



Q4 2020

U.S. OFFICE FIGURES

CBRE

Q4 2020 U.S. OFFICE FIGURES | EXECUTIVE SUMMARY

ANOTHER CHALLENGING QUARTER FOR OFFICE MARKET

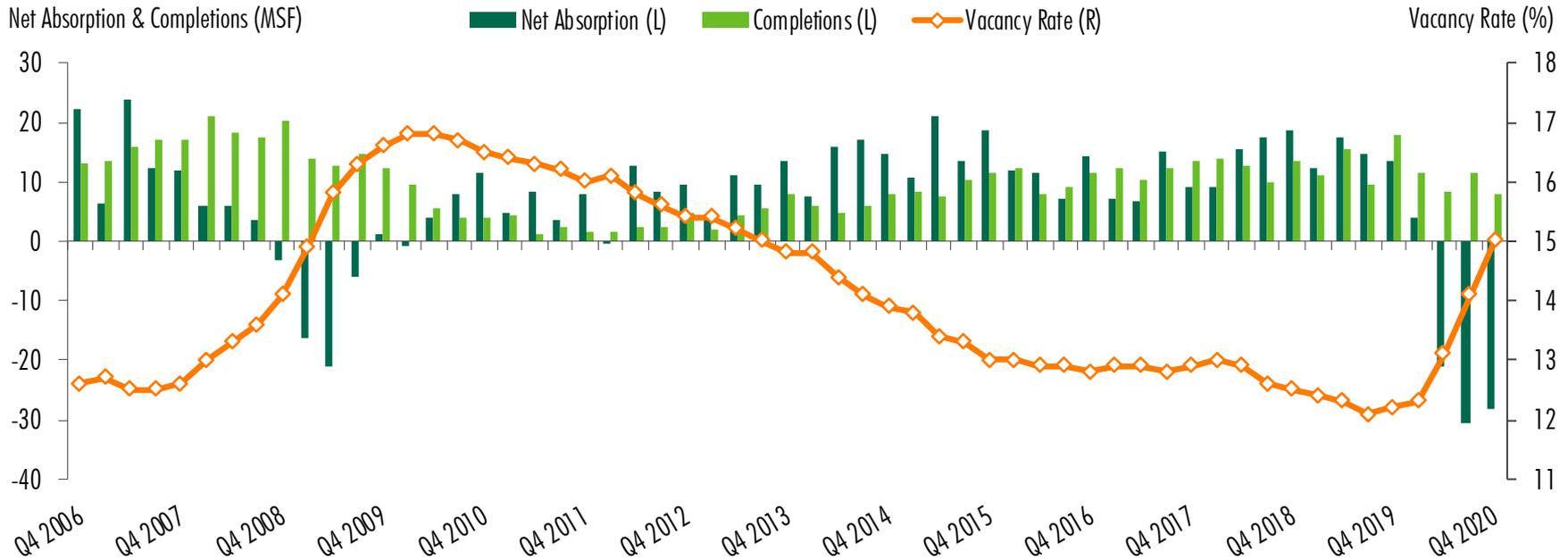


Arrows indicate change from previous quarter.

- Q4 2020 was the third-worst quarter on record for U.S. office demand with 28.4 million sq. ft. of negative net absorption.
- On a positive note, office-using employment continued to increase in December and finished the year 6.1% higher than the trough in April.
- The overall office vacancy rate rose by 90 basis points (bps) to 15.0% in Q4, following a 100-bp increase in Q3.
- The sublease availability rate of 3.4% is at its highest level since 2004.
- Suburban markets remained more insulated with less severe rates of negative absorption and occupancy declines than downtown markets.
- The average gross asking rent slightly declined for the third consecutive quarter, but landlords also are offering more concessions.

