

FIGURES | NORTHERN VIRGINIA OFFICE | Q3 2026

Sustained Occupancy Gains Solidify Northern Virginia’s Office Market Recovery

▼ 20.9%

Vacancy Rate

▼ 355.0

KSF Net Absorption

► 0.0

KSF Construction Delivered

► 34.2

KSF Under Construction

▲ \$37.80

Direct Avg. Asking Lease Rate

Note: Arrows indicate change from previous quarter.

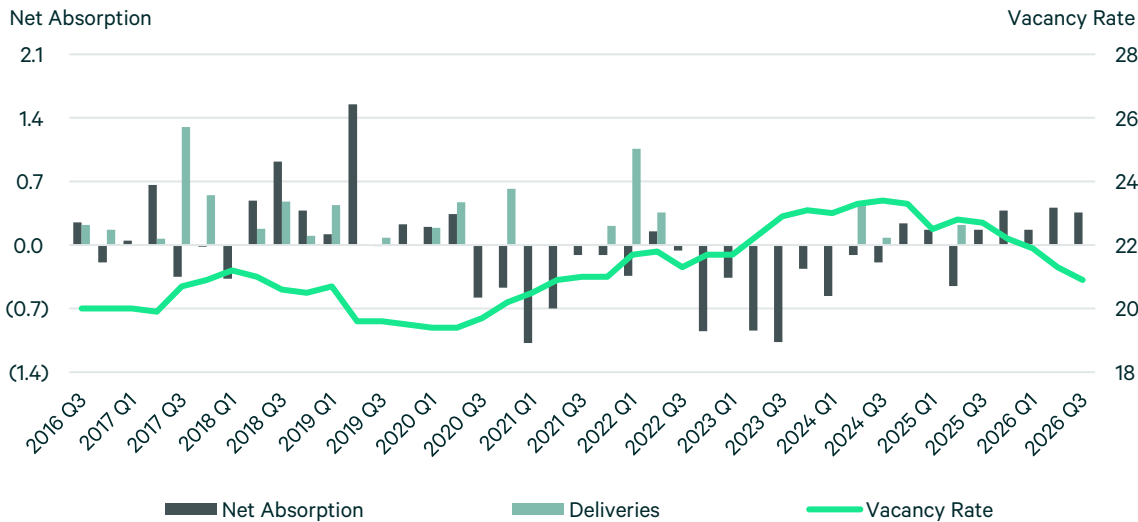
Market Overview

Growth continued in the Northern Virginia office market during the third quarter of 2026, with 355,000 sq. ft. of positive net absorption bringing total occupancy gains for the first three quarters of the year to 941,000 sq. ft. This marks the seventh positive absorption quarter in the past eight and pushed the vacancy rate down 40 basis points (bps) to 20.9%, its lowest level since 2021. Vacancy has now declined 180 bps year-over-year.

Leasing activity totaled 1.7 million sq. ft. in Q3, down 48% from the previous quarter, although year-to-date leasing volume remains in line with the historical average. Construction activity remained limited, with only 34,000 sq. ft. under construction in Q3 2026 versus 747,000 sq. ft. in Q3 2023. Asking rents were largely unchanged quarter-over-quarter, with the overall average rate standing at \$37.80 per sq. ft.

The combination of improving occupancy, declining vacancy, and limited new supply suggests that Northern Virginia is solidly in a recovery phase as market fundamentals become more balanced

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Overall vacancy decreased by 40 basis points from last quarter to 20.9%, its lowest level since 2021. Vacancy rates decreased year-over-year in each building class, with the most significant improvement in the Prime (Trophy) segment. Driven by one of the market's largest lease transactions of the quarter, Reston's Prime (Trophy) vacancy rate fell to 2.3%, leaving just 62,000 sq. ft. of available space. Across the broader market, the Prime (Trophy) vacancy rate declined to 12.9%, the lowest level since tracking began. Vacancy continues to be concentrated in commodity space, which accounts for more than 70% of total vacant space.

