

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>2.4%</b> Vacancy Rate	▼	▼
<b>17.5K</b> Net Absorption, SF	▲	▲
<b>\$24.45</b> Asking Rent, PSF <i>Overall, Net Asking Rent</i>	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>1.4%</b> GDP Growth	▼	▲
<b>2.4%</b> Consumer Spending Growth	▼	▲
<b>1.0%</b> Retail Sales Growth	▼	▬

Source: BEA, Census Bureau

**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 & DEMAND: HISTORICALLY LOW VACANCY**

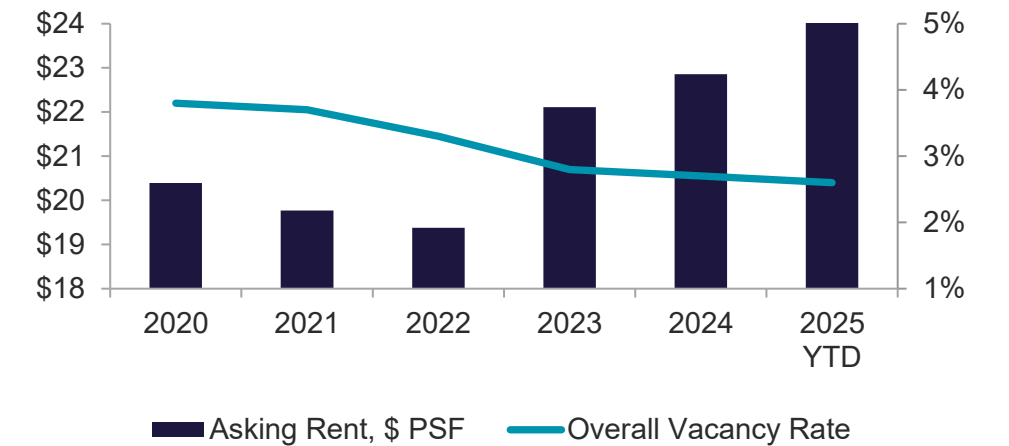
Vacancy decreased 40 basis points (bps) quarter-over-quarter (QOQ) and decreased 30 bps year-over-year (YOY). Vacancy rates have held at or below 3.0% since 2023 with deliveries limited to just over 25,000 square feet (sf) in the same time frame. While deliveries have been limited, the construction of the new Home Depot location remains under way. Located at 1531 Rio Road East, Home Depot will occupy 131,262 sf in the previous Sears building at Charlottesville Fashion Square Mall.

Leasing activity topped 68,400 sf for the quarter. While this was a decrease of 12.7% compared to the previous quarter the activity is healthy given the supply-side shortages. Power and outlet centers saw the most dramatic decrease in vacancy QOQ, decreasing 220 bps. The top lease transaction was 357 Hillsdale Drive, where cvilleSMASH leased 33,000 sf of space at Seminole Square Shopping Center.

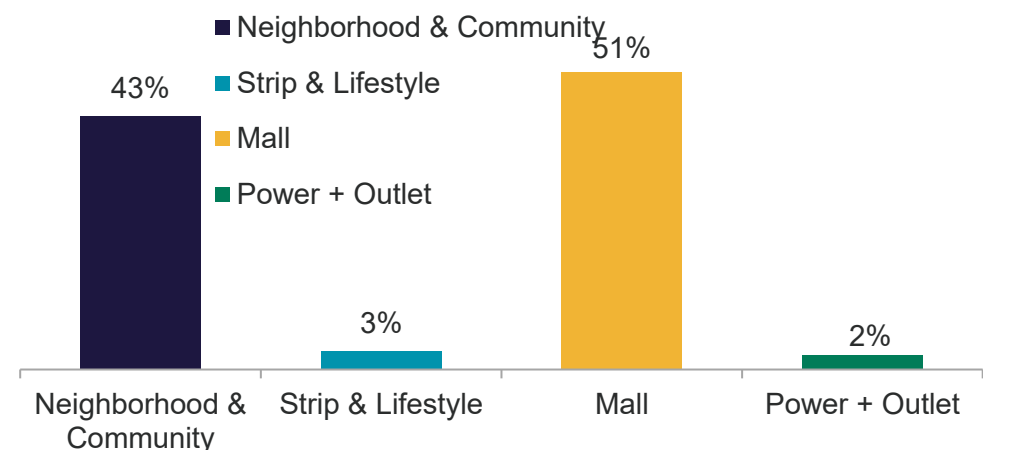
**PRICING: RATES TRENDING UPWARD**

Due to ongoing supply-side constraints, rents have risen as forecasted reflecting an increase of 3.7% QOQ and an increase of 11.8% YOY. Topping the sale transactions for the quarter was 2788 Hydraulic Road, a 10,506 sf retail property that sold for \$2.1 million or \$198.86 per square foot (psf). The second largest transaction was located at 1061 Rio Road East. Sunoco sold this 3,008 sf building for \$1.5 million or \$482.05 psf.

