

FIGURES | NORFOLK INDUSTRIAL | Q2 2026

Leasing Improves While New Supply and Rents Moderate



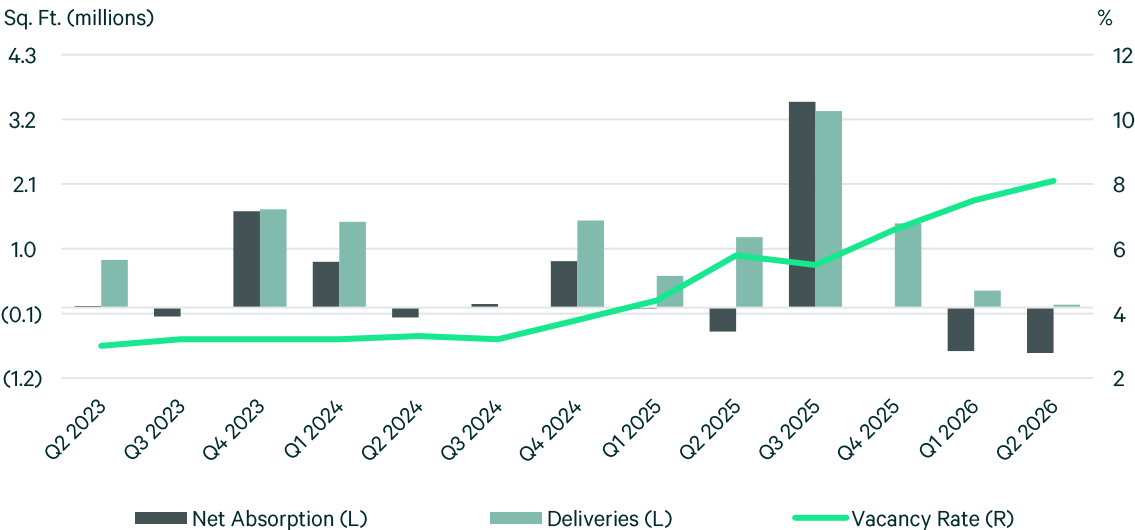
Note: Arrows indicate change from previous quarter.

Market Overview

Rising vacancy and availability continued to shape the market conditions during the second quarter, with vacancy increasing by 60 basis points (bps) to 8.1% for the overall market and availability reaching 9.6%. Demand continued to slow and the market recorded a net occupancy loss of 775,000 sq. ft. as significant move-outs overpowered new occupancy. These supply-heavy market conditions pushed the average asking rate down 1.6% quarter-over-quarter to \$9.20 per sq. ft.

Despite the weakened market fundamentals, the construction pipeline expanded this quarter with two projects totaling 1.3 million sq. ft. breaking ground. Both projects are estimated to deliver in 2027, so the latter half of 2026 will see a period of respite from new product entering the market.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions)



Source: CBRE Research, Q2 2026

Vacancy Rate

Industrial vacancy increased to 8.1% during the second quarter, up 60 basis points from the prior period and 230 basis points above Q2 2025. Successive waves of speculative completions sharply increased the vacancy rate as much of the new product was delivered vacant and remains in the lease-up phase.

At the submarket level, Newport News / York recorded the lowest vacancy rate at just 1.1%, while the Isle Of Wight / Franklin submarket posted the highest at 20.1% with 826,000 sq. ft. of direct space available.

