1Q25

United States Office Leasing House View

Market Observations

- **Labor Markets:** Since February 2020, new office-using jobs have generated an estimated 344.6 million SF of office demand—partially offsetting the impact of hybrid work. Still, sustained job growth remains essential to a full recovery in office markets. While office-using employment continues to expand, it has trailed overall employment growth since 2023, largely due to underperformance in the tech sector. Among the top 50 office markets, 34 recorded gains in office-using employment over the past six months, with 23 of those markets posting faster growth than in the prior six-month period.

- **Hybrid Work Transition:** Slower job growth increases office markets' exposure to demand shifts driven by hybrid work. Newmark estimates that 49% of pre-pandemic leases remain unrenewed, including 1.4 billion SF scheduled for renewal between 2025 and 2027. Average lease sizes have also declined by 11.6% from pre-pandemic levels, signaling potential ongoing reductions in demand. However, Newmark's tenants-in-the-market data shows that 67% of tenants plan to either maintain or expand their footprints at renewal. As a result, the outlook is less dire and points to a gradual recovery.

- **National Trends**: Although momentum appeared to shift in the fourth quarter of 2024—when occupancy improved after 18 consecutive quarters of net losses—occupancy declined by 729,411 SF in the first quarter of 2025, though this represents just 0.01% of national inventory. Leasing activity rose in more than half of tracked markets, with national leasing reaching 1.2% of inventory, slightly above the prior year's quarterly average of 1.1%. National vacancy remained relatively stable quarter-over-quarter and rose only 30 basis points year-over-year to 20.4%. The construction pipeline contracted to 30.9 million SF, down more than 20.0 million SF from the first quarter of 2024. As availability tightens, especially in the trophy segment, rent growth is expected to emerge first in that tier and potentially extend to the next level of building quality and location.

- **Regional Trends**: The Central and East regions were the only areas to post occupancy gains in the first quarter of 2025, led by Chicago (+1.2 MSF), New York City (+820,921 SF) and Northern New Jersey (+655,647 SF). In contrast, the South and West recorded a combined net loss of 3.5 MSF during the quarter. As leasing activity continues to rise—especially in higher-tier properties—net absorption is expected to strengthen across regions and market sizes in the quarters ahead. The South accounts for 40% of the under-construction inventory, much of which is scheduled for delivery by year-end 2025.

- **Rent Trends:** Asking rents rose 1.0% year-over-year in the first quarter of 2025, with stronger gains seen in secondary and tertiary markets (+3.6%) and the South (+3.0%). However, elevated concessions continue to pressure effective rents, with tenant improvement (TI) allowances now averaging 61.1% above pre-pandemic levels across leading office markets. One reading of flat nominal rents is that part of the market reset has been absorbed through inflation—producer price index (PPI)-adjusted office rents are down 16.3% since the first quarter of 2020.

- **Class Conundrum:** Class performance continues to show more nuance than the typical flight-to-quality narrative suggests. In CBD markets, higher-quality product has led performance since early 2020. While availability rates for Class A and Class B space are comparable overall, post-2019 Class A developments stand out with notably lower availability. Since early 2020, Class B asking rents have risen meaningfully, while Class A rents have declined—with rents for post-2019 deliveries landing between the two. Outside CBDs, properties have generally outperformed their urban counterparts. Notably, Class B suburban assets now exhibit lower availability than Class A properties in both CBD and non-CBD locations. Availability for Class B space matches that of new CBD construction and is well below new non-CBD product.

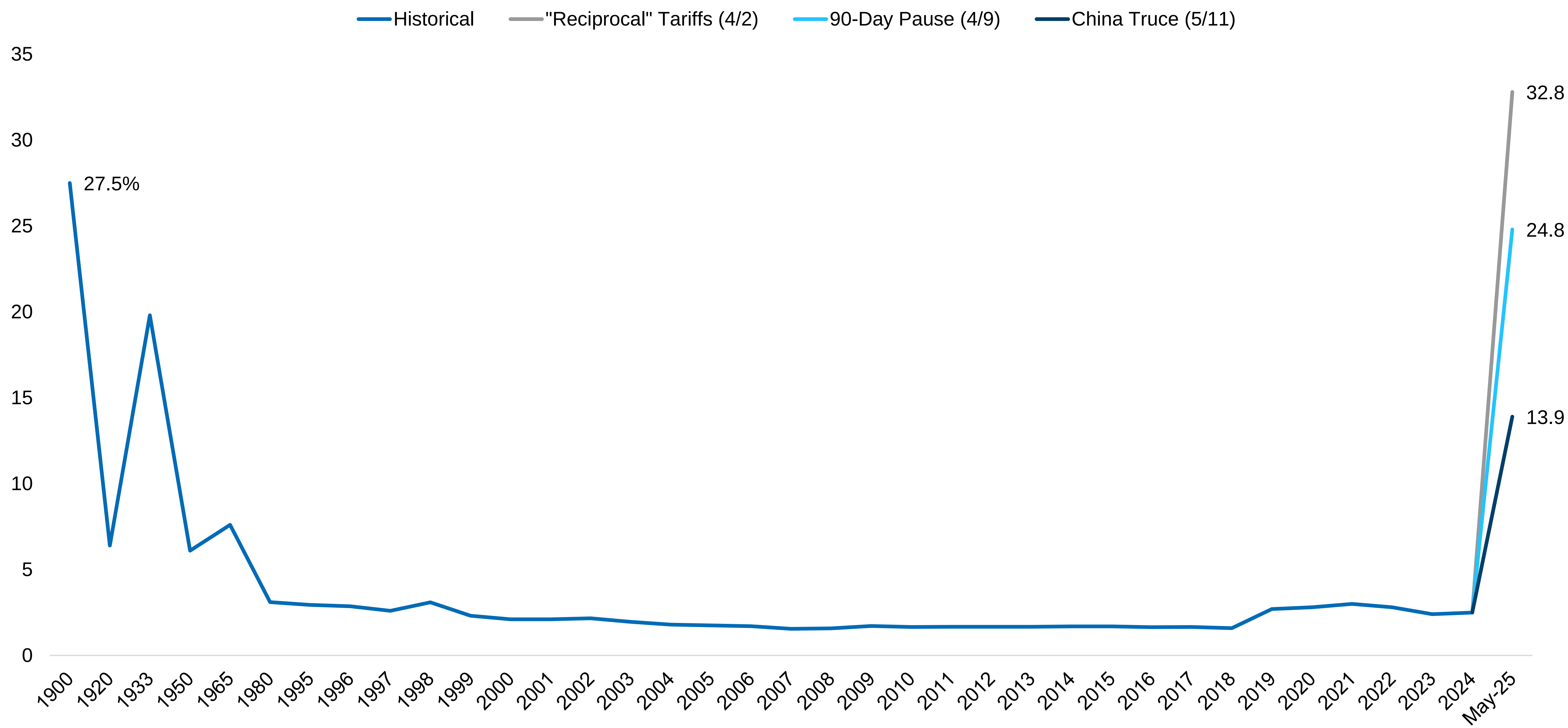
1Q25 UNITED STATES OFFICE LEASING HOUSE VIEW

Tariff Impacts on Office Outlook

The Average Tariff Rate Is at Its Highest Level Since the Early 1900s

The rapidly changing and expanding nature of U.S. tariff implementation year-to-date has created a prevailing miasma of uncertainty across the global economy. Excluding the raft of "reciprocal" tariffs proposed on April 2 and paused for 90 days on April 9, the weighted average tariff rate is currently near 14%, up from the low single-digits at the start of the year.

Weighted Average Tariff % Rate on U.S. Imports, Select Years

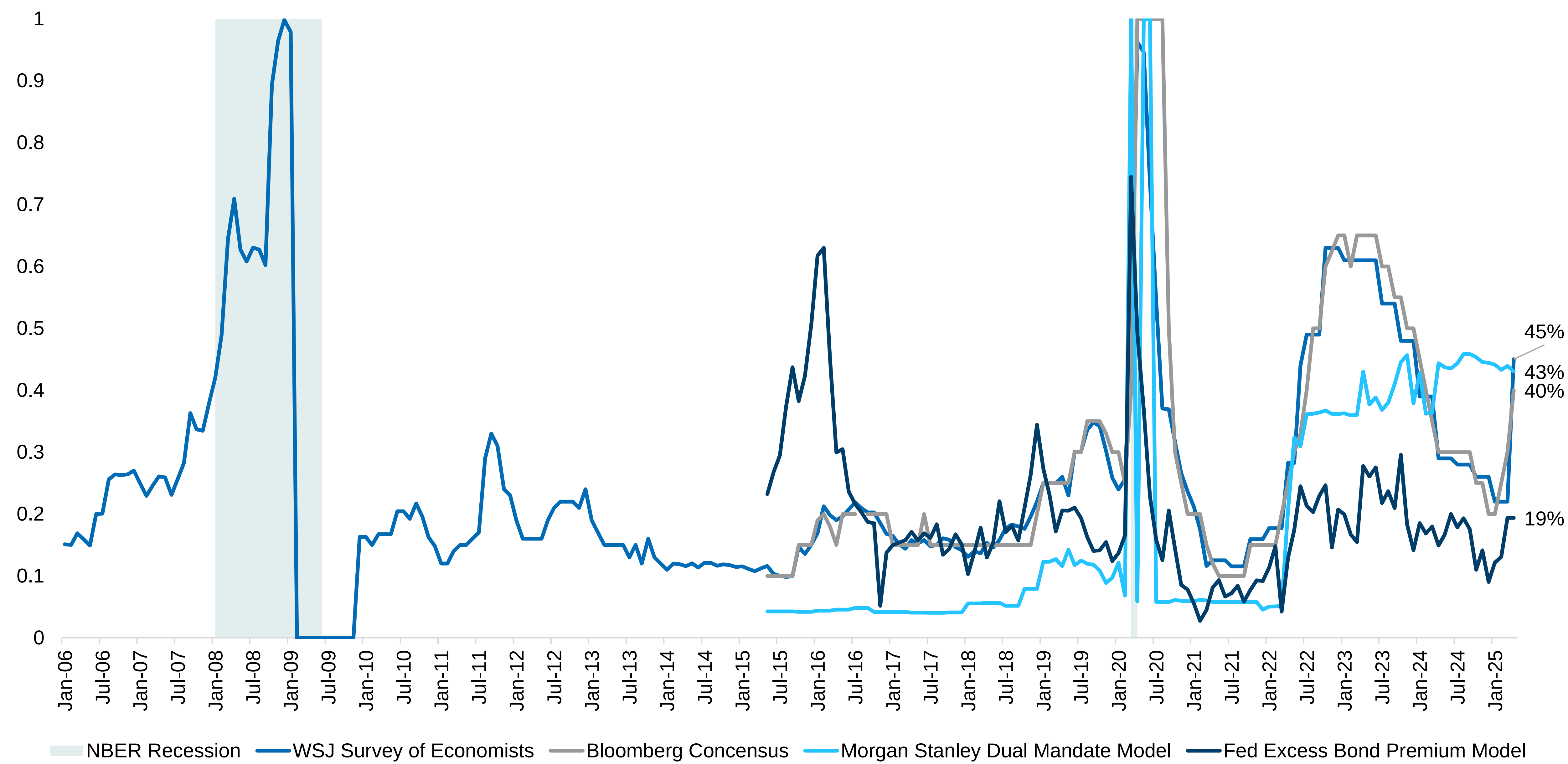


Sources: World Bank, Wells Fargo, Yale Budget Lab, Statista

Recession Risk Rising

Surveys of economists in particular point to heightened risk, though they have been wrong before.

Probability of a Recession in Next 12 Months



Source: Bloomberg, NBER, WSJ, Morgan Stanley, Federal Reserve, Newmark Research as of 4/15/2025

Newmark Research Has Downgraded Economic Outlook in Response to Uncertainty

Markets are constantly weighing different narratives about the future. Each new data point shifts the credibility of each outcome vs. all others.

In a low conviction market, like present, small amounts of data tend to produce quantum shifts in what the dominant narrative is. This manifests in nonlinear changes in market pricing.

Markets are sorting through the avalanche of policy announcements and changes that will materially change the U.S. economic landscape,

Newmark research's probabilities imply the 10Y is fairly valued in a trading range around 4.0%.

This estimate incorporates a durable 25 bps increase in the term premium

Narrative	Definition	Dominant Narrative Dates	Fed Funds in December 2025	Long-term Fed Funds	10Y Treasury	Credit Spreads (vs. History)	NMRK Research Probability (NTM)
Inflation Stubborn, Low Growth (Stagflation)	Inflation > 2.5% GDP Growth < 2.0%	March 2025	3.75% to 4.50%	3.00% to 4.00%	3.75% to 4.75% → 4.00% to 5.00%	High	**Pre-4/2 → Post** 35% → 50%
Inflation Stubborn, Growth Moderate	Inflation > 2.5% GDP Growth > 2.0%	April 2024	4.25% to 4.75%	3.50% to 4.50%	4.00% to 5.00% → 4.25% to 5.25%	Average To Moderately Tight	30% → 10%
Conventional Recession	Inflation <=2.0% Unemployment > 5.5%	August 2024, Dec/Jan 2023	0.00%	2.50% to 3.00%	2.50% to 3.50% → 2.75% to 3.75%	High	20% → 40%
Soft Landing	Inflation ~2.0% GDP Growth ~2.0%	June 2023	3.50% to 4.00%	3.00% to 3.50%	3.50% to 4.20% → 3.75% to 4.45%	Return to Average	15% → 0%

Source: Newmark Research as 4/10/2025

What Could Change Our Outlook

The Trump trade saga has at most reached the “end of the beginning”

Unliteral Tariff Withdrawal

Better Outlook

- Courts rule **against** tariffs justified under IEEPA authority
- Congress **rescinds** tariff power delegations

Worse Outlook

- Congress does nothing
- Courts either **rule in favor** of tariffs and/or l**ong wait for clarity**

Economic Performance

Better Outlook

- Consumers and businesses keep on spending
- Businesses absorb price increases, so consumer price growth remains contained

Worse Outlook

- Consumers and businesses reduce spending, investment and hiring
- Price increases are passed on

Trade Negotiation: Mitigate or Escalate

Better Outlook

- **Concrete evidence of deal progression** with major trading partners
- The emerging deals **rollback reciprocal tariffs** in their entirety and reduce trade impediments to U.S. goods/services.
- Even better, deals **reduce tariff rates to below the 10% minimum** and ideally to below pre-Trump levels.

Worse Outlook

- **Negotiations hit major roadblocks**
- **Narrow deals** that do not meaningfully offset trade restrictionism
- **Deals require active rejection of China**
- **Negotiations breakdown, tariffs are not postponed past 90 days and/or trade partners retaliate**

Policy Offsets

Better Outlook

- Increased pace and scope of **deregulation** at state and federal level
- Congress passes a **tax bill**, especially if it does so sooner rather than later. Bonus points for permanent immediate expensing.
- New export credits and other forms of **industrial policy support**

Worse Outlook

- **Tax bill struggles** to make it through narrow Republican majorities in Congress
- **Deregulation stalls and/or uncertainty impairs investment activity**

Source: Newmark Research as 4/10/2025

Office Exposure to Tariff Risks

Red is higher risk of demand reduction, yellow is moderate risk of demand reduction, and green is low risk of demand reduction (Demand potentially increases).

Tariff and Economic Slowdown Exposure by Property Sector

Lower Risk

Higher Risk

Segment	Brief Rationale
Trophy Office	Tenants tend to have lower exposure to economic cycles
Medical Office	Tenants tend to have lower exposure to economic cycles
Dynamic, "Winning" Office Corridors	See further details in "Winning Office" report
Core-Plus	Operational strategies offer alpha without tariff exposure; risk premia attractive
Class B Office	Exposed to economic cycles but tenants less likely to move up market
Core	Beta-driven returns in a weaker environment, though quality offers buffer
Development	Slowdown driven by tariff-related increases in building material and labor costs
Heavy Value-Add	Higher construction and build-out costs; less pricing power on reposition
Commodity Class A	Weakest starting fundamentals, cyclically exposed and not price competitive

Source: Newmark Research

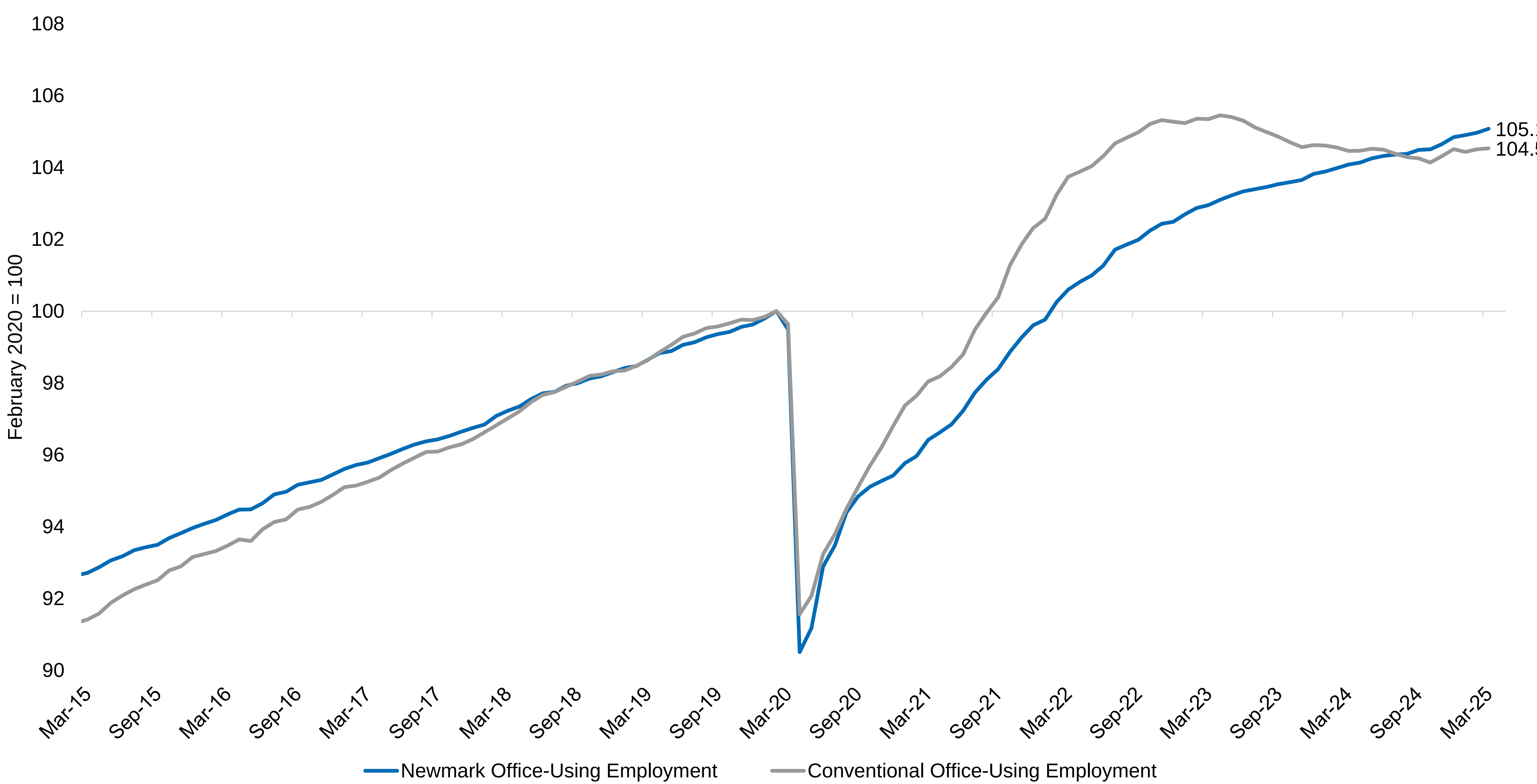
For more on tariffs, please read our report, “How to Think About Tariffs & CRE”

Demand Drivers

Introducing A New Way to Measure Office-Using Employment

The standard method for estimating office-using employment is limited, as it includes only jobs within the information, financial activities, and professional and business services sectors—assuming all roles in these industries are office-based. In reality, BLS industry data reveals a more nuanced picture. This report uses an expanded set of industry categories, along with their estimated share of office-using occupations, to derive a more accurate view of office-using employment.

Comparing Conventional Office-Using Employment with Newmark Proprietary Measure

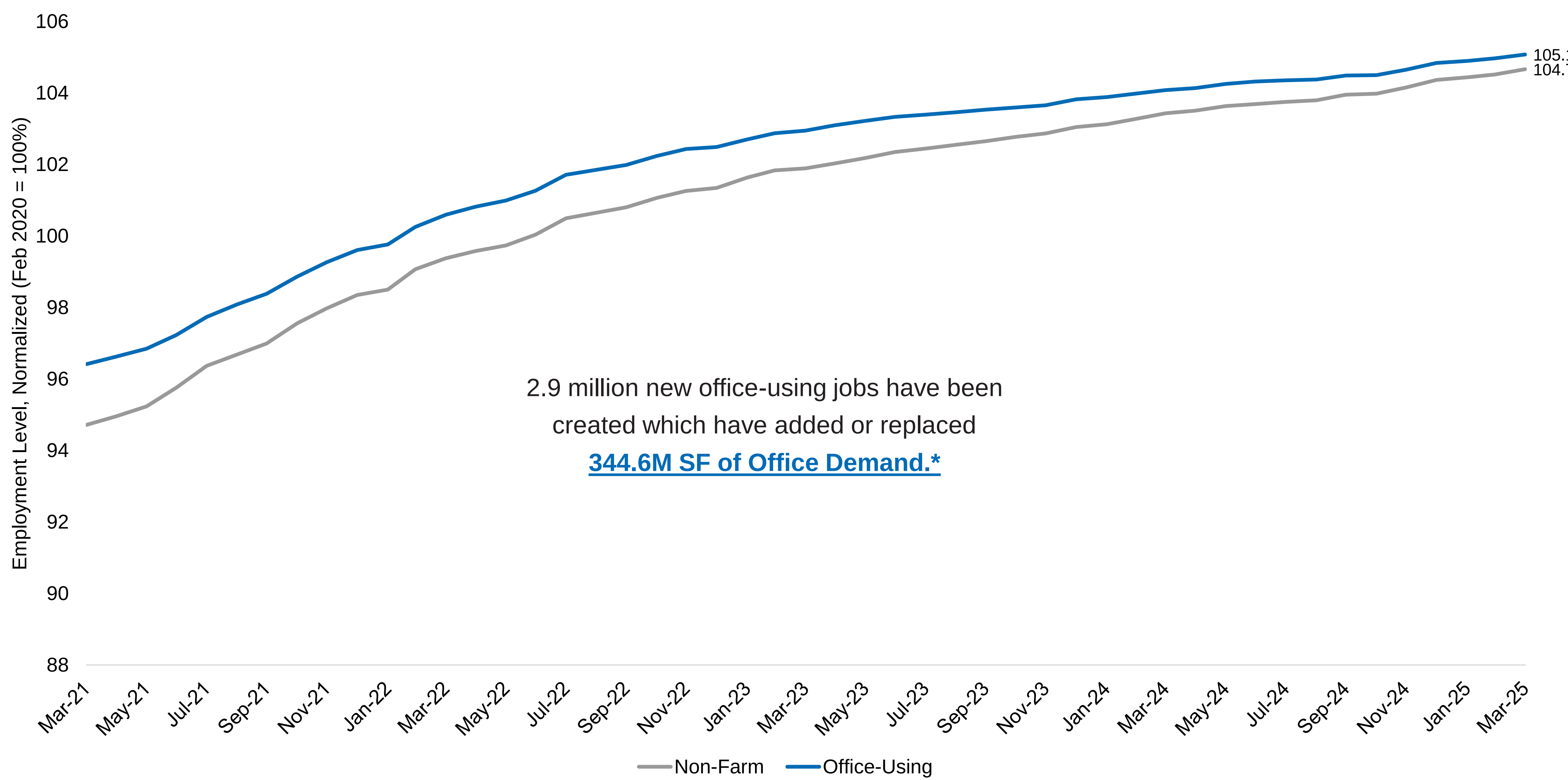


Sources: U.S. Bureau of Labor Statistics, Newmark Research as of 5/8/2025
Note: Conventional Office-Using Employment = Finance and Insurance + Information + Professional/business Services

Continued Gains in "True" Office-Using Employment in the First Quarter

National nonfarm employment returned to pre-pandemic levels in June 2022 and has grown 22.2% since the April 2020 low. Office-using employment saw less disruption during the pandemic and has steadily recovered, now sitting 2.9 million jobs above pre-pandemic levels. However, BLS annual benchmark revisions indicate that growth since 2023 was flatter than earlier estimates. This matters, as net-new job creation can help offset the dampening impact of remote work on office demand.

Employment Recovery Comparison – Normalized to February 2020

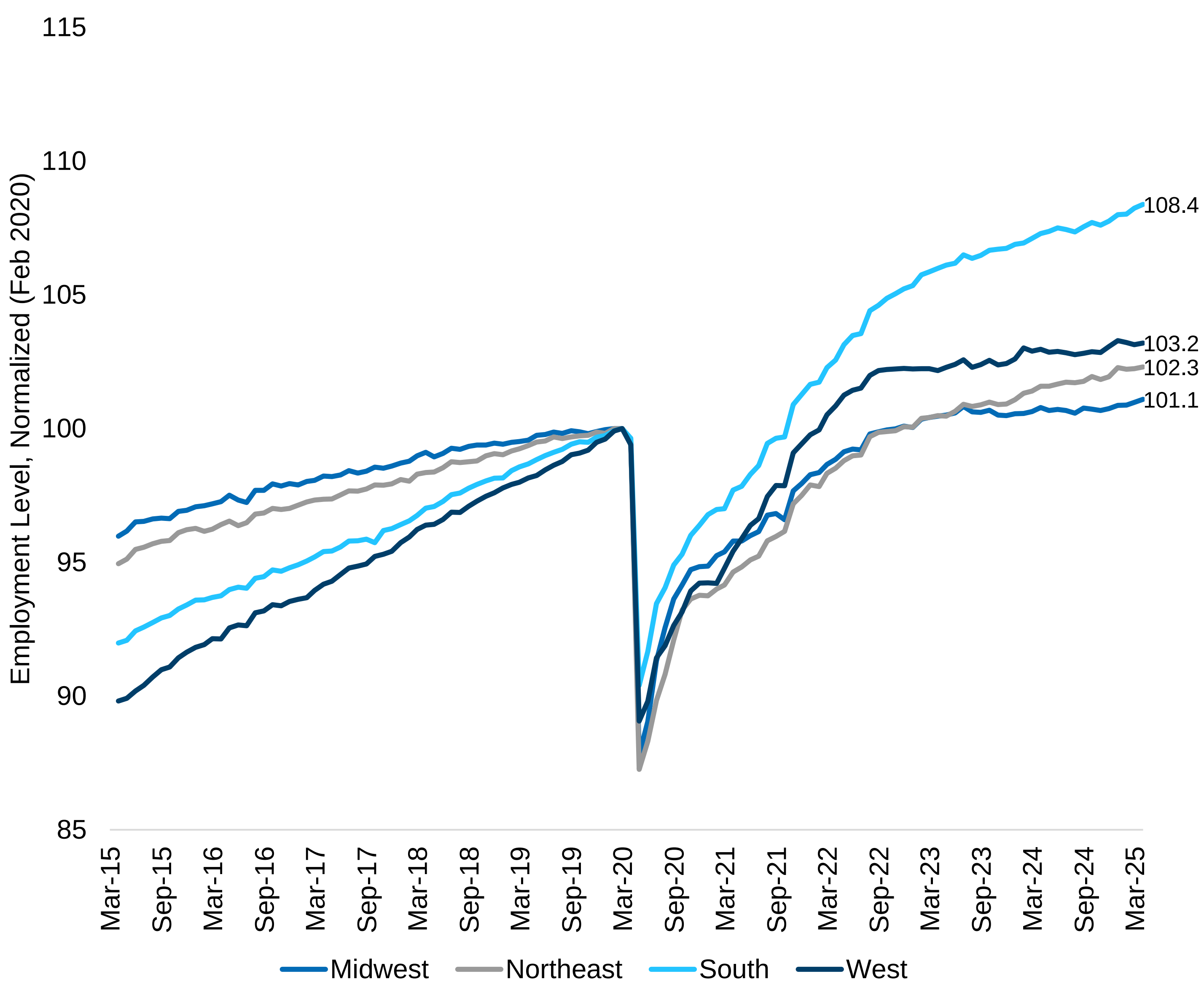


Sources: U.S. Bureau of Labor Statistics, Newmark Research as of 4/14/2025
Seasonally Adjusted
*Assumes estimate of around 120 SF per new office-using job

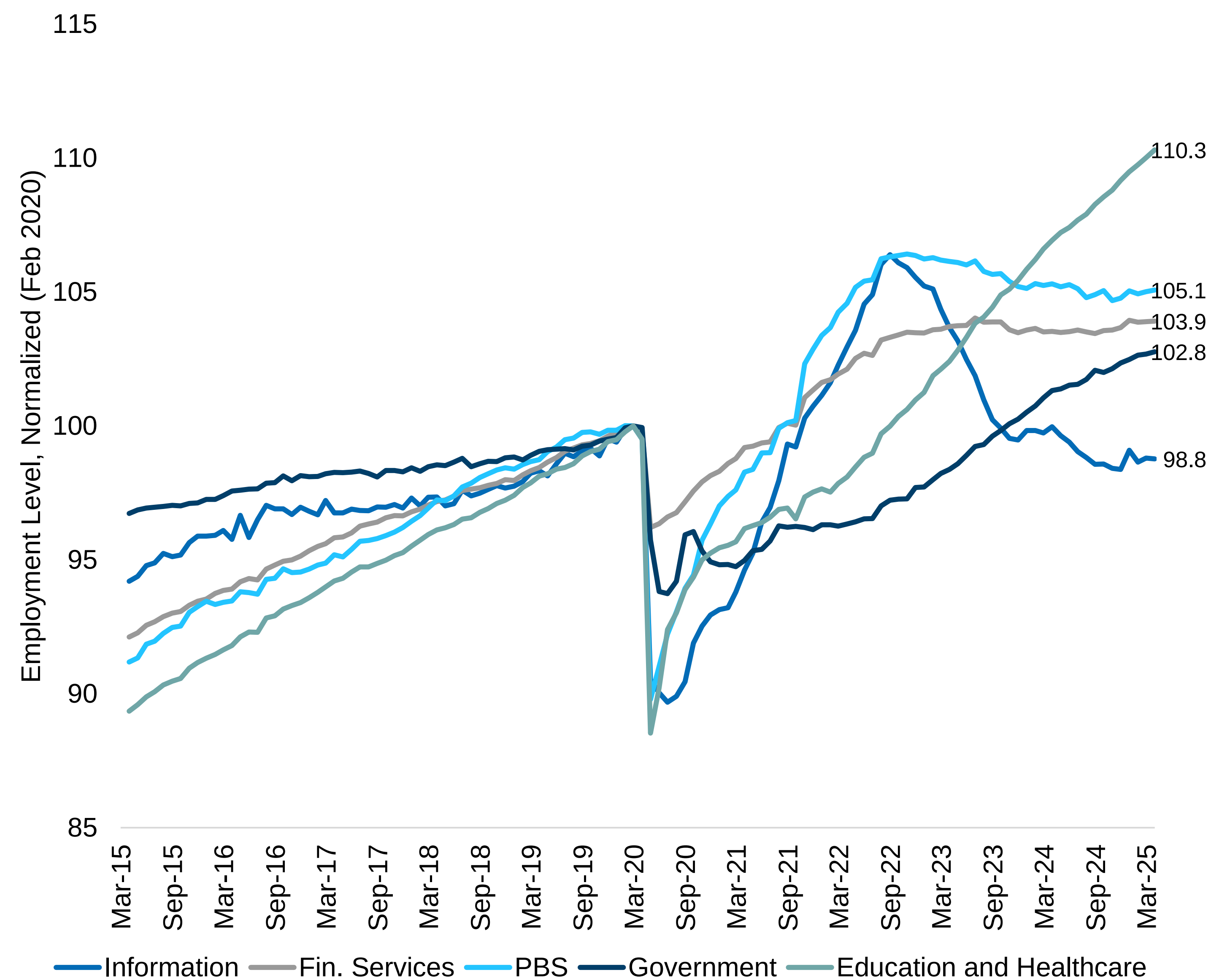
Moderate Growth in Office-Using Employment, Driven by the South

Employment across office-using industries has exceeded pre-pandemic levels, led by a strong recovery in education and healthcare, where employment is now 10.3% above February 2020 levels. Broad gains across sectors have contributed to a 5.1% increase in office-using employment overall. Offsetting some of this growth are continued job losses in the information sector, which has declined steadily since the third quarter of 2022. The South has led the post-pandemic office recovery, outpacing all other regions across every major industry category.

Employment by Census Region



Employment by Industry

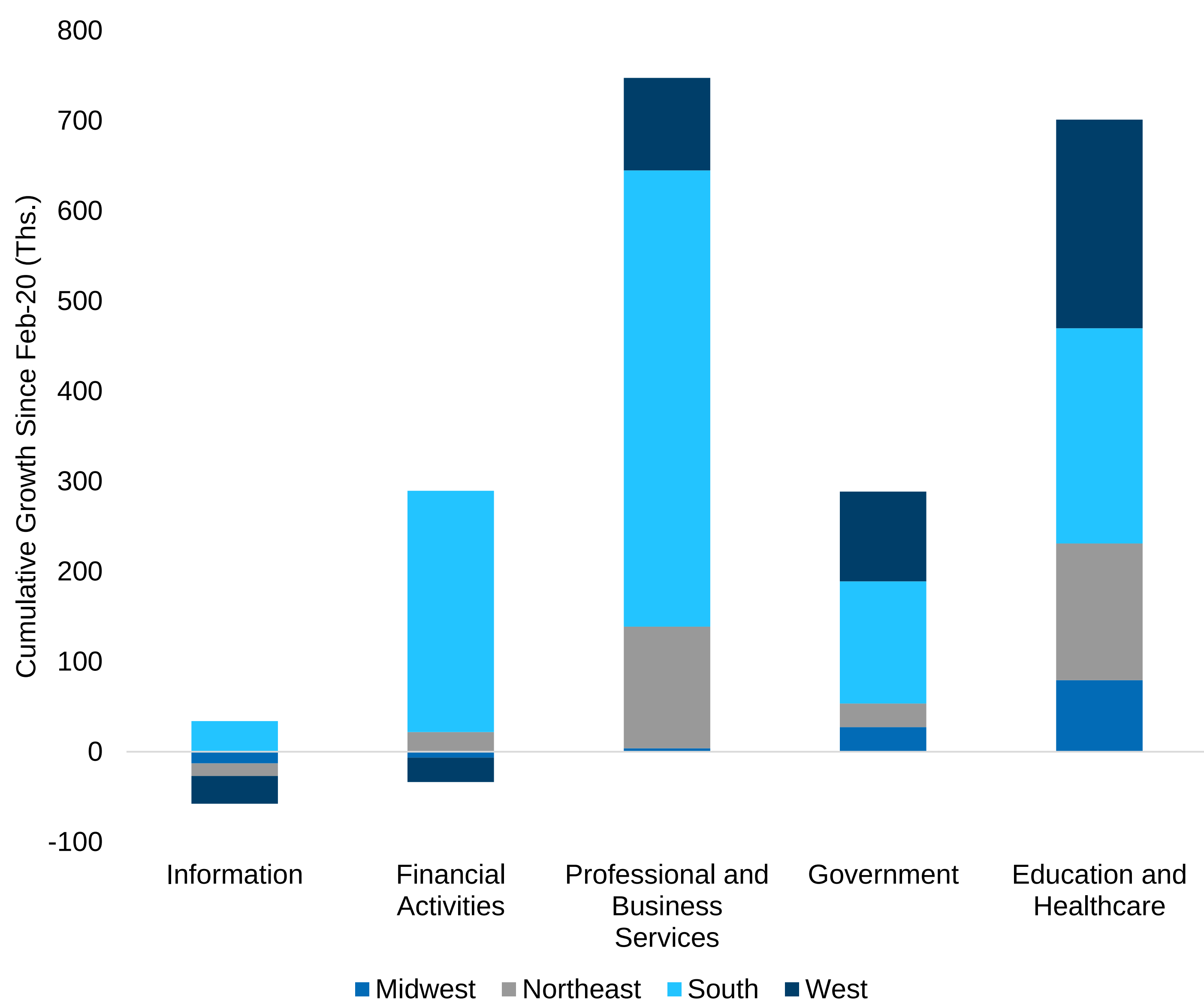


Sources: Moody's Analytics United States Department of Labor, Newmark Research as of 5/6/2025

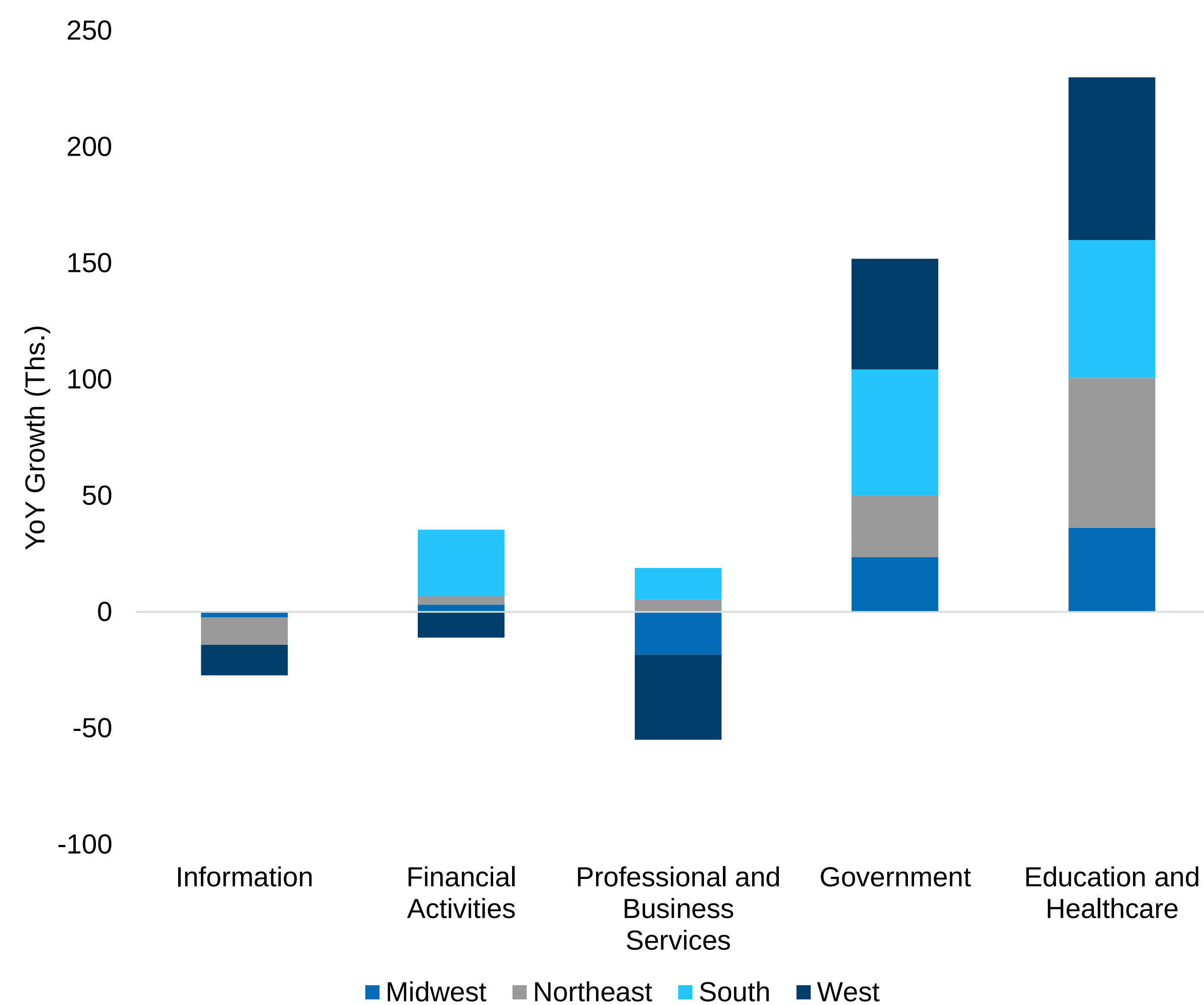
Professional & Business Services Lead Job Creation

In absolute terms, professional and business services have posted the largest employment gains, adding 750,000 jobs since February 2020. More recently, education and healthcare have led growth, with 230,000 jobs added over the past 12 months. The South region has been the primary engine behind this expansion and recovery.

Cumulative Office-Using Employment Growth Since February 2020



YoY Net Office-Using Employment Growth

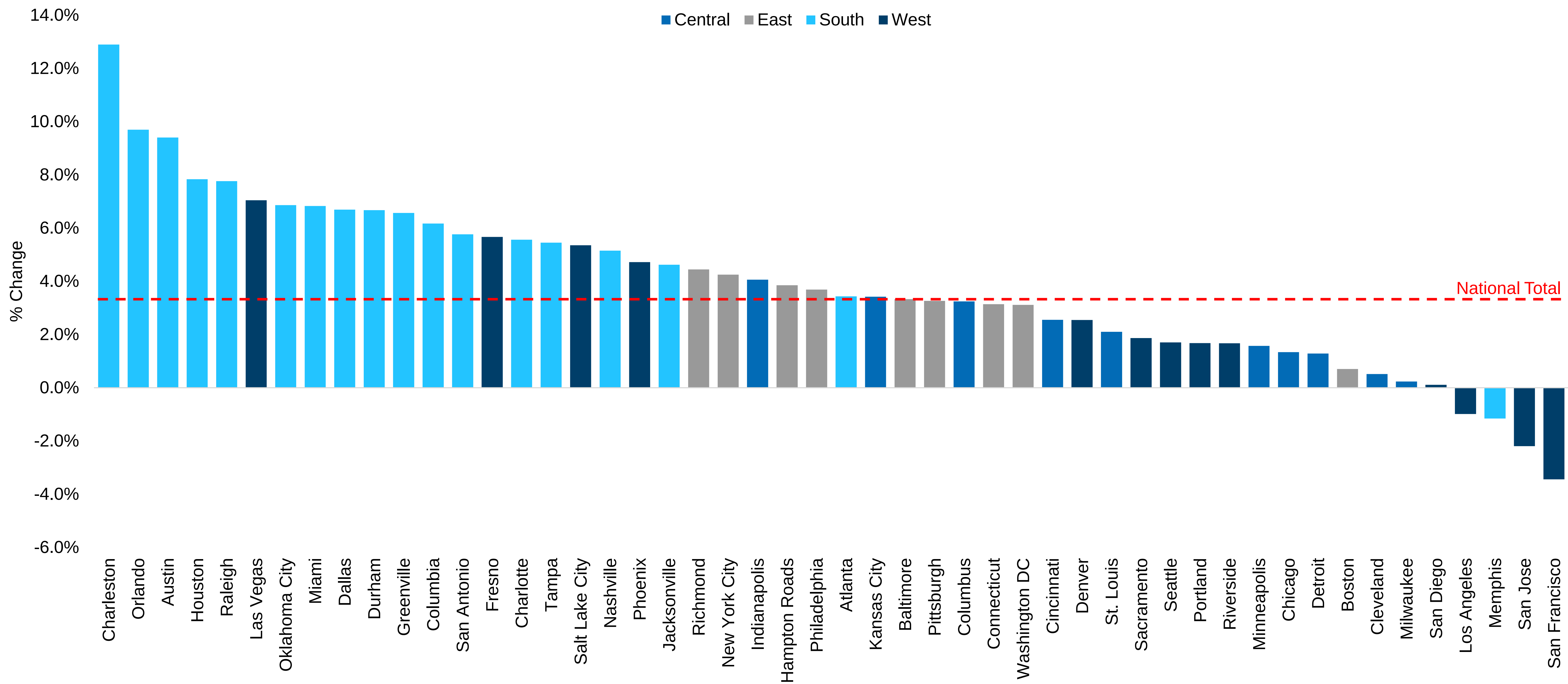


Sources: Moody's Analytics United States Department of Labor, Newmark Research as of 5/6/2025

Southern Markets Dominate Recent Gains in Office Employment

Since the first quarter of 2022, changes in employment levels have ranged from a 13.9% increase in Charleston to a 3.4% decline in San Francisco. Of the 50 tracked markets, 28 outperformed the national total during this period—driven largely by Southern and Sunbelt markets.

Trailing 3-Year Cumulative Office-Using Employment Growth

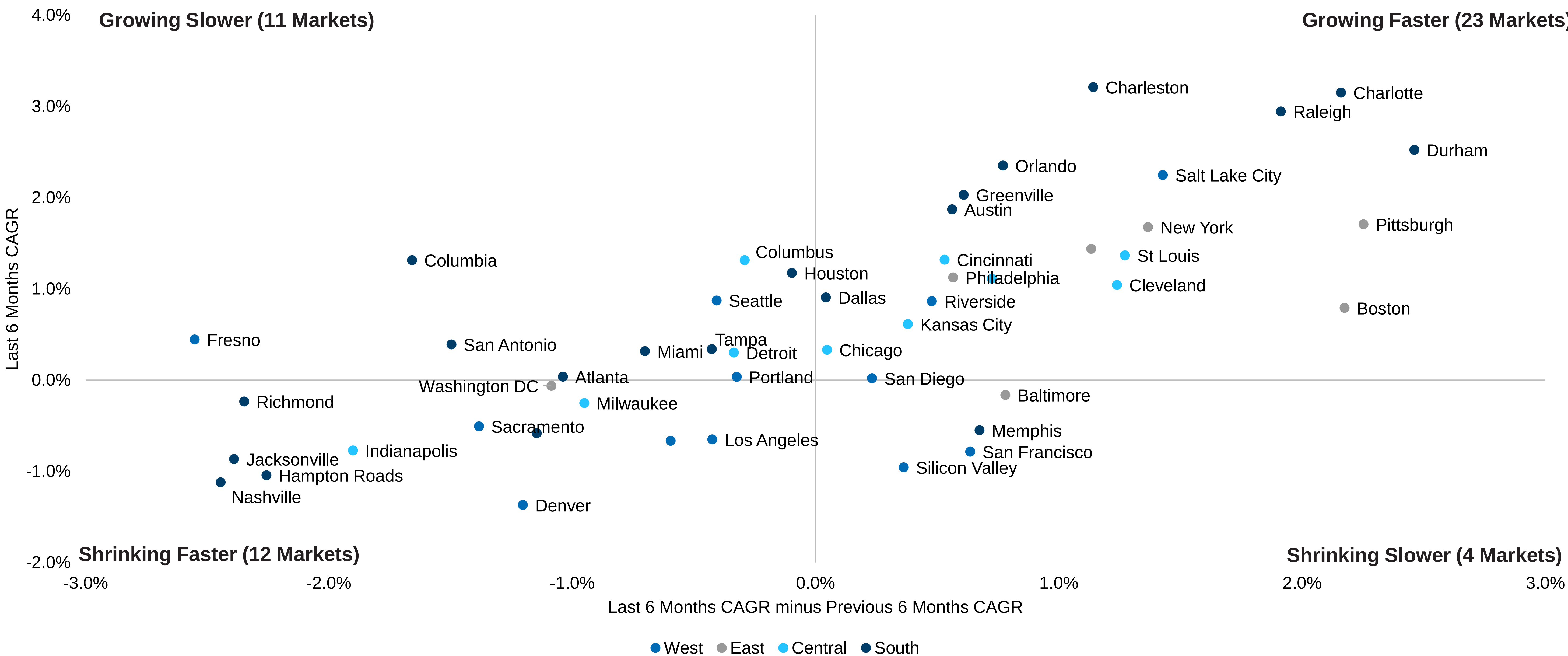


Sources: Moody's Analytics United States Department of Labor, Newmark Research as of 5/6/2025

Office-Using Employment Growth Accelerating in Most Markets

The employment landscape entering the second quarter of 2025 has strengthened compared to early 2024: 23 markets experienced faster job growth than in the previous six-month period, while 12 markets—spread evenly across the country—saw deeper job losses.

