

Richmond Industrial Market Overview

Market Observations

Economy

- The region’s labor market remained historically strong amid shifting macroeconomic conditions. The unemployment rate ended August 2025 at 3.5%, significantly lower than the national average of 4.2%. Furthermore, the Richmond Metro continues to experience elevated population growth, with the resident population growing 1.2% in 2024, higher than the national population growth rate of 0.9%. 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 in between 15-18% of all employees leading to an overall total of 66% 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% of the regional workforce.
- Trade/transportation/utilities employment has stabilized, surpassing pre-pandemic highs, and continues to grow as evidenced by a 12-month growth rate of 1.7%. Manufacturing employment has also performed well, seeing a 12-month growth rate of 2.5%.

Major Transactions

- New leases were the theme of leasing activity during Q3 2025, as the five largest leases signed during the quarter were new deals totaling approximately 475,000 SF. The largest deal of the quarter was M.C. Dean signing to occupy 173,009 SF of space at 11174 Enterprise Parkway. These new deals provide optimism that the market will continue seeing positive absorption in the short term as new tenants enter the market and current tenants expand in the market.
- The largest sale of the quarter was the sale of a 1,112,100-square-foot distribution facility located at 10462 Hickory Hill Road. The Class A warehouse, built in 2022, was sold by a joint venture between Equity Industrial Partners and Raith Capital Partners to Lake Washington Partners for \$128,000,000, or \$115.10 PSF. The property was fully leased by Sanmar at the time of sale, with the lease running through March 2033.

Leasing Market Fundamentals

- During Q3 2025, the market saw 338,000 square feet of positive net absorption, largely due to M.C. Dean occupying 325,500 SF at 11174 Enterprise Parkway in July. The market remains historically tight, ending Q3 2025 at a 5.3% vacancy rate, tighter than the historical average of 5.7%. Despite seeing over 1.3 MSF of positive net absorption year-to-date, the market’s vacancy rate has expanded 20 bps so far in 2025 solely due to deliveries outpacing absorption.
- Average asking rents ended Q3 2025 at \$9.41 PSF, an increase of 5.8% year-over-year. Overall, the market has seen a 62.2% increase in rents since the beginning of 2020.
- The market’s development remains strong, with the market seeing almost 1.7 MSF of deliveries so far in 2025. Furthermore, construction remains elevated, with almost 8.0 MSF of space currently under construction. User demand is keeping the pipeline steady looking forward into 2026.

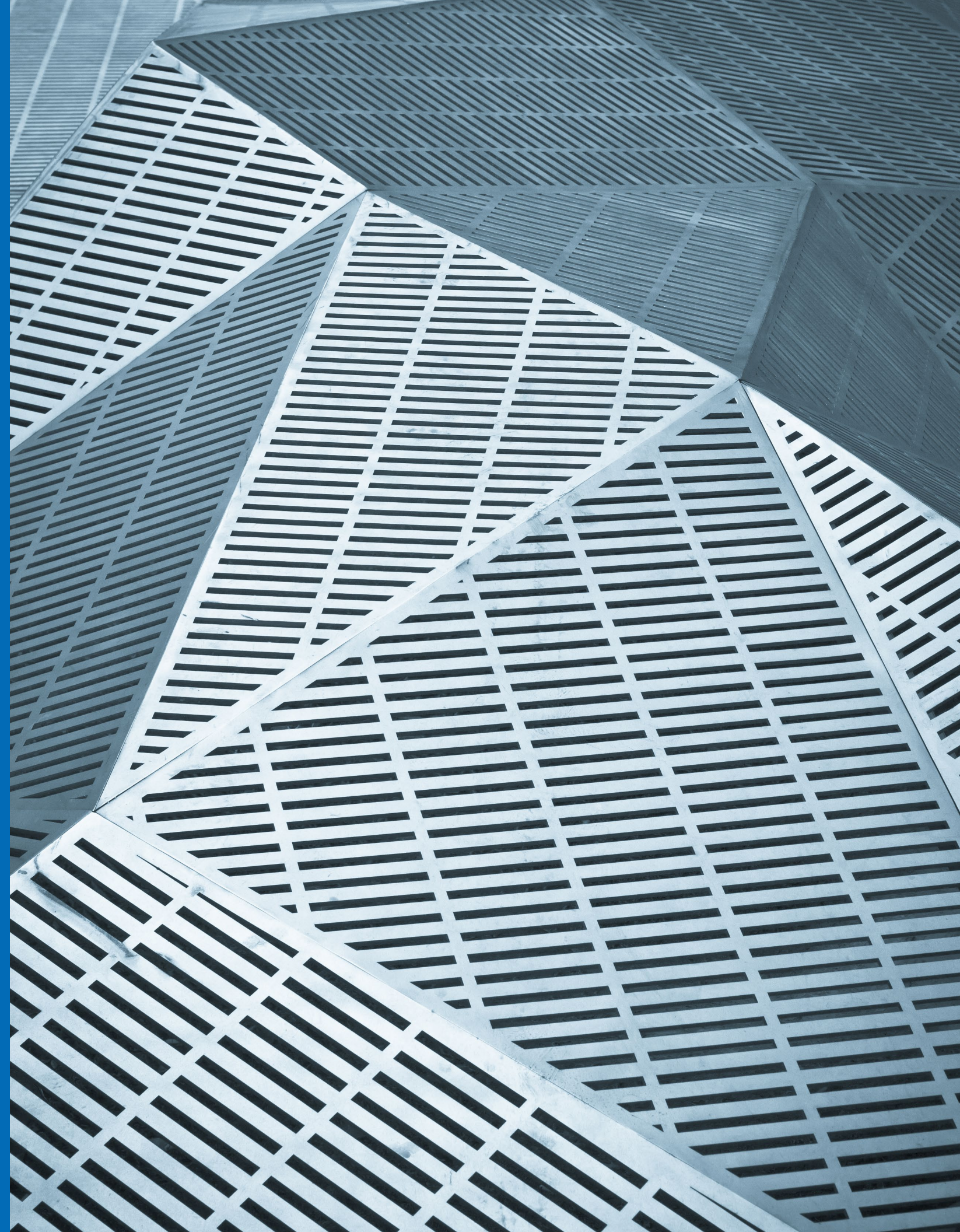
Outlook

- The Richmond Industrial market is expected to continue to perform well with user demand generally in line with new supply. With almost 8.0 MSF 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.

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Economy



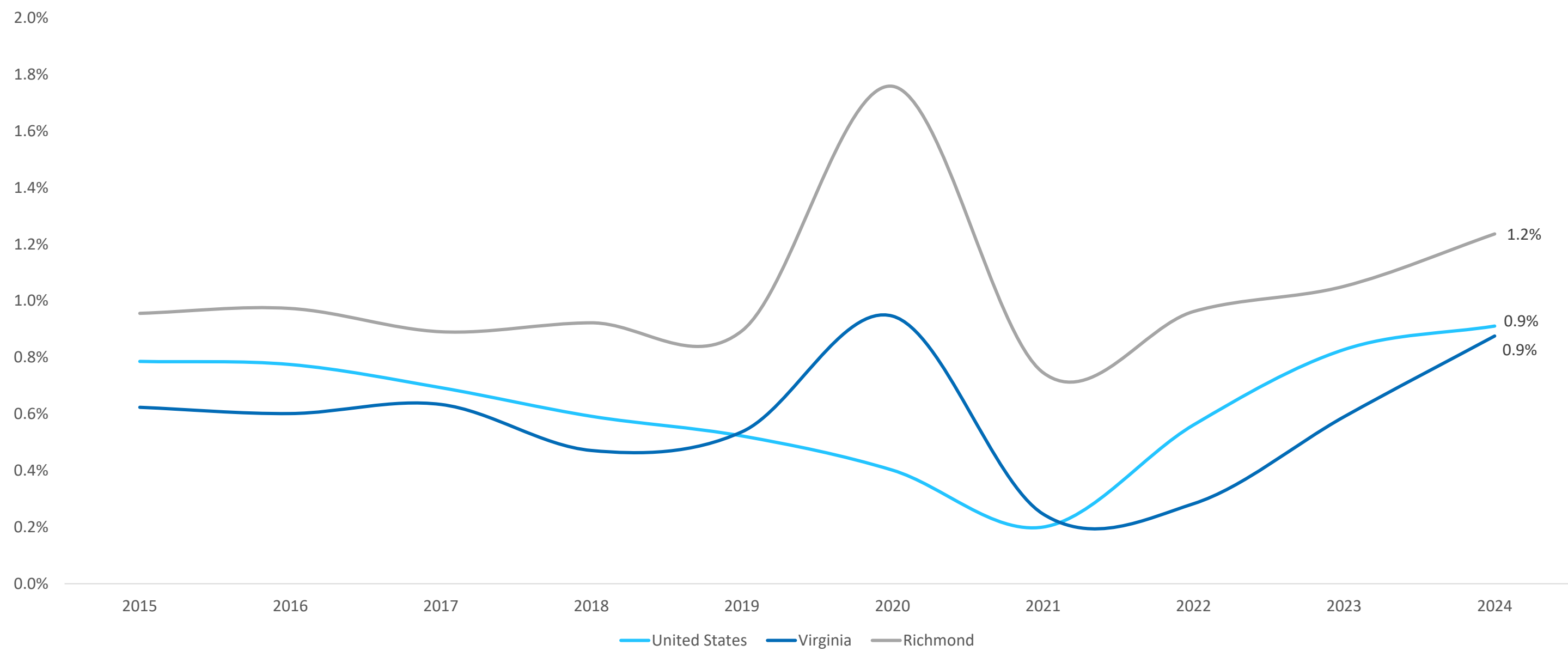


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Richmond Continues Experiencing Elevated Population Growth

