



COMMONWEALTH
COMMERCIAL

2017 | RICHMOND MARKET OVERVIEW

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OPTIMISTIC START TO 2017



**OFFICE
VACANCY
RATES
STILL
BELOW
10%**



MULTI-FAMILY INVESTMENTS AND INDUSTRIAL PRODUCT IN HIGH DEMAND



NET ABSORPTION

Overall office net absorption reduced to **-26,867 sf** at the end of Q1 2017

Down from 349,045 sf at the end of Q4 2016

CBD ABSORPTION: 1,570 square feet
SUBURBAN ABSORPTION: **-25,297 square feet**

SECTOR	2017 (1 st Quarter)	2016 (4 th Quarter)
CLASS - A	88,909 sf	278,196 sf
CLASS - B	134,175 sf	60,072 sf
CLASS - C	18,399 sf	10,777 sf

VACANCY RATES

Overall office vacancy rate increased to **8.1%** at the end of Q1 2017

Up from 8.0% sf at the end of Q4 2016

CBD VACANCY RATE: 8.4%

SUBURBAN VACANCY RATE: **8.0%**

SECTOR	2017 (1 st Quarter)	2016 (4 th Quarter)
CLASS - A	9.4%	9.8%
CLASS - B	8.3%	7.8%
CLASS - C	5.4%	5.5%

