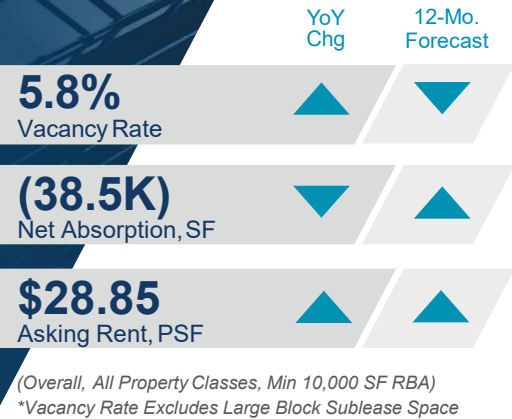
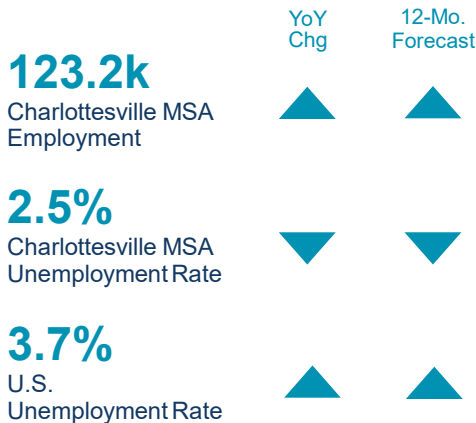


Office Q3 2023



**ECONOMIC INDICATORS  
Q3 2023**



Source: BLS, Moody's Analytics

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**ECONOMY: A Region in Growth Mode**

Charlottesville's regional employment numbers continue to rise, closing the quarter up 7.9% year-over-year (YOY). The University of Virginia (UVA) topped the U.S. News & World Report rankings once again, landing at the #5 spot among Top Public Schools and at #24 among National Universities. Construction is underway at the Ridge at North Pointe, a \$77.8 million community across from the UVA Research Park, and is scheduled for completion in the second quarter of 2024. The complex will add 279 units to the multifamily inventory that has grown 16% already since the start of 2020.

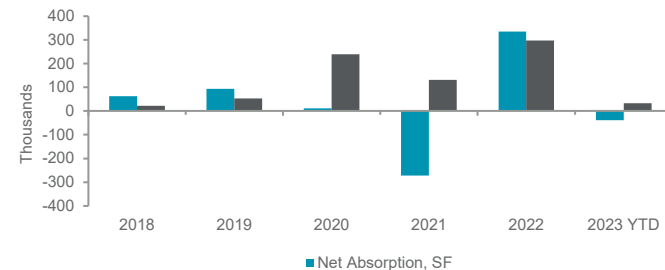
**SUPPLY and DEMAND: New Class A Large Blocks**

Vacancy rates edged up during the third quarter, landing up 60 basis points (bps) quarter-over-quarter (QOQ) and up 170 bps YOY. For reporting purposes, the 281,000-square-foot (sf) class B sublease space in the former State Farm building has been excluded from the vacancy numbers. The majority of the increase can be attributed to several large blocks of Class A space coming available in the LEED Gold-certified building at 915 East High Street. Constraints remain on the supply side with no large speculative projects currently under construction, and while leasing activity is down slightly compared to the same time frame in 2022, the number of deals is comparable. With the limited offerings and sustained prospective interest, vacancy is forecast to decline.

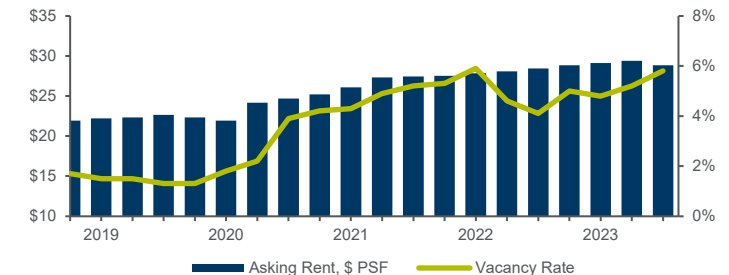
**PRICING: Trending Upward**

Sales volume topped \$26 million in the third quarter with the largest sale of the 2-building complex at 915 East High Street, which traded at \$165 per square foot (psf). Totalling over 132,000 sf, CFA Institute sold the property and will leaseback a portion for its ongoing operations. Class A lease rates edged up slightly, and while overall rates dipped in the third quarter, rents have increased 31.4% since the start of 2020.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



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