



Yardi[®] Matrix

National Office Report

July 2025



Sector Struggles as Maturities Hit

- No longer able to kick the can down the road, borrowers and lenders will need to reconsider their options as billions of dollars in office loans near maturity and delinquencies continue to rise.
- There are currently 14,000 office properties encumbered by loans that have recently matured or will mature by the end of 2027. These loans account for 33% of all office loans and total nearly \$290 billion, according to Yardi Matrix. Of the top metros, Atlanta has the highest percentage maturing at 50.5%, valued at over \$11 billion. Next is Denver (49.0%; \$8.4 billion), Bridgeport–New Haven (48.5%; \$3.9 billion), Chicago (46.0%; \$15.3 billion) and the Twin Cities (41.2%; \$3.4 billion). By volume, Manhattan has the highest amount of loans maturing through 2027 at \$59.9 billion, followed by Los Angeles (\$18.1 billion), Boston (\$15.4 billion), Chicago (\$15.3 billion) and Washington, D.C. (\$13.8 billion).
- The “survive until 2025” mantra so frequently heard in the second half of 2023 through 2024 has quieted as unfavorable conditions continue. Unprecedented levels of vacancy, weak office job formation and overall economic uncertainty have put the sector on edge as loans come due. Hope for relief from easing interest rates was shattered when a positive jobs report in June led Federal Reserve chairman Jerome Powell to continue his policy of maintaining interest rates at the current level. While the labor market has increased overall, office-using jobs fell slightly in June, according to the Bureau of Labor Statistics, delivering a one-two punch to the sector. High interest rates continue and demand remains weak just as maturities are beginning to peak. Struggling properties will find financing difficult to come by as higher rates prevent many refinancing options from penciling out.
- Of the loans maturing by 2027, 61% originated before 2020. As office demand fell after Covid and incomes dropped, the values of the properties securing these loans collapsed. This increased the funding gap and diminished the prospect of securing new financing. Loan extensions have kept borrowers afloat to some extent. However, office CMBS delinquency rates rose to 11.08% in June, a 3.5% increase from June 2024, according to Trepp. With delinquency rates on the rise, lenders will likely be hesitant to extend loans and defaults are certain to increase. Moody's in February reported the percentage of loans extended in 2024 dropped from the previous year, while defaults increased. Discounts on properties are sure to rise in the coming months, and the possibility of conversions may become more attractive for property owners and public policymakers alike.



Listing Rates and Vacancy: Manhattan Vacancies Tighten

- The national average full-service equivalent listing rate was \$32.87 per square foot in June, down 28 cents from the previous month but up 3.8% year-over-year. The national vacancy rate was 19.4%—unchanged from the previous month and up 130 basis points over last year.
- Manhattan, with a vacancy rate that has fallen 130 bps over the past 12 months, is one of the sector's few bright spots in recent quarters. Amazon has been active in

the market, leasing or acquiring nearly 1.5 million square feet since last fall, including a 330,000-square-foot lease signed at 452 Fifth Ave. earlier this year. With space at a premium in Manhattan, many workers do not have capacity to work from home, which supports demand for office space. A concentration of legal and finance firms, for which remote work is less common, also bolsters the market. Law firm Goodwin Procter recently signed a 250,000-square-foot lease at 200 Fifth Ave.

