

Office Q1 2021

YoY Chg 12-Mo. Forecast

**4.3%**  
Vacancy Rate



**104K**  
Net Absorption, SF



**\$26.55**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

**110.3k**  
Charlottesville MSA  
Employment



**4.5%**  
Charlottesville MSA  
Unemployment Rate



**6.0%**  
U.S.  
Unemployment Rate



Source: BLS, Moody's Analytics

## ECONOMY: Uncertain Recovery

The regional unemployment rate remains above its pre-pandemic level but has lowered to 4.5% after reaching 10.2% in April 2020. Charlottesville has added an estimated 1,700 jobs since the beginning of the year, representing a 1.6% increase in total employment over that period. Employment remains down 11,900 jobs from its previous peak, but optimism remains for a strong economic rebound for the remainder of the year following the governor's announcement that all Virginians will be eligible for the COVID-19 vaccine in April.

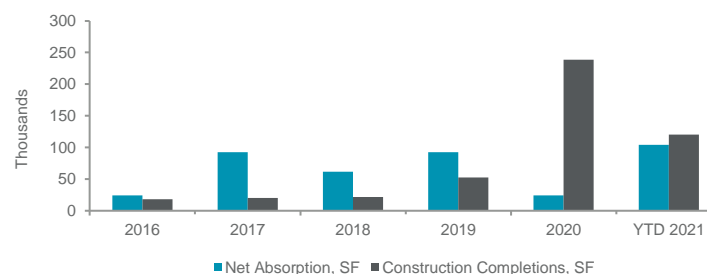
## SUPPLY and DEMAND: Positive Absorption Returns

Office space demand returned to begin the year and signals the return to the office following the pandemic. Over 104,000 square feet (sf) was absorbed during the quarter, marking the first positive quarter of absorption since Q1 2020. The 120,000-sf 3TWENTY3 office tower delivered, with half of the building being absorbed upon completion. About 48,000 sf of space remains available in the nine-story downtown Class A building. Construction activity also continues on the state's tallest mass timber building that will be Apex Clean Energy's new headquarters. The project is over 90% prior to completion and is scheduled to top out in the second quarter. With multiple projects under construction, 2021 is shaping up to set a record for office deliveries. Even with considerable development activity, office space continues to be scarce throughout the Charlottesville market as the overall vacancy rate sits at 4.3%. The region remains attractive to employees seeking a high-quality of life with access to many amenities available in larger metropolitan areas and will continue to attract companies searching for talent.

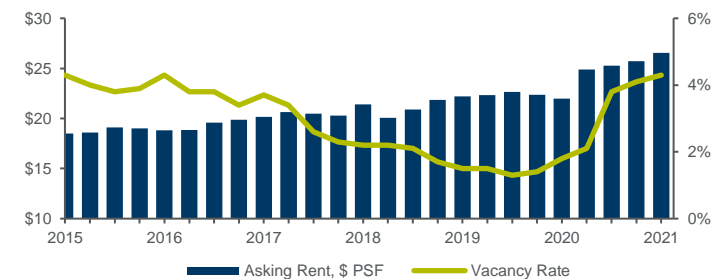
## PRICING: New Construction Pushes Rental Rates Higher

With minimal space available on the market prior to the pandemic, new construction has had a demonstrable impact on the overall asking rate for office space. New construction can command rates in excess of \$30.00 per square foot (psf). The overall rental rate increased 6.7% over the past 12 months, reaching a new high of \$26.55 psf. High quality, Class A space will continue to command significant premiums over more dated product that is available in the market.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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