



MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.6% Vacancy Rate	▼	▲
1.1M YTD Net Absorption, SF	▲	▲
\$7.78 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
729.2K Richmond MSA Employment	▲	▲
3.3% Richmond MSA Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: DEVELOPMENT NEWS DOMINATES

Major development announcements dominated the headlines during the second quarter, beginning with The LEGO Group announcing plans to build a 2-million-square-foot (msf) distribution facility in Prince George at a planned investment of \$366 million. Amazon also announced plans to build its fourth robotics facility in the state: a 3.1-msf multi-story building in Goochland County that will create 1,000 jobs. Ten graduate programs from Virginia Commonwealth University (VCU) ranked in the top 50 in their fields by US News & World Report, and VCU Health broke ground on its new \$90 million surgical center and medical office complex in Chesterfield County.

SUPPLY AND DEMAND: LEASING ACTIVITY MODERATES

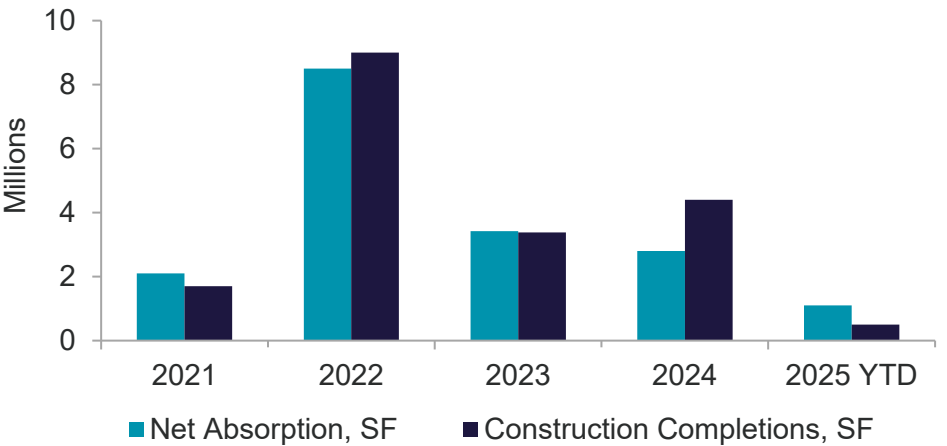
At the mid-year mark, year-to-date (YTD) leasing activity has topped 1.9 msf, a jump of 52.2% compared to the volume through the first half of 2024. While leasing activity moderated in the second quarter, impacted in part by the uncertainty surrounding tariffs, YTD net absorption hit 1.1 msf, comparable to the same time period last year. Overall vacancy closed the quarter at 3.6% overall, up 30 basis points (bps) quarter-over-quarter (QOQ) and down 60 bps year-over-year (YOY). Warehouse vacancy dropped 90 bps YOY to close the quarter at 4.5% while manufacturing sector vacancy was further compressed to 2.0%, down 60 bps QOQ.

Deliveries were limited to 321,000 square feet (sf) for the quarter, while the active construction pipeline has grown to 2.1 msf of speculative (spec) projects underway with more groundbreakings scheduled for the balance of the year. Limited preleasing is in place for active spec developments with multiple large-scale requirements circling the market.

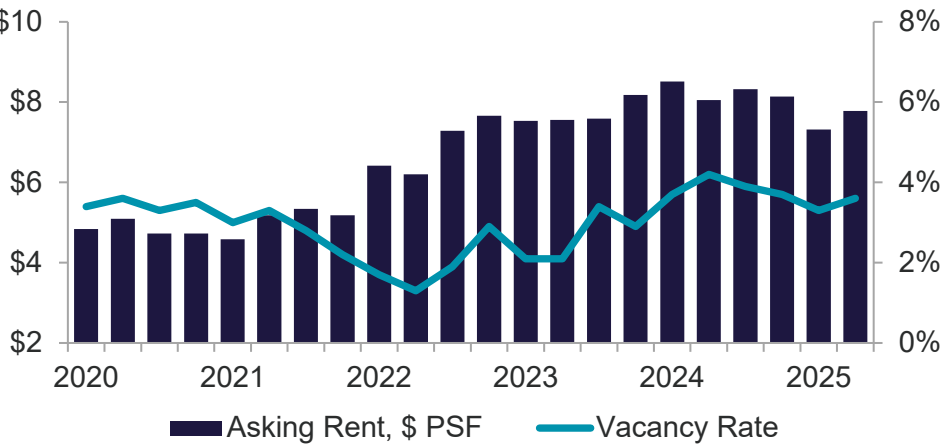
PRICING: RATES ON THE RISE

Overall quoted lease rates ticked up 2.9% QOQ due in part to upward pressure on pricing for second generation space. Class A rents continue to climb with asking rates in the mid \$9 per square foot range, and as pricing is typically not published on new construction, the average quoted rates are on the lower end of market range. Sales volume topped \$296 million through the first half of the year with \$97.5 million attributable to the sale of the two-building Virginia I-95 Distribution Center complex which closed in the second quarter.