FIGURE 1

U.S. METRO OFFICE SUPPLY & DEMAND

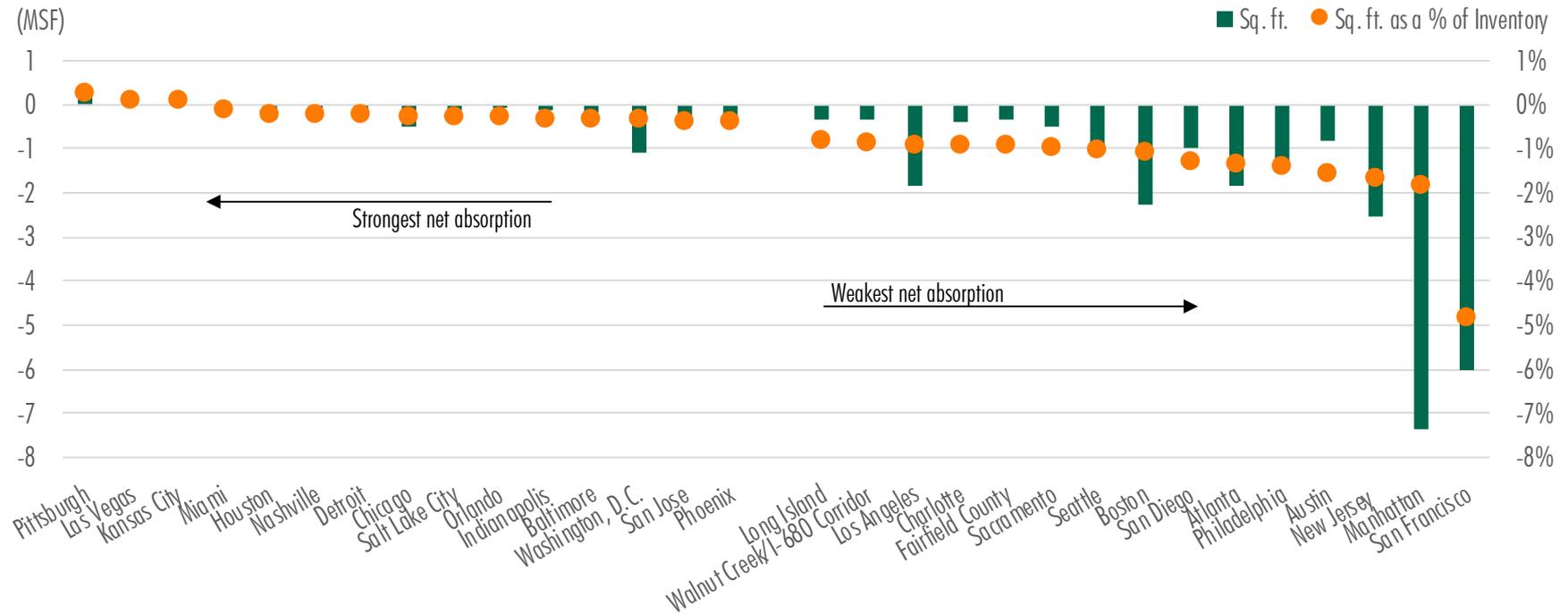


Source: CBRE Econometric Advisors, Q4 2020.

- The 28.4 million sq. ft. of negative net absorption in Q4—the third worst quarter on record—was slightly below the 30.6 million sq. ft. of negative absorption in Q3 but far below the record of 41.5 million sq. ft in Q3 2001.
- Negative net absorption totaling 80.1 million sq. ft. for the past three quarters surpassed the 46.4 million sq. ft. incurred during the Global Financial Crisis (Q4 2008-Q3 2009).
- The overall office vacancy rate reached 15.0% in Q4, the highest since 2013 and 2.8 percentage points higher than a year ago.

