



Q3 2024 OFFICE MARKET REPORT

Office Market - Key Trends Snapshot

Office Market

Overview: Virginia's office market remains sluggish overall. Net absorption continues to be negative and vacancy rates are climbing. Rent growth for Class A space rose while rents for Class B/C moderated. The construction pipeline continues to get smaller, and there was an uptick in deliveries in Richmond and Hampton Roads this quarter.

Absorption: Office absorption levels continue to be negative with -805,878 sq ft of space vacated in Q3 2024, most of which came from Class A buildings. Absorption rates in this sector have been falling throughout the state for the last four years. At the local level, Roanoke had the net positive absorption level this quarter with 288,074 sq ft followed by Richmond with 229,315 sq ft.

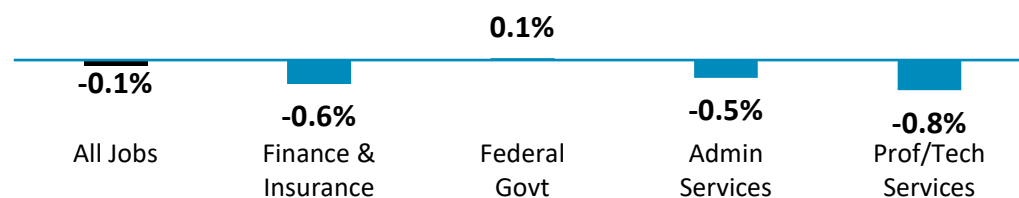
Vacancy Rate: The office vacancy rate continues to trend up, climbing to 13.4% in Q3, this is 0.8 percentage points higher than it was a year ago. Vacancy rates soared for Class A office buildings, ending the quarter at 21.4%. Blacksburg had an office vacancy rate of 3.3% this quarter, the lowest rate across all metro areas.

Rent: In the office sector, rent rose 2.3%, bringing the total cost of office space to \$31.81 per sq ft. The rent in Winchester reached \$21.61 in Q3, down 1.9% from last year, while Harrisonburg posted its highest rent in 13 years at \$19.43, a 16.8% increase from Q3 2023.

Supply + Deliveries: The construction pipeline fell sharply (-23.4%) but deliveries increased in Q3. Most of the growth in deliveries came from Class A office buildings. Richmond had the highest number of deliveries (159,861 sq ft) and office space under construction in Q3 2024 (1.06 million sq ft).

JOB
TRACKER
(VIRGINIA)

Office-Supporting Job Sectors (% Chg Jul-24 to Aug-24 (seasonally adj.))



VIRGINIA (Statewide)



Market Indicator Dashboard

	YoY Chg	Q3-2024	Indicator
% chg	0.0%	415,690,403	Total Inventory (sq. ft)
sq. ft	201,971	-805,878	Net Absorption (sq. ft)
pct point	0.8%	13.4%	Vacancy Rate (%)
\$ per sq. ft	\$0.70	\$31.81	Gross Rent (\$ per sq. ft)
sq. ft	180,240	300,092	New Supply Delivered (sq. ft)
sq. ft	-634,620	2,077,242	Under Construction (sq. ft)



Economic Indicator Dashboard

	MoM Chg	Aug-24	Indicator
% chg	-0.1%	4.2	Total Jobs (in millions, seasonally adjusted)
% chg	-0.5%	1.1	Office-Supporting Jobs (in millions, seasonally adjusted)
pct point	0.1%	2.8%	Unemployment Rate (% seasonally adjusted)
pct point	1.6%	3.0	Gross Domestic Product (% chg from prior year)

Report Index

Virginia Office Market

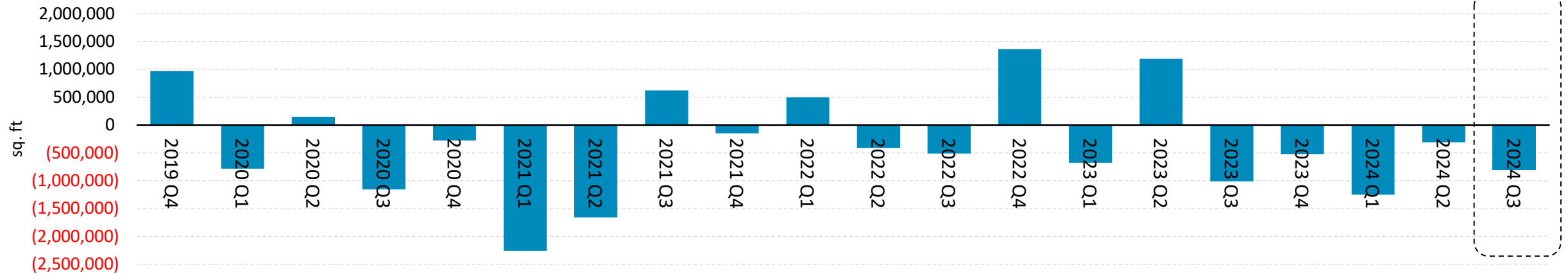
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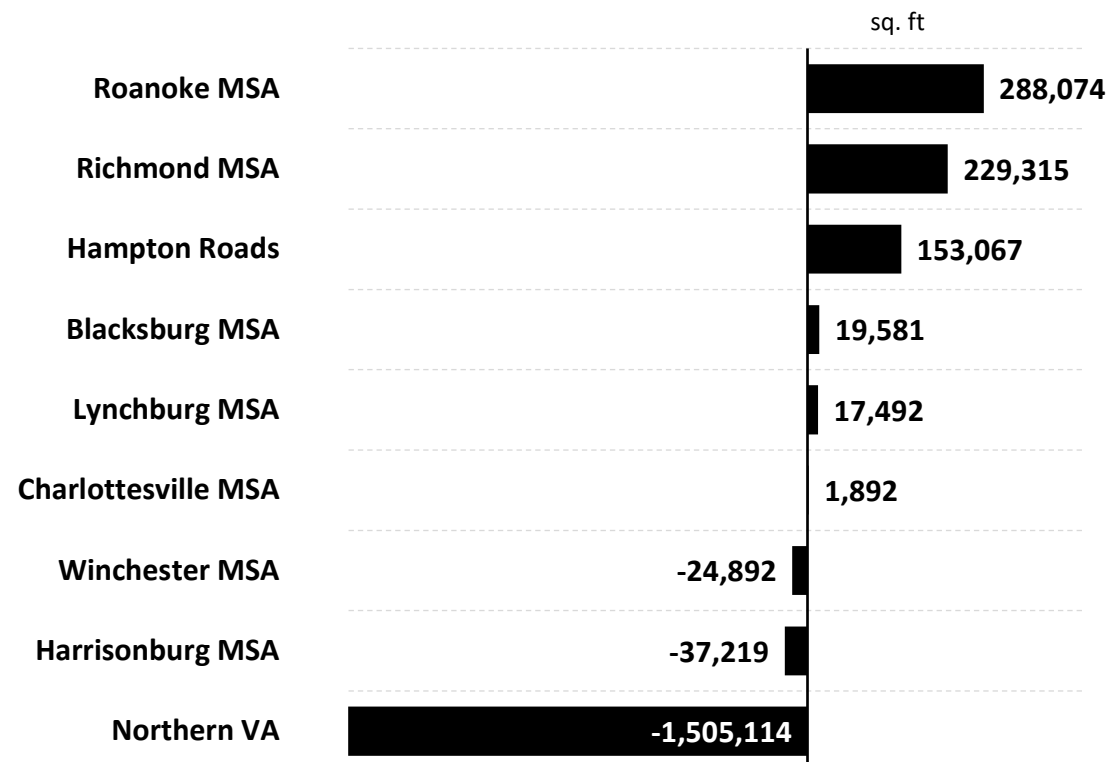
Office Market - Absorption & Construction Trends

VIRGINIA (Statewide)

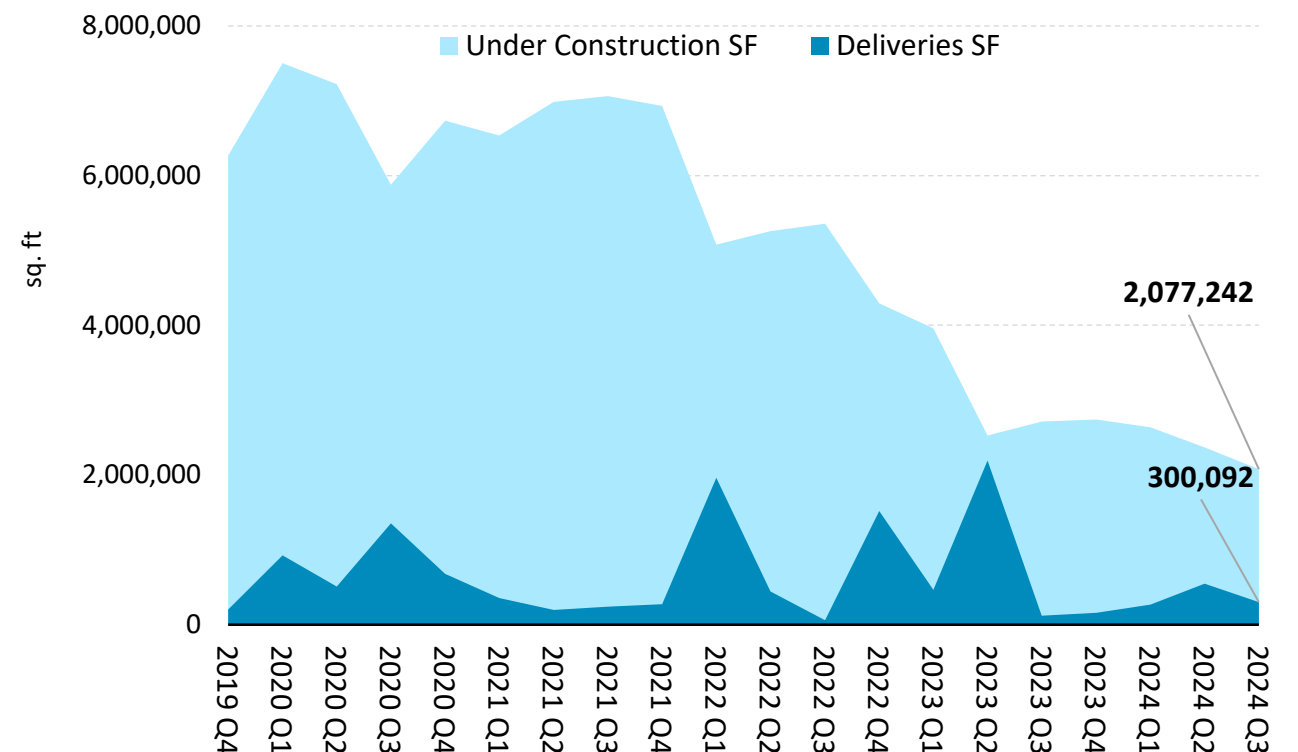
Net Absorption (sq. ft)



Q3-2024 Net Absorption by Metro Area (sq ft)

