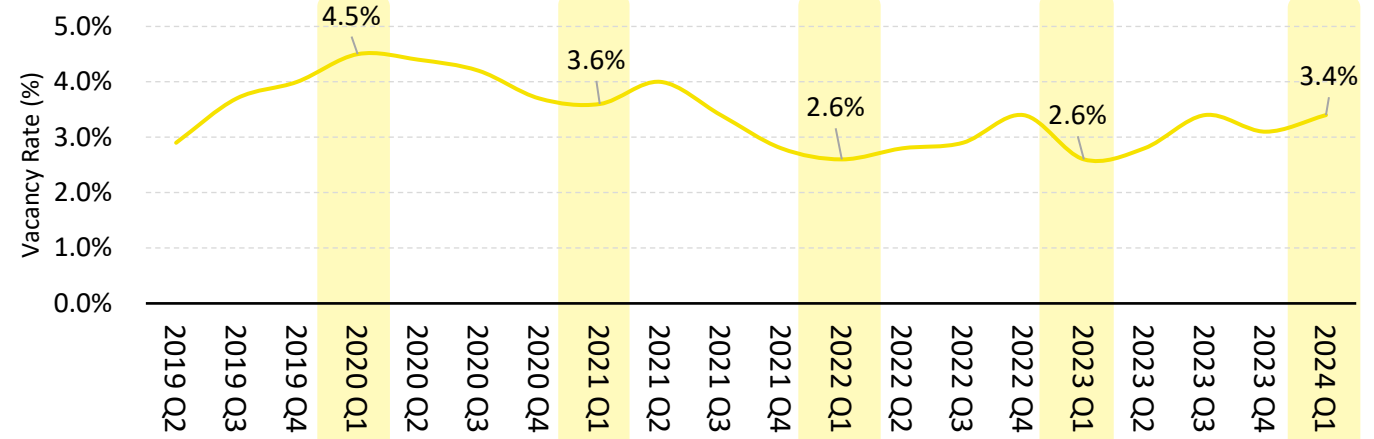
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	145.5	4.5%	% chg
Vacancy Rate (%)	3.4%	0.8%	pct points
Net Absorption (sq. ft)	2,442,122	890,131	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.62	\$1.16	\$ per sq. ft
Deliveries (sq. ft)	3,035,044	2,507,886	sq. ft
Under Construction (sq. ft)	4,090,890	-3,333,148	sq. ft

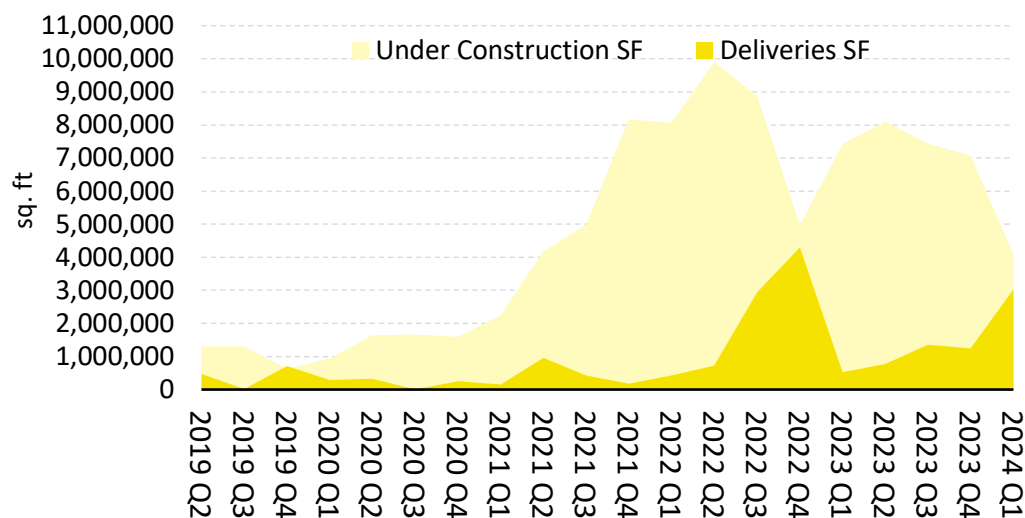
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



