



Q2 2024 OFFICE MARKET REPORT



Office Market - Key Trends Snapshot

Office Market

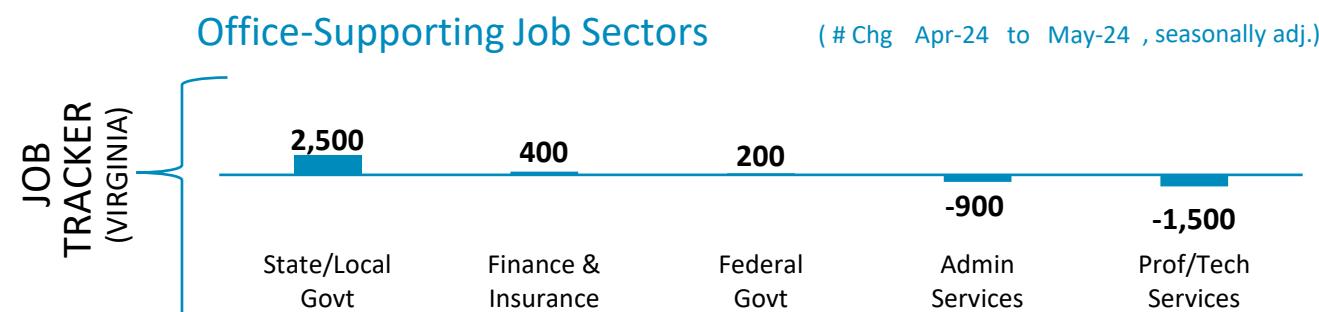
Overview: The office market in Virginia continues to adapt to changing demand conditions as hybrid work schedules are translating to smaller office footprints in some job markets around the state. Absorption continues to trend negative, and construction has been sluggish. Vacancy rates have been elevated but stable, and rents growth continues to be a factor in some regional markets.

Absorption: The office market continues to struggle as demand remains negative with a total of -227,921 sq ft of space absorbed. Class B/C buildings saw positive absorption for the first time since the end of 2022 with 116,335 sq ft of office space. Northern Virginia had 326,911 sq ft of negative office space absorbed mostly from Class A buildings. The metro area with the highest absorption level was Hampton Roads with 139,810 sq ft.

Vacancy Rate: In Virginia, the vacancy rate hit 13% in Q2 2024, 0.6 percentage points higher than last year. Vacancy rates in Northern Virginia reached a multi-year high this quarter at 17.3% while Harrisonburg vacancy rates were at a record low at 3.2%.

Rent: Despite high vacancy rates, rent continued to increase across the state at \$31.72 per square foot, up 1.5% from the previous year. Rent went up for both office class types, but Class B/C buildings had the biggest increase at 2.2%. There were only two markets that saw negative rent growth this quarter, Winchester at -0.8% and Lynchburg at -0.9%.

Supply+Deliveries: The amount of office space under construction declined 5.4% in Q2 with 2.25 million sq ft. Richmond had the highest level of office construction in the second quarter with 1.12 million sq ft, mostly from Class A building construction. Northern Virginia delivered the largest amount of newly built office space at 528,956 sq ft.



VIRGINIA (Statewide)



Market Indicator Dashboard

YoY Chg	Q2-2024	Indicator
% chg	-0.1%	417.1 Total Inventory (sq. ft, in millions)
sq. ft millions	-1.4	-0.2 Net Absorption (sq. ft, in millions)
pct point	0.6%	13.0% Vacancy Rate (%)
\$ per sq. ft	\$0.46	\$31.72 Gross Rent (\$ per sq. ft)
sq. ft millions	-1.6	0.6 New Supply Delivered (sq. ft, in millions)
sq. ft millions	-0.1	2.3 Under Construction (sq. ft, in millions)



Economic Indicator Dashboard

MoM Chg	May-24	Indicator
% chg	0.2%	4.2 Total Jobs, Virginia (in millions, seasonally adjusted)
% chg	0.1%	1.1 Office-Supporting Jobs, Virginia (in millions, seasonally adjusted)
pct point	-0.1%	2.7% Unemployment Rate, Virginia (% seasonally adjusted)
QoQ Chg	-2.0%	1.4% Gross Domestic Product, U.S. (seasonally adjusted annual rate)

Virginia Office Market

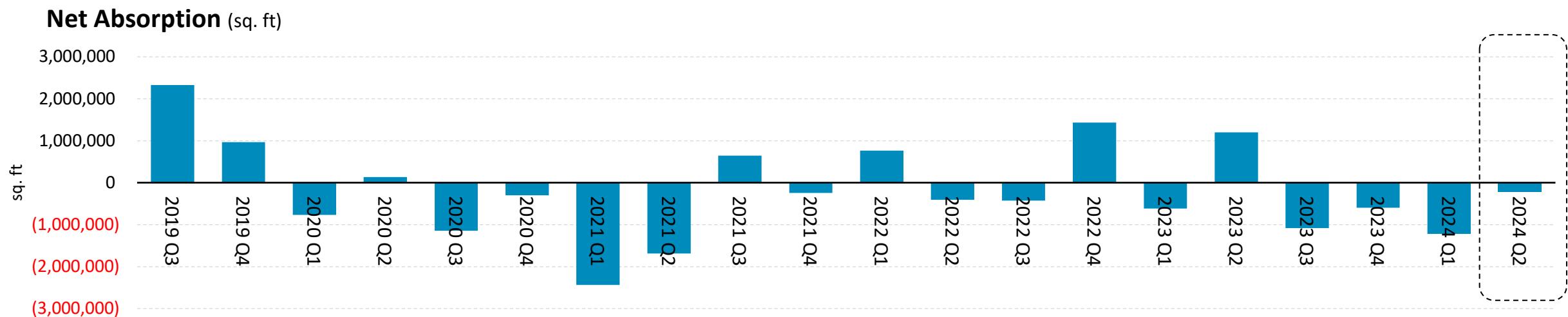
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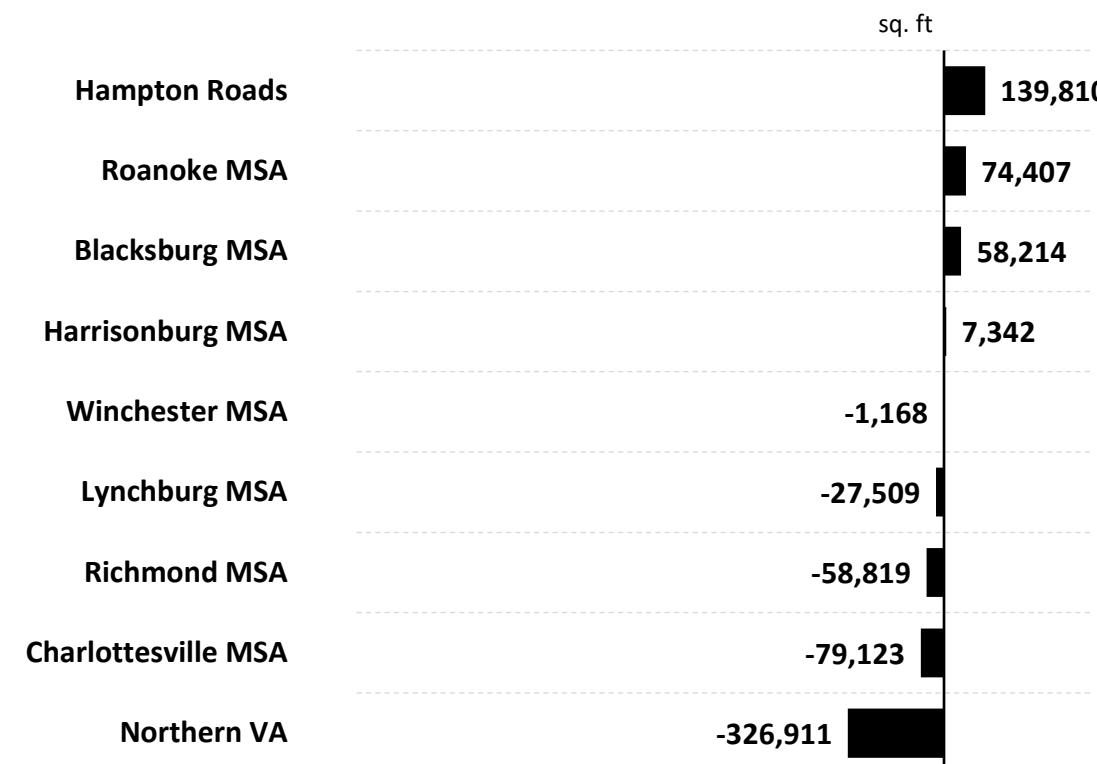
Office Market - Absorption & Construction Trends

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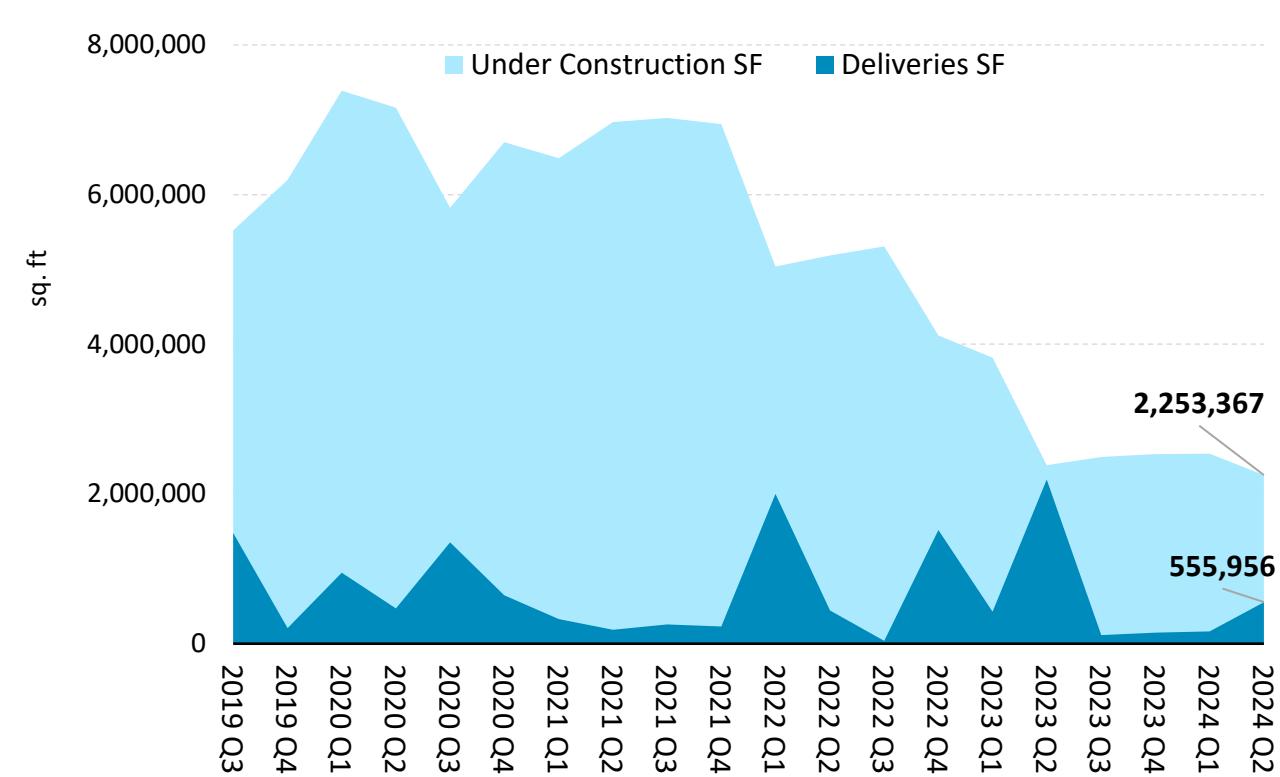
VIRGINIA (Statewide)



