



Yardi® Matrix

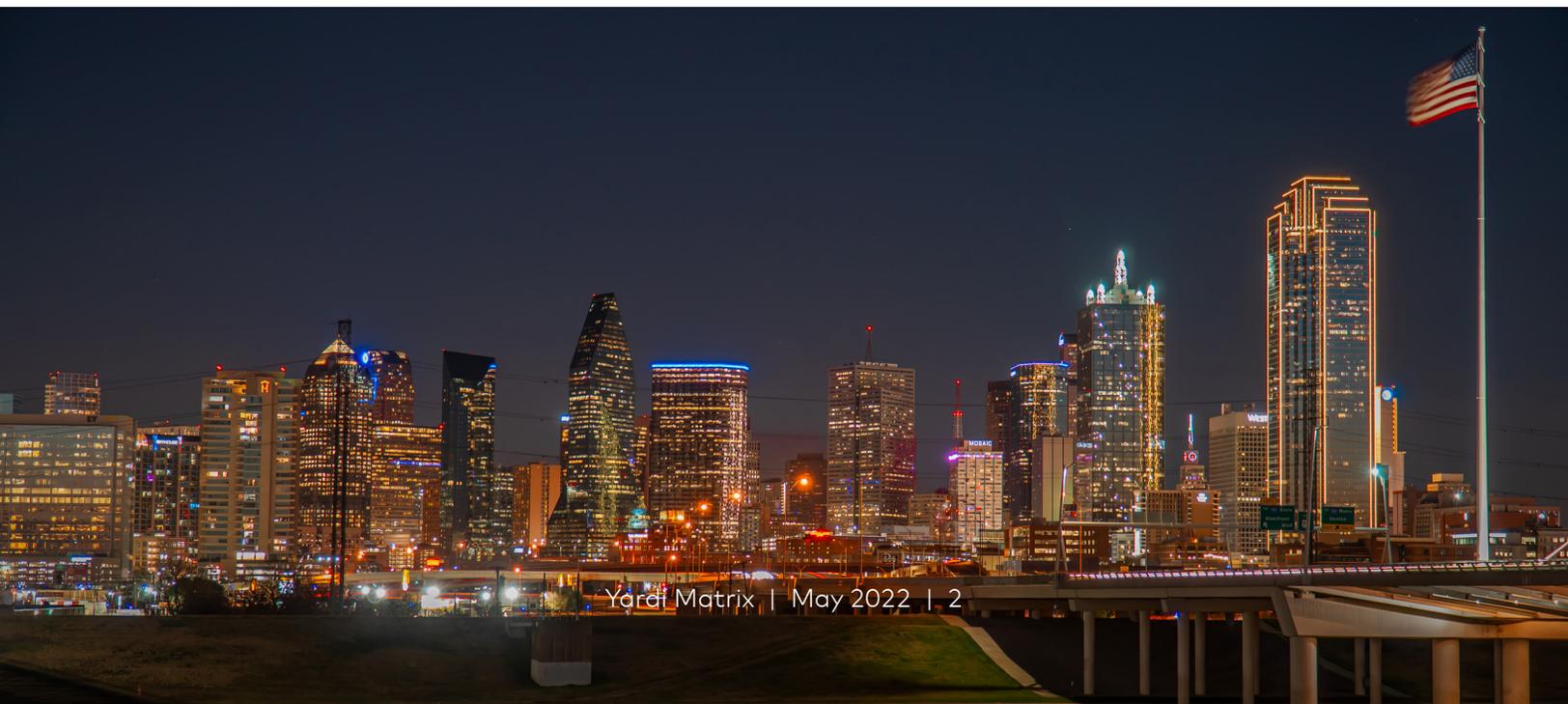
National Office Report

May 2022



Mixed-Use Properties Proliferate

- More than two years after the COVID-19 pandemic began, the office sector looks much different than it once did. One aspect of office markets we expect to persist is the proliferation of office space in mixed-use developments.
- The mixed-use trend predates the pandemic: In the latter part of the last decade, there was an acceleration of projects that promised to offer an enticing mix of working, living, shopping and eating. When the pandemic hit, there was some belief that the pandemic would kill mixed-use developments. With offices empty and providing so little foot traffic for restaurants and retail space, the concern was justified. Now, emerging trends suggest that mixed-use development can meet the post-pandemic demands of developers, owners, tenants and workers. For owners and developers, mixed-use can offer protection from office's uncertain future by diversifying across asset classes. Many companies that adopt a hybrid work strategy will look for ways to draw their employees into offices without forcing them to do so in a tight labor market. One way to achieve this will be to locate in a building that provides a wide array of amenities, including options for retail and dining.
- There are two types of mixed-use real estate. Vertical mixed-use—typically high-rises in downtowns and central business districts (CBDs)—offers a wide array of uses within a single building. This is especially popular in markets with limited land for development. In Brooklyn, Triangle 613 LLC recently secured a \$92 million construction loan for a mixed-use building in the Midwood neighborhood. In Uptown Dallas, Granite Properties acquired a \$265 million loan for 23 Springs, a 23-story mixed-use development set to break ground this summer. Bank OZK, which provided the loan, also signed a lease at the property for four floors.
