The U.S. Office Market Hits Pause in the First Quarter

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U.S. Research Report | Q1 2022
Office Market Outlook

Key Takeaways

- The U.S. office vacancy rate increased slightly in Q1 2022.
- Net absorption was marginally negative following two consecutive quarters of occupancy gains.
- Asking rents are mostly holding firm, but generous concessions are on offer.
- Sublease space levels ticked up in the first quarter and remain elevated.
- Supply-side risks are limited with speculative construction subdued.
- Office occupancy is increasing with more firms returning to the office in some capacity.
- Sales volume has increased considerably year-over-year.
- Despite the recent economic slowdown, office-based jobs are being added at a healthy rate.
- Sun Belt cities, particularly in Florida, and mid-tier tech markets are set to lead the office recovery.

Summary Statistics

Vacancy Rate	15.0%
Change from Q4 2021 (basis points)	20
Absorption (MSF)	(0.5)
% of Markets With Positive Absorption	49%
New Supply (MSF)	12.2
Under Construction (MSF)	121.9

Asking Rents (Per Square Foot Per Year)

Downtown Class A	$52.56
Change From Q4 2021	0.2%
Change From Q1 2021	2.4%
Suburban Class A	$33.85
Change From Q4 2021	-0.6%
Change From Q1 2021	0.8%

Source: Colliers

Following two consecutive quarters of occupancy gains, the U.S. office market paused in Q1 2022, but the overarching trend remains one of stabilization.

The U.S. office vacancy rate now stands at 15.0%, an increase of 20 basis points in the first quarter. However, vacancy is still comfortably below the record peak of 16.3%, seen at the height of the Global Financial Crisis (GFC).

Sublease space has been a key contributor to the increase in vacancy. There are 208.6 million square feet of sublease space available across the U.S. office market, up by 8.9 million square feet from Q4 2021. This remains significantly higher than the prior peak of 143.3 million square feet seen in Q2 2009. As firms 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.

Net absorption, which measures the change in occupied office inventory, remained positive in just under half (49%) of the office markets tracked in our national survey, but was slightly negative in Q1 2022 at a national level, totaling negative 533,590 square feet, down from an encouraging nine million square feet in Q4 2021. This modest amount does not indicate any downturn in the office market. It is a major turnaround from one year earlier, when the national office market recorded an all-time low of negative 46.1 million square feet in Q1 2021.

Eight office markets posted more than 500,000 square feet of positive absorption in Q1 2022, led by Seattle (1.2 million square feet) and Silicon Valley (1.1 million square feet). Houston and South Florida both posted close to 900,000 square feet of positive absorption. Boston, Dallas, Denver and Salt Lake City also saw healthy gains. San Francisco took the hardest hit with 1.5 million square feet of negative absorption in the first quarter. Chicago's challenges continued with a further 844,100 square feet of negative absorption in Q1 2022.

Construction activity has slowed. There are 121.9 million square feet currently underway, which is down 25% 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 26.9 million square feet, followed by the San Francisco Bay Area with 9.1 million square feet and Washington D.C. with 8.5 million square feet.

While there are localized variations, asking rates are, by and large, holding firm. Although leasing activity is slowly picking up, 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.

What is in store for the remainder of 2022? We anticipate further stabilization in key fundamentals, with some in-demand markets achieving early-stage growth toward the end of the year. Office occupancy has ticked up to 42% and will only go higher as more firms return to the office. However, this does not mean that all employees will be back in the office five days per week.

The jury is still out on the extent to which shifts in working practices, business location and space utilization will impact the office sector moving forward. Some degree of remote working is here to stay. However, given existing lease commitments and the time it will take to achieve optimum workplace solutions, any structural changes will take several years to fully play out.

Top U.S. Office Leases in Q1 2022

Tenant	Address	Market	SF	Tenant Industry
Sherwin-Williams	1 Frankfort Ave	Cleveland	1,000,000	Manufacturing
Centene	2405 Governor Hunt Rd	Charlotte	770,000	Healthcare
Department of Justice	450 5th St NW	Washington, DC	539,478	Government
Bristol Myers Squibb	Campus Point Dr	San Diego	427,000	Pharmaceutical
Eli Lilly and Company	15 Necco St	Boston	334,000	Pharmaceutical

Sources: CoStar, Colliers

Top U.S. Office Sales in Q1 2022

Address	Market	SF	Price ($m)	Buyer
One Manhattan West	New York	2,081,305	$2,081.0	Blackstone
Google Hudson Square	New York	631,721	$1,972.9	Alphabet Inc.
Alexandria Center at Kendall Square	Boston	432,931	$1,020.0	CBRE Investment Management
Trammell Crow Center, 2001 Ross Ave	Dallas	1,128,331	$615.0	Regent Properties
Sony Pictures Plaza	Los Angeles	328,847	$510.0	Blackstone

Source: Real Capital Analytics

Economic and Office Sector Outlook

U.S. Economic Outlook

- The U.S. economy hit an unexpected bump in the first quarter with GDP contracting at a negative 1.4% annualized rate. While a slowdown from the heady economic expansion of 2021 was anticipated, the Q1 2022 contraction was more severe than expected.
- Key contributors to the Q1 slowdown included the growing gap between U.S. imports and exports, declining inventory purchases, supply chain challenges and falling levels of fiscal support. Forecasts for 2022 have been reined in, but the consensus is that GDP growth for 2022 will be in the 2.5% to 3.5% range.
- On a positive note, data on consumer spending and job growth – two of the key pillars of the U.S. economy – remains encouraging. In the first quarter, consumer spending rose by 2.7%, a 20 basis points increase from Q4 2021 and above the 10-year pre-pandemic average. A further 428,000 jobs were added in April, bringing the number of jobs added over the past 12 months to 6.5 million. The labor market remains tight with the unemployment rate holding at a low 3.6%.
- Office-based employment accounted for 27% of U.S. job gains in the first quarter and all but seven of the

top 30 office markets have returned to pre-pandemic employment levels. Recent growth has been strongest in Atlanta, Boston and Dallas. Looking forward, markets with a significant leisure and hospitality or tech component are set to out-perform.

- Concerns over heady inflation – currently running at a 6.6% annualized rate – coupled with a prolonged Russia-Ukraine conflict are the principal headwinds affecting the economic outlook. This has prompted a 50 basis points hike in the Fed Funds rate with similar increases on the table in the forthcoming months.