FIGURE 2

Q4 2020 NET ABSORPTION AS % OF OFFICE INVENTORY BY MARKET

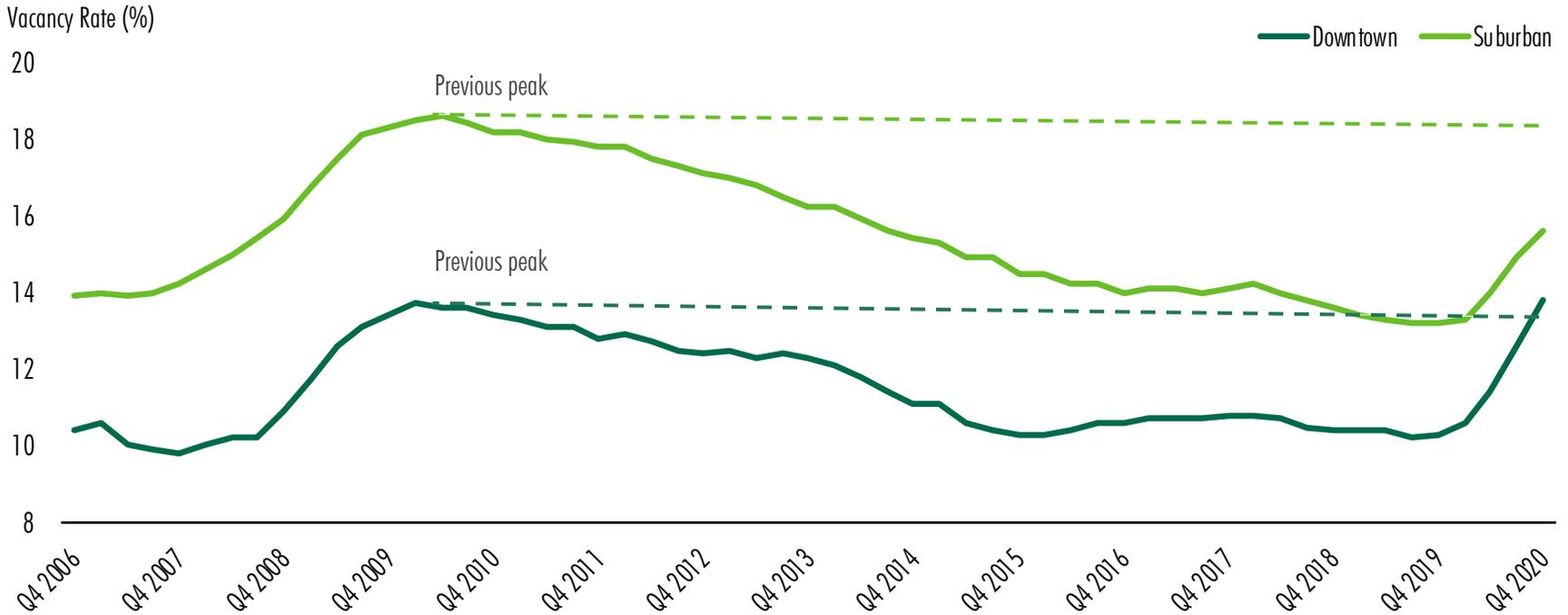


Note: Data from among the 40 largest U.S. markets, displaying 15 strongest and weakest markets by net absorption rates.
 Source: CBRE Research, Q4 2020.

- San Francisco’s negative net absorption of 6.0 million sq. ft. in Q4 equated to 4.8% of its total office inventory.
- Although Manhattan had a higher amount of negative absorption totaling 7.3 million sq. ft., it equated to a much lower share of its total office inventory at 1.8%.
- Pittsburgh, Chicago, Detroit and Las Vegas notably recorded stronger than average net absorption not only in Q4 but also for 2020.

FIGURE 3

DOWNTOWN VS. SUBURBAN VACANCY

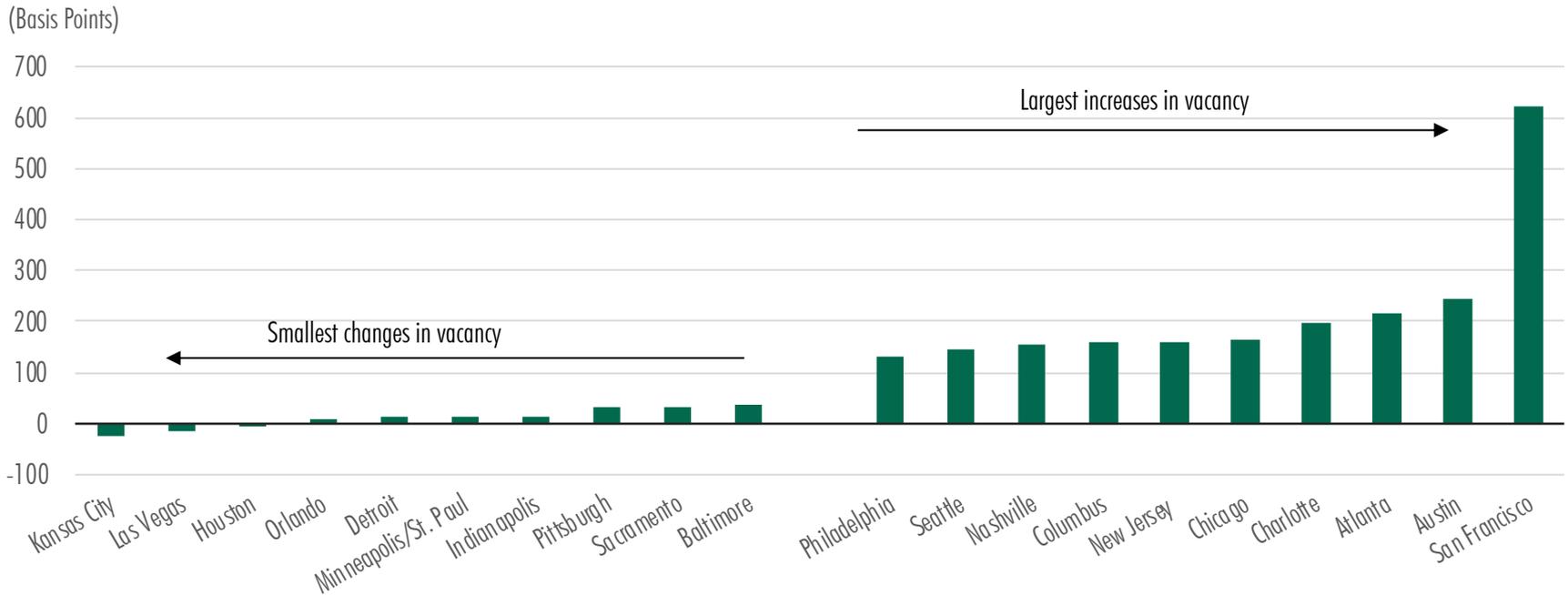


Source: CBRE Econometric Advisors, Q4 2020.