Q2-2024 Net Absorption by Metro Area (sq ft)

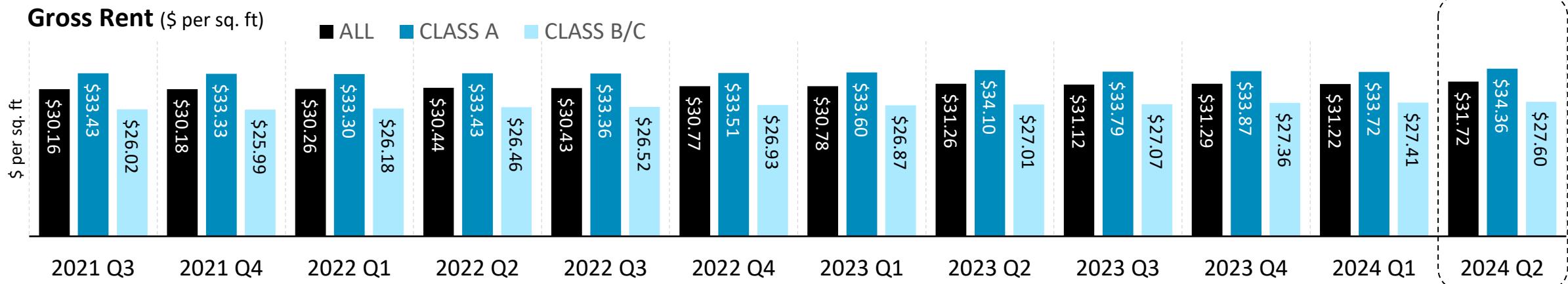


Under Construction & Net Deliveries (sq. ft)

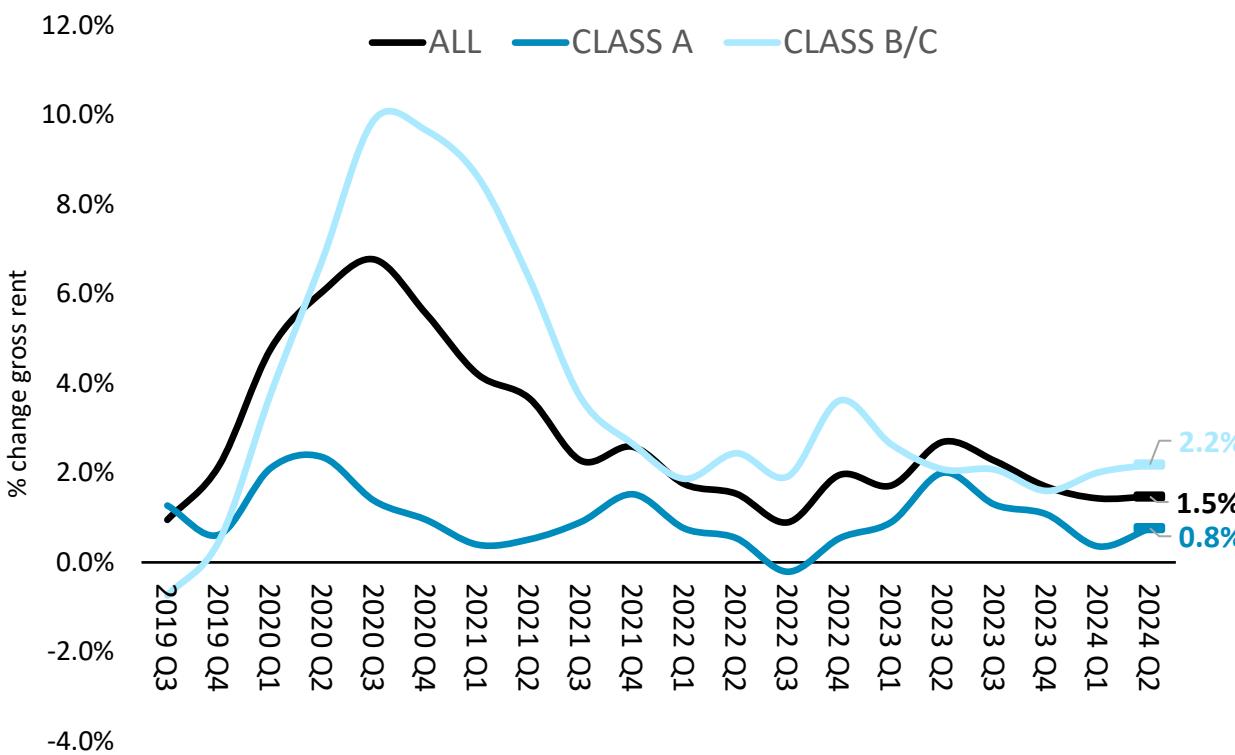


Office Market - Rent Trends

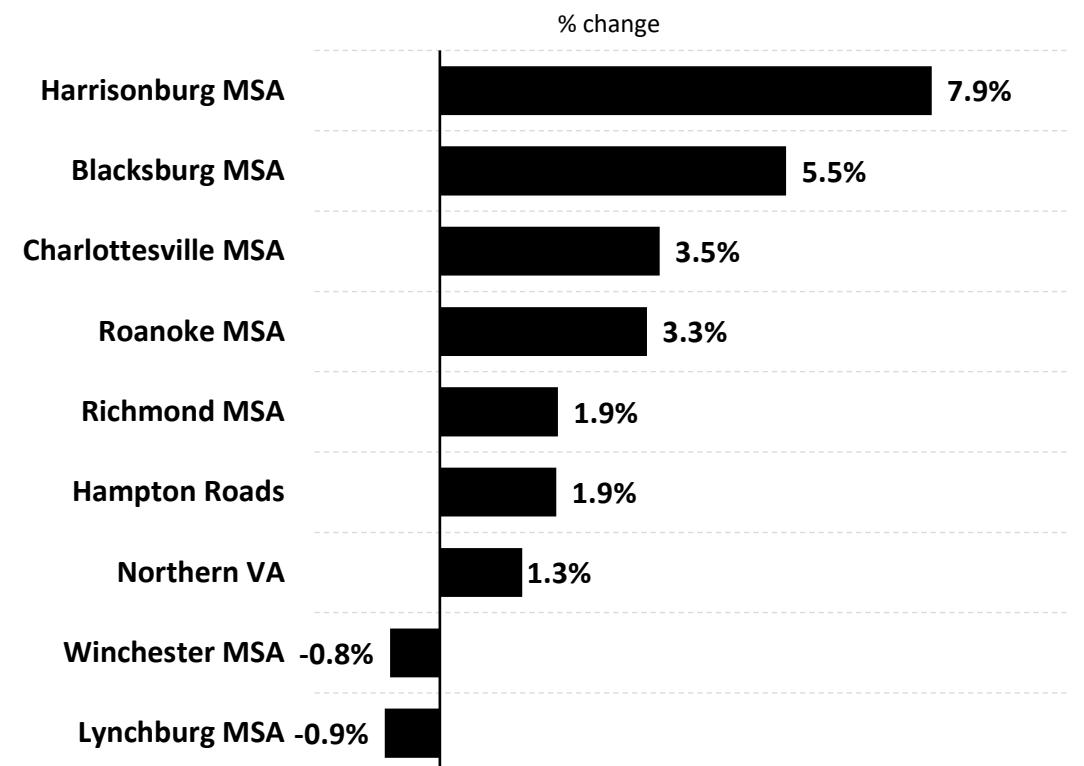
VIRGINIA (Statewide)



% Change, Gross Rent (YoY % change)



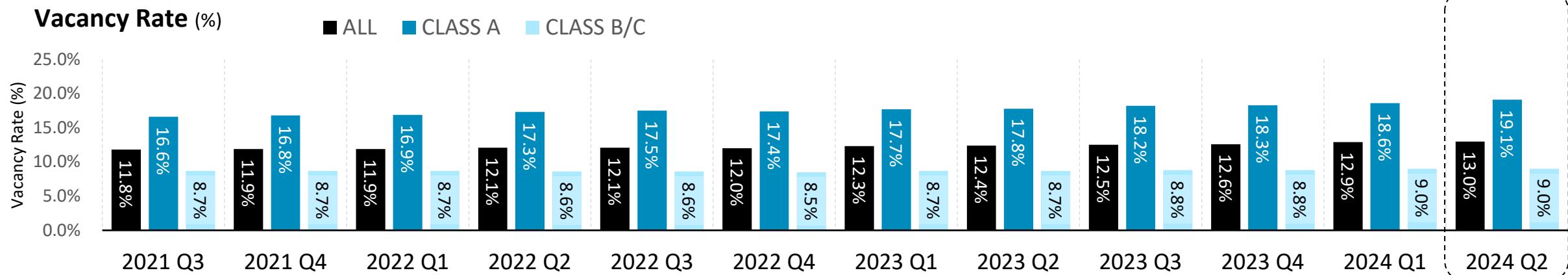
Q2-2024 by MSA: % Change, Gross Rent (YoY % change)