Outlook: Top 50 U.S. Office Markets

- The chart below sets out our projections for where the top 50 U.S. office markets will be positioned on the property cycle as at year-end 2022.
- In line with the national outlook, just under half of the markets are projected to be at, or approaching, stabilization or in early-stage recovery.
- Boston leads the recovery among the top 10 office markets having consistently posting positive absorption coupled with a declining vacancy rate. Atlanta and San Jose follow next. Chicago, Dallas, Houston and San Francisco are the major markets that lag the recovery with fundamentals expected to stay weak throughout 2022 and into 2023.
- Outside of the top 10 markets, three groupings are expected to lead the recovery:
  - Florida markets – all of which have been outperforming the national picture and posting improving fundamentals.
  - Mid-tier, tech led cities such as Austin, Nashville, Raleigh and Salt Lake City.
  - Markets that are set to benefit from improvements in the leisure and hospitality sector, such as Las Vegas and Orlando.
- A more detailed analysis of market prospects, including metro-level projections of key economic indicators, can be found in our recently published Top 50 U.S. Office Markets research report. The report addresses each market individually and sets out the challenges and opportunities they are facing.

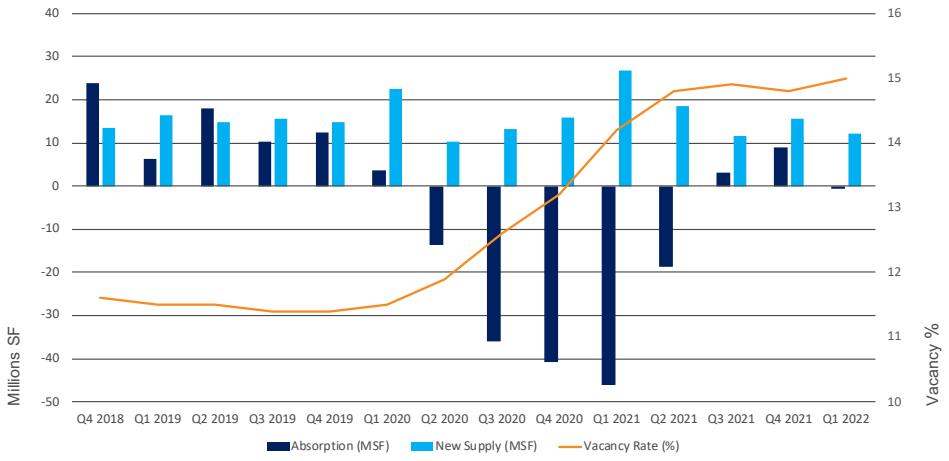
Top 50 U.S. Office Markets: Year End 2022

Key Trends & Observations

Vacancy Increases

- The direct U.S. office vacancy rate stands at 15.0%, up 20 basis points from the fourth 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 50 basis points in Q1 2022 to 15.0%, while suburban levels are up by 10 basis points to 15.0%.
- Jacksonville has the lowest metro vacancy rate outside of the tertiary markets at 10.6%, followed by Minneapolis at 10.9% and Orlando at 11.2%.
- Houston has the highest vacancy rate among the major metros at 23.1%, followed by Chicago (20.1%) and Dallas (19.7%).

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



Source: Colliers

Asking Rents Show Little Change

- Average Class A full-service office asking rates fell by 0.2% to $41.18 per square foot in the first quarter.
- Class A asking rates in CBD markets average $52.56 per square foot, up by 0.2% over the quarter. Average Class A suburban asking rates stand at $33.85 per square foot following a 0.6% quarterly decline.
- The gap between asking and effective rates remains significant. Tenant improvement allowances of $100 per square foot or more, accompanied by 12 months of rent abatement, 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. Fit-out periods are becoming longer as well.

Absorption Turns Slightly Negative

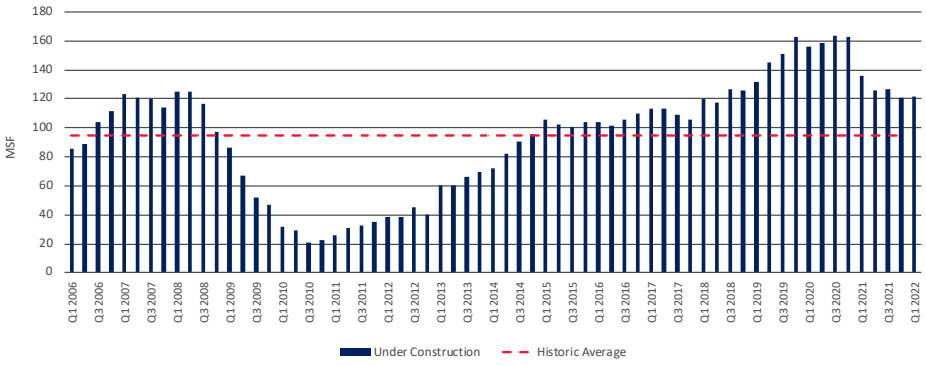
- U.S. office absorption totaled negative 0.5 million square feet in Q1 2022 compared with positive nine million square feet in Q4 2021.
- The modest downturn in absorption still represents a major turnaround from a year ago. A record negative 46.1 million square feet of occupancy losses was posted in Q1 2021.
- The number of markets with positive absorption fell in the first quarter, with 49% of office markets seeing a gain in occupancy. This is down from 61% in Q4 2021.
- Seattle saw the greatest amount of positive absorption at a metro level in Q1 2022 at 1.2 million square feet, followed by Houston (899,760 square feet) and South Florida (890,340 square feet).

- Second-tier metros with healthy positive absorption in Q1 2022 included Denver (662,640 square feet), Salt Lake City (533,250 square feet) and Columbus (424,355 square feet).
- On the downside, Chicago remains one of the most challenged major office markets, posting 844,100 square feet of negative absorption, following two consecutive quarters where absorption exceeded negative one million square feet. There was a reversal of fortunes in Los Angeles, where one million square feet of negative absorption erased the prior quarter's occupancy gains.

Construction Activity is Down

- The amount of office space under construction in the U.S. stands at 121.9 million square feet, having fallen by 25% from this cycle's peak of 162.6 million square feet in Q3 2020.
- The amount of space completed in Q1 2022 was 12.2 million square feet, down from 15.5 million square feet in Q4 2021.
- CBD markets account for 68.6 million square feet underway, with 53.4 million square feet taking place in the suburbs. In addition, the pace of construction in CBD markets is greater, where it equates to 3.2% of inventory compared with 1.2% in the suburbs. The national level is 1.9%.
- The New York City metro has by far the greatest amount of construction underway at 26.8 million square feet, followed by the San Francisco Bay Area (9.1 million square feet) and Washington D.C. (8.5 million square feet).
- The fastest-growing markets, as represented by space underway as a percentage of inventory, are Austin (10.4%), Seattle (5.3%) and Charlotte (4.9%).

