

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.5% Vacancy Rate	▼	▼
15.9K Net Absorption, SF	▲	▲
\$23.98 Asking Rent, PSF <i>Overall, Net Asking Rent</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1% GDP Growth	▼	▲
2.7% Consumer Spending Growth	▬	▲
1.9% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMY: A REGION IN GROWTH MODE

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 & DEMAND: SUPPLY SHORTAGES

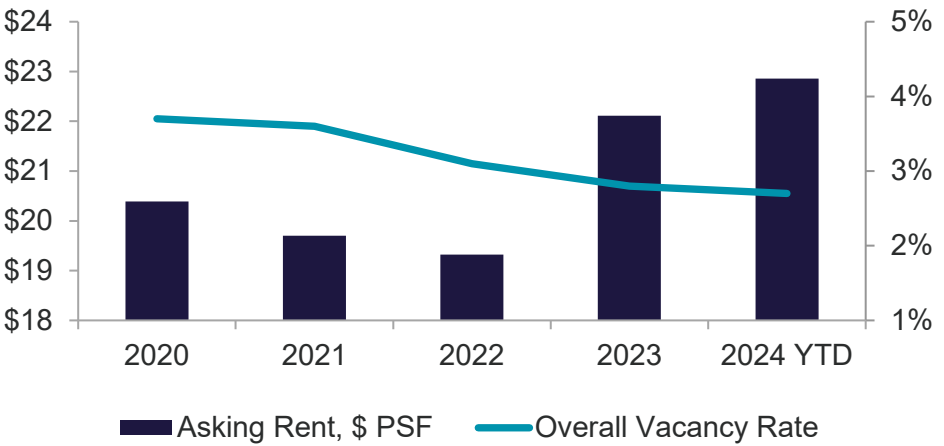
Vacancy continues to decline, dropping 10 basis points (bps) quarter-over-quarter (QOQ) and 20 bps year-over-year (YOY). Vacancy rates has held at or below 3.0% since 2023 with deliveries limited to just over 70,000 sf in the same time frame. Annual leasing activity has topped 213,000 sf, an increase of nearly 10.0% compared to the previous year and healthy given the supply-side limitations. Vacancy in all product types has remained flat QOQ, except for strip and lifestyle centers. That segment has an increase of 20 bps QOQ, pushing the vacancy for that product type to a slim 1.5%.

Construction of The Villages at Terrace Greene, a mixed-use development totaling over 230,000 sf of retail, office, and medical space is still under way. Phase I consists of 40,000 sf of retail space and is set to deliver in 2025, which will add retail GLA to the north side of the market.

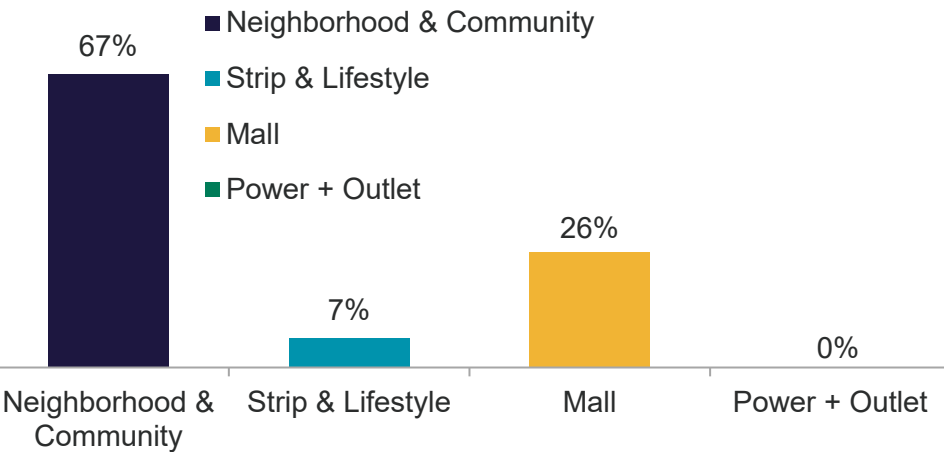
PRICING: RENTAL RATES INCREASE

As forecasted due to the supply side constraints, rents have continued to rise, up 2.0% QOQ and up almost 9.0% YOY. Sales volume has topped \$35 million for the year, a drop from prior year numbers and more a sign of limited offerings than of declining investor interest. Topping the sale transactions for the quarter was 264 Turkeysag Trail, a 38,639 sf grocery-anchored center that sold for \$4.5 million. Leading the deals for the year was the sale of 2025 Library Ave, a 20,000 sf building that traded for \$5.15 million in the second quarter.

