

FIGURES | NORTHERN VIRGINIA OFFICE | Q1 2026

Occupancy Gain and Decreasing Vacancy Rates Continue in Northern Virginia

▼ 21.8%

Vacancy Rate

▼ 217,162

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 35,000

SF Under Construction

▲ \$37.49

FSG/YR Direct Lease Rate

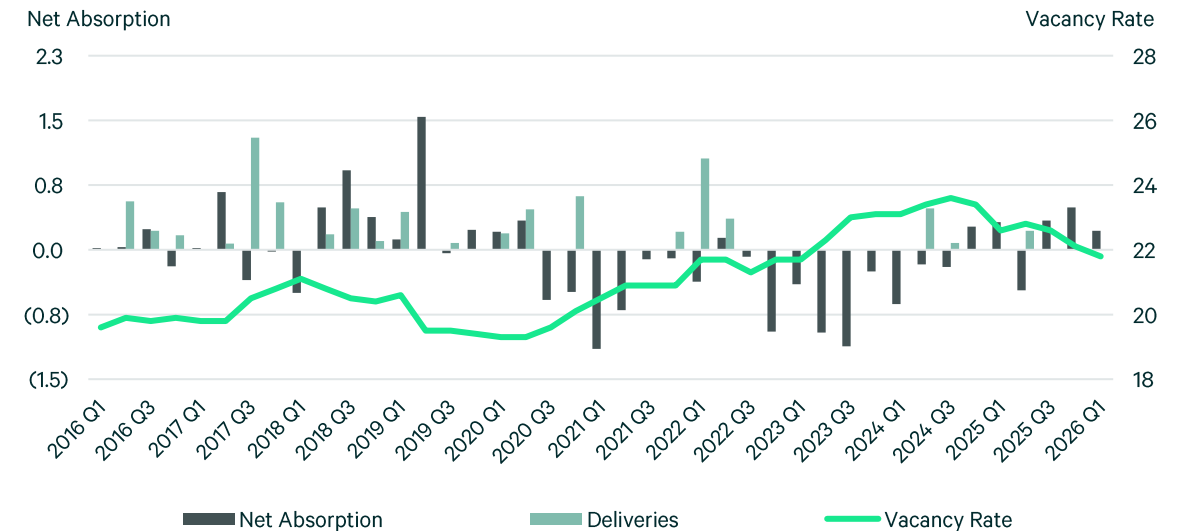
Note: Arrows indicate change from previous quarter.

Market Overview

With the national office market in the early stages of recovery, Northern Virginia continued to improve following the deep contraction since the start of the pandemic. In 2023 alone, occupiers shed about 2.7 million sq. ft. Momentum began to improve meaningfully in 2025, posting 673,000 sq. ft. of positive annual net absorption, and Q1 2026 added another 217,000 sq. ft. of occupied space. This sustained run of positive absorption pulled the vacancy rate down to 21.8% in Q1 2026, a 30 basis-point (bps) decrease quarter-over-quarter and 80 bps below Q1 2025.

The development pipeline has contracted sharply over the past few years. Only 35,000 sq. ft. remained under construction in Q1 2026 and there were no new deliveries in the past 12 months, limiting new supply pressure. Asking rents were resilient, with the average rate at \$37.49 per sq. ft. in Q1 2026, essentially flat versus both the prior quarter and prior year. Together, modest but ongoing occupancy gains, declining vacancy, and a very thin construction pipeline indicated a market that had moved past its recent correction and was stabilizing on firmer fundamentals.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

In Q1 2026, total vacancy in Class A buildings declined 30 bps quarter-over-quarter and 80 bps year-over-year to 23.5%, while Class B vacancy fell 50 bps quarter-over-quarter and 100 bps year-over-year to 16.9%. The Class B and C inventory decreased substantially. In Northern Virginia, more than ten million sq. ft. of former office space is in varying stages of converting to residential or other uses, with projects either planned, announced, or underway.

Prime (Trophy) vacancy continued to tighten, falling to 13.9%, down 20 bps from the prior quarter and 420 bps from Q1 2025. In the last 12 months, there was more than double the leasing activity in these buildings than the previous 12 months.