The Richmond Metro continues to experience elevated population growth, with the resident population growing 1.2% in 2024. Richmond’s population has grown at an elevated rate relative to the United States and Virginia, with both seeing 0.9% of population growth in 2024. Furthermore, Richmond has been the fastest-growing large metro in Virginia over recent years.

Resident Population Growth (Annual % Change): United States Vs. Virginia Vs. Richmond

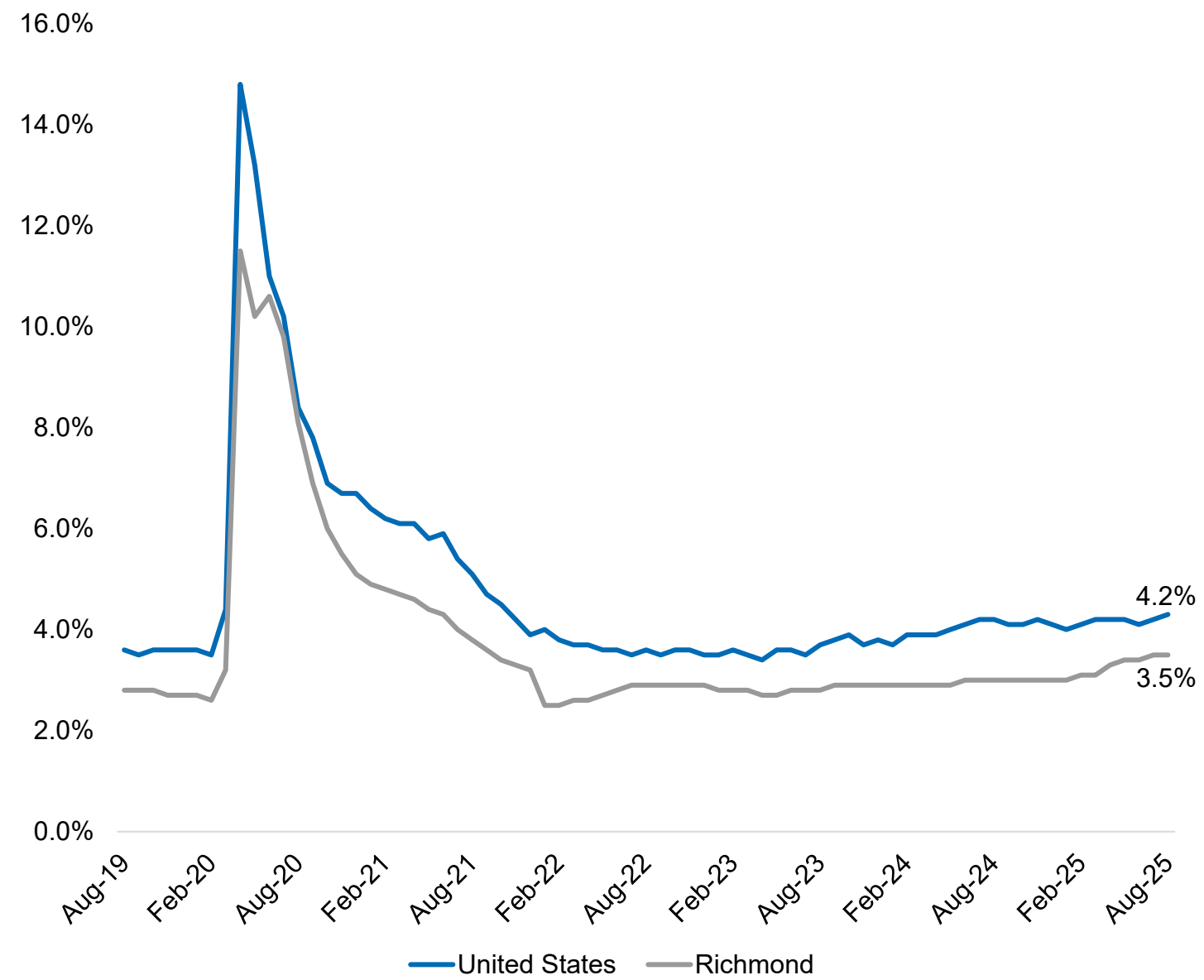


Source: U.S. Census Bureau

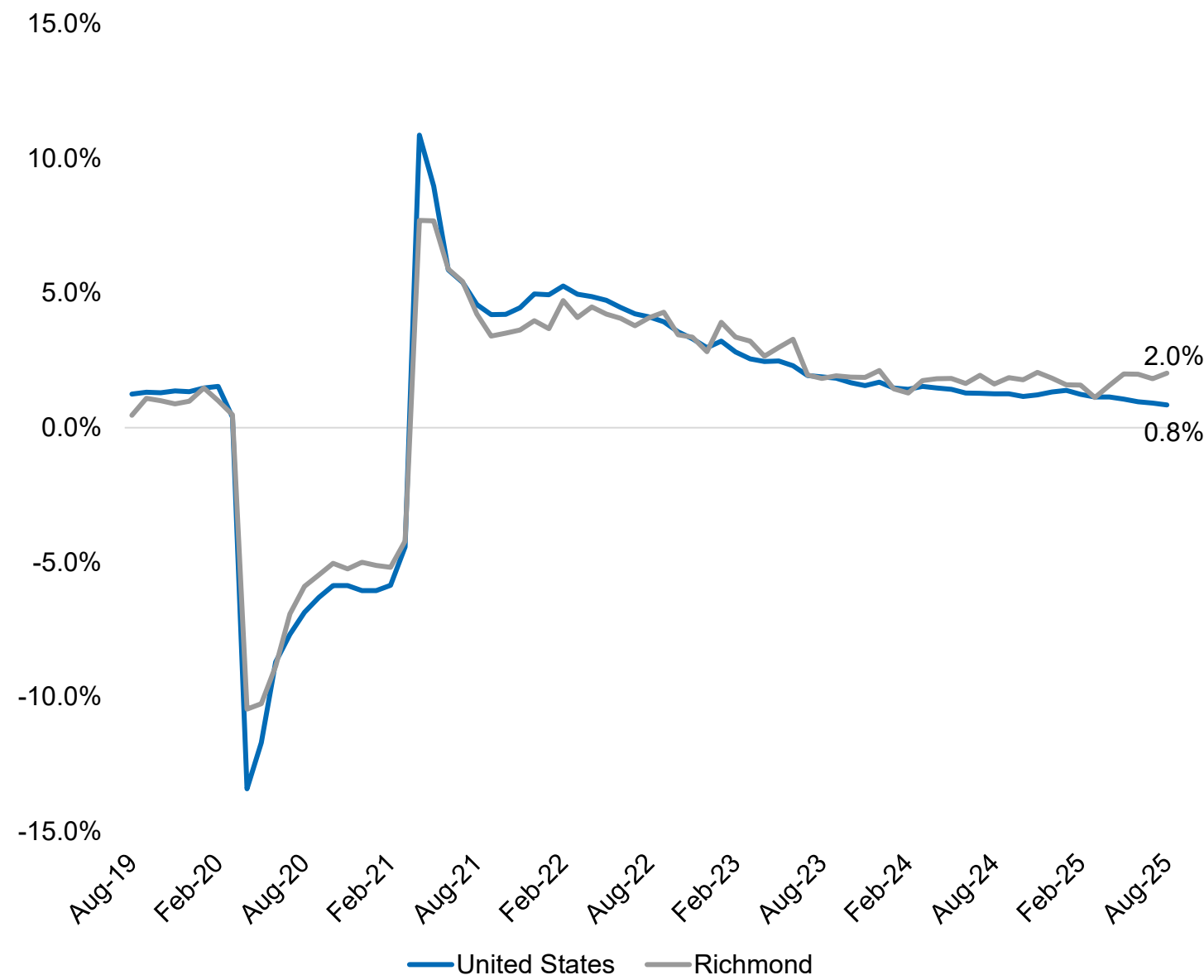
Richmond's Unemployment Rate Outperforms National Average

