MARKETBEAT

RICHMOND, VA

OFFICE Q3 2026



CUSHMAN & WAKEFIELD THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.5% Vacancy Rate	▲	▼
-161.5K YTD Net Absorption, SF	▼	▲
$23.45 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
725.4K Richmond MSA Employment	▼	▲
3.7% Richmond MSA Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: REGIONAL GROWTH DRIVERS ACCELERATE

Richmond continues to strengthen its position as one of the mid-Atlantic's most dynamic growth markets, backed by major economic development wins, infrastructure investments, and expanding talent attraction. Richmond International Airport (RIC) was recognized as North America's most efficient airport serving fewer than 5 million passengers, while LinkedIn ranked the region second as the fastest-growing metro area for jobs and new talent. Pharmaceutical giant Eli Lilly closed on the purchase of 227 acres in Goochland County, marking a major milestone toward construction of its $5 billion manufacturing campus in West Creek Business Park. Colonial Heights approved a $180 million sports and entertainment complex with a mix of hospitality and retail components, and VCU Medical Center was named the top hospital in Virginia by U.S. News & World Report.

SUPPLY AND DEMAND: LEASING ACTIVITY MODERATES

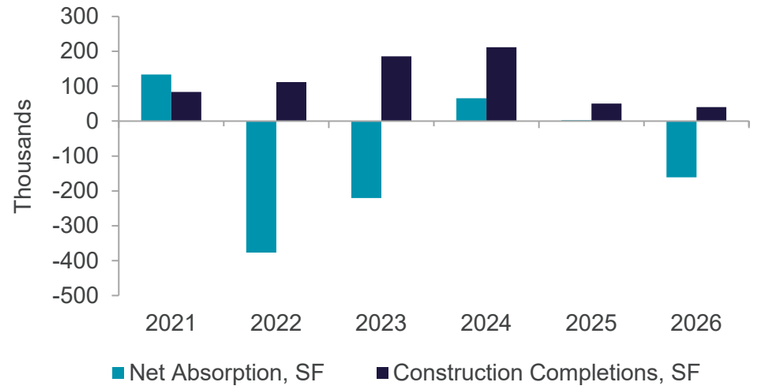
Overall vacancy closed the quarter at 12.5%, up 60 basis points (bps) year-over-year (YOY) and up 110 bps quarter-over-quarter (QOQ) in large part due to sizable CBD sublease space vacated by CoStar Group after it took occupancy of its newly delivered 750,000-square-foot (sf) downtown tower. Net absorption numbers also dropped as a result after four consecutive quarters of positive gains, and CBD vacancy has increased 190 bps, closing the quarter at 18.6%. Year-to-date (YTD) leasing activity topped 1.2 million square feet (msf) after moderating in the third quarter following an active first half of the year. Suburban product carried the majority of third quarter deals, with YTD leasing and renewal activity highest in Innsbrook, the market's largest submarket and home to more than 6 msf.

Speculative construction remains limited to two medical office projects underway in Chesterfield County, totaling 93,000 sf, with limited residual space available for lease. In addition to ground-up construction, the market continues to see renovation of second-generation product, most notably at Midtown 64, the former Genworth campus, which will bring more than 130,000 sf of modern office space online in a mixed-use setting.

