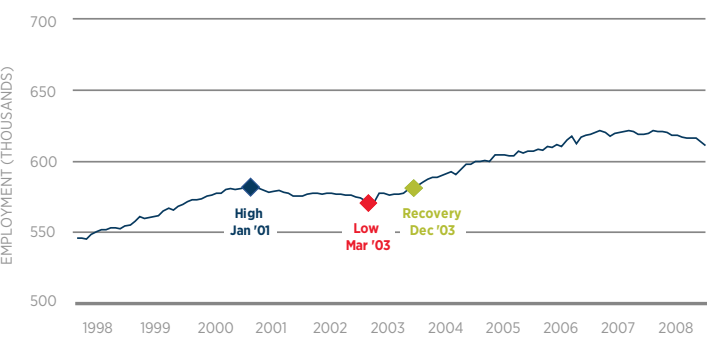


RICHMOND OFFICE PERFORMANCE IN DOWNTURNS



Past performance is not necessarily an indicator of future performance, but are there patterns present in the most recent economic downturn that can help inform Richmond's commercial real estate users and owners today?

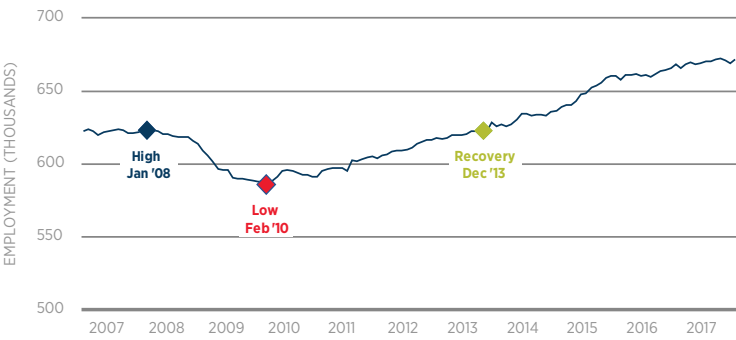
DOT-COM COLLAPSE | EMPLOYMENT



DOT-COM COLLAPSE

The Dot-Com collapse led to over two years of stagnated employment growth. Non-farm employment took 26 months to reach its low-point, as total employment fell 1.9% during that period. It took nine months to reach the pre-recession employment peak.

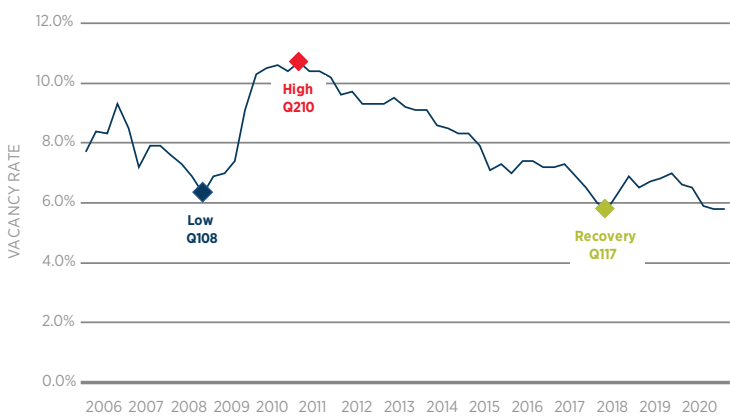
GLOBAL FINANCIAL CRISIS | EMPLOYMENT



GLOBAL FINANCIAL CRISIS (GFC)

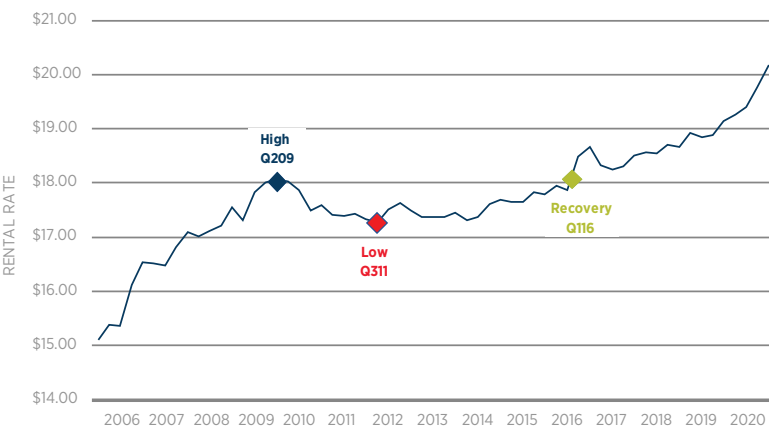
The impact of the GFC was more severe than the Dot-Com collapse. It took a similar amount of time to reach a trough, after employment fell 6.5% over 25 months. Employment rebounded to peak pre-recession levels in 46 months.