AVERAGE RENTAL RATES

2017- 1st Quarter

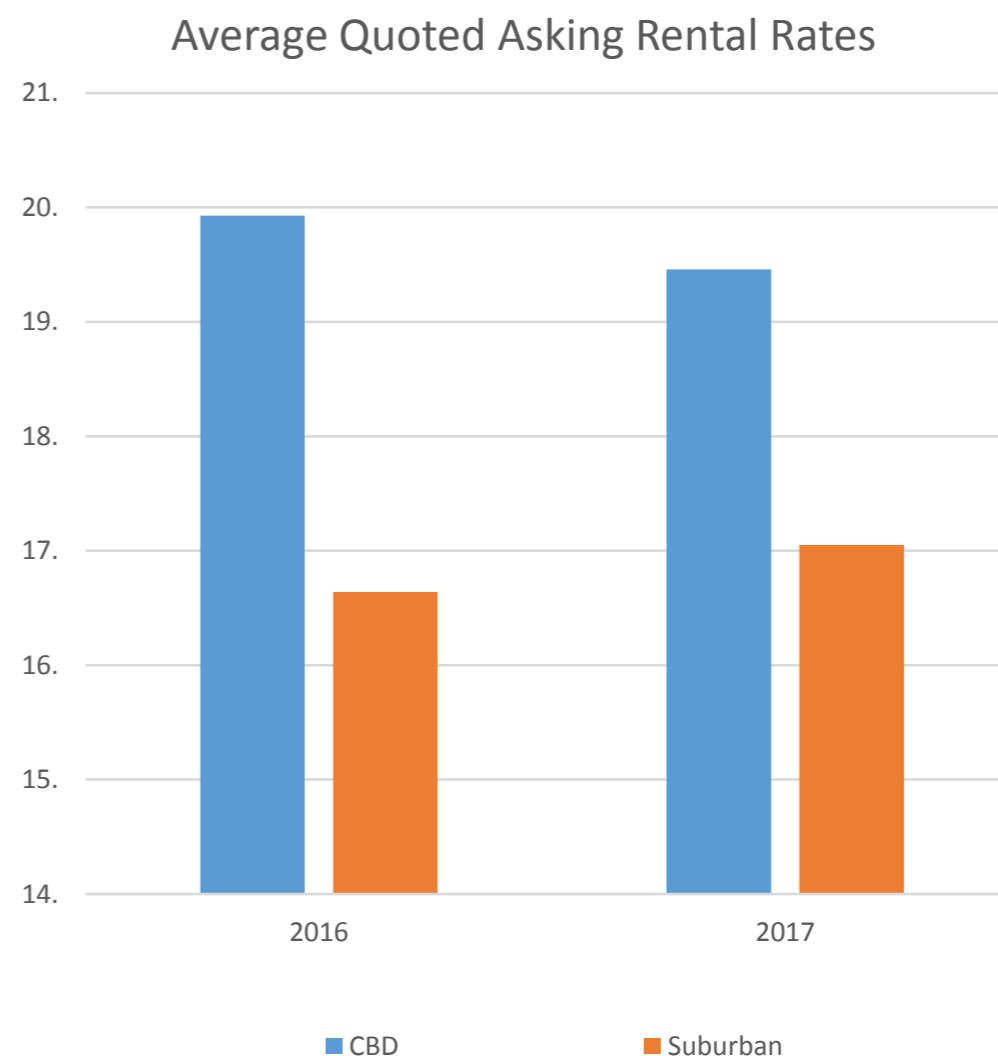
★CBD: \$19.46

★Suburban: \$17.05

2016- 4th Quarter

★CBD: \$19.93

★Suburban: \$16.64



MARKET DRIVERS



VIRGINIA COMMONWEALTH UNIVERSITY



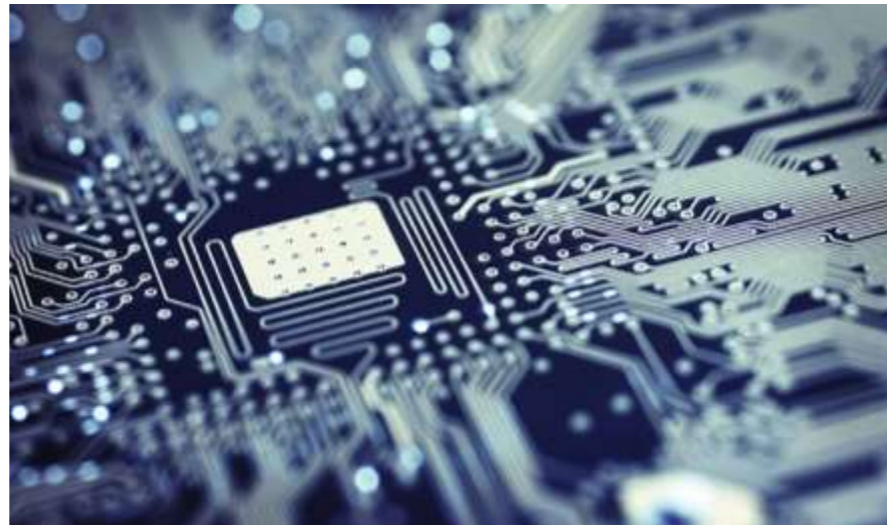
STATE CAPITAL



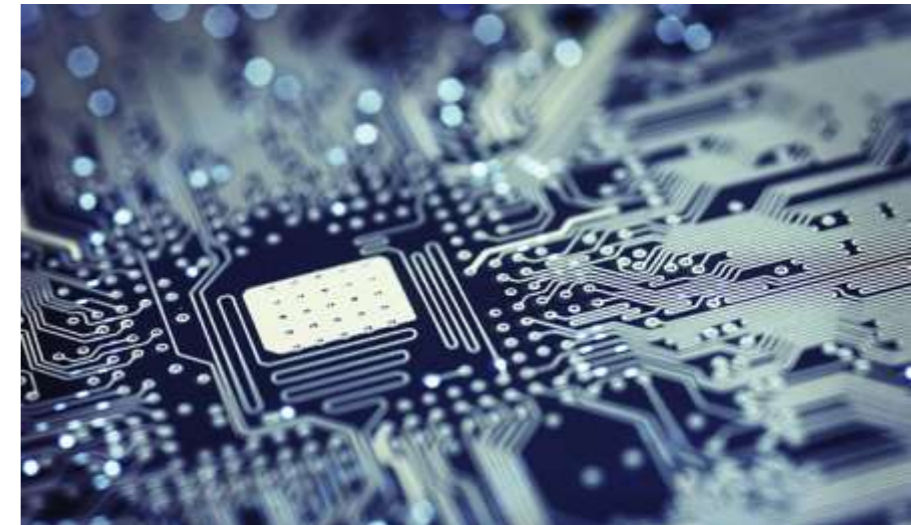
STRONG LEGAL & CORPORATE
COMMUNITY



I-95 AND I-64 FOR DISTRIBUTION



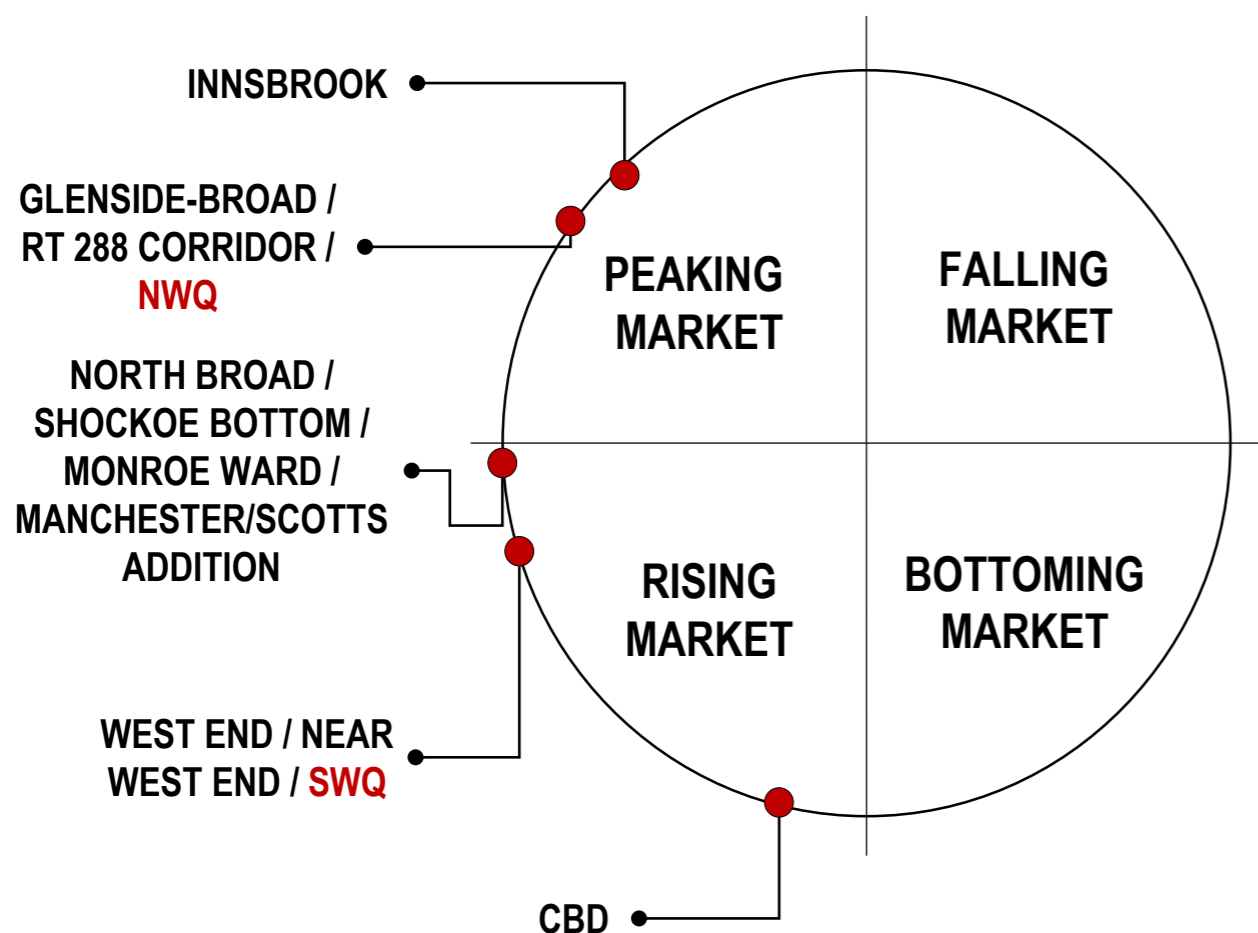
LOWER COST OF LABOR & HOUSING



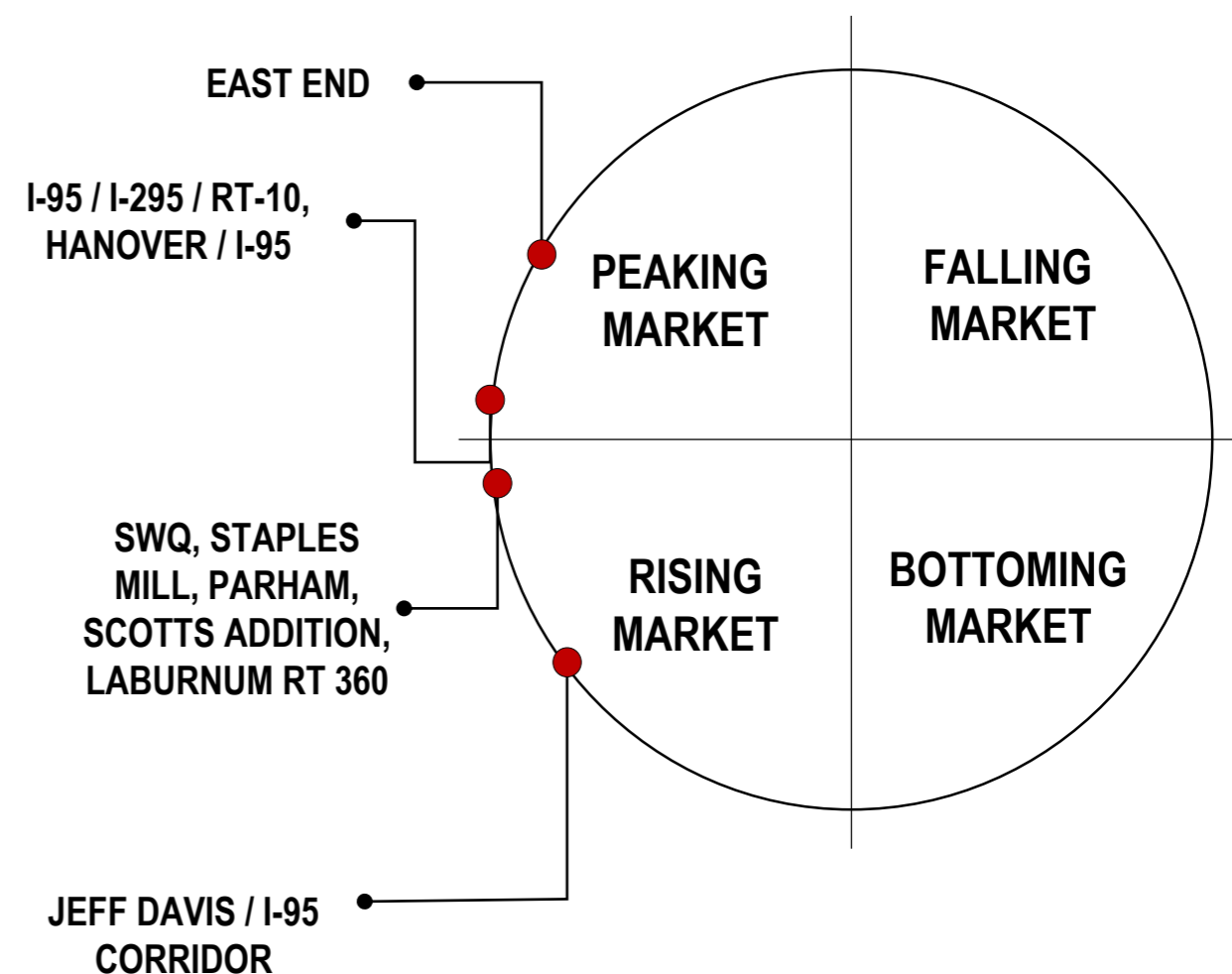
GROWING TECHNOLOGY INDUSTRY



