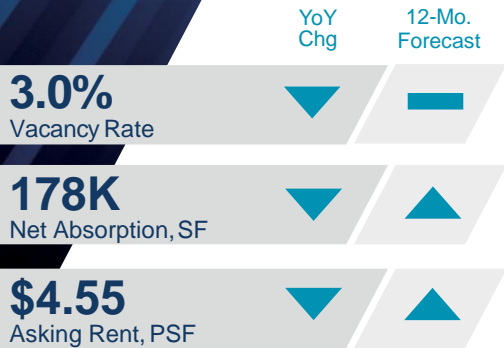
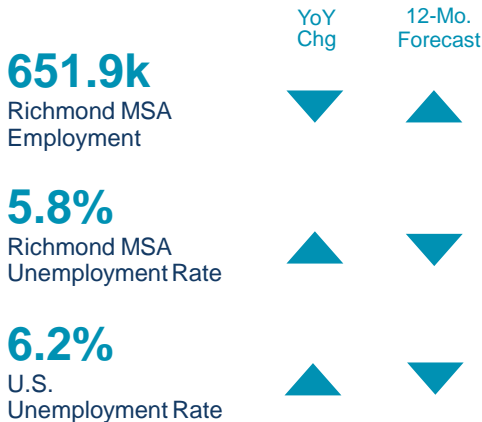


Industrial Q1 2021



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021



Source: BLS

ECONOMY: Pandemic Recovery Continues

The regional unemployment rate continues to stay below the national average after a slight increase from the fourth quarter to 5.8%. Following the governor's announcement that all Virginians will be eligible for the Covid-19 vaccine in April, optimism remains for a strong economic rebound for the remainder of the year. The opportunity for employees to relocate during the pandemic has benefitted the Richmond region. Analysis by LinkedIn's Economic Graph shows Richmond is one of the nation's top destinations for new residents during the pandemic. Richmond's proximity to major metro areas, employment opportunities, and quality of life led to the region having the third largest gains in net arrivals to the area according to the analysis. Meanwhile, two pharmaceutical companies, Civica and Phlow Corp., are partnering to establish a 120,000 square foot (sf) facility that will create nearly 200 new jobs in Petersburg. Vytal Studios also announced it would relocate its corporate headquarters to the City of Richmond and create 155 new jobs.

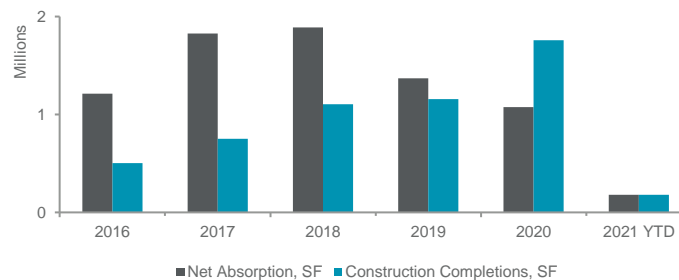
SUPPLY and DEMAND: Development Pipeline Grows

Steady absorption and declining vacancy rates continue to provide developers confidence to move forward with new projects. The overall vacancy rate declined 50 basis points (bps) over the past twelve months to 3.0%, approaching the historical low for the market of 2.7%. New construction continues to be quickly absorbed and several announcements in the first quarter will add substantially more space to the industrial development pipeline. Notably, Lowe's leased space for a 1.1 million square foot (msf) build-to-suit development on Hickory Hill Road. Red Rock Developments purchased 54 acres for a 353,044-sf Class A speculative warehouse in Meadowville Technology Park. Nearly 1.5 msf of warehouse space is currently under construction and expected to deliver this year, 70% of which is speculative. Sitework began on the first phase of the proposed 202,000-sf warehouse development at 11115 Johnson Road near Ashland, while construction started on a new 100,000-sf warehouse for Mygrant Glass.

PRICING: Tight Supply Limits Rental Rate Growth

Class A industrial space continues to be difficult to find throughout the market and is limiting the potential for overall asking rent growth. Strong market fundamentals are fueling development activity, but tenants will have limited options until new space delivers. Asking rental rates for Class A warehouse space increased 5.5% over the past twelve months to \$5.33 per square foot (psf), while the overall average asking rent decreased 4.4% during that same period to \$4.55 psf. Minimal availabilities will continue to limit rental rate growth, but high-quality industrial space will command premium rents if new availabilities arise.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	11,967,871	160,000	346,844	2.9%	97,220	315,000	\$7.06	N/A	\$5.72
Northwest	310	19,561,611	126,388	573,487	2.9%	(33,980)	498,000	\$7.26	\$11.66	\$7.18
Southeast	152	21,182,649	543,864	747,747	3.5%	240,974	1,620,000	\$4.00	N/A	\$6.37
Southwest	439	42,404,133	473,279	1,205,622	2.8%	(125,919)	835,539	\$3.27	\$9.50	\$3.86
RICHMOND, VA TOTALS	1,080	95,304,196	1,303,531	2,873,700	3.0%	178,295	3,268,539	\$4.09	\$11.03	\$4.81

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	771	62,627,350	936,783	2,173,116	3.5%	455,454	1,493,539	N/A	N/A	\$4.81
Manufacturing	237	24,787,059	366,748	480,967	1.9%	113,138	275,000	\$4.09	N/A	N/A
Office Service/Flex	64	5,139,777	0	126,673	2.5%	-43,201	0	N/A	\$11.03	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
Facebook Data Center, Phase 2	Southeast	Under Construction	Facebook	1,500,000	Facebook, Inc.
Cardinal South	Northwest	Under Construction	None	260,000	Scannell Properties
Northlake 95	Northwest	Under Construction	None	238,000	MDH Partners, Inc
North Richmond Industrial Park	Northwest	Under Construction	None	202,000	EC Real Estate LLC

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	Type
10462 Hickory Hill Rd	I-95 N/Ashland	Lowe's	1,100,000	New
2708 Seven Hills Rd	Airport	Dominion Packaging	144,606	New
4915 Norman Rd	Airport	WestRock	139,800	New
4337-4379 Carolina Ave	Laburnum/Rte 360	Temperpack	72,000	New

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$SF
Fairgrounds Distribution Center	Laburnum/Rte 360	Richmond International Raceway LLC / Lingerfelt Commonwealth	223,749	\$7.8M / \$35
2413 Ownby Ln	Scott's Add/West End	Boxwood Partners / Spy Rock Real Estate Group	4,500	\$4.2M / 933
1400 Bermuda Hundred Rd Land	Rt. 10/I-95 S	Chesterfield County Eco Dev / Red Rock Developments	54 AC	\$3.2M / \$60k

JONATHAN KOES

Research Manager

+1 804 697 3560 / jonathan.koes@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 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 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.