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DEVELOPMENT ACTIVITY HEATS UP IN RICHMOND

Major construction activity in the Richmond industrial sector is slated to continue with the recent announcement that Facebook will spend \$1 billion to construct a 970,000-square-foot data center in eastern Henrico's White Oak Technology Park, the first of a three-phase project on more than 320 acres.

Eastern Henrico is home to the county's largest industrial base, and activity around Richmond International Airport remains strong. Becknell Industrial recently completed construction of Building B in the Airport Distribution Center, with 114,009 square feet leased to Bunzl Distribution in a relocation and expansion. Becknell has also broken ground on Building D in the park with Cliff Porter of Porter Realty Co. Inc. as the leasing exclusive agent, who handled the prelease of the 202,500-square-foot, high-bay facility.

Amazon has also expanded its Richmond presence with the lease of a newly built 328,000-square-foot distribution center in Hanover's Enterchange at Northlake and an additional 90,000 square feet of warehouse space in Henrico's Richmond Distribution Center. Panatoni Development has announced plans for a new speculative industrial development along Interstate 95 on a 62-acre site formerly owned by Philip Morris. More than 1 million square feet of high-bay space is planned for the site with Phase I scheduled for delivery in the third quarter of 2018.

The Scott's Addition area remains one of the city's most active and fastest growing neighborhoods with the delivery of multifamily and mixed-use redevelopments, most recently The Symbol, which includes 60,000 square feet of commercial space and 202 residential units. The

Richmond Planning Commission also gave preliminary approval to rezone the Scott's Addition and North Boulevard areas adjacent to the planned rapid transit bus line known as GRTC Pulse, allowing for office space, breweries and restaurants in the existing industrial areas.

The new supply in multifamily is predicted to catch up to current demand within the next year, even as employment growth is expected to continue. Two established area developers, Rebkee Co. and Fountainhead Properties, have expanded their footprint with the purchase of a 26-acre site in Henrico County that includes an existing 196,000-square-foot Sears building and 14 acres of undeveloped land.

South of the river in the Manchester area, The Terraces at Manchester, a 148-unit apartment complex, sold for \$30 million to a Florida-based investor.

The grocery wars are in full swing in Richmond as Publix and Lidl have opened their first area stores with plans for additional locations in and around the metro area. Publix also purchased 10 existing stores from Martin's Food Markets to expand its local reach, leaving nine Martin's locations vacant, one of which has recently been leased to Gold's Gym. German grocer Aldi also continues its retail expansion as construction is underway at its 500,000-square-foot division headquarters and regional distribution center in nearby Dinwiddie County.

The Virginia ABC Board, the state agency that manages the sale and distribution of distilled spirits, is actively reviewing options following an extensive request for proposal (RFP) process to relocate its distribution center and associated office located on approximately 25 acres in the

Diamond area.

The Diamond area, centered around the existing AA baseball stadium, has been the focus of an ongoing discussion as it relates to redevelopment potential in this highly desirable area proximate to both Scott's Addition and the I-95/I-64 corridor. Redevelopment ideas have included mixed-use projects and the expansion of Virginia Commonwealth University (VCU) sports programs which could potentially include a replacement for its current ballpark.

Office rates in Richmond's CBD have increased since 2016 as a result of fewer availabilities and the sale of the James Center to locally owned Riverstone Properties for \$108 million.

The former HDL headquarters building, known as Biotech Eight, also traded recently to Ventas, which paid \$92 million for the six-story, 262,000-square-foot facility. Dominion Energy's downtown office tower is under construction with 900,000 square feet scheduled for delivery in early 2019. The CoStar Group has also expanded its CBD office footprint to 125,000 square feet in the WestRock building.

Innsbrook, Richmond's major suburban office area located west of downtown, has also seen an uptick in demand. SunTrust leased 227,000 square feet at WestMark One, and Highwoods Properties has begun preleasing the next phase of North Shore Commons.

Richard Porter, Executive Vice President of Porter Realty Co. Inc./CORFAC International. Family-owned and operated since 1965, Porter Realty offers a full range of brokerage services, handling more industrial product than any other firm in the metro Richmond area.

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LEASED! 114,099 SF | Airport Distribution Center (B)



PRE-LEASED! 202,500 SF | Airport Distribution Center (D)

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