



Q1 2026 INDUSTRIAL MARKET REPORT

Industrial Market - Key Trends Snapshot

Industrial Market

Overview: Virginia's industrial real estate market had a solid start to 2026. Net absorption continues to be positive and the construction pipeline is up. Vacancy inched up as more new deliveries hit the market, and average rent levels continues to rise.

Absorption: For the fourth straight quarter, absorption levels stayed positive with 922,554 net sq ft of industrial space absorbed in Q1 2026. There were significant gains made in the distribution/warehouse sector where most of the state's positive absorption was concentrated. Most of the positive absorption occurred in Hampton Roads this quarter (+1.1 million sq ft).

Vacancy: Vacancy rates continued to climb, going from 5.3% last year to 5.9% in Q1 of this year, due in large part to increased construction and new deliveries. The vacancy rate remained the same in the distribution/warehouse sector at 5.8%. The vacancy rate for manufacturing space rose to 6.7%, the highest it has been since 2014. At the local level, Winchester saw the vacancy rate climb to 7.3%, the highest in Virginia. Hampton Roads had the second highest rate of vacancy rate in the state at 6.5%.

Rent: The statewide average price per sq ft in the industrial market was \$8.54, up 8.5% from the previous year. Both market sectors saw rent rise with manufacturing seeing a double-digit increase at 17.6% and distribution/warehouse average rents up 6.5% from Q1 of last year. Lynchburg experienced the largest jump in rent this quarter, going from \$4.87 to \$6.53 per sq ft.

Supply+Deliveries: Statewide, industrial construction levels rose 43.3% with 15.1 million square feet under construction this quarter, higher than the five-year quarterly average of 14.7 million sq ft. Much of the growth came from distribution/warehouse space, with construction activity up 57.8% from last year. Construction surged 113.6% in Richmond with big projects coming from Amazon and LEGO. There was a 57.2% drop in deliveries across the state.

VIRGINIA (Statewide)



Market Indicator Dashboard

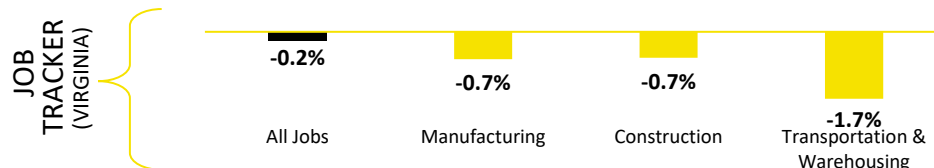
	YoY Chg	Q1-2026	Indicator
% chg	1.4%	561,009,781	Total Inventory (sq. ft)
sq. ft	1,398,782	922,554	Net Absorption (sq. ft)
pct point	0.6%	5.9%	Vacancy Rate (%)
\$ per sq. ft	\$0.67	\$8.54	Full Service Rent (\$ per sq. ft)
sq. ft	-2,255,947	1,690,688	New Supply Delivered (sq. ft)
sq. ft	4,573,677	15,127,136	Under Construction (sq. ft)



Economic Indicator Dashboard

	MoM % Chg	Feb-26	Indicator
% chg	-0.2%	4.2	Total Jobs (in millions, seasonally adjusted)
% chg	-1.0%	627.1	Industrial-Supporting Jobs (in thousands, seasonally adjusted)
pct point	0.1%	3.8%	Unemployment Rate (% seasonally adjusted)
pct point	-3.9%	0.5	Gross Domestic Product (% chg from prior year)

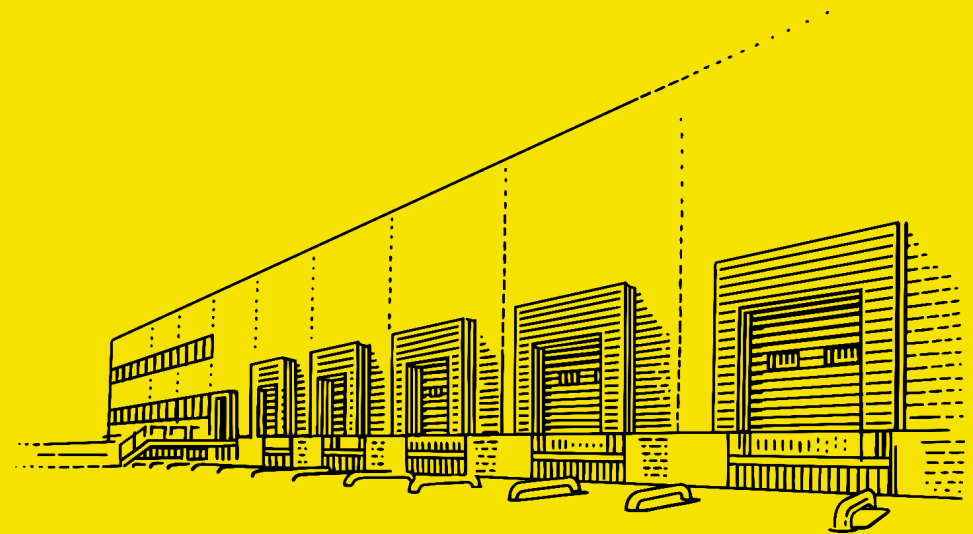
Industrial-Supporting Job Sectors (% Chg Jan-26 to Feb-26, seasonally adjusted)



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Virginia Industrial Market

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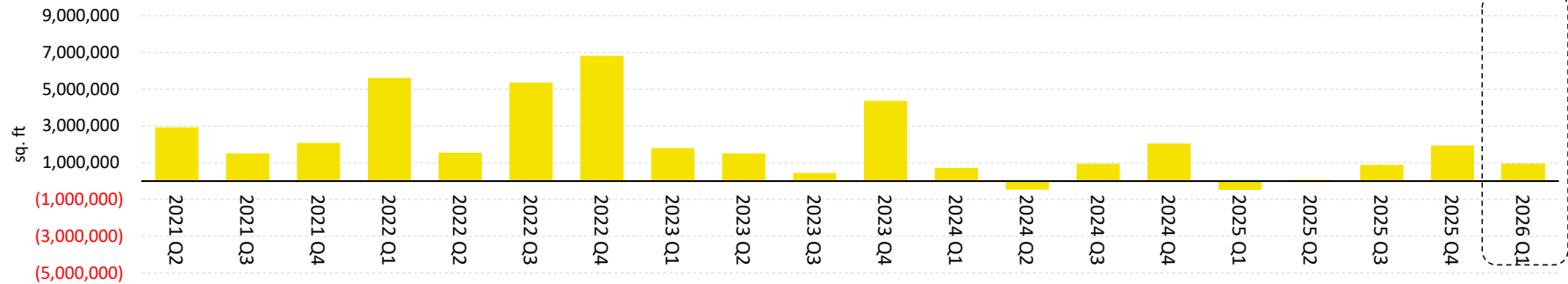