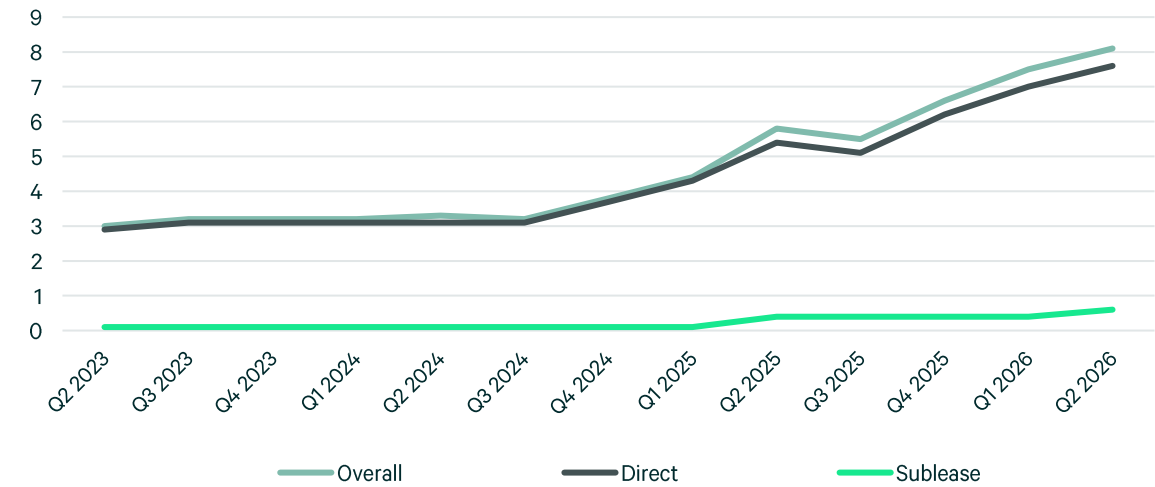
The sublease vacancy rate saw a slight increase of 14 basis points from the prior quarter, reaching 0.57% for the overall market.

Asking Rent

Market-wide industrial asking rent averaged \$9.20 per sq. ft. in Q2, down 1.6% from the prior period and 2.1% below its level one year earlier. Broken down by product type, RD/Flex space averaged an asking rate of \$12.30 per sq. ft. across the market, and warehouse space recorded an average of \$8.89 per sq. ft.

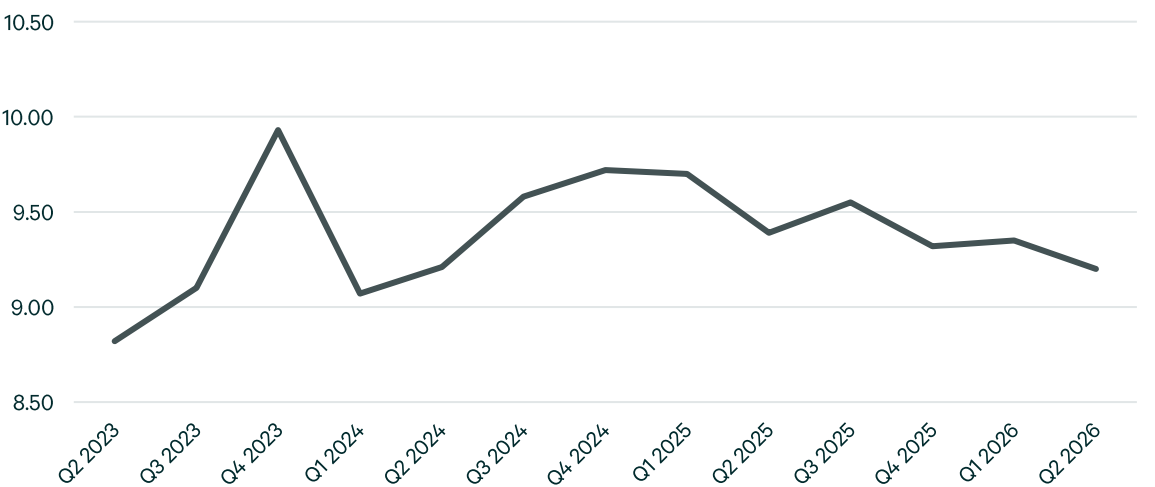
The Norfolk Commerce Park / Central Norfolk submarket posted the highest average asking rent in the market at \$16.50 per sq. ft., followed by the Greenwich / Cleveland submarket with an average rate of \$13.81 per sq. ft. The submarket with the lowest asking rate was the Isle of Wight / Franklin at \$7.60 per sq. ft.

