



Yardi® Matrix

# National Office Report

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March 2025



# Flex Space Offerings Expand

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- Coworking continues to grow, bringing more options to a sector undergoing massive cultural and technological shifts, and filling a much-needed gap for working professionals.
- Since the height of the pandemic, coworking has provided an alternative to the rigidity of both the in-office and remote-work models. The relationship between workers and the office continues to evolve, and the uncertainties and changing expectations over the last few years bring opportunities to reimagine collaboration with colleagues. Firms increasingly see coworking as a viable option, leading to expansion of flex space in markets across the country.
- The number of coworking spaces grew over the course of the past year, according to Yardi Matrix. Nationally, at the end of February 2025, Yardi Matrix tracked 7,814 coworking locations, up 25% year-over-year. Coworking totaled 140.1 million square feet, a 15.2% increase year-over-year from the 121.6 million-square-foot total a year earlier. Moreover, coworking as a percent of total office space has increased to 2.0%, up 30 basis points year-over-year.
- At the regional level, the Southeast leads the nation in locations, with 1,960 as of February 2025, up 24.2% year-over-year, followed by the West (1,709 spaces, up 16.7%), Northeast (1,422 spaces, up 17.5%), Midwest (1,121 spaces, up 27.7%) and Southwest (999 spaces, up 18.8%). The Southeast also leads in amount of coworking space, with 33.3 million square feet, up 18% year-over-year. The West has 31.8 million square feet, up 8.9%, followed by the Northeast (31.7 million square feet, up 3.6%), Midwest (21.7 million square feet, up 28.1%) and Southwest (17.0 million, up 13%). The Midwest has far outshined the rest of the country in year-over-year growth in both locations and square footage. However, it is one of the smaller regions, comprising roughly 14% of locations and 15% of square feet nationwide.
- Over the past 12 months, the average size of coworking locations dropped 1,524 square feet to 17,932. This was particularly true in the Northeast, where it declined 2,989 square feet to a 22,311 average. The Midwest was the only region to show an increase, up 70 square feet to an average of 19,313. We expect the average size of coworking spaces to further decline in the future as the coworking business model shifts toward the suburbs and away from central business districts.



## Listing Rates and Vacancy: Boston Vacancies Rise

- The national average full-service equivalent listing rate was \$33.41 per square foot in February, according to Yardi Matrix, up 3 cents over the previous month and 5.7% year-over-year.
- The national vacancy rate was 19.7%, unchanged from the previous month but up 180 basis points year-over-year.
- Boston has seen one of the biggest jumps

in vacancy rates in the last year, increasing 490 bps over the past 12 months to 17.1%. Available space has been increasing in the market for two reasons: the impact of new supply and the cooling of the life sciences sector. Since the start of the decade, 20.7 million square feet have been delivered in the market, representing 8% of stock. Many of these new spaces were labs, but venture capital's enthusiasm for life sciences has cooled in recent quarters.

