

NEWMARK

Hampton Roads Office Market Overview

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U.S. Market Observations



Economy

- The Hampton Roads unemployment rate continues to outperform the national average, measuring 3.9% in May of 2026. This is up 50 basis points year-over-year but remains 40 basis points below the national average.
- Hampton Roads maintains a diversified economy, with its top four industries each containing between 15-20% of all employees, leading to an overall total of 67.0% of the regional workforce. Government leads the way in the region, encompassing 20.0% of the regional workforce. It is followed closely by Trade/Transportation/Utilities, Education/Health, and Professional/Business Services, containing 17.0%, 15.0%, and 15.0% of the regional workforce, respectively.
- Hampton Roads has a top business climate, highlighted by having the lowest cost of living and lowest cost of doing business among the largest and most comparable metros nationally.



Leasing Market Fundamentals

- The Hampton Roads office market experienced 129,202 SF of positive net absorption during the second quarter of 2026, ending the quarter at a 12.7% vacancy rate, a tightening of 50 basis points quarter-over-quarter. This positive net absorption was concentrated on the Southside, which saw 111,199 SF of positive net absorption during the quarter. The Peninsula followed suit after seeing 20,155 SF of positive net absorption, while the CBD saw the least movement with only 2,152 SF of negative net absorption.
- Rents have shown positive movement recently, ending the second quarter of 2026 at \$23.41/SF, a 0.3% increase quarter-over-quarter and an increase of 1.7% year-over-year.
- Although there were no deliveries during the year, there are two properties, totaling 67,000 SF, under construction in the market. These two developments are located in the cities of Chesapeake and Suffolk.



Major Transactions

- The largest transaction of the quarter was the sale of Greenbrier Point II, a 72,000-square-foot office building located at 908 Eden Way N. Greenbrier Point Partners LP sold the Class B office building to Greenbrier Associates LLC for \$10.2 million, or \$141.00/SF.
- Office investment sales continue to face pricing pressure, with average pricing remaining significantly lower than recent peaks. During the first half of 2026, average pricing in the region measured approximately \$105.00/SF, below the decade average of \$121.00/SF. Year-to-date, investment sales have totaled approximately \$92.0 million in Hampton Roads, which is on pace to equal 2025 annual volume of \$185.0 million, however is below the historical annual average of approximately \$250.0 million.



Outlook

- A positive employment trajectory seems likely, with office employment 1.0% above historical levels and accelerating population growth projected (2.8% from 2025-2030), leading to a solid foundation for future office demand.
- The region's #1 ranking for lowest cost of living and doing business among comparable metros, combined with strong labor market fundamentals (3.9% unemployment), positions Hampton Roads to attract relocations and expansions.
- The market has demonstrated consistent rent growth while many national markets stagnate, which suggests pricing power should persist given tight fundamentals, especially with a lack of supply-side pressure.