Listings by Metro

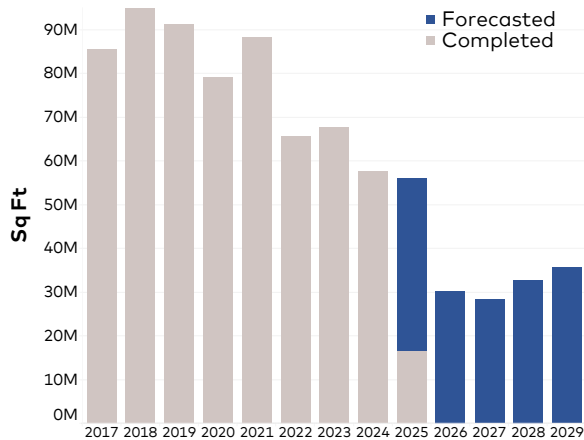
Market	Jun-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$32.87	3.8%	19.4%	130 bps		
Charlotte	\$36.32	19.5%	17.0%	210 bps	Morehead Place	\$46.00
Miami	\$56.97	14.4%	14.3%	230 bps	701 Brickell	\$140.00
Orlando	\$27.78	13.6%	17.1%	140 bps	Quadrangle Business Park–Univ. Corp. Center I	\$32.00
Atlanta	\$35.23	10.0%	19.5%	110 bps	1180 Peachtree	\$63.50
Dallas	\$31.39	8.3%	23.2%	140 bps	McKinney & Olive	\$88.84
San Diego	\$45.02	7.1%	22.9%	500 bps	One La Jolla Center	\$70.20
Austin	\$45.26	6.5%	28.0%	500 bps	Indeed Tower	\$83.89
Twin Cities	\$26.04	4.4%	17.5%	150 bps	Nordic, The	\$40.42
Phoenix	\$28.86	4.3%	17.1%	-110 bps	Camelback Collective	\$52.50
Portland	\$28.63	3.9%	21.3%	420 bps	Fox Tower	\$43.38
Washington DC	\$41.33	3.9%	19.7%	350 bps	1222 22nd Street NW	\$91.82
San Francisco	\$63.01	3.3%	27.7%	230 bps	Sand Hill Collection–The Ranch	\$209.40
Nashville	\$30.97	3.2%	19.6%	360 bps	1200 Broadway	\$44.88
Tampa	\$29.96	2.5%	16.2%	290 bps	Bayshore Place	\$52.00
Los Angeles	\$41.41	0.9%	14.8%	-220 bps	Woodland Hills Corp. Center–21031 Ventura Blvd	\$90.00
Denver	\$30.69	0.3%	23.5%	140 bps	Block 162	\$53.11
Chicago	\$27.82	0.1%	19.6%	50 bps	One Magnificent Mile	\$49.70
Detroit	\$21.76	-1.1%	24.8%	460 bps	Orchestra Place	\$36.14
Philadelphia	\$30.95	-2.0%	18.9%	360 bps	Three Logan Square	\$52.07
Bay Area	\$51.93	-2.5%	25.0%	420 bps	245 Lytton Avenue	\$153.00
Seattle	\$35.63	-2.8%	26.7%	340 bps	Lincoln Square South	\$67.24
New Jersey	\$33.78	-2.9%	18.4%	150 bps	Harborside Financial Plaza 10	\$63.22
Boston	\$46.06	-3.2%	16.5%	370 bps	Genesis 55 Summer	\$116.33
Houston	\$28.35	-4.5%	20.6%	-320 bps	811 Main Street	\$47.04
Manhattan	\$67.97	-4.7%	15.2%	-130 bps	540 Madison Avenue	\$130.00

Source: Yardi Matrix. Data as of June 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: San Diego's Life Science Glut

- There are 40.9 million square feet of office space currently under construction, according to Yardi Matrix, representing 0.6% of stock.
- The new office construction pipeline may have finally found a bottom: Just 6.5 million square feet of starts were logged during the first half of the year, on pace with the 12.0 million square feet started in 2024. This low level of starts is unprecedented for the sector but may represent a lasting shift. The long-term effects of the pandemic and widespread remote work are still unfolding and could take years to fully resolve. In the meantime, new developments are expected to remain scarce.
- A development boom in the life sciences sector in recent years has led to oversupply. This is especially evident in San Diego, where 3.5 million square feet of lab space were delivered between 2020 and 2024. Large, new spaces like the RaaD IQHQ Campus and the Campus at Horton have reportedly struggled to find life science tenants. Lab space vacancies in the market will likely rise—nearly two-thirds of the 1.9 million square feet under construction in San Diego are in the life science sector.

