

FIGURES | RICHMOND OFFICE | Q1 2026

Office Fundamentals Stabilize Amid Softer Leasing Demand

▲ 11.3%

Vacancy Rate

▼ (98,638)

SF Net Absorption

▶ 0

SF Construction Delivered

▲ 93,000

SF Under Construction

▲ \$21.85

FSG/YR Direct Lease Rate

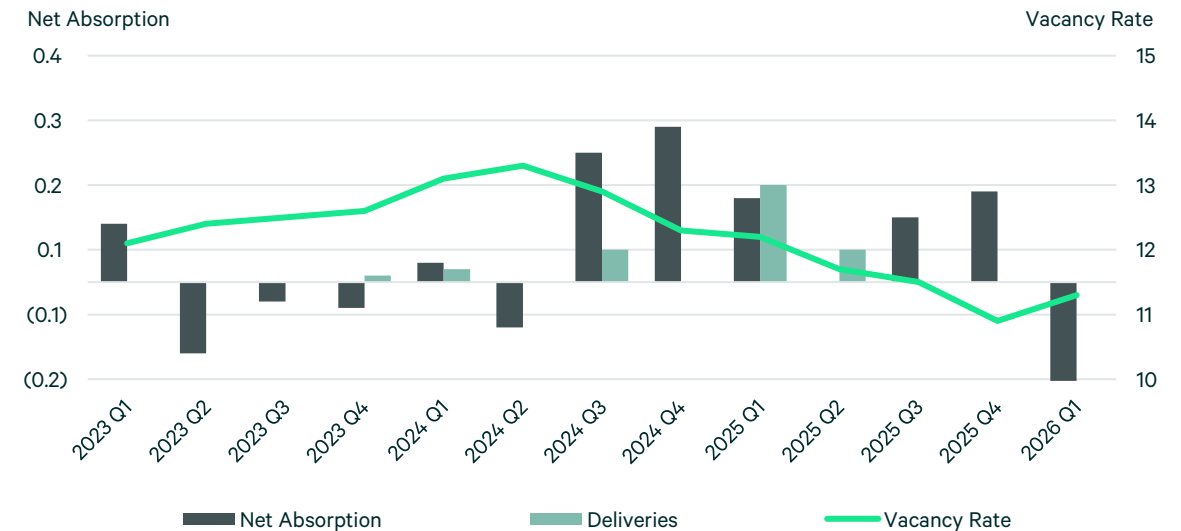
Note: Arrows indicate change from previous quarter.

Market Overview

The market began to soften in Q1 2026 with net absorption turning negative. Occupancy loss reached 99,000 sq. ft. due to significant move-outs outpacing move-ins during the quarter. This marks a shift in demand strength after 2025 recorded a cumulative 364,000 sq. ft. of positive absorption. Vacancy rose to 11.3%, up 0.4 percentage points from Q4 2025, but still 0.9 percentage points lower year-over-year.

As occupancy improved during 2025, asking rents reset higher. The average asking rate increased from \$21.68 in Q1 2025 to \$21.85 in Q1 2026, a 0.8% increase year-over-year. Construction activity also increased, with two projects under construction totaling 93,000 sq. ft., both medical office properties. Of this square footage, 52.3% remains available for pre-lease.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

Total office vacancy in Q1 2026 was 11.3%, up 0.4 percentage points from the previous quarter but lower than Q1 2025 levels. Class A vacancy increased 0.5 percentage points to 11.9% and Class B vacancy edged up 0.2 percentage points to 12.8%.

On a submarket level, the Northwest has the highest vacancy at 12.2% overall. By district, the East End NE has the highest vacancy rate at 22.8%, followed by Glenside / Broad Street at 19.7%.

The sublease vacancy rate decreased quarter-over-quarter and sits at 0.5% for the overall market in Q1 2026.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Asking Rent

The overall average asking rate in Q1 2026 was \$21.85 per sq. ft., up 0.7% from Q4 2025. Year-over-year the average rate increased by 0.8%. Class A asking rents held at \$24.10 per sq. ft and Class B rates increased slightly from \$20.12 per sq. ft. in Q4 2025 to \$20.37 per sq. ft. in Q1 2026, a 1.2% increase quarter-over-quarter after below-market space was removed from the market.

By submarket, the Northwest posts the highest overall average at \$22.59 per sq. ft., with Class A space holding steady from the prior quarter at \$24.94 per sq. ft. On the value side, the Southeast submarket recorded an average rate of \$18.71 per sq. ft., down 0.7% quarter-over-quarter.

