



Q2 2025 OFFICE MARKET REPORT

Office Market - Key Trends Snapshot

Office Market

Overview: Virginia's office market remains sluggish through Q2 2025. New absorption was negative in the second quarter, vacancy rose, and construction activity is way down. Rent levels inched up for Class A space, but dipped for Class B/C offices.

Absorption: Virginia's office market saw 413,039 sq ft of negative absorption in Q2 2025, 60,242 sq ft less than a year earlier. This sector is still experiencing multiple challenges as vacancy rates continue to climb and construction activity declines. Both Class A and B/C office buildings saw a significant drop in occupied space this quarter. Northern Virginia and Hampton Roads saw the largest amount of negative absorption while Richmond experienced an increase in office occupancy.

Vacancy Rate: Vacancy rates remain elevated in the office sector. In Q2 2025, the vacancy rate reached 13.1%, unchanged from the previous quarter and 0.3 percentage points higher than the same time last year. Class B/C buildings experienced a small decrease in vacancy this quarter, as Class A office buildings saw a 0.9 percentage point jump in vacancy rates. For the second consecutive quarter Northern Virginia had the highest vacancy rate compared to all other markets at 17.7%.

Rent: There was a small increase in the average effective office rent, going from \$31.62 in Q2 of last year to \$31.69 per sq ft in Q2 2025. Class B/C buildings saw rent decline by 1.9% as prices grew 1.3% for Class A office buildings. The only two markets where rent decreased this quarter were Winchester (-2.6%) and Charlottesville (-0.4%). Prices grew 0.5% in Hampton Roads as the rent for Class B/C office space in the area rose.

Supply+Deliveries: Construction levels fell 28.8% in the second quarter of 2025, with 1.64 million sq ft of office space under construction in the state. There was also a significant decline in office deliveries, down 53.7% from Q2 2024. Most of the new construction in Q2 came from the Richmond area as Northern Virginia delivered the most office space.

VIRGINIA (Statewide)



Market Indicator Dashboard

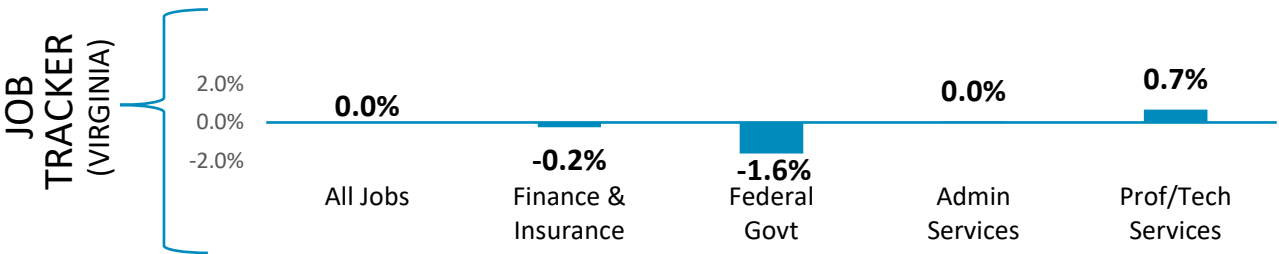
| | YoY Chg | Q2-2025 | Indicator |
|---------------|----------|-------------|-------------------------------|
| % chg | 0.1% | 415,016,393 | Total Inventory (sq. ft) |
| sq. ft | -60,242 | -413,039 | Net Absorption (sq. ft) |
| pct point | 0.3% | 13.1% | Vacancy Rate (%) |
| \$ per sq. ft | \$0.07 | \$31.69 | Gross Rent (\$ per sq. ft) |
| sq. ft | -289,120 | 249,232 | New Supply Delivered (sq. ft) |
| sq. ft | -664,585 | 1,640,171 | Under Construction (sq. ft) |



Economic Indicator Dashboard

| | MoM Chg | May-25 | Indicator |
|-----------|---------|---------|---|
| % chg | 0.0% | 4.3 | Total Jobs (in millions, seasonally adjusted) |
| % chg | 0.0% | 1.1 | Office-Supporting Jobs (in millions, seasonally adjusted) |
| pct point | 0.1% | 3.4% | Unemployment Rate (% seasonally adjusted) |
| QoQ Chg | | Q1-2025 | |
| pct point | -2.6% | -0.2 | Gross Domestic Product (% chg from prior year) |

Office-Supporting Job Sectors (% Chg Apr-25 to May-25 (seasonally adj.))



Report Index

Virginia Office Market

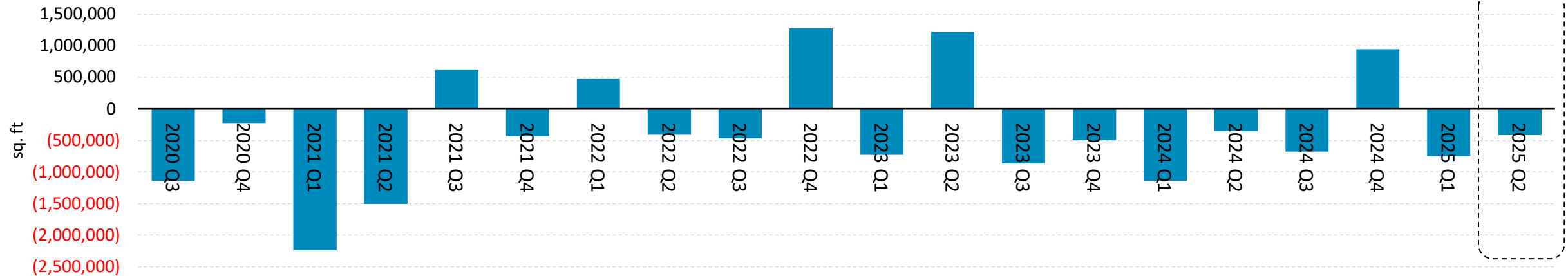
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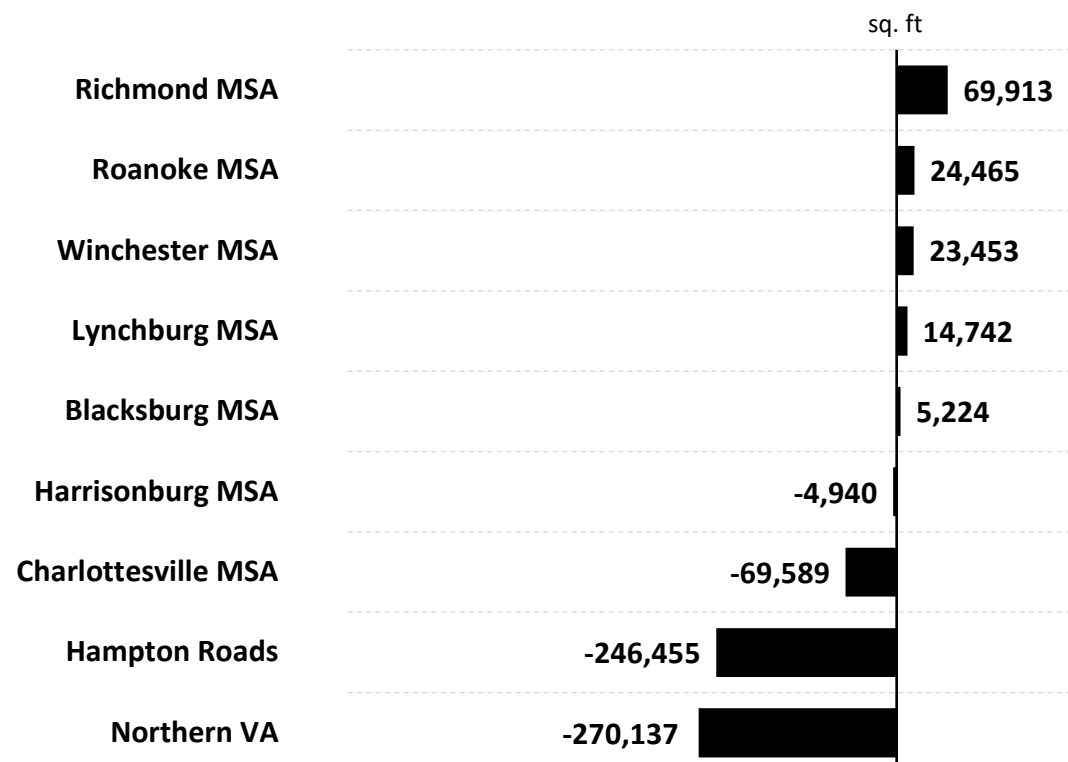
Office Market - Absorption & Construction Trends

VIRGINIA (Statewide)

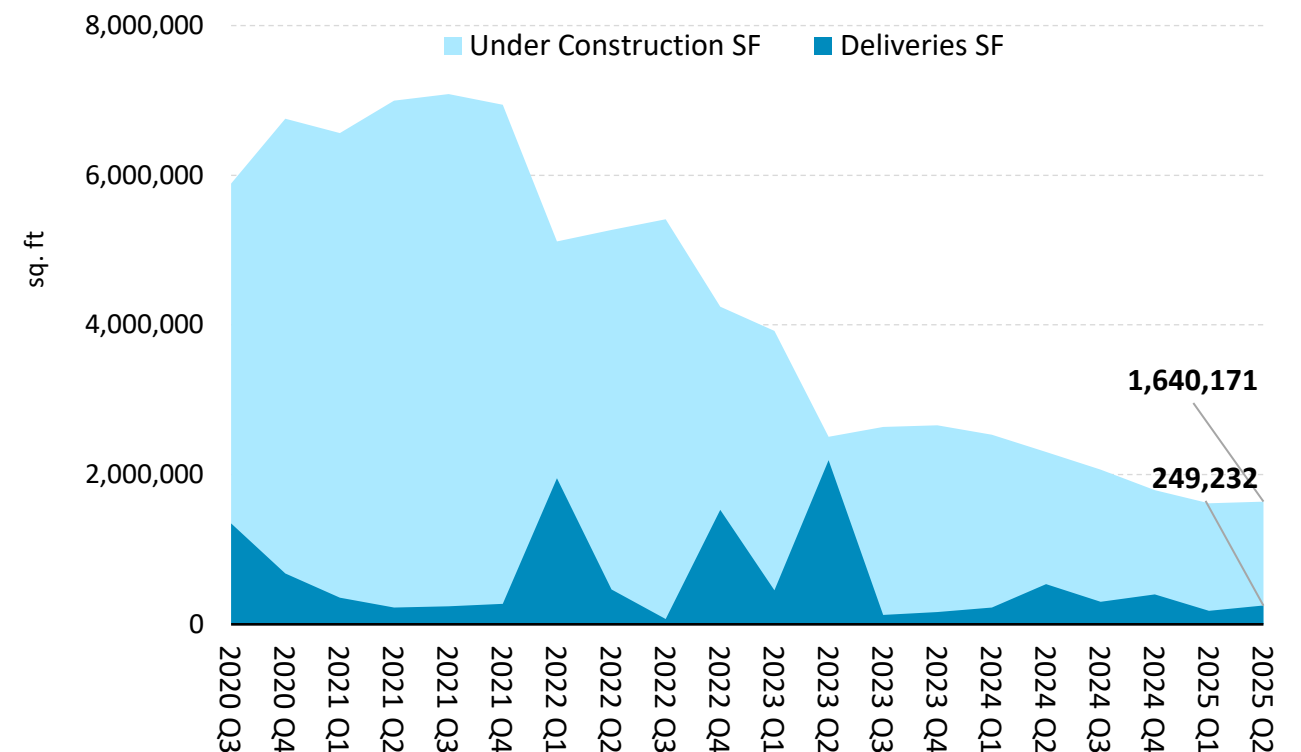
Net Absorption (sq. ft)



