



# Q3 2024 OFFICE MARKET REPORT



# Office Market - Key Trends Snapshot

Q3  
2024 | Virginia  
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## Office Market

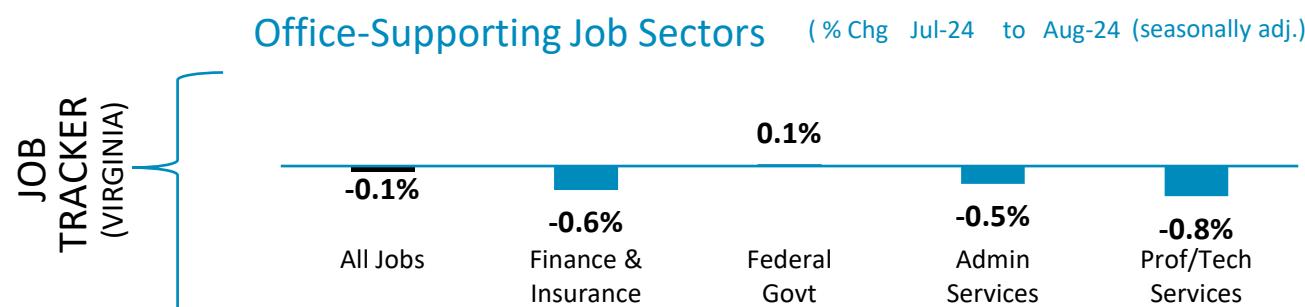
**Overview:** Virginia's office market remains sluggish overall. Net absorption continues to be negative and vacancy rates are climbing. Rent growth for Class A space rose while rents for Class B/C moderated. The construction pipeline continues to get smaller, and there was an uptick in deliveries in 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%	Total Inventory (sq. ft)
sq. ft	201,971	Net Absorption (sq. ft)
pct point	0.8%	Vacancy Rate (%)
\$ per sq. ft	\$0.70	Gross Rent (\$ per sq. ft)
sq. ft	180,240	New Supply Delivered (sq. ft)
sq. ft	-634,620	Under Construction (sq. ft)
	2,077,242	

## Economic Indicator Dashboard



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

## Virginia Office Market

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# Office Market - Absorption & Construction Trends

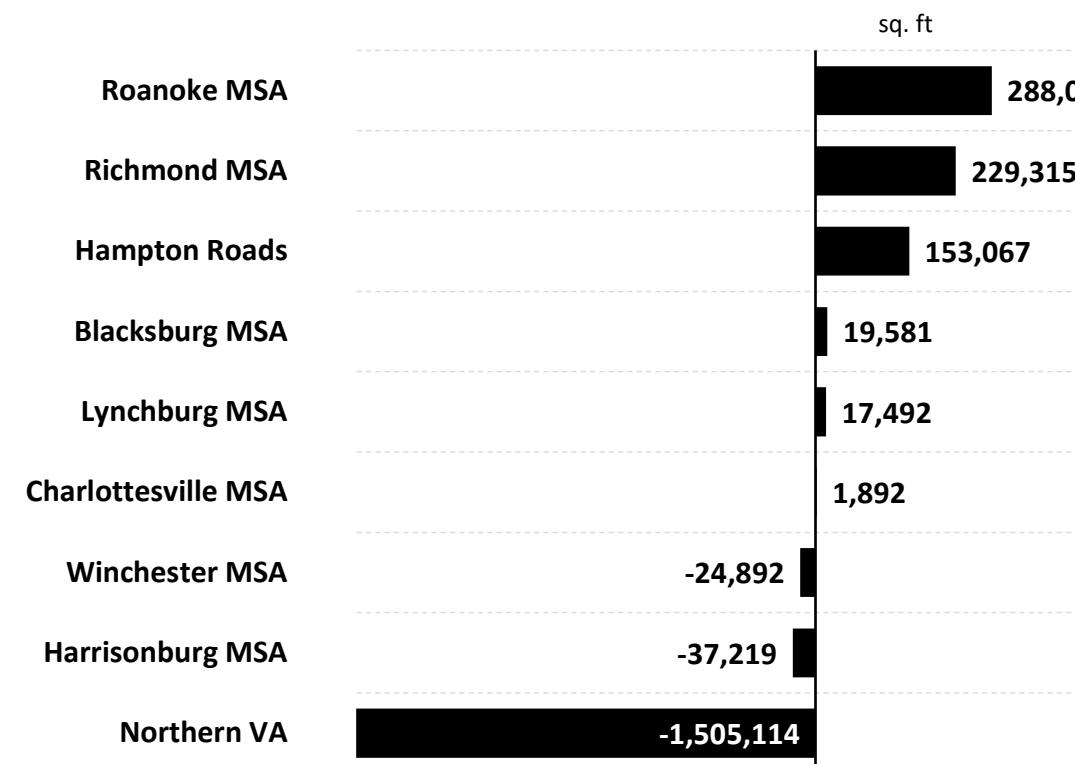
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## VIRGINIA (Statewide)

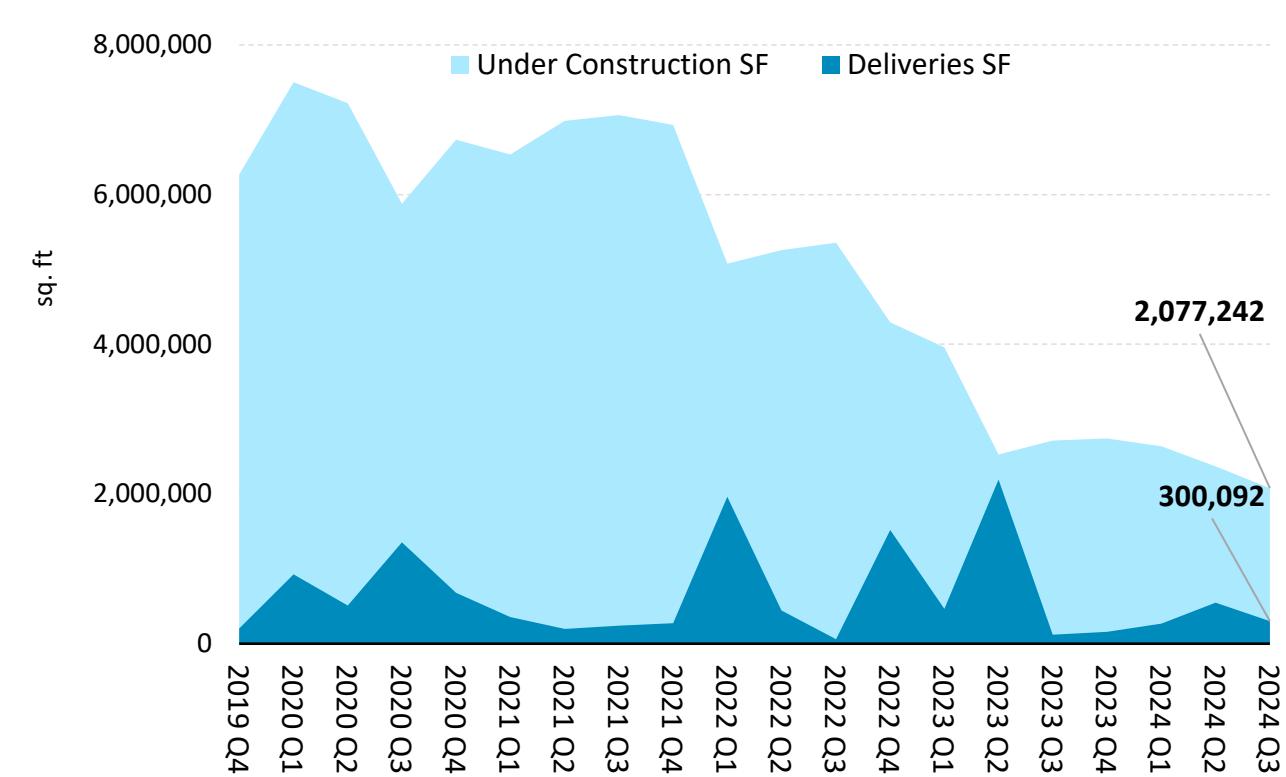
### Net Absorption (sq. ft)



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



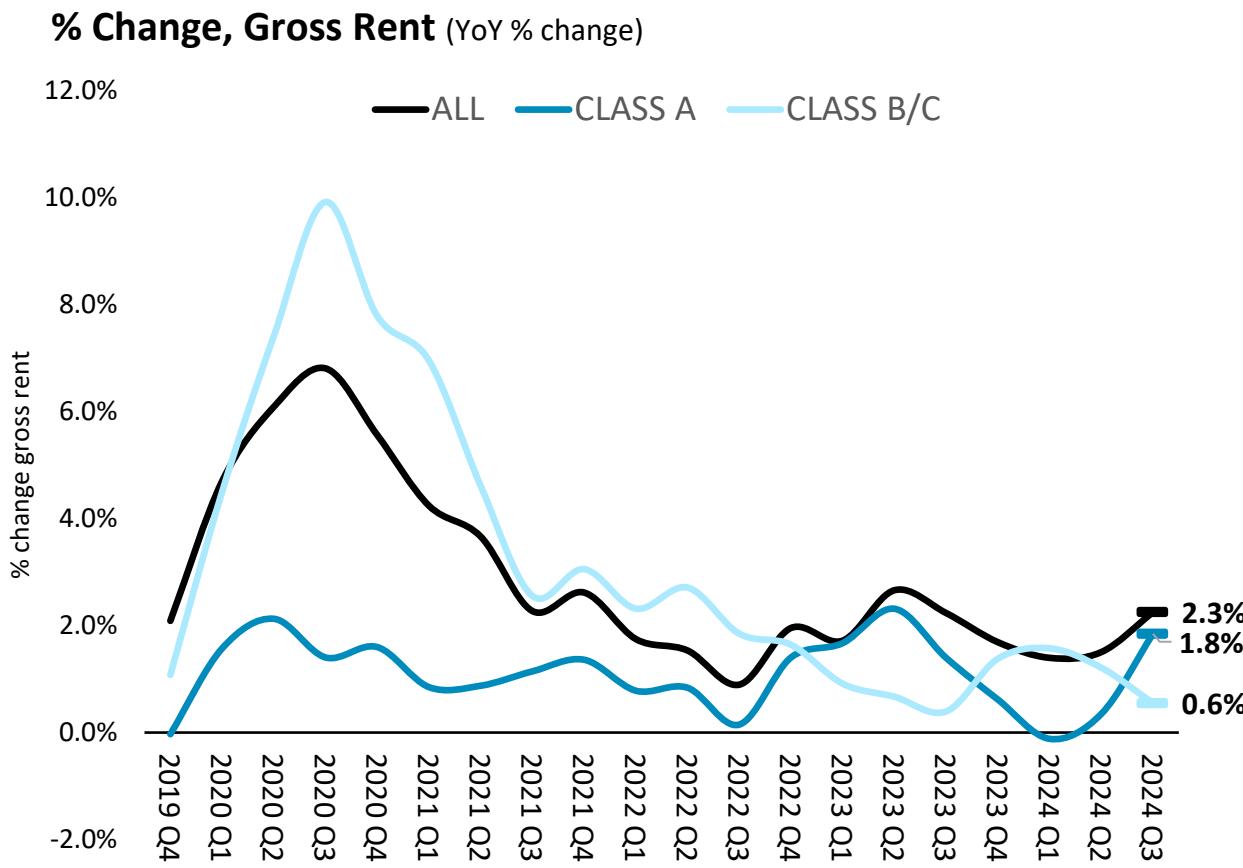
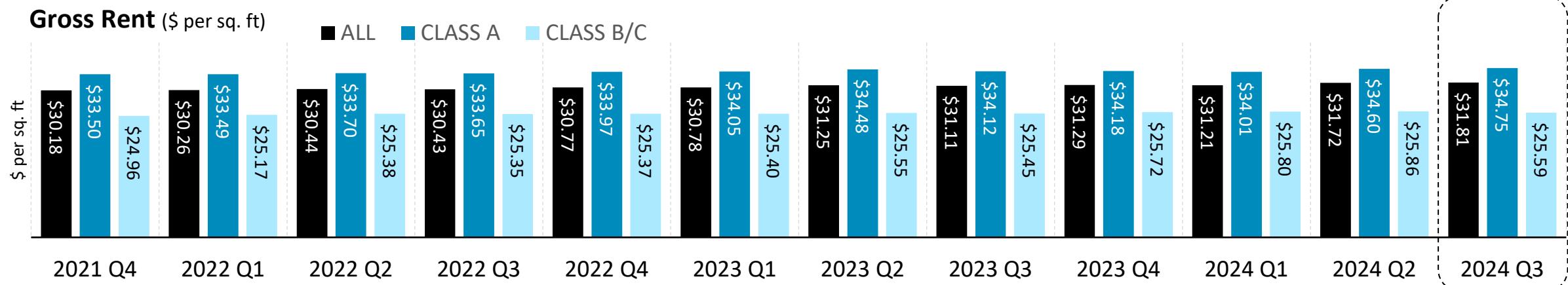
### Under Construction & Net Deliveries (sq. ft)



