

FIGURES | NORFOLK OFFICE | Q1 2026

Office Fundamentals Remain Weak But Showing Signs of Increased Momentum

▲ 11.0%

Vacancy Rate

▲ (-34,133)

SF Net Absorption

▶ 0

SF Construction Delivered

▲ 74,500

SF Under Construction

▼ \$21.99

FSG/YR Direct Lease Rate

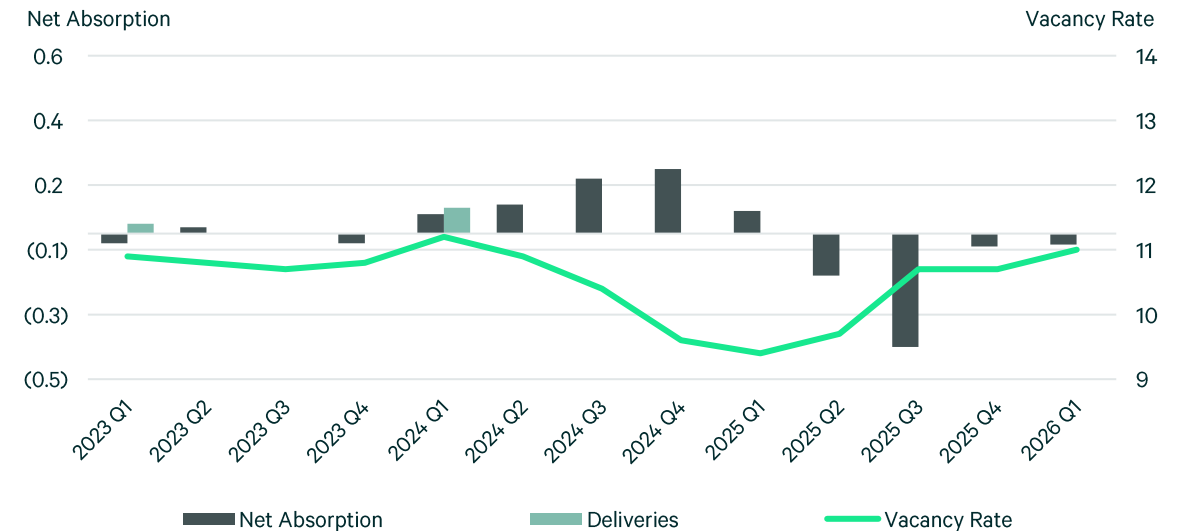
Note: Arrows indicate change from previous quarter.

Market Overview

The market in Q1 2026 softened further but at a slower pace. Net absorption was negative 34,000 sq. ft., improving from negative 45,000 sq. ft. in Q4 2025, yet down from positive 75,000 sq. ft. in Q1 2025. This followed a sharp shift at the annual level, as full-year absorption moved from 518,000 sq. ft. of positive net absorption in 2024 to negative 450,000 sq. ft. by year-end 2025. Vacancy rose to 11.0% in Q1 2026, up 0.3 percentage points quarter-over-quarter and 1.6 percentage points year-over-year.

Pricing and space options moved more narrowly. The average asking rate remained steady from quarter-to-quarter, going from \$22.00 in Q4 2025 to \$21.99 in Q1 2026. Availability edged down to 11.5%, a 0.3-percentage-point decrease from Q4 2025 and 0.4 percentage points below Q1 2025. Construction activity increased, with space under construction rising from 43,000 sq. ft. and one project in Q4 2025 to 75,000 sq. ft. and three projects in Q1 2026, after several quarters with little or no pipeline.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

Total vacancy in Class A buildings rose slightly in Q1 2026, increasing by 0.5 percentage points to 15.7%. Likewise, Class B vacancy held steady at 9.1%, only experiencing a 0.2 percentage point increase.

Across the metro, submarkets show wide variation in vacancy levels. The Hampton submarket has the highest percentage of vacant space at 20.2%, followed by Downtown with 18.1% vacant.

