



Yardi[®] Matrix

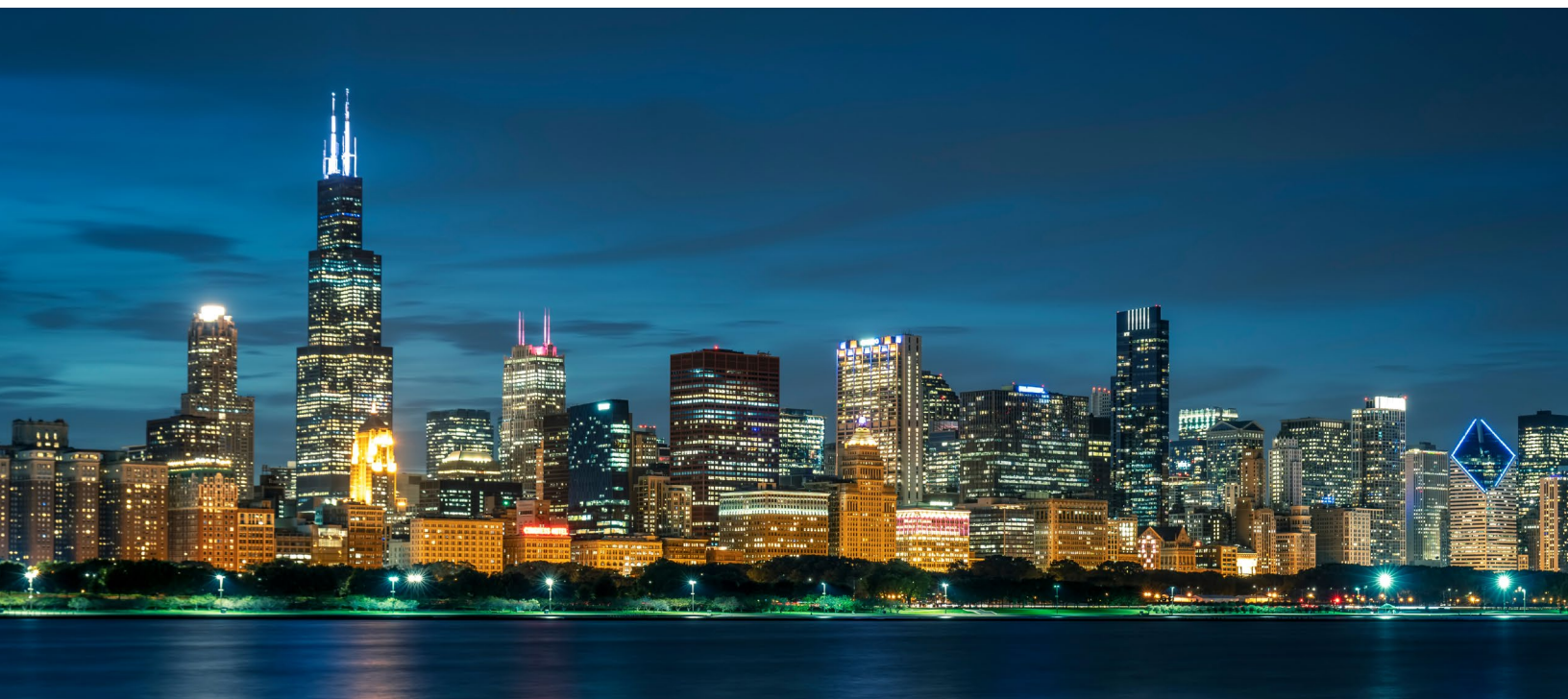
National Office Report

June 2025



Cities Push for Office Conversions

- Record-high office vacancies are creating opportunities for building owners to repurpose vacant spaces and for cities to address persistent housing shortages.
- The average national vacancy rate remained high in May at 19.4%, up 160 basis points from the previous year, according to Yardi Matrix. Currently, over 149 million total square feet of office space have been proposed for conversion, 125 million since the start of 2022. The number of conversion proposals has increased every year this decade, and 2024 saw 48 million square feet proposed. Yet there is no one-size-fits-all solution for converting a vacant office, with methods varying by market and project. Yardi's revamped Conversion Feasibility Index (CFI) scores buildings based on a variety of factors, with a Tier I building being a top candidate for conversion and Tier II possessing strong potential but possibly requiring some adjustments.
- Manhattan has one of the lowest vacancy rates in the nation, and unused space quickly becomes a target for adaptive reuse given the market's dense nature. Currently, 23 million square feet of the city's office space have been proposed for conversion. According to the CFI, 19.5% of Manhattan's office stock are Tier I candidates for conversion, while 34.6% are Tier II. To expedite conversions, the city established the Office Conversion Accelerator program, which provides a single point of contact in city government to assist owners with zoning and permitting. Conversion started last month on a GFP Real Estate property at 222 Broadway, built in 1961, to turn 770,416 square feet of office space into 798 apartments and commercial space, with an anticipated completion date of May 2027.
