

NEWMARK

Richmond Industrial Market Overview

1Q26

NMRK.COM



U.S. Market Observations



Economy

- The region's labor market remained historically strong amid shifting macroeconomic conditions. The unemployment rate ended December of 2025 at 3.6%, significantly lower than the national average of 4.4%. Furthermore, the Richmond Metro continues to experience elevated population growth, with the resident population growing 1.1% in 2025, more than double the national population growth rate of 0.5%. Richmond has been the fastest-growing large metro in Virginia over recent years.
- Richmond maintains a diversified economy, with its top four industries each containing between 15.0-18.0% of all employees, leading to an overall total of 66.0% of the regional workforce. With the industrial market being a primary economic driver in the region, Trade/Transportation/Utilities is the leading industry in the region, encompassing 18.0% of the regional workforce.
- Despite the market seeing a 12-month decline of 2.1%, industrial employment has stabilized, ending 2025 with 161,100 employees, which is 0.8% higher than the decade average and an increase of 25.4% since the market reached a pandemic-related low in April of 2020.



Leasing Market Fundamentals

- During the first quarter of 2026, the market saw 70,000 SF of negative net absorption, largely due to Homylink Furniture vacating 109,000 SF at 10464 Cedar Lane within Carinal Commerce Center. Despite this, the market remains healthily tight, ending the quarter at a 5.8% vacancy rate, in line with the historical average of 5.6%. Overall, Richmond ranks as the 11th-tightest market in the country.
- Average asking rents ended the first quarter of 2026 at \$8.09/SF, an increase of 7.3% year-over-year. Overall, the market has seen a 65.1% increase in rents since the beginning of 2020.
- The market's development pipeline remains strong, with the market seeing over 1.4 million SF of deliveries during the quarter. Furthermore, construction remains elevated, with almost 9.4 million SF of space currently under construction. User demand is keeping the pipeline steady looking forward through 2026.



Major Transactions

- The largest sale of the quarter was the portfolio sale of two industrial properties by IWH Capital to a joint venture between Feldman Bergin Development and Open Industrial for \$22.0 million, or \$99.69/SF. The properties, located at 2208-2220 Station Road within the Jeff Davis Corridor submarket and 200 Wadsworth Drive within the Midlothian Corridor submarket, are distribution properties totaling 220,693 SF. The joint venture purchased the properties due to the long-term tenancy at 2208-2220 Station Road and the value-add potential at 200 Wadsworth Drive.
- A second notable deal during the quarter was the sale of a 90,802-square-foot manufacturing facility located at 600 Perdue Avenue in the Jeff Davis Corridor submarket. Scandinavian Tobacco Group sold the property to Tek Refurbs for \$5.8 million, or approximately \$64.32/SF. The seller previously operated the facility as Sutliff Tobacco's product and distribution center before the facility was shuttered in February of 2025. Tek Refurbs purchased the property as an owner-user.



Outlook

- The Richmond Industrial market is expected to continue to perform well with user demand generally in line with new supply. With almost 9.4 million SF under construction, including much of the space pre-leased or owner-occupied, the market will see consistent occupied space delivered, helping to maintain a healthy market equilibrium and space availability for continued market growth.
- While supply remains limited, rent growth will continue increasing at elevated levels, although likely at a more modest rate than the last few years. This will vary on a submarket, size range, and asset-type basis.

Table of Contents

1. Economy
2. Leasing Market Fundamentals
3. Market Statistics

01

Economy

1Q26

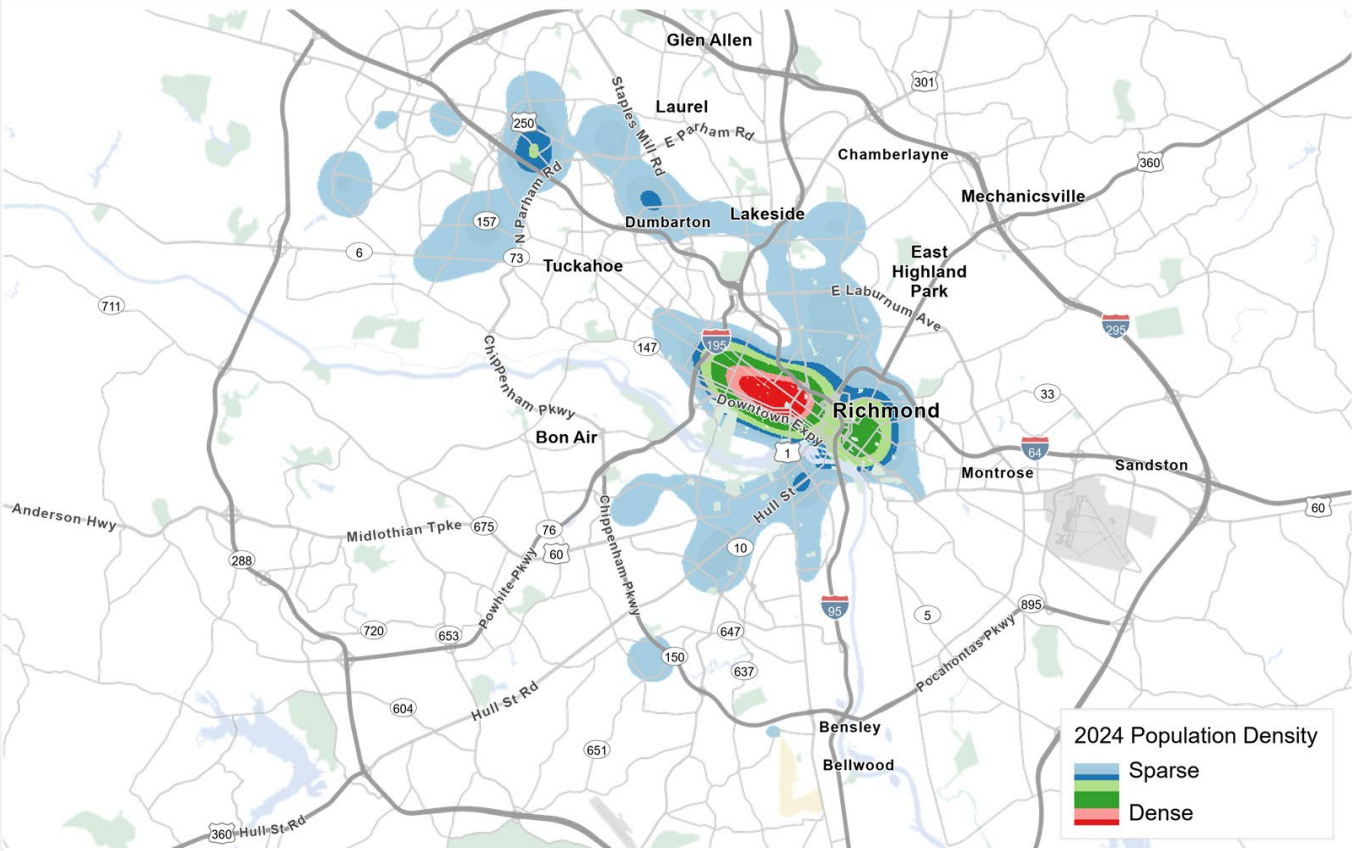
NMRK.COM



Richmond Continues to See Elevated Population Growth

The Richmond metropolitan area is the 44th largest in the nation with a population of roughly 1.4 million people. From 2019 to 2024, the Richmond metro added approximately 57,707 residents, reflecting a growth rate of 4.4%, much higher than the national rate of 3.0%. Looking forward, the region is expected to add 42,095 residents from 2025 to 2030, a projected growth rate of 3.1%.

