Yardi Matrix

# Office National Report

June 2026

# Distress Rises for CBD Properties

- Property discounts remain plentiful as distress continues to rise. Pressure is building for properties unable to adapt to shifting demand while other office properties thrive.

- The national vacancy rate is 17.7%, down 230 basis points from the peak in March of last year. Though vacancy is on the decline, office utilization has not meaningfully increased, and hybrid work continues to be widely accepted. Kastle's Back to Work Barometer shows office attendance has been hovering around 55% for the last few years. The core problems for office remain, and the likelihood of a sustained and sharp decline in vacancy is low. What we are seeing is a bifurcation across different property types; we expect this to continue, especially as AI proliferates across the economy.

- Of the over 800 million square feet in transactions since 2024, 19.4% were in distress, up from 6.2% of transactions between 2021 and 2023. Properties in urban city centers are experiencing much higher rates of distress. Since 2024, 34.6% of transactions (based on square feet) in commercial business districts were distressed, compared to 24.5% for urban areas and 12.1% for suburban areas. Moreover, the average size of a distressed transaction was around 200,000 square feet among sales since 2024, up from around 100,000 pre-Covid. Larger properties have shown they lack the flexibility needed to handle substantial swings in demand, and distress has risen as a result.

- Properties in commercial business districts struggle to maintain value as flight to quality persists and demand consolidates into fewer properties. Since 2024, 73% of properties sold in CBDs with two or more sale prices for comparison were discounted, compared to 48% of urban transactions and 42% of suburban transactions. Seattle has suffered the compounding effects of hybrid work and mass tech layoffs on its urban core. A 47% vacant, 44-story office tower in Seattle's CBD is under contract to be sold for $280 million, a 54% discount to its 2019 sale price, per Bloomberg. If the transaction is completed, Spear Capital will buy U.S. Bank Center from Blackstone subsidiary Perform Properties.

- A historically low supply pipeline will help reduce pressure on properties in the coming years, but uncertainty from rising inflation and AI adoption will demand more flexibility from owners. Opportunities will grow for properties that can withstand these changing demands, and we expect increased influence from coworking and continued flight to quality.

# Listing Rates and Vacancy: San Francisco Vacancy Rates Decline

- The national average full-service equivalent listing rate was $33.61 per square foot in May, up 70 cents from the previous month and down 1.4% year-over-year. The national vacancy rate was 17.6%, down 180 basis points from a year ago.

- San Francisco's vacancy rate decreased by 520 basis points over the past year to 23.3% in May, the highest year-over-year decrease among the top 25 metros. Vacancy in the metro declined after it peaked at 29.3% in January 2025. This happened just as office employment growth began to stabilize after several years of losses. Due to its high concentration of tech companies, San Francisco was hit particularly hard by the tech sector layoffs that began in 2022; however, the information sector in tech hubs stands to benefit more than other metros from the advancement of AI, and these benefits spill over into finance and professional and business services. This has helped stall San Francisco's declining office employment and pushed down vacancy.

