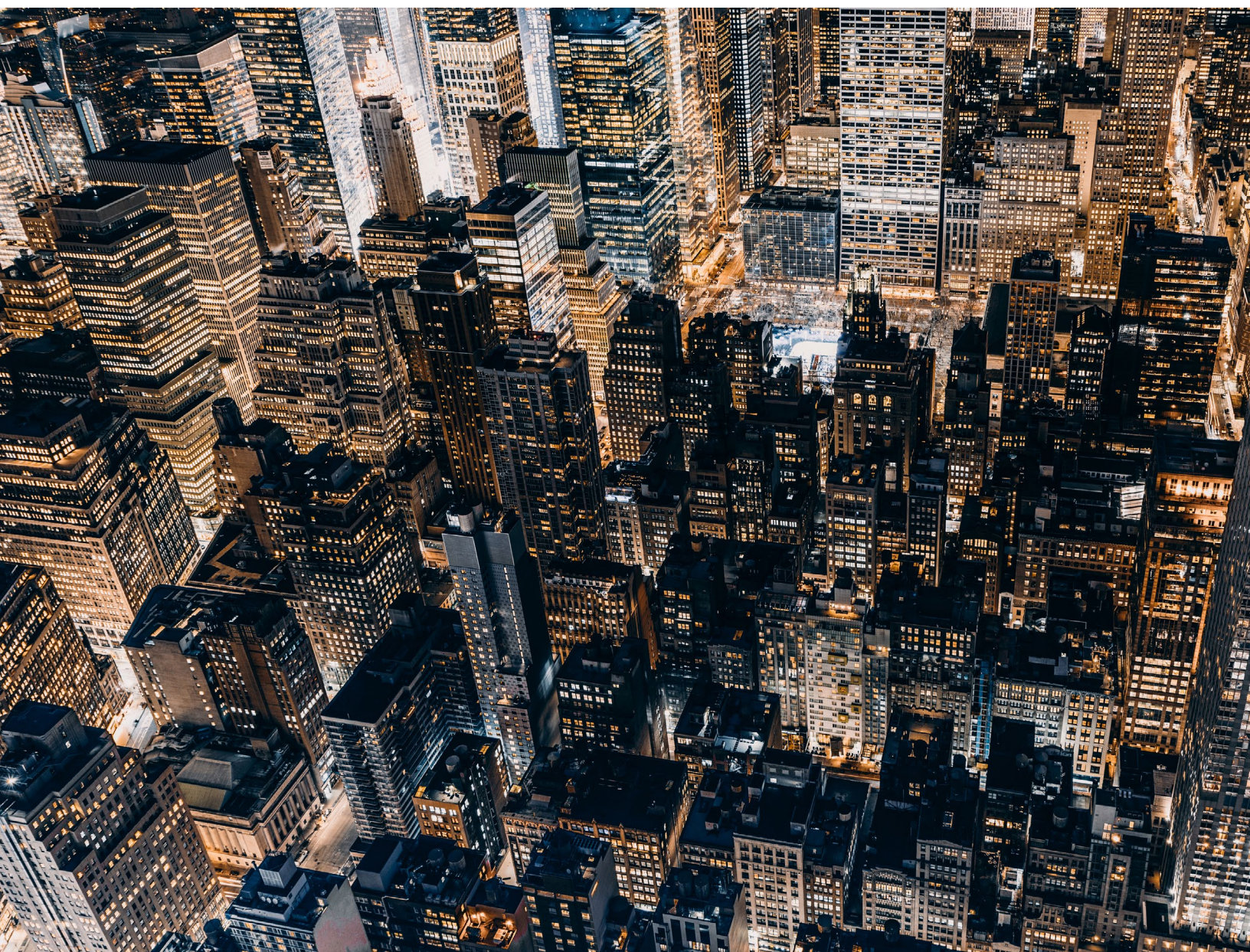




Yardi® Matrix

Office National Report

October 2026



Supply Constraints Support Office Market

- The office sector has stabilized over the past few years; however, instability in the economy and declining office employment continue to challenge the sector's ability to sustain demand growth. At the same time, a shrinking development pipeline is helping support market fundamentals.
- Even as office employment has declined over the past three years, national listing rates increased 1.2% year-over-year in September, while vacancy fell 80 basis points. Physical occupancy remains just 55%, according to Kastle's Back to Work Barometer, suggesting there is significant room for utilization to increase among workers who continue to operate in hybrid environments. While vacancy across all property classes has been steadily dropping, listing rate performance has varied by quality segment. Class A listing rates increased 3.1% year-over-year to \$40.62 per square foot in September, while Class B rates decreased 1.8% to \$27.07. Class C properties recorded 3.2% growth to \$19.63. Demand appears to be concentrating at both ends of the spectrum, with tenants seeking either premium, amenity-laden offices that encourage in-person attendance or the lowest-cost space available.
- The supply pipeline has slowed significantly since Covid, with completions expected to bottom out in 2027 at around 26 million square feet. The reduction in development activity is helping offset the effects of slowing demand resulting from a weaker economic environment. Office space currently under construction has fallen to 32.2 million square feet, representing 0.5% of stock. Furthermore, the ratio of under-construction to planned projects stands at 0.4, suggesting developers continue to be cautious about advancing projects into the construction phase. With construction costs rising from higher interest rates, tariffs and energy constraints, the ratio of under-construction to planned will likely decrease as new construction projects become more expensive and less economically feasible.
