

MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>\$91,000</div> <div>Median HH Income</div>	▲	▲
<div>1.1%</div> <div>Population Growth</div>	▲	▲
<div>3.3%</div> <div>Unemployment Rate</div>	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
<div>1.4%</div> <div>GDP Growth</div>	▼	▲
<div>2.4%</div> <div>Consumer Spending Growth</div>	▼	▲
<div>2.0%</div> <div>Retail Sales Growth</div>	▼	▬

Source: BEA, Census Bureau

ECONOMY: DEVELOPMENT NEWS DOMINATES

Major development announcements dominated the headlines during the second quarter, beginning with The LEGO Group announcing plans to build a 2 million square foot (MSF) distribution facility in Prince George at a planned investment of \$366 million. Amazon also announced plans to build its fourth robotics facility in the state: a 3.1 MSF multi-story building in Goochland County that will create 1,000 jobs. Ten graduate programs from Virginia Commonwealth University (VCU) ranked in the top 50 in their fields by US News & World Report, and VCU Health broke ground on its new \$90 million surgical center and medical office complex in Chesterfield County.

SUPPLY AND DEMAND: HISTORIC LOW VACANCY

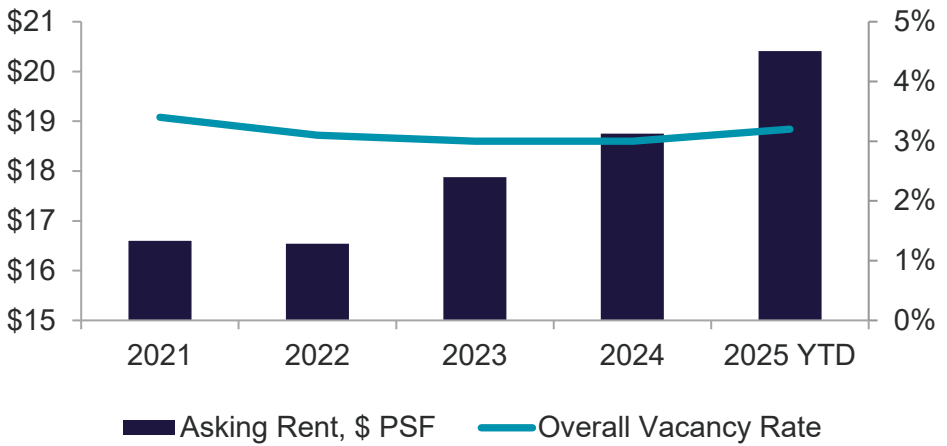
At the mid-year mark, overall vacancy remained compressed at 3.2%, down 40 basis points (bps) since the start of the year and 40 bps year-over-year (YOY) as supply-side shortages have kept space in high demand. Year-to-date (YTD) leasing activity topped 1.1 million square feet (msf), up 12.1% from the same time period last year and robust given the limited inventory. Demand for well-located smaller spaces for food and beverage users remains high, and new concepts continue to circle the market, actively looking for a place to land.

YTD deliveries totaled just over 228,000 square feet (sf), with preleasing in place in 91.0% of the newly built product. The construction pipeline remains active with more than 246,000 sf currently underway with a significant level of preleasing in place. Preleasing is underway in the mixed-use development on the former Genworth site in Western Henrico with more than 120,000 sf of retail and entertainment uses planned.

