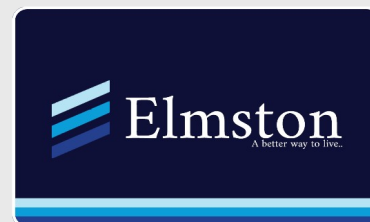


A Stable Second Quarter for the U.S. Office Market

Stephen Newbold, National Director of Office Research | U.S.



U.S. Research Report | Q2 2022

Office Market Outlook

Key Takeaways

- The U.S. office vacancy rate increased marginally in Q2 2022.
- Net absorption was positive for the third time in the past four quarters.
- Asking rents are mostly holding firm, but generous concessions are on offer.
- Sublease space is at record levels.
- Supply-side risks are limited with speculative construction subdued.
- Office occupancy is increasing, but the return to the office has slowed.
- Sales volume has fallen, but pricing is holding steady for now.
- High inflation and rising interest rates could stifle economic growth.

The U.S. office vacancy rate stands at 15.1%, an increase of 10 basis points in the second quarter. However, vacancy is still comfortably below the record peak of 16.3%, seen at the height of the Global Financial Crisis.

Net absorption, which measures the change in occupied office inventory, was positive in over half (53%) of the office markets tracked in our national survey. National office absorption totaled 3.1 million square feet and has been positive in three of the past four quarters starting in Q3 2021. This marked a significant turnaround from the prior four quarters when cumulative net absorption was negative 141.8 million square feet.

Tenants continue to show a clear preference for the best quality space. Class A absorption in Q2 2022 totaled 5.6 million square feet, while the combined amount for Class B and C space was negative 2.5 million square feet.

Eight metro office markets posted more than 500,000 square feet of positive absorption in Q2 2022, led by New

Summary Statistics

Vacancy Rate	15.1%
Change from Q4 2021 (basis points)	10
Absorption (MSF)	3.1
% of Markets With Positive Absorption	53%
New Supply (MSF)	10.1
Under Construction (MSF)	119.9

Asking Rents (Per Square Foot Per Year)

Downtown Class A	\$52.57
Change From Q1 2022	-0.4%
Change From Q2 2021	2.6%
Suburban Class A	\$33.68
Change From Q1 2022	-0.4%
Change From Q2 2021	0.6%

Source: Elmston

York City (1.1 million square feet), Atlanta (one million square feet) and Los Angeles (921,000 square feet). Denver, Philadelphia, Phoenix, Raleigh-Durham and San Diego also saw healthy gains.

Chicago took the hardest hit with 997,000 square feet of negative absorption in the second quarter. Minneapolis also posted over half a million square feet of negative absorption. The bifurcation of the San Francisco Bay Area market continues. Second quarter net absorption was negative 505,000 square feet in the City of San Francisco, while Silicon Valley saw 707,000 square feet of occupancy gains.

There is now a record 217.8 million square feet of sublease space available across the U.S. office market, significantly higher than the prior peak of 143.3 million square feet seen in Q2 2009. As firms continue to evaluate their post-COVID real estate needs, sublease space will remain a cost competitive, short-term option until there is greater clarity on business and economic direction.

Construction activity continues to slow. Currently 119.9 million square feet are underway, which is down 27% from this cycle's peak of 164 million square feet, seen in Q3 2020. The New York metro area has by far the largest amount of ongoing construction, at 22.1 million square feet, followed by the San Francisco Bay Area with 11.6 million square feet and Seattle with 7.3 million square feet.

Asking rates are, by and large, holding firm. However, the gap between asking and effective rents remains significant due to increased concessions on offer. Tenant improvement allowances of \$100 per square foot or more plus 12 to 15 months of rent abatement are available in several major markets when a tenant signs a new 10-year lease on Class A space.

There is considerable debate and speculation regarding the future of the U.S. office sector. While employees are returning to the office, occupancy levels, as tracked across 10 leading metros, rose by 210 basis points in Q2 2022 to 44.1%. Some degree of remote working is here to stay, but we are still awaiting clarity on the adoption of hybrid working and how many days per week people will be required to be in the office.

It will take time for firms to recast their property strategies and decide how much space will be needed going forward, plus where it should be located. Uncertainty in the economy is clouding the picture, further impacting the timing of such decisions. Existing lease commitments will also restrict the ability to implement change. Structural shifts in the U.S. office sector may be afoot, but they will take some time to play out.

Top U.S. Office Leases in Q2 2022

Tenant	Address	Market	SF	Tenant Industry
Wells Fargo	333 Market Street	San Francisco	622,347	Financial Services
InterSystems Corporation	1 Congress Street	Boston	420,000	Information & Technology
Department of Justice	555 4th Street NW	Washington D.C.	331,000	Government
ACE Hardware Corporation	2951 Jorie Boulevard	Chicago	297,127	Retail
Google Cloud	510 Townsend Street	San Francisco	295,330	Information & Technology

Sources: CoStar, Elmston

Top U.S. Office Sales in Q2 2022

Address	Market	SF	Price (\$/sf)	Buyer
Madison Center, 920 5th Avenue	Seattle	761,000	\$729.8	Boston Properties
451 D Street	Boston	479,294	\$708.0	GI Partners
450 Park Avenue	New York	321,462	\$445.0	SL Green
550 Terry Francois Boulevard	San Francisco	314,826	\$356.0	Divco West
475 Fifth Avenue	New York	282,000	\$291.0	RFR Realty

Source: Real Capital Analytics

U.S. Economic Outlook

Current economic headlines are dominated by overly high inflation and the Federal Reserve's (Fed) policy response. The rate of inflation in the U.S. is at a 40-year high. June's Consumer Price Inflation (CPI) – the principal measure used by the Bureau of Labor Statistics (BLS) – reached a 9.1% annualized rate, up from 5% one year earlier. The June number is the highest since November 1981.

What is driving the rapid increase in CPI to such elevated levels? It is a confluence of factors including strong consumer demand, a tight labor market, companies retaining pricing power, elevated gasoline prices and supply-chain stress aggravated by the COVID-related China lockdown and the continued Russian-Ukraine war. As a result, energy and food prices are rising rapidly, with increases of 34.6% and 10.1%, respectively, over the past 12 months.

Looking forward, any descent in CPI is expected to be gradual. Consensus Economics projects that CPI will still be close to 8% at the close of 2022. Although cooling should occur in 2023, with CPI projected to run at around 3.5%, this is still elevated compared to the 10-year average of 1.8% during 2011 to 2020.

To curb inflation, the Fed raised interest rates by a combined 150 basis points at its three meetings from March through May 2022. The 75-basis point rise in May was the highest since 1994 and was followed by another 75-basis point increase in July. The consensus is that one more 75-basis point rise will occur, with the fed-funds rate projected to reach 3.25% to 3.5% by the close of this year.

There is concern that moving rates up aggressively could weaken the economy, thereby raising the risk of recession. The U.S. could skirt a recession through continued robustness in the labor market and healthy consumer demand. However, the economy should continue to slow. Oxford Economics projects real GDP growth of 2.3% in 2022, falling to 1.3% in 2023.