## Listings by Metro

| Market | May-26 Listing Rates | 12-Month Change | Total Vacancy | 12-Month Change | Top Listing | Price Per Sq. Ft. |
|---|---|---|---|---|---|---|
| National | $33.61 | 1.4% | 17.6% | -180 bps | | |
| Bay Area | $55.68 | 5.2% | 22.2% | -280 bps | 525 University Avenue | $160.87 |
| Atlanta | $36.64 | 4.7% | 18.2% | -170 bps | 3344 Peachtree | $75.15 |
| Twin Cities | $27.73 | 4.2% | 17.9% | 60 bps | International Centre | $42.39 |
| Phoenix | $29.65 | 4.1% | 16.4% | -100 bps | Watermark, The | $56.00 |
| New Jersey | $35.18 | 3.5% | 16.1% | -250 bps | Harborside Financial Plaza 10 | $66.08 |
| Nashville | $32.56 | 3.1% | 16.0% | -210 bps | Gulch Union | $56.62 |
| Tampa | $30.74 | 2.3% | 14.7% | -180 bps | MetWest International–MetWest Three | $54.00 |
| Austin | $47.00 | 1.9% | 24.0% | -440 bps | 500 West Second Street | $84.14 |
| Manhattan | $69.29 | 1.8% | 13.1% | -260 bps | 50 Hudson Yards | $250.00 |
| Chicago | $28.34 | 1.6% | 18.1% | -150 bps | 333 North Green | $65.29 |
| Miami | $58.41 | 1.2% | 13.2% | -140 bps | 1450 Brickell | $160.00 |
| Houston | $28.68 | 0.5% | 23.3% | 160 bps | Marathon Oil Headquarters | $74.20 |
| Seattle | $35.43 | 0.5% | 23.3% | -250 bps | City Center Bellevue | $84.69 |
| Philadelphia | $31.26 | 0.3% | 18.4% | -80 bps | Three Logan Square | $56.07 |
| Dallas | $31.69 | -0.2% | 20.4% | -320 bps | 23Springs | $113.59 |
| Washington DC | $40.33 | -0.5% | 19.3% | 0 bps | 2100 L Street NW | $84.09 |
| Los Angeles | $41.73 | -0.5% | 14.1% | -170 bps | Century City Center | $126.00 |
| Portland | $28.10 | -1.2% | 22.0% | 60 bps | Fox Tower | $50.53 |
| Denver | $30.17 | -1.5% | 19.9% | -380 bps | Block 162 | $56.88 |
| Detroit | $21.24 | -1.7% | 23.3% | -70 bps | Michigan Central Station | $40.00 |
| San Francisco | $62.11 | -3.2% | 23,3% | -520 bps | Sand Hill Collection–The Quad | $210.00 |
| Boston | $44.03 | -4.4% | 16.9% | 0 bps | One Canal Park | $127.71 |
| San Diego | $42.55 | -5.8% | 23.6% | 60 bps | 2100 Kettner | $69.00 |
| Orlando | $26.34 | -6.0% | 17.2% | 30 bps | CNL Center II | $54.19 |
| Charlotte | $31.87 | -9.9% | 18.6% | 100 bps | 110 East | $55.00 |

*Source: Yardi Matrix. Data as of May 2026. Listing rates are full-service or "full-service equivalent" rates for spaces available as of the 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.*

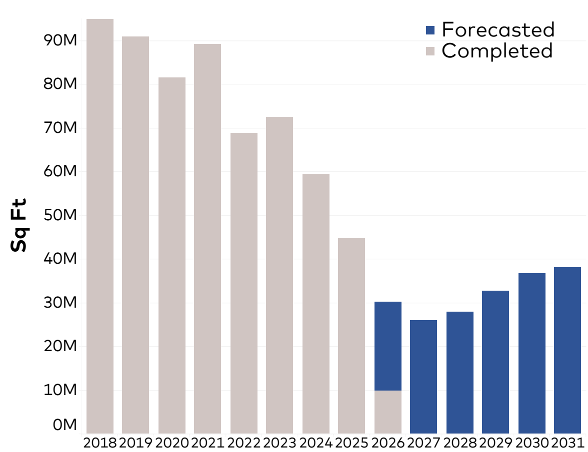
# Supply:
# Austin Supply Pipeline Continues to Shrink

- This year through May, 9.9 million square feet of office space were delivered. Another 29 million square feet, representing 0.4% of stock, are under construction, according to Yardi Matrix.

- Austin's supply pipeline dropped by more than half over the past 12 months, while construction was started on over 600,000 square feet of office space during the same period. Despite this drop, Austin continues to have one of the largest supply pipelines among the top 25 metros, with 1.2 million square feet under construction, representing 1.3% of current stock.

- Austin has struggled to keep up with its supply pipeline in recent years despite strong office employment and a wave of corporate relocations to the area. Even though the metro's vacancy rate fell 440 basis points over the past year, average rates are 24.0%, higher than any of the other top 25 metros. Austin's shrinking supply pipeline is a move in the right direction, but it will take time to work through the current supply, and challenges for the metro will continue into the foreseeable future.

