



# Q3 2024 OFFICE MARKET REPORT

# Office Market - Key Trends Snapshot

## Office Market

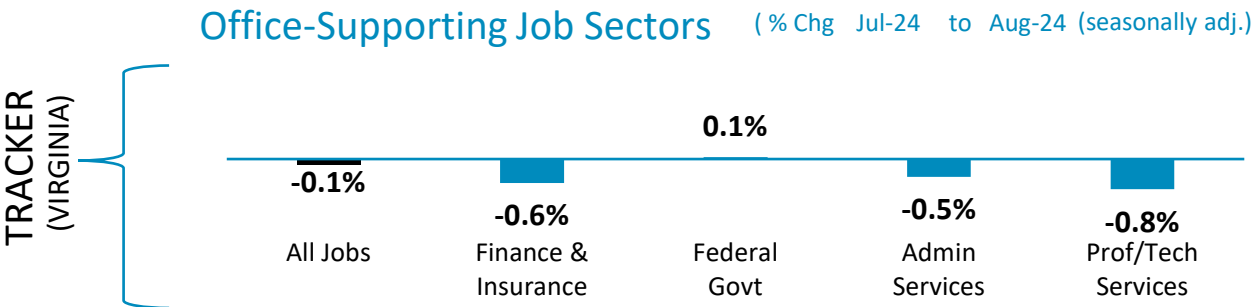
**Overview:** Virginia's office market remains sluggish overall. Net absorption continues to be negative and vacancy rates are climbing. Rent growth for Class A space rose while rents for Class B/C moderated. The construction pipeline continues to get smaller, and there was an uptick in deliveries in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



## 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 | QoQ Chg 1.6% | Q2-2024 3.0 | Gross Domestic Product (% chg from prior year)            |

# Report Index

## Virginia Office Market

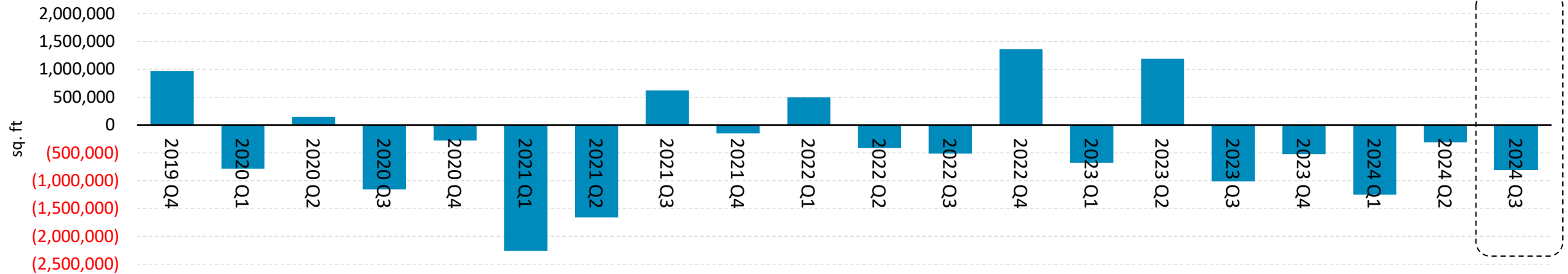
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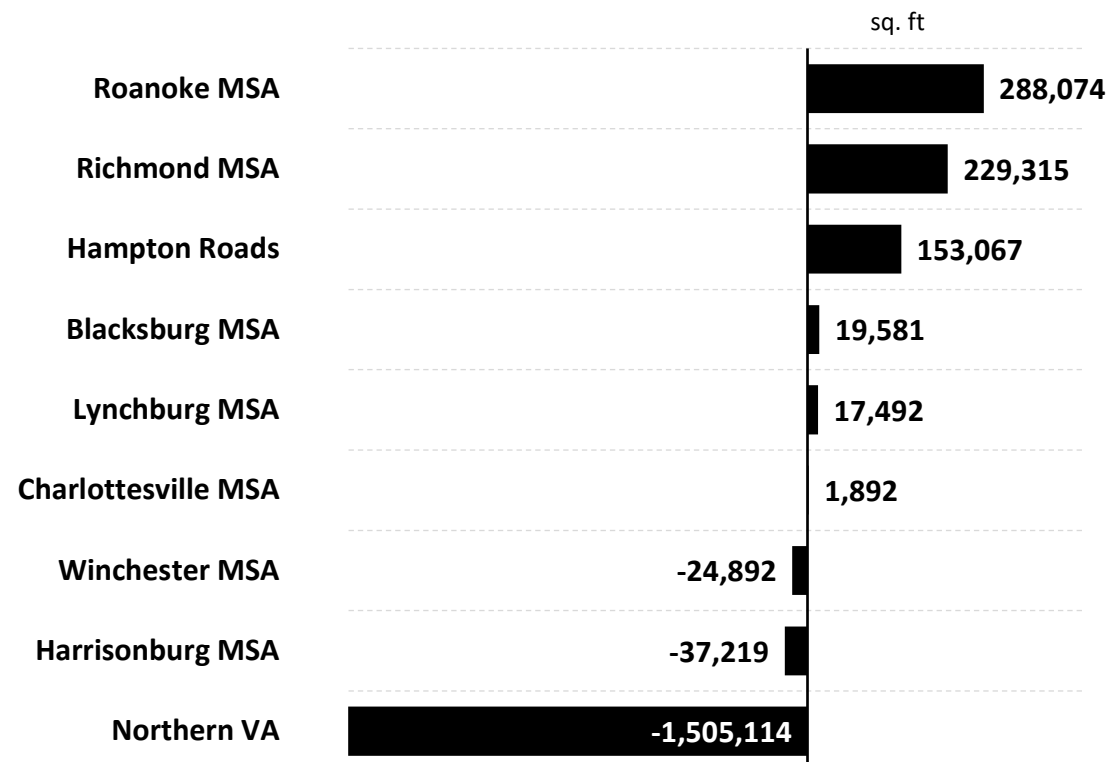
# Office Market - Absorption & Construction Trends