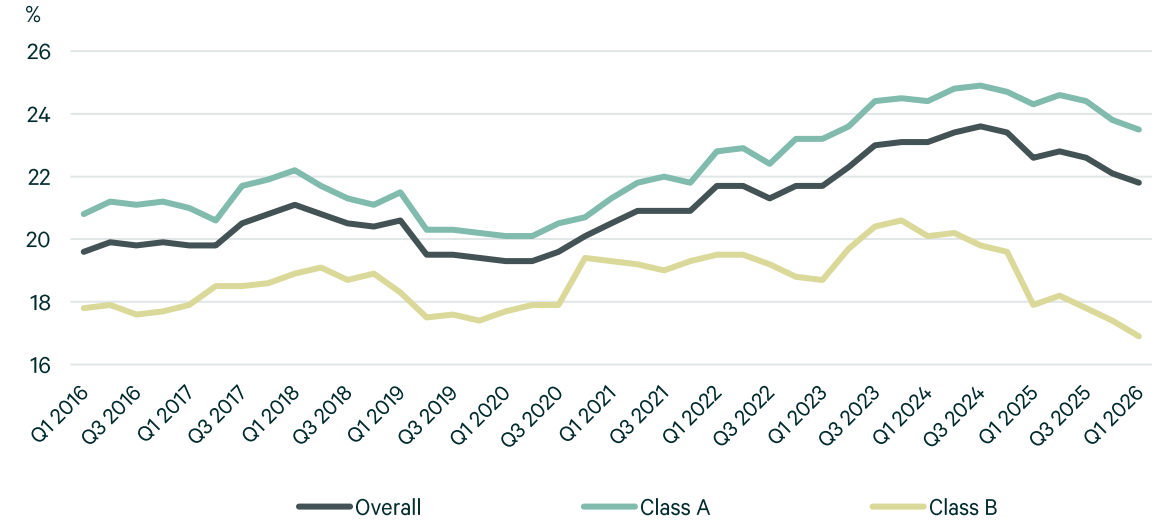
Although the vacancy rate in Tysons decreased by 40 bps quarter-over-quarter, it remains elevated near record levels, at 27.3%. This is largely due to Booz Allen Hamilton’s Q4 2025 lease to relocate its headquarters to Reston, as well as a fully-vacant 2022 delivery, 1750 Tysons Central Street. On the contrary, the vacancy rate in the RB Corridor continued its decline to 22.5%, down 20 bps quarter-over-quarter and 550 bps from Q2 2024, due to active conversion activity and 759,000 sq. ft. of positive net absorption since then.

Asking Rent

The overall average direct asking lease rate in Q1 2026 is \$37.49 per sq. ft., essentially flat from the prior quarter (\$37.36 per sq. ft.) and year-over-year. Changes in asking rate by building class were most significant in recently renovated properties, increasing by more than \$2 to \$47.62 per sq. ft. Over the last three years, broader Class A rents have risen 6.9%, reinforcing the pricing premium for higher-end product.

Rosslyn posts the highest average direct asking rate in the market at \$46.85 per sq. ft., with Class A space in that submarket commanding \$50.50 per sq. ft. At the value end of the spectrum is the Route 29/I-66 submarket at \$23.68 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class
\$ per sq. ft.



Source: CBRE Research, Q1 2026

Net Absorption

Office tenants recorded 217,000 sq. ft. of positive absorption during the first quarter, continuing the recent trend and marking the fifth of the past six quarters with positive net absorption. After posting positive annual net absorption in 2025 for the first time since 2019 and a strong start to 2026, the market appears to be moving out of the past cycle.

The Tysons submarket was a strong driver of positive net absorption in Q1 2026, posting 90,000 sq. ft. of occupancy gain. Although the deals were small, nine tenants signed deals in Tysons that were either new-to-market or net new, totaling 48,000 sq. ft., highlighted by Serhant at 8300 Greensboro Drive. Range Finance also renewed and expanded by more than 7,000 sq. ft. at 8270 Greensboro Drive. This is noteworthy because the submarket had three consecutive quarters of negative net absorption to close out 2025. The RB Corridor was also a strong contributor to the overall occupancy gain, as it showed nearly 49,000 sq. ft. of positive net absorption.

