

YoY Chg      12-Mo. Forecast

**1.2%**

Vacancy Rate



**871K**

Net Absorption, SF



**\$5.77**

Asking Rent, PSF



Overall, Net Asking Rent

## ECONOMIC INDICATORS Q2 2022

YoY Chg      12-Mo. Forecast

**675.6K**

Richmond MSA Employment



**3.2%**

Richmond MSA Unemployment Rate



**3.6%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics

## ECONOMIC OVERVIEW: Employment Numbers Rise

Richmond's employment numbers continue to trend upward with metro-area unemployment still below the national average with job recovery at 98% of pre-pandemic levels. Greater Richmond is now home to the headquarters of eight total Fortune 500 companies with convenience store operator ARKO joining the list this year, citing the area's educated workforce as a key factor in the company's growth. The LEGO Group has selected Richmond for the site of its first U.S. operation, with plans to construct a 1.7 million square foot (msf) precision manufacturing facility in Chesterfield County's Meadowville Technology Park. LEGO noted the area's skilled workforce, manufacturer support, and transportation links as key factors in the site selection. The facility will bring 1,760 new jobs to the area with a planned investment of more than \$1 billion.

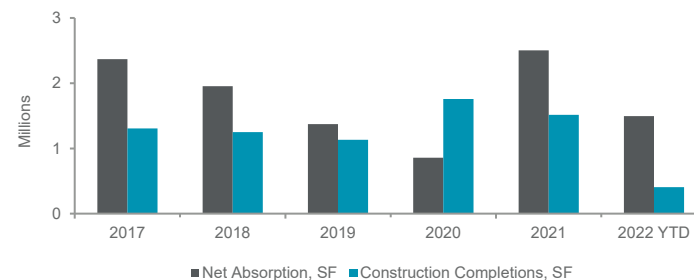
## SUPPLY AND DEMAND: Construction Pipeline Booming

Industrial vacancy rates continue to fall, dropping 50 basis points (bps) since the first quarter following strong leasing activity in second-generation space. The construction pipeline is still above 10 msf, more than twice the amount under construction year-over-year (YOY), with 24% of the space being built on a speculative basis or without leasing commitments. Regionally, five facilities are underway with a minimum of one (1) msf total in each, and of those, three distribution centers are build-to-suit sites (Amazon and Lowe's) or owned (Wegmans). East of metro Richmond, AutoZone broke ground on its 800,000-square-foot (sf) facility in New Kent County, and farther south, Hollingsworth completed construction of its 650,200 sf building in Prince George County's SouthPoint Business Center. The Prince George facility was built spec with 40' clear ceilings and has been leased to a full building user. The product under construction stands to add almost 11% to the total inventory, but with pent-up demand and continued supply chain disruptions, the vacancy rate is expected to remain low.

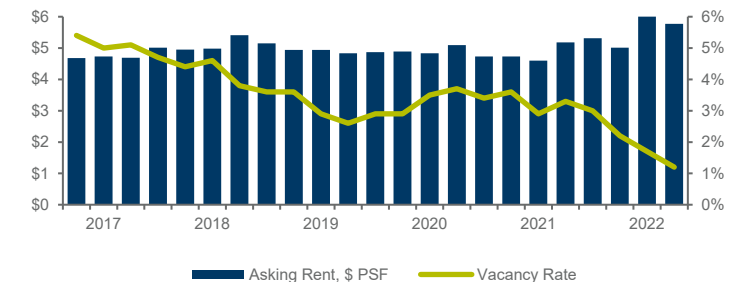
## PRICING: Upward Momentum

With vacancy rates dropping, lease rates continue to rise, increasing more than 11% YOY and increasing nearly 20% since the start of 2020. Rates are forecast to climb higher over the next few years even with the influx of space from the construction pipeline. Investor sales activity was strong for the quarter with average pricing approaching \$90 psf with multiple transfers of facilities over 100,000 sf. Overall sale pricing has increased 58% YOY for investment sales over 10,000 sf, and that trend is expected to continue as new product is delivered.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET/QUADRANT	TOTAL BUILDINGS	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown	4	134,617	0	0.0%	0	0	0	-	-	-
Northeast	171	12,128,686	81,023	0.7%	231,331	297,587	3,884,514	-	-	\$8.40
Northwest	314	20,227,728	564,368	2.8%	116,358	483,226	1,688,943	\$6.72	\$12.65	\$6.76
Southeast	154	21,284,928	105,846	0.5%	16,624	190,703	2,430,761	-	-	\$4.58
Southwest	438	43,645,065	405,361	0.9%	507,152	523,887	2,617,054	\$3.14	\$9.91	\$4.94
<b>RICHMOND, VA TOTALS</b>	<b>1,081</b>	<b>97,421,024</b>	<b>1,156,598</b>	<b>1.2%</b>	<b>871,465</b>	<b>1,495,403</b>	<b>10,621,272</b>	<b>\$4.94</b>	<b>\$12.18</b>	<b>\$5.77</b>

Data includes industrial facilities with a minimum 20,000 square feet total. Rental rates reflect weighted net asking \$psf/year.