- San Francisco has one of the nation's highest vacancy rates at 28.4%, with office attendance averaging 43%, according to Kastle's Back to Work Barometer. Despite ranking among the top markets in Yardi's CFI—with 9.2% of office space rated as Tier I and 25.1% as Tier II—only about 1 million square feet of office spaces are currently proposed for conversion. San Francisco is looking to increase this number with its Commercial to Residential Adaptive Reuse Program, which includes tax waivers and eliminates certain fees. Additionally, the city recently approved the creation of a downtown revitalization financing district, which aims to incentivize conversions by reinvesting the increase in property tax revenue generated to help offset development costs. One such project underway is the New Humboldt Residences at 785 Market St., which is being transformed into 120 housing units.



Listing Rates and Vacancy: Northern California's Struggles Mount

- The national average full-service equivalent listing rate was \$33.15 per square foot in May, down 19 cents from the previous month but up 4.8% year-over-year.
- The national vacancy rate was 19.4%—down 30 basis points from the previous month but still 160 basis points higher than the same time last year. Vacancy rates do not look to be headed downward anytime soon, with office utilization rates plateauing and weak job growth in office-using employment.
- Despite some high-profile lease signings and speculation that a burgeoning AI sector would drive a recovery for the region's office sector, Northern California is still struggling with high office vacancy. San Francisco has seen vacancy rates increase 330 bps in the past 12 months, to an average of 28.4% in May, while the Bay Area's 25.0% average rate is an increase of 510 bps over a year ago.