Figure 2: Vacancy Rates
%



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate
\$/ SF



Source: CBRE Research, Q2 2026

Net Absorption

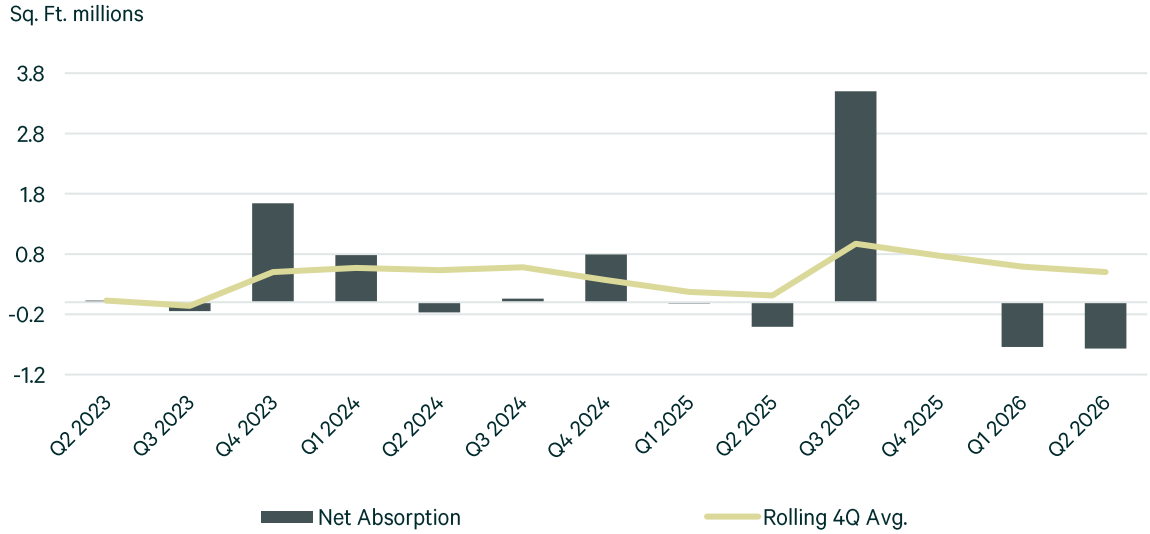
In Q2 2026, the industrial market registered an occupancy loss of 775,000 sq. ft. This activity reflected net space givebacks, such as Keurig Dr Pepper vacating 366,000 sq. ft. at Virginia Trade Center following the sale of the building to Schenley Investments. Several bulk move-outs quickly outpaced the few move-ins this quarter, keeping year-to-date absorption negative for 2026.

Negative absorption was seen most prominently in the Isle of Wight / Franklin submarket followed by Copeland / Lower Peninsula which recorded occupancy losses of 348,000 sq. ft. and 196,000 sq. ft., respectively.

Construction Activity

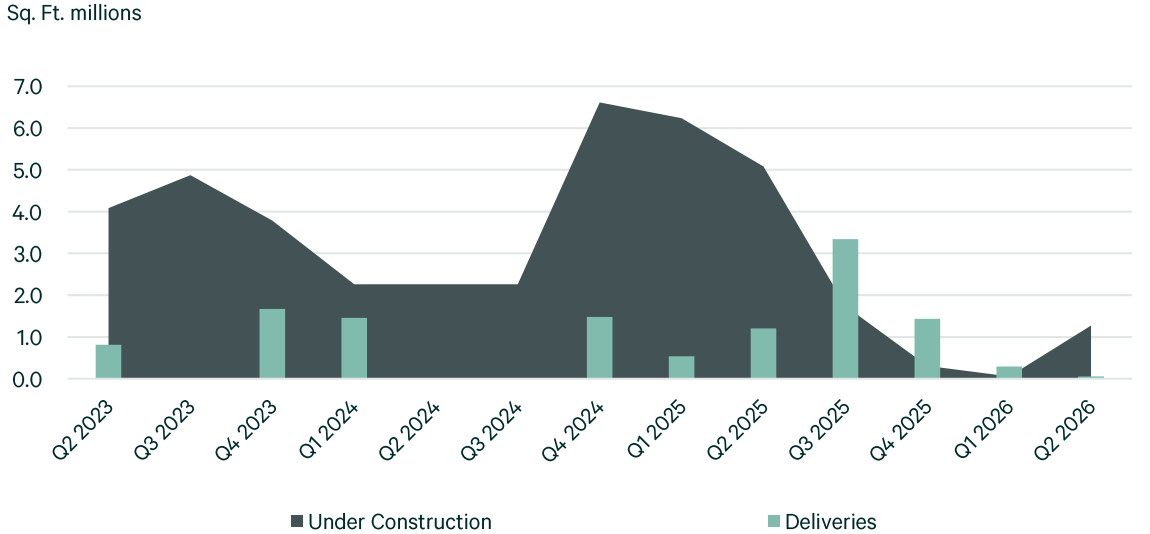
The construction pipeline rebounded during the second quarter after two new projects began construction. Matan broke ground on building 3 in their Port 460 Logistics Center in Suffolk, which is a speculative warehouse project planned to total over 1.0 million sq. ft. and is fully available for pre-lease. Also breaking ground this quarter was building 1 in the Lovett 64 Commerce Center in Williamsburg with a square footage of 221,000 sq. ft. and being developed by Lovett Industrial.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