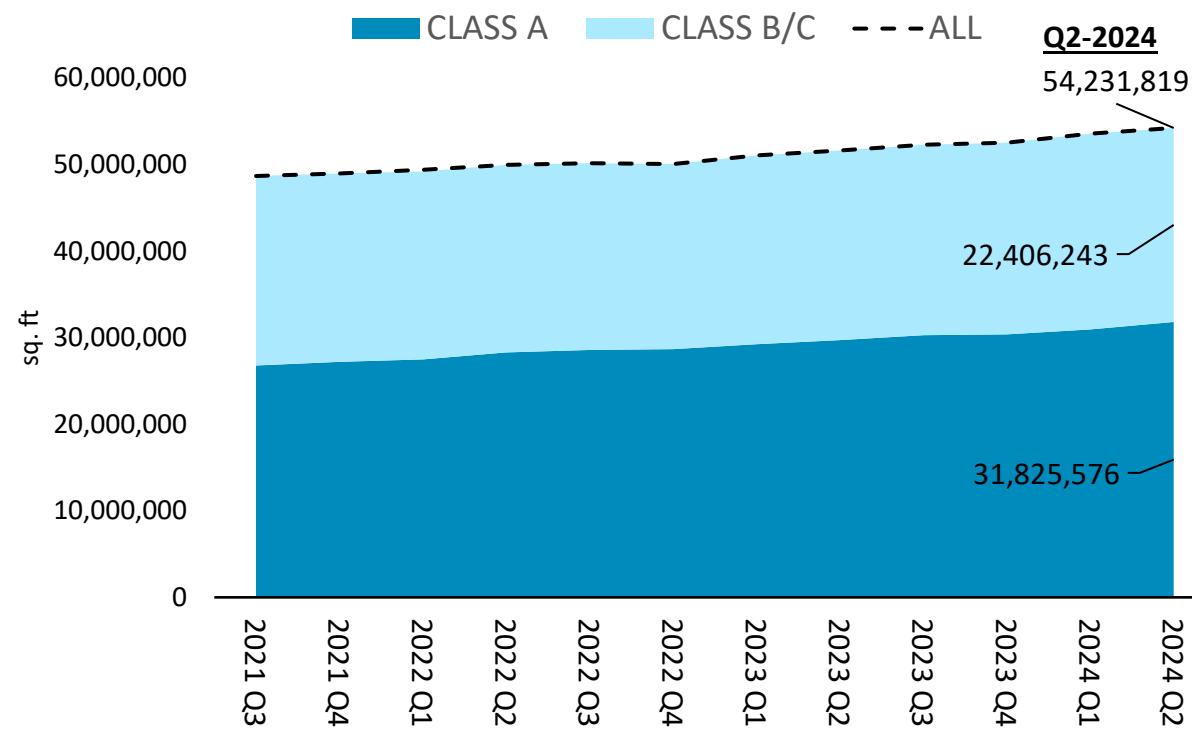
Office Market - Vacancy Trends

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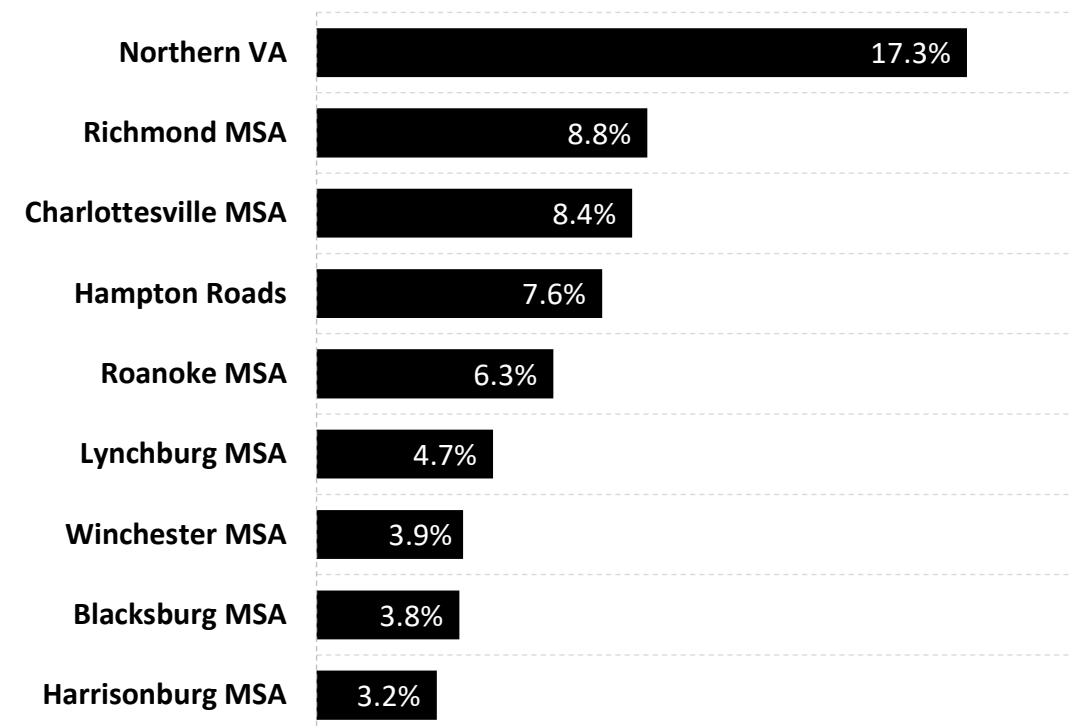
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q2-2024 Office Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

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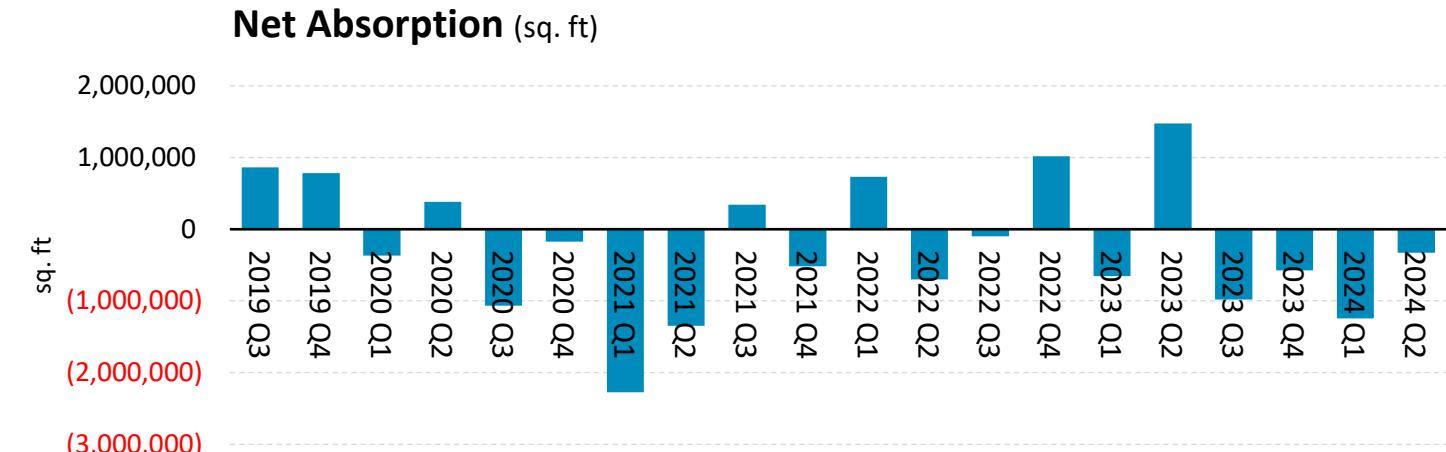
Snapshot of Office Market Conditions Around Virginia

Office Market - MSA Trends

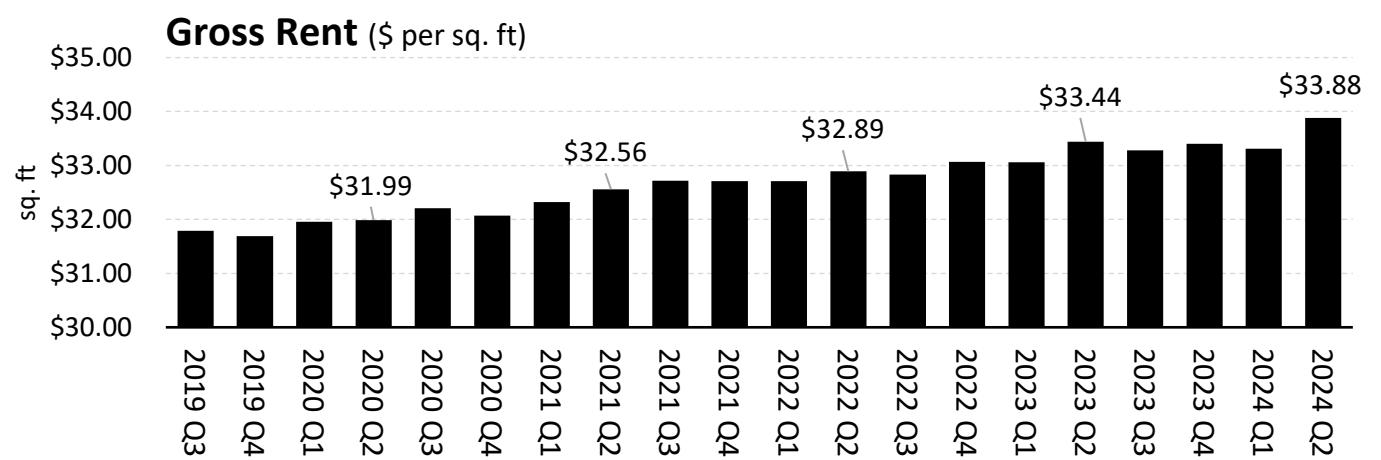
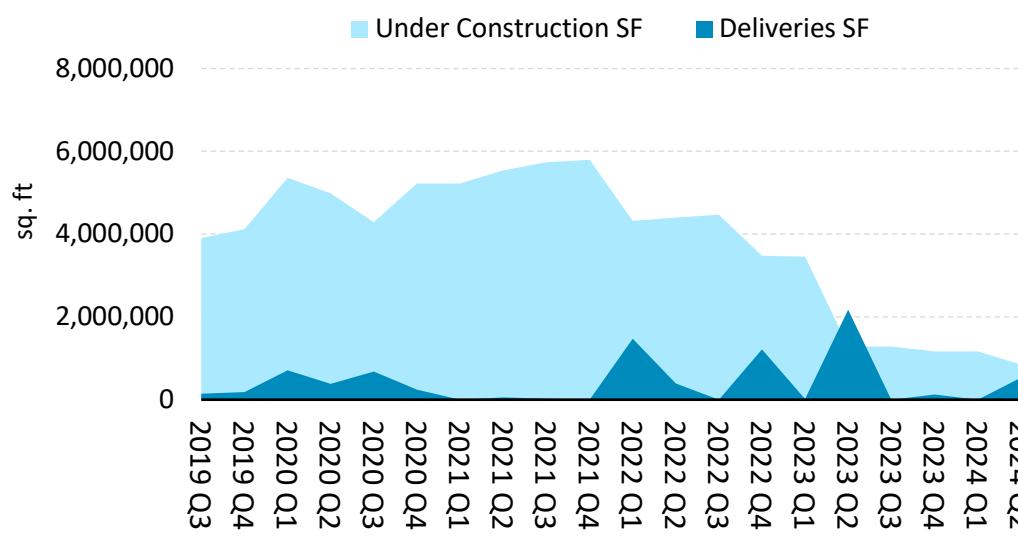
NORTHERN VIRGINIA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	234.3	-0.3% % chg
Vacancy Rate (%)	17.3%	1.1% pct points
Net Absorption (sq. ft)	(326,911)	-1,800,681 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$33.88	\$0.44 \$ per sq. ft
Deliveries (sq. ft)	528,956	-1,645,158 sq. ft
Under Construction (sq. ft)	844,639	-441,548 sq. ft



Under Construction & Net Deliveries (sq. ft)