- Future performance will vary across metros and depend largely on local supply-demand dynamics. Office employment growth and development activity differ across markets. A sustained decline in office employment will eventually pressure markets with even modest pipelines. Markets with strong employment growth and limited development activity may see vacancy continue to decline, while those with larger construction pipelines could face leasing pressure as new space is delivered. Importantly, most remaining office development is concentrated in Class A properties, which should help align future supply with the segment where listing rates are rising, while Class B listing rates have declined.



Listing Rates and Vacancy: San Diego Continues to Work Through Excess Supply

- The national average full-service equivalent listing rate was \$33.18 per square foot in September, down two cents from the previous month and up 1.2% year-over-year. The national vacancy rate was 17.8%, down 80 basis points from a year ago.
- San Diego's office market remains under pressure from excess supply delivered following the Covid-era life sciences boom. Listing rates declined 4.3% year-over-year to \$43.27 per square foot in September, while vacancy

rose 140 basis points to a record 23.7%. The market added nearly 3 million square feet of space in 2024, equivalent to 2.7% of inventory and the nation's highest delivery rate that year. Development has begun to slow, and future deliveries are expected to decline significantly over the remainder of the decade, giving the metro some much-needed breathing room to absorb vacant space. As new supply declines, the rise in vacancy rates should begin to settle, reducing downward pressure on listing rates over time.

