

FIGURES | NORFOLK OFFICE | Q2 2026

Net Absorption Turns Positive After Four Quarters of Occupancy Loss

▼ 10.7%

Vacancy Rate

▲ 85,867

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 74,500

SF Under Construction

▲ \$22.06

FSG/YR Direct Lease Rate

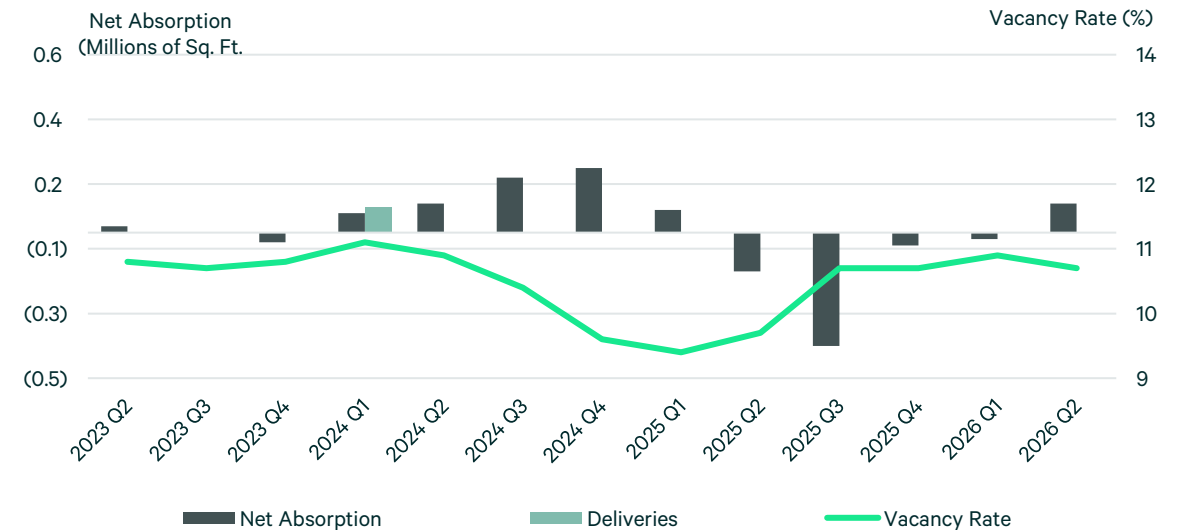
Note: Arrows indicate change from previous quarter.

Market Overview

Market fundamentals strengthened during the second quarter, posting 86,000 sq. ft. of positive net absorption after four consecutive quarters of occupancy loss. The gains from the quarter pushed vacancy down 20 basis points (bps) to 10.7% for the overall market with an availability rate of 11.2%.

Pricing remained consistent through the second quarter and only edged up slightly to \$22.06 per sq. ft., a 0.2% quarter-over-quarter increase. Although demand picked up over the course of Q2, the market pricing dynamics remain tailored to a tenant-favorable market environment. The construction pipeline is unchanged from the prior quarter, with no new projects breaking ground or delivering.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

The overall vacancy rate declined slightly to 10.7% during the second quarter, a decrease of 20 basis points from the first quarter. Class A overall vacancy held at 15.7%, unchanged from the prior quarter but up 230 bps year-over-year, keeping the highest share of idle space in the market. Class B vacancy edged down to 8.5%, a decline of 40 bps compared to the first quarter. Sublease vacancy remained steady, posting 0.4% for the overall market.

