

# Positive U.S. Office Fundamentals Point to Continued Gains in Occupancy & Asking Rents

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U.S. office-market indices outperformed the general economy in the first half of 2016, particularly in the second quarter as absorption picked up steam despite disappointing GDP growth. The strong office leasing in Q2 could prove to be a harbinger of stronger economic growth in the second half of the year. Job growth weakened somewhat in the beginning of 2016 but accelerated again this summer and is fueling office leasing, despite economic uncertainty over slower global economic growth, Brexit, and the November elections. Moreover, Class A asking rents in both the Central Business District (CBD) and suburban areas posted solid quarterly and annual increases. But sales volumes have declined from 2015 largely due to slowing interest in suburban assets, despite core CBD markets showing increased interest and activity in Q2. Overall, another good performance for the office sector.

## Market Indicators

Relative to prior period	Q2 2016	Q2 2017*
VACANCY	—	—
NET ABSORPTION	+	+
CONSTRUCTION	—	+
RENTAL RATE**	+	+

\*Projected

\*\*Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

## Key Observations

- > The U.S. economy decelerated in early 2016 from its already weak pace of recent years, but the news wasn't entirely bad. Despite slower job growth and disappointing GDP figures, a host of other indicators strongly suggest a pick-up in the second half of the year sufficient to fuel continued improvements in property markets.
- > U.S. office-market fundamentals continued to strengthen into mid-year as the national vacancy rate declined 10 basis points (BPS) in the quarter to 12.5%, 60 BPS lower than a year ago. The gains have been widespread, with 78% of metros registering stable or declining vacancies compared to mid-year 2015.
- > Absorption rebounded to 15.2 MSF, a 60% increase over the relatively slow first-quarter pace. Absorption should continue to increase through the second half of the year, though may not achieve the record totals seen the past two years due to limited space availability and a rising densification trend among major tenants.
- > Class A asking rents continued their ascent in both CBDs (\$46.47) and suburban (\$29.14) areas, registering gains of 7.0% and 5.0%, respectively, from this time last year. The largest year-on-year gains were seen in the booming Dallas and Atlanta markets as well as tech-heavy markets such as Austin, Boston, East Bay (SF), Manhattan and Seattle.

## Summary Statistics, Q2 2016

U.S. Office Market

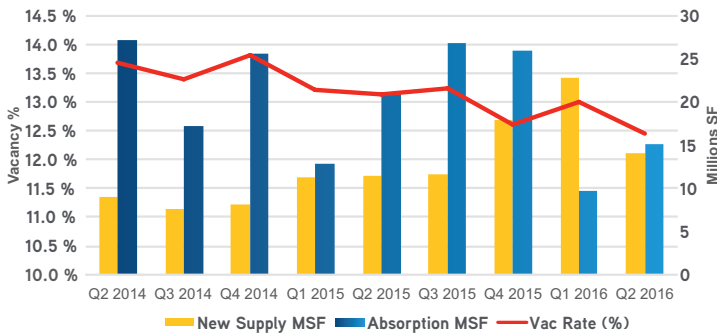
Vacancy Rate	<b>12.5%</b>
Change From Q1 2016 (Basis Points)	<b>-10</b>
Absorption (MSF)	<b>15.2</b>
% of Markets with Positive Absorption	<b>76%</b>
New Supply (MSF)	<b>14.0</b>
Under Construction (MSF)	<b>101.3</b>
<b>ASKING RENTS</b>	
PER SQUARE FOOT PER YEAR	
Downtown Class A	<b>\$46.47</b>
Change From Q1 2016	<b>+1.0%</b>
Change From Q2 2015	<b>+7.0%</b>
Suburban Class A	<b>\$29.14</b>
Change From Q1 2016	<b>+0.6%</b>
Change From Q2 2015	<b>+5.0%</b>

› With an increasing trend toward densification, occupiers are building out collaborative spaces that can accommodate more employees and have fewer private offices and areas, continuing to drive down the rentable square foot per employee. In response, landlords are gearing more space to smaller, multi-tenant configurations. The two main drivers: net absorption by new-era technology/creative tenants and workplace expectations prompted by a millennial-weighted workforce.

