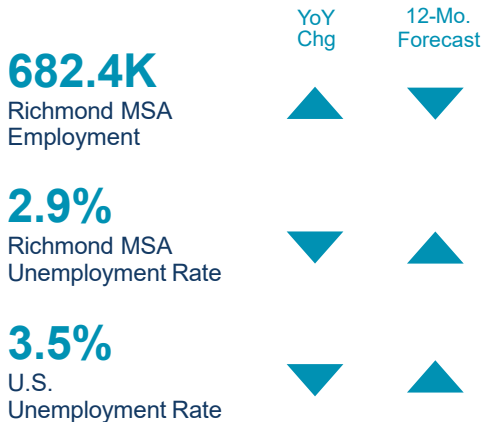


ECONOMIC INDICATORS Q3 2022



Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW: Employment Numbers Rise

Virginia's statewide unemployment numbers have dropped to pre-pandemic levels, and Richmond's unemployment rate has followed that trend with a drop of 140 basis points year-over-year (YOY). Richmond has been ranked among the top 10 best metros for corporate headquarters by Business Facilities, and the region's talent base is only expected to grow based on projections from the University of Virginia. Those reports estimate the population of Richmond City will increase 19.3% by 2050 with growth in Henrico County projected at 26.4% and in Chesterfield County at 38.4% in the same timeframe. Chesterfield County's Meadowville Technology Park will be home to the world's largest indoor vertical farming campus to be built by California-based Plenty Unlimited Inc., which will invest \$300 million and create 300 new jobs. Civica Inc. also announced plans for a new \$27.8 million testing facility in Meadowville and the addition of 51 new jobs to support the company's Petersburg area manufacturing operation. In Hanover County, Lutron Electronics will boost its area footprint with an investment of \$28.3 million to expand its manufacturing operation, creating 200 new jobs.

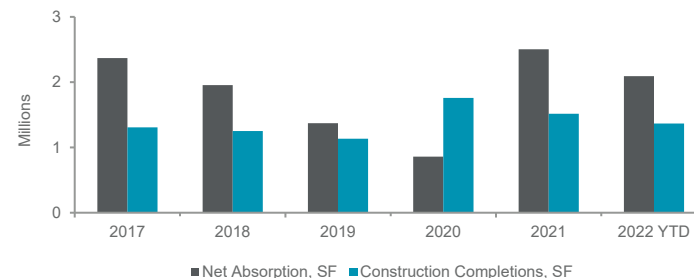
SUPPLY AND DEMAND: New Product Coming Online

The industrial vacancy rate has increased in the third quarter, up 70 basis points (bps) since the mid-year mark. The increase is partially attributable to the 242,042 square feet (sf) data center facility currently on the market in Chesterfield County, which alone adds 20 bps to the overall vacancy. Interest remains strong with more prospects than available space, and leasing activity has topped 4.5 million square feet (msf) year-to-date (YTD). Of the more than 12 msf currently under construction, 4.8 msf is scheduled to deliver in the fourth quarter - including the 1.1 msf East Coast Commerce Center - which will add almost 1.7 msf of speculative space to the total vacancy. Even with the added product, market vacancy rates continue to hover around historic lows almost 70% lower than market rates ten years ago, and while rates may increase in the short term, demand is forecasted to outpace supply over the next four quarters.

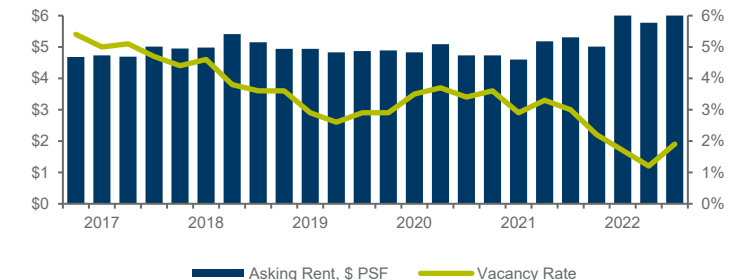
PRICING: Upward Momentum

Lease rates are continuing their meteoric rise, jumping 13% overall in the third quarter alone. Rates have increased 23% YOY and nearly 36% since the start of 2020. Even with the influx of space from the construction pipeline, rates are not expected to decrease as the availability of new product is likely to draw interest from users who have put requirements on hold over the past few years as availabilities became more scarce. Industrial product remains of keen interest to investors with multiple sales closing in the third quarter over the \$150-per-square-foot mark. Most notably, the Crescent Business Center complex in Hanover County sold to Merritt Properties, and Intercontinental Real Estate acquired the new 446,000 sf facility built for Mondelez in Henrico's East End.

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	173	12,302,229	281,994	2.3%	132,776	303,316	3,735,514	-	-	\$8.40
Northwest	317	20,468,667	581,211	2.8%	103,952	691,253	1,812,093	\$6.70	\$12.61	\$6.65
Southeast	157	21,523,281	162,804	0.8%	491,307	590,917	3,895,761	-	-	\$4.58
Southwest	442	44,863,282	849,208	1.9%	-11,845	506,542	2,920,330	\$7.50	\$9.91	\$5.69
RICHMOND, VA TOTALS	1,093	99,292,076	1,875,217	1.9%	716,190	2,092,028	12,363,698	\$6.77	\$12.17	\$6.09

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

*Some statistics will not match U.S. marketbeat tables due to revisions

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6055 Quality Way	Prince George	Sam's Club	650,250	New
1400 Digital Drive (Distribution Center at Meadowville)	I-95 S/I-295/Rt 10	Coca-Cola Consolidated	353,044	New
801 Port Walthall Drive	I-95 S/I-295/Rt 10	UPS	133,531	New
2712 Seven Hills Boulevard (Airport Logistics Center)	Airport	Lidl	129,750	New
2742 Charles City Road (Byrd Center Business Park)	Airport	Westrock	75,000	New
4301-4333 Carolina Avenue (Richmond Distribution Center)	Laburnum/Rt 360	Darvish Interiors	45,000	New

