

Office REITs

4Q23 Quarterly: Expecting another tough year but seeing some early recovery signs

Industry Overview

Clear opportunities among challenged fundamentals

While fundamentals remain challenging, particularly on the West Coast, 4Q demonstrated that NYC and Sunbelt markets are showing early signs of demand recovery. We believe select Office REITs with stable to improving operations, strong balance sheets and modernized quality space could outperform from here. Our Buys on BXP, CDP, CUZ and ESRT reflect a mix of these attributes. ESRT is one of Spector's top picks. See inside our 4Q23 scorecard and key metrics.

Mixed 4Q; '24 guidance implies lower Y/Y FFO for most

Office REITs delivered 5 beats, 2 meets and 4 misses in 4Q. 60% of the office REITs that provided 2023 guidance delivered results within initial ranges. Guidance implies -3.0% FFO/sh declines in 2024 on average, continuing the declines from 2023. It has been difficult to gauge if guidance has been set at conservative levels despite on average coming in -1% below the Street. Management teams have set on average 4.6% variances to guidance ranges. BXP stands out as having the tightest range (2.8%) compared to HPP (9.5%), PGRE (7.9%), HIW (5.1%) and SLG (5.0%) having the widest.

Some bright spots in NYC & Sunbelt but challenges remain

Commentary around recovery in NYC and the Sunbelt supports trends we heard during our two expert calls ahead of earnings. We believe well-capitalized REITs are uniquely positioned to gain market share given their higher quality buildings close to transit hubs relative to many smaller players. The biggest challenge remains working through elevated vacancy and sublease availability. While a return in tech leasing would drive a greater recovery, many technology companies are still reducing their office footprints and expectations are AI demand will not be able to offset net contractions this year.

REIT occupancy trends mixed; decline overall driven by WC

Sector occupancy ended 4Q23 at 87%, down -40bp Q/Q and -230bp Y/Y, primarily impacted by West Coast exposed REITs losing on average -60bp Q/Q and -550 bp Y/Y. CDP, CUZ and ESRT improved occupancy throughout the year and we believe they are best positioned to continue this momentum through 2024 given limited lease expirations, free rent burning off and YTD activity from signed but not yet commenced leases. Excluding these REITs, we project average occupancy declines of -170bp to 84%.

Balance sheet risks persist even if Fed cuts rates

While the Fed is still signalling rate cuts in 2024, we remain cautious over the medium-term given lending appetite to office remains low. We expect tenant space reductions, elevated vacancy and higher cost of capital as REITs address balance sheet concerns to weigh on earnings and valuation for an extended period of time.

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Office REIT earnings scorecard

5 of the 11 Office REITs under our coverage universe beat, 4 missed and two met Street expectations. Unforeseen tenant issues, elevated interest rates and tenant protectionist approach to office space needs has created a challenging backdrop. 2024 guidance came in -1% below the Street on average and implies -3% Y/Y declines.

Exhibit 1: 4Q23 Earnings Review

Office REITs have reported mixed results so far with 5 beats, 2 meets and 4 misses

Company	*Actual FFO/sh	Actual vs. Street	Actual % Var to Street	FY24 FFO/sh guidance	*Guidance vs. Street	2024 % Var to Street
BXP	\$1.82	Beat	1%	\$7.00 - 7.20	Below	-2%
CDP	\$0.62	Beat	2%	\$2.47 - 2.55	Above	1%
CUZ	\$0.65	In Line	0%	\$2.57 - 2.67	Above	2%
DEI	\$0.43	Miss	-2%	\$1.64 - 1.70	In Line	0%
ESRT	\$0.24	Beat	18%	\$0.90 - 0.94	Above	3%
HIW	\$0.91	In Line	0%	\$3.46 - 3.64	Below	-1%
HPP	\$0.14	Miss	-7%	\$1.00 - 1.10	Below	-17%
KRC	\$1.03	Miss	-2%	\$4.10 - 4.25	Below	-3%
PGRE	\$0.21	Beat	5%	\$0.73 - 0.79	Above	8%
SLG	\$0.87	Miss	-3%	\$5.90 - 6.20	Above	19%
VNO	\$0.63	Beat	3%	\$2.31	Below	-3%

Source: Company Reports, Bloomberg, BofA Global Research

Notes:

*Compares the midpoint of guidance with Street's mean FFO estimate; 4Q23 FFO/sh excludes 1x items for DEI, ESRT, HIW, HPP, KRC, SLG and VNO; PGRE's guidance variance vs. Street includes impact of newly disclosed non-core assets; SLG's guidance bump is attributed to a 1x debt extinguishment gain. Excluding this 1x gain, variance to Street is 0%; VNO projects a roughly \$0.30 impact from higher net interest expense. Limited disclosure on core impact for full year.

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See our 4Q23 Office REITs earnings recaps: [SL Green](#), [Boston Properties](#), [Hudson Pacific Properties](#), [Week 3](#) and [Week 4](#) for thoughts on our Office coverage's performance this quarter.

Leasing volume

Exhibit 2: Office REIT Total SF leased (in thousands)

Total leasing volume increased by +1.1% Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc.	BXP	1,915.0	1,316.5	1,299.0	1,188.5	935.1	1,296.9	1,357.1	1,304.5	2,529.3	1,609.8	2,355.4	1,747.3	1,500.7	775.4	1,042.4	1,565.0	1,176.2
COPT Defense Properties	CDP	659.0	631.0	959.0	1,147.0	869.0	258.0	1,402.0	1,042.0	1,160.0	871.0	558.0	857.0	692.0	788.0	891.0	521.0	668.0
Cousins Properties Inc.	CUZ	687.9	632.1	348.6	529.9	571.2	439.4	560.7	769.5	823.0	424.7	741.3	552.3	685.7	330.1	511.4	649.7	660.1
Douglas Emmett Inc.	DEI	790.9	701.5	651.5	734.7	612.5	750.9	1,296.6	818.8	858.0	897.6	1,030.1	1,019.0	772.2	625.1	956.8	933.7	710.3
Empire State Realty Trust	ESRT	345.6	149.1	113.4	247.4	413.4	171.8	190.8	268.1	374.9	318.6	320.2	335.4	144.3	202.1	336.3	248.5	163.9
Highwoods Properties Inc.	HIW	1,202.9	892.8	821.3	659.7	466.0	552.6	898.6	672.3	883.9	657.9	682.5	1,035.3	923.9	521.9	917.6	655.1	698.2
Hudson Pacific Properties Inc.	HPP	434.6	228.9	107.4	184.6	279.4	524.4	510.2	318.4	448.1	503.6	713.7	381.4	517.1	344.1	403.2	519.2	432.0
Kilroy Realty Corp	KRC	244.2	221.7	286.5	123.1	60.9	206.1	197.5	459.5	312.3	183.3	223.1	126.5	328.3	286.5	284.7	187.8	489.9
Paramount Group Inc.	PGRE	164.7	126.1	169.9	54.7	62.5	19.7	197.0	314.7	128.8	152.2	188.2	215.9	131.7	170.3	57.4	227.1	142.4
SL Green Realty Corp - Manhattan	SLG	1,283.5	316.2	280.0	187.5	463.9	352.8	557.7	445.5	573.8	821.0	188.8	930.2	196.4	504.7	410.7	355.8	505.2
SL Green Realty Corp - Suburban	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vornado Realty Trust - NY office	VNO	117.0	297.0	291.0	1,121.0	144.0	147.0	292.0	672.0	852.0	236.0	231.0	140.0	147.0	771.0	224.0	190.0	475.0
Average	Average	713.2	501.2	484.3	561.6	443.4	429.0	678.2	644.1	813.1	606.9	657.5	667.3	549.0	483.6	548.7	550.2	556.5

Source: Company filings and BofA Global Research

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Exhibit 3: Office REIT New/Expansion SF leased (in thousands)

New / Expansion leasing comprised 54.4% of total leasing

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc.	BXP	1,460.0	887.6	511.2	613.5	363.9	803.9	816.7	993.2	1,875.5	1,240.4	1,311.0	662.1	1,257.0	432.0	707.4	1,012.5	839.5
COPT Defense Properties	CDP	320.0	143.0	346.0	305.0	637.0	104.0	741.0	489.0	459.0	422.0	331.0	351.0	173.0	594.0	88.0	151.0	367.0
Cousins Properties Inc.	CUZ	239.6	345.5	98.3	59.5	53.0	80.1	360.7	503.1	639.1	223.6	264.4	209.3	300.3	158.6	343.2	189.4	190.6
Douglas Emmett Inc.	DEI	326.2	183.8	151.1	170.5	202.1	204.0	450.7	262.1	254.4	326.1	355.5	364.5	243.9	168.3	187.9	266.7	243.2
Empire State Realty Trust	ESRT	170.2	63.2	24.9	130.8	321.8	111.4	82.9	139.6	257.7	215.6	160.0	94.5	75.2	168.3	156.9	78.3	96.3
Highwoods Properties Inc.	HIW	397.7	174.7	91.0	189.8	160.2	247.3	323.0	245.2	283.6	390.6	242.6	518.4	337.5	219.5	221.9	152.1	266.7
Hudson Pacific Properties Inc.	HPP	315.5	139.8	25.0	105.1	70.5	138.9	173.8	130.5	287.0	243.4	241.8	164.9	293.7	148.7	211.9	102.1	110.2
Kilroy Realty Corp	KRC	168.8	131.7	53.2	8.3	14.3	65.4	131.9	382.3	187.7	107.1	204.3	15.8	243.9	169.9	162.4	39.2	309.0
Paramount Group Inc.	PGRE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SL Green Realty Corp - Manhattan	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SL Green Realty Corp - Suburban	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vornado Realty Trust - NY office	VNO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average	Average	424.7	258.6	162.6	197.8	227.9	219.4	385.1	393.1	530.5	396.1	388.8	297.6	365.6	257.4	260.0	248.9	302.8

Source: Company filings and BofA Global Research

Note: BXP: represents 1st generation leases & 2nd generation leases with new tenants; CUZ: represents Net leased square feet - New & Expansion; ESRT: represents Manhattan Office - New leases (break-up not available for Total Portfolio); Break-up of new and renewal SF not available for PGRE, SLG and VNO

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Exhibit 4: Office REIT Renewal SF leased (in thousands)

Renewal leasing volume decreased -26.3% Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc.	BXP	455.1	428.9	787.8	574.9	571.2	493.0	540.5	311.3	653.9	369.4	1,044.4	1,085.2	243.7	343.4	335.0	552.4	336.7
COPT Defense Properties	CDP	339.0	488.0	613.0	841.0	232.0	154.0	661.0	553.0	701.0	448.0	228.0	506.0	519.0	194.0	803.0	370.0	301.0
Cousins Properties Inc.	CUZ	322.0	130.3	204.5	195.4	334.6	191.0	123.6	94.4	104.2	100.3	323.7	222.1	332.1	99.2	92.3	358.5	262.1
Douglas Emmett Inc.	DEI	464.7	517.7	500.4	564.2	410.4	546.9	845.9	556.7	603.6	571.4	674.6	654.5	528.3	456.7	769.0	667.0	467.1
Empire State Realty Trust	ESRT	54.3	30.7	27.1	6.0	36.6	31.6	69.5	72.7	35.8	40.6	99.7	84.9	17.7	14.9	151.4	157.1	38.7
Highwoods Properties Inc.	HIW	805.2	718.1	730.3	469.9	305.8	305.3	575.5	427.1	600.3	267.3	440.0	516.9	586.5	302.3	695.7	503.0	431.5
Hudson Pacific Properties Inc.	HPP	119.1	89.2	82.4	79.5	208.9	385.4	336.4	187.9	161.1	260.2	471.9	216.5	223.5	195.4	191.4	417.1	321.8
Kilroy Realty Corp	KRC	75.5	90.1	233.3	114.8	46.6	140.7	65.6	77.2	124.6	76.1	18.8	110.7	84.5	116.6	122.3	148.6	180.9
Paramount Group Inc.	PGRE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SL Green Realty Corp - Manhattan	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SL Green Realty Corp - Suburban	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vornado Realty Trust - NY office	VNO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average	Average	329.4	311.6	397.4	355.7	268.3	281.0	402.3	285.0	373.1	266.7	412.6	424.6	316.9	215.3	395.0	396.7	292.5

