



Q2 2024 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

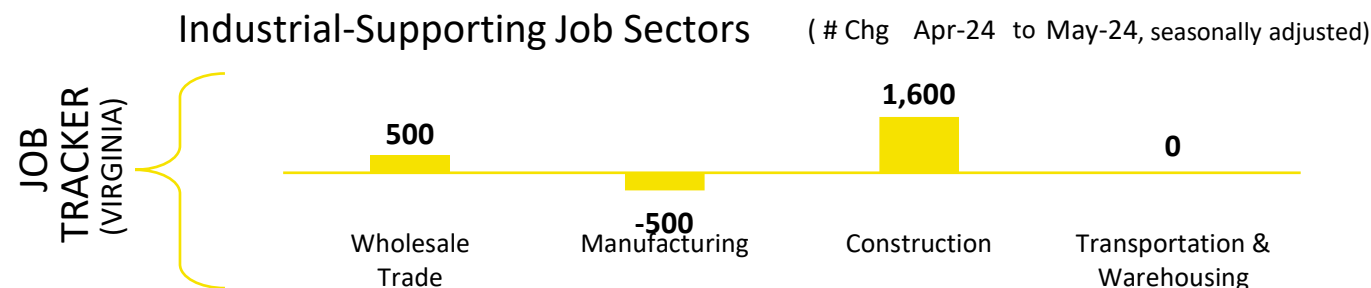
Overview: Virginia's industrial market had a relatively slow second quarter. Absorption was flat overall, with several key regional markets experiencing negative absorption. Vacancy increased, and deliveries and construction dipped. Despite these headwinds, average rent levels rose.

Absorption: After surging during the pandemic, the industrial sector saw negative net absorption this quarter at 60,144 sq ft, down from 2.15 million sq ft the year prior. The drop in absorption levels can be attributed to a slowdown in demand for logistics space along with higher rates and tighter lending conditions. The Richmond market had the largest amount of industrial space vacated at 698,652 sq ft while Lynchburg experienced 424,262 sq ft of positive absorption.

Vacancy Rate: The rise in newly delivered industrial space led to higher vacancy rates in Q2 at 4.2%, one percentage point higher than a year ago. Distribution/warehouse space saw vacancy rates jump from 3.4% to 4.5% while rates for manufacturing rose 0.8 percentage points to 4.2% this quarter. The two metro markets with the lowest vacancy rates were Blacksburg at 1.0% and Charlottesville at 2.5%.

Rent: For industrial space in Virginia, rent cost \$8.02 per sq ft in the second quarter, 14.2% higher than a year ago. Industrial rent grew the most for distribution/warehouse space, which saw a 16.5% increase in price per sq ft. Roanoke (+16.2%) and Lynchburg (+16.1%) saw rent growth surge during the second quarter.

Supply + Deliveries: The industrial construction pipeline fell 33.2% in Q2 resulting in 11.5 million sq ft of industrial space. Most of the new construction came from Hampton Roads with 3.92 million sq ft and Richmond with 3.83 million sq ft. Deliveries for new industrial space totaled 1.77 million sq ft this quarter.



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q2-2024	Indicator
% chg	2.7%	562.0	Total Inventory (sq. ft, in millions)
sq. ft millions	-2.2	-0.1	Net Absorption (sq. ft, in millions)
pct point	1.0%	4.2%	Vacancy Rate (%)
\$ per sq. ft	\$1.00	\$8.02	Full Service Rent (\$ per sq. ft)
sq. ft millions	-1.1	1.8	New Supply Delivered (sq. ft, in millions)
sq. ft millions	-5.7	11.5	Under Construction (sq. ft, in millions)



Economic Indicator Dashboard

	MoM % Chg	May-24	Indicator
% chg	0.2%	4.2	Total Jobs, Virginia (in millions, seasonally adjusted)
% chg	0.2%	625.1	Industrial-Supporting Jobs, Virginia (in thousands, seasonally adjusted)
pct point	-0.1%	2.7%	Unemployment Rate, Virginia (% seasonally adjusted)
pct point	QoQ Chg -2.0%	Q1-2024 1.4%	Gross Domestic Product, U.S. (seasonally adjusted annual rate)

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Virginia Industrial Market

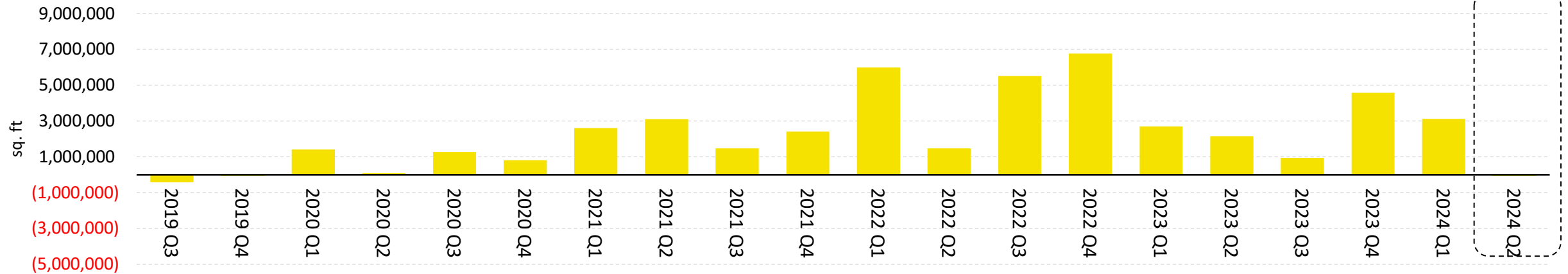
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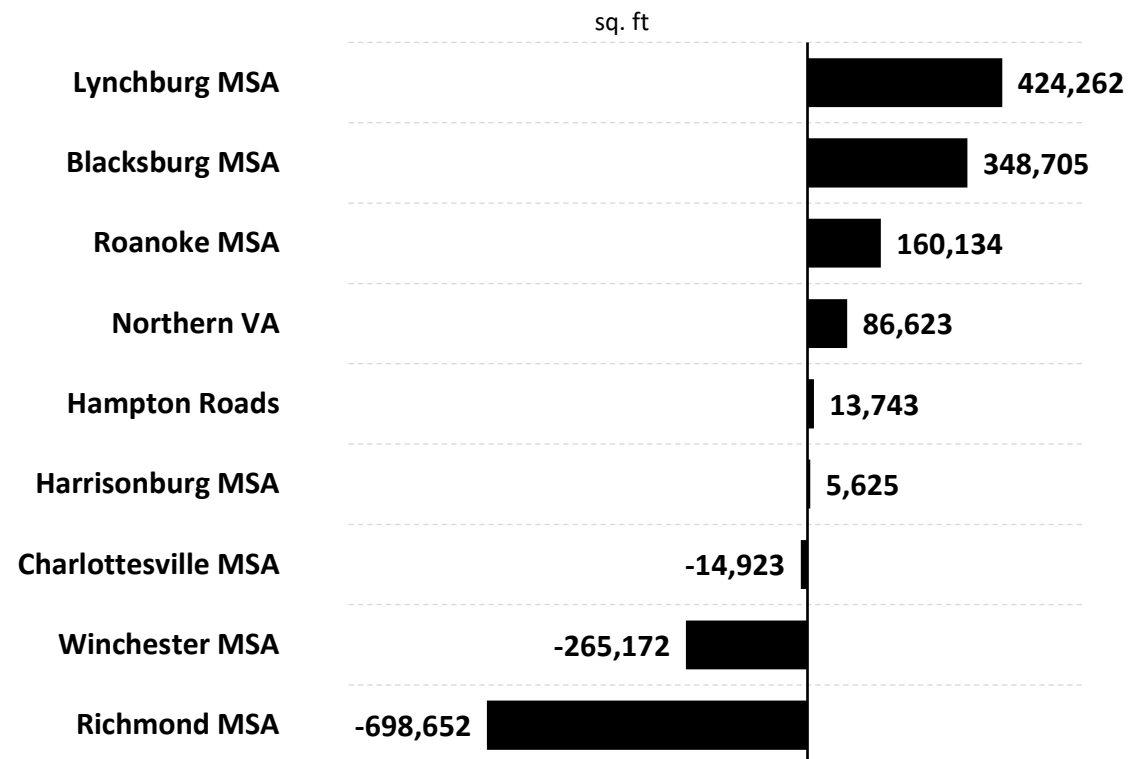
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

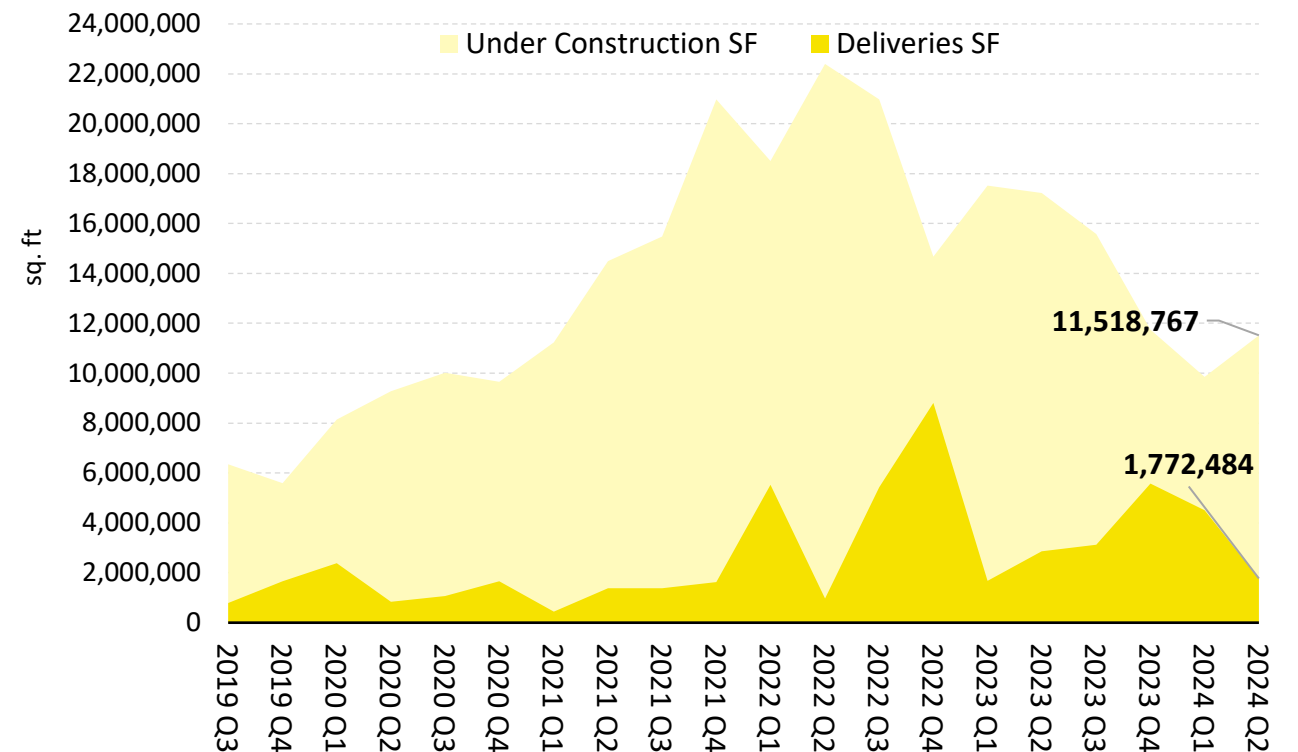
Net Absorption (sq. ft)



Q2-2024 Net Absorption by Metro Area (sq ft)