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Total net absorption in Q1 2026 reached negative 99,000 sq. ft. Occupancy loss was driven by Kinsale Insurance officially vacating three floors at their former headquarters at 2035 Maywill Street. Move-ins such as Virginia Retirement Services occupying 59,940 sq. ft. at One James Center helped to offset the new vacancy, but positive activity was not strong enough to turn the directionality of the quarter. Class A posted net negative 67,000 sq. ft. of absorption, while Class B recorded negative 15,000 sq. ft.

Positive absorption for Q1 2026 was concentrated primarily in Class B assets in the Southwest submarket with 111,000 sq. ft. of occupancy gain for the quarter, and Class A assets in the Northeast submarket with 20,000 sq. ft. The Northwest submarket recorded the most negative net absorption, with a total occupancy loss of 173,000 sq. ft.

Construction Activity

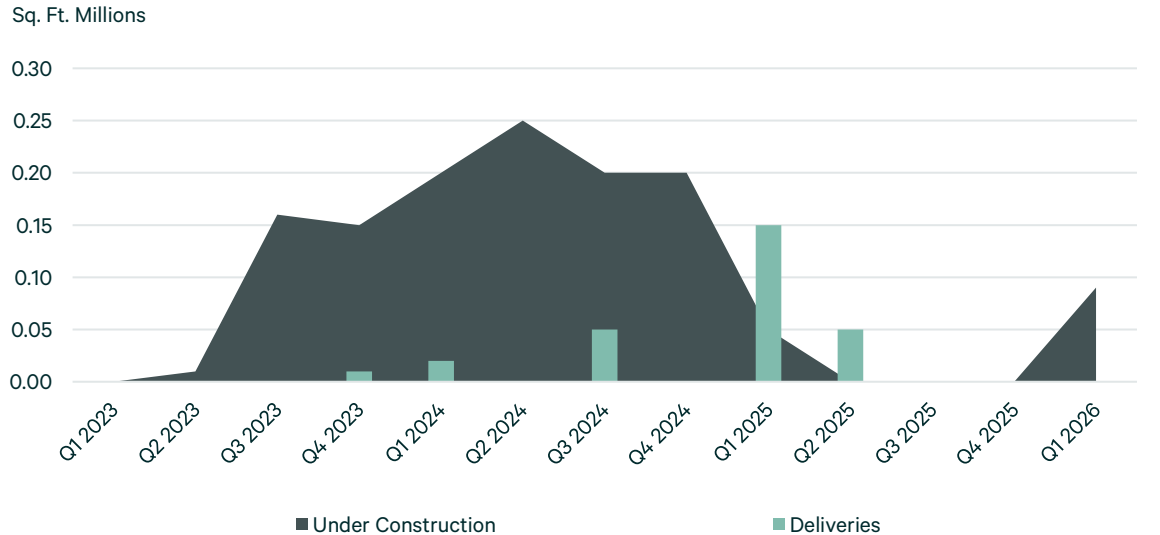
Construction activity resumed in Q1 2026, with two medical office projects breaking ground in the Southwest submarket, totaling 93,000 sq. ft. The larger of the two properties is Watkins Center Building II at 60,000 sq. ft. which is 81.0% pre-leased to Richmond Heart & Vascular Associates. The second project is Building 1E at Cosby Village Square with 33,000 sq. ft., all of which remains available for pre-lease.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

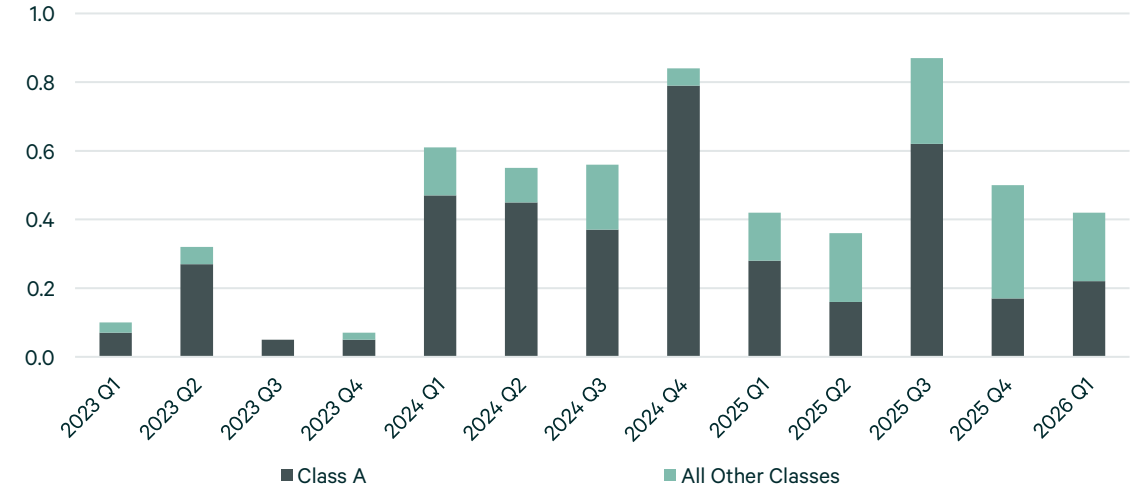
In Q1 2026, tenants leased 423,000 sq. ft. of space across 77 transactions, 82% of which were relocations. Leasing volume decreased 15% quarter-over-quarter, reflecting softening demand.

