#### MARKETBEAT

# U.S. NATIONAL

Office Q2 2022



# YoY 12-Mo. Forecast 17.6% Vacancy Rate -7.8M



Net Absorption, SF







## **93.8M**Under Construction



12-Mo

(Overall, All Property Classes)

## **ECONOMIC INDICATORS Q2 2022**

151 614	Chg	Forecast*
<b>151.6M</b> Total Nonfarm Employment		

YoY

## 34.1M

Office-using Employment



### **3.6**%

U.S. Unemployment Rate



Source: BLS, \*Moody's Analytics baseline as of June 2022

#### U.S. Office Sector Recovery-Highly Uneven

The adage that all real estate is local rings especially true in analyzing the U.S. office sector's performance more than two years into the pandemic. Depending on the geography, quality of the asset, location and floor plate, office space across the country is either thriving or continuing to struggle and beginning to look increasingly obsolete.

Ultimately, demand for office space links back to the economy; continued economic growth means more jobs, meaning more demand for all types of useful space, including office. Economic projections have dampened as the year has progressed, but the economy is still expected to grow this year. According to the Federal Reserve's mid-June FOMC meeting notes, U.S. real GDP is expected to grow by 1.7% in both 2022 and 2023—down from the March projections of 2.8% and 2.2%, respectively. Most private-sector forecasters are slightly more optimistic with 2022 real GDP growth projections closer to 2.5%.

Job growth has remained positive even among the challenges. Employment is up 4.3% YoY, and after adding 2.7 million new jobs in the first half of 2022, non-farm employment is just 524,000 (or 0.3%) jobs below its pre-pandemic peak. Excluding the leisure/hospitality sector, employment is 794,000 (or 0.6%) above pre-pandemic levels. Office employment in the U.S. has fared even better. As of June 2022, there were 1,066,000 (+3.2%) more office-using workers than before the pandemic began. Over the past year, office employment has increased by nearly 1.6 million (+4.8%). The office-using sector's share of total jobs has increased by 80 basis points (bps) over the past two years, from 21.7% prior to the pandemic to 22.5% in June 2022. Office-using employment should be a tailwind for office space demand as it is forecast to grow faster than the broader job market for the rest of the decade.

#### The Office Sector's Long Road Back Continues

Even while office-using employment increased by 1.9%, adding 635,000 jobs in the first half of the year, office absorption has continued to be negative. In Q2 2022, there was -7.8 million square feet (msf) of net absorption across the U.S., making eight quarters out of the last nine that have been negative nationwide. After the Dot-Com and Great Financial Crisis (GFC) recessions, national net absorption was negative for nine out of 10 and eight out of nine quarters, respectively.

Despite this, there have been bright spots across the country. In Q2 2022, more than one-third (34 of 90) of office markets tracked by Cushman & Wakefield were positive. Over the past three quarters, 38 markets have accounted for 23 msf of positive net absorption. This is led by a few categories of markets:

- Life sciences markets buoyed by demand for both lab and office space (e.g., San Jose, San Diego, Boston, Northern New Jersey and San Mateo County).
- Large Sunbelt markets with strong job growth and appeal for growing tech firms (e.g., Dallas, Atlanta, Austin and Miami).

#### **SPACE DEMAND / DELIVERIES**



#### **OVERALL VACANCY & ASKING RENT**



## Office Q2 2022

WAKEFIEL

- Tech-adjacent markets (e.g., Oakland/East Bay and Puget Sound Eastside).
- Small Sunbelt markets with lower costs of living and of doing business (e.g., El Paso, Charlotte, Greenville and Charleston).

Gross leasing activity also continues to rebound. After recovering from its Q1 2021 nadir, four-guarter rolling total leasing is above 360 msf for the second quarter in a row. The historical average, dating back to 2003, is 320 msf. The leasing rate (leasing activity as a percentage of inventory) was 6.5% in Q2 2022, which is in line with the historical average of 6.4%. Gross leasing is showing strong improvement but remains below the three-year lead up to the pandemic, when four-quarter rolling leasing averaged 395 msf from 2017-2019.

Vacancy trends also highlight the unevenness. Nationally, vacancy ended Q2 2022 at 17.6%, similar to the peaks after the previous two recessions: 17.6% in Q3 2003 and 17.3% in Q3 2010. The YoY increase of 110 basis points (bps) observed in Q2 2022 is the lowest increase since Q2 2020 and a third as high as one year ago when vacancy increased by 325 bps YoY. There are currently 25 markets with vacancy rates at or above 20%. On the other side, there are 32 markets that continue to have vacancy rates below 13%—approximately the national vacancy rate that preceded the pandemic. Included in this list are stronger net absorption markets mentioned previously, such as Boston (12.2%), Greenville (9.5%), San Mateo County (9.1%), Colorado Springs (8.8%), and Puget Sound - Eastside (8.4%). Office vacancy rates are also relatively low in several secondary and tertiary markets in the Northeast and Midwest: Long Island (13.0%), Providence (12.9%), Rochester (12.2%), Southern New Hampshire (10.2%), Cleveland (7.0%) and Binghamton (6.8%).

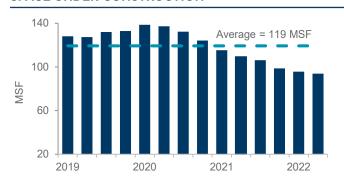
New construction continues to be part of the story behind increased vacancies, as Q2 2022 marked the 13th straight quarter with over 10 msf of office deliveries. The 28.2 msf of new construction opening in the first half of 2022 is only surpassed by new construction in two other years since the GFC (2018 and 2021). The construction pipeline of nearly 94 msf of office space has dropped 32% from the Q1 2020 peak but remains 22% above the 2010-2019 historical average of 77 msf. New deliveries will continue to impact many markets around the U.S. New construction has been in higher demand—obtaining higher rents and experiencing lower vacancies—and delivery of new space is causing increases in vacant space as occupiers allow leases to expire and move to upgrade.

