

FIGURES | RICHMOND OFFICE | Q3 2026

Richmond Office Fundamentals Moderate as Leasing and Absorption Weaken



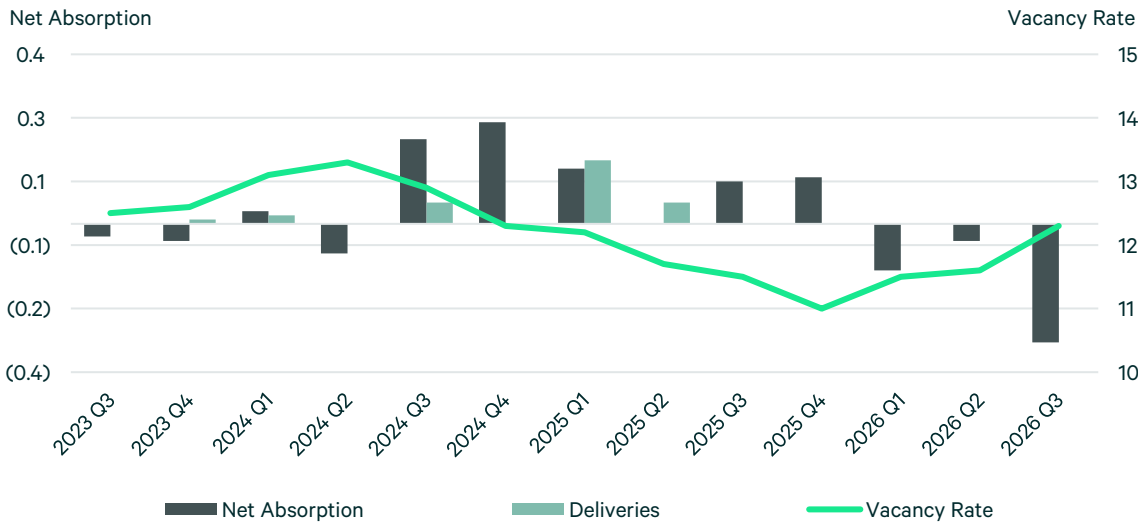
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, the office market showed softer occupancy alongside stable pricing and moderating supply. After two years of improvement from Q4 2023 through Q4 2025, occupancy started to contract in 2026, and net absorption reached negative 281,000 sq. ft. during the third quarter. Vacancy increased by 70 basis points to 12.3%, compared to 11.6% the prior quarter. Much of this occupancy loss can be attributed to new listings that came on the market after Costar Group vacated existing leased spaces to move into their newly finished office campus in downtown Richmond.

Despite weaker occupancy, the availability rate edged down slightly by 10 basis points to 14.3%, indicating that available space remained competitive even as vacancy increased. Asking rents continued to move gradually higher, bolstered by the high price point of bulk Class A CBD availabilities and upcoming construction. The average rate increased 2.9% year-over-year to \$22.18 per sq. ft. in Q3 2026 which suggests that pricing remained resilient even as market fundamentals shifted.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Vacancy conditions in Richmond’s office market softened in Q3 2026 as higher-quality assets saw space return to the market, while mid-tier and lower-cost buildings held comparatively steady. Class A vacancy rose 220 basis points over the prior quarter, reaching 14.9%, driven by former Costar spaces returning to market in bulk. Class B and C vacancy levels experienced less disruption this quarter, sitting at 12.3% and 4.5%, respectively.