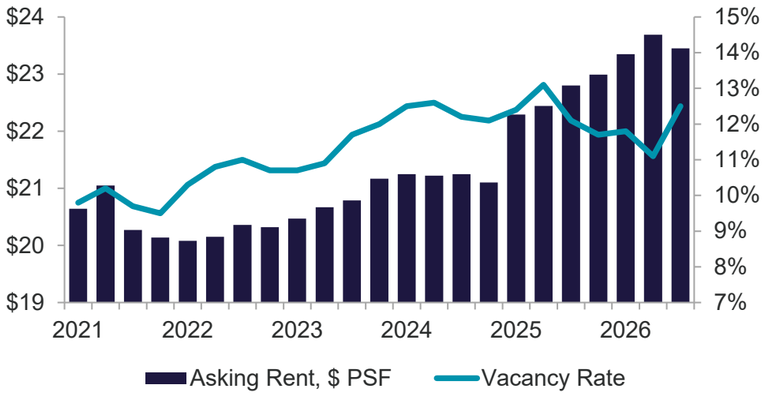
PRICING: RENT GROWTH STABLE

Overall quoted lease rates have increased 2.2% YOY and are up almost 9.0% since the start of 2024. Class A rates for suburban product closed the quarter up 2.6% YOY while CBD Class A rates remained effectively flat. Below-market sublease rates and unpriced offerings continue to impact average quoted pricing in several submarkets, pushing published Class A numbers below overall rates. Sale activity topped $110 million in the third quarter, with YTD volume over $332 million. Highwoods Properties sold a six-building portfolio in Innsbrook to Charlottesville-based Seminole Trail Properties for $53 million, bringing the buyer's office market holdings to more than 1.3 msf in 17 buildings.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	5,557,479	854,889	176,103	18.6%	-113,724	-274,710	170,599	-	-	-
East End	557,416	14,717	0	2.6%	0	-1,022	3,000	-	-	-
Far West End	691,207	155,728	0	22.5%	-42,933	-42,374	39,392	-	$23.80	-
Glenside/Broad St	3,988,639	598,644	75,849	16.9%	24,993	138,276	100,891	-	$20.41	-
Hull Street Corridor	839,340	29,900	0	3.6%	0	900	900	-	$20.34	-
I-95 N/Ashland	329,396	38,864	0	11.8%	389	-37,139	653	-	$15.17	-
I-95 N/Chamberlayne	158,061	0	0	0.0%	2,500	6,000	3,500	-	$18.88	-
Innsbrook	6,004,539	780,310	69,121	14.1%	20,945	-64,755	299,844	-	$22.97	$24.40
Iron Bridge Corridor	922,827	102,927	6,318	11.8%	5,761	5,353	52,604	-	$22.51	$21.00
Lakeside	211,595	5,774	0	2.7%	142	6,933	6,985	-	$20.09	-
Manchester	647,463	140,033	0	21.6%	-117,448	-112,905	13,720	-	$24.80	$24.92
Mechanicsville	854,557	52,092	0	6.1%	7,924	12,921	25,893	-	$22.97	-
Midlothian Corridor	3,374,314	406,843	4,611	12.2%	13,256	65,952	123,622	-	$23.15	$22.88
Monroe Ward	955,483	109,422	0	11.5%	-542	-1,570	5,075	-	$20.53	$23.50
Near West End	1,174,381	26,865	7,020	2.9%	6,864	60,469	35,972	-	$30.78	-
North Broad	1,271,428	128,679	0	10.1%	60,647	-14,534	34,345	-	$24.00	-
Northside	123,005	0	0	0.0%	0	0	0	-	-	-
Parham East	2,130,957	142,396	0	6.7%	-70,762	-77,065	7,645	-	$19.67	$19.95
Parham South	679,956	64,480	0	9.5%	-17,021	14,977	34,725	-	$19.28	$20.00
Rt 288 Corridor	957,372	61,705	0	6.4%	6,280	15,629	19,864	93,000	$40.52	$41.73
Shockoe Bottom	616,158	96,040	0	15.6%	7,710	-15,291	27,571	-	$23.94	-
Stony Point/Huguenot	1,102,984	65,804	4,148	6.3%	16,062	48,113	53,121	-	$28.26	$24.50
West Creek	788,027	32,173	0	4.1%	1,364	21,109	7,230	-	$39.26	-
West End	2,421,423	280,742	11,969	12.1%	-63,412	83,277	190,069	15,000	$22.39	-
RICHMOND TOTALS	**36,358,007**	**4,189,027**	**355,139**	**12.5%**	**-251,005**	**-161,456**	**1,257,220**	**108,000**	**$23.45**	**$24.19**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Jackson Center (501 N 2nd St)	North Broad	VCU Health System Authority	33,020	Renewal
Westmark (11013 W Broad St)	Innsbrook	Confidential Tenant	29,216	New
Stony Point I (9030 Stony Point Pkwy)	Stony Point/Huguenot	US Fertility LLC	17,493	Renewal
One James Center (901 E Cary St)	CBD	Confidential Tenant	16,681	New
North Shore Commons II (4991 Lake Brook Dr)	Innsbrook	Virginia Baptist Homes Inc.	12,295	New
5211 West Broad St	West End	Richmond Metro Habitat for Humanity	11,738	New

