

Listing Rates and Vacancy: San Francisco's Pandemic Challenges Linger

- The average full-service equivalent listing rate for office space was \$38.65 per square foot in March, an increase of three cents over February but a 2.6% decline from the same period last year.
- The national vacancy rate was 15.9%, up 20 basis points (bps) from the previous month and 30 bps year-over-year.
- Vacancy has skyrocketed in many markets since the start of the pandemic, but especially in gateway markets. In San Francisco,

the vacancy rate has increased from 7.3% before the pandemic shutdowns to 17.3% in March of this year. The market's sublease vacancy rate has also shot up over this period from 1.4% to 5.7%. We expect life sciences to drive leasing activity in submarkets outside the city as the sector expands and most of its jobs cannot be performed remotely. Owners struggling to fill space in San Francisco may explore conversions, but not every building is suited for life science use because of the sector's specialized requirements.

Listings by Metro

Market	Mar-22 Listing Rate	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Square Foot
National	\$38.65	-2.6%	15.9%	30 bps		
Boston	\$38.96	16.4%	10.5%	-150 bps	Kendall Square at MIT-314 Main Street	\$121.60
Miami	\$47.38	12.2%	12.8%	-280 bps	830 Brickell	\$150.00
Charlotte	\$31.99	10.7%	14.7%	50 bps	One Wells Fargo Center	\$42.00
Atlanta	\$29.30	5.9%	21.7%	210 bps	300 Colony Square	\$52.00
Brooklyn	\$53.04	4.8%	17.0%	120 bps	Empire Stores	\$68.00
Denver	\$30.03	4.5%	17.2%	120 bps	William Building, The	\$59.67
Orlando	\$22.10	3.8%	15.8%	90 bps	429 @ Crown Point-Building 529, The	\$35.00
Los Angeles	\$41.49	3.0%	13.7%	-10 bps	100 Wilshire	\$108.00
Houston	\$30.33	2.5%	24.9%	90 bps	Texas Tower	\$58.40
Austin	\$43.30	2.2%	15.9%	-10 bps	Indeed Tower	\$76.67
Dallas	\$28.70	1.2%	17.3%	-180 bps	Harwood No.10	\$60.46
Bay Area	\$56.89	1.1%	15.1%	-420 bps	260 Homer Ave & 819 Ramona St	\$138.12
Seattle	\$35.71	0.7%	14.9%	100 bps	City Center Bellevue	\$66.50
Chicago	\$27.34	0.1%	20.3%	290 bps	300 North LaSalle Drive	\$59.46
Philadelphia	\$29.25	-0.3%	13.3%	-10 bps	Two Liberty Place	\$53.50
San Diego	\$40.40	-0.4%	13.6%	-40 bps	2100 Kettner	\$69.00
Washington DC	\$41.61	-1.4%	16.8%	100 bps	One Freedom Plaza	\$81.83
New Jersey	\$32.51	-1.8%	17.6%	-100 bps	10 Exchange Place	\$55.30
Nashville	\$30.52	-2.0%	18.8%	-20 bps	Three Thirty Three	\$43.88
Tampa	\$27.70	-2.3%	16.0%	90 bps	Water Street Tampa-Thousand & One	\$58.00
Phoenix	\$26.73	-3.6%	15.1%	-340 bps	100 Mill	\$52.00
Twin Cities	\$25.34	-4.5%	14.5%	-150 bps	Lake Calhoun Center	\$42.93
Portland	\$27.99	-7.2%	12.3%	-270 bps	Park Avenue West	\$48.69
San Francisco	\$63.04	-9.5%	17.3%	380 bps	Offices at Springline South, The	\$161.26
Manhattan	\$74.20	-13.5%	14.4%	370 bps	550 Madison Avenue	\$210.00

Source: Yardi Matrix. Data as of March 2022. Listing rates are full service or "full service equivalent" rates for spaces available as of report period. National listing rate is an average of the top 50 markets.

Listing Rates and Vacancy: Seattle Vacancy Rates Spike

- The national average full-service equivalent listing rate was \$38.36 in April, according to Yardi Matrix, an increase of 2.1% year-over-year and 13 cents over the previous month.
- The national vacancy rate in April was 17.0%, up 30 bps over the previous month and 160 bps over the prior year.
- Vacancy rates have climbed rapidly in tech markets in recent years, and Seattle is no ex-

ception. Once one of the country's hottest of-fice markets, the Emerald City has seen a 380 bps increase in vacancy rates over the last 12 months, to 19.5%. Seattle also sports a sub-lease vacancy rate of 4.3%, the third highest among major markets. Salesforce is listing 200,000 square feet of the Tableau offices at the Data 1 Building in the Fremont neighborhood. Rates could go even higher in coming quarters, as the market has an under-construction pipeline representing 5.0% of stock.

