

YoY
Chg 12-Mo.
Forecast

4.2%

Vacancy Rate



-452K

Net Absorption, SF



\$8.27

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q2 2024YoY
Chg 12-Mo.
Forecast

724.7K

Richmond MSA
Employment

2.9%

Richmond MSA
Unemployment Rate

4.1%

U.S.
Unemployment Rate

Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW: Regional Rankings Dominate

Employment numbers continued to rise through the first half of the year as the region racked up additional accolades and awards both for its business climate and lifestyle. The Wall Street Journal ranked Richmond as the 11th hottest job market nationwide, and a study from USA Today named Richmond as the most climate-resilient city in the nation. Located on the eastern boundary of the metro area, New Kent County's population growth made headlines as the 10th fastest-growing region in the nation according to the U.S. Census Bureau. Richmond was selected as America's best town to visit by CNN Travel and was included in the top 50 best places to live by Money. On the state level, Virginia ranked first in the nation for customized workforce training by Business Facilities, a nod to the Virginia Talent Accelerator Program that expedites new facility startups through customized recruiting and training services.

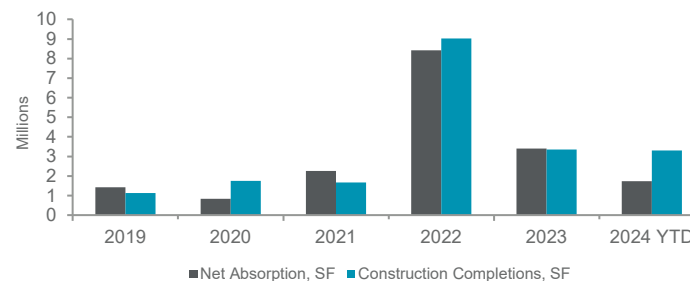
SUPPLY AND DEMAND: Vacancy Rates Stabilize

The quarter closed with overall industrial vacancy up 50 basis points (bps) quarter-over-quarter (QOQ) and up 210 bps year-over-year (YOY) as rates continue to loosen from the historic lows reached in 2022. Year-to-date (YTD) deliveries have topped 3.3 million square feet (msf), including one data center facility that accounted for 1.5 msf of the total number. Vacancy in product delivered since the start of the year accounts for 19.1% of the total vacant space, and vacancy in buildings delivered since 2020 accounts for 39.1% of the total. Second generation offerings remain in ample supply with options in a variety of size configurations, ranging from 15,000 square feet (sf) to several spaces over 100,000 sf. The number of active requirements increased through the second quarter after a slow start to the year, and demand from current tenants in the market has topped 4.3 msf based on internal tracking. Net absorption dipped in the second quarter with YTD absorption surpassing 1.7 msf at midyear, and the majority of that number attributable to a newly built data center. Construction starts have slowed for bulk distribution facilities after the frenzied activity of the pandemic years, though sustained interest and multiple requirements for 1 msf+ have developers positioning sites for building.

PRICING: Rent Growth Moderates

Overall lease rates increased 1.0% since the start of the year and are up 11.0% YOY with the new influx of second-generation space and pricing moderation after the major jumps of the pandemic years. Manufacturing rents jumped 13.4% QOQ despite a sector increase in vacancy of 120 bps QOQ. Sales volume topped \$219 million for the year with two notable transfers closed during the second quarter. The 328,000-sf cold storage facility newly built for and fully occupied by Performance Food Group in the Cardinal Commerce Center sold for \$85.4 million in a transfer from Scannell Properties to Eaton Vance. Swiss manufacturing company Condair Group AG purchased the 405,000 Willis Commerce Center for \$54.5 million from BentallGreenOak to establish its second U.S. production facility.

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	5	157,184	0	0.0%	0	19,000	0	-	-	-
Northeast	178	16,130,576	621,523	3.9%	21,169	-29,713	36,000	-	-	\$10.67
Northwest	335	23,984,233	1,977,248	8.2%	-614,257	-281,521	640,500	\$12.27	\$13.00	\$9.95
Southeast	165	25,559,116	473,715	1.9%	44,848	1,477,147	760,500	-	-	\$8.98
Southwest	466	49,053,918	1,764,942	3.6%	95,912	555,081	2,560,068	\$8.28	\$12.50	\$7.05
RICHMOND, VA TOTALS	1,149	114,885,027	4,837,428	4.2%	-452,328	1,739,994	3,997,068	\$11.03	\$13.00	\$8.06

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

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

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY	OVERALL AVAILABLE VACANT SPACE (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse/Distribution	832	78,220,980	835,418	4,205,287	5.4%	467,067	1,186,568	N/A	N/A	\$8.06
Manufacturing	243	25,829,016	79,394	841,986	2.2%	-304,408	2,100,000	\$11.03	N/A	N/A
Office Service/Flex	65	5,052,216	43,004	59,353	1.2%	-22,665	0	N/A	\$13.00	N/A