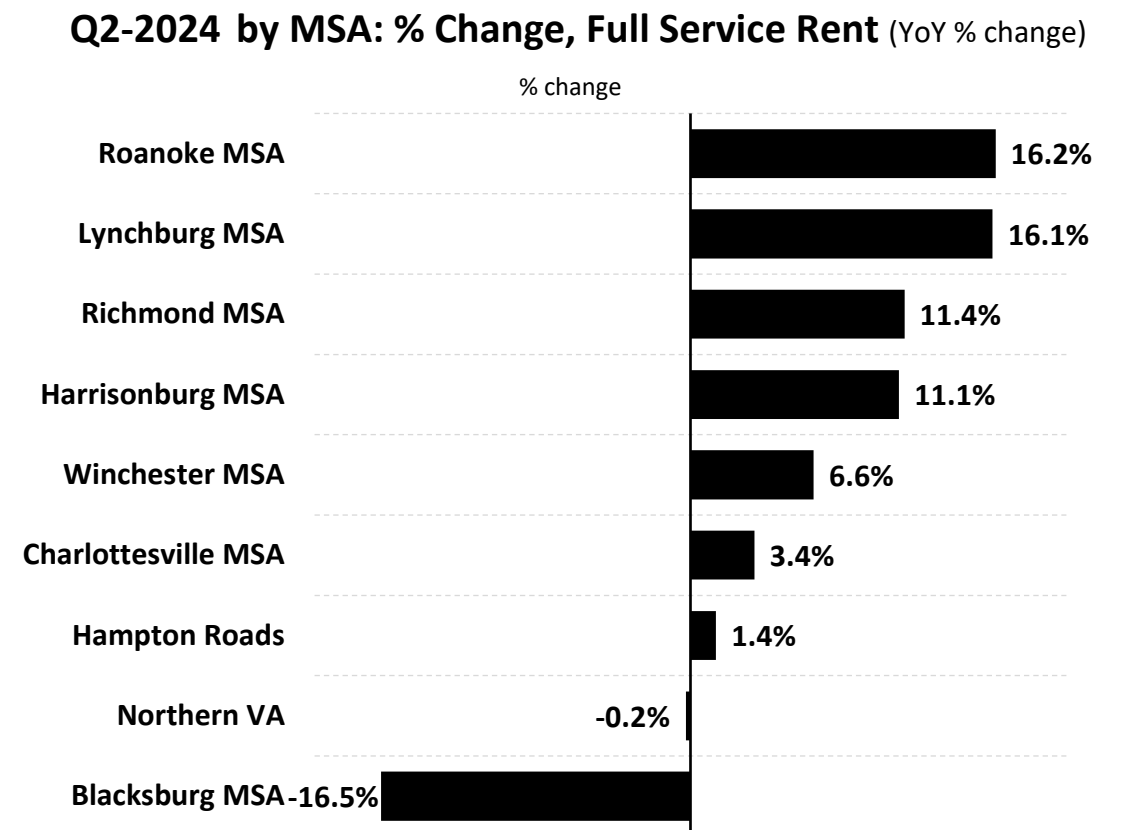
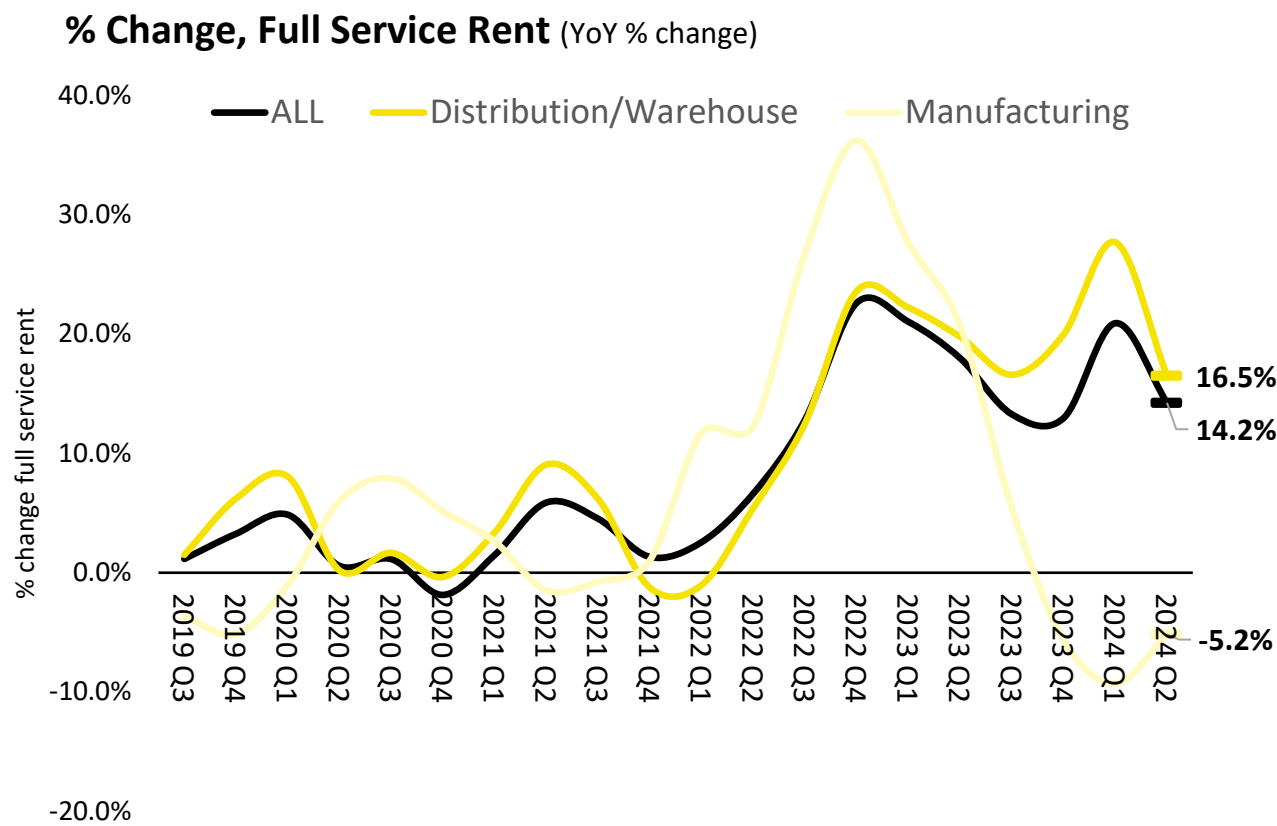
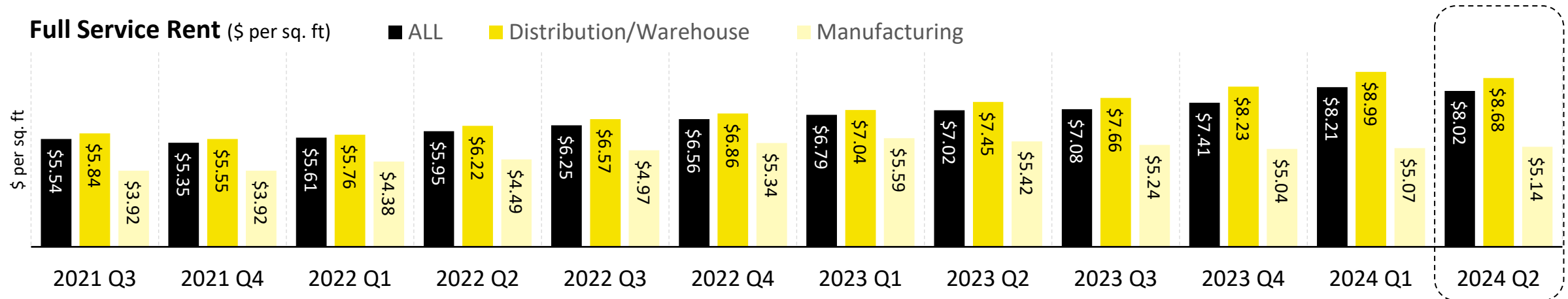


Under Construction & Net Deliveries (sq. ft)



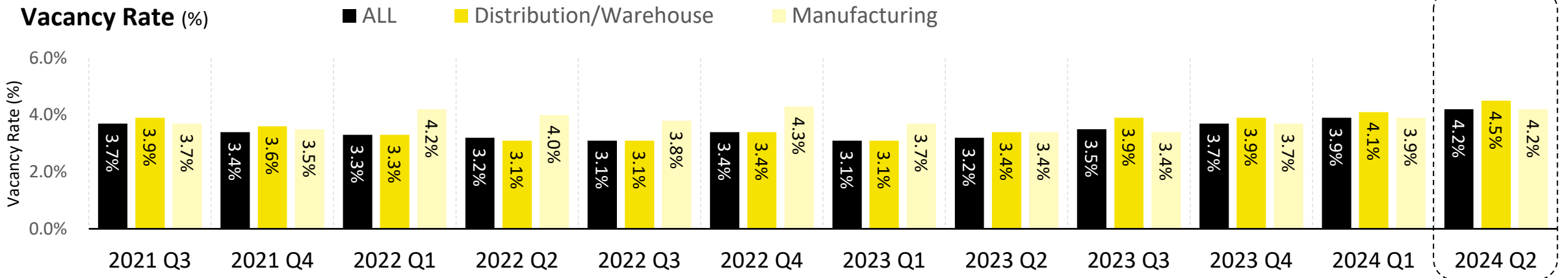
Industrial Market - Rent Trends

VIRGINIA (Statewide)