By submarket, the Northwest posted the highest leasing volume in Q1 2026 with 318,000 sq. ft. across 55 deals. The only other submarket to see notable leasing activity this quarter was the Southwest, which recorded 103,000 sq. ft. across 21 deals.

The largest transaction was a renewal by Hourigan Group for 30,000 sq. ft. at 411 E Franklin Street. The construction company supports projects throughout Central Virginia, Charlottesville, and Hampton Roads, and they have worked on major Richmond landmarks such as VCU's Costar Center for Arts and Innovation and the conservatory at Lewis Ginter Botanical Gardens.

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



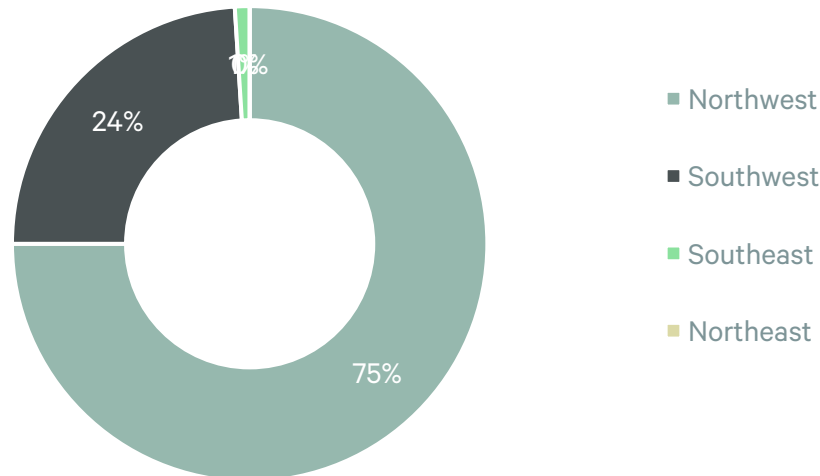
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Hourigan Group	30,000	Renewal	411 E Franklin St	Northwest
Richmond National Group	28,000	New Lease	11013 W Broad St	Northwest
Rivermont Schools	27,000	New Lease	1221 Alverser Dr	Southwest
HDR Engineering	26,000	New Lease	9954 Mayland Dr	Northwest
Maximus	22,000	Renewal	1011 Boulder Springs Dr	Southwest
Confidential Tenant	18,000	New Lease	840 Hermitage Rd	Northwest
Undisclosed Tenant	13,000	New Lease	919 E Main St	Northwest
Gohappy Labs	12,000	New Lease	4820 Lake Brook Dr	Northwest

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	8.75	11.9	14.7	14.1	0.6	22.72	(130,000)	(130,000)	-	-
Class B	14.08	11.9	16.4	15.0	1.4	20.50	49,000	49,000	-	-
Class C	3.24	4.1	4.4	4.4	0.1	20.53	(8,000)	(8,000)	-	-
Total	26.06	10.9	14.4	13.4	1.0	21.27	(89,000)	(89,000)	-	-

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	4.36	13.2	19.3	14.9	4.4	26.63	60,000	60,000	-	-
Class B	2.80	17.7	18.8	18.3	0.4	19.84	(59,000)	(59,000)	-	-
Class C	0.91	1.5	2.5	2.5	-	16.25	(10,000)	(10,000)	-	-
Total	8.06	13.4	17.2	14.7	2.5	23.47	(9,000)	(9,000)	-	-