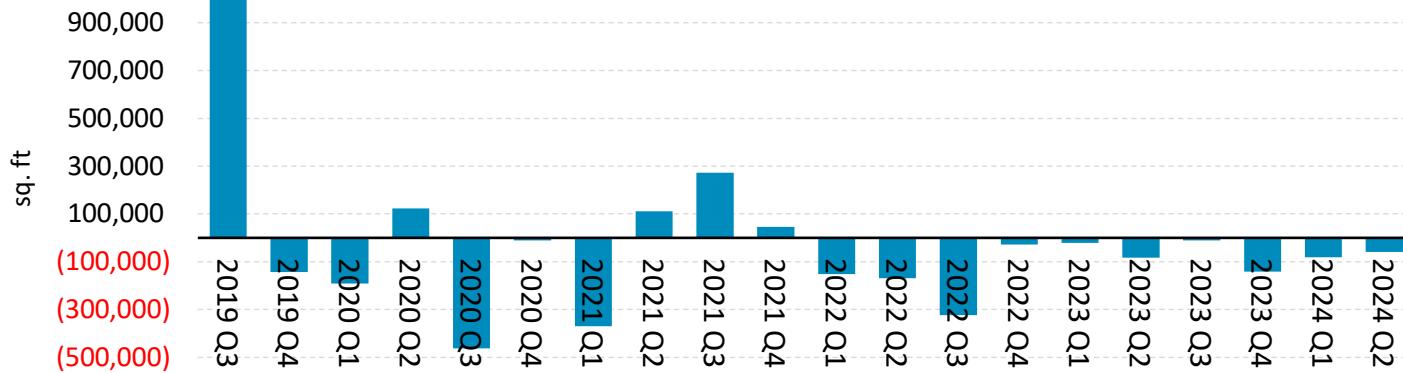
Office Market - MSA Trends

RICHMOND MSA

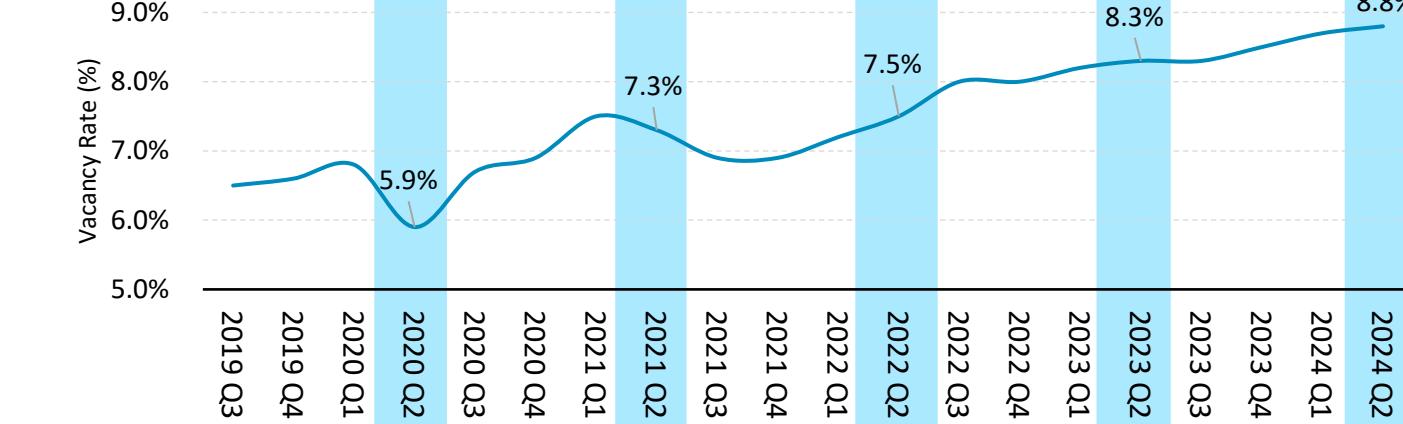
Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	68.4	0.1% % chg
Vacancy Rate (%)	8.8%	0.5% pct points
Net Absorption (sq. ft)	(58,819)	24,031 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.07	\$0.39 \$ per sq. ft
Deliveries (sq. ft)	12,000	12,000 sq. ft
Under Construction (sq. ft)	1,123,871	186,219 sq. ft

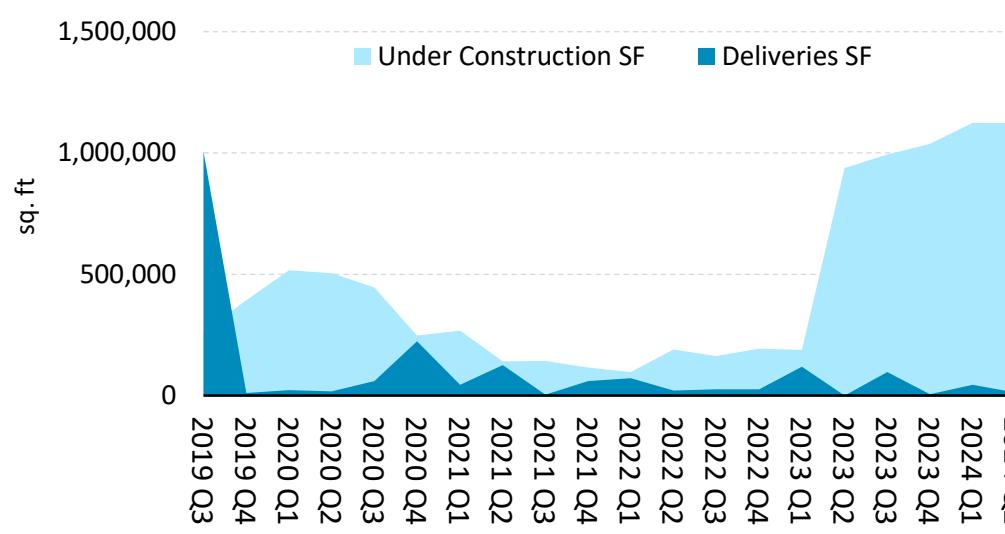
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



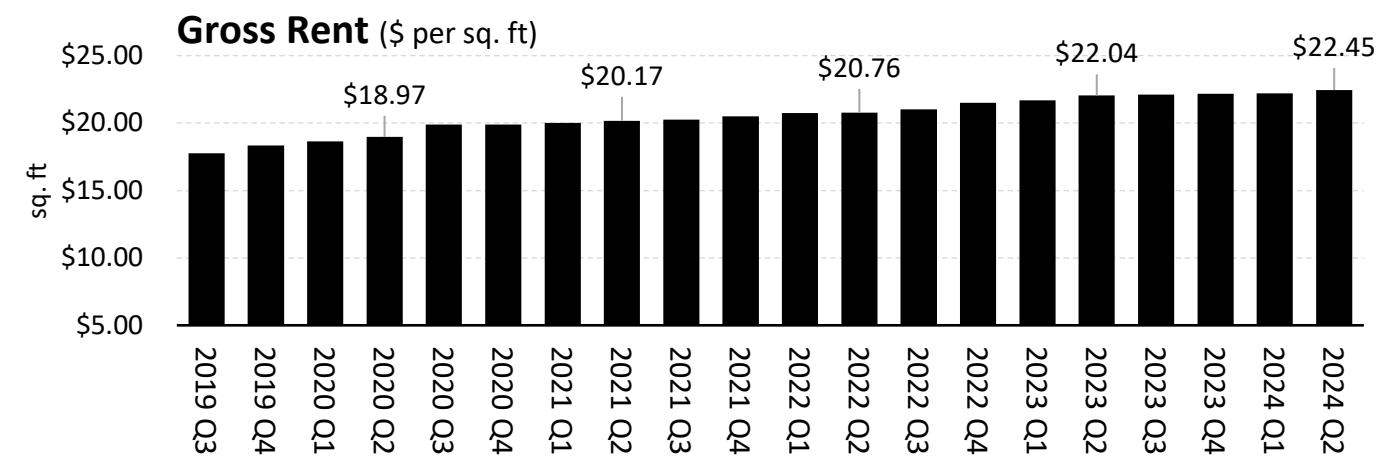
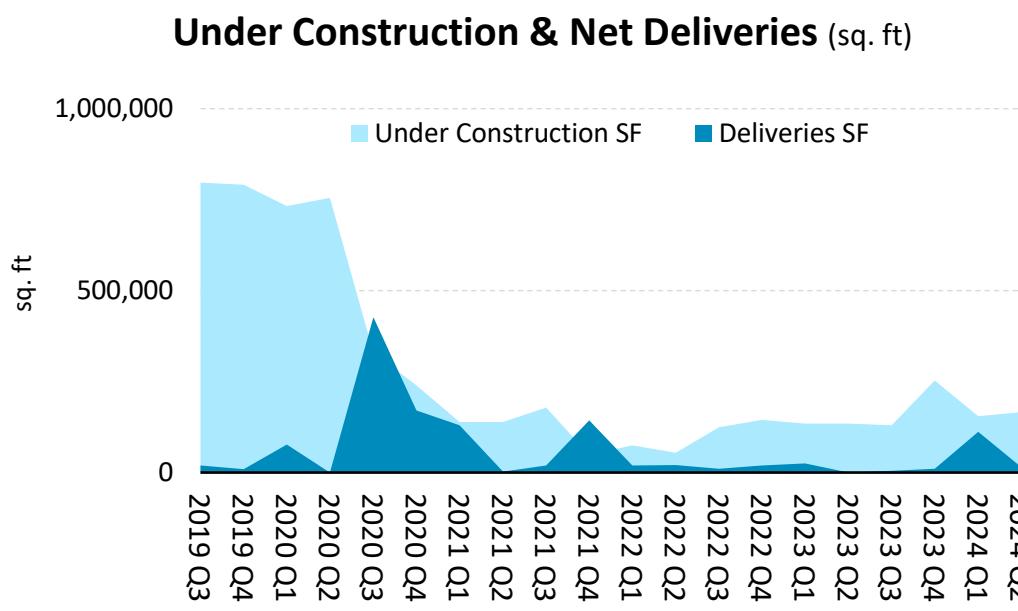
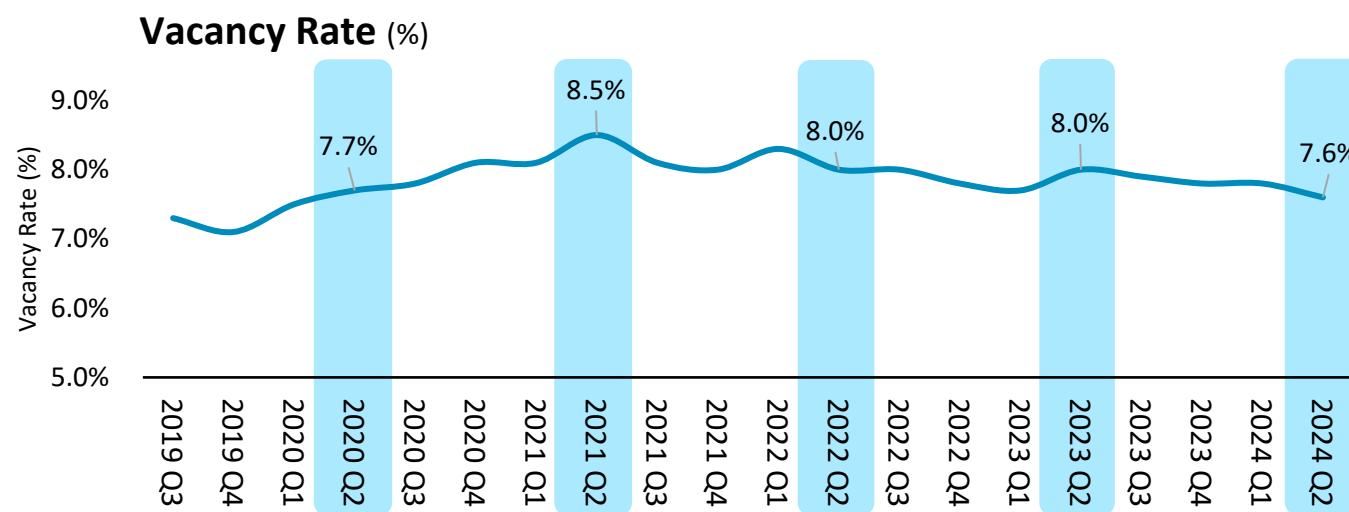
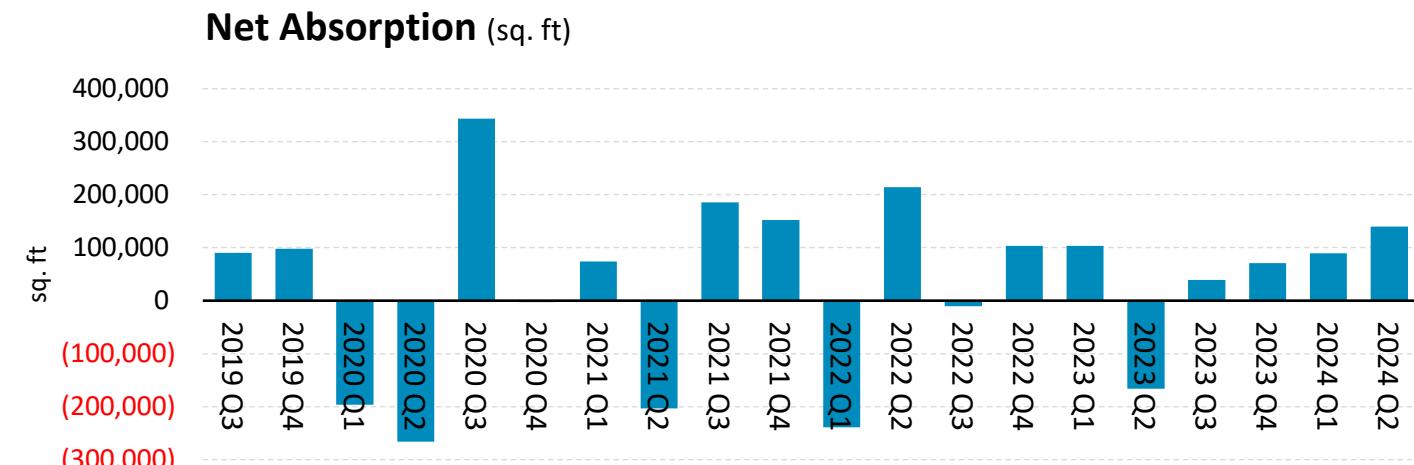
Gross Rent (\$ per sq. ft)