## VIRGINIA (Statewide)

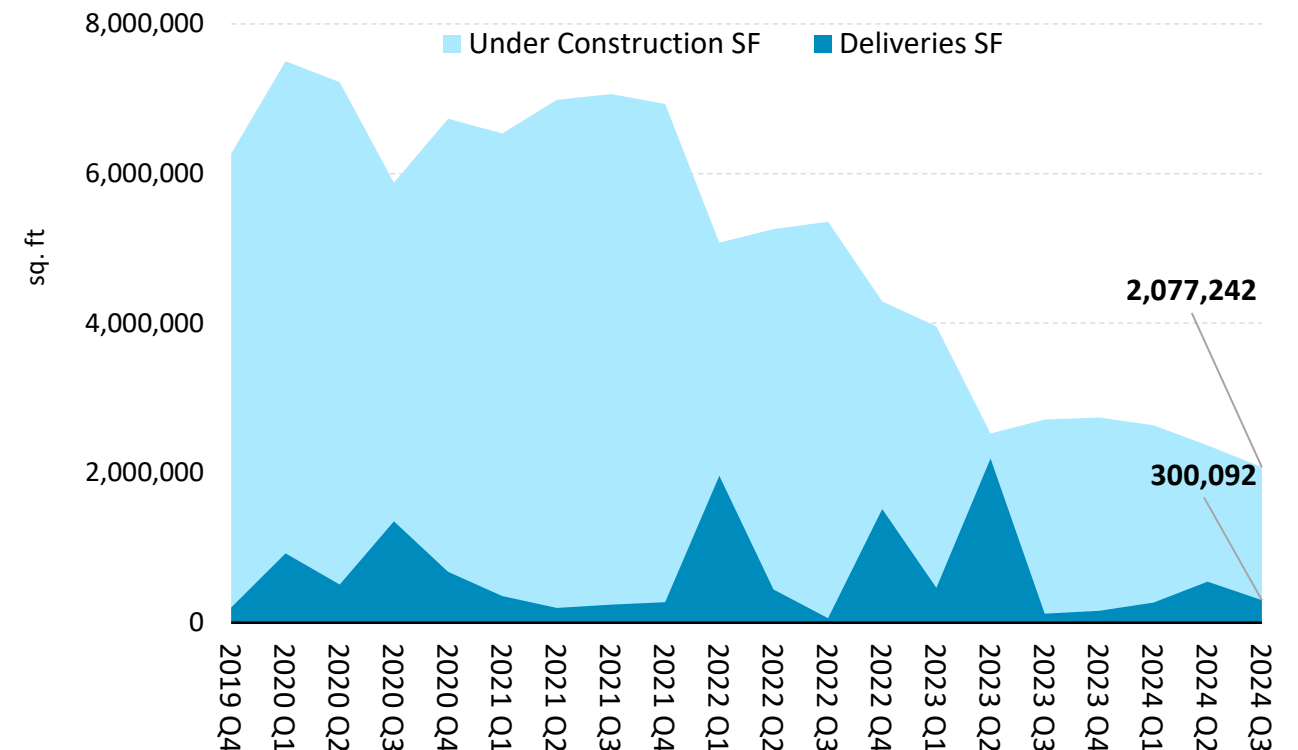
**Net Absorption (sq. ft)**



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

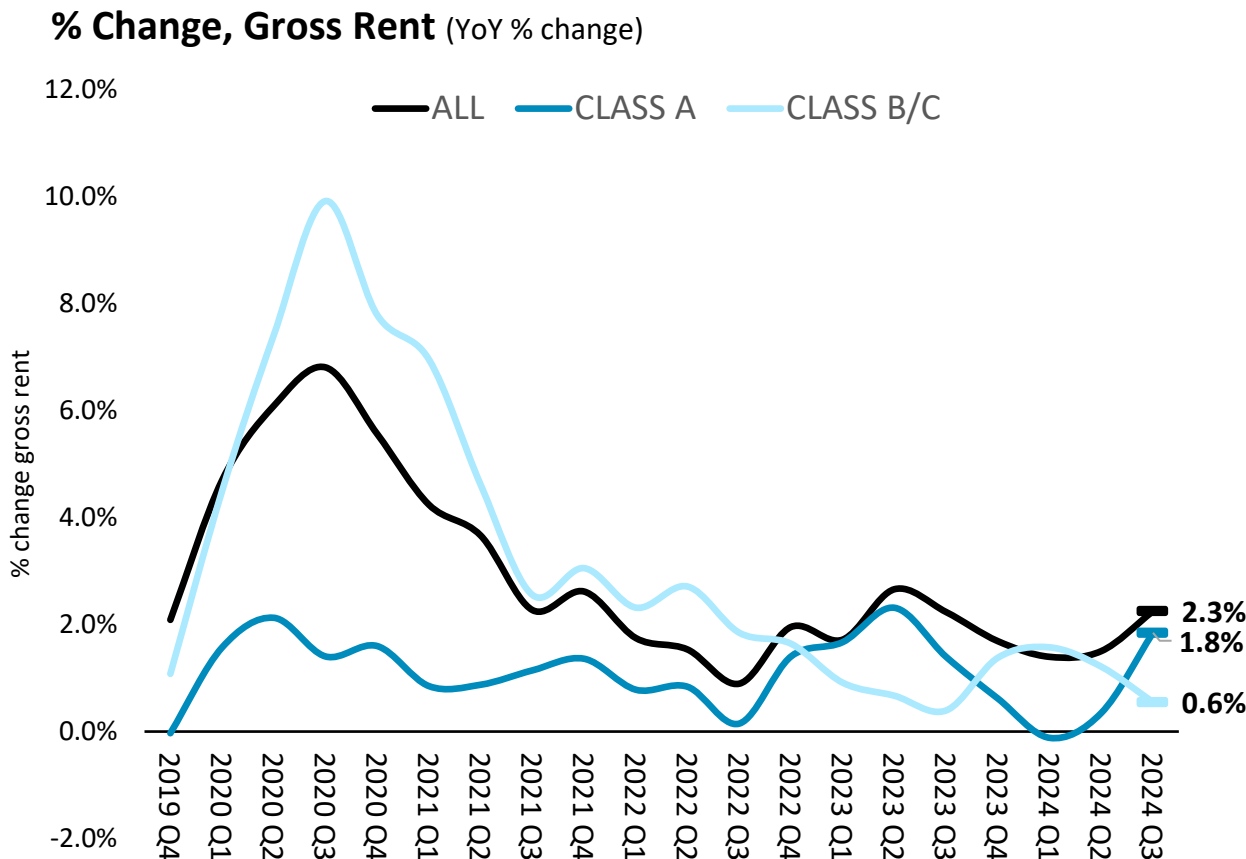
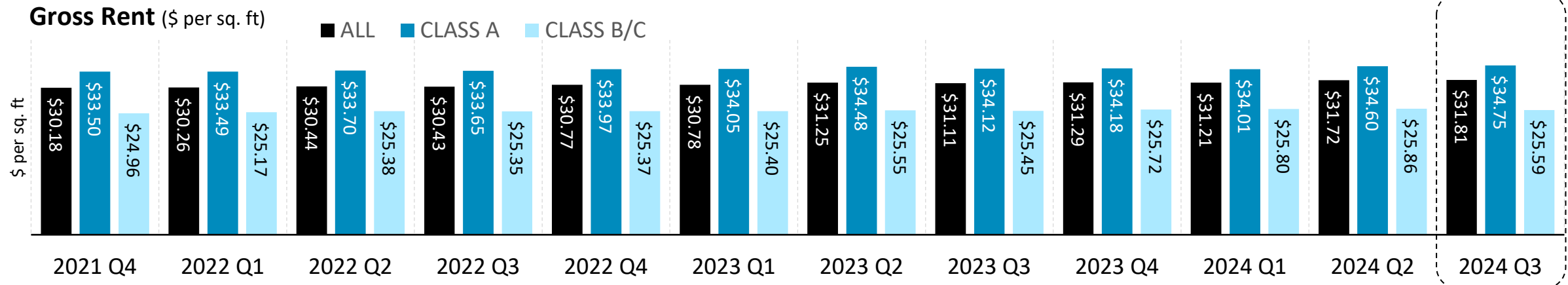


**Under Construction & Net Deliveries (sq. ft)**

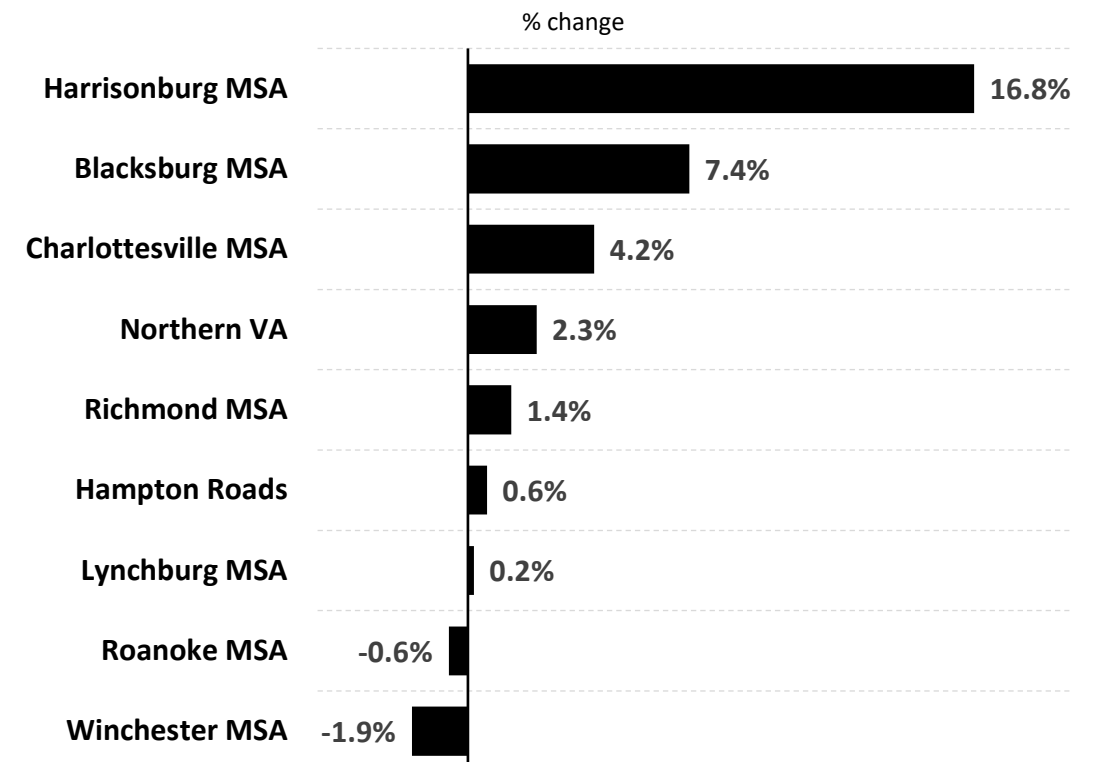


# Office Market - Rent Trends

## VIRGINIA (Statewide)

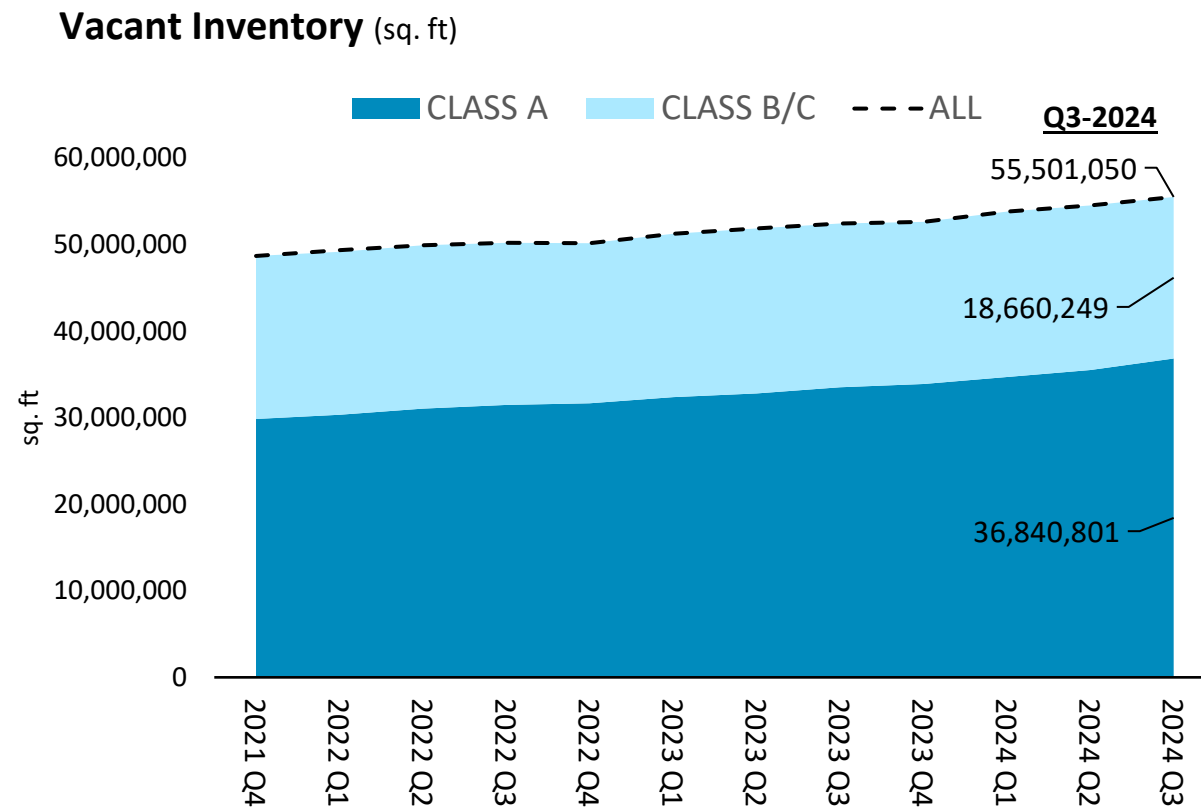
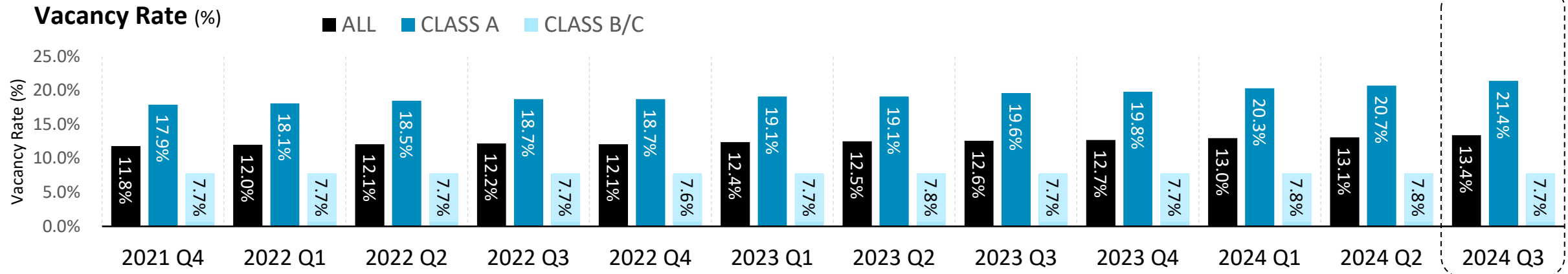