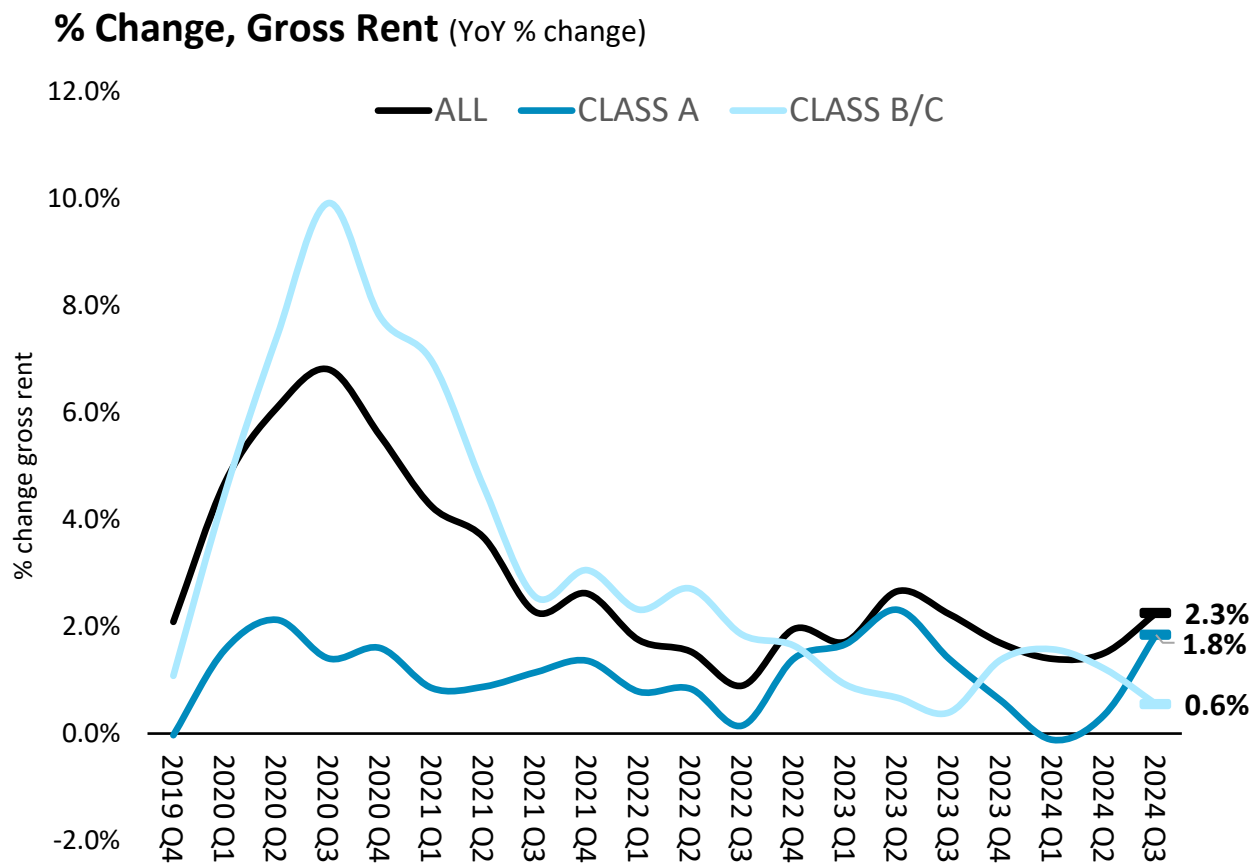
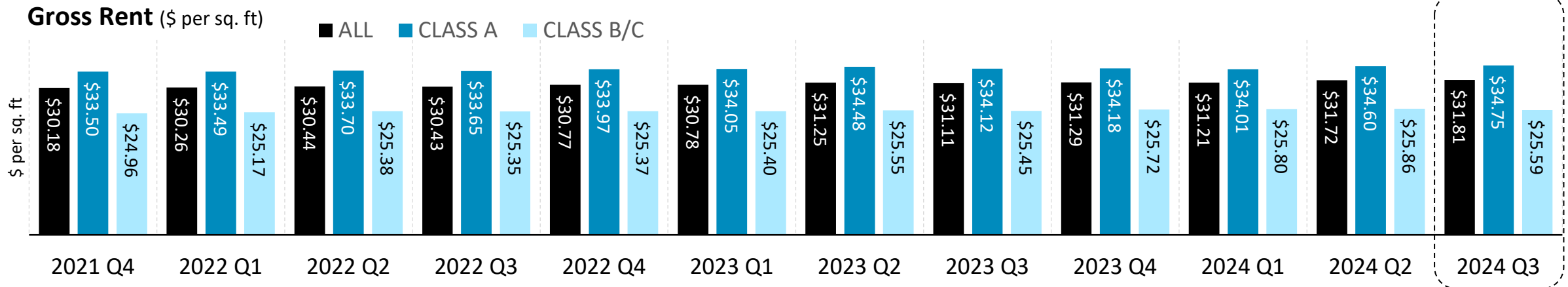


Under Construction & Net Deliveries (sq. ft)

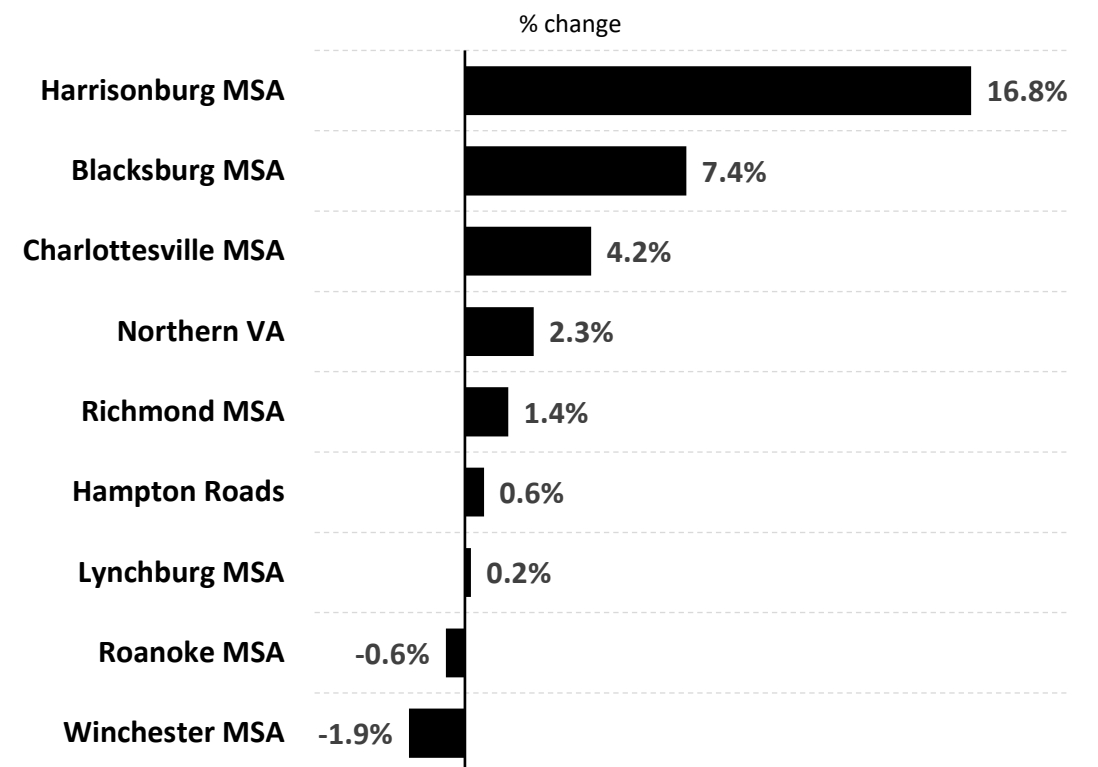


Office Market - Rent Trends

VIRGINIA (Statewide)

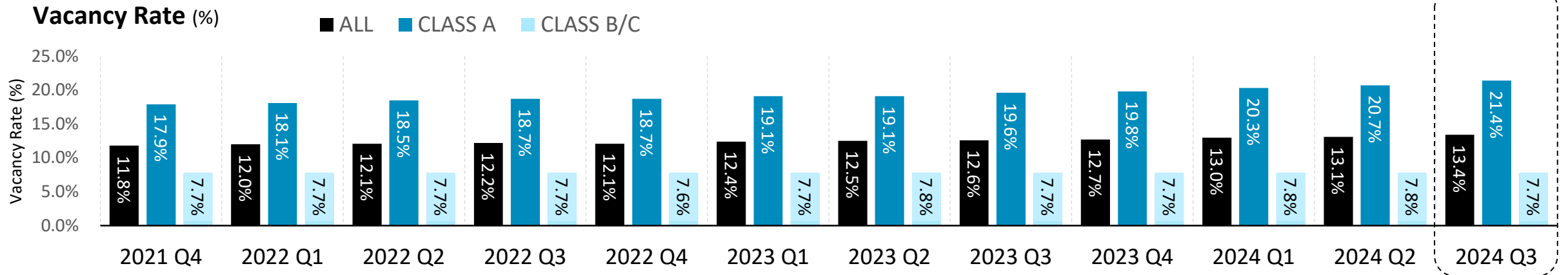


Q3-2024 by MSA: % Change, Gross Rent (YoY % change)

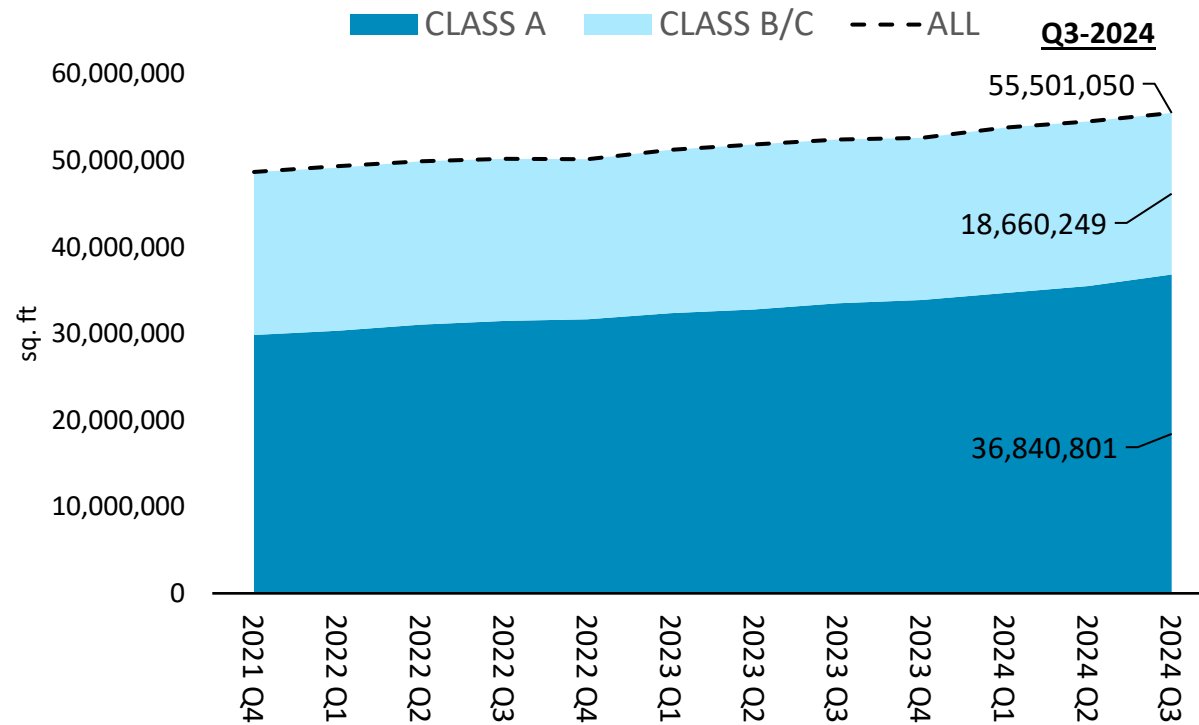


Office Market - Vacancy Trends

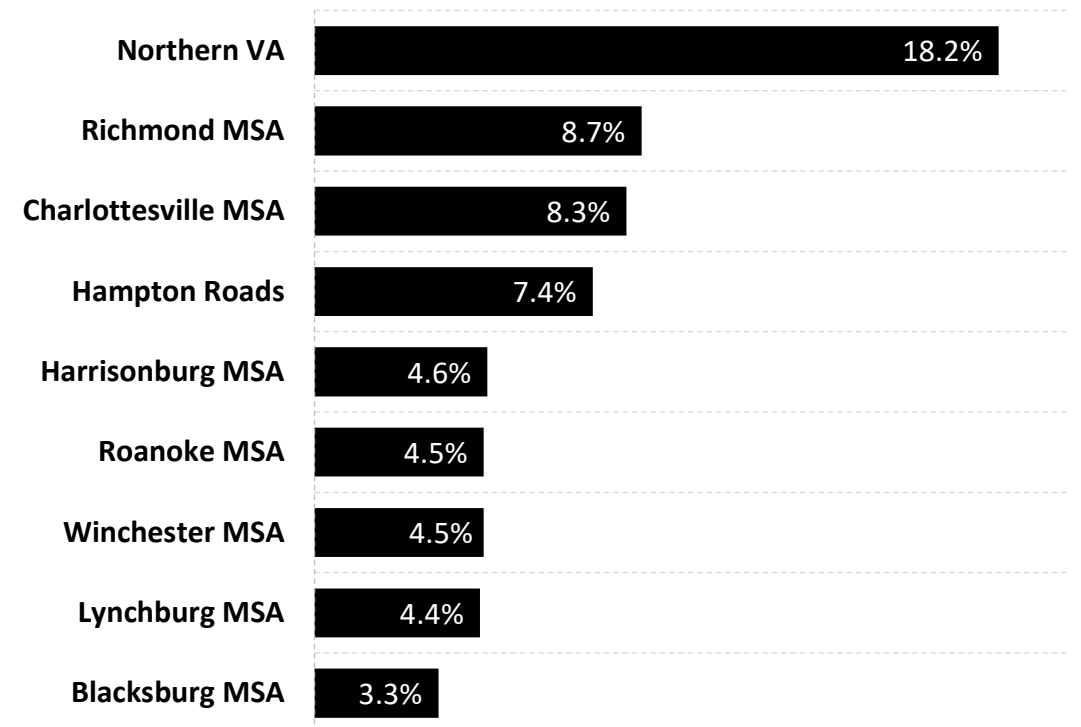
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q3-2024 Office Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q3



