CommercialEdge

National Office Report

May 2025

CBD Properties Face Headwinds

- Central business districts continue to struggle as falling listing rates and high vacancy levels persist. Federal government initiatives shifting focus to suburban spaces add yet another hurdle to the post-pandemic restructure.

- CBDs were hit especially hard during the pandemic, as office workers fled urban centers. CBD vacancy is currently at 19.2%, according to CommercialEdge, up 730 basis points from early 2020. While this is lower than vacancy rates in both urban (20.1%)—defined as within the city center but outside the central business district—and suburban (19.8%) submarkets, CBD listing rates have taken a significant hit to compensate for decreasing demand. Full-service equivalent listing rates for CBD spaces average $38, 29.8% less than they were at pre-pandemic levels in early 2020. Meanwhile, urban rates fell only 20.7% and suburban rates managed to stay positive with an increase of 6.5% over the same period.

- Last month, President Trump signed an Executive Order titled Restoring Common Sense to Federal Office Space. The order revoked two previous directives from President Carter and President Clinton that prioritized CBDs when site-selecting for federal offices. Citing costly and inefficient practices, the new order aims to allow agencies "to select cost-effective facilities and focus on successfully carrying out their missions for American taxpayers."

- The federal government is not the only sector moving away from CBDs, and deliveries have dropped precipitously as a consequence. New office inventory in CBDs fell 42% year-over-year to just under 4 million square feet in 2024, the lowest since 2016. While new office inventory overall fell to a 10-year low of over 47 million square feet last year, CBDs made up just 8.2% of this total.

- Early this year, The 601W Cos. purchased a 910,000-square-foot, 30-story building in Chicago's CBD at 303 E. Wacker Drive. The property sold for $63 million, a 65% discount from its 2018 purchase price of $182 million by Beacon Capital Partners. Although we expect a continuation of steep discounts for some CBD properties, others have been able to maintain occupancy and adequate cash flow throughout the challenges created by COVID. The right property in the right location can continue to thrive in the current environment.

Listing Rates and Vacancy: Life Science Pullback Batters Boston

- The national average full-service equivalent listing rate was $33.34 per square foot in April, according to CommercialEdge, down 8 cents over the previous month but up 5.4% year-over-year.
- The national vacancy rate was 19.7%, down 20 basis points from the previous month but up 140 basis points year-over-year.
- Despite having one of the lower vacancy rates in the nation at 17.1%, Boston has seen some of the biggest increases in the past year, with vacancy jumping 470 basis points since last April. Much of this has to do with the challenges in the life sciences sector, which had been booming a few years ago but has recently faced private capital pullbacks and market oversupply. Now, the sailing might become even more turbulent, as cuts to NIH funding threaten to dampen demand for new lab space from the market's universities.

Listings by Metro

Market	Apr-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	$33.34	5.4%	19.7%	140 bps		
Miami	$56.53	15.4%	15.5%	260 bps	701 Brickell	$140.00
Orlando	$27.89	12.3%	16.8%	-30 bps	Capital Plaza Two	$33.00
Charlotte	$35.38	11.9%	17.0%	150 bps	Morehead Place	$46.00
Dallas	$31.45	10.1%	23.9%	280 bps	McKinney & Olive	$88.84
Austin	$45.90	8.6%	28.9%	650 bps	Indeed Tower	$82.69
San Francisco	$64.19	5.6%	29.0%	310 bps	Sand Hill Collection—The Ranch	$209.40
Seattle	$39.03	5.4%	27.0%	400 bps	Lincoln Square South	$67.24
Atlanta	$33.36	5.3%	20.3%	190 bps	1180 Peachtree	$63.50
Tampa	$30.12	5.0%	16.5%	420 bps	Bayshore Place	$52.00
Phoenix	$28.76	3.9%	18.3%	80 bps	Camelback Collective	$52.50
Portland	$28.25	3.8%	21.7%	550 bps	Fox Tower	$43.38
Denver	$30.92	2.8%	24.7%	80 bps	1144 Fifteenth Street	$63.50
Nashville	$31.03	2.7%	17.8%	200 bps	Three Thirty Three	$44.88
Los Angeles	$41.98	2.3%	16.0%	-50 bps	100 Wilshire	$108.00
Twin Cities	$26.19	1.4%	16.0%	-100 bps	Nordic, The	$40.42
San Diego	$43.36	0.8%	22.6%	420 bps	One La Jolla Center	$70.20
Chicago	$27.75	-0.4%	19.0%	-10 bps	222 North LaSalle Street	$51.00
Bay Area	$52.40	-0.9%	25.6%	450 bps	245 Lytton Avenue	$153.00
Washington DC	$40.17	-1.0%	19.2%	230 bps	1001 Pennsylvania Avenue	$79.80
Boston	$46.06	-1.2%	17.1%	470 bps	Genesis 55 Summer	$116.33
Houston	$28.66	-2.5%	22.8%	-80 bps	811 Main Street	$47.04
Philadelphia	$30.86	-3.2%	19.2%	320 bps	Two Liberty Place	$53.50
Detroit	$21.61	-3.8%	25.4%	340 bps	Orchestra Place	$36.14
New Jersey	$33.45	-3.9%	18.9%	80 bps	Harborside Financial Plaza 10	$63.22
Manhattan	$68.34	-4.1%	16.2%	-70 bps	540 Madison Avenue	$130.00