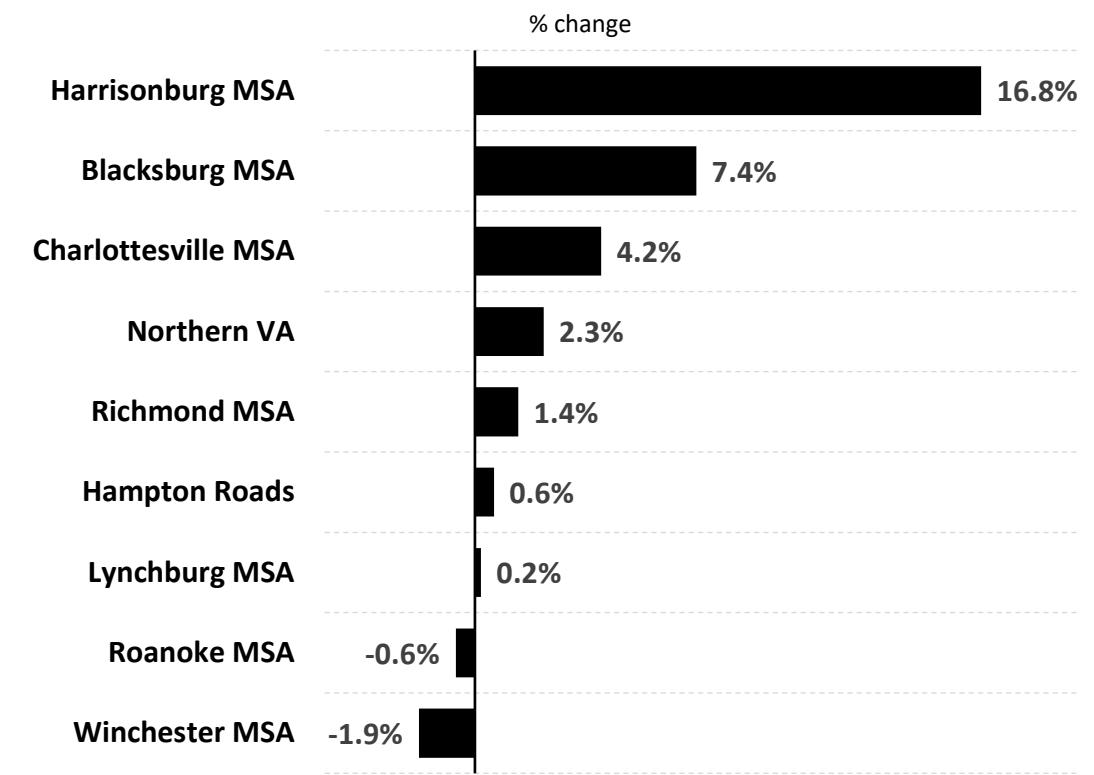
# Office Market - Rent Trends

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## VIRGINIA (Statewide)



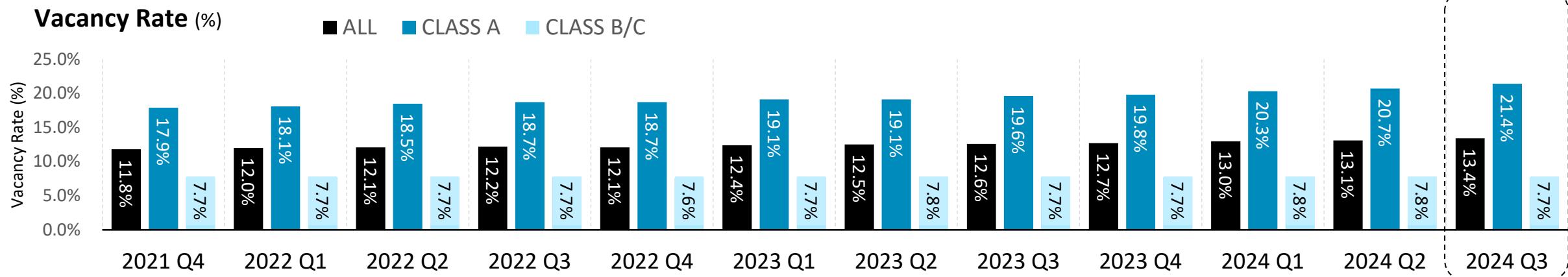
## Q3-2024 by MSA: % Change, Gross Rent (YoY % change)



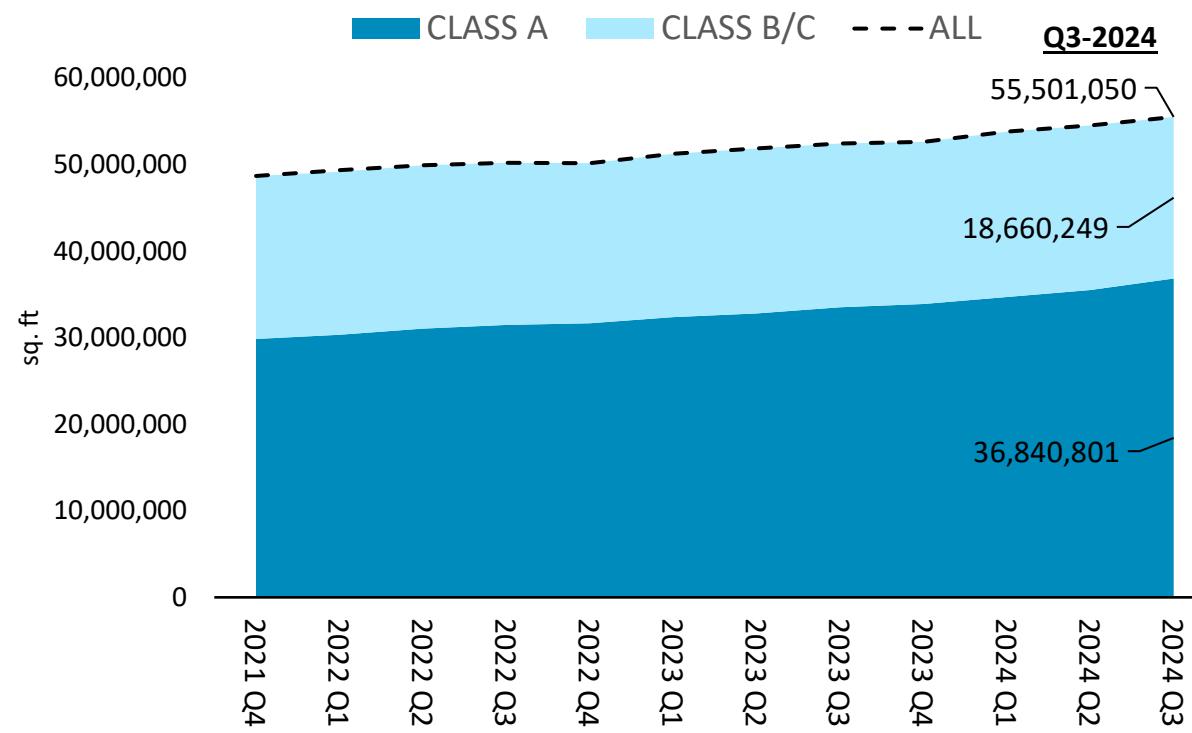
# Office Market - Vacancy Trends

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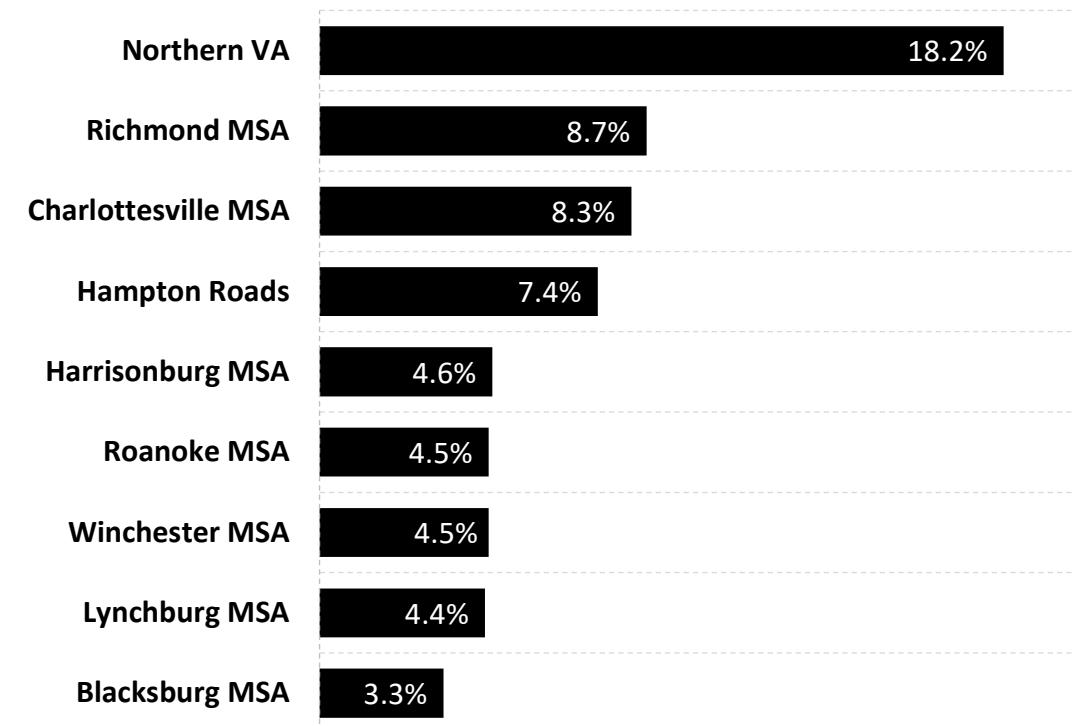
## VIRGINIA (Statewide)



