

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.1% Vacancy Rate	▲	▼
-191.1K YTD Net Absorption, SF	▲	▲
\$22.80 Asking Rent, PSF <small>(Overall, All Property Classes)</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. HCA announced plans for a \$260 million 60-bed hospital in part of Chesterfield County’s Nunnally Village, a 200-acre mixed-use development. Greater Richmond was also named among the top 15 fastest-growing metro areas for jobs and talent by LinkedIn and among the top 10 metro areas for millennials by Commercial Café, a testament to the region’s expanding employment base.

SUPPLY AND DEMAND: VACANCY RATES STABLE

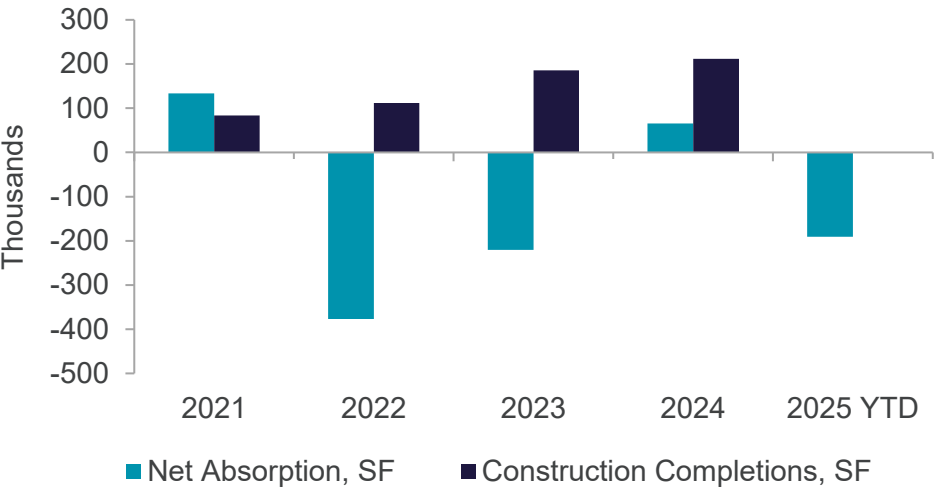
Overall vacancy decreased 40 basis points (bps) quarter-over-quarter (QOQ) and increased only 30 bps year-over-year (YOY), closing the third quarter at 12.1%. Sublease offerings remain elevated compared to prior year numbers but have dropped 4.1% QOQ in terms of available square footage. Class A space in suburban submarkets comprises 52.8% of the total market sublease offerings with several large blocks available in the Glenside/Broad and Innsbrook areas. Below-market sublease rates continue to impact average quoted pricing in several submarkets, pushing class A numbers below overall rental rates. Speculative construction remains limited with just two medical office projects currently underway with 90.6% preleasing in place.

Leasing activity has topped 1.5 million square feet (msf) since the start of the year, down compared to the same period during the prior year but within striking range of historic averages. The Innsbrook submarket led the charge in terms of year-to-date (YTD) leasing activity, followed by the CBD, Midlothian Corridor, and Glenside/Broad areas, the last of which included sizable deals to Johnson, Mirmiran & Thompson Inc. and CSC Leasing respectively, both signed in the third quarter.