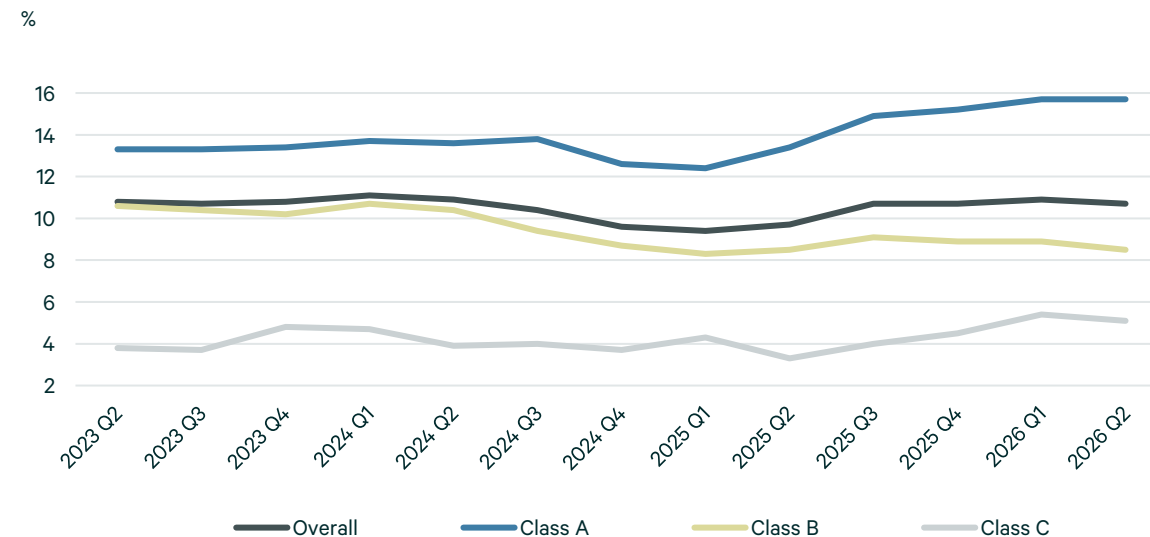
The highest vacancy rate among the submarkets was recorded in Hampton, with an overall vacancy of 20.7% followed by Downtown at 18.7%. The most competitive submarkets were Newport News and Williamsburg / James City County at 1.5% and 2.4%, respectively.

Asking Rent

Average asking rates saw a modest increase to \$22.06 per sq. ft., increasing by \$0.05 per sq. ft. compared to the prior period, and representing 1.2% growth year-over-year. The pricing hierarchy across class groups remained consistent, with Class A asking rates averaging \$24.01 per sq. ft. and Class B \$20.28 per sq. ft.

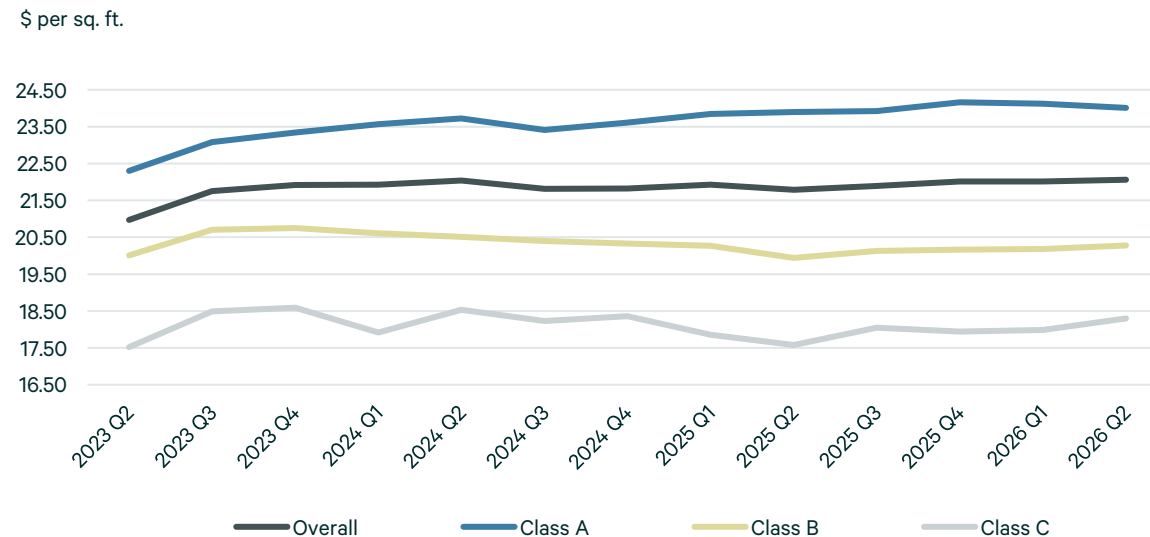
On a submarket level, Downtown continues to average the highest asking rates, reaching \$27.07 per sq. ft. due to the concentration of available Class A product. The lowest recorded average was for the Newport News submarket, at \$17.12 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