Last 6 Months CAGR vs. Prior 6 Months Acceleration

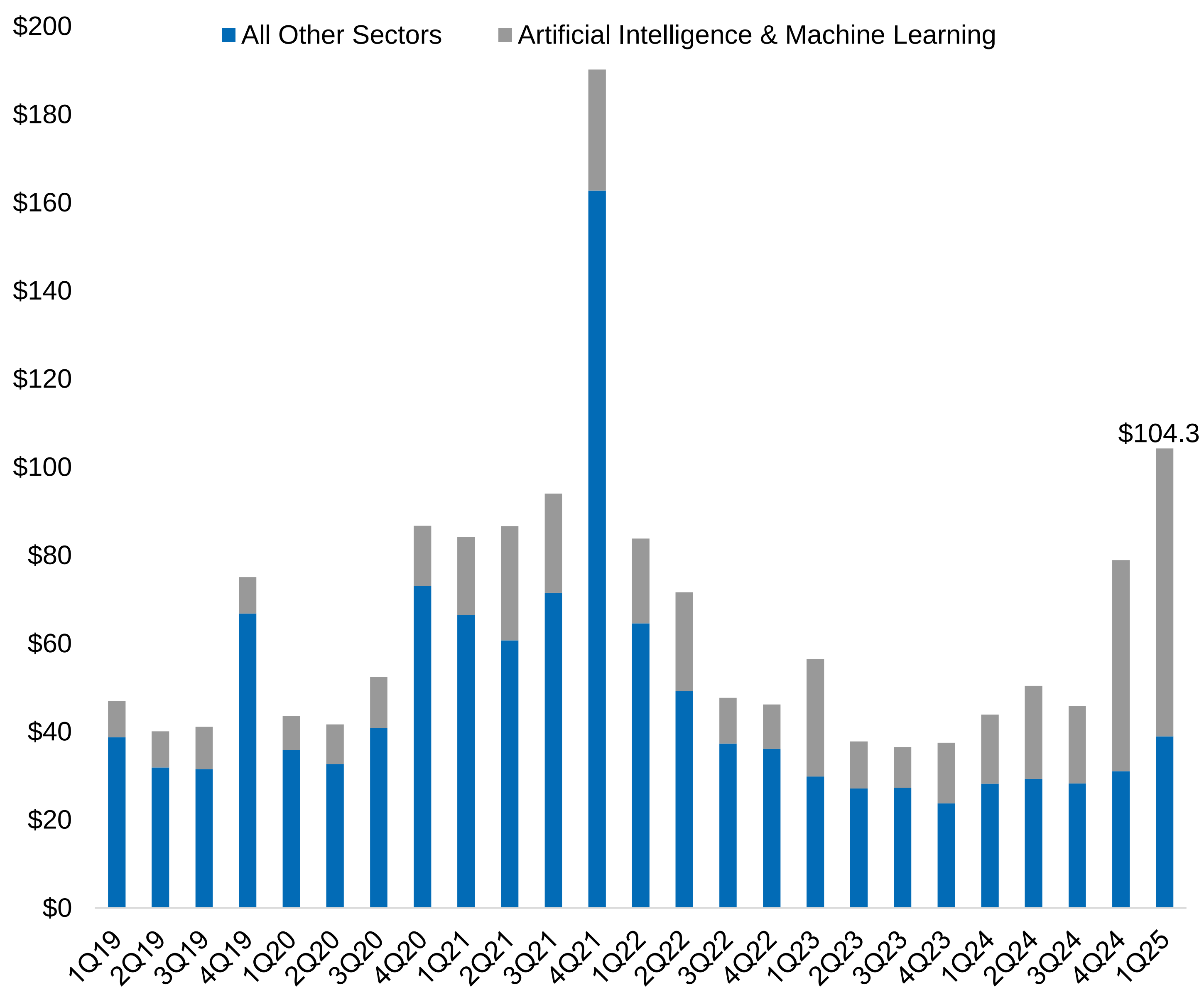


Source: Bureau of Labor Statistics, Newmark Research as of 5/8/2025

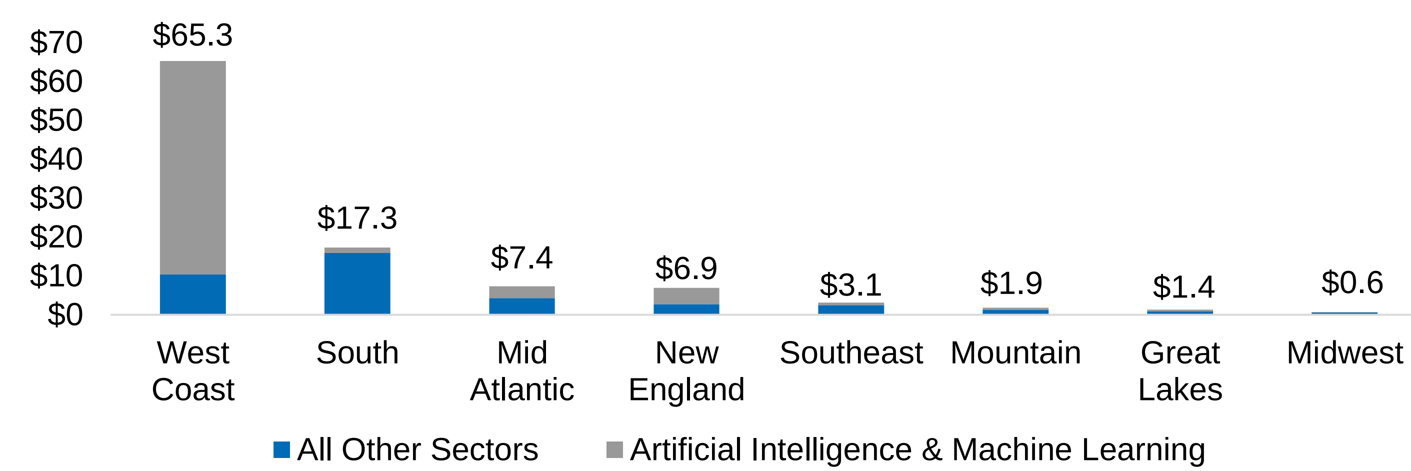
AI Financing Dominates Venture Capital Activity

Venture capital funding expanded in the first quarter, driven by heightened activity in the artificial intelligence and machine learning vertical. Companies in this segment accounted for 62.8% of all financing, with most of the activity concentrated on the West Coast—particularly in the San Francisco Bay Area. While the largest funds may see the sharpest pullback, ample dry powder is expected to sustain investment by smaller funds.

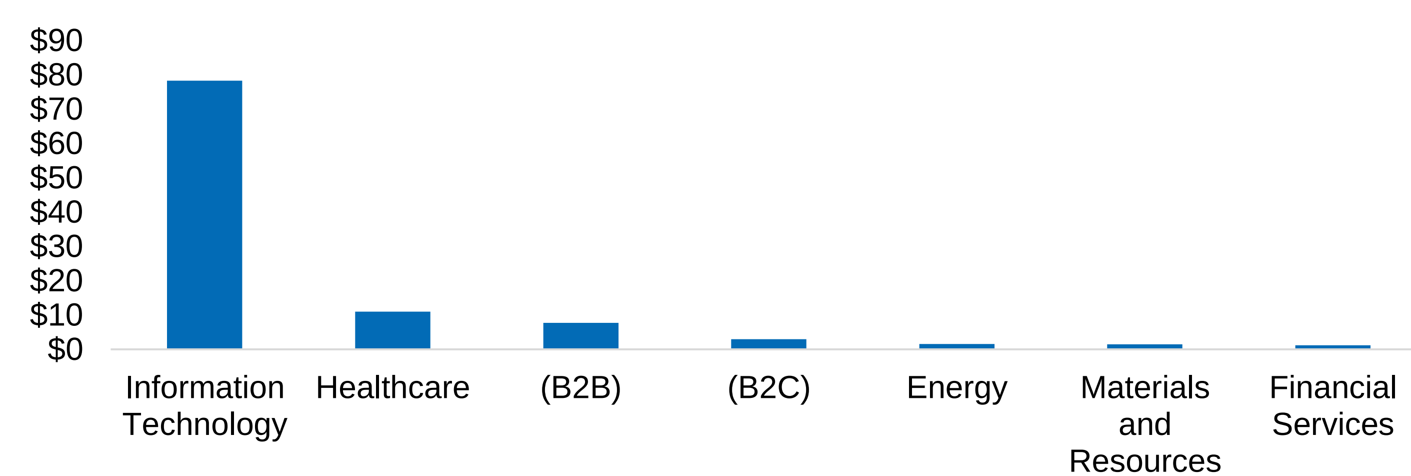
Venture Capital Deal Value ($ billions)



1Q25 VC Funding by Region ($ billions)



1Q25 VC Funding by Industry Sector ($ billions)

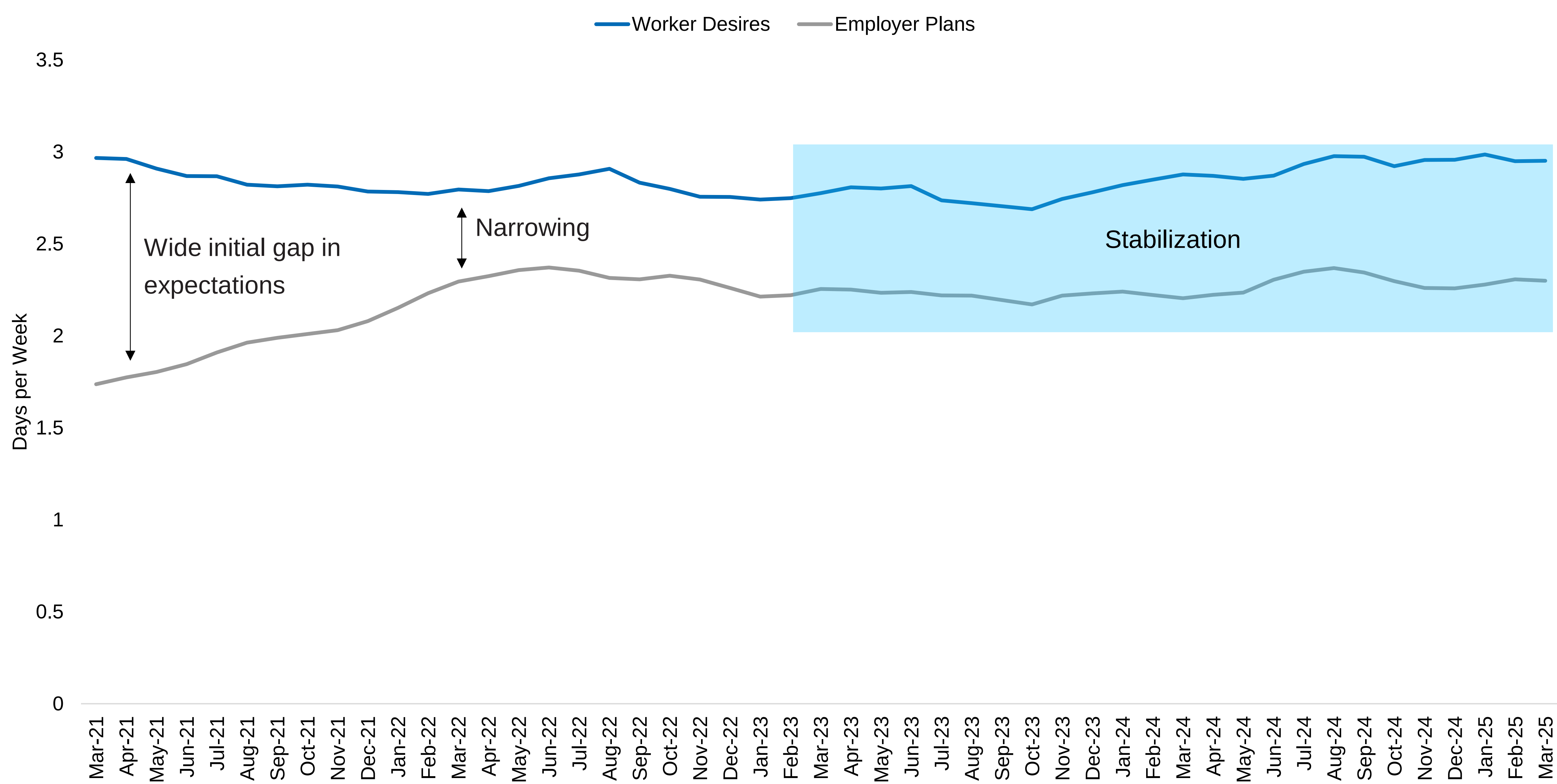


Sources: PitchBook, Newmark Research as of 4/17/2025
*Pitchbook defines an "industry vertical" as: "*An industry vertical is a specific element of a company which isn't accurately captured by industry focus. Verticals are created for common investment focus areas that include companies that exist across multiple industries.*"

Worker and Employer WFH Plans Have Stabilized

A persistent gap remains between the number of days employees prefer to work from home and current employer policies, with that gap widening slightly in recent months. While some speculate that a potential recession could shift leverage back to employers, the economy has remained resilient. The gap in preferences remains modest, and the unemployment rate for college-educated workers is just 2.3%.

Average Days per Week Working From Home After the Pandemic Ends: Workers Able to Work From Home

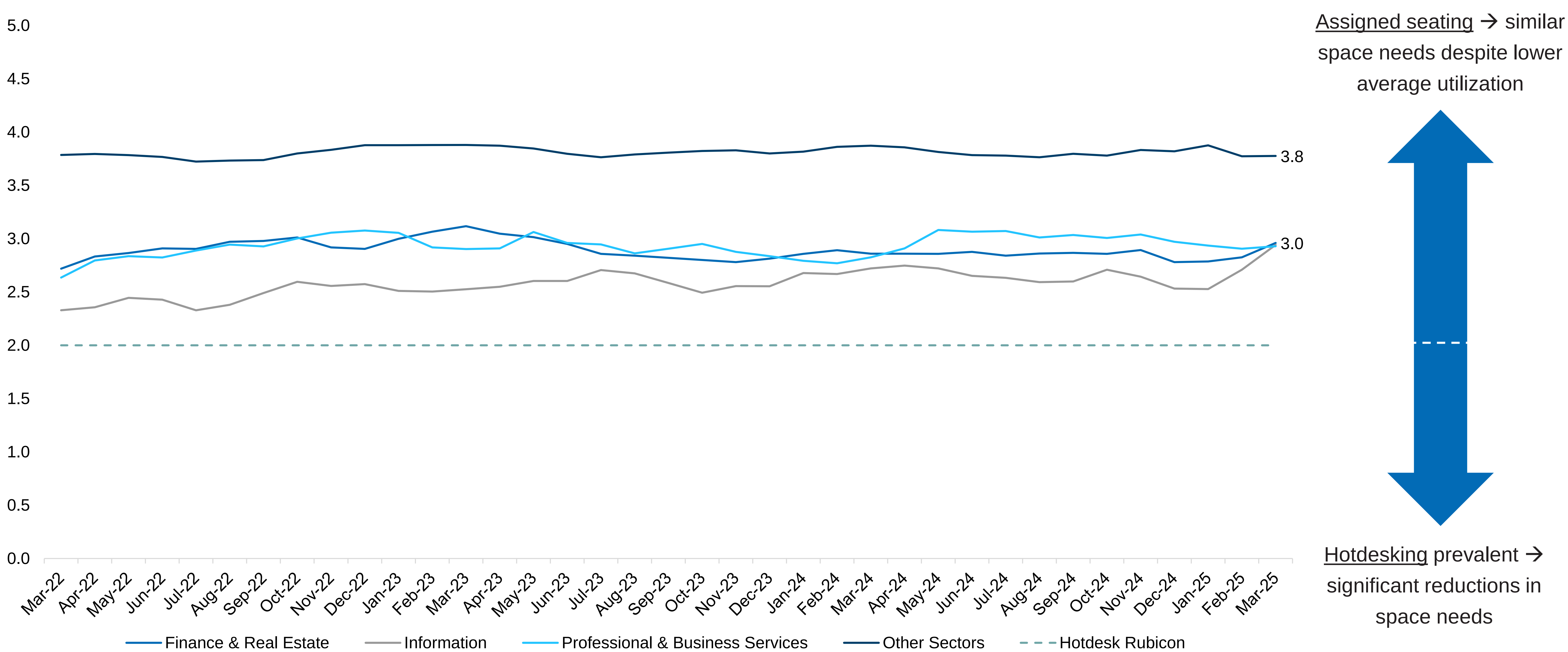


Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.
Newmark Research as of 4/17/2025

Office Workdays Hold Above 2.0, Easing Risk of Major Reductions

In recent months, all office-using industries have seen a modest uptick in days spent in the office. While the increase doesn't indicate a major shift back, average attendance remains comfortably above two days per week—the threshold that generally favors assigned seating over hoteling.

Estimated Days Worked Onsite*

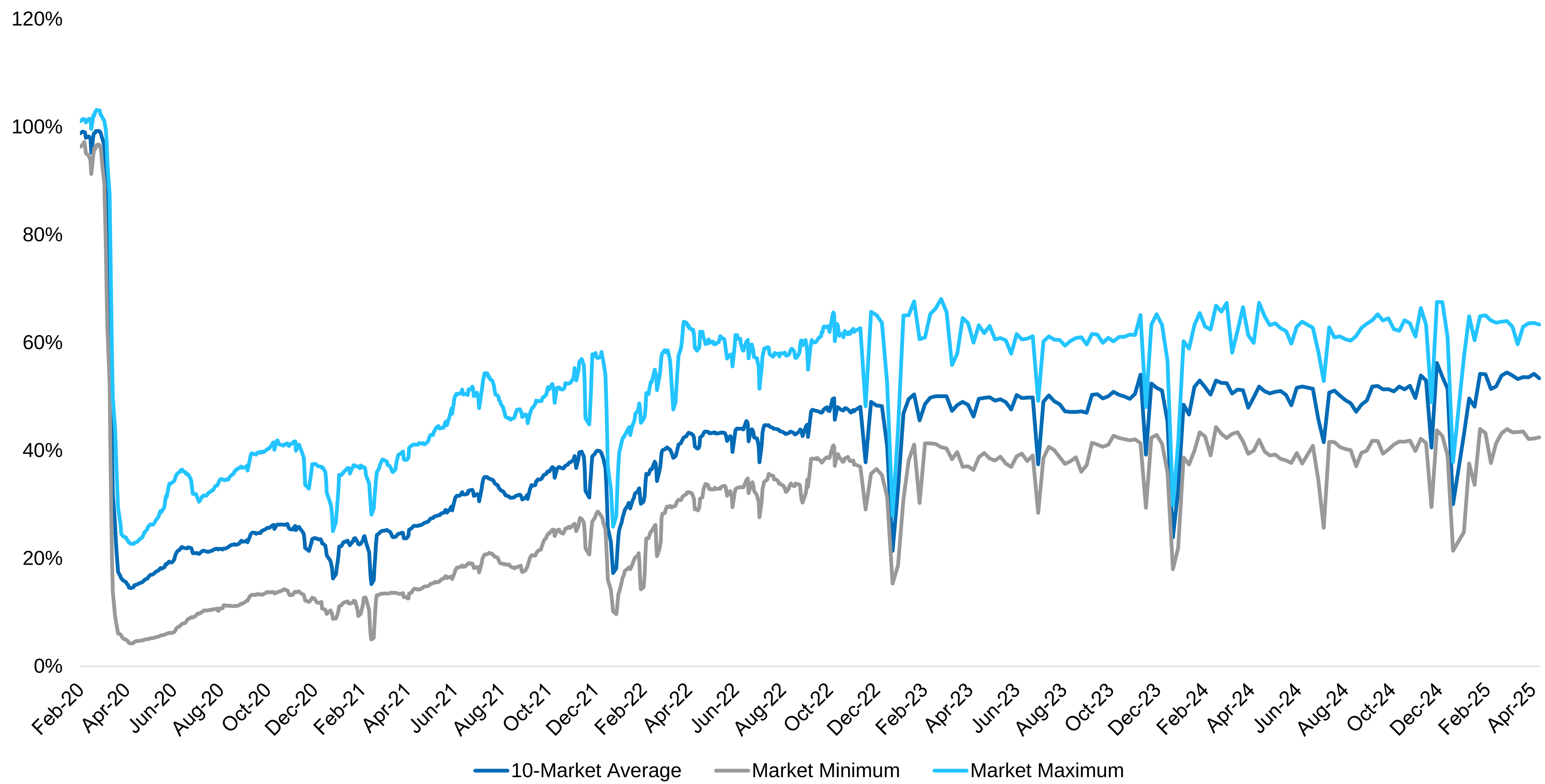


Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.
*The SWAA survey data reports on the share of respondents that worked fully onsite, hybrid and fully remote, respectively. We estimate days worked onsite by assuming fully onsite, hybrid and fully remote refer to 5, 2.5 and 0 days worked onsite, respectively. Sector scores (e.g. office-using) are calculated as a simple average of the constituent industries.
Newmark Research as of 4/17/2025

Return To Office Has Stabilized

Kastle Systems data shows that office occupancy held relatively steady throughout the first quarter of 2025. The 10-market average reached a post-pandemic high of 54.1% in mid-November 2023 before edging down to 53.4% by April 2025. Daily attendance continues to vary widely, with peak days reaching as high as 70%, and some markets nearing 80% in areas with the strongest return-to-office momentum.

Kastle Systems Daily Office Physical Occupancy Index – 5-Day Trailing Average (Baseline = February 2020)

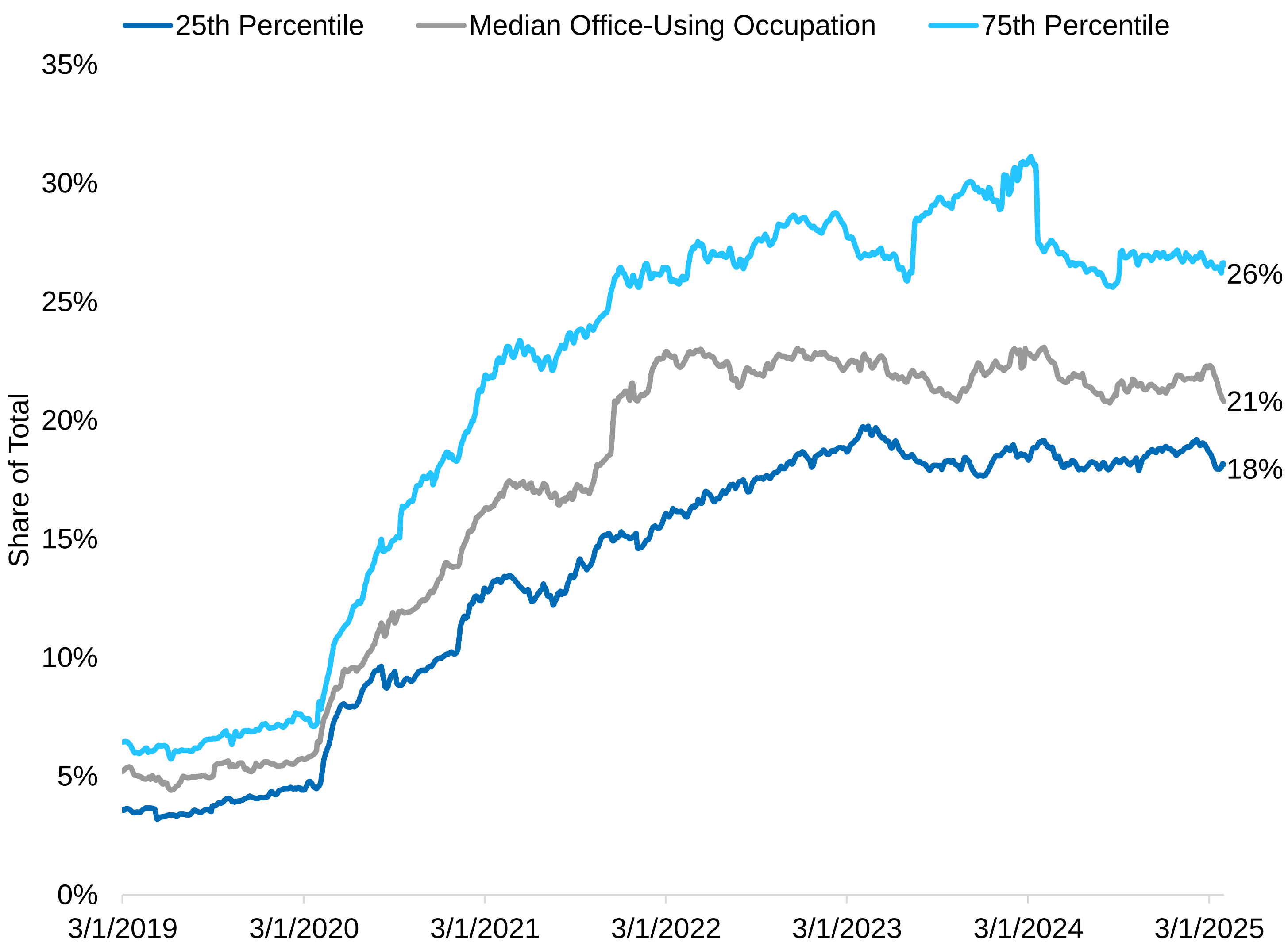


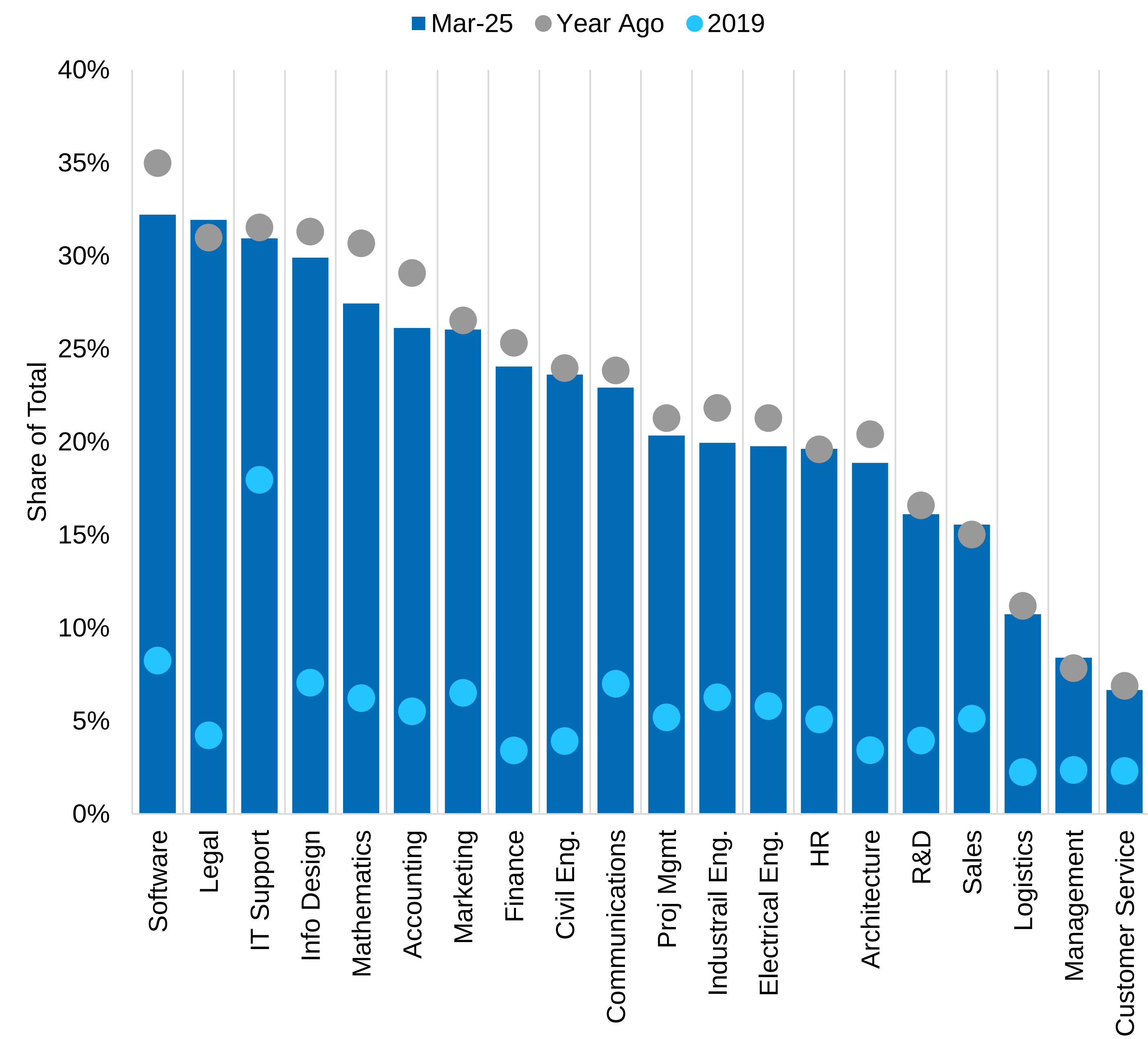
Source: Kastle Systems, Newmark Research as of 4/17/2025

Fully Remote Job Postings in Office-Using Occupations Have Stabilized

The remote share of job postings continues to vary significantly across office-using occupations—from 32% for software development roles to just 7% for customer service positions. For the median occupation, 21% of postings are fully remote, a figure that has held steady since early 2022. That said, the past year has brought notable shifts, with the remote share declining year-over-year in software development, accounting and finance roles.

Remote Share of Job Postings in Office-Using Occupations



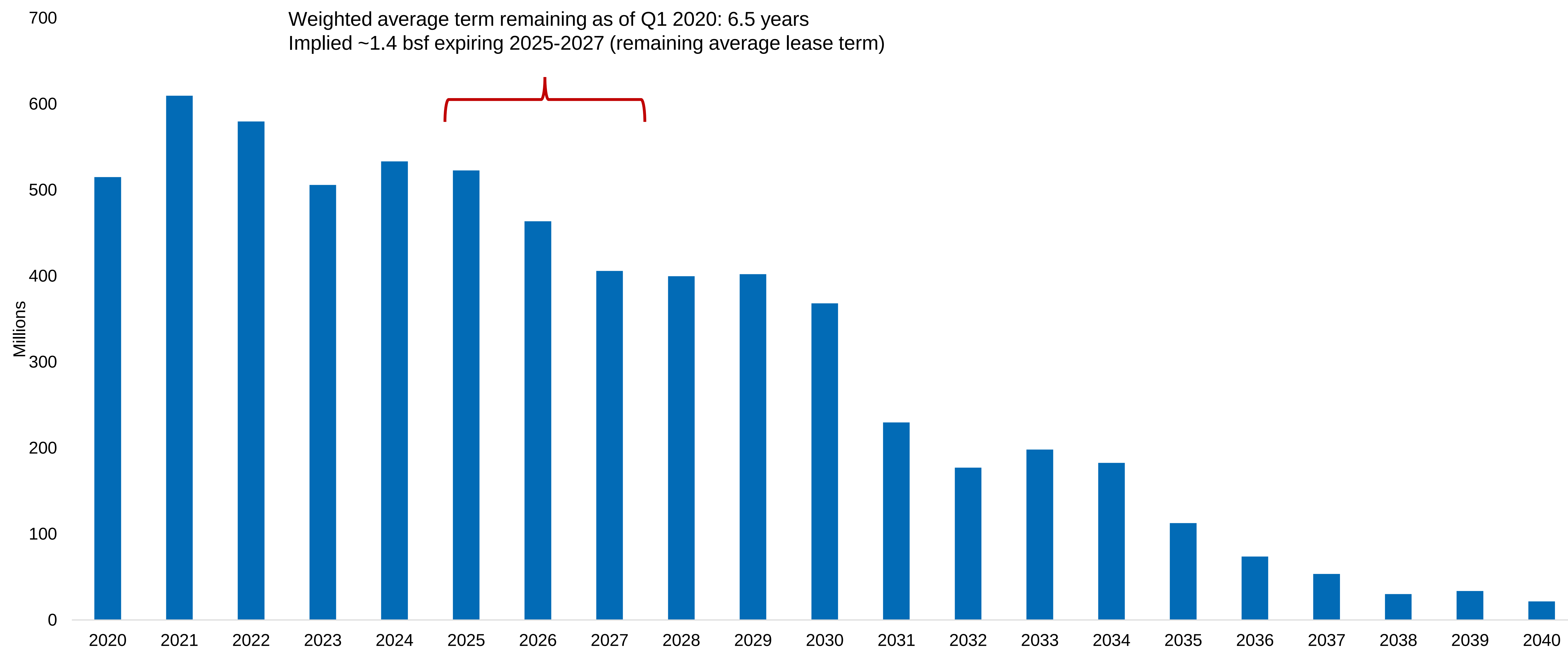


Source: Indeed Hiring Lab, Newmark Research as of 5/7/2025

Tenants Are Halfway Through Adapting Space For Hybrid Work

Most pre-pandemic leases have yet to expire.* As of March 2020, national occupied inventory stood at 6.4 billion SF, with an average remaining lease term of 6.5 years. By scaling transaction data to the first quarter of 2020's occupied inventory, an estimated 1.4 billion SF is set to expire between 2025 and 2027—representing the upper limit for tenants to reevaluate and adjust their office footprints.

Implied Square Feet Expiring by Year for 20k+ SF Occupied Inventory as of Q1 2020

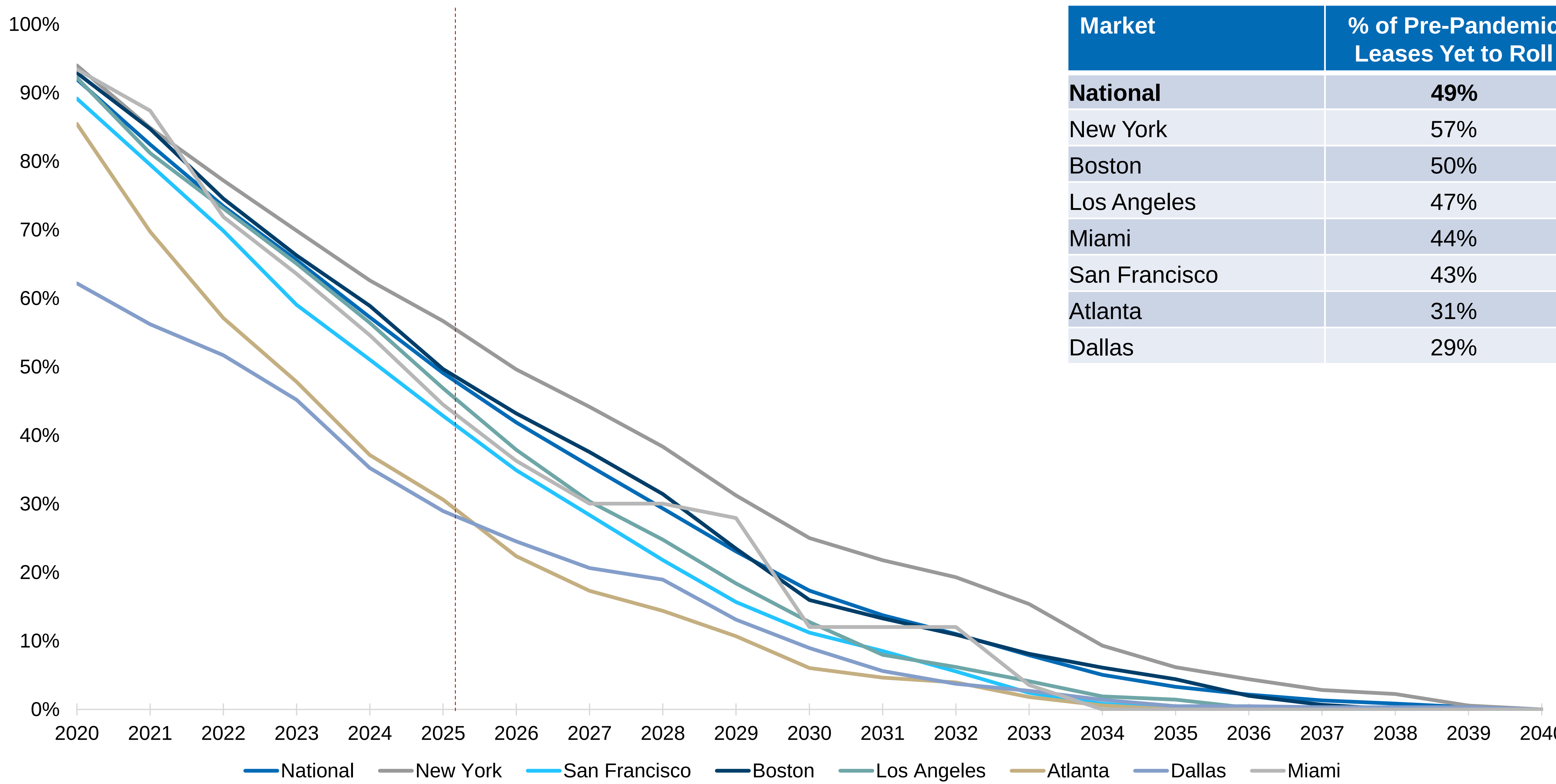


Source: Newmark Research as of 4/17/2025, CoStar
*Based on Newmark Research national transaction data (10,000+ SF leases in place as of March 2020, with leases expiring through 2040, totaling around 1.1 billion SF)

Only Half Of Pre-Pandemic Leases Have Renewed in Gateway Markets

This analysis centers on leases of 10,000+ SF. In contrast, smaller leases typically have shorter terms.

Share of Pre-Pandemic Leases Yet to Roll*



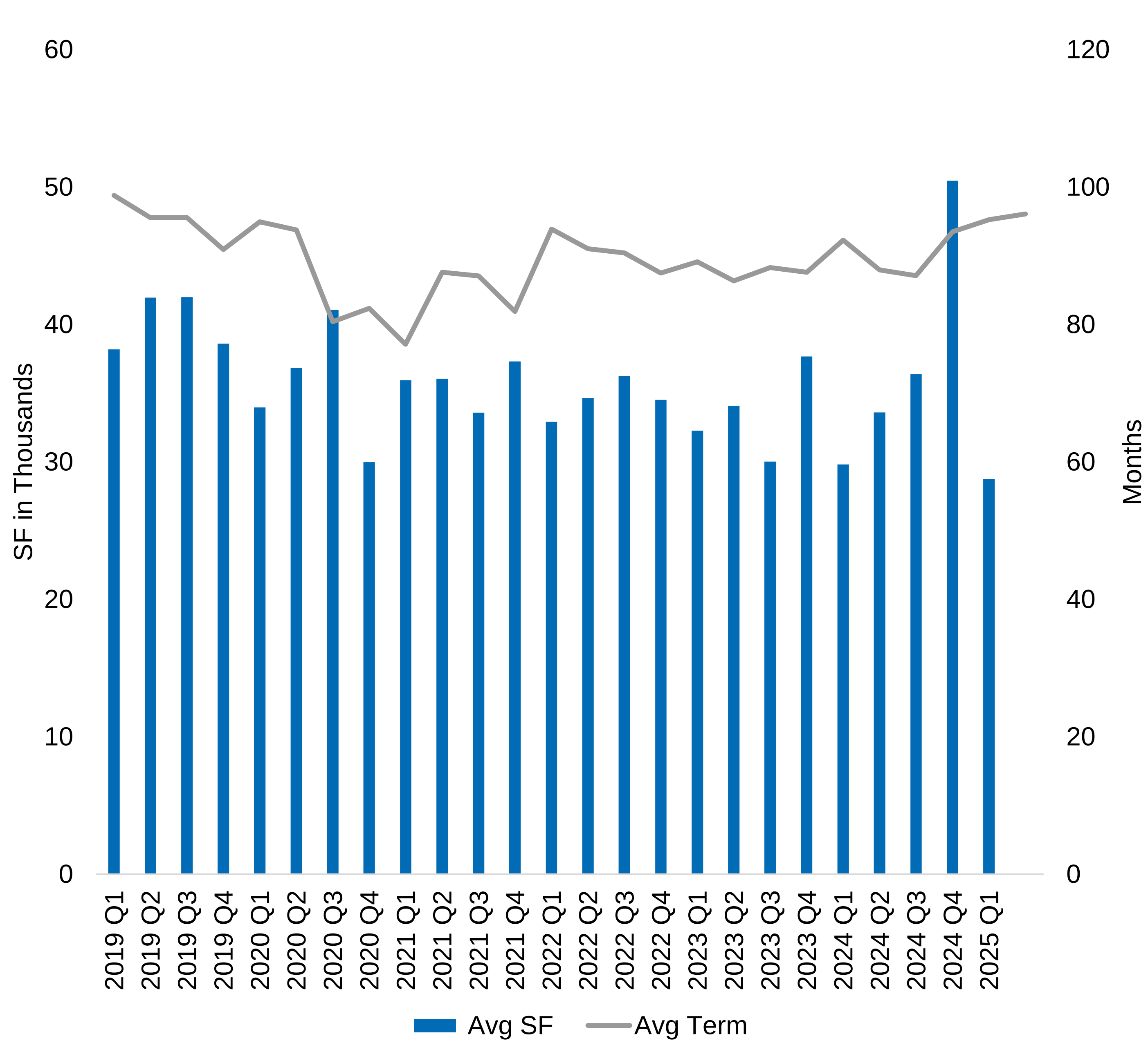
Market	% of Pre-Pandemic Leases Yet to Roll
National	**49%**
New York	57%
Boston	50%
Los Angeles	47%
Miami	44%
San Francisco	43%
Atlanta	31%
Dallas	29%

Source: Newmark Research as of 4/17/2025, CoStar
*Based on Newmark Research national transaction data (10k+ SF leases in-place as of March 2020, with leases expiring through 2040, totaling ~1.1 bsf)

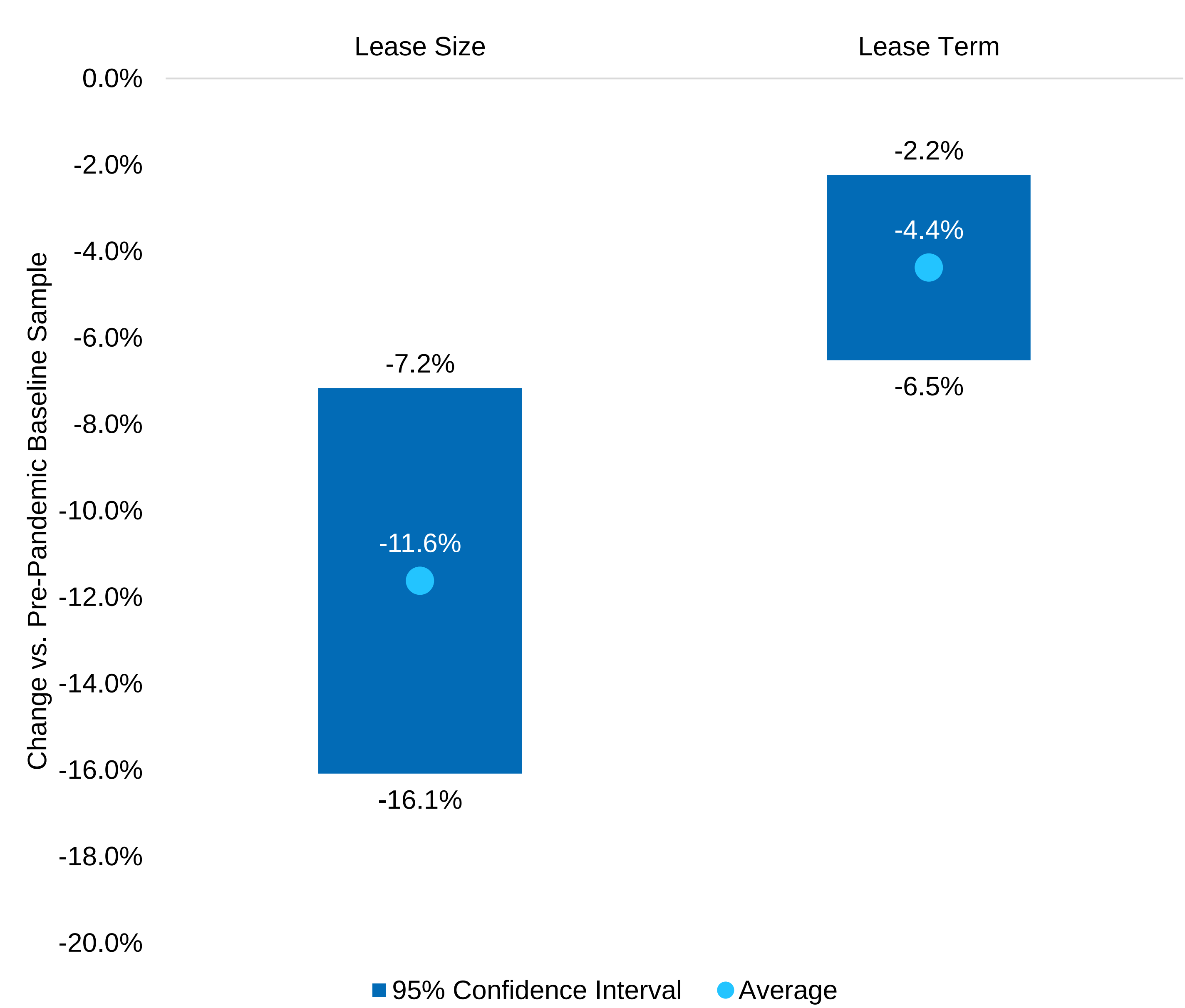
Leases Are Getting Smaller—and Slightly Shorter

Pre-pandemic lease renewals were typically minimal when occupiers anticipated expansion. However, current lease size and term data point to a different trend. Since the pre-pandemic period, average lease sizes have declined by 11.6% and lease terms have shortened by 4.4%. This shift likely reflects both reduced renewal needs and increased activity from smaller tenants or market-specific factors. These changes appear meaningful and are unlikely to be fully explained by temporary conditions.

Office Lease Term and Size over Time



Estimated Change in Lease Attributes: Pre-Pandemic vs. Today*



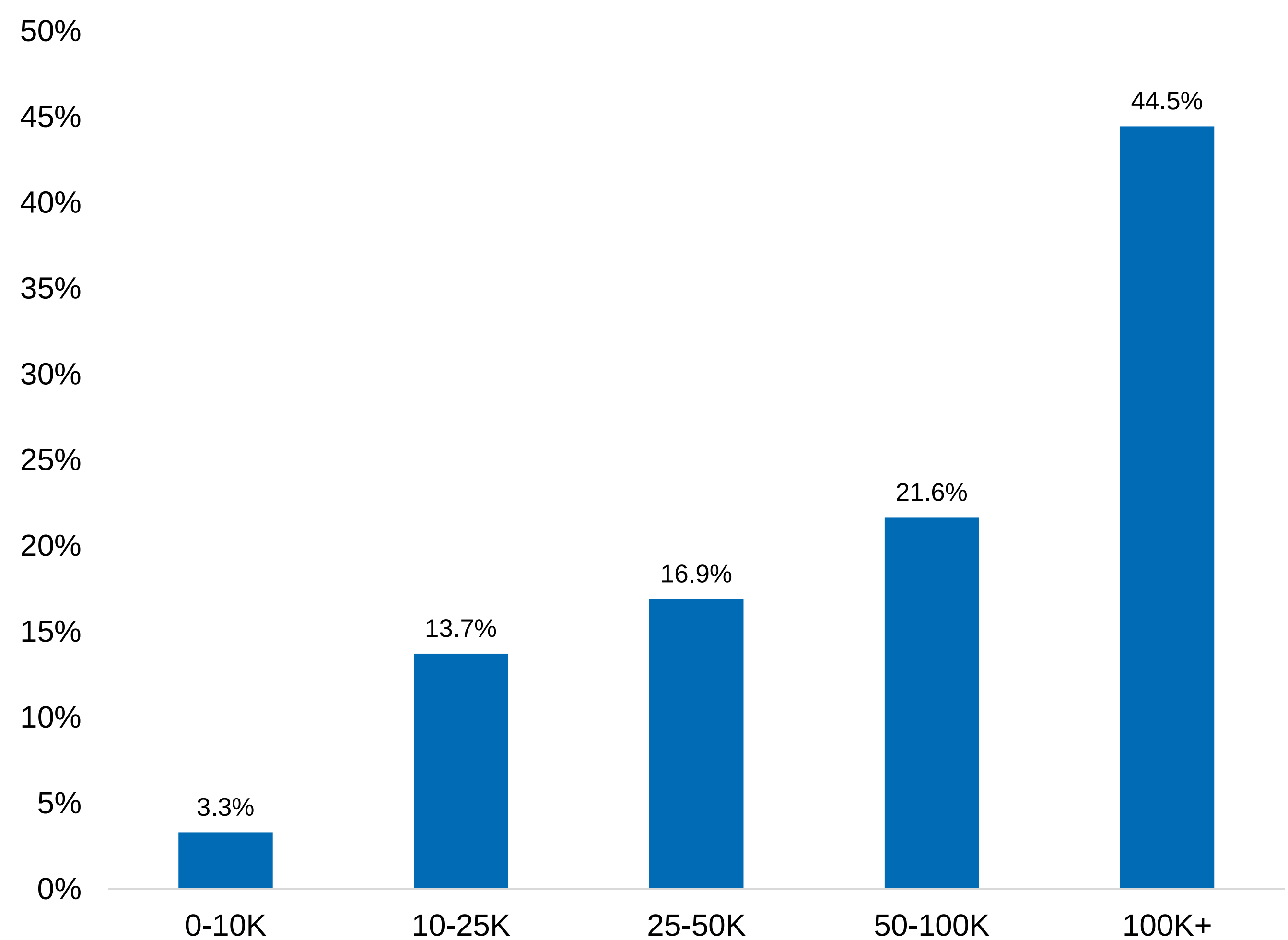
Source: Newmark Research as of 4/16/2025

*Based on difference in means analysis using lease comps executed during the 2018 to 2020 period as compared with the 2022 to 2024 period. The intervening period was excluded from the analysis as a transitional period and less reliable as an indicator of future market dynamics.

