

# U.S. Office Market Fundamentals Remain Sound



Accelerating success.

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The U.S. office market posted another solid quarter in Q3 2019. Net absorption fell but occupancy remains at a record high and rents continue to inch upwards, despite growth being lower than the prior quarter. Net absorption remains positive and is up by 22% year over year. Occupancy gains remain largely dominated by tech firms, which continue to expand apace.

Demand from flexible workspace operators will bear close monitoring following recent events surrounding WeWork. The flexible workspace concept is firmly established, and it remains to be seen which business models will prove the most sustainable.

Rental growth is primarily focused on markets with strong tech demand and those where high-quality new supply is being delivered. The new construction garners a rental premium.

Construction activity has comfortably surpassed the prior cycle's peak and reached a new record high. Nonetheless, barring a marked drop in demand, we don't anticipate a supply/demand imbalance at the national level. Any supply concerns remain localized and submarket specific.

Sales volume fell slightly in the third quarter but capitalization rates (cap rates) and pricing are holding firm. Suburban markets continue to see the greatest share of capital invested.

Market Indicators Relative to Prior Quarter	Q3 2019	Q3 2020*
Vacancy	=	=
Net Absorption	↓	↑
Construction	↑	↓
Rental Rate**	↑	=

\* Projected \*\* Rental rates for current quarter at CBD, rent forecast is for metrowide rents

Summary Statistics	
Vacancy Rate	11.4%
Change from Q2 2019 (Basis Points)	-10
Absorption	10.4 MSF
% Of Markets with Positive Absorption	86%
New Supply	15.5 MSF
Under Construction	150.5 MSF

Asking Rents (Per Square Foot Per Year)	
Downtown Class A	\$50.05
Change from Q2 2019	1.6%
Change from Q3 2018	2.7%
Suburban Class A	\$31.15
Change from Q2 2019	0.7%
Change from Q3 2018	2.3%

## Featured Highlights

**Vacancy remains tight:** U.S. office vacancy fell slightly in Q3 2019 and stands at a record low despite a fall in net absorption.

**Absorption falls:** Net absorption fell in Q3 2019, with suburban markets registering the bulk of any increases.

**Construction reaches a new high:** Office construction rose again in the third quarter and has surpassed the peak of the prior cycle by a fair margin.

**Sales volume increases:** Office sales volume is down year over year, but pricing has increased.

**Slight increase in rents:** Average asking rents increased marginally in the third quarter. Central business district (CBD) markets are showing stronger growth than in the suburbs, where there was only a modest increase.

## Key Observations

### Vacancy Remains at a Record Low

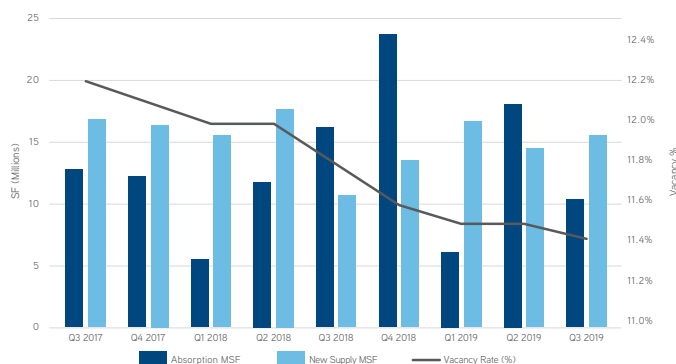
- > The U.S. office vacancy rate fell by 10 basis points in Q3 2019 to a record low of 11.4%. Vacancy has now been below its historic average for 19 consecutive quarters.
- > Just over two-thirds of U.S. office markets have vacancy rates below the national average and 45% have sub-10% vacancy. CBD vacancy rates rose by 10 basis points in Q3 2019 to 10.2%, while suburban levels fell by the same measure to 12%.
- > The San Francisco Bay Area (the Bay Area) has the lowest vacancy rate among the major U.S. office markets at 6.2%. Nashville and Seattle follow next at 7.2% and 7.4%, respectively.
- > Houston has the highest vacancy rate among the major metros by a fair margin at 20.2%, which is the second largest in the nation. Vacancy remains elevated and rising in Washington, D.C. as new supply continues to enter the market, with more on the way.

### Rents Inch Upwards

- > Average Class A office asking rates rose slightly in the third quarter to \$38.00 per square foot. Class A asking rates in CBD markets are \$50.05 per square foot, up by 1.6% in Q3 2019 and 2.7% over the past 12 months. Average Class A suburban rates saw a marginal rise in the third quarter to \$31.15 per square foot.
- > There are six CBD markets with Class A asking rates higher than the U.S. average, led by San Francisco (\$95.55 per square foot), Manhattan (\$86 per square foot) and Boston



## U.S. Office Market Q3 2017 to Q3 2019



Source: Colliers International

(\$67.95 per square foot).

