



Yardi[®] Matrix

National Office Report

December 2024



Office Transition Continued in 2024

- The slow transformation of the office sector continued in 2024, with the changes brought upon by the pandemic leading to lower sale prices, less development and more coworking space.
- The average sale price of an office has fallen in 2024, but the slowdown has decelerated from the drop-off seen last year. Offices have sold at an average of \$179 per square foot year-to-date, down 9% from 2023's average sale price, which was down 24% from 2022. The number of offices that traded at a lower price than their previous transaction value has increased in 2024. There were 480 such sales year-to-date through the end of November, more than a quarter of all office transactions and more than the 389 discounted sales that occurred during all of last year. Some offices this year even sold at lower prices than they did during the 1990s.
- The supply pipeline continued its precipitous fall this year, with just 9.1 million square feet starting construction through the end of November. Demand for space remains depressed and vacancy rates continue to tick upwards, leading developers to pull back on all but a handful of projects. The life sciences sector, which had buoyed office development during the initial post-pandemic years, now wrestles with a supply glut as venture capital has pulled back investment and a wave of new space has come to market. After more than 30 million square feet of lab space broke ground between 2021 and 2023, just 948,000 square feet began construction this year.
- This year saw many high-profile announcements of return-to-office plans. Amazon, Dell and Meta were among the companies announcing stricter RTO policies, warning employees that failure to appear in an office could result in being passed over for promotions or even termination. Office utilization metrics, however, did not show a significant change this year. Kastle Systems and Kisi Access Control both use aggregated access data to analyze office utilization, and both indicated only minor increases in office usage as the year went on.
- In 2024, the amount of coworking space grew as firms looked for flexible solutions to the evolving relationship between the worker and the office. Between the second and third quarter of this year, the total number of coworking spaces increased by 7% and its total square footage increased by 4%, while the average space size decreased by 2%.



Listing Rates and Vacancy: Texas Vacancies Grow Following Supply Boom

- The national average full-service equivalent listing rate was \$32.85 per square foot in November, according to Yardi Matrix, up six cents in the month and 3.7% year-over-year.
- The national vacancy rate was 19.4%, an increase of 120 basis points year-over-year.
- Six markets have seen their vacancy rate increase by more than 500 bps in the past year. Austin had the highest increase, at 650 bps.

While the market has experienced high levels of in-migration and job growth in recent years, it has not been enough to keep vacancies from spiking in the face of a wave of new supply. Kastle Systems lists Austin as the top market for office utilization among the 10 it provides data for, but that mark still only accounts for roughly two-thirds of pre-pandemic levels. Dallas has seen a 500 bps increase due to similarly large new-supply levels.