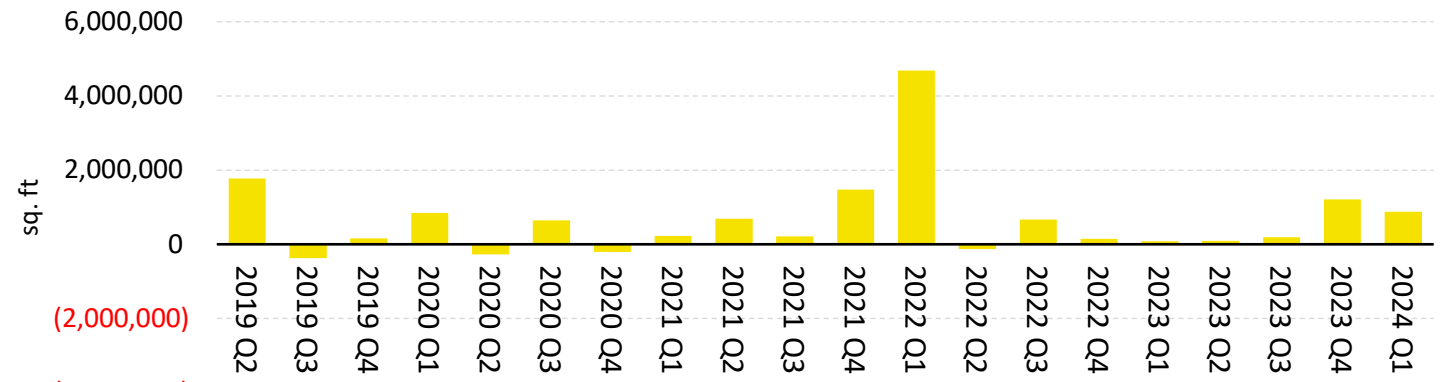
Industrial Market - MSA Trends

HAMPTON ROADS

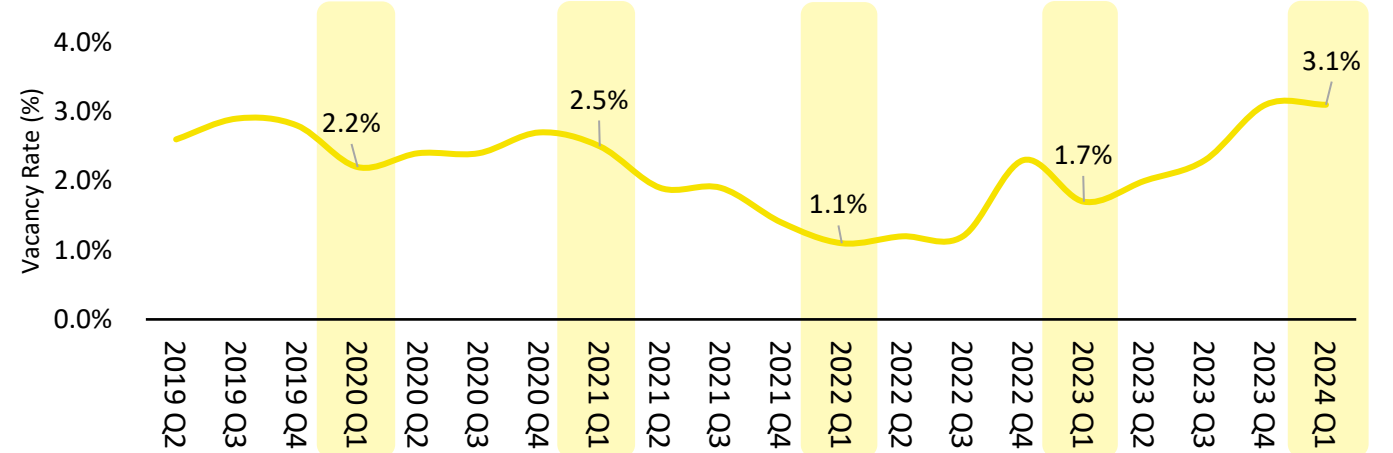
Local Market Indicator Dashboard

	Q1-2024	YoY Chg
Total Inventory (sq. ft, millions)	117.0	3.6% % chg
Vacancy Rate (%)	3.1%	1.4% pct points
Net Absorption (sq. ft)	879,817	793,255 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.01	\$0.49 \$ per sq. ft
Deliveries (sq. ft)	910,000	910,000 sq. ft
Under Construction (sq. ft)	3,196,521	-890,915 sq. ft

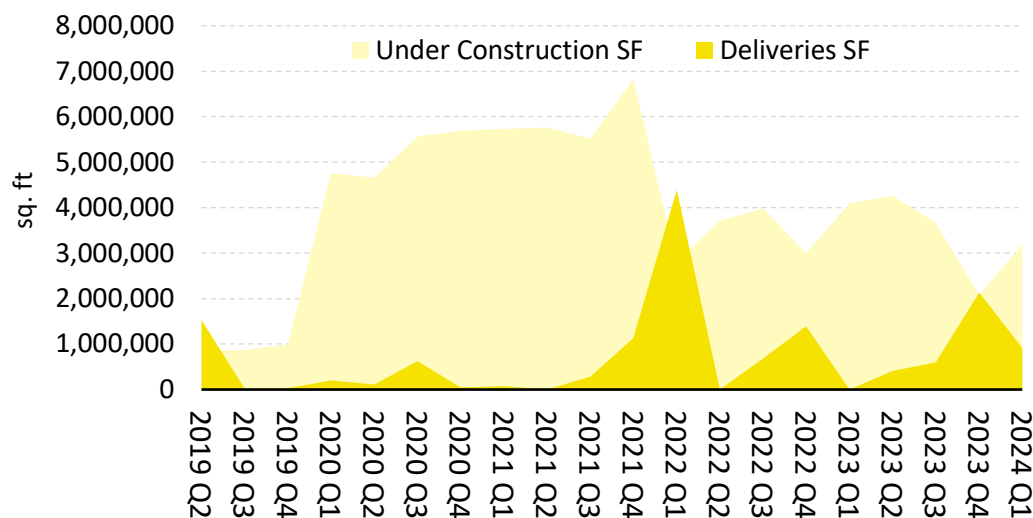
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