National New Supply Forecast



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

Supply Pipeline (by metro)

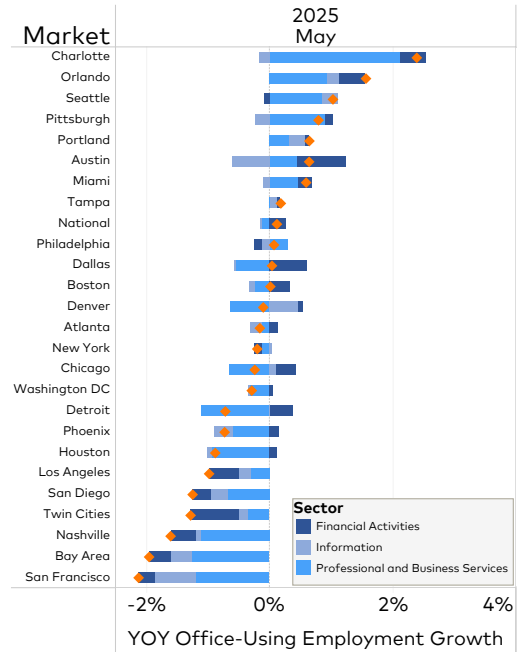
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	40,901,847	0.6%	2.2%
Austin	2,706,229	2.8%	6.7%
Boston	5,863,284	2.3%	6.2%
Miami	1,476,039	2.0%	6.2%
San Diego	1,947,395	1.9%	2.1%
Nashville	1,117,000	1.8%	3.2%
Dallas	3,245,737	1.1%	3.7%
San Francisco	1,767,000	1.1%	5.1%
Los Angeles	2,103,563	0.7%	3.1%
Houston	1,791,930	0.7%	2.1%
Philadelphia	1,182,117	0.6%	2.0%
Orlando	432,508	0.6%	1.1%
Phoenix	889,430	0.6%	0.8%
Seattle	731,963	0.5%	2.3%
Denver	818,179	0.5%	1.7%
Twin Cities	595,121	0.5%	1.5%
Bay Area	956,034	0.5%	2.5%
Charlotte	334,903	0.4%	3.3%
Detroit	520,000	0.4%	1.0%
New Jersey	809,954	0.4%	0.9%
Tampa	305,880	0.4%	2.7%
Atlanta	707,500	0.3%	2.6%
Manhattan	1,557,631	0.3%	3.0%
Washington DC	987,801	0.3%	3.5%
Chicago	490,876	0.2%	0.8%
Portland	0	0	0.0%

