NEWMARK

Hampton Roads Industrial Market Overview

2Q26

NMRK.COM

Market Observations

Economy

- The Hampton Roads unemployment rate continues to outperform the national average, measuring 3.9% in May of 2026. This is up 50 basis points year-over-year but remains 40 basis points below the national average.
- The industrial market is one of the region's primary economic drivers. Trade/Transportation/Utilities remains the second-largest industry in the region, making up 17.0% of the regional workforce, only behind the Government sector. The manufacturing sector makes up a smaller portion of employment, at 6.0%.
- The number of industrial jobs has remained stable in 2026. As of May of 2026, industrial employment totaled approximately 196,600 jobs, representing a 1.2% decline year-over-year, however 1.8% above the ten-year average of roughly 193,200 jobs.

Leasing Market Fundamentals

- During the quarter, the market experienced over 765,000 SF of negative net absorption, largely due to Keurig Dr Pepper vacating almost 350,000 SF of space at 25400 Old Mill Road in Windsor. As a result, vacancy expanded 90 basis points, ending the quarter at 8.3%. Despite the expansion in the vacancy rate, the market remains healthy relative to many markets nationally.
- Average asking rents ended the second quarter of 2026 at $9.17/SF, reflecting a 2.3% decline year-over-year and quarter-over-quarter. Rents have stayed relatively flat since seeing historic growth from 2021 to 2023, when annual increases averaged 18.7%. Despite this deceleration, asking rents remain 67.6% higher than 2020 levels.
- Industrial construction activity in Hampton Roads has slowed significantly in recent years. The market ended the second quarter of 2026 with approximately 2.1 MSF under construction. Overall, the construction pipeline lags the five-year average of 3.9 MSF and the ten-year average of 2.9 MSF.

Major Transactions

- The largest deal of the quarter was the sale of 2200 Enterprise Drive, a 1.5 million SF distribution facility located within Virginia Port Logistics Park in Suffolk. Equus Capital Partners sold the warehouse to Elm Tree Funds for $139.5 million, or $91.84/SF. The warehouse, which delivered in 2023, was 100.0% occupied by Lowe's at the time of sale.
- The second largest deal of the quarter was the portfolio sale of four properties in Suffolk and Chesapeake. The portfolio consisted of four distribution warehouses, totaling 655,852 SF, that were 82.0% leased at the time of sale. One of the buildings was Indian River Distribution Center in Chesapeake, and the other three buildings were located at Bridgeway Commerce Center in Suffolk. Equus Capital Partners sold the portfolio to NorthPoint Development for $106.0 million, or $161.62/SF.

Outlook

- Infrastructure investment remains a long-term tailwind for industrial demand. The Hampton Roads Bridge-Tunnel expansion, slated for completion in 2027, is expected to materially improve regional connectivity by reducing congestion and travel times, supporting distribution efficiency and reinforcing Hampton Roads' role as a strategic logistics and port-oriented market.
- Near-term fundamentals may remain under pressure as delivered supply works through the market. While construction activity has slowed meaningfully, the 5.0 MSF delivered in 2025 is expected to continue weighing on vacancy in the near term, particularly for newly delivered speculative space still in lease-up.
- Demand is focused on infill and well-located assets, with slower absorption for newer product in peripheral locations. Tenants in the market activity has picked up in 2026 and is expected to be reflected in improved net absorption in the coming quarters.

Table of Contents

1. Economy

2. Leasing Market Fundamentals

3. Market Statistics

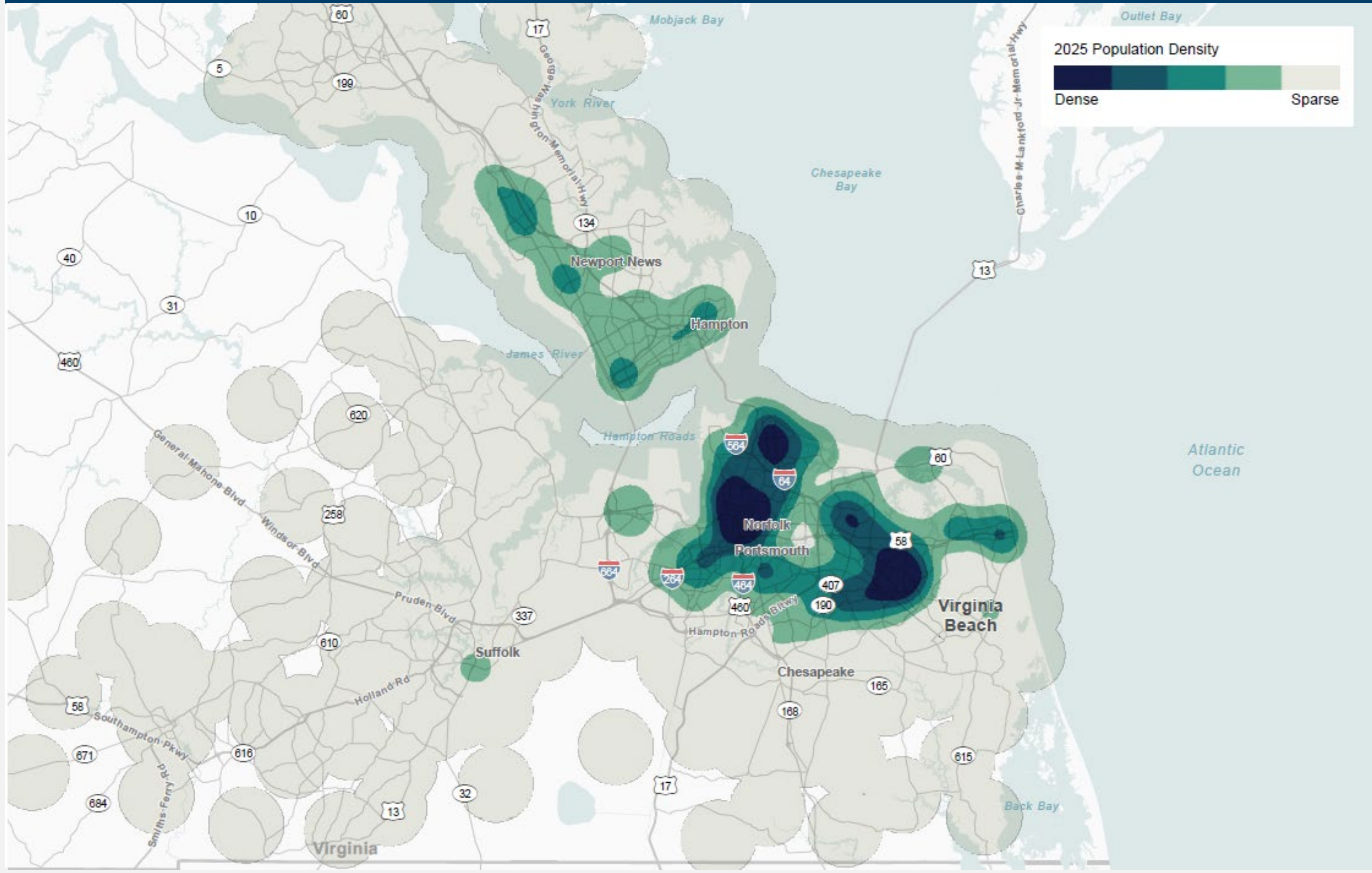
01

Economy

Hampton Roads Poised to See Elevated Population Growth

The Hampton Roads metropolitan area is the 39th largest in the nation, with a population of roughly 1.8 million people. From 2020 to 2025, the Hampton Roads metro added approximately 17,714 residents, reflecting a growth rate of 1.0%. Looking forward, the region is expected to add 51,053 residents from 2025 to 2030, a projected growth rate of 2.8%.