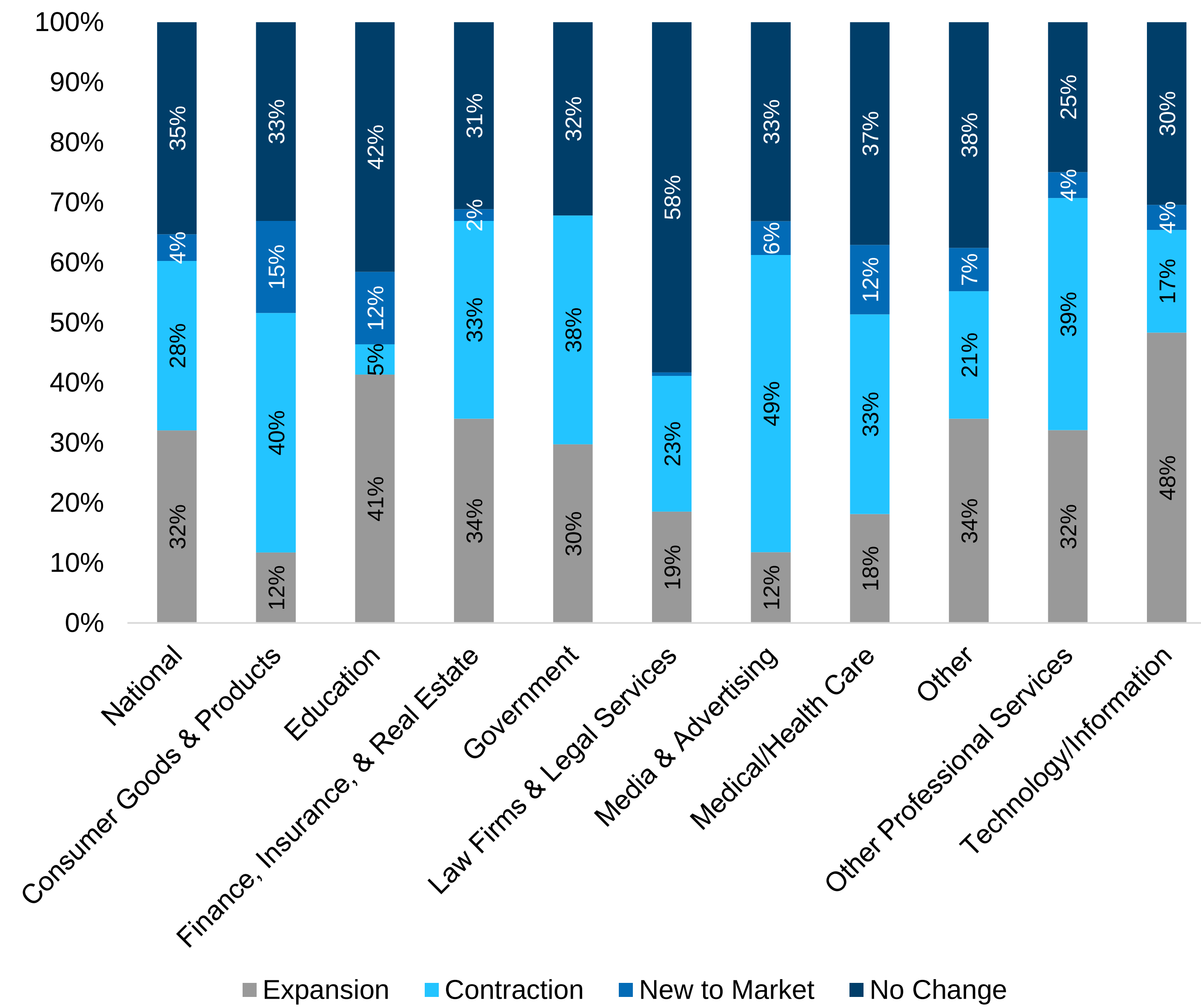
National Office Tenants: A Demand Snapshot

Newmark is currently tracking 109.4 million SF of active tenant demand nationally, with nearly half of that tied to requirements of 100,000 SF or more. Of this total, 35.3% reflects tenants not looking to expand their existing footprint, while 32.1% represents tenants seeking expansion. Space needs vary considerably by industry—nearly half of technology tenants are pursuing growth, while about half of media and advertising tenants are focused on contraction.

Requirement by Size Segment (SF)



Change in Space Needs vs Current Lease Size



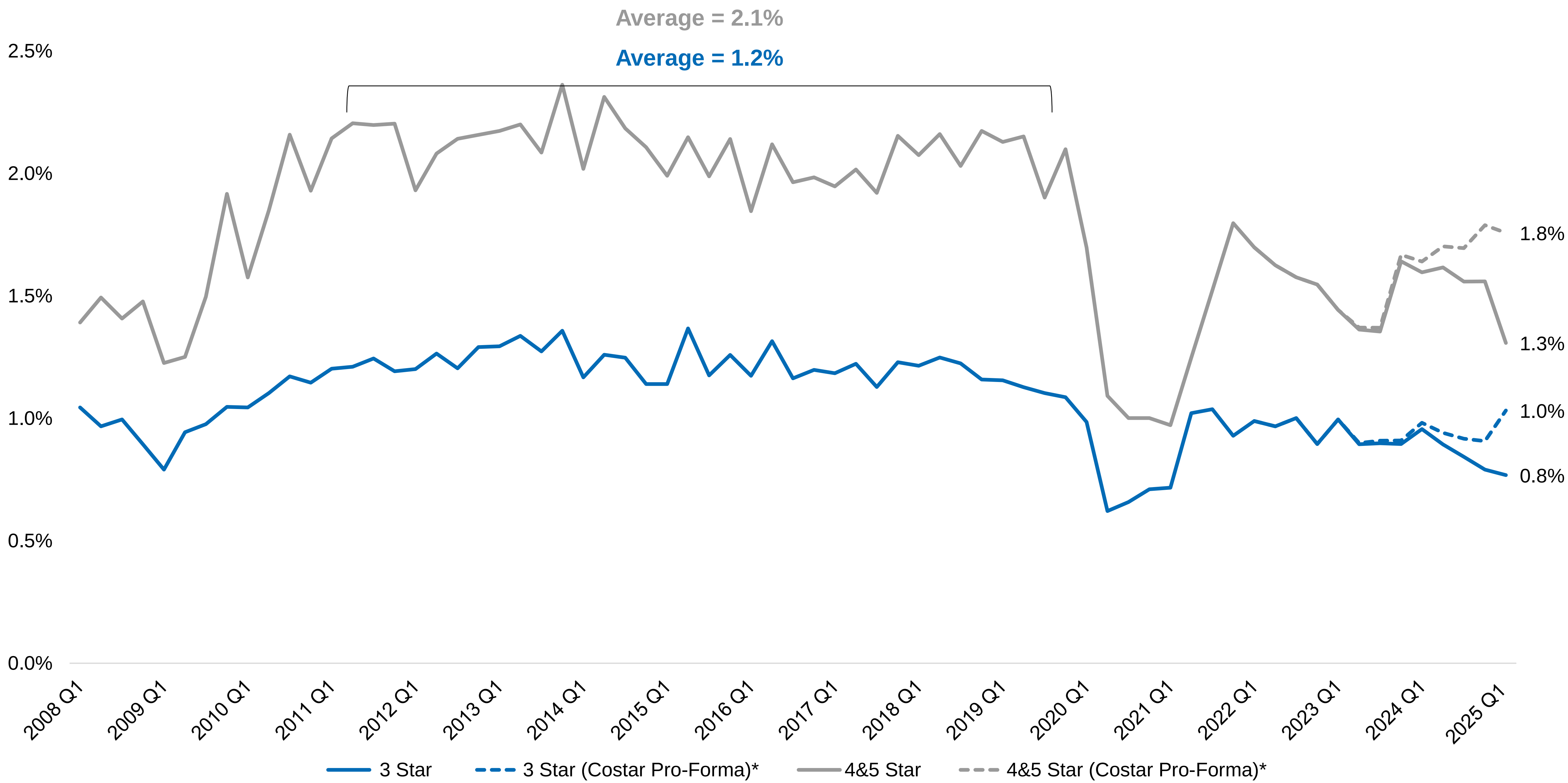
Source: Newmark Research as of 4/30/2025

Leasing Market

Estimated Office Leasing Stable in 1Q25; Settling into New Steady State (?)

Higher-quality buildings continued to outperform the broader market, capturing a greater share of leasing activity in the first quarter of 2025. Although they make up just 33.8% of total inventory, four- and five-star properties accounted for 50.6% of all leasing activity during the quarter.

Leasing Activity as a Share of Inventory

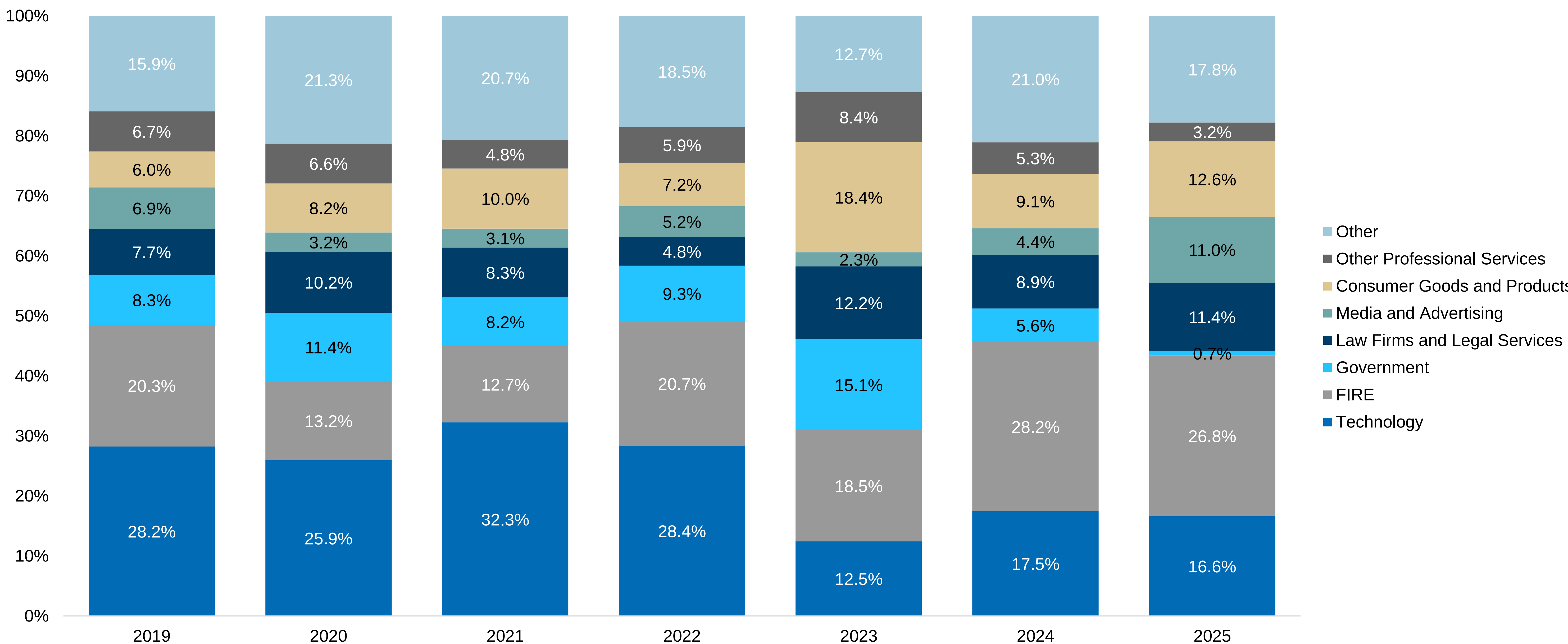


Source: CoStar, Newmark Research as of 4/18/2025
*CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.

Media/Advertising Leasing Expands; Tech Leasing Flat in Q1

Large-block leasing activity declined in the first quarter of 2025 and remains below pre-pandemic norms. Leasing in the media and advertising sector picked up during the fourth quarter but still lags its historical average.

Percentage of Total SF Leases Among Leases Greater than 50,000 SF

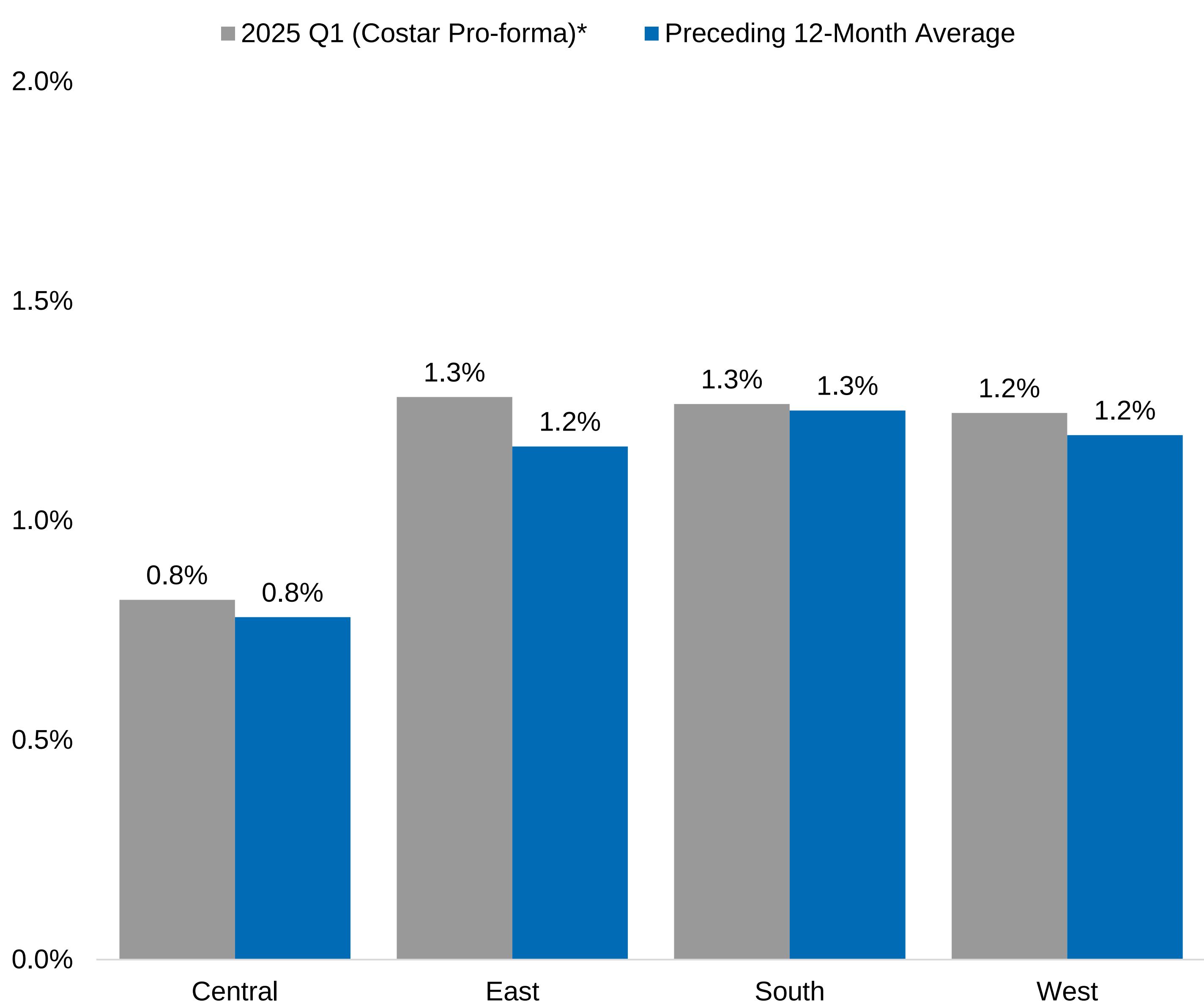


Sources: Newmark Research as of 4/17/2025

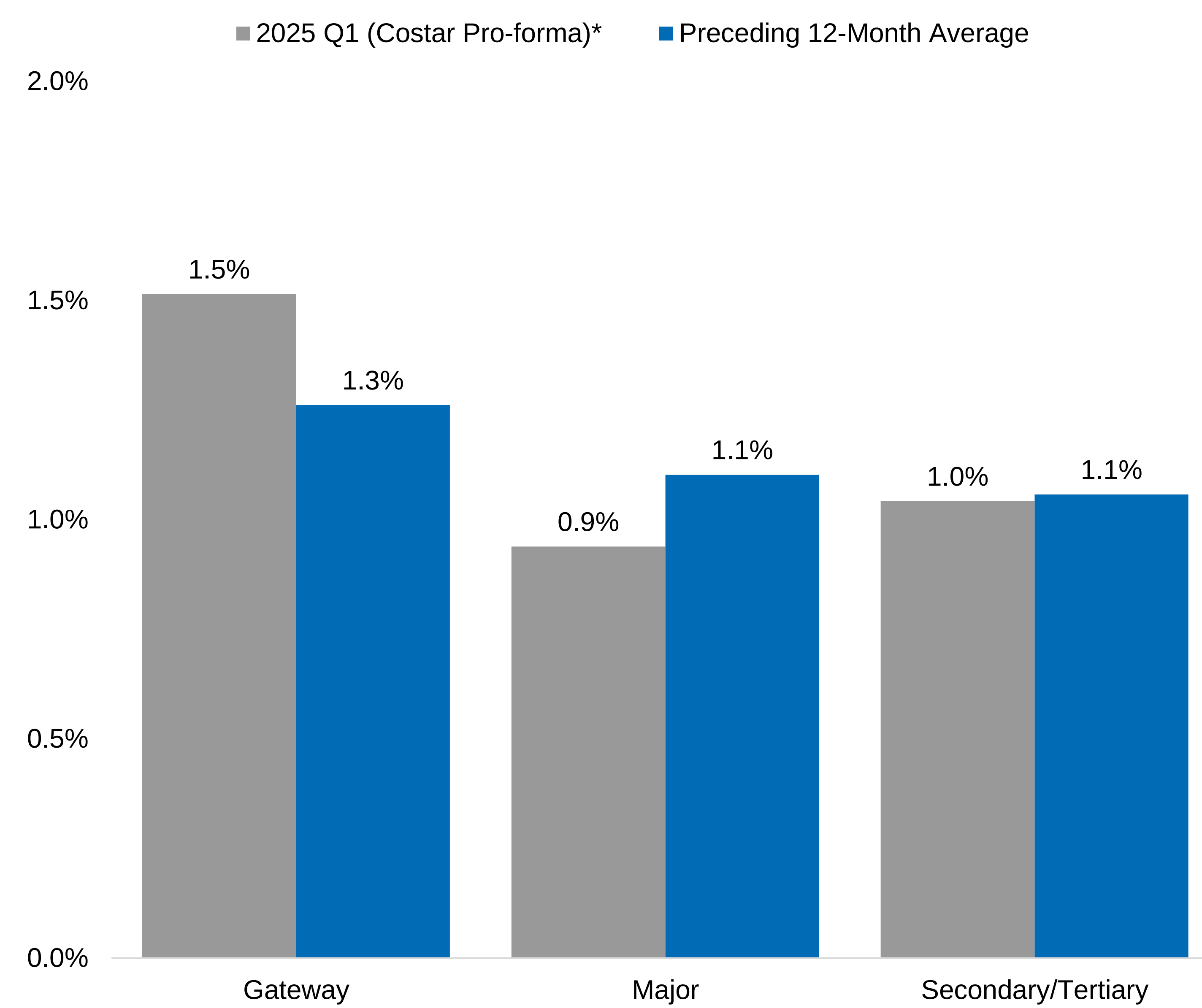
Leasing Activity Stable Across Regions & Market Tiers

Leasing activity held relatively steady compared to the prior 12-month average, with notable gains observed in key gateway markets.

Regional Leasing Activity as a Percent of Inventory



Market Size Leasing Activity as a Percent of Inventory

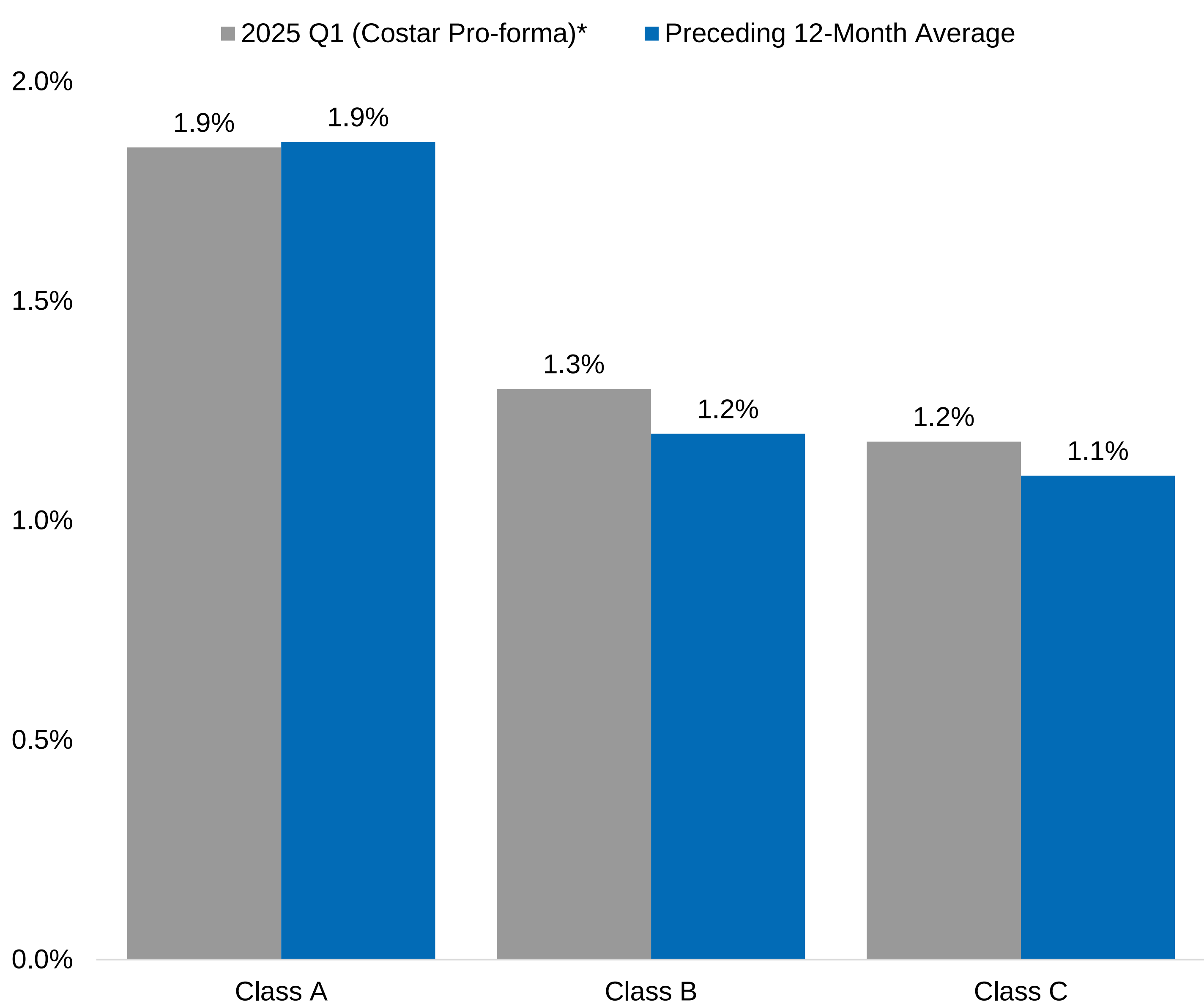


Source: CoStar, Newmark Research as of 4/18/2025
*CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.

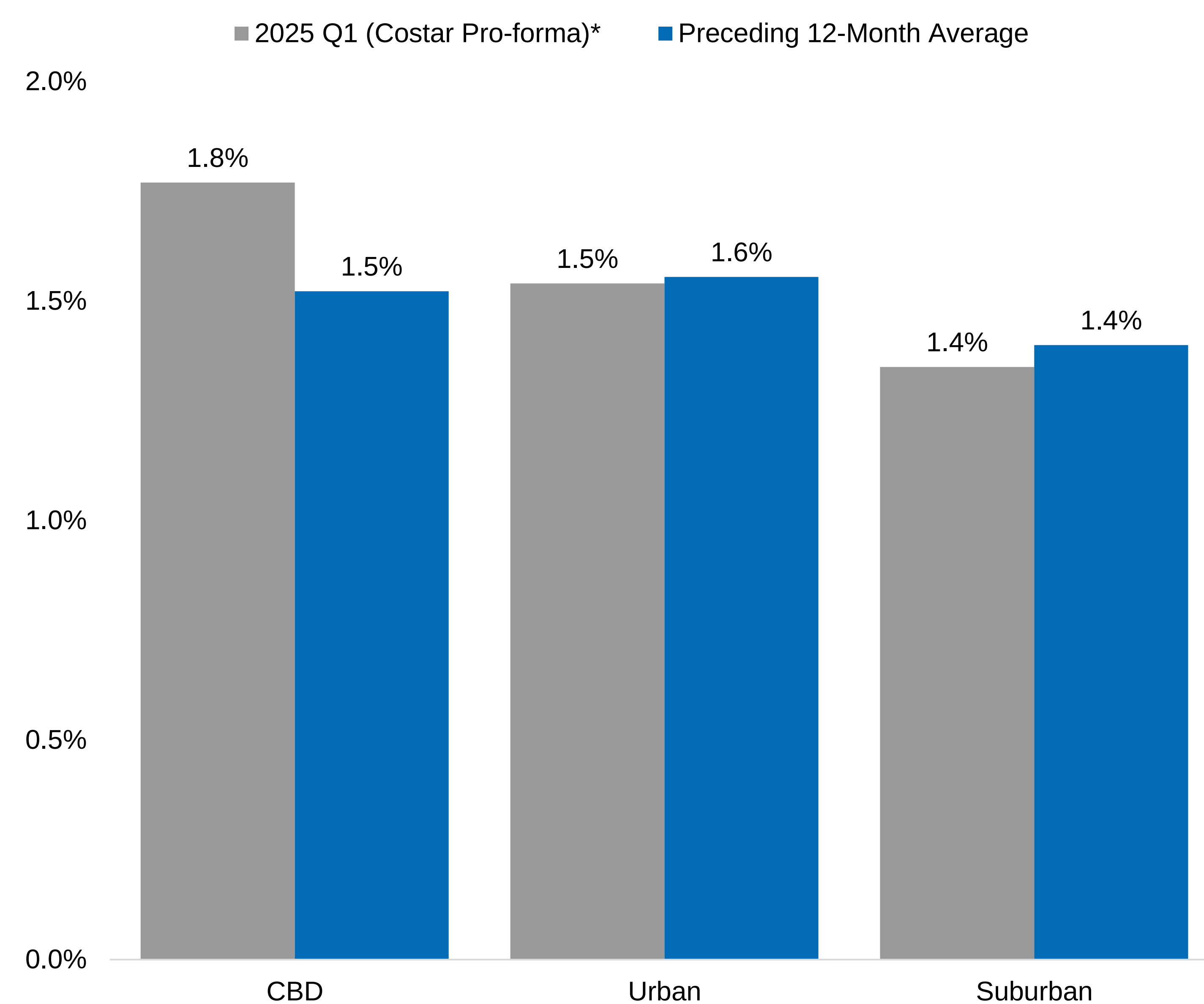
…With Improvements More Pronounced in Downtown Buildings

Buildings in CBD markets recorded the strongest leasing growth in the first quarter of 2025 relative to the preceding period.

Leasing by Class as a Percent of Inventory



Leasing by Urbanization as a Percent of Inventory



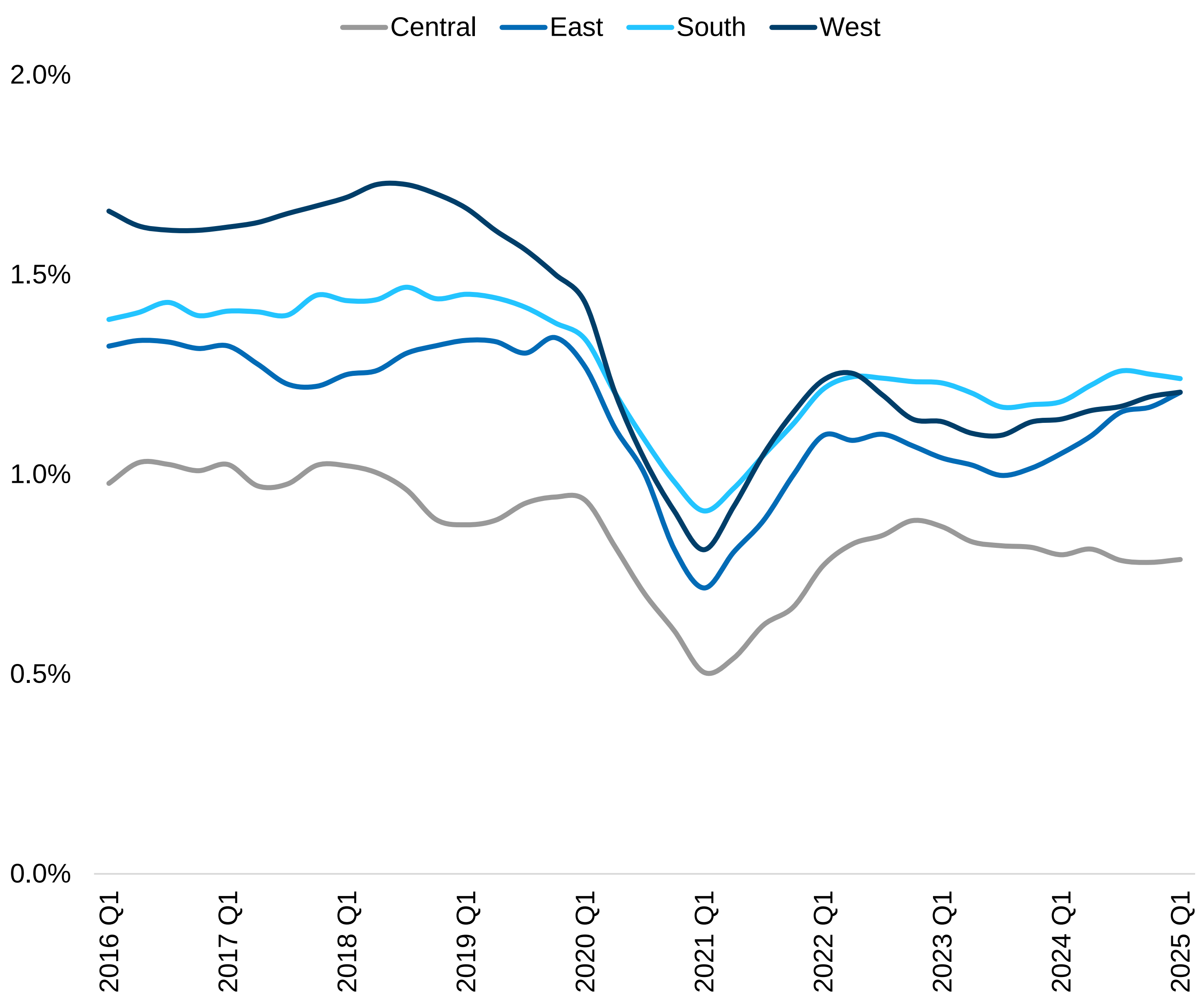
Source: CoStar, Newmark Research as of 4/18/2025

*CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.

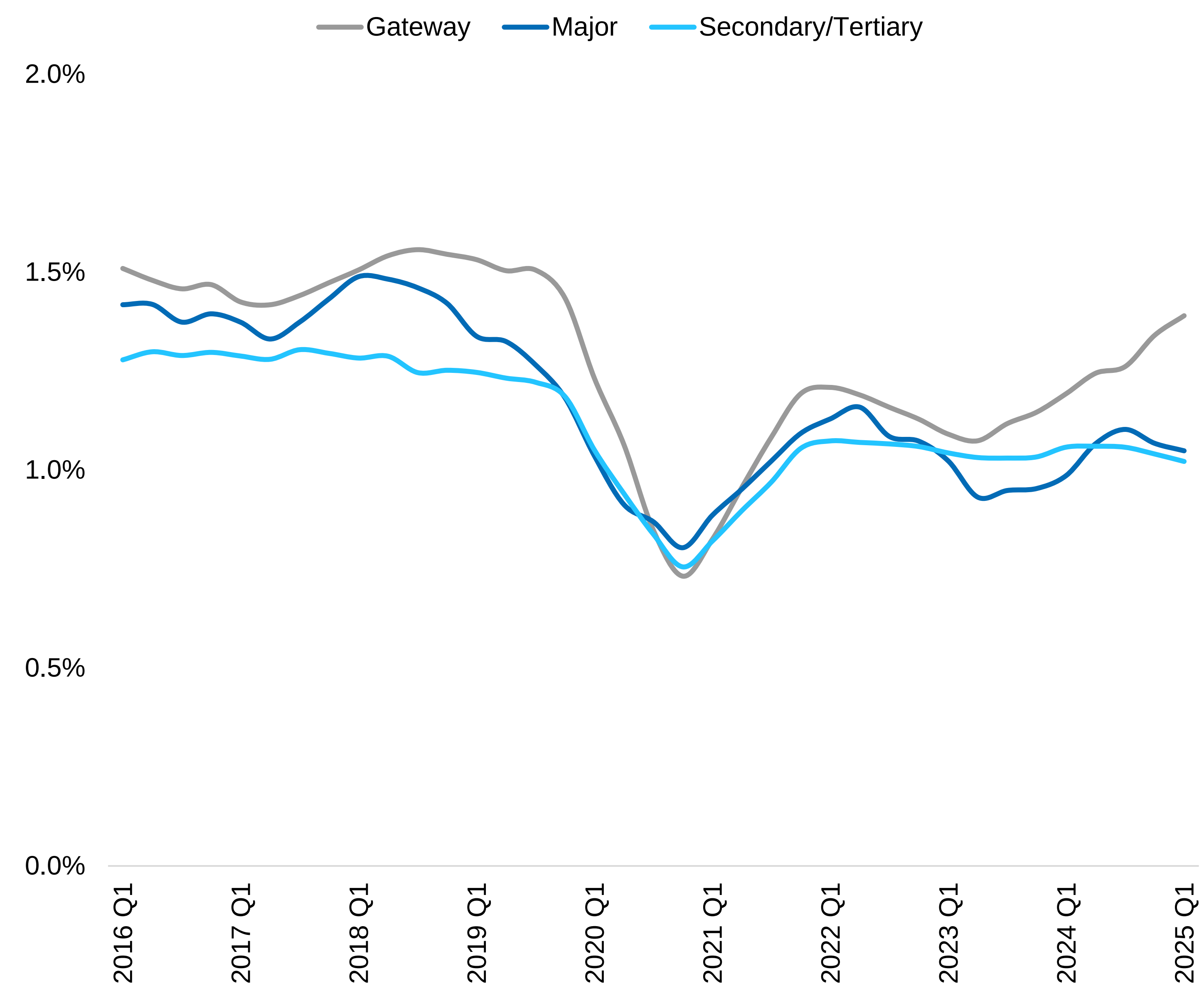
Gateway Markets Lead Improving Leasing Trend In Q1

While leasing activity has moderated from the gains seen in 2022, the outlook has improved following progress in the first quarter of 2025. Southern and gateway markets have outperformed, while the Central Region and major markets have trailed. Western, major, and gateway markets have seen the most pronounced declines in activity relative to pre-pandemic levels.

Regional Leasing Activity as a Percent of Inventory (4-Quarter Trailing)*



Market Size Leasing Activity as a Percent of Inventory (4-Quarter Trailing)*

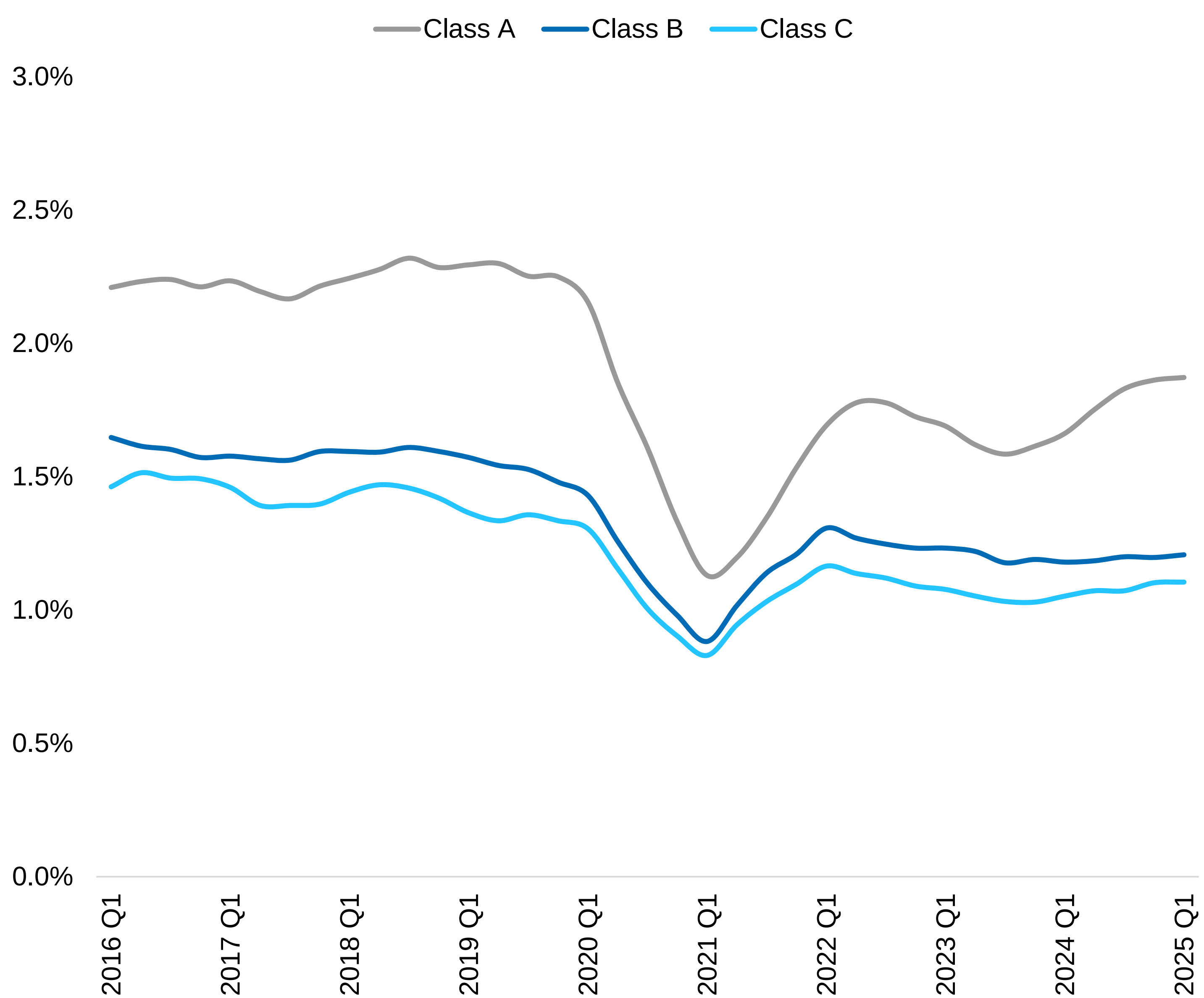


Source: CoStar, Newmark Research as of 4/18/2025
*The second quarter of 2023 through the first quarter of 2025 values used in four-quarter trailing calculation use CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.

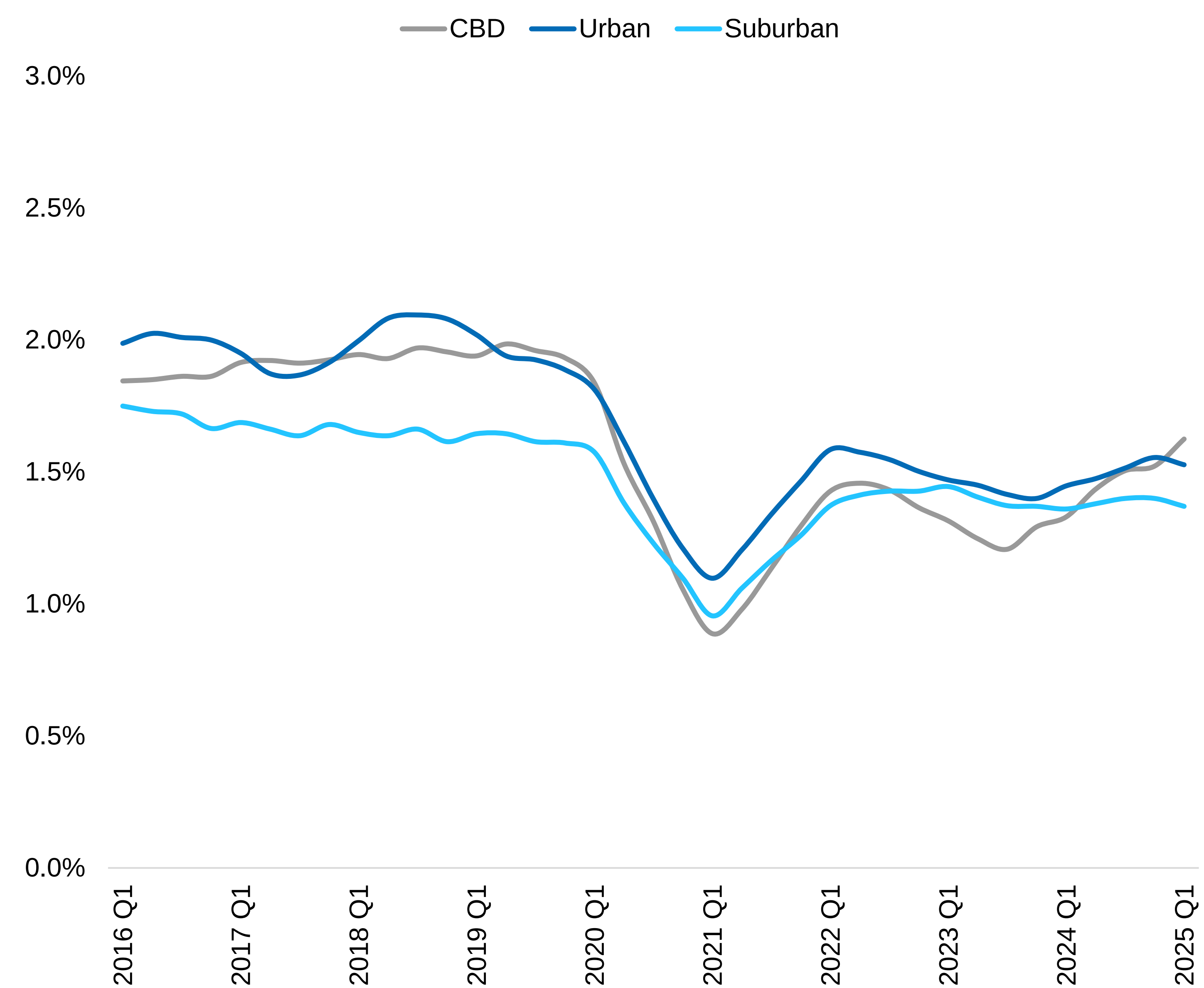
Class A Leasing Outperforms; CBD & Urban Markets Rally

Class A buildings have consistently outperformed other grades in leasing activity, with Class A leasing as a share of inventory continuing to trend upward in the first quarter of 2025.

Leasing Activity by Class as a Percent of Inventory (4-Quarter Trailing)*



Leasing by Urbanization as a Percent of Inventory (4-Quarter Trailing)*

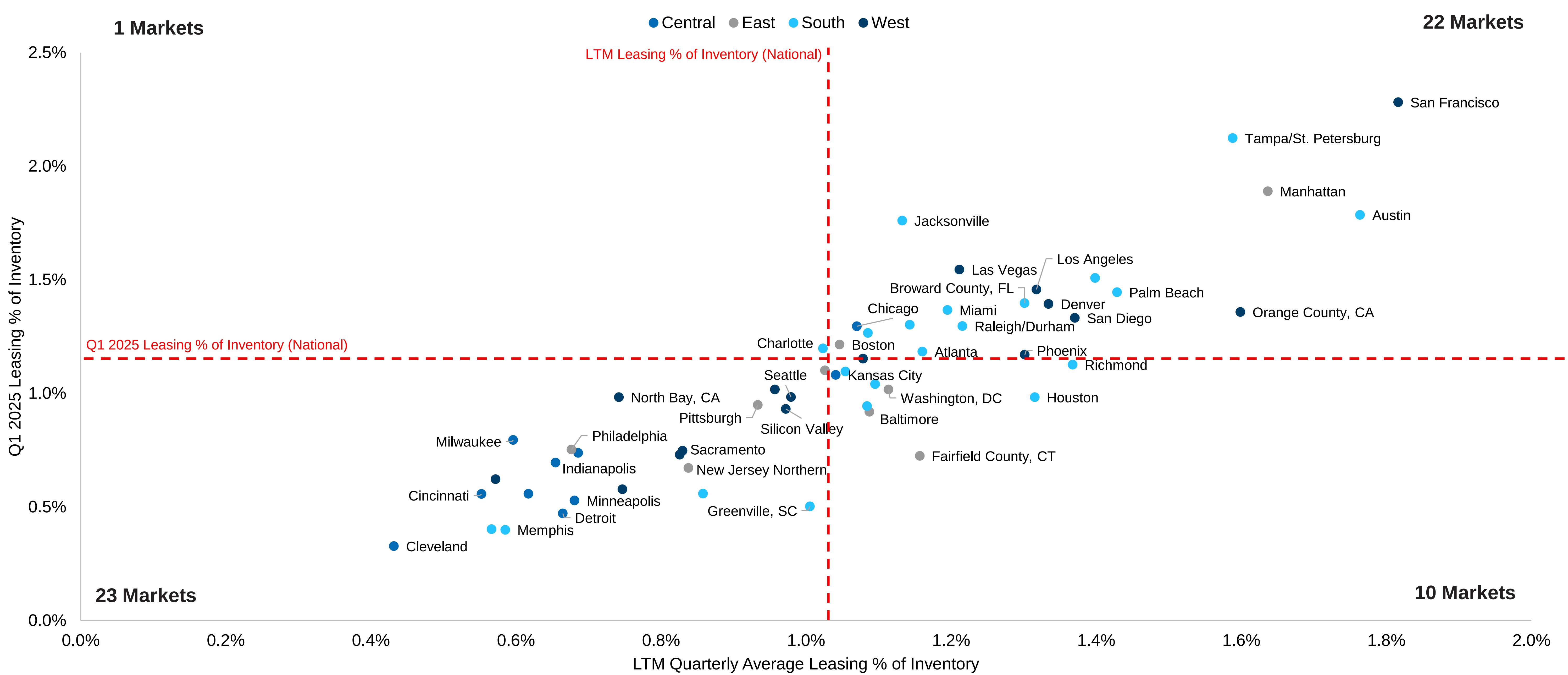


Source: CoStar, Newmark Research as of 4/18/2025
*The second quarter of 2023 through the first quarter of 2025 values used in four-quarter trailing calculation use CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.

