

REAL ESTATE OUTLOOK

U.S. MARKET | OFFICE

FIRST QUARTER 2018

U.S. TRENDLINES

5-Year Trend

Current Quarter

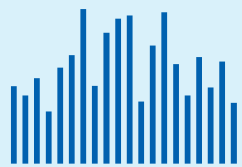
VACANCY



9.7%

Remains stable year-over-year

ABSORPTION



14.1 MSF

31 quarters of positive growth

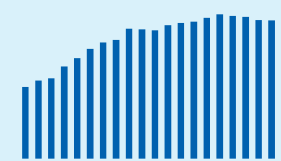
ASKING RENT



\$25.66 PSF

3.4% annual growth

UNDER CONSTRUCTION



141.1 MSF

12 months of declining starts

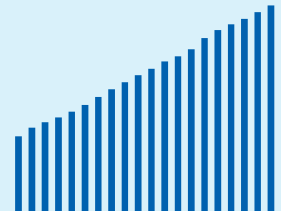
UNEMPLOYMENT RATE



4.1%

18 months below 5%

OFFICE-USING EMPLOYMENT GROWTH



36.0M

1.9% annual growth

HIGHLIGHTS

The market showed continued growth over the first quarter of 2018 as direct and overall vacancy (direct and sublet) remained stable for the sixth consecutive quarter at 9.7% and 10.3%, respectively.

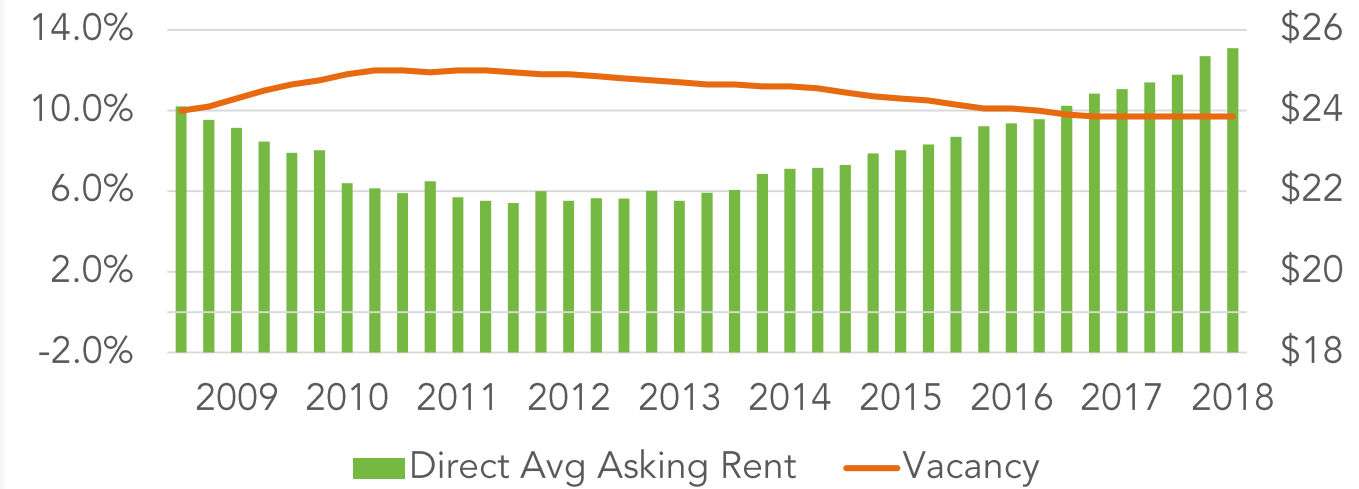
Average asking rental rates continued their ascent early in the year, marking the 20th consecutive quarterly increase dating back to 1Q13.

While well below both 3-year and 5-year running quarterly averages, net absorption for 1Q18 slightly outpaced 5-year average Q1 performance of 14.0 MSF.

