

**11.7%**

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast
**-147.2K**

Net Absorption, SF


**\$21.24**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2024

**724.7K**
Richmond MSA  
EmploymentYoY  
Chg12-Mo.  
Forecast
**2.9%**
Richmond MSA  
Unemployment Rate
**4.1%**
U.S.  
Unemployment Rate

Source: BLS, Moody's Analytics

## ECONOMIC OVERVIEW: Regional Rankings Dominate

Employment numbers continued to rise through the first half of the year as the region racked up additional accolades and awards both for its business climate and lifestyle. The Wall Street Journal ranked Richmond as the 11<sup>th</sup> hottest job market nationwide, and a study from USA Today named Richmond as the most climate-resilient city in the nation. Located on the eastern boundary of the metro area, New Kent County's population growth made headlines as the 10<sup>th</sup> fastest-growing region in the nation according to the U.S. Census Bureau. Richmond was selected as America's best town to visit by CNN Travel and was included in the top 50 best places to live by Money. On the state level, Virginia ranked first in the nation for customized workforce training by Business Facilities, a nod to the Virginia Talent Accelerator Program that expedites new facility startups through customized recruiting and training services.

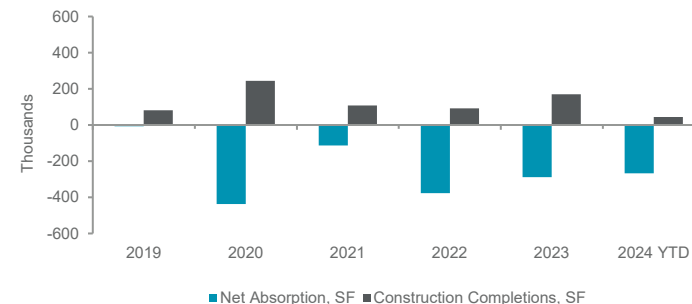
## SUPPLY AND DEMAND: Prospect Activity Up

Overall vacancy closed the quarter up 100 basis points (bps) year-over-year (YOY) with vacancy in direct space up 11.4% since the mid-year mark of last year. Sublease vacancy has dropped slightly, down 10 bps YOY overall and down 40 bps YOY in terms of Class A offerings. Class A vacancy in the Central Business District (CBD) has dropped 230 bps YOY following consistent leasing activity in the James Center buildings and despite several large blocks remaining vacant. Year-to-date (YTD) leasing activity topped 1 million square feet (msf), down slightly compared to the same period last year but still within striking range of 2023 numbers. Average deal size increased slightly compared to first half of 2023, as active requirements include a mix of expansion and relocation needs. Prospect activity has increased significantly YOY both in terms of the volume of requirements and required square footage with the number of requirements up 54.4% based on internal tracking.

## PRICING: Rent Growth Moderated

Quoted lease rates ended the second quarter up 2.0% YOY overall, while sublease rates remained effectively flat. Rent growth rates were comparable across market segments with the largest jump in CBD class A space, which increased 3.2% YOY. YTD sales volume topped \$96.3 million with 34.8% of that total attributable to the sale of the former Owens & Minor office, which closed in the first quarter of 2024. The 126,000-square-foot (sf) building known formerly as the Patriot Tower at Gateway transferred in the second quarter from Patriot Equities L.P. to Marwaha Real Estate for \$5.8 million. The building was vacant at the time of sale, and the buyer is planning to improve and modernize the property.

## 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	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,712,238	44,824	891,454	12.1%	(17,830)	(3,282)	79,313	0	\$22.16	\$24.01
East End	404,460	0	49,990	12.4%	0	10,901	10,901	0	-	-
Far West End	675,441	30,000	105,040	20.0%	4,335	5,319	12,851	20,000	\$21.77	-
Glenside/Broad St	3,983,877	195,891	546,059	18.6%	(95,847)	(155,591)	111,715	0	\$18.48	\$14.77
Hull Street Corridor	385,840	0	12,582	3.3%	8,030	7,326	12,668	0	\$17.20	-
I-95 N/Ashland	351,809	0	16,479	4.7%	17	(7,020)	5,122	0	\$19.25	-
I-95 N/Chamberlayne	210,372	0	3,050	1.4%	(450)	(596)	1,154	0	\$15.25	-
Innsbrook	6,345,662	53,269	868,883	14.5%	(102,698)	(67,609)	425,921	11,600	\$22.50	\$23.47
Iron Bridge Corridor	1,153,911	9,892	102,678	9.8%	3,649	(11,338)	5,369	0	\$18.73	\$16.41
Lakeside	85,152	0	7,105	8.3%	0	(1,400)	0	0	-	-
Manchester	583,562	0	24,940	4.3%	5,456	18,572	3,400	0	-	-
Mechanicsville	863,655	0	37,869	4.4%	4,094	46,294	4,494	0	\$16.43	-
Midlothian Corridor	3,605,198	9,856	627,970	17.7%	(41,218)	(105,292)	115,928	75,000	\$20.45	\$21.72
Monroe Ward	965,717	4,927	69,162	7.7%	58,303	56,844	121,931	0	\$23.85	-
Near West End	1,469,005	4,827	50,489	3.8%	5,966	(20,583)	37,089	53,000	\$27.24	\$25.00
North Broad	1,473,138	9,000	113,376	8.3%	34,038	34,038	13,462	0	-	-
Northside	103,383	0	0	0.0%	0	0	0	0	-	-
Parham East	2,172,436	0	65,064	3.0%	800	22,241	10,101	0	\$20.73	\$23.00
Parham South	818,126	0	86,340	10.6%	19,868	(2,080)	9,620	0	\$17.08	-
Rt 288 Corridor	767,316	14,241	62,225	10.0%	(3,665)	(17,890)	5,885	152,271	\$22.13	\$20.06
Shockoe Bottom	885,194	0	132,809	15.0%	(5,935)	(12,415)	1,050	0	\$23.96	\$26.50
Stony Point/Huguenot	1,111,801	9,324	89,726	8.9%	15,277	(5,484)	22,178	0	\$23.50	\$24.72
West Creek	788,026	0	45,623	5.8%	(20,000)	(20,000)	0	0	-	-
West End	2,892,403	9,862	250,715	9.0%	(19,373)	(38,288)	96,430	51,000	\$19.66	\$22.50
<b>RICHMOND, VA TOTALS</b>	<b>39,807,722</b>	<b>351,089</b>	<b>4,259,628</b>	<b>11.7%</b>	<b>(147,183)</b>	<b>(267,333)</b>	<b>1,106,582</b>	<b>362,871</b>	<b>\$21.24</b>	<b>\$22.72</b>