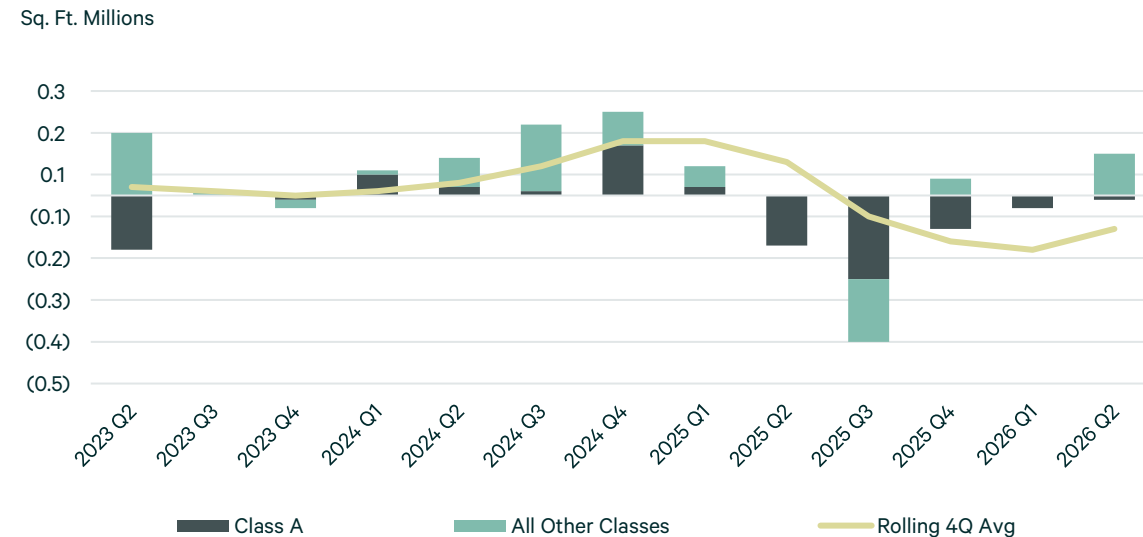
In Q2 2026, the market posted an overall occupancy gain of 86,000 sq. ft., a significant increase after four consecutive quarters of occupancy loss. Positive absorption was strongest within mid-tier properties, with Class B occupancy gains totaling 85,000 sq. ft.

Notable move-ins include Bon Secours occupying 26,000 sq. ft. at 155 Kingsley Lane in the Central Norfolk submarket, and Conduent Business Services taking close to 20,000 sq. ft. at 1313 Executive Boulevard in the Chesapeake / Greenbrier submarket.

Construction Activity

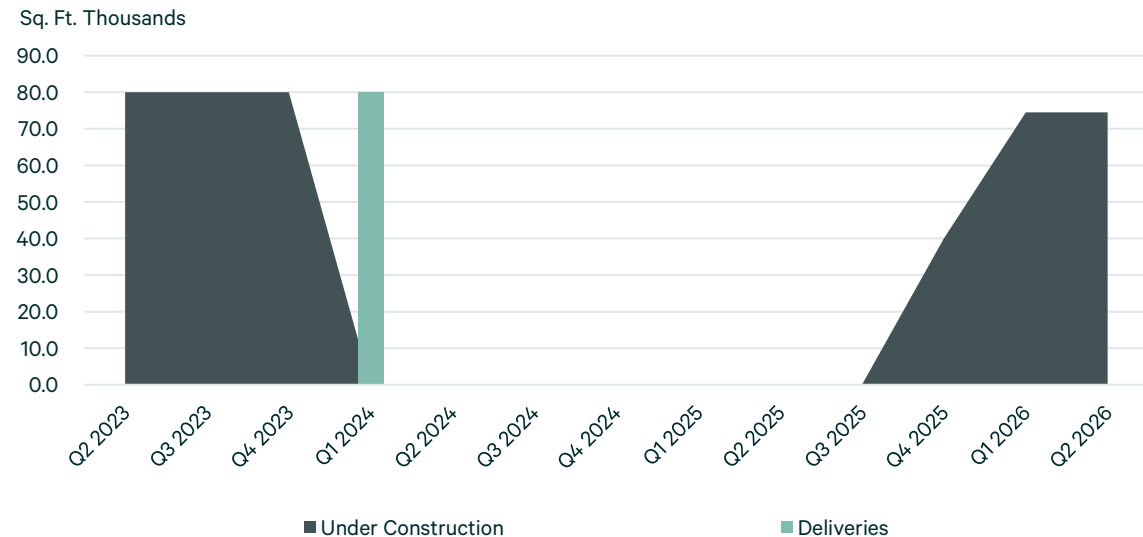
Current construction is concentrated in Class B general and medical office projects in the Southside, Chesapeake / Greenbrier, and Newport News submarkets with the largest project being a fully pre-leased general office building in Southside Other. Together, these developments total 74,500 sq. ft. and are estimate to deliver in the latter half of 2026.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Leasing Activity

