

YoY Chg 12-Mo. Forecast

8.1%

Vacancy Rate



-94K

Net Absorption, SF



\$20.78

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

646.8k

Richmond MSA Employment



4.4%

Richmond MSA Unemployment Rate



5.9%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Signs of Recovery

Employment growth has remained steady through the second quarter. The unemployment rate dropped from 5.8% in Q1 to 4.4% in Q2 - its lowest since a pandemic high of 11.4%. Employment marketplace, ZipRecruiter, quotes over 50,000 jobs available in Greater Richmond, 20,000 more jobs than the reported number of unemployed persons. The talent pool of employees in Richmond has caught the attention of biotech firms Grenova and California-based Adixt Therapeutics. Grenova will be opening an office in Scott's Addition and adding 250 employees over the next three years. Adixt reports that it will open a 25,000-square foot (sf) downtown office and create 300 jobs over the same three-year span

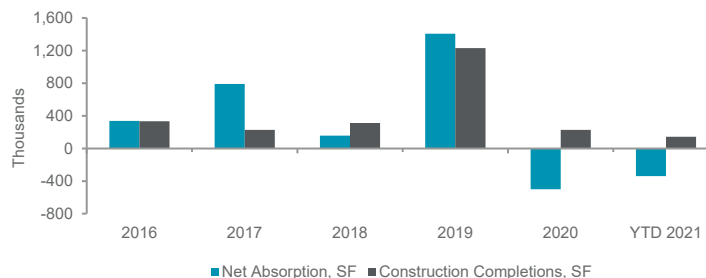
SUPPLY and DEMAND: Return to the Office

Despite the increase in vacancy since the start of the pandemic, overall vacancy in Richmond remains 80 basis points (bps), below the ten-year average. This has placed a premium on space and contributed to a growth in rent per square foot. While companies continue to navigate their post-COVID-19 needs and may adopt hybrid work models, several notable deals signal that office tenants are opting to stay put. Teleperformance, headquartered in Paris, renewed its lease of 73,410-sf at 2805 Parham Rd, Swedish Match North America is retaining over 30,000-sf at 1021 E Cary St., and Essex bank will continue to occupy 25,000-sf at 9954 Maryland Dr.

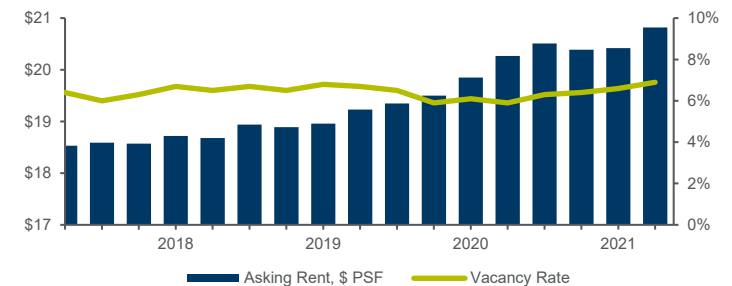
PRICING: Investment in Richmond

With a lack of significant new construction and relatively low vacancy, office property has remained a solid investment in the market and the second quarter of 2021 featured multiple banner sales to demonstrate as much. Riverside on the James, a 263,752-sf class A office building located at 1001 Haxall Pt, sold to Opal Holdings for \$77 million. Brookfield Commons, a 90,598-sf medical office property at 6600 W Broad sold for \$32.5 million and Miami-based KAS partners purchased a five-building office portfolio along the Midlothian Corridor for \$72 million.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	10,459,332	114,787	827,306	9.0%	-78,785	-105,675	112,383	0	\$24.01	\$25.96
East End	417,199	0	29,218	7.0%	0	0	2,057	0	\$16.14	n/a
Far West End	818,839	20,000	145,009	20.2%	-5,904	-35,092	54,333	0	\$21.15	\$23.00
Glenside/Broad St	4,638,320	242,963	391,880	13.7%	-56,790	-97,844	28,590	0	\$18.38	\$24.19
Hull Street Corridor	1,271,637	0	15,897	1.3%	43,391	47,620	0	0	\$14.46	n/a
I-95 N/Ashland	444,108	0	19,474	4.4%	24,563	8,840	393	0	\$12.26	n/a
I-95 N/Chamberlayne	231,876	0	22,586	9.7%	-6,000	-4,735	2,800	0	\$14.33	n/a
Innsbrook	7,782,477	114,713	632,106	9.6%	-11,258	-8,830	136,458	0	\$21.47	\$21.33
Iron Bridge Corridor	1,609,239	158,400	127,783	17.8%	3,789	-161,391	4,508	0	\$15.56	\$16.19
Lakeside	124,239	0	8,204	6.6%	1,841	-2,459	0	0	n/a	n/a
Manchester	1,182,796	5,740	41,109	4.0%	-5,740	-5,740	1,100	0	\$18.54	n/a
Mechanicsville	1,074,570	7,675	66,829	6.9%	86,500	88,174	6,000	0	\$15.27	n/a
Midlothian Corridor	3,892,905	15,764	476,643	12.6%	-122,989	-135,711	48,663	0	\$17.38	\$18.17
Monroe Ward	1,914,026	0	149,539	7.8%	-22,402	-24,381	2,924	0	\$20.28	n/a
Near West End	1,446,853	3,531	34,001	2.6%	6,201	-2,164	1,844	0	\$21.96	n/a
North Broad	3,237,226	53,860	48,750	3.2%	-750	-750	0	0	\$15.00	n/a
Northside	218,864	0	360	n/a	-360	11,390	0	0	\$21.60	n/a
Parham East	2,571,818	2,650	66,925	2.7%	6,092	-33,267	1,500	0	\$17.38	n/a
Parham South	892,626	0	132,672	14.9%	20,476	6,660	85,413	0	\$16.17	n/a
Rt 288 Corridor	1,425,773	8,192	169,933	12.5%	32,853	35,896	10,484	0	\$20.04	\$20.73
Shockoe Bottom	1,616,855	4,480	100,223	6.5%	-15,731	-12,318	4,174	0	\$19.90	n/a
Stony Point/Huguenot	1,122,594	46,945	43,261	8.0%	-11,507	-5,476	11,386	0	\$19.97	\$20.95
West Creek	1,802,621	0	0	0.0%	5,294	5,202	0	0	n/a	n/a
West End	3,281,870	24,635	230,885	7.8%	2,233	-27,014	56,479	0	\$17.42	\$20.00
RICHMOND, VA TOTALS	53,425,831	824,335	3,780,593	8.1%	-93,788	-443,895	907,984	0	\$20.78	\$21.17

*Rental rates reflect full service asking. Leasing statistics include renewals.

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2805 N Parham Rd	Parham South	Teleperformance	73,410	Renewal
Deep Run III	Innsbrook	Essex Bank	25,375	Renewal
North Shore Commons	Innsbrook	Undisclosed	15,920	New
2412 Grenoble	Staples Mill/Parham	Brinks	13,914	Renewal

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1001 Haxall Pt	CBD	American Real Estate Partners / Opal Holdings	263,752	\$77M / \$292
1011 Boulder Springs Rd	Midlothian Corridor	Hertz Investment Group / SF Partners	140,746	\$12.6M / \$90
10561 Telegraph	I-95 North/Ashland	MMO LLC / Radix Equity	117,142	\$15.2M / \$130
6600 Broad St	Glenside/Broad St	Stanley Shield LLC / Montecito Medical Real Estate	90,598	\$32.5M / \$359

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