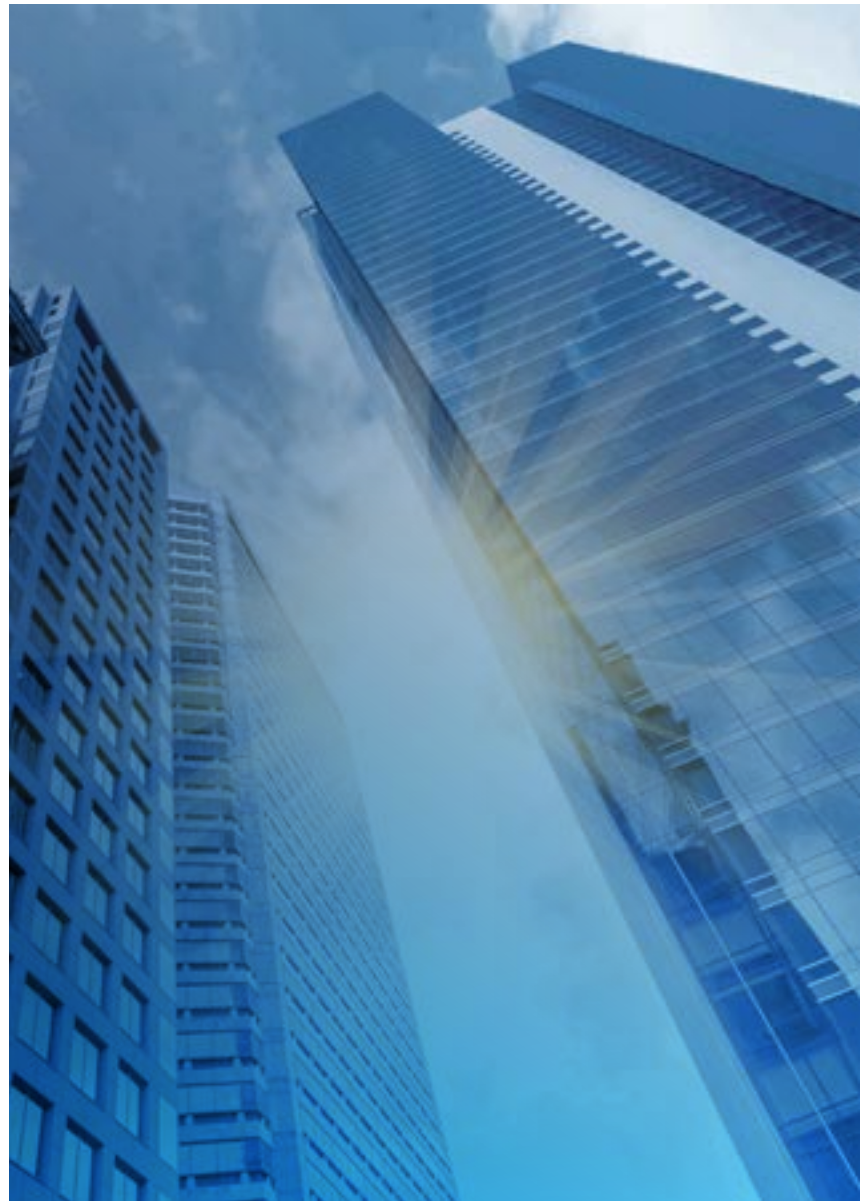
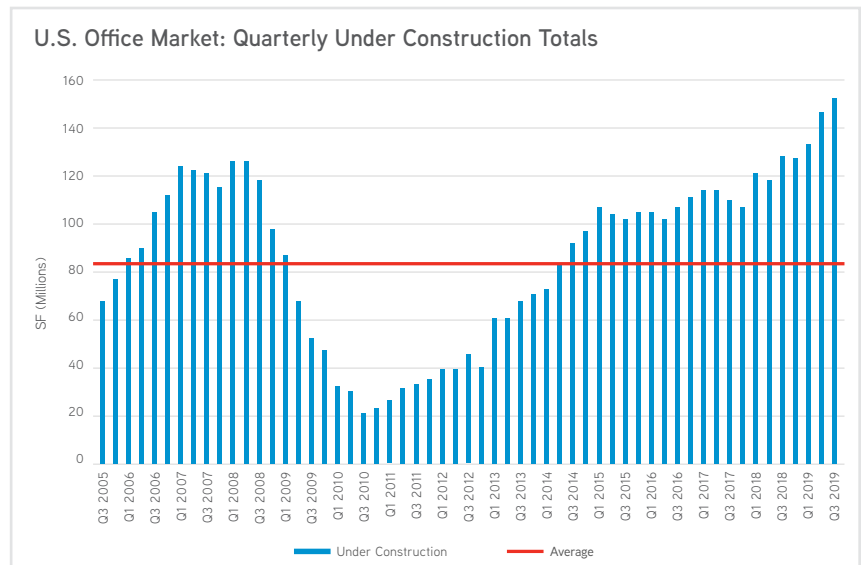
- > Over the past 12 months, 15 CBD markets saw Class A asking rents rise by more than 5%. Three CBD markets of note saw rents rise by more than 10%: Atlanta, Detroit and Tampa Bay.
- > Suburban rent growth over the past 12 months has been strongest in Charleston (15.2%), the Bay Area (11.4%) and Tampa Bay (10.4%). The Florida markets in general are performing strongly.

### Absorption Slows

- > U.S. office absorption stalled somewhat in Q3 2019, totaling 10.4 million square feet, down from the 17.9 million square feet seen in the prior quarter. Office absorption is up by 22% on a year-over-year basis, with 60 million square feet absorbed in the 12-month period to Q3 2019, compared to 49.2 million square feet in the corresponding period to Q3 2018.
- > Despite the third-quarter downturn, 86% of markets recorded positive absorption in Q3 2019. Three markets combined to account for 61% of the third quarter absorption total —the Bay Area, Dallas and Seattle.
- > CBD absorption totaled 2.4 million square feet in Q3 2019, down from 5.8 million square feet in Q2 2019. Measured as a percentage of inventory, downtown absorption in the nine months of 2019 has been led by Charlotte (7.7%), Seattle (4.9%) and Nashville (2.5%).
- > Third quarter suburban absorption totaled eight million square feet, down from 11.8 million square feet in Q2 2019. Charleston has shown the strongest performance during the first nine months of 2019, with absorption equivalent to 6.2% of inventory, followed by Seattle at 4.5% and Salt Lake City at 3.6%.

