

FIGURES | NORFOLK INDUSTRIAL | Q3 2026

Momentum Builds as Occupancy Improves

▼ 7.7%

Vacancy Rate

▲ 604.9

KSF Net Absorption

▼ 0.0

KSF Construction Delivered

► 1.3

MSF Under Construction

▲ \$9.30

Direct Avg. Asking Lease Rate

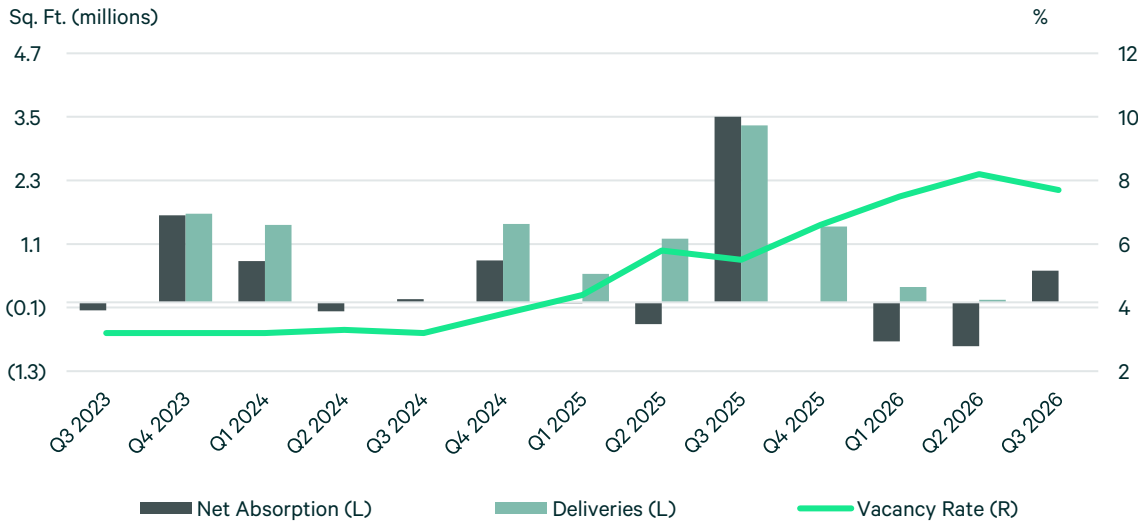
Note: Arrows indicate change from previous quarter.

Market Overview

Norfolk industrial market conditions showed early signs of stabilization in Q3 2026, following a prolonged period of elevated vacancy and availability. During the current quarter, vacancy and availability both improved, with vacancy decreasing 50 basis points (bps) to 7.7% as absorption moved back into positive territory. Availability declined 100 bps from the prior quarter, indicating modest tightening in options for tenants. Leasing momentum decelerated this quarter, reaching 863,000 sq. ft. in gross leasing volume, but an increase of active requirements out in the market demonstrates that interest is beginning to revive.

Net absorption totaled 605,000 sq. ft. for the quarter, marking a rebound after several quarters of contraction. Average asking rent edged up by 1.1% quarter-over-quarter, partially offsetting the earlier year-over-year decline.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy Rate

Overall industrial vacancy in Q3 2026 remains relatively elevated but edged down 50 basis points from the prior quarter to 7.7%, reversing some of the supply pressure built up earlier in 2026. Even with this pullback, vacancy remained well above its recent low of 3.2% in Q3 2024, reaching a cumulative increase of 450 basis points that reflects a sustained expansion of available industrial space.