- The overall downtown vacancy rate reached 13.8% in Q4, the highest since 2003.
- Suburban vacancy increased to 15.6% but remained well below the previous peak of 18.6% in 2010.
- Slightly higher supply and weaker demand have caused the more rapidly escalating vacancy in downtown markets.

FIGURE 4

Q4 2020 QUARTERLY CHANGE IN VACANCY RATES BY MARKET

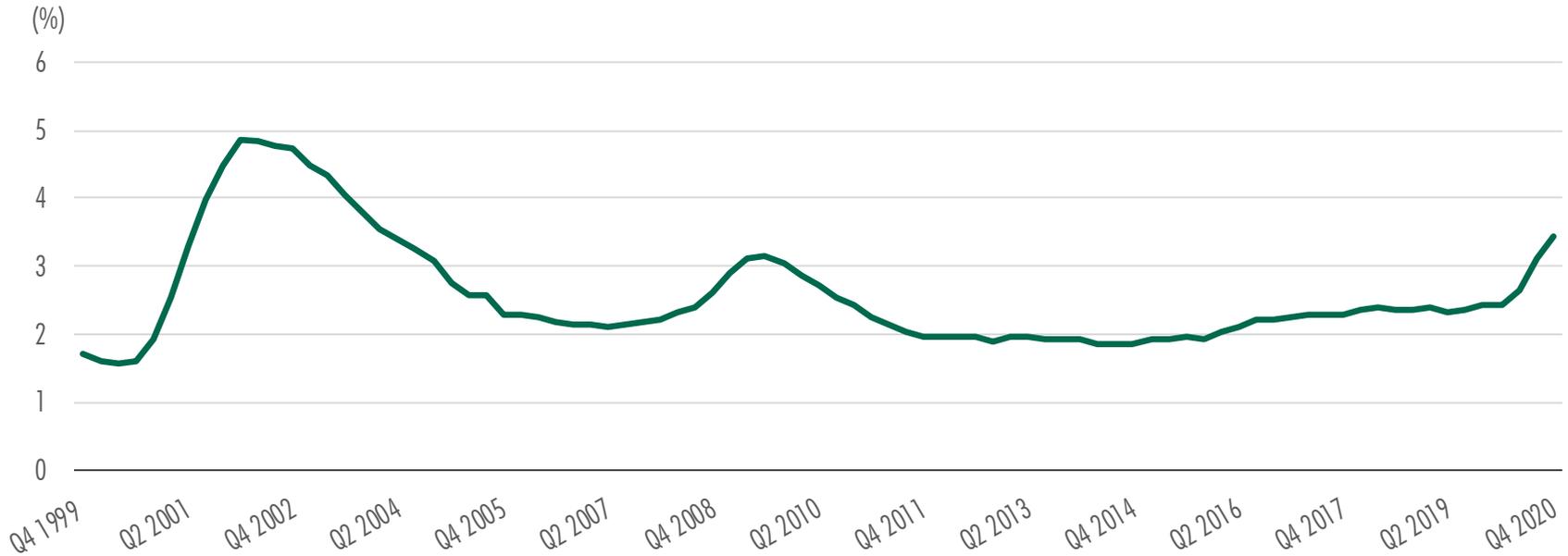


Note: Data from among the 40 largest U.S. markets, displaying 10 largest and smallest changes in vacancy rates.
 Source: CBRE Research, Q4 2020.

- San Francisco’s vacancy rate rose by a much higher amount (6.2 percentage points) in Q4 than any other major market.
- A material uptick in vacancy also occurred in several strong Southeast markets, including Atlanta, Charlotte, and Nashville.
- Vacancy rates were stable in several Midwestern markets, including Kansas City, Detroit, Minneapolis/St Paul and Indianapolis.