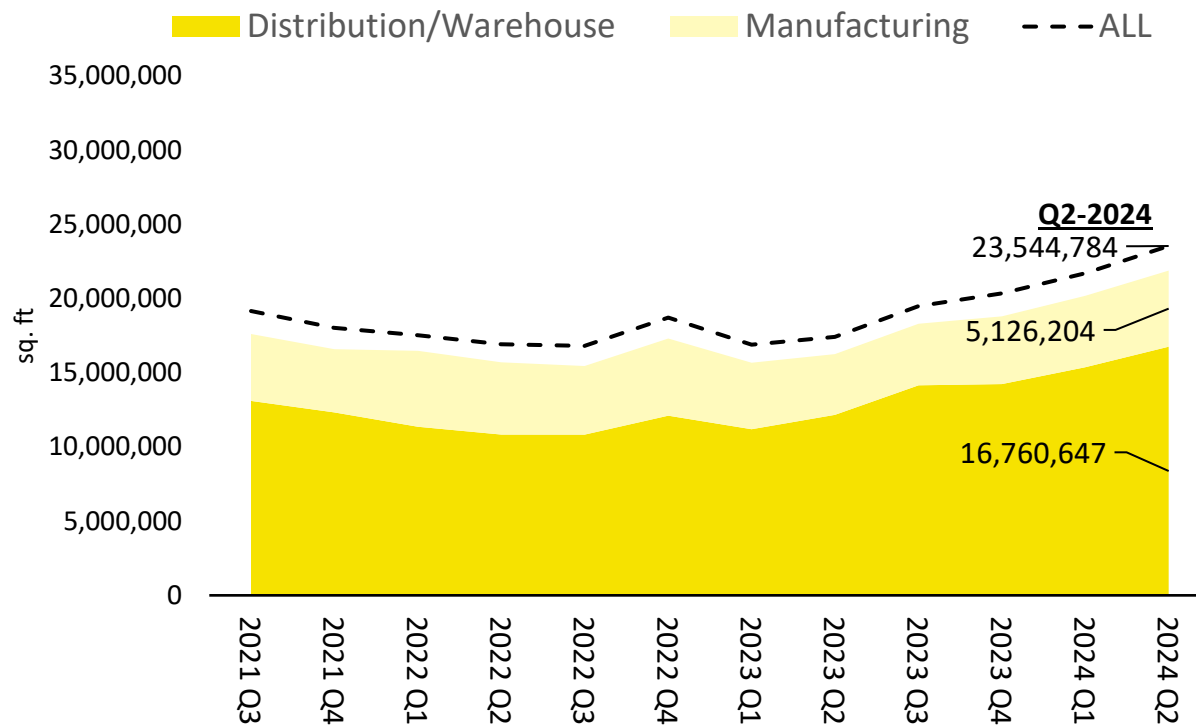


Industrial Market - Vacancy Trends

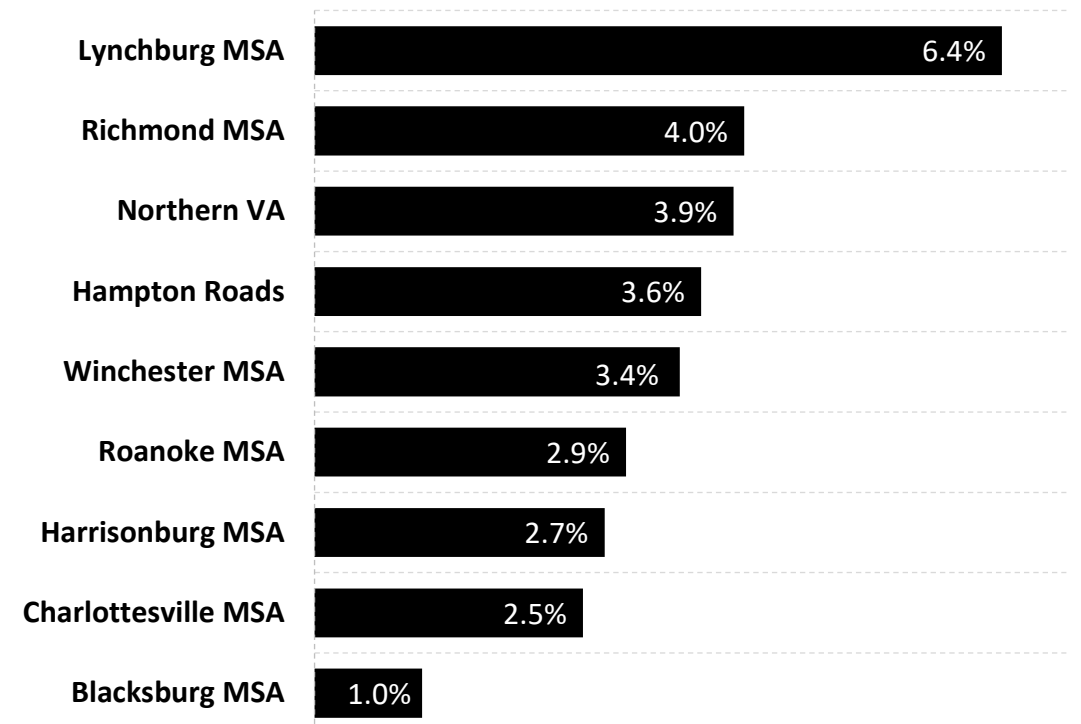
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q2-2024 Industrial Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q2



2024

INDUSTRIAL
Market Report



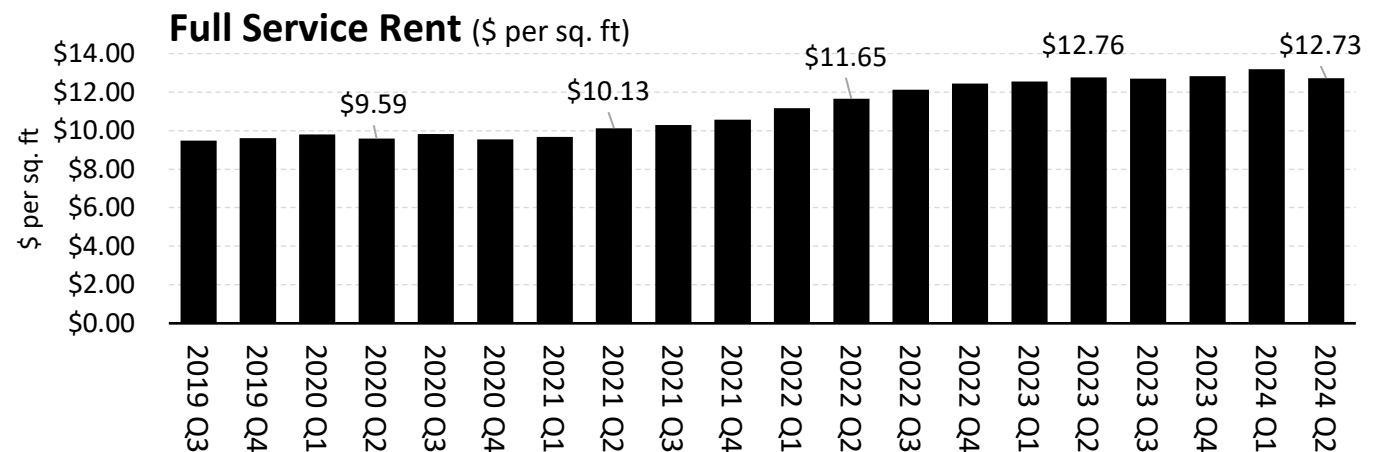
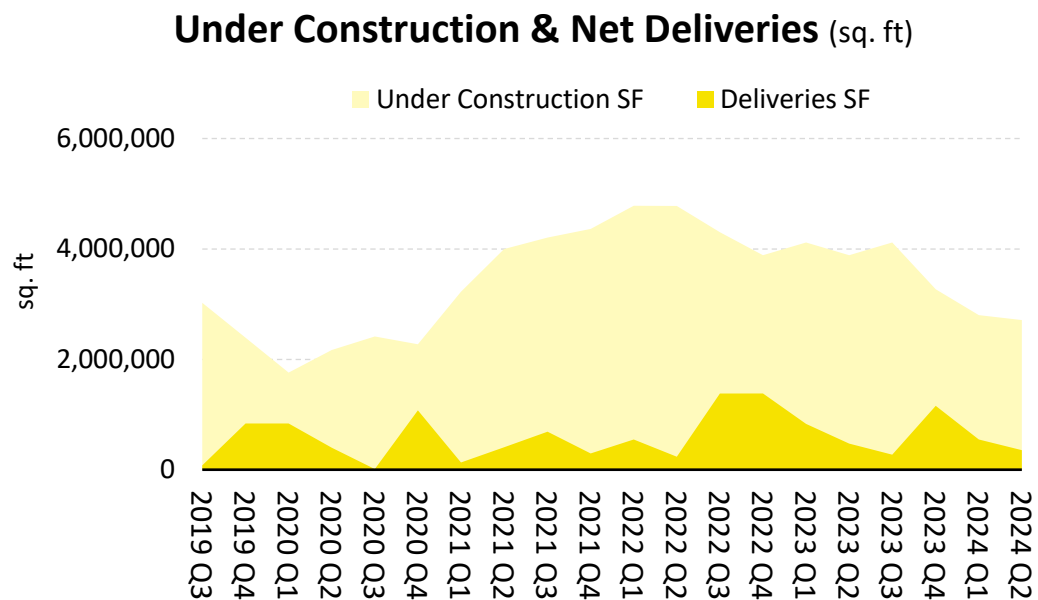
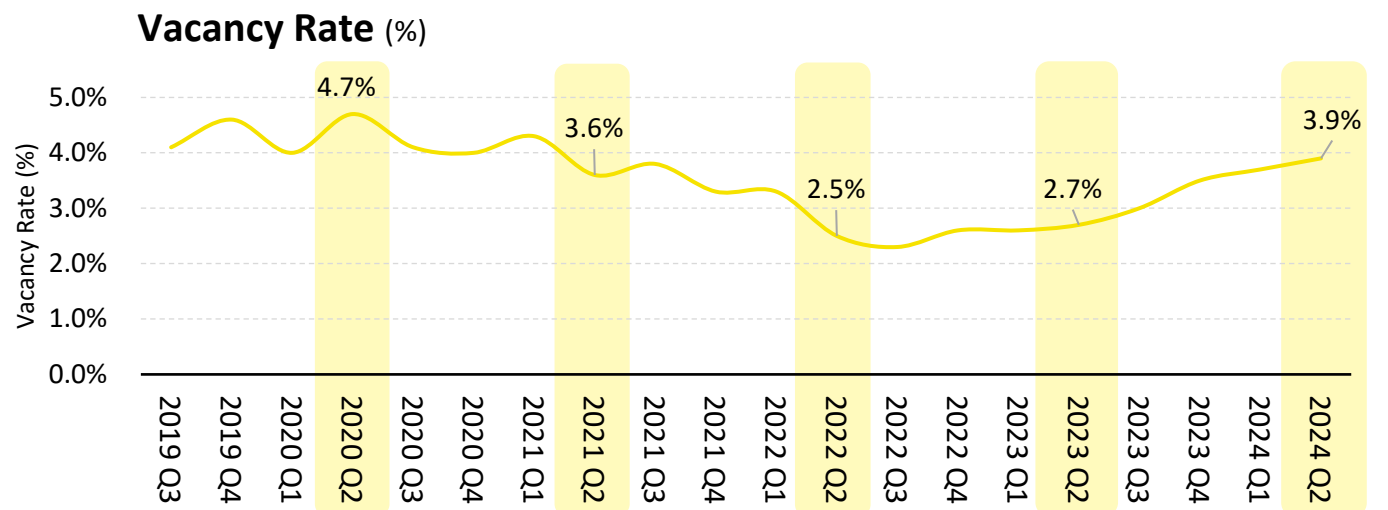
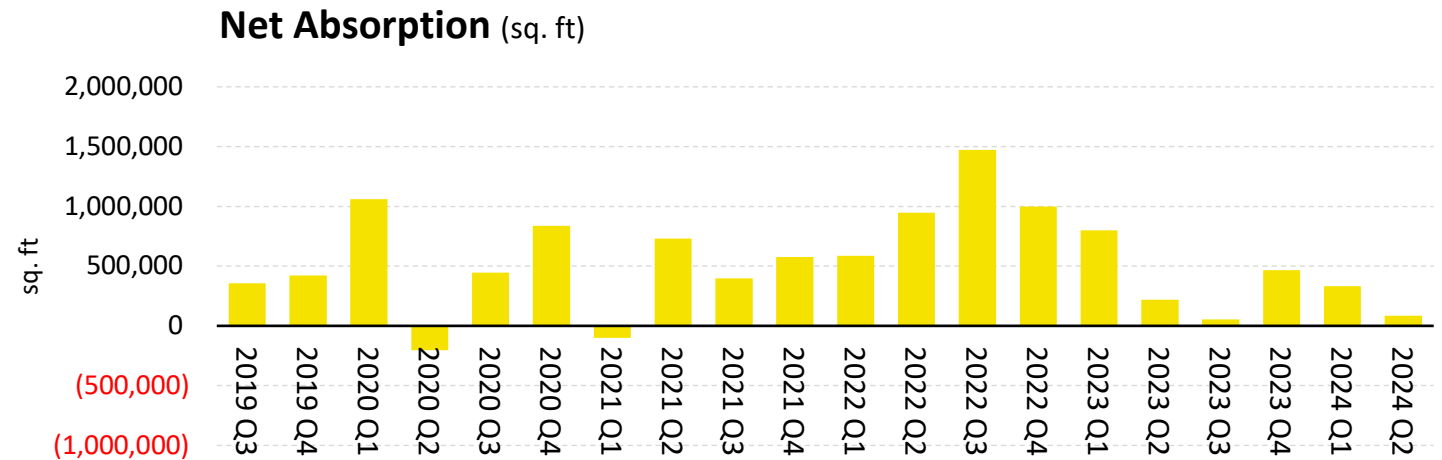
Snapshot of Industrial Market Conditions Around Virginia

Industrial Market - MSA Trends

NORTHERN VIRGINIA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	98.7	2.3%	% chg
Vacancy Rate (%)	3.9%	1.2%	pct points
Net Absorption (sq. ft)	86,623	-133,389	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.73	-\$0.03	\$ per sq. ft
Deliveries (sq. ft)	354,020	-116,612	sq. ft
Under Construction (sq. ft)	2,709,737	-1,179,771	sq. ft