The Tysons vacancy rate was 25.4% in Q3, a decrease from historic highs. BAE Systems expanded by 30,000 sq. ft. at 8201 Greensboro Drive, bringing its footprint in the building to more than 97,000 sq. ft. Among the core submarkets, Herndon and Tysons recorded the highest vacancy rates; with Herndon reaching 26.9% in Q3.

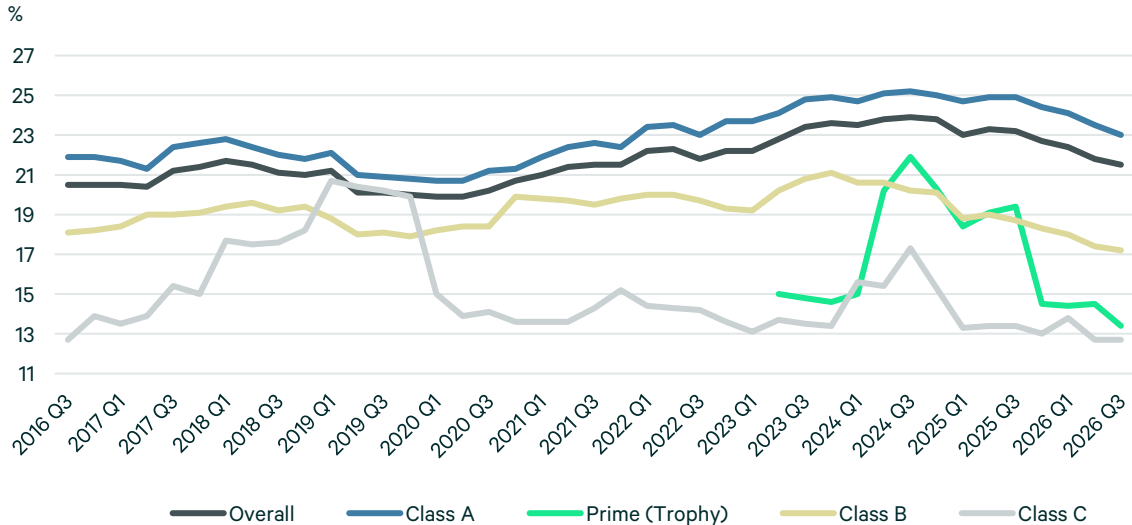
More than 16% of the total vacancy along the Toll Road is rumored for potential conversion. If these projects move forward, Reston and Herndon's combined overall vacancy rate would drop by 290 bps.

Asking Rent

In Q3 2026, asking rents continued to diverge between Prime (Trophy) assets and the broader Class A market. Prime (Trophy) space posted rent growth of 0.7% quarter-over-quarter and 2.6% year-over-year, reaching \$64.46 per sq. ft., while Class A asking rents were largely unchanged at \$38.97 per sq. ft. This pattern indicates that rent growth remains concentrated at the very top of the quality spectrum, while most of the market is priced within a relatively tight band, reinforcing a structurally two-tier rent environment.

Within Northern Virginia's core submarkets, quoted rents further highlighted the disparity between Prime (Trophy) space and the broader Class A market. Tysons recorded Prime (Trophy) asking rents of \$66.87 per sq. ft., compared with \$42.25 per sq. ft. for Class A. In Rosslyn, where overall asking rates are the highest of any submarket, the Class A rate was \$50.52 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

In Q3 2026, the market recorded 355,000 sq. ft. of positive absorption, marking the fifth consecutive quarter of occupancy gain. Class A space accounted for nearly all this improvement. Within Class A, the Prime (Trophy) segment posted an occupancy increase of 135,000 sq. ft., a smaller but still meaningful increase relative to the broader Class A market. Together, these trends indicate that recent occupancy growth remains anchored in top-tier assets while increasingly being supported by demand across the rest of the market, reducing reliance on any single segment for net gains.