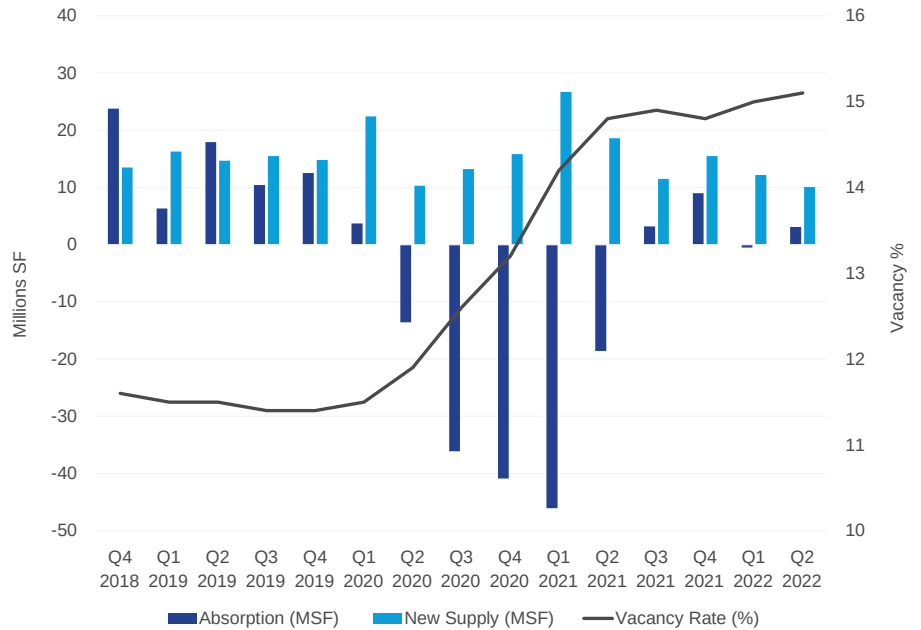
On a positive note, the labor market remains strong, with an average of 488,000 new jobs added per month since the beginning of the year. Encouragingly for the office sector, spending continues to shift from goods to services.

Key Observations

Marginal Increase in Vacancy

- The direct U.S. office vacancy rate stands at 15.1%, up 10 basis points from the first quarter.
- Despite this uptick, vacancy in this cycle is unlikely to reach the record peak of 16.3%, seen at the height of the GFC.
- Central business district (CBD) vacancy rates rose by 40 basis points in Q1 2022 to 15.5%, while suburban levels held firm at 15%.
- Jacksonville has the lowest metro vacancy rate outside of the tertiary markets at 10.1%, followed by Kansas City at 11.1% and Minneapolis at 11.2%.
- Houston has the highest vacancy rate among the major metros at 23.5%, followed by Dallas (20.1%) and Chicago (19.7%)

U.S. Office Market: Supply, Demand & Vacancy



Source: Elmston

Asking Rents Show Little Change

- Average Class A full-service office asking rates fell by 0.4% to \$41.05 per square foot in the second quarter.
- Class A asking rates in CBD markets average \$52.57 per square foot, down by 0.4% over the quarter. Average Class A suburban asking rates stand at \$33.68 per square foot following a 0.4% quarterly decline.
- The gap between asking and effective rates remains significant. Tenant improvement allowances of \$100 per square foot or more, accompanied by 12 to 15 months of rent abatement, on a new 10-year lease are increasingly common on Class A space in several leading metros.
- Despite these generous concessions, the rise in construction and material costs requires some tenants to contribute a portion of improvement expenses. As a result, fit-out periods are becoming longer as well.

Absorption Turns Positive

- U.S. office absorption totaled 3.1 million square feet in Q2 2022, compared with negative 0.5 million square feet in Q1 2022.
- The number of markets with positive absorption rose in the second quarter, with 53% of office markets seeing a gain in occupancy. This is up from 49% in Q1 2022.
- New York City saw the greatest amount of positive absorption at a metro level in Q2 2022 at 1.1 million square feet, followed by Atlanta (one million square feet) and Los Angeles (922,920 square feet).
- Second-tier metros with healthy positive absorption in Q2 2022 included Denver (590,390 square feet), San Diego (555,580 square feet) and Phoenix (531,035 square feet).
- On the downside, Chicago remains the most challenged major office market, posting 997,265 square feet of negative absorption, followed by Portland (negative 522,515 square feet) and Minneapolis (negative 440,595 square feet).
- Tenants continue to show a clear preference for the best quality space. Class A absorption in Q2 2022 totaled 5.6 million square feet, while the combined amount for Class B and C space was negative 2.5 million square feet.



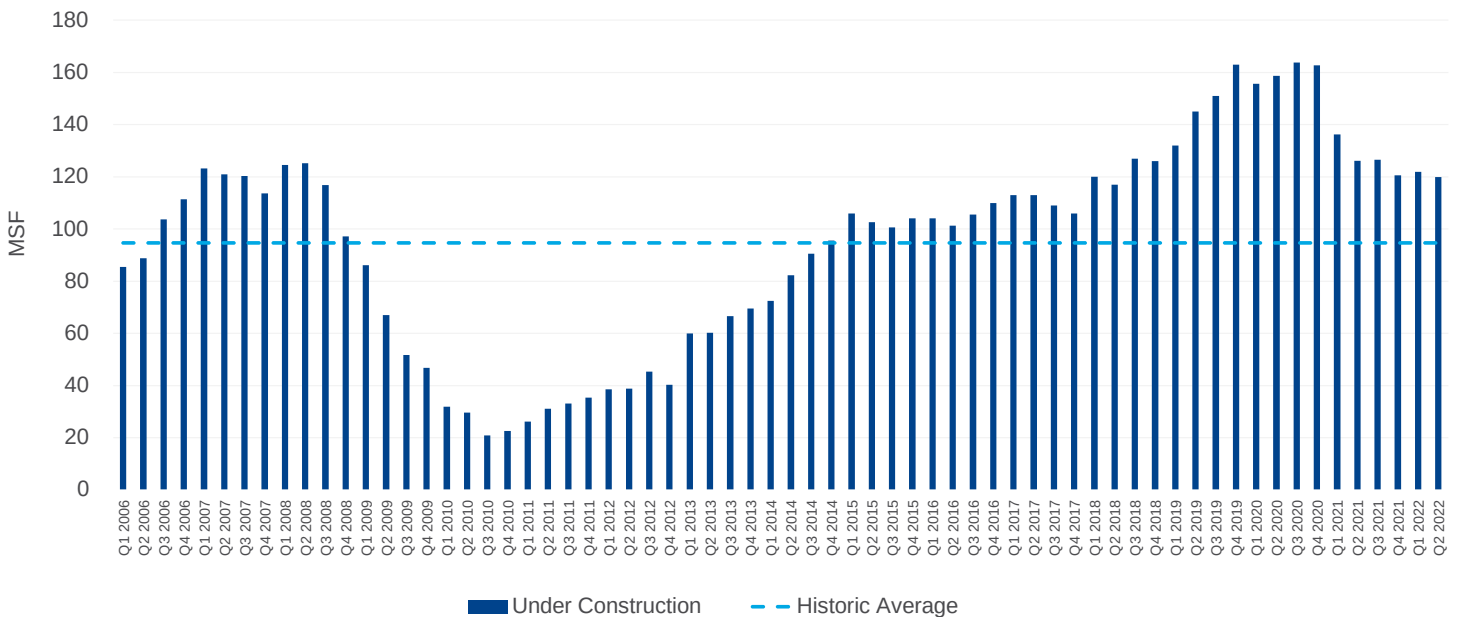
Construction Activity is Down

- The amount of office space under construction in the U.S. stands at 119.9 million square feet, falling 27% from this cycle's peak of 162.6 million square feet in Q3 2020.
- The amount of space completed in Q2 2022 was 10.1 million square feet, down from 12.2 million square feet in Q1 2022.
- CBD markets account for 65.3 million square feet underway, with 54.6 million square feet taking place

in the suburbs. In addition, the pace of construction in CBD markets is greater, equating to 3.1% of inventory compared with 1.3% in the suburbs. The national level is 1.9%.

