

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.4% Vacancy Rate	▼	▼
-56.2K YTD Net Absorption, SF	▲	▲
\$22.29 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
726.5K Richmond MSA Employment	▲	▲
3.1% Richmond MSA Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: REGIONAL DEVELOPMENT ACTIVE

The Richmond region continues to rack up accolades, most recently being named among the Top 25 North American Tech Hubs by Site Selection Magazine. Topsoe’s \$400 million investment in Chesterfield’s Meadowville Technology Park was named as the 2024 Impact Award winner for STEM by Business Facilities, and International pharmaceutical manufacturer Haleon announced plans to upgrade its Richmond facility, investing more than \$54 million in part to take advantage of the region’s growing workforce. The region’s housing market also showed signs of stabilization with costs now almost 17.0% more affordable than the national average.

SUPPLY AND DEMAND: VACANCY RATES STABLE

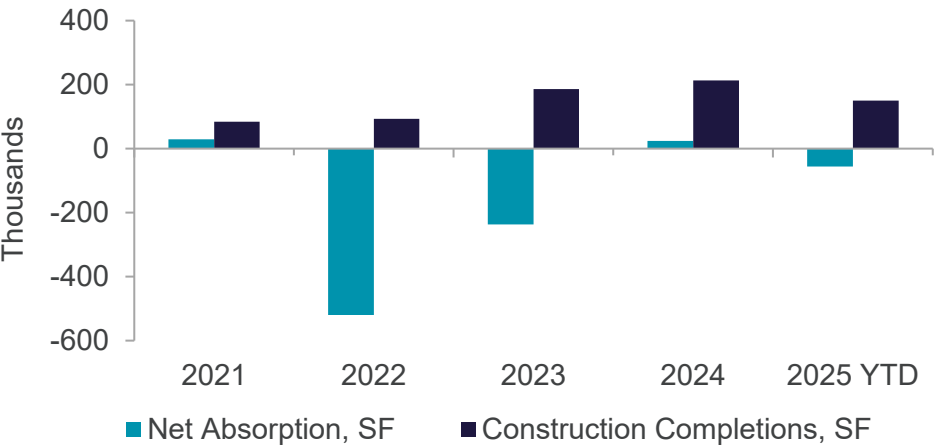
Overall vacancy closed the first quarter down 10 basis points (bps) year-over-year (YOY) and down 20 bps since the mid-year mark of 2024. Sublease offerings have seen the most significant jump, increasing 16.7% YOY while vacancy in direct space has dropped 1.7% YOY. Class A sublease offerings in suburban submarkets increased early in the year, pushing sublease vacancy in that segment up 45.2% quarter-over-quarter (QOQ), with the majority of the increase attributable to a 60,000-sf block of sublet space added in Innsbrook. Below-market sublease rates continue to impact average quoted pricing in several submarkets, pushing class A numbers below overall rental rates.

Leasing activity topped neared 400,000 square feet (sf) for the quarter, lower than the same time frame last year but within striking range of historic first quarter averages. The Innsbrook submarket led the charge in terms of leasing activity, followed by the CBD, as sizeable deals with state agencies were inked in both areas.