2024

OFFICE
Market Report



Snapshot of Office Market Conditions Around Virginia

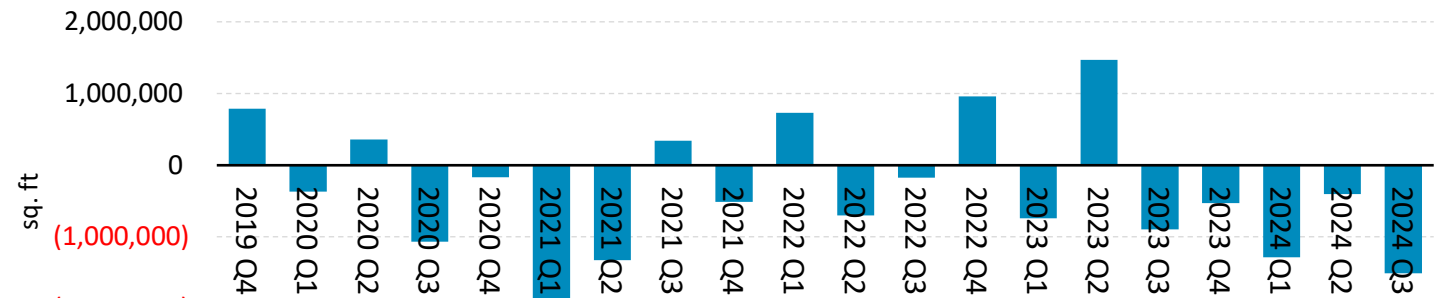
Office Market - MSA Trends

NORTHERN VIRGINIA

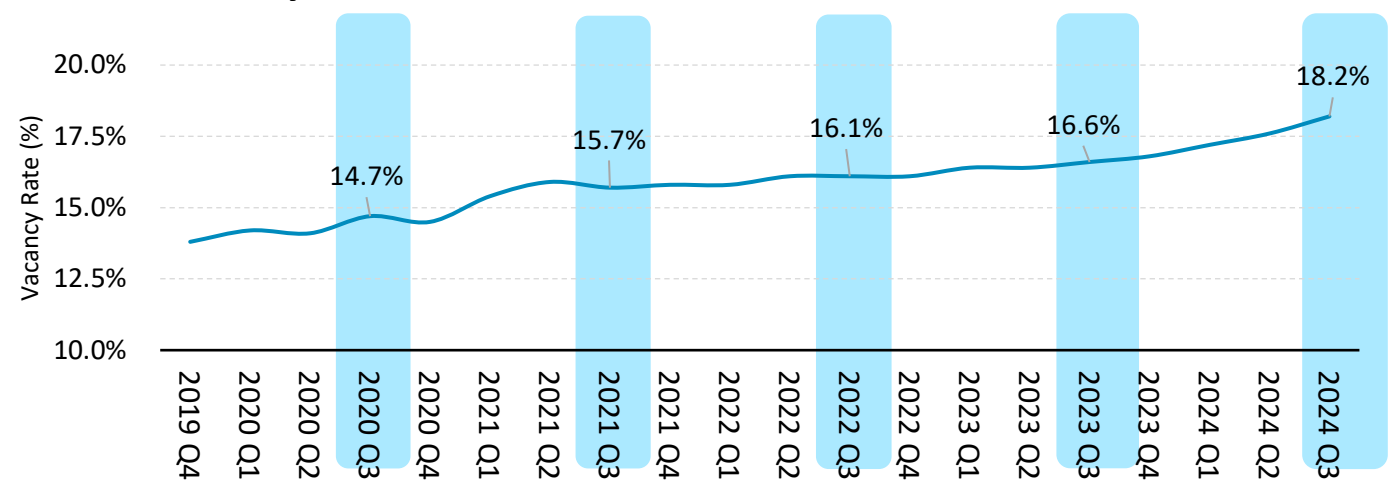
Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	232.8	0.0%	% chg
Vacancy Rate (%)	18.2%	1.6%	pct points
Net Absorption (sq. ft)	(1,505,114)	-608,175	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$34.04	\$0.76	\$ per sq. ft
Deliveries (sq. ft)	80,231	80,231	sq. ft
Under Construction (sq. ft)	767,408	-618,779	sq. ft

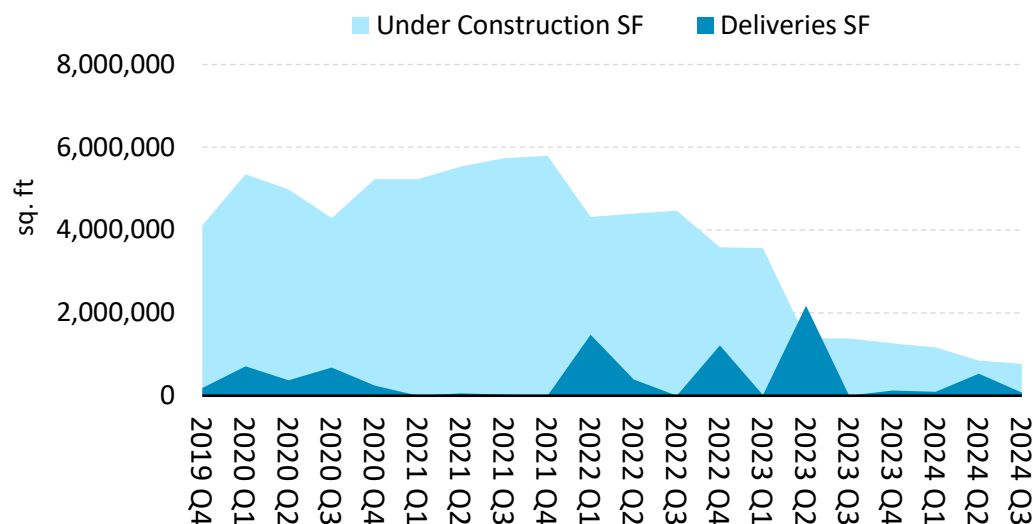
Net Absorption (sq. ft)



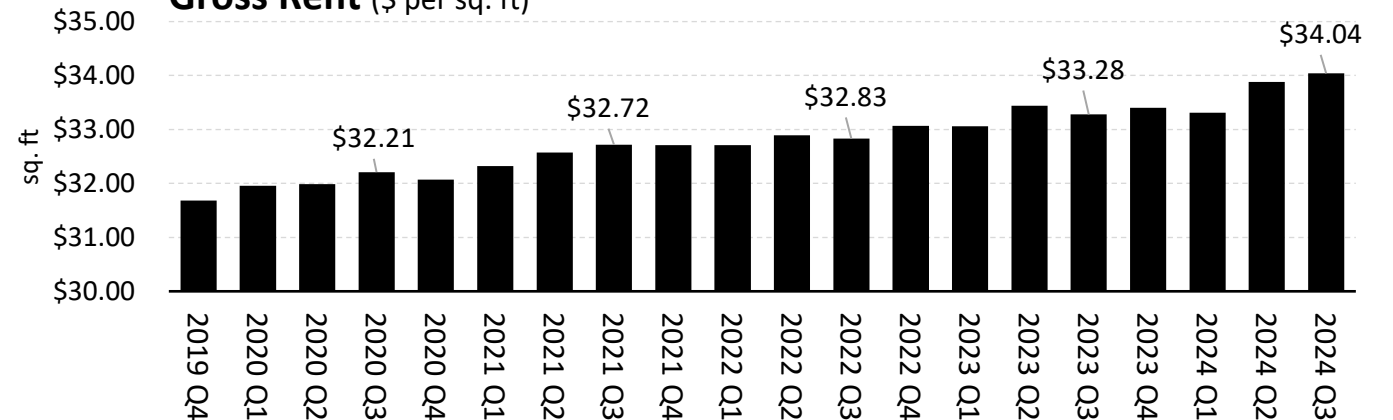
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)

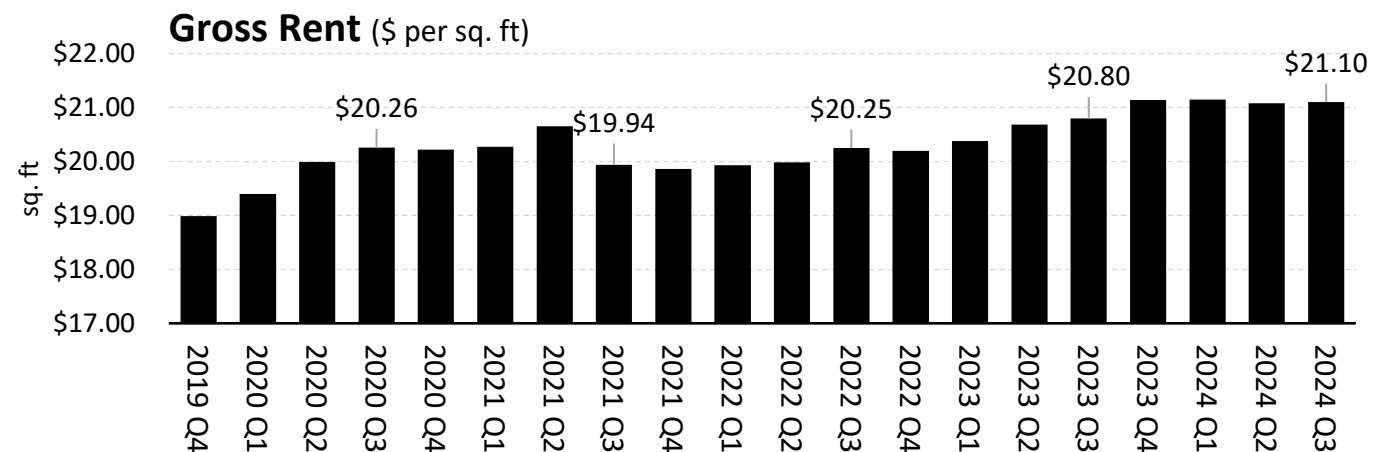
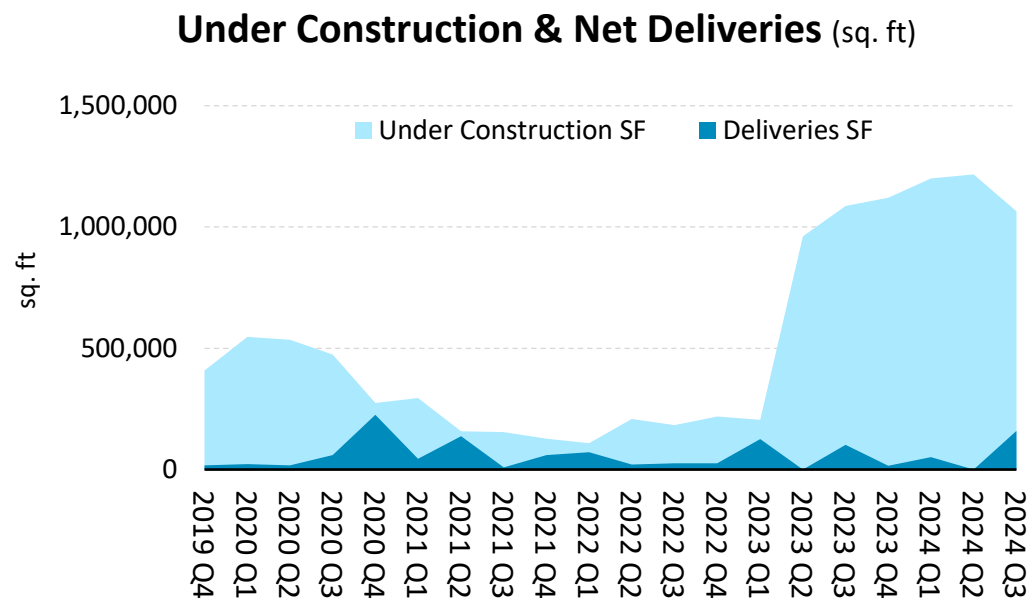
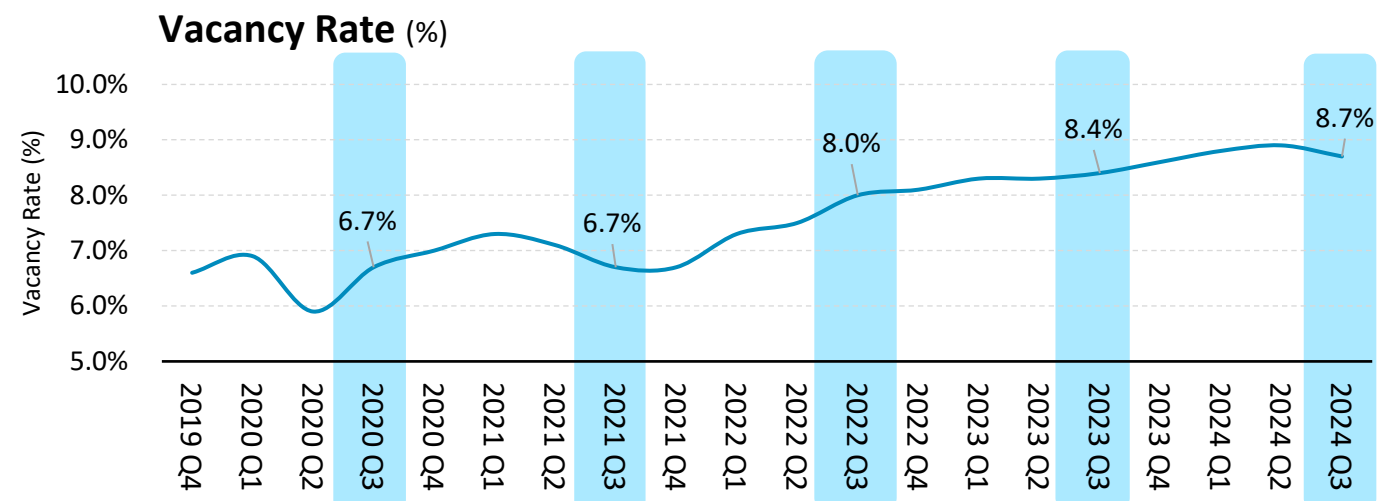
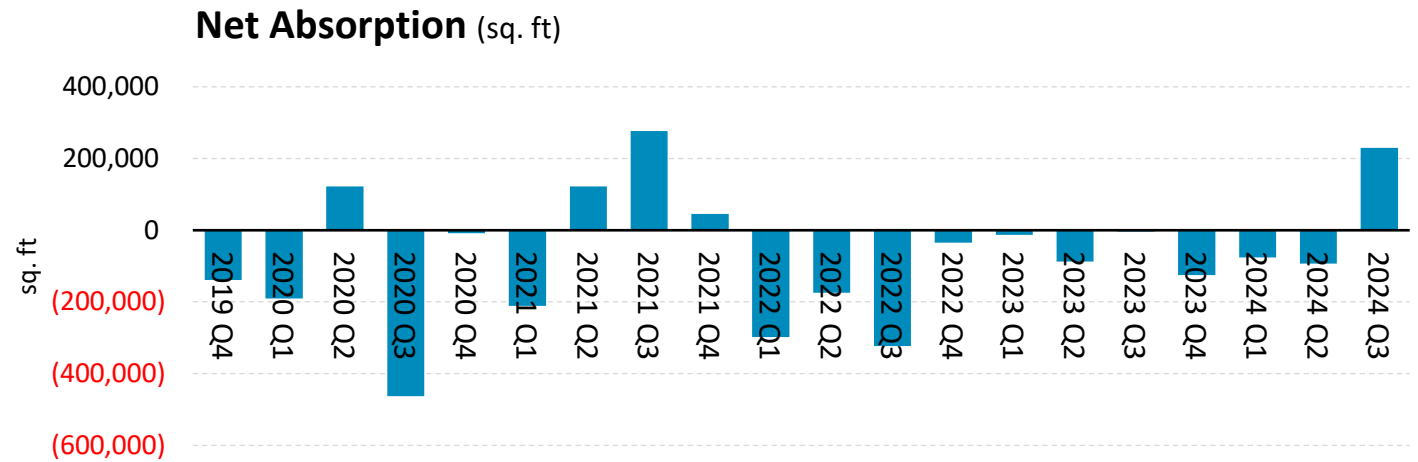


