



# Q1 2025 INDUSTRIAL MARKET REPORT

# Industrial Market - Key Trends Snapshot

## Industrial Market

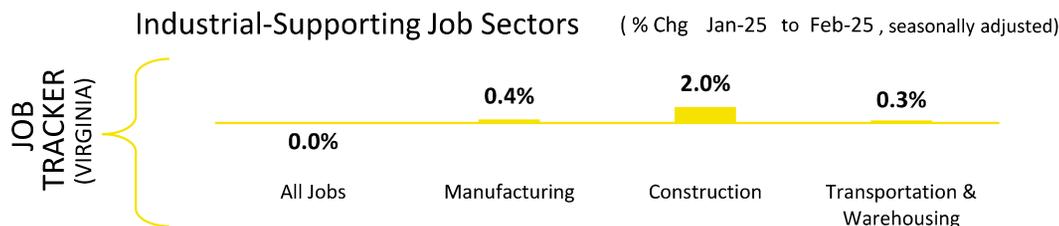
**Overview:** The industrial real estate market in Virginia cooled at the start of 2025. Net absorption was well below last year's Q1 level, and vacancy rates rose sharply. Rent levels declined in most regional markets, and the construction pipeline slowed.

**Absorption:** The deceleration in the industrial market continued into the start of the new year, with 192,630 sq ft of absorption, down 94.4% from a year earlier. In the first quarter, distribution/warehouse and (452,995 sq ft) and manufacturing (197,172) experienced negative absorption. Two of the state's biggest markets, Northern Virginia and Richmond, had the highest absorption levels this quarter.

**Vacancy:** Vacancy rates climbed across the state, going from 4.0% last year to 5.0% in Q1 2025. The last time Virginia saw industrial rates in the 5% range was in the first quarter of 2018. Demand for distribution/warehouse space slowed this quarter with rates going up 1.5 percentage points to 5.9% statewide. Winchester had the highest vacancy rate in Q1 at 5.9% while Charlottesville had the lowest vacancy rate at 0.7%.

**Rent:** For the first time since the pandemic, industrial rent growth was negative as more space hit the market and vacancies are up. The average effective rent per sf went from \$8.12 to \$7.97 in Q1 2025, decreasing 1.8% from the year prior. The distribution/warehouse sector saw rent dip 3.3% from last year as the price for manufacturing space jumped up 11.4%. Winchester and Charlottesville experienced the sharpest increase in rental prices this quarter.

**Supply+Deliveries:** After rising at the end of 2024, construction levels fell 6.7% at the beginning of 2025. Despite the slowdown, both distribution/warehouse and manufacturing saw more new construction in Q1 2025 compared to last year.



## VIRGINIA (Statewide)



### Market Indicator Dashboard

	YoY Chg	Q1-2025	Indicator
% chg	2.2%	571,647,429	Total Inventory (sq. ft)
sq. ft	-3,249,774	192,630	Net Absorption (sq. ft)
pct point	1.0%	5.0%	Vacancy Rate (%)
\$ per sq. ft	-\$0.15	\$7.97	Full Service Rent (\$ per sq. ft)
sq. ft	-702,472	4,603,049	New Supply Delivered (sq. ft)
sq. ft	-1,035,465	14,363,049	Under Construction (sq. ft)



### Economic Indicator Dashboard

	MoM % Chg	Feb-25	Indicator
% chg	0.0%	4.3	Total Jobs (in millions, seasonally adjusted)
% chg	0.9%	622.6	Industrial-Supporting Jobs (in thousands, seasonally adjusted)
pct point	0.1%	3.1%	Unemployment Rate (% seasonally adjusted)
pct point	-0.7%	2.4	Gross Domestic Product (% chg from prior year)

# Report Index

## Virginia Industrial Market

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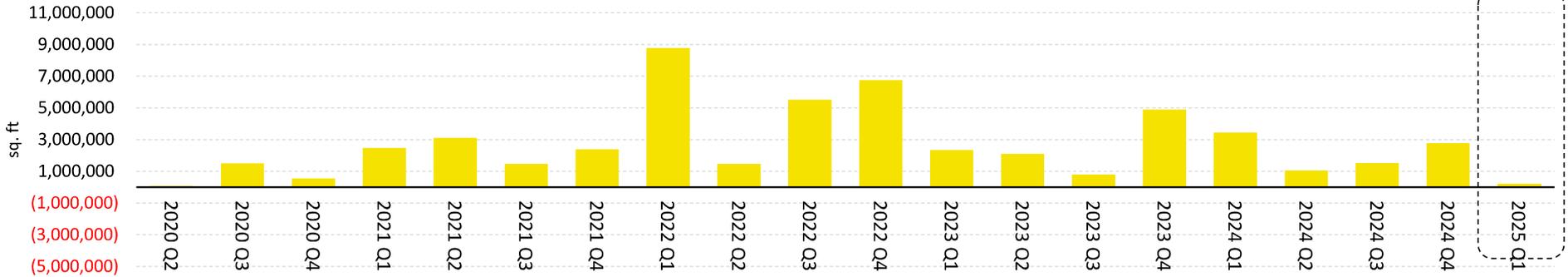
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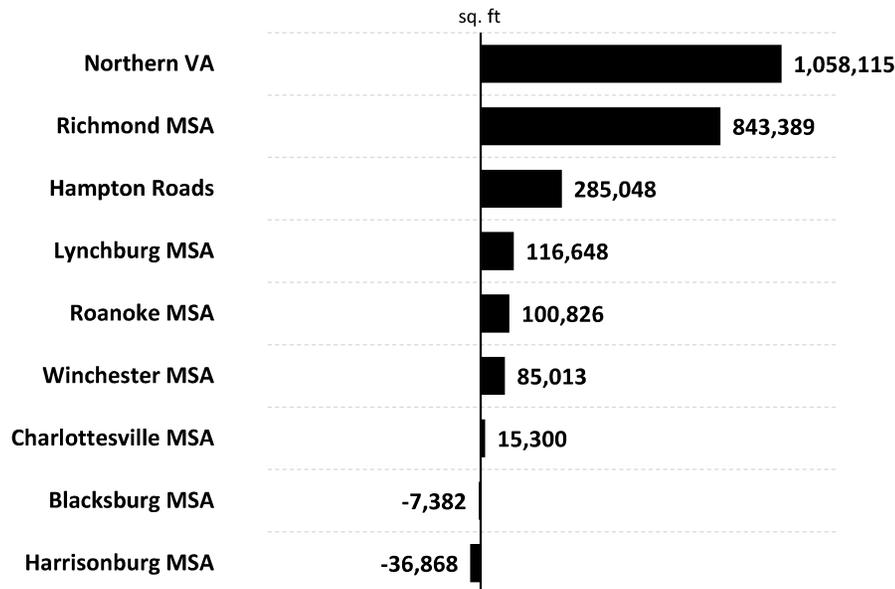
# Industrial Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

