



Yardi[®] Matrix

National Office Report

September 2025



Low Physical Occupancy Continues

- Lingering attitudes toward remote work in the wake of the COVID pandemic have become entrenched in the company culture and are now expected in much of the corporate world. More than five years after the start of COVID, many offices have been occupied far below capacity, putting owners of properties that have not recovered in a tight spot.
- According to Flex Index data, 66% of companies in the U.S. are providing some level of flexibility for their employees. Most of this follows a structured hybrid format, allowing for some choice but requiring a minimum amount of office attendance each week. As such, many employees are choosing to stay home when the option is available. This is reflected in occupancy data from Kisi, which has averaged around 50% over the past 12 months, with Tuesday the peak day of the week, averaging around 55% occupancy, and Friday the lowest, averaging around 44% occupancy. Kastle's Back to Work Barometer has shown similar trends, with average office occupancy steadily increasing since early 2023 but sitting at only 51.4%.
- Firms that wish to recruit and retain talent will need to maintain some version of the hybrid work model. According to an October 2024 Pew Research Center survey, 46% of people who work remotely at least some of the time say they would likely leave their employer if the company discontinued its work-from-home policy. This figure increases to 61% among those who work fully remotely and drops to 28% for those who only work remotely occasionally. Over the past two years, office-using employment declined 0.6%, according to the Bureau of Labor Statistics, slightly weakening workers' leverage in negotiating work arrangements. Still, cost savings for employers and the flexibility employees value make hybrid work likely to remain a widely available option for the foreseeable future.
- Employers and employees seem to have found a balance that is mutually beneficial within the structured hybrid model. This does not bode well for the future of the office market, as companies will do what they can to limit their need for costly office space. We expect the hybrid work model will continue and office utilization will not return to pre-pandemic levels. The pain from this new reality will not be felt equally across markets, as New York City is experiencing more leasing activity and higher demand than at any point over the last five years. Elsewhere, vacancy rates remain near record highs.



Listing Rates and Vacancy: Empty Offices in Seattle

- The national average full-service equivalent listing rate was \$32.63 per square foot in August, down 9 cents from the previous month and 0.4% year-over-year. The national vacancy rate was 18.7%—down 80 basis points over last year.
- Seattle vacancy rates continue to climb in 2025, with 27.2% of space empty in August, an increase of 230 basis points over the past year. Remote work is only partly to blame. During the previous decade, it seemed as

though office space in Seattle couldn't be built quickly enough. The supply pipeline boomed in an effort to keep up with the needs of rapidly expanding tech firms. In 2020, the pandemic upended the relationship between the worker and the office, and in late 2022 the sector began a series of mass layoffs. In recent years, tech investments were concentrated in data centers for generative AI rather than hiring workers. Since its peak in June 2022, employment in Seattle's information sector has fallen by 10%.

