Market Insights

RICHMOND INDUSTRIAL

COMMONWEALTH
SALES & LEASING

MID YEAR 2026

Looking Back

- The Richmond, Virginia industrial market demonstrated continued resilience through the first half of 2026, outperforming the national market where overall vacancy climbed to 7%, more than double Richmond's rate, as excess post-COVID speculative supply weighed on many peer markets like Charlotte and Savannah.
- Tariff uncertainty and broader macroeconomic caution introduced a "wait-and-see" posture among some occupiers, particularly in the big-box segment, moderating leasing velocity from the record pace set in 2025. Despite this, deal flow for mid-size and small-bay product remained active and rent growth continued.
- The wave of 2026 deliveries forecasted at year-end 2025 began arriving, including the I-895 Logistics Center and significant speculative projects across Henrico and Chesterfield, and was largely absorbed without meaningful deterioration in vacancy, a testament to pent-up demand across the market.
- Henrico's Airport/Laburnum corridor remained among the tightest submarkets in the MSA, while the Ashland corridor in Hanover benefited from multiple project deliveries and continued developer interest driven by lower land costs and improving entitlement conditions.
- The Chesterfield County zoning ordinance reboot created near-term friction in development timelines, as revised classifications and permitted uses were interpreted — causing some users to evaluate Henrico and Goochland as near-term alternatives for larger distribution requirements.
- Owner-occupant demand remained a defining characteristic of the first half of 2026, as local and regional businesses continued pursuing ownership over leasing in response to sustained rent escalation and a desire for long-term cost certainty.
- Smaller industrial-users, such as contractors, service businesses, and regional companies, continued to face limited options, particularly in the 5,000 to 30,000 SF range, with competitive dynamics pushing asking rents higher in this segment.
- Construction costs remained structurally elevated due to ongoing labor shortages and the impact of tariffs on steel, aluminum, and building materials, keeping replacement costs high and supporting existing asset values across the market.

2026 MARKET INSIGHT

	Under Construction	YTD 2026 Deliveries	Inventory	Vacancy
City of Richmond	6,111 SF	0 SF	30,856,648 SF	1,205,936 SF
Hanover	1,015,000 SF	0 SF	24,415,176 SF	1,562,031 SF
Goochland	3,514,000 SF	335,000 SF	1,575,388 SF	393,555 SF
Henrico	3,258,000 SF	582,437 SF	36,854,514 SF	2,818,598 SF
Chesterfield	3,257,000 SF	506,224 SF	29,961,969 SF	1,604,602 SF

BY THE NUMBERS

Class A+B (<100,000 SF)	YOY	Class A+B (>100,000 SF)	YOY
5.0% Vacancy Rate	+0.3%	5.7% Vacancy Rate	+1.5%
$152/SF Market Sales	+4.3%	$118/SF Market Sales	+4.4%
$11.26/SF Asking Lease Rates (NNN)	+7.9%	$9.75/SF Asking Lease Rates (NNN)	+7.6%
386,440 SF Under Construction	+9.9%	7,700,000 SF Under Construction	-5.2%

KEY SALES

Address	Sold	Size
Northlake Distribution Center & Ruffin Mill Distribution Center Bought by LBA Logistics	$175 Million	1,161,716 SF
Ashton Logistics Park Bought by Equus Capital Partners, LTD	$78 Million	523,407 SF
Ashton Creek Distribution Center Bought by Manulife Investment Management	$40 Million	173,800 SF

KEY LEASES

Address	Tenant	SF
7011 S Laburnum Avenue	ID Logistics	582,424
8800 Wells Station Road	Jabil	290,000
3890 Technology Court	Walmart	125,000
10383 Lakeridge Parkway	Rosendin Electric	124,750

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Looking Ahead

As the Greater Richmond industrial market moves into the second half of 2026, the core fundamentals that have defined recent performance remain firmly in place. Constrained supply, disciplined development activity, and broad-based tenant demand continue to support market stability. While national headwinds such as trade policy volatility and high construction costs create some uncertainty, Richmond's diversified tenant base and relative affordability compared to peer markets position it favorably on a regional and national scale.

Looking ahead, rental rate growth is expected to continue, but at a more moderate pace as affordability pressures begin to emerge, particularly among smaller local users. The ongoing shortage of functional small- and mid-bay product is likely to sustain upward pressure on sub-50,000 square foot assets through year-end, while big-box landlords may experience slightly increased tenant leverage as new deliveries come online.