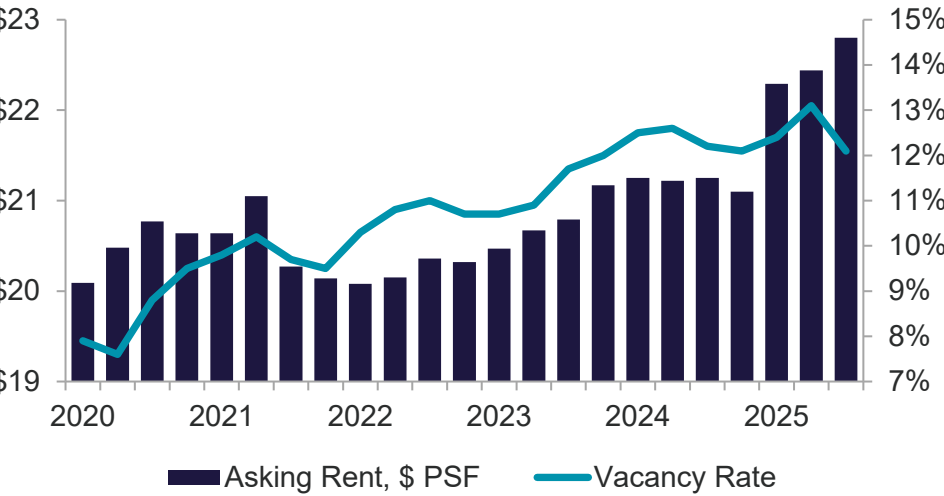
PRICING: RENT GROWTH STABLE

Overall quoted lease rates are up 6.8% YOY and up 2.1% QOQ with sustained levels of demand. Rates for suburban Class A product have increased 6.9% YOY, while CBD Class A space has seen rates rise 11.6% YOY. Sales volume has topped \$232 million since the start of the year with 30.3% of third quarter sales volume attributed to the transfer of the 355,000-square-foot (sf) building formerly known as Deep Run III. Previously home to Circuit City’s headquarters, the six-story Innsbrook building was 84% leased at the time of sale and traded from Principal to Marwaha Real Estate for \$31 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	6,449,243	799,245	28,384	12.8%	46,181	78,989	249,957	-	\$23.91	\$26.76
East End	511,966	3,480	0	0.7%	5,723	8,923	8,923	-	-	-
Far West End	668,725	168,931	0	25.3%	-39,174	-30,864	4,082	-	\$20.36	-
Glenside/Broad St	4,045,325	737,964	185,429	22.8%	-1,561	-166,935	239,996	-	\$21.08	\$14.50
Hull Street Corridor	808,218	3,100	1,975	0.6%	0	-2,228	9,288	-	\$18.04	-
I-95 N/Ashland	325,092	3,140	0	1.0%	2,955	1,804	3,794	-	\$17.43	-
I-95 N/Chamberlayne	180,061	650	0	0.4%	-260	3,500	6,650	-	\$16.64	-
Innsbrook	6,216,387	782,852	127,363	14.6%	105,782	-211,922	367,630	-	\$22.78	\$23.18
Iron Bridge Corridor	1,003,495	111,174	6,318	11.7%	4,035	298	10,573	-	\$20.98	\$21.00
Lakeside	85,152	11,428	0	13.4%	5,858	-2,779	0	-	\$18.00	-
Manchester	566,770	29,766	0	5.3%	0	3,824	4,063	-	\$24.43	\$26.09
Mechanicsville	890,792	67,909	2,640	7.9%	15,809	-3,541	9,768	-	\$21.03	-
Midlothian Corridor	3,335,112	462,819	5,959	14.1%	3,162	48,094	240,011	-	\$21.47	\$21.09
Monroe Ward	965,381	99,797	0	10.3%	11,568	-25,416	16,569	-	\$20.36	-
Near West End	1,198,058	46,647	31,330	6.5%	16,264	36,885	81,231	-	\$31.30	\$25.00
North Broad	1,260,400	105,145	9,000	9.1%	0	-12,295	0	-	\$26.51	\$26.51
Northside	117,706	0	0	0.0%	0	0	0	-	-	-
Parham East	2,024,586	55,854	0	2.8%	2,223	1,177	33,272	-	\$20.34	\$23.00
Parham South	758,695	166,718	0	22.0%	6,996	5,449	50,918	-	\$18.21	\$17.75
Rt 288 Corridor	906,535	67,298	0	7.4%	1,781	4,154	45,128	107,171	\$33.05	\$33.67
Shockoe Bottom	782,397	95,165	0	12.2%	11,924	14,541	8,946	-	\$24.29	-
Stony Point/Huguenot	1,129,180	106,506	49,119	13.8%	-27,006	6,271	86,999	-	\$25.59	\$24.95
West Creek	788,027	29,535	0	3.7%	0	16,088	2,000	-	\$37.79	\$38.31
West End	2,709,808	153,993	8,224	6.0%	32,095	34,911	57,076	-	\$20.85	-
RICHMOND TOTALS	37,727,111	4,109,116	455,741	12.1%	204,355	-191,072	1,536,874	107,171	\$22.80	\$24.76

