

FIGURES | NORFOLK INDUSTRIAL | Q1 2026

# Industrial Fundamentals Weaken as Vacancy Increases Accelerate

▲ 7.5%  
Vacancy Rate

▼ (837,219)  
SF Net Absorption

▼ 288,990  
SF Construction Delivered

▼ 53,760  
SF Under Construction

▲ \$9.34  
NNN/YR Direct Lease Rate

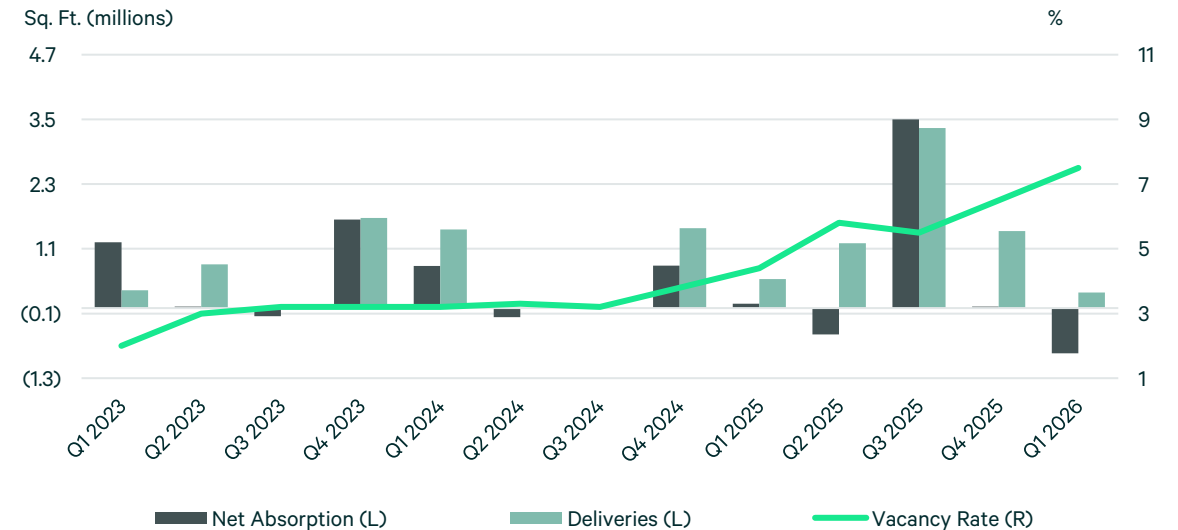
Note: Arrows indicate change from previous quarter.

## Market Overview

The Norfolk Industrial market has been shifting from a tightly-supplied environment to one defined by rising vacancy and softer demand. Vacancy climbed from 2.0% in Q1 2023 to 7.5% in Q1 2026 as successive waves of new product were delivered. Construction peaked at 6.6 million sq. ft. underway in Q4 2024 and had largely moved through the pipeline by Q1 2026. With only 54,000 sq. ft. remaining under construction, much of the new supply pressure has now hit the inventory.

Over the latest year, fundamentals deteriorated meaningfully. Compared with Q1 2025, vacancy in Q1 2026 increased by 3.1 percentage points while availability rose by 3.3 percentage points, and net absorption swung from a positive 86,000 sq. ft. to negative 837,000 sq. ft. This loosening translated into modest pricing pressure: the average asking rate edged down from \$9.70 in Q1 2025 to \$9.34 in Q1 2026. Even on a quarterly basis, conditions weakened, with vacancy up 1.0 percentage points from Q4 2025 despite deliveries falling from 1.4 million sq. ft. to 289,000 sq. ft., underscoring that demand had not kept pace with the expanded inventory.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Vacancy Rate

The market vacancy rate finished Q1 2026 at 7.5%, an increase from 6.5% during the prior quarter. Vacancy rose 3.1 percentage points from 4.4% in Q1 2025, and over the last three years it has climbed 5.5 percentage points from where it was at the beginning of 2023. This trend was primarily driven by an active industrial pipeline that outpaced market demand.

In Q1 2026, Newport News / York and Oyster Point / Middle Peninsula posted the lowest vacancies in the metro at 0.7%, followed by Lynnhaven at 1.6%. Suffolk recorded the highest vacancy rate at 12.4%.