Listings by Metro

Market	May-23 Listing Rate	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Square Foot
National	\$38.36	2.1%	17.0%	160 bps		
Brooklyn	\$50.71	-7.6%	17.1%	20 bps	200 Kent Avenue	\$75.00
Charlotte	\$29.09	-7.6%	12.1%	-260 bps	Rotunda Building, The	\$44.42
Bay Area	\$53.22	-4.3%	17.7%	230 bps	325 Lytton Avenue	\$160.20
Dallas	\$27.91	-6.7%	17.1%	-90 bps	Rosewood Court	\$60.43
Miami	\$42.55	-1.8%	11.8%	-30 bps	830 Brickell	\$137.50
Nashville	\$30.76	-3.8%	18.5%	100 bps	Three Thirty Three	\$44.38
Houston	\$29.47	-1.5%	23.2%	-150 bps	Texas Tower	\$60.90
Austin	\$42.40	-0.8%	20.7%	440 bps	Indeed Tower	\$82.34
Los Angeles	\$39.09	0.8%	14.2%	110 bps	100 Wilshire	\$108.00
Denver	\$28.86	1.0%	20.2%	300 bps	1144 Fifteenth Street	\$63.50
Tampa	\$28.69	2.5%	14.8%	10 bps	Midtown West	\$52.00
Chicago	\$28.09	0.2%	18.8%	-90 bps	Five One Five North State	\$66.02
Washington DC	\$40.86	1.0%	15.3%	30 bps	455 Massachusetts Ave NW	\$76.00
Portland	\$29.69	2.6%	15.7%	370 bps	12th & Morrison	\$47.01
Atlanta	\$27.11	2.8%	19.4%	-50 bps	300 Colony Square	\$52.00
Phoenix	\$26.52	2.5%	18.5%	440 bps	Camelback Collective	\$52.50
Manhattan	\$85.94	0.7%	17.0%	290 bps	550 Madison Avenue	\$210.00
Seattle	\$36.54	4.8%	19.5%	380 bps	1208 Eastlake Avenue East	\$89.50
San Francisco	\$64.40	5.9%	20.0%	280 bps	Sand Hill Collection - The Quad	\$195.60
Twin Cities	\$26.68	5.5%	16.9%	450 bps	Tractor Works Building, The	\$37.75
Orlando	\$21.37	5.9%	16.5%	120 bps	Celebration Medical Center	\$42.40
New Jersey	\$31.82	7.3%	16.9%	-70 bps	10 Exchange Place	\$55.30
Philadelphia	\$29.07	8.5%	13.3%	80 bps	Two Liberty Place	\$53.50
Boston	\$34.91	7.7%	10.3%	50 bps	Kendall Center - 255 Main Street	\$126.34
San Diego	\$39.22	16.6%	15.4%	280 bps	One La Jolla Center	\$69.00

Source: Yardi Matrix. Data as of May 2023. Listing rates are full-service or "full-service equivalent" rates for spaces available as of report period. National listing rate is an average of the top 50 markets.

Lease Rate and Occupancy Trends: Small Decline in Rents

- Nationally, asking rents averaged \$33.41 per square foot in December 2018, down 0.7% over the previous quarter. The national vacancy rate is 14.0%.
- Manhattan topped the list of most expensive cities at an average asking rent of \$75.92, followed by San Francisco at \$58.86.
- The ongoing health of the technology market is boosting demand in the Bay Area and Silicon Valley. San Francisco (5.5%) had the biggest increase in asking rents over the previous quarter, followed by the Bay Area (2.3%), San Diego (2.1%), Philadelphia (1.8%) and Los Angeles (1.7%).
- San Francisco and Brooklyn (8.4%) had the lowest vacancy rates. Manhattan (9.1%) and Seattle (9.5%) also had vacancy rates in the single digits.