## Q3-2024 by MSA: % Change, Gross Rent (YoY % change)

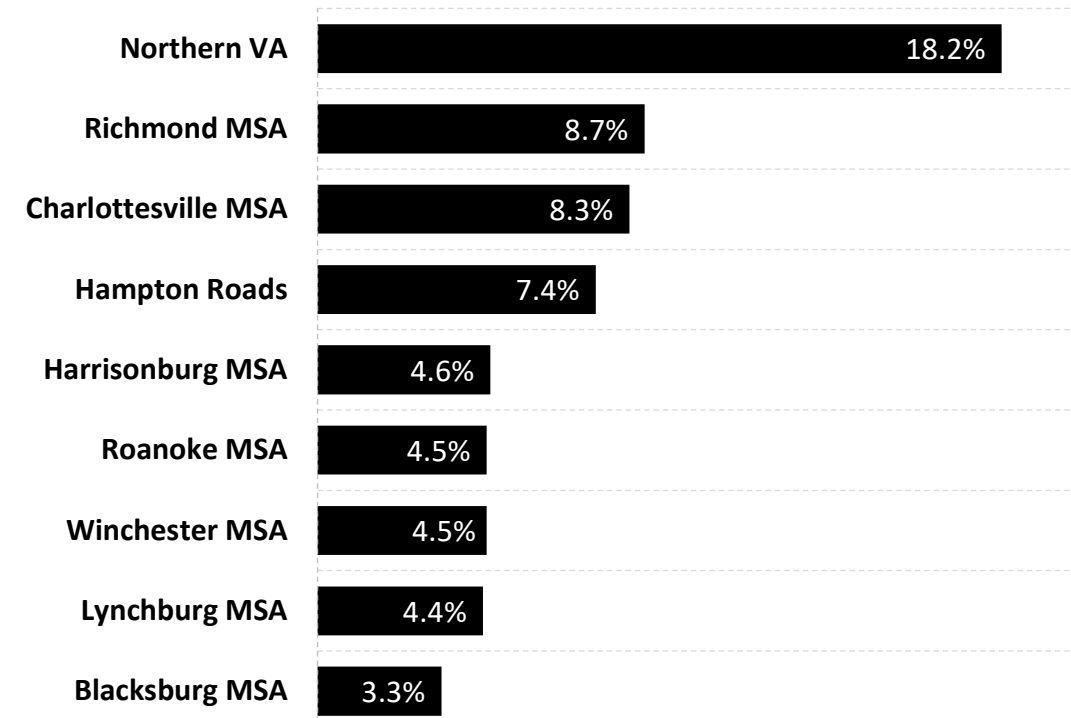


# Office Market - Vacancy Trends

## VIRGINIA (Statewide)



## Q3-2024 Office Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q3

2024

Virginia  
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OFFICE  
Market Report



*Snapshot of Office Market Conditions Around Virginia*



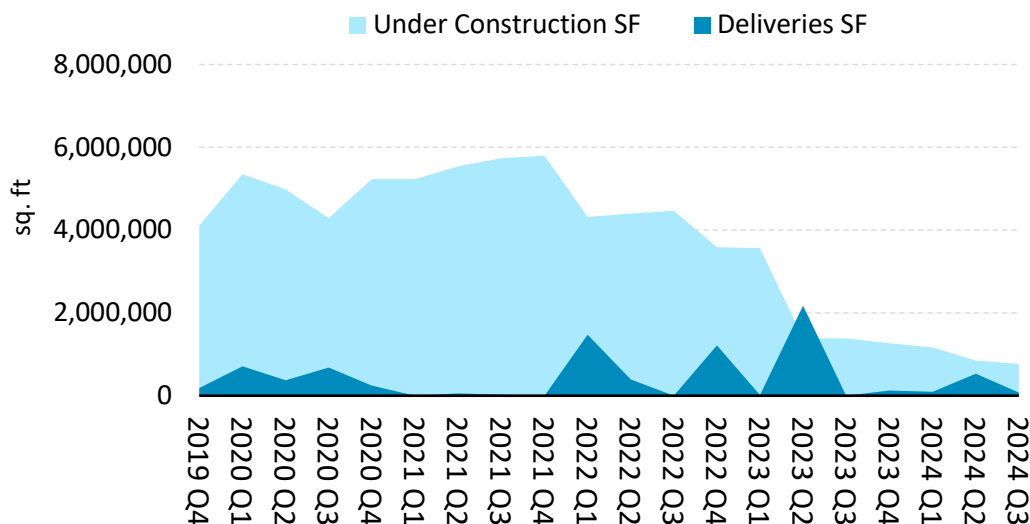
# Office Market - MSA Trends

## NORTHERN VIRGINIA

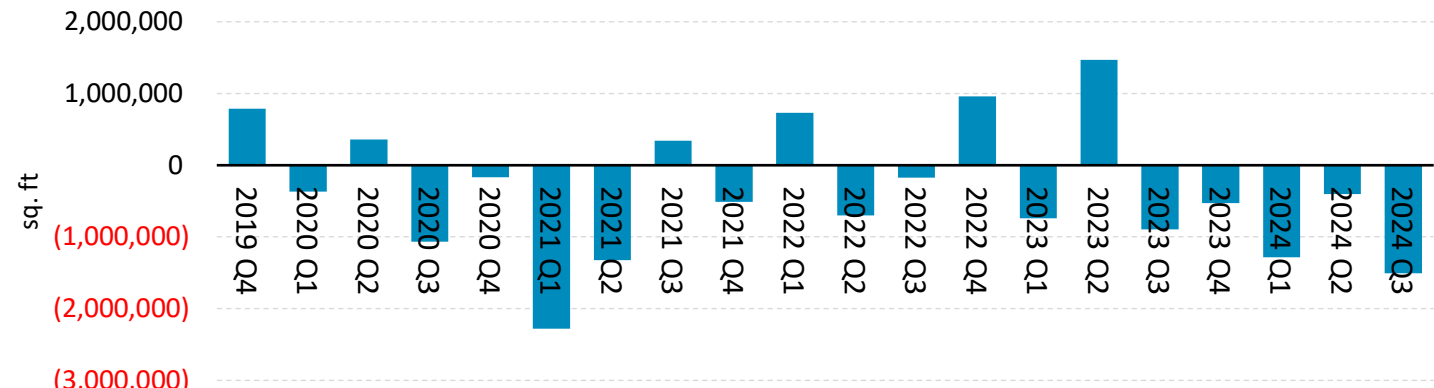
### Local Market Indicator Dashboard

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

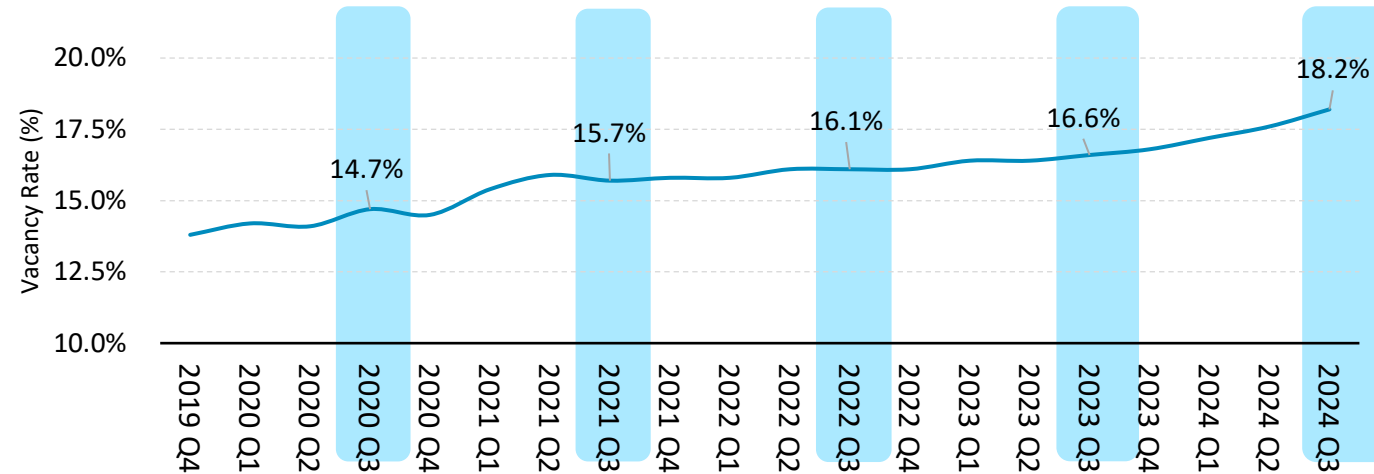
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)