Richmond's unemployment rate continues to outperform the national average, measuring 3.5% as of August 2025. This is 50 bps higher year-over-year but 70 bps lower than the national average.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

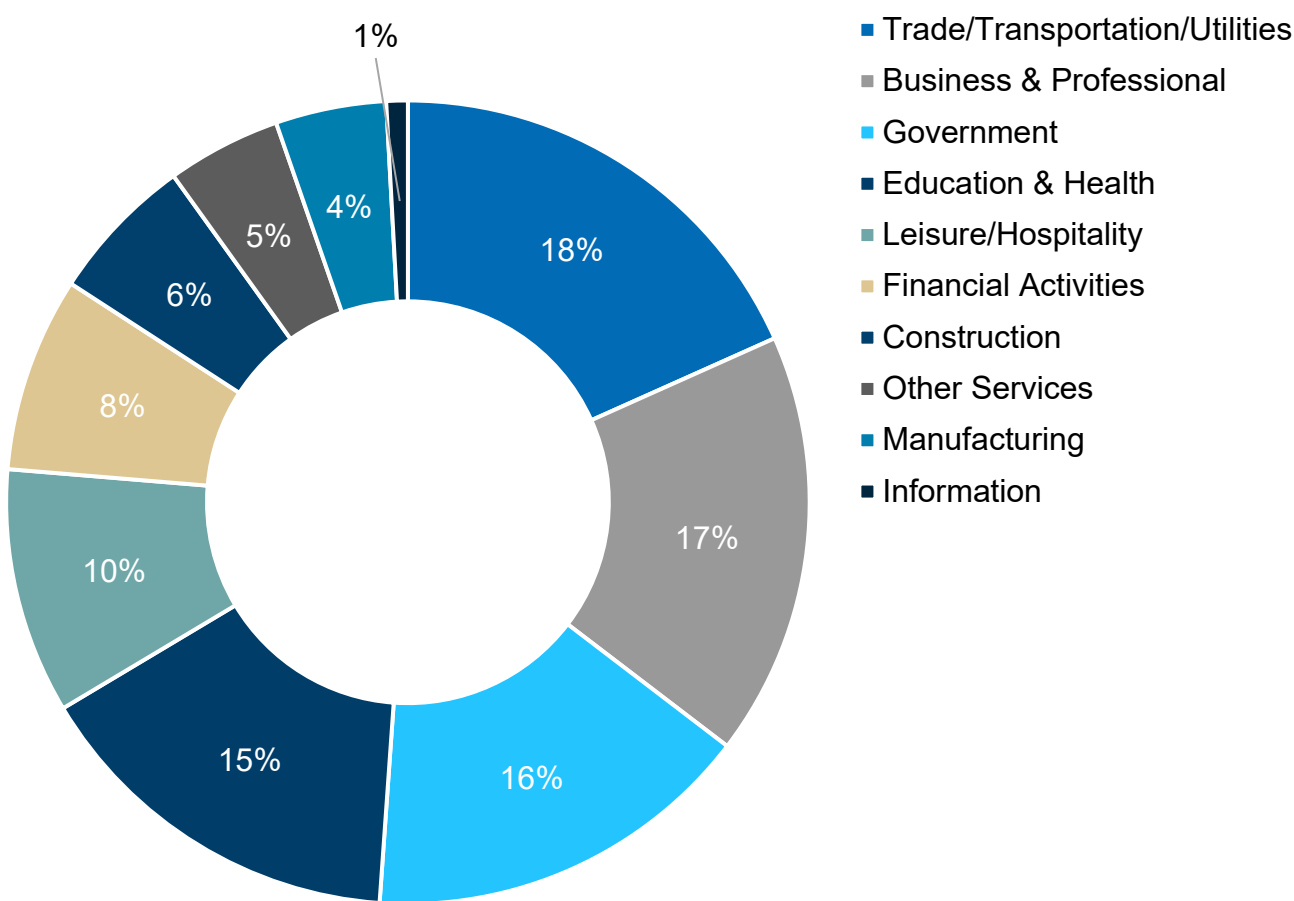


Source: U.S. Bureau of Labor Statistics, Richmond

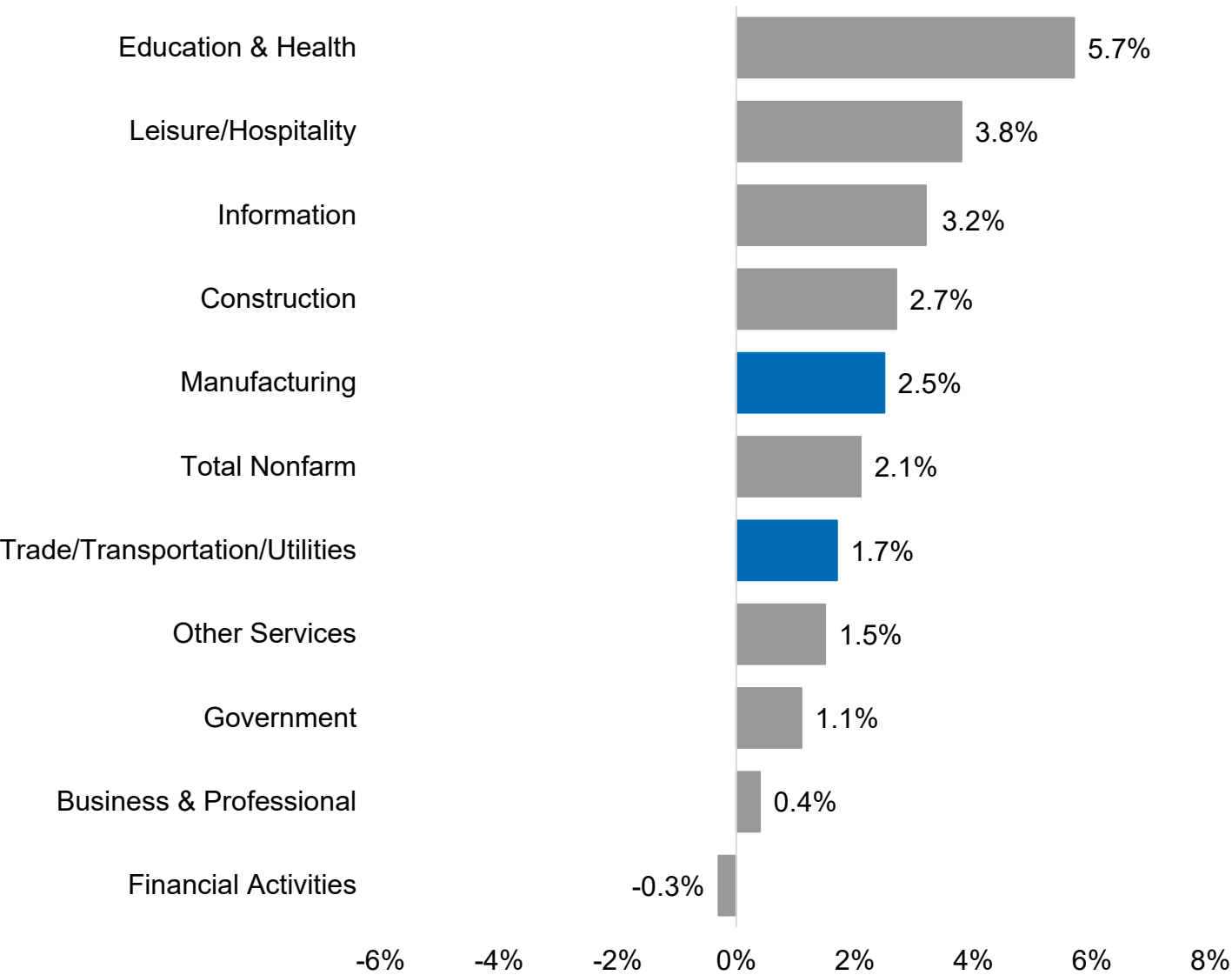
Trade/Transportation/Utilities and Manufacturing See 12-Month Growth

Trade/Transportation/Utilities remains the largest industry in the region, constituting 18% of the regional workforce. Furthermore, Trade/Transportation/Utilities continues to see positive growth, seeing 12-month growth of 1.7%. Manufacturing also saw positive growth, seeing 12-month growth of 2.5%.