## U.S. Economic Waters Grow Choppy

The U.S. economy decelerated significantly in early 2016 from its already weak pace of recent years, yet there are some positives: Job growth remains robust, though the prior above-average growth could not be sustained as the economy inches toward full employment. And while GDP growth has been a clear disappointment, with growth over the past four quarters barely above 1%, most indicators remain good to very good, particularly consumer spending, which registered its strongest quarter since 2014.

### U.S. Office Market Q4 2014 - Q1 2016



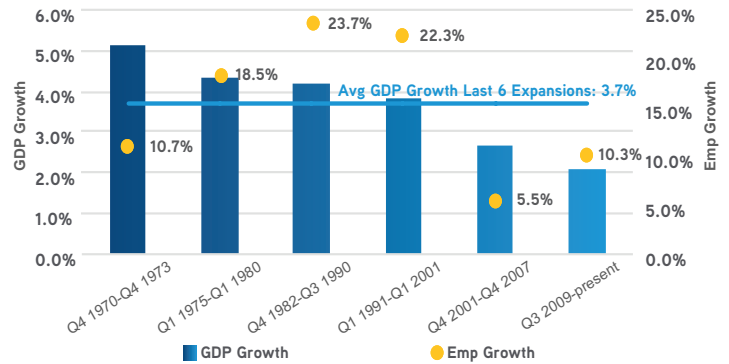
Source: Colliers International

Equity markets have rebounded to all-time highs from their fall in late June, joining the overwhelming consensus of economists who agreed that Brexit was not the imminent threat to global prosperity suggested by market volatility in the immediate aftermath of the vote. Economists and the markets have now refocused their attention back to the domestic U.S. economy where key indicators continue to demonstrate stable, albeit mixed messages.

The employment reports have been stronger this summer, adding 255,000 jobs in July on top of 292,000 in June, reversing the slower growth trend this winter and spring. But the government's first estimate of Q2 GDP was only 1.2%, about half of the consensus forecast. Moreover, as part of the annual cycle of historical revision, the U.S. Bureau of Economic Analysis (BEA) also retroactively revised its GDP estimates for the past three years, with Q1 GDP adjusted back down to only 0.8%. So, GDP did indeed accelerate this past quarter, but only relative to the downgraded Q1 figure, and still well below expectations.

Thus, growth for the year is unlikely to match even the moderate pace averaged over the past few years, though the pace of growth should pick-up in the second half of the year. With real GDP barely growing above stall speed, and preliminary Q3 GDP figures not due until late October, the Fed is unlikely to raise rates before the November vote. As always, future hikes will depend on job gains and economic growth, with both rate increases and economic growth rising in tandem. Regardless, the magnitude and pace of near-term hikes will not be material to the real estate sector.