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

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
14174 N Washington Highway	I-95 North/Ashland	Evergreen Enterprises	117,138	New
2708 Seven Hills Boulevard	Airport	Dominion Packaging	96,574	New
Harley Club Drive (Building A)	I-95 North/Ashland	Ferguson Enterprises	90,000	New
1711 Reymet Road	Jeff Davis Corridor	567 Logistics LLC	70,000	New
11511 N Lakeridge Parkway	I-95 North/Ashland	1-800-Pak-Rat LLC	69,693	New

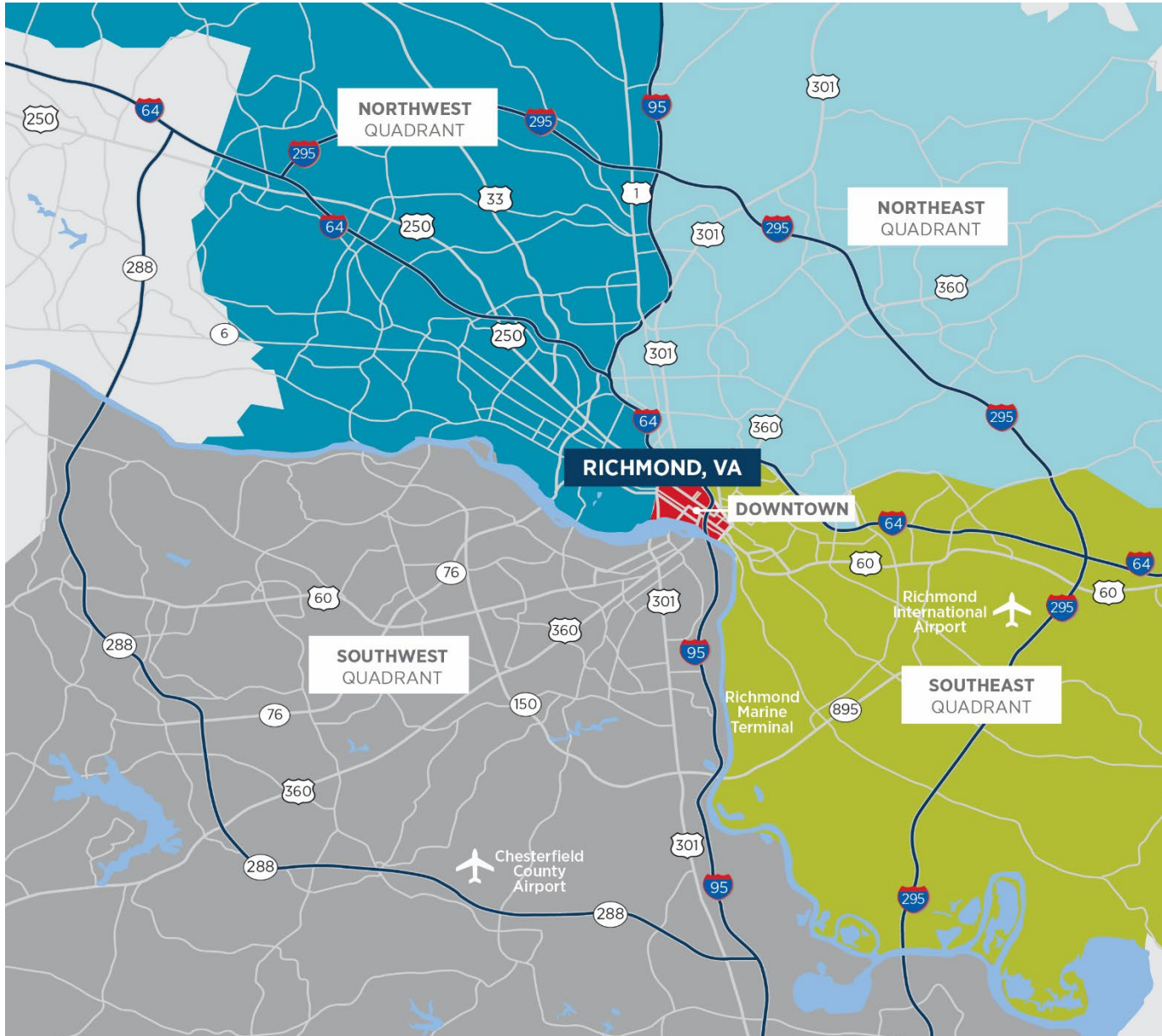
## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1410 Willis Road	Jeff Davis Corridor	Scannell Properties / BentallGreenOak LP	405,000	\$52.15M/\$129
8800 Wells Station Road	Prince George	Rolls-Royce Crosspointe LLC / The Silverman Group	291,689	\$24.5M/\$84
Northlake 95 / 11400 Washington Hwy	I-95 North/Ashland	MDH Partners LLC / GIC Real Estate Pte Ltd	237,861	\$23.8M/\$100
4300 Carolina Avenue	Laburnum/Rte 360	Lingerfelt Commonwealth Partners / EQT Exeter	221,911	\$22.5M/\$100
2800 Sprouse Drive	Airport	Hackman Capital Partners / Maguire Hayden Real Estate	148,877	\$10.25M/\$69
Villa Park I / 8040 Villa Park Drive	Staples Mill/Parham	Kappa Construction Inc. / ABMAR Villa Park LLC	76,164	\$12.4M/\$163

## KEY CONSTRUCTION PIPELINE YTD 2022

PROPERTY	SUBMARKET	STATUS	MAJOR TENANT	SF	OWNER/DEVELOPER
5901 Richmond Henrico Turnpike	Laburnum/Rte 360	Under Construction	Amazon	2,600,000	Hillwood Development
Meadowville Technology Park	I-95 South/Rt 10	Planned	LEGO Group	1,700,000	LEGO Group
Caroline 95 Logistics	Caroline County	Under Construction	(Spec)	1,159,235	Flint Development
East Coast Commerce Center	I-95 North/Ashland	Under Construction	(Spec)	1,112,000	Equity Investments/Raith
Distribution Center at Meadowville	I-95 South/Rt 10	Under Construction	(Spec)	353,044	Red Rock Developments

## INDUSTRIAL SUBMARKETS



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