



Q4 2024 OFFICE MARKET REPORT

Office Market - Key Trends Snapshot

Office Market

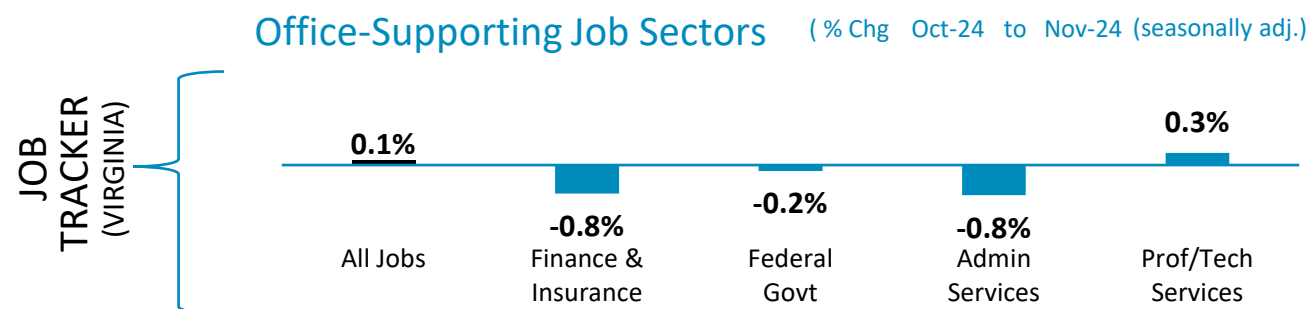
Overview: Headwinds remain in Virginia’s office market as 2024 came to a close. Construction remains at historic lows and vacancy is still elevated. Net absorption was positive this quarter, but is likely to be short lived with anticipated federal job cuts and office space rightsizing continuing in the private sector. Rents have been stable, with upward pressure on Class A space.

Absorption: After five consecutive quarters of negative absorption, the office sector in Virginia experienced net positive absorption in Q4 2024 with about 900,000 sq/ft absorbed. Both Class A and Class B/C office buildings saw positive occupancy levels this quarter. All three of Virginia’s major metro areas experienced positive absorption.

Vacancy Rate: Office vacancy rates remain elevated in Virginia’s office market with the overall vacancy at 13.0%, 0.3 percentage points higher than last year. Class A buildings contributed to most of the vacancies this quarter at 20.9%. Smaller markets such as Blacksburg with a 3.4% rate and Harrisonburg at 4.3% had the lowest vacancy rates in Q4. Northern Virginia had the highest office vacancy rate at 17.8%.

Rent: Overall office rent increased 3.0% from the previous year bringing the price to \$32.14 per sq ft statewide. Rental rates dipped 1.1% for Class B/C buildings and grew 3.5% for Class A office buildings. There was negative rent growth in Winchester at -6.4% and Roanoke at -5.1%.

Supply+Deliveries: In the final quarter of 2024, office deliveries rose 151.2%, with most of the new space in Northern Virginia. Across the state, new office construction was down 29.7%. Richmond had the largest amount of office space under construction at 1.02 million sq ft.



VIRGINIA (Statewide) Market Indicator Dashboard

	YoY Chg	Q4-2024	Indicator
% chg	0.1%	416,076,909	Total Inventory (sq. ft)
sq. ft	1,630,781	934,745	Net Absorption (sq. ft)
pct point	0.3%	13.0%	Vacancy Rate (%)
\$ per sq. ft	\$0.95	\$32.14	Gross Rent (\$ per sq. ft)
sq. ft	237,760	395,000	New Supply Delivered (sq. ft)
sq. ft	-792,618	1,876,148	Under Construction (sq. ft)

Economic Indicator Dashboard

	MoM Chg	Nov-24	Indicator
% chg	0.1%	4.3	Total Jobs (in millions, seasonally adjusted)
% chg	-0.2%	1.1	Office-Supporting Jobs (in millions, seasonally adjusted)
pct point	0.1%	3.0%	Unemployment Rate (% seasonally adjusted)
pct point	0.1%	3.1	Gross Domestic Product (% chg from prior year)

Virginia Office Market

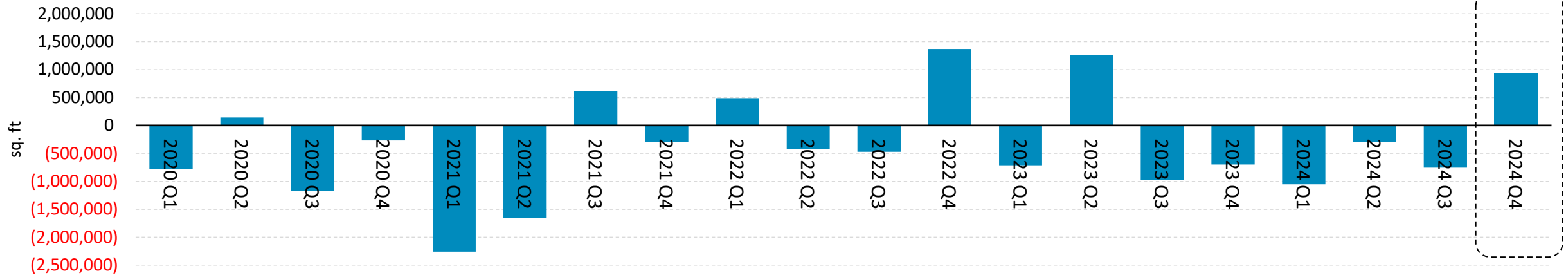
Absorption & Construction Trends	4
Rent Trends	5
Vacancy Trends	6
MSA-Level Trends	7
Northern Virginia	8
Richmond MSA	9
Hampton Roads	10
Roanoke MSA	11
Lynchburg MSA	12
Charlottesville MSA	13
Blacksburg MSA	14
Winchester MSA	15
Harrisonburg MSA	16



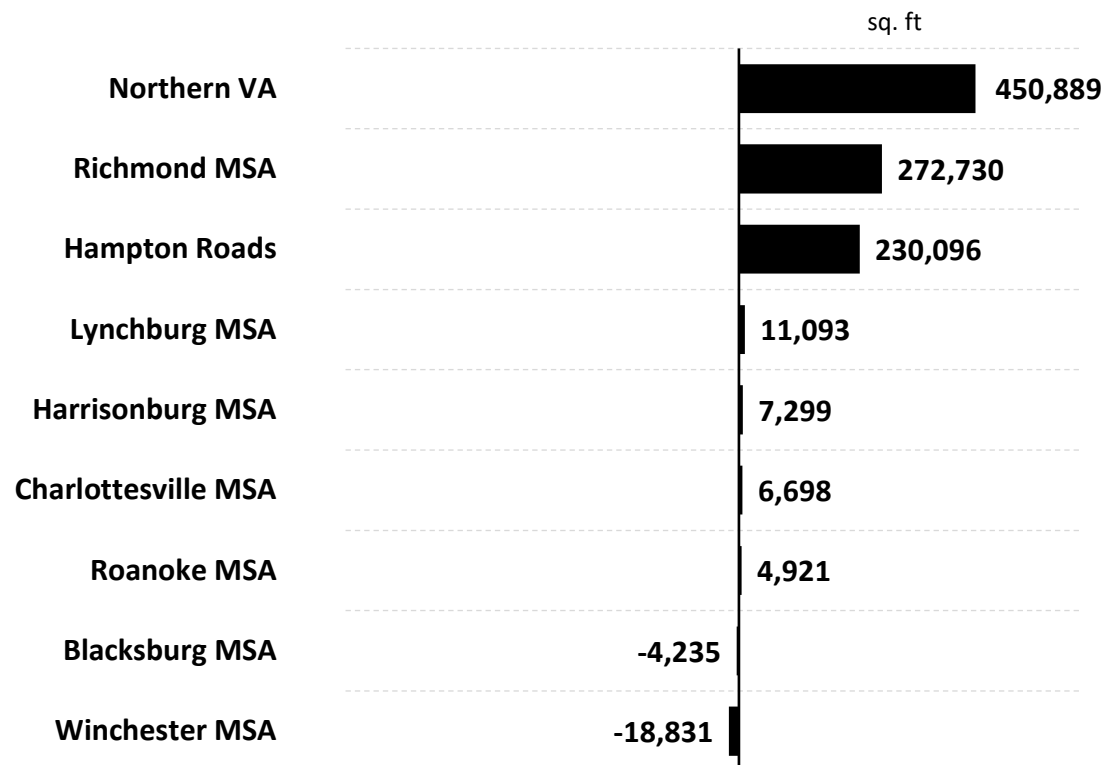
Office Market - Absorption & Construction Trends

VIRGINIA (Statewide)

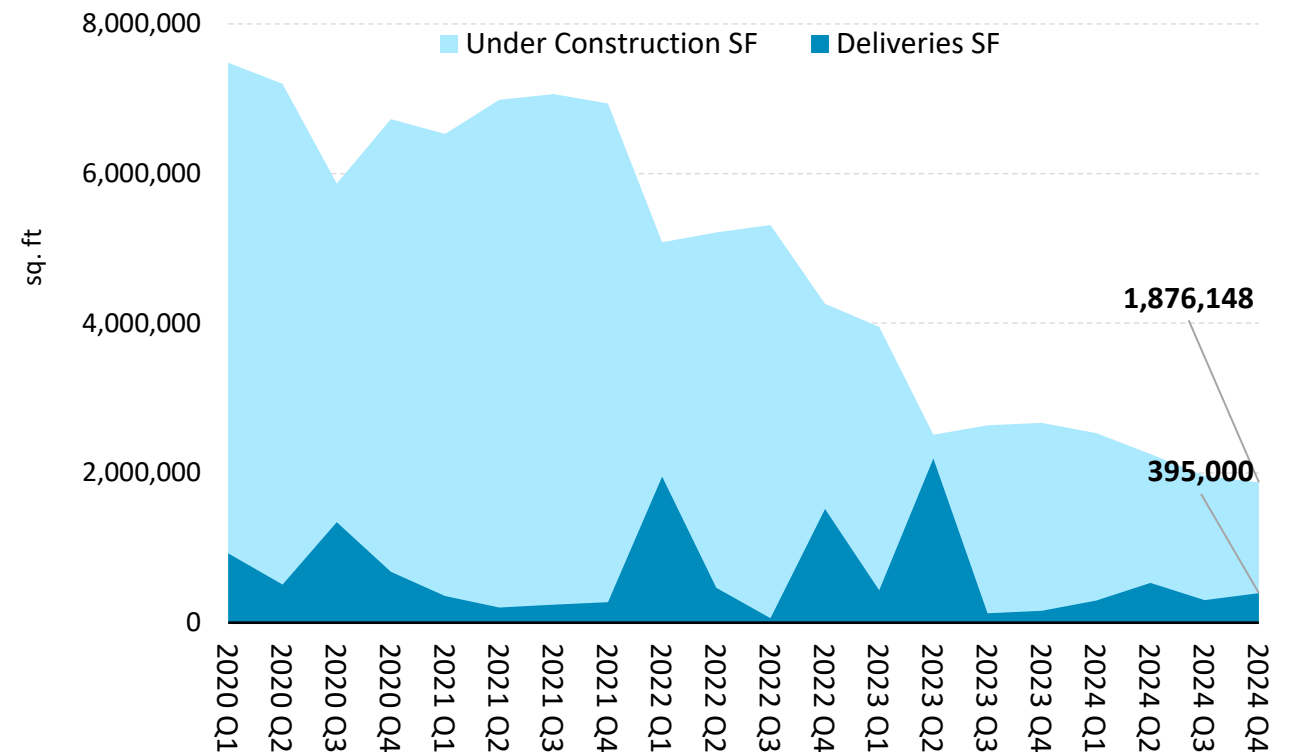
Net Absorption (sq. ft)



Q4-2024 Net Absorption by Metro Area (sq ft)



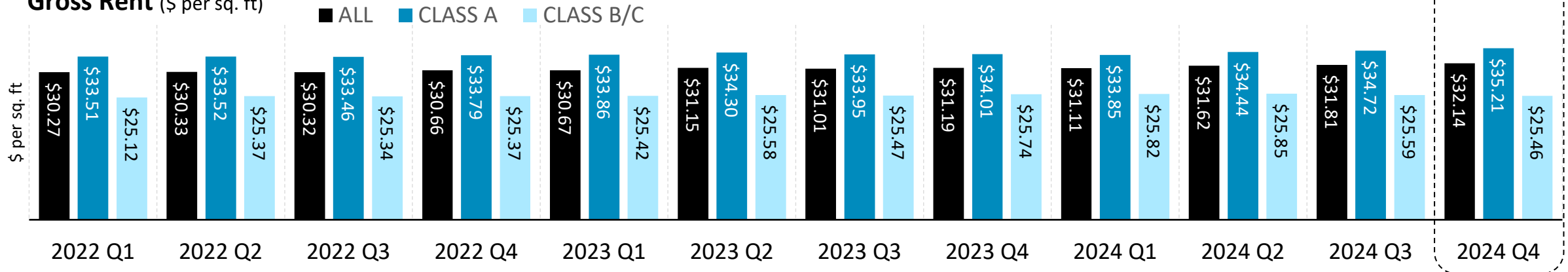
Under Construction & Net Deliveries (sq. ft)



