

# MARKETBEAT

## U.S. Office

### Q3 2017



#### U.S. OFFICE

##### Employment Indicators

	Q3 16	Q3 17	12-Month Forecast
Total Nonfarm Employment	144.7M	146.6M	▼
Office-using Employment	31.3M	31.9M	▼
Unemployment	4.9%	4.3%	■

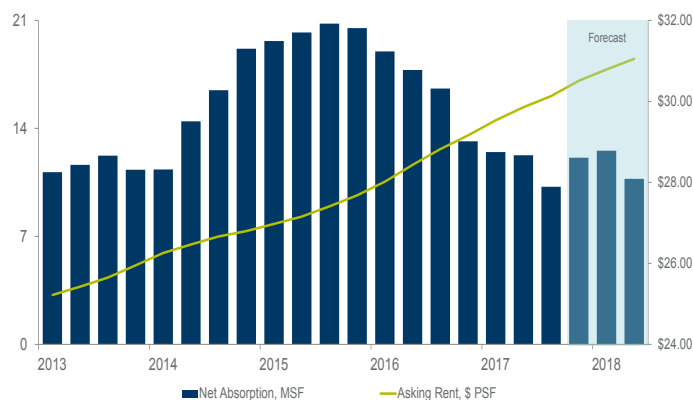
Source: BLS

##### Market Indicators (Overall)

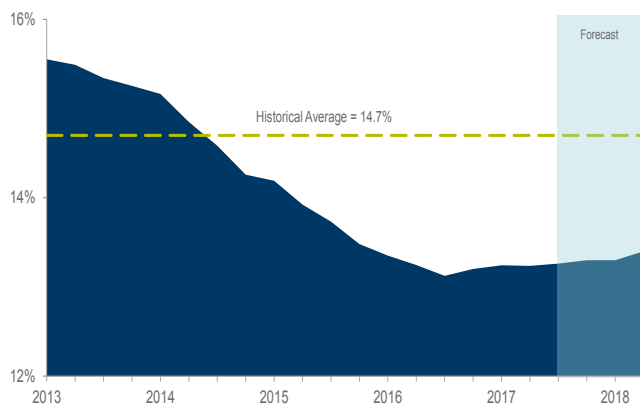
	Q3 16	Q3 17	12-Month Forecast
Vacancy Rate	13.1%	13.3%	■
Net Absorption	16.6M	8.4M	▼
Under Construction	103.8M	105.7M	▲
Weighted Asking Rent (FS)	\$29.46	\$30.56	▲
Rent Growth (Yr/Yr % Chg.)	5.6%	3.7%	▼

##### Net Absorption/Rent

###### 4-QTR TRAILING AVERAGE



##### Overall Vacancy



Source: Cushman & Wakefield Research

## Five Technology-Driven Markets Account for 28% of Office Demand This Year

**Under Pressure:** A combination of slower absorption and an increase in completed new construction is putting upward pressure on vacancy, slowing rent growth, and making certain markets more tenant favorable. Leasing volume remained healthy during the quarter. Markets with a heavy presence of technology companies remain among the best performers this year.

**Absorption Slows:** Net absorption in the 87 markets covered by Cushman & Wakefield research totaled 8.4 msf, a significant slowdown from the 17.2 million square feet (msf) absorbed in the second quarter, and more in line with the level of absorption seen in the preceding two quarters. Since the current expansion began, absorption has averaged 12.8 msf. Year to date, net absorption has totaled 34.0 msf, down from 45.8 msf in the same period in 2016, and the U.S. office market is on track to see the slowest absorption since 2012. The slowdown occurred despite healthy growth in office-using employment (the sum of employment in the financial, information, and professional and business services sectors) during the quarter. Although total employment fell in September as a result of Hurricanes Harvey and Irma, office-using employment remained healthy. However, the number of markets recording positive absorption of space fell to 56, the smallest number since the third quarter of 2013. We expect absorption to continue its downward trend over the coming year, as employment growth wanes and the trends of densification and efficient use of space continue.

**Demand Driven by Technology Markets:** Regionally, the first three quarters of 2017 have seen a return of technology-driven markets as major centers of leasing activity and absorption of space. Of the 12 markets that recorded absorption of more than 1.0 msf in the first nine months of the year, five are technology-driven markets: Silicon Valley, Raleigh/Durham, Brooklyn, Seattle, and San Diego. These five markets accounted for 27.9% of the absorption in the U.S. this year. A year ago, there were only two technology-driven markets in the top 12 (Seattle and Austin). More diverse markets including Dallas/Fort Worth and Midtown Manhattan were also among the top absorbers of space in 2017's third quarter.

**Markets with Construction Are Seeing Rising Availability:** The national vacancy rate increased to 13.3% in the third quarter, after remaining flat for the previous three quarters. In the third quarter, the amount of available space on the market in the 87 markets covered by Cushman & Wakefield increased by 3.0 msf, marking the fourth consecutive quarter that availability has increased. However, the total increase has been gradual. Since the third quarter of 2016, when vacancy appears to have reached its lowest point, the total amount of space on the market has increased by 15.5 msf, a drop in the bucket in a 5.2 billion square feet U.S. market.

One important trend across the nation has been an increase in available space in markets experiencing significant new construction. Since vacancy hit its low of 13.1% in the third quarter of 2016, the amount of available space on the market has increased by at least 1.0 msf in 14 markets, led by Chicago (+5.5 msf), Silicon Valley (+4.1 msf), and Denver (+3.9 msf). In total, the amount of available space in these 12 markets has increased by 30.7 msf. Since the third quarter of 2016, these

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same 14 markets have seen construction completions totaling 30.8 msf. In addition, 10 of the 14 have a third-quarter vacancy rate above the national average. The relationship between construction and vacancy does suggest that markets currently experiencing rising construction are likely to experience rising vacancy. This trend may indicate that markets with rising construction levels will provide more opportunities for occupiers over the next several quarters. The list of major U.S. markets with the lowest vacancy is dominated by the following technology-driven markets: Midtown South, Manhattan (7.3%), Seattle (7.5%), Nashville (7.7%), and Raleigh/Durham (8.3%).

