

FIGURES | RICHMOND INDUSTRIAL | Q1 2025

Market Fundamentals Remain Strong, Despite Muted Leasing Activity



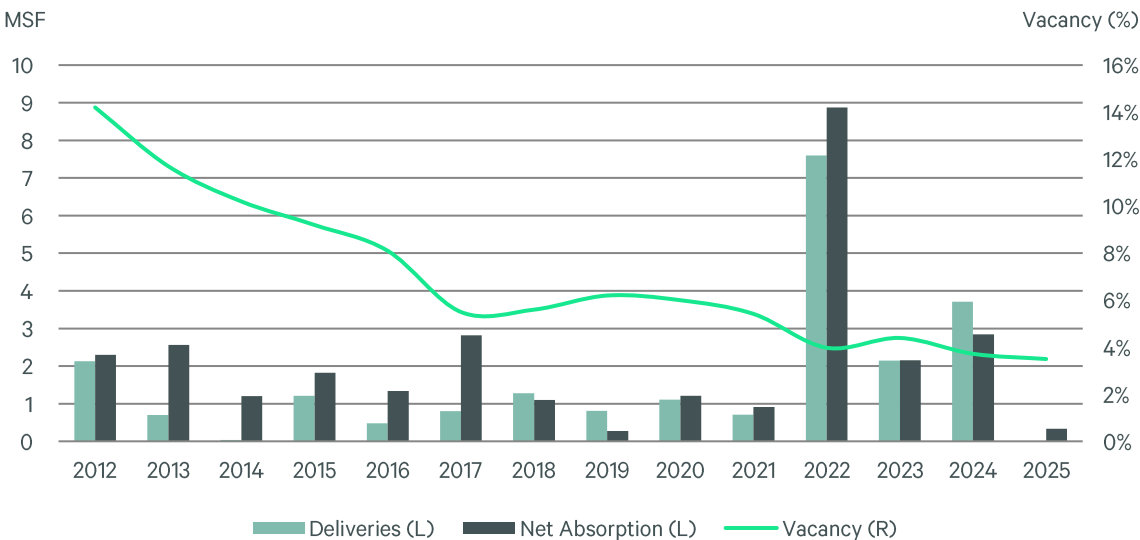
Note: Arrows indicate change from previous quarter.

The Richmond industrial market recorded 329,800 sq. ft. of positive net absorption during the first quarter, driving vacancy down slightly to 3.5%. Notable move-ins include Amazon’s occupancy of 188,000 sq. ft. at 1701 Bermuda Hundred Road and Fullscript’s move into 121,500 sq. ft. at 12063 Washington Highway. Counterbalancing these two moves was Triple Diamond Glass’ move out of 292,000 sq. ft. at 8800 Wells Station Road.

No new industrial product delivered during Q1, but the development pipeline remains active. Axial Industrial by Crescent Communities broke ground on AXIAL Rockville 64, a 335,000 sq. ft. Class A property in Rockville. The project will have two buildings and is set on 29 acres. There are currently nine properties totaling 3.9 million sq. ft. under construction across the Richmond market.

Tenants signed 19 leases totaling 892,000 sq. ft. during the first quarter, down from the above-average levels posted in Q4 2024. First quarter leasing levels fell below the post-pandemic average as sustained low vacancy rates present a challenge to finding space. Overall asking rates increased slightly to \$8.46 per sq. ft. per annum on a triple net basis.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

Despite muted overall leasing figures, transactions were spread widely across the Richmond market and were heavily skewed towards relocations, with no renewals among the top 10 leases of the quarter. Just one bulk lease over 100,000 sq. ft. was signed, a steep decline from the 7 signed during the fourth quarter of 2024.

Manufacturing

The largest transaction of the quarter was a 505,000 sq. ft. lease by Hillphoenix Inc. at 16401 Walthall Industrial Parkway. Hillphoenix Inc. is a leading manufacturer of industrial and commercial refrigeration systems and has existing locations in Chester and Colonial Heights. Also of note, AMF Bakery Systems, a manufacturer of automated baking equipment, signed a lease and took occupancy of 34,200 sq. ft. at 2029-2031 Westwood Avenue. In total, manufacturing tenants accounted for 59% of gross leasing activity during the first quarter.