Listings by Metro

Market	Nov-24 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$32.85	3.7%	19.4%	120 bps		
Boston	\$53.35	17.7%	16.8%	630 bps	Hive-55 Summer Street, The	\$116.33
Orlando	\$28.06	17.5%	16.7%	-50 bps	Capital Plaza Two	\$33.00
Miami	\$52.84	13.6%	14.4%	30 bps	701 Brickell	\$140.00
Dallas	\$31.39	13.6%	23.9%	500 bps	McKinney & Olive	\$86.31
Austin	\$46.69	12.9%	27.7%	650 bps	Indeed Tower	\$84.21
San Francisco	\$68.81	10.7%	28.2%	400 bps	Sand Hill Commons	\$204.00
Atlanta	\$33.17	5.9%	18.2%	80 bps	1180 Peachtree	\$63.00
Charlotte	\$33.85	5.4%	16.3%	50 bps	Morehead Place	\$46.00
Tampa	\$29.85	5.1%	14.5%	60 bps	Bayshore Place	\$52.00
Denver	\$31.24	3.0%	24.3%	320 bps	200 Clayton Street	\$73.00
Nashville	\$30.98	2.5%	17.5%	90 bps	3322 West End Avenue	\$38.00
San Diego	\$43.11	2.2%	20.5%	280 bps	One La Jolla Center	\$70.20
Phoenix	\$28.20	2.1%	19.5%	30 bps	Watermark-430 North Scottsdale Road, The	\$58.00
Los Angeles	\$42.08	1.2%	15.5%	-130 bps	100 Wilshire	\$108.00
Detroit	\$21.56	1.2%	25.2%	-50 bps	Orchestra Place	\$36.14
Houston	\$30.20	0.8%	24.2%	-120 bps	609 Main at Texas	\$57.73
Washington DC	\$41.21	0.8%	18.2%	140 bps	500 8th Street NW	\$79.58
Twin Cities	\$26.37	0.1%	15.8%	-200 bps	Nordic, The	\$41.42
Portland	\$28.19	0.1%	22.1%	620 bps	Fox Tower	\$43.38
Bay Area	\$54.04	-0.7%	26.1%	580 bps	245 Lytton Avenue	\$147.48
Philadelphia	\$31.49	-1.5%	19.7%	530 bps	Two Liberty Place	\$53.50
New Jersey	\$33.73	-2.4%	19.4%	0 bps	Newport Tower	\$54.80
Chicago	\$27.05	-2.5%	17.8%	-50 bps	222 North LaSalle Street	\$51.00
Manhattan	\$68.87	-2.7%	16.5%	-90 bps	101 Park Avenue	\$175.00
Seattle	\$33.02	-13.8%	26.0%	370 bps	Lincoln Square South	\$67.24

Source: Yardi Matrix. Data as of November 2024. Listing rates are full-service or "full-service equivalent" rates for spaces available as of report period. National listing rate is an average of all markets. Prior to July 2024, this report used the top 50 markets for a national average.

Supply: Boston Remains on Top in 2024

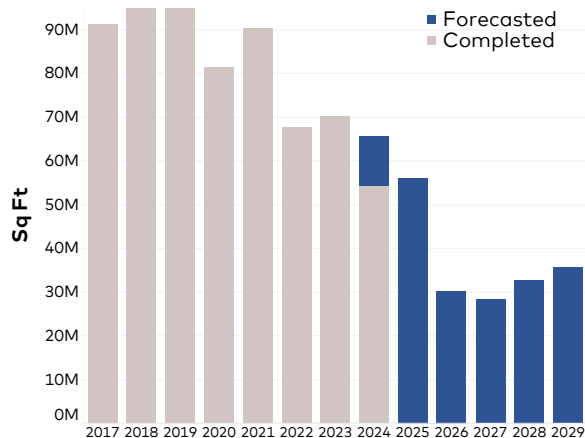
- Nationally, 57.8 million square feet of office space are currently under construction, according to Yardi Matrix, representing 0.8% of stock. The pipeline shrank by 3 million square feet in the month and by roughly 39 million square feet year-to-date. The decline in projects under construction has been steady throughout the year, with an average decline of 3.5 million square feet per month.
- During 2024, 39.7 million square feet of office stock were delivered, while only 9.1 million square feet started construction.
- Throughout the year, Boston has remained the top market for square feet under construction, with 9.2 million square feet underway in November. This is more than double the second-largest pipeline, in San Francisco, with 3.8 million square feet under construction. While Boston's under-construction pipeline has dropped 37% year-to-date, it still represents 16% of the total national pipeline, a 1% increase throughout 2024. This drop, however, is consistent with other large metros. The top 10 metros represented 52% of the pipeline, increasing by 6% to 58% by the end of the year.