Employment by Industry, August 2025



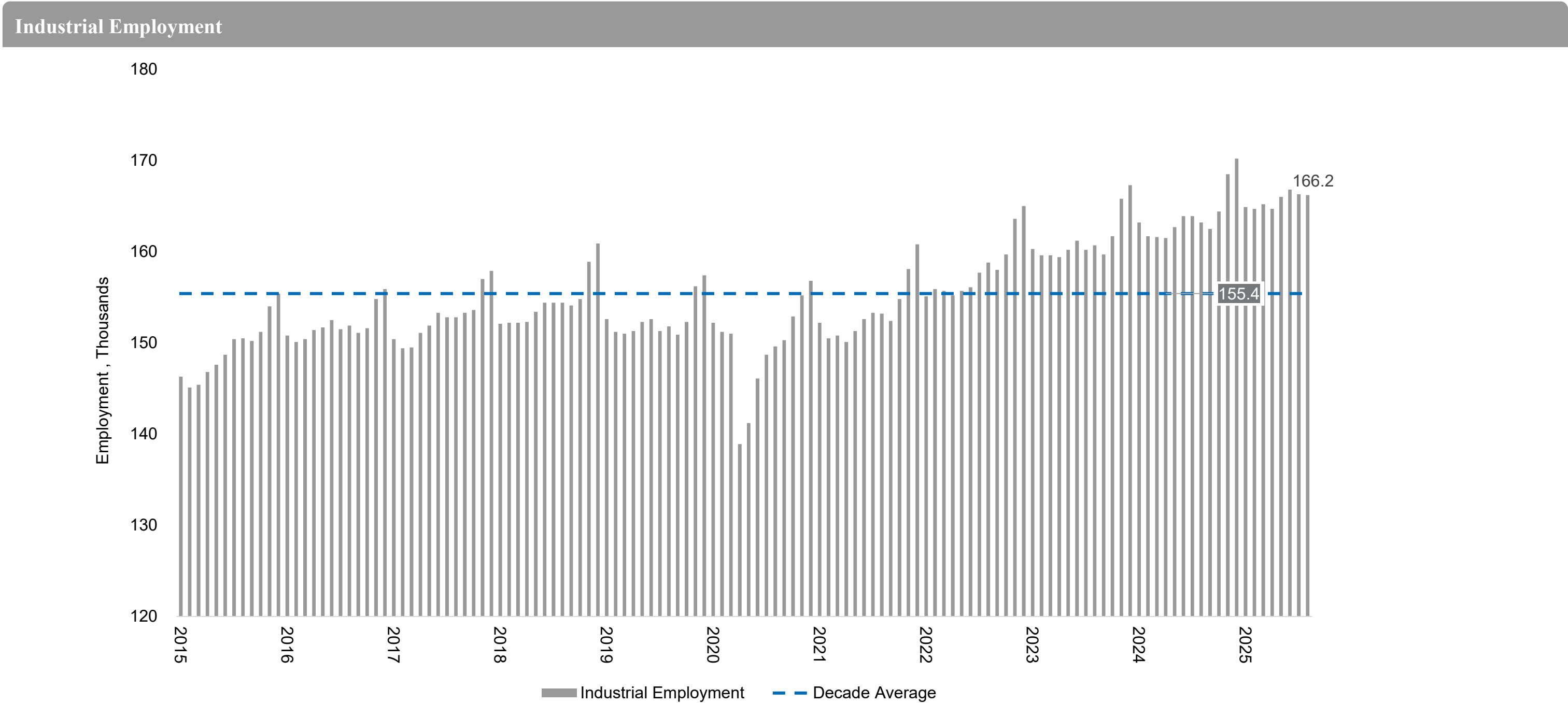
Employment Growth by Industry, 12-Month % Change, August 2025



Source: U.S. Bureau of Labor Statistics, Richmond

Industrial Employment Remains Elevated

The number of industrial jobs has rebounded and now sits above pre-pandemic levels. Employment ended August 2025 near a historic high with 166,200 employees, 6.9% higher than the decade average and an increase of 19.7% since the market reached a pandemic-related low in April of 2020.



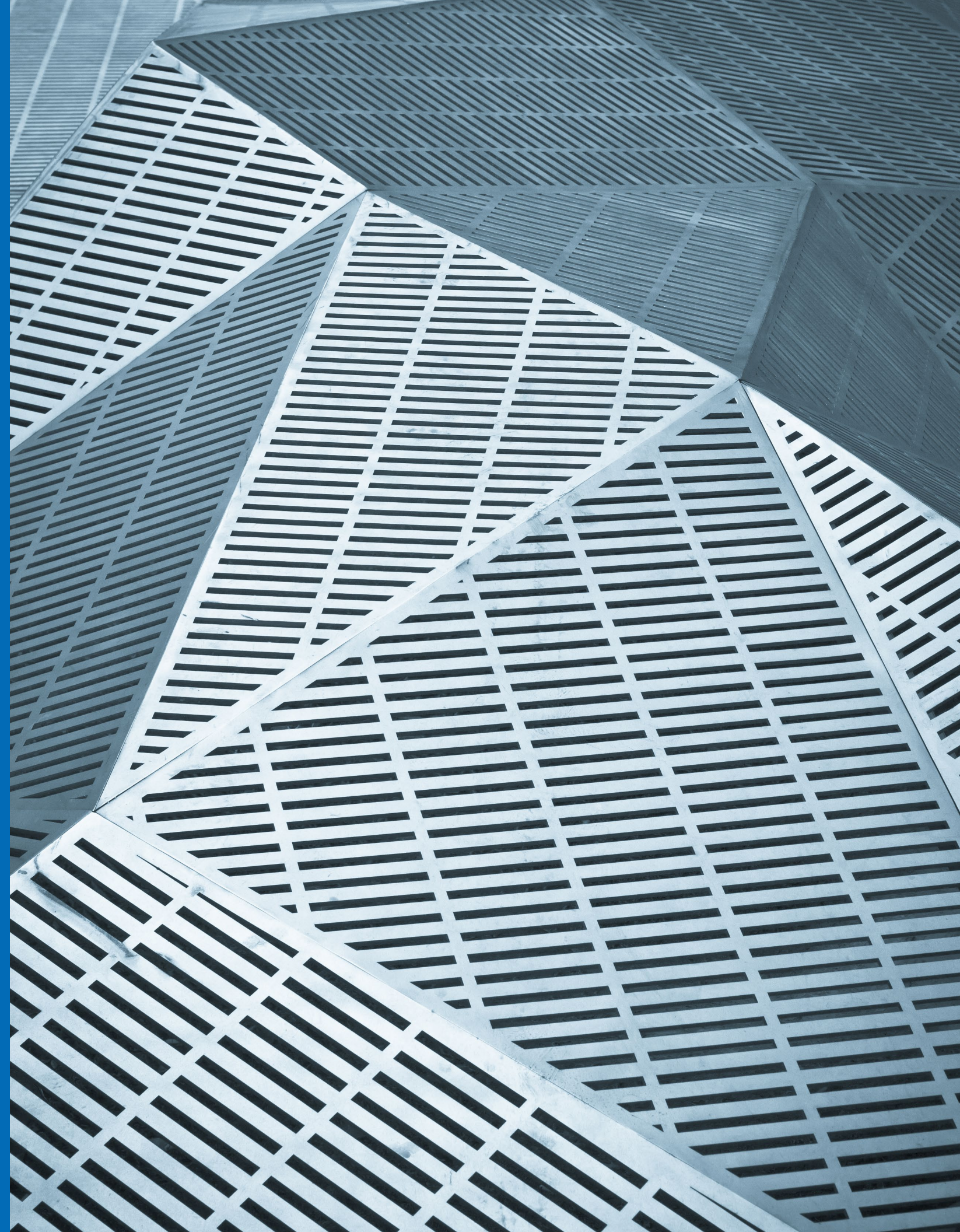
Source: U.S. Bureau of Labor Statistics, Richmond
*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing.