Source: CommercialEdge. Data as of April 2025. Listing rates are full-service or "full-service equivalent" rates for spaces available as of 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.

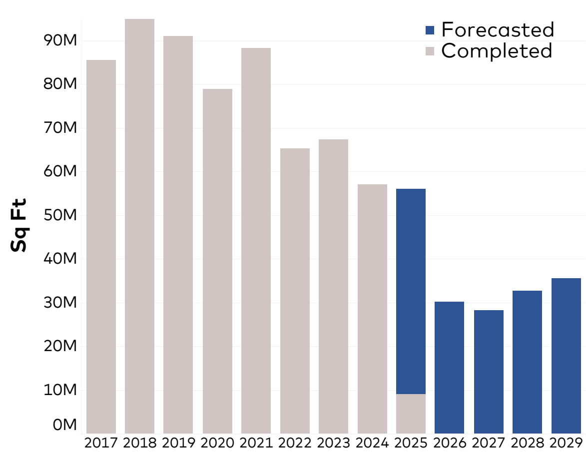
Supply:
Austin Pipeline Slows

- The office construction pipeline continues to shrink, with 44.6 million square feet of space currently under construction, representing 0.7% of stock.

- Just 2.8 million square feet of construction starts were logged during the first four months of the year by CommercialEdge. The sector is still in the early innings of prolonged realignment, and we expect development to remain depressed for the foreseeable future.

- Austin's days as an office development boomtown appear to be numbered. Since the start of the decade, the Texas capital has completed 14 million square feet of new office space (12.3% of stock). Much of the market's current under-construction pipeline is in two large downtown towers that broke ground in 2022. The Republic, a 48-story building set to be completed this summer, and the mixed-use Waterline, a 74-story building with an expected completion late next year, will add more than 1.5 million square feet combined. Some 8.8 million feet of office space were started in Austin between 2020 and 2022, but just 1.3 million have begun construction since the start of 2023.

National New Supply Forecast



Source: Yardi Matrix. Data as of April 2025.
Data in this chart includes owner-occupied properties.

Supply Pipeline (by metro)