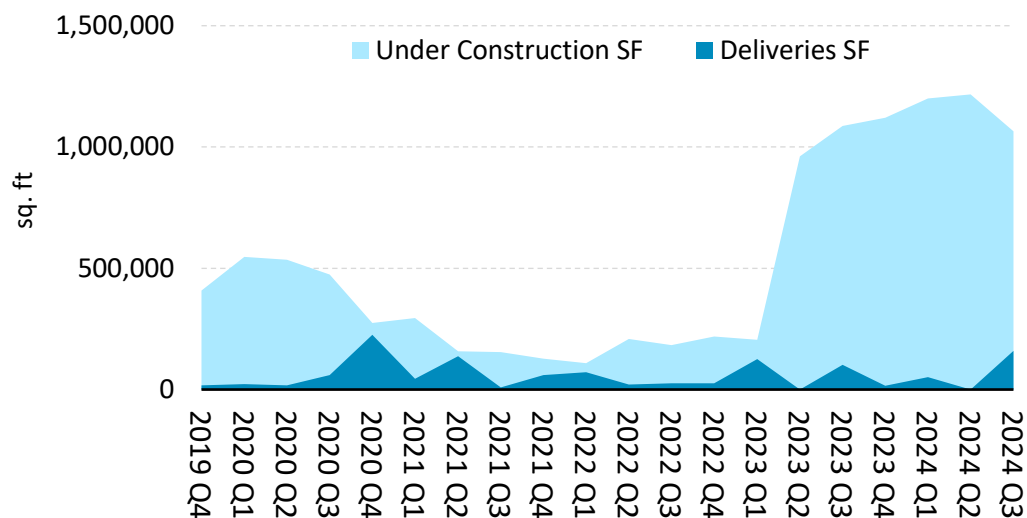
# Office Market - MSA Trends

## **RICHMOND MSA**

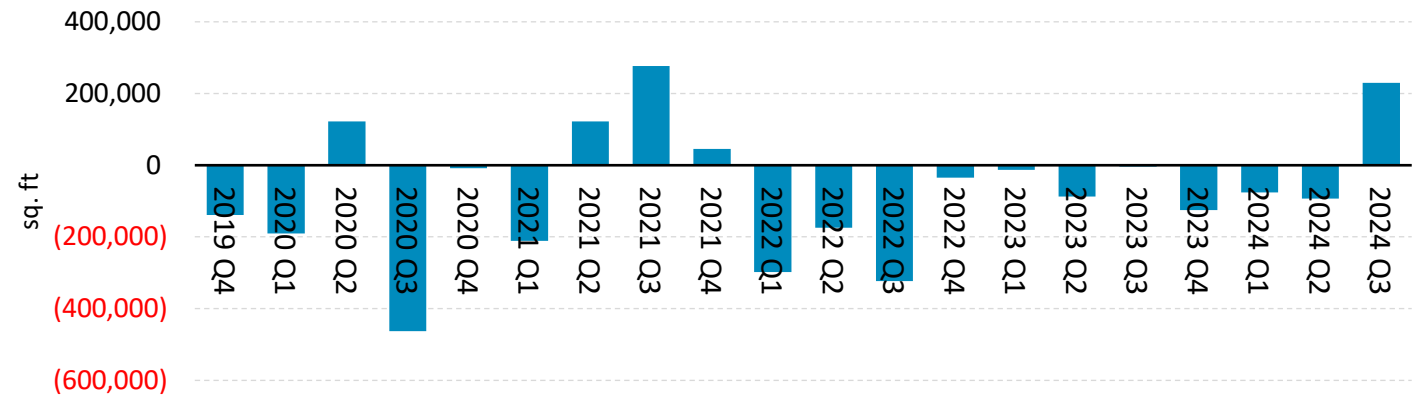
### Local Market Indicator Dashboard

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

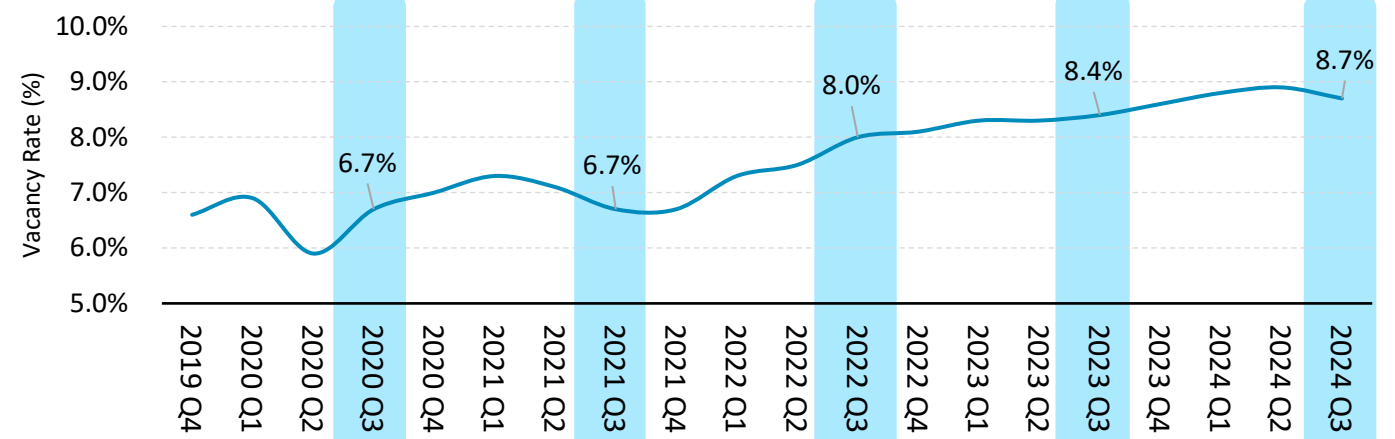
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)



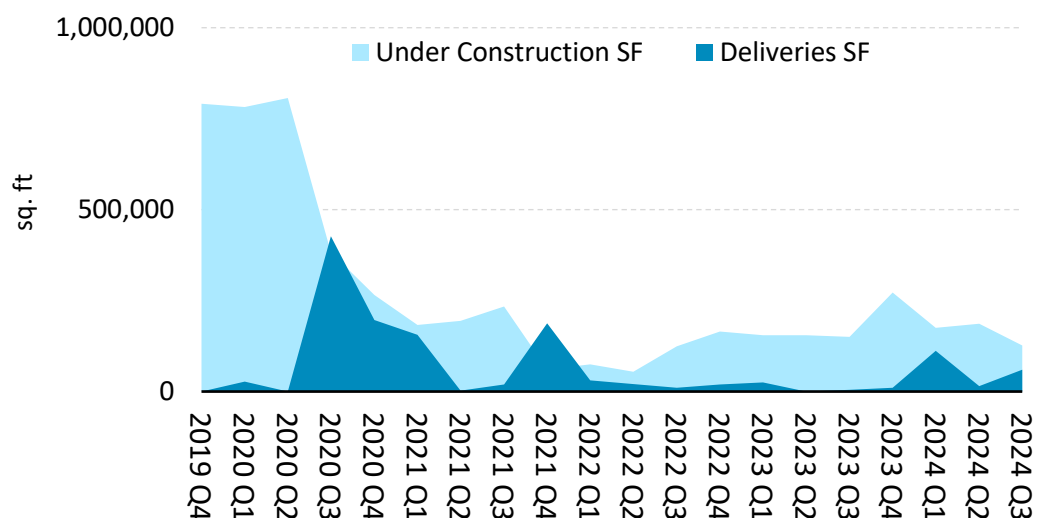
# Office Market - MSA Trends

## **HAMPTON ROADS**

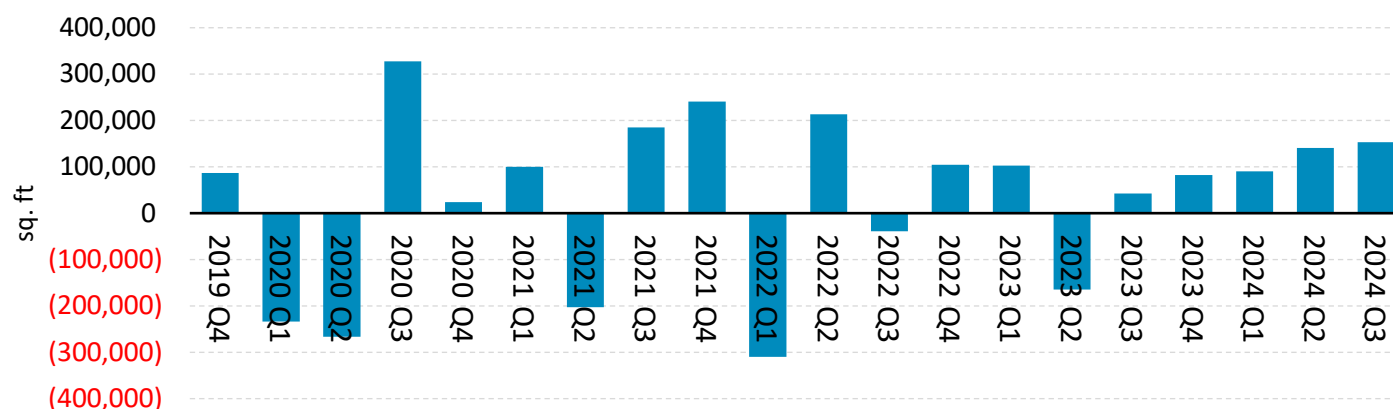
### Local Market Indicator Dashboard

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

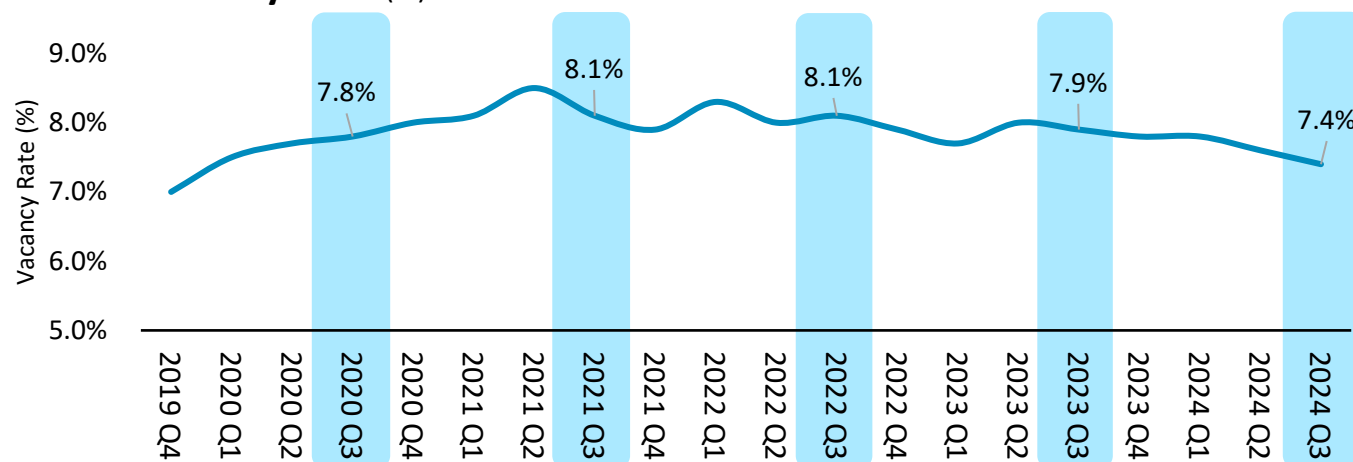
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)