Industrial Market - Absorption & Construction Trends

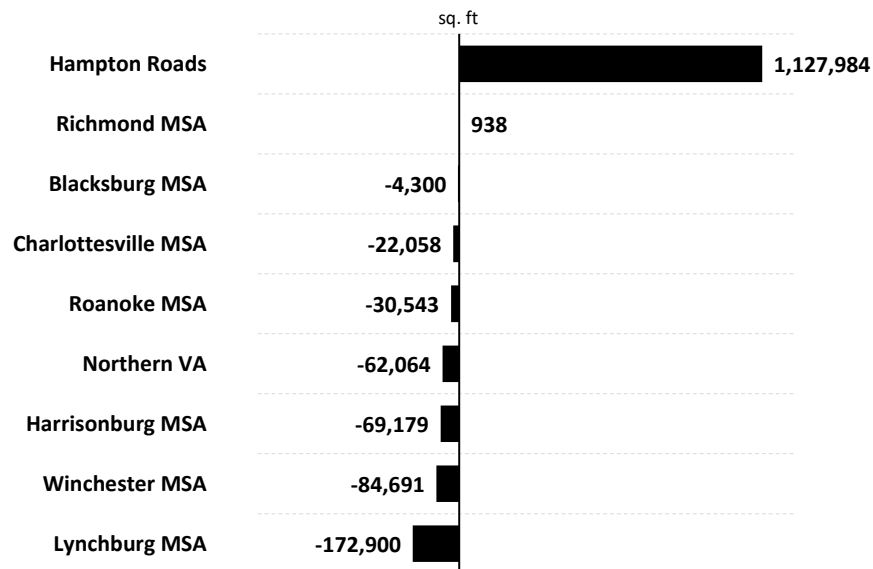
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VIRGINIA (Statewide)

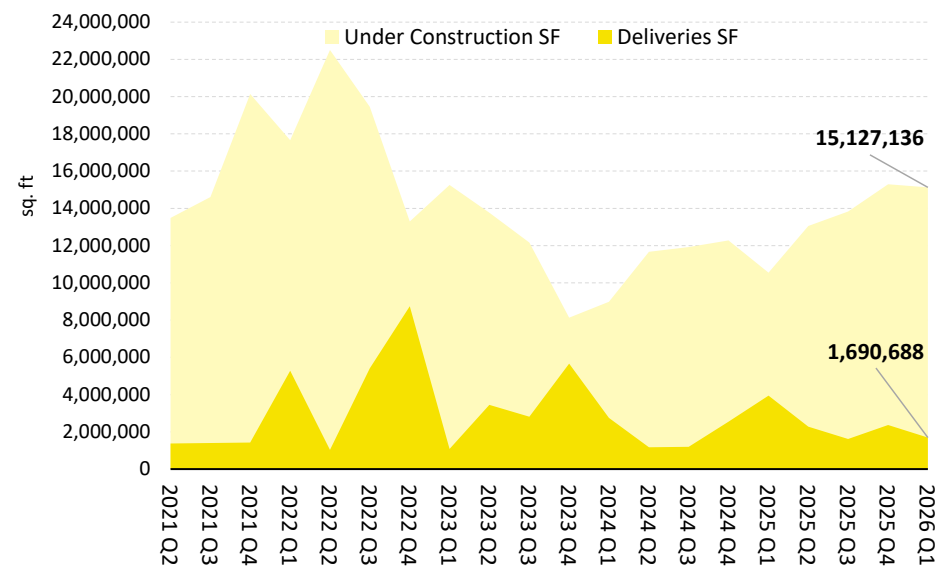
Net Absorption (sq. ft)



Q1-2026 Net Absorption by Metro Area (sq ft)

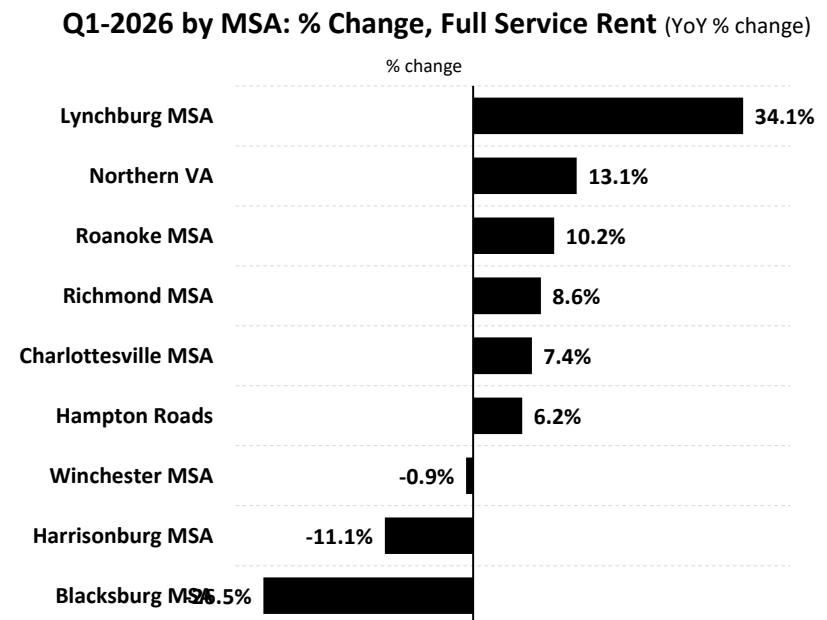
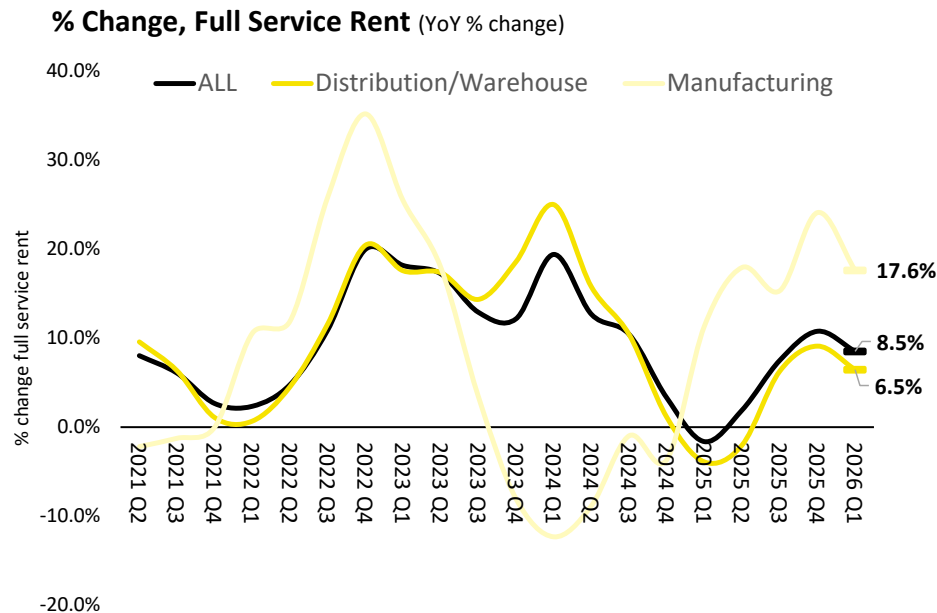
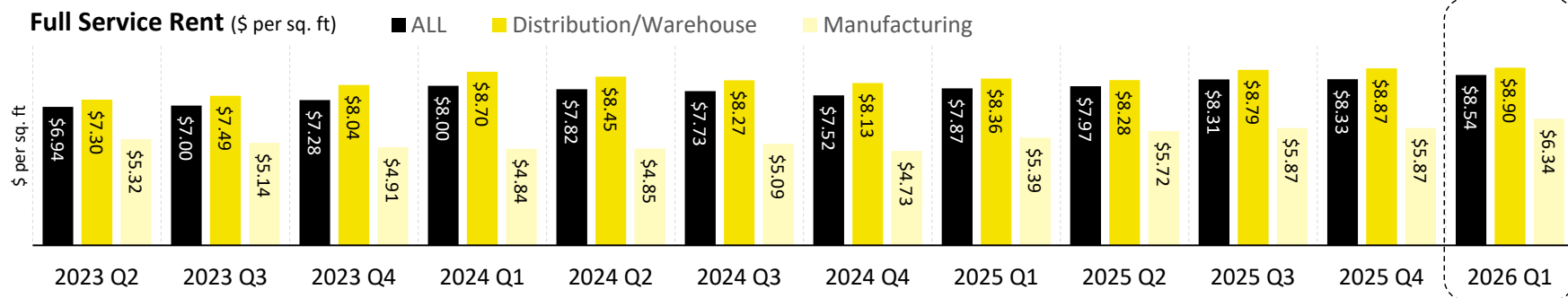


