

3.8%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

1.8M

Net Absorption, SF



\$8.72

Asking Rent, PSF



Overall, Net Asking Rent

## ECONOMIC INDICATORS Q1 2024

720K

Richmond MSA  
EmploymentYoY  
Chg12-Mo.  
Forecast

3.2%

Richmond MSA  
Unemployment Rate

3.8%

U.S.  
Unemployment Rate

Source: BLS, Moody's Analytics

## ECONOMIC OVERVIEW: HQ Expansion + Population Growth

Population growth and local expansion led the headlines at the start of 2024 along with new accolades for the Richmond region. Site Selection named Richmond among the top 10 best US cities for headquarters projects as well as among the top 10 US cities for projects per capita, a result of more than 40 new or expanding projects announced in 2023. Genworth's new corporate headquarters location in western Henrico County is scheduled for occupancy early in the second quarter of 2024 and will bring more than 400 employees back to the newly redesigned office. Fueling local expansion, the University of Virginia's Weldon Cooper Center for Public Service, recognized for its applied research services, continues to report population growth in the Richmond region with a significant influx of residents from Northern Virginia and the Washington DC region. Located on the outer edges of the Richmond metro area, New Kent, Goochland, and Louisa counties led the state in population growth between 2020 and 2023 with increases of 11.9%, 7.7% and 7.5%, respectively.

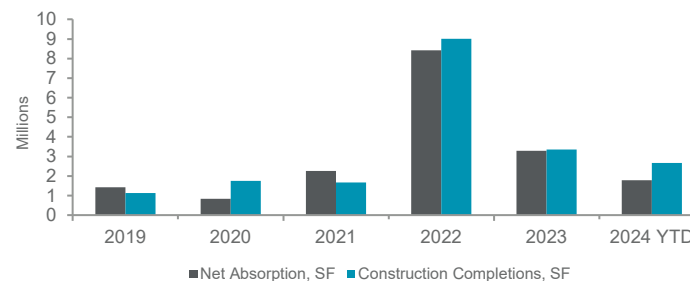
## SUPPLY AND DEMAND: Vacancy Rates Stabilize

The quarter closed with overall industrial vacancy up 80 basis points (bps) quarter-over-quarter (QOQ) and up 170 bps year-over-year (YOY) as rates continue to trend higher from the historic lows reached in 2022. Several large blocks of second-generation space hit the market along with over 400,000 square feet (sf) of newly constructed high bay distribution space which the owner originally planned to occupy, the latter of which account for 44.9% of the jump in vacancy. More than 2.6 million square feet (msf) were delivered in the first quarter, including three speculative (SPEC) projects and one data center facility that accounted for 1.5 msf of the total number. The current construction pipeline includes more than 1.3 msf of SPEC product underway, including several flex projects located primarily in Hanover County. Projects in the current construction pipeline are 59.1% preleased, the result of more speculative product breaking ground. Net absorption neared 1.8 msf in the first quarter despite a continued dip in leasing activity, though almost 84% of that number is attributed to the newly built data center. Construction starts have slowed for bulk distribution facilities after the frenzied activity of the pandemic years, though sustained interest and one of the lowest vacancy rates along the East Coast have developers planning for the next round of building.

## PRICING: Rent Growth Sustained

Lease rates continued to climb, closing the first quarter up 7.8% QOQ and up 17.8% YOY, representing an increase of over 80% since 2020. Warehouse rents jumped 10.3% QOQ despite a sector increase in vacancy 110 bps QOQ. Sales volume topped \$29.7 million with the transfer of multiple small bay freestanding buildings during the first quarter, a drop from the same period last year and more a symptom of financing conditions and limited sale offerings than a lack of investor and user 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 (W/D)
Downtown	4	135,326	0	0.0%	0	0	0	-	-	-
Northeast	176	16,043,842	524,439	3.3%	-66,613	-66,613	117,250	-	-	\$11.70
Northwest	332	23,578,325	1,565,032	6.6%	-13,404	-13,404	940,500	\$12.21	\$16.07	\$11.14
Southeast	163	25,442,616	433,051	1.7%	1,392,299	1,392,299	900,500	-	-	\$8.50
Southwest	464	48,931,720	1,769,148	3.6%	478,919	478,919	939,790	\$7.51	\$12.50	\$7.08
<b>RICHMOND, VA TOTALS</b>	<b>1,139</b>	<b>114,131,829</b>	<b>4,291,670</b>	<b>3.8%</b>	<b>1,791,201</b>	<b>1,791,201</b>	<b>2,898,040</b>	<b>\$9.73</b>	<b>\$15.65</b>	<b>\$8.48</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 Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11089 Leadbetter Rd	I-95 North/Ashland	Deutz Corporation	29,200	New
2901 Commerce Rd	Jeff Davis Corridor	DS Pipe & Steel Supply	28,100	New
601 Gordon Ave	Jeff Davis Corridor	The Richmond Ballet	25,920	New
2400 Station Rd	Jeff Davis Corridor	Capital Railing	20,000	New

## KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6130 Midlothian Tpke	Midlothian Corridor	Gibson & Gibson Inc / JGR Equipment Rental & Sales	28,900	\$2.9M/\$99
2901 Commerce Rd	Jeff Davis Corridor	Cushing Manufacturing & Equipment / 2901 Commerce Rd LLC	28,100	\$2.3M/\$80
10300 Northlake Park Dr	I-95 North/Ashland	Mon Ami Realty / Fidelity Development Inc	25,426	\$5.1M/\$202
9600 Express Ln	Jeff Davis Corridor	Yellow Freight Systems Inc. / Jadian Capital	22,353	\$3.1M/\$136