Southern & Western Markets Outperform National Average in 1Q25

LTM average leasing activity in Newmark-tracked markets ranged from 0.4% of inventory in Cleveland to 1.8% in San Francisco. In total, 22 markets exceeded both the first-quarter 2025 national average and the LTM quarterly national average. While some variation is expected in smaller inventory markets, major gateway markets like Manhattan, Los Angeles, and Chicago generally ranked in the upper half of the distribution.

LTM Quarterly Average vs 1Q25 Leasing*

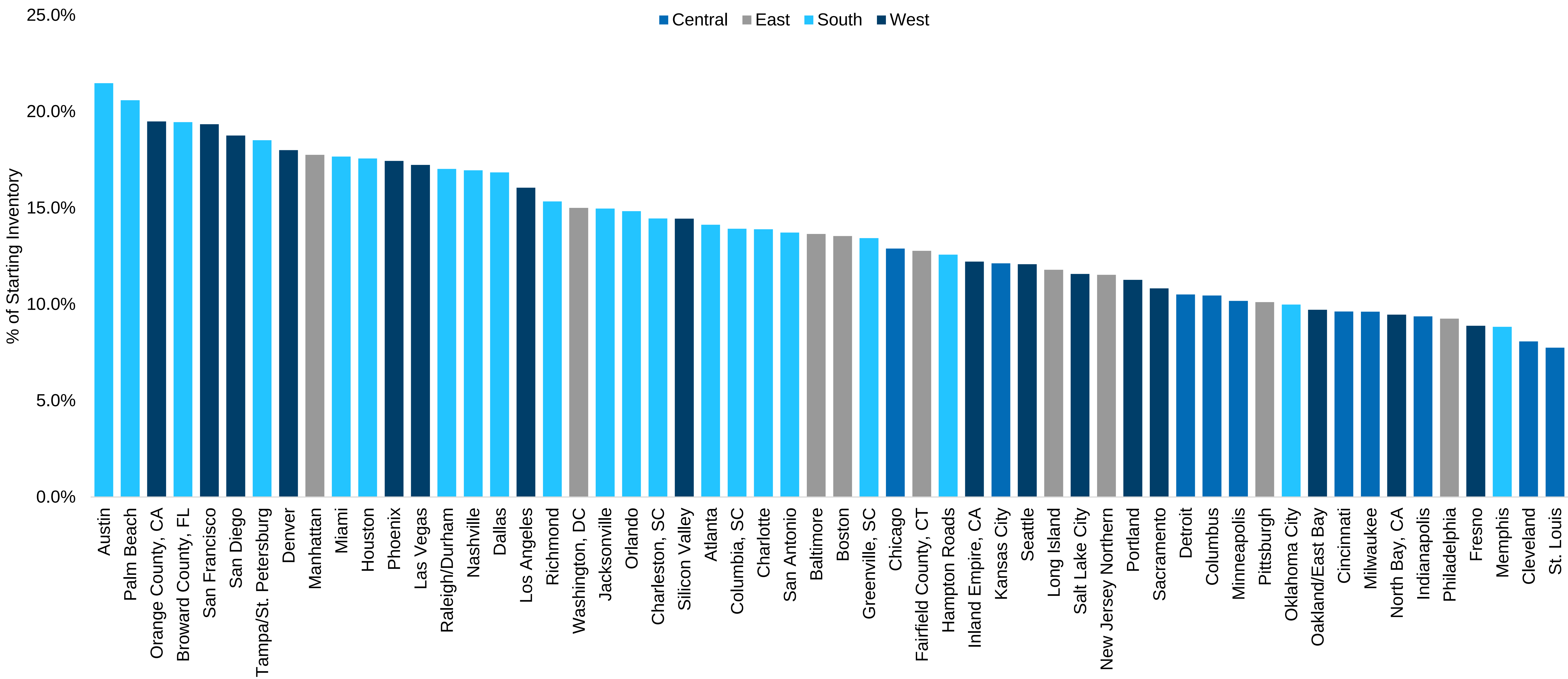


Source: CoStar, Newmark Research as of 4/18/2025
*Calculations use CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.
Note: Westchester County included in New York; San Francisco Peninsula included in San Francisco; Southern New Jersey and Delaware included in Philadelphia.

…And Cumulative Gains Have Been Strongest in the South and West

Cumulative leasing since Q1 2022, measured as a percent of Q1 2022 inventory, ranges from 21.4% in Austin to 7.8% in St. Louis. The South and West regions are well represented in the upper half of this distribution, while all Central region markets fall in the lower half.

Cumulative Three-Year Leasing as Percent of Starting Inventory

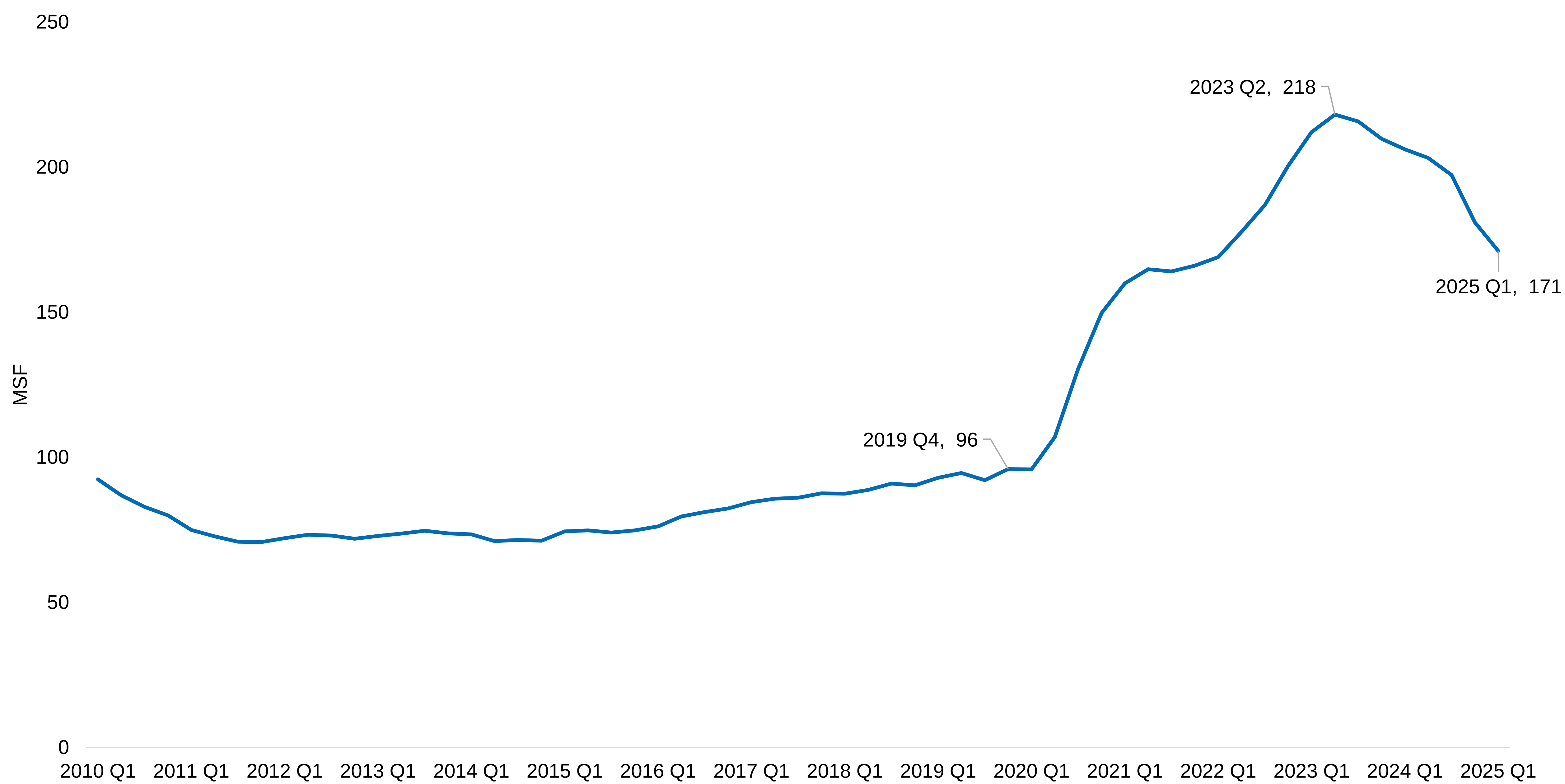


Source: CoStar, Newmark Research as of 4/29/2025
*Calculations use CoStar pro-forma based on proprietary internal formula that estimates remaining leases not captured based on analysis of historical leasing trends.
Note: Westchester County included in New York; San Francisco Peninsula included in San Francisco; Southern New Jersey and Delaware included in Philadelphia.

Sublease Availability Declined In First Quarter

Sublease availability continued to decline in the first quarter of 2025, down 17.0% year-over-year. While past declines largely reflected sublease space converting to direct listings as terms expired, flat vacancy growth in the first quarter indicates that some of these spaces were likely absorbed.

National Sublease Availability

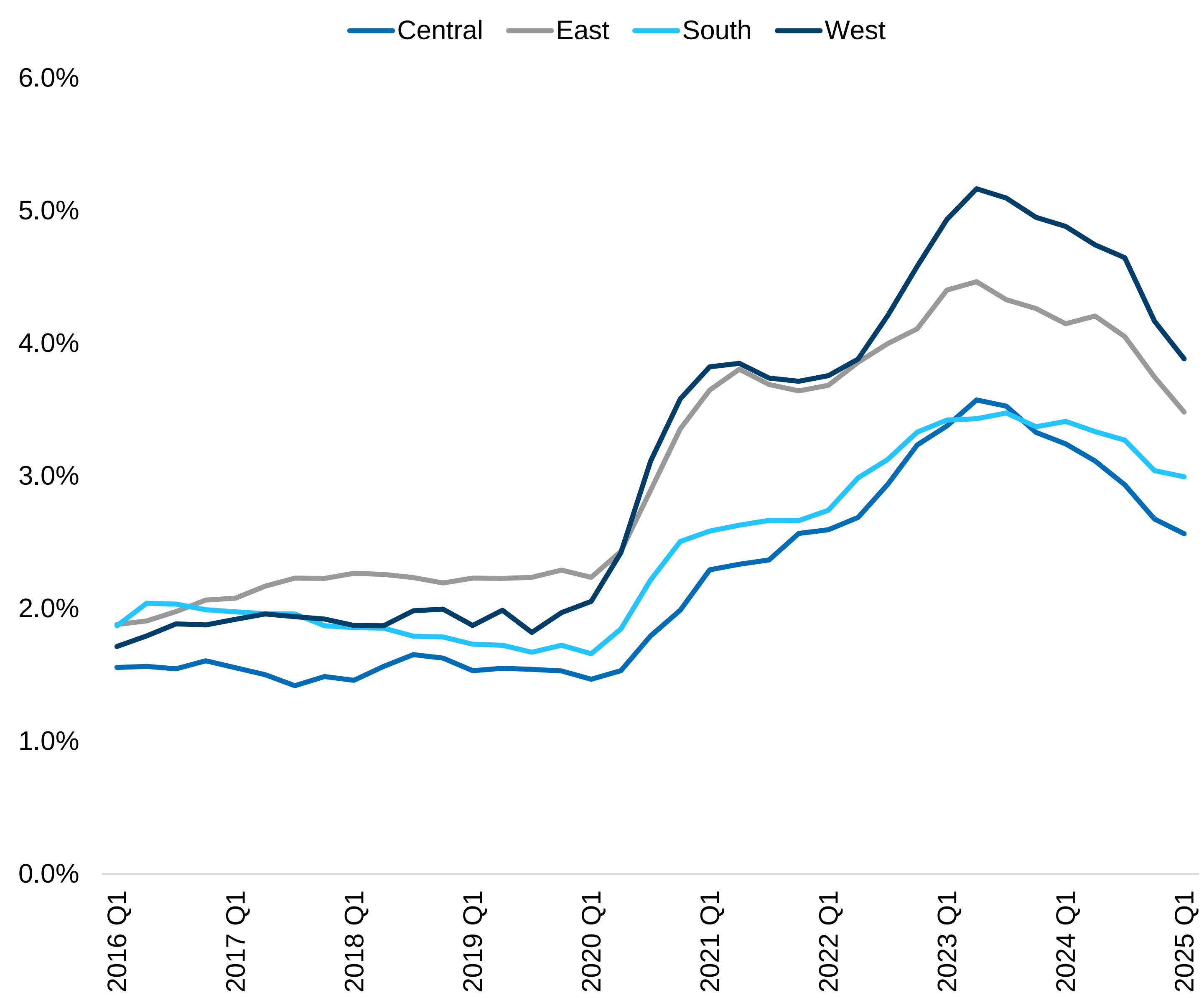


Source: CoStar, Newmark Research as of 4/18/2025

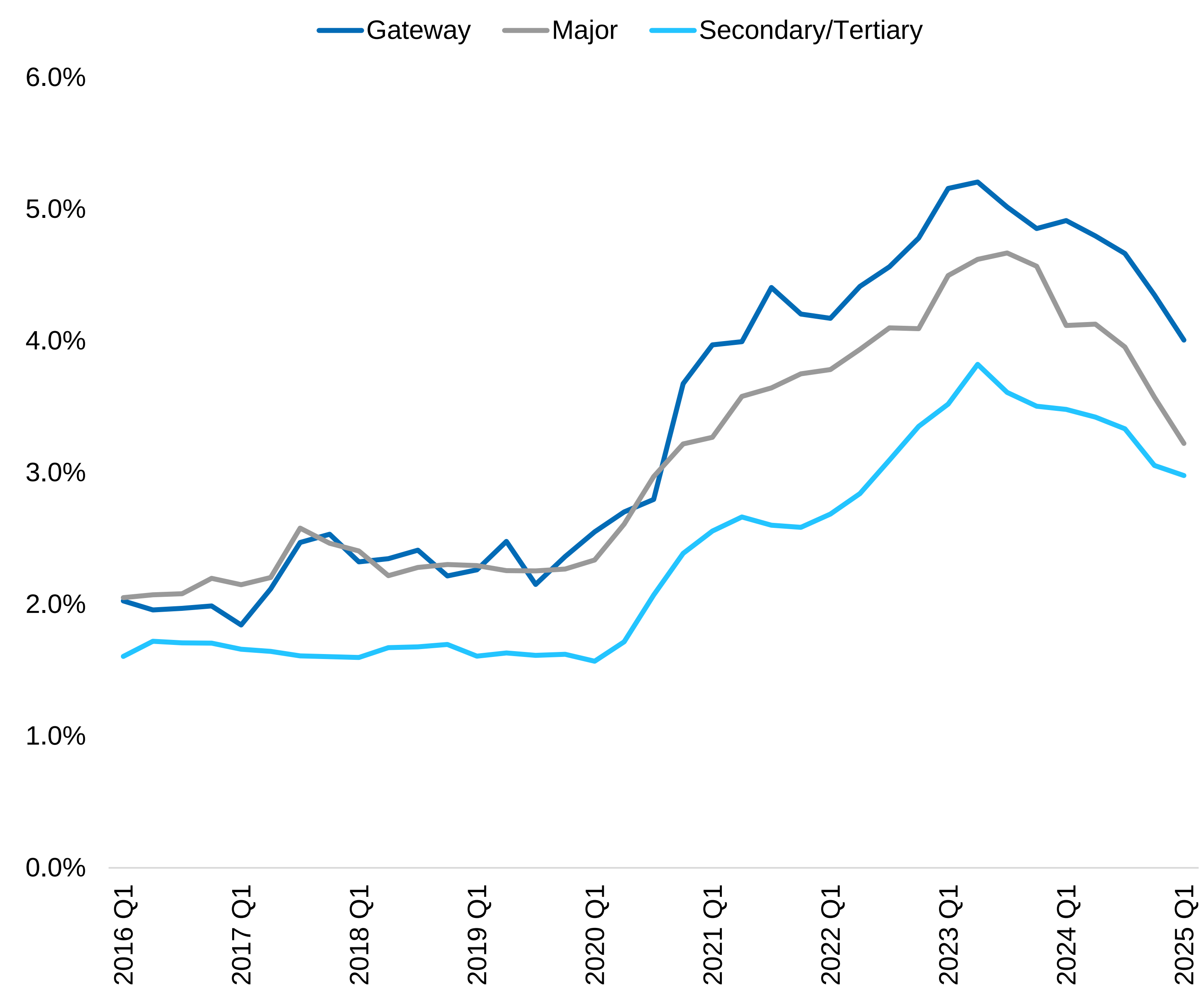
Sublease Availability Declines Across Regions & Market Tiers

Sublease availability remains elevated by historical standards, particularly in Western and Eastern regions, as well as in gateway and major markets. While reducing this inventory is key to enabling new market expansion, the near-term outlook is mixed, with much of the sublease space continuing to shift into direct availability and vacancy.

Regional Sublease Availability Rate



Market Size Sublease Availability Rate

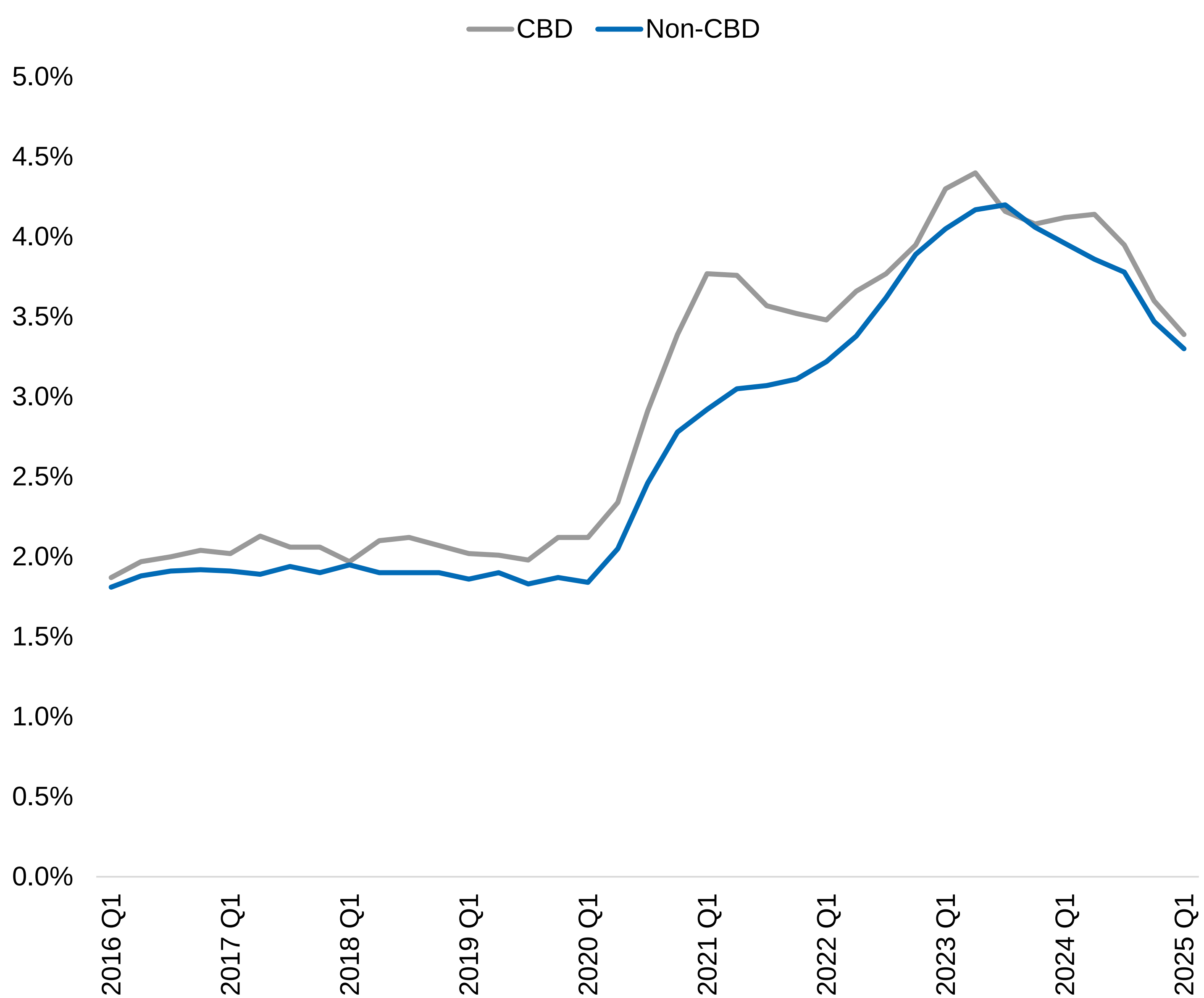


Source: CoStar, Newmark Research as of 4/18/2025

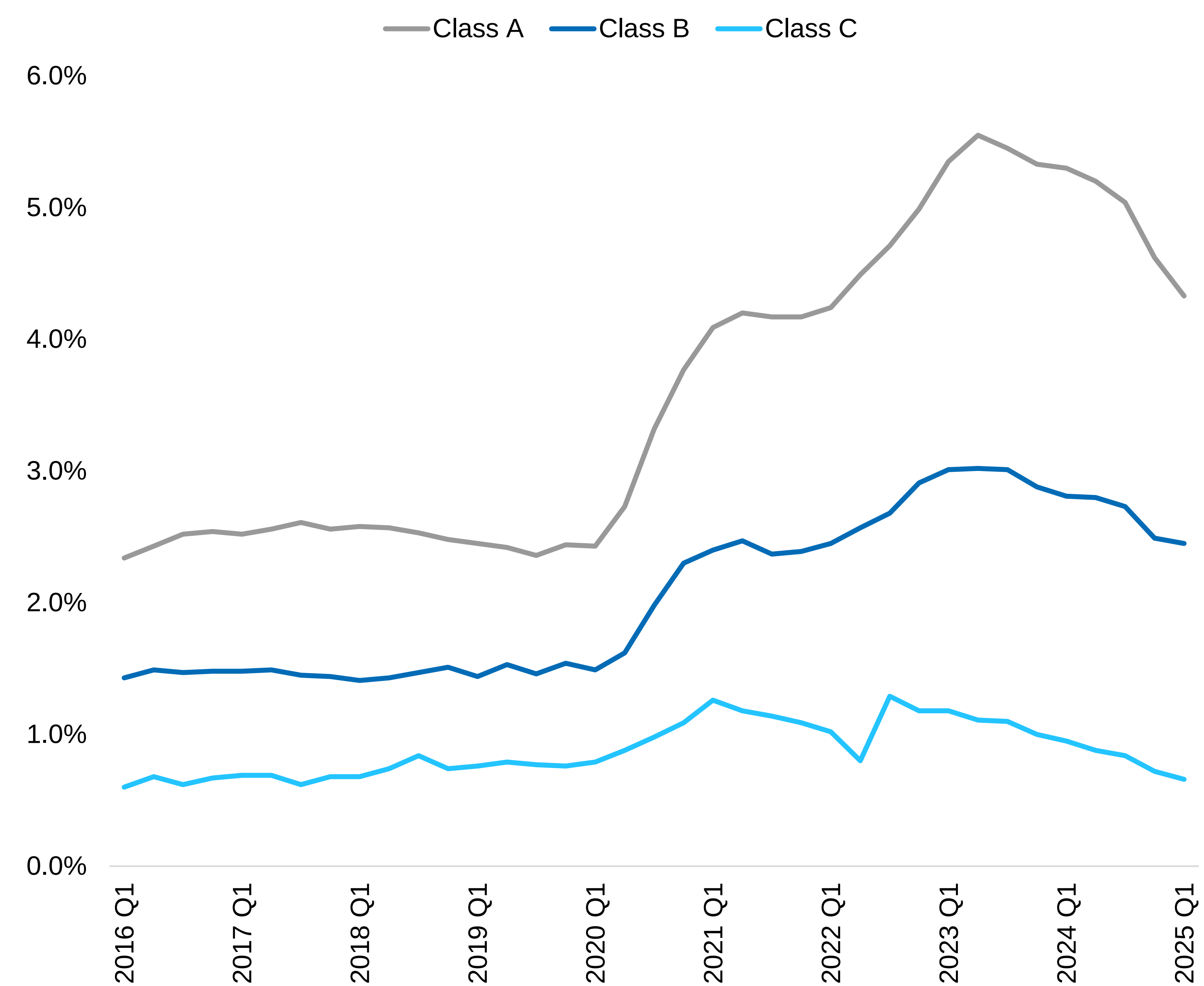
Non-CBD Markets & Lower Tier Product Lead Sublease Decline

Sublease availability is relatively balanced between CBD and non-CBD markets; however, the gap becomes much more pronounced when comparing across building grades.

Sublease Availability Rate by Urbanization



Sublease Availability Rate by Class

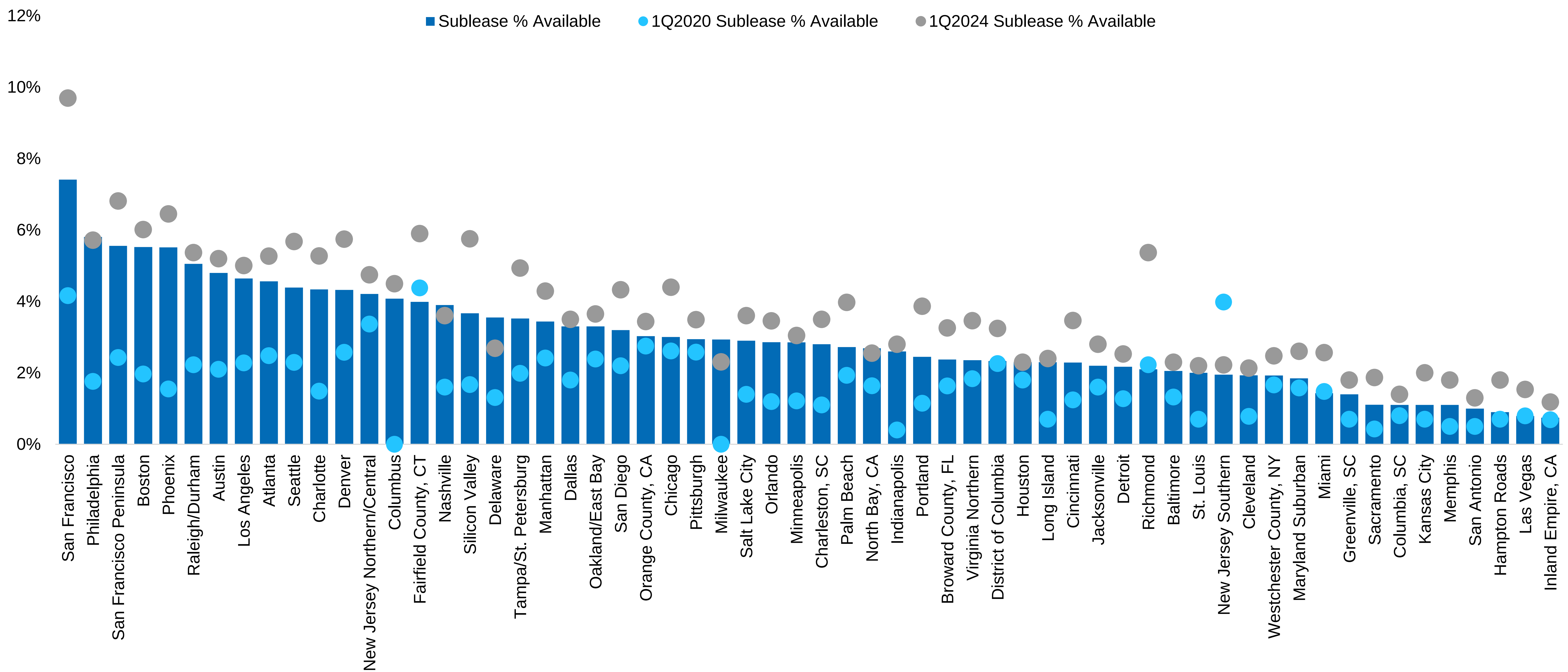


Source: CoStar, Newmark Research as of 4/24/2025

Sublease Availability By Market

Sublease availability remains elevated compared to pre-pandemic levels in most U.S. markets, with larger markets such as San Francisco, Philadelphia, the San Francisco Peninsula, and Boston facing particularly high volumes. Encouraging signs in the tech sector—underscored by a surge in venture capital funding—suggest these markets may see reductions in sublease availability, potentially supporting stronger market fundamentals.

Current Sublease Availability Rate vs. 1Q 2020 & 1Q 2024

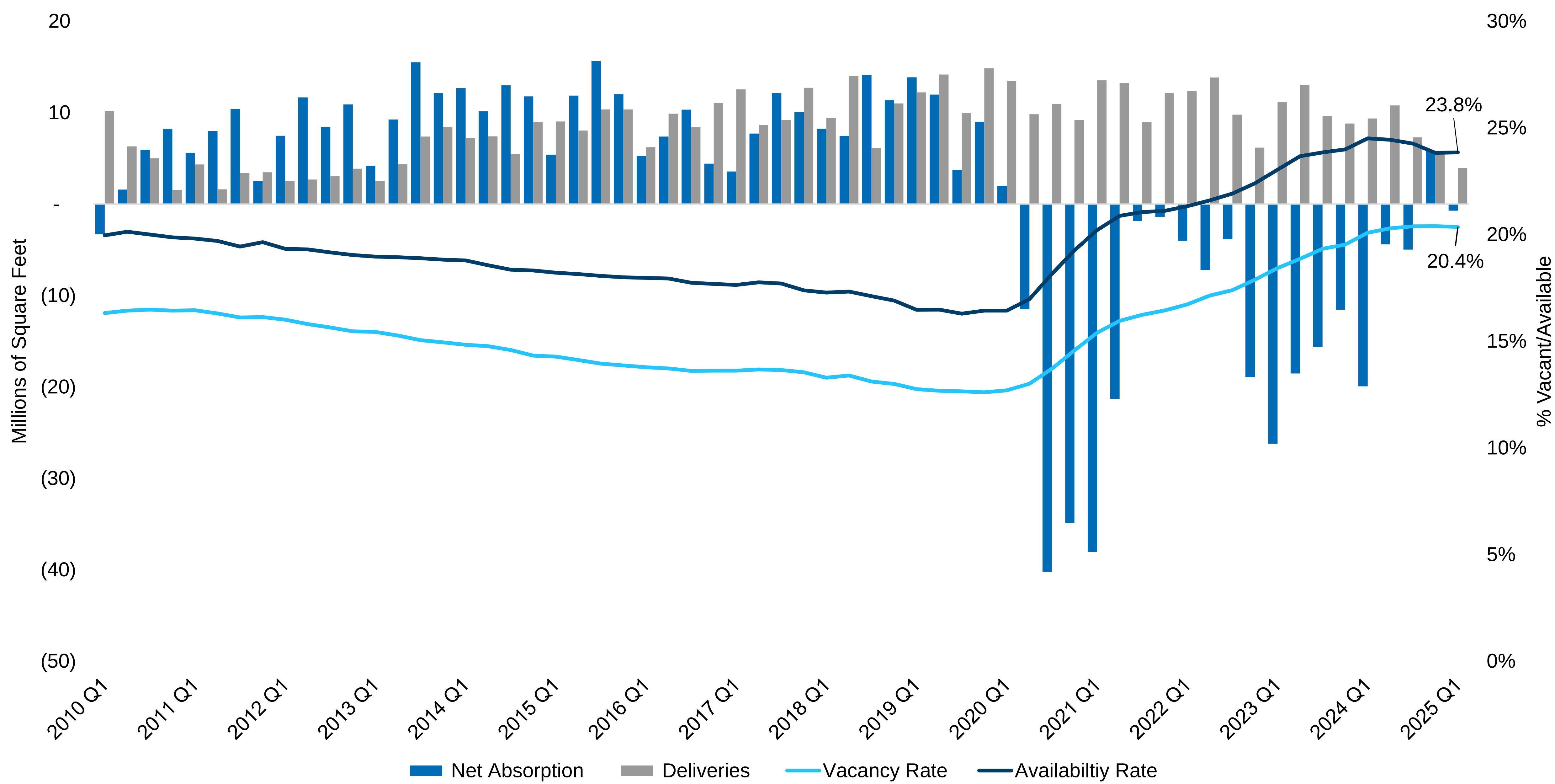


Source: CoStar, Newmark Research as of 4/18/2025

Occupancy Growth Nearly Flat after Prior Quarter Improvements

Occupancy declined by a modest 730,000 SF in the first quarter of 2025, a reversal from the 5.8 million SF of growth recorded in the prior quarter. This follows 18 consecutive quarters of negative net absorption, which cumulatively totaled negative 284.6 million SF.

Supply and Demand: Net Absorption, New Construction Deliveries, and Vacancy

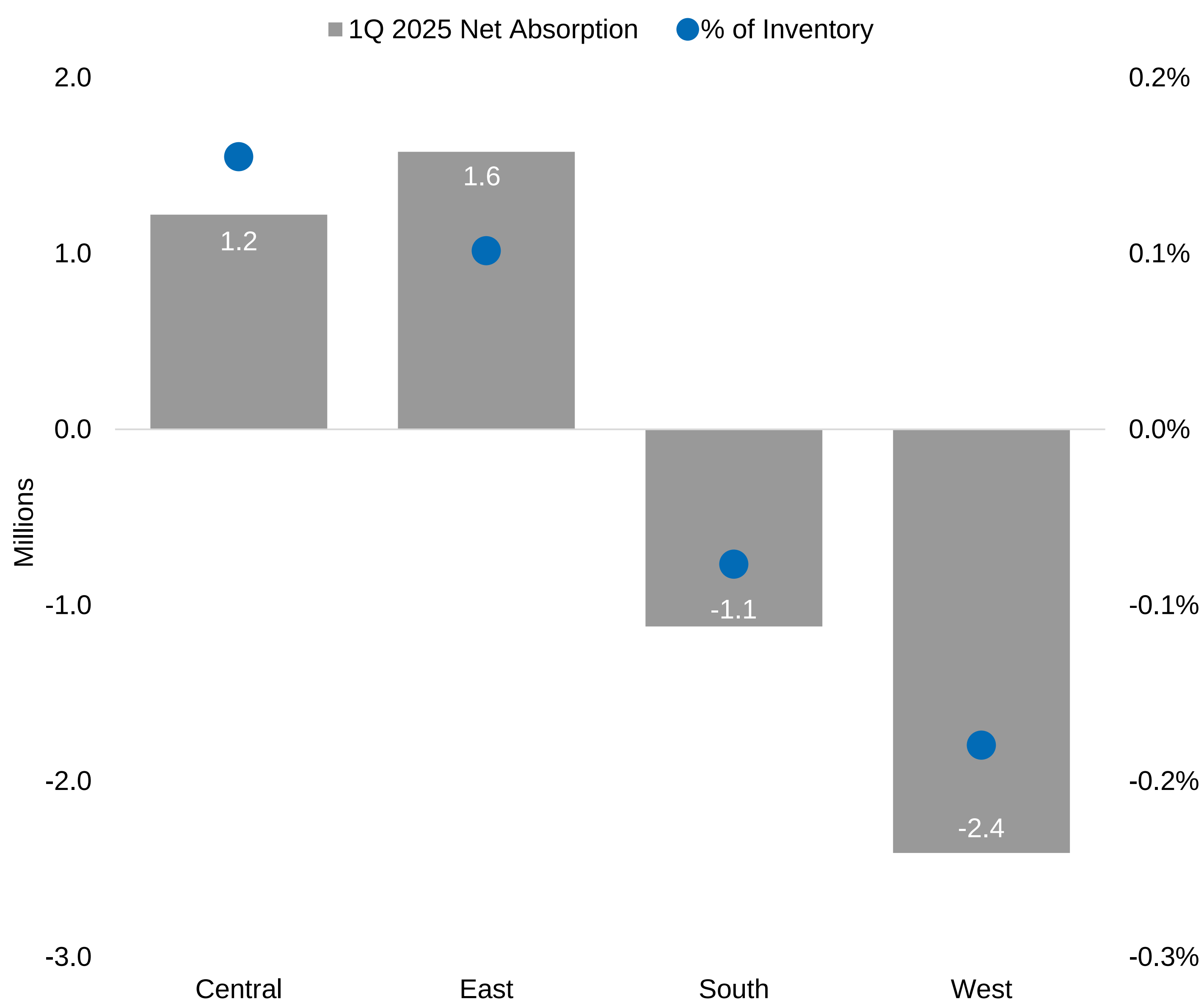


Source: CoStar, Newmark Research as of 4/18/2025

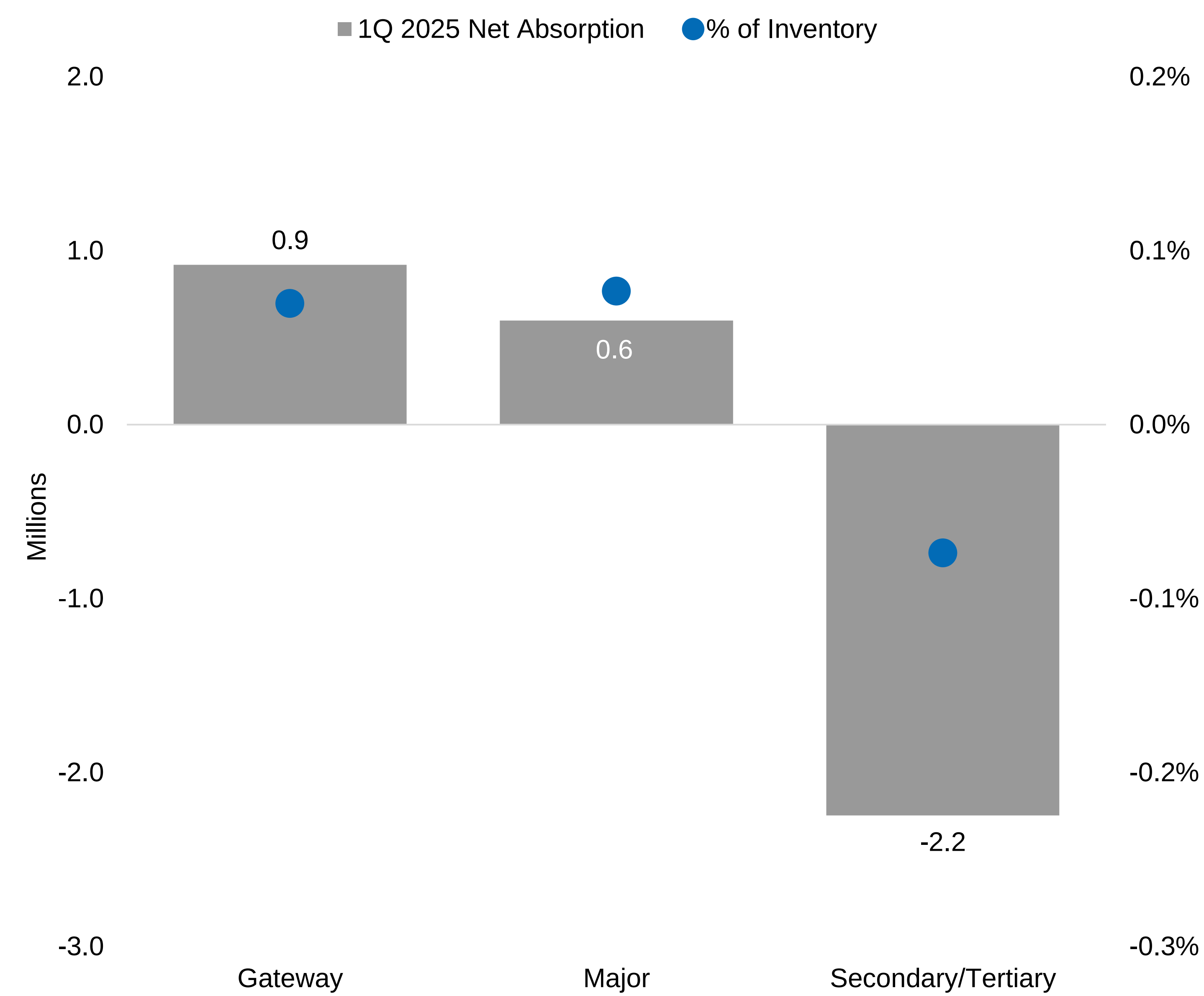
Western, Smaller Markets Drove First Quarter Occupancy Decline

National occupancy declined in the first quarter, driven largely by losses in secondary and tertiary markets across the South and West regions. While this marks a sharp drop from the prior quarter, several key markets posted notable gains, including Chicago (+1.16 million SF), Manhattan (+820,921 SF), and Northern New Jersey (+655,647 SF).

Regional Net Absorption



Market Size Net Absorption

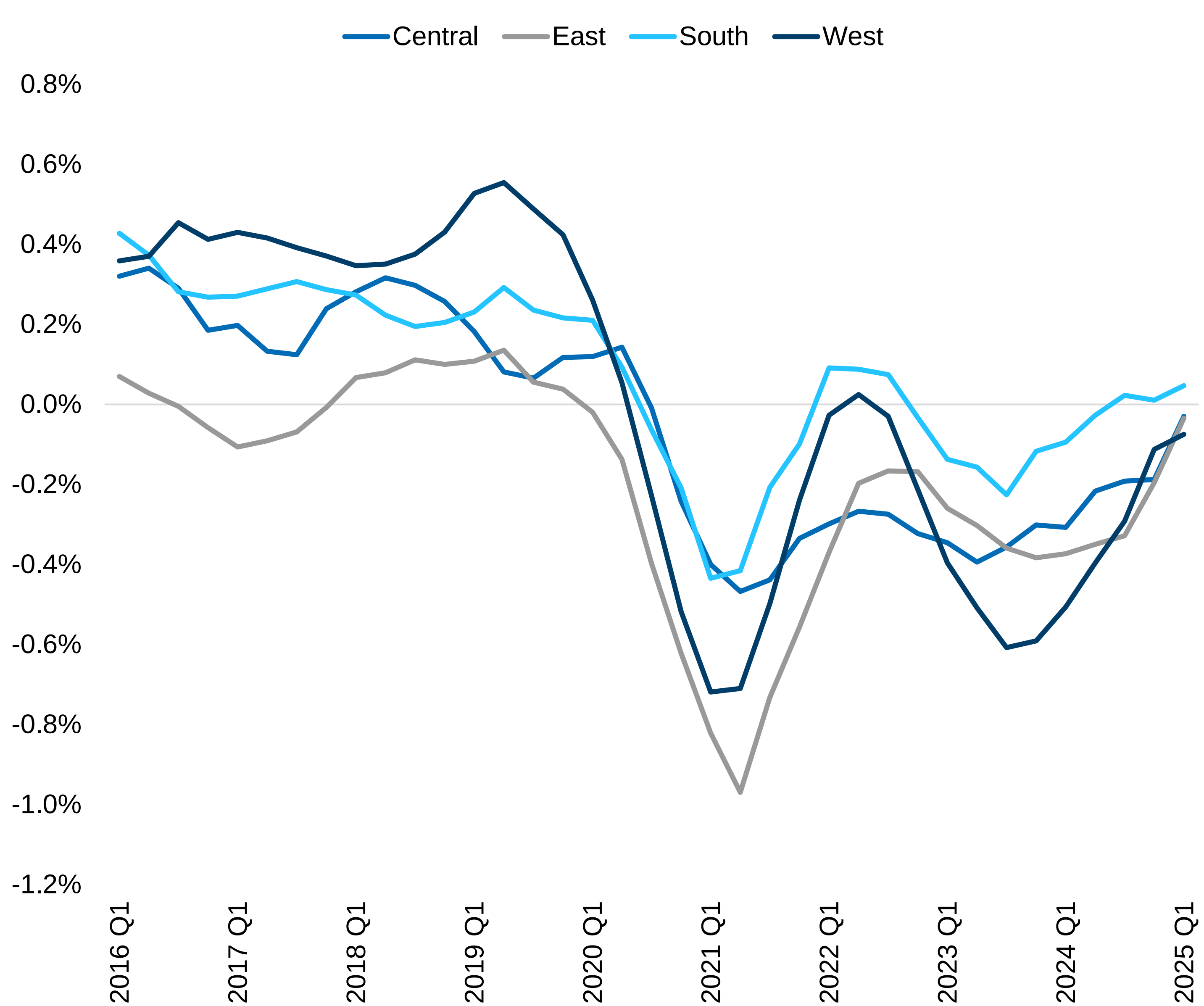


Source: CoStar, Newmark Research as of 4/18/2025

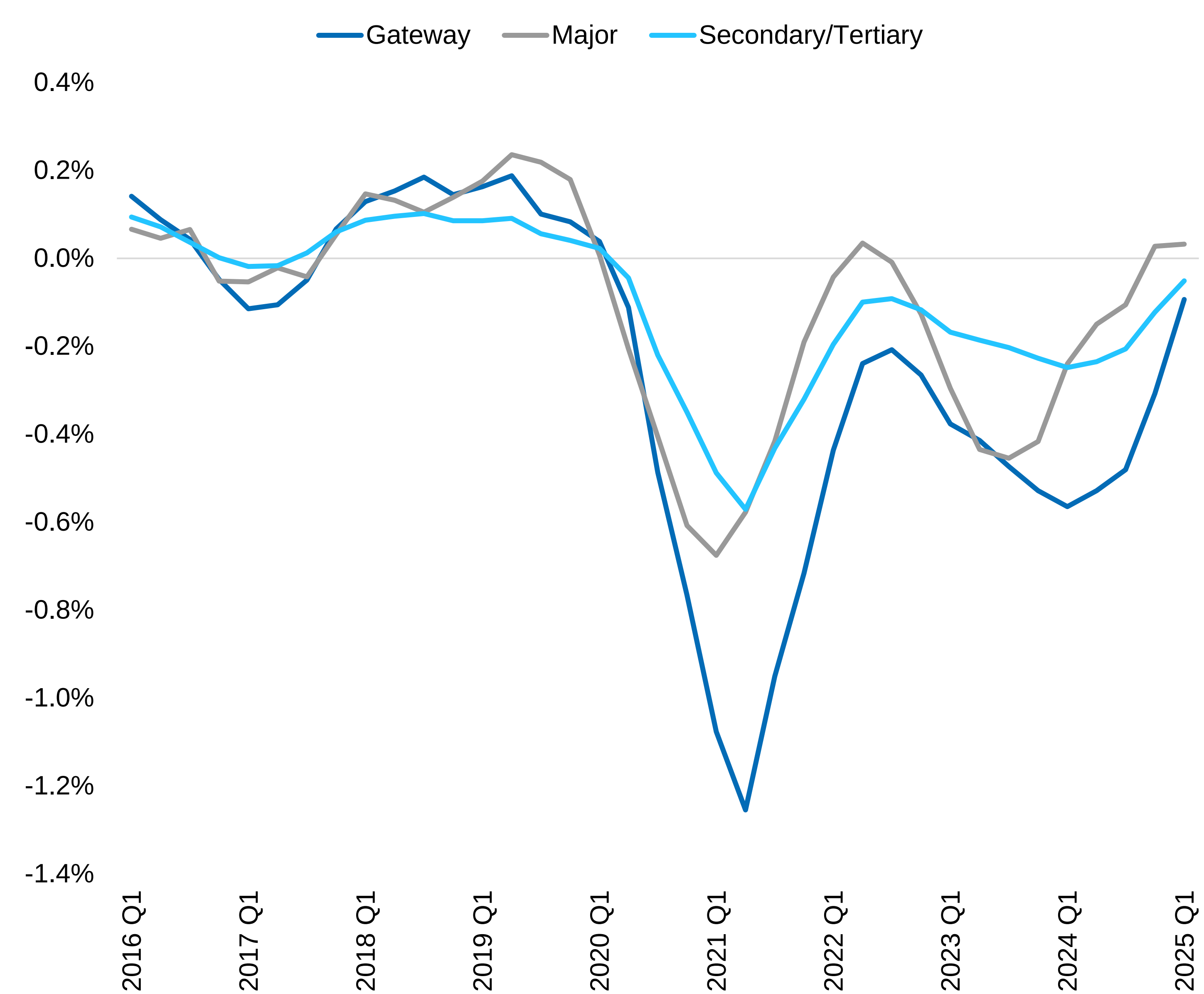
Major Markets Leading Occupancy Recovery

On a trailing four-quarter basis, net absorption remains negative across most regions and market tiers, with major and Southern markets as key exceptions. Still, a steady trend of improvement is visible across regions and market sizes. Western markets, while still underperforming relative to pre-pandemic norms, have made meaningful progress in recent quarters—mirroring gains seen in gateway markets.