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Economy

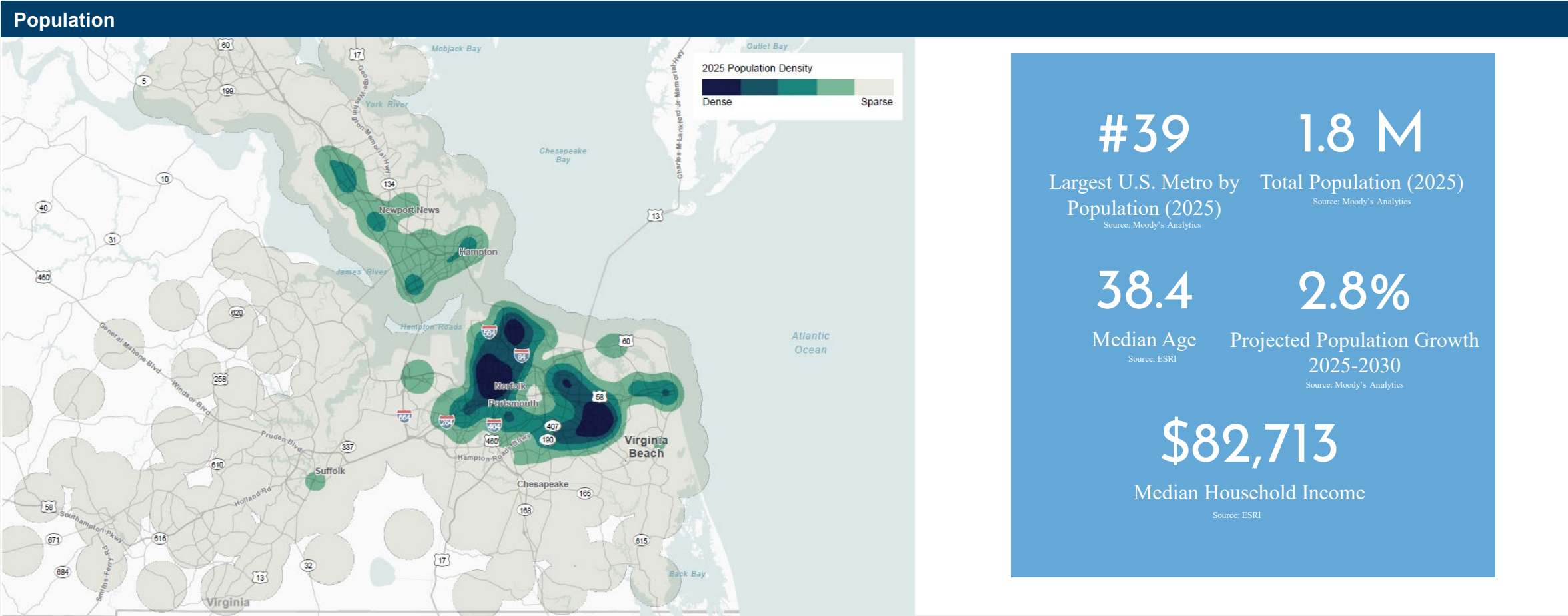
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