

YoY Chg 12-Mo. Forecast

8.5%

Vacancy Rate



-453K

Net Absorption, SF



\$20.33

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

682.4K

Richmond MSA
Employment



2.9%

Richmond MSA
Unemployment Rate



3.6%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW: Employment Numbers Rise

Virginia's statewide unemployment numbers have dropped to pre-pandemic levels, and Richmond's unemployment rate has followed that trend with a drop of 140 basis points year-over-year (YOY). Richmond has been ranked among the top 10 Best Metros for Corporate Headquarters by Business Facilities, and two Richmond neighborhoods were also included among Stacker's top 50 Best Places to live in the U.S. The region's talent base is only expected to grow as recent projections from the University of Virginia estimate the population of Richmond City will grow 19.3% by 2050 with growth in Henrico County estimated at 26.4% and in Chesterfield County estimated at 38.4% in the same timeframe.

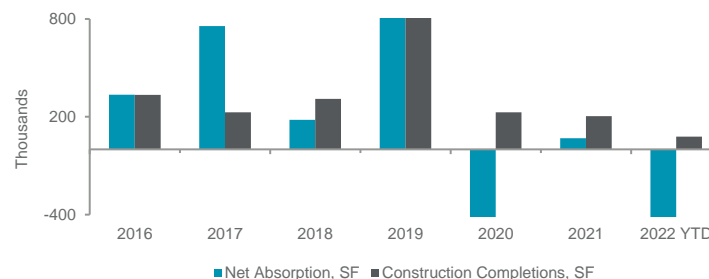
SUPPLY AND DEMAND: Large Sublease Blocks

While leasing activity is down from the second quarter when compared to this time last year, active prospects remain in healthy supply. The average deal size has decreased by 19% from overall numbers in 2021 as the number of smaller requirements has increased. Sublease space continues to rise, increasing by 50% YOY, and currently accounts for 14% of the total vacancy. Richmond-based Snagajob has added its 67,672-square-foot (sf) local headquarters location to the sublease inventory after announcing employee cuts earlier in the quarter. Snagajob's building is located in Innsbrook, the western Henrico County office hub that is home to two Fortune 1000 company headquarters and more than 27,000 jobs. While the overall amount of sublease space has increased, 88% of the sublease vacancy is confined to just 16 buildings throughout the market. Innsbrook has the largest share of vacant sublease space at 53% of the total overall.

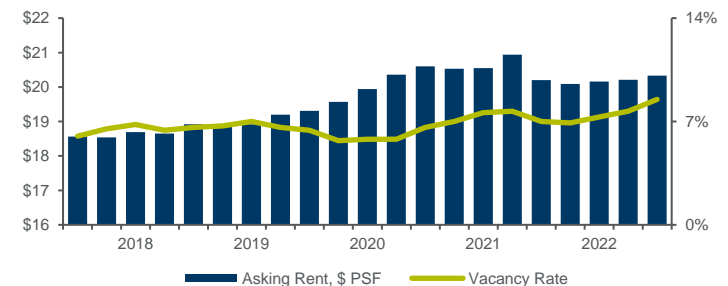
PRICING: Trending Upward

Overall lease rates continue to trend upward modestly and are essentially flat YOY. Direct rents have increased by 5% since the start of 2020, while with the increased supply, sublease rents have decreased by 21% in the same timeframe. Leasing activity slowed in the third quarter, with renewals dominating the largest transactions. Real estate giant, The CoStar Group, expanded its Richmond footprint with a sublease of 45,700 sf in the downtown Riverfront Plaza. Year-to-date sales volume topped \$325 million in the third quarter, and while that number is down from 2021, the sustained activity demonstrates ongoing confidence in the Richmond market with investment sales accounting for 87% of the total volume.

