



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.2% Vacancy Rate	▲	▲
820K YTD Net Absorption, SF	▼	▲
\$7.94 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
734.9K Richmond MSA Employment	▲	▼
3.4% Richmond MSA Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: REGIONAL INVESTMENT ON THE RISE

The third quarter closed with another round of major regional news, led by Google’s announcement of its plan to invest \$9 billion in its Virginia operations. The tech giant purchased 1,200 acres in Chesterfield County for \$60 million with plans for two major data center projects in addition to another facility planned on a 300-acre site near White Oak Technology Park. Global pharmaceutical leader Eli Lilly selected Goochland County’s West Creek Business Park for a new \$5-billion manufacturing facility, which will create 650 high-wage jobs. Greater Richmond was also named among the top 15 fastest-growing metro areas for jobs and talent by LinkedIn, a testament to the region’s expanding employment base.

SUPPLY AND DEMAND: LEASING ACTIVITY MODERATES

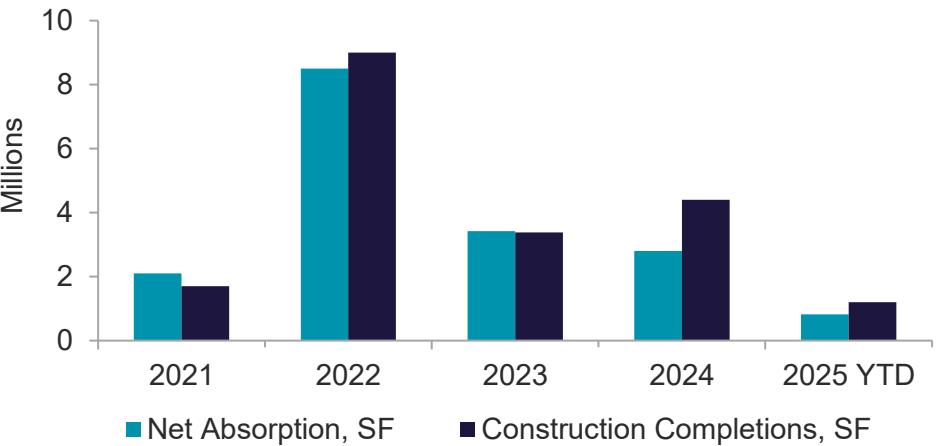
Year-to-date (YTD) leasing activity has topped 2.6 million square feet (msf), down from the same period last year but healthy despite the decreased velocity over the last two quarters. Several large blocks of functional second-generation space have hit the market, pushing YTD net absorption to just over 820,000 square feet (sf), comparable to the same period last year. Overall vacancy closed the quarter at 4.2% overall, up 60 basis points (bps) quarter-over-quarter (QOQ) and up 30 bps year-over-year (YOY).

Deliveries were limited to 355,250 sf of data center space for the quarter, with just over 1.2 msf of space built since the start of the year. The active construction pipeline includes 2.2 msf of speculative (spec) projects underway with the potential for 3.2 msf in spec deliveries through the end of 2026. Limited preleasing is in place for active spec developments with multiple large-scale requirements circling the market.

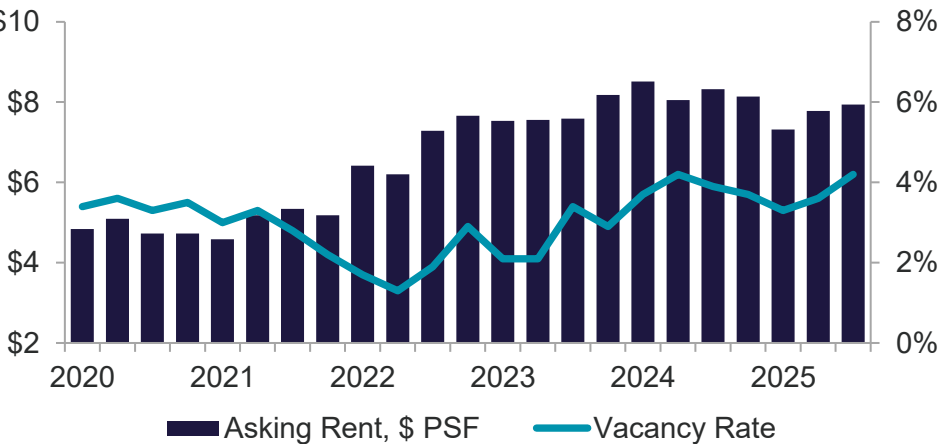
PRICING: RATES ON THE RISE

Overall quoted lease rates ticked up 3.0% QOQ with sustained market demand for modern product and in part due to upward pricing pressure on second generation space. Asking rates for Class A product continue to land in the mid \$9 per square foot range, and market rates for new construction range higher. Sales volume has topped \$514 million since the start of the year with \$128 million attributable to the transfer of the 1.1-msf distribution center occupied by SanMar to its parent company Lake Washington Partners, an owner/occupant sale that closed in the third quarter.