FIGURE 5

U.S. OFFICE SUBLEASE AVAILABILITY RATE

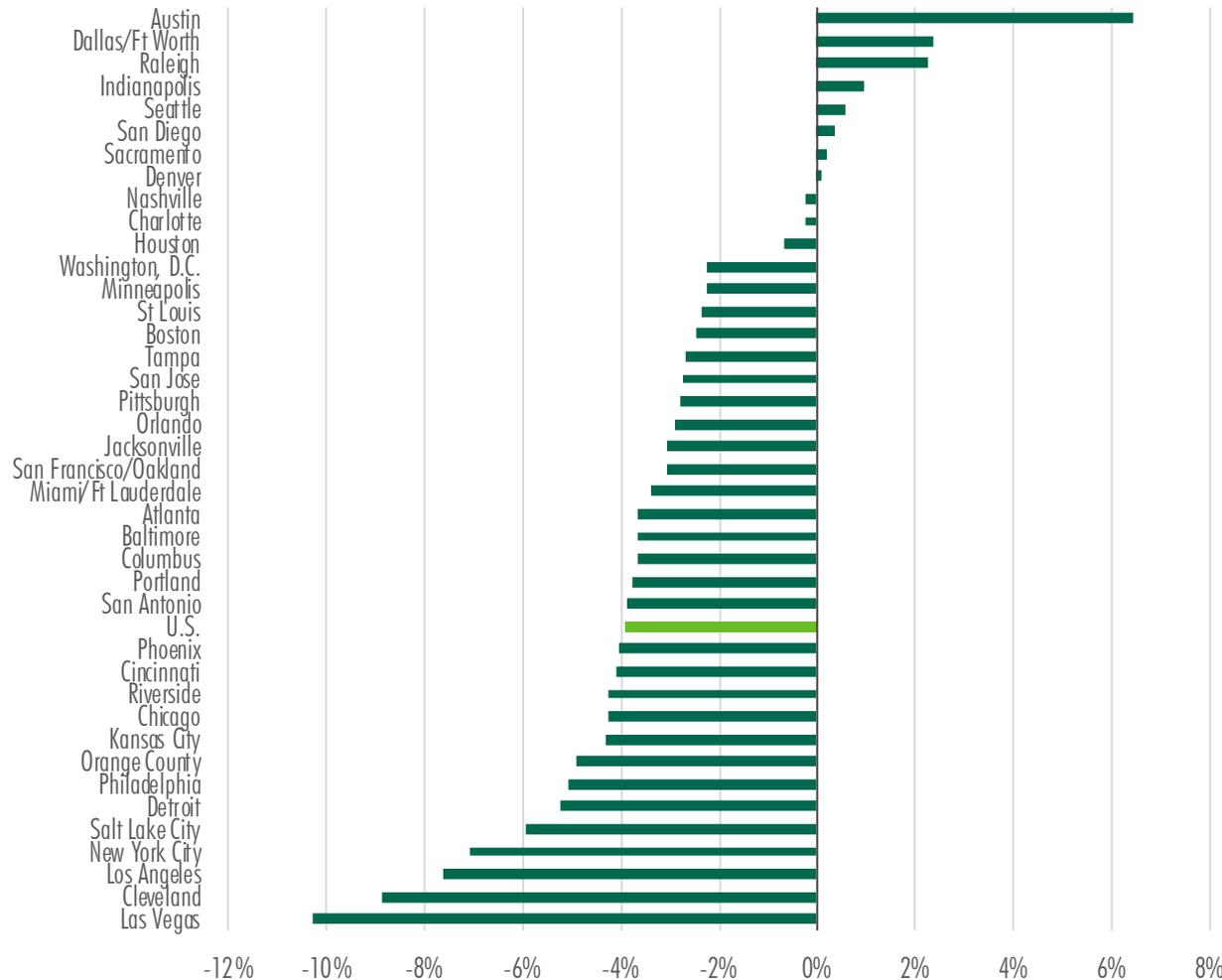


Source: CBRE Econometric Advisors, Q4 2020.

- The availability rate for sublease office space increased to its highest level (3.4%) since 2004.
- The 100-bp increase from one year ago is the most since 2002.

FIGURE 6

ANNUAL OFFICE-USING EMPLOYMENT GROWTH BY MARKET (THROUGH NOVEMBER 2020)



- U.S. office-using employment remained 3.9% below its level of a year ago but has steadily improved since bottoming out in April.
- Austin had the highest year-over-year annual employment growth through November, followed by Raleigh and Seattle.

Note: Metropolitan areas shown, except for Los Angeles and Orange County, both of which are metropolitan divisions. Not seasonally adjusted data comprising Professional & Business Services, Information and Financial Activities.

Source: U.S. Bureau of Labor Statistics, CBRE Research, November 2020.

