

	YoY Chg	12-Mo. Forecast
<b>2.5%</b> Vacancy Rate	▲	▲
<b>400K</b> Net Absorption, SF	▼	▲
<b>\$7.43</b> Asking Rent, PSF <i>Overall, Net Asking Rent</i>	▲	▲

### ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
<b>712.2K</b> Richmond MSA Employment	▲	▲
<b>3.1%</b> Richmond MSA Unemployment Rate	▲	▲
<b>3.6%</b> U.S. Unemployment Rate	■	▲

Source: BLS, Moody's Analytics

### ECONOMIC OVERVIEW: A Region In Growth Mode

After a landmark year in terms of capital investment and job creation, the Richmond region hit the mid-year mark with the growth mindset intact. Companies relocating and expanding to Richmond have brought residents with them. The area's population growth rate is estimated to be more than triple that of Virginia's five largest metros as published by the Weldon Cooper Center for Public Service. The Richmond International Airport (RIC) earned the award for North America's Most Efficient Airport from the Air Transport Research Society (ATRS), a nod to RIC's progressive vision following consecutive record-setting months for passenger travel that has resulted in plans to expand international flight offerings. Activation Capital, an innovation ecosystem development organization, announced plans to develop the 102,000-square-foot (sf) Innovation Center in Richmond's Bio+Tech Park, a life sciences hub home to more than 70 companies, research institutes, and state/federal laboratories.

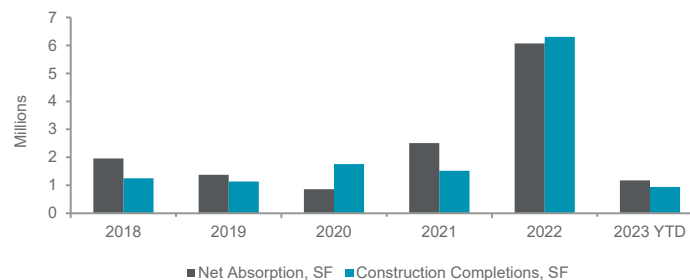
### SUPPLY AND DEMAND: Leasing Activity Steady

At the mid-year mark, leasing activity has topped 2.3 million square feet (msf) with the overall industrial vacancy rate down 20 basis points (bps) since the start of the year. With class A product in limited supply, the majority of deals struck during the second quarter were in second generation buildings within spaces in the 20,000 to 50,000 sf range. Year-to-date (YTD) net absorption numbers neared 1.2 msf, comparable in scale to the same period in 2022. The pipeline has remained active through the second quarter with more than 5.3 msf under construction and more than 3.5 msf scheduled to deliver in 2023. More than 2.0 msf of speculative space is currently under construction, and while preleasing activity has slowed, requirements for bulk space remain in ample supply. The southwest quadrant remains the largest market area in terms of both total building area and available SF, and 58.5% of the quadrant vacancy is contained in five existing buildings.

### PRICING: Rent Growth Sustained

Overall rents have increased 9.1% since the start of the year and have jumped 27.9% year-over-year (YOY). Rent growth is forecasted to slow to more historical levels and are likely to continue to climb given the sustained interest from prospects. The manufacturing sector has yielded the greatest upward pressure on pricing, with rates up 53.4% since the start of 2022. Manufacturing facilities account for 23.6% of the total market inventory, and sector vacancy has hovered at or below 1% for the last six quarters with limited offerings in the traditionally owner/occupied property set. The office/service market has seen comparable lows in terms of vacancy, ending the second quarter at 1.0% with rents up 6.4% YTD. Sales activity slowed in the second quarter, which can more likely be attributed to the lack of available product than to a drop in market interest.

### 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	135,326	0	0.0%	0	0	0	-	-	-
Northeast	175	14,962,789	217,329	1.5%	0	34,542	1,142,764	-	-	\$10.98
Northwest	323	21,984,384	556,141	2.5%	72,436	1,074,975	1,818,687	\$7.74	\$12.67	\$8.42
Southeast	161	23,892,422	325,768	1.4%	246,886	141,219	1,640,000	-	\$8.85	\$6.06
Southwest	456	47,597,127	1,610,868	3.4%	80,570	-79,696	760,358	\$8.50	\$12.50	\$6.68
<b>RICHMOND, VA TOTALS</b>	<b>1,119</b>	<b>108,572,048</b>	<b>2,710,106</b>	<b>2.5%</b>	<b>399,892</b>	<b>1,171,040</b>	<b>5,361,809</b>	<b>\$7.75</b>	<b>\$12.59</b>	<b>\$7.43</b>

Data includes industrial facilities with a minimum 20,000 square feet total.