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
North Richmond Industrial Park (11115 Johnson Rd)	I-95 North/Ashland	US Cabinet Depot	194,400	New
3205 Commerce Rd	Jeff Davis Corridor	Showbest Fixture Corp	51,229	New
Ashton Logistics Park (1630 Ashton Park Dr)	I-95 S/I-295 S/Rt 10	Shepard Electric	37,800	New
Northlake Building B (11700-11760 N Lakeridge Pky)	I-95 North/Ashland	Packaging Systems & Supplies	35,252	New
Walthall Distribution Center (1900-1934 Ruffin Mill Rd)	I-95 S/I-295 S/Rt 10	Iron Mountain	24,481	New

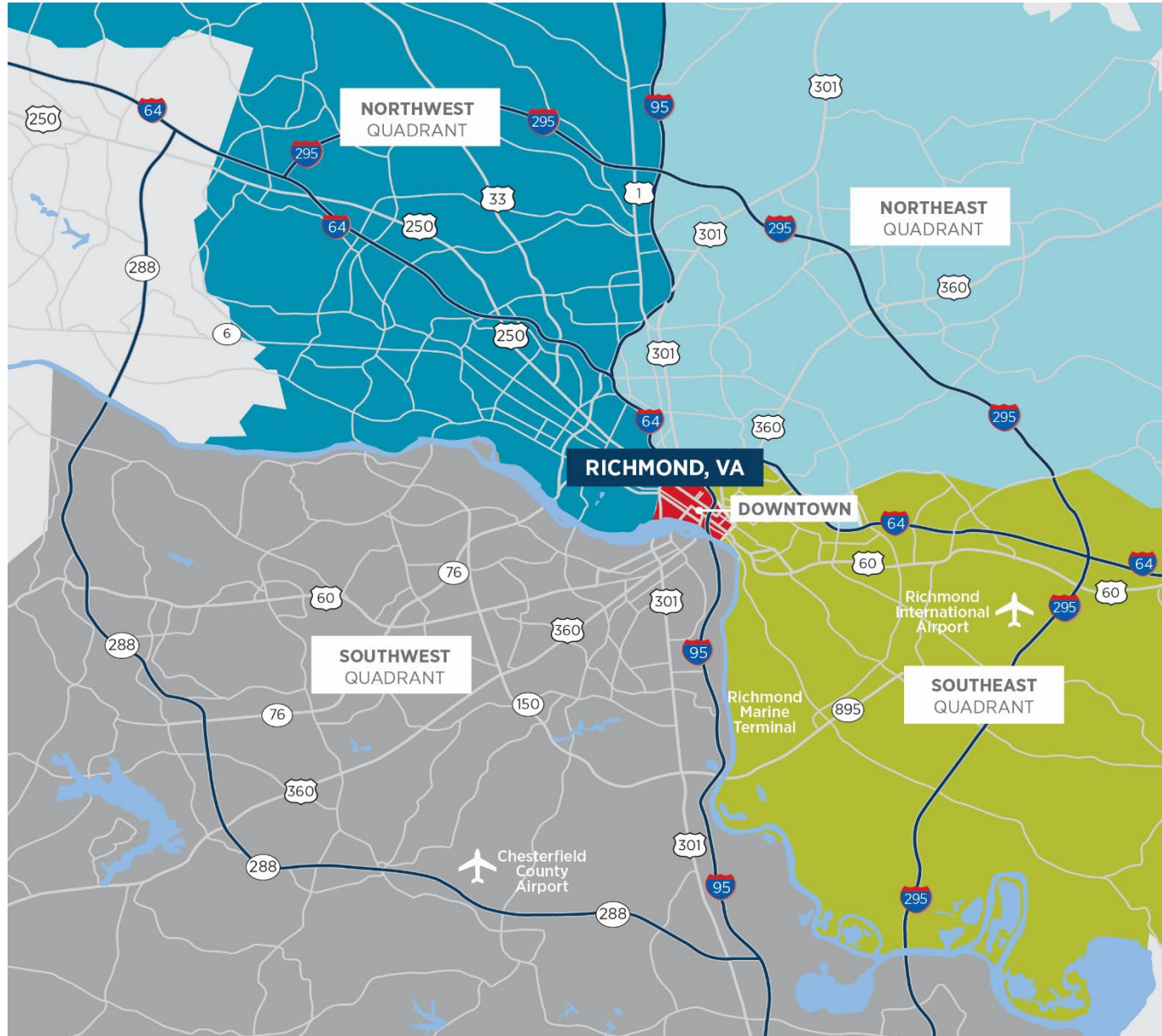
KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Willis Commerce Center (1410 Willis Road)	Jeff Davis Corridor	BentallGreenOak / Condair Operations LLC	405,228	\$54.5M/\$134
Cardinal North (10399 Washington Hwy)	I-95 North/Ashland	Scannell Properties / Eaton Vance	328,335	\$85.4M/\$260
2001 Bellwood Road	Jeff Davis Corridor	Ft Darling Partners / 2001 Bellwood Road LLC	85,549	\$8.4M/\$98

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
Lakeridge Logistics Center (1 & 2)	I-95 North/Ashland	Under Construction	(Spec)	249,500	Wigeon Capital

INDUSTRIAL SUBMARKETS

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