## Construction is Still Rising

- > The amount of office space under construction in the U.S. rose by 5.6 million square feet in Q3 2019 to 150.5 million square feet. This is the highest total on record. Construction volume in the previous cycle peaked at 125.2 million square feet in Q2 2008. The current construction cycle is more prolonged with activity above the long-time average for 21 quarters to date.
- > The amount of space completed in Q3 2019 was 15.5 million square feet, up from 14.7 million square feet in the second quarter. Deliveries are virtually on a par on a year-over-year basis, from 61.6 million square feet to 61.1 million square feet.
- > CBD markets account for 68.6 million square feet underway with 81.9 million square feet taking place in the suburbs. However, the pace of construction in CBD markets is greater, where it equates to 3.4% of inventory compared with 1.9% in the suburbs.
- > Four markets have in excess of 10 million square feet under way, accounting for 40% of total space under construction: New York (20.2 million square feet), the Bay Area (18.6 million square feet), Washington, D.C. (10.8 million square feet) and Boston (10.1 million square feet).
- > The fastest growing markets, as represented by space underway as a percentage of inventory, are Austin (8.1%), Salt Lake City (7.9%), Nashville (6.8%) and the Bay Area (5.5%).





## Cap Rates Hold Firm

- > Office investment pricing remains solid. Average cap rates stand at 6.7%, unchanged from a year ago. CBD cap rates rose by 10 basis points over the same time period to 5.8%, while suburban cap rates held firm at 6.9%. Pricing is up by 3.1% year over year.
- > Sales volume in Q3 2019 totaled \$32.5 billion, down from \$38.9 billion in the prior quarter. The year-over-year sales total is down by 7%.
- > Investors continue to favor suburban assets, investing \$19.3 billion in the third quarter compared with \$13.3 billion in CBD locations. The six major metros — Boston, Chicago, Los Angeles, New York, San Francisco and Washington, D.C. — garnered more than half of third quarter sales volume, at \$18.1 billion.
- > On a regional basis, the West has the highest average pricing, at \$455 per square foot, closely followed by the Northeast, at \$446 per square foot. The U.S. average price is \$301 per square foot.

## Top U.S. Office Leases | Q3 2019

TENANT	ADDRESS	MARKET	SF	TENANT INDUSTRY
Google Inc.	550 Washington St.	New York	1,295,800	Technology
Amazon	1000 Church St.	Nashville	748,650	Technology
AIG	175 Water St.	New York	668,740	Insurance
Verizon Media	1193-1199 Coleman Ave.	San Francisco Bay Area	640,000	Technology
Foundation Medicine	400 Summer St.	Boston	587,250	Healthcare

Sources: CoStar, Colliers International

## Top U.S. Office Sales | Q3 2019

ADDRESS	MARKET	SF	PRICE (MILLIONS)	BUYER
Coca Cola Building, 711 Fifth Ave.*	New York	354,000	\$955	SHVO, Bilgili Holdings, Deutsche Finance Group, BVK
330 Madison Ave.	New York	849,370	\$900	ADIA
Levis Plaza, 1115 Battery St.	San Francisco	931,160	\$826	Jamestown
100 Summer St.	Boston	1,030,000	\$806	Rockpoint Group
Fleet Center, 75 State St.*	Boston	777,000	\$635	Divco West, Rockpoint Group

