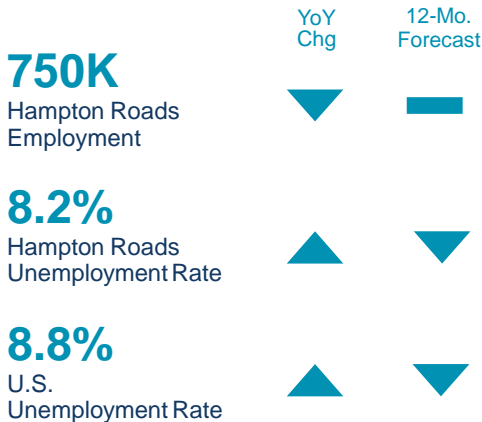


Overall, Net Asking Rent

## ECONOMIC INDICATORS Q3 2020



Source: BLS

## ECONOMY: COVID-19 Recovery

The Hampton Roads economy posted an 8.2% unemployment rate for the third quarter. The military continues to act as a buffer for the region with defense spending cushioning the effects of the COVID-19 induced economic shutdown. The Port of Virginia recorded their best September on record, having processed over 256,000 TEUS. Tourism, another major component of the regional economy, has fared far worse this year with the Hampton Roads' hotel industry experiencing a 66% year-over-year decline in revenue. Residential home sales continue to increase each month. The Home Price Index for the region increased by 5% year-over-year, eclipsing the state and national averages over the same time period. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

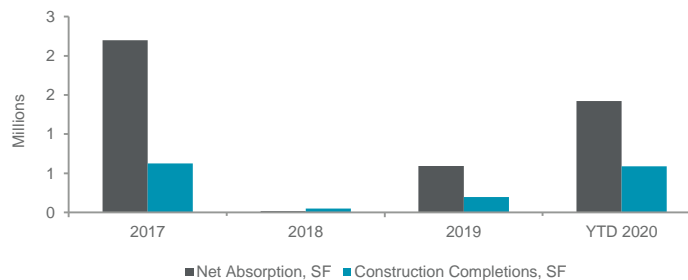
## SUPPLY: Record Low Vacancy Continues

Vacancy continues to drop to unimaginable levels. Removing flex product from our analytics, the current warehouse and logistics inventory is at 2.4% vacancy. The end of Q3 resulted in multiple +50,000 square foot (sf) transactions that removed large blocks of space from the Region's inventory. CMP Global leased 84,000 sf at MDH Partner's Virginia Regional Commerce Park Building B. Amazon took down another 166,000 sf in Norfolk Industrial Park and another +/-300,000 sf across multiple buildings in Chesapeake. Equus looks to be well-positioned to capture big box requirements as site development and pre-construction is underway on the 350,000-sf speculative building at Virginia Port Logistics Park. This building will be the first large-scale speculative industrial construction to occur since Panattoni's Virginia Regional Commerce Park Building B in 2017.

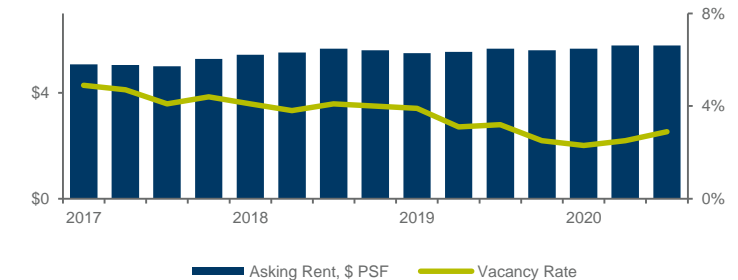
## DEMAND: Busier Than Normal Summer

While the first half of 2020 provided for mixed results due to COVID-19, industrial real estate activity was robust in Q3. The summer months experienced more activity than normal for our beach-minded region as companies sought to catch up while the local, state and national economies slowly reopened. Demand remains strong going into Q4 with extremely limited supply and quality properties being gobbled up off-market or shortly after coming on-market. Expect demand to continue as online shopping trends show no signs of slowing down and users begin implementing supply chain risk mitigation strategies.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# HAMPTON ROADS

