

Q3 2024 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

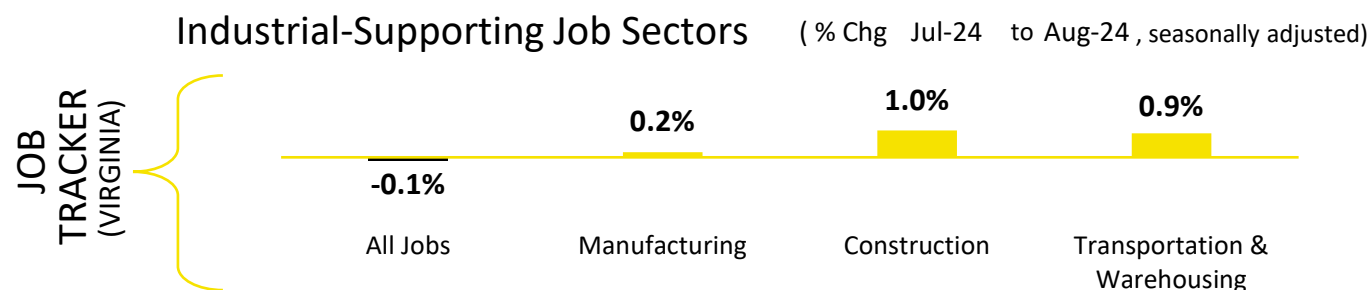
Overview: The industrial market picked back up in the third quarter after a slow second quarter. Absorption levels surged and rents are rising across building types. Vacancy rates rose and construction activity slowed overall.

Absorption: The industrial sector saw a surge in absorption levels this quarter with 2.04 million sq ft of space of net positive absorption, 1.48 million sq ft more than last year. Most of the additional absorbed space was in the Northern Virginia market this quarter.

Vacancy Rate: Industrial vacancy rates went up 0.6 percentage points ending the quarter at 4.2%. Both property types saw an increase in vacancy rates with distribution/warehouse having the highest rate since Q3 2020 at 4.8%. At the region level, Lynchburg had the highest industrial vacancy rate this quarter at 5.5% while Blacksburg had the lowest rate at 1.4%.

Rent: Rents for industrial space in Virginia continued to climb in Q3 2024. Distribution/warehouse space had the biggest increase in rent growth this quarter (+11.5%) compared to manufacturing (+1.73%). In Winchester, rents jumped 26.4% bringing the cost to the highest amount the area has seen in over a decade. Charlottesville experienced negative rent growth this quarter (-7.4%).

Supply + Deliveries: There was a drop in industrial space delivered (-15.0%) and under construction (-19.1%) in the third quarter of this year. Manufacturing saw the biggest growth in deliveries (+43.4%) and new construction (+32.4%). Northern Virginia had the largest number of deliveries (1.16 million sq ft) while Hampton Roads had the highest amount of new construction in Q3 (4.35 million sq ft).



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q3-2024	Indicator
% chg	2.6%	566,157,268	Total Inventory (sq. ft)
sq. ft	1,488,411	2,042,899	Net Absorption (sq. ft)
pct point	0.6%	4.2%	Vacancy Rate (%)
\$ per sq. ft	\$0.84	\$7.89	Full Service Rent (\$ per sq. ft)
sq. ft	-409,205	2,315,878	New Supply Delivered (sq. ft)
sq. ft	-3,295,851	13,984,862	Under Construction (sq. ft)



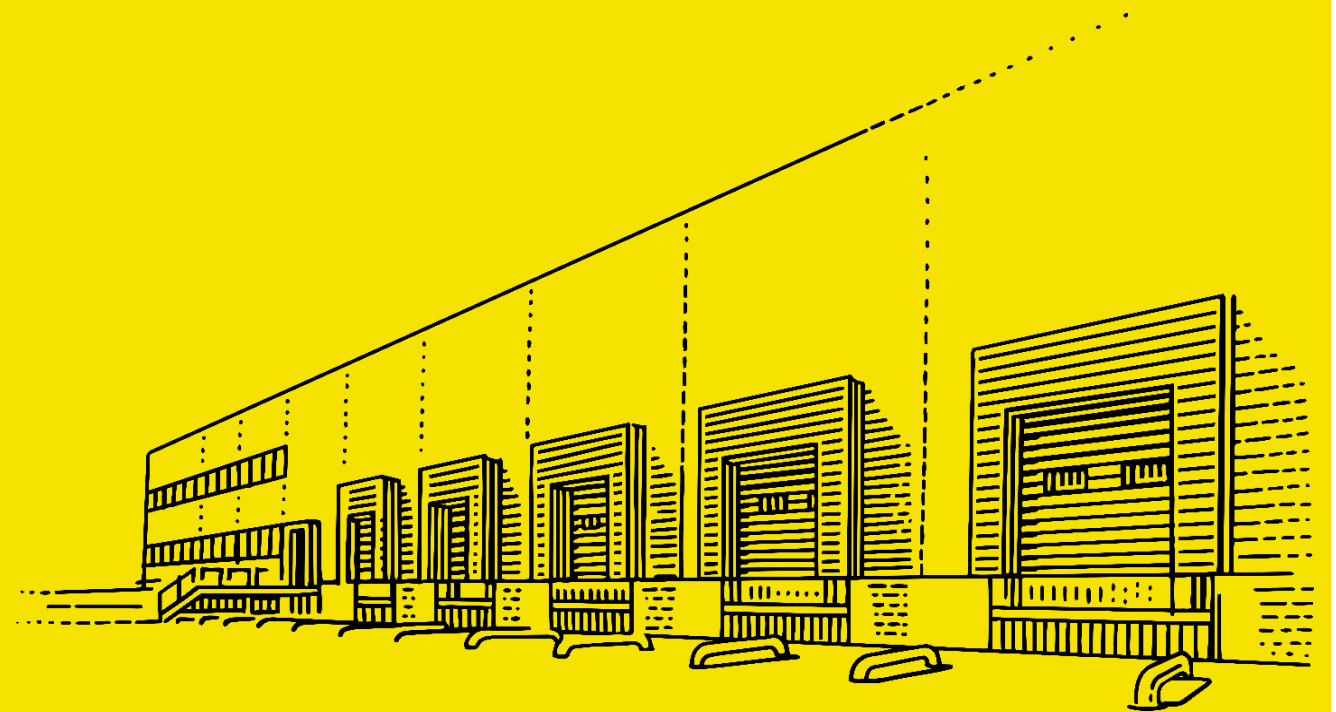
Economic Indicator Dashboard

	MoM % Chg	Aug-24	Indicator
% chg	-0.1%	4.2	Total Jobs (in millions, seasonally adjusted)
% chg	0.7%	631.1	Industrial-Supporting Jobs (in thousands, seasonally adjusted)
pct point	0.1%	2.8%	Unemployment Rate (% seasonally adjusted)
pct point	1.6%	3.0	Gross Domestic Product (% chg from prior year)

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Virginia Industrial Market

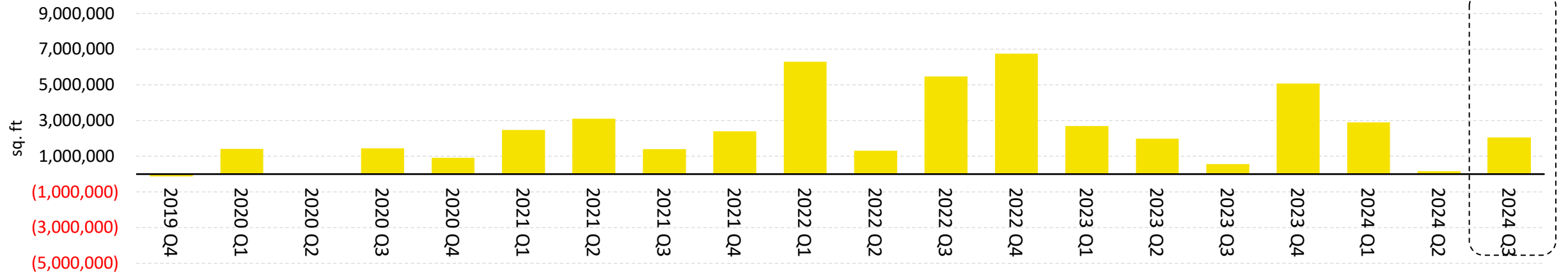
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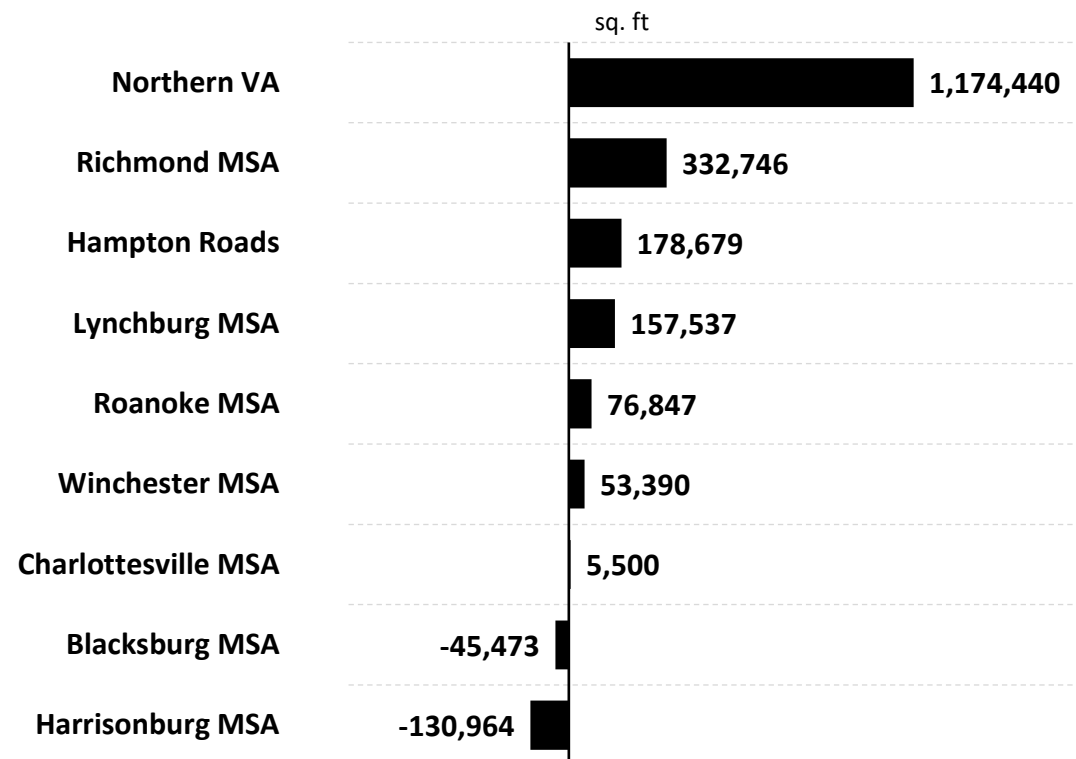
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