Population



#39

Largest U.S. Metro by Population (2025)

Source: Moody's Analytics

1.8 M

Total Population (2025)

Source: Moody's Analytics

38.4

Median Age

Source: ESRI

2.8%

Projected Population Growth 2025-2030

Source: Moody's Analytics

$82,713

Median Household Income

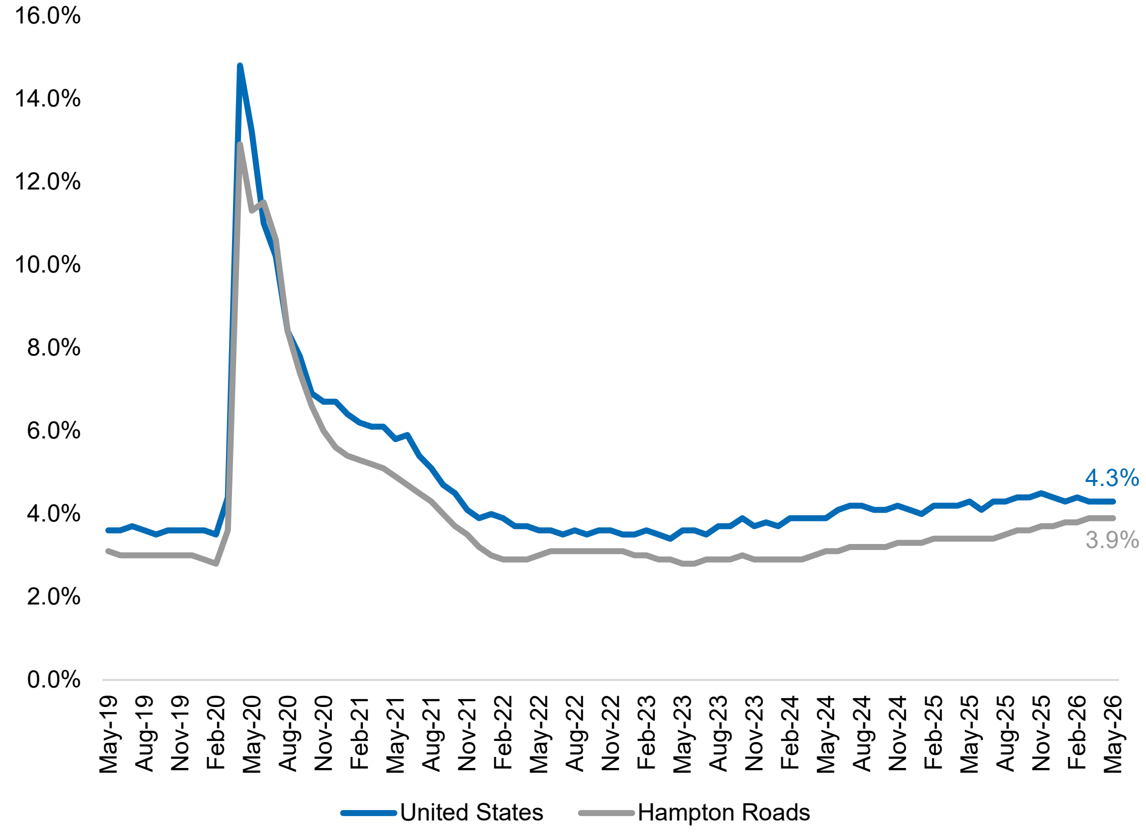
Source: ESRI

Source: Newmark Research, Moody's Analytics

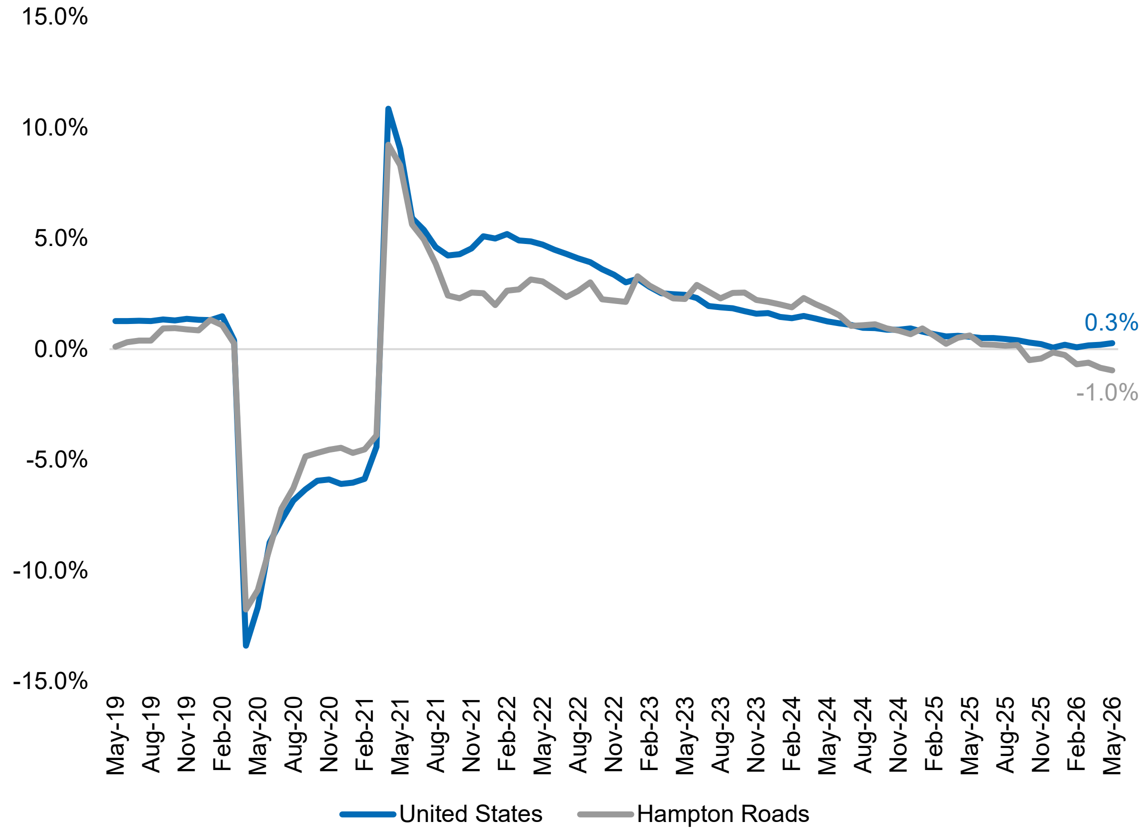
Hampton Roads' Unemployment Rate Outperforms National Average

The Hampton Roads unemployment rate continues to outperform the national average, measuring 3.9% in May of 2026. This is up 50 basis points year-over-year but remains 40 basis points below the national average.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