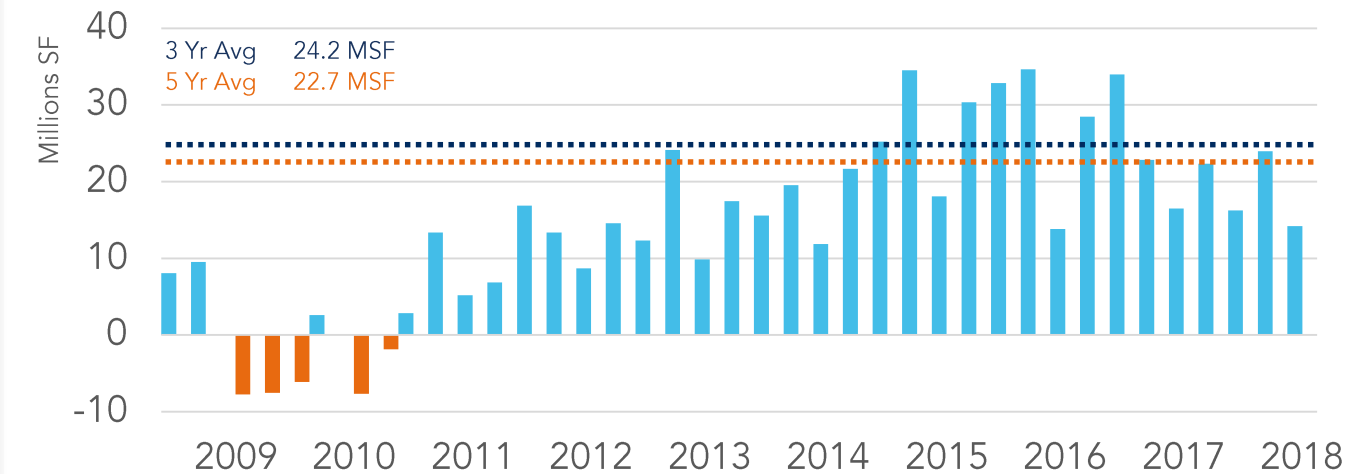
Overall, 22 of the 48 Transwestern reporting markets registered improvements in direct vacancy, while 30 of the markets recorded increases in overall vacancy (direct and sublet) over the period.

After cresting in 1Q17 at 147.6 MSF, the construction pipeline has begun to recede with 1Q18 marking the fourth straight quarter of declines.