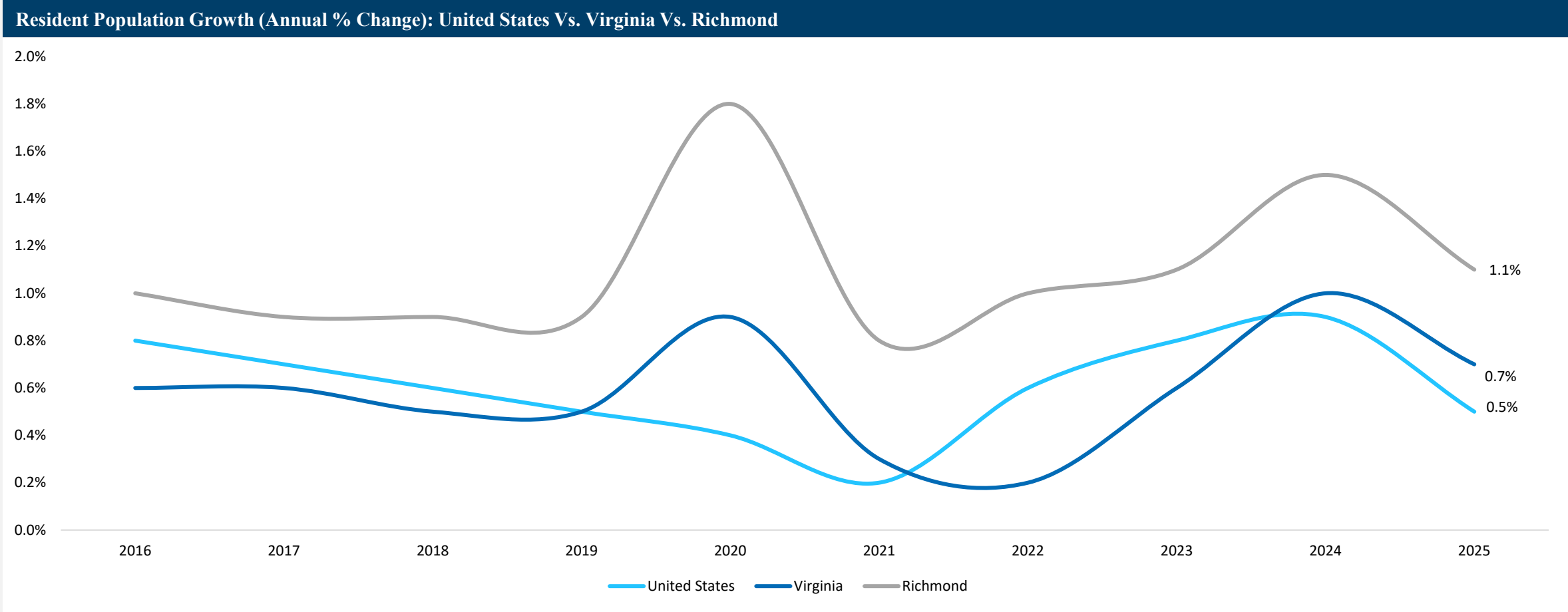
Population (2024)



#44	1.4 M
Largest U.S. Metro by Population (2024) <small>Source: U.S. Census Bureau</small>	Total Population (2024) <small>Source: Moody's Analytics</small>
39.6	3.1%
Median Age <small>Source: ESRI</small>	Projected Population Growth 2025-2030 <small>Source: ESRI</small>
\$88,190	
Median Household Income <small>Source: ESRI</small>	