Listings by Metro

Market	Dec-18 Listing Rates	3-Month Change	Total Vacancy	Top Listing	Price Per Square Foot
National-Overall	\$33.41	-0.7%	14.0%		
San Francisco	\$58.86	5.5%	8.4%	Quadrus Sand Hill	\$154.44
Bay Area	\$42.89	2.3%	15.2%	Castro Station	\$120.50
San Diego	\$37.40	2.1%	12.4%	Torrey Point	\$66.00
Philadelphia	\$28.47	1.8%	11.9%	Cira Centre	\$46.79
Los Angeles	\$37.66	1.7%	13.9%	The Union Bank of California Building	\$101.81
Dallas	\$27.53	1.7%	19.6%	Saint Ann Court	\$56.71
Manhattan	\$75.92	1.3%	9.0%	101 Park Avenue	\$200.00
Tampa	\$25.56	1.3%	11.5%	MetWest International-MetWest One	\$39.00
Phoenix	\$26.58	0.8%	17.3%	Hayden Ferry Lakeside I	\$45.00
Nashville	\$28.36	0.7%	11.2%	615 Third Avenue	\$42.81
Houston	\$28.57	0.6%	22.4%	Campanile South	\$54.25
Atlanta	\$25.69	0.6%	15.8%	Three Alliance Center	\$52.98
Boston	\$37.11	0.5%	10.1%	399 Binney Street	\$98.72
Denver	\$28.32	0.4%	14.7%	Civica Cherry Creek	\$51.32
Seattle	\$36.18	0.3%	9.5%	Key Center	\$57.92
Miami	\$37.96	0.0%	13.5%	701 Brickell	\$65.00
Twin Cities	\$26.14	-0.2%	11.9%	The Offices at MOA	\$53.43
New Jersey	\$32.52	-0.2%	20.8%	Newport-111 Town Square Place	\$62.97
Orlando	\$21.90	-0.5%	11.7%	University Corporate Center	\$37.66
Chicago	\$29.58	-0.5%	15.9%	300 N. LaSalle Drive	\$60.73
Austin	\$35.99	-1.1%	10.1%	San Jacinto Center	\$60.83
Brooklyn	\$47.94	-1.3%	8.7%	Pioneer Building	\$65.00
Charlotte	\$26.92	-1.8%	11.3%	Hearst Tower	\$39.00
Portland	\$28.39	-2.6%	12.7%	Clay Pavilion	\$45.55
Washington DC	\$38.87	N/A	14.7%	1000 F Street, N.W.	\$83.08

Source: Yardi Matrix. Data as of 1/17/19. Listing rates are full service or "full service equivalent" rates for spaces available as of report period.

Listing Rates and Vacancy: Vacancy Rates Continue to Climb

- The national vacancy rate was 15.0% in February, a 160 bps increase over the last 12 months. Due to the long-term nature of office leases, a massive shock like the coronavirus pandemic will take a long time to work its way into vacancy rates, an effect we are now seeing, a year after the initial shutdowns.
- Vacancy rates have increased the most year-over-year in Austin (720 bps), San Francisco (480 bps) and Seattle (450 bps).
- These three markets share a few things in common: They all are tech hubs with a high concentration of firms that had the ability to seamlessly transition to remote work. They all saw elevated levels of new supply during the second half of the last decade, as supply struggled to keep up with demand for office space. They all had vacancy rates in the single digits before the pandemic. As it stands now, Seattle and Austin are poised to recover more quickly than San Francisco due to more affordable lease rates and gains in office-using sectors of employment last year.

Listings by Metro

Market	Feb-21 Listing Rate	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Square Foot
National	\$38.31	-0.6%	15.0%	160 bps		
Nashville	\$31.06	5.7%	17.1%	440 bps	Broadwest	\$47.22
Washington DC	\$41.87	4.8%	15.7%	180 bps	PNC Place	\$87.29
Bay Area	\$54.33	4.5%	16.2%	290 bps	525 University Avenue	\$149.42
New Jersey	\$32.86	4.3%	17.9%	-420 bps	Liberty Innovation Center	\$70.29
Miami	\$42.60	3.8%	15.8%	270 bps	Two Brickell City Centre	\$75.00
Los Angeles	\$40.22	2.2%	13.8%	180 bps	100 Wilshire	\$111.00
Charlotte	\$29.06	0.9%	12.9%	240 bps	Piedmont Town Center - Building 2	\$42.00
Atlanta	\$27.54	1.4%	18.8%	290 bps	300 Colony Square	\$50.00
San Diego	\$39.44	0.8%	13.9%	250 bps	Torrey Ridge Science Center - Building 1	\$74.21
Phoenix	\$27.46	0.7%	18.3%	-10 bps	One Hundred Mill	\$48.50
Manhattan	\$85.17	0.2%	10.5%	280 bps	550 Madison Avenue	\$210.00
Tampa	\$28.38	0.1%	14.2%	250 bps	Heights Union - East Building	\$45.00
Orlando	\$21.47	-0.7%	15.4%	380 bps	250 Park Avenue South	\$40.00
Philadelphia	\$29.20	-0.3%	12.7%	-40 bps	Two Liberty Place	\$53.50
Houston	\$29.47	-1.5%	23.5%	220 bps	Texas Tower	\$58.40
Austin	\$42.43	-1.6%	15.1%	720 bps	Indeed Tower	\$70.67
Denver	\$28.77	-2.0%	14.7%	160 bps	William Building, The	\$59.67
Portland	\$29.71	-2.2%	13.9%	170 bps	M Financial Plaza	\$45.90
Dallas	\$28.06	-2.3%	19.0%	150 bps	Weir's Plaza	\$63.44
Twin Cities	\$26.50	-2.8%	16.5%	450 bps	Offices at MOA, The	\$40.00
Chicago	\$28.04	-3.2%	16.6%	230 bps	PNC Centre at One North Franklin	\$62.43
Seattle	\$35.34	-6.3%	13.0%	480 bps	Key Center	\$62.91
Brooklyn	\$50.48	-6.6%	14.8%	120 bps	One MetroTech Center	\$65.59
Boston	\$34.64	-8.9%	11.4%	150 bps	Two Charles Park	\$95.00
San Francisco	\$64.30	-14.9%	12.8%	550 bps	Sand Hill Commons	\$156.00