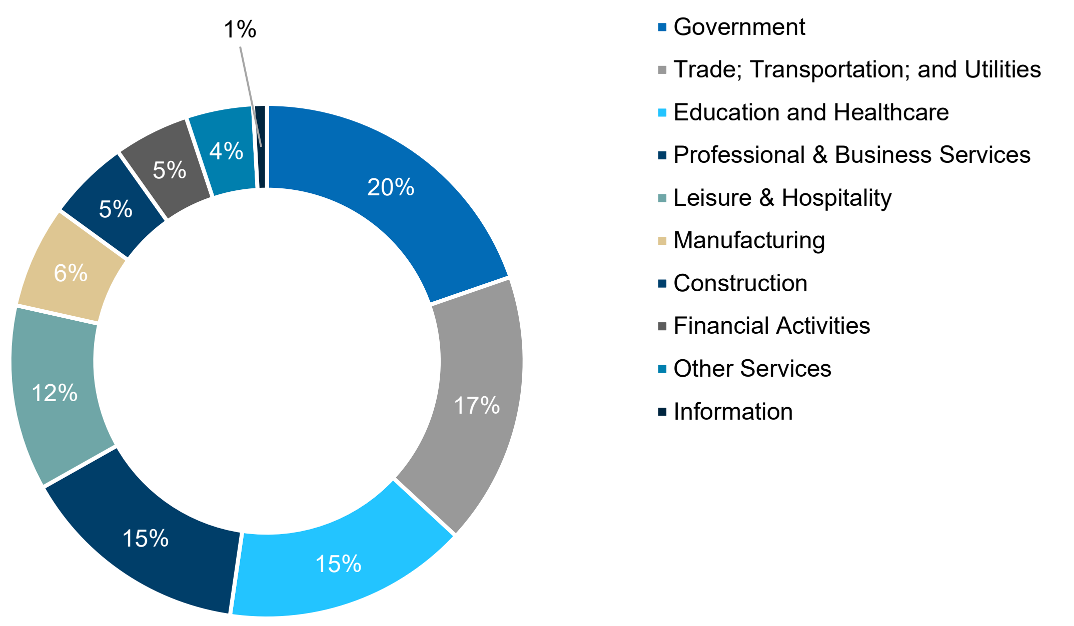
Source: U.S. Bureau of Labor Statistics, Hampton Roads

*October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

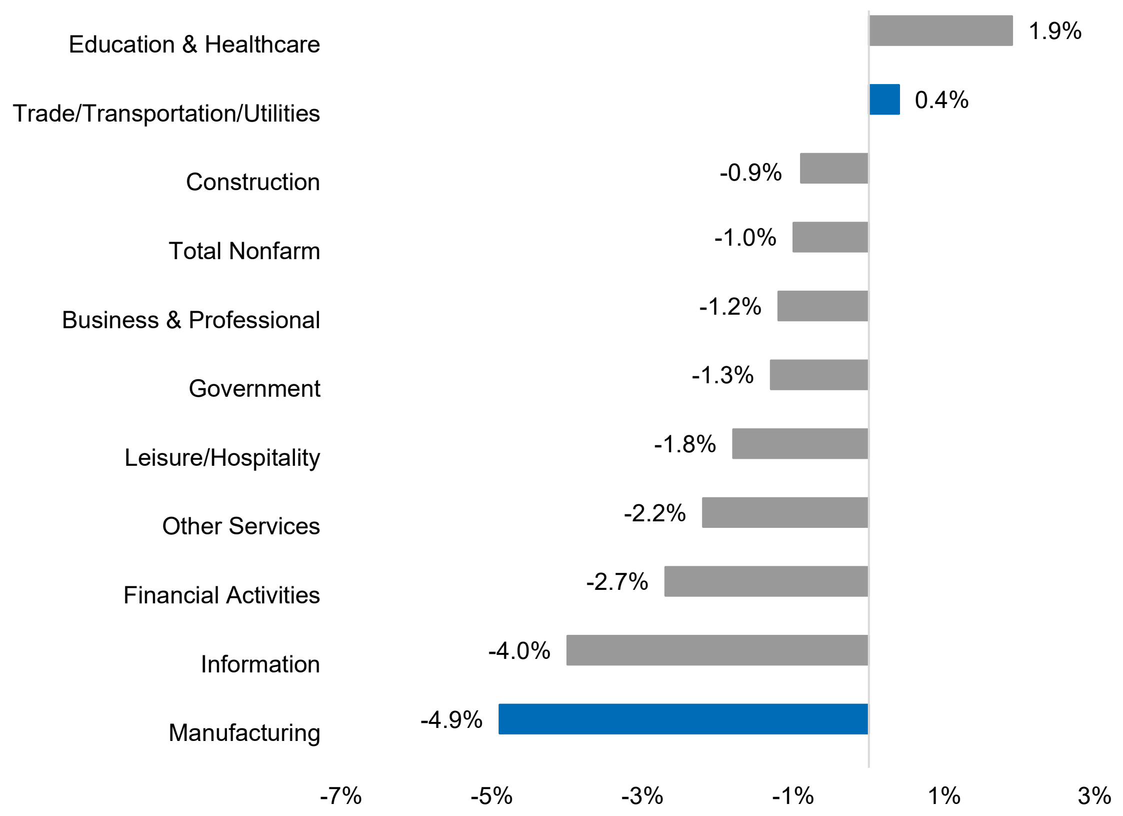
Total Employment Down Year-Over-Year

Hampton Roads has a relatively balanced local economy anchored by a mix of public-sector employment and industrial- and service-oriented private industries. Over the past 12 months, total nonfarm employment declined 1.0%, with manufacturing declining 4.9%. Despite this negative movement, Trade/Transportation/Utilities saw a slight employment growth of 0.4% and remains the second-largest sector in the region, accounting for 17.0% of total regional employment.

Employment by Industry, May 2026



Employment Growth by Industry, 12-Month % Change, May 2026



Source: U.S. Bureau of Labor Statistics, Hampton Roads

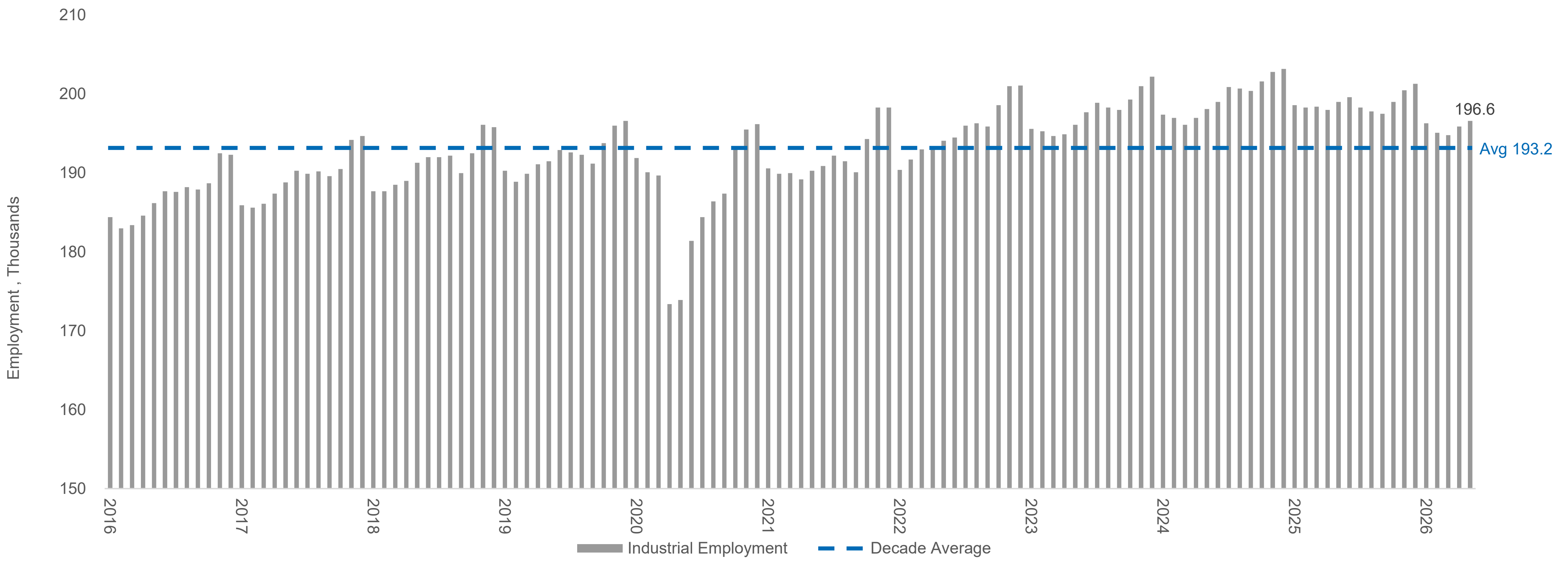
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information

