

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.7% Vacancy Rate	▲	▼
16.6K YTD Net Absorption, SF	▲	▼
\$32.35 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
124.6K Charlottesville Employment	▼	▲
3.4% Charlottesville Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: GROWTH CONTINUES

Regional unemployment closed the quarter at 3.4%, continuing to remain well below the U.S average. The University of Virginia was ranked #4 among top public schools and #24 among national universities by U.S. News & World Report. In addition, Afton Scientific announced an investment of more than \$200 million to expand its biopharmaceutical manufacturing facility in Albemarle County, creating hundreds of new jobs. Shamrock Farms will also invest \$59 million to expand its Augusta County manufacturing operation, adding 81,000 square feet (sf) to its existing 250,000 sf facility. Northrop Grumman is also making an investment in Virginia by establishing a new 315,000 sf electronics manufacturing and testing facility in Waynesboro, projected to add more than 300 jobs to the area by 2028.

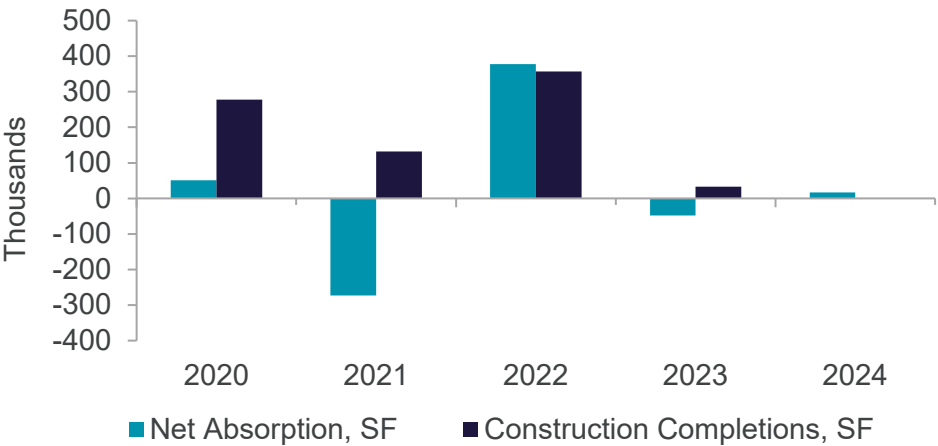
SUPPLY AND DEMAND: VACANCY RATES STABLE

Leasing activity topped 29,000 sf for the quarter, and deal volume topped 237,000 sf for the year. The vacancy rate increased 30 basis points (bps) quarter-over-quarter (QOQ), and 20 bps year-over-year (YOY) with the largest block of space added in the Warehouse building near Downtown Charlottesville. For reporting purposes, the class B sublease space in the former State Farm building has been excluded from the vacancy numbers. Construction activity slowed through 2024 with no deliveries during the last six quarters and no active projects in the development pipeline.

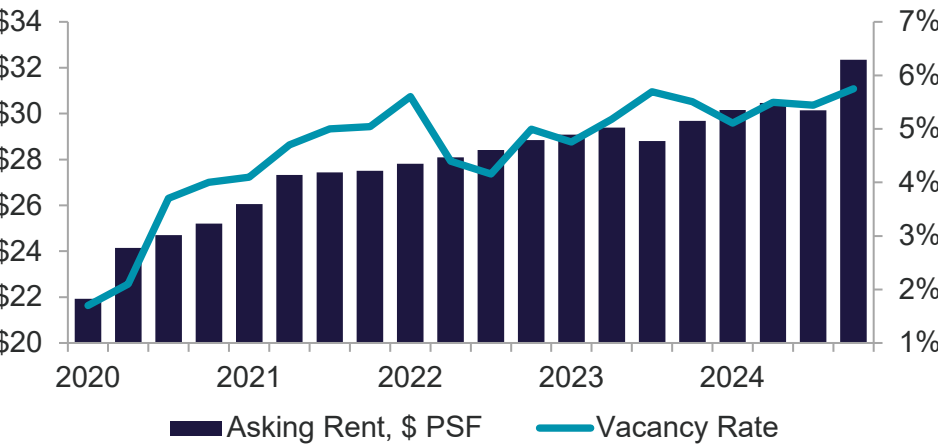
PRICING: TRENDING UPWARD

Quoted rates continued to rise, increasing 7.3% QOQ and 24.1% since the start of 2021 as a result of supply-side limitations and sustained prospect interest. The largest deal of the quarter was located at 321 East Main Street. Madison Energy Infrastructure leased 6,258 sf of space in downtown Charlottesville. Sales volume topped \$63.7 million for the year, almost twice the deal volume of the previous year. Topping the sale transactions not only for the quarter, but also for the year, is the portfolio sale at Peter Jefferson Place. This sale consisted of four buildings totaling 287,728 sf and traded at \$53 million to Seminole Trail Management. Average pricing continues to trend upward on a per-square-foot (psf) basis.