Office Market - MSA Trends

RICHMOND MSA

Local Market Indicator Dashboard

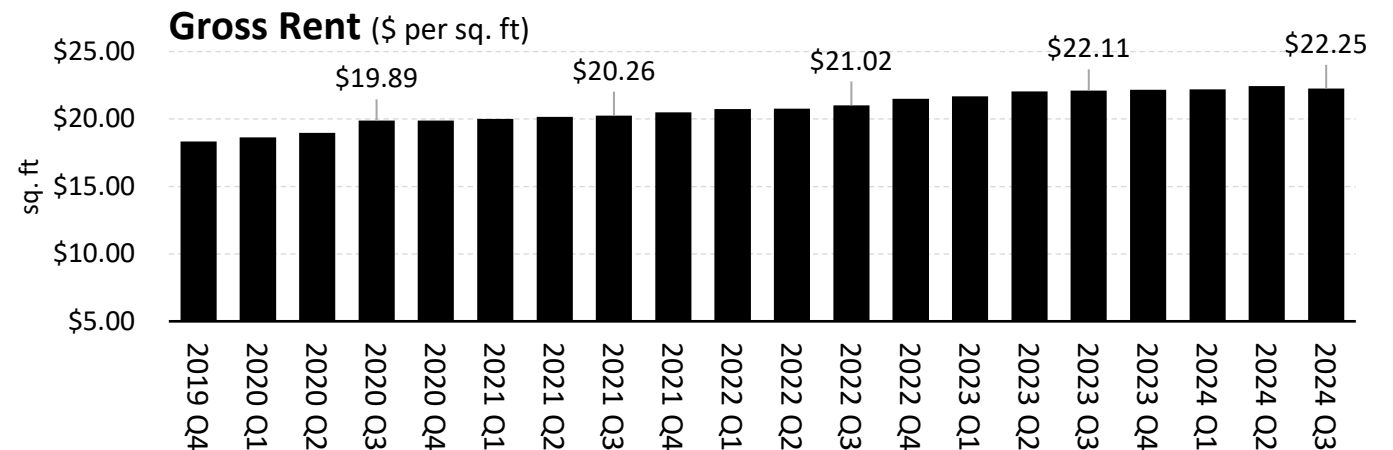
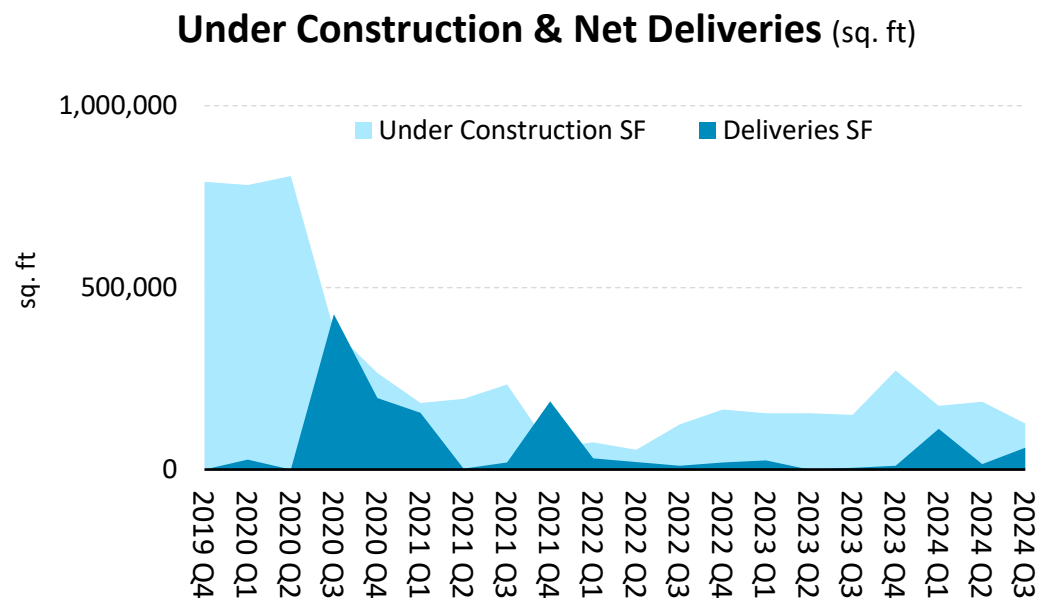
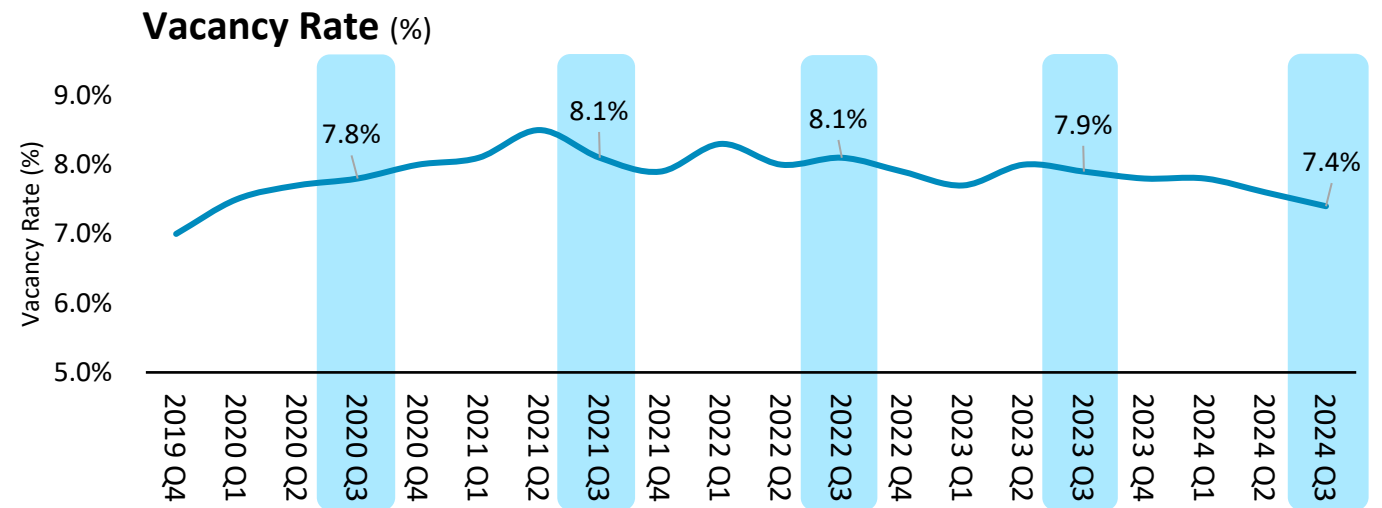
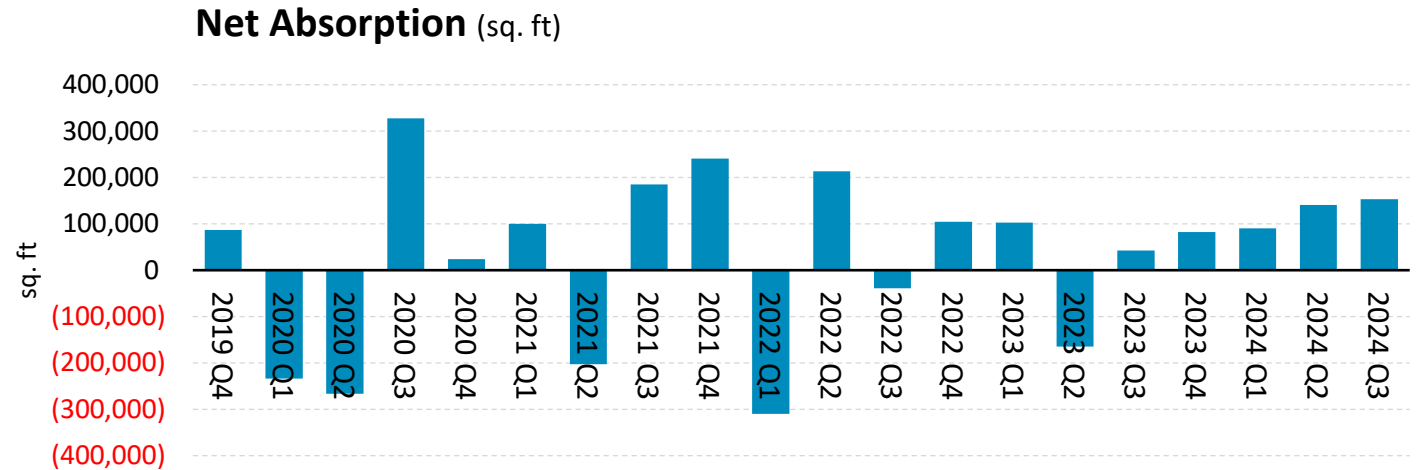
	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	68.1	0.3% % chg
Vacancy Rate (%)	8.7%	0.3% pct points
Net Absorption (sq. ft)	229,315	233,470 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.10	\$0.30 \$ per sq. ft
Deliveries (sq. ft)	159,861	57,309 sq. ft
Under Construction (sq. ft)	1,064,977	-21,112 sq. ft