Source: Yardi Matrix. Data as of February 2021. Listing rates are full service or "full service equivalent" rates for spaces available as of report period.

Lease Rate and Occupancy Trends: Modest Rate Growth Heading Into Slowdown

- National full-service equivalent listing rates grew by 0.9% year-over-year to \$38.25 in February. The national vacancy rate decreased by 40 basis points to 13.4%.
- It is unclear what impact the COVID-19 pandemic will have on listing rates. Given that office leases are typically long term, if the economic contraction in response to the crisis is short then the effect on rates may be minimal. Conversely, if the slump lasts into 2021 then rates may drop sharply as owners compete to fill space.
- Same-store growth in February was led by Manhattan (14.8%), Seattle (7.4%) and San Francisco (7.2%). Of these, only Seattle showed a large discrepancy from the overall growth metric, coming in at -1.1%. Part of this is due to Seattle's strength as an office market. At The Atrium in the Lake Union submarket, 90,000 square feet was taken off the market after being listed at a full-service equivalent rate of \$71.77 per square foot, thereby depressing average rates. The building was completed in September, excluding it from same-store calculations.

Listings by Metro

Market	Feb-20 Listing Rate	12-Month Change	Total Vacancy	Top Listing	Price Per Square Foot
National	\$38.25	0.9%	13.4%		
Manhattan	\$86.11	14.7%	7.7%	One Manhattan West	\$140.00
Austin	\$42.72	9.5%	7.9%	100 Congress	\$76.83
Miami	\$41.58	8.5%	13.1%	830 Brickell Plaza	\$73.00
Brooklyn	\$55.94	8.3%	13.6%	Brooklyn Navy Yard-Dock 72	\$73.00
Bay Area	\$50.86	8.2%	13.3%	525 University Avenue	\$149.42
Tampa	\$29.26	5.9%	11.7%	1001 Water Street	\$55.70
San Diego	\$39.09	5.6%	11.4%	Campus Pointe 1	\$76.20
San Francisco	\$71.84	4.7%	7.3%	2180 Sand Hill Road	\$150.84
Atlanta	\$27.52	4.4%	15.9%	Three Alliance Center	\$53.98
Denver	\$28.90	4.1%	13.1%	The William Building	\$59.67
Houston	\$29.95	3.7%	21.3%	Texas Tower	\$58.40
Los Angeles	\$39.59	3.6%	12.0%	1999 Avenue of the Stars	\$93.00
Twin Cities	\$26.95	2.8%	12.0%	The Offices at MOA	\$41.00
Portland	\$30.01	2.7%	12.2%	Broadway Tower	\$46.16
Charlotte	\$28.25	2.5%	10.5%	SouthPark Towers II	\$41.52
Orlando	\$21.72	1.1%	11.6%	Lake Nona Town Center-Phase II	\$36.41
Phoenix	\$27.13	0.8%	18.4%	The Watermark-Phase I	\$45.00
Washington DC	\$39.18	-0.1%	13.9%	900 Sixteenth Street	\$81.52
Seattle	\$38.56	-1.1%	8.2%	U.S. Bank Centre	\$66.39
New Jersey	\$31.43	-1.2%	22.1%	10 Exchange Place	\$57.30
Dallas	\$27.70	-1.4%	17.5%	Weir's Plaza	\$63.44
Philadelphia	\$28.88	-2.3%	13.1%	Three Logan Square	\$51.57
Nashville	\$30.08	-3.0%	12.7%	Peabody Plaza at Rolling Mill Hill	\$50.81
Chicago	\$28.79	-3.5%	14.3%	300 North LaSalle Drive	\$59.46
Boston	\$36.55	-6.6%	9.9%	Boylston Yards-Building 1	\$90.00

Source: Yardi Matrix. Data as of February 2020. Listing rates are full service or "full service equivalent" rates for spaces available as of report period.