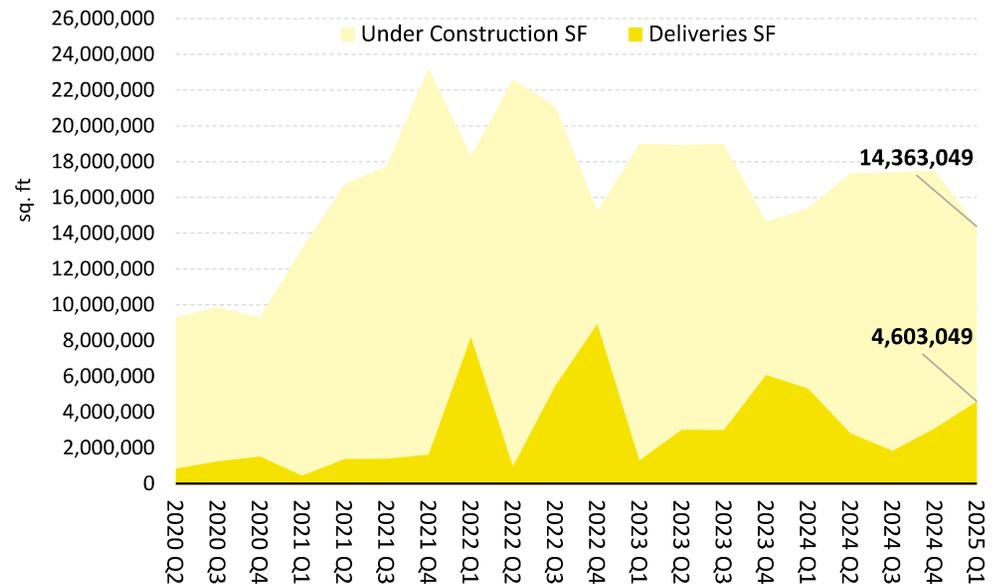
Net Absorption (sq. ft)



Q1-2025 Net Absorption by Metro Area (sq. ft)

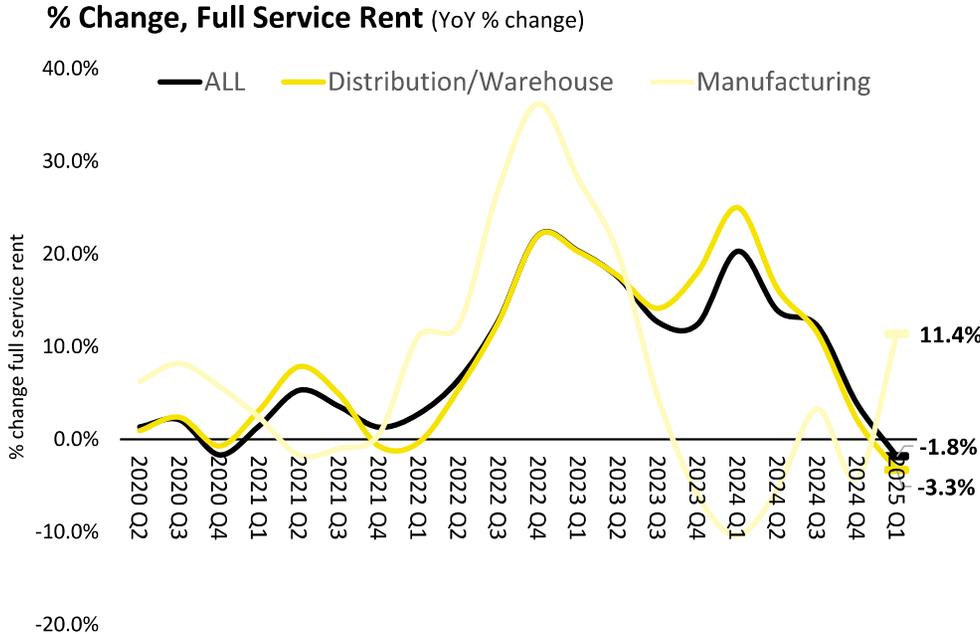
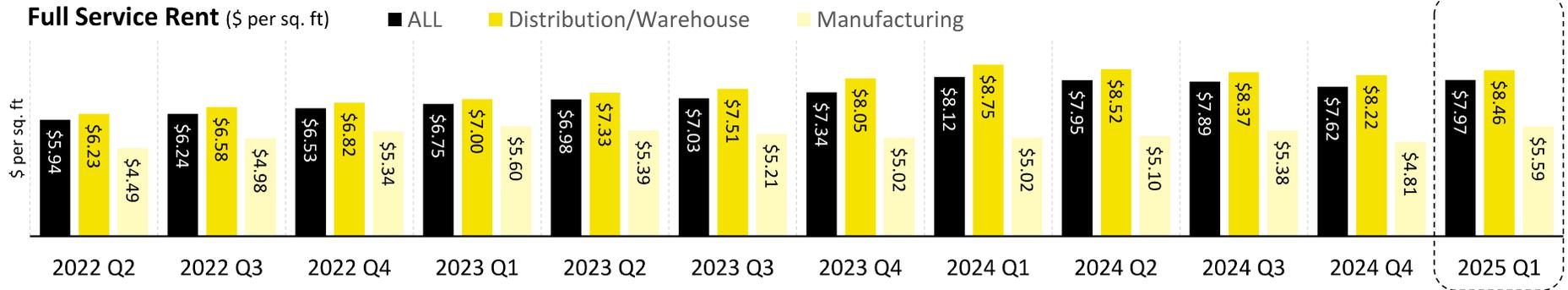


Under Construction & Net Deliveries (sq. ft)

