

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.1% Vacancy Rate	▲	▼
15.5K YTD Net Absorption, SF	▲	▲
\$21.10 Asking Rent, PSF <small>(Overall, All Property Classes)</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.

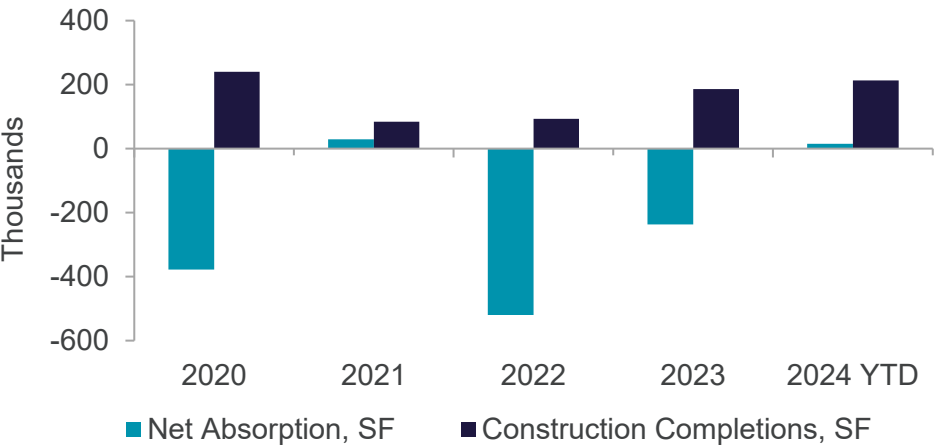
SUPPLY AND DEMAND: LEASING HITS HIGH MARK

Overall vacancy closed the fourth quarter down 50 basis points (bps) since the mid-year mark with net absorption rebounding following five consecutive quarters of negative numbers. Leasing activity topped 2.6 million square feet (msf) in 2024, a jump of more than 33.7% year-over-year (YOY) and the highest annual total in the last decade. The Innsbrook submarket led the charge in terms of both leasing activity and absorption, closing the year with vacancy down 280 bps YOY. Sublease inventory remains in ample supply, and though offerings are down 32.9% YOY, sublease rates continue to impact average quoted pricing in several submarkets, pushing class A numbers below overall rental rates. Class A space remains in high demand, accounting for more than 50.5% of the year’s leasing activity with vacancy down 70 bps YOY in that sector.