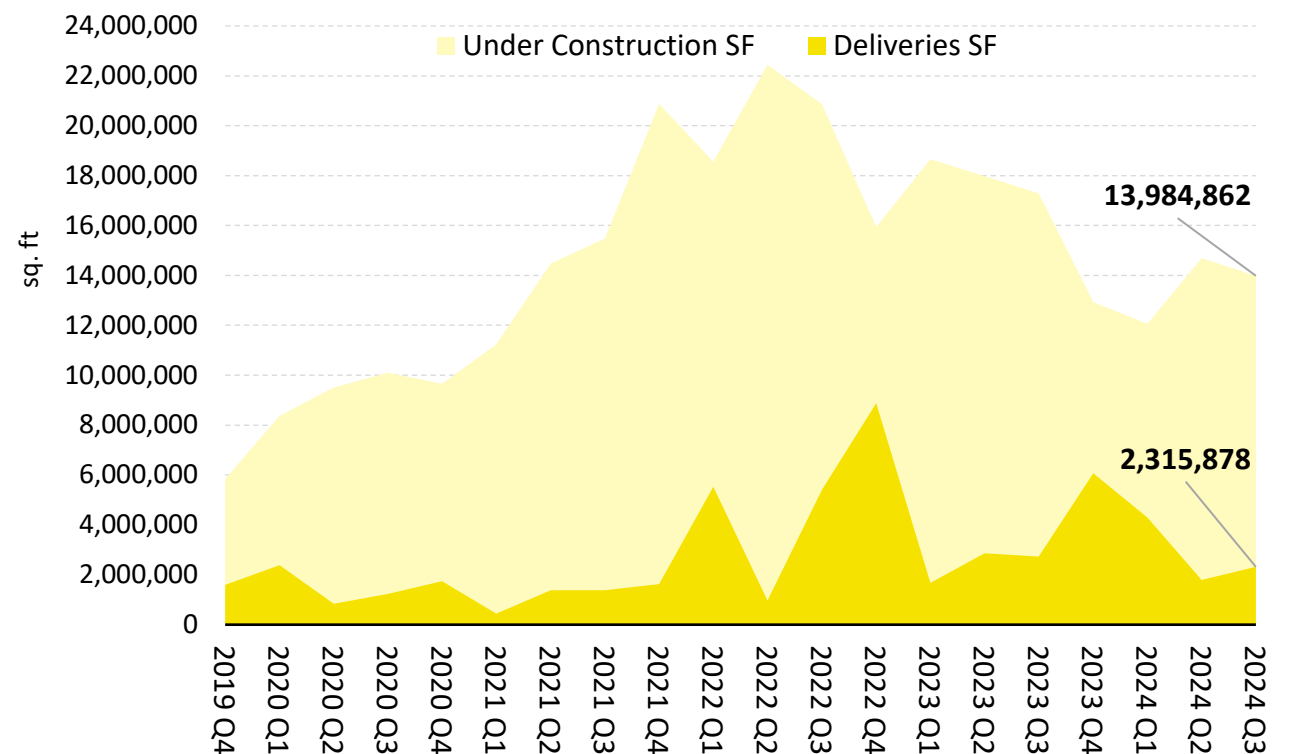
Net Absorption (sq. ft)



Q3-2024 Net Absorption by Metro Area (sq ft)

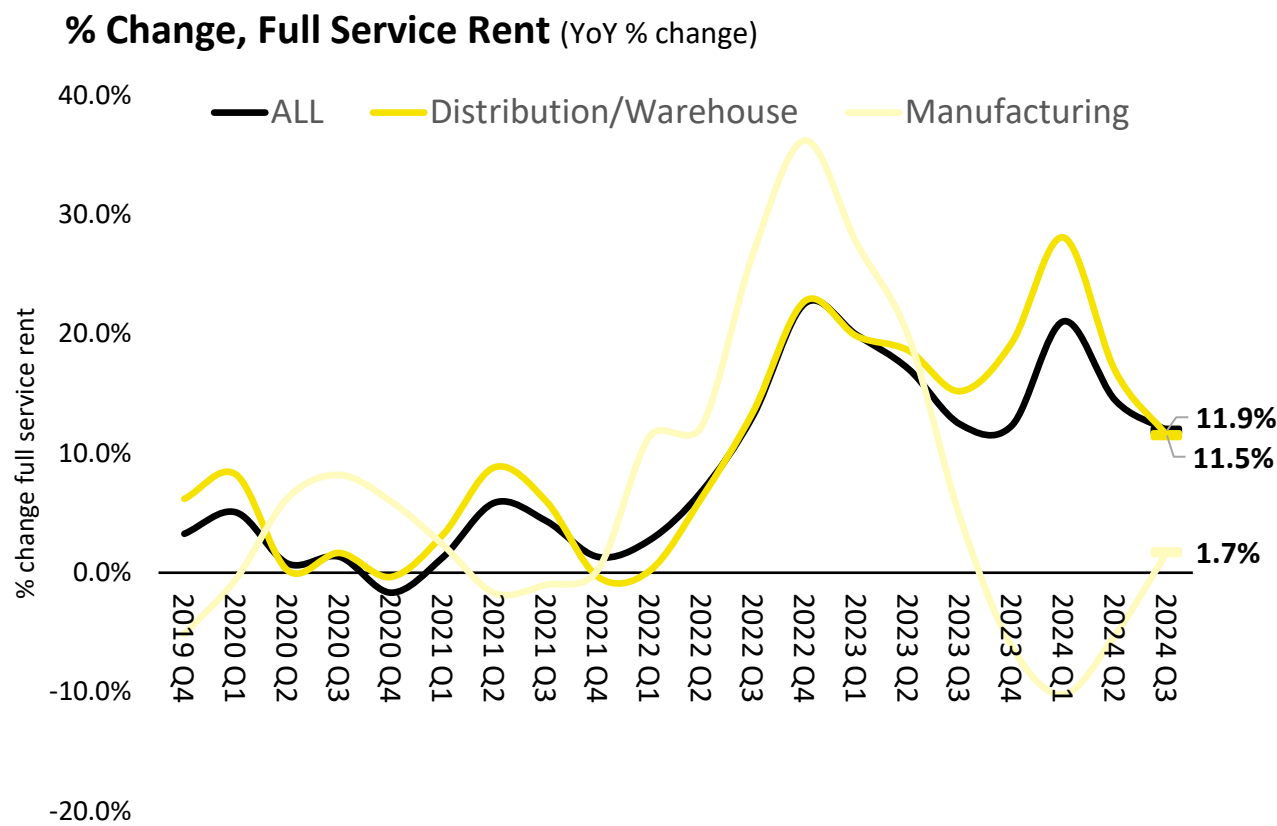
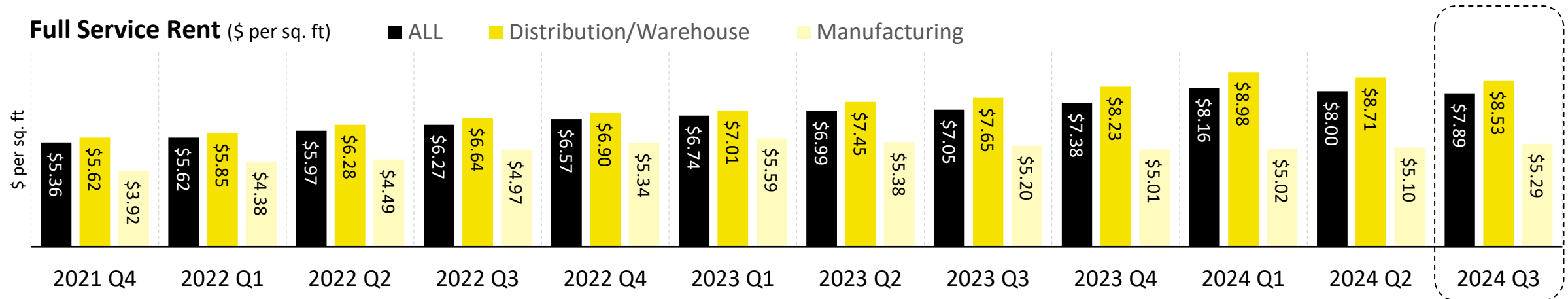


Under Construction & Net Deliveries (sq. ft)

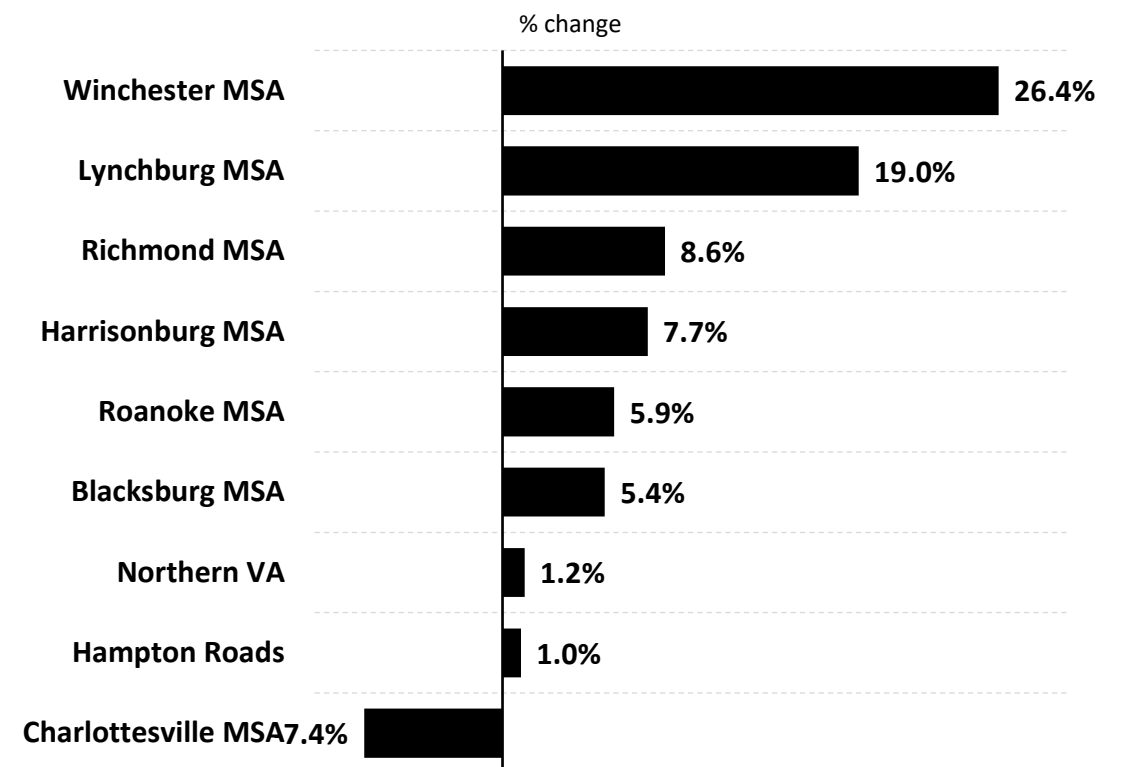


Industrial Market - Rent Trends

VIRGINIA (Statewide)

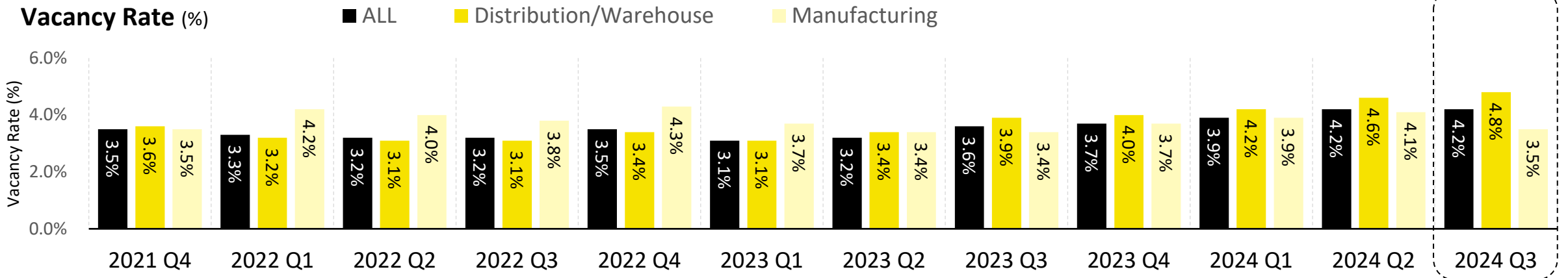


Q3-2024 by MSA: % Change, Full Service Rent (YoY % change)