Source: Colliers International, Real Capital Analytics  
\* Joint Venture



## United States - Downtown - All Classes

MARKET	INVENTORY (SF) SEP 30, 2019	NEW SUPPLY (SF) Q3 2019	UNDER CONSTRUCTION (SF) SEP 30, 2019	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	YTD ABSORPTION (SF) 2019
<b>USA</b>	<b>2,016,949,022</b>	<b>3,307,366</b>	<b>68,555,907</b>	<b>10.2%</b>	<b>10.2%</b>	<b>2,411,181</b>	<b>8,136,102</b>
<b>NORTHEAST</b>	<b>903,939,524</b>	<b>982,086</b>	<b>27,261,258</b>	<b>8.0%</b>	<b>8.0%</b>	<b>-2,340,203</b>	<b>-786,012</b>
Baltimore	46,004,474	-	262,580	9.6%	9.7%	-52,924	-195,795
Boston	71,826,591	48,951	3,908,822	7.9%	7.9%	-156,184	1,232,577
Hartford	12,121,320	-	-	11.1%	10.7%	-36,676	-13,003
New York City Metro	527,209,589	-	18,786,243	6.0%	5.8%	-1,891,661	-1,766,626
> Manhattan	510,751,725	-	18,286,243	5.6%	5.5%	-1,811,380	-2,126,960
> NYC Northern Suburbs	16,457,864	-	500,000	17.3%	14.6%	-80,281	360,334
Philadelphia	48,129,572	-	-	10.4%	10.3%	94,483	239,010
Pittsburgh	53,881,277	15,000	23,790	9.7%	10.2%	-236,882	-96,865
Washington, D.C.	144,766,701	918,135	4,279,823	13.4%	13.9%	-60,359	-185,310
<b>SOUTH</b>	<b>382,495,976</b>	<b>985,323</b>	<b>16,527,565</b>	<b>12.4%</b>	<b>12.2%</b>	<b>937,770</b>	<b>2,896,936</b>
Atlanta	51,691,857	49,659	3,660,037	13.0%	12.7%	189,317	639,424
Austin	15,424,332	-	2,341,941	5.5%	5.4%	9,350	23,147
Birmingham	17,997,917	-	29,000	9.9%	6.9%	86,179	142,129
Charleston	2,727,233	-	237,893	7.6%	7.7%	13,739	-10,768
Charlotte	23,075,739	876,776	1,458,915	8.5%	7.1%	799,354	1,779,400
Columbia	5,561,319	-	-	10.3%	10.4%	-5,684	-88,520
Dallas-Fort Worth	41,398,380	-	60,230	21.8%	21.8%	-18,560	-106,775
Greenville-Spartanburg	4,232,267	-	23,500	11.6%	15.5%	-153,313	-54,373
Houston	43,088,757	-	1,273,699	22.4%	22.4%	18,544	364,309
Huntsville	3,830,604	-	347,000	3.3%	3.7%	12,070	18,151
Jacksonville	16,153,619	-	-	7.4%	7.5%	-12,569	-134,477
Memphis	5,756,853	-	195,100	14.1%	13.0%	64,140	-43,514
Nashville	14,554,335	-	2,673,079	7.1%	5.5%	117,565	361,451
Norfolk	3,212,337	-	-	13.6%	11.9%	65,440	70,347
Orlando	13,069,452	-	265,000	7.1%	8.8%	-181,494	-230,328
Raleigh/Durham	10,944,340	-	402,747	5.0%	5.2%	-14,337	72,775
Richmond	11,443,098	31,500	369,525	10.3%	10.6%	38,400	79,160
Savannah	794,009	-	-	13.4%	11.2%	17,136	6,651
South Florida	85,856,350	27,388	3,189,899	10.5%	10.5%	-59,110	-46,929
> Fort Lauderdale	27,454,203	27,388	916,330	10.0%	9.9%	79,837	-323,473
> Miami	36,693,275	-	1,238,438	11.3%	11.1%	4,286	275,947
> Palm Beach	21,708,872	-	1,035,131	9.6%	10.3%	-143,233	597
Tampa Bay	11,683,178	-	-	7.6%	8.3%	-48,397	55,676

## United States - Downtown - All Classes

MARKET	INVENTORY (SF) SEP 30, 2019	NEW SUPPLY (SF) Q3 2019	UNDER CONSTRUCTION (SF) SEP 30, 2019	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	YTD ABSORPTION (SF) 2019
<b>MIDWEST</b>	<b>379,222,909</b>	<b>390,657</b>	<b>12,101,428</b>	<b>12.0%</b>	<b>13.0%</b>	<b>1,175,275</b>	<b>2,115,310</b>
Chicago	147,204,140	-	7,248,472	12.2%	14.9%	735,582	1,509,821
Cincinnati	17,919,742	15,657	22,500	11.8%	10.6%	12,098	-40,545
Cleveland-Akron	23,646,595	-	-	16.4%	16.5%	-24,364	70,469
Columbus	20,126,067	45,000	374,000	10.5%	9.9%	144,089	241,902
Dayton	5,231,327	-	107,000	26.4%	26.7%	-17,567	272,875
Detroit	24,779,895	234,000	-	8.4%	8.4%	211,304	189,262
Grand Rapids	6,444,318	-	245,000	9.2%	9.6%	-14,023	-9,208
Indianapolis	11,922,798	-	41,470	17.4%	16.8%	-83,424	-202,416
Kansas City	34,343,715	-	199,000	5.8%	5.6%	-79,295	1,120
Milwaukee	20,001,297	-	1,076,017	8.9%	8.8%	39,676	131,328
Minneapolis-St. Paul	47,701,394	-	1,940,385	13.7%	14.2%	44,319	-78,282
Omaha	6,924,530	-	237,000	6.2%	6.3%	6,563	7,399
St. Louis	12,977,091	96,000	610,584	20.4%	20.0%	200,317	21,585
<b>WEST</b>	<b>351,290,613</b>	<b>949,300</b>	<b>12,665,656</b>	<b>11.2%</b>	<b>10.7%</b>	<b>2,638,339</b>	<b>3,909,868</b>
Albuquerque	3,243,163	-	-	22.6%	18.6%	8,615	12,212
Bakersfield	3,535,970	-	-	5.6%	6.3%	26,892	119,185
Boise	6,975,103	-	191,000	10.1%	8.9%	-6,102	-44,985
Denver	38,949,399	89,000	1,467,195	12.5%	12.4%	-33,621	428,511
Fresno	3,373,351	-	-	6.3%	6.2%	2,587	43,880
Los Angeles	33,980,400	320,300	2,853,600	18.1%	18.7%	70,800	661,000
Honolulu	6,914,074	-	-	12.1%	11.4%	35,835	193,876
Las Vegas	5,021,310	-	-	12.6%	12.1%	26,829	46,618
Phoenix	20,063,739	-	507,399	18.2%	17.8%	226,459	93,472
Portland	24,731,761	-	346,491	14.0%	14.2%	-64,974	-242,108
Reno-Sparks	1,413,080	-	-	12.4%	22.1%	-136,741	-135,357
Sacramento	5,355,274	-	-	17.0%	17.9%	-51,419	-30,453
Salt Lake City	12,798,358	-	561,002	13.2%	12.8%	43,889	272,640
San Diego	9,956,892	-	-	13.2%	15.2%	-28,551	-23,066
San Francisco Bay Area	132,265,142	-	5,160,469	7.8%	6.4%	1,913,675	1,259,507
> East Bay	29,027,982	-	944,500	10.8%	10.8%	-3,576	-393,824
> San Francisco	94,788,993	-	3,515,969	7.0%	4.9%	1,985,808	1,635,587
> Silicon Valley	8,448,167	-	700,000	6.5%	7.1%	-68,557	17,744
Seattle-Puget Sound	34,113,448	540,000	1,578,500	8.0%	7.8%	595,430	1,173,058
Stockton	8,600,149	-	-	7.9%	7.8%	8,736	81,878

