

SOUTHEAST REAL ESTATE BUSINESS®



The Southeast's Real Estate Source

RICHMOND INDUSTRIAL PIPELINE SHOWS NO SIGN OF SLOWING DEVELOPMENT, LEASING

At the mid-year mark, industrial occupancy in the greater Richmond area remains strong, closing with an overall occupancy rate of 93 percent in the categories we track (Class A, B select C vacant and investor-owned product with a minimum of 40,000 square feet total).

Class A occupancy increased to 96 percent at the end of the second quarter, up from 93 percent at the end of the first quarter. Class B occupancy experienced a slight decrease to 91 percent, down from 92 percent at the end of the first quarter.

CoStar Group reports overall industrial occupancy at 95 percent for product of all sizes, including investor-owned facilities, but excluding flex space (minimum 50 percent office). Richmond's strategic Mid-Atlantic location along Interstate 95 provides access to 55 percent of the nation's consumers within two days' delivery by truck, and in addition to being the northernmost right to work state on the Eastern seaboard, Virginia has once again been named as the top state for business by *CNBC*.

Business Facilities also ranked Richmond as one of the top locations for corporate headquarters. With 12 Fortune 1000 companies located in the region, Richmond is home to the most Fortune 1000 headquarters compared to other mid-size markets in the nation.

Richmond is located approximately 90 miles from the active Port of Virginia in Norfolk, which features six terminals with berths up to 50 feet deep and remains the only East Coast port with Congressional approval to dredge to 55 feet. The Port of Virginia set a new cargo volume record for June, handling more than 281,000 TEUs (twenty-foot equivalent units) after 10 consecutive months of record-breaking volume. The Port's TEU volume for fiscal year 2021 totaled 3.2 million units, an increase of 16.8 percent and 9.6 percent respectively over fiscal years 2020 and 2019. The cargo volume was primarily the result of an increase in loaded imports, followed by growth of empty export boxes.

Metro Richmond has a civilian labor force of almost 700,000 (1.03 million population) with unemployment rates at 4.9 percent as of June. The market historically has strong employment levels.

Construction is underway on Amazon's new 650,000-square-foot robotics fulfillment center located in eastern Henrico County in Richmond's northeast quadrant (NEQ), on a 119-acre site sold by Richmond Raceway to Dallas-based Hillwood Partners for \$7.7 million earlier this year. The five-story center will create 1,000 new jobs and will use Amazon Robotics technology to help pack and sort orders, the first facility of its kind in Central Virginia. The new facility is slated to begin operations in 2022 as part of complex that has more than 2.6 million square feet planned.

Including the new robotics facility, Amazon's metro area footprint exceeds 4.7 million square feet in seven major distribution/sorting facilities located in five separate counties. Amazon has also



Clifford Porter

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

announced a new last mile delivery location in Louisa County's Ferncliff Business Park, located on the western edge of Greater Richmond, with plans to utilize an existing facility. No announcement has been made to date regarding the number of employees or the date the facility will be operational.

Becknell Industrial has announced the acquisition of an 83.4-acre parcel proximate to Richmond International Airport in the Sauer Industrial Center in eastern Henrico County (NEQ) with plans to construct two Class A facilities totaling more than 725,000 square feet. Building 1 will total 446,692 square feet of cross-docked space, and Building 2 will be a 279,319-square-foot rear-loaded facility. Both buildings are scheduled for delivery in May 2022 and will feature modern attributes including ESFR sprinkler systems, LED lighting with motion sensors and ample dock packages.

Becknell has also completed the second phase of the four-building Airport Logistics Center in eastern Henrico, with 129,700 square feet (Building 3) scheduled for delivery in the first quarter of 2022. Including the existing buildings, a total of 805,190 square feet is planned in four buildings on the site. Cliff Porter of Porter Realty is the exclusive leasing agent for both Sauer Industrial Center and Airport Logistics Center.

NordicTrack's parent company, Utah-based iFIT Health & Fitness Inc., has entered the Richmond market with the lease of a newly constructed, 405,000-square-foot facility in the Willis Commerce Center in Chesterfield County in the southeast quadrant (SEQ), owned and developed by Scannell Properties. Situated on 58 acres just off Interstate 95, the distribution center is the first for iFIT in the region and will serve as its East Coast hub. The company's brands include ProForm and Freemotion, in addition to NordicTrack. In Richmond's northwest quadrant (NWQ), Scannell has also completed the first phase of the Cardinal Commerce Center, a 260,000-square-foot speculative facility. Scannell can accommodate two additional buildings on the site, with a 460,000-square-foot facility planned for the second phase.

Also in Hanover County, Home Depot has leased 77,000 square feet in North Richmond Industrial Park (NWQ), a 202,000-square-foot facility under construction by Maryland-based MacKenzie Capital. Another Maryland developer, Matan, has a five-building speculative complex planned in Hanover. Named Northlake II (NWQ), the buildings

will range in size from 91,000 to 192,000 square feet with the first phase of the development scheduled for delivery in mid-2022.

Holladay Properties is building a new 100,000-square-foot facility in the Winding Brook Industrial Park (NWQ), also in Hanover County, with a lease in place to Mygrant Glass, which will relocate its existing operation from a leased facility proximate to the new building. Wegmans Food Markets has purchased a 220-acre site for \$4 million adjacent to the Hanover Industrial Airpark (NEQ) with plans to construct a 1.1 million-square-foot, \$175 million distribution center.

In the City of Richmond, just south of downtown, Hourigan Development has broken ground on Deepwater Industrial Park (SWQ) off Interstate 95. Hourigan bought the 110-acre site in 2017 and demolished the existing, outdated warehouses with a total of 1.2 million square feet of modern space planned. The first phase will include a speculative 560,000-square-foot warehouse with expansion potential. Supply chain issues for steel delayed the project, and the estimated delivery date is the second quarter of 2022.

Red Rock Development has entered the market with the purchase of a 54-acre site in Chesterfield County's Meadowville Technology Park (SEQ) and has started construction of a 353,044-square-foot speculative facility. The park is home to Amazon, Capital One and Niagara Bottling. Additionally, Mexican packaging company Cartograf is building a new 275,000-square-foot manufacturing plant on the site it purchased in late 2019.

Farther south in the metro area (SEQ), The Hollingsworth Cos. has completed its new facility in Prince George County's Southpoint Industrial Park located along the Interstate 95/295 corridor, a 194,880-square-foot speculative building designed for a single occupant. Hollingsworth also has a 650,025-square-foot speculative facility under construction in the park, scheduled for delivery in late 2021. Featuring 40-foot interior clear heights and 60- by 60-foot column spacing, the facility can be expanded up to a total of 940,000 square feet. Southpoint is home to Service Center Metals, Goya Foods, NVR, Campofrio, US Merchants and Metl Span, along with Amazon's newly leased 798,000-square-foot distribution center. Rolls Royce announced plans to shutter its jet engine manufacturing facility in the park and is now offering the 292,000-square-foot plant for sale.

Local expansion has remained strong, a trend historically consistent with the Richmond market. Red River Foods most recently announced plans to expand its Richmond headquarters with a planned investment of \$16.5 million to establish a warehouse and processing facility for tree nuts, seeds and dried fruits. 2022 is slated for delivery of the most new product the market has seen in recent years, with product planned or under construction in three of Richmond's four quadrants. ■