MARKETBEAT

HAMPTON ROADS, VA

OFFICE Q2 2026

CUSHMAN & WAKEFIELD THALHIMER

MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.5% Vacancy Rate	▲	▼
81K YTD Net Absorption, SF	▼	▲
$23.33 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
828.1K Hampton Roads Employment	▼	▲
4.0% Hampton Roads Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: INFRASTRUCUTRE INVESTMENT

The Hampton Roads economy continues to benefit from billions of dollars in infrastructure investment focused on reducing congestion and modernizing the region's transportation network. The largest initiative is the $3.9 billion Hampton Roads Bridge-Tunnel (HRBT) expansion, the largest highway project in Virginia history. The project includes twin two-lane bored tunnels that will expand capacity along the 9.9-mile corridor between the Southside and Peninsula, with substantial completion expected in early 2027. Additional major investments include the expansion of the Chesapeake Bay Bridge-Tunnel and the recently announced $310 million federal loan supporting completion of the Hampton Roads Express Lanes (HREL) network: a multi-phase, 45-mile express lane and HOV system. Norfolk International Airport is also undergoing a $1 billion modernization, including a new international customs facility, expanded concourses, a planned 165-room on-site hotel, and upgraded roadway infrastructure. Collectively, these projects continue to drive demand for construction, engineering, architecture, design, and logistics firms throughout the region.

MARKET REVIEW: POSITIVE OFFICE ABSORPTION

Much of the quarter's positive absorption was driven by architecture and engineering firms supporting the region's ongoing infrastructure projects. These tenants continue to seek high-quality office space in amenity-rich submarkets, particularly Virginia Beach Town Center, Greenbrier/Battlefield, and Lynnhaven, reinforcing the market's ongoing flight-to-quality trend.

Asking rents continue to rise across all property classes. While tenant demand has supported rent growth, the primary driver remains increasing tenant improvement (TI) costs, which landlords must recover through lease rates. As a result, lease term has become an increasingly important negotiating point. Historically, five-year leases have been standard in Hampton Roads; however, many landlords now require longer terms to adequately amortize today's higher TI investments.

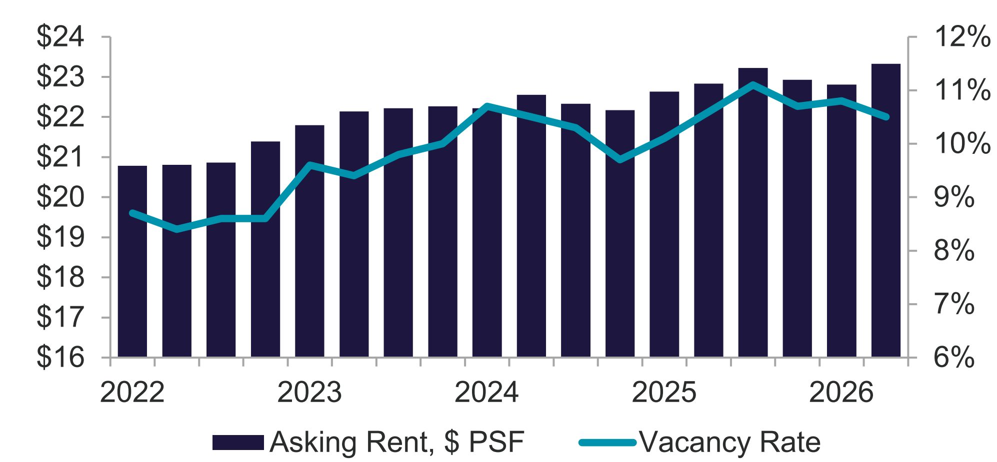
FORECAST: VACANCY TO DECLINE AS RENTS CONTINUE TO RISE

Vacancy is expected to trend downward through the remainder of 2026, not because of exceptional demand, but due to the absence of speculative office construction and the continued removal of functionally obsolete buildings from the competitive inventory.

Asking rents are expected to continue increasing as landlords offset elevated tenant improvement costs and replacement expenses.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



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)*
Chesapeake	4,402,891	590,166	1,342	13.7%	47,672	52,454	79,217	130,040	$22.60	$22.49
Gloucester	142,274	773	0	0.5%	0	0	0	0	N/A	N/A
Hampton	2,674,476	418,677	5,350	15.9%	-6,664	13,720	20,315	0	$17.94	$16.86
Harborview/Western Branch	1,244,063	48,482	23,696	5.8%	-25,249	-34,454	40,326	31,750	$23.72	$21.21
Newport News	5,791,464	586,779	2,435	10.2%	2,650	-22,604	69,692	0	$23.19	$26.32
Norfolk	7,917,208	1,059,559	29,246	13.8%	32,236	-57,833	129,524	0	$25.20	$26.84
Portsmouth	815,148	50,305	0	6.2%	-18,683	-20,515	13,774	0	$19.81	N/A
Suffolk	664,833	13,138	0	2.0%	-27	-27	0	0	$17.77	N/A
Virginia Beach	9,439,363	767,989	42,620	8.6%	90,395	136,732	254,156	0	$24.11	$27.60
Williamsburg	1,192,251	11,578	0	1.0%	9,880	4,150	19,046	0	$23.03	N/A
York	395,229	2,170	0	0.5%	9,024	9,024	10,210	12,000	$22.34	$22.53
HAMPTON ROADS TOTALS	**34,679,200**	**3,549,616**	**104,689**	**10.5%**	**141,234**	**80,647**	**636,260**	**173,790**	**$23.33**	**$25.52**