Under Construction & Net Deliveries (sq. ft)



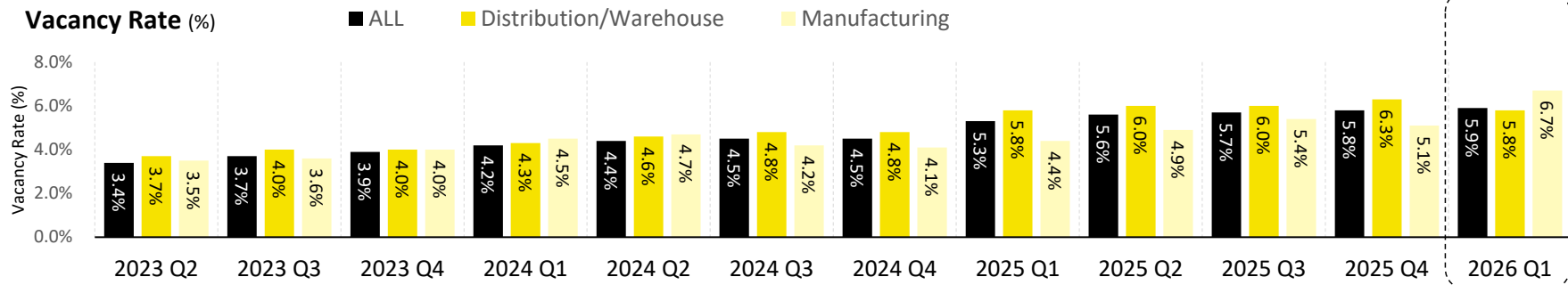
Industrial Market - Rent Trends

VIRGINIA (Statewide)

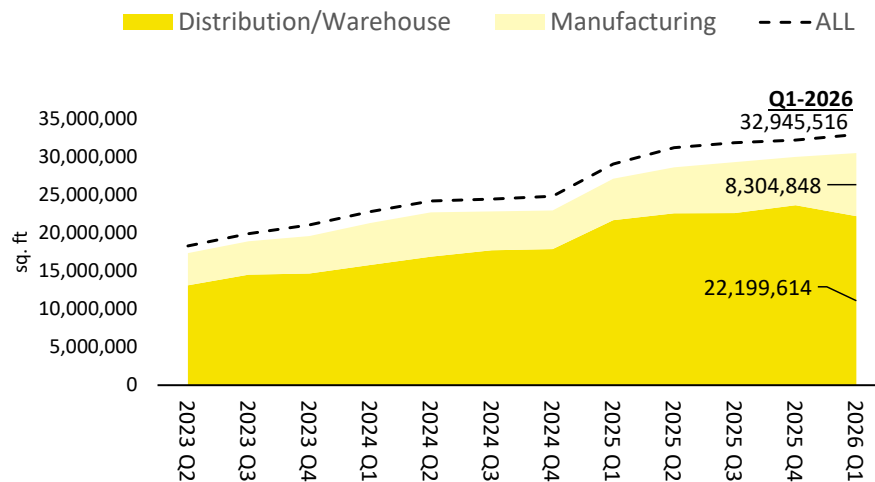


Industrial Market - Vacancy Trends

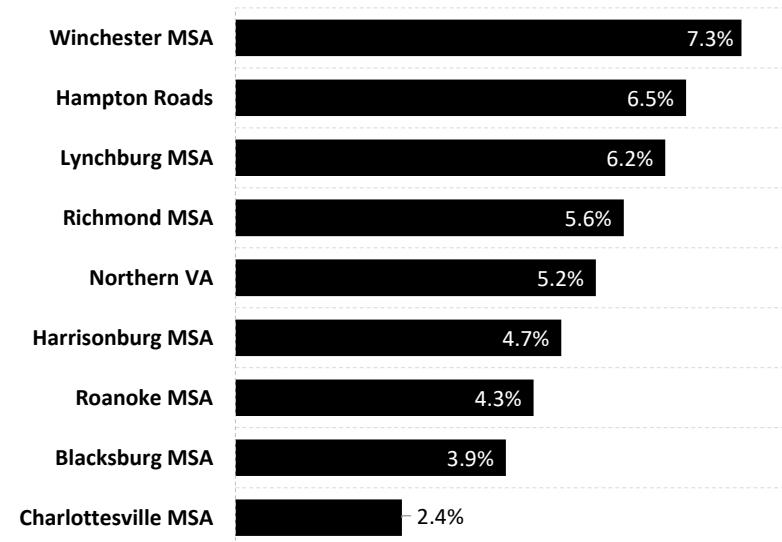
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q1-2026 Industrial Vacancy Rate by MSA