GLOBAL FINANCIAL CRISIS | OFFICE MARKET

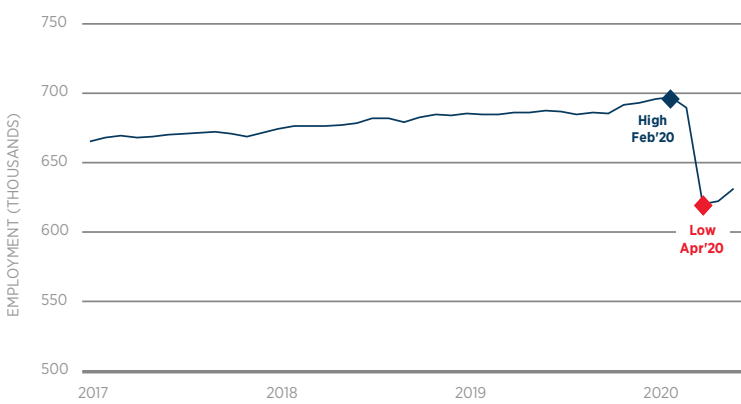


OFFICE MARKET

Richmond's office market took almost seven years to recover from the GFC. Vacancy rose for 27 months during the GFC, rising from its low of 6.3% to its high of 10.7%. Rental rates fell 4.3% over a two year period but took four and a half years to reach their pre-recession peak.



COVID-19 PANDEMIC | EMPLOYMENT

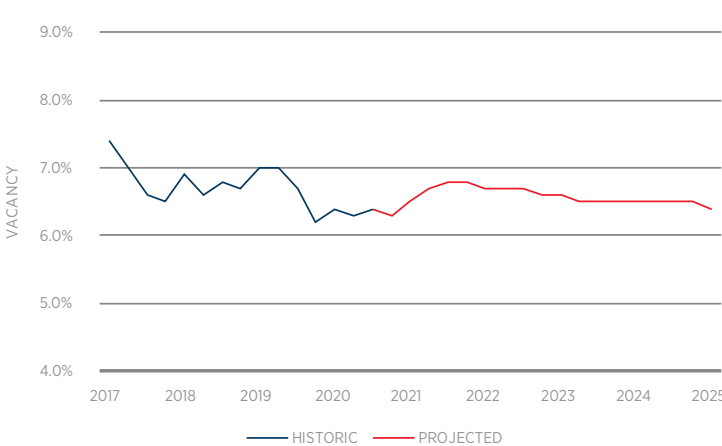


COVID-19 PANDEMIC

The current economic downturn is unlike either of the previous recessions. Economic disruption from the pandemic has caused a much more immediate, deep impact to employment primarily in the retail, restaurant, and hospitality sectors. Overall employment in Richmond fell nearly 12.4% over a two-month period after many businesses were forced to close their doors. The recovery period remains uncertain but could be quicker if businesses are able to return to normal soon. Local guidelines will have a major impact on recovery time but the situation remains fluid as businesses adjust their operations in a post-pandemic world.

Source: Cushman & Wakefield | Thalhimer Research, CoStar

COVID-19 PANDEMIC | OFFICE MARKET



2020 TAILWINDS: ADVANTAGES OF THE RICHMOND OFFICE MARKET

BETTER POSITION TODAY THAN HEADING INTO THE GFC BECAUSE OF:



More diverse economy



Favorable population trends



Strong office fundamentals, less over-built

BETTER POSITION THAN OTHER MARKETS ON THE EAST COAST BECAUSE OF:



Lower cost of living and desirable lifestyle



High concentration of well-educated millennials



Affordable housing market



Beneficiary of government jobs

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