Source: Company filings and BofA Global Research

Note: BXP: represents 2nd generation lease renewals; CUZ: represents Net leased square feet - Renewals; ESRT: represents Manhattan Office - Renewal leases (break-up not available for Total Portfolio); Break-up of new and renewal SF not available for PGRE, SLG and VNO

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Lease expirations

Exhibit 5: Office Lease Expirations

Sector lease expirations average 9.4% in 2024 & 11.2% in 2025

	BXP	CDP	CUZ	DEI	ESRT	HIW	HPP	KRC	PGRE	SLG	VNO	Average
2024	4.9%	13.5%	4.3%	21.9%	5.6%	9.7%	15.0%	6.4%	9.9%	4.9%	7.6%	9.4%
2025	6.3%	23.3%	8.0%	17.1%	7.5%	13.9%	17.2%	4.2%	14.0%	6.3%	5.6%	11.2%
2026	6.1%	9.6%	7.1%	14.4%	7.0%	10.1%	7.4%	11.2%	12.8%	8.1%	9.5%	9.4%
2027	5.6%	7.8%	9.2%	14.8%	8.8%	9.6%	10.7%	5.4%	3.2%	6.2%	8.2%	8.1%
2028	7.7%	9.6%	10.1%	9.9%	9.8%	10.4%	13.7%	8.5%	3.2%	6.1%	8.5%	8.9%
2029	8.6%	n.a.	10.8%	5.9%	13.7%	6.4%	5.8%	7.8%	6.4%	5.9%	8.6%	8.0%
2030	7.3%	n.a.	7.9%	5.2%	9.3%	7.6%	14.0%	11.3%	7.4%	6.5%	5.3%	8.2%
Thereafter	53.6%	36.2%	42.7%	10.8%	38.3%	32.3%	16.1%	45.2%	43.1%	56.0%	46.7%	38.3%

Source: Company filings; BofA Global Research; Note: Data as of 4Q23

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Exhibit 6: Office REIT COVID-19 Impairments from 4Q19-2Q21

BXP, DEI, ESRT, HPP, KRC, PGRE, VNO recorded the most impairments as a % of 3Q19 revenue

Office	Straight-line / accrued rent receivable impairments as a % of 3Q19 Revenue							Tenant receivable impairments as a % of 3Q19 Revenue							Total impairments as a % of 3Q19 Revenue						
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
BXP	0.0%	0.2%	3.6%	0.8%	5.4%	0.1%	0.1%	0.0%	0.1%	2.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.3%	5.5%	1.3%	5.4%	0.1%	0.1%
CUZ	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%
DEI	0.0%	0.0%	5.2%	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	6.9%	0.0%	0.0%	0.0%
ESRT	0.0%	0.0%	3.7%	0.7%	0.3%	0.3%	0.0%	0.0%	0.0%	1.0%	2.3%	0.8%	0.3%	0.0%	0.0%	0.0%	4.7%	3.0%	1.1%	0.6%	0.0%
HIW	0.0%	0.0%	0.3%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.8%	0.5%	0.0%	0.0%
HPP	0.0%	0.0%	0.9%	1.7%	0.9%	0.0%	0.0%	0.0%	0.0%	1.7%	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	2.6%	3.5%	2.6%	0.0%	0.0%
KRC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	3.2%	1.3%	1.9%	0.6%	0.0%	0.0%	3.6%	3.2%	1.3%	1.9%	0.6%	0.0%
PGRE	0.0%	0.0%	3.5%	6.1%	2.8%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	6.1%	2.8%	0.0%	0.0%
SLG	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%
VNO	0.0%	0.0%	7.8%	3.0%	0.0%	0.0%	4.1%	0.0%	0.0%	1.9%	2.7%	3.3%	3.2%	0.0%	0.0%	0.0%	9.7%	5.6%	3.3%	3.2%	4.1%

Source: Company filings, BofA Global Research

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Key portfolio metrics

Exhibit 7: Office REIT total portfolio occupancy trends

Sector occupancy decreased -40bp Q/Q to 86.0%

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc. - Office	BXP	93.0%	92.9%	92.0%	91.1%	90.1%	88.7%	88.6%	88.4%	88.8%	89.1%	89.5%	88.9%	88.6%	88.6%	88.3%	88.8%	88.4%
COPT Defense Properties	CDP	92.9%	93.7%	93.4%	93.8%	94.1%	93.8%	93.5%	93.3%	92.4%	92.0%	91.6%	92.7%	92.7%	92.8%	93.4%	94.1%	94.2%
Cousins Properties Inc.- Office	CUZ	90.1%	89.9%	90.3%	90.5%	90.3%	89.3%	89.4%	89.8%	89.0%	87.4%	87.5%	87.3%	87.1%	87.2%	87.7%	88.0%	87.6%
Douglas Emmett Inc.- Office	DEI	91.5%	90.9%	89.3%	88.5%	87.4%	86.4%	84.9%	85.1%	85.0%	84.6%	83.8%	83.9%	83.7%	83.5%	82.9%	81.8%	80.9%
Empire State Realty Trust	ESRT	88.6%	88.7%	85.6%	85.9%	85.9%	85.0%	85.2%	83.5%	82.4%	83.0%	84.3%	84.2%	85.2%	86.7%	86.8%	87.0%	86.3%
Highwoods Properties Inc. - Office	HIW	91.9%	90.9%	91.1%	90.2%	90.3%	89.6%	89.5%	90.4%	91.2%	91.1%	90.6%	90.7%	91.0%	89.4%	88.9%	88.6%	88.8%
Hudson Pacific Properties Inc.- Office	HPP	95.4%	94.6%	93.8%	92.7%	92.7%	90.9%	90.3%	90.1%	92.8%	91.7%	91.3%	88.2%	88.6%	86.9%	85.2%	81.3%	80.8%
Kilroy Realty Corp - Office	KRC	94.6%	93.5%	92.3%	92.2%	91.2%	91.5%	91.8%	91.5%	91.9%	91.3%	91.4%	90.8%	91.6%	89.6%	86.6%	86.2%	85.0%
Paramount Group Inc.	PGRE	94.3%	93.9%	94.6%	95.1%	95.0%	88.3%	86.6%	87.1%	87.8%	85.9%	89.4%	89.8%	90.4%	87.3%	86.9%	85.4%	85.7%
SL Green Realty Corp - Manhattan	SLG	94.5%	93.7%	93.7%	93.1%	92.4%	93.4%	93.0%	92.5%	92.1%	91.5%	91.2%	91.4%	90.7%	88.3%	88.3%	88.5%	87.9%
SL Green Realty Corp - Suburban	SLG	85.7%	85.5%	86.3%	85.0%	83.3%	81.6%	82.4%	80.5%	78.9%	78.6%	78.3%	80.1%	79.3%	78.3%	78.4%	77.4%	77.1%
Vornado Realty Trust - NY office	VNO	96.7%	96.7%	95.2%	94.3%	92.1%	91.6%	90.0%	90.4%	91.3%	91.2%	90.8%	90.3%	90.4%	89.9%	90.1%	89.9%	89.4%
Average	Average	92.4%	92.1%	91.5%	91.0%	90.4%	89.2%	88.8%	88.6%	88.6%	88.1%	88.3%	88.2%	88.3%	87.4%	87.0%	86.4%	86.0%

Source: Company filings and BofA Global Research

Note: BXP: Occupancy - Total in-service office properties; CDP: Total Portfolio - % Occupied; CUZ: Total Office - Weighted Average Occupancy (from 4Q12 onwards); prior to that - Total office operating properties - Co's share of % leased; DEI: Office Portfolio - Total - Occupancy rate; ESRT: % occupied; HIW: Total In-Service Occupancy (Office only); HPP: Total Stabilized Office Portfolio - % occupied; KRC: Total Stabilized Office Portfolio - Occupancy; PGRE: % leased; SLG: Operating Properties - Occupancy (%); VNO: Occupancy rate.

BofA GLOBAL RESEARCH

Exhibit 8: Office REIT cash leasing spreads

Cash leasing spreads decreased -290bp Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc. - Office	BXP	28.6%	62.1%	0.2%	13.7%	6.9%	9.5%	14.1%	-9.4%	-0.5%	-2.4%	9.6%	1.4%	4.3%	0.6%	6.3%	-3.3%	0.1%
COPT Defense Properties	CDP	-8.4%	-1.0%	-3.2%	-2.0%	-2.6%	-2.2%	0.1%	-0.6%	-5.8%	-5.7%	-0.8%	-1.1%	0.1%	0.1%	1.3%	1.7%	3.1%
Cousins Properties Inc.- Office	CUZ	12.6%	14.3%	20.6%	8.9%	8.9%	10.5%	12.9%	23.1%	6.0%	15.4%	11.6%	4.8%	7.3%	6.1%	7.9%	9.8%	0.8%
Douglas Emmett Inc.- Office	DEI	8.6%	9.3%	6.7%	-0.7%	-5.8%	-9.1%	-6.6%	-6.1%	-9.7%	-3.7%	-7.4%	-8.0%	-9.9%	-6.7%	-6.6%	-9.7%	-6.1%
Empire State Realty Trust	ESRT	20.2%	3.4%	-0.6%	-5.1%	-11.6%	6.6%	-9.5%	-2.0%	1.9%	2.6%	3.4%	0.3%	-2.2%	3.8%	10.1%	10.3%	-2.6%
Highwoods Properties Inc. - Office	HIW	6.1%	6.0%	5.5%	5.0%	0.0%	0.5%	-0.6%	4.3%	3.2%	0.1%	0.5%	0.3%	-1.9%	2.0%	0.5%	-1.2%	-4.1%
Hudson Pacific Properties Inc.- Office	HPP	23.9%	20.3%	7.5%	28.5%	4.7%	2.4%	12.1%	5.1%	11.2%	5.8%	5.5%	3.4%	-0.5%	-4.9%	-8.1%	8.7%	-9.8%
Kilroy Realty Corp - Office	KRC	19.6%	21.0%	15.4%	14.7%	28.7%	33.7%	24.0%	32.5%	16.5%	5.9%	15.4%	7.5%	18.6%	5.4%	3.4%	-6.2%	2.1%
Paramount Group Inc.	PGRE	1.1%	31.3%	24.2%	3.6%	-1.3%	-8.6%	-1.4%	0.4%	10.0%	0.0%	-5.3%	-10.5%	-0.7%	-1.9%	-3.1%	-0.4%	-7.5%
SL Green Realty Corp - Manhattan	SLG	35.2%	-7.1%	2.2%	0.4%	-2.3%	-6.1%	-1.9%	-3.3%	-10.4%	-9.6%	3.7%	1.1%	-9.2%	5.9%	1.1%	-3.6%	4.9%
SL Green Realty Corp - Suburban	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vornado Realty Trust - NY office	VNO	-5.2%	0.8%	14.1%	7.7%	0.5%	0.1%	-4.4%	1.4%	29.1%	7.2%	1.7%	1.8%	9.8%	1.7%	5.7%	-2.5%	-9.4%
Average	Average	12.9%	14.6%	8.4%	6.8%	2.4%	3.4%	3.5%	4.1%	4.7%	1.4%	3.4%	0.1%	1.4%	1.1%	1.7%	0.3%	-2.6%