- The New York City metro has by far the greatest amount of construction underway at 22.1 million square feet, followed by the San Francisco Bay Area (11.6 million square feet) and Seattle (7.3 million square feet).

U.S. Office Market: Quarterly Under Construction Totals



Source: Elmston

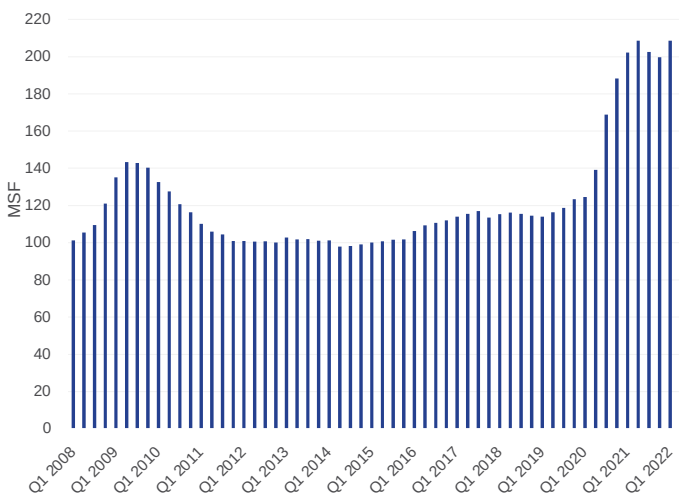


Sublease Space at a Record High

- Total sublease space available at a national level increased by 9.2 million square feet in the second quarter to 217.8 million square feet. Putting this into context, the amount sublease space on the market during the GFC peaked at 143.3 million square feet in Q2 2009.
- The sublease share of total available space stands at a record 13.4% compared to 9.6% at the height of the GFC.
- San Francisco still has the highest sublease availability rate among the top 10 markets, by a fair margin, at 7.9%. Los Angeles is next, at 4%, followed by Manhattan, Seattle and Silicon Valley – all at 3.8%.

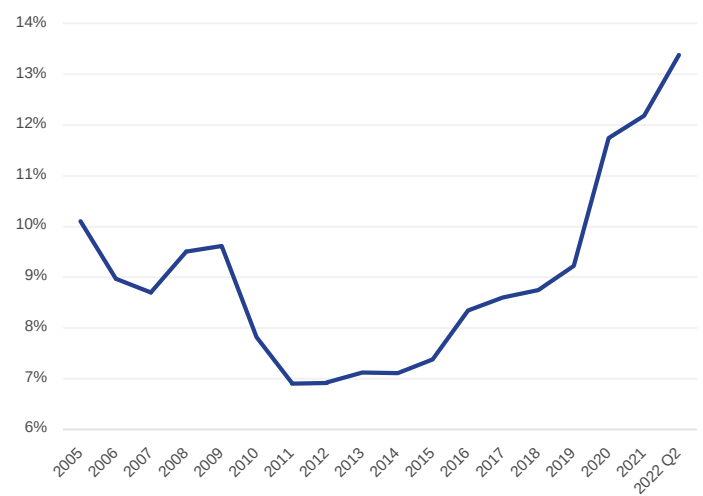
- In an analysis of Class A rental discounts for sublease space over direct space across the top 10 office markets, the average discount is 30.1%, up from 26.1% in Q1 2022. Houston leads all markets with a 51.5% discount, followed by Chicago at 38.8% and Seattle at 34%.
- Given the record amount of sublease space on the market, there are an increased number of top-quality sublet options available with high-end finishes.
- As firms continue to evaluate their post-COVID real estate needs, such space will remain a cost-competitive, short-to-medium-term option until there is greater clarity on economic and business direction.

U.S. Office Market: Available Sublease Space



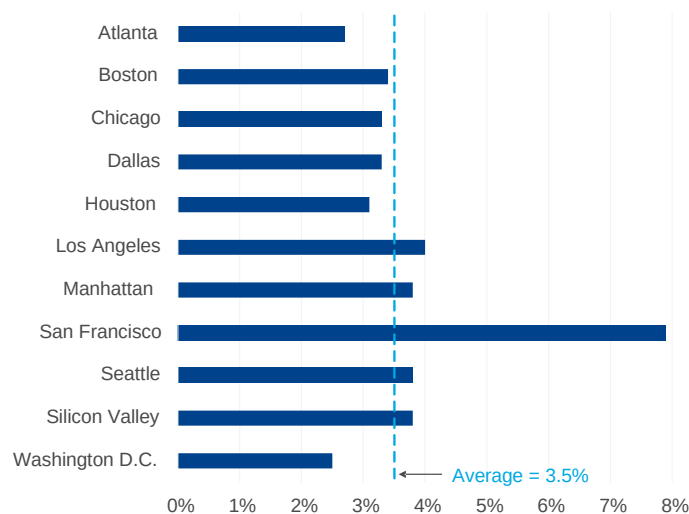
Sources: Elmston / CoStar

Sublease Share of Available Office Space



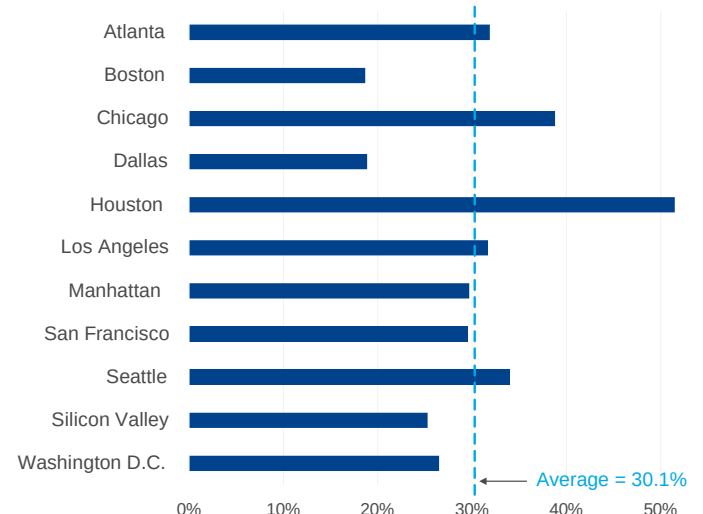
Sources: Elmston

Top 10 Office Markets: Sublease Availability Rates Q2 2022



Source: Elmston

Top 10 Office Markets: Class A CBD Sublease Space – Rental Discount Q2 2022

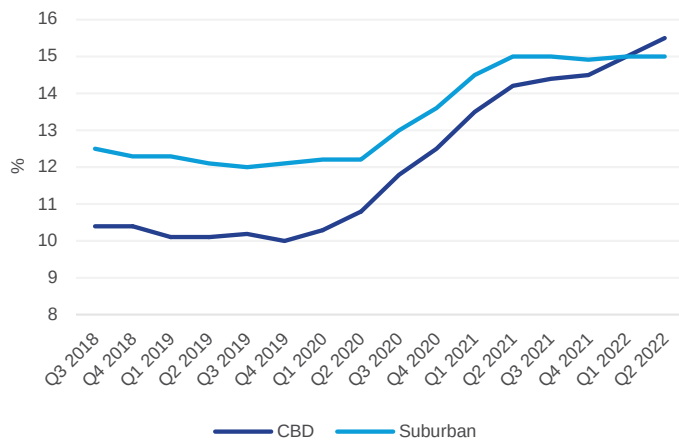


Source: Elmston

Suburban Markets Lead the Way

- While the pandemic-driven downturn has adversely impacted most office markets across the U.S., the impact on vacancy rates in CBD locations has been more pronounced than in the suburbs.
- Over the past nine quarters, since the start of the downturn, overall CBD vacancy rates have risen by 520 basis points compared with 280 basis points in the suburbs.
- CBD vacancy at 15.5% is now higher than suburban levels (15%). This is the first time this has occurred in the history of our data series and can be attributed to a combination of more space being placed on the market in CBD locations which also have a greater share of new deliveries.