## Industrial Q3 2020

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	YTD LEASING ACTIVITY (SF)**	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Copeland	11,248,297	409,995	40,244	3.7%	6,159	53,934	0	\$5.75	N/A	N/A
Gloucester	225,794	37,200	0	16.5%	0	0	0	N/A	N/A	N/A
Oakland	4,569,659	62,359	7,500	1.4%	0	65,229	0	\$6.40	N/A	\$6.50
Oyster Point	4,491,675	99,538	10,637	2.3%	1,063	14,228	0	N/A	\$15.25	\$6.98
Williamsburg	8,491,781	147,433	5,500	1.8%	-117,300	219,835	0	N/A	N/A	\$7.38
Airport Industrial Park	3,621,014	69,527	27,150	2.6%	-7,700	329,364	0	\$7.50	N/A	\$5.34
Bainbridge	10,598,582	412,142	32,024	3.9%	23,650	112,356	0	N/A	\$12.14	\$7.10
Cavalier	6,066,256	202,117	56,025	3.8%	-27,450	5,946	680,000	\$5.25	N/A	\$7.31
Central Norfolk	4,959,650	293,454	6,835	5.9%	-43,643	-208,925	0	N/A	N/A	\$4.67
Cleveland	3,101,368	29,133	0	0.9%	0	11,682	0	N/A	\$10.60	\$12.95
Greenbrier	2,418,780	156,877	59,886	6.8%	-15,610	15,229	0	N/A	N/A	\$7.25
Isle of Wight	4,122,879	0	0	0.0%	32,687	32,687	0	N/A	N/A	N/A
Lynnhaven	8,957,378	149,186	85,805	2.3%	542,970	606,386	622,000	N/A	\$11.73	\$6.18
Norfolk Industrial Park	7,757,997	255,108	18,700	3.7%	-27,180	-14,902	0	N/A	N/A	\$6.14
North Suffolk	2,276,942	0	73,856	0.0%	0	89,137	0	N/A	N/A	\$6.75
Portsmouth	4,200,702	103,600	54,200	2.8%	-17,975	55,209	0	N/A	N/A	\$4.42
South Suffolk	11,977,633	481,447	3,545	4.0%	-38,379	22,321	3,800,000	N/A	N/A	\$3.87
West Norfolk	2,561,345	31,000	12,090	1.3%	24,909	14,109	0	\$7.37	N/A	\$6.65
<b>HAMPTON ROADS TOTALS</b>	<b>101,647,732</b>	<b>2,940,116</b>	<b>493,997</b>	<b>2.9%</b>	<b>336,201</b>	<b>1,423,825</b>	<b>4,542,000</b>	<b>\$6.04</b>	<b>\$12.03</b>	<b>\$5.47</b>

\*Rental rates reflect weighted net asking \$psf/year

\*\*Does not include lease renewals

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

### KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Virginia Regional Commerce Park Building B	Route 460/Suffolk	CMP Global	83,700	New
3700 Progress Road	Norfolk Industrial	Orograin Bakeries Sales	20,300	Renewal
5712 Bayside Road	Airport Industrial Park	East Coast Logistics T/A Seko Logistics, LLC	19,200	Renewal
820 Port Centre Parkway	Portsmouth	Smart Screens	14,200	New

### KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Prologis Portfolio	Variou	Prologis / Equus Capital Partners	655,852	\$57M / \$86
5803 Curlew Dr	Norfolk	East Coast Repair & Fabrication / ADS Inc	37,128	\$1.9M / \$51
2652 Excalibur Court	Lynnhaven	Capital Group Companies Inc / SJS Executives LLC	42,000	\$3.6M / \$86

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