National effective rents have declined by 13.3% since peaking in Q2 2020, but like other green shoots, the pace of the decline is moderating. Since hitting a nadir in Q2 2021 at -11.1% YoY, effective rent declines slowed and ended 2021 at -5.5% YoY. In Q2 2022, effective rents were down 2.4% YoY. Effective rents are likely to soften further as demand remains subdued at a national level, although there will be significant variation across markets and the building quality spectrum.

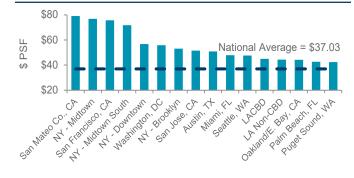
#### Outlook

- Path of office demand: The relationship between office-using employment and net absorption has not been correlated to the degree it has been historically. While office-using employment is now 3.2% above pre-pandemic highs, office demand has not resulted in positive net absorption nationwide. That said. the markets that have seen positive net absorption are being driven by strong tech and life sciences job growth. Also, gross leasing activity is rebounding, which should drive additional absorption in the future.
- Vacancy to remain elevated: The national vacancy rate has increased for 11 straight quarters, but the velocity of change is slowing down; the YoY increase of 110 bps is a third as high as it was in Q2 2021. In Q2 2022, vacancy declined in a third of U.S. markets and overall was up just 34 bps QoQ. While some markets are seeing improvements in vacancy rates, others are still expected to record further increases, due to lagging demand, elevated construction or both.
- Signs of normalcy: Early in the pandemic, a few new trends emerged: leasing activity declined, renewals were more common and lease lengths shortened. Each of these trends look to be returning toward prepandemic norms. Total leasing activity is on the mend, short-term renewals have dropped back to prepandemic levels, and the average lease length has grown by three months over the past year.

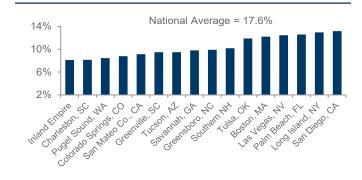
#### SPACE UNDER CONSTRUCTION



#### **ASKING RENT BY SELECT MARKET HIGHEST PRICED U.S. MARKETS**



#### VACANCY BY SELECT MARKETS



## Demand Indicators Q2 2022



			Net Absorption			Leasing Activity**
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	2022p
United States	-30,629,091	-10,531,579	1,174,484	-3,417,670	-7,825,637	171,260,546
Northeast	-10,237,782	-5,215,128	-4,389,176	674,409	-4,286,675	35,223,009
Midwest	-4,985,349	-3,097,289	-1,939,218	-3,232,906	-1,725,145	22,019,430
South	-5,481,107	-94,180	3,219,314	-500,952	651,716	54,573,692
West	-9,924,853	-2,124,982	4,283,564	-358,221	-2,465,533	59,117,486

44631		3,324,033			2,124,302	
		1	Net Absorptio	n		Leasing Activity*
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	2022p
Atlanta, GA	110,188	905,725	-103,305	99,957	787,997	5,586,020
Austin, TX	38,617	388,639	664,425	70,007	-80,486	2,801,826
Baltimore, MD	-97,980	143,800	-111,596	-216,027	231,129	1,770,424
Binghamton, NY	3,500	-6,709	2,519	5,000	-8,255	7,500
Birmingham, AL	-309,606	100,194	-8,162	-128,742	10,084	300,322
Boise, ID	36,877	190,688	162,474	-144,947	-57,906	893,044
Boston, MA	-1,493,174	-505,007	709,433	522,714	224,302	4,488,663
Buffalo, NY	-50,854	187,648	-110,320	97,569	-102,095	310,598
Charleston, SC	149,606	-10,678	48,849	294,579	67,000	486,935
Charlotte, NC	272,157	-159,059	867,239	-285,889	122,868	1,804,766
Chicago, IL	-2,668,423	-1,709,275	-626,716	-1,488,397	-904,677	7,503,321
Cincinnati, OH	-91,229	-219,189	-329,248	-540,998	40,848	982,156
Cleveland, OH	-615,519	-153,429	385,841	140,763	-220,204	2,061,978
Colorado Springs, CO	-254,563	341,535	100,307	152,054	-54,971	488,087
Columbia	-226,308	-213,866	-239,489	-253,036	-27,276	197,989
Columbus, OH	-120,528	-48,807	-206,322	276,211	47,634	979,048
Dallas, TX	-581,268	-151,551	1,558,829	292,347	403,232	7,850,837
Denver, CO	-964,210	-241,311	-73,666	-101,489	-842,908	4,810,327
Detroit, MI	-576,098	7,784	-534,698	-496,622	-43,332	2,161,540
El Paso, TX	254,659	-4,840	20,726	66,137	648,247	120,251
Fairfield County, CT	-676,365	-114,084	438,045	31,085	173,664	1,700,362
Fort Lauderdale, FL	-240,762	-12,446	-57,868	-367	57,561	1,218,406
Fort Myers/Naples. FL	180,249	240,061	73,169	-99,379	-2,237	449,903
Fort Worth, TX	-95,530	-50,842	-29,590	-25,874	-49,857	470,955
Frederkicksburg, VA	24,330	51,524	-10,177	-4,199	-79,103	98,488
Greensboro/Winston-Salem, NC	-133,432	-191,233	-7,139	-94,437	-55,705	326,929
Greenville, SC	-200,849	-70,662	394,331	70,900	21,990	287,859
Hampton Roads, VA	-120,997	210,955	52,122	-77,318	25,242	845,417
Hartford, CT	-284,154	-168,887	-15,527	-595,509	-4,129	412,593
Houston, TX	-1,106,760	-847,585	-776,779	72,647	-360,961	7,296,035
Indianapolis, IN	130,902	-200,791	270,429	1,905	96,894	1,312,059
Inland Empire CA	4,887	-83,205	-90,199	-31,324	27,464	724,637
Jacksonville, FL	-287,746	-161,772	-158,816	59,723	-166,835	830,868
Kansas City, MO	-273,614	-39,160	-813,710	-686,255	-401,739	1,931,736
Las Vegas, NV	-520,582	-129,013	8,086	-166,967	199,555	781,898
Long Island, NY	98,842	325,650	189,185	-380,733	-185,256	866,191
Los Angeles CBD	-278,750	-150,083	-86,781	-383,961	-11,798	965,346
Los Angeles Non-CBD	-1,707,408	-531,164	-45,936	243,677	69,916	6,988,610
Louisville, KY	-50,625	-143,041	-122,621	-191,341	55,580	709,315
Memphis, TN	123,288	-585,715	35,596	237,696	-69,883	678,889
Miami, FL	-64,306	236,569	184,845	180,181	71,375	1,898,057
Milwaukee, WI	-52,121	-159,726	30,586	33,029	-84,525	724,665
Minneapolis/St. Paul, MN	-446,036	-750,973	-334,368	-480,942	-257,826	2,387,092
Nashville, TN	-486,191	223,571	478,666	191,397	-404,711	1,327,546
New Haven, CT						

