Office National Report

September 2026

Uncertainty Builds as Office Loans Mature

- Office loan maturities are expected to peak over the next few years, and struggling metros will bear the brunt of the resulting distress as these loans come due. Increasingly volatile economic conditions will compound these challenges, further increasing risk and uncertainty for the office sector.

- There are 14,000 office properties encumbered by loans that have recently matured or will mature by the end of 2028, totaling $289.2 billion, or 33.5% of total loan volume, according to Yardi Matrix. Of these maturing loans, 58.8% originated before 2021 under the assumption that high demand would sustain loan obligations through maturity. As the decrease in demand persists long after Covid, pressure is building as office loans near maturity. Mass adoption of hybrid working arrangements and weak office-using employment growth have impeded recovery, leaving the national average vacancy rate at 17.8% in August. Office-using jobs have been declining since mid-2023 and fell 0.2% year-over-year in August, according to the Bureau of Labor Statistics. Moreover, physical office occupancy has averaged about 55% over the past few years, according to Kastle's Back to Work Barometer.

- While some metros have recovered much of their pre-pandemic demand, many continue to struggle. Eight of the top 25 metros have vacancy rates above 20.0%. Maturing loan volume in high-vacancy metros accounts for 7.1% of all office loans, totaling $61.6 billion. Moreover, 54.9% of this loan volume originated before 2021, and before office property values significantly declined. Seattle is in a particularly risky position, with 70.1% of its $8.3 billion in maturing loan volume originating before 2021, while contending with a 24.7% vacancy rate. Other high-risk metros include the Bay Area ($13.5 billion, 64.0% pre-2021, 22.8% vacancy), Portland ($1.5 billion, 55.9% pre-2021, 23.0% vacancy), San Francisco ($12.6 billion, 55.1% pre-2021, 25.9% vacancy), Houston ($7.3 billion, 50.9% pre-2021, 23.6% vacancy), San Diego ($4.5 billion, 44.3% pre-2021, 24.2% vacancy), Austin ($5.1 billion, 44.0% pre-2021, 24.5% vacancy) and Denver ($8.8 billion, 41.0% pre-2021, 20.3% vacancy).

- The increased funding gap will lead to higher levels of distress as these loans mature. Trepp recently reported that the CMBS delinquency rate for office loans rose to 12.0% in August. Furthermore, prospects for refinancing have diminished as interest rates remain elevated. Over the past few years, nearly half of all repeat-sale office properties traded at a discount to their previous sale price. As a result, office property values are likely to remain under pressure until the wave of maturities subsides.

Listing Rates and Vacancy: Manhattan Office Market Outperforms Major Metros

- The national average full-service equivalent listing rate was $33.20 per square foot in August, down 38 cents from the previous month and up 1.7% year-over-year. The national vacancy rate was 17.8%, down 90 basis points from a year ago.

- Manhattan is currently the brightest spot in the country for office, with a vacancy rate of 10.2%, the lowest among the top 25 metros after falling 340 basis points from a year ago. The flight-to-quality trend continues, with A-class properties in the metro faring better than other classes. Vacancy in A-class office space sits at 9.0%, compared to 12.2% for B-class properties and 14.3% for C-class properties. In July, office-using employment sectors grew 1.2% year-over-year in New York, according to the Bureau of Labor Statistics. The widespread adoption of AI and a record-high stock market have supported steady finance sector hiring, even as job growth across other office-using sectors remains uneven.