HAMPTON ROADS

Local Market Indicator Dashboard

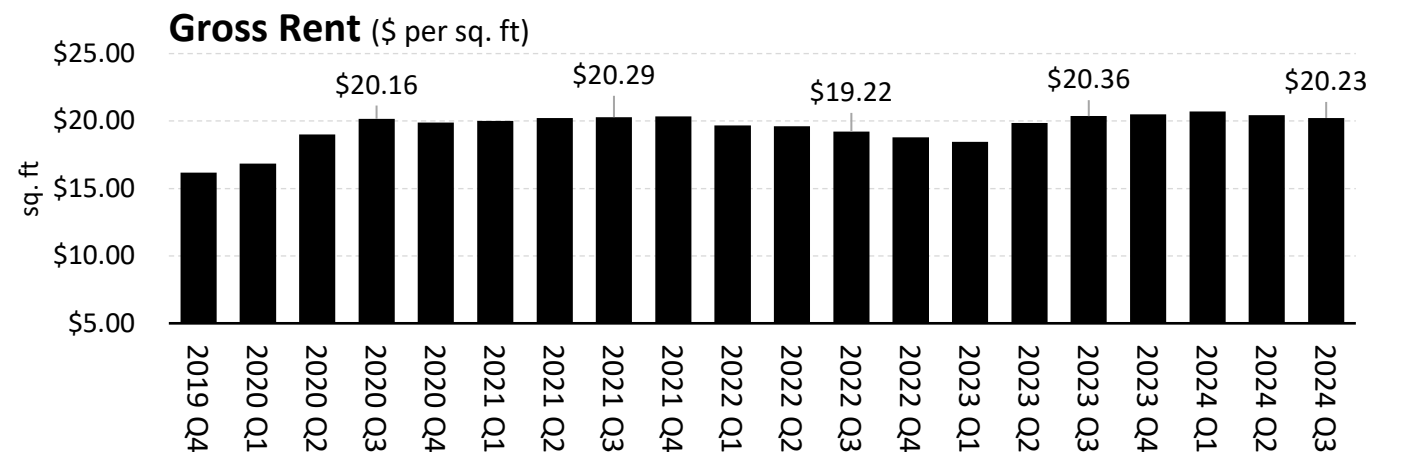
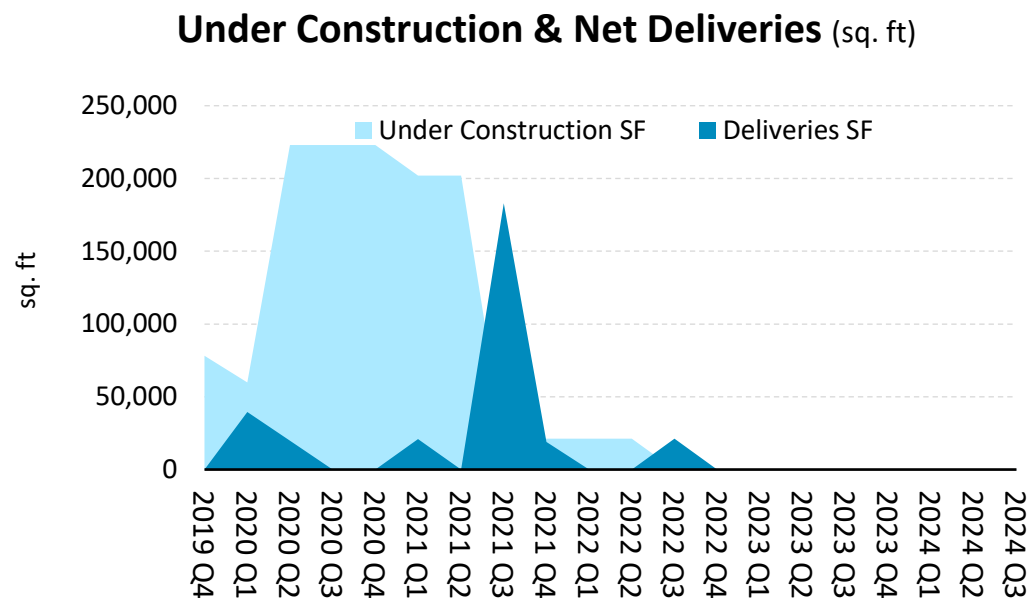
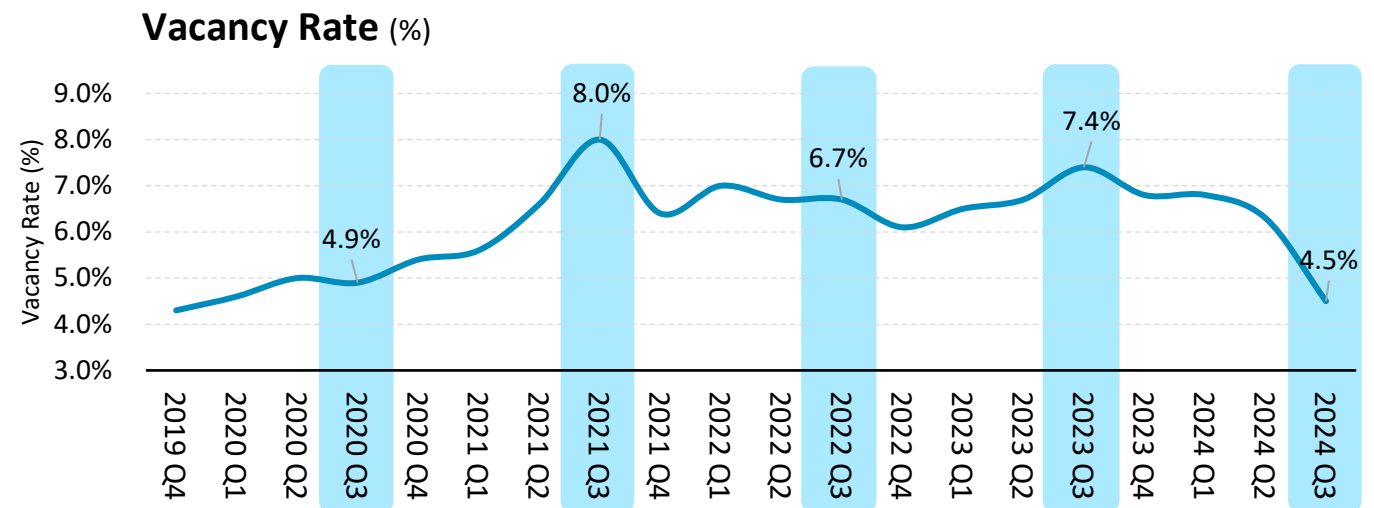
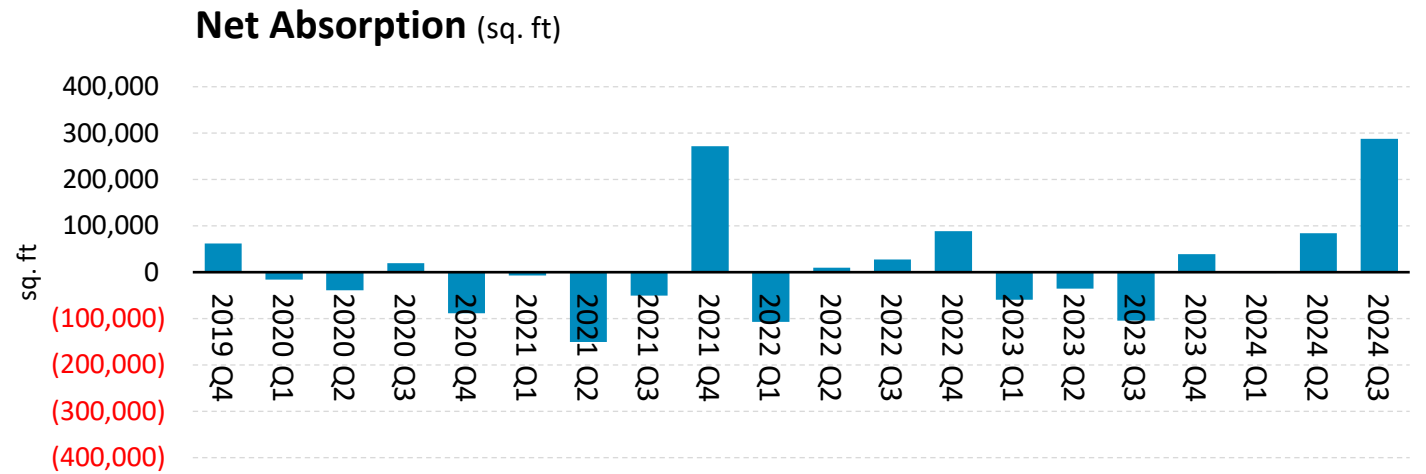
	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	56.6	0.3%	% chg
Vacancy Rate (%)	7.4%	-0.5%	pct points
Net Absorption (sq. ft)	153,067	110,817	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$22.25	\$0.14	\$ per sq. ft
Deliveries (sq. ft)	60,000	55,200	sq. ft
Under Construction (sq. ft)	126,197	-23,803	sq. ft



ROANOKE MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	15.9	-0.4%	% chg
Vacancy Rate (%)	4.5%	-2.9%	pct points
Net Absorption (sq. ft)	288,074	392,644	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$20.23	-\$0.13	\$ per sq. ft
Deliveries (sq. ft)	0	\$ -	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

