

U.S. Office Vacancy Index

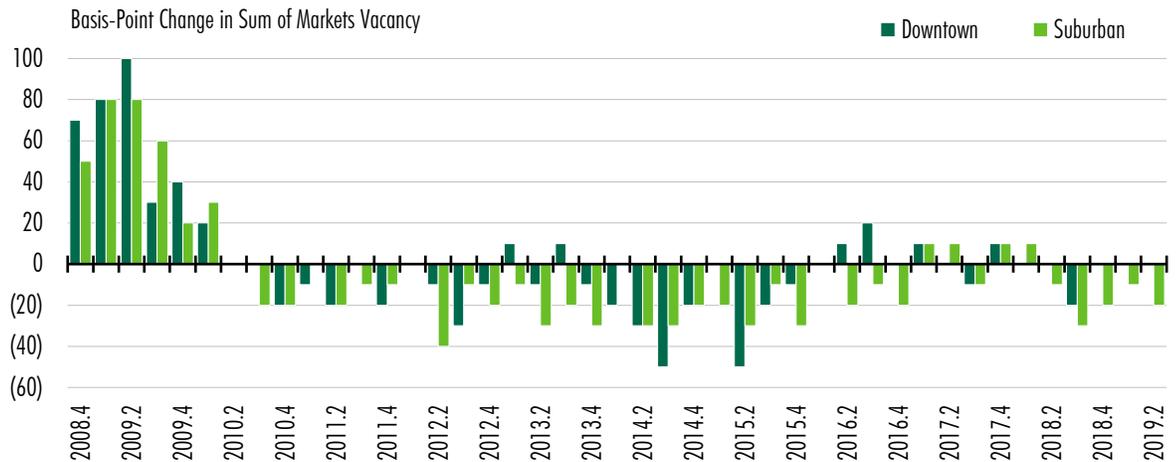
July 8, 2019

OFFICE VACANCY DECREASED IN Q2 2019

Preliminary quarterly data show the vacancy rate for CBRE EA’s Office Sum of Markets to have decreased during Q2 2019—by 10 bps, to 12.2%—with the rate for suburban submarkets decreasing and the downtown rate going unchanged. Overall, the Sum of Markets registered a very healthy 60-bps drop for the past four quarters as the office sector regained momentum. The strong annual decline is even more notable given the large volume of new supply delivered in the past year and the more efficient use of office space by tenants. During the quarter, vacancy continued to fall in most U.S. office markets (40 of 63), while rising in 19 and remaining unchanged in four. Suburban vacancy was down 20 bps to 13.2% and downtown flat at 10.4%.

The largest quarterly declines in vacancy were recorded in Trenton (-170 bps), San Jose (-100 bps), Tucson (-100 bps), and Louisville (-90 bps). Las Vegas, Miami, Austin, Norfolk, Fort Lauderdale, Albany, Albuquerque, Boston, Charlotte and Honolulu each declined by 40 bps or more. Over the past four quarters, we have observed tightening vacancy in a wide range of market sizes, predominately in the Sunbelt—including Austin, Albuquerque, San Jose, Sacramento, San Antonio, Newark, Charlotte, Las Vegas, Houston, Fort Lauderdale, Trenton, Denver, Toledo, San Francisco and Wilmington, DE. Tech and research markets continued to record the nation’s lowest vacancy rates, including San Francisco (5.1%), Seattle (6.9%), Austin (7.3%), Raleigh (7.9%), Boston (8.5) and New York (9.0%).

Suburban Vacancy Dropped 20 bps; Downtown Stayed Flat



Source: CBRE Econometric Advisors, Q2 2019.

Among the markets that recorded vacancy rate increases, Oklahoma City, Indianapolis and St. Louis recorded the largest (more than 60 bps), due to new supply and renovations coming online this quarter. Portland, Atlanta, Salt Lake City and Wilmington, DE reported rate increases of 40 bps or more. The nation’s highest vacancy rates were registered in Houston (21.3%), Minneapolis (18.5%), Dallas (18.4%), Albuquerque (18.4%), Fort Worth (17.3%), Hartford (16.9%) and Newark (15.9%). Among those, Houston,

Dallas, Albuquerque, Fort Worth, Hartford and Newark maintained high rates while recording vacancy rate declines versus a year earlier. Year over year, vacancy rates rose in 15 markets—including Jacksonville, Oklahoma City, Indianapolis, Nashville, Tulsa, Portland, Miami, St. Louis, Minneapolis, Pittsburgh, Milwaukee, Tampa, Raleigh, Philadelphia and Kansas City.