Listings by Metro

Market	Aug-26 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	$33.20	1.7%	17.8%	-90 bps		
Bay Area	$56.29	8.8%	22.8%	-90 bps	525 University Avenue	$160.87
Houston	$29.56	7.0%	23.6%	340 bps	Marathon Oil Headquarters	$74.20
Manhattan	$72.70	6.9%	10.2%	-340 bps	413W14 & 412W15	$180.00
Los Angeles	$47.79	6.8%	14.5%	0 bps	Century City Center	$126.00
Miami	$59.73	5.0%	11.6%	-170 bps	1450 Brickell	$145.00
Philadelphia	$32.40	4.1%	18.4%	0 bps	One Logan Square	$56.07
New Jersey	$35.63	3.3%	17.8%	-110 bps	Harborside Financial Plaza 10	$66.08
Dallas	$32.97	2.6%	19.1%	-330 bps	McKinney & Olive	$97.96
Nashville	$32.18	2.4%	18.2%	-130 bps	Gulch Union	$56.62
Denver	$30.09	2.2%	20.3%	-20 bps	1401 Lawrence	$59.31
Atlanta	$36.64	2.1%	18.2%	-150 bps	3344 Peachtree	$73.15
San Francisco	$65.41	2.0%	25.9%	0 bps	Sand Hill Collection–The Quad	$210.00
Phoenix	$29.78	1.7%	17.2%	0 bps	Watermark, The	$56.00
Chicago	$28.38	1.4%	19.2%	10 bps	333 North Green	$65.29
Twin Cities	$27.35	1.3%	18.1%	50 bps	Normandale Lake Office Park–8500 Tower	$37.62
Portland	$29.05	0.6%	23.0%	170 bps	Fox Tower	$50.53
Boston	$47.85	0.5%	17.6%	160 bps	One Canal Park	$127.71
Austin	$46.05	0.0%	24.5%	-190 bps	500 West Second Street	$84.22
Seattle	$35.17	-0.2%	24.7%	-250 bps	City Center Bellevue	$86.19
Tampa	$30.16	-0.3%	15.2%	10 bps	MetWest International–MetWest Three	$54.00
Washington DC	$40.47	-2.2%	19.7%	10 bps	2100 L Street NW	$84.09
Detroit	$20.85	-3.5%	18.7%	-450 bps	Michigan Central Station	$40.00
San Diego	$42.94	-5.1%	24.2%	160 bps	One La Jolla Center	$74.40
Orlando	$25.25	-9.3%	17.4%	-40 bps	CNL Center II	$54.19
Charlotte	$32.21	-9.4%	18.1%	-60 bps	110 East	$55.00

Source: Yardi Matrix. Data as of August 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.

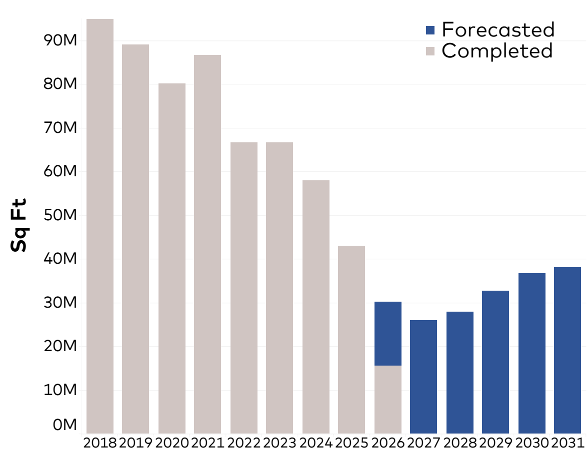
Supply:
CBD Pipeline Shrinks as Property Values Fall

- There are currently 32.4 million square feet of non-owner-occupied office space under construction, representing 0.5% of stock, according to Yardi Matrix.

- Office space currently under construction in central business districts totals just 2.7 million square feet (0.2% of stock), down 61.3% year-over-year. This sharply contrasts with the urban pipeline, at 17.2 million square feet (1.2% of stock), down 4.1%, and the suburban pipeline, at 12.4 million square feet (0.3% of stock), down 18.8%.

- Properties in central business districts have struggled to maintain their values as flight-to-quality continues to consolidate demand into fewer properties. Since 2024, 73% of properties sold in CBDs with two or more sale prices for comparison have traded at a discount, compared to 48% of urban transactions and 42% of suburban transactions. As uncertainty mounts amid volatile economic conditions and the growing adoption of AI, demand for large office tower development in city centers has declined as tenants reevaluate their long-term office space needs.