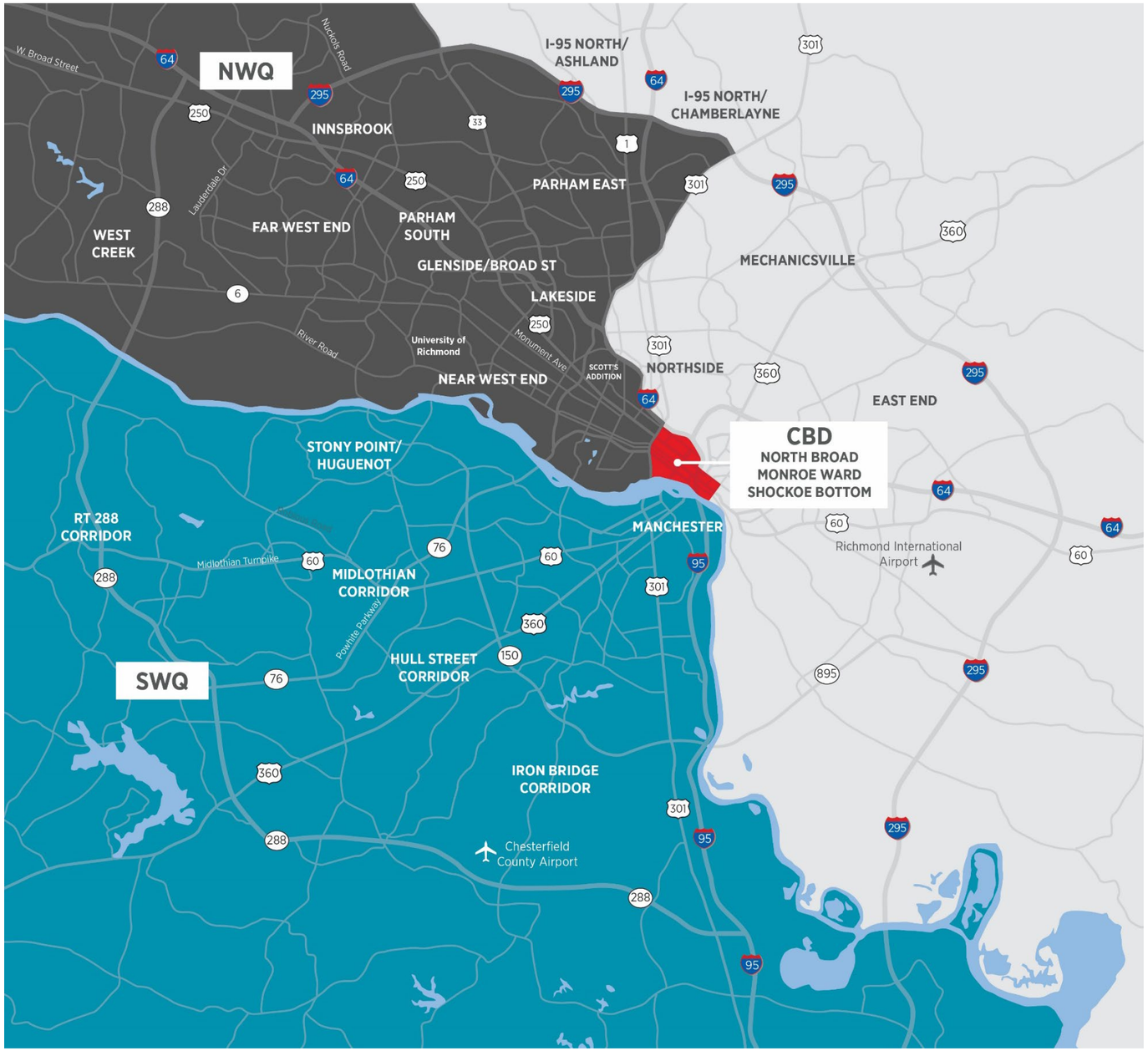
KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Innsbrook Portfolio	Innsbrook	Highwoods Properties Inc. / Seminole Trail Management LLC	486,916	$53.0M / $109
Turning Basin Building (111 Virginia St)	CBD	Jewell Capital / SNP Properties	88,905	$8.5M / $95

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OFFICE SUBMARKETS



LIZ GREVING
Associate Director, Research
Tel: +1 804 697 3560
liz.greving@thalhimer.com

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