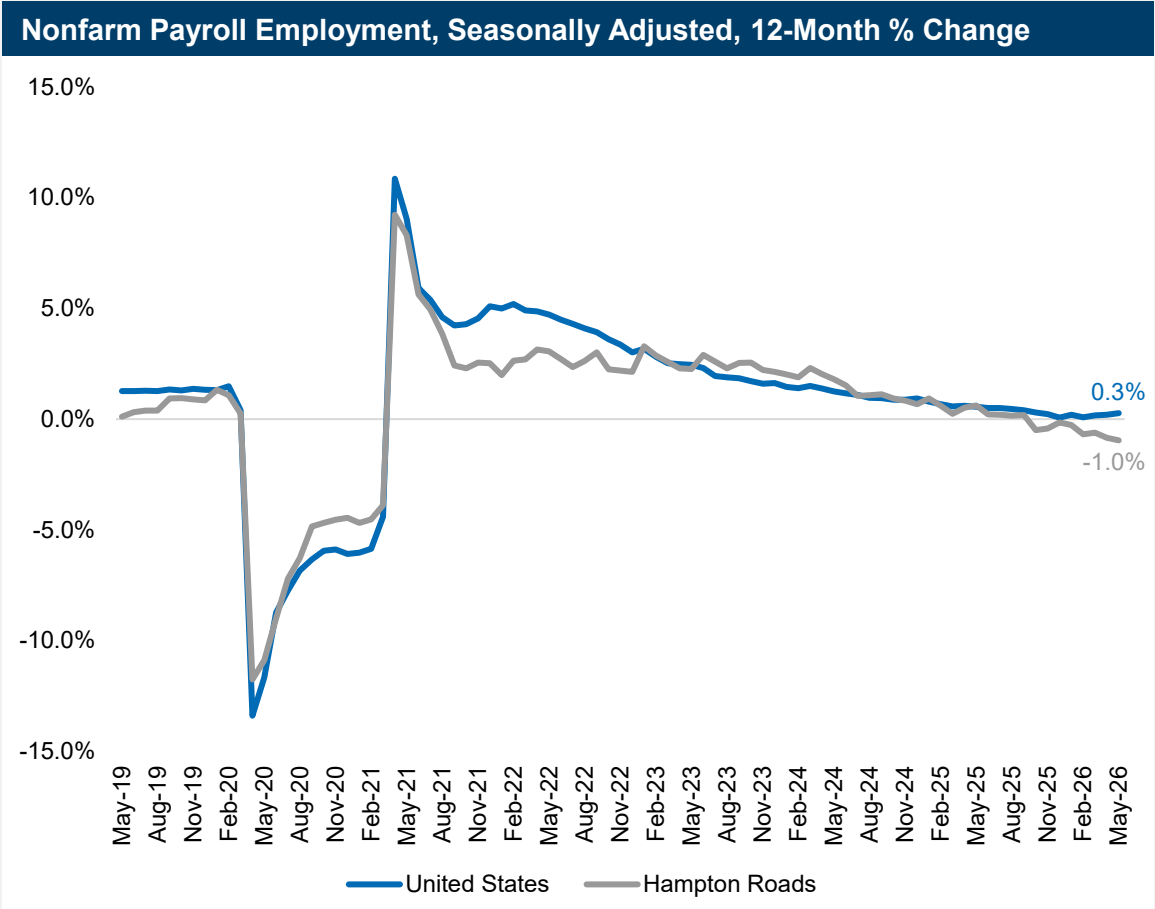
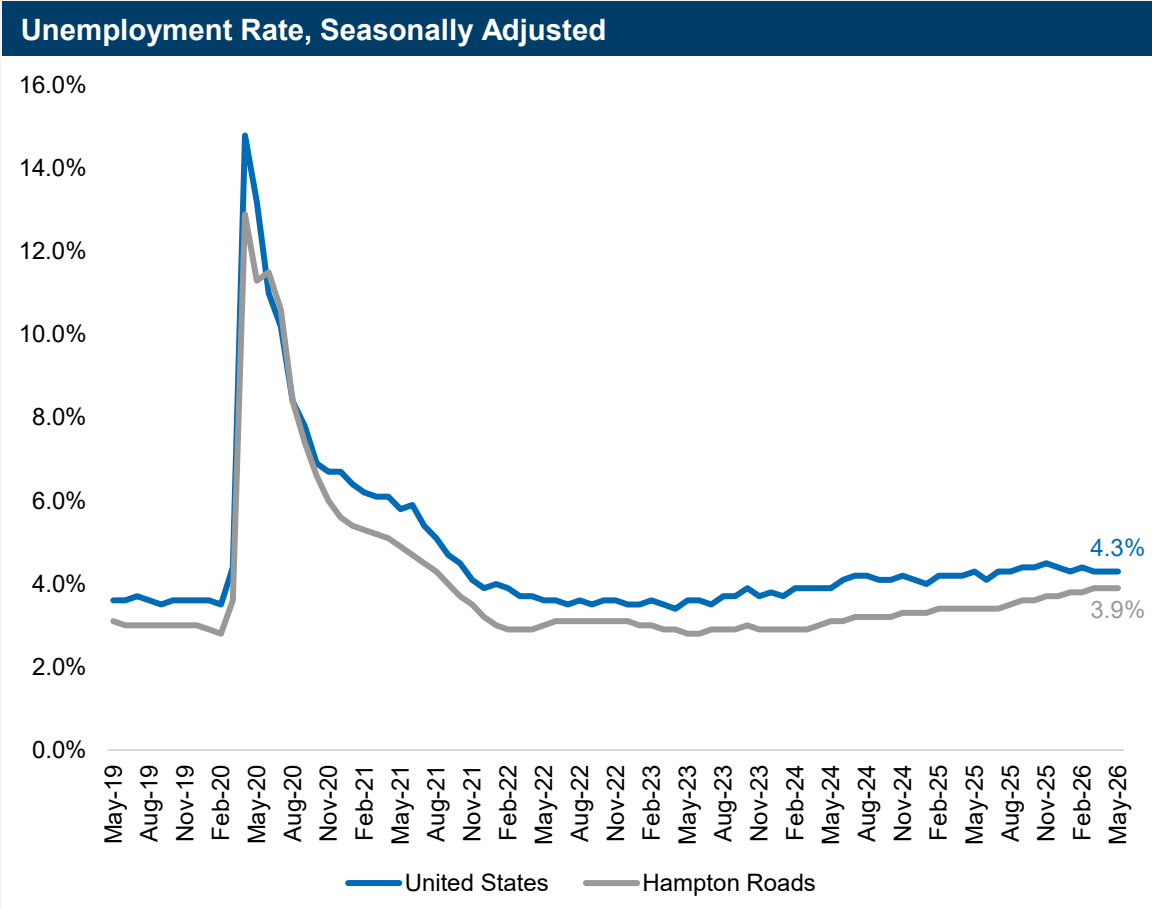
Hampton Roads Poised to See Elevated Population Growth