## United States - Downtown - Class A

MARKET	INVENTORY (SF) SEP 30, 2019	AVG. ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>USA</b>	<b>1,137,962,012</b>	<b>\$50.05</b>	<b>10.5%</b>	<b>10.2%</b>	<b>3,104,309</b>	<b>1.6%</b>	<b>2.7%</b>
<b>NORTHEAST</b>	<b>563,567,501</b>	<b>\$69.17</b>	<b>8.5%</b>	<b>8.4%</b>	<b>-568,203</b>	<b>2.1%</b>	<b>4.9%</b>
Baltimore	17,147,341	\$24.74	15.6%	16.1%	-94,124	-0.7%	1.7%
Boston	51,070,481	\$67.95	7.1%	6.9%	797,055	3.8%	9.3%
Hartford	8,281,622	\$23.16	12.4%	11.7%	-11,004	0.2%	3.9%
New York City Metro	338,861,579	\$82.05	6.6%	6.4%	-1,788,014	2.8%	5.7%
> Manhattan	325,867,795	\$86.02	6.2%	6.0%	-1,695,087	2.7%	6.1%
> NYC Northern Suburbs	12,993,784	\$44.03	18.0%	16.1%	-92,927	-2.5%	-7.1%
Philadelphia	33,571,143	\$33.56	10.7%	10.5%	105,037	-0.7%	2.2%
Pittsburgh	22,882,015	\$29.37	11.8%	11.8%	1,801	1.2%	-3.5%
Washington, D.C.	91,753,320	\$59.48	13.1%	13.1%	421,046	-0.5%	-1.1%
<b>SOUTH</b>	<b>208,406,177</b>	<b>\$36.89</b>	<b>14.9%</b>	<b>14.7%</b>	<b>850,805</b>	<b>0.6%</b>	<b>3.6%</b>
Atlanta	33,861,868	\$35.85	15.0%	14.4%	193,543	0.2%	11.8%
Austin	9,879,197	\$49.44	6.2%	6.3%	-2,809	-3.4%	0.1%
Birmingham	3,485,991	\$23.20	13.3%	14.4%	15,852	2.0%	22.1%
Charleston	1,084,676	\$36.82	11.4%	12.4%	16,219	0.9%	2.0%
Charlotte	16,955,713	\$34.12	10.0%	7.9%	832,827	0.3%	1.8%
Columbia	2,305,367	\$22.27	10.2%	10.9%	-14,033	-0.1%	0.2%
Dallas-Fort Worth	30,006,210	\$28.66	23.8%	23.9%	-29,487	2.7%	3.0%
Greenville	2,484,192	\$26.15	10.2%	11.1%	-22,803	3.4%	3.4%
Houston	33,862,459	\$45.64	19.6%	19.4%	76,454	-0.5%	-0.9%
Huntsville	468,902	\$24.94	8.6%	8.6%	0	6.0%	13.4%
Jacksonville	7,584,530	\$22.81	10.2%	10.8%	-44,560	0.4%	1.2%
Memphis	2,356,388	\$18.43	15.0%	12.6%	59,067	-1.2%	0.4%
Nashville	7,291,226	\$34.61	11.5%	8.1%	77,446	-0.8%	2.5%
Norfolk	1,761,820	\$27.89	11.4%	10.3%	19,068	0.6%	1.8%
Orlando	6,423,751	\$28.93	8.7%	11.5%	-174,848	3.1%	4.5%
Raleigh/Durham	6,802,230	\$32.74	5.9%	5.7%	25,404	-1.1%	3.7%
Richmond	5,539,741	\$25.94	11.2%	11.6%	-24,985	-1.1%	3.9%
Savannah	647,096	\$23.43	11.2%	8.7%	15,829	0.0%	2.2%
South Florida	27,629,553	\$45.65	15.0%	15.4%	-128,613	-0.4%	2.4%
> Fort Lauderdale	7,119,970	\$42.81	15.0%	15.1%	-3,444	0.7%	4.4%
> Miami	13,958,820	\$49.00	16.4%	16.2%	22,636	-0.9%	1.7%
> Palm Beach	6,550,763	\$41.89	12.1%	14.1%	-147,805	-0.6%	7.7%
Tampa Bay	7,975,267	\$38.07	10.4%	10.6%	-38,766	17.2%	27.8%