Listings by Metro

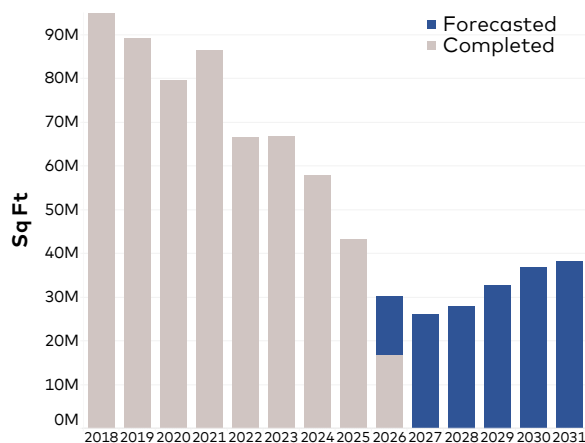
Market	Sep-26 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	\$33.18	1.2%	17.8%	-80 bps		
Bay Area	\$56.99	10.1%	22.9%	-80 bps	325 Lytton Avenue	\$149.28
Houston	\$29.80	9.9%	23.6%	300 bps	Marathon Oil Headquarters	\$74.20
Miami	\$61.26	8.5%	11.6%	-120 bps	1450 Brickell	\$145.00
Atlanta	\$38.93	7.2%	18.2%	-170 bps	1180 Peachtree	\$70.00
Manhattan	\$72.03	6.0%	10.2%	-260 bps	413W14 & 412W15	\$180.00
Phoenix	\$30.77	4.6%	17.7%	10 bps	Watermark, The	\$56.00
Tampa	\$31.32	4.0%	15.0%	0 bps	MetWest International–MetWest Three	\$54.00
Philadelphia	\$32.40	3.8%	18.4%	-10 bps	One Logan Square	\$56.07
New Jersey	\$35.79	3.6%	18.3%	-80 bps	Harborside Financial Plaza 10	\$67.83
Los Angeles	\$47.79	3.3%	14.5%	-50 bps	Century City Center	\$126.00
Twin Cities	\$27.64	2.5%	17.9%	0 bps	Normandale Lake Office Park–8500 Tower	\$37.62
Denver	\$30.59	2.2%	20.3%	-10 bps	1401 Lawrence	\$59.31
Austin	\$46.20	1.6%	24.5%	-250 bps	500 West Second Street	\$84.22
Nashville	\$32.18	1.6%	19.1%	-40 bps	Gulch Union	\$56.62
Portland	\$29.22	1.3%	23.2%	190 bps	Fox Tower	\$50.53
San Francisco	\$64.92	1.2%	26.7%	0 bps	Sand Hill Collection–The Quad	\$210.00
Seattle	\$35.17	0.6%	24.8%	-220 bps	City Center Bellevue	\$86.19
Washington DC	\$41.02	0.5%	18.9%	-120 bps	2100 L Street NW	\$84.09
Dallas	\$32.52	0.4%	18.6%	-360 bps	McKinney & Olive	\$97.96
Chicago	\$27.99	-0.6%	18.3%	-60 bps	VCollective–850 West Jackson Blvd	\$54.00
Boston	\$47.65	-1.0%	17.6%	220 bps	One Canal Park	\$127.71
Charlotte	\$32.86	-2.1%	18.7%	-60 bps	110 East	\$55.00
Detroit	\$20.86	-3.9%	18.1%	-570 bps	Michigan Central Station	\$40.00
San Diego	\$43.27	-4.3%	23.7%	140 bps	One La Jolla Center	\$74.40
Orlando	\$25.33	-8.0%	16.7%	-110 bps	Gateway Center	\$48.16

Source: Yardi Matrix. Data as of September 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: Strong Class A Demand Fuels Manhattan Development

- There are currently 32.2 million square feet of office space under construction, representing 0.5% of stock, according to Yardi Matrix.
- Nearly 19 million square feet of office space have been delivered in Manhattan over the past five years, with another 14 million square feet expected by the end of the decade. The metro currently has the nation's largest office pipeline, with 3.6 million square feet under construction and another 11.1 million square feet in planning.
- Over the past year, 1.5 million square feet of office space broke ground in Manhattan. Strong market fundamentals have encouraged development. Demand for Class A space in the metro has been strong, with vacancy falling 345 basis points year-over-year to 8.0% in September, while listing rates increased 11.5%. In the Plaza District, construction began in July on Related Cos.'s 625 Madison Avenue, a premium office tower scheduled for completion in 2029. Additionally, owner-occupied projects such as 2 World Trade Center and JPMorgan's recently completed headquarters highlight continued demand for trophy office space in Manhattan.