HAMPTON ROADS

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	56.5	0.2% % chg
Vacancy Rate (%)	7.6%	-0.4% pct points
Net Absorption (sq. ft)	139,810	305,782 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$22.45	\$0.41 \$ per sq. ft
Deliveries (sq. ft)	15,000	15,000 sq. ft
Under Construction (sq. ft)	166,197	31,397 sq. ft



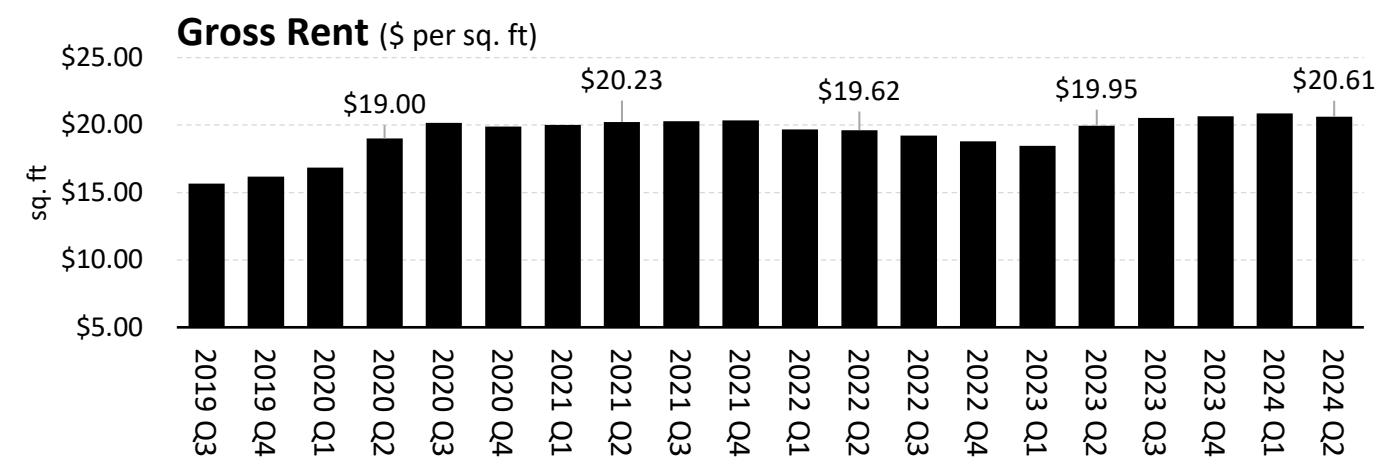
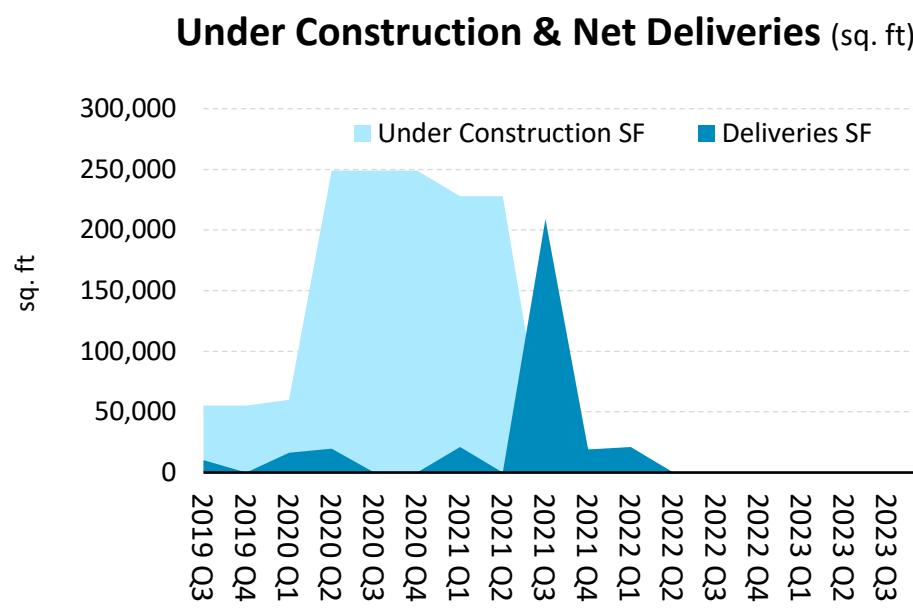
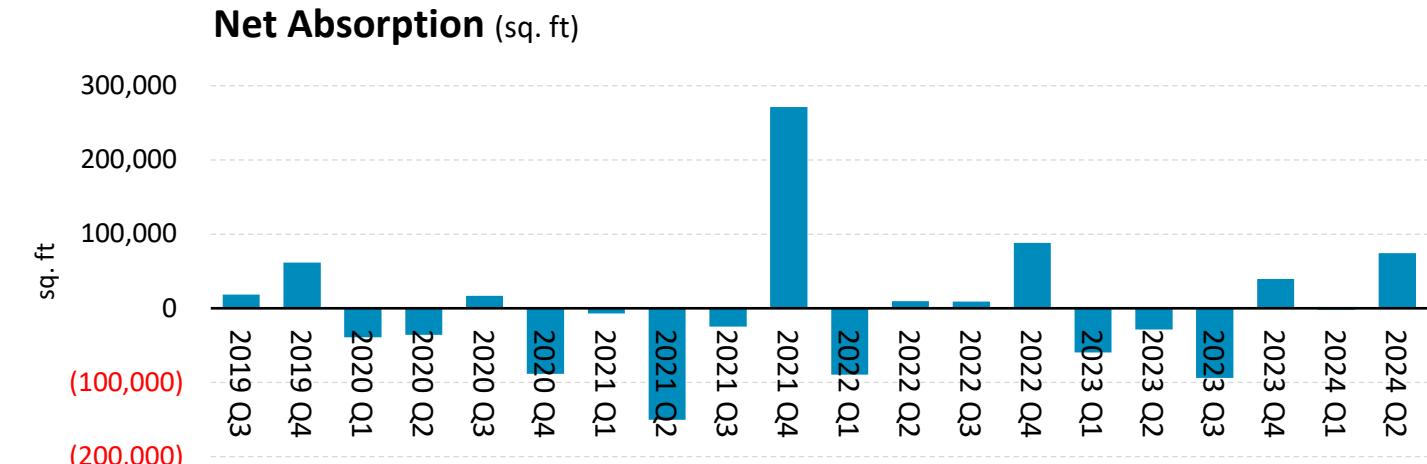
Office Market - MSA Trends

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ROANOKE MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	15.9	-0.3% % chg
Vacancy Rate (%)	6.3%	-0.4% pct points
Net Absorption (sq. ft)	74,407	103,105 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$20.61	\$0.66 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	0 sq. ft

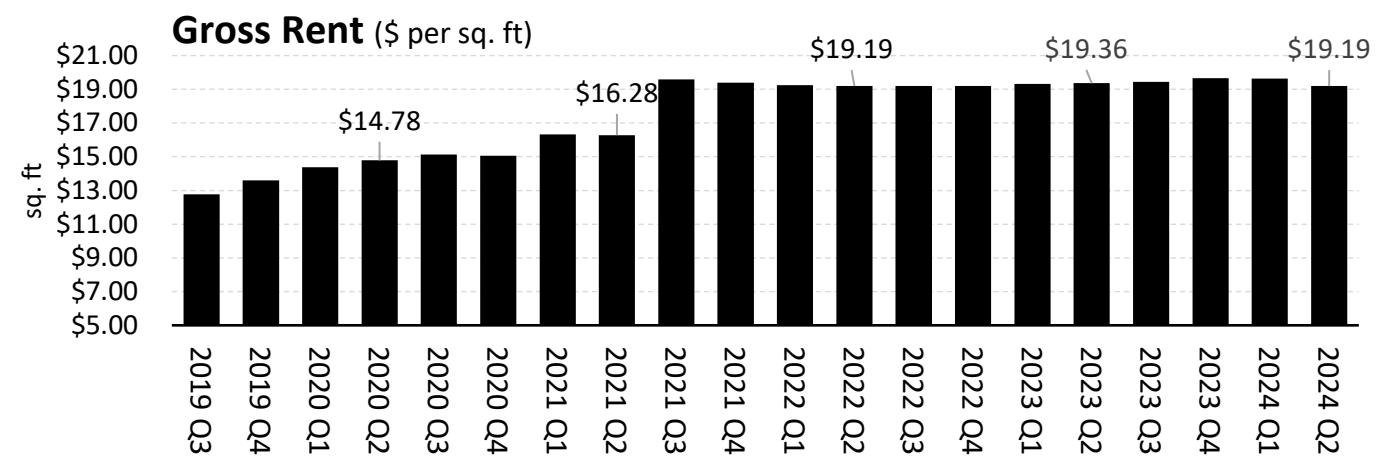
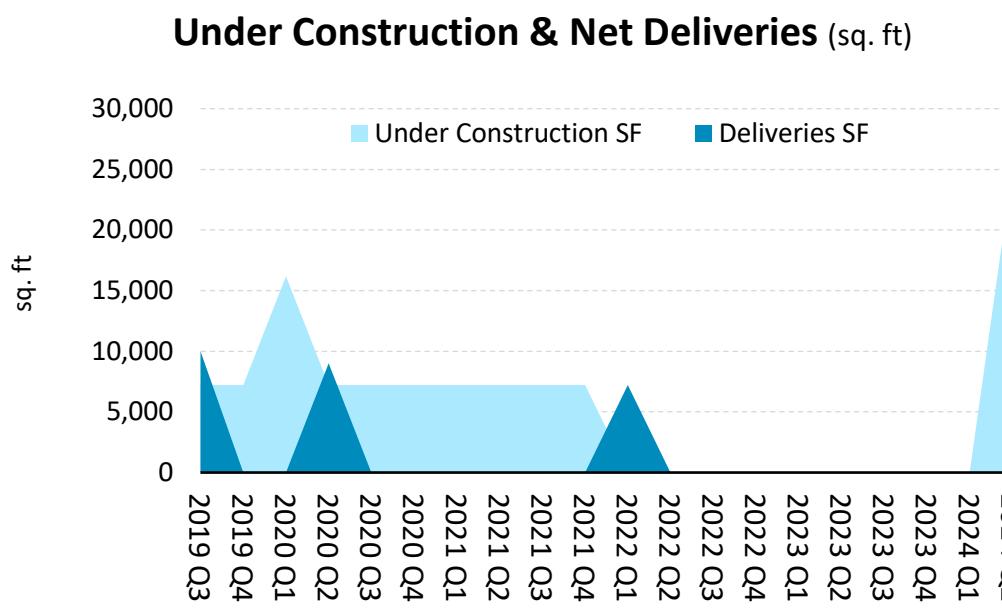
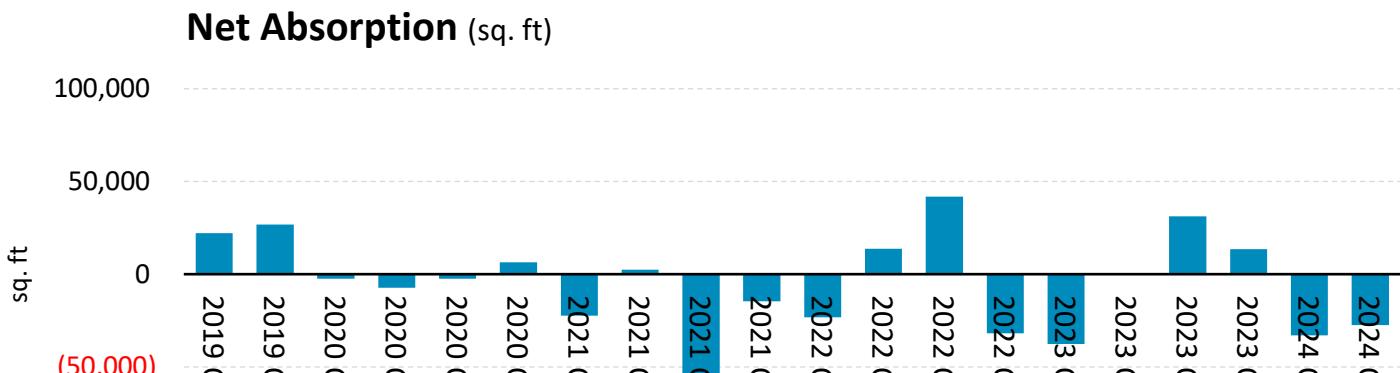


