

INVESTMENT FORECAST

Office
Richmond Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Corporate Appeal Contains Vacancy Pressures as Built-to-Suit Campuses Lead Inventory Growth

Nationally tight vacancy prepares the market for headwinds. Richmond's striking construction slate this year reflects recent corporate demand for Class A office space in the metro. The two largest projects, comprising most of the year's planned square footage, are both built-to-suit for CoStar's new global campus. They also come to a downtown submarket where the segment vacancy rate began the year near 11 percent, having fallen by more than 100 basis points in 2025. The metrowide Class B/C measure, at nearly 10 percent, is also outperforming on a broader scale. Only a handful of other markets have such a narrow gap between segment vacancy rates, indicating the metro office stock's broad desirability. Although the pace of corporations relocating to the market is expected to ease in 2026, the second-lowest Class A vacancy rate among major markets — roughly half the national level — should keep existing properties well positioned amid potentially softer demand growth.

Fast-paced market supports mid-level deal flow. The market began 2026 on sound footing, as 2025 was one of its five best years for transaction count in the \$1 million to \$10 million range since 2000. It was also a standout year for trades priced between \$10 million and \$20 million, highlighting engagement from private investors as well as from institutions, REITs, and owner-users. This latter type of activity may be more common this year in suburban areas northwest of the core, where buildings of 1990s vintage and later are often exchanged. Downtown, private buyers may pursue listings for Class B/C buildings, attracted to a local segment vacancy rate near 6 percent in January. The Brown's Island Improvement Project may boost the area's image, while the ongoing Diamond District mixed-use redevelopment project may have spillover benefits.

2026 MARKET FORECAST

+1.1%



Employment: Richmond welcomes 8,000 positions on net, including 1,500 jobs in typically office-using fields. As a year-over-year growth rate, this pace ranks third fastest among major metros.

1,325,000
sq. ft.



Construction: The market sees its largest annual completion total since 2019, with most pre-leased. This 2.3 percent year-over-year inventory growth rate exceeds all other major markets.

+70 bps



Vacancy: Even as speculative projects beyond CoStar's campus push the vacancy rate to 11.2 percent, Richmond remains among the top 10 least vacant major markets nationwide.

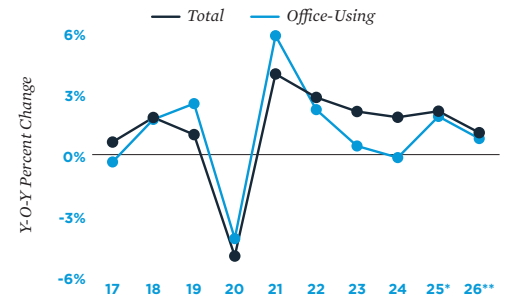
-1.6%



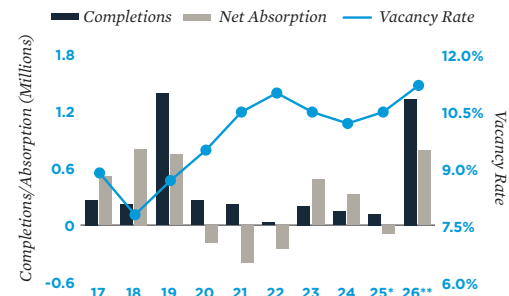
Rent: The average asking rent declines to \$21.20 per square foot, the first reduction in the metro since 2021. The metric ends this year seven cents below its 2024 level.

INVESTMENT: Investors may target buildings around U.S. routes 60 and 76, which combine the value of Richmond's growing population with the utility of an office near major interstate connections.

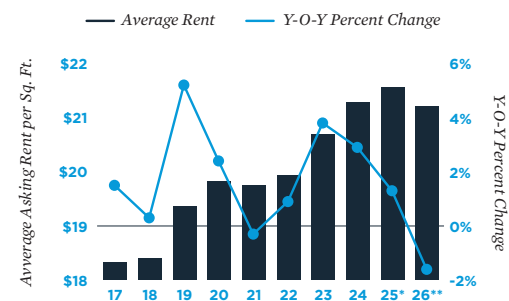
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.