

Office Q2 2022

YoY Chg 12-Mo. Forecast

8.1%
Vacancy Rate



96K
Net Absorption, SF



\$28.09
Asking Rent, PSF



(Overall, All Property Classes, Minimum 10,000 SF RBA)

**ECONOMIC INDICATORS
Q2 2022**

YoY Chg 12-Mo. Forecast

115.3k
Charlottesville MSA
Employment



2.8%
Charlottesville MSA
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Positive Gains

The Charlottesville area economy is continuing its climb after posting steady gains in employment since the start of 2021. With increased foot traffic and rebounds in the hospitality industry, Charlottesville unemployment has dropped to 2.8%, near pre-pandemic levels and down 80 basis points (bps) year-over-year (YOY). Hotel revenues have increased by 40% year-over-year, and the average daily rate has increased 23% compared to the 2019 numbers.

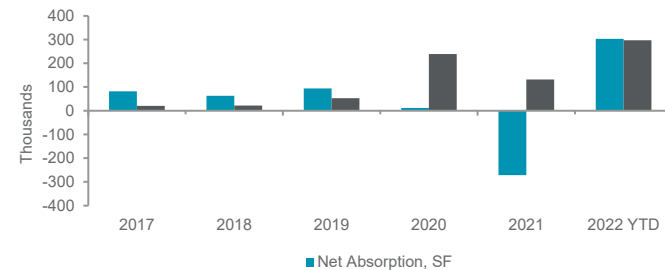
SUPPLY and DEMAND: Class A Demand

Despite the increase in the overall vacancy YOY, new product is quickly being absorbed with almost 88% of the year-to-date (YTD) net absorption in class A facilities. More than 520,000 square feet (sf) has been added to the class A inventory since the start of 2020 with delivery of Dairy Central, Apex Plaza, 3Twenty3 and the CODE Building. Apex Plaza, delivered in the first quarter of the year with a mix of office and retail space totaling 187,000 sf, is more than 90% leased. The CODE Building also delivered in the first quarter with a total of 110,000 sf of coworking space and traditional office; that facility is also more than 90% leased. The nine-story 120,000 sf 3Twenty3 building was completed in mid-2021 and is 99% leased with a law office, software company, and financial firm among its tenants. With the active construction pipeline beginning to slow, vacancy numbers are forecast to continue to fall.

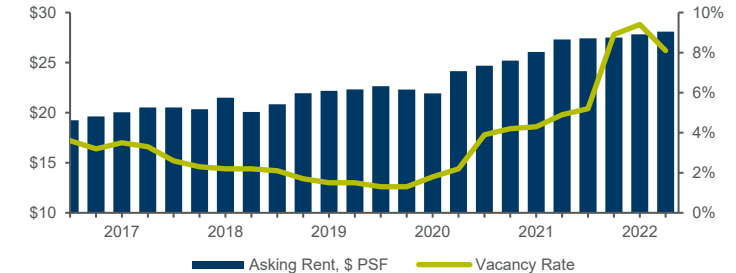
PRICING: Record Highs

Lease rates are continuing to trend upward with overall market rents increasing more than 28% since the start of 2020. Full service rates for new Class A product range between \$35 and \$43 per square foot (psf), and upward pressure on pricing is expected to continue as the supply of high-quality class A product continues to shrink.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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