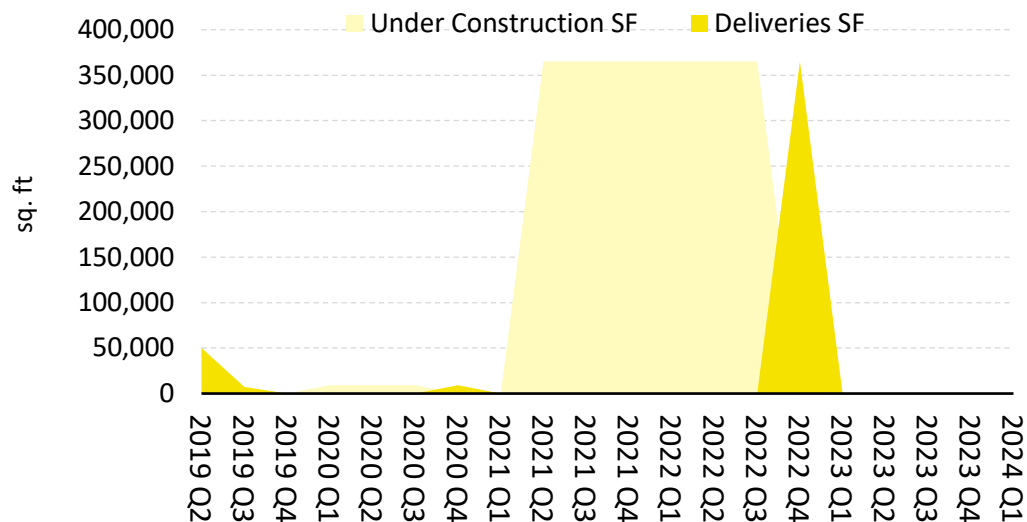
Industrial Market - MSA Trends

ROANOKE MSA

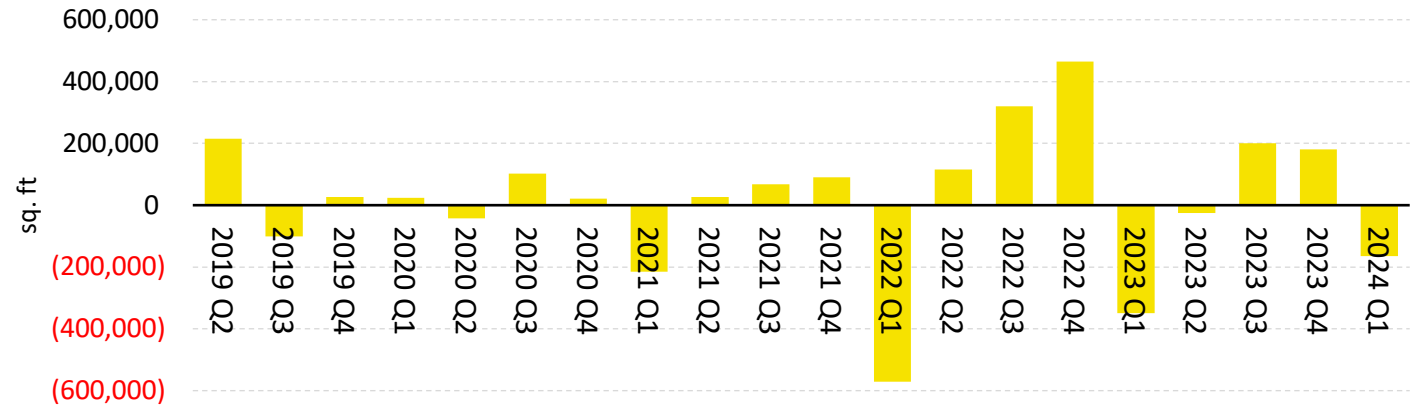
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	38.3	0	% chg
Vacancy Rate (%)	3.3%	-0.5%	pct points
Net Absorption (sq. ft)	(165,216)	183,809	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.64	\$0.68	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

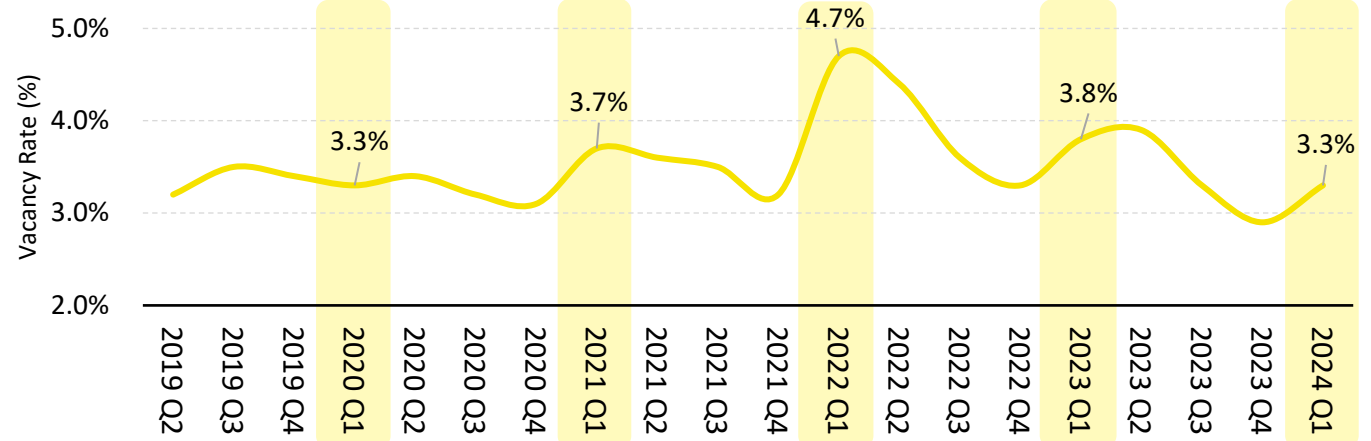
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



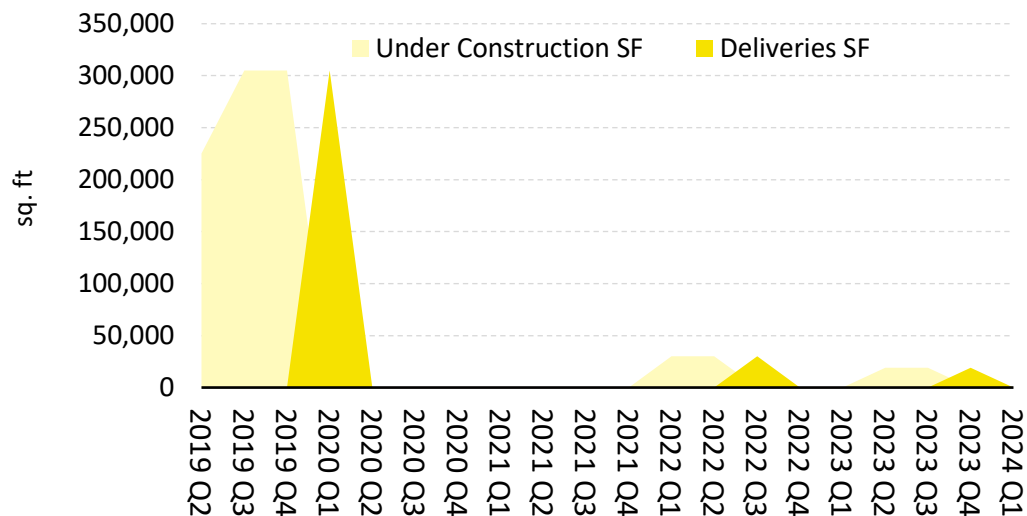
Industrial Market - MSA Trends

LYNCHBURG MSA

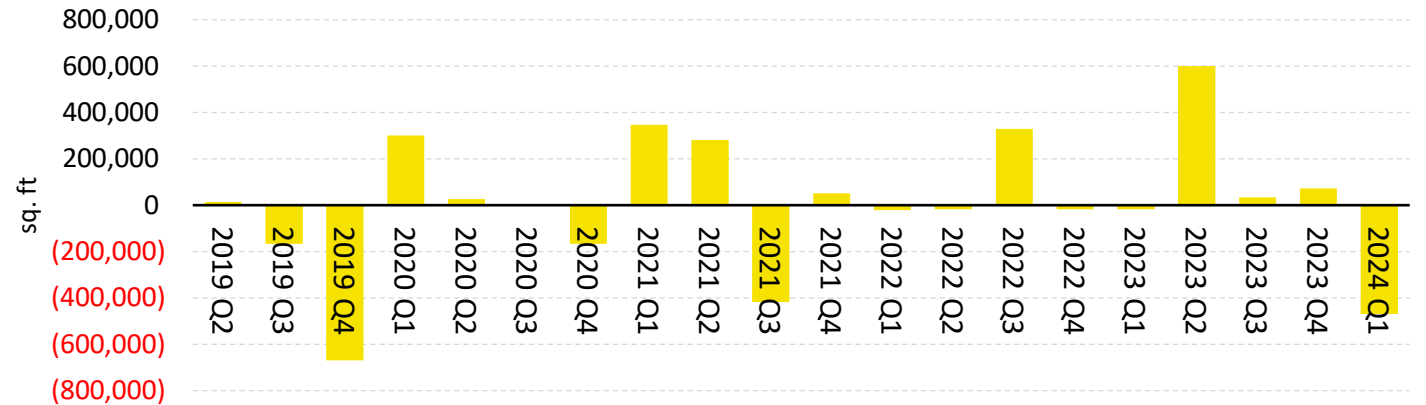
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	18.1	0.1%	% chg
Vacancy Rate (%)	8.7%	-1.2%	pct points
Net Absorption (sq. ft)	(468,581)	-450,596	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.07	\$1.08	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