## Vacant Inventory (sq. ft)



## Q3-2024 Office Vacancy Rate by MSA



# MSA TRENDS

METROPOLITAN STATISTICAL AREA

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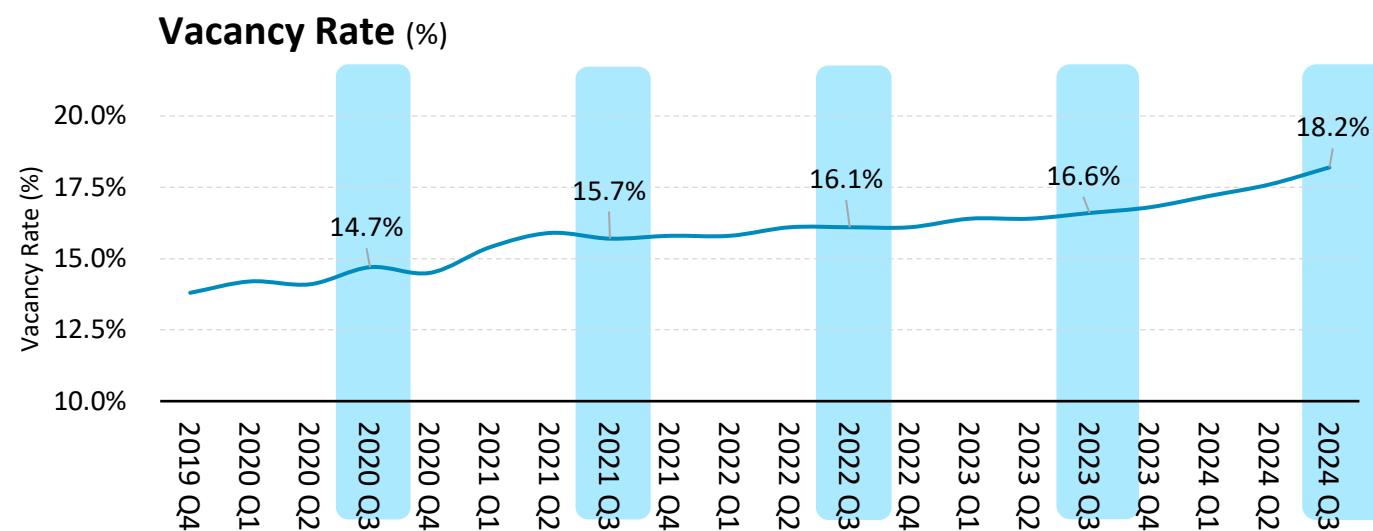
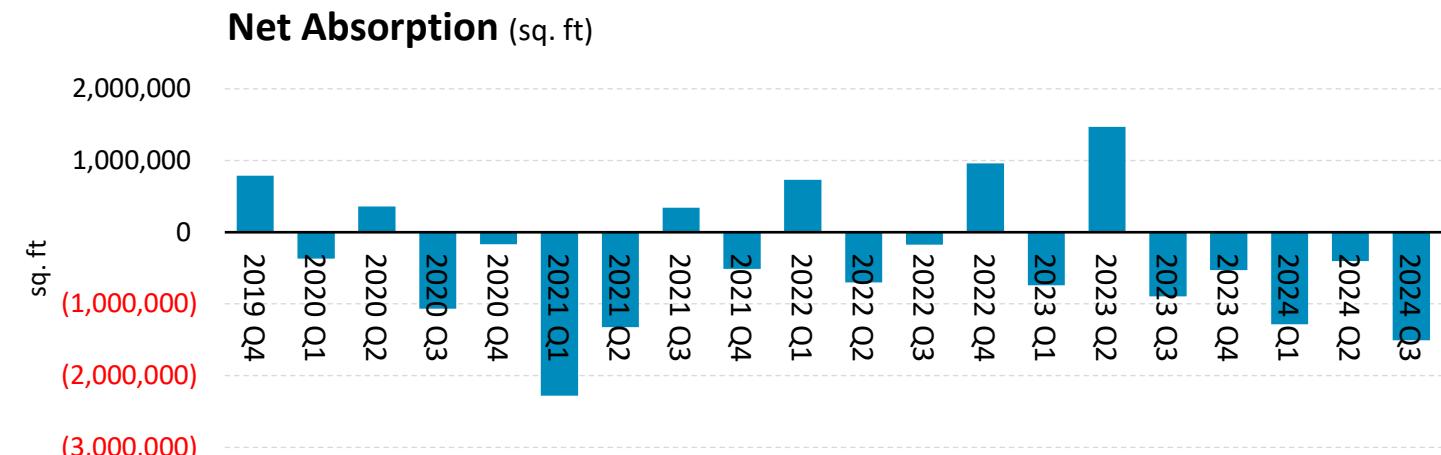
*Snapshot of Office Market Conditions Around Virginia*

# Office Market - MSA Trends

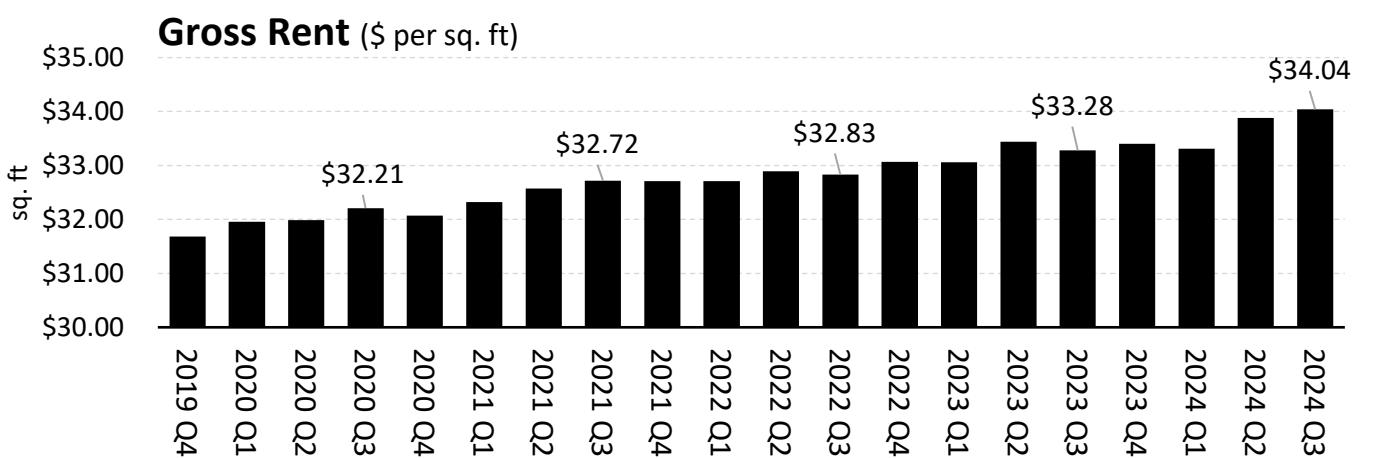
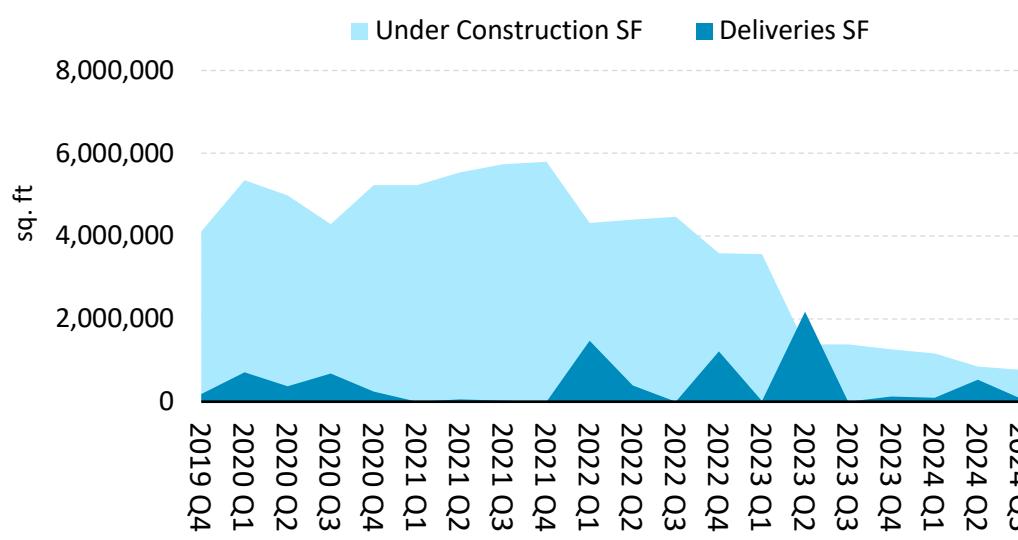
## NORTHERN VIRGINIA