Building Materials & Construction

Building materials and construction tenants were the second-most active during the quarter, accounting for 21% of activity. Five tenants leased 194,200 sq. ft., with Cameron Ashley Building Products' 53,600 sq. ft. warehouse lease as the largest. Mid-Atlantic Roofing supply followed closely behind, leasing 48,575 sq. ft.

Third Party Logistics (3PLs)

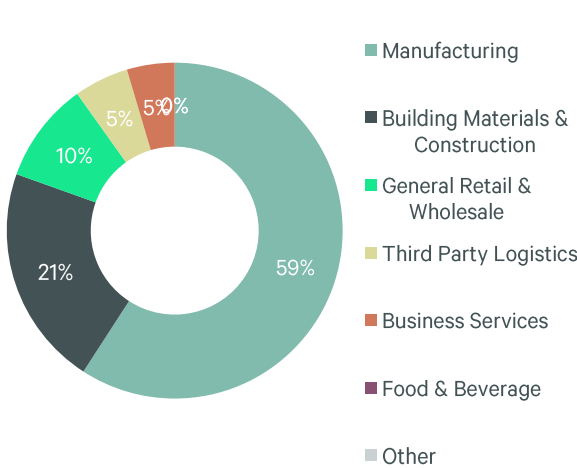
R.A.S Logistics was the lone 3PL tenant to sign a lease during the first quarter. The last mile logistics company opened its third Virginia location, a nearly 48,000 sq. ft. lease at 1700 Jefferson Davis Highway, in February.

FIGURE 2: Q1 2025 Select Notable Lease Transactions

Tenant	Industry	Address	Quadrant	Lease Type	SF
Hillphoenix Inc.	Manufacturing	16401 Walthall Industrial Pky	SW	New Lease	505,068
Cameron Ashley Building Products	Building Materials & Construction	12015 N Lakeridge Pkwy	NW	New Lease	53,680
Mid-Atlantic Roofing Supply	Building Materials & Construction	11253 Leadbetter Rd	NE	New Lease	48,575
R.A.S Logistics	Third Party Logistics	1700 Jefferson Davis Hwy	SW	New Lease	47,927
Ferguson Enterprises	General Retail & Wholesale	2001 Bellwood Rd	SE	New Lease	46,573
KMEW USA	Building Materials & Construction	11093 Washington Hwy	NW	New Lease	42,720
IES Commercial	Building Materials & Construction	13001 N Kingston Ave	SE	New Lease	40,460
Easy Surfaces	General Retail & Wholesale	11900 11990 N Lakeridge Pky	NW	New Lease	38,148
Downey Ridge Environmental	Business Services	10981 Leadbetter Rd	NE	New Lease	36,416
AMF Bakery Systems	Manufacturing	2029 2031 Westwood Ave	NW	New Lease	34,200

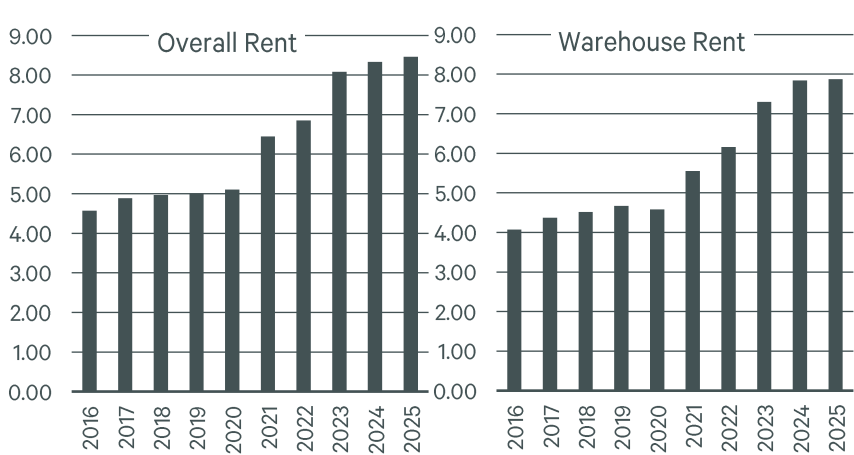
Source: CBRE

FIGURE 3: Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Historical Rent Growth (\$/SF)