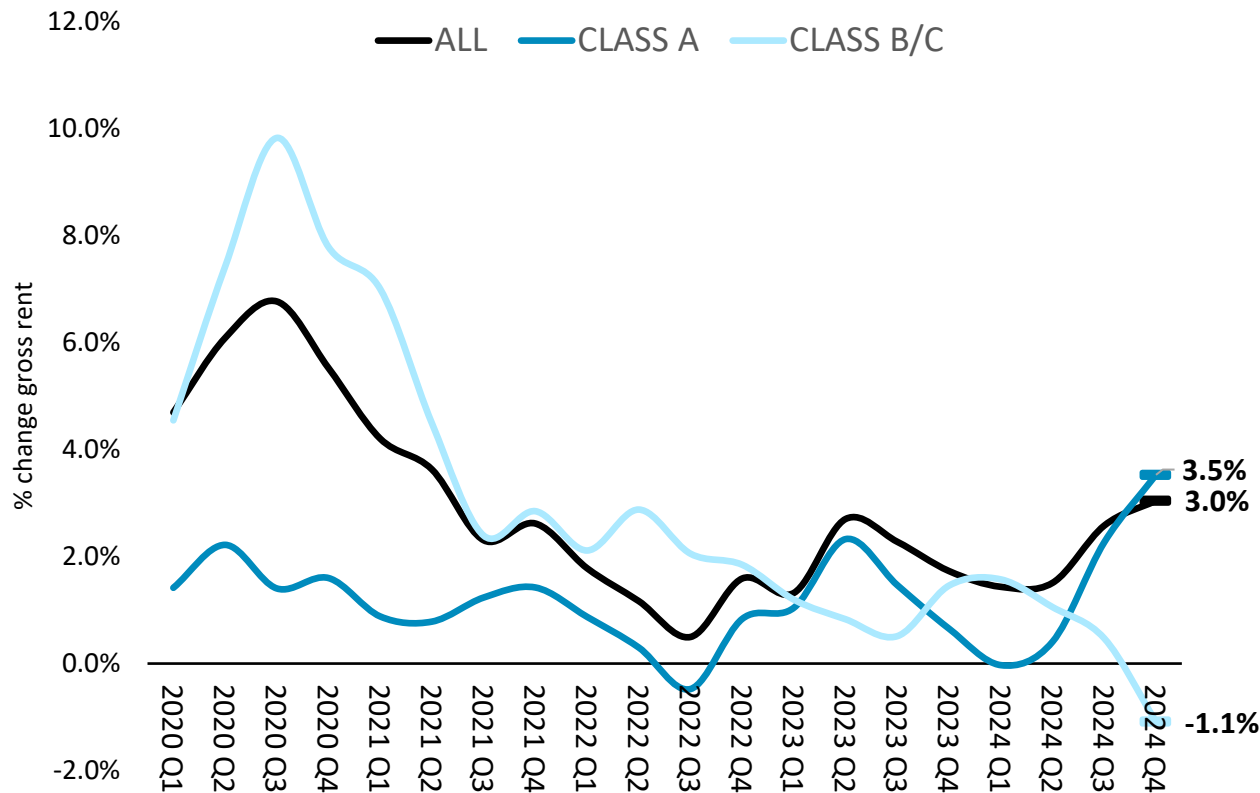
Office Market - Rent Trends

VIRGINIA (Statewide)

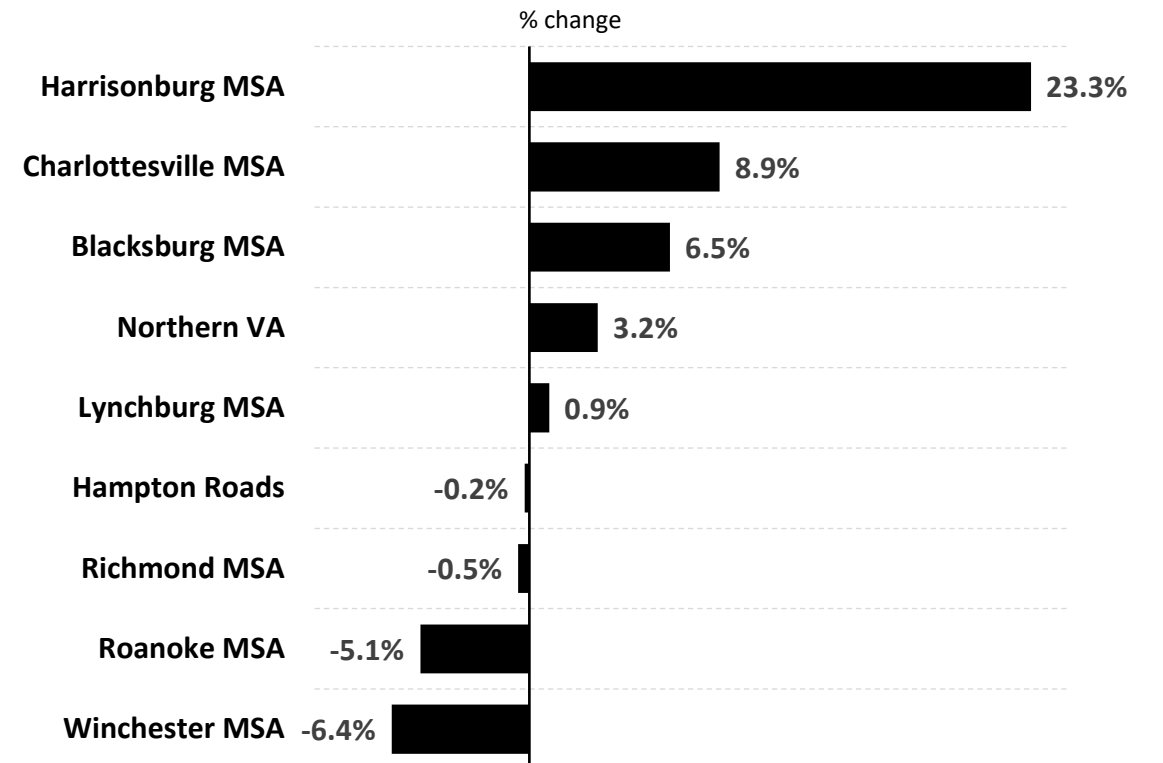
Gross Rent (\$ per sq. ft.)



% Change, Gross Rent (YoY % change)

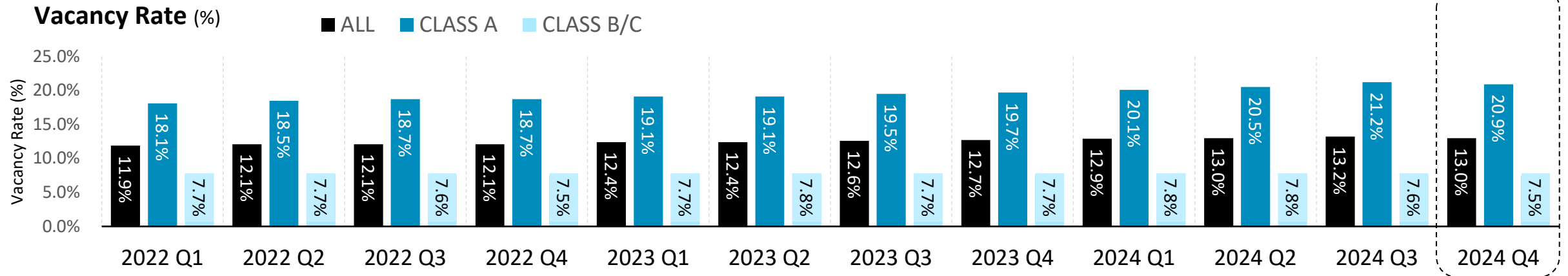


Q4-2024 by MSA: % Change, Gross Rent (YoY % change)

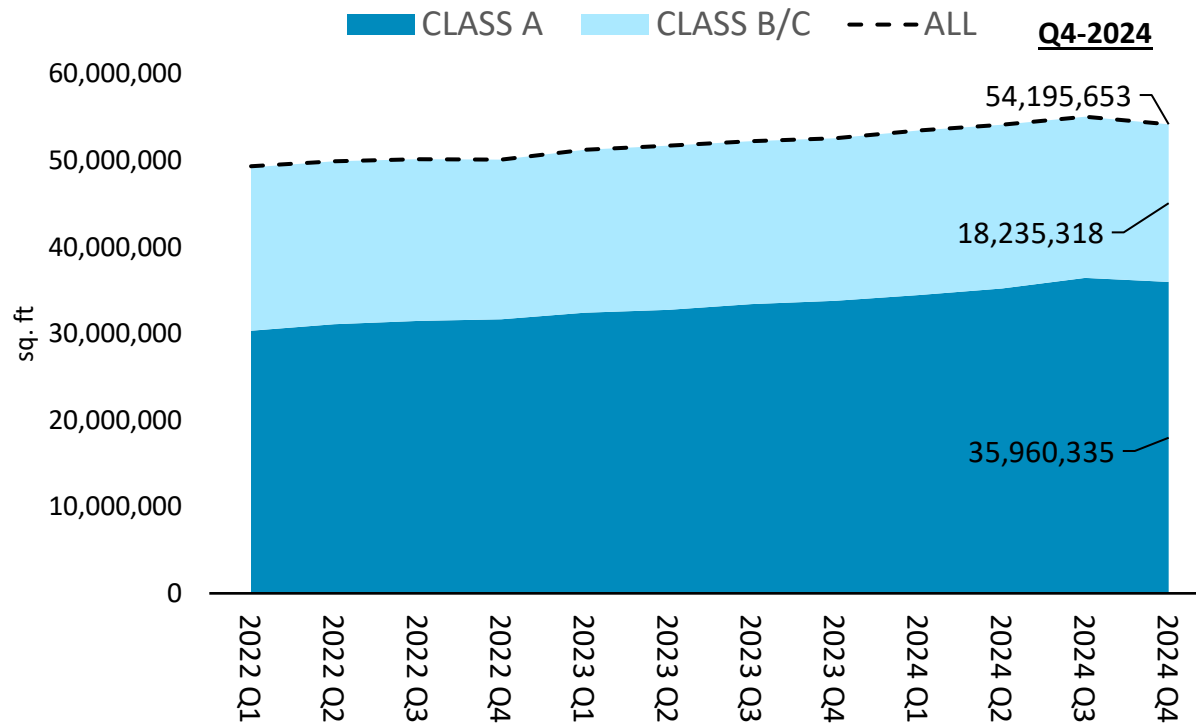


Office Market - Vacancy Trends

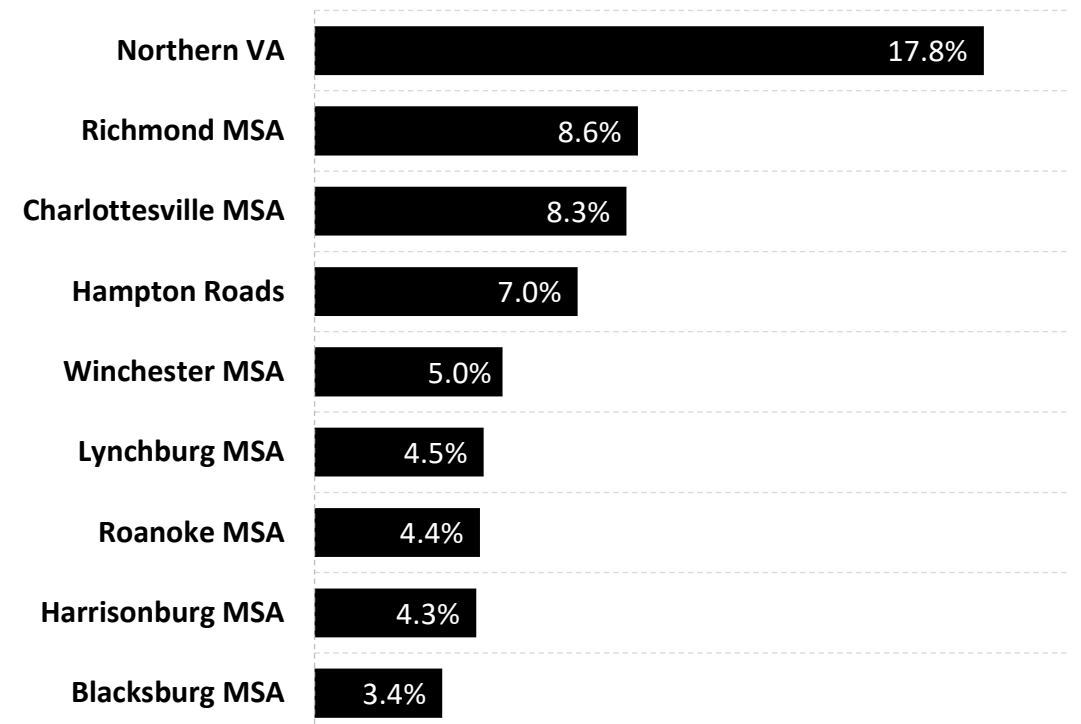
VIRGINIA (Statewide)