### Local Market Indicator Dashboard

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



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



# Office Market - MSA Trends

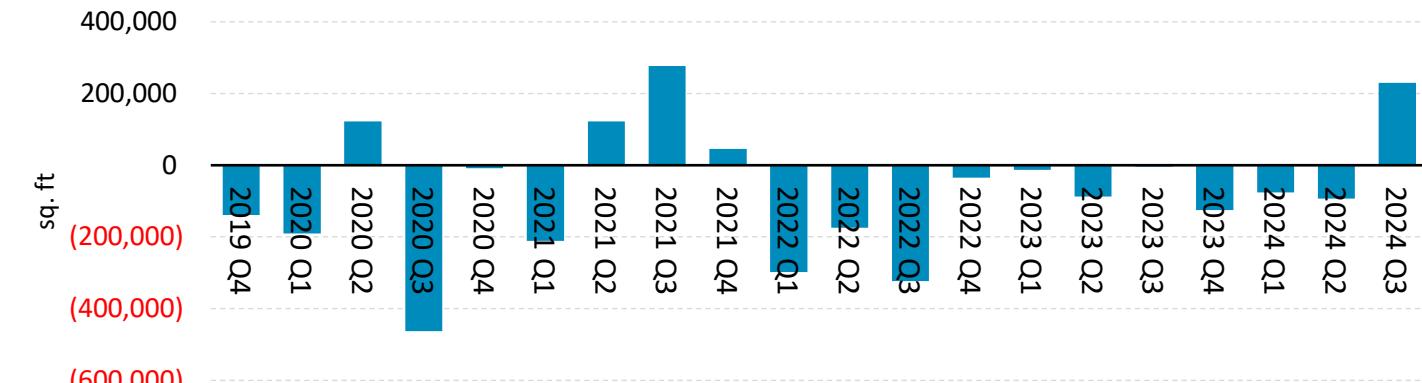
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## RICHMOND MSA

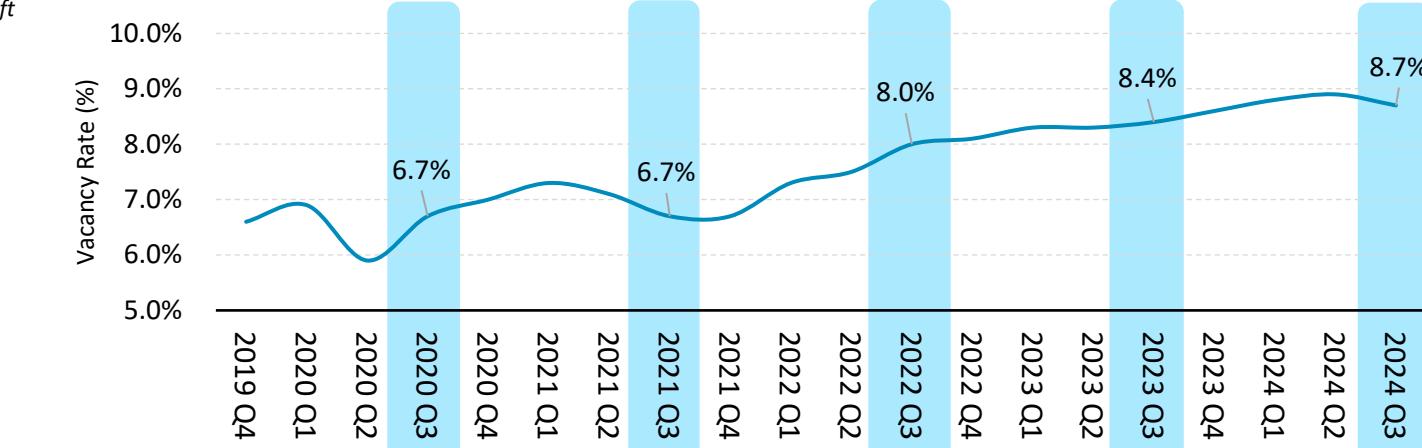
### Local Market Indicator Dashboard

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

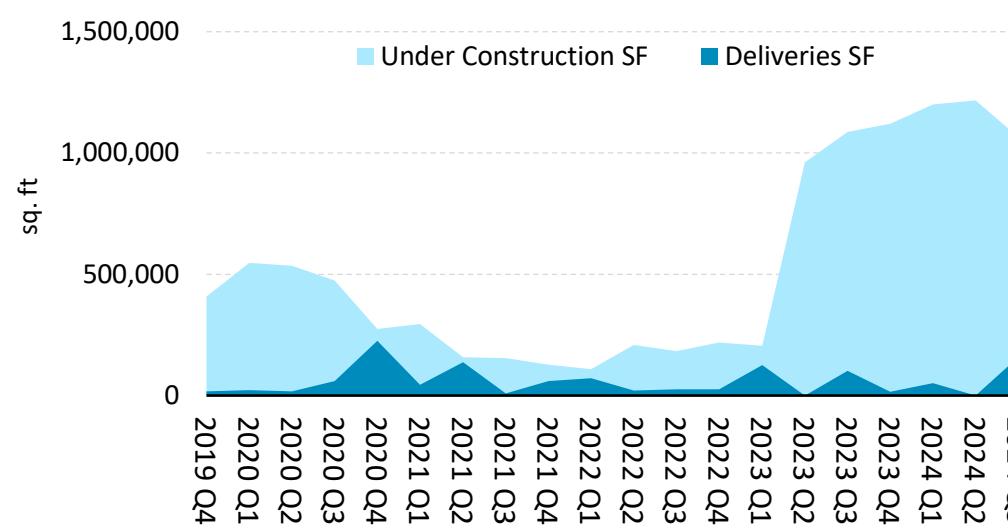
### Net Absorption (sq. ft)



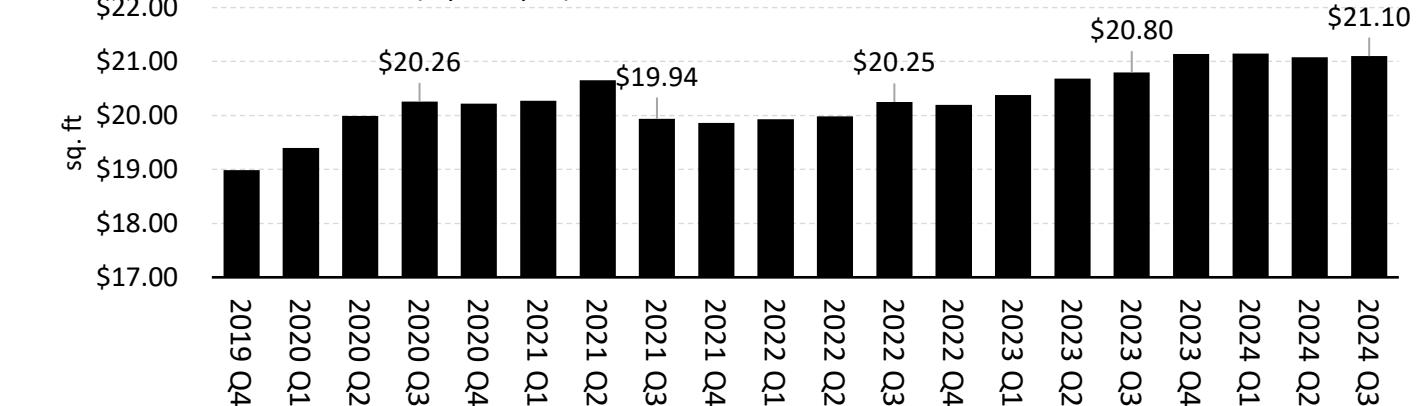
### Vacancy Rate (%)



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



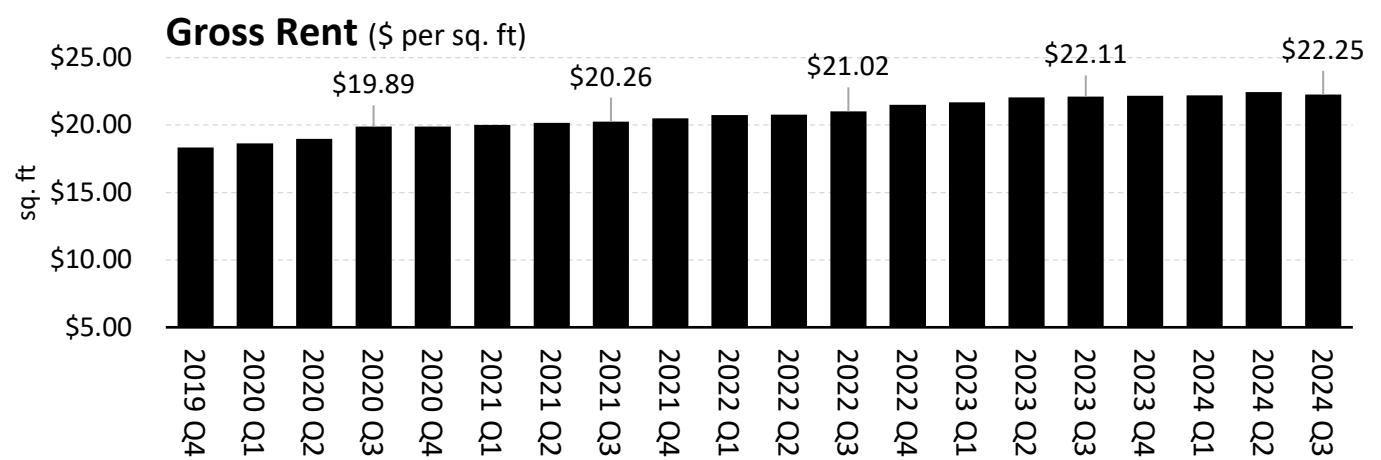
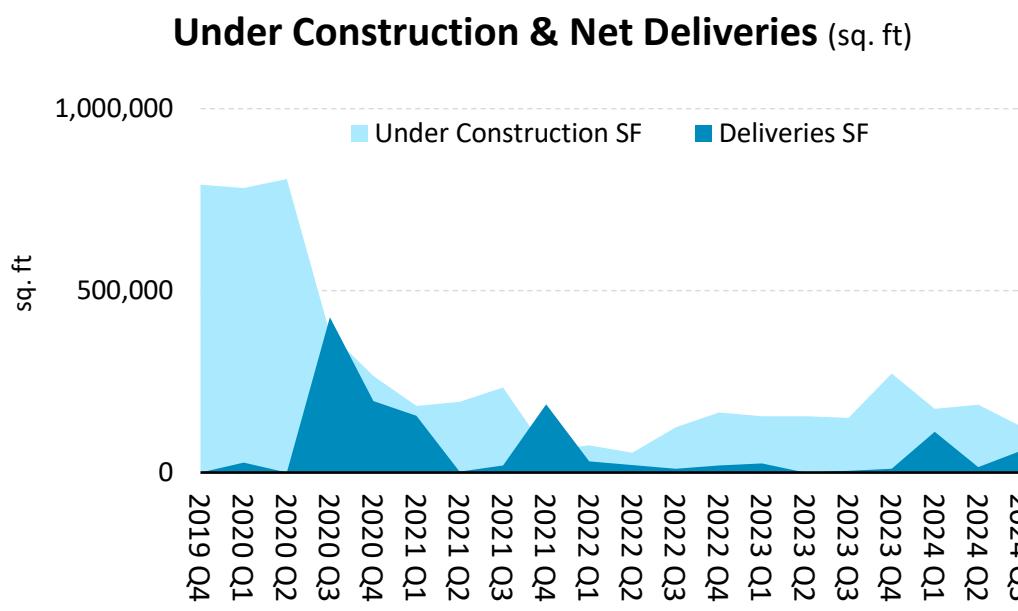
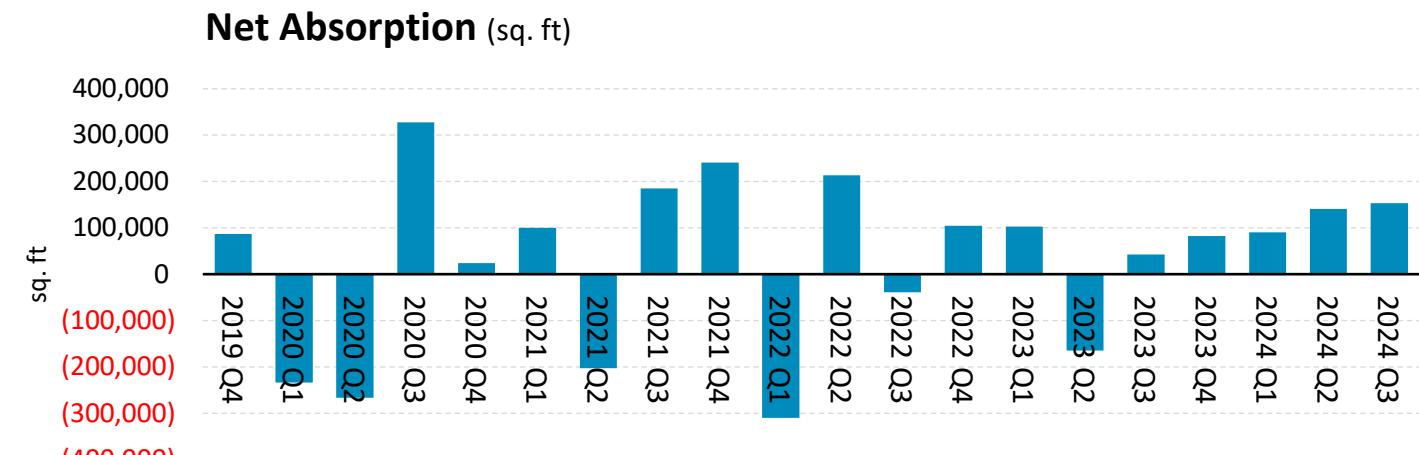
### Gross Rent (\$ per sq. ft)