*October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

Industrial Employment Remains Strong

Industrial employment in Hampton Roads remained strong to begin 2026. As of May of 2026, industrial employment totaled approximately 196,600 jobs, representing a 1.2% decline year-over-year, however 1.8% above the ten-year average of roughly 193,200 jobs. Industrial employment remains notably above pandemic-era lows, up 13.4% from the trough recorded in April of 2020, highlighting the sector’s longer-term recovery even as near-term conditions moderate.

Industrial Employment



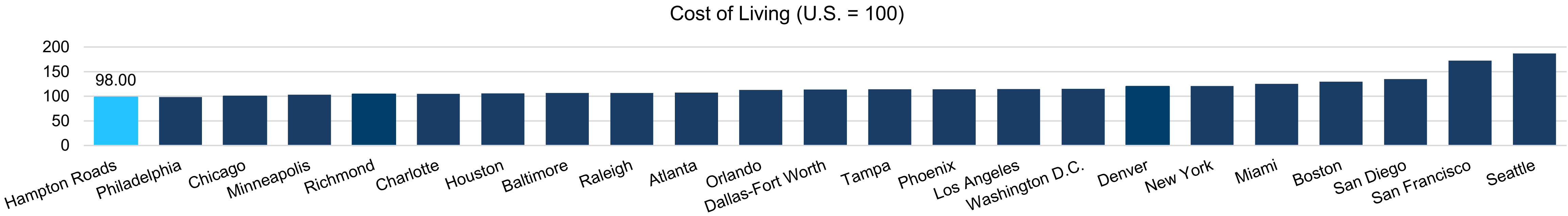
Source: U.S. Bureau of Labor Statistics, Hampton Roads

*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing.

Hampton Roads Has a Top Business Climate

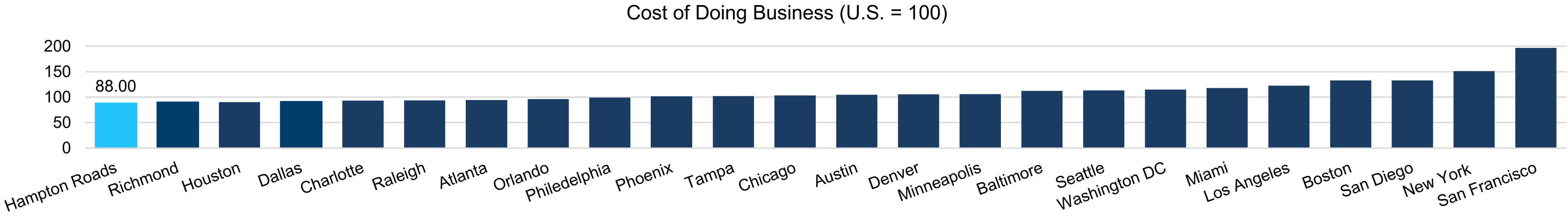
The Hampton Roads metro has the lowest cost of doing business among the largest and most comparable metros in the U.S. This lower cost of doing business contributes to Hampton Roads' attractiveness as a place to call home. Furthermore, Hampton Roads has the lowest cost of living and is considered very affordable relative to large and comparable metros nationally. This allows Hampton Roads to be extremely competitive in providing people and employees a better quality of life.

Business Climate



#1 Lowest Cost of Living Among the Largest and Most Comparable Metros

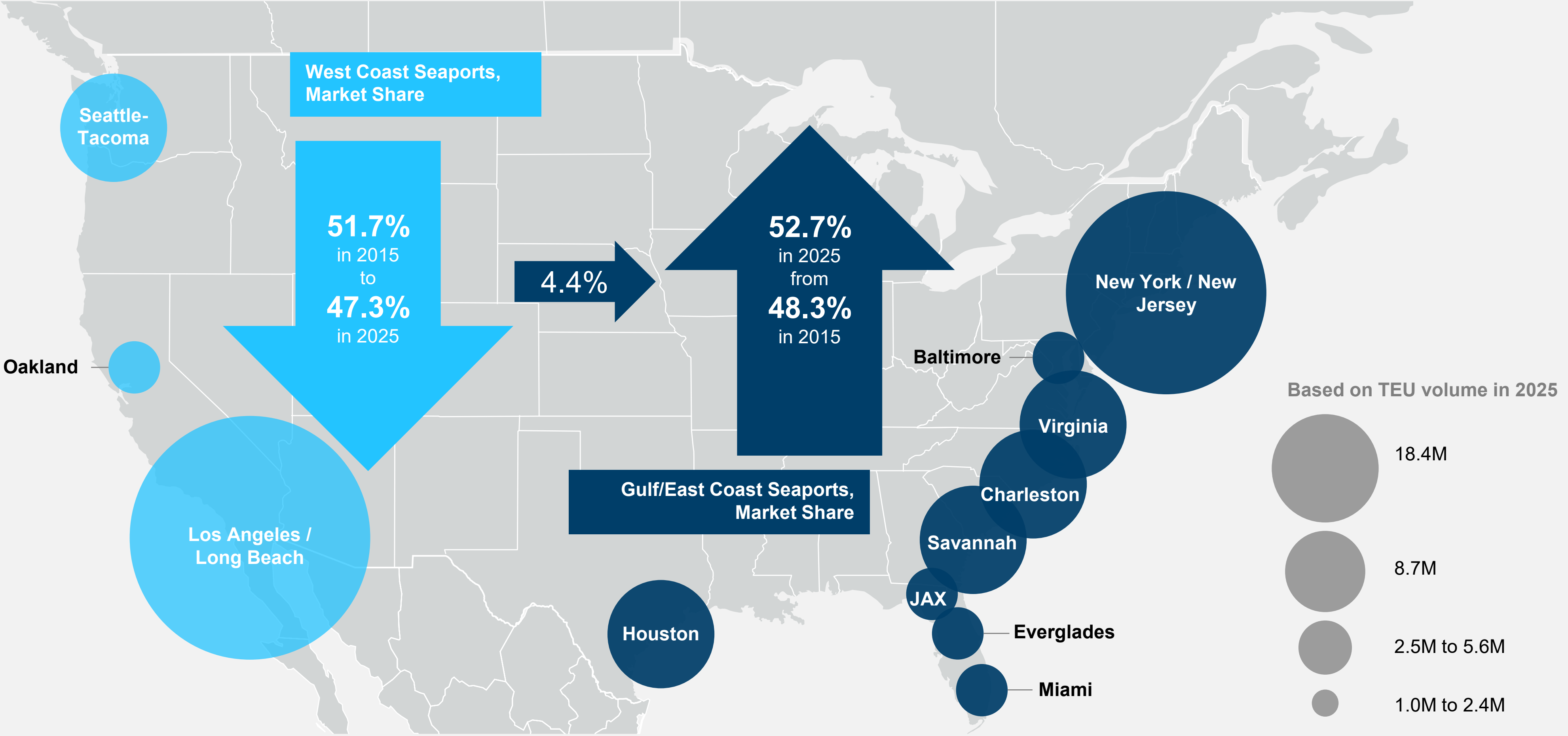
#1 Lowest Cost of Doing Business Among the Largest and Most Comparable Metros



