

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.8% Vacancy Rate	▲	▼
-199.4K YTD Net Absorption, SF	▼	▲
\$21.24 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
727.4K Richmond MSA Employment	▲	▲
2.9% Richmond MSA Unemployment Rate	▬	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

ECONOMY: REGIONAL RANKINGS DOMINATE

Employment has stabilized through the third quarter with overall unemployment unchanged year-over-year (YOY). Greater Richmond’s cost of living index hit 93.4 at the mid-year mark, making it almost 7% more affordable than the national average. On a state level, Virginia has been named America’s Top State for Business by MSNBC, an award won by the state six times since the list’s inception. Virginia also ranked first in the nation for its education system, third for infrastructure, and fifth for business friendliness. Business Facilities named Greater Richmond among the Best Metros for Tech Talent for the third consecutive year with AI jobs surging locally to 21.5 new positions per 100,000 residents, almost twice the U.S. average.

SUPPLY AND DEMAND: CLASS A FOCUS

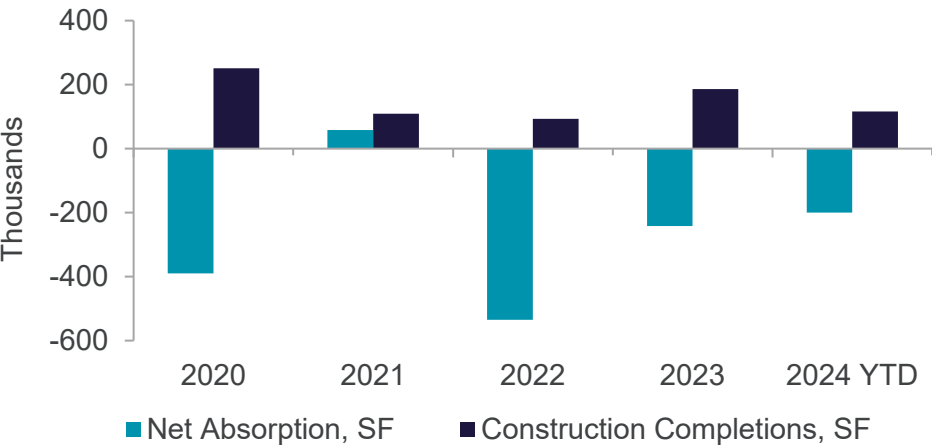
Overall vacancy ticked up slightly in the third quarter, increasing 10 basis points (bps) since the mid-year mark and up 30 bps YOY. Year-to-date (YTD) leasing activity has topped 1.6 million square feet (msf), only fractionally lower than activity during the same period last year and within striking range of the 2.1 msf averaged annually since 2020. Class A vacancy has seen a more dramatic drop, down 80 bps YOY and a clear indication of the sustained demand for quality product.

Sublease space remains in ample supply with rates weighing down average class A pricing that would typically exceed overall rental rates. In the Glenside/Broad St submarket, for example, average Class A rates are over \$22 per square foot (psf) with sublease space excluded versus the mid \$15 psf range including sublease offerings.

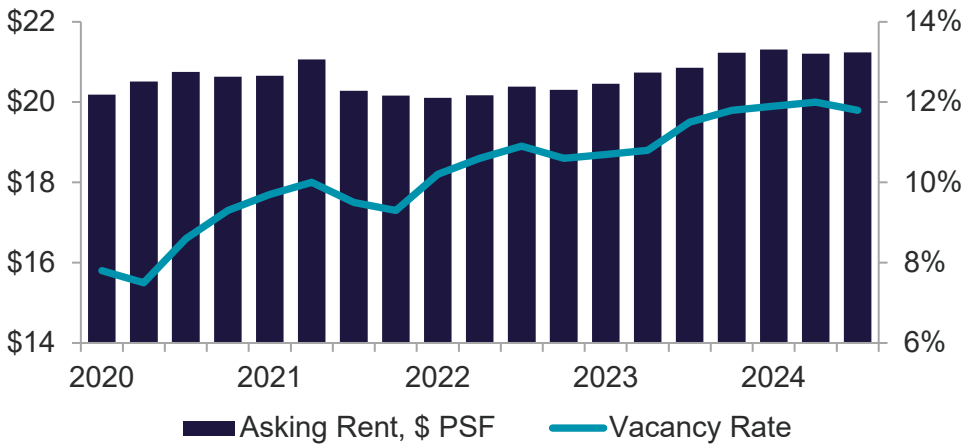
PRICING: TRENDING UPWARD

Quoted lease rates closed the third quarter up 1.8% YOY overall and up 5.2% since the start of 2020. Class A rates for suburban space and CBD product increased 3.2% YOY. YTD sales volume topped \$150 million – an increase of more than 21% compared to the same period last year – with more \$48.5 million closed in the third quarter.