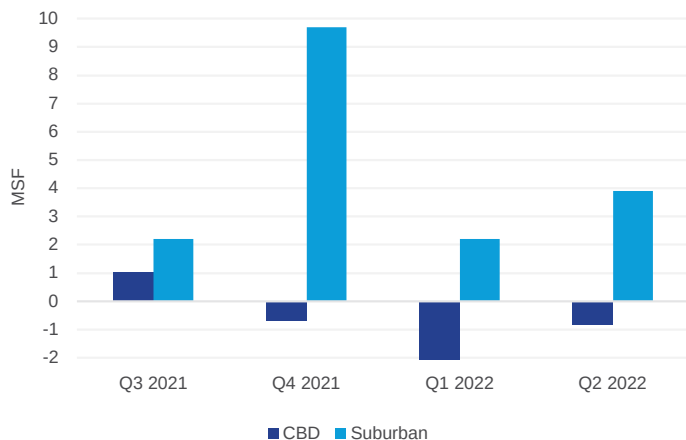
Office Vacancy Rates: CBD vs. Suburban



Source: Elmston

- On the demand side, suburban absorption was 3.9 million square feet in Q2 2022, compared to negative 0.8 million square feet across the CBD markets. Cumulative suburban absorption over the past four quarters was 18 million square feet, compared to negative 3.1 million square feet in CBD markets.

Office Net Absorption: CBD vs. Suburban

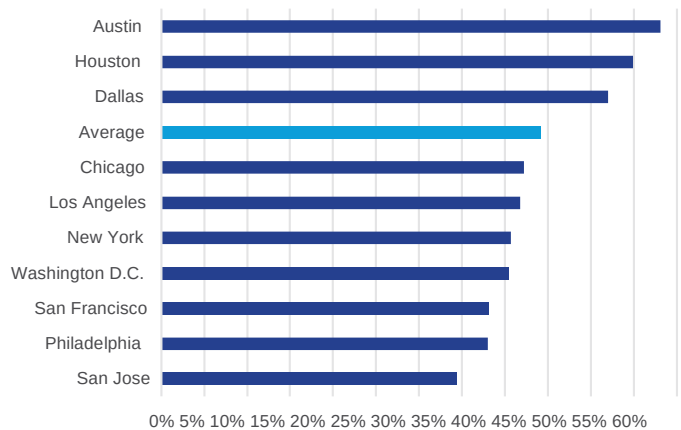


Source: Elmston

Return to the Office Slows

- Office return dates have been a moving target throughout the pandemic, particularly over the last 12 months, with plans being stalled by the Delta and Omicron variants in turn.
- Current office occupancy stands at 44.1%, as tracked by Kastle Systems across 10 U.S. office metros. This compares with 42% at the end of Q1 2022.
- Office utilization is highest in suburban, principally car-borne cities, as opposed to denser CBDs where there is a greater reliance on public transportation.
- Occupancy is comfortably above 50% in the leading Texas metros of Austin, Dallas and Houston. By contrast, levels are closer to 35% to 40% in metro Chicago, New York and San Francisco.

Office Occupancy Rates Across 10 Metro Markets



Source: Kastle Systems 07/13/2022

Reduction in Sales Activity

- Total office sales volume in Q2 2022 was \$24.8 billion, down from \$35.1 billion in Q1 2022, and representing a year-over-year fall of 9%.
- Suburban properties continue to attract the most capital, with buyers placing \$18.2 billion in such assets in Q2 2022 compared with \$6.6 billion in CBD locations.
- Average pricing in Q2 2022 was \$289 per square foot, with levels at \$424 per square foot in CBD markets and \$255 per square foot in the suburbs. Average capitalization rates stand at 6%, down by 30 basis points year-over-year.
- The most active sales markets by volume in the first half of 2022 were Manhattan, with \$6.1 billion, followed by Los Angeles and Seattle – both at \$3.1 billion.

Downtown: All Classes

	June 30, 2022	Q2 2022	June 30, 2022	Q1 2022	Q2 2022	Q2 2022	
Market	Inventory (SF)	New Supply (SF)	Under Construction (SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	YTD Absorption (SF)
USA	2,106,862,827	4,569,522	65,300,494	15.1%	15.5%	(760,713)	(3,585,736)
Midwest	386,910,020	330,000	5,699,230	16.7%	17.0%	(549,742)	(1,081,122)
Akron	3,913,166	-	-	13.9%	18.4%	(13,629)	(16,600)
Chicago	157,288,273	-	1,488,202	19.7%	20.1%	(588,921)	(1,705,750)
Cincinnati	16,184,745	-	-	13.0%	13.8%	(135,713)	124,042
Cleveland	18,650,117	-	1,168,000	17.1%	17.0%	18,992	249,438
Dayton	5,426,079	-	-	30.6%	29.7%	51,493	(92,701)
Detroit	26,929,702	-	855,037	9.2%	9.0%	66,281	134,819
Grand Rapids	11,231,908	330,000	250,000	10.6%	10.6%	289,122	270,293
Indianapolis	13,011,034	-	92,262	22.2%	21.6%	75,203	(148,019)
Kansas City	34,362,859	-	260,000	9.1%	9.0%	41,995	165,541
Milwaukee	20,810,999	-	530,000	17.7%	17.9%	(130,123)	(134,567)
Minneapolis-St. Paul	57,894,080	-	699,729	15.8%	16.4%	(301,273)	(100,147)
Omaha	7,925,169	-	40,000	8.0%	7.4%	(18,593)	34,522
St. Louis	13,281,889	-	316,000	22.0%	22.0%	95,424	138,007
Northeast	907,221,865	2,116,291	30,558,236	12.2%	12.8%	(540,601)	(1,910,917)
Baltimore	44,353,063	-	1,119,296	11.3%	11.5%	(68,905)	687
Boston	66,950,108	560,000	3,354,500	14.3%	15.6%	(354,345)	(605,446)
Hartford	12,887,060	-	-	10.8%	10.7%	12,569	30,077
New York City Metro	540,184,391	502,500	21,635,876	10.4%	11.1%	(20,956)	(763,912)
Manhattan	523,844,275	-	21,361,376	10.1%	10.8%	533,477	(34,872)
NYC Northern Suburbs	16,340,116	502,500	274,500	20.9%	22.3%	(554,433)	(729,040)
Philadelphia	48,122,202	-	1,142,720	13.6%	13.5%	30,875	(131,876)
Pittsburgh	47,861,429	265,000	1,823,237	13.2%	13.9%	(122,282)	(274,913)
Washington, DC	146,863,612	788,791	1,482,607	17.3%	17.7%	(17,557)	(165,534)
South	399,819,653	1,363,246	17,024,520	16.7%	16.5%	1,630,738	2,194,154
Atlanta	58,625,371	100,000	3,055,510	17.6%	16.6%	632,021	699,107
Austin	14,085,960	144,000	4,517,929	18.1%	15.1%	522,082	588,750
Birmingham	19,359,457	-	-	7.7%	9.7%	(381,792)	(405,366)
Charleston	2,810,686	-	281,985	19.0%	14.5%	124,750	173,235
Columbia	5,051,636	75,000	75,000	13.5%	12.1%	73,603	90,097
Dallas	33,463,163	482,416	-	28.0%	29.7%	(213,545)	(230,856)
Fort Worth	8,857,823	-	-	17.7%	17.9%	(24,147)	86,323
Greenville Spartanburg	4,153,528	-	-	17.2%	17.2%	35,881	35,881
Houston	44,619,781	-	386,323	28.6%	28.9%	(111,477)	(299,014)