Source: Newmark Research, Moody's Analytics

Import Market Share Has Been Shifting Eastward

Over the last decade, U.S. Gulf and Eastern seaports have steadily gained market share from the West Coast seaports thanks to the investment in accommodating larger container vessels and other supportive infrastructure. Additionally, global supply chains are moving from China toward friendlier South Asian countries like India, which align with East Coast sea routes for cost and speed-to-delivery considerations. Current U.S. rhetoric and trade policy is accelerating this shift. All of these factors benefit the Port of Virginia, as well as its surrounding industrial markets.



Source: Newmark, port websites.

02

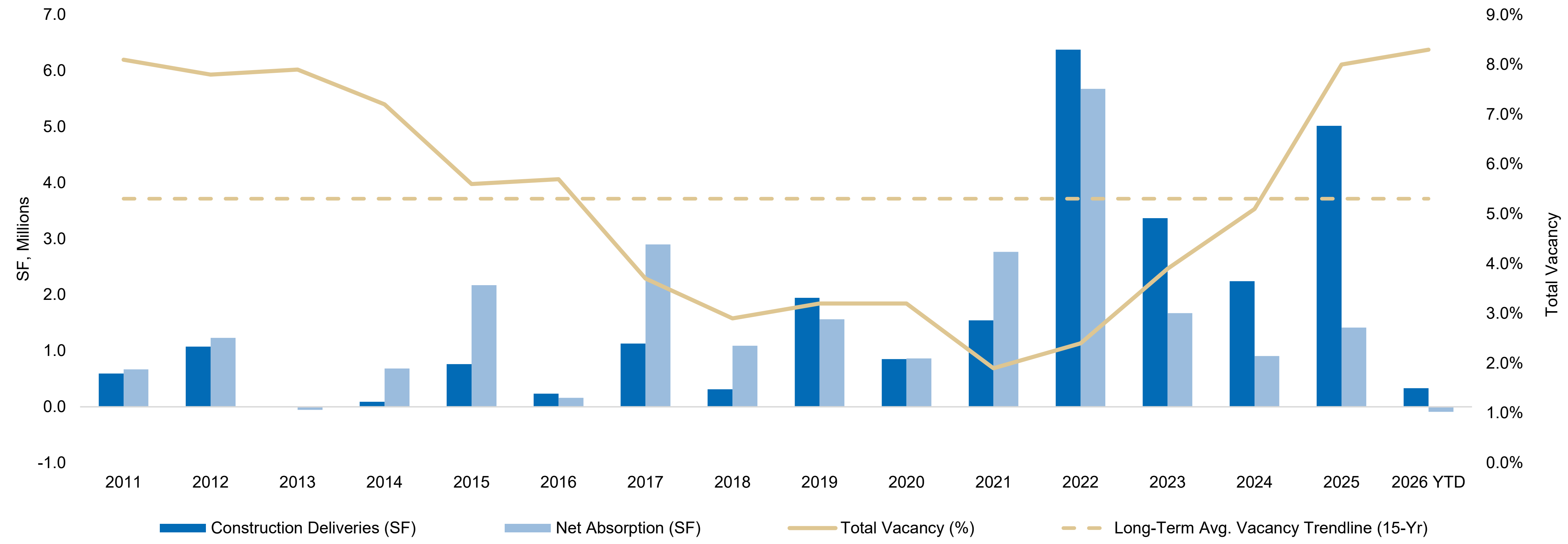
Leasing Market Fundamentals

2Q26

Market Fundamentals Remain Healthy to Begin 2026

Since 2022, the Hampton Roads industrial market has experienced expanding vacancies amid elevated delivery activity and moderating demand. During the second quarter, the market experienced over 765,000,000 SF of negative net absorption, largely due to Keurig Dr Pepper vacating almost 350,000 SF of space at 25400 Old Mill Road in Windsor. As a result, vacancy expanded 90 basis points, ending the quarter at 8.3%. Despite the expansion in the vacancy rate, the market remains healthy relative to many markets nationally. With additional projects remaining in the construction pipeline, near-term fundamentals will remain sensitive to leasing velocity, and sustained improvement will depend on continued tenant demand to better absorb new inventory.

Historical Construction Deliveries, Net Absorption, and Vacancy

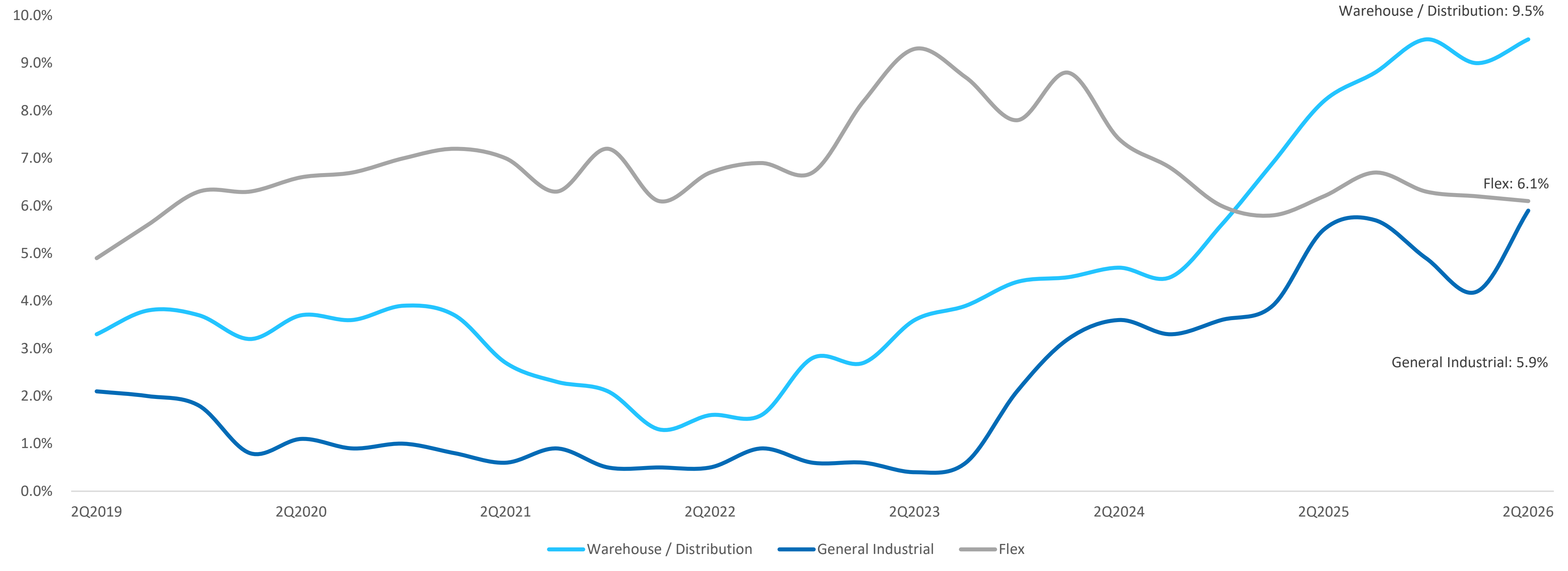


Source: Newmark Research

Industrial Market Sees Mixed Vacancies Across All Product Types

The Hampton Roads market ended the second quarter of 2026 with mixed vacancy trends, showing an overall quarterly increase and a year-over-year increase. This was led by Warehouse/Distribution product, which increased 130 bps year-over-year to 9.5%. General Industrial product followed suit by expanding 40 bps year-over-year and ending the quarter with a 5.9% vacancy rate. Flex product saw a 10 bps decrease year-over-year, ending the second quarter of 2026 at 6.1%.