4,283,564	-358,221			-2,465,533		59,117,486
			Net Absorption	n		Leasing Activity**
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	2022p
New Jersey - Central	28,871	-110,341	-605,126	290,666	-292,660	2,675,535
New Jersey - Northern	-1,186,076	-310,185	939,996	550,129	-585,528	2,970,799
New Orleans, LA	-498,632	-12,950	217,716	136,932	-80,382	175,694
New York - Brooklyn	-339,533	45,456	354,499	-131,857	-29,531	651,928
New York - Downtown	-1,117,424	-1,331,704	-2,088,256	-353,815	-350,274	1,819,018
New York - Midtown	-4,038,414	-1,318,124	-2,798,309	-10,316	69,036	11,175,597
New York - Midtown South	-620,626	-834,032	-570,395	483,949	-1,030,384	2,881,615
Northern VA	-399,431	-272,324	-128,116	110,967	-60,885	3,754,982
Oakland/East Bay, CA*	-699,096	-10,989	-92,206	728,736	193,737	2,890,666
Omaha, NE	26,467	200,703	206,497	127,206	180,955	680,429
Orange County, CA	-519,050	68,477	497,232	-1,101,733	-990,970	3,913,158
Orlando, FL	-583,222	-45,600	26,432	-58,210	-11,080	1,243,601
Palm Beach, FL	71,802	273,630	109,594	-22,198	136,709	1,018,472
Philadelphia, PA	-24,307	-455,070	-1,003,809	751,397	-1,418,219	2,555,506
Phoenix, AZ	-1,065,642	-989,427	277,087	-111,351	-111,161	4,520,806
Pittsburgh, PA	-447,158	-218,688	-35,388	-565,786	-80,885	1,202,922
Portland, OR	-655,264	-327,368	103,091	-335,943	-769,161	1,136,467
Providence, RI	75,880	105,119	36,166	104,923	-159,357	236,497
Puget Sound - Eastside	-394,717	783,858	107,557	603,237	109,337	1,253,059
Raleigh/Durham, NC	143,443	-208,659	-245,013	-457,919	-385,932	2,034,409
Reno, NV	58,334	74,433	51,282	-40,076	3,646	300,728
Richmond, VA	29,062	193,112	78,852	-184,720	-185,587	693,183
Roanoke, VA	-161,905	-277,375	246,596	-36,783	-12,700	36,939
Rochester, NY	102,865	-357,043	263,968	121,135	-361,851	258,625
Sacramento, CA	-319,128	-53,306	-530,994	-274,211	-212,004	1,457,950
Salt Lake City, UT	-603,749	-654,616	92,496	-366,970	119,068	2,243,730
San Antonio, TX	127,168	377,555	103,836	-641,332	-107,496	1,201,317
San Diego, CA	434,657	431,740	391,606	186,766	940,231	4,974,548
San Francisco, CA	-2,124,305	-510,685	-78,271	-1,232,247	-654,156	3,766,799
San Francisco North Bay, CA	-62,816	-96,681	-38,717	-165,904	-43,804	520,664
San Jose, CA	-1,070,245	-533,202	2,730,679	1,266,333	848,442	11,091,025
San Juan, PR	n/a	n/a	n/a	n/a	n/a	n/a
San Mateo County, CA*	1,575,099	108,484	843,689	798,168	-742,326	2,945,002
Savannah, GA	4,061	11,640	4,500	-37,265	-3,605	7,791
Seattle, WA	-703,156	131,807	-164,673	-201,216	-287,220	2,105,411
Southern NH	83,450	14,536	80,474	-127,111	54,937	77,030
St. Louis, MO	-299,150	-24,426	12,491	-118,806	-179,173	1,295,406
St. Petersburg/Clearwater, FL	-85,378	-190,659	-131,164	-172,182	-53,027	256,861
Suburban MD	-197,856	495,308	88,968	220,374	82,550	1,414,875
Syracuse, NY	-51,694	-15,827	-19,099	39,321	-10,961	150,821
Tampa, FL	-583,830	-86,532	-7,620	-15,264	-139,807	1,852,341
Tucson, AZ	-92,026	55,046	119,421	321,147	-198,544	345,524
Tulsa, OK	-159,079	-158,050	-176,704	63,338	102,422	459,641
Washington, DC	-338,044	-91,024	278,182	334,348	165,285	3,392,478
Westchester County, NY	-123,140	-32,548	-65,403	-74,920	-190,928	550,626

