Yardi Matrix

Office National Report

November 2026



Oversupply Persists Despite Growth

- Office sector performance remains uneven across metros, including among markets posting strong office employment growth in recent years. This underscores that employment growth alone does not guarantee a recovery, and oversupply continues to weigh on post-pandemic demand trends.

- From January 2021 to the present, office employment in San Francisco declined 4.5%, according to the Bureau of Labor Statistics, while inventory grew 9.2%. Meanwhile, employment in the Bay Area declined 4.6% while inventory grew 5.4% over the same period. Despite nearly identical declines in employment, supply growth in San Francisco was twice that of the Bay Area, pushing vacancy rates up to 26.8% in October, the highest in the nation, compared with 21.6% in the Bay Area. This demonstrates the extent to which excessive supply growth can amplify vacancy pressures, especially in tech-heavy metros with a high capacity for remote work. The mass adoption of hybrid work has reduced the footprint companies require to operate, diminishing the potential these jobs carry to keep offices occupied.

- Even in some markets with strong employment growth, vacancy remains under pressure. Office employment in Miami increased 22.1% from January 2021 to the present, while inventory grew only 5.3%, meaning employment grew 4.2 times faster than supply. This helped Miami lead in both vacancy decline and rent growth over that same period. Austin, by comparison, posted stronger employment growth (30.4%) but also experienced substantial supply growth (17.0%) over the same period, reducing that figure to just 1.8 times. Although jobs outpaced deliveries in both markets, Austin's lower employment-to-supply relationship was insufficient to reduce vacancy, which rose to 23.7% in October while Miami's fell to 11.7%. Austin shows that new jobs do not necessarily translate into demand.

- Much of the problem stems from a mismatch between existing office inventory and current workforce needs, a challenge that has been compounded by the flight to quality. New supply is overwhelmingly Class A premium office space and is in high demand. Listing rates for Class A space increased 2.5% over the past year, while Class B space decreased 0.3%. The rise of remote work has raised employee expectations, with workers seeking better office accommodations if they are required to commute to the office. New Class A office space is being absorbed at the expense of older Class B properties, leaving many metros with elevated vacancy rates. Completions are expected to bottom out in 2027, which will ease some pressure on vacancy rates, but the oversupply of less desirable space will remain.



Listing Rates and Vacancy: Phoenix Fundamentals Continue to Improve

- The national average full-service equivalent listing rate was $33.30 per square foot in October, up 12 cents from the previous month and up 1.5% year-over-year. The national vacancy rate was 17.2%, down 140 basis points from a year ago.

- Vacancy rates in Phoenix fell 30 basis points over the past year to 17.1% in October, just below the national average. The metro has maintained a moderate vacancy rate through a modest pipeline and steady office employment growth. It currently has a supply pipeline below the national average, with 0.2% under construction as a percent of stock, helping decrease pressure on average vacancy rates. Moreover, office employment in Phoenix grew 0.7% year-over-year, while employment growth declined in 11 of the other top 25 metros. The metro's office-using employment is recovering after several years of declines, with year-over-year job growth increasing by 1.3 percentage points during 2026, helping support demand.