Source: Company filings and BofA Global Research

Note: BXP: represents increase (decrease) in 2nd generation gross rents

BofA GLOBAL RESEARCH



Exhibit 9: Office REIT GAAP leasing spreads

GAAP leasing spreads decreased -90bp Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc. - Office	BXP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
COPT Defense Properties	CDP	0.8%	11.0%	6.6%	4.4%	4.1%	4.9%	10.0%	1.0%	2.9%	-1.9%	7.8%	5.0%	3.6%	4.2%	7.4%	9.3%	20.5%
Cousins Properties Inc.- Office	CUZ	25.5%	26.9%	31.8%	24.7%	24.7%	21.5%	21.7%	31.6%	17.1%	27.4%	27.2%	20.4%	18.6%	20.1%	19.6%	28.7%	10.4%
Douglas Emmett Inc.- Office	DEI	28.6%	22.6%	19.7%	14.7%	9.6%	-0.3%	9.5%	3.9%	3.5%	9.4%	3.5%	7.2%	1.8%	6.0%	4.1%	3.6%	4.3%
Empire State Realty Trust	ESRT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Highwoods Properties Inc. - Office	HIW	19.8%	13.6%	13.6%	12.5%	8.4%	8.1%	8.9%	19.3%	11.6%	14.9%	12.6%	13.4%	9.0%	15.9%	14.7%	10.2%	7.4%
Hudson Pacific Properties Inc.- Office	HPP	41.4%	30.6%	19.3%	40.8%	4.9%	12.2%	18.7%	8.3%	16.2%	12.0%	16.2%	8.7%	15.5%	-2.8%	-3.8%	9.4%	-2.1%
Kilroy Realty Corp - Office	KRC	35.6%	31.1%	37.2%	33.1%	57.3%	56.8%	45.2%	53.7%	27.5%	25.4%	25.1%	23.3%	41.2%	19.1%	18.5%	6.9%	18.8%
Paramount Group Inc.	PGRE	10.1%	38.2%	19.2%	9.5%	2.3%	-15.9%	-5.2%	5.8%	18.7%	-0.5%	0.5%	2.7%	2.3%	0.9%	3.9%	0.5%	-2.5%
SL Green Realty Corp	SLG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vornado Realty Trust - NY office	VNO	-3.5%	-3.3%	12.1%	26.2%	4.7%	3.8%	-6.1%	4.2%	38.9%	6.5%	5.1%	7.2%	17.2%	8.5%	9.9%	-0.3%	3.9%
Average	Average	19.8%	21.3%	19.9%	20.7%	14.5%	11.4%	12.8%	16.0%	17.1%	11.7%	12.3%	11.0%	13.7%	9.0%	9.3%	8.5%	7.6%

Source: Company filings and BofA Global Research

Note: BXP, ESRT and SLG do not provide GAAP leasing spreads

BofA GLOBAL RESEARCH

Exhibit 10: Office REIT cash same store NOI growth

Cash same store NOI decreased Q/Q in 4Q23

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc. - Office	BXP	-1.4%	4.5%	-9.9%	-11.3%	-6.3%	-2.9%	10.3%	10.4%	10.3%	4.6%	7.8%	4.7%	1.1%	1.4%	-0.4%	0.7%	-1.1%
COPT Defense Properties	CDP	6.2%	5.0%	1.7%	-0.2%	0.0%	-2.7%	2.4%	4.8%	0.5%	1.2%	-2.4%	-1.4%	-0.5%	8.3%	5.8%	4.5%	4.5%
Cousins Properties Inc.- Office	CUZ	6.0%	11.4%	-1.6%	-3.0%	-3.3%	-2.7%	7.1%	3.6%	2.1%	0.1%	-0.2%	1.5%	2.5%	4.9%	3.7%	4.6%	3.5%
Douglas Emmett Inc.- Office	DEI	8.4%	8.7%	-9.4%	-15.9%	-20.6%	-17.8%	0.2%	13.3%	19.1%	10.7%	4.3%	-0.4%	0.5%	-2.7%	-1.6%	0.2%	-1.2%
Empire State Realty Trust	ESRT*	-8.2%	1.8%	-16.4%	-26.0%	-21.1%	-12.5%	5.7%	20.1%	0.2%	13.5%	32.8%	1.8%	13.2%	-2.4%	-12.1%	10.4%	11.8%
Highwoods Properties Inc. - Office	HIW	1.1%	4.0%	2.4%	2.2%	1.6%	4.8%	5.3%	5.2%	3.2%	3.1%	1.1%	-1.1%	0.0%	0.8%	-1.1%	2.0%	0.2%
Hudson Pacific Properties Inc.- Office	HPP	10.0%	7.9%	-3.7%	-2.2%	4.2%	2.6%	4.9%	10.8%	2.8%	2.7%	7.3%	-1.8%	1.9%	6.1%	5.1%	3.5%	-6.4%
Kilroy Realty Corp - Office	KRC	4.5%	14.9%	10.9%	3.8%	3.9%	-2.9%	4.9%	16.6%	9.8%	12.8%	10.3%	6.4%	-0.7%	16.3%	2.7%	0.2%	-1.2%
Paramount Group Inc.	PGRE	5.9%	4.3%	-4.1%	-1.8%	2.2%	-2.6%	3.0%	6.0%	3.3%	3.9%	5.6%	0.4%	-2.6%	0.1%	-4.7%	-7.1%	-8.0%
SL Green Realty Corp	SLG	2.0%	0.7%	2.1%	-3.2%	-5.4%	-1.4%	-3.7%	3.6%	2.9%	9.3%	6.7%	-0.5%	3.3%	5.3%	3.6%	10.4%	3.9%
Vornado Realty Trust	VNO	6.6%	-1.5%	-10.8%	-10.6%	-10.2%	-7.4%	0.5%	2.8%	10.1%	5.8%	8.4%	13.8%	7.9%	1.5%	6.2%	-4.7%	-1.0%
Average	Average	3.7%	5.6%	-3.5%	-6.2%	-5.0%	-4.1%	3.7%	8.8%	5.8%	6.2%	7.4%	2.1%	2.4%	3.6%	0.7%	2.2%	0.5%

Source: Company filings and BofA Global Research

ESRT represents total portfolio cash NOI growth till 2Q19 and thereafter total portfolio cash SS NOI growth (including observatory NOI and lease termination fees). SLG cash SS NOI includes lease termination income prior to 3Q17.

SS NOI below are on a GAAP basis: CDP prior to 4Q99, KRC prior to 2Q02, VNO prior to 3Q09

2Q20 onwards: ESRT, SLG and VNO include deferred rental revenue per FASB and SEC recommended accounting treatment.

BofA GLOBAL RESEARCH

Exhibit 11: Office REIT GAAP same store NOI growth

GAAP same store NOI decreased Q/Q in 4Q23

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc. - Office	BXP	4.6%	4.9%	-11.3%	-6.7%	-12.6%	-4.9%	12.2%	7.2%	13.4%	3.9%	3.5%	1.6%	-0.6%	-0.2%	-0.1%	-0.2%	-1.6%
COPT Defense Properties	CDP	3.7%	2.7%	-0.2%	-1.6%	0.4%	-1.2%	2.8%	3.6%	-2.6%	-2.2%	-2.8%	-2.4%	1.1%	3.7%	3.2%	3.2%	2.5%
Cousins Properties Inc.- Office	CUZ	1.4%	3.2%	-2.4%	-0.4%	-2.3%	-4.1%	1.4%	-1.4%	-1.1%	-2.0%	-2.2%	1.8%	2.3%	5.3%	6.3%	4.1%	4.2%
Douglas Emmett Inc.- Office	DEI	2.9%	2.4%	-22.8%	-18.9%	-21.5%	-16.9%	12.1%	12.0%	16.9%	8.8%	4.1%	-0.4%	0.3%	-3.2%	-1.9%	0.7%	-1.7%
Empire State Realty Trust	ESRT*	-7.4%	3.2%	-22.4%	-30.4%	-27.0%	-13.9%	13.7%	29.0%	10.5%	13.3%	41.0%	5.1%	12.5%	-7.3%	-10.1%	6.9%	6.7%
Highwoods Properties Inc. - Office	HIW	2.8%	11.9%	3.1%	0.9%	-1.2%	-0.7%	-0.2%	1.6%	1.8%	2.9%	-0.4%	0.5%	0.3%	0.2%	-1.6%	-0.8%	-2.4%
Hudson Pacific Properties Inc.- Office	HPP	6.8%	1.7%	-5.2%	-9.2%	-8.9%	-3.7%	-2.1%	5.1%	4.6%	0.5%	2.5%	-7.0%	-6.2%	0.4%	-3.1%	-4.4%	-12.1%
Kilroy Realty Corp - Office	KRC	4.8%	-0.2%	-1.3%	-1.9%	-2.3%	-1.4%	5.5%	3.2%	10.5%	9.1%	3.5%	2.2%	-2.1%	3.6%	-2.3%	-5.0%	-10.6%
Paramount Group Inc.	PGRE	1.7%	1.5%	0.9%	1.1%	-0.9%	-7.5%	-11.0%	-9.8%	-7.5%	-2.7%	9.0%	6.3%	3.8%	7.1%	-5.0%	-10.3%	-7.2%
SL Green Realty Corp	SLG	-3.1%	-1.1%	3.7%	-5.9%	-3.6%	-0.6%	-5.2%	2.3%	-1.5%	5.9%	2.4%	-6.7%	-0.9%	-0.3%	-2.7%	6.2%	1.5%
Vornado Realty Trust	VNO	7.1%	-2.5%	-24.5%	-16.4%	-11.3%	-8.4%	13.6%	4.1%	5.9%	3.1%	7.1%	11.7%	6.3%	0.0%	6.7%	-3.0%	-1.6%
Average	Average	2.3%	2.5%	-7.5%	-8.1%	-8.3%	-5.8%	3.9%	5.2%	4.6%	3.7%	6.2%	1.2%	1.5%	0.8%	-1.0%	-0.2%	-2.0%

Source: Company filings and BofA Global Research

ESRT represents total portfolio NOI growth till 2Q19 and thereafter SS NOI growth (including observatory NOI and lease termination fees)

BofA GLOBAL RESEARCH

Exhibit 12: Office REIT Capex as a % of NOI

Average capex as a % of NOI increased Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc.	BXP	23.2%	14.5%	24.0%	20.7%	21.7%	23.5%	22.6%	9.1%	23.6%	11.6%	21.5%	37.0%	15.5%	12.5%	13.1%	18.8%	13.4%
COPT Defense Properties	CDP	24.3%	21.5%	19.5%	15.6%	15.8%	13.7%	14.4%	14.8%	37.0%	20.0%	19.6%	19.2%	46.4%	30.4%	24.1%	22.2%	21.9%
Cousins Properties Inc.	CUZ	18.1%	18.5%	21.8%	14.7%	25.3%	9.8%	18.9%	20.2%	19.5%	19.0%	21.1%	20.8%	21.1%	10.5%	20.6%	15.1%	23.9%
Douglas Emmett Inc.	DEI	15.2%	10.6%	14.8%	14.1%	19.4%	11.7%	16.0%	10.7%	11.8%	10.4%	13.0%	13.0%	19.7%	16.7%	17.6%	17.6%	16.6%
Empire State Realty Trust	ESRT	30.0%	17.7%	21.8%	27.4%	19.5%	17.2%	31.2%	20.8%	30.8%	54.6%	29.6%	39.4%	20.6%	50.8%	34.4%	31.8%	35.4%
Highwoods Properties Inc.	HIW	31.1%	25.6%	23.2%	26.7%	27.2%	17.9%	23.4%	19.1%	28.1%	20.2%	19.8%	25.3%	31.0%	19.7%	28.2%	26.6%	31.2%
Hudson Pacific Properties Inc.	HPP	25.9%	18.3%	16.6%	16.4%	16.0%	13.3%	11.6%	11.1%	9.0%	11.5%	12.1%	19.0%	15.9%	18.1%	16.9%	16.2%	20.9%
Kilroy Realty Corp	KRC	23.9%	10.8%	14.2%	13.3%	17.8%	15.9%	12.7%	9.7%	13.8%	6.9%	9.7%	10.6%	14.3%	8.5%	9.0%	10.6%	17.0%
Paramount Group Inc.	PGRE	26.9%	24.5%	13.7%	10.8%	21.9%	8.9%	21.2%	18.8%	23.4%	15.8%	23.5%	21.2%	51.8%	15.4%	26.2%	18.8%	25.2%
SL Green Realty Corp	SLG	13.8%	12.3%	11.4%	9.4%	20.4%	4.2%	14.6%	11.2%	21.0%	14.7%	15.5%	12.0%	17.3%	10.0%	16.4%	28.2%	27.8%
Vornado Realty Trust	VNO	19.4%	24.9%	20.8%	14.3%	24.9%	19.6%	35.2%	16.5%	25.6%	16.3%	18.5%	17.9%	18.1%	27.9%	18.8%	26.1%	33.4%
Average	Average	22.9%	18.1%	18.3%	16.7%	20.9%	14.2%	20.2%	14.7%	22.2%	18.3%	18.5%	21.4%	24.7%	20.0%	20.5%	21.1%	24.3%