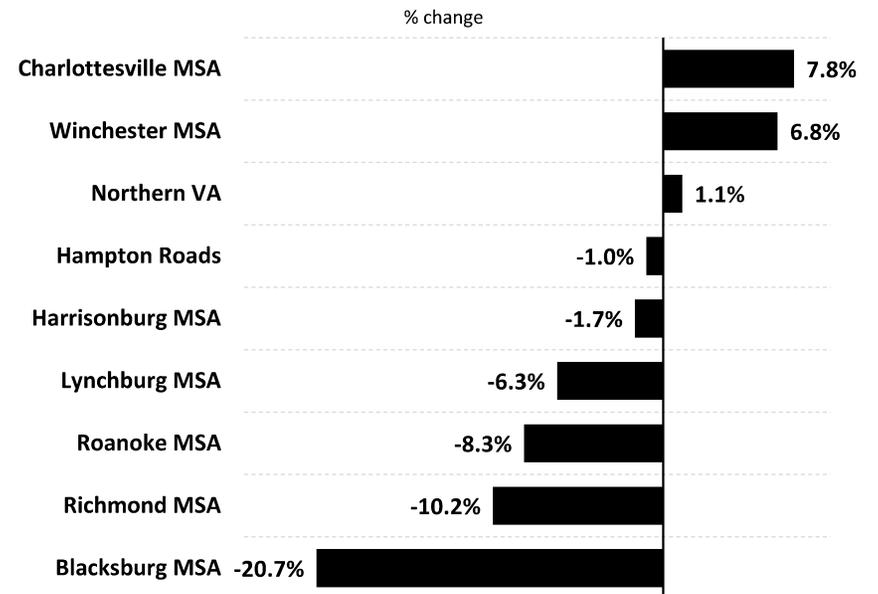


# Industrial Market - Rent Trends

## VIRGINIA (Statewide)

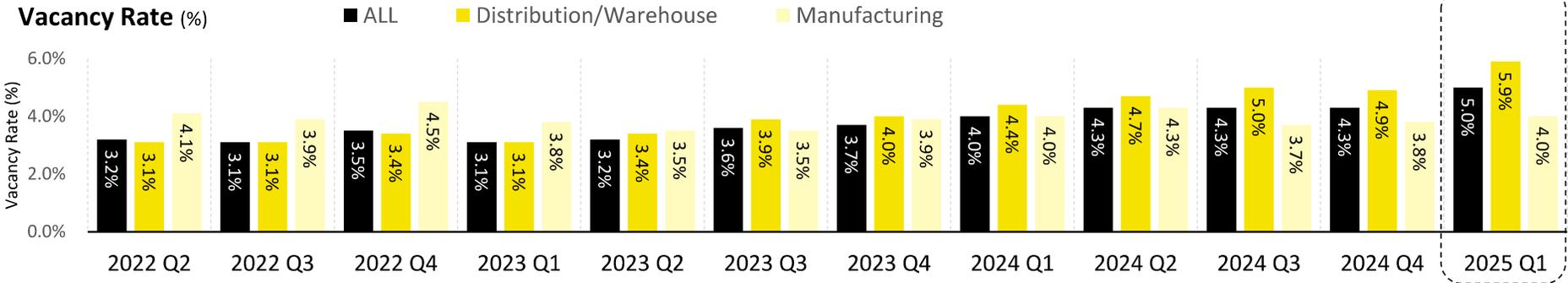


## Q1-2025 by MSA: % Change, Full Service Rent (YoY % change)

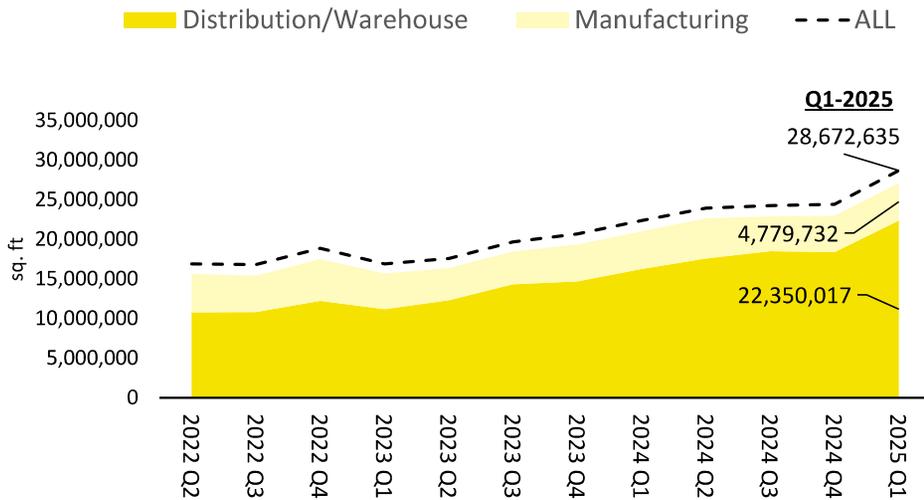


# Industrial Market - Vacancy Trends

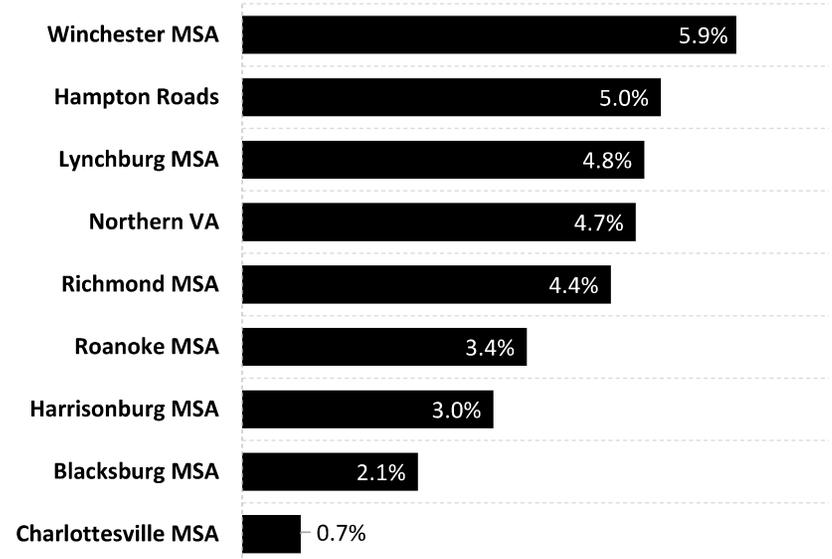
## VIRGINIA (Statewide)



## Vacant Inventory (sq. ft)



## Q1-2025 Industrial Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA



*Snapshot of Industrial Market Conditions Around Virginia*

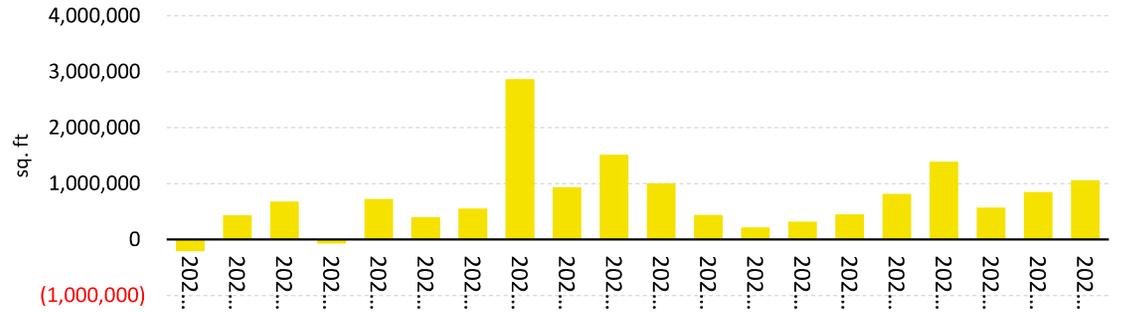
# Industrial Market - MSA Trends

## NORTHERN VIRGINIA

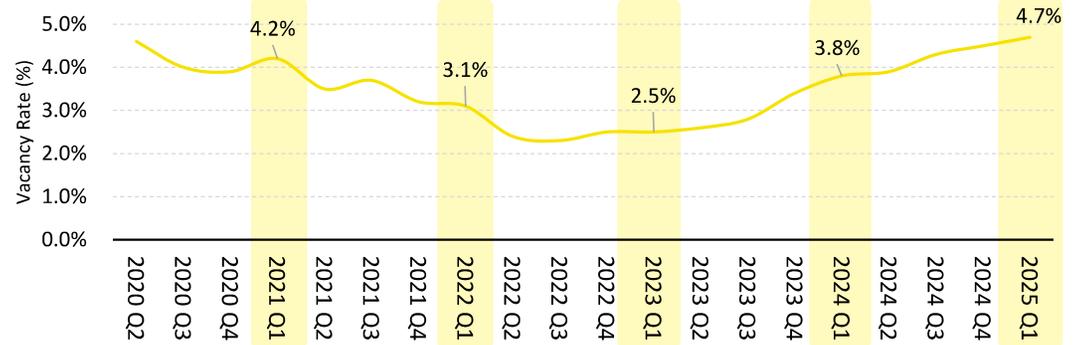
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg	
Total Inventory (sq. ft, millions)	107.5	5.0%	% chg
Vacancy Rate (%)	4.7%	0.9%	pct points
Net Absorption (sq. ft)	1,058,115	241,691	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$13.25	\$0.15	\$ per sq. ft
Deliveries (sq. ft)	1,281,000	-3,689	sq. ft
Under Construction (sq. ft)	4,718,595	-2,345,432	sq. ft

