



Q1 2025 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

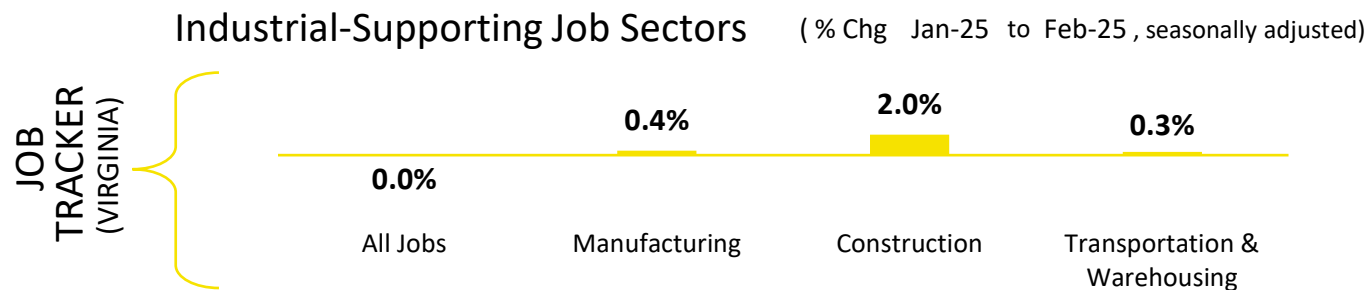
Overview: The industrial real estate market in Virginia cooled at the start of 2025. Net absorption was well below last year's Q1 level, and vacancy rates rose sharply. Rent levels declined in most regional markets, and the construction pipeline slowed.

Absorption: The deceleration in the industrial market continued into the start of the new year, with 192,630 sq ft of absorption, down 94.4% from a year earlier. In the first quarter, distribution/warehouse and (452,995 sq ft) and manufacturing (197,172) experienced negative absorption. Two of the state's biggest markets, Northern Virginia and Richmond, had the highest absorption levels this quarter.

Vacancy: Vacancy rates climbed across the state, going from 4.0% last year to 5.0% in Q1 2025. The last time Virginia saw industrial rates in the 5% range was in the first quarter of 2018. Demand for distribution/warehouse space slowed this quarter with rates going up 1.5 percentage points to 5.9% statewide. Winchester had the highest vacancy rate in Q1 at 5.9% while Charlottesville had the lowest vacancy rate at 0.7%.

Rent: For the first time since the pandemic, industrial rent growth was negative as more space hit the market and vacancies are up. The average effective rent per sf went from \$8.12 to \$7.97 in Q1 2025, decreasing 1.8% from the year prior. The distribution/warehouse sector saw rent dip 3.3% from last year as the price for manufacturing space jumped up 11.4%. Winchester and Charlottesville experienced the sharpest increase in rental prices this quarter.

Supply+Deliveries: After rising at the end of 2024, construction levels fell 6.7% at the beginning of 2025. Despite the slowdown, both distribution/warehouse and manufacturing saw more new construction in Q1 2025 compared to last year.



VIRGINIA (Statewide)

Market Indicator Dashboard

| | YoY Chg | Q1-2025 | Indicator |
|---------------|------------|-------------|---------------------------------------------|
| % chg | 2.2% | 571,647,429 | Total Inventory (sq. ft) |
| sq. ft | -3,249,774 | 192,630 | Net Absorption (sq. ft) |
| pct point | 1.0% | 5.0% | Vacancy Rate (%) |
| \$ per sq. ft | -\$0.15 | \$7.97 | Full Service Rent (\$ per sq. ft) |
| sq. ft | -702,472 | 4,603,049 | New Supply Delivered (sq. ft) |
| sq. ft | -1,035,465 | 14,363,049 | Under Construction (sq. ft) |

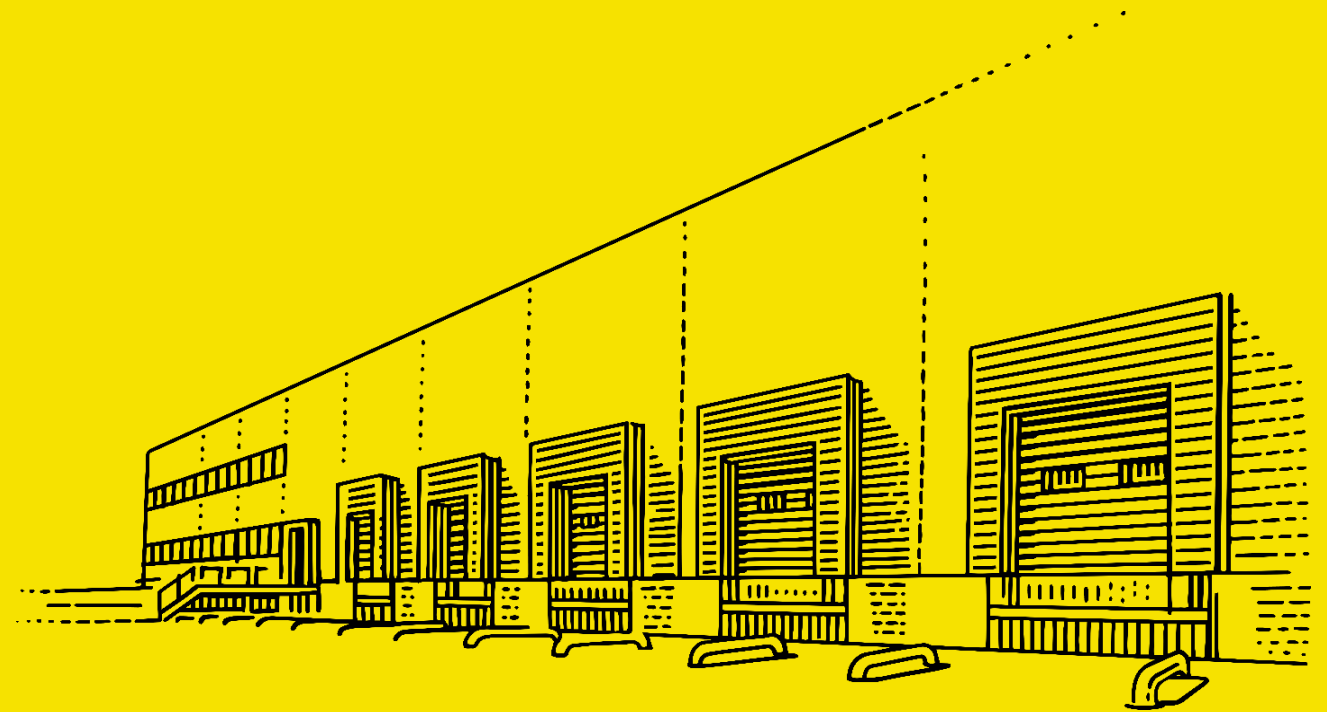
Economic Indicator Dashboard

| | MoM % Chg | Feb-25 | Indicator |
|-----------|-----------|--------|--------------------------------------------------------------------------|
| % chg | 0.0% | 4.3 | Total Jobs (in millions, seasonally adjusted) |
| % chg | 0.9% | 622.6 | Industrial-Supporting Jobs (in thousands, seasonally adjusted) |
| pct point | 0.1% | 3.1% | Unemployment Rate (% seasonally adjusted) |
| pct point | -0.7% | 2.4 | Gross Domestic Product (% chg from prior year) |

Report Index

Virginia Industrial Market

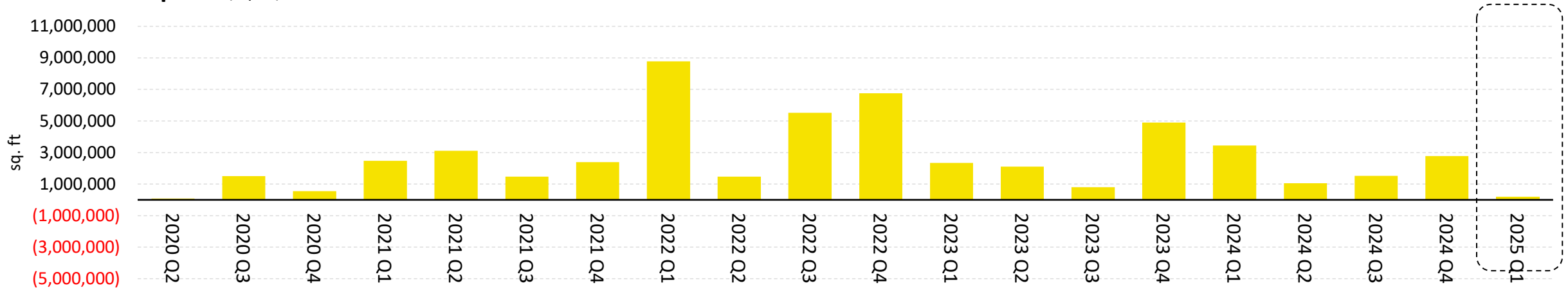
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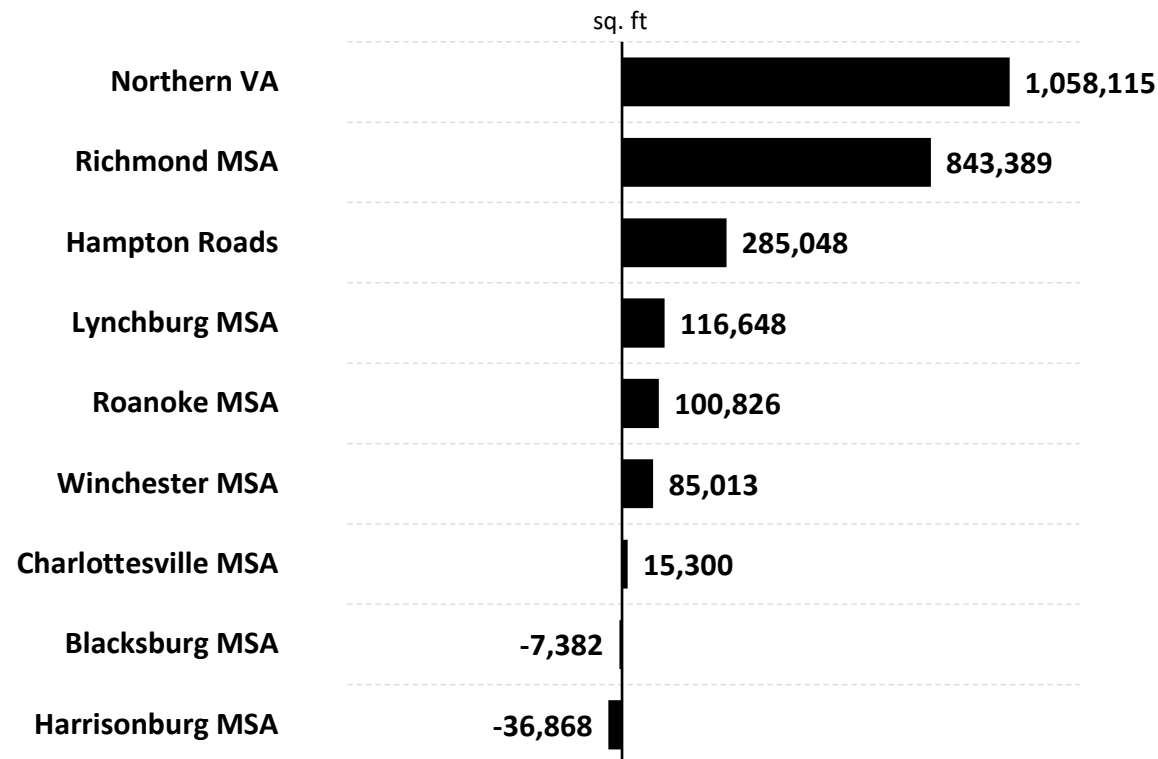
Industrial Market - Absorption & Construction Trends

VIRGINIA (Statewide)