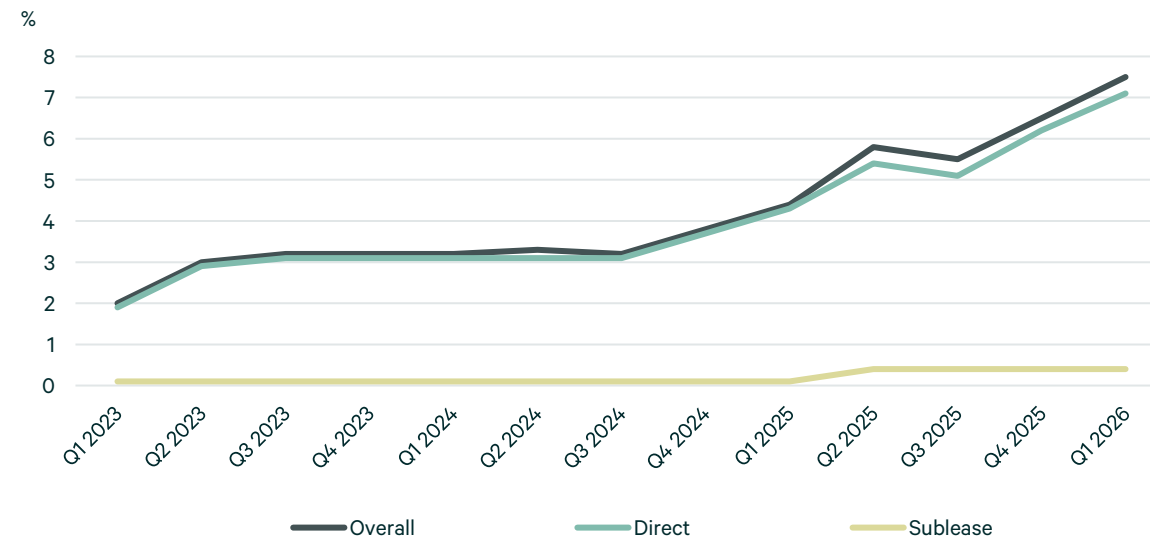
Sublease space also increased slightly in Q1 2026, with a vacancy rate of 0.4% compared to 0.35% in Q4 2025.

## Asking Rent

The market-wide average asking rent remained steady at \$9.34 per sq. ft. in Q1 2026 with minimal change from the prior quarter. Year-over-year the market saw an overall 3.7% decrease from \$9.70 per sq. ft. in Q1 2025. Rising vacancy throughout 2025 compelled landlords to compete on asking rent and concessions to keep deals moving.

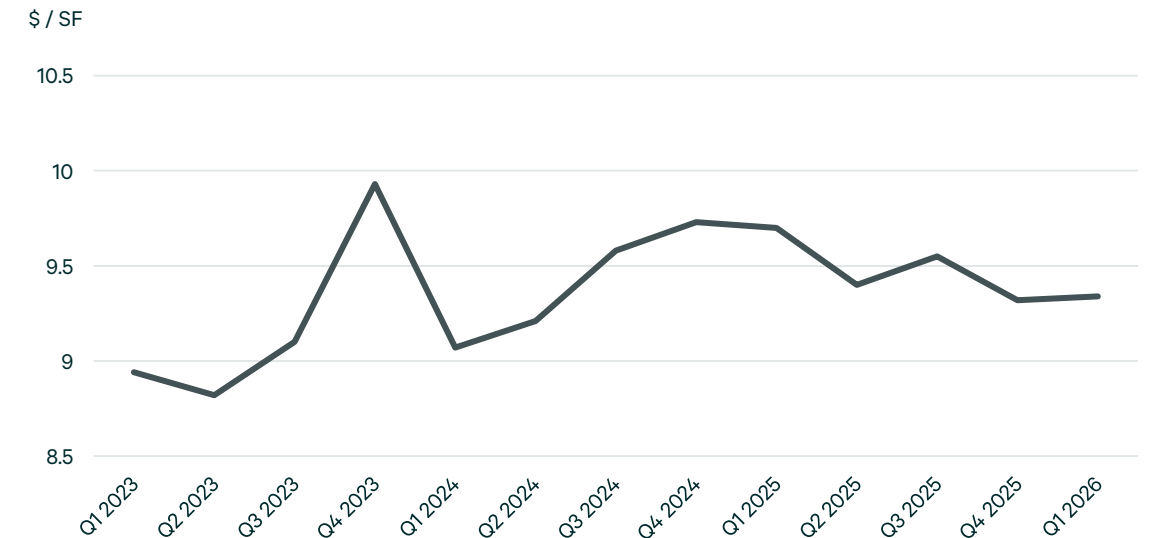
Norfolk Commerce Park / Central Norfolk posted the highest average asking lease rate at \$16.50 per sq. ft., with Greenwich / Cleveland next at \$12.94 per sq. ft., both on a triple net basis. The lowest average rate was recorded for the Isle of Wight / Franklin submarket, at \$7.60 per sq. ft.