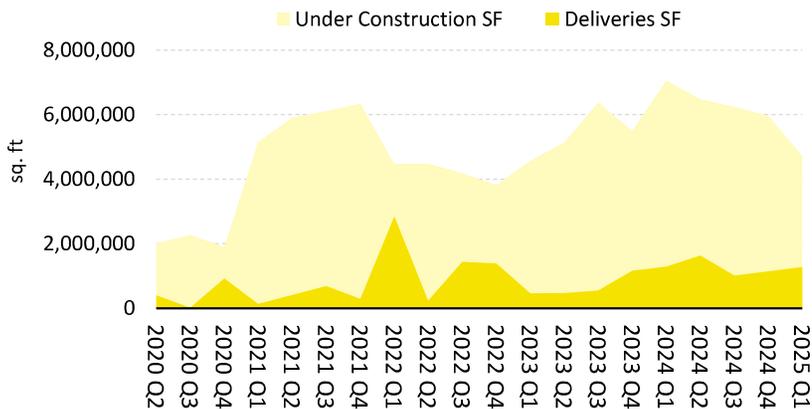
### Net Absorption (sq. ft)



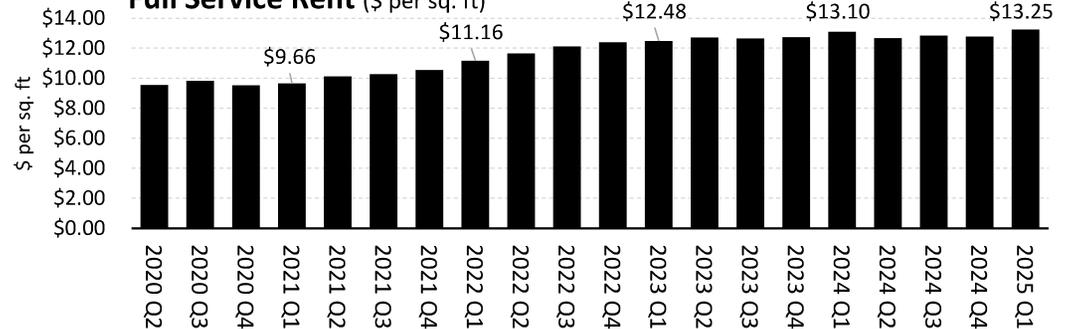
### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



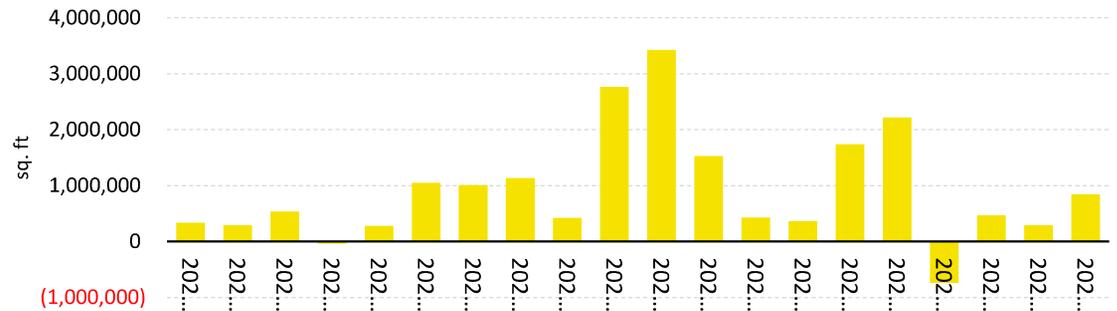
# Industrial Market - MSA Trends

## RICHMOND MSA

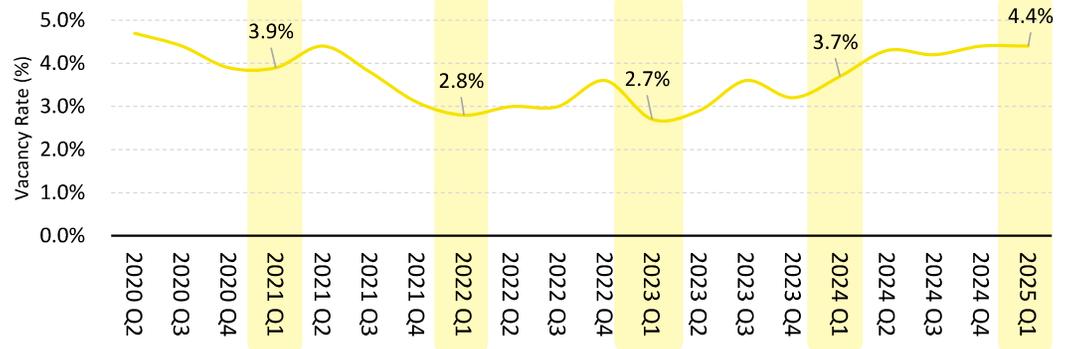
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	<b>139.6</b>	<b>1.4%</b> % chg
Vacancy Rate (%)	<b>4.4%</b>	<b>0.7%</b> pct points
Net Absorption (sq. ft)	<b>843,389</b>	<b>-1,377,051</b> sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$7.61</b>	<b>-\$0.86</b> \$ per sq. ft
Deliveries (sq. ft)	<b>994,636</b>	<b>-2,041,308</b> sq. ft
Under Construction (sq. ft)	<b>4,641,956</b>	<b>1,692,667</b> sq. ft

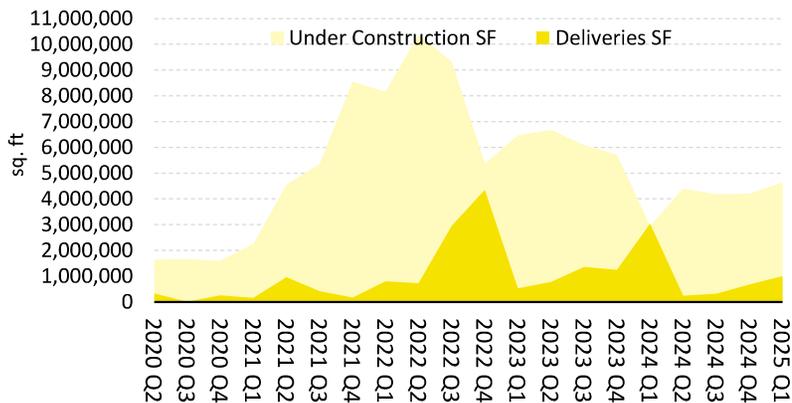
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