## KEY CONSTRUCTION PIPELINE

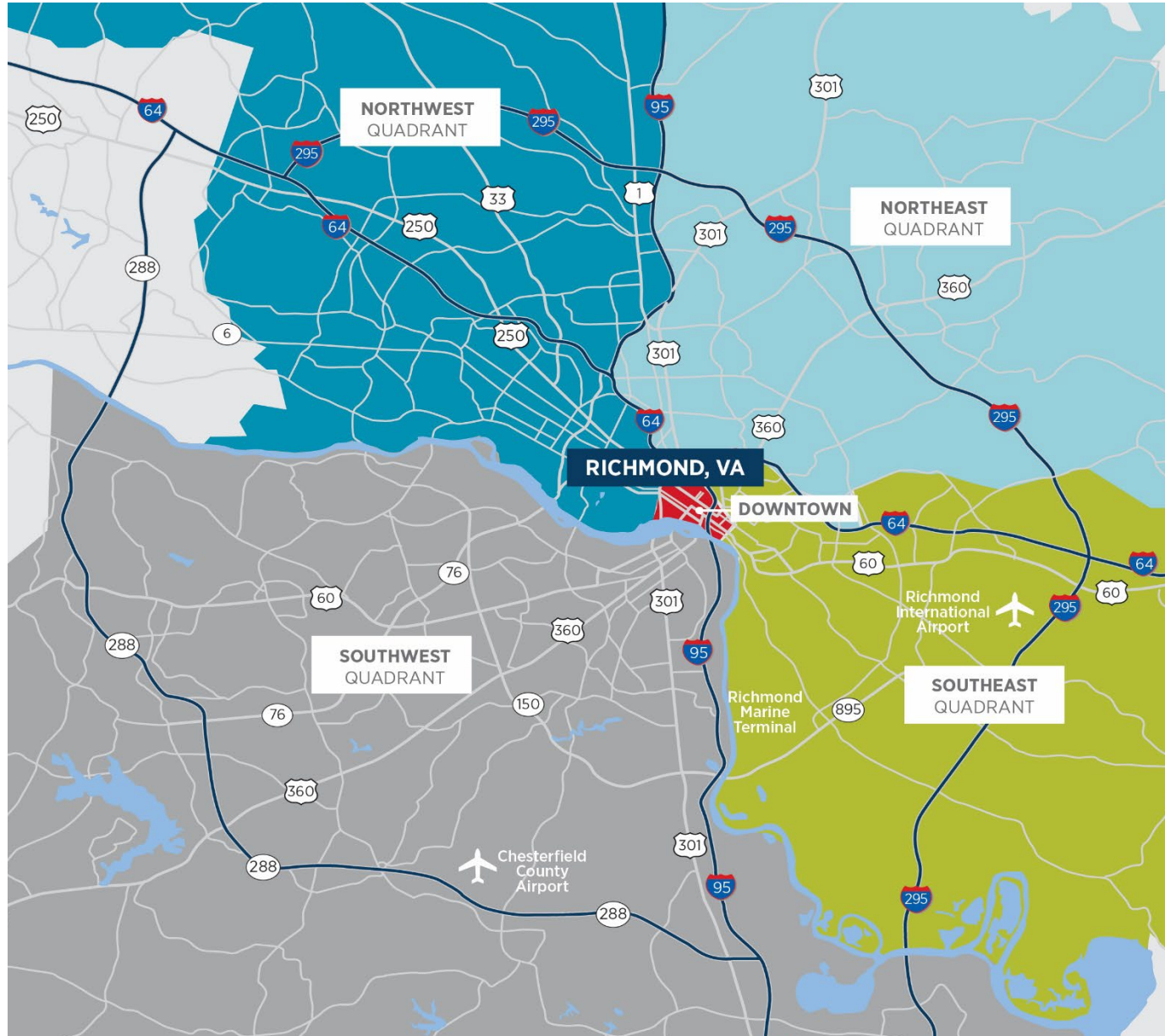
PROPERTY	SUBMARKET	STATUS	MAJOR TENANT	SF	OWNER/DEVELOPER
Meadowville Technology Park	I-95 S/I-295/Rt 10	Under Construction	LEGO Group	1,700,000	LEGO Group
AXIAL Gateway 95	I-95 S/I-295/Rt 10	Under Construction	(Spec)	505,068	AXIAL Industrial
Carmel Church Business Center	Caroline County	Under Construction	(Spec)	325,500	Lingerfelt
North Richmond Industrial Park (Bldg 2)	I-95 North/Ashland	Under Construction	(Spec)	315,000	MacKenzie
Ashton Creek Distribution Center	I-95 S/I-295 S/Rt 10	Under Construction	(Spec)	173,800	Lingerfelt
Lakeridge Logistics Center (1 & 2)	I-95 North/Ashland	Under Construction	(Spec)	249,500	Wigeon Capital
Ashton Logistics Park (II)	I-95 S/I-295 S/Rt 10	Under Construction	(Spec)	84,721	Lingerfelt

MARKETBEAT

# RICHMOND, VA

Industrial Q1 2024

## INDUSTRIAL SUBMARKETS



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