Listings by Metro

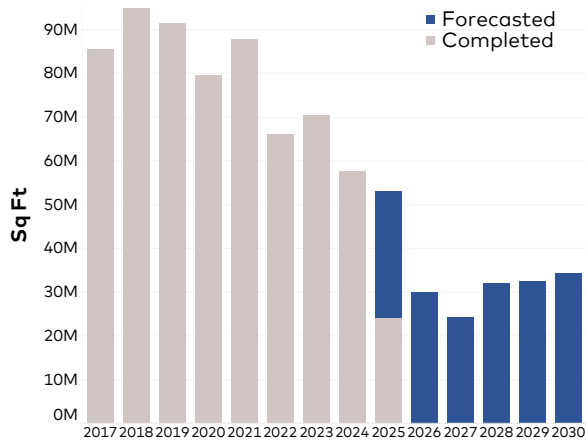
Market	Aug-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$32.63	-0.4%	18.7%	-80 bps		
Boston	\$52.83	11.2%	16.0%	10 bps	Genesis 55 Summer	\$108.83
Miami	\$55.77	8.8%	14.3%	20 bps	701 Brickell	\$140.00
San Diego	\$45.23	6.8%	22.6%	350 bps	One La Jolla Center	\$70.20
Portland	\$28.88	6.5%	21.3%	120 bps	Fox Tower	\$48.38
Charlotte	\$35.57	6.4%	18.6%	10 bps	Carnegie Point	\$46.00
Atlanta	\$35.89	6.2%	19.7%	150 bps	1180 Peachtree	\$63.50
Phoenix	\$29.28	4.3%	17.2%	-100 bps	24th at Camelback II	\$52.00
San Francisco	\$64.15	4.0%	25.9%	-160 bps	Sand Hill Collection—The Ranch	\$209.40
Dallas	\$32.14	3.5%	22.4%	-50 bps	McKinney & Olive	\$91.84
Nashville	\$30.65	2.6%	18.0%	240 bps	1200 Broadway	\$44.88
Twin Cities	\$27.00	2.1%	17.6%	120 bps	Fifty South Sixth	\$36.85
Chicago	\$27.99	1.5%	19.1%	10 bps	One Magnificent Mile	\$49.70
New Jersey	\$34.48	1.3%	18.9%	-100 bps	10 Exchange Place	\$55.30
Austin	\$46.04	0.4%	26.5%	-140 bps	Indeed Tower	\$82.69
Washington DC	\$41.36	-0.6%	19.5%	260 bps	1001 Pennsylvania Avenue	\$79.80
Seattle	\$35.24	-0.6%	27.2%	230 bps	Lincoln Square South	\$67.24
Orlando	\$27.82	-0.7%	17.8%	100 bps	Wells Fargo Tower	\$31.00
Manhattan	\$67.98	-0.8%	13.6%	-300 bps	540 Madison Avenue	\$130.00
Tampa	\$29.68	-0.9%	15.1%	50 bps	Bayshore Place	\$52.00
Detroit	\$21.60	-1.4%	23.2%	-80 bps	Orchestra Place	\$36.14
Los Angeles	\$41.11	-4.3%	14.4%	-220 bps	Century City Center	\$126.00
Bay Area	\$51.72	-5.0%	23.6%	-110 bps	245 Lytton Avenue	\$153.00
Philadelphia	\$31.13	-5.0%	18.4%	70 bps	Three Logan Square	\$52.07
Denver	\$29.45	-5.3%	23.5%	-60 bps	Block 162	\$53.11
Houston	\$27.62	-8.0%	20.2%	-410 bps	811 Main Street	\$47.04

Source: Yardi Matrix. Data as of August 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: Few Markets See New Development

- There are 40.2 million square feet of office space currently under construction, according to Yardi Matrix, representing 0.6% of stock. To date, 17.3 million square feet of new stock have been completed this year.
- In the last two years, new office supply has fallen to levels not seen since the Great Financial Crisis. Last year's starts totaled just 11.7 million square feet, and this year 10.7 million square feet have been started through August. Including owner-occupied properties, last year's starts reached 22.0 million and this year has seen 13.5 million.
- Manhattan has had the most starts in 2025, with more than 2 million square feet breaking ground over the summer, after new office construction all but disappeared in 2023 and 2024. West Palm Beach has had 1.4 million in starts this year, largely due to two downtown towers from Related Ross slated to add nearly 1 million square feet to the market. Dallas is the third-most-active market for starts this year, with slightly less than 1 million square feet breaking ground. No other market has eclipsed 500,000 square feet in 2025.