- Horizontal mixed-use—single-use buildings on a campus—is more popular in suburbs and less dense cities. In Salt Lake City, The Gateway is a popular mixed-use development with office and lab space, shopping and dining, and is located next to Vivint Arena. In Charlotte, Riverside Investment and Development is planning a \$750 million mixed-use development across three buildings where Uptown meets the South End, with 650 multifamily units, 50,000 square feet of retail and 800,000 of office. In Plano, Texas, Triten Real Estate Partners is demolishing Market Square Mall and developing 180,000 square feet of office to go alongside retail and multifamily.



Listing Rates and Vacancy: Subleasing Highest in Gateway Markets

- The average full-service equivalent listing rate for office space was \$37.37 in April, a decrease of 2.5% year-over-year.
- The national vacancy rate was 15.7%, 20 basis points lower than the previous month.
- As firms have reevaluated their office footprints and location strategies, the amount of sublease space in many markets has ballooned over the last two years. Nationally, 2.0% of all office space is listed for sublease. This has been most pronounced in gateway

markets where listing rates were high prior to the pandemic, as companies have been downsizing or relocating to more affordable markets. In San Francisco, the sublease vacancy rate in April was 5.9%, the highest rate in the nation. To the south, the Bay Area had a sublease vacancy rate of 4.3%. Life science properties are still in high demand in these markets, but firms in other industries throughout the region have been looking to offload space. Across the country, Manhattan had a sublease rate of 3.3% and New Jersey 3.7%.