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

Office-Using Jobs: Weak Job Growth Another Headache for Office

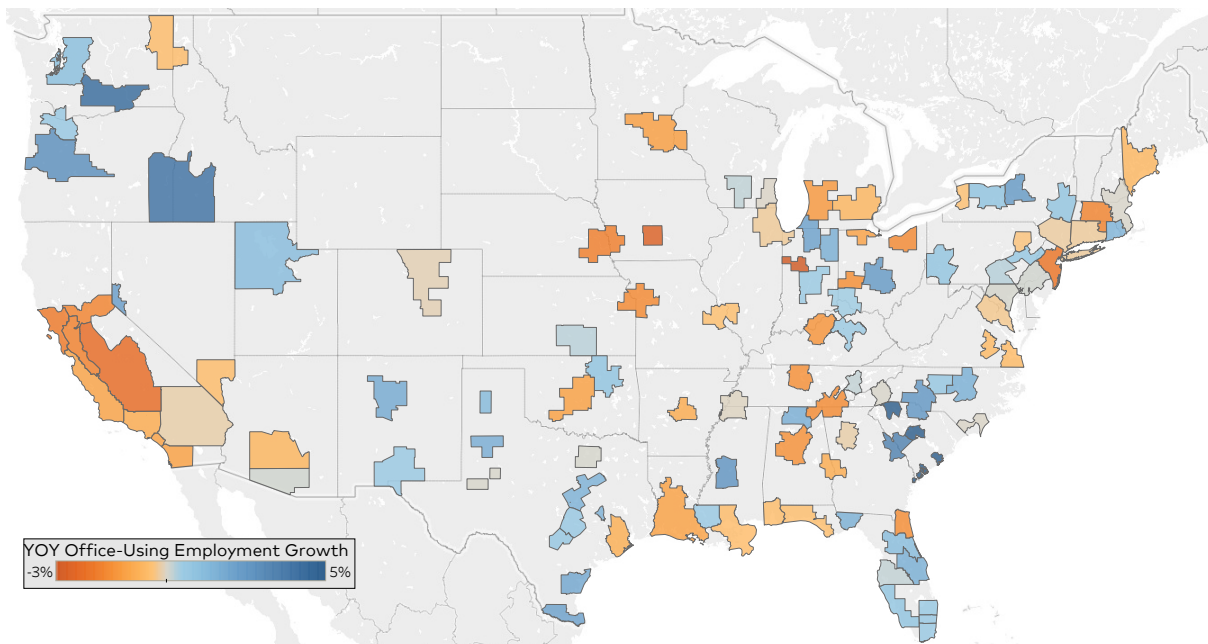
- Office-using sectors of the labor market saw little movement in June, declining by 1,000 jobs overall. The professional and business services sector saw 7,000 job losses in the month, dragging down office employment overall. Financial activities and information added 3,000 jobs each in the month. On an annual basis, office-using sectors have grown by just 47,000 jobs over the past 12 months, an increase of only 0.1%. All of the gains over that time have been driven by the financial activities sector, which has added 89,000 jobs (1.0%) since June of last year. Professional and business services has lost 36,000 jobs (-0.2%), while information is down 6,000 (-0.2%).
- Weak office job growth in recent quarters is a troubling sign for a sector already battered by remote and hybrid work. It is now clear that office utilization will not return to pre-pandemic levels, leaving job formation as the only way demand will increase.

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

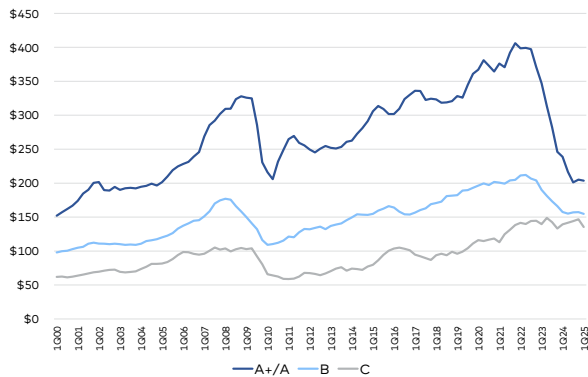
Transactions: Sale Price Stability in Atlanta

- Yardi Matrix logged \$23.0 billion in office sales through the first half of the year, with properties trading at an average of \$189 per foot.
- Atlanta has been one of the steadier markets in recent years, with its 2025 average sale price of \$163 per foot only slightly below the 2019 average of \$168. Despite average prices that have held relatively stable, properties consistently have traded at discounts. Spear Street Capital purchased the 28-story 1100 Peachtree for \$133.8 million in May from Manulife, which had purchased the property for \$153.8 million in 2007.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 06/30)
National	\$189	\$22,978
Bay Area	\$387	\$3,177
Washington DC	\$195	\$3,128
Manhattan	\$437	\$2,760
Los Angeles	\$289	\$1,398
Houston	\$109	\$1,201
San Francisco	\$237	\$1,118
Chicago	\$57	\$957
Atlanta	\$163	\$884
Dallas	\$163	\$872
San Diego	\$347	\$808
Boston	\$187	\$758
New Jersey	\$160	\$519
Phoenix	\$185	\$466
Denver	\$95	\$425
Miami	\$255	\$330
Austin	\$221	\$278
Seattle	\$124	\$275
Twin Cities	\$72	\$253
Tampa	\$150	\$240
Philadelphia	\$89	\$220
Charlotte	\$105	\$202
Portland	\$152	\$87
Detroit	\$88	\$71
Inland Empire	\$217	\$50
Nashville	\$102	\$45