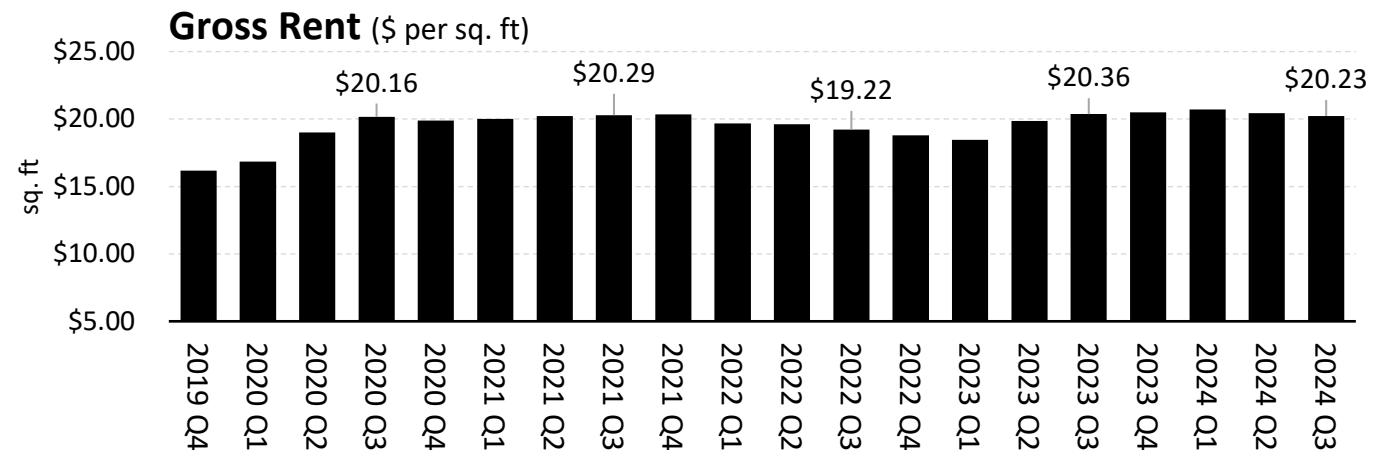
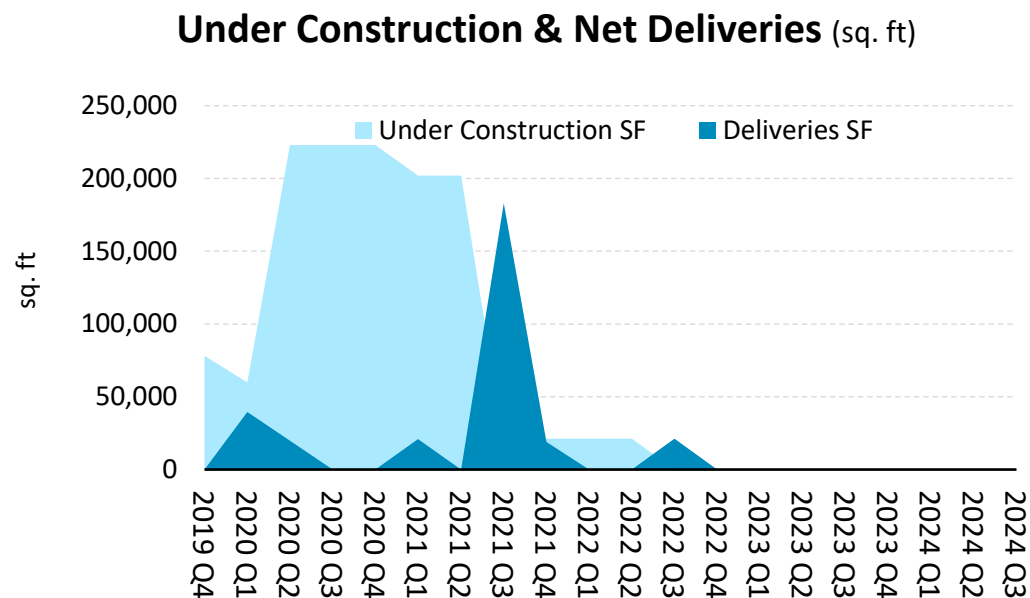
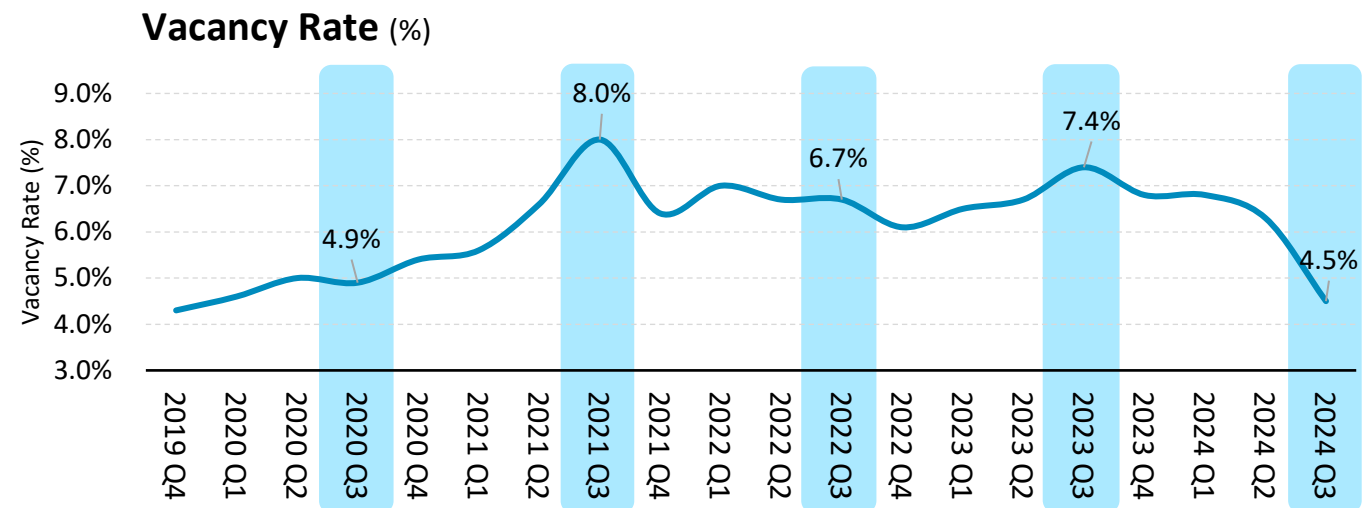
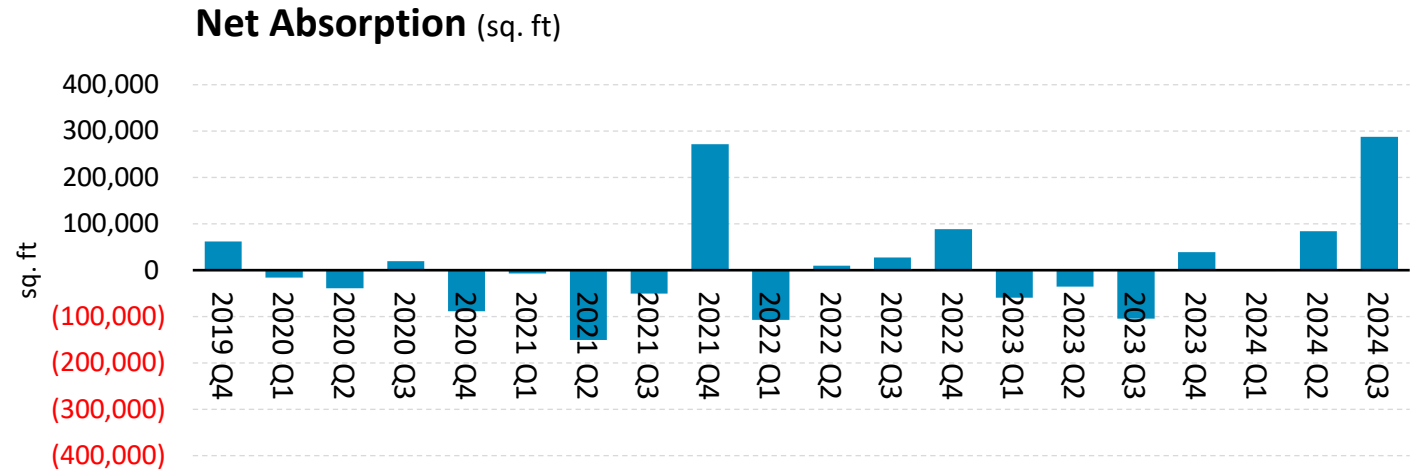