Figure 2: Vacancy Rate



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

## Net Absorption

Net absorption turned negative in Q1 2026, reaching 837,000 sq. ft. of occupancy loss in Q1 2026. Over the last year, net absorption still totaled 2.2 million sq. ft., supported by a strong 3.5 million sq. ft. gain in Q3 2025 that was driven by the delivery of a 3.25 million sq. ft. Amazon facility in Virginia Beach. Removing this outlying activity shows a market with weakening demand that has been eclipsed by rapid supply growth.

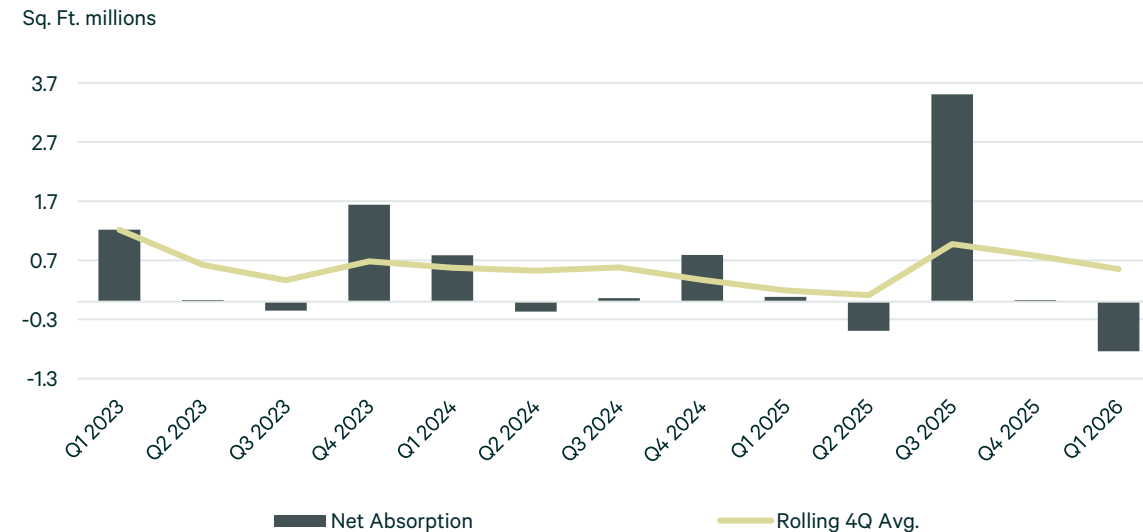
Positive net absorption for Q1 2026 was concentrated primarily in the Williamsburg Extended submarket with 144,000 sq. ft. for the quarter, supported by CEL Critical Power occupying 149,000 sq. ft. at Green Mount Logistics Center. Negative net absorption ultimately outpaced move-ins after nearly 350,000 sq. ft. of vacant space was listed for sublease at Virginia Port Logistics Center. The sublessor is GXO.

## Construction Activity

In Q1 2026, the market delivered 289,000 sq. ft. of new product while 54,000 sq. ft. remained under construction. For full-year 2025, 6.5 million sq. ft. was delivered, of which 57% was accounted for by five build-to-suit projects. The remaining 14 projects were speculative. The active pipeline contracted sharply in Q1 2026, down 82.5% quarter-over-quarter and 99.1% year-over-year from 6.2 million sq. ft. in Q1 2025. There were no new project starts this quarter, signaling that the market is reacting to lower demand and pulling back on new supply.