National New Supply Forecast



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

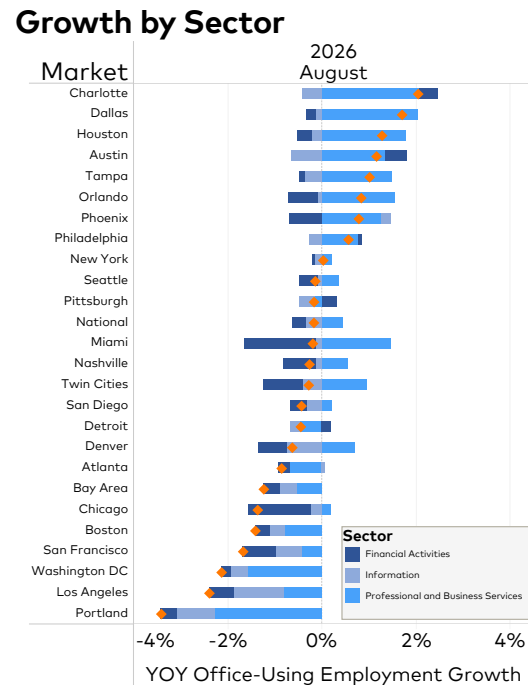
Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	32,166,108	0.5%	1.7%
Miami	2,366,775	3.2%	7.0%
Nashville	904,859	1.5%	1.5%
San Diego	1,352,176	1.3%	1.5%
Dallas	3,338,922	1.2%	4.2%
Boston	2,980,540	1.1%	3.5%
Portland	600,000	1.0%	1.0%
Manhattan	3,554,906	0.8%	3.2%
Charlotte	594,725	0.8%	3.0%
San Francisco	981,374	0.6%	3.7%
Detroit	688,690	0.5%	0.7%
Twin Cities	617,000	0.5%	1.6%
Austin	475,377	0.5%	2.8%
Los Angeles	1,312,596	0.5%	1.6%
Denver	718,808	0.4%	0.9%
Houston	986,510	0.4%	1.0%
New Jersey	766,875	0.4%	0.9%
Tampa	238,000	0.3%	2.2%
Phoenix	332,445	0.2%	1.5%
Atlanta	380,000	0.2%	1.4%
Orlando	95,660	0.1%	1.0%
Washington DC	380,000	0.1%	2.4%
Chicago	251,930	0.1%	0.2%
Bay Area	145,000	0.1%	1.4%
Seattle	15,910	0.0%	2.0%
Philadelphia	-	-	1.2%

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

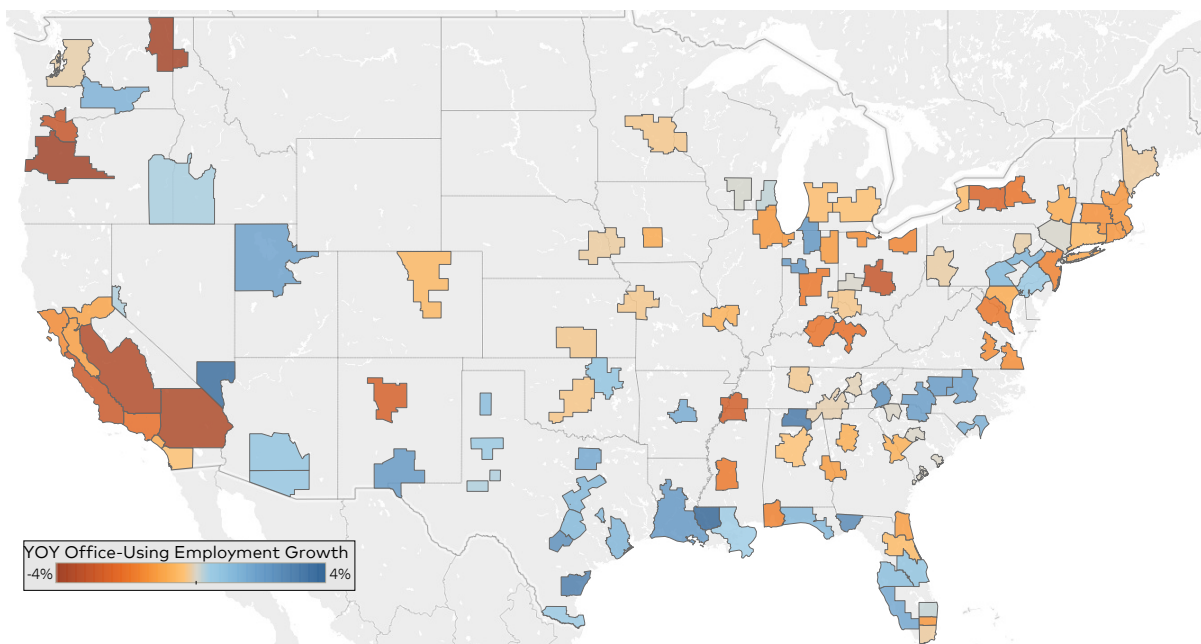
Office-Using Jobs: Dallas Continues to Attract Major Financial Employers