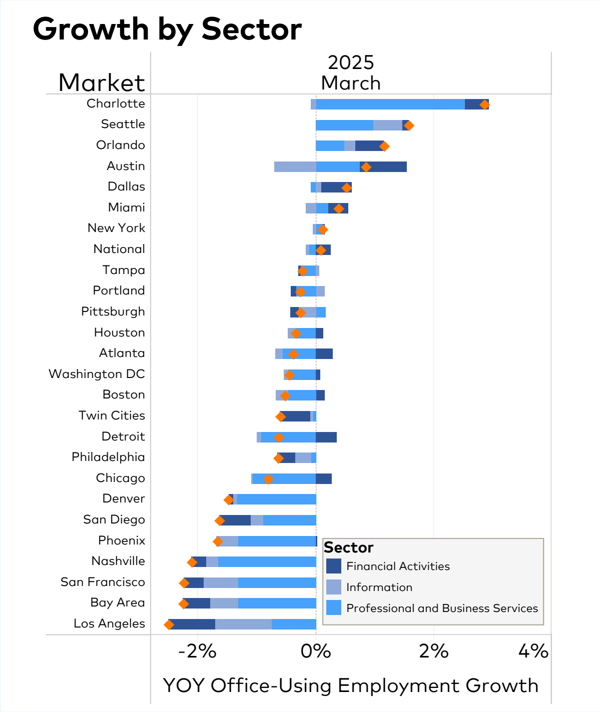
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	44,648,949	0.7%	2.5%
Austin	3,212,254	3.4%	10.6%
Nashville	1,410,547	2.4%	4.9%
Boston	5,514,459	2.1%	7.3%
San Diego	2,111,515	2.1%	2.9%
San Francisco	3,243,605	2.0%	5.9%
Miami	1,430,943	2.0%	6.7%
Dallas	3,136,027	1.1%	3.9%
Tampa	735,197	0.9%	3.8%
Charlotte	647,903	0.8%	4.1%
Houston	1,906,065	0.8%	1.7%
Los Angeles	1,904,563	0.7%	3.5%
Philadelphia	1,220,452	0.7%	2.1%
Seattle	814,824	0.6%	1.8%
Orlando	374,645	0.5%	1.5%
New Jersey	1,049,954	0.5%	1.1%
Phoenix	741,426	0.5%	2.1%
Twin Cities	595,121	0.5%	1.4%
Denver	741,708	0.4%	1.9%
Atlanta	914,186	0.4%	2.2%
Detroit	520,000	0.4%	1.0%
Washington DC	1,229,521	0.3%	3.6%
Manhattan	1,509,131	0.3%	3.2%
Chicago	809,168	0.3%	1.9%
Bay Area	479,416	0.2%	3.0%
Portland	0	0.0%	0.3%

Source: CommercialEdge. Data as of April 2025. Table does not include owner-occupied properties.

Office-Using Jobs:
Seattle Growth Not Strong Enough for Full Recovery

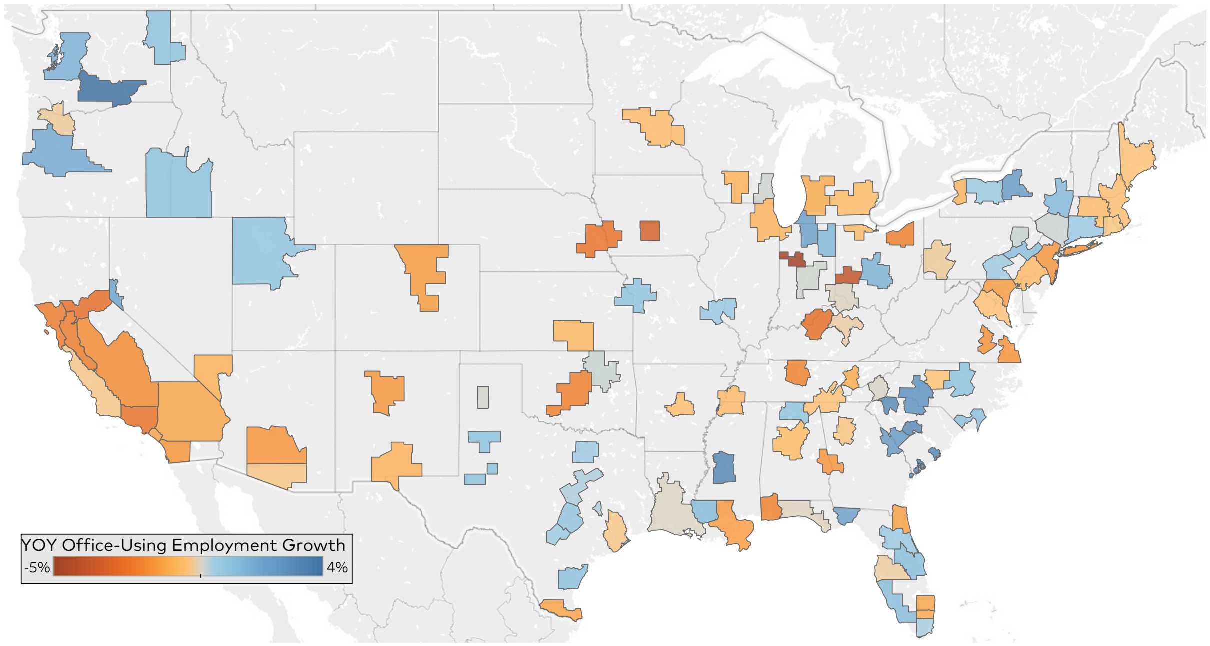
- Office-using sectors of the labor market added 31,000 jobs in April. This was the most office jobs added in a month since December, and the third-highest gain for office-using sectors in the past 12 months, but overall the three sectors are only up 0.2% year-over-year. The professional and business services sector added 17,000 jobs in the month, while financial activities added 14,000. The information sector was unchanged.