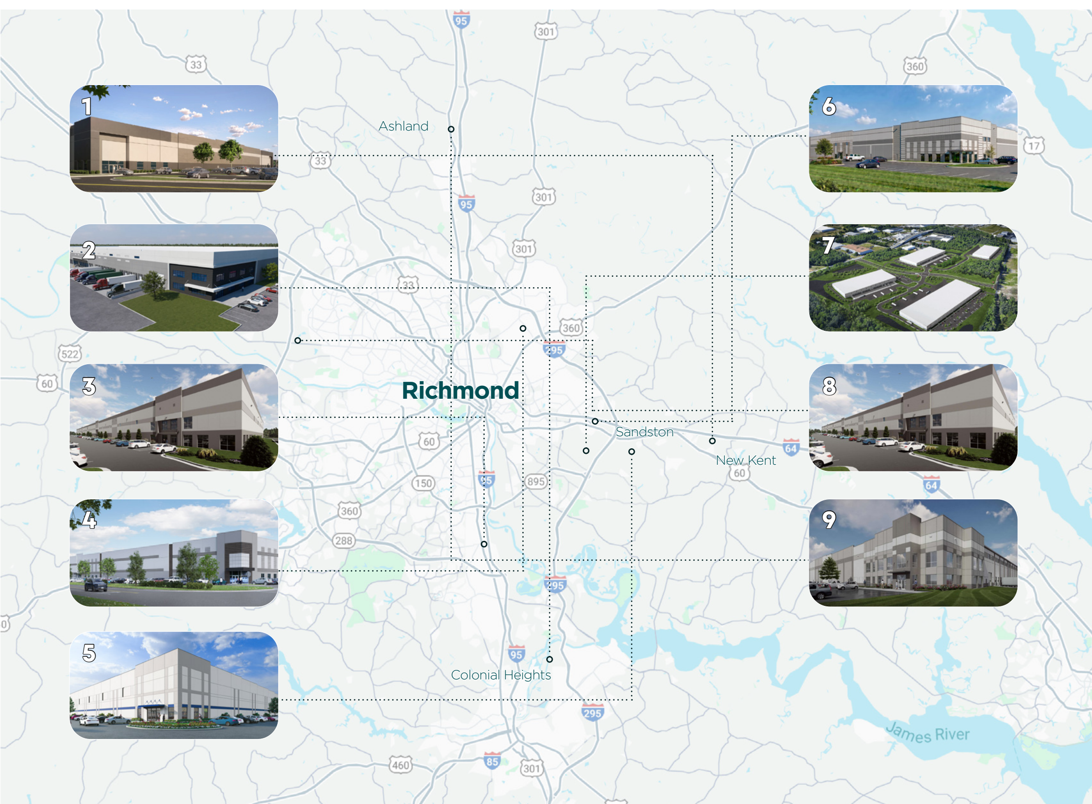
Development activity is also shifting geographically as constraints push larger projects further from the urban core. New Kent and Prince George counties are increasingly capturing large-format industrial development that can no longer be accomadated closer to central Richmond. Goochland County continues to attract institutional interest for both build-to-suit and speculative big-box projects, while Chesterfield County's near-term trajectory will largely depend on how efficiently the updated zoning ordinance is implemented and how quickly entitlement activity stabilizes.

At the same time, structural demand drivers remain strong. Tariff-related reshoring activity and the continued expansion of data center development across Central Virginia are generating meaningful, cycle-resistant demand for industrial space.

As manufacturers, logistics operators, and supporting contractors adjust supply chains and expand capacity, Richmond is well positioned to capture a growing share of Mid-Atlantic industrial demand. Overall, the long-term outlook remains positive, supported by steady population growth, a diversified economy, and continued institutional investor interest in the region.

2026-2027 DELIVERIES

Property	Location	Total SF	Developer	Estimated Delivery
1. New Kent Logistics Center	New Kent	1,998,600±	Matan	Q4 2026
2. PNK Ashton	Colonial Heights	846,260±	PNK Group	Q3 2026
3. South Richmond Business Center	Chesterfield	604,500±	Ashley Capital	Q3-4 2027
4. River Point Commerce Center	Mechanicsville	388,500±	Scannell	Q1 2027
5. White Oak Distribution Center	Sandston	373,360±	Lingerfelt	Q3 2026
6. Airport South Distribution Center	Henrico	405,000±	Samet	Q3 2027
7. Seven Hills Distribution Center	Richmond	267,840±	Lingerfelt	Q2 2027
8. West Creek Commerce Center	Goochland	221,321±	Summit	Q4 2026
9. Northlake II	Ashland	202,600±	Matan	Q4 2026



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