### Listings by Metro

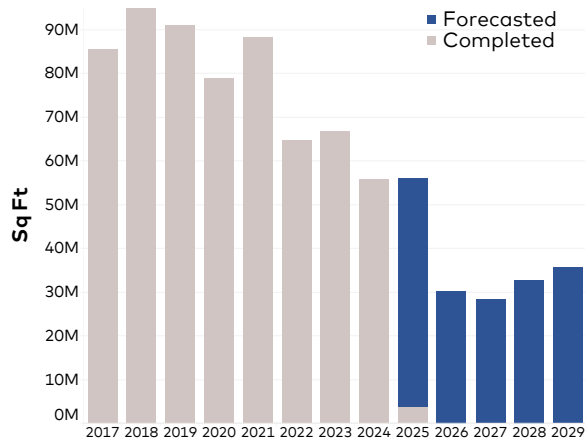
Market	Feb-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$33.41	5.7%	19.7%	180 bps		
Miami	\$55.38	11.6%	15.7%	360 bps	701 Brickell	\$140.00
Charlotte	\$34.07	10.7%	15.5%	150 bps	Morehead Place	\$46.00
Orlando	\$28.26	17.4%	16.9%	-20 bps	Capital Plaza Two	\$33.00
Boston	\$47.00	3.0%	17.1%	490 bps	Genesis 55 Summer	\$116.33
Dallas	\$31.29	13.3%	23.8%	260 bps	McKinney & Olive	\$88.84
San Francisco	\$63.63	4.0%	27.8%	380 bps	Sand Hill Collection-The Quad	\$162.17
Austin	\$45.90	9.3%	27.4%	530 bps	Indeed Tower	\$82.69
Atlanta	\$33.13	5.0%	19.2%	200 bps	1180 Peachtree	\$63.00
Nashville	\$31.63	4.8%	17.7%	120 bps	Three Thirty Three	\$44.88
Phoenix	\$28.55	2.6%	18.7%	80 bps	Camelback Collective	\$52.50
Houston	\$30.32	2.9%	23.1%	-130 bps	609 Main at Texas	\$57.73
Denver	\$30.98	1.3%	25.0%	290 bps	200 Clayton Street	\$73.00
Washington DC	\$40.46	0.4%	19.0%	290 bps	500 8th Street NW	\$79.58
Los Angeles	\$42.62	2.0%	16.3%	30 bps	100 Wilshire	\$108.00
Portland	\$28.10	1.6%	21.8%	580 bps	Fox Tower	\$43.38
Tampa	\$30.23	3.8%	15.8%	260 bps	Bayshore Place	\$52.00
Twin Cities	\$26.23	1.5%	16.7%	10 bps	Nordic, The	\$41.42
San Diego	\$43.07	0.6%	20.8%	310 bps	One La Jolla Center	\$70.20
Bay Area	\$54.09	0.0%	26.2%	550 bps	245 Lytton Avenue	\$153.00
Detroit	\$21.45	-4.2%	24.6%	30 bps	Orchestra Place	\$36.14
Philadelphia	\$30.86	-1.1%	20.0%	460 bps	Two Liberty Place	\$53.50
New Jersey	\$33.69	-2.3%	18.8%	10 bps	Harborside Financial Plaza 10	\$63.22
Chicago	\$27.16	-1.7%	18.8%	70 bps	222 North LaSalle Street	\$51.00
Manhattan	\$68.93	-3.6%	16.4%	-30 bps	101 Park Avenue	\$175.00
Seattle	\$36.28	-4.2%	25.9%	340 bps	Lincoln Square South	\$67.24

Source: Yardi Matrix. Data as of February 2025. 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: Houston Leads During Slow Year for Office Starts

- The office construction pipeline continues to shrink, with 48.6 million square feet of space currently under construction, representing 0.7% of stock.
- 2024 marked a 10-year low for office deliveries, and 2025 looks to finish even lower. 2024 had just 11.3 million square feet of starts, and we do not expect a major rebound anytime soon. With vacancies continuing to rise, an uncertain economic outlook, and remote and hybrid work entrenched at many firms, the appetite to build new office space has all but dried up.
- Only one market, Houston, eclipsed 1 million square feet of office starts in 2024. The market, which is the nation's seventh largest by square footage, is seeing development shift out of the CBD and into outlying areas. Although its CBD accounts for 16% of total inventory, no projects are currently underway or in the planning stages there. The largest project started last year is a 320,000-square-foot building at the mixed-use development City Centre in the Memorial Villages submarket.

## National New Supply Forecast



Source: Yardi Matrix. Data as of February 2025.  
Data in this chart includes owner-occupied properties.