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	72,229	0	0.0%	0	0	0	0	-	-	-
Northeast	16,063,363	527,747	3.3%	64,671	39,328	36,000	0	-	\$15.00	\$9.01
Northwest	24,441,959	1,907,586	7.8%	198,463	196,183	104,400	351,249	\$7.74	\$12.77	\$8.78
Southeast	25,368,587	507,387	2.0%	24,040	17,855	1,648,174	0	-	\$9.75	\$9.14
Southwest	50,458,365	1,268,680	2.5%	556,953	822,926	3,486,484	170,000	\$6.26	-	\$7.08
RICHMOND TOTALS	116,404,503	4,211,400	3.6%	844,127	1,076,292	5,275,058	521,249	\$6.87	\$13.03	\$7.94

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

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8800 Wells Station Road	Prince George	The LEGO Group	2,003,640	New
Carmel Church Business Center (11174 Enterprise Pkwy)	Caroline County	M.C. Dean	152,491	New
1501 W Washington St	TriCities	PPE Casino Resorts Petersburg	100,492	New
Lakeridge Logistics Center (10384 Lakeridge Pkwy)	I-95 North/Ashland	Riverstone Logistics	47,000	New
River’s Bend I (13001 N Kingston Ave)	I-95 S/I-295 S/Rt 10	IES Commercial Inc.	40,460	New
Richmond Logistics Center (4101-4127 Carolina Ave)	Laburnum/Rte 360	Enviri Corporation	36,000	New
8310 Shell Road	Jeff Davis Corridor	Strickland Machine Co.	22,500	New
11023 Washington Hwy	I-95 North/Ashland	Bell Company	20,000	New

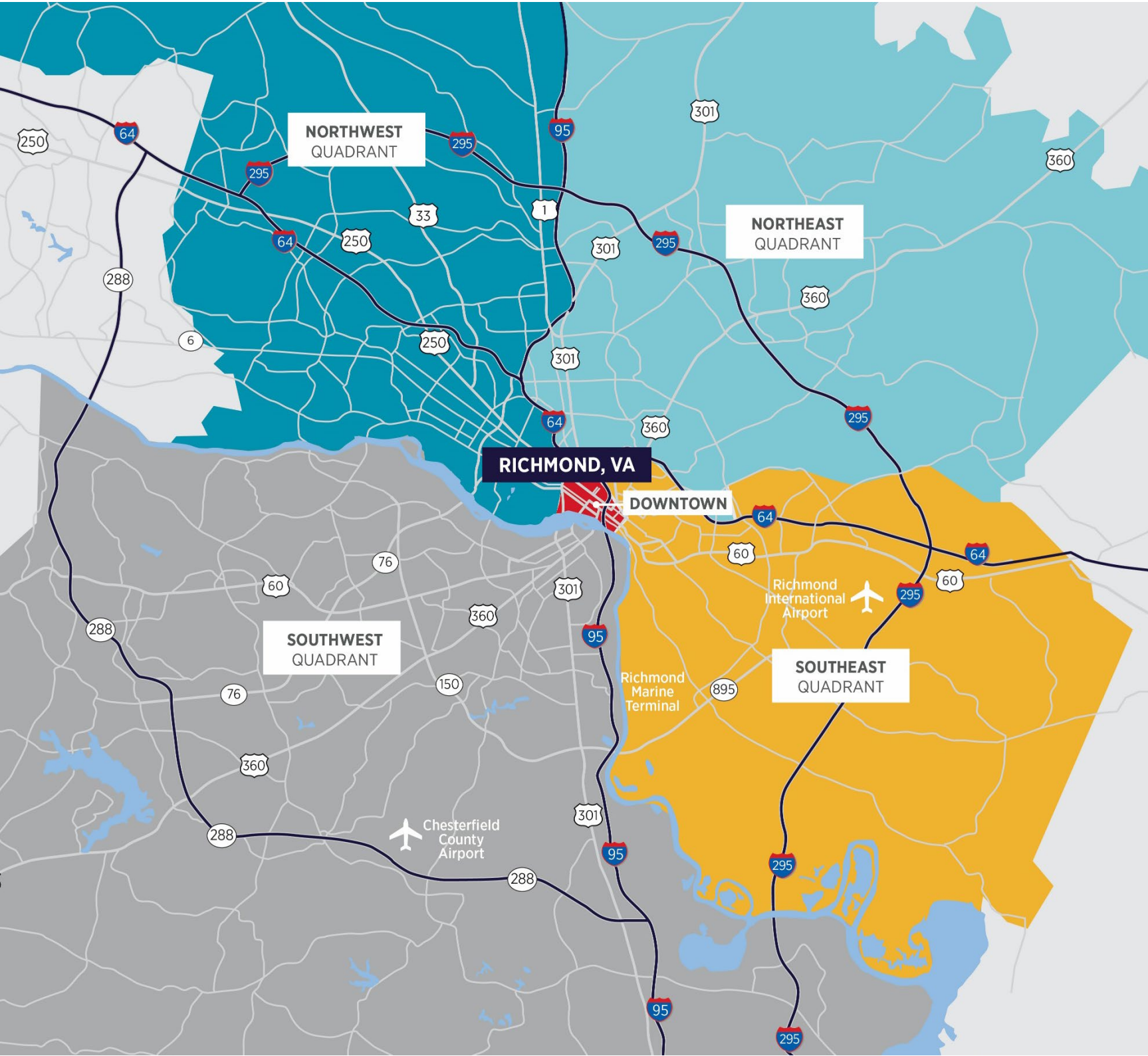
KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Virginia I-95 Distribution Center	Jeff Davis Corridor	The Halle Companies / Stream Realty Partners LP	922,508	\$97.5M / \$106
1703 Ruffin Mill Road	I-95 S/I-295 S/Rt 10	The Manakin Companies LLC / SW Funk Industrial Contractors	107,121	\$17.5M / \$164
1000-1060 Port Walthall Drive	I-95 S/I-295 S/Rt 10	NorthBridge / SSI Operating Co LLC	60,000	\$9.8M / \$163

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
Whitepine Logistics Center (1, 2 & 3)	Rt 288 Corridor	(Spec)	501,224	Frampton Construction
TriPoint Distribution Center	Prince George	(Spec)	347,760	Lingerfelt

OFFICE SUBMARKETS



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