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	57,800,565	0.8%	3.0%
Boston	9,238,317	3.6%	8.6%
San Francisco	3,784,611	2.3%	9.0%
Austin	3,579,917	3.7%	12.9%
San Diego	3,150,490	3.2%	5.8%
Dallas	3,031,594	1.1%	4.9%
Manhattan	2,705,127	0.6%	3.0%
Nashville	2,131,547	3.6%	7.9%
Philadelphia	1,978,739	1.1%	3.0%
Los Angeles	1,873,066	0.7%	2.8%
Miami	1,844,598	2.6%	9.4%
Bay Area	1,798,982	0.9%	3.3%
Seattle	1,789,581	1.2%	4.1%
Houston	1,778,159	0.7%	1.9%
Atlanta	1,669,677	0.8%	2.3%
Washington DC	1,555,174	0.4%	3.3%
New Jersey	1,372,623	0.7%	1.2%
Chicago	827,906	0.3%	2.1%
Denver	680,961	0.4%	2.8%
Orlando	670,258	1.0%	1.8%
Tampa	663,292	0.8%	3.8%
Detroit	553,680	0.4%	0.5%
Phoenix	529,050	0.4%	1.9%
Charlotte	524,657	0.7%	5.4%
Twin Cities	400,000	0.3%	1.6%
Portland	63,520	0.1%	0.8%

Source: Yardi Matrix. Data as of November 2024. Table does not include owner-occupied properties.

National New Supply Forecast

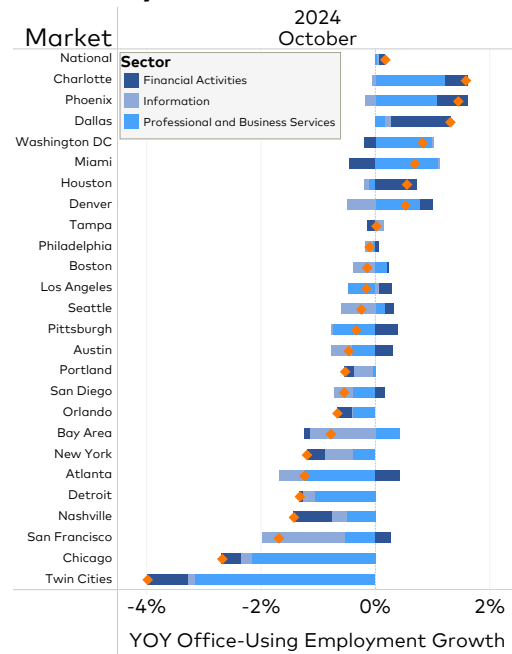


Source: Yardi Matrix. Data as of November 2024. Data in this chart includes owner-occupied properties.

Office-Using Jobs: Miami Employment Growth Cools

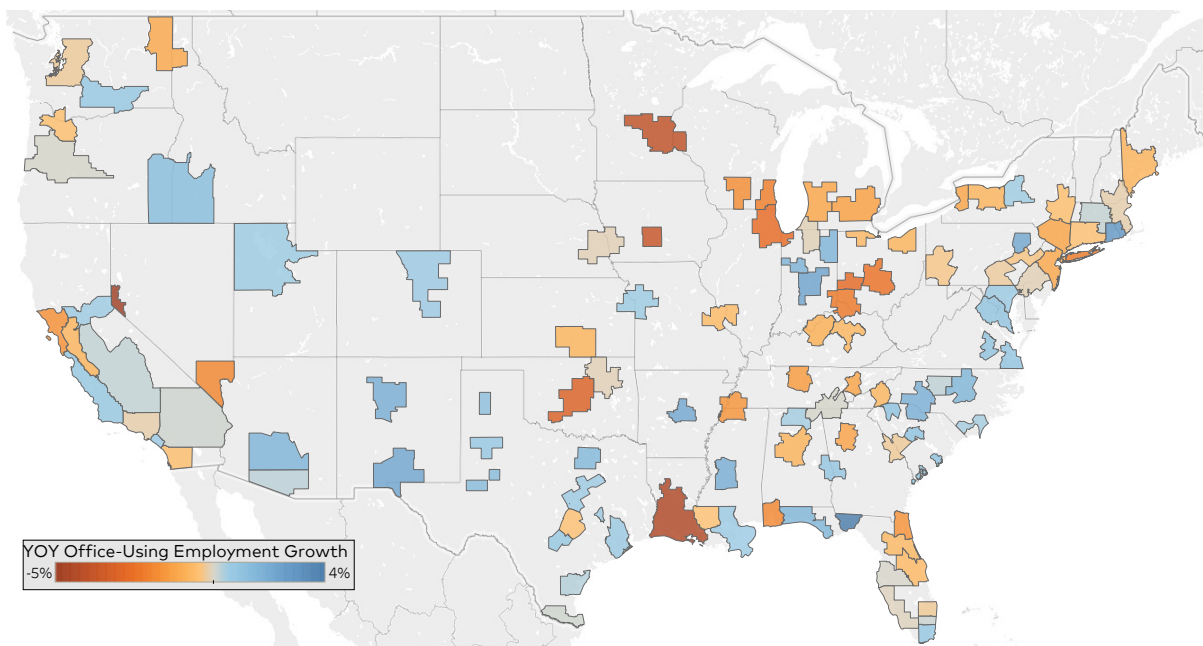
- Office-using sectors of the labor market gained 43,000 jobs in the month of November, growing by 0.4% year-over-year. Most of this gain was in the professional and business services sector, which added 26,000 jobs. Meanwhile, financial activities added 17,000 jobs, the largest monthly gain all year for the sector. The information sector, however, was unchanged in November.
- Metro-level data for October, which trails the national release, showed that six of the eight metros with positive office employment growth were in the Sun Belt. Miami (0.7%) remains near the top of the pack in year-over-year growth. However, despite being the leading market for most of the year, Miami has dropped behind markets such as Charlotte (1.6%), Phoenix (1.5%), Dallas (1.3%) and Washington, D.C. (0.7%), while remaining ahead of Houston (0.6%), Denver (0.5%) and Tampa (0.0%).

