

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.5% Vacancy Rate	▼	▼
119.7K YTD Net Absorption, SF	▲	▲
\$23.35 Asking 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. Multiple major company expansions were announced during the first quarter, topped by Solstice Advanced Materials \$220 million investment in Chesterfield, and Eaton's \$50 million investment in Henrico County, adding more than 300 new jobs collectively. Richmond National will also expand its Richmond headquarters in western Henrico, increasing its local headcount to over 275 employees. 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

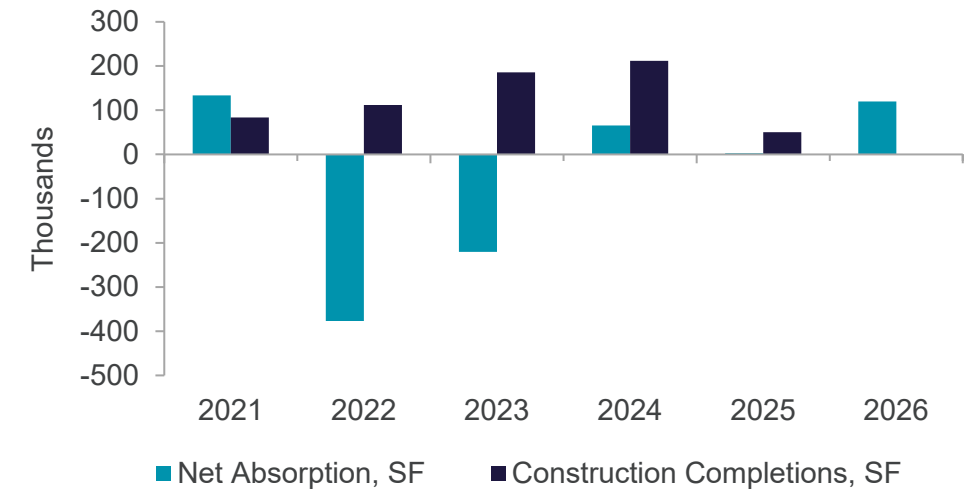
Overall vacancy closed the quarter at 11.5%, down 90 basis points (bps) year-over-year (YOY) and down 30 bps quarter-over-quarter (QOQ). Overall absorption numbers continue to trend upward totaling more than 498,000 square feet (sf) since midyear 2025. Sublease offerings dropped noticeably since the start of the year, down 29.8% in terms of available square footage, the result of a combination of several large blocks being leased and others being withdrawn. 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.

Leasing activity closed the quarter at just over 402,000 sf – a drop compared to the same period last year but within striking range of historic averages. Speculative construction remains limited with 93,000 sf of medical office underway in two projects, both located in Chesterfield County. Redevelopment activity is heating up with interior renovations underway at Midtown 64, the former Genworth campus, which will bring more than 200,000 sf of modern office space online in a mixed-use setting. Richmond law firm, Hirschler, signed a lease to anchor a new trophy office building developed by Thalhimer Realty Partners at the Diamond District, the new mixed-use development anchored by CarMax Park. The firm will occupy almost 50,000 sf with another 26,000 sf available for lease.