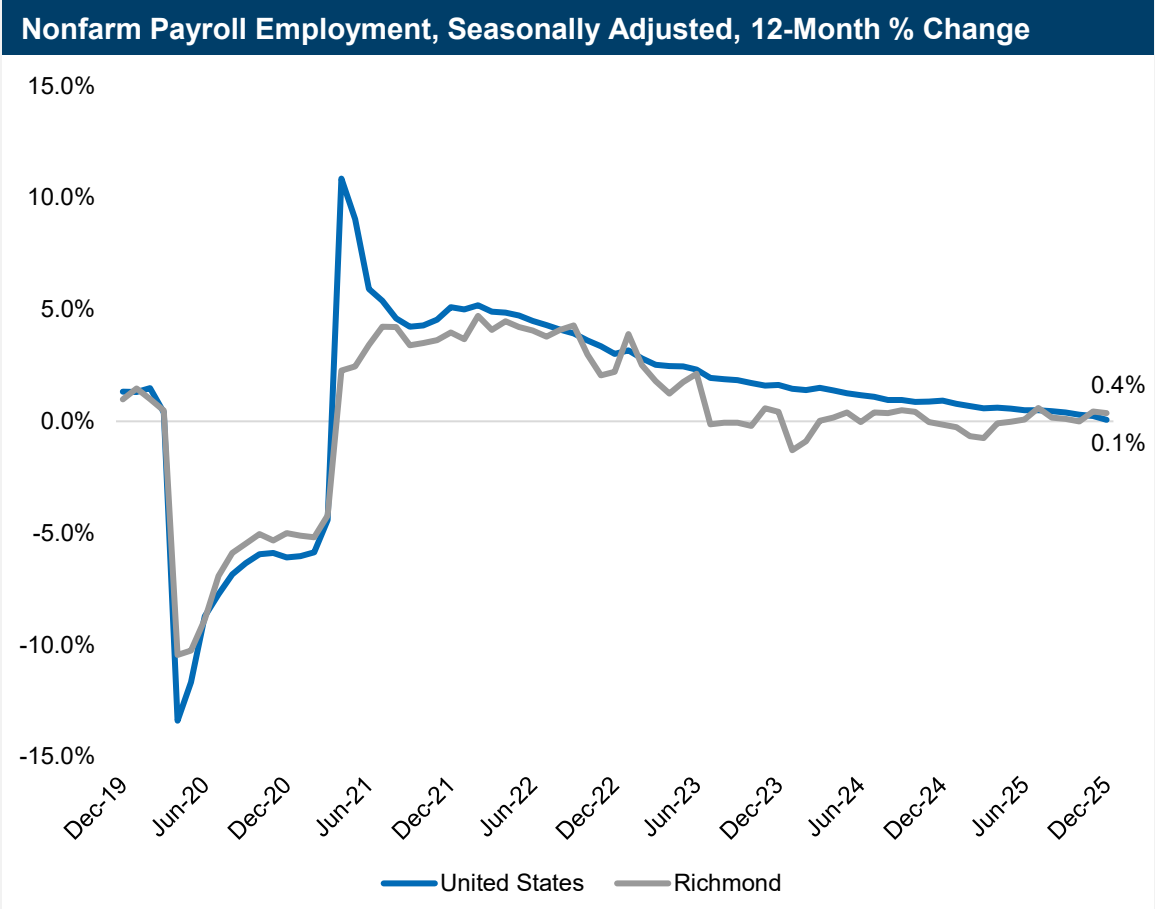
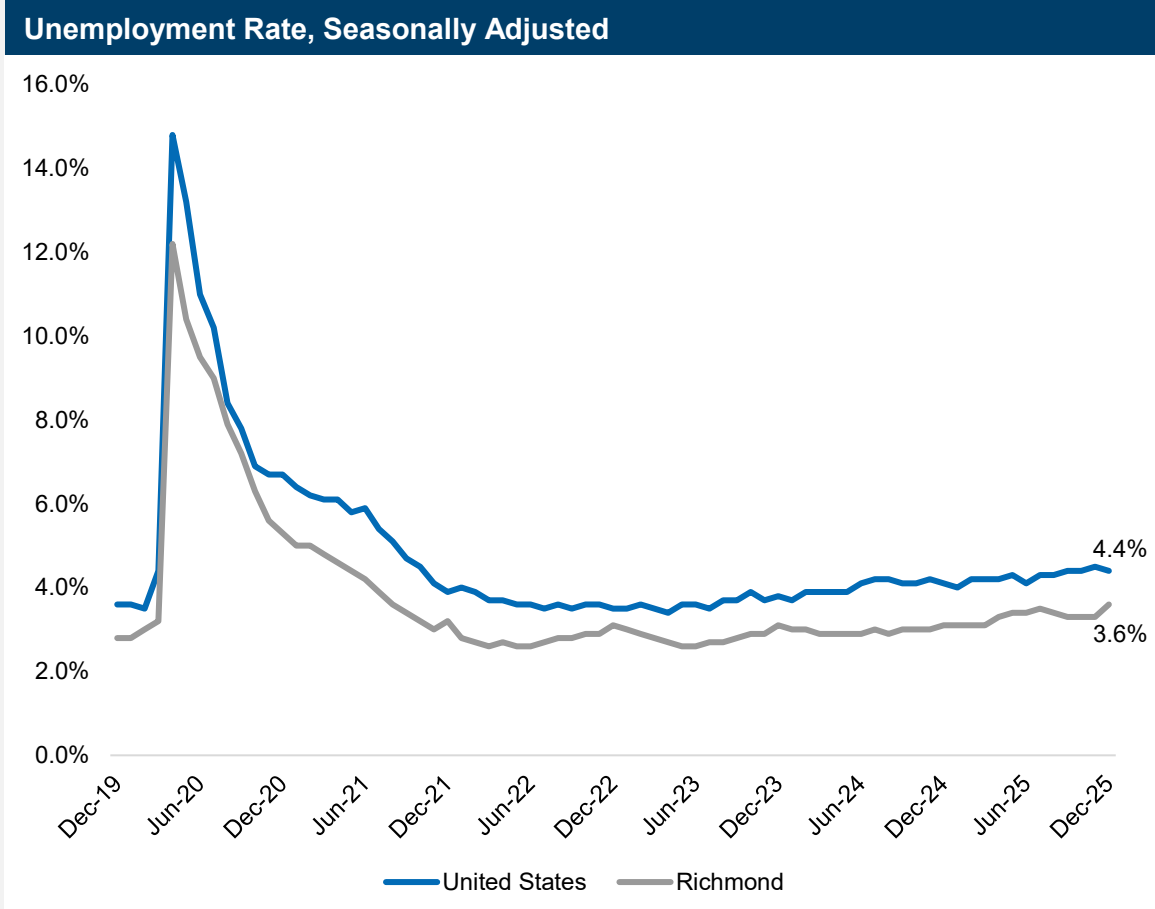
Richmond Leads the Way as the Fastest-Growing Large Metro in Virginia

The Richmond Metro continues to experience elevated population growth, with the resident population growing 1.1% in 2025. Richmond's population grew at an elevated rate relative to Virginia and the United States, seeing 0.7% and 0.5% of population growth in 2025, respectively. Furthermore, Richmond has been the fastest-growing large metro in Virginia over recent years.



Richmond Outperforms National Averages

Richmond’s unemployment rate continues to outperform the national average, measuring 3.6% as of December of 2025. This is 50 basis points higher year-over-year but 80 basis points lower than the national average. Richmond is also seeing an increase in nonfarm payroll employment, with a 12-month increase of 0.4%, four times the national average of 0.1%.

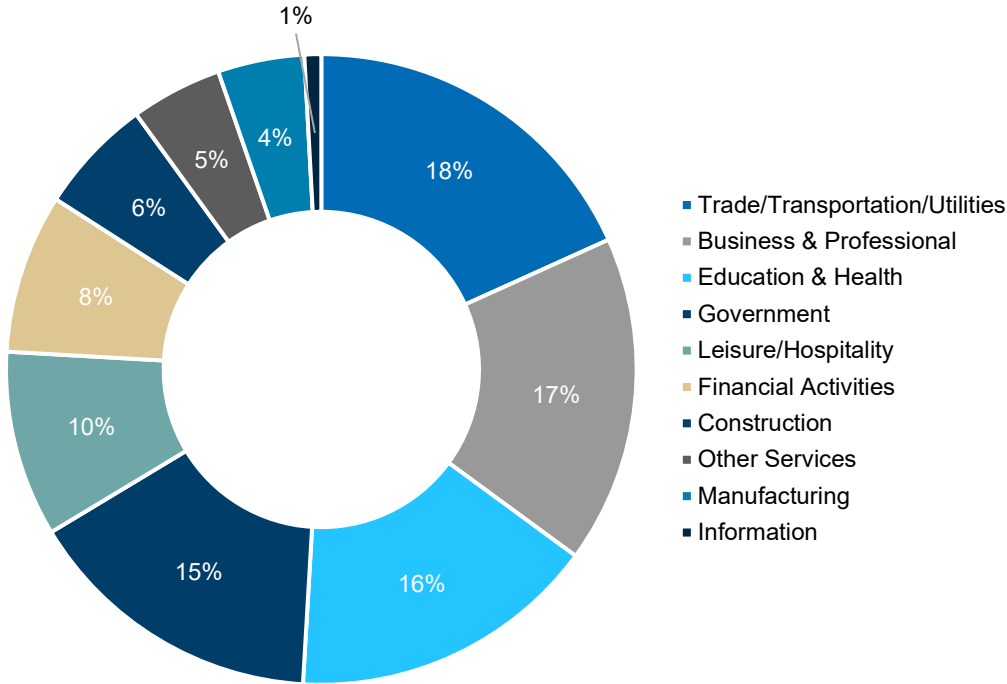


Source: Newmark Research, Moody's Analytics
 *October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