# Office Market - MSA Trends

## ROANOKE MSA

### Local Market Indicator Dashboard

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



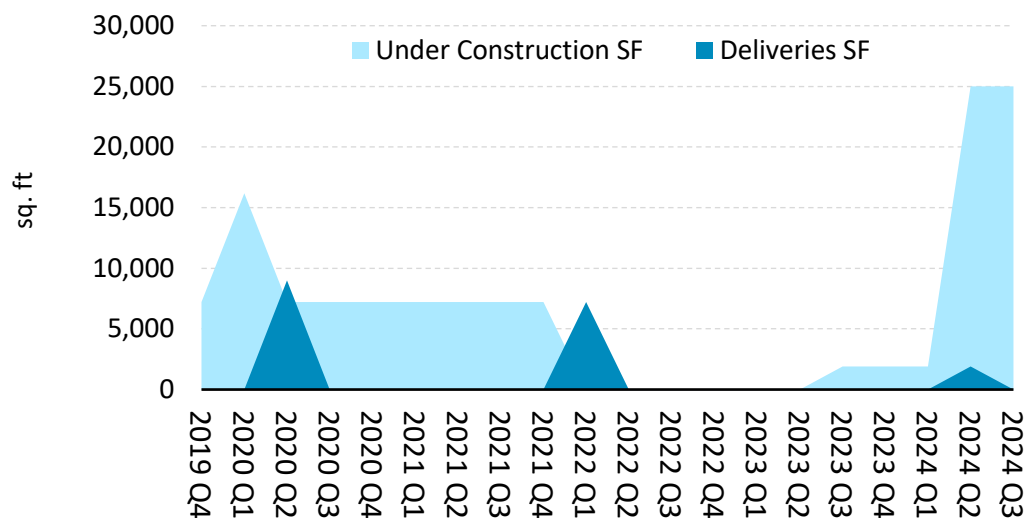
# Office Market - MSA Trends

## LYNCHBURG MSA

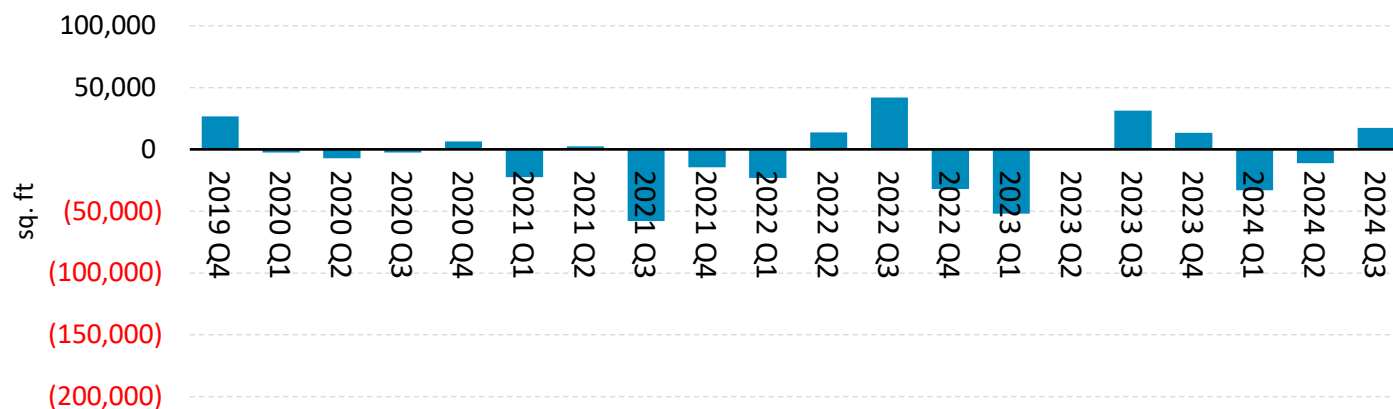
### Local Market Indicator Dashboard

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

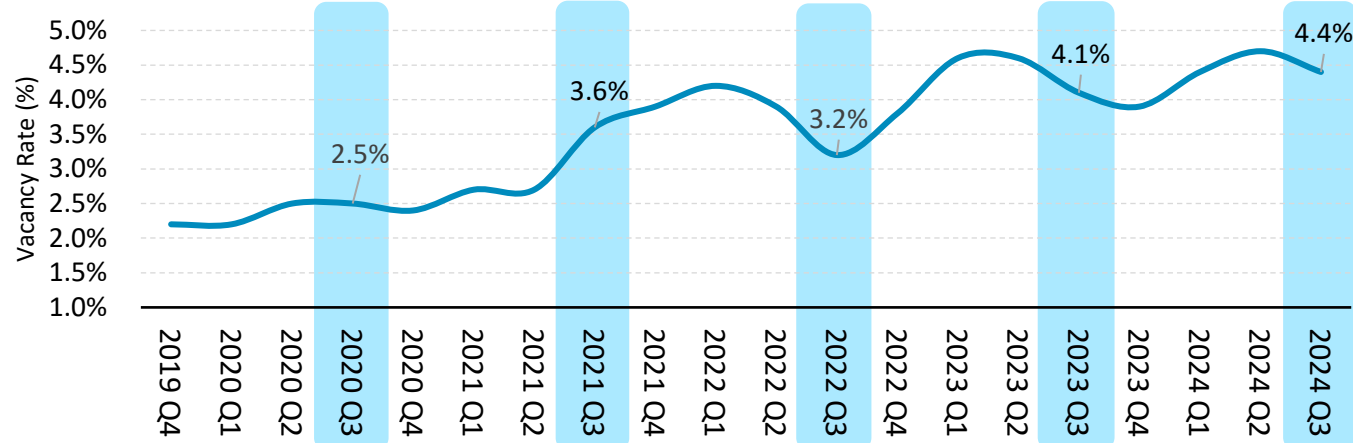
### Under Construction & Net Deliveries (sq. ft)



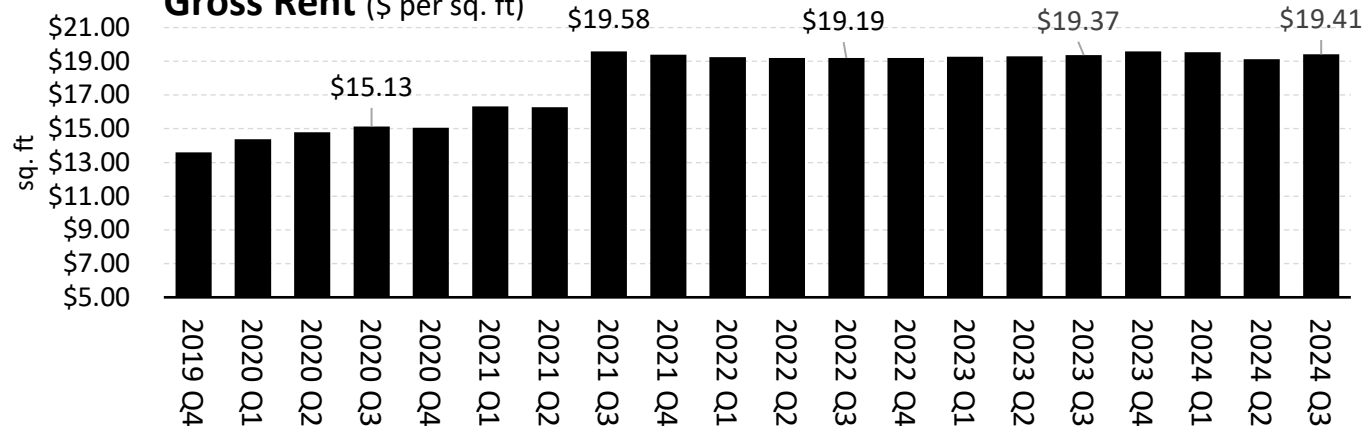
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)

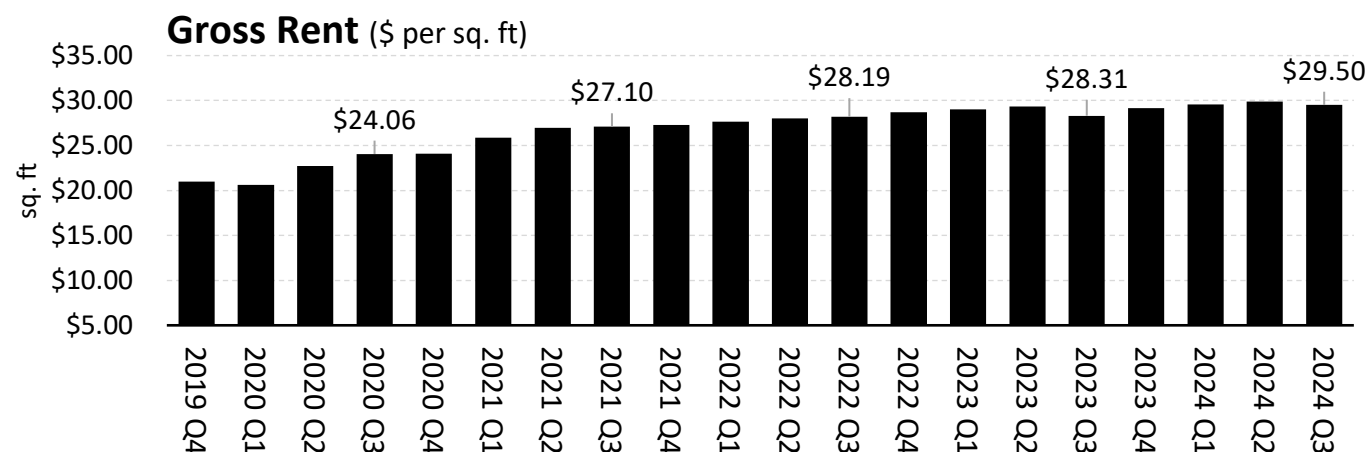
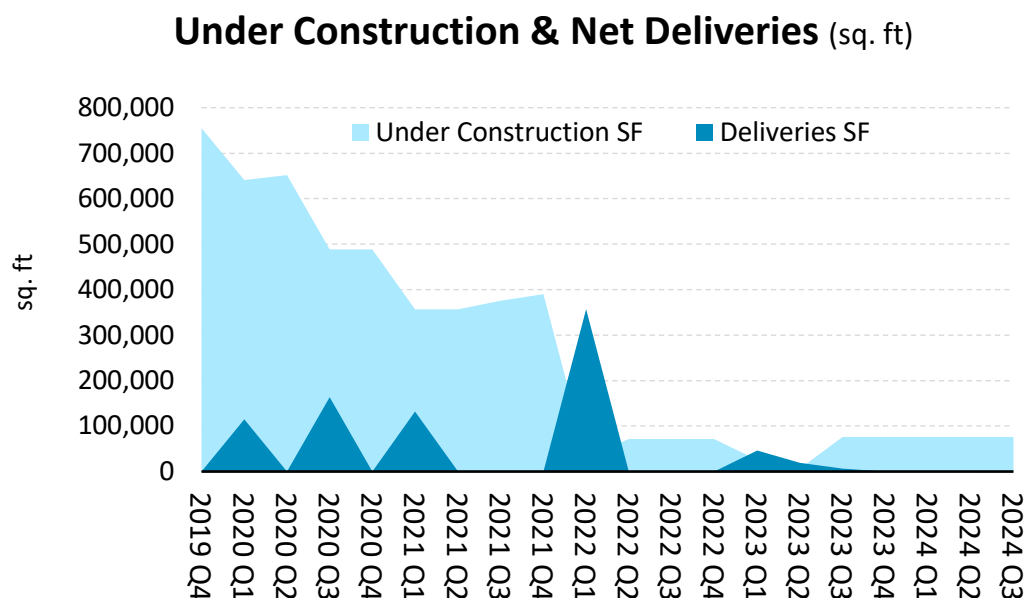
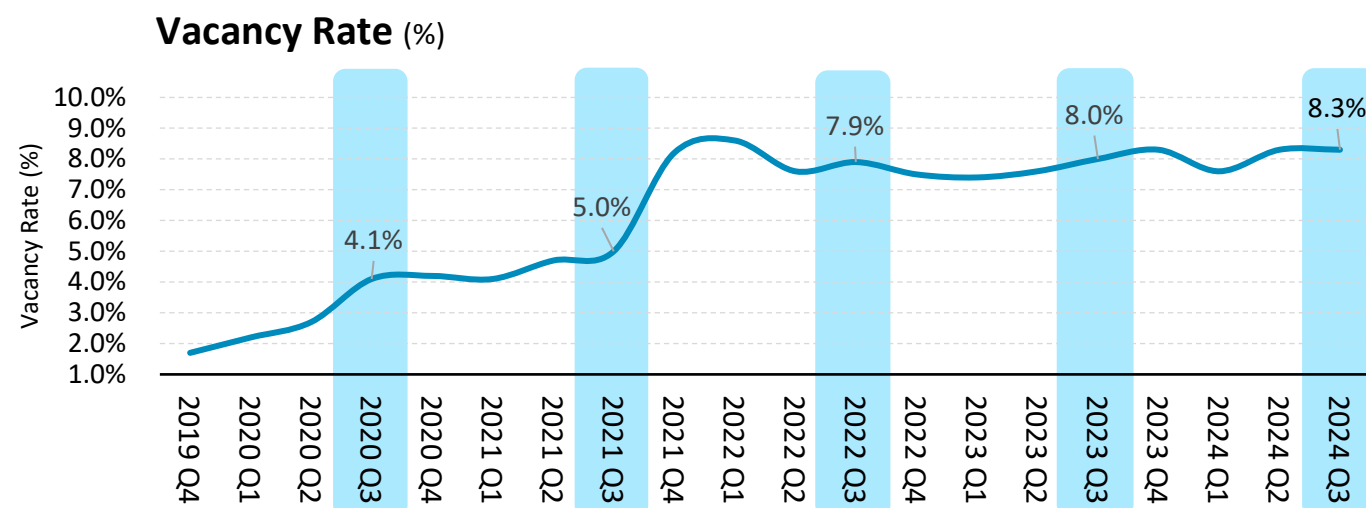
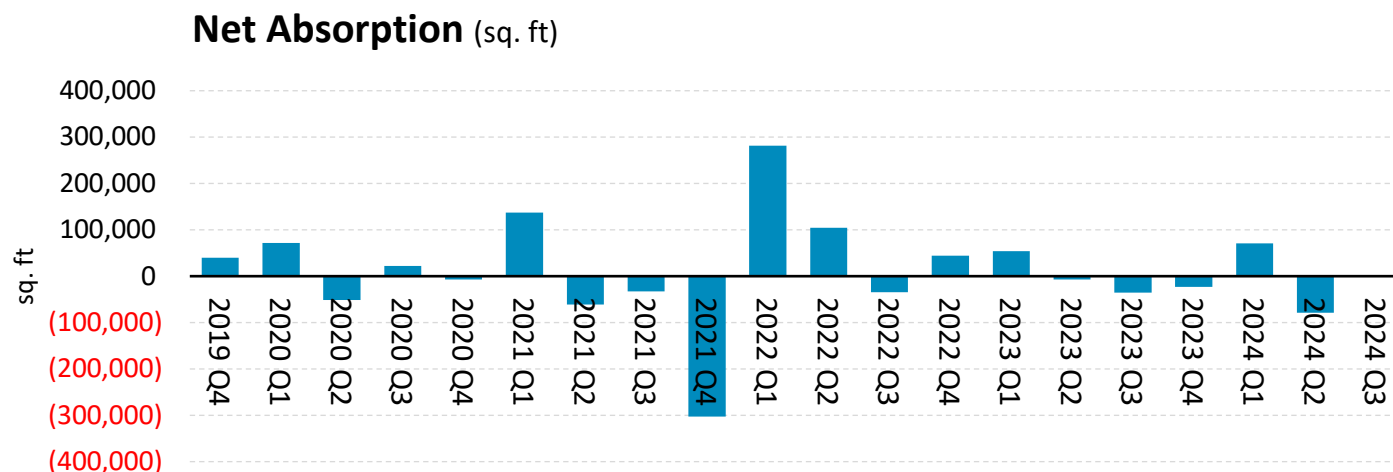