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2025

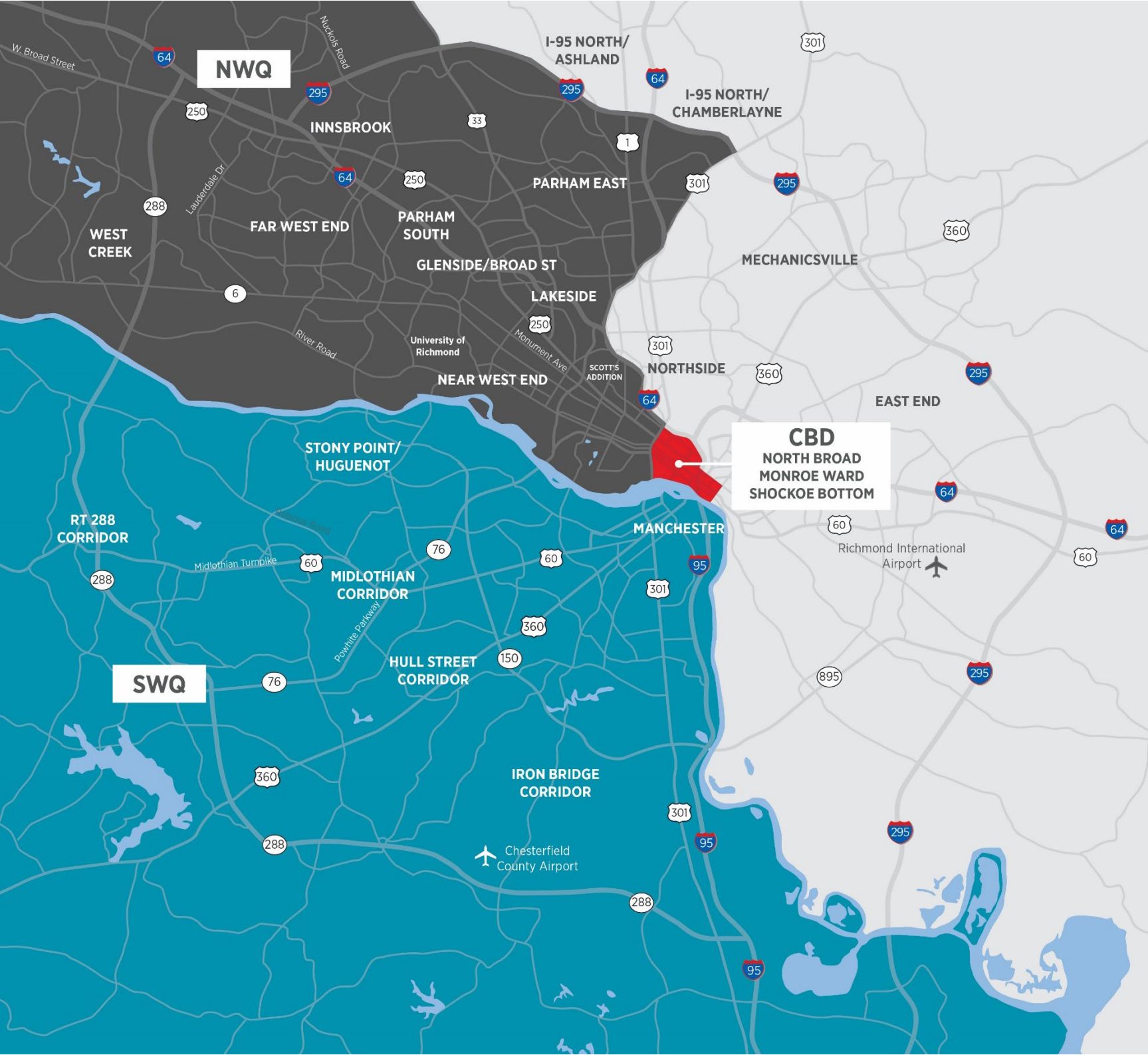
PROPERTY	SUBMARKET	TENANT	SF	TYPE
4240 Cox Road	Innsbrook	Undisclosed	38,676	New
Reynolds Crossing (6641 W Broad St)	Glenside/Broad St	CSC Leasing Co.	33,767	New
Boulders IV (7501 Boulders View Dr)	Midlothian Corridor	Johnson, Mirmiran & Thompson Inc.	23,578	New
Turning Basin (111 Virginia St)	CBD	Breit Biniazan	12,643	New
3403-3409 W Moore St	Near West End	Pinnacle Financial Partners	11,759	New

KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Marwaha Business Plaza (9954 Mayland Dr)	Innsbrook	Principal Real Estate Investors / Marwaha Real Estate	355,253	\$31.0M / \$87
Stony Point IV (8720 Stony Point Pkwy)	Stony Point/Huguenot	Highwoods Properties Inc. / VCU Health	109,996	\$16.0M / \$147
Marwaha Tower II (100 Gateway Centre Pkwy)	Midlothian Corridor	Rockford Capital Partners / Marwaha Real Estate	75,000	\$7.0M / \$93



OFFICE SUBMARKETS



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