

7.0%
Vacancy Rate



78,852
Net Absorption, SF

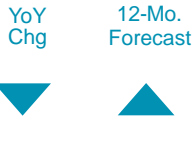


\$20.10
Asking Rent, PSF
(Overall, All Property Classes)



**ECONOMIC INDICATORS
Q4 2021**

648.8k
Richmond MSA
Employment



3.9%
Richmond MSA
Unemployment Rate



4.2%
U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Corporate Confidence

Despite the largest spike in inflation since 1982 and the emergence of the COVID-19 variant Omicron, the Richmond Metro Area's economy continued the positive trends experienced throughout 2021. The unemployment rate of 3.9% in the 4th quarter was down 40 basis points (bps) from the previous quarter and 2.4% less than Q4 2020. This past year Richmond led the entire country in wage growth at 13% and the median income increased over \$3,000 year-over-year (YOY). Virginia was ranked by CNBC as the best state for business the second year in a row, and several major companies and institutions are bullish on the state capital's growth for good reason. Richmond added two more locally head quartered companies to the Fortune 1,000 in 2021 and major area employers including Carvana, Amazon, CoStar, and VCU made announcements to add more than 5,000 new jobs in addition to planning more than \$1B in new real estate development.

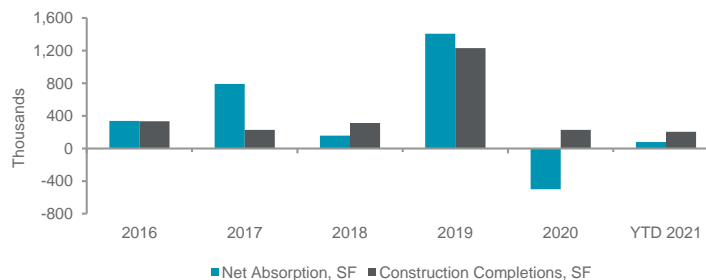
SUPPLY and DEMAND: Stability Amidst Uncertainty

The Richmond office market finished the fourth quarter with a vacancy rate of 7.0%, one of the lowest rates in the nation amongst major metropolitan areas and well below the 17.6% nationwide average. As a result, rents have also remained strong, finishing the quarter at \$20.10 per square foot (psf). Stingy new development leading up to the pandemic kept space at a premium and Richmond finished 2021 with rents that are averaging 6% higher than in 2019 and vacancy 40 basis point (bps) below the ten-year average. Notable leases of the quarter included design consultant Kimberly-Horn signing a deal for 25,500 square feet (sf) in the Kinsale building and Vytal studios HQ relocation from Austin, TX to 17,500 sf at 1802 Semmes Ave bringing 155 new jobs to the city as well.

PRICING: Record Setting Investment

Richmond has been able to weather many of the negative effects caused by the pandemic and rents and vacancy have remained steady comparative to historic norms. With such stability lacking in many markets nationwide, Richmond has become an attractive target to outside investors. Sales volume for the year was more than \$853M, shattering the previous high of \$508M set in 2016. Some of the fourth quarter deals of note included the Glen Forest Office Park for \$87M and the \$20.8M sale of the Hamilton Beach building and Waterfront Plaza.

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	10,530,324	48,979	794,228	8.0%	-86,858	-6,789	288,307	0	\$22.35	\$24.34
East End	437,825	0	34,247	7.8%	-8,636	17,914	2,057	0	\$16.14	n/a
Far West End	818,839	20,000	135,713	19.0%	6,167	-25,796	56,587	0	\$20.02	\$23.00
Glenside/Broad St	4,859,221	179,712	308,167	10.0%	-3,858	49,120	360,868	15,000	\$19.66	\$19.49
Hull Street Corridor	1,273,379	0	15,950	1.3%	44,771	47,567	17,989	35,000	\$14.02	n/a
I-95 N/Ashland	444,108	0	6,293	1.4%	27,953	22,021	37,427	0	\$12.30	n/a
I-95 N/Chamberlayne	231,896	0	33,606	14.5%	-11,020	-15,755	2,800	0	\$14.10	n/a
Innsbrook	7,807,422	103,981	561,316	8.5%	29,506	67,600	483,444	0	\$21.56	\$21.95
Iron Bridge Corridor	1,621,239	158,400	133,446	18.0%	-3,110	-161,880	207,968	0	\$15.42	\$16.16
Lakeside	124,239	0	8,204	6.6%	-	-2,459	1,120	0	-	n/a
Manchester	1,182,796	5,740	39,687	3.8%	1,422	-4,318	42,897	65,819	\$22.02	n/a
Mechanicsville	1,074,570	0	53,672	5.0%	1,383	109,006	22,308	0	\$18.38	n/a
Midlothian Corridor	3,891,976	23,985	468,642	12.7%	9,801	-139,331	123,435	0	\$17.11	\$19.01
Monroe Ward	1,919,777	0	118,103	6.2%	22,194	7,055	44,486	0	\$19.88	n/a
Near West End	1,602,246	0	80,285	5.0%	-110	81,053	77,699	0	\$21.41	n/a
North Broad	3,237,226	53,860	74,597	4.0%	6,800	-26,597	6,800	0	\$21.09	n/a
Northside	217,491	0	13,150	6.0%	425	-1,400	785	0	\$16.76	n/a
Parham East	2,598,108	2,650	67,340	2.7%	1,699	-33,590	34,238	0	\$17.49	n/a
Parham South	893,350	0	144,839	16.2%	-9,223	-5,507	97,328	0	\$15.89	n/a
Rt 288 Corridor	1,471,737	4,576	146,627	10.3%	12,928	64,970	60,367	0	\$21.94	\$20.00
Shockoe Bottom	1,605,169	18,219	84,038	6.4%	-3,240	-9,872	17,854	0	\$22.72	n/a
Stony Point/Huguenot	1,179,498	46,945	69,446	9.9%	44,243	28,339	33,531	0	\$20.87	\$20.65
West Creek	1,813,765	4,614	11,144	0.9%	-	-10,556	5,294	48,000	\$26.00	n/a
West End	3,323,350	24,635	212,739	7.1%	12,158	7,403	122,216	0	\$17.77	n/a
RICHMOND, VA TOTALS	54,061,448	696,296	3,797,982	7.0%	78,852	41,655	2,617,031	163,819	\$20.10	\$22.35

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Kinsale Building	West End	Kimberly Horn	29,465	New
Park Central 1	Parham East	NCI, INC	18,906	New
Reynolds Office Building	West End	Joyner Fine Properties	16,219	New

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Glenside Forest Office Park	Glenside/Broad St	Brookfield Properties / Jack Sitt Real Estate & Gulf Islamic Investments	567,000	\$87M / \$153
Hamilton Beach & Waterfront Plaza	Innsbrook	Highwood Properties / Runnymede Corp.	97,489	\$20.8M / \$213
2031 Westwood Ave	Near West End	Westwood Development Group / SR Westwood LLC	129,800	\$7.5M / \$58

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