

YoY Chg      12-Mo. Forecast

**7.5%**

Vacancy Rate



**-114K**

Net Absorption, SF



**\$20.16**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

YoY Chg      12-Mo. Forecast

**668.6k**

Richmond MSA  
Employment



**3.5%**

Richmond MSA  
Unemployment Rate



**3.8%**

U.S.  
Unemployment Rate



Source: BLS, Moody's Analytics

## ECONOMY: Population Growth Continues

Richmond's metro area population has continued to grow through the pandemic, following the upward trend of the last decade. The region expanded by more than 11% from 2010 to 2020 and is forecast to grow at a similar rate over the next ten years. The area's unemployment rate continues to fall below the national average with an estimated 6,200 jobs added in February, a positive offset to the seasonal job losses typical at the start of the year. Richmond's business-friendly environment and affordable cost of living help to propel the region's economy, to encourage interest from existing businesses looking to expand, and to attract new businesses to the area.

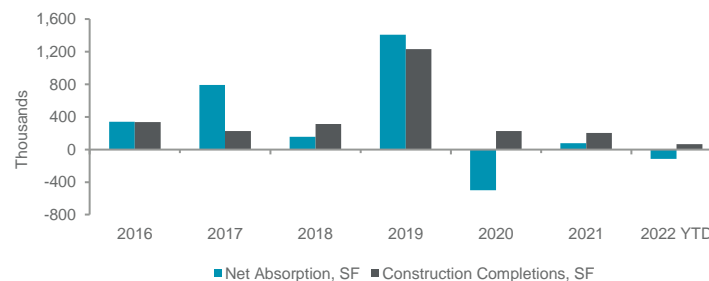
## SUPPLY and DEMAND: Returning to the Office

Although the quarter closed with the overall vacancy rate unchanged year-over-year (YOY), the market's sublease offerings have decreased. Available sublease space represents 12% of the total vacant square footage, down from 18% of the total available space in the first quarter of 2021. Richmond-based ARMS Software leased 16,129 square feet (sf) in The Fairfax Building, more than doubling their existing metro-area footprint. Hamilton Insurance Group Ltd. announced plans to open the U.S. headquarters of its wholly-owned subsidiary Hamilton Select Insurance Inc. in the Innsbrook Corporate Center, expected to employ more than 70 people. While the overall vacancy rate is up 50 basis points (bps) for the quarter and is still above pre-pandemic levels, recent activity does signal a shift among employers to bring staff back to the office. Leasing activity is expected to continue to rise throughout the year.

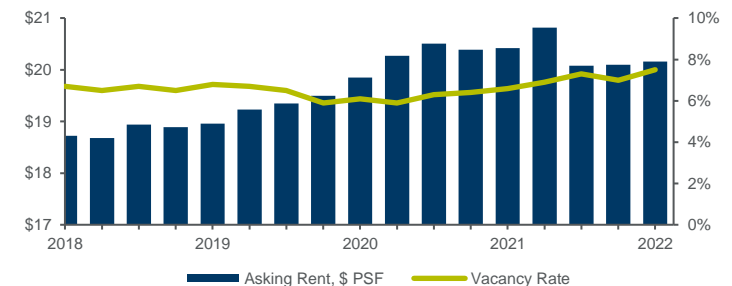
## PRICING: Investor Confidence

Savlan Capital entered the Richmond market with the purchase of a two-building portfolio in eastern Henrico County for \$18.9 million. Totaling 128,000 sf, the Windsor Business Park complex is occupied by a CVS Health Subsidiary (flex use) and Bon Secours Mercy Health (data center use). The single-tenant Bryant & Stratton College facility in the SW quadrant also transferred to a New York entity for \$3.98 million. Overall sale pricing has increased, up 6.58% YOY and averaging \$165 per square foot for the quarter, with market cap rates for the region trending 150 bps higher than the national average.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