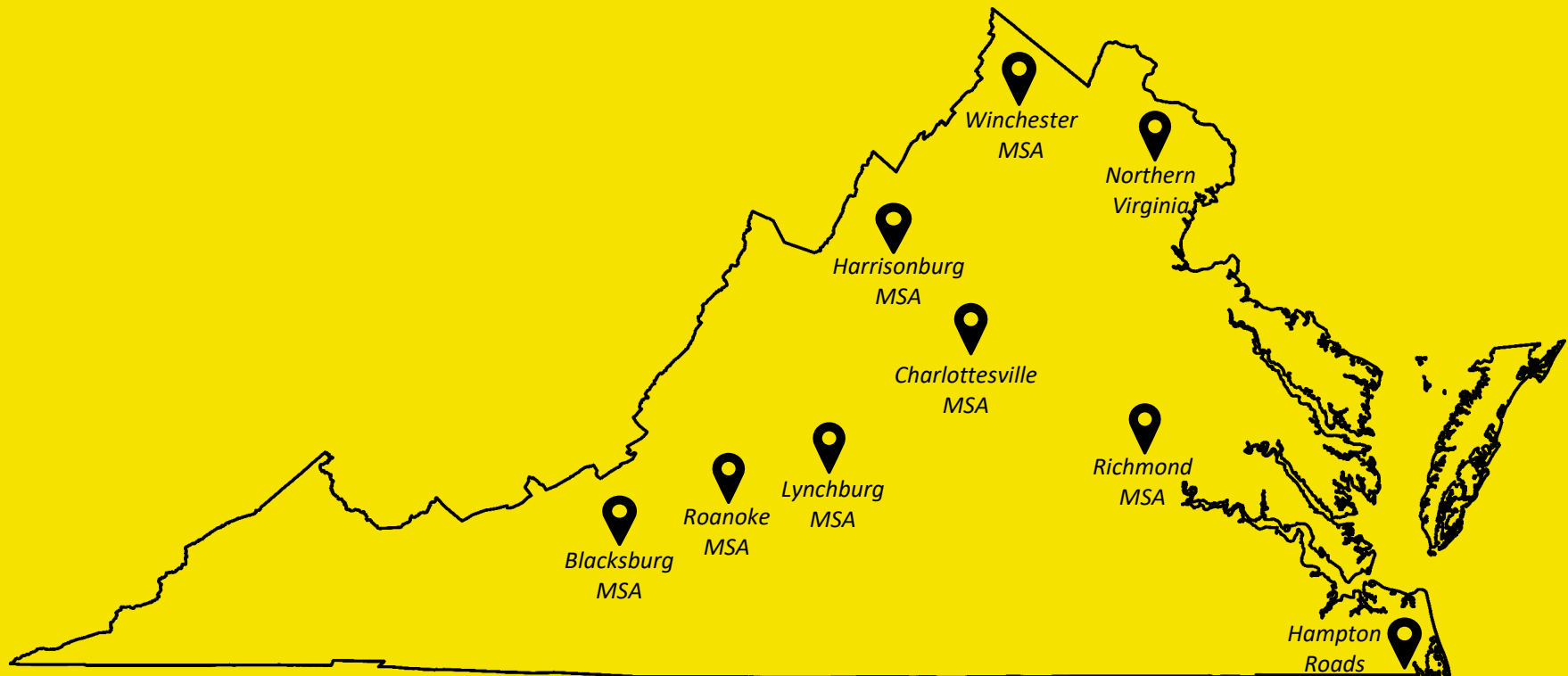


MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q1
2026

Virginia
REALTORS®
INDUSTRIAL
Market Report



Snapshot of Industrial Market Conditions Around Virginia

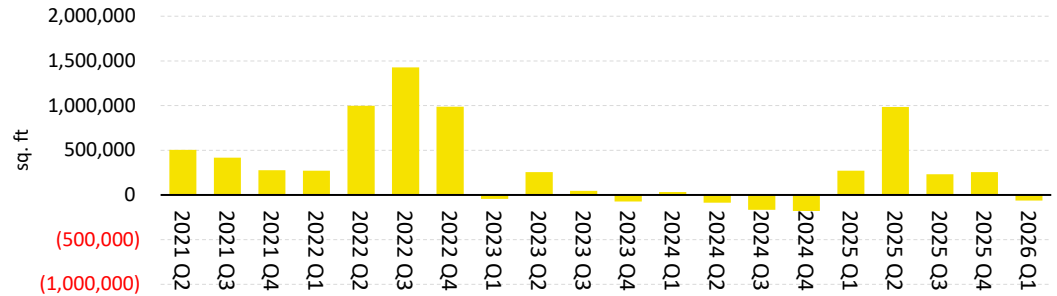
Industrial Market - MSA Trends

NORTHERN VIRGINIA

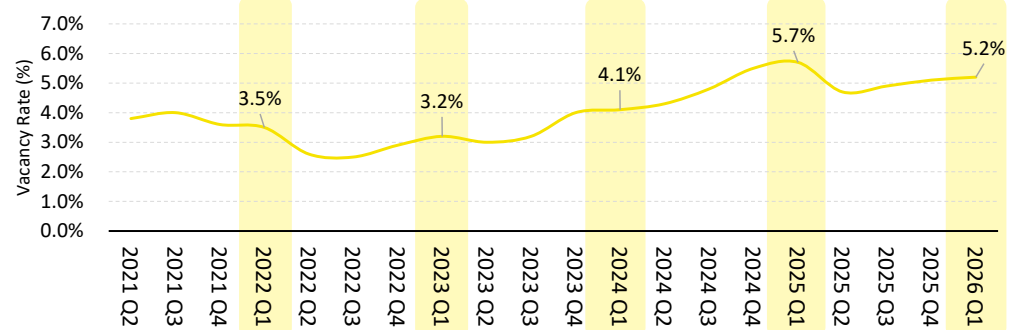
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	90.0	1.1% % chg	
Vacancy Rate (%)	5.2%	-0.5% pct points	
Net Absorption (sq. ft)	(62,064)	-334,125 sq. ft	
Avg Full Service Rent (\$ / sq. ft)	\$14.87	\$1.72 \$ per sq. ft	
Deliveries (sq. ft)	58,240	-488,996 sq. ft	
Under Construction (sq. ft)	2,365,266	1,083,632 sq. ft	

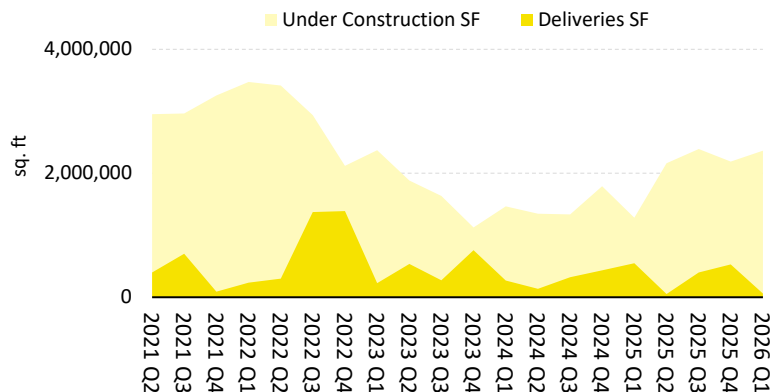
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



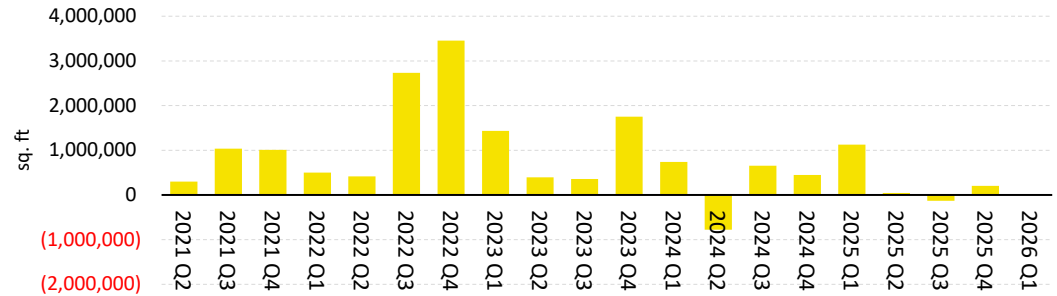
Industrial Market - MSA Trends

RICHMOND MSA

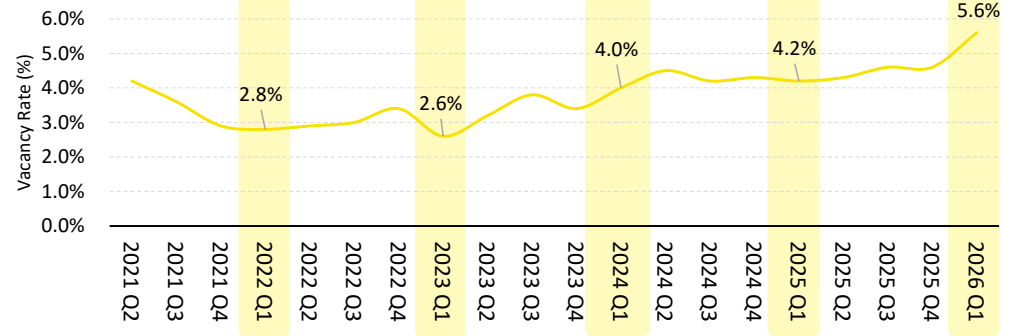
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	137.6	1.6%	% chg
Vacancy Rate (%)	5.6%	1.4%	pct points
Net Absorption (sq. ft)	938	-1,124,509	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.12	\$0.64	\$ per sq. ft
Deliveries (sq. ft)	1,429,948	432,312	sq. ft
Under Construction (sq. ft)	9,350,077	4,972,860	sq. ft