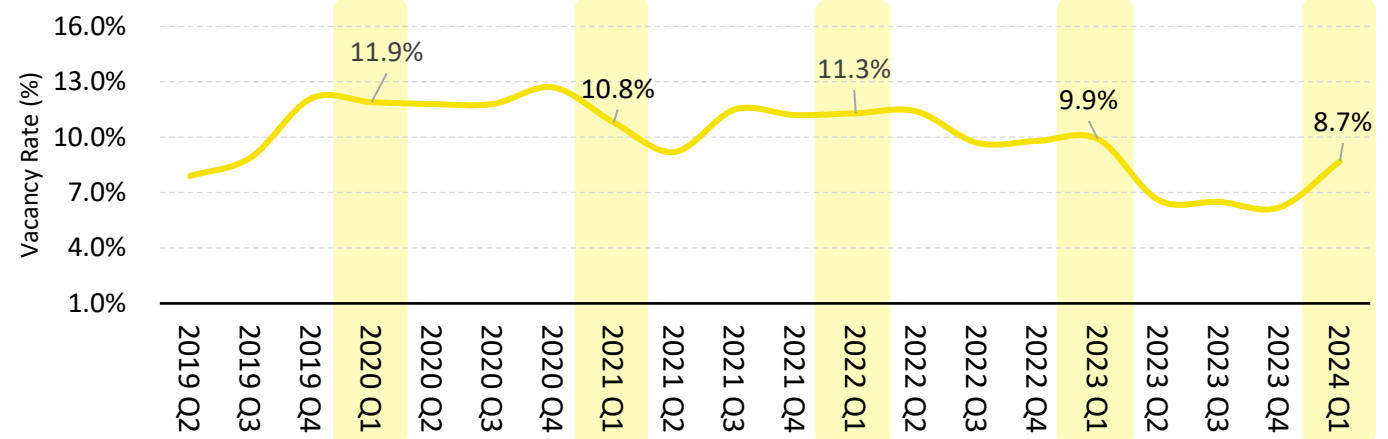
Under Construction & Net Deliveries (sq. ft)



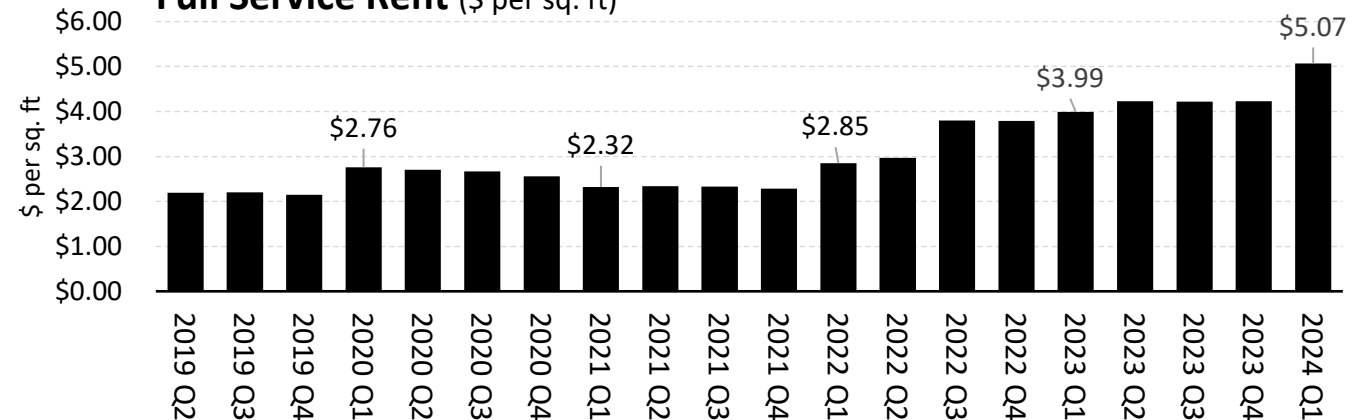
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



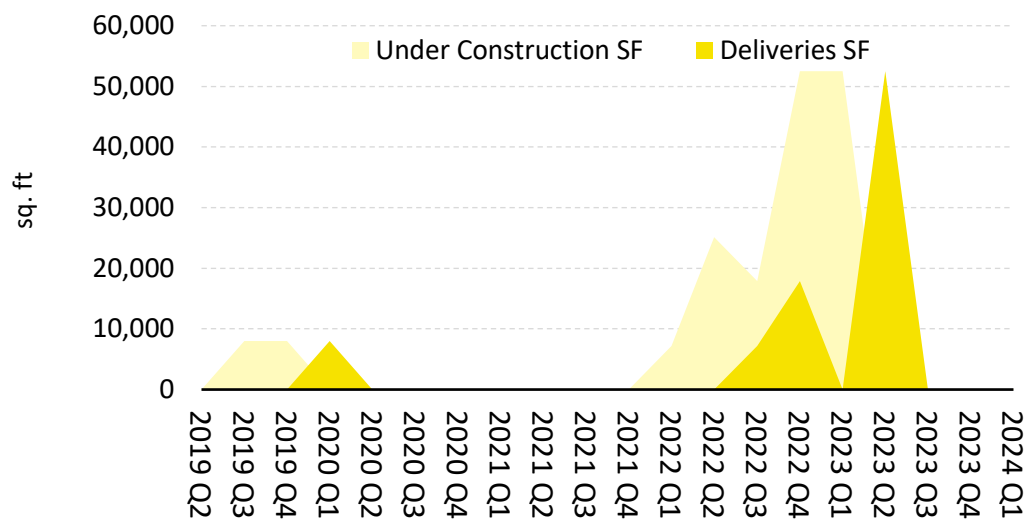
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

