

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.7% Vacancy Rate	▼	▼
-1.4K YTD Net Absorption, SF	▲	▲
\$25.96 Asking NNN Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
727.7K Richmond MSA Employment*	▲	▲
3.5% Richmond MSA Unemployment Rate*	▲	▬
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS
*Q4 2025

ECONOMY: SUSTAINED JOB GROWTH

The Richmond region saw sustained growth through the first quarter, both in terms of capital investment and job commitments. Greater Richmond has outperformed peer markets in job growth with an increase of 18.1% in postings since February of 2020, compared to the U.S. average of 13.4% over the same period. The health care and social assistance sector continues to command the largest share by industry, representing 15% of the region's total employment base with an increase of 9.5% over the last five years. The region also continues to be named among top markets for investment, most recently ranked #5 in the nation for Corporate Headquarters Locations by Site Selection Magazine. Virginia Commonwealth University (VCU) was ranked #211 on 2025 of the World's Top Universities by Time Magazine.

SUPPLY AND DEMAND: VACANCY RATES DROP

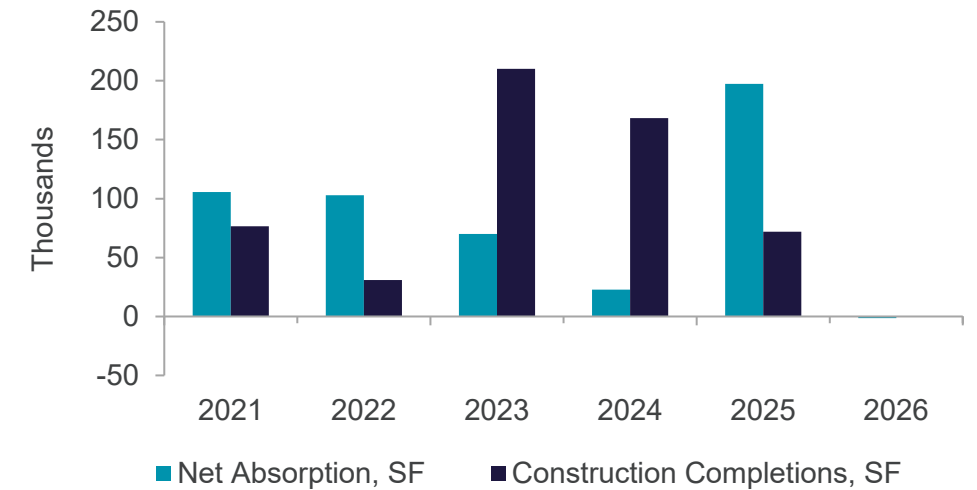
Overall vacancy closed the first quarter at 8.7%, down 110 basis points (bps) year-over-year (YOY) and up 30 bps quarter-over-quarter (QOQ). Leasing activity topped 30,400 square feet (sf) since the start of the year while overall absorption dropped. Sublease offerings continued to decline, closing the quarter down 34.7% QOQ in terms of available square footage. Below-market sublease rates and unpriced offerings continue to impact average quoted pricing in several submarkets, while direct rates have continued to climb, increasing 9.6% YOY.

Two projects are under construction in the Route 288 Corridor submarket in Chesterfield County, including 33,000 sf at Cosby Village Square, and 60,000 sf at Watkins Center, both with residual first generation space available for lease. Preleasing is underway for Lingerfelt's second phase MOB development at Watkins Medical Center, with up to 80,000 sf and an anchor opportunity available. With plans to relocate their office from the St. Mary's Hospital campus, Virginia Physicians for Women broke ground on their new Monument Avenue location, slated to open in early 2027.

HEALTH SYSTEMS: HOSPITAL PROJECTS APPROVED

The state approved three hospital projects in Chesterfield County, totaling \$672 million in planned investment and adding more than 160 hospital beds collectively. The development plans are driven in large part by the significant population growth underway along the Route 360/Hull Street Road corridor in Western Chesterfield. VCU Health plans to build a new 66-bed hospital, scheduled for completion in 2030, and HCA will build a 60-bed acute care hospital, estimated to be complete in late 2029. For VCU, the new hospital will be built next to its new 100,000 sf outpatient surgical center currently under construction. While Bon Secours will expand the St. Francis Medical Center, adding 40 beds on two new floors in addition to renovating the existing space, the health system has also announced plans to appeal the approval of the new VCU Health and HCA facilities.

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)	DIRECT AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (ALL CLASSES)*
East End	169,426	31,443	0	18.6%	-31,443	-31,443	0	-	-	-
Far West End	376,173	13,111	0	3.5%	-2,555	-2,555	0	-	\$24.90	\$24.90
Glenside/Broad St	945,833	108,315	0	11.5%	-4,873	-4,873	5,711	-	\$23.68	\$23.68
Hull Street Corridor	34,360	7,200	0	21.0%	0	0	0	-	-	-
I-95 N/Ashland	22,437	13,237	0	59.0%	-11,017	-11,017	0	-	-	-
I-95 N/Chamberlayne	17,143	0	0	0.0%	0	0	0	-	-	-
Innsbrook	334,550	38,404	28,895	20.1%	6,028	6,028	1,837	-	\$21.15	\$17.59
Iron Bridge Corridor	116,055	18,860	0	16.3%	0	0	0	-	\$29.00	\$29.00
Lakeside	29,808	2,538	0	8.5%	7,063	7,063	5,240	-	\$19.23	\$19.23
Manchester	43,481	0	0	0.0%	0	0	0	-	-	-
Mechanicsville	525,539	29,550	2,640	6.1%	18,018	18,018	3,400	-	\$24.05	\$24.05
Midlothian Corridor	450,616	3,400	0	0.8%	0	0	0	-	\$26.50	\$26.50
Near West End	68,500	0	1,615	2.4%	-1,615	-1,615	0	-	-	-
North Broad	249,523	17,170	0	6.9%	0	0	0	-	-	-
Parham East	352,315	17,573	0	5.0%	5,507	5,507	0	-	\$19.50	\$19.50
Parham South	11,384	1,850	0	16.3%	0	0	0	-	\$18.39	\$18.39
Rt 288 Corridor	672,177	59,869	4,075	9.5%	0	0	8,370	93,000	\$35.11	\$34.55
Stony Point/Huguenot	404,781	7,261	450	1.9%	16,684	16,684	0	-	\$25.95	\$25.95
West Creek	172,980	40,679	0	23.5%	0	0	0	-	\$29.73	\$29.73
West End	543,640	32,243	2,298	6.4%	-3,172	-3,172	5,887	-	\$25.26	\$23.24
RICHMOND TOTALS	5,540,721	442,703	39,973	8.7%	-1,375	-1,375	30,445	93,000	\$27.51	\$25.96