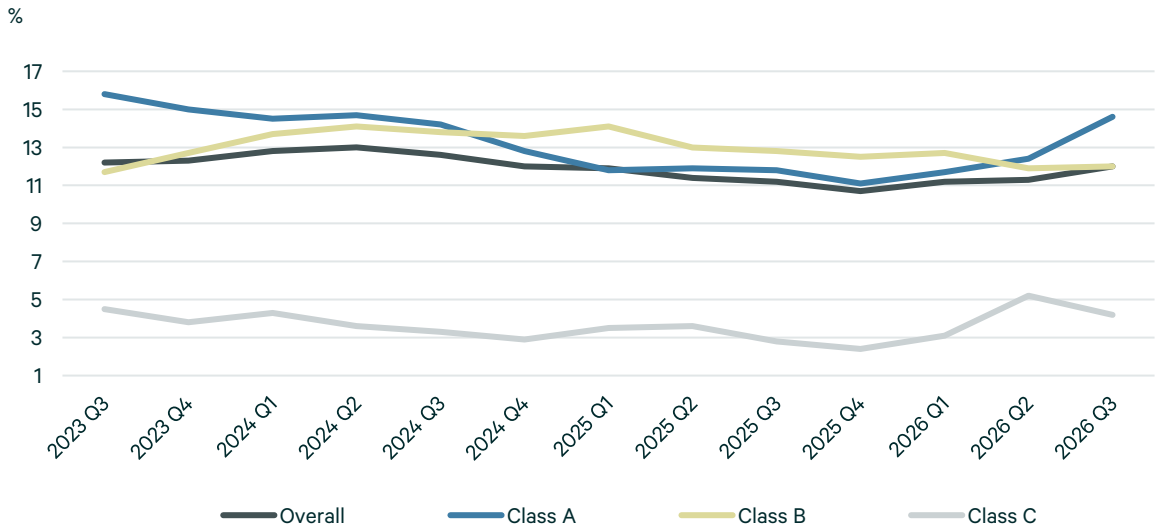
Submarket performance was uneven, with several holding outsized proportions of vacancy. The Far West End recorded the highest vacancy rate at 23.5%, and Richmond’s CBD had the highest amount of vacant space, with 906,000 sq. ft. leading to a 16.7% vacancy rate.

Asking Rent

In Q3 2026, office asking rents in Richmond continued to firm in the mid- and upper-tier segments while softening slightly in lower-tier product. Class A space was quoted at \$24.28 per sq. ft., up 0.7% quarter-over-quarter and 1.1% year-over-year, even as vacancy in this segment rose over the quarter. Class B product followed a similar pattern, with the average asking rate reaching \$20.59 per sq. ft., a 1.6% quarter-over-quarter increase that underscored solid pricing resilience in the mid-market cohort. Taken together with marginal rate declines in Class C space, these trends pointed to a structurally tiered market where most of the adjustment pressure remained in lower-quality inventory with modest rent declines, while higher-quality and mid-market segments maintained or increased pricing.

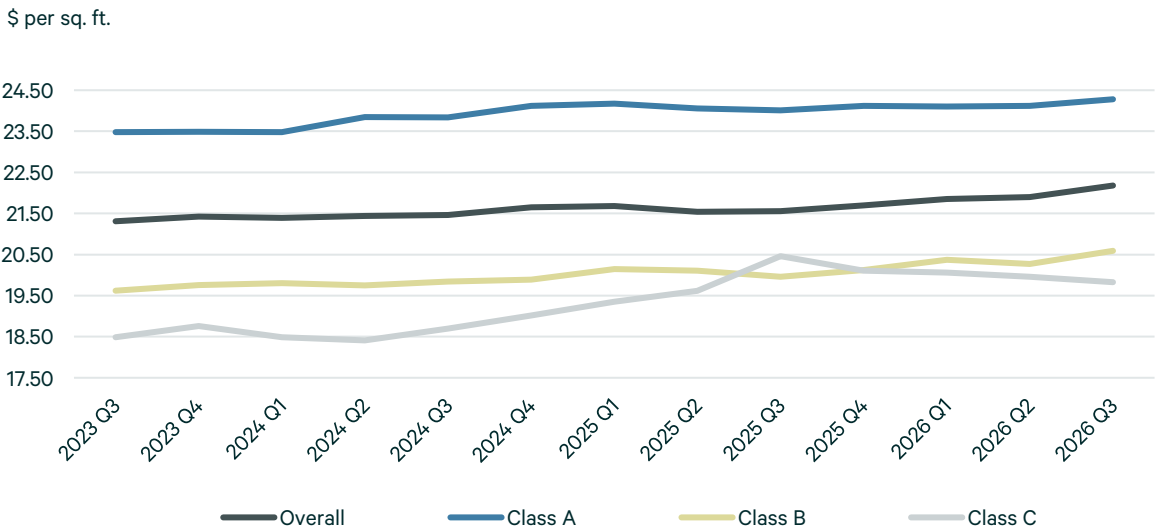
Core districts continue to show clear pricing differentiation, with the CBD and select suburban corridors commanding a premium over lower-priced core locations. In the CBD, Class A space averaged \$26.52 per sq. ft., highlighting the downtown premium for higher-quality assets. Among the suburban cores, Class A buildings in Innsbrook and Glenside/Broad Street achieved average quotes of \$23.83 per sq. ft. and \$23.87 per sq. ft., respectively, keeping these nodes firmly in the upper pricing tier.