Listings by Metro

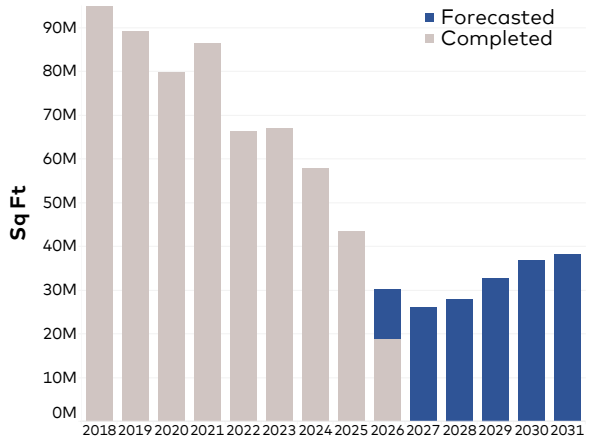
Market	Oct-26 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	$33.30	1.5%	17.2%	-140 bps		
Miami	$63.58	12.8%	11.7%	-160 bps	1450 Brickell	$145.00
Houston	$30.20	9.9%	22.9%	200 bps	Marathon Oil Headquarters	$75.20
Manhattan	$74.44	9.5%	10.2%	-280 bps	277 Park Avenue	$175.00
Bay Area	$56.18	8.9%	21.6%	-130 bps	325 Lytton Avenue	$149.28
Denver	$31.45	7.2%	19.7%	-60 bps	1401 Lawrence	$59.31
Atlanta	$38.93	7.0%	19.0%	-80 bps	1180 Peachtree	$70.00
New Jersey	$36.68	5.3%	17.8%	-140 bps	Harborside Financial Plaza 10	$67.83
Tampa	$31.02	3.9%	14.6%	40 bps	MetWest International–MetWest Three	$54.00
Phoenix	$30.64	3.3%	17.1%	-30 bps	Hayden Ferry Lakeside II	$64.00
Twin Cities	$28.01	3.1%	17.9%	60 bps	Normandale Lake Office Park–8500 Tower	$37.62
Portland	$29.21	2.8%	22.3%	130 bps	Fox Tower	$50.53
Los Angeles	$47.79	2.5%	14.5%	-10 bps	Century City Center	$126.00
Washington DC	$41.23	1.8%	18.3%	-190 bps	2100 L Street NW	$84.09
Austin	$46.61	1.8%	23.7%	-320 bps	500 West Second Street	$84.22
Dallas	$32.90	1.6%	18.4%	-360 bps	McKinney & Olive	$96.81
Seattle	$35.17	1.4%	23.5%	-390 bps	City Center Bellevue	$88.19
Chicago	$27.78	-1.2%	18.4%	-30 bps	AMA Plaza	$69.54
San Francisco	$64.31	-1.5%	26.8%	60 bps	Sand Hill Collection–The Quad	$210.00
Boston	$47.71	-1.9%	19.3%	370 bps	One Canal Park	$127.71
Philadelphia	$30.62	-3.4%	18.4%	-50 bps	Two Logan Square	$56.07
Charlotte	$32.30	-3.4%	17.6%	-130 bps	One South at The Plaza	$49.00
Detroit	$20.74	-3.8%	18.1%	-600 bps	Michigan Central Station	$40.00
San Diego	$43.28	-4.3%	22.7%	70 bps	One La Jolla Center	$75.60
Nashville	$29.93	-6.3%	19.1%	90 bps	Gulch Union	$56.62
Orlando	$25.37	-7.6%	15.6%	-260 bps	Gateway Center	$48.16

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

Supply:
Weak Fundamentals Restrain Seattle Office Development

- There are currently 32.2 million square feet of office space under construction, representing 0.5% of stock, according to Yardi Matrix.
- Seattle's under-construction pipeline has fallen to zero, with only owner-occupied projects underway. Including planned projects, there are nearly 4 million square feet of space in the pipeline, representing 2.6% of stock. The metro's only project moving forward is an 800,000-square-foot, 47-story tower in Bellevue that is currently undergoing site work but is not expected to be delivered until next decade. With no other projects breaking ground in the past year and annual starts staying below 1 million square feet since late 2023, future supply growth is expected to remain constrained.
- Market fundamentals are still weak in Seattle, providing little incentive for additional office development. Meanwhile, the metro's tech sector continues to face layoffs. Microsoft recently announced a voluntary exit offer affecting up to 27% of its global workforce, with around one-quarter of employees based in the Seattle area.