U.S. Office Market: Quarterly Under Construction Totals



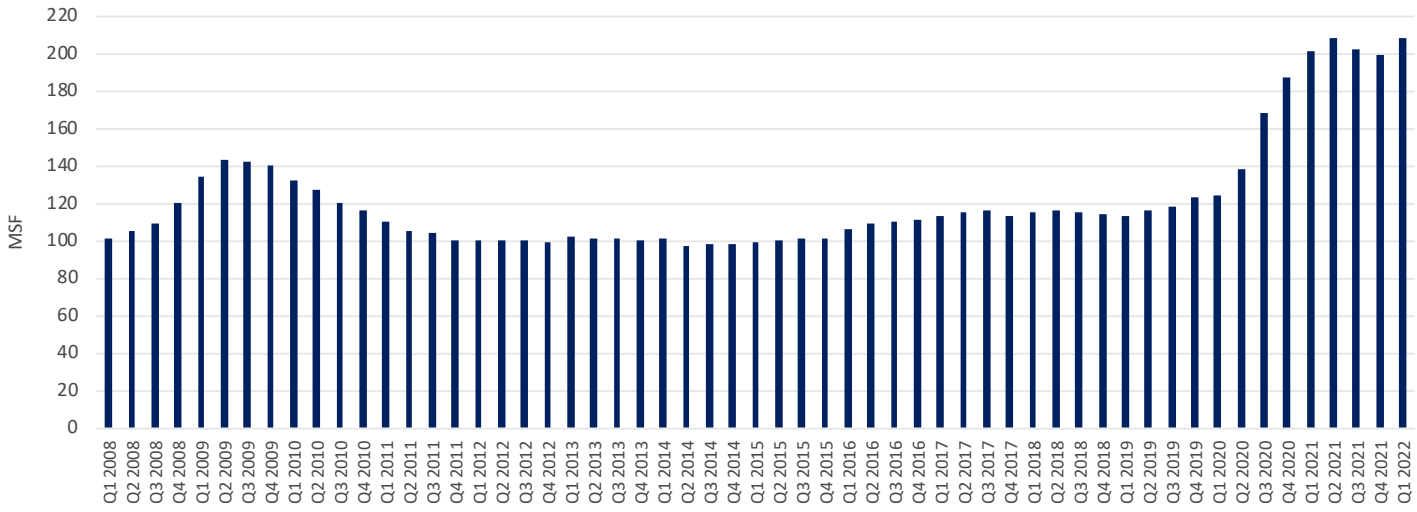
Source: Colliers

Sublease Space Ticks Back Up

- Total sublease space available at a national level increased by 8.9 million square feet in the fourth quarter to 208.6 million square feet. This followed two successive quarterly declines in the sublease space total.

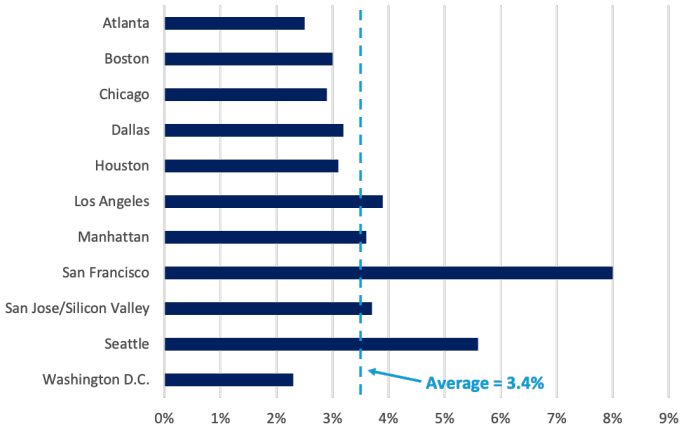
- The current total is on par with the record 208.6 million square feet seen in Q2 2021, thereby continuing to place pressure on rents.
- San Francisco still has the highest sublease availability rate among the top 10 markets, by a fair margin, at 8.0%. Seattle and Los Angeles are next, at 5.6% and 3.9%, respectively.
- In an analysis of Class A rental discounts for sublease space over direct space across the top 10 office markets, the average discount is 26.1%. Houston leads all markets at 48.6%, followed by Chicago at 40.5% and Atlanta at 34.0%.

U.S. Office Market: Available Sublease Space



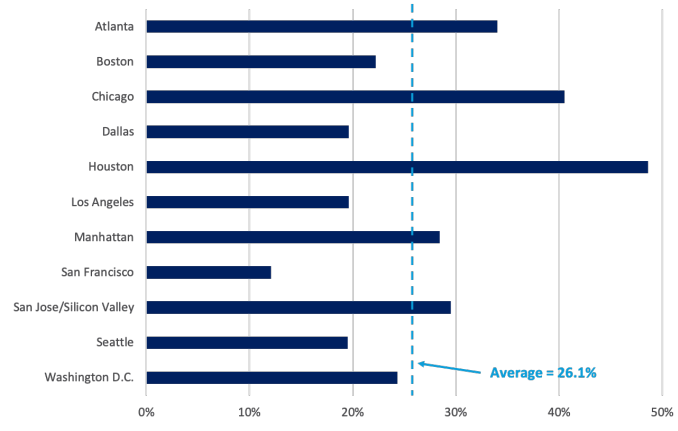
Source: Colliers

Leading Office Markets: Sublease Availability Rates



Source: Colliers

Leading Markets: Class A CBD Sublease Space –Rental Discount Q1 2022

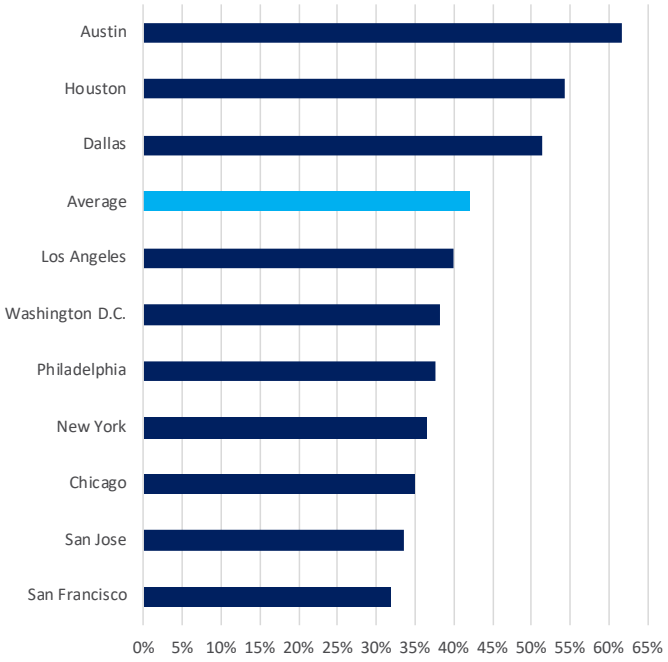


Source: Colliers

Suburban Markets Lead the Way

- While the pandemic-driven downturn adversely impacted virtually all 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 eight quarters, since the start of the downturn, overall CBD vacancy rates have risen by 470 basis points compared with 280 basis points in the suburbs.
- Suburban and CBD vacancy levels are now equal at 15.0% compared with a 190 basis points gap at the start of the same period. This is the first time this has occurred 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.
- Vacancy fell in 50% of suburban markets in Q4 2021, in contrast to 46% of CBD locations.
- On the demand side, suburban absorption was 2.2 million square feet in Q1 2022, compared to negative 2.6 million square feet across the CBD markets.