**The Construction Pipeline Is Full:** The correlation between construction and vacancy is especially significant today, as the construction pipeline is as full as we have seen it over the past decade. Currently there is 105.7 msf of office space under construction, and deliveries in the next 12 months are expected to top 80 msf. While much of this space is concentrated in cities with high rates of job growth and absorption, including Dallas, Seattle, and New York, the volume of new space under construction is likely to lead to stable or slightly rising vacancy rates across many markets and for the U.S. as a whole.

As we noted in the Cushman & Wakefield July Global Forecast report titled “[Are We Overbuilding?](#),” in the U.S., this new wave of space will challenge the leasing fundamentals as it delivers at a time when broader job growth is decelerating.”

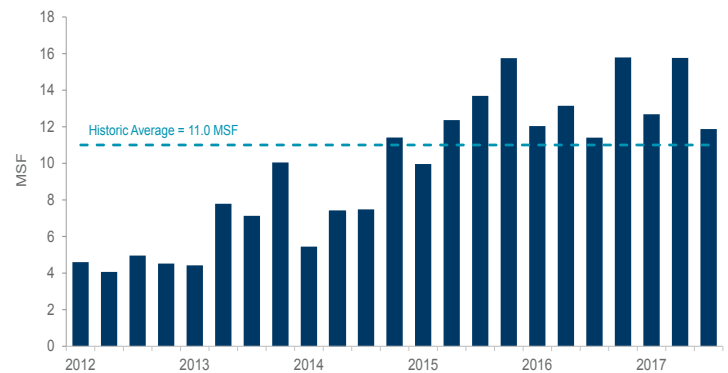
**Rent Growth Slows:** The trend toward higher availability is leading to slower rent growth and, in some markets, outright declines. Overall average asking rent increased 0.6% from the second quarter to the third, and stood 3.8% above the level of a year earlier, the smallest year-over-year increase in two years. Last year, average asking rent was up 5.6% from the previous year. Markets are generally buoyant enough to support rent growth, but with vacancy gradually increasing, the rate of asking rent growth is likely to continue to slow. Markets with strong year-over-year rent growth included Oakland/East Bay (+19.5%), Fort Lauderdale (+10.7%), Orange County, CA (+10.1%), and Boston (+9.8%). The high-rent districts continue to be dominated by Manhattan and the Bay area. The highest rents were in Midtown Manhattan (\$77.67 per square foot), San Francisco (\$70.51), Midtown South Manhattan (\$69.23), Downtown Manhattan (\$59.86), and San Mateo (\$57.40).

## Outlook

- The big story of the national office market will be the substantial amount of new construction over the coming year.
- Although job growth is expected to remain steady, new supply will lead to flat to rising vacancy in many markets as the new construction is delivered.
- Each market will be influenced by its own supply/demand dynamics, but, overall, most markets are expected to become more occupier favorable over the coming year.

## New Supply

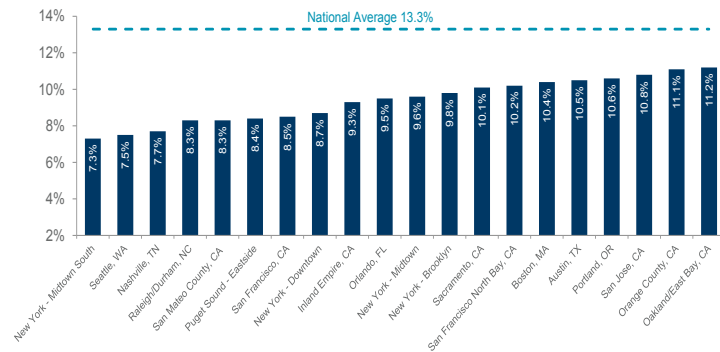
COMPLETIONS REMAIN ABOVE LONG-TERM AVERAGE



Source: Cushman & Wakefield Research

## Vacancy by Market

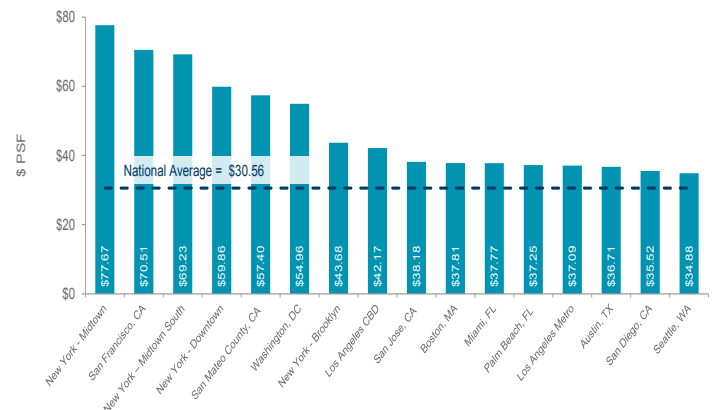
SELECT MARKETS IN THE U.S.