Q2-2025 Net Absorption by Metro Area (sq. ft)

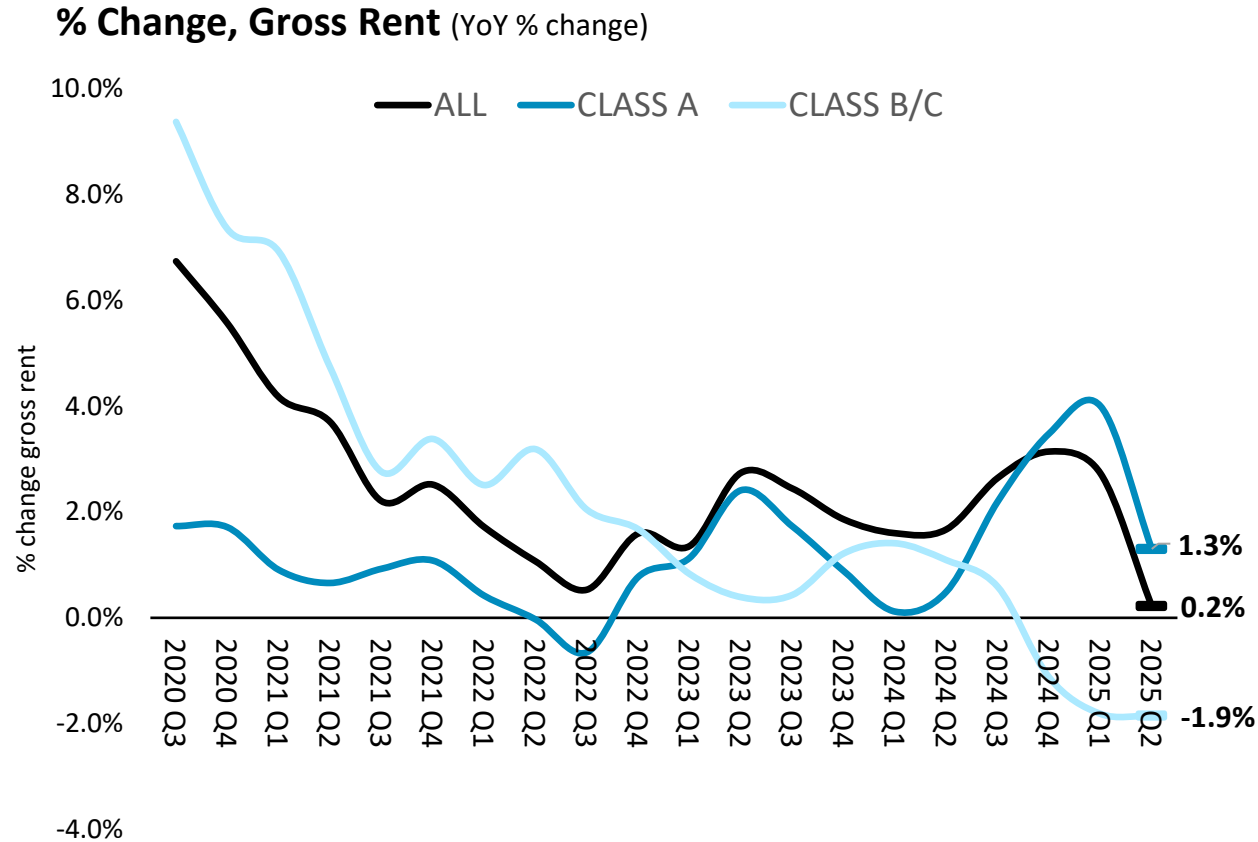
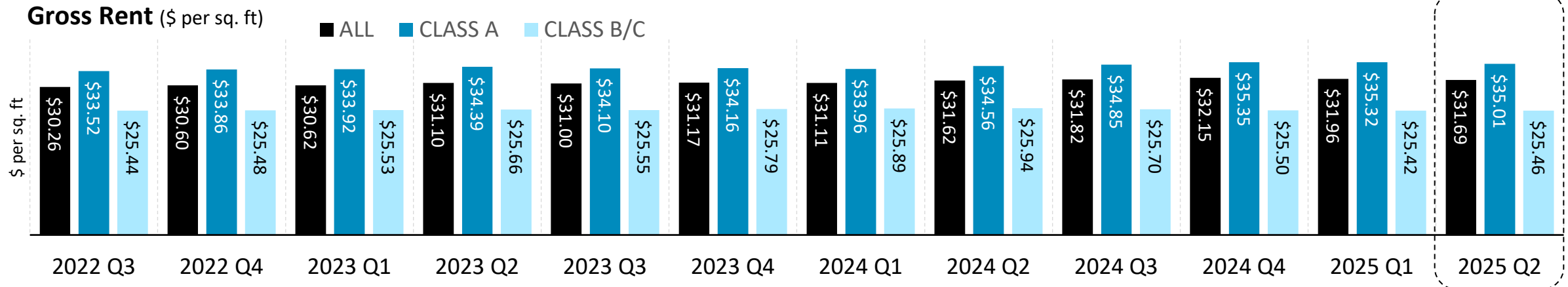


Under Construction & Net Deliveries (sq. ft)

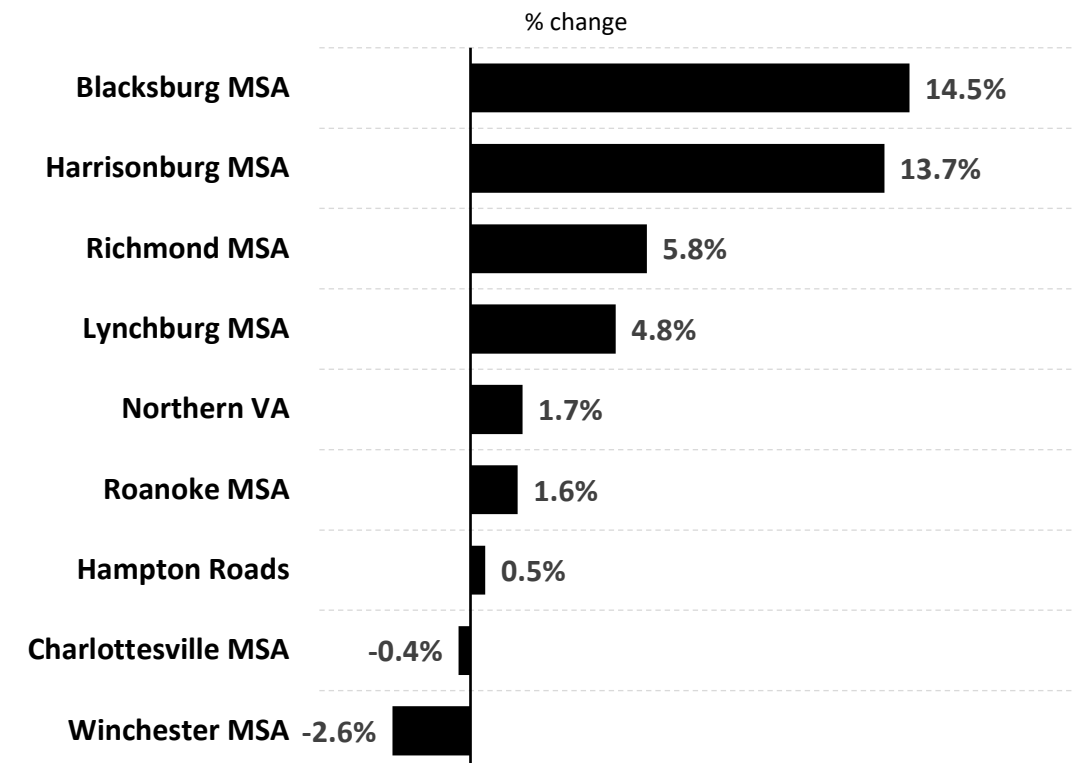


Office Market - Rent Trends

VIRGINIA (Statewide)

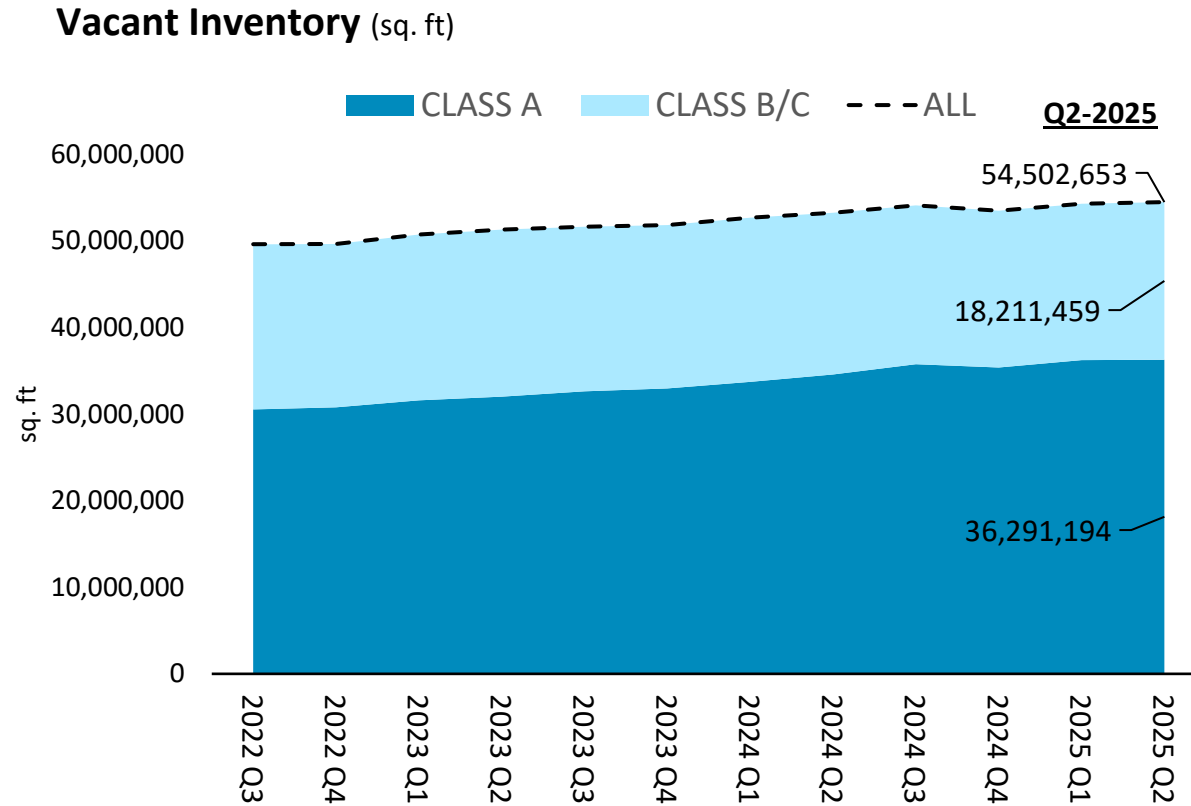
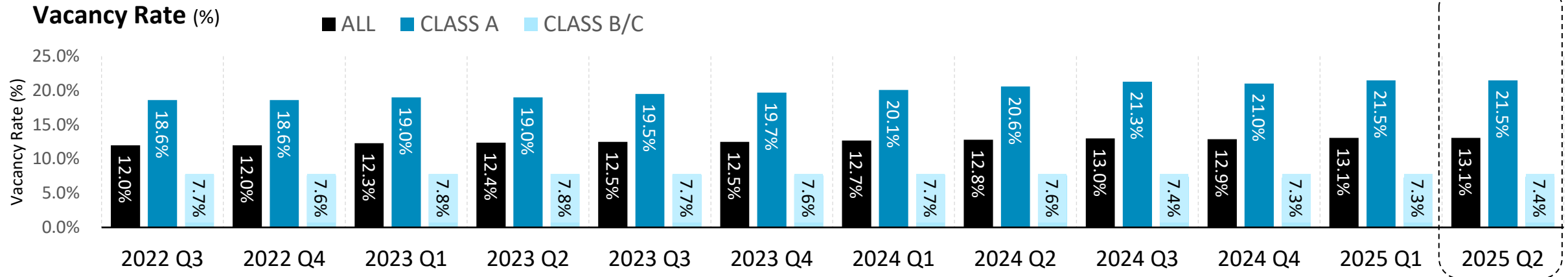