Leasing volume totaled 405,000 sq. ft. for Q2 2026, a slight decline from the prior quarter but showing 41.7% growth year-over-year. The three largest transactions signed during Q2 were renewals, including a 49,000 sq. ft. commitment by the Commonwealth of Virginia, Department of General Services, alongside CACI and the US Government Fleet Human Resources Office. Government tenants have accounted for 18% of gross leasing activity for 2026 year-to-date.

Leasing activity was concentrated in the Pembroke, Downtown and Lynnhaven submarkets, with each accounting for 27.5%, 14.1%, and 13.9% of gross leasing activity, respectively.

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



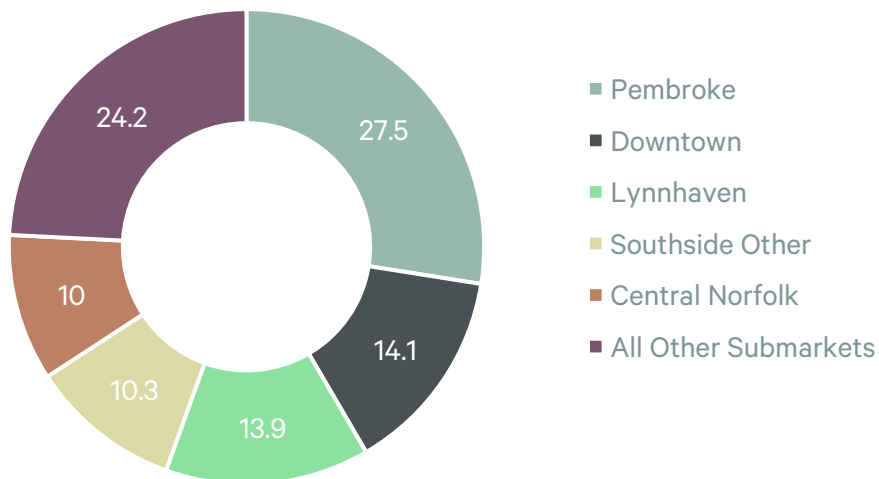
Source: CBRE Research, Q2 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Commonwealth of Virginia, Department of General Services	49,000	Renewal	4452 Corporation Ln	Pembroke
CACI	34,000	Renewal	999 Waterside Dr	Downtown
US Government Fleet Human Resources Office	28,000	Renewal	1151 Azalea Garden Rd	Central Norfolk
Confidential Tenant	21,000	New Lease	800 Tech Center Pkwy	Oyster Point
Confidential Tenant	16,000	New Lease	999 Waterside Dr	Downtown
Wells Fargo Advisors	15,000	Renewal	208 Golden Oak Ct	Lynnhaven
Confidential Tenant	14,000	New Lease	4456 Corporation Ln	Pembroke
Rummel, Klepper and Kahl	11,000	Renewal	2901 S Lynnhaven Rd	Lynnhaven

Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 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	12.42	15.7	16.1	15.4	0.7	24.01	(10,000)	(36,000)	-	-
Class B	19.20	8.5	9.0	8.6	0.4	20.28	85,000	87,000	-	75,000
Class C	3.65	5.1	5.8	5.8	0.1	18.30	11,000	12,000	-	-
Total	35.27	10.7	11.2	10.7	0.5	22.06	86,000	63,000	-	75,000