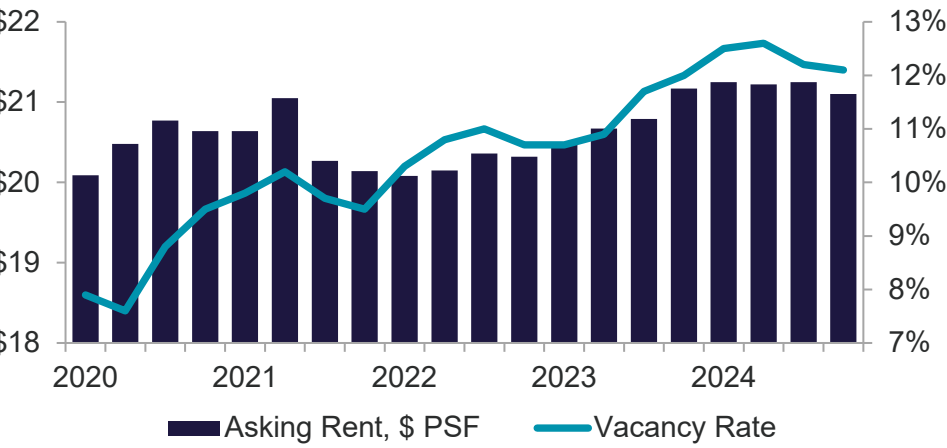
PRICING: SALES VOLUME INCREASE

Overall quoted lease rates remained effectively flat YOY and dropped less than 1.0% quarter-over-quarter (QOQ). Sales volume topped \$220.4 million in 2024, an increase of 22.9% YOY with \$68.2 million closed in the fourth quarter. Average pricing on a per square foot (psf) basis also increased, up 10.1% YOY. Owens & Minor’s transfer of its 160,000-square-foot (sf) headquarters in Hanover County to the Commonwealth of Virginia for \$33.5 million topped the year’s sales, followed closely by the 312,000 sf Innsbrook portfolio sale from Franklin Street Properties to Onward Investors for \$31.7 million.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	7,350,323	921,385	45,184	13.2%	-42,395	-198,894	507,503	-	\$21.96	\$26.86
East End	364,609	12,403	0	3.4%	0	32,488	30,973	-	-	-
Far West End	687,147	130,472	0	19.0%	16,500	26,118	49,347	-	\$20.59	-
Glenside/Broad St	3,944,399	596,515	186,709	19.9%	4,647	-208,435	296,230	-	\$19.40	\$15.51
Hull Street Corridor	394,840	2,847	0	0.7%	-1,343	7,521	31,213	-	\$17.52	-
I-95 N/Ashland	325,092	4,944	0	1.5%	15,384	4,515	13,311	-	\$16.75	-
I-95 N/Chamberlayne	202,564	5,400	0	2.7%	10,950	-2,946	4,204	-	\$13.85	-
Innsbrook	6,140,360	749,283	68,556	13.3%	258,743	311,281	777,844	11,600	\$22.58	\$22.97
Iron Bridge Corridor	1,002,541	107,898	6,318	11.4%	644	-16,558	18,518	-	\$19.47	\$18.50
Lakeside	85,152	8,649	0	10.2%	-2,944	-2,944	1,443	-	-	-
Manchester	541,674	27,483	0	5.1%	0	19,429	3,400	-	-	-
Mechanicsville	890,792	64,368	2,640	7.5%	-19,942	16,523	12,226	-	\$17.45	-
Midlothian Corridor	3,341,400	536,273	12,077	16.4%	62,525	-16,852	257,571	150,000	\$20.57	\$21.60
Monroe Ward	792,473	71,996	4,927	9.7%	7,424	471	24,966	-	\$20.38	-
Near West End	1,293,596	77,557	17,946	7.4%	-8,418	-9,491	89,906	-	\$25.60	\$25.00
North Broad	1,217,589	92,850	9,000	8.4%	0	54,564	14,462	-	-	-
Northside	99,454	0	0	0.0%	0	0	0	-	-	-
Parham East	1,990,148	56,771	0	2.9%	193	26,060	136,951	-	\$20.25	\$24.00
Parham South	769,889	191,045	0	24.8%	-110,225	-115,891	23,913	-	\$17.18	\$17.75
Rt 288 Corridor	907,220	75,335	0	8.3%	37,587	80,602	86,971	57,171	\$23.41	\$21.65
Shockoe Bottom	894,430	116,196	0	13.0%	8,877	2,947	31,253	-	\$23.76	\$26.50
Stony Point/Huguenot	1,125,162	77,532	17,134	8.4%	-13,228	-6,219	62,564	-	\$23.51	\$24.79
West Creek	788,027	45,623	0	5.8%	0	-20,000	0	-	-	-
West End	2,742,386	243,636	0	8.9%	1,249	31,191	191,811	51,000	\$18.75	\$22.50
RICHMOND TOTALS	37,891,267	4,216,461	370,491	12.1%	226,228	15,480	2,666,580	269,771	\$21.10	\$22.86

