

FIGURES | NORFOLK OFFICE | Q3 2026

Norfolk Office Fundamentals Hold Steady Amid Mixed Demand Signals

▲10.8%

Vacancy Rate

▼(43.6)

KSF Net Absorption

▶0.0

KSF Construction Delivered

▶74.5

KSF Under Construction

▶\$22.05

Direct Avg. Asking Lease Rate

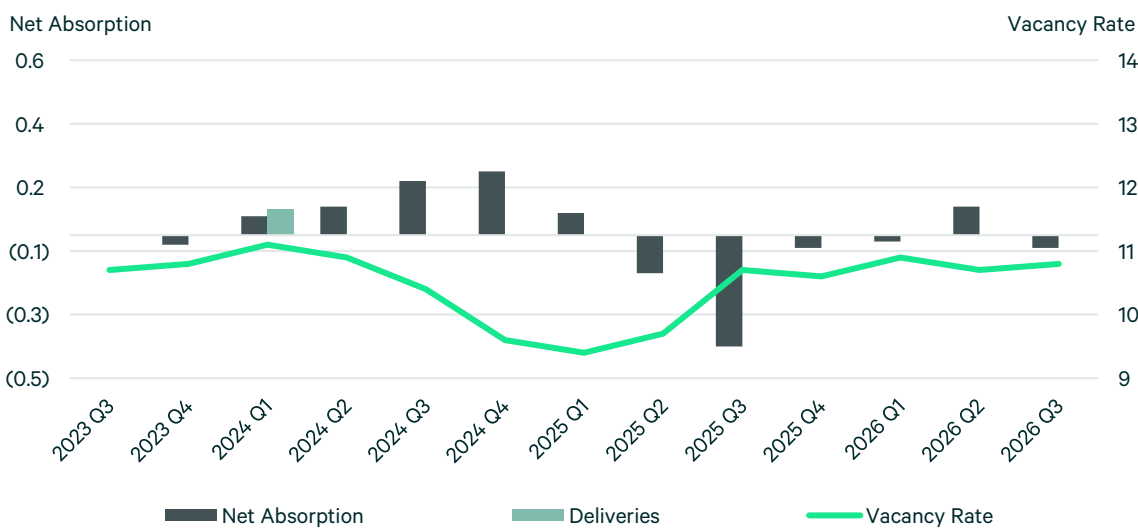
Note: Arrows indicate change from previous quarter.

Market Overview

Q3 2026 marked a period of relative stability for the Norfolk office market, with slight vacancy movement but clearer evidence of tightening availability and steadily firming pricing. Vacancy edged up to 10.8%, an increase of 10 basis points from the prior quarter. Net absorption shifted slightly negative this quarter, recording 44,000 sq. ft. of occupancy loss that was driven by several available spaces becoming vacant. The minimal occupancy change seen this quarter shows the market returning to an equilibrium where move-ins and move-outs are closely balanced.

The average asking rate was flat quarter-over-quarter at \$22.05 per sq. ft., even as net absorption alternated between positive and negative readings. The development pipeline remains limited at 75,000 sq. ft. under construction, with no new deliveries since Q1 2024. Changes in occupied space rather than new completions drove shifts in vacancy and availability.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

In Q3 2026, occupancy softened marginally, with overall vacancy increasing by 10 basis points to 10.8%. Higher-quality assets saw small vacancy increases while lower-cost space stayed comparatively tight from quarter-to-quarter. Much of the market’s available space is concentrated in top-tier buildings, with Class A vacancy going up 10 basis points to 15.8% after several vacant spaces hit the market this quarter.

