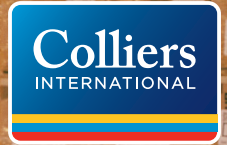


# RICHMOND | INDUSTRIAL

Q2 2018



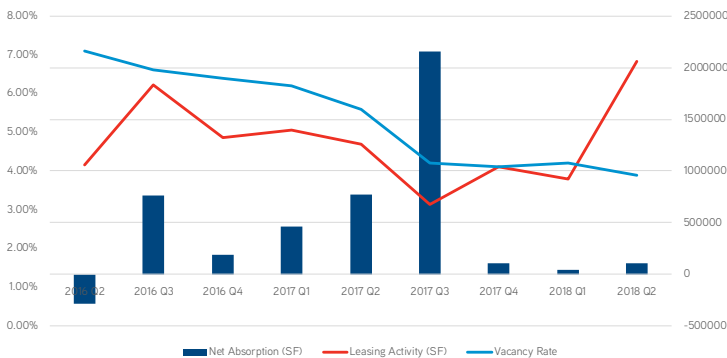
Accelerating success.

		<b>NORTHEAST + DOWNTOWN</b>	<b>SOUTHWEST + POWHATAN</b>	<b>NORTHWEST + GOOCHLAND + LOUISA</b>	<b>SOUTHEAST + CHARLES CITY</b>	<b>TRICITIES + PRINCE GEORGE + DINWIDDIE</b>
<b>Inventory</b> (SF)	Warehouse/Distribution	7,212,071	27,025,732	14,583,427	11,560,774	10,164,649
	Flex/R&D	280,400	180,969	731,250	65,690	-
	Manufacturing	3,125,499	13,836,564	3,214,637	5,591,995	3,525,684
<b>Average Rent</b> (Asking, NNN)	Warehouse/Distribution	\$4.42	\$3.83	\$6.70	\$4.84	\$4.15
	Flex/R&D	\$8.75	\$8.95	\$10.32	\$8.95	-
	Manufacturing	\$4.95	\$5.07	\$4.49	\$4.89	\$4.93
<b>Vacancy Rate</b>	Warehouse/Distribution	2.66%	4.66%	2.30%	1.66%	3.18%
	Flex/R&D	0.00%	1.91%	10.69%	37.87%	-
	Manufacturing	0.09%	2.09%	4.49%	4.77%	0.00%
<b>Net Absorption</b> (SF)	Warehouse/Distribution	(10,538)	24,355	1,737	92,605	106,016
	Flex/R&D	-	-	(7,262)	-	-
	Manufacturing	(2,400)	(5,000)	-	(100,000)	-

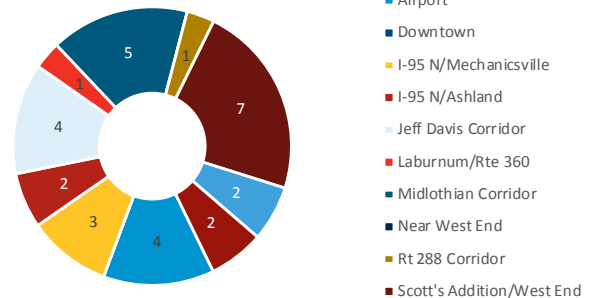
## MARKET TOTALS

**Net Absorption** **110,342**
**Vacancy** **3.9%**
**Asking Rents** **\$5.15**

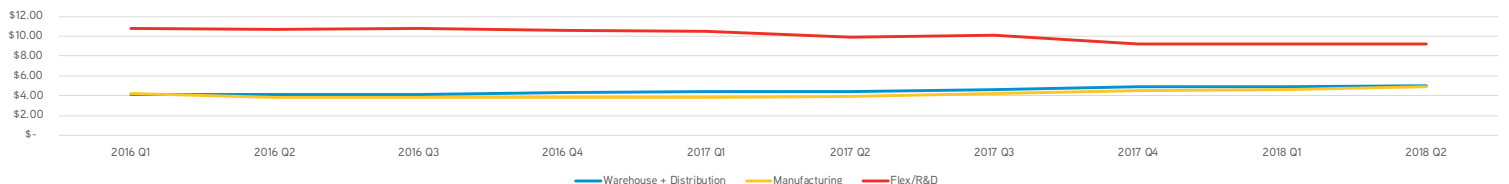
LEASING ACTIVITY, VACANCY RATES & NET ABSORPTION  
(Richmond MSA)



FIRST QUARTER INDUSTRIAL SALES BY SUBMARKET



ASKING RENTS (NNN)





**INDUSTRIAL RECAP**

The Richmond, Virginia, Industrial market ended the second quarter 2018 with a vacancy rate of 3.9%, down over the previous quarter. Net absorption was positive at 110,342 square feet. Triple net rental rates ended the fourth quarter at \$5.15, an increase from \$4.85 in the previous quarter.