Q2-2025 by MSA: % Change, Gross Rent (YoY % change)

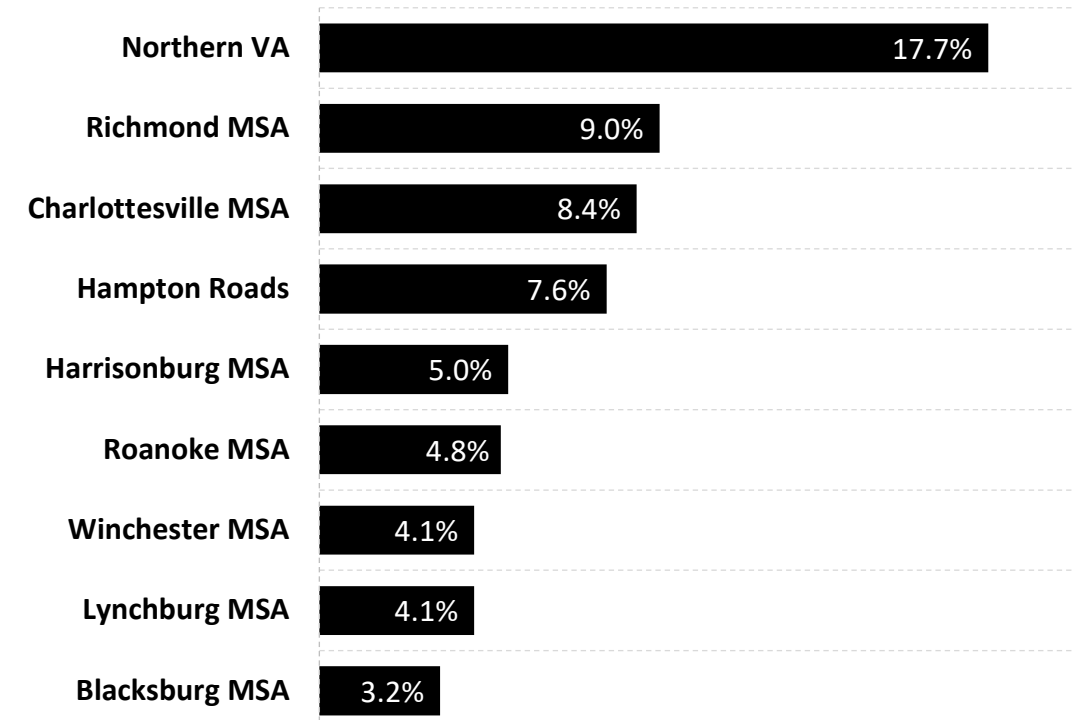


Office Market - Vacancy Trends

VIRGINIA (Statewide)



Q2-2025 Office Vacancy Rate by MSA



MSA TRENDS

METROPOLITAN STATISTICAL AREA

Q2

2025

Virginia
REALTORS®

OFFICE
Market Report



Snapshot of Office Market Conditions Around Virginia

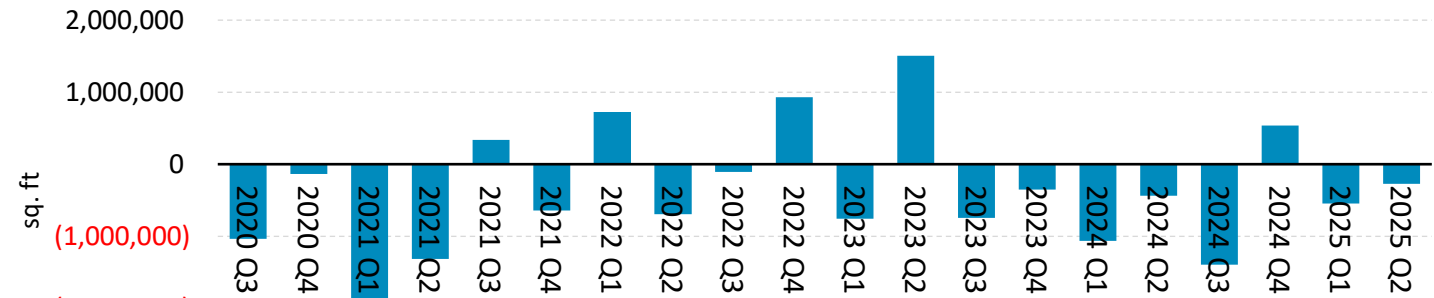
Office Market - MSA Trends

NORTHERN VIRGINIA

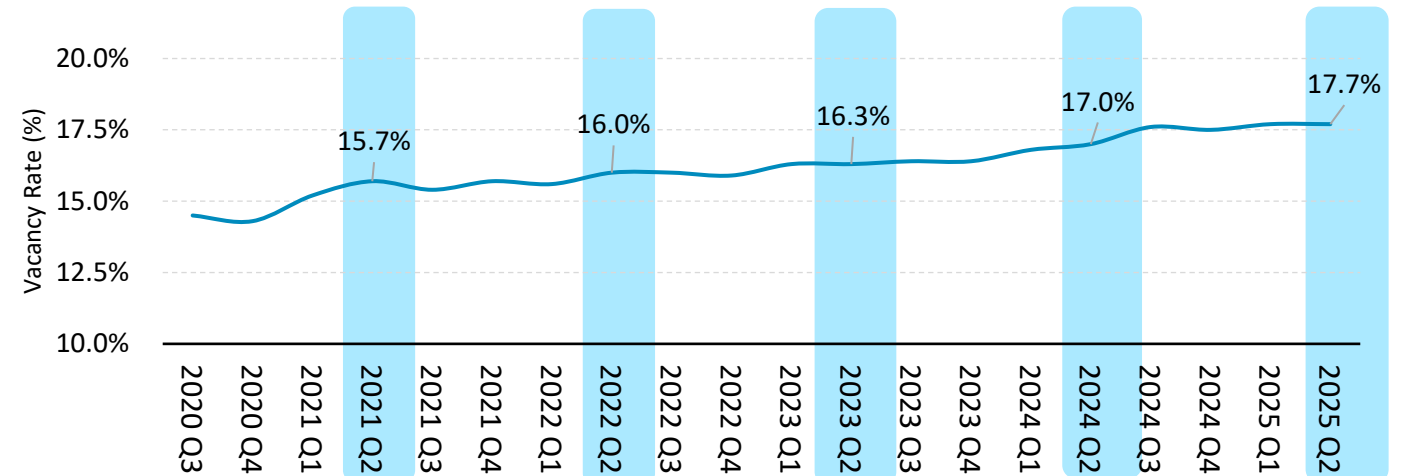
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|------------------|-----------------|---------------|
| Total Inventory (sq. ft, millions) | 231.1 | 0.0% | % chg |
| Vacancy Rate (%) | 17.7% | 0.7% | pct points |
| Net Absorption (sq. ft) | (270,137) | 169,901 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$34.36 | \$0.58 | \$ per sq. ft |
| Deliveries (sq. ft) | 218,885 | -310,071 | sq. ft |
| Under Construction (sq. ft) | 486,992 | -270,647 | sq. ft |

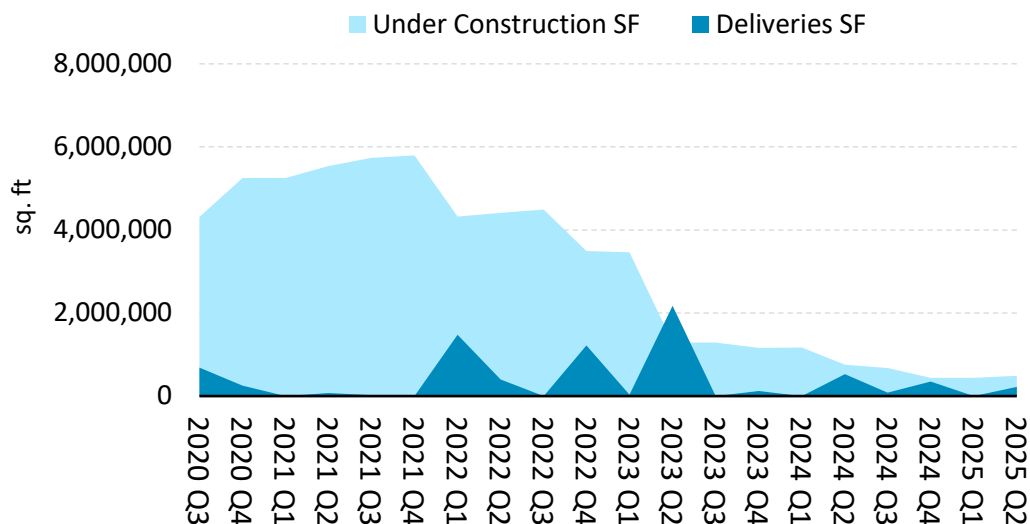
Net Absorption (sq. ft)



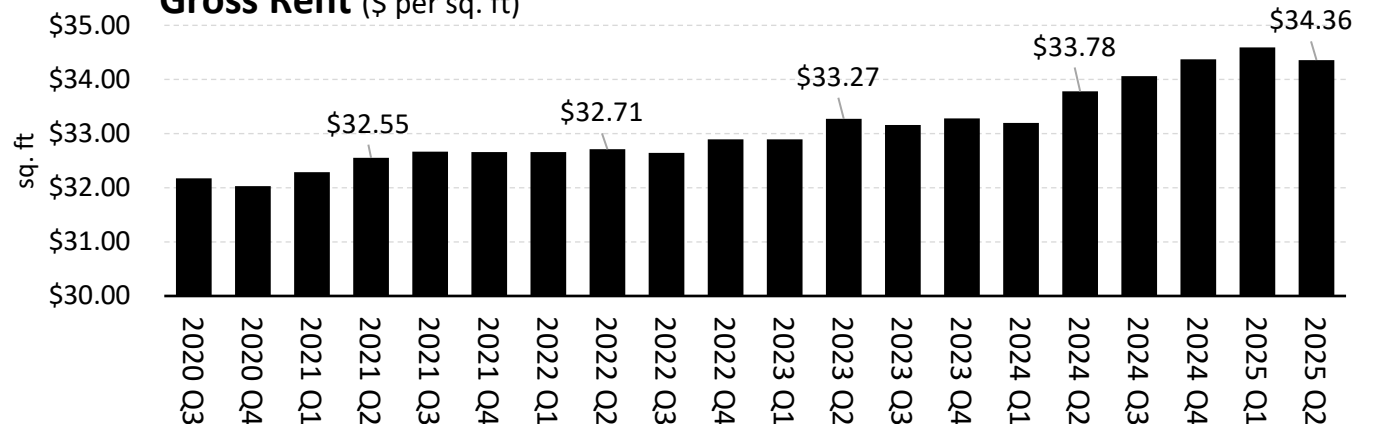
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)