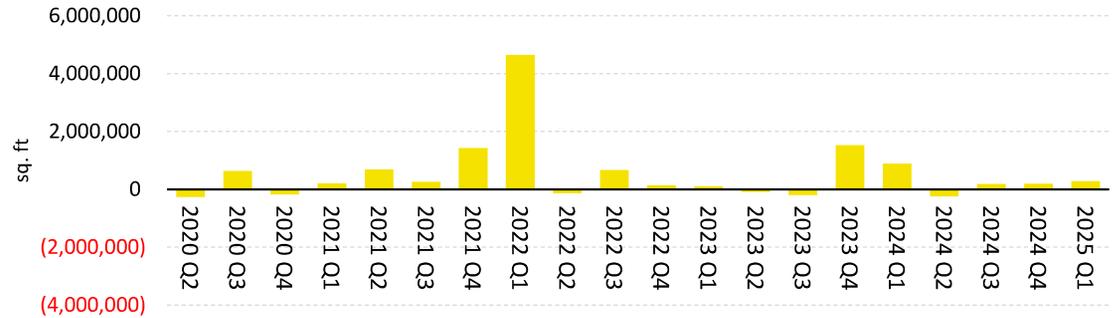
# Industrial Market - MSA Trends

## HAMPTON ROADS

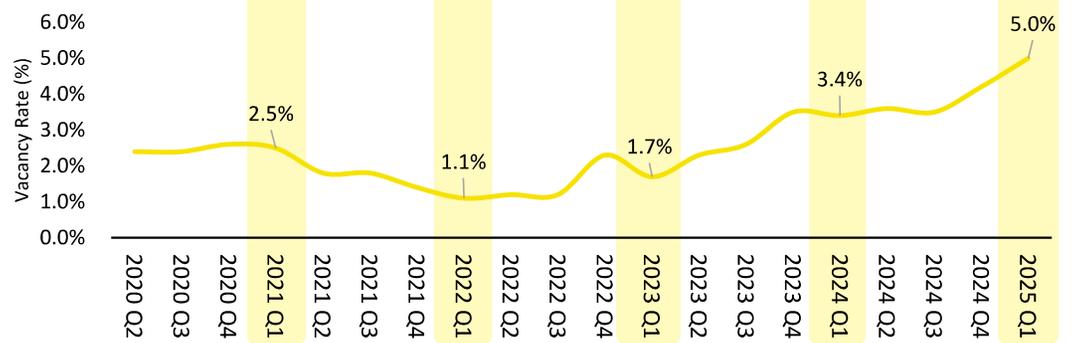
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	<b>119.4</b>	<b>2.2%</b> % chg
Vacancy Rate (%)	<b>5.0%</b>	<b>1.6%</b> pct points
Net Absorption (sq. ft)	<b>285,048</b>	<b>-607,050</b> sq. ft
Avg Full Service Rent (\$ / sq. ft)	<b>\$8.90</b>	<b>-\$0.09</b> \$ per sq. ft
Deliveries (sq. ft)	<b>1,221,293</b>	<b>243,905</b> sq. ft
Under Construction (sq. ft)	<b>4,206,058</b>	<b>663,037</b> sq. ft

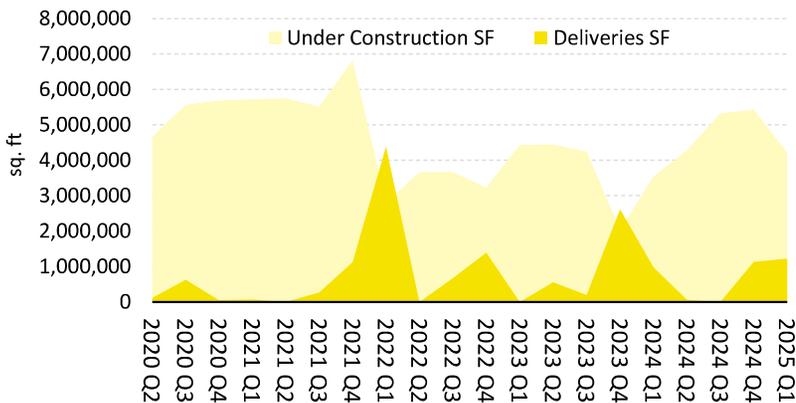
### Net Absorption (sq. ft)



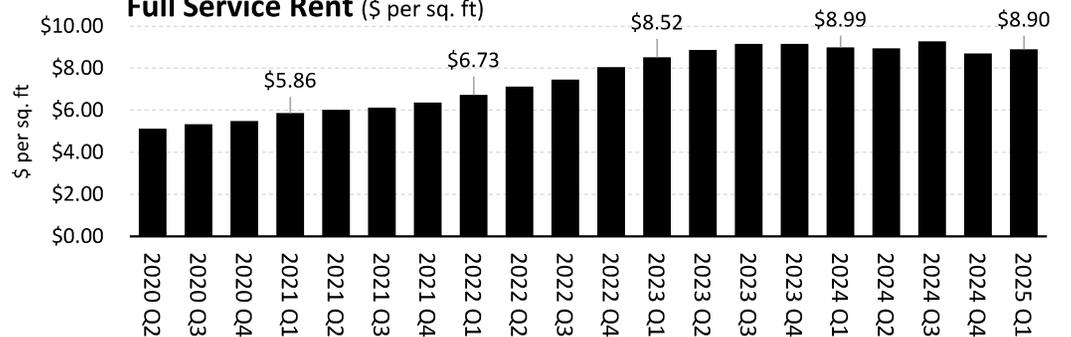
### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



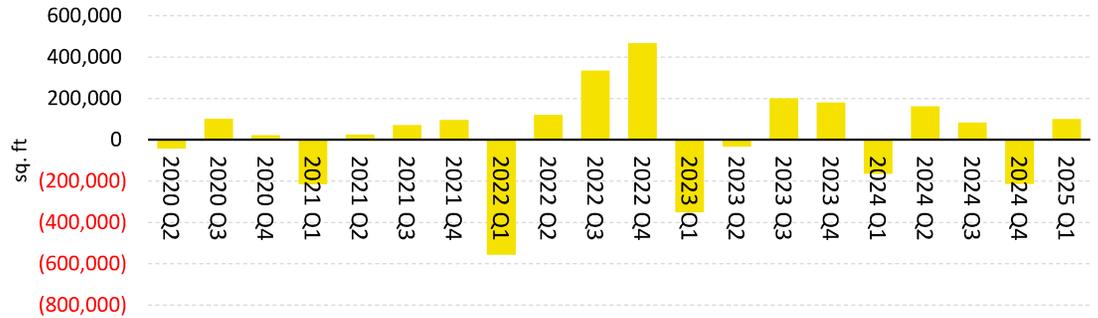
# Industrial Market - MSA Trends

## ROANOKE MSA

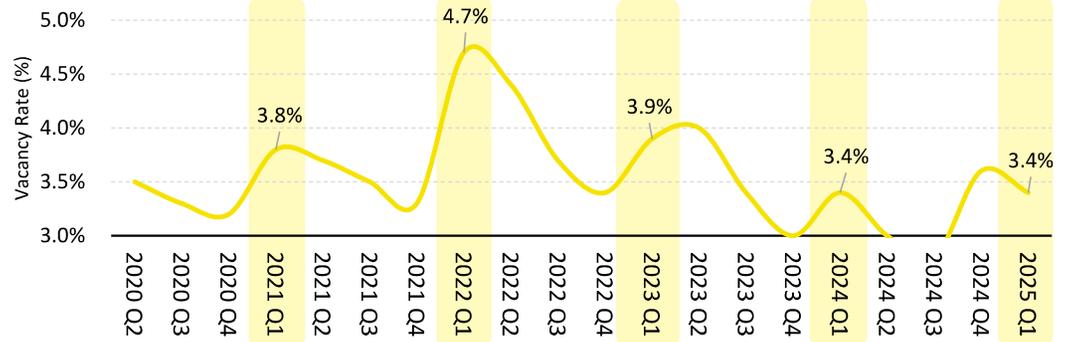
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	38.7	0.3% % chg
Vacancy Rate (%)	3.4%	0 pct points
Net Absorption (sq. ft)	100,826	264,902 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$5.20	-\$0.47 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	-123,624 sq. ft