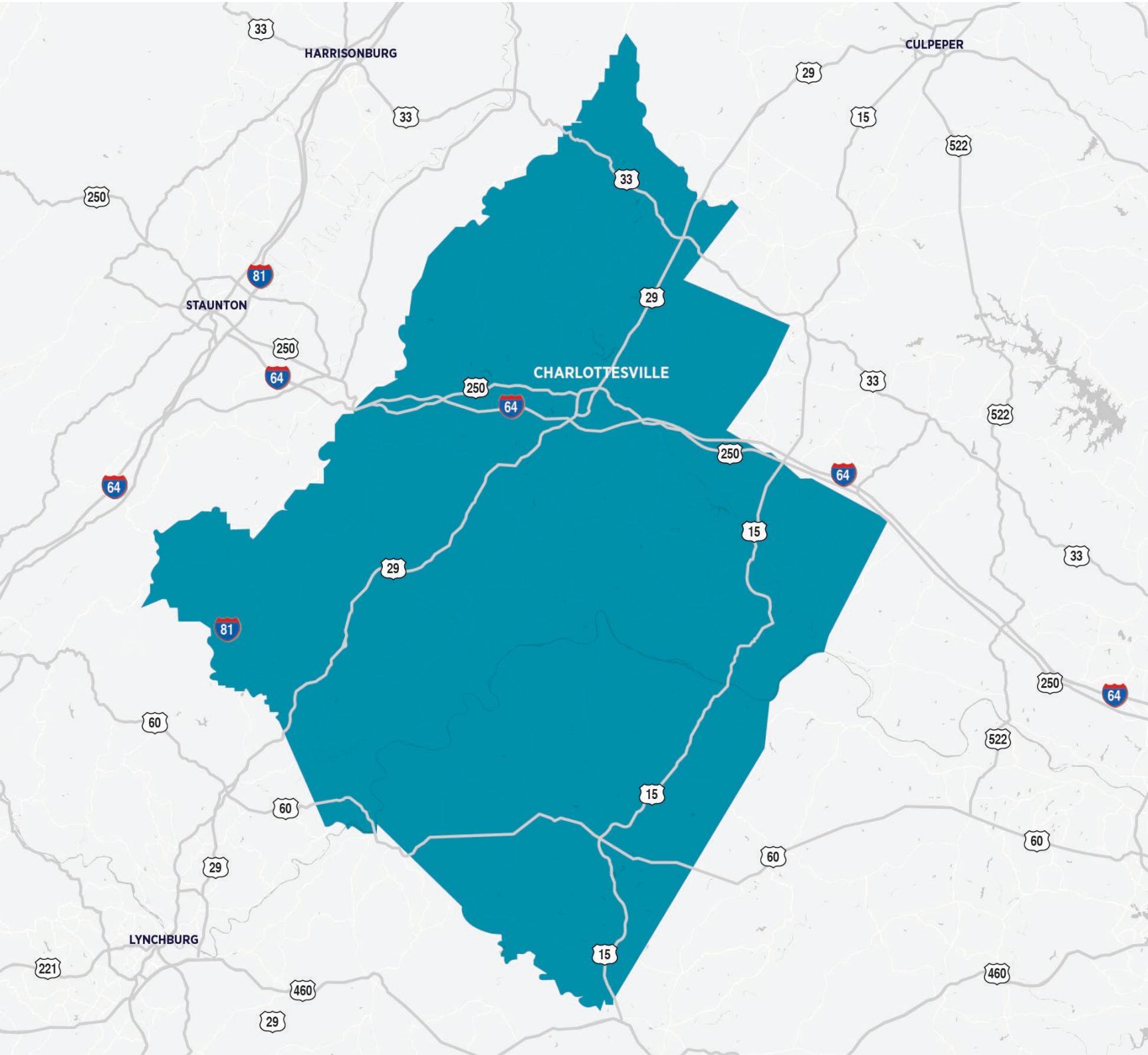
SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



OFFICE SUBMARKETS



LIZ GREVING
Associate Director, Research
Tel: +1 804 697 3560
liz.greving@thalhimer.com

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