Listings by Metro

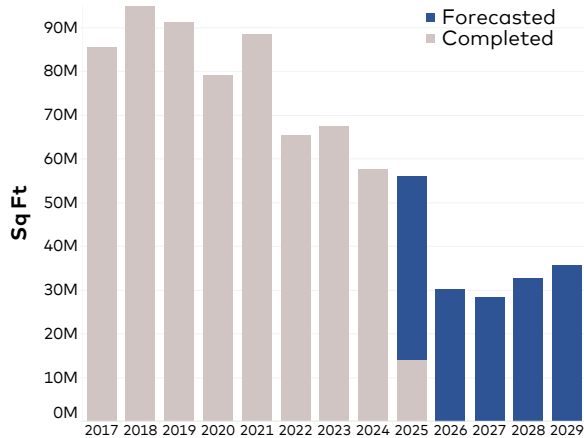
Market	May-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$33.15	4.8%	19.4%	160 bps		
Charlotte	\$35.38	17.8%	17.6%	290 bps	Morehead Place	\$46.00
Miami	\$57.71	17.6%	14.6%	230 bps	701 Brickell	\$140.00
Orlando	\$28.03	14.3%	16.9%	120 bps	Capital Plaza Two	\$33.00
Atlanta	\$35.00	9.9%	19.9%	140 bps	1180 Peachtree	\$63.50
Dallas	\$31.74	9.5%	23.5%	190 bps	McKinney & Olive	\$88.84
Austin	\$46.11	8.6%	26.7%	340 bps	Indeed Tower	\$82.69
Twin Cities	\$26.60	6.8%	17.2%	100 bps	Nordic, The	\$40.42
San Diego	\$45.17	6.2%	23.1%	460 bps	One La Jolla Center	\$70.20
Nashville	\$31.59	4.3%	18.2%	310 bps	Three Thirty Three	\$44.88
San Francisco	\$63.01	3.6%	28.4%	330 bps	Sand Hill Collection—The Ranch	\$209.40
Portland	\$28.45	3.5%	21.4%	490 bps	Fox Tower	\$43.38
Phoenix	\$28.48	2.8%	17.4%	-70 bps	Camelback Collective	\$52.50
Los Angeles	\$41.93	2.6%	15.7%	-100 bps	2000 Avenue of the Stars	\$102.00
Denver	\$30.63	1.9%	23.6%	70 bps	1144 Fifteenth Street	\$63.50
Washington DC	\$40.52	1.8%	19.4%	330 bps	1001 Pennsylvania Avenue	\$79.80
Chicago	\$27.88	0.6%	19.6%	50 bps	222 North LaSalle Street	\$51.00
Philadelphia	\$31.17	-0.2%	19.2%	380 bps	Two Liberty Place	\$53.50
Tampa	\$29.50	-0.4%	16.5%	340 bps	Bayshore Place	\$52.00
Boston	\$46.06	-1.4%	16.9%	480 bps	Genesis 55 Summer	\$116.33
Bay Area	\$52.92	-1.4%	25.0%	510 bps	245 Lytton Avenue	\$153.00
New Jersey	\$33.98	-2.4%	18.6%	140 bps	Harborside Financial Plaza 10	\$63.22
Houston	\$28.53	-3.5%	21.7%	-200 bps	811 Main Street	\$47.04
Detroit	\$21.60	-3.7%	24.0%	320 bps	Orchestra Place	\$36.14
Seattle	\$35.26	-4.1%	25.8%	280 bps	Lincoln Square South	\$67.24
Manhattan	\$68.08	-4.5%	15.7%	-50 bps	540 Madison Avenue	\$130.00

Source: Yardi Matrix. Data as of May 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: Boston's Life Science Slowdown

- There are 41.5 million square feet of office space currently under construction, according to Yardi Matrix, representing 0.6% of stock.
- The office supply pipeline's contraction has continued in 2025, with just 4.2 million square feet of new development breaking ground in the first five months of the year—significantly trailing the 11.3 million square feet of space completed during the same period last year.
- Boston has had the nation's largest office supply pipeline by square footage in recent years, primarily driven by the life science sector. Nearly three-quarters of the market's pipeline consists of life science projects, many of which were begun during the post-pandemic surge in demand for lab space. However, things are much shakier for the sector in 2025. Private capital funding for life science firms has declined in recent years, and cuts to NIH funding will likely reduce lab space demand from the market's universities. Only one building, the 350,000-square-foot third phase of Innovation Square, has broken ground in the market in the past 12 months.

National New Supply Forecast



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

Supply Pipeline (by metro)