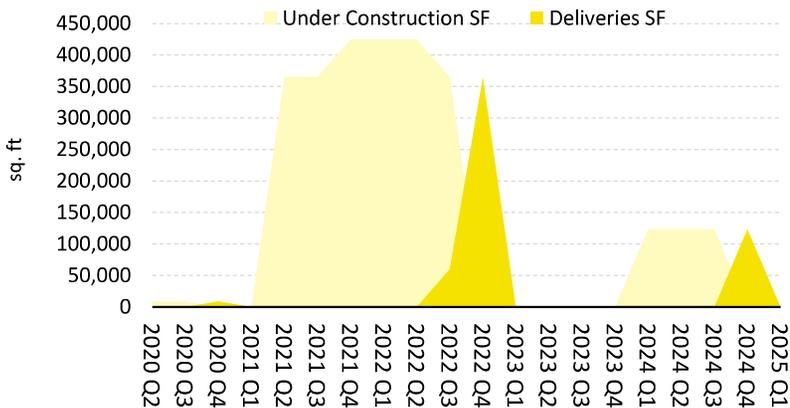
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



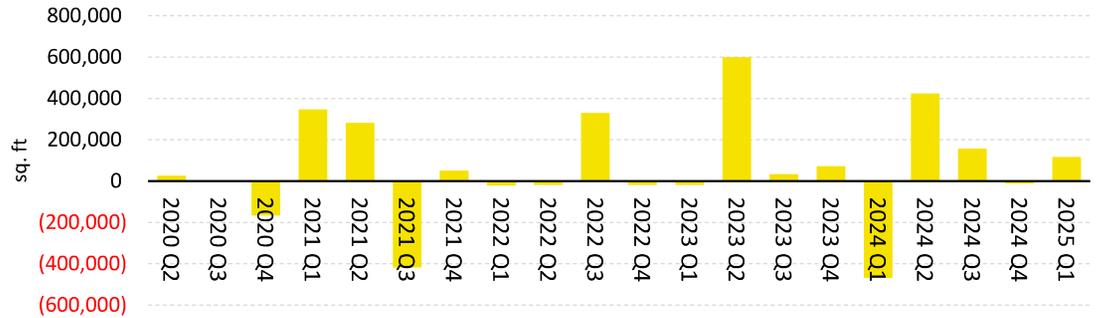
# Industrial Market - MSA Trends

## LYNCHBURG MSA

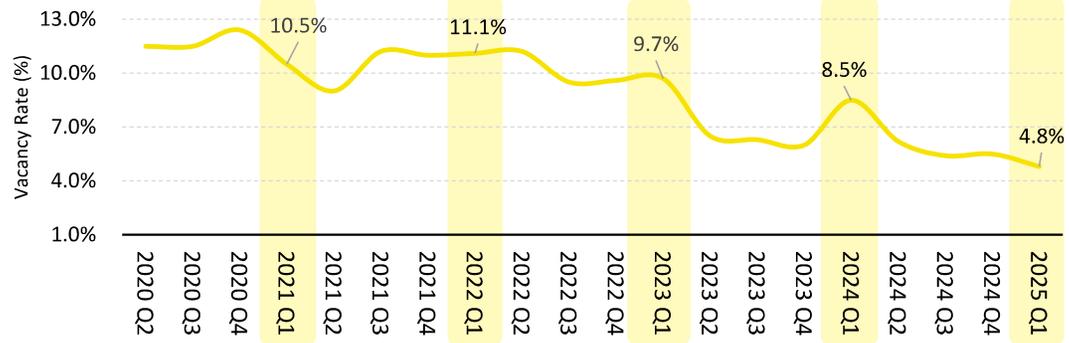
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg	
Total Inventory (sq. ft, millions)	18.6	0	% chg
Vacancy Rate (%)	4.8%	-3.7%	pct points
Net Absorption (sq. ft)	116,648	585,229	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$4.75	-\$0.32	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	10,000	10,000	sq. ft

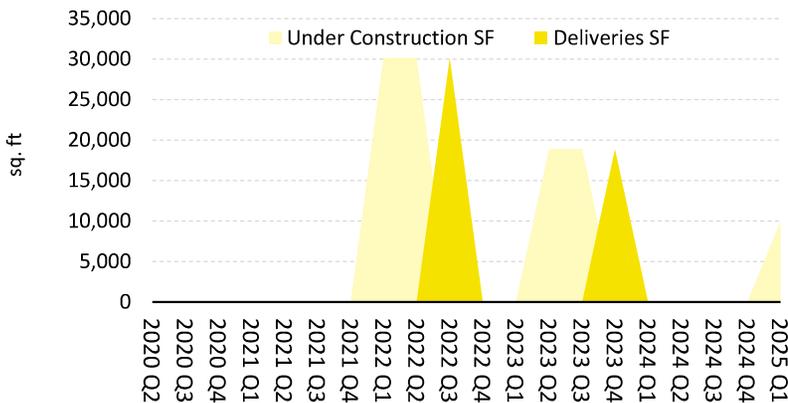
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



