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**Improvements in Virginia’s Commercial Market Being Driven by a Drive Towards Quality**

*Companies seek amenities & flexible space for the return to in-office work*

Richmond, VA – (October 18, 2021) – According to the [Q3 2021 Commercial Market Report](https://virginiarealtors.org/research/reports/commercial-market-reports/q3-2021-commercial-market-report/) released by Virginia REALTORS®, while the Delta variant has slowed economic growth in Virginia, the state’s commercial real estate market showed signs of strength in the 3rd quarter.

The 3rd quarter report reveals that office markets in the state’s large metro areas—Northern Virginia, Richmond, and Hampton Roads—have been more resilient than smaller markets.

A key factor has been the strength of the high-end, Class A, market, where rent growth and absorption have been relatively strong. Class A office space is in demand because the companies looking to bring workers back to the office post-COVID are looking for buildings with a wide range of amenities and flexible spaces to accommodate enhanced technologies and hybrid work. In addition, the businesses currently shopping for office space are likely the ones with the best balance sheets and the most resources to commit to leased space.

Neighborhood retail has also performed surprisingly well across most markets in Virginia, while “big box” stores continue to struggle, largely due to pre-COVID trends. “Improvement in neighborhood retail is a testament to how important that local retail experience is to individuals and families throughout Virginia,” says Virginia REALTORS® 2021 President Beth Dalton.

The industrial market remains the hottest segment of Virginia’s commercial real estate market. While large warehouse spaces (e.g., fulfillment centers) continue to be in demand, there are growing challenges for businesses looking for niche small warehouse and flex space. “Construction of new industrial and warehouse space has not kept with the growing demand,” says Virginia REALTORS® Chief Economist Lisa Sturtevant, PhD. “In addition to rising material costs and labor shortages, there is an added challenge at the local level, where zoning codes and use categories don’t always accommodate in-demand space, such as flex space.”

Virginia REALTORS® publishes quarterly reports on the commercial real estate market. These reports summarize trends in the office, retail, and industrial markets in nine regions across the state, and provide an outlook for future commercial market conditions. [Click here](https://virginiarealtors.org/research/reports/commercial-market-reports/q3-2021-commercial-market-report/) to view the full Q3 2021 Commercial Market Report.

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**About Virginia REALTORS®**

Virginia REALTORS® (previously known as the Virginia Association of REALTORS®) is the largest trade association in Virginia, representing 36,000 REALTORS® engaged in the residential and commercial real estate business. Virginia REALTORS® serves as an advocate for homeownership and homeowners and represents the interests of property owners in the Commonwealth of Virginia. For more information, visit [www.virginiarealtors.org](http://www.virginiarealtors.org) or follow Virginia REALTORS® on [Facebook](https://www.facebook.com/REALTORSVirginia/), [Twitter](https://twitter.com/REALTORS_VA), and [LinkedIn](https://www.linkedin.com/groups/31801).

NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Top of Form