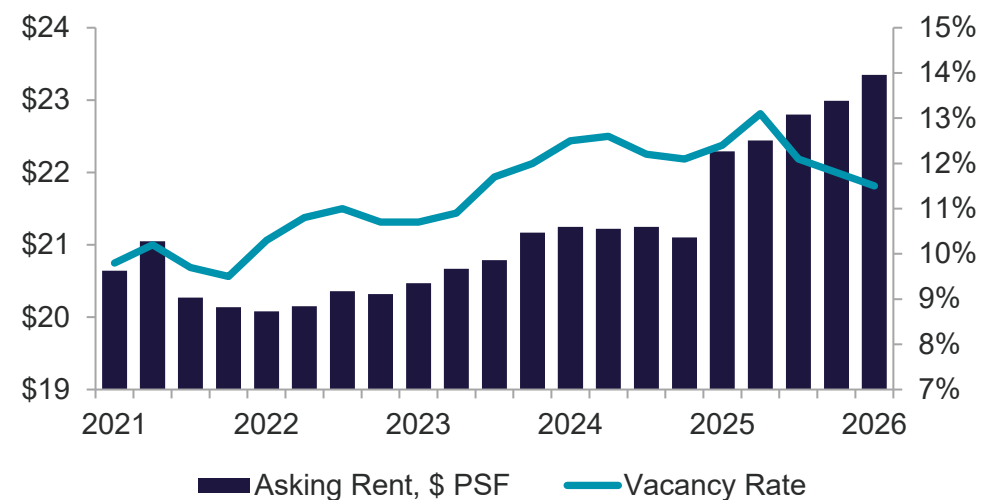
PRICING: CBD RATES ON THE RISE

Overall quoted lease rates are up 3.5% YOY with sustained demand for quality product. CBD Class A rates jumped 18.1% YOY as vacancy in that segment dropped 320 bps YOY while suburban class A rates have remained effectively flat during the same period with vacancy decreasing 120 bps YOY in that segment.

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	5,584,601	705,620	6,469	12.8%	40,060	40,060	67,902	-	\$25.71	\$26.76
East End	557,470	45,138	0	8.1%	-31,443	-31,443	0	-	-	-
Far West End	679,446	115,909	0	17.1%	-1,545	-1,545	0	-	\$23.72	-
Glenside/Broad St	4,044,805	736,546	74,258	20.0%	-8,015	-8,015	20,517	-	\$21.45	-
Hull Street Corridor	839,340	30,800	0	3.7%	0	0	0	-	\$23.11	-
I-95 N/Ashland	329,396	39,253	0	11.9%	-37,264	-37,264	0	-	\$15.37	-
I-95 N/Chamberlayne	158,061	8,500	0	5.4%	-2,500	-2,500	0	-	\$19.04	-
Innsbrook	6,143,735	600,584	116,643	11.7%	35,122	35,122	110,303	-	\$22.52	\$22.39
Iron Bridge Corridor	945,107	107,780	6,318	12.1%	500	500	500	-	\$21.13	\$21.00
Lakeside	211,595	5,644	0	2.7%	7,063	7,063	5,240	-	\$19.66	-
Manchester	530,015	32,681	0	6.2%	709	709	3,624	-	\$24.46	\$26.12
Mechanicsville	895,573	100,661	2,640	11.5%	-38,288	-38,288	0	-	\$20.13	-
Midlothian Corridor	3,215,991	372,691	0	11.6%	47,334	47,334	70,159	-	\$22.60	\$23.25
Monroe Ward	985,079	111,475	0	11.3%	-1,421	-1,421	31,654	-	\$19.51	-
Near West End	1,232,840	39,405	15,047	4.4%	21,426	21,426	22,681	-	\$30.06	-
North Broad	1,142,687	105,145	9,000	10.0%	0	0	0	-	\$26.58	\$26.58
Northside	117,706	0	0	0.0%	0	0	0	-	-	-
Parham East	2,051,365	60,260	0	2.9%	-2,644	-2,644	0	-	\$20.57	\$23.50
Parham South	773,157	60,655	0	7.8%	92,883	92,883	13,718	-	\$19.05	\$17.75
Rt 288 Corridor	956,874	71,622	0	7.5%	595	595	9,457	93,000	\$33.30	\$35.82
Shockoe Bottom	719,651	88,889	0	12.4%	2,720	2,720	25,596	-	\$23.57	-
Stony Point/Huguenot	1,132,644	60,495	31,985	8.2%	30,886	30,886	5,362	-	\$26.45	\$24.95
West Creek	788,027	40,679	0	5.2%	0	0	0	-	\$37.87	\$38.39
West End	2,563,868	308,115	103,316	16.0%	-36,506	-36,506	15,349	-	\$20.67	-
RICHMOND TOTALS	36,599,033	3,848,547	365,676	11.5%	119,672	119,672	402,062	93,000	\$23.35	\$25.70