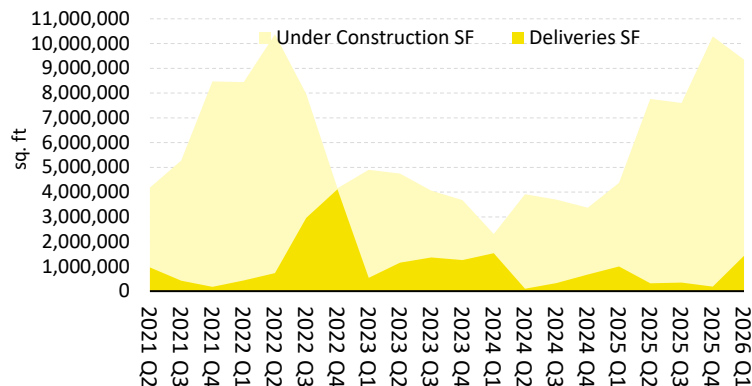
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



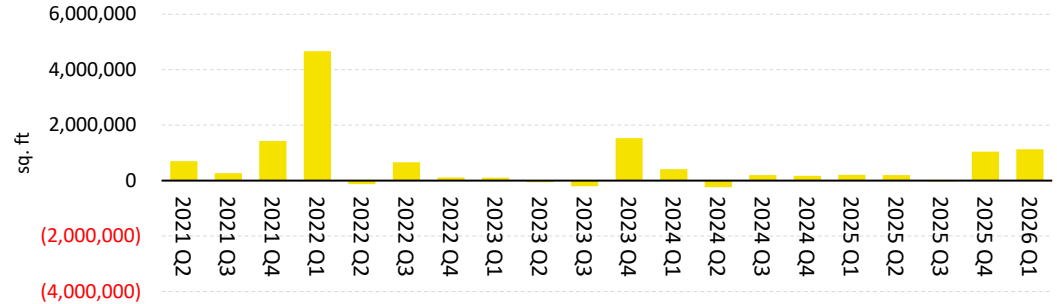
Industrial Market - MSA Trends

HAMPTON ROADS

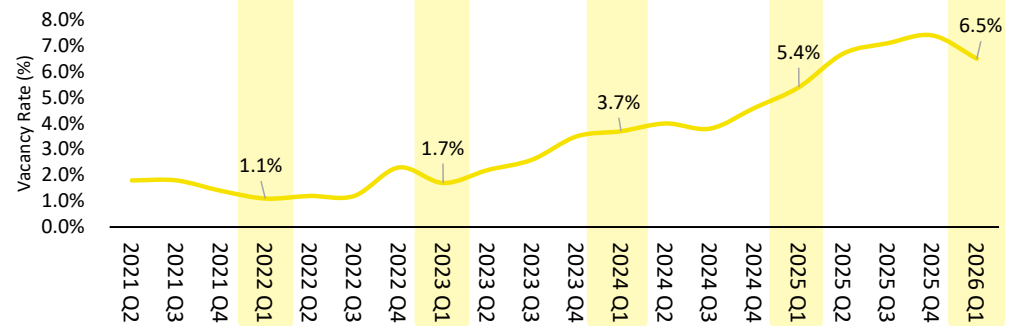
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	123.3	3.2%	% chg
Vacancy Rate (%)	6.5%	1.1%	pct points
Net Absorption (sq. ft)	1,127,984	922,320	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$9.45	\$0.55	\$ per sq. ft
Deliveries (sq. ft)	42,500	-1,252,293	sq. ft
Under Construction (sq. ft)	2,555,250	-1,648,018	sq. ft

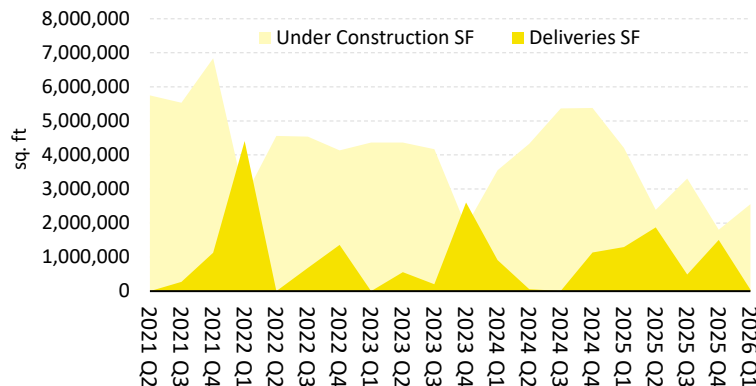
Net Absorption (sq. ft)



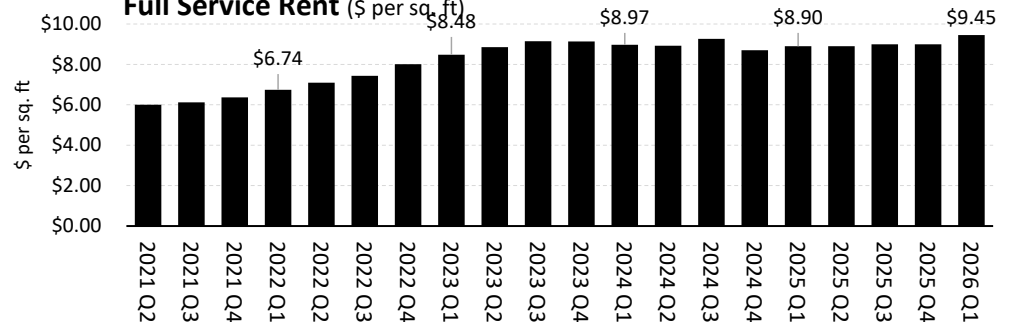
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