Source: Cushman & Wakefield Research

## Asking Rent by Market

HIGHEST PRICED U.S. MARKETS



Source: Cushman & Wakefield Research

Demand Indicators (Overall)	Net Absorption					Leasing Activity	
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p	
United States	16,618,357	6,845,371	8,369,548	17,213,553	8,429,649	65,992,155	
Northeast	4,311,539	-1,163,350	1,376,035	2,605,202	1,332,082	15,671,184	
Midwest	3,191,228	1,960,766	304,825	2,111,853	903,867	6,850,677	
South	3,879,086	3,555,515	3,047,236	7,473,889	3,245,831	19,207,400	
West	5,236,504	2,492,440	3,641,452	5,022,609	2,947,869	24,262,894	

U.S. Office Market Reports	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Atlanta, GA	554,439	344,563	-83,476	405,038	67,544	2,415,706
Austin, TX	419,518	455,749	122,579	331,791	9,487	1,203,161
Baltimore, MD	158,539	1,063,486	1,078,357	922,838	318,663	459,733
Binghamton, NY	4,317	34,933	40,032	31,553	0	3,693
Birmingham, AL	257,811	29,332	24,300	44,206	78,656	246,132
Boston, MA	562,955	-116,535	-33,752	696,447	-358,964	1,697,361
Buffalo, NY	-101,539	-7,971	233,183	117,669	-13,652	130,578
Charleston, SC	191,397	-75,697	4,438	321,312	-153,234	258,127
Charlotte, NC	406,890	467,458	335,111	1,079,999	355,541*	n/a
Chicago, IL	831,723	683,871	149,220	414,336	-446,020	2,811,798
Cincinnati, OH	317,050	43,364	-241,419	118,670	101,638	297,232
Cleveland, OH	680,332	581,078	253,690	87,323	236,214	451,204
Colorado Springs, CO	52,013	70,736	82,858	9,983	-15,838	112,172
Columbus, OH	70,287	219,608	88,396	-79,903	1,341	277,919
Dallas/Fort Worth, TX	248,866	-512,763	1,029,454	1,344,692	1,469,443	3,186,108
Dayton, OH	51,265	57,996	96,522	134,955	74,589	163,437
Denver, CO	-379,858	69,441	-249,402	28,467	266,343	1,886,532
Detroit, MI	956,302	-29,328	-20,643	386,324	282,743	761,037
El Paso, TX	92,639	82,099	126,075	-36,103	103,739	28,866
Fairfield County, CT	27,856	48,586	-451,658	-80,913	-220,474	555,629
Fort Myers/Naples, FL	244,266	94,488	236,811	214,112	193,731	116,201
Fredericksburg, VA	73,076	61,620	24,677	73,256	-76,352	68,790
Ft. Lauderdale, FL	111,417	317,323	-198,814	164,818	115,648	319,423
Greenville, SC	63,853	-66,597	319,312	352,169	157,251	83,035
Hampton Roads, VA	155,570	-51,058	25,215	200,020	131,384	165,081
Hartford, CT	112,379	-79,724	189,357	-99,081	-93,608	306,349
Houston, TX	-1,083,732	-590,191	-1,138,666	-989,080	-541,790	1,559,181
Indianapolis, IN	158,972	-153,832	21,151	52,134	96,948	269,122
Inland Empire CA	72,398	129,678	111,860	135,561	57,923	330,315
Jacksonville, FL	82,351	53,281	214,446	147,763	45,321	213,720
Kansas City, MO	-88,228	248,616	-19,610	341,024	296,390	853,139
Las Vegas, NV	472,247	312,460	185,620	125,089	27,093	n/a
Long Island, NY	144,125	300,707	186,812	-185,186	-156,894	314,273
Los Angeles CBD	42,193	-181,888	14,887	28,351	-4,157	381,417
Los Angeles Metro	697,780	445,179	-35,575	395,197	786,030	2,657,633
Louisville, KY	-54,793	71,547	-92,442	169,092	-177,096	141,892
Memphis, TN	33,254	-62,738	31,536	408,227	148,635	317,562
Miami, FL	-34,833	120,783	107,279	99,695	31,918	389,301
Milwaukee, WI	150,722	52,817	8,597	100,371	-95,329	127,060
Minneapolis/St. Paul, MN	-89,059	-126,142	-155,881	304,736	-71,445	n/a

Demand Indicators (Overall)	Net Absorption					Leasing Activity
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Nashville, TN	395,157	191,246	-150,361	657,851	475,739	558,779
New Haven, CT	23,294	28,424	38,391	42,583	32,407	130,202
New Jersey - Central	1,441,401	61,430	-545,590	243,046	-487,609	807,019
New Jersey - Northern	637,026	-76,569	-192,316	-478,515	-79,944	755,509
New Orleans, LA	278,368	-39,806	156,347	-65,307	-85,642	121,941
New York - Brooklyn	88,784	-781,065	250,823	1,161,297	144,163	420,429
New York - Downtown	81,834	-226,920	1,181,339	212,748	458,285	1,649,577
New York - Midtown	867,100	-199,914	614,562	517,602	1,721,744	5,288,499
New York - Midtown South	-142,723	47,621	-231,041	235,084	113,882	1,167,804
Northern VA	442,988	-431,410	-165,942	683,506	-553,457	2,330,568
Oakland/East Bay, CA*	-316,344	-1,122,942	212,063	-144,388	-655,623	1,354,884
Oklahoma City, OK	11,521	-2,958	-185,618	-307,279	-177,337	n/a
Omaha, NE	-1,831	180,895	107,835	50,028	68,122	505,782
Orange County, CA	513,013	57,780	374,367	229,408	83,706	1,921,673
Orlando, FL	92,427	25,325	94,381	211,459	269,344	485,826
Palm Beach, FL	299,567	101,621	6,283	79,006	219,948	253,013
Philadelphia, PA	409,215	298,667	420,575	-344,463	376,496	1,377,896
Phoenix, AZ	1,103,127	795,236	648,779	374,466	280,011	2,356,696
Pittsburgh, PA	238,526	-571,614	-457,395	177,541	-831	360,269
Portland, OR	275,911	11,640	-55,842	262,009	306,999	405,434
Providence, RI	22,823	-12,700	18,000	17,000	41,000	325,000
Puget Sound - Eastside	397,535	502,163	660,590	117,818	1,633	643,279
Raleigh/Durham, NC	336,035	242,852	473,308	718,353	394,380	785,544
Richmond, VA	-8,369	309,007	581	219,833	-138,714	181,551
Roanoke, VA	92,240	98,481	171,404	91,362	95,523	12,790
Rochester, NY	33,806	-105,309	-27,510	203,255	-9,766*	n/a
Sacramento, CA	333,313	483,824	-128,260	196,866	269,050	967,321
Salt Lake City, UT	131,588	338,366	237,340	-32,280	471,825	374,774
San Antonio, TX	-17,626	696,235	223,167	23,020	-52,730	370,749
San Diego, CA	435,726	733,592	251,384	263,662	817,503	2,275,732
San Francisco North Bay, CA	146,449	40,250	-46,863	34,413	96,820	96,820
San Francisco, CA	263,471	-335,105	-240,327	-123,150	-55,894	1,768,828
San Juan, PR	n/a	n/a	n/a	n/a	n/a	n/a
San Mateo County, CA	264,417	411,289	65,453	-511,457	311,971	1,552,626
San Jose (Silicon Valley), CA*	-222,176	-1,699,229	1,222,014	2,618,915	-409,536	3,658,378
Savannah, GA	1,762	-22,958	n/a	8,689	n/a	n/a
Seattle, WA	880,035	1,299,222	299,868	939,857	229,962	1,360,078
Southern New Hampshire	n/a	n/a	44,067	17,721	-21,013	114,496
St. Louis, MO	153,693	201,823	16,967	201,855	358,676	332,947
St. Petersburg/Clearwater, FL	-136,638	-12,618	72,958	-390	26,263	199,382
Suburban MD	-7,974	458,366	77,246	-208,956	172,195	1,076,755
Syracuse, NY	-58,011	-101,130	-12,004	-32,200	-121,443	50,418
Tampa, FL	87,543	47,380	108,982	-44,420	136,967	463,730
Tucson, AZ	73,666	130,748	30,638	73,822	82,048	158,302
Tulsa, OK	-17,000	-113,566	-45,048	-62,037	26,096	n/a
Washington, DC	108,557	205,633	43,356	215,354	158,767	1,194,753
Westchester County, NY	-81,629	295,733	110,160	152,014	8,303	216,183

