

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.8% Vacancy Rate	▼	▼
2.5K YTD Net Absorption, SF	▼	▲
\$22.99 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
734.9K Richmond MSA Employment	▲	▼
3.4% Richmond MSA Unemployment Rate	▲	▲
4.6% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: REGIONAL RESILIENCE

The Richmond region maintained its economic strength through 2025 despite the uncertainty on a national scale and is continuing to grow. The region's gross domestic product increased 37% between 2019 and 2024 along with the area population and average wages, which have increased 19% since 2020, well above the national average. The next generation of Richmond's office inventory is also beginning to take shape. The first phase of the massive Kinsale Center mixed-use development delivered in the fourth quarter with the completion of a 254,000-square-foot (sf) office that will be the headquarters for Kinsale Capital Group and home to more than 700 employees. Construction is also underway at the former Genworth campus which will be redeveloped into Midtown64 – a mix of commercial, hospitality, and living spaces that will include upgrades to an existing multi-story building, bringing more than 300,000 sf of modern office space online.

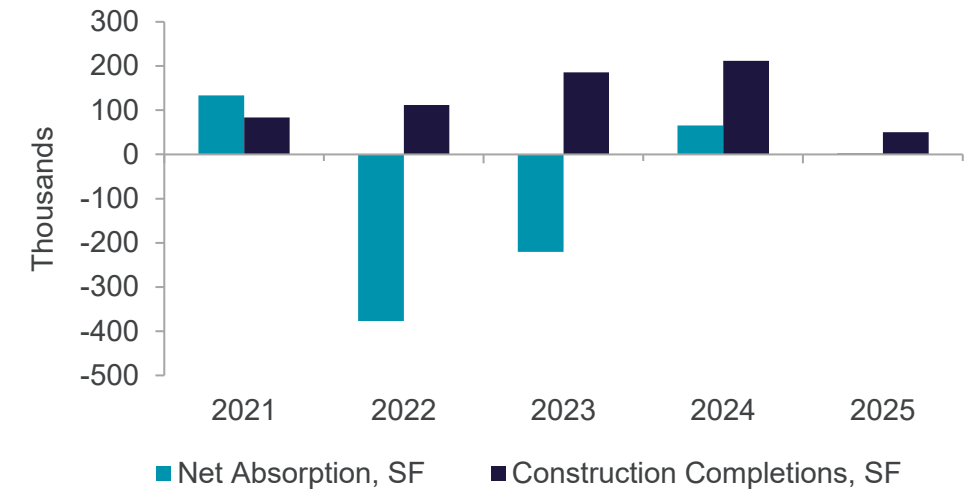
SUPPLY AND DEMAND: VACANCY RATES STABLE

Overall vacancy closed the year at 11.8%, down 30 basis points (bps) year-over-year (YOY) and down 30 bps quarter-over-quarter (QOQ). Overall absorption numbers remained positive for the second consecutive year, with significant increases in the second half of 2025. Sublease offerings remain in ample supply, up 6.8% since the start of the year in terms of available square footage and up just 8.1% compared to mid-year 2020 when the largest influx of sublet offerings hit the market. Below-market sublease rates and unpriced offerings continue to impact average quoted pricing in several submarkets, pushing published Class A numbers below overall quoted rental rates. Speculative construction remains limited with a 33,000-sf medical office project currently underway, and an additional 50,000-sf medical office building delivered in the fourth quarter. Leasing activity closed the year at just over 1.9 million square feet (msf), a drop compared to prior year numbers but within striking range of historic averages. The Innsbrook submarket led the charge in terms of total leasing activity, followed by the Glenside/Broad, Midlothian Corridor, and CBD areas.

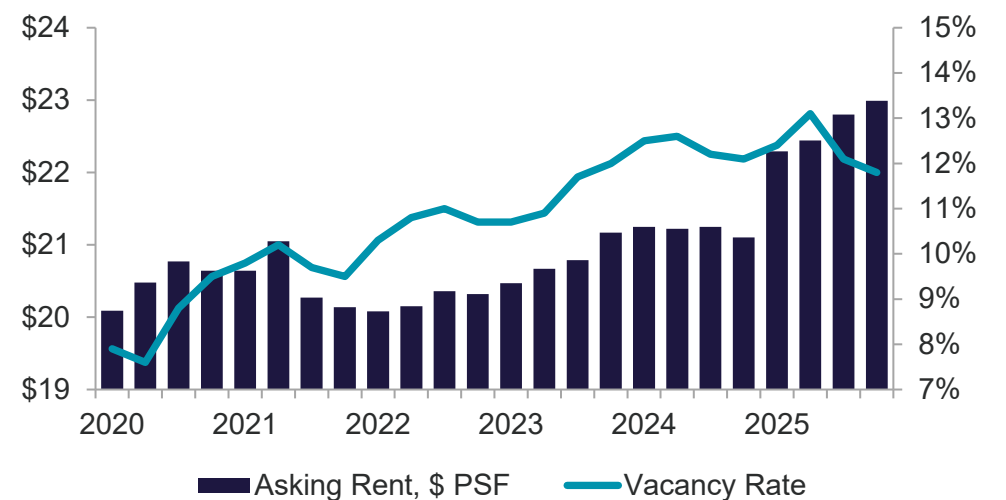
PRICING: QUOTED RATES & SALES VOLUME RISE

