CoStar Group

CoStar Upgrades U.S. Office Vacancy and Rent Growth Forecast

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 <location value="LUI:us.va.arlton" idarc="xmltag.org">ARLINGTON, Va.</location>--(BUSINESS WIRE)--Oct. 29, 2026-- <location value="LCI:us" idarc="xmltag.org">U.S.</location> office vacancy and rent growth are expected to improve through 2027, according to a revised forecast from CoStar, the leading global provider of online real estate marketplaces, information and analytics in the property markets. This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20261029419400/en The national office vacancy rate is now expected to end the year at 13.6%, slightly lower than the prior forecast of 13.7%.   Net absorption is expected to be 20 million square feet in 2026 and nine million square feet in 2027, an upgrade from the previous forecast, which anticipated annual net absorption of 13 million square feet and five million square feet, respectively.   Office rent growth has also improved, with average market asking rents expected to increase 2.5% year over year for the next few quarters before accelerating above 3% toward the end of 2027.   "The latest forecast calls for a continuation of the slow-but-steady revival, with an ongoing supply-side adjustment offsetting historically weak office demand growth," said <person>Phil Mobley</person>, national director of office analytics at <org value="NASDAQ-NMS:CSGP" idarc="xmltag.org">CoStar Group</org>. "Office rent performance has been surprisingly strong over the past year despite high vacancy, likely because office supply growth has slowed substantially, limiting the availability of space in the most desirable buildings. As a result, the upgraded projection for office rent growth has less to do with the overall reduction in supply caused by the removal of non-competitive space and more to do with the dramatic slowdown in new construction."   "Risks to the revised outlook appear balanced in terms of probability, though the magnitude of the downside risk seems larger," said Mobley. "Persistent inflation and higher interest rates could slow economic growth further and precipitate additional business cost-cutting even in an environment of continued economic expansion. Furthermore, the recent productivity gains evident in knowledge work could accelerate with further adoption of artificial intelligence, resulting in lower demand for some types of knowledge workers. "   The full forecast can be found here.   For more information about the company and its products and services, please visit costargroup.com.   About CoStar Group
CoStar Group (NASDAQ: CSGP) is a leading global provider of online real estate marketplaces, information, analytics, and digital twins in the property markets. Founded in 1986, CoStar Group is dedicated to digitizing the world's real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.   CoStar Group's major brands include CoStar, a leading global provider of commercial real estate data, analytics, and news; LoopNet, the most trafficked commercial real estate marketplace; Apartments.com, the leading platform for apartment rentals; Homes.com, the fastest-growing residential real estate marketplace; and Domain, one of Australia's leading property marketplaces.   CoStar Group's industry-leading brands also include Matterport, a leading spatial data company whose platform turns buildings into data to make every space more valuable and accessible; STR, a global leader in hospitality data and benchmarking; Zonda, a leading provider of data, analytics, software, and marketplace solutions for the residential construction industry; Ten-X, an online platform for commercial real estate auctions and negotiated bids; and OnTheMarket, a leading residential property portal in the United Kingdom.   CoStar Group's websites attracted 121 million average monthly unique visitors in the third quarter of 2026, serving clients around the world. Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com.   This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations or beliefs regarding the future. These statements are based upon current beliefs and are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. The following factors, among others, could cause or contribute to such differences: forecasted U.S. office vacancy, net absorption and rent growth do not develop as expected, including as a result of changes in economic conditions, inflation, interest rates, business activity, office demand, artificial intelligence adoption, or construction and supply trends.. More information about potential factors that could cause results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those stated in CoStar's filings from time to time with the Securities and Exchange Commission, including in CoStar's Annual Reports on Form 10-K and Quarterly Reports on Forms 10-Q, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as CoStar's other filings with the SEC available at the SEC's website (www.sec.gov). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. <img alt="" src="https://cts.businesswire.com/ct/CT?id=bwnews&sty=20261029419400r1&sid=acq9&distro=nr&lang=en" style="width:0;height:0"> View source version on businesswire.com: https://www.businesswire.com/news/home/20261029419400/en/ News Media Contacts
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