## United States - Downtown - Class A

MARKET	INVENTORY (SF) SEP 30, 2019	AVG. ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>MIDWEST</b>	<b>162,855,456</b>	<b>\$29.44</b>	<b>11.9%</b>	<b>11.5%</b>	<b>813,556</b>	<b>-1.0%</b>	<b>0.0%</b>
Chicago	68,517,253	\$47.35	11.0%	10.1%	637,899	0.6%	3.7%
Cincinnati	8,272,745	\$23.40	11.1%	11.2%	-13,914	1.6%	-0.3%
Cleveland-Akron	10,989,039	\$21.95	13.3%	13.7%	-43,469	0.6%	1.1%
Columbus	9,190,562	\$20.01	12.9%	12.5%	51,738	0.0%	1.8%
Dayton	2,539,586	\$17.71	26.5%	26.5%	-20	-1.9%	-2.3%
Detroit	7,781,245	\$27.89	8.1%	8.1%	221,770	-1.6%	13.4%
Indianapolis	6,184,704	\$25.13	16.4%	16.5%	-71,768	0.2%	7.5%
Kansas City	10,879,896	\$22.01	10.2%	9.4%	-46,383	3.4%	4.9%
Milwaukee	8,239,290	\$24.78	9.7%	9.5%	25,800	1.1%	6.9%
Minneapolis-St. Paul	19,817,138	\$19.26	11.8%	12.2%	-43,711	3.6%	4.0%
Omaha	2,555,303	\$24.79	3.1%	3.1%	2,076	0.0%	5.2%
St. Louis	7,888,695	\$18.48	21.2%	20.9%	93,538	0.6%	0.8%
<b>WEST</b>	<b>203,132,878</b>	<b>\$49.89</b>	<b>10.0%</b>	<b>9.4%</b>	<b>2,008,151</b>	<b>1.1%</b>	<b>6.2%</b>
Albuquerque	621,668	\$19.00	33.5%	28.9%	10,284	-13.5%	-11.3%
Bakersfield	788,282	\$20.48	6.4%	11.7%	-38,805	0.0%	0.0%
Denver	25,954,945	\$36.24	12.7%	12.5%	-62,523	-1.6%	0.9%
Fresno	979,013	\$19.68	5.7%	5.7%	193	8.6%	2.5%
Greater Los Angeles	18,470,800	\$46.65	12.7%	12.7%	-9,300	0.1%	8.0%
Honolulu	4,837,715	\$36.12	11.5%	11.3%	19,611	0.0%	1.0%
Las Vegas	1,232,341	\$32.14	19.3%	20.2%	-11,226	0.3%	-2.3%
Phoenix	9,668,767	\$28.24	18.5%	18.4%	55,162	0.6%	2.6%
Portland	13,310,153	\$36.95	13.7%	14.4%	-48,505	-1.2%	3.2%
Reno-Sparks	540,478	\$27.90	16.3%	14.8%	8,180	8.1%	10.7%
Sacramento	247,093	\$32.40	11.0%	6.5%	11,057	0.0%	2.7%
Salt Lake City	5,041,110	\$30.16	9.2%	10.0%	-48,804	0.8%	5.6%
San Diego	6,780,025	\$37.08	11.0%	13.5%	-4,472	4.7%	4.7%
San Francisco Bay Area	85,764,589	\$74.77	7.7%	6.0%	1,440,528	-1.8%	7.2%
> East Bay	18,509,776	\$52.40	9.7%	10.0%	-59,189	7.7%	14.5%
> San Francisco	63,202,717	\$95.54	7.4%	4.9%	1,574,356	-0.2%	14.0%
> Silicon Valley	4,052,096	\$57.58	3.2%	5.0%	-74,639	1.2%	11.5%
Seattle-Puget Sound	25,719,127	\$48.56	7.3%	6.8%	673,851	1.9%	1.0%
Stockton	3,176,772	\$24.45	5.9%	5.5%	12,920	1.9%	2.7%