**MARKET STATISTICS**

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT 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	10,685,139	101,188	991,021	10.2%	-249,002	-249,002	3,673	0	\$22.46	\$24.33
East End	437,825	0	27,983	6.4%	6,264	6,264	0	0	-	-
Far West End	828,983	30,000	135,636	20.0%	-9,923	-9,923	0	0	\$21.46	\$23.00
Glenside/Broad St	4,860,652	65,895	268,256	6.9%	115,944	115,944	45,475	15,000	\$18.43	\$19.39
Hull Street Corridor	1,273,379	0	20,063	1.6%	-6,503	-6,503	4,554	35,000	\$15.58	-
I-95 N/Ashland	444,108	0	11,700	2.6%	-5,407	-5,407	0	0	\$19.00	-
I-95 N/Chamberlayne	231,896	0	22,586	9.7%	11,020	11,020	0	0	\$15.00	-
Innsbrook	7,812,396	116,117	602,380	9.2%	-82,165	-82,165	32,829	0	\$21.62	\$21.88
Iron Bridge Corridor	1,627,539	0	137,427	8.4%	153,869	153,869	10,790	0	\$15.39	\$16.21
Lakeside	124,239	0	10,166	8.2%	-1,962	-1,962	0	0	-	-
Manchester	1,267,515	5,740	63,506	5.5%	21,589	21,589	20,411	0	\$20.15	-
Mechanicsville	1,074,570	0	53,858	5.0%	-4,867	-4,867	6,839	0	\$15.56	-
Midlothian Corridor	3,903,483	23,985	498,194	12.8%	39,261	39,261	66,845	0	\$17.09	\$18.36
Monroe Ward	1,919,777	0	109,928	5.7%	-13,014	-13,014	6,000	0	\$20.61	\$20.00
Near West End	1,602,246	0	38,235	2.4%	-8,095	-8,095	3,285	0	\$22.32	-
North Broad	3,251,862	53,860	74,597	4.0%	0	0	0	0	\$15.00	-
Northside	217,491	0	0	0.0%	1,400	1,400	13,150	0	\$16.76	-
Parham East	2,598,108	2,650	48,269	1.9%	17,108	17,108	4,613	0	\$17.82	-
Parham South	905,059	0	139,790	15.4%	262	262	11,423	0	\$16.55	-
Rt 288 Corridor	1,471,737	0	48,859	3.3%	3,287	3,287	1,020	0	\$18.99	\$20.00
Shockoe Bottom	1,780,614	18,219	81,256	5.6%	-2,441	-2,441	3,826	0	\$19.98	\$26.50
Stony Point/Huguenot	1,198,263	44,498	85,040	10.8%	-24,192	-24,192	11,045	0	\$18.96	\$19.24
West Creek	1,813,765	4,614	11,144	0.9%	0	0	0	78,000	-	-
West End	3,316,833	24,635	167,110	5.8%	2,528	2,528	43,195	0	\$13.79	-
<b>RICHMOND, VA TOTALS</b>	<b>54,647,479</b>	<b>491,401</b>	<b>3,620,369</b>	<b>7.5%</b>	<b>-113,561</b>	<b>-113,561</b>	<b>288,973</b>	<b>128,000</b>	<b>\$20.16</b>	<b>\$22.56</b>

Data includes office buildings with a minimum 10,000 square feet total..

\*Rental rates reflect full service asking.

**KEY LEASE TRANSACTIONS Q1 2022**

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1400 N Parham Rd	Regency	Henrico County Public Schools	48,500	New
The Fairfax Building	Midlothian Corridor	ARMS Software	16,129	New
Glen Forest Office Building	Glenside/Broad St	The Hanover Insurance Group Inc.	12,155	Renewal

**KEY SALES TRANSACTIONS Q1 2022**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Windsor Business Park	Parham East	Modiv LLC / Savlan Capital	163,484	\$26M / \$140
300 Gateway Centre Pky	Midlothian Corridor	Simsbury Associates LLC / Not Disclosed	34,808	\$3.5M / \$100
8141 Hull Street Rd	Hull Street Corridor	Century Equities Inc. / New Way Holdings LLC	27,700	\$3.98M / \$144
8003 Franklin Farms Dr	Glenside/Broad St	Spottswood Dbl LLC / The Richmond Group USA	22,442	\$1.85M / \$82

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