## Vacancy Rates Q2 2022



			Overall			Direct
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p
United States	16.5%	16.8%	17.0%	17.2%	17.6%	15.3%
Northeast	16.8%	17.3%	17.7%	17.7%	18.4%	15.1%
Midwest	16.7%	17.1%	17.3%	17.9%	18.1%	16.4%
South	17.2%	17.4%	17.6%	17.6%	17.7%	16.2%
West	15.2%	15.6%	15.6%	16.0%	16.4%	13.9%

			Overall			Direct
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p
Atlanta, GA	22.9%	22.6%	22.9%	22.9%	22.3%	20.6%
Austin, TX	20.1%	19.9%	19.3%	20.4%	21.1%	16.9%
Baltimore, MD	13.3%	13.2%	13.5%	13.8%	13.7%	12.7%
Binghamton, NY	6.4%	6.6%	6.7%	6.7%	6.8%	6.8%
Birmingham, AL	18.6%	18.0%	18.0%	19.0%	18.9%	16.1%
Boise, ID	6.9%	6.9%	5.9%	6.9%	7.2%	5.6%
Boston, MA	11.8%	11.9%	11.7%	11.6%	12.2%	10.2%
Buffalo, NY	16.7%	16.0%	16.5%	16.0%	17.3%	15.4%
Charleston, SC	10.4%	10.6%	10.4%	8.4%	8.2%	7.2%
Charlotte, NC	16.0%	18.1%	17.8%	18.5%	18.3%	15.2%
Chicago, IL	20.3%	21.0%	21.3%	22.5%	22.9%	20.7%
Cincinnati, OH	19.7%	20.3%	21.3%	22.6%	22.5%	19.6%
Cleveland, OH	6.7%	6.8%	6.6%	6.9%	7.0%	6.6%
Colorado Springs, CO	10.0%	9.7%	9.3%	8.6%	8.8%	8.0%
Columbia	9.7%	10.5%	11.6%	9.3%	9.5%	8.1%
Columbus, OH	22.7%	23.1%	23.7%	23.2%	23.1%	20.9%
Dallas, TX	22.0%	22.1%	21.8%	21.7%	21.8%	20.6%
Denver, CO	19.3%	19.6%	19.7%	19.8%	20.6%	18.0%
Detroit, MI	14.8%	14.8%	15.2%	15.1%	15.2%	14.1%
El Paso, TX	9.3%	6.6%	6.2%	5.8%	2.6%	2.6%
Fairfield County, CT	31.5%	31.8%	30.6%	30.6%	31.1%	24.6%
Fort Lauderdale, FL	16.8%	16.9%	17.1%	16.9%	16.7%	14.8%
Fort Myers/Naples. FL	5.1%	4.5%	4.2%	4.6%	4.7%	3.3%
Fort Worth, TX	12.2%	12.5%	12.6%	12.8%	13.0%	12.1%
Fredericksburg, VA	9.1%	8.6%	8.2%	8.2%	8.9%	8.4%
Greensboro/Winston-Salem, NC	11.2%	11.1%	11.0%	9.6%	9.9%	9.1%
Greenville, SC	12.1%	12.0%	10.8%	9.2%	9.5%	7.6%
Hampton Roads, VA	9.1%	8.7%	8.6%	8.6%	8.4%	8.0%
Hartford, CT	20.1%	20.7%	21.3%	23.6%	23.6%	20.1%
Houston, TX	24.2%	24.9%	25.8%	25.8%	26.0%	24.3%
Indianapolis, IN	18.7%	19.3%	19.1%	19.0%	18.8%	17.3%
Inland Empire CA	7.2%	7.7%	8.1%	8.3%	8.1%	7.8%
Jacksonville, FL	19.2%	20.1%	20.8%	20.5%	21.3%	18.8%
Kansas City, MO	16.6%	16.9%	18.4%	19.7%	20.8%	17.1%
Las Vegas, NV	11.8%	12.1%	12.2%	12.6%	12.5%	11.7%
Long Island, NY	12.8%	11.9%	11.4%	12.5%	13.0%	10.7%
Los Angeles CBD	21.8%	22.4%	22.7%	24.1%	24.1%	23.0%
Los Angeles Non-CBD	18.7%	19.6%	19.9%	20.7%	21.1%	18.9%
Louisville, KY	15.2%	15.9%	16.5%	17.4%	17.1%	16.5%
Memphis, TN	14.7%	16.4%	16.8%	15.1%	15.2%	14.8%
Miami, FL	18.2%	17.8%	17.8%	17.6%	17.4%	16.5%
Milwaukee, WI	19.6%	20.5%	20.4%	20.7%	21.1%	21.1%
Minneapolis/St. Paul, MN	22.5%	23.5%	23.9%	24.8%	25.0%	21.7%
Nashville, TN	18.4%	18.6%	18.6%	18.2%	19.8%	15.6%
New Haven, CT	16.1%	17.2%	18.1%	18.9%	18.8%	18.1%
p = preliminary, *Includes R&D	10.170	17.270	10.170	10.370	10.070	13.170