OFFICE MARKET



INDUSTRIAL MARKET



DEALS DONE

OFFICE



INDUSTRIAL



Altria



Altria



TENANTS IN THE MARKET



100,000 SF

NORTHROP GRUMMAN

100,000 SF



150,000 SF



TBD



100,000 – 150,000 SF



15,000 – 20,000 SF



30,000 – 40,000 SF



60,000 – 80,000 SF



40,000 SF



VARIOUS REQUIREMENTS



20,000 SF



SELECTIVE

35,000 SF



TBD





SEVERAL NEW OFFICE AND RETAIL **DELIVERY** ANNOUNCEMENTS

HEALTH SYSTEM STONY POINT – 66,768 RSF



HEALTH SYSTEM SHORT PUMP – 111,224 RSF



DOMINION WORKPLACE TOWER
607,000 RSF



THE SYMBOL
60,000 RSF



VIRGINIA UROLOGY
87,000 RSF



BECKNELL SPEC BUILDING
AIRPORT DISTRIBUTION CENTER
216,000 RSF



DEVON SPEC BUILDING
NORTHLAKE
329,000 RSF

BREAKTHRU BEVERAGE
WHITE OAK
212,000 RSF





INDUSTRIAL SALES ACTIVITY

2017- 1st Quarter

- ▢ 16 Sale Transactions
- ▢ Total Volume: \$21,922,701
- ▢ Average Sale Price: \$46.67/SF

2016- Annual Totals

- ▢ 38 Sale Transactions
- ▢ Total Volume: \$198,162,261
- ▢ Average Sale Price: \$52.55/SF



SCOTT'S ADDITION CONTINUES HOT STREAK

Bow Tie Cinemas
Movieland at...