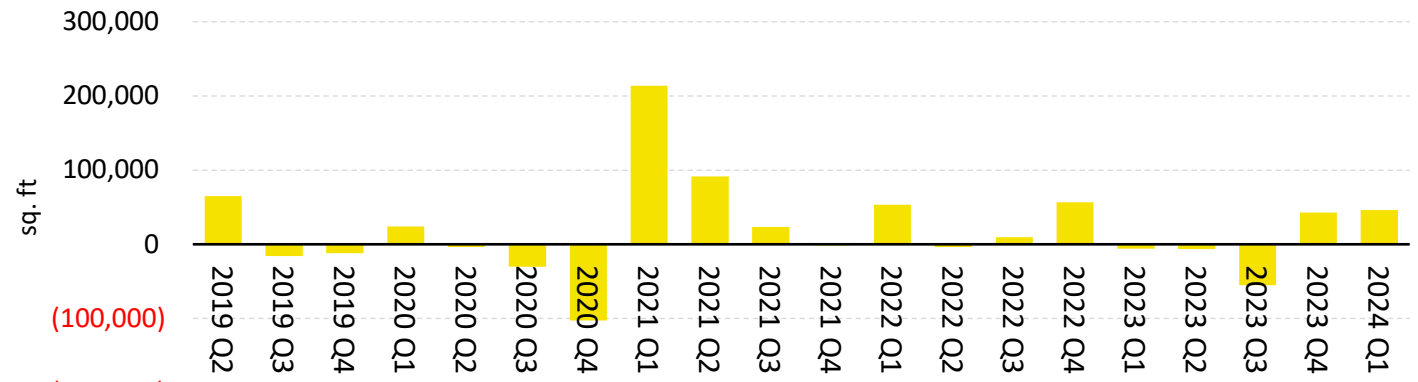
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	4.1	1.3%	% chg
Vacancy Rate (%)	0.9%	0.6%	pct points
Net Absorption (sq. ft)	46,189	52,289	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$11.23	-\$0.57	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-52,500	sq. ft

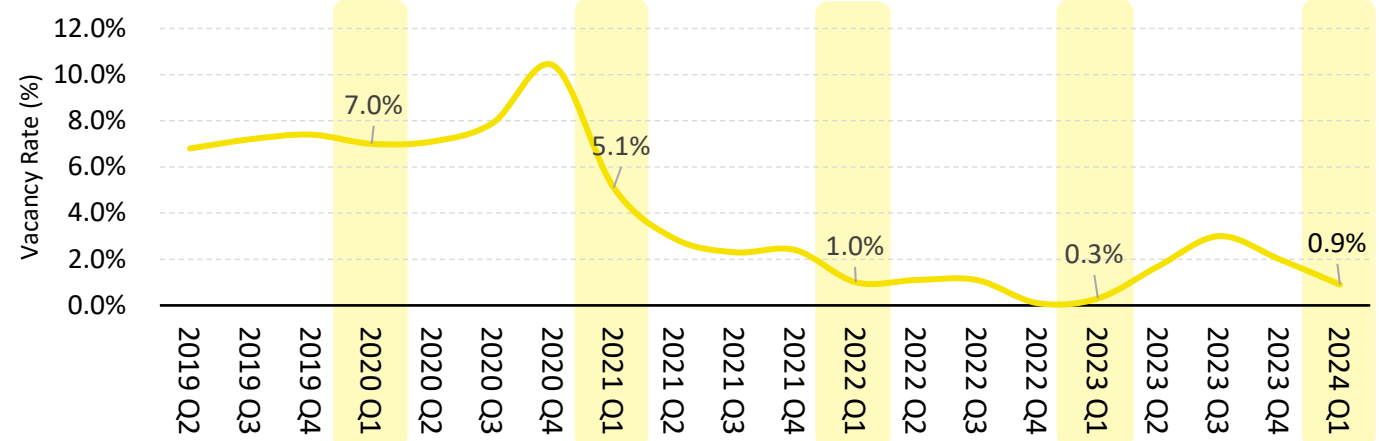
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