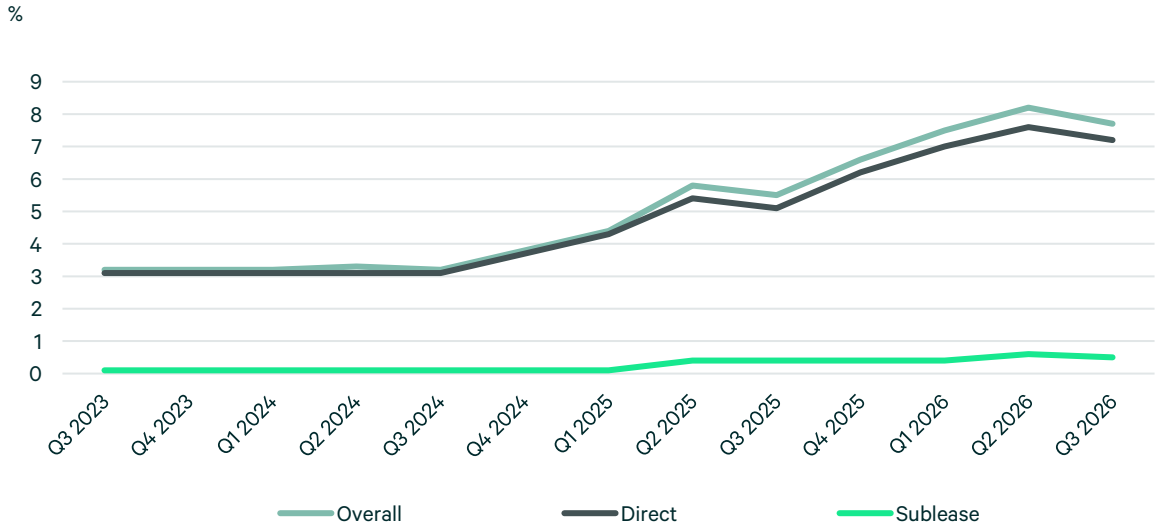
On a submarket level, Isle of Wight / Franklin recorded the highest vacancy rate at 17.0%, followed by Copeland / Lower Peninsula and Suffolk which posted 13.5% and 12.4%, respectively. On the other end of the spectrum, industrial space in the Newport News / York submarket is highly competitive, with a vacancy rate of just 0.6%. The overall sublease vacancy rate moved down 10 basis points to 0.5% but did not materially change overall vacancy dynamics.

Asking Rent

Industrial asking rents in Q3 2026 trended modestly higher, continuing the market’s gradual pricing escalation. The overall average asking rent stood at \$9.30 per sq. ft. NNN, up 1.1% quarter-over-quarter and 2.2% above Q3 2023 levels, signaling moderate growth over the past three years. Flex space commanded a premium at \$12.45 per sq. ft. NNN, while Warehouse/Storage space averaged \$8.98 per sq. ft. NNN, underscoring the pricing gap between higher-spec and bulk distribution product.

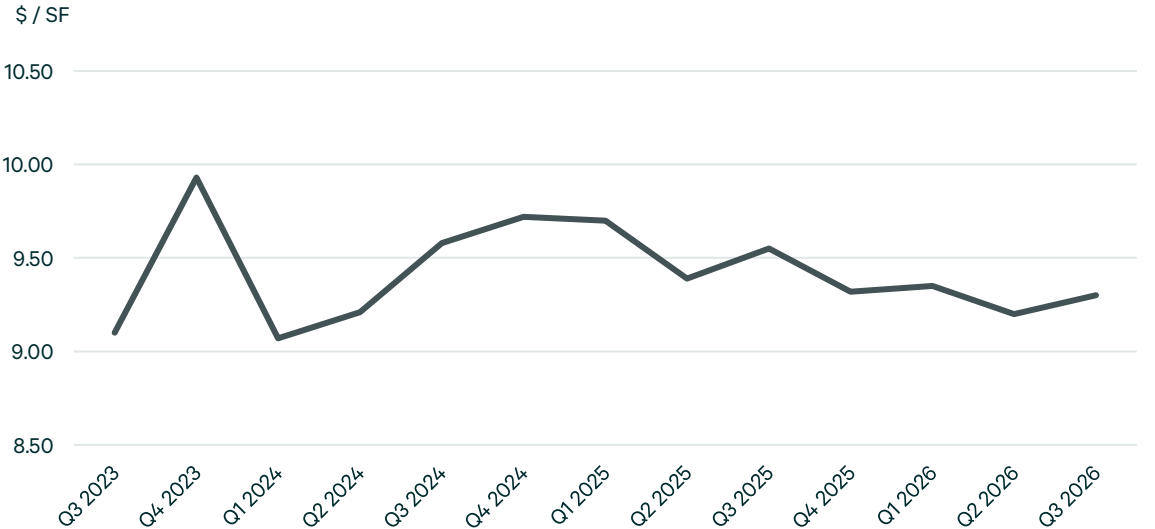
Core industrial submarkets showed a widespread pricing range in Q3 2026, with Norfolk Industrial Park at the top end of the rent spectrum with an average asking rent of \$10.70 per sq. ft. NNN. Comparatively, Suffolk recorded an average of \$8.28 per sq. ft. NNN. Overall, rents across the core Norfolk industrial cluster remained anchored in the upper-single-digit to low-double-digit range, reinforcing a stable but tiered rate structure for occupiers and investors.