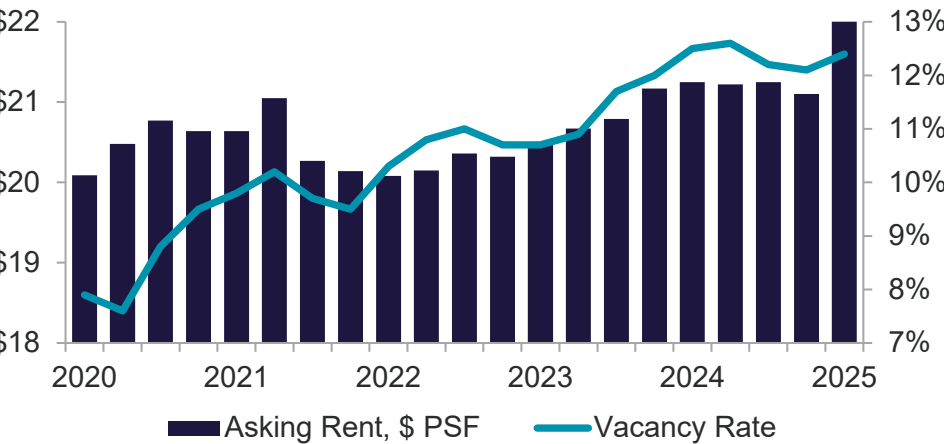
PRICING: LEASE RATES RISE

Overall quoted lease rates increased 4.9% YOY and jumped 5.5% QOQ due in part to newly published rates for first generation medical office product in the West Creek submarket. Rates for suburban Class A product have jumped 12.1% YOY, again impacted by the medical office rates, while CBD Class A has seen an increase of 17.0% YOY, a further sign of market stabilization. Sales volume topped \$43.4 million in the first quarter, including the sale of Wytestone Plaza, another CBD tower planned for multifamily conversion. The 8<sup>th</sup> & Main Building traded in the fourth quarter of 2024 with renovation plans including a mix of hotel rooms and apartments.

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	7,413,625	903,831	61,333	13.0%	-37,065	-37,065	102,636	-	\$21.86	\$27.20
East End	364,609	9,203	0	2.5%	3,200	3,200	3,200	-	-	-
Far West End	672,463	129,757	0	19.3%	8,310	8,310	715	-	\$20.59	-
Glenside/Broad St	3,900,369	599,277	186,709	20.2%	4,202	4,202	35,257	-	\$21.05	\$15.51
Hull Street Corridor	394,840	2,200	0	0.6%	0	0	647	-	\$17.85	-
I-95 N/Ashland	325,092	4,944	0	1.5%	0	0	1,527	-	\$16.89	-
I-95 N/Chamberlayne	191,564	1,000	0	0.5%	4,400	4,400	5,400	-	\$15.97	-
Innsbrook	6,145,514	781,932	120,302	14.7%	-177,410	-177,410	140,695	11,600	\$22.90	\$23.42
Iron Bridge Corridor	1,002,541	113,769	6,318	12.0%	-2,297	-2,297	0	-	\$21.31	\$21.00
Lakeside	85,152	9,372	0	11.0%	-723	-723	0	-	-	-
Manchester	541,674	26,659	0	4.9%	824	824	0	-	\$23.74	\$25.22
Mechanicsville	890,792	76,591	2,640	8.9%	-12,223	-12,223	2,000	-	\$19.16	-
Midlothian Corridor	3,478,920	532,163	7,268	15.5%	149,256	149,256	15,571	-	\$20.70	\$21.86
Monroe Ward	789,145	99,248	4,927	13.2%	-27,252	-27,252	0	-	\$19.75	-
Near West End	1,205,417	69,915	17,946	7.3%	45,954	45,954	23,934	-	\$29.83	\$25.00
North Broad	1,217,589	91,017	9,000	8.2%	1,833	1,833	0	-	\$26.41	\$26.41
Northside	99,454	0	0	0.0%	0	0	0	-	-	-
Parham East	2,018,354	62,750	0	3.1%	-6,925	-6,925	9,201	-	\$19.64	\$22.00
Parham South	769,889	187,220	2,508	24.6%	-7,148	-7,148	18,874	-	\$18.89	\$17.75
Rt 288 Corridor	907,710	72,835	0	8.0%	-1,001	-1,001	11,167	57,171	\$23.77	\$21.65
Shockoe Bottom	894,430	116,085	0	13.0%	111	111	1,632	-	\$24.31	\$26.50
Stony Point/Huguenot	1,092,749	83,877	17,134	9.2%	3,454	3,454	6,092	-	\$26.52	\$25.00
West Creek	788,027	44,273	0	5.6%	1,350	1,350	0	-	\$42.67	\$45.44
West End	2,761,578	253,795	3,147	9.3%	-7,014	-7,014	17,788	51,000	\$18.69	\$22.50
RICHMOND TOTALS	37,951,497	4,271,713	439,232	12.4%	-56,164	-56,164	396,336	119,771	\$22.29	\$24.17