13.070	10.076			10.470		13.370	
			Overall			Direct	
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p	
New Jersey - Central	18.6%	18.8%	19.5%	19.2%	19.6%	16.0%	П
New Jersey - Northern	21.3%	21.5%	20.7%	20.4%	20.9%	16.6%	
New Orleans, LA	11.9%	12.0%	11.3%	10.7%	11.0%	10.4%	
New York - Brooklyn	25.0%	24.9%	23.7%	24.1%	24.2%	21.7%	
New York - Downtown	16.0%	17.5%	20.7%	21.1%	21.6%	15.0%	
New York - Midtown	18.6%	19.1%	20.3%	20.6%	21.4%	16.8%	
New York - Midtown South	16.6%	18.2%	19.2%	19.2%	21.3%	16.8%	
Northern VA	18.4%	19.1%	19.4%	20.1%	20.2%	19.4%	
Oakland/East Bay, CA*	13.7%	13.7%	13.8%	13.6%	13.3%	10.9%	
Omaha, NE	16.5%	15.4%	14.2%	13.4%	12.5%	10.7%	
Orange County, CA	14.9%	15.0%	14.4%	15.6%	16.7%	14.9%	
Orlando, FL	12.8%	12.9%	13.3%	13.4%	13.8%	12.1%	
Palm Beach, FL	14.7%	13.5%	12.9%	12.9%	12.6%	11.4%	
Philadelphia, PA	14.6%	15.4%	16.1%	15.6%	16.6%	15.0%	
Phoenix, AZ	21.3%	22.7%	22.1%	22.1%	22.5%	18.5%	
Pittsburgh, PA	14.2%	15.1%	14.6%	13.4%	13.8%	12.7%	
Portland, OR	15.6%	16.3%	16.2%	16.9%	18.3%	16.4%	
Providence, RI	11.5%	11.7%	11.1%	13.0%	12.9%	11.0%	
Puget Sound - Eastside	9.7%	9.3%	9.0%	8.7%	8.4%	7.2%	
Raleigh/Durham, NC	12.8%	13.2%	14.9%	15.9%	16.8%	12.4%	
Reno, NV	11.8%	10.4%	10.2%	10.8%	10.5%	9.5%	
Richmond, VA	7.7%	7.0%	7.0%	7.4%	7.8%	6.5%	
Roanoke, VA	7.4%	9.4%	7.5%	8.1%	8.2%	5.9%	
Rochester, NY	15.2%	17.7%	15.9%	14.5%	12.2%	12.1%	
Sacramento, CA	12.6%	12.8%	13.5%	13.9%	14.2%	13.2%	
Salt Lake City, UT	13.4%	14.8%	15.5%	17.7%	18.1%	13.8%	
San Antonio, TX	13.9%	13.7%	13.4%	14.7%	15.1%	13.5%	
San Diego, CA	14.6%	14.3%	14.1%	13.9%	13.2%	12.3%	
San Francisco, CA	17.8%	18.7%	18.8%	21.0%	21.7%	15.9%	
San Francisco North Bay, CA	12.7%	13.2%	13.4%	13.9%	14.1%	13.0%	
San Jose, CA	13.8%	14.4%	14.0%	14.0%	13.9%	10.5%	
San Juan, PR	14.6%	14.5%	14.2%	13.4%	13.1%	13.1%	
San Mateo County, CA*	9.3%	9.2%	8.5%	7.5%	9.1%	7.1%	
Savannah, GA	9.6%	9.2%	8.7%	9.7%	9.8%	9.8%	
Seattle, WA	16.7%	17.2%	17.8%	18.1%	19.0%	16.5%	
Southern NH	9.6%	9.5%	9.1%	9.9%	10.2%	9.6%	
St. Louis, MO	15.4%	15.4%	15.4%	15.5%	15.9%	14.6%	
St. Petersburg/Clearwater, FL	11.8%	13.5%	14.6%	15.5%	16.0%	14.1%	
Suburban MD	19.8%	18.9%	18.8%	18.4%	18.8%	17.9%	
Syracuse, NY	12.9%	13.0%	13.1%	12.8%	13.0%	13.0%	
Tampa, FL	17.2%	18.4%	18.7%	18.7%	19.3%	16.3%	
Tucson, AZ	10.0%	10.0%	9.6%	8.6%	9.5%	8.4%	
Tulsa, OK	11.5%	11.7%	12.1%	12.1%	11.9%	10.6%	
Washington, DC	17.6%	17.9%	18.0%	17.7%	18.4%	17.8%	
Westchester County, NY	25.2%	25.4%	25.6%	25.8%	26.6%	24.4%	
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## Asking Rents Q2 2022



Overall (All Classes)						Class A
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p
United States	\$35.54	\$35.83	\$36.23	\$36.55	\$37.03	\$42.74
Northeast	\$43.86	\$44.06	\$44.74	\$45.62	\$46.19	\$51.48
Midwest	\$26.15	\$26.21	\$26.24	\$26.40	\$26.71	\$31.02
South	\$30.70	\$31.03	\$31.33	\$31.37	\$31.76	\$36.00
West	\$40.36	\$40.66	\$41.10	\$41.49	\$41.78	\$48.80