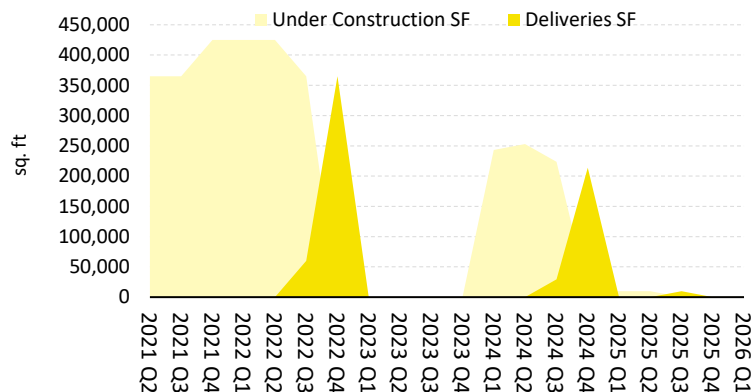
Industrial Market - MSA Trends

ROANOKE MSA

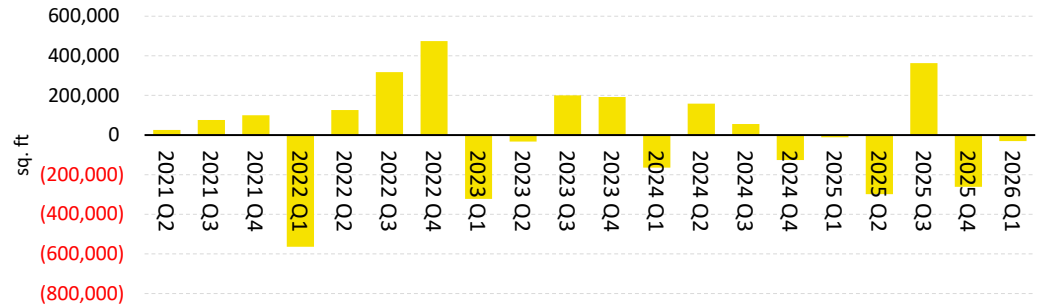
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	39.2	0.0%	% chg
Vacancy Rate (%)	4.3%	0.6%	pct points
Net Absorption (sq. ft)	(30,543)	-18,918	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.60	\$0.52	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	-9,900	sq. ft

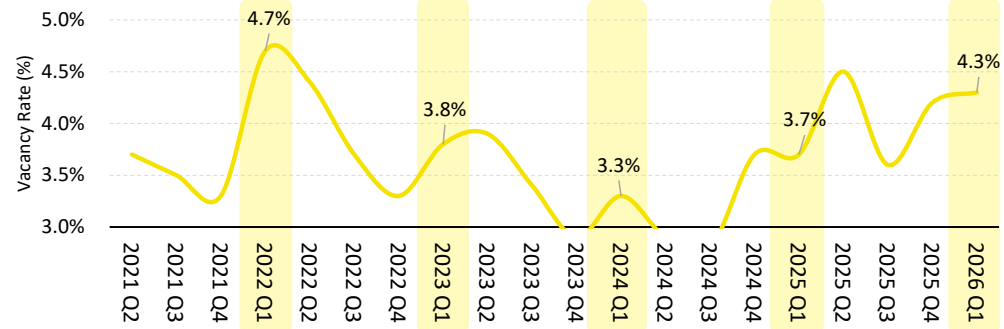
Under Construction & Net Deliveries (sq. ft)



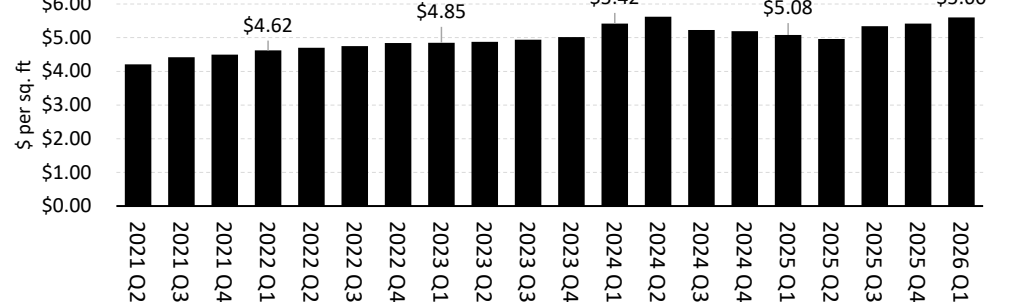
Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



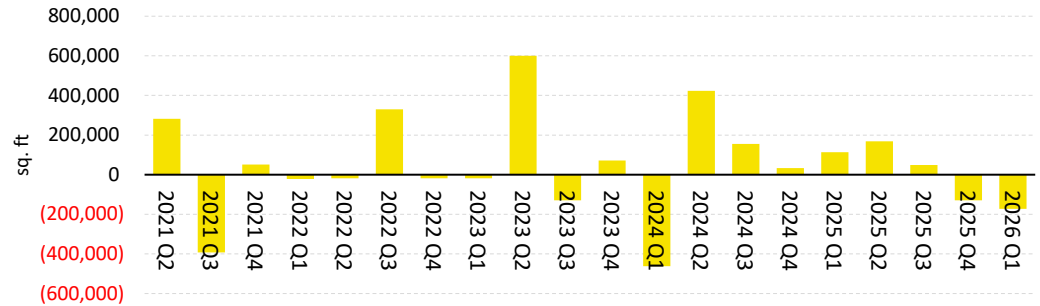
Industrial Market - MSA Trends

LYNCHBURG MSA

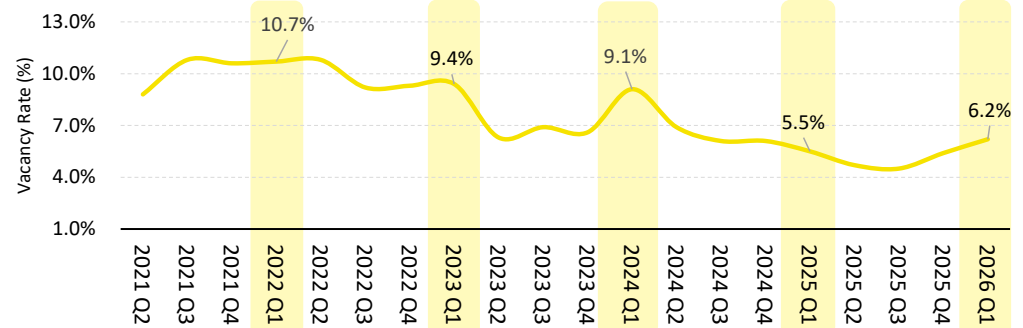
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	19.4	0.3%	% chg
Vacancy Rate (%)	6.2%	0.7%	pct points
Net Absorption (sq. ft)	(172,900)	-285,948	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$6.53	\$1.66	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	167,100	127,100	sq. ft

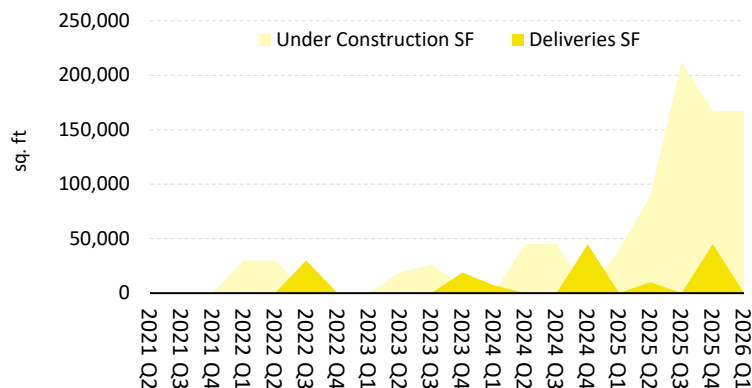
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



