

Medical Office

Richmond, VA

Supply & Demand

Richmond's medical office market fundamentals remain stable given the sustained demand and limited product development in the region. At the close of the year, overall sector vacancy dropped to 8.5%, down 150 basis points (bps) year-over-year. Leasing activity ticked up in the fourth quarter and topped 290,000 (square feet) sf for the year. Vacancy dropped to 11.5% in the Glenside/Broad St submarket in western Henrico County, home to the largest concentration of medical office space in the market due to the proximity to HCA's Henrico Doctors' Hospital and Bon Secours St. Mary's Hospital.

The construction pipeline for medical office product remains limited with substantial preleasing in buildings currently in development. More than 480,000 sf has been built since 2022. Vacancy among the newly delivered product closed the year at 15.8%, down 280 bps YOY. The Rt 288 Corridor submarket is home to 31.9% of product built since 2022, including two buildings in the Watkins Center totaling more than 126,000 sf, one of which is fully occupied by OrthoVirginia. The Emerson Companies completed its new 50,000 sf multi-story in Westchester Commons in the fourth quarter with Virginia Ear Nose & Throat Associates - relocating from its Midlothian location - and Richmond Gastroenterology Associates occupying the majority of the space

Medical office sales volume topped \$351.3 million in 2025 with more than \$288 million closed in the fourth quarter. AW Real Estate Management acquired a six-building portfolio from Healthcare Realty Trust for a combined \$171 million. Totalling 415,047 sf, the buildings were more than 93% occupied at the time of sale and included holdings at St. Mary's Hospital in the West End and Memorial Regional in Mechanicsville. Gastrointestinal Specialists purchased the 43,155-sf office building at Moorefield IV in Chesterfield County for \$3.5 million with plans to convert the space to a new practice location.

Market Highlights

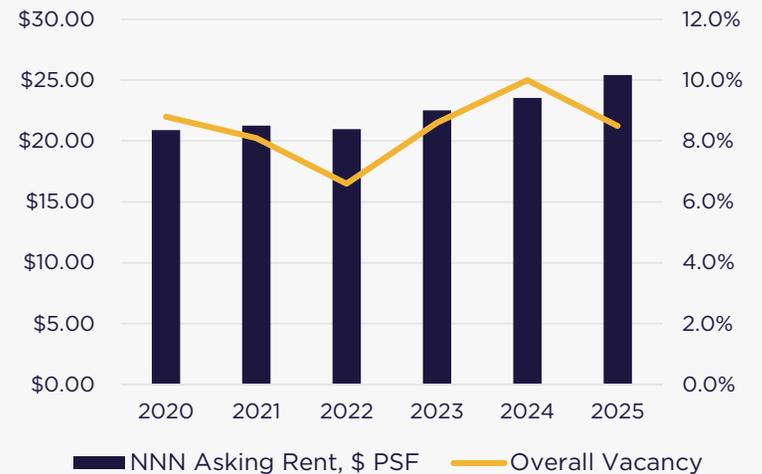
- Regional job growth has been driven primarily by expansion in the healthcare sector. In 2025, the Greater Richmond region recorded higher job postings than peer cities and outperformed the U.S. average by 13.4% since 2020.
- Bon Secours broke ground on a new three-story medical office building in Chesterfield County on the campus of St. Francis Medical Center. Totalling 87,790 sf, the new facility will expand outpatient services and specialty care offerings, and it will establish a new ambulatory surgery center.
- HCA purchased a freestanding former restaurant in the White Oak Village shopping center in Henrico County's East End with plans for an urgent care facility under its CareNow brand scheduled to open in 2026.
- The Virginia Commonwealth University (VCU) Health System is planning a new 240-bed tower on its downtown campus and will evaluate expanding its capacity to 500 beds. As the region's largest hospital, the VCU Medical Center is focused on updating its patient towers and convert all rooms to single occupancy without losing much needed capacity.

