

Office Q4 2021

YoY Chg 12-Mo. Forecast

8.4%
Vacancy Rate



-305K
Net Absorption, SF



\$27.41
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

115.5k
Charlottesville MSA Employment



2.2%
Charlottesville MSA Unemployment Rate



4.2%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Steady Recovery

The Charlottesville economy posted yet another quarter with positive trends signaling a near full recovery from pandemic highs. After experiencing its highest unemployment rate on record of 10.2% in April 2020, Charlottesville employment has rebounded to pre-pandemic levels and carries one of the lowest unemployment figures in the state now at just 2.2%. While continuing COVID-19 variants and outbreaks prevent the area's normally robust tourism and hospitality market from reaching full strength, there have been several bright spots. Hotel occupancy reached a 20-month high in the fourth quarter of 2021 and the Dairy Market, a 10th & Page area food hall that had its first full year of operation, was ranked the number one attraction in the state by the Virginia Restaurant Lodging and Travel Association.

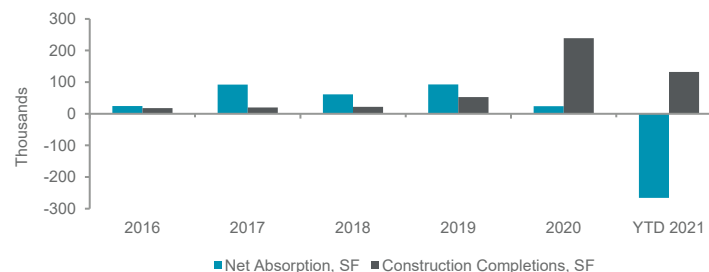
SUPPLY and DEMAND: Trending Positive

Office vacancy grew in the fourth quarter of the year reaching an annual high of 8.4%, however a full 3.5% of market vacancy can be directly attributed to 200,000 square feet (sf) that State Farm vacated at the end of the third quarter. 2021 was an incredibly active year for leasing with more than 300,000 sf of space committed to, the most on record and more than 100,000 sf more than the ten-year average. Rents were also trending up with the fourth quarter averaging, \$27.41, a more than 30% increase from 2019 averages.

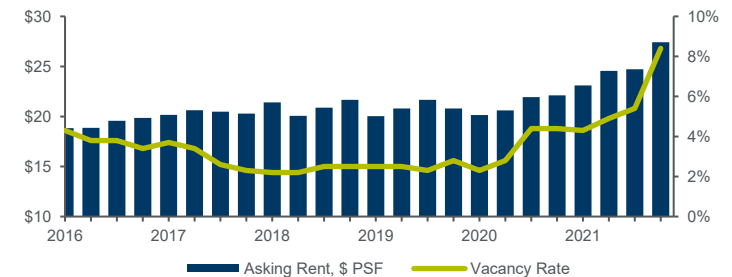
PRICING: Record Highs

A year removed from some of the uncertainty clouding the future of office space in Charlottesville, sales activity rebounded sharply this past year. Office space had the fourth largest sales volume on record in 2021 with more than \$54M in transactions, a 129% increase YOY. The trend of new development has continued with an active pipeline and more than 8% of total inventory either currently under construction or delivered within the past two years with a focus on large Class-A space. Town Center Four and 3Twenty3, both over 100,000 sf and Class-A opened in the past two years and have led the charge for the rent growth in the area.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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