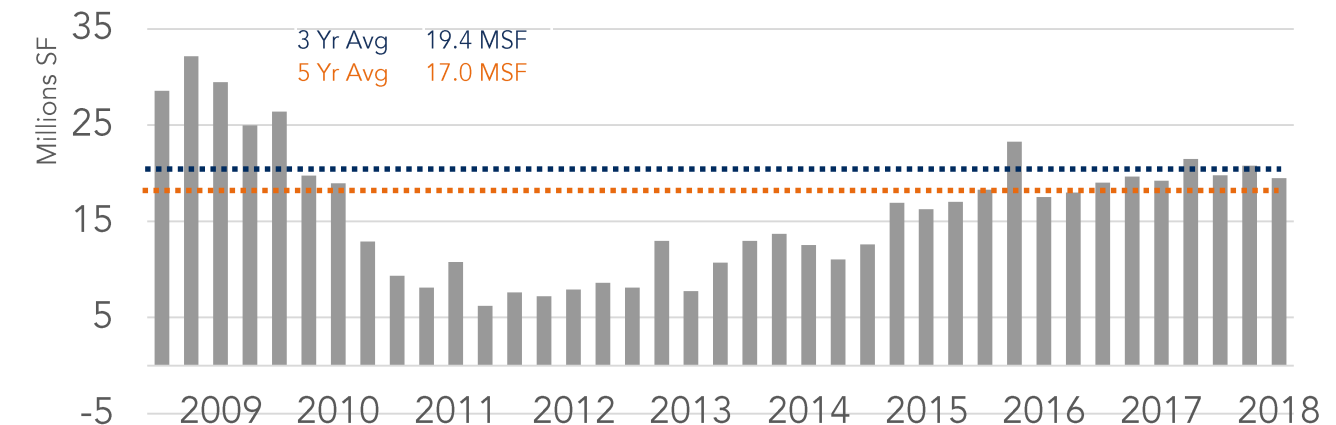
VACANCY VS ASKING RENT



NET ABSORPTION



CONSTRUCTION - DELIVERED

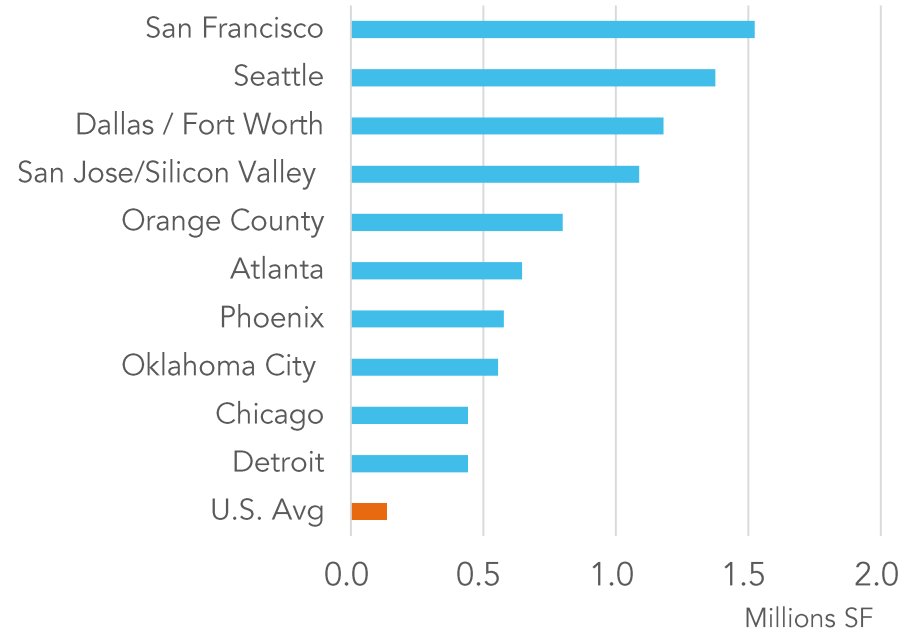


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TOP 10 MARKETS

