Yardi® Matrix

National Office Report

December 2025

Bifurcation Emerges Among Metros

- The office landscape became clearer in 2025 as the pricing bottom emerged, the supply pipeline shrank for another year, and coworking continued to solidify its place in the market.

- The construction pipeline is significantly lower than it has historically been, with just over 13 million square feet starting construction in 2025 through November, about the same as last year. Projects that are either in the planning process or currently under construction represent only 1.7% of stock nationally, down from 3.0% a year ago. Despite vacancy inching down in recent months, demand is still historically low and physical occupancy has not increased in any meaningful way. Employment growth in office-using sectors has been flat, and concerns about a recession just over the horizon are growing. As such, new projects are increasingly difficult to pencil out. Despite this, a bifurcation has begun and bright spots have emerged in 2025. Manhattan has had very low vacancy and a growing supply pipeline, while San Francisco saw significant increases in demand over the past year.

- For the first time since 2022, the national average price per square foot increased and the bottom finally appeared. Properties sold for $190 per square foot in 2025, up 7.1% from 2024, a modest increase considering prices are down 33% from the peak in 2021. Despite the uptick in prices, 44.2% of transactions with two sales prices for comparison sold at a discount in 2025. More than half of loans maturing in the coming years originated prior to Covid, and weary lenders are less willing to extend the loans of struggling properties. As these loans mature, discounted properties will mount, and markets more conducive to conversions will benefit as these costly projects become feasible.

- There were 22 million square feet of coworking space opened in 2025, a 16% uptick year-over-year. This increased its share of office space by 30 basis points to 2.2%. Coworking has been filling the gap between fully remote and full-time, in-person office work. Currently, two-thirds of firms are offering location flexibility to their employees, and the structured hybrid model has been increasingly dominant, adopted by 42% of all U.S. firms, according to Flex Index. This has opened a space in the market for coworking to fill, providing an alternative to costly office leases. As coworking grows, so will competition. Smaller operators will need to find solutions to remain competitive and tap into corporate demand. Currently, 98.5% of operators have fewer than 10 locations, leaving the sector with plenty of opportunities for networking that can reduce costs and expand the reach of smaller operations.

Listing Rates and Vacancy: Bumpy Road for the Twin Cities

- The national average full-service equivalent listing rate was $32.77 per square foot in November, down four cents from the previous month and down 0.2% year-over-year. The national vacancy rate is down as well, falling 90 basis points over the past year to 18.5% in November.

- Of the top 25 markets, 16 had vacancy rates fall in 2025. While many markets have found their footing, some are still encountering bumps in the road. The Twin Cities saw a 190 bps increase in vacancy in 2025, mostly concentrated in Minneapolis' central business district. Ameriprise Financial vacated its 1 million-square-foot headquarters in downtown Minneapolis and consolidated its operations into one of its nearby properties early in the year, pushing up vacancy. Tenants that have been sitting on partially occupied spaces will consolidate when they have the option, and this will only increase as the state of the economy becomes more uncertain and hiring slows down even further.