- The trend of weak employment growth in office-using sectors of the labor market persists in 2025. Metro-level data, which trails the national release, showed only seven of the top 25 markets covered by CommercialEdge having positive annual growth in March. The tech layoffs that began in late 2022 and continued in 2023 continue to drag down some markets. While office employment grew 1.6% year-over-year—the second-best mark among the top 25 markets—Seattle still has 17,500 fewer office jobs than it did in June of 2022.



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth

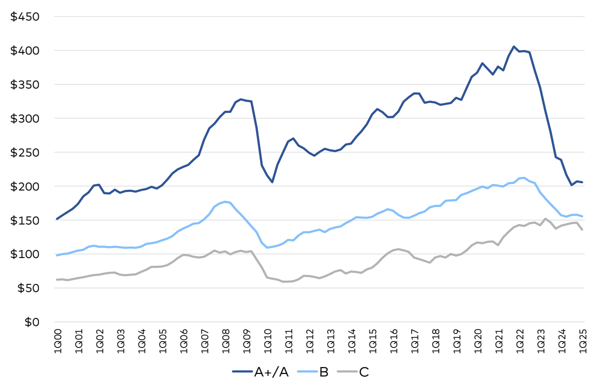


Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions:
Bay-Area Values Falling This Decade

- CommercialEdge recorded $14.2 billion in sales through April, with properties trading for an average of $191 per square foot.
- The Bay Area was rocked by the tech pullback that began in late 2022 and hammered an office sector already struggling to adapt to remote work. The burgeoning AI industry has filled some of that demand gap. Chipmaker Nvidia recently paid $123 million for a 10-building campus adjacent to its existing headquarters. However, the market remains well below previous levels. In 2021, the average sale price of an office was $515 per foot; in 2025, it sits at $254.

Asset Class (price PSF)



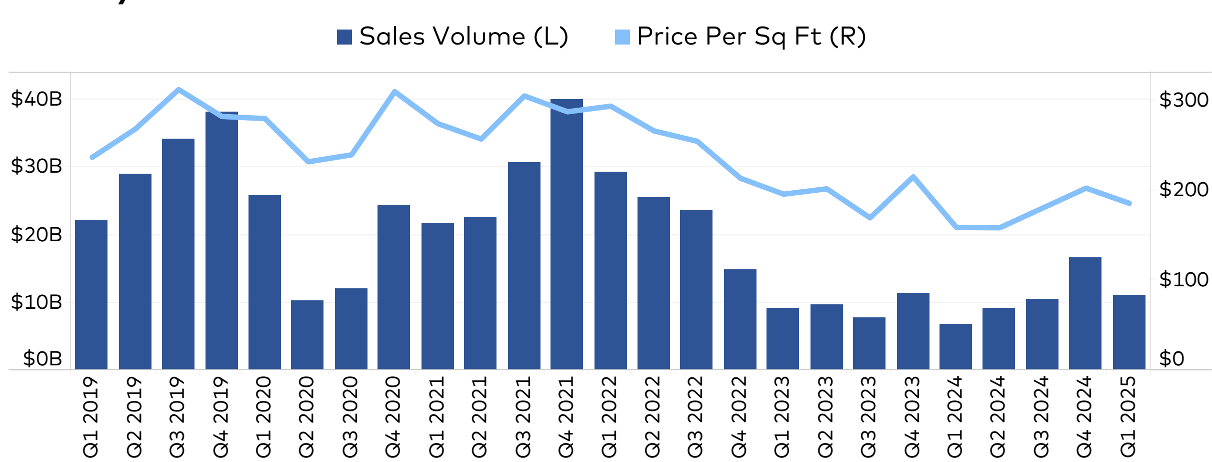
Source: CommercialEdge; 12-month moving average. Does not include unpublished and portfolio transactions.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 04/30)
National	$191	$14,213
Manhattan	$439	$2,550
Washington DC	$252	$1,355
Bay Area	$254	$1,021
Houston	$139	$865
Chicago	$62	$759
Los Angeles	$298	$638
Boston	$225	$543
San Francisco	$325	$514
San Diego	$364	$510
New Jersey	$162	$436
Dallas	$137	$416
Denver	$99	$352
Atlanta	$127	$320
Twin Cities	$66	$221
Phoenix	$195	$200
Tampa	$203	$188
Miami	$259	$187
Austin	$221	$181
Seattle	$120	$136
Philadelphia	$95	$98
Portland	$148	$80
Nashville	$102	$45
Detroit	$81	$36
Charlotte	$81	$20
Inland Empire	$143	$4

Source: CommercialEdge. Data as of April 2025. Sales data for unpublished and portfolio transactions is estimated using sales comps.

