

REAL ESTATE OUTLOOK

U.S. MARKET | OFFICE

FOURTH QUARTER 2017

U.S. TRENDLINES



U.S. HIGHLIGHTS

Dropbox, Inc. signed a 736,000 SF lease in **San Francisco's** Mission Bay making it the single largest lease in the city's history.

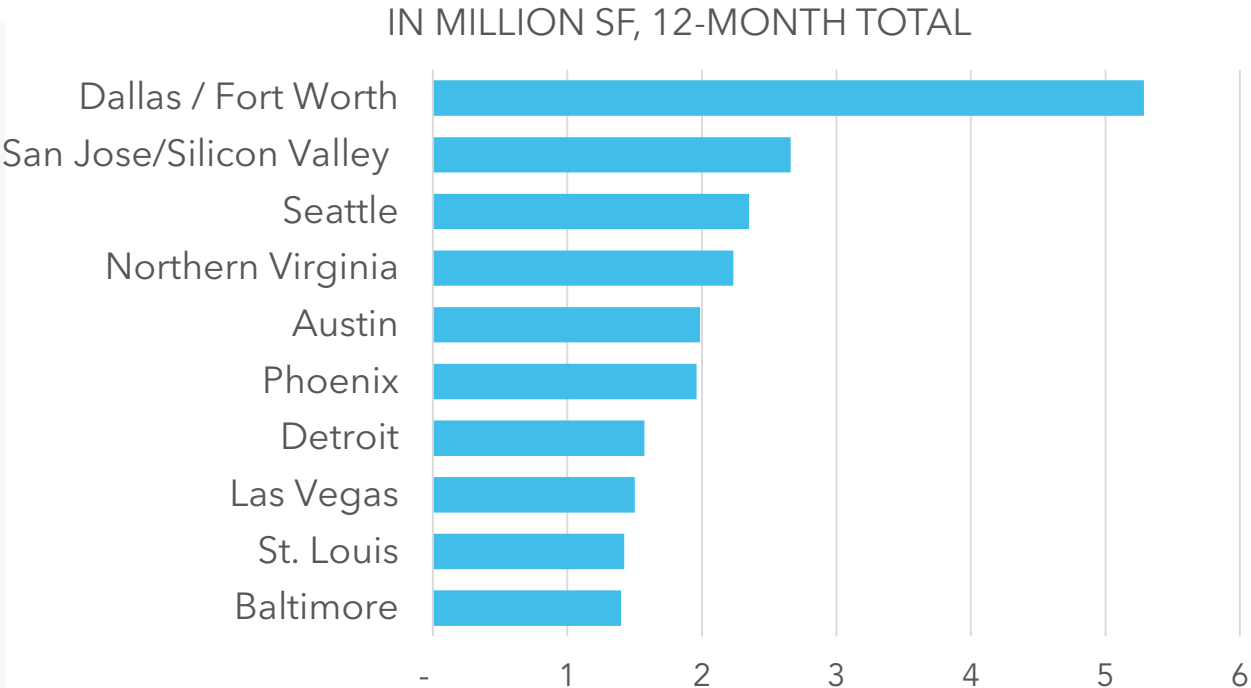
Eight **Manhattan** transactions exceeding 100,000 SF in Q4, leading to a total of 850,405 SF of positive absorption.

Miami posted a 10-year low in overall vacancy during 2017 with an average 150,000 SF of positive absorption each quarter.

