



MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.7% Vacancy Rate	▲	▲
2.8M YTD Net Absorption, SF	▼	▼
\$8.14 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
736.3K Richmond MSA Employment	▲	▲
3.0% Richmond MSA Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: REGIONAL DEVELOPMENT ACTIVE

The Richmond region closed 2024 with an influx of new development projects added to the pipeline. Construction is underway on the new CarMax Park baseball stadium that will sit at the heart of the expansive mixed-use Diamond District. Immediately adjacent, Virginia Commonwealth University (VCU) broke ground on the first phase of its 42-acre Athletic Village, which will include a \$37 million track and field stadium. Henrico County broke records for construction-related activity with a total of more than \$2.1 billion in FY 2023-2024, an increase of 44.8% from the previous year. The Henrico Sports & Events Center celebrated its inaugural year, welcoming more than 375,000 visitors during that time, and with the county’s tourist spending reaching a record high of \$1.9 billion in 2023, that number is likely to continue to rise.

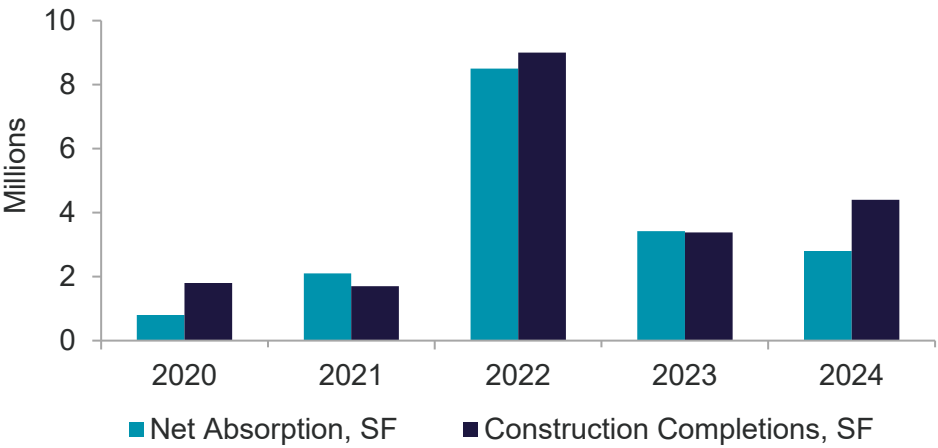
SUPPLY AND DEMAND: LEASING ACTIVITY REBOUND

After a slow first half, 2024 closed with total leasing activity over 4.8 million square feet (msf), a level closer to pre-pandemic numbers but still within striking range of prior year totals. Annual net absorption neared 2.8 msf, a slight decline from 2023 but robust compared to historic averages. Overall vacancy closed the year down 20 basis points (bps) quarter-over-quarter (QOQ) and down 50 bps since the mid-year mark. Construction starts continue to slow with less than 1 msf of speculative (SPEC) projects in development, accounting for just 23.6% of the active pipeline with 14.1% preleased. Deliveries topped 4.3 msf for the year, including more than 1.5 msf of data center space and almost 2.2 msf of SPEC space.

PRICING: GROWTH RATES STABLE

Quoted lease rates closed the fourth quarter effectively flat year-over-year (YOY) and up 8.1% since the first quarter of 2023, reflecting stabilized growth rates after the significant increases of the pandemic years. Quoted rates for office/service product closed 2024 up 7.2% YOY and up 12.5% since 2022, a result of limited flex product construction and sustained demand. Sales volume topped \$663 million in 2024, comparable to prior year numbers, with average pricing on a per-square-foot basis up 10.6% YOY. Investment sales activity accounted for 81.9% of the annual deal volume, again comparable to prior year numbers.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown	157,184	-	0.0%	-	19,000	0	0	-	-	-
Northeast	16,084,498	535,113	3.3%	82,950	2,885	36,000	0	-	\$15.00	\$10.42
Northwest	24,200,307	2,054,528	8.5%	33,538	13,248	373,249	145,000	\$7.93	\$12.54	\$8.39
Southeast	25,551,242	337,371	1.3%	72,729	1,529,609	1,648,187	0	-	\$11.75	\$9.80
Southwest	50,165,355	1,406,726	2.8%	568,858	1,185,669	2,139,000	505,068	\$8.36	-	\$7.05
RICHMOND TOTALS	116,158,586	4,333,738	3.7%	758,075	2,750,411	4,196,436	650,068	\$8.00	\$13.31	\$8.14

**Rental rates reflect weighted net asking \$psf/year*

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Sauer Industrial Center (943 S Airport Dr)	Airport	ABB	130,289	New
4300 Carolina Ave	Laburnum/Rt 360	Colonial Webb Contractors	127,047	New
13721 Jefferson Davis Hwy	I-95 S/I-295 S/Rt 10	Chewning & Wilmer	100,000	New
Interport Business Center (4800 Eubank Rd)	Airport	Advance Trailer Systems	93,500	New
Richmond Logistics Center (4101-4127 Carolina Ave)	Laburnum/Rt 360	TemperPack	90,000	New
Washington Hwy Logistics Center (11129 Washington Hwy)	I-95 North/Ashland	MC Dean	57,405	Expansion
9003 Old Staples Mill Rd	Staples Mill/Parham	Brazilian Best Granite	46,664	New

