



MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.3% Vacancy Rate	▼	▲
420.3K YTD Net Absorption, SF	▼	▲
\$7.32 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
726.5K Richmond MSA Employment	▲	▲
3.1% Richmond MSA Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: REGIONAL DEVELOPMENT ACTIVE

The Richmond region continues to rack up accolades, most recently being named among the Top 25 North American Tech Hubs by Site Selection Magazine. Topsoe’s \$400 million investment in Chesterfield’s Meadowville Technology Park was named as the 2024 Impact Award winner for STEM by Business Facilities, and International pharmaceutical manufacturer Haleon announced plans to upgrade its Richmond facility, investing more than \$54 million in part to take advantage of the region’s growing workforce. The region’s housing market also showed signs of stabilization with costs now almost 17.0% more affordable than the national average.

SUPPLY AND DEMAND: LEASING ACTIVITY REBOUND

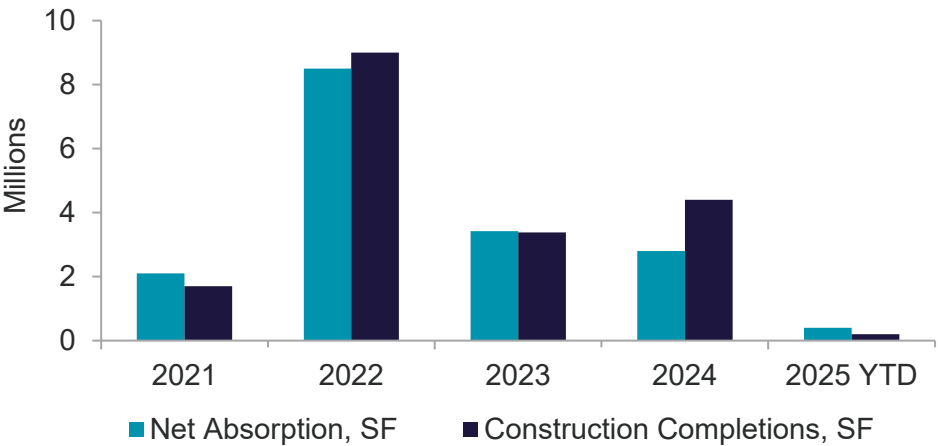
The first quarter closed with total leasing activity surpassing 1.4 million square feet (msf), a jump of 12.2% compared to the volume through the first half of 2024. Net absorption topped 420,000 square feet (sf), as leasing activity was offset by an uptick in second generation offerings. Overall vacancy closed the quarter down 80 basis points (bps) quarter-over-quarter (QOQ) and down 40 bps year-over-year (YOY). Warehouse vacancy dropped 100 bps YOY to close the quarter at 4.0% while manufacturing sector vacancy remains compressed at 2.2%, down 10 bps QOQ.

Deliveries were limited to 200,000 sf for the quarter, and while the active construction pipeline is limited to less than 1 msf of speculative (SPEC) projects, scheduled groundbreakings are expected to climb through the balance of the year with the potential for more than 4.4 msf of SPEC product to be delivered by the end of 2026.