Office Market - MSA Trends

LYNCHBURG MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	5.9	0 % chg
Vacancy Rate (%)	4.7%	0.3% pct points
Net Absorption (sq. ft)	(27,509)	-27,556 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$19.19	-\$0.17 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	25,000	25,000 sq. ft



Office Market - MSA Trends

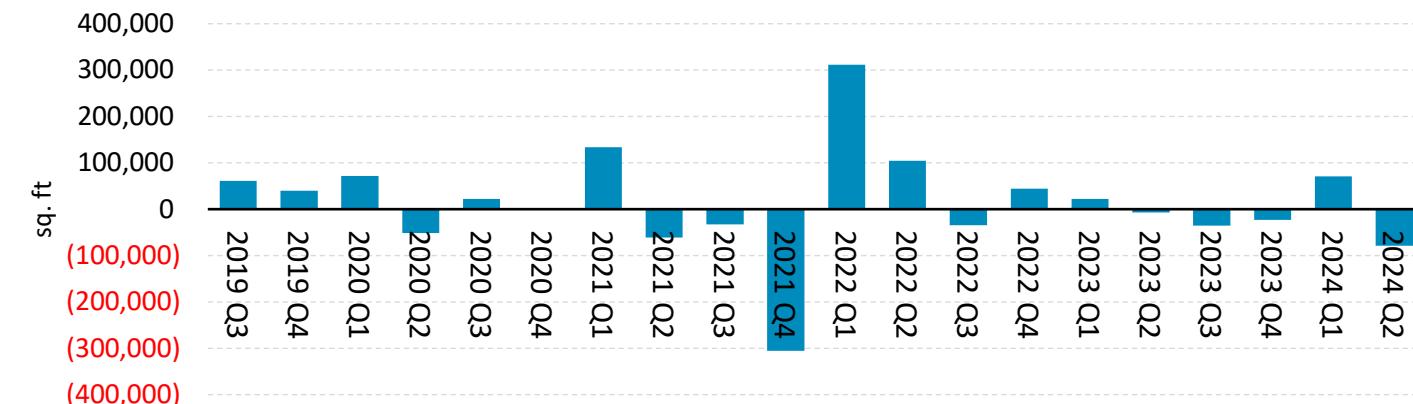
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CHARLOTTESVILLE MSA

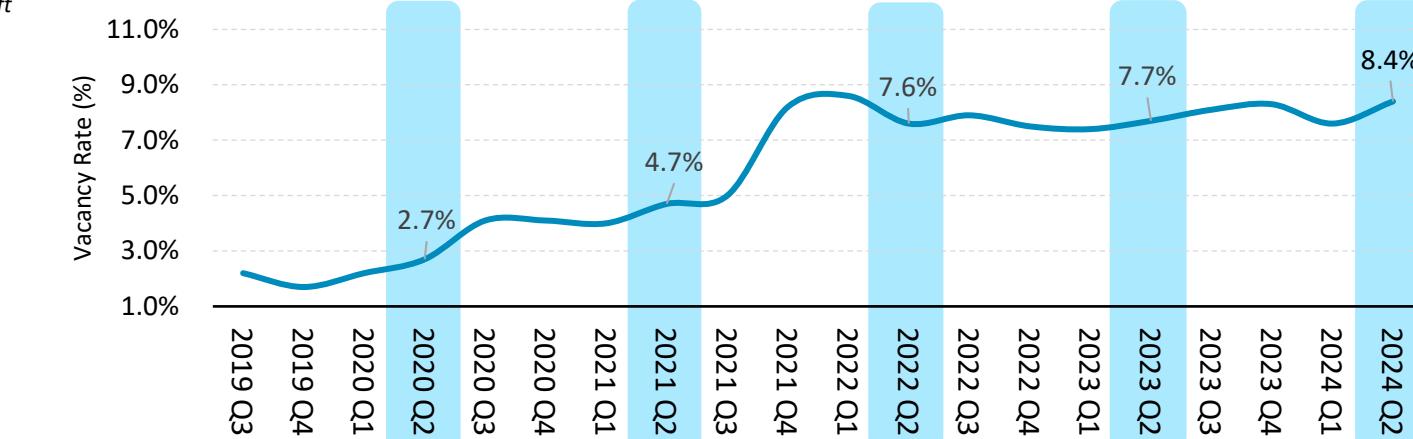
Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	10.1	0.1% % chg
Vacancy Rate (%)	8.4%	0.7% pct points
Net Absorption (sq. ft)	(79,123)	-71,813 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$30.37	\$1.03 \$ per sq. ft
Deliveries (sq. ft)	0	-18,999 sq. ft
Under Construction (sq. ft)	76,000	69,500 sq. ft

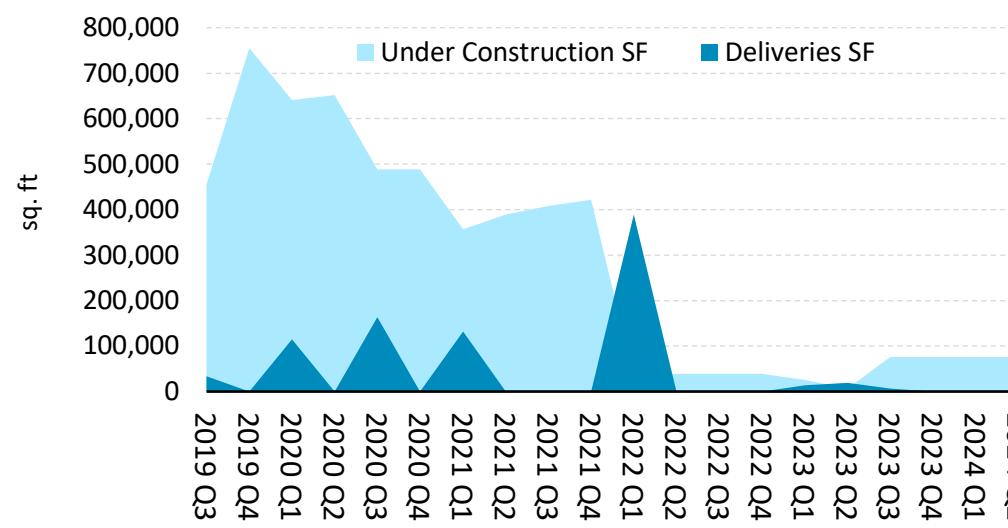
Net Absorption (sq. ft)



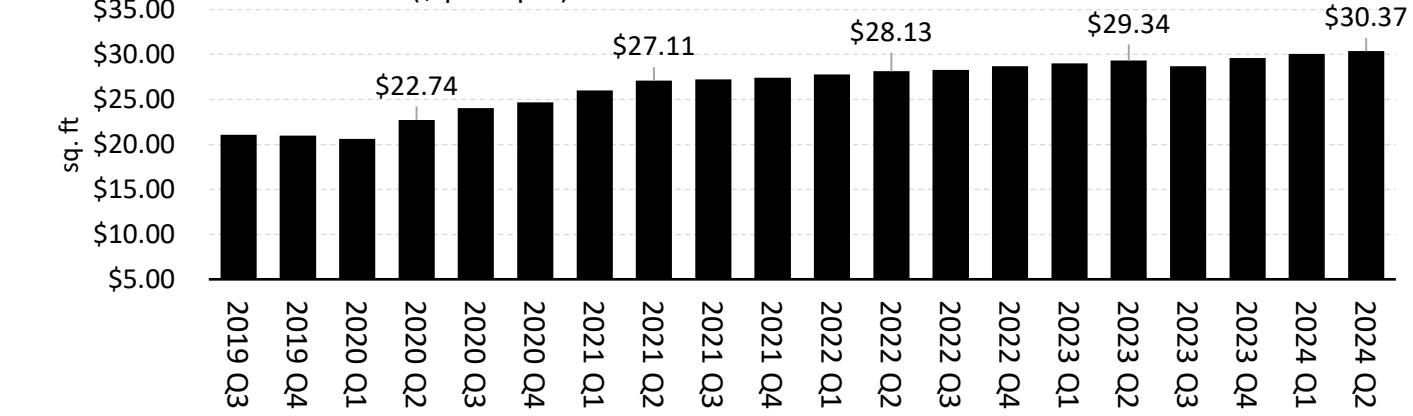
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)