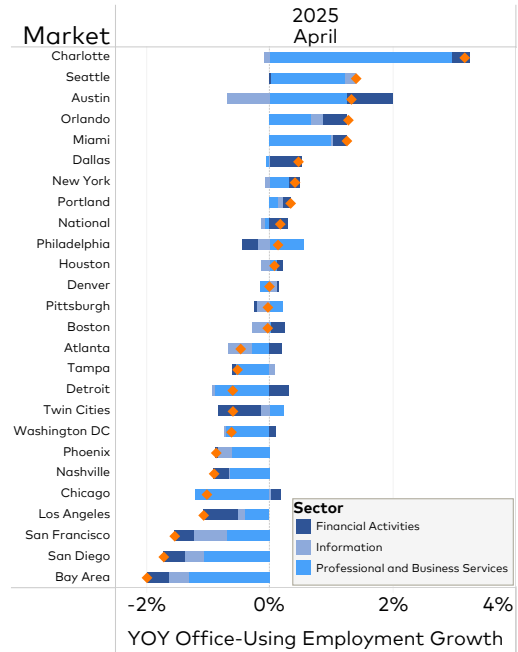
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	41,498,848	0.6%	2.4%
Austin	2,702,487	2.8%	7.1%
Boston	5,863,284	2.3%	6.4%
San Diego	2,144,943	2.1%	3.0%
Miami	1,435,336	2.0%	6.3%
Nashville	1,134,000	1.9%	4.2%
San Francisco	1,858,000	1.1%	5.1%
Dallas	3,194,237	1.1%	3.9%
Charlotte	647,903	0.8%	3.7%
Los Angeles	2,103,563	0.7%	3.3%
Houston	1,788,088	0.7%	2.1%
Philadelphia	1,217,606	0.7%	2.1%
Orlando	374,645	0.5%	1.1%
Seattle	731,963	0.5%	2.5%
Twin Cities	595,121	0.5%	1.4%
Bay Area	959,083	0.5%	3.0%
Denver	730,868	0.4%	1.9%
Phoenix	623,905	0.4%	1.0%
Detroit	520,000	0.4%	1.0%
New Jersey	809,954	0.4%	1.0%
Tampa	305,880	0.4%	2.9%
Atlanta	707,500	0.3%	2.5%
Manhattan	1,557,631	0.3%	3.1%
Washington DC	987,801	0.3%	3.5%
Chicago	791,646	0.2%	1.9%
Portland	0	0	0.0%

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

Office-Using Jobs: Charlotte Outpaces the Pack

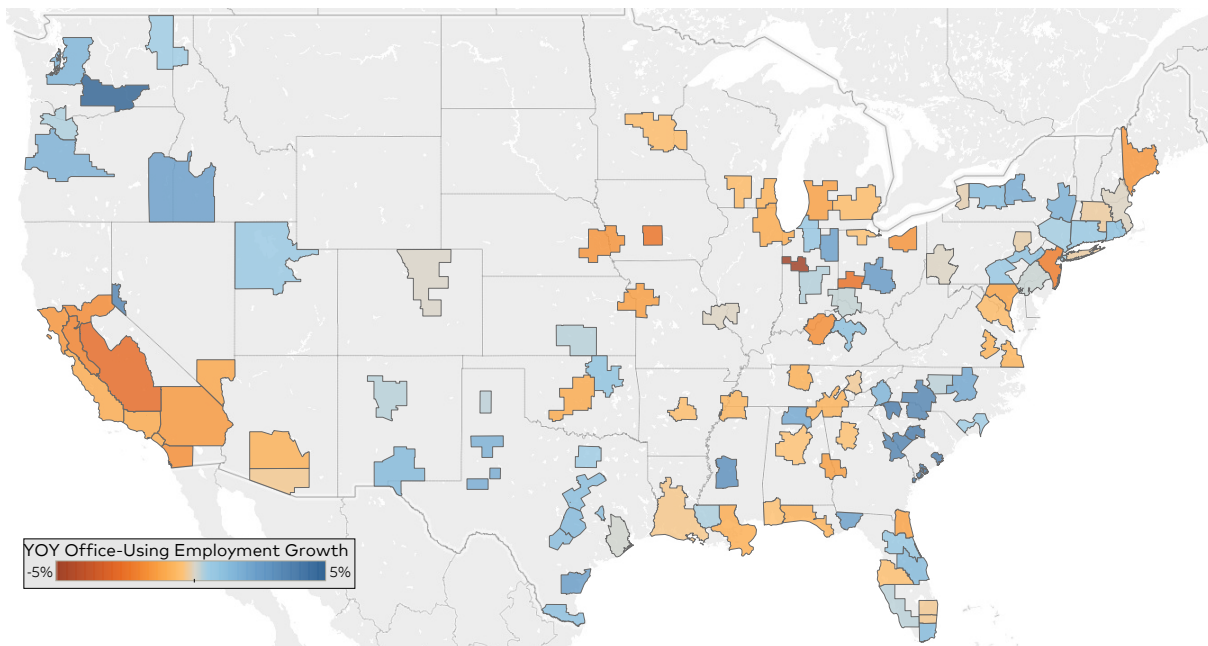
- Office-using sectors of the labor market shrank by 3,000 jobs in May, driven by a loss of 18,000 positions in the professional and business services sector. While financial activities added 13,000 jobs and the information sector gained 2,000, these increases were not enough to offset the broader losses. On an annual basis, office-using sectors have grown by just 1,000 jobs over the past 12 months.
- Charlotte has been one of the nation's few bright spots for office employment. Among the largest 25 office markets, Charlotte has ranked first in office job growth every month so far this year. Metro-level employment data as of April, which trails the national release, showed Charlotte with a 3.2% year-over-year increase in office employment, more than double that of any other top market. Charlotte has been a hot spot for corporate relocations in recent years, leading to office job growth at a time when many other markets are experiencing declines.

