

## Industrial Q3 2021

	YoY Chg	12-Mo. Forecast
<b>4.3%</b> Vacancy Rate	▲	▬
<b>874k</b> Net Absorption, SF	▼	▲
<b>\$5.22</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
<b>651.4K</b> Richmond MSA Employment	▲	▲
<b>4.3%</b> Richmond MSA Unemployment Rate	▼	▼
<b>5.2%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### ECONOMY: Signs of Recovery

The Richmond Metro Area economy continued its recovery in Q3 2021. The unemployment rate of 4.3% in the third quarter was down 10 basis points (bps) from the previous quarter and 360 bps from Q3 2020. Nonagricultural employment was 651,400, an increase of 5,600 jobs year-over-year (YOY). The third quarter saw an increase of dining and travel that had previously been restricted and not surprisingly leisure and hospitality jobs experienced the largest gains of any sector, with a 16% gain YOY. Accolades for the area were high in Q3; Virginia was elected by CNBC as the best state for businesses for the second consecutive year and the Wall St. Journal ranked Richmond as a top 25 city in America to start a career based on opportunity and quality of life.

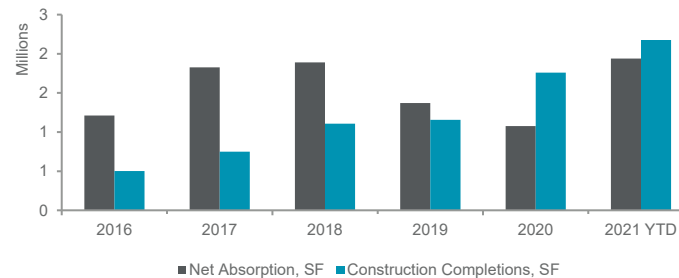
### SUPPLY and DEMAND: Surging Demand

Rental rates rose for the fifth quarter in a row and hit record highs in the third quarter. The negative effects of the pandemic have failed to make a dent in the souring industrial marketplace. Available space fell below 4% for the first time on record. With most of the new construction pre-leased, Richmond's continued need for industrial space shows no visible signs of slowing. Q3 deals of note included the 446,692 square foot (sf) Sauer Center leasing up and the WDS Company of VA signing a new deal for 132,000 sf at 2904 Transport St.

### PRICING: Investing in Richmond

Historically high rental rates paired with low vacancy continues to make investment in Richmond's industrial market a relatively low risk endeavor. An active market, 2021 will be the fifth out of the last six years that at least 5% of existing inventory has sold and sales prices per square foot (psf) exceeded \$70 for the first time. With more than 70% of deals over the last five years attributed to buyers outside the Richmond Metro Area, out of town investment has become the norm. Evidenced by two of the quarter's largest deals; a portfolio including the White Oak Technology Park purchased by Singapore based Mapletree Investments and San Diego based REIT, Realty Income Corp., buying a seven-property portfolio for \$19.3M.

### 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	172	12,218,748	2,980,461	447,547	3.7%	520,861	2,809,000	\$6.47	\$16.00	\$6.02
Northwest	311	19,843,566	631,583	1,006,203	5.1%	97,914	202,000	\$8.45	\$13.00	\$6.47
Southeast	150	20,994,424	1,352,455	780,191	3.7%	485,330	2,475,761	\$3.92	N/A	\$4.47
Southwest	442	42,957,583	1,802,179	1,831,584	4.3%	617,543	596,470	\$3.73	\$8.93	\$4.86
<b>RICHMOND, VA TOTALS</b>	<b>1,080</b>	<b>96,202,253</b>	<b>6,766,678</b>	<b>4,065,525</b>	<b>4.3%</b>	<b>1,721,648</b>	<b>6,083,231</b>	<b>\$5.64</b>	<b>\$12.64</b>	<b>\$5.46</b>

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	63,820,850	5,922,217	3,063,139	4.8%	1,429,054	4,308,231	N/A	N/A	\$5.29
Manufacturing	235	24,550,059	785,045	587,374	2.4%	250,447	275,000	\$5.00	N/A	N/A
Office Service/Flex	65	5,169,249	86,486	80,026	1.5%	42,147	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 Tpk	Laburnum/Rte 360	Under Construction	Amazon	2,600,000	Hillwood Development
Sauer Industrial Center	Airport	Under Construction	Mondelez	446,692	Becknell Industrial
The Distribution Center at Meadowville	I-95 South/Rt 10	Under Construction	Spec	353,044	Red Rock Developments
North Richmond Industrial Park	I-95 North/Ashland	Under Construction	Home Depot	202,000	EC Real Estate LLC

**KEY LEASE TRANSACTIONS Q3 2021**

PROPERTY	SUBMARKET	TENANT	SF	Type
Sauer Industrial Center	Airport	Mondelez	446,692	New
2904 Transport St	Jeff Davis Corridor	The WDS Co. of VA	131,908	New
4717-4729 Eubank Rd	Airport	West Rock	113,827	New

**KEY SALES TRANSACTIONS Q3 2021**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$SF
3900 Technology Ct	Airport	The Blackstone Group/ Mapletree Investments	800,000	\$72.7M / \$91
14000 Justice Rd	Midlothian Corridor	Katherman Investments LLC / Peterson Companies	83,025	\$14.1M / \$170
1627 Willis Rd	Jeff Davis Corridor	White Tire Distributors / McCarthy Tire Service	42,750	\$4.2 / \$98

**Cameron Williams**

Research Manager

+1 804 697 3560 [Cameron.Williams@thalhimers.com](mailto:Cameron.Williams@thalhimers.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.