Office Occupancy Rates Across 10 Metro Markets



Source: Kastle Systems 04/02/2022

Return to the Office Gathers Pace

- Office return dates have been a moving target throughout the pandemic, particularly over the last three to four quarters, with plans being stalled by the Delta and Omicron variants in turn.
- Current office occupancy stands at 42.0%, as tracked by Kastle Systems across 10 U.S. office metros. This compares with 31.2% at the end of Q4 2021.

- Occupancy levels are 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 30% to 35% in metro Chicago, New York and San Francisco.
- With more firms setting return to work dates, further gains should occur as the year progresses.

Sales Activity Has Picked Up

- Office investment activity is approaching pre-pandemic levels. Total sales volume in Q1 2022 was $35.1 billion, representing a year-over-year increase of 59%.
- Suburban properties continue to attract the most capital, with buyers placing $23.5 billion in such assets in Q1 2022 compared with $11.6 billion in CBD locations.
- Two transactions in New York, totaling a combined $3.5 billion, led Q1 2022 sales activity. Alphabet Inc. closed on its $2.1 billion Hudson Waterfront purchase for Google's New York headquarters, while Blackstone acquired One Manhattan West for $1.4 billion.
- Average pricing in Q1 2022 was $293 per square foot, with levels at $392 per square foot in CBD markets and $264 per square foot in the suburbs. Office values are up by 10.3% year-over-year.

Downtown: All Classes

Market	Mar 31, 2022 Inventory (SF)	Q1 2022 New Supply (SF)	Mar 31, 2022 Under Construction (SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	YTD Absorption (SF)
USA	**2,122,759,434**	**6,541,706**	**68,563,911**	**14.6%**	**15.0%**	**(2,683,179)**	**(2,683,179)**
Midwest	**407,798,431**	**2,932,835**	**7,057,316**	**15.5%**	**16.4%**	**(385,835)**	**(385,835)**
Chicago	157,728,396	2,200,835	2,084,080	17.8%	19.7%	(1,116,829)	(1,116,829)
Cincinnati	16,184,745	-	-	14.2%	13.0%	259,755	259,755
Cleveland/Akron	22,563,283	-	1,168,000	18.3%	16.5%	227,475	227,475
Columbus	20,956,307	200,000	692,938	11.6%	11.6%	166,169	166,169
Dayton	5,426,079	-	-	28.9%	30.6%	(144,194)	(144,194)
Detroit	27,109,558	-	855,037	9.4%	9.2%	68,538	68,538
Grand Rapids	10,876,425	-	411,532	10.7%	10.6%	(18,829)	(18,829)
Indianapolis	12,919,838	-	-	20.2%	22.2%	(243,846)	(243,846)
Kansas City	34,362,859	-	260,000	8.8%	9.1%	123,546	123,546
Milwaukee	20,810,999	-	530,000	17.6%	17.7%	(4,444)	(4,444)
Minneapolis-St. Paul	57,847,602	532,000	699,729	13.4%	15.8%	201,126	201,126
Omaha	7,730,451	-	40,000	8.4%	8.0%	53,115	53,115
St. Louis	13,281,889	-	316,000	25.1%	22.0%	42,583	42,583
Northeast	**907,101,215**	**797,745**	**36,931,759**	**12.0%**	**12.3%**	**(1,264,966)**	**(1,264,966)**
Baltimore	45,224,469	-	602,927	13.1%	13.1%	69,592	69,592
Boston	66,564,065	-	4,082,002	14.0%	14.2%	(175,381)	(175,381)
Hartford	12,887,060	-	-	10.9%	10.8%	17,508	17,508
New York City Metro	540,184,391	797,745	26,237,475	1-	10.4%	(742,956)	(742,956)
Manhattan	523,844,275	797,745	25,460,475	9.7%	10.1%	(568,349)	(568,349)
NYC Northern Suburbs	16,340,116	-	777,000	19.9%	20.9%	(174,607)	(174,607)
Philadelphia	48,121,679	-	1,142,720	13.3%	13.6%	(162,751)	(162,751)
Pittsburgh	48,020,751	-	2,368,237	12.8%	13.1%	(152,631)	(152,631)
Washington, DC	146,098,800	-	2,498,398	17.2%	17.3%	(118,347)	(118,347)
South	**395,358,676**	**272,450**	**14,169,565**	**16.5%**	**16.5%**	**454,365**	**454,365**
Atlanta	58,550,530	60,000	2,640,822	17.7%	18.0%	(111,232)	(111,232)
Austin	13,535,540	45,000	2,379,727	19.3%	18.6%	122,074	122,074
Birmingham	19,410,466	-	-	7.7%	7.7%	(23,574)	(23,574)
Charleston	2,807,207	-	366,985	21.1%	21.0%	3,875	3,875
Charlotte	32,759,197	-	2,208,324	11.6%	12.8%	(397,338)	(397,338)
Columbia	5,032,242	-	150,000	12.5%	12.2%	11,532	11,532
Dallas-Fort Worth	41,928,948	-	472,496	26.0%	25.8%	93,159	93,159
Greenville Spartanburg	4,175,228	-	-	17.9%	17.9%	-	-
Houston	45,045,348	-	386,323	28.1%	28.4%	(124,104)	(124,104)

Downtown: All Classes (Continued)