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

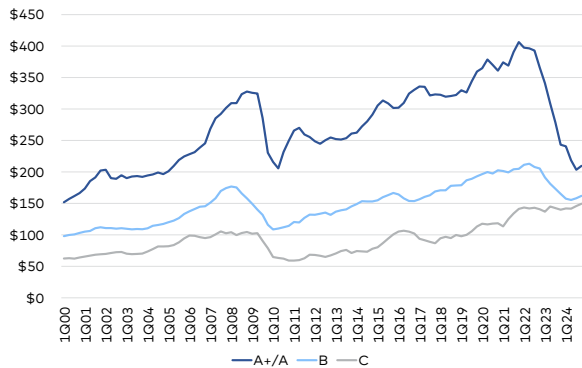
Transactions: Manhattan Tops Sales Volume Once Again

- Yardi Matrix recorded \$32.6 billion in office sales through the end of November, with properties trading at an average of \$179 per square foot.
- After a slow start to the year, Manhattan once again leads the country in office sales volume, with more than \$3.8 billion in transactions through November. The finance sector, which has largely returned to the office, is driving activity in the market. JP Morgan Chase purchased 250 Park Ave. for \$320 million this summer while also building a tower next door, at 270 Park Ave.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales (Mil, as of 11/31)
National	\$179	\$32,565
Manhattan	\$379	\$3,814
Washington DC	\$213	\$2,539
Bay Area	\$293	\$2,137
Los Angeles	\$355	\$1,755
Dallas	\$115	\$1,323
Boston	\$182	\$1,272
Atlanta	\$148	\$1,115
Miami	\$376	\$1,109
Phoenix	\$164	\$1,085
Austin	\$282	\$990
Chicago	\$97	\$948
Houston	\$107	\$940
Denver	\$119	\$768
San Francisco	\$384	\$747
Seattle	\$260	\$687
San Diego	\$200	\$651
Charlotte	\$306	\$616
New Jersey	\$100	\$582
Tampa	\$146	\$453
Twin Cities	\$111	\$452
Philadelphia	\$81	\$381
Inland Empire	\$210	\$236
Portland	\$164	\$222
Nashville	\$189	\$222
Orlando	\$217	\$198