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2025

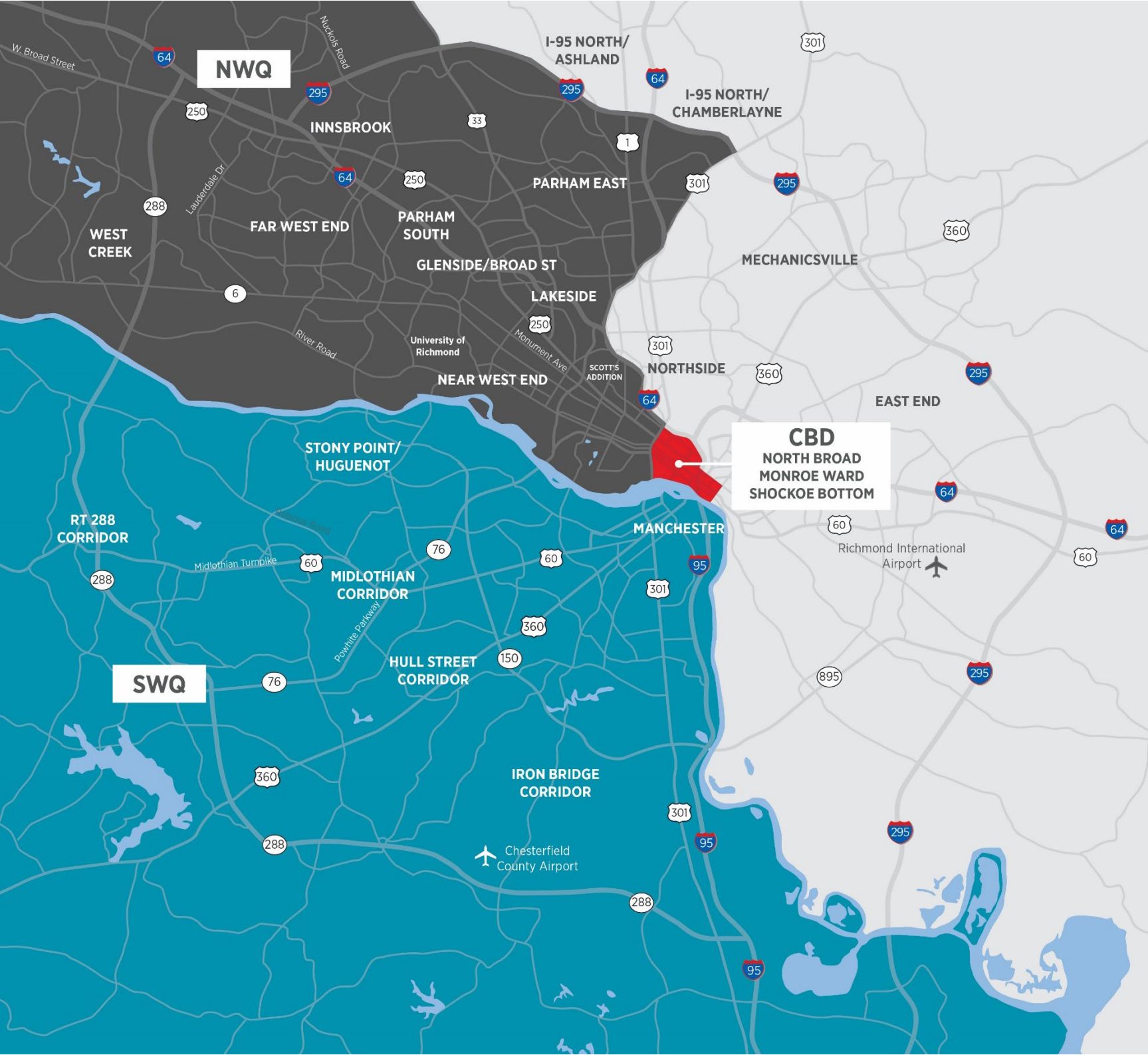
PROPERTY	SUBMARKET	TENANT	SF	TYPE
One James Center (901 E Cary St)	CBD	Commonwealth of Virginia – VRS	59,940	New
5620 Cox Road	Innsbrook	Commonwealth of Virginia – DARS	46,147	New
Riverfront Plaza East (951 E Byrd St)	CBD	CoStar Group	28,504	New
Innsbrook Commons (4121 Cox Rd)	Innsbrook	Undisclosed	13,912	New
Liberty Plaza I (4801 Cox Rd)	Innsbrook	New York Life Insurance	11,733	New

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Wytestone Plaza (Redevelopment)	CBD	Vakos Companies / RPC Realty Capital LLC & Kalyan Hospitality	299,285	\$26.2M / \$87
1323-1331 E Cary Street	CBD	Southeastern Management Group Inc. / SNP Properties	26,994	\$4.5M / \$167
1300 Semmes Avenue	Manchester	Hem + Spire / Harper Associates	19,916	\$4.8M / \$241



OFFICE SUBMARKETS



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