The industrial market continues its slow and steady growth with vacancy rates continuing to decline. Demand across all industrial types remains strong, and flex product is especially seeing a high amount of activity. Absorption remains positive due to buildings that are being torn down or converted to other uses, putting pressure on existing inventory.

The continued surge of online sales and the need to get products to consumers quickly are forcing retailers and wholesalers into more facilities and rapidly changing supply chain strategy. Locally, a handful of distribution-oriented space is underway, with projects by the airport, along I-95 South, and Hanover. In March, ABC announced their relocation to the intersection of Pole Green Road and I-295 in Hanover within the next 2-3 years. Also in Hanover, Blue Bell Ice Cream is returning to Richmond, beginning construction on a new 14,000-square-foot distribution center that is expected to open in 2019. In June, PepsiCo confirmed that it had closed on +/- 170 acres of land east of I-95 on Willis Road. Construction of the 220,000-square-foot facility is expected to be finished by the end of the year.

Growth in investor demand for industrial properties continues to surpass all other property types, nationally and locally. Investors are continuing to pour into secondary and tertiary markets because of the availability of product to purchase and a significant increase in occupier demand. We are also continuing to see the trend of local developers purchasing and converting obsolete industrial buildings into apartment uses.

Looking ahead, we can expect the industrial sector to continue to benefit from supply chain modernization for the foreseeable future. Despite the fear of future trade wars with China, at this time, cargo volumes at U.S. ports are expected to remain strong and heighten demand for warehousing.

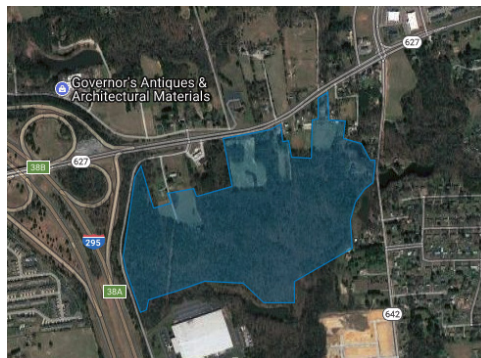
**SIGNIFICANT MARKET ACTIVITY**

SALES	SUBMARKET	SALE DATE	SIZE	PRICE	PRICE / SF	BUYER	TYPE
10105 Whitesel Road	I-95 N/Mechanicsville	Jun 2018	77,340	\$2,258,000	\$106.78	KRE King Real Estate	Investment
1505 Robin Hood Road (Pet Dairy)	Scott's Addition	Jun 2018	108,897	\$5,500,000	\$50.51	Thalhimer Realty Partners	Redevelopment
Interbake Portfolio (3 Properties)	Scott's Addition	Apr 2018	83,737	\$5,170,000	\$61.74	Spy Rock Real Estate Group	Redevelopment
3210 W Marshall (Party Perfect)	Scott's Addition	May 2018	49,786	\$3,820,000	\$76.73	Goshen Ventures LLC	Investment
1806 Summit Ave	Scott's Addition	May 2018	35,985	\$2,500,000	69.47	Spy Rock Real Estate Group	Redevelopment
4731 Eubank Road	Airport	Apr 2018	50,560	\$2,200,000	\$43.51	General Land Co	Investment
20 Westover Hills Blvd	Midlothian Corridor	May 2018	32,812	\$1,750,000	\$53.33	Azul Properties LLC	Investment
LEASES	SUBMARKET	LEASE DATE	SF LEASED	TENANT	TYPE		
2801-2811 Cofer Road	Jeff Davis Corridor	Jun 2018	230,000		New		
4300 Carolina Ave*	Laburnum/Rte 360	Jun 2018	219,981	Confidential	Renewal		
2600 Distribution Drive	Airport	May 2018	202,560	Veritiv	New		
3301 Castlewood St	Jeff Davis Corridor	Jun 2018	142,554	The Miller Group	Renewal		
1700-1790 Ruffin Mill Road	I-95 S/I-295 S/Rt 10	Apr 2018	287,318	Anheuser-Busch Companies Inc	Renewal		
1936-1962 Ruffin Mill Road	I-95 S/I-295 S/Rt 10	Jun 2018	261,921	Max Finkelstein Inc	New		
4717-4729 Eubank Road	Airport	Jun 2018	141,313	Anixter, Inc	New		

\* indicates transaction represented by Colliers International | Richmond



Blue Bell Ice Cream will begin construction on a new 14,000-square-foot cold storage facility in Hanover this year.



Virginia ABC announced plans to relocate its headquarters and central distribution warehouse to Hanover County. The move is likely to reignite talk among the Richmond Flying Squirrels, Virginia Commonwealth University and the city.



Four of the top industrial sales this quarter were in hotspot Scott's Addition. An investment group purchased 947-949 Myers Street and 950 Terminal Place for a mixed-use development that would include residential and commercial space. The group purchased neighboring River City Roll for \$2 million the next day.

**FOR MORE INFORMATION:**

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