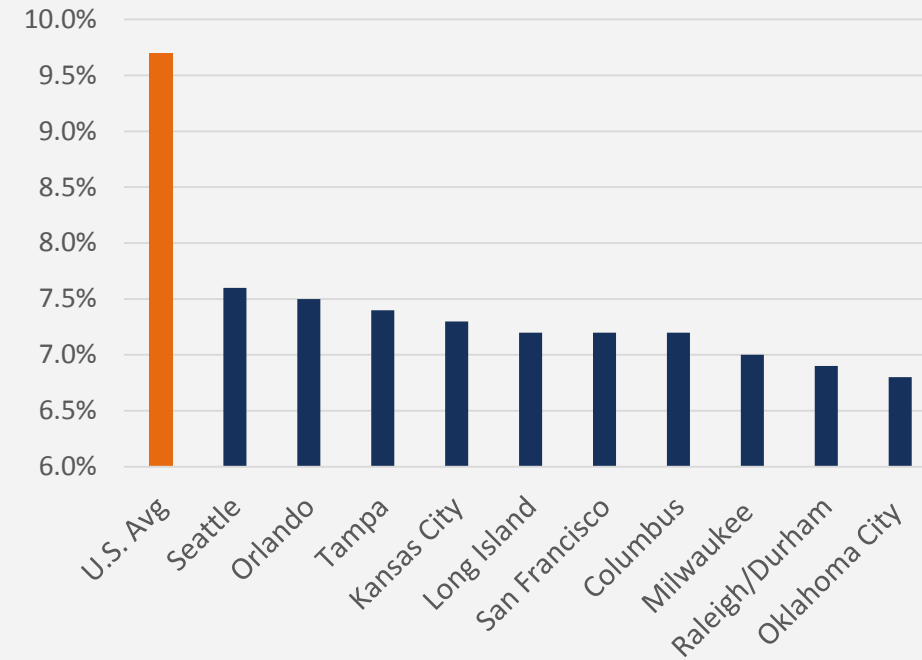
ABSORPTION

Q1 2018 Net Absorption



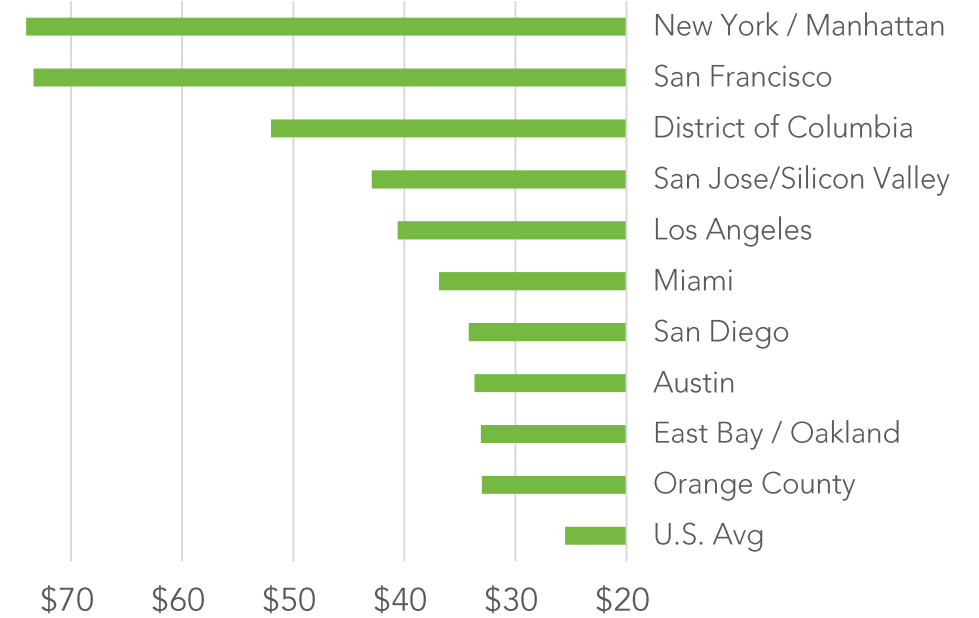
VACANCY/CONSTRUCTION

Q1 2018 Vacancy Rate

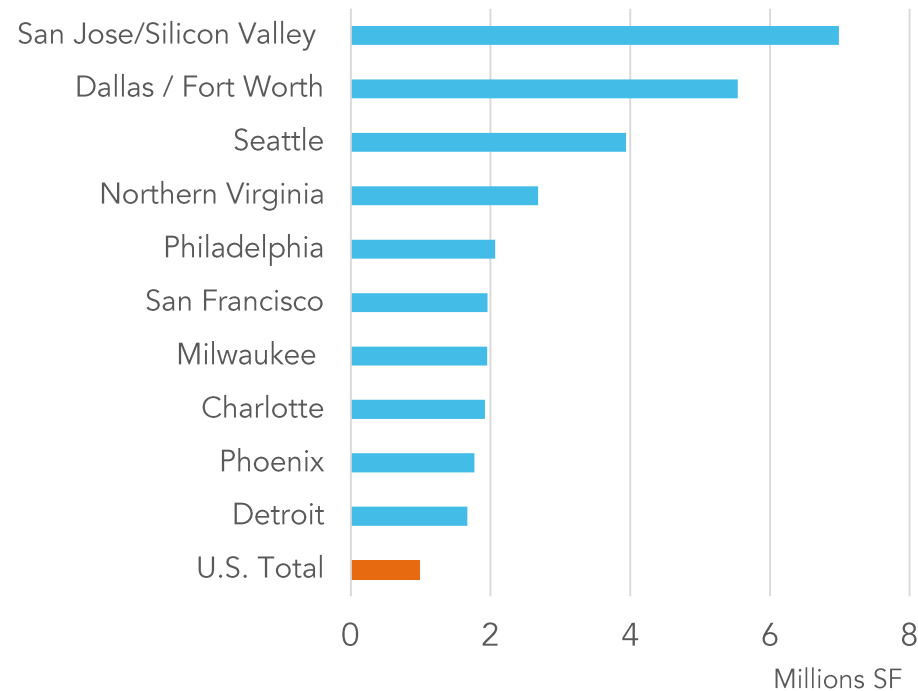