National New Supply Forecast



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

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	32,235,354	0.5%	1.8%
Miami	2,470,909	3.4%	7.7%
Nashville	856,859	1.4%	1.5%
San Diego	1,354,776	1.3%	1.6%
Dallas	3,115,507	1.1%	4.8%
Boston	2,540,325	0.9%	3.3%
Manhattan	3,728,306	0.8%	3.3%
Austin	791,374	0.8%	2.9%
Charlotte	594,725	0.8%	3.3%
Los Angeles	2,047,265	0.7%	1.7%
San Francisco	981,374	0.6%	4.4%
Detroit	688,690	0.5%	0.6%
Twin Cities	614,850	0.5%	1.6%
Denver	718,808	0.4%	0.9%
New Jersey	766,875	0.4%	0.9%
Houston	907,540	0.4%	0.9%
Tampa	235,000	0.3%	2.2%
Phoenix	332,445	0.2%	1.5%
Bay Area	368,188	0.2%	1.5%
Orlando	95,660	0.1%	1.0%
Atlanta	270,000	0.1%	1.4%
Washington DC	406,000	0.1%	2.4%
Chicago	172,500	0.1%	0.2%
Seattle	–	0.0%	2.6%
Philadelphia	–	0.0%	1.3%

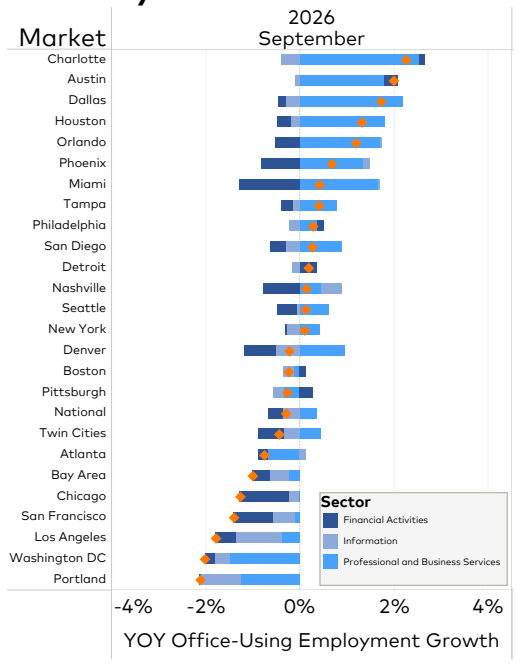
Source: Yardi Matrix. Data as of October 2026. Table does not include owner-occupied properties.

Office-Using Jobs:
Healthcare Hiring Supports Medical Office Demand

- Office-using sectors of the labor market gained a combined 76,000 jobs in October, according to the Bureau of Labor Statistics. The increase was led by the professional and business services sector, which gained 70,000 jobs, followed by financial activities, which gained 7,000 jobs, and the information sector, which lost 1,000. On a year-over-year basis, office-using sectors gained 51,000 jobs nationally, a 0.1% increase, while total nonfarm jobs increased 0.6% over the same period.

