

FIGURES | RICHMOND INDUSTRIAL | Q2 2025

# Build-to-Suit Projects Drive Momentum in Richmond



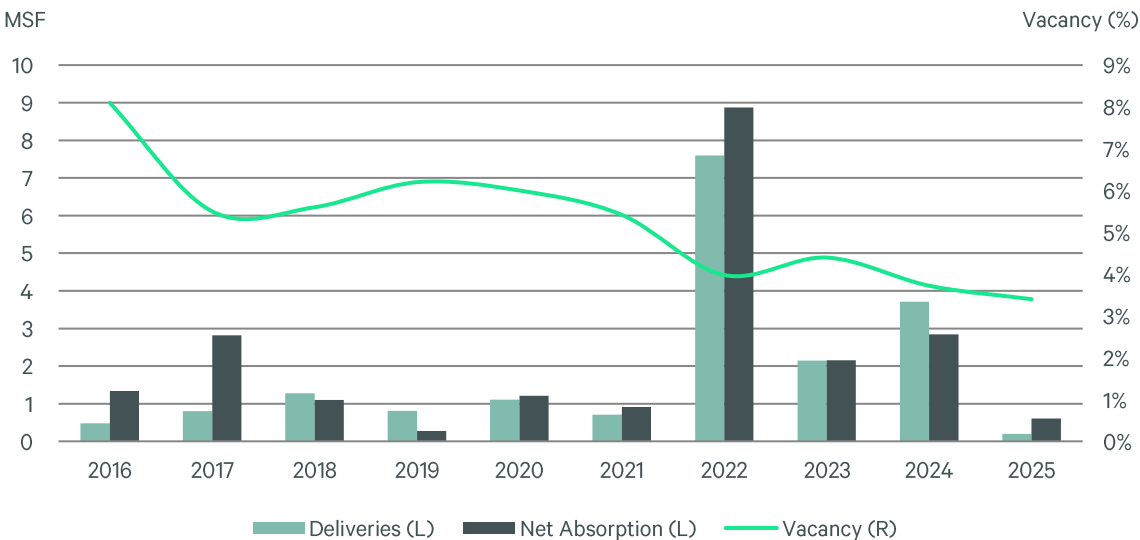
Note: Arrows indicate change from previous quarter.

The Richmond industrial market recorded 261,220 sq. ft. of positive absorption during the second quarter. Vacancy rates remained steady at 3.4%, but overall asking rates decreased slightly to \$8.25 per sq. ft. per annum on a triple net basis. The most notable move in was HillPhoenix occupying 505,000 sq. ft. at 16401 Walthall Industrial Parkway. The commercial refrigeration company signed a lease for the entire property in Q1 and will use the space as a distribution center.

Two industrial projects delivered during the quarter. Building 1 at Lakeridge Logistics Center added 124,750 sq. ft. of speculative space to the market, fully available for lease. Northeastern Supply's build-to-suit project at 10384 Cedar Lane delivered and has 23,000 sq. ft. available for another tenant to lease.

Tenants signed 20 leases totaling 2.5 million sq. ft. during the quarter. The bulk of this activity can be attributed to the LEGO Group, which signed a 2 million sq. ft. lease for a new build-to-suit project at Crosspointe Commerce Center. This facility will serve as a regional distribution center to support LEGO's nearby production plant, which is currently under construction. Crosspointe Commerce Center is expected to begin construction later this year.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

## Leasing Snapshot

Aside from LEGO’s transaction, deals still occurred widely across the Richmond market and skewed towards relocations (60%). However, a lack of bulk deals again this quarter reiterates tenants’ reluctance to move forward with large leases during uncertain times.

### General Retail & Wholesale

The wholesale and retail sector has been the most active so far this year, accounting for 74% of gross leasing in 2025. With LEGO’s 2.0 million sq. ft. lease, the sector accounted for 81% of leasing activity during the second quarter.

### Third Party Logistics (3PLs)

Two 3PL tenants signed leases totaling 92,000 sq. ft. during the second quarter. The larger was Riverstone Logistics’ 47,000 sq. ft. lease at Lakeridge Logistics Center Building 2 where they are expected to occupy in November. Following closely behind, XPO Logistics renewed its 45,000 sq. ft. lease at 4301-4333 Carolina Avenue in the Laburnum/Route 360 submarket.