p = preliminary

\*Includes R&D

\*Charlotte & Rochester Q3 figure based on CoStar estimates.

Vacancy Rate (All Classes)	Overall					Direct
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
United States	13.1%	13.2%	13.2%	13.2%	13.3%	12.2%
Northeast	12.3%	12.4%	12.5%	12.4%	12.3%	10.9%
Midwest	14.8%	14.8%	14.7%	14.9%	14.6%	14.0%
South	14.1%	14.1%	14.1%	14.0%	14.2%	12.8%
West	11.7%	11.9%	11.9%	12.0%	12.2%	10.8%

U.S. Office Report Markets	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Atlanta, GA	15.8%	15.8%	16.0%	16.7%	16.7%	15.8%
Austin, TX	8.8%	8.2%	9.8%	10.5%	10.5%	8.3%
Baltimore, MD	12.9%	14.0%	13.0%	12.8%	12.5%	12.2%
Binghamton, NY	9.9%	10.3%	10.2%	9.3%	9.3%	9.3%
Birmingham, AL	13.0%	12.9%	12.6%	12.3%	11.9%	10.8%
Boston, MA	9.7%	9.7%	10.0%	9.9%	10.4%	9.4%
Buffalo, NY	18.4%	19.1%	18.1%	18.1%	18.1%	16.9%
Charleston, SC	6.7%	7.0%	7.7%	6.2%	6.6%	6.5%
Charlotte, NC	7.9%	8.0%	8.3%	7.5%	7.8*	n/a
Chicago, IL	14.6%	14.8%	15.3%	16.3%	16.6%	16.1%
Cincinnati, OH	20.5%	20.2%	21.3%	21.4%	20.7%	18.5%
Cleveland, OH	11.3%	11.1%	10.7%	11.0%	9.3%	9.2%
Colorado Springs, CO	21.6%	21.1%	19.1%	18.1%	18.3%	17.2%
Columbus, OH	13.4%	12.4%	12.2%	13.4%	13.9%	11.9%
Dallas/Fort Worth, TX	16.1%	16.6%	16.5%	16.0%	16.2%	15.6%
Dayton, OH	24.5%	24.2%	23.3%	22.7%	22.4%	21.5%
Denver, CO	12.1%	13.6%	14.5%	14.8%	15.3%	14.0%
Detroit, MI	16.7%	16.5%	14.4%	14.4%	13.7%	13.6%
El Paso, TX	7.2%	7.2%	6.4%	6.8%	6.7%	n/a
Fairfield County, CT	21.5%	21.2%	23.1%	23.2%	23.6%	21.1%
Fort Myers/Naples, FL	8.6%	8.1%	7.2%	6.5%	6.2%	6.1%
Fredericksburg, VA	13.8%	13.3%	12.9%	11.4%	12.2%	11.8%
Ft. Lauderdale, FL	14.0%	12.9%	13.0%	12.5%	12.3%	11.6%
Greenville, SC	8.1%	8.6%	8.9%	8.2%	8.3%	7.5%
Hampton Roads, VA	10.6%	10.8%	10.6%	10.3%	10.1%	9.8%
Hartford, CT	18.1%	17.9%	17.2%	15.9%	17.2%	16.5%
Houston, TX	19.2%	19.1%	20.1%	20.7%	20.9%	18.6%
Indianapolis, IN	13.5%	13.8%	14.8%	14.5%	14.6%	14.5%
Inland Empire CA	11.9%	10.9%	10.5%	9.9%	9.3%	9.2%
Jacksonville, FL	15.3%	14.8%	14.7%	13.4%	12.8%	12.3%
Kansas City, MO	17.1%	17.0%	17.0%	16.8%	16.2%	14.9%
Las Vegas, NV	16.3%	15.5%	15.1%	14.9%	14.9%	14.3%
Long Island, NY	14.7%	13.8%	13.3%	13.8%	14.1%	12.4%
Los Angeles CBD	19.2%	20.4%	19.9%	20.3%	21.6%	20.7%
Los Angeles Metro	13.1%	13.1%	13.5%	13.6%	13.8%	13.0%
Louisville, KY	12.8%	12.3%	12.9%	12.7%	13.6%	13.3%
Memphis, TN	20.1%	20.5%	20.1%	20.3%	19.4%	17.9%
Miami, FL	13.5%	12.8%	12.5%	12.2%	12.2%	11.8%
Milwaukee, WI	16.8%	16.7%	16.7%	16.5%	16.9%	16.6%
Minneapolis/St. Paul, MN	16.6%	17.4%	17.4%	17.0%	17.1%	16.7%