Vacancy Rate – Metropolitan Markets

METROPOLITAN MARKETS	Q2 2019 (%)	Q1 2019 (%)	Q2 2018 (%)	Quarterly Difference	Year-Ago Difference
Sum of Markets	12.2	12.3	12.8	-0.1	-0.6
Albany*	4.3	4.8	5.4	-0.5	-1.1
Albuquerque	18.4	18.9	20.6	-0.5	-2.2
Atlanta	14.8	14.4	14.9	0.4	-0.1
Austin	7.3	8.1	9.7	-0.8	-2.4
Baltimore	13.0	13.1	13.0	-0.1	0.0
Boston	8.5	8.9	9.4	-0.4	-0.9
Chicago	13.9	13.8	14.4	0.1	-0.5
Charlotte	9.1	9.5	11.0	-0.4	-1.9
Cincinnati	12.8	12.7	13.7	0.1	-0.9
Cleveland	10.4	10.2	11.5	0.2	-1.1
Columbus	11.6	11.9	11.6	-0.3	0.0
Dallas	18.4	18.7	19.0	-0.3	-0.6
Denver	11.4	11.3	12.7	0.1	-1.3
Detroit	13.1	13.2	14.0	-0.1	-0.9
Fort Lauderdale	10.3	10.9	11.8	-0.6	-1.5
Fort Worth	17.3	17.5	18.1	-0.2	-0.8
Hartford	16.9	17.1	17.2	-0.2	-0.3
Honolulu	10.0	10.4	10.6	-0.4	-0.6
Houston	21.3	21.4	22.9	-0.1	-1.6
Indianapolis	13.3	12.7	12.4	0.6	0.9
Jacksonville	13.9	14.0	12.7	-0.1	1.2
Kansas City	10.2	10.2	10.1	0.0	0.1
Los Angeles	12.5	12.7	13.6	-0.2	-1.1
Long Island	6.9	7.2	7.7	-0.3	-0.8
Louisville*	7.1	8.0	7.5	-0.9	-0.4
Las Vegas	14.0	14.8	15.6	-0.8	-1.6
Memphis*	13.4	13.6	14.3	-0.2	-0.9
Miami	12.0	12.8	11.3	-0.8	0.7
Milwaukee*	15.5	15.6	15.3	-0.1	0.2
Minneapolis	18.5	18.1	18.0	0.4	0.5
Nashville	10.7	10.6	9.8	0.1	0.9
Newark	15.9	16.0	17.9	-0.1	-2.0
New York	9.0	9.1	9.1	-0.1	-0.1
Norfolk*	9.5	10.2	9.7	-0.7	-0.2
Oakland	10.8	10.7	11.2	0.1	-0.4
Oklahoma City*	11.8	11.1	10.6	0.7	1.2
Orange County	12.5	12.7	12.7	-0.2	-0.2
Orlando	8.1	8.1	8.4	0.0	-0.3
Ventura	13.5	14.1	16.5	-0.6	-3.0
Philadelphia	10.4	10.5	10.3	-0.1	0.1
Phoenix	13.9	14.2	13.9	-0.3	0.0
Pittsburgh*	11.7	11.6	11.2	0.1	0.5
Portland	11.9	11.4	11.2	0.5	0.7
Raleigh*	7.9	7.6	7.8	0.3	0.1
Richmond*	7.9	8.3	8.2	-0.4	-0.3
Riverside	8.9	8.9	10.0	0.0	-1.1
Sacramento	12.4	12.3	14.5	0.1	-2.1

Salt Lake City	9.7	9.3	10.2	0.4	-0.5
San Antonio*	14.5	14.7	16.5	-0.2	-2.0
San Diego	11.6	11.6	12.0	0.0	-0.4
Seattle	6.9	7.1	7.6	-0.2	-0.7
San Francisco	5.1	5.2	6.3	-0.1	-1.2
San Jose	9.1	10.1	11.2	-1.0	-2.1
St. Louis	13.6	13.0	13.0	0.6	0.6
Stamford	12.1	11.9	12.6	0.2	-0.5
Tampa	10.0	9.8	9.8	0.2	0.2
Toledo*	4.7	5.0	5.9	-0.3	-1.2
Trenton	12.6	14.3	14.0	-1.7	-1.4
Tucson	10.7	11.7	11.2	-1.0	-0.5
Tulsa*	15.9	16.0	15.2	-0.1	0.7
Washington, DC	14.2	14.5	15.0	-0.3	-0.8
West Palm Beach	9.9	10.2	10.5	-0.3	-0.6
Wilmington, DE	12.7	12.3	14.5	0.4	-1.8

* Not Included in Sum of Markets Calculation

Source: CBRE Econometric Advisors, Q2 2019.

