

	YoY Chg	12-Mo. Forecast
2.2% Vacancy Rate	▲	▲
-31K Net Absorption, SF	▼	▲
\$24.88 Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
112.0k Charlottesville MSA Employment	▼	▲
8.3% Charlottesville MSA Unemployment Rate	▲	▼
13.0% U.S. Unemployment Rate	▲	▼

Source: BLS, Moody's Analytics

ECONOMY: Uncertain Recovery

With widespread business disruptions, Charlottesville's unemployment rate reached 9.5% before lowering to an estimated 8.3%. The impact has varies across industries, but employees are getting back to work as the state ushers in Phase III of reopening. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

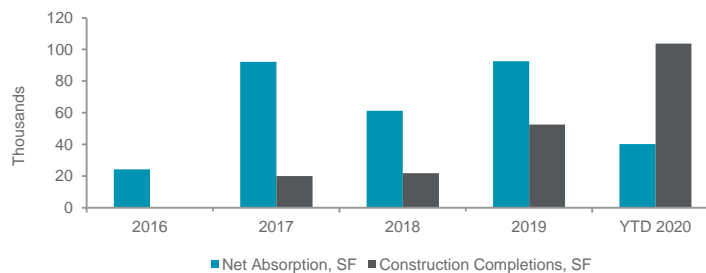
SUPPLY and DEMAND: New Construction Providing Needed Inventory

The effects of the global pandemic on office fundamentals continue to unfold. Despite many businesses working remotely for the time being, the overall office vacancy rate slightly increased 40 basis points (bps) from the prior quarter to 2.2%. Still, office space remains difficult to find and development activity continues on several high profile buildings. The UVA Foundation completed construction on Town Center Four, a 103,725 square foot (sf) office building in the UVA Research Park, and more than 500,000 sf will deliver by the end of 2021. Developers broker ground on Apex Clean Energy's new headquarters, the first mass timber building in Central Virginia. Dairy Central announced Costar and Dexcom as lead tenants in the mixed use development's 50,000 sf office building that is nearing completion. Construction also continues on 3TWENTY3 and the CODE building, providing more modern office space near Charlottesville's historic downtown mall.

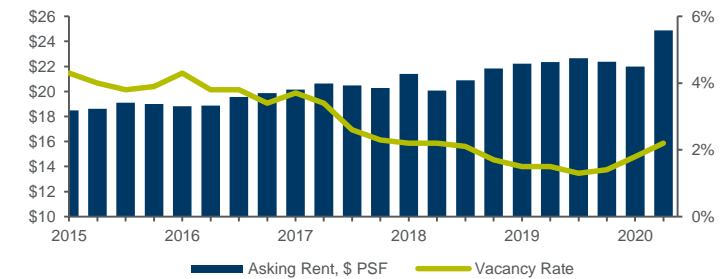
PRICING: Asking Rents Increase Year-Over-Year

New Class A space coupled with limited availabilities are providing upward pressure on asking rents in Charlottesville. The overall office rental rates increased 11.4% over the last 12 months, reaching \$24.88 per square foot (psf), while Class A rents are exceeding \$30.00 psf in the areas new developments. Asking rents are expected to stabilize in the near future as occupiers and landlords evaluate the impacts from today's global pandemic. While uncertainty remains, tenants remain keen on Charlottesville for its access to workforce talent and quality of life. New developments will command premium rents as they offer desirable amenities that were previously unavailable in the region.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.