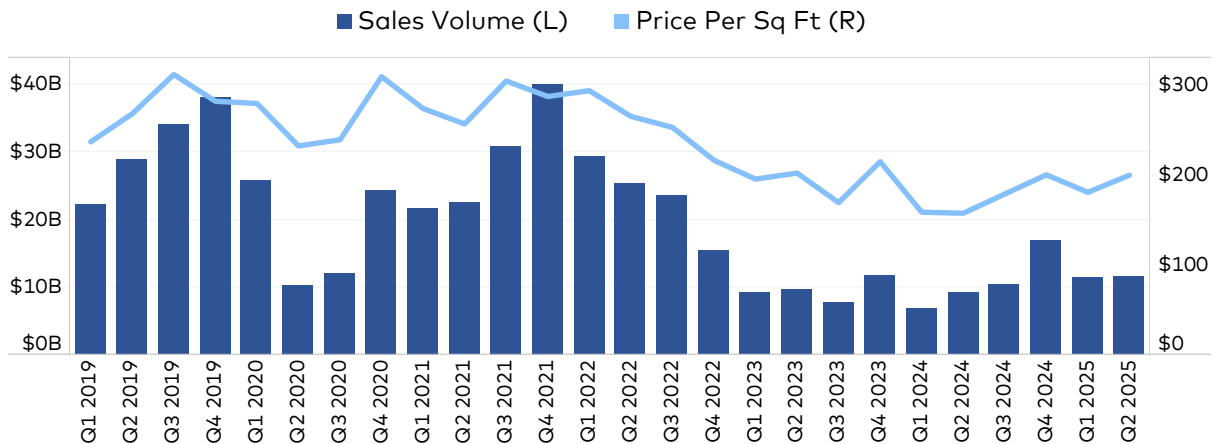
Asset Class (price PSF)



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

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

Quarterly Transactions



Source: Yardi Matrix. Data as of June 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.

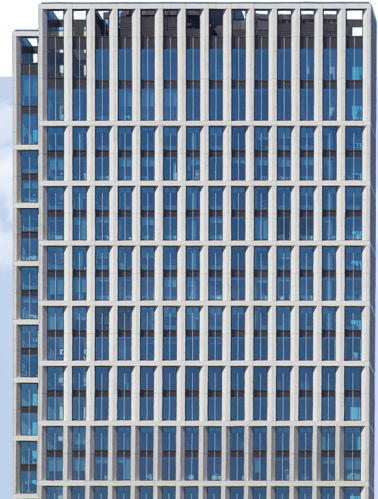
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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



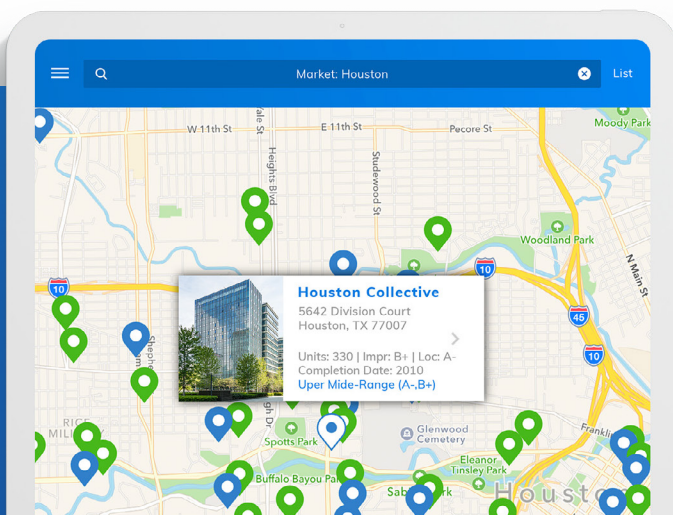
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OFFICE KEY FEATURES

- 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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