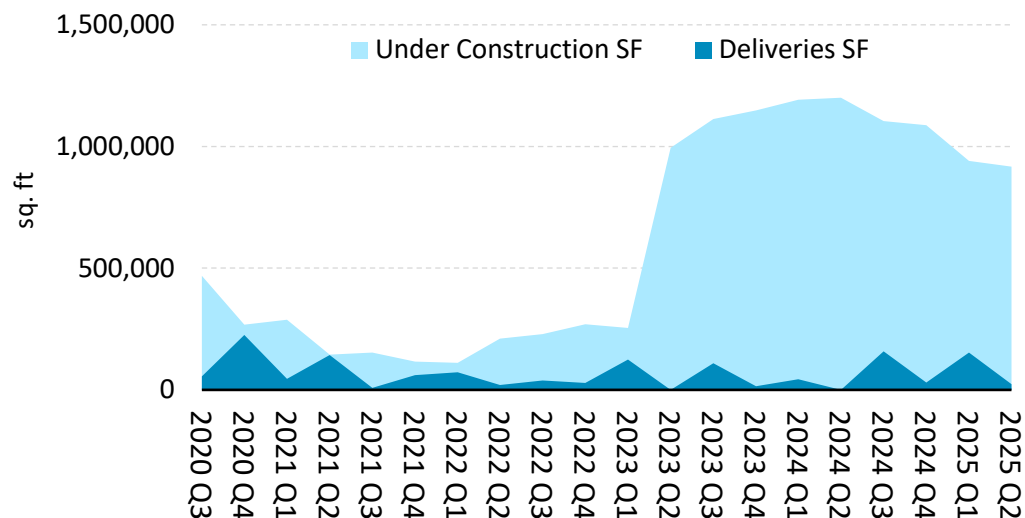
Office Market - MSA Trends

RICHMOND MSA

Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg |
|------------------------------------|----------------|-----------------------------|
| Total Inventory (sq. ft, millions) | 68.7 | 0.5% % chg |
| Vacancy Rate (%) | 9.0% | -0.1% pct points |
| Net Absorption (sq. ft) | 69,913 | 161,923 sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$22.32 | \$1.23 \$ per sq. ft |
| Deliveries (sq. ft) | 22,687 | 22,687 sq. ft |
| Under Construction (sq. ft) | 918,092 | -282,365 sq. ft |

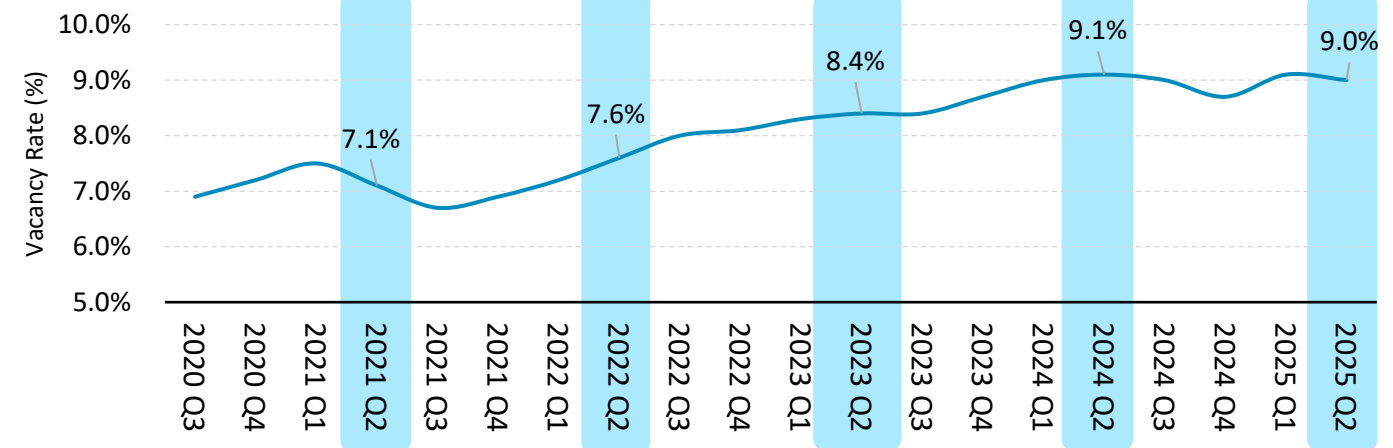
Under Construction & Net Deliveries (sq. ft)



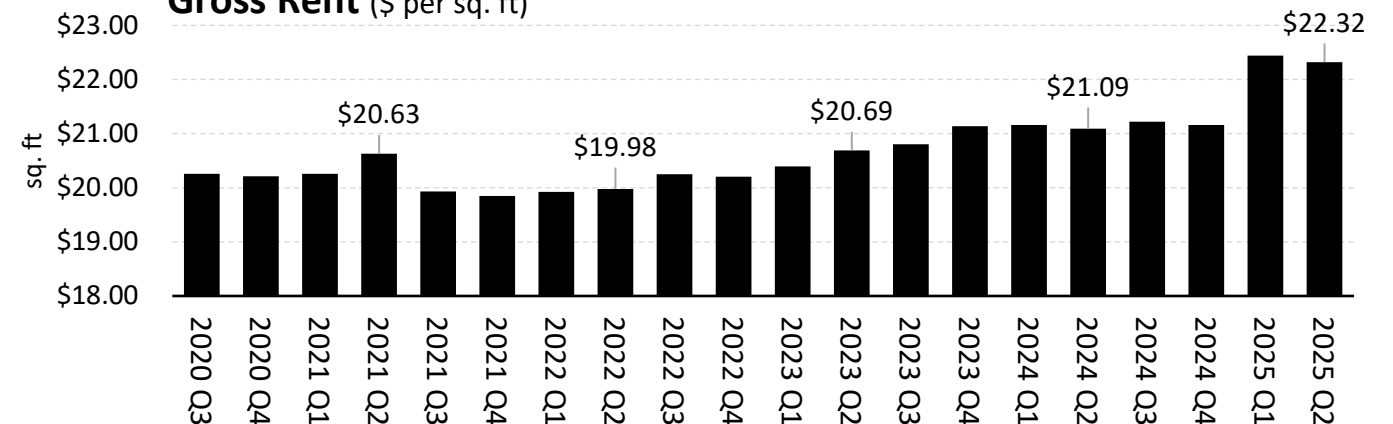
Net Absorption (sq. ft)



Vacancy Rate (%)



Gross Rent (\$ per sq. ft)



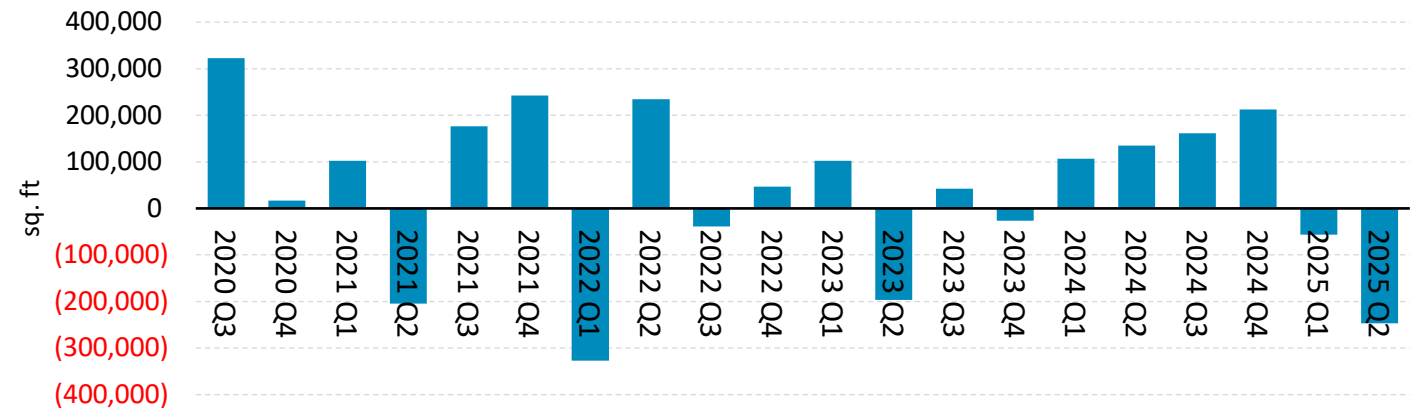
Office Market - MSA Trends

HAMPTON ROADS

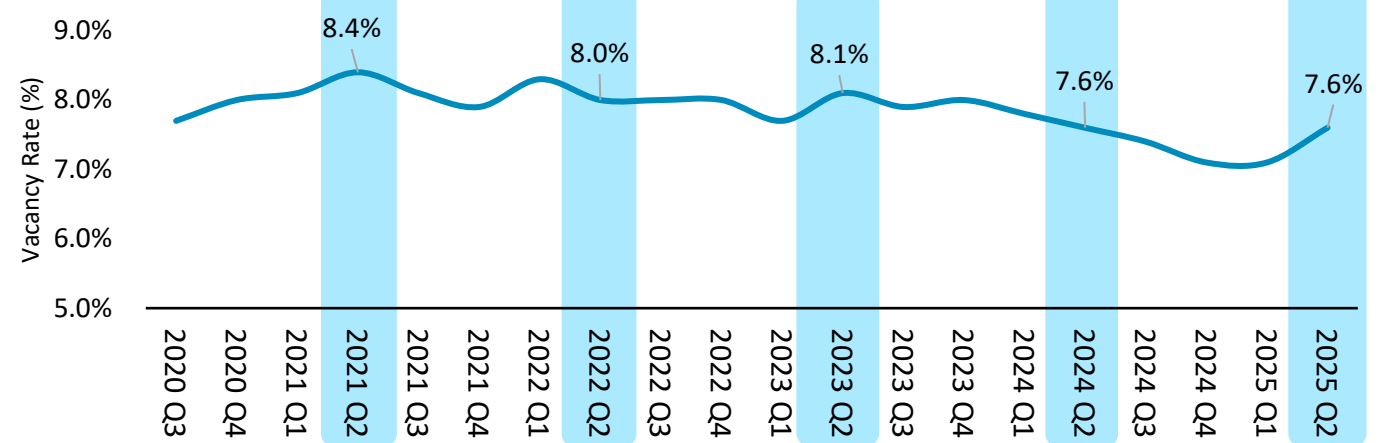
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|------------------|-----------------|---------------|
| Total Inventory (sq. ft, millions) | 56.5 | 0.1% | % chg |
| Vacancy Rate (%) | 7.6% | 0 | pct points |
| Net Absorption (sq. ft) | (246,455) | -381,027 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$22.56 | \$0.11 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | -7,500 | sq. ft |
| Under Construction (sq. ft) | 100,000 | -64,000 | sq. ft |