### GDP & Employment Growth by Expansion

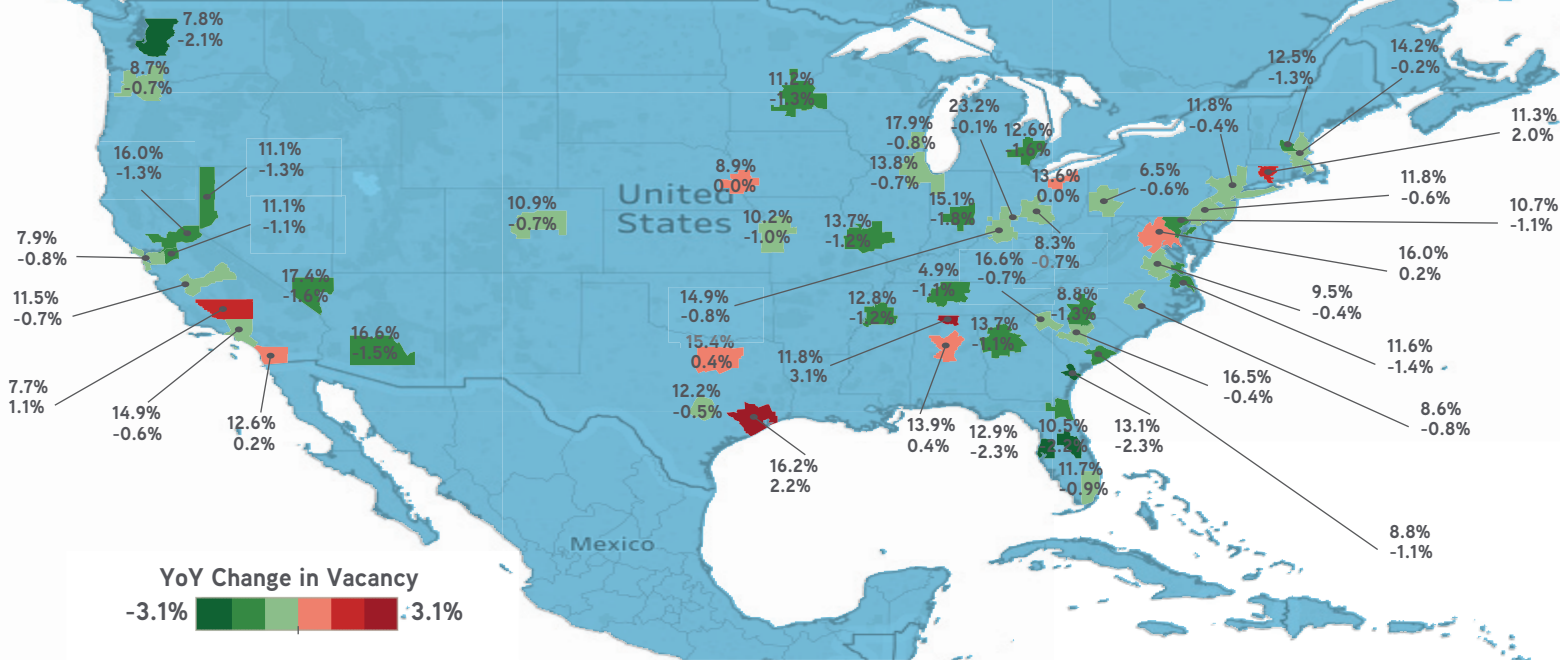


Source: Bureau of Economic Analysis, Bureau of Labor Statistics





## YOY Change in Metro Vacancy - Q2 2016



## Strong Occupancy Growth Fuels Quarterly and Annual Vacancy Declines

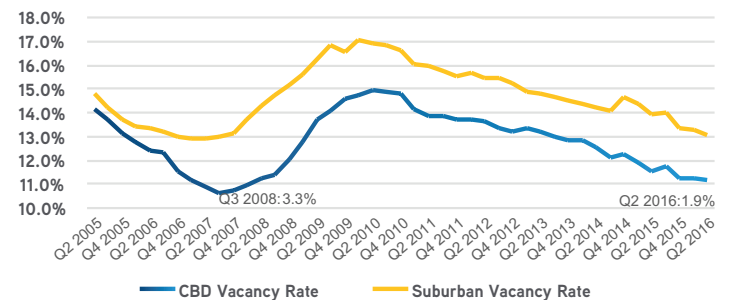
Office markets have continued to improve broadly this year. As of mid-year 2016, more than a quarter of the markets we track (28%) have a vacancy rate less than 10.0%, while fewer than a quarter of markets (24%) are above 15%. Strong markets like Nashville, with 4.9% vacancy, are riding the continuing wave of technology-driven growth. This includes pure tech from internet and app-based firms to expanding bio-tech and traditional industries like healthcare that are increasingly leveraging technology.

