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RICHMOND INDUSTRIAL'S MARKET IS A SOLID SECTOR DESPITE PANDEMIC

By Alex Tostado

Richmond's manufacturing industrial scene has continued to show favorable fundamentals even in the face of a global pandemic. Several companies have remained active on both the leasing and development sides since the onset of the coronavirus pandemic in mid-March.

Mexico City-based Cartograf, a packaging solutions company, is building its first manufacturing plant in the United States in Chesterfield County. The \$65.3 million facility will provide packaging for customers in sectors such as food and beverage, personal hygiene, confectionary and home products.

GlaxoSmithKline, a global healthcare company, is investing \$16.7 million to expand its research and development hub in Richmond. Additionally, Greenswell Growers Inc. is working on a \$17 million greenhouse operations center in the West Creek area of Goochland County that will house 27 employees and interns. The property is expected to produce 3.7 million pounds of leafy greens for distribution in the first three full years of operation.

The Richmond area is not just experiencing an influx of build-to-suit industrial properties; spec deliveries are reaching historic highs. According to research from JLL, the Richmond metro area closed out third-quarter 2020 with more than 1 million square feet of spec deliveries, a number not reached in the region since 2009. Total industrial vacancy reached 2.6 percent, while the manufacturing sector saw a 0.8 percent vacancy for the quarter.

Richard Porter, executive vice president of Porter Realty Co. Inc./ CORFAC International, says there are still several large projects ongoing around Richmond. Developments in the pipeline that were announced last summer are starting to come on line.

Industrial space, be it for manufacturing or distribution, is not staying on the market very long due to the pandemic. Porter says he has been "pleasantly surprised" with the rate at which space is being absorbed.

"The shelf life of facilities is compressed," says Porter. "Manufacturing buildings with decent clear heights are tending to sell quicker than pre-COVID-19. The activity level in Richmond is reflective of the desirability of the corridor."

The pandemic is not only driving up demand but also the clear heights of buildings in Richmond. Porter points to Southpoint Business Park, a nine-building manufacturing and distribution park built by The Hollingsworth Cos. in southeast Richmond. There is a speculative 650,000-square-foot facility, which can be expanded to 900,000



The main industrial markets along the I-85 Corridor include (south to north) Atlanta, Greenville, Charlotte, Greensboro, Raleigh, Durham and Richmond.

square feet, scheduled for delivery in 2021 featuring 40-foot clear heights, which Porter says has never been done in a spec building in Richmond.

Porter, who has been in the industrial business since the 1980s, says he has seen "the good, the bad and the ugly," including five economic downturns. When it comes to the Richmond industrial market during this pandemic, "it's looking pretty good right now."

On the distribution side of the sector, renown developers such as Scannell Properties and Becknell Industrial are building and leasing out space. At Cardinal Commerce Center, Scannell is developing a 260,000-square-foot spec facility that is

expected to deliver before the end of the year. Cardinal Commerce Center will span 947,000 square feet when fully developed. Scannell also recently completed construction of a 405,000-square-foot speculative facility in Chesterfield County off Interstate 95 at Willis Road. Becknell is developing Airport Distribution Center, which the developer began in 2018. The industrial park will span 705,190 square feet upon full buildout.

He also says that Richmond has gotten bigger on national developers' radars that are looking to enter secondary markets.

"The industrial market has been a welcomed beneficiary," says Porter. ■