# Vacancy Rates



Vacancy Rate (All Classes)	Overall					Direct
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Nashville, TN	4.5%	5.4%	6.9%	6.9%	7.7%	6.4%
New Haven, CT	12.0%	11.7%	12.1%	10.8%	12.3%	11.8%
New Jersey - Central	15.5%	15.4%	16.7%	16.4%	16.3%	13.7%
New Jersey - Northern	18.8%	18.9%	19.0%	19.3%	18.8%	16.4%
New Orleans, LA	10.3%	10.5%	7.6%	7.9%	8.3%	8.2%
New York - Brooklyn	8.7%	11.4%	11.8%	12.5%	9.8%	9.2%
New York - Downtown	9.9%	10.2%	9.4%	8.9%	8.7%	7.7%
New York - Midtown	9.5%	9.6%	10.1%	9.8%	9.6%	7.9%
New York - Midtown South	6.7%	6.7%	7.7%	7.5%	7.3%	5.6%
Northern VA	21.1%	21.3%	21.3%	20.8%	22.0%	20.9%
Oakland/East Bay, CA*	9.5%	10.5%	10.4%	10.6%	11.2%	9.6%
Oklahoma City, OK	13.0%	13.0%	14.8%	16.2%	16.5%	15.0%
Omaha, NE	12.0%	10.9%	11.2%	10.9%	10.6%	10.4%
Orange County, CA	11.3%	11.2%	11.0%	10.9%	11.1%	10.4%
Orlando, FL	11.7%	11.8%	11.0%	10.7%	9.5%	9.4%
Palm Beach, FL	17.4%	16.0%	13.8%	12.7%	12.7%	12.5%
Philadelphia, PA	12.3%	11.9%	11.5%	11.8%	11.4%	11.1%
Phoenix, AZ	17.8%	17.6%	17.6%	17.6%	18.5%	16.4%
Pittsburgh, PA	9.0%	9.7%	9.6%	10.0%	10.3%	9.8%
Portland, OR	10.8%	11.1%	11.7%	11.2%	10.6%	10.3%
Providence, RI	12.7%	12.7%	12.6%	12.5%	12.2%	12.1%
Puget Sound - Eastside	9.3%	8.8%	8.8%	8.4%	8.4%	7.5%
Raleigh/Durham, NC	9.4%	7.8%	8.3%	8.2%	8.3%	8.4%
Richmond, VA	8.1%	7.8%	7.6%	7.2%	7.5%	7.3%
Roanoke, VA	9.7%	9.1%	8.9%	8.7%	7.1%	7.1%
Rochester, NY	14.8%	15.6%	15.7%	14.3%	14.5%*	n/a
Sacramento, CA	12.0%	11.4%	10.4%	10.2%	10.1%	10.0%
Salt Lake City, UT	11.4%	12.2%	13.4%	13.4%	14.1%	11.7%
San Antonio, TX	12.9%	12.1%	11.5%	12.5%	12.9%	n/a
San Diego, CA	15.1%	14.5%	14.4%	14.1%	13.7%	11.6%
San Francisco North Bay, CA	9.9%	9.9%	10.6%	10.4%	10.2%	9.2%
San Francisco, CA	7.7%	8.0%	8.7%	8.4%	8.5%	6.9%
San Juan, PR	15.0%	14.6%	15.1%	13.0%	13.0%	13.0%
San Mateo County, CA	7.5%	7.7%	7.7%	8.4%	8.3%	6.0%
San Jose (Silicon Valley), CA*	9.1%	10.2%	9.9%	10.4%	10.8%	7.5%
Savannah, GA	16.6%	17.2%	17.2%	16.9%	16.9%	16.9%
Seattle, WA	8.6%	7.8%	7.7%	7.7%	7.5%	6.8%
Southern New Hampshire	14.9%	13.9%	11.1%	10.5%	10.0%	10.0%
St. Louis, MO	12.4%	12.1%	12.1%	11.9%	11.9%	11.5%
St. Petersburg/Clearwater, FL	14.4%	16.3%	14.5%	14.2%	15.1%	14.8%
Suburban MD	21.2%	20.6%	19.6%	19.8%	19.5%	18.6%
Syracuse, NY	14.4%	14.9%	14.5%	13.6%	14.1%	13.3%
Tampa, FL	11.0%	11.9%	12.2%	12.5%	12.6%	11.5%
Tucson, AZ	11.0%	10.5%	10.6%	10.0%	9.6%	n/a
Tulsa, OK	19.7%	19.9%	21.9%	21.7%	22.0%	20.4%
Washington, DC	11.9%	12.1%	12.3%	12.3%	12.3%	11.3%
Westchester County, NY	22.8%	21.2%	20.0%	19.4%	19.4%	18.3%

p = preliminary

\*Includes R&D

\*Charlotte & Rochester Q3 figure based on CoStar estimates.