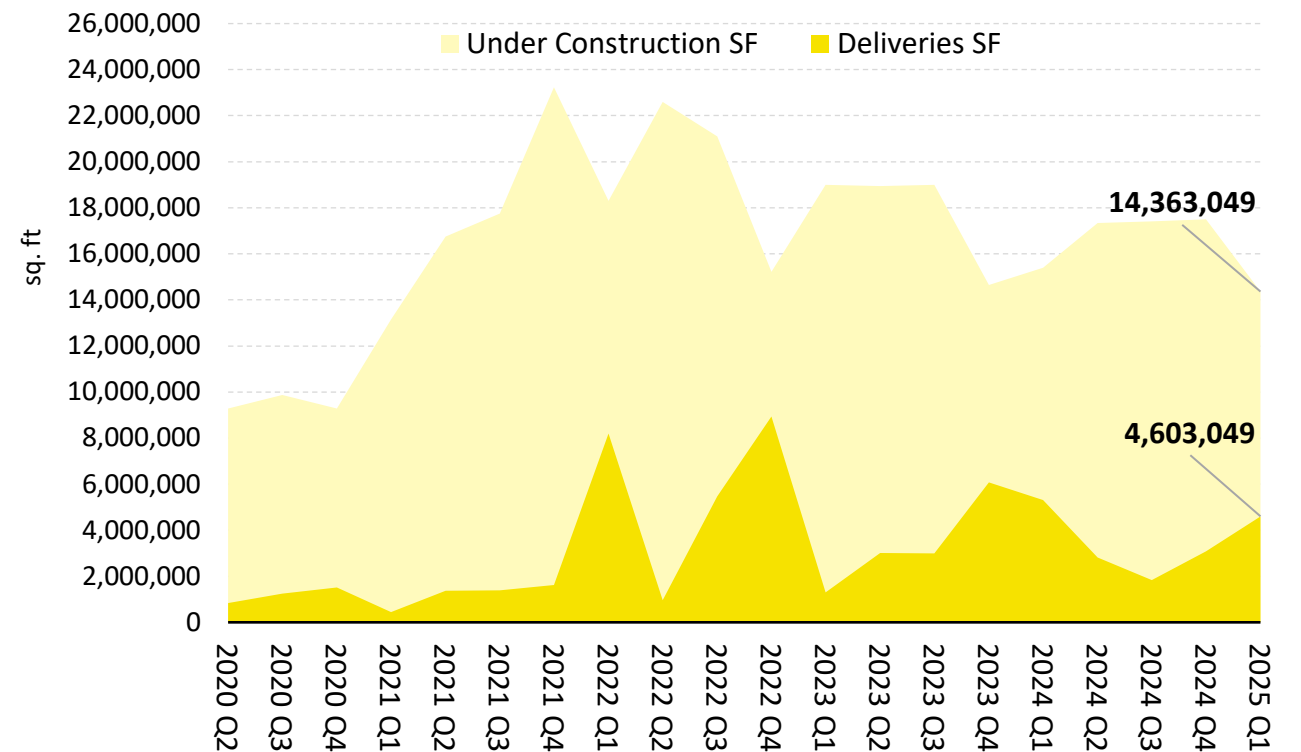
Net Absorption (sq. ft)



Q1-2025 Net Absorption by Metro Area (sq ft)

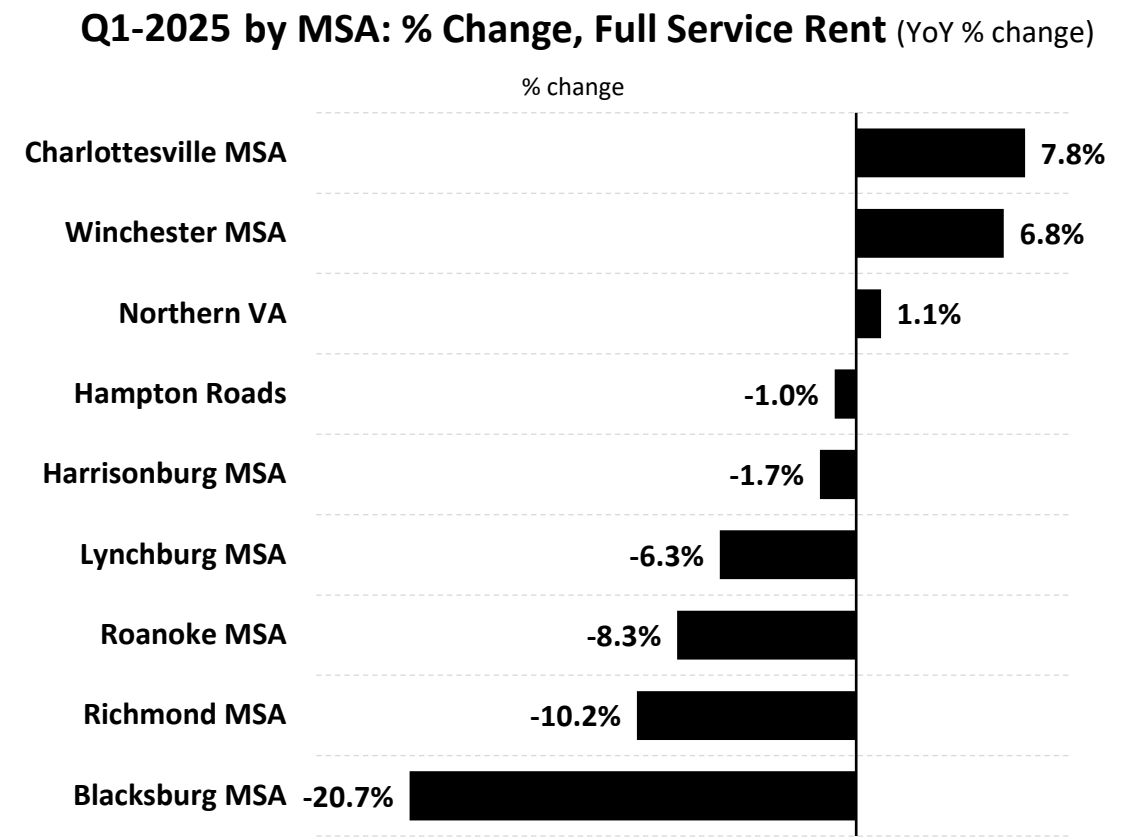
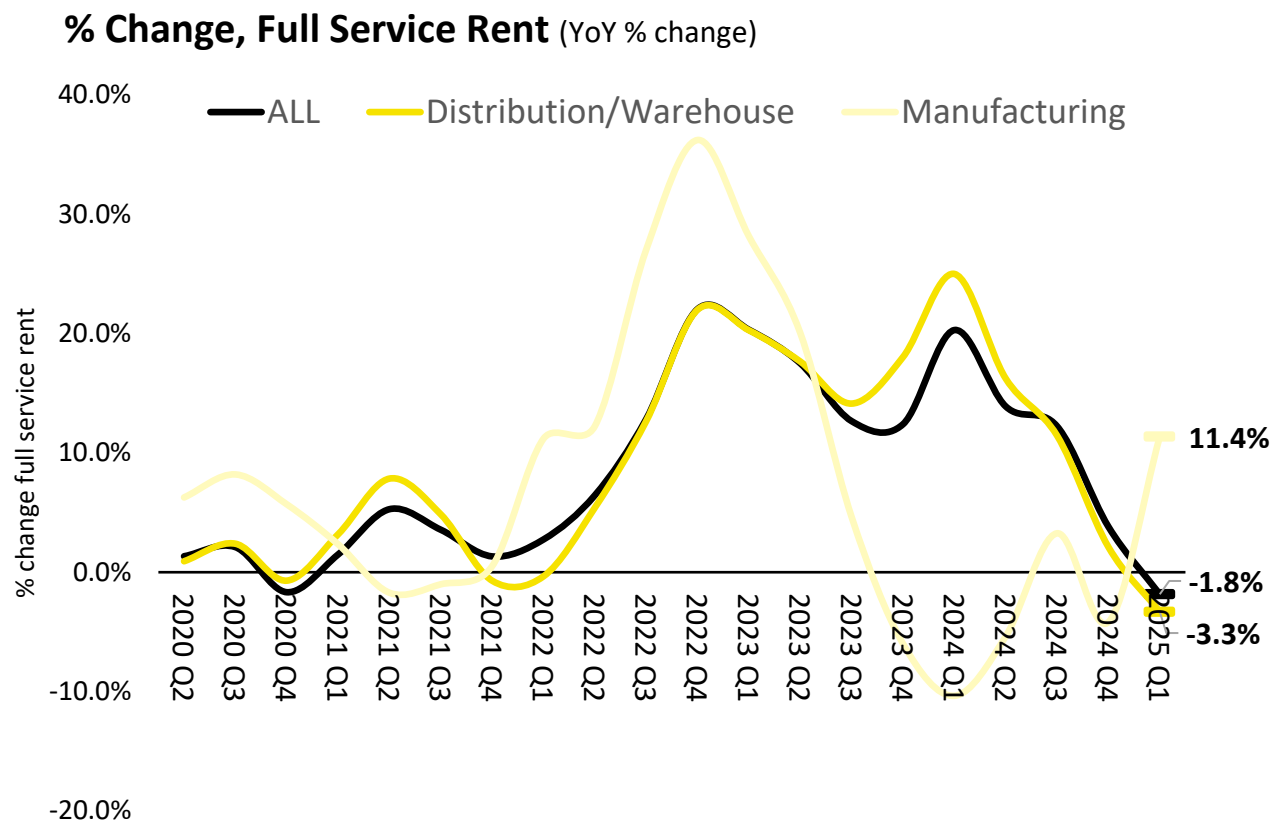
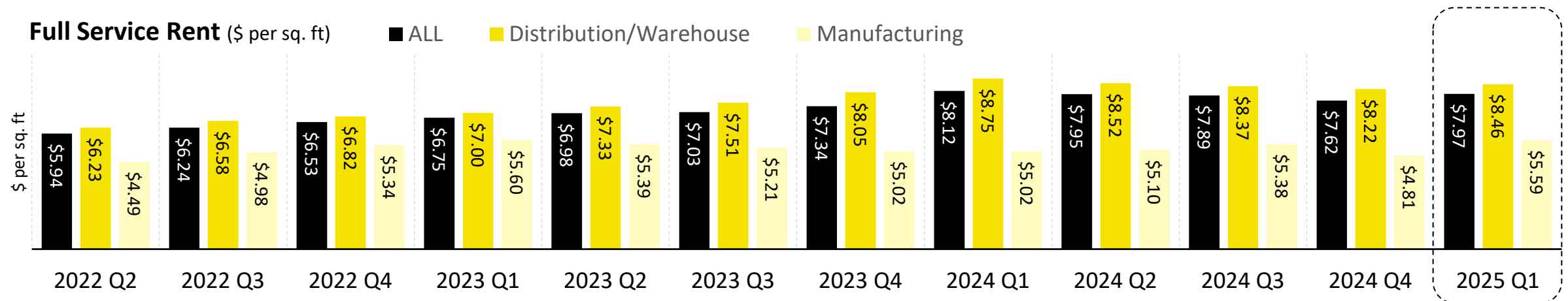


Under Construction & Net Deliveries (sq. ft)



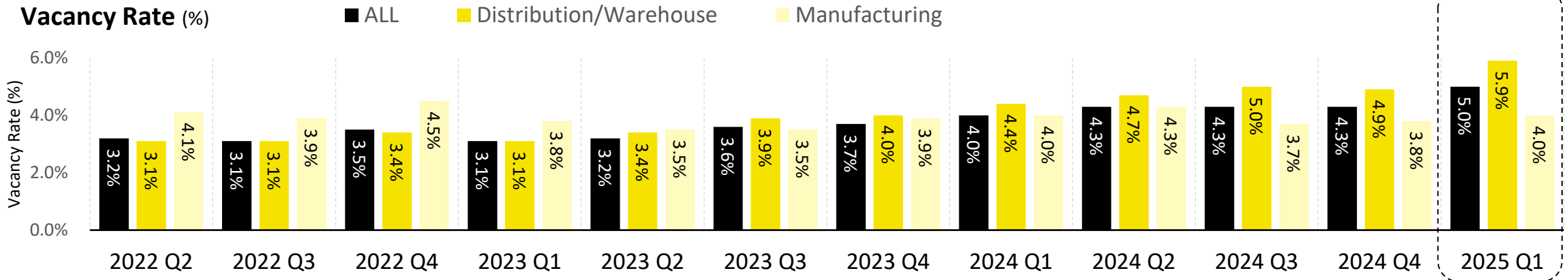
Industrial Market - Rent Trends

VIRGINIA (Statewide)