Leasing Activity by Quarter



Source: CoStar

Overall Vacancy & Asking Rent



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Key Sale Transactions

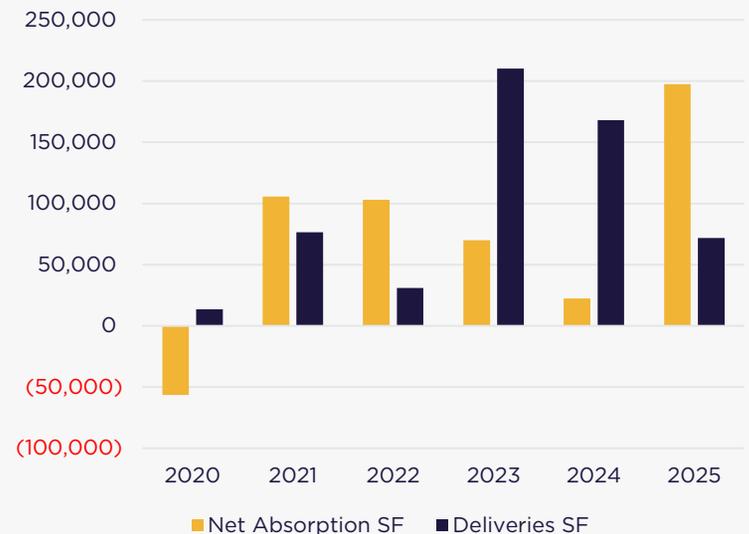
Property	Submarket	Seller / Buyer	Total SF	Price / \$ PSF
St. Mary's 6-Building Portfolio	West End	Healthcare Realty Trust / AW Real Estate Management	415,047	\$171M / \$412
Bon Secours Heart Institute	Glenside/Broad St	Welltower Inc. / Remedy Medical Properties	99,654	\$41M / \$411
The Park at Stony Point	Stony Point/Huguenot	Montecito Medical Real Estate / Fengate Asset Management	87,282	\$24M / \$274
Discovery Medical Office	Glenside/Broad St	8006 Discovery LLC / Elliot Bay Medical Properties LLC	53,169	\$20M / \$381
3400 Haydenpark Ln	Far West End	Montecito Medical Real Estate / Fengate Asset Management	45,000	\$19M / \$426
800 Moorefield Park Dr	Midlothian Corridor	Moorefield IV LC / Gastrointestinal Specialists	43,155	\$3.5M / \$81*
1000 Boulders Pkwy	Midlothian Corridor	PAR Boulders, LLC / Elliott Bay Medical Properties LLC	34,671	\$9M / \$260
West Creek Medical Center	West Creek	HCA Realty Inc. / The Manakin Companies LLC	11,144	\$11M / \$987

*Medical Office Retrofit

Development Pipeline

Property	Submarket	Total SF	Status
15350 East West Road	Rt 288 Corridor	50,000	Built Q4 2025
River's Bend Professional Center	Iron Bridge Corridor	13,000	Built Q3 2025
Chesterfield Pavilion	Iron Bridge Corridor	100,000	Under Construction
Bon Secours MOB	Rt 288 Corridor	90,000	Under Construction
15203 East West Road	Rt 288 Corridor	60,000	Under Construction
15545 Cosby Road	Rt 288 Corridor	33,000	Under Construction
9007 Brook Road	Parham East	7,000	Under Construction

Space Demand & Deliveries



Featured Sale | 1000 Boulders Pkwy

Elliott Bay Medical Properties LLC acquired the 34,671-sf medical office building (MOB) on July 25, 2025, for \$9 million. The mission-critical, off-campus MOB asset is currently 100% leased to two highly regarded medical practices including Pulmonary Associates, Richmond's largest full-service pulmonary and lung practice.

Bo McKown and Eric Robison of Thalhimers Capital Markets Group, as well as Birck Turnbull, also with Thalhimers, represented the seller, PAR Boulders, LLC.

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Submarket Snapshot