Moreover, market strength is not limited to just the top metros or submarkets: two-thirds (66%) of all submarkets we track nationwide have seen vacancies decline or remain stable this year. The national office vacancy rate now stands at 12.5%, down 10 BPS from the first quarter and 60 BPS from a year ago. Major markets continued to see gains in occupancy as the year-over-year vacancy rates in Boston (-20 BPS), Chicago (-70 BPS) and Manhattan (-20 BPS) all declined. Overall vacancy rates are on pace to dip below the prior peak of 12.2% (last seen in the third quarter of 2007) by the end of 2016.

CBD vacancy at 11.2% was flat this past quarter but is down 40 BPS from a year prior, showing the continuing desire of employers to have a downtown presence. Just under three-quarters (71%) of office markets had stable or declining vacancies on an annual basis. Established and growing tech hubs remained at the top of the list, as Silicon Valley, East Bay (SF), Seattle, Phoenix and Indianapolis saw their downtown vacancy rates drop between 170 and 400 BPS

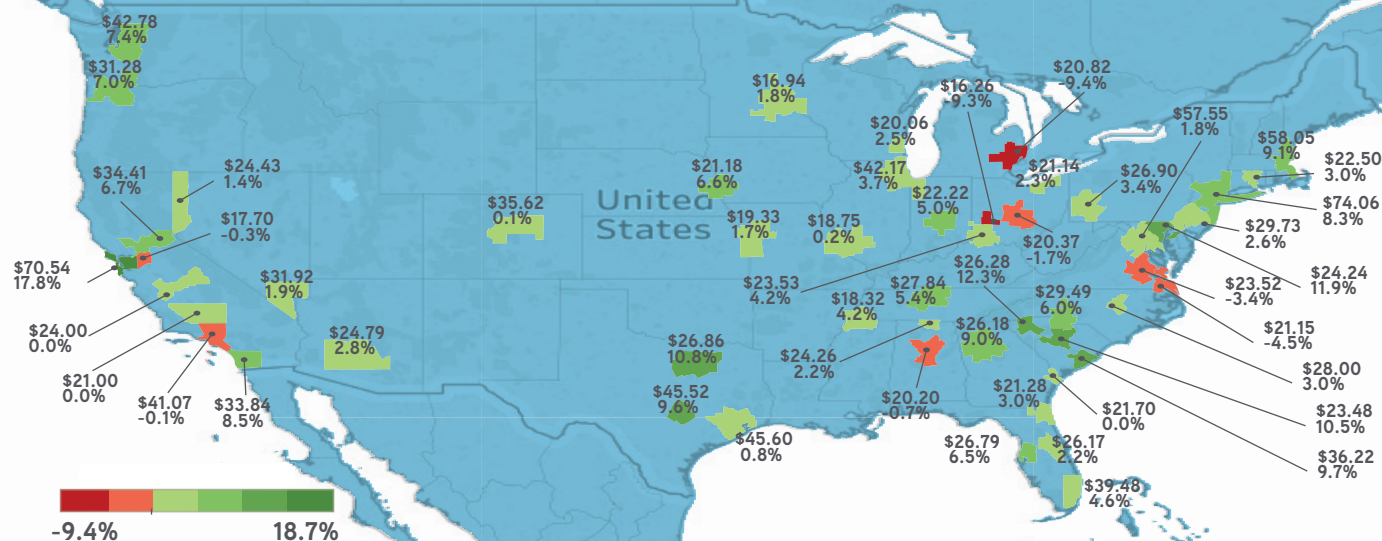
from a year ago. Suburban markets saw a quarterly decrease in vacancy of 10 BPS and a larger 80 BPS annual decrease down to 13.1%. While the tech sector continues to have a strong impact in suburban Portland, Everett, East Bay and Seattle, strong growth in the professional services sector has raised occupancy in Tampa Bay, Orlando and Charlotte. Though employers are still signaling a strong preference for CBDs, a lack of expansion space options and generally higher costs are pushing some firms to suburban areas. Those suburbs with an “urban-suburban” feel and live/work/play amenities perform the best as evidenced in Cumberland/Galleria in Atlanta (-230 BPS), Uptown in Dallas (-150 BPS) and Broomfield in Denver(-110 BPS).

