

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.1% Vacancy Rate	▲	▲
-25.1K YTD Net Absorption, SF	▼	▲
\$30.66 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
118.2K Charlottesville Employment	▼	▲
3.6% Charlottesville Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: CONTINUED INVESTMENT IN INNOVATION

Ending the quarter with an unemployment rate of 3.6%, market fundamentals remain strong in the Charlottesville region. As part of the region’s broader push toward innovation and research, Albemarle County filed a site plan to begin grading land within the 462-acre Rivanna Futures project, a portion of which was rezoned to support a future defense and intelligence campus. Adding to this momentum, Luna Labs is expanding its headquarters to total 50,000 square feet, a move that is expected to create 20 new jobs. Meanwhile, the University of Virginia announced plans to build a \$72 million data center in the Fontaine Research Park, located approximately two miles from its existing 1.2 MW facility, reinforcing Charlottesville’s position as a growing hub for biotechnology, data infrastructure, and high-tech development.

SUPPLY AND DEMAND: VACANCY INCREASES

Leasing activity topped 44,045 square feet (sf) for the quarter, and 93,403 sf year-to-date (YTD). The vacancy rate increased 90 basis points (bps) quarter-over-quarter (QOQ) and 60 bps year-over-year (YOY). For reporting purposes, the class B sublease space in the former State Farm building has been excluded from the vacancy numbers. Construction activity remains quiet into 2025 with no deliveries during the last seven quarters and no active projects in the development pipeline.

PRICING: RATES STABILIZING

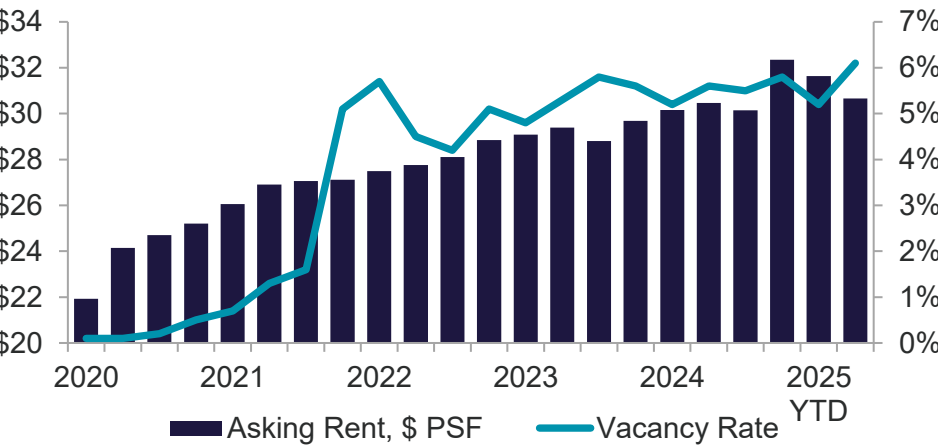
Quoted lease rates decreased slightly, down 3.1% QOQ. Since the start of 2022, overall quoted pricing has risen more than 11.5% as a result of the continued supply-side limitations.

Topping the sale transactions for the quarter was 285 Hydraulic Ridge Road, a 10,032-square-foot (sf) building that sold for \$2.1 million or \$209.33 per square foot (psf). Piedmont Regional Education Program signed the largest lease of the quarter, taking 20,202 sf of space at 3926 Seminole Trail.

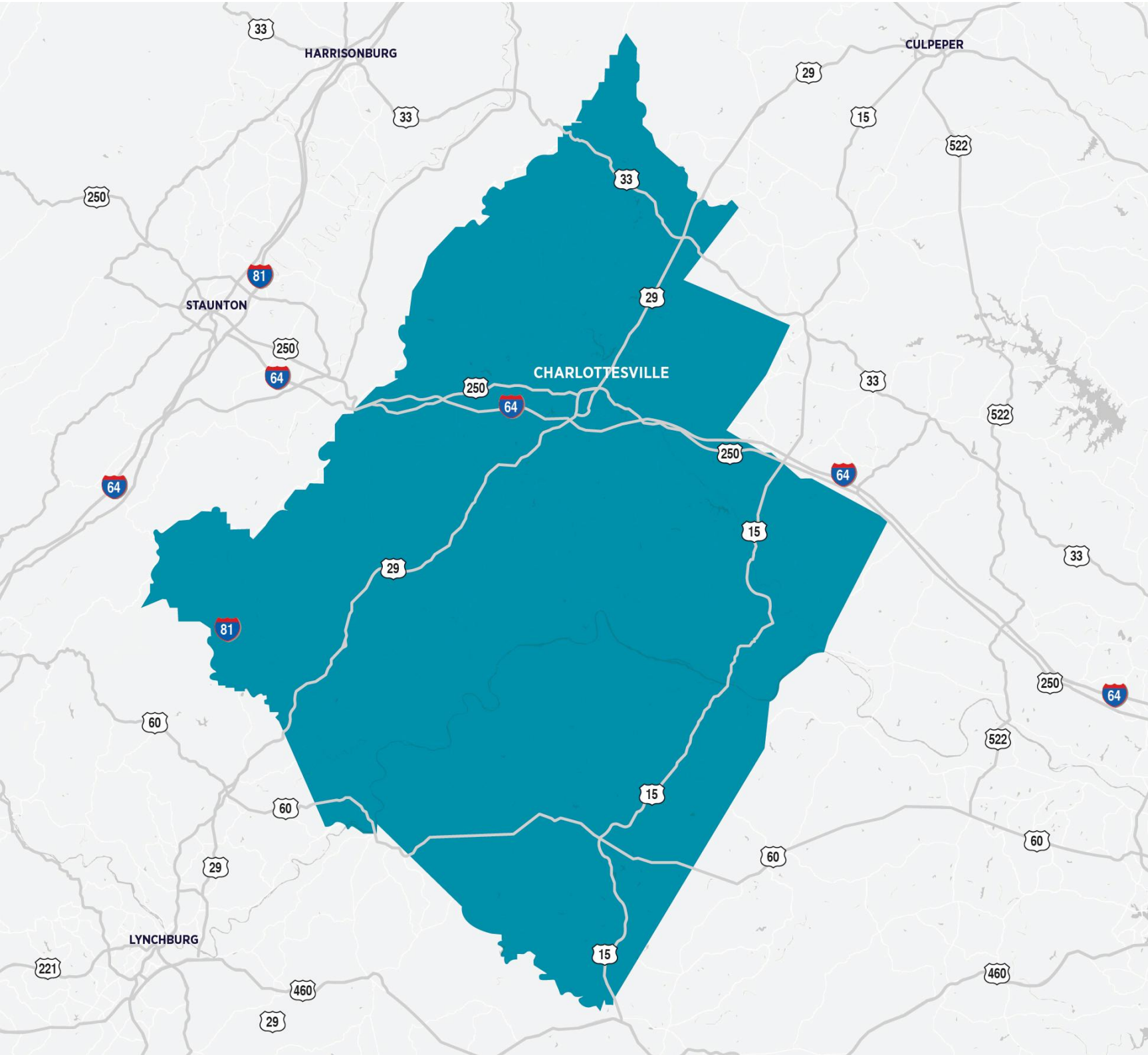
SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



OFFICE SUBMARKETS



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