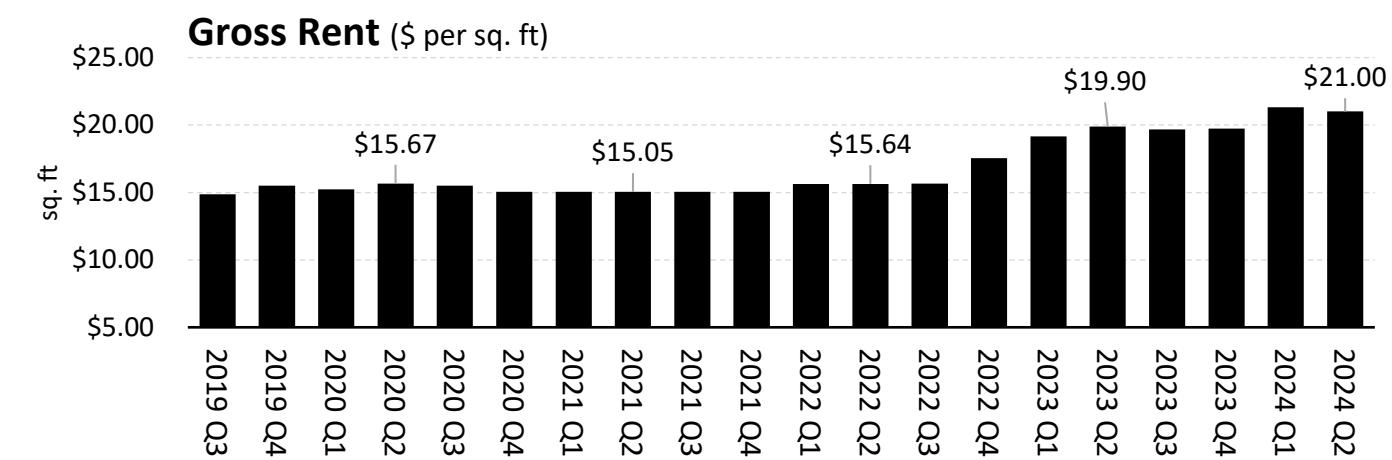
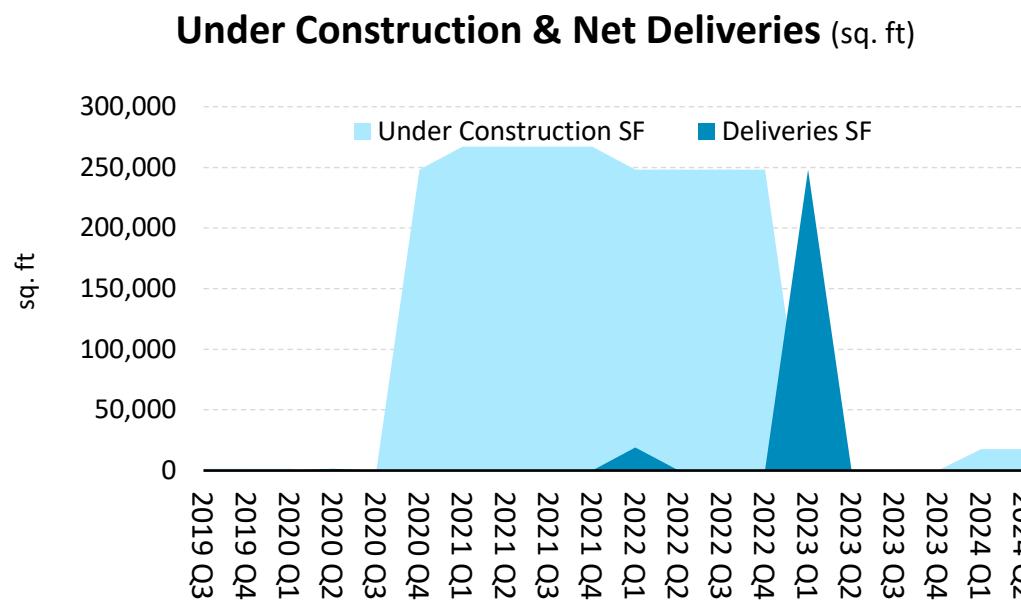
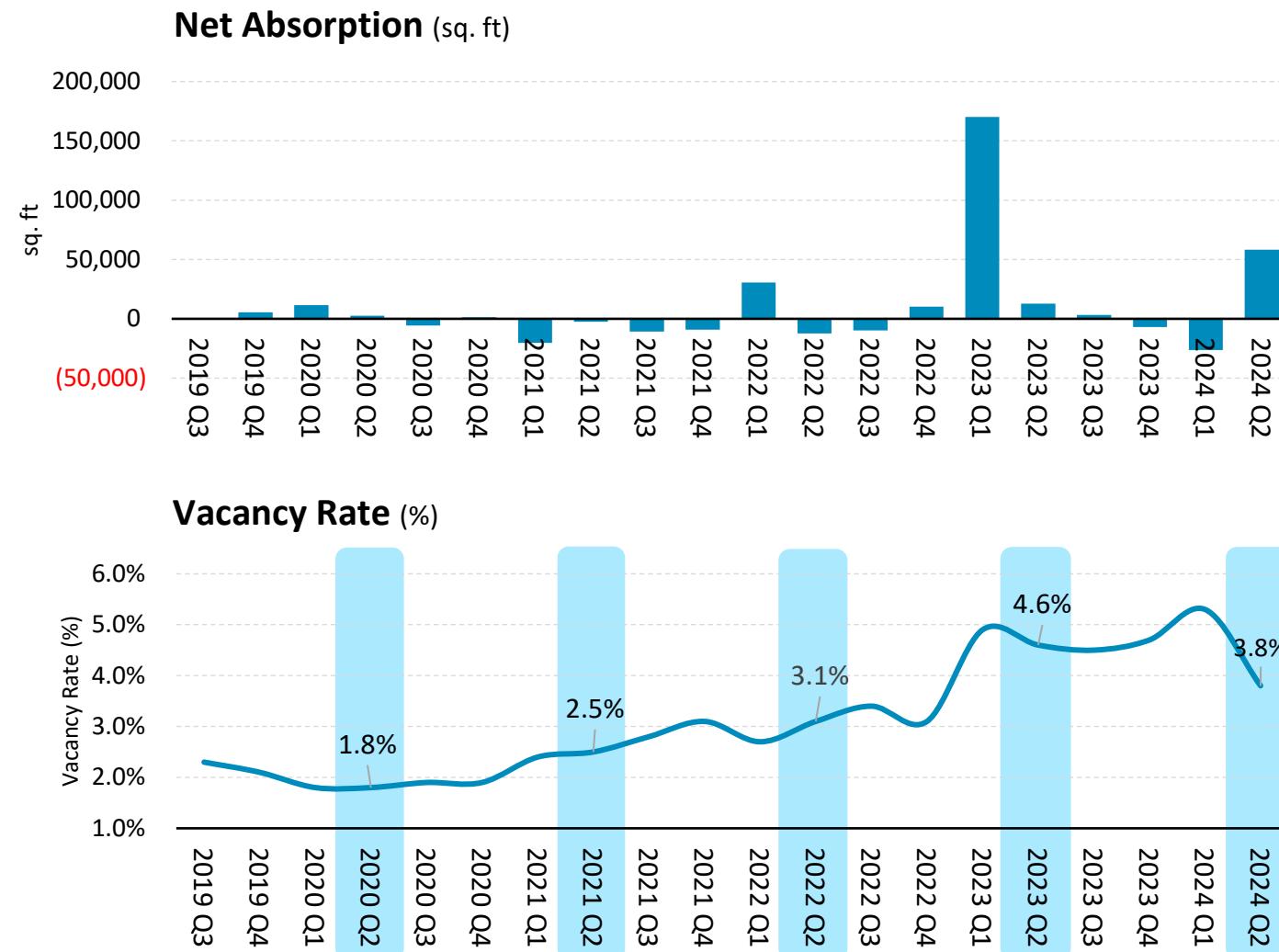


Office Market - MSA Trends

BLACKSBURG MSA

Local Market Indicator Dashboard

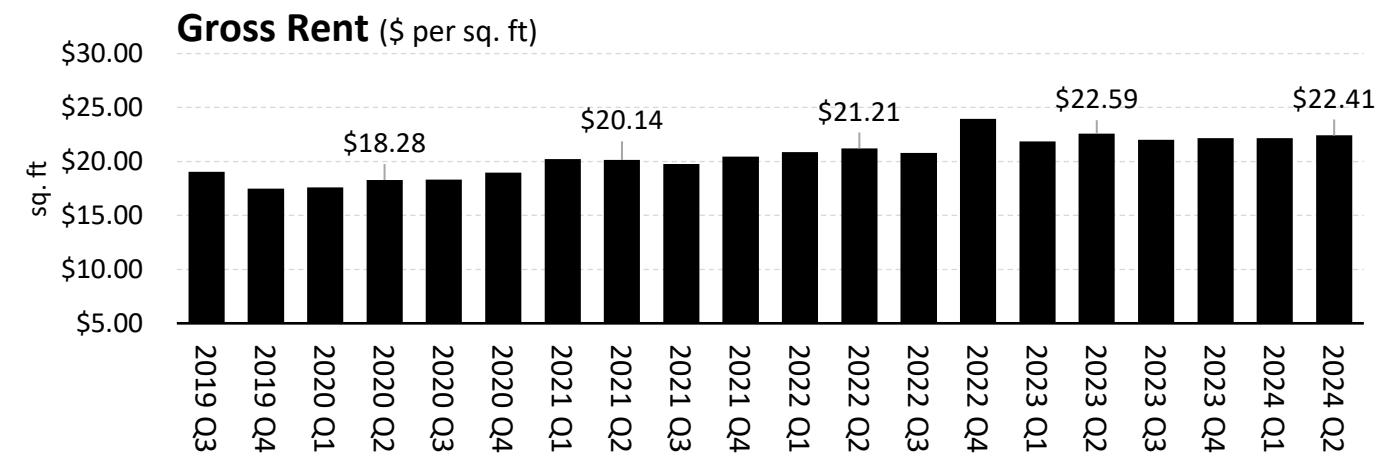
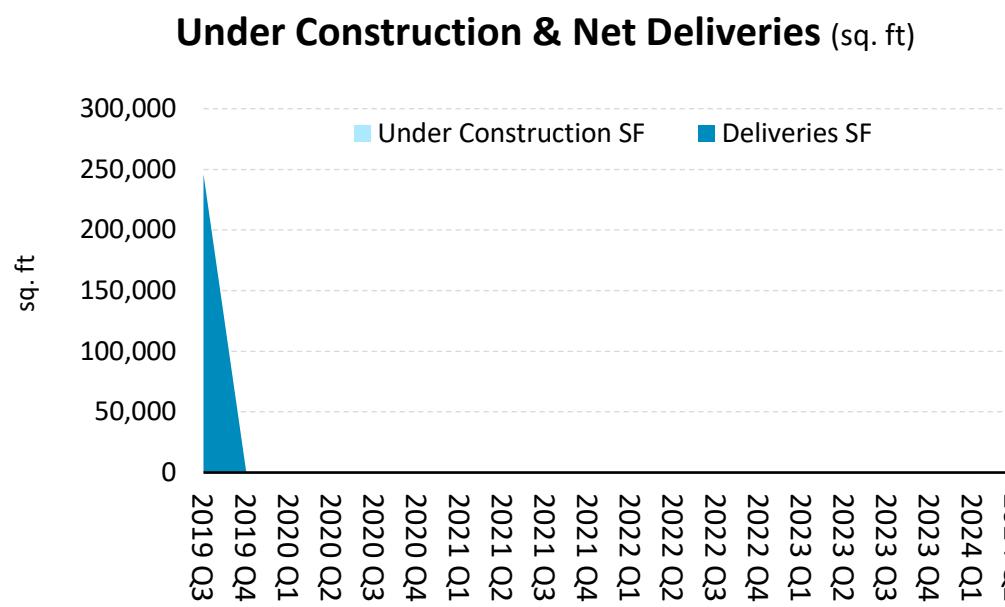
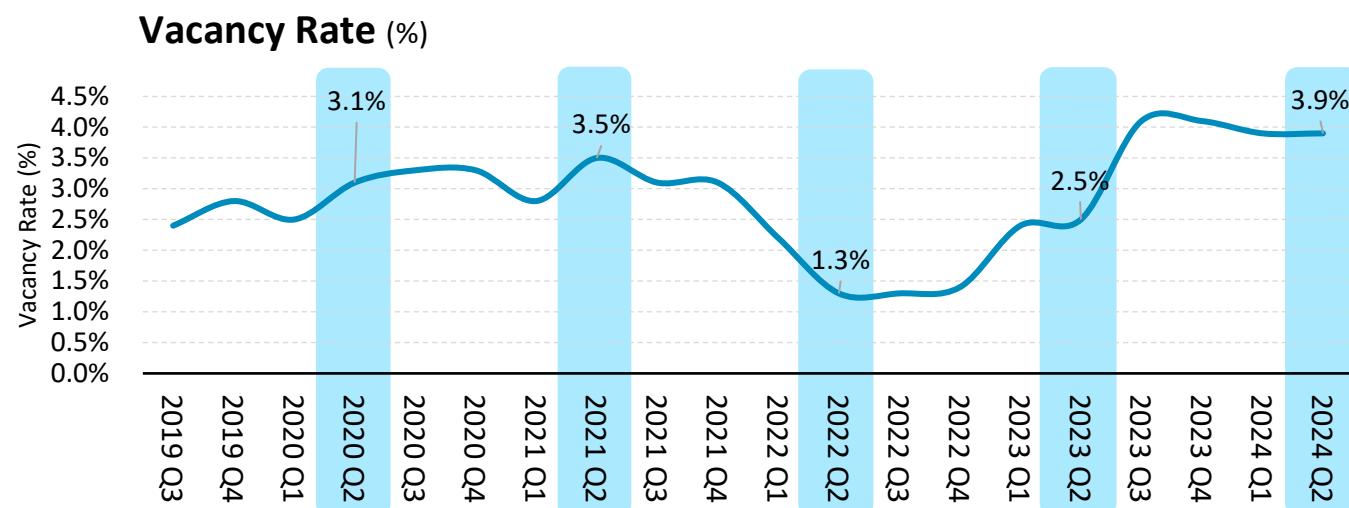
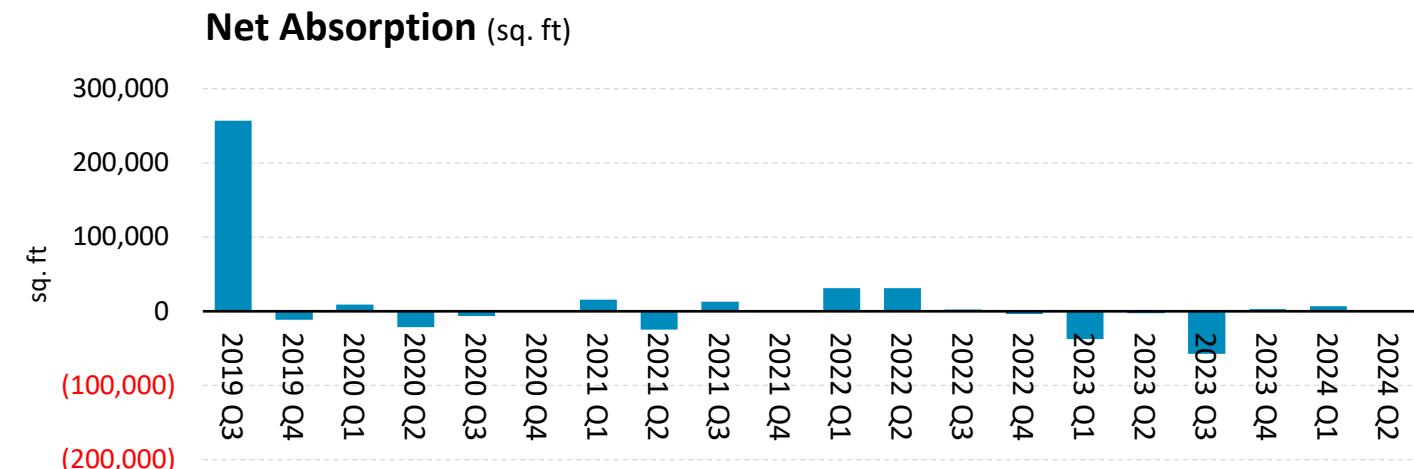
	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	3.8	0 % chg
Vacancy Rate (%)	3.8%	-0.8% pct points
Net Absorption (sq. ft)	58,214	45,278 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.00	\$1.10 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	17,660	17,660 sq. ft