## Spread Between CBD & Suburban Vacancy Rates



Source: Colliers International

## YOY Change in CBD Class A Rent - Q2 2016



## Absorption Rebounds Following Slower Start to the Year as Asking Rents Increase

As we expected, U.S. office absorption regained momentum after beginning the year at a slower pace, totaling 15.2 MSF in the second quarter. This represents a healthy 5.7 MSF increase from the first quarter, though a 5.6 MSF decrease from the same period in 2015. As restrained construction has limited the options of firms looking to expand into brand-new space, the trend of densification we have seen in the financial sector is spreading across industries and having an impact on absorption. Widespread use of collaborative spaces and fewer private offices translates into less office square footage per employee. This is reflected in new build-outs as many landlords are gearing vacated floors to smaller, multi-tenant configurations. These shifts are a product of technology and the workplace expectations of the younger workforce, which will moderate absorption from the record pace we witnessed over the previous two years.

The rebirth of Detroit continues as it led all markets with 2.4 MSF of positive absorption; activity has spread from the CBD to suburbs such as Farmington Hills and Southfield as car sales have surged, boosting employment in office-using professional services sectors that support the auto industry. Phoenix also had a strong quarter for absorption (1.4 MSF), as employment continues to rise in a broad set of industries. We should see this metro equal or surpass 2015's total of 3.5 MSF.

Second quarter class A asking rents averaged \$46.67 per square foot in CBDs and \$29.14 in the suburbs. Both increased sharply from one year ago, with the CBDs registering a stronger 7.0% increase, compared to 5.0% in the suburbs. These are some of the sharpest gains in this cycle. Our survey shows the vast majority of markets expect landlord concessions to remain the same or decline over the next year amid the strengthening fundamentals of decreasing vacancy and positive absorption.

### Top U.S. Office Leases in Q2 2016

TENANT	ADDRESS	MARKET	SF	TENANT INDUSTRY
McGraw Hill*	55 Water Street	Manhattan	900,000	Publishing
Southern Company	3535 Colonnade Pky.	Birmingham	456,823	Energy
Bank of America*	101 Hudson Street	Northern New Jersey	373,604	Finance
U.S. Dept. of Justice	175 N Street NE	Washington, D.C.	316,869	Government
ADP	2 Commercial Place	Norfolk	287,857	Professional Services

\* Renewal  
Sources: CoStar, Colliers International

### Top U.S. Office Sales in Q2 2016

ADDRESS	MARKET	SF	PRICE	BUYER
1285 Avenue of the Americas	Manhattan	1,749,000	\$1,649,800,000	RXR Realty, David Werner, China Life Insurance
550 Madison Avenue	Manhattan	852,830	\$1,416,666,667	Olayan Group, Chelsfield
1211 Avenue of the Americas*	Manhattan	1,937,895	\$857,500,000	Ivanhoe Cambridge
1251 State Street	Dallas	2,300,000	\$850,000,000	Transwestern
1 Kendall Square	Boston	676,440	\$725,000,000	Alexandria RE Equities

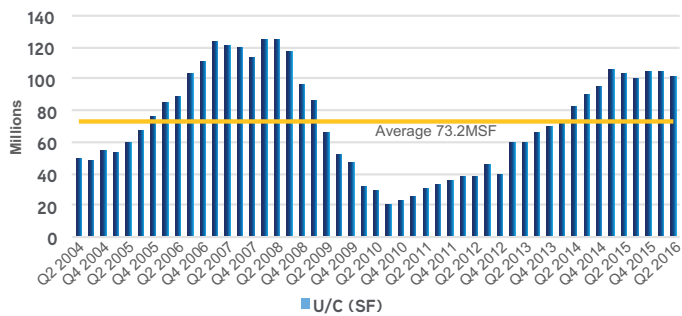
\*Partial Interest Sale Source: Real Capital Analytics

Strong growth in professional services and corporate relocations continue to push CBD class A asking rents in Dallas (\$26.56) and Atlanta (\$26.18) to new peaks, with those markets seeing annual increases of 12.3% and 9.0%, respectively. Interestingly, much of the new development and demand in both markets is outside of the CBDs, pushing their suburban rates even higher than the CBD.