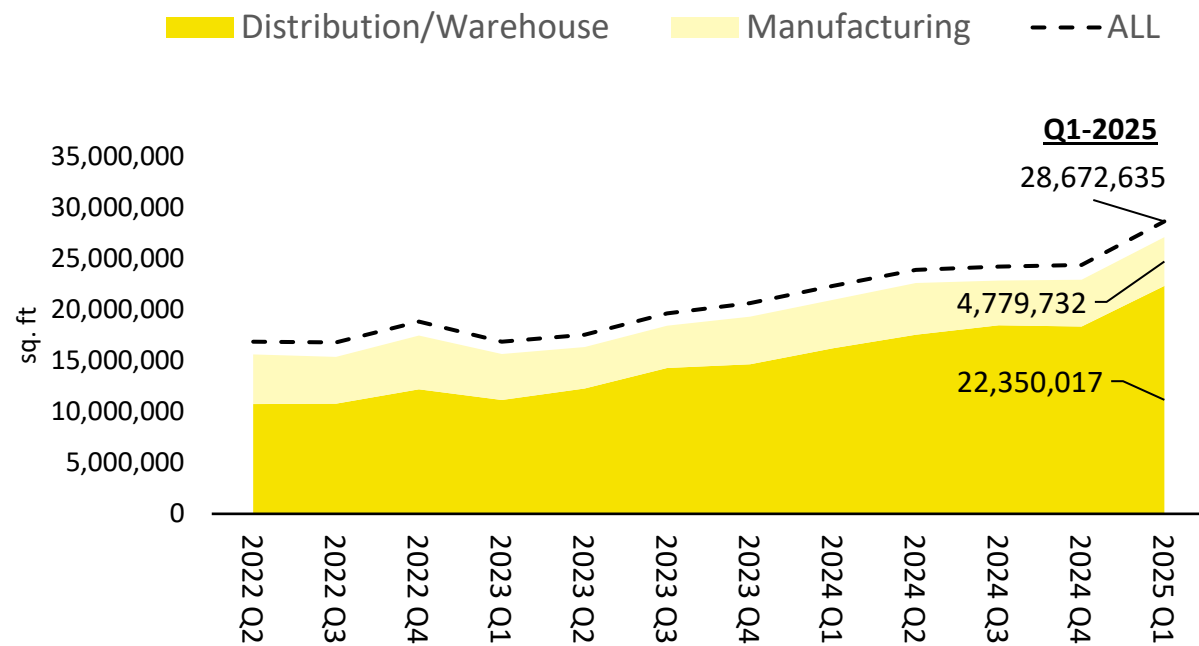


Industrial Market - Vacancy Trends

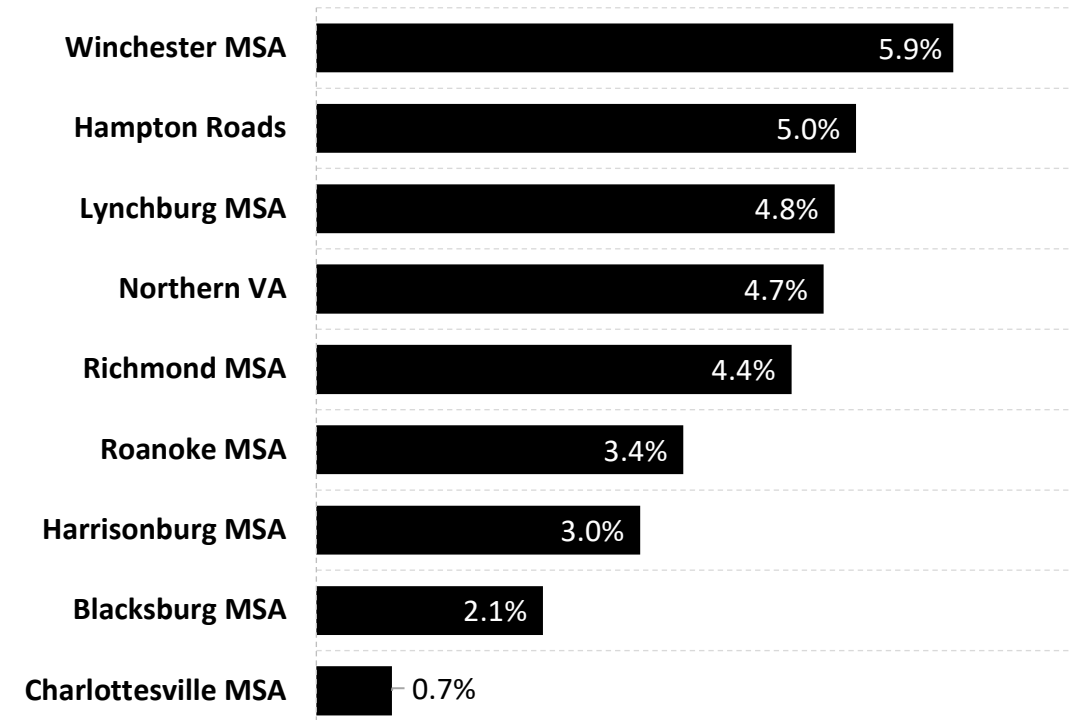
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q1-2025 Industrial Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA



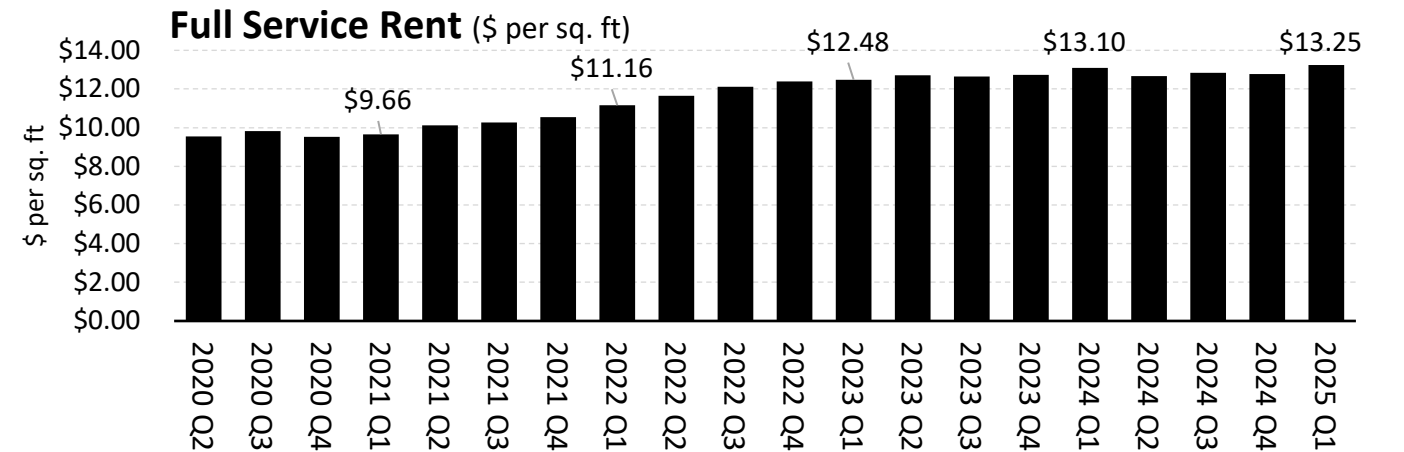
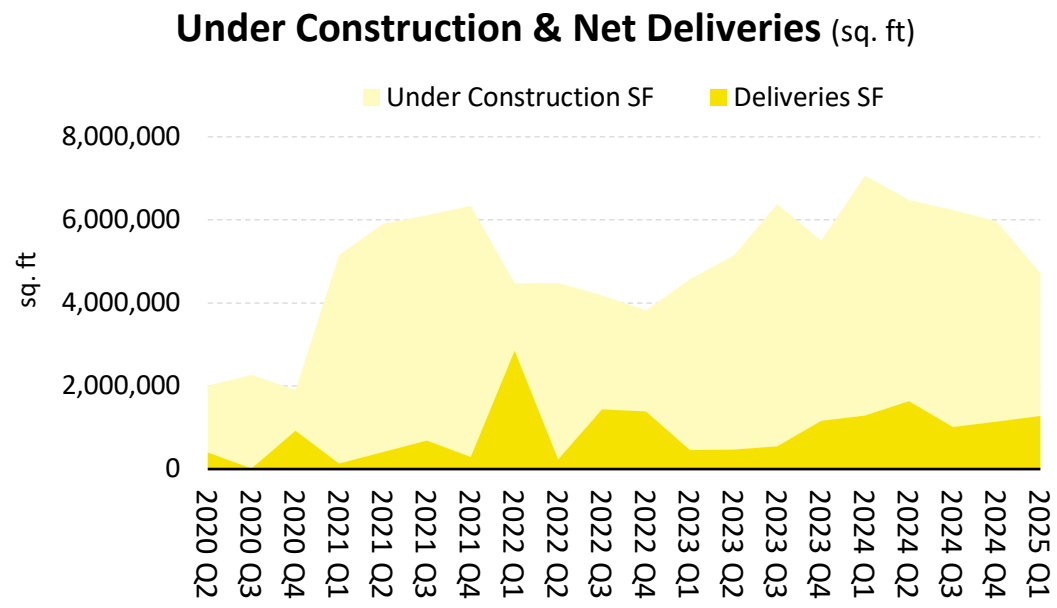
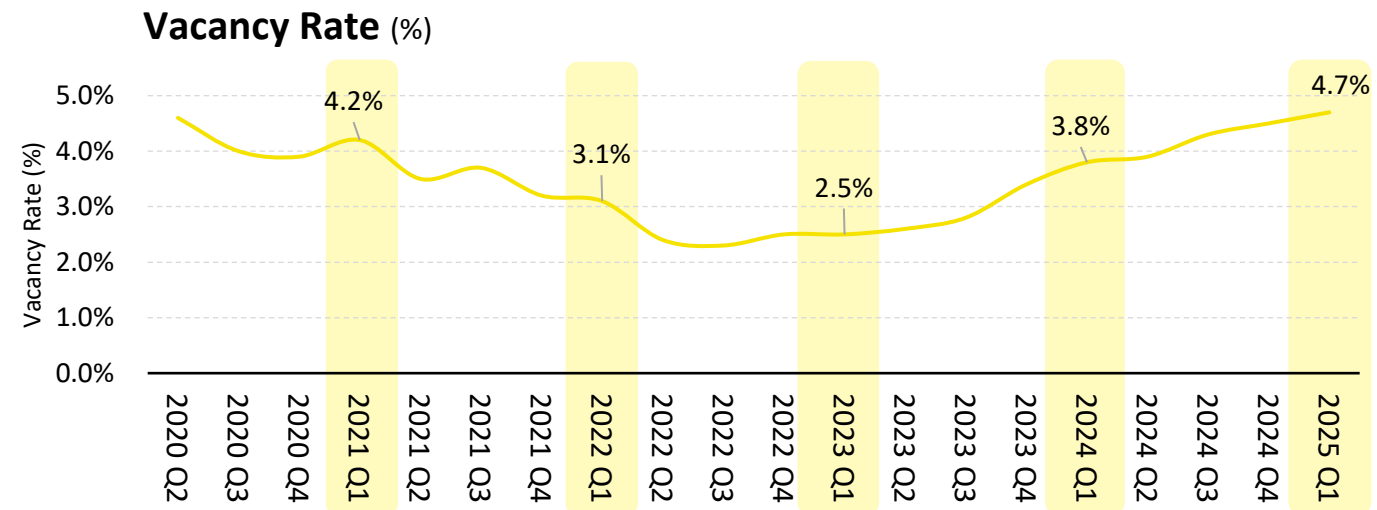
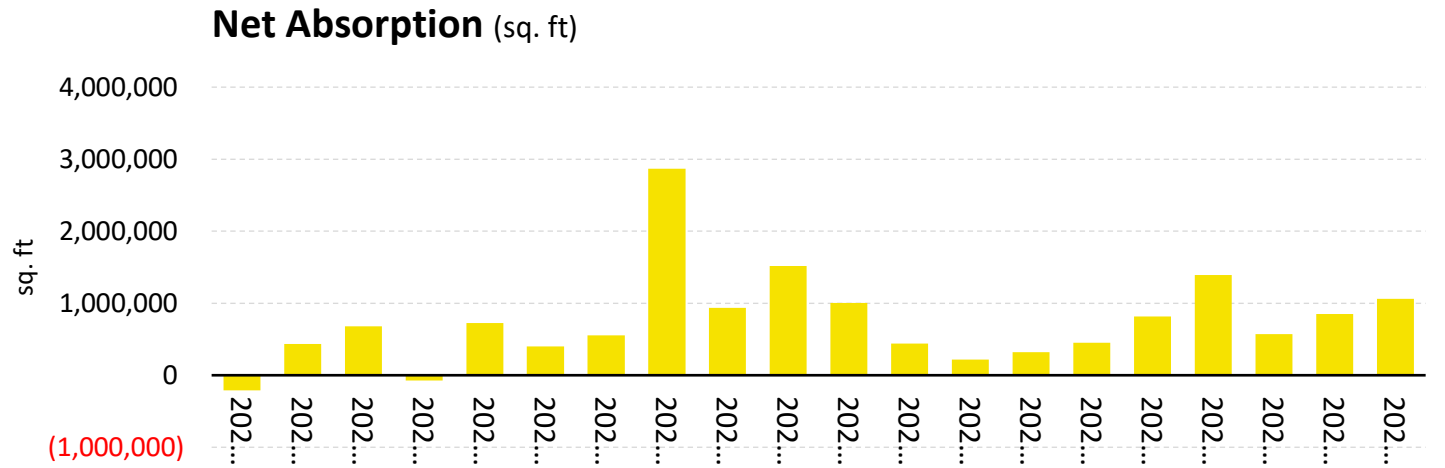
Snapshot of Industrial Market Conditions Around Virginia