Vacant Inventory (sq. ft)



Q4-2024 Office Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q4



2024

OFFICE
Market Report



Snapshot of Office Market Conditions Around Virginia

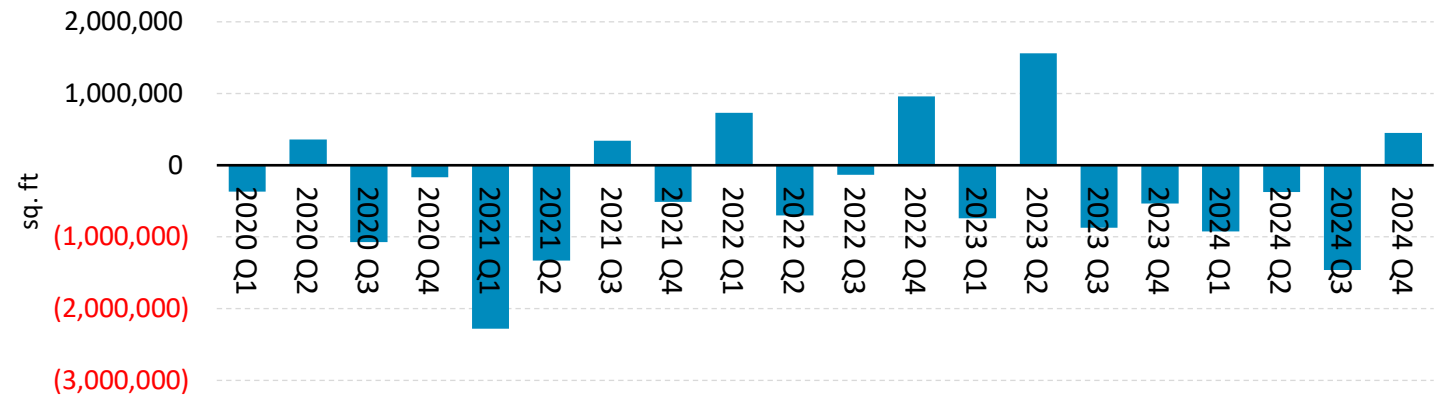
Office Market - MSA Trends

NORTHERN VIRGINIA

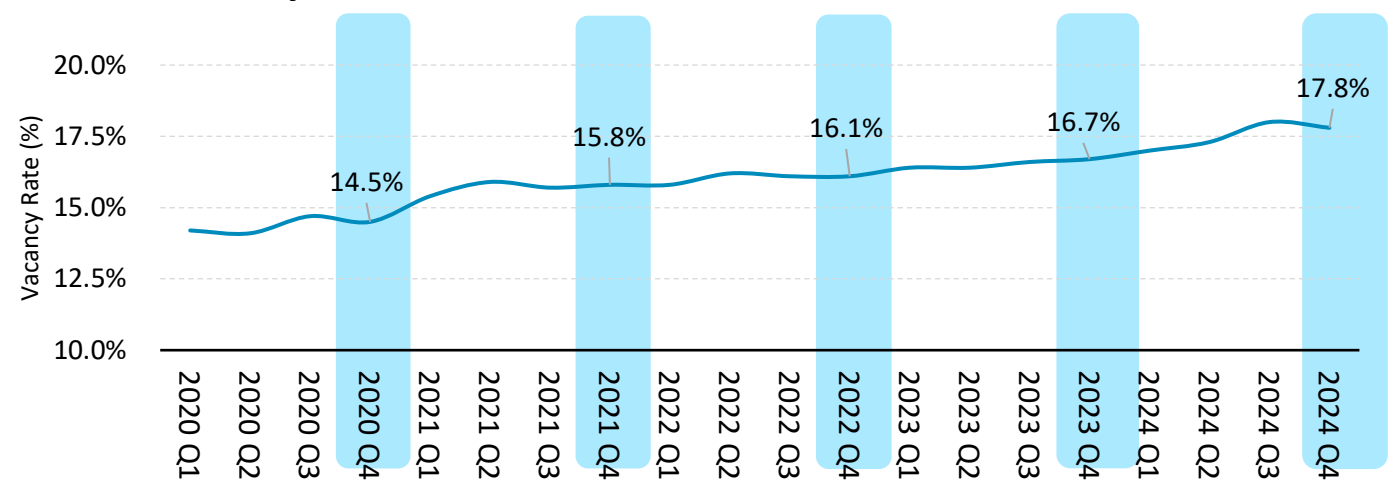
Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	232.5	0.1% % chg	
Vacancy Rate (%)	17.8%	1.1% pct points	
Net Absorption (sq. ft)	450,889	986,301 sq. ft	
Avg Gross Rent (\$ per sq. ft)	\$34.35	\$1.06 \$ per sq. ft	
Deliveries (sq. ft)	345,000	220,000 sq. ft	
Under Construction (sq. ft)	725,877	-538,310 sq. ft	

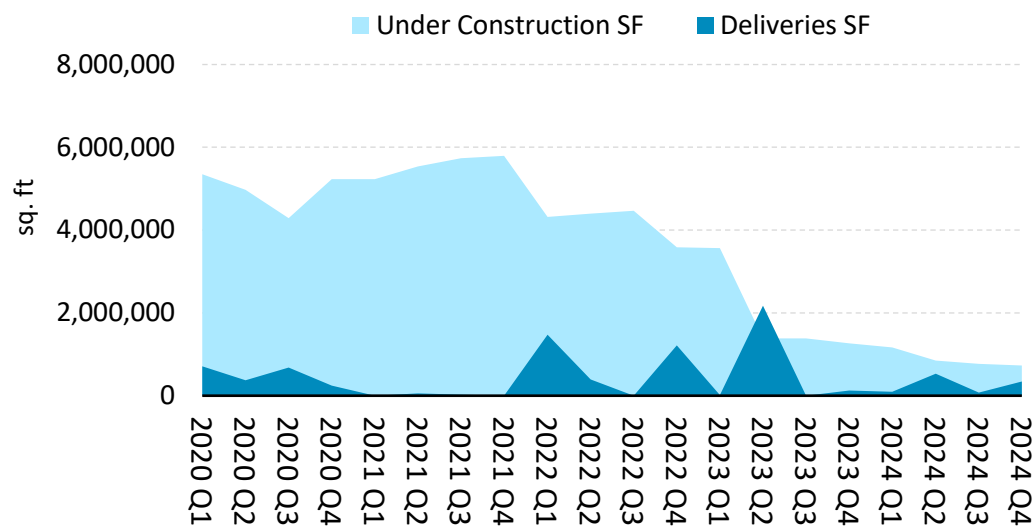
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)

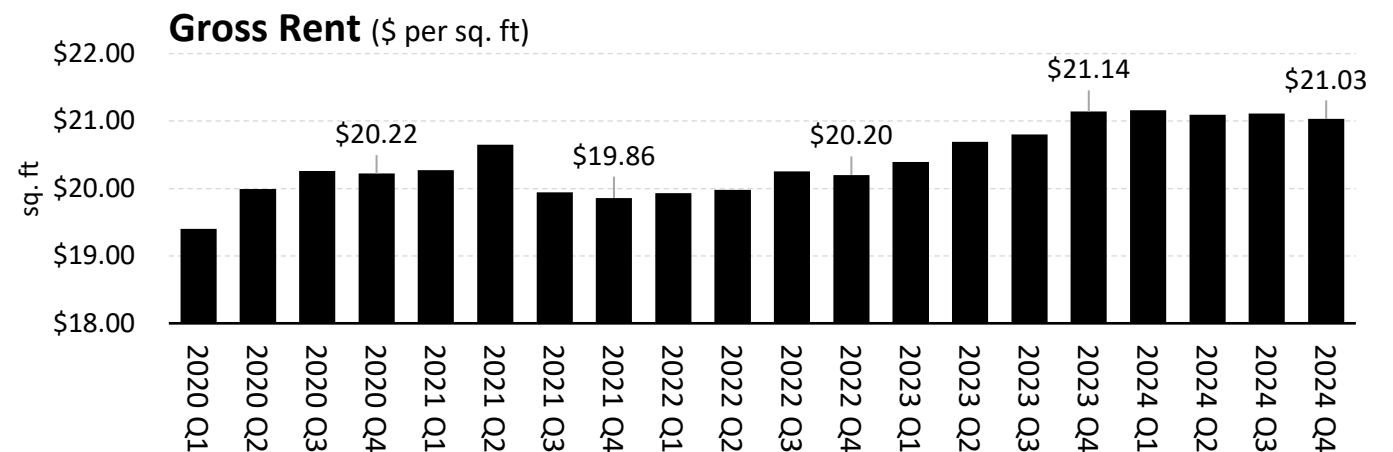
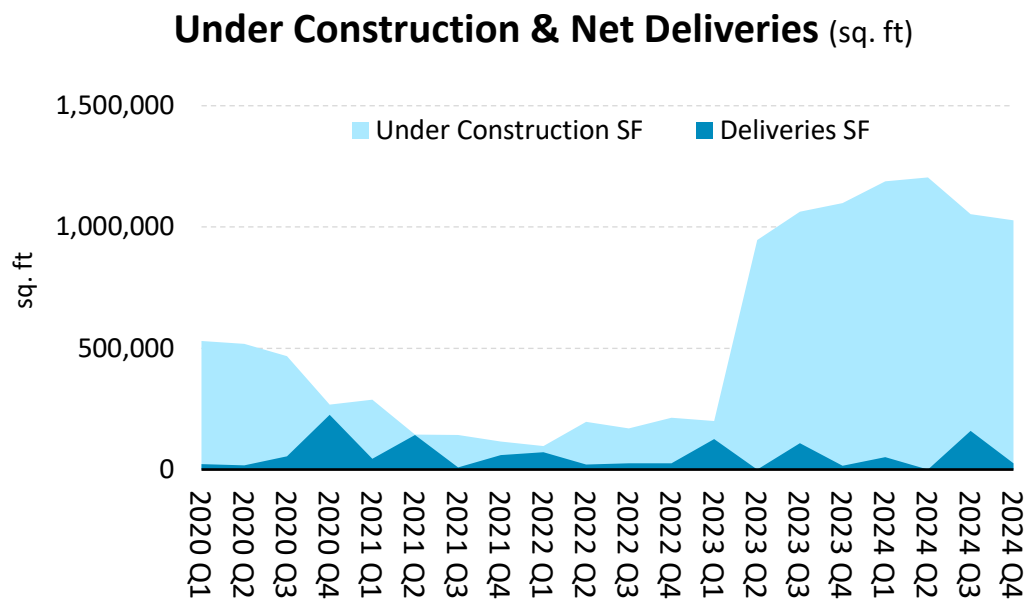
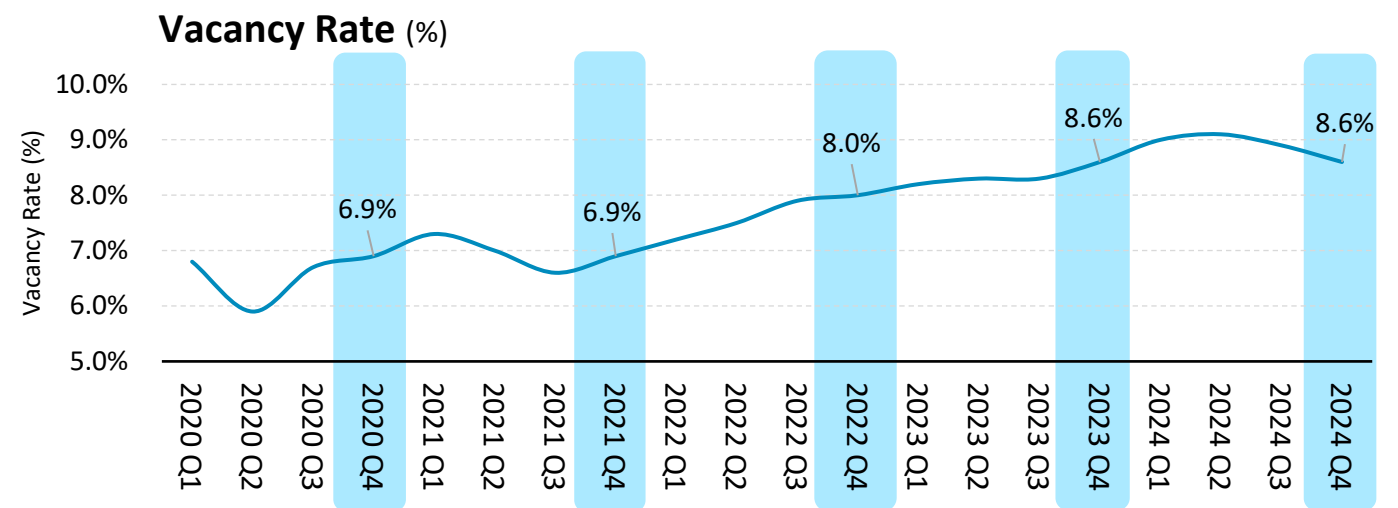
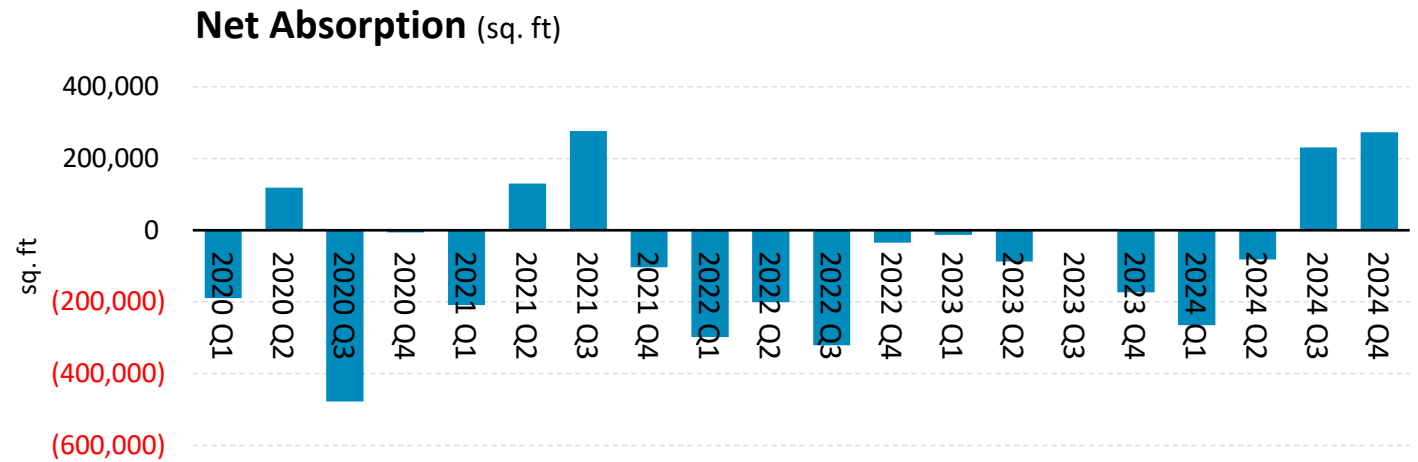