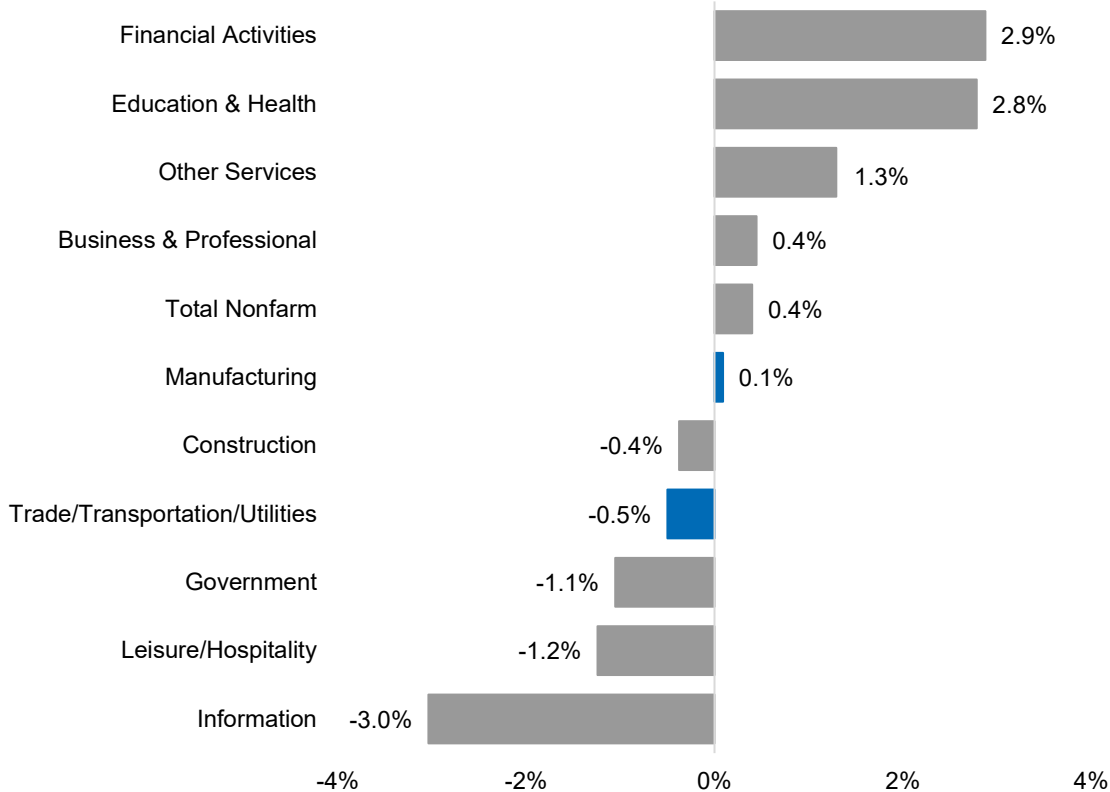
Industrial Employment Sees 12-Month Decline

Trade/Transportation/Utilities experienced a decline during 2025, with a 12-month decline of 0.5%. Despite this, Trade/Transportation/Utilities remains the largest industry in the region, constituting 18.0% of the regional workforce. Manufacturing performed better during the year, seeing 12-month growth of 0.1%.

Employment by Industry, December 2025



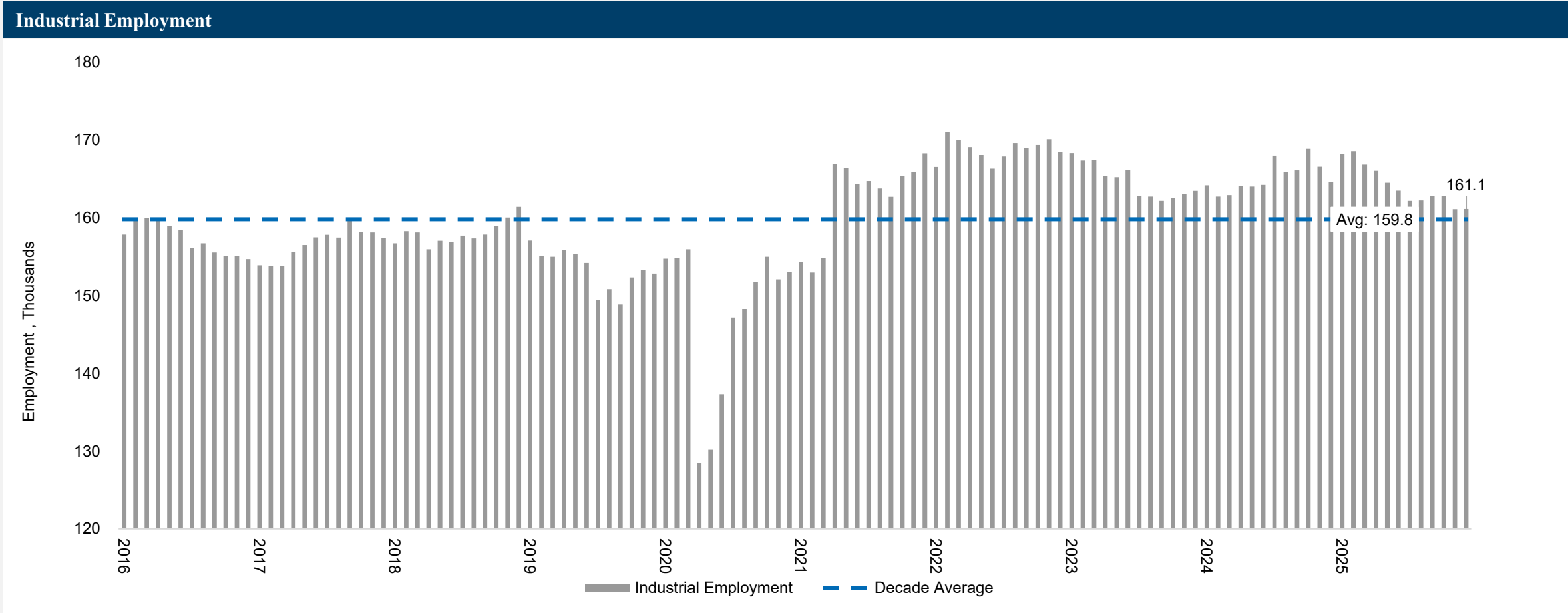
Employment Growth by Industry, 12-Month % Change, December 2025



Source: Newmark Research, Moody's Analytics
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Industrial Employment Remains Elevated

