Office National Report

April 2026

Demand for Flexibility in Office Grows

- The increasing influence of coworking is a testament to the growing demand for flexibility from the modern workforce. Traditional office arrangements are changing as owners adapt to tenant needs by providing concessions and amenities that more closely resemble the coworking model.

- Coworking increased its footprint by 16.5% over the past year, bringing the national total to 164 million square feet and raising its total share of the office sector to 2.3%, a 30-basis-point increase. The growing success of coworking is largely due to the need for flexible office solutions that initially became necessary during the pandemic; however, demand for hybrid working conditions remains high years after workers were first given a taste of it. Many employers have taken these new conditions as an opportunity to consolidate their operations to reduce their need for costly office space.

- Physical office occupancy has floated around 55% for the last three years, with office attendance currently ranging from 66% on high days to 38% on low days, according to Kastle's Back to Work Barometer. Low office utilization due to the mass adoption of hybrid work has led many tenants to reconsider renewing leases or to negotiate more favorable terms that fit their changing needs. With the current national average vacancy rate sitting at 17.8%, owners are left with little option but to adapt and provide concessions, especially as underperforming properties sell at record discounts.

- The strategies owners are adopting to retain tenants are moving closer to the coworking model. The terms and conditions of office leases are changing to provide more flexibility, meaning shorter leases, leniency for early lease termination, and the willingness to adapt floor plans to provide workspaces that fit the size and financial means of smaller tenants. Some are even partnering with established coworking operators to facilitate this transition through networking and management agreements.

- Though traditional office spaces are more stable at the enterprise level, smaller operations will need to adapt to the changing needs of tenants to remain competitive in a struggling sector. Disruptions to the workforce caused by the implementation of AI or a possible recession could force these changes even faster as firms find it increasingly difficult to commit to the restrictions of traditional office leases. Smaller, strategically located office spaces with abundant amenities and flexible accommodations will better serve the needs of the current workforce, especially during economic uncertainty.

Listing Rates and Vacancy:
Austin Vacancy Declines After Peaking in 2025

- The national average full-service equivalent listing rate was $32.80 per square foot in March, up one cent from the previous month and down 1.8% year-over-year. The national vacancy rate was 17.8%, down 210 basis points from a year ago.
- Austin vacancy rates declined over the past year after peaking in April 2025. Vacancy fell 230 basis points year-over-year to 26.2% in March. Despite this recent decline, Austin leads among the top 25 metros. It has been working through a glut of new supply that has only just begun to slow down. Under construction as a percentage of stock was as high as 3.3% a year ago and fell to 1.0% this March. The shrinking supply pipeline has relieved some of the stress from oversupply; however, the metro continues to be 60 basis points above the national average. In recent years, Austin has had strong employment numbers compared to other markets, but years of oversupply continue to be an issue for an otherwise strong market.