Under construction activity is now limited, with only two small projects still underway. The largest project is 341 Ed Wright Lane in Oyster Point / Middle Peninsula, a 35,000 sq. ft. warehouse building that is 100% pre-leased and expected to deliver in Q2 2026, alongside 820 Tluchak Lane in Bainbridge / S. Elizabeth River, a 19,000 sq. ft. flex project that is fully available for lease.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



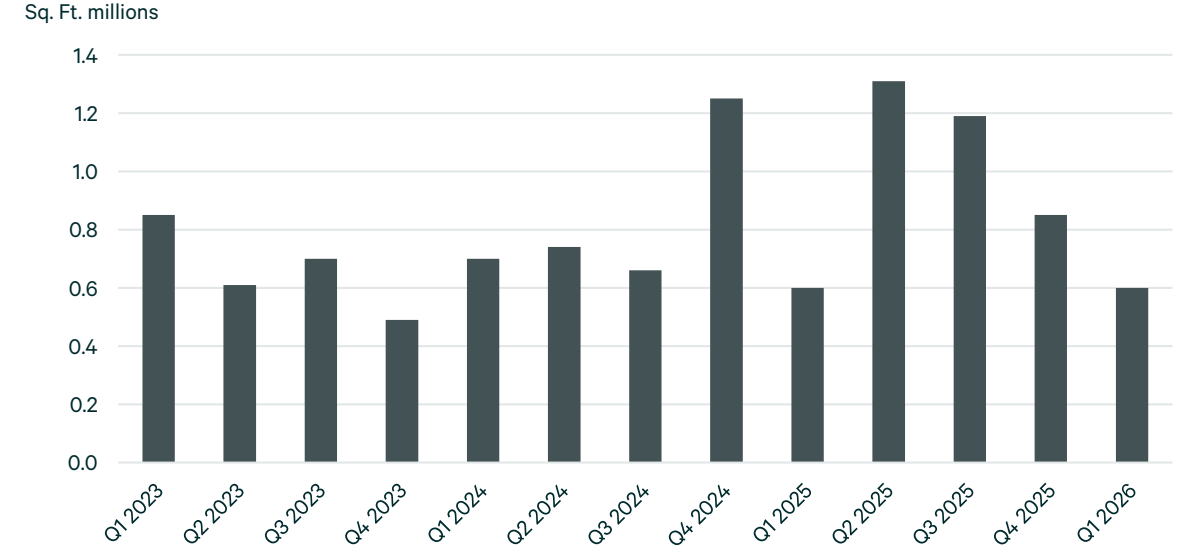
Source: CBRE Research, Q1 2026

## Leasing Activity

At the close of Q1 2026, leased area was 625,000 sq. ft., down 26% quarter-over-quarter but comparable to activity levels seen one year prior in Q1 2025. There were no bulk leases signed this quarter, with the largest deal being just 60,000 sq. ft. signed by Professional Analysis at 5901-5921 Thurston Avenue in the Airport Industrial Park submarket. Of the top five transactions, four were new leases that resulted in growth of the tenant’s footprint in the market. The largest renewal was signed by Centurion Group, who will be retaining 39,000 sq. ft. at 1431 Baker Road, also in the Airport Industrial Park submarket.

The Airport Industrial Park and Greenbrier submarkets recorded the highest leased areas at 123,000 sq. ft. and 119,000 sq. ft., respectively, reflecting the strongest leasing volumes by submarket.

Figure 6: Leasing Activity Trend



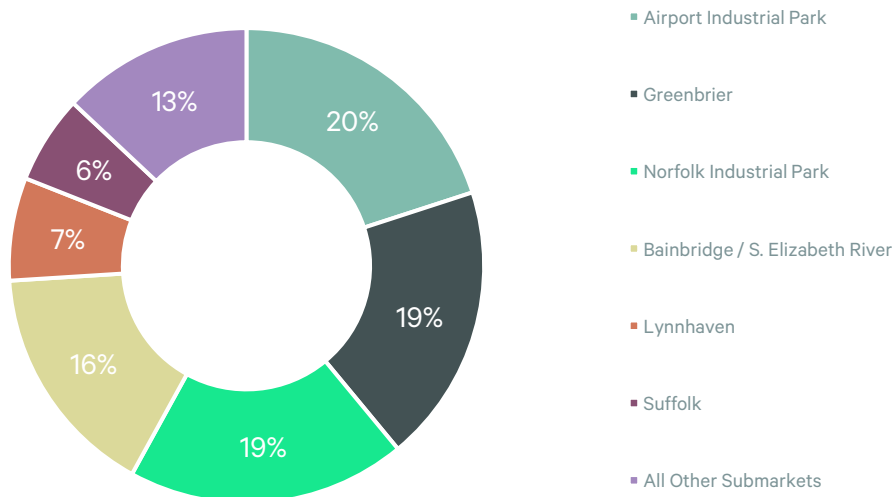
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Professional Analysis	60,000	New Lease	5901-5921 Thurston Ave	Airport Industrial Park
East Coast Appliance	41,000	New Lease	3321 E Princess Anne Rd	Norfolk Industrial Park
Gemsa Enterprises	40,000	New Lease	2626 Indian River Rd	Greenbrier
Centurion Group	39,000	Renewal	1431 Baker Rd	Airport Industrial Park
Undisclosed Tenant	30,000	New Lease	525 Byron St	Bainbridge / S. Elizabeth River
Undisclosed Tenant	29,000	New Lease	2200 Steppingstone Sq	Greenbrier
Confidential Tenant	27,000	Renewal	6701 College Dr	Suffolk
Undisclosed Tenant	22,000	New Lease	825 Greenbrier Cir	Greenbrier

Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

## Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport Industrial Park	3.72	7.6	7.7	5.9	1.9	9.57	(66,000)	(66,000)	-	-
Bainbridge / S. Elizabeth River	11.25	6.5	8.6	8.4	0.3	8.64	(252,000)	(252,000)	-	19,000
Cavalier Industrial Park	7.30	9.8	10.0	9.8	0.1	9.69	22,000	22,000	-	-
Copeland / Lower Peninsula	11.86	12.0	12.0	12.0	-	9.92	(46,000)	(46,000)	-	-
Greenbrier	2.81	12.2	11.3	11.3	-	9.46	51,000	51,000	-	-
Greenwich / Cleveland	2.89	4.2	5.0	4.2	0.8	12.94	2,000	2,000	-	-
Isle Of Wight / Franklin	4.11	11.6	11.6	11.6	-	7.60	(4,000)	(4,000)	-	-
Lynnhaven	13.69	1.6	1.8	1.6	0.2	12.39	23,000	23,000	43,000	-
Newport News / York	5.03	0.7	0.7	0.7	-	11.83	(22,000)	(22,000)	-	-
Norfolk Commerce Park / Central Norfolk	0.45	6.0	6.0	6.0	-	16.50	(23,000)	(23,000)	-	-
Norfolk Industrial Park	11.89	6.3	6.4	6.3	0.1	10.62	(200,000)	(200,000)	-	-
Oyster Point / Middle Peninsula	4.97	0.7	1.0	1.0	-	10.68	19,000	19,000	-	35,000
Portsmouth	4.88	8.5	10.2	8.7	1.5	8.78	(90,000)	(90,000)	-	-
Suffolk	26.40	12.4	17.0	12.2	4.8	8.80	(376,000)	(376,000)	246,000	-
West Norfolk	3.55	2.5	2.5	2.5	-	9.48	(21,000)	(21,000)	-	-
Williamsburg Extended	9.77	4.3	4.6	4.6	-	8.36	144,000	144,000	-	-
<b>Total</b>	<b>124.57</b>	<b>7.5</b>	<b>8.8</b>	<b>7.6</b>	<b>1.2</b>	<b>9.34</b>	<b>(837,000)</b>	<b>(837,000)</b>	<b>289,000</b>	<b>54,000</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	50.56	4.9	5.5	5.0	0.5	10.28	(473,000)	(473,000)	43,000	54,000
100,000-199,999 sq. ft.	16.86	7.5	8.8	8.7	0.2	8.60	(127,000)	(127,000)	-	-
200,000-299,999 sq. ft.	11.06	14.5	16.1	14.1	2.1	9.73	(77,000)	(77,000)	246,000	-
300,000-499,999 sq. ft.	14.70	16.7	16.7	16.0	0.7	8.68	(166,000)	(166,000)	-	-
500,000-749,999 sq. ft.	6.82	13.1	13.1	13.1	-	9.25	6,000	6,000	-	-
750,000 sq. ft.	24.57	2.7	6.5	2.7	3.7	8.67	-	-	-	-
<b>Total</b>	<b>124.57</b>	<b>7.5</b>	<b>8.8</b>	<b>7.6</b>	<b>1.2</b>	<b>9.34</b>	<b>(837,000)</b>	<b>(837,000)</b>	<b>289,000</b>	<b>54,000</b>