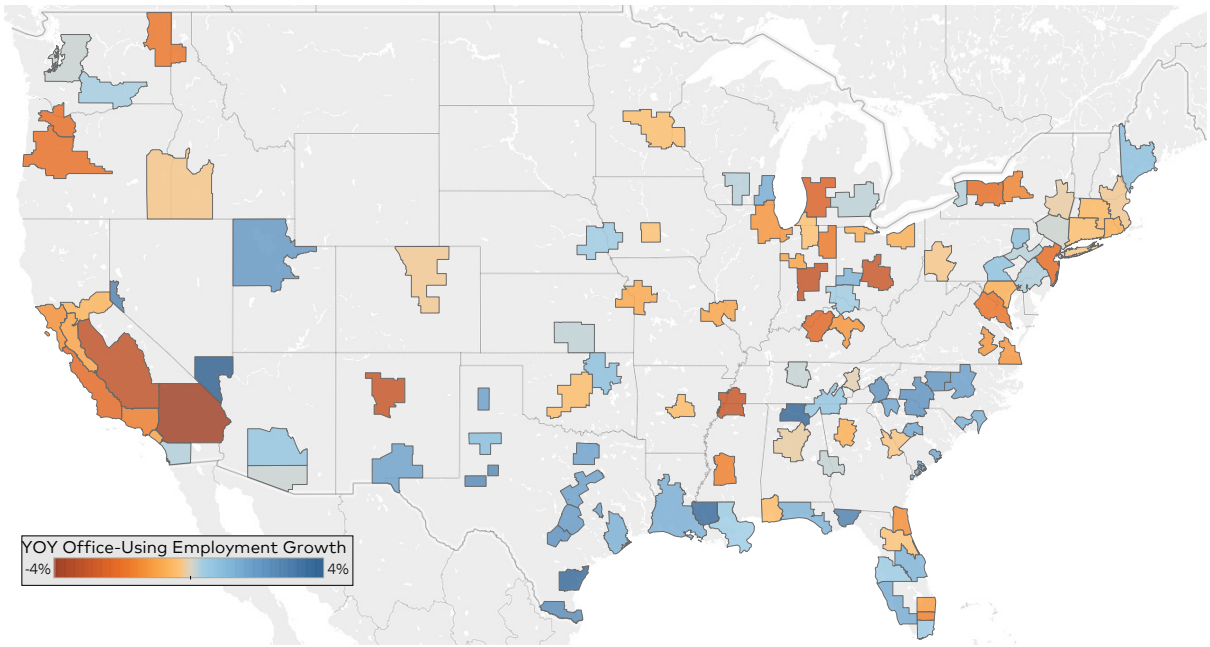
- Strong job growth in healthcare has outpaced other industries, boosting demand for medical office space even as the broader office market struggles. In September, only 14 of the top 25 markets recorded positive year-over-year growth in office-using employment, while all but one posted gains in education and healthcare employment. San Diego led top markets in education and healthcare employment growth at 5.2%, followed by Tampa (4.6%), Orlando (4.2%), Denver (4.1%) and Los Angeles (3.7%).

Growth by Sector



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth



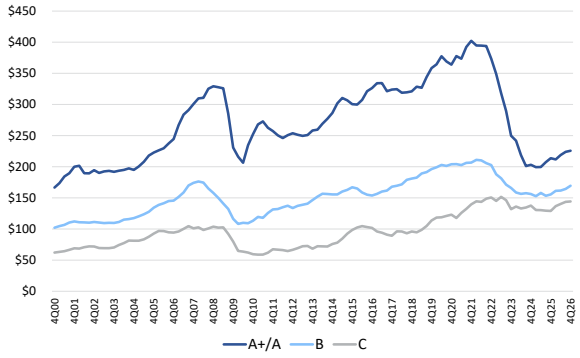
Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions:
Office Sales Prices Surge in Nashville

- Yardi Matrix has recorded 2,576 transactions so far this year, with office properties trading for $197 per square foot on average, for a total sales volume of $56.9 billion.

- Nashville office prices more than doubled over the past year, increasing from $183 per square foot in 2025 to $389 per square foot in 2026. Class A properties led the recovery, with prices increasing 163%, compared with 89% for Class B properties and 13% for Class C. In July, Shorenstein acquired the 239,500-square-foot Class A+ office tower at 827 19th Ave. South in Nashville from Portman Holdings for $147 million ($612 per square foot).

Asset Class (price PSF)