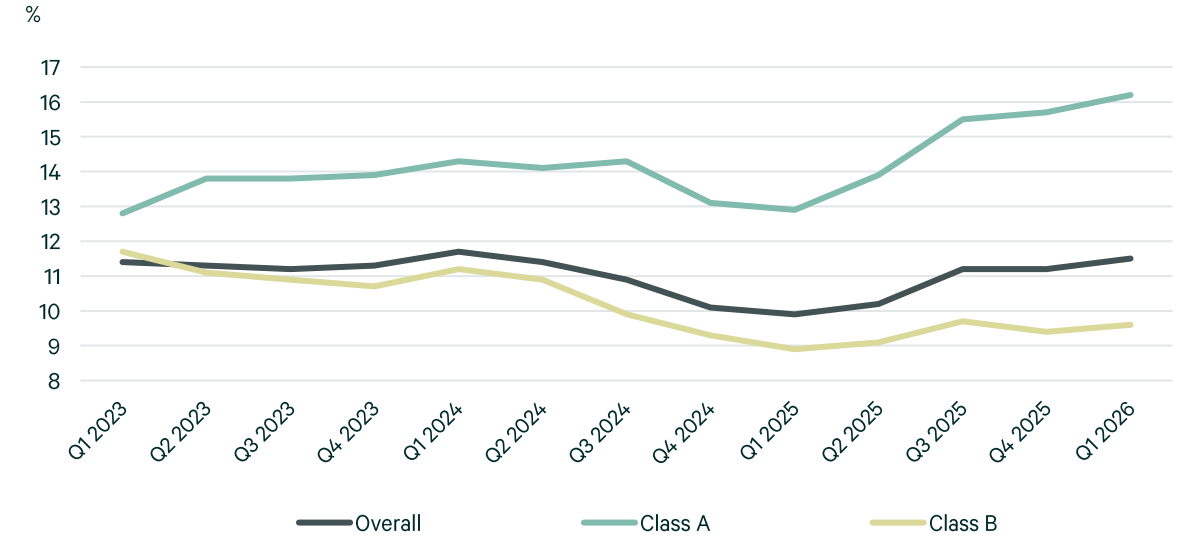
The submarkets with the most sublease vacancy are Lynnhaven and I-64 / I-264 Corridor at 2.0% and 1.8%, respectively.

Asking Rent

In Q1 2026, the overall average direct asking lease rate was \$21.99 per sq. ft., down only \$0.01 from Q4 2025. Class A asking rents declined 0.2% quarter-over-quarter, from \$24.16 to \$24.12 per sq. ft. but remain 1.2% above Q1 2025 levels. Over the last three years, Class A asking rents have risen 5.6%, compared with 1.4% growth for Class B and 3.6% for the overall market.

Overall, the Downtown submarket posts the highest average direct asking rate at \$27.00 per sq. ft., with its Class A inventory quoted at \$27.61 per sq. ft. Pembroke and the I-64 / I-264 Corridor also sit at the higher end of the range, at \$24.74 and \$24.00 per sq. ft., respectively. At the more affordable end, Hampton records the lowest average rate at \$17.82 per sq. ft. for the overall submarket, while Newport News and Portsmouth offer averages of \$18.00 and \$18.48 per sq. ft., respectively.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Overall office net absorption remained negative in Q1 2026, with occupancy loss of 34,000 sq. ft. Class A posted negative 21,000 sq. ft. and Class B recorded negative 14,000 sq. ft. of net absorption, while Class C experienced a positive quarter with just over 1,000 sq. ft. of occupancy gain. This result marks a deceleration after three quarters of significant negative absorption in the market, with move-ins starting to balance move-outs.

Positive absorption in Q1 2026 was concentrated primarily in the Pembroke submarket which had occupancy gain of 31,000 sq. ft. for the quarter. Notable negative activity occurred in the Downtown and Chesapeake / Greenbrier submarkets with 35,000 sq. ft. and 17,000 sq. ft., respectively. The largest move out in the Chesapeake / Greenbrier submarket was DB Schenker leaving 18,825 sq. ft. at 1305 Executive Boulevard. The company was acquired last year by fellow logistics operator DSV, which has resulted in significant consolidation efforts.

Construction Activity

As of Q1 2026, 75,000 sq. ft. is under construction with no new deliveries. Under construction volume increased by 32,000 sq. ft. from 43,000 sq. ft. in Q4 2025 and is up from 0 sq. ft. a year earlier in Q1 2025. Deliveries remain at zero sq. ft. quarter-over-quarter and year-over-year, after 80,000 sq. ft. completed in 2024 and none in 2025.