Figure 2: Vacancy Rates



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

In Q3 2026, the Norfolk industrial market recorded an occupancy gain of 605,000 sq. ft., marking a notable improvement after two consecutive quarters of net occupancy loss. While this rebound represented a clear step up from the recent period of contraction, the return to positive absorption reflects stabilization rather than a broad acceleration in industrial leasing.

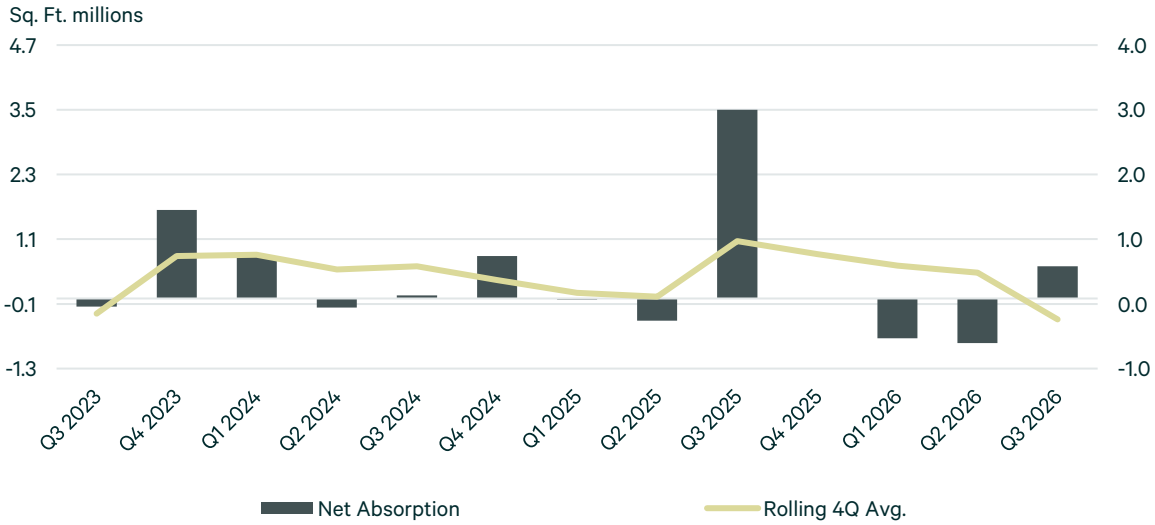
The most notable contributor to net occupancy gain was the commencement of a 220,000 sq. ft. Granules Pharmaceuticals lease at Port 460 Logistics Center in Suffolk. Terminal Warehouse Company was also a significant contributor, leasing 169,000 sq. ft. at 201 W. Dexter Street and occupying the same quarter. These bulk move-ins helped to offset the impact of large spaces coming onto the market, such as the 224,000 sq. ft. of available warehouse space at 3025 Gum Court which became vacant this quarter.

Construction Activity

In Q3 2026, industrial projects totaling 1.3 million sq. ft. are under construction while no new space was delivered. Deliveries in 2025 totaled 6.5 million sq. ft., so the much smaller current pipeline indicates a moderation in new supply compared with last year, and under construction inventory stands well below the level seen in Q3 2025.

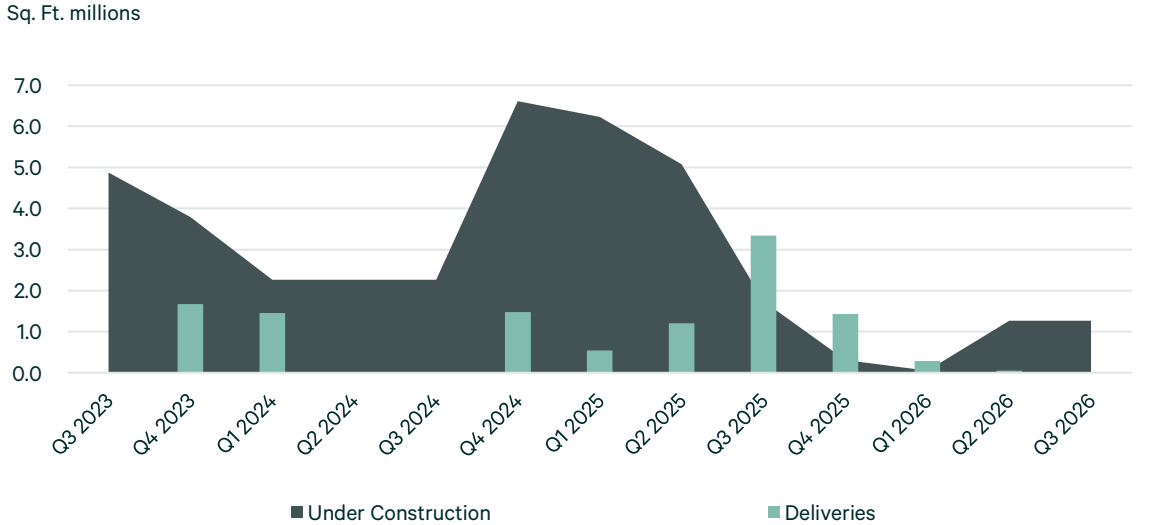
Construction remains concentrated in Suffolk and Williamsburg Extended, where a pair of large warehouse/storage projects anchor the active pipeline. In Suffolk, Port 460 Logistics Center - Building 3 is under construction as a speculative 1.0 million sq. ft. warehouse/storage facility, while in Williamsburg, Lovett 64 Commerce Center - Building 1 adds 221,000 sq. ft. of warehouse/storage space to the pipeline.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