Office Market - MSA Trends

RICHMOND MSA

Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	68.6	0.2%	% chg
Vacancy Rate (%)	8.6%	0	pct points
Net Absorption (sq. ft)	272,730	446,393	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.03	-\$0.11	\$ per sq. ft
Deliveries (sq. ft)	25,000	9,160	sq. ft
Under Construction (sq. ft)	1,027,524	-71,272	sq. ft

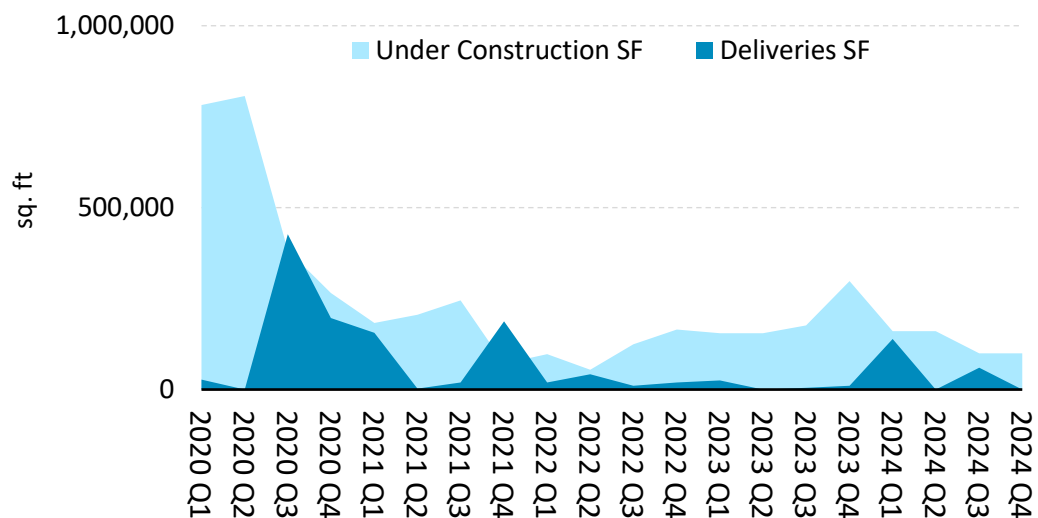


HAMPTON ROADS

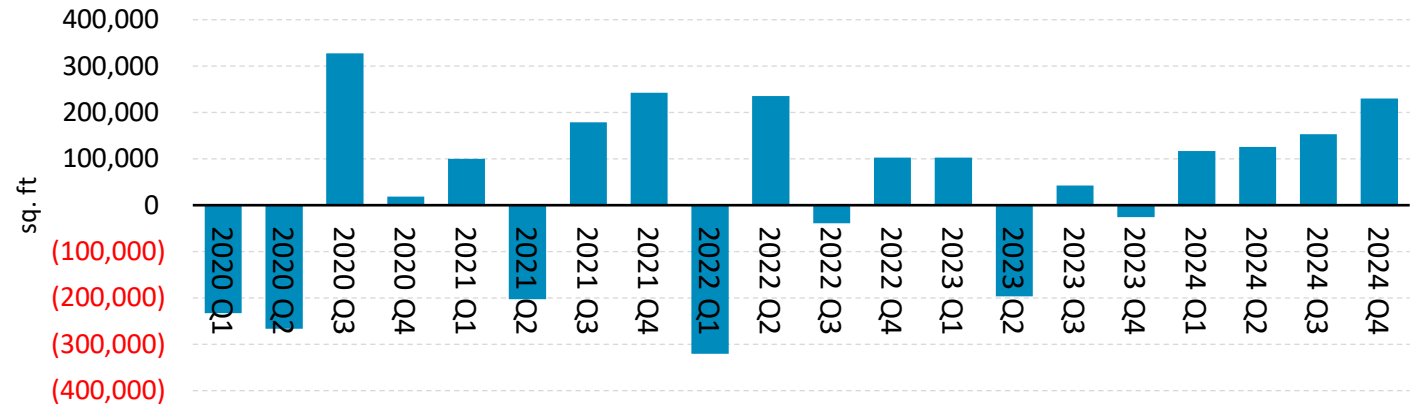
Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	56.6	0.1%	% chg
Vacancy Rate (%)	7.0%	-1.0%	pct points
Net Absorption (sq. ft)	230,096	255,803	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$22.12	-\$0.05	\$ per sq. ft
Deliveries (sq. ft)	0	-10,000	sq. ft
Under Construction (sq. ft)	100,000	-198,597	sq. ft

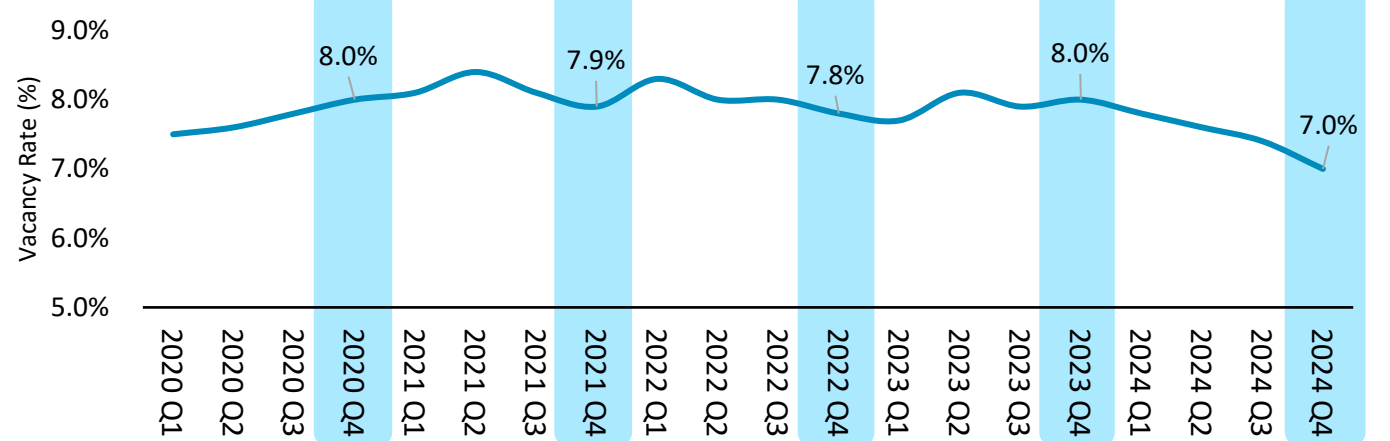
Under Construction & Net Deliveries (sq. ft)



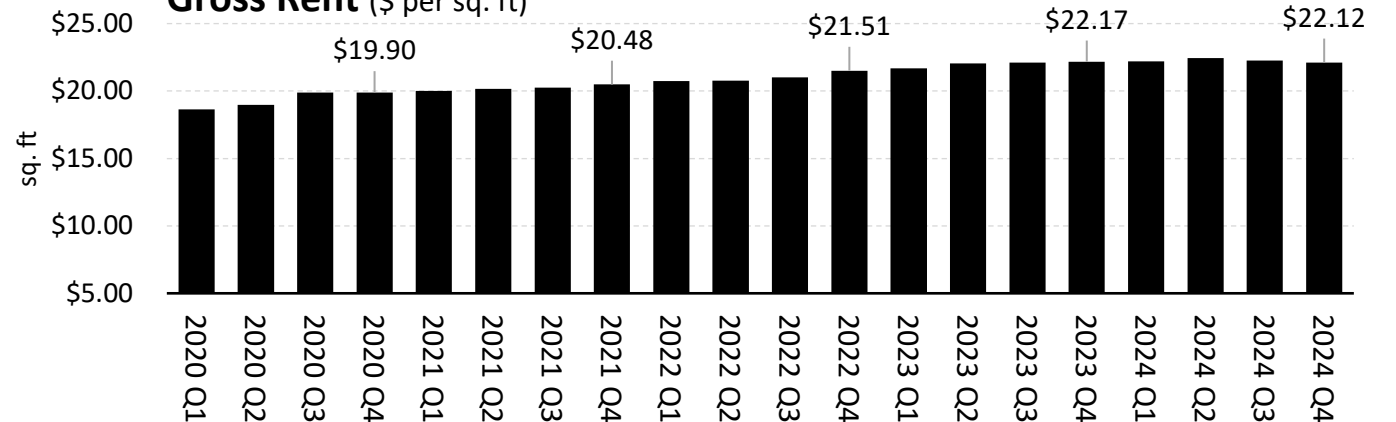
Net Absorption (sq. ft)



Vacancy Rate (%)