Listings by Metro

Market	Mar-26 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	$32.80	-1.8%	17.8%	-210 bps		
Atlanta	$36.64	9.8%	18.4%	-110 bps	3344 Peachtree	$73.15
Miami	$59.10	5.8%	12.5%	-300 bps	Offices at The Well, The	$175.00
Tampa	$31.74	4.7%	13.7%	-270 bps	Halcyon at The Central	$65.00
New Jersey	$34.81	4.3%	16.4%	-250 bps	Harborside Financial Plaza 10	$66.08
San Diego	$45.18	4.2%	22.8%	120 bps	2100 Kettner	$69.00
Phoenix	$29.54	3.4%	16.6%	-220 bps	Watermark, The	$56.00
Chicago	$28.33	3.0%	18.2%	-80 bps	333 North Green	$65.29
Twin Cities	$27.19	2.7%	17.4%	90 bps	International Centre	$42.39
Dallas	$32.05	2.1%	21.0%	-320 bps	23Springs	$95.09
Austin	$46.48	1.5%	26.2%	-230 bps	Indeed Tower	$84.39
Nashville	$32.04	1.3%	18.9%	50 bps	615 Third	$51.70
Philadelphia	$31.33	1.2%	18.3%	-140 bps	Three Logan Square	$56.07
Manhattan	$69.80	1.1%	13.1%	-340 bps	50 Hudson Yards	$250.00
Portland	$28.53	0.9%	21.3%	0 bps	Fox Tower	$50.53
Washington DC	$40.90	0.8%	19.7%	20 bps	1155 F Street	$83.61
Los Angeles	$42.89	0.5%	15.0%	-150 bps	Century City Center	$126.00
Bay Area	$53.85	-0.1%	21.8%	-380 bps	400 Hamilton Avenue	$152.88
Seattle	$35.69	-0.7%	24.8%	-270 bps	City Center Bellevue	$83.19
San Francisco	$62.73	-1.7%	23.3%	-540 bps	Sand Hill Collection—The Grove	$196.80
Detroit	$21.02	-1.9%	23.3%	-120 bps	Michigan Central Station	$40.00
Denver	$30.00	-2.5%	20.1%	-510 bps	Block 162	$54.38
Boston	$44.72	-2.9%	14.7%	-250 bps	One Canal Park	$129.71
Houston	$28.19	-4.1%	19.5%	-330 bps	Kirby Grove	$54.21
Orlando	$26.29	-5.7%	18.4%	200 bps	CNL Center II	$54.19
Charlotte	$31.96	-9.5%	17.9%	130 bps	110 East	$55.00

Source: Yardi Matrix. Data as of March 2026. Listing rates are full-service or "full-service equivalent" rates for spaces available as of the report period. National listing rate is an average of all markets. Prior to July 2024, this report used the top 50 markets for a national average.

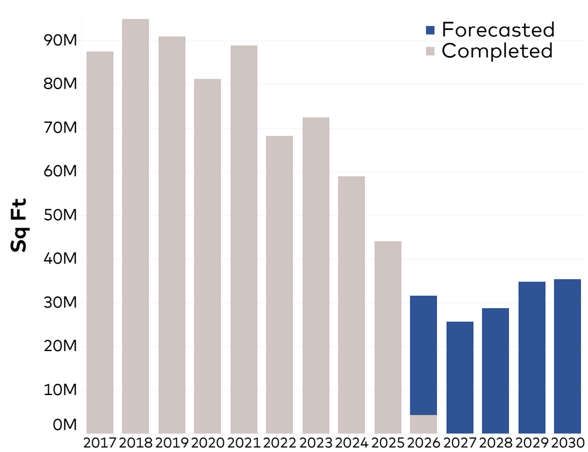
Supply:
Medical Office Increases Share of Construction Starts

- Through March, 4.3 million square feet of office space have been delivered in 2026. Another 29 million square feet, representing 0.4% of stock, are under construction, according to Yardi Matrix.

- Office construction starts totaled 21.6 million square feet in 2025. By type, general office represented a 47.6% share, followed by medical office (25.8% share), life science (10.9% share) and other (15.8% share).

- Medical offices are a growing share of construction starts, increasing from 10.9% in 2020 to 25.8% in 2025. This is mainly due to a decline in general office starts, which fell 75.9% over the decade, while medical office starts fell only 17.3%. Interest in general office space has slowed as general office-using job growth has declined and remote work has become more popular. Medical office has managed to stay afloat and maintain developer interest due to robust job growth in the healthcare sector and a high resistance to the disruption of remote work that has plagued other types of office properties since the start of the pandemic.

National New Supply Forecast



Source: Yardi Matrix. Data as of March 2026.
Data in this chart includes owner-occupied properties.