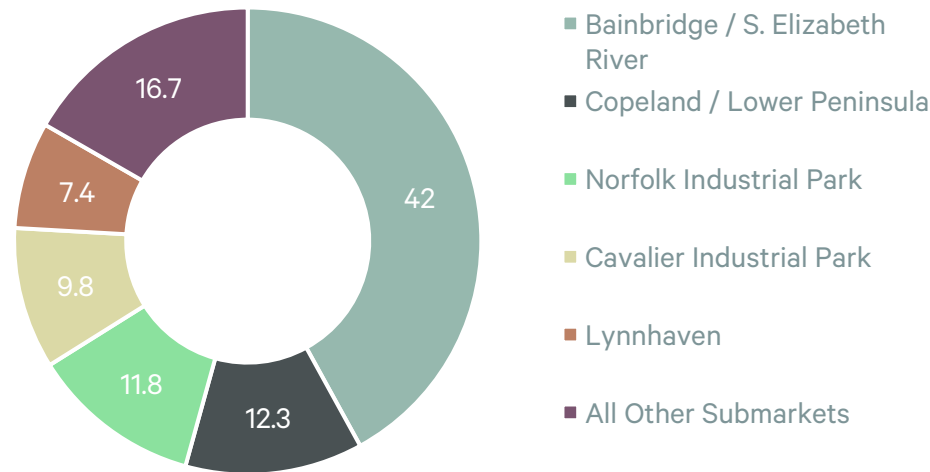
Source: CBRE Research, Q3 2026

Leasing Activity

Industrial leasing activity in Q3 2026 contracted markedly from recent elevated levels. Gross leasing volume totaled 863,000 sq. ft., down 40.8% quarter-over-quarter and 27.5% year-over-year. Activity skewed toward new commitments and reflected a mix of large-block and mid-size requirements rather than small-bay churn. The most notable transaction was Terminal Warehouse Company’s 169,000 sq. ft. new lease at 201 W Dexter Street in Bainbridge / S. Elizabeth River, alongside additional sizable new leases from Ciuti International and Brucha Corp.

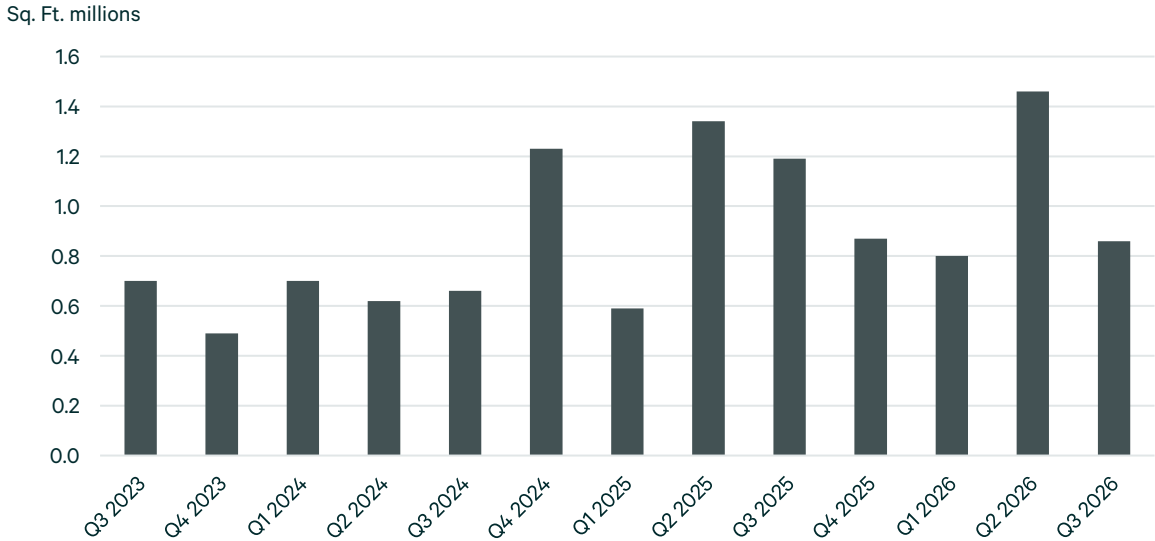
Leasing activity this quarter was highly concentrated in a handful of core industrial submarkets. Bainbridge / S. Elizabeth River accounted for 42.0% of gross leasing activity, followed by Copeland / Lower Peninsula and Norfolk Industrial Park at 12.3% and 11.8%, respectively. The remaining submarkets posted more modest, broadly dispersed activity. By industry, business services tenants led demand, accounting for 22% of gross leasing activity.