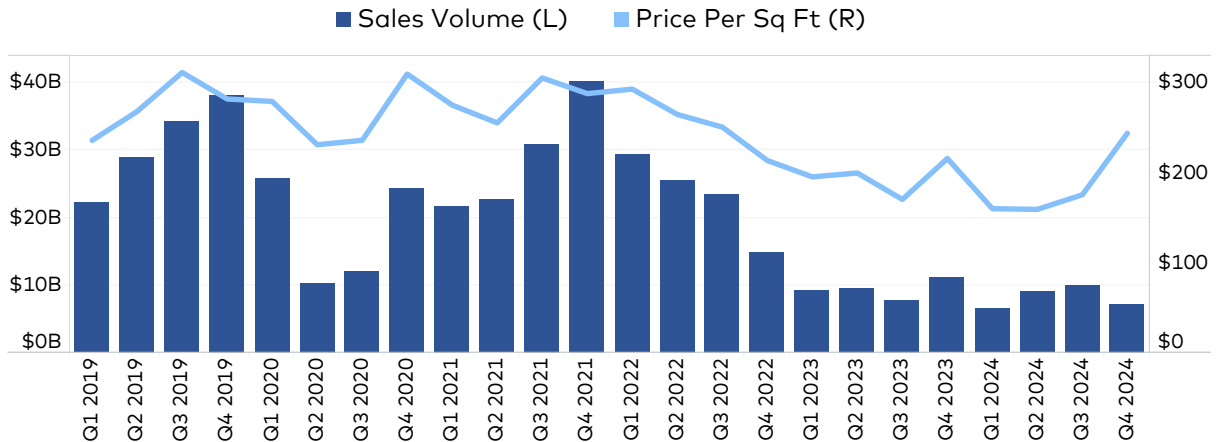
Asset Class (price PSF)



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

Source: Yardi Matrix. Data as of November 2024. Sales data for unpublished and portfolio transactions is estimated using sales comps.

Quarterly Transactions



Source: Yardi Matrix. Data as of November 2024.

Definitions

This report covers office buildings 25,000 square feet and above. Yardi Matrix subscribers have access to more than 14,000,000 property records and 300,000 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 listing rate is an average of all markets. Prior to July 2024, this report used the top 50 markets for a national average.
- *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.

Supply pipeline figures do not include owner-occupied properties unless otherwise noted.

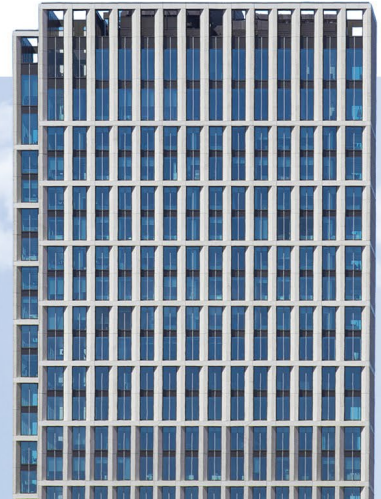
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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



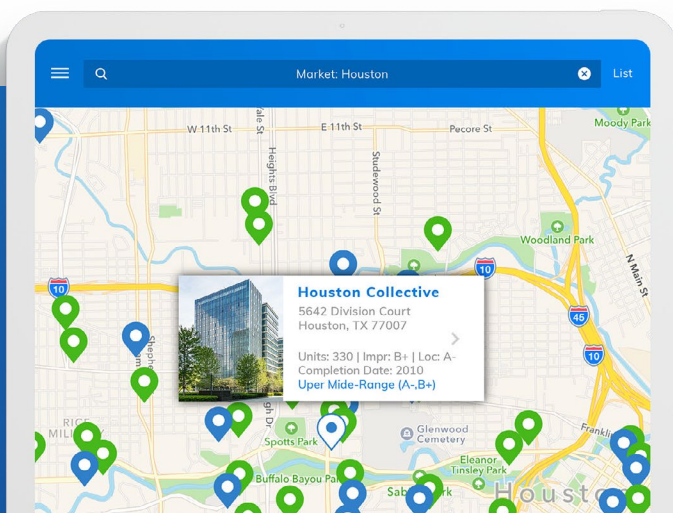
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OFFICE KEY FEATURES

- Active in 120 markets across the U.S. covering 81,000 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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