Downtown: All Classes (Continued)

	June 30, 2022	Q2 2022	June 30, 2022	Q1 2022	Q2 2022	Q2 2022	
Market	Inventory (SF)	New Supply (SF)	Under Construction (SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	YTD Absorption (SF)
Huntsville	3,893,215	-	-	2.8%	3.4%	(22,880)	12,430
Jacksonville	14,786,837	-	704,613	11.1%	10.9%	36,404	69,188
Memphis	5,985,582	-	97,000	14.8%	15.9%	(67,116)	139,783
Nashville	16,814,767	-	2,605,000	12.7%	12.4%	56,847	36,059
Norfolk	3,262,337	-	-	17.7%	16.0%	49,010	1,928
Orlando	11,722,750	-	-	18.8%	19.2%	59,143	51,271
Raleigh/Durham	12,093,700	-	150,000	15.1%	13.8%	196,306	243,824
Richmond	10,332,747	-	35,000	14.5%	14.5%	14,022	(30,361)
Savannah	794,009	-	-	10.8%	11.1%	(2,636)	(5,596)
South Florida	80,770,848	160,538	3,163,437	11.7%	11.7%	203,673	771,578
Fort Lauderdale	28,373,807	-	162,314	11.4%	11.6%	(66,287)	152,517
Miami	29,242,935	-	2,244,123	13.5%	13.2%	99,043	421,873
Palm Beach	23,154,106	160,538	757,000	9.9%	9.8%	170,917	197,188
Tampa Bay	12,169,705	-	-	12.0%	10.0%	220,304	332,946
West	412,911,289	759,985	12,018,508	18.3%	19.1%	(1,301,108)	(2,787,851)
Albuquerque	3,198,630	-	-	18.1%	16.4%	84,003	97,277
Bakersfield	3,973,483	-	6,500	10.9%	8.4%	152,464	208,075
Boise	7,609,004	-	-	4.7%	5.1%	(8,001)	(2,067)
Denver	41,180,877	250,402	1,193,264	21.2%	21.6%	(161,516)	(380,080)
Fresno	3,476,502	-	-	5.9%	5.9%	165	3,665
Honolulu	6,541,360	-	-	14.5%	14.8%	514	(46,569)
Las Vegas	5,207,152	-	-	9.7%	10.2%	(26,417)	69,627
Los Angeles	36,006,407	112,583	125,000	23.8%	23.7%	38,792	(457,885)
Phoenix	23,098,555	-	-	20.7%	20.2%	47,276	86,761
Portland	25,740,236	-	303,373	22.9%	24.7%	(394,689)	(538,618)
Reno/Sparks	1,646,056	-	80,505	13.7%	12.7%	19,078	40,124
Sacramento	10,164,187	-	-	17.7%	17.3%	12,320	42,612
Salt Lake City	13,886,616	-	-	19.9%	19.5%	94,661	390,384
San Diego	10,911,144	-	681,600	25.8%	26.3%	(52,255)	862
San Francisco Bay Area	136,609,564	25,000	3,685,266	18.1%	19.4%	(739,493)	(2,311,127)
East Bay	30,034,198	-	-	18.2%	18.6%	(99,088)	(107,119)
San Francisco	98,067,606	25,000	600,000	18.3%	19.9%	(504,639)	(2,013,349)
Silicon Valley	8,507,760	-	3,085,266	15.7%	16.5%	(135,766)	(190,659)
Seattle	76,075,970	372,000	5,943,000	15.2%	16.9%	(328,071)	3,094
Stockton	7,585,546	-	-	8.3%	9.2%	(39,939)	6,014

Downtown: Class A

	June 30, 2022		Q1 2022	Q2 2022	Q2 2022		
Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
USA	1,230,150,567	\$52.67	15.8%	16.3%	653,738	-0.5%	2.3%
Midwest	178,514,224	\$35.40	16.5%	16.8%	(358,550)	0.1%	0.9%
Chicago	78,429,148	\$48.56	17.5%	17.3%	150,505	0.3%	0.6%
Cincinnati	8,432,745	\$23.84	11.1%	12.2%	(95,362)	2.0%	0.4%
Cleveland/Akron	10,909,003	\$22.35	11.2%	11.6%	13,287	0.2%	-0.3%
Dayton	2,642,216	\$18.18	33.4%	33.2%	5,907	0.1%	-0.8%
Detroit	8,542,184	\$39.76	8.3%	8.2%	23,857	-	-
Indianapolis	6,591,732	\$25.85	24.1%	22.8%	96,057	1.5%	1.1%
Kansas City	11,099,896	\$22.73	16.9%	16.7%	(18,059)	0.1%	1.0%
Milwaukee	9,161,157	\$24.89	19.7%	20.6%	(146,678)	0.0%	-1.9%
Minneapolis-St. Paul	31,065,879	\$34.08	14.8%	16.2%	(434,803)	0.8%	0.3%
Omaha	3,425,529	\$31.00	10.0%	8.0%	10,166	0.0%	6.9%
St. Louis	8,214,735	\$19.86	22.6%	23.4%	36,573	-1.6%	0.6%
Northeast	578,217,670	\$69.15	12.1%	13.0%	(184,478)	-1.0%	0.7%
Baltimore	17,380,114	\$25.85	17.2%	17.6%	(54,044)	0.3%	6.6%
Boston	49,665,551	\$70.06	12.0%	13.2%	(102,315)	0.1%	1.2%
Hartford	8,772,204	\$21.99	13.6%	13.4%	14,069	0.0%	-5.6%
New York City Metro	349,450,515	\$79.27	10.2%	11.3%	(195,766)	-0.9%	1.0%
Manhattan	336,438,779	\$82.08	9.7%	10.8%	378,459	-0.4%	1.7%
NYC Northern Suburbs	13,011,736	\$43.69	23.4%	25.7%	(574,225)	-2.0%	-6.8%
Philadelphia	33,067,906	\$34.56	13.5%	13.4%	47,573	1.6%	0.6%
Pittsburgh	24,907,556	\$31.81	15.7%	16.7%	(24,410)	0.9%	-1.0%
Washington, DC	94,973,824	\$59.54	16.8%	17.3%	130,415	-1.3%	-1.1%
South	230,171,929	\$39.58	21.7%	21.3%	1,756,792	0.9%	1.7%
Atlanta	40,552,033	\$37.73	21.9%	20.7%	572,201	0.5%	0.7%
Austin	10,007,819	\$68.03	21.3%	17.1%	533,210	3.7%	-
Birmingham	4,370,594	\$22.39	16.9%	25.8%	(391,923)	2.5%	0.7%
Charleston	1,652,128	\$36.20	25.0%	18.1%	112,901	-3.8%	4.7%
Charlotte	24,291,721	\$38.09	15.0%	15.1%	231,786	0.1%	-0.6%
Columbia	2,304,546	\$23.87	12.5%	10.1%	55,062	0.0%	0.2%
Dallas	25,131,220	\$29.72	31.9%	33.9%	(154,717)	0.2%	4.0%
Fort Worth	5,156,888	\$31.61	16.0%	16.3%	(16,163)	0.8%	2.6%
Greenville Spartanburg	1,964,200	\$27.61	6.7%	6.7%	19,873	0.0%	-4.6%
Houston	36,536,833	\$44.97	28.5%	28.6%	(23,550)	2.3%	1.7%
Huntsville	646,180	\$27.82	11.5%	13.6%	(8,464)	-	-