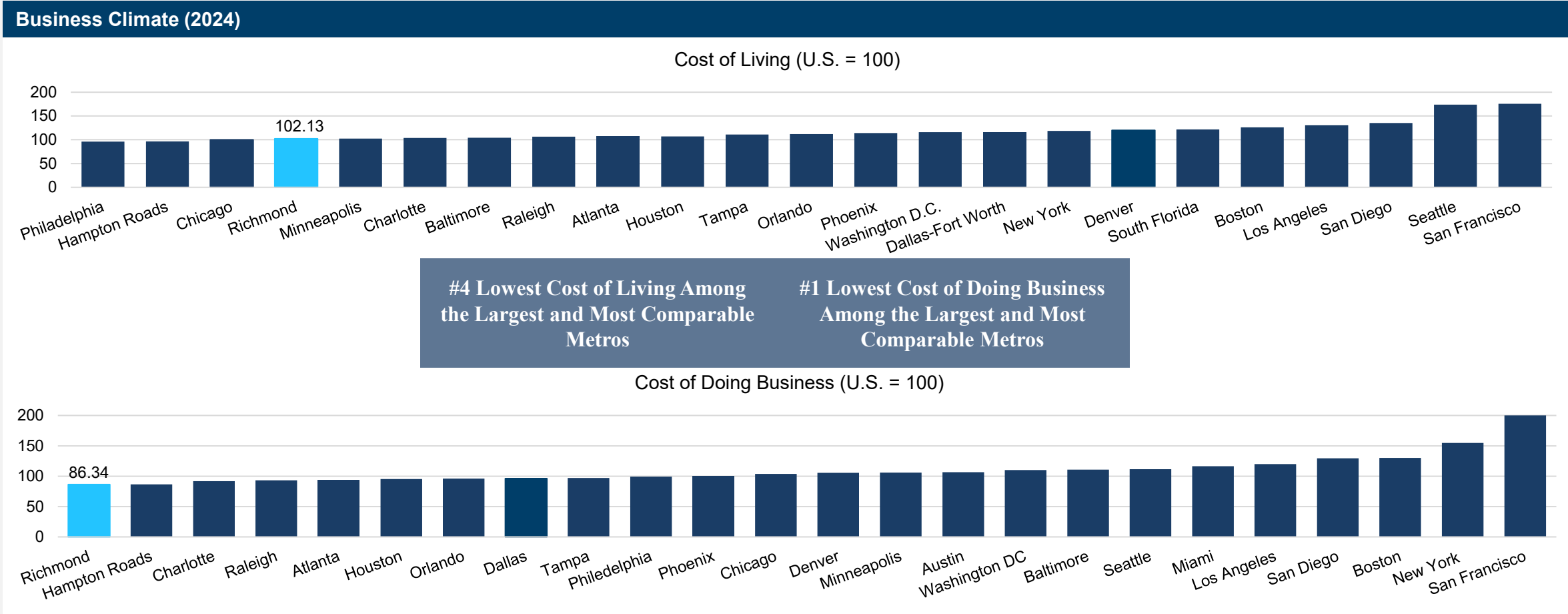
The number of industrial jobs has rebounded and now sits above pre-pandemic levels. Employment ended December of 2025 with 161,100 employees, 0.8% higher than the decade average and an increase of 25.4% since the market reached a pandemic-related low in April of 2020.



Source: U.S. Bureau of Labor Statistics, Richmond
*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing.

Richmond Has a Top Business Climate

The Richmond metro has the lowest cost of business among the largest and most comparable metros in the U.S. This lower cost of doing business contributes to Richmond’s attractiveness as a place to call home. Furthermore, Richmond has the fourth-lowest cost of living and is considered very affordable relative to large and comparable metros nationally. This allows Richmond to be extremely competitive in providing people and employees a better quality of life.



Source: Newmark Research, Moody's Analytics

02

Leasing Market Fundamentals

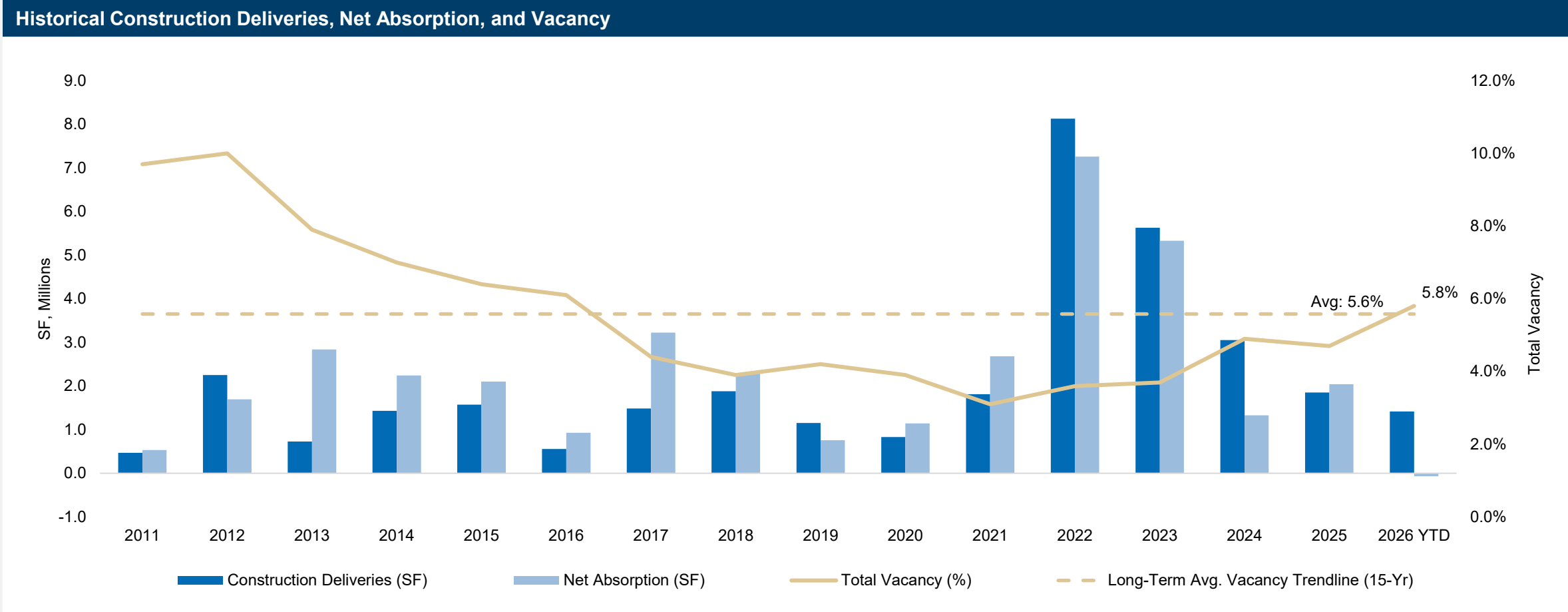
1Q26

NMRK.COM



Richmond Experiences Unoccupied Deliveries to Begin 2026

During the first quarter of 2026, Richmond experienced over 1.4 million SF of deliveries while seeing 70,000 SF of negative net absorption. Much of this negative net absorption was due to Homylink Furniture vacating 109,000 SF at 10464 Cedar Lane within Carinal Commerce Center. In addition to the negative net absorption, 1.3 million SF out of the 1.4 million SF delivered during the quarter was delivered vacant. The combination of negative net absorption and unoccupied deliveries led to an expansion of the vacancy rate, which ended the first quarter of 2026 at 5.8%, an increase of 110 basis points quarter-over-quarter. Despite this expansion in vacancy, the Richmond industrial market is still performing exceptionally well, especially relative to most other markets nationally, many of which have experienced a period of oversupply in recent years.