FIGURE 7

REGIONAL OFFICE VACANCY RATES (%)

MARKET	SIZE RANK	Downtown			Suburban			Metropolitan		
		Q4 2020	Q3 2020	Q4 2019	Q4 2020	Q3 2020	Q4 2019	Q4 2020	Q3 2020	Q4 2019
Atlanta	8	18.1	15.4	14.7	19.8	17.9	18.5	19.1	17.0	17.1
Austin	23	12.0	10.3	6.2	18.0	15.3	11.8	16.7	14.3	10.7
Baltimore	22	17.9	18.0	16.9	14.7	14.2	14.2	15.7	15.4	15.1
Boston	5	12.0	10.0	6.7	14.6	14.4	14.9	13.2	12.2	11.0
Cambridge	*	7.8	7.1	3.7	N/A	N/A	N/A	N/A	N/A	N/A
Charlotte	30	9.2	6.7	6.4	14.5	12.8	9.9	12.3	10.3	8.4
Chicago	3	18.0	15.4	13.8	23.5	22.9	19.6	20.4	18.7	16.3
Cincinnati	40	14.6	14.5	14.6	20.0	19.8	20.3	18.4	18.2	18.4
Cleveland	41	18.9	18.7	19.2	14.2	13.5	13.4	16.4	15.9	16.1
Columbus	37	19.2	16.3	14.0	19.5	18.5	15.1	19.4	17.8	14.7
Dallas/Ft. Worth	4	29.0	28.6	26.2	22.6	21.5	19.5	23.4	22.3	20.3
Denver	10	17.4	17.9	16.5	15.0	14.0	11.7	15.6	15.0	12.9
Detroit	18	12.6	12.1	12.0	15.1	15.1	14.2	14.6	14.5	13.8
Downtown Manhattan	1	11.5	10.7	8.2	N/A	N/A	N/A	11.3	10.0	7.7
Fairfield County, CT	36	N/A	N/A	N/A	24.3	23.2	20.2	24.3	23.2	20.2
Ft. Lauderdale	43	21.9	17.8	14.5	12.7	11.6	9.3	14.6	12.8	10.2
Greenville	53	12.1	11.9	11.1	11.2	11.8	9.8	11.6	11.8	10.3
Hartford	47	18.1	17.7	17.0	21.3	21.4	19.1	20.1	20.0	18.3
Honolulu	52	13.8	13.0	11.0	12.1	11.2	9.4	12.9	12.1	10.1
Houston	6	23.2	22.7	17.2	22.0	22.2	19.8	22.3	22.3	19.3
Indianapolis	38	17.4	16.4	16.3	20.7	20.9	17.9	19.6	19.5	17.4
Inland Empire	46	N/A	N/A	N/A	12.9	9.9	8.6	12.9	9.9	8.6
Jacksonville	45	14.4	14.7	14.6	16.5	15.6	17.5	15.9	15.3	16.6
Kansas City	24	15.6	16.0	15.6	14.2	14.4	12.0	14.6	14.8	12.9
Las Vegas	39	21.2	21.5	18.1	12.6	12.7	12.5	13.1	13.2	12.8
Long Island	34	N/A	N/A	N/A	11.6	10.4	10.0	11.6	10.4	10.0
Los Angeles	7	17.8	16.8	16.4	16.0	14.8	11.6	16.3	15.1	12.4
Louisville	49	17.1	16.8	15.6	12.8	10.5	9.6	14.8	13.3	12.3
Miami	28	18.1	17.8	15.9	14.9	14.0	10.8	16.0	15.4	12.4
Midtown Manhattan	**	11.0	9.7	7.7	N/A	N/A	N/A	N/A	N/A	N/A
U.S.		13.8	12.6	10.3	15.6	14.9	13.2	15.0	14.1	12.2

Note: Boston metro figures include Suburban Boston, Downtown Boston and Cambridge
 Washington, D.C. metro figures include Suburban Maryland, Northern Virginia and Downtown Washington, D.C.
 Source: U.S. national totals provided by CBRE Econometric Advisors, all other figures compiled by CBRE Research, Q4 2020.

* Included in Boston metro ** Included in Downtown Manhattan *** Included in Washington, D.C. metro

FIGURE 7 CONTINUED

REGIONAL OFFICE VACANCY RATES (%)