WINCHESTER MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	3.5	0 % chg
Vacancy Rate (%)	3.9%	1.4% pct points
Net Absorption (sq. ft)	(1,168)	1,223 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$22.41	-\$0.18 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	0 sq. ft

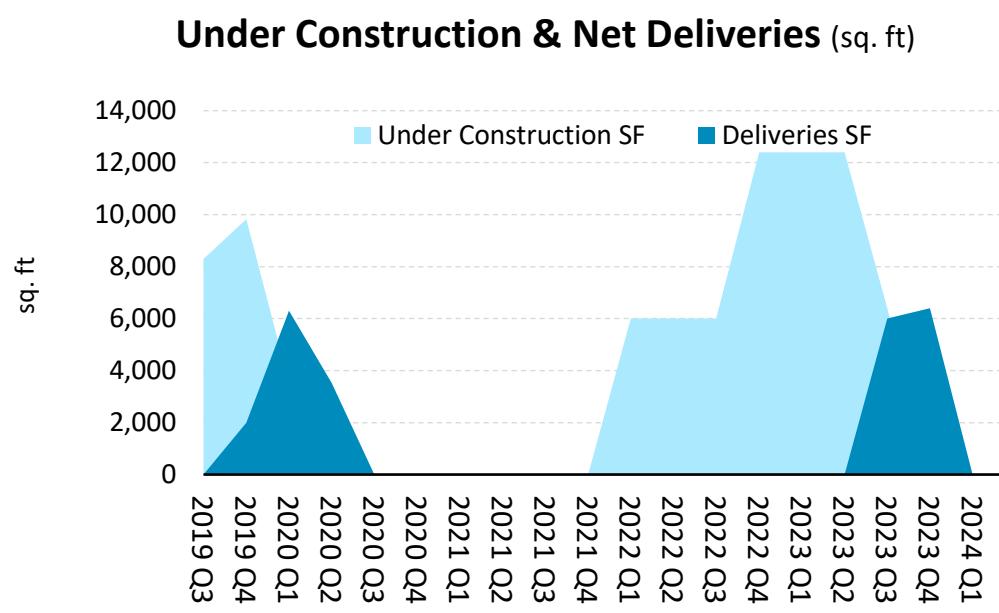
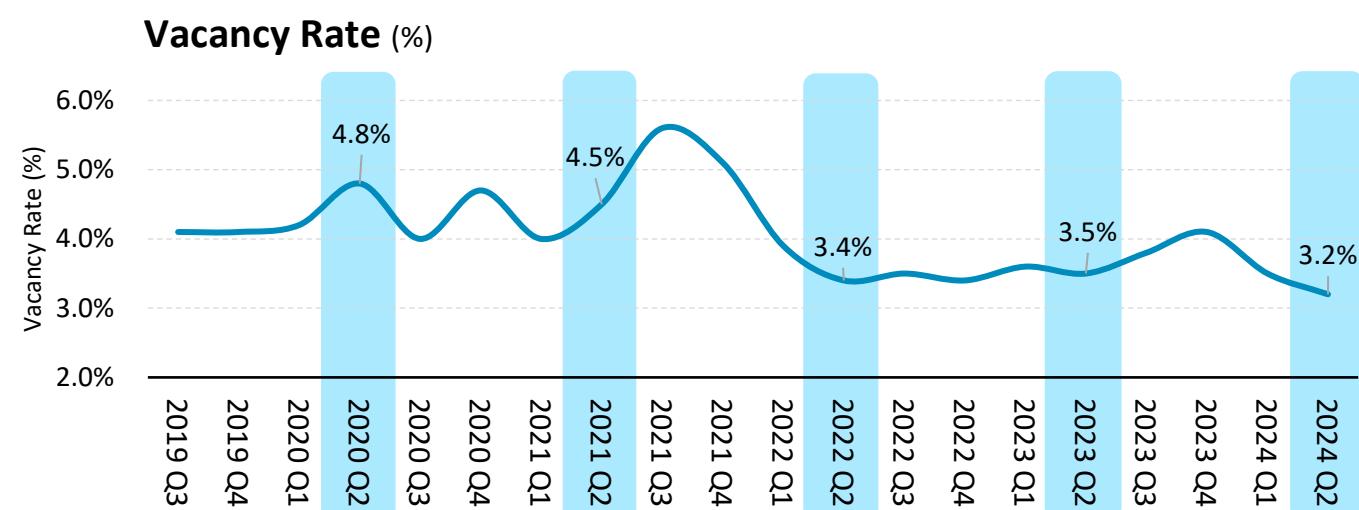
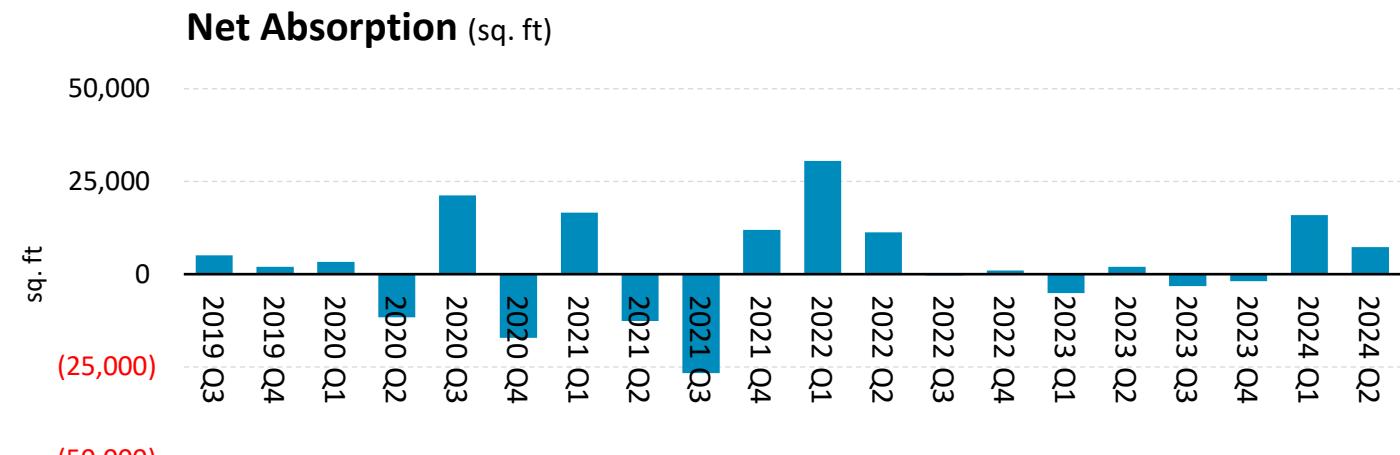


Office Market - MSA Trends

HARRISONBURG MSA

Local Market Indicator Dashboard

	Q2-2024	YoY Chg
Total Inventory (sq. ft, millions)	2.5	0.4% % chg
Vacancy Rate (%)	3.2%	-0.3% pct points
Net Absorption (sq. ft)	7,342	5,376 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$18.41	\$1.34 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	0	-12,400 sq. ft



The Virginia REALTORS® association is the largest professional trade association in Virginia, representing 38,000 REALTORS® engaged in the residential and commercial real estate business. The Virginia REALTORS® association serves as the advocate for homeownership and private property rights and represents the interests of real estate professionals and property owners in the Commonwealth of Virginia.

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All inquiries regarding this report may be directed to:

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Data and analysis provided by Virginia REALTORS® Chief Economist.

The numbers reported here are based on data from CoStar.

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