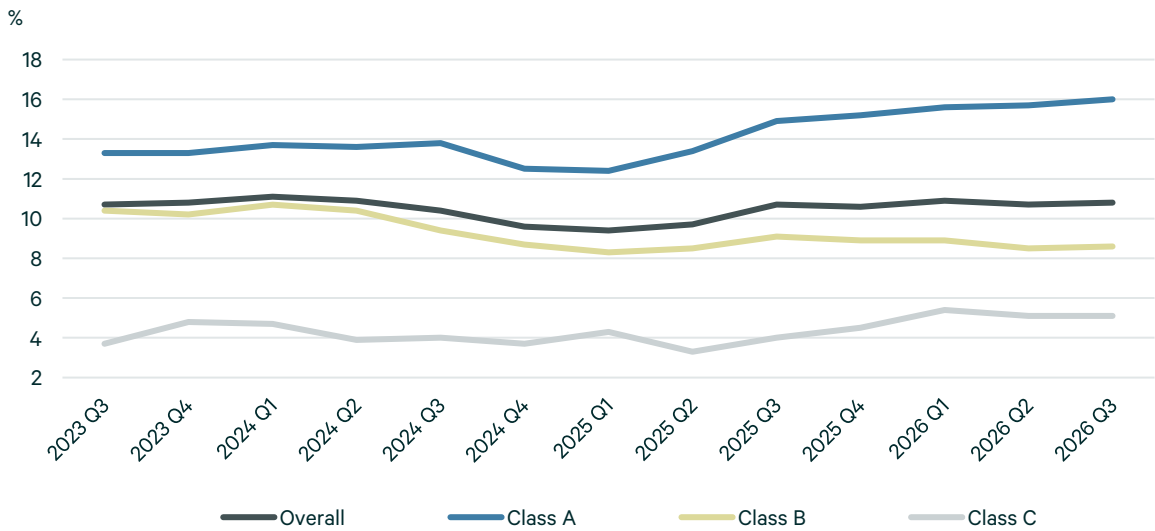
Vacancy patterns across Norfolk’s core submarkets were varied; Class A hubs such as Downtown Norfolk and Chesapeake / Greenbrier carried the bulk of the market’s empty higher-tier assets, with Class A vacancy rates of 26.8% and 23.6%, respectively. Class B vacancy remained consistently in the single digits, with only Hampton and Pembroke showing outsized Class B vacancy rates of 22.0% and 16.8%.

Asking Rent

Market asking rents in Q3 2026 remained steady despite mixed occupancy trends across the last four quarters, maintaining an average asking rate of \$22.05 per sq. ft. for the overall market. Class A rental rates remained stable despite a marginal increase in vacancy for this sector, supported by established visibility and prestige and the lack of new quality supply entering the market.

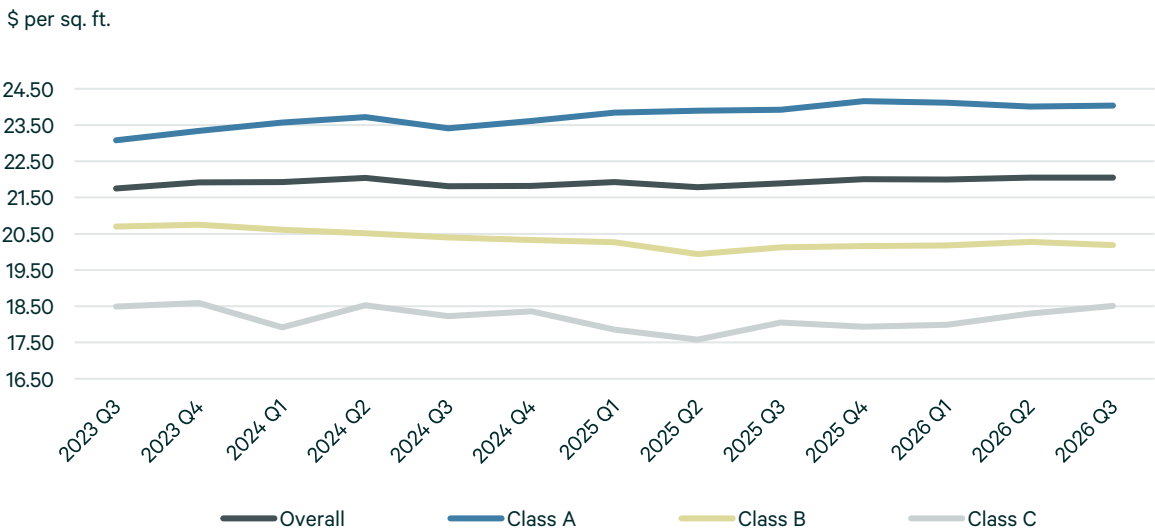
On a submarket level, Central and Downtown Norfolk continue to price at a premium, with Class A space averaging asking rates of \$29.28 per sq. ft. and \$27.71 per sq. ft., respectively. Hampton and Newport News anchor the more affordable end of the spectrum, with overall asking rates averaging \$17.80 per sq. ft. and \$18.12 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