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	7,248,060	45,184	879,707	12.8%	12,450	21,119	244,172	0	\$22.25	\$24.01
East End	388,460	0	26,098	6.7%	-2,108	8,793	25,473	0	-	-
Far West End	681,920	0	136,307	20%	3,048	9,618	15,697	20,000	\$21.30	-
Glenside/Broad St	3,980,114	186,362	600,811	19.8%	-77,197	-222,919	157,081	0	\$18.80	\$15.51
Hull Street Corridor	385,840	0	13,019	3.4%	-437	6,889	21,456	0	\$17.20	-
I-95 N/Ashland	355,452	0	20,328	5.7%	-3,849	-10,869	5,122	0	\$18.00	-
I-95 N/Chamberlayne	200,316	0	16,350	8.2%	-13,300	-13,896	2,454	0	\$14.44	-
Innsbrook	6,332,331	58,005	751,293	12.8%	87,615	45,092	624,903	11,600	\$22.57	\$23.42
Iron Bridge Corridor	1,005,511	9,892	108,103	11.7%	-5,425	-16,763	8,427	0	\$19.51	\$18.50
Lakeside	85,152	0	5,705	6.7%	1,400	0	0	0	-	-
Manchester	572,824	0	24,940	4.4%	3,400	21,972	3,400	0	-	-
Mechanicsville	884,390	2,640	47,058	5.6%	-9,189	36,465	5,694	0	\$16.45	-
Midlothian Corridor	3,410,197	9,856	623,171	18.6%	5,044	-93,023	151,351	75,000	\$20.57	\$21.71
Monroe Ward	807,779	4,927	79,420	10.4%	-4,380	-6,953	8,931	0	\$20.43	-
Near West End	1,390,536	12,854	83,139	6.9%	11,905	-1,073	74,169	0	\$26.15	\$25.00
North Broad	1,481,138	0	92,850	6.3%	58,572	63,564	13,462	0	-	-
Northside	103,383	0	0	0%	0	0	0	0	-	-
Parham East	2,171,513	0	55,088	2.5%	4,843	24,434	23,891	0	\$20.12	\$23.76
Parham South	799,454	0	67,959	8.5%	3,940	1,860	15,853	0	\$16.92	-
Rt 288 Corridor	790,125	12,000	116,085	16.2%	-18,662	-48,809	42,250	134,171	\$23.25	\$21.65
Shockoe Bottom	895,582	0	126,324	14.1%	14,650	-5,930	16,010	0	\$23.76	\$26.50
Stony Point/Huguenot	1,114,977	9,324	79,578	8.0%	2,661	-971	33,075	0	\$23.45	\$24.76
West Creek	788,026	0	45,623	5.8%	0	-20,000	0	0	-	-
West End	2,745,362	9,862	185,843	7.1%	15,002	1,972	154,874	51,000	\$19.71	\$22.50
RICHMOND TOTALS	38,618,442	360,906	4,184,799	11.8%	89,983	-199,428	1,647,745	291,771	\$21.24	\$22.93