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	72,229	0	0.0%	0	0	0	0	-	-	-
Northeast	16,159,238	427,336	2.6%	41,868	95,557	37,500	0	-	\$15.00	\$9.82
Northwest	24,382,101	2,120,549	8.7%	-174,465	-44,302	208,400	0	\$7.69	\$13.20	\$9.81
Southeast	25,099,999	273,307	1.1%	357,224	739,689	3,337,674	355,250	-	\$11.45	\$10.83
Southwest	50,694,795	2,075,358	4.1%	-496,723	29,290	3,698,984	0	\$6.56	\$12.00	\$7.04
RICHMOND TOTALS	116,408,362	4,896,550	4.2%	-272,096	820,234	7,282,558	355,250	\$6.84	\$13.14	\$8.18

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

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Carmel Church Business Center (11174 Enterprise Pkwy)	Caroline County	M.C. Dean	325,500	Expansion
Airport Distribution Center (2700 Distribution Dr)	Airport	Miller Electric Company	119,831	New
200 Orleans Street	Airport	Riverside Logistics	79,875	New
Woodlands Center III (540 Eastpark Ct)	Airport	WESCO International Inc.	60,000	New

KEY SALE TRANSACTIONS Q3 2025

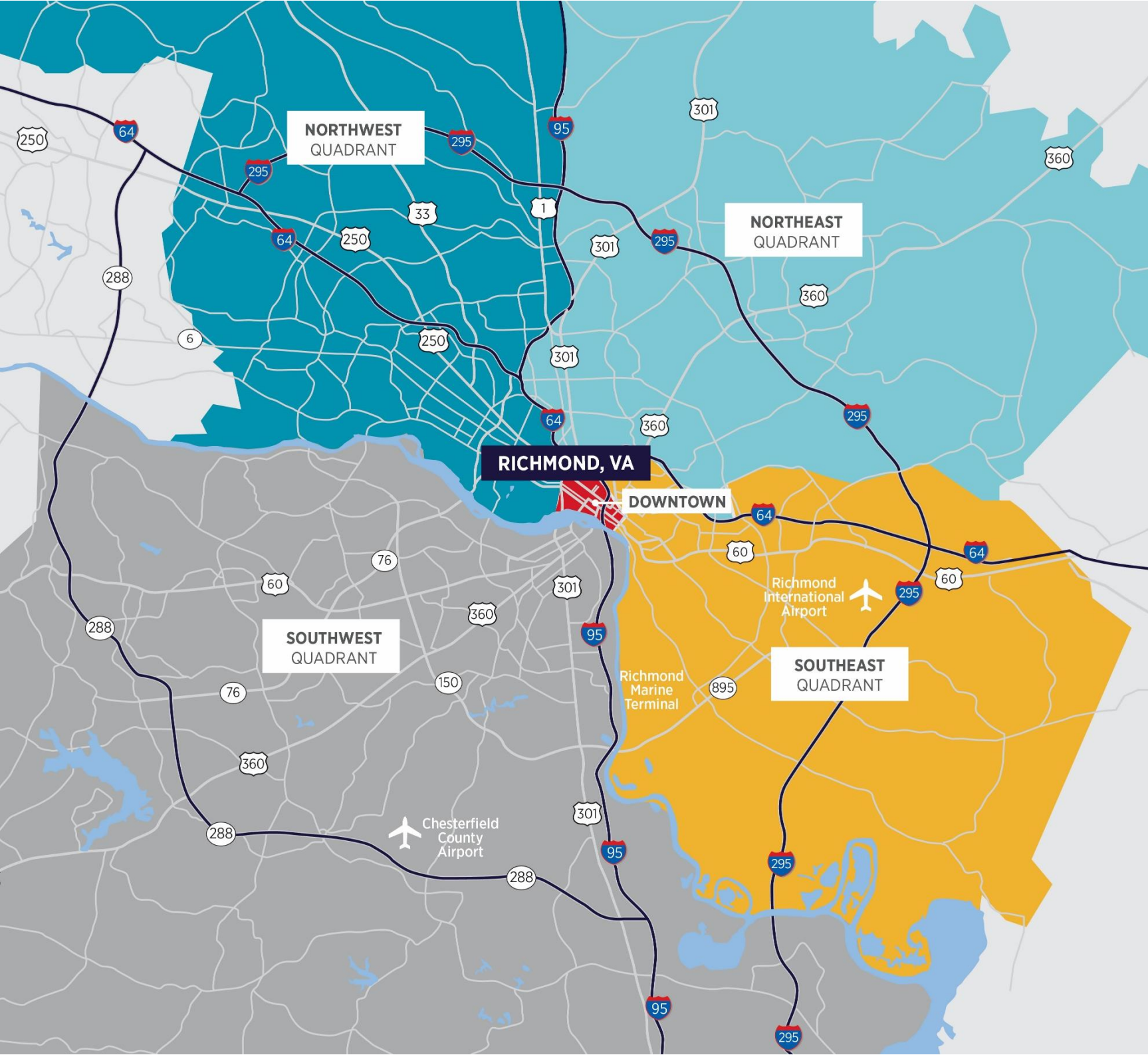
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
10462 Hickory Hill Road	I-95 North/Ashland	Equity Industrial Partners & Raith Capital / Lake Washington Partners	1,112,100	\$128.0M / \$115
13264 Mountain Road	I-95 North/Ashland	Tyson Foods Inc. / Sweetie Boy Transportation	291,500	\$5.0M / \$17
1701 Bermuda Hundred Road	I-95 S/I-295 S/Rt 10	Lingerfelt / Fidelity	187,980	\$31.3M / \$166

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
PNK Park Ashton	I-95 S/I-295 S/Rt 10	(Spec)	846,260	PNK Holdings
I-895 Logistics Center	Airport	(Spec)	582,424	Ashley Capital
Whitepine Logistics Center (1, 2 & 3)	Rt 288 Corridor	(Spec)	501,224	Frampton Construction
Axial Rockville 64 (1 & 2)	Goochland	(Spec)	335,300	AXIAL Industrial
Northlake II (D)	I-95 North/Ashland	(Spec)	202,000	Matan
Crescent Business Center (6 & 7)	I-95 North/Ashland	(Spec)	104,400	Merritt Properties



INDUSTRIAL SUBMARKETS



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