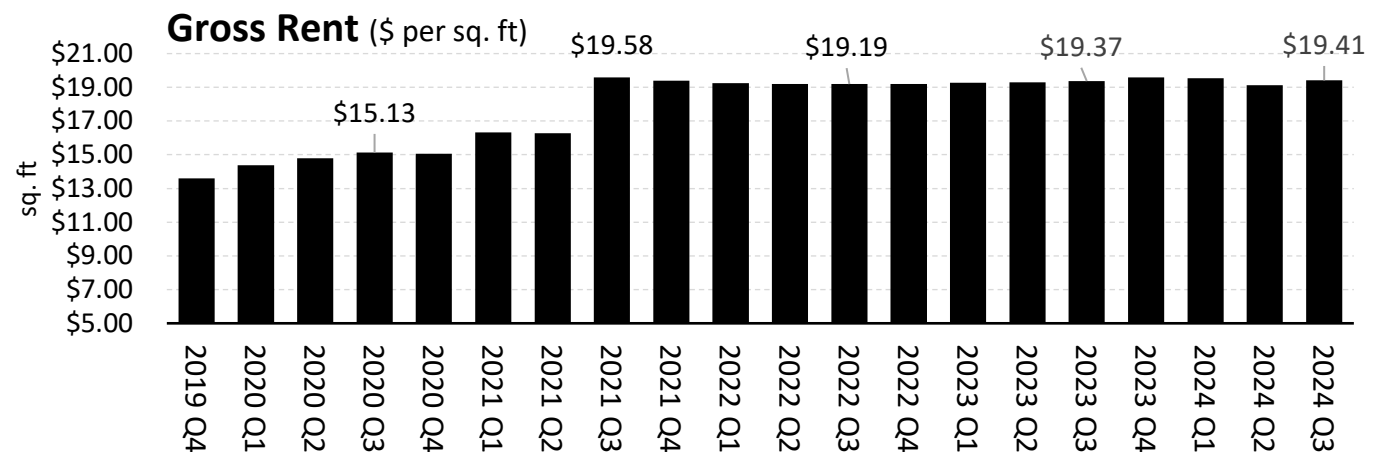
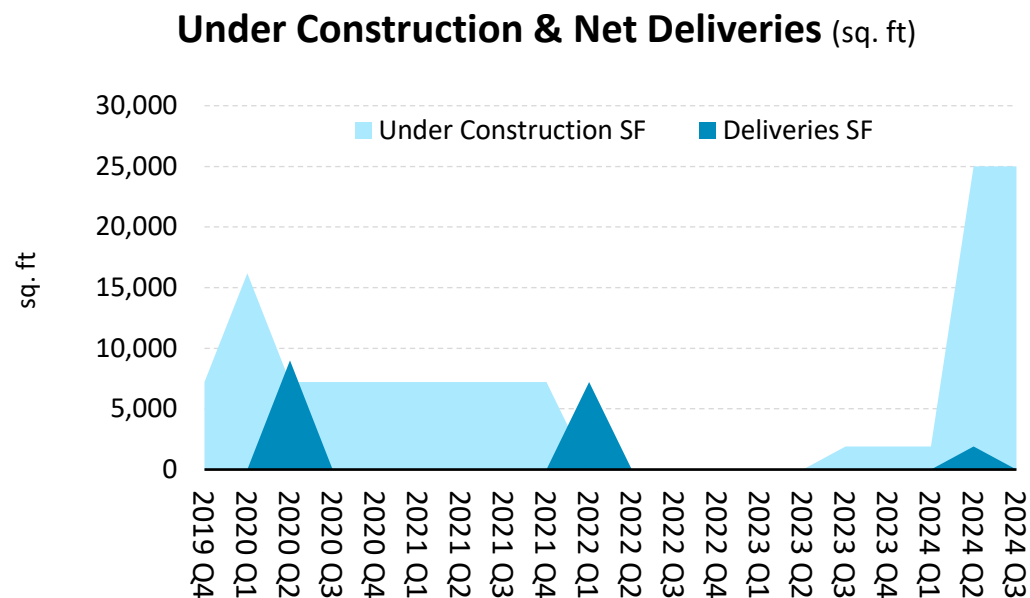
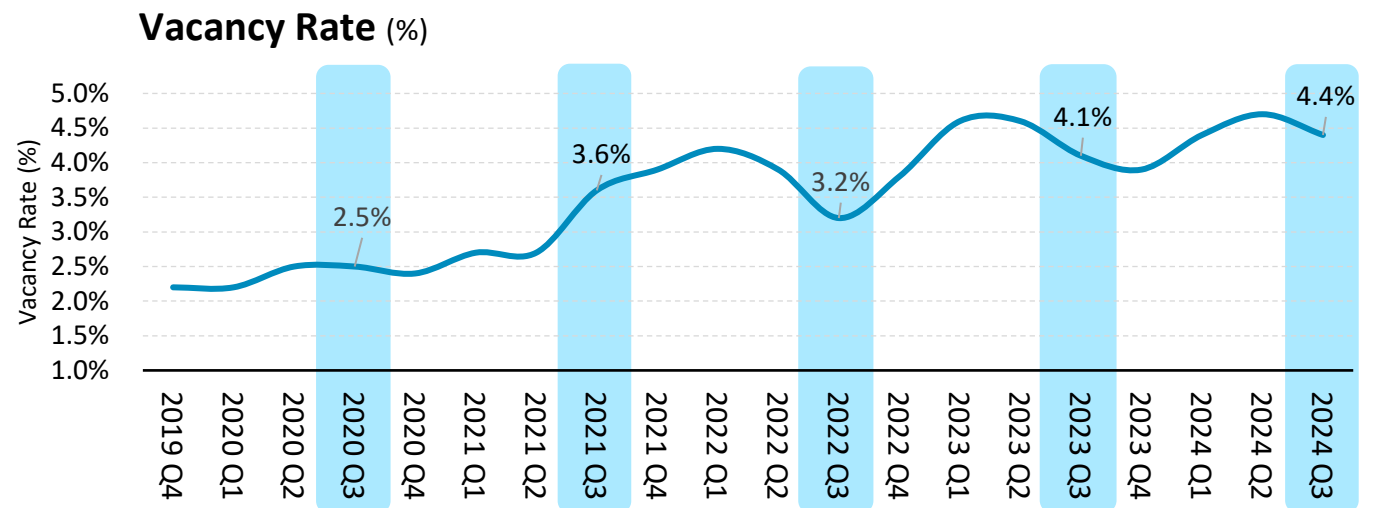
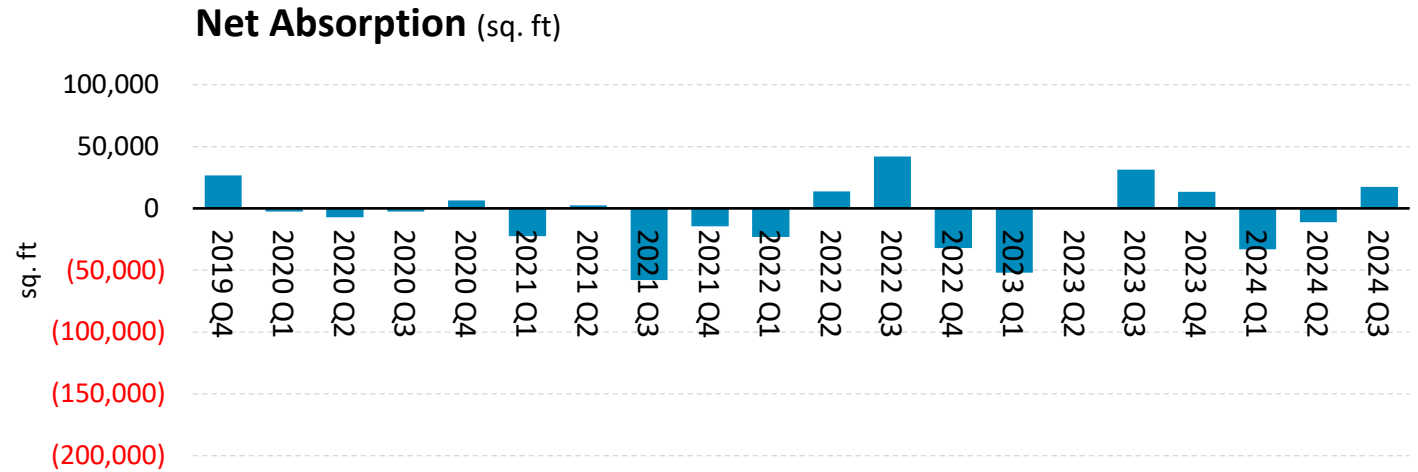


Office Market - MSA Trends

LYNCHBURG MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	6.0	0.0% % chg
Vacancy Rate (%)	4.4%	0.3% pct points
Net Absorption (sq. ft)	17,492	-13,756 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$19.41	\$0.04 \$ per sq. ft
Deliveries (sq. ft)	0	0 sq. ft
Under Construction (sq. ft)	25,000	23,104 sq. ft

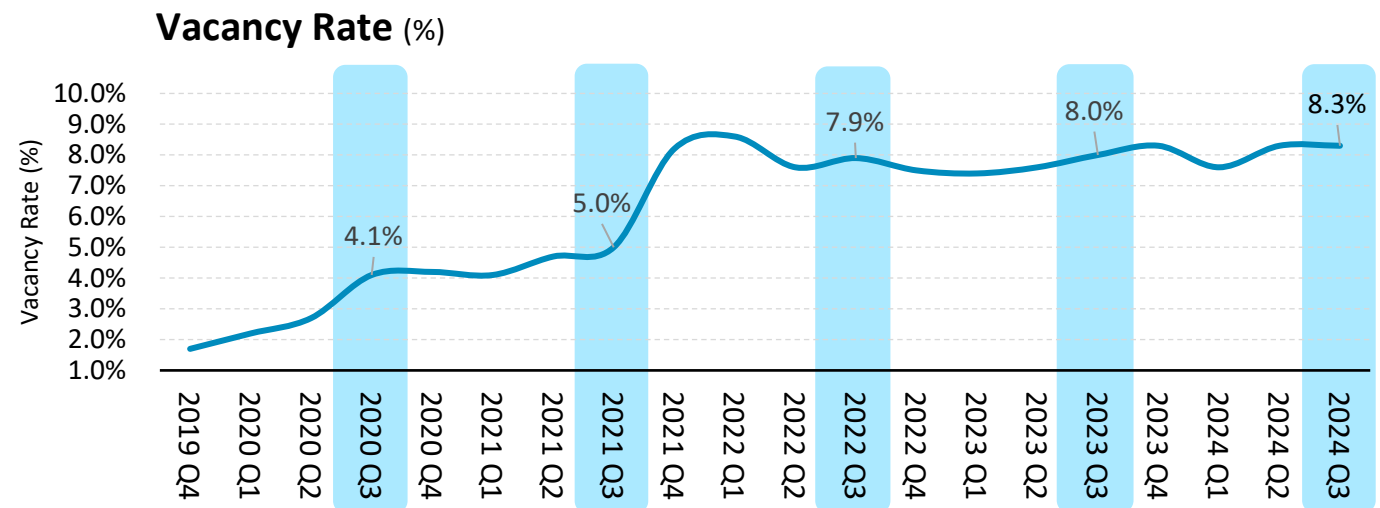
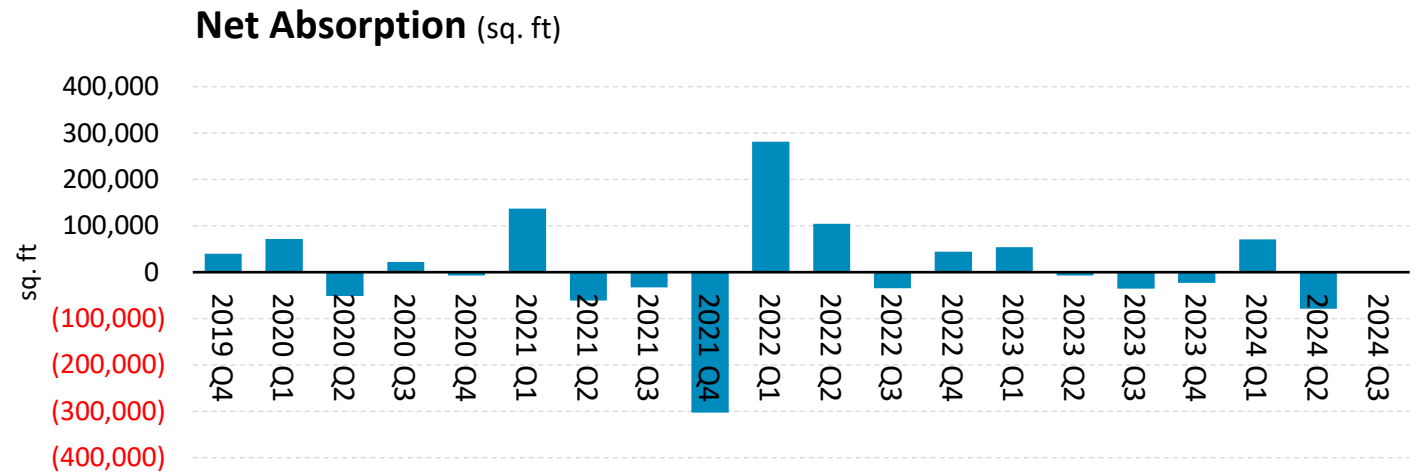