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	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	10,684,777	59,774	978,758	9.7%	56,326	-203,125	104,958	0	\$22.04	\$24.09
East End	408,369	0	42,983	10.5%	-15,000	-8,736	0	0	-	-
Far West End	831,601	30,000	134,053	19.7%	-3,093	-12,409	11,769	0	\$21.47	\$23.00
Glenside/Broad St	4,868,924	42,671	353,080	8.1%	-48,246	130,422	144,853	15,000	\$19.10	\$20.16
Hull Street Corridor	1,273,379	0	52,295	4.1%	-20,675	-36,996	14,772	35,000	\$15.71	-
I-95 N/Ashland	444,008	0	2,297	0.5%	17,980	3,996	0	0	\$21.00	-
I-95 N/Chamberlayne	241,896	0	14,286	5.9%	6,000	19,320	988	0	\$15.00	-
Innsbrook	7,851,577	364,698	774,300	14.5%	-276,197	-527,472	247,824	0	\$21.91	\$22.35
Iron Bridge Corridor	1,616,231	0	305,069	18.9%	-127,609	-13,223	25,614	0	\$17.03	\$16.15
Lakeside	100,152	0	11,893	11.9%	-1,727	-3,689	0	0	\$16.00	-
Manchester	1,291,016	11,999	38,966	3.9%	9,904	-65,778	29,473	0	\$20.62	-
Mechanicsville	1,070,583	0	36,141	3.4%	11,902	12,716	25,942	0	\$16.36	-
Midlothian Corridor	3,892,444	8,221	495,522	12.9%	4,686	-46,197	254,991	0	\$17.74	\$18.58
Monroe Ward	2,038,800	0	128,433	6.3%	-12,642	-31,691	16,599	0	\$22.30	-
Near West End	1,608,862	0	36,548	2.3%	-18,598	-23,392	45,292	0	\$21.50	-
North Broad	3,250,132	53,860	73,847	3.9%	0	0	750	0	\$15.00	-
Northside	218,310	0	0	0.0%	0	13,150	13,150	0	\$16.76	-
Parham East	2,571,954	2,650	36,085	1.5%	5,015	31,255	27,820	0	\$17.91	-
Parham South	906,219	0	118,410	13.1%	75	21,049	39,697	0	\$16.68	-
Rt 288 Corridor	1,482,235	7,996	87,096	6.4%	3,317	-45,878	20,515	12,500	\$21.35	\$17.98
Shockoe Bottom	1,761,015	18,219	65,959	4.8%	5,918	18,079	13,331	0	\$20.95	\$26.50
Stony Point/Huguenot	1,184,711	44,498	56,792	8.5%	-6,110	8,177	28,324	0	\$18.57	\$18.50
West Creek	2,255,448	4,614	13,144	0.8%	10,000	10,000	6,000	36,000	-	-
West End	3,358,127	34,497	178,224	6.3%	-54,168	-4,277	124,890	55,000	\$14.06	-
RICHMOND, VA TOTALS	55,210,770	683,697	4,034,181	8.5%	-452,942	-754,699	1,197,552	153,500	\$20.33	\$22.32

*Rental rates reflect full service asking. Buildings with minimum 10,000 square feet RBA. Renewals not included in leasing statistics.