### Building Materials & Construction

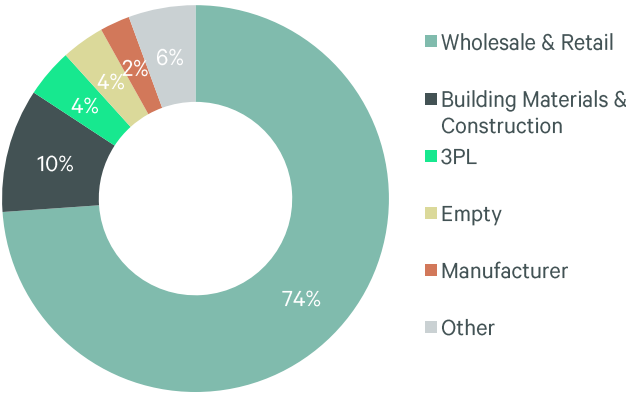
Building Materials & Construction tenants accounted for 10% of gross leasing so far in 2025. The Bell Company, a plumbing and mechanical contractor, leased 20,166 sq. ft. at 11023 Washington Highway. The company supports projects throughout the East Coast and is currently working as the mechanical contractor for The College of William & Mary’s Integrated Science Center IV in Williamsburg.

FIGURE 2: Q2 2025 Select Notable Lease Transactions

Tenant	Industry	Address	Quadrant	Lease Type	SF
LEGO Group	General Retail & Wholesale	8800 Wells Station Rd	SE	New Lease	2,000,000
Confidential Tenant	Business Services	1501 W Washington St	SW	New Lease	101,933
Riverstone Logistics	Third Party Logistics	10388 10384 Lakeridge Pkwy	NW	New Lease	47,000
XPO Logistics	Third Party Logistics	4301 4333 Carolina Ave	NE	Renewal	45,000
Enviri	Business Services	4101 4127 Carolina Ave	NE	New Lease	36,000
Strickland Machine	Manufacturing	8310 Shell Rd	SW	New Lease	22,500
Johnson Controls Fire Protection	Building Material & Construction	8555 Magellan Pkwy	NE	Renewal	21,482
The Bell Company	Building Material & Construction	11023 Washington Hwy	NW	New Lease	20,166
Johnson Controls Fire Protection	Building Material & Construction	2315 Commerce Center Dr	NW	Renewal	15,425

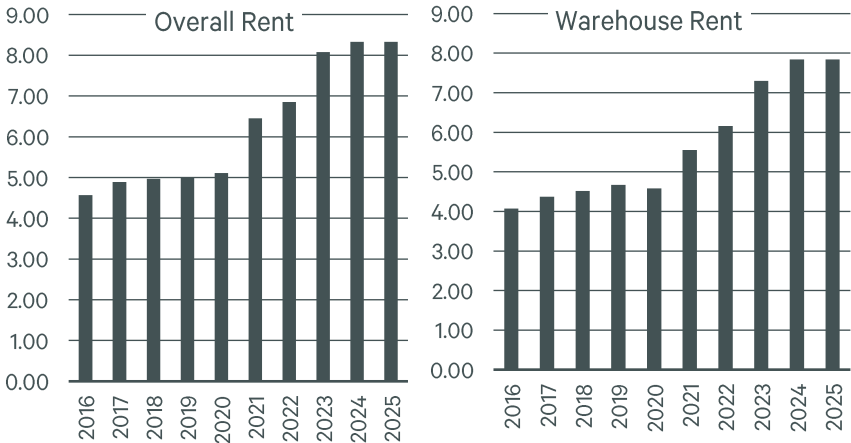
Source: CBRE

FIGURE 3: YTD Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Historical Rent Growth (\$/SF)



Source: CBRE

## Development Activity

Several notable industrial and logistics projects broke ground during the second quarter, including Amazon’s Project Rocky. The e-commerce giant is building a 3.25 million sq. ft. robotic fulfillment center, set to be the largest Amazon facility in the greater Richmond area. Virginia Governor Glenn Youngkin participated in a ceremonial groundbreaking in May 2025 to officially kick-off construction. The center is expected to create more than 1,000 new jobs in the Goochland area and is expected to deliver in 2027.