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	28,991,861	0.4%	1.4%
San Diego	1,678,511	1.7%	2.2%
Boston	3,871,241	1.5%	4.2%
Miami	795,776	1.1%	3.4%
Austin	980,123	1.0%	3.1%
Dallas	2,286,005	0.8%	2.7%
Los Angeles	2,046,909	0.7%	1.9%
Nashville	426,248	0.7%	1.9%
Manhattan	2,921,208	0.6%	2.4%
New Jersey	1,162,344	0.6%	0.8%
Tampa	346,000	0.4%	1.2%
Phoenix	622,156	0.4%	1.2%
Denver	668,778	0.4%	0.9%
Houston	886,909	0.4%	1.2%
San Francisco	533,315	0.3%	2.4%
Detroit	410,690	0.3%	0.5%
Philadelphia	547,665	0.3%	1.7%
Orlando	186,925	0.3%	1.1%
Charlotte	204,544	0.3%	1.3%
Twin Cities	248,774	0.2%	1.0%
Atlanta	406,000	0.2%	2.4%
Washington DC	654,847	0.2%	1.7%
Bay Area	145,000	0.1%	1.1%
Chicago	202,568	0.1%	0.2%
Seattle	19,982	0.0%	0.0%
Portland	–	–	0.0%

Source: Yardi Matrix. Data as of March 2026. Table does not include owner-occupied properties.

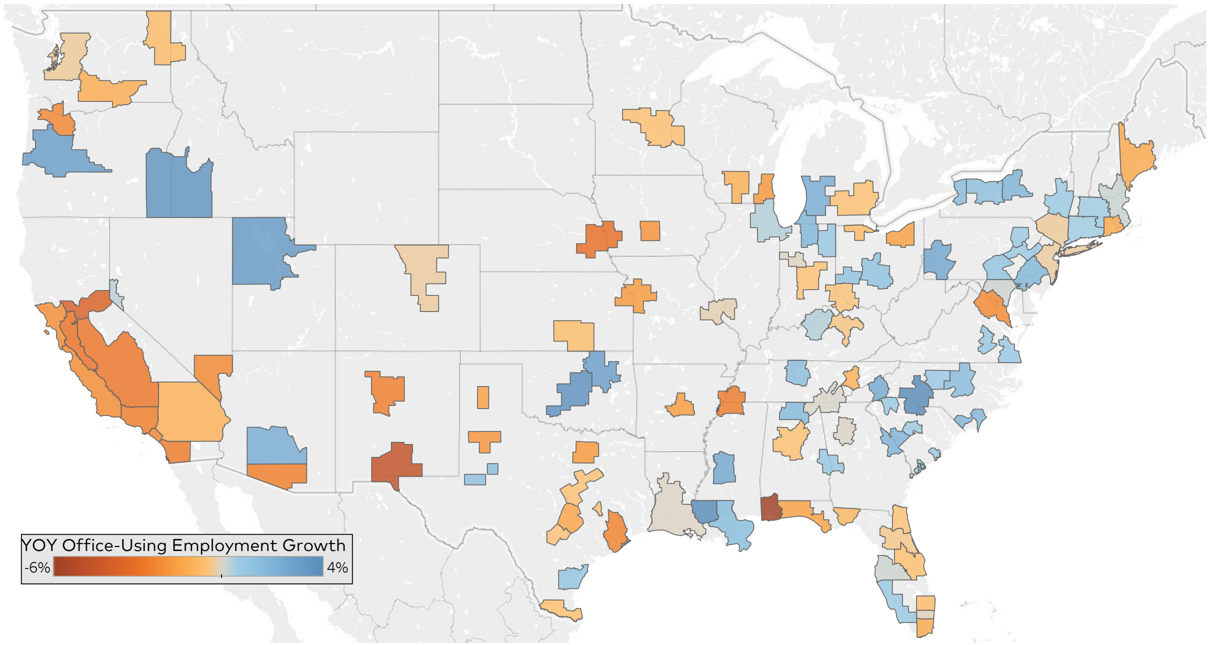
Office-Using Jobs:
San Francisco Office Job Losses Stabilize

- Office-using sectors of the labor market lost a combined 16,000 jobs in the month of March, according to the Bureau of Labor Statistics. The decline was led by the financial activities sector, which lost 15,000 jobs, while the information sector lost only 3,000 jobs and the professional and business services sector gained 2,000. On a year-over-year basis, office-using sectors lost 183,000 jobs nationally, a 0.5% decrease, while total non-farm employment increased 0.1% over the same period.