## National New Supply Forecast




*Source: Yardi Matrix. Data as of May 2026.*
*Data in this chart includes owner-occupied properties.*

## Supply Pipeline (by metro)

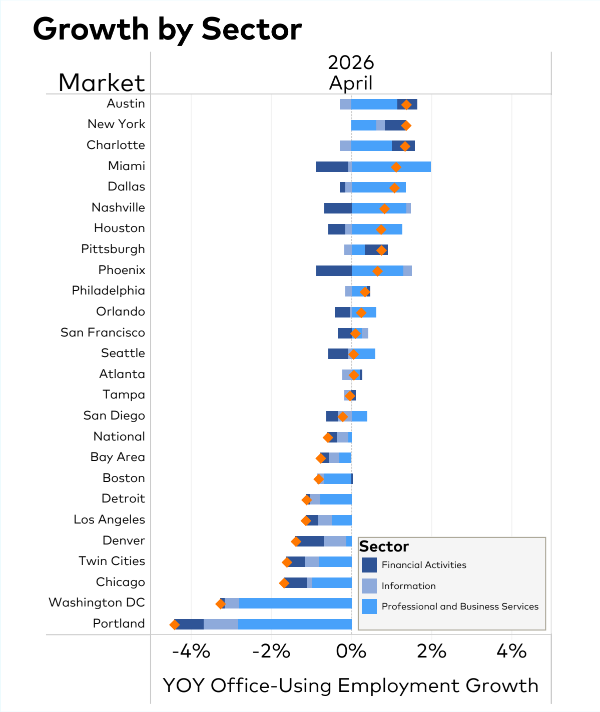
| Market | Under Construction | Under Construction % Stock | Plus Planned % Stock |
|---|---|---|---|
| National | 28,731,615 | 0.4% | 1.5% |
| San Diego | 1,726,314 | 1.7% | 2.2% |
| Boston | 3,909,257 | 1.5% | 4.0% |
| Austin | 1,247,405 | 1.3% | 2.9% |
| Dallas | 2,592,859 | 0.9% | 2.8% |
| Miami | 632,957 | 0.9% | 3.3% |
| Charlotte | 560,544 | 0.7% | 1.7% |
| Manhattan | 3,107,288 | 0.7% | 3.5% |
| Nashville | 385,320 | 0.6% | 1.9% |
| Los Angeles | 1,439,464 | 0.5% | 1.6% |
| Detroit | 610,690 | 0.5% | 0.7% |
| Tampa | 346,000 | 0.4% | 1.2% |
| Phoenix | 602,450 | 0.4% | 1.4% |
| Denver | 672,620 | 0.4% | 0.9% |
| Houston | 922,136 | 0.4% | 1.0% |
| San Francisco | 594,544 | 0.4% | 3.1% |
| New Jersey | 631,793 | 0.3% | 0.5% |
| Twin Cities | 248,000 | 0.2% | 1.1% |
| Bay Area | 407,000 | 0.2% | 1.2% |
| Atlanta | 380,000 | 0.2% | 1.7% |
| Orlando | 98,286 | 0.1% | 1.0% |
| Washington DC | 270,000 | 0.1% | 2.2% |
| Chicago | 160,130 | 0.1% | 0.2% |
| Seattle | 15,910 | 0.0% | 0.5% |
| Portland | - | - | 0.0% |
| Philadelphia | - | - | 1.2% |

*Source: Yardi Matrix. Data as of May 2026. Table does not include owner-occupied properties.*