National New Supply Forecast



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

Supply Pipeline (by metro)

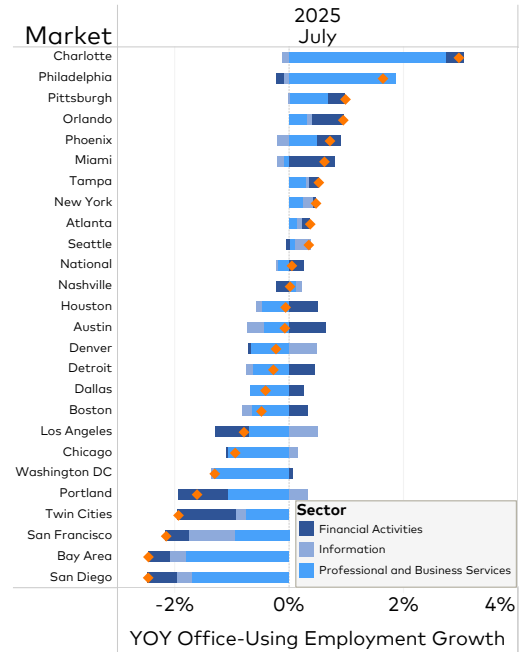
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	40,236,892	0.6%	1.9%
Austin	2,407,917	2.5%	6.0%
Miami	1,591,172	2.2%	5.1%
Boston	5,558,284	2.2%	6.0%
San Diego	1,781,395	1.8%	2.1%
Dallas	2,721,636	1.0%	3.3%
San Francisco	1,479,607	0.9%	3.8%
Los Angeles	2,079,010	0.7%	2.8%
Manhattan	3,352,950	0.7%	3.0%
Nashville	407,780	0.7%	0.9%
Phoenix	954,670	0.7%	0.9%
Orlando	449,314	0.7%	1.6%
Houston	1,576,157	0.6%	2.1%
New Jersey	1,257,747	0.6%	0.8%
Philadelphia	1,113,855	0.6%	2.0%
Charlotte	396,379	0.5%	3.4%
Seattle	731,963	0.5%	1.4%
Twin Cities	595,121	0.5%	1.4%
Tampa	343,880	0.4%	1.6%
Bay Area	785,373	0.4%	3.2%
Denver	614,225	0.4%	1.2%
Atlanta	672,500	0.3%	2.1%
Washington DC	735,127	0.2%	1.3%
Chicago	490,876	0.2%	0.6%
Detroit	115,000	0.1%	0.5%

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

Office-Using Jobs: Bay Area Continues to Decline

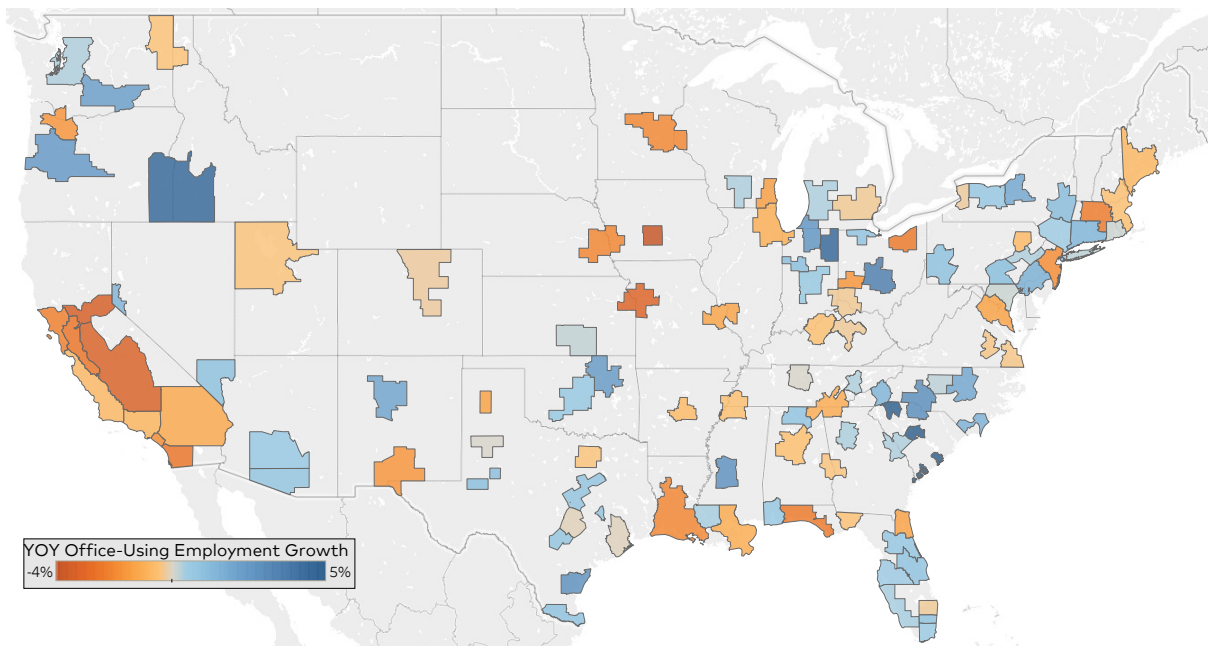
- Office-using sectors of the labor market lost a combined 25,000 jobs in the month of August, according to the Bureau of Labor Statistics. The decline was led by the professional and business services sector, which lost 17,000 jobs, while the information sector lost only 5,000 jobs and the financial activities sector lost 3,000 jobs. On a year-over-year basis, office-using sectors gained 22,000 jobs nationally, a 0.1% increase, while total non-farm employment grew 0.9% over the same period.
- Metro data, which lags behind the national release, shows that 14 of the top 25 markets saw negative year-over-year growth in employment as of July. San Diego and the Bay Area led this decline with a drop of 2.5%. San Francisco was close behind, falling 2.2% over the same period. San Francisco and the Bay Area have seen a decline in tech hiring as the pandemic hiring boom, fueled by increased need for digital services, has fizzled away due to economic uncertainty and proliferation of the use of AI.