MARKET	SIZE RANK	Downtown			Suburban			Metropolitan		
		Q4 2020	Q3 2020	Q4 2019	Q4 2020	Q3 2020	Q4 2019	Q4 2020	Q3 2020	Q4 2019
Midtown-South Manhattan	**	11.9	10.3	6.9	N/A	N/A	N/A	N/A	N/A	N/A
Milwaukee	33	16.8	14.7	13.0	15.5	14.8	15.3	16.0	14.8	14.5
Minneapolis/St. Paul	21	21.0	21.0	22.1	16.8	16.5	15.4	18.6	18.5	18.5
Nashville	35	16.4	14.7	8.4	15.2	13.7	10.3	15.5	14.0	9.8
New Jersey	15	N/A	N/A	N/A	19.2	17.6	16.6	19.2	17.6	16.6
Northern Virginia	***	N/A	N/A	N/A	19.7	19.2	19.2	N/A	N/A	N/A
Oakland	42	9.9	10.1	7.8	10.3	9.9	7.0	10.2	10.0	7.4
Orange County	13	N/A	N/A	N/A	11.9	11.2	9.9	11.9	11.2	9.9
Orlando	32	12.0	11.3	8.3	11.7	11.8	9.3	11.7	11.7	9.1
Palm Beach County	48	N/A	N/A	N/A	12.8	12.7	12.1	12.8	12.7	12.1
Philadelphia	12	13.4	12.2	10.9	18.3	16.9	16.7	16.2	14.9	14.2
Phoenix	17	21.1	19.6	19.6	16.6	16.0	12.9	17.4	16.6	14.1
Pittsburgh	20	17.0	15.6	15.0	15.6	16.5	15.1	16.3	16.0	15.1
Portland	26	17.2	16.0	13.6	11.4	10.7	10.2	14.4	13.4	11.9
Sacramento	25	8.4	7.3	7.3	11.9	11.8	10.7	11.2	10.9	10.0
Salt Lake City	27	15.6	14.4	11.4	15.5	14.8	10.6	15.6	14.7	10.8
San Diego	19	20.0	19.3	15.5	12.9	11.6	9.3	14.0	12.8	10.3
San Francisco	9	16.9	8.3	3.7	11.9	10.3	6.6	15.2	9.0	4.6
San Jose	16	15.6	15.6	10.2	8.3	7.2	5.6	8.9	7.9	6.0
Seattle	11	12.0	10.0	7.3	12.5	11.6	11.2	12.3	10.8	9.4
St. Louis	29	16.6	17.2	16.2	11.6	10.9	9.3	12.9	12.5	11.0
Suburban Maryland	***	N/A	N/A	N/A	16.3	15.9	15.6	N/A	N/A	N/A
Tampa	14	13.1	13.0	7.0	14.1	13.0	12.3	13.9	13.0	11.5
Tucson	54	15.3	15.1	14.6	11.5	11.7	11.2	11.8	12.0	11.5
Ventura County	50	N/A	N/A	N/A	14.3	13.5	12.2	14.3	13.5	12.2
Walnut Creek/I-680 Corridor	31	N/A	N/A	N/A	11.2	10.3	8.8	11.2	10.3	8.8
Washington, D.C. ***	2	15.9	15.4	13.9	N/A	N/A	N/A	17.7	17.2	16.6
Westchester County, NY	44	N/A	N/A	N/A	20.0	18.7	15.5	20.0	18.7	15.5
Wilmington	51	25.9	25.8	26.3	15.7	15.1	14.2	20.5	20.1	19.9
U.S.		13.8	12.6	10.3	15.6	14.9	13.2	15.0	14.1	12.2

Source: U.S. national totals provided by CBRE Econometric Advisors, all other figures compiled by CBRE Research, Q4 2020.

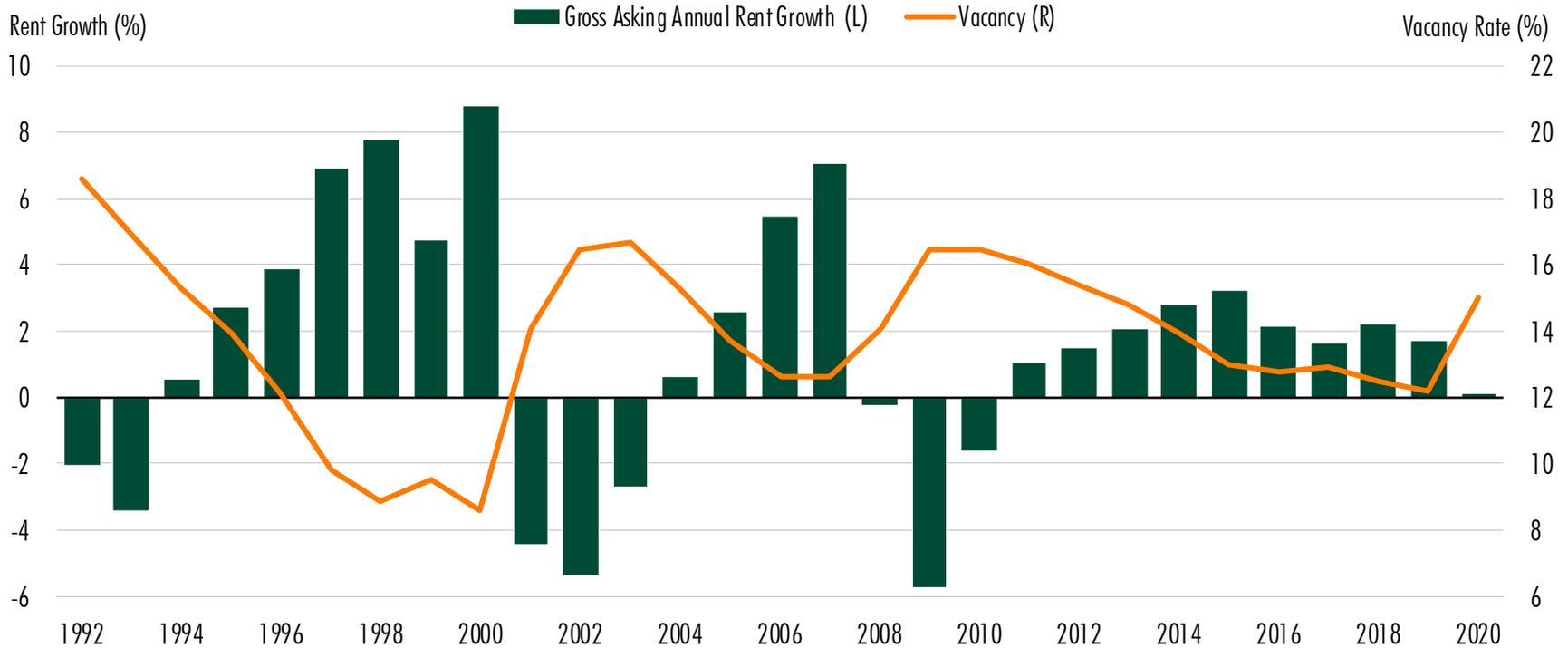
* Included in Boston metro ** Included in Downtown Manhattan *** Included in Washington, D.C. metro