Hampton Roads Industrial Total Vacancy: Warehouse / Distribution Vs. General Industrial Vs. Flex

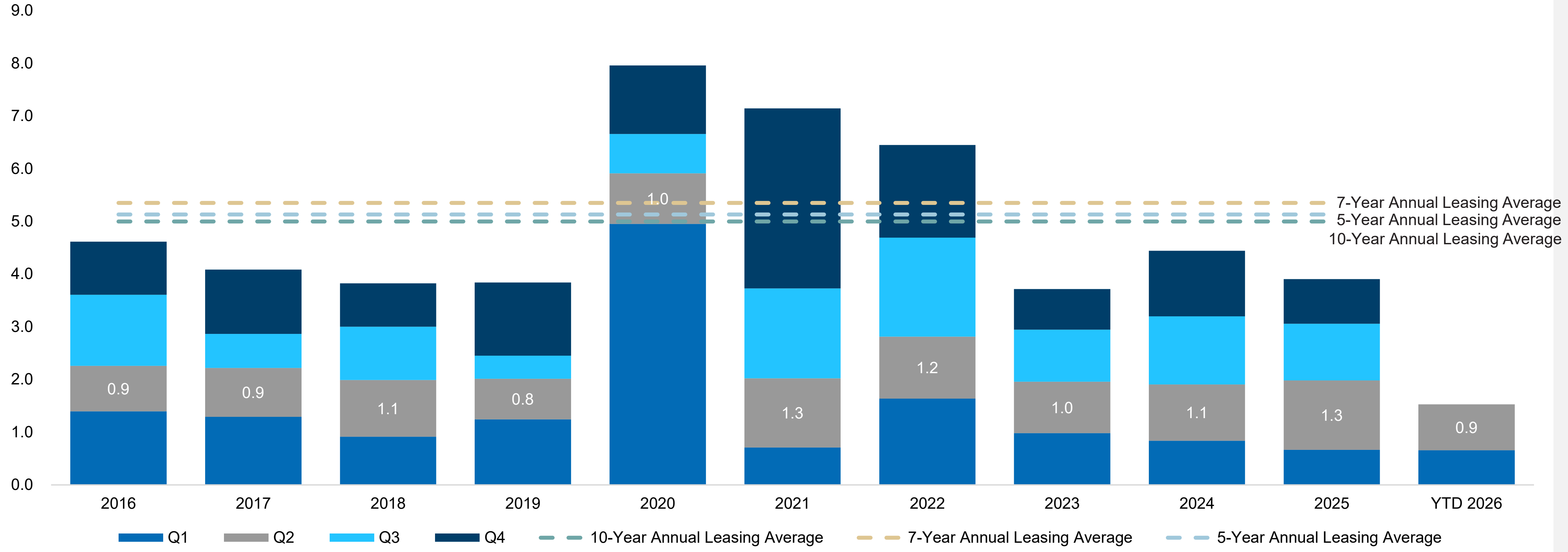


Source: Newmark Research

Industrial Leasing Activity Down Compared to Second Quarter of 2025

The Hampton Roads industrial market's leasing activity was relatively slow during the second quarter of 2026, ending the quarter with approximately 860,000 SF of activity. This follows a four-year trend of declining leasing activity since the market hit a peak of 8.0 MSF during 2020. Despite the recent slowdown, the region's strategic positioning as a logistics and defense-oriented market, supported by port activity and mission-critical supply chains, should continue to generate steady industrial demand. Current tenants in the market activity indicates a significant pending rebound in leasing activity in the second half of 2026 and into 2027.

Total Leasing Activity (msf)

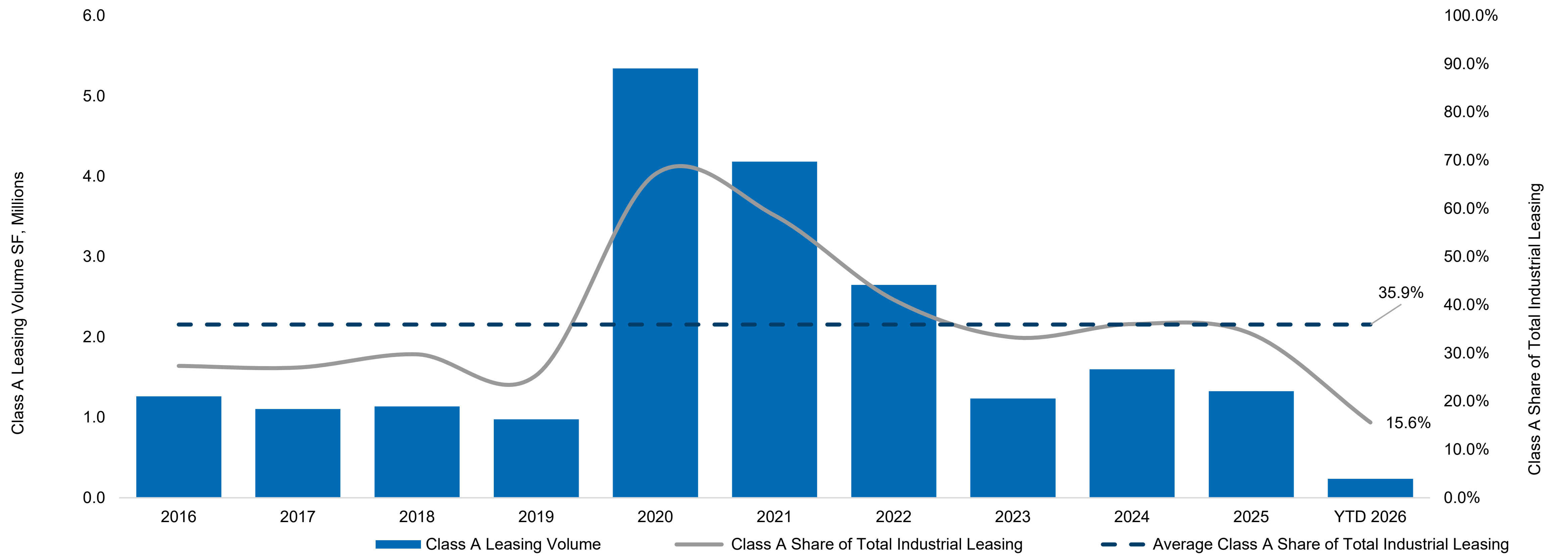


Source: Newmark Research

Class A Share of Industrial Leasing Below Recent Highs

Class A industrial leasing activity has seen consistent declines since the market saw record-highs from 2020 to 2022. During the second quarter of 2026, Class A space accounted for only 15.6% of total industrial leasing, drastically below the 10-year average of 35.9%. This is an abnormality over recent years and is likely not indicative of a future trend. The Hampton Roads market had trailed its peers in new construction for years, resulting in limited Class A inventory volume prior to 2020. The market started seeing an increase in Class A deliveries during 2020, which is when Class A leasing volume accelerated. Class A leasing activity is directly correlated to new deliveries, therefore leasing activity will continue as current construction delivers.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