Listings by Metro

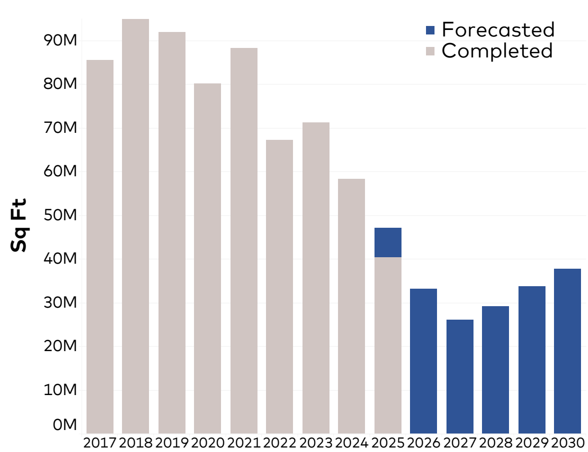
Market	Nov-25 Listing Rates	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Sq. Ft.
National	$32.77	-0.2%	18.5%	-90 bps		
Los Angeles	$46.38	10.2%	14.4%	-110 bps	Century City Center	$126.00
Atlanta	$36.50	10.0%	19.9%	170 bps	1180 Peachtree	$63.50
San Diego	$45.59	5.7%	22.7%	220 bps	One La Jolla Center	$73.20
Phoenix	$29.76	5.5%	17.8%	-170 bps	Watermark, The	$56.00
New Jersey	$35.17	4.3%	19.0%	-50 bps	Harborside Financial Plaza 10	$66.08
Miami	$54.94	4.0%	11.9%	-250 bps	Offices at The Well, The	$165.00
Chicago	$28.09	3.9%	19.0%	120 bps	333 North Green	$65.29
San Francisco	$65.03	3.8%	25.7%	-250 bps	Sand Hill Collection–The Ranch	$199.20
Boston	$48.66	3.0%	15.4%	-140 bps	One Canal Park	$129.71
Twin Cities	$27.11	2.8%	17.8%	190 bps	International Centre	$42.39
Dallas	$32.18	2.5%	21.7%	-220 bps	23Springs	$95.28
Nashville	$31.64	2.1%	17.7%	20 bps	Gulch Union	$56.62
Philadelphia	$31.77	0.9%	17.8%	-180 bps	Three Logan Square	$56.07
Tampa	$30.05	0.6%	14.4%	-100 bps	Harborview Plaza	$52.87
Detroit	$21.59	0.1%	23.1%	-50 bps	Michigan Central Station	$40.00
Portland	$28.02	-0.6%	21.2%	-90 bps	Fox Tower	$50.53
Manhattan	$68.36	-0.7%	13.4%	-310 bps	50 Hudson Yards	$250.00
Austin	$45.92	-1.6%	26.8%	-90 bps	Indeed Tower	$82.69
Orlando	$27.47	-2.1%	19.9%	320 bps	CNL Center II	$54.19
Washington DC	$40.13	-2.6%	19.6%	140 bps	1700 New York Avenue	$94.75
Bay Area	$52.49	-2.9%	23.0%	-300 bps	245 Lytton Avenue	$153.00
Charlotte	$33.18	-3.5%	18.1%	110 bps	110 East	$55.00
Seattle	$34.00	-5.2%	26.6%	60 bps	City Center Bellevue	$82.88
Denver	$29.28	-6.3%	23.5%	-70 bps	Block 162	$54.38
Houston	$27.58	-8.7%	20.2%	-410 bps	Kirby Grove	$54.21

Source: Yardi Matrix. Data as of November 2025. 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:
Boston Pipeline Continues to Slide

- There are 32.2 million square feet of office currently under construction, according to Yardi Matrix, representing 0.5% of stock. 2025 was another year of declining office projects, ending November with 44% fewer square feet under construction than a year ago.
- Only three markets had an increase in their supply pipelines in 2025. Manhattan increased its pipeline by 10% year-over-year to just under 3 million square feet under construction. Los Angeles increased its pipeline by 6% to 2 million square feet, and Phoenix increased its pipeline by 49% to 0.8 million.
- Boston continues to have the largest supply pipeline, with 4.1 million square feet of space under construction, 1.6% of its current stock. This is less than half of the pipeline square footage just a year ago. Boston's construction boom has been driven by the life sciences in recent years, supported by the high concentration of research institutions in the area. Funding for the sector has declined, though, and the Trump administration is making massive funding cuts to NIH research grants, which will further decrease interest in new projects.

National New Supply Forecast



Source: Yardi Matrix. Data as of November 2025.
Data in this chart includes owner-occupied properties.