161

3305 LEIGH
MBM
Marketing

33

HANDCRAFT
Farenheit

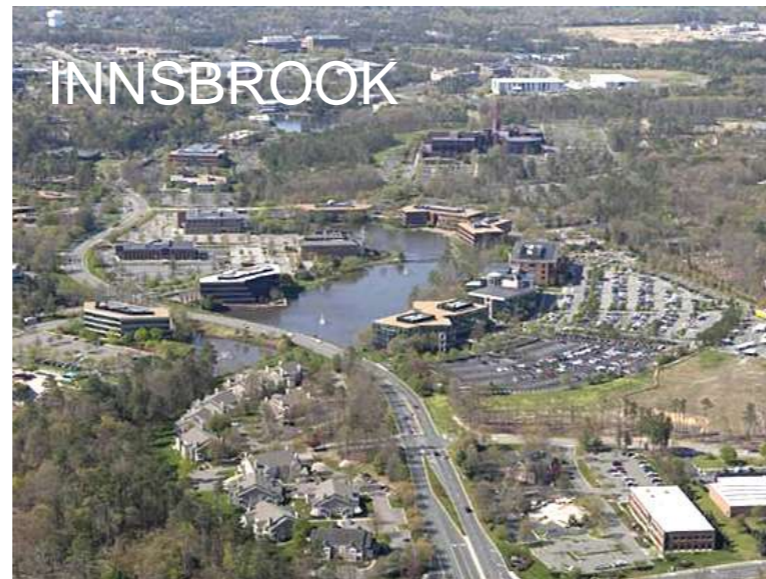
1408 ROSENEATH
Barber Martin
Stephen Gould

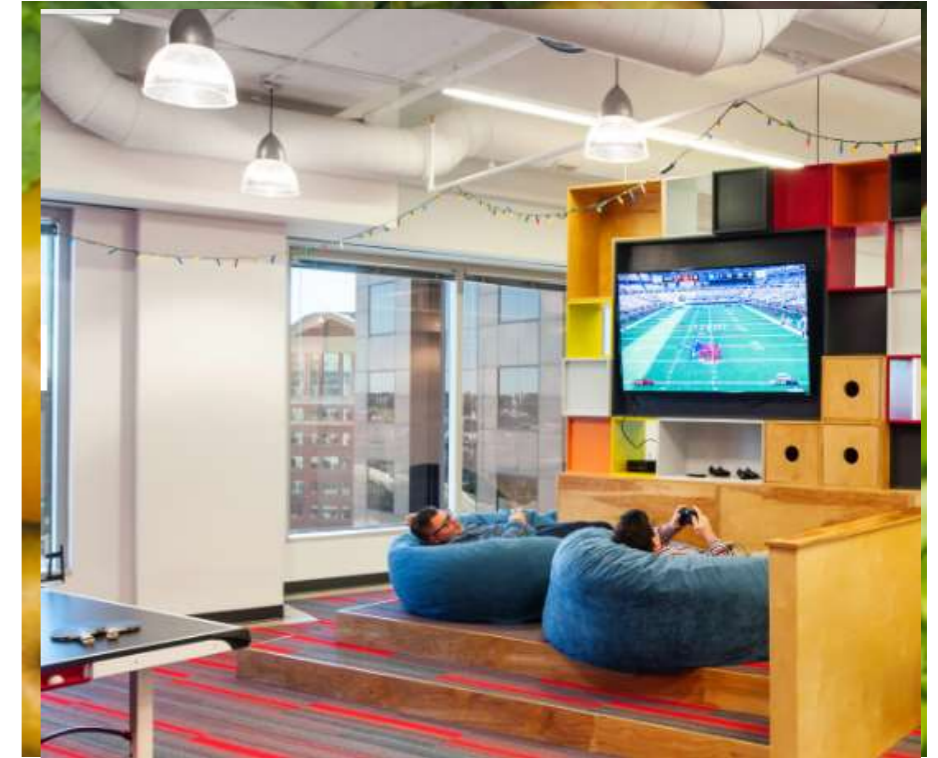
THE SYMBOL
Dominion
Payroll &
Impact Makers

3414 LEIGH
Dominion
Mechanical



OTHER MARKET GROWTH





2017 OFFICE TRENDS



UNIQUE CREATIVE OFFICE CONTINUES TO EVOLVE

<http://www.baskervill.com/projects/avepoint-richmond/>