Listings by Metro

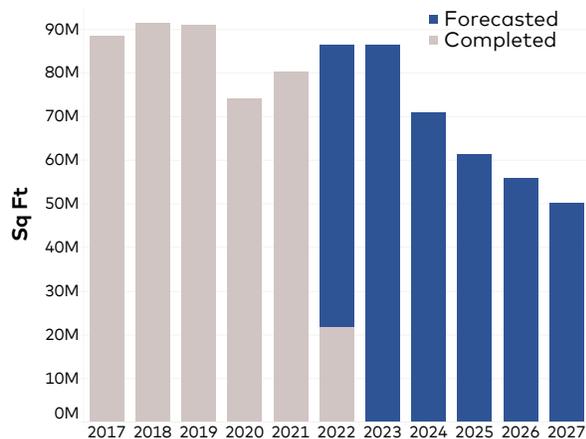
Market	Apr-22 Listing Rate	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Square Foot
National	\$37.37	-2.5%	15.7%	-30 bps		
Charlotte	\$32.29	12.2%	14.5%	-70 bps	Rotunda Building, The	\$42.92
Miami	\$47.76	10.9%	13.5%	-200 bps	830 Brickell	\$150.00
Boston	\$37.54	9.1%	9.8%	-240 bps	Kendall Square at MIT-314 Main Street	\$121.60
Brooklyn	\$52.95	7.9%	18.2%	290 bps	Brooklyn Navy Yard-Dock 72	\$64.00
Orlando	\$22.87	7.3%	15.6%	-50 bps	429 @ Crown Point-Building 529, The	\$35.00
Atlanta	\$29.58	6.3%	20.7%	70 bps	300 Colony Square	\$52.00
Los Angeles	\$42.20	4.0%	12.9%	-110 bps	1999 Avenue of the Stars	\$96.90
Seattle	\$36.68	3.4%	15.7%	100 bps	City Center Bellevue	\$66.50
Denver	\$30.21	3.2%	17.5%	150 bps	Block 162	\$53.61
San Diego	\$40.58	2.9%	13.1%	-150 bps	2100 Kettner	\$69.00
Bay Area	\$56.95	2.6%	16.0%	-320 bps	260 Homer Ave & 819 Ramona St	\$138.12
Dallas	\$28.78	1.7%	17.3%	-190 bps	Harwood No.10	\$60.46
Houston	\$30.55	1.0%	24.8%	90 bps	Texas Tower	\$58.40
New Jersey	\$32.52	0.5%	18.2%	-180 bps	10 Exchange Place	\$55.30
Phoenix	\$26.76	-1.1%	15.1%	-360 bps	100 Mill	\$52.00
Austin	\$42.29	-2.5%	15.4%	-170 bps	Indeed Tower	\$76.67
Nashville	\$30.62	-2.8%	18.3%	-140 bps	Three Thirty Three	\$43.88
Tampa	\$27.63	-3.0%	15.6%	30 bps	Water Street Tampa-Thousand & One	\$58.00
Philadelphia	\$28.86	-3.9%	13.5%	-60 bps	Two Liberty Place	\$53.50
Chicago	\$27.26	-4.1%	20.2%	230 bps	300 North LaSalle Drive	\$59.46
Washington DC	\$40.20	-4.2%	15.2%	-60 bps	One Freedom Plaza	\$81.83
Twin Cities	\$25.46	-5.1%	13.7%	-210 bps	Offices at MOA, The	\$40.00
Portland	\$28.20	-5.7%	13.0%	-230 bps	Fox Tower	\$43.38
San Francisco	\$63.71	-7.0%	17.4%	330 bps	Offices at Springline North, The	\$159.96
Manhattan	\$71.87	-13.3%	14.2%	290 bps	550 Madison Avenue	\$210.00

Source: Yardi Matrix. Data as of April 2022. Listing rates are full service or "full service equivalent" rates for spaces available as of report period. National listing rate is an average of the top 50 markets.

Supply: Developers Bullish on Austin

- Nationally, there are 148.2 million square feet of office stock currently under construction.
- While the pandemic and remote work have slowed development in many places, a handful of markets are seeing elevated levels of new construction despite the challenges. We expect that going forward, development will be concentrated in select markets. Life science, an industry incapable of allowing employees to work remotely, will drive high levels of development in Boston and the Bay Area and to a lesser extent in San Diego, Raleigh-Durham and New York. Sun Belt markets with a high level of domestic in-migration will also continue to see new office space come online at a healthy clip.
- Nowhere more exemplifies the trend of strong new-supply pipelines in the Sun Belt than Austin, where 10.3 million square feet of new office space are under construction, representing an astounding 11.7% of the market's stock and accounting for nearly 7% of all office space under construction nationwide. More than two-fifths of all stock under construction is in the downtown submarket, headlined by Sixth and Guadalupe, a 1.1 million-square-foot proposed LEED-certified Gold tower not expected to deliver until 2024.

National New Supply Forecast



Source: Yardi Matrix. Data as of April 2022
Data in this chart includes owner-occupied properties

Supply Pipeline (by metro)