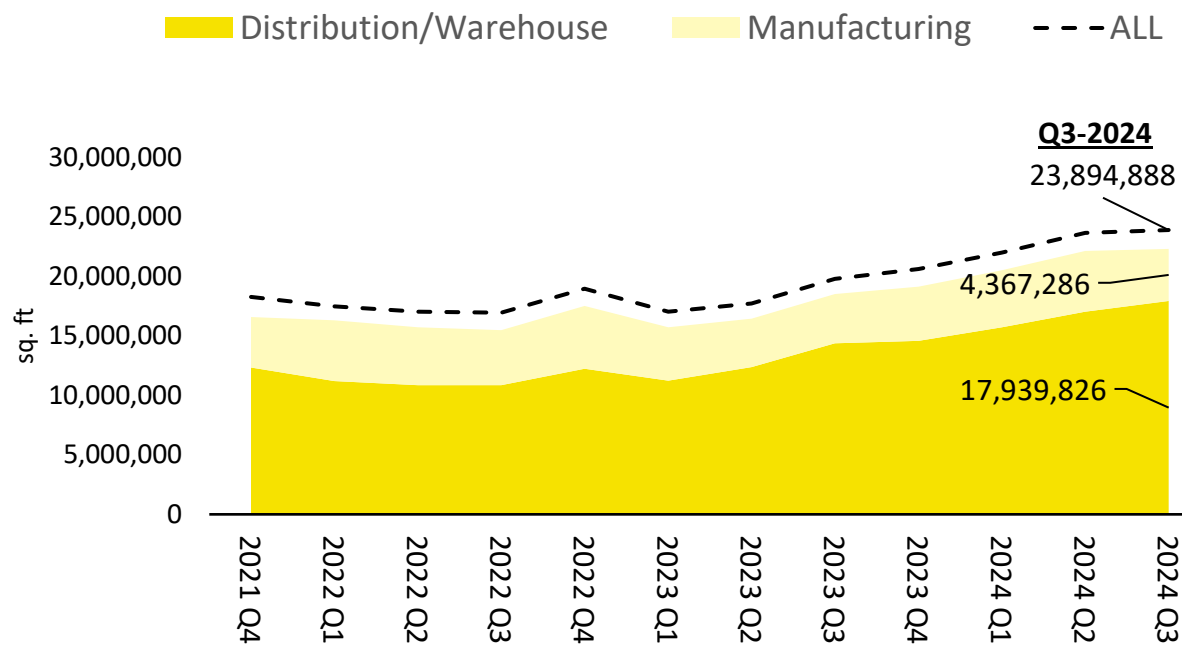


Industrial Market - Vacancy Trends

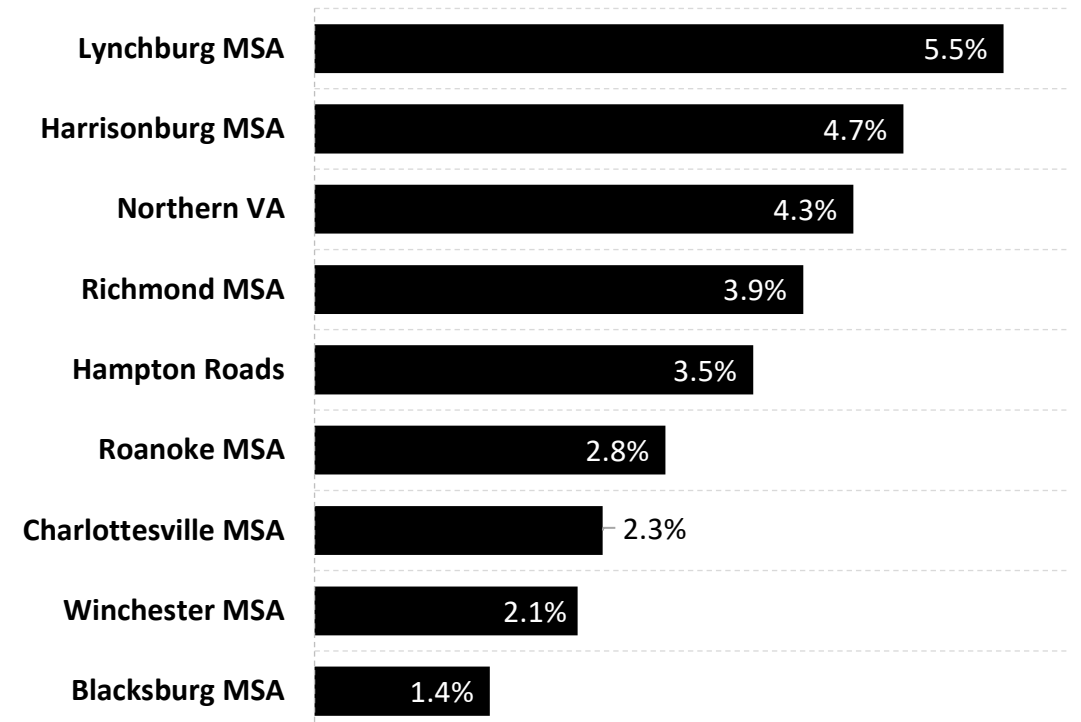
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q3-2024 Industrial Vacancy Rate by MSA



MSA TRENDS

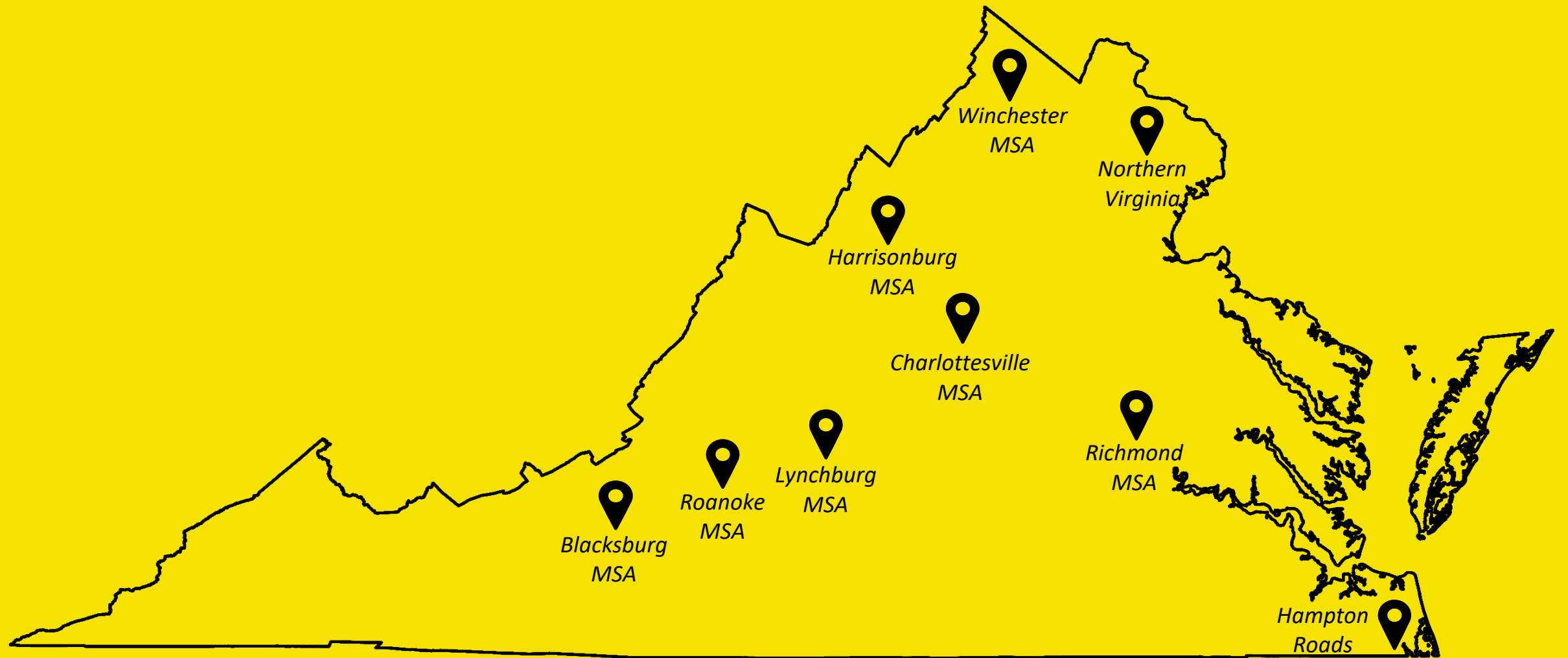
METROPOLITAN STATISTICAL AREA

Q3



2024

INDUSTRIAL
Market Report



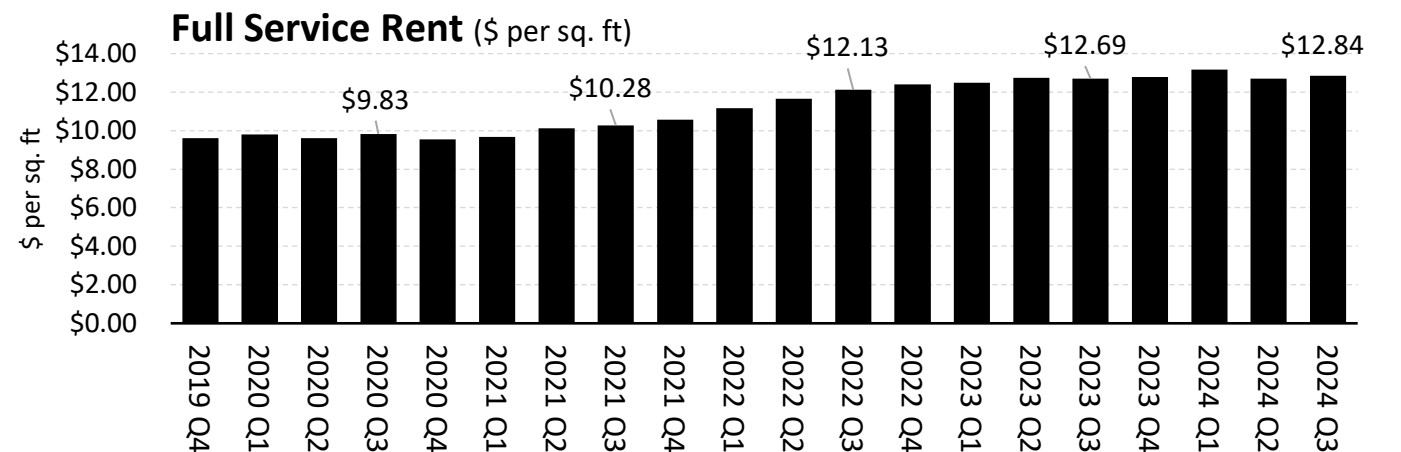
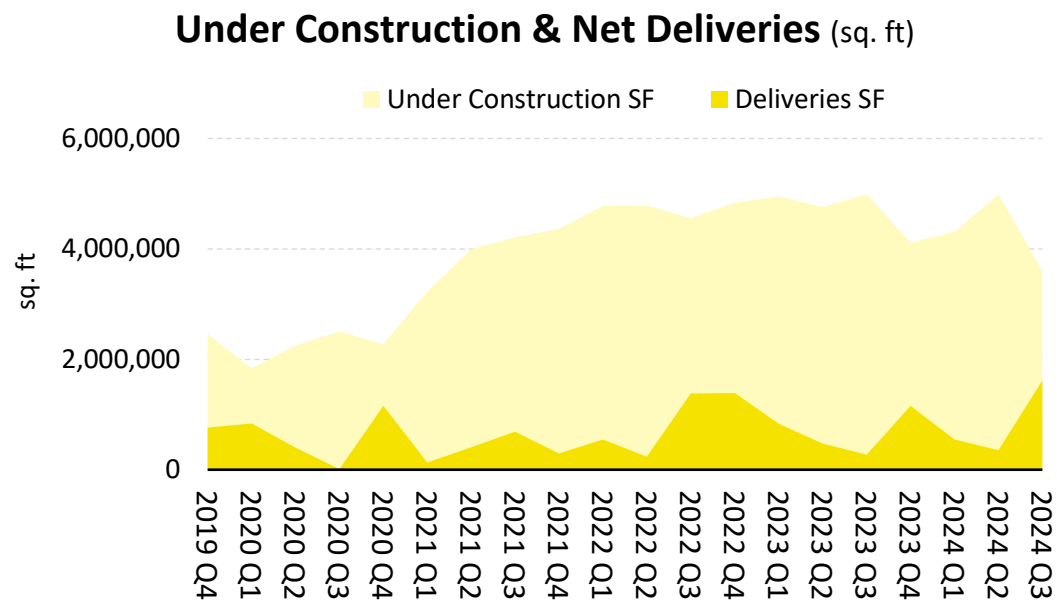
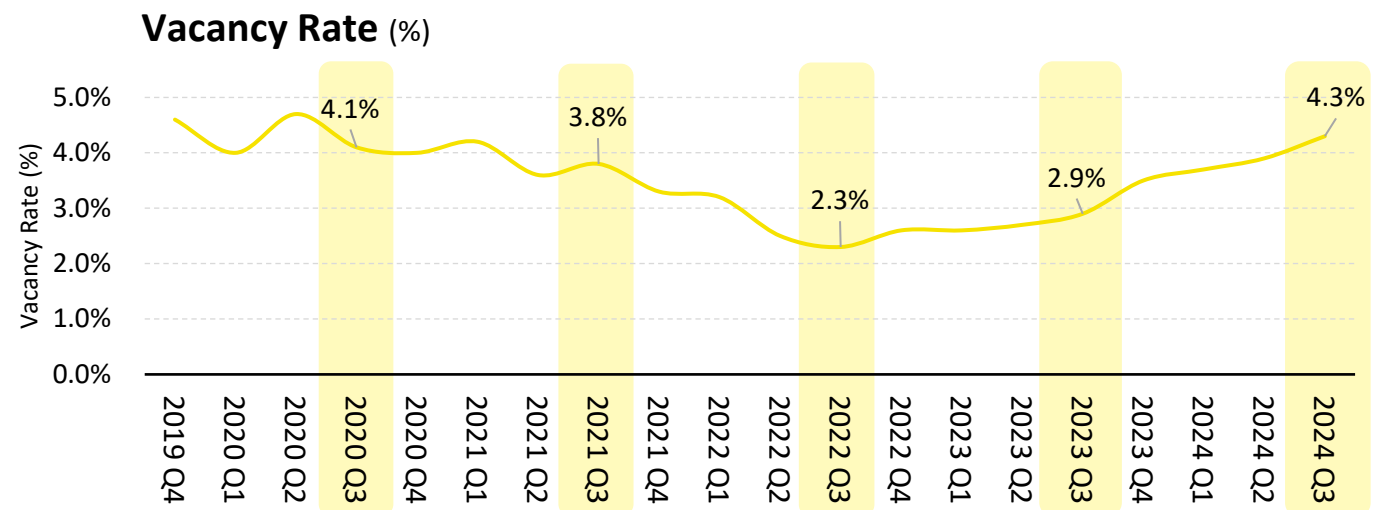
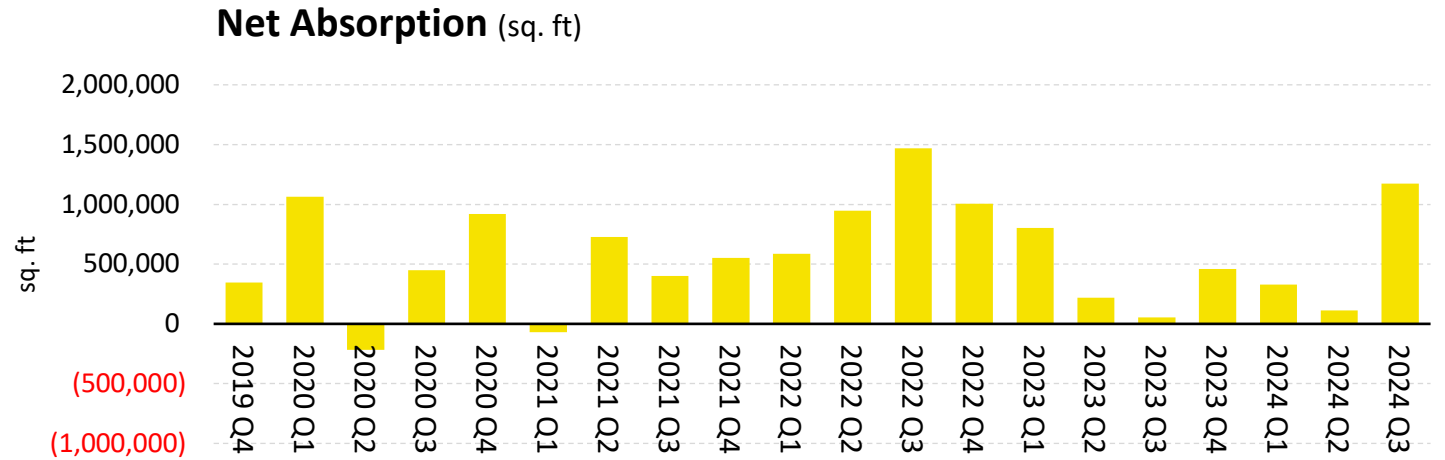
Snapshot of Industrial Market Conditions Around Virginia