Source: Company filings and BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 13: Office REIT S,G&A as a % of NOI

SG&A as a % of NOI increased +270bp Q/Q

Company	Ticker	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Boston Properties Inc.	BXP	6.8%	7.5%	9.1%	6.4%	7.6%	9.8%	8.3%	7.3%	7.2%	9.0%	7.0%	6.5%	7.2%	10.9%	8.5%	6.1%	7.5%
COPT Defense Properties	CDP	8.6%	6.4%	7.9%	6.6%	8.9%	6.8%	8.0%	8.0%	7.5%	7.7%	7.2%	7.2%	8.3%	8.6%	7.7%	8.0%	8.4%
Cousins Properties Inc.	CUZ	8.9%	4.4%	7.2%	4.7%	5.9%	5.5%	6.0%	6.5%	5.9%	6.6%	5.7%	5.1%	5.2%	6.4%	5.9%	6.2%	5.6%
Douglas Emmett Inc.	DEI	5.9%	6.0%	7.1%	6.8%	7.3%	6.6%	6.3%	7.2%	7.5%	7.0%	7.1%	6.8%	6.7%	6.7%	6.7%	7.8%	8.6%
Empire State Realty Trust	ESRT	15.1%	17.9%	25.5%	20.4%	16.9%	18.1%	16.4%	15.4%	16.7%	15.8%	13.2%	16.0%	16.5%	19.5%	14.8%	15.3%	17.0%
Highwoods Properties Inc.	HIW	8.1%	8.4%	7.9%	7.4%	8.9%	7.8%	7.8%	7.7%	7.3%	9.4%	6.8%	6.8%	6.7%	8.4%	6.7%	6.3%	8.9%
Hudson Pacific Properties Inc.	HPP	13.1%	14.1%	14.2%	14.4%	19.0%	13.7%	12.8%	12.7%	11.8%	13.5%	14.4%	12.7%	11.3%	13.3%	14.2%	14.7%	18.3%
Kilroy Realty Corp	KRC	14.5%	12.0%	24.5%	11.4%	14.1%	13.0%	15.2%	13.9%	12.1%	11.8%	11.4%	12.1%	12.6%	11.5%	11.4%	12.8%	12.0%
Paramount Group Inc.	PGRE	13.9%	10.5%	16.8%	15.4%	15.8%	12.5%	15.6%	11.8%	11.2%	13.4%	14.2%	11.5%	12.3%	12.4%	16.0%	13.6%	13.6%
SL Green Realty Corp	SLG	13.2%	9.5%	14.4%	15.4%	17.8%	17.4%	17.8%	18.7%	22.8%	22.9%	18.9%	17.0%	18.6%	18.9%	18.1%	26.7%	43.1%
Vornado Realty Trust	VNO	16.8%	24.6%	20.8%	19.3%	32.7%	23.4%	16.3%	13.0%	15.7%	18.3%	13.8%	12.4%	13.5%	19.2%	15.8%	16.5%	20.7%
Average	Average	11.4%	11.0%	14.1%	11.7%	14.1%	12.2%	11.9%	11.1%	11.4%	12.3%	10.9%	10.4%	10.8%	12.3%	11.4%	12.2%	14.9%

Source: Company filings and BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 14: Office development & redevelopment pipeline analysis

Office REITs have capacity on their credit lines to fund their development pipelines

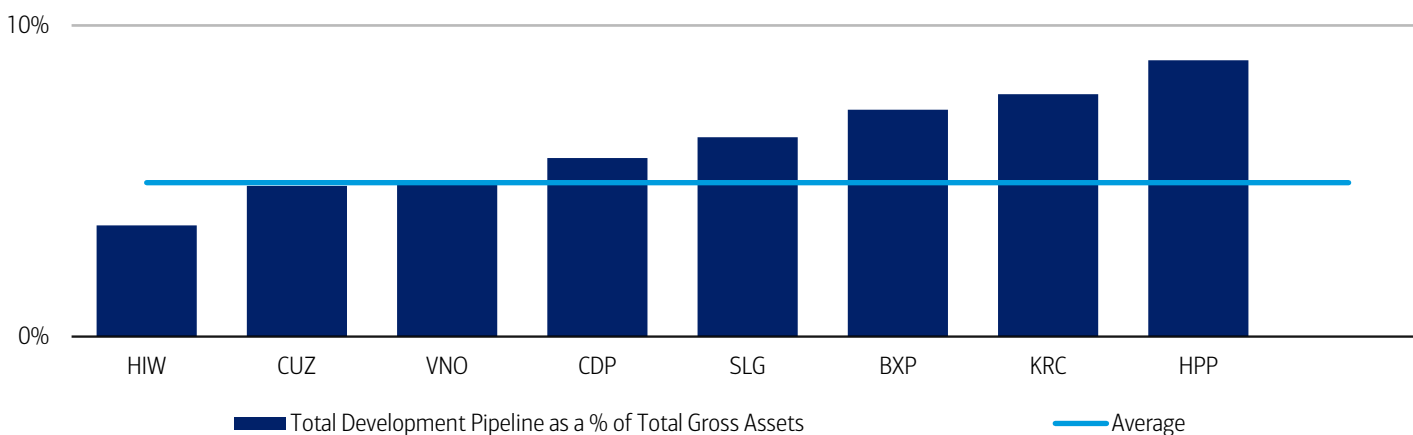
Ticker	Development Pipeline (\$M)	As % of Market Cap	Development Pipeline ('000 SF)	Total Portfolio ('000 SF)	As % of Total Portfolio SF	% leased	Left to spend (\$M)	Cash on hand (\$M)	Credit line capacity (\$M)	Need to fund (\$M)
BXP	2,399	23.3%	2,679	50,639	5.3%	53.0%	1,294	1,640	1,822	-2,168
CDP	324	11.9%	817	23,859	3.4%	91.0%	239	169	525	-454
CUZ	429	12.0%	786	19,145	4.1%	48.1%	70	8	860	-799
DEI	NA	NA	NA	17,981	NA	NA	NA	547	0	NA
ESRT	NA	NA	NA	9,359	NA	NA	NA	347	850	NA
HIW	284	11.3%	411	27,212	1.5%	33.7%	184	32	892	-739
HPP	860	91.1%	1,019	13,853	7.4%	0.3%	381	105	767	-491
KRC	1,080	25.4%	975	17,044	5.7%	0.0%	441	510	1,100	-1,169
PGRE	NA	NA	NA	9,006	NA	NA	NA	496	750	NA
SLG	741	24.6%	392	23,812	1.6%	44.2%	171	384	822	-1,035
VNO	975	20.0%	2,061	30,137	6.8%	NA	281	997	1,925	-2,641

Source: Company filings, BofA Global Research; Data as of 4Q23

BofA GLOBAL RESEARCH

Exhibit 15: Development pipelines as % of Total Gross Assets

HPP has the largest development pipeline relative to its portfolio size



Source: Company filings, BofA Global Research

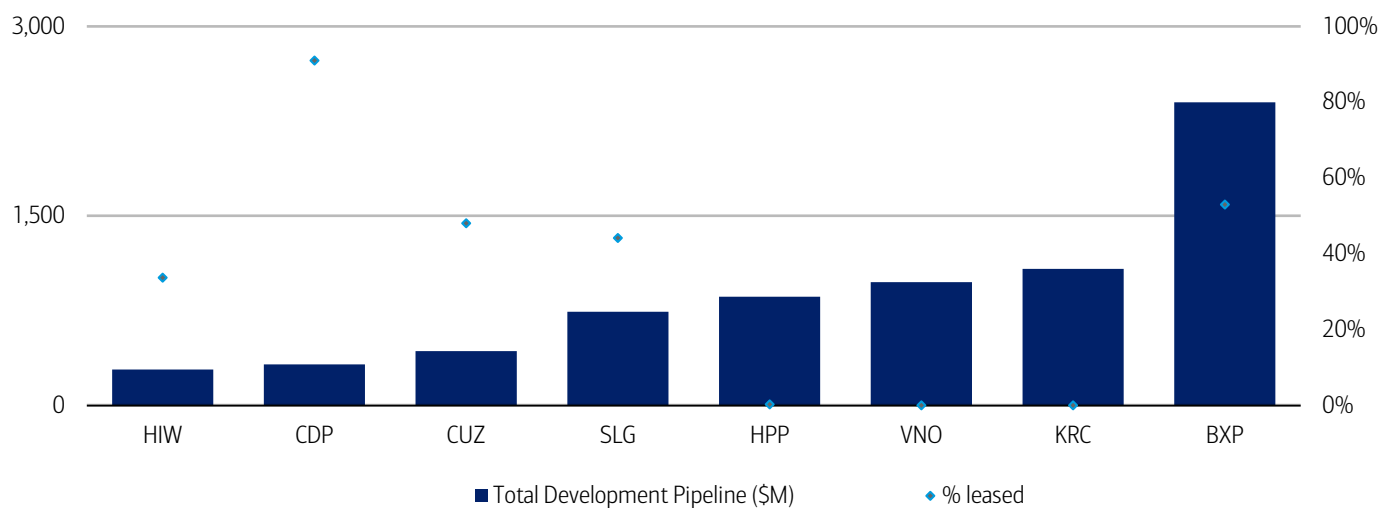
Note: VNO does not disclose prelease %'s but signed a full building lease at Farley for the office component (730K SF); DEI, ESRT and PGRE do not have any current office development projects

BofA GLOBAL RESEARCH



Exhibit 16: Office REIT development pipelines and % leased

BXP and KRC have the largest development pipelines

**Source:** Company filings, BofA Global Research

Note: VNO does not disclose prelease %'s but signed a full building lease at Farley for the office component (730K SF); DEI, ESRT and PGRE do not have any current office development projects

BofA GLOBAL RESEARCH

Company guidance

Exhibit 17: FFO/sh guidance (\$ per share)

Office REITs introduced 2024 FFO guidance

Ticker	FFO/sh (low)	FFO/sh (high)	FFO/sh (midpoint)	Prior quarter (midpoint)	Initial (midpoint)
BXP	7.00	7.20	7.10	n.a.	n.a.
CDP	2.47	2.55	2.51	n.a.	n.a.
CUZ	2.57	2.67	2.62	n.a.	n.a.
DEI	1.64	1.70	1.67	n.a.	n.a.
ESRT	0.90	0.94	0.92	n.a.	n.a.
HIW	3.46	3.64	3.55	n.a.	n.a.
HPP	1.00	1.10	1.05	n.a.	n.a.
KRC	4.10	4.25	4.18	n.a.	n.a.
PGRE	0.73	0.79	0.76	n.a.	n.a.
SLG	5.90	6.20	6.05	n.a.	5.05
VNO	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company filings

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Exhibit 18: SS NOI growth guidance

2024 SS NOI outlooks are negative for most Office REITs

Ticker	SS NOI (low)	SS NOI (high)	SS NOI (midpoint)	Prior quarter (midpoint)	Initial (midpoint)
BXP	-3.0%	-1.0%	-2.0%	n.a.	n.a.
CDP	5.0%	7.0%	6.0%	n.a.	n.a.
CUZ	n.a.	n.a.	n.a.	n.a.	n.a.
DEI	-4.0%	-2.5%	-3.3%	n.a.	n.a.
ESRT	-1.0%	2.0%	0.5%	n.a.	n.a.
HIW	0.0%	2.0%	1.0%	n.a.	n.a.
HPP	-11.5%	-12.5%	-12.0%	n.a.	n.a.
KRC	-6.0%	-4.0%	-5.0%	n.a.	n.a.
PGRE	-6.0%	-4.0%	-5.0%	n.a.	n.a.
SLG	-2.0%	-1.0%	-1.5%	n.a.	-1.5%
VNO	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company filings; BXP: Cash (excluding termination income); CDP: Cash; CUZ: Cash; DEI: Cash (Office); ESRT: Cash (exc tem fees); HIW: Cash (exc tem fees); HPP: Cash (Office); KRC: Cash; PGRE: Cash (PGRE's share); SLG: Cash