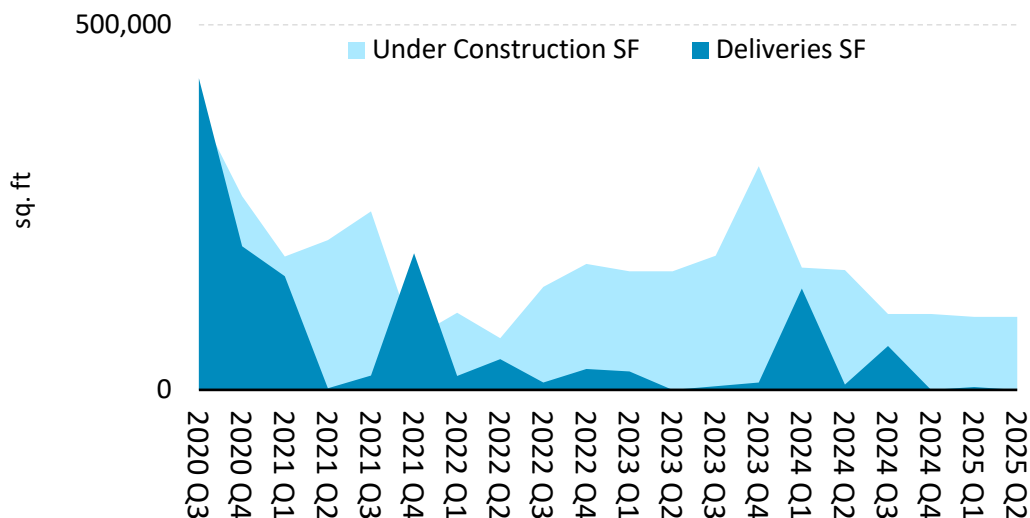
Net Absorption (sq. ft)



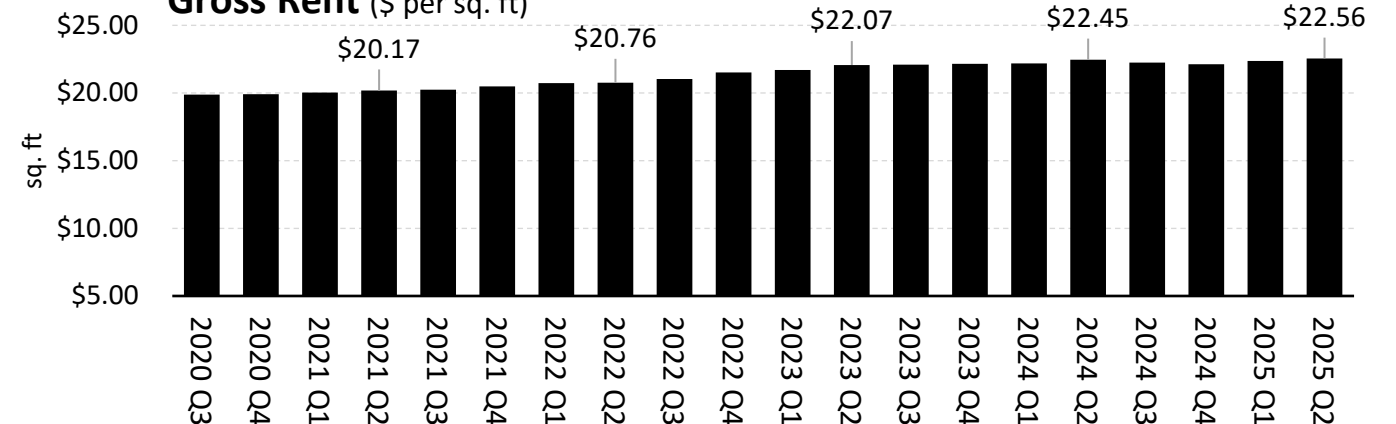
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)



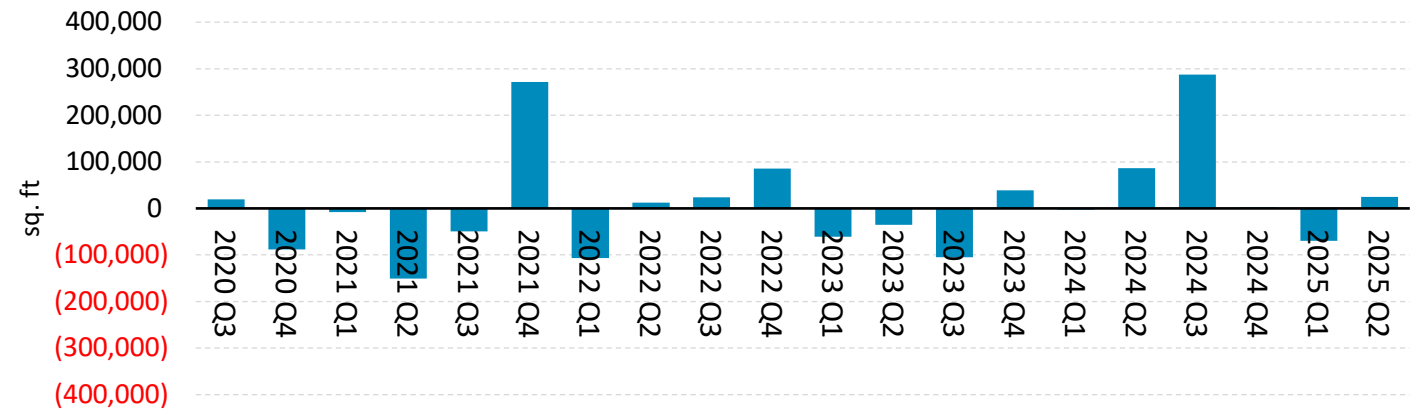
Office Market - MSA Trends

ROANOKE MSA

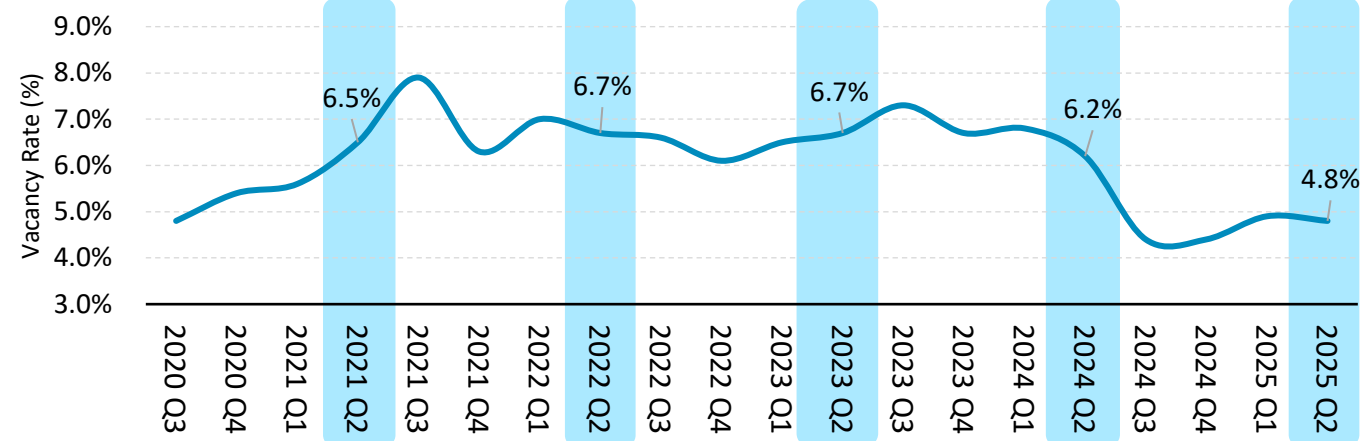
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|----------------|----------------|---------------|
| Total Inventory (sq. ft, millions) | 16.0 | 0.1% | % chg |
| Vacancy Rate (%) | 4.8% | -1.4% | pct points |
| Net Absorption (sq. ft) | 24,465 | -62,316 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$20.76 | \$0.32 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | \$ - | sq. ft |
| Under Construction (sq. ft) | 0 | -20,000 | sq. ft |

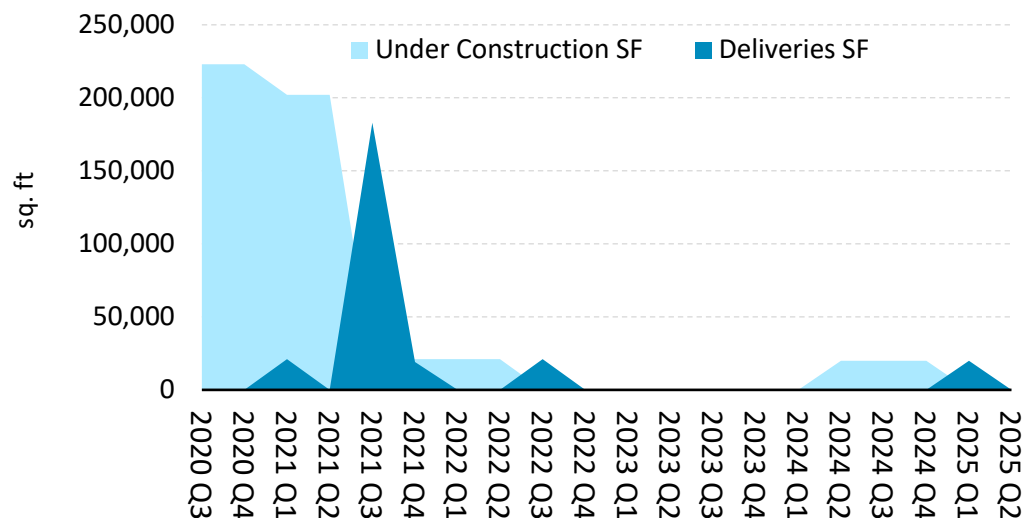
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)