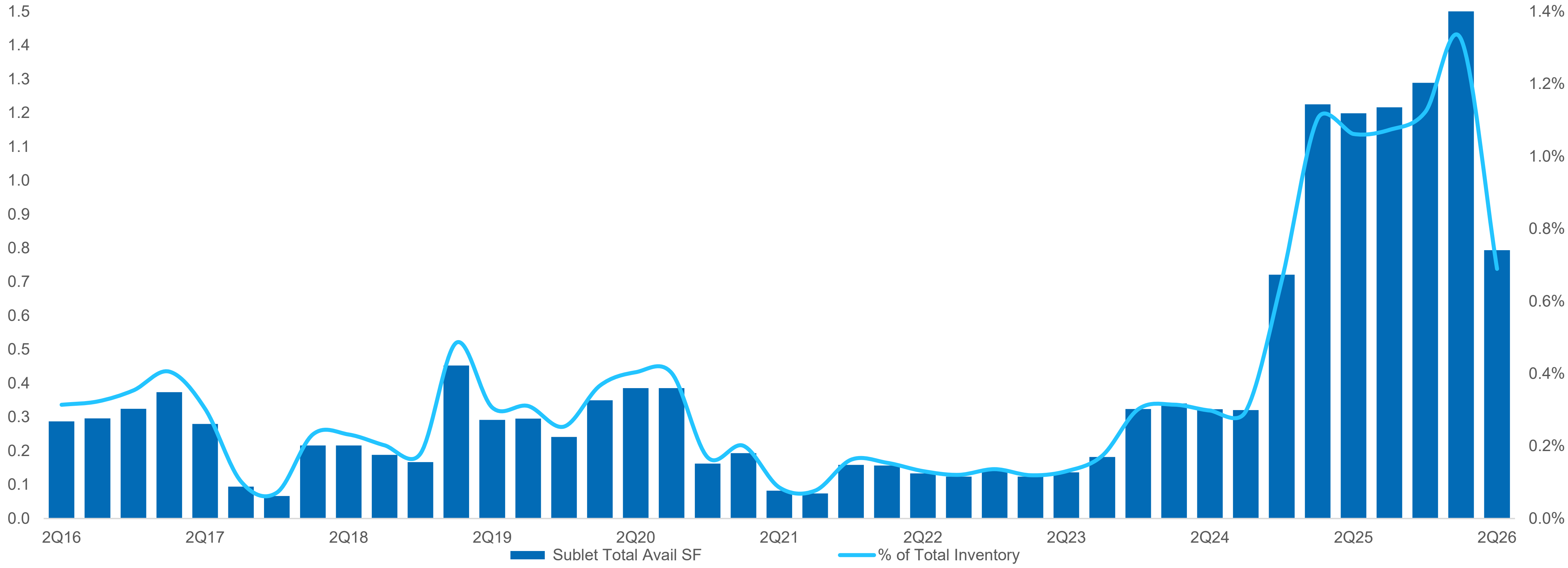


Source: Newmark Research

Industrial Sublease Availability Decreases During Second Quarter

Available sublease space significantly decreased, totaling approximately 800,000 SF at the end of Q2 2026 and accounting for 0.7% of total market inventory. While sublease availability remains relatively tight, current levels are nearly three times the ten-year average and roughly a 34.0% decrease year-over-year.

Available Industrial Sublease Volume (MSF) and % of Total Inventory

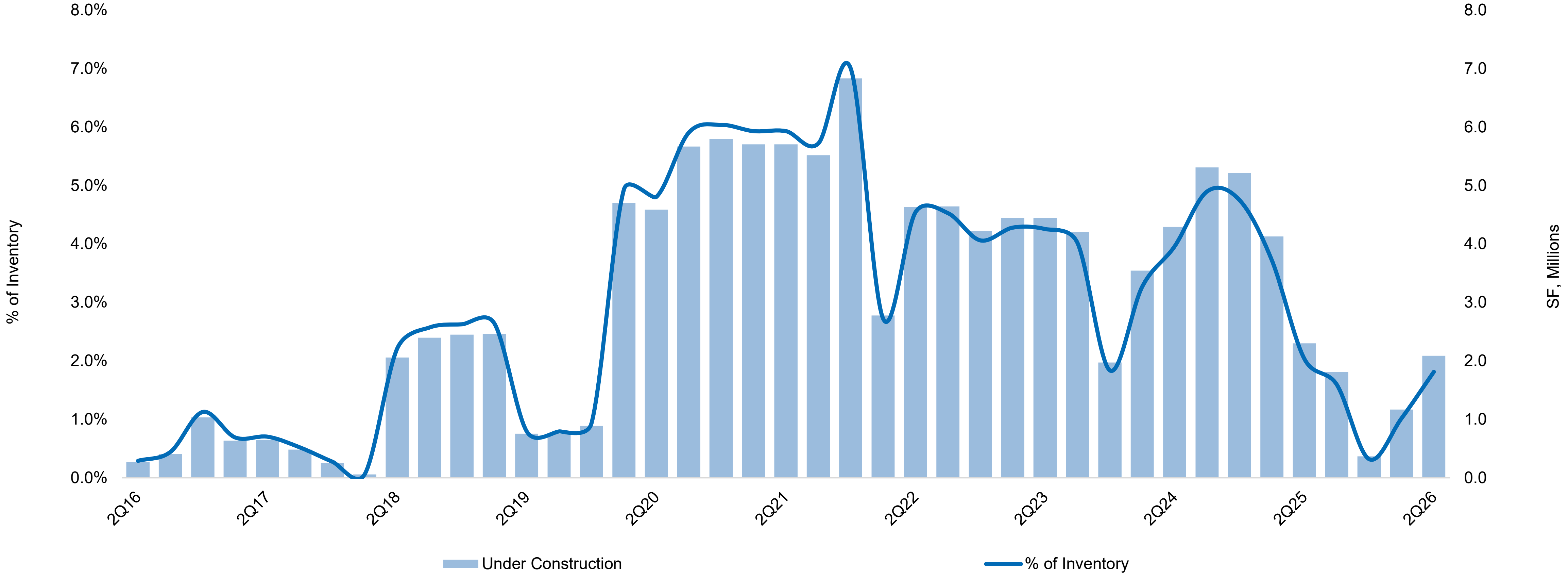


Source: Newmark Research

Industrial Construction Eases from Recent Peak Levels

Industrial construction activity in Hampton Roads has slowed significantly in recent years. The market ended the second quarter of 2026 with approximately 2.0 MSF under construction, representing 1.8% of total inventory. Overall, the construction pipeline lags behind the five-year average of 3.9 MSF and the ten-year average of 2.9 MSF. This marks a sharp pullback from the recent development cycle peak of 6.8 MSF under construction at the end of 2021, reflecting a combination of project completions, fewer speculative starts, and more disciplined capital deployment. Since then, the market has maintained construction levels above historical averages. However, the reduced construction pipeline should help limit new vacancy pressure in the near term.