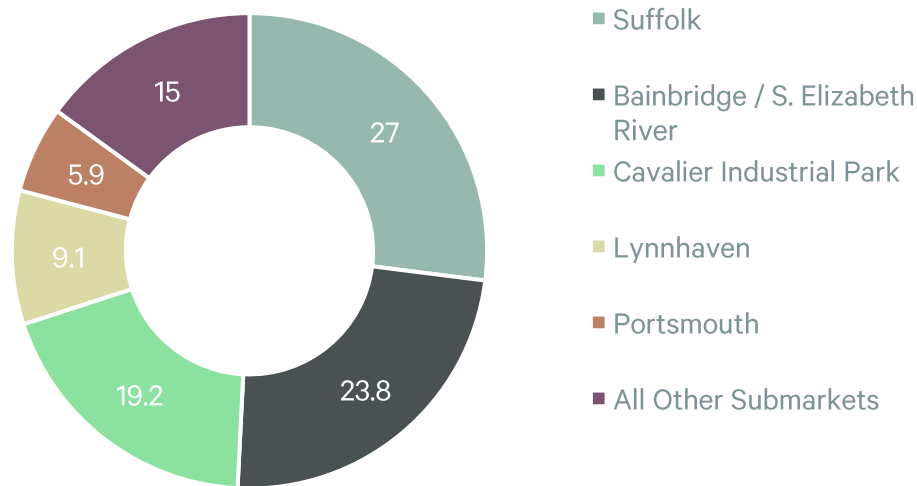
Source: CBRE Research, Q2 2026

Leasing Activity

Gross leasing volume reached 1.4 million sq. ft. during the second quarter, up 82.2% quarter-over-quarter and 10.8% above the volume recorded in Q2 2025. Activity was renewal-heavy with three of the four bulk leases being flat renewals.

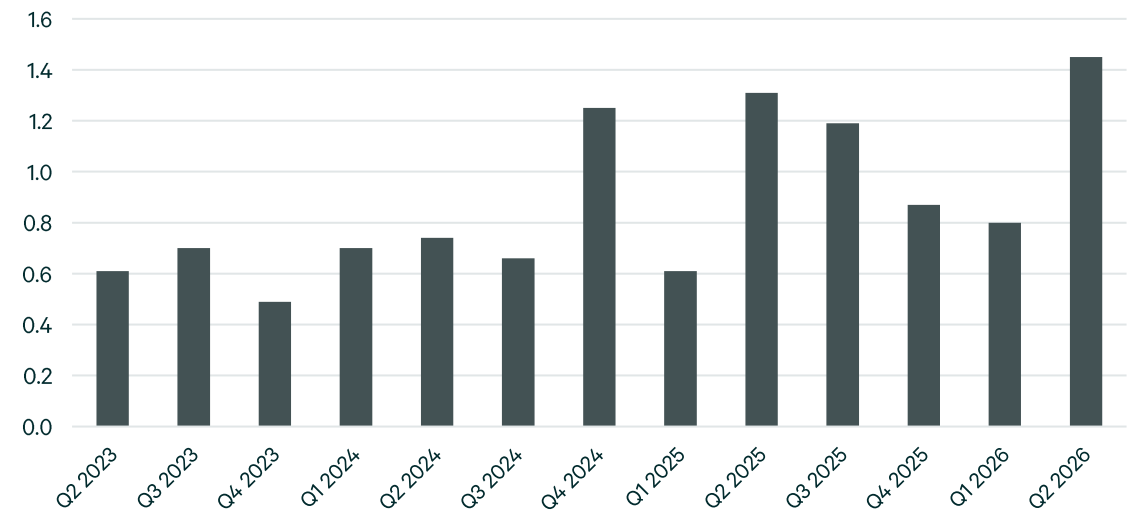
Leasing was concentrated in Suffolk and Bainbridge / S. Elizabeth River, which recorded 392,000 sq. ft. and 345,000 sq. ft., respectively. By industry, manufacturing users accounted for 21% of gross leasing activity during the first half of 2026, followed by wholesale & retail tenants with 17% of activity.