Overall quoted lease rates are up 8.0% YOY and up 2.8% since the mid-year mark with sustained demand for quality product. Rates for suburban Class A product have increased 7.0% YOY, while CBD Class A rates closed the quarter effectively flat YOY. Sales volume surged in the fourth quarter with over \$326 million in trades, with almost 80% attributed to medical office portfolio sales. The sale of the 192,807-sf multi-tenant tenant building at 2221 Edward Holland Drive topped the fourth quarter traditional office transfers, trading to Marwaha Real Estate for \$13 million. Total annual sales volume neared \$530 million market-wide, an increase of more than 63.3% YOY.

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	6,277,365	785,818	28,384	13.0%	53,383	137,107	285,467	-	\$23.86	\$26.76
East End	489,074	13,695	0	2.8%	-10,215	-7,015	6,680	-	-	-
Far West End	666,247	105,148	0	15.8%	20,425	27,561	13,405	-	\$18.77	-
Glenside/Broad St	4,045,325	732,100	78,548	20.0%	84,641	-62,083	301,115	-	\$24.73	-
Hull Street Corridor	835,918	30,800	0	3.7%	0	-27,953	11,505	-	\$23.01	-
I-95 N/Ashland	325,092	1,989	0	0.6%	1,151	2,955	4,945	-	\$17.43	-
I-95 N/Chamberlayne	180,061	6,000	0	3.3%	-6,000	-600	7,300	-	\$19.53	-
Innsbrook	6,266,124	649,772	129,641	12.4%	131,345	-85,866	472,264	-	\$22.66	\$22.66
Iron Bridge Corridor	810,900	107,656	6,318	14.1%	3,676	3,816	13,405	-	\$21.06	\$21.00
Lakeside	211,595	10,884	0	5.1%	-2,002	-4,781	3,996	-	\$19.58	-
Manchester	566,942	33,390	0	5.9%	-3,624	200	4,063	-	\$24.46	\$26.12
Mechanicsville	885,255	42,992	2,640	5.2%	7,727	845	38,082	-	\$19.05	-
Midlothian Corridor	3,362,931	498,844	3,738	14.9%	-20,493	32,099	300,133	-	\$21.70	\$21.21
Monroe Ward	1,001,861	127,489	0	12.7%	-15,328	-40,744	24,876	-	\$19.06	-
Near West End	1,202,072	48,201	30,703	6.6%	-7,902	41,611	89,999	-	\$28.70	\$25.00
North Broad	1,260,400	105,145	9,000	9.1%	0	-12,295	0	-	\$26.58	\$26.58
Northside	117,706	0	0	0.0%	0	0	0	-	-	-
Parham East	2,025,119	58,835	0	2.9%	-2,981	-1,804	33,272	-	\$20.52	\$23.50
Parham South	771,713	158,815	0	20.6%	9,103	13,826	62,486	-	\$18.42	\$17.75
Rt 288 Corridor	956,535	77,334	0	8.1%	39,964	46,751	45,378	33,000	\$33.15	\$35.50
Shockoe Bottom	762,057	87,587	0	11.5%	-5,206	9,335	23,132	-	\$24.90	-
Stony Point/Huguenot	1,129,094	54,973	49,119	9.2%	32,259	39,704	109,120	-	\$26.02	\$24.95
West Creek	788,027	40,679	0	5.2%	-11,144	4,944	2,000	-	\$37.87	\$38.39
West End	2,519,602	189,624	97,536	11.4%	-137,353	-115,136	85,655	-	\$20.50	-
RICHMOND TOTALS	37,457,015	3,967,770	435,627	11.8%	161,426	2,477	1,938,278	33,000	\$22.99	\$24.75