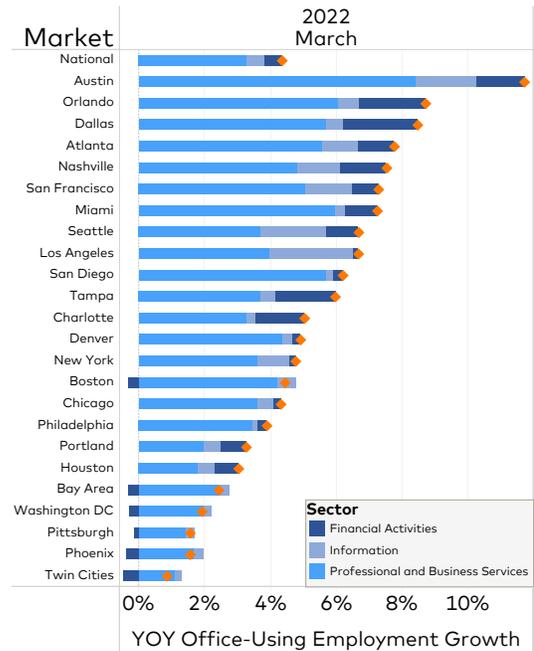
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	148,187,276	2.2%	6.0%
Austin	10,277,999	11.7%	27.4%
Nashville	4,979,498	8.6%	16.1%
Miami	5,423,850	7.1%	12.9%
Boston	13,465,362	5.5%	11.7%
Seattle	5,775,868	4.0%	10.5%
Manhattan	19,139,390	3.9%	5.3%
Portland	2,320,285	3.9%	5.5%
Charlotte	2,767,828	3.6%	12.6%
San Diego	3,364,771	3.5%	8.3%
San Francisco	5,426,852	3.4%	7.2%
Bay Area	6,487,934	3.2%	13.6%
Brooklyn	1,232,617	3.0%	7.8%
Dallas	7,867,260	2.8%	7.3%
Orlando	1,592,635	2.8%	8.5%
Tampa	1,573,000	2.4%	5.2%
Atlanta	3,591,456	1.8%	11.4%
Houston	4,293,113	1.8%	2.7%
Philadelphia	2,801,103	1.5%	5.2%
Washington DC	5,461,709	1.4%	3.7%
Los Angeles	3,062,481	1.1%	3.7%
Phoenix	1,363,567	1.0%	8.7%
Chicago	2,773,461	0.9%	5.8%
Denver	1,271,606	0.8%	3.5%
New Jersey	1,215,130	0.6%	2.2%
Twin Cities	152,650	0.1%	1.9%

Source: Yardi Matrix. Data as of April 2022

Office-Using Employment: Florida Outpaces Nation

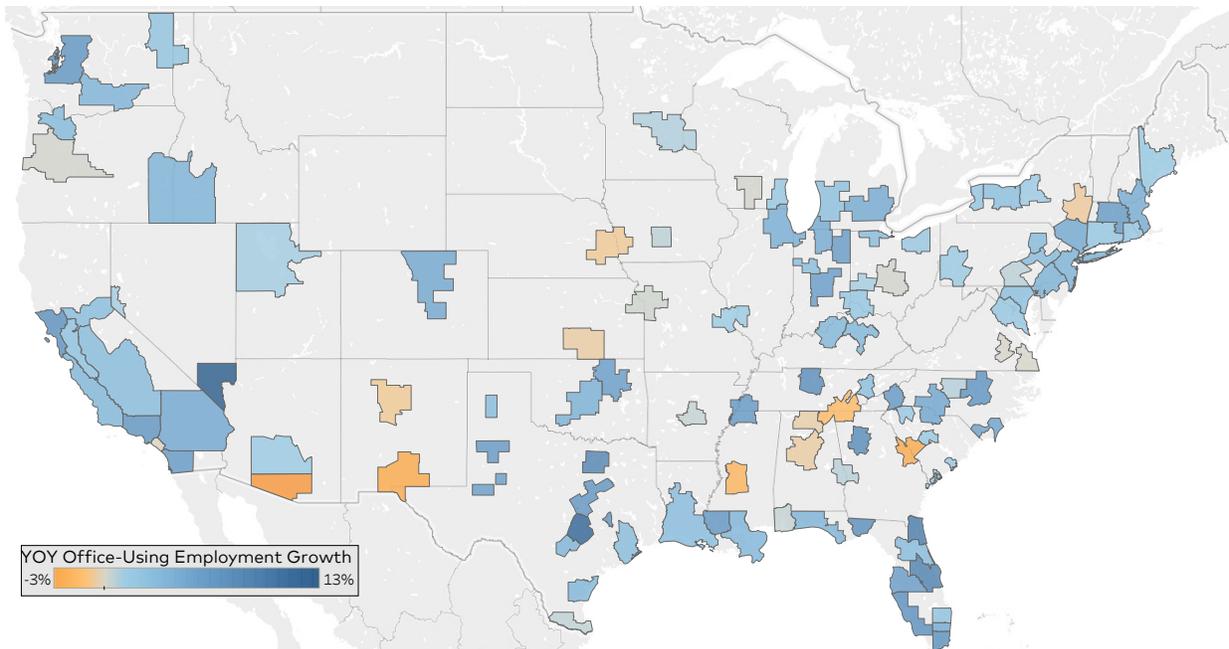
- Office-using sectors of the labor market added 88,000 jobs in the month of April, growing 4.8% year-over-year.
- Metro employment figures for March (which trail the national release) show 109 of the 120 markets covered by Yardi Matrix added office jobs over the past year. The recovery from the pandemic has been uneven across the country, but two years after the initial downturn, 75 markets have fully recovered to pre-pandemic levels.
- While Austin and Dallas have led the pack in adding office-using jobs over the last two years, Florida markets are also outperforming the majority of the country. Orlando has added 33,000 office-using jobs over the past 12 months (8.7% increase), Tampa 28,000 (6.0%), Miami 21,000 (7.2%) and Jacksonville 18,000 (9.3%). Attracted to the friendly business climate and warm weather, both workers and firms have flocked to the Sunshine State since the start of the pandemic.