Quarterly Transactions



Source: CommercialEdge. Data as of April 2025.

Definitions

This report covers office buildings 25,000 square feet and above. CommercialEdge subscribers have access to more than 14,000,000 property records and 300,000 listings for a continually growing list of markets.

CommercialEdge 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. CommercialEdge uses aggregated and anonymized expense data to create full-service equivalent rates from triple-net and modified gross listings. Expense data is available to CommercialEdge 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.

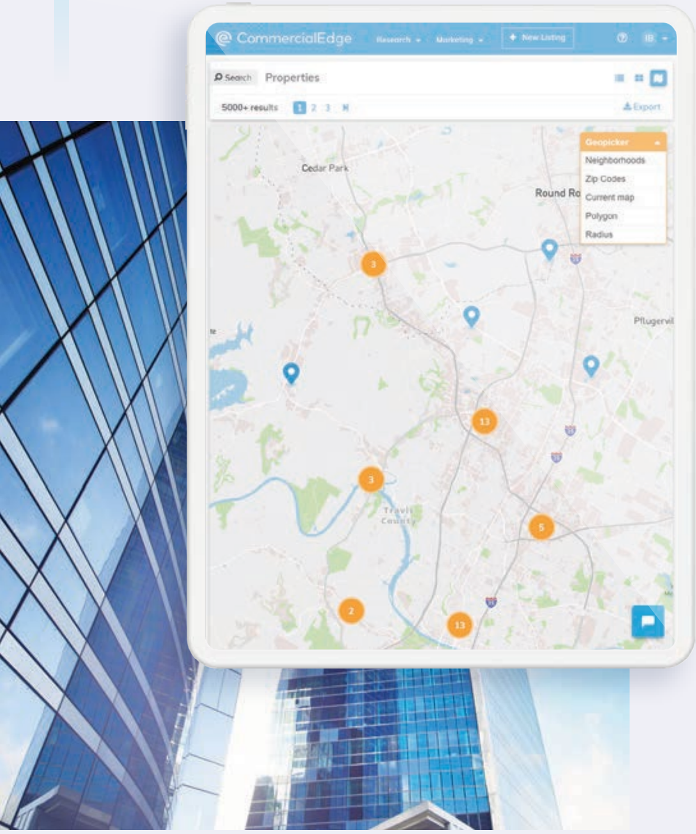
Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with CommercialEdge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

CommercialEdge

Reliable commercial real estate data, built up over more than a decade of extensive research. Powered by Yardi.

CommercialEdge provides the office segment's most comprehensive market intelligence service and listing management platform, sustaining data-driven decisions.



Key features:

- Continually growing nationwide coverage with 162 markets currently included
- Researched and verified data, powered by a team of 400 experienced property research specialists
- Exhaustive property reports featuring data points such as ownership, leases, sales, debt, taxes and more
- Building and portfolio performance overview with current average rents, vacancy rates and maturing leases
- Extensively researched tenant data with an accuracy rate two to three times higher than the industry average
- Real-time market trends based on actual transactional and leasing data with Yardi Market Insight
- Dedicated tools, including automated competitive building sets, broker tour books and dedicated property webpages
- Access to the CommercialEdge Listing Network — including CommercialCafe, PropertyShark, Point2 and CommercialSearch

Capitalize on comprehensive commercial real estate research
Nationwide property and listing data all in one place, specifically engineered for CRE professionals.

The data presented in this report is provided by CommercialEdge.
For recent news, product updates, and additional office and industrial market reports, visit our blog.
To learn more about CommercialEdge, email us at getinfo@commercialedge.com or schedule a demo directly.

Contacts

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

Matt Gleason
Senior Account Executive, Commercial
Matthew.Gleason@Yardi.com
(800) 866-1124 x21954

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

Author

Justin Dean
Senior Research Analyst

CommercialEdge