Industrial Market - MSA Trends

NORTHERN VIRGINIA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	100.5	3.6% <small>% chg</small>
Vacancy Rate (%)	4.3%	1.4% <small>pct points</small>
Net Absorption (sq. ft)	1,174,440	1,119,208 <small>sq. ft</small>
Avg Full Service Rent (\$ / sq. ft)	\$12.84	\$0.15 <small>\$ per sq. ft</small>
Deliveries (sq. ft)	1,615,878	1,340,510 <small>sq. ft</small>
Under Construction (sq. ft)	3,606,643	-1,382,519 <small>sq. ft</small>



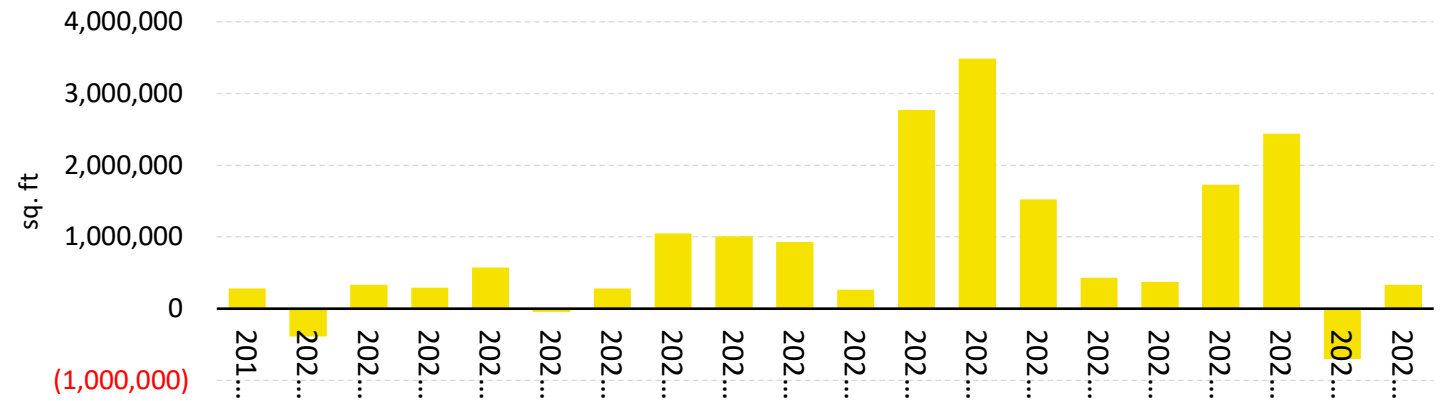
Industrial Market - MSA Trends

RICHMOND MSA

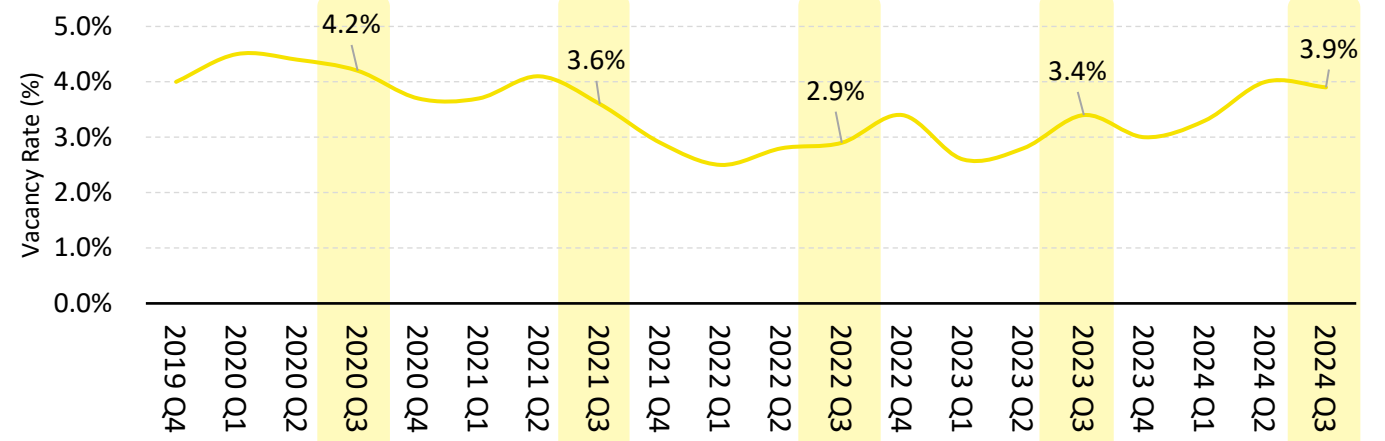
Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	146.2	3.3% % chg
Vacancy Rate (%)	3.9%	0.5% pct points
Net Absorption (sq. ft)	332,746	-42,319 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.17	\$0.65 \$ per sq. ft
Deliveries (sq. ft)	200,000	-1,156,715 sq. ft
Under Construction (sq. ft)	4,090,317	-1,687,241 sq. ft

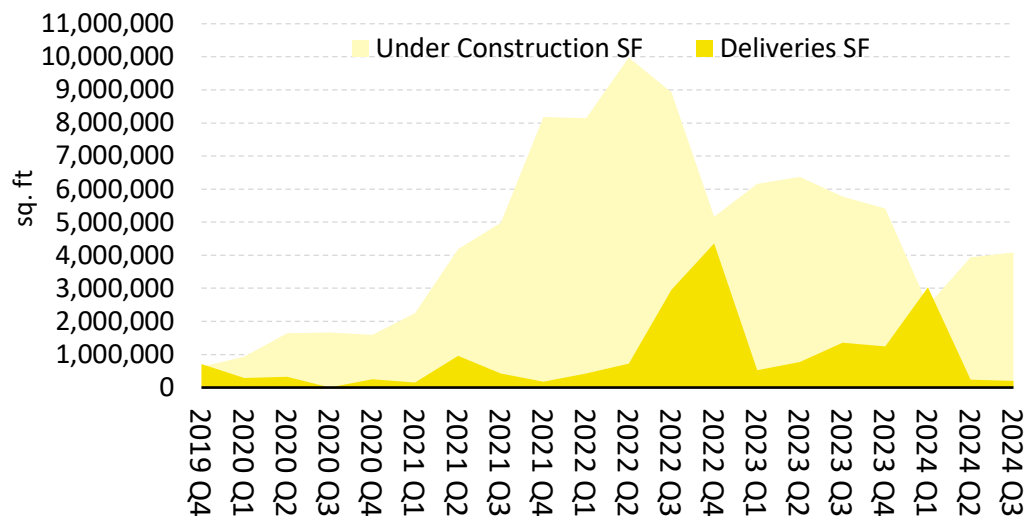
Net Absorption (sq. ft)



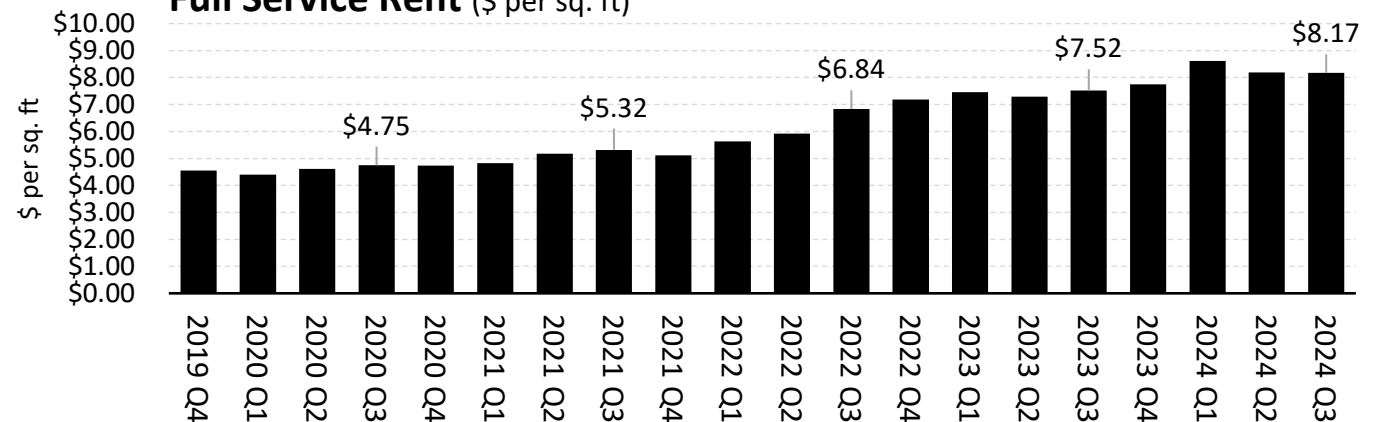
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