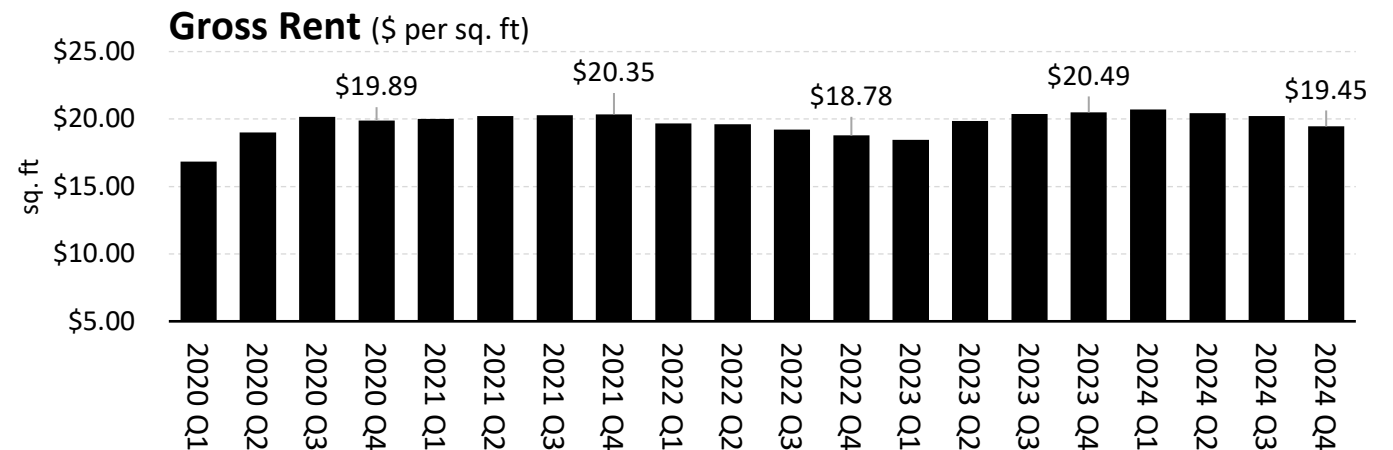
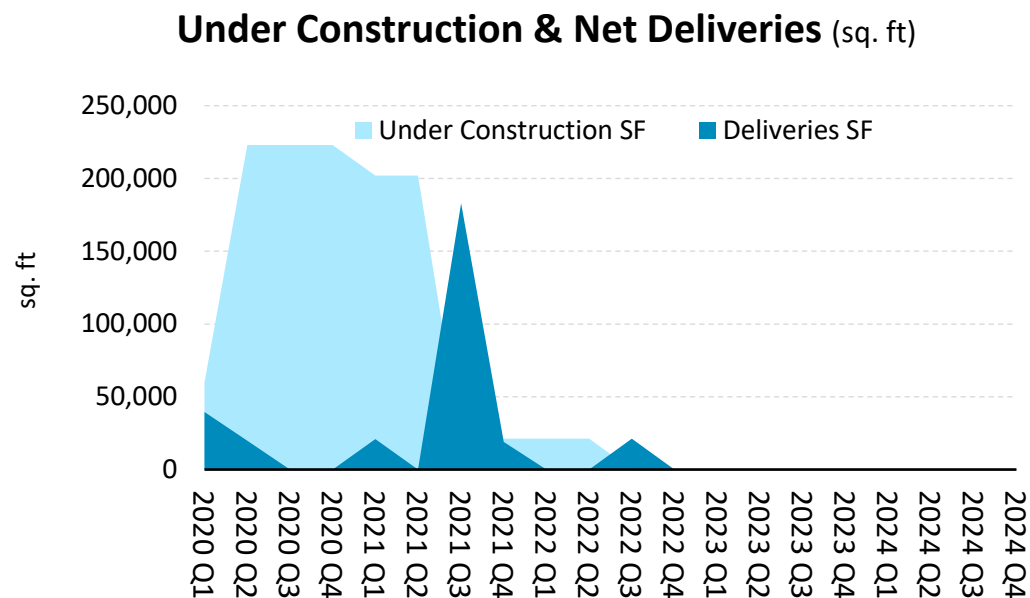
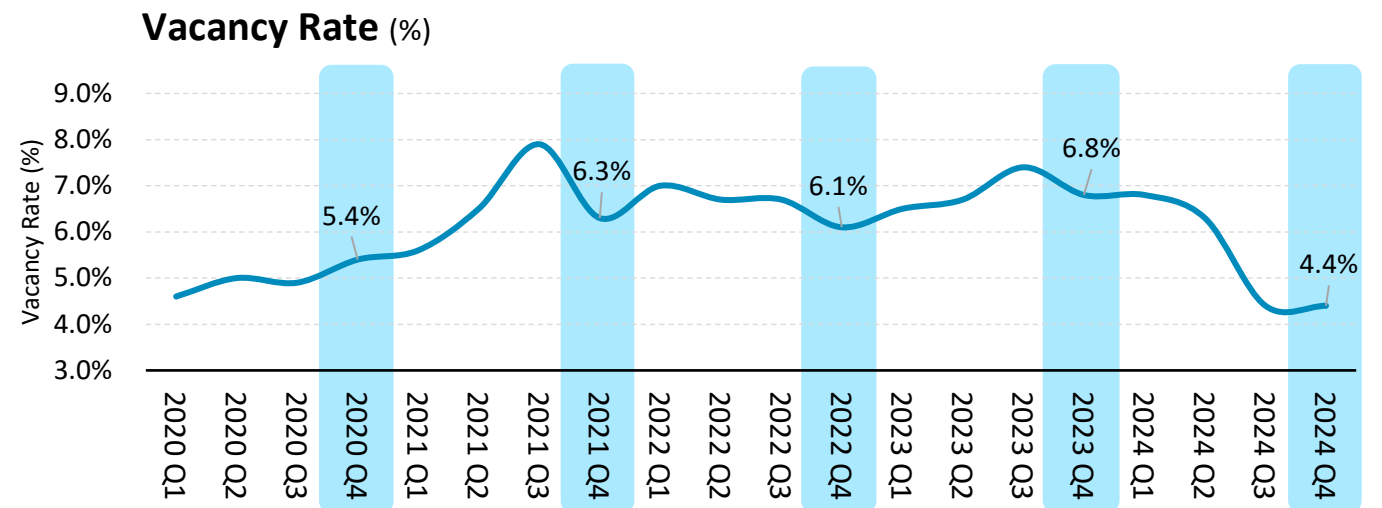
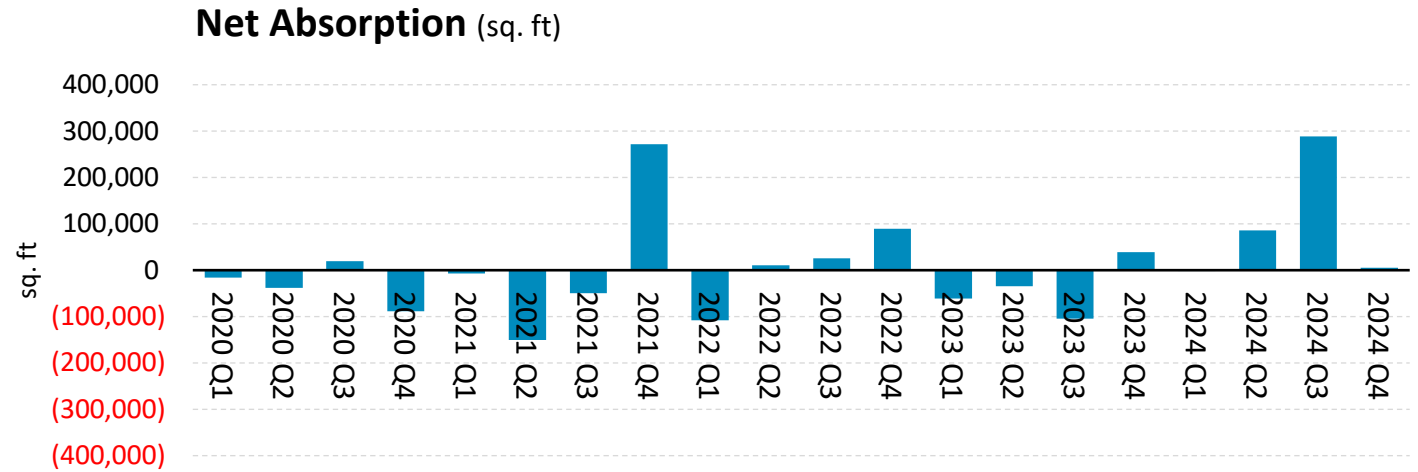
Gross Rent (\$ per sq. ft)



ROANOKE MSA

Local Market Indicator Dashboard

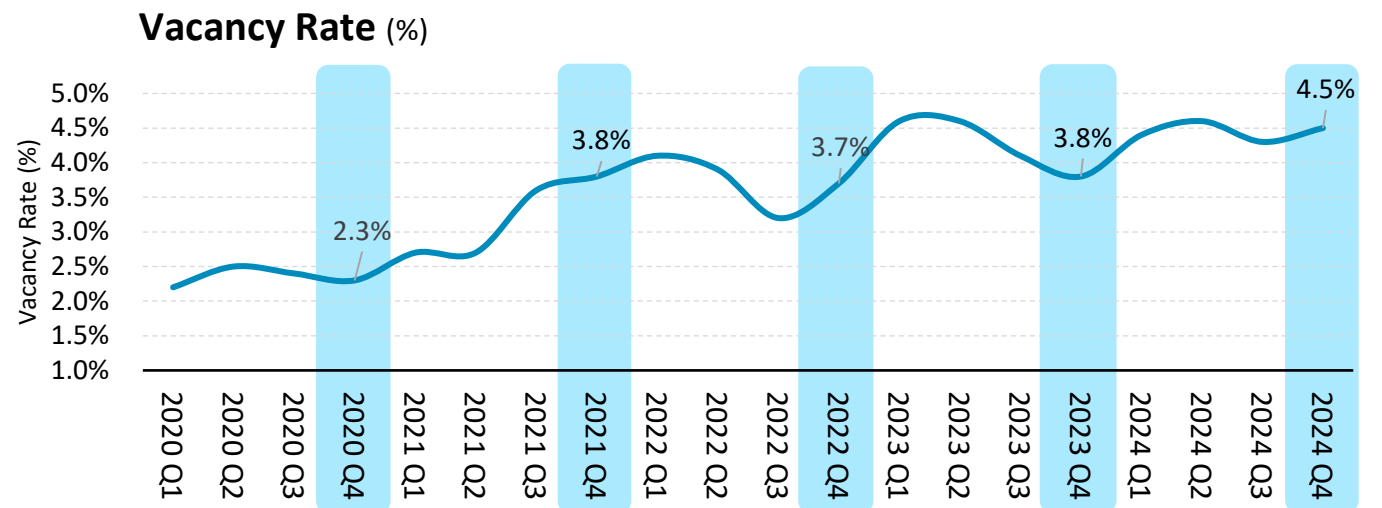
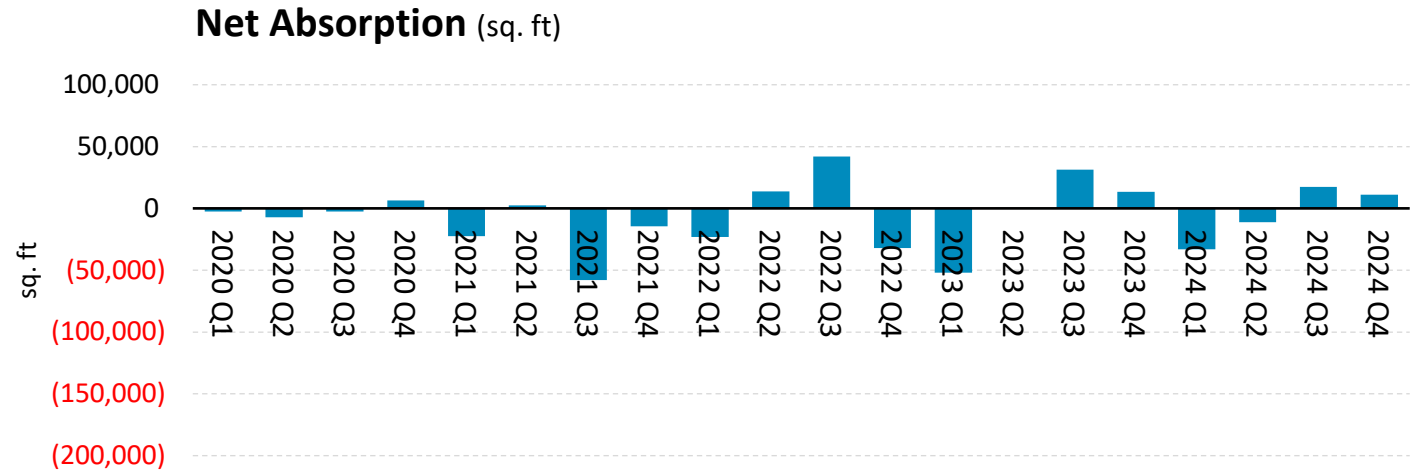
	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	16.0	0	% chg
Vacancy Rate (%)	4.4%	-2.4%	pct points
Net Absorption (sq. ft)	4,921	-33,829	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$19.45	-\$1.04	\$ per sq. ft
Deliveries (sq. ft)	0	\$ -	sq. ft
Under Construction (sq. ft)	0	0	sq. ft