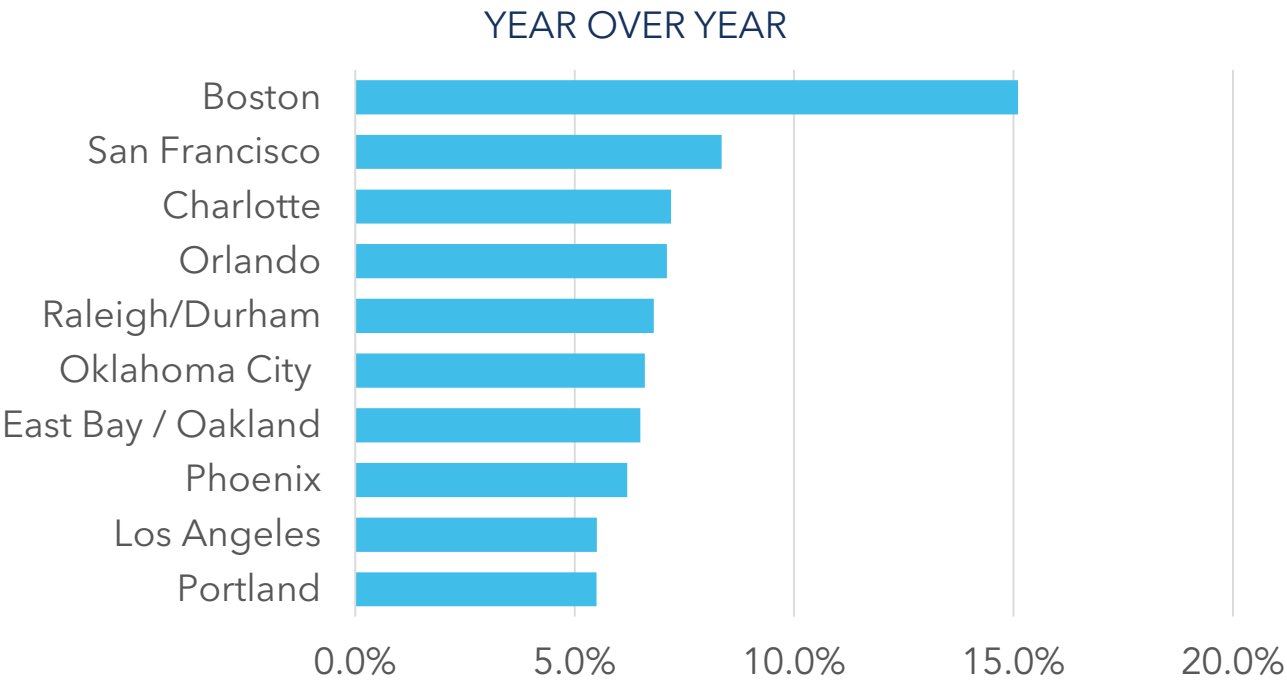
Atlanta reported absorption of more than 600,000 SF in Q4, erasing losses earlier in the year and bringing the annual total to 575,000 SF.

2017 annual net absorption in the **Dallas-Fort Worth** office market was 64% higher than the previous year.