Industrial Market - MSA Trends

NORTHERN VIRGINIA

Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|------------------|-------------------|---------------|
| Total Inventory (sq. ft, millions) | 107.5 | 5.0% | % chg |
| Vacancy Rate (%) | 4.7% | 0.9% | pct points |
| Net Absorption (sq. ft) | 1,058,115 | 241,691 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$13.25 | \$0.15 | \$ per sq. ft |
| Deliveries (sq. ft) | 1,281,000 | -3,689 | sq. ft |
| Under Construction (sq. ft) | 4,718,595 | -2,345,432 | sq. ft |



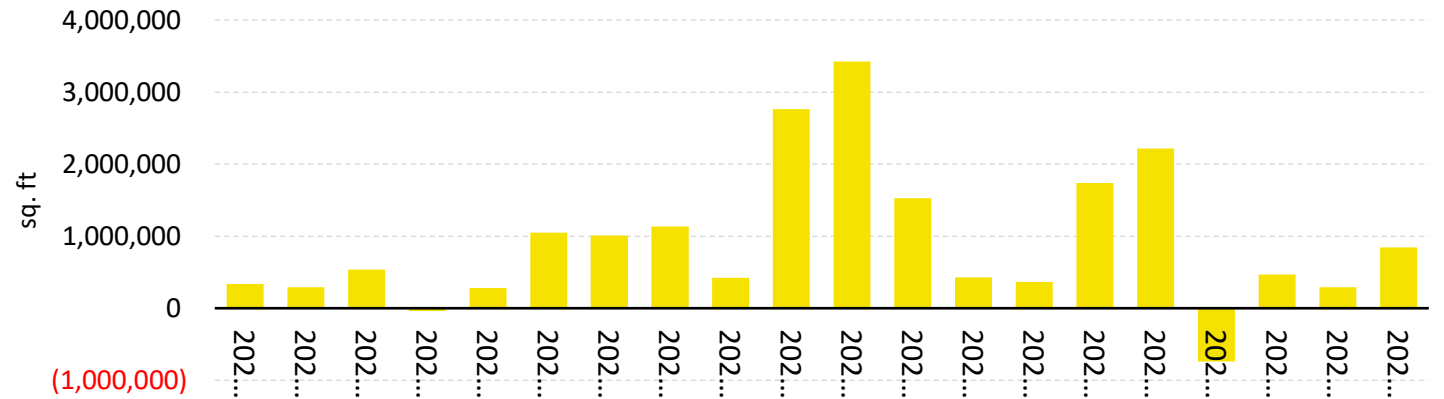
Industrial Market - MSA Trends

RICHMOND MSA

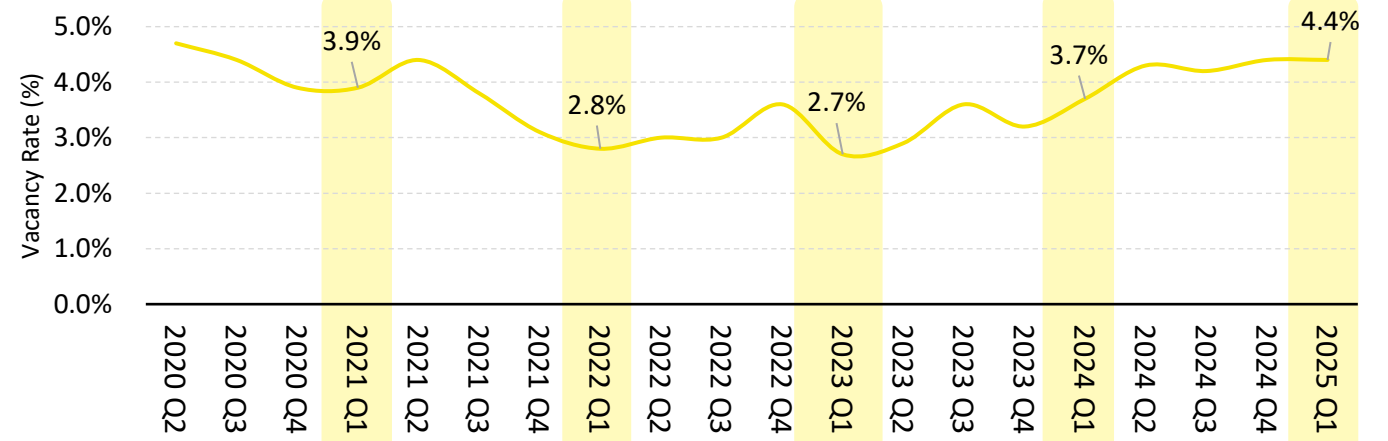
Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg |
|-------------------------------------|------------------|------------------------------|
| Total Inventory (sq. ft, millions) | 139.6 | 1.4% % chg |
| Vacancy Rate (%) | 4.4% | 0.7% pct points |
| Net Absorption (sq. ft) | 843,389 | -1,377,051 sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$7.61 | -\$0.86 \$ per sq. ft |
| Deliveries (sq. ft) | 994,636 | -2,041,308 sq. ft |
| Under Construction (sq. ft) | 4,641,956 | 1,692,667 sq. ft |

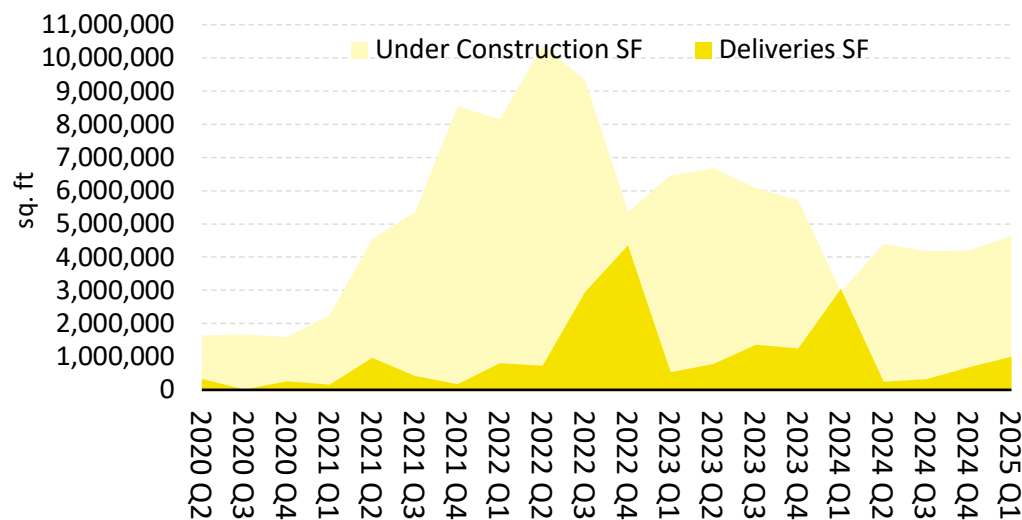
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



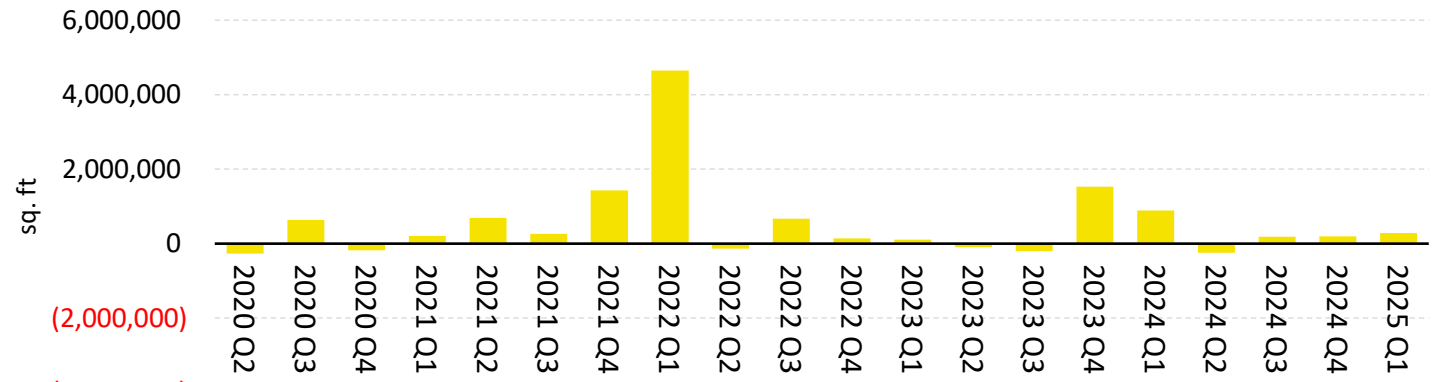
Industrial Market - MSA Trends

HAMPTON ROADS

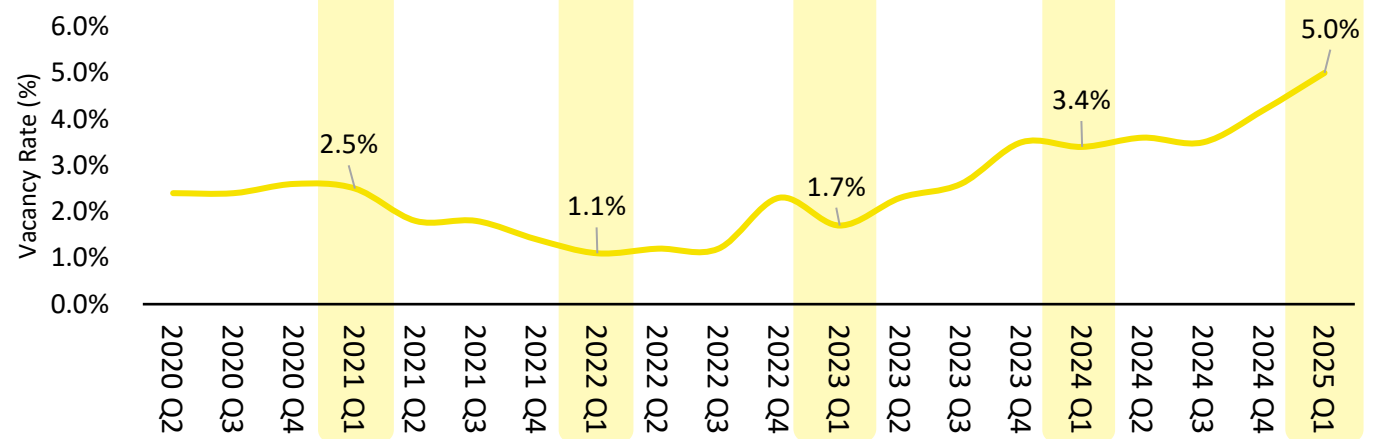
Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg |
|-------------------------------------|------------------|------------------------------|
| Total Inventory (sq. ft, millions) | 119.4 | 2.2% % chg |
| Vacancy Rate (%) | 5.0% | 1.6% pct points |
| Net Absorption (sq. ft) | 285,048 | -607,050 sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$8.90 | -\$0.09 \$ per sq. ft |
| Deliveries (sq. ft) | 1,221,293 | 243,905 sq. ft |
| Under Construction (sq. ft) | 4,206,058 | 663,037 sq. ft |

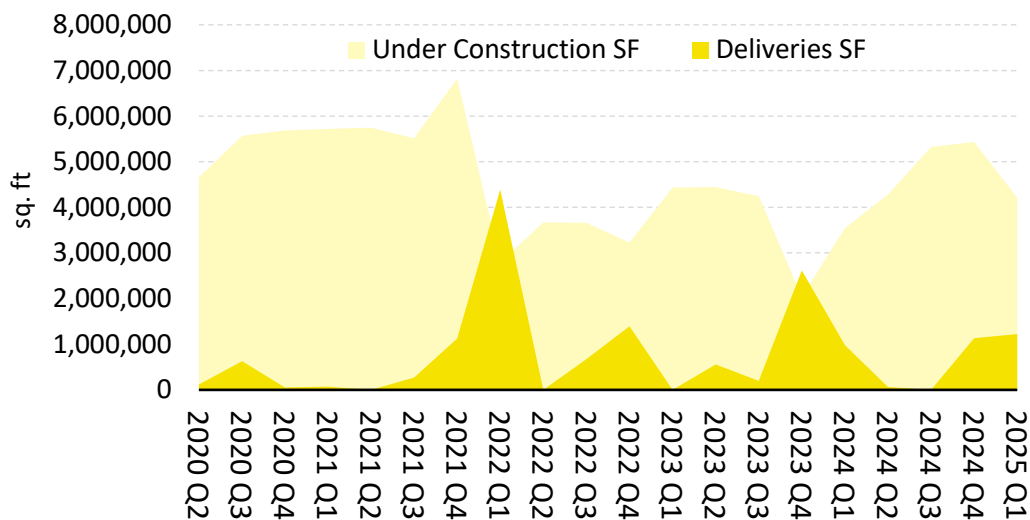
Net Absorption (sq. ft)