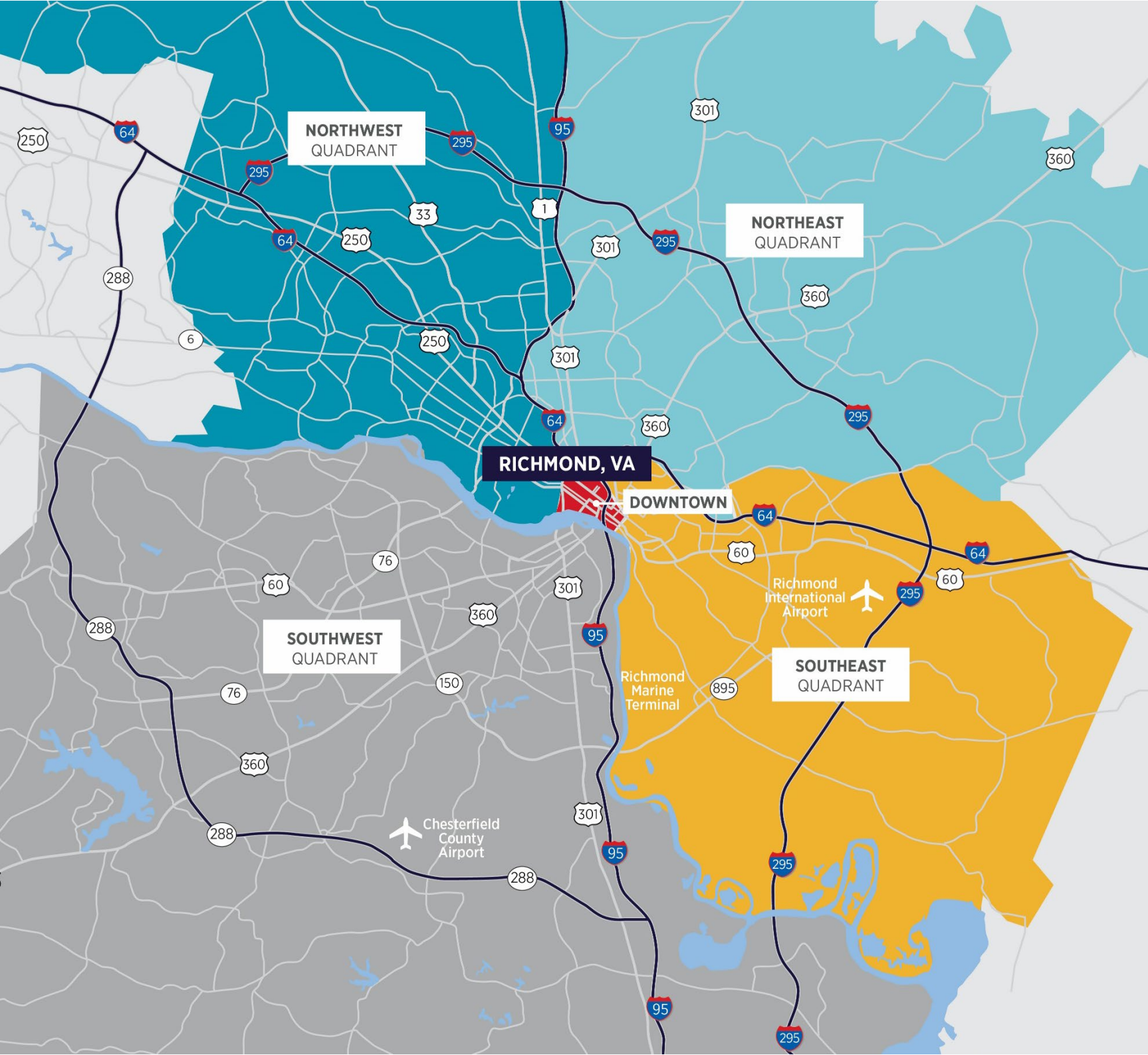
KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Airport Distribution Center (Portfolio Sale)	Airport	Equity Industrial & Raith Capital Partners / EQT Exeter	688,023	\$81.4M / \$118
Dabney Center (Portfolio Sale)	Scott's Add/West End	Brandywine Realty Trust / Dabney Portfolio LLC	642,384	\$75.3M / \$117
Airport Logistics Center (Portfolio Sale)	Airport	Laburnum Land Virginia Becknell Investors LLC / AREIT Richmond Airport LC I LLC	617,690	\$66.4M / \$108
8750 Park Central Dr	I-95 N/Mechanicsville	8750 Park Central Dr LLC / EQT Exeter	59,409	\$9.5M / \$160

KEY CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Meadowville Technology Park	I-95 S/I-295 S/Rt 10	LEGO Group	1,700,000	LEGO Group
I-895 Logistics Center	Airport	(Spec)	582,437	Ashley Capital
TriPoint Distribution Center	Prince George	(Spec)	347,760	Lingerfelt
Lakeridge Logistics Center (1)	I-95 North/Ashland	(Spec)	124,750	Wigeon Capital
Lakeridge Logistics Center (2)	I-95 North/Ashland	(Spec)	124,750	Wigeon Capital

OFFICE SUBMARKETS



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