Industrial Under Construction and % of Inventory

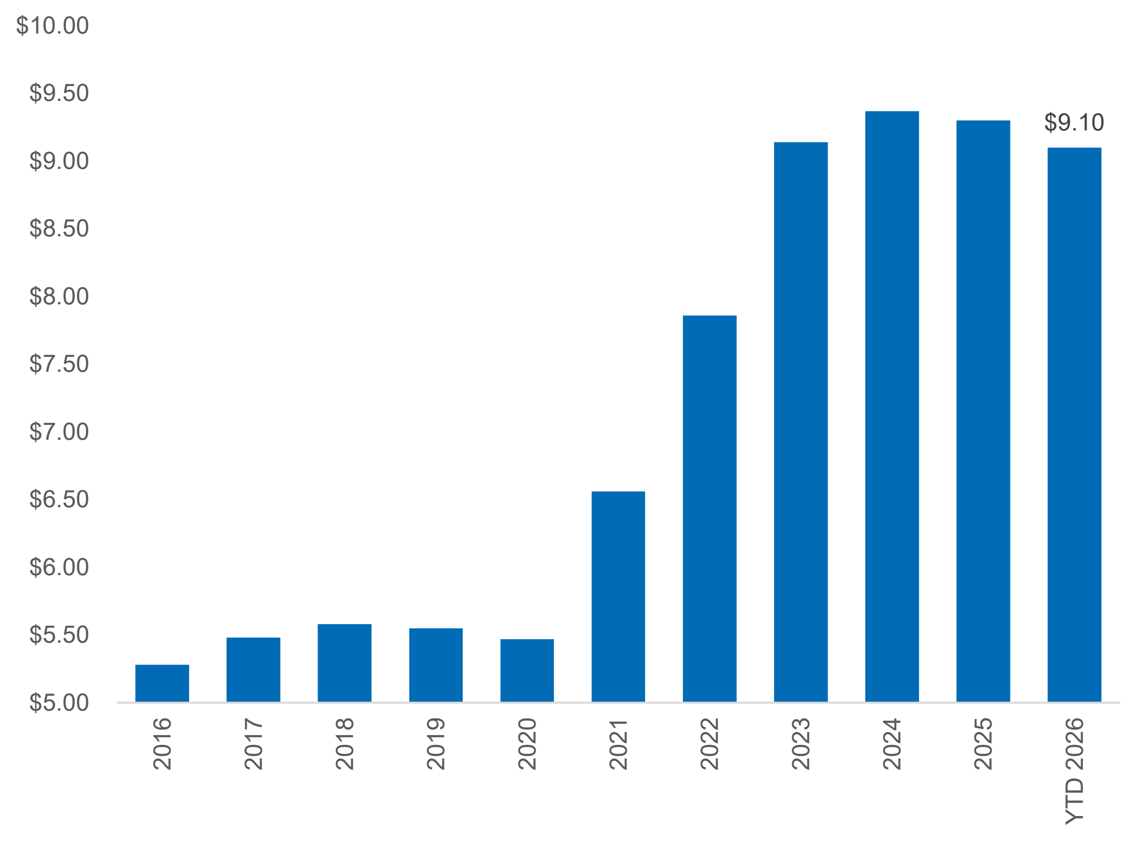


Source: Newmark Research

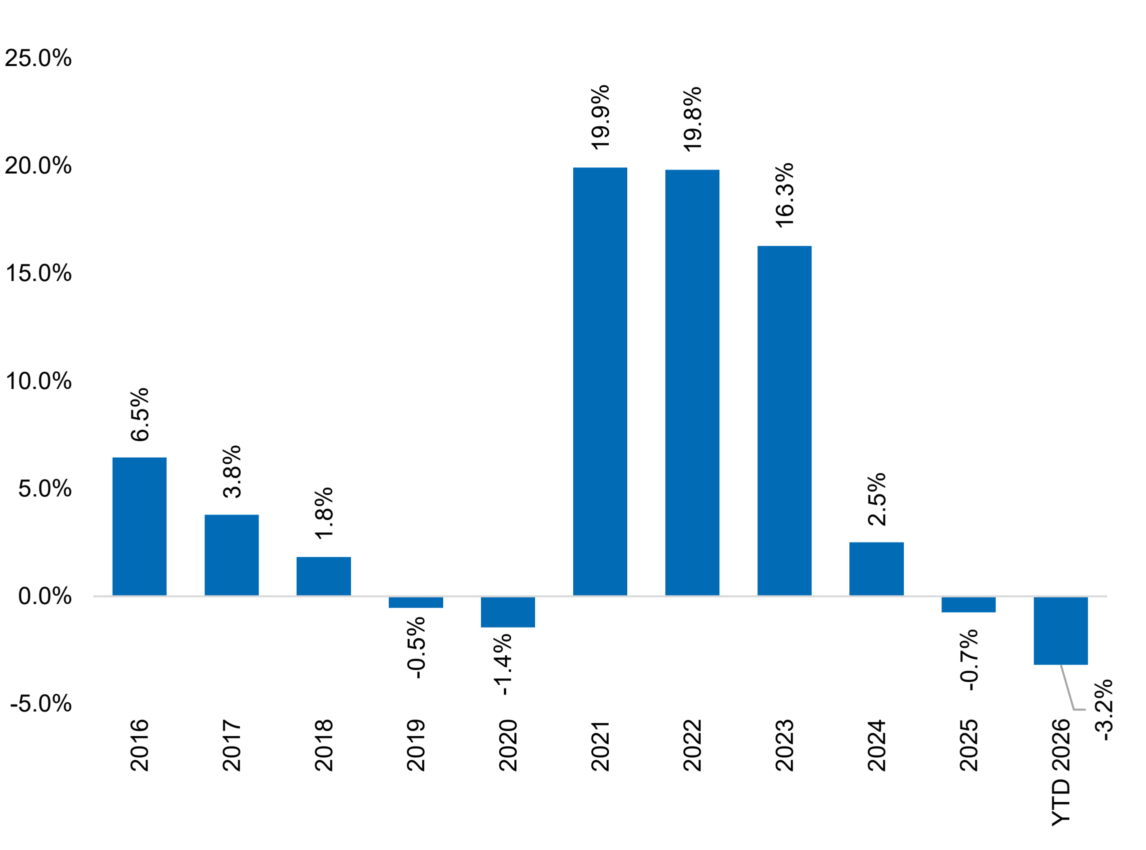
Asking Rents Decline Year-Over-Year

Average asking rents ended the second quarter of 2026 at $9.17/SF, reflecting a 2.3% decline year-over-year and a 2.3% decrease quarter-over-quarter. While overall market rents fell slightly due to large bomber vacancies skewing the figures, the core of the market continues to see strong rent growth. Despite the overall deceleration, asking rents remain 67.6% higher than 2020 levels, underscoring the market's long-term pricing strength even as supply pressures and leasing normalization temper near-term momentum.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research

Please reach out to your
Newmark business contact for this information

Please reach out to your
Newmark business contact for this information

03

Market Statistics

2Q26

Please reach out to your
Newmark business contact for this information

Liz Berthelette
Managing Director

Head of Northeast Research &
National Life Science Research

elizabeth.berthelette@nmrk.com

Kevin Sweeney
Associate Director
Mid-Atlantic Research

kevin.sweeney@nmrk.com

Chad Braden
Senior Research Analyst
Mid-Atlantic Research

chad.braden@nmrk.com

Salini Thiraviyarajah
Research Analyst
Mid-Atlantic Research

salini.thiraviyarajah@nmrk.com

District of Columbia
1899 Pennsylvania Avenue,
NW Suite 300
Washington, DC 20006
t 202-331-7000

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.