

Office Q1 2023

YoY Chg 12-Mo. Forecast

**4.8%**  
Vacancy Rate



**17.8K**  
Net Absorption, SF



**\$29.10**  
Asking Rent, PSF



*(Overall, All Property Classes, Min 10,000 SF RBA)  
\*Vacancy Rate Excludes Large Block Sublease Space*

## ECONOMIC INDICATORS Q1 2023

YoY Chg 12-Mo. Forecast

**123.1k**  
Charlottesville MSA  
Employment



**2.7%**  
Charlottesville MSA  
Unemployment Rate



**3.5%**  
U.S.  
Unemployment Rate



Source: BLS, Moody's Analytics

**LIZ GREVING**  
Research Manager  
+1 804 697 3560 / [liz.greving@thalhimer.com](mailto:liz.greving@thalhimer.com)  
[thalhimer.com](http://thalhimer.com)

## ECONOMY: Major Life Sciences Investments

The first quarter closed with employment numbers up 6% year-over-year (YOY) and with regional population forecast to continue to rise, increasing 37.7% between 2010 and 2040. The University of Virginia announced plans to build a \$300 million biotechnology institute, which will include a biomanufacturing facility approximately four times the size of the university's current center. UVA life sciences start-up, PS-Fertility Inc., also announced plans to establish a headquarters location in Charlottesville, investing \$1.4 million and creating 31 new jobs. Charlottesville-based start-up Contraline has also announced plans to expand their area operations.

## SUPPLY and DEMAND: Vacancy Rates Decline

Vacancy rates hit a 24-month low, ending the quarter down 20 basis points (bps) quarter-over-quarter (QOQ) and down 110 bps YOY. For reporting purposes, the 281,000-square-foot (sf) class B sublease vacancy in the former State Farm building has been excluded. Class A vacancy has also decreased since the end of 2022, down 70 bps with several leases in UVA Foundation's North Fork Town Center complex and on Main Street in Downtown Charlottesville. Limits remain on the supply side with no large speculative projects currently under construction and 13,690 sf delivered in the first quarter. Downtown area vacancy has dropped as well, down 20 bps QOQ and down 60 bps YOY. The Apex building, downtown's newest office delivery, is 83% leased currently, with the remaining space accounting for the largest share of the downtown vacancy.

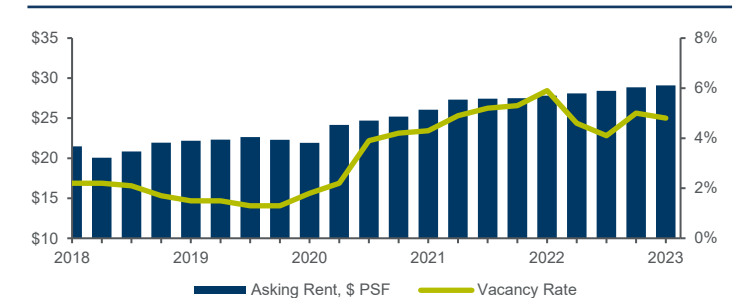
## PRICING: Trending Upward

Lease rates continued to climb, ending the quarter up 3.7% YOY overall and up nearly 26.8% since the start of 2020. Class A rates have followed a similar trendline, and upward pressure on pricing is forecasted to continue as inventory remains limited. Sales were active for the quarter with multiple smaller suite and medical office sales to users. A larger 49,408 sf two-building complex also transferred for \$2.5 million to an area investor and included a mix of medical and office space.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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