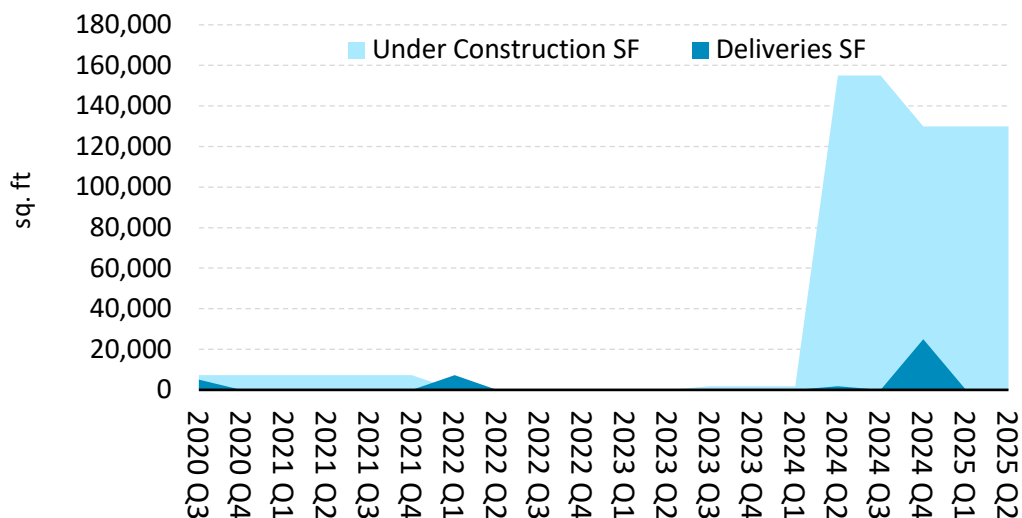
Office Market - MSA Trends

LYNCHBURG MSA

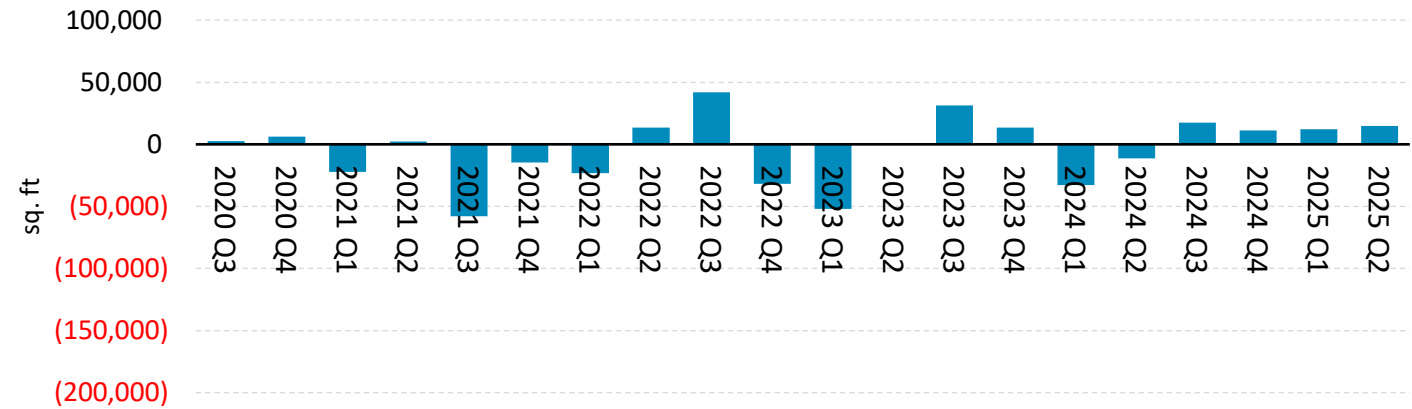
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|----------------|----------------|---------------|
| Total Inventory (sq. ft, millions) | 6.0 | 0.4% | % chg |
| Vacancy Rate (%) | 4.1% | -0.6% | pct points |
| Net Absorption (sq. ft) | 14,742 | 26,052 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$20.05 | \$0.92 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | -1,896 | sq. ft |
| Under Construction (sq. ft) | 130,000 | -25,000 | sq. ft |

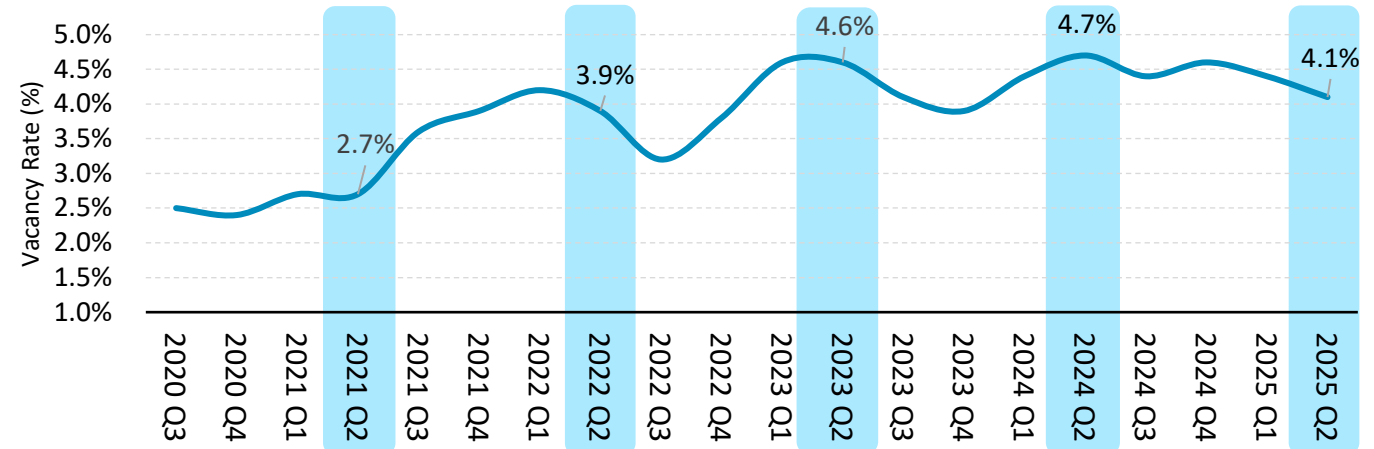
Under Construction & Net Deliveries (sq. ft)



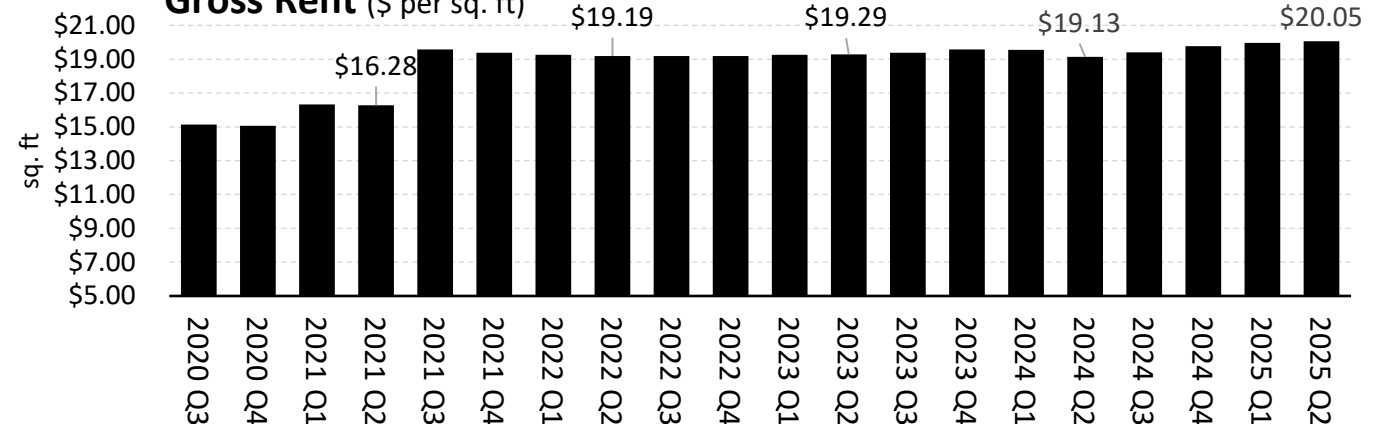
Net Absorption (sq. ft)



Vacancy Rate (%)



Gross Rent (\$ per sq. ft)



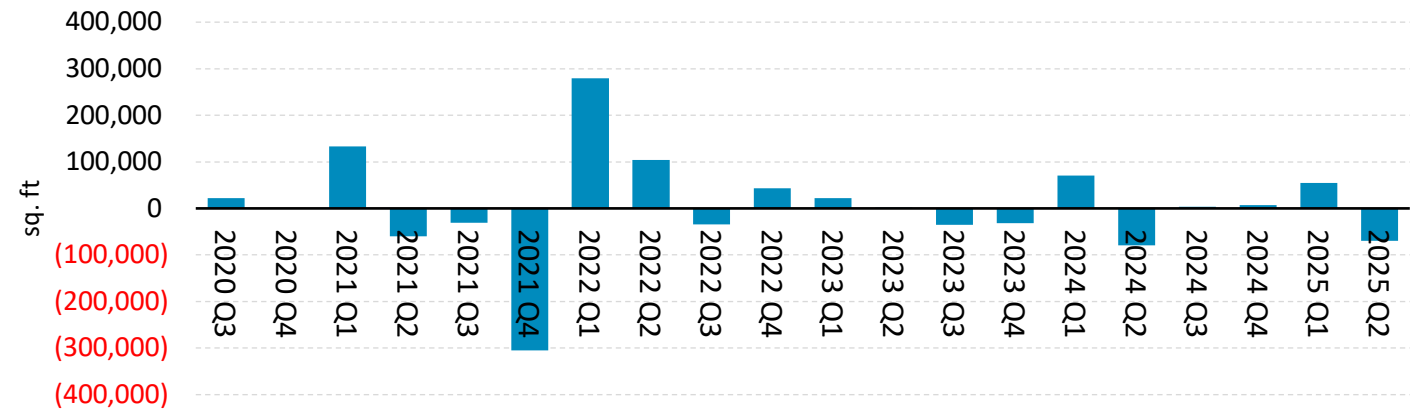
Office Market - MSA Trends

CHARLOTTESVILLE MSA

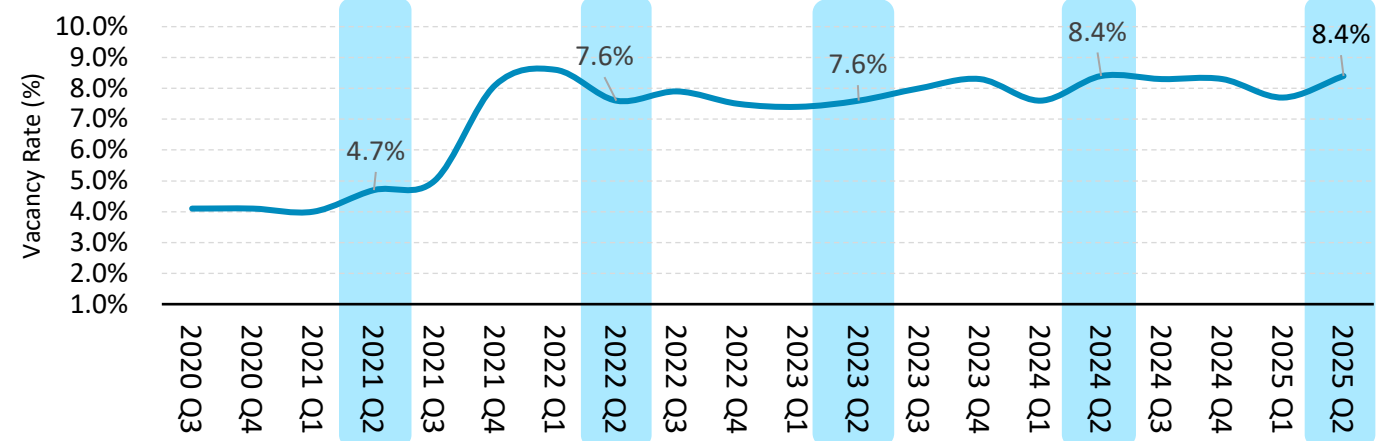
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|-----------------|----------------|---------------|
| Total Inventory (sq. ft, millions) | 10.1 | 0 | % chg |
| Vacancy Rate (%) | 8.4% | 0 | pct points |
| Net Absorption (sq. ft) | (69,589) | 9,534 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$30.25 | -\$0.12 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 5,087 | 5,087 | sq. ft |

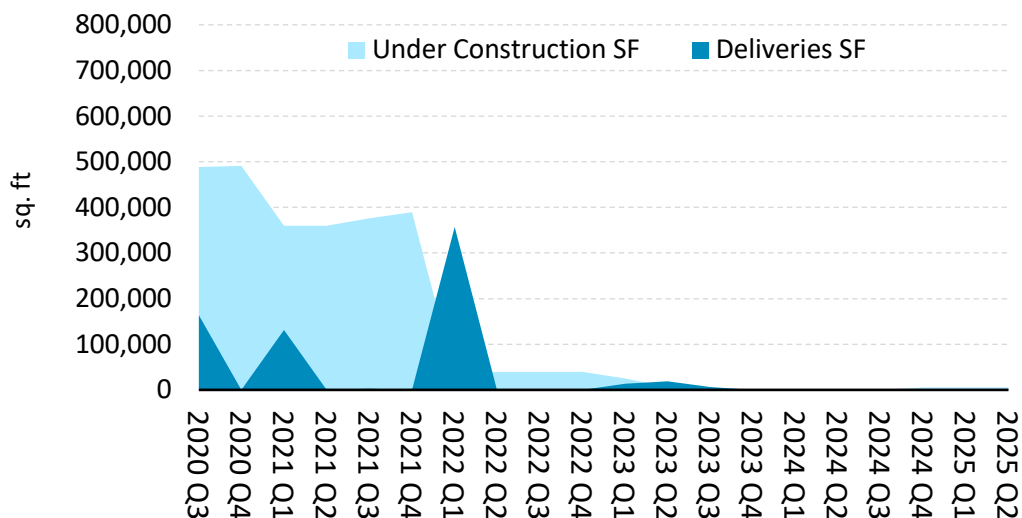
Net Absorption (sq. ft)