Office Market - MSA Trends

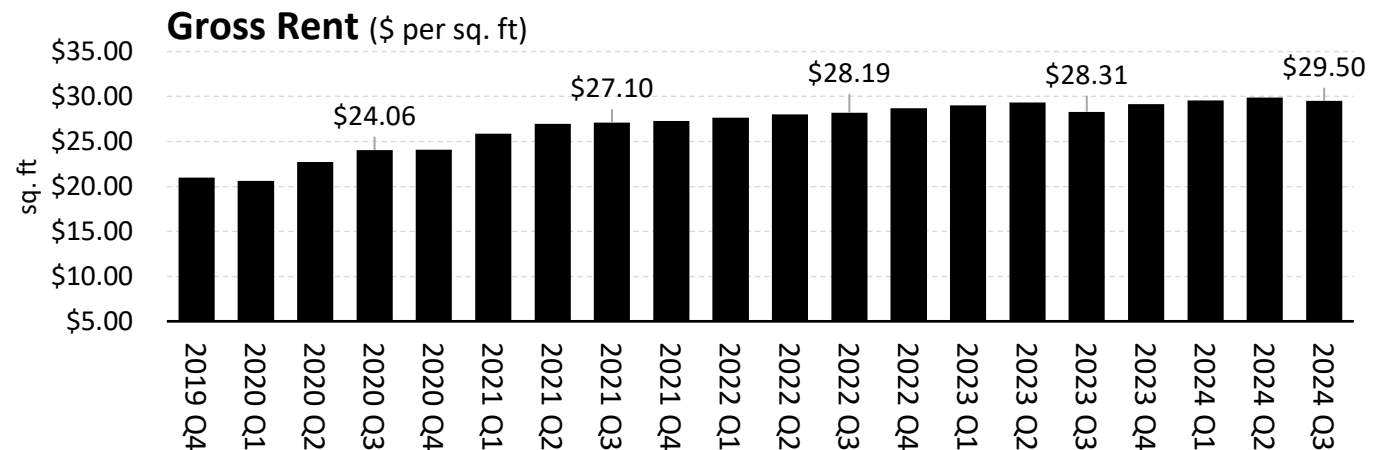
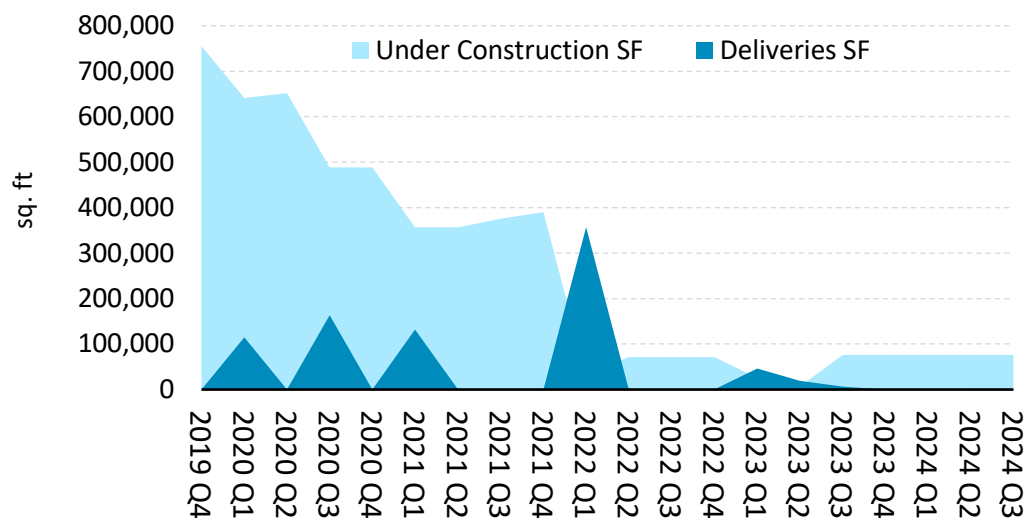
CHARLOTTESVILLE MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	10.1	0	% chg
Vacancy Rate (%)	8.3%	0.3%	pct points
Net Absorption (sq. ft)	1,892	37,400	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$29.50	\$1.19	\$ per sq. ft
Deliveries (sq. ft)	0	-6,500	sq. ft
Under Construction (sq. ft)	76,000	0	sq. ft



Under Construction & Net Deliveries (sq. ft)

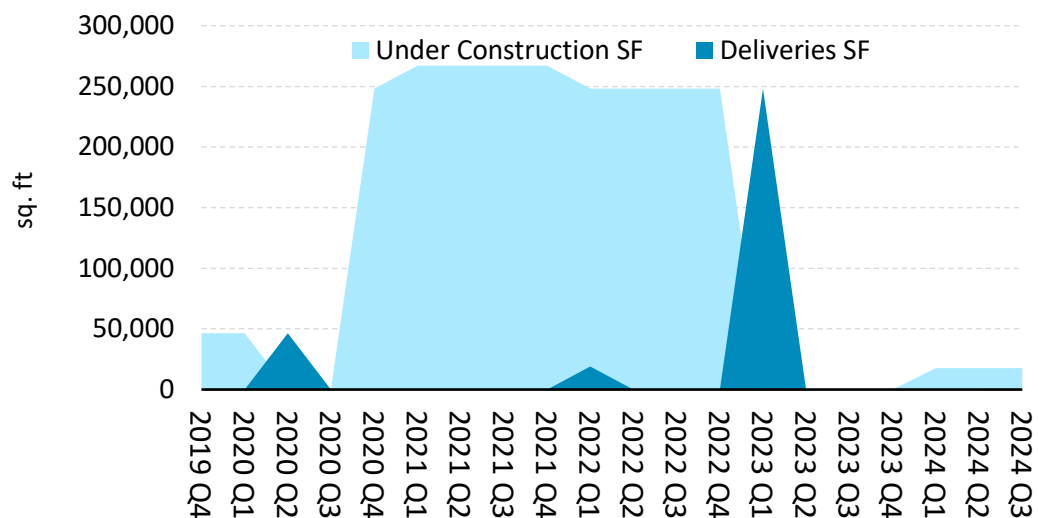


BLACKSBURG MSA

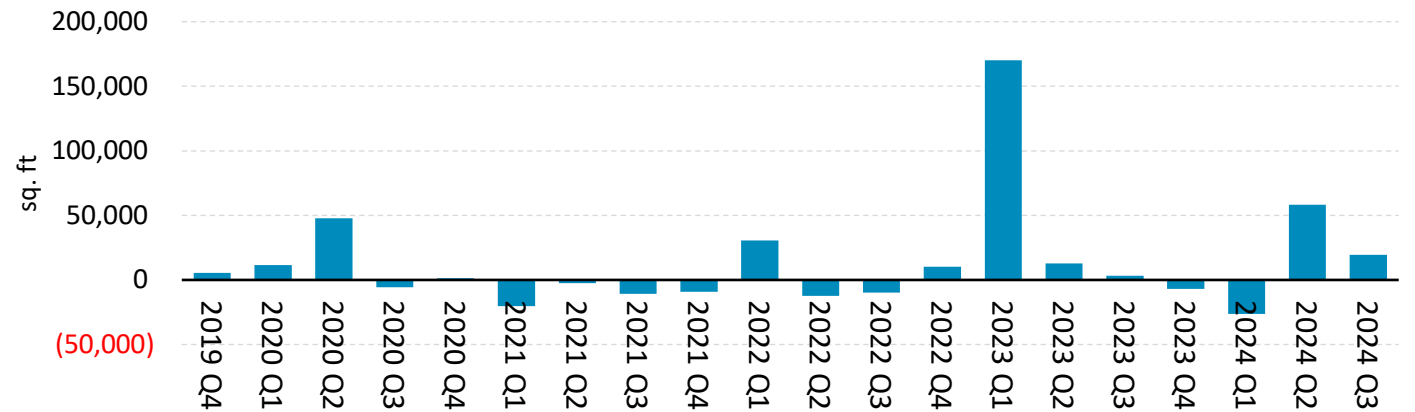
Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	3.9	0	% chg
Vacancy Rate (%)	3.3%	-1.1%	pct points
Net Absorption (sq. ft)	19,581	16,288	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.13	\$1.45	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	17,660	17,660	sq. ft

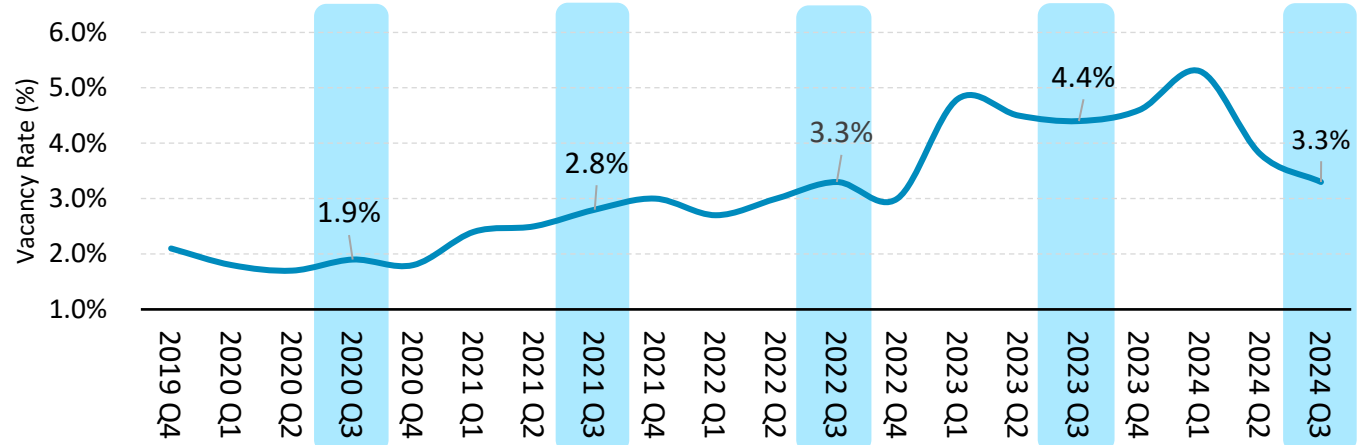
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Gross Rent (\$ per sq. ft)

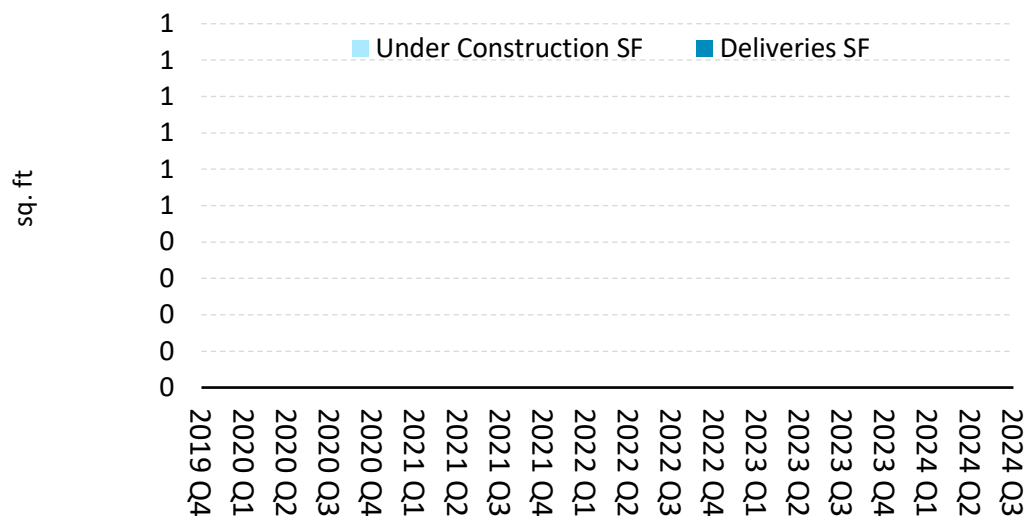


WINCHESTER MSA

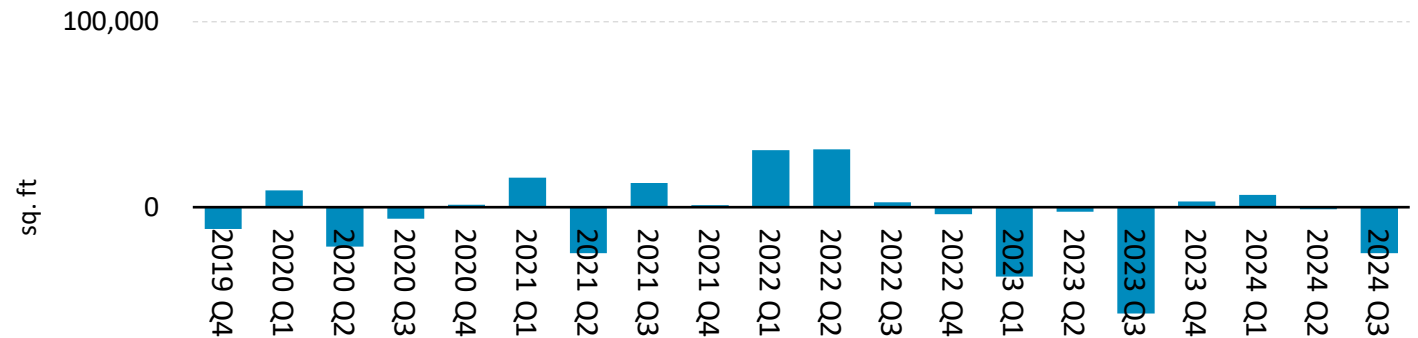
Local Market Indicator Dashboard

	Q3-2024	YoY Chg	
Total Inventory (sq. ft, millions)	3.6	0	% chg
Vacancy Rate (%)	4.5%	0.4%	pct points
Net Absorption (sq. ft)	(24,892)	32,464	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.61	-\$0.41	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