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

In Q3 2026, the market registered occupancy loss of 281,000 sq. ft., a significant setback compared to the more stable conditions in Q2 2026. Class A movements were the primary driver of this downturn, recording an occupancy loss of 295,000 sq. ft. that far outpaced a net occupancy gain of 14,000 sq. ft. from Classes B and C. This dynamic showed that overall occupancy remained closely tied to the performance of the Class A segment, with comparatively smaller movements in other classes insufficient to counterbalance sharp Class A swings.

The primary driver of negative absorption among Class A properties was a bulk move-out by Costar after their new office campus completed construction. Their relocation left 117,000 sq. ft. vacant at 901 Semmes Avenue, a five-story office building that they purchased in an owner-user transaction in 2022 and are now reletting following their move out. They also left approximately 140,000 sq. ft. vacant at Riverfront Plaza which is now available for direct lease or sublet with a term running through 2028.

Construction Activity

Total office space under construction reached 293,000 sq. ft. in the third quarter. A significant share of the pipeline is attributable to Midtown 64, a mixed-use development in the Glenside/Broad Street submarket that broke ground during Q3 and will deliver 200,000 sq. ft. of new Class A office space. The development plan for Midtown 64 also includes the renovation of an adjacent 132,000-sq.-ft. office property, though that portion is not yet underway.

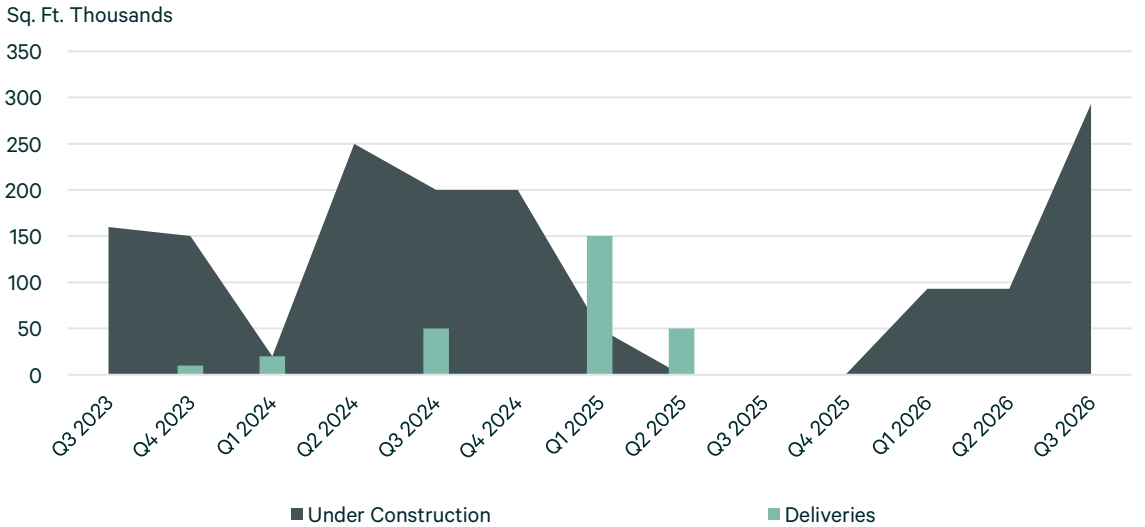
Ongoing construction activity was concentrated in the Southwest quadrant, where Watkins Center - Building 1 and Cosby Village Square - Building 1E, both Class A medical office projects, are under construction, totaling 93,000 sq. ft. and collectively 68.7% pre-leased. This degree of pre-leasing signals solid tenant demand conditions for new medical office supply in the market.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