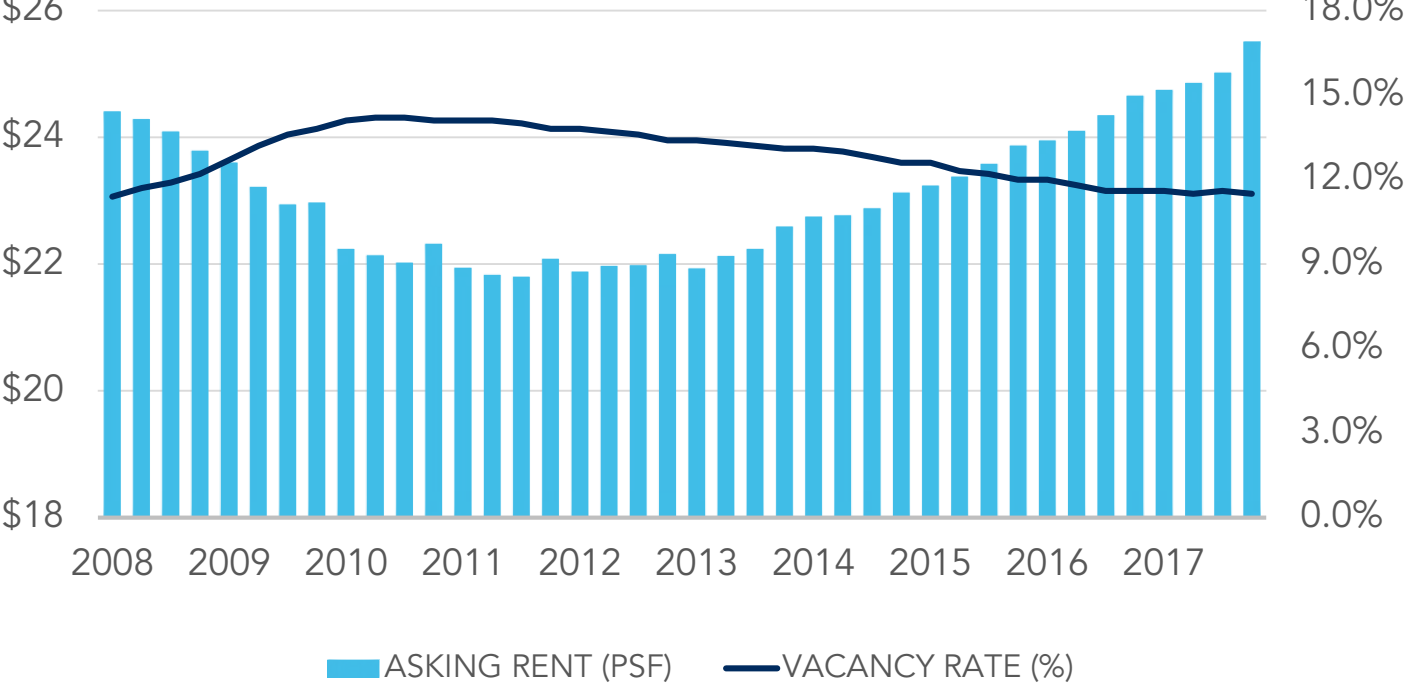
TOP 10 MARKETS: NET ABSORPTION



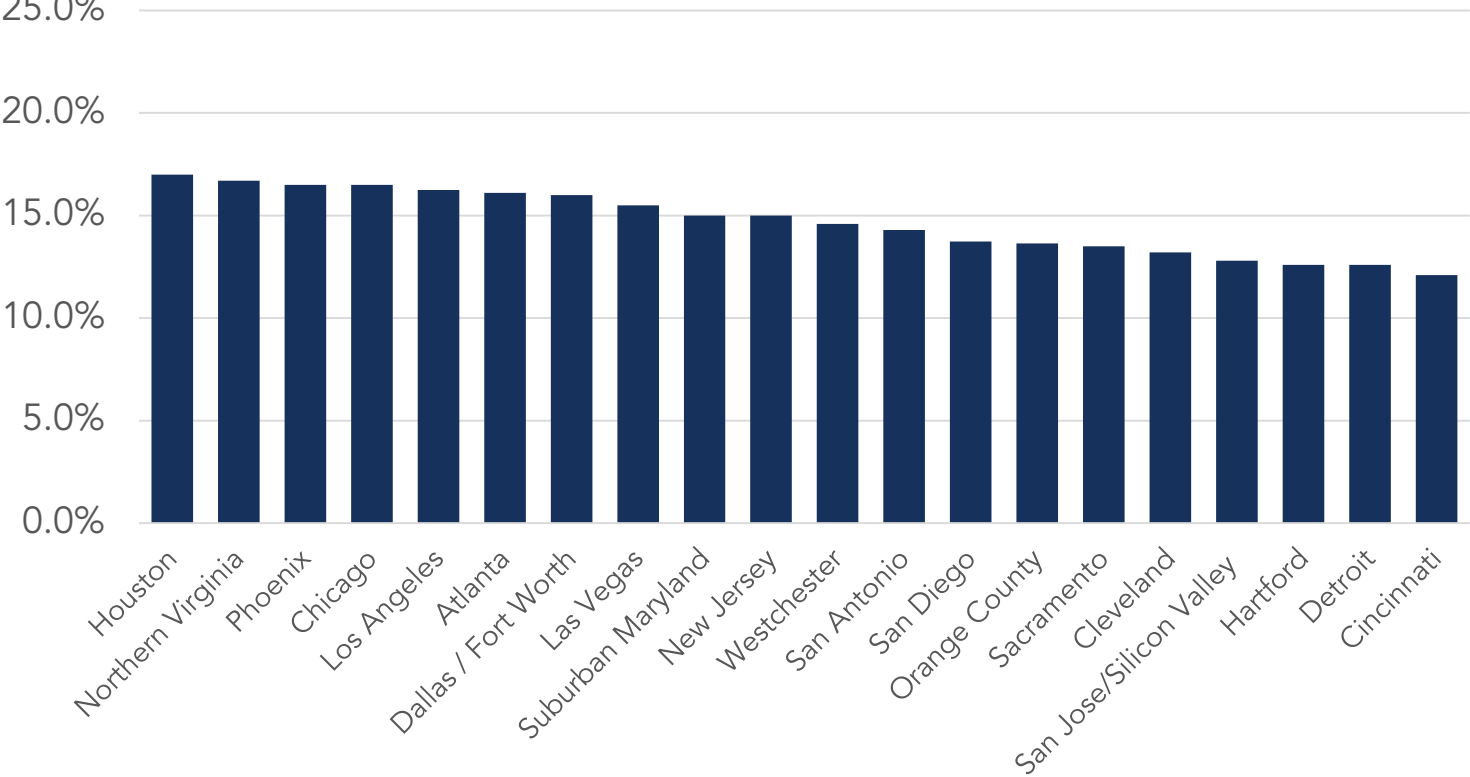
TOP 10 MARKETS: RENT CHANGE



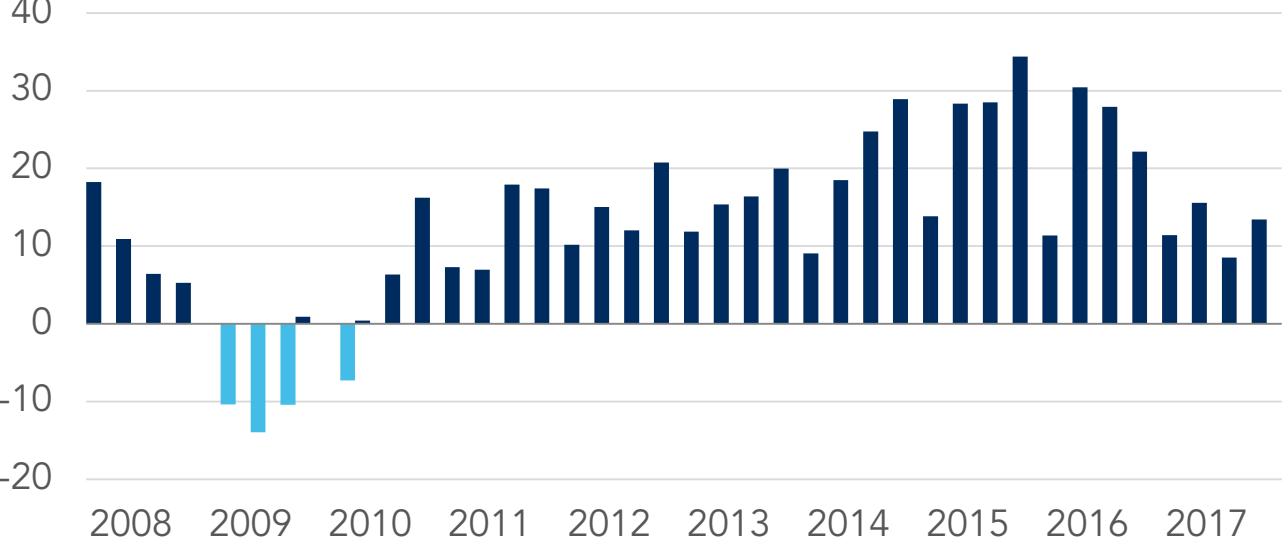
VACANCY RATE VS. ASKING RENT



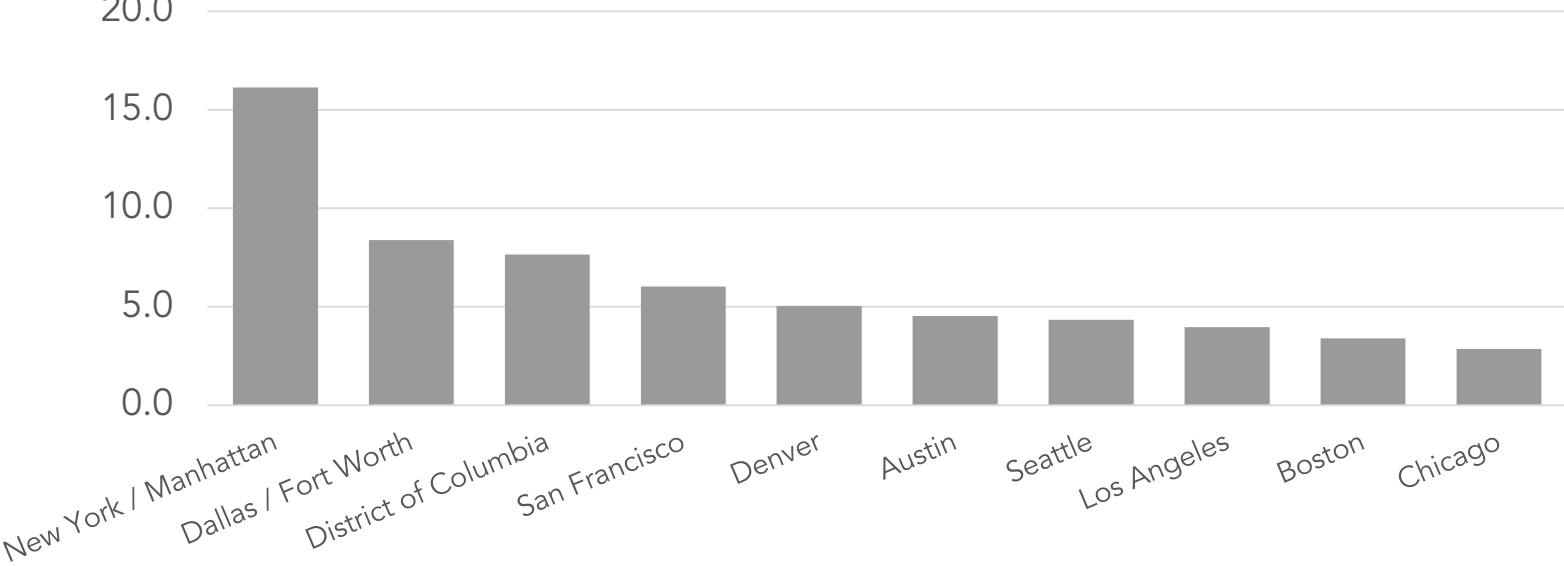
HIGHEST OVERALL VACANCY RATE BY MARKET



NET ABSORPTION
IN MILLION SF



SUPPLY UNDER CONSTRUCTION
IN MILLION SF



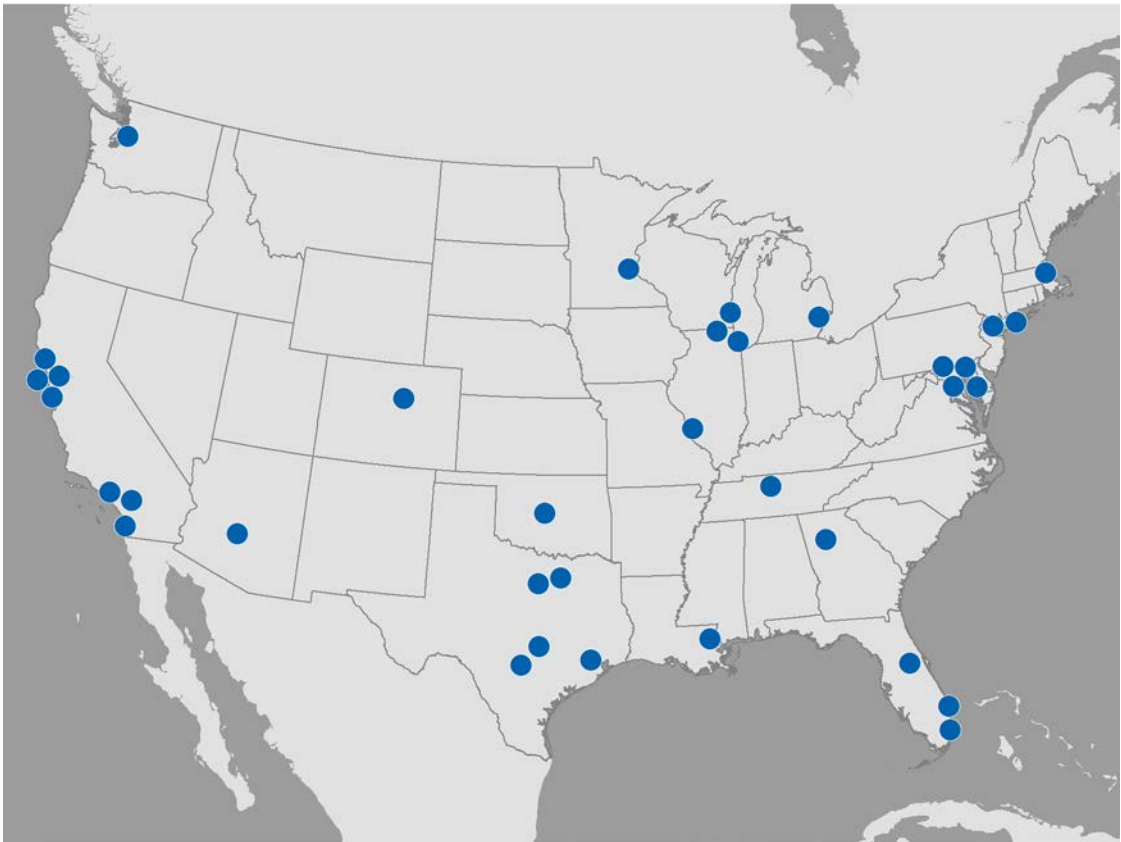
Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Atlanta	163,145,988	16.1%	15.1%	612,749	574,544	\$25.05	5.2%	1,888,834