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

### KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4337-4379 Carolina Avenue (Richmond Distribution Center)	Laburnum/Rte 360	Riverside Logistics	84,000	Sublease/New
1801 Willis Road	Jeff Davis Corridor	Rexel USA	54,000	New
1801 Willis Road	Jeff Davis Corridor	Bermuda Distribution & Trucking	48,000	Sublease
3405 Commerce Road	Jeff Davis Corridor	Git The Trucking Commercial Tires	42,428	New
7425 Ranco Road	Staples Mill/Parham	Cavalier Cargo Group	34,358	New

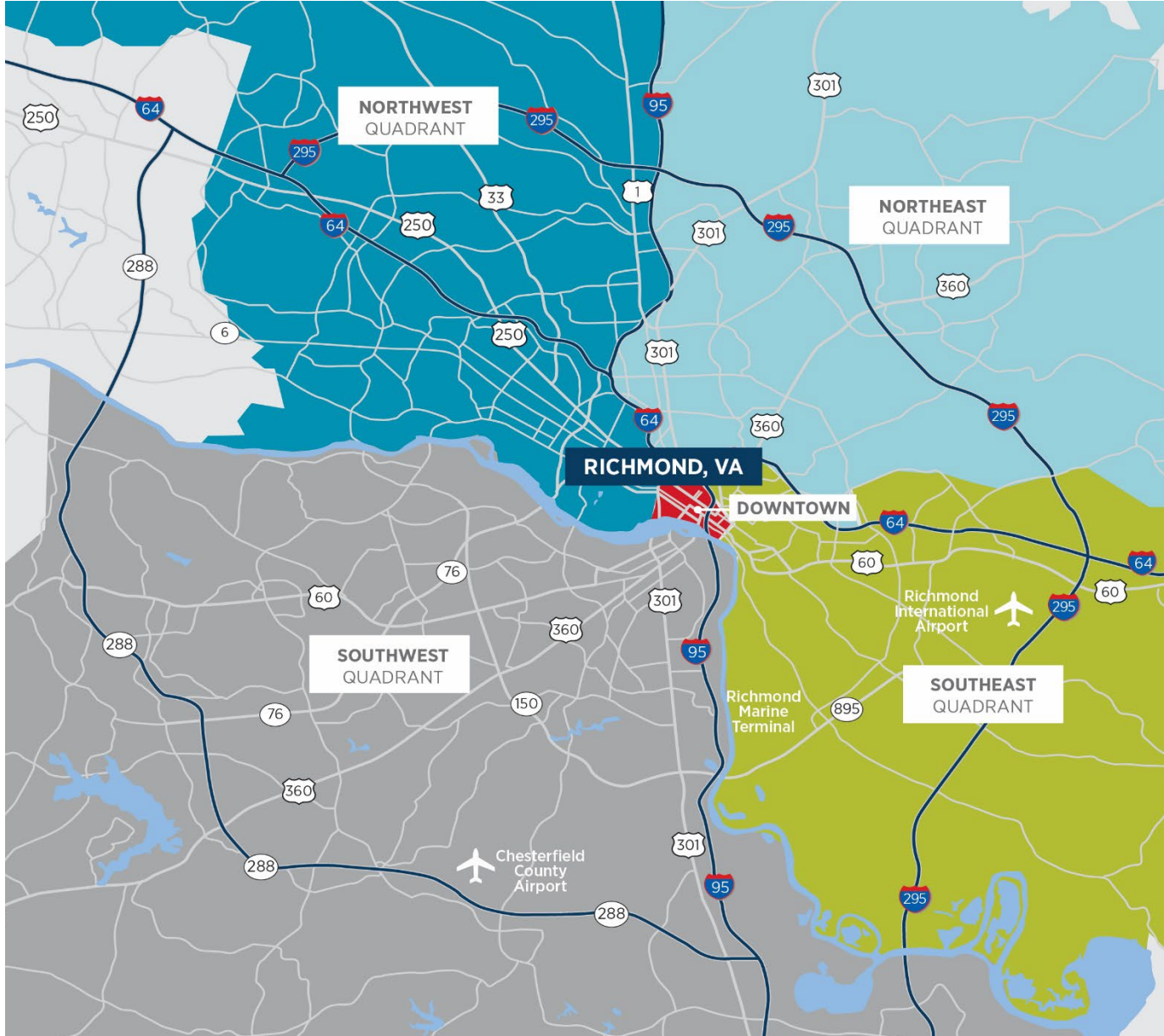
### KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Wistar Center (3-Building Flex/Retail Portfolio)	Staples Mill/Parham	Fernau LeBlanc / Prudent Growth Partners LLC	49,092	\$7.3M/\$148
2419 Grenoble Road	Staples Mill/Parham	Nicholas Athas / Mark Franko Custom Building	23,760	\$2.1M/\$86
2000 E Grace Street	Downtown	E McLauchlan & Sons Inc. / Metro Elevator Inc.	12,399	\$1.2M/\$96
11300 Business Center Drive	Midlothian Corridor	AdvanceTEC LLC / 11300 Business Center LLC	9,105	\$1.7M/\$187

### 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
Lewistown 95 Logistics Center	I-95 North/Ashland	Under Construction	GenPak	552,587	Jim Pattison Group
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
Carmel Church Business Center	Caroline County	Under Construction	(Spec)	325,000	Lingerfelt
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
Northlake II (B)	I-95 North/Ashland	Under Construction	Jones Sign/Spec	102,000	Matan

INDUSTRIAL SUBMARKETS



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