**Rental rates reflect full service asking*

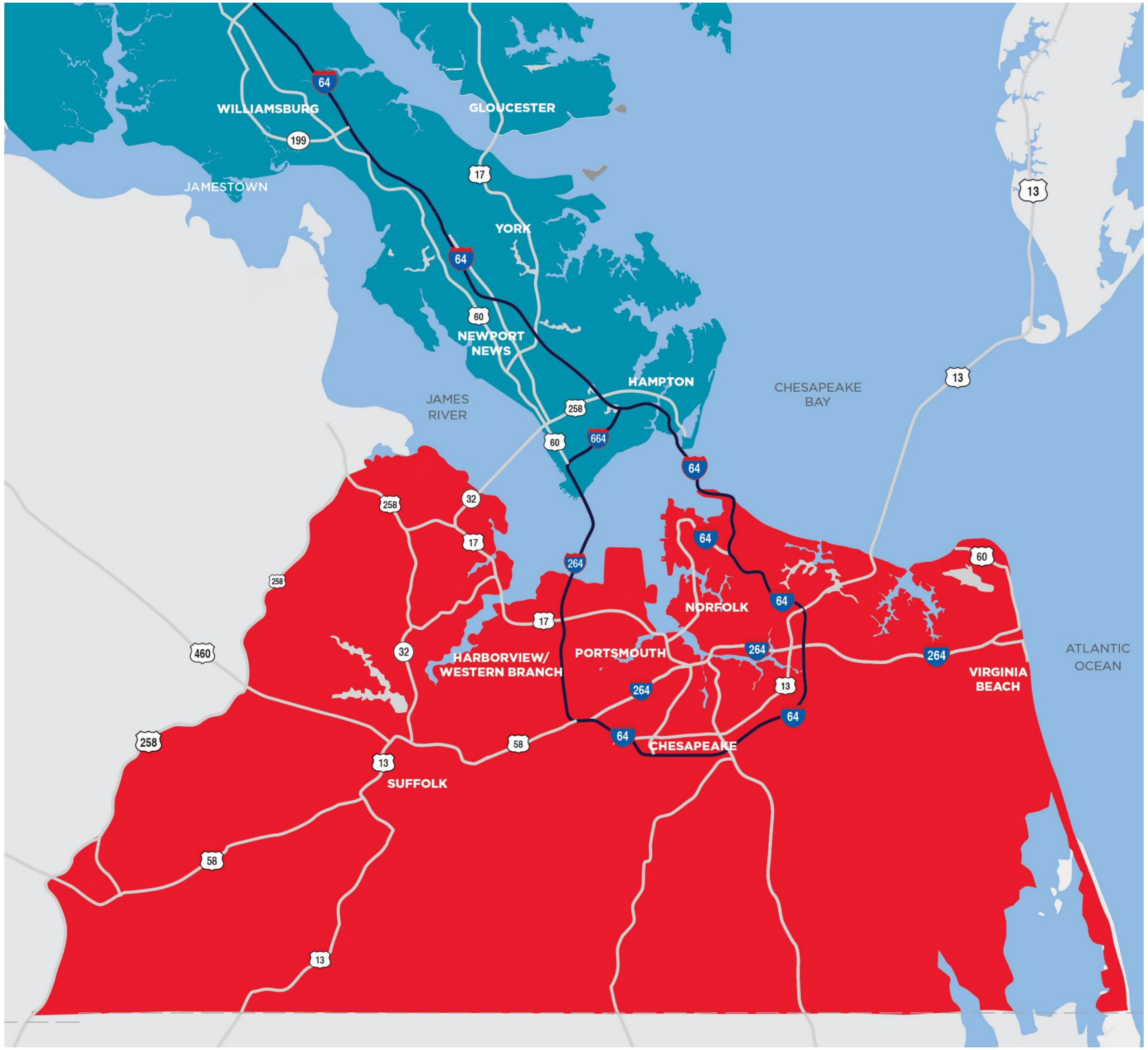
KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4452 Corporation Lane	Virginia Beach	Virginia Department of Health	48,557	Renewal
155 Kingsley Lane	Norfolk	Bon Secours (Maryview Hospital, LLC)	20,475	New
208 Golden Oak Court	Virginia Beach	Wells Fargo Advisors	15,229	Renewal
4525 Main Street	Virginia Beach	UBS Financial Services, Inc.	8,297	New

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
1403 Greenbrier Parkway & 908 Eden Way N	Chesapeake	Greenbrier Point Partners, L.P. / NAI Dominion Hampton Roads	87,102	$10.15M / $117
4350 New Town Avenue	Williamsburg	Guernsey Tingle Architects / William & Mary RE Foundation	13,700	$2.5M / $182
1125 First Colonial	Virginia Beach	Murray Wholesale Drug / Gershon Investments	12,500	$3.2M / $256

OFFICE SUBMARKETS



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