- Office-using sectors of the labor market lost a combined 26,000 jobs in September, according to the Bureau of Labor Statistics. The decline was led by the information sector, which shed 10,000 jobs, followed by professional and business services, which lost 9,000 jobs, and financial activities, which lost 7,000. On a year-over-year basis, office-using sectors lost 104,000 jobs nationally, a 0.3% decline, while total nonfarm employment increased 0.3% over the same period.
- Dallas office employment has posted steady growth in recent years, rising 1.7% year-over-year as of August. Growth has been driven primarily by the professional and business services sector, while employment gains in financial activities have moderated over the past year. Despite this slowdown, Dallas has further solidified its position as a regional financial hub following Morgan Stanley's announcement that it plans to expand operations in the area, bringing more than 3,000 jobs over the next decade.



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth



Sources: Bureau of Labor Statistics and Moody's Analytics

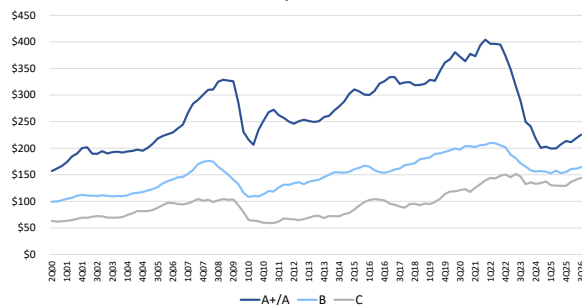
Transactions:

Houston Office Pricing Shows Early Signs of Recovery

■ Yardi Matrix has recorded 2,272 transactions so far this year, with office properties trading for \$197 per square foot on average, for a total sales volume of \$50.5 billion.

■ Prices in Houston may have reached a floor, as the 2026 price per square foot rose to \$149 after several years of declines. Despite the recent uptick, the price per square foot is down 33.0% from the \$223 price in 2019. In July, The Williams Cos. acquired the 1.5 million-square-foot office tower located at 2800 Post Oak Blvd. in Houston from Invesco Real Estate for \$300 million, a 27.2% discount to the property's \$412 million sale in 2013.

Asset Class (price PSF)