- Office job losses in San Francisco stabilized in 2025, ending the year with a 2.2% year-over-year drop. This is far from the 7.0% loss seen in late 2023, when office job losses were at their worst. The heavy losses that occurred in 2023 and 2024 were concentrated in the information sector and a response to the glut of hiring when interest rates were low and AI hype flooded tech with investment. This has since calmed down; however, fears are growing that AI could start replacing more tech jobs than it creates.

Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth



Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions:
Discounts Plentiful in Los Angeles

- Yardi Matrix has recorded 549 transactions so far this year, with office properties trading for $220 per square foot on average, for a total sales volume of $12.8 billion.

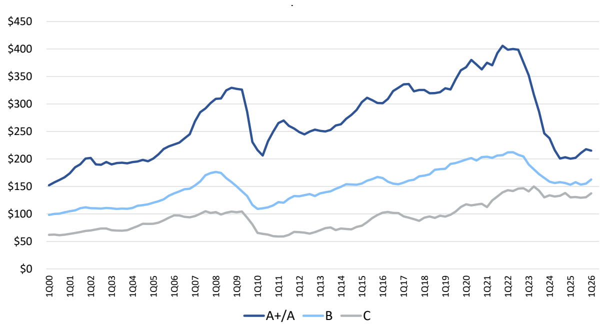
- In 2025, discounts in Los Angeles increased to 54% of transactions with two sales prices for comparison, higher than any year during Covid or the Great Recession. The metro is on track for another record year, with 57% of properties selling at a discount so far. In March, a 269,885-square-foot property at 385 East Colorado Blvd. in Pasadena was purchased by East West Bank from The Irvine Co. for $97.9 million, a 32% discount from its sale in 2012.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 3/31)
National	$220	$12,772
Manhattan	$707	$1,817
Miami	$463	$892
Dallas	$222	$859
Bay Area	$295	$763
San Francisco	$868	$754
Washington DC	$193	$588
Chicago	$112	$534
San Diego	$197	$393
Houston	$103	$390
Charlotte	$461	$363
Austin	$24	$355
Twin Cities	$204	$349
Phoenix	$157	$310
Los Angeles	$269	$283
Boston	$165	$225
Seattle	$323	$222
Orlando	$169	$215
Atlanta	$190	$210
Denver	$84	$188
New Jersey	$113	$164
Philadelphia	$122	$139
Tampa	$144	$68
Portland	$108	$48
Nashville	$226	$26
Detroit	–	-

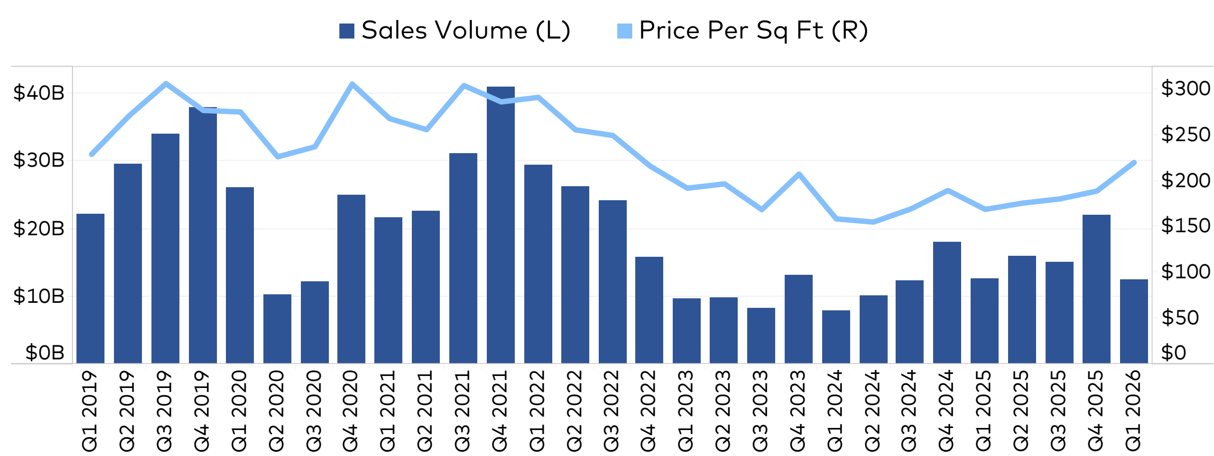
Source: Yardi Matrix. Data as of March 2026. Sales data for unpublished and portfolio transactions is estimated using sales comps.