National New Supply Forecast



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

Supply Pipeline (by metro)

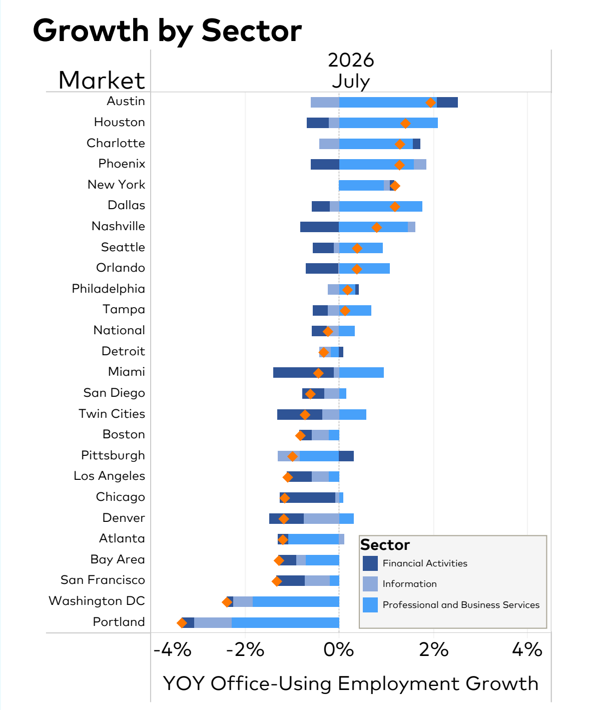
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	32,359,383	0.5%	1.7%
Miami	2,216,956	3.0%	7.1%
Nashville	958,745	1.6%	2.7%
Boston	3,591,134	1.4%	3.7%
San Diego	1,314,976	1.3%	1.7%
Dallas	3,033,134	1.1%	4.2%
Portland	600,000	1.0%	1.0%
Manhattan	3,754,906	0.8%	3.5%
Charlotte	577,394	0.7%	1.7%
Detroit	865,690	0.7%	0.9%
San Francisco	981,374	0.6%	3.1%
Denver	890,683	0.5%	0.9%
Twin Cities	617,000	0.5%	1.6%
Austin	475,377	0.5%	2.9%
Los Angeles	1,255,164	0.4%	1.6%
New Jersey	803,875	0.4%	0.9%
Houston	954,150	0.4%	1.0%
Tampa	238,000	0.3%	2.2%
Phoenix	404,364	0.3%	1.6%
Atlanta	380,000	0.2%	1.5%
Orlando	73,946	0.1%	0.9%
Washington DC	380,000	0.1%	2.4%
Chicago	251,930	0.1%	0.2%
Bay Area	145,000	0.1%	1.3%
Seattle	15,910	0.0%	2.0%
Philadelphia	–	–	1.2%

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

Office-Using Jobs:
Technology Investment Supports Phoenix Employment

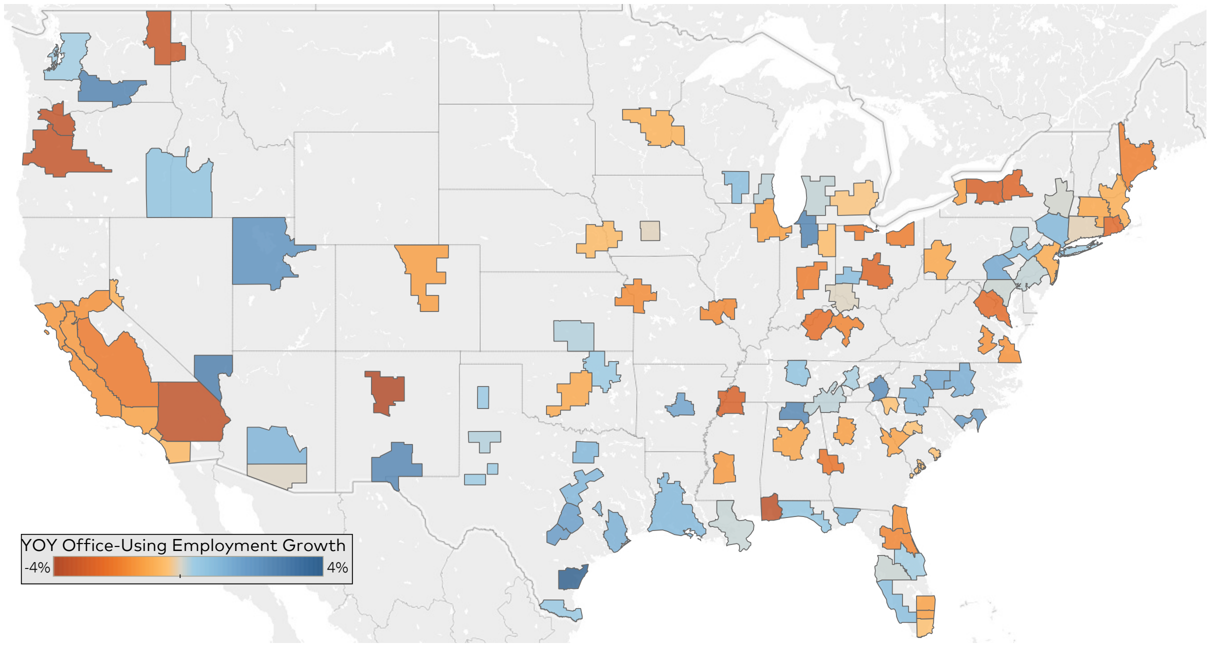
- Office-using sectors of the labor market lost a combined 24,000 jobs in August, according to the Bureau of Labor Statistics. The decrease was led by the information sector, which lost 23,000 jobs. The financial activities sector lost another 11,000 jobs, while the professional and business services sector gained 10,000. On a year-over-year basis, office-using sectors lost 62,000 jobs nationally, a 0.2% decrease, while total non-farm employment increased 0.4% over the same period.