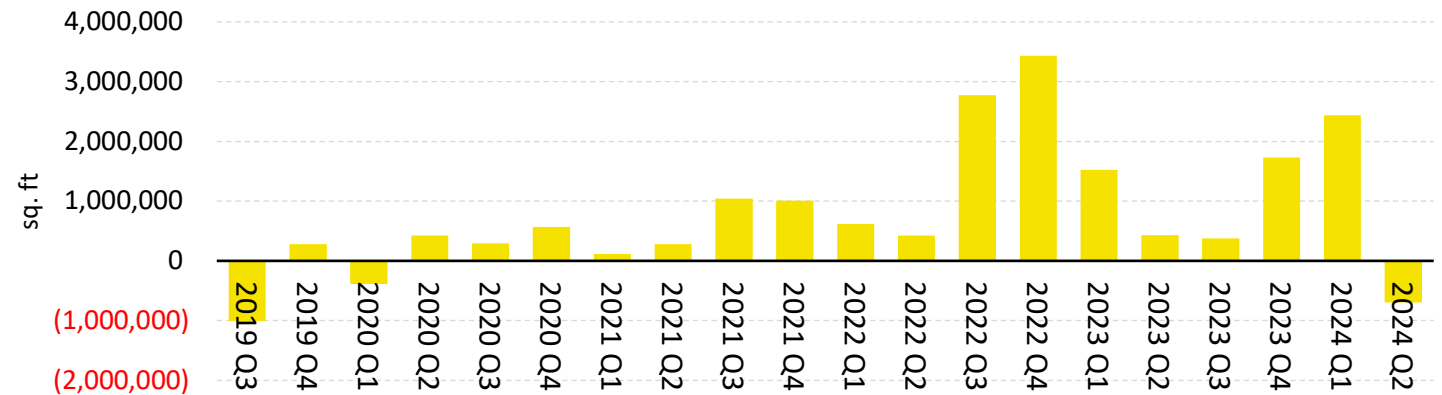
Industrial Market - MSA Trends

RICHMOND MSA

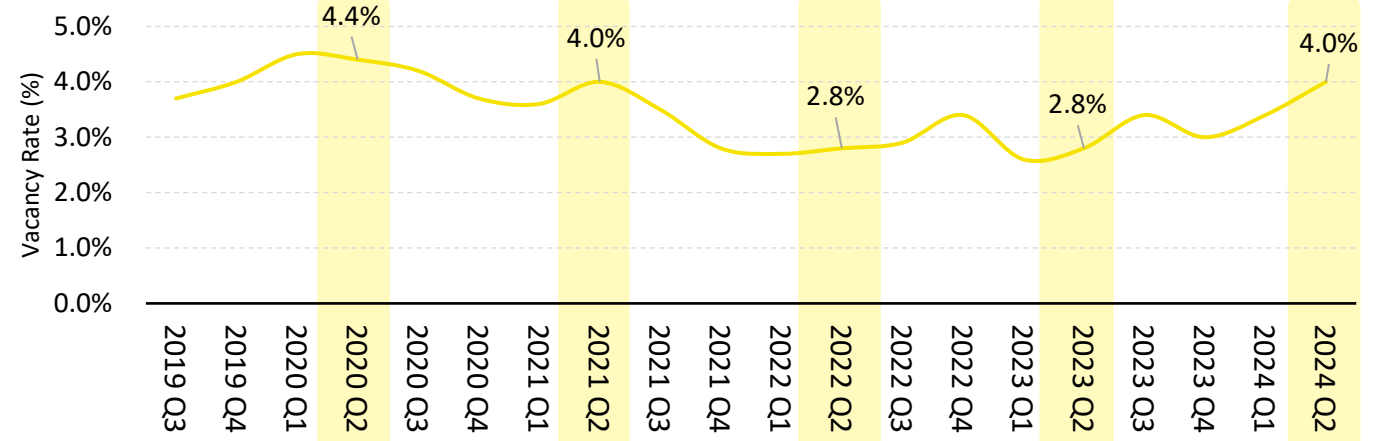
Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	145.9	4.1% % chg
Vacancy Rate (%)	4.0%	1.2% pct points
Net Absorption (sq. ft)	(698,652)	-1,127,785 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.12	\$0.83 \$ per sq. ft
Deliveries (sq. ft)	243,271	-524,122 sq. ft
Under Construction (sq. ft)	3,834,568	-2,535,449 sq. ft

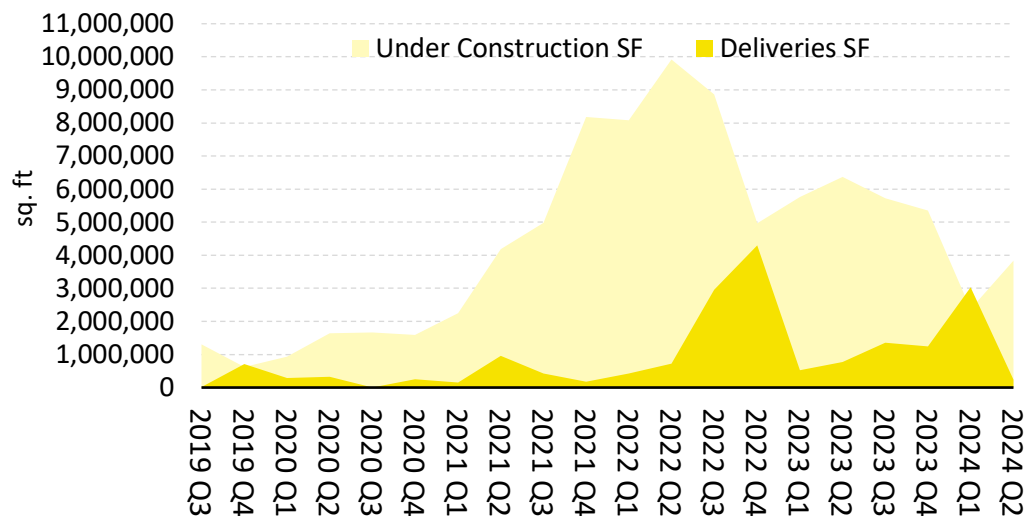
Net Absorption (sq. ft)



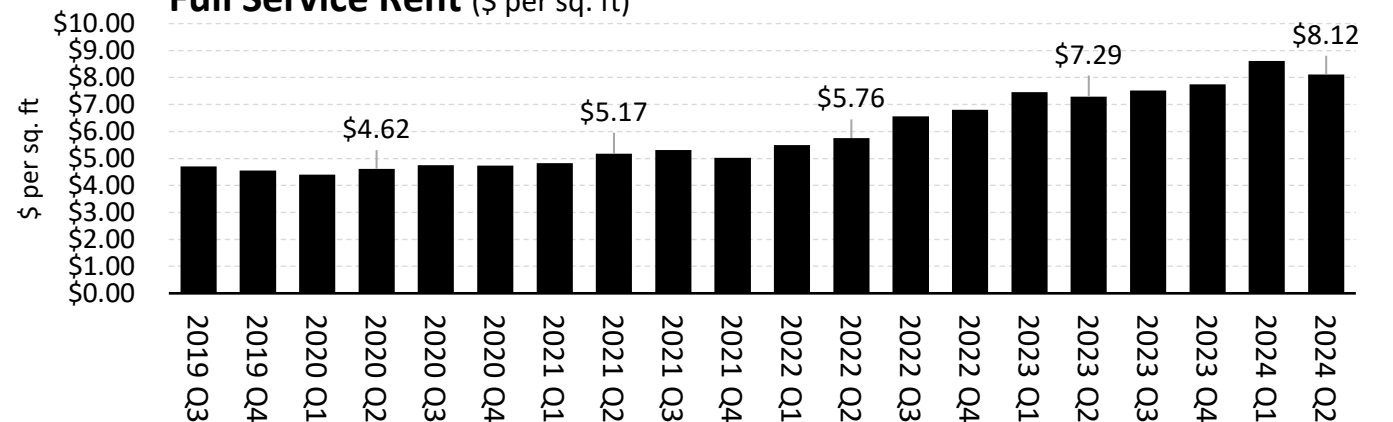
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



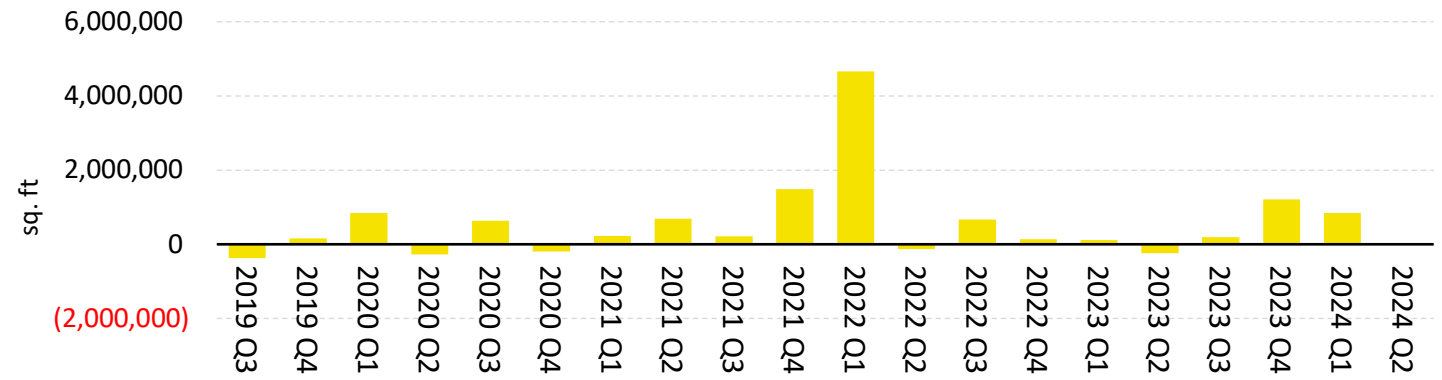
Industrial Market - MSA Trends

HAMPTON ROADS

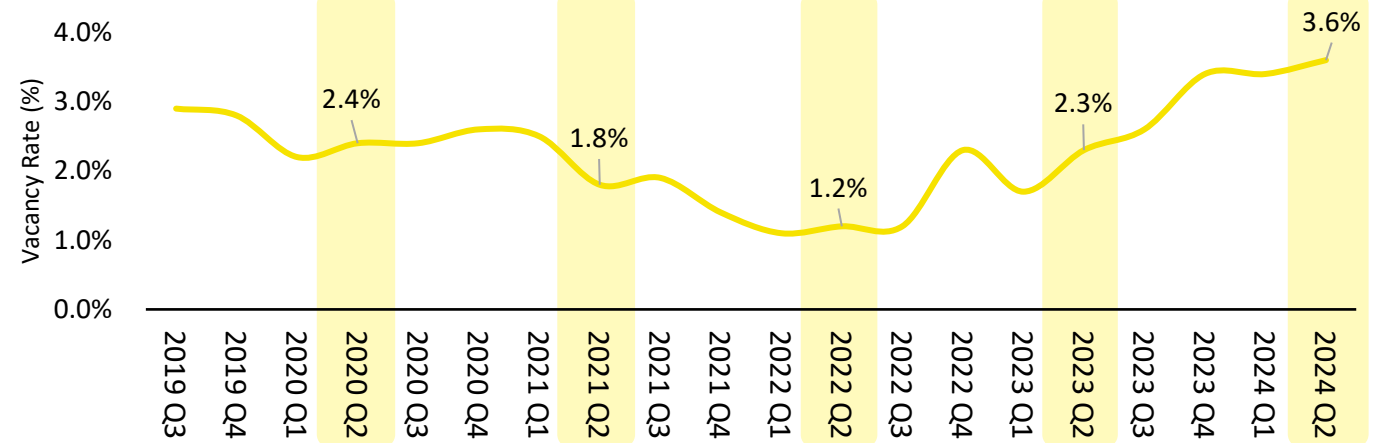
Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	117.2	3.5% % chg
Vacancy Rate (%)	3.6%	1.3% pct points
Net Absorption (sq. ft)	13,743	251,682 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.98	\$0.12 \$ per sq. ft
Deliveries (sq. ft)	317,640	-87,160 sq. ft
Under Construction (sq. ft)	3,925,462	-367,074 sq. ft