The Hampton Roads metropolitan area is the 39th largest in the nation, with a population of roughly 1.8 million people. From 2020 to 2025, the Hampton Roads metro added approximately 17,714 residents, reflecting a growth rate of 1.0%. Looking forward, the region is expected to add 51,053 residents from 2025 to 2030, a projected growth rate of 2.8%.



Hampton Roads' Unemployment Rate Outperforms National Average

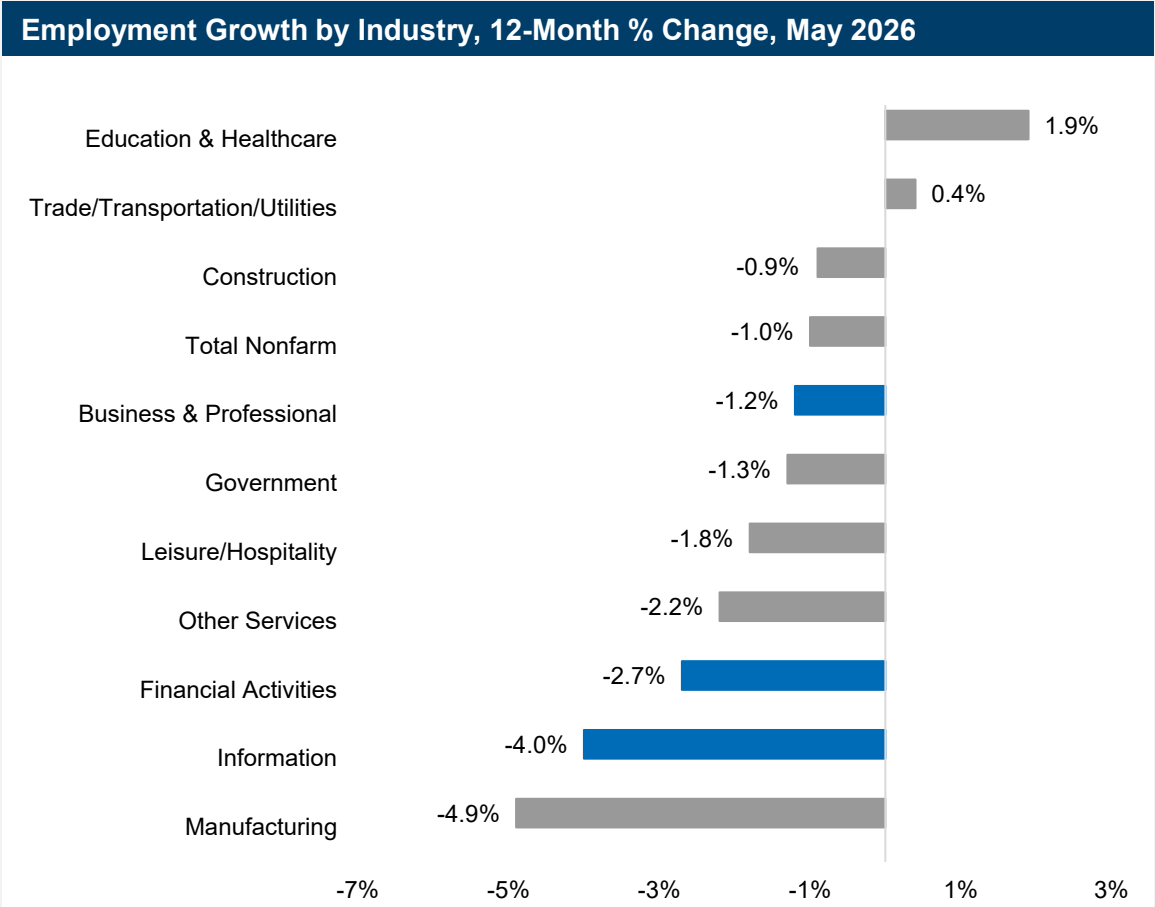
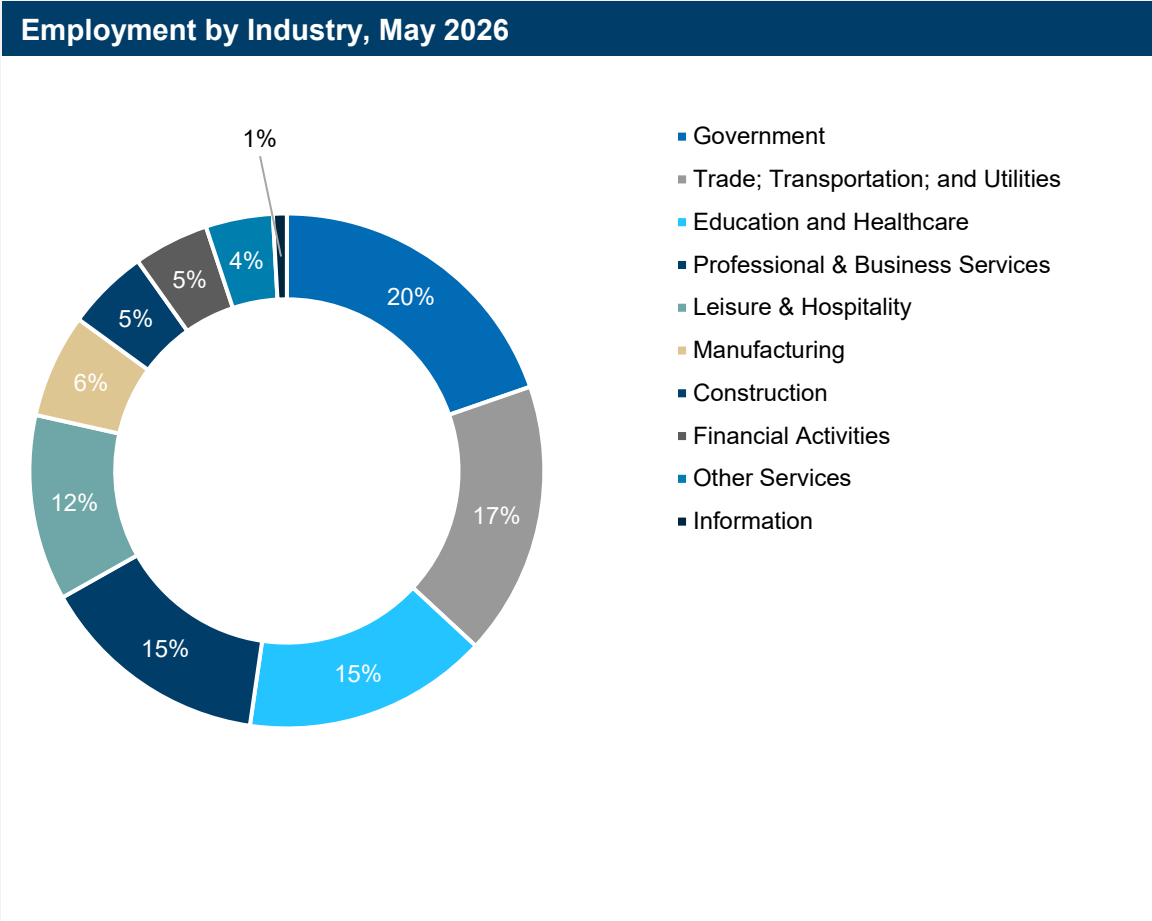
The Hampton Roads unemployment rate continues to outperform the national average, measuring 3.9% in May of 2026. This is up 50 basis points year-over-year but remains 40 basis points below the national average.



Source: U.S. Bureau of Labor Statistics, Hampton Roads
*October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

