MARKETBEAT

RICHMOND, VA

INDUSTRIAL Q4 2025

CUSHMAN & WAKEFIELD THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.9% Vacancy Rate	▲	▲
2.1M YTD Net Absorption, SF	▼	▲
$7.88 Asking Rent, PSF	▼	▲

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
734.9K Richmond MSA Employment	▲	▼
3.4% Richmond MSA Unemployment Rate	▲	▲
4.6% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: REGIONAL RESILIENCE

The Richmond region maintained its economic strength through 2025 despite the uncertainty on a national scale and is continuing to grow. The region's gross domestic product increased 37% between 2019 and 2024 along with the area population and average wages, which have increased 19% since 2020, well above the national average. Major regional announcements dominated 2025 with Eli Lilly's plans for a $5-billion manufacturing facility in Goochland County topping the list. In the fourth quarter, the LEGO Group broke ground on its new $360-million distribution center in Prince George County, which will total more than 2 million square feet (msf) and create 300 new jobs, all to strengthen the company's U.S. supply chain before the 2027 launch of its Chesterfield County manufacturing facility. ABB will invest $28.5 million to expand its Henrico County operation, creating 100 new jobs, and Dover Food Retail will invest $20 million to expand its regional presence, relocating manufacturing from California to Chesterfield County, creating 300 new jobs.

SUPPLY AND DEMAND: LEASING ACTIVITY MODERATES

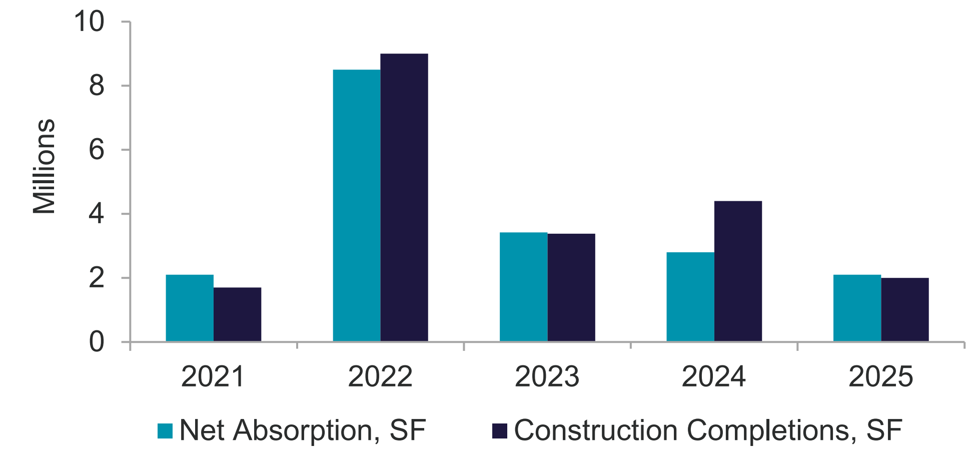
Year-to-date (YTD) leasing activity has topped 3.7 million square feet (msf), a notable drop from prior years with some softness in demand for second-generation space. Absorption numbers rallied after a slow start to the year, closing at nearly 2.1 msf, down 28.5% year-over-year (YOY), again impacted by second-generation buildings with several large blocks of functional space available. Overall vacancy closed the quarter at 3.9% overall, down 20 basis points (bps) quarter-over-quarter and up 20 bps YOY.

Deliveries of speculative (spec) industrial product were limited to 455,649 square feet since the start of the year with more than 2.5 msf of spec projects currently underway with limited preleasing in place. Despite the decline in deal velocity, absorption is keeping pace with deliveries, a trend that is forecast to continue in 2026.

PRICING: RATES ON THE RISE

Quoted lease rates for warehouse space ticked up 6.2% since the mid-year mark with sustained market demand for modern product. Asking rates for Class A product continue to land in the mid $9 per square foot range, and while typically not published, market rates for new construction range higher. YTD Sales volume topped $945 million, up 32.0% compared to prior year numbers and an indication of sustained investor interest in the market, with more than $421 million closed in the fourth 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)	YTD 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	16,171,392	427,167	2.6%	-47,301	122,353	37,500	0	-	$15.00	$10.32
Northwest	24,334,890	2,116,858	8.7%	64,020	308,832	397,991	455,649	$7.69	$13.20	$9.75
Southeast	25,904,272	323,673	1.2%	281,892	1,355,210	3,795,754	1,404,566	-	$11.45	$10.64
Southwest	50,819,473	1,718,961	3.4%	239,601	274,121	3,693,484	170,000	$6.26	$12.00	$6.83
RICHMOND TOTALS	**117,302,256**	**4,586,659**	**3.9%**	**538,212**	**2,060,516**	**7,924,729**	**2,030,215**	**$6.60**	**$13.05**	**$8.20**

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

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Sauer Industrial Center (6380 Miller Rd)	Airport	Eaton Corp	352,800	New
Northlake II (Harley Club Dr)	I-95 North/Ashland	DPR Construction	202,608	New
Washington Hwy Logistics Center (11093 Washington Hwy)	I-95 North/Ashland	Riverside Logistics Services	100,125	New