	Overall (All Classes)					Class A
Weighted Average Asking Rent	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
United States	\$29.46	\$29.47	\$30.12	\$30.37	\$30.56	\$37.32
Northeast	\$38.14	\$38.03	\$39.07	\$38.62	\$38.53	\$44.98
Midwest	\$21.93	\$22.32	\$22.64	\$23.04	\$23.31	\$27.69
South	\$26.55	\$26.67	\$27.01	\$27.35	\$27.53	\$33.17
West	\$31.38	\$30.99	\$31.89	\$32.67	\$32.97	\$40.20

U.S. Office Report Markets	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Atlanta, GA	\$23.38	\$23.39	\$23.51	\$24.10	\$24.72	\$28.47
Austin, TX	\$34.00	\$34.19	\$35.45	\$36.45	\$36.71	\$39.71
Baltimore, MD	\$23.10	\$23.59	\$23.29	\$23.36	\$23.07	\$26.49
Binghamton, NY	\$13.52	\$13.30	\$13.31	\$12.65	\$12.79	\$12.79
Birmingham, AL	\$19.91	\$19.72	\$19.31	\$18.75	\$18.58	\$20.70
Boston, MA	\$34.45	\$34.38	\$37.89	\$38.18	\$37.81	\$43.49
Buffalo, NY	\$17.70	\$17.70	\$17.70	\$17.70	\$17.70	\$23.60
Charleston, SC	\$19.39	\$20.67	\$21.12	\$20.82	\$21.10	\$25.70
Charlotte, NC	\$22.70	\$22.61	\$22.80	\$23.46	\$23.46	\$25.83
Chicago, IL	\$28.99	\$29.68	\$30.13	\$30.65	\$30.78	\$33.47
Cincinnati, OH	\$17.89	\$17.89	\$17.97	\$18.17	\$18.30	\$22.20
Cleveland, OH	\$17.20	\$17.30	\$17.21	\$17.29	\$17.23	\$21.85
Colorado Springs, CO	\$13.50	\$13.48	\$13.67	\$13.68	\$13.88	\$14.69
Columbus, OH	\$20.43	\$20.51	\$20.51	\$20.58	\$20.63	\$22.77
Dallas/Fort Worth, TX	\$25.76	\$25.64	\$26.15	\$26.19	\$26.04	\$31.10
Dayton, OH	\$14.96	\$14.96	\$14.75	\$14.87	\$14.95	\$19.00
Denver, CO	\$25.09	\$25.69	\$25.80	\$26.62	\$27.00	\$30.98
Detroit, MI	\$19.11	\$19.30	\$19.29	\$19.32	\$19.43	\$21.62
El Paso, TX	\$16.00	\$16.00	\$16.00	\$16.00	\$16.25	n/a
Fairfield County, CT	\$34.61	\$34.25	\$34.17	\$33.98	\$33.78	\$39.90
Fort Myers/Naples, FL	\$16.36	\$15.75	\$15.14	\$15.36	\$15.34	\$17.41
Fredericksburg, VA	\$19.45	\$19.32	\$19.31	\$19.74	\$19.57	\$23.69
Ft. Lauderdale, FL	\$26.65	\$26.92	\$28.64	\$29.43	\$29.51	\$36.22
Greenville, SC	\$16.97	\$17.20	\$18.61	\$18.72	\$19.04	\$23.16
Hampton Roads, VA	\$17.19	\$17.16	\$17.20	\$17.13	\$17.07	\$20.68
Hartford, CT	\$20.80	\$20.89	\$21.23	\$21.11	\$20.89	\$22.36
Houston, TX	\$29.20	\$28.85	\$29.29	\$29.52	\$29.51	\$37.75
Indianapolis, IN	\$17.75	\$18.14	\$19.15	\$19.16	\$19.21	\$21.44
Inland Empire CA	\$21.12	\$21.37	\$21.68	\$21.68	\$21.79	\$26.58
Jacksonville, FL	\$18.78	\$18.92	\$18.91	\$18.91	\$18.72	\$21.56
Kansas City, MO	\$19.10	\$19.26	\$19.45	\$19.79	\$19.66	\$22.69
Las Vegas, NV	\$21.37	\$21.45	\$20.96	\$21.60	\$21.10	\$29.50
Long Island, NY	\$30.14	\$29.86	\$29.73	\$29.93	\$30.12	\$33.42
Los Angeles CBD	\$40.23	\$40.50	\$41.07	\$41.57	\$42.17	\$42.63
Los Angeles Metro	\$34.72	\$35.12	\$36.77	\$37.27	\$37.09	\$41.81
Louisville, KY	\$16.73	\$16.52	\$16.81	\$16.54	\$17.03	\$20.70
Memphis, TN	\$17.90	\$17.69	\$17.77	\$17.85	\$18.20	\$21.13
Miami, FL	\$34.61	\$35.84	\$37.21	\$38.20	\$37.77	\$44.94
Milwaukee, WI	\$19.00	\$19.00	\$19.00	\$19.00	\$19.00	\$21.75
Minneapolis/St. Paul, MN	\$24.51	\$24.69	\$24.79	\$25.21	\$25.17	\$30.49