## HAMPTON ROADS

### Local Market Indicator Dashboard

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



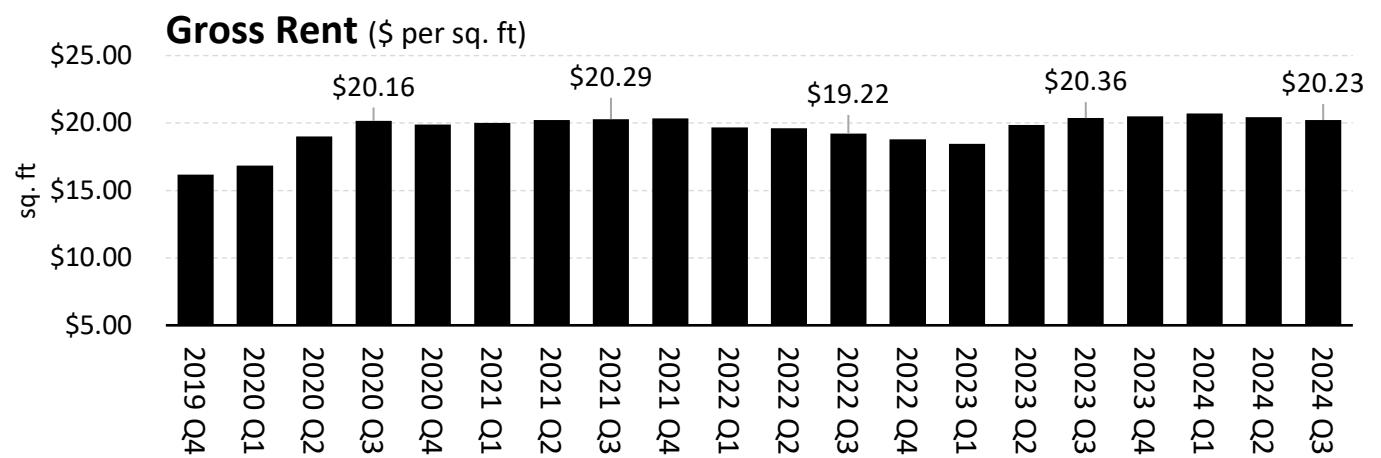
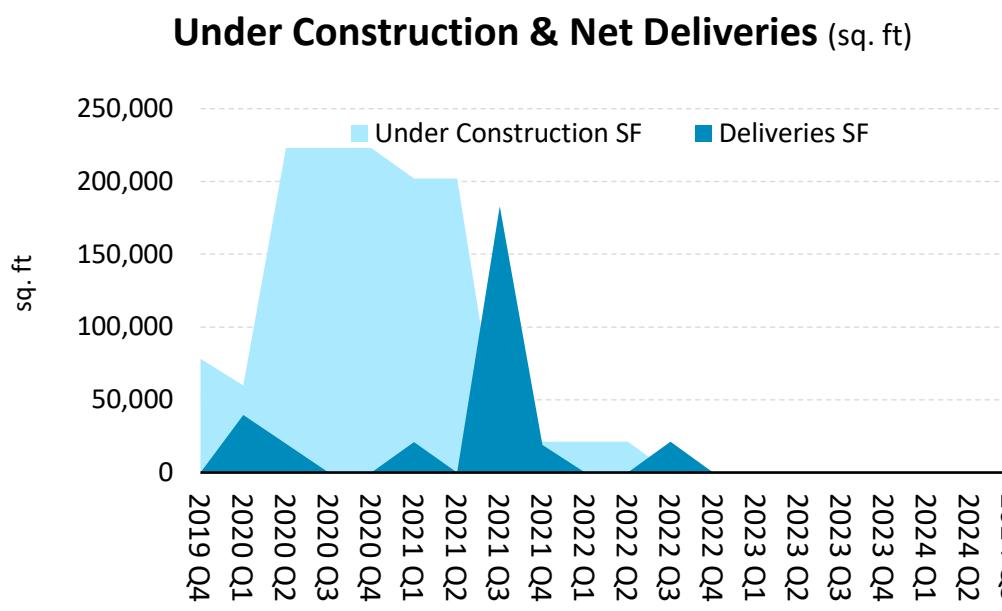
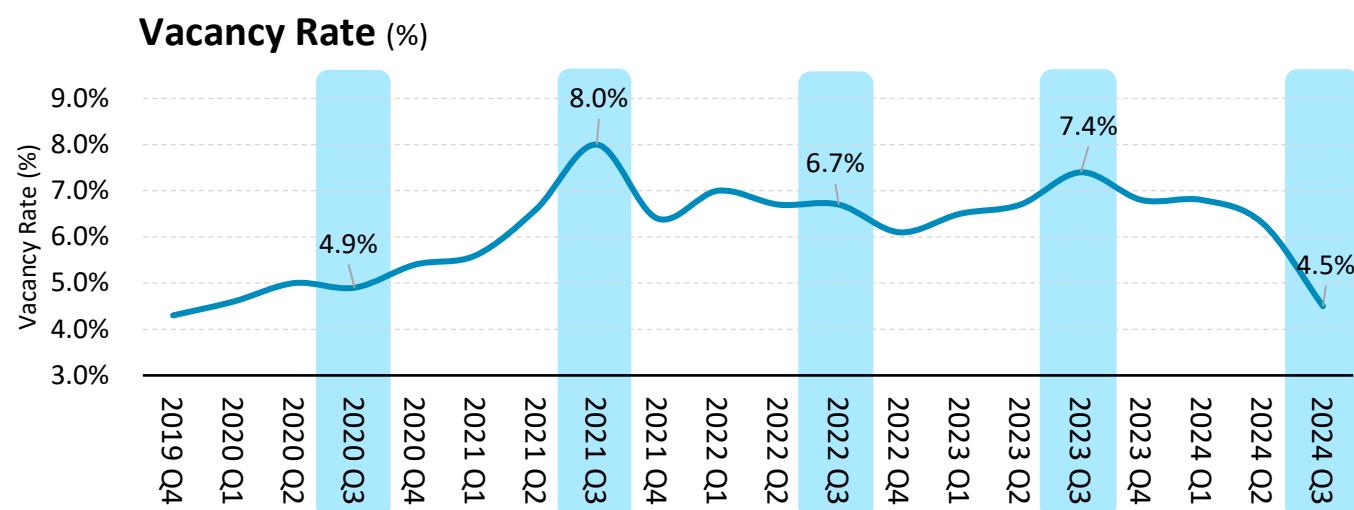
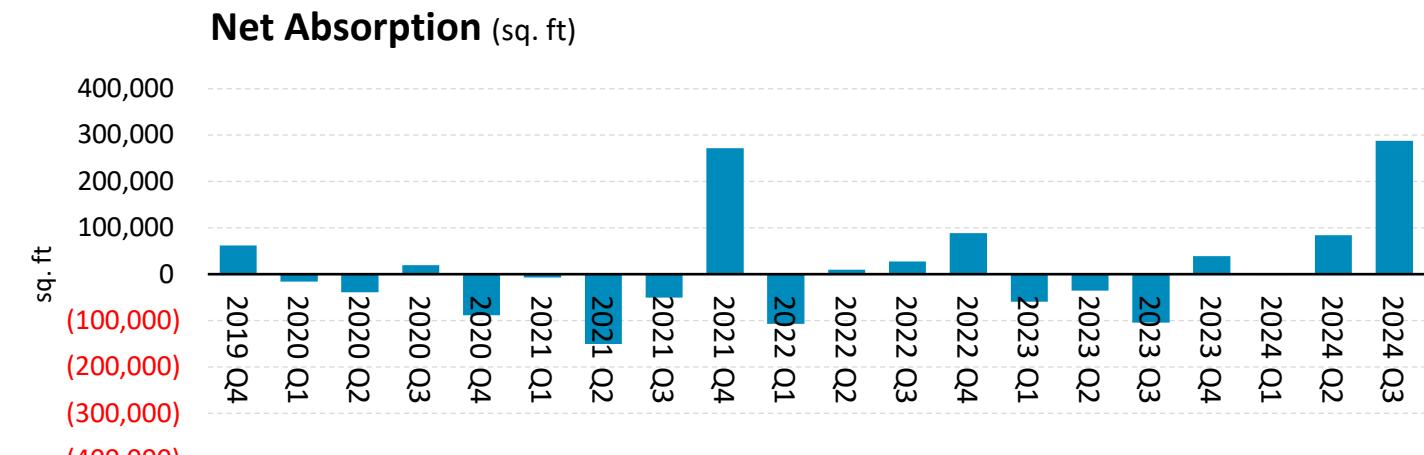
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## ROANOKE MSA