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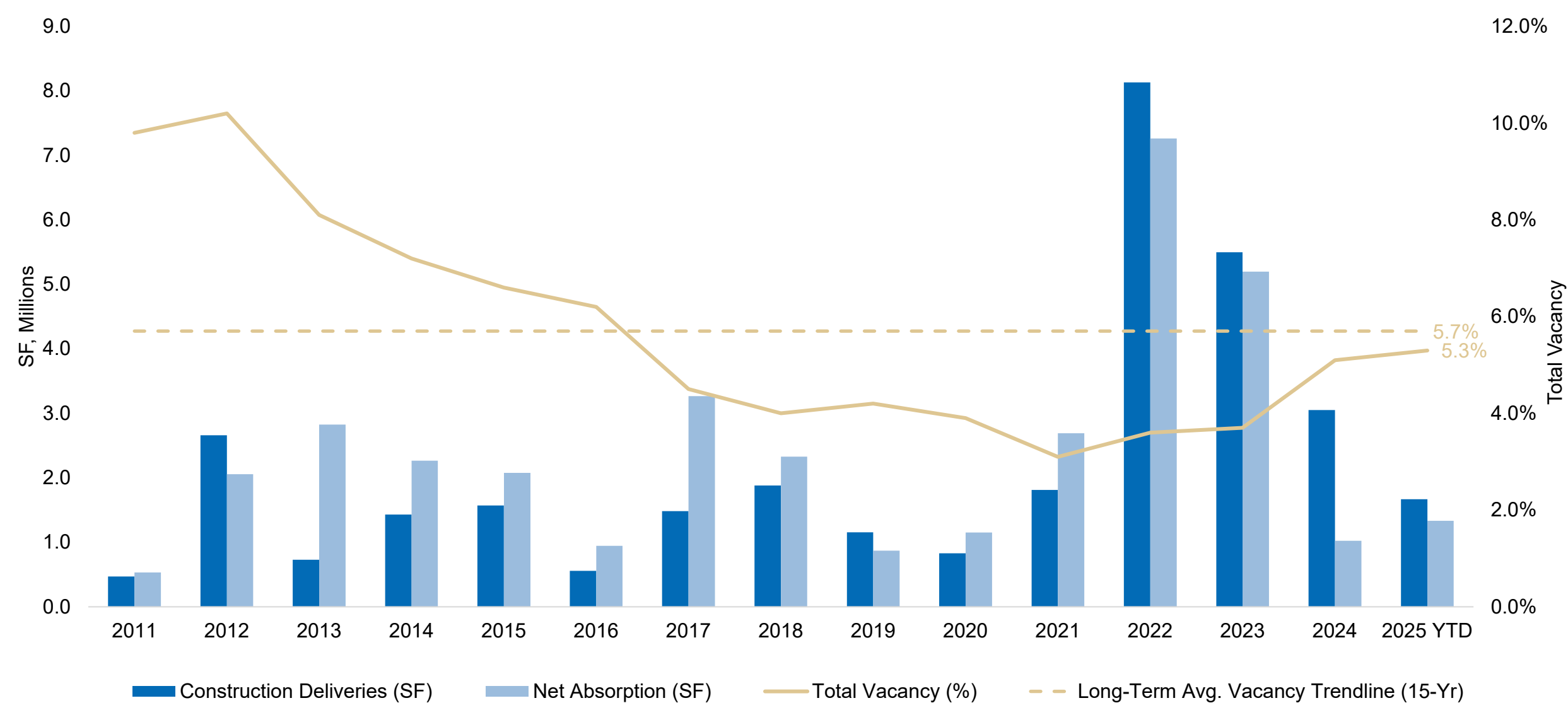
Leasing Market Fundamentals



Richmond Continues to See Positive Net Absorption and Elevated Development

The Richmond industrial market continues to perform exceptionally well, as evidenced by its fundamentals. During the first three quarters of 2025, Richmond experienced almost 1.7 MSF of deliveries while seeing over 1.3 MSF of positive net absorption. Much of this positive net absorption was due to the Northeast quadrant, which saw the delivery of an 800,000-square-foot AutoZone Distribution Center during the first quarter. During Q3 2025, the market saw 338,000 square feet of positive net absorption, largely due to M.C. Dean occupying 325,500 SF at 11174 Enterprise Parkway in July. The market remains historically tight, ending Q3 2025 at a 5.3% vacancy rate, tighter than the historical average of 5.7%. Despite seeing over 1.3 MSF of positive net absorption year-to-date, the market's vacancy rate has expanded 20 bps so far in 2025 solely due to deliveries outpacing absorption.

Historical Construction Deliveries, Net Absorption, and Vacancy



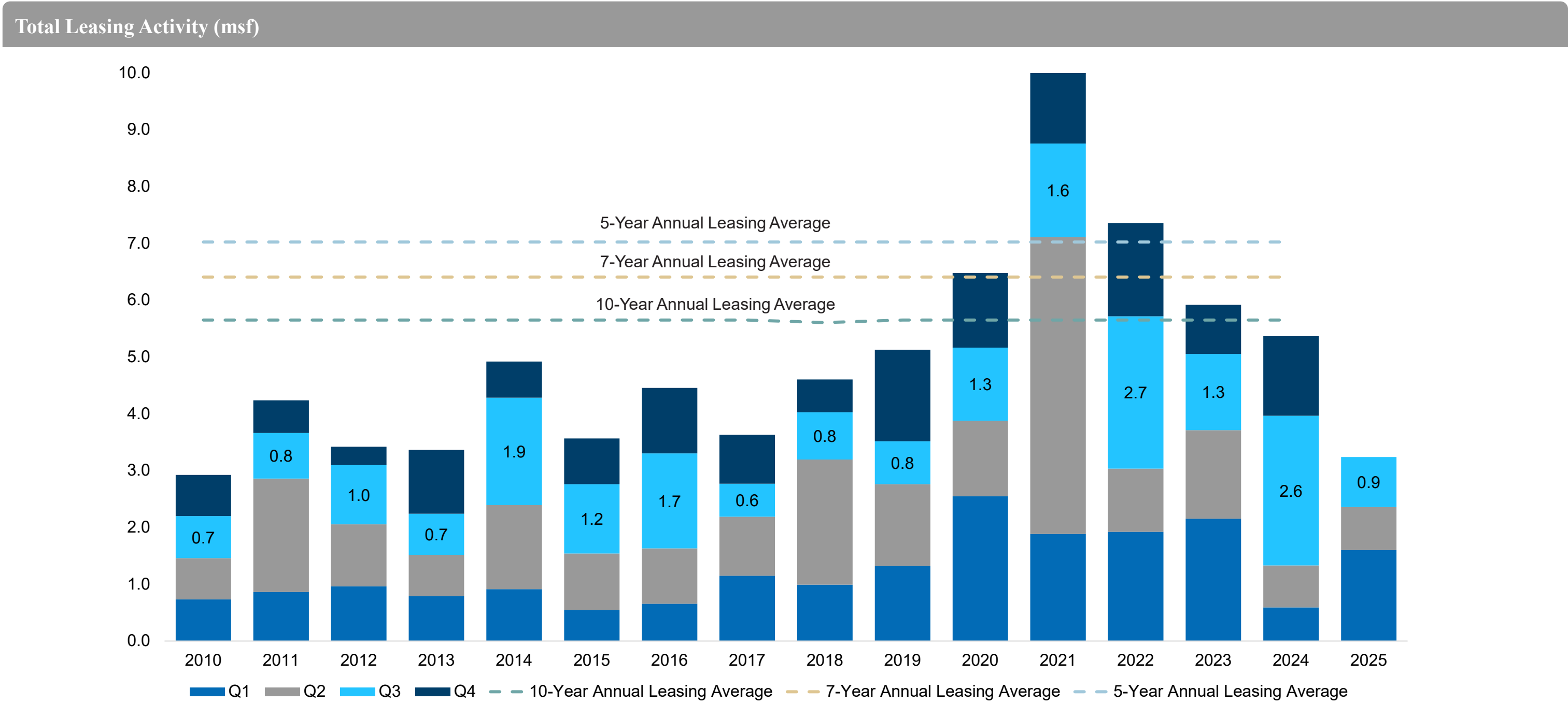
Source: Newmark Research



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Industrial Leasing Activity Has Slowed During 2025

Leasing activity has decelerated during the first three quarters of 2025, with the market seeing 3.2 MSF of activity, lower than the historical average of 4.0 MSF of leasing activity. Despite the market decelerating each year since seeing record-high leasing activity of 10.0 MSF during 2021, the market was still seeing leasing activity in line with the historical ten-year leasing average through 2024, however the market is currently on track to underperform in 2025.