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

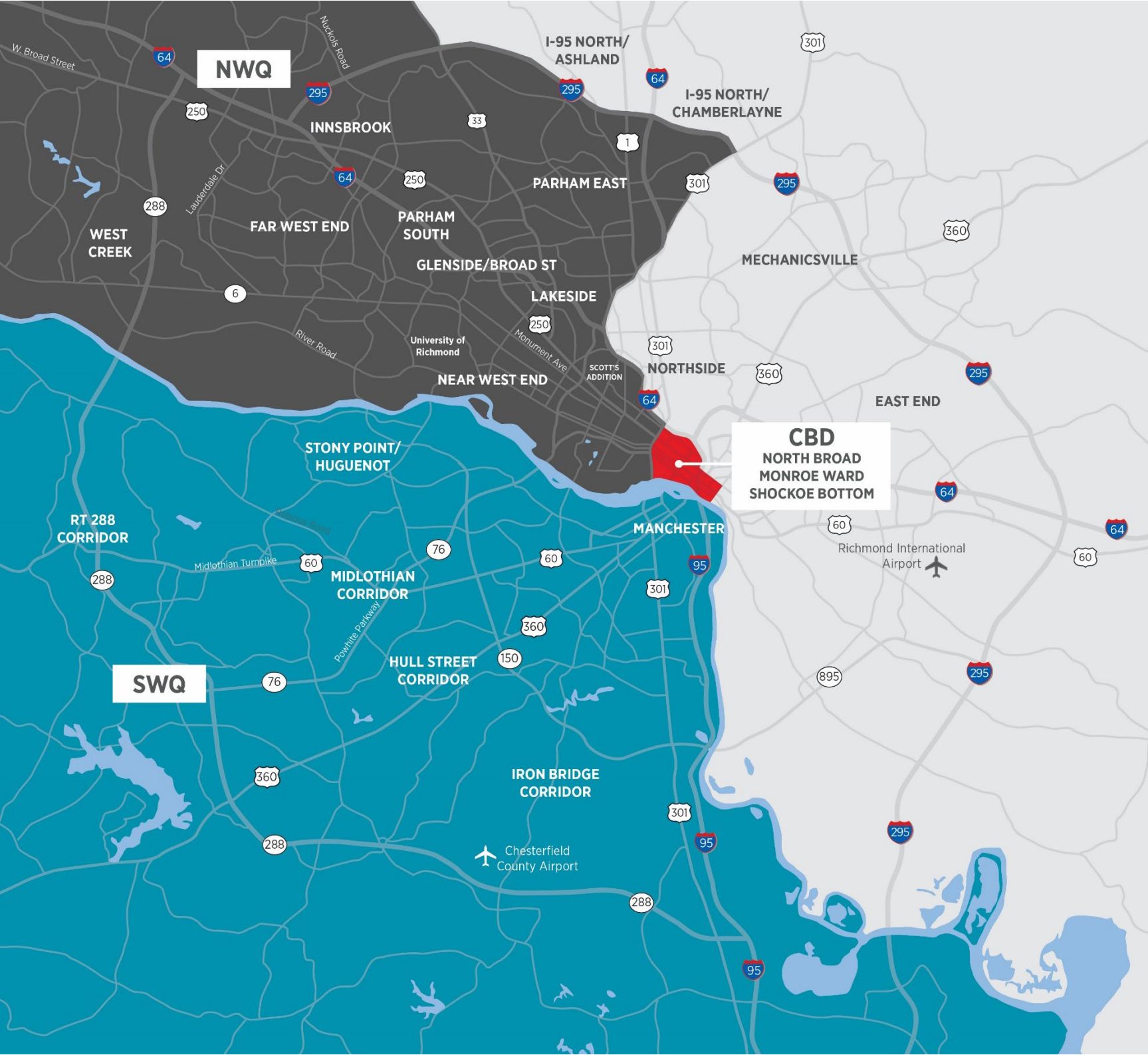
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Canal Crossing (101-115 S 15 <sup>th</sup> St)	Shockoe Bottom	Uzurv Holdings Inc.	13,992	New
East Shore II (120 Eastshore Dr)	Innsbrook	McAngus, Goudelock & Courie LLC	9,301	New
Westgate II (200 Westgate Pky)	Far West End	Renaissance Healthcare Group Virginia LLC	7,595	New
One Colonial Place (10571 Telegraph Rd)	I-95 North/Ashland	Mungo Homes	7,231	New
Liberty Plaza I (4801 Cox Rd)	Innsbrook	MeyerGeorgen PC	7,127	New

KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Eighth & Main Building (Redevelopment)	CBD	Dominion Energy Inc. / Jemal's Dominion LLC	325,000	\$19.3M / \$59
Forest Medical Building (6900 Forest Ave)	Glenside/Broad St	Forest Medical Office Building LLC / Medical Property Acquisitions LLC	62,565	\$17M / \$272
Capital City Physicians Building (8002 Discovery Dr)	Glenside/Broad St	CCPB LLC / Marwaha Plaza LLC	55,289	\$4.3M / \$78



OFFICE SUBMARKETS



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