- Phoenix office employment increased 1.3% year-over-year in July, trailing only Austin and Houston. The metro is experiencing its strongest annual growth since mid-2022, driven by gains in the information and professional and business services sectors. Investments in semiconductor manufacturing and data centers are generating downstream gains in other sectors, with semiconductor manufacturer TSMC's continued expansion supporting additional jobs in information technology and consulting.



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth



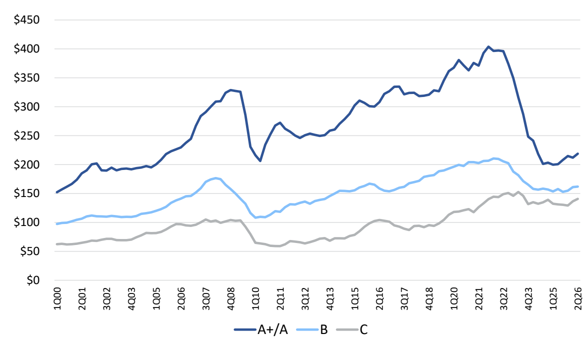
Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions:
Atlanta Prices Find a Floor

- Yardi Matrix has recorded 1,850 transactions so far this year, with office properties trading for $205 per square foot on average, for a total sales volume of $42.7 billion.

- Prices in Atlanta increased in 2026 to $158 per square foot after three years of declines. Despite the recent uptick in prices, the price per square foot is down 32.8% from the $235 peak in 2022, but only 7.1% from 2019 prices. In June, Real Capital Solutions acquired the 650,000-square-foot office building located at 101 Marietta St. in Atlanta from The Dilweg Cos. for $49.5 million, a 28.1% discount to the property's $68.8 million sale in 2015.

Asset Class (price PSF)



