

	YoY Chg	12-Mo. Forecast
<b>2.5%</b> Vacancy Rate	▲	▲
<b>771K*</b> Net Absorption, SF	▼	▲
<b>\$7.25</b> Asking Rent, PSF <i>Overall, Net Asking Rent</i>	▲	▲

**ECONOMIC INDICATORS  
Q1 2023**

	YoY Chg	12-Mo. Forecast
<b>711.8K</b> Richmond MSA Employment	▲	▼
<b>3.3%</b> Richmond MSA Unemployment Rate	▼	—
<b>3.5%</b> U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

**ECONOMIC OVERVIEW: A Region In Growth Mode**

Coming off one of the region's best years in more than two decades, Richmond is in growth mode. More than \$1.6 billion in capital investment and nearly 5,000 new jobs were announced in 2022, and the region has been ranked as the #4 hottest city for job growth by Gusto, a leader in human resources management software. Mixed-use development is on the rise with a focus on expanding Richmond's already varied and vibrant lifestyle amenities. Henrico County's Virginia Center Commons is slated for redevelopment with a mix of retail and residential housing as well as space for two large job centers included on its 90-acre campus. Construction began on Midlothian's Springline at District 60 development, replacing a former retail center with entertainment venues, apartment units, and office space on its 42 acres in Chesterfield County. Richmond's Stone Brewing facility will begin brewing Sapporo, expanding its facilities and doubling its workforce, and SanMar announced plans to establish a \$50 million distribution hub in Hanover County's 1.1-million-square-foot (msf) East Coast Commerce Center.

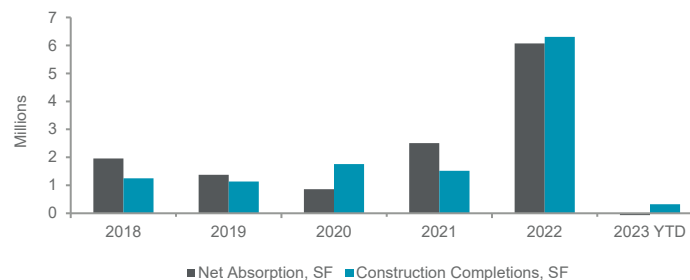
**SUPPLY AND DEMAND: Construction Pipeline Active**

Richmond's overall industrial vacancy rate has dropped 20 basis points (bps) since the start of the year in large part due to SanMar's lease of 1.1 msf in Hanover County. Leasing activity topped 1.8 msf for the quarter, including SanMar's deal, and prospect interest remained active with the greatest challenge being the limited supply of facilities. Net absorption numbers topped 771,000 sf for the quarter and was impacted by the addition of a large block of sublease space in Chesterfield County to the vacancy. Year-end 2022 numbers set records for deliveries, nearing 9.0 msf total, and the pipeline has remained active entering 2023 with the largest facilities scheduled to deliver in the fourth quarter of 2023 or early 2024. More than 3.2 msf of speculative space is under construction currently, which stands to add 3.0% to the total inventory. The majority of bulk space has been absorbed within months of delivery, if not sooner, and given the number of large-scale requirements active in the market, that trend is forecasted to continue.

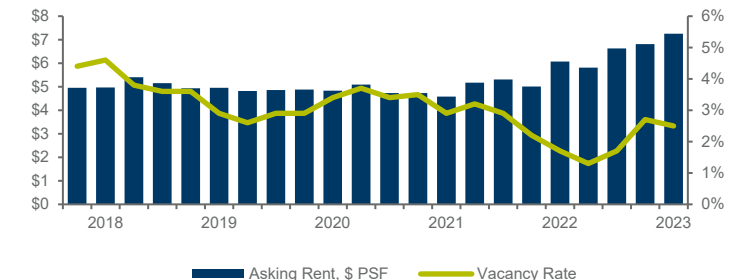
**PRICING: Active Investment Market**

Sales volume topped \$199 million for the quarter with two major sales accounting for 72% of the total. AFL-CIO transferred its four-building portfolio to Lingerfelt for \$105.6 million, totaling almost 1.2 msf in Walthall and Northlake Distribution Centers. Bailard acquired its second area asset and closed on the purchase of the 353,044 sf Distribution Center at Meadowville for \$37.5 million, north of \$106 per square foot (psf). The facility was built and sold by Red Rock Developments in partnership with Westport Capital Partners and is fully leased to Coca-Cola. Rents have also jumped since the start of the year, increasing 6.5% since the fourth quarter and up 19.4% year-over-year. Sustained sales activity despite the constraints of the current lending environment are a further indication of investor confidence in the Richmond market.