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

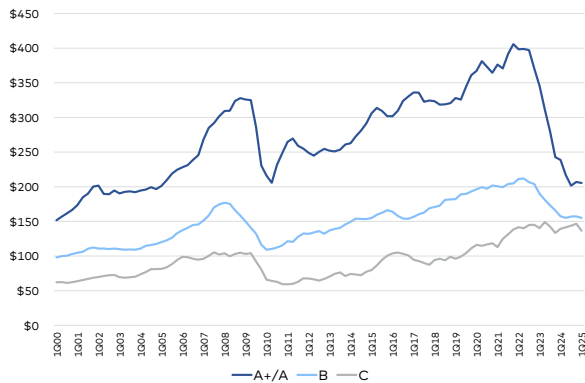
Transactions: Price Declines in Los Angeles

- Yardi Matrix logged \$19.6 billion in office sales through May, with properties trading at an average of \$194 per foot.
- Los Angeles office sales totaled more than \$1 billion, but the average sale price is down more than 30% from 2022. Fenway Capital Advisors paid \$130 million for The Entrada in Culver City, about \$400 per foot for the 11-story building. While that marks the highest sale price in the market through May, it is still less than the \$142 million loan that a joint venture between Lincoln Property Co. and Broad Street Principal Investors used to develop the property.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 05/31)
National	\$194	\$19,644
Manhattan	\$448	\$2,796
Washington DC	\$223	\$2,585
Bay Area	\$356	\$2,092
Houston	\$117	\$1,196
Los Angeles	\$281	\$1,080
Chicago	\$59	\$794
San Francisco	\$272	\$769
San Diego	\$346	\$690
Atlanta	\$163	\$677
Boston	\$237	\$633
Dallas	\$137	\$528
New Jersey	\$164	\$470
Denver	\$96	\$413
Miami	\$231	\$276
Austin	\$221	\$257
Phoenix	\$190	\$254
Charlotte	\$138	\$254
Tampa	\$150	\$240
Twin Cities	\$66	\$221
Seattle	\$124	\$158
Philadelphia	\$100	\$154
Portland	\$152	\$87
Detroit	\$102	\$59
Nashville	\$102	\$45
Inland Empire	\$251	\$18