Source: CBRE Research, Q1 2026

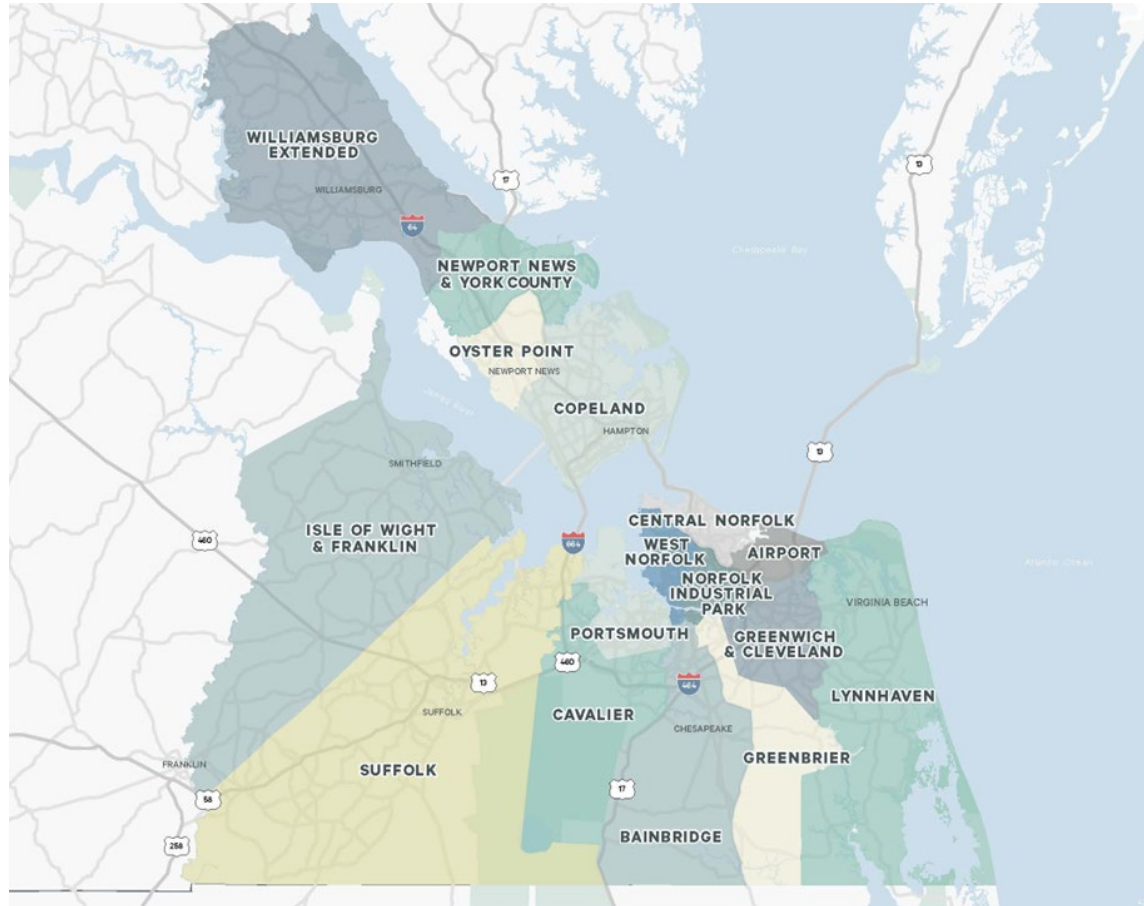
## Market Statistics by Product Type

Figure 11

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	111.70	7.8	9.3	7.9	1.3	9.11	(798,000)	(798,000)	289,000	35,000
R&D/Flex	12.87	4.8	5.0	4.7	0.3	12.35	(39,000)	(39,000)	-	19,000
<b>Total</b>	<b>124.57</b>	<b>7.5</b>	<b>8.8</b>	<b>7.6</b>	<b>1.2</b>	<b>9.34</b>	<b>(837,000)</b>	<b>(837,000)</b>	<b>289,000</b>	<b>54,000</b>

Source: CBRE Research, Q1 2026

## Market Area Overview



## Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

## Survey Criteria

CBRE's market report analyzes all classes of competitive single and multi-tenant industrial buildings that total 10,000+ sq. ft., including owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map. Owner-occupied buildings were first included in survey criteria starting Q1 2024.

## Contacts

**Katrina Subick**  
 Research Analyst  
 katrina.subick@cbre.com

**Erin Janacek**  
 Research Manager  
 erin.janacek@cbre.com

**Stephanie Jennings**  
 Research Director  
 stephanie.jennings@cbre.com