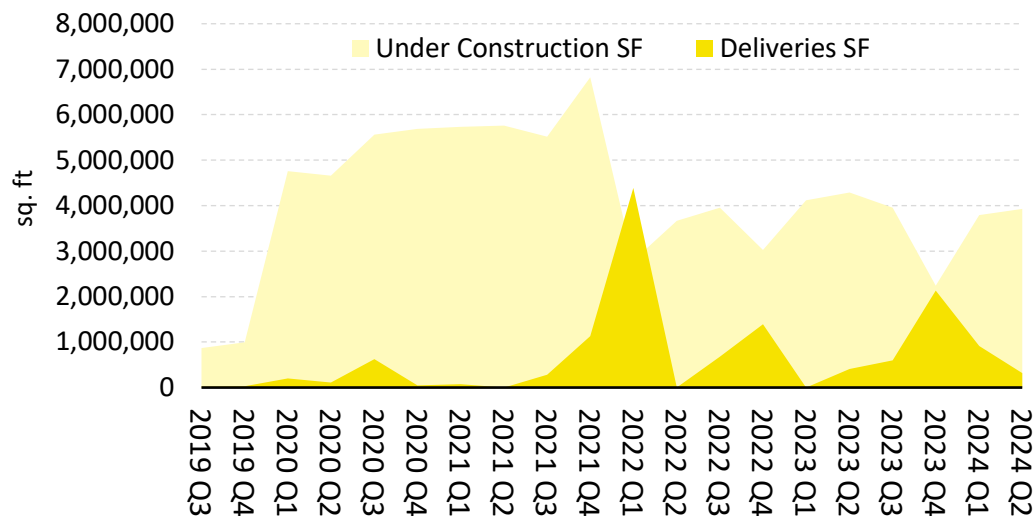
Net Absorption (sq. ft)



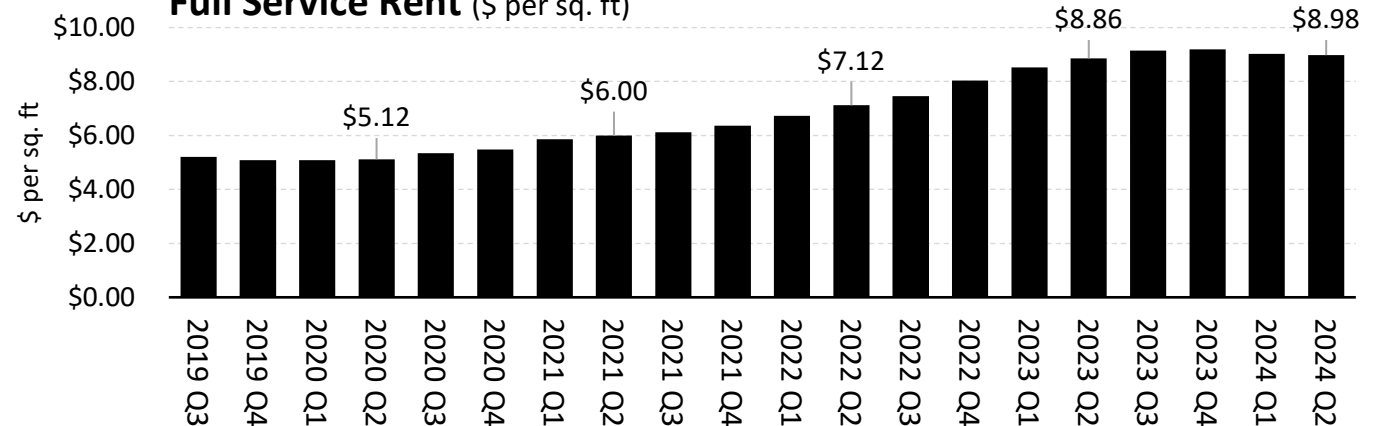
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



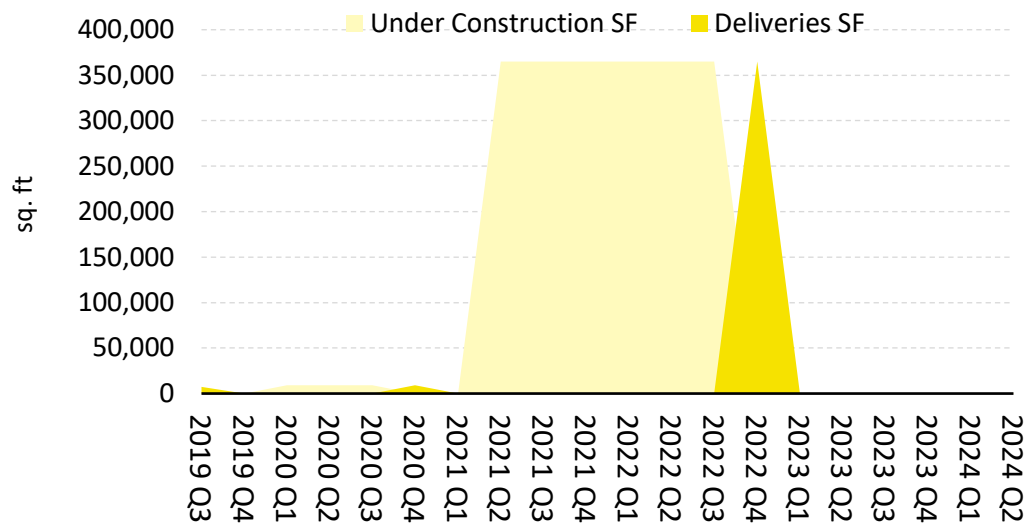
Industrial Market - MSA Trends

ROANOKE MSA

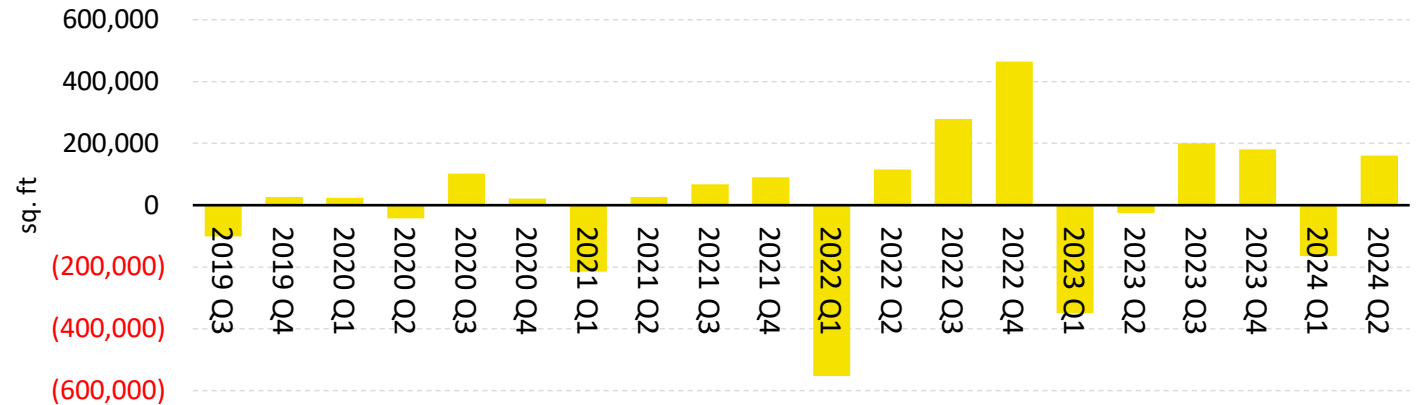
Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	38.2	0	% chg
Vacancy Rate (%)	2.9%	-1.0%	pct points
Net Absorption (sq. ft)	160,134	185,637	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.80	\$0.81	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

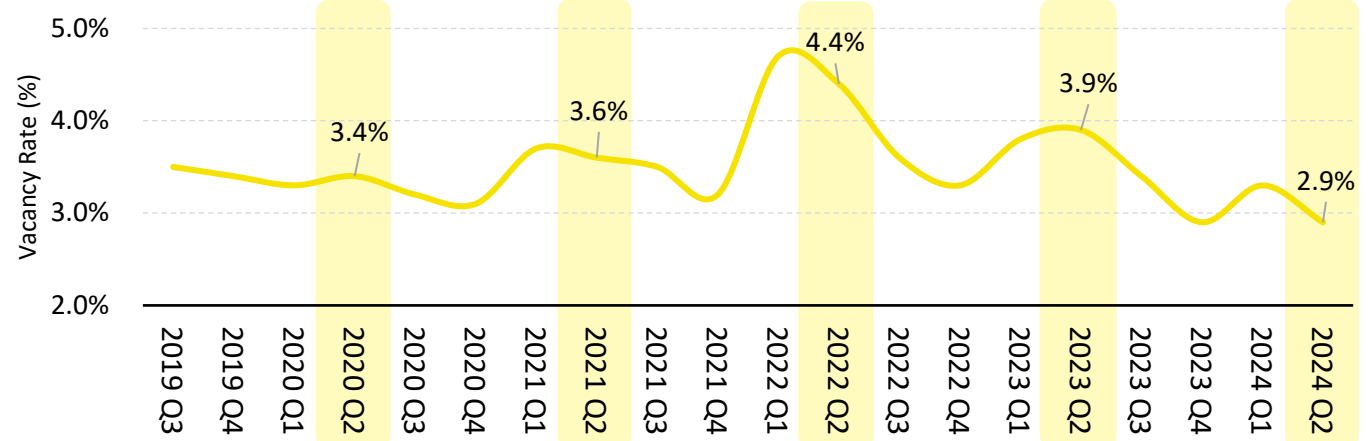
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



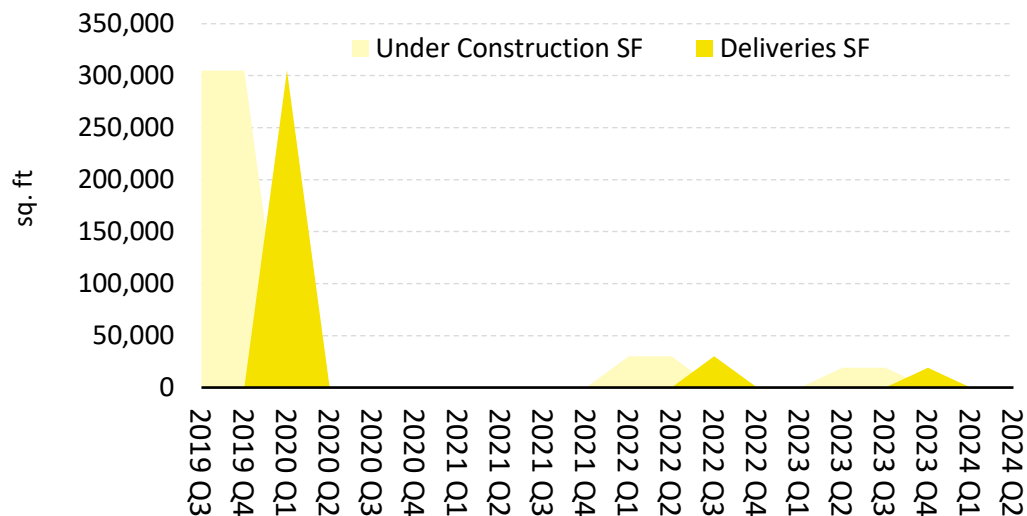
Industrial Market - MSA Trends

LYNCHBURG MSA

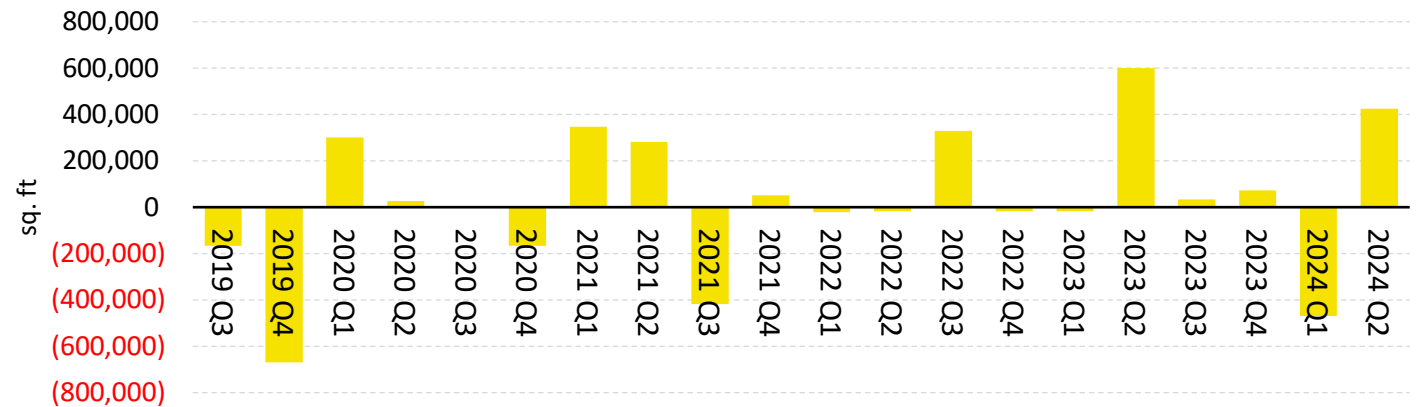
Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	18.3	0.1%	% chg
Vacancy Rate (%)	6.4%	-0.2%	pct points
Net Absorption (sq. ft)	424,262	-176,057	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.91	\$0.68	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-18,900	sq. ft