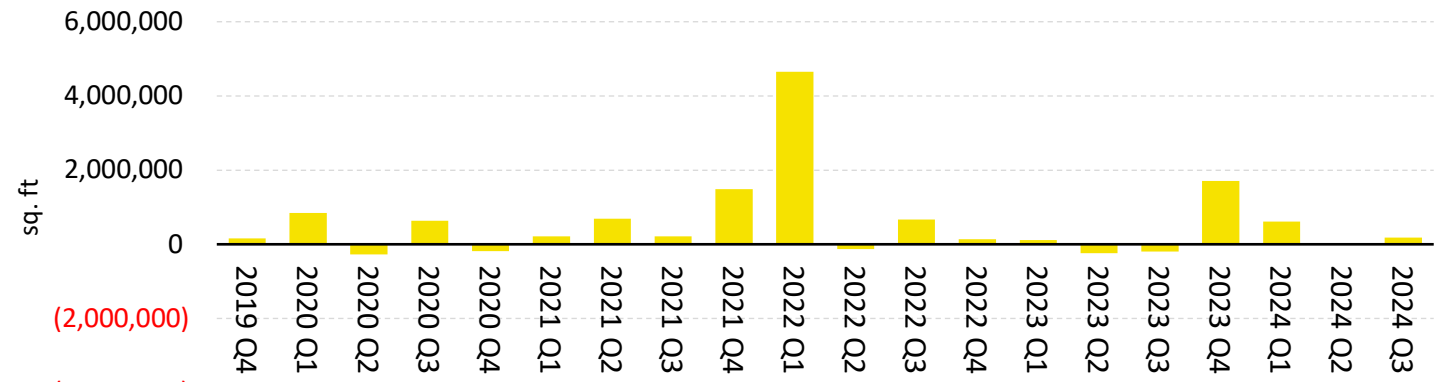
Industrial Market - MSA Trends

HAMPTON ROADS

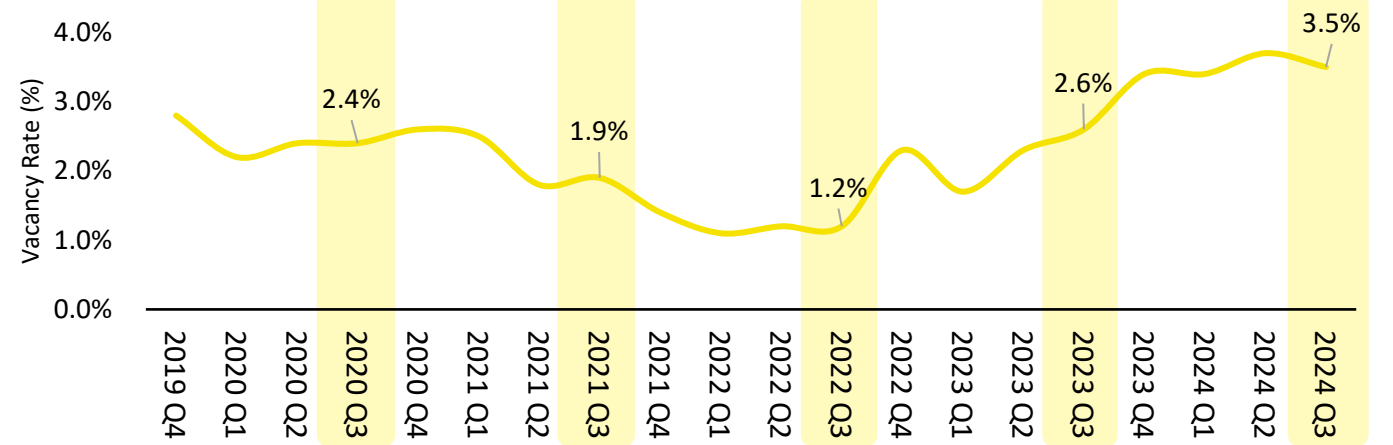
Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	116.5	3.2% % chg
Vacancy Rate (%)	3.5%	0.9% pct points
Net Absorption (sq. ft)	178,679	375,025 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.24	\$0.09 \$ per sq. ft
Deliveries (sq. ft)	0	-200,000 sq. ft
Under Construction (sq. ft)	4,355,462	136,129 sq. ft

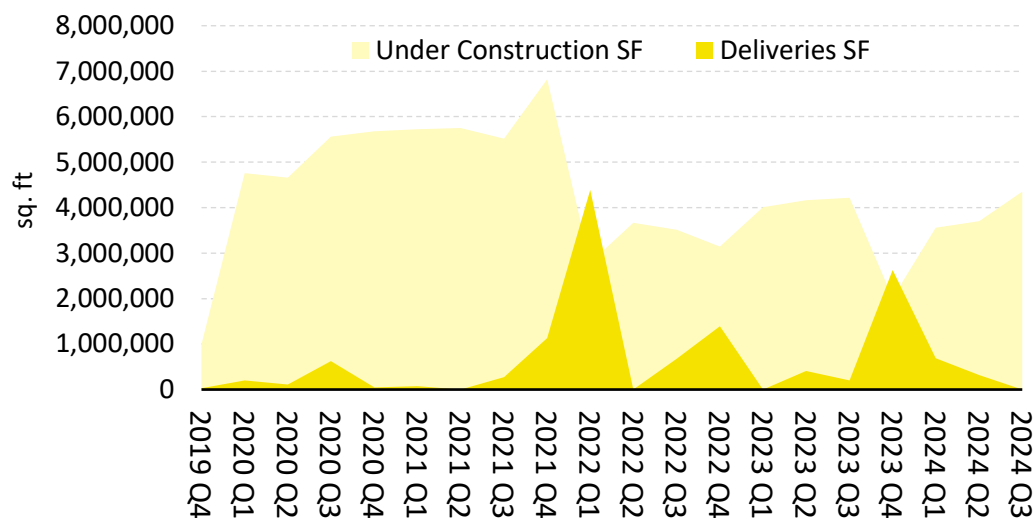
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



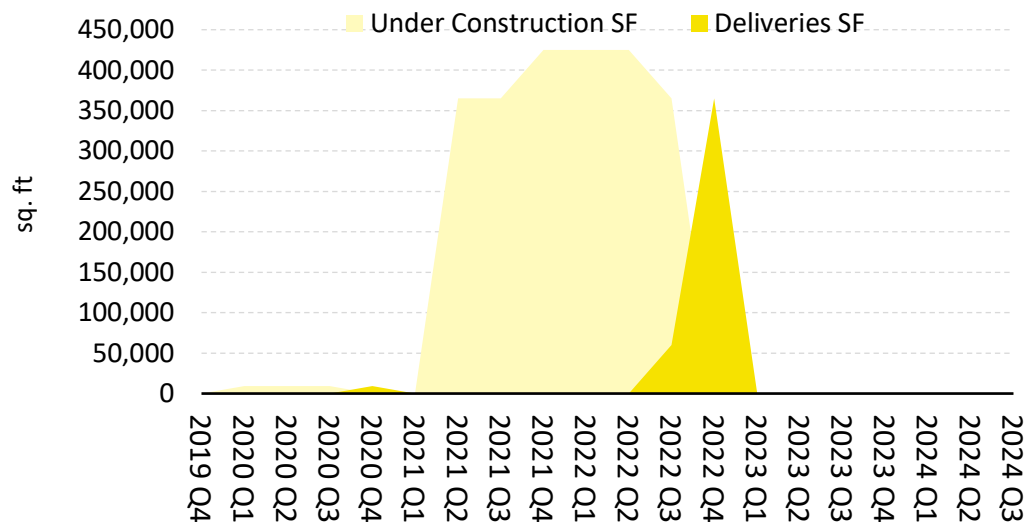
Industrial Market - MSA Trends

ROANOKE MSA

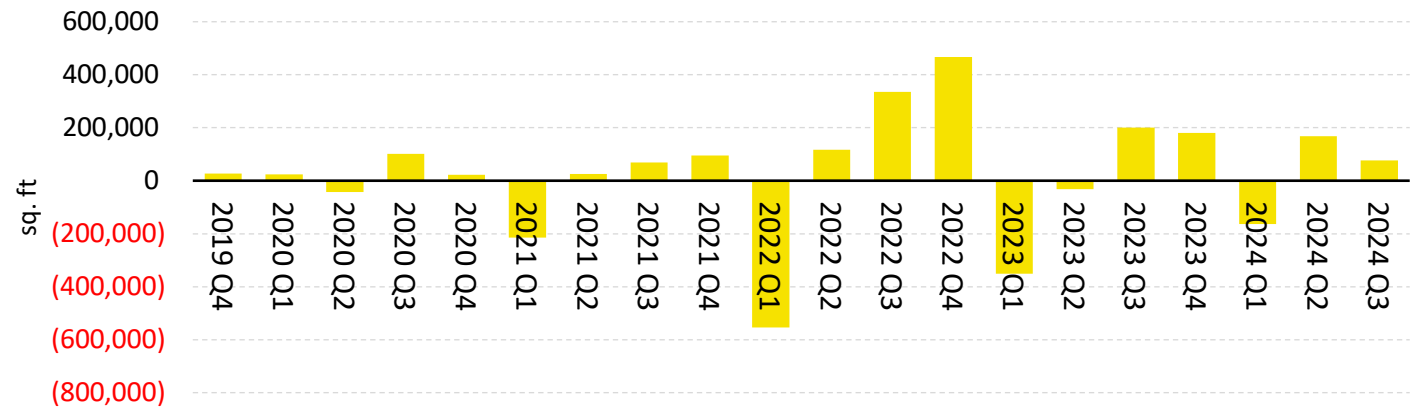
Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	38.6	0	% chg
Vacancy Rate (%)	2.8%	-0.6%	pct points
Net Absorption (sq. ft)	76,847	-123,760	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.35	\$0.30	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

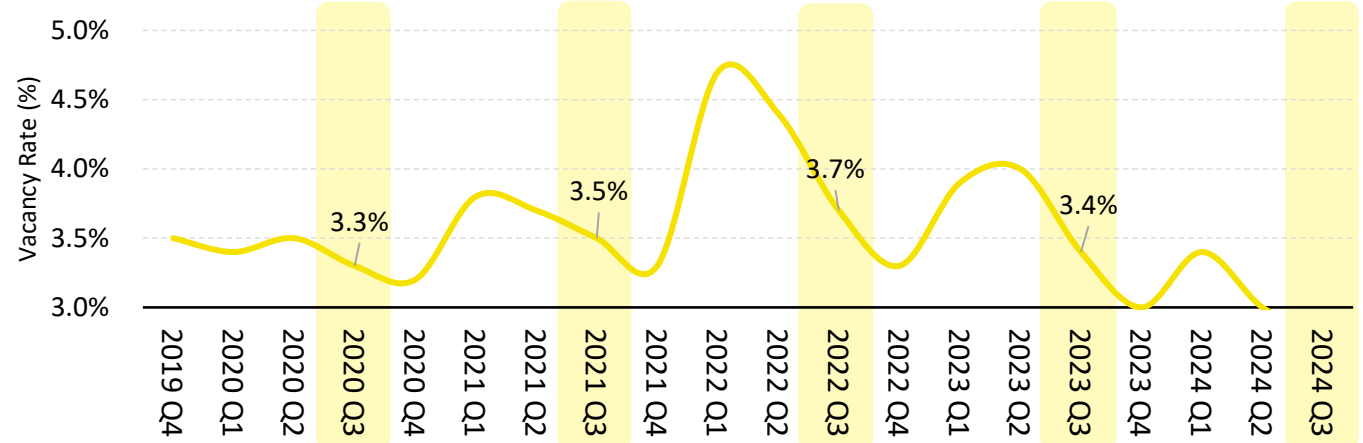
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