Reston recorded a substantial occupancy gain of 109,000 sq. ft. during the quarter, while vacancy stood at 22.6%. In addition to QTS's new-to-market lease at 1800 Reston Row Plaza, MetroStar contributed to the submarket's positive absorption by leasing 38,000 sq. ft. at 12010 Sunset Hills Road, increasing its footprint by 14,000 sq. ft.

At 2450 Crystal Drive in National Landing, Shield AI leased an additional floor, bringing its total footprint in the building to 60,000 sq. ft. Saronic Systems also expanded in National Landing, leasing 12,000 sq. ft. at 1550 Crystal Drive. Led by these two deals and BAE's lease in Tysons, the aerospace and defense industry continues to be a strong driver of occupancy gain in Northern Virginia.

Construction Activity

In Q3 2026, 34,000 sq. ft. was under construction and no new product delivered, leaving the pipeline unchanged quarter-over-quarter and year-over-year. 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.

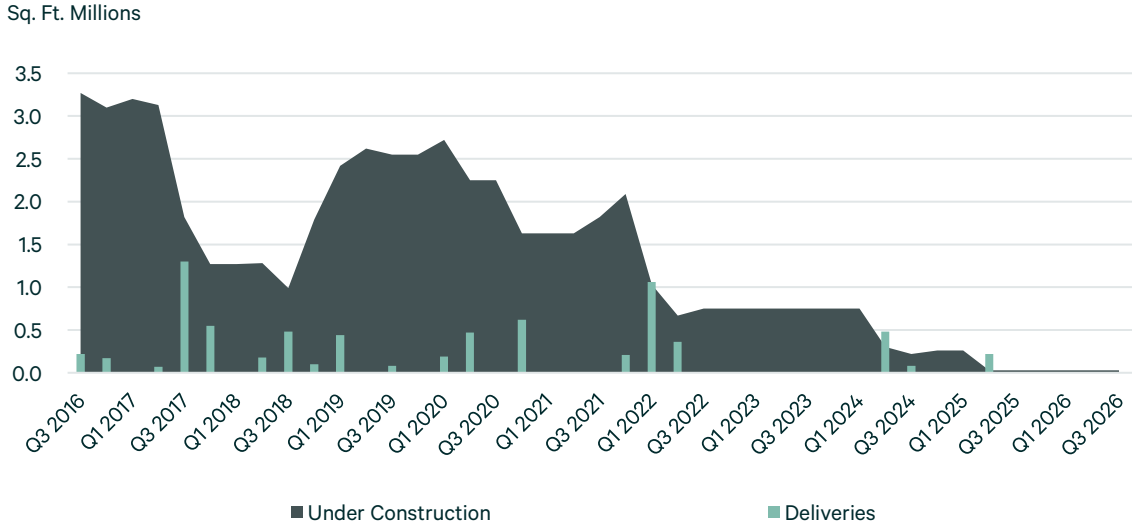
2 Exchange Street in the Route 7 submarket – 34,000 sq. ft. and 0% pre-leased – is the sole office development currently underway.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

Leasing Activity

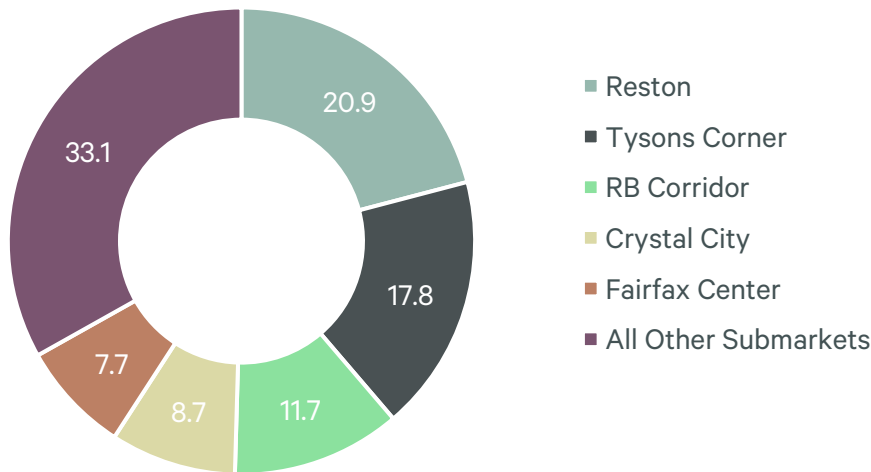
Total leasing volume in Q3 2026 was 1.7 million sq. ft., down 16% against the multi-year trailing Q3 average of 2.1 million sq. ft. However, supported by the strong leasing activity recorded in the second quarter, total leasing volume through the first three quarters of 2026 remained in line with the historical year-to-date average.