# Office Market - MSA Trends

## **CHARLOTTESVILLE MSA**

### Local Market Indicator Dashboard

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



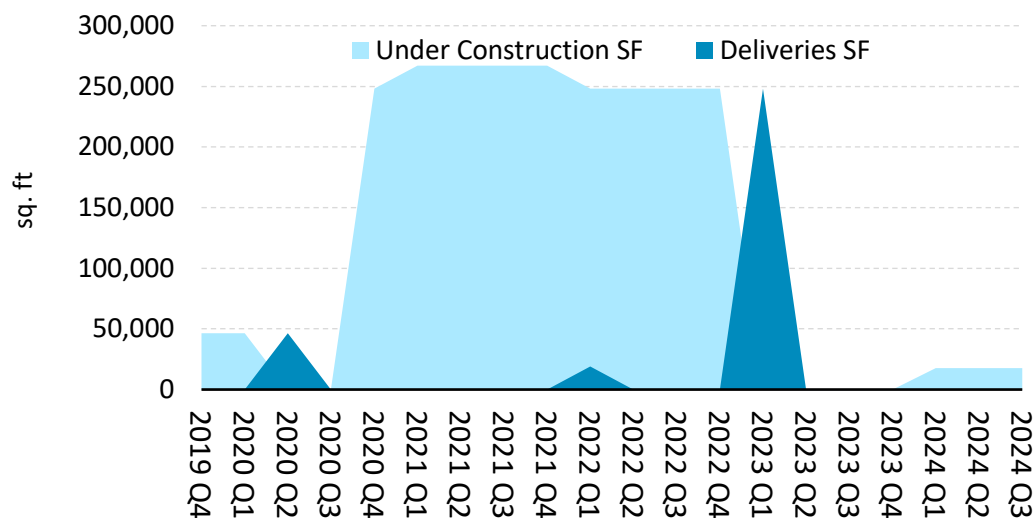
# Office Market - MSA Trends

## **BLACKSBURG MSA**

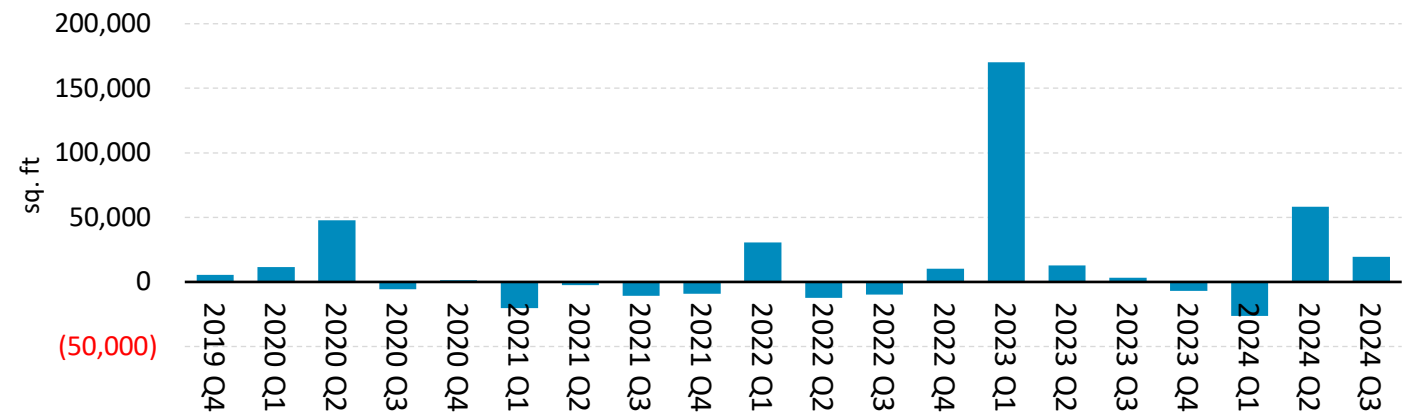
### Local Market Indicator Dashboard

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

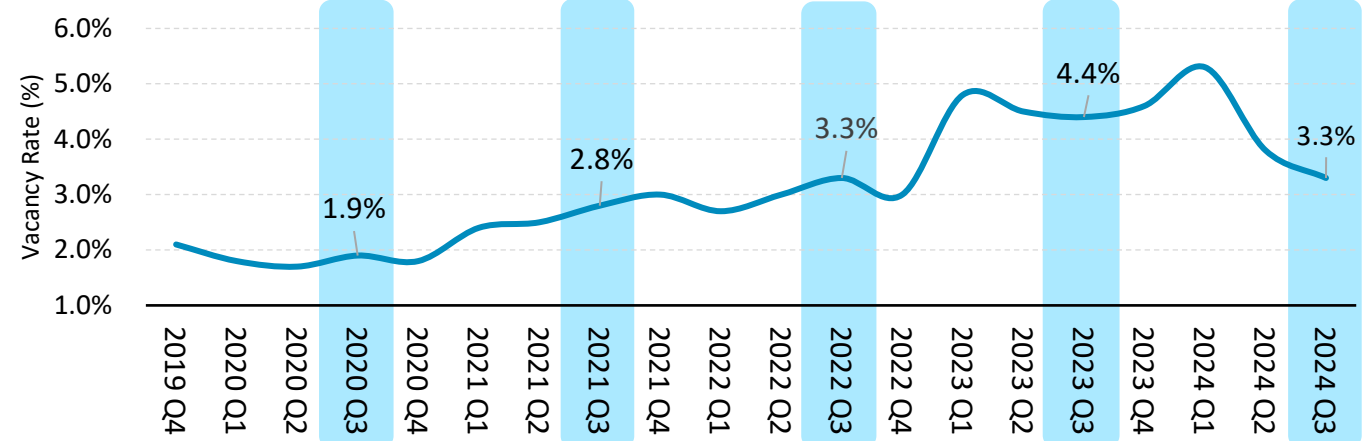
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)