## Supply Pipeline (by metro)

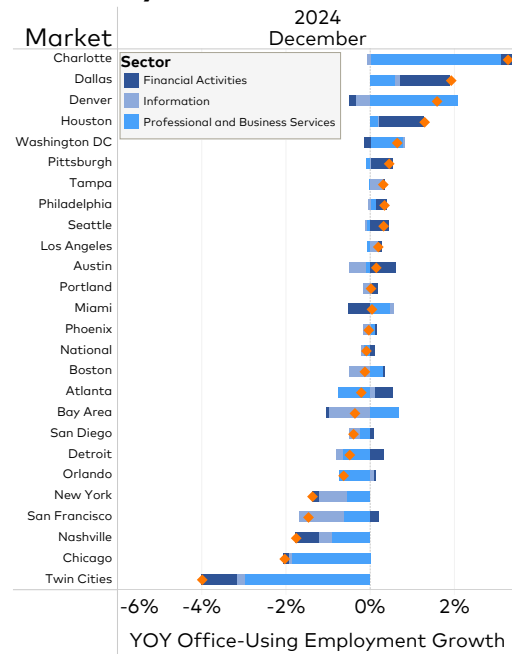
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	48,567,938	0.7%	2.6%
Boston	6,546,352	2.5%	7.2%
Austin	3,561,019	3.7%	12.5%
San Francisco	3,224,611	2.0%	6.0%
San Diego	3,159,679	3.2%	3.8%
Dallas	2,887,757	1.0%	4.2%
Manhattan	2,667,861	0.6%	2.8%
Houston	2,212,090	0.9%	1.9%
Los Angeles	1,955,590	0.7%	3.4%
Miami	1,673,660	2.3%	7.6%
Nashville	1,550,547	2.6%	5.0%
Philadelphia	1,377,190	0.7%	2.6%
New Jersey	1,344,907	0.7%	1.2%
Washington DC	1,264,674	0.3%	3.3%
Atlanta	847,186	0.4%	1.9%
Phoenix	826,426	0.6%	2.2%
Seattle	814,824	0.6%	2.5%
Chicago	737,512	0.2%	2.0%
Tampa	663,292	0.8%	3.4%
Denver	559,708	0.3%	2.4%
Detroit	553,680	0.4%	0.8%
Charlotte	533,403	0.7%	5.2%
Bay Area	479,416	0.2%	2.7%
Twin Cities	426,076	0.3%	1.5%
Orlando	409,168	0.6%	1.4%
Portland	NULL	NULL	0.7%

Source: Yardi Matrix. Data as of February 2025. Table does not include owner-occupied properties.

# Office-Using Jobs: Government Job Cuts Another Blow to Office Sector

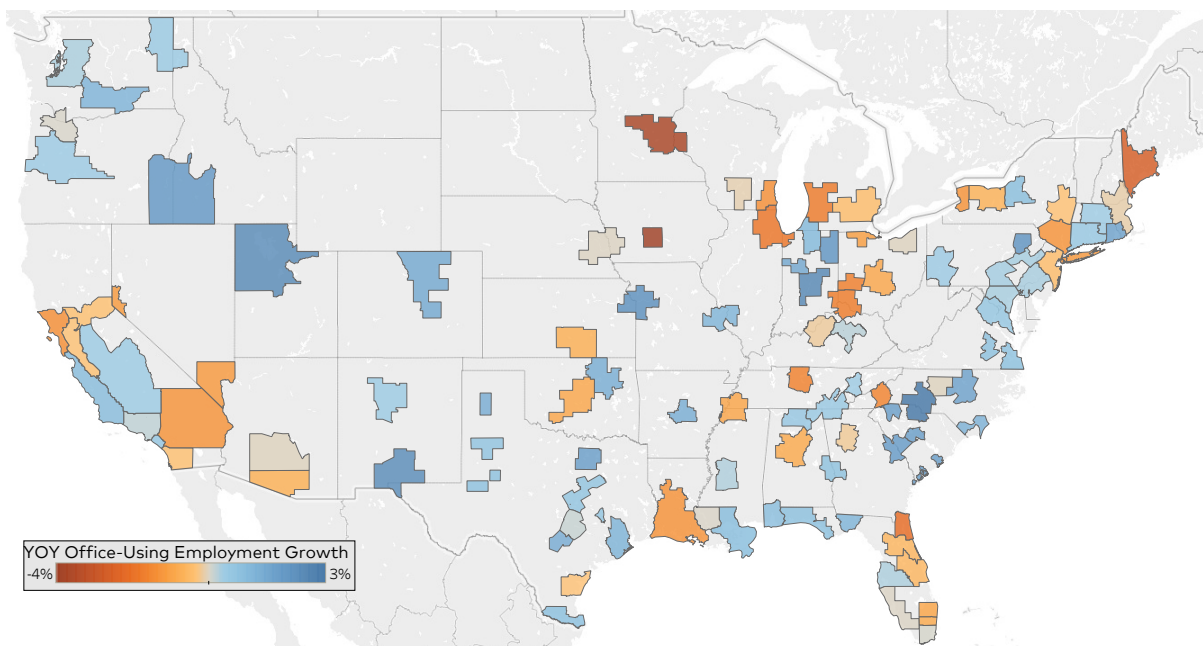
- Office-using sectors of the labor market added 24,000 jobs during the month of February, according to the Bureau of Labor Statistics.
- While not counted in traditional office-using sectors of the labor market, government employment can represent a significant portion of a market's office utilization. At the end of 2024, over three million people were employed by the federal government. Washington, D.C., is of course the most exposed to federal workforce cuts. The metro had nearly 375,000 federal employees at the end of 2024, according to the Bureau of Labor Statistics.
- Trepp recently analyzed public lease data and found the federal government leases 149 million square feet of office space. The new administration is already pushing to terminate some leases. We anticipate that job cuts at federal agencies will represent another significant challenge for the office sector, although the impact will vary greatly among markets.