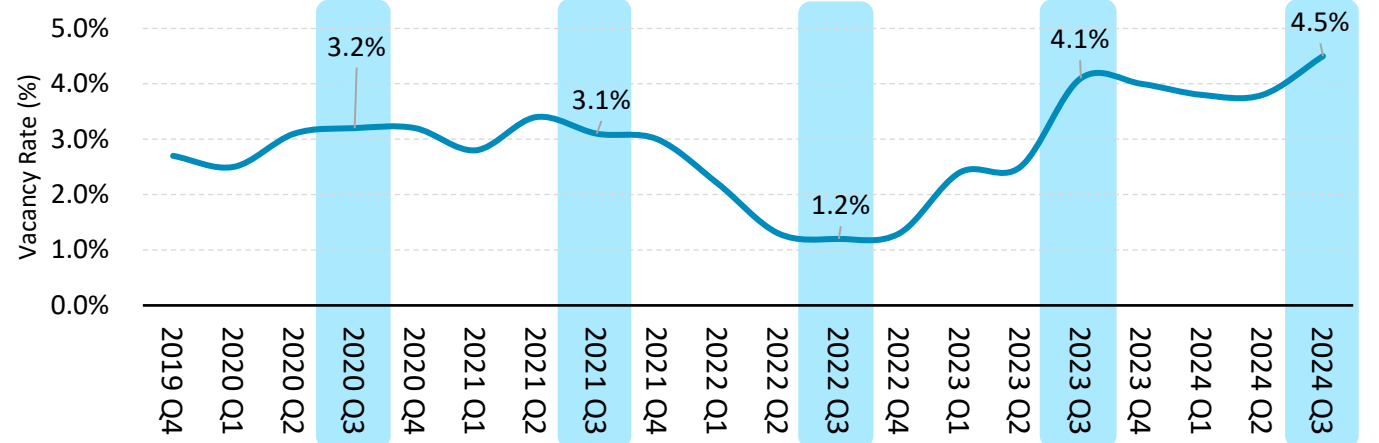
Under Construction & Net Deliveries (sq. ft)



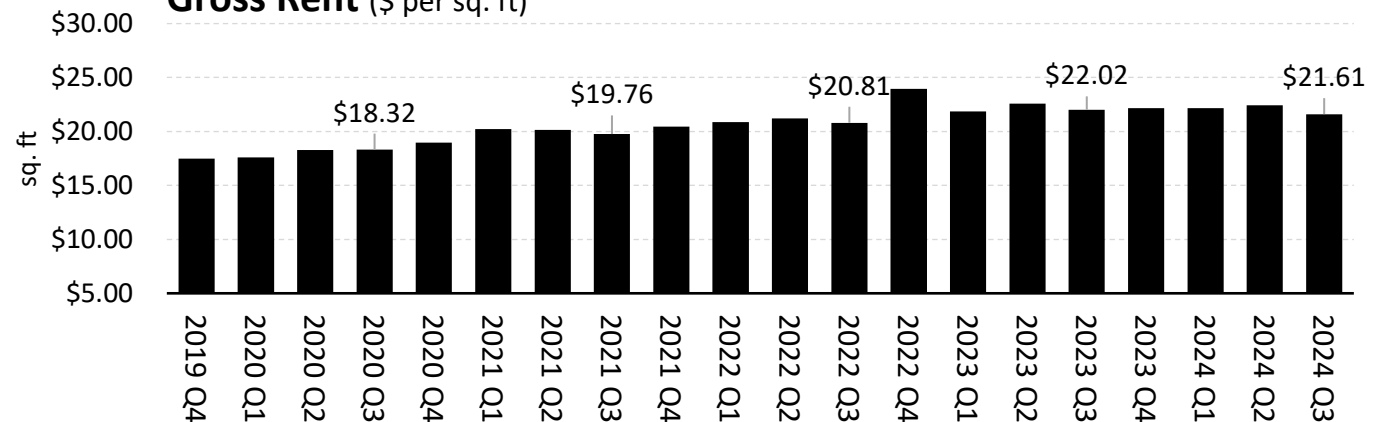
Net Absorption (sq. ft)



Vacancy Rate (%)



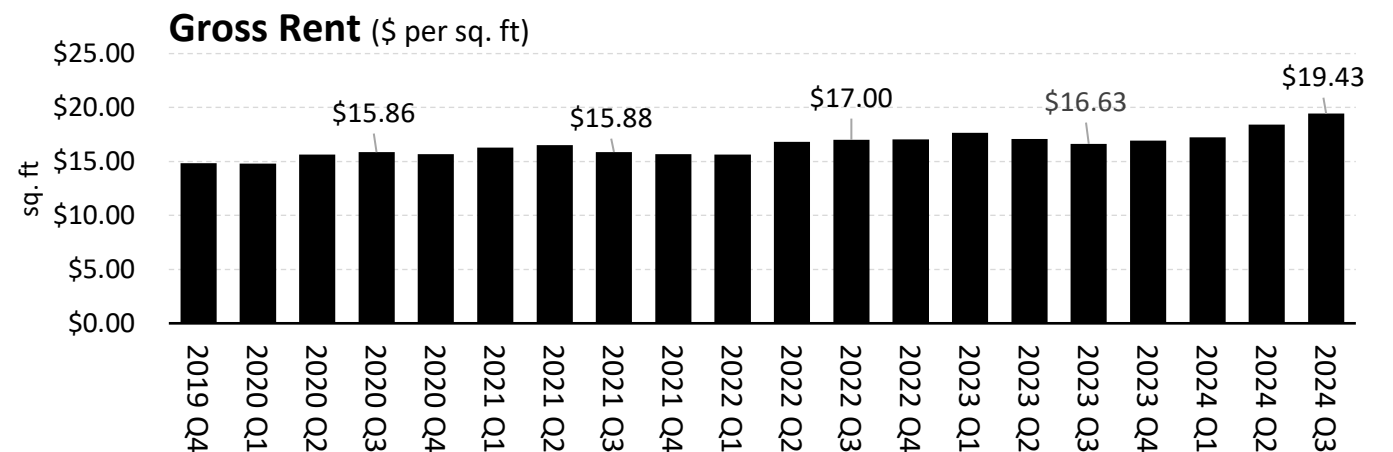
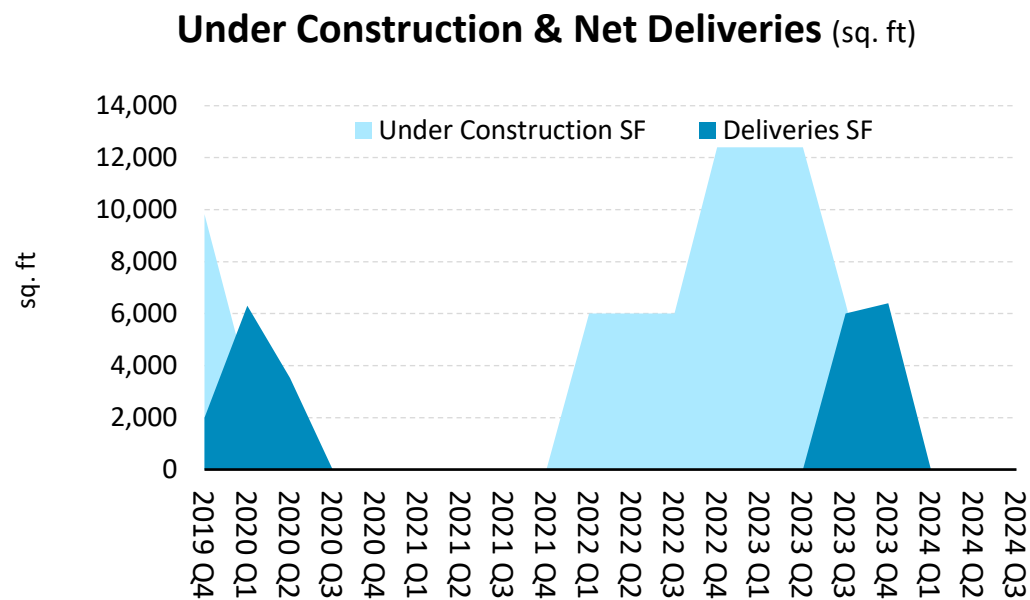
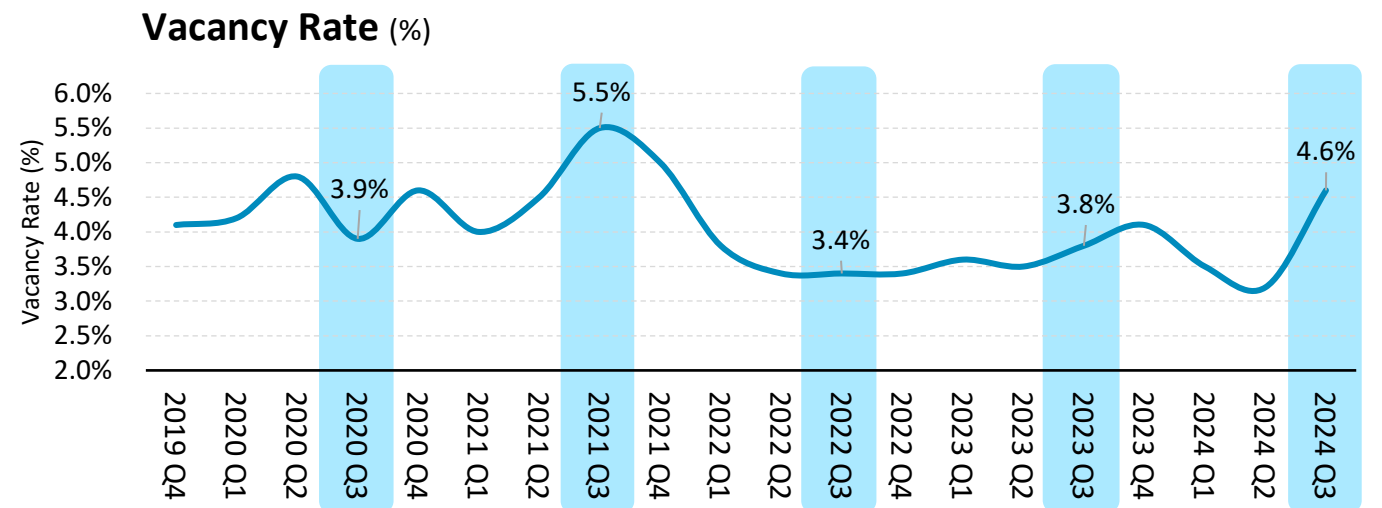
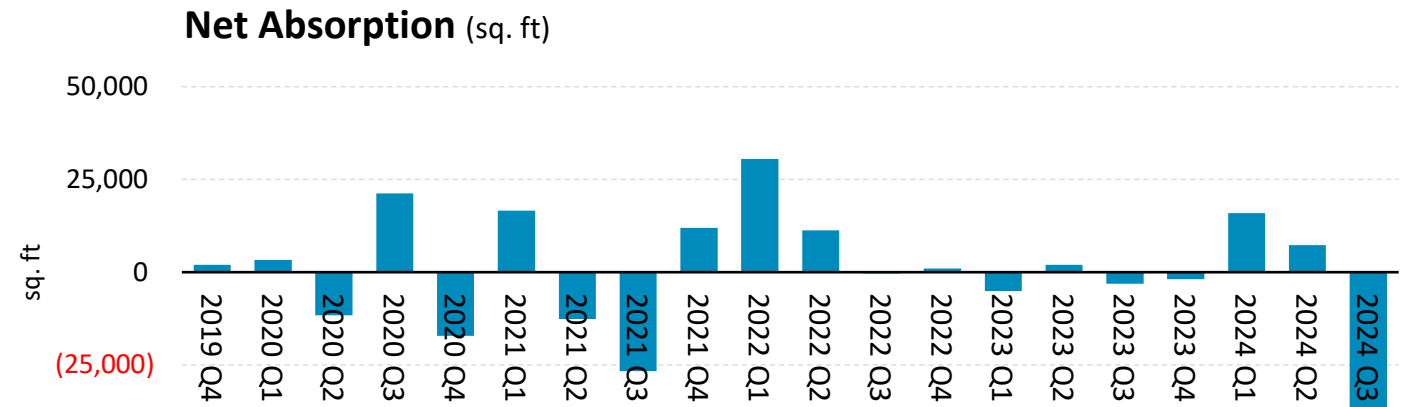
Gross Rent (\$ per sq. ft)



HARRISONBURG MSA

Local Market Indicator Dashboard

	Q3-2024	YoY Chg
Total Inventory (sq. ft, millions)	2.6	0.3% % chg
Vacancy Rate (%)	4.6%	0.8% pct points
Net Absorption (sq. ft)	(37,219)	-34,083 sq. ft
Avg Gross Rent (\$ per sq. ft)	\$19.43	\$2.80 \$ per sq. ft
Deliveries (sq. ft)	0	##### sq. ft
Under Construction (sq. ft)	0	-6,400 sq. ft



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Data and analysis provided by Virginia REALTORS® Chief Economist.

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