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



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend
Sq. Ft. millions



Source: CBRE Research, Q2 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	295,000	Renewal	1545 Crossways Blvd	Bainbridge / S. Elizabeth River
Granules Pharmaceuticals	220,000	New Lease	2925 Pruden Blvd	Suffolk
Seacoast	126,000	Renewal	3800 Cook Blvd	Cavalier Industrial Park
Major E-Commerce Tenant	118,000	Renewal	103 Industrial Dr	Suffolk
Jered	57,000	New Lease	4025 Seaboard Ct	Portsmouth
Minton & Roberson	55,000	Renewal	1100 International Plz	Cavalier Industrial Park
Transgroup Express	52,000	New Lease	3808 Cook Blvd	Cavalier Industrial Park
Confidential Tenant	51,000	New Lease	1337 Taylor Farm Rd	Lynnhaven

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (MSF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	50.67	5.9	5.0	4.7	0.4	9.92	13,000	(0.46)	54,000	-
100,000-199,999 sq. ft.	16.86	12.2	9.7	9.5	0.3	8.46	(362,000)	(0.49)	-	-
200,000-299,999 sq. ft.	11.06	17.9	15.9	12.5	3.4	9.74	(155,000)	(0.23)	-	221,000
300,000-499,999 sq. ft.	14.70	16.8	18.3	17.6	0.7	8.26	(335,000)	(0.40)	-	-
500,000-749,999 sq. ft.	6.82	13.1	13.1	13.1	-	9.25	-	0.01	-	-
750,000+ sq. ft.	24.57	6.5	2.5	2.5	-	8.50	64,000	0.06	-	1,049,000
Total	124.67	9.6	8.1	7.6	0.6	9.20	(775,000)	(1.51)	54,000	1,270,000

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (MSF)	Deliveries (SF)	Under Construction (MSF)
Distribution/Logistics	111.79	10.0	8.4	7.9	0.6	8.89	(770,000)	(1.46)	35,000	1.27
R&D/Flex	12.88	6.2	5.4	4.9	0.5	12.30	(5,000)	(0.05)	19,000	-
Total	124.67	9.6	8.1	7.6	0.6	9.20	(775,000)	(1.51)	54,000	1.27