Growth by Sector



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth

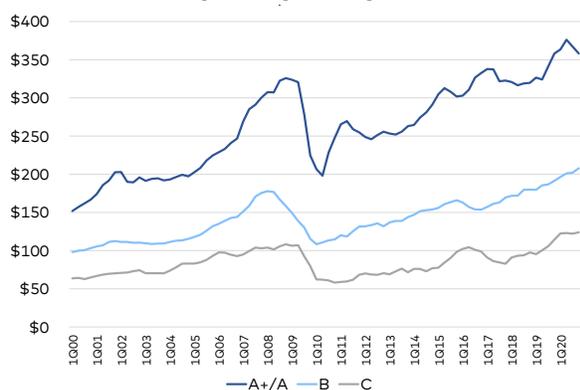


Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions: High-Quality Assets Trade in 2022

- Nationally, Yardi Matrix has logged \$26.7 billion in transactions year-to-date. Sales so far this year have slightly exceeded sales volume during the first four months of 2021.
- Although the future of office demand remains uncertain, investors are still purchasing high-quality office buildings. The flight to quality can be found in most markets across the country. In Jersey City, 70 Hudson St. was purchased by Vision Properties for \$300 million, or \$733 per foot. Spear Street Capital acquired the waterfront property for \$118 million in 2016 and invested millions in building improvements.

Asset Class (price per sq. ft.)



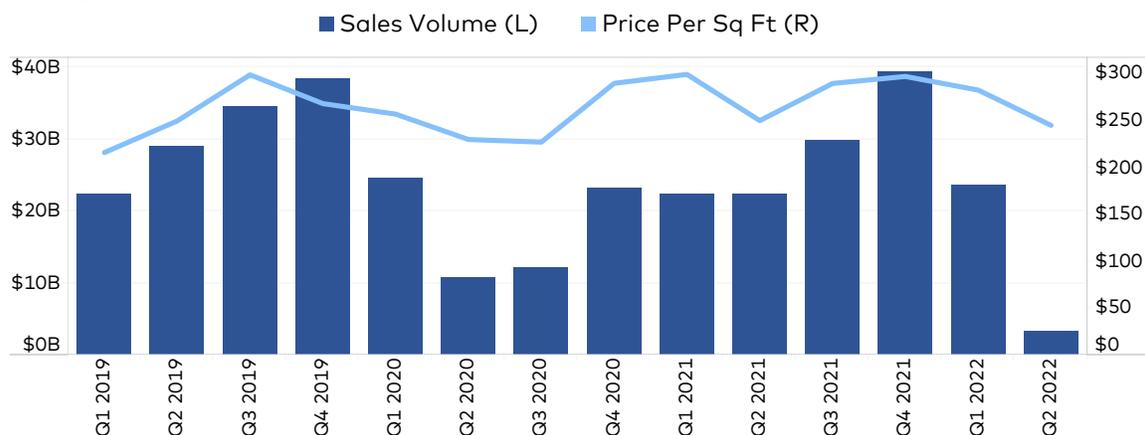
Source: Yardi Matrix; 12-month moving average. Does not include unpublished and portfolio transactions.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales (Mil, as of 4/30)
National	\$277	\$26,724
Manhattan	\$949	\$1,844
New Jersey	\$308	\$1,536
Los Angeles	\$483	\$1,446
Chicago	\$202	\$1,393
Dallas-Ft Worth	\$201	\$1,316
Bay Area	\$515	\$1,270
Seattle	\$538	\$1,269
Houston	\$180	\$1,213
Denver	\$287	\$1,136
Washington, D.C.	\$343	\$1,092
Phoenix	\$322	\$942
San Diego	\$497	\$893
Atlanta	\$316	\$865
Nashville	\$254	\$831
Boston	\$266	\$789
San Francisco	\$776	\$515
Miami	\$367	\$350
Brooklyn	\$537	\$337
Minneapolis	\$184	\$300
Orlando	\$215	\$280
Austin	\$271	\$237
Charlotte	\$259	\$143
Philadelphia	\$149	\$132
Tampa	\$198	\$92
Portland	\$194	\$83