Construction Activity

In Q1 2026, 35,000 sq. ft. was under construction and no new product delivered, leaving the pipeline unchanged quarter-over-quarter but down 205,000 sq. ft. from the 240,000 sq. ft. underway in Q1 2025 (negative 85.4%). Deliveries have slowed sharply from 552,000 sq. ft. completed in 2024 to 205,000 sq. ft. in 2025, with zero sq. ft. delivered so far in 2026.

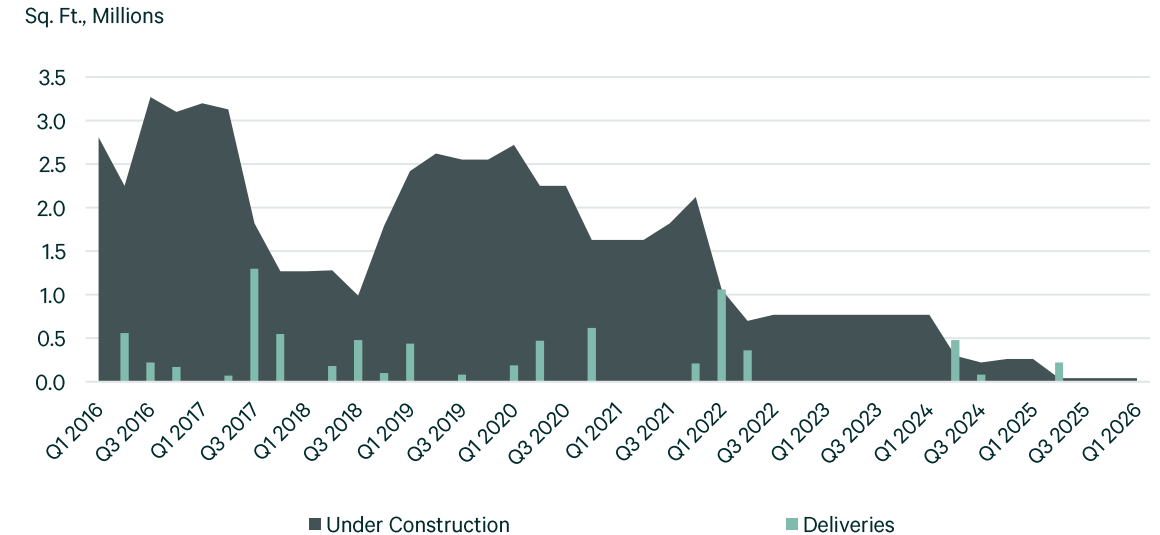
2 Exchange Street in the Route 7 submarket – 35,000 sq. ft. and 0% pre-leased – is the sole development currently underway.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

Leasing activity totaled 1.7 million sq. ft. in Q1 2026, significantly below the 10-year first quarter average of 2.4 million sq. ft. Class A assets accounted for 1.4 million sq. ft., or 84% of activity.

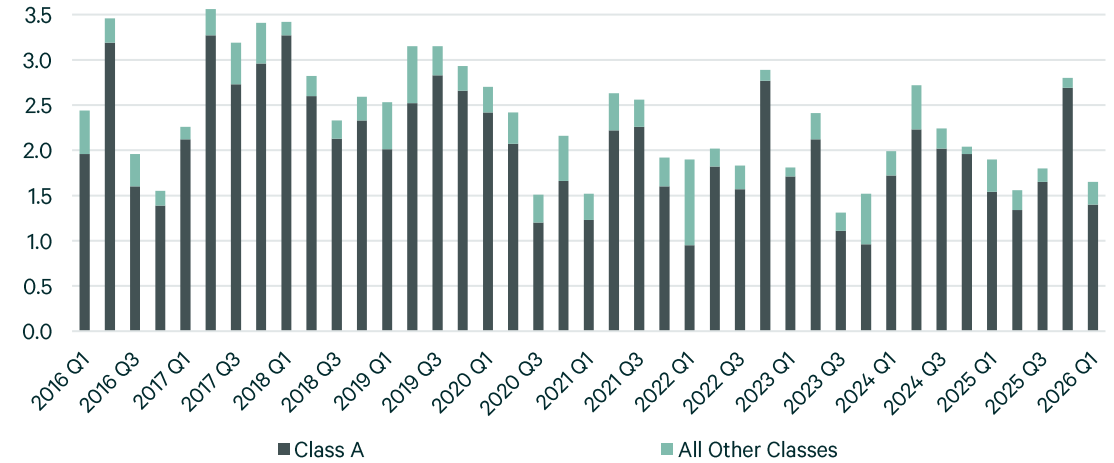
Six of the top ten leases of the quarter showed footprint growth, including five of the top six. While leasing activity is down, these medium-sized deals contributed to positive net absorption for the market.