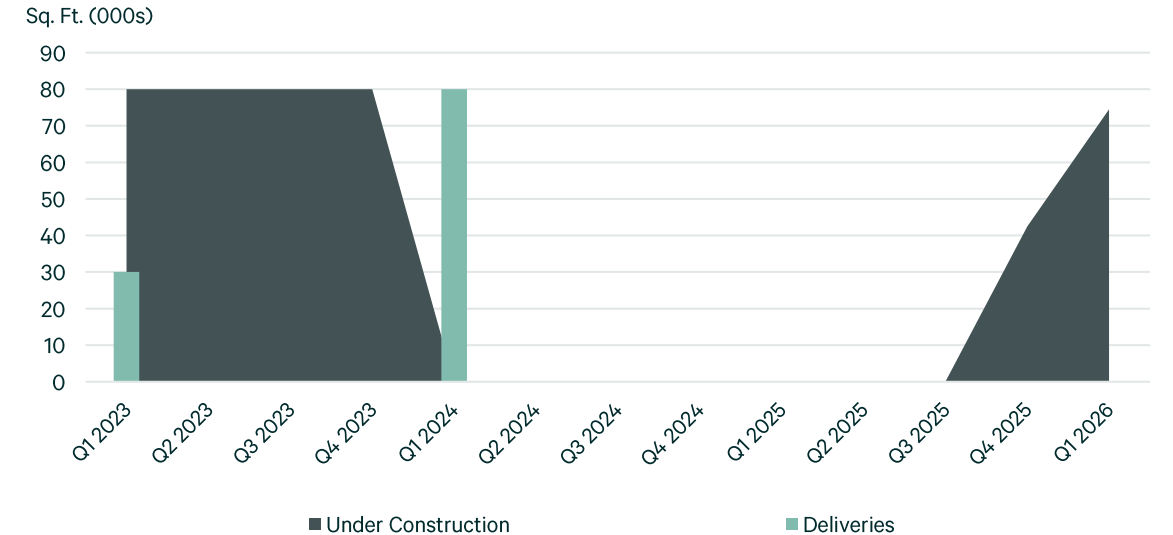
Activity is concentrated in the Southside submarket, which contains the largest project at 43,000 sq. ft., and Chesapeake / Greenbrier with 20,000 sq. ft.; both are 100% pre-leased and scheduled to deliver in Q4 2026 and Q3 2026, respectively. Newport News has the remaining 12,000 sq. ft. under construction, 50% pre-leased and expected to complete in Q4 2026, bringing the total pipeline to 75,000 sq. ft. that is approximately 92% committed.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

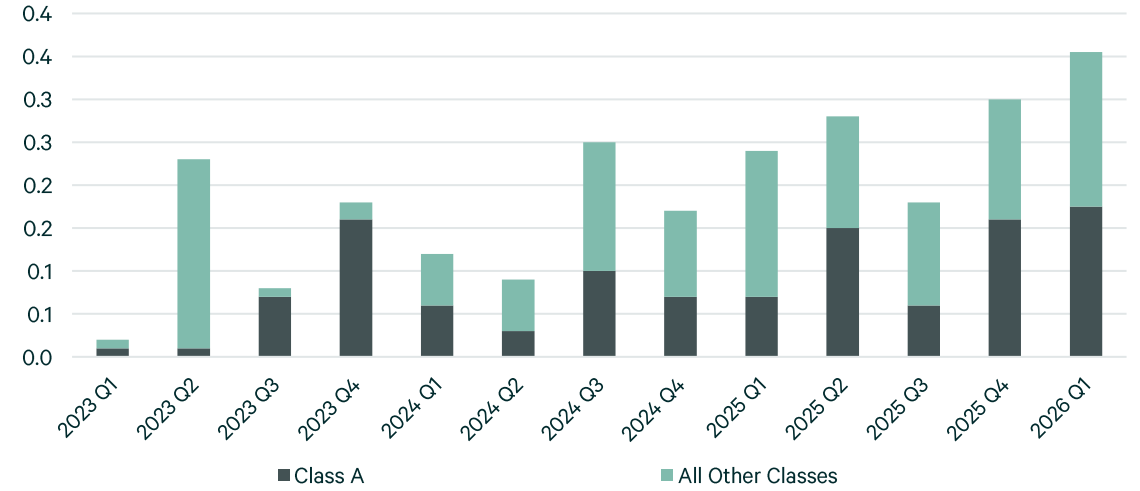
Leasing Activity

Total leasing activity increased in Q1 2026 and reached 355,000 sq. ft. across 81 leases, 79% of which were relocations. Transaction size was muted this quarter, with only 8 deals over 10,000 sq. ft. and an average area leased of 4,400 sq. ft.