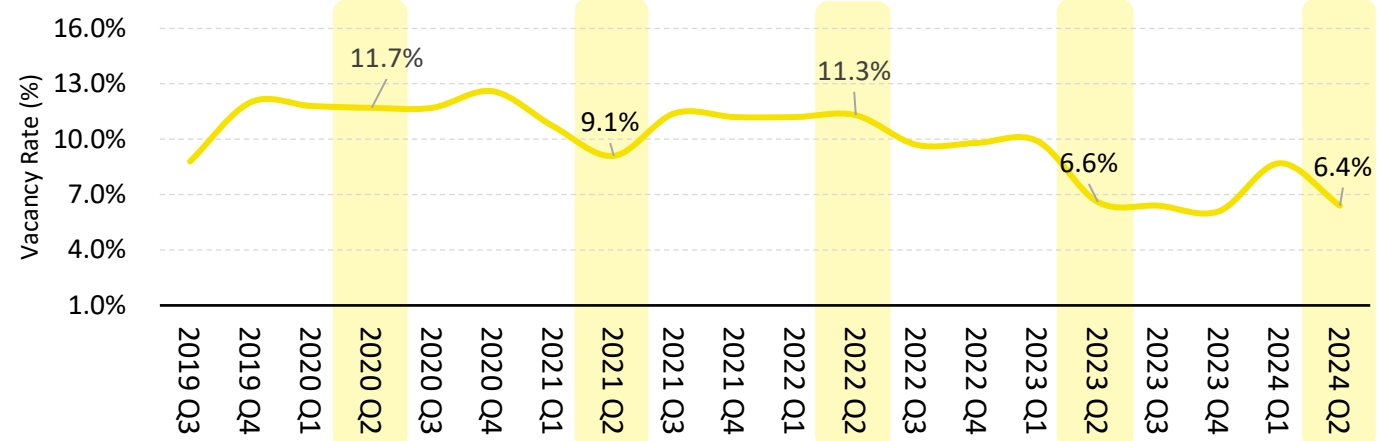
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



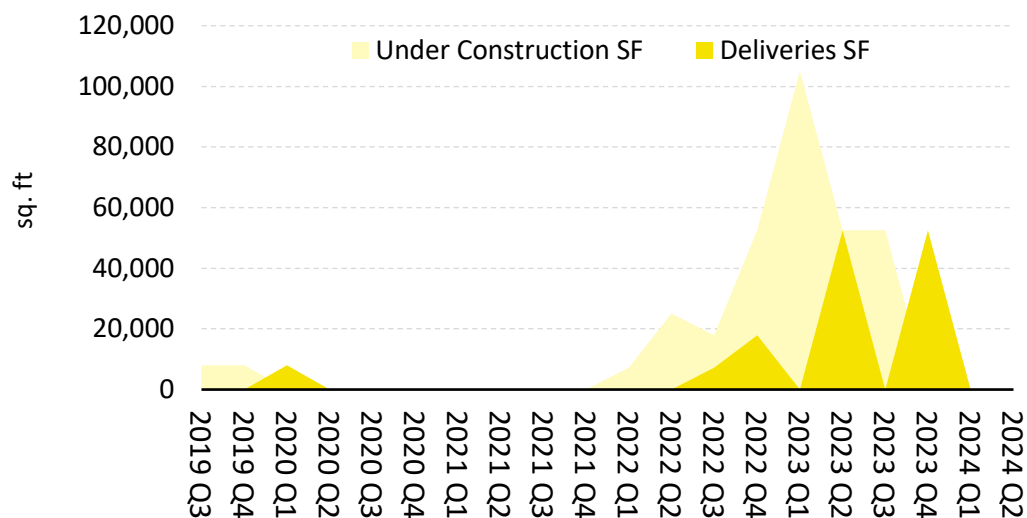
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

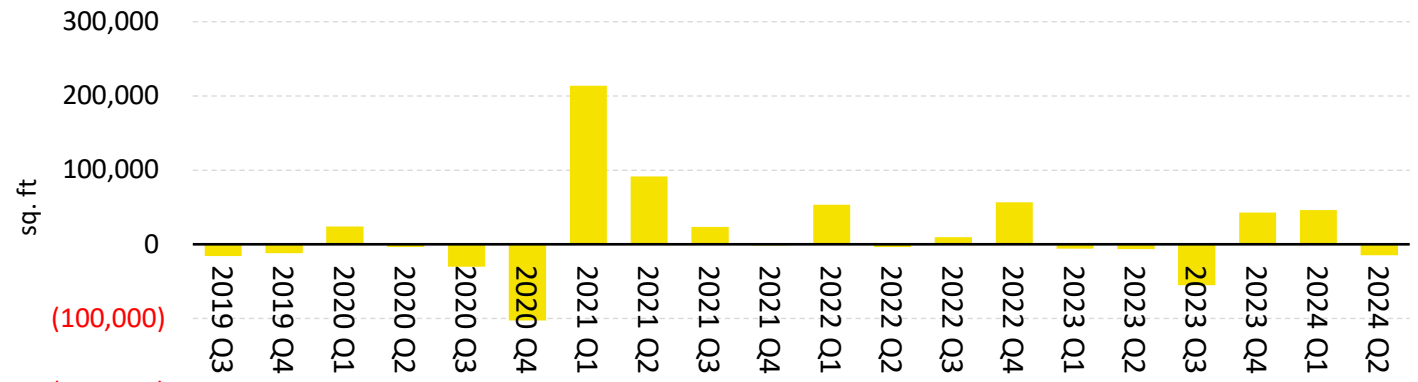
Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	4.2	1.3%	% chg
Vacancy Rate (%)	2.5%	0.8%	pct points
Net Absorption (sq. ft)	(14,923)	-8,423	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.47	\$0.41	\$ per sq. ft
Deliveries (sq. ft)	0	-52,500	sq. ft
Under Construction (sq. ft)	0	-52,500	sq. ft

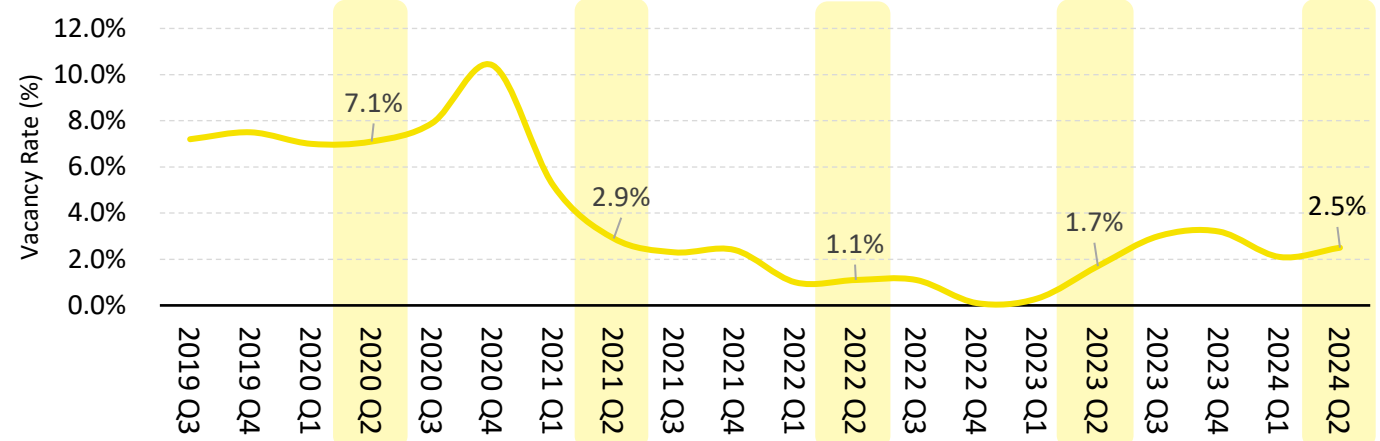
Under Construction & Net Deliveries (sq. ft)



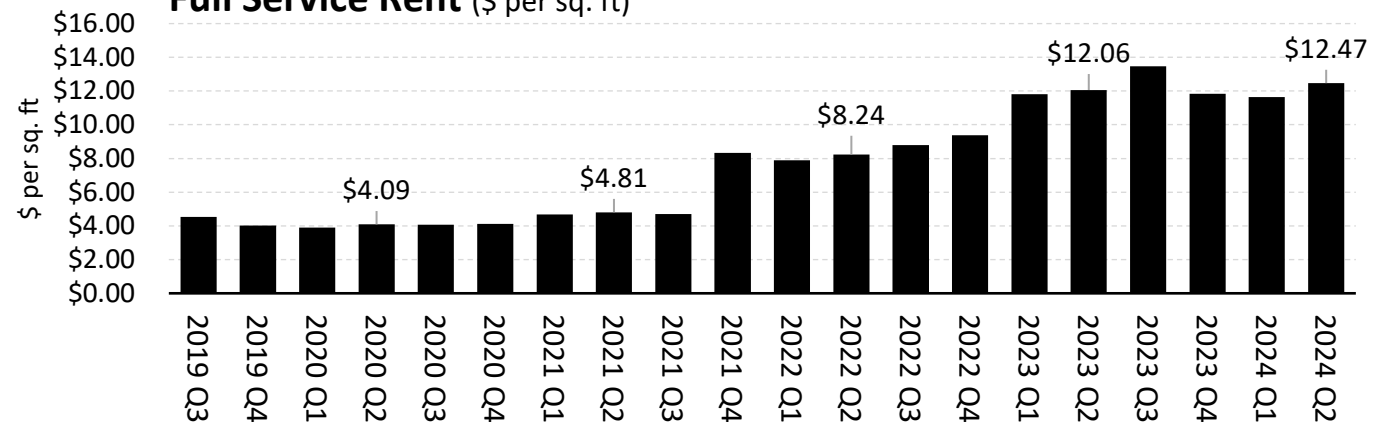
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

