

Office Q2 2021

YoY Chg 12-Mo. Forecast

4.9%

Vacancy Rate



-61K

Net Absorption, SF



\$27.52

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

114.3k

Charlottesville MSA Employment



3.6%

Charlottesville MSA Unemployment Rate



5.9%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Steady Recovery

The regional unemployment rate remains below the national average and continues to fall. The 3.6% unemployment rate remains higher than the 2.3% of Q1 2020 but still lower than historical averages. Nearly a quarter Charlottesville residents work in the education sector and the University of Virginia alone employs around 30,000 individuals- UVA has reported vaccination numbers of 85% and 78.5% for students and Academic staff respectively, signaling a return to a more traditional Fall Semester.

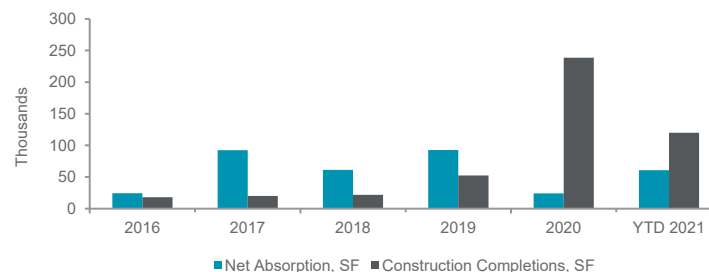
SUPPLY and DEMAND: Surging Construction

Office space remains in high demand and vacancy remains only 80 basis point (bps) above the ten-year average. Absorbency in the market was down for the quarter but that is more a reflection of large new deliveries than lack of demand and remains net positive for the past 12 months. In fact, 87% of the nearly 380,000 square feet (sf) of office space under construction is already preleased and since Q1 2020 there has been more space delivered than in prior decade.

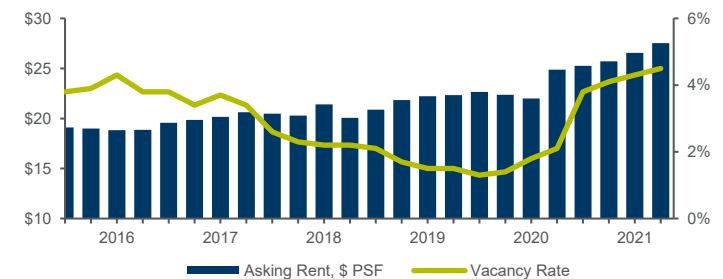
PRICING: Rental Rates Continue to Rise

Even with new construction booming, the underserved office market is still commanding historically high rental rates. The current rental rate of \$27.52 per square feet (psf) is a 55% increase than the 2015 average and is projected to continue to rise through at least the next two years. The steady stream of high-quality job candidates from UVA and over 400,000 sf of proposed development combine to signal a sustained demand for new office space in the region.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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