Total Employment Down Year-Over-Year

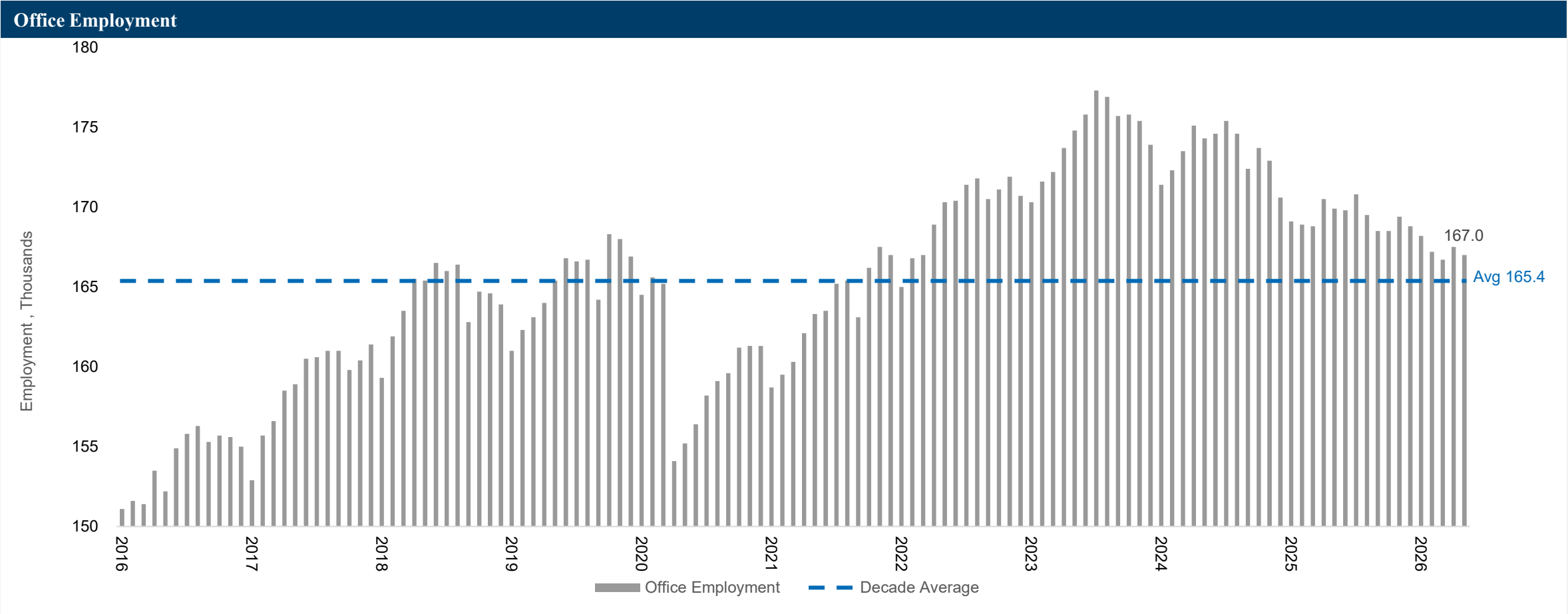
Hampton Roads has a relatively balanced local economy anchored by a mix of public-sector employment and industrial- and service-oriented private industries. Office-related sectors account for three of the top four sectors, with Government, Education and Healthcare, and Professional & Business Services making up 53.0% of the region’s overall workforce. Over the past 12 months, total nonfarm employment declined 1.0%. The office-using sectors of Information, Financial Activities, and the Business & Professional sector all saw employment declines of 4.0%, 2.7%, and 1.2%, respectively.



Source: U.S. Bureau of Labor Statistics, Hampton Roads
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information
*October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

Office Employment Remains Elevated

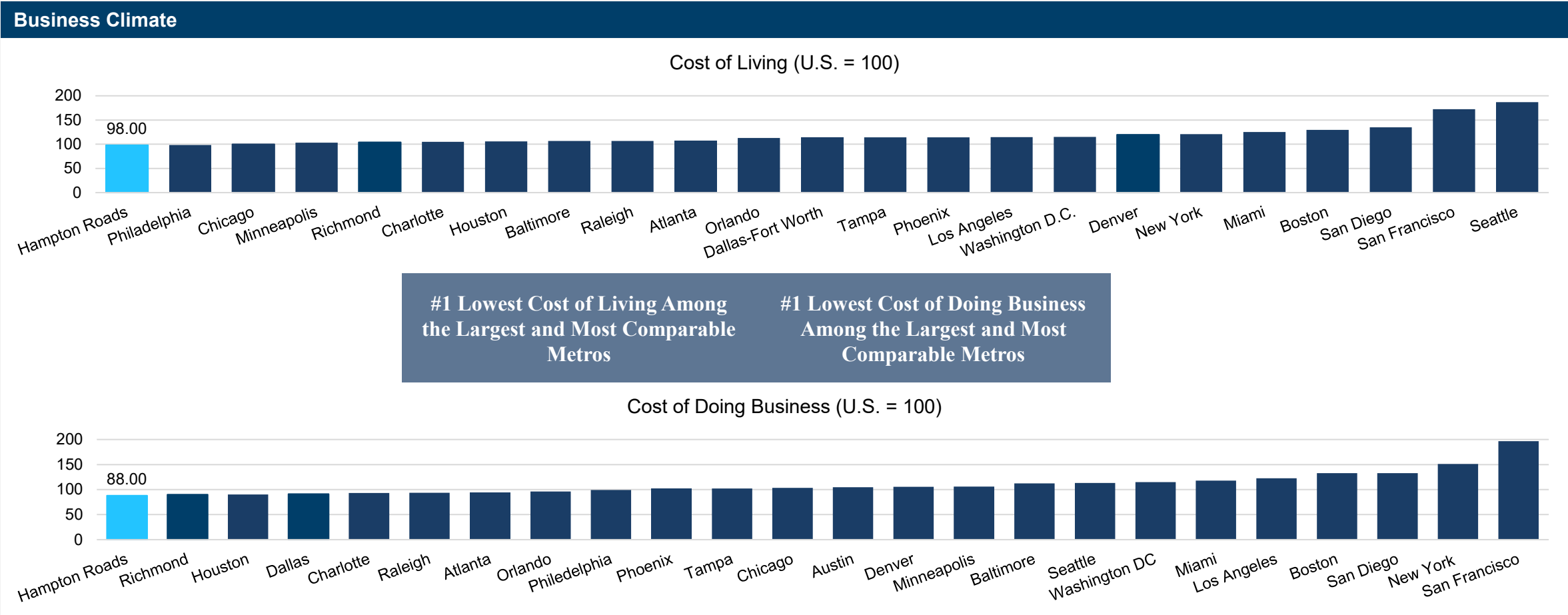
The number of office jobs in Hampton Roads has rebounded and remains elevated above pre-pandemic levels, despite seeing consistent declines since 2024. Employment ended May of 2026 at 167,000 employees, in line with the pre-pandemic high in October of 2019 and an increase of 8.4% since the market reached a pandemic-related low in April of 2020. The recent stabilization in the office-related sectors bodes well for future demand.