*Rental rates reflect full service asking

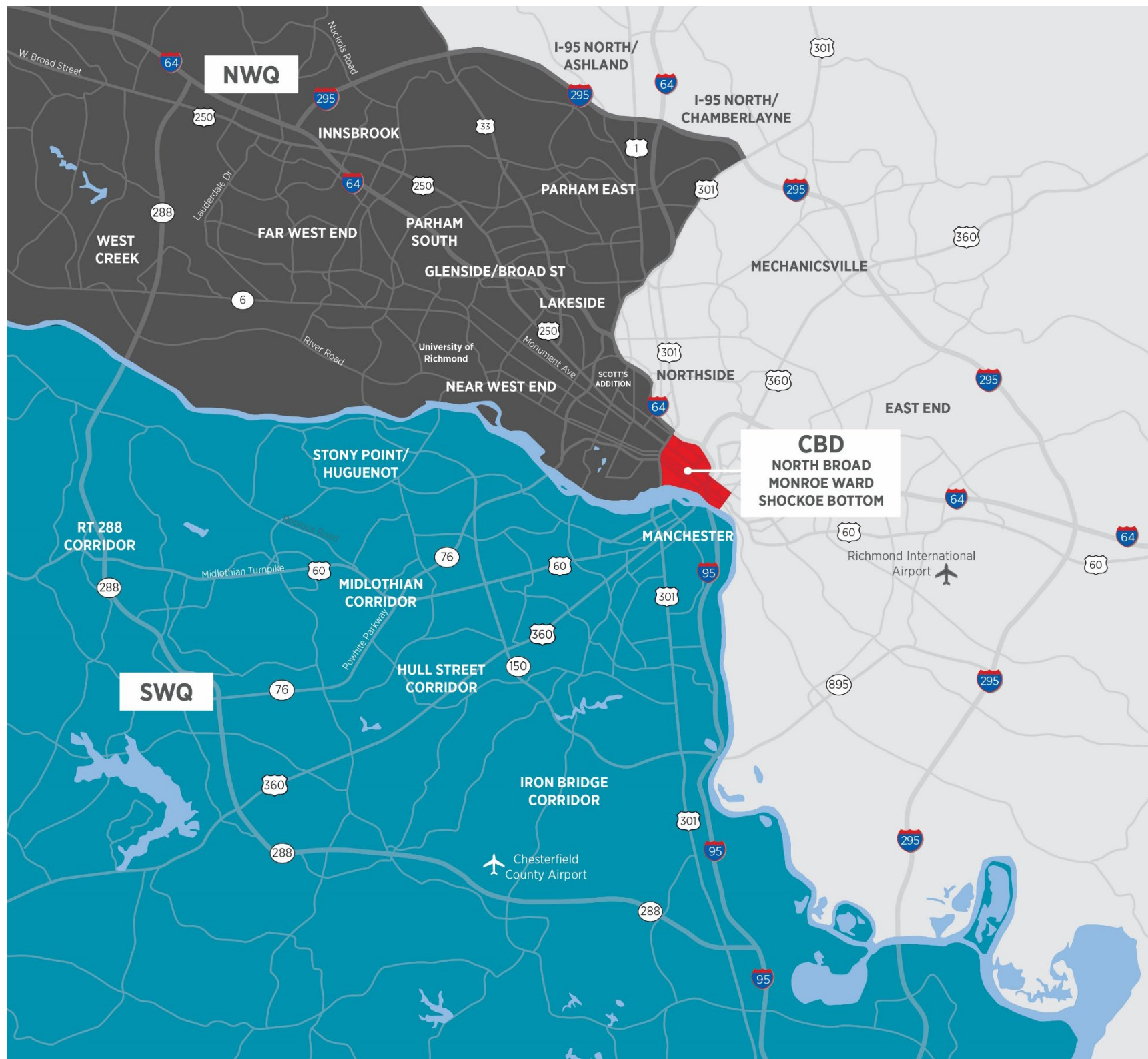
KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Diamond District (2727 Diamond View Dr)	Near West End	Hirschler	49,791	New
Westmark (11013 W Broad St)	Innsbrook	Richmond National Group	27,827	Expansion
1221 Alverser Dr	Midlothian Corridor	Rivermont Schools	26,366	New
Marwaha Business Plaza (9954 Mayland Dr)	Innsbrook	HDR Engineering	25,663	New
Sauer Center (840 Hermitage Rd)	Near West End	Sauer Brands	18,476	Sublease
Truist Place (919 E Main St)	CBD	State Council of Higher Education for Virginia	13,228	New

KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Stony Point Portfolio	Stony Point/Huguenot	Highwoods Properties Inc. / OA Development Inc.	357,345	\$42.8M / \$120
Cox Road Portfolio	Innsbrook	Onward Investors / Easterly Government Properties Inc.	297,713	\$44.5M / \$149

OFFICE SUBMARKETS



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