Downtown: Class A (Continued)

	June 30, 2022		Q1 2022	Q2 2022	Q2 2022		
Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
Jacksonville	6,501,273	\$23.74	18.8%	18.3%	31,271	0.7%	3.8%
Memphis	2,486,625	\$19.30	22.5%	25.0%	(62,885)	1.4%	3.9%
Nashville	8,878,381	\$37.38	15.6%	14.5%	102,277	-1.0%	3.8%
Norfolk	1,811,820	\$28.16	16.1%	14.3%	24,334	-0.2%	0.9%
Orlando	7,021,133	\$29.57	27.9%	24.5%	77,170	-1.1%	4.0%
Raleigh/Durham	7,586,592	\$36.74	20.4%	17.9%	210,053	-0.7%	6.7%
Richmond	4,256,431	\$25.97	15.6%	14.9%	32,667	2.2%	-0.5%
Savannah	647,096	\$24.23	8.1%	8.3%	(1,576)	-1.4%	-1.0%
South Florida	30,122,073	\$59.06	18.2%	17.5%	314,620	4.1%	11.4%
Fort Lauderdale	8,400,076	\$47.43	19.2%	18.8%	14,829	1.7%	5.8%
Miami	13,959,257	\$65.39	19.9%	19.7%	25,897	4.2%	12.3%
Palm Beach	7,762,740	\$58.08	14.0%	12.3%	273,894	6.4%	13.6%
Tampa Bay	8,246,343	\$35.13	14.7%	13.4%	98,645	1.8%	3.8%
West	243,246,744	\$52.14	18.2%	18.9%	(560,026)	0.5%	6.2%
Albuquerque	577,135		26.1%	19.0%	41,440	-	-
Bakersfield	872,282	\$21.60	12.8%	4.3%	73,711	5.9%	5.5%
Denver	28,416,579	\$40.83	22.8%	22.9%	(102,986)	4.5%	3.5%
Fresno	1,082,164	\$21.00	5.9%	5.7%	1,942	0.6%	1.7%
Honolulu	4,691,493	\$36.72	13.1%	13.0%	13,433	-	1.0%
Las Vegas	1,242,974	\$27.75	19.5%	18.1%	16,918	-0.1%	-4.9%
Los Angeles	19,172,402	\$43.25	16.4%	15.9%	113,244	-0.4%	-1.9%
Phoenix	11,184,934	\$30.05	27.5%	26.5%	50,011	0.4%	3.3%
Portland	13,870,276	\$31.72	22.6%	23.6%	(139,983)	-4.7%	-13.9%
Reno/Sparks	585,732	\$26.65	12.4%	9.4%	13,643	-2.6%	1.9%
Sacramento	5,304,251	\$40.32	12.6%	12.8%	(25,403)	-1.2%	0.6%
Sacramento	5,304,251	\$40.32	12.6%	12.8%	(25,403)	-1.2%	0.6%
Salt Lake City	6,004,893	\$35.56	19.4%	19.0%	42,228	-2.1%	10.6%
San Diego	7,642,474	\$38.16	25.9%	26.3%	(44,598)	-2.5%	1.0%
San Francisco Bay Area	89,048,834	\$71.32	17.5%	18.7%	(689,983)	-1.4%	7.8%
East Bay	19,454,276	\$52.50	19.1%	19.0%	20,491	1.0%	1.2%
San Francisco	65,400,939	\$78.89	17.1%	18.7%	(598,192)	-2.9%	7.6%
Silicon Valley	4,193,619	\$62.95	16.3%	18.1%	(112,282)	-1.4%	1.7%
Seattle	50,699,229	\$54.58	15.0%	16.4%	9,278	-0.1%	7.4%
Stockton	2,851,092	\$25.34	8.3%	6.8%	67,079	-0.8%	-3.4%

Suburban: All Classes

	June 30, 2022	Q2 2022	June 30, 2022	Q1 2022	Q2 2022	Q2 2022	
Market	Inventory (SF)	New Supply (SF)	Under Construction (SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	YTD Absorption (SF)
USA	4,295,129,163	5,542,782	54,580,139	14.9%	15.0%	3,891,900	5,398,971
Midwest	778,560,731	389,589	5,216,928	13.7%	13.9%	(1,195,526)	(1,953,265)
Akron	14,991,656	-	20,000	11.7%	12.5%	46,427	92,418
Chicago	160,804,813	-	-	18.8%	19.3%	(408,346)	(184,464)
Cincinnati	43,757,962	71,271	542,000	16.6%	16.6%	81,591	(291,888)
Cleveland	33,556,267	-	871,900	11.1%	10.9%	37,491	85,046
Dayton	9,458,496	55,000	173,000	13.6%	15.5%	(105,163)	9,605
Detroit	165,319,903	74,371	1,161,771	13.0%	13.1%	(166,916)	(428,463)
Grand Rapids	30,128,518	31,000	219,071	6.1%	6.1%	(32,335)	(73,386)
Indianapolis	29,294,034	-	112,277	18.5%	18.2%	71,890	256,539
Kansas City	65,903,244	-	153,000	12.3%	12.2%	(159,188)	(493,697)
Milwaukee	29,901,623	-	289,679	15.3%	15.4%	(17,545)	(196,377)
Minneapolis-St. Paul	128,499,508	157,947	480,207	8.7%	8.9%	(139,324)	(292,200)
Omaha	26,800,318	-	365,438	11.9%	10.3%	(81,199)	82,617
St. Louis	40,144,389	-	828,585	16.4%	17.3%	(322,909)	(519,015)
Northeast	1,054,715,898	1,603,108	7,180,055	15.3%	15.4%	1,674,723	339,383
Baltimore	77,997,836	-	282,684	11.7%	12.1%	(284,625)	(360,928)
Boston	119,982,713	730,891	627,000	16.2%	16.1%	543,288	1,365,825
Hartford	34,116,686	-	-	11.7%	12.1%	(39,154)	132,973
New Hampshire Markets	23,824,513	-	104,664	12.4%	12.4%	(19,809)	(16,001)
New York City Metro	329,271,014	-	457,956	14.6%	14.6%	1,135,665	79,688
Central New Jersey	85,300,114	-	-	16.0%	15.6%	455,955	612,710
Long Island	68,083,486	-	103,288	8.5%	8.9%	211,622	(342,717)
Northern New Jersey	112,780,573	-	354,668	16.1%	15.9%	366,527	(120,943)
NYC Northern Suburbs	63,106,841	-	-	16.2%	17.2%	101,561	(69,362)
Philadelphia	106,814,651	-	138,305	17.5%	17.0%	629,262	512,810
Pittsburgh	73,070,142	16,181	386,649	10.7%	10.6%	67,649	(473,789)
Washington, DC	289,638,343	856,036	5,182,797	17.9%	18.2%	(357,553)	(901,195)
Northern Virginia	197,112,485	360,237	3,998,956	18.7%	19.0%	(522,850)	(1,094,830)
Suburban Maryland	92,525,858	495,799	1,183,841	16.2%	16.5%	165,297	193,635
South	1,295,480,650	1,499,020	24,186,546	16.1%	16.2%	(434,731)	731,353
Atlanta	177,250,597	179,300	1,865,818	16.9%	16.8%	416,964	34,472
Austin	54,321,772	-	7,653,814	18.8%	19.6%	(515,968)	(289,753)