Austin	68,654,035	9.4%	8.5%	336,593	1,987,190	\$33.77	4.5%	4,534,869
Baltimore*	113,728,008	10.7%	10.2%	328,000	1,398,000	\$24.60	2.6%	1,221,303
Boston**	187,726,000	11.9%	15.1%	183,000	1,055,000	\$30.77	15.1%	3,393,000
Charlotte	77,026,727	11.6%	10.9%	(431,951)	614,124	\$24.97	7.2%	1,699,278
Chicago	282,918,036	16.5%	15.5%	815,785	1,023,915	\$30.60	3.0%	2,861,491
Cincinnati	66,352,788	12.1%	11.8%	74,206	(177,392)	\$16.92	2.0%	77,000
Cleveland	71,048,682	13.2%	13.0%	(46,869)	571,720	\$18.27	-0.4%	94,334
Columbus	66,349,699	8.6%	8.2%	573,092	1,024,095	\$18.00	2.9%	61,000
Dallas/Fort Worth	310,642,475	16.0%	14.9%	1,537,912	5,285,336	\$25.23	4.0%	8,383,572
Denver*	135,451,769	11.8%	10.6%	(161,095)	1,120,738	\$27.49	3.3%	5,033,143
Detroit	150,344,300	12.6%	12.4%	256,147	1,572,818	\$19.09	1.7%	594,792
District of Columbia*	137,729,230	9.1%	8.3%	840,000	726,000	\$51.84	1.5%	7,657,222
East Bay/Oakland	61,868,175	11.7%	11.2%	(219,245)	(522,043)	\$32.40	6.5%	1,353,683
Hartford	40,426,537	12.6%	12.2%	28,944	(235,264)	\$19.93	2.7%	NA
Houston*	241,399,988	17.0%	15.5%	(51,628)	(3,990,948)	\$30.59	-3.5%	2,295,382
Indianapolis	69,189,263	8.9%	8.8%	(93,950)	676,308	\$18.69	3.6%	20,500
Inland Empire	47,591,480	10.6%	10.3%	106,577	677,847	\$21.71	2.3%	105,204
Kansas City	82,542,580	9.7%	9.2%	(112,596)	1,287,969	\$19.40	4.0%	77,985
Las Vegas	46,303,755	15.5%	14.9%	678,116	1,501,793	\$19.98	-0.3%	60,000
Long Island	62,377,206	8.6%	8.2%	(57,076)	108,695	\$26.36	0.1%	316,968
Los Angeles	196,696,744	16.3%	15.3%	663,918	337,089	\$40.21	5.5%	3,962,043
Miami	44,320,804	12.1%	11.6%	145,693	528,495	\$35.94	0.6%	421,733
Milwaukee	53,350,459	9.3%	9.2%	(86,410)	62,101	\$17.00	2.2%	18,000