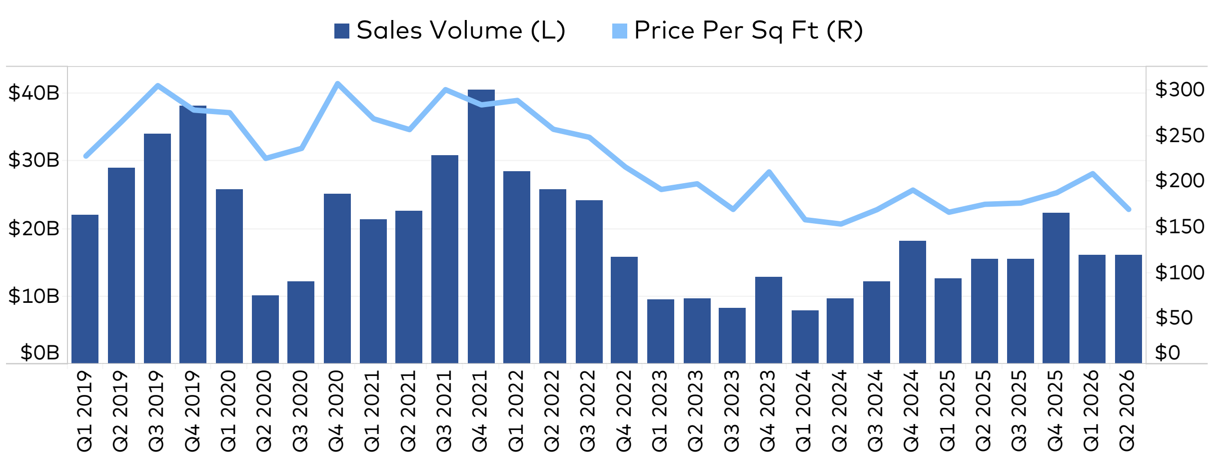
Source: Yardi Matrix; 12-month moving average.
Does not include unpublished and portfolio transactions.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 8/31)
National	$204.56	$42,748.9
Manhattan	$599.66	$5,163.3
Bay Area	$355.26	$3,442.6
Dallas	$206.24	$3,033.2
San Francisco	$535.52	$2,753.9
Austin	$877.70	$2,588.0
Washington DC	$168.35	$2,377.4
Houston	$149.67	$1,829.4
Los Angeles	$232.82	$1,647.2
Chicago	$88.31	$1,282.3
Boston	$232.27	$1,240.2
Miami	$405.73	$1,136.7
Phoenix	$202.20	$928.9
Atlanta	$157.92	$875.6
San Diego	$204.00	$753.4
Denver	$97.07	$707.3
Charlotte	$247.67	$697.6
New Jersey	$106.54	$582.7
Nashville	$405.15	$555.2
Twin Cities	$71.70	$521.2
Orlando	$159.03	$485.9
Seattle	$306.32	$426.1
Philadelphia	$104.53	$334.9
Tampa	$148.27	$227.1
Portland	$108.99	$135.5
Detroit	$46.88	$89.8

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

Quarterly Transactions



Source: Yardi Matrix. Data as of August 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:

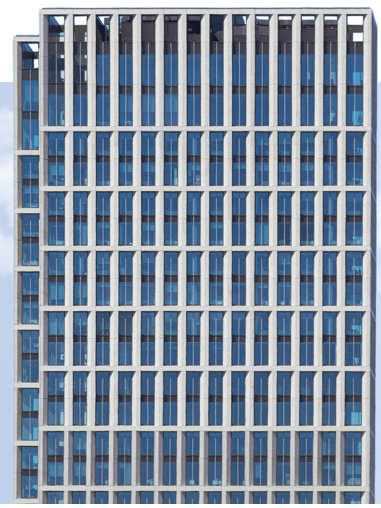
- *Planned*—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- *Under Construction*—Buildings for which construction and excavation has begun.

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.

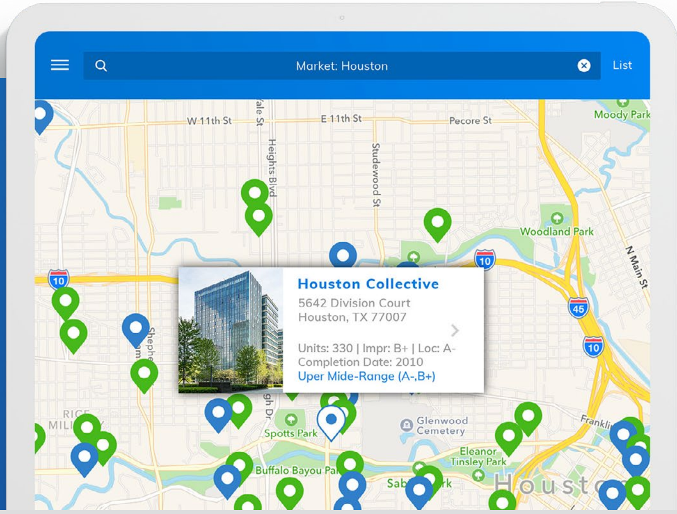
Yardi® Matrix



Power your business 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.

YARDI

(800) 866-1144
Learn more at yardimatrix.com/**office**

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

Yardi® Matrix