



National Office Report

August 2025



Discounted Sales Rise

- Discounted sales continue to accelerate as vacancy rates remain high and loans come due. The percentage of transactions that sold at a discount increased from 20% in 2021 to 46% in 2025 through July. Expected relief from a rate cut has not come as the Fed keeps interest rates unchanged.
- More than 3,200 office properties with two or more historical sales prices for comparison have been traded since the start of 2023. Of these, 1,359, or more than 42%, sold at a lower value than their previous sale, according to Yardi Matrix's database. Among the top markets, those with the highest percentage of discounted sales were Houston (69%), San Francisco (67%), Manhattan (64%), Washington, D.C. (64%) and Dallas (61%). These were also the top markets for number of A-rated properties sold. Discounted sales were concentrated in higher-quality buildings. Among transactions since the start of 2023, 71% of A or A+ properties had prices decline from their previous sale, compared to only 38% of B-rated properties and 19% of Cs.
- CBDs were hit especially hard during the pandemic as office workers fled crowded districts. As such, 70% of CBD properties have sold at a discount since 2023. In Chicago, 311 S. Wacker Drive, a 65-story high-rise, sold for \$45 million in June 2025, down 85% from its 2014 price tag of \$302 million. Urban areas—defined as within the city center but outside the CBD—weren't hit nearly as hard, with only 45% of properties selling at a discount. In urban Phoenix, the four-story building at 2801 E. Camelback Road sold for \$48 million in June 2025, a 27% discount from its \$66 million price in 2022.
- The suburbs have not suffered as much as central business districts have from the move to remote work. Only 39% of suburban properties have been sold at a discount since 2023. Metros like Charlotte have still seen modest discounts in the suburbs despite solid migration and leading office employment growth. The six-story, two-building office campus at 1055 LPL Way in Fort Mill sold in April 2025 for \$107 million, a 17% discount from its \$130 million sale in 2017.
- Discounts will continue, as demand for office space remains weak and high interest rates persist. Loan extensions will likely diminish as maturities peak and lenders grow weary of holding underperforming assets, pushing prices down further. This will create opportunities for a variety of investors, such as those interested in costly conversions.