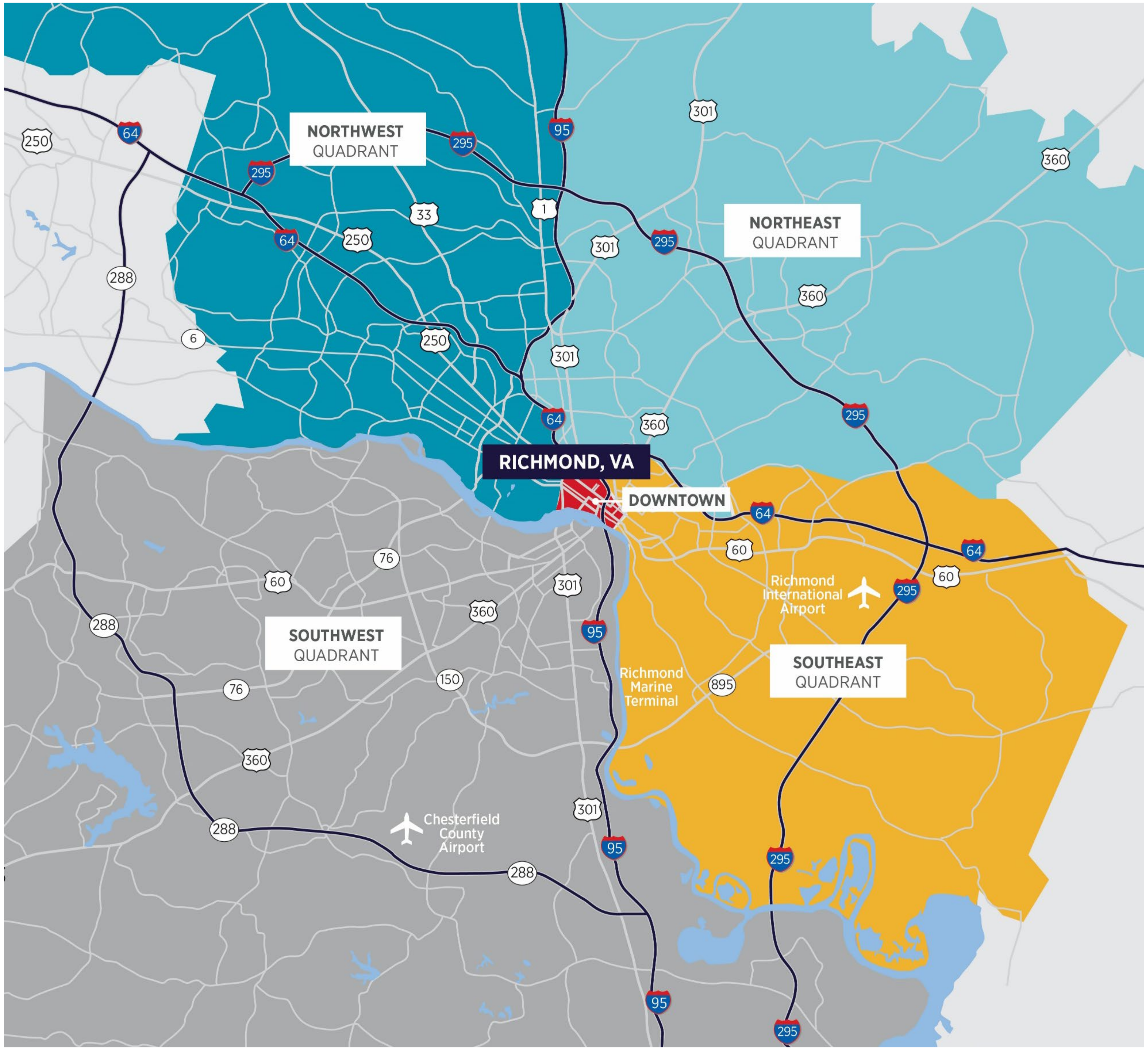
KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Eastport Industrial Park (8-Building Portfolio)	Airport	Equus Capital Partners Ltd / Rockpoint	1,068,995	$142M / $133
Interport Business Center (6-Building Portfolio)	Airport	Blackstone Real Estate Income Trust / The Silverman Group	1,002,041	$126M / $126
AXIAL Gateway 95 (16501 Walthall Industrial Pkwy)	I-95 S/I-295 S/Rt 10	AXIAL Industrial / LaSalle Investment Management	505,404	$70.5M / $139
11174 Enterprise Parkway	Caroline County	Lingerfelt / M.C. Dean	325,500	$48.5M / $149
4300 Carolina Avenue	Laburnum/Rte 360	EQT Real Estate / Ares Industrial Real Estate Income Trust	219,981	$24.1M / $110

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)	582,424	Ashley Capital
Whitepine Logistics Center (1, 2 & 3)	Rt 288 Corridor	(Spec)	501,224	Frampton Construction
Axial Rockville 64 (1 & 2)	Goochland	(Spec)	335,300	AXIAL Industrial
West Creek Commerce Center	Goochland	(Spec)	221,231	Summit Real Estate
Northlake II (D)	I-95 North/Ashland	(Spec)	202,608	Matan

INDUSTRIAL SUBMARKETS



LIZ GREVING
Associate Director, Research
Tel: +1 804 697 3560
liz.greving@thalhimer.com

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