MARKETBEAT

RICHMOND, VA

MEDICAL OFFICE Q2 2026

CUSHMAN & WAKEFIELD

THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.8% Vacancy Rate		
27.2K YTD Net Absorption, SF		
$27.85 Asking NNN Rent, PSF		

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
727.3K Richmond MSA Employment*		
3.8% Richmond MSA Unemployment Rate*		
4.2% U.S. Unemployment Rate		

Source: BLS

ECONOMY: DIVERSE INDUSTRY BASE

The Richmond region saw sustained growth through the first half of the year, with unemployment rates well below national numbers. Greater Richmond continues to outperform peer markets in job growth, and 2026 rankings from Fortune magazine name the region as one of the most corporate-headquarters-dense metros in the country with 12 locally headquartered companies in the Fortune 1000. The region's diverse industry base remains a key factor in the stability of the job market, and the expansive presence of VCU and VCU Health, which generates more than $15.8 billion in annual economic impact and supports more than 80,000 jobs, reinforces the talent pipeline and innovation ecosystem.

SUPPLY AND DEMAND: VACANCY CONTINUES TO DROP

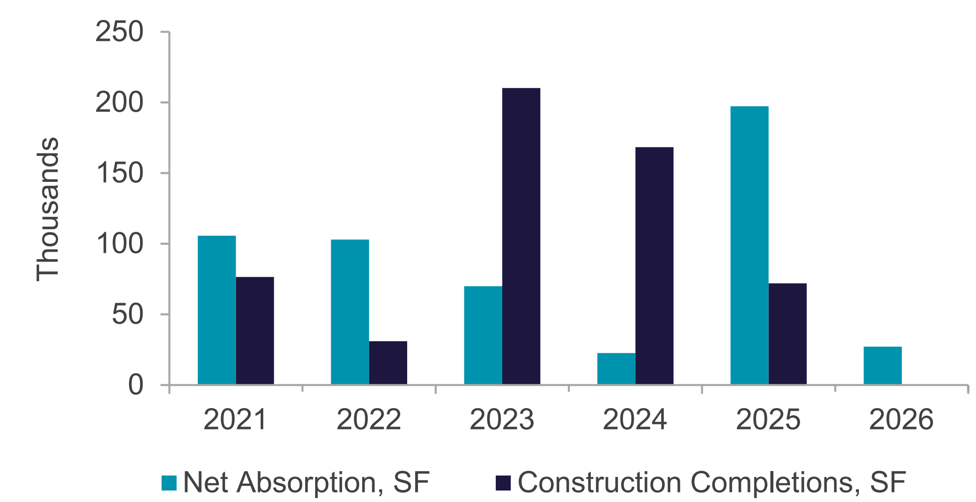
Overall vacancy closed the second quarter at 7.8%, down 20 basis points (bps) year-over-year (YOY) and down 60 bps quarter-over-quarter (QOQ). Leasing activity topped 195,000 square feet (sf) over the last four quarters, with net absorption above 111,000 sf over the same period. Sublease offerings continued to decline after peaking in the first quarter of 2025, and now account for just 1.9% of the overall vacancy 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 11.4% YOY.

Pharmaceutical giant Eli Lilly closed on the purchase of 227 acres in West Creek in Goochland County for $38 million, securing the site for its $5 billion 1 million-square-foot campus. Life sciences innovation accelerator Activation Capital announced plans to expand its existing downtown headquarters in the Bio+Tech Center instead of building a new lab facility, bringing the total occupied area to 35,000 sf and more than doubling the number of labs.