**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 (WD)
Downtown	4	134,617	0	0.0%	0	0	0	-	-	-
Northeast	175	14,963,581	316,329	2.1%	34,542	34,542	1,106,764	-	-	\$7.84
Northwest	321	21,697,815	302,581	1.4%	1,002,539	1,002,539	1,631,480	\$7.35	\$12.67	\$7.22
Southeast	161	23,879,042	535,359	2.2%	-105,667	-105,667	1,640,000	-	\$8.85	\$5.36
Southwest	451	47,158,978	1,517,347	3.2%	-160,266	-160,266	483,980	\$8.50	\$12.50	\$6.92
<b>RICHMOND, VA TOTALS</b>	<b>1,112</b>	<b>107,834,033</b>	<b>2,671,616</b>	<b>2.5%</b>	<b>771,148*</b>	<b>771,148*</b>	<b>4,862,224</b>	<b>\$7.36</b>	<b>\$12.59</b>	<b>\$6.96</b>

Data includes industrial facilities with a minimum 20,000 square feet total. \*Some statistics will not match U.S. Marketbeat Tables.

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

**KEY LEASE TRANSACTIONS Q1 2023**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10462 Hickory Hill Road (East Coast Commerce Center)	I-95 North/Ashland	SanMar	1,112,100	New
943 S Airport Drive (Sauer Industrial Center)	Airport	Sapporo USA	149,030	New
10463 Wilden Drive	I-95 North/Ashland	Niche Logistics	60,000	New
2700 Deepwater Terminal Road	Jeff Davis Corridor	AdvanSix	36,000	New
12075 Harley Club Drive (Northlake II)	I-95 North/Ashland	Jones Sign	31,517	New