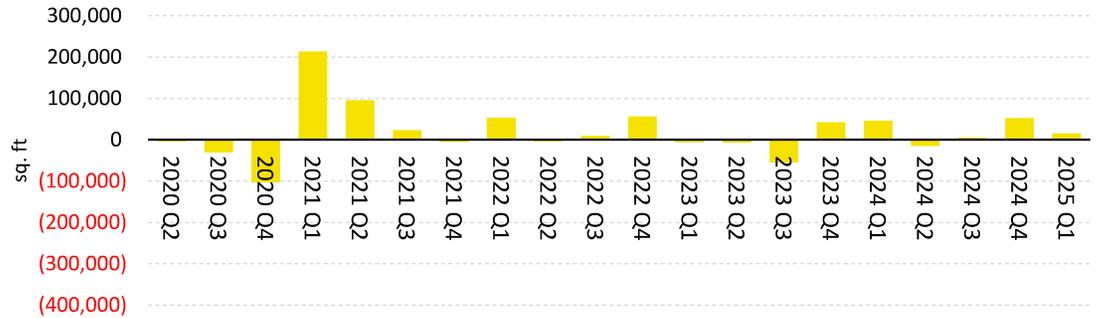
# Industrial Market - MSA Trends

## CHARLOTTESVILLE MSA

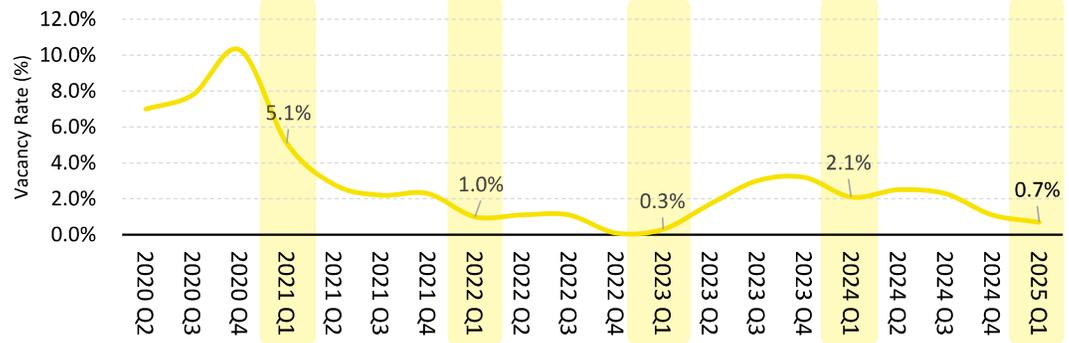
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg	
Total Inventory (sq. ft, millions)	4.2	0	% chg
Vacancy Rate (%)	0.7%	-1.4%	pct points
Net Absorption (sq. ft)	15,300	-30,889	sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$12.55	\$0.91	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

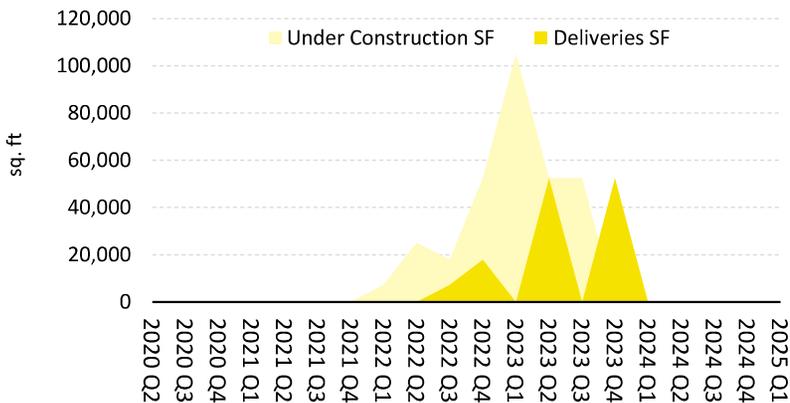
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



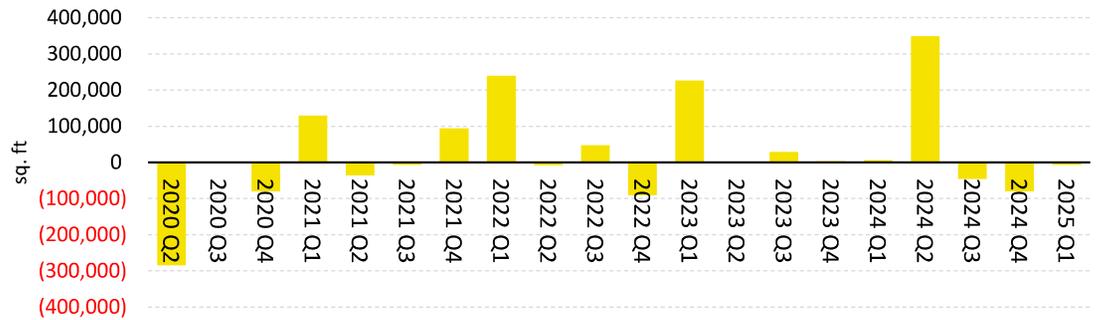
# Industrial Market - MSA Trends

## BLACKSBURG MSA

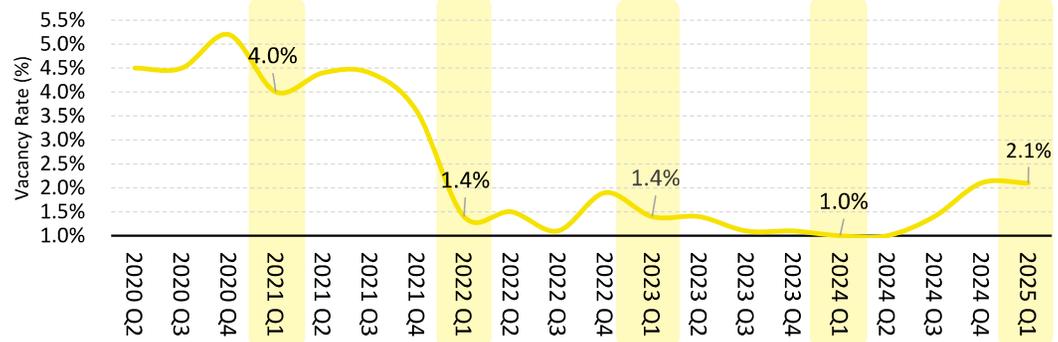
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	11.7	3.1% % chg
Vacancy Rate (%)	2.1%	1.1% pct points
Net Absorption (sq. ft)	(7,382)	-13,293 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$6.94	-\$1.81 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	-350,000 sq. ft

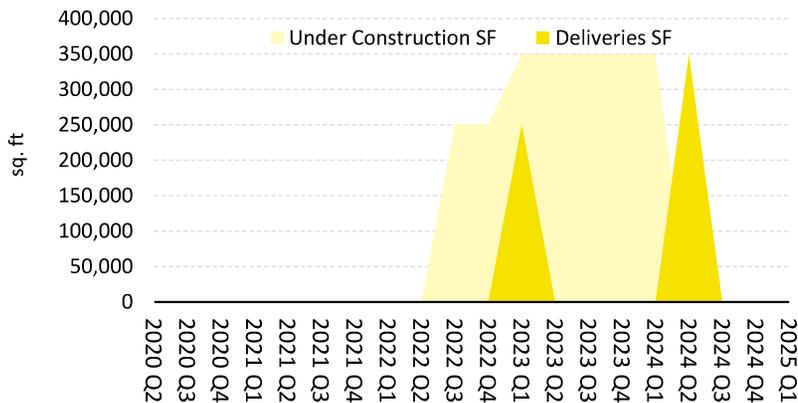
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