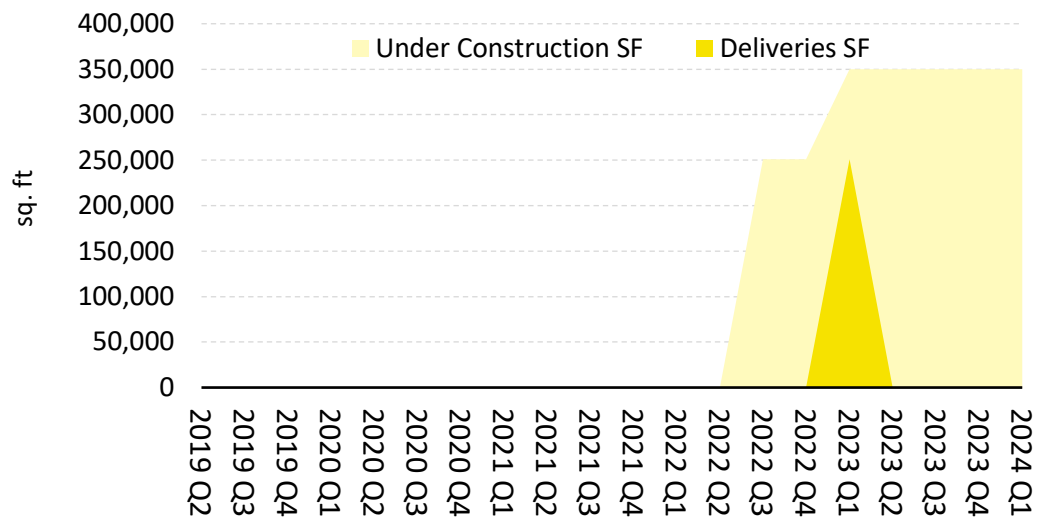
Industrial Market - MSA Trends

BLACKSBURG MSA

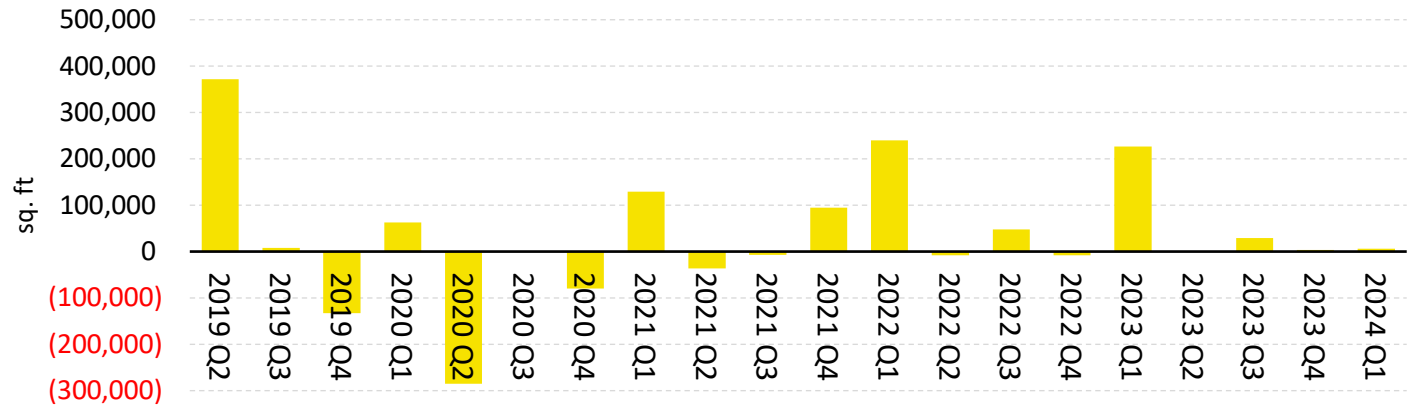
Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	11.1	0	% chg
Vacancy Rate (%)	1.0%	-0.4%	pct points
Net Absorption (sq. ft)	5,911	-220,661	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.75	-\$0.30	\$ per sq. ft
Deliveries (sq. ft)	0	-250,955	sq. ft
Under Construction (sq. ft)	350,000	0	sq. ft

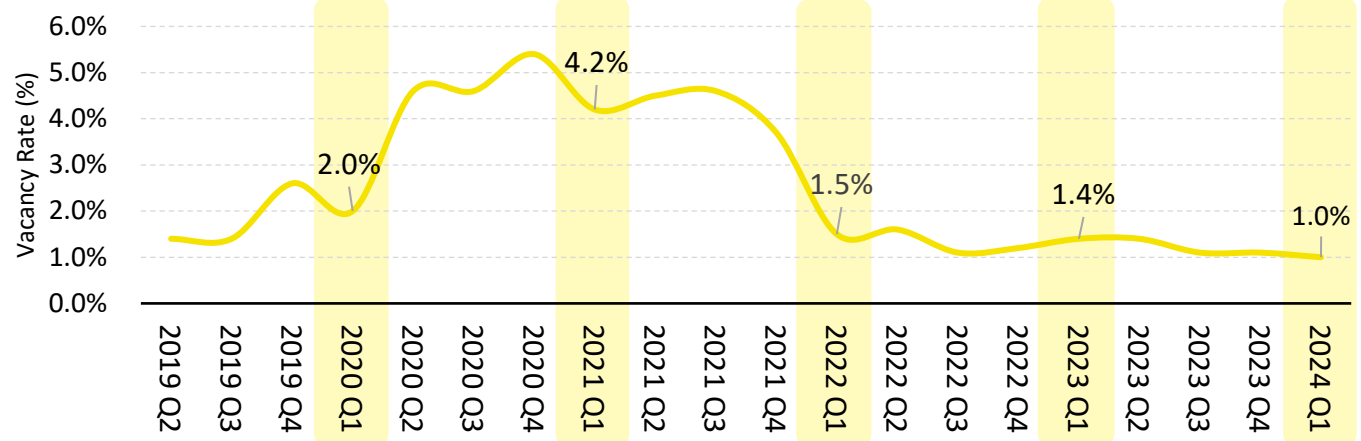
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