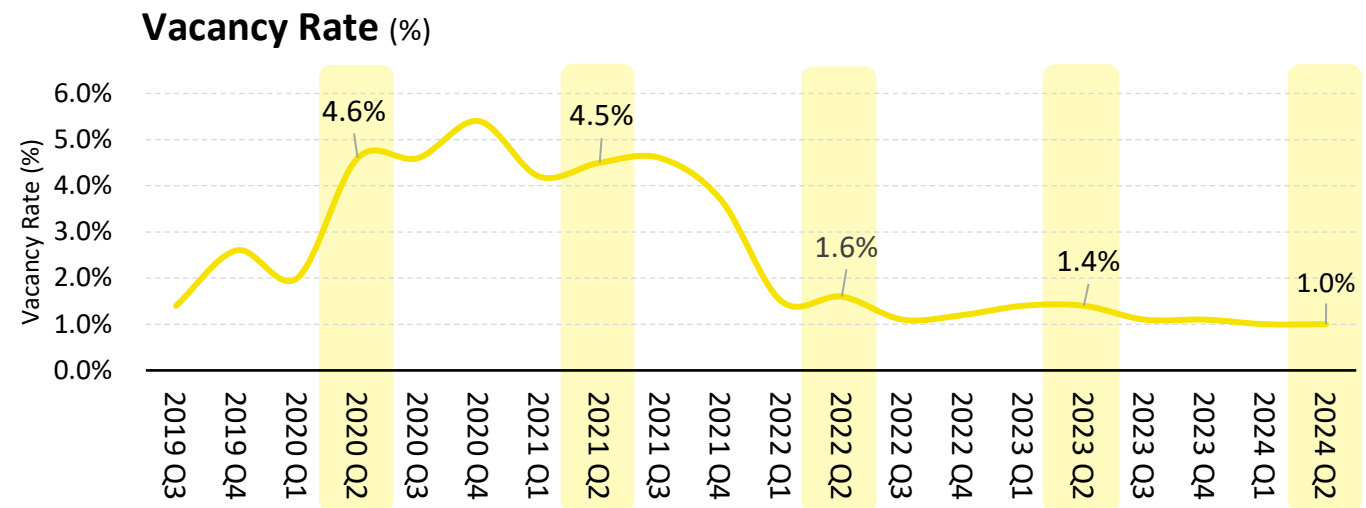
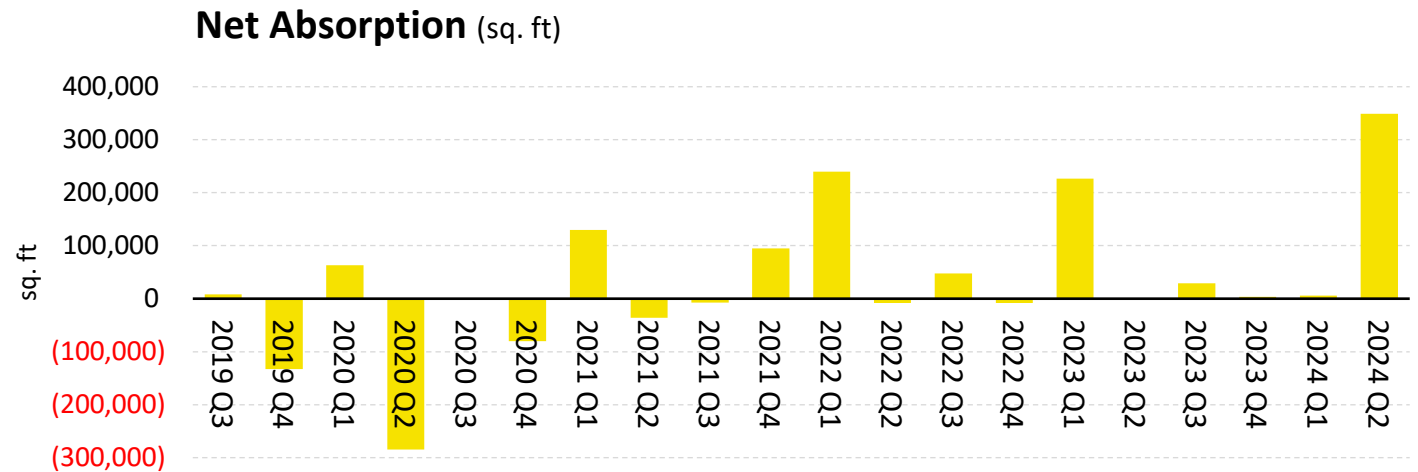


Industrial Market - MSA Trends

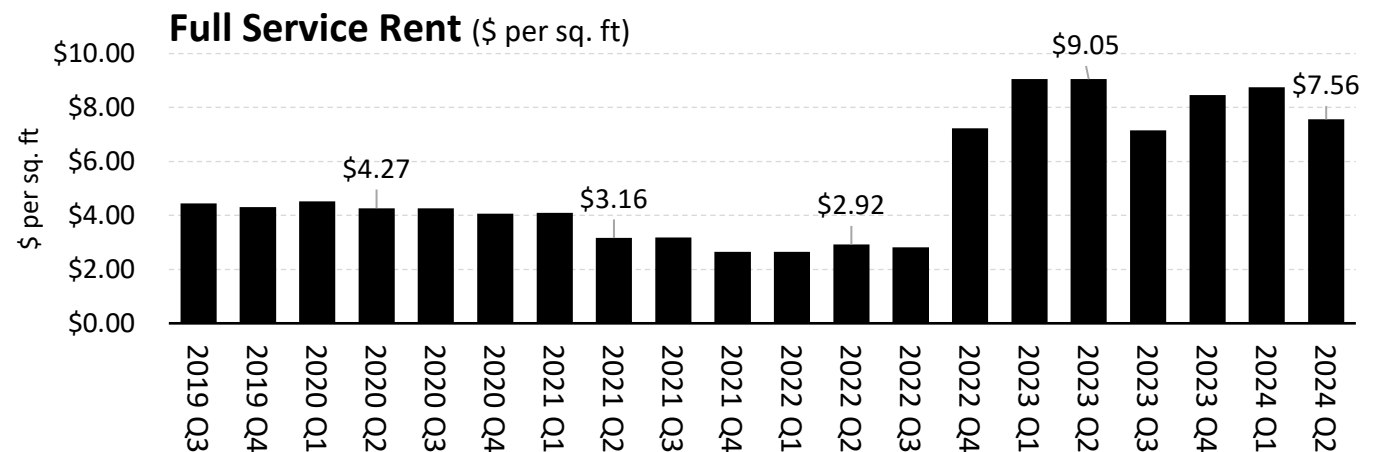
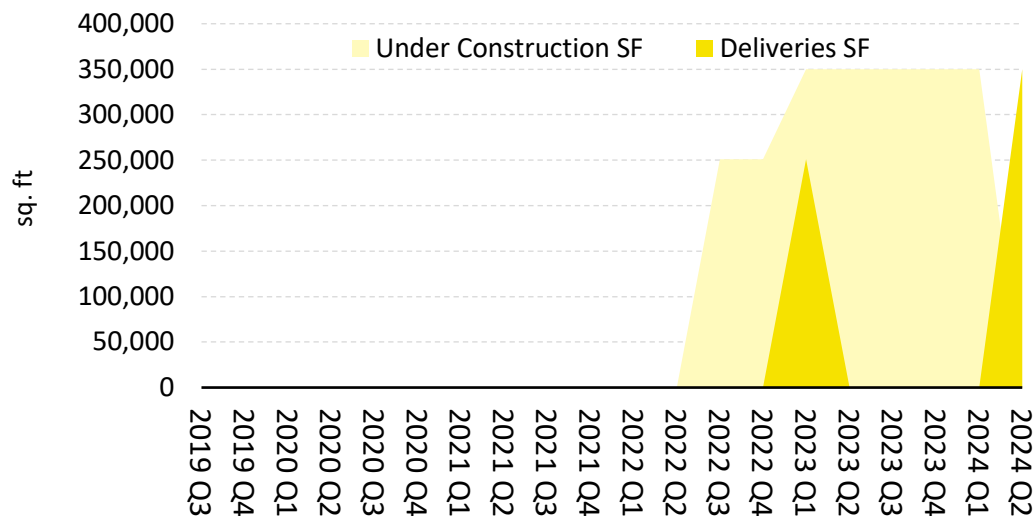
BLACKSBURG MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	11.4	3.2%	% chg
Vacancy Rate (%)	1.0%	-0.4%	pct points
Net Absorption (sq. ft)	348,705	348,564	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.56	-\$1.49	\$ per sq. ft
Deliveries (sq. ft)	350,000	350,000	sq. ft
Under Construction (sq. ft)	0	-350,000	sq. ft



Under Construction & Net Deliveries (sq. ft)



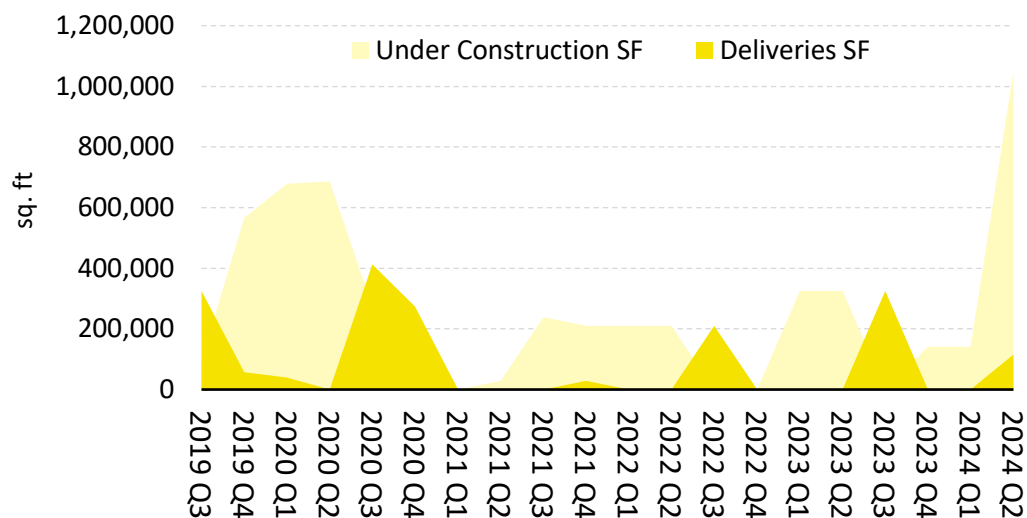
Industrial Market - MSA Trends

WINCHESTER MSA

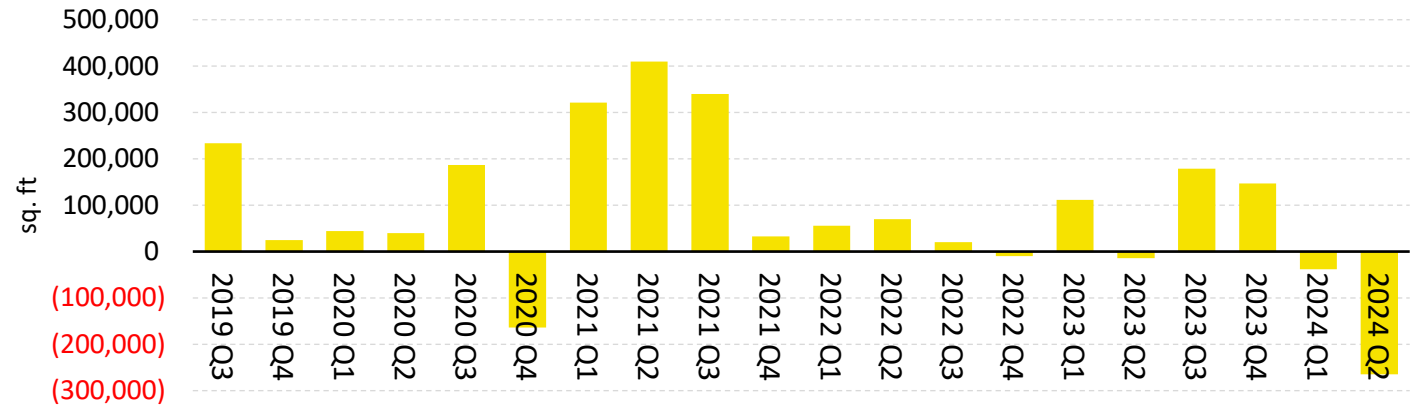
Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	21.1	2.1% % chg
Vacancy Rate (%)	3.4%	1.9% pct points
Net Absorption (sq. ft)	(265,172)	-250,940 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.29	\$0.51 \$ per sq. ft
Deliveries (sq. ft)	116,000	116,000 sq. ft
Under Construction (sq. ft)	1,049,000	724,000 sq. ft