Another significant groundbreaking occurred for the new Target Distribution Center in New Kent County. The retailer began site work for the 1.4 million sq. ft. warehouse and distribution center shortly after closing on the property in March 2025. Proximity to the Port of Virginia has made New Kent County an area of interest for logistics builds such as this one, especially along the I-64 corridor.

In total, 13 properties totaling 9.1 million sq. ft. are under construction in Richmond. Speculative projects account for just under one-third of the development pipeline, with 2.7 million sq. ft. currently under construction. One speculative project broke ground during Q2. PNK Park Ashton, an 846,000 sq. ft. warehouse in Chesterfield is fully available for prelease.

FIGURE 5: Notable Warehouse Projects Under Construction

Address	Project Name	Quadrant	SF	Preleased	Tenant(s)	Estimated Delivery	Developer(s)
2022 Ashland Rd	Amazon Project Rocky	NW	3,248,265	Owned	Amazon	Q2 2027	Panattoni
1400 Meadowville Rd	LEGO Plant	SE	1,700,000	Owned	LEGO	Q1 2027	Gray   Hourigan
Emmaus Church Rd	Forge Logistics Center	NE	1,400,000	Owned	Target	Q2 2026	Scannell
1640 Ashton Park Dr	PNK Park Ashton	SE	846,260	0%	-	Q3 2025	PNK Group
7001 S Laburnum Ave	I-895 Logistics Center	SE	583,100	0%	-	Q4 2025	Ashley Capital
8800 Whitepine Rd	Whitepine Logistics Center - Bldgs 1,2,3	SW	501,224	0%	-	Q4 2025	Frampton Construction
5160 Chudoba Pky	TriPoint Distribution Center	SE	347,760	0%	-	Q4 2025	Lingerfelt
2200 & 2212 Ashland Rd	AXIAL Rockville 64 – Bldgs 1 & 2	NW	335,300	0%	-	Q4 2025	Axial Industrial by Crescent Communities   Atapco Properties
10400 & 10382 Lakeridge Pky	Crescent Business Center – VI & VII	NW	104,400	28%	Agiliti   CB Flooring	Q4 2025	Merritt Properties

Source: CBRE

## Economic Outlook

Policy announcements and the news cycle—not economic fundamentals—are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