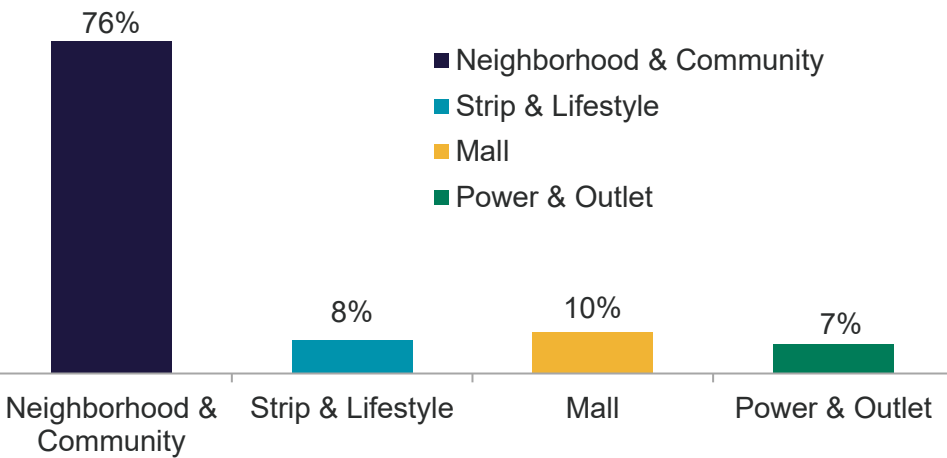
PRICING: ACTIVE INVESTMENT MARKET

Compressed vacancy rates continue to apply upward pressure to lease rates with actual pricing for most submarkets well above the rates quoted on only a portion of the lease offerings. YTD sales volume topped \$139 million, comparable to the same period last year. The sale of the 53,530 sf Irongate Village Shopping Center in South Chesterfield topped the deals for the quarter, trading for \$8.5 million. The 60,064-sf former Colonial Shooting Academy at 6020 West Broad Street transferred for \$6.5 million to a new ownership planning to renovate and reopen with a similar use.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

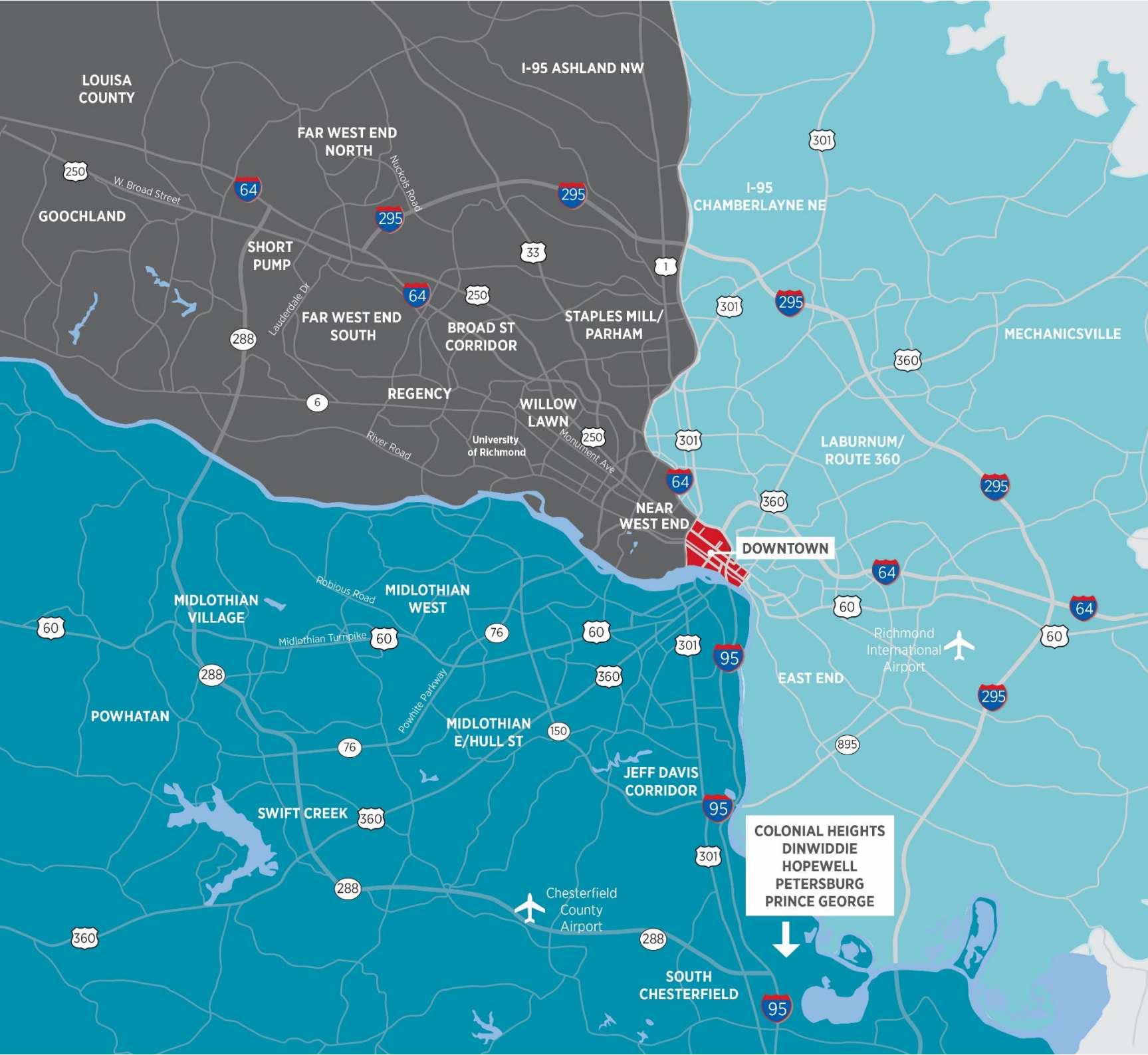
SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Broad St Corridor	4,800,765	184,442	0	3.8%	13,110	-4,321	5,000	\$27.15
Colonial Heights	3,408,117	90,826	0	2.7%	5,862	-1,073	-	\$21.46
Dinwiddie	526,650	19,109	0	3.6%	0	8,450	-	-
Downtown	2,424,852	64,855	0	2.7%	-32,236	-21,571	1,620	\$18.77
East End	4,231,381	74,840	0	1.8%	-10,527	-20,246	11,449	\$25.45
Far West End North	316,257	0	0	0.0%	1,600	-428	-	-
Far West End South	1,331,396	53,744	0	4.0%	7,565	-21,468	-	\$18.54
Goochland	520,341	8,600	0	1.7%	0	13,450	6,352	-
Hopewell	1,300,007	130,816	0	10.1%	-13,917	-16,167	-	\$38.92
I-95 Ashland/NW	2,243,276	77,783	3,134	3.6%	1,883	7,241	7,000	\$16.32
I-95 Chamberlayne/NE	1,278,079	25,864	0	2.0%	79,500	81,947	-	\$13.06
Jeff Davis Corridor	3,037,144	28,729	0	0.9%	-101,429	-105,699	-	\$15.95
Laburnum/Route 360	2,876,977	164,632	0	5.7%	-41,586	-85,909	-	\$14.13
Louisa County	993,136	31,292	0	3.2%	-1,500	-1,500	-	\$9.28
Mechanicsville	3,016,711	98,163	0	3.3%	-61,714	-69,384	6,500	\$14.51
