

SOUTHEAST REAL ESTATE BUSINESS®

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RICHMOND IS A TOP 10 INDUSTRIAL MARKET

At year's end, new construction and redevelopment continue to dominate Richmond's industrial sector. Panattoni Development delivered the first phase of its Virginia I-95 Logistics complex located south of downtown Richmond in late 2018 and announced early this year that Brother International Corp. will relocate its East Coast distribution center to the 461,700-square-foot warehouse. The second phase of the project includes another building of the same size that was completed in the fourth quarter of 2019. E-commerce giant Amazon will occupy the newly constructed Phase II facility with a planned investment of \$10 million in the new location and the addition of 150 jobs, bringing Amazon's total occupied square footage to more than 3 million square feet in five facilities in the metro area. Now fully leased, Panattoni's two-building complex is on the market for sale as an investment.

Becknell Industrial is well underway with construction at its second Richmond-area development located in eastern Henrico County proximate to Richmond International Airport (RIC). The first phase of development at the Airport Logistics Center (ALC) has been leased and will include a 246,700-square-foot pre-cast concrete building with 32-foot ceilings, LED lighting, ESFR sprinklers and multiple dock and drive-in positions, as well as trailer parking with 135-foot truck court depths. Phase I of ALC is scheduled for delivery in early 2020. The second building is also scheduled for delivery in 2020 and will include 241,180 square feet of high bay industrial space. Two additional buildings are planned for the site.

Cliff Porter of Porter Realty Co. Inc. is the exclusive agent marketing the ALC and he also handled the leasing of Becknell's holdings in the nearby Airport Distribution Center, located just south of ALC. Building E in the Airport Distribution Center is scheduled to come available in the first quarter of 2020 with 216,000 square feet of existing high bay warehouse available for lease.

Scannell Properties has projects planned on both the northern and southern ends of the metro Richmond area. Scannell completed its purchase of 58 acres in Chesterfield County from Armada Hoffler for \$1.9 million with plans to construct a 405,000-square-foot speculative distribution center adjacent to the newly built 220,000-square-foot warehouse occupied by PepsiCo. Devon USA is scheduled to complete its new development in the James River Logistics Center on Bellwood Road in Chesterfield County in the first quarter of 2020 with the delivery of 320,853 square feet of cross-dock industrial space. North of Richmond, Scannell is also preparing to close on a 70-acre parcel in Hanover County before year's end with plans to construct more than 600,000 square feet of speculative warehouse on the site. Named Cardinal Commerce Center, Phase I includes 262,000 square feet and is scheduled to break ground in the first quarter of 2020.

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dustrial facility proximate to the Northlake area west of Interstate 95 at the Lewistown Road interchange in Hanover County.

Richmond landed in the No. 7 spot on CoStar Group's 2019 list of top cities for industrial real estate growth, released early in the third quarter, citing the Facebook data center and Brother International's new distribution center as helping to increase interest in the region. In 2018, acquisitions by REITs accounted for 22 percent of Richmond industrial market sales, most of which were single-tenant buildings with a national tenant in place. The 1.1 million-square-foot building fully leased to Amazon in Dinwiddie County, south of Richmond, sold to Industrial Logistics Property Trust as part of a 20-property portfolio. Blackstone Real Estate completed its acquisition of GLP's logistics assets, a total of 115 million square feet for \$13.4 billion, which included the 800,000-square-foot facility in the White Oak Technology Park in eastern Henrico County. Earlier in

the year, Blackstone completed the acquisition of a 14-million-square-foot portfolio owned by Atlanta-based MDH Partners, which included almost 1 million square feet of space proximate to RIC.

Ashley Capital also purchased the 800,000-square-foot former Ace Hardware property in Prince George's County, south of metro Richmond, for \$21.7 million. Following significant site and building renovations, Ashley Capital has offered the facility for lease.

Richmond's overall occupancy rate remains strong at 90 percent in the categories tracked (Classes A, B, select C vacant and investor-owned product with a minimum of 40,000 square feet total RBA), with a negative year-to-date net absorption of 148,482 square feet primarily due to the recent addition to the vacancy of 800,000 square feet in the former Ace Hardware distribution center.

Richard W. Porter, CCIM, SIOR, Executive Vice President, Porter Realty Co./CORFAC International



**High Bay Industrial
NEW FOR 2020!**

AIRPORT LOGISTICS CENTER
Seven Hills Boulevard | Henrico, VA
 Building 1: 246,760 SF LEASED
 Building 2: 241,180 SF U/C - Delivery Q2 2020
 Building 3: 129,750 SF Planned
 Building 4: 187,500 SF Planned

AIRPORT DISTRIBUTION CENTER
Darbytown Road & Laburnum Avenue
 Building E: 216,000 SF Existing For Lease



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