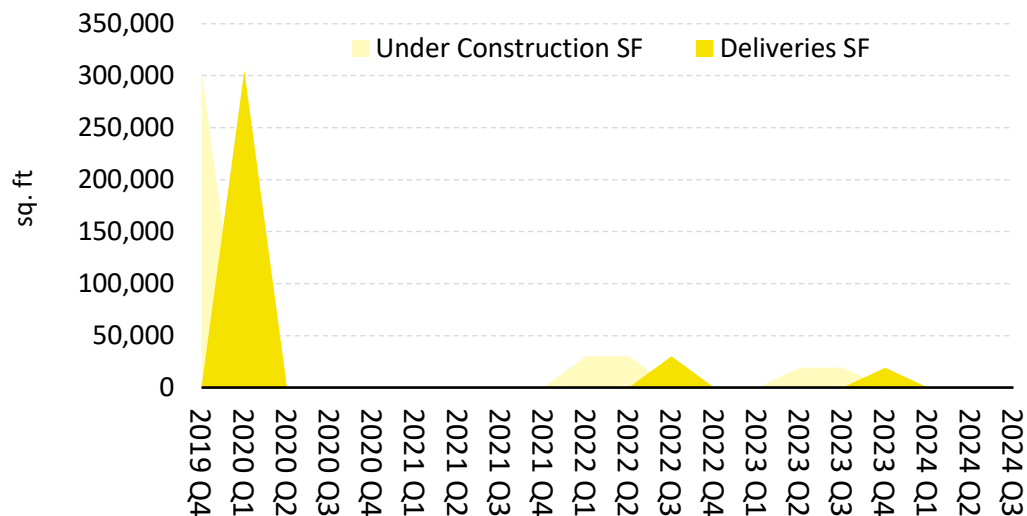
Industrial Market - MSA Trends

LYNCHBURG MSA

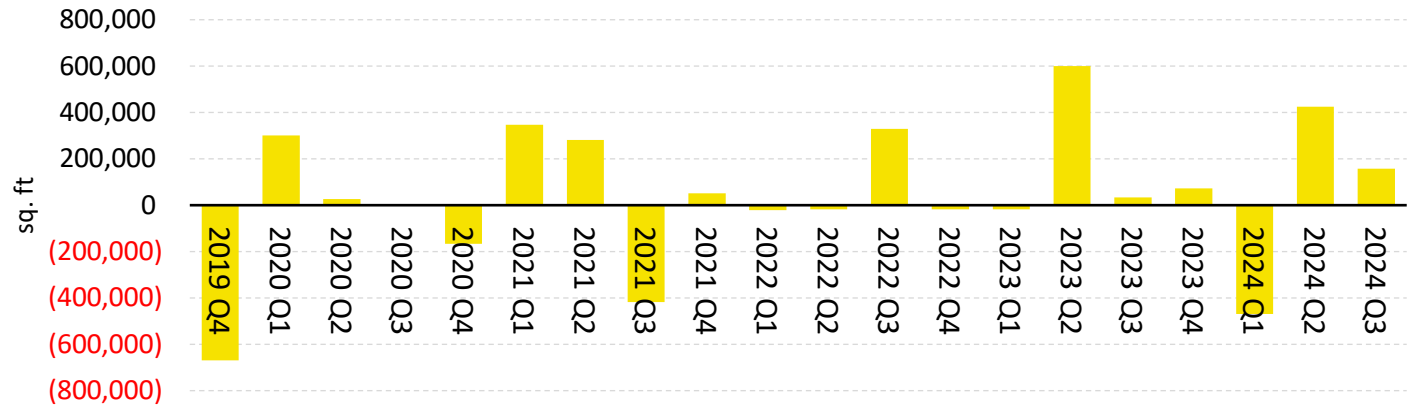
Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	18.4	0.1%	% chg
Vacancy Rate (%)	5.5%	-0.9%	pct points
Net Absorption (sq. ft)	157,537	123,832	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.02	\$0.80	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-18,900	sq. ft

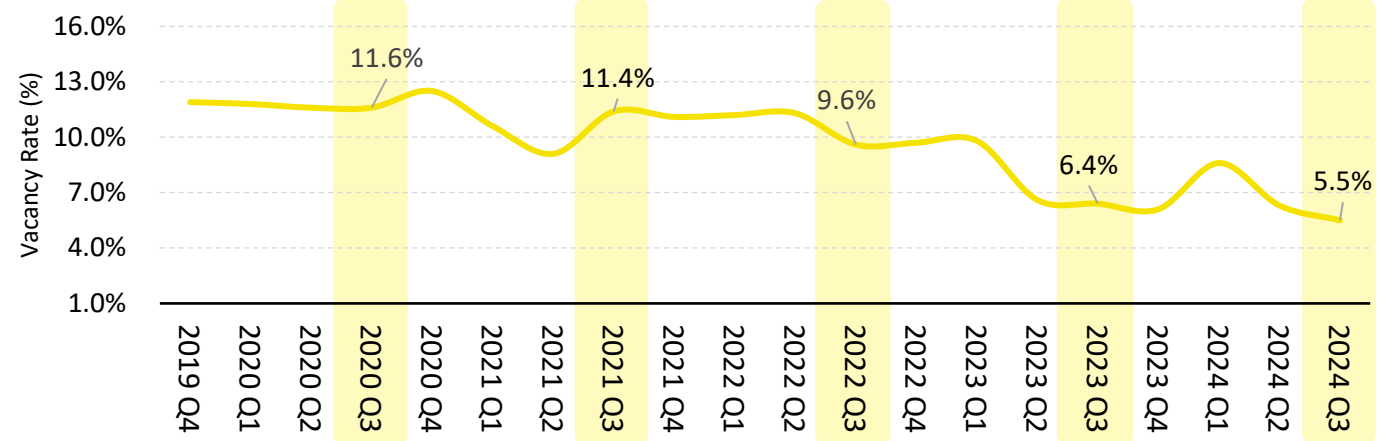
Under Construction & Net Deliveries (sq. ft)



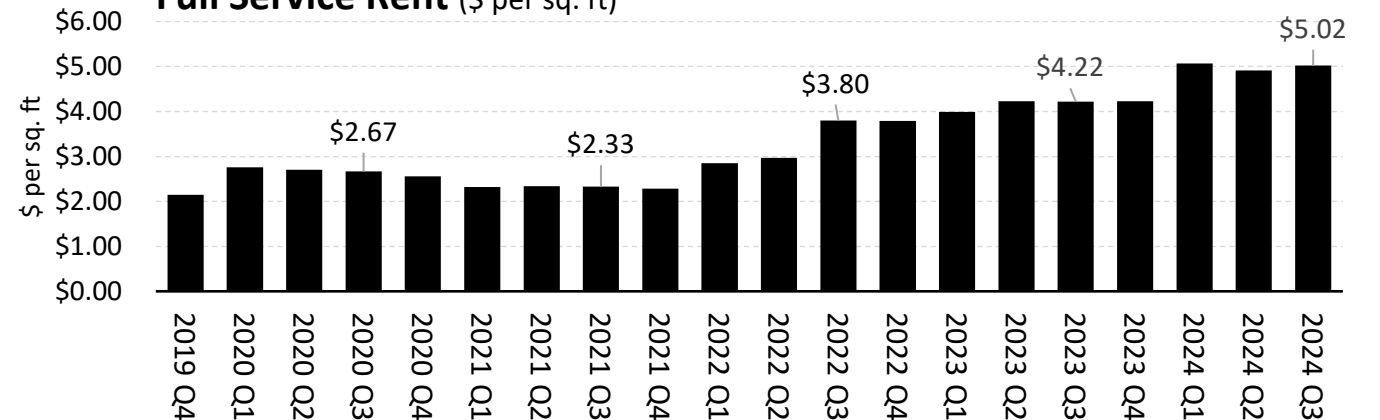
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

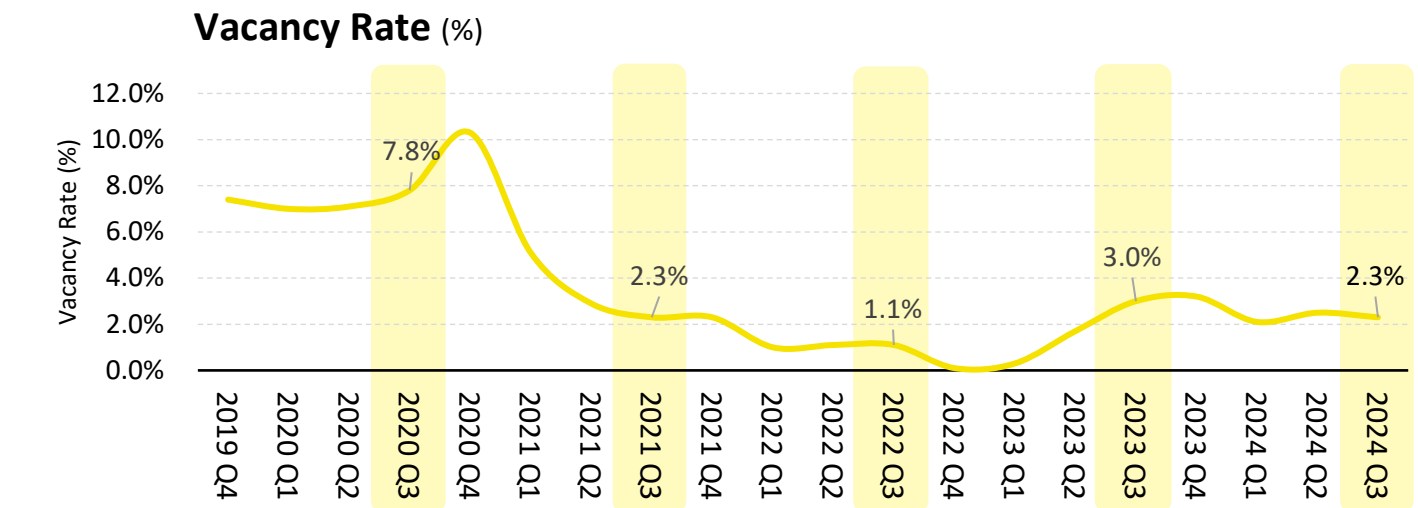
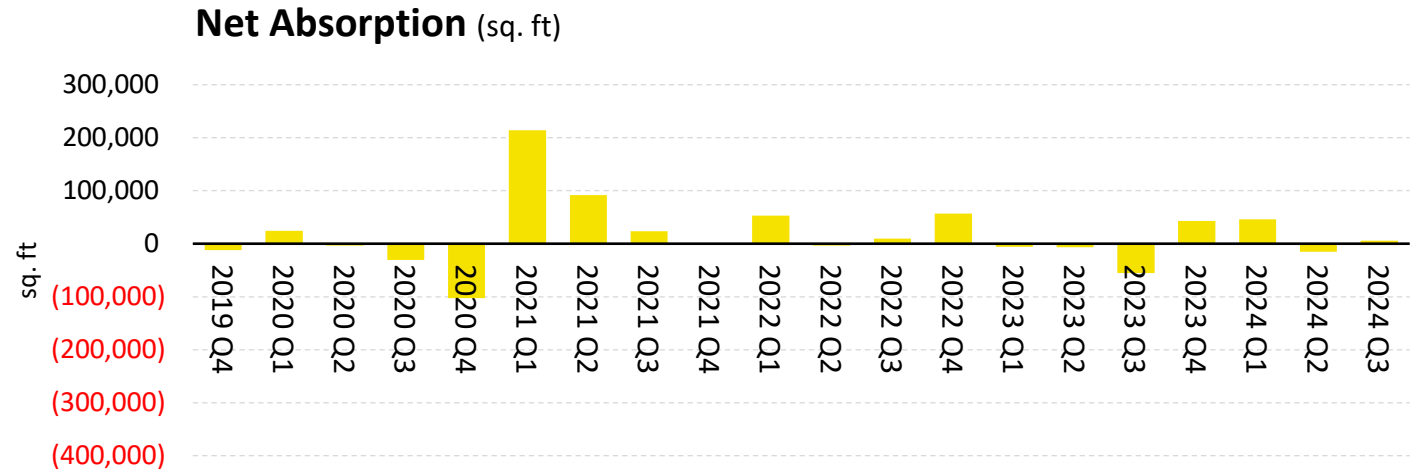