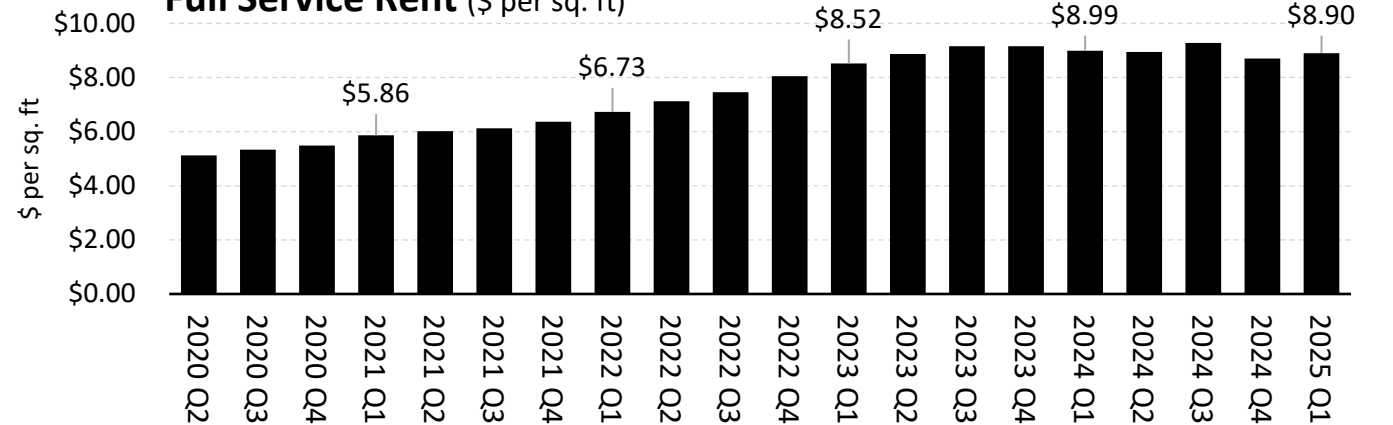
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



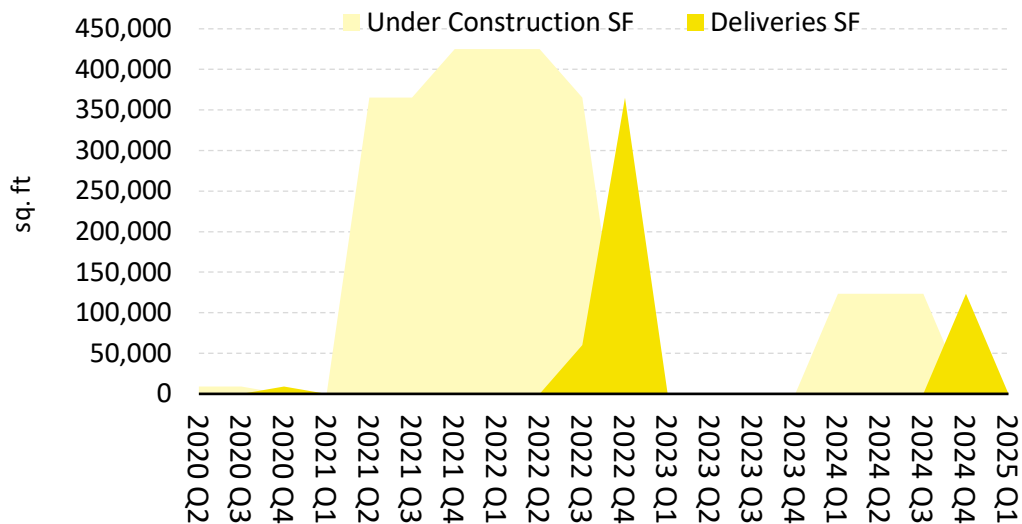
Industrial Market - MSA Trends

ROANOKE MSA

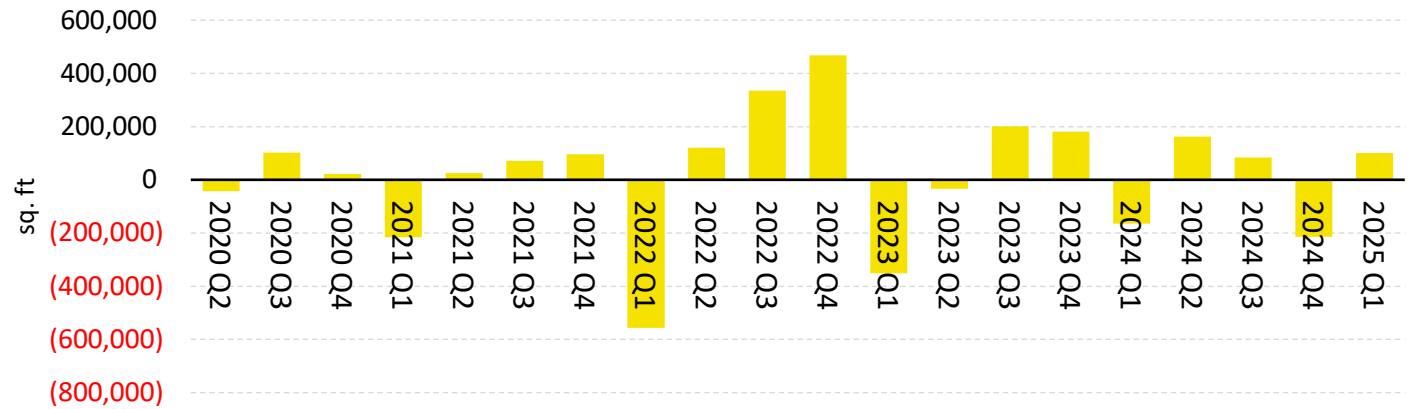
Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|---------|----------|---------------|
| Total Inventory (sq. ft, millions) | 38.7 | 0.3% | % chg |
| Vacancy Rate (%) | 3.4% | 0 | pct points |
| Net Absorption (sq. ft) | 100,826 | 264,902 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$5.20 | -\$0.47 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 0 | -123,624 | sq. ft |

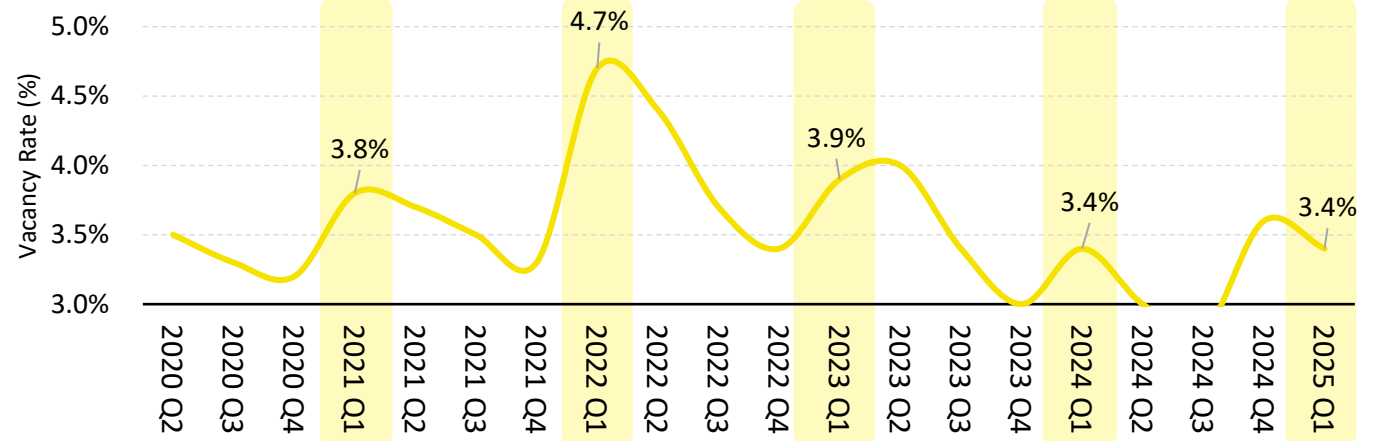
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

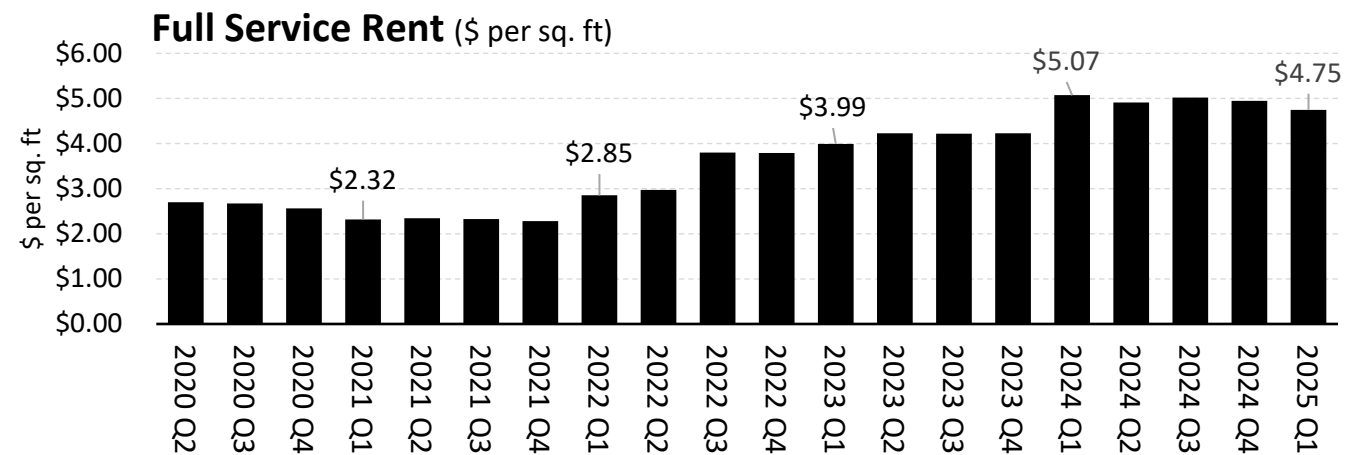
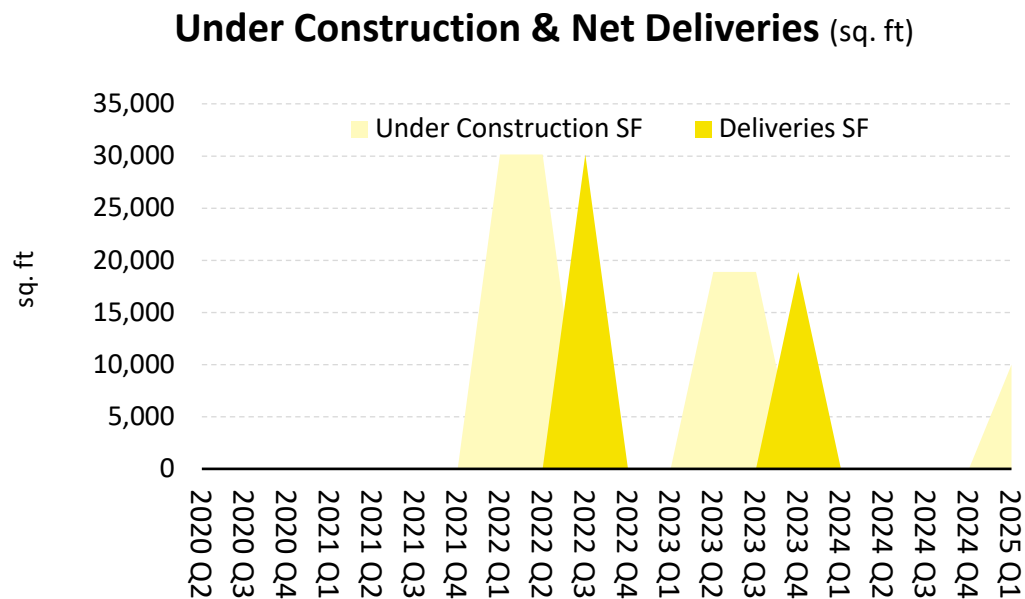
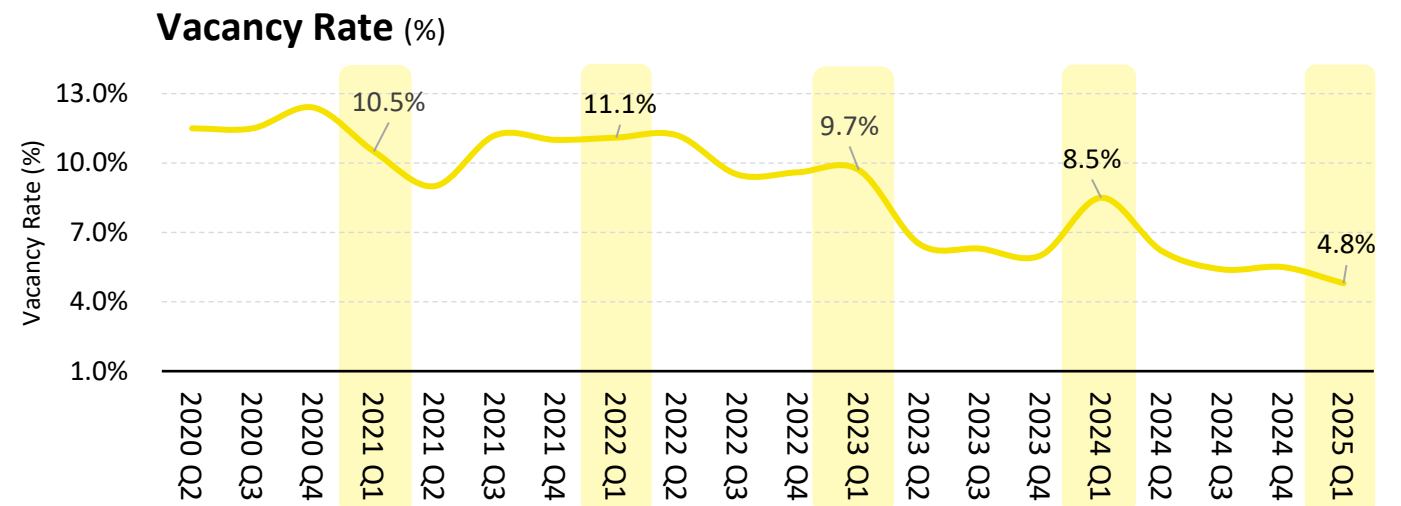
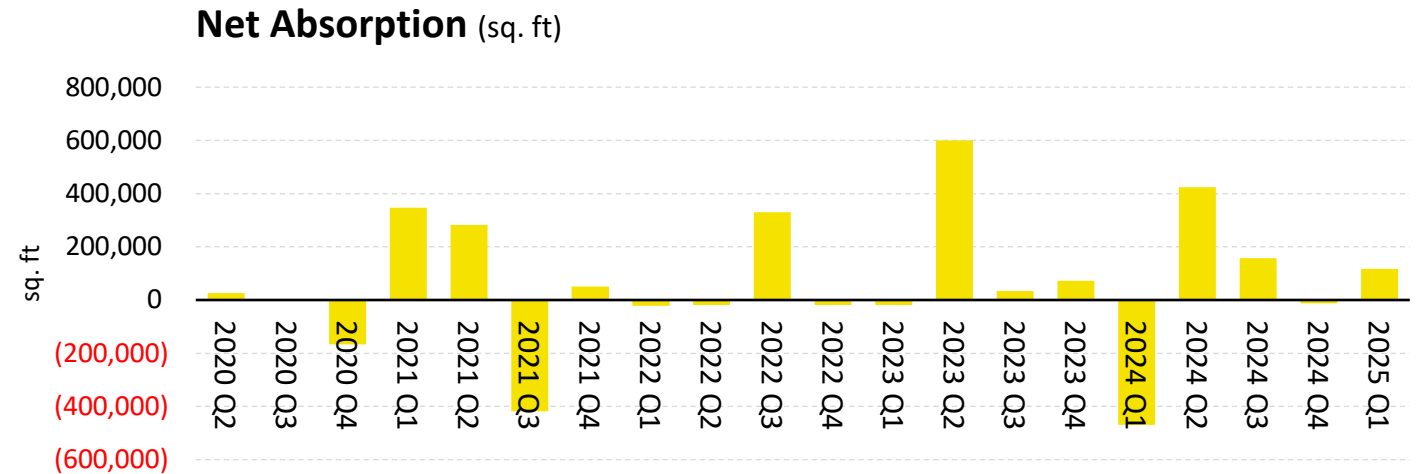