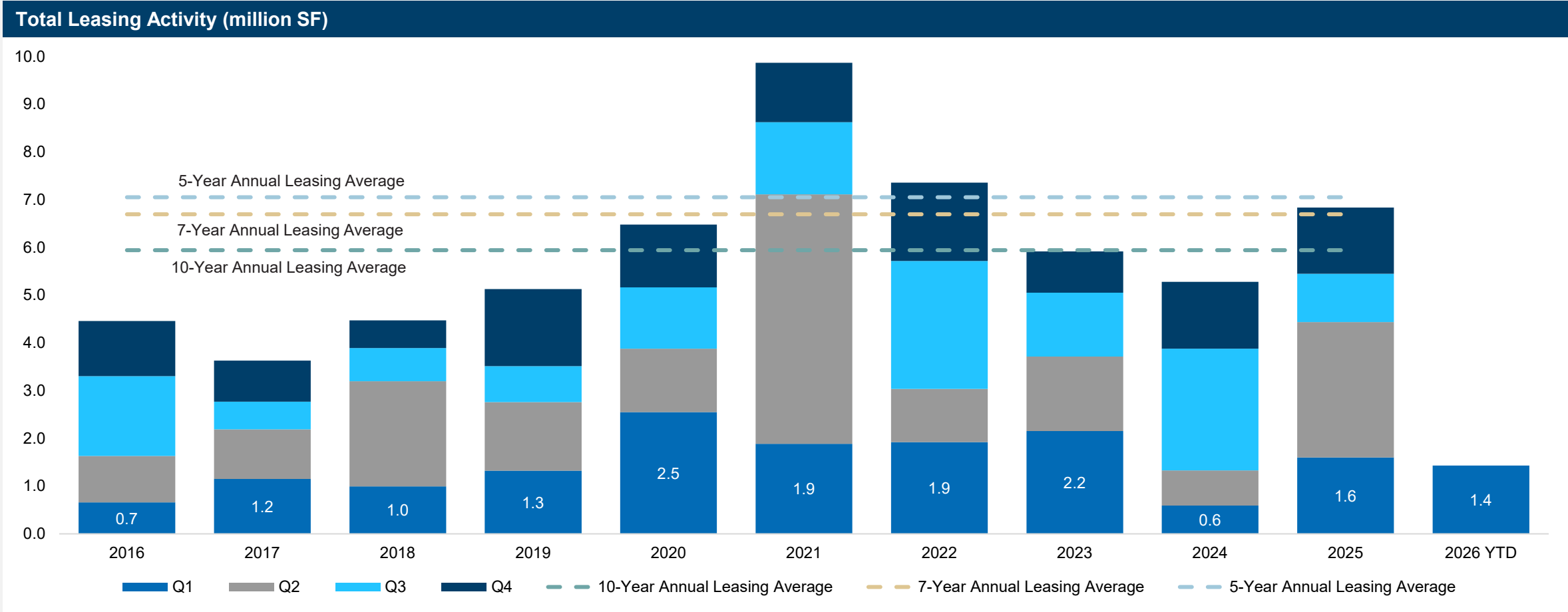
Please reach out to your
Newmark business contact for this information



Please reach out to your
Newmark business contact for this information

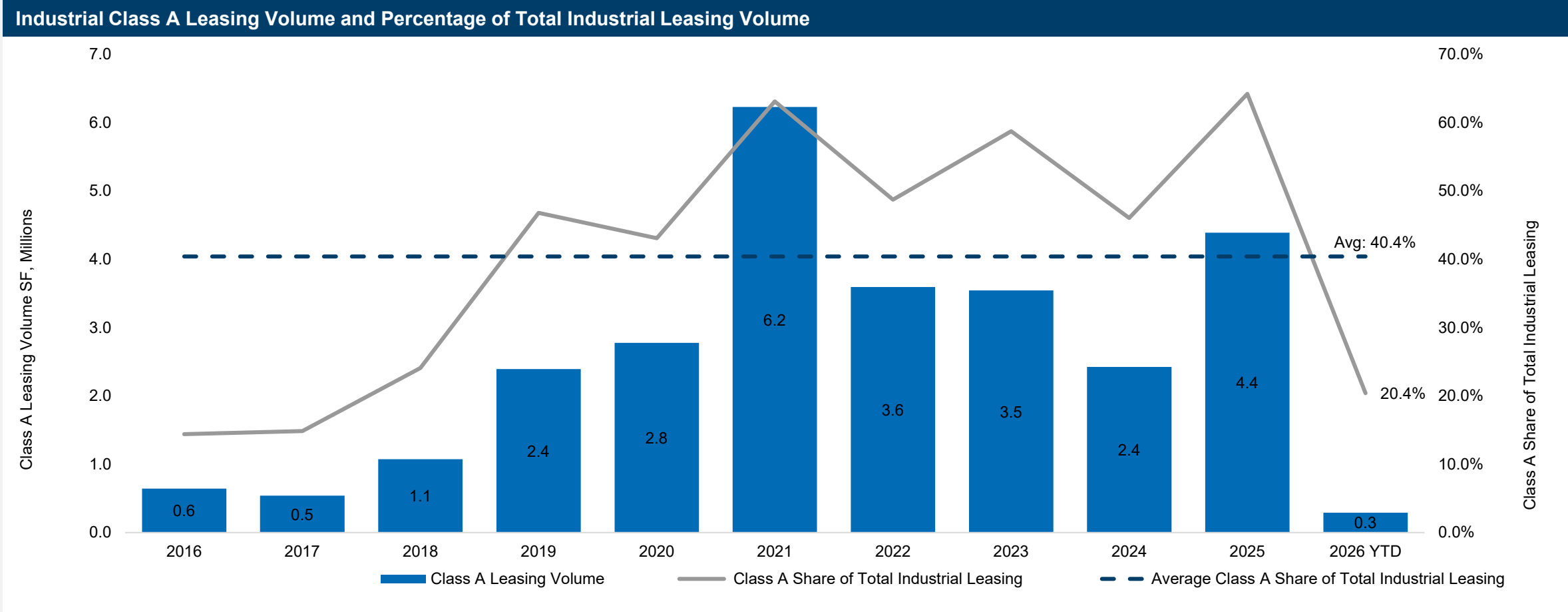
Industrial Leasing Activity Begins 2026 at a Stable Pace

Leasing activity showed stability to begin 2026, with the market seeing 1.4 million SF of activity during the first quarter, in line with the 10-year historical average of 1.5 million SF of first-quarter leasing activity. Despite the market decelerating since seeing record-high leasing activity of almost 10.0 million SF during 2021, the market was still seeing leasing activity in line with the historical ten-year leasing average through 2024, before seeing an uptick in leasing activity in 2025. Much of this slowdown in leasing over recent years, however, was largely due to a lack of available space, with Richmond leading the country as one of the tightest industrial markets.



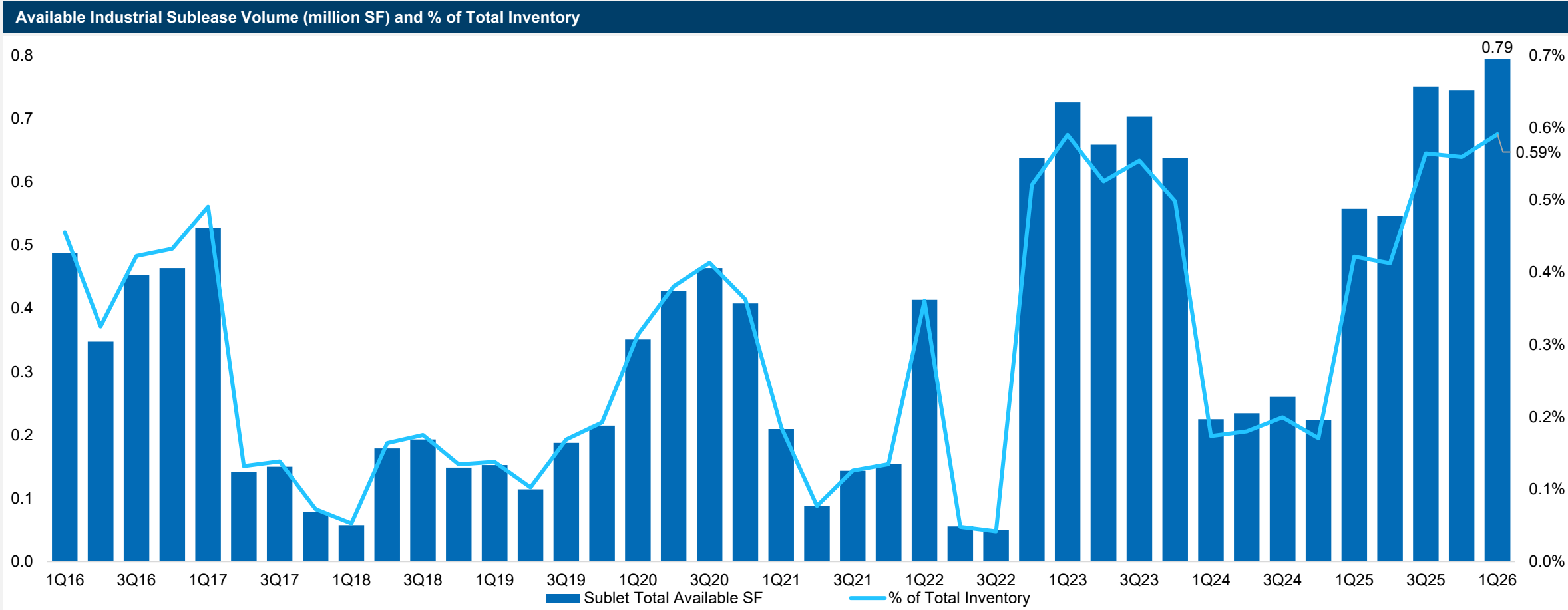
Class A Industrial Leasing Slow to Begin 2026