		Ov	erall (All Class	ses)		Class A
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p
Atlanta, GA	\$29.22	\$29.48	\$29.56	\$29.73	\$29.75	\$32.37
Austin, TX	\$45.08	\$45.03	\$45.22	\$45.37	\$50.91	\$59.34
Baltimore, MD	\$24.68	\$24.87	\$24.99	\$25.40	\$25.53	\$27.99
Binghamton, NY	\$12.99	\$12.89	\$13.71	\$13.71	\$13.71	\$13.71
Birmingham, AL	\$20.93	\$20.89	\$20.87	\$20.88	\$20.88	\$22.98
Boise, ID	\$20.98	\$21.38	\$21.51	\$21.54	\$22.42	\$24.26
Boston, MA	\$39.14	\$39.56	\$39.35	\$39.42	\$40.65	\$44.54
Buffalo, NY	\$17.70	\$17.70	\$17.70	\$17.70	\$17.70	\$23.60
Charleston, SC	\$29.70	\$30.83	\$30.74	\$29.44	\$28.21	\$31.56
Charlotte, NC	\$30.26	\$31.03	\$31.70	\$32.36	\$32.64	\$34.26
Chicago, IL	\$33.68	\$33.62	\$33.43	\$33.50	\$34.15	\$40.34
Cincinnati, OH	\$19.45	\$19.41	\$19.58	\$19.98	\$19.82	\$22.01
Cleveland, OH	\$19.00	\$19.14	\$19.23	\$19.14	\$19.37	\$21.48
Colorado Springs, CO	\$24.00	\$24.06	\$24.36	\$25.02	\$24.63	\$27.00
Columbia	\$19.07	\$19.32	\$19.07	\$19.42	\$19.08	\$21.53
Columbus, OH	\$20.94	\$20.81	\$20.75	\$21.04	\$21.05	\$23.43
Dallas, TX	\$27.58	\$27.58	\$28.49	\$28.52	\$28.84	\$33.36
Denver, CO	\$31.15	\$31.22	\$31.15	\$31.33	\$31.36	\$35.27
Detroit, MI	\$20.73	\$20.73	\$20.93	\$20.89	\$20.67	\$22.10
El Paso, TX	\$18.50	\$18.50	\$18.50	\$18.50	\$18.50	\$20.00
Fairfield County, CT	\$33.92	\$33.92	\$33.59	\$34.26	\$34.04	\$36.56
Fort Lauderdale, FL	\$36.26	\$35.77	\$36.23	\$36.31	\$36.72	\$40.72
Fort Myers/Naples. FL	\$19.00	\$19.27	\$19.65	\$20.69	\$20.46	\$18.81
Fort Worth, TX	\$24.07	\$23.94	\$23.49	\$23.80	\$23.79	\$27.11
Frederkicksburg, VA	\$23.92	\$24.03	\$23.98	\$24.13	\$24.53	\$26.35
Greensboro/Winston-Salem, NC	\$16.59	\$16.80	\$16.88	\$17.56	\$17.95	\$20.59
Greenville, SC	\$21.95	\$22.09	\$22.61	\$21.80	\$21.79	\$25.09
Hampton Roads, VA	\$20.23	\$20.31	\$20.48	\$20.74	\$20.78	\$21.99
Hartford, CT	\$20.31	\$20.36	\$20.50	\$20.48	\$20.61	\$22.59
Houston, TX	\$31.15	\$31.17	\$31.90	\$31.04	\$30.81	\$36.71
Indianapolis, IN	\$21.44	\$21.44	\$21.40	\$21.60	\$21.48	\$23.85
Inland Empire CA	\$25.11	\$25.48	\$26.13	\$26.12	\$26.12	\$30.81
Jacksonville, FL	\$22.14	\$22.20	\$22.10	\$22.34	\$22.64	\$24.27
Kansas City, MO	\$22.08	\$22.15	\$21.83	\$21.50	\$21.97	\$26.40
Las Vegas, NV	\$25.56	\$25.04	\$25.32	\$25.31	\$25.54	\$32.81
Long Island, NY	\$31.62	\$31.97	\$32.26	\$31.78	\$32.06	\$35.76
Los Angeles CBD	\$45.24	\$45.41	\$45.28	\$45.06	\$44.98	\$46.51
Los Angeles Non-CBD	\$44.64	\$44.76	\$44.89	\$44.46	\$44.35	\$48.19
Louisville, KY	\$18.23	\$18.28	\$18.22	\$18.32	\$18.61	\$20.50
Memphis, TN	\$18.74	\$18.95	\$18.87	\$19.05	\$19.37	\$23.63
Miami, FL	\$44.27	\$44.84	\$45.86	\$46.95	\$47.85	\$53.26
Milwaukee, WI	\$20.93	\$20.56	\$22.06	\$21.77	\$21.83	\$24.42
Minneapolis/St. Paul, MN	\$27.48	\$27.45	\$27.61	\$27.78	\$27.99	\$32.63
Nashville, TN	\$31.18	\$31.28	\$30.93	\$32.31	\$33.11	\$38.26
New Haven, CT	\$21.59	\$21.62	\$21.82	\$22.14	\$22.61	\$22.52
p = preliminary, *Includes R&D						