Business services tenants were the most active, with transactions totaling 586,000 sq. ft. during the quarter. Of note, Applied Research Associates signed a 45,000 sq. ft. lease at 6361 Walker Lane, consolidating its office from a few different locations.

In the technology sector, GRVTY signed a net new lease for 46,000 sq. ft. at 2551 Dulles View Drive in Herndon, adding to its current footprint in Tysons.

Figure 6: Leasing Activity Trend

Sq. Ft., Millions



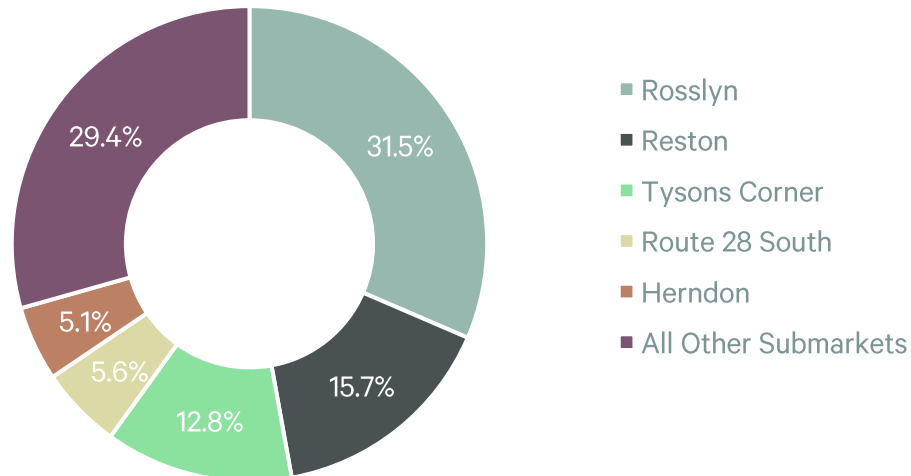
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Politico	59,000	Renewal/Contraction	1000 Wilson Blvd	Rosslyn
GRVTY	46,000	New Lease	2551 Dulles View Dr	Herndon
Applied Research Associates	46,000	New Lease	6361 Walker Ln	Springfield/Newington
Amentum Services	44,000	New Lease	1900 Reston Metro Plz	Reston
Blue Sky Innovators	42,000	Renewal/Expansion	12120 Sunset Hills Rd	Reston
American Public Power Association	34,000	New Lease	2733 Crystal Dr	Crystal City
Anduril	25,000	New Lease	15036 Conference Center Dr	Route 28 South
VIKA	24,000	New Lease	1919 Gallows Rd	Tysons

Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: 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	106.86	23.5	28.8	26.5	2.3	38.67	183,000	183,000	-	35,000
(Prime) Trophy	7.20	13.9	16.6	13.8	2.8	62.96	18,000	18,000	-	35,000
Other Class A	99.67	24.2	29.7	27.5	2.2	37.75	165,000	165,000	-	-
Class B	34.30	16.9	20.4	19.5	0.9	32.53	49,000	49,000	-	-
Class C	2.51	13.3	16.0	15.7	0.4	38.54	(14,000)	(14,000)	-	-
Total	143.68	21.8	26.6	24.7	1.9	37.49	217,000	217,000	-	35,000