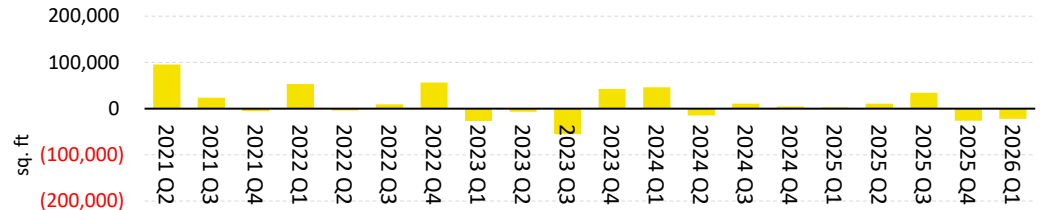
Industrial Market - MSA Trends

CHARLOTTESVILLE MSA

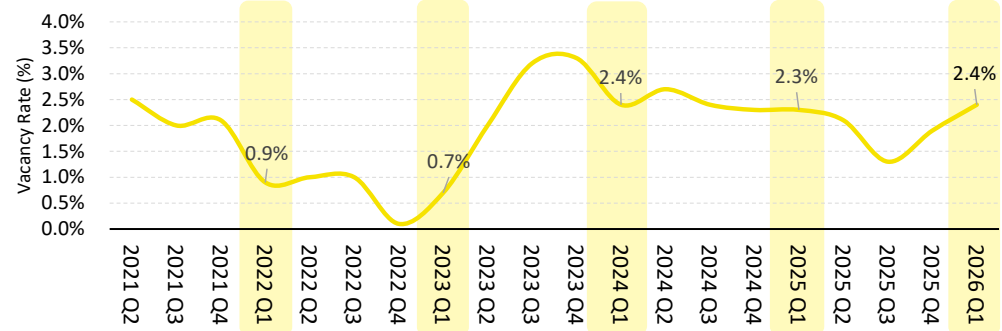
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	4.7	0	% chg
Vacancy Rate (%)	2.4%	0.1%	pct points
Net Absorption (sq. ft)	(22,058)	-24,549	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.48	\$0.93	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

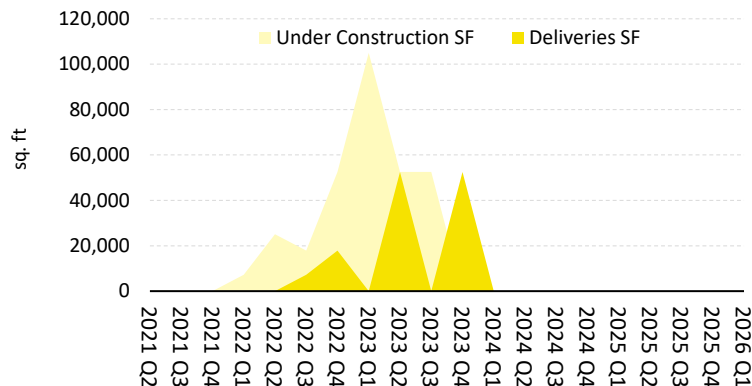
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



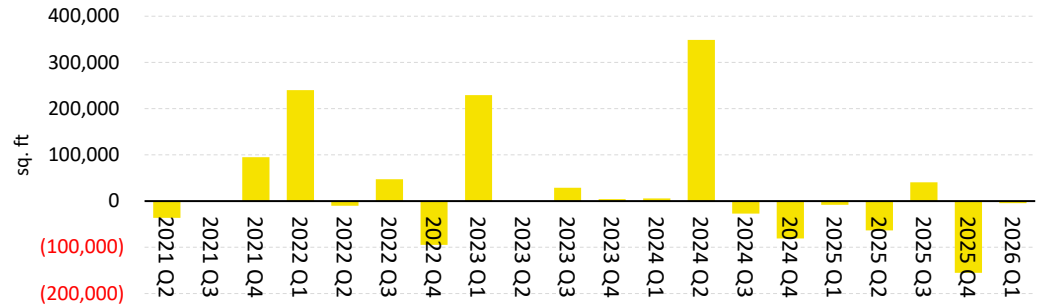
Industrial Market - MSA Trends

BLACKSBURG MSA

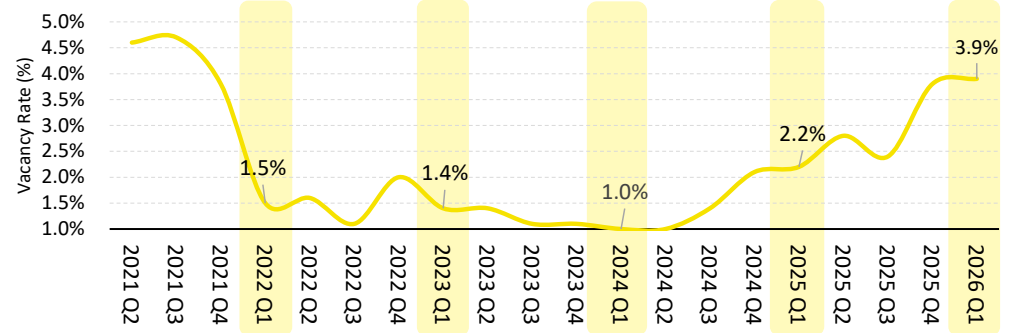
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	11.0	0	% chg
Vacancy Rate (%)	3.9%	1.7%	pct points
Net Absorption (sq. ft)	(4,300)	3,700	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.53	-\$1.63	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

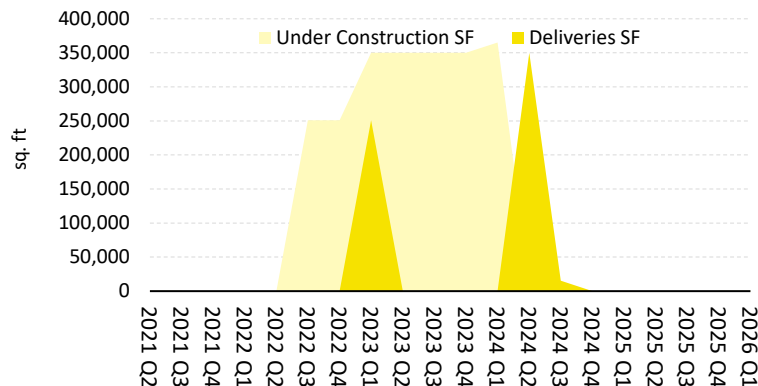
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