Vacancy Rate – Downtown Markets

DOWNTOWN MARKETS	Q2 2019 (%)	Q1 2019 (%)	Q2 2018 (%)	Quarterly Difference	Year-Ago Difference
Sum of Markets	10.4	10.4	10.6	0.0	-0.2
Albany*	3.9	4.5	4.6	-0.6	-0.7
Albuquerque	22.8	24.4	25.6	-1.6	-2.8
Atlanta	11.8	11.3	12.8	0.5	-1.0
Austin	6.4	5.9	9.4	0.5	-3.0
Baltimore	16.7	16.1	15.4	0.6	1.3
Boston	4.5	5.1	5.9	-0.6	-1.4
Chicago	10.3	10.4	11.0	-0.1	-0.7
Charlotte	7.4	8.0	8.6	-0.6	-1.2
Cincinnati	7.7	7.4	8.6	0.3	-0.9
Cleveland	11.9	11.1	12.1	0.8	-0.2
Columbus	11.1	11.1	10.5	0.0	0.6
Dallas	23.4	23.1	24.5	0.3	-1.1
Denver	12.7	12.1	13.6	0.6	-0.9
Detroit	9.5	9.4	9.7	0.1	-0.2
Fort Lauderdale	13.4	14.0	12.9	-0.6	0.5
Fort Worth	17.3	17.1	14.7	0.2	2.6
Hartford	16.0	16.4	16.6	-0.4	-0.6
Honolulu	10.2	10.9	10.2	-0.7	0.0
Houston	22.0	22.0	22.2	0.0	-0.2
Indianapolis	12.8	12.1	12.3	0.7	0.5
Jacksonville	12.1	12.0	11.6	0.1	0.5
Kansas City	11.3	11.4	13.0	-0.1	-1.7
Los Angeles	15.0	15.7	15.4	-0.7	-0.4
Louisville*	6.3	6.8	7.0	-0.5	-0.7
Las Vegas	19.5	21.2	17.0	-1.7	2.5
Memphis*	14.4	13.3	14.8	1.1	-0.4
Miami	15.7	17.5	16.0	-1.8	-0.3

Milwaukee*	15.4	15.4	15.4	0.0	0.0
Minneapolis	21.7	21.3	21.3	0.4	0.4
Nashville	7.6	8.7	9.4	-1.1	-1.8
Manhattan - Downtown	9.6	9.8	9.8	-0.2	-0.2
Manhattan - Midtown	7.6	7.7	7.3	-0.1	0.3
Manhattan - Midtown South	6.3	5.9	5.7	0.4	0.6
Norfolk*	12.4	12.4	10.4	0.0	2.0
Oakland	10.4	10.5	9.2	-0.1	1.2
Oklahoma City*	16.4	12.5	11.5	3.9	4.9
Orlando	9.4	8.8	8.8	0.6	0.6
Philadelphia	7.7	7.9	8.3	-0.2	-0.6
Phoenix	19.0	19.8	20.1	-0.8	-1.1
Pittsburgh*	12.7	13.1	12.8	-0.4	-0.1
Portland	13.1	12.0	11.0	1.1	2.1
Raleigh*	3.2	2.9	7.0	0.3	-3.8
Richmond*	7.7	7.7	9.0	0.0	-1.3
Sacramento	13.1	13.0	16.0	0.1	-2.9
Salt Lake City	12.0	12.1	11.8	-0.1	0.2
San Antonio	9.5	8.9	11.5	0.6	-2.0
San Diego	12.6	12.3	11.2	0.3	1.4
Seattle	5.2	5.5	6.1	-0.3	-0.9
San Francisco	3.3	3.3	4.8	0.0	-1.5
San Jose	11.3	11.3	13.6	0.0	-2.3
St. Louis	24.3	22.9	23.7	1.4	0.6
Tampa	6.0	5.7	7.9	0.3	-1.9
Toledo	4.1	4.9	4.8	-0.8	-0.7
Tucson	15.8	14.4	11.5	1.4	4.3
Tulsa*	12.5	11.5	11.0	1.0	1.5
Washington, DC	11.3	10.8	10.9	0.5	0.4
Wilmington, DE	15.8	16.3	15.1	-0.5	0.7

* Not Included in Sum of Markets Calculation

Source: CBRE Econometric Advisors, Q2 2019.