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

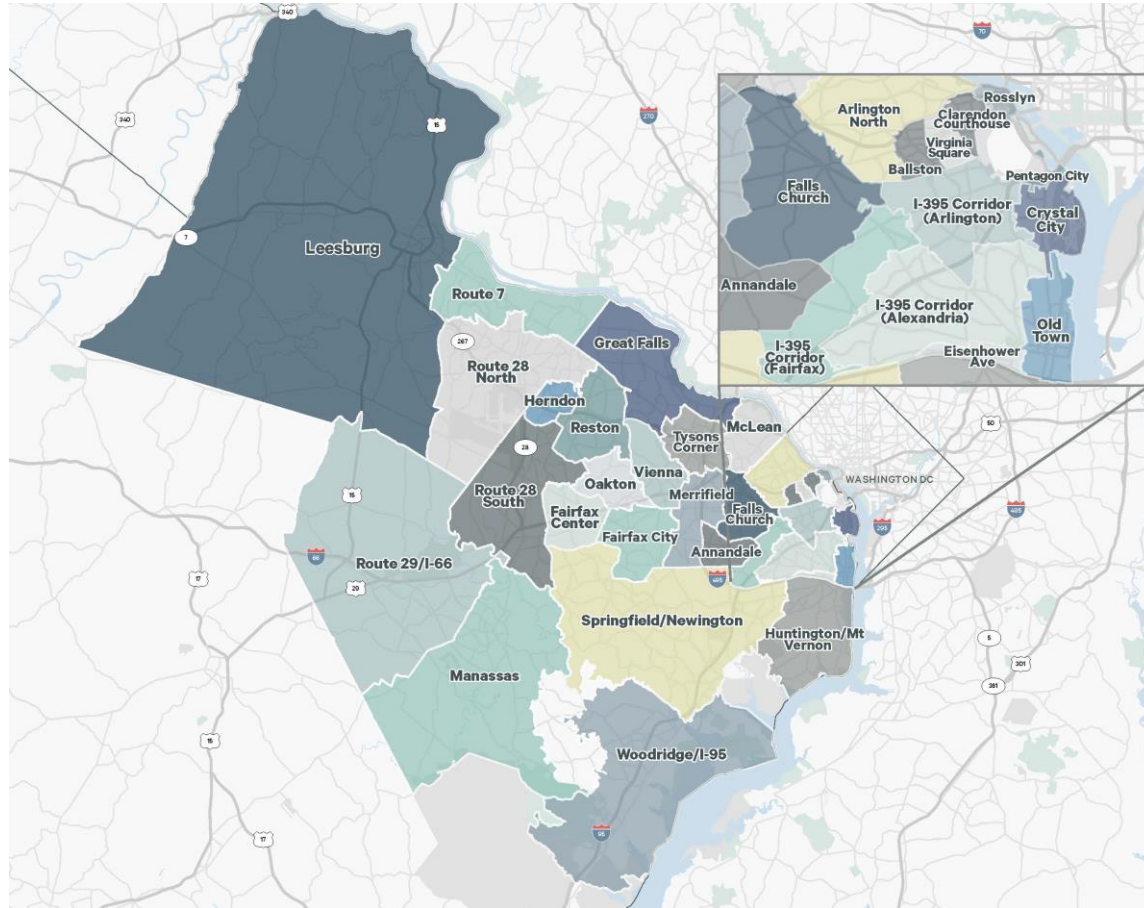
Figure 10

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)
Annandale	1.05	17.0	20.6	20.5	0.1	28.53	11,000	11,000	-	-
Arlington North	0.05	-	-	-	-	-	-	-	-	-
Ballston	7.29	21.1	29.0	26.2	2.8	43.19	7,000	7,000	-	-
Clarendon/Courthouse	4.56	26.5	35.9	31.8	4.1	42.93	43,000	43,000	-	-
Crystal City	9.94	31.0	35.6	32.3	3.3	43.69	(17,000)	(17,000)	-	-
Eisenhower Ave	5.92	23.0	24.7	24.2	0.5	38.83	(30,000)	(30,000)	-	-
Fairfax Center	5.20	27.2	34.9	32.5	2.4	30.49	25,000	25,000	-	-
Fairfax City	3.13	8.5	13.4	12.9	0.5	26.23	(11,000)	(11,000)	-	-
Falls Church	1.27	10.4	14.7	13.4	1.4	27.87	4,000	4,000	-	-
Herndon	10.35	29.0	33.2	30.2	2.9	34.49	(4,000)	(4,000)	-	-
Huntington/Mt Vernon	0.52	27.1	27.7	27.7	-	24.54	2,000	2,000	-	-
I-395 Corridor (Alexandria)	1.93	15.9	20.5	20.1	0.4	29.22	(16,000)	(16,000)	-	-
I-395 Corridor (Arlington)	1.06	32.1	35.6	34.8	0.8	28.22	2,000	2,000	-	-
I-395 Corridor (Fairfax)	2.87	36.3	37.0	37.0	0.0	30.13	14,000	14,000	-	-
Leesburg	0.63	2.9	5.7	5.6	0.1	27.39	6,000	6,000	-	-
Manassas	0.99	3.4	4.0	3.9	0.1	28.59	(1,000)	(1,000)	-	-
McLean	0.78	7.4	9.1	8.2	0.8	39.21	8,000	8,000	-	-
Merrifield	6.49	16.4	20.7	18.5	2.2	33.61	5,000	5,000	-	-
Oakton	0.48	28.8	32.0	31.6	0.4	31.08	9,000	9,000	-	-

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)
Old Town	4.99	17.6	25.7	22.9	2.8	36.73	1,000	1,000	-	-
Pentagon City	0.51	-	-	-	-	-	-	-	-	-
RB Corridor	21.33	22.5	28.5	26.0	2.5	44.79	49,000	49,000	-	-
Reston	16.70	22.9	26.8	25.0	1.8	37.84	23,000	23,000	-	-
Rosslyn	8.38	20.6	23.7	22.4	1.3	46.85	13,000	13,000	-	-
Route 28 North	4.65	9.0	10.2	9.7	0.6	28.40	-	-	-	-
Route 28 South	11.04	14.3	19.5	18.7	0.9	31.08	(54,000)	(54,000)	-	-
Route 29/I-66	1.66	3.8	5.5	5.4	0.1	23.68	(3,000)	(3,000)	-	-