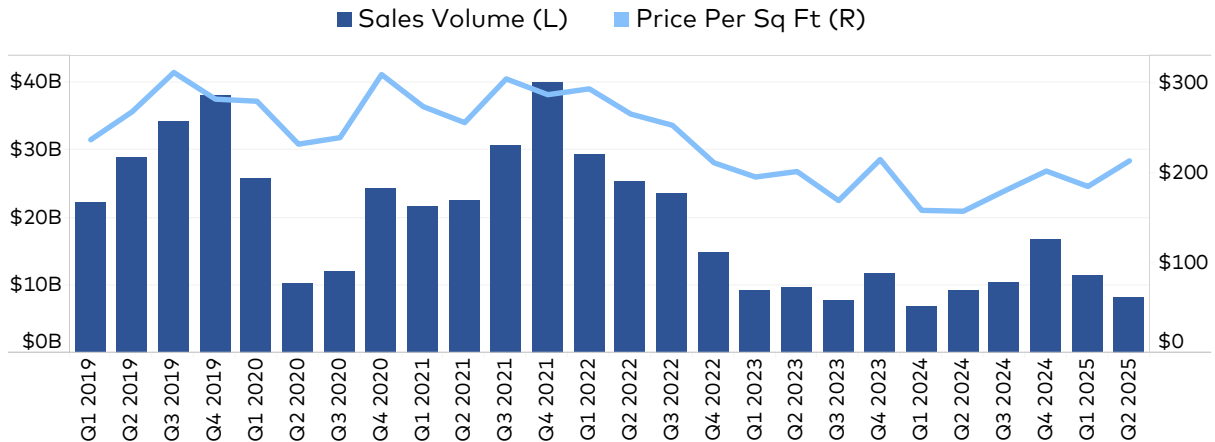
Asset Class (price PSF)



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

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

Quarterly Transactions



Source: Yardi Matrix. Data as of May 2025.

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.

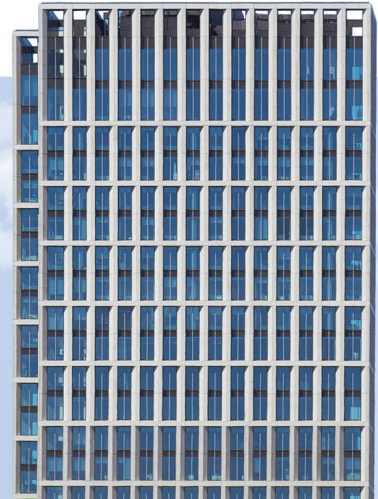
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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

Sales volume 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.



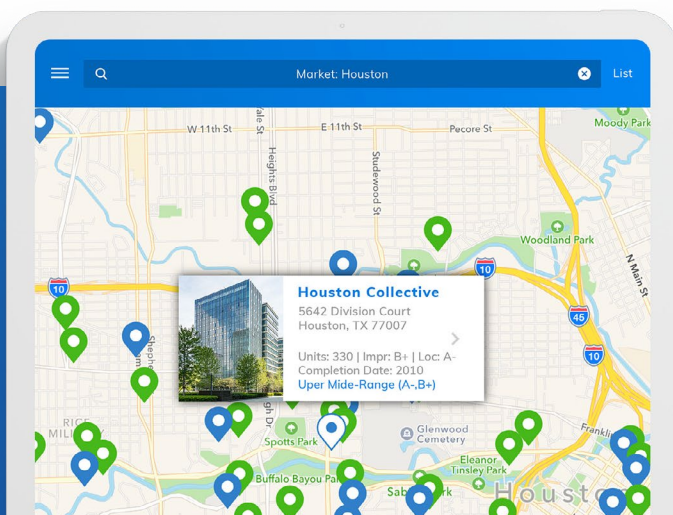
Yardi[®] Matrix

Power your business
with the industry's
leading data provider



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.



(800) 866-1144

Learn more at yardimatrix.com/office

Contact
US



Contacts

Peter Kolaczynski

Manager, Commercial
Peter.Kolaczynski@Yardi.com
(800) 866-1124 x14001

Rob McCartney

Sales Manager, Matrix
Rob.McCartney@Yardi.com
(800) 866-1124 x14021

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(800) 866-1124 x14025

Author

Justin Dean

Senior Research Analyst

DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2025 Yardi Systems, Inc. All Rights Reserved.