

Yardi® Matrix

National Office Report

January 2019



U.S. Office Property: Strong Employment Feeds Demand

- Welcome to Yardi Matrix's first monthly report on the office property market. The reports will feature Matrix's U.S. office data, which covers a wide range of data points—including leasing, development trends, transactions and more—on 6.8 billion square feet of office properties in 115 markets across the country.
- The U.S. office market's performance continues to be steady. Demand is boosted by healthy growth among office-using industries. In 2018, business professional and technical services added 286,000 jobs, while growth was also strong in accounting and bookkeeping services, computer systems design and related services, and scientific research and development services. Demand is moderated by long-term trends such as the growing number of remote workers, smaller workspaces and more collaborative space.
- Meanwhile, the amount of space dedicated to coworking is on the rise. Matrix studied 20 markets in late 2018 and found 43 million square feet of shared space leases. Manhattan led with 13 million square feet of coworking space, and the industry is growing rapidly.
- Some 157 million square feet of space is under development in the U.S. It's likely that deliveries this year will be similar to the roughly 80 million square feet that came online in 2018. The amount of office space delivered has risen fairly steadily since bottoming during the Great Recession, but remains far from the amount constructed during previous cycles.
- Office transaction volume declined to \$81.91 billion in 2018, and trades have been on a slight downward trend since peaking at \$106.18 billion in 2015. Capital is increasingly moving to the apartment and industrial sectors.