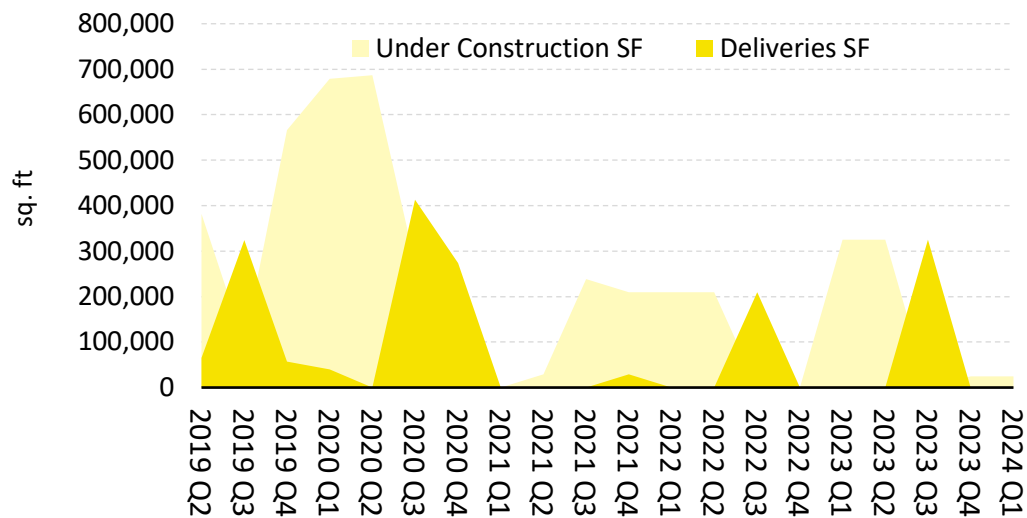
Industrial Market - MSA Trends

WINCHESTER MSA

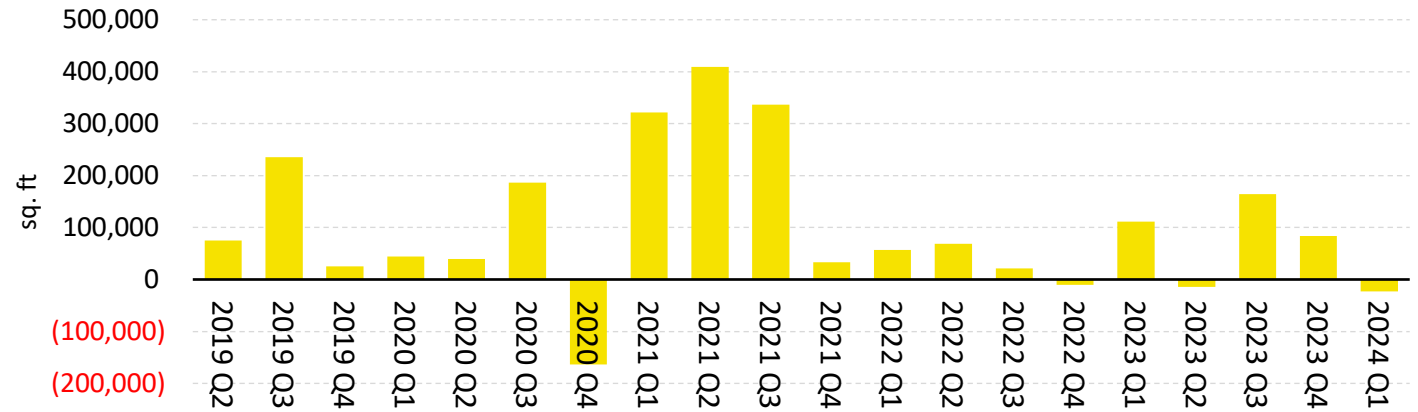
Local Market Indicator Dashboard

	Q1-2024	YoY Chg
Total Inventory (sq. ft, millions)	21.0	1.6% % chg
Vacancy Rate (%)	1.9%	0.5% pct points
Net Absorption (sq. ft)	(23,272)	-134,792 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.31	\$0.37 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	25,000	-300,000 sq. ft

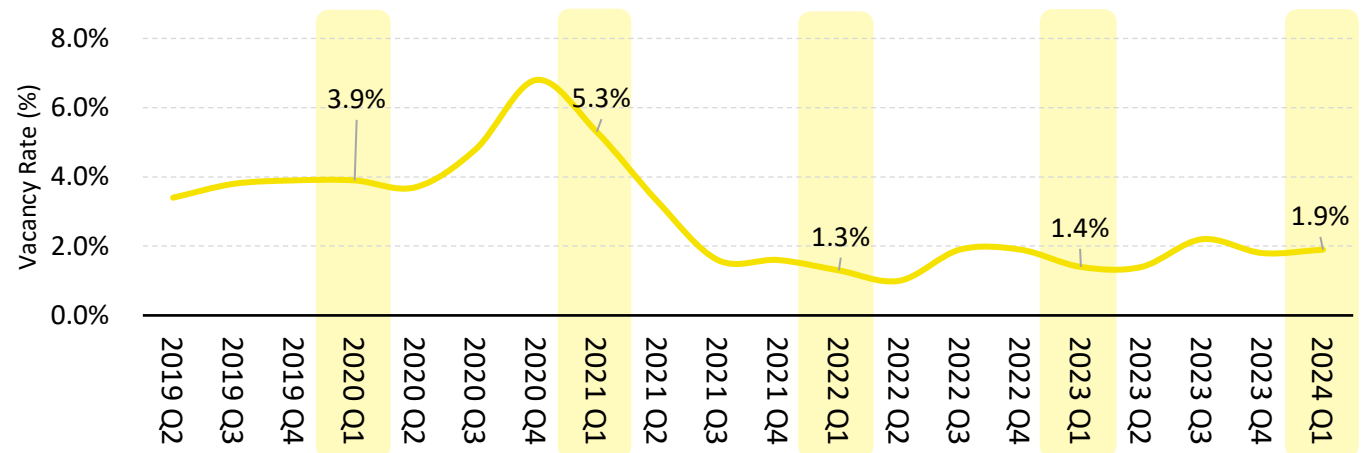
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