KEY LEASE TRANSACTIONS Q3 2024

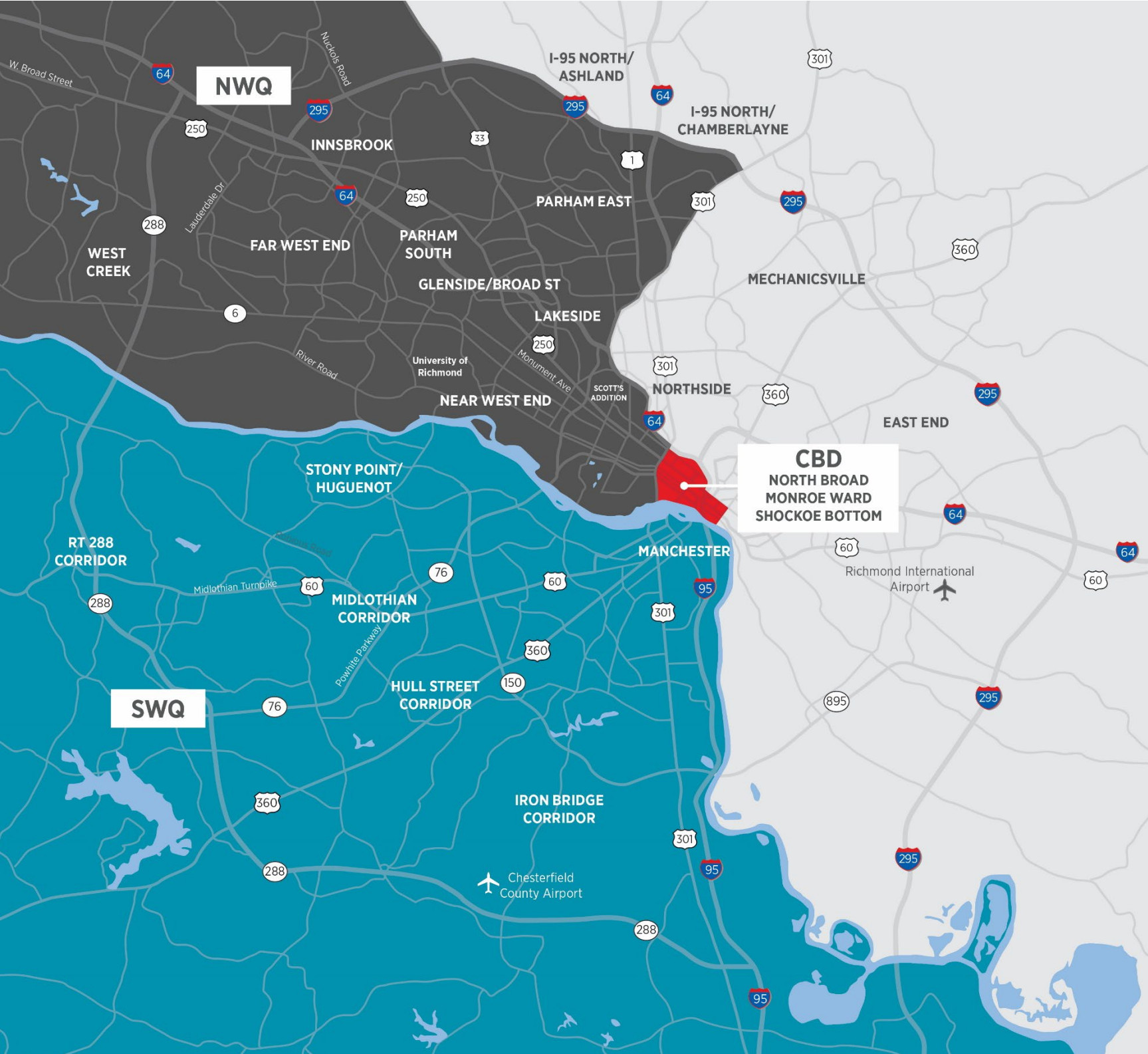
**Rental rates reflect full service asking*

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Highwoods Three (4840 Cox Road)	Innsbrook	Virginia Housing	30,270	New
Holland Tower (2221 Edward Holland Dr)	West End	Commonwealth of Virginia	26,054	New
Highwoods Commons (5101 Cox Rd)	Innsbrook	Hamilton Insurance	19,684	New
Innsbrook Corporate Center (4101 Cox Rd)	Innsbrook	Gather	19,452	New
Westmark (11013 W Broad St)	Innsbrook	Argonaut Management Services Inc.	18,224	New

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
5600-5640 Cox Rd	Innsbrook	Franklin Street Properties / Onward Investors	312,422	\$31.7M / \$99
Concourse Commons (11520 Nuckols Rd)	Innsbrook	Doswell Ventures LLC / Kalyan Hospitality	17,320	\$2.6M / \$150
9701 Metropolitan Ct	Midlothian Corridor	Southern Investment LLC / L&C 3401 LLC	14,283	\$2.0M / \$138

OFFICE SUBMARKETS



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