Suburban: All Classes (Continued)

	June 30, 2022	Q2 2022	June 30, 2022	Q1 2022	Q2 2022	Q2 2022	
Market	Inventory (SF)	New Supply (SF)	Under Construction (SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	YTD Absorption (SF)
Birmingham	44,267,574	-	-	10.0%	10.2%	63,690	75,042
Charleston	9,660,169	61,400	140,000	20.1%	19.7%	88,216	163,122
Charlotte	62,707,629	40,000	2,228,225	15.3%	14.3%	136,091	97,750
Columbia	9,571,412	-	-	13.6%	14.0%	(37,980)	(37,491)
Dallas	252,106,584	441,322	6,184,773	19.3%	19.5%	(278,351)	277,437
Fort Worth	19,126,110	-	308,657	13.6%	12.3%	240,722	110,318
Greenville Spartanburg	10,774,796	177,000	-	16.5%	16.5%	58,121	51,607
Houston	194,112,977	-	1,613,923	22.2%	22.2%	(112,734)	814,557
Huntsville	18,775,149	166,000	-	7.3%	9.5%	(345,714)	(383,874)
Jacksonville	38,708,492	-	444,667	10.4%	10.7%	(154,519)	(7,227)
Memphis	30,159,185	-	-	13.6%	14.4%	(154,593)	(108,615)
Nashville	43,957,075	-	743,629	15.5%	16.7%	(18,964)	241,589
Norfolk	20,462,248	-	-	12.8%	12.7%	(43,308)	(65,204)
Orlando	47,711,807	10,869	347,620	11.0%	11.2%	(130,189)	(44,754)
Raleigh/Durham	54,706,860	-	1,166,900	12.2%	12.1%	361,641	120,148
Richmond	15,567,048	-	12,000	13.0%	12.6%	4,008	(35,573)
Savannah	1,394,246	-	-	6.9%	11.4%	(62,631)	(47,985)
South Florida	127,485,510	293,129	1,376,320	10.3%	10.2%	256,601	579,040
Fort Lauderdale	33,672,739	0	559,227	12.2%	11.6%	169,059	226,517
Miami	64,856,068	293,129	792,993	9.8%	10.1%	(68,194)	170,010
Palm Beach	28,956,703	-	24,100	9.3%	8.7%	155,736	182,513
Tampa Bay	62,653,410	130,000	100,200	13.8%	14.5%	(205,834)	(813,253)
West	1,166,371,884	2,051,065	17,996,610	14.1%	13.9%	3,847,434	6,281,500
Albuquerque	11,042,934	-	-	13.0%	13.9%	(126,869)	(147,116)
Bakersfield	6,818,006	18,570	-	8.9%	9.8%	(41,650)	65,362
Boise	25,202,864	34,900	356,593	4.6%	3.9%	95,247	131,826
Central Idaho	2,565,821	-	-	1.3%	1.2%	9,463	12,704
Denver	128,060,406	150,879	488,747	13.5%	13.6%	751,906	1,633,109
Eastern Idaho	6,768,068	-	-	3.3%	4.2%	(76,410)	(71,687)
Fresno	19,096,697	41,701	-	7.6%	7.4%	48,684	142,777
Honolulu	7,284,533	-	45,000	12.3%	13.5%	(100,378)	(100,696)
Las Vegas	40,750,391	129,272	662,114	12.8%	12.9%	71,860	282,921

Suburban: All Classes (Continued)

	June 30, 2022	Q2 2022	June 30, 2022	Q1 2022	Q2 2022	Q2 2022	
Market	Inventory (SF)	New Supply (SF)	Under Construction (SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	YTD Absorption (SF)
Los Angeles	286,233,689	310,124	3,887,857	18.3%	18.0%	882,130	329,858
Inland Empire	20,049,769	-	-	12.2%	10.8%	243,544	279,327
Los Angeles	178,191,118	310,124	3,092,865	19.6%	19.6%	(46,092)	(170,572)
Orange County	87,992,802	-	794,992	17.2%	16.4%	684,678	221,103
Phoenix	141,253,162	287,000	1,720,637	16.6%	16.8%	483,759	352,267
Portland	49,666,055	29,041	151,211	13.7%	13.9%	(127,826)	(211,464)
Reno/Sparks	6,113,688	-	-	10.4%	10.5%	(2,130)	1,623
Sacramento	47,374,485	-	20,000	17.4%	17.0%	53,297	(106,932)
Salt Lake City	46,490,828	286,647	715,477	12.4%	12.5%	226,750	464,275
San Diego	72,477,167	-	629,178	11.6%	10.4%	607,832	651,596
San Francisco Bay Area	210,584,323	762,931	7,960,796	11.1%	10.7%	1,140,550	2,017,857
East Bay	49,403,224	-	674,636	13.9%	13.5%	200,850	(219,981)
Fairfield, CA	5,283,489	-	-	18.4%	18.5%	(18)	(20,447)
San Francisco Peninsula	46,490,772	125,353	1,458,894	9.6%	9.2%	96,741	223,474
Silicon Valley	109,406,838	637,578	5,827,266	10.2%	9.7%	842,977	2,034,811
Santa Fe	2,254,673	-	-	6.8%	5.3%	32,717	38,520
Seattle	56,334,094	-	1,359,000	12.8%	12.8%	(81,498)	794,700