Source: U.S. Bureau of Labor Statistics, Hampton Roads
*Office employment includes employment in the following industry sectors: Business & Professional, Financial Activities, and Information.

Hampton Roads Has a Top Business Climate

The Hampton Roads metro has the lowest cost of doing business among the largest and most comparable metros in the U.S. This lower cost of doing business contributes to Hampton Roads’ attractiveness as a place to call home. Furthermore, Hampton Roads has the lowest cost of living and is considered very affordable relative to large and comparable metros nationally. This allows Hampton Roads to be extremely competitive in providing people and employees a better quality of life.



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Leasing Market Fundamentals

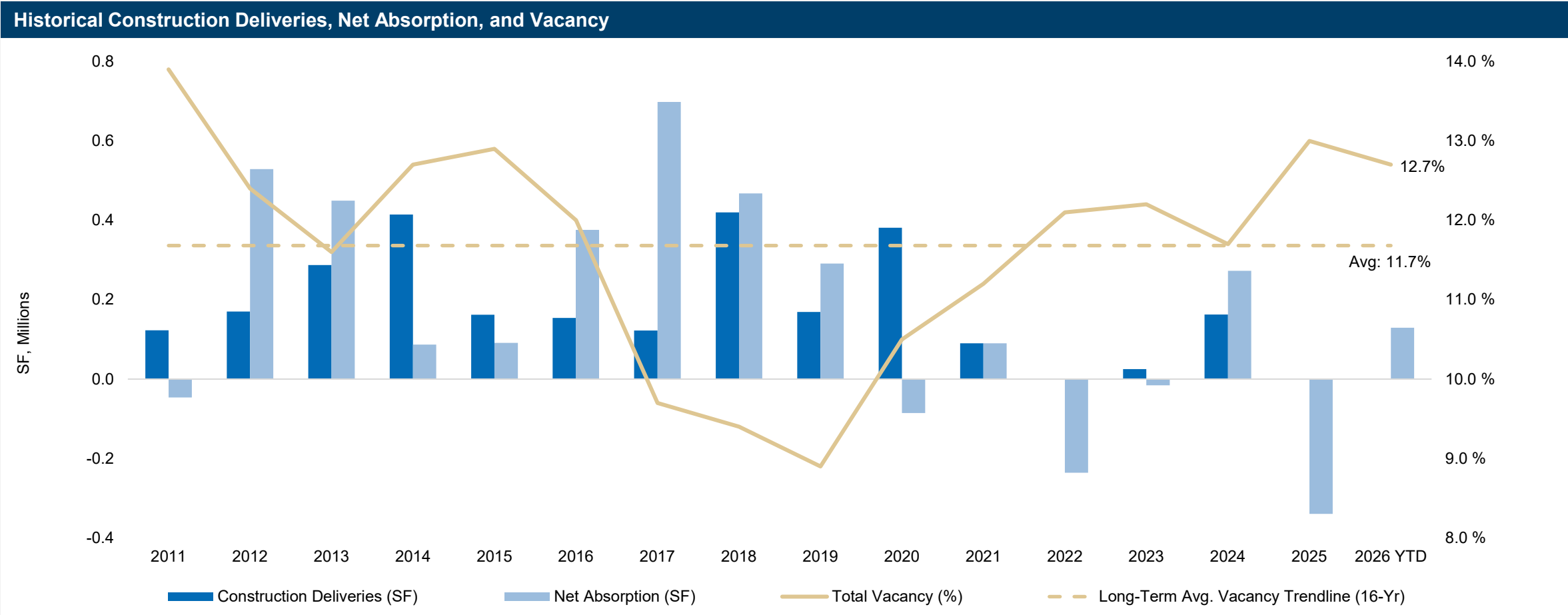
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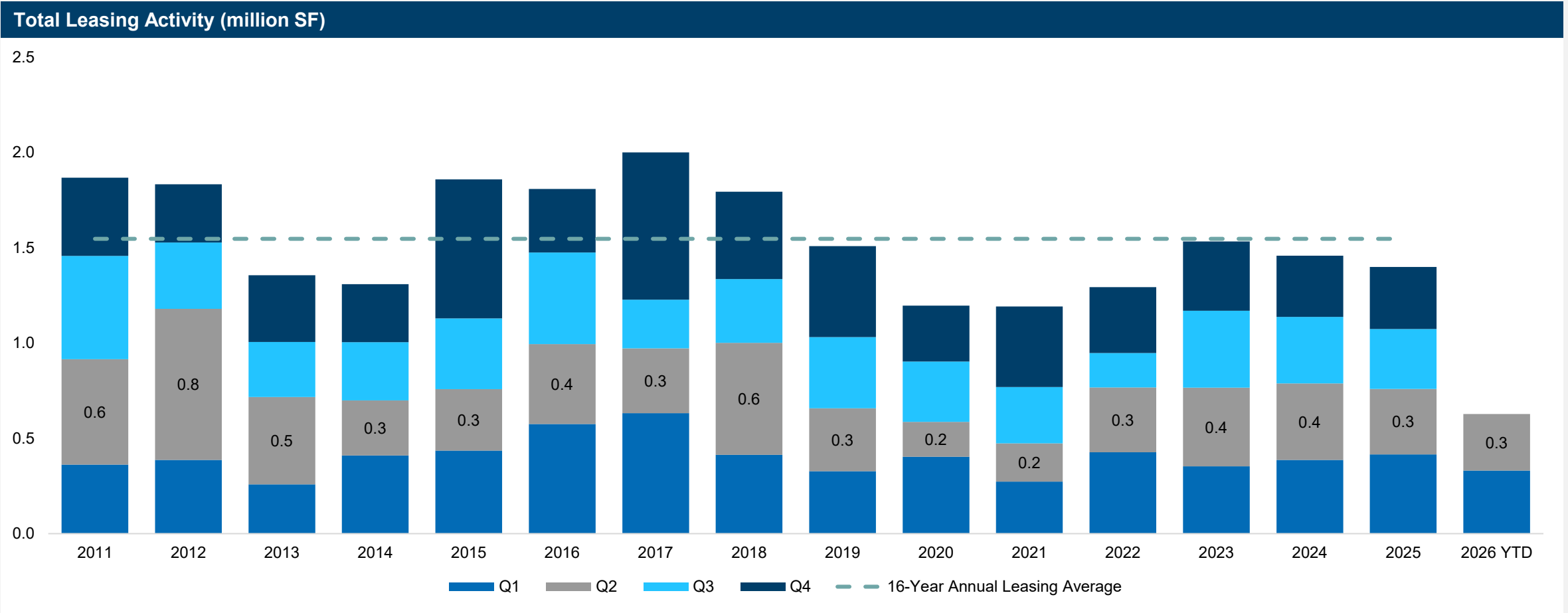
Hampton Roads Remains Stable Relative to Markets Nationally