Class A product has seen historically high levels of leasing activity during the past few years with a peak of leasing volume in 2021. Since 2021 the market has seen elevated levels of Class A leasing activity. During 2025, the Richmond market saw 4.4 million SF of Class A leasing volume, the second most active year over the past decade. Furthermore, it was 64.2% of overall leasing activity during the period, the highest share of total leasing seen in the past decade, highlighting continued interest in quality Class A space by occupiers. To begin 2026, however, the Richmond market only saw 300,000 SF of Class A leasing activity during the first quarter, which was only 20.4% of overall leasing volume, the lowest share of leasing volume the market has seen since 2017.



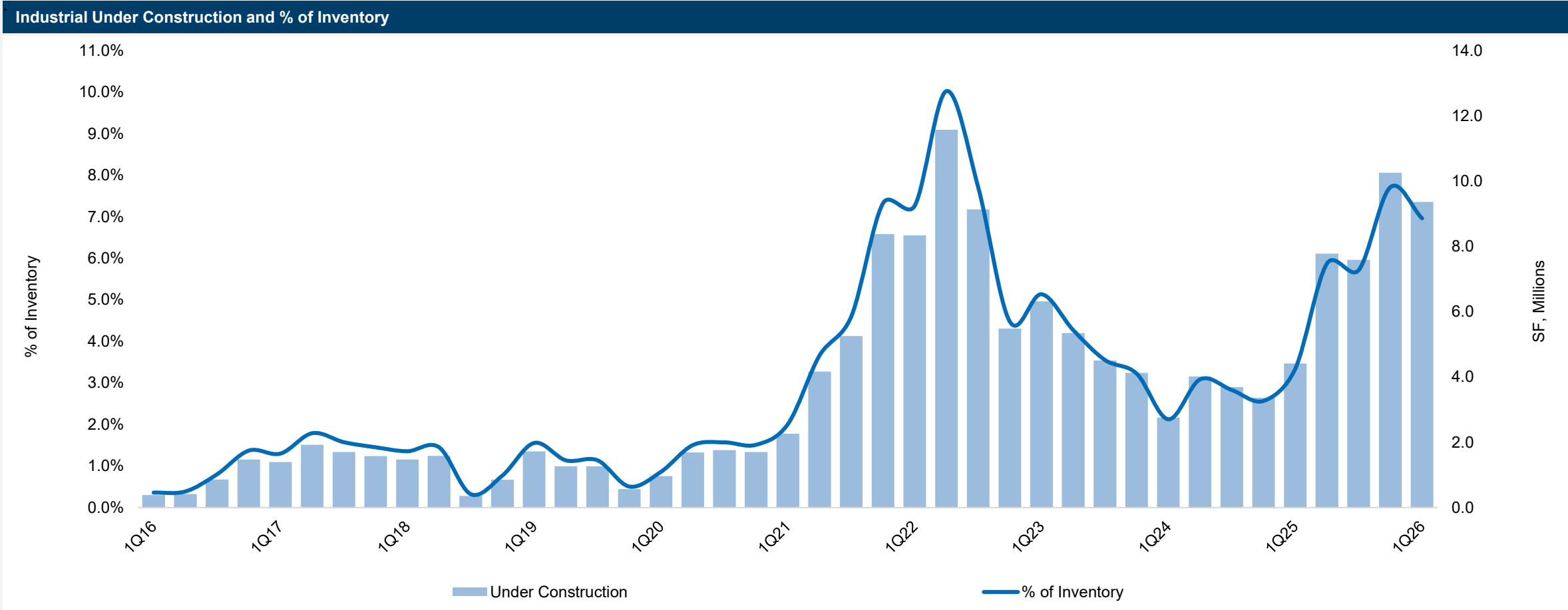
Market Continues to See An Uptick of Sublease Available Space

The Richmond market ended the first quarter of 2026 with 790,000 SF of sublease space available, which is a decade-high and much higher than the historical average of 350,000 SF of available sublease space. The recent increase in available sublease space largely occurred in 2025 due to over 290,000 SF of sublet space becoming available at CrossPointe Logistics Center after Triple Diamond Glass vacated its space. Furthermore, over 200,000 SF was put up as sublease available at 11111 Washington Highway during the third quarter of 2025. M.C. Dean put this space up as available after moving into 325,500 SF at 11174 Enterprise Parkway.