Route 7	2.31	12.9	19.6	18.2	1.3	29.85	26,000	26,000	-	35,000
Springfield/Newington	4.07	16.8	18.8	18.4	0.4	36.22	63,000	63,000	-	-
Toll Road	27.05	25.2	29.2	27.0	2.2	36.34	19,000	19,000	-	-
Tysons Corner	22.28	27.3	34.0	31.4	2.5	39.10	90,000	90,000	-	-
Vienna	0.49	5.2	6.0	6.0	-	24.16	-	-	-	-
Virginia Square	1.10	29.9	30.6	27.1	3.5	51.18	(15,000)	(15,000)	-	-
Woodridge/I-95	0.96	8.6	12.4	10.5	1.9	28.26	17,000	17,000	-	-
Total	143.68	21.8	26.6	24.7	1.9	37.49	217,000	217,000	-	35,000

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: In Mid-Atlantic markets, the change in leased sq. ft. from one period to the next. Net absorption includes both the occupancy gained in the building a tenant will move into, and the occupancy lost in the building the tenant will vacate, counted when the lease is signed. 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.: In Mid-Atlantic markets, space in a building that is not occupied, or space where vacancy is confirmed to be upcoming because an existing tenant has committed to another location. Prime: An office building in a core submarket that has consistently secured taking rents within the top 10% of all office properties in their submarket. CBRE determines this ranking by analyzing building rents as a weighted average over the past five years. Core Submarkets: The submarkets or clusters of submarkets across Northern Virginia that represent more urban centers of business. This includes Tysons, RB Corridor (Rosslyn, Clarendon/Courthouse, Virginia Square, Ballston), and the Toll Road (Reston and Herndon).

Survey Criteria

CBRE’s market report analyzes office buildings that total 20,000+ sq. ft., excluding owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map.

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