At the submarket level, Lynnhaven and Oyster Point posted the highest Q1 2026 leasing volumes, at 63,000 sq. ft. and 50,000 sq. ft., respectively. The Southside submarket had the highest number of deals signed, with 17 leases totaling 49,000 sq. ft.

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



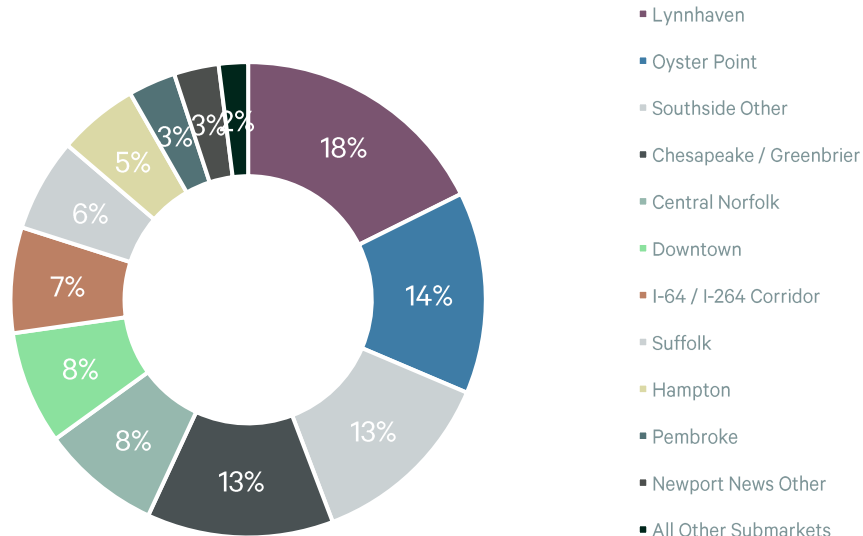
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	26,000	New Lease	155 Kingsley Ln	Central Norfolk
Evertree Insurance	20,000	New Lease	2875 Sabre St	Lynnhaven
Akima	20,000	New Lease	7025 Harbour View Blvd	Suffolk
Conduent Business Services	20,000	New Lease	1313 Executive Blvd	Chesapeake / Greenbrier
Evertree Insurance	17,000	Renewal	2929 Sabre St	Lynnhaven
Undisclosed Tenant	16,000	New Lease	6160 Kempsville Cir	I-64 / I-264 Corridor
ITA International	11,000	Renewal	700 Tech Center Pkwy	Oyster Point
Confidential Tenant	11,000	New Lease	701 Town Center Dr	Oyster Point

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	10.01	13.1	13.5	12.7	0.8	22.51	37,000	37,000	-	-
Class B	17.73	9.2	9.7	9.3	0.4	20.03	(40,000)	(40,000)	-	75,000
Class C	3.10	6.0	6.8	6.7	0.1	17.92	1,000	1,000	-	-
Total	30.84	10.1	10.7	10.2	0.5	20.89	(2,000)	(2,000)	-	75,000

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	2.38	26.5	26.7	26.7	-	27.11	(58,000)	(58,000)	-	-
Class B	1.47	7.8	8.5	6.5	2.0	22.64	26,000	26,000	-	-
Class C	0.55	2.1	2.1	2.1	-	19.30	-	-	-	-
Total	4.40	17.2	17.5	16.9	0.7	26.42	(32,000)	(32,000)	-	-

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	12.40	15.7	16.0	15.4	0.6	24.12	(21,000)	(21,000)	-	-
Class B	19.20	9.1	9.6	9.1	0.5	20.17	(14,000)	(14,000)	-	75,000
Class C	3.65	5.4	6.1	6.0	0.1	17.99	1,000	1,000	-	-
Total	35.24	11.0	11.5	11.0	0.5	21.99	(34,000)	(34,000)	-	75,000