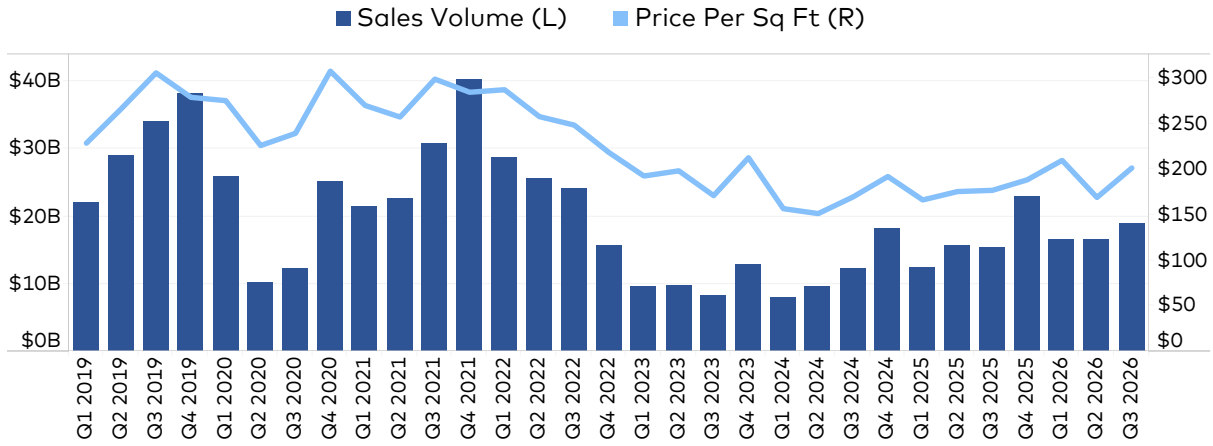
Source: Yardi Matrix; 12-month moving average.
Does not include unpublished and portfolio transactions.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 10/31)
National	$196.63	$56,882.3
Manhattan	$532.82	$6,205.1
Bay Area	$348.14	$5,190.7
Dallas	$186.03	$4,498.7
Washington DC	$182.74	$3,435.1
San Francisco	$444.67	$3,071.1
Houston	$154.34	$2,424.0
Chicago	$129.69	$2,304.1
Los Angeles	$222.29	$2,076.3
Boston	$229.95	$1,926.9
Austin	$301.76	$1,635.7
Phoenix	$186.23	$1,243.5
Atlanta	$163.14	$1,208.6
Miami	$399.16	$1,206.0
Denver	$95.24	$971.5
Charlotte	$208.67	$951.9
San Diego	$202.87	$917.3
Twin Cities	$78.34	$762.2
Nashville	$389.11	$701.4
New Jersey	$110.19	$688.2
Seattle	$222.58	$601.5
Orlando	$159.55	$546.4
Philadelphia	$117.30	$529.8
Portland	$146.93	$299.6
Tampa	$138.84	$284.7
Detroit	$104.42	$262.0

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

Quarterly Transactions



Source: Yardi Matrix. Data as of October 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.

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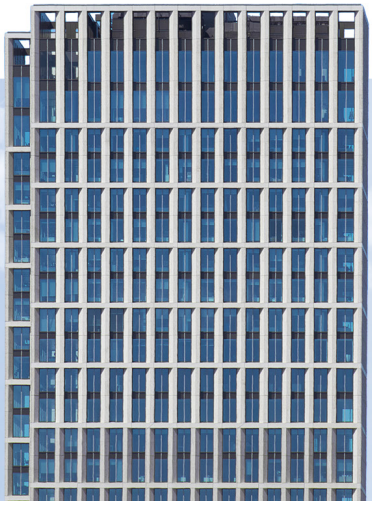
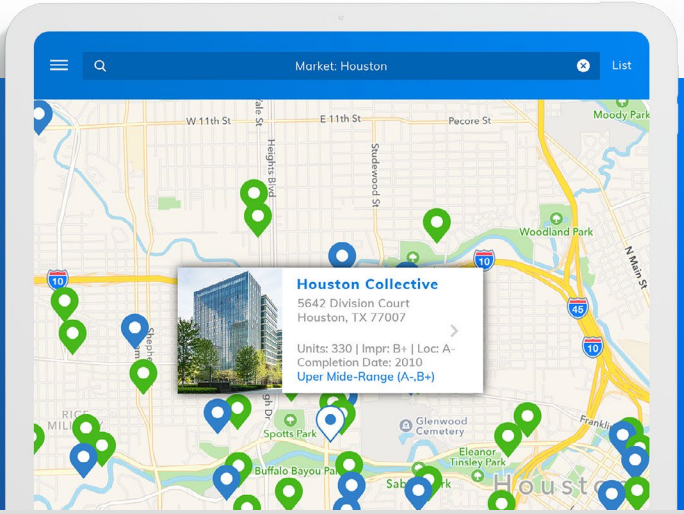


OFFICE KEY FEATURES

- 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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