Source: Yardi Matrix. Data as of April 2022. Sales data for unpublished and portfolio transactions are estimated using sales comps.

Quarterly Transactions



Source: Yardi Matrix. Data as of April 2022

Definitions

This report covers office buildings 25,000 square feet and above. Yardi Matrix subscribers have access to more than 10,500,000 property records and 325,000 listings for a continually growing list of markets.

Yardi Matrix collects listing rate and occupancy data using proprietary methods.

- *Listing Rates*—Listing Rates are full-service rates or “full-service equivalent” for spaces that were available as of the report period. Yardi Matrix uses aggregated and anonymized expense data to create full-service equivalent rates from triple-net and modified gross listings. Expense data is available to Yardi Matrix subscribers. National average listing rate is for the top 50 markets covered by Yardi Matrix.
- *Vacancy*—The total square feet vacant in a market, including subleases, divided by the total square feet of office space in that market. Owner-occupied buildings are not included in vacancy calculations.

A and A+/Trophy buildings have been combined for reporting purposes.

Stage of the supply pipeline:

- *Planned*—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- *Under Construction*—Buildings for which construction and excavation has begun.

Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market boundaries.

Sales volume and price-per-square-foot calculations for portfolio transactions or those with unpublished dollar values are estimated using sales comps based on similar sales in the market and submarket, use type, location and asset ratings, sale date and property size.



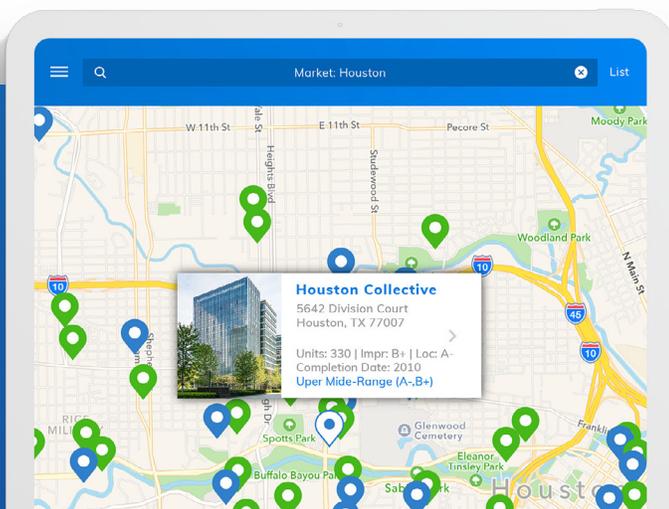
Yardi[®] Matrix

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OFFICE KEY FEATURES

- Active in 115 markets across the U.S. covering 70,000 properties
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio level
- Gain new supply pipeline information at the asset, competitive set and market level
- Benchmark performance to similar assets



Yardi Matrix Office delivers detailed property-level information, allowing you to analyze current market conditions at the micro and macro level.



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