

Industrial Q2 2021

3.2%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

1.7M

Net Absorption, SF



\$5.06

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q2 2021

646.8k

Richmond MSA
EmploymentYoY
Chg12-Mo.
Forecast

4.4%

Richmond MSA
Unemployment Rate

5.9%

U.S.
Unemployment Rate

Source: BLS

ECONOMY: Signs of Recovery

Employment growth has remained steady through the second quarter of 2021. The unemployment rate dropped from 5.8% in Q1 to 4.4% in Q2 - its lowest since a pandemic high of 11.4%. Employment marketplace, ZipRecruiter, quotes over 50,000 jobs available in Greater Richmond, 20,000 more jobs than the reported number of unemployed persons. The talent pool of employees in Richmond has caught the attention of corporations that continue to make investments in Richmond, including: Carvana, which announced a \$25M inspection facility that will create 400 new jobs; and Amazon which is hiring 1,000 individuals to staff a new distribution center.

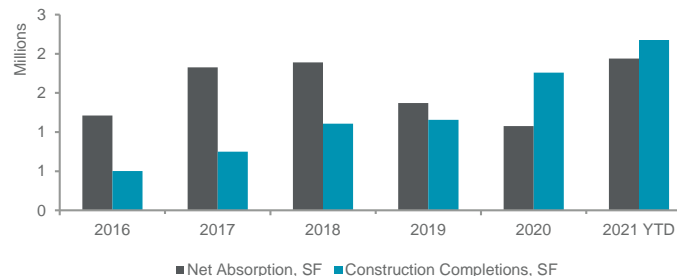
SUPPLY and DEMAND: Surging Demand

The Richmond industrial market has been steadfast throughout the pandemic with vacancy rates well below historical norms and high-volume leasing activity. Total availability hovering around only 5%, Q2 experienced the second highest rental rates ever recorded. This trend shows no signs of slowing with rents forecasted for continued growth and over 75% of current construction already committed. Several notable deals highlight the perseverance of Richmond's Industrial market: Amazon leased 2.6 million square feet (msf) at 5901 Richmond Henrico Turnpike; at 1410 Willis Rd, iFit took over 405,000 sf; and NEFCO leased over 83,000 sf at 11800 N Lakeridge Pky.

PRICING: Investing in Richmond

The high demand for industrial space has not escaped the attention of investors. Above average rental rates and historically low vacancy have made buying property in Richmond's industrial sector a solid investment, highlighted by several banner sales in the second quarter: The Manakin Companies, LLC purchased 3001 Cofer Rd for \$9.3 million; developer, SilverCap Partners, LLC sold 3008 Mechanicsville Pike in April for over \$8 million; and 4300 Carolina Ave sold for \$7.8 million in April. Rental rates rose over 10% YOY in the second quarter of 2021, and growth is expected to continue. Even with new construction, the constraint on space makes for a competitive industrial market in the foreseeable future.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT

RICHMOND, VA

Industrial Q2 2021

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CONSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown	5	187,932	0	0	N/A	0	0	N/A	N/A	N/A
Northeast	174	12,213,993	2,909,310	364,951	3.0%	603,457	2,624,000	\$6.47	\$10.54	\$5.81
Northwest	310	19,806,613	393,312	1,164,816	5.9%	(60,699)	0	\$7.56	\$11.84	\$6.46
Southeast	151	20,979,116	760,880	1,131,739	5.4%	178,782	1,575,000	\$3.95	\$8.50	\$4.61
Southwest	440	42,398,451	1,170,206	1,872,884	4.4%	171,243	1,240,837	\$4.03	\$8.24	\$4.58
RICHMOND, VA TOTALS	1,080	95,586,105	5,233,708	4,534,390	3.2	892,783	5,439,837	\$5.50	\$9.78	\$5.37

Rental rates reflect weighted net asking \$psf/year. Leasing statistics include renewals.

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION*	UNDER CONSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse/Distribution	776	63,234,203	4,558,675	3,143,265	5.0%	1,217,623	1,493,539	N/A	N/A	\$5.08
Manufacturing	235	24,550,059	487,155	896,781	3.7%	40,304	275,000	\$5.04	N/A	N/A
Office Service/Flex	64	5,139,748	43,180	159,358	3.1%	-75,886	0	N/A	\$9.96	N/A

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

KEY CONSTRUCTION PIPELINE YTD 2021

PROPERTY	SUBMARKET	STATUS	MAJOR TENANT	SF	OWNER / DEVELOPER
5901 Richmond Henrico Tpke	Laburnum/Rte 360	Under Construction	Amazon	2,600,000	Hillwood Development
6200 Technology Blvd	Airport	Under Construction	Facebook	1,500,000	Facebook, Inc
3021-3205 Commerce Rd	Jeff Davis Corridor	Under Construction	N/A	560,867	Hourigan Development
1410 Willis Rd	Jeff Davis Corridor	Under Construction	iFit	405,000	Scannell Properties

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	Type
5901 Richmond Henrico Tpke	Laburnum/Rte 360	Amazon	2,600,000	New
1410 Willis Rd	Jeff Davis Corridor	iFit	405,000	New
11800-11890 N Lakeridge Pky	I-95 North/Ashland	NEFCO	83,217	New

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$SF
1207 N Arthur Ashe Blvd	Scott's Add/West End	Phillips-Hall Inc Real Estate / SJG Properties	22,966	\$5M / \$179
2848 Charles City Rd	Airport	Ryerson / Broadstone Real Estate	54,453	\$3.6M / \$66
1221 Admiral St	Laburnum/Rte 360	Lovette Partners, LLC / Virginia Union University	23,350	\$2.5M / \$107

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