

Market Insights

RICHMOND INDUSTRIAL

YEAR END 2024





LOOKING BACK

- › The Richmond, Virginia Industrial market had another strong year in 2024 across all product types.
- › Q1/Q2 saw a big box leasing slowdown, which was quickly reversed in Q2/Q3 with over 2,400,000 SF of new leases and renewals signed across the Richmond MSA. At year end, class A & B properties fell to 4.2% vacancy rate compared to the national average of 6.7%.
- › Macroeconomic headwinds being felt in Richmond and nationally led to a decrease in the 2024 pipeline of new construction starts.
- › Unlike big box industrial properties, smaller industrial and flex assets did not slow. This asset class continued with high deal velocity and rent growth. The new “market” base rental rate for functional smaller bay assets, characterized by above average ceiling heights and versatile loading, is now \$12+ PSF NNN.
- › Many of the same macroeconomic headwinds felt in big box leasing caused capital market sales activities to fall from previous record high sale volume years in the Richmond MSA.
- › A flurry of large investment sales in Q4 buoyed 2024 performance and is a good indicator of things to come in 2025. Non-institutional investors and businesses looking for owner-occupant opportunities (many competing for the same types of properties) have struggled to find opportunities as supply continues to remain limited.
- › Due to a diversified local economy, strategic geographic location along the east coast, and in-check supply and demand, the Richmond industrial market performed well in 2024.

2024 MARKET INSIGHT

	Under Construction	2024 Deliveries	Inventory	Vacancy
City of Richmond	0 SF	0 SF	30,865,648 SF	1,090,352 SF
Hanover	377,321 SF	1,268,987 SF	20,368,506 SF	1,639,525 SF
Henrico	937,687 SF	1,774,000 SF	35,690,302 SF	678,493 SF
Chesterfield	3,145,290 SF	696,178 SF	31,651,190 SF	1,890,010 SF

BY THE NUMBERS

	Class A+B (<100,000 SF)	YOY	Class A+B (>100,000 SF)	YOY
 2.4% Vacancy Rate		0.3%	4.7% Vacancy Rate	1.3%
 \$103/SF Market Sales		6.0%	\$94/SF Market Sales	4.1%
 \$10.14/SF Asking Lease Rates (NNN)		6.1%	\$8.96/SF Asking Lease Rates (NNN)	5.1%
 350,000 SF Under Construction		-16.2%	4,700,000 SF Under Construction	-9.8%



KEY SALES

Address	Sold	SF
6115 Technology Creek Drive Sandston, VA	\$104,750,000	995,792
2400, 2500, 2600, 2700 Distribution Drive & 8750 Park Central Drive	\$90,900,000	747,432
Dabney Portfolio	\$75,300,000	643,000



KEY LEASES

Address	Tenant	SF
11129 Washington Highway	M.C. Dean	200,250
12603 Washington Highway	US Cabinet Depot	194,400
1611 Ashton Park Drive	A&A Transfer	173,800

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LOOKING AHEAD

As a result of the Richmond region's strong market fundamentals, 2024 was a busy year for the Commonwealth Commercial Industrial team. In addition to firms and individuals already familiar with the Richmond market, an uptick in interest was seen by a variety of users, including new data center inquiries.

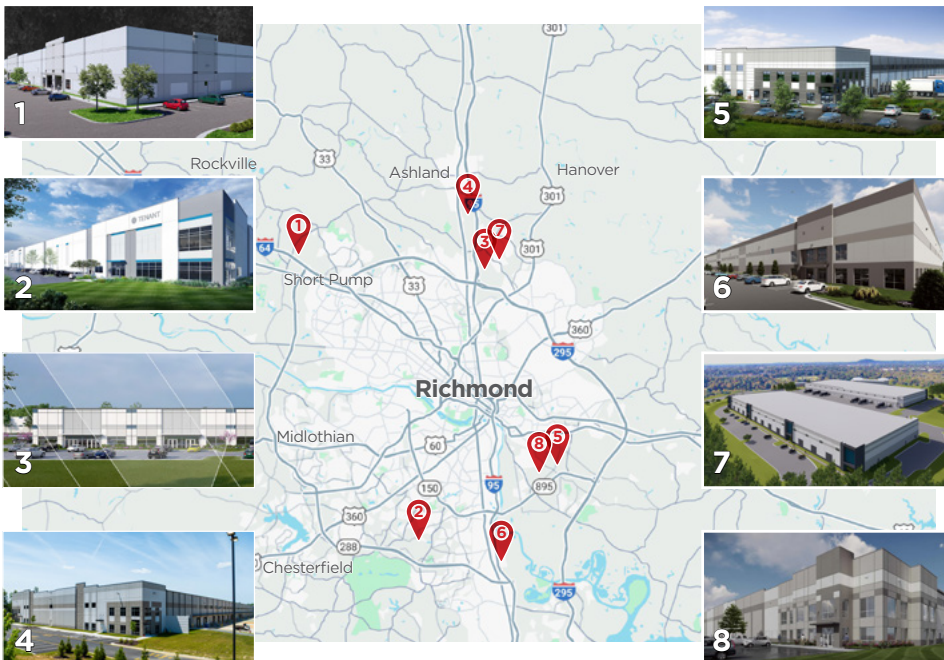
When priced correctly, out-of-town investors and developers are motivated to move quickly on available opportunities. Factors including the cost of construction, the "new normal" interest rate environment, limited existing supply, and lack of zoned land with utilities contribute to this activity. We believe this heightened interest in Richmond is not going away, which creates a great opportunity for sellers in Richmond.

Due to the market fundamentals highlighted in this report and increased demand from tenants, investors, and developers, our team believes that the Richmond industrial market will see an even higher volume of sales and leasing activity in 2025.

— Ben Bruni, Senior Vice President | Partner

2025-2026 DELIVERIES

Property	Address	Total SF	Developer	Estimated Delivery
1. Axial Rockville 64	Ashland Road	335,000± 2 Buildings	Crescent	Q1 2026
2. Whitepine Logistics Center	8800 Whitepine Road	501,224± 3 Buildings	Frampton Construction	Q4 2025
3. Crescent Business Center	10400 Lakeridge Parkway	198,883± 4 Buildings	Merritt	Q4 2025
4. Northlake II	Harley Club Drive	537,000± 4 Buildings	Matan	Breaking Ground Q1 2025
5. Airport South Commerce Center	Olga Sauer Blvd	335,000± 1 Building	Samet	Q2-3 2026
6. South Richmond Business Center	1930 Bellwood Road	604,500± 2 Buildings	Ashley Capital	Q2-3 2026
7. Lakeridge Logistics Center	10384 Lakeridge Parkway	250,000± 2 Buildings	Wigeon Capital	Q2 2025
8. I-895 Logistics Center	7001 S Laburnum Avenue	582,437± 1 Building	Ashley Capital	Q4 2025



Our industrial team is comprised of six professionals with varied experience in everything from research, site selection, development, leasing, sales, marketing, portfolio analysis, and financial modeling. We have worked with large institutional developers and small service companies alike—in all engagements we believe in exceeding our clients' expectations. We hold ourselves to a high standard derived from our company core values of putting the team first, holding ourselves accountable, maintaining high professional standards, valuing relationships over dollars, and integrity—always doing the right thing.

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