ASKING RENTS

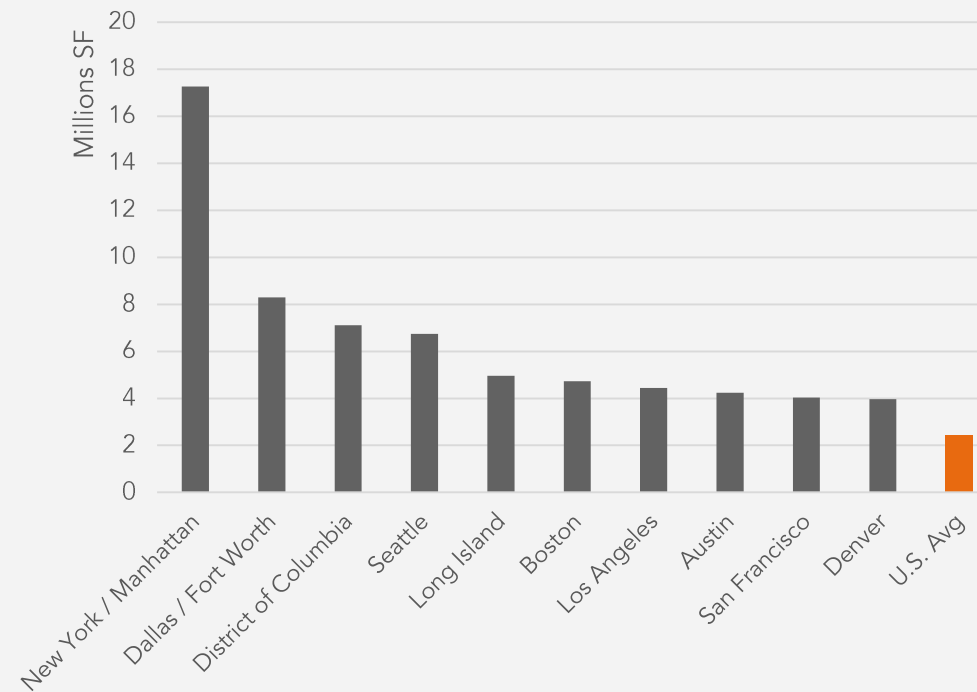
Q1 2018 Asking Rate FS



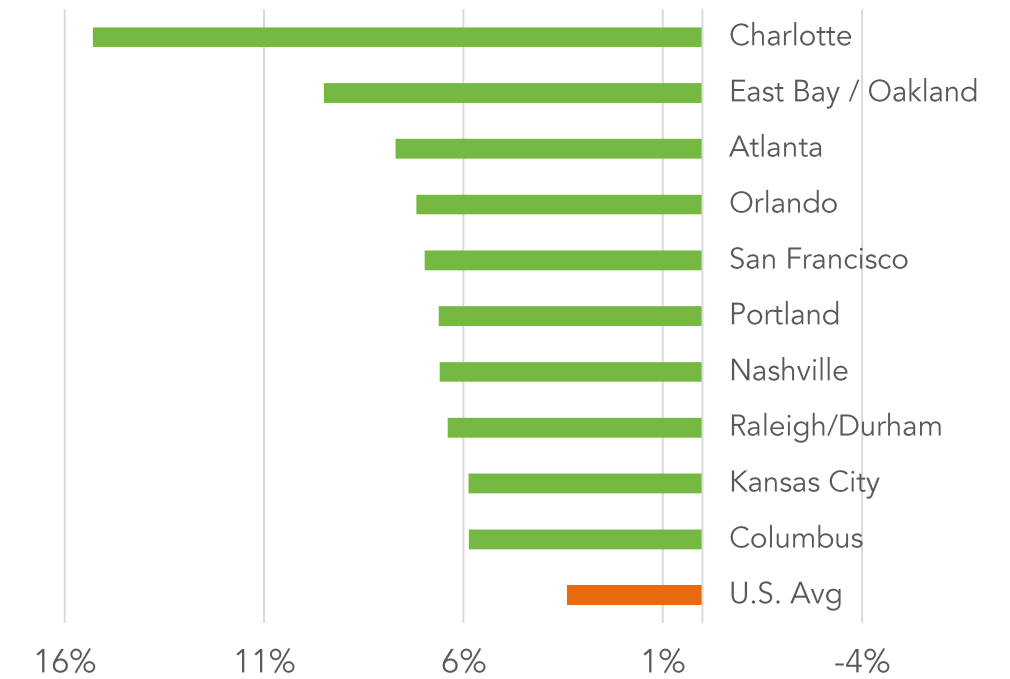
Trailing Four-Quarter Net Absorption



Q1 2018 Under Construction

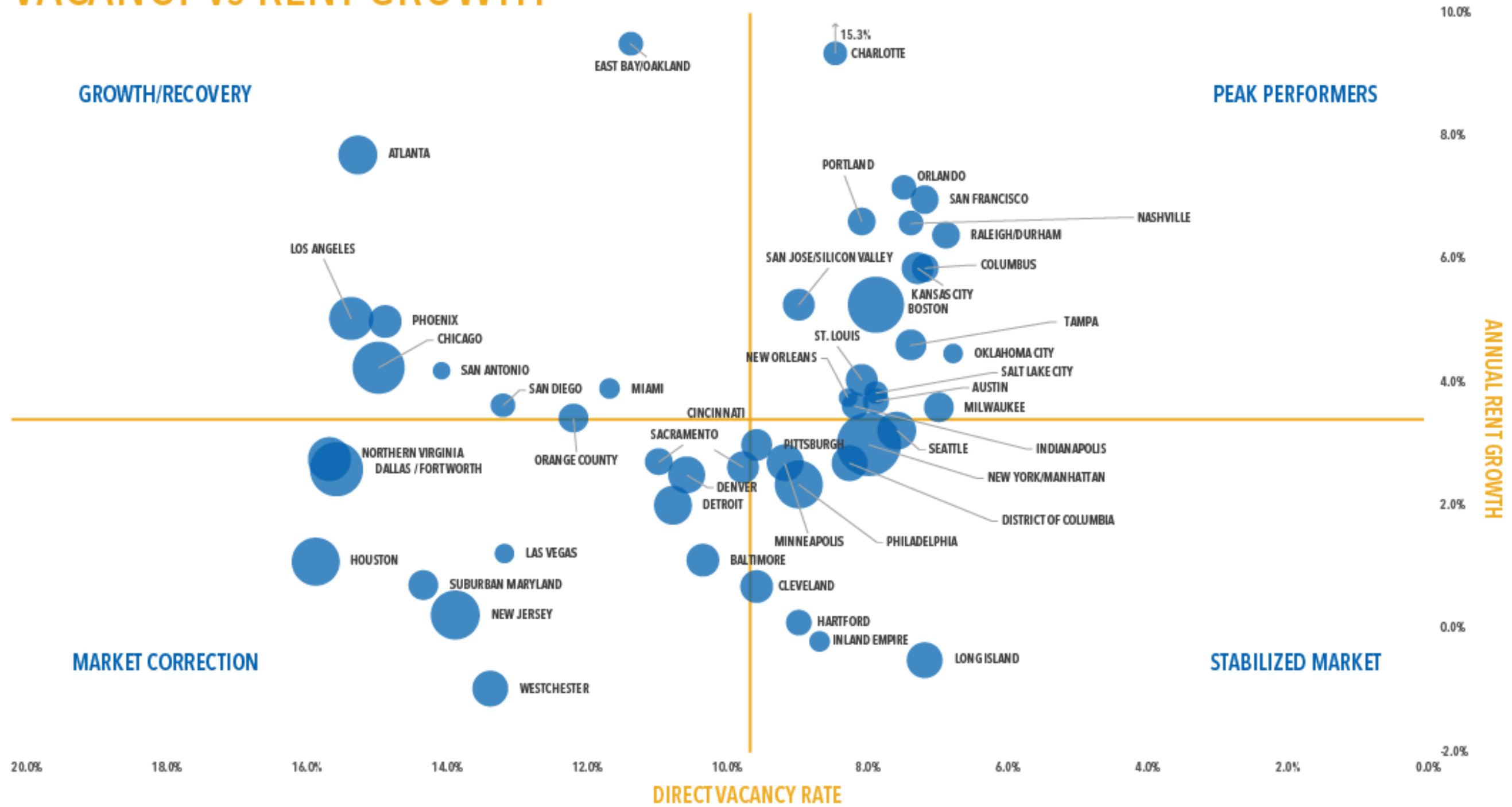


Year-Over-Year Rent Growth



OFFICE MARKET LANDSCAPE

VACANCY vs RENT GROWTH



Footnotes:
 1. Axis are based on U.S. National Averages thru Q1 2018
 2. Bubble sizes are based upon corresponding Market Size