The Hampton Roads office market experienced 129,202 SF of positive net absorption during the second quarter of 2026. This positive absorption was concentrated on the Southside, which saw 111,199 SF of positive net absorption during the quarter, largely due to Virginia Department of Health occupying over 47,000 SF of space at 4452 Corporation Ln within the VA Beach CBD/Pembroke submarket. The market ended the quarter at a 12.7% vacancy rate, a tightening of 50 basis points quarter-over-quarter; however, an expansion of 30 basis points year-over-year. Overall, the market has been consistently expanding since ending 2019 at a historically tight vacancy rate of 8.9%. Despite this recent expansion in vacancy, the market is performing extremely well nationally.



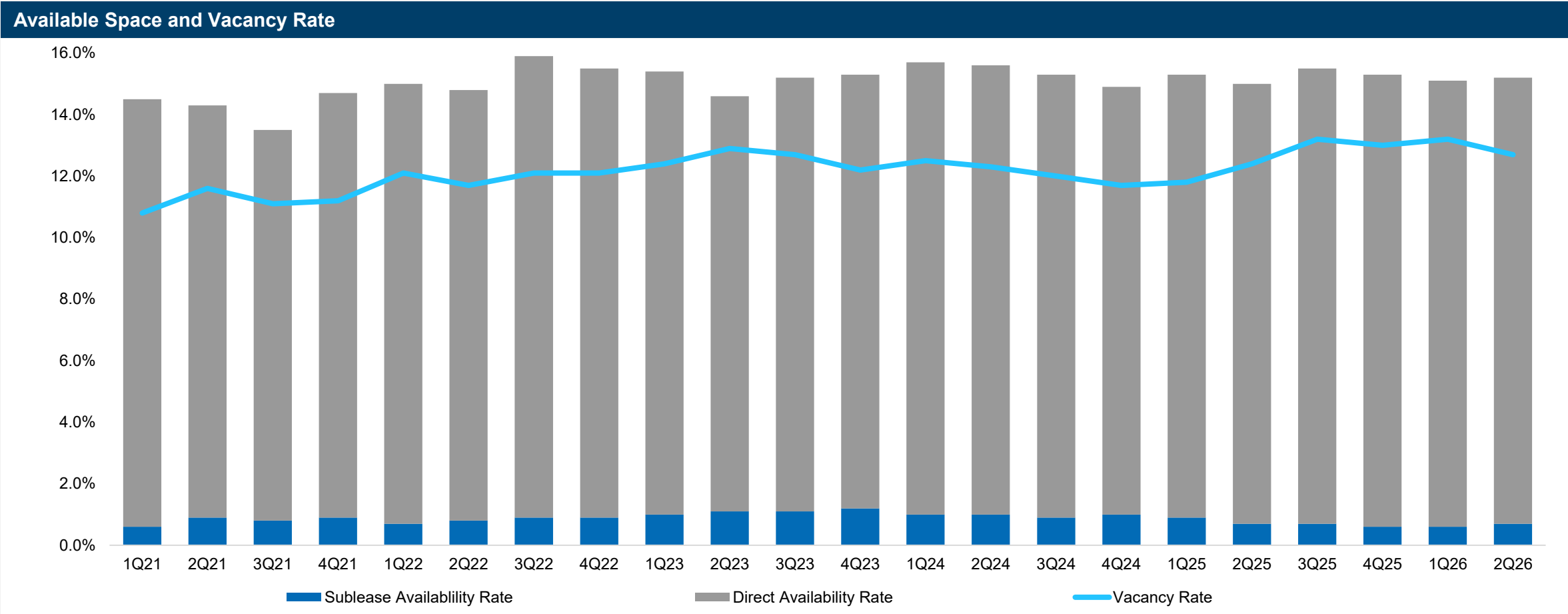
Leasing Activity Remains Stable Despite Deceleration