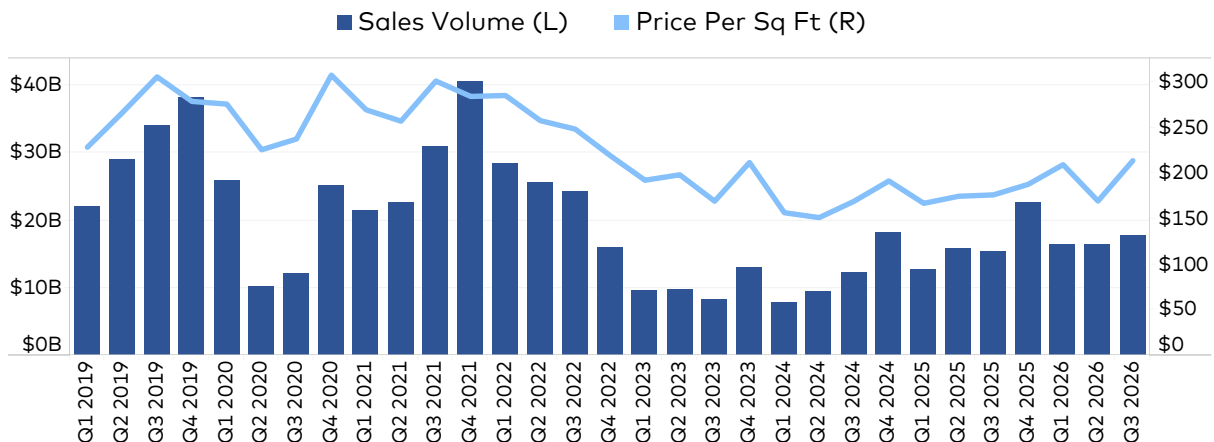
Source: Yardi Matrix; 12-month moving average.
Does not include unpublished and portfolio transactions.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 9/30)
National	\$196.75	\$50,522.3
Manhattan	\$585.16	\$5,717.2
Bay Area	\$350.12	\$4,586.5
Dallas	\$195.53	\$3,689.9
San Francisco	\$470.28	\$3,188.4
Washington DC	\$176.63	\$2,935.4
Houston	\$149.08	\$2,077.5
Los Angeles	\$222.48	\$1,963.9
Chicago	\$102.05	\$1,648.3
Austin	\$312.48	\$1,576.7
Boston	\$230.06	\$1,470.7
Phoenix	\$186.50	\$1,173.8
Miami	\$405.73	\$1,136.7
Atlanta	\$159.15	\$1,014.1
Charlotte	\$205.34	\$878.3
Denver	\$99.66	\$840.9
San Diego	\$205.52	\$793.4
Twin Cities	\$80.72	\$744.0
New Jersey	\$107.81	\$642.9
Nashville	\$390.59	\$615.4
Seattle	\$233.30	\$574.0
Orlando	\$158.91	\$504.4
Philadelphia	\$115.19	\$452.7
Portland	\$150.43	\$261.4
Tampa	\$149.78	\$260.8
Detroit	\$105.33	\$204.3

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

Quarterly Transactions



Source: Yardi Matrix. Data as of September 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.

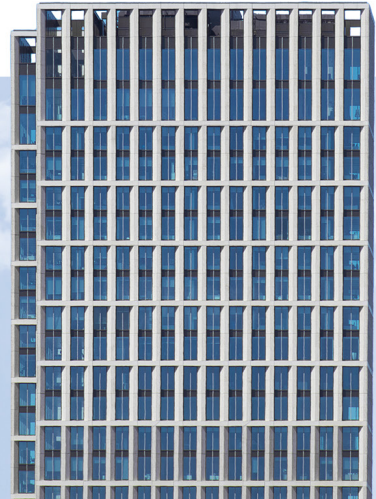
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market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



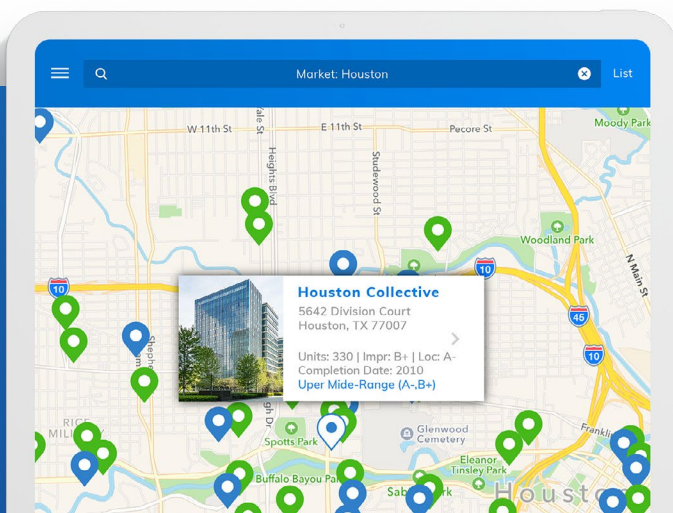
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with the industry's
leading data provider



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.



(800) 866-1144

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Contact
US



Contacts

Peter Kolaczynski

Manager, Commercial
Peter.Kolaczynski@Yardi.com
(800) 866-1124 x14001

Rob McCartney

Sales Manager, Matrix
Rob.McCartney@Yardi.com
(800) 866-1124 x14021

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(800) 866-1124 x14025

Author

Casey Cobb

Research Analyst

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