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		Ov	erall (All Class	ses)		Class A
U.S. Office Markets	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022p	Q2 2022p
New Jersey - Central	\$27.53	\$27.89	\$27.72	\$27.55	\$27.35	\$31.30
New Jersey - Northern	\$32.46	\$32.66	\$32.44	\$32.43	\$32.55	\$36.37
New Orleans, LA	\$18.68	\$18.88	\$18.89	\$19.16	\$19.11	\$19.51
New York - Brooklyn	\$51.32	\$51.24	\$51.64	\$52.01	\$53.03	\$57.40
New York - Downtown	\$60.01	\$60.04	\$57.89	\$57.32	\$56.80	\$60.54
New York - Midtown	\$74.38	\$74.12	\$74.22	\$75.92	\$76.84	\$83.52
New York - Midtown South	\$69.70	\$68.94	\$70.71	\$71.67	\$71.69	\$90.12
Northern VA	\$33.71	\$33.92	\$33.91	\$33.95	\$34.04	\$36.32
Oakland/East Bay, CA*	\$42.16	\$42.02	\$43.32	\$44.56	\$44.20	\$48.55
Omaha, NE	\$23.40	\$24.56	\$24.84	\$25.48	\$26.21	\$31.79
Orange County, CA	\$35.16	\$35.18	\$35.12	\$34.72	\$34.06	\$37.34
Orlando, FL	\$25.10	\$25.48	\$25.64	\$25.72	\$25.69	\$28.21
Palm Beach, FL	\$38.84	\$40.98	\$43.25	\$41.34	\$42.67	\$51.77
Philadelphia, PA	\$27.79	\$28.17	\$28.49	\$28.69	\$28.53	\$30.85
Phoenix, AZ	\$27.70	\$27.14	\$27.28	\$27.36	\$27.73	\$34.02
Pittsburgh, PA	\$20.21	\$20.16	\$20.50	\$24.55	\$24.77	\$27.06
Portland, OR	\$29.11	\$29.51	\$29.63	\$29.29	\$29.72	\$33.53
Providence, RI	\$19.74	\$19.75	\$20.06	\$19.70	\$19.77	\$31.46
Puget Sound - Eastside	\$38.63	\$39.37	\$41.54	\$41.45	\$42.39	\$49.64
Raleigh/Durham, NC	\$29.25	\$29.63	\$29.76	\$30.32	\$30.56	\$32.04
Reno, NV	\$21.48	\$21.96	\$22.32	\$22.44	\$22.80	\$29.16
Richmond, VA	\$20.94	\$20.20	\$20.10	\$20.13	\$20.07	\$22.28
Roanoke, VA	\$20.40	\$20.46	\$20.47	\$20.03	\$19.91	\$24.51
Rochester, NY	\$18.00	\$18.00	\$18.00	\$16.00	\$16.00	\$22.00
Sacramento, CA	\$25.50	\$25.05	\$24.45	\$25.05	\$25.32	\$31.77
Salt Lake City, UT	\$24.31	\$24.43	\$24.68	\$26.46	\$25.68	\$30.07
San Antonio, TX	\$23.96	\$23.91	\$23.89	\$24.34	\$24.37	\$28.95
San Diego, CA	\$40.62	\$40.60	\$41.86	\$41.72	\$42.16	\$48.26
San Francisco, CA	\$75.89	\$75.35	\$75.38	\$77.07	\$75.65	\$80.21
San Francisco North Bay, CA	\$34.27	\$34.21	\$34.33	\$34.35	\$33.51	\$38.78
San Jose, CA	\$48.41	\$50.02	\$50.47	\$51.26	\$51.53	\$66.60
San Juan, PR	\$20.18	\$20.12	\$20.12	\$19.97	\$19.99	\$20.08
San Mateo County, CA*	\$72.46	\$71.99	\$77.68	\$76.82	\$78.97	\$86.81
Savannah, GA	\$22.13	\$22.13	\$22.13	\$22.32	\$22.24	\$24.71
Seattle, WA	\$39.84	\$39.77	\$41.56	\$42.44	\$47.60	\$54.24
Southern NH	\$21.53	\$21.42	\$21.24	\$21.46	\$21.87	\$22.41
St. Louis, MO	\$22.03	\$22.25	\$22.36	\$22.15	\$22.20	\$24.37
St. Petersburg/Clearwater, FL	\$23.48	\$24.50	\$24.70	\$25.87	\$25.95	\$27.43
Suburban MD	\$28.79	\$28.98	\$28.95	\$29.20	\$29.02	\$32.39
Syracuse, NY	\$17.89	\$17.24	\$17.42	\$17.42	\$17.41	\$17.83
Tampa, FL	\$30.39	\$32.14	\$31.65	\$31.53	\$30.87	\$33.82
Tucson, AZ	\$21.46	\$21.62	\$21.60	\$21.80	\$22.22	\$24.85
Tulsa, OK	\$16.01	\$16.22	\$16.23	\$16.32	\$16.60	\$20.29
Washington, DC	\$56.56	\$56.88	\$56.64	\$56.16	\$55.82	\$62.52
Westchester County, NY	\$29.21	\$29.65	\$29.77	\$29.95	\$30.11	\$30.98
	7-5.21	4-5.00	Y-2.77	<del>+-0.00</del>	400111	+00.00

Inventory Q2 2022



U.S. Office Markets	Inventory	Deliveries YTD 2022	Under Construction as of Q2 2022p
United States	5,552,767,866	28,156,133	93,824,359
Northeast	1,296,699,184	7,716,919	21,372,191
Midwest	852,252,967	3,298,377	9,310,610
South	1,863,009,988	8,469,565	34,279,803
West	1,540,805,727	8,671,272	28,861,755