Asset Class (price PSF)



Source: Yardi Matrix; 12-month moving average.
Does not include unpublished and portfolio transactions.

Quarterly Transactions



Source: Yardi Matrix. Data as of March 2026.

Definitions

This report covers office buildings 25,000 square feet and above. Yardi Matrix subscribers have access to more than 14,000,000 property records and 300,000 listings for a continually growing list of markets.

Yardi Matrix collects listing rate and occupancy data using proprietary methods.

- *Listing Rates*—Listing Rates are full-service rates or “full-service equivalent” for spaces that were available as of the report period. Yardi Matrix uses aggregated and anonymized expense data to create full-service equivalent rates from triple-net and modified gross listings. Expense data is available to Yardi Matrix subscribers. National listing rate is an average of all markets. Prior to July 2024, this report used the top 50 markets for a national average.
- *Vacancy*—The total square feet vacant in a market, including subleases, divided by the total square feet of office space in that market. Owner-occupied buildings are not included in vacancy calculations.

A and A+/Trophy buildings have been combined for reporting purposes.

Stage of the supply pipeline:

- *Planned*—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- *Under Construction*—Buildings for which construction and excavation has begun.

Supply pipeline figures do not include owner-occupied properties unless otherwise noted.

Office-Using Employment is defined by the Bureau of Labor Statistics as including the sectors Information, Financial Activities, and Professional and Business Services. Employment numbers are representative of the Metropolitan Statistical Area and do not necessarily align exactly with Yardi Matrix market boundaries.

Sales volume for portfolio transactions or those with unpublished dollar values are estimated using sales comps based on similar sales in the market and submarket, use type, location and asset ratings, sale date and property size.

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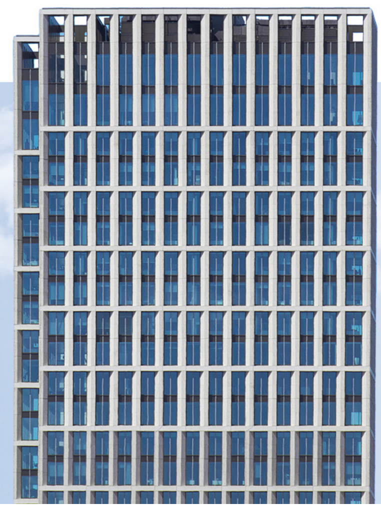
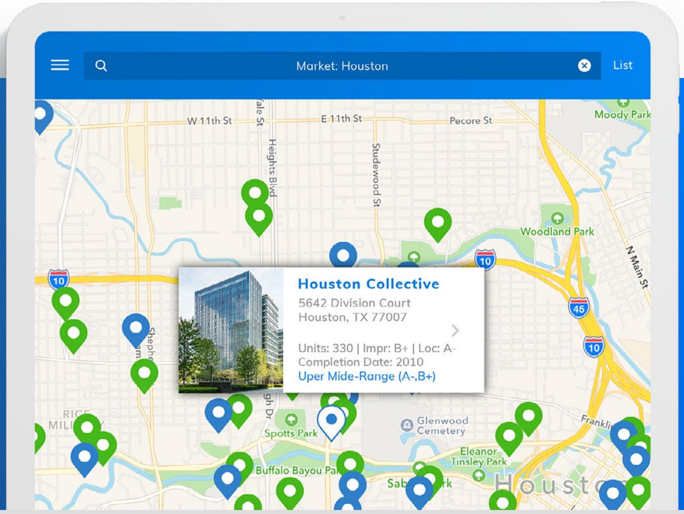


OFFICE KEY FEATURES

- Active in 120 markets across the U.S. covering 81,000+ properties
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio levels
- Gain new supply pipeline information at the asset, competitive set and market levels
- Benchmark performance to similar assets



Yardi Matrix Office delivers detailed property-level information, allowing you to analyze current market conditions at the micro and macro levels.

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