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Exhibit 19: Occupancy guidance (percent)

Office REITs introduced 2024 occupancy guidance ranges

Ticker	Occupancy (low)	Occupancy (high)	Occupancy (midpoint)	Prior quarter (midpoint)	Initial (midpoint)
BXP	87.2%	88.6%	87.9%	n.a.	n.a.
CDP	93.0%	94.0%	93.5%	n.a.	n.a.
CUZ	n.a.	n.a.	n.a.	n.a.	n.a.
DEI	78.0%	81.0%	79.5%	n.a.	n.a.
ESRT	87.0%	89.0%	88.0%	n.a.	n.a.
HIW	87.0%	89.0%	88.0%	n.a.	n.a.
HPP	n.a.	n.a.	n.a.	n.a.	n.a.
KRC	82.5%	84.0%	83.3%	n.a.	n.a.
PGRE	86.1%	88.1%	87.1%	n.a.	n.a.
SLG	n.a.	n.a.	n.a.	n.a.	n.a.
VNO	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company filings; BXP: Average In-service portfolio occupancy; CDP: Same Property Occupancy (End of period); DEI: Average Office Occupancy; ESRT: Commercial Occupancy at year-end; HIW: Year-End Occupancy; KRC: Average occupancy; PGRE: PGRE's share of Same Store Leased % at year end

BofA GLOBAL RESEARCH

Top tenant exposure

Exhibit 20: Top 10 tenants

Life science & tech are growing sectors in REIT portfolios

BXP - Tenants	% of Total	CDP - Tenants	% of Total	CUZ - Tenants	% of Total
Salesforce	3.3%	United States Government	35.9%	Amazon	8.1%
Google	2.8%	Fortune 100 Company	8.7%	NCR VOYIX	5.5%
Biogen	2.6%	General Dynamics Corporation	5.0%	Pioneer Natural Resources	3.5%
Akamai Technologies	2.1%	CACI International Inc	2.3%	Meta Platforms	2.6%
Snap	1.6%	Northrop Grumman Corporation	2.3%	Expedia	2.4%
Fannie Mae	1.5%	The Boeing Company	2.3%	Bank of America	1.7%
Kirkland & Ellis	1.5%	Peraton Corp.	2.0%	Apache	1.3%
Ropes & Gray	1.4%	Booz Allen Hamilton, Inc.	1.8%	Wells Fargo	1.2%
Wellington Management	1.2%	Fortune 100 Company	1.8%	Ovintiv USA	1.1%
Millennium Management	1.2%	Morrison & Foerster, LLP	1.5%	WeWork	1.1%
Total	19.1%	Total	63.6%	Total	28.5%

Source: Company filings; Notes: BXP is based on % of BXP's Share of Annualized Rental Obligations; CDP: % of Total Annualized Rental Revenue; CUZ: % of Company's share of Annualized Base Rent

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Exhibit 21: Top 10 tenants

DEI tenant list highlights smaller average tenant size versus peers; ESRT more exposed to retail-focused tenants than peers

DEI - Tenants	% of Total	ESRT - Tenants	% of Total	HIW - Tenants	% of Total
Warner Bros Discovery	4.0%	LinkedIn	6.2%	Bank of America	4.0%
William Morris Endeavor	2.4%	Flagstar Bank	3.4%	Asurion	3.5%
UCLA	2.0%	Centric Brands Inc.	2.2%	Federal Government	2.8%
Morgan Stanley	1.5%	PVH Corp.	2.1%	Metropolitan Life Insurance	2.6%
Equinox Fitness	1.5%	Sephora	2.0%	Bridgestone Americas	2.5%
		Target	1.7%	PPG Industries	1.4%
		Coty Inc.	1.6%	Mars Petcare	1.2%
		Macy's	1.6%	Vanderbilt University	1.2%
		Urban Outfitters	1.5%	EQT	1.0%
		Li & Fung	1.5%	Bass, Berry & Sims	1.0%
Total	11.4%	Total	23.8%	Total	21.0%

Source: Company filings; Notes: DEI is based on % of Annualized Rent; ESRT: % of Annualized Rent; HIW: % of Annualized GAAP Revenue

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Exhibit 22: Top 10 tenants

HPP portfolio has high tenant concentration in tech; KRC more exposed to tech-focused tenants

HPP - Tenants	% of Total	KRC - Tenants	% of Total	PGRE - Tenants	% of Total
Google, Inc.	10.1%	Global Technology Company	5.6%	JPMorgan Chase	4.8%
Amazon	5.5%	Cruise LLC	4.4%	Clifford Chance	4.6%
Netflix, Inc.	5.0%	Stripe, Inc.	4.1%	Allianz Global Investors	4.4%
Riot Games, Inc.	3.7%	Salesforce, Inc.	3.7%	Norton Rose Fulbright	4.3%
Nutanix, Inc.	3.1%	LinkedIn Corporation	3.7%	Morgan Stanley	3.0%
Salesforce.com	2.9%	Adobe Systems, Inc.	3.5%	Warner Music Group	2.8%
Dell EMC Corporation	2.0%	Okta, Inc.	3.0%	Showtime Networks	2.6%
Uber Technologies, Inc.	2.0%	DoorDash, Inc.	3.0%	Google	2.5%
GitHub, Inc.	1.4%	Netflix, Inc.	2.7%	Kasowitz Benson Torres	2.3%
PayPal, Inc.	1.2%	Box, Inc.	2.5%	O'Melveny & Myers	2.0%
Total	36.9%	Total	36.2%	Total	33.3%

Source: Company filings; Notes: HPP is based on % of Annualized Base Rent; KRC: % of Total Annualized Base Rental Revenue; PGRE: % of Annualized Rent (PGRE's share)

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Exhibit 23: Top 10 tenants

SLG has high tenant exposure to FIRE and professional services tenants; VNO has higher tech exposure than NYC peers

SLG - Tenants	% of Total	VNO - Tenants	% of Total
Paramount Global	5.9%	Meta Platforms, Inc.	9.3%
Credit Suisse (USA), Inc.	3.4%	IPG and affiliates	3.9%
Sony Corporation	2.4%	Citadel	3.5%
TD Bank US Holding Company	1.9%	New York University	2.7%
Bloomberg L.P.	1.9%	Google/Motorola Mobility	2.3%
Societe Generale	1.9%	Bloomberg L.P.	2.3%
Carlyle Investment Management LLC	1.8%	Amazon (including its Whole Foods subsidiary)	1.7%
The City of New York	1.6%	Neuberger Berman Group LLC	1.6%
King & Spalding	1.6%	Swatch Group USA	1.5%
Metro-North Commuter Railroad Company	1.5%	Madison Square Garden & Affiliates	1.5%
Total	23.9%	Total	30.3%

Source: Company filings; Notes: SLG is based on % of SLG Share of Annualized Cash Rent; VNO: % of Annualized Revenues at share (non-GAAP)

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Industry exposure

Exhibit 24: Top 10 Industry exposure

BCP portfolio well-balanced with tech, professional services and life science

BXP - Industry exposure	% of Total	CUZ - Industry exposure	% of Total
Technology & Media	21.0%	Technology	27.0%
Legal services	19.0%	Financial	15.5%
Financial Services - All other	17.0%	Professional Services	10.2%
Life Sciences	9.0%	Legal	8.5%
Other Professional Services	7.0%	Consumer Goods & Services	8.0%
Real Estate & Insurance	7.0%	Energy & Utilities	7.3%
Financial Services - Commercial & Investment Banking	6.0%	Real Estate	6.0%
Retail	6.0%	Health Care	5.9%
Manufacturing	4.0%	Insurance	3.5%
Government/Public Administration	2.0%	Other	3.1%
Total	98.0%	Total	95.0%

Source: Company filings; Notes: BXP is based on % of Annual Rental Revenue; CUZ: % of Total Revenues

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Exhibit 25: Top 10 Industry exposure

DEI's largest segments are legal and financial services

DEI - Industry exposure	% of Total	ESRT - Industry exposure	% of Total
Legal	18.2%	Retail	18.2%
Financial Services	15.5%	Technology, Media & Advertising	18.0%
Entertainment	14.1%	Finance, Insurance & Real Estate	16.9%
Real Estate	12.7%	Consumer Goods	15.8%
Health Services	9.2%	Professional Services	9.2%
Accounting & Consulting	8.9%	Legal services	5.2%
Retail	4.9%	Other	4.4%
Technology	4.9%	Non Profit	4.2%
Insurance	3.2%	Arts & Entertainment	3.2%
Educational Services	2.8%	Government Entity	2.1%
Total	94.4%	Total	97.2%

Source: Company filings; Notes: DEI is based on % of Annualized Rent; ESRT: % of Annualized Rent

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Exhibit 26: Top 10 Industry exposure

HIW's portfolio well-diversified

HIW - Industry exposure	% of Total	HPP - Industry exposure	% of Total
Finance/Banking	18.4%	Technology	35.1%
Legal and Accounting Services	16.3%	Other	17.3%
Insurance	11.5%	Media & Entertainment	16.6%
Healthcare and Social Assistance	8.5%	Legal	8.6%
Technology, Information, Media & Telecom	7.3%	Retail	8.6%
Mfg.	7.2%	Business Services	7.3%
Real Estate Rental and Leasing	4.8%	Financial Services	6.5%
Architectural, Engineering and Related Services	4.6%		
Government/Public Administration	3.7%		
Administrative and Support services	2.3%		
Total	84.6%	Total	100.0%

Source: Company filings; Notes: HIW is based on % of Annualized GAAP Revenue; HPP: % of Annualized Base Rent

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Exhibit 27: Top 10 Industry exposure

KRC most exposed to tech out of Office REITs under coverage; PGRE most exposed to legal

KRC - Industry exposure	% of Total	PGRE - Industry exposure	% of Total
Tech	54.0%	Legal Services	26.1%
Life Science	17.0%	Technology and Media	19.0%
FIRE	8.0%	Financial Services-Commercial & Investment Banking	16.3%
Professional & Business Services	7.0%	Financial Services, all others	16.2%
Media	7.0%	Other	8.3%
Other	3.0%	Insurance	6.1%
Wholesale & Retail	2.0%	Retail	2.8%
Education	1.0%	Travel and Leisure	2.1%
Manufacturing	1.0%	Consumer products	1.6%
		Other Professional Services	1.5%
Total	100.0%	Total	100.0%

Source: Company filings; Notes: KRC is based on % of Annualized Base Rental Revenue; PGRE: % of Annualized Rent (PGRE's share)

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Exhibit 28: Top 10 Industry exposure

SLG most exposed to financial services; VNO's tenant base widely diversified

SLG - Industry exposure	% of Total	VNO - Industry exposure	% of Total
Financial Services	41.0%	Financial Services	22.0%
TAMI	17.0%	Technology	16.0%
Legal	10.0%	Professional Services	7.0%
Professional Services	7.0%	Other	6.0%
Retail	7.0%	Advertising/Marketing	5.0%
Arts, Ent. & Recreation	5.0%	Entertainment & Electronics	4.0%
Other	4.0%	Real Estate	3.0%
Government / Non Profit	3.0%	Insurance	3.0%
Business Services	2.0%	Education	3.0%
Mfg.	2.0%	Apparel	2.0%
Total	98.0%	Total	71.0%

Source: Company filings; Notes: SLG is based on % of Annualized Cash Rent (SLG share) - Manhattan properties; VNO: % of Rental Revenue - 78% of total ABR is derived from office properties, the rest is from street retail