## Growth by Sector



Sources: Bureau of Labor Statistics and Moody's Analytics. Data for January not yet available due to BLS benchmarking.

## Office-Using Employment Growth



Sources: Bureau of Labor Statistics and Moody's Analytics

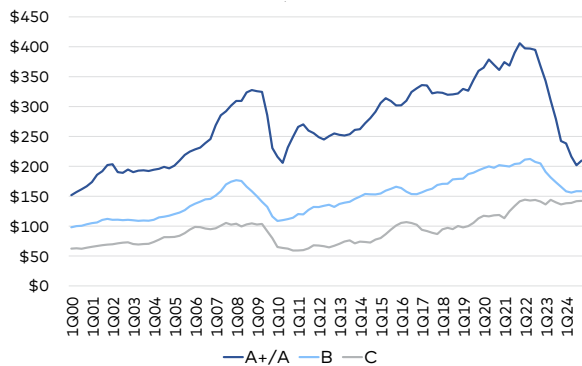
# Transactions: Deep Discount on Chicago Tower

- Yardi Matrix recorded \$7 billion in office sales through the first two months of the year, with properties trading at an average of \$177 per square foot.
- Only two months into the year, Chicago has achieved one-third of its 2024 total sales volume, yet many of the sales happening now are of discounted properties. The largest sale so far this year in the market is a 40-story tower at 200 South Wacker, which traded for \$68 million in January. The building's value was nearly 70% lower than its previous sale price in 2013, when it traded for \$214.5 million.

## Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 02/28)
National	\$177	\$7,000
Manhattan	\$450	\$1,838
Chicago	\$67	\$561
Bay Area	\$208	\$467
New Jersey	\$179	\$409
Los Angeles	\$207	\$334
Washington DC	\$147	\$330
Denver	\$144	\$323
Houston	\$139	\$282
Dallas	\$131	\$205
San Diego	\$662	\$191
San Francisco	\$282	\$183
Twin Cities	\$50	\$154
Boston	\$188	\$147
Tampa	\$236	\$145
Atlanta	\$138	\$88
Philadelphia	\$117	\$78
Miami	\$239	\$55
Portland	\$129	\$42
Phoenix	\$124	\$42
Seattle	\$106	\$39
Detroit	\$99	\$17
Charlotte	\$98	\$12
Nashville	\$64	\$6
Inland Empire	\$143	\$4