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	32,185,001	0.5%	1.7%
Miami	1,194,330	1.6%	3.9%
Boston	4,121,398	1.6%	6.1%
Austin	1,536,738	1.6%	4.7%
San Diego	1,212,511	1.2%	1.8%
Dallas	2,626,872	0.9%	3.6%
Los Angeles	1,979,014	0.7%	2.0%
Manhattan	2,970,686	0.6%	2.4%
Philadelphia	1,103,404	0.6%	2.0%
Orlando	392,608	0.6%	1.5%
Phoenix	787,148	0.5%	1.0%
Tampa	430,780	0.5%	1.5%
New Jersey	1,058,344	0.5%	0.7%
Atlanta	879,600	0.4%	2.3%
Nashville	263,699	0.4%	1.8%
Houston	1,018,641	0.4%	1.8%
Bay Area	757,388	0.4%	1.2%
Denver	604,628	0.4%	1.2%
Charlotte	276,379	0.4%	3.0%
San Francisco	533,437	0.3%	3.5%
Twin Cities	230,121	0.2%	0.9%
Chicago	585,901	0.2%	0.7%
Washington DC	687,967	0.2%	1.2%
Seattle	252,963	0.2%	0.7%
Detroit	–	–	0.2%
Portland	–	–	1.0%

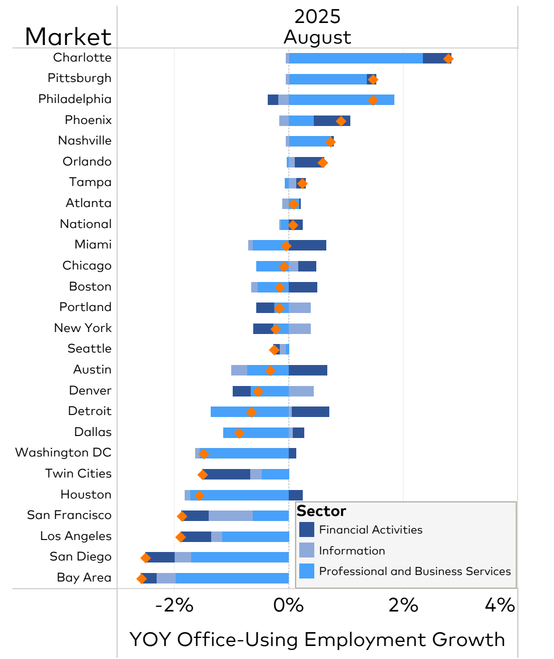
Source: Yardi Matrix. Data as of November 2025. Table does not include owner-occupied properties.

Office-Using Jobs:
Office Employment Gains for the Year

- While the government shutdown has delayed the release of employment data for a third month, private-sector sources are filling the gap. Office-using sectors of the labor market lost a combined 30,000 jobs in the month of October, according to ADP. Professional and business services led this decline, losing 22,000 jobs. The information sector lost 18,000, while financial activities had a gain of 10,000. On a year-over-year basis, office-using sectors gained 188,000 jobs, a 0.5% increase.

