

Office Q3 2021

	YoY Chg	12-Mo. Forecast
<b>5.4%</b> Vacancy Rate	▲	▼
<b>-39K</b> Net Absorption, SF	▼	▲
<b>\$24.61</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
<b>115.5k</b> Charlottesville MSA Employment	▲	▲
<b>3.5%</b> Charlottesville MSA Unemployment Rate	▼	▼
<b>5.3%</b> U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

### ECONOMY: Steady Recovery

The Charlottesville economy continues to recover at a steady pace. Regional unemployment rates remain below the national average and continue to fall. At 3.5% unemployment, there has been a 50% drop since Q3 2020. With less than 8% of Charlottesville area workers in Leisure and Hospitality, compared to nearly 12% nationally, the area was poised for a quick comeback. A cultural and educational hub for the region, Charlottesville was recently ranked by ChamberofCommerce.org as the 7th best small city in America to start a business.

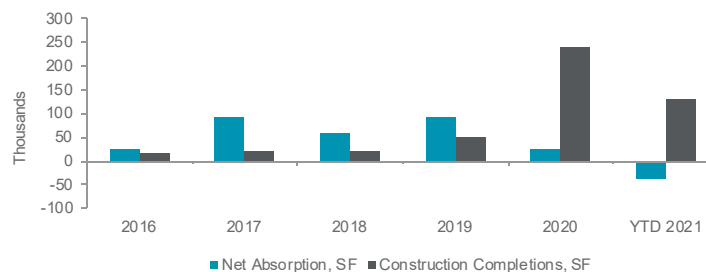
### SUPPLY and DEMAND: Surging Construction

Rental rate growth has slowed as of late, falling below the 1% growth rate that is the ten-year average, but it has not slowed enough to prevent the third quarter from setting record highs. Though the market saw a slight rise in vacancy and negative absorption numbers, this has less to do with market health and is instead a symptom of unprecedented new development in the area. Nearly 132,000 square feet (sf) has been delivered this year and there is almost 400,000 sf currently under construction. This block of new development activity makes up nearly 6% of total inventory square footage.

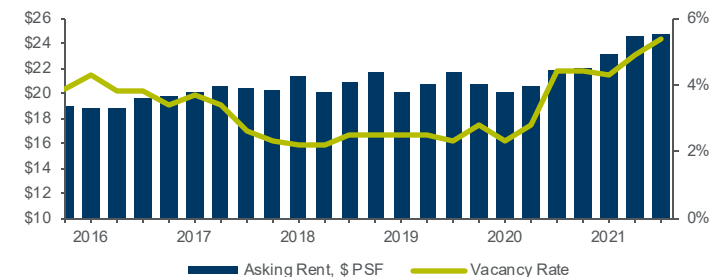
### PRICING: Record Highs

Charlottesville continues to have a tight availability market that has driven record setting rental rates and as a result, record sales prices for owner user and investment deals alike. In the third quarter, market sales price per square (psf) foot was over \$201 for the first time on record. This trend is forecasted to continue with sales prices rising as a result of limited supply. Despite new deliveries on the horizon, of the nearly 400,000 sf of new construction, 87% is already under prelease.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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