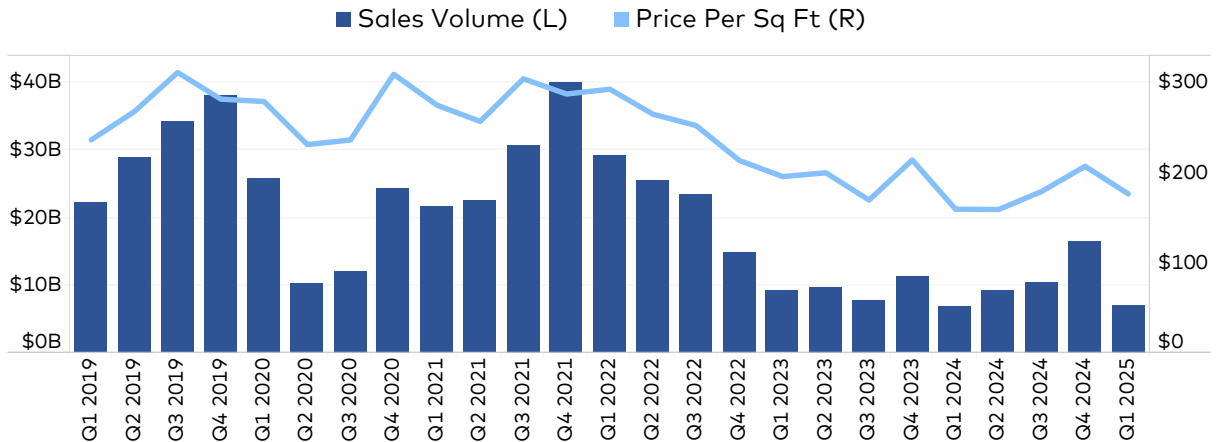
## Asset Class (price PSF)



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

Source: Yardi Matrix. Data as of February 2025. Sales data for unpublished and portfolio transactions is estimated using sales comps.

## Quarterly Transactions



Source: Yardi Matrix. Data as of February 2025.

# Definitions

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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.

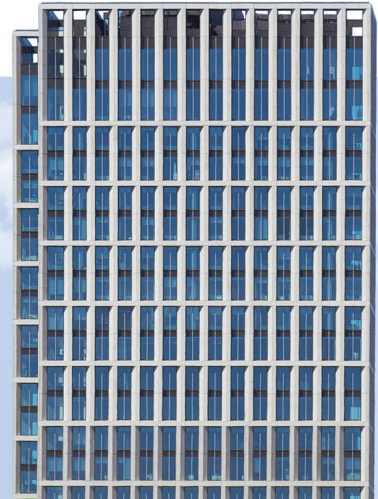
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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

Sales volume 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.



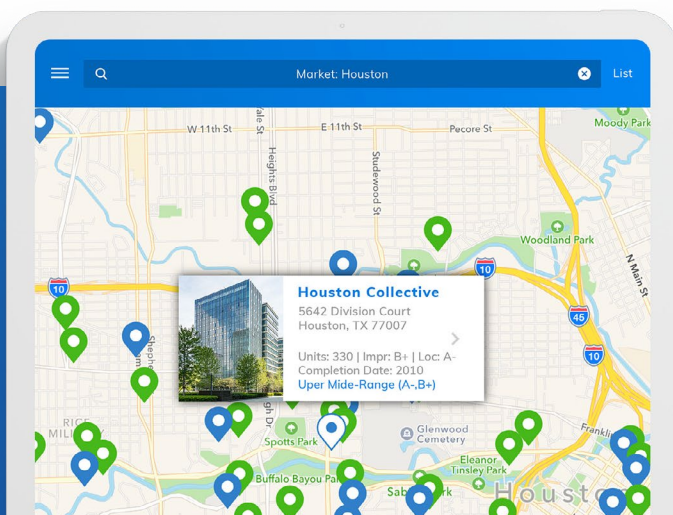
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- Active in 120 markets across the U.S. covering 81,000+ properties
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio level
- 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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