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	13.59	11.9	15.8	14.0	1.8	24.10	(67,000)	(67,000)	-	93,000
Class B	17.30	12.8	16.8	15.6	1.2	20.37	(14,000)	(14,000)	-	-
Class C	4.24	3.5	3.9	3.9	0.1	20.06	(18,000)	(18,000)	-	-
Total	35.13	11.3	14.8	13.6	1.3	21.85	(99,000)	(99,000)	-	93,000

Source: CBRE Research, Q1 2026

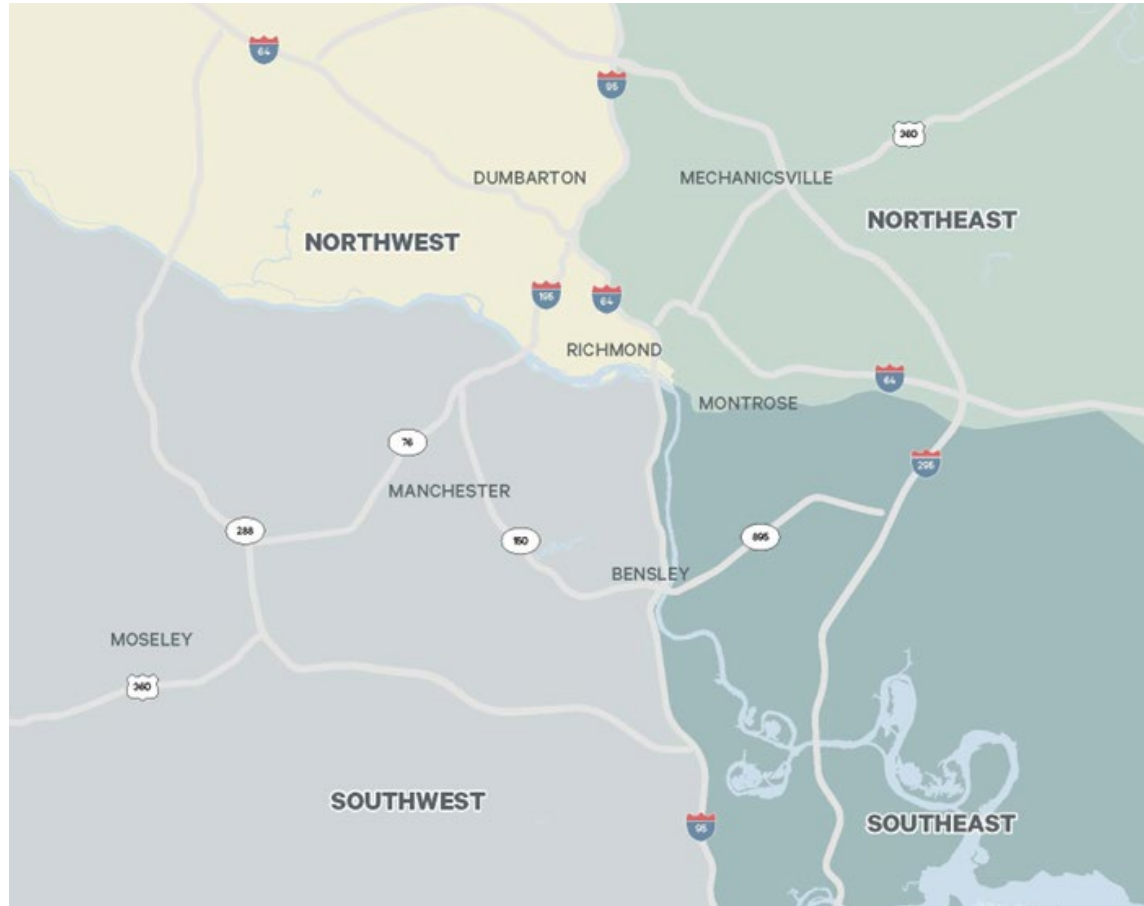
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Northeast	1.42	7.1	13.1	12.8	0.3	19.76	(21,000)	(21,000)	-	-
Northwest	25.07	12.2	15.3	13.7	1.6	22.59	(172,000)	(172,000)	-	-
Southeast	1.16	10.5	27.6	27.6	-	18.71	-	-	-	-
Southwest	7.48	9.2	11.6	10.9	0.6	20.69	94,000	94,000	-	93,000
Total	35.13	11.3	14.8	13.6	1.3	21.85	(99,000)	(99,000)	-	93,000

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE’s market report analyzes office buildings that total 10,000+ sq. ft., excluding owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map.

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