*Market reports Vacant Available rate
** Market reports Vacant Available rate for Direct

Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Minneapolis	138,079,859	9.4%	9.1%	680,789	(260,881)	\$20.00	-1.5%	425,668
New Jersey	252,888,160	15.0%	13.7%	(336,291)	541,790	\$26.34	0.7%	1,659,356
New Orleans	34,533,105	8.2%	8.1%	(106,213)	(93,451)	\$18.39	4.5%	NA
New York/Manhattan	428,626,690	8.9%	7.7%	850,405	NA	\$73.89	1.0%	16,133,168
Northern Virginia*	194,586,963	16.7%	15.9%	1,235,000	2,233,000	\$31.39	2.3%	2,620,775
Oklahoma City	33,773,679	8.6%	8.5%	(356,073)	(269,282)	\$17.66	6.6%	792,716
Orange County	88,078,955	13.6%	12.6%	249,400	990,277	\$32.90	4.1%	1,440,465
Orlando	58,248,935	9.1%	8.9%	154,614	778,025	\$21.47	7.1%	694,500
Philadelphia	214,312,045	11.3%	10.7%	(269,925)	757,979	\$25.03	1.8%	2,327,628
Phoenix	112,195,357	16.5%	15.5%	644,298	1,959,007	\$25.67	6.2%	1,730,168
Pittsburgh	94,415,447	10.3%	9.9%	(26,102)	(219,498)	\$21.83	2.8%	14,725
Portland	69,752,917	8.4%	8.2%	221,359	648,873	\$25.86	5.5%	627,564
Raleigh/Durham	71,196,994	8.3%	7.9%	451,804	1,385,431	\$23.00	6.8%	2,326,446
Sacramento	69,613,213	13.5%	13.1%	2,772	628,572	\$21.92	2.4%	138,850
Salt Lake City	50,669,611	8.5%	7.8%	(135,256)	(503,655)	\$21.57	4.3%	314,000
San Antonio	33,576,922	14.3%	13.4%	(1,275)	145,926	\$21.26	1.3%	1,043,887
San Diego	60,310,027	13.7%	12.8%	194,322	1,144,584	\$33.84	2.9%	694,881
San Francisco	79,780,629	8.6%	7.4%	330,373	(129,040)	\$73.57	8.4%	6,030,459
San Jose/Silicon Valley	89,752,351	12.8%	10.3%	929,501	2,659,187	\$42.56	2.8%	2,204,445
Seattle	106,958,431	11.2%	10.4%	872,300	2,350,774	\$31.20	3.2%	4,330,953
St. Louis	88,597,758	9.5%	9.2%	526,391	1,421,707	\$18.79	0.5%	NA
Suburban Maryland*	92,441,979	15.0%	14.5%	218,000	60,000	\$26.77	1.3%	1,125,824
Tampa	61,165,666	10.5%	10.1%	534,209	1,076,354	\$21.23	4.0%	233,800
Westchester	126,194,803	14.6%	14.0%	699,610	(641,429)	\$26.61	1.8%	41,000

*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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