## United States - Suburban - All Classes

MARKET	INVENTORY (SF) SEP 30, 2019	NEW SUPPLY (SF) Q3 2019	UNDER CONSTRUCTION (SF) SEP 30, 2019	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	YTD ABSORPTION (SF) 2019
<b>MIDWEST</b>	<b>725,982,897</b>	<b>1,724,977</b>	<b>6,428,508</b>	<b>12.0%</b>	<b>12.0%</b>	<b>399,922</b>	<b>2,728,425</b>
Chicago	160,342,682	-	-	15.7%	15.8%	-45,012	-103,556
Cincinnati	44,028,780	37,000	400,000	15.1%	15.0%	77,309	216,727
Cleveland-Akron	48,497,481	110,000	97,009	12.0%	11.6%	291,016	47,132
Columbus	46,516,174	42,110	874,691	9.4%	9.3%	166,700	684,639
Dayton	9,294,462	110,000	224,000	18.4%	17.4%	189,486	193,934
Detroit	133,566,350	40,000	629,358	10.5%	9.6%	-261,809	778,414
Grand Rapids	13,461,586	-	366,376	7.9%	7.5%	92,510	109,966
Indianapolis	27,620,998	253,500	328,768	16.4%	17.2%	-12,195	58,106
Kansas City	64,292,832	0	1,314,369	7.8%	8.6%	17,345	363,040
Milwaukee	29,400,148	45,667	164,500	10.4%	10.5%	-38,122	-168,981
Minneapolis-St. Paul	84,351,895	394,700	639,852	11.5%	12.4%	-296,619	71,852
Omaha	25,135,599	16,000	1,229,585	6.9%	7.2%	44,236	123,577
St. Louis	39,473,910	676,000	160,000	10.9%	10.7%	175,077	353,575
<b>WEST</b>	<b>1,185,166,151</b>	<b>4,660,403</b>	<b>34,201,286</b>	<b>10.5%</b>	<b>10.3%</b>	<b>4,483,898</b>	<b>11,593,005</b>
Albuquerque	11,023,758	-	-	16.6%	16.1%	51,797	91,795
Bakersfield	6,681,411	9,277	9,277	8.7%	9.9%	-106,326	-133,513
Boise	17,342,903	-	441,112	6.4%	5.8%	165,133	412,655
Central Idaho	2,416,759	-	-	1.7%	1.8%	-2,436	-576
Denver	124,032,683	282,974	1,639,167	10.2%	10.5%	133,944	826,957
Eastern Idaho	5,786,993	-	-	3.4%	3.0%	26,180	45,306
Fresno	19,044,801	33,204	-	7.3%	7.7%	-34,768	250,022
Greater Los Angeles	279,326,300	644,600	4,754,700	13.6%	13.5%	672,300	1,008,700
› Inland Empire	20,392,100	-	113,500	12.6%	12.5%	14,700	-238,500
› Los Angeles	171,574,400	295,800	4,138,700	13.7%	13.6%	587,000	387,000
› Orange County	87,359,800	348,800	502,500	13.7%	13.5%	70,600	860,200
Honolulu	7,465,548	-	-	9.3%	9.0%	20,645	27,186
Las Vegas	40,261,189	126,705	183,734	13.6%	14.2%	-172,086	66,469
Phoenix	134,399,831	776,795	1,779,819	12.9%	12.7%	763,844	1,905,926
Portland	45,985,643	-	1,148,241	8.3%	7.7%	141,725	332,999
Reno/Sparks	5,967,557	-	-	12.1%	10.0%	124,815	119,679
Sacramento	48,420,180	-	636,284	13.4%	13.4%	23,768	525,537
Salt Lake City	41,108,778	444,529	3,677,563	7.9%	8.7%	280,837	1,466,846
San Diego	75,717,725	158,995	636,484	9.8%	9.7%	291,685	1,118,438
San Francisco Bay Area	206,966,230	742,324	13,450,387	6.9%	6.0%	649,273	684,404
› East Bay	49,548,924	-	252,656	8.3%	8.5%	-120,737	13,650
› Fairfield, CA	5,286,005	-	-	14.7%	15.4%	-70,339	-79,772
› San Francisco Peninsula	60,974,715	-	3,942,582	6.7%	4.4%	-65,965	-393,788
› Silicon Valley	91,156,586	742,324	9,255,149	5.8%	5.2%	906,314	1,144,314
Santa Fe	1,703,563	-	-	5.8%	5.8%	-114	59,827
Seattle/Puget Sound	111,514,299	1,441,000	5,844,518	7.4%	7.3%	1,453,682	2,784,348



## United States - Suburban - Class A

MARKET	INVENTORY (SF) SEP 30, 2019	AVG. ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE Q2 2019	VACANCY RATE Q3 2019	ABSORPTION (SF) Q3 2019	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>MIDWEST</b>	<b>269,910,375</b>	<b>\$24.69</b>	<b>12.8%</b>	<b>12.9%</b>	<b>833,550</b>	<b>0.5%</b>	<b>1.3%</b>
Chicago	80,678,236	\$29.35	18.1%	18.1%	-7,272	0.1%	1.1%
Cincinnati	17,912,891	\$22.06	12.5%	12.3%	59,816	-0.5%	-0.5%
Cleveland-Akron	12,449,335	\$20.98	15.2%	14.2%	209,238	-0.3%	-3.1%
Columbus	20,299,508	\$21.65	9.2%	9.0%	101,256	-1.2%	-1.2%
Dayton	2,451,758	\$20.68	15.7%	14.4%	124,382	0.7%	6.7%
Detroit	38,035,987	\$22.27	9.5%	9.9%	-79,316	0.8%	-2.1%
Indianapolis	12,749,442	\$22.96	17.1%	17.3%	73,533	0.0%	2.2%
Kansas City	19,743,642	\$23.27	6.0%	7.7%	-94,087	-1.3%	5.1%
Milwaukee	11,478,213	\$19.97	10.3%	9.8%	43,576	6.8%	9.6%
Minneapolis-St. Paul	28,927,941	\$16.35	11.7%	11.9%	60,478	-1.7%	-2.2%
Omaha	5,274,091	\$28.02	5.0%	5.9%	91,162	2.5%	16.8%
St. Louis	19,909,331	\$25.87	9.2%	8.5%	250,784	5.3%	6.3%
<b>WEST</b>	<b>397,766,062</b>	<b>\$38.22</b>	<b>10.6%</b>	<b>10.6%</b>	<b>3,260,428</b>	<b>-0.5%</b>	<b>1.9%</b>
Albuquerque	824,335	\$23.08	8.2%	12.4%	-37,976	-1.8%	1.2%
Bakersfield	3,015,838	\$22.40	8.8%	11.8%	-167,207	1.2%	1.4%
Denver	46,563,360	\$28.69	11.2%	11.6%	243,958	1.7%	3.4%
Fresno	1,585,948	\$23.34	7.9%	8.2%	-4,389	-12.6%	-8.7%
Greater Los Angeles	65,949,000	\$38.48	15.2%	15.3%	-216,300	-0.7%	1.6%
Los Angeles	27,597,000	\$38.81	12.1%	11.9%	36,800	-0.3%	2.5%
Orange County	38,352,000	\$38.30	17.4%	17.8%	-253,100	-1.0%	1.1%
Las Vegas	5,638,013	\$32.87	21.0%	22.2%	21,818	-1.1%	2.3%
Phoenix	41,765,752	\$29.69	13.7%	13.6%	646,667	-1.8%	1.6%
Portland	12,304,229	\$29.72	11.0%	10.4%	30,936	-0.2%	3.5%
Reno-Sparks, NV	3,314,439	\$23.32	9.7%	7.0%	88,536	-3.0%	4.3%
Sacramento	13,435,460	\$25.97	12.8%	12.5%	37,402	0.5%	0.6%
Salt Lake City	19,077,769	\$25.92	7.9%	9.3%	283,079	2.6%	0.4%
San Diego	27,079,871	\$41.21	11.6%	11.4%	184,520	2.4%	3.7%
San Francisco Bay Area	106,527,628	\$57.82	7.3%	7.0%	731,418	1.3%	11.1%
East Bay	21,002,682	\$39.41	9.5%	10.4%	-204,040	0.4%	0.4%
Fairfield, CA	2,192,224	\$28.17	16.9%	17.5%	-31,539	1.0%	1.3%
San Francisco Peninsula	26,729,303	\$68.88	6.4%	5.9%	34,469	2.2%	7.8%
Silicon Valley	56,603,419	\$64.98	6.5%	5.8%	932,528	1.2%	18.5%
Santa Fe	139,396	-	0.0%	0.0%	-	-	-
Seattle-Puget Sound	50,545,024	\$41.89	7.5%	7.3%	1,417,966	1.4%	4.0%