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Geographic exposure

Exhibit 29: Office REITs geographic exposure

Office REITs are comprised of a variety of geographic concentrations

	BXP	CDP	CUZ	DEI	ESRT	HIW	HPP	KRC	PGRE	SLG	VNO
NYC	26.3%				91.5%				70.7%	98.4%	85.8%
LA	2.7%			94.6%			16.6%	17.6%			
CBD San Francisco	15.7%						19.4%	25.5%	29.3%		6.4%
Peninsula / Silicon Valley	2.5%						51.0%	21.6%			
ATL			36.4%			15.6%					
MD		50.8%									
BOS	37.5%										
Austin			32.8%					3.4%			
Seattle	1.8%						11.4%	16.3%			
Raleigh						23.6%					
NoVA	8.5%	14.2%									
Nashville						21.8%					
Tampa			9.1%			10.8%					
Charlotte			8.0%			11.8%					
SD								15.6%			
DC	5.0%	5.5%									
Connecticut					8.5%					1.6%	
San Antonio		8.9%									
Phoenix			7.6%								
Orlando						6.4%					
Hawaii				5.4%							
Chicago											5.4%
Huntsville		5.4%									
Richmond, VA						4.4%					
Houston			2.9%								
Dallas			2.5%								
Philly											
Denver											
Kansas City											
NJ											
Colorado Springs											
NY suburbs											
Detroit											
Pittsburgh											
Memphis											
International							1.6%				
Others		15.2%				5.6%					2.4%
Total	100.0%	100.0%	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company filings, BofA Global Research as of 4Q23

Note: DEI, ESRT, HPP, PGRE, SLG are based on Annualized Rental income; BXP, CDP, CUZ, HIW, KRC and VNO are based on NOI; CDP: DC includes navy support in NoVA and MD - break-up not available; CUZ - Excludes Retail & Apartment NOI; ESRT - Excludes Retail ABR

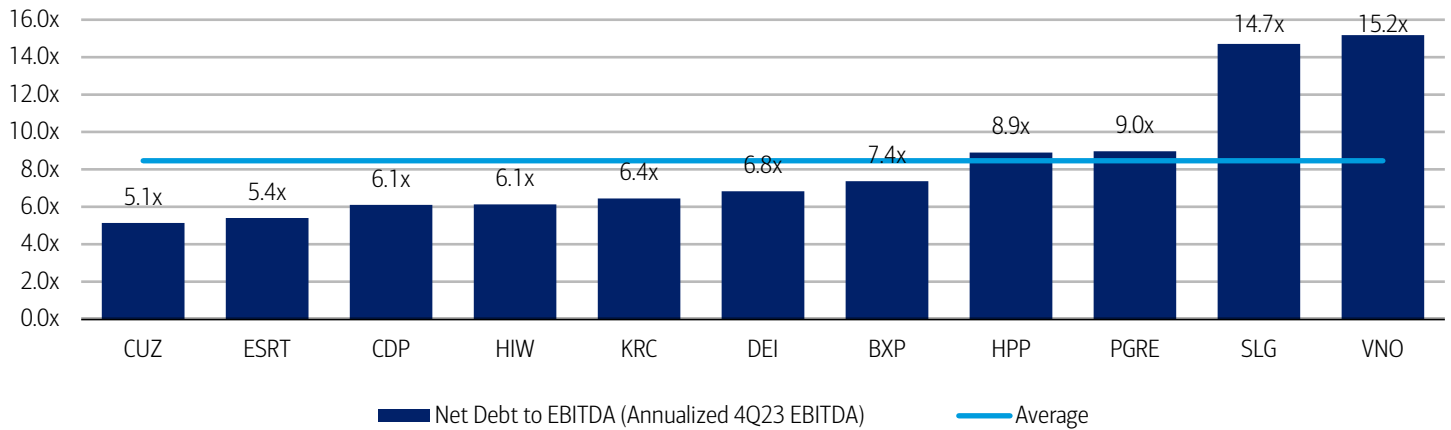
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Debt maturities

Exhibit 30: Office REIT leverage

Office REITs average 8.5x Net Debt to EBITDA

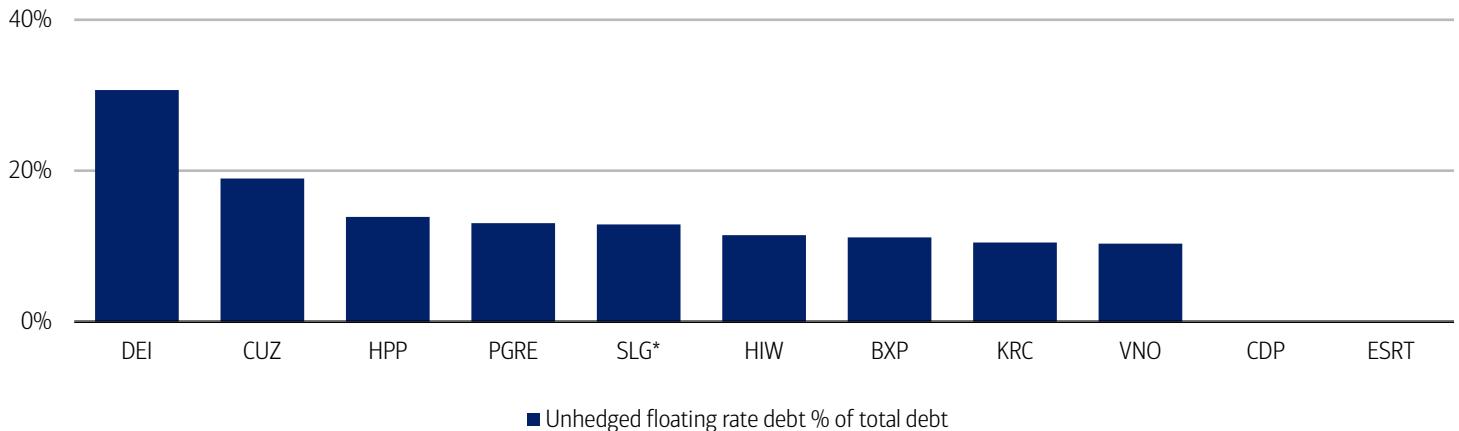


Source: Company filings as of 4Q23; BXP: BXP's Share of Net Debt to BXP's Share of EBITDA (Annualized); CDP: Net debt / in-place adjusted EBITDA ratio; CUZ: Net Debt / Annualized EBITDA; DEI: DEI's share of Net Debt / annualized consolidated EBITDA; ESRT: Net Debt to Adjusted EBITDA; HIW: Net debt-to-Adjusted EBITDA (excluding preferred shares); HPP: HPP's share of net debt / HPP's share of cash Adjusted EBITDA (annualized); KRC: Net Debt / Annualized adjusted EBITDA; PGRE: Net Debt / Annualized Adjusted EBITDA; SLG: Net Debt / EBITDA, includes SLG's share of JV debt and NOI; VNO: Net Debt / annualized EBITDA - as adjusted (non-GAAP), pro rata share of JVs

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Exhibit 31: Office REIT floating rate debt exposure

DEI and CUZ rely most on unhedged floating rate debt



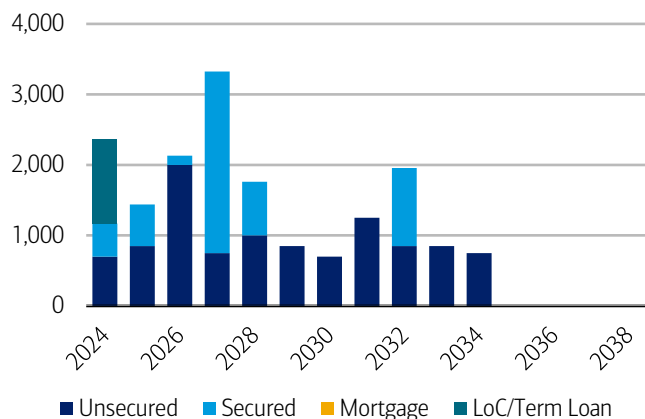
Source: Company filings as of 4Q23

Notes: *SLG: floating rate debt excludes its DP&E investments

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BXP**Exhibit 32: Principal (\$M)**

BXP has \$2.4B due in 2024

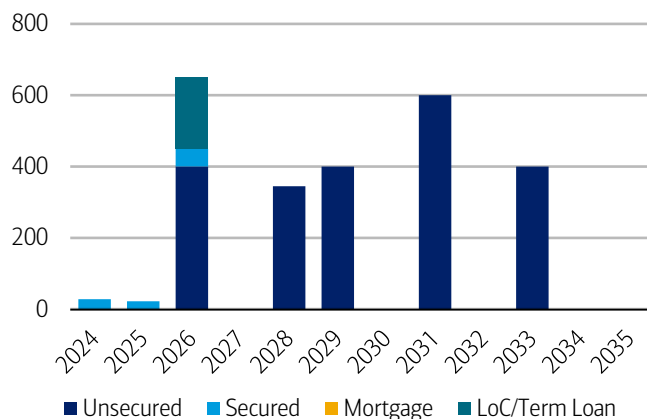


Source: Company filings as of 4Q23

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CDP**Exhibit 33: Principal (\$M)**

CDP has \$28.2M due in 2024

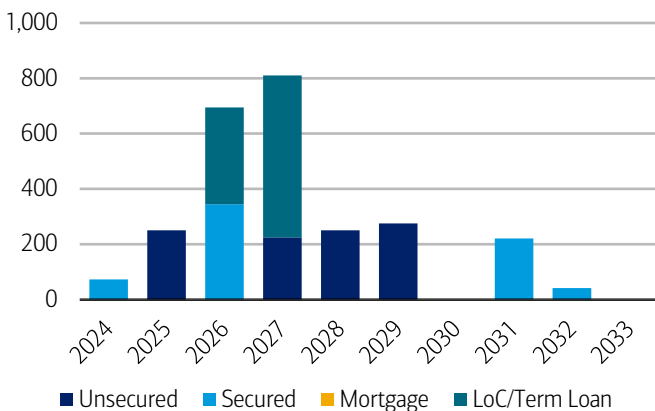


Source: Company filings as of 4Q23

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CUZ**Exhibit 34: Principal (\$M)**

CUZ has \$72.6M due in 2024

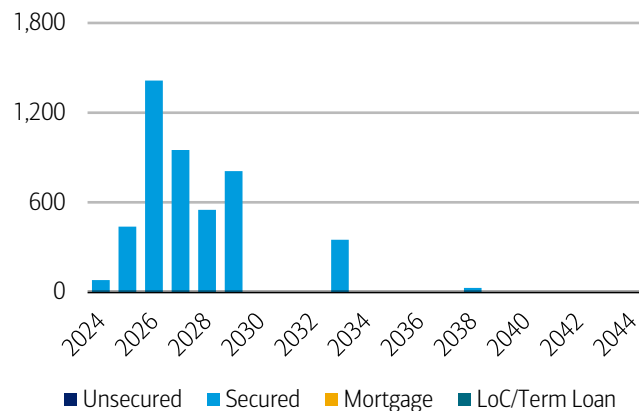


Source: Company filings as of 4Q23

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DEI**Exhibit 35: Principal (\$M)**

DEI has \$80.0M due in 2024



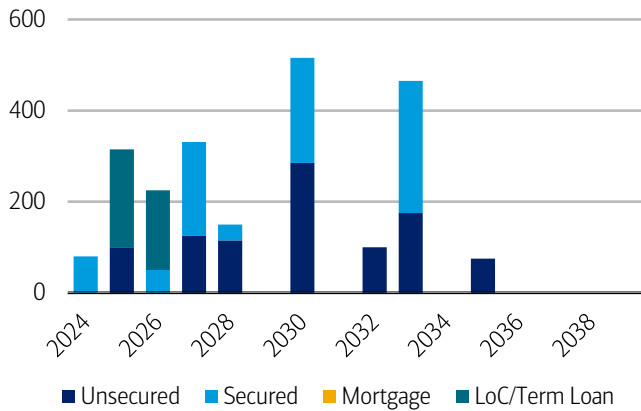
Source: Company filings as of 4Q23

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ESRT

Exhibit 36: Principal (\$M)