### Local Market Indicator Dashboard

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



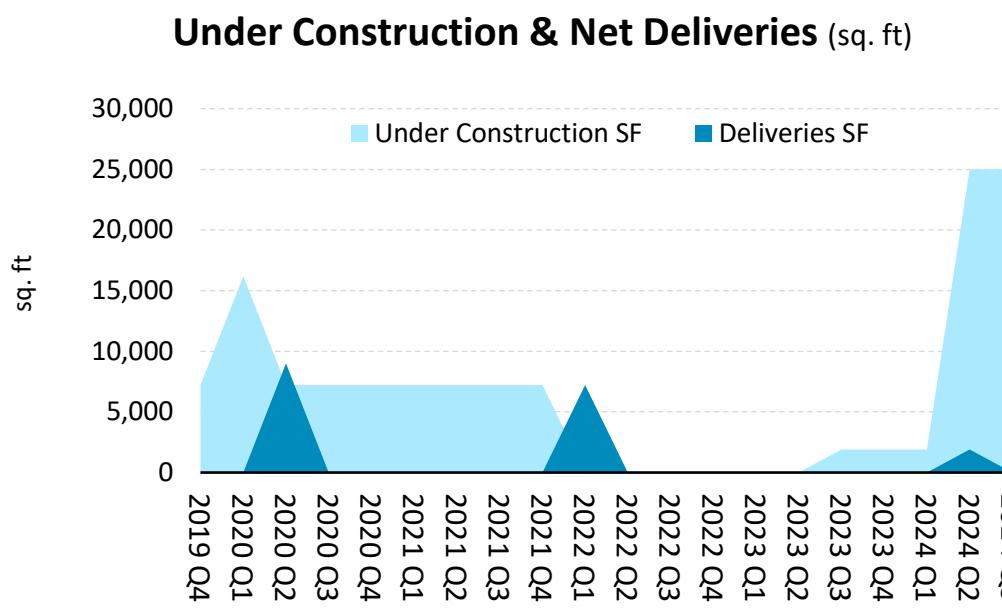
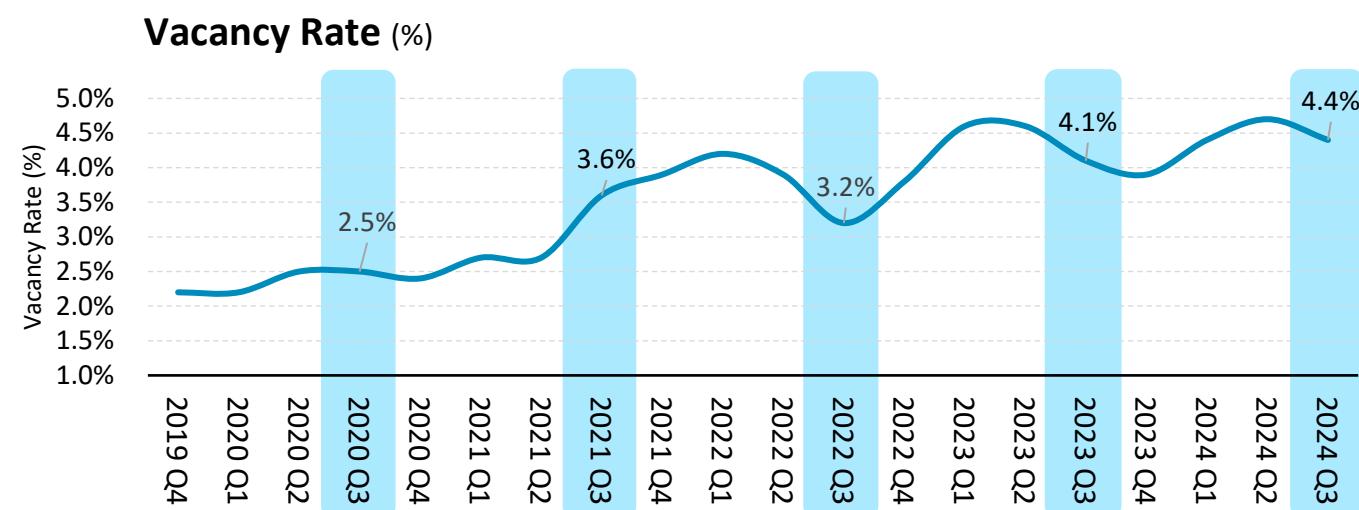
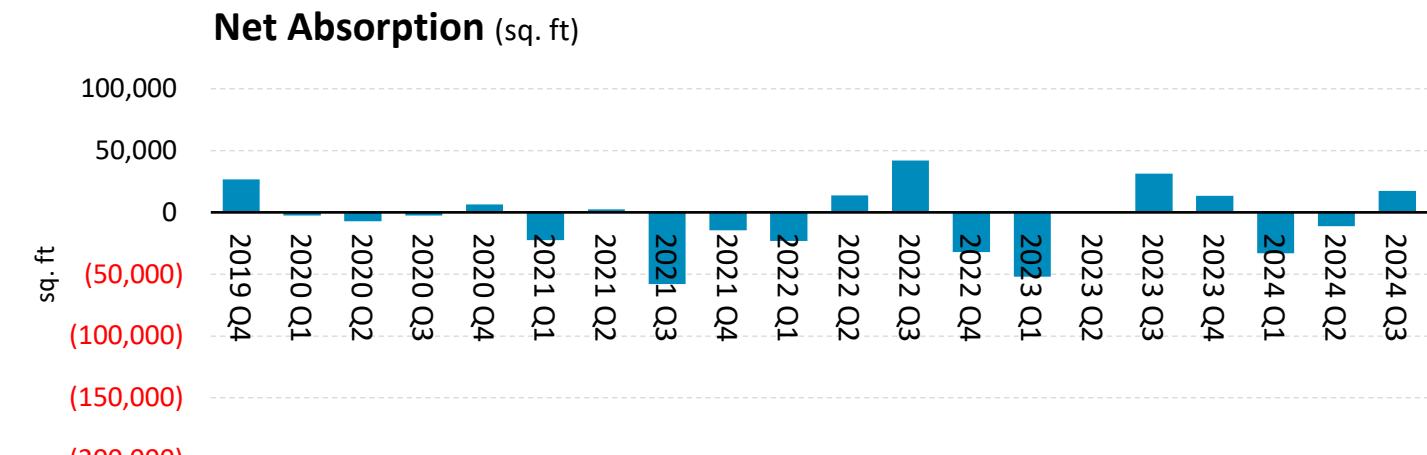
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## LYNCHBURG MSA

### Local Market Indicator Dashboard

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



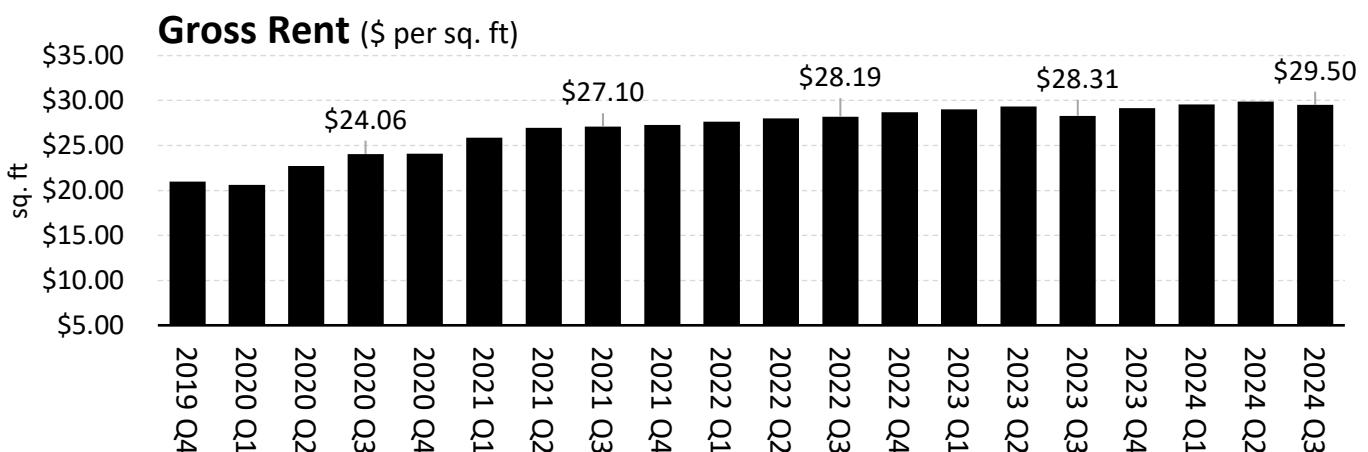
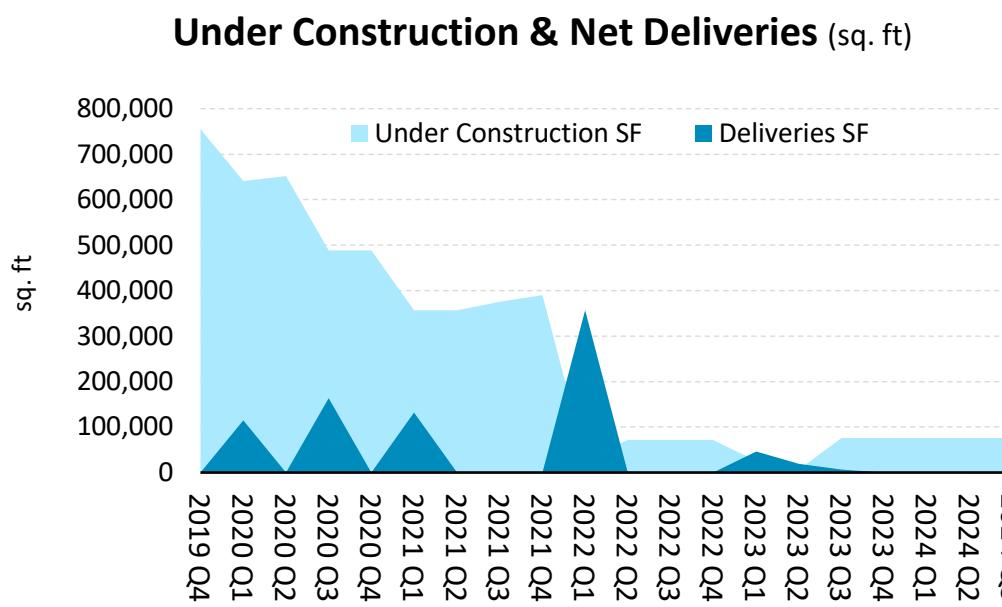
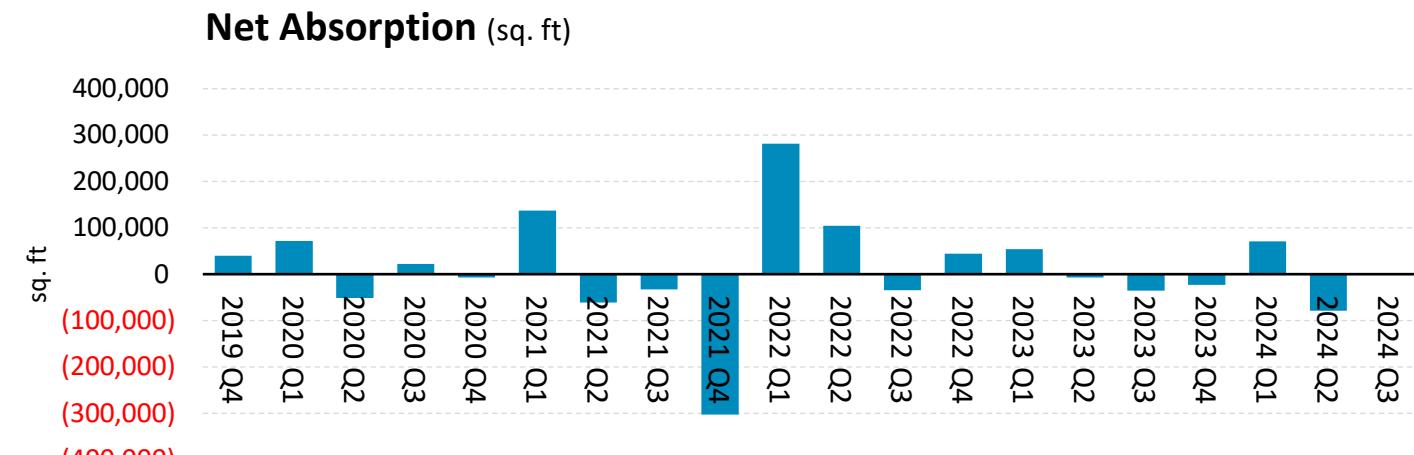
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## CHARLOTTESVILLE MSA

