CoStar Projects Steady Decline in U.S. Office Vacancy

August 7, 2026

ARLINGTON, Va.--(BUSINESS WIRE)--Aug. 7, 2026-- U.S. office vacancy is expected to remain steady through 2026 before beginning a gradual decline, 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/20260807085309/en/

Forecast: Supply-side adaptation to bring down office vacancy

National office vacancy continued to retreat in the second quarter of 2026, dropping slightly below 14% and shifting 30 basis points below its mid-2025 record peak. Between July 2025 and June 2026, office suppliers occupied 17 million square feet of net new space, which was only the second sustained period of positive net absorption since 2020.

Net absorption is expected to be 13 million square feet in 2026 and five million square feet in 2027, a downgrade from the previous forecast, which anticipated annual net absorption of 17 million square feet and six million square feet, respectively.

“U.S. office inventory decreased by seven million square feet over the past year, driven by both historically low deliveries and surging demolitions,” said Phil Mobley, national director of office analytics at CoStar Group. “The overall pipeline has been at about 50 million square feet for more than a year, matching the previous low from 2011. As a result of this supply contraction, which is expected to be a feature of the market for at least a few more quarters, the national office vacancy rate is expected to decline, albeit at a slow pace.”

“Risks to the outlook appear weighted to the downside,” said Mobley. “Recent productivity gains in knowledge work are evident, and advances in AI capabilities and adoption could accelerate them. There is upside risk as well. Occupiers in the aggregate have been investing in workplace space without increasing hiring. They could continue to do so, taking on more space per worker.”

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 global leader in commercial real estate information, analytics, online marketplaces, and 3D digital twin technology. 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; 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 over 118 million average monthly unique visitors in the second 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: the risk that revised forecasted U.S. office vacancy rates do not decline slowly due to a supply contraction as forecast. 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 Report on Form 10-K for the year ended December 31, 2025 and Forms 10-Q for the quarterly periods ended March 31, 2026, June 30, 2026, and September 30, 2025, 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.

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