Regional Net Absorption – 4-Quarter Trailing Average



Market Size Net Absorption – 4-Quarter Trailing Average

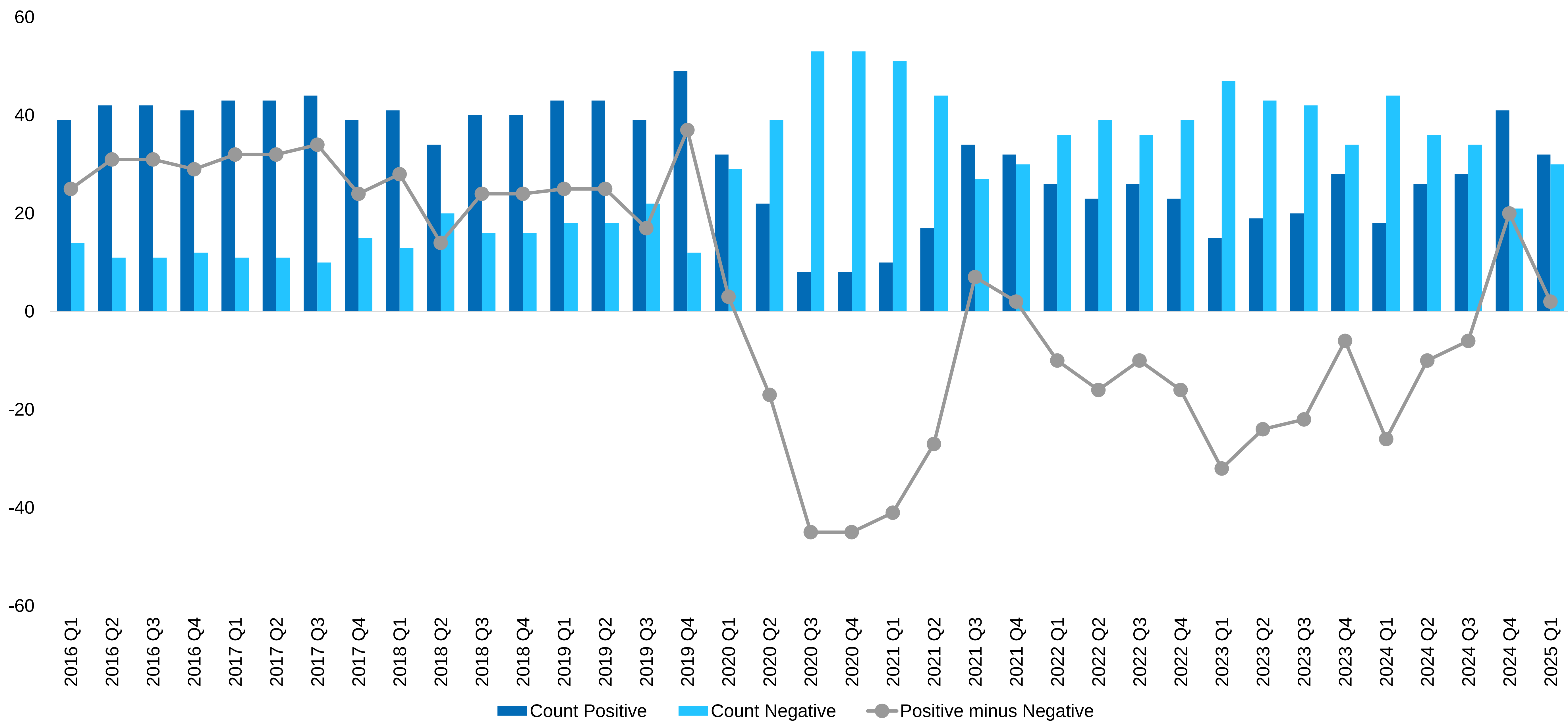


Source: CoStar, Newmark Research as of 4/18/2025

Net Absorption: Gains and Losses Evenly Split Across Markets

In the first quarter of 2025, 32 markets posted positive net absorption while 30 recorded losses, resulting in a diffusion index of 2. Although this marks a decline from the fourth quarter of 2024, it still represents a significant improvement over most of the post-pandemic period.

Positive vs. Negative Net Absorption Markets

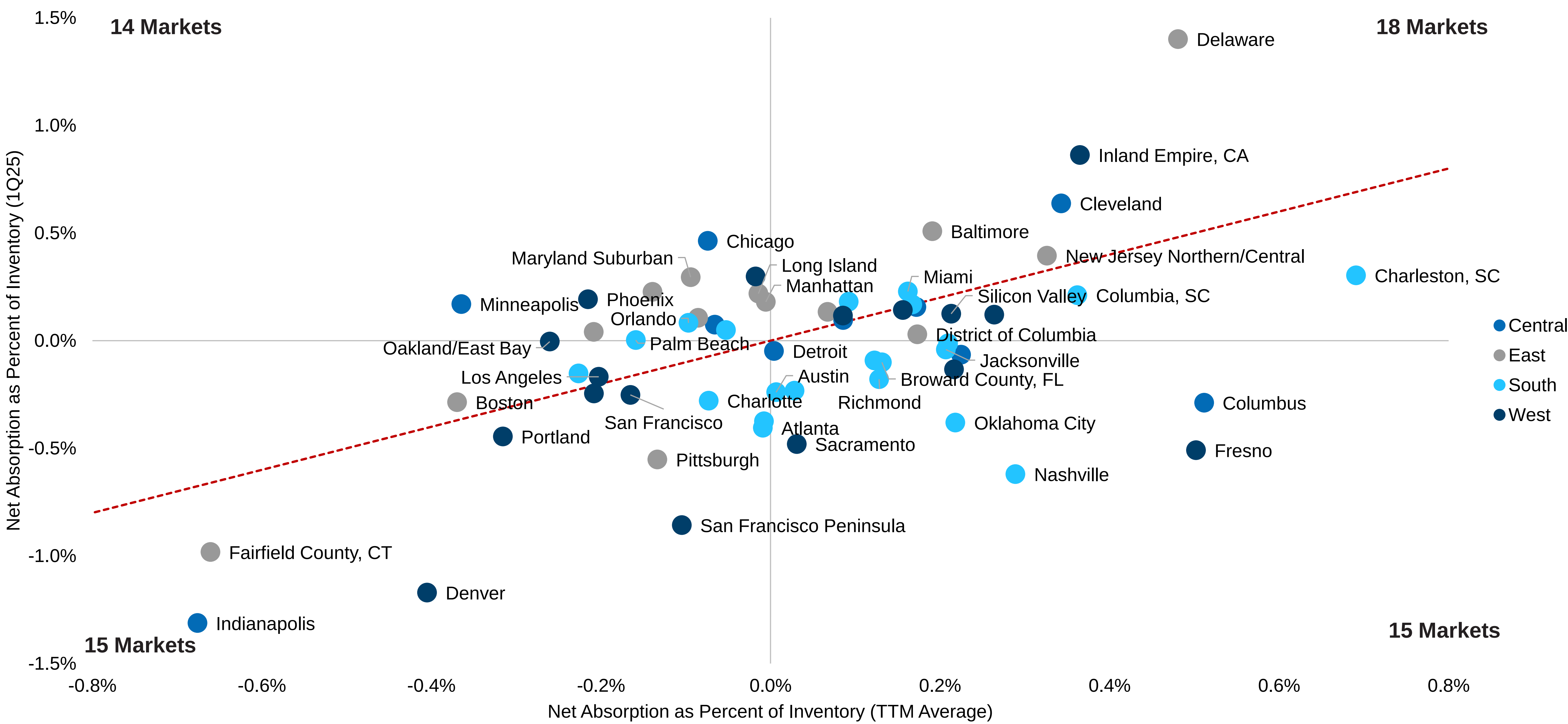


Sources: CoStar, Newmark Research as of 4/18/2025

Net Absorption Accelerated in 28 of 62 Markets in 1Q25

Despite the occupancy decline in the first quarter of 2025, nearly half of tracked markets saw improvements in net absorption as a percentage of inventory relative to the trailing 12-month average. These gains were geographically diverse, with a notable concentration in secondary markets.

1Q25 Net Absorption Comparison

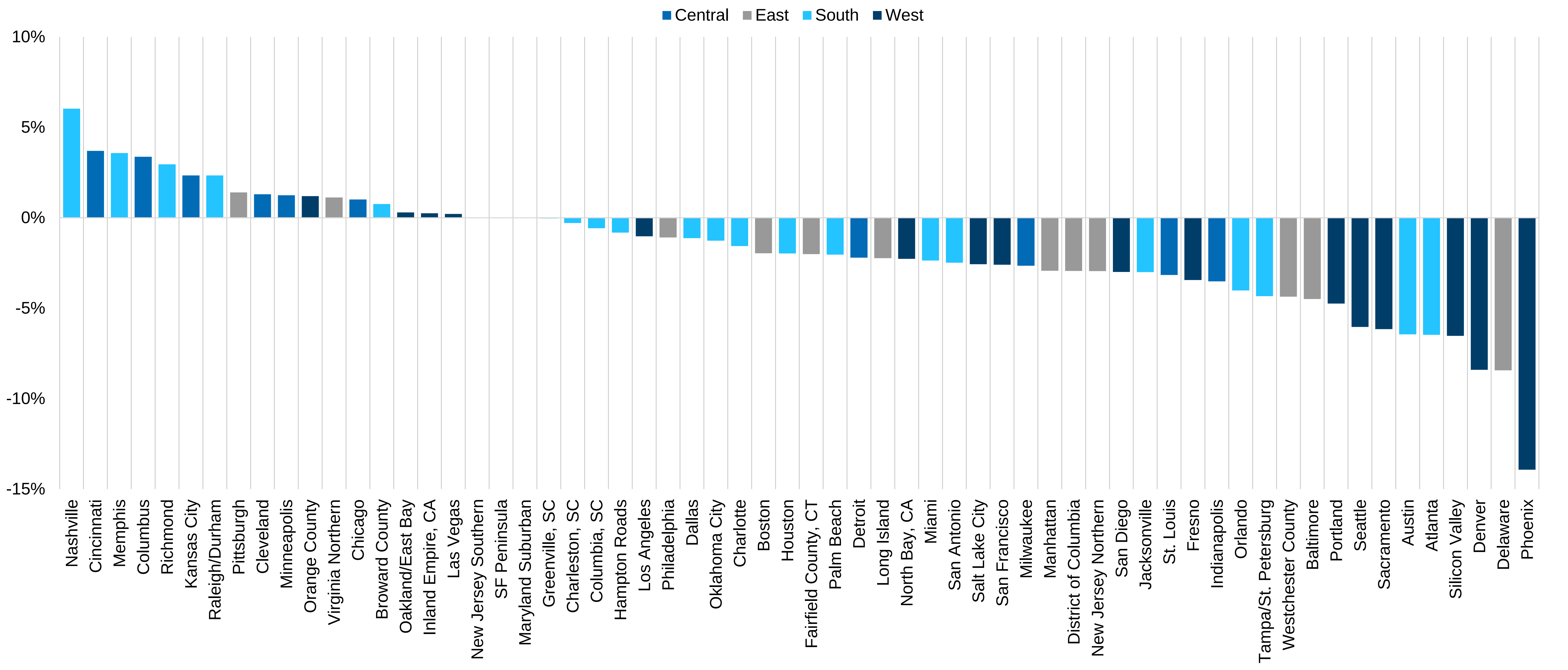


Source: CoStar, Newmark Research as of 4/24/2025

Smaller Markets Have Seen Most Occupancy Growth in The Past Three Years

Over the past three years, the national office market has shed 130.2 million SF of occupancy, with the steepest losses occurring in Manhattan, San Francisco, Boston, and Los Angeles. In contrast, 17 of the 62 tracked markets have seen occupancy, as a percentage of Q1 2022 inventory, improve—driven largely by smaller secondary markets in the South and Central regions.

Trailing Three Year Cumulative Net Absorption as Percent of Starting Inventory

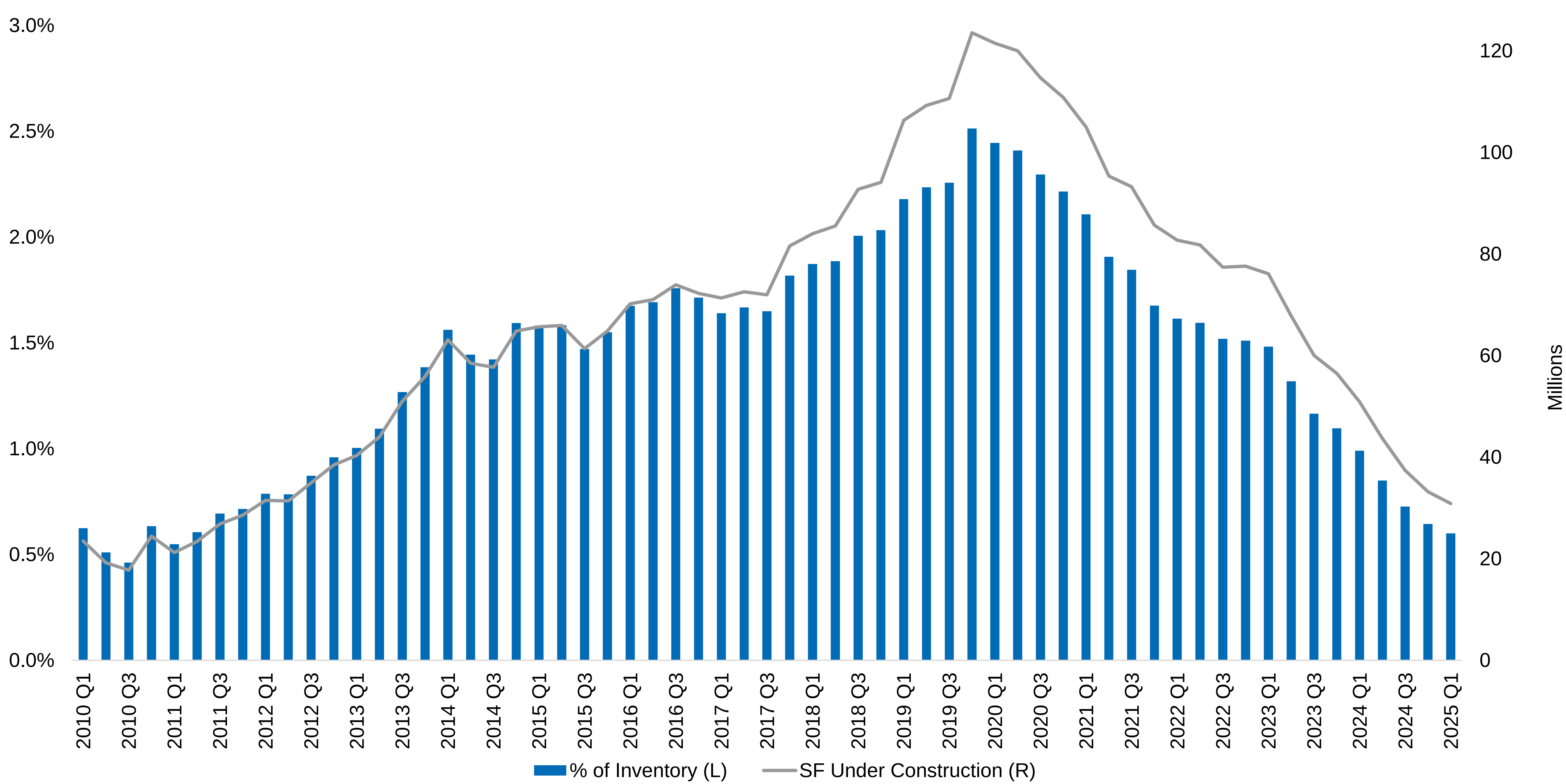


Source: CoStar, Newmark Research as of 4/24/2025

Office Construction Pipeline Continues To Contract

Office space under construction peaked at nearly 124 million SF in late 2019 and has steadily declined since. In the first quarter of 2025, construction activity fell further as developers adjusted pipelines in response to evolving demand. This ongoing contraction is expected to help limit further vacancy growth, especially as a significant share of post-pandemic deliveries remains unleased.

Under Construction: Percent of Inventory and Total Square Footage

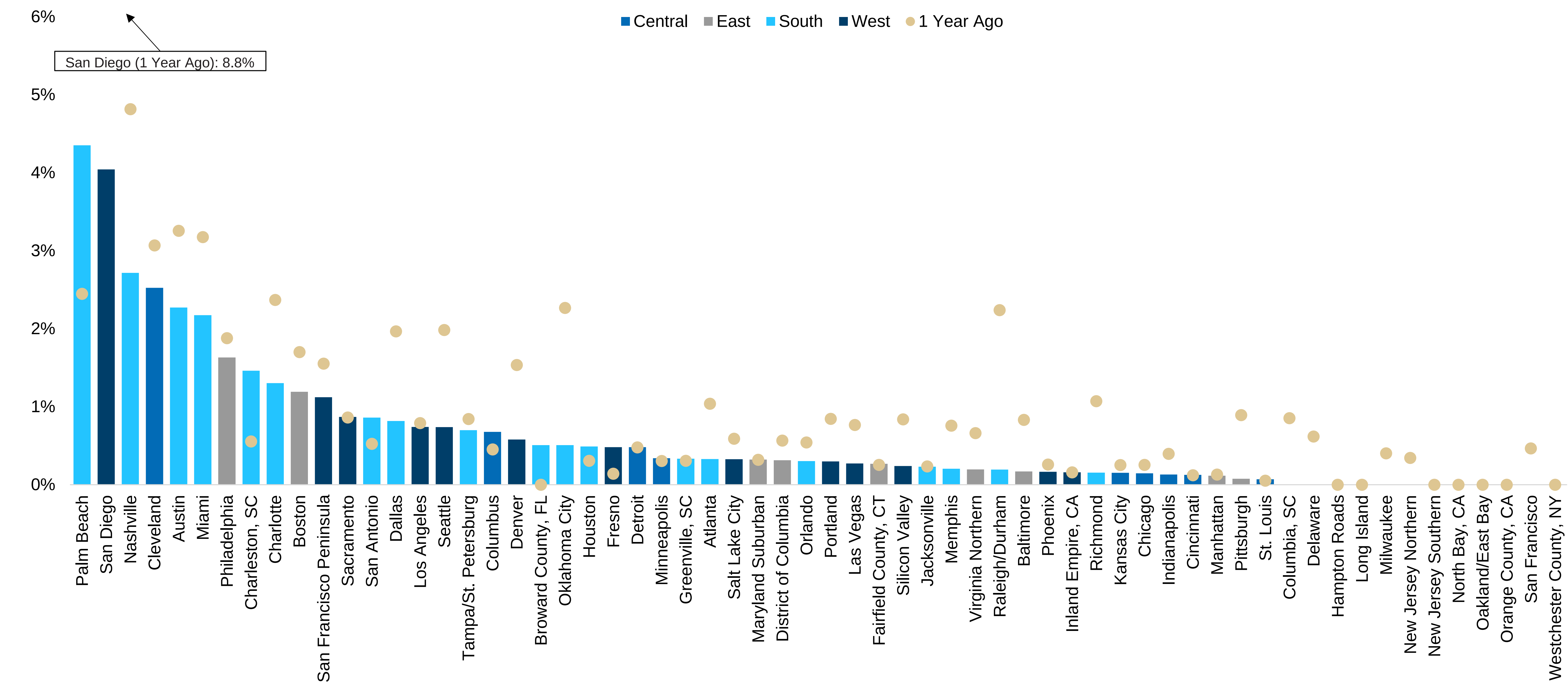


Sources: CoStar, Newmark Research as of 4/18/2025

Percent Of Inventory Under Construction Highest in Western and Southern Regions

Analyzing supply and demand by the share of inventory under construction offers key insights into market balance. Western and Southern markets lead on this measure, with Palm Beach's pipeline representing 4.4% of its inventory—the highest nationally. At the other end of the spectrum, Manhattan's under-construction volume accounts for just 0.1% of its inventory.

2025 Under Construction as Percent of Inventory

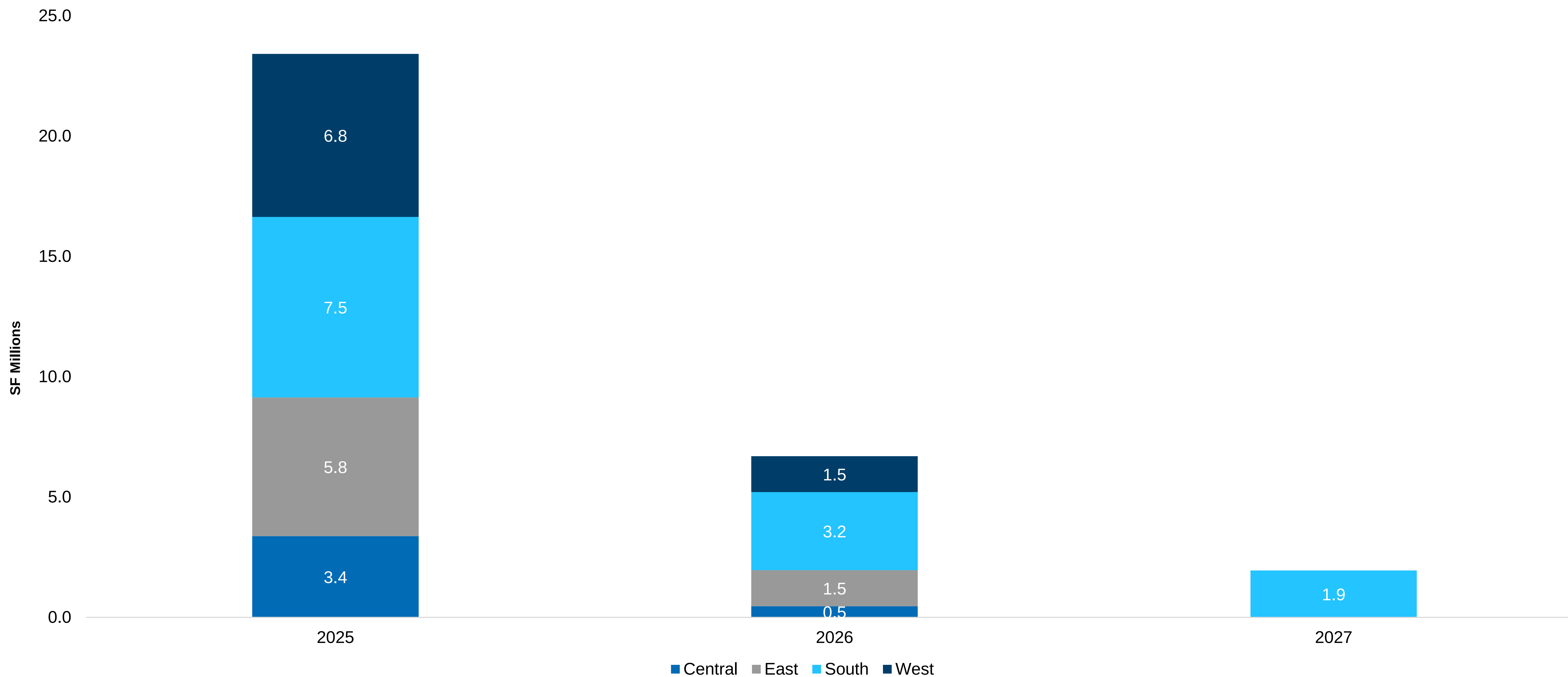


Source: Costar, Newmark Research as of 4/18/2025

Bulk of New Product Will Be Delivered In South

In absolute terms, 40.0% of the under-construction inventory is located in the South region, with most of this space scheduled for delivery by the end of 2025.

Current Under Construction Pipeline by Estimated Delivery Year

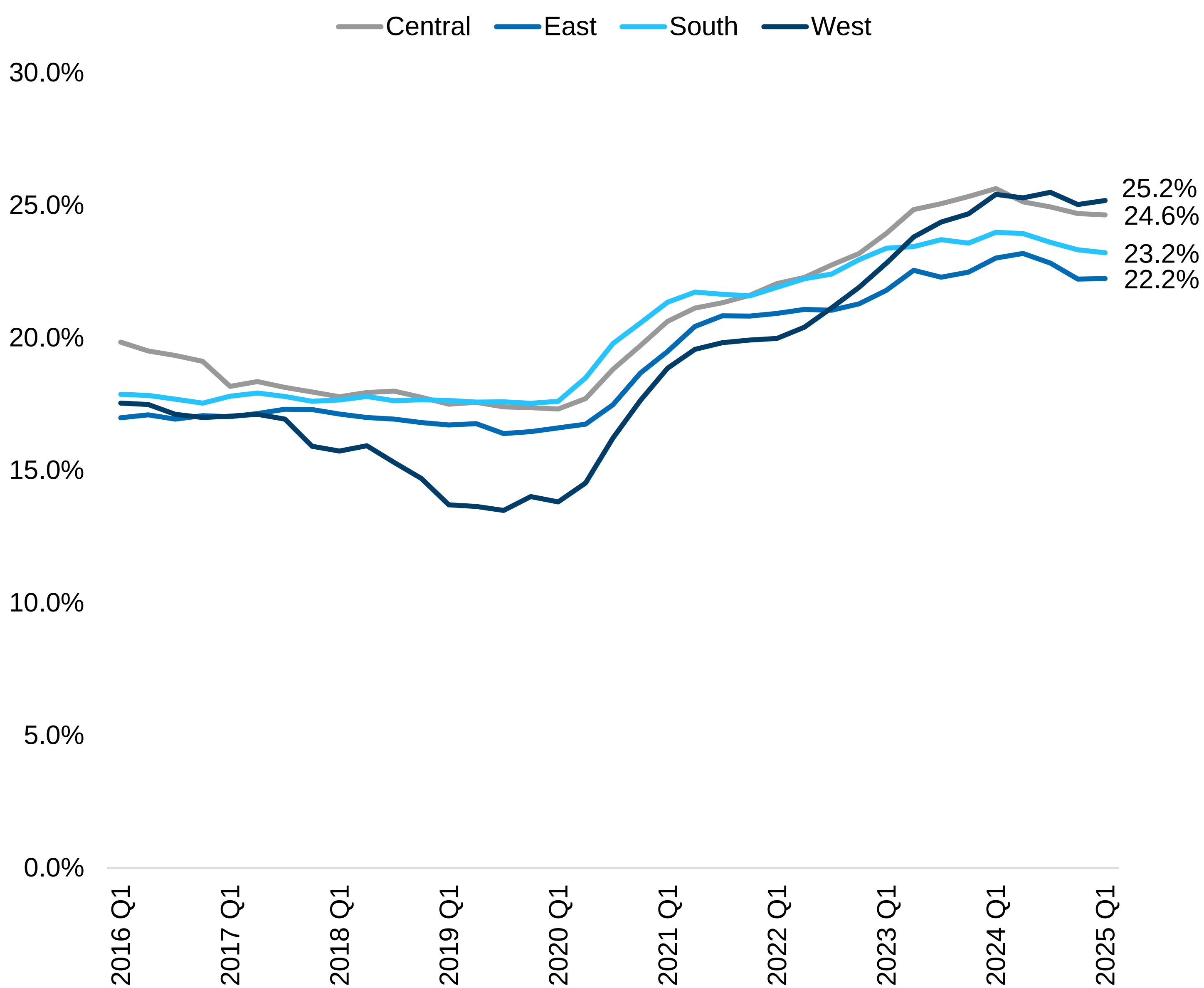


Source: Costar, Newmark Research as of 4/24/2025

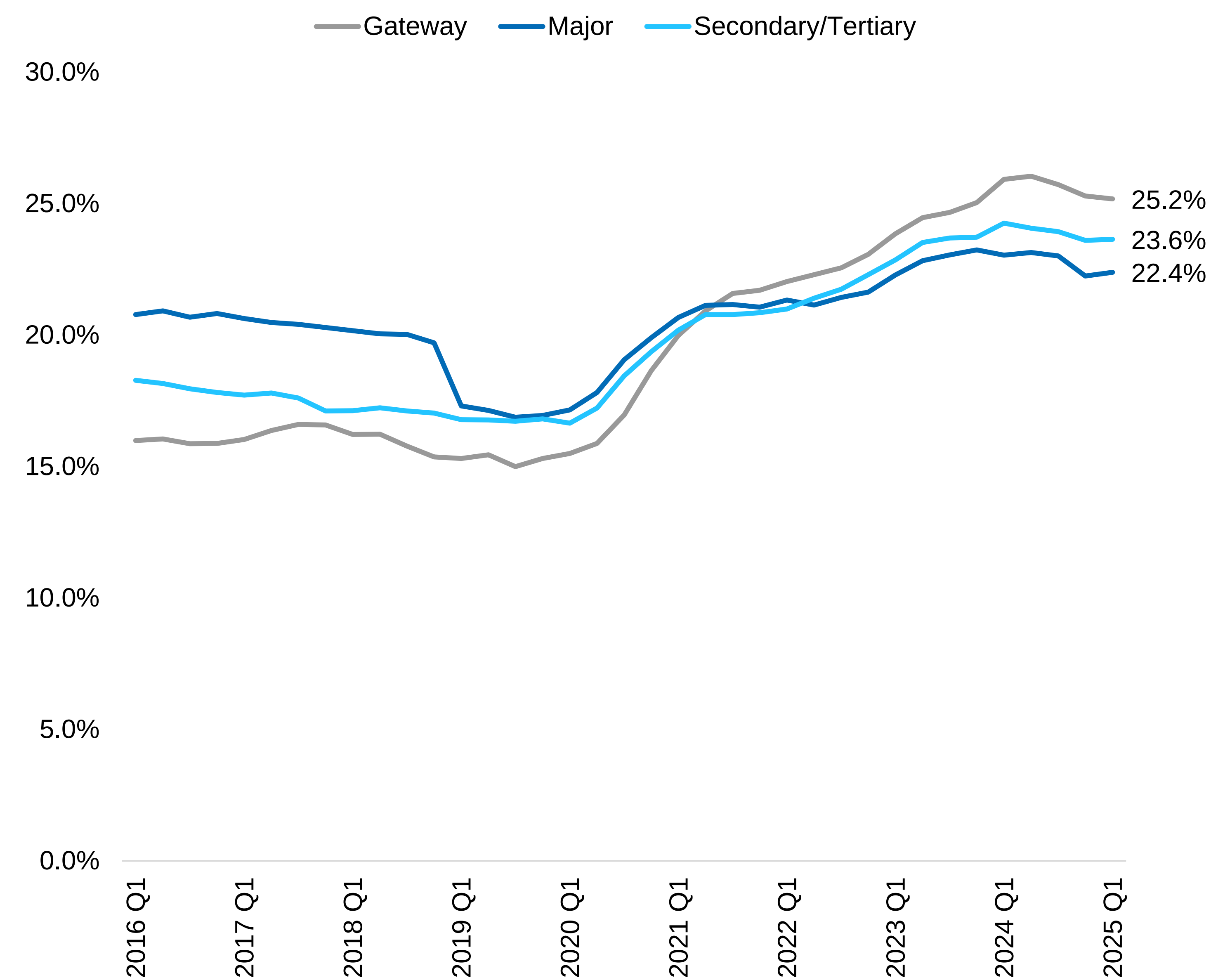
Availability Rate Slowly Falling across Regions, Market Tiers

Overall availability held steady quarter-over-quarter and is down 70 basis points year-over-year, yet it remains elevated relative to historical norms. Major markets—especially in the East region—have performed relatively well, though availability, sublease volumes, and vacancy rates in these areas still exceed long-term averages.

Regional Office Market Availability Rate



Availability Rate Comparison By Market Size

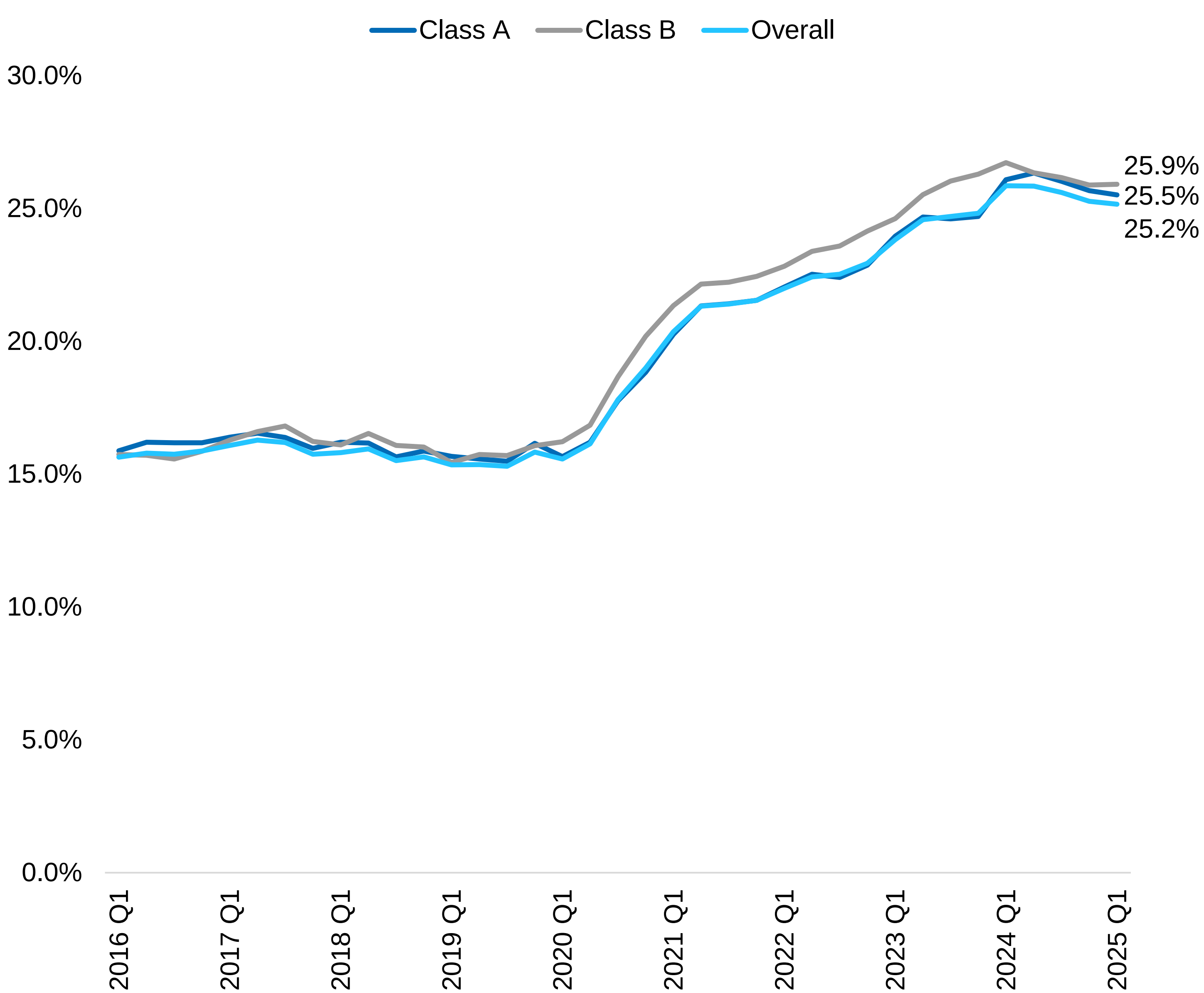


Sources: CoStar, Newmark Research as of 4/18/2025

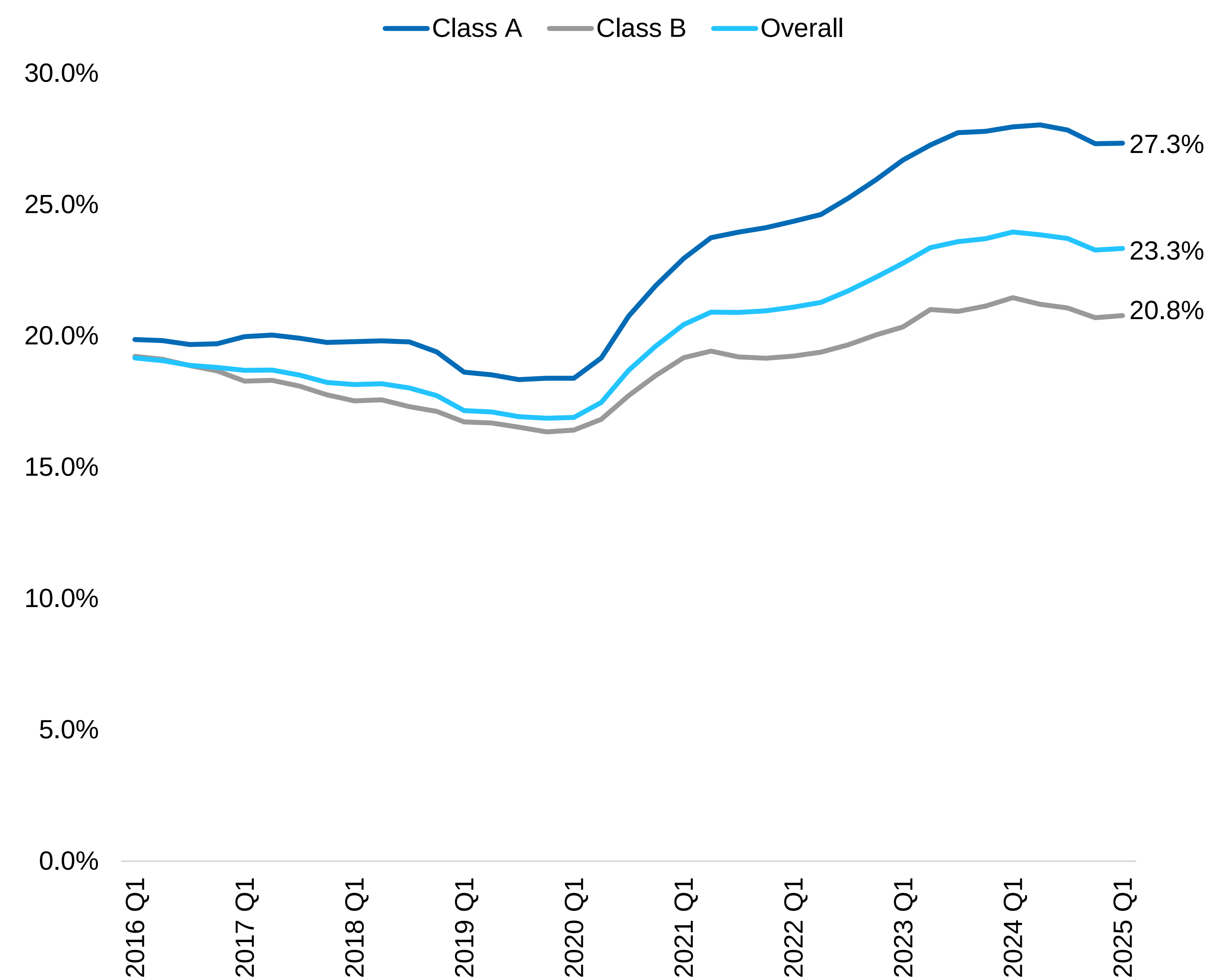
Availability Rates Contract Across Building Grades & Urbanization Levels

A disconnect persists between the strong preference for high-quality office space and broader market data. In CBD markets, Class A availability rates are only slightly below those of Class B, while in non-CBD areas, demand appears to tilt more toward lower-tier space. This may point to a divide between trophy and commodity Class A buildings or suggest that Class A landlords are prioritizing rent preservation over competing directly with Class B for occupancy.

Office Market Availability Rate By Class (CBD)



Office Market Availability Rate By Class (Non-CBD)

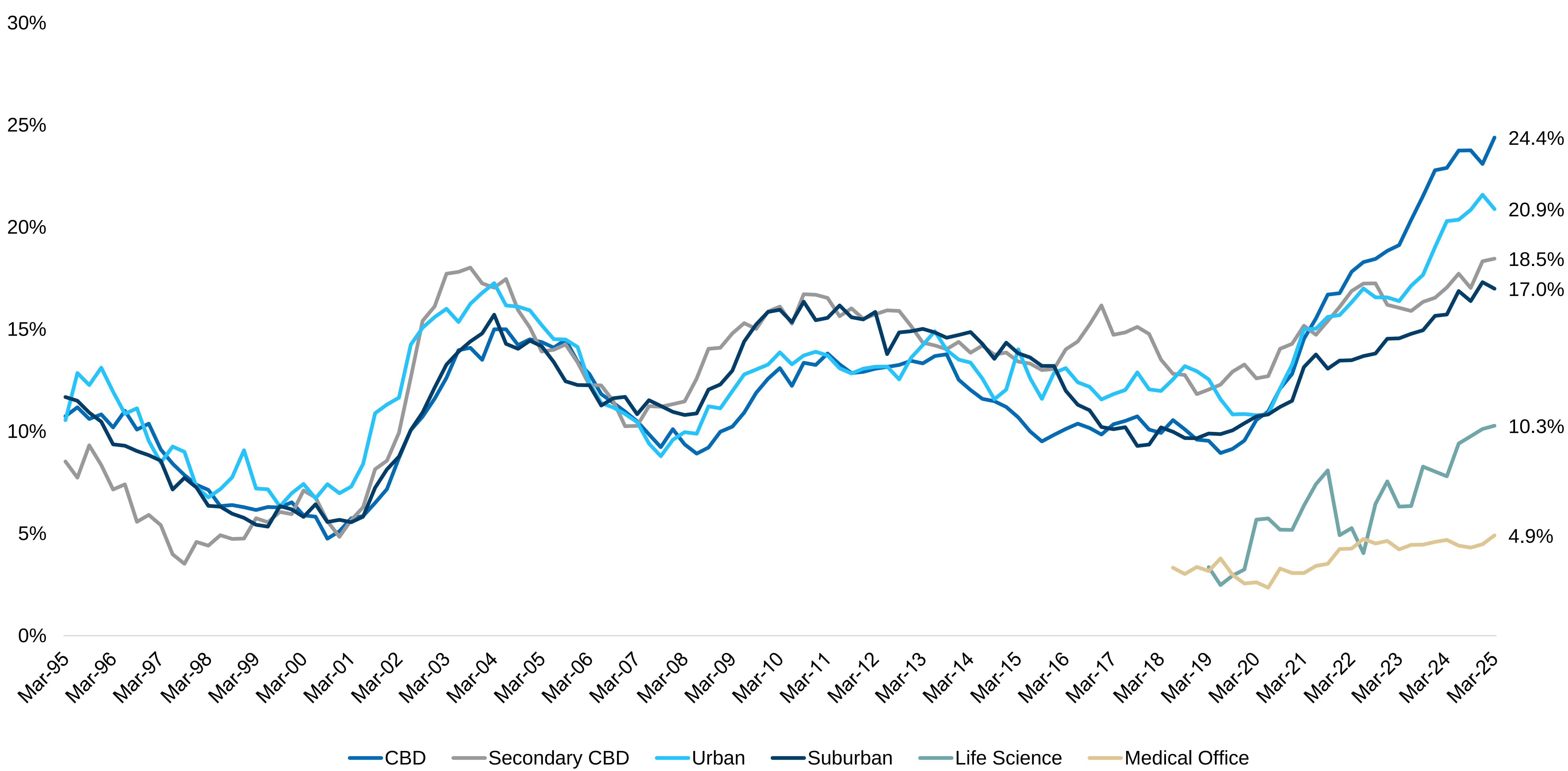


Source: CoStar, Newmark Research as of 4/24/2025

CBD Offices Face Challenges As Suburban & Niche Markets Outperform

CBD office buildings in NCREIF member portfolios currently have the highest availability rates, a shift from historical trends of milder downturns and faster recoveries. Suburban office holdings are also affected but to a lesser extent. There is no sign that availability has peaked. Life science and medical office properties maintain the lowest availability rates, though oversupply is beginning to impact life science. This strong performance has endured even as the property count has tripled.

NCREIF National Property Index Office Availability Rate

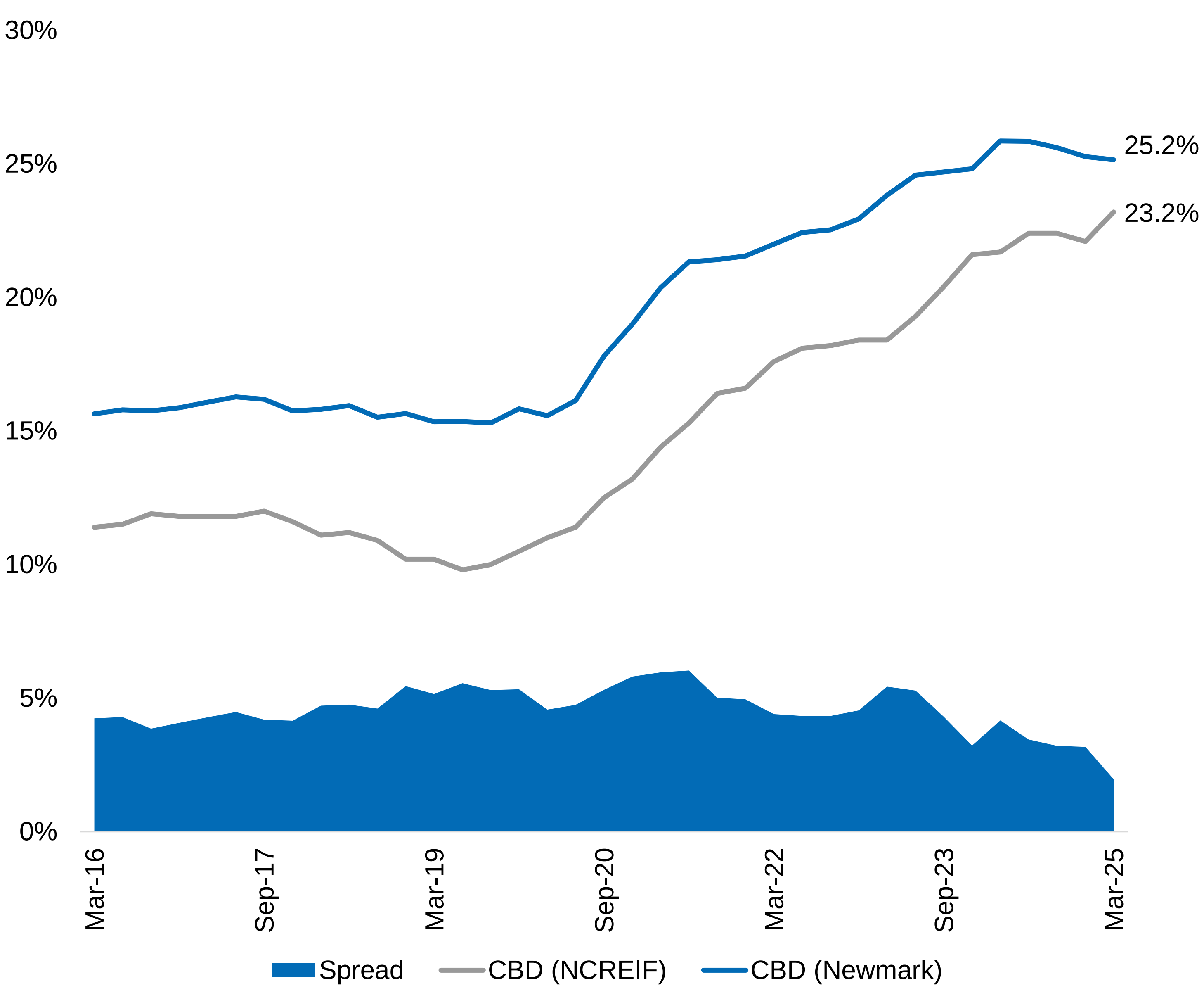


Sources: NCREIF, Newmark Research as of 5/8/2025
*We use the NCREIF National Property Index as a proxy for the national institutional grade office market.