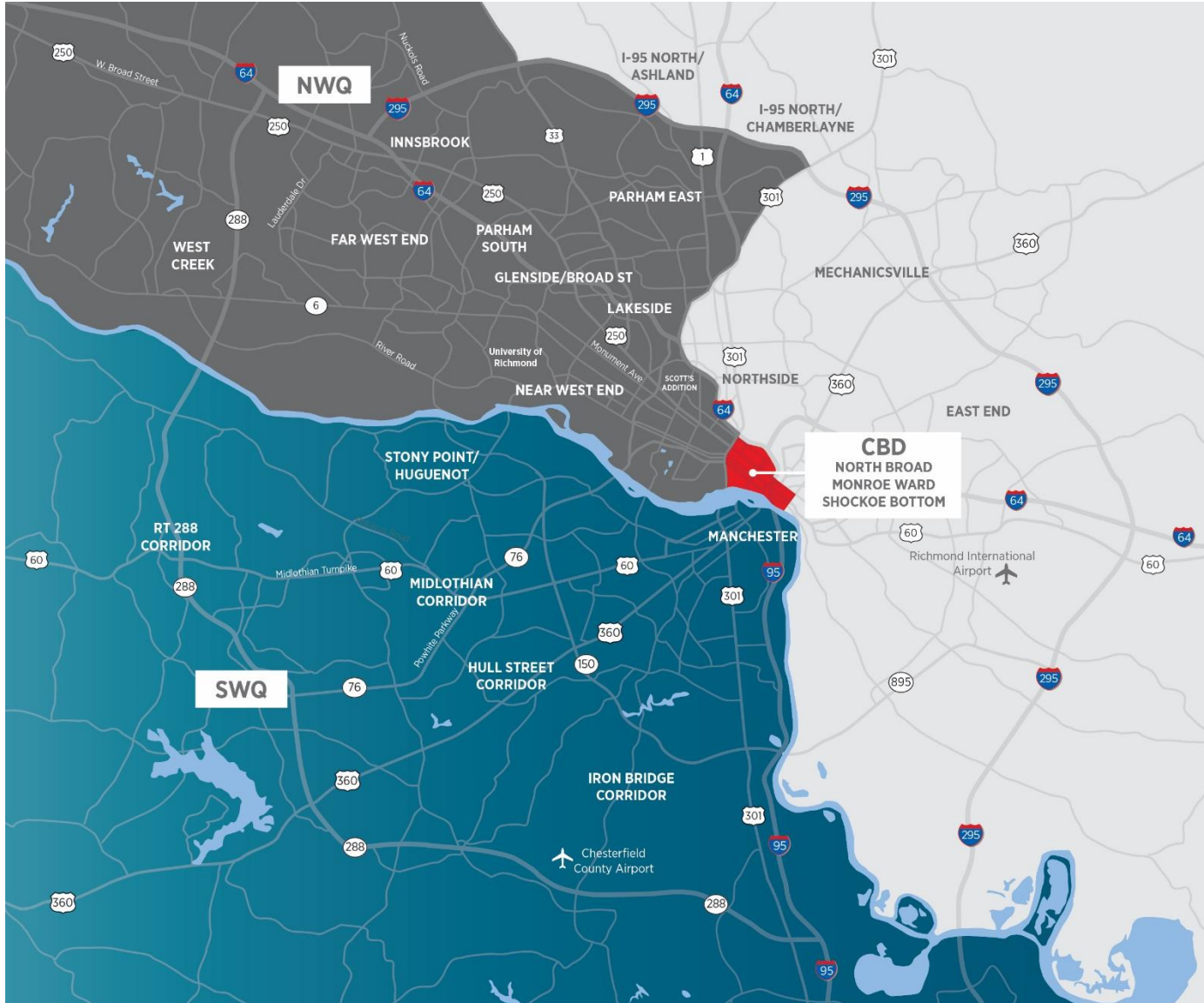
KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
951 E Byrd Street/Riverfront Plaza	CBD	CoStar Group	45,700	New
1100 Boulders Parkway/Boulders III	Midlothian Corridor	Tredegar Corporation	21,615	Renewal
4144 Innslake Drive	Innsbrook	Genetworx	19,335	Renewal
7204 Glen Forest Drive	Glenside/Broad St	Bergman Group	12,260	Renewal

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ SF
4301 Dominion Boulevard	Innsbrook	Lingerfelt Commonwealth Partners / RW Chesapeake, LLC	26,539	\$5.7M/\$215
9 North 3 rd Street	Monroe Ward	Lingerfelt Commonwealth Partners / RW Chesapeake, LLC	15,714	\$2.6M/\$165

OFFICE SUBMARKETS



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