## U.S. Office Investment: Average Pricing & Cap Rates

MARKET	CBD AVG. SALES PRICE (USD PSF)	CBD AVG. CAP RATE	AVG. SUBURBAN SALES PRICE (USD PSF)	AVG. SUBURBAN CAP RATE
<b>USA</b>	<b>\$328</b>	<b>5.8%</b>	<b>\$226</b>	<b>6.9%</b>
<b>MIDWEST</b>	<b>\$178</b>	<b>8.0%</b>	<b>\$138</b>	<b>8.0%</b>
Chicago	\$400	5.5%	\$180	8.0%
Cincinnati	\$96	8.4%	\$152	7.9%
Cleveland	\$145	-	\$146	8.0%
Columbus	-	-	\$122	-
Detroit	-	-	\$123	8.6%
Indianapolis	-	-	\$136	7.4%
Kansas City	\$150	-	\$106	7.0%
Milwaukee	\$175	9.0%	\$100	9.5%
Minneapolis	\$190	-	\$130	8.9%
St. Louis	\$93	9.0%	\$180	8.0%
<b>NORTHEAST</b>	<b>\$416</b>	<b>5.8%</b>	<b>\$198</b>	<b>7.3%</b>
Baltimore	\$132	-	\$176	7.6%
Boston	\$988	4.8%	\$325	6.0%
Hartford	\$120	-	\$90	9.0%
Manhattan	\$936	4.9%	-	-
Northern New Jersey	\$103	-	\$162	6.9%
NYC Boroughs	\$425	5.1%	-	-
Philadelphia	\$326	6.4%	\$194	7.0%
Pittsburgh	\$190	7.3%	\$222	7.8%
Washington, DC	\$527	6.5%	\$218	6.9%

## U.S. Office Investment: Average Pricing & Cap Rates

MARKET	CBD AVG. SALES PRICE (USD PSF)	CBD AVG. CAP RATE	AVG. SUBURBAN SALES PRICE (USD PSF)	AVG. SUBURBAN CAP RATE
<b>SOUTH</b>	<b>\$285</b>	<b>5.9%</b>	<b>\$234</b>	<b>6.9%</b>
Atlanta	\$220	6.3%	\$211	7.3%
Austin	\$417	6.0%	\$329	5.8%
Charlotte	\$334	6.0%	\$253	6.5%
Dallas	\$260	5.1%	\$230	6.8%
Houston	-	-	\$165	7.7%
Nashville	\$256	5.8%	\$225	7.1%
Orlando	\$245	6.0%	\$240	6.5%
Raleigh/Durham	\$282	-	\$260	-
Richmond	\$150	6.0%	\$121	8.0%
South Florida	\$398	6.0%	\$308	6.6%
<b>WEST</b>	<b>\$434</b>	<b>5.3%</b>	<b>\$344</b>	<b>5.7%</b>
Denver	\$378	6.3%	\$241	6.8%
Los Angeles	\$758	5.2%	\$471	5.6%
Las Vegas	\$132	-	\$229	7.0%
Phoenix	\$218	-	\$168	7.5%
Portland	\$365	-	\$308	-
Sacramento	\$273	-	\$180	7.7%
Salt Lake City	\$178	6.5%	\$192	7.0%
San Diego	\$301	5.8%	\$296	6.6%
San Francisco Bay Area	\$915	5.0%	\$750	5.8%
San Jose	\$648	-	\$569	5.6%
Seattle	\$607	4.6%	\$377	6.3%



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