ESRT has \$80.1M due in 2024



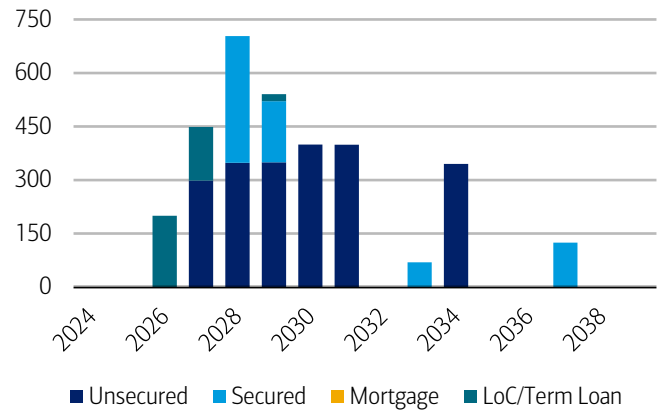
Source: Company filings as of 4Q23

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HIW

Exhibit 37: Principal (\$M)

No debt maturities until 2025



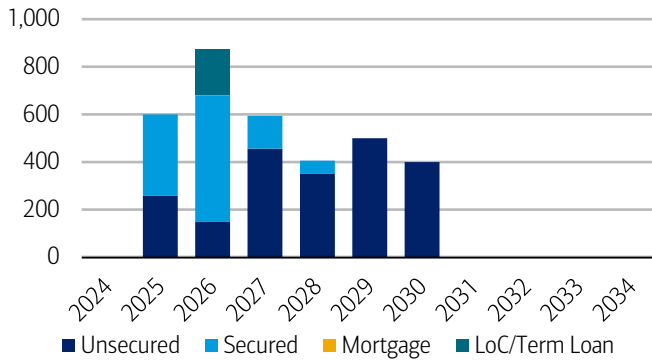
Source: Company filings as of 4Q23

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HPP

Exhibit 38: Principal (\$M)

No debt maturities until 2024



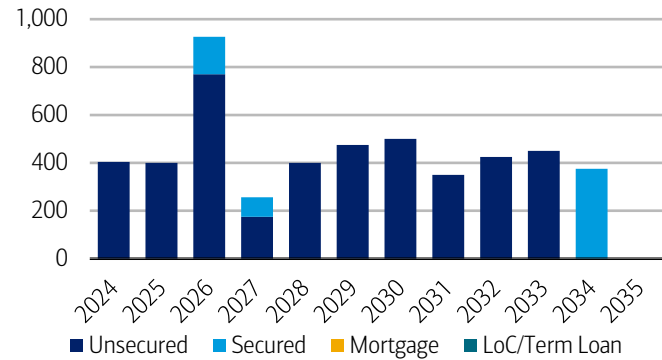
Source: Company filings as of 4Q23

BofA GLOBAL RESEARCH

KRC

Exhibit 39: Principal (\$M)

KRC has \$403.7M due in 2024



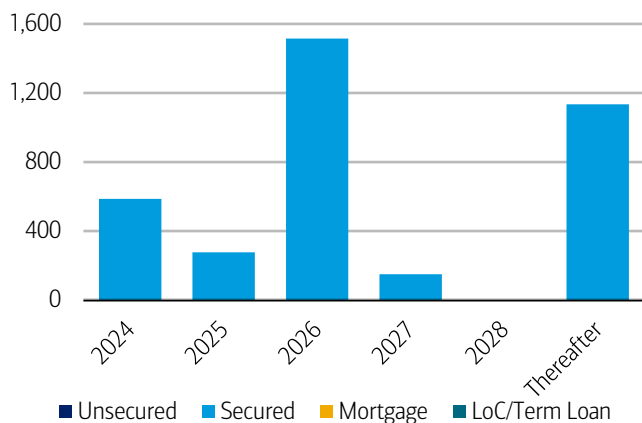
Source: Company filings as of 4Q23

BofA GLOBAL RESEARCH

PGRE

Exhibit 40: Principal (\$M)

PGRE has \$586.6M due in 2024



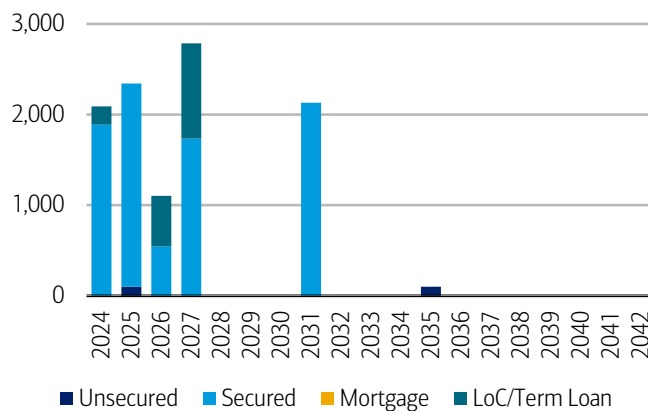
Source: Company filings as of 4Q23

BofA GLOBAL RESEARCH

SLG

Exhibit 41: Principal (\$M)

SLG has \$2.1B due in 2024



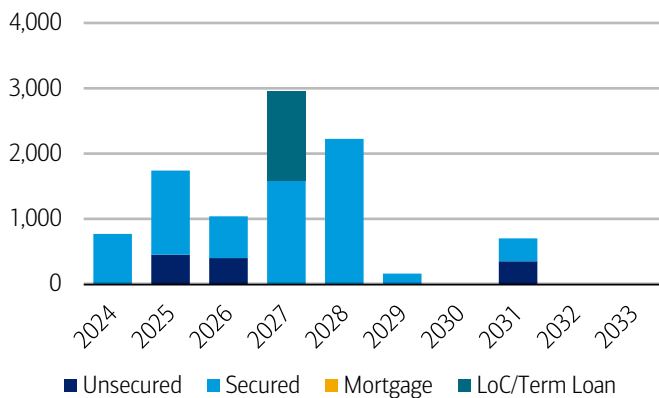
Source: Company filings as of 4Q23

BofA GLOBAL RESEARCH

VNO

Exhibit 42: Principal (\$M)

VNO has \$769.8M due in 2024



Source: Company filings as of 4Q23

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Valuation

Exhibit 43: Applied Cap Rate

BofA applied cap rates increased given elevated interest rate pressures

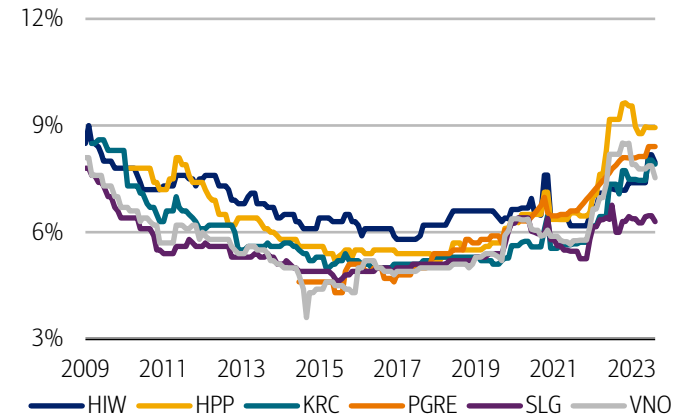


Source: BofA Global Research

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Exhibit 44: Applied Cap Rate

BofA applied cap rates increased given elevated interest rate pressures

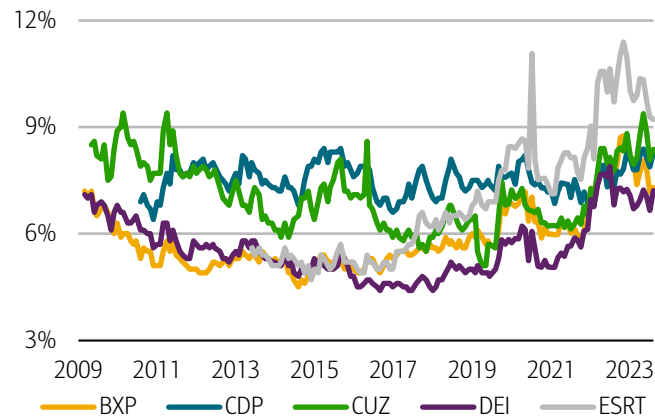


Source: BofA Global Research

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Exhibit 45: Implied Cap Rate

Elevated implied cap rates in tougher market condition & low visibility

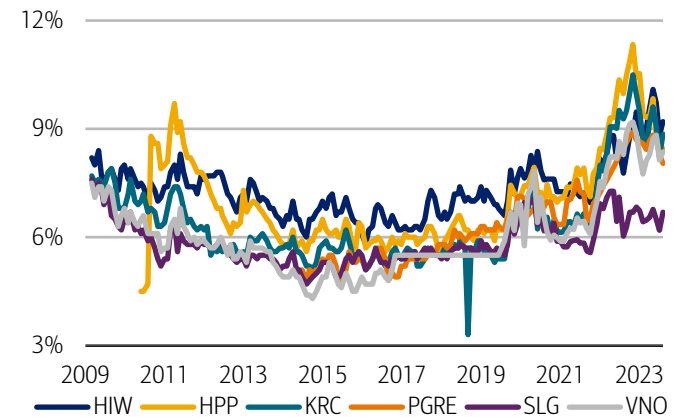


Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 46: Implied Cap Rate

Elevated implied cap rates in tougher market condition & low visibility



Source: BofA Global Research

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Stock performance

Exhibit 47: Total Return

Most of the Office REITs outperformed RMZ in 4Q23

	BXP	CDP	CUZ	DEI	ESRT	HIW	HPP	KRC	PGRE	SLG	VNO	RMZ
YTD	-6.3%	-5.6%	-2.2%	-6.7%	1.3%	5.9%	-28.1%	-9.1%	-8.9%	3.1%	-9.3%	-2.7%
4Q23	19.6%	8.7%	21.6%	15.1%	21.0%	14.4%	40.0%	27.7%	12.6%	23.8%	25.8%	14.7%
3Q23	5.0%	1.5%	-9.4%	3.0%	7.8%	-11.9%	57.6%	6.9%	5.1%	26.8%	25.0%	-8.0%
2Q23	8.2%	1.4%	8.3%	3.5%	16.0%	5.6%	-34.9%	-5.5%	-2.1%	32.0%	18.0%	1.6%
1Q23	-18.4%	-7.5%	-14.4%	-20.1%	-3.2%	-15.7%	-28.9%	-14.8%	-21.9%	-28.4%	-25.0%	1.6%
Past Year	2.5%	-0.9%	-1.7%	-3.9%	30.9%	-5.4%	-26.4%	3.7%	-11.6%	41.7%	22.2%	-0.8%
Past 3 Years	-17.5%	5.4%	-18.6%	-44.8%	4.1%	-27.3%	-67.2%	-28.3%	-40.5%	-6.3%	-21.7%	2.4%
Past 5 Years	-39.7%	14.0%	-24.4%	-57.5%	-30.3%	-31.7%	-74.6%	-41.1%	-61.4%	-30.0%	-51.7%	1.1%
Past 10 Years	-13.5%	35.3%	2.6%	-27.6%	-19.2%	5.2%	-56.2%	-11.4%	n.a	-23.6%	-44.4%	26.7%

Source: Factset, BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 48: Companies Mentioned

We prefer defensive, high-quality developers within office REITs

Ticker	Rating	Q-R-Q	PO	Price
BXP	Buy	B-1-7	\$75.00	\$64.08
CDP	Buy	B-1-7	\$30.00	\$23.66
CUZ	Buy	B-1-7	\$26.00	\$22.58
DEI	Underperform	B-3-8	\$9.00	\$13.12
ESRT	Buy	C-1-7	\$11.00	\$9.96
HIW	Neutral	B-2-7	\$23.00	\$23.34
HPP	Underperform	C-3-8	\$5.25	\$6.40
KRC	Neutral	B-2-7	\$40.00	\$35.30
PGRE	Underperform	B-3-8	\$4.00	\$4.31
SLG	Neutral	C-2-8	\$44.00	\$46.91
VNO	Neutral	C-2-8	\$28.00	\$25.35

Source: BofA Global Research, priced as of 02/26/2024

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Relative within REITs, we view each REIT sector (i.e., office, apartments, retail, etc.) as either overweight (will outperform the RMZ rate of change in a twelve month period), underweight (will underperform the RMZ rate of change in a twelve month period), or equal weight (will be in line with RMZ rate of change over a twelve month period). The MSCI US REIT Index (RMZ) is a free float market capitalization weighted index that is comprised of Equity REIT securities that belong to the MSCI US Investable Market 2500 Index. The MSCI US REIT Index includes only REIT securities that are of reasonable size in terms of full and free float-adjusted market capitalization. MSCI began calculating the index on June 26, 2005. The AMEX had previously been calculating the index with a base level of 200, as of December 30, 1994.