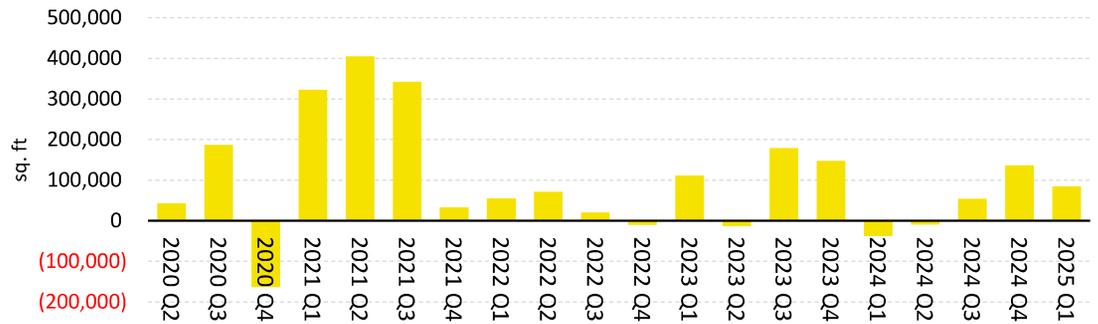
# Industrial Market - MSA Trends

## WINCHESTER MSA

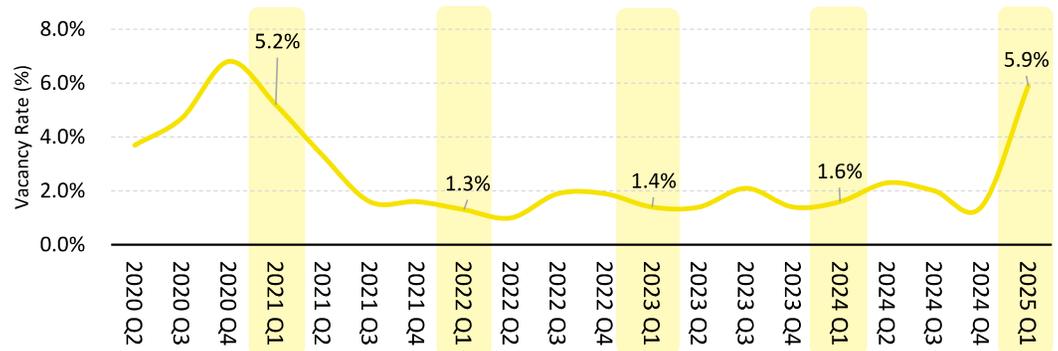
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	22.4	5.9% % chg
Vacancy Rate (%)	5.9%	4.3% pct points
Net Absorption (sq. ft)	85,013	122,458 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$7.81	\$0.50 \$ per sq. ft
Deliveries (sq. ft)	1,106,120	1,106,120 sq. ft
Under Construction (sq. ft)	0	-141,000 sq. ft

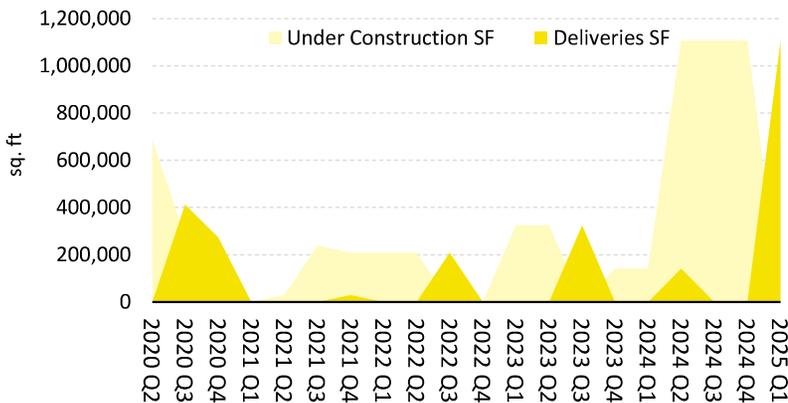
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



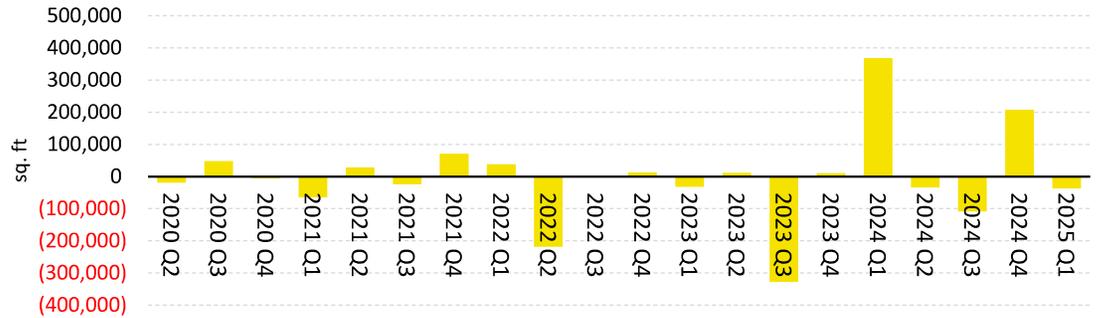
# Industrial Market - MSA Trends

## HARRISONBURG MSA

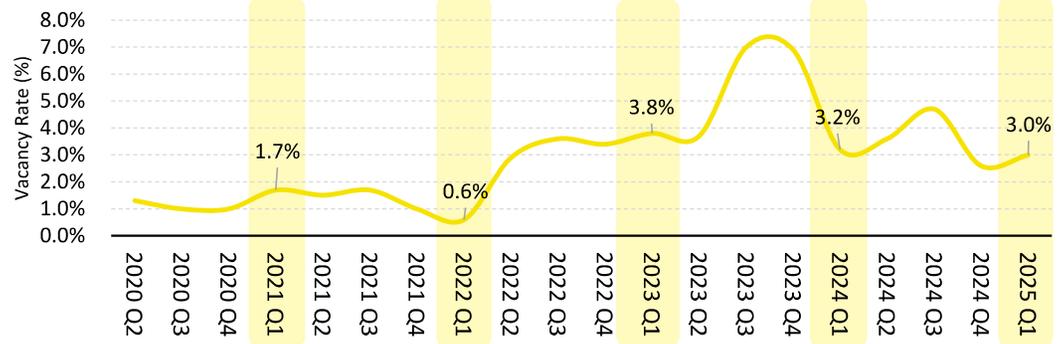
### Local Market Indicator Dashboard

	Q1-2025	YoY Chg
Total Inventory (sq. ft, millions)	9.8	0.0% % chg
Vacancy Rate (%)	3.0%	-0.2% pct points
Net Absorption (sq. ft)	(36,868)	-405,016 sq. ft
Avg Full Service Rent (\$ / sq. ft)	\$8.80	-\$0.15 \$ per sq. ft
Deliveries (sq. ft)	0	-7,500 sq. ft
Under Construction (sq. ft)	11,000	-3,400 sq. ft

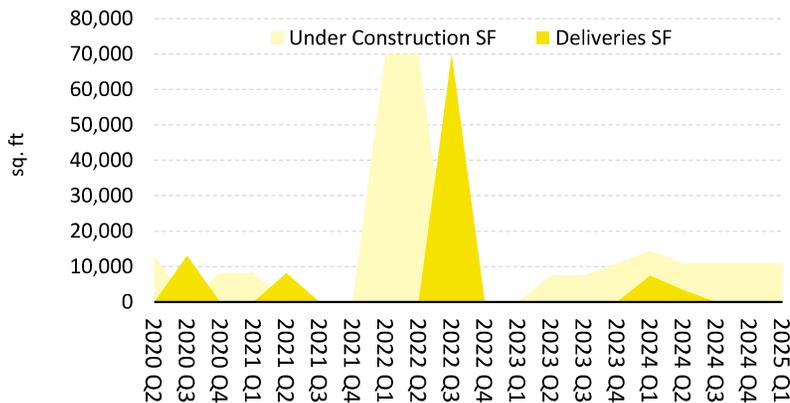
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Under Construction & Net Deliveries (sq. ft)



### Full Service Rent (\$ per sq. ft)



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All inquiries regarding this report may be directed to:

**Robin Spensieri**

Virginia REALTORS® Senior Vice President  
of Corporate Communications  
[rspensieri@virginiarealtors.org](mailto:rspensieri@virginiarealtors.org)  
404-433-6015

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