QTS, a data center solutions company, made its first entry into Northern Virginia's office market, signing for 77,000 sq. ft. at Comstock's 1800 Reston Row Plaza. Other notable transactions included renewals by GSA's Bureau of Safety & Environmental Enforcement in Route 28 North and Leidos in Springfield/Newington.

Technology tenants led leasing activity in Q3 2026, accounting for 389,000 sq. ft., while business services firms ranked second with 229,000 sq. ft. Aerospace and defense, legal, and nonprofit organizations rounded out the quarter's leasing volume.

Reston and Tysons saw the most pronounced leasing activity, reflecting heavy volumes across both Class A and Class B space in those submarkets.

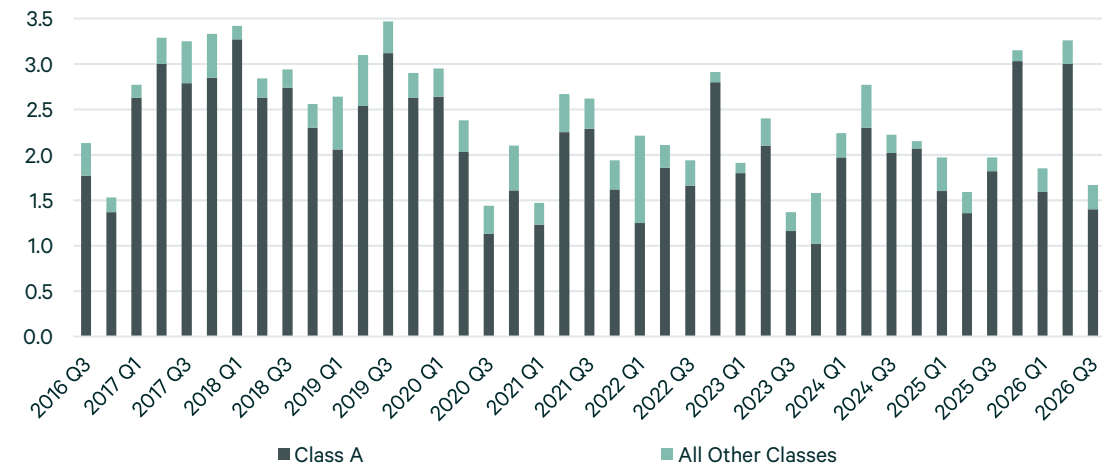
Figure 7: Leasing by Submarket (% of Total Activity)



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
GSA - Bureau of Safety & Environmental Enforcement	82,000	Renewal/Contraction	45600 Woodland Rd	Route 28 North
QTS	77,000	New Lease	1800 Reston Row Plz	Reston
Leidos	64,000	Renewal/Contraction	6909 Metro Park Dr	Springfield/Newington
Coolley LLP	53,000	Renewal	11951 Freedom Dr	Reston
Riverside Research Institute	47,000	Renewal/Expansion	12601 Fair Lakes Cir	Fairfax Center
MetroStar Systems	38,000	New Lease	12010 Sunset Hills Rd	Reston
Mars	36,000	Renewal	1676 International Dr	Tysons
GSA	31,000	New Lease	4301 N Fairfax Dr	Ballston