Weighted Average Asking Rent	Overall (All Classes)					Class A
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017p	Q3 2017p
Nashville, TN	\$23.84	\$24.94	\$26.37	\$25.50	\$26.94	\$28.69
New Haven, CT	\$20.83	\$20.86	\$20.69	\$20.96	\$21.73	\$23.68
New Jersey - Central	\$24.23	\$24.52	\$25.10	\$25.22	\$25.49	\$29.62
New Jersey - Northern	\$27.94	\$27.88	\$28.10	\$28.66	\$29.19	\$33.27
New Orleans, LA	\$17.01	\$17.34	\$17.66	\$18.08	\$18.66	\$19.31
New York - Brooklyn	\$45.29	\$42.30	\$42.28	\$38.24	\$43.68	\$56.28
New York - Downtown	\$59.13	\$59.30	\$58.66	\$58.83	\$59.86	\$62.95
New York - Midtown	\$79.91	\$78.39	\$78.81	\$77.61	\$77.67	\$84.20
New York - Midtown South	\$70.29	\$70.86	\$71.26	\$69.68	\$69.23	\$84.39
Northern VA	\$31.88	\$32.23	\$32.06	\$32.16	\$32.07	\$35.07
Oakland/East Bay, CA*	\$25.69	\$27.66	\$29.97	\$29.68	\$30.69	\$25.57
Oklahoma City, OK	\$16.83	\$17.55	\$17.74	\$18.17	\$18.20	\$18.20
Omaha, NE	\$18.63	\$18.97	\$18.71	\$19.27	\$19.09	\$21.28
Orange County, CA	\$27.56	\$28.12	\$28.09	\$29.57	\$30.34	\$35.75
Orlando, FL	\$20.57	\$20.68	\$20.82	\$21.11	\$21.21	\$24.38
Palm Beach, FL	\$33.75	\$34.70	\$35.11	\$36.71	\$37.25	\$42.72
Philadelphia, PA	\$25.29	\$25.38	\$25.71	\$25.98	\$25.71	\$27.85
Phoenix, AZ	\$23.95	\$24.26	\$24.76	\$24.87	\$24.48	\$29.01
Pittsburgh, PA	\$18.11	\$19.12	\$19.56	\$19.94	\$19.23	\$23.90
Portland, OR	\$25.79	\$26.32	\$25.92	\$26.04	\$26.78	\$29.93
Providence, RI	\$18.36	\$18.42	\$18.45	\$18.40	\$18.47	\$24.21
Puget Sound - Eastside	\$33.08	\$33.55	\$34.26	\$34.27	\$33.81	\$38.11
Raleigh/Durham, NC	\$22.15	\$22.47	\$22.88	\$23.54	\$23.96	\$26.31
Richmond, VA	\$18.26	\$18.14	\$18.15	\$18.65	\$18.85	\$21.06
Roanoke, VA	\$13.93	\$13.13	\$15.53	\$15.06	\$14.94	\$24.50
Rochester, NY	\$19.75	\$19.75	\$19.75	\$19.75	\$19.75	\$21.94
Sacramento, CA	\$21.36	\$20.46	\$21.36	\$21.36	\$21.72	\$25.70
Salt Lake City, UT	\$23.09	\$23.34	\$23.46	\$23.49	\$24.47	\$29.16
San Antonio, TX	\$21.22	\$21.00	\$21.31	\$21.40	\$22.08	n/a
San Diego, CA	\$34.32	\$33.48	\$33.36	\$35.16	\$35.52	\$39.96
San Francisco North Bay, CA	\$27.20	\$27.66	\$27.53	\$27.95	\$27.48	\$34.32
San Francisco, CA	\$69.21	\$69.77	\$69.66	\$70.16	\$70.51	\$72.29
San Juan, PR	\$18.03	\$18.03	\$17.94	\$17.90	\$17.90	\$19.70
San Mateo County, CA	\$56.55	\$57.82	\$57.91	\$57.31	\$57.40	\$61.85
San Jose (Silicon Valley), CA*	\$39.60	\$32.86	\$34.78	\$37.34	\$38.18	\$57.45
Savannah, GA	\$19.16	\$19.28	\$19.28	\$19.50	\$19.50	\$23.11
Seattle, WA	\$33.99	\$34.30	\$35.60	\$35.04	\$34.88	\$39.46
Southern New Hampshire	\$17.36	\$17.36	\$17.51	\$17.58	\$17.19	\$18.05
St. Louis, MO	\$19.49	\$19.52	\$19.37	\$19.47	\$19.73	\$22.31
St. Petersburg/Clearwater, FL	\$19.76	\$21.26	\$20.75	\$21.30	\$21.46	\$24.28
Suburban MD	\$26.06	\$26.33	\$26.04	\$26.75	\$26.71	\$30.28
Syracuse, NY	\$14.51	\$14.86	\$15.33	\$15.52	\$15.85	\$18.14
Tampa, FL	\$23.40	\$23.09	\$24.05	\$24.14	\$24.87	\$29.19
Tucson, AZ	\$18.67	\$18.61	\$18.86	\$18.68	\$18.83	n/a
Tulsa, OK	\$13.41	\$13.42	\$13.42	\$13.43	\$13.43	\$18.21
Washington, DC	\$51.93	\$52.96	\$53.21	\$53.85	\$54.96	\$62.47
Westchester County, NY	\$29.95	\$29.69	\$29.90	\$29.15	\$29.24	\$29.79

p = preliminary  
\*Includes R&D



Inventory	Inventory	Deliveries YTD 2017	Under Construction as of Q3 2017p
United States	5,247,336,870	41,155,541	105,709,138
Northeast	1,224,760,712	4,211,411	24,575,740
Midwest	818,865,005	3,906,405	10,638,372
South	1,769,250,898	16,737,983	37,663,891
West	1,434,460,255	16,299,742	32,831,135