Market	Mar 31, 2022 Inventory (SF)	Q1 2022 New Supply (SF)	Mar 31, 2022 Under Construction (SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	YTD Absorption (SF)
Huntsville	3,873,087	-	-	3.7%	2.8%	35,310	35,310
Jacksonville	14,785,613	-	704,613	11.2%	11.1%	32,784	32,784
Memphis	5,895,525	-	97,000	18.5%	15.0%	206,899	206,899
Nashville	16,787,979	-	1,418,000	12.3%	12.7%	(20,788)	(20,788)
Norfolk	3,262,337	-	-	16.6%	17.7%	(47,082)	(47,082)
Orlando	11,488,953	-	-	11.7%	11.8%	(7,872)	(7,872)
Raleigh/Durham	12,093,700	-	150,000	14.3%	15.1%	47,518	47,518
Richmond	10,332,747	-	35,000	13.5%	14.5%	(44,383)	(44,383)
Savannah	794,009	-	-	10.4%	10.8%	(2,960)	(2,960)
South Florida	80,694,564	167,450	3,160,275	12.1%	11.7%	567,905	567,905
Fort Lauderdale	28,586,450	-	162,314	12.6%	11.4%	218,804	218,804
Miami	29,062,645	144,430	2,357,423	13.4%	13.5%	322,830	322,830
Palm Beach	23,045,469	23,020	640,538	9.9%	9.9%	26,271	26,271
Tampa Bay	12,105,456	-	-	12.5%	12.0%	112,642	112,642
West	**412,501,112**	**2,538,676**	**10,405,271**	**17.6%**	**18.3%**	**(1,486,743)**	**(1,486,743)**
Albuquerque	3,198,630	-	-	18.1%	18.1%	13,274	13,274
Bakersfield	3,913,783	-	6,500	9.2%	10.9%	55,611	55,611
Boise	7,642,486	-	-	5.3%	4.7%	5,934	5,934
Denver	41,276,799	250,402	577,949	20.1%	21.2%	(218,564)	(218,564)
Fresno	3,476,502	-	-	6.1%	5.9%	3,500	3,500
Greater Los Angeles	35,982,332	-	344,583	22.1%	23.8%	(496,677)	(496,677)
Honolulu	6,566,165	-	-	13.3%	14.5%	(47,083)	(47,083)
Las Vegas	5,034,098	-	-	12.0%	10.1%	96,044	96,044
Phoenix	23,252,782	-	-	21.7%	20.9%	39,485	39,485
Portland	25,740,236	60,860	303,373	22.2%	22.9%	(143,929)	(143,929)
Reno/Sparks	1,604,573	-	-	13.9%	13.7%	21,046	21,046
Sacramento	10,190,087	-	-	17.8%	17.7%	30,292	30,292
Salt Lake City	13,886,616	838,414	-	17.7%	19.9%	295,723	295,723
San Diego	10,911,144	-	681,600	26.3%	25.8%	53,117	53,117
San Francisco Bay Area	136,424,865	640,000	2,660,266	16.6%	18.1%	(1,571,634)	(1,571,634)
East Bay	30,034,198	-	-	18.1%	18.2%	(8,031)	(8,031)
San Francisco	97,888,430	640,000	625,000	16.3%	18.3%	(1,508,710)	(1,508,710)
Silicon Valley	8,502,237	-	2,035,266	15.3%	15.7%	(54,893)	(54,893)
Seattle	75,814,468	714,000	5,831,000	15.5%	15.2%	331,165	331,165
Stockton	7,585,546	35,000	-	8.5%	8.3%	45,953	45,953

Downtown: Class A

Market	Mar 31, 2022 Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
USA	**1,236,056,704**	**$52.56**	**15.1%**	**15.7%**	**(1,354,616)**	**0.2%**	**2.4%**
Midwest	**188,441,918**	**$34.81**	**14.9%**	**16.4%**	**591,189**	**3.6%**	**1.0%**
Chicago	78,610,010	$48.43	14.6%	17.5%	(272,537)	0.2%	0.7%
Cincinnati	8,432,745	$23.37	13.4%	11.1%	195,382	-3.9%	-1.7%
Cleveland/Akron Metro	10,909,003	$22.31	13.9%	11.2%	240,286	0.3%	0.5%
Columbus	9,996,802	$20.61	13.0%	13.2%	157,152	0.8%	-0.2%
Dayton	2,642,216	$18.17	32.6%	33.4%	(20,815)	-0.3%	-0.9%
Detroit	8,742,876	$29.17	8.5%	8.3%	9,699	-	1.6%
Indianapolis	6,597,963	$25.47	20.7%	24.1%	(197,060)	-0.5%	-1.1%
Kansas City	11,099,896	$22.70	15.9%	16.9%	3,848	0.9%	1.4%
Milwaukee	9,161,157	$24.88	19.8%	19.7%	21,320	-0.8%	-1.4%
Minneapolis-St. Paul	30,800,302	$34.17	11.8%	14.8%	368,846	0.7%	-0.8%
Omaha	3,234,213	$31.00	10.4%	1-	36,114	6.9%	7.5%
St. Louis	8,214,735	$20.19	25.0%	22.6%	48,954	1.7%	3.9%
Northeast	**576,812,112**	**$69.86**	**11.8%**	**12.1%**	**(812,574)**	**-1.0%**	**1.2%**
Baltimore	17,380,114	$25.78	17.3%	17.2%	18,538	0.9%	11.0%
Boston	49,253,586	$69.98	12.0%	11.8%	62,824	-0.2%	0.9%
Hartford	8,772,204	$21.99	13.7%	13.6%	11,908	0.2%	8.4%
New York City Metro	349,450,515	$80.01	9.7%	10.2%	(879,908)	-0.6%	0.4%
Manhattan	336,438,779	$82.38	9.2%	9.7%	(694,217)	-0.7%	0.1%
NYC Northern Suburbs	13,011,736	$44.56	21.9%	23.4%	(185,691)	2.4%	-3.5%
Philadelphia	33,067,383	$34.02	13.4%	13.5%	(37,827)	-	-1.8%
Pittsburgh	24,642,556	$31.53	15.3%	15.7%	(95,839)	-1.1%	-2.7%
Washington, DC	94,245,754	$60.33	16.9%	16.7%	107,730	0.2%	-0.3%
South	**228,091,652**	**$38.80**	**21.1%**	**21.5%**	**(169,367)**	**0.6%**	**0.9%**
Atlanta	40,427,749	$37.49	22.0%	22.6%	(215,036)	0.3%	0.1%
Austin	9,814,887	$65.62	22.0%	21.4%	59,693	5.7%	22.2%
Birmingham	4,272,841	$21.85	17.1%	16.9%	6,500	-6.7%	-1.6%
Birmingham	4,272,841	$21.85	17.1%	16.9%	6,500	-6.7%	-1.6%
Charleston	1,555,649	$38.55	29.4%	29.6%	(3,179)	5.9%	3.1%
Charlotte	23,217,967	$38.06	13.1%	15.0%	(430,129)	-1.8%	-1.8%
Columbia	2,304,546	$23.88	12.9%	12.5%	7,831	1.1%	2.0%
Dallas-Fort Worth	29,894,676	$29.80	29.0%	29.1%	(20,770)	2.4%	3.5%
Greenville Spartanburg	1,964,200	$25.07	7.6%	7.4%	-	-	-13.9%

Downtown: Class A (Continued)