Source: CBRE Research, Q2 2026

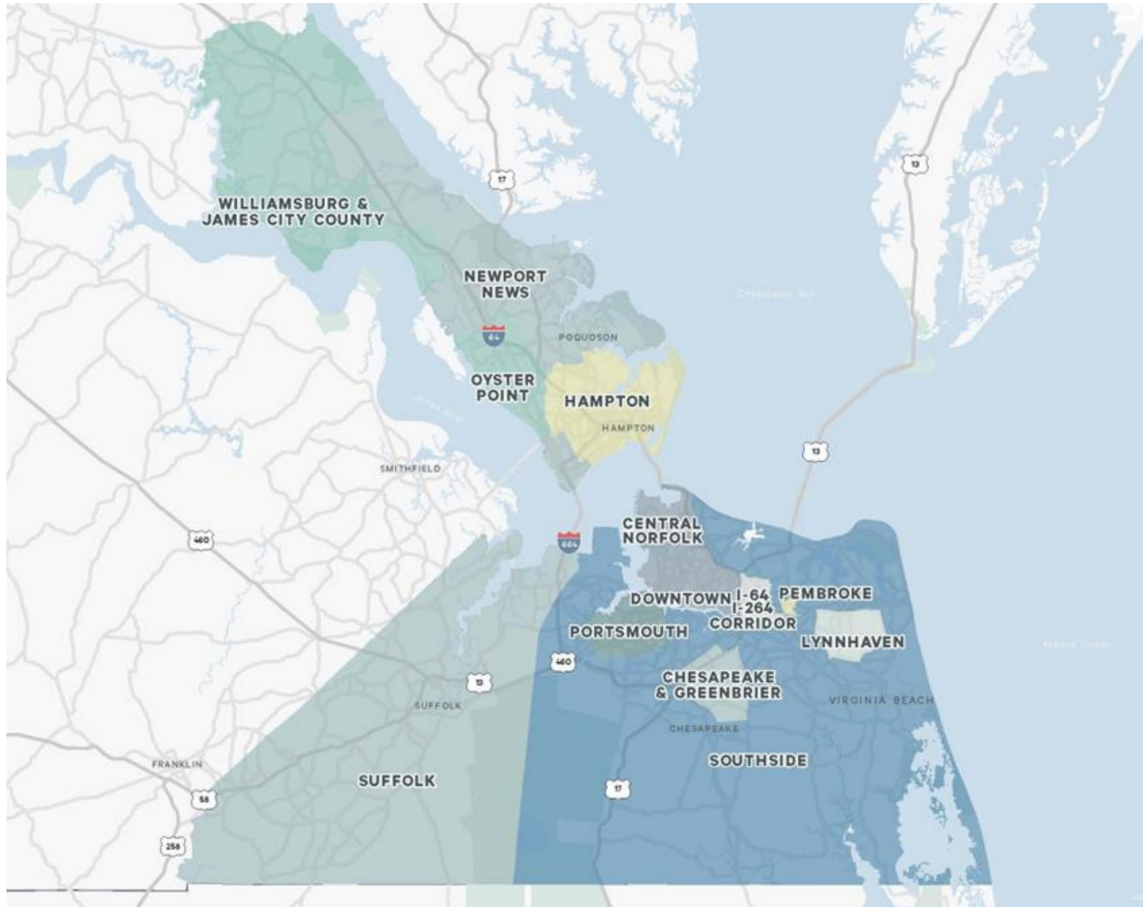
Market Statistics by Submarket

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)
Central Norfolk	3.04	6.6	7.9	7.7	0.2	22.51	51,000	57,000	-	-
Chesapeake / Greenbrier	4.08	15.8	15.2	14.7	0.5	21.52	(13,000)	(31,000)	-	20,000
Downtown	3.92	18.7	18.7	18.0	0.7	27.07	(21,000)	(61,000)	-	-
Hampton	3.62	20.7	21.7	20.9	0.7	17.86	(16,000)	10,000	-	-
I-64 / I-264 Corridor	2.57	6.3	8.7	7.6	1.1	23.85	49,000	46,000	-	-
Lynnhaven	1.56	14.9	14.8	13.4	1.5	21.49	-	16,000	-	-
Newport News Other	1.84	1.5	2.1	2.1	-	17.12	9,000	4,000	-	12,000
Oyster Point	3.98	6.8	6.6	6.4	0.2	21.89	-	(10,000)	-	-
Pembroke	2.16	9.9	10.2	10.2	-	25.09	16,000	47,000	-	-
Portsmouth	0.79	8.3	9.7	9.7	-	18.60	(6,000)	(1,000)	-	-
Southside Other	4.86	7.8	8.4	8.2	0.2	20.20	6,000	(16,000)	-	43,000
Suffolk	1.69	3.9	4.5	3.6	0.9	24.72	3,000	12,000	-	-
Williamsburg / James City County	1.16	2.4	2.7	2.7	-	20.11	9,000	(11,000)	-	-
Total	35.27	10.7	11.2	10.7	0.5	22.06	86,000	63,000	-	75,000

Source: CBRE Research, Q2 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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