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

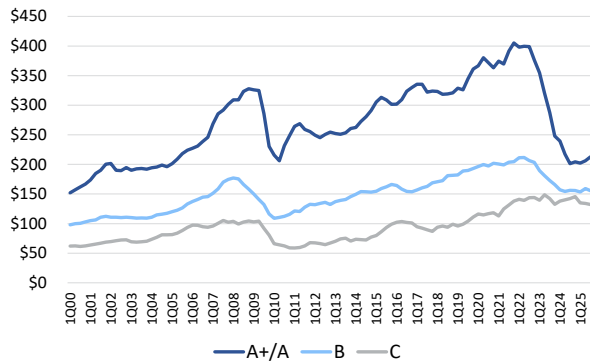
Transactions: Prices Increase in Dallas

- Yardi Matrix recorded \$33 billion in sales through August, with properties trading for an average of \$190 per square foot. Though this was a slight increase from 2024, it is down significantly from the pre-COVID era. Properties traded at \$277 back in 2019.
- The average sale price of office property in Dallas increased from \$107 per square foot in 2024 to \$240 in 2025. The Link at Uptown, a 25-story office property, was sold in July. Cousins Properties purchased it from Kaizen Development Partners for \$218 million, making it the highest-selling property in Dallas in the last few years.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 08/31)
National	\$190	\$32,963
Manhattan	\$528	\$4,989
Bay Area	\$378	\$3,411
Washington DC	\$187	\$3,120
Los Angeles	\$268	\$1,689
Dallas	\$240	\$1,463
Boston	\$159	\$1,049
San Francisco	\$312	\$1,044
San Diego	\$332	\$1,022
New Jersey	\$168	\$993
Houston	\$97	\$915
Atlanta	\$136	\$903
Chicago	\$60	\$826
Phoenix	\$181	\$761
Denver	\$120	\$674
Tampa	\$159	\$452
Orlando	\$208	\$428
Charlotte	\$140	\$424
Austin	\$223	\$398
Twin Cities	\$81	\$345
Miami	\$250	\$341
Philadelphia	\$87	\$322
Seattle	\$124	\$248
Detroit	\$180	\$239
Portland	\$94	\$188
Nashville	\$135	\$168