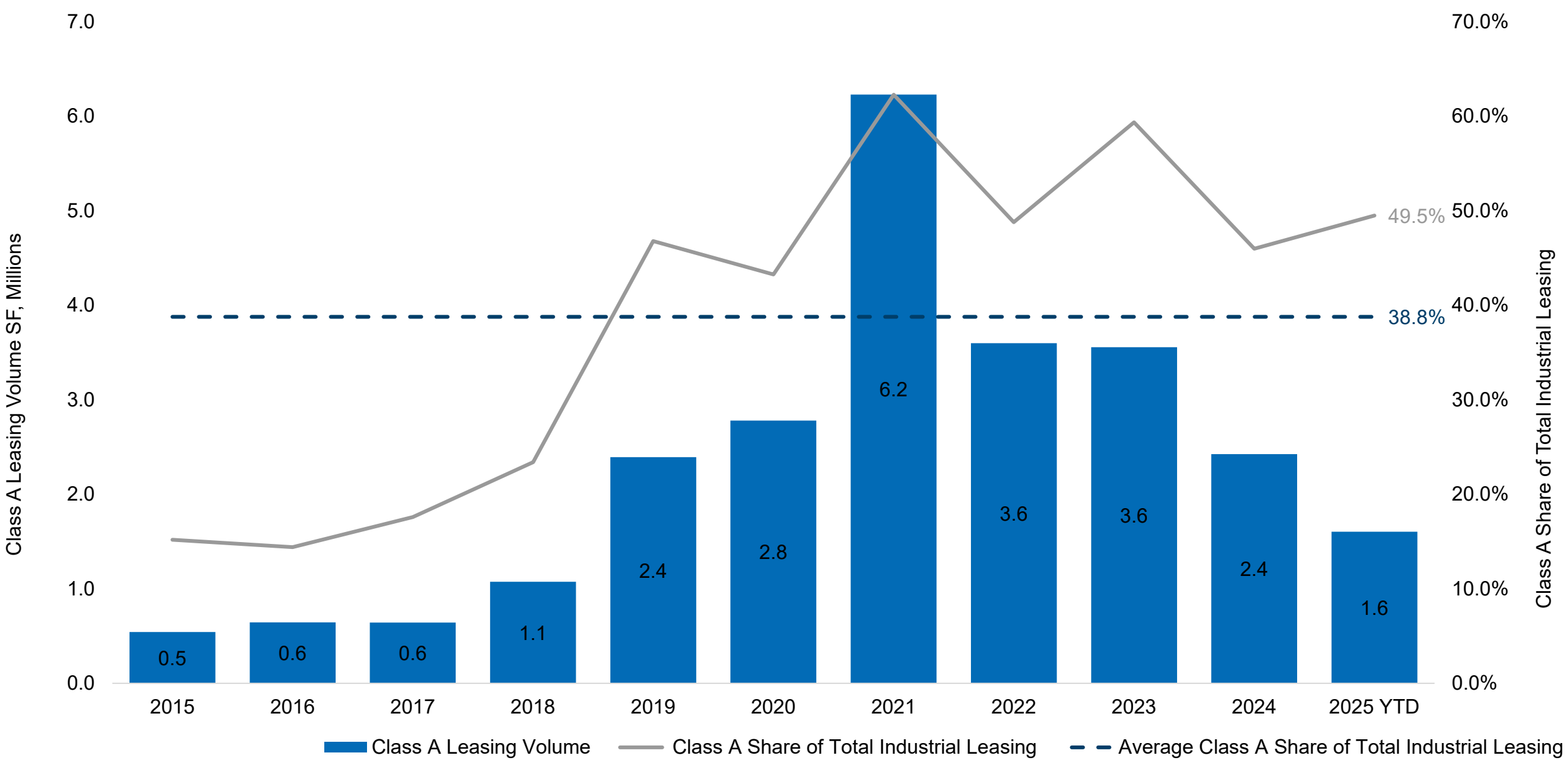


Source: Newmark Research

Class A Industrial Leasing Remains Elevated

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, albeit at decelerating volumes. During the first three quarters of 2025, the Richmond market saw over 1.6 MSF of Class A leasing volume. This was 49.5% of overall leasing activity during the period, much higher than the decade average of 38.8%, highlighting continued interest in quality Class A space by occupiers.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

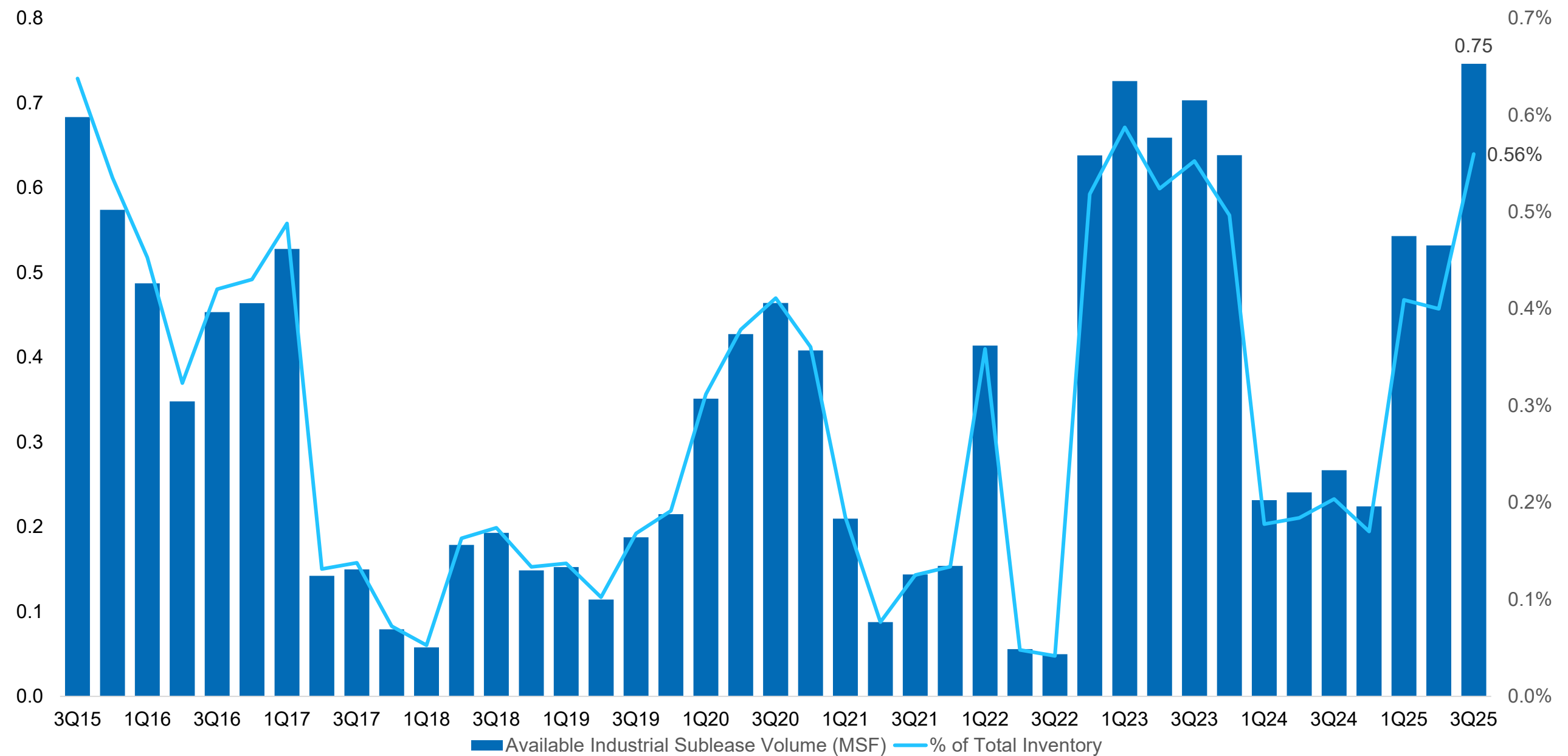


Source: Newmark Research

Market Sees An Uptick of Sublease Available Space So Far in 2025

The market ended Q3 2025 with 750,000 SF of sublease space available, which is a decade-high and much higher than the historical average of 340,000 SF of available sublease space. The increase in sublease space during 2025 is largely due to over 290,000 SF of sublet space becoming available at CrossPointe Logistics Center after Triple Diamond Glass vacated their space during Q2 2025. Furthermore, over 200,000 SF was put up as sublease available at 11111 Washington Highway during Q3 2025. M.C. Dean put this space up as available after moving into 325,500 SF at 11174 Enterprise Parkway.