Source: CBRE Research, Q3 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	105.95	22.5	27.0	25.3	1.7	38.99	274,000	901,000	-	34,000
Prime (Trophy)	7.49	12.9	16.0	14.6	1.4	63.65	135,000	133,000	-	-
Other Class A	98.46	23.3	27.9	26.1	1.8	37.90	140,000	768,000	-	34,000
Class B	33.94	16.7	20.3	19.5	0.8	32.71	83,000	57,000	-	-
Class C	2.48	12.2	14.5	14.2	0.3	40.55	(2,000)	(17,000)	-	-
Total	142.37	20.9	25.2	23.7	1.5	37.80	355,000	941,000	-	34,000

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

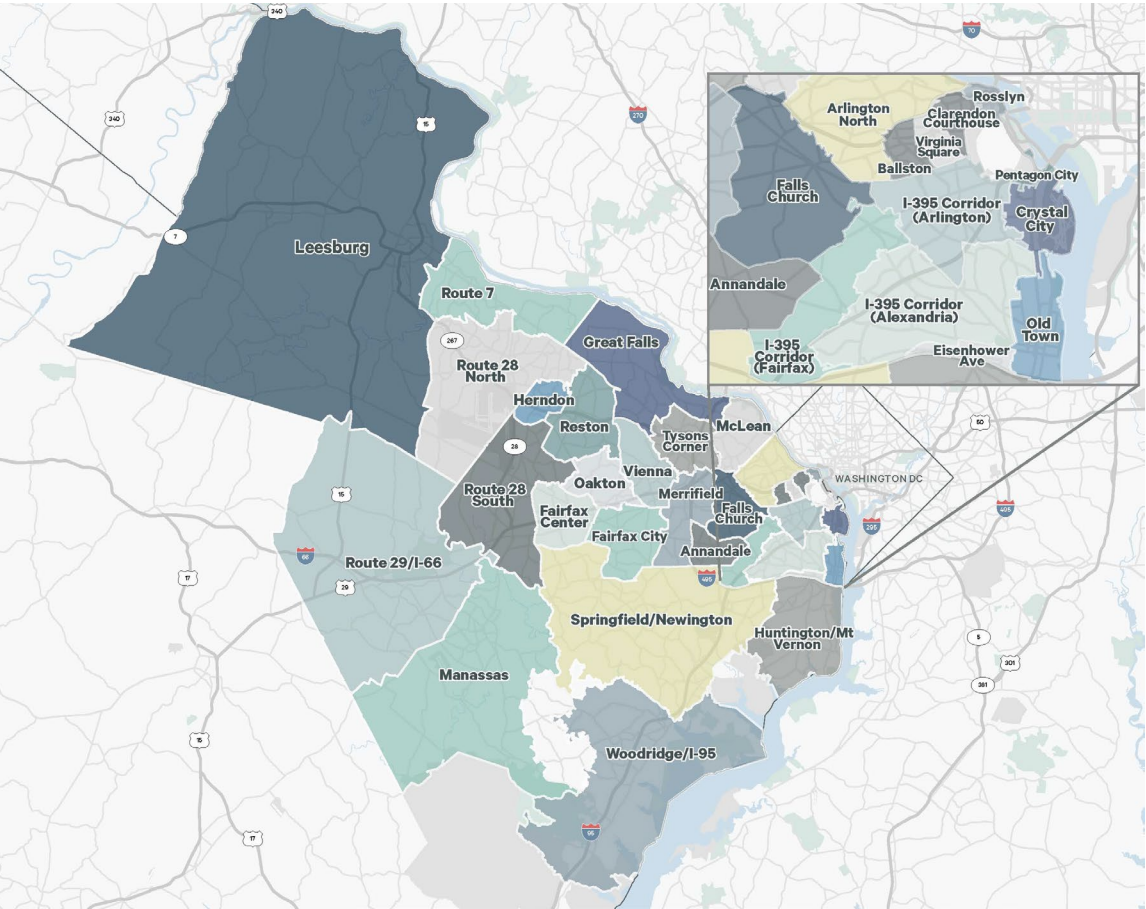
Figure 10

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)
Annandale	1.05	16.4	20.8	20.7	0.1	28.15	(7,000)	18,000	-	-
Arlington North	0.05	-	-	-	-	-	-	-	-	-
Ballston	7.29	22.4	28.7	26.3	2.4	43.96	(40,000)	(54,000)	-	-
Clarendon/Courthouse	4.56	26.5	34.0	31.0	3.0	43.15	9,000	58,000	-	-
Crystal City	9.67	28.5	33.3	29.7	3.6	43.60	58,000	102,000	-	-
Eisenhower Ave	5.47	21.7	24.2	23.7	0.5	38.97	29,000	(7,000)	-	-
Fairfax Center	5.17	28.9	34.1	33.2	0.9	30.97	61,000	(16,000)	-	-
Fairfax City	3.13	9.0	12.3	11.9	0.5	26.41	(17,000)	(26,000)	-	-
Falls Church	1.27	9.5	13.1	11.6	1.4	28.31	3,000	15,000	-	-
Herndon	10.34	26.9	30.4	28.9	1.5	34.43	(60,000)	105,000	-	-
Huntington/Mt Vernon	0.52	26.5	26.9	26.9	-	24.56	8,000	5,000	-	-
I-395 Corridor (Alexandria)	1.93	14.9	19.9	19.1	0.8	29.36	13,000	4,000	-	-
I-395 Corridor (Arlington)	1.01	30.7	33.4	32.4	1.0	29.65	(3,000)	(17,000)	-	-