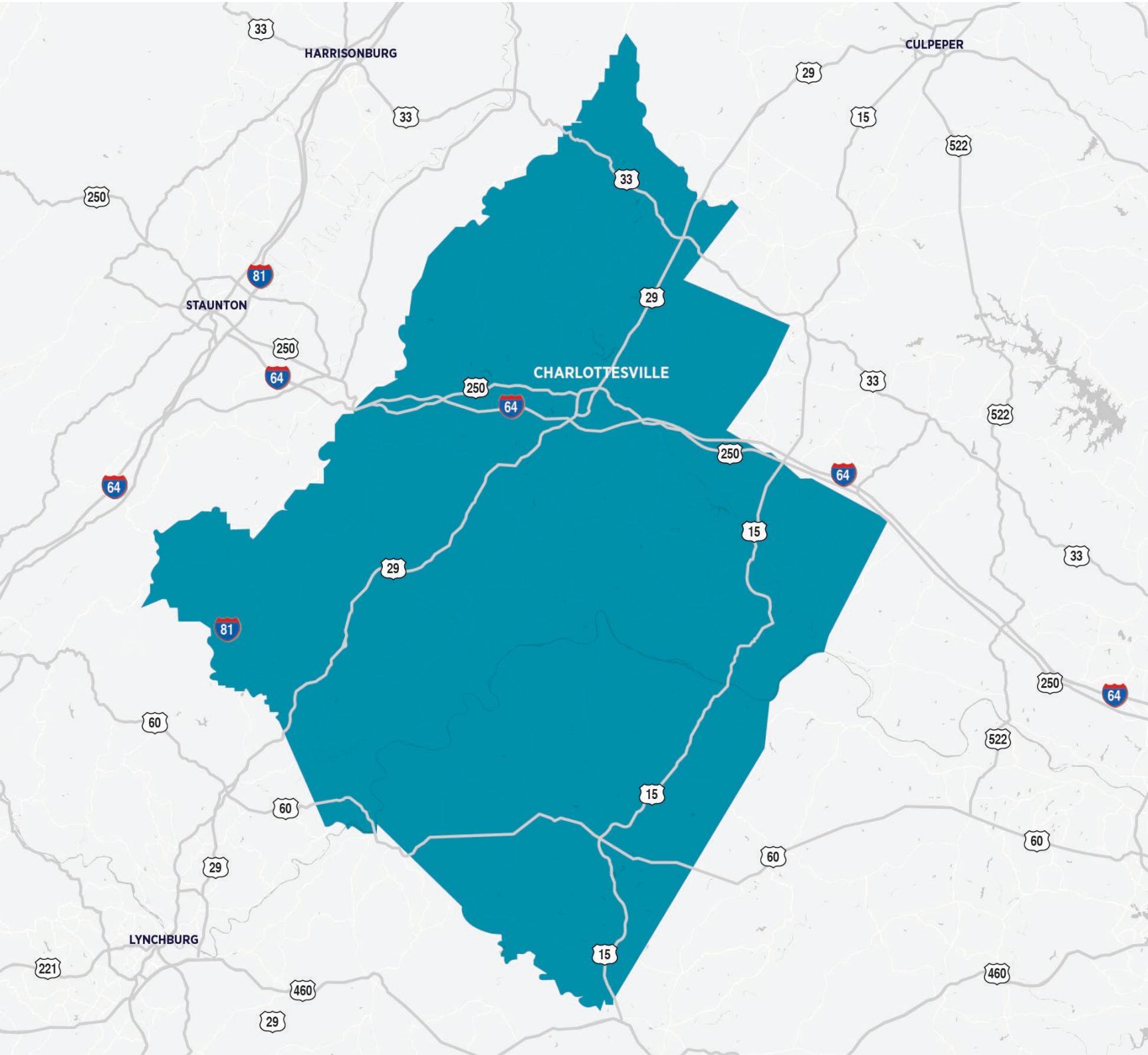
OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



RETAIL SUBMARKETS



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