Market	Mar 31, 2022 Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
Houston	36,962,400	$41.85	27.9%	28.2%	(128,351)	-2.6%	-4.0%
Huntsville	612,149	$24.49	14.5%	11.5%	18,331	-	4.8%
Jacksonville	6,501,273	$23.58	19.3%	18.8%	17,190	0.2%	3.0%
Memphis	2,486,625	$19.04	24.2%	22.5%	43,174	0.1%	2.3%
Nashville	8,858,467	$37.77	15.4%	15.6%	17,289	3.1%	4.5%
Norfolk	1,811,820	$28.22	13.2%	16.1%	(50,487)	1.0%	0.8%
Orlando	6,820,920	$29.90	16.1%	16.0%	4,212	0.3%	5.3%
Raleigh/Durham	7,586,592	$36.99	18.9%	20.4%	40,892	2.4%	6.9%
Richmond	4,256,431	$25.42	14.3%	15.6%	(7,123)	-3.9%	-6.9%
Savannah	647,096	$24.58	7.9%	8.1%	(1,300)	-	0.4%
South Florida	29,885,506	$56.76	18.1%	18.2%	365,687	3.7%	11.2%
Fort Lauderdale	8,374,216	$46.63	20.5%	19.2%	81,075	2.1%	24.0%
Miami	13,921,990	$62.76	19.1%	19.9%	311,375	6.7%	13.2%
Palm Beach	7,589,300	$54.59	13.6%	14.0%	(26,763)	-4.3%	8.7%
Tampa Bay	8,209,858	$34.49	15.4%	14.7%	106,209	1.1%	3.2%
West	**242,711,022**	**$51.90**	**17.2%**	**18.2%**	**(963,864)**	**1.5%**	**2.0%**
Albuquerque	577,135	-	28.7%	26.1%	14,683	-	-
Bakersfield	872,282	$20.40	10.7%	12.8%	(18,334)	-	-0.4%
Denver	28,200,851	$39.07	21.0%	22.8%	(324,009)	-0.4%	-4.5%
Fresno	1,082,164	$20.88	6.1%	5.9%	-	-	1.2%
Los Angeles	19,172,402	$43.40	14.9%	16.4%	(291,079)	-	-1.9%
Honolulu	4,716,298	$36.72	11.8%	13.1%	(46,918)	1.0%	1.0%
Las Vegas	1,236,654	$27.77	21.1%	19.6%	18,481	1.5%	-15.5%
Phoenix	11,349,052	$29.92	27.7%	27.1%	(59,774)	0.9%	2.8%
Portland	13,870,276	$33.29	23.1%	22.6%	(29,250)	-0.4%	-10.4%
Reno/Sparks	585,732	$27.36	12.3%	12.4%	12,812	0.4%	5.6%
Sacramento	5,304,251	$40.80	13.2%	12.6%	18,551	0.3%	1.5%
Salt Lake City	6,004,893	$36.32	11.0%	19.4%	240,094	11.4%	13.6%
San Diego	7,642,474	$39.12	26.7%	25.9%	56,136	0.6%	4.5%
San Francisco Bay Area	88,918,237	$72.31	15.8%	17.5%	(976,796)	0.4%	-0.3%
East Bay	19,454,276	$52.00	19.4%	19.1%	50,283	-0.1%	0.6%
San Francisco	65,279,365	$81.26	14.8%	17.1%	(992,845)	-0.6%	-4.4%
Silicon Valley	4,184,596	$63.85	15.6%	16.3%	(34,234)	-2.9%	3.7%
Seattle	50,327,229	$54.62	15.1%	15.0%	417,462	2.4%	7.7%
Stockton	2,851,092	$25.54	7.3%	8.3%	4,077	-4.4%	-2.6%

Suburban: All Classes

Market	Mar. 31, 2022 Inventory (SF)	Q1 2022 New Supply (SF)	Mar. 31, 2022 Under Construction (SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	YTD Absorption (SF)
USA	**4,321,582,476**	**5,666,710**	**53,363,547**	**15.0%**	**15.0%**	**2,149,489**	**2,149,489**
Midwest	**830,111,932**	**305,037**	**6,568,326**	**14.1%**	**14.1%**	**(469,326)**	**(469,326)**
Chicago	163,908,594	-	-	21.0%	20.6%	272,727	272,727
Cincinnati	43,757,962	45,000	613,271	16.9%	16.6%	(373,479)	(373,479)
Cleveland/Akron Metro	48,547,923	-	891,900	11.5%	11.3%	93,546	93,546
Columbus	47,889,304	134,211	254,250	13.3%	13.4%	258,187	258,187
Dayton	9,631,496	-	228,000	15.1%	13.6%	114,768	114,768
Detroit	164,807,089	98,826	1,338,319	12.9%	13.0%	(261,547)	(261,547)
Grand Rapids	30,070,600	3,000	213,226	6.1%	6.1%	(41,051)	(41,051)
Indianapolis	29,207,864	-	-	19.2%	18.5%	166,030	166,030
Kansas City	65,903,244	-	153,000	11.8%	12.3%	(334,509)	(334,509)
Milwaukee	29,991,028	-	186,000	15.3%	15.3%	(178,832)	(178,832)
Minneapolis-St. Paul	129,284,516	-	487,657	8.9%	8.7%	(152,876)	(152,876)
Omaha	26,967,923	24,000	363,098	11.9%	11.9%	163,816	163,816
St. Louis	40,144,389	-	1,839,605	15.8%	16.4%	(196,106)	(196,106)
Northeast	**1,050,639,952**	**1,159,000**	**8,291,300**	**15.4%**	**15.4%**	**(1,093,104)**	**(1,093,104)**
Baltimore	77,785,171	-	237,000	12.4%	12.4%	(32,658)	(32,658)
Boston	120,422,889	-	956,339	17.5%	16.4%	998,461	998,461
Hartford	34,116,686	-	-	12.4%	11.7%	172,127	172,127
New Hampshire Markets	23,824,513	-	95,664	12.4%	12.4%	3,808	3,808
New York City Metro	329,991,162	-	559,420	14.5%	14.6%	(1,055,977)	(1,055,977)
Central New Jersey	85,691,653	-	-	16.2%	16.0%	156,755	156,755
Long Island	68,083,486	-	103,288	8.0%	8.5%	(554,339)	(554,339)
Northern New Jersey	113,101,182	-	456,132	15.9%	16.1%	(487,470)	(487,470)
NYC Northern Suburbs	63,114,841	-	-	16.9%	16.2%	(170,923)	(170,923)
Philadelphia	101,699,058	-	-	17.4%	17.5%	(116,452)	(116,452)
Pittsburgh	73,008,067	-	402,830	9.9%	10.7%	(576,502)	(576,502)
Washington, DC	289,792,406	1,159,000	6,040,047	17.6%	18.0%	(485,911)	(485,911)
Northern Virginia	197,657,159	1,062,000	4,359,193	18.1%	18.7%	(385,604)	(385,604)
Suburban Maryland	92,135,247	97,000	1,680,854	16.4%	16.3%	(100,307)	(100,307)
South	**1,283,494,287**	**2,399,382**	**19,827,189**	**16.1%**	**16.1%**	**1,324,598**	**1,324,598**
Atlanta	177,265,777	530,000	2,114,553	16.6%	17.0%	(313,115)	(313,115)
Austin	53,414,143	350,611	4,594,550	18.7%	19.0%	189,348	189,348

Suburban: All Classes (Continued)