US MARKET | OFFICE

Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Atlanta	163,489,506	16.2%	15.3%	646,959	1,157,447	\$25.65	7.7%	1,516,311
Austin	70,447,935	8.9%	7.9%	207,700	1,536,422	\$33.12	3.7%	4,232,730
Baltimore*	113,728,008	10.7%	10.4%	(199,000)	687,000	\$22.00	1.1%	1,556,101
Boston	338,171,189	8.5%	7.9%	(257,017)	1,322,541	\$23.18	5.3%	4,726,709
Charlotte	88,341,100	9.8%	9.2%	220,830	1,921,583	\$25.94	15.3%	3,226,544
Chicago	289,040,037	16.0%	15.0%	442,687	1,539,156	\$31.44	4.3%	3,033,135
Cincinnati	103,054,073	10.1%	9.8%	137,250	1,231,389	\$16.03	2.6%	482,700
Cleveland	113,419,539	9.8%	9.6%	112,374	1,328,798	\$17.49	0.7%	879,825
Columbus	76,466,936	7.8%	7.2%	395,351	570,081	\$18.42	5.9%	876,125
Dallas/Fort Worth	304,877,945	16.7%	15.6%	1,180,540	5,539,561	\$25.31	2.6%	8,293,216
Denver*	141,253,722	11.8%	10.6%	104,624	910,926	\$27.48	2.5%	3,968,768
Detroit	154,115,214	11.0%	10.8%	442,606	1,668,101	\$19.24	2.0%	1,606,521
District of Columbia*	138,248,501	9.1%	8.3%	440,000	998,000	\$52.01	2.7%	7,107,830
East Bay/Oakland	60,964,016	12.1%	11.4%	(488,210)	(753,210)	\$32.33	9.5%	1,311,683
Hartford	67,233,885	9.5%	9.0%	145,486	1,290,444	\$19.01	0.1%	169,900
Houston*	240,974,390	18.0%	15.9%	(946,738)	(2,899,944)	\$30.99	1.1%	1,483,144
Indianapolis	75,075,520	8.3%	8.2%	75,855	963,337	\$18.88	3.6%	143,797
Inland Empire	43,265,949	9.0%	8.7%	137,068	526,564	\$20.20	-0.2%	68,006
Kansas City	106,193,389	7.8%	7.3%	193,073	991,929	\$19.31	5.9%	563,526
Las Vegas	37,954,310	14.0%	13.2%	313,438	1,101,315	\$20.52	1.2%	365,366
Long Island	137,358,744	7.8%	7.2%	203,339	651,005	\$28.03	-0.5%	4,957,662
Los Angeles	199,923,511	16.5%	15.4%	(238,329)	1,235,076	\$40.59	5.0%	4,446,202
Miami	44,446,394	12.3%	11.7%	(4,864)	307,919	\$36.89	3.9%	811,731
Milwaukee	94,306,139	7.1%	7.0%	151,725	1,953,225	\$16.70	3.6%	1,527,137