# Office-Using Jobs:
# New York Metro Leads Office Employment Gains

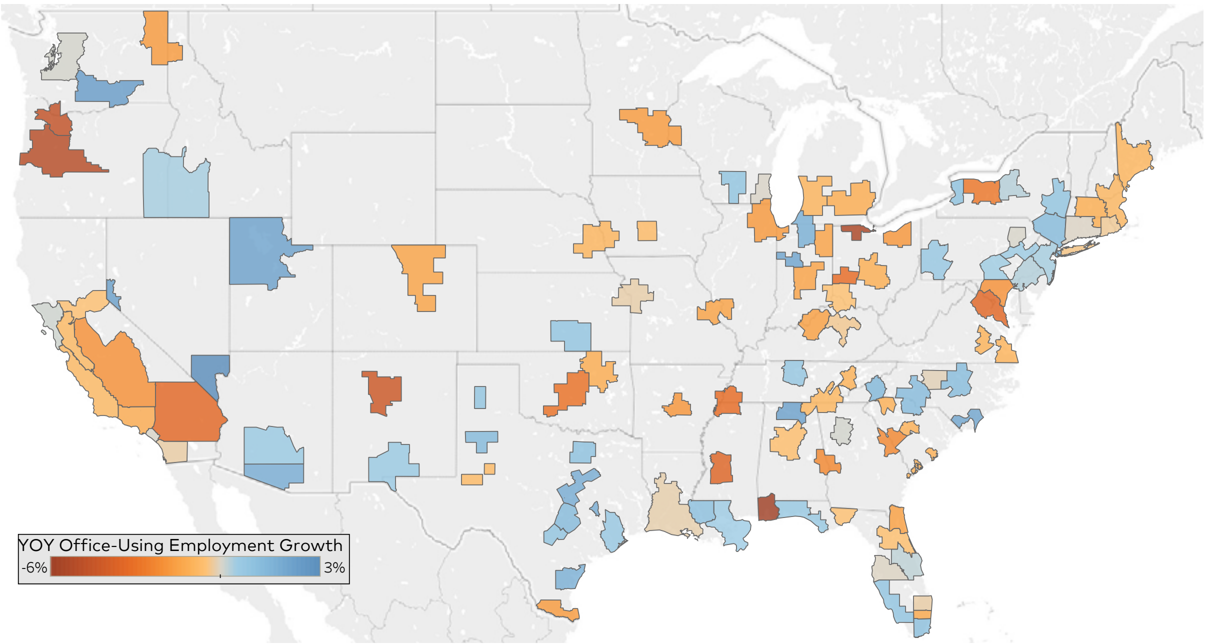
- Office-using sectors of the labor market lost a combined 18,000 jobs in May, according to the Bureau of Labor Statistics. The decline was led by the financial activities sector, which lost 22,000 jobs, while the information sector lost 2,000 jobs and the professional and business services sector gained 6,000. On a year-over-year basis, office-using sectors lost 170,000 jobs nationally, a 0.5% decrease, while total non-farm employment increased 0.3% over the same period.

- Boosted by gains in the finance and information sectors, New York leads among top metros in office employment growth, posting a 1.4% year-over-year increase as of April, tied only with Austin. The high concentration of financial firms in the metro has benefited from a booming stock market, while advancements in AI have led to increased tech hiring as the kinks in implementation are ironed out. These gains are helping decrease Manhattan's relatively low vacancy of 13.1% even further.




*Sources: Bureau of Labor Statistics and Moody's Analytics*

## Office-Using Employment Growth



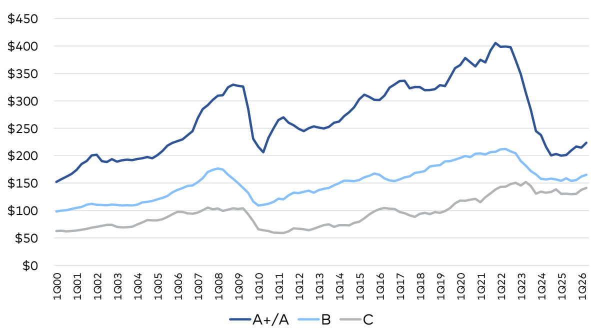

*Sources: Bureau of Labor Statistics and Moody's Analytics*

# Transactions:
# Portland Price Per Square Foot Rises

- Yardi Matrix has recorded 1,025 transactions so far this year, with office properties trading for $213 per square foot on average, for a total sales volume of $23 billion.

- Since 2024, 53% of office sales in Portland were at a discount to their previous sale price. The 2025 average sale price of $91 per square foot was down 73% from 2020 peak values. 2026 shows a slight increase at $119, but this remains a significant decline. In April, Central City Concern acquired the 108,000-square-foot low-rise at 121 N.W. Everett St. from HMH for $11 million, a 77% discount from the property's $47.3 million price in 2015.