Available Industrial Sublease Volume (MSF) and % of Total Inventory

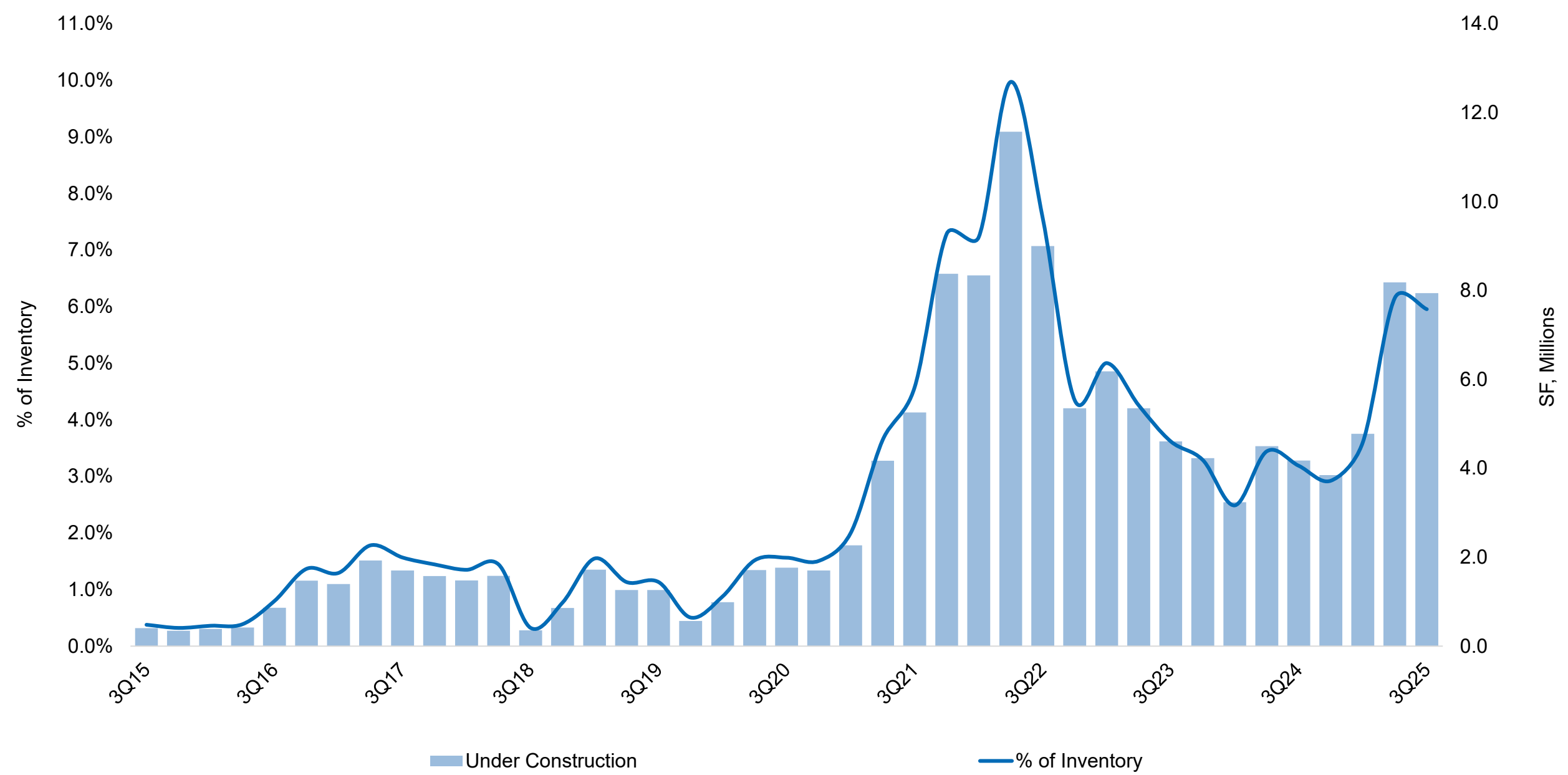


Source: Newmark Research

Construction Supply Remains Elevated

Industrial development has exploded in the Richmond region during recent years, ending Q3 2025 with 17 properties under construction totaling over 7.9 MSF. The construction supply increased significantly in Q2 2025 with the groundbreaking of Amazon's 3.2 MSF fulfillment center in Goochland. After the market averaged 1.1 MSF under construction from 2015 to 2020, development began accelerating in 2021 and reached a peak of 11.6 MSF under construction in Q2 2022. Since then, the market has maintained an elevated level of construction much higher than historical averages.