Suburban: Class A

	June 30, 2022		Q1 2022	Q2 2022	Q2 2022		
Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
USA	1,819,085,016	\$33.80	17.6%	17.6%	4,480,237	-0.4%	0.5%
Midwest	254,544,867	\$26.70	17.0%	17.1%	(94,503)	-0.2%	0.2%
Akron	3,739,958	\$20.39	16.2%	17.1%	37,316	2.6%	0.9%
Chicago	76,205,314	\$29.56	23.6%	24.0%	(303,160)	0.0%	-1.0%
Cincinnati	18,839,755	\$22.44	16.4%	16.9%	(22,422)	0.0%	-0.8%
Cleveland	9,100,677	\$20.90	9.6%	9.8%	(17,858)	3.6%	-5.3%
Dayton	2,724,721	\$25.03	13.0%	14.7%	32,609	2.5%	-
Detroit	41,140,590	\$22.35	13.9%	13.3%	271,346	-0.7%	1.8%
Indianapolis	13,467,128	\$23.64	20.9%	20.1%	109,125	0.2%	-0.3%
Kansas City	21,351,482	\$23.34	13.2%	13.3%	(25,994)	0.4%	1.0%
Milwaukee	11,920,707	\$21.08	13.8%	13.7%	32,706	0.7%	0.9%
Minneapolis-St. Paul	29,040,243	\$33.86	10.8%	10.3%	99,313	1.5%	1.3%
Omaha	6,732,798	\$32.96	14.0%	13.5%	(23,433)	1.5%	10.6%
St. Louis	20,281,494	\$26.43	16.0%	17.5%	(284,051)	-0.7%	1.2%
Northeast	506,619,511	\$31.22	16.5%	16.7%	975,560	0.0%	-0.8%
Baltimore	33,754,838	\$28.52	13.6%	13.7%	(68,756)	0.1%	1.5%
Boston	54,091,946	\$32.59	15.6%	15.2%	644,131	1.0%	4.4%
Hartford	6,376,880	\$21.02	15.5%	15.2%	18,376	-0.5%	-4.4%
New Hampshire Markets	7,556,255	\$24.37	13.0%	14.7%	(56,573)	4.1%	5.0%
New York City Metro	189,942,511	\$31.32	15.3%	15.6%	552,891	-0.1%	-2.4%
Central New Jersey	54,769,086	\$28.96	14.3%	14.0%	208,843	0.0%	1.1%
Long Island	24,707,999	\$30.17	10.2%	10.6%	211,897	3.9%	-0.3%
Northern New Jersey	78,476,598	\$33.77	16.6%	16.4%	219,577	0.6%	1.5%
NYC Northern Suburbs	31,988,828	\$29.29	18.0%	20.1%	(87,426)	-3.6%	-16.4%
Philadelphia	55,620,702	\$28.98	14.8%	14.6%	99,066	0.3%	1.0%
Pittsburgh	17,535,613	\$25.47	22.4%	21.6%	146,874	0.0%	-1.3%
Washington, DC	141,740,766	\$35.21	19.3%	20.0%	(360,449)	-0.1%	0.2%
Northern Virginia	95,486,878	\$37.78	19.8%	20.5%	(385,327)	0.3%	0.9%
Suburban Maryland	46,253,888	\$30.32	18.3%	18.9%	24,878	-0.3%	-1.1%
South	578,684,063	\$32.41	19.5%	19.7%	13,926	0.2%	1.6%
Atlanta	92,277,590	\$31.55	21.4%	21.1%	276,226	-0.1%	1.3%
Austin	26,711,910	\$40.07	15.8%	16.4%	(252,714)	-2.0%	0.5%
Birmingham	10,400,451	\$22.90	16.3%	18.1%	(48,820)	-0.5%	2.7%
Charleston	3,558,107	\$29.16	26.8%	25.4%	93,982	7.7%	-
Charlotte	27,522,591	\$33.53	19.2%	19.1%	(69,028)	3.7%	10.5%
Columbia	1,994,579	\$20.56	25.1%	25.1%	-	0.0%	2.3%
Dallas	135,432,530	\$34.60	20.7%	21.1%	(282,104)	0.2%	2.2%
Fort Worth	4,906,067	\$29.60	20.1%	17.2%	143,515	2.1%	14.1%
Greenville Spartanburg	4,461,298	\$22.52	15.8%	15.8%	26,166	2.3%	5.3%

Suburban: Class A (Continued)

	June 30, 2022		Q1 2022	Q2 2022	Q2 2022		
Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Vacancy Rate	Vacancy Rate	Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
Houston	103,632,751	\$31.33	24.9%	24.7%	167,265	-0.4%	-2.5%
Huntsville	3,230,833	\$22.24	7.6%	13.6%	(129,015)	2.0%	11.8%
Jacksonville	11,143,826	\$24.30	12.4%	12.4%	(23,902)	0.5%	2.3%
Memphis	8,618,164	\$23.94	13.4%	15.1%	(133,776)	1.4%	-0.6%
Nashville	18,773,377	\$34.23	18.0%	19.9%	(54,818)	0.5%	3.4%
Norfolk	9,365,430	\$21.80	10.8%	11.0%	(9,633)	0.8%	3.1%
Orlando	18,022,897	\$27.95	12.6%	13.3%	(126,265)	-0.3%	7.1%
Raleigh/Durham	27,401,098	\$31.63	15.7%	15.3%	418,810	3.3%	6.8%
Richmond	8,926,102	\$21.73	15.0%	14.2%	39,499	-0.4%	4.7%
Savannah	488,384	\$23.99	9.4%	16.1%	(33,177)	-4.5%	-3.4%
South Florida	39,769,297	\$42.10	15.2%	15.0%	149,830	1.1%	5.6%
Fort Lauderdale	11,739,743	\$38.16	16.6%	16.1%	41,742	-0.1%	7.3%
Miami	19,047,732	\$44.27	16.8%	16.7%	83,642	0.7%	4.4%
Palm Beach	8,981,822	\$42.92	10.2%	9.8%	24,446	4.2%	8.8%
Tampa Bay	22,046,781	\$30.60	16.9%	18.5%	(138,115)	2.4%	1.7%
West	479,236,575	\$43.07	16.6%	16.4%	3,585,254	-1.2%	0.7%
Albuquerque	1,052,173	\$23.49	12.1%	8.8%	42,036	3.0%	1.6%
Bakersfield	3,090,757	\$23.26	12.6%	13.0%	(6,434)	2.5%	8.9%
Denver	49,598,347	\$30.99	15.6%	15.7%	641,530	0.9%	1.7%
Fresno	1,376,272	\$24.60	12.2%	12.7%	(6,019)	1.0%	4.6%
Las Vegas	5,826,380	\$34.32	24.9%	23.4%	147,028	1.2%	3.8%
Los Angeles	158,850,746	\$45.28	20.7%	20.3%	535,615	-3.0%	-0.6%
Inland Empire	5,174,084	\$30.03	12.8%	10.6%	99,092	-1.8%	2.8%
Los Angeles	113,944,656	\$48.80	21.0%	20.8%	175,692	-4.4%	-0.2%
Orange County	39,732,006	\$36.69	20.8%	20.1%	260,831	0.2%	-3.3%
Phoenix	47,665,748	\$32.48	20.7%	21.2%	464,104	7.4%	2.1%
Portland	13,283,043	\$33.67	16.7%	17.4%	(67,419)	1.3%	4.3%
Reno/Sparks	1,043,152	\$23.75	14.0%	12.4%	8,679	-1.6%	-12.3%
Sacramento	14,042,510	\$26.59	17.7%	17.4%	31,337	0.2%	-8.7%
Salt Lake City	22,747,602	\$28.78	11.4%	11.8%	182,706	0.7%	2.7%
San Diego	25,821,364	\$43.94	13.0%	11.8%	349,391	3.0%	5.2%
San Francisco Bay Area	121,200,938	\$61.76	11.6%	11.0%	1,147,137	-1.3%	0.8%
East Bay	20,698,709	\$41.04	17.1%	16.8%	62,418	-0.2%	4.4%
Fairfield, CA	2,202,660	\$30.20	22.9%	22.3%	13,777	5.0%	3.8%
San Francisco Peninsula	29,091,841	\$77.47	8.4%	8.1%	105,689	-0.7%	7.0%
Silicon Valley	69,207,728	\$68.99	11.0%	10.2%	965,253	-1.7%	-
Santa Fe	278,515	\$29.09	13.5%	8.6%	13,753	-6.5%	-
Seattle	13,359,028	\$38.10	18.6%	17.8%	101,810	1.4%	-

Occupier Services

Paul McNeill

CEO

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