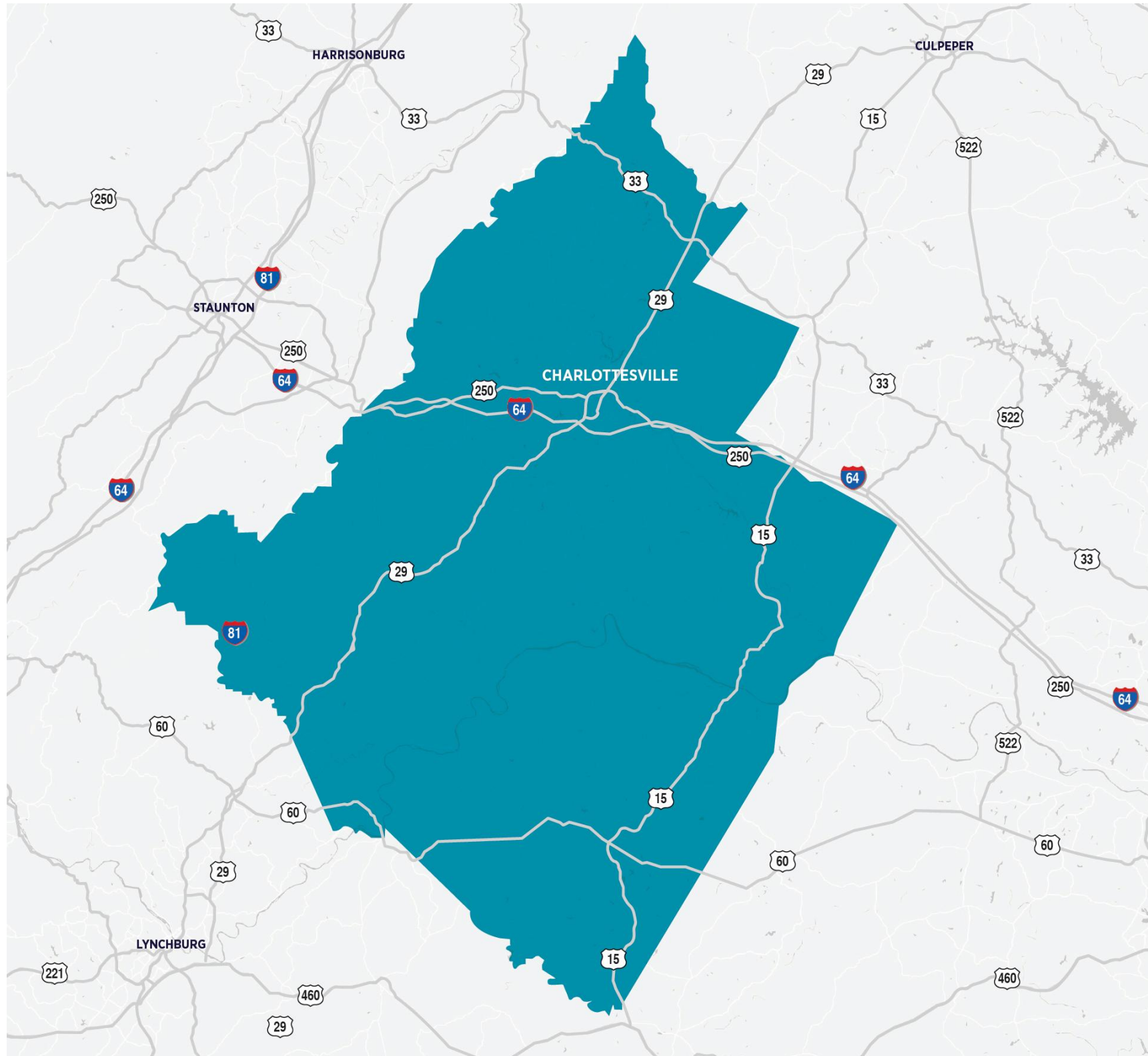
**OVERALL VACANCY & ASKING RENT**



**AVAILABILITY BY PRODUCT TYPE**



RETAIL SUBMARKETS



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