Industrial Market - MSA Trends

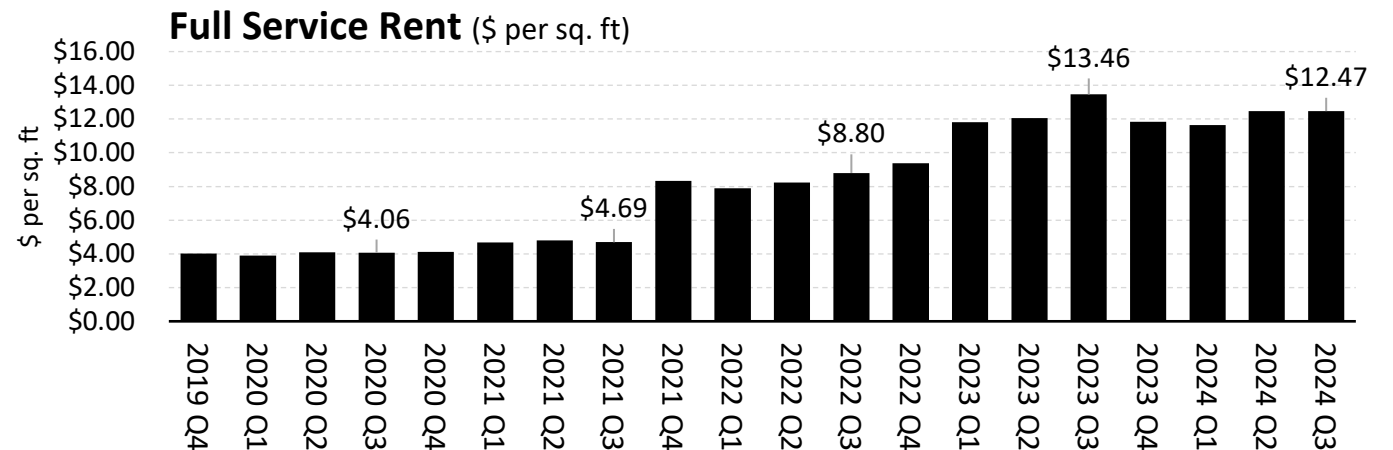
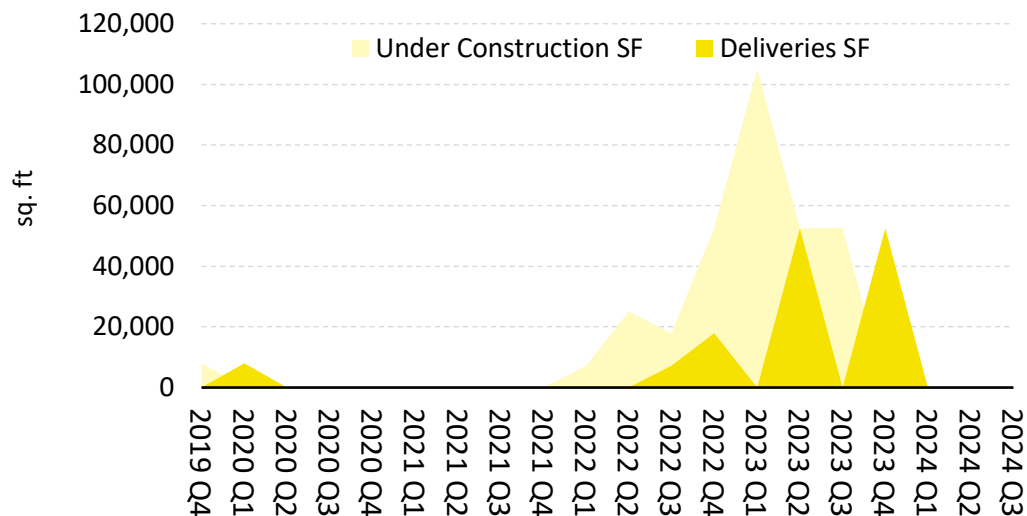
CHARLOTTESVILLE MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	4.2	1.3%	% chg
Vacancy Rate (%)	2.3%	-0.7%	pct points
Net Absorption (sq. ft)	5,500	60,889	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.47	-\$0.99	\$ 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)



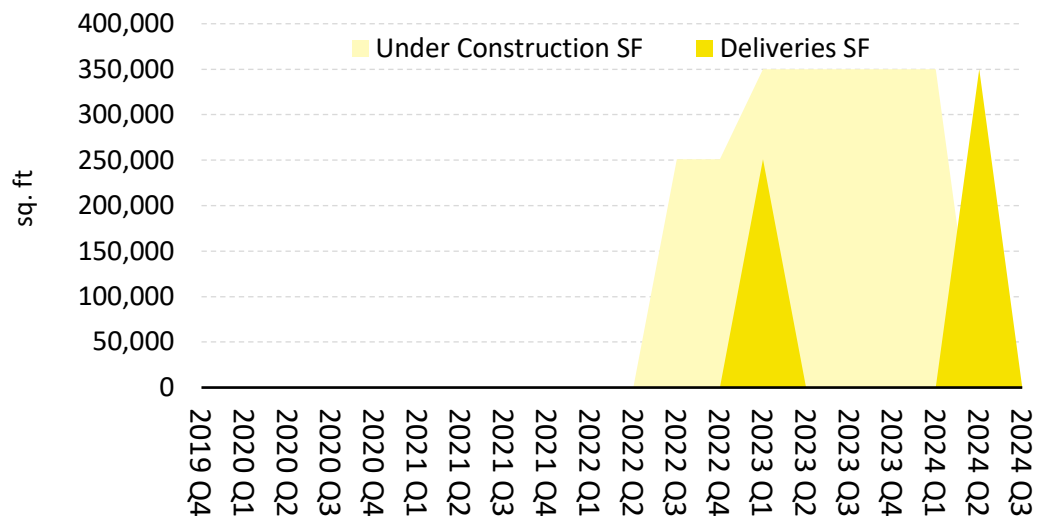
Industrial Market - MSA Trends

BLACKSBURG MSA

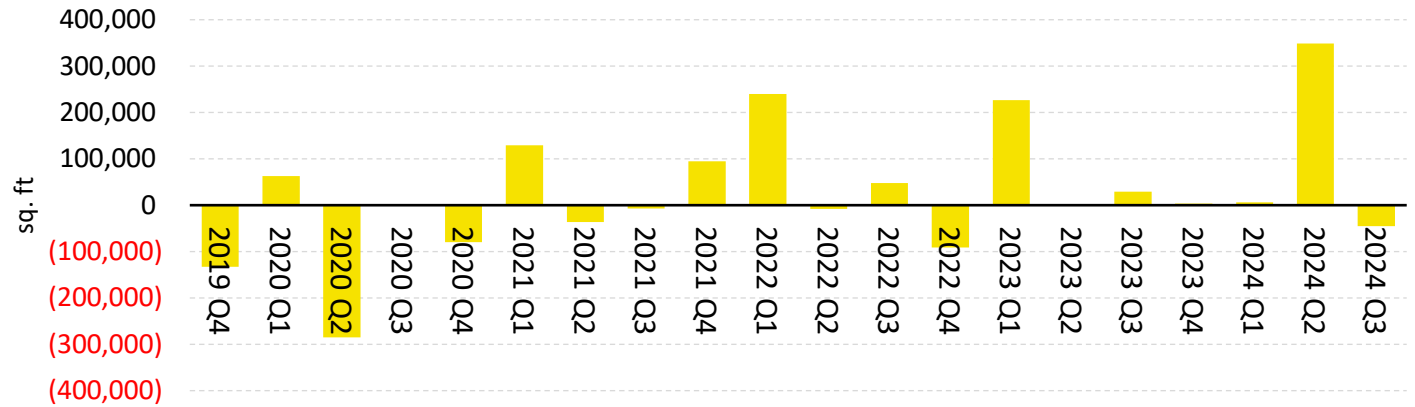
Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	11.4	3.2% % chg
Vacancy Rate (%)	1.4%	0.3% pct points
Net Absorption (sq. ft)	(45,473)	-74,704 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.55	\$0.39 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	-350,000 sq. ft

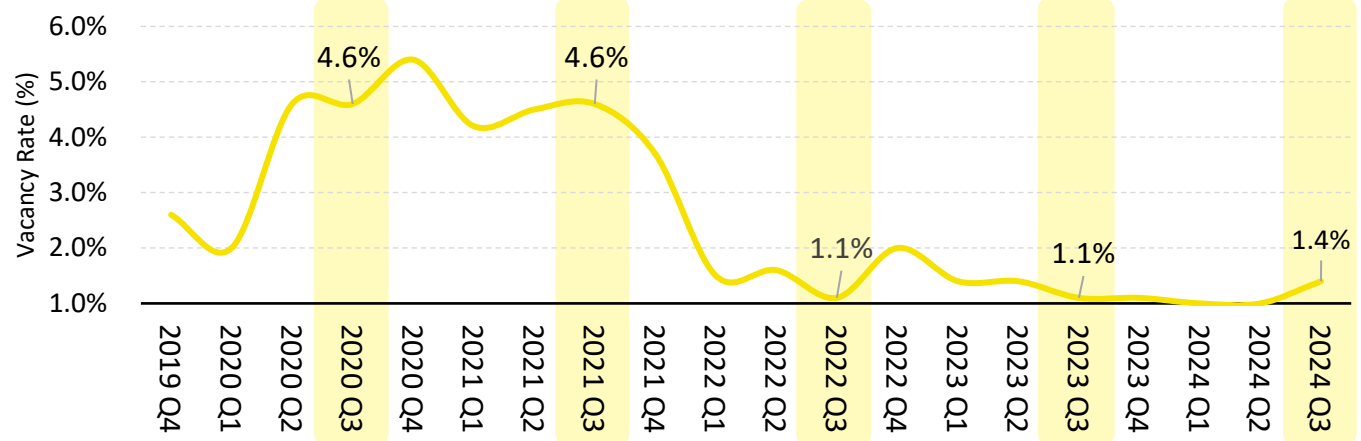
Under Construction & Net Deliveries (sq. ft)



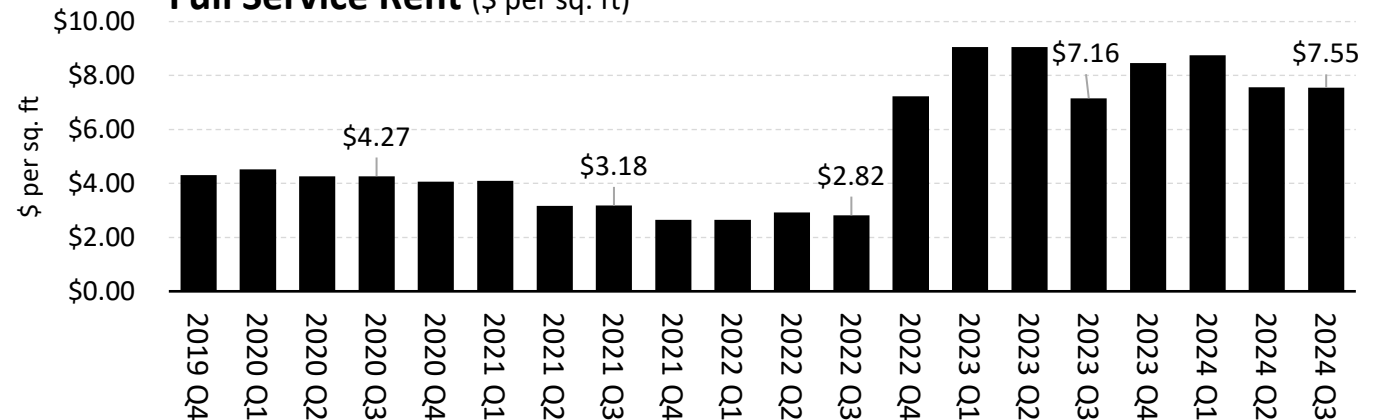
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



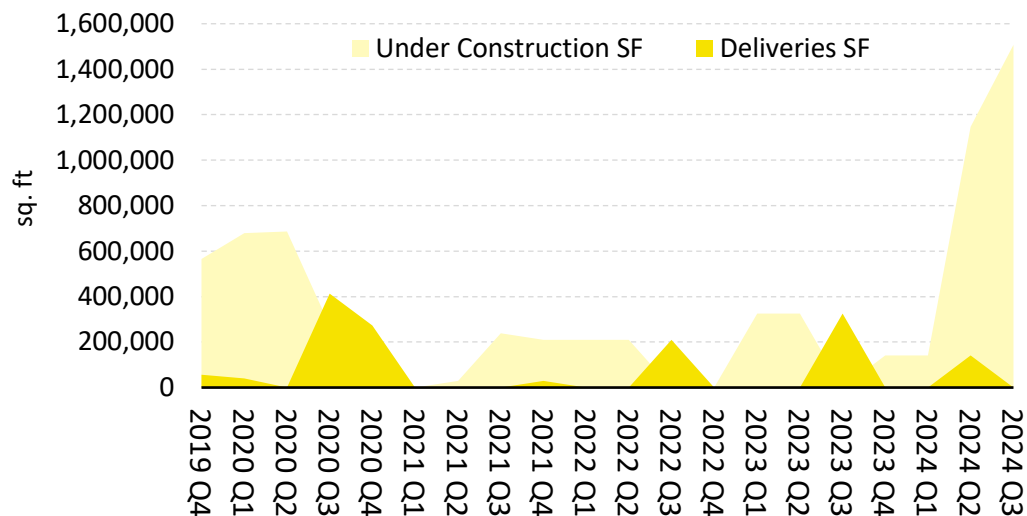
Industrial Market - MSA Trends

WINCHESTER MSA

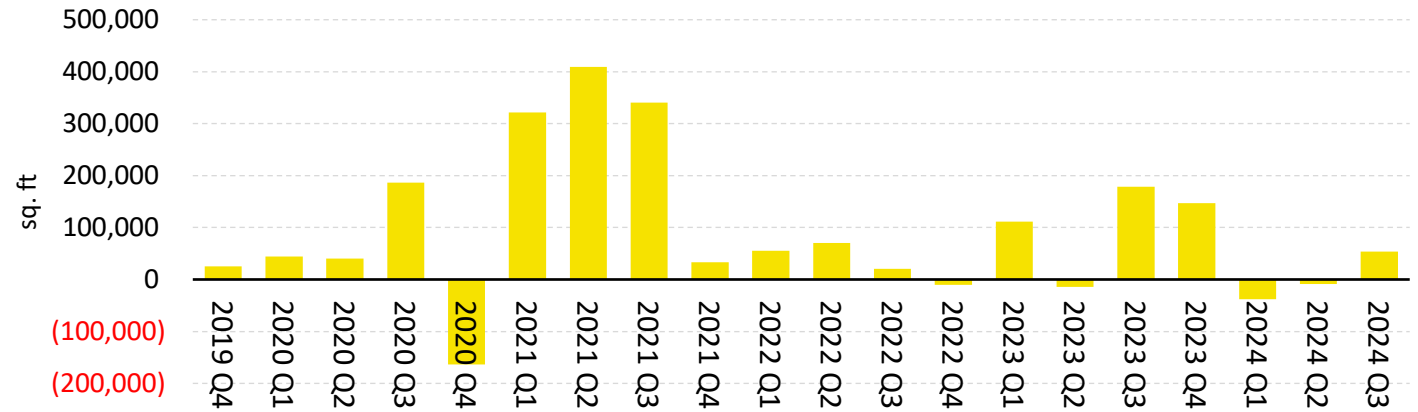
Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	21.1	0.7% % chg
Vacancy Rate (%)	2.1%	0 pct points
Net Absorption (sq. ft)	53,390	-125,424 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.33	\$1.74 \$ per sq. ft
Deliveries (sq. ft)	0	-325,000 sq. ft
Under Construction (sq. ft)	1,507,000	1,507,000 sq. ft