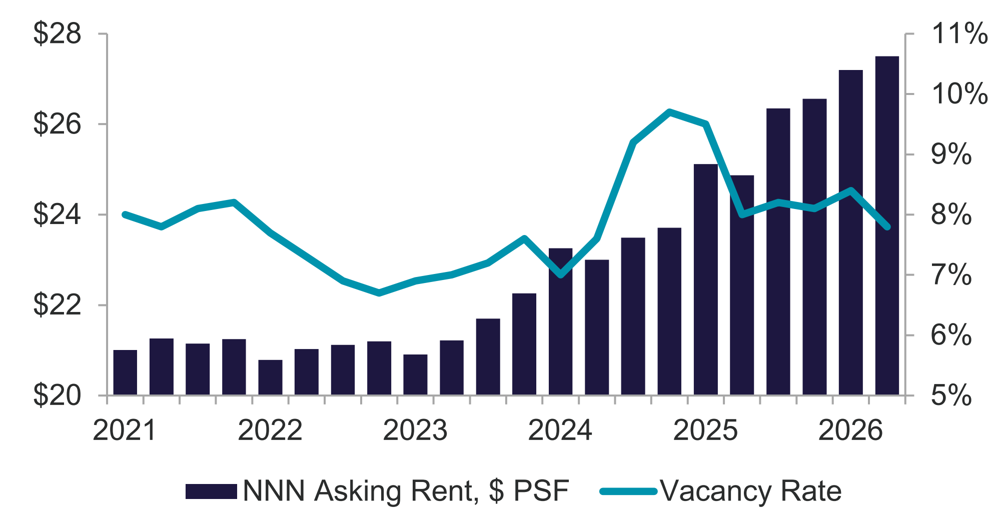
HEALTH SYSTEMS: UPTICK IN FREESTANDING ERS

HCA received state approval to build a freestanding emergency room on Hull Street, the latest in the shift toward smaller format ERs and outpatient surgical centers. The health system is planning to open two additional freestanding ER locations over the summer, including the 15,000-sf Scott's Walk ER in Scott's Addition and its 11,000-sf Chesterfield ER on Iron Bridge Road. Bon Secours is also planning a $33.7 million 14,800-sf freestanding ER in Chesterfield on the site of a former Ukrop's grocery store, following the opening of a similar facility in Ashland last year. Early in the quarter, VCU Health broke ground on its $90 million Pauley Heart Center Pavilion, a 100,000-sf outpatient cardiac center next to the Diamond District. VCU Health is also scheduled to start construction on its new $90 million outpatient surgical center and medical office building named the Chesterfield Pavilion in the fall.

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	1,002	0	0.6%	30,421	-1,022	0	-	-	-
Far West End	376,173	10,556	0	2.8%	2,555	0	2,555	-	$24.90	$24.90
Glenside/Broad St	945,833	100,201	0	10.6%	10,456	5,583	9,080	-	$23.89	$23.89
Hull Street Corridor	34,360	7,200	0	21.0%	0	0	0	-	-	-
I-95 N/Ashland	22,437	13,237	0	59.0%	0	-11,017	0	-	-	-
I-95 N/Chamberlayne	17,143	0	0	0.0%	0	0	0	-	-	-
Innsbrook	199,934	33,523	3,793	18.7%	329	6,357	8,859	-	$20.83	$20.34
Iron Bridge Corridor	118,135	18,860	0	16.0%	0	0	0	100,000	$29.00	$29.00
Lakeside	29,808	2,810	0	9.4%	-272	6,791	5,240	-	$19.50	$19.50
Manchester	43,481	0	0	0.0%	0	0	0	-	-	-
Mechanicsville	525,539	36,268	0	6.9%	-5,903	12,115	9,271	-	$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%	0	-1,615	0	-	-	-
North Broad	249,523	19,003	0	7.6%	-1,833	-1,833	0	-	$24.00	$24.00
Parham East	363,749	22,324	0	6.1%	-4,751	756	0	7,000	$19.50	$19.50
Parham South	11,384	0	0	0.0%	1,850	0	0	-	$18.39	$18.39
Rt 288 Corridor	672,177	50,585	0	7.5%	10,946	0	13,024	190,000	$35.76	$35.76
Stony Point/Huguenot	416,549	7,261	450	1.9%	0	16,684	0	-	$26.56	$26.56
West Creek	172,980	38,967	0	22.5%	1,712	1,712	1,800	-	$29.73	$29.73
West End	543,640	50,685	2,298	9.7%	-16,888	-20,060	8,487	32,000	$26.27	$23.25
RICHMOND TOTALS	**5,431,387**	**415,902**	**8,156**	**7.8%**	**28,622**	**27,247**	**58,316**	**329,000**	**$27.85**	**$27.50**