### Local Market Indicator Dashboard

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



# Office Market - MSA Trends

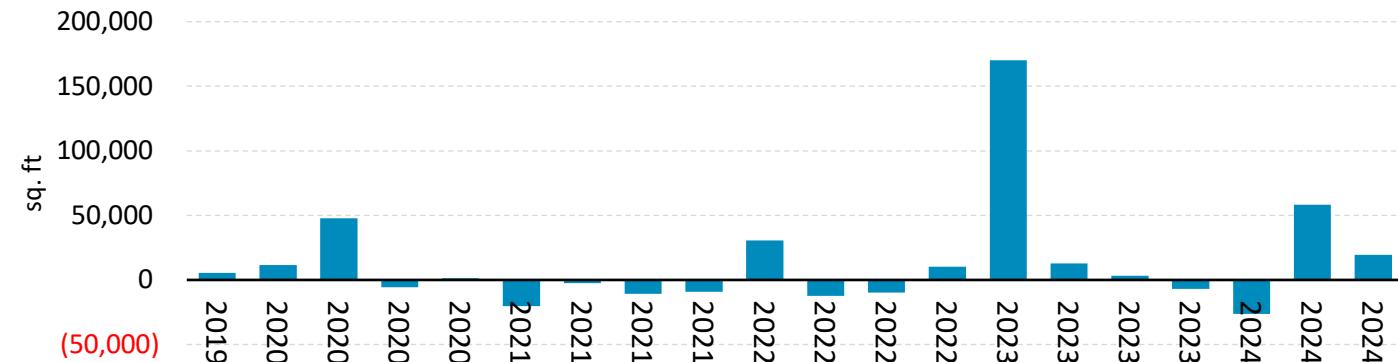
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## BLACKSBURG MSA

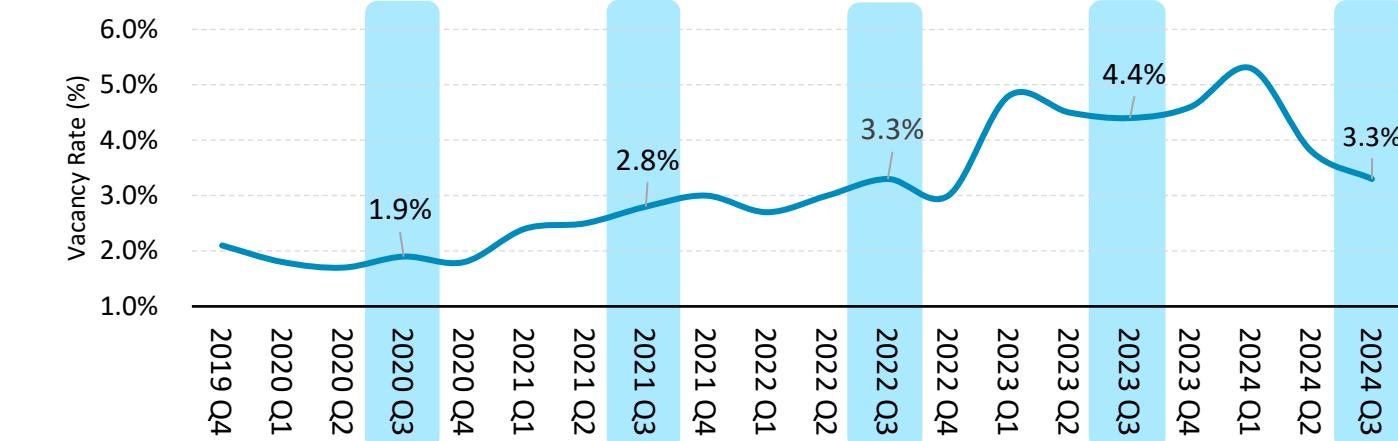
### Local Market Indicator Dashboard

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

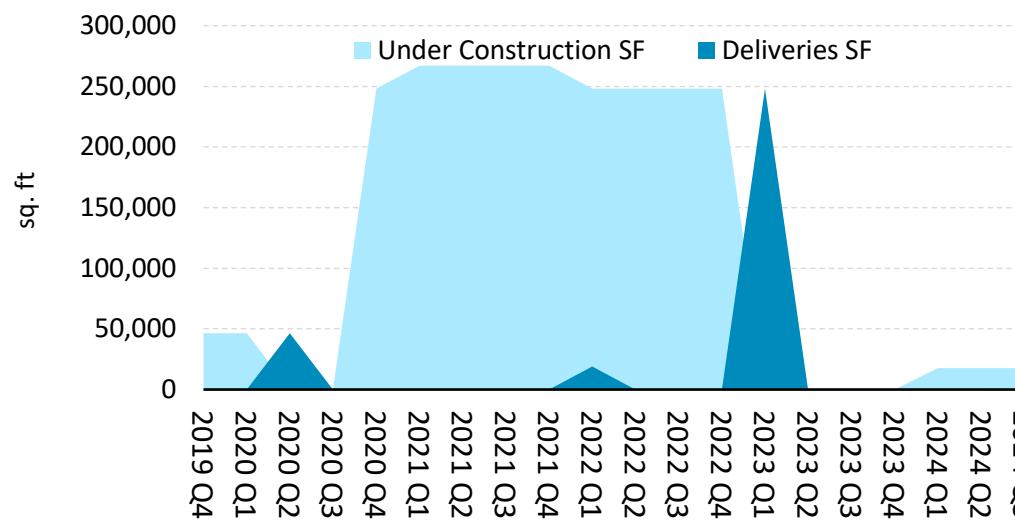
### Net Absorption (sq. ft)