U.S. Office Markets	Inventory	Deliveries YTD 2022	Under Construction as of Q2 2022p	
Atlanta, GA	154,187,967	294,000	3,851,664	
Austin, TX	61,281,917	1,400,773	5,855,307	
Baltimore, MD	78,284,057	183,000	1,090,522	
Binghamton, NY	4,262,170	0	0	
Birmingham, AL	19,068,128	0	0	
Boise, ID	16,611,979	21,050	331,095	
Boston, MA	202,305,440	2,139,494	3,699,022	
Buffalo, NY	22,987,055	0	0	
Charleston, SC	20,872,283	124,028	401,687	
Charlotte, NC	56,686,099	73,000	3,633,891	
Chicago, IL	242,704,033	2,106,811	2,063,546	
Cincinnati, OH	34,021,025	173,576	518,900	
Cleveland, OH	156,173,683	0	3,063,038	
Colorado Springs, CO	30,010,164	16,061	143,498	
Columbia	22,368,806	0	91,492	
Columbus, OH	35,070,235	134,311	1,127,663	
Dallas, TX	227,037,903	1,024,022	4,752,609	
Denver, CO	120,888,579	238,811	1,857,730	
Detroit, MI	110,402,730	74,371	855,037	
El Paso, TX	19,973,139	29,207	232,614	
Fairfield County, CT	39,106,408	914,137	0	
Fort Lauderdale, FL	26,226,268	0	277,000	
Fort Myers/Naples. FL	21,824,751	31,727	131,981	
Fort Worth, TX	19,495,248	0	359,994	
Frederkicksburg, VA	10,596,990	0	0	
Greensboro/Winston-Salem, NC	35,554,024	49,900	100,000	
Greenville, SC	22,720,163	148,000	750,487	
Hampton Roads, VA	45,291,892	33,153	53,524	
Hartford, CT	24,955,190	0	0	
Houston, TX	189,413,052	517,189	701,923	
Indianapolis, IN	38,954,688	0	111,881	
Inland Empire CA	21,435,609	0	0	
Jacksonville, FL	21,765,785	0	0	
Kansas City, MO	53,612,972	260,000	339,107	
Las Vegas, NV	40,774,584	152,968	636,219	
Long Island, NY	36,837,710	0	0	
Los Angeles CBD	27,750,804	0	0	
Los Angeles Non-CBD	183,972,504	1,313,180	3,978,708	
Louisville, KY	20,752,068	0	136,203	
Memphis, TN	26,820,650	75,000	103,442	
Miami, FL	39,931,182	224,041	919,485	
Milwaukee, WI	30,196,588	0	186,000	
Minneapolis/St. Paul, MN	80,026,198	542,308	340,000	
Nashville, TN	47,766,313	473,522	2,823,357	
New Haven, CT	10,594,660	0	0	

	0,071,272		20,001,700
U.S. Office Markets	Inventory	Deliveries YTD 2022	Under Construction as of Q2 2022p
New Jersey - Central	83,565,436	0	0
New Jersey - Northern	110,040,840	181,763	180,000
New Orleans, LA	26,243,084	0	,
New York - Brooklyn	29,315,193	0	1,305,591
New York - Downtown	88,803,338	0	48,077
New York - Midtown	255,082,263	3,548,894	7,877,705
New York - Midtown South	68,018,933	563,631	5,372,147
Northern VA	134,949,951	1,422,237	740,272
Oakland/East Bay, CA*	109,304,339	220,710	1,003,115
Omaha, NE	20,217,437	7,000	105,438
Orange County, CA	92,144,339	0	604,378
Orlando, FL	35,857,854	0	826,310
Palm Beach, FL	22,656,935	83,462	485,000
Philadelphia, PA	135,572,830	0	767,000
Phoenix, AZ	90,881,189	287,000	959,486
Pittsburgh, PA	94,393,236	265,000	1,732,649
Portland, OR	57,772,258	0	617,859
Providence, RI	23,631,926	0	0
Puget Sound - Eastside	37,125,183	565,293	3,503,048
Raleigh/Durham, NC	60,559,449	368,154	2,005,436
Reno, NV	8,293,785	0	0
Richmond, VA	54,442,502	65,819	303,000
Roanoke, VA	11,249,236	21,150	0
Rochester, NY	14,493,162	0	0
Sacramento, CA	68,309,787	0	32,678
Salt Lake City, UT	58,564,819	1,511,661	606,214
San Antonio, TX	49,378,531	314,160	1,252,982
San Diego, CA	83,484,956	599,280	4,900,365
San Francisco, CA	86,138,540	637,900	445,409
San Francisco North Bay, CA	20,489,579	0	0
San Jose, CA	226,054,135	2,208,944	3,604,408
San Juan, PR	10,312,067	0	0
San Mateo County, CA*	63,375,228	506,414	3,364,249
Savannah, GA	3,951,242	28,000	0
Seattle, WA	68,837,183	347,000	2,104,417
Southern NH	15,621,389	104,000	194,000
St. Louis, MO	50,873,378	0	600,000
St. Petersburg/Clearwater, FL	10,940,889	0	0
Suburban MD	61,054,756	344,980	1,132,000
Syracuse, NY	14,055,899	0	196,000
Tampa, FL	31,077,579	0	75,000
Tucson, AZ	28,586,184	45,000	168,879
Tulsa, OK	49,351,058	109,338	340,634
Washington, DC	113,066,170	1,031,703	851,987
Westchester County, NY	23,056,106	0	0



#### Methodology

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. Generally, owner-occupied and federally-owned buildings are not included. Single tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

#### **Explanation of Terms**

**Total Inventory:** The total amount of office space (in buildings of a predetermined size by market) that can be rented by a third party.

**Overall Vacancy Rate:** The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory.

**Direct Vacancy Rate**: The amount of unoccupied space available directly through the landlord, excludes sublease space.

**Absorption:** The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)

Leasing Activity: The sum of all leases over a period of time. This includes pre-leasing activity as well as expansions. It does not include renewals.

**Overall Weighted Asking Rents:** Gross average asking rents weighted by the amount of available direct and sublease space in Class A, B and C properties.

Class A Asking Rents: Gross average asking rents weighted by the amount of available Class A direct and sublease space.



#### **About Cushman & Wakefield**

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