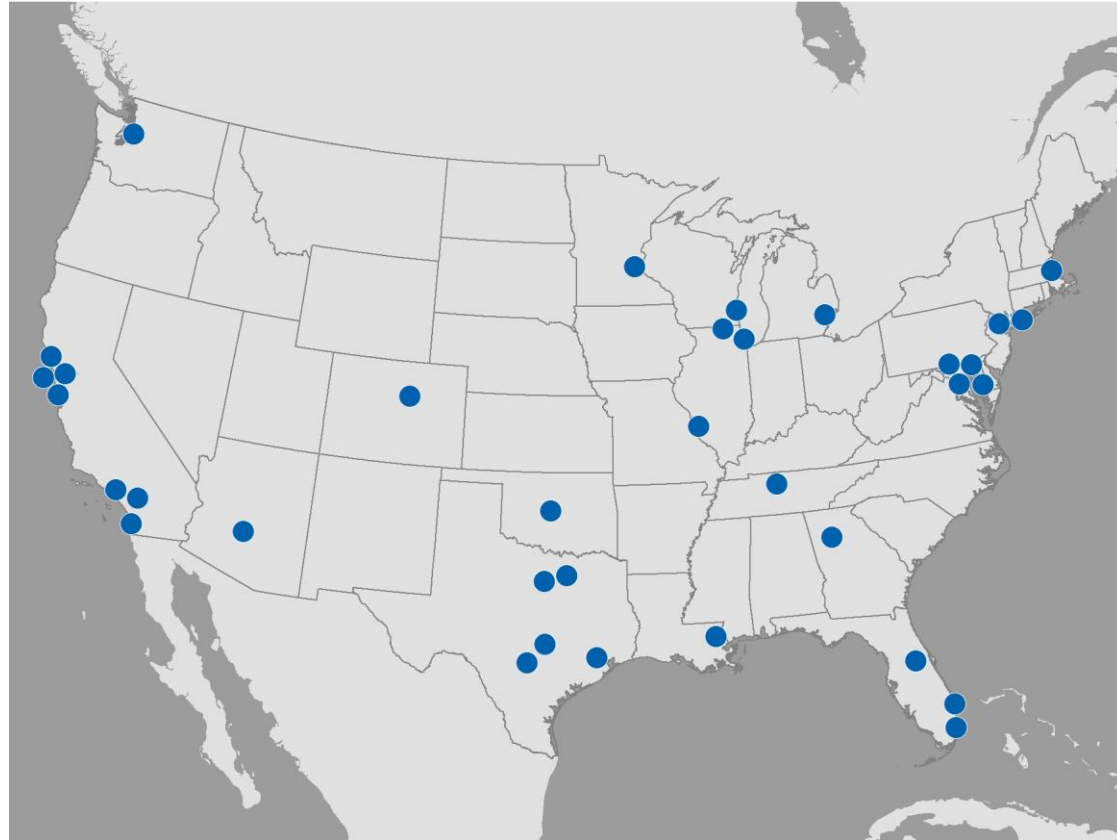
*Market reports Vacant Available rate

US MARKET | OFFICE

Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Minneapolis	138,767,812	9.6%	9.2%	(231,815)	(1,378,082)	\$19.76	2.7%	392,668
Nashville	64,294,636	8.2%	7.4%	(9,531)	1,560,335	\$26.85	6.6%	1,551,956
New Jersey	253,939,791	15.3%	13.9%	(691,958)	(840,800)	\$26.44	0.2%	1,551,956
New Orleans	35,482,088	8.5%	8.3%	(61,701)	(375,346)	\$18.22	3.8%	29,200
New York / Manhattan	432,884,628	9.1%	8.0%	(1,689,539)	(2,071,099)	\$74.04	3.0%	17,261,877
Northern Virginia*	194,649,080	16.5%	15.7%	396,000	2,683,000	\$31.73	2.8%	2,475,775
Oklahoma City	39,086,176	6.9%	6.8%	555,806	261,662	\$17.29	4.5%	250,900
Orange County	88,698,430	13.3%	12.2%	799,643	1,603,936	\$33.01	3.4%	976,967
Orlando	64,126,049	7.8%	7.5%	76,830	1,093,226	\$21.51	7.2%	1,254,204
Philadelphia	241,830,075	9.6%	9.0%	161,433	2,067,191	\$25.28	2.3%	3,550,224
Phoenix	112,854,661	16.3%	14.9%	577,871	1,769,512	\$26.09	5.0%	2,730,826
Pittsburgh	103,305,610	10.0%	9.6%	(594,160)	(19,129)	\$22.37	3.0%	669,190
Portland	78,815,095	8.5%	8.1%	(245,125)	204,697	\$26.11	6.6%	2,301,997
Raleigh/Durham	76,053,025	7.2%	6.9%	257,903	1,058,802	\$23.30	6.4%	3,492,308
Sacramento	76,514,142	11.3%	11.0%	127,641	1,040,689	\$22.28	2.7%	392,092
Salt Lake City	56,950,807	8.7%	7.9%	2,135	187,372	\$22.44	3.8%	968,299
San Antonio	33,078,093	17.8%	14.1%	24,871	139,667	\$24.73	4.2%	1,366,092
San Diego	61,770,860	14.0%	13.2%	(168,940)	(255,273)	\$34.20	3.6%	694,881
San Francisco	81,666,721	8.2%	7.2%	1,524,353	1,959,915	\$73.39	7.0%	4,030,342
San Jose/Silicon Valley	108,034,070	10.7%	9.0%	1,088,459	6,989,037	\$42.94	5.3%	3,358,068
Seattle	153,812,325	8.2%	7.6%	1,376,168	3,942,175	\$32.97	3.2%	6,742,896
St. Louis	104,903,080	8.4%	8.1%	(447,908)	889,887	\$19.25	4.1%	1,826,416
Suburban Maryland*	92,416,979	14.9%	14.4%	95,000	(37,000)	\$26.92	0.7%	1,125,824
Tampa	99,159,875	7.9%	7.4%	238,564	1,048,349	\$22.00	4.6%	569,000
Westchester	133,747,260	14.0%	13.4%	(50,193)	(61,509)	\$28.62	-1.0%	506,150

*Market reports Vacant Available rate

TRANSWESTERN LOCATIONS



ABOUT TRANSWESTERN

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RESEARCH METHODOLOGY

The information in this report is the result of a compilation of competitive single and multi-tenant office properties located in select U.S. metropolitan areas. Owner-occupied properties, medical offices, and government-owned buildings are excluded from analysis. All rents are reported as full-service gross. Markets denoted with an asterisk (*) report local vacancy rates as vacant available space.

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