Source: CBRE Research, Q2 2026

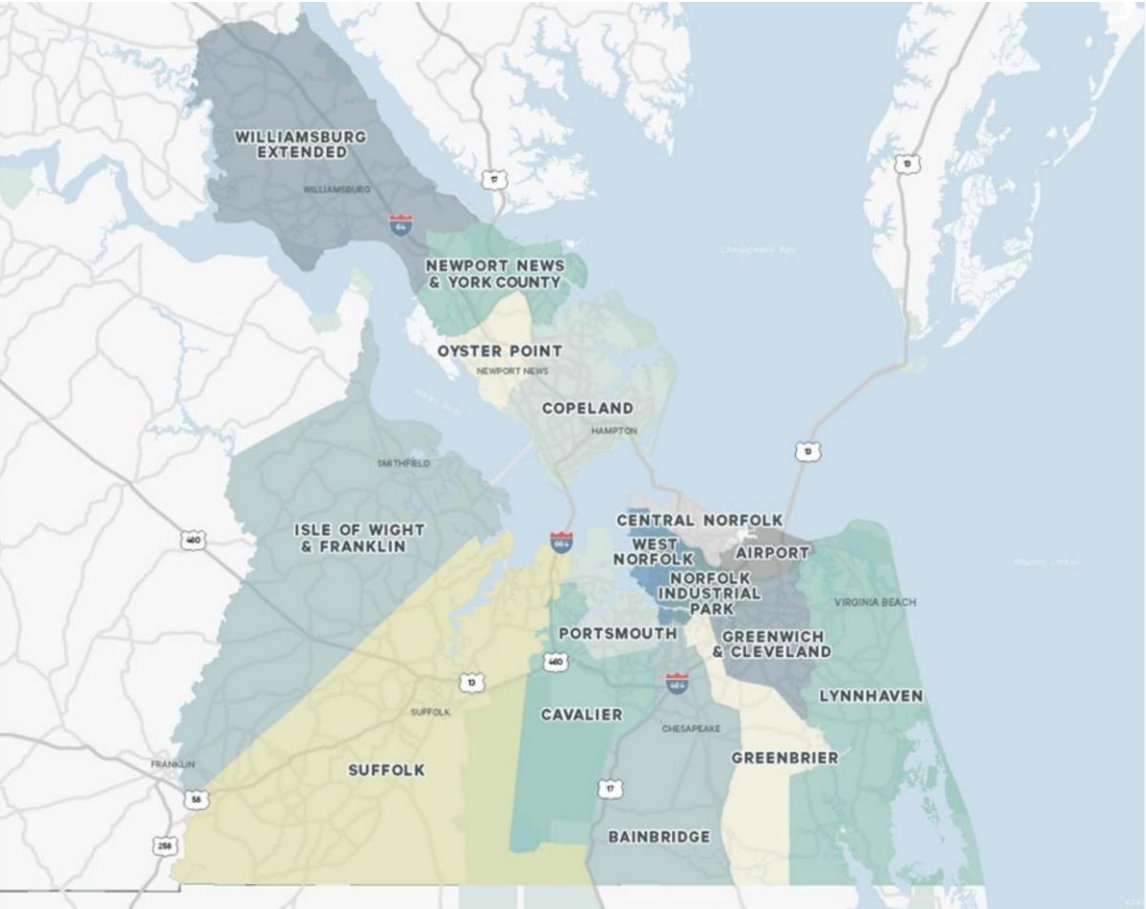
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (MSF)	Deliveries (SF)	Under Construction (MSF)
Airport Industrial Park	3.72	7.7	7.0	7.0	-	9.28	21,000	(0.04)	-	-
Bainbridge / S. Elizabeth River	11.27	8.3	6.3	6.2	0.1	8.65	38,000	(0.21)	19,000	-
Cavalier Industrial Park	7.30	10.7	8.6	8.5	0.1	9.59	88,000	0.11	-	-
Copeland / Lower Peninsula	11.89	14.2	13.6	12.3	1.3	9.88	(196,000)	(0.24)	-	-
Greenbrier	2.81	11.2	10.5	10.5	-	9.37	48,000	0.10	-	-
Greenwich / Cleveland	2.89	10.2	9.6	9.0	0.6	13.81	(156,000)	(0.15)	-	-
Isle Of Wight / Franklin	4.11	20.1	20.1	20.1	-	7.60	(348,000)	(0.35)	-	-
Lynnhaven	13.69	1.9	1.7	1.3	0.4	11.33	18,000	0.04	-	-
Newport News / York	5.03	1.1	1.1	1.1	-	11.73	(19,000)	(0.04)	-	-
Norfolk Commerce Park / Central Norfolk	0.45	4.0	5.9	5.9	-	16.50	-	(0.02)	-	-
Norfolk Industrial Park	11.91	8.9	7.0	6.7	0.3	10.71	(84,000)	(0.28)	-	-
Oyster Point / Middle Peninsula	5.01	1.5	1.3	1.2	0.1	12.26	36,000	0.05	35,000	-
Portsmouth	4.88	10.3	11.6	10.1	1.5	7.65	(153,000)	(0.24)	-	-
Suffolk	26.40	16.7	12.5	11.2	1.3	8.20	(36,000)	(0.41)	-	1.05
West Norfolk	3.55	1.9	1.9	1.9	-	9.12	20,000	-	-	-
Williamsburg Extended	9.77	3.9	3.8	3.8	-	8.19	(52,000)	0.20	-	0.22
Total	124.67	9.6	8.1	7.6	0.6	9.20	(775,000)	(1.51)	54,000	1.27

Source: CBRE Research, Q2 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

Stephanie Jennings

Research Director

stephanie.jennings@cbre.com

Erin Janacek

Research Manager

erin.janacek@cbre.com

Katrina Subick

Research Analyst

katrina.subick@cbre.com