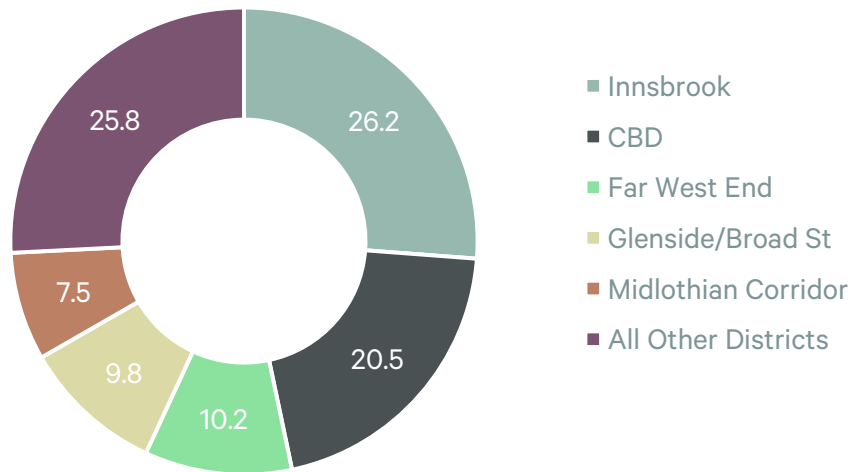
Leasing Activity

Leasing activity in Q3 2026 totaled 324,000 sq. ft., down from Q3 2025 as overall demand moderated. The softer result reflected a sharp pullback in financial services leasing, which had been a major source of volume, partly offset by steady healthcare and business services requirements.

Of note, South University completed a 33,000 sq. ft. renewal on Old Brick Road in the Northwest submarket, while a confidential tenant signed a new lease for 20,000 sq. ft. at 11013 W Broad Street and Shady Grove Fertility renewed 19,000 sq. ft. at 9030 Stony Point, showing that larger commitments remained in play despite the slowdown.

Leasing was concentrated in Innsbrook, accounting for 26.2% of total leasing volume. Following was the CBD, Far West End, and Glenside/Broad Street making up 20.5%, 10.2%, and 9.8%, respectively.

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
South University of Virginia – Member	33,000	Renewal	2151-2171 Old Brick Rd	Far West End
Confidential Tenant	20,000	New Lease	11013 W Broad St	Innsbrook
Shady Grove Fertility	19,000	Renewal	9030 Stony Pt	Stony Point / Huguenot
Confidential Tenant	17,000	Renewal	901 E Cary St	CBD
Regus	13,000	Renewal	3900 Westerre Pkwy	Innsbrook
General Cigar Company	12,000	Renewal	2100 E Cary St	Shockoe Bottom
LifeSpire of Virginia	12,000	New Lease	4991 Lake Brook Dr	Innsbrook
Richmond Metro Habitat for Humanity	12,000	New Lease	5211 W Broad St	West End

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	13.56	14.9	15.8	14.0	1.9	24.28	(295,000)	(462,000)	-	293,000
Class B	17.38	12.3	15.4	14.2	1.1	20.59	(26,000)	96,000	-	-
Class C	4.20	4.5	4.8	4.8	0.0	19.83	40,000	(62,000)	-	-
Total	35.15	12.3	14.3	13.0	1.3	22.18	(281,000)	(428,000)	-	293,000