*Rental rates reflect NNN asking

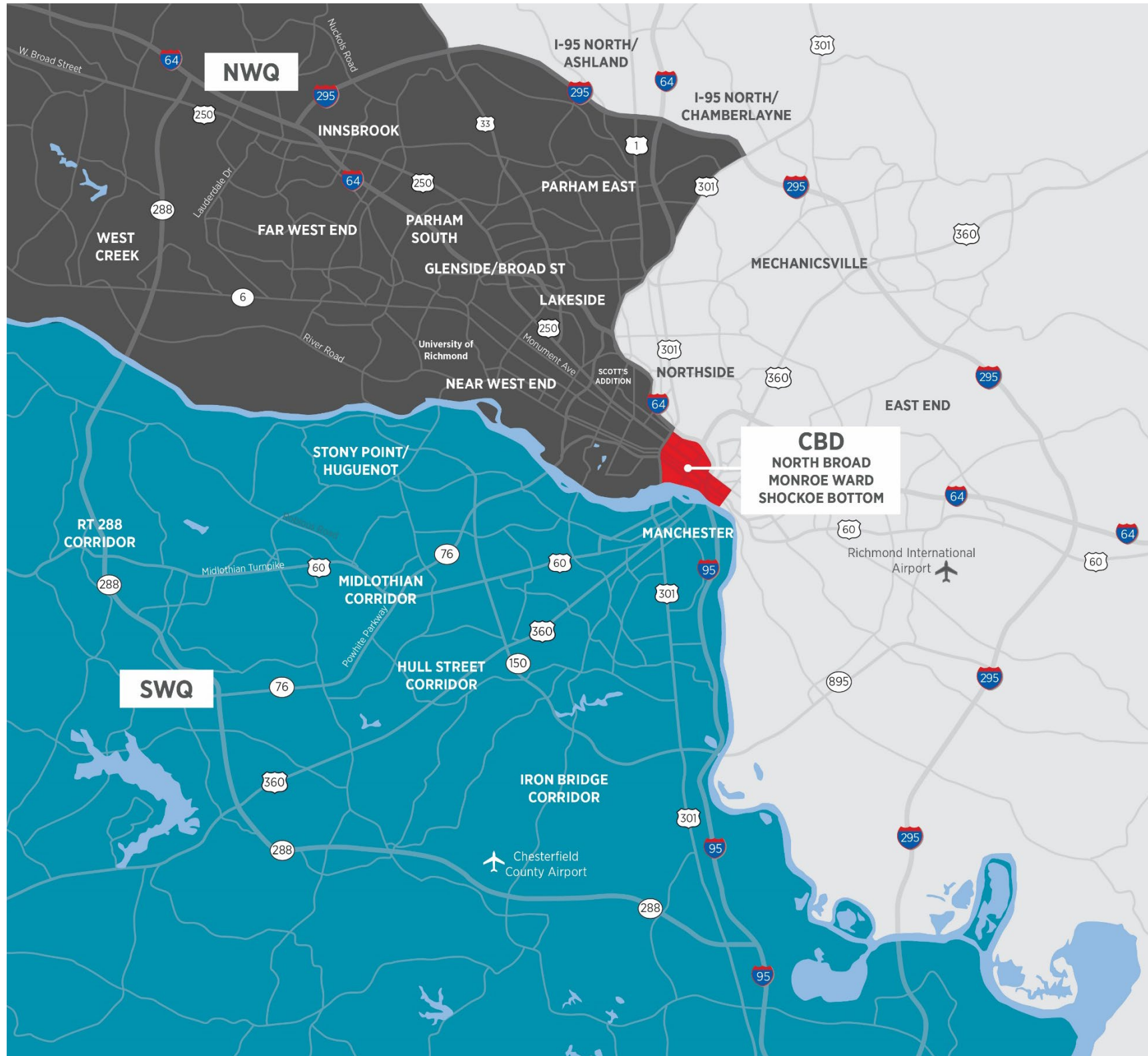
KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
15400 WC Commons Way	Midlothian Village	Commonwealth Pediatrics	5,800	New
14400 Hull Street Rd	Rt 288 Corridor	The Tooth Workshop	3,253	New
7204 Glen Forest Dr	Glenside/Broad St	Advanced Dentistry of Richmond	2,270	Renewal

KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Virginia Women's Center (8364 Bell Creek Rd)	Mechanicsville	Stanley Shield Inc. / Montecito Medical Real Estate	44,000	\$22M / \$500
Heartland Dental (15884 Cosby Rd)	Rt 288 Corridor	WGM Development / AFLP-HE LLC	4,211	\$3.4M / \$814

MEDICAL OFFICE SUBMARKETS



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