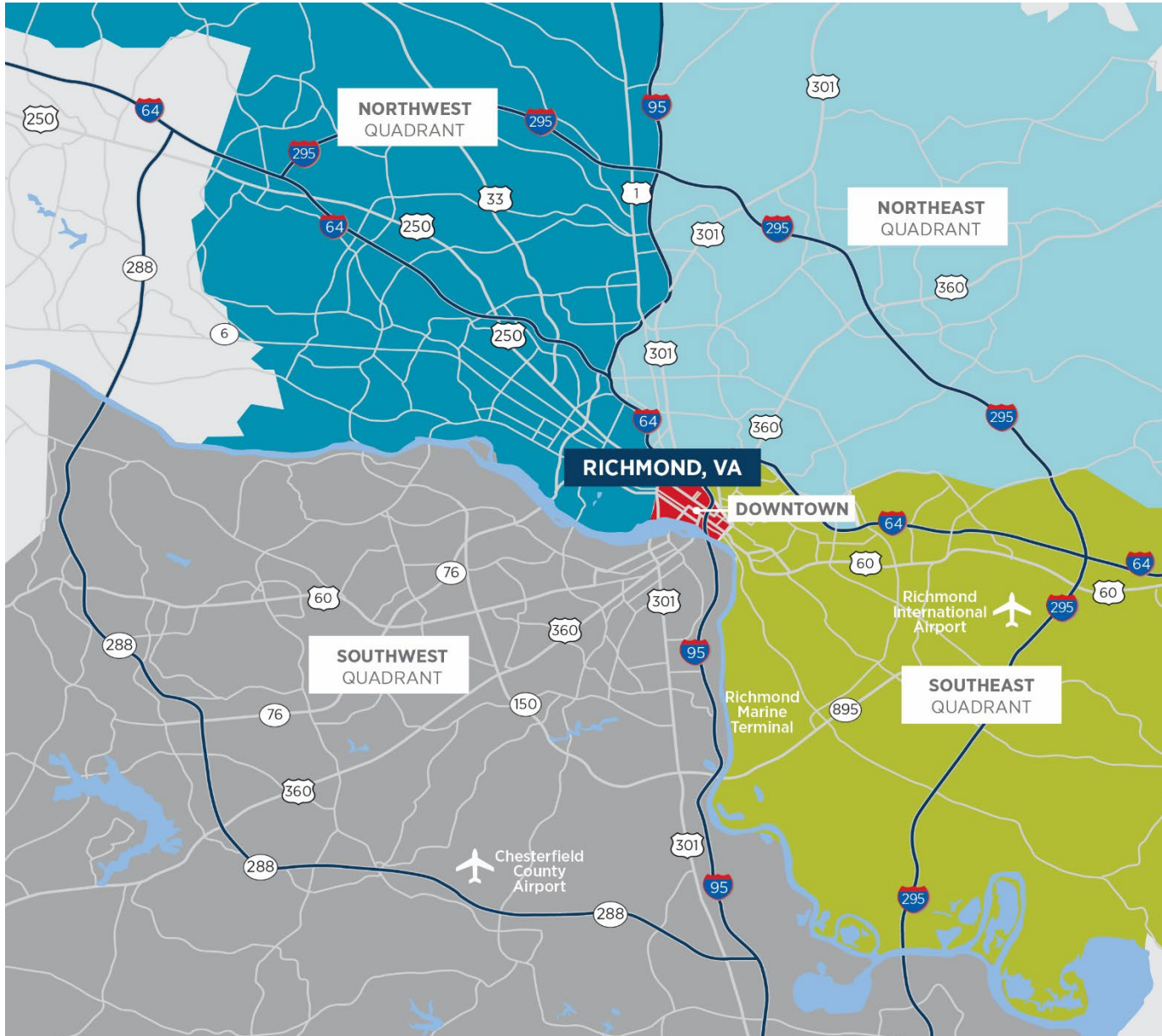
**KEY SALES TRANSACTIONS Q1 2023**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Walthall & Northlake Distribution Center (4-Property Portfolio)	I-95 S/I-295 S/Rt 10 & I-95 North/Ashland	AFL-CIO Building Investment Trust / Lingerfelt	1,161,716	\$105.6M/\$91
Distribution Center at Meadowville (1400 Digital Drive)	I-95 S/I-295 S/Rt 10	Red Rock Developments / Bailard	353,044	\$37.5M/\$106
5700 Audubon Drive	Airport	Dominion Packaging Inc. / AIC Ventures	317,400	\$24.2M/\$76
2001 Bellwood Road	Jeff Davis Corridor	SomeraRoad Holdings LLC / Barefoot Spas	85,549	\$8M/\$94

**KEY CONSTRUCTION PIPELINE 2023**

PROPERTY	SUBMARKET	STATUS	MAJOR TENANT	SF	OWNER/DEVELOPER
Meadowville Technology Park	I-95 S/I-295/Rt 10	Under Construction	LEGO Group	1,700,000	LEGO Group
I-895 Logistics Center	Airport	Under Construction	(Spec)	583,100	Ashley Capital
Lewistown 95 Logistics Center	I-95 North/Ashland	Under Construction	GenPak	552,587	Holladay Properties
Ashton Logistics Park	I-95 S/I-295 S/Rt 10	Under Construction	(Spec)	437,657	Lingerfelt
Washington Hwy Distribution Center	I-95 North/Ashland	Under Construction	(Spec)	405,000 Total (2 Buildings)	Samet Corporation
Cardinal Commerce Center / Cardinal North	I-95 North/Ashland	Under Construction	Performance Food Group	325,000	Scannell Properties
1701 Bermuda Hundred Road	I-95 S/I-295 S/Rt 10	Under Construction	(Spec)	187,980	Lingerfelt
Cardinal West	I-95 North/Ashland	Under Construction	(Spec)	186,900	Scannell Properties

## INDUSTRIAL SUBMARKETS



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