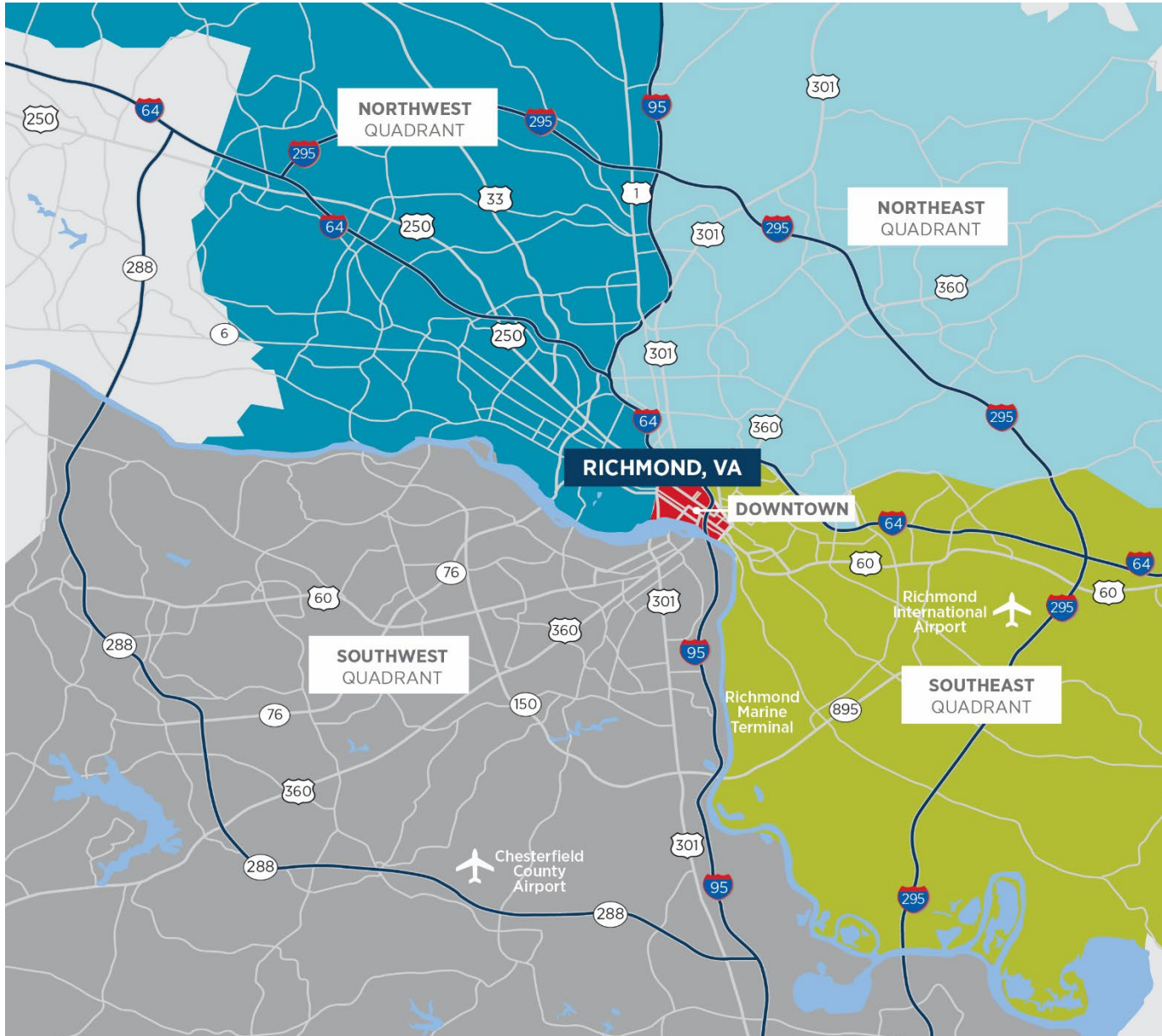
KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
953 S Airport Drive (Sauer Industrial Center)	Airport	Becknell Industrial / Intercontinental Real Estate Corporation	446,692	\$67.5M/\$151
Crescent Business Center	I-95 North/Ashland	TRP / Merritt Acquisitions LLC	262,269	\$41.25M/\$157
1000-1060 Port Walthall Drive	I-95 S/I-295/Rt 10	BGB Property Company Inc. / NorthBridge	60,000	\$6.3M/\$105
Windsor Business Park II	I-95 North/Mechanicsville	Magellan Investors LLC / Windsor II Investment Company LP	53,009	\$8.8M/\$168
6290 Old Warwick Road	Midlothian Corridor	Cohen Investment Group / Standard Properties Inc.	38,899	\$3.7M/\$97

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
Deepwater Industrial Park	Jeff Davis Corridor	Under Construction	Lowe's	1,200,000	Hourigan
East Coast Commerce Center	I-95 North/Ashland	Under Construction	(Spec)	1,112,000	Equity Investments/Raith
Cardinal Commerce Center / Cardinal North	I-95 North/Ashland	Under Construction	Performance Food Group	325,000	Scannell Properties

INDUSTRIAL SUBMARKETS



LIZ GREVING

Research Manager

Tel: +1 804 697 3560

liz.greving@thalhimer.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

thalhimer.com

Independently Owned and Operated / A Member of the
Cushman & Wakefield Alliance