\*Rental rates reflect full service asking. Buildings with minimum 10,000 square feet RBA, all property classes.

## KEY LEASE TRANSACTIONS Q2 2024

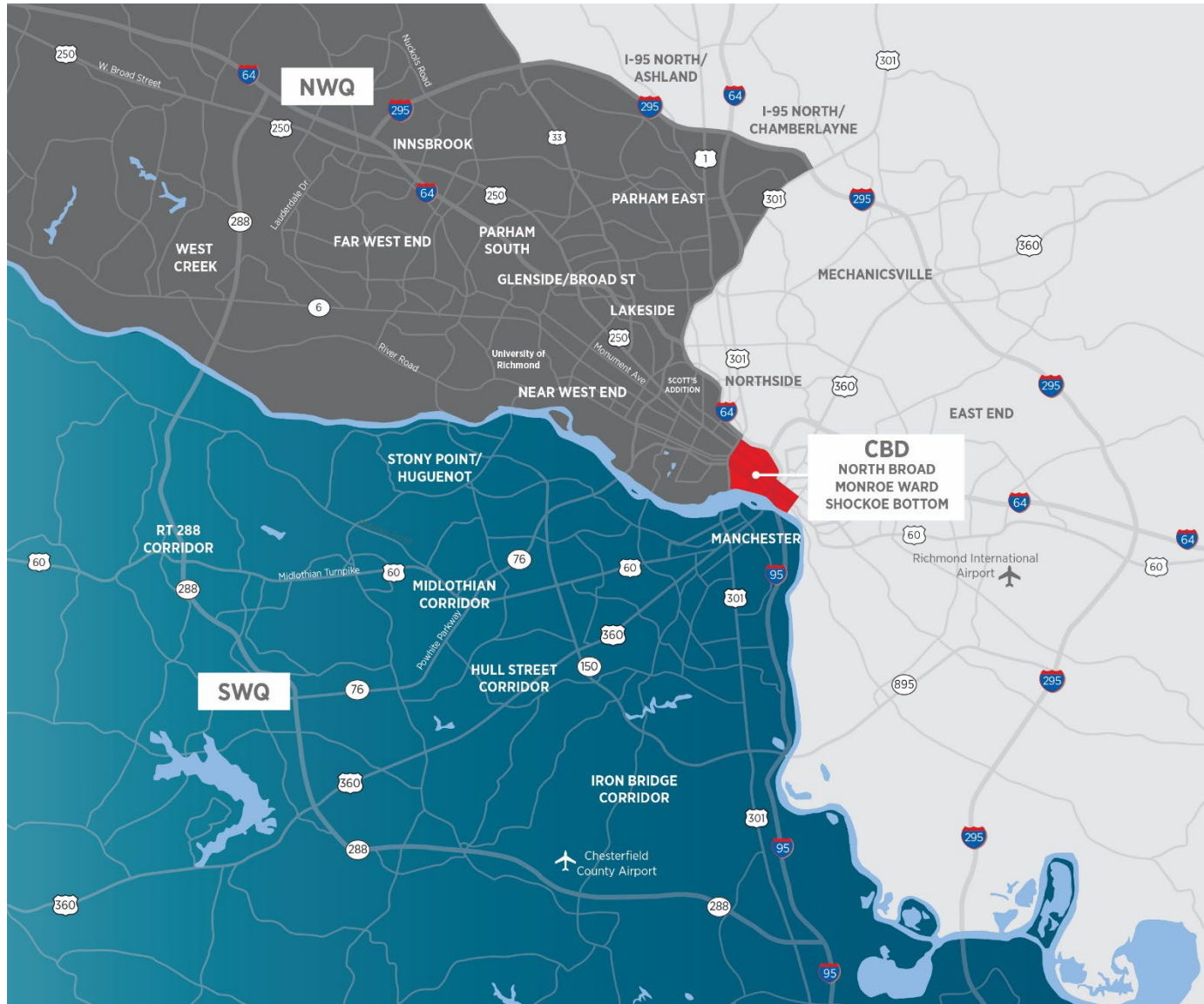
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
300 E Franklin St	Monroe Ward	City of Richmond Department of Social Services	113,000	New
7120 Midlothian Tnkp (Springline District 60)	Midlothian Corridor	Chesterfield County Public Schools	63,000	New
11013 W Broad St (Westmark)	Innsbrook	Richmond National Group	46,743	New
10900 Nuckols Rd (Highwoods One)	Innsbrook	Owens & Minor	34,962	New
1601 Willow Lawn Drive	West End	TPUSA Inc.	28,745	Sublease
4991 Lake Brook Dr (North Shore Commons II)	Innsbrook	K-Line America Inc.	27,352	New

## KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
101 Gateway Centre Pkwy (Patriot Tower)	Midlothian Corridor	Patriot Equities / Marwaha Real Estate	126,654	\$5.8M/\$45



## OFFICE SUBMARKETS



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