Net Absorption

Occupancy loss reached 44,000 sq. ft. in Q3 2026, a directional swing from the prior quarter where the market saw more move-ins than move-outs. The Class A and Class B segments both experienced occupancy loss, with nine move-outs over 10,000 sq. ft. occurring. There were a few notable tenants that took occupancy this quarter, the largest being Chubb Insurance for 34,000 sq. ft. at 1434 Crossways Boulevard, but new vacancies outpaced positive activities.

On a submarket level, the I-64 / I-264 Corridor netted the most negative absorption, followed by the Hampton submarket, reaching 46,000 sq. ft. and 28,000 sq. ft. of respective occupancy loss. Positive net absorption was recorded in several submarkets, including 41,000 sq. ft. in Southside Other and 29,000 sq. ft. in Pembroke, which helped to balance the major move-outs.

Construction Activity

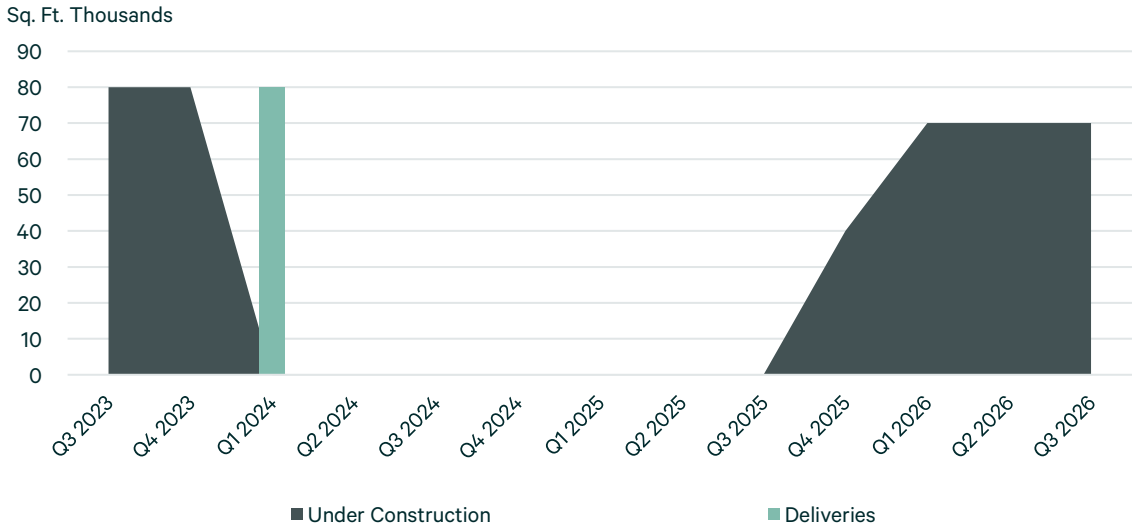
Construction activity in Q3 2026 was muted, reflecting weaker demand for new construction office spaces. During the quarter, three office and medical buildings were under construction in the Southside Other, Chesapeake / Greenbrier, and Newport News submarkets, totaling 74,500 sq. ft. These buildings remain in the pipeline and are scheduled to deliver in Q4 2026 and Q3 2027.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