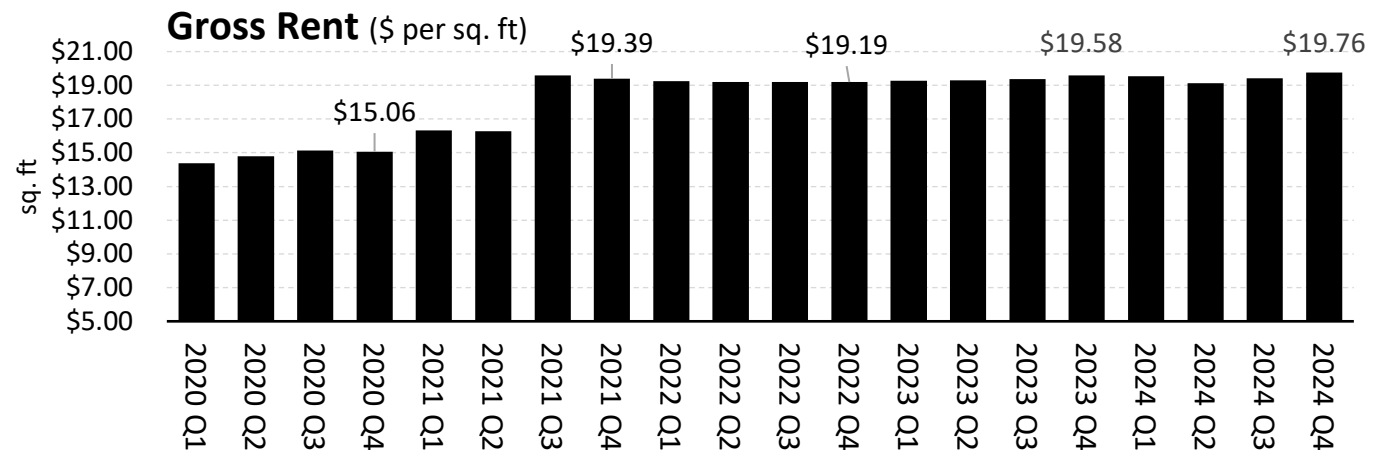
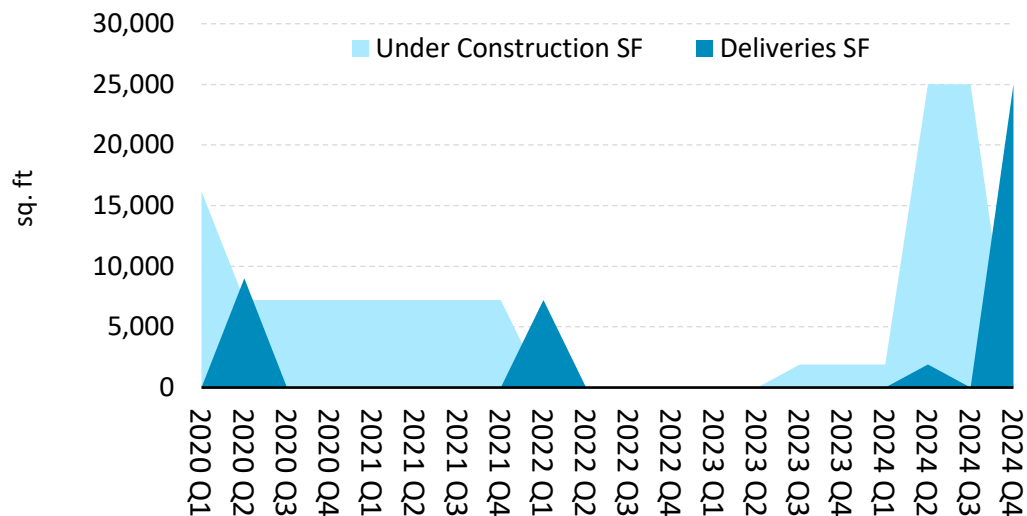
LYNCHBURG MSA

Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	6.1	0.4%	% chg
Vacancy Rate (%)	4.5%	0.7%	pct points
Net Absorption (sq. ft)	11,093	-2,426	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$19.76	\$0.18	\$ per sq. ft
Deliveries (sq. ft)	25,000	25,000	sq. ft
Under Construction (sq. ft)	0	-1,896	sq. ft



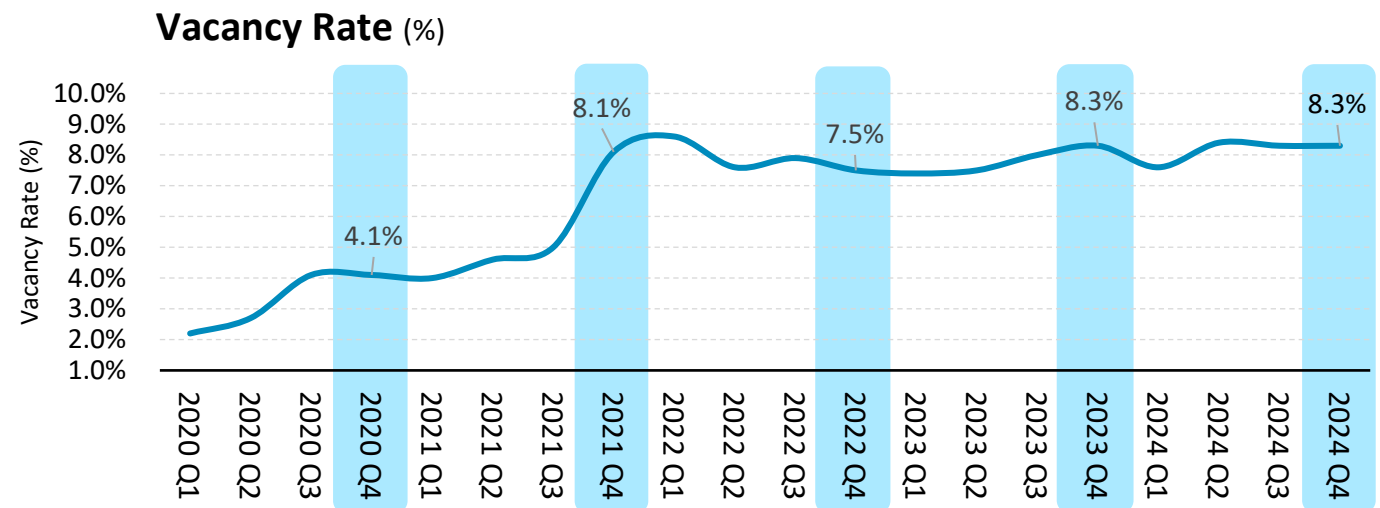
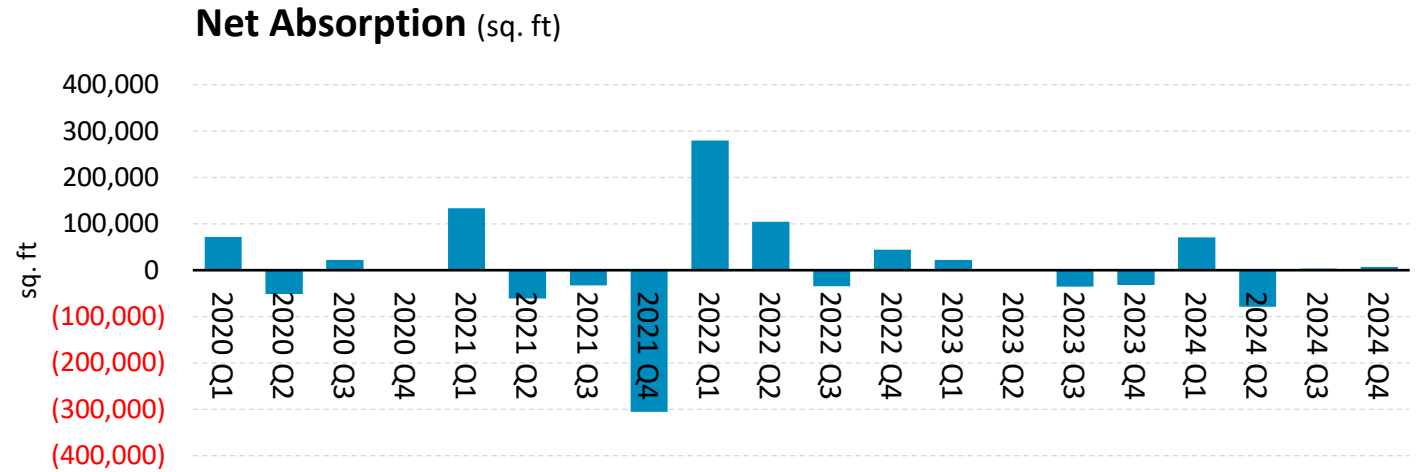
Under Construction & Net Deliveries (sq. ft)



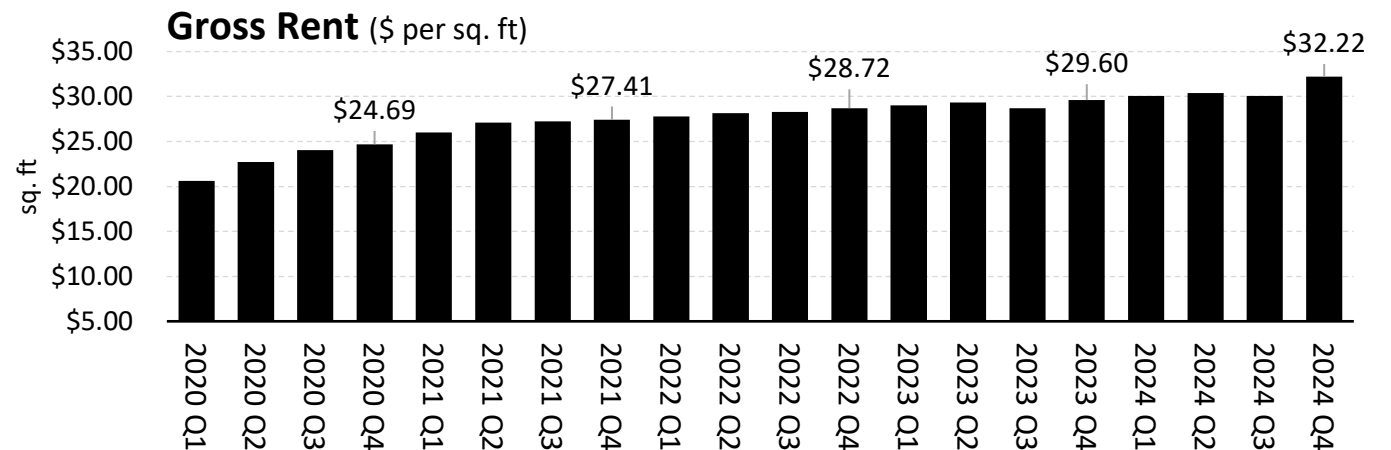
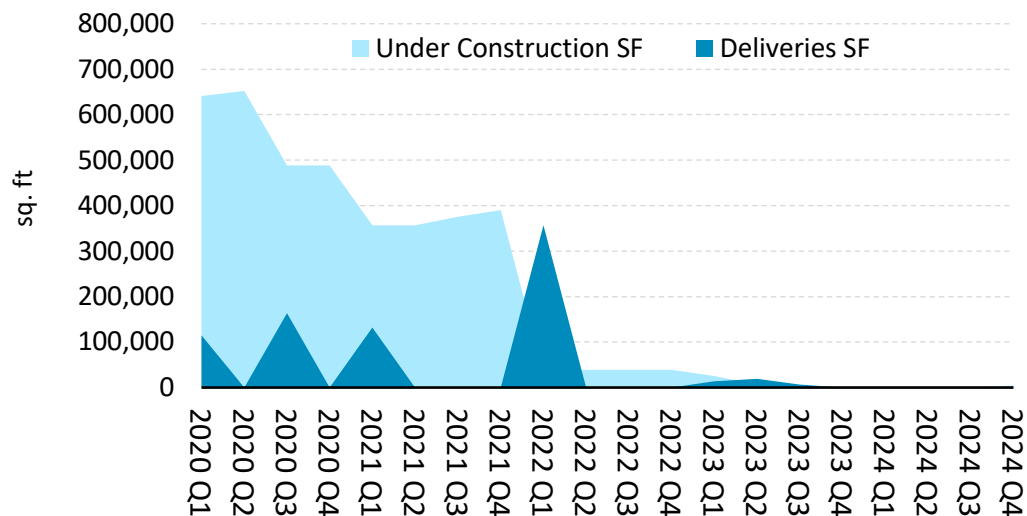
CHARLOTTESVILLE MSA

Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	10.1	0	% chg
Vacancy Rate (%)	8.3%	0	pct points
Net Absorption (sq. ft)	6,698	38,571	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$32.22	\$2.62	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	5,087	5,087	sq. ft