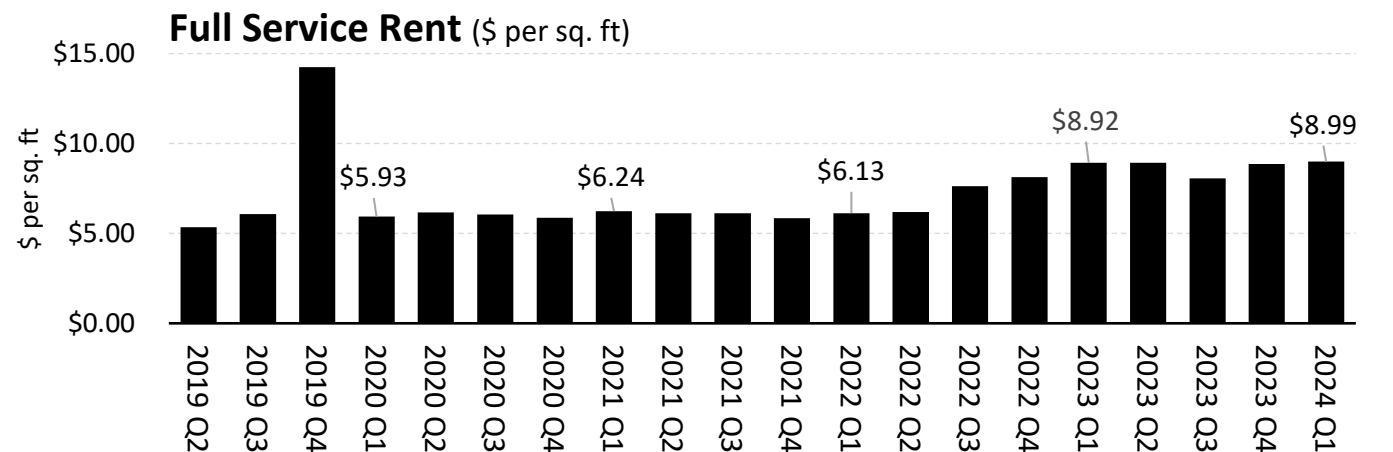
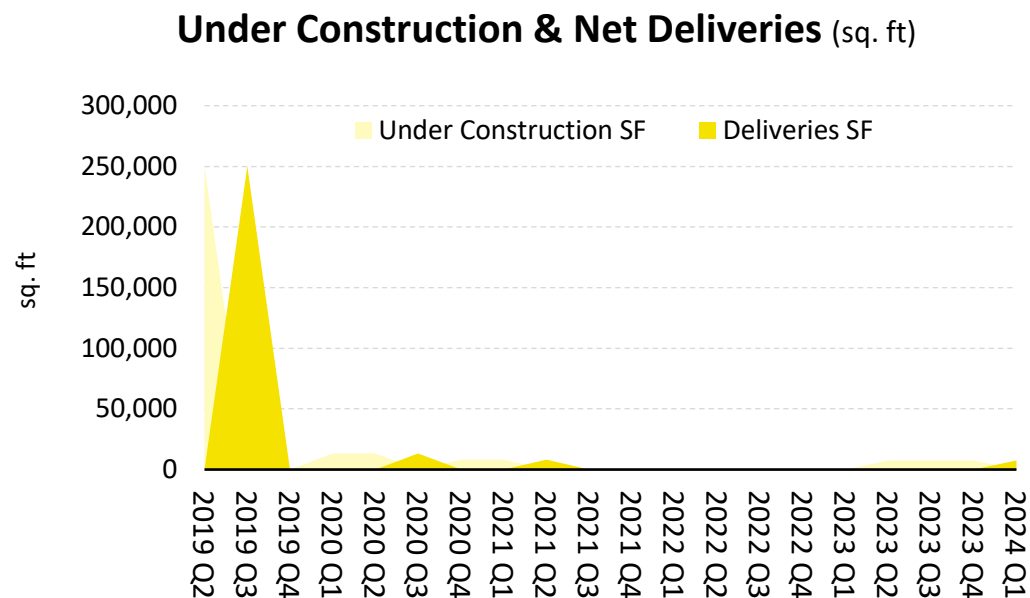
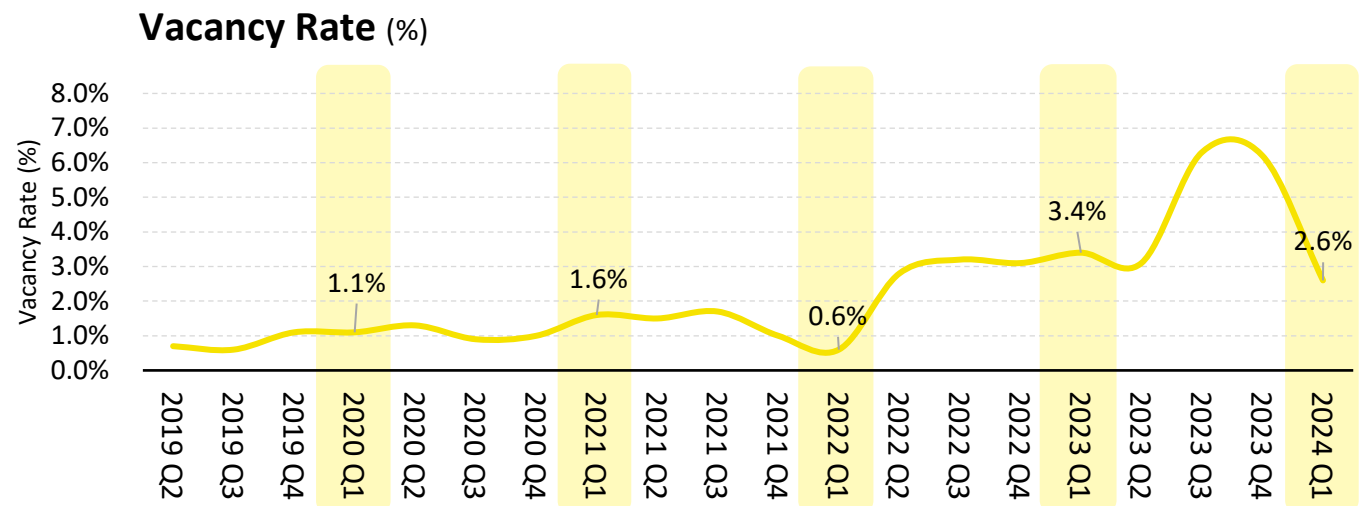
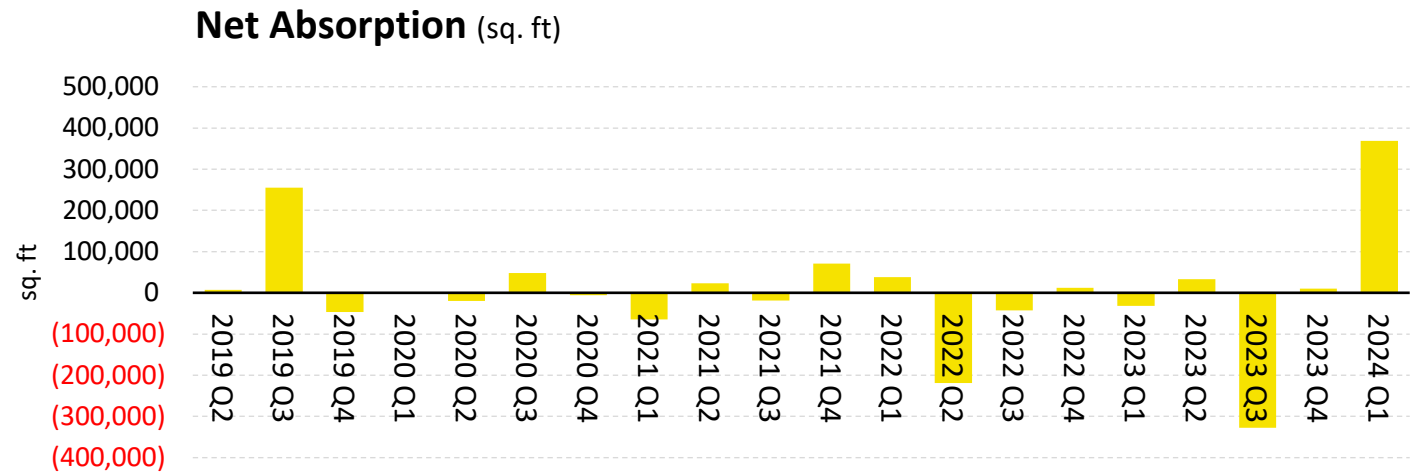


Industrial Market - MSA Trends

HARRISONBURG MSA

Local Market Indicator Dashboard

	Q1-2024	YoY Chg	
Total Inventory (sq. ft, millions)	10.1	0.1%	% chg
Vacancy Rate (%)	2.6%	-0.8%	pct points
Net Absorption (sq. ft)	368,148	400,186	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.99	\$0.07	\$ per sq. ft
Deliveries (sq. ft)	7,500	7,500	sq. ft
Under Construction (sq. ft)	0	0	sq. ft



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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