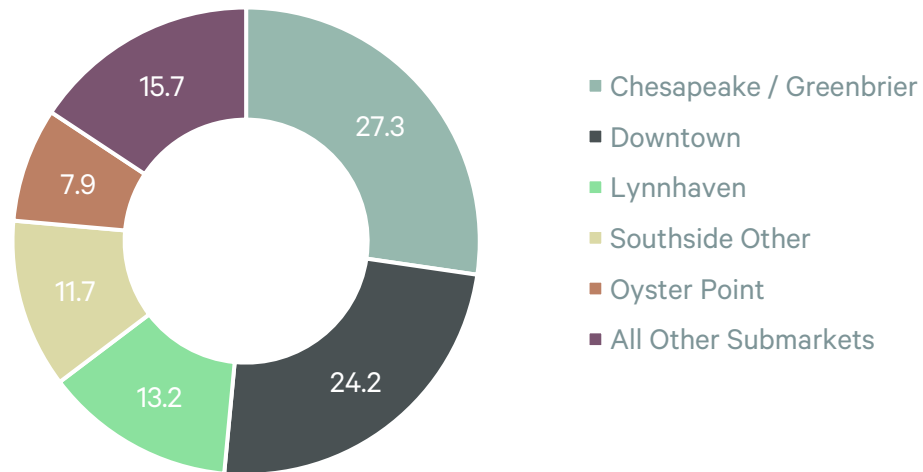
Source: CBRE Research, Q3 2026

Leasing Activity

Leasing activity for Q3 2026 decreased slightly from the prior quarter, but still achieved growth year-over-year with total leasing volume reaching 301,000 sq. ft. Market demand is driven primarily by business services, technology, and healthcare occupiers. Among the largest transactions, S. L. Nusbaum Realty renewed 43,000 sq. ft. at 440 Monticello Avenue in Downtown and Virginia International Terminals signed a new lease for 27,000 sq. ft. at 150 Granby Street, while Chesapeake Regional Medical Group’s renewal at 1301 Executive Boulevard and other mid-size private-sector requirements rounded out the quarter’s activity.

Activity in Q3 2026 was most concentrated in Chesapeake / Greenbrier, accounting for 27.3% of gross leasing activity, which was complemented by significant leasing in Downtown and Southside. Class A space dominated the quarter, accounting for 62.8% of total leasing volume, with Class B/C assets capturing the remaining share.

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



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q3 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
S. L. Nusbaum Realty	43,000	Renewal	440 Monticello Ave	Downtown
Virginia International Terminals	27,000	New Lease	150 Granby St	Downtown
Chesapeake Regional Medical Group	26,000	Renewal	1301 Executive Blvd	Chesapeake / Greenbrier
Confidential Tenant	18,000	New Lease	844 First Colonial Rd	Southside Other
MI Technical Solutions	13,000	Renewal	860 Greenbrier Cir	Chesapeake / Greenbrier
Confidential Tenant	13,000	New Lease	301 Riverview Ave	Central Norfolk
Mind Over Matter Therapy	12,000	Renewal	760 Lynnhaven Pkwy	Lynnhaven
Confidential Tenant	11,000	New Lease	737 Volvo Pkwy	Chesapeake / Greenbrier

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 9

	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	12.43	16.0	16.2	15.2	1.0	24.04	(34,000)	(70,000)	-	-
Class B	19.20	8.6	9.1	8.8	0.4	20.19	(10,000)	77,000	-	75,000
Class C	3.65	5.1	5.8	5.7	0.1	18.51	-	13,000	-	-
Total	35.28	10.8	11.3	10.7	0.6	22.05	(44,000)	20,000	-	75,000