Industrial Market - MSA Trends

LYNCHBURG MSA

Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|---------|---------|---------------|
| Total Inventory (sq. ft, millions) | 18.6 | 0 | % chg |
| Vacancy Rate (%) | 4.8% | -3.7% | pct points |
| Net Absorption (sq. ft) | 116,648 | 585,229 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$4.75 | -\$0.32 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 10,000 | 10,000 | sq. ft |



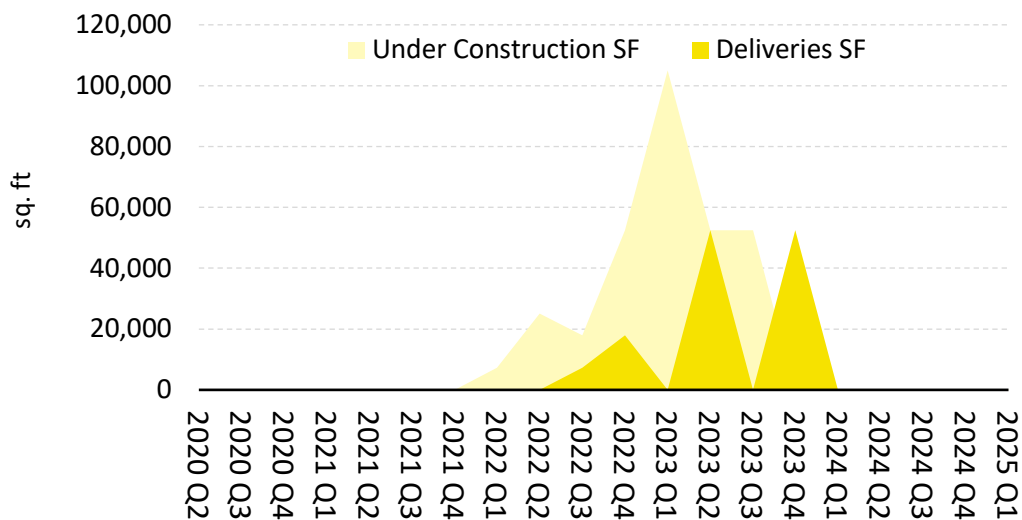
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

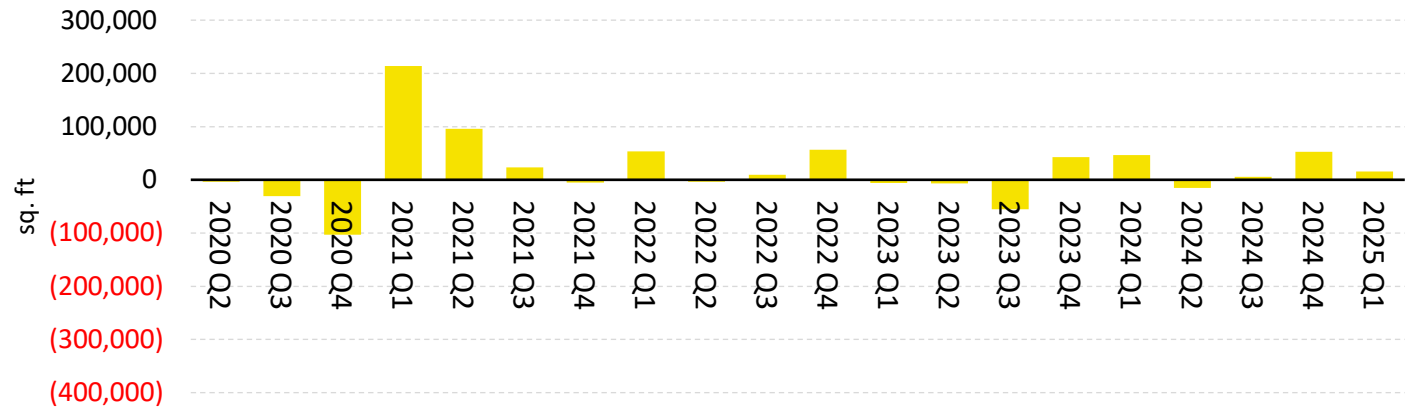
Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|---------|---------|---------------|
| Total Inventory (sq. ft, millions) | 4.2 | 0 | % chg |
| Vacancy Rate (%) | 0.7% | -1.4% | pct points |
| Net Absorption (sq. ft) | 15,300 | -30,889 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$12.55 | \$0.91 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 0 | 0 | sq. ft |

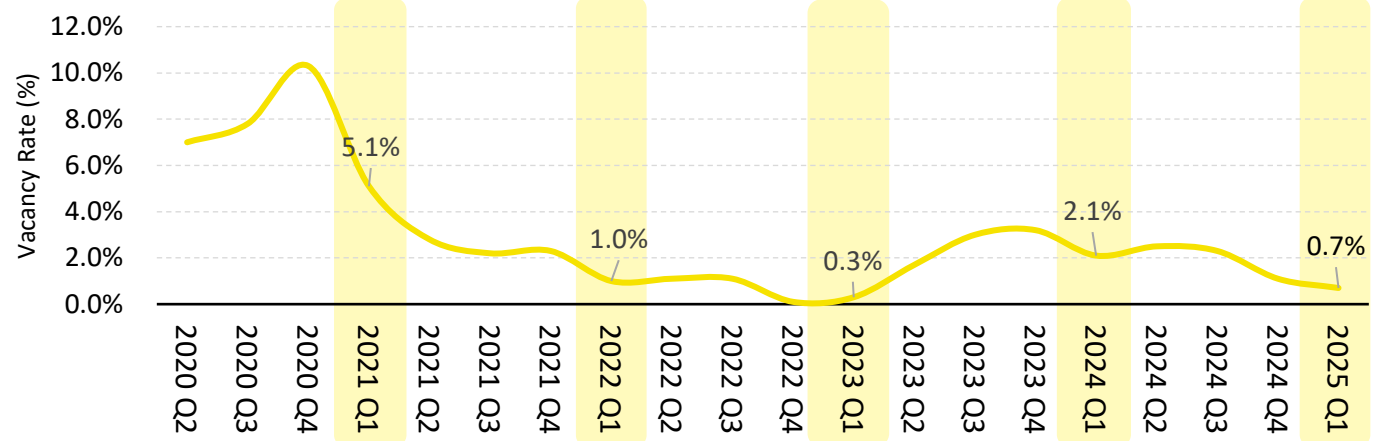
Under Construction & Net Deliveries (sq. ft)



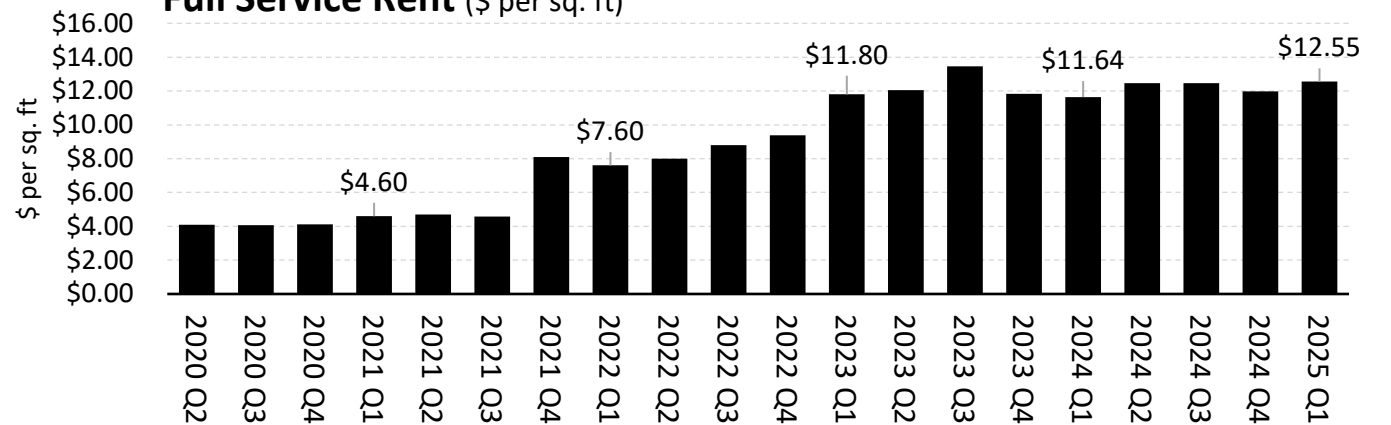
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)