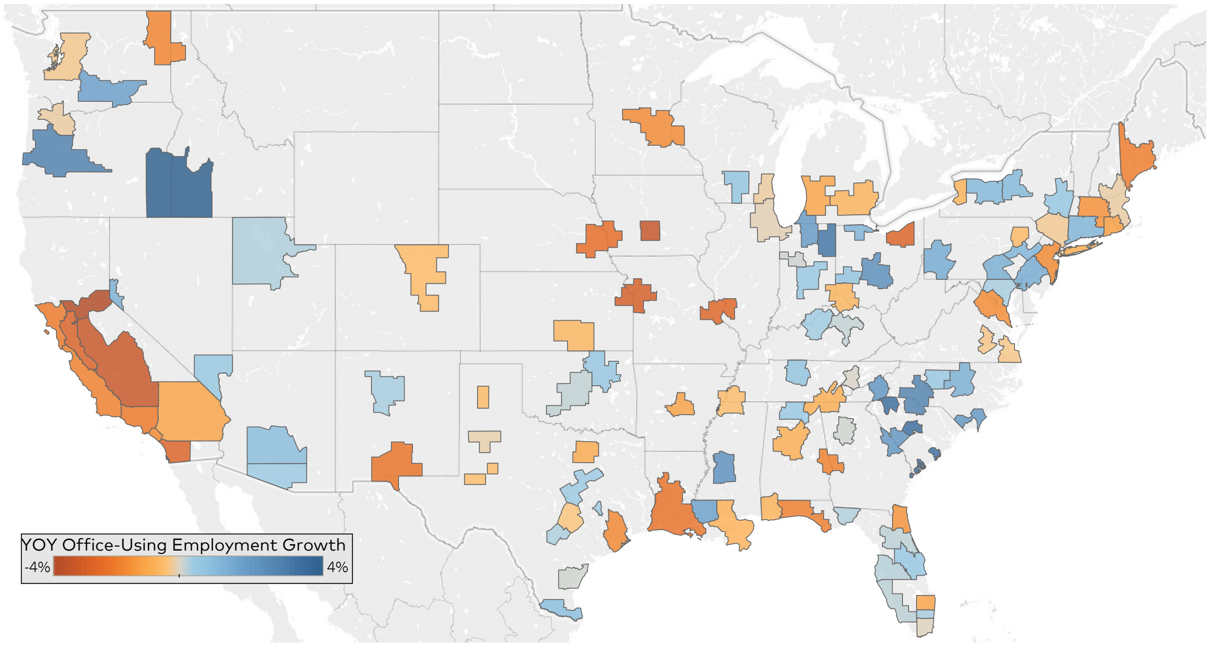
- As the proliferation of AI progresses, most of the news on the subject speaks of mass layoffs and disappearing industries; however, the jury is still out on the matter. A recent survey by the New York Fed found that only 1% of service firms reported layoffs due to AI in 2025 despite roughly 13% anticipating they would in another survey from last year. While AI is sure to have an impact on office employment in the future, the survey found that workers are currently more likely to receive new training in AI than be replaced by it.

Growth by Sector



Sources: Bureau of Labor Statistics and Moody's Analytics

Office-Using Employment Growth



Sources: Bureau of Labor Statistics and Moody's Analytics

Transactions:
Chicago Property Prices Hit New Low

- Yardi Matrix recorded $48.1 billion in office sales through the end of November, with properties trading for an average of $190 per square foot.

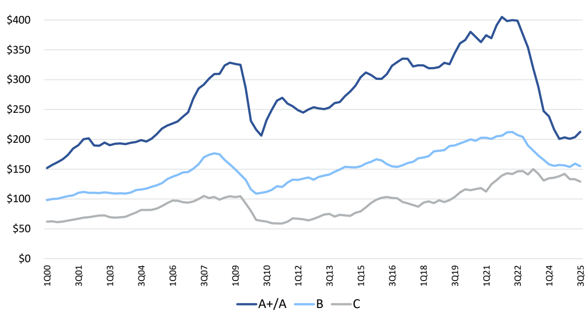
- In 2025, Chicago had the lowest average price for office properties among the top 25 markets, falling to a new low of $64 per square foot. This was down 27.8% from 2024 and marks the fifth consecutive year of significant price drops. A 522,809-square-foot Chicago property at 525 W. Van Buren sold at a 74% discount in November. The 601W Cos. purchased the property from AEW Capital Management for $35 million.

Sales Activity

Market	YTD Sales Price PSF	YTD Sales Volume (Mil, as of 11/30)
National	$190	$48,126
Manhattan	$514	$7,283
Bay Area	$386	$4,426
Washington DC	$173	$3,643
Dallas	$284	$2,603
Los Angeles	$265	$2,532
Boston	$171	$1,394
San Diego	$261	$1,322
Atlanta	$131	$1,301
San Francisco	$286	$1,248
New Jersey	$156	$1,236
Phoenix	$178	$1,119
Chicago	$64	$1,113
Houston	$89	$1,094
Denver	$108	$1,018
Charlotte	$196	$786
Seattle	$245	$739
Miami	$360	$654
Austin	$216	$596
Tampa	$160	$569
Philadelphia	$87	$560
Nashville	$192	$558
Orlando	$195	$449
Twin Cities	$78	$405
Detroit	$115	$319
Portland	$92	$236