Source: CBRE Research, Q3 2026

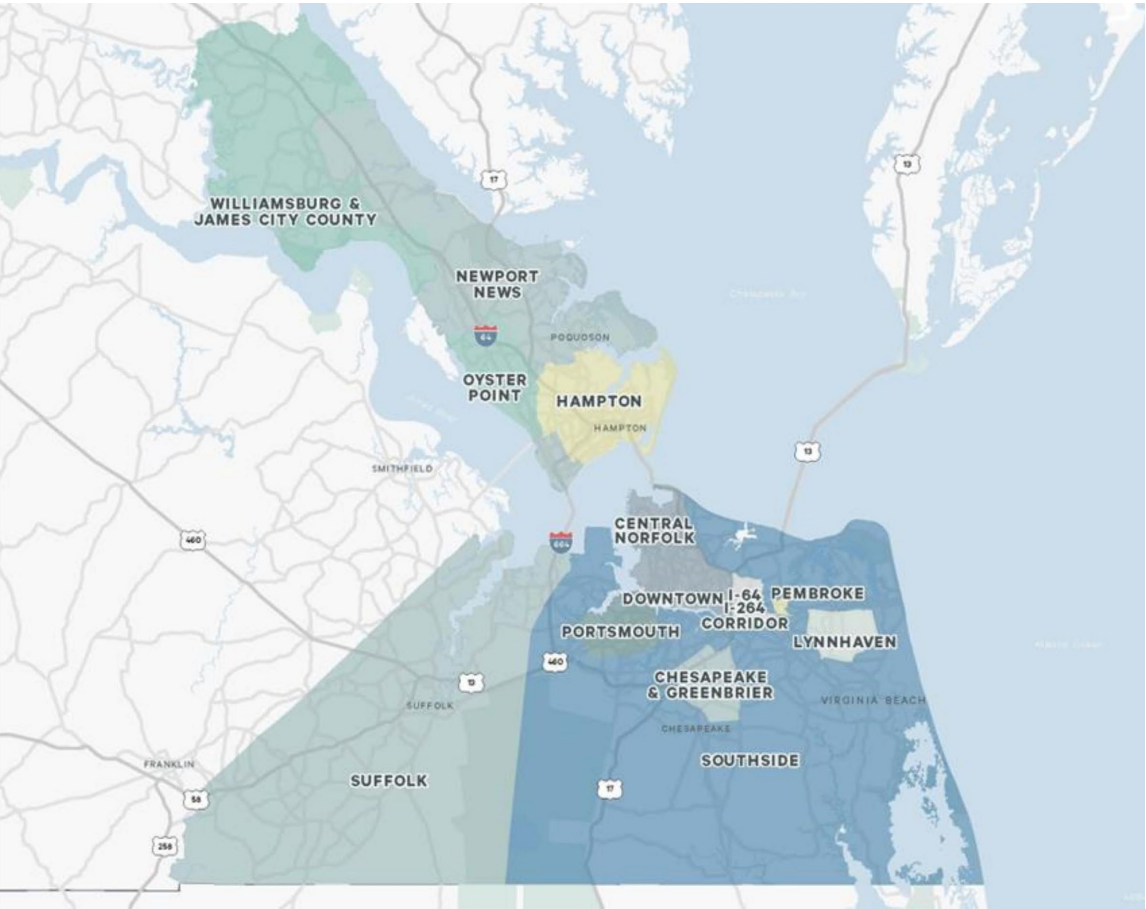
Market Statistics by Submarket

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	7.2	8.0	7.9	0.1	23.59	(16,000)	40,000	-	-
Chesapeake / Greenbrier	4.08	15.8	15.2	14.2	1.1	21.41	4,000	(27,000)	-	20,000
Downtown	3.92	18.7	18.5	17.9	0.6	27.11	1,000	(60,000)	-	-
Hampton	3.62	21.4	22.5	21.7	0.7	17.80	(28,000)	(19,000)	-	-
I-64 / I-264 Corridor	2.57	8.1	9.5	8.4	1.1	23.78	(46,000)	-	-	-
Lynnhaven	1.56	16.7	15.7	13.8	2.0	21.77	(28,000)	(11,000)	-	-
Newport News Other	1.84	2.0	2.6	2.6	-	18.12	(9,000)	(5,000)	-	12,000
Oyster Point	4.00	6.5	6.7	6.4	0.3	21.82	10,000	1,000	-	-
Pembroke	2.16	8.5	10.1	10.1	-	25.11	29,000	77,000	-	-
Portsmouth	0.79	8.5	9.6	9.6	-	18.56	(2,000)	(3,000)	-	-
Southside Other	4.86	6.9	7.4	7.2	0.2	20.13	41,000	26,000	-	43,000
Suffolk	1.69	4.0	4.6	3.7	0.9	24.88	(1,000)	11,000	-	-
Williamsburg / James City County	1.16	2.3	3.0	3.0	-	20.06	1,000	(9,000)	-	-
Total	35.28	10.8	11.3	10.7	0.6	22.05	(44,000)	20,000	-	75,000

Source: CBRE Research, Q3 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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