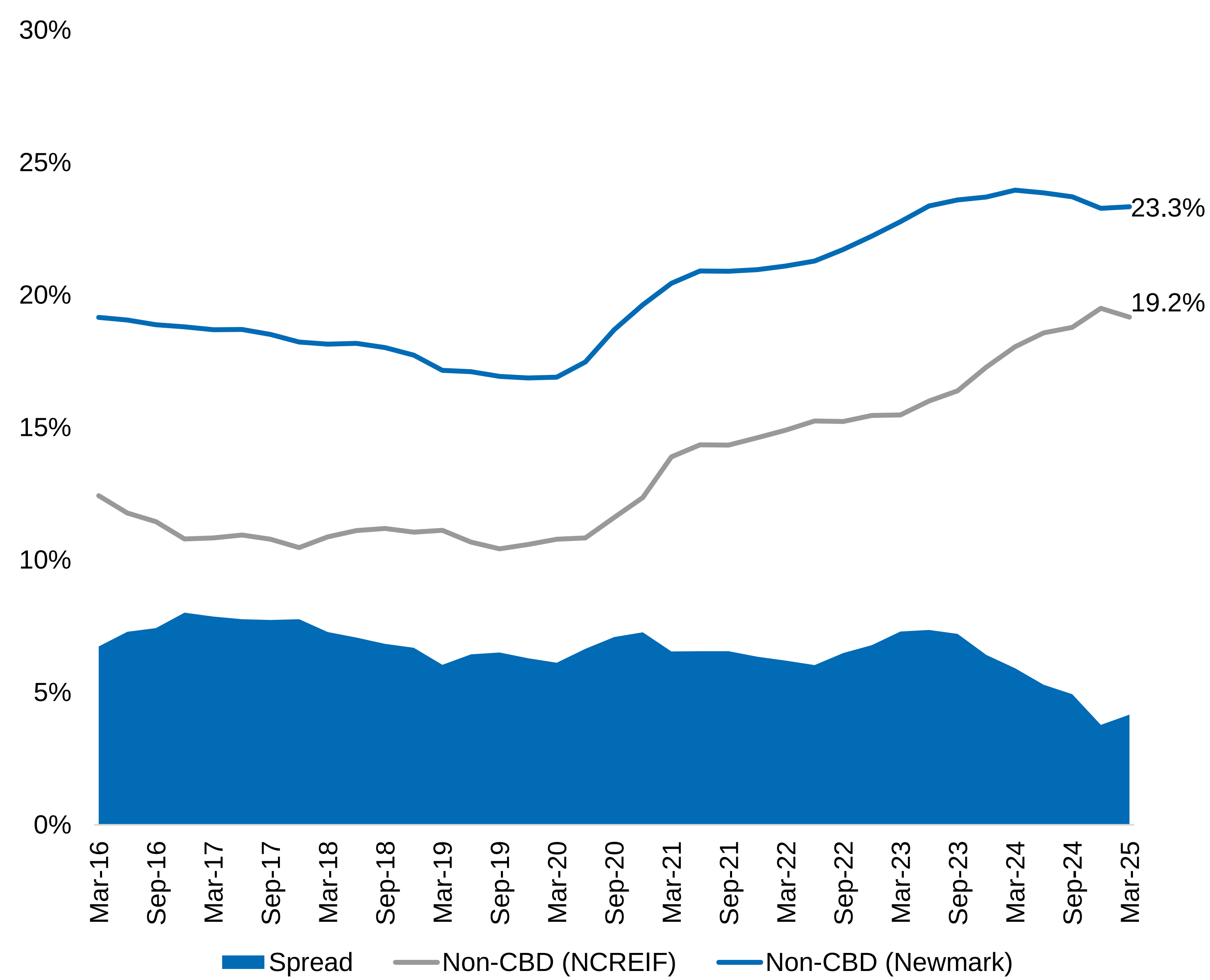
Institutional Core Consistently Beats Overall Market, With Caveats

Historically, NCREIF member portfolios have outperformed the broader market in occupancy, though rates have steadily declined since 2020. Over the past decade, the number of buildings tracked by the NCREIF Property Index has fallen by 23.5% in CBD markets and 34.8% in non-CBD markets.

CBD Office Availability: Total Market vs. Institutional Core



Non-CBD Office Availability: Total Market vs. Institutional Core

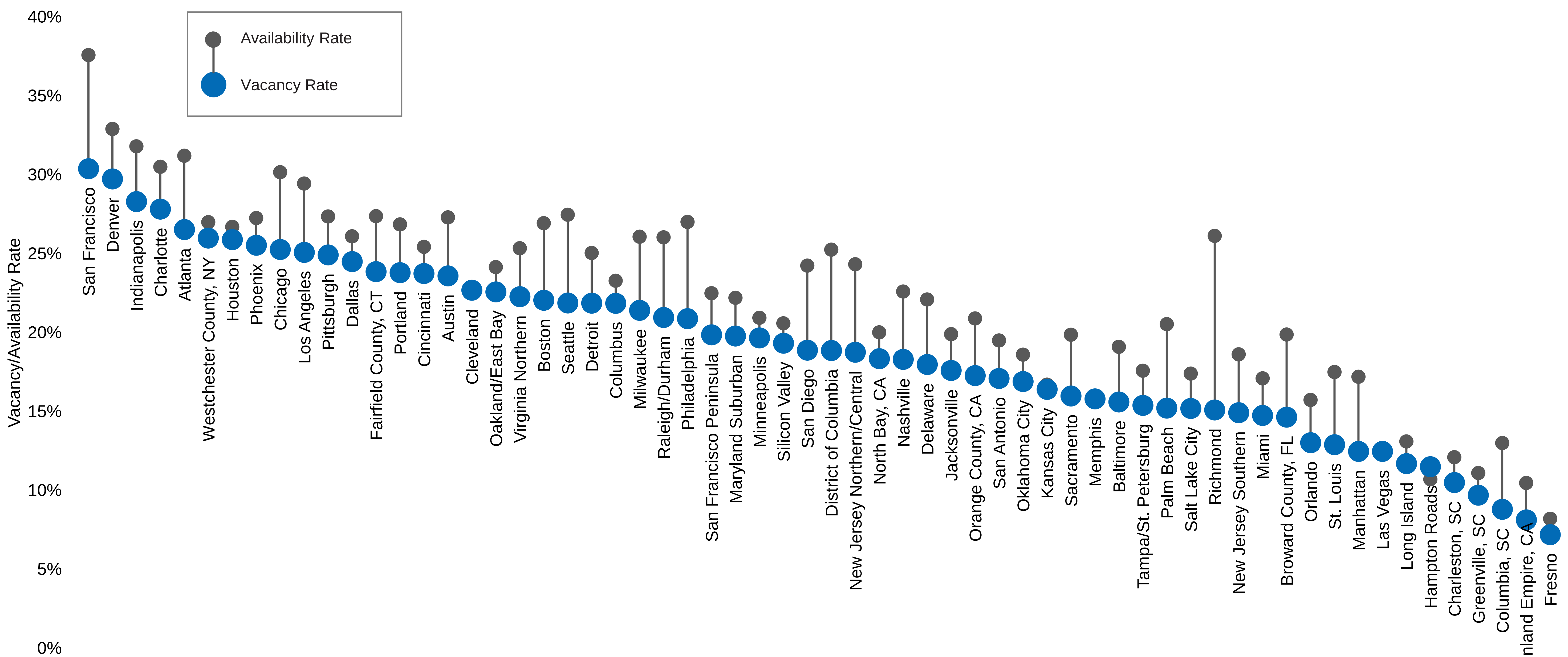


Sources: NCREIF, Newmark Research as of 5/1/2025
*We use the NCREIF National Property Index as a proxy for the national institutional grade office market.

Vacancy & Availability By Market

While vacancy and availability are stabilizing at the national level, conditions vary widely across individual markets. Healthier markets tend to exhibit low vacancy and a narrow spread between vacancy and availability. Markets like Seattle, Raleigh/Durham, Richmond, and San Diego maintain relatively low vacancy, though rising availability suggests underlying softness. In contrast, more challenged markets such as San Francisco, Denver, and Indianapolis continue to face elevated levels of both vacancy and availability.

Vacancy and Availability Rate by Market

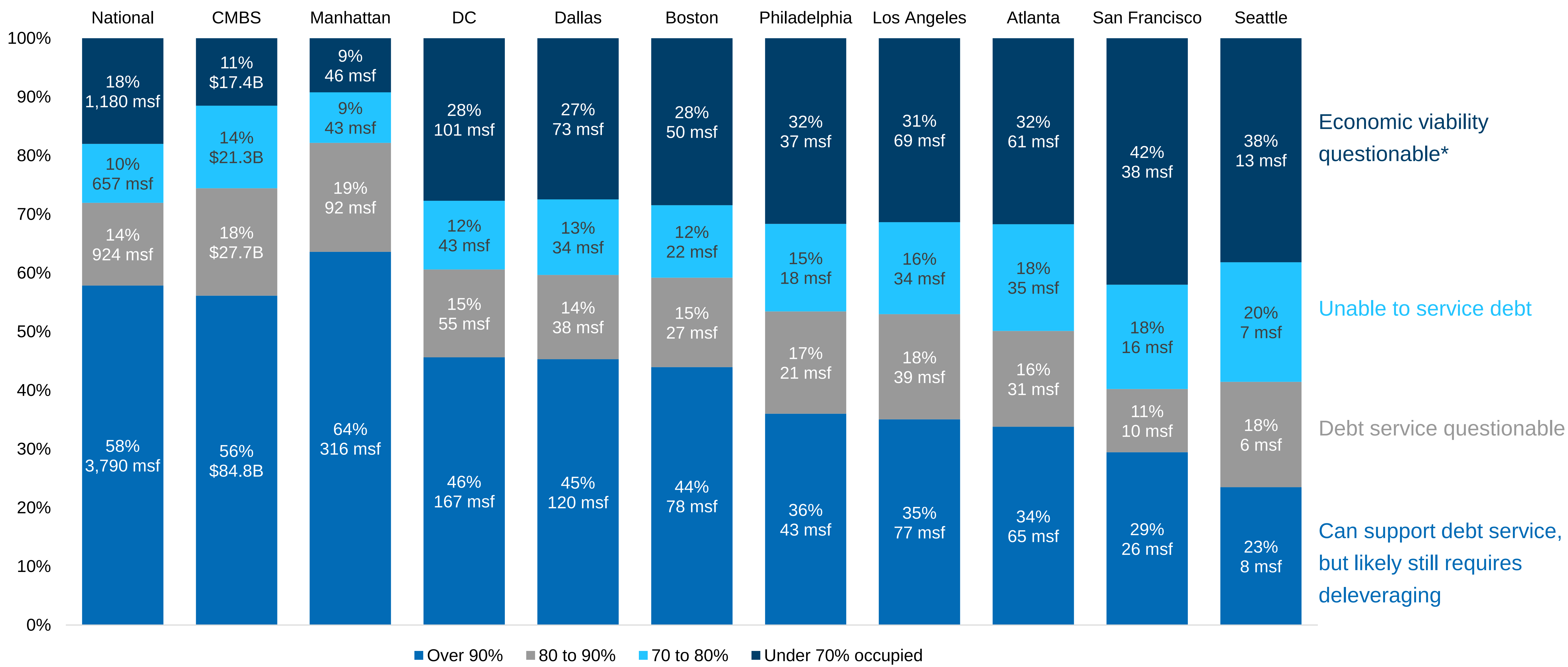


Source: CoStar, Newmark Research as of 4/24/2025

Vacancy Is Not Evenly Distributed Within Markets, Nor Will Impairments Be

A significant portion of the office market faces structural occupancy challenges, with mounting debt pressures likely to accelerate further declines. At the same time, many office assets continue to maintain healthy occupancy. While some of these properties may be over-leveraged, they still have a clear path to solvency.

Distribution of Office Vacancy

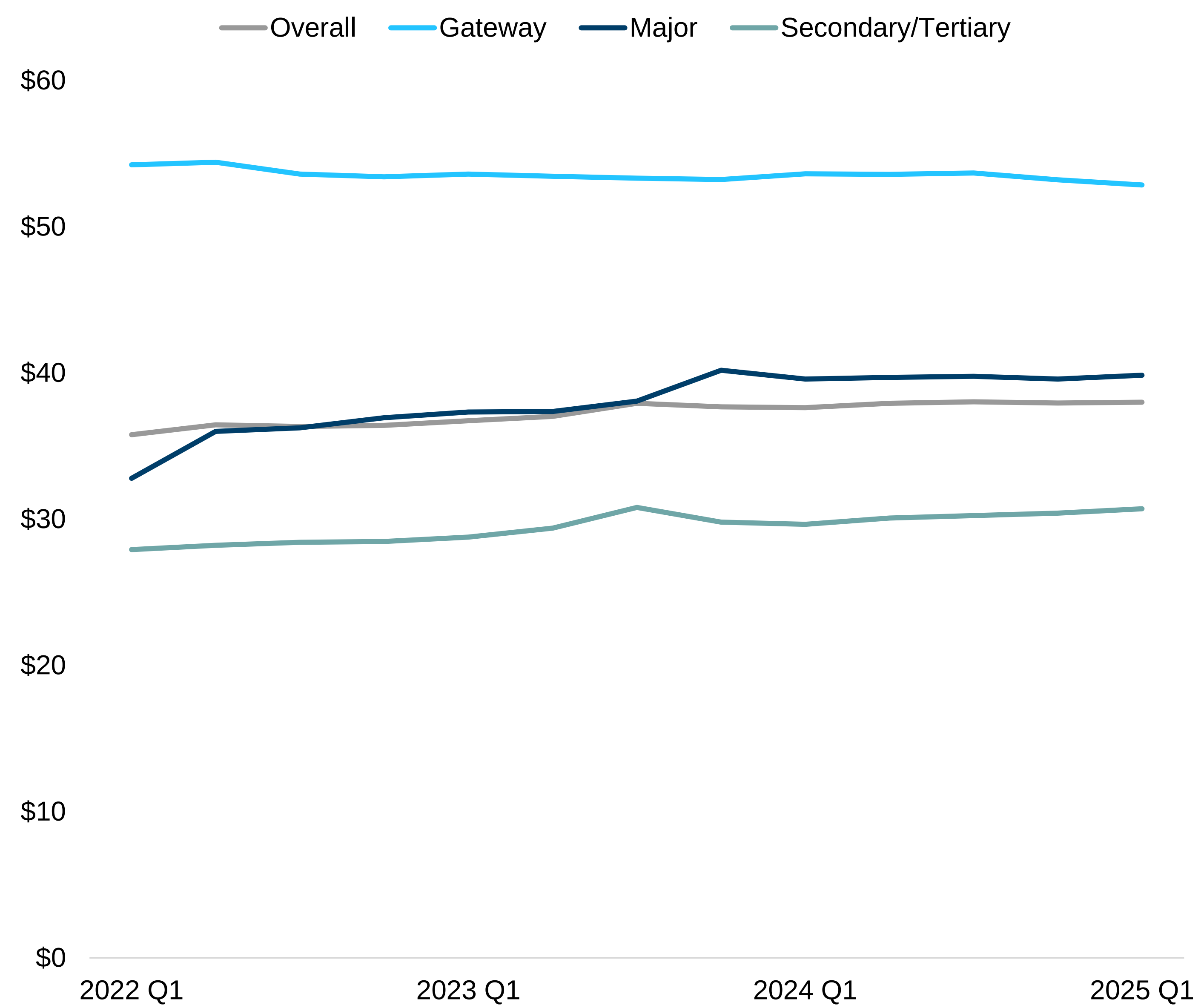


Source: Costar, Newmark Research as of 4/29/2025
*Would require repositioning, sale of the asset, or substantial transactions.

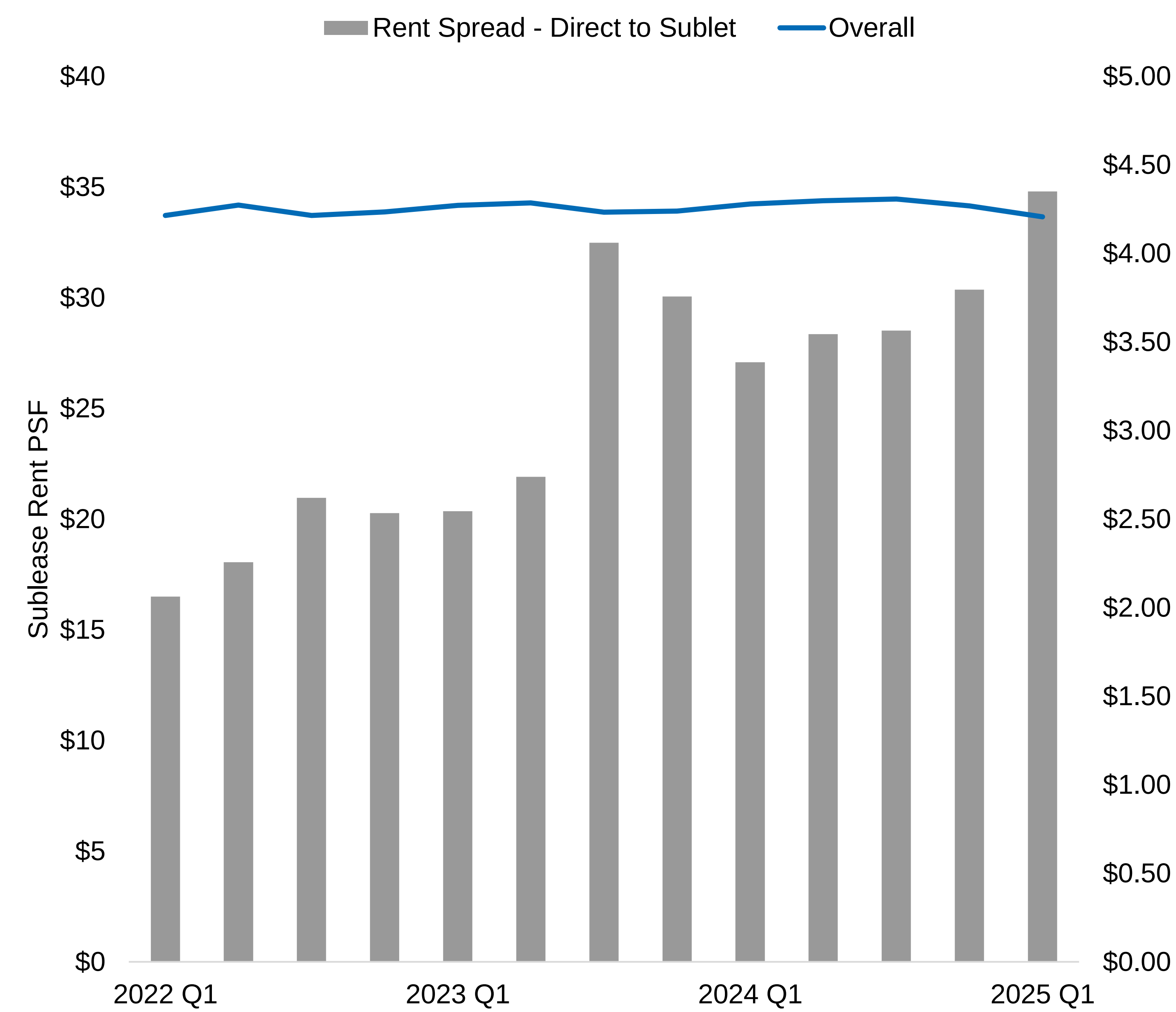
Asking Rents Defy Gravity (Though Stable)

In previous cycles, asking rents typically declined in response to weaker demand; however, since the onset of the pandemic, asking rents have largely held their value. Over the past year, sublease rents have edged down, more clearly reflecting the effects of soft demand. As a result, the spread between sublease and direct space rents has widened to near record levels.

Overall Asking Rents Up 1.0% YoY in 1Q25



Sublet Rents Stabilized; Rent Spread Relative to Direct Rates Near All-Time High

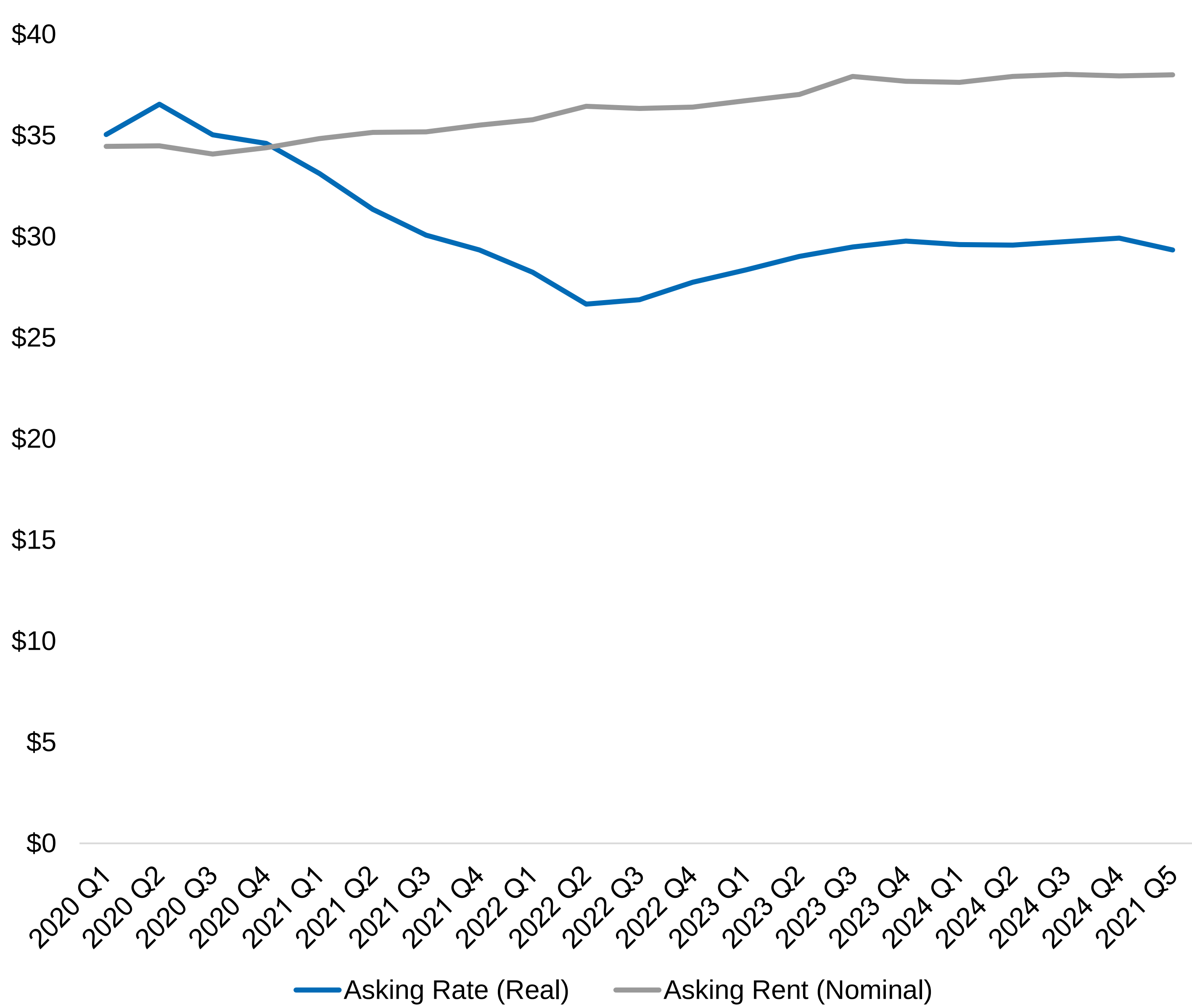


Source: CoStar, Newmark Research as of 4/24/2025

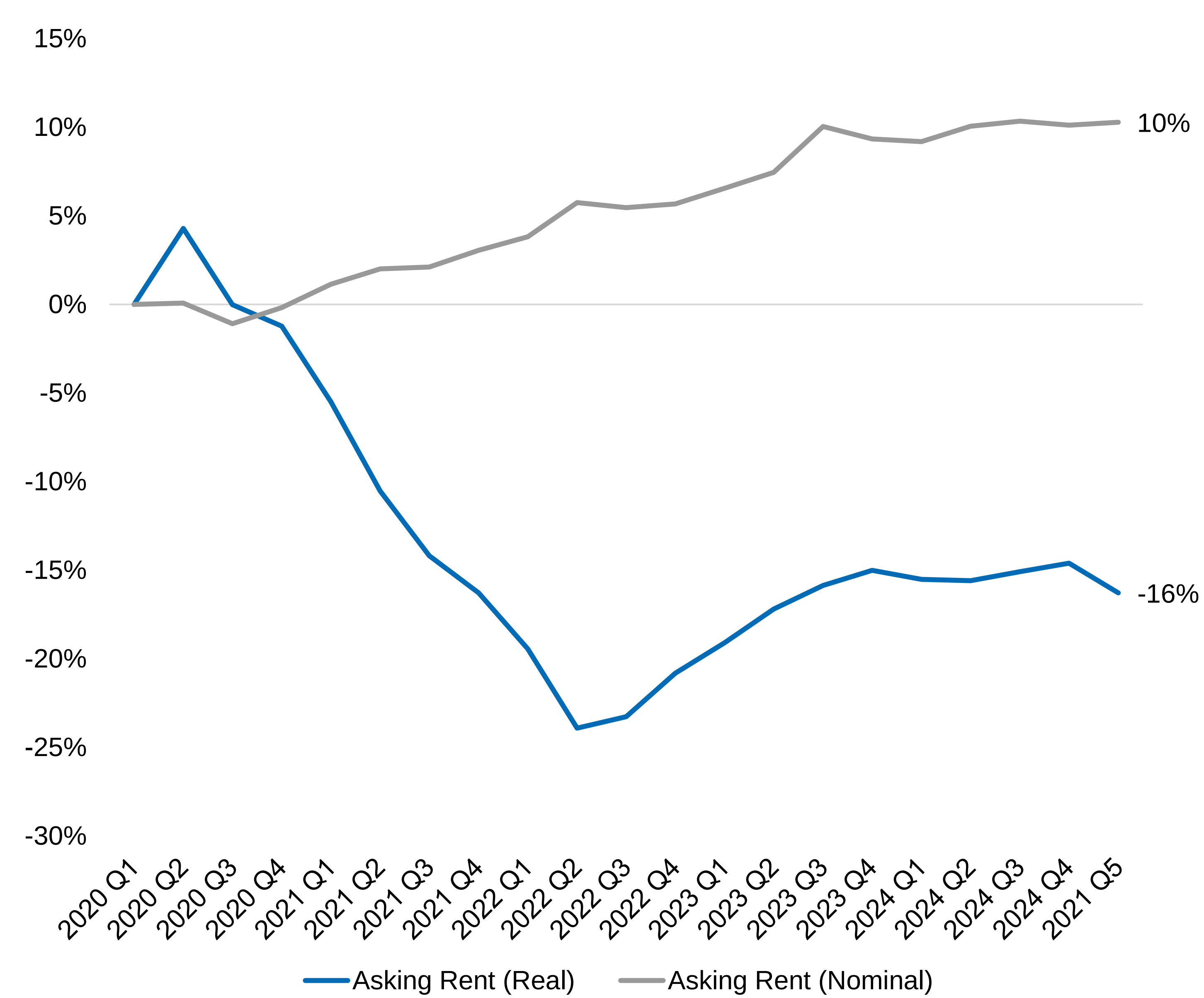
Real Rents Have Borne the Brunt of Inflation

A more nuanced view of rent trends emerges when adjusted for the producer price index, which has increased nearly 32.0% since the first quarter of 2020. This inflation-adjusted lens reveals a significant gap between nominal and real rents, indicating that inflation has effectively reduced office rents relative to the broader cost of goods and services consumed by office-using businesses.

Nominal Rent Level vs. Real Rent Level



Nominal Rent vs. Real Rent: Cumulative Change Since 1Q2020

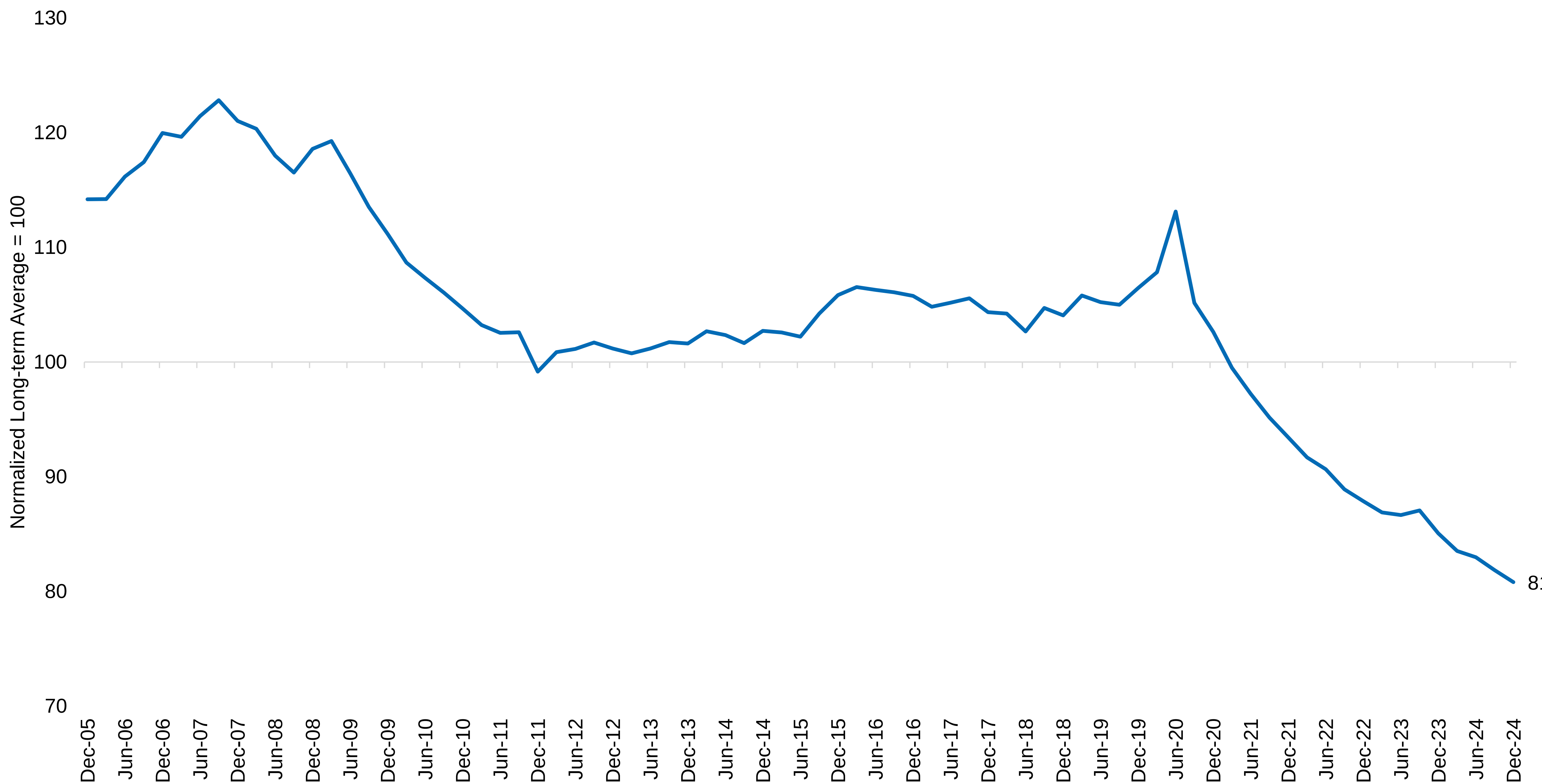


Source: CoStar, Newmark Research as of 4/29/2020
Note: Nominal rents are deflated by Producer Price Index: All Commodities (PPIACO) indexed to Q4 2018 to produce real rent data.

Office Occupiers Are Spending A Historically Small Share of Revenue on Office

The declining significance of office real estate costs to occupier business performance may help explain the relative stability of asking rents despite elevated availability—particularly the price insensitivity seen among tenants seeking trophy space.

Office Rent per Occupied Foot to Office-Using Industry Revenue Index

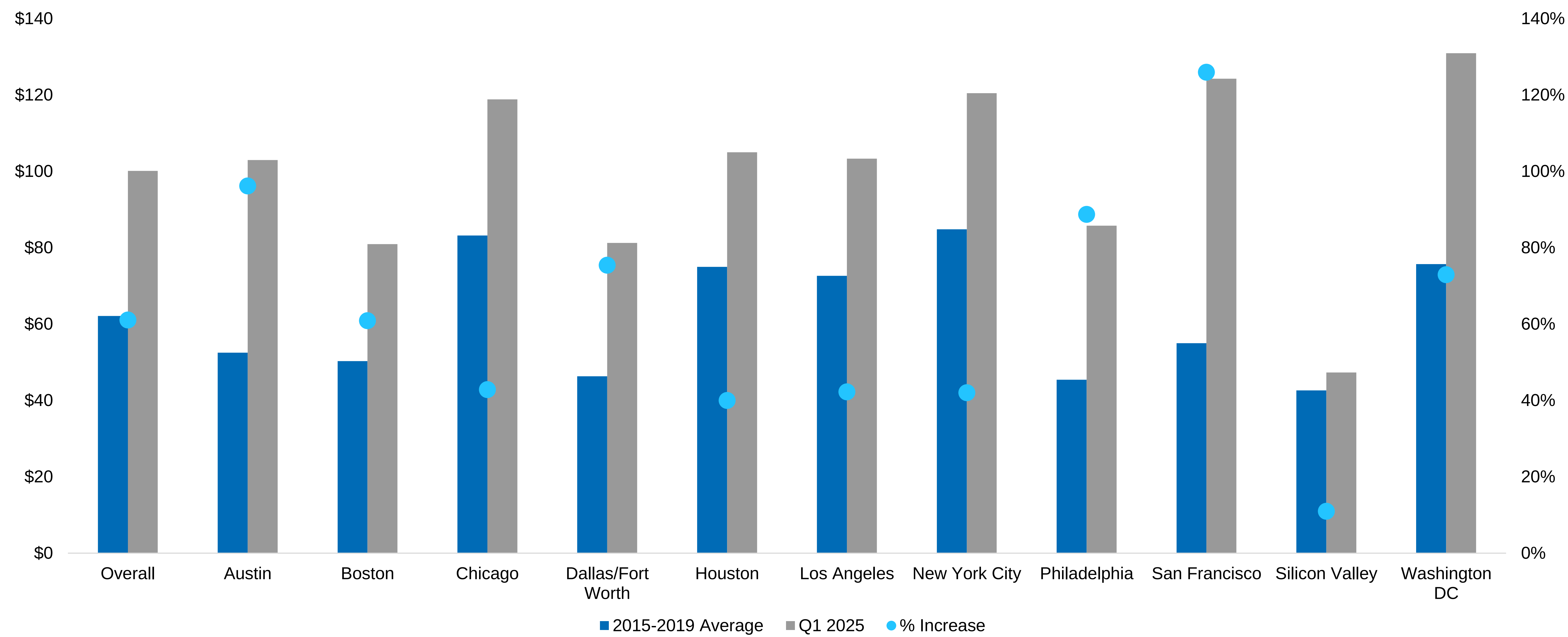


Source: BEA, Costar, Newmark Research as 5/8/2025

Rising Concessions Have Absorbed Some Market Adjustment

To sustain elevated asking rents, landlords are offering larger concessions to attract and retain tenants. Tenant improvement allowances have increased 61.1% above the 2015–2019 average, with particularly high levels in markets such as New York City, San Francisco, and Washington, DC.

Tenant Improvement Comparison Between Pre-Pandemic and Current Period

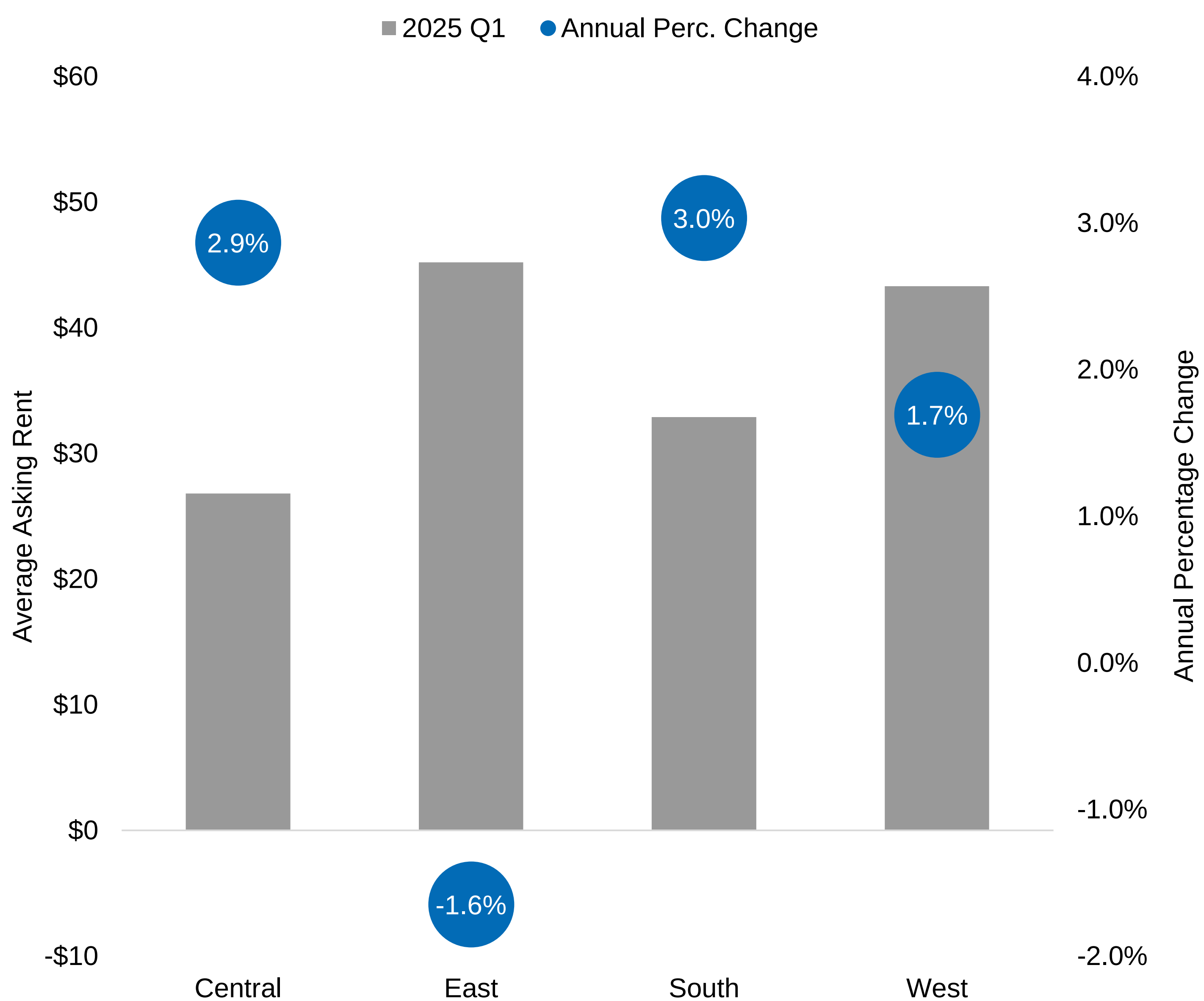


Source: CoStar, Newmark Research as of 4/29/2025

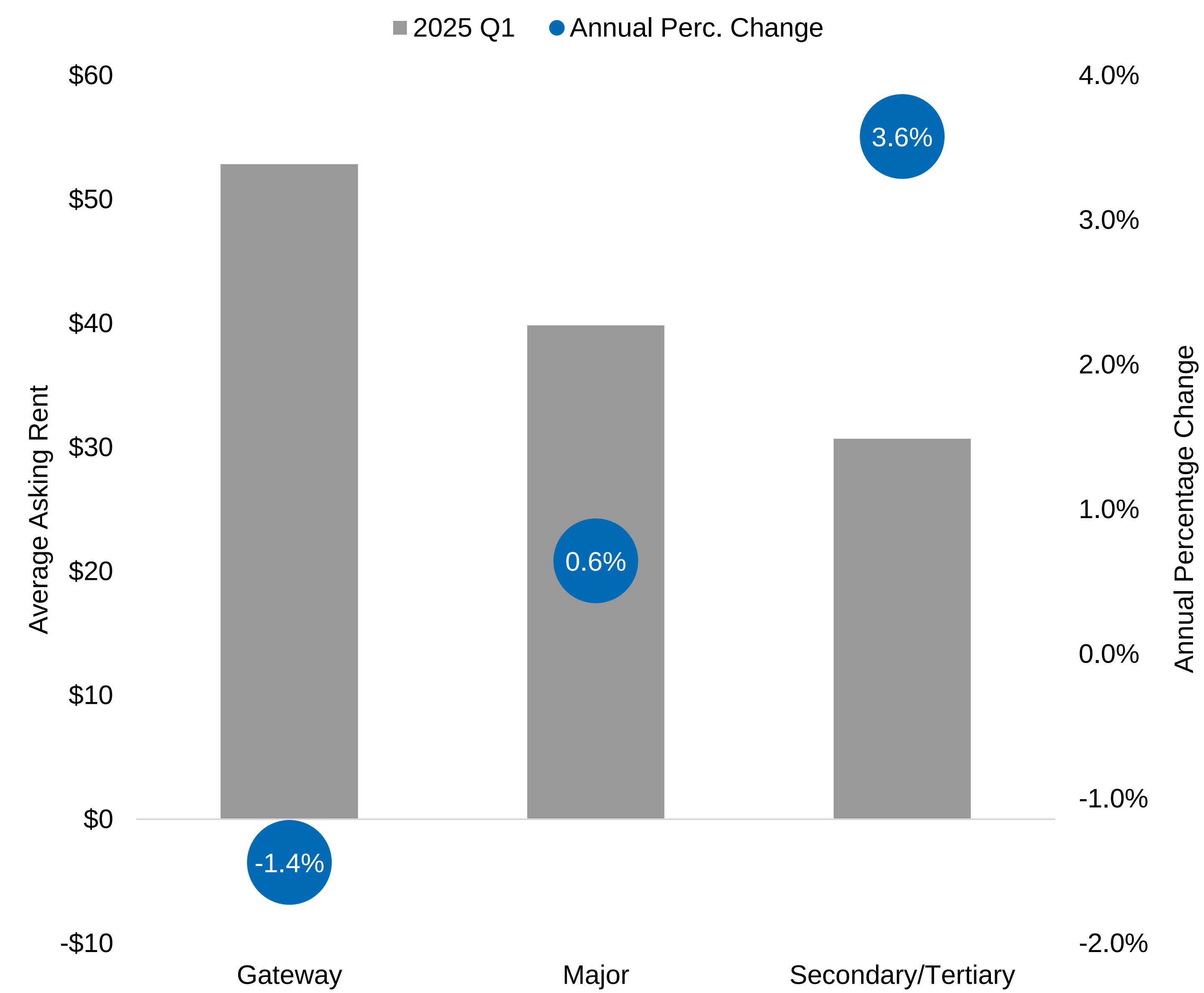
Central & South Regions, Major Markets Lead Rent Growth

Overall asking rents remain highest in major coastal markets like San Francisco, Manhattan, and Silicon Valley. The Central and South regions recorded strong year-over-year rent growth in the first quarter, fueled by smaller markets drawing office demand despite broader headwinds. Still, effective rents remain under pressure, with modest compression observed in some areas.

Asking Rents Growing Fastest in the Central and South Regions



Major Non-Gateway Markets Experiencing the Most Rent Growth

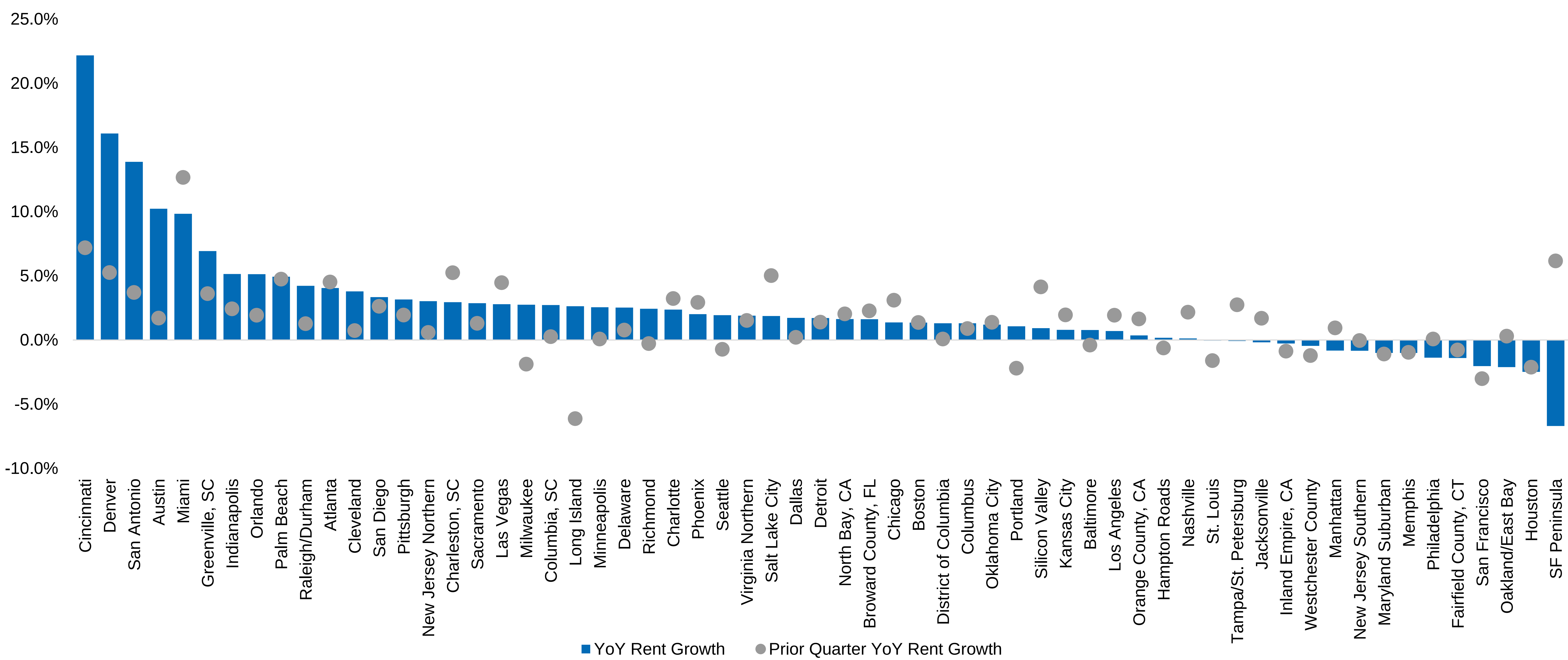


Source: CoStar, Newmark Research as of 4/28/2025

Majority of National Markets Are Seeing Improvements in Rent Growth

In the first quarter of 2025, 36 of the 62 nationally tracked markets recorded an improvement in annual rent growth compared to the prior quarter.