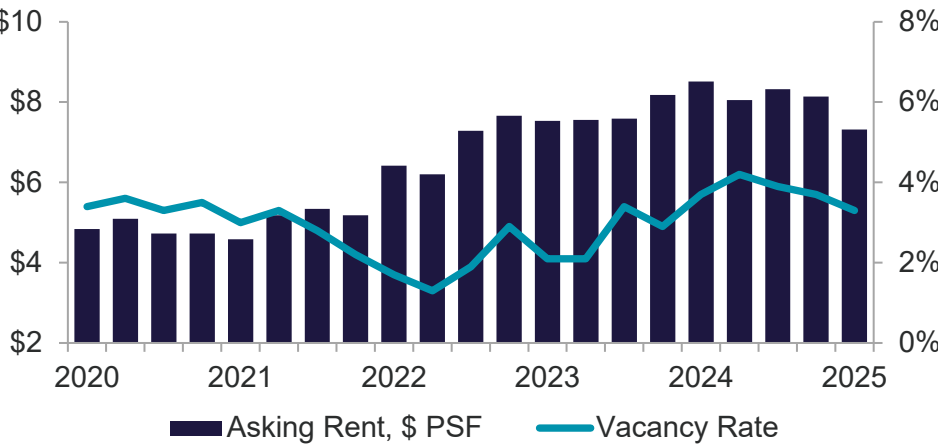
PRICING: GROWTH RATES STABLE

Overall quoted lease rates dipped through the first quarter, due in large part to below-market rates on older vintage space. Class A rents continue to trend upward with asking rates in the mid \$9 per square foot range. Rates for office/service/flex space closed the quarter up 3.4% YOY while quoted warehouse rates dipped 11.1% YOY, due to below-market rates on second generation space and limited quoted pricing on new construction. Sales volume topped \$140 million in the first quarter, a significant increase compared to the same period last year and an indication of sustained investor confidence in the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown	135,326	0	0.0%	0	0	0	0	-	-	-
Northeast	16,084,498	542,359	3.4%	-38,603	-38,603	36,000	0	-	\$15.00	\$8.59
Northwest	24,093,268	1,553,574	6.4%	108,330	108,330	321,249	30,000	\$7.99	\$12.68	\$7.79
Southeast	25,344,016	482,896	1.9%	38,996	38,996	1,648,187	0	-	\$9.75	\$10.09
Southwest	50,697,948	1,206,643	2.4%	311,640	311,640	2,162,998	170,000	\$6.39	-	\$6.46
RICHMOND TOTALS	116,355,056	3,785,472	3.3%	420,363	420,363	4,168,434	200,000	\$7.03	\$12.92	\$7.27

\*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
AXIAL Gateway 95 (16401 Walthall Industrial Pkwy)	I-95 S/I-295 S/Rt 10	Undisclosed	505,068	New
1701 Bermuda Hundred Road	I-95 S/I-295 S/Rt 10	Amazon	187,980	New
North Richmond Industrial Park (2)	I-95 North/Ashland	Fullscript	121,500	New
Washington Hwy Logistics Center (11093 Washington Hwy)	I-95 North/Ashland	Accelevation	57,405	New
12015 N Lakeridge Pkwy	I-95 North/Ashland	Cameron Ashley Building Products	53,680	New
1700 Richmond Hwy	Jeff Davis Corridor	R.A.S. Logistics	47,927	New
2001 Bellwood Road	Jeff Davis Corridor	Ferguson	46,573	New
Lakeridge Logistics Center (2)	I-95 North/Ashland	L & C Cabinetry	44,812	New
River’s Bend (13001 N Kingston Ave)	I-95 S/I-295 S/Rt 10	IES Commercial	40,460	New