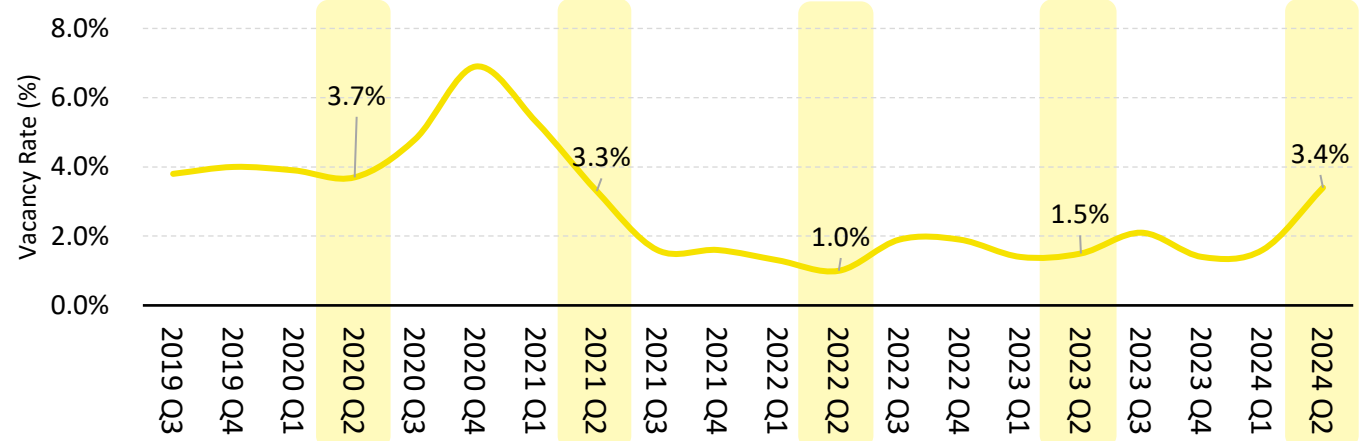
Under Construction & Net Deliveries (sq. ft)



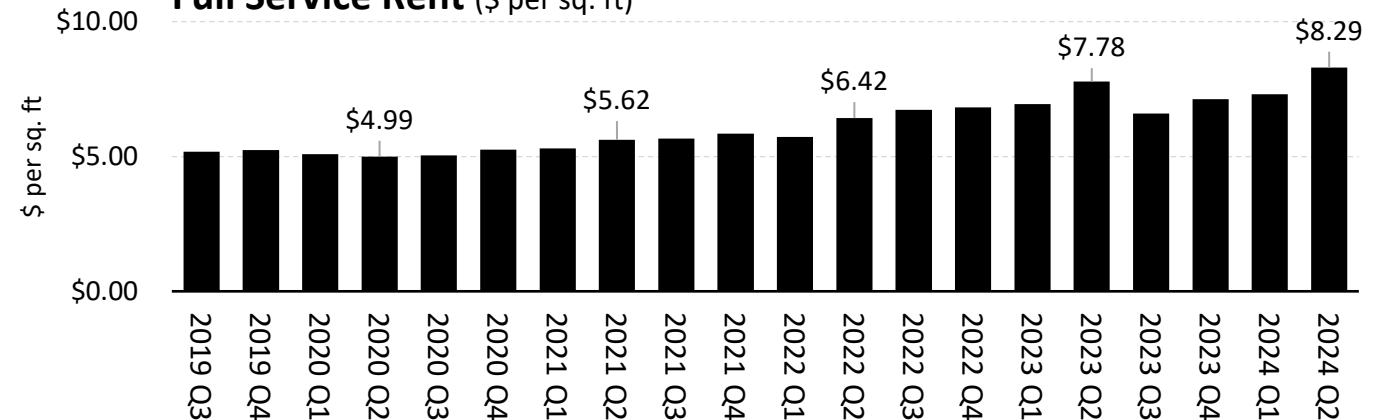
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

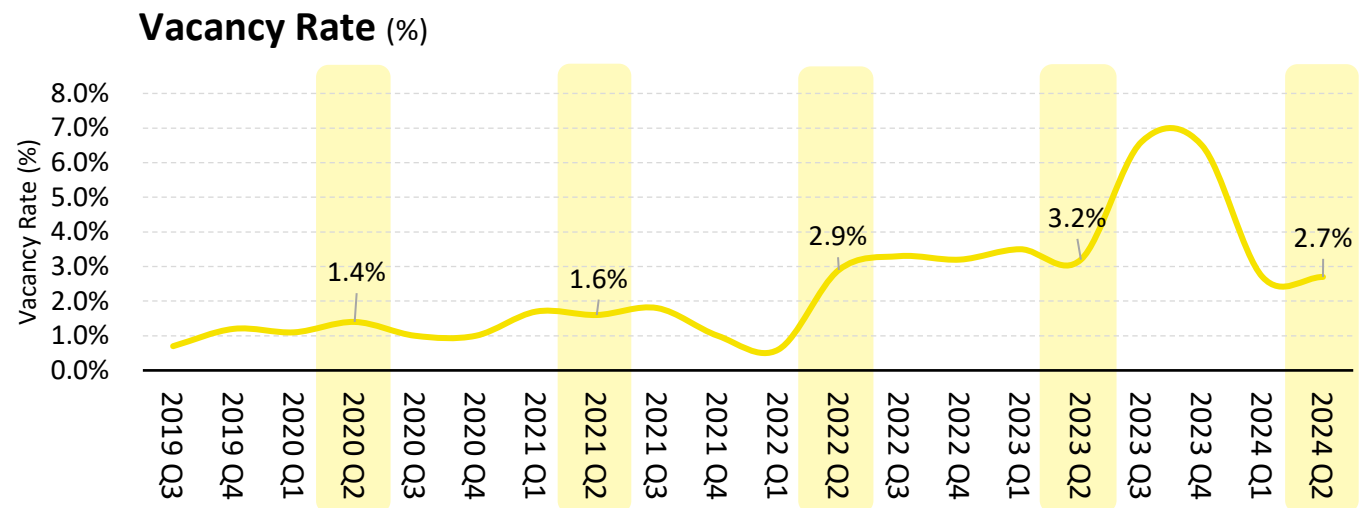
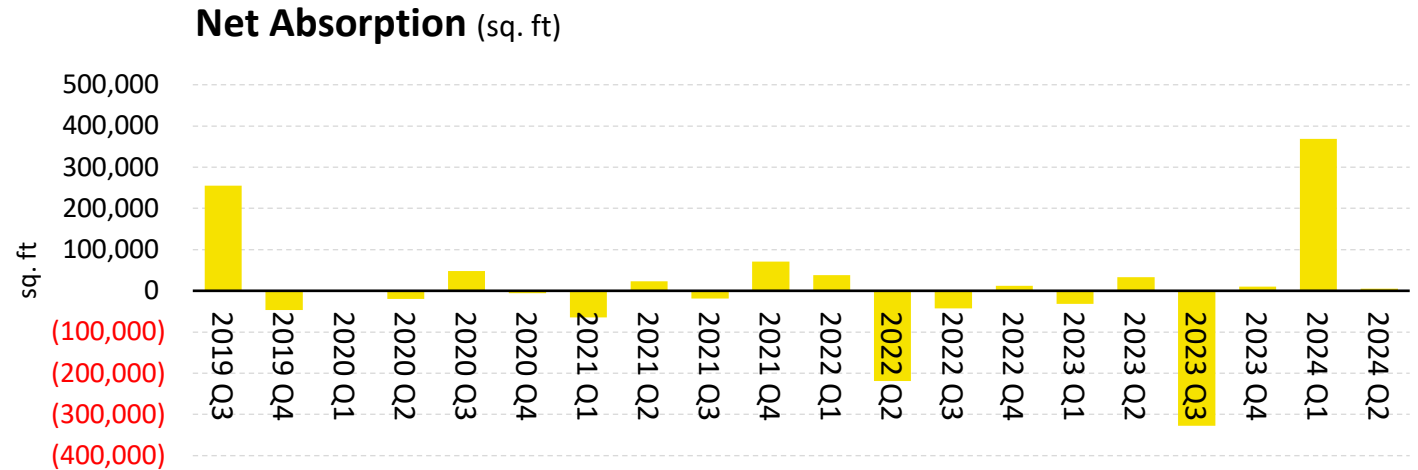


Industrial Market - MSA Trends

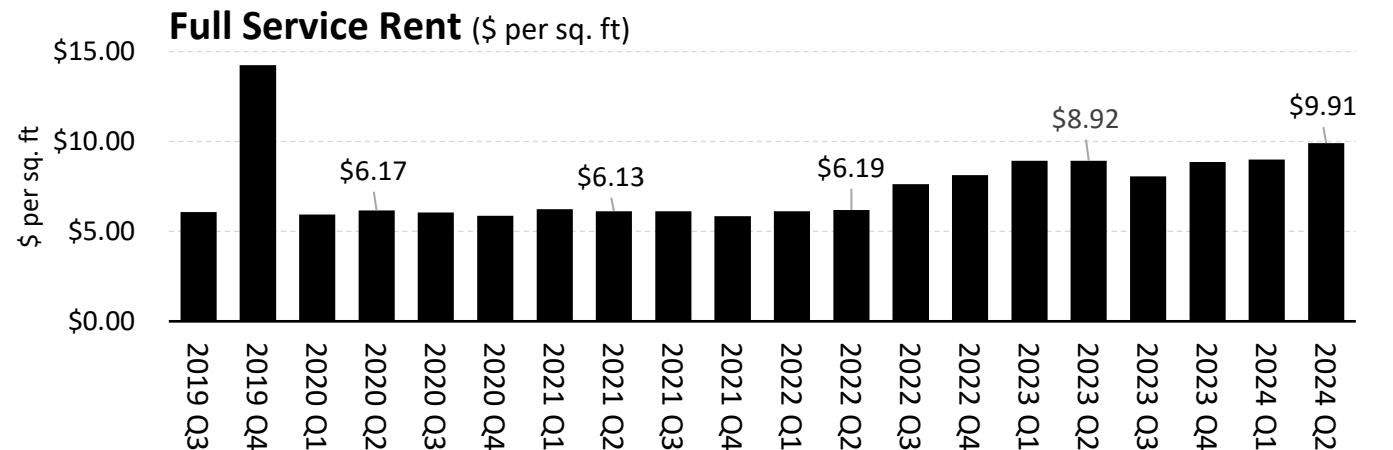
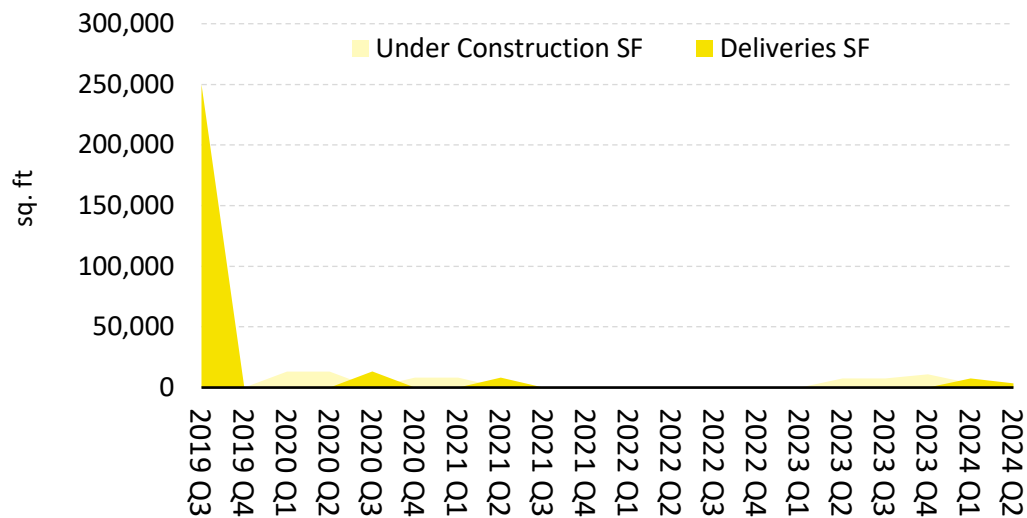
HARRISONBURG MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg	
Total Inventory (sq. ft, millions)	9.6	0.1%	% chg
Vacancy Rate (%)	2.7%	-0.5%	pct points
Net Absorption (sq. ft)	5,625	-27,846	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.91	\$0.99	\$ per sq. ft
Deliveries (sq. ft)	3,400	3,400	sq. ft
Under Construction (sq. ft)	0	-7,500	sq. ft



Under Construction & Net Deliveries (sq. ft)



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