Midlothian E/Hull St	6,782,211	328,852	10,958	5.0%	44,558	-27,100	-	\$17.38
Midlothian Village	1,978,403	136,540	0	6.9%	-1,548	-1,838	-	\$33.30
Midlothian West	6,985,746	179,544	147,657	4.7%	4,676	41,028	97,472	\$19.32
Near West End	3,549,741	140,777	5,852	4.1%	-45,238	-45,589	40,000	\$21.59
New Kent County	599,996	5,279	0	0.9%	1,250	-1,250	-	-
Petersburg	2,963,347	114,987	0	3.9%	-26,166	-24,156	-	\$13.29
Powhatan	944,718	12,332	0	1.3%	8,000	4,300	-	\$23.40
Prince George	1,183,889	14,923	0	1.3%	0	0	-	\$16.00
Regency	2,271,932	69,664	3,500	3.2%	-3,088	-19,098	3,333	\$27.42
Short Pump	4,590,073	22,808	2,263	0.5%	-4,278	30,415	20,000	\$34.00
South Chesterfield	4,046,032	64,828	41,117	2.6%	26,377	29,524	13,615	\$15.92
Staples Mill/Parham	4,350,785	95,363	5,382	2.3%	24,491	1,121	4,000	\$23.76
Swift Creek	4,083,951	55,099	0	1.3%	5,400	17,048	29,664	\$21.37
Willow Lawn	3,084,976	51,588	0	1.7%	11,597	55,511	-	\$22.17
RICHMOND TOTALS	79,720,889	2,346,279	219,863	3.2%	-107,358	-176,762	246,005	\$20.41

KEY LEASE TRANSACTIONS Q2 2025

*Rental rates reflect Triple Net asking \$PSF/Year

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Short Pump Town Center (11812 W Broad St)	Short Pump	Dick’s House of Sport	120,000	New
Eastgate Town Center (4905 Nine Mile Rd)	East End	Lululand Adventure Park	44,000	New
Westchester Commons (301 Perimeter Dr)	Midlothian Village	Boot Barn	14,500	New
7023 W Broad Street	Broad St Corridor	The Sizzling Richmond	9,367	New
Willow Place (5300 W Marshall St)	Willow Lawn	Celebree School	9,310	New
Meadowbrook Plaza (5700 Hopkins Rd)	Jeff Davis Corridor	Undisclosed	9,070	Sublease
Southgate Square (40 Southpark Mall)	Colonial Heights	Wild Ocean Sushi & Bar Inc.	9,000	New

RETAIL SUBMARKETS



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