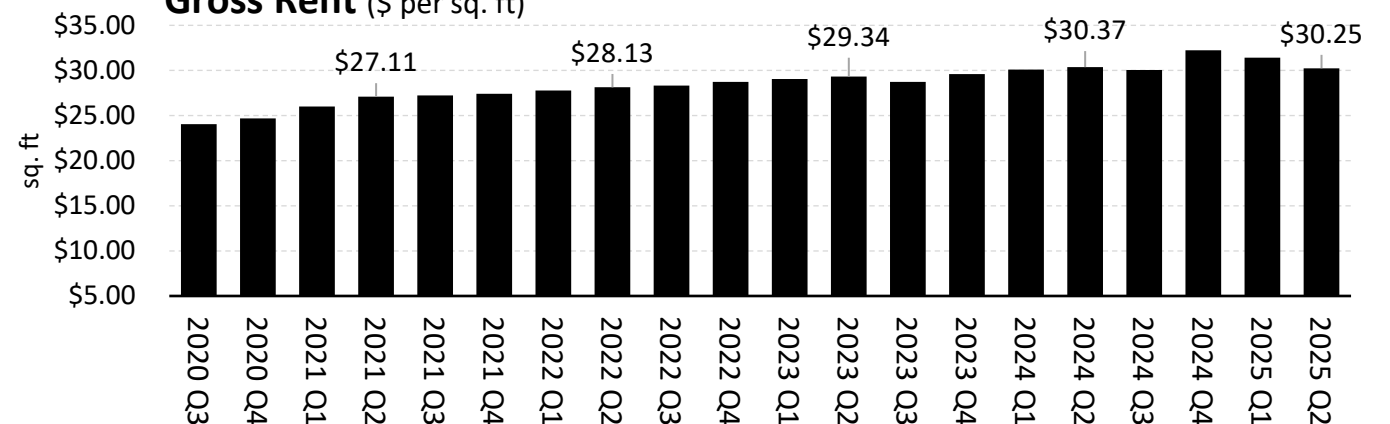
Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)



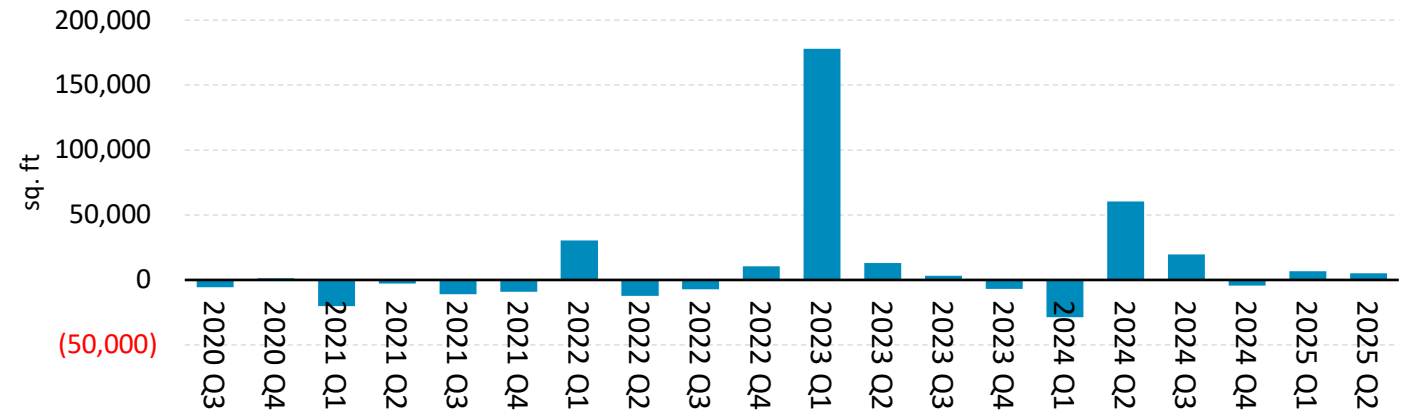
Office Market - MSA Trends

BLACKSBURG MSA

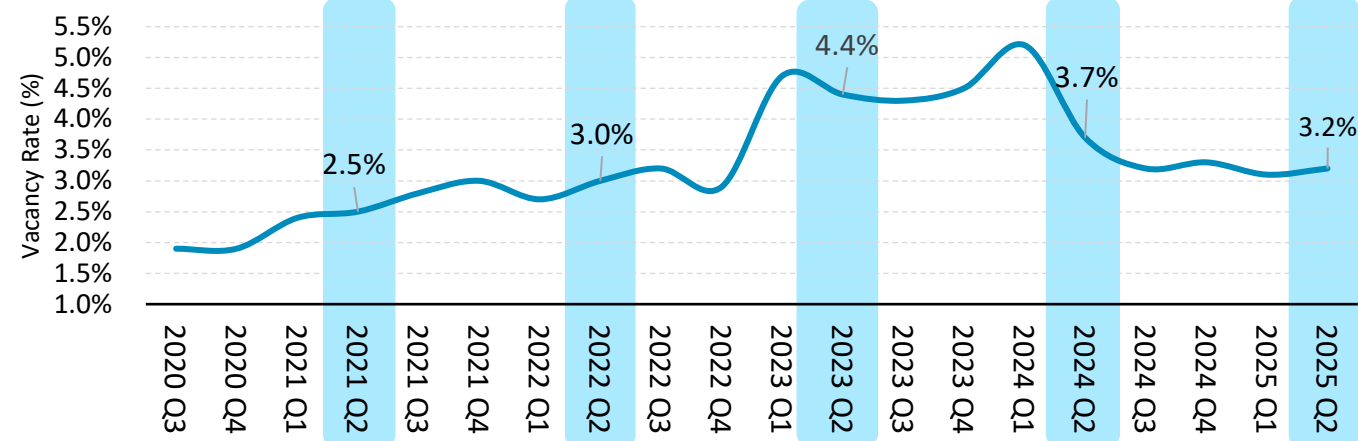
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|----------------|----------------|---------------|
| Total Inventory (sq. ft, millions) | 4.0 | 0.2% | % chg |
| Vacancy Rate (%) | 3.2% | -0.5% | pct points |
| Net Absorption (sq. ft) | 5,224 | -55,190 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$24.05 | \$3.05 | \$ per sq. ft |
| Deliveries (sq. ft) | 7,660 | 7,660 | sq. ft |
| Under Construction (sq. ft) | 0 | -7,660 | sq. ft |

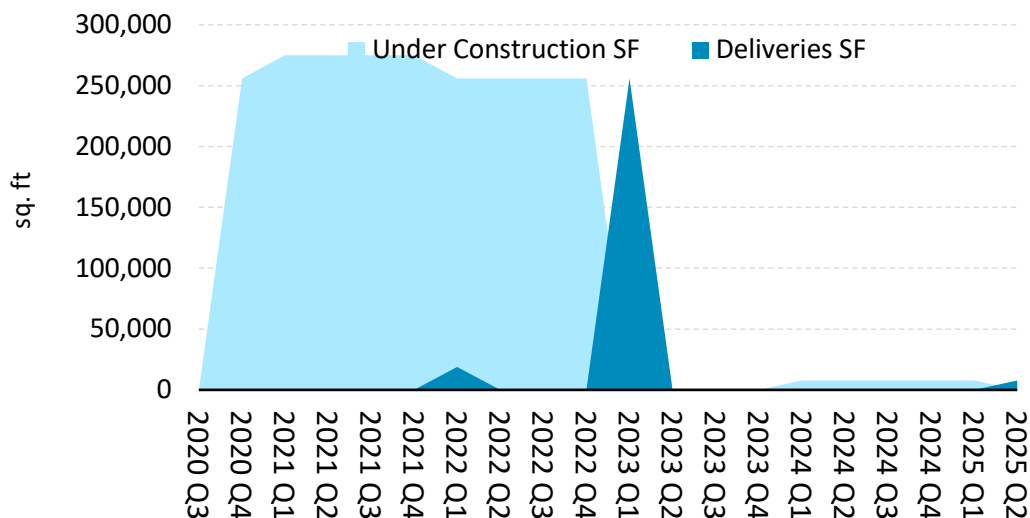
Net Absorption (sq. ft)



Vacancy Rate (%)



Under Construction & Net Deliveries (sq. ft)



Gross Rent (\$ per sq. ft)



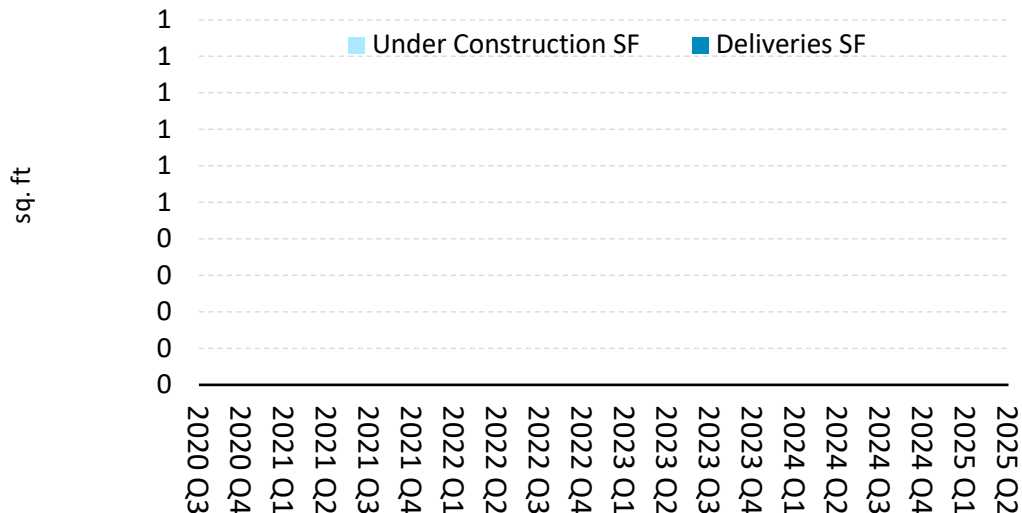
Office Market - MSA Trends

WINCHESTER MSA

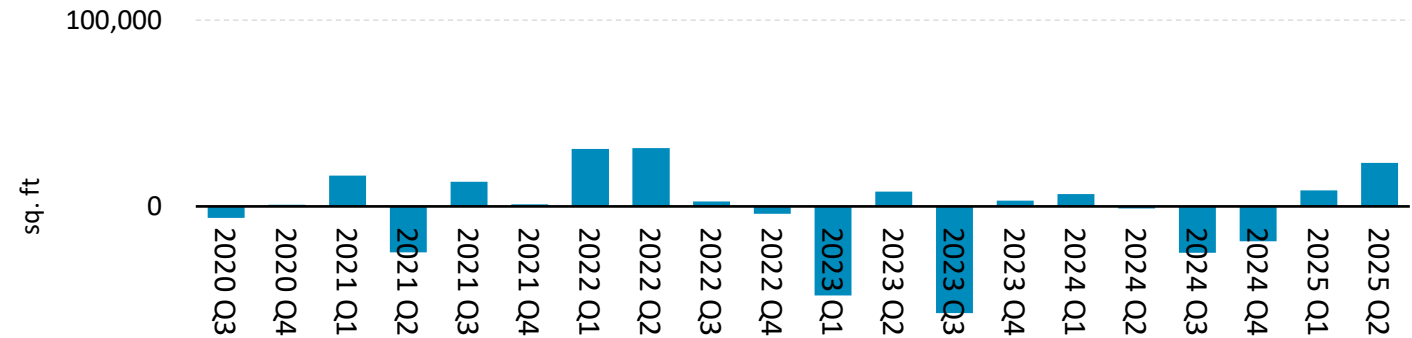
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|----------------|------------------------------|--|
| Total Inventory (sq. ft, millions) | 3.6 | 0 % chg | |
| Vacancy Rate (%) | 4.1% | 0.3% pct points | |
| Net Absorption (sq. ft) | 23,453 | 24,621 sq. ft | |
| Avg Gross Rent (\$ per sq. ft) | \$21.46 | -\$0.57 \$ per sq. ft | |
| Deliveries (sq. ft) | 0 | 0 sq. ft | |
| Under Construction (sq. ft) | 0 | 0 sq. ft | |