Industrial Under Construction and % of Inventory

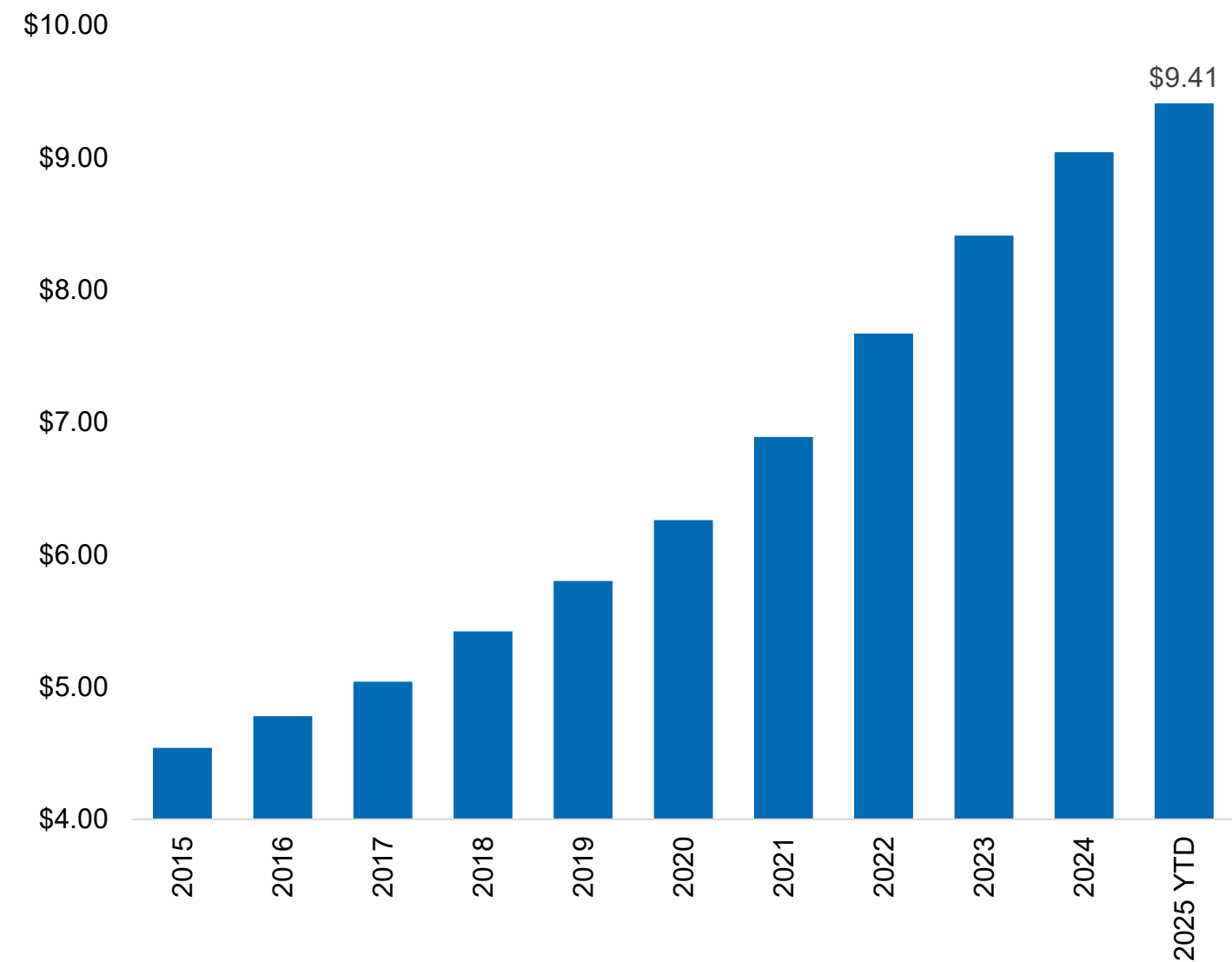


Source: Newmark Research

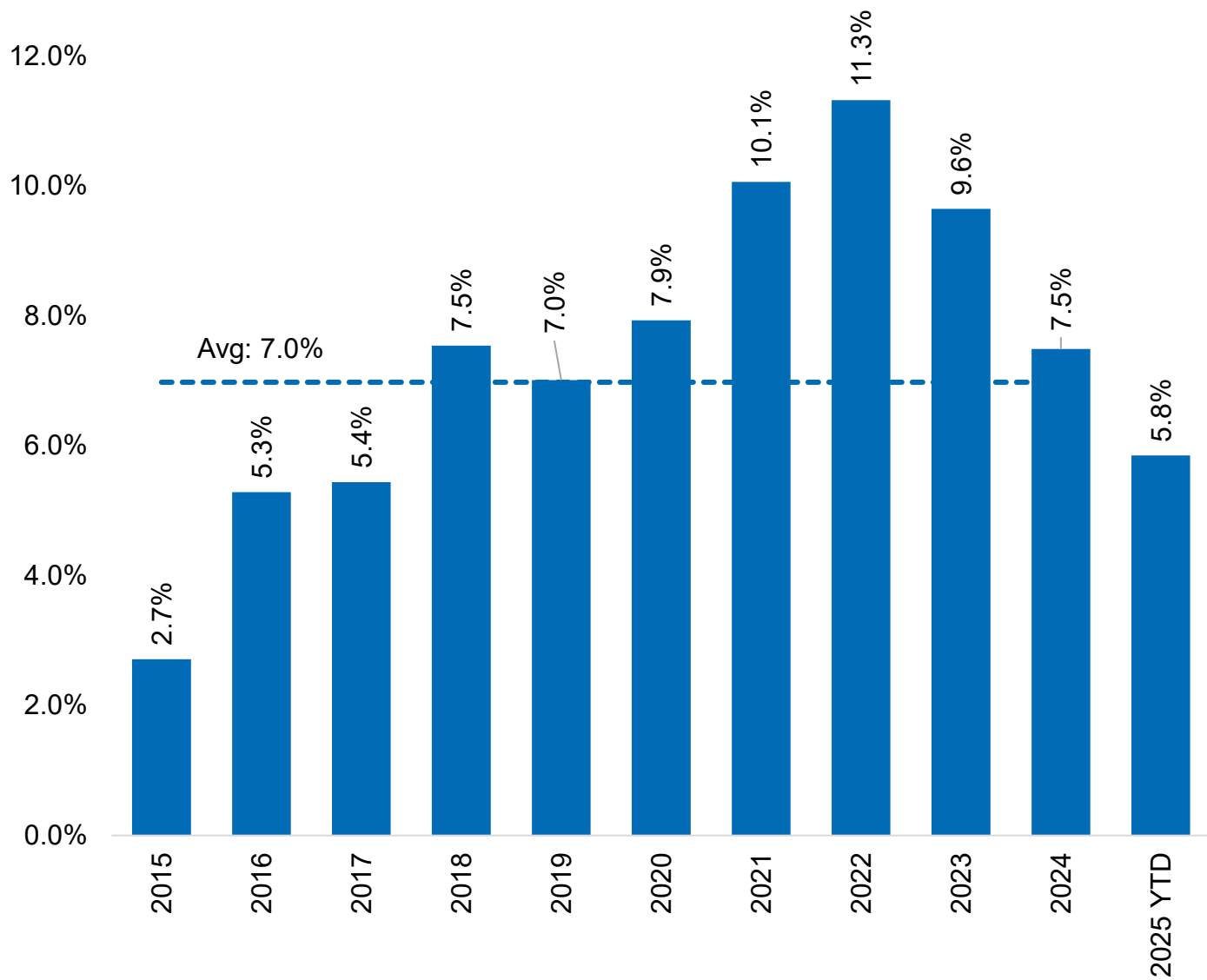
Asking Rents Remain Historically Elevated

Average asking rents ended Q3 2025 at \$9.41 PSF, an increase of 5.8% year-over-year. Although rent growth has decelerated since 2022, when the market experienced 11.3% rent growth, the market is still seeing healthy rent growth. Overall, the market has seen an impressive 62.2% increase in rents since the beginning of 2020.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research



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Notable Lease Transactions

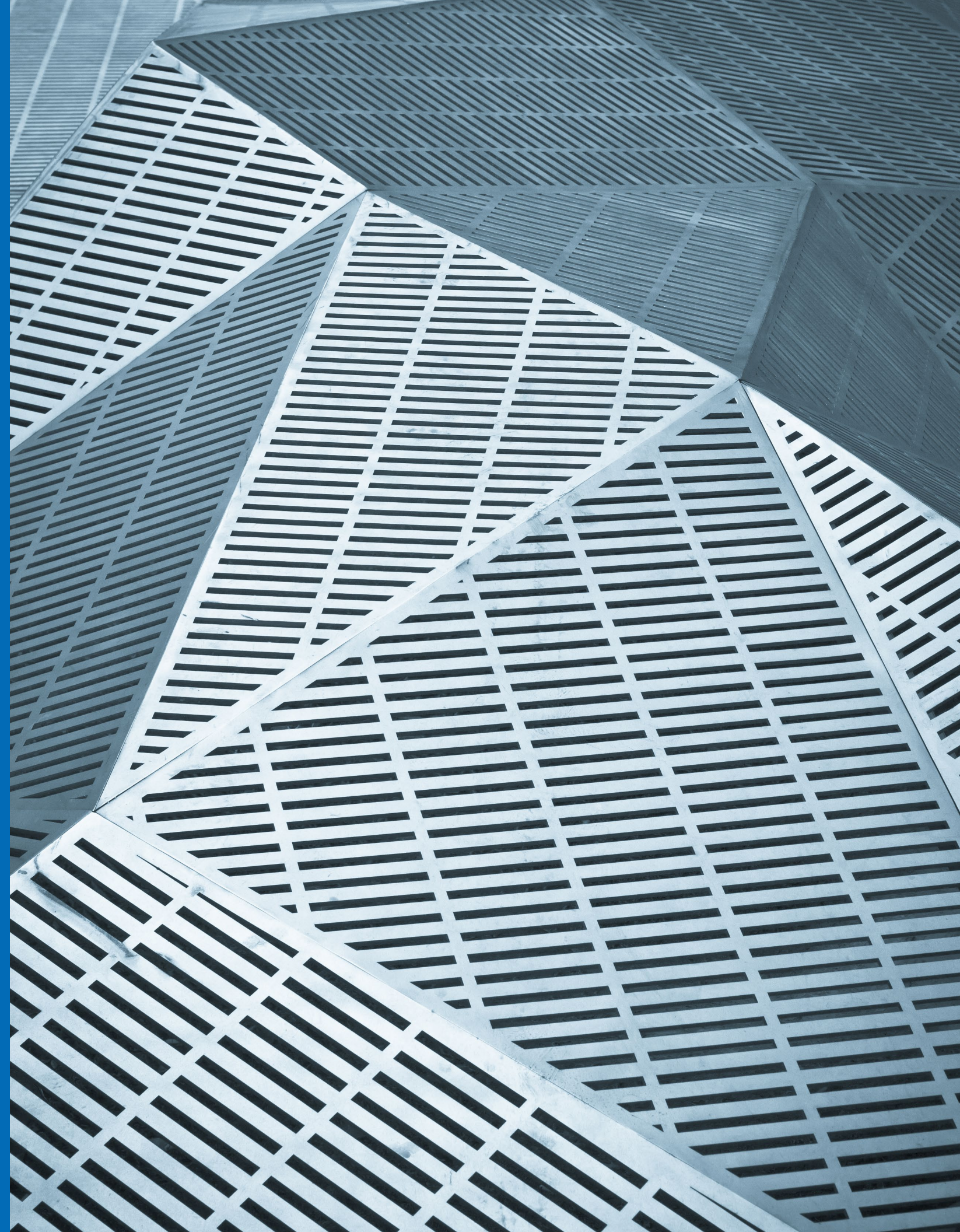
New leases were the theme of leasing activity during Q3 2025, as the five largest leases signed during the quarter were new deals. The largest deal of the quarter was M.C. Dean signing to occupy 173,009 SF of space at 11174 Enterprise Parkway. M.C. Dean had previously signed for 152,491 SF of space at 11174 Enterprise Parkway in June. With these two leases signed, M.C. Dean will fully occupy the 325,500-square-foot, Class A warehouse that was built in 2024. Another notable theme during Q3 2025 was the large amount of leasing activity in the Airport submarket, with Miller Electric Company signing for 120,000 SF at 2700 Distribution Drive, Riverside Logistics signing for 80,000 SF at 200 Orleans Street, and WESCO International signing for 60,000 SF at 540 Eastpark Court. These new deals and large development projects provide optimism that the market will continue seeing positive absorption in the short term as new tenants enter the market and current tenants expand in the market.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
M.C. Dean	11174 Enterprise Parkway	Caroline County	New Lease	173,009
Miller Electric Company	2700 Distribution Drive	Airport	New Lease	119,831
Riverside Logistics	200 Orleans Street	Airport	New Lease	79,875
WESCO International, Inc	540 Eastpark Court	Airport	New Lease	60,000
Capital Warehouse	2901 Bells Road	Jeff Davis Corridor	New Lease	43,903

Source: Newmark Research

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Market Statistics





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For more information:

Carolyn Bates

*Director
Mid-Atlantic Research*

carolyn.bates@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

New York Headquarters

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

Will Bradley

*Executive Managing Director
Capital Markets*

will.bradley@nmrk.com

Mark Williford

*Executive Managing Director
Capital Markets*

mark.williford@nmrk.com

Evan Wells

*Associate Director
Capital Markets*

evan.wells@nmrk.com

nmrk.com

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