Source: CBRE

Development Activity

Nine properties remain under construction in Richmond, totaling just over 3.9 million sq. ft. and all expected to deliver by Q3 2026. Of the 3.9 million sq. ft. under construction, 45% is preleased. Most notably, LEGO’s 1.7M sq. ft. build-to-suit manufacturing center in Chesterfield County is scheduled to deliver in Q1 2026. The facility is designed to be carbon-neutral, maintaining all its daily operations from a solar park to be included on-site. LEGO estimates that the facility will generate more than 1,760 new jobs for the community over the next decade.

Several new projects broke ground during the first quarter. Scannell Properties started construction on River Point Commerce Center buildings 1 and 3. The second pad is being held as an opportunity for owner-user investment or build-to-suit project. Axial Industrial by Crescent Communities broke ground on AXIAL Rockville 64, a 335,000 sq. ft industrial project with two speculative buildings.

Speculative projects account for 1.7 million sq. ft. of the space currently under construction. Lakeridge Logistics Center, which broke ground in Q4 2023 and was intended to deliver late summer 2024, remains delayed with new estimates for a May 2025 delivery.

FIGURE 5: Notable Warehouse Projects Under Construction

Address	Project Name	Quadrant	SF	Preleased	Tenant(s)	Estimated Delivery	Developer(s)
1400 Meadowville Rd	LEGO Plant	SE	1,700,000	Owned	LEGO	Q1 2027	Gray Hourigan
7001 S Laburnum Ave	I-895 Logistics Center	SE	583,100	0%		Q4 2025	Ashley Capital
8252 Richfood Rd	River Point Commerce – Building 1	NE	388,500	0%		Q3 2026	Scannell Properties
5160 Chudoba Pky	TriPoint Distribution Center	SE	347,760	0%		Q4 2025	Lingerfelt
8254 Richfood Rd	River Point Commerce – Building 3	NE	192,400	0%		Q3 2026	Scannell Properties
2200 Ashland Rd	AXIAL Rockville 64 – Building 1	NW	154,100	0%		Q4 2025	Axial Industrial by Crescent Communities Atapco Properties
10383 Lakeridge Pky	Lakeridge Logistics Center	NW	124,750	0.0%		Q2 2025	Wigeon Capital
10384 Cedar Ln	Northeastern Supply	NW	71,749	68%	Northeastern Supply	Q2 2025	Northeastern Supply