Boston metro figures include Suburban Boston, Downtown Boston and Cambridge

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FIGURE 8

METRO RENT GROWTH & VACANCY RATE



Source: CBRE Econometric Advisors, Q4 2020.

- The average asking rent was marginally higher than one year ago (+0.2%), but has declined for the past three quarters.
- Suburban office asking rents have been more resilient than downtown asking rents, which have fallen more severely.

FIGURE 9

ASKING LEASE RATES FOR LARGEST 10 MARKETS, Q4 2020

		Gross Average Direct Asking Rents (US\$/ Sq. Ft./Annum)	Gross Average Direct Asking Rents Q-o-Q (Percent Change)	Gross Average Direct Asking Rents Y-o-Y (Percent Change)
Manhattan	Downtown	61.28	-1.4	-2.9
	Midtown	82.10	-2.8	-4.9
	Midtown-South	79.91	-4.4	-5.6
	Metro	77.25	-2.5	-4.0
Washington, D.C.	Downtown	58.62	-0.1	-1.4
	Suburban Maryland	29.01	-0.8	-2.7
	Northern Virginia	33.90	-1.3	-1.8
	Metro	41.13	0.8	0.6
Chicago	Downtown	41.88	-2.2	-0.2
	Suburban	24.16	1.0	1.6
	Metro	32.35	-1.6	0.6
Dallas/Ft. Worth	Downtown	27.49	-0.3	3.3
	Suburban	25.86	0.7	3.4
	Metro	25.75	0.5	2.3
Boston	Downtown	68.23	-0.6	1.2
	Cambridge	82.03	-0.6	5.7
	Suburban	24.97	-6.0	-4.3
	Metro	41.98	2.5	5.5
Houston	Downtown	42.24	3.1	1.0
	Suburban	26.92	2.5	3.2
	Metro	29.66	2.6	2.2
Los Angeles	Downtown	45.00	-0.4	0.0
	Suburban	45.24	-0.4	5.9
	Metro	45.18	-0.4	4.3
Denver	Downtown	36.16	2.8	2.9
	Suburban	27.16	0.0	2.6
	Metro	29.11	0.3	1.7
Atlanta	Downtown	34.71	-0.7	4.3
	Suburban	25.96	-0.3	-0.9
	Metro	29.54	-1.6	4.8
San Francisco	Downtown	76.47	-5.2	-13.3
	Peninsula	80.88	0.0	0.6
	Metro	77.97	-3.4	-8.9
U.S. Downtown		37.79	-0.5	-0.4
U.S. Suburban		26.96	-0.2	0.4
U.S. Metro		32.99	-0.3	0.2

- The steepest declines in asking rents in Q4 occurred in San Francisco and Manhattan, consistent with the negative absorption and occupancy declines in these markets.
- Asking rents for suburban offices were 0.4% higher than a year ago, but downtown office rents were 0.4% lower, reflecting the more severe stress on downtown office markets across the country.

Source: U.S. national totals provided by CBRE Econometric Advisors, all other figures compiled by CBRE Research, Q4 2020.



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