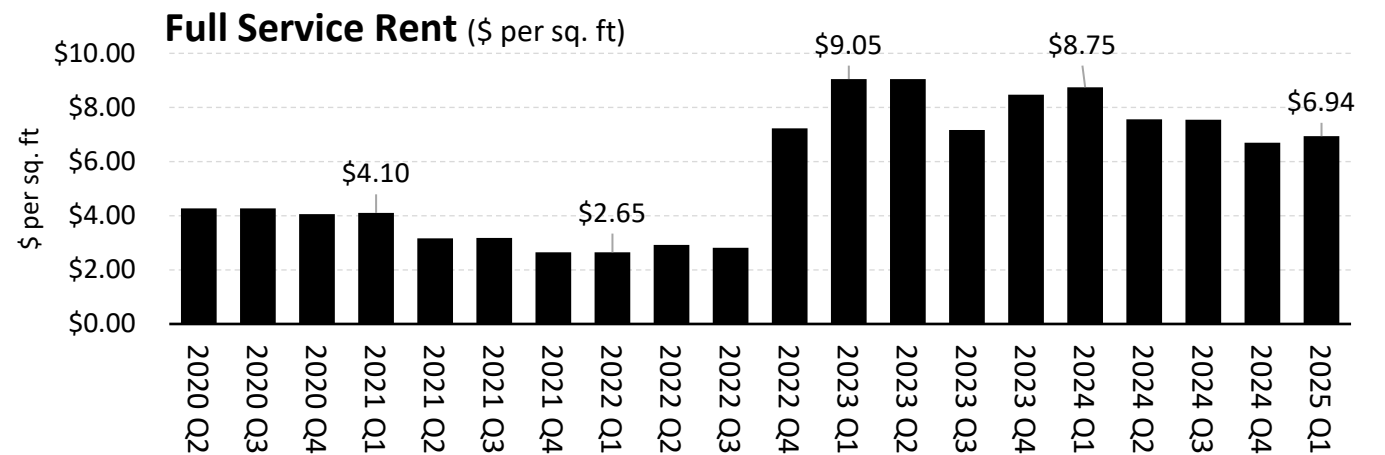
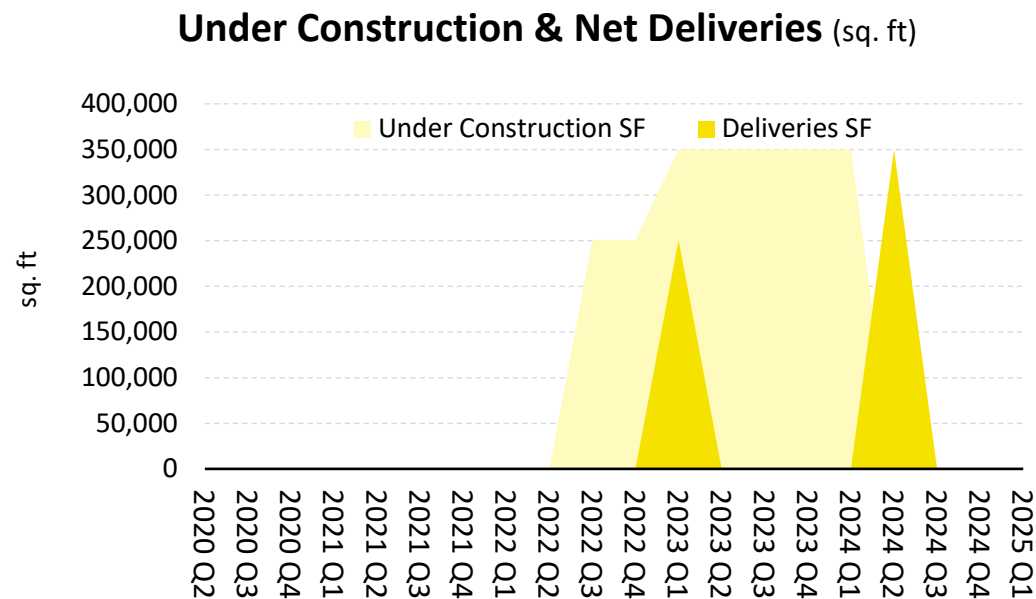
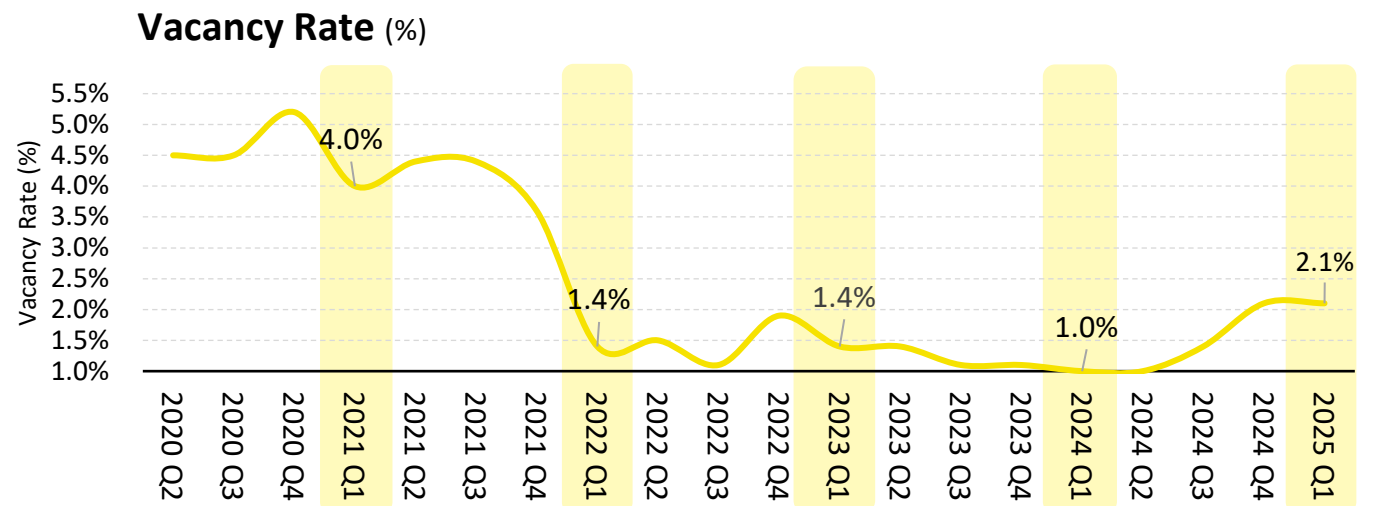
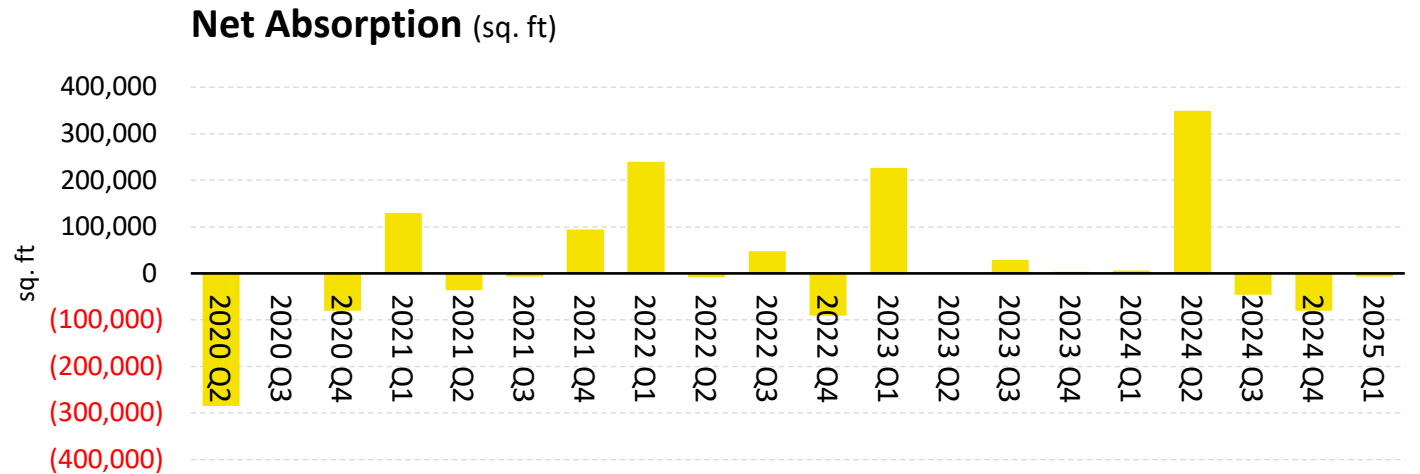


Industrial Market - MSA Trends

BLACKSBURG MSA

Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|----------------|-----------------|---------------|
| Total Inventory (sq. ft, millions) | 11.7 | 3.1% | % chg |
| Vacancy Rate (%) | 2.1% | 1.1% | pct points |
| Net Absorption (sq. ft) | (7,382) | -13,293 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$6.94 | -\$1.81 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 0 | -350,000 | sq. ft |



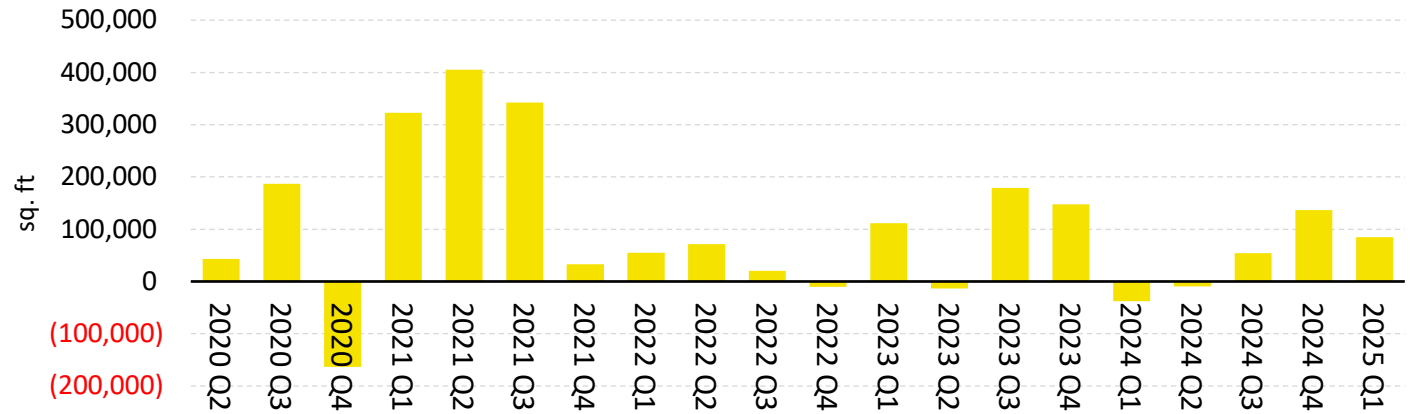
Industrial Market - MSA Trends

WINCHESTER MSA

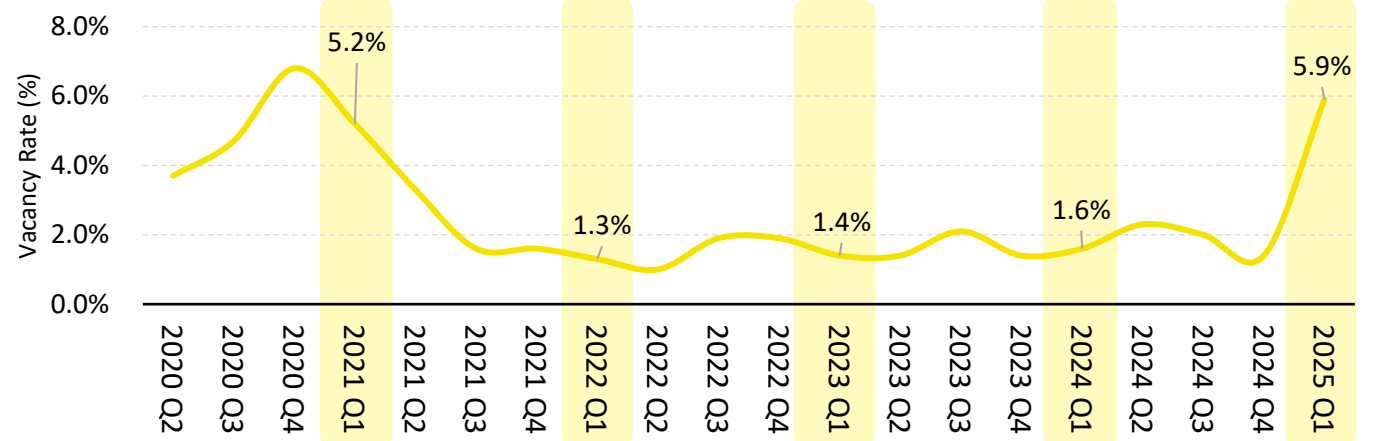
Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg |
|-------------------------------------|-----------|----------------------|
| Total Inventory (sq. ft, millions) | 22.4 | 5.9% % chg |
| Vacancy Rate (%) | 5.9% | 4.3% pct points |
| Net Absorption (sq. ft) | 85,013 | 122,458 sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$7.81 | \$0.50 \$ per sq. ft |
| Deliveries (sq. ft) | 1,106,120 | 1,106,120 sq. ft |
| Under Construction (sq. ft) | 0 | -141,000 sq. ft |