FIGURE 6: Employment Growth by Industry, 12-Month Percent Change

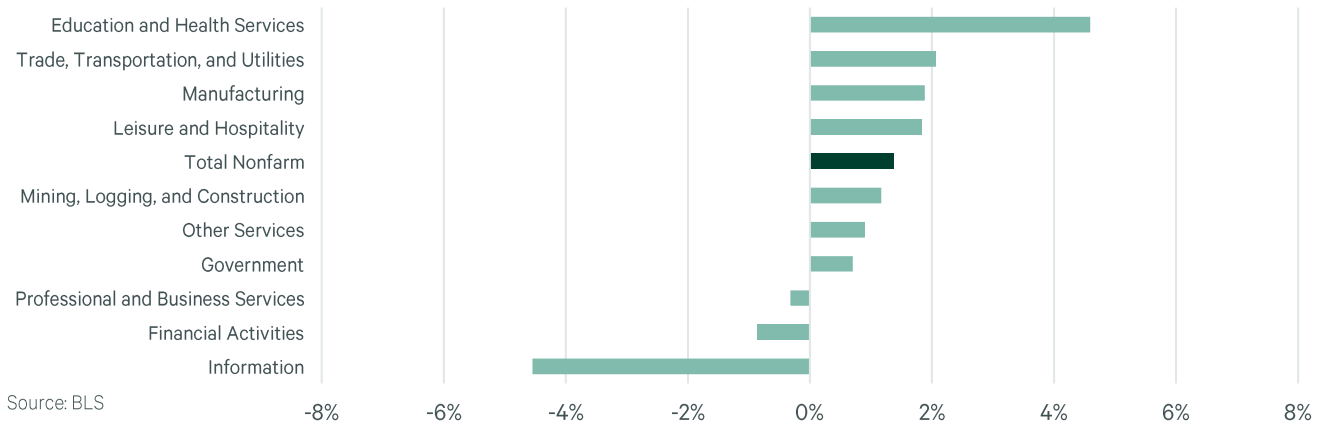


FIGURE 7: Unemployment Rate

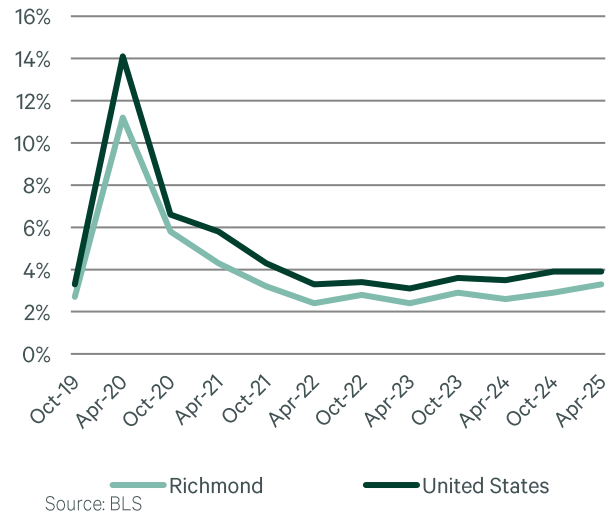


FIGURE 8: Consumer Price Index, 12-Month Percent Change

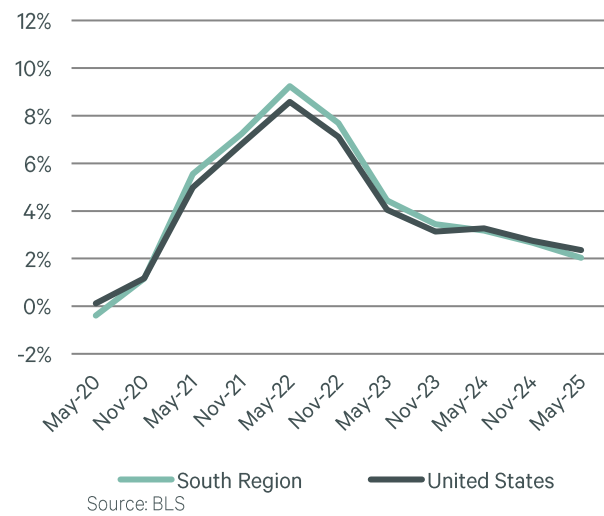


FIGURE 9: Key Market Statistics

Warehouse	Inventory	Overall Vacancy	Q2 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	22,419,788	3.1	124,161	212,885	8.69	1,400,000
Northwest	22,287,394	8.4	-234,073	5,090	7.86	3,687,965
Southeast	49,663,427	2.0	-198,571	(131,210)	7.69	3,476,444
Southwest	36,114,914	1.7	502,913	441,376	7.37	501,224
Total	130,485,523	3.2	194,430	528,141	7.81	9,065,633

Flex	Inventory (SF)	Overall Vacancy Rate (%)	Q2 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	1,938,534	10.5	3,653	9,685	12.55	-
Northwest	5,263,655	3.4	62,362	72,064	12.57	-
Southeast	1,166,395	10.4	4,124	17,624	11.44	-
Southwest	3,055,521	2.4	(3,349)	(18,765)	9.98	-
Total	11,424,105	5.1	66,790	80,608	12.07	-

Overall	Inventory	Overall Vacancy	Q2 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Northeast	24,358,322	3.7	127,814	222,570	9.54	1,400,000
Northwest	27,551,049	7.5	-171,711	77,154	8.42	3,687,965
Southeast	50,829,822	2.2	-194,447	(113,586)	7.96	3,476,444
Southwest	39,170,435	1.8	499,564	422,611	7.49	501,224
Total	141,909,628	3.4	261,220	608,749	8.25	9,065,633

Source: CBRE

**Survey Criteria:**  
Includes all classes of competitive single and multi-tenant industrial buildings 10,000 sq. ft. and greater in Richmond. As of Q1 2024, now includes owner-occupied buildings that meet the aforementioned criteria

Contacts

Katrina Subick

Research Analyst  
katrina.subick@cbre.com

Erin Janacek

Research Manager  
erin.janacek@cbre.com

Stephanie Jennings

Research Director  
stephanie.jennings@cbre.com