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q2 2026

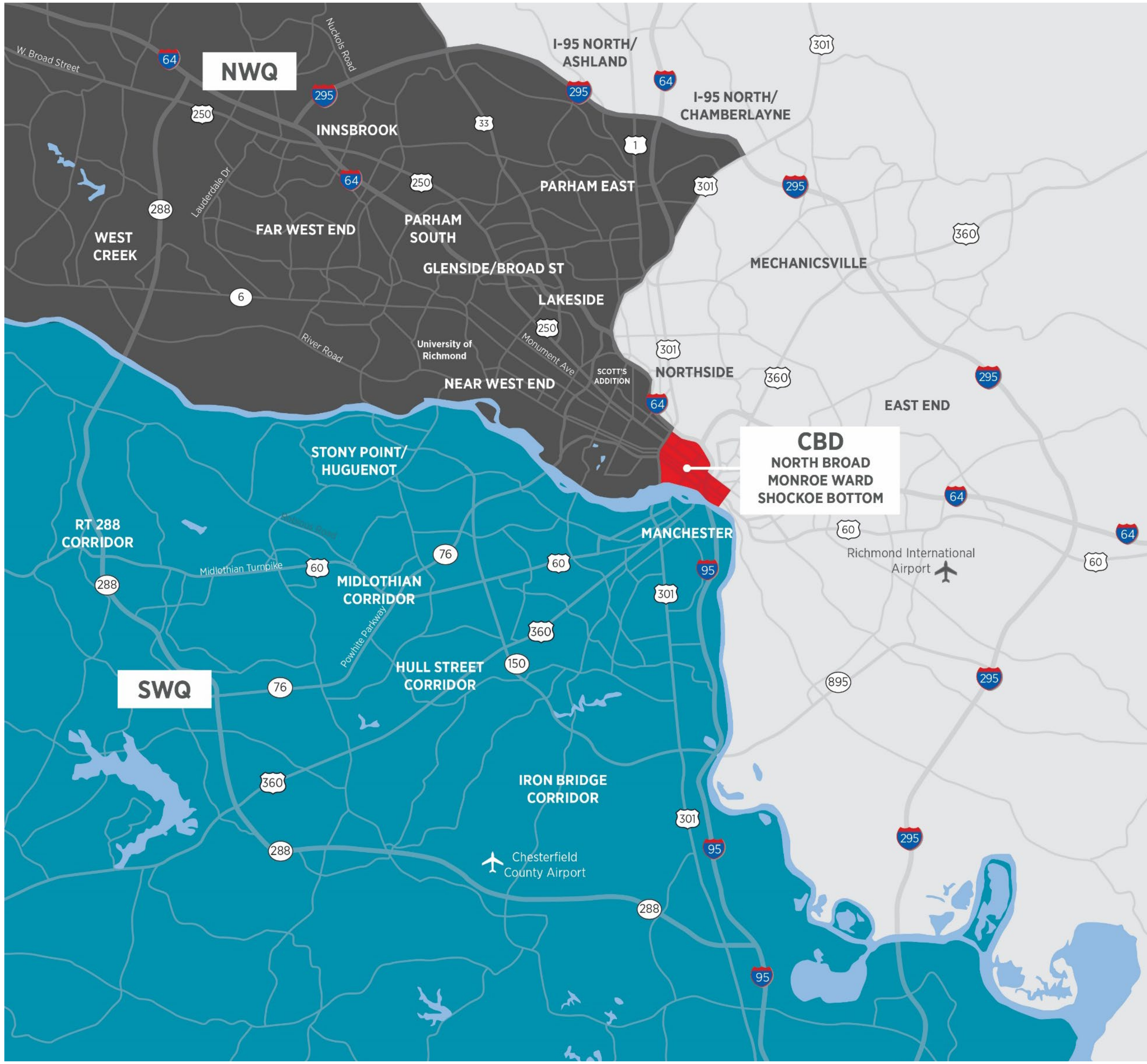
PROPERTY	SUBMARKET	TENANT	SF	TYPE
9881 Mayland Dr	Innsbrook	Next Frontier Recovery	42,774	New
Lake Brook Commons (4851 Lake Brook Dr)	Innsbrook	Autism Society of Central Virginia	22,074	New
1604 Santa Rosa Rd	Glenside/Broad St	National Counseling Group, Inc.	6,151	New
MRMC I (8220 Meadowbridge Rd)	Mechanicsville	Bon Secours	4,046	New

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
671 Hioaks Rd	Midlothian Corridor	Richmond Nephrology Associates Inc. / Montecito Medical Real Estate	14,647	$5.9M / $402
2402 N Parham Rd	Parham South	Upton LLC / New Core Healthcare LLC	12,000	$3.1M / $258

RICHMOND, VA
MEDICAL OFFICE Q2 2026

MEDICAL OFFICE SUBMARKETS



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