Source: CBRE Research, Q1 2026

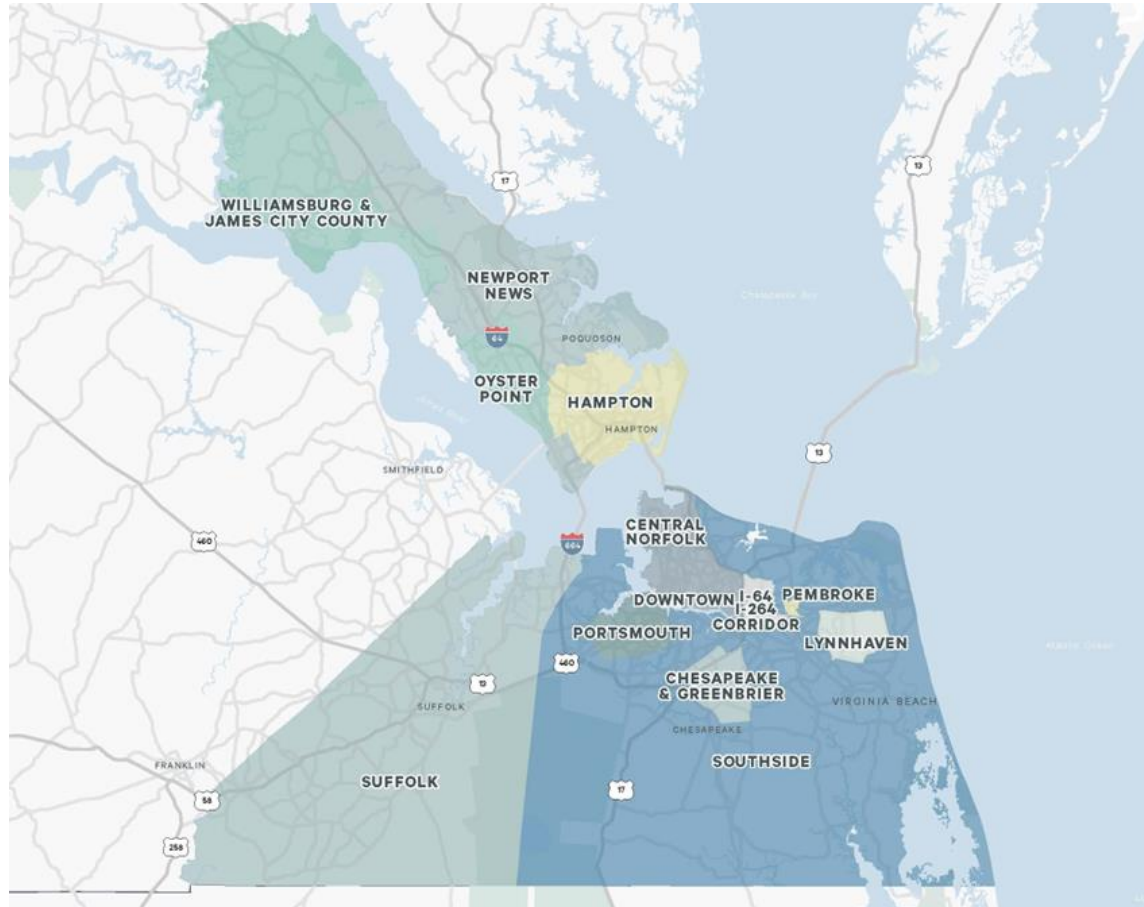
Market Statistics by Submarket

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)
Central Norfolk	3.04	8.3	8.6	8.5	0.2	22.40	6,000	6,000	-	-
Chesapeake / Greenbrier	4.09	15.7	14.5	14.5	-	21.41	(17,000)	(17,000)	-	20,000
Downtown	3.92	18.1	18.3	17.5	0.7	27.00	(36,000)	(36,000)	-	-
Hampton	3.62	20.2	21.4	20.7	0.7	17.82	26,000	26,000	-	-
I-64 / I-264 Corridor	2.56	9.1	10.3	8.5	1.8	24.00	(19,000)	(19,000)	-	-
Lynnhaven	1.56	14.8	15.2	13.1	2.2	21.37	17,000	17,000	-	-
Newport News Other	1.84	2.0	2.1	2.1	-	18.00	(5,000)	(5,000)	-	12,000
Oyster Point	3.98	6.8	6.8	6.5	0.2	22.49	(10,000)	(10,000)	-	-
Pembroke	2.15	10.6	12.6	12.6	-	24.74	31,000	31,000	-	-
Portsmouth	0.79	7.6	8.6	8.6	-	18.48	4,000	4,000	-	-
Southside Other	4.86	7.9	8.6	8.5	0.2	20.20	(22,000)	(22,000)	-	43,000
Suffolk	1.67	4.1	4.7	3.8	0.9	21.89	9,000	9,000	-	-
Williamsburg / James City County	1.16	3.1	5.3	5.2	0.1	18.99	(19,000)	(19,000)	-	-
Total	35.24	11.0	11.5	11.0	0.5	21.99	(34,000)	(34,000)	-	75,000

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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