## Asset Class (price PSF)



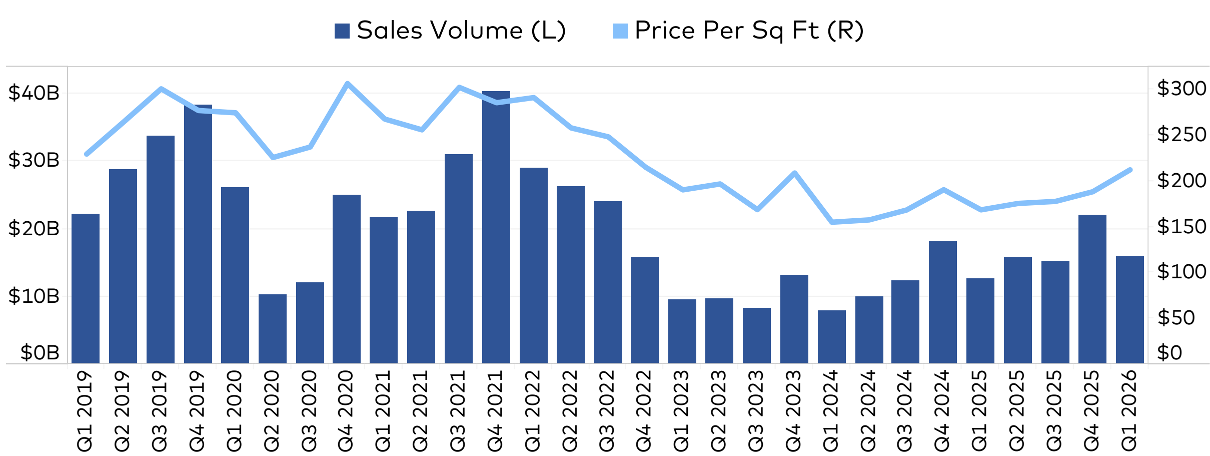

*Source: Yardi Matrix; 12-month moving average.*
*Does not include unpublished and portfolio transactions.*

## Sales Activity

| Market | YTD Sales Price PSF | YTD Sales Volume (Mil, as of 5/31) |
|---|---|---|
| National | $213 | $23,038 |
| Manhattan | $650 | $3,688 |
| San Francisco | $614 | $2,264 |
| Bay Area | $327 | $1,671 |
| Dallas | $215 | $1,363 |
| Washington DC | $182 | $1,195 |
| Miami | $444 | $873 |
| Houston | $159 | $840 |
| Chicago | $109 | $826 |
| Los Angeles | $341 | $752 |
| Austin | $162 | $543 |
| Phoenix | $163 | $521 |
| Boston | $201 | $483 |
| San Diego | $206 | $454 |
| Charlotte | $263 | $445 |
| Atlanta | $153 | $441 |
| Twin Cities | $112 | $405 |
| New Jersey | $127 | $387 |
| Denver | $84 | $369 |
| Orlando | $185 | $329 |
| Nashville | $440 | $317 |
| Seattle | $292 | $297 |
| Philadelphia | $113 | $220 |
| Tampa | $138 | $111 |
| Portland | $119 | $106 |
| Detroit | $15 | $5 |

*Source: Yardi Matrix. Data as of May 2026. Sales data for unpublished and portfolio transactions is estimated using sales comps.*

## Quarterly Transactions




*Source: Yardi Matrix. Data as of May 2026.*

# 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

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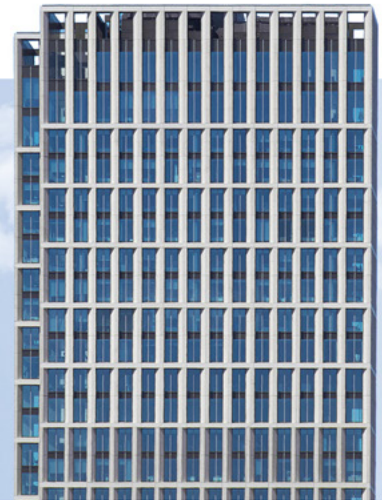
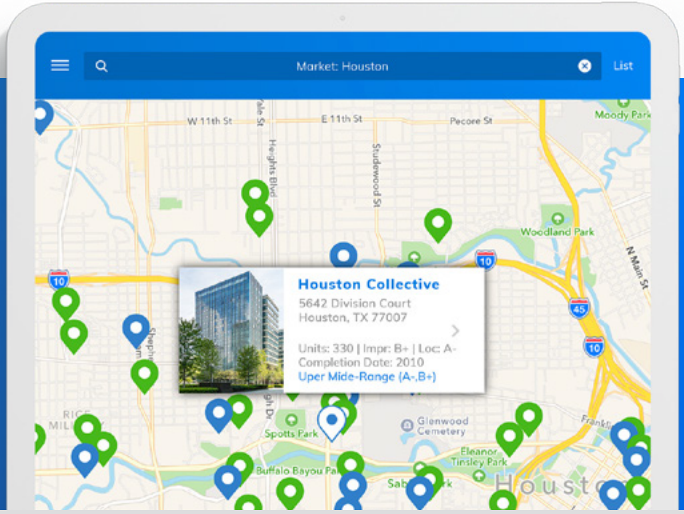


## OFFICE KEY FEATURES

- 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 levels
- Gain new supply pipeline information at the asset, competitive set and market levels
- 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 levels.

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