I-395 Corridor (Fairfax)	2.87	34.8	36.0	35.7	0.2	30.47	6,000	55,000	-	-
Leesburg	0.63	3.9	5.7	5.6	0.1	30.35	(8,000)	-	-	-
Manassas	0.99	4.3	4.7	3.6	1.1	28.69	-	(10,000)	-	-
McLean	0.78	7.3	9.5	8.3	1.2	40.39	3,000	8,000	-	-
Merrifield	6.49	16.4	20.6	18.6	2.1	33.85	(3,000)	(12,000)	-	-
Oakton	0.48	31.2	35.0	34.6	0.4	30.90	2,000	(2,000)	-	-

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	17.0	24.0	21.5	2.4	37.28	32,000	44,000	-	-
Pentagon City	0.51	-	-	-	-	-	-	-	-	-
RB Corridor	21.64	23.1	27.9	26.1	1.8	45.18	(13,000)	122,000	-	-
Reston	16.59	22.6	26.1	24.7	1.4	37.28	109,000	200,000	-	-
Rosslyn	8.38	21.1	23.8	23.3	0.6	46.28	(2,000)	94,000	-	-
Route 28 North	4.65	9.8	11.3	10.8	0.6	28.69	(20,000)	(37,000)	-	-
Route 28 South	10.73	11.7	15.0	14.3	0.7	30.88	54,000	63,000	-	-
Route 29/I-66	1.66	3.4	5.7	5.6	0.1	25.27	3,000	3,000	-	-
Route 7	2.31	10.9	17.4	16.9	0.5	28.15	(5,000)	73,000	-	34,000
Springfield/Newington	4.07	16.8	18.6	17.9	0.7	35.37	(43,000)	66,000	-	-
Toll Road	26.94	24.2	27.7	26.3	1.4	36.06	48,000	305,000	-	-
Tysons Corner	21.90	25.4	32.2	30.4	1.8	40.19	148,000	159,000	-	-
Vienna	0.49	5.1	5.1	5.1	-	24.47	(2,000)	1,000	-	-
Virginia Square	1.41	27.4	28.5	25.8	2.7	53.56	21,000	24,000	-	-
Woodridge/I-95	0.96	7.7	9.4	7.6	1.8	26.63	9,000	25,000	-	-
Total	142.37	20.9	25.2	23.7	1.5	37.80	355,000	941,000	-	34,000

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: 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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