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



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Terminal Warehouse Company	169,000	New Lease	201 W Dexter St	Bainbridge / S. Elizabeth River
Ciuti International	100,000	New Lease	1960 Diamond Hill Rd	Bainbridge / S. Elizabeth River
Brucha Corp.	82,000	New Lease	30 Aberdeen Rd	Copeland / Lower Peninsula
Valkyrie Enterprises	64,000	New Lease	809 Principal Ct	Bainbridge / S. Elizabeth River
Confidential Tenant	33,000	New Lease	889 Seahawk Cir	Lynnhaven
TireHub	32,000	Renewal	6900 Harbour View Blvd	Suffolk
Affordable Luxury Group	30,000	Renewal	1400 Cavalier Blvd	Cavalier Industrial Park
Confidential Tenant	27,000	New Lease	5301 E Princess Anne Rd	Norfolk Industrial Park

Source: CBRE Research, Q3 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.	50.58	5.8	4.9	4.7	0.2	9.95	136,000	(0.38)	-	-
100,000-199,999 sq. ft.	16.96	11.0	8.3	8.2	0.2	8.27	228,000	(0.26)	-	-
200,000-299,999 sq. ft.	11.06	18.3	17.2	13.8	3.4	9.86	(148,000)	(0.38)	-	221,000
300,000-499,999 sq. ft.	14.70	16.4	15.6	15.0	0.7	8.81	389,000	(0.01)	-	-
500,000-749,999 sq. ft.	6.82	13.1	13.1	13.1	-	9.25	-	0.01	-	-
750,000+ sq. ft.	24.57	2.5	2.5	2.5	-	8.50	-	0.06	-	1,049,000
Total	124.69	8.6	7.7	7.2	0.5	9.30	605,000	(0.96)	-	1,270,000

Source: CBRE Research, Q3 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 (SF)	Deliveries (SF)	Under Construction (MSF)
Distribution/Logistics	111.81	9.0	8.0	7.5	0.5	8.98	561,000	(956,000)	-	1.27
R&D/Flex	12.88	5.8	5.0	4.7	0.3	12.45	44,000	(5,000)	-	-
Total	124.69	8.6	7.7	7.2	0.5	9.30	605,000	(961,000)	-	1.27