Vacancy Rate – Suburban Markets

SUBURBAN MARKETS	Q2 2019 (%)	Q1 2019 (%)	Q2 2018 (%)	Quarterly Difference	Year-Ago Difference
Sum of Markets	13.2	13.4	14.0	-0.2	-0.8
Albany*	5.1	5.5	6.9	-0.4	-1.8
Albuquerque	17.3	17.5	19.3	-0.2	-2.0
Atlanta	15.7	15.4	15.5	0.3	0.2
Austin	7.5	8.7	9.7	-1.2	-2.2
Baltimore	12.3	12.5	12.5	-0.2	-0.2
Boston	10.6	11.0	11.3	-0.4	-0.7
Chicago	18.5	18.3	18.8	0.2	-0.3
Charlotte	10.0	10.3	12.4	-0.3	-2.4
Cincinnati	15.8	15.7	16.6	0.1	-0.8
Cleveland	9.7	9.8	11.2	-0.1	-1.5

Columbus	11.8	12.2	12.1	-0.4	-0.3
Dallas	17.4	17.9	18.0	-0.5	-0.6
Denver	11.0	11.0	12.4	0.0	-1.4
Detroit	13.8	14.0	14.9	-0.2	-1.1
Fort Lauderdale	9.4	10.1	11.4	-0.7	-2.0
Fort Worth	17.3	17.7	19.4	-0.4	-2.1
Hartford	17.3	17.4	17.4	-0.1	-0.1
Honolulu	9.7	9.9	11.0	-0.2	-1.3
Houston	21.0	21.2	23.1	-0.2	-2.1
Indianapolis	13.5	13.1	12.5	0.4	1.0
Jacksonville	14.8	15.0	13.4	-0.2	1.4
Kansas City	9.8	9.8	9.2	0.0	0.6
Los Angeles	11.9	12.0	13.2	-0.1	-1.3
Long Island	6.9	7.2	7.7	-0.3	-0.8
Louisville*	7.2	8.1	7.5	-0.9	-0.3
Las Vegas	13.6	14.4	15.5	-0.8	-1.9
Memphis*	13.1	13.7	14.1	-0.6	-1.0
Miami	10.3	10.6	9.0	-0.3	1.3
Milwaukee	15.5	15.7	15.3	-0.2	0.2
Minneapolis	15.6	15.3	15.1	0.3	0.5
Nashville	11.5	11.2	10.0	0.3	1.5
Newark	15.9	16.0	17.9	-0.1	-2.0
Bergen-Passaic	12.5	12.5	13.9	0.0	-1.4
Jersey City	15.7	15.8	16.9	-0.1	-1.2
Middlesex	15.2	15.9	16.3	-0.7	-1.1
Monmouth	17.9	18.0	19.0	-0.1	-1.1
Westchester County	14.1	14.1	16.8	0.0	-2.7
Norfolk*	9.1	9.9	9.5	-0.8	-0.4
Oakland	11.0	10.8	11.7	0.2	-0.7
Oklahoma City*	10.4	10.7	10.3	-0.3	0.1
Orange County	12.5	12.7	12.7	-0.2	-0.2
Orlando	7.8	7.9	8.2	-0.1	-0.4
Ventura	13.5	14.1	16.5	-0.6	-3.0
Philadelphia	11.7	11.7	11.2	0.0	0.5
Phoenix	12.8	12.9	12.5	-0.1	0.3
Pittsburgh*	10.7	10.2	9.8	0.5	0.9
Portland	11.3	11.0	11.3	0.3	0.0
Raleigh	8.3	8.1	7.8	0.2	0.5
Richmond*	8.0	8.6	7.7	-0.6	0.3
Riverside	8.9	8.9	10.0	0.0	-1.1
Sacramento	12.2	12.1	14.2	0.1	-2.0
Salt Lake City	8.7	8.0	9.4	0.7	-0.7
San Antonio*	15.6	15.9	17.5	-0.3	-1.9
San Diego	11.4	11.5	12.1	-0.1	-0.7
Seattle	8.9	9.0	9.5	-0.1	-0.6
San Francisco	7.0	7.2	7.8	-0.2	-0.8
San Jose	8.8	10.0	10.9	-1.2	-2.1
St. Louis	9.1	8.7	8.5	0.4	0.6
Stamford	12.1	11.9	12.6	0.2	-0.5
Tampa	10.8	10.6	10.2	0.2	0.6
Toledo*	5.0	5.2	6.7	-0.2	-1.7
Trenton	12.6	14.3	14.0	-1.7	-1.4
Tucson	10.2	11.5	11.1	-1.3	-0.9

Tulsa*	18.4	19.3	18.4	-0.9	0.0
Washington, DC	15.9	16.5	17.3	-0.6	-1.4
West Palm Beach	9.9	10.2	10.5	-0.3	-0.6
Wilmington, DE	10.1	8.8	13.9	1.3	-3.8

* Not Included in Sum of Market Calculation

Source: CBRE Econometric Advisors, Q2 2019.

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