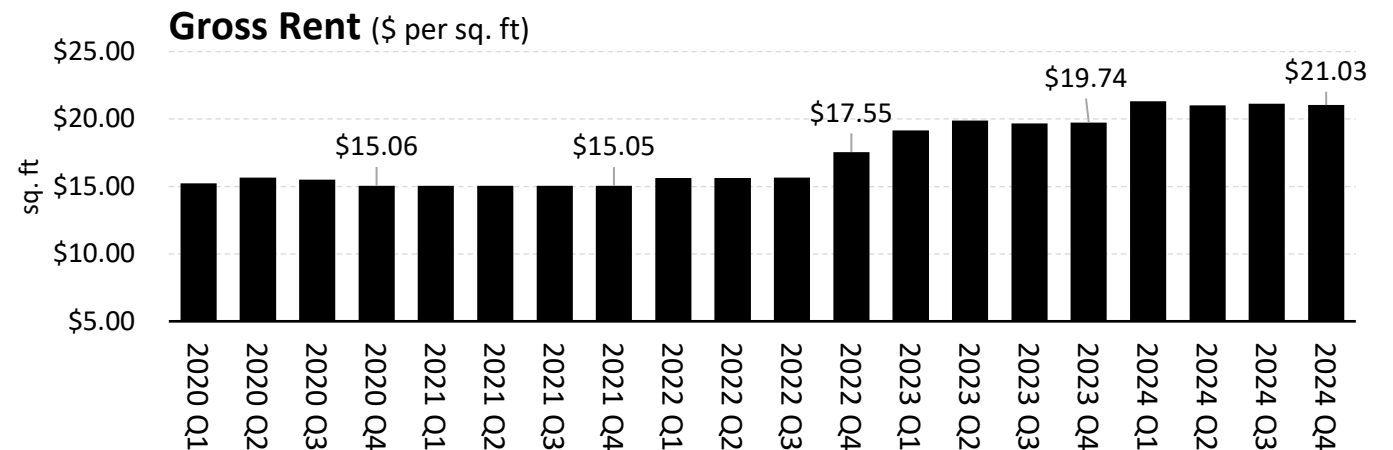
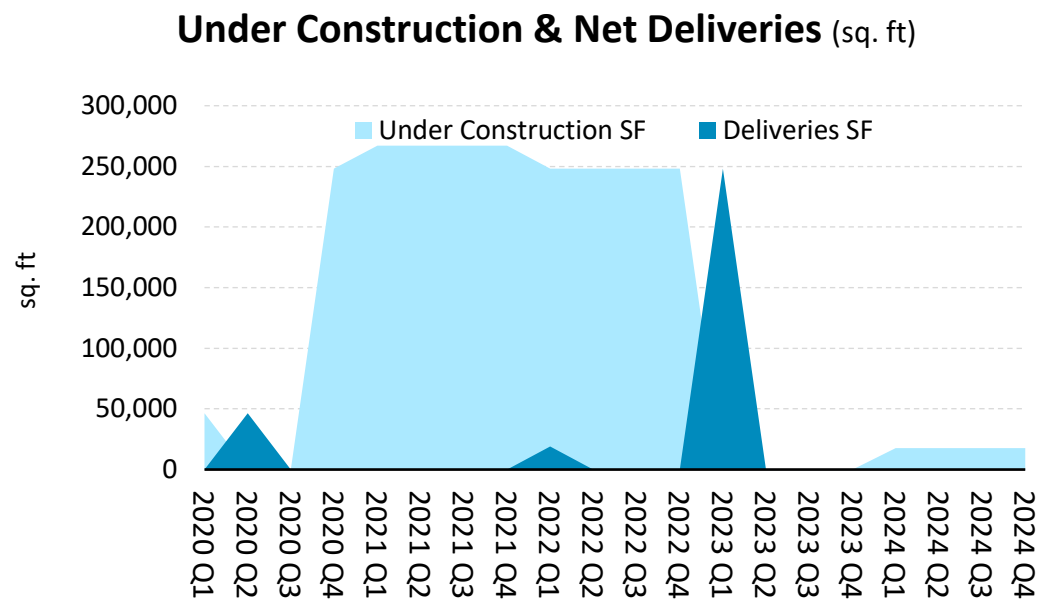
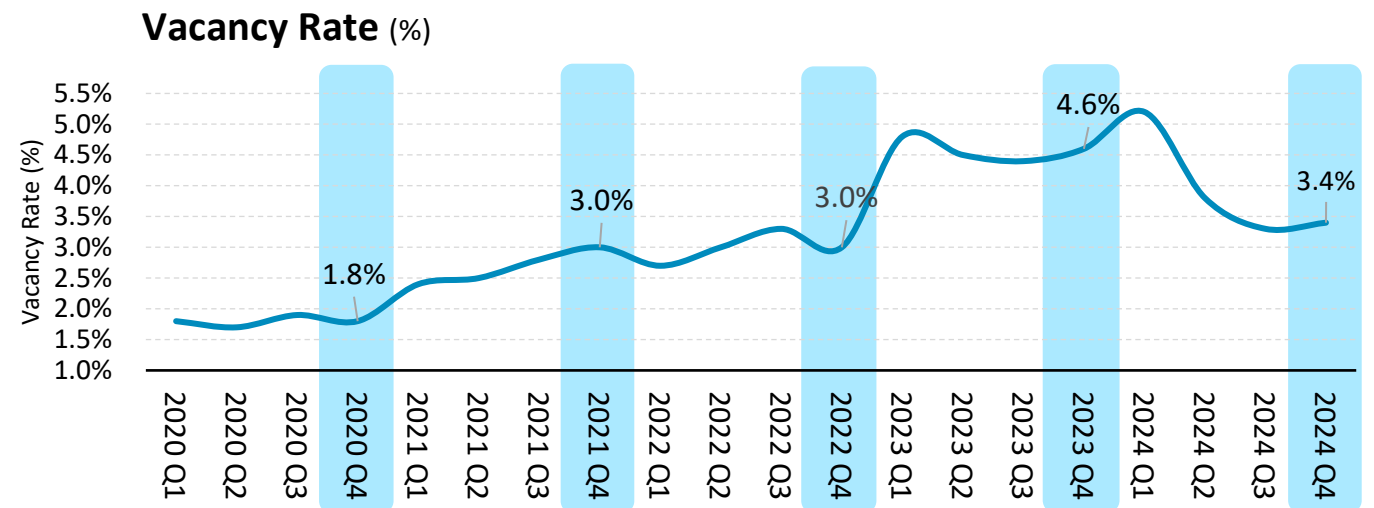
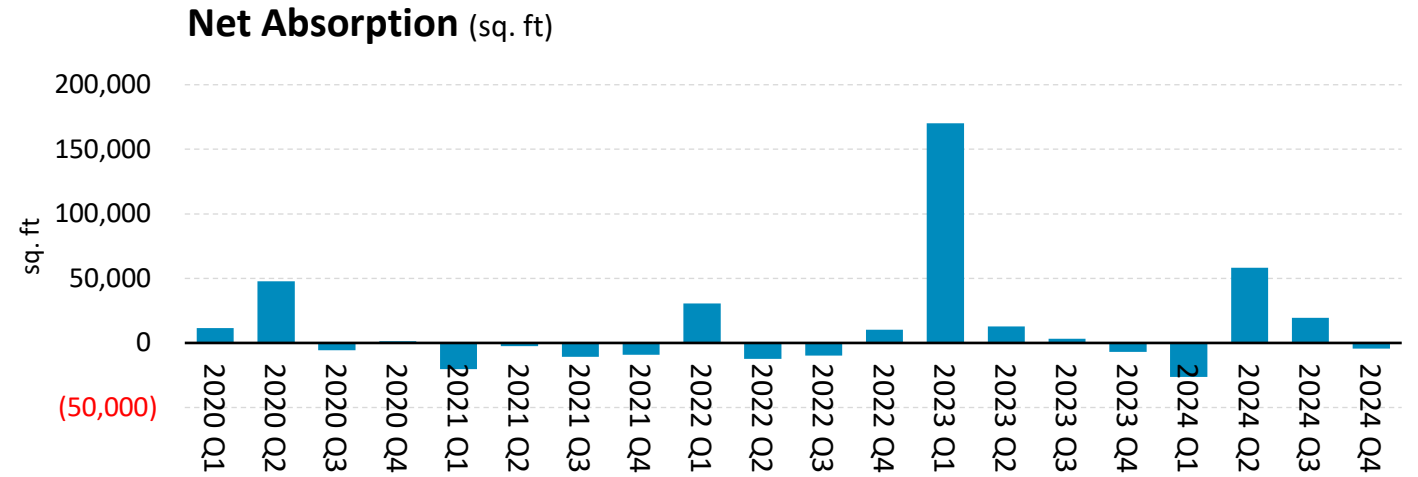
Under Construction & Net Deliveries (sq. ft)



BLACKSBURG MSA

Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	3.9	0	% chg
Vacancy Rate (%)	3.4%	-1.2%	pct points
Net Absorption (sq. ft)	(4,235)	2,641	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$21.03	\$1.29	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	17,660	17,660	sq. ft

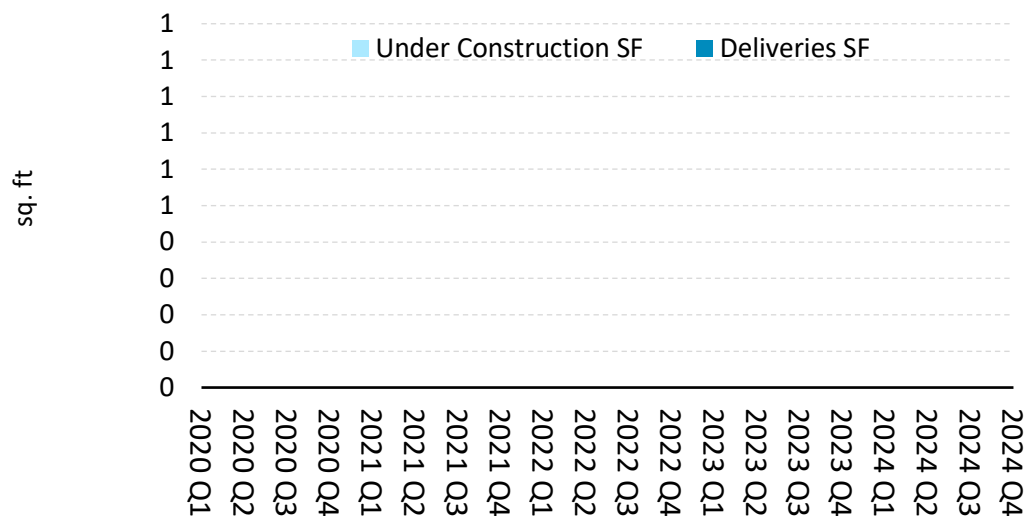


WINCHESTER MSA

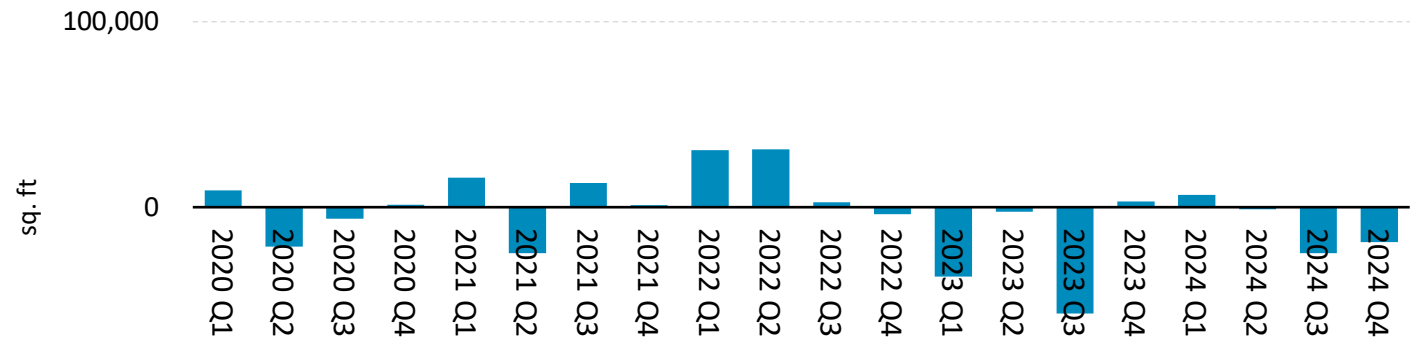
Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	3.6	0	% chg
Vacancy Rate (%)	5.0%	1.0%	pct points
Net Absorption (sq. ft)	(18,831)	-21,853	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$20.74	-\$1.42	\$ per sq. ft
Deliveries (sq. ft)	0	0	sq. ft
Under Construction (sq. ft)	0	0	sq. ft