Source: CBRE Research, Q3 2026

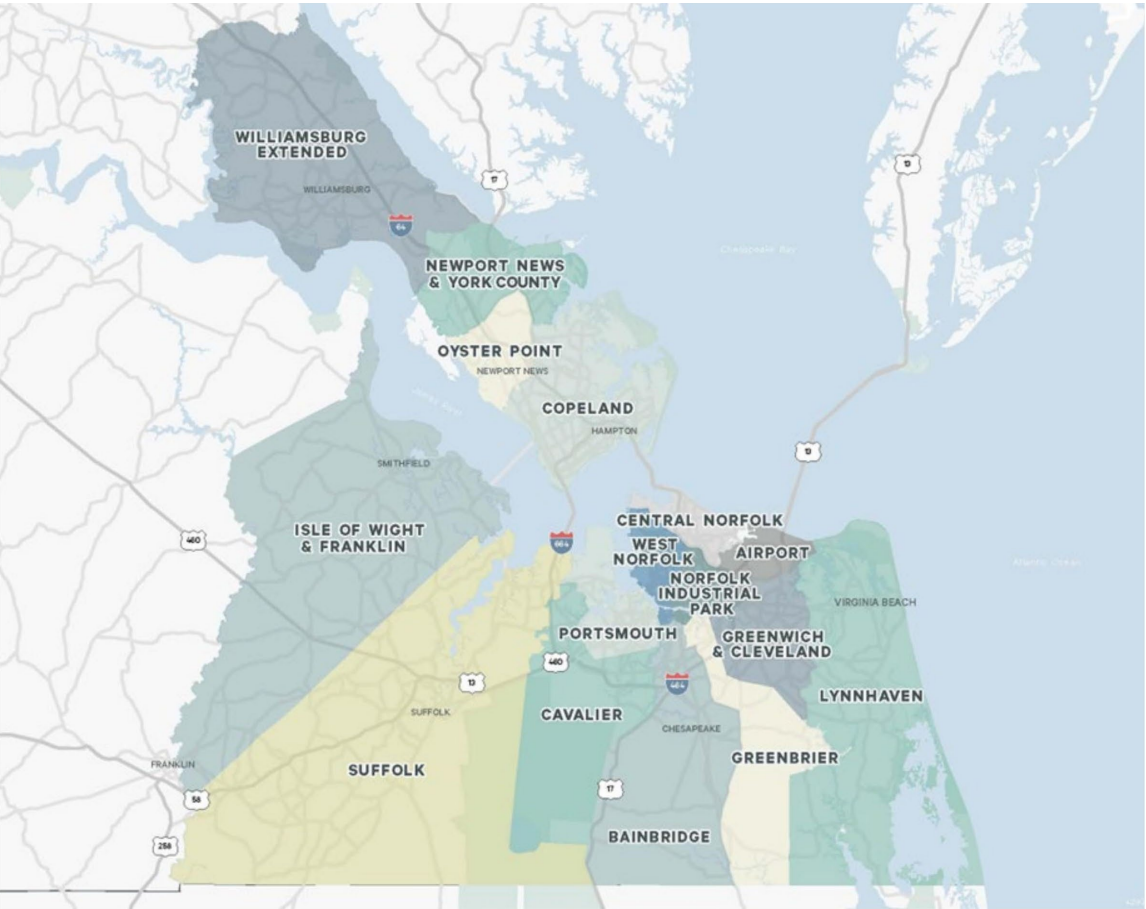
Market Statistics by Submarket

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 (SF)	Deliveries (SF)	Under Construction (MSF)
Airport Industrial Park	3.72	10.0	9.1	9.1	-	9.40	(77,000)	(122,000)	-	-
Bainbridge / S. Elizabeth River	11.27	5.4	4.8	4.6	0.1	9.98	179,000	(35,000)	-	-
Cavalier Industrial Park	7.30	11.3	10.0	9.9	0.1	9.54	(48,000)	9,000	-	-
Copeland / Lower Peninsula	11.90	14.0	13.5	12.3	1.3	9.76	8,000	(235,000)	-	-
Greenbrier	2.81	11.1	9.3	9.1	0.2	9.41	32,000	132,000	-	-
Greenwich / Cleveland	2.89	9.3	9.3	8.6	0.6	13.69	10,000	(144,000)	-	-
Isle Of Wight / Franklin	4.11	17.0	17.0	17.0	-	7.43	126,000	(226,000)	-	-
Lynnhaven	13.69	1.6	1.4	1.4	-	11.57	31,000	69,000	-	-
Newport News / York	5.03	2.4	0.6	0.6	-	10.34	22,000	(18,000)	-	-
Norfolk Commerce Park / Central Norfolk	0.45	4.0	4.0	4.0	-	16.50	9,000	(13,000)	-	-
Norfolk Industrial Park	11.91	8.5	5.4	5.1	0.3	10.70	188,000	(96,000)	-	-
Oyster Point / Middle Peninsula	5.01	1.6	1.5	1.4	0.1	12.44	(10,000)	43,000	-	-
Portsmouth	4.88	9.5	9.5	9.5	-	7.63	102,000	(141,000)	-	-
Suffolk	26.41	13.9	12.4	11.1	1.3	8.28	30,000	(382,000)	-	1.05
West Norfolk	3.55	2.1	2.0	2.0	-	8.95	(4,000)	(4,000)	-	-
Williamsburg Extended	9.77	3.7	3.7	3.7	-	8.42	7,000	202,000	-	0.22
Total	124.69	8.6	7.7	7.2	0.5	9.30	605,000	(961,000)	-	1.27

Source: CBRE Research, Q3 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.

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