Market	Mar. 31, 2022 Inventory (SF)	Q1 2022 New Supply (SF)	Mar. 31, 2022 Under Construction (SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	YTD Absorption (SF)
Birmingham	44,038,886	2,400	-	10.1%	1-	11,352	11,352
Charleston	9,845,128	101,500	171,400	18.1%	19.1%	(22,477)	(22,477)
Charlotte	55,517,866	98,552	2,085,482	15.1%	15.3%	(38,341)	(38,341)
Columbia	9,590,689	-	-	17.1%	17.4%	(27,513)	(27,513)
Dallas-Fort Worth	268,420,278	348,846	5,885,981	18.9%	18.8%	480,197	480,197
Greenville Spartanburg	10,719,493	-	155,000	16.9%	16.6%	(6,514)	(6,514)
Houston	194,497,956	529,877	932,642	22.2%	21.9%	1,023,867	1,023,867
Huntsville	18,320,371	105,830	-	6.7%	7.3%	(38,160)	(38,160)
Jacksonville	38,632,699	114,000	162,865	10.7%	10.4%	147,292	147,292
Memphis	29,886,655	75,000	-	13.8%	13.7%	145,978	145,978
Nashville	45,024,847	112,766	743,629	15.5%	15.5%	260,553	260,553
Norfolk	20,462,248	-	-	12.5%	12.8%	(21,896)	(21,896)
Orlando	47,683,848	-	347,620	10.9%	11.0%	85,435	85,435
Raleigh/Durham	54,706,860	-	1,166,900	12.1%	12.2%	(241,493)	(241,493)
Richmond	15,530,348	-	12,000	12.9%	13.0%	(39,581)	(39,581)
Savannah	1,394,246	-	-	7.9%	6.9%	14,646	14,646
South Florida	126,421,894	30,000	1,359,567	10.6%	10.3%	322,439	322,439
Fort Lauderdale	33,642,179	-	559,227	12.4%	12.2%	57,458	57,458
Miami	63,946,985	-	739,299	10.2%	9.8%	238,204	238,204
Palm Beach	28,832,730	30,000	61,041	9.4%	9.3%	26,777	26,777
Tampa Bay	62,120,055	-	95,000	14.7%	13.8%	(607,419)	(607,419)
West	**1,157,336,305**	**1,803,291**	**18,676,732**	**14.1%**	**14.1%**	**2,387,321**	**2,387,321**
Albuquerque	11,042,934	-	-	12.6%	13.0%	(20,247)	(20,247)
Bakersfield	6,793,106	15,611	-	10.3%	8.9%	107,012	107,012
Boise	25,127,590	35,625	238,744	5.1%	4.6%	36,579	36,579
Central Idaho	2,543,213	2,196	-	1.6%	1.3%	3,241	3,241
Denver	127,613,763	150,879	1,560,169	14.1%	13.5%	881,203	881,203
Eastern Idaho	6,689,837	4,380	-	3.9%	3.3%	4,723	4,723
Fresno	19,211,576	122,455	-	7.6%	7.6%	94,093	94,093
Greater Los Angeles	278,782,466	-	4,255,278	17.9%	18.3%	(552,272)	(552,272)
Inland Empire	20,052,554	-	-	12.4%	12.2%	35,783	35,783
Los Angeles	170,715,627	-	4,255,278	19.3%	19.6%	(124,480)	(124,480)
Orange County	88,014,285	-	-	16.7%	17.2%	(463,575)	(463,575)

Suburban: All Classes (Continued)

Market	Mar. 31, 2022 Inventory (SF)	Q1 2022 New Supply (SF)	Mar. 31, 2022 Under Construction (SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	YTD Absorption (SF)
Honolulu	7,184,533	-	45,000	12.3%	12.3%	(318)	(318)
Las Vegas	40,602,462	-	698,214	13.4%	12.8%	211,061	211,061
Phoenix	140,883,491	-	1,774,945	16.2%	16.8%	(178,237)	(178,237)
Portland	49,994,992	-	515,970	13.2%	13.7%	(83,638)	(83,638)
Reno/Sparks	6,041,052	21,770	-	10.9%	10.4%	3,753	3,753
Sacramento	47,512,037	-	20,000	16.4%	17.2%	(160,229)	(160,229)
Salt Lake City	46,204,181	-	1,440,729	12.6%	12.4%	237,525	237,525
San Diego	73,102,676	-	545,696	11.4%	11.6%	43,764	43,764
San Francisco Bay Area	209,417,629	1,450,375	6,462,987	11.2%	11.1%	877,307	877,307
East Bay	49,403,224	-	-	13.0%	13.9%	(420,831)	(420,831)
Fairfield	5,315,001	-	-	18.0%	18.4%	(20,429)	(20,429)
San Francisco Peninsula	46,307,833	109,375	1,164,247	10.4%	9.6%	126,733	126,733
Silicon Valley	108,391,571	1,341,000	5,298,740	10.5%	10.2%	1,191,834	1,191,834
Santa Fe	2,254,673	-	-	5.5%	6.8%	5,803	5,803
Seattle	56,334,094	-	1,119,000	13.6%	12.8%	876,198	876,198

