Yardi Matrix

# National Office Report

November 2025

# Office Utilization Diverges Across Metros

- Office utilization patterns across major metros have diverged significantly this decade as the landscape continues to shift and competition for tenants grows.

- Americans working from home have declined each year since the peak in 2021; however, they have not reached 2019 levels, according to the U.S. Census' American Community Survey (ACS). Hybrid work is now the standard for most firms in the U.S., and a full return to the office is not expected. Among the top 25 metros, unconventional ones such as Austin had as much as 23.2% working from home last year, while bright spots such as Manhattan had only 11.8%. While office-using jobs account for just under 30% of all jobs in both metros, suburban and tech-heavy Austin is much more suited to remote work than dense, walkable Manhattan, with its legal and finance industry.

- Office utilization has not recovered equally across metros. According to Kastle's 10-city Back to Work Barometer, which tracks access data for 2,600 buildings across the nation, occupancy varied significantly, from a high of 74.6% in Austin to a mid-range of 57.4% in Manhattan and a low of 41.8% in Philadelphia, for the first week of November. Austin's lead in this metric may at first appear incongruous, with the metro also having the highest rate of residents working from home in the ACS, but Kastle's barometer measures physical office occupancy relative to February 2020. While the share of people in the metro working from home increased considerably this decade, so too has the number of office jobs. Total office-using employment in Austin has grown 27.8% since 2020, more than any other top metro.

- Robust employment growth has not been enough for Austin to absorb its supply boom. The metro added 15.6 million square feet of space this decade (16.0% of stock), pushing the current vacancy rate up to 26.9%. As such, price per square foot in Austin fell significantly for the first time this year despite having maintained much of its value over the decade. Manhattan, which had much less growth in office employment than Austin, was able to push its vacancy rate down by adding only 16.6 million square feet of space (3.6% of stock). Though price per square foot in Manhattan dropped over the last two years, investor interest has skyrocketed. Transactions are up considerably, with 59 recorded so far this year. Flexibility will be key to finding a place in an oversaturated market, and we expect an increase in creative solutions such as coworking and conversions to help fill the gap in demand.