Source: CBRE Research, Q3 2026

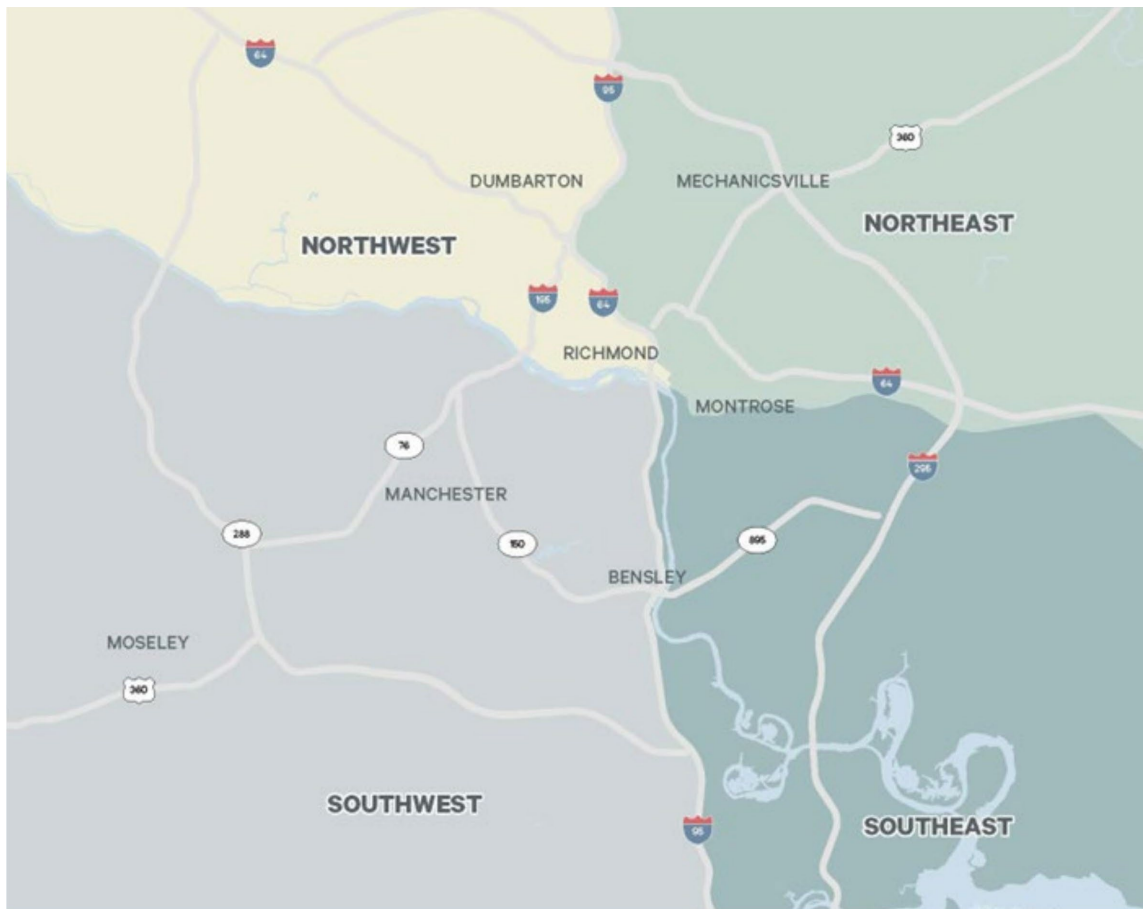
Market Statistics by Quadrant

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)
Northeast	1.38	9.3	9.5	9.2	0.3	19.87	(65,000)	(49,000)	-	-
Northwest	25.01	13.4	14.6	13.1	1.5	22.88	(148,000)	(422,000)	-	200,000
Southeast	1.16	7.9	24.6	24.6	-	19.02	3,000	30,000	-	-
Southwest	7.60	10.2	12.5	11.7	0.8	21.40	(71,000)	13,000	-	93,000
Total	35.15	12.3	14.3	13.0	1.3	22.18	(281,000)	(428,000)	-	293,000

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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