Listing Rates and Vacancy: Vacancies Fall in Select Markets

- The average full-service equivalent listing rate for office space was \$37.56 in May, down 2.1% year-over-year but up 19 cents from April.
- The national vacancy rate was 15.4%, unchanged from May last year but down 30 basis points (bps) from last month.
- Every market has had increasing vacancy rates since the start of the pandemic, but many have seen rates fall during the past year. Generally, markets with decreasing

vacancies over the past year fall into one of two buckets: The first is markets with a high concentration of life science jobs, such as Boston (down 210 bps year-over-year), the Bay Area (-210 bps), New Jersey (-120 bps) and San Diego (-60 bps). The second is Sun Belt markets with high levels of in-migration of both people and firms. Phoenix (-310 bps), Miami (-280 bps) and Austin (-90 bps) fit this profile. The falling vacancy rate in Austin is especially noteworthy because the market has increased stock by 3.4% over the period.

Listings by Metro

Market	May-22 Listing Rate	12-Month Change	Total Vacancy	12-Month Change	Top Listing	Price Per Square Foot
National	\$37.56	-2.1%	15.4%	0 bps		
Charlotte	\$33.08	14.3%	14.7%	210 bps	Rotunda Building, The	\$42.92
Boston	\$39.02	9.8%	9.7%	-210 bps	Kendall Square at MIT-314 Main Street	\$121.60
Miami	\$47.08	8.8%	13.1%	-280 bps	830 Brickell	\$150.00
Atlanta	\$29.50	6.2%	20.0%	20 bps	300 Colony Square	\$52.00
Phoenix	\$28.49	6.2%	13.9%	-310 bps	100 Mill	\$52.00
Orlando	\$23.11	4.5%	15.1%	0 bps	429 @ Crown Point-Building 529, The	\$35.00
San Diego	\$40.78	3.9%	12.5%	-60 bps	2100 Kettner	\$69.00
Houston	\$31.14	3.7%	24.6%	190 bps	Texas Tower	\$58.40
New Jersey	\$33.21	3.6%	18.0%	-120 bps	10 Exchange Place	\$55.30
Brooklyn	\$49.74	3.3%	17.3%	170 bps	One MetroTech Center	\$65.59
Austin	\$44.52	2.3%	15.6%	-90 bps	Indeed Tower	\$76.67
Dallas	\$29.17	2.2%	18.0%	20 bps	Harwood No.10	\$60.46
Bay Area	\$56.52	1.6%	15.3%	-210 bps	400 Hamilton Avenue	\$149.59
Denver	\$30.31	1.3%	17.3%	50 bps	1144 Fifteenth Street	\$54.66
Seattle	\$36.35	0.6%	15.6%	70 bps	City Center Bellevue	\$68.00
Los Angeles	\$41.66	0.2%	13.0%	20 bps	100 Wilshire	\$108.00
Chicago	\$27.33	-3.5%	19.5%	310 bps	300 North LaSalle Drive	\$59.46
Nashville	\$30.63	-3.6%	18.0%	-110 bps	Three Thirty Three	\$43.88
Philadelphia	\$28.68	-4.5%	12.6%	-90 bps	Two Liberty Place	\$53.50
Twin Cities	\$25.56	-4.5%	13.4%	-280 bps	Offices at MOA, The	\$40.00
Tampa	\$27.80	-4.5%	14.6%	-150 bps	Water Street Tampa-Thousand & One	\$58.00
Washington DC	\$39.94	-5.1%	14.8%	-140 bps	Liberty Place	\$82.51
Portland	\$27.61	-7.5%	11.9%	-350 bps	Fox Tower	\$43.38
San Francisco	\$62.57	-9.3%	17.2%	330 bps	Offices at Springline North, The	\$159.96
Manhattan	\$72.93	-12.3%	14.1%	330 bps	550 Madison Avenue	\$210.00

Source: Yardi Matrix. Data as of May 2022. Listing rates are full service or "full service equivalent" rates for spaces available as of report period. National listing rate is an average of the top 50 markets.