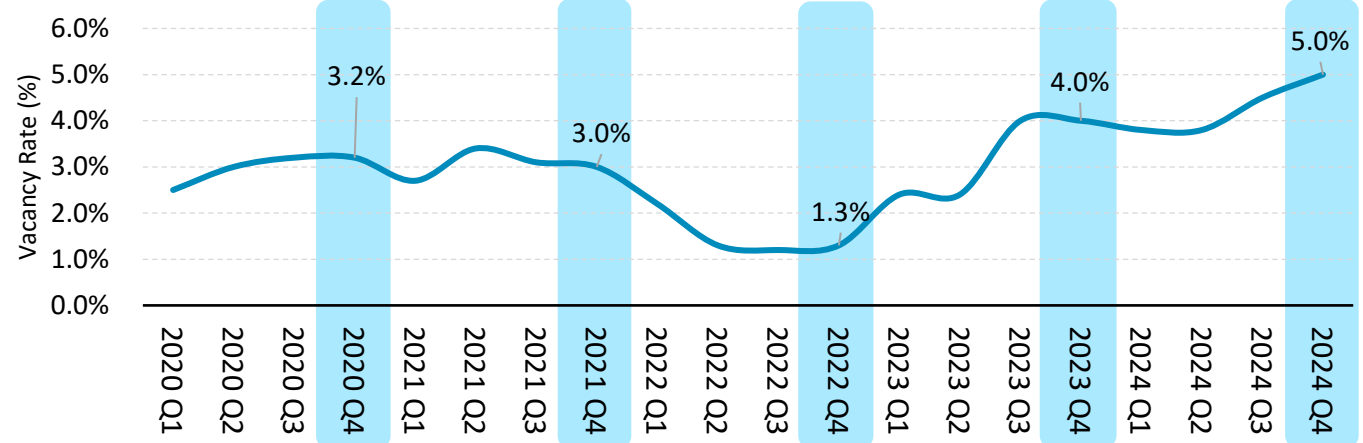
Under Construction & Net Deliveries (sq. ft)



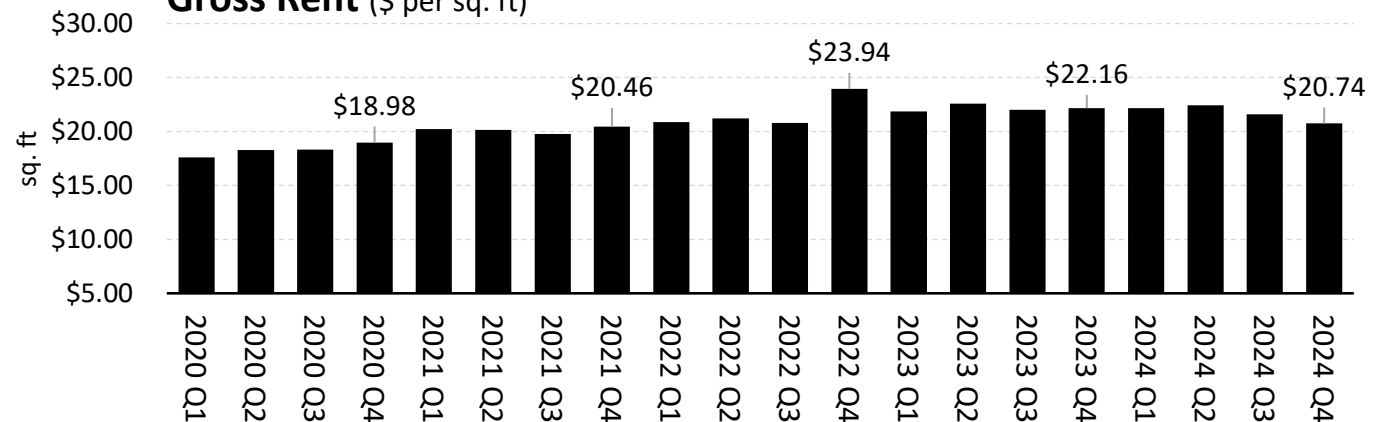
Net Absorption (sq. ft)



Vacancy Rate (%)



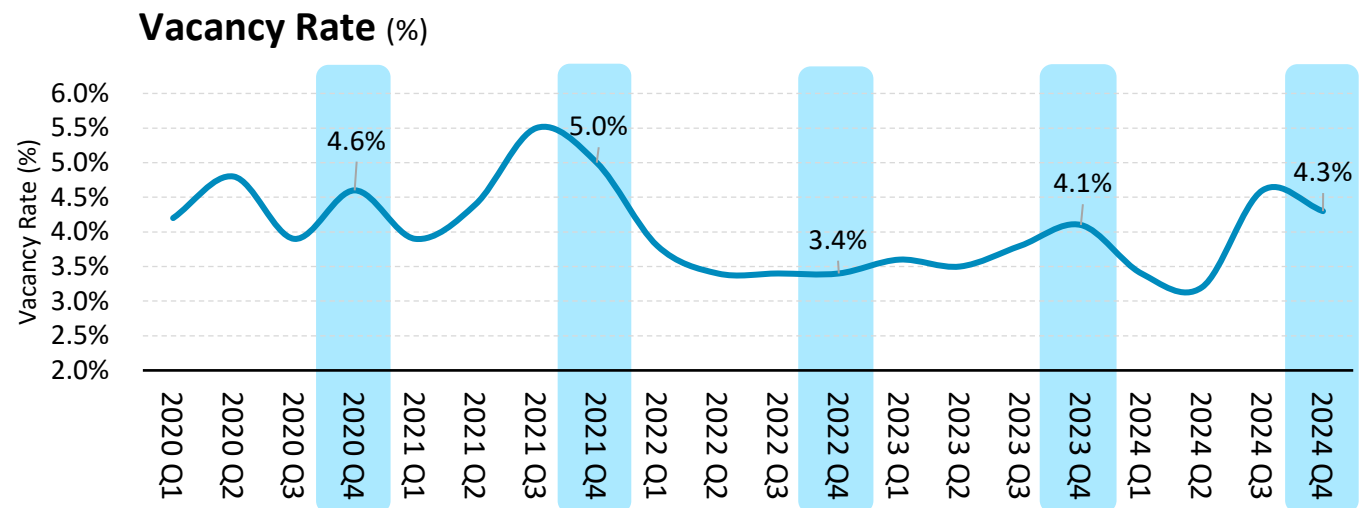
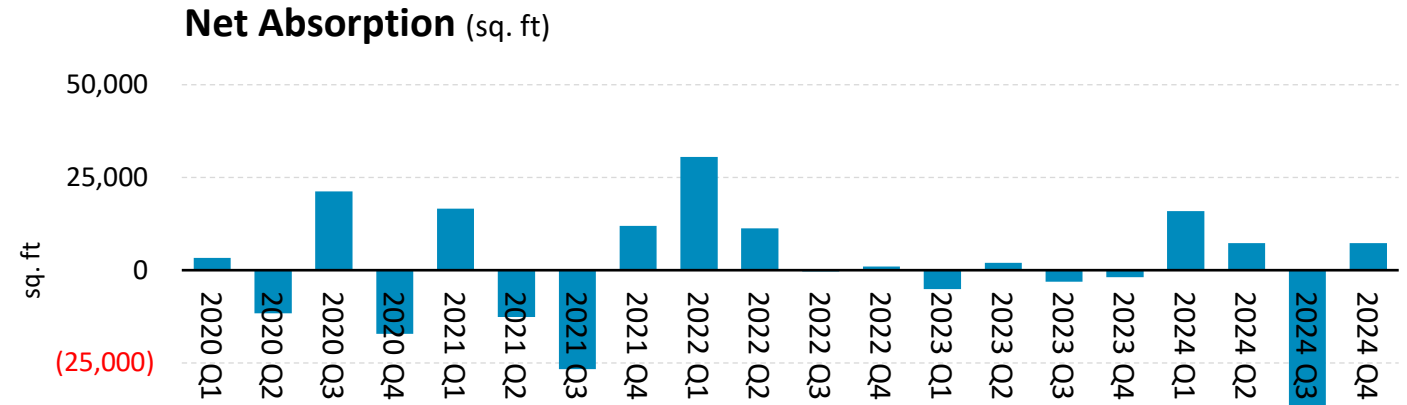
Gross Rent (\$ per sq. ft)



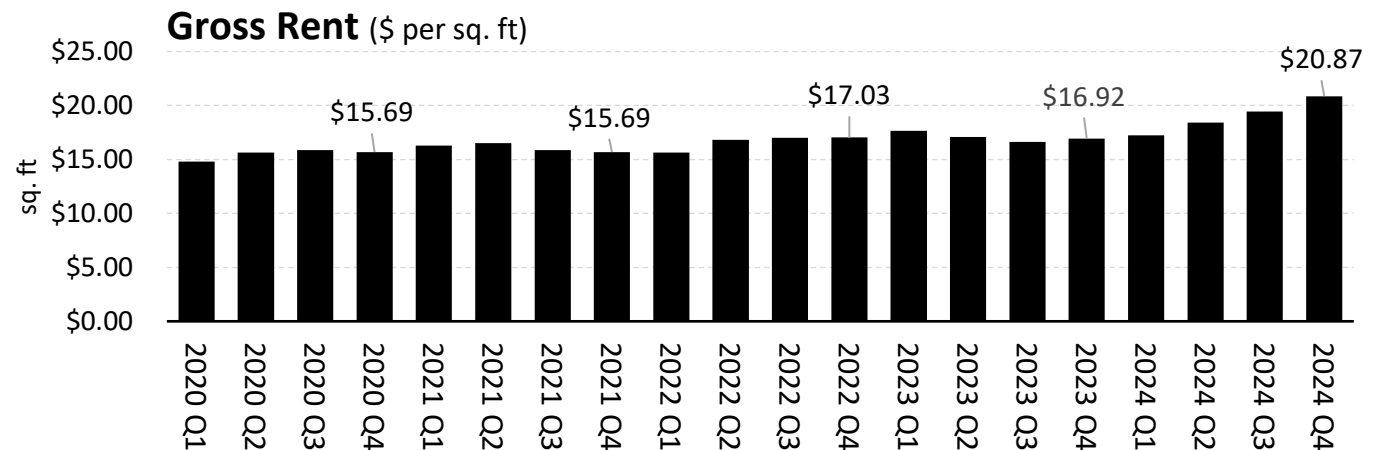
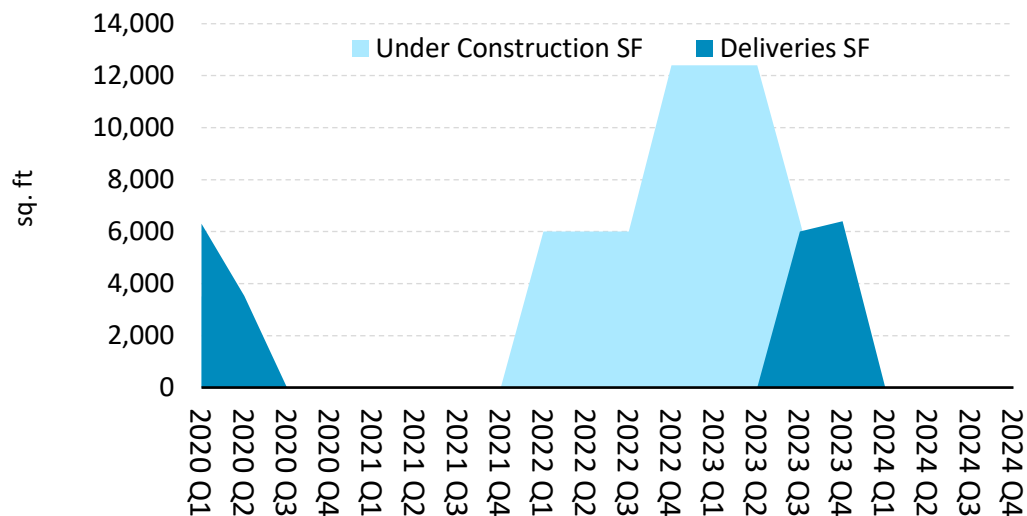
HARRISONBURG MSA

Local Market Indicator Dashboard

	Q4-2024	YoY Chg	
Total Inventory (sq. ft, millions)	2.6	0	% chg
Vacancy Rate (%)	4.3%	0.2%	pct points
Net Absorption (sq. ft)	7,299	9,176	sq. ft
Avg Gross Rent (\$ per sq. ft)	\$20.87	\$3.95	\$ per sq. ft
Deliveries (sq. ft)	0	#####	sq. ft
Under Construction (sq. ft)	0	0	sq. ft



Under Construction & Net Deliveries (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.

All inquiries regarding this report may be directed to:

Robin Spensieri

Virginia REALTORS® Vice President of Communications and Media Relations
rspensieri@virginiarealtors.org
404-433-6015

Data and analysis provided by Virginia REALTORS® Chief Economist.

The numbers reported here are based on data from CoStar.

Cover Photo: ©avmedved/Adobe Stock
TOC Graphic: ©aomarch/Adobe Stock