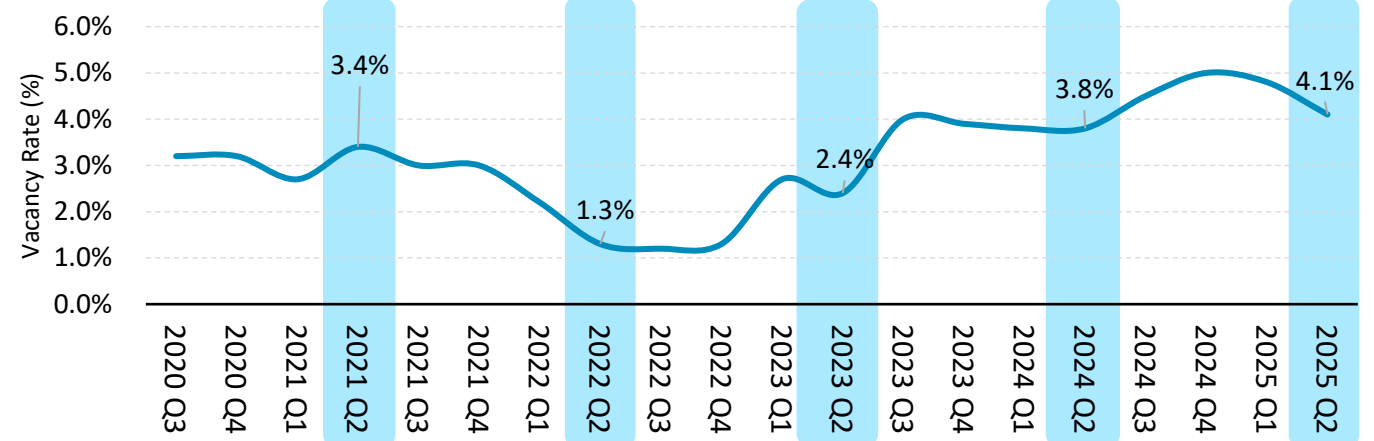
Under Construction & Net Deliveries (sq. ft)



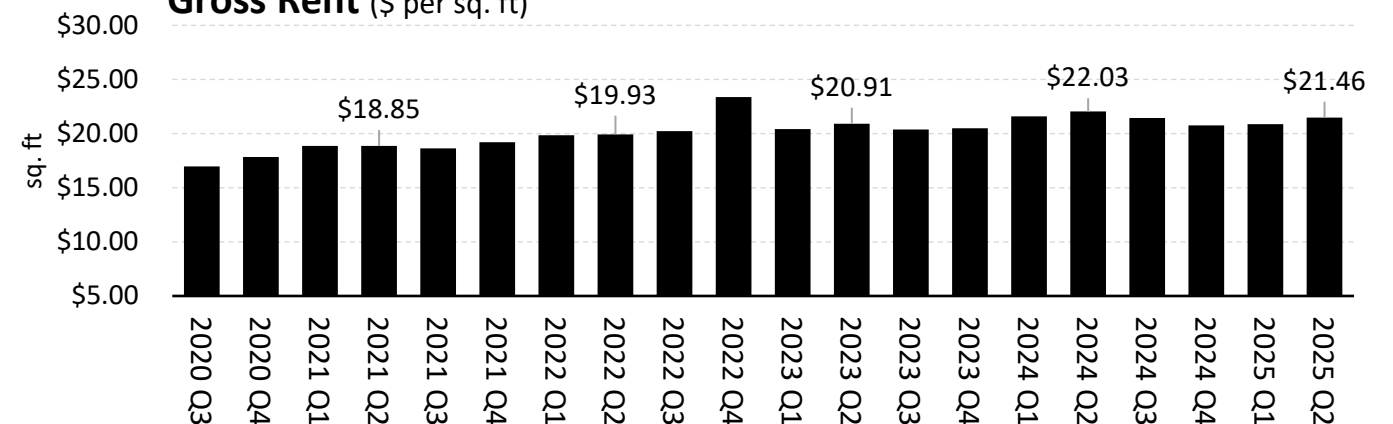
Net Absorption (sq. ft)



Vacancy Rate (%)



Gross Rent (\$ per sq. ft)



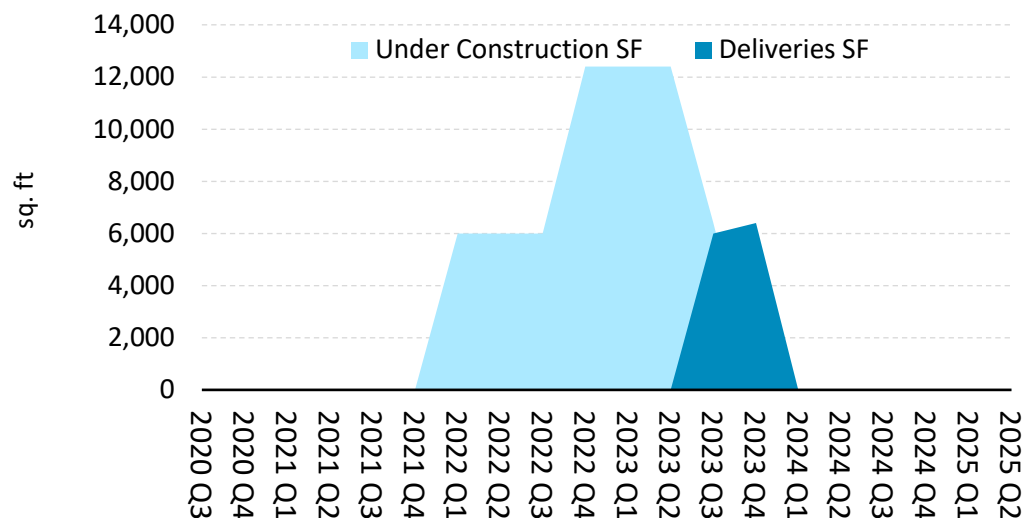
Office Market - MSA Trends

HARRISONBURG MSA

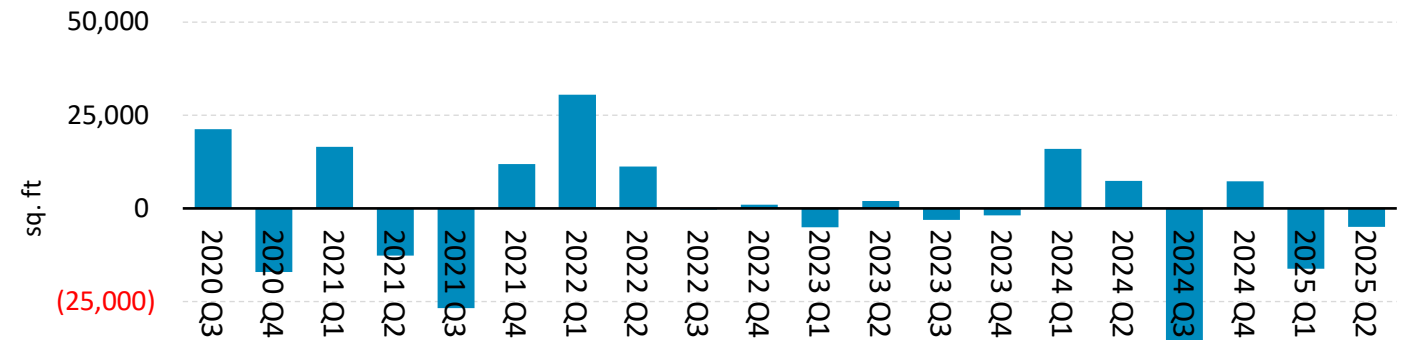
Local Market Indicator Dashboard

| | Q2-2025 | YoY Chg | |
|------------------------------------|----------------|----------------|---------------|
| Total Inventory (sq. ft, millions) | 2.6 | 0 | % chg |
| Vacancy Rate (%) | 5.0% | 1.9% | pct points |
| Net Absorption (sq. ft) | (4,940) | -12,282 | sq. ft |
| Avg Gross Rent (\$ per sq. ft) | \$20.93 | \$2.52 | \$ per sq. ft |
| Deliveries (sq. ft) | 0 | 0 | sq. ft |
| Under Construction (sq. ft) | 0 | 0 | sq. ft |

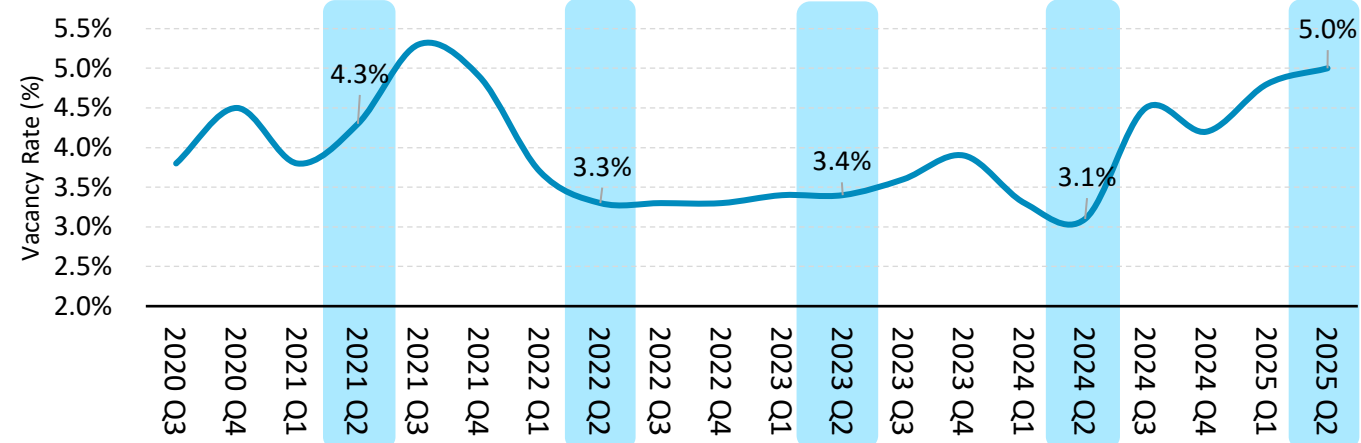
Under Construction & Net Deliveries (sq. ft)



Net Absorption (sq. ft)



Vacancy Rate (%)



Gross Rent (\$ per sq. ft)



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