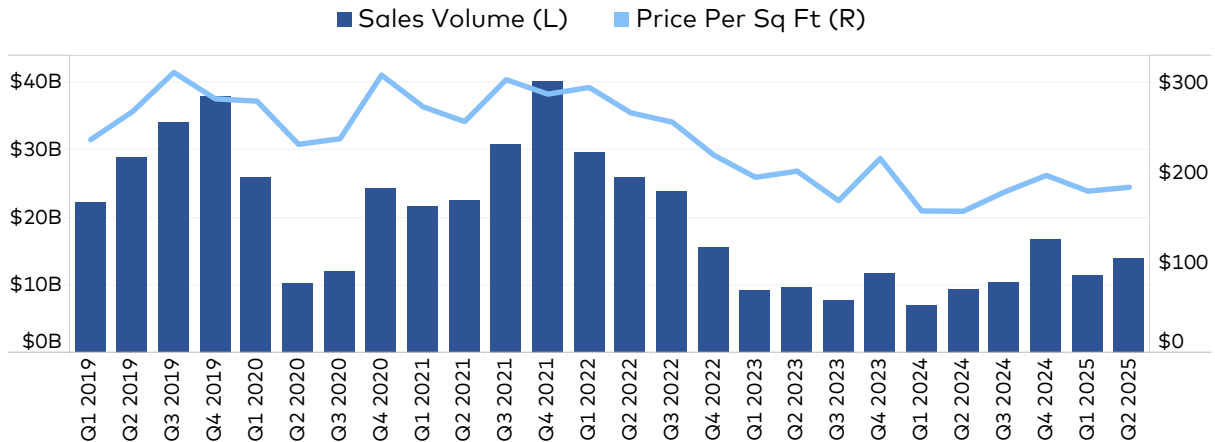
Asset Class (price PSF)



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

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

Quarterly Transactions



Source: Yardi Matrix. Data as of August 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.

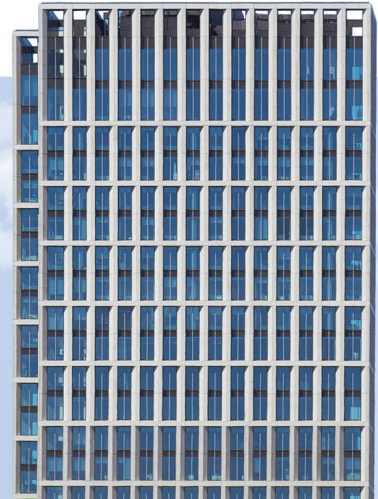
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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



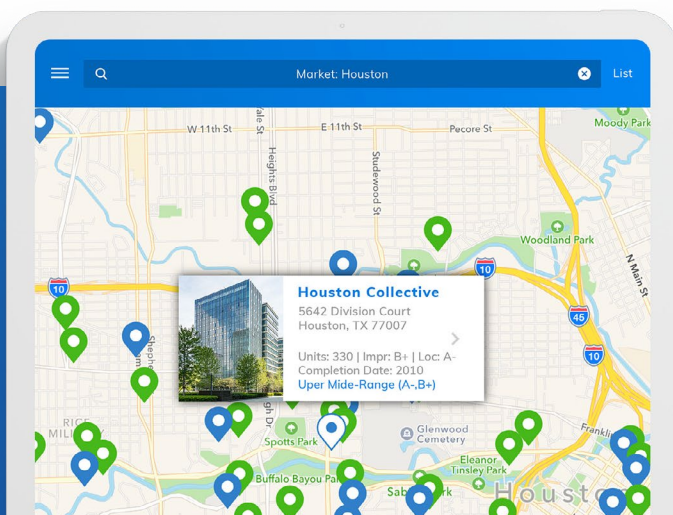
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- Pierce the LLC with true ownership and contact info at the asset and portfolio level
- Gain new supply pipeline information at the asset, competitive set and market level
- Benchmark performance to similar assets



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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