### Vacancy Rate (%)



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



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

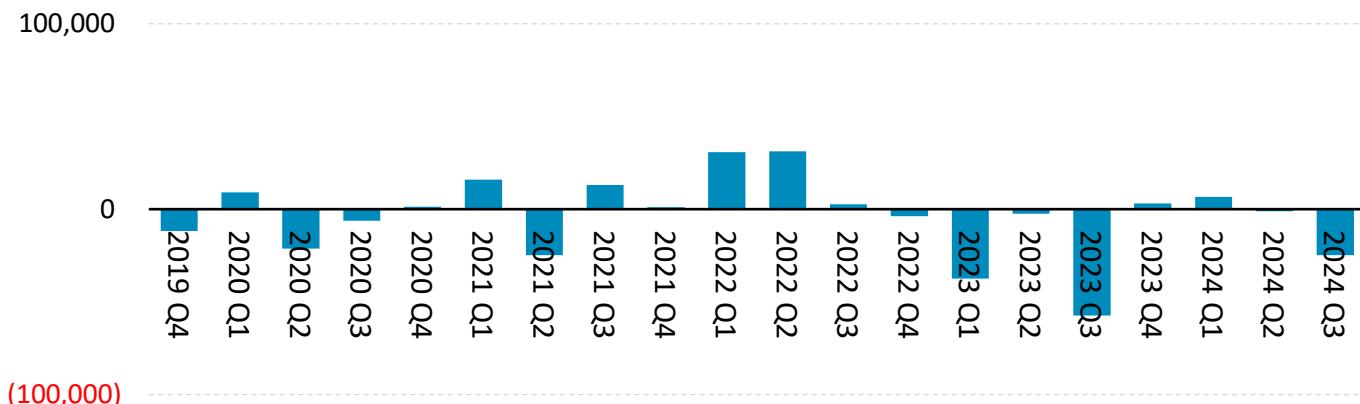


## WINCHESTER MSA

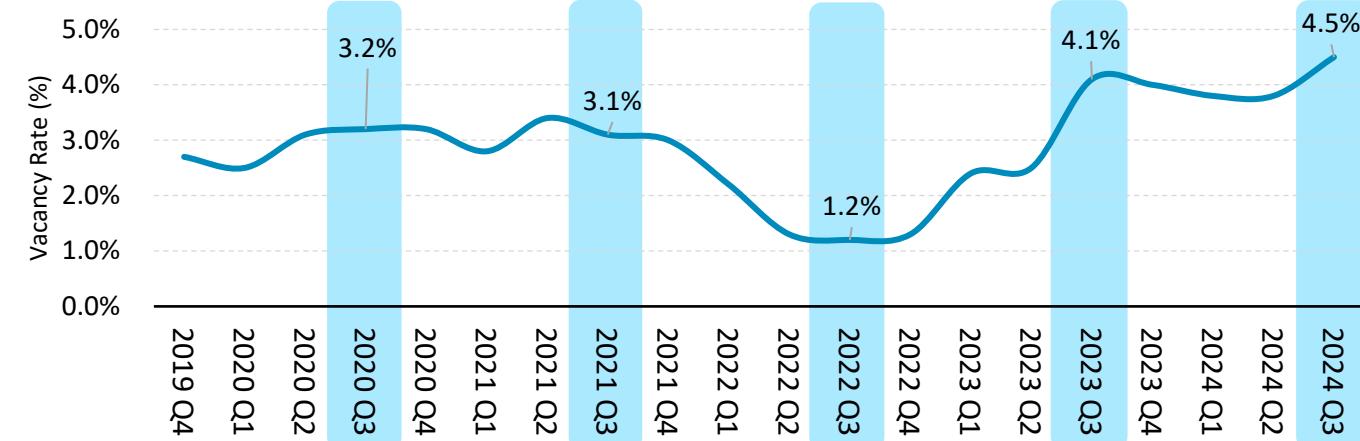
### Local Market Indicator Dashboard

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

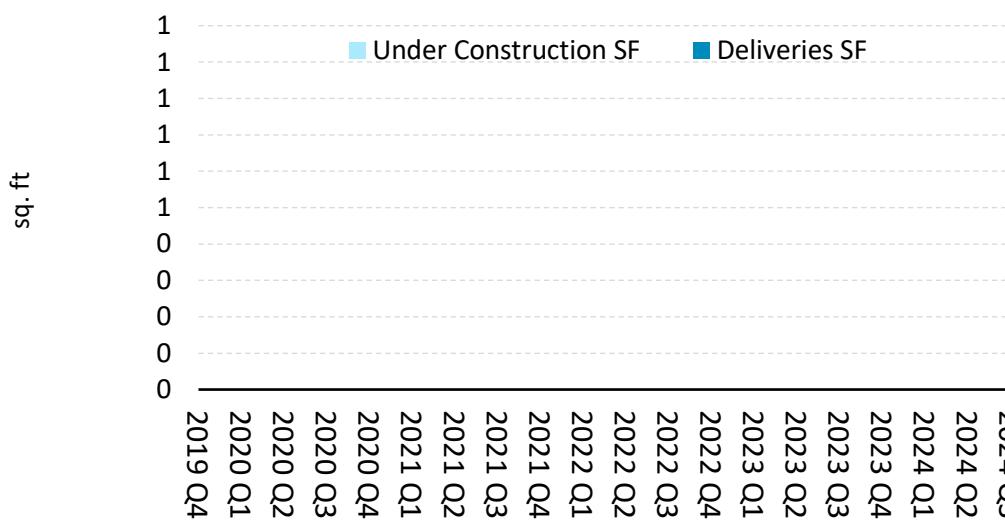
### Net Absorption (sq. ft)



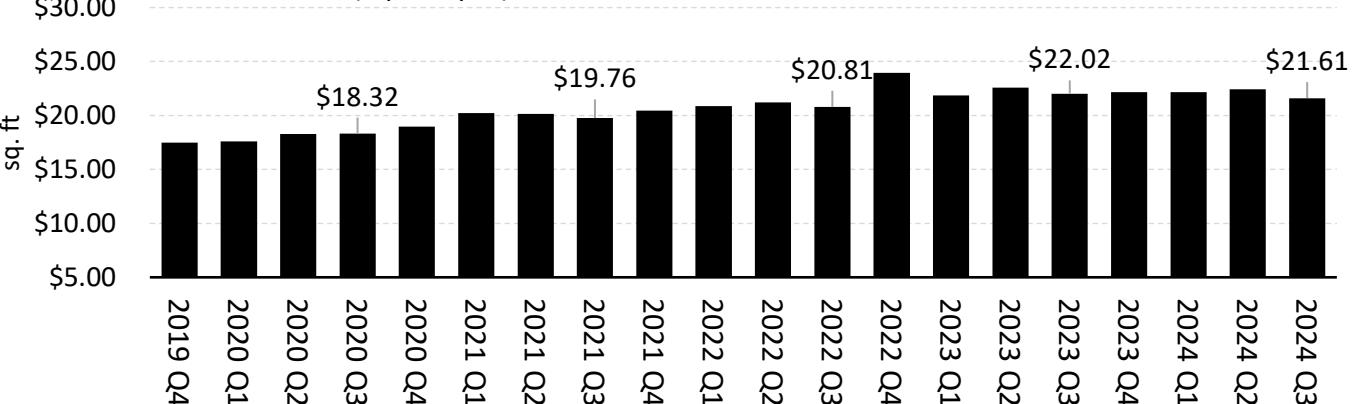
### Vacancy Rate (%)



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



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



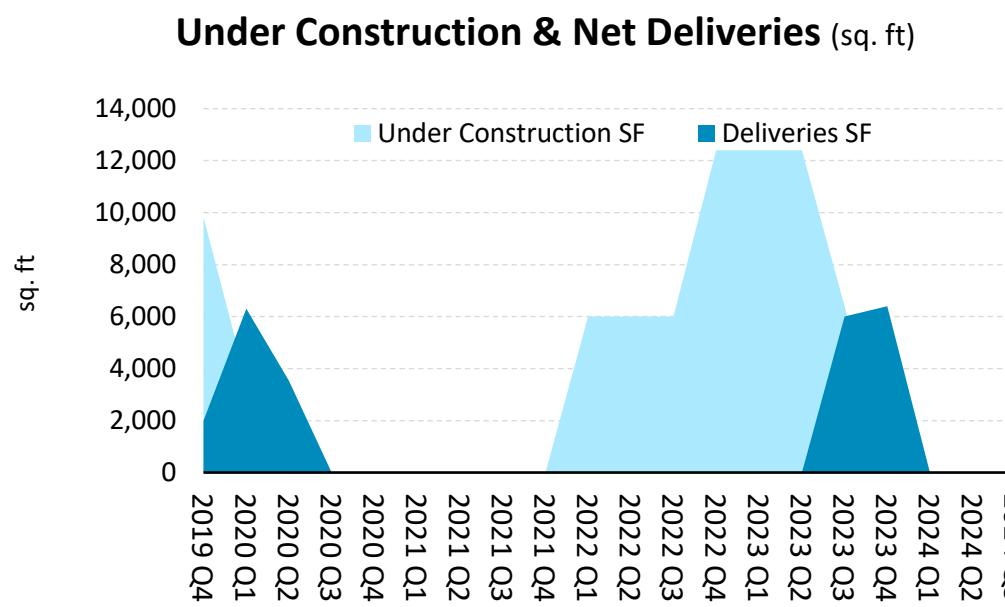
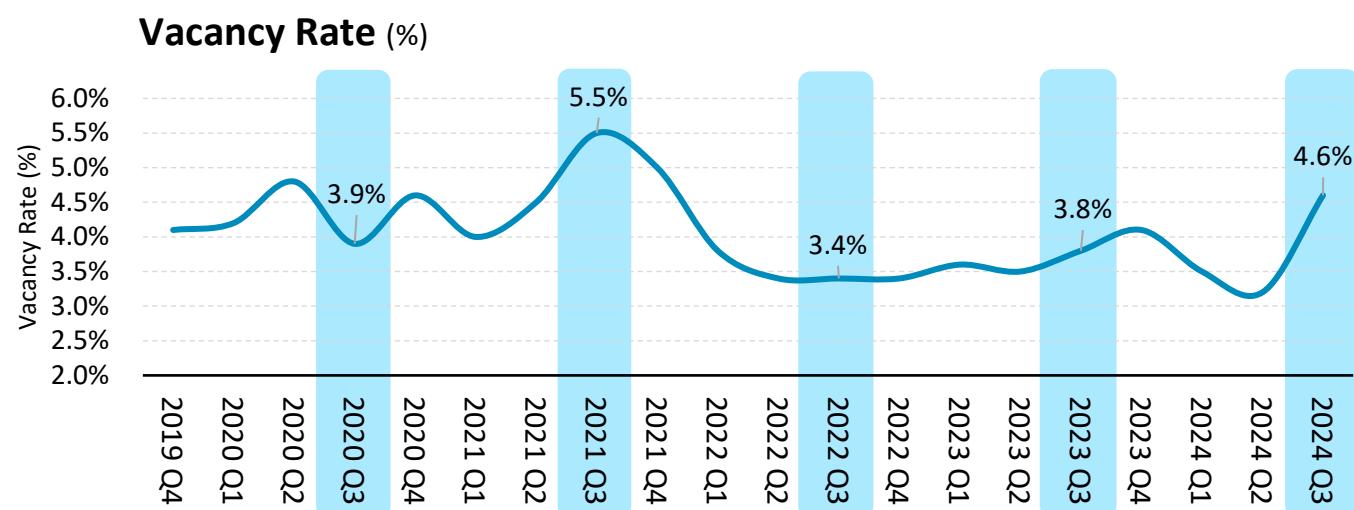
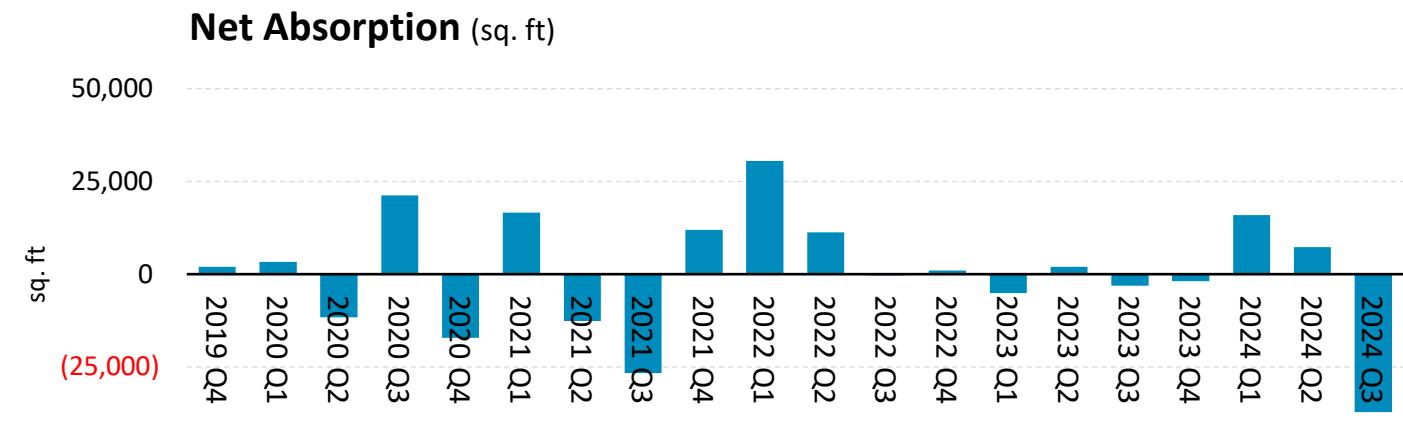
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## HARRISONBURG MSA

### Local Market Indicator Dashboard

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

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.

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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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