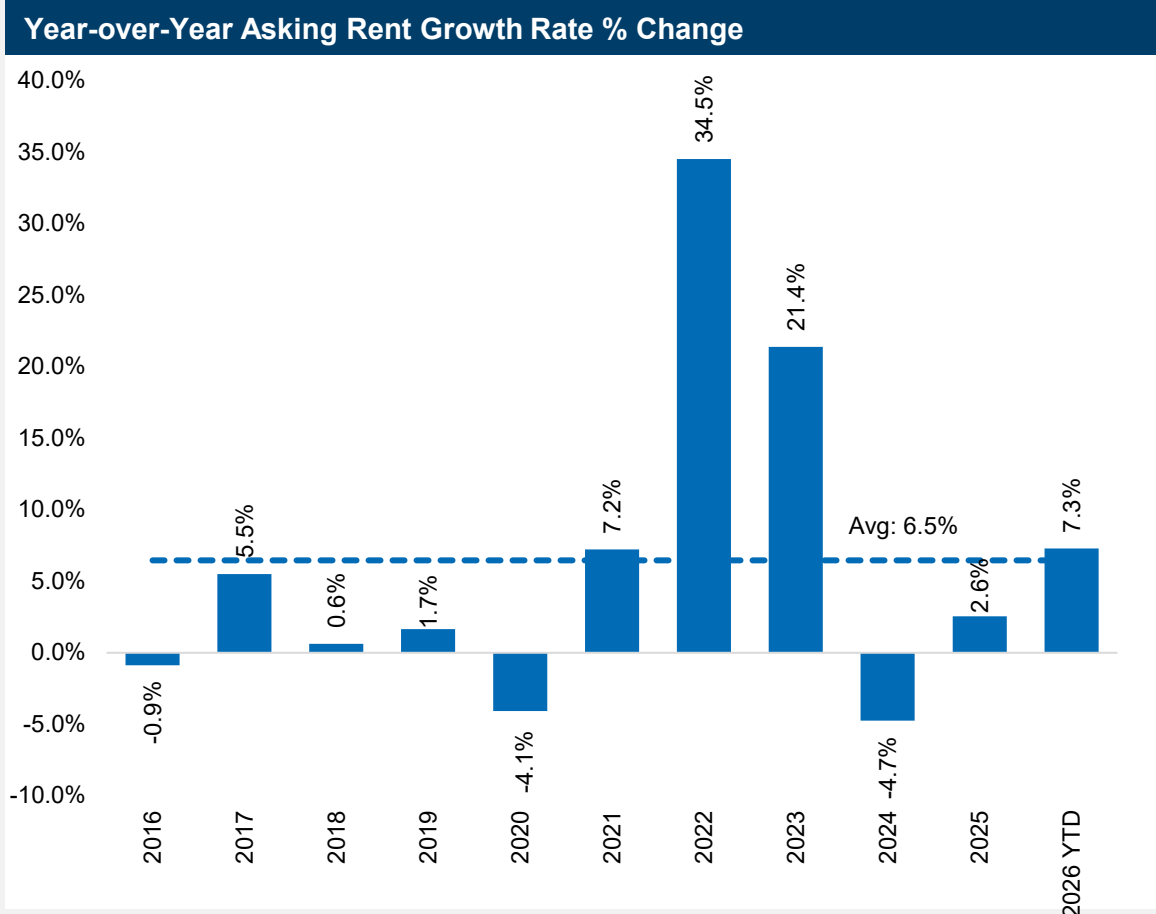
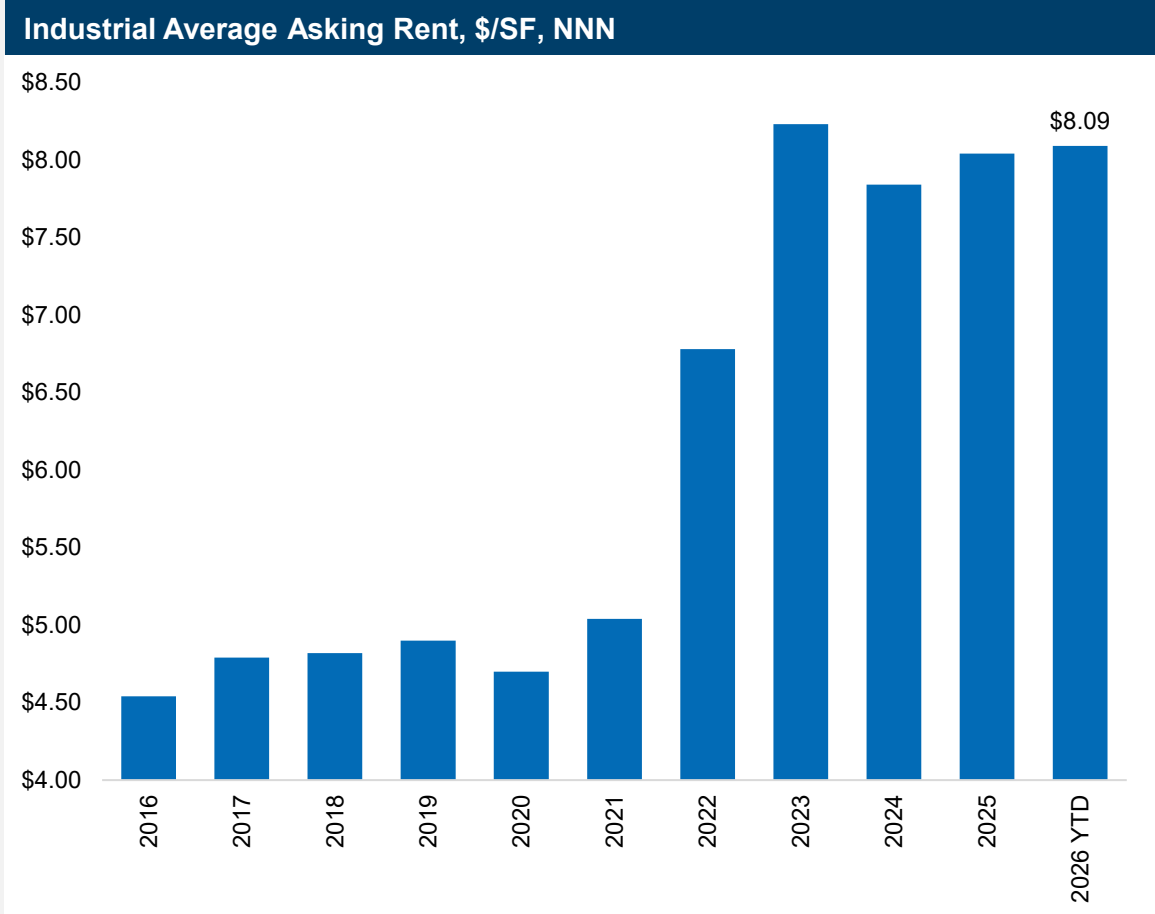
Construction Supply Remains Elevated

Industrial development has exploded in the Richmond region during recent years, ending the first quarter of 2026 with 16 properties under construction totaling almost 9.4 million SF. The construction supply increased significantly in the second quarter of 2025 with the groundbreaking of Amazon’s 3.2 million SF fulfillment center in Goochland. After the market averaged 1.2 million SF under construction from 2016 to 2020, development began accelerating in 2021 and reached a peak of 11.6 million SF under construction in the second quarter of 2022. Since then, the market has maintained an elevated level of construction much higher than historical averages.



Asking Rents Continue Historical Growth

Average asking rents ended the first quarter of 2026 at \$8.09/SF, an increase of 7.3% year-over-year. Although rent growth has decelerated since 2022, when the market experienced 34.5% rent growth, the market is still seeing healthy rent growth. Overall, the market has seen an impressive 65.1% increase in rents since the beginning of 2020.





Please reach out to your
Newmark business contact for this information



Please reach out to your
Newmark business contact for this information

03

Market Statistics

1Q26

NMRK.COM





Please reach out to your
Newmark business contact for this information

Liz Berthelette

Managing Director

*Head of Northeast Research &
National Life Science Research*

elizabeth.berthelette@nmrk.com

Kevin Sweeney

*Associate Director
Mid-Atlantic Research*

kevin.sweeney@nmrk.com

Chad Braden

*Senior Research Analyst
Mid-Atlantic Research*

chad.braden@nmrk.com

Nick Schlanger

*Senior Research Analyst
Mid-Atlantic Research*

nick.schlanger@nmrk.com

Salini Thiraviyarajah

*Research Analyst
Mid-Atlantic Research*

salini.thiraviyarajah@nmrk.com

District of Columbia

1899 Pennsylvania Avenue,
NW Suite 300
Washington, DC 20006
t 202-331-7000

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.