*Rental rates reflect full service asking

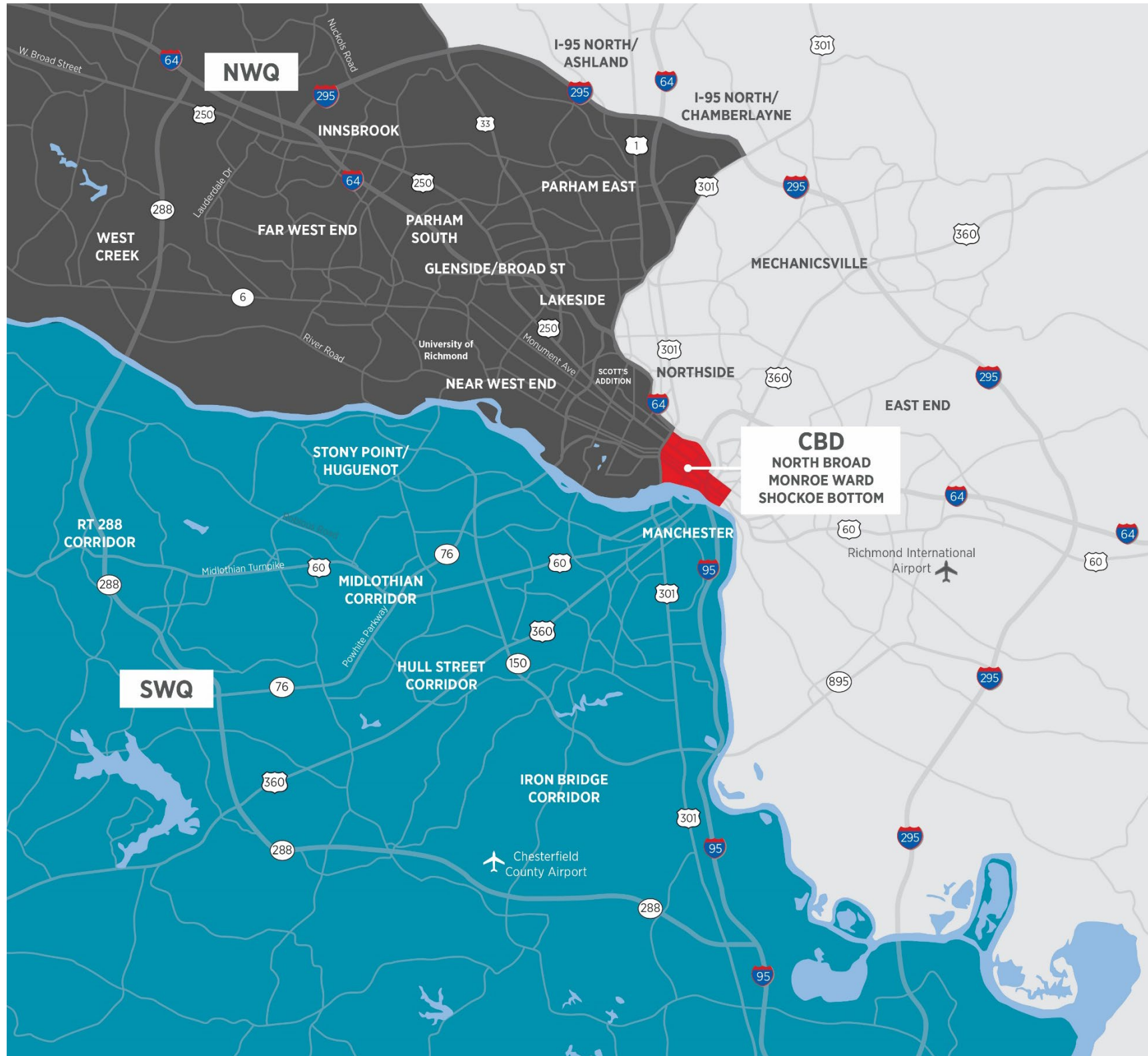
KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7515 Right Flank Road	Mechanicsville	Virginia Cardiovascular Specialists	20,531	New
4435 Waterfront Drive	Innsbrook	Cbiz	18,110	New
Moorefield II (808 Moorefield Park Dr)	Midlothian Corridor	Undisclosed	17,261	New
Stony Point I (9211 Forest Hill Ave)	Stony Point/Huguenot	Regus	10,994	New
Canal Crossing (101-115 S 15 th St)	Shockoe Bottom	Central Virginia Legal Aid	10,500	New

KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Marwaha Tower III (2221 Edward Holland Dr)	West End	Robinson Development Group / Marwaha Real Estate	192,807	\$13.0M / \$67
Knolls 1 (4881 Cox Rd)	Innsbrook	Capital One Services LLC / Dominion Energy Services Inc.	115,200	\$11.5M / \$100
Moorefield IV (800 Moorefield Park Dr)	Midlothian Corridor	Moorefield IV LC / Gastrointestinal Specialists Inc.	43,155	\$3.5M / \$81

OFFICE SUBMARKETS



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