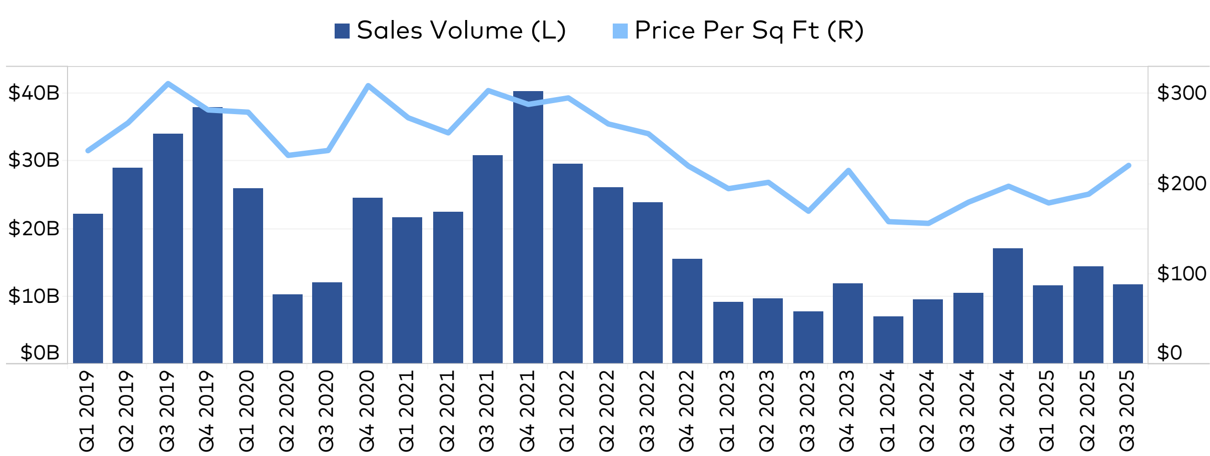
Source: Yardi Matrix. Data as of November 2025. Sales data for unpublished and portfolio transactions is estimated using sales comps.

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 November 2025.

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:

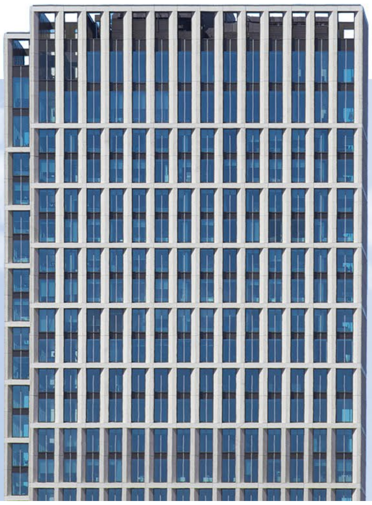
- *Planned*—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- *Under Construction*—Buildings for which construction and excavation has begun.

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.

Yardi® Matrix



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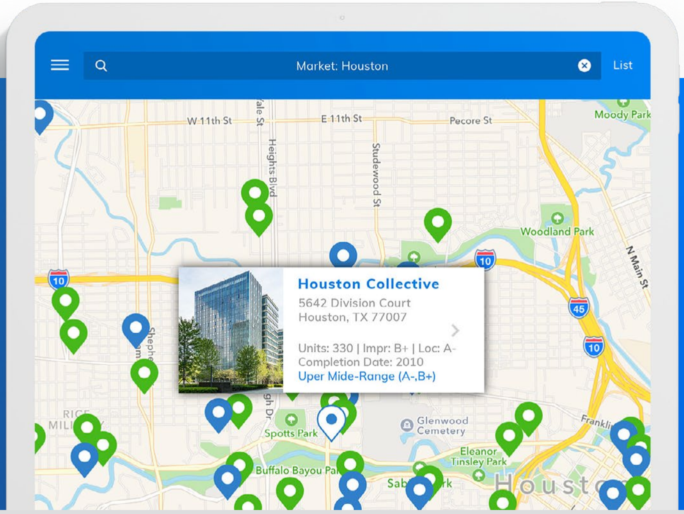
OFFICE KEY FEATURES

- 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 level
- Gain new supply pipeline information at the asset, competitive set and market level
- 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 level.

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