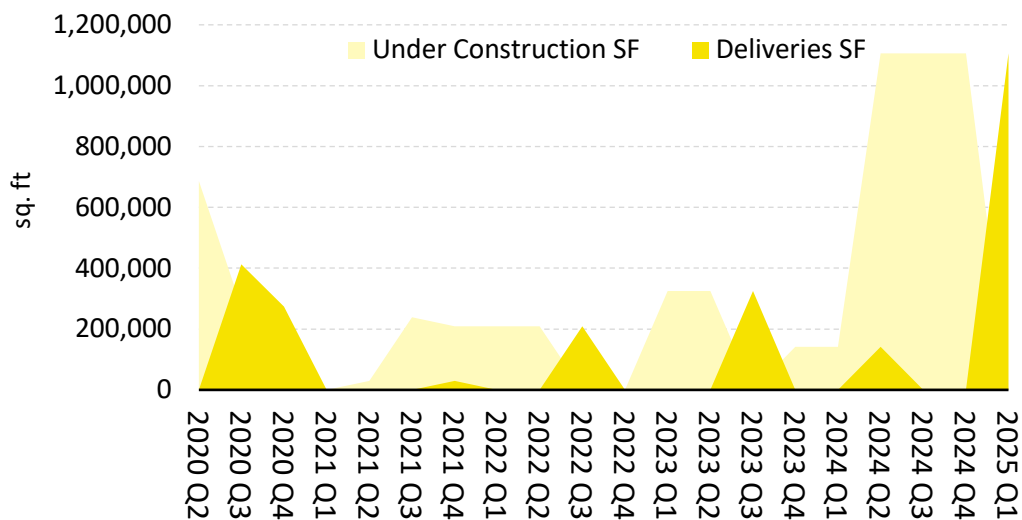
Net Absorption (sq. ft)



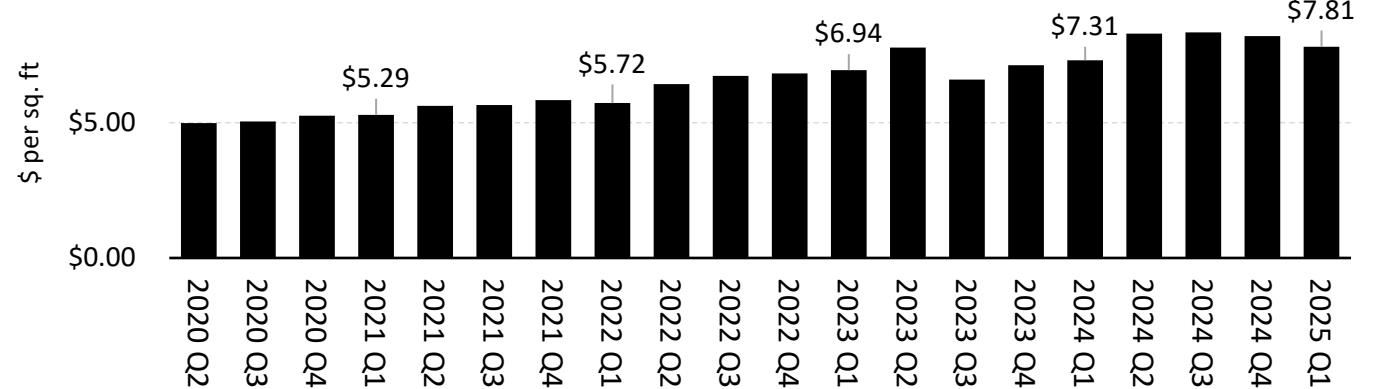
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)

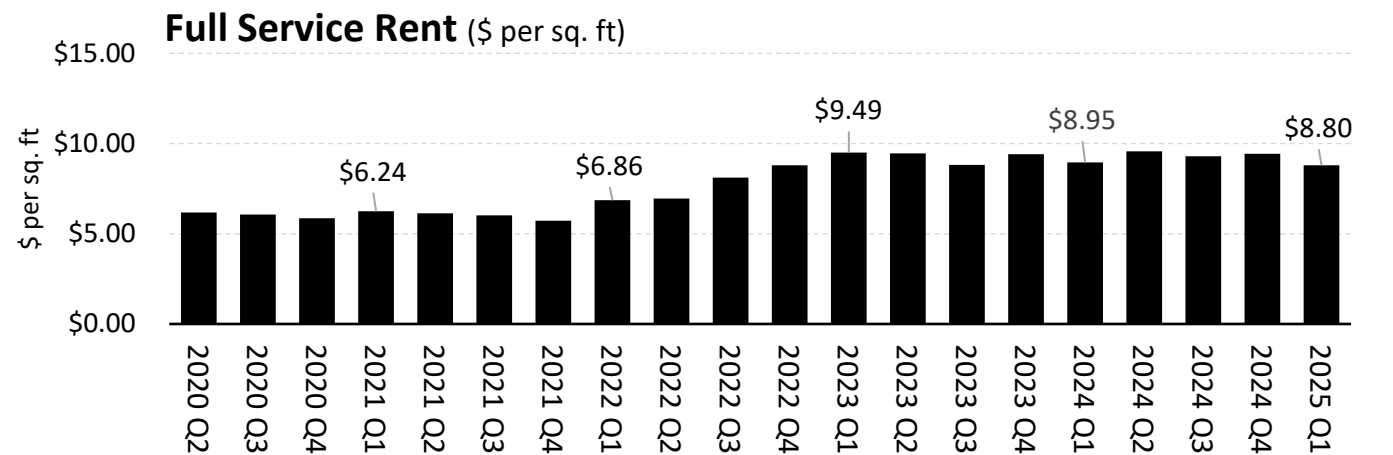
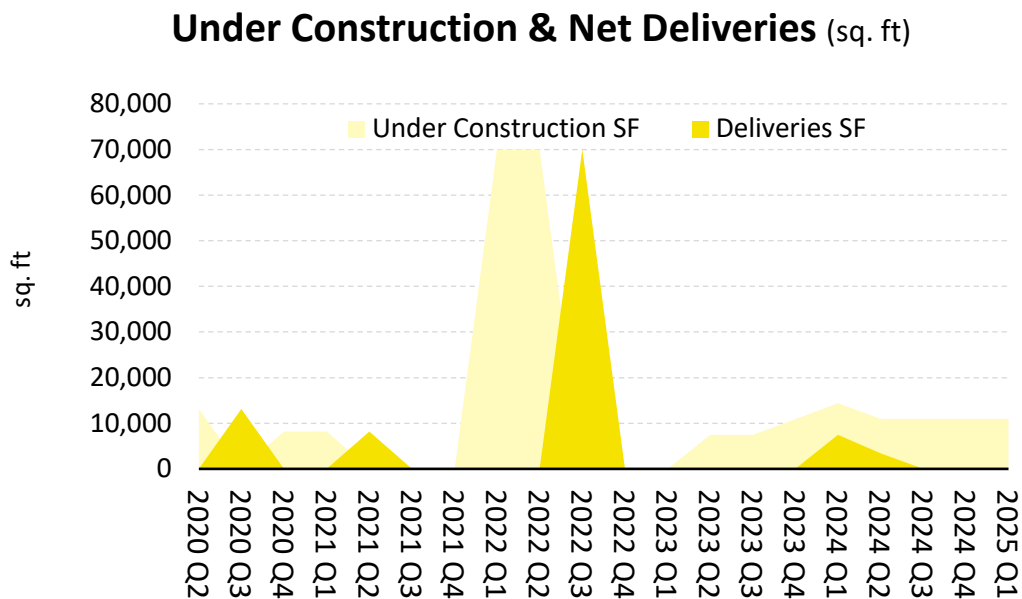
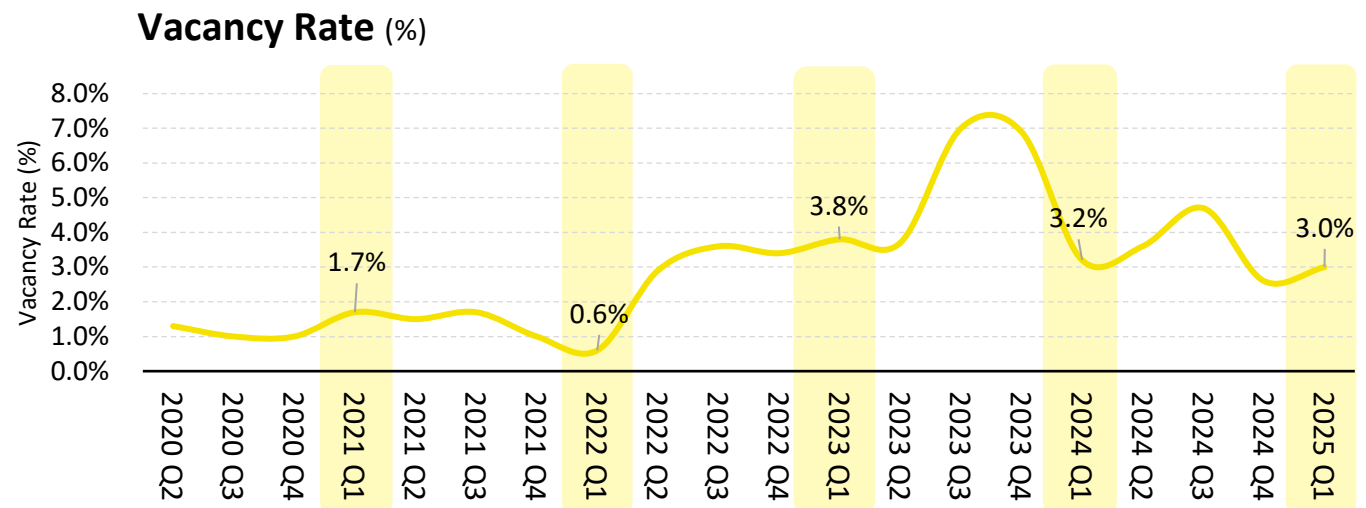
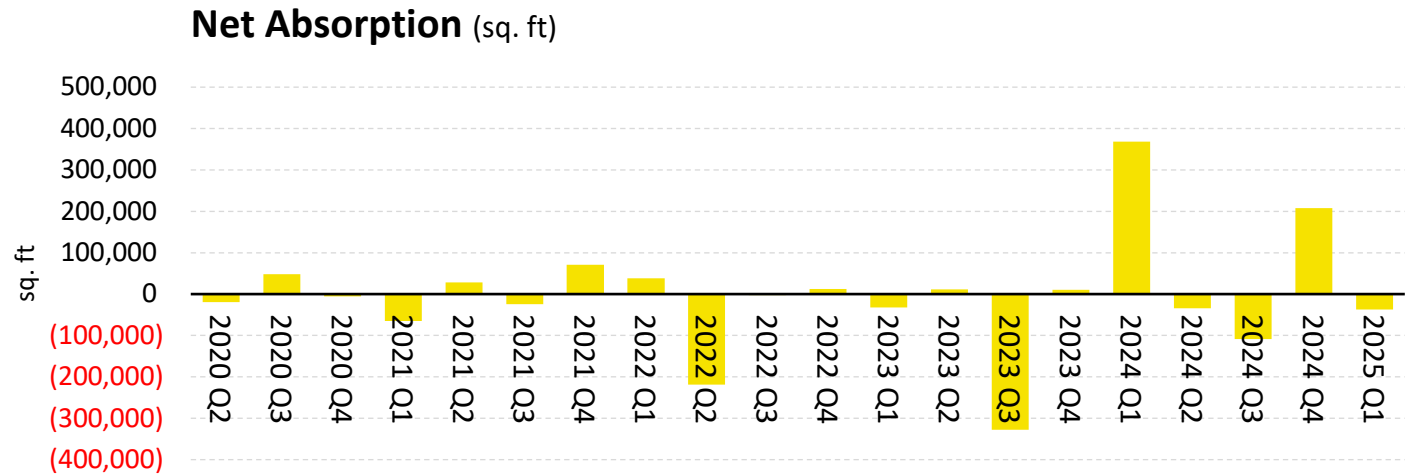


Industrial Market - MSA Trends

HARRISONBURG MSA

Local Market Indicator Dashboard

| | Q1-2025 | YoY Chg | |
|-------------------------------------|----------|----------|---------------|
| Total Inventory (sq. ft, millions) | 9.8 | 0.0% | % chg |
| Vacancy Rate (%) | 3.0% | -0.2% | pct points |
| Net Absorption (sq. ft) | (36,868) | -405,016 | sq. ft |
| Avg Full Service Rent (\$ / sq. ft) | \$8.80 | -\$0.15 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | -7,500 | sq. ft |
| Under Construction (sq. ft) | 11,000 | -3,400 | sq. ft |



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 37,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

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All inquiries regarding this report may be directed to:

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Data and analysis provided by Virginia REALTORS® Research Team.

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