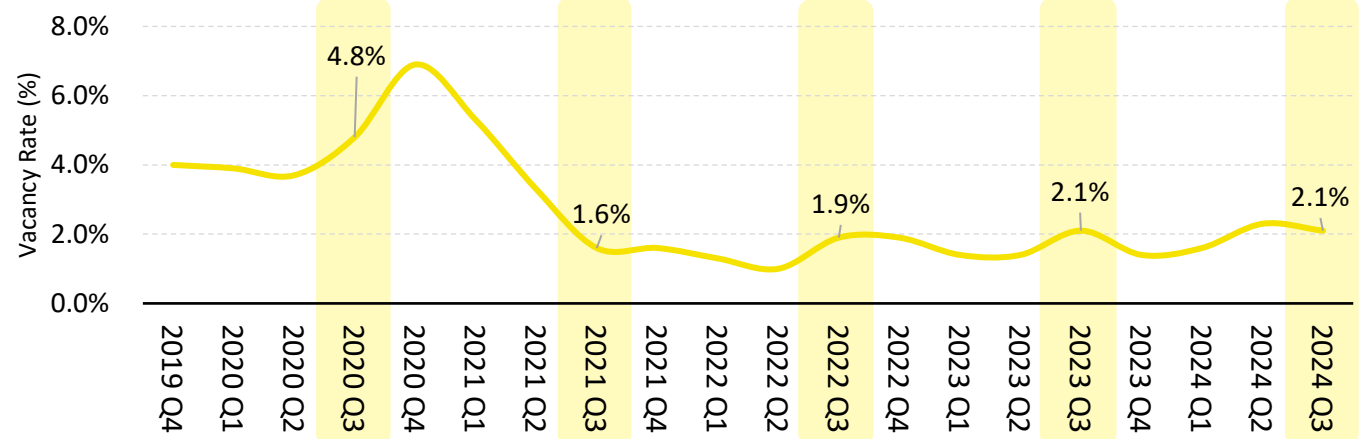
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

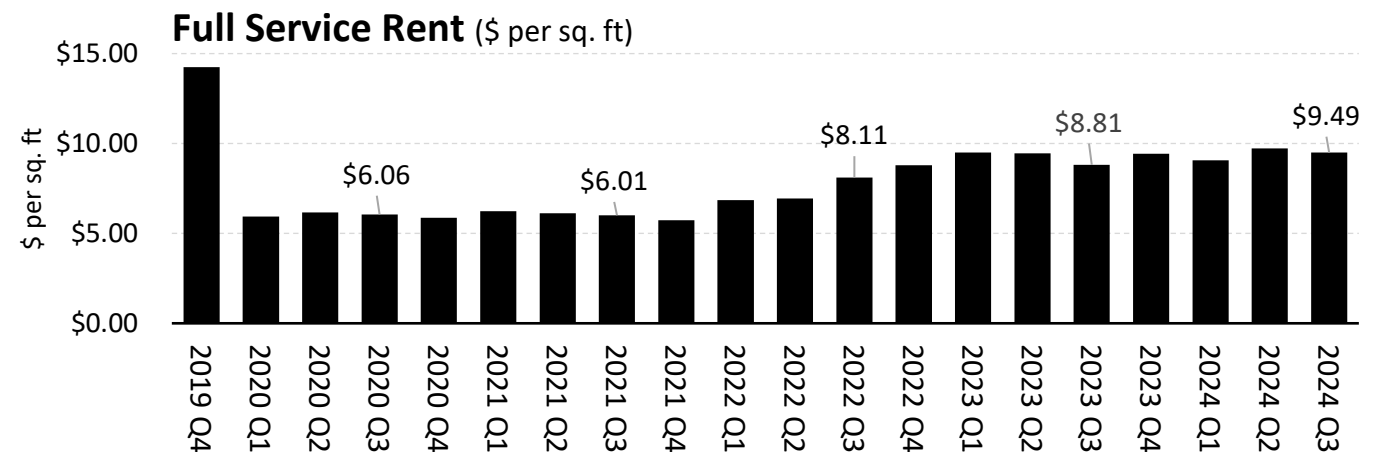
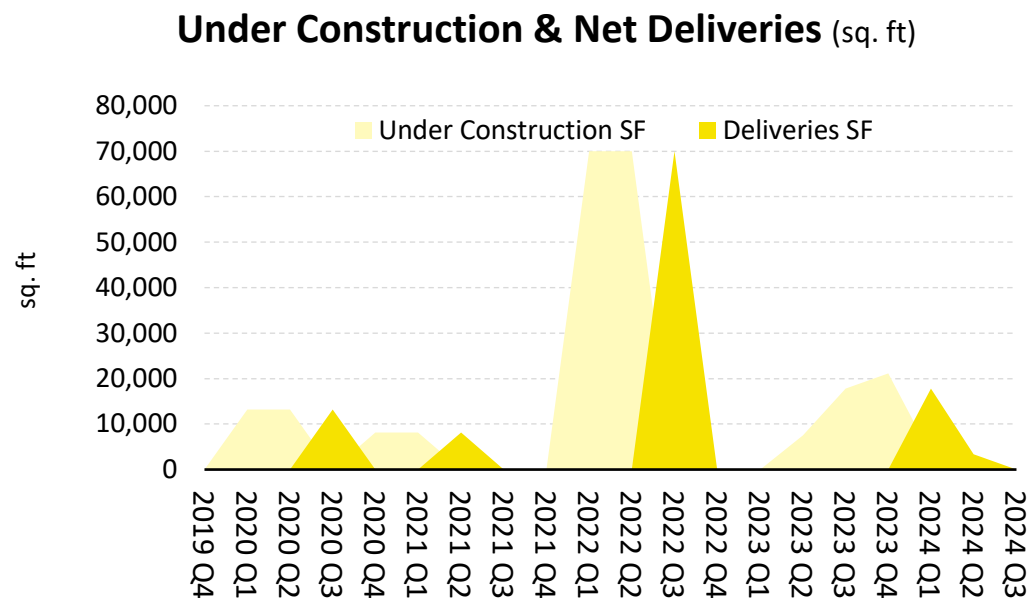
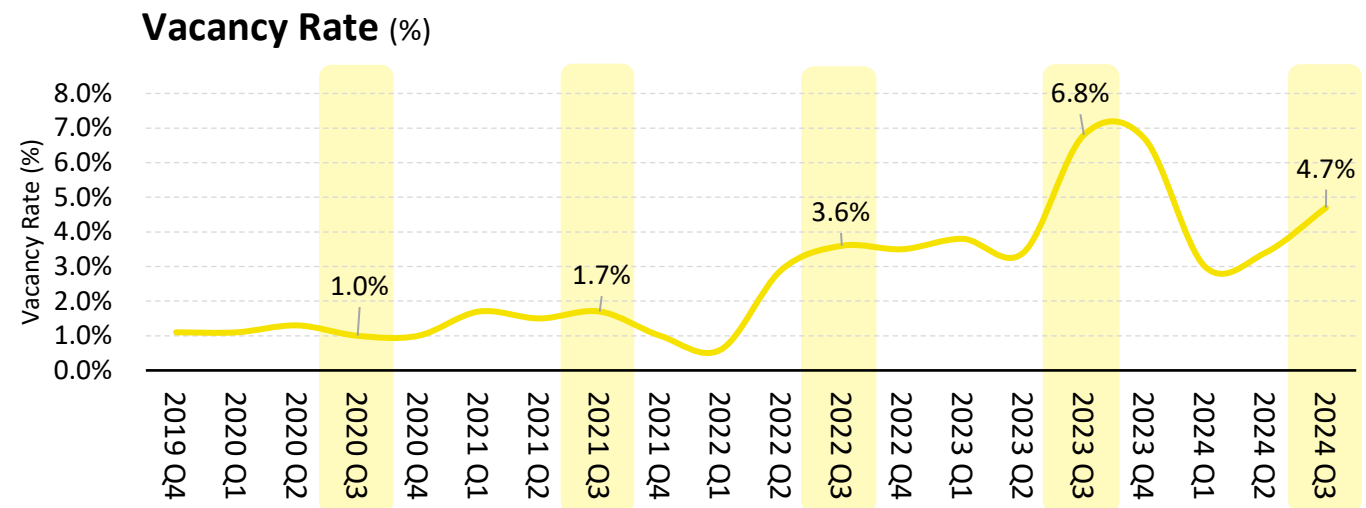
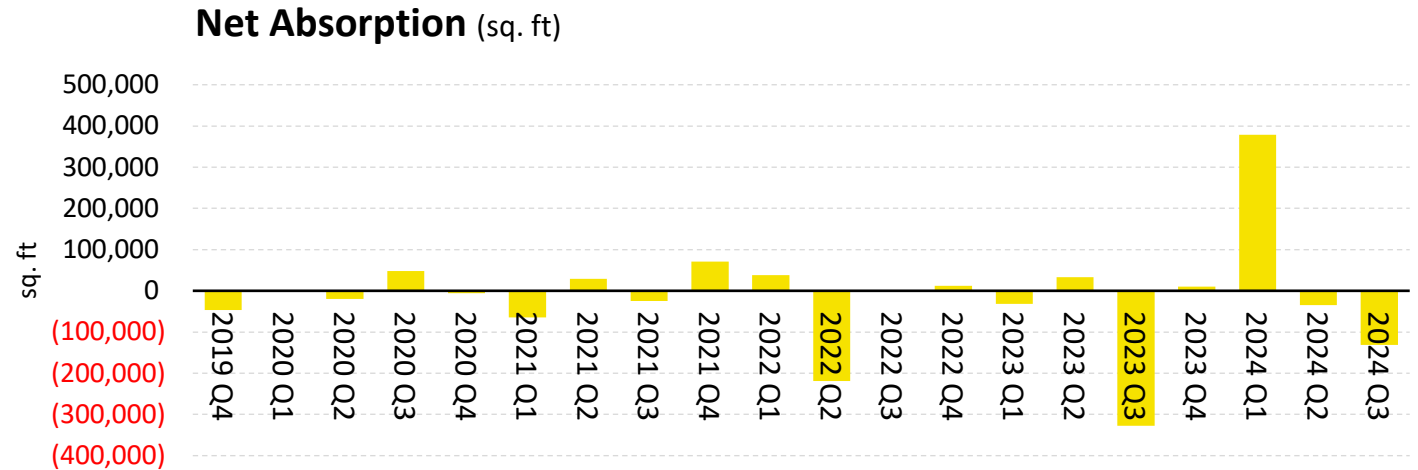


Industrial Market - MSA Trends

HARRISONBURG MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	9.8	0.2%	% chg
Vacancy Rate (%)	4.7%	-2.1%	pct points
Net Absorption (sq. ft)	(130,964)	196,671	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.49	\$0.68	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-17,760	sq. ft



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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