Exhibit 49: Key terms

key terms used through the report

Term	Meaning
AFFO	Adjusted funds from operations
AI	artificial intelligence
bp	Basis points
c	Cents
EBITDA	Earnings before interest depreciation and amortization
FFO	Funds for operations
G&A	general and administrative
JV	joint venture
K	Thousand
NAV	net asset value
NOI	Net operating income
PO	Price Objective
Q/Q	Quarter over quarter
SF	Square feet
sh	Share
SS	Same store
U/P	underperform
WC	West Coast
YA	Year Ahead
YTD	year to date
Y/Y	Year over year

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Boston Properties (BXP)

Our price objective for BXP of \$75 is -5% discount to our forward 12-month NAV estimate. We apply a 6.9% cap rate to our forward 12-month NOI estimate of \$2.03B to calculate our NAV. We apply this cap rate based on our view of private market transaction comps in BXP's markets. Risks to our price objective are development leasing, operating conditions in BXP's office markets and development yields below our expectations. Further, a prolonged period of tight credit market conditions could weigh on access to capital, borrowing costs, and direct real estate values.

COPT Defense Properties (CDP)

Our CDP price objective of \$30 is based on our forward NAV estimate. We apply a 7.5% cap rate to our forward 12-month NOI estimate of \$415M to calculate our NAV. We use this cap rate for CDP based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of CDP. Upside risks to our PO are operating and development leasing conditions ahead of our expectations, and a rapid improvement in demand from government-related tenants. Downside risks to our PO are operating conditions and government spending cuts below our expectations, and a prolonged period of tight credit market conditions.

Cousins Properties Inc. (CUZ)

Our price objective of \$26 for CUZ is a -10.0% discount to our forward NAV estimate. We apply a 7.4% cap rate to our forward nominal NOI estimate of \$545M to calculate our NAV. The cap rate is based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of CUZ. Downside risks to our PO are operating conditions below our expectations, a prolonged period of tight credit market conditions, and execution risk. Upside risks to our PO are operating and leasing conditions above our expectations.

Douglas Emmett (DEI)

Our price objective of \$9 for DEI is a -15% discount to our forward NAV estimate. For our NAV, we apply a 7.4% blended cap rate to our estimate of \$494M of forward 12-month NOI. We use a 7.4% cap rate for DEI based on our view of asset values in DEI's submarkets, comparable transaction comps, and interest rates over the next year. Upside risks to our PO are better than expected operations and asset sale prices in DEI's markets. Downside risks include operating conditions below our expectations and rising interest rates placing upward pressure on cap rates. Finally, a prolonged period of tight credit markets could weigh on DEI's access to capital, borrowing costs, and direct real estate values.

Empire State Realty Trust (ESRT)

Our price objective of \$11 for ESRT is a -10% discount to our forward NAV estimate. This discount reflects uncertainty over net effective rent growth and cap rates in Manhattan, return of tourism to NYC, and NYC office asset values. We apply a blended 8.2% cap rate to our forward NOI estimate of \$417M. We use a 8.2% cap rate based on our view of interest rates over the next year, current and expected private market/transaction comps, and the market exposure of ESRT. Downside risks to our PO are NYC office market conditions and NOI from the Empire State Building Observatory below expectations. Upside risks to our PO are better-than-expected operating conditions for the Observatory and leasing progress across the office portfolio, and an even stronger market for NYC office asset trades that pushes market cap rates lower.

Highwoods Properties (HIW)

Our \$23 price objective for HIW is a -25.0% discount to our forward NAV estimate. We apply a 8.0% cap rate to our forward NOI estimate of \$523M. We use this cap rate



based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of HIW. Upside risks to our HIW PO are better-than-expected operating conditions, asset pricing, and buyer demand for sales transactions in HIW's core markets. The downside risks to our HIW PO are operating conditions and acquisition and development yields below our expectations. A prolonged period of tight credit market conditions is another risk.

Hudson Pacific Properties, Inc. (HPP)

Our \$5.25 price objective for HPP is a -30.0% discount to our forward NAV estimate. We apply a 9.1% cap rate to our forward NOI estimate of \$463M. We use a 9.1% cap rate for HPP based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of HPP. The upside risk to our PO is better-than-expected operations and asset values across HPP's markets. The downside risks are operating conditions and asset values in HPP's markets below our expectations. Further, a prolonged period of tight credit market conditions could weigh on access to capital, borrowing costs and direct real estate values.

Kilroy Realty Corporation (KRC)

Our \$40 price objective for KRC is a -15.0% discount to our forward NAV estimate. This discount reflects uncertainty over office demand and development leasing in the current environment. We apply a 7.9% cap rate to our forward NOI estimate of \$697M. We use a 7.9% cap rate for KRC based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of KRC. Downside risks to our PO are operating conditions, development leasing and investment yields below our expectations. Further, should credit market conditions weaken, it could weigh on KRC's access to capital, borrowing costs, and direct real estate values.

Paramount Group (PGRE)

Our price objective of \$4.00 for PGRE is a -30% discount to our NAV estimate. This discount reflects above average leverage and below average earnings visibility due to large future lease expirations. We apply a blended 8.4% cap rate to our forward NOI estimate of \$331M. Downside risks to our PO are weaker than expected office conditions in New York and San Francisco and yields on investment below our expectations. Upside risks to our PO are better-than-expected comparable asset sale prices, operating conditions, and leasing progress across the office portfolio.

SL Green Realty (SLG)

Our \$44 price objective for SLG is a -20.0% discount to our forward NAV estimate. This discount reflects above average leverage, development risk and below average earnings visibility from known tenant move outs. We apply a 6.3% cap rate to our forward NOI estimate of \$738M. Our cap rate is based on our view of current private market / transaction comps, and the market exposure of SLG. Upside risks to our PO are better-than-expected operating conditions and investment yields. Downside risks to our PO are operating conditions and investment yields below our expectations. A prolonged period of tight credit market conditions could also weigh on these shares.

Vornado Realty (VNO)

Our \$28 price objective for VNO is a -20% discount to our forward NAV estimate. This discount reflects below-average earnings visibility as VNO vacates space for redevelopment in the Penn District. We apply a 7.5% blended cap rate to our forward NOI estimate of \$1.044B to calculate our NAV. We use this cap rate based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of VNO. Upside / downside risks to our PO are operating conditions, investment yields, development leasing and an economic outlook above / below our expectations. Tight credit market conditions could also weigh on VNO's shares.

Analyst Certification

We, Camille Bonnel and Jeffrey Spector, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agree Realty Corp	ADC	ADC US	Joshua Dennerlein
	Alexandria Real Estate Equities	ARE	ARE US	Joshua Dennerlein
	American Homes 4 Rent	AMH	AMH US	Jeffrey Spector
	Americold Realty Trust	COLD	COLD US	Joshua Dennerlein
	AvalonBay Communities Inc	AVB	AVB US	Joshua Dennerlein
	Boston Properties	BXP	BXP US	Jeffrey Spector
	Brixmor Property Group	BRX	BRX US	Jeffrey Spector
	COPT Defense Properties	CDP	CDP US	Camille Bonnel
	Cousins Properties Inc.	CUZ	CUZ US	Camille Bonnel
	EastGroup Properties	EGP	EGP US	Jeffrey Spector
	Empire State Realty Trust	ESRT	ESRT US	Camille Bonnel
	Equity Residential	EQR	EQR US	Jeffrey Spector
	Essential Properties	EPRT	EPRT US	Joshua Dennerlein
	Federal Realty	FRT	FRT US	Jeffrey Spector
	Invitation Homes Inc	INVH	INVH US	Joshua Dennerlein
	Kimco Realty	KIM	KIM US	Jeffrey Spector
	Kite Realty Group	KRG	KRG US	Jeffrey Spector
	Phillips Edison & Company	PECO	PECO US	Jeffrey Spector
	Prologis, Inc.	PLD	PLD US	Camille Bonnel
	Public Storage, Inc.	PSA	PSA US	Jeffrey Spector
	Regency	REG	REG US	Jeffrey Spector
	Rexford Industrial Realty	REXR	REXR US	Camille Bonnel
	Sabra Health Care	SBRA	SBRA US	Joshua Dennerlein
	Simon Property	SPG	SPG US	Jeffrey Spector
	Ventas, Inc.	VTR	VTR US	Jeffrey Spector
	Welltower	WELL	WELL US	Joshua Dennerlein
NEUTRAL				
	Acadia Realty Trust	AKR	AKR US	Jeffrey Spector
	CubeSmart	CUBE	CUBE US	Jeffrey Spector
	EPR Properties	EPR	EPR US	Joshua Dennerlein
	Equity LifeStyle Properties	ELS	ELS US	Jeffrey Spector
	Essex Property Trust, Inc.	ESS	ESS US	Joshua Dennerlein
	Extra Space Storage, Inc.	EXR	EXR US	Jeffrey Spector
	Getty Realty Corp.	GTY	GTY US	Joshua Dennerlein
	Highwoods Properties	HIW	HIW US	Camille Bonnel
	InvenTrust Properties	IVT	IVT US	Jeffrey Spector
	Kilroy Realty Corporation	KRC	KRC US	Camille Bonnel
	Macerich	MAC	MAC US	Jeffrey Spector
	OMEGA Healthcare	OHI	OHI US	Joshua Dennerlein
	Realty Income	O	O US	Jeffrey Spector
	Retail Opportunity Investments Corp.	ROIC	ROIC US	Jeffrey Spector
	SL Green Realty	SLG	SLG US	Camille Bonnel
	Sun Communities	SUI	SUI US	Joshua Dennerlein
	UDR, Inc.	UDR	UDR US	Joshua Dennerlein
	Veris Residential Inc	VRE	VRE US	Joshua Dennerlein
	Vornado Realty	VNO	VNO US	Camille Bonnel
UNDERPERFORM				
	American Assets Trust	AAT	AAT US	Camille Bonnel
	Armada Hoffer Properties	AHH	AHH US	Camille Bonnel
	Camden Property Trust	CPT	CPT US	Joshua Dennerlein
	Douglas Emmett	DEI	DEI US	Camille Bonnel
	Healthpeak Properties, Inc.	PEAK	PEAK US	Joshua Dennerlein
	Hudson Pacific Properties, Inc.	HPP	HPP US	Camille Bonnel
	Kennedy Wilson	KW	KW US	Joshua Dennerlein
	LXP Industrial Trust	LXP	LXP US	Camille Bonnel
	Medical Properties Trust, Inc.	MPW	MPW US	Joshua Dennerlein
	Mid-America Apartment Communities, Inc.	MAA	MAA US	Joshua Dennerlein
	National Storage Affiliates Trust	NSA	NSA US	Jeffrey Spector
	NetSTREIT	NTST	NTST US	Joshua Dennerlein
	NNN REIT Inc	NNN	NNN US	Joshua Dennerlein
	Paramount Group	PGRE	PGRE US	Camille Bonnel
	Peakstone Realty Trust	PKST	PKST US	Joshua Dennerlein
	STAG Industrial	STAG	STAG US	Camille Bonnel

US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tanger Inc	SKT	SKT US	Jeffrey Spector
	WP Carey	WPC	WPC US	Joshua Dennerlein

Disclosures

Important Disclosures

Equity Investment Rating Distribution: REITs (Real Estate Investment Trusts) Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	40	46.51%	Buy	33	82.50%
Hold	27	31.40%	Hold	21	77.78%
Sell	19	22.09%	Sell	16	84.21%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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