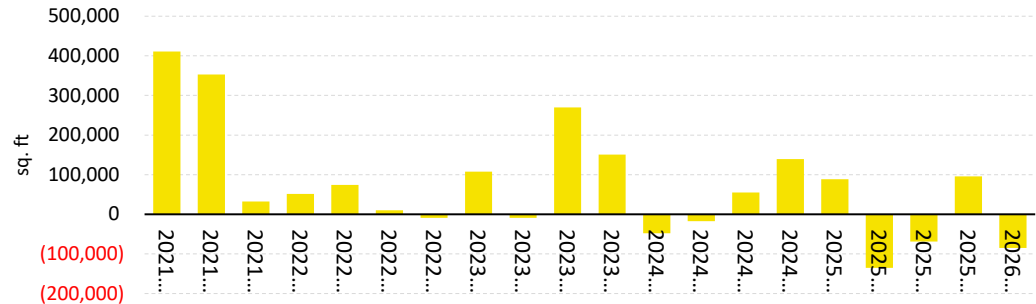
Industrial Market - MSA Trends

WINCHESTER MSA

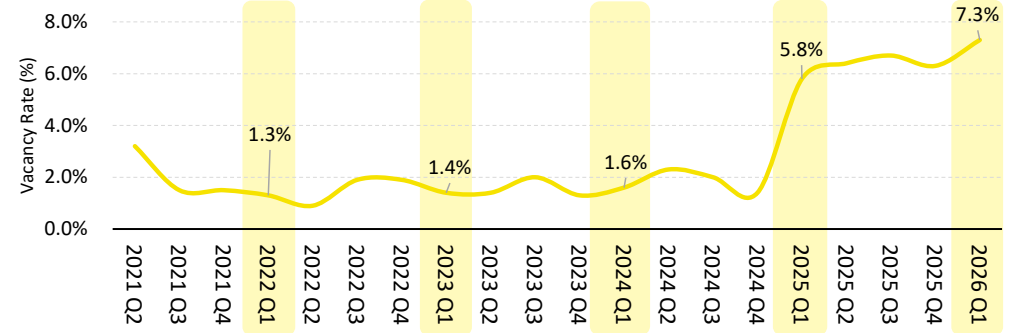
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	22.7	0.7%	% chg
Vacancy Rate (%)	7.3%	1.5%	pct points
Net Absorption (sq. ft)	(84,691)	-173,204	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.74	-\$0.07	\$ per sq. ft
Deliveries (sq. ft)	160,000	-946,120	sq. ft
Under Construction (sq. ft)	269,443	109,443	sq. ft

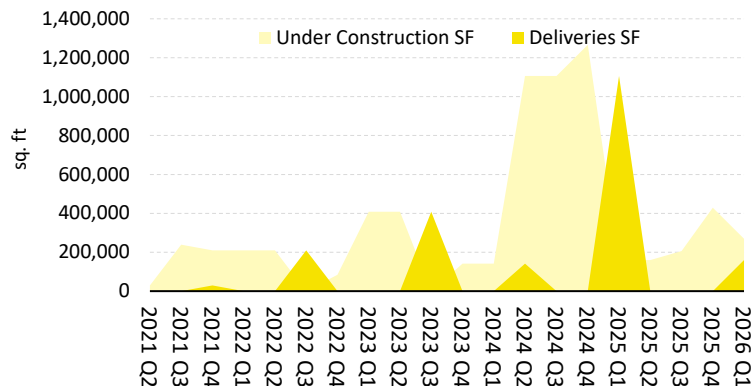
Net Absorption (sq. ft)



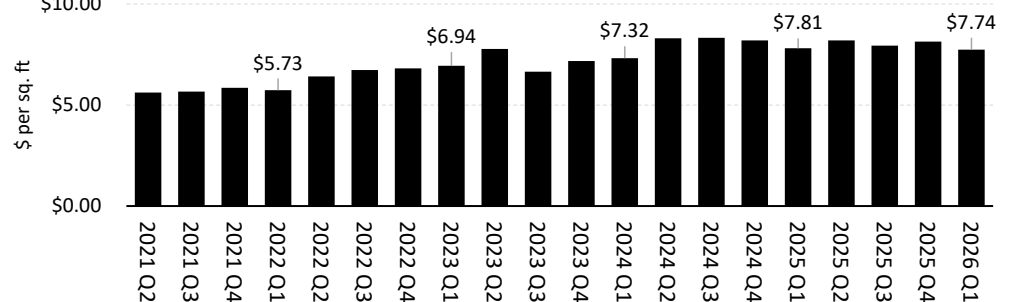
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Full Service Rent (\$ per sq. ft)



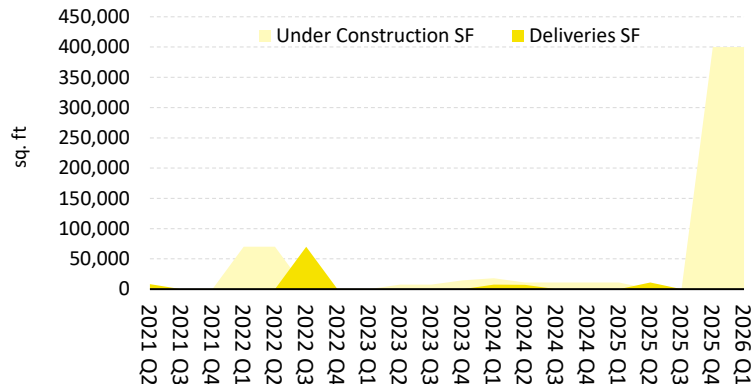
Industrial Market - MSA Trends

HARRISONBURG MSA

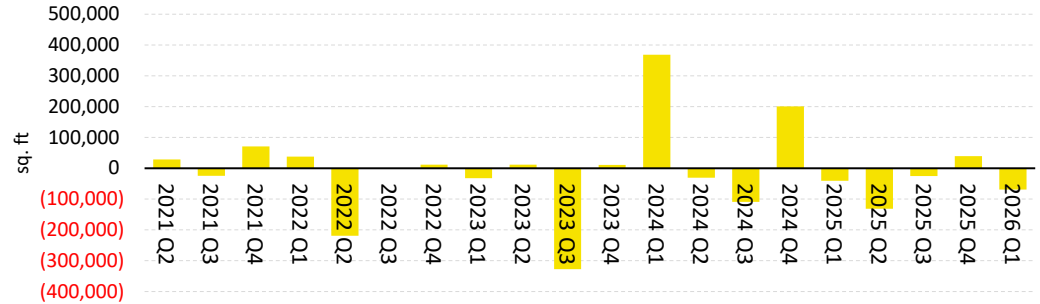
Local Market Indicator Dashboard

	Q1-2026	YoY Chg	
Total Inventory (sq. ft, millions)	10.6	0.1%	% chg
Vacancy Rate (%)	4.7%	1.9%	pct points
Net Absorption (sq. ft)	(69,179)	-28,511	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.98	-\$1.00	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	400,000	389,000	sq. ft

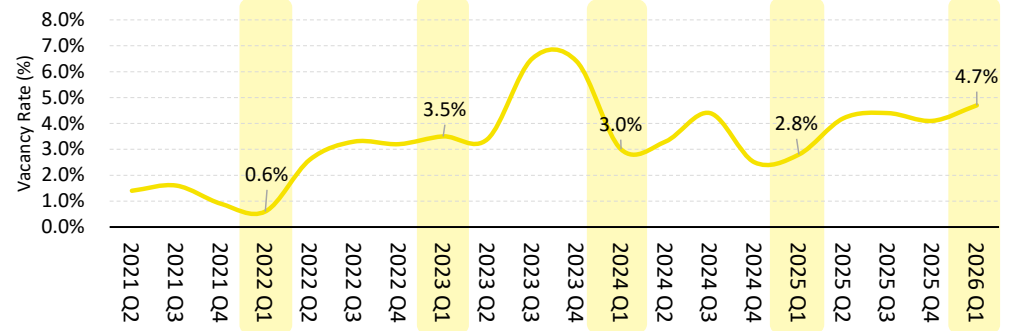
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Full Service Rent (\$ per sq. ft)



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