

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
1.7% Vacancy Rate	▬	▬
635K Net Absorption, SF	▾	▴
\$6.07 Asking Rent, PSF	▴	▴

Overall, Net Asking Rent, All Property Classes

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
668.6K Richmond MSA Employment	▴	▴
3.5% Richmond MSA Unemployment Rate	▾	▾
3.8% U.S. Unemployment Rate	▾	▾

Source: BLS

ECONOMY: Job Growth Projected

Richmond area unemployment rates fell to 3.7% in February, down from 3.9% at the end of 2021 with several companies projecting additional job growth in the year ahead. American Paper, Mondelez International, and TemperPack Technologies have all announced expansion plans to their facilities and capabilities. Employment in the trade, transportation, and utilities sector, Richmond's largest by total number of jobs at 19%, has returned to pre-pandemic levels. The Governor's office also announced growth and opportunity grants to accelerate economic growth, specifically to build a pharmaceutical manufacturing pipeline in the southern region of the metro area.

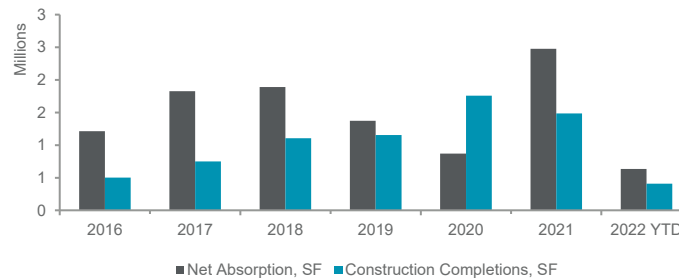
SUPPLY and DEMAND: Development Pipeline Booming

The appetite for industrial facilities shows no signs of slowing with more than 11 million square feet (msf) of space scheduled to be delivered this year. The construction pipeline includes the multi-million square foot complex Hillwood Development is building for Amazon and the multi-million square foot speculative facility Raith has under construction in the northwest quadrant. MacKenzie Companies delivered the first phase of the North Richmond Industrial Park with Home Depot as the lead tenant, and Holladay Construction completed the new Mygrant Glass facility. Both buildings are located in Hanover County, also in the northwest quadrant. The timeline for leasing has also been compressed to an average of eight months for buildings larger than 20,000 sf. The year opened with quoted rental rates reaching a historic high north of \$6.00 per square foot (psf), up from \$4.55 psf year-over-year (YOY). The overall vacancy rate has decreased to 1.7%, down 80 basis points since the last quarter.

PRICING: Investor Confidence

Pennsylvania-based privately held investment, Equus Capital Partners entered the Richmond market with the purchase of the 8-building Eastport Industrial Park from Prologis for \$139 million. Located in eastern Henrico County, the complex totals more than 1 msf on 86 acres and is fully leased to numerous nationally recognized tenants. The sale included an industrial portfolio of 75 properties totaling 5.4 msf in markets along the East Coast and through the Sun Belt. With a limited supply of sale offerings and sustained low vacancy, sale pricing continues to trend upward to an average of \$110 psf, representing an increase of 129% YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SUBMARKET/QUADRANT	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	4	134,617	0	0	N/A	0	0	N/A	N/A	N/A
Northeast	171	12,128,686	247,500	277,354	2.3%	66,256	2,809,000	\$6.00	N/A	\$7.71
Northwest	315	20,247,496	284,570	558,030	2.8%	378,343	3,006,743	\$6.76	N/A	\$6.95
Southeast	154	21,286,109	377,661	193,651	0.9%	174,079	2,430,761	N/A	N/A	\$4.60
Southwest	439	43,674,327	551,117	616,703	1.4%	16,735	2,340,514	\$3.14	\$9.91	\$4.95
RICHMOND, VA TOTALS	1,083	97,471,235	1,460,848	1,645,738	1.7%	635,413	10,587,018	\$5.05	\$9.91	\$6.20

Data includes industrial facilities with a minimum 20,000 square feet total. 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	775	64,462,998	892,275	1,383,338	2.1%	483,447	8,941,788	N/A	N/A	\$6.15
Manufacturing	237	25,153,545	130,768	587,374	1.4%	-14,389	275,000	\$5.09	N/A	N/A
Office Service/Flex	48	3,965,074	4,500	17,500	0.4%	35,060	0	N/A	\$9.91	N/A

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

KEY CONSTRUCTION PIPELINE YTD 2022

PROPERTY	SUBMARKET	STATUS	MAJOR TENANT	SF	OWNER / DEVELOPER
5901 Richmond Henrico Tpke	Laburnum/Rte 360	Under Construction	Amazon	2,600,000	Hillwood Development
Deepwater Industrial Park (B)	Jeff Davis Corridor	Under Construction	Lowe's	1,200,000	Hourigan Development
East Coast Commerce Center	I-95 North/Ashland	Under Construction	SPEC	1,112,100	Raith Capital/Equity Industrial
Sauer Industrial Center (1)	Airport	Under Construction	Mondelez	446,692	Becknell Industrial

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	Type
1100 Dinwiddie Avenue	Jeff Davis Corridor	Cascades Holdings	160,850	New
5801 Techpark Place	Airport	American Paper Converting	120,000	New
8440 Times Dispatch Boulevard	I-95 N/Mechanicsville	Walgreens	65,000	New
8440 Times Dispatch Boulevard	I-95 N/Mechanicsville	ABB	65,000	New
4401 Carolina Avenue	Laburnum/Rte 360	Temperpack	62,100	New

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$SF
Eastport Industrial Park	Airport	Prologis LP / Equus Capital Partners Ltd	900,410	\$139M / \$154
5901 Lewis Road	Airport	Jera Partners LLC / SomeraRoad Inc.	180,577	\$25.3M / \$73
2208-2220 Station Road	Jeff Davis Corridor	Falling Creek Warehouse / 2208-2220 Station Owner LLC	129,080	\$6.5M / \$50
8800 Studley Road	I-95 N/Mechanicsville	Monmouth Real Estate/Industrial Logistics Properties	111,804	\$20.6M / \$184

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