KEY SALE TRANSACTIONS Q1 2025

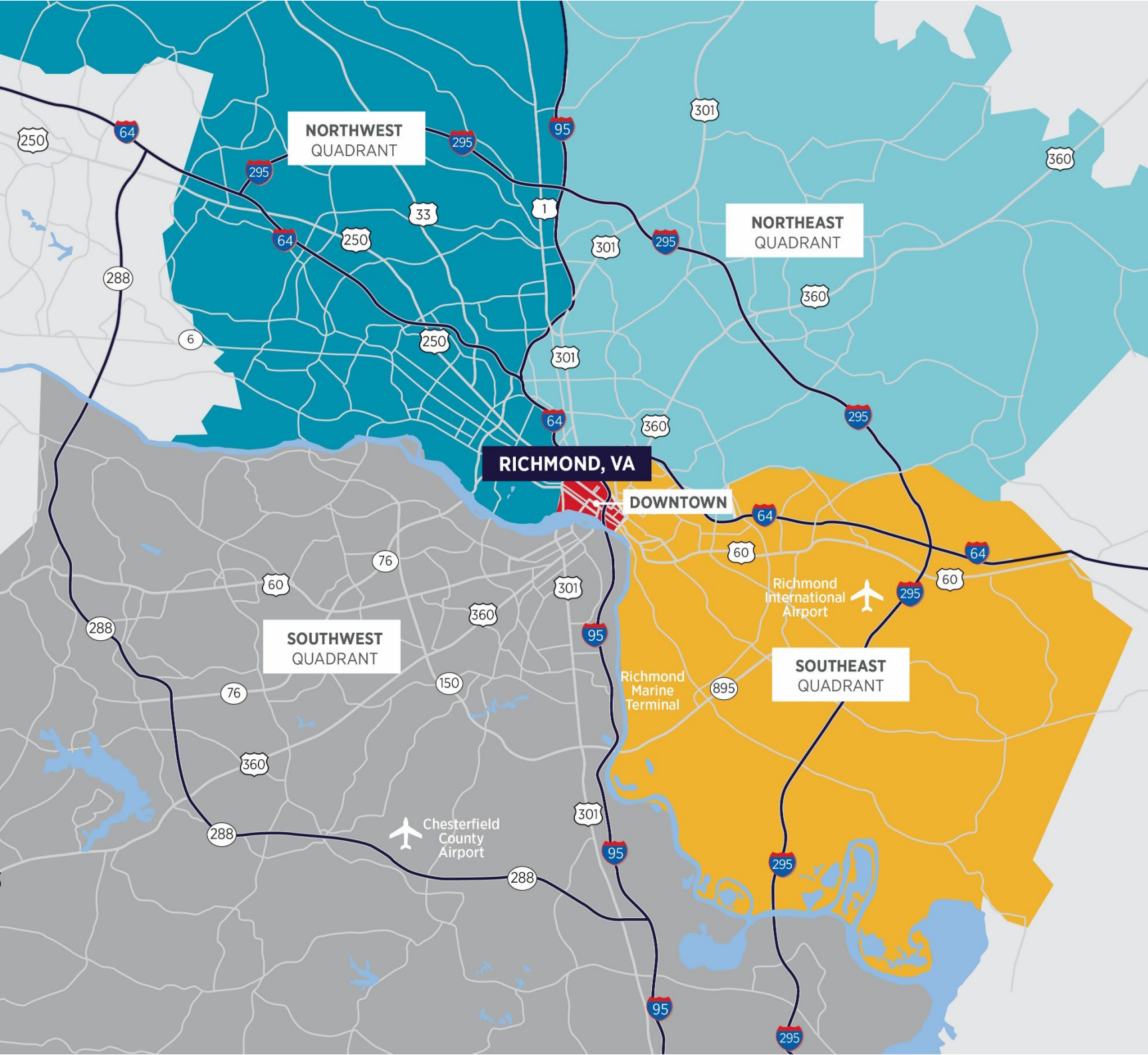
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Sauer Industrial Center (943 S Airport Dr)	Airport	Becknell Industrial / JLL Income Property Trust	279,319	\$40.7M / \$146
Cardinal South (10464 Cedar Ln)	I-95 North/Ashland	Scannell Properties / Morgan Stanley & Co LLC	260,000	\$32.2M / \$124
Port 801 (801 Port Walthall Dr)	I-95 S/I-295 S/Rt 10	Lingerfelt / LBA Logistics	239,448	\$35.5M / \$148

KEY CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Meadowville Technology Park	I-95 S/I-295 S/Rt 10	LEGO Group	1,700,000	LEGO Group
PNK Park Ashton	I-95 S/I-295 S/Rt 10	(Spec)	846,260	PNK Holdings
I-895 Logistics Center	Airport	(Spec)	582,437	Ashley Capital
TriPoint Distribution Center	Prince George	(Spec)	347,760	Lingerfelt
Lakeridge Logistics Center (1)	I-95 North/Ashland	(Spec)	124,750	Wigeon Capital



OFFICE SUBMARKETS



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