The Hampton Roads market experienced around 300,000 SF of leasing activity during the second quarter of 2026, which is slightly below historical averages. The market’s leasing activity has been impressively stable during recent years, seeing between 1.2 million SF and 2.0 million SF of transaction volume each year from 2010-2025, highlighting the market’s resilience during economic downturns.



Vacancy and Availability Contract to Begin 2026

Vacancy ended the second quarter of 2026 at 12.7%, tightening 50 basis points quarter-over-quarter, although expanding 30 basis points year-over-year. Vacancy initially expanded from 9.0% during the beginning of 2020 to 12.9% in 2023. Since that point, the market’s vacancy rate stabilized around 12.0% to 13.0%. Availability ended the second quarter of 2026 at 15.2%, expanding 10 basis points quarter-over-quarter and year-over-year. Direct available space ended the quarter at 14.5%, remaining steady quarter-over-quarter, while sublease available space increased 10 basis points quarter-over-quarter, ending the quarter at 0.7%. Hampton Roads remains one of the tightest markets in the country in terms of sublease availability rate.





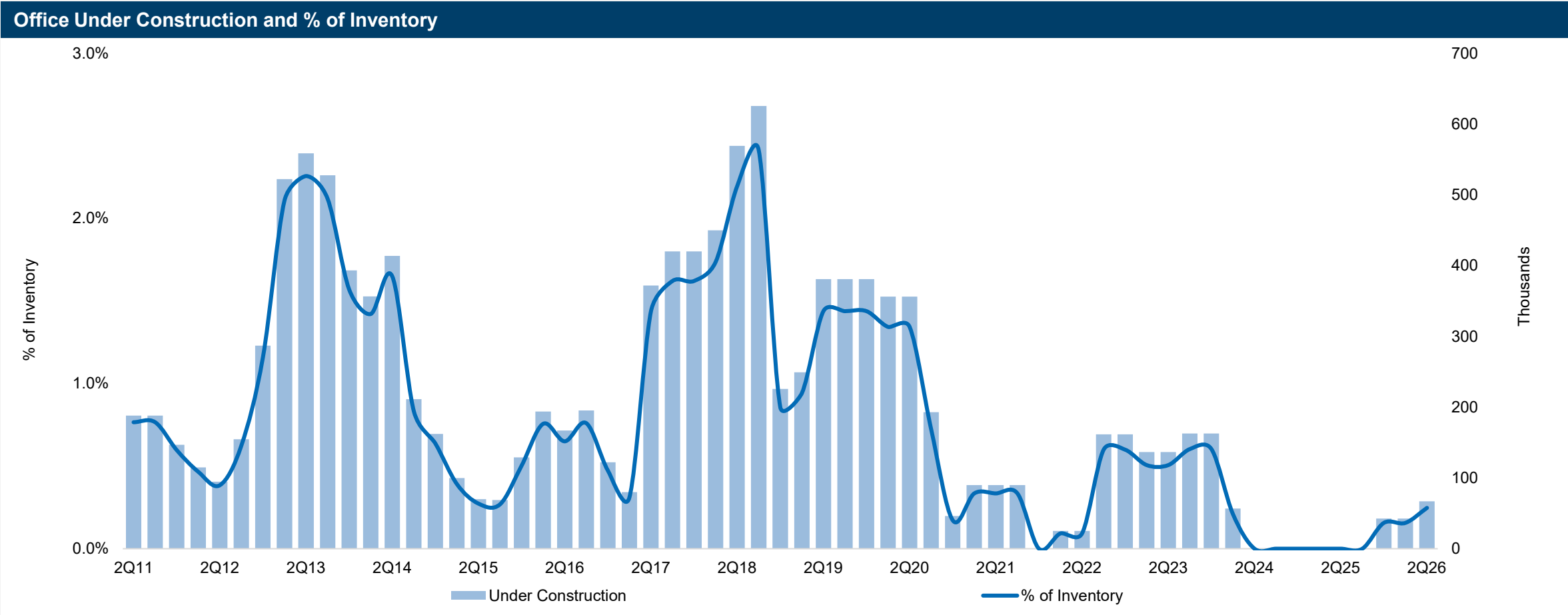
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Construction Sees Activity in Recent Quarters

There are two properties under construction, totaling over 67,000 SF, leading to the first sign of construction activity since the beginning of 2024. These developments are highlighted by 2009 Scenic Parkway, a 42,500-square-foot, Class B office building in the Chesapeake submarket, targeted for delivery in October of 2026. The second, 5843 Harbour View Boulevard, is a 24,644-square-foot, Class A office building in the North Suffolk submarket, with an estimated delivery in August of 2027.





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Market Statistics

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