YoY Asking Rent Growth vs. Prior Quarter YoY Asking Rent Growth

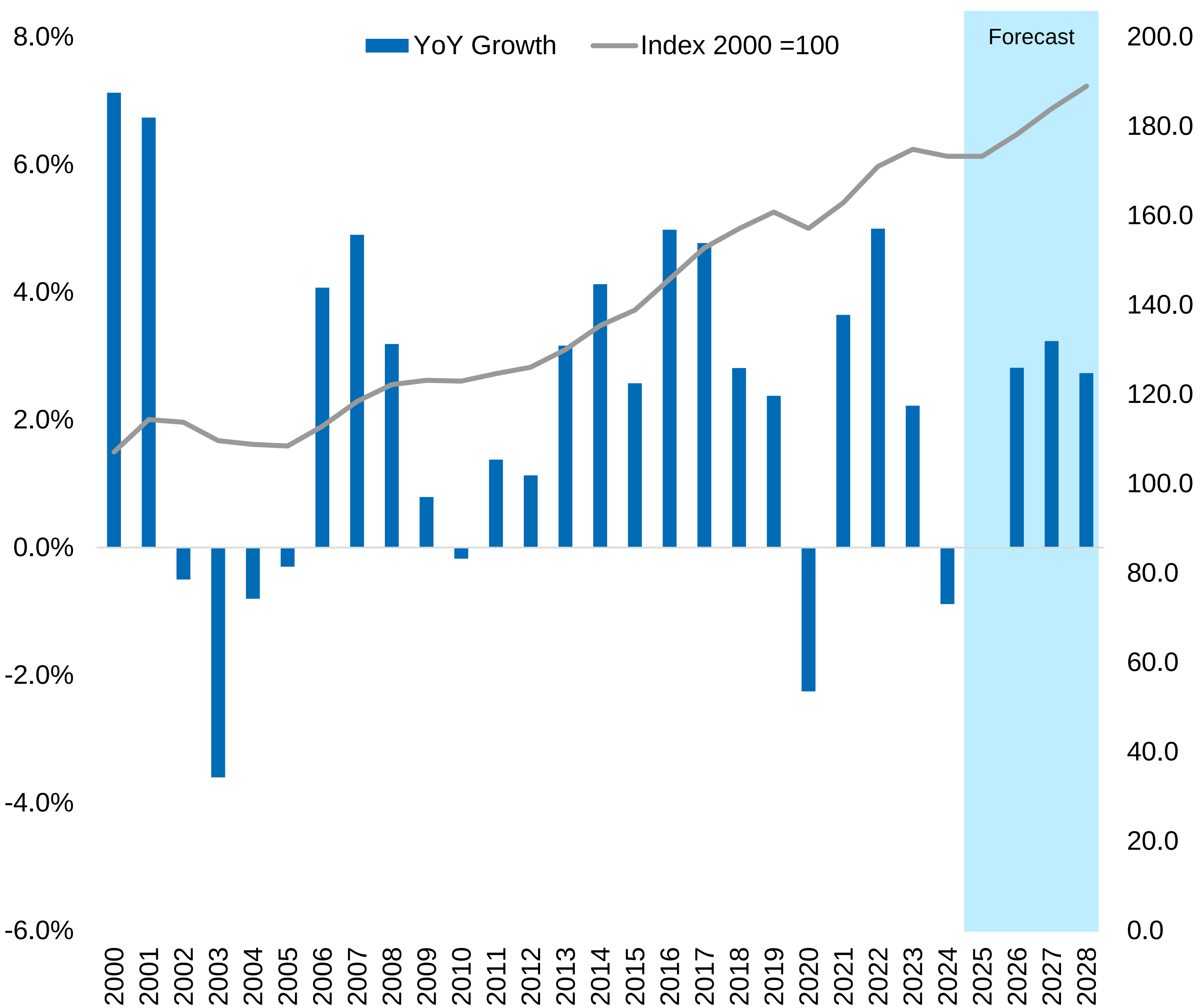


Source: CoStar, Newmark Research as of 4/16/2025

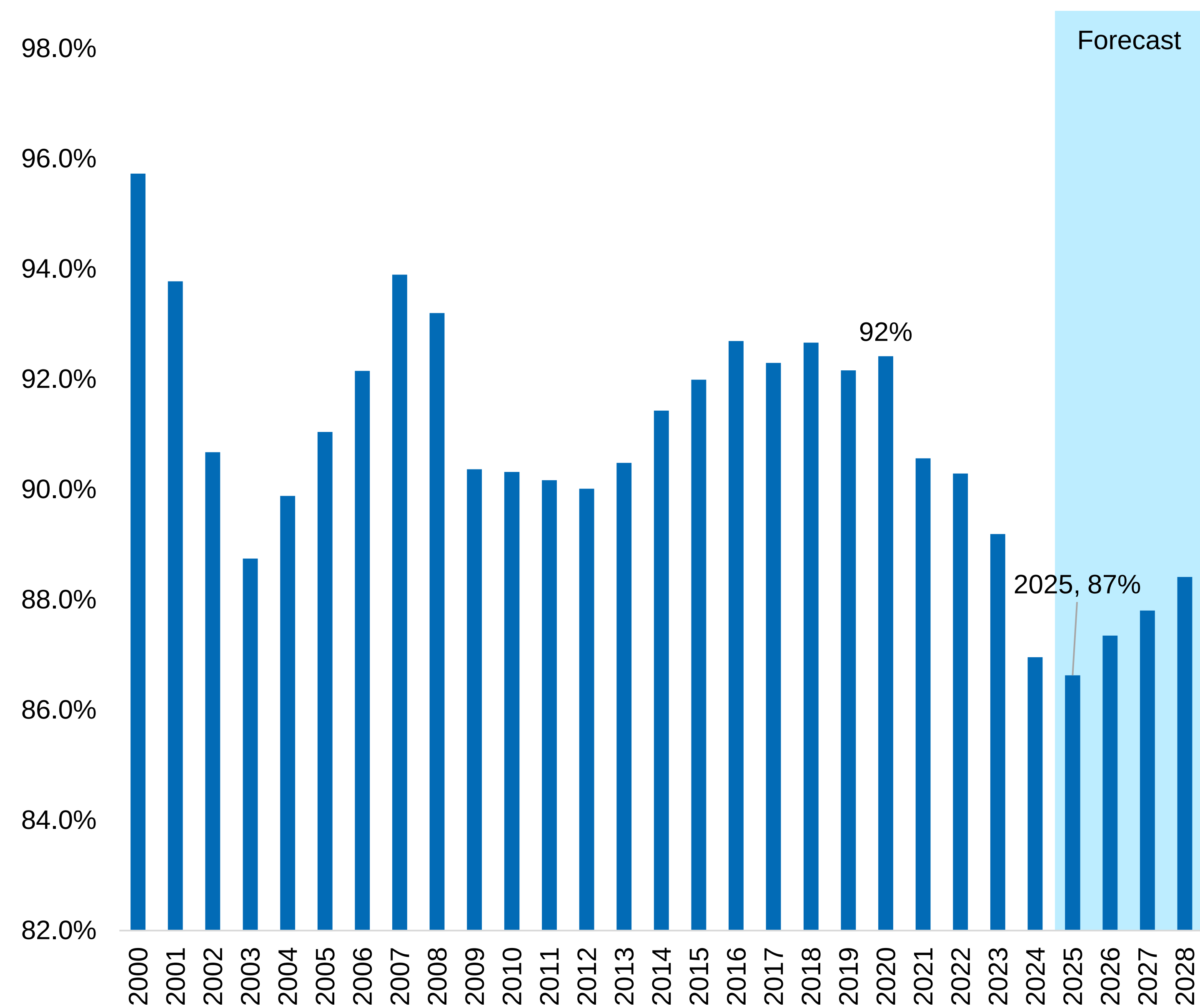
Office REITs Have Outperformed the Overall Market

Office REIT portfolios have felt the impact of weakening fundamentals, with same-store occupancy expected to bottom at 87%, down from 92% in early 2020. This decline is modest compared to the broader market's drop from 86.9% to 81.8%. While projections for 2025 remain flat, NOI growth has proven resilient, positioning portfolios for moderate gains in the years ahead.

REIT Same-Store NOI



REIT Same-Store Occupancy

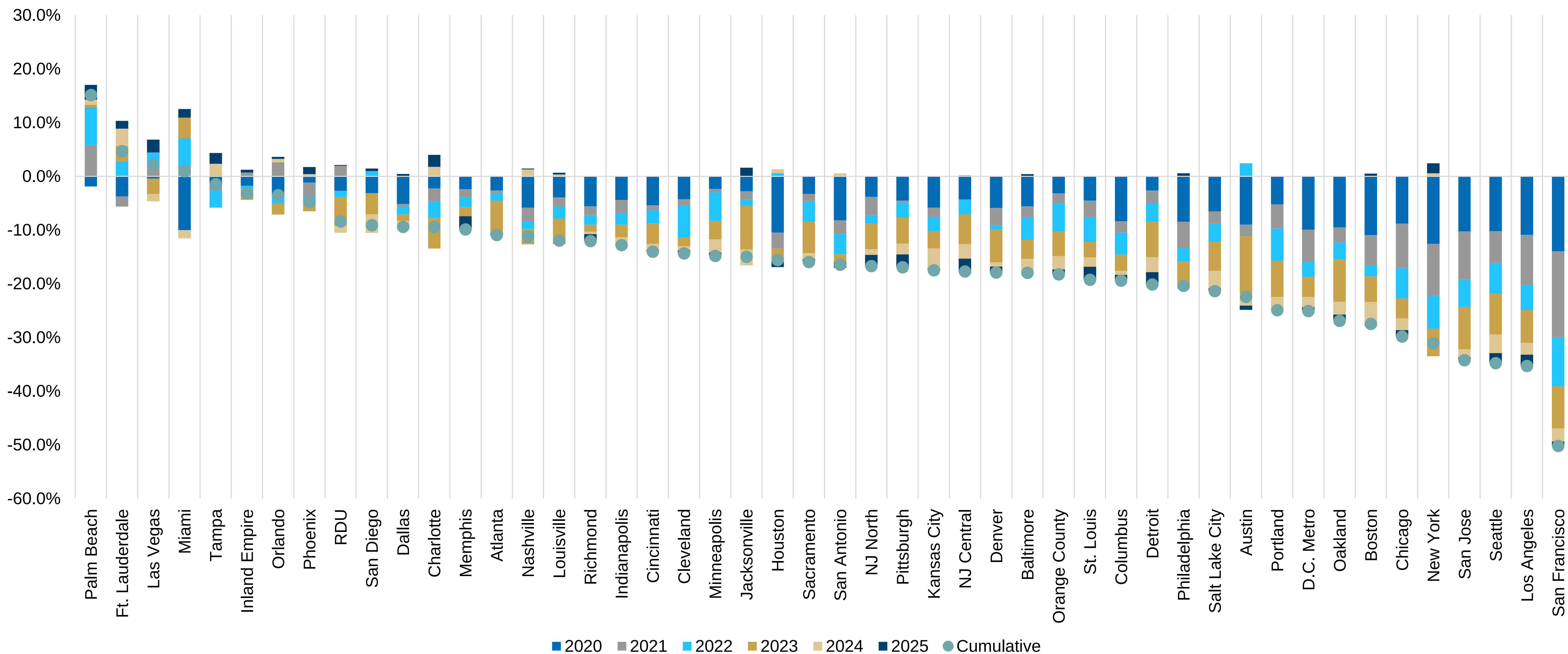


Source: Green Street data as of 4/28/2025, Newmark Research

RevPAF* Continued to Contract In Most Markets, But Pace Has Slowed

Since 2020, Sun Belt markets have outperformed, with particularly strong results in Florida and Las Vegas. In contrast, San Francisco remains the most impacted market, with other gateway markets—including New York, San Jose, Seattle, Los Angeles, Chicago, and Washington, DC—also seeing significant declines.

M-RevPAF Growth by Market



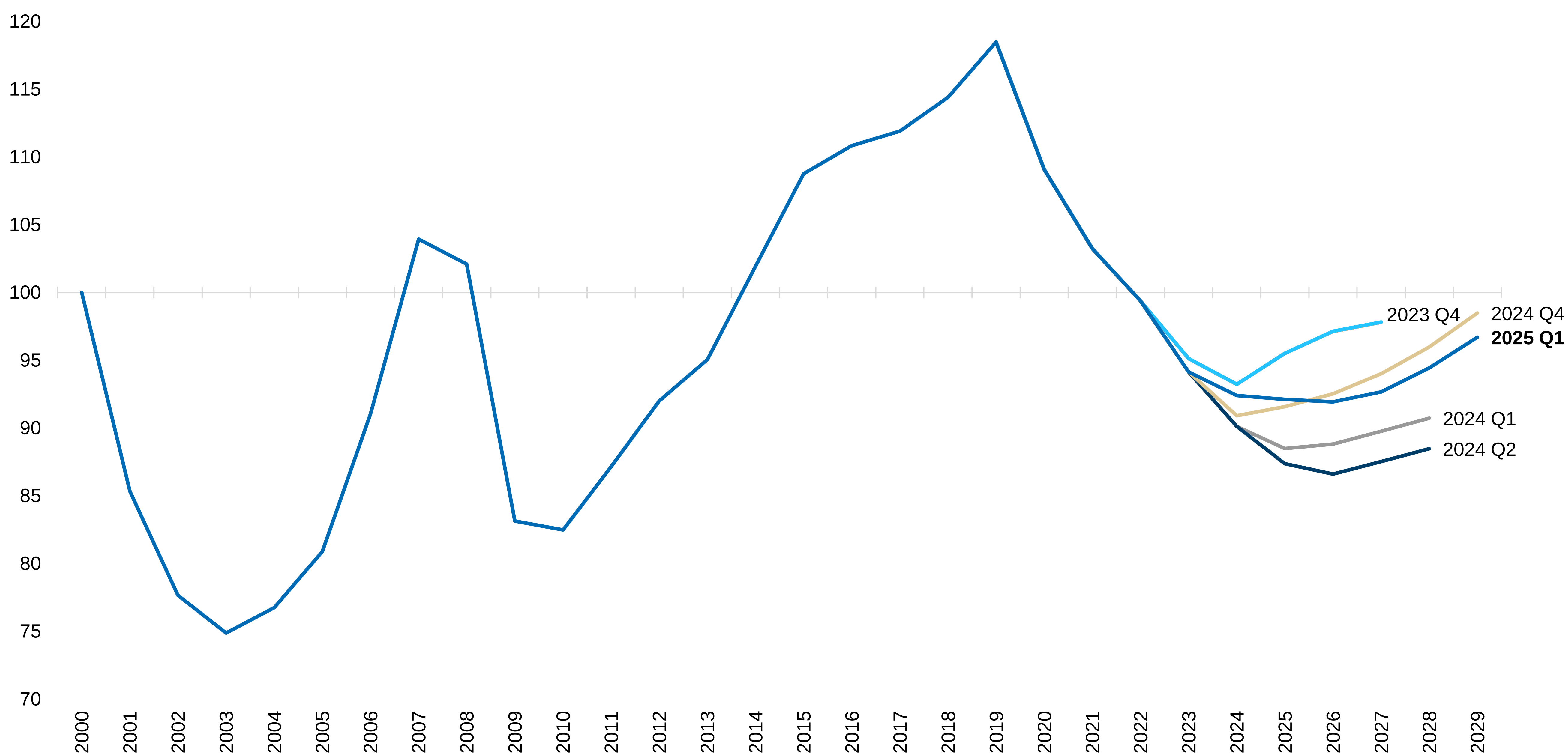
Source: Green Street data as of 4/28/2025, Newmark Research

*Market revenue per available foot combines the impact of changes in effective rents and occupancy to produce a measure of overall leasing market performance.

Forecast Worsens In 1Q25; Still Points to Gradual Recovery

The improving economic outlook has had a counterintuitive effect on the office forecast in the first quarter of 2025. After several quarters of downward revisions, Green Street had projected an uptick in its Q4 2024 forecast, but that outlook was downgraded in Q1 2025. The current forecast now anticipates the market bottoming out in 2026.

Green Street M-RevPAF Forecast Revisions (December 2000 = 100)



Sources: Green Street, Newmark Research as of 5/1/2025

1Q25 UNITED STATES OFFICE LEASING HOUSE VIEW

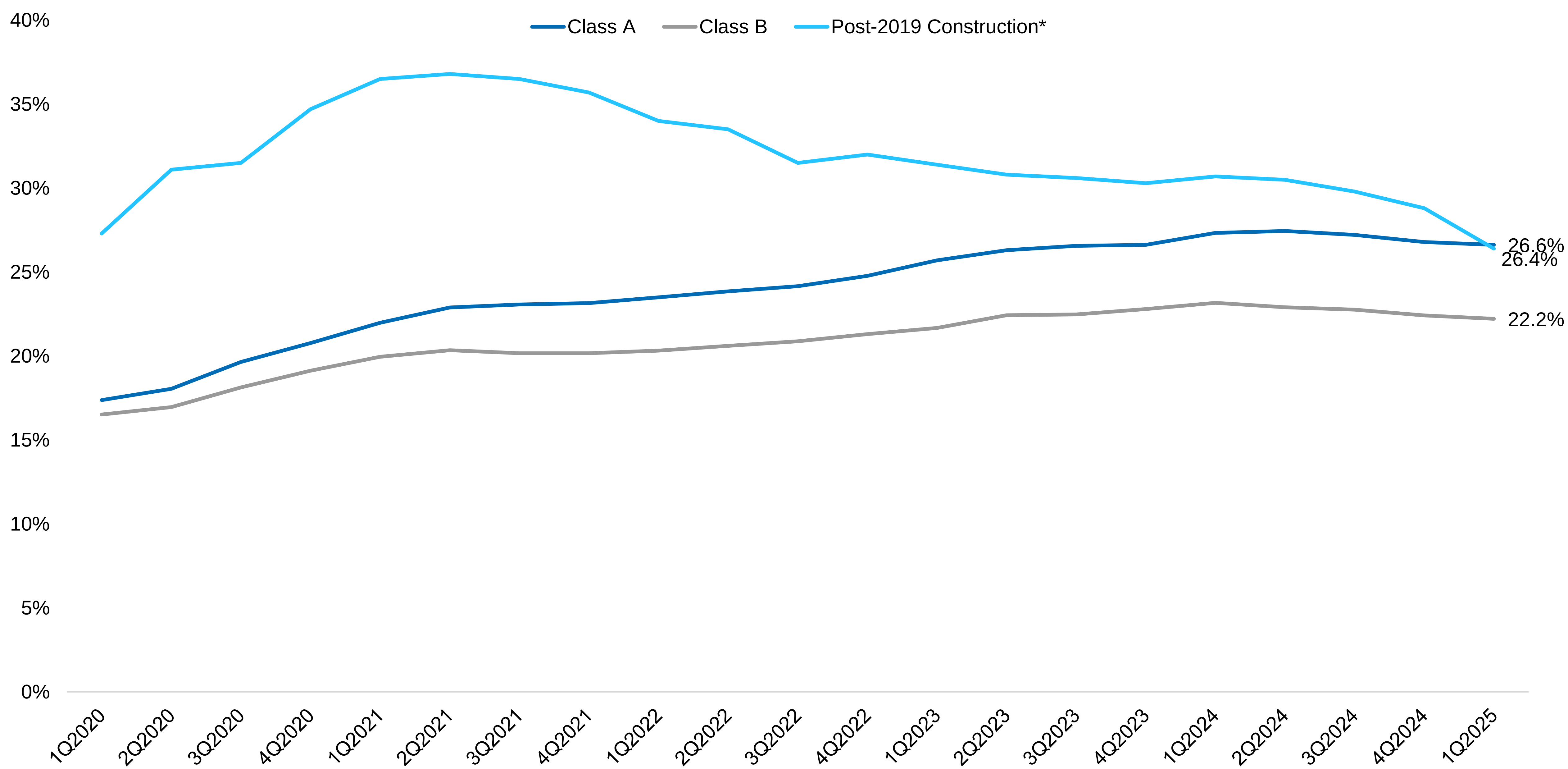
Class Conundrum

We often hear the office market described as a split between “trophy” and “trauma.” While it’s true that trophy assets are outperforming, we also see additional nuances and inefficiencies in today’s market—notably, the paradoxical resilience of Class B office space compared to commodity Class A properties.

Class B Beats Class A, But New Product Will Soon Beat Both

Prior to the pandemic, Class A and Class B availability rates were nearly identical. Since then, the gap has widened, with Class A office underperforming. Newly delivered space initially saw elevated availability as supply outpaced demand, but consistent leasing has improved occupancy. As a result, new construction is now outperforming existing Class A properties and approaching availability levels seen in Class B.

Office Market Availability Rate By Class

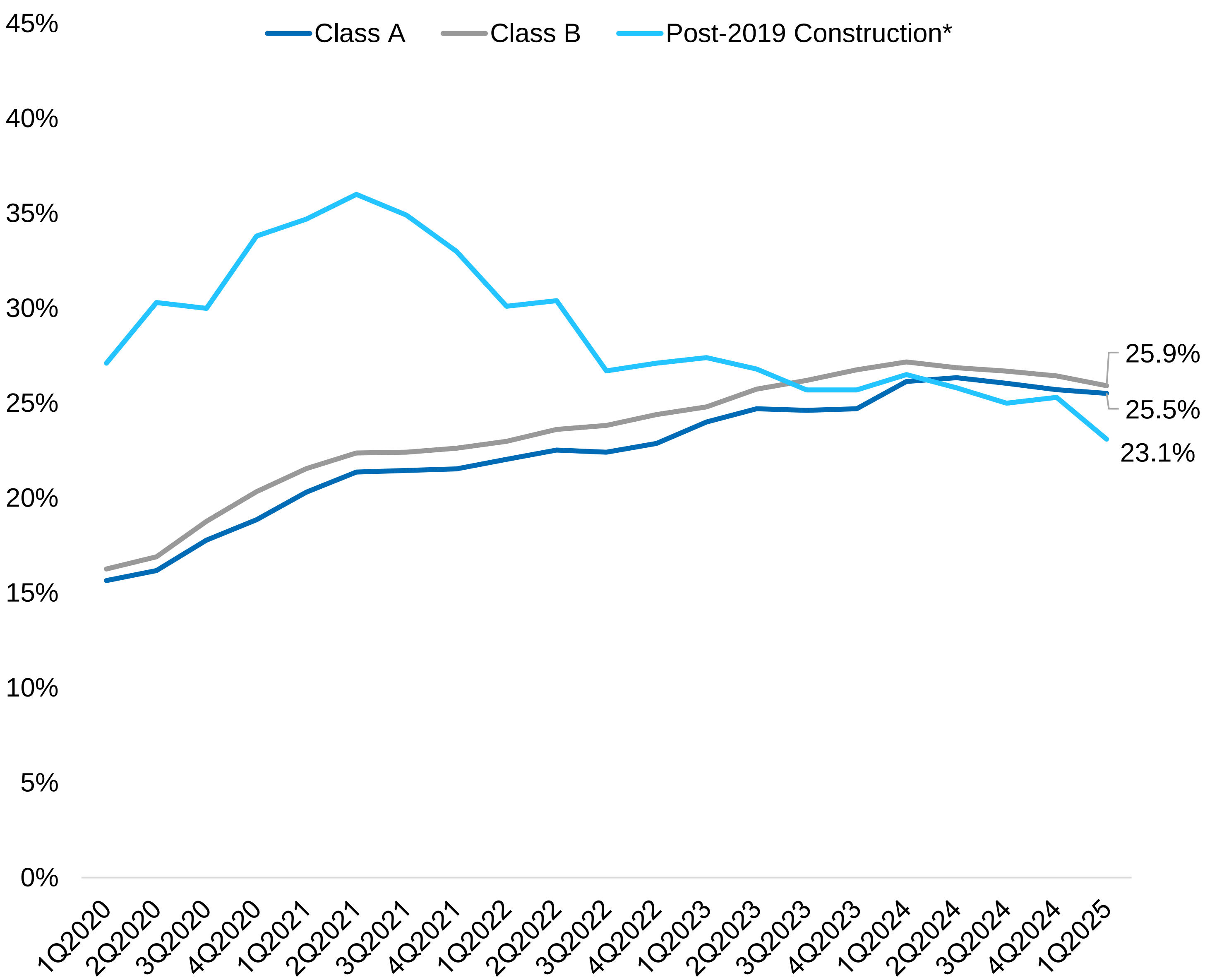


Source: CoStar, Newmark Research as of 4/28/2025
*Office buildings over 20,000 SF. 5-Star CoStar Rating. Excludes owner-occupied.

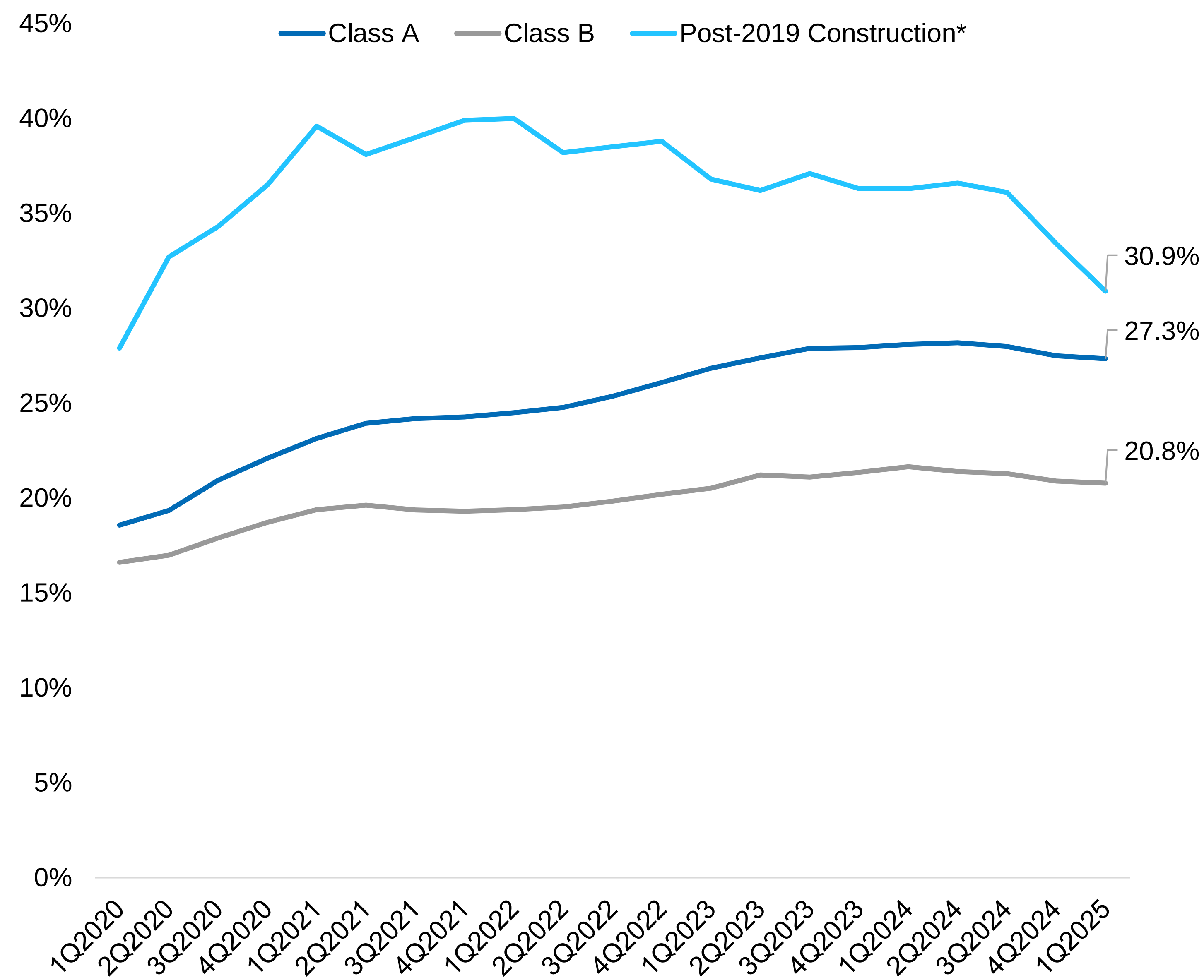
Quality Matters Most In CBD Markets; Value In Suburbs

In CBD markets, availability rates are tightly clustered, with higher-quality space consistently leading performance—new construction followed by Class A, then Class B. In suburban markets, Class B properties continue to show lower availability rates. While suburban new construction has faced lease-up challenges, it has made steady progress since late 2022.

CBD – Availability Rate by Class and Building Age



Non-CBD – Availability Rate by Class and Building Age

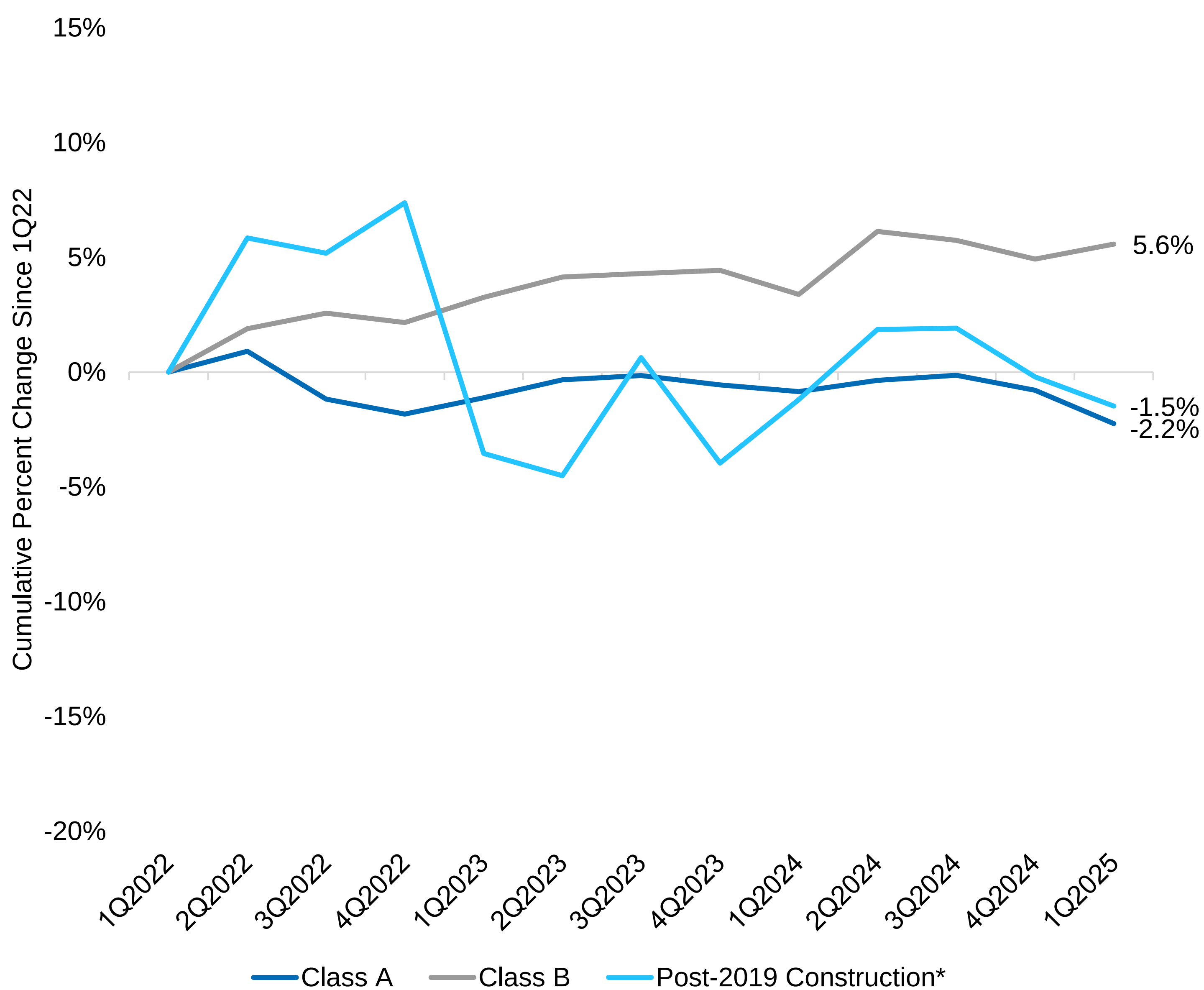


Source: CoStar, Newmark Research as of 4/28/2025
*Office buildings over 20,000 SF. 5-Star CoStar Rating. Excludes owner-occupied.

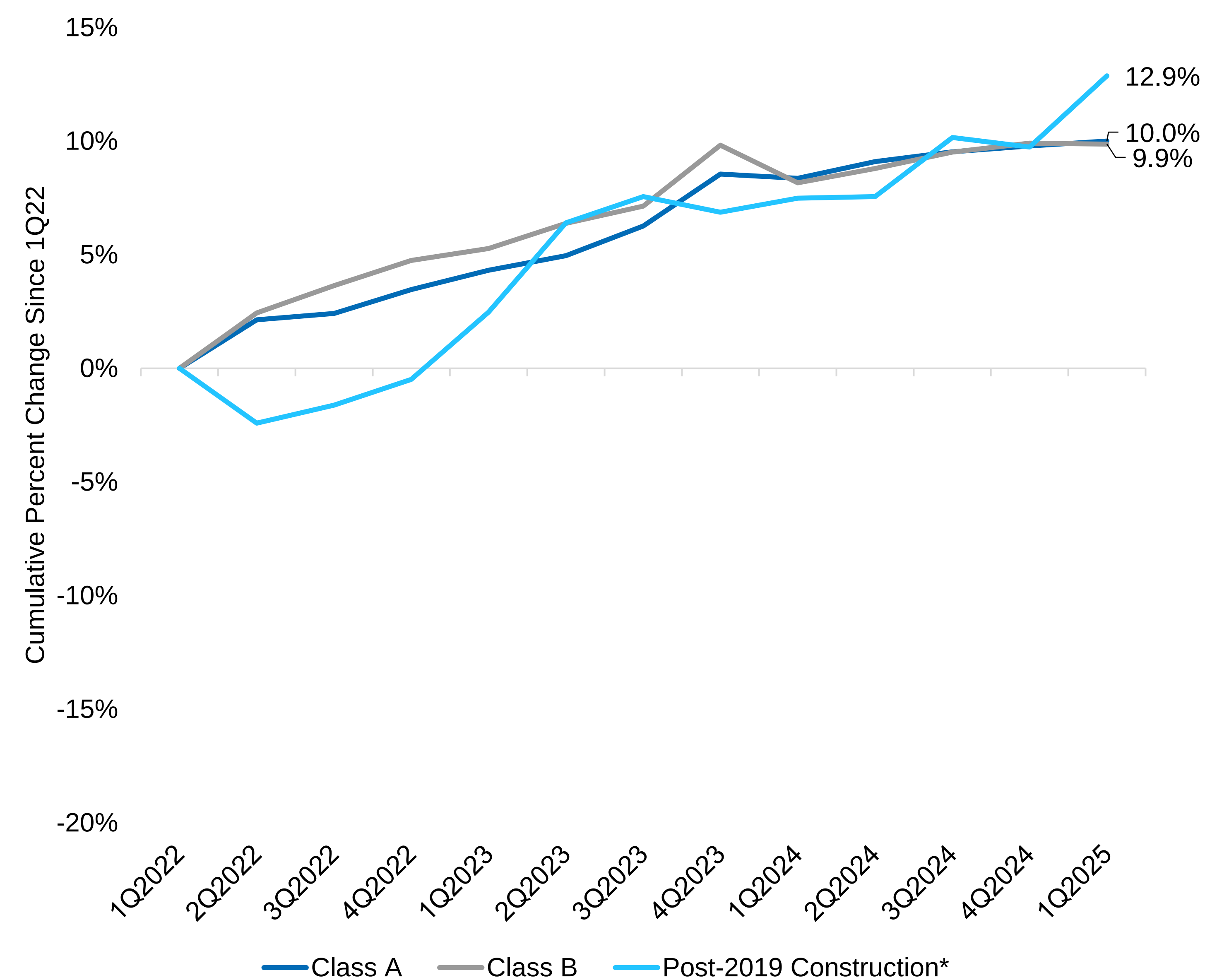
Asking Rent Growth Decoupled From Availability

Since the first quarter of 2022, asking rents in non-CBD markets—and CBD Class B rents—have risen despite elevated availability rates. Overall, non-CBD rents have generally outperformed those in CBD markets, with non-CBD new construction recording the strongest gains of any segment. Within CBDs, Class B asking rents have seen notable increases, while Class A and new construction rents have edged down slightly.

CBD – Overall Gross Rent (Cumulative Percent Change)



Non-CBD – Overall Gross Rent (Cumulative Percent Change)

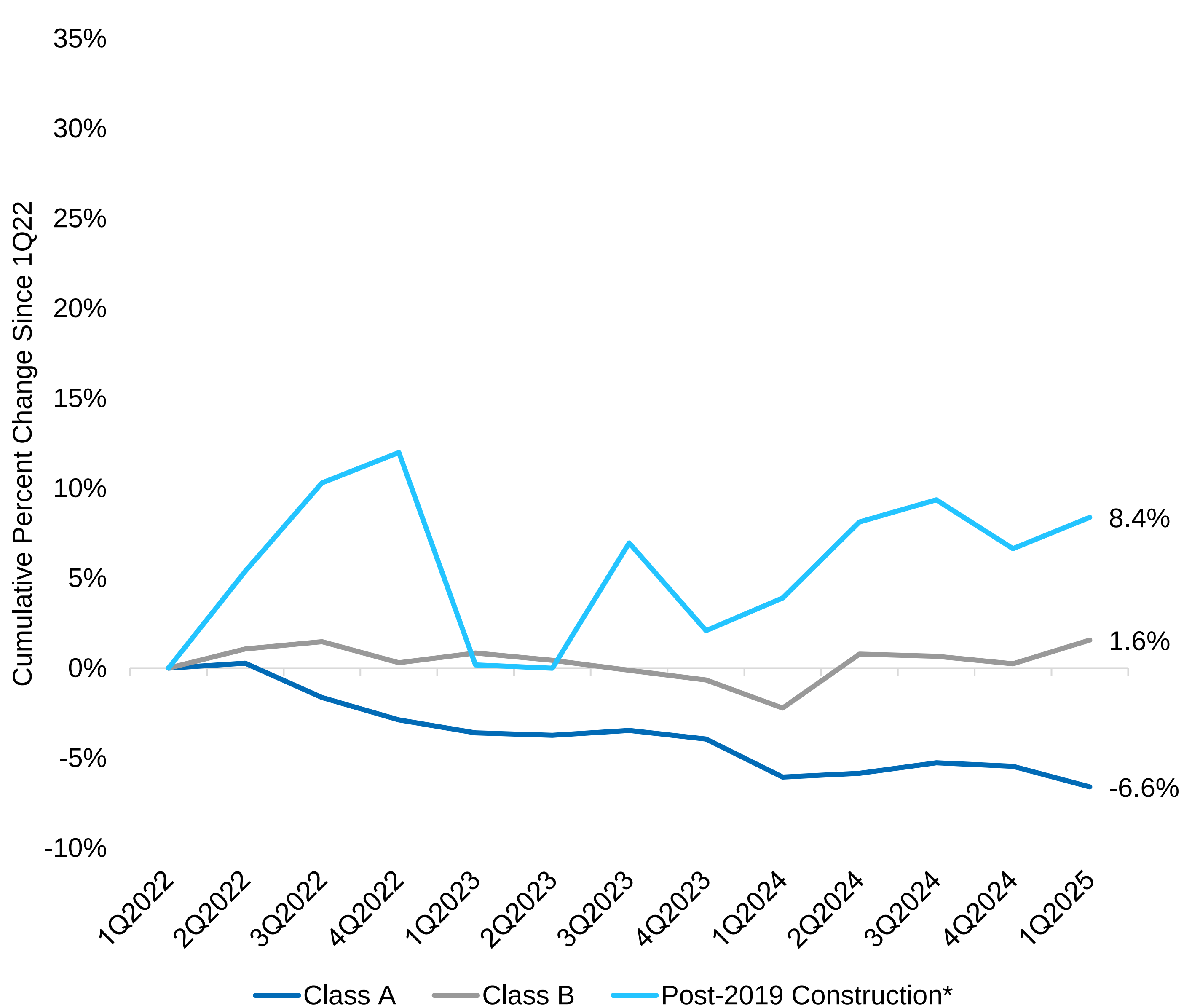


Source: CoStar, Newmark Research as of 4/28/2025
*Office buildings over 20,000 SF. 5-Star CoStar Rating. Excludes owner-occupied.

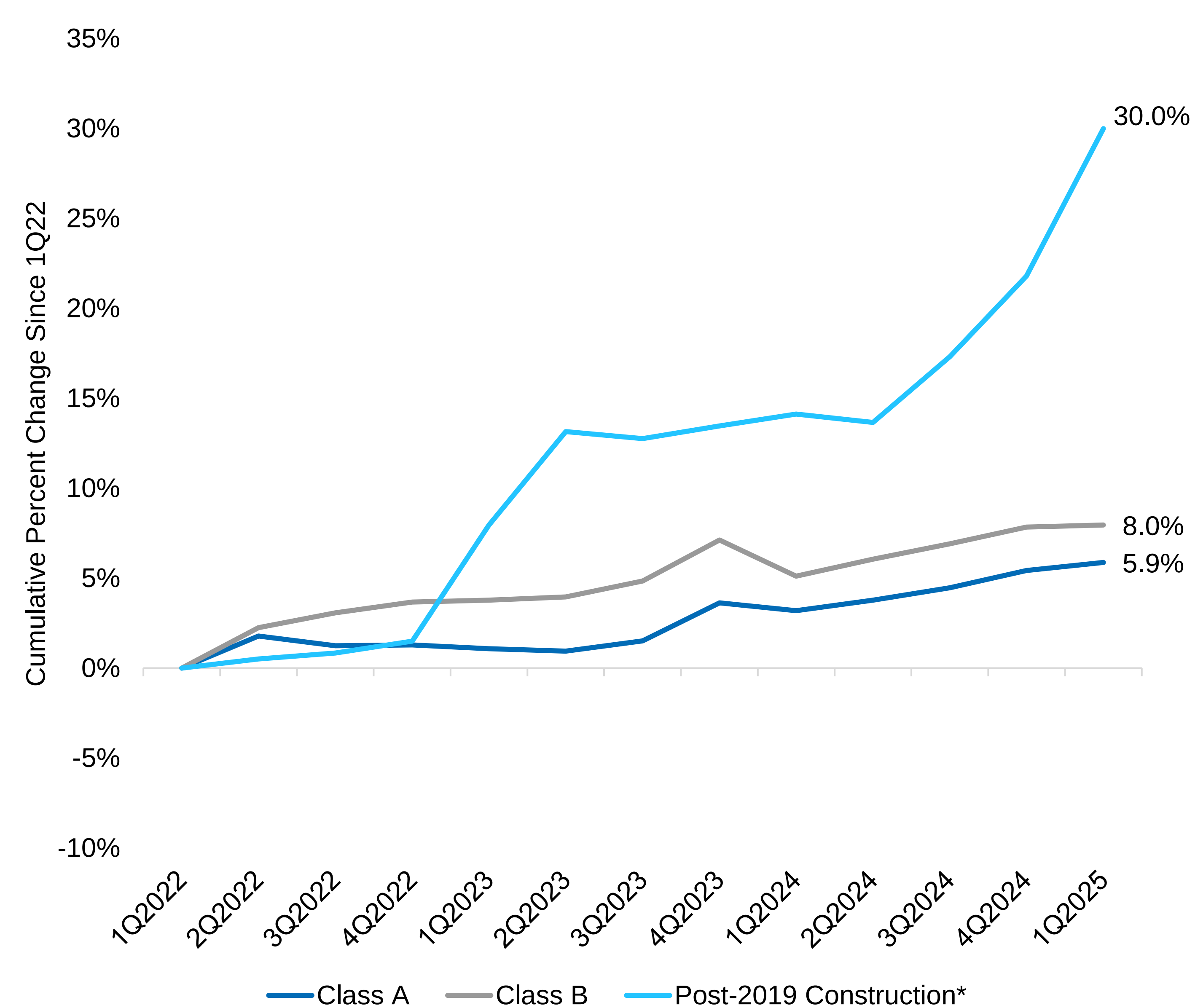
Trophy Product Has Substantially Outperformed in CBD and Non-CBD Markets

Rent per available foot (RPAF)**, which reflects changes in both rents and availability, shows that Class A office has underperformed both new construction (a proxy for Trophy) and Class B office in both CBD and non-CBD markets. New construction/Trophy assets have led performance in both settings, with the strongest outperformance occurring in non-CBD markets.