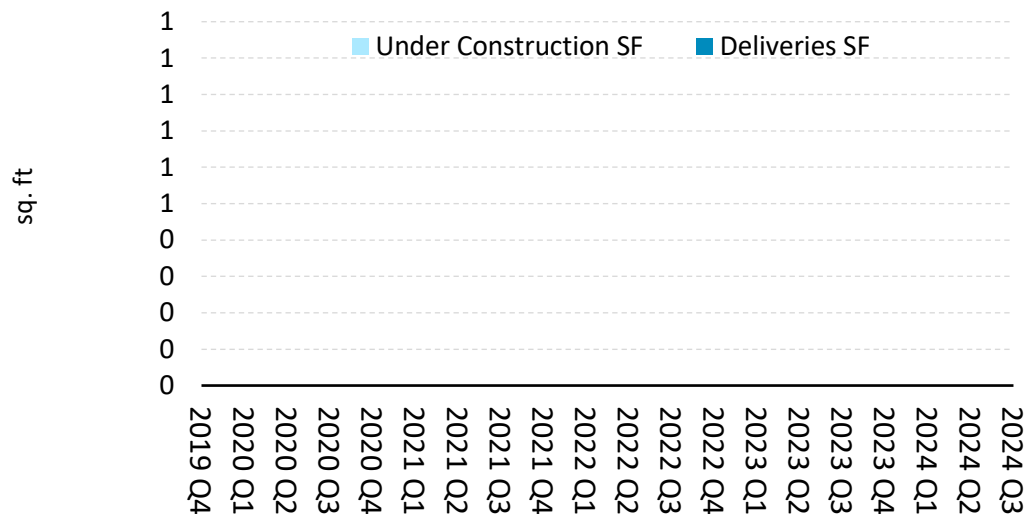
# Office Market - MSA Trends

## WINCHESTER MSA

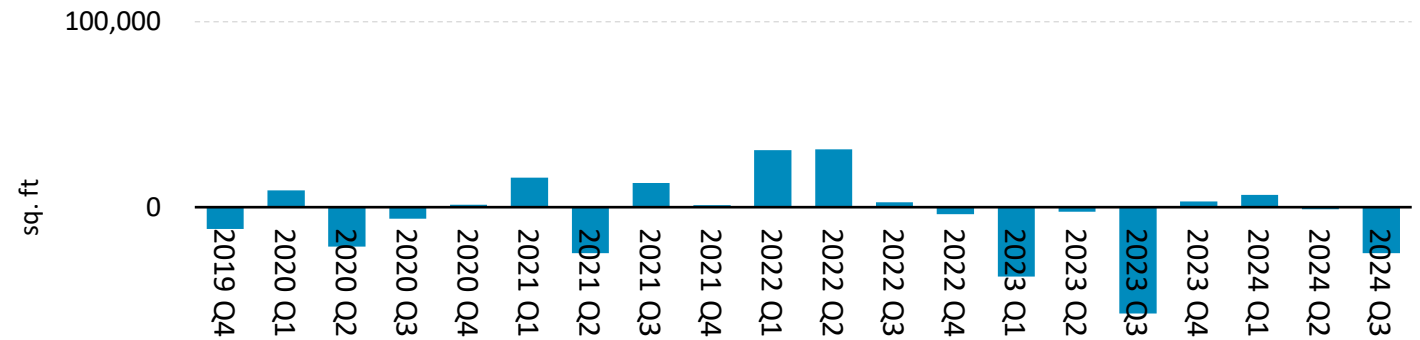
### Local Market Indicator Dashboard

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

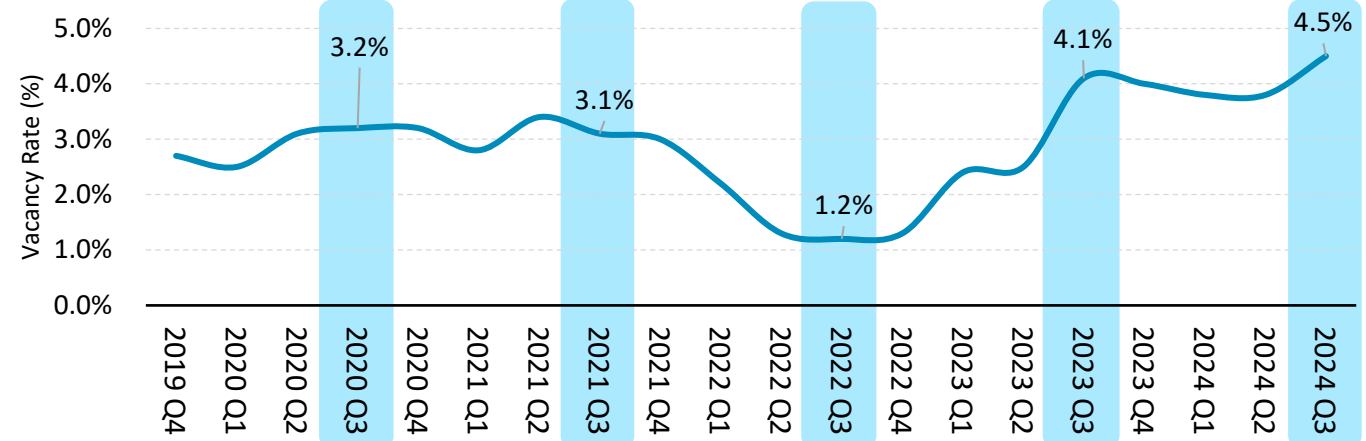
### Under Construction & Net Deliveries (sq. ft)



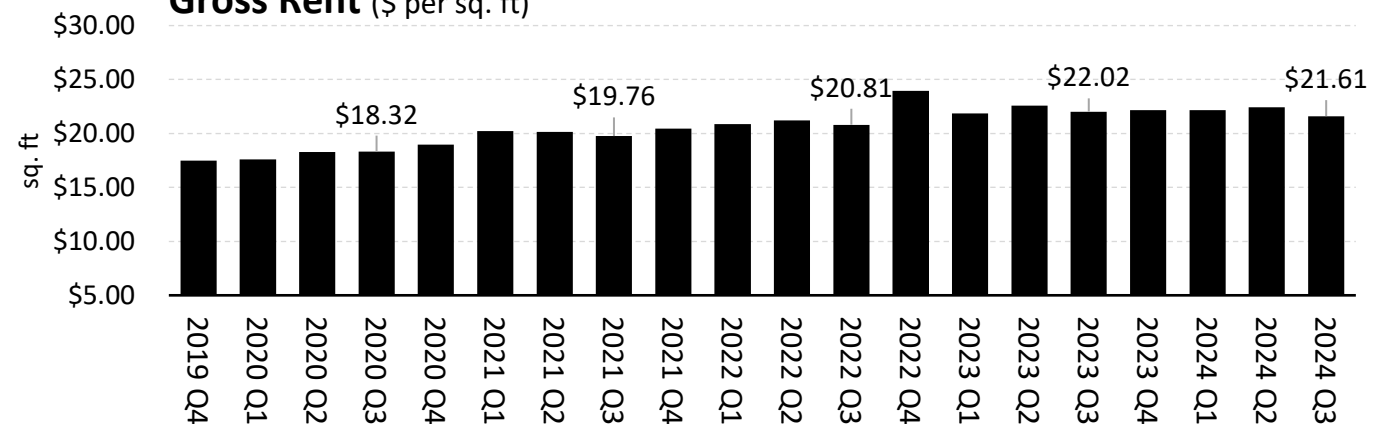
### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)





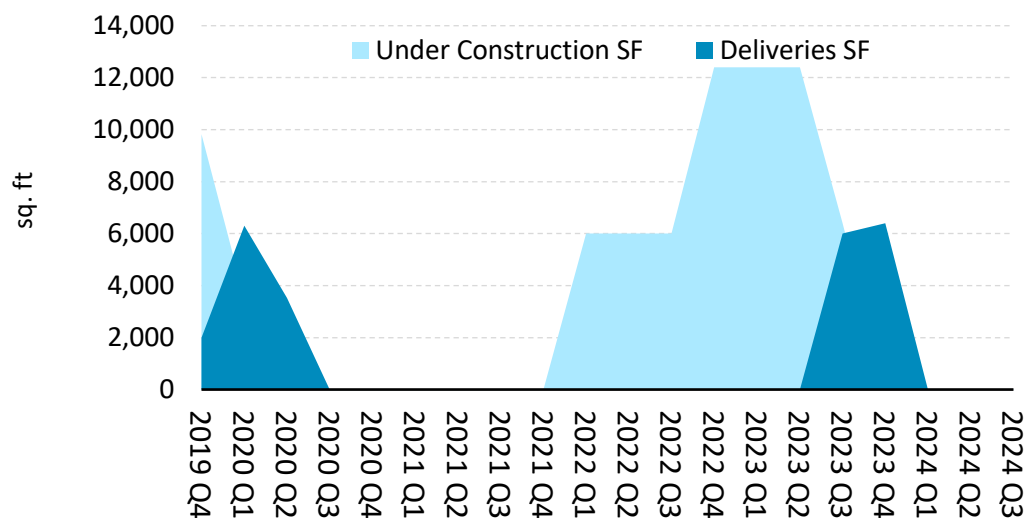
# Office Market - MSA Trends

## **HARRISONBURG MSA**

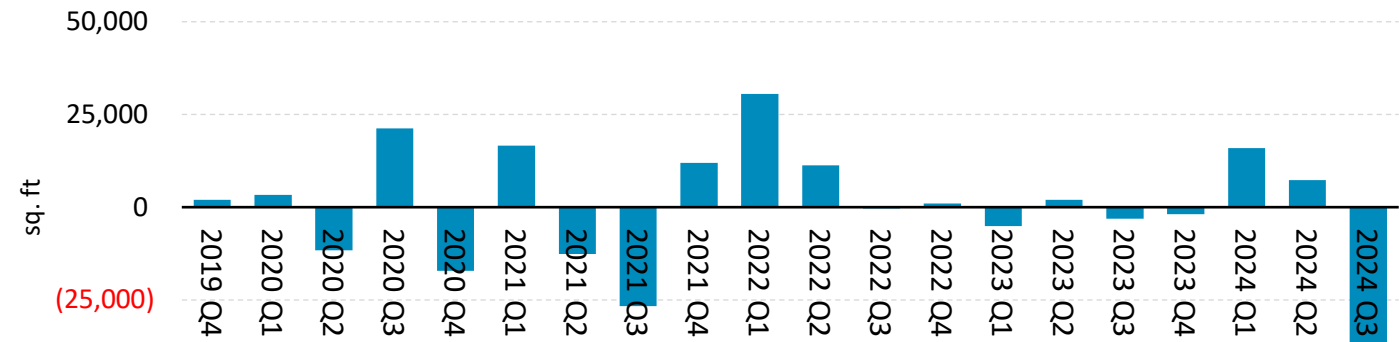
### Local Market Indicator Dashboard

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

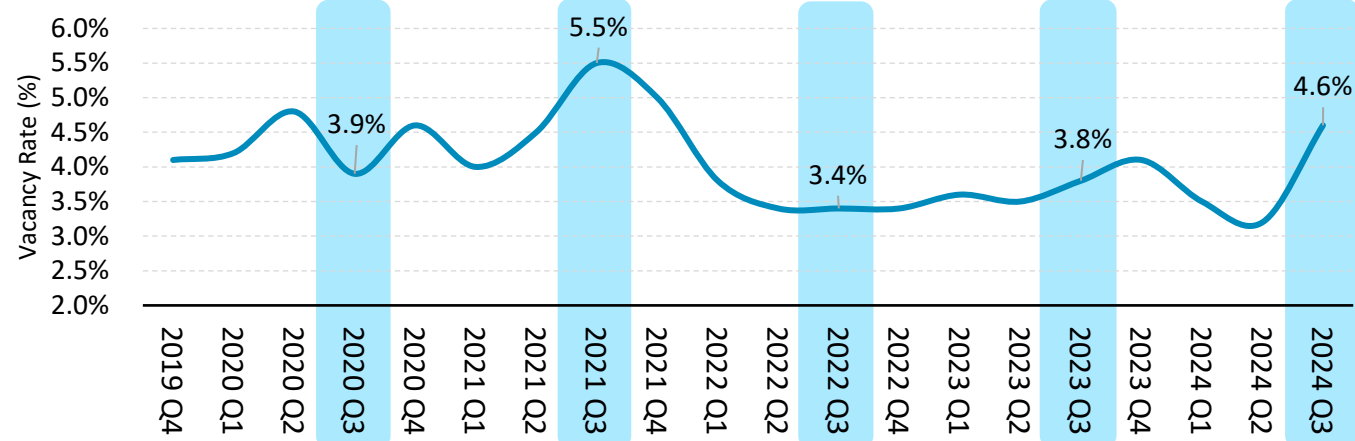
### Under Construction & Net Deliveries (sq. ft)



### Net Absorption (sq. ft)



### Vacancy Rate (%)



### Gross Rent (\$ per sq. ft)



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404-433-6015

Data and analysis provided by Virginia REALTORS® Chief Economist.

The numbers reported here are based on data from CoStar.

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