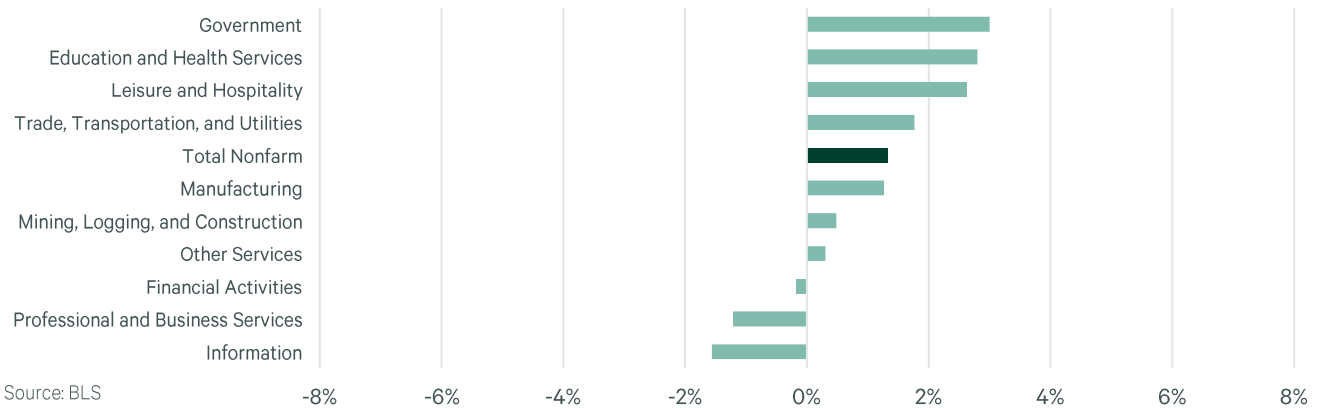
Source: CBRE

Economic Outlook

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

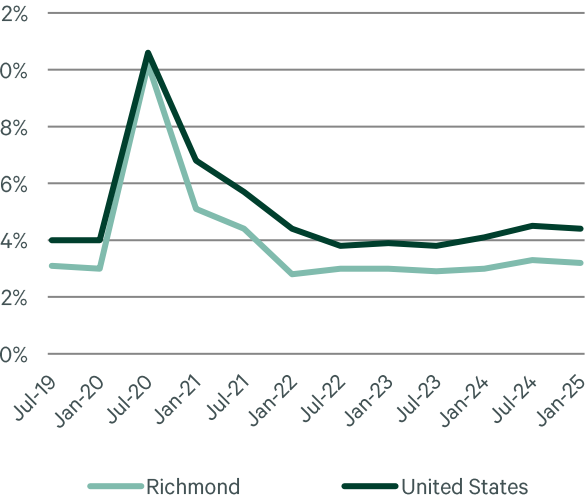
Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

FIGURE 6: Employment Growth by Industry, 12-Month Percent Change



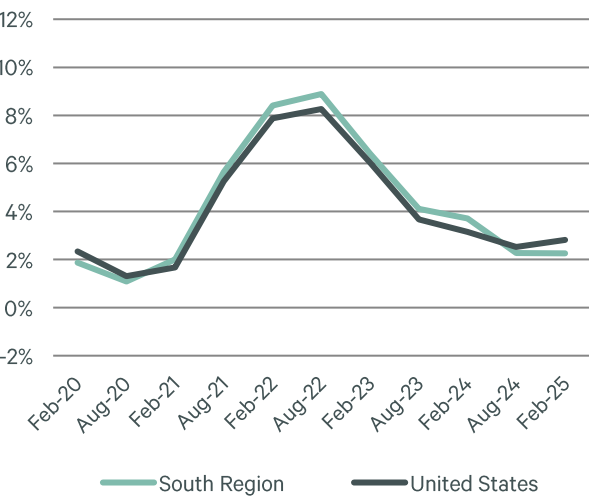
Source: BLS

FIGURE 7: Unemployment Rate



Source: BLS

FIGURE 8: Consumer Price Index, 12-Month Percent Change



Source: BLS

FIGURE 9: Key Market Statistics

Warehouse	Inventory	Overall Vacancy	Q1 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	22,419,788	3.7	88,724	88,724	8.66	905,900
Northwest	22,090,800	6.5	239,297	239,297	7.67	350,599
Southeast	48,863,427	1.7	53,855	53,855	8.41	2,630,860
Southwest	36,114,914	3.1	-61,537	(61,537)	7.26	-
Total	129,488,929	3.3	320,339	320,339	7.87	3,887,359

Flex	Inventory (SF)	Overall Vacancy Rate (%)	Q1 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	1,938,534	10.7	6,032	6,032	12.77	-
Northwest	5,263,655	4.7	5,332	5,332	12.51	-
Southeast	1,166,395	10.7	13,500	13,500	11.57	-
Southwest	3,055,521	2.3	(15,416)	(15,416)	9.77	-
Total	11,424,105	5.7	9,448	9,448	12.25	-

Overall	Inventory	Overall Vacancy	Q1 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	24,358,322	4.2	94,756	94,756	9.62	905,900
Northwest	27,354,455	6.2	244,629	244,629	8.34	350,599
Southeast	50,029,822	1.9	67,355	67,355	8.89	2,630,860
Southwest	39,170,435	3.1	-76,953	(76,953)	7.34	-
Total	140,913,034	3.5	329,787	329,787	8.46	3,887,359

Source: CBRE
Survey Criteria:
Includes all classes of competitive single and multi-tenant industrial buildings 10,000 sq. ft. and greater in Richmond
As of Q1 2024, now includes owner-occupied buildings that meet the aforementioned criteria

Contacts

Katrina Subick

Research Analyst
katrina.subick@cbre.com

Erin Janacek

Research Manager
erin.janacek@cbre.com

Stephanie Jennings

Research Director
stephanie.jennings@cbre.com