Suburban: Class A

	Mar. 31, 2022		Q4 2021	Q1 2022	Q1 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	**1,826,439,480**	**$33.85**	**17.4%**	**17.6%**	**1,521,526**	**-0.5%**	**0.8%**
Midwest	**275,811,313**	**$26.47**	**16.9%**	**17.0%**	**(193,017)**	**0.9%**	**1.1%**
Chicago	76,459,543	$29.51	24.3%	24.1%	90,212	-0.2%	-0.9%
Cincinnati	18,839,755	$22.45	15.4%	16.4%	(287,872)	-1.0%	-0.9%
Cleveland/Akron Metro	12,840,635	$20.06	12.2%	11.6%	39,977	-0.4%	-6.2%
Columbus	21,672,638	$21.88	15.1%	15.1%	301,634	-0.3%	-0.3%
Dayton	2,897,721	$24.42	13.4%	13.0%	(20,147)	0.4%	8.2%
Detroit	40,470,643	$22.50	13.7%	13.9%	31,297	0.4%	2.7%
Indianapolis	13,442,249	$23.60	21.3%	20.9%	22,141	1.0%	0.4%
Kansas City	21,351,482	$23.24	11.4%	13.2%	(342,648)	-0.2%	1.3%
Milwaukee	11,920,707	$20.94	13.8%	13.8%	(7,092)	-0.6%	1.3%
Minneapolis-St. Paul	29,104,214	$33.40	12.2%	10.8%	15,113	-0.6%	0.6%
Omaha	6,530,232	$32.46	14.1%	14.0%	55,938	4.4%	14.3%
St. Louis	20,281,494	$26.61	15.2%	16.0%	(91,570)	-0.5%	3.8%
Northeast	**506,817,809**	**$31.23**	**16.3%**	**16.6%**	**(1,060,627)**	**-0.5%**	**0.2%**
Baltimore	33,846,302	$28.18	15.1%	15.4%	(79,835)	-	-0.8%
Boston	53,967,752	$32.25	16.3%	15.6%	299,945	2.8%	5.6%
Hartford	6,376,880	$21.13	15.4%	15.5%	(16,498)	0.6%	-2.3%
New Hampshire Markets	7,556,255	$23.42	12.2%	13.0%	(58,398)	0.8%	1.2%
New York City Metro	190,654,659	$31.34	15.0%	15.3%	(727,174)	-1.1%	-1.8%
Central New Jersey	55,160,625	$28.97	14.5%	14.3%	126,161	0.1%	0.7%
Long Island	24,707,999	$29.03	9.4%	10.2%	(191,483)	-4.1%	-4.4%
Northern New Jersey	78,797,207	$33.58	16.0%	16.6%	(497,619)	0.6%	0.4%
NYC Northern Suburbs	31,988,828	$30.39	17.5%	18.0%	(164,233)	-5.2%	-9.1%
Philadelphia	55,588,812	$28.89	14.8%	14.8%	26,538	0.4%	4.0%
Pittsburgh	17,538,255	$25.47	20.6%	22.4%	(314,165)	-2.0%	-2.9%
Washington, DC	141,288,894	$35.25	18.6%	19.3%	(191,040)	-0.2%	1.2%
Northern Virginia	95,403,525	$37.67	19.0%	19.8%	3,555	0.1%	1.2%
Suburban Maryland	45,885,369	$30.43	17.8%	18.3%	(194,595)	-1.5%	0.2%
South	**573,158,726**	**$32.36**	**19.5%**	**19.4%**	**1,532,213**	**0.8%**	**2.3%**
Atlanta	92,440,500	$31.54	20.8%	21.3%	(123,361)	0.7%	3.9%
Austin	25,906,387	$40.94	16.3%	16.1%	340,412	3.3%	8.9%
Birmingham	10,371,650	$23.01	15.7%	16.3%	(52,578)	0.8%	3.5%
Charleston	3,482,807	$27.06	24.3%	24.1%	5,006	21.5%	17.2%
Charlotte	26,052,344	$32.32	18.3%	19.2%	(136,703)	6.1%	5.9%
Columbia	1,989,064	$20.23	25.3%	25.3%	4,277	-0.2%	1.0%
Dallas-Fort Worth	138,110,961	$34.54	20.9%	20.6%	642,292	1.1%	2.8%
Greenville Spartanburg	4,485,936	$22.52	17.4%	17.6%	(7,992)	0.9%	-0.1%
Houston	103,530,272	$31.47	25.4%	24.6%	1,097,423	-1.7%	-2.0%

Suburban: Class A (Continued)

Market	Mar. 31, 2022 Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q1 2022 Absorption (SF)	Quarterly Change in Rent	Annual Change in Rent
Huntsville	3,050,744	$21.80	4.7%	7.6%	5,296	6.0%	11.1%
Jacksonville	10,934,394	$24.19	13.5%	12.4%	26,771	0.1%	2.3%
Memphis	8,479,509	$23.61	12.4%	13.6%	(97,689)	-3.5%	-1.4%
Nashville	19,450,524	$34.04	18.1%	18.0%	251,644	1.9%	7.0%
Norfolk	9,365,430	$21.64	10.8%	10.8%	(25,853)	0.2%	4.2%
Orlando	17,987,100	$28.04	11.5%	12.6%	(19,308)	1.9%	3.4%
Raleigh/Durham	27,401,098	$30.62	15.3%	15.7%	(204,641)	3.2%	4.4%
Richmond	8,902,402	$21.82	15.1%	15.0%	9,261	2.1%	5.6%
Savannah	488,384	$25.11	8.5%	9.4%	(2,619)	1.7%	0.9%
South Florida	38,812,421	$41.64	15.9%	15.2%	135,318	2.2%	4.2%
Fort Lauderdale	11,414,180	$38.19	17.4%	16.6%	(18,621)	2.0%	8.7%
Miami	18,548,232	$43.96	17.4%	16.8%	64,142	2.0%	3.2%
Palm Beach	8,850,009	$41.18	11.0%	10.2%	89,797	0.6%	4.6%
Tampa Bay	21,916,799	$29.89	17.9%	16.9%	(314,743)	-2.1%	0.5%
West	**470,651,632**	**$43.80**	**16.4%**	**16.6%**	**1,242,957**	**0.4%**	**-0.3%**
Albuquerque	1,052,173	$22.81	10.7%	12.1%	(10,614)	-	-4.8%
Bakersfield	3,084,427	$22.69	12.9%	12.6%	15,631	-1.0%	0.5%
Denver	49,578,318	$30.70	16.4%	15.6%	450,402	0.9%	1.1%
Fresno	1,376,272	$24.36	12.5%	12.2%	3,446	-	2.9%
Greater Los Angeles	151,445,798	$46.67	19.8%	20.7%	(635,661)	0.4%	-2.5%
Inland Empire	5,174,084	$30.58	12.2%	12.8%	(25,129)	1.9%	4.0%
Los Angeles	106,563,248	$51.04	20.1%	21.0%	(302,896)	0.7%	-2.1%
Orange County	39,708,466	$36.60	20.1%	20.8%	(307,636)	-0.5%	-3.5%
Las Vegas	5,746,759	$33.93	25.4%	24.9%	30,966	1.7%	5.1%
Phoenix	47,181,321	$32.07	19.9%	21.0%	(350,976)	1.5%	-
Portland	13,498,761	$33.23	16.5%	16.7%	18,309	0.6%	3.9%
Reno/Sparks	982,195	$24.12	6.9%	14.0%	(63,022)	-0.8%	-12.5%
Sacramento	14,013,626	$26.52	16.6%	17.0%	(55,781)	0.6%	-0.4%
Salt Lake City	22,405,668	$28.58	12.0%	11.4%	323,731	1.3%	2.2%
San Diego	26,098,374	$42.67	12.0%	13.0%	(164,594)	-0.2%	2.2%
San Francisco Bay Area	120,550,397	$62.56	12.0%	11.6%	1,377,675	-	2.3%
East Bay	20,698,709	$41.11	16.2%	17.1%	(119,721)	0.5%	3.5%
Fairfield	2,202,660	$28.77	21.8%	22.9%	(24,047)	-0.4%	-0.9%
San Francisco Peninsula	29,210,476	$78.01	9.4%	8.4%	133,710	1.4%	8.0%
Silicon Valley	68,438,552	$70.17	11.6%	11.0%	1,387,733	-0.8%	2.9%
Seattle	13,359,028	$37.59	18.9%	18.6%	321,095	18.9%	-8.8%

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