U.S. Office Report Markets	Inventory	Deliveries YTD 2017	Under Construction as of Q3 2017p
Atlanta, GA	140,594,894	1,589,667	3,095,993
Austin, TX	49,943,389	1,410,127	2,760,743
Baltimore, MD	74,873,229	572,580	1,350,889
Binghamton, NY	4,536,122	0	107,500
Birmingham, AL	18,586,168	0	300,000
Boston, MA	158,402,037	436,595	4,961,079
Buffalo, NY	22,034,598	133,000	185,000
Charleston, SC	24,380,120	334,678	558,465
Charlotte, NC	103,919,661*	1,867,117*	1,657,747*
Chicago, IL	233,569,012	1,557,408	2,147,203
Cincinnati, OH	34,118,711	120,000	184,103
Cleveland, OH	146,757,204	170,657	1,552,663
Colorado Springs, CO	8,962,518	0	88,000
Columbus, OH	28,190,723	300,000	1,566,290
Dallas/Fort Worth, TX	223,839,503	2,754,621	6,324,496
Dayton, OH	14,062,373	25,014	0
Denver, CO	112,812,798	1,796,248	3,647,734
Detroit, MI	109,514,065	332,400	220,155
El Paso, TX	17,872,572	0	214,000
Fairfield County, CT	39,627,863	0	0
Fort Myers/Naples, FL	29,355,418	73,044	0
Fredericksburg, VA	9,128,087	0	6,200
Ft. Lauderdale, FL	28,612,686	67,429	149,274
Greenville, SC	25,008,703	180,986	1,004,319
Hampton Roads, VA	40,410,188	90,000	214,151
Hartford, CT	24,247,761	0	33,700
Houston, TX	185,600,396	1,523,147	1,517,885
Indianapolis, IN	31,497,106	268,000	331,000
Inland Empire CA	21,885,514	0	0
Jacksonville, FL	24,722,425	0	205,857
Kansas City, MO	50,296,382	255,160	249,170
Las Vegas, NV	46,192,321	21,336	450,590
Long Island, NY	34,372,612	232,917	0
Los Angeles CBD	27,574,918	356,141	0
Los Angeles Metro	172,770,196	1,689,894	1,499,376
Louisville, KY	20,136,632	125,800	152,500
Memphis, TN	20,068,903	552,258	727,571
Miami, FL	46,979,629	327,991	751,419
Milwaukee, WI	28,134,625	189,500	146,000
Minneapolis/St. Paul, MN	72,624,268	189,575	1,471,043
Nashville, TN	37,999,948	1,758,310	1,839,635
New Haven, CT	10,629,286	0	110,000
New Jersey - Central	81,804,729	555,000	0

Inventory	Inventory	Deliveries YTD 2017	Under Construction as of Q3 2017p
New Jersey - Northern	110,002,354	245,000	490,000
New Orleans, LA	31,374,936	0	0
New York - Brooklyn	27,461,778	1,419,958	3,059,562
New York - Downtown	88,516,197	0	2,491,861
New York - Midtown	242,878,613	0	9,509,487
New York - Midtown South	67,317,682	79,518	1,164,447
Northern VA	131,438,394	1,211,713	3,259,948
Oakland/East Bay, CA*	109,752,141	19,800	1,276,767
Oklahoma City, OK	21,871,067	0	845,000
Omaha, NE	21,047,234	72,800	551,448
Orange County, CA	88,139,370	638,751	2,151,885
Orlando, FL	37,519,975	30,000	515,700
Palm Beach, FL	23,549,879	101,000	0
Philadelphia, PA	131,523,366	171,232	1,421,921
Phoenix, AZ	102,310,636	1,118,477	1,292,123
Pittsburgh, PA	90,197,672	503,327	546,183
Portland, OR	45,994,548	200,229	1,420,614
Providence, RI	19,161,000	260,000	490,000
Puget Sound - Eastside	35,499,718	724,700	660,000
Raleigh/Durham, NC	51,597,362	1,433,129	1,780,740
Richmond, VA	52,788,450	111,016	1,275,852
Roanoke, VA	16,153,107	0	0
Rochester, NY	14,114,668*	45,000*	0*
Sacramento, CA	87,819,409	0	476,694
Salt Lake City, UT	36,700,681	1,000,519	1,823,686
San Antonio, TX	30,978,718	533,370	1,199,339
San Diego, CA	76,941,746	1,121,233	1,226,914
San Francisco North Bay, CA	22,175,533	0	0
San Francisco, CA	78,124,234	0	5,135,515
San Juan, PR	10,382,974	0	0
San Mateo County, CA	55,586,101	588,375	3,571,729
San Jose (Silicon Valley), CA*	215,372,851	5,678,535	3,121,531
Savannah, GA	3,419,220	0	0
Seattle, WA	63,914,935	1,329,233	4,920,977
Southern New Hampshire	13,071,492	68,864	0
St. Louis, MO	49,053,302	425,891	2,219,297
St. Petersburg/Clearwater, FL	12,096,151	0	0
Suburban MD	59,394,775	0	356,020
Syracuse, NY	16,177,631	61,000	5,000
Tampa, FL	31,581,336	0	150,000
Tucson, AZ	25,930,087	16,271	67,000
Tulsa, OK	25,060,607	90,000	157,850
Washington, DC	108,011,396	0	5,292,298
Westchester County, NY	28,683,251	0	0

p = preliminary

\*Includes R&D

\*Charlotte & Rochester figures based on CoStar estimates.

## About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action. To learn more, visit [www.cushwakecentennial.com](http://www.cushwakecentennial.com), [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

## Methodology

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

## Explanation of Terms

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

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

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

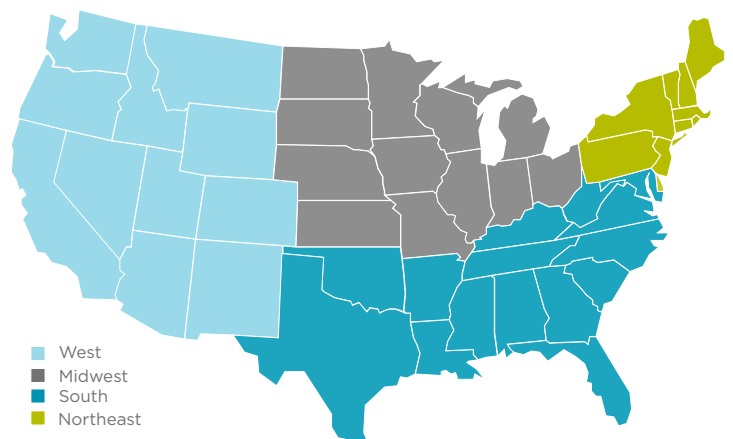
**Absorption:** The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)

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

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

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

## Regional Map



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