CBD – Rent Per Available Foot**



Non-CBD – Rent Per Available Foot**

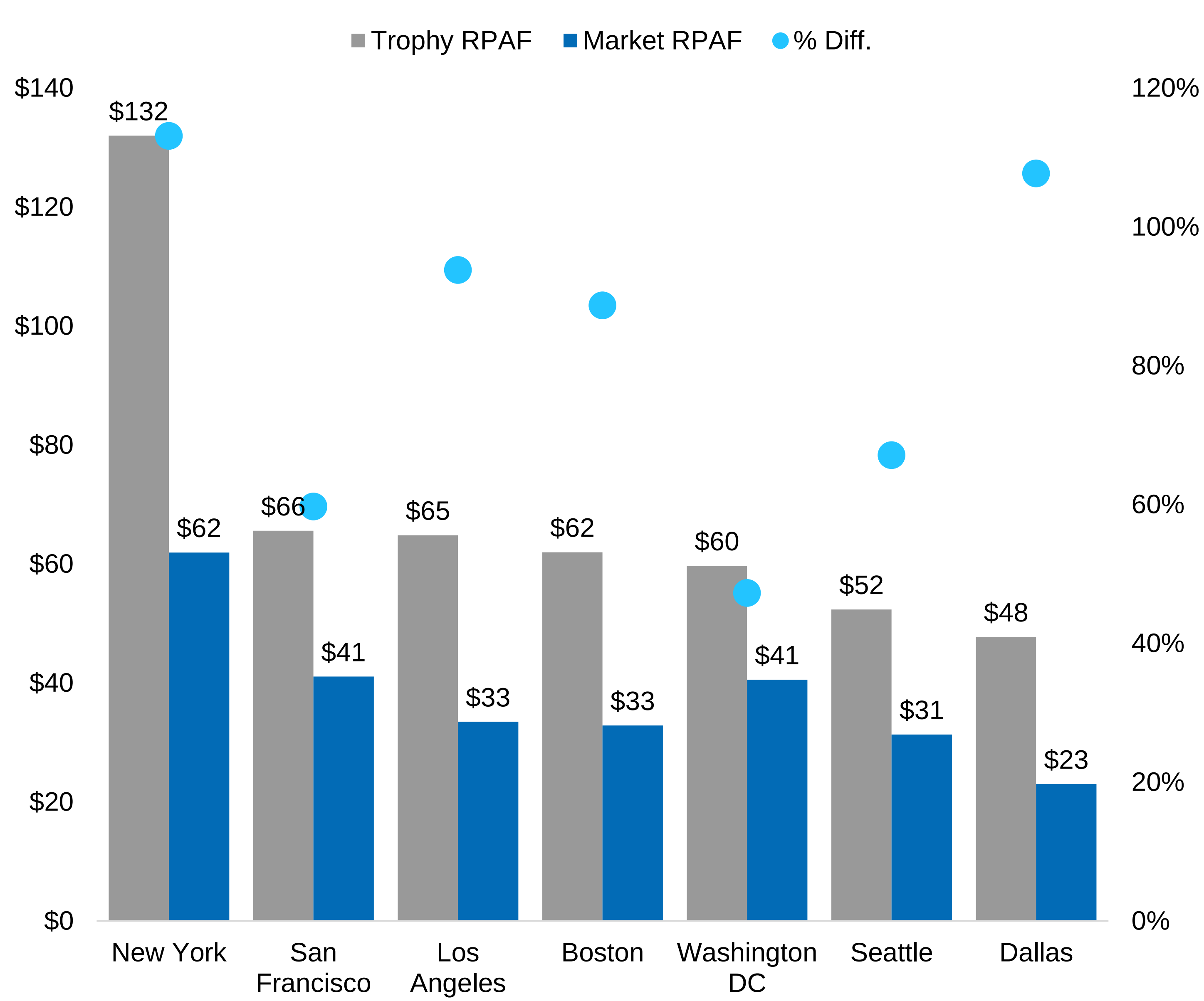


Source: CoStar, Newmark Research as of 4/28/2025
*Office buildings over 20,000 SF. 5-Star CoStar Rating. Excludes owner-occupied.
**Gross Asking Rent x (1-Total Availability Rate)

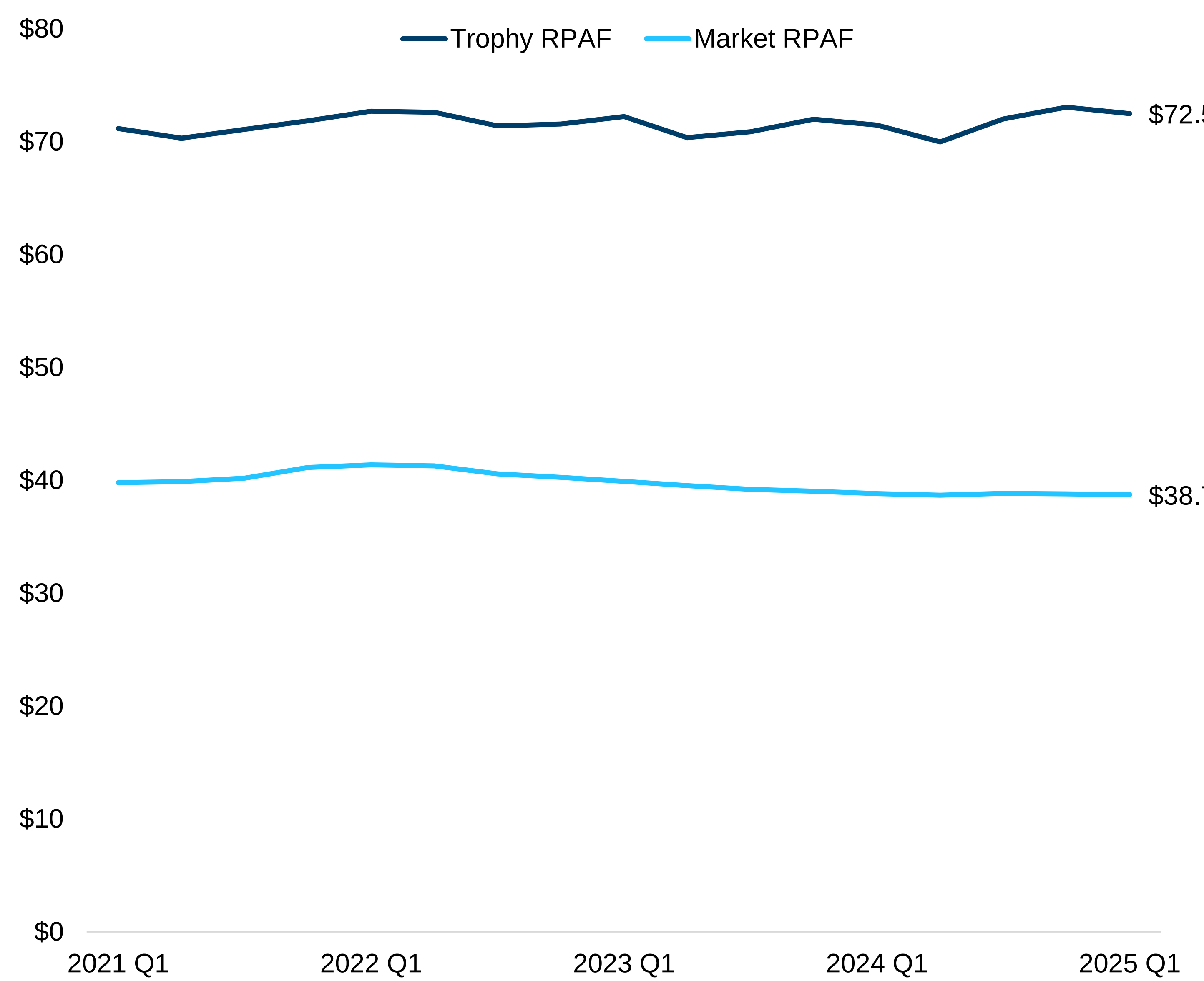
Trophy Cash Flow Premia Are Large, But Not Immune

In several key gateway markets, true trophy product has meaningfully outperformed from a cashflow standpoint. In New York, trophy assets command a 113.1% premium in market rent per available foot (RPAF) compared to the rest of the market. Across the full set of gateway markets, this premium averages 87.2%. Since 1Q21, trophy product has maintained an average RPAF premium of 80.1%, though growth has been relatively flat—and in select markets, trophy RPAF has declined by 1.4% since 4Q20. This may improve as the newest product continues to lease up.

Gateway Market Comparison – Rent Per Available Foot**



Trophy versus Market – Rent Per Available Foot**

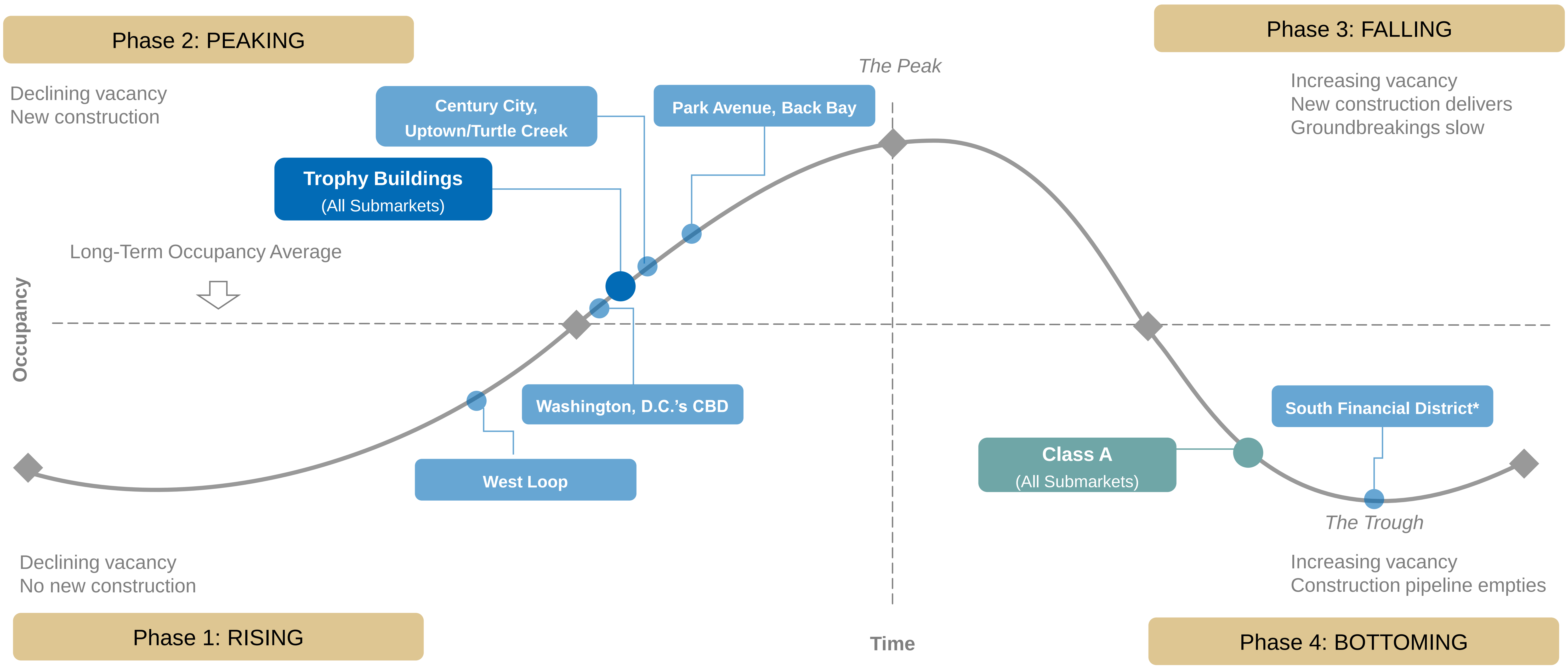


Source: CoStar, Newmark Research as of 4/28/2025
*"Trophy product" in this analysis is defined as fully stabilized buildings, representing around 10% of each market's inventory square footage, capturing the highest gross overall asking rents.
**Gross Asking Rent x (1-Total Availability Rate)

Winning Office: Where U.S. Office Space is Thriving and Why

Newmark Research explored top-performing submarkets in a recent white paper, highlighting how trophy product is performing in mature "adult" corridors. These markets offer strategic opportunities to acquire and reposition Class A assets as trophy during the transition from growth to peak maturity.

Stages of a Real Estate Cycle and Where Trophy Buildings in Top-Performing Mature and Established Submarkets Are



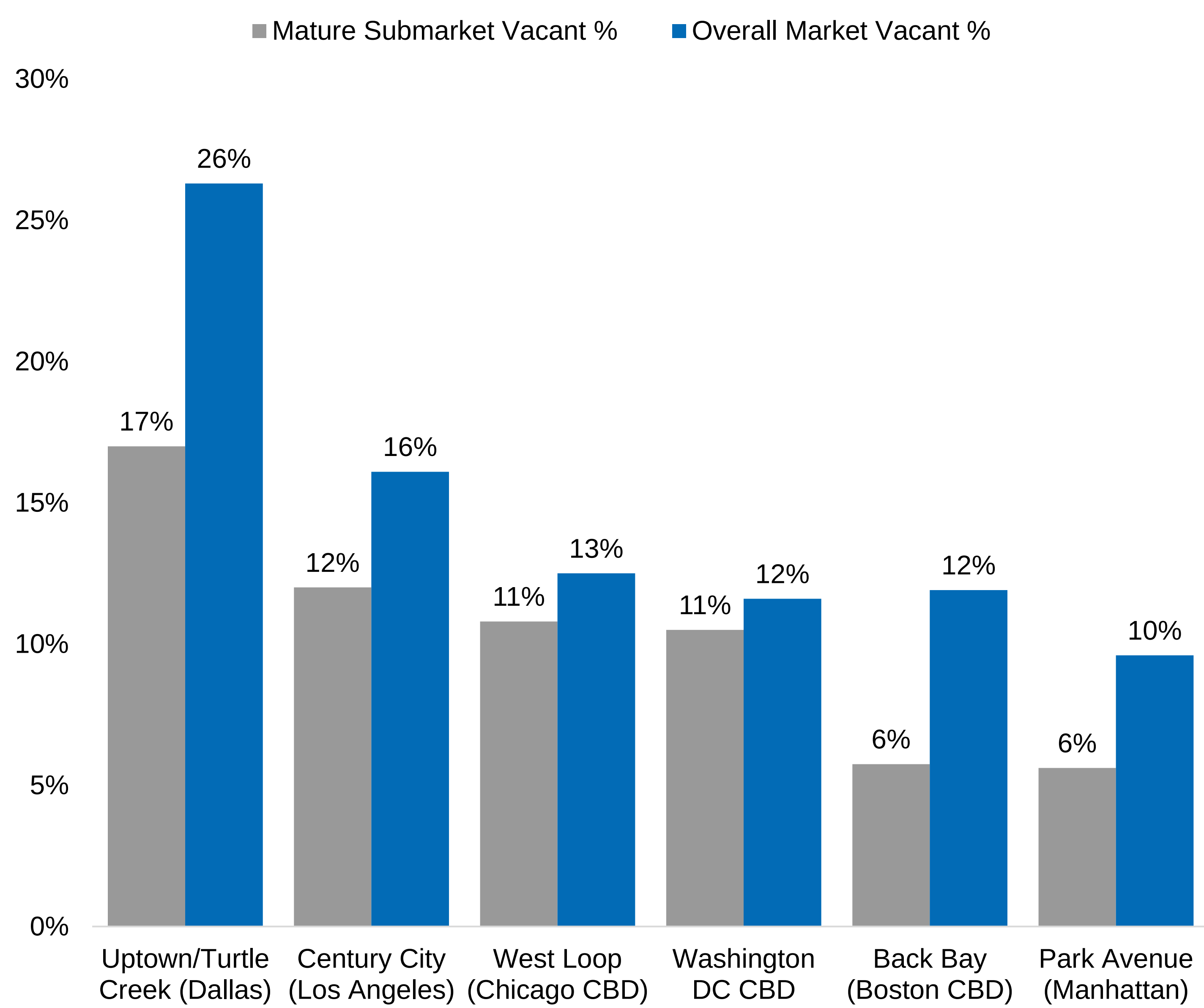
Source: Newmark Research

* Occupancy can vary across South Financial's trophy buildings; those with stronger amenities tend to have higher occupancy and rent averages.

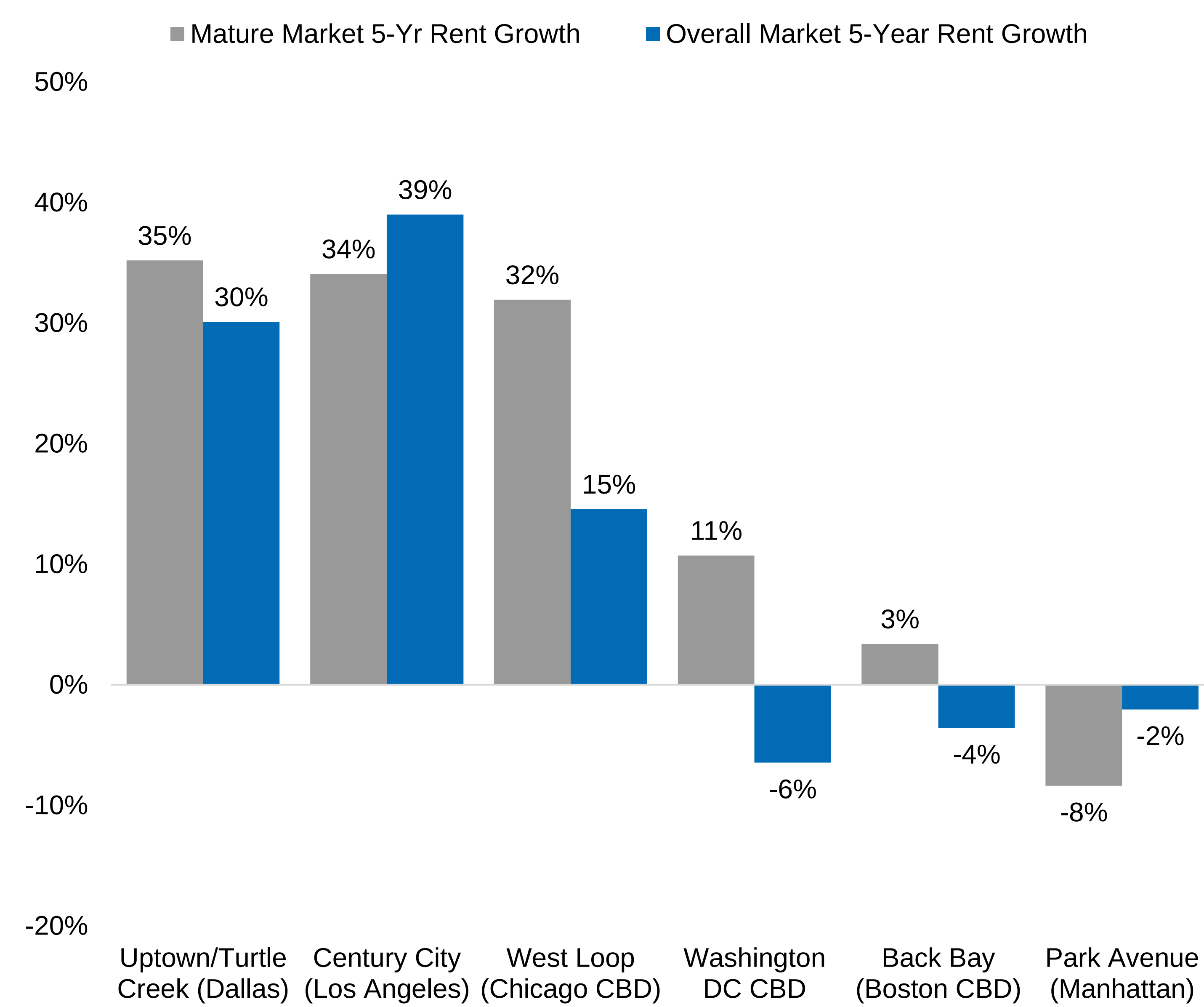
Winning Office Lies at the Intersection of Quality and Location

In a sample of mature submarkets nationwide, occupancy rates consistently exceed those of each market's overall trophy inventory—highlighting strong tenant preference for top-tier space in these areas. With the exception of Century City in Los Angeles and Park Avenue in Manhattan, these submarkets have also outpaced overall market rent growth over the past five years.

Trophy Availability Comparison: Submarket vs. Overall Market



Trophy Rent Comparison: Mature Submarket vs. Overall Market

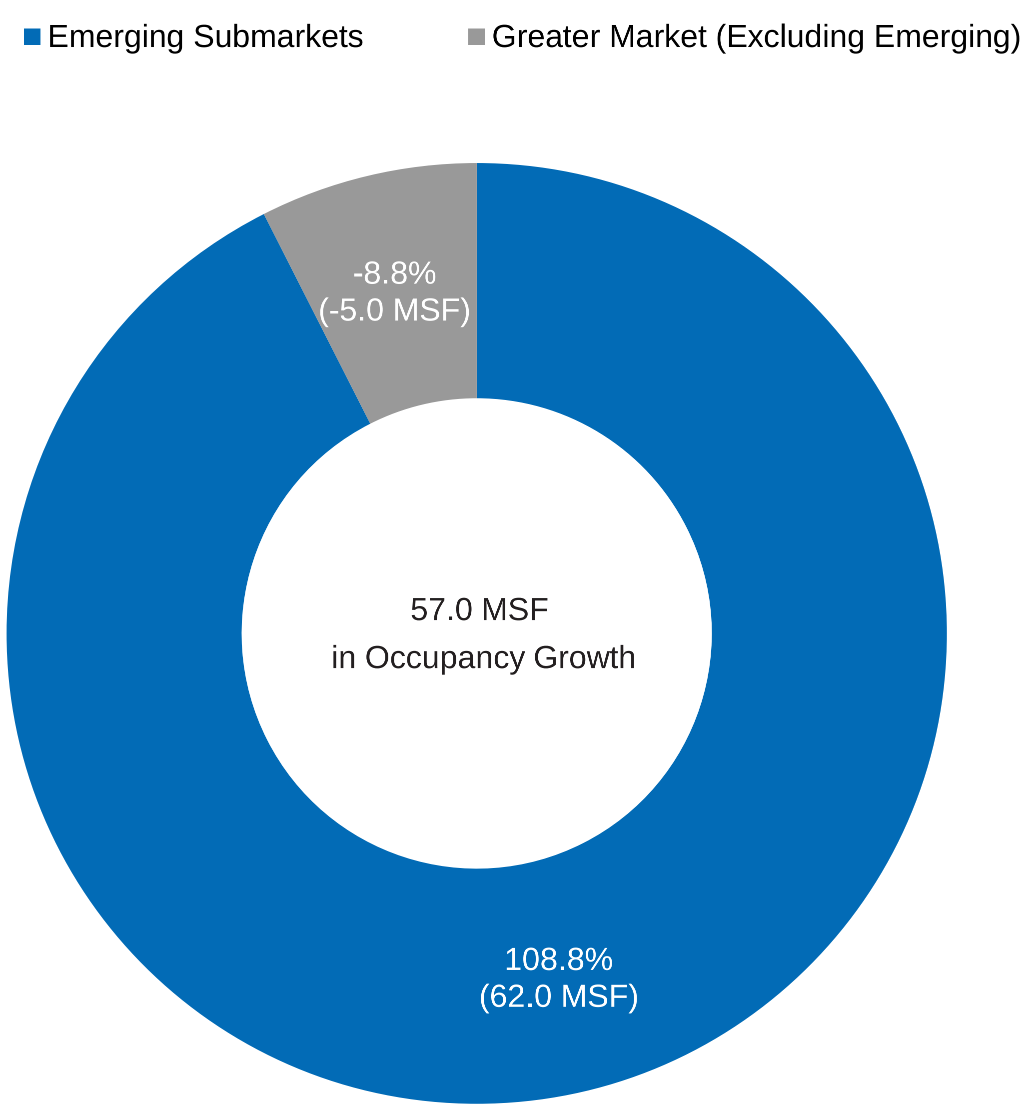


Source: CoStar, Newmark Research as of 4/28/2025
*"Trophy product" in this analysis is defined as fully stabilized buildings, representing around 10% of each market's inventory square footage, capturing the highest gross overall asking rents.

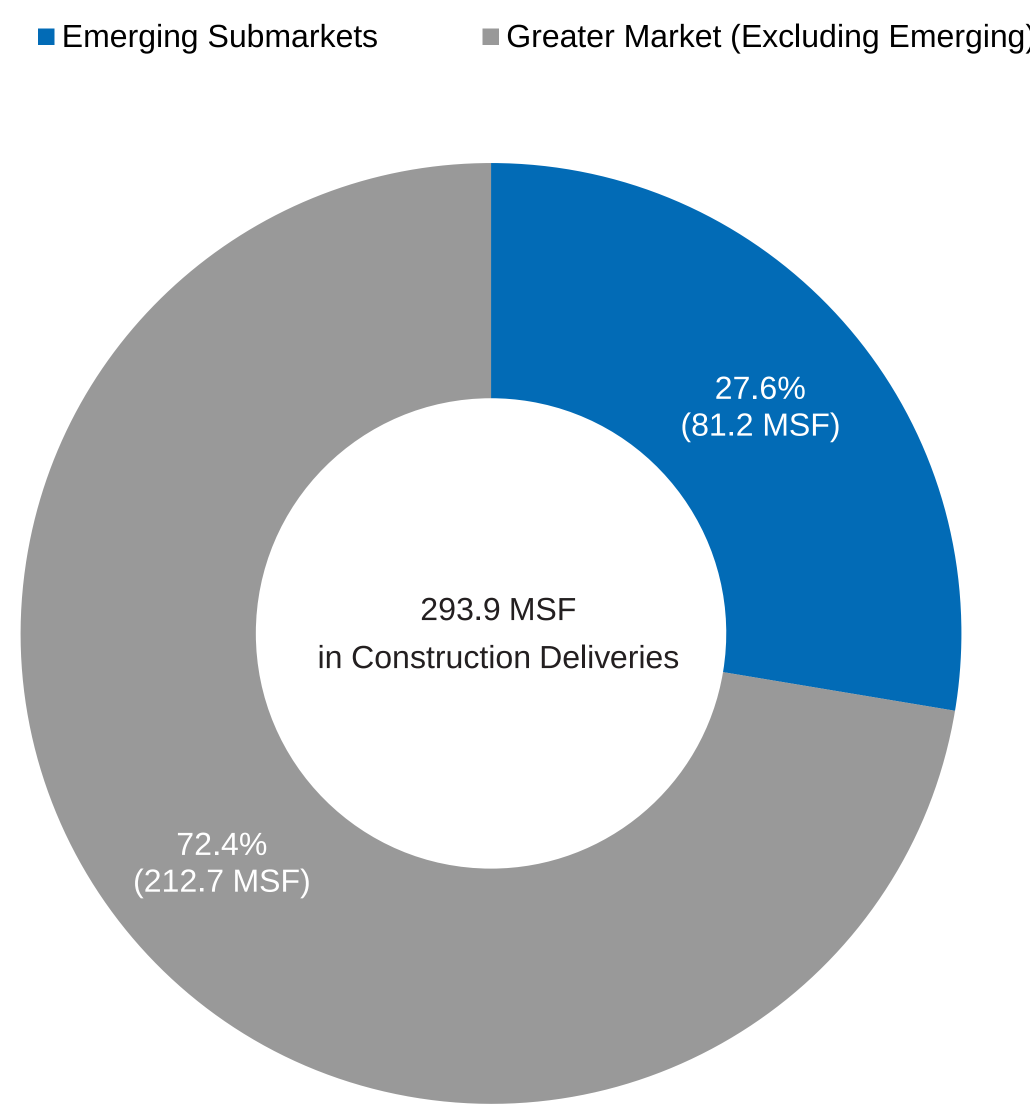
Winning Office: Where U.S. Office Space is Thriving and Why (continued)

Understanding the relationship between high-performing "adult" corridors and their emerging extensions can present valuable investment opportunities. As vacancy tightens and rents rise in mature submarkets, demand is likely to spill over into adjacent emerging areas. Well-timed acquisitions in these submarkets allow investors to lease up and exit at a premium. By this logic, emerging submarkets represent core plays—backed by strong historical trends in occupancy and inventory growth.

Emerging Submarkets: Concentration of Occupancy Growth Over the Last 10 Years



Emerging Submarket: Concentration of Inventory Built Over the Last 10 Years

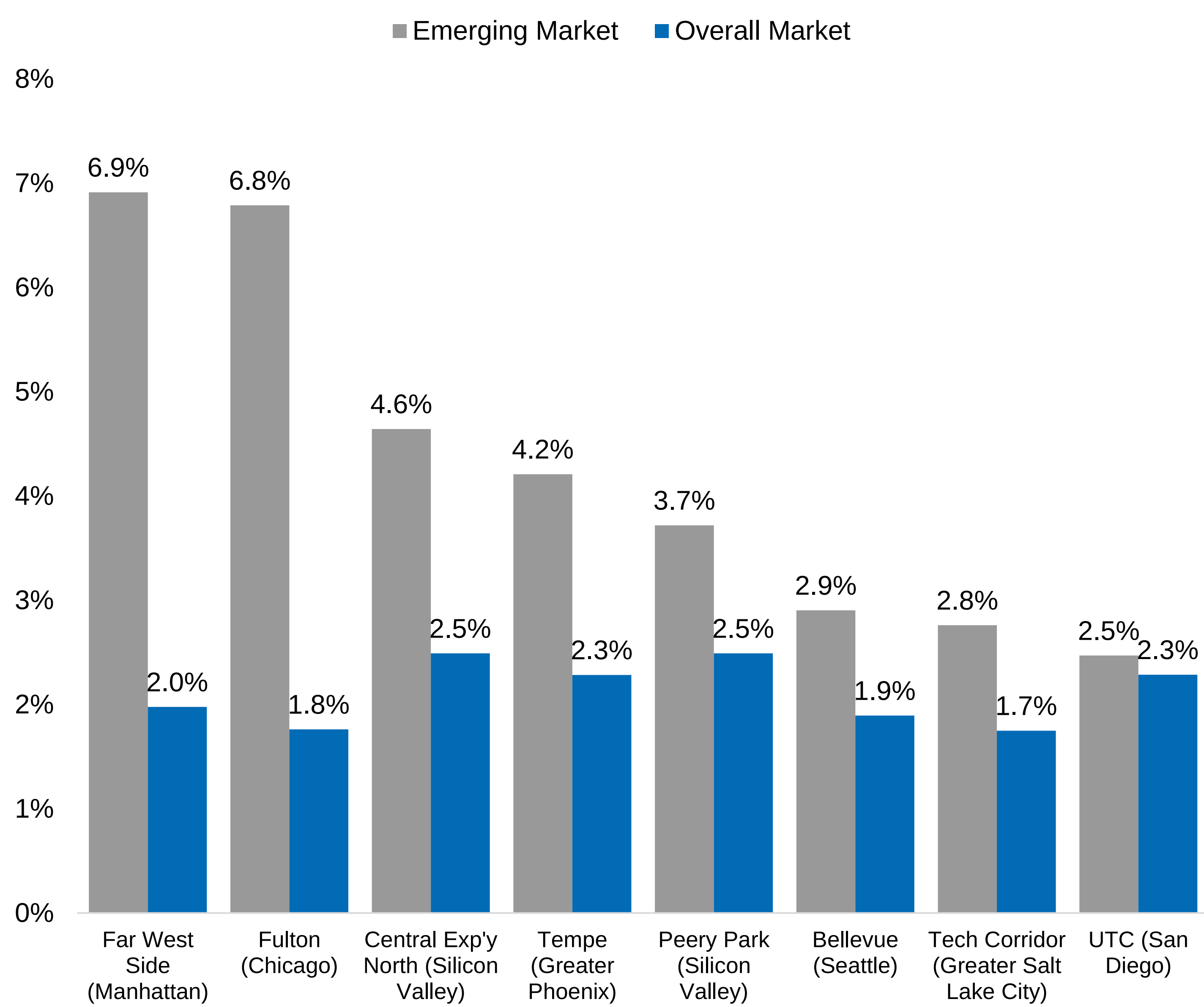


Source: Newmark Research

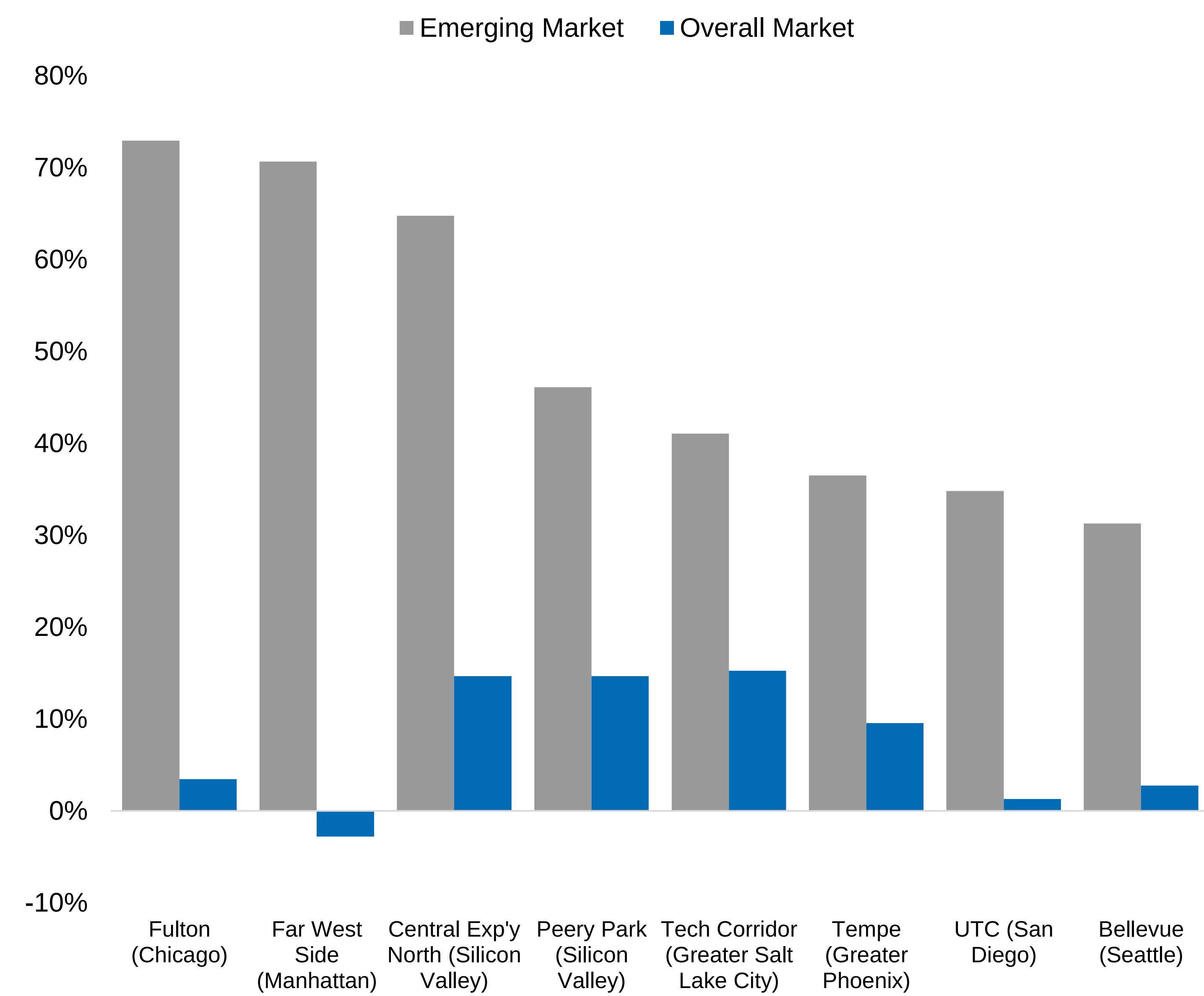
Emerging Submarkets Will Continue to Attract Demand Driving Future Performance

In a sample of emerging submarkets nationwide, quarterly leasing activity has been notably strong. On Manhattan's Far West Side, for instance, average quarterly leasing over the past 10 years reached 6.9% of submarket inventory, compared to 2.0% for the overall market. As a result, these submarkets have also achieved occupancy growth at a significantly faster pace than their broader market areas.

Average Quarterly Leasing as % of Inventory (10-Year Average)



10-Year Net Absorption as % of Current Quarter Inventory

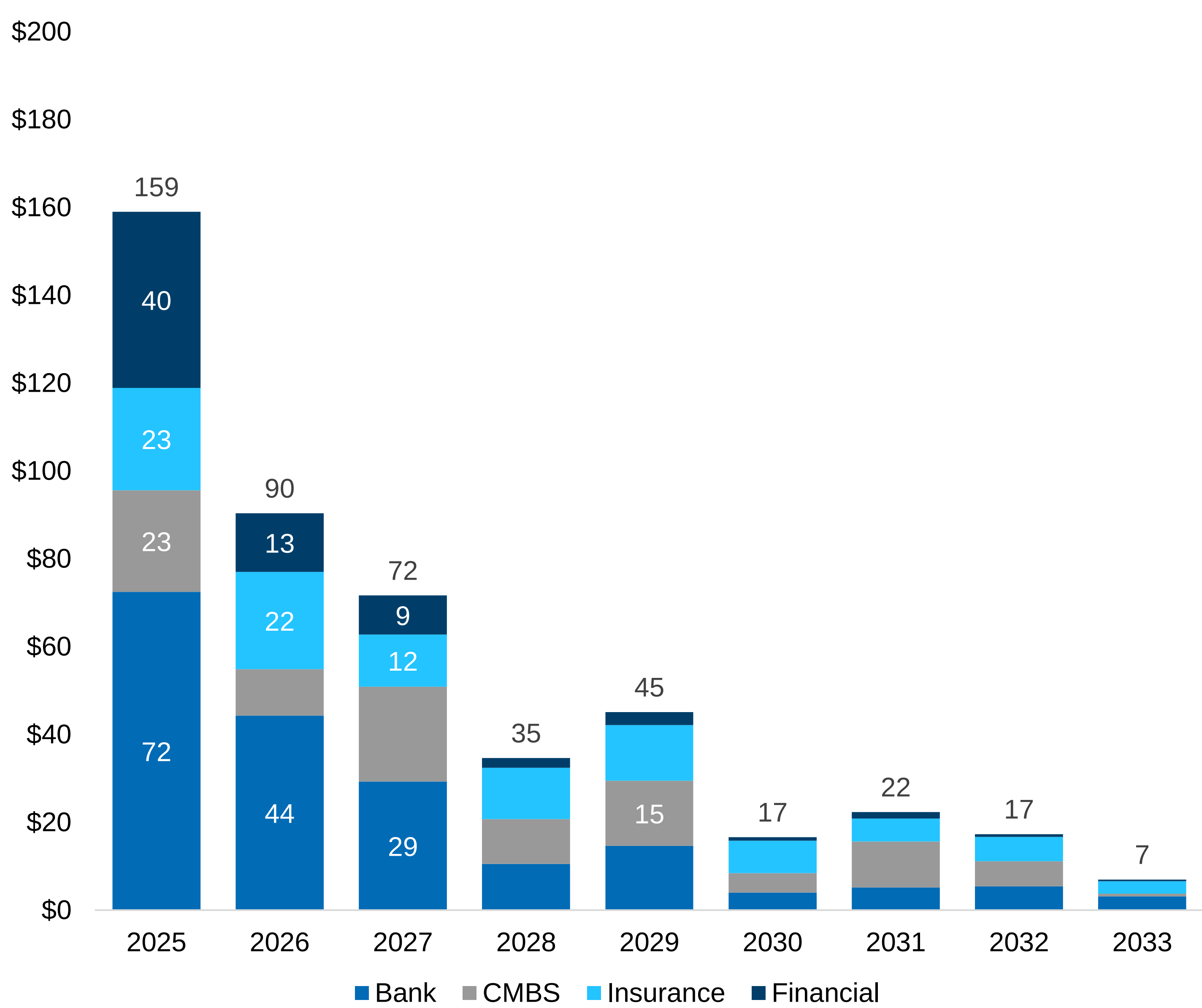


Source: CoStar, Newmark Research as of 5/2/2025

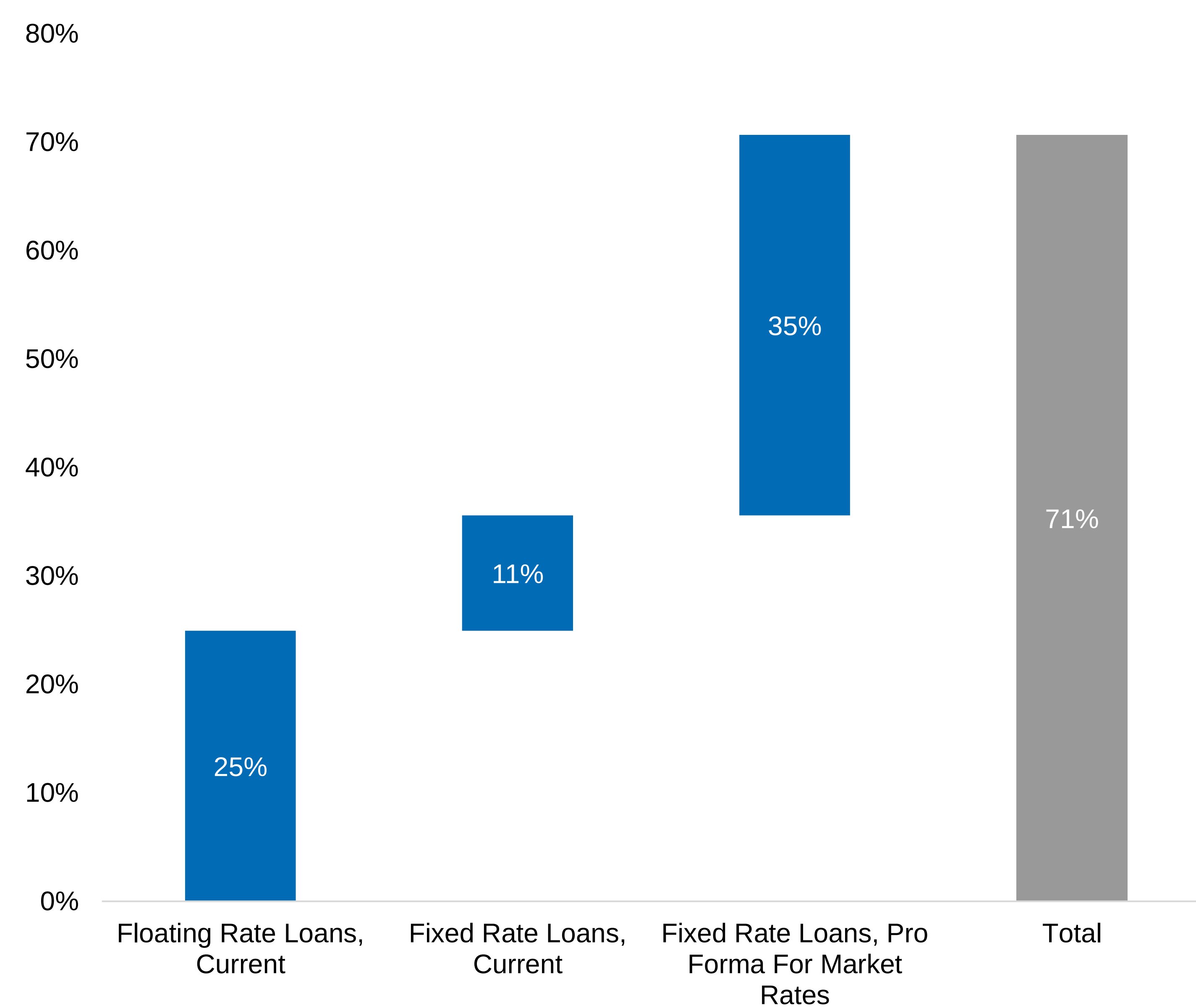
Debt Distress Limits Landlords' Ability To Lower Rents For Higher Occupancy

The outperformance of trophy assets is expected, given their limited share of total inventory. What's less intuitive is the resilience of Class B offices, especially amid high availability in commodity Class A properties. In theory, Class A landlords could lower rents to attract tenants and improve cash flow—but debt constraints often prevent this, as reduced rents could depress valuations and trigger defaults. Generous incentive packages also suppress cash flows that would otherwise benefit owners.

Potentially Troubled Office Loans: Market LTV over 80%



Pre-2026 Securitized Office Maturities with DSCR under 1.25x



Source: Trepp, Green Street, RCA, MBA, Newmark Research as of 5/6/2025
Note: This should represent a lower bound of troubled loan extensions, as the current model assumes extended loans are as troubled as loans originally maturing in a given year, whereas extended loans are more likely to be troubled.

1Q25 UNITED STATES OFFICE LEASING HOUSE VIEW

Office Market Statistics

National Office Market Statistics

1Q25

Market Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	1Q 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Overall Vacancy Rate	Average Asking Rent (Price/SF)
National	**5,143,136,212**	**30,875,428**	**-729,411**	**-729,411**	**20.4%**	**$38.00**
Atlanta‡	158,221,877	522,000	-640,658	-640,658	26.5%	$32.40
Austin‡	88,956,268	2,021,167	-213,183	-213,183	23.6%	$45.07
Baltimore‡	81,062,403	137,985	412,356	412,356	15.6%	$24.79
Boston^	177,180,816	2,112,808	-506,581	-506,581	22.1%	$44.96
Broward County, FL	34,376,894	174,790	-34,539	-34,539	14.6%	$37.66
Charlotte‡	56,624,539	737,789	-157,901	-157,901	27.8%	$34.06
Charleston, SC	15,471,671	226,000	46,965	46,965	10.5%	$32.17
Chicago^	250,761,866	369,000	1,162,950	1,162,950	25.3%	$32.69
Cincinnati‡	34,202,364	43,000	-22,266	-22,266	23.7%	$21.49
Cleveland‡	39,622,689	1,000,000	252,729	252,729	22.7%	$21.11
Columbia, SC	17,825,751	0	37,695	37,695	8.8%	$20.03
Columbus‡	41,106,612	278,178	-118,460	-118,460	21.9%	$21.75
Dallas‡	285,035,290	2,327,287	516,036	516,036	24.5%	$31.20
Delaware	15,718,909	0	220,280	220,280	18.0%	$26.78
Denver‡	101,904,267	591,575	-1,192,595	-1,192,595	29.7%	$35.07
Detroit‡	79,115,628	380,821	-37,821	-37,821	21.9%	$20.72
District of Columbia	127,272,427	399,617	37,698	37,698	18.9%	$55.73
Fairfield County, CT^	35,432,437	95,000	-348,057	-348,057	23.9%	$37.37
Fresno	23,155,400	111,726	-117,794	-117,794	7.2%	$26.62
Greenville, SC	25,204,200	83,766	-23,130	-23,130	9.7%	$25.61
Hampton Roads	28,263,046	0	-3,551	-3,551	11.50%	$22.41

^ Major Market
‡ Secondary Market

Note: Absorption is the net change in occupied space over a period of time. Data may not match totals in some Newmark metro reports due to different local methodologies. Asking rents are quoted on a full-service basis.

National Office Market Statistics

1Q25

Market Statistics – All Classes

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National	**5,143,136,212**	**30,875,428**	**-729,411**	**-729,411**	**20.4%**	**$38.00**
Houston‡	250,518,963	1,230,165	123,831	123,831	25.9%	$28.67
Indianapolis‡	33,435,136	43,800	-438,770	-438,770	28.3%	$21.69
Inland Empire, CA^	27,701,254	44,081	238,995	238,995	8.1%	$25.90
Jacksonville‡	34,872,161	80,500	-14,372	-14,372	17.6%	$22.69
Kansas City‡	78,673,064	120,100	75,411	75,411	16.4%	$22.97
Las Vegas‡	39,923,330	108,564	56,751	56,751	12.5%	$27.66
Long Island^	60,038,689	0	131,331	131,331	11.7%	$29.59
Los Angeles^	218,539,616	1,617,686	-366,460	-366,460	25.1%	$47.42
Manhattan^	454,867,612	521,581	820,921	820,921	12.5%	$74.80
Maryland Suburban‡	73,459,291	237,000	216,767	216,767	19.8%	$31.39
Memphis‡	36,422,401	75,000	61,156	61,156	15.8%	$19.50
Miami‡	49,451,186	1,074,645	112,998	112,998	14.8%	$59.52
Milwaukee‡	36,149,183	0	27,019	27,019	21.4%	$20.54
Minneapolis‡	117,428,463	400,000	199,987	199,987	19.7%	$28.46
Nashville‡	65,921,486	1,791,065	-408,688	-408,688	18.3%	$31.82
New Jersey Northern^	166,094,247	1,118,787	655,647	655,647	18.8%	$31.71
New Jersey Southern	15,829,080	0	21,172	21,172	14.92%	$21.43
North Bay, CA	14,679,523	0	17,152	17,152	18.3%	$33.49
Oakland/Greater East Bay^	62,754,780	0	-2,720	-2,720	22.6%	$42.03
Oklahoma City	22,653,884	115,000	-86,276	-86,276	16.9%	$20.15
Orange County, CA^	95,335,570	0	115,517	115,517	17.3%	$33.33

^ Major Market
‡ Secondary Market

Note: Absorption is the net change in occupied space over a period of time. Data may not match totals in some Newmark metro reports due to different local methodologies. Asking rents are quoted on a full-service basis.

National Office Market Statistics

1Q25

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National	**5,143,136,212**	**30,875,428**	**-729,411**	**-729,411**	**20.4%**	**$38.00**
Orlando‡	62,408,492	189,168	51,721	51,721	13.0%	$26.02
Palm Beach	28,528,988	1,241,450	690	690	15.2%	$50.66
Philadelphia‡	105,394,885	1,718,807	112,075	112,075	20.9%	$30.78
Phoenix‡	96,218,976	159,222	185,485	185,485	25.5%	$29.84
Pittsburgh‡	57,701,160	44,000	-318,569	-318,569	24.9%	$26.09
Portland‡	62,520,254	187,000	-278,415	-278,415	23.8%	$31.25
Raleigh/Durham‡	53,295,847	103,624	-81,147	-81,147	21.0%	$31.08
Richmond	32,994,467	51,000	-59,078	-59,078	15.1%	$21.89
Sacramento‡	65,522,043	569,000	-314,624	-314,624	15.99%	$25.77
Salt Lake City‡	79,106,867	258,000	235,905	235,905	15.2%	$26.17
San Antonio‡	51,417,095	443,000	-119,342	-119,342	17.1%	$26.91
San Diego‡	76,795,277	3,104,408	-102,633	-102,633	18.9%	$41.48
San Francisco^	90,947,667	0	-229,059	-229,059	30.4%	$65.78
San Francisco Peninsula^	50,801,477	569,618	-435,461	-435,461	19.9%	$74.42
Seattle‡	138,003,299	1,020,016	-338,537	-338,537	21.9%	$43.20
Silicon Valley^	96,226,110	231,579	120,301	120,301	19.3%	$61.37
St. Louis‡	77,293,556	53,700	120,441	120,441	12.9%	$22.76
Tampa/St. Petersburg‡	61,389,181	428,929	-229,793	-229,793	15.4%	$28.53
Virginia Northern^	160,076,250	312,424	65,833	65,833	22.3%	$35.57
Westchester County, NY^	25,230,048	0	57,254	57,254	26.0%	$28.33

^ Major Market
‡ Secondary Market
Note: Absorption is the net change in occupied space over a period of time. Data may not match totals in some Newmark metro reports due to different local methodologies. Asking rents are quoted on a full-service basis.

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