## Construction Activity Remains Stable, Adding to Downward Pressure on Vacancy

Though construction activity has picked up over the past two years to push above its long-term historical average of 73.2 MSF, the 101 MSF total remains well below the peak of 120-125 MSF in 2007-2008. Further, construction remains highly concentrated. Just five markets—Dallas, Manhattan, Silicon Valley, Seattle and Atlanta—account for nearly 40% of the total. Adding in San Francisco, Chicago, Houston, Boston and Northern Virginia pushes that to nearly 60% of total construction.

### Quarterly Under Construction Totals



Source: Colliers International

By and large, this surge in new supply is focused where demand has been greatest, enabling steady vacancy declines over the past two years. Nonetheless, the construction activity bears watching as many new and growing firms prefer to relocate from class B/C “starter” space to new or newly renovated office properties. Thus, at least some of the new space will be absorbed at the expense of less desirable space and submarkets.

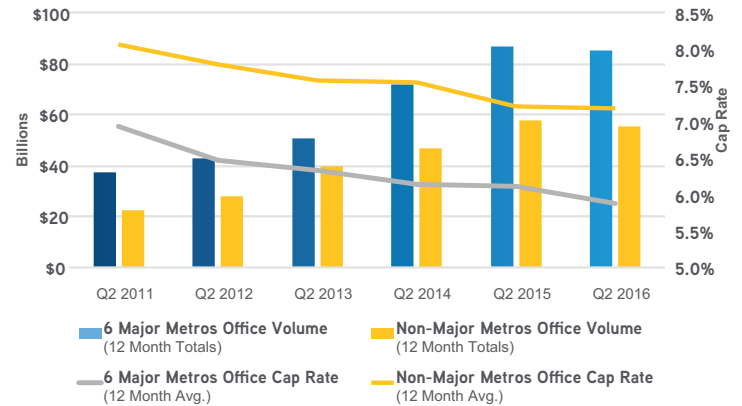
## Major Market CBDs Still Attracting the Most Investment Interest

The office sales volume dropped by 10% year-over-year in Q2 due to a sharp drop in demand for suburban product, according to data from Real Capital Analytics. However, the CBD volume posted a 9% increase over the same period, as cap rates in CBDs of the top six major metros (Boston, Chicago, Los Angeles, New York, San Francisco and Washington, D.C.) fell 20 BPS to 5.1%. Yields for trophy-caliber assets are now down in the sub-4% region. The flight to quality and safety is further evidenced by the increase in volume of those six major markets—up 6% year-over-year. Some of the biggest gains in volume this year include East Bay (up 100% over 1H15), Los Angeles (+81%), San Diego (+44%), Philadelphia (+41%) and Boston (+35%).

On the other hand, secondary markets saw deal volume drop 32% from a year ago. Institutional investors and particularly international investors show a clear preference for major market assets. The

top foreign investors by volume in the U.S. in the first half of the year include Germany, Canada, China and Saudi Arabia. Top market destinations continue to be the gateway cities of Manhattan, Los Angeles, Boston and Chicago. Manhattan alone accounted for virtually half (49%) of the \$16.1 billion of foreign capital invested in U.S. office properties in the first half of 2016.

## Six Major Markets vs. Non-Major Markets



Source: Real Capital Analytics

Overall, the office-investment market improved this quarter over Q1, though the gains were very much concentrated in the CBDs and major markets. Moreover, the net decrease in volume can largely be attributed to the lower number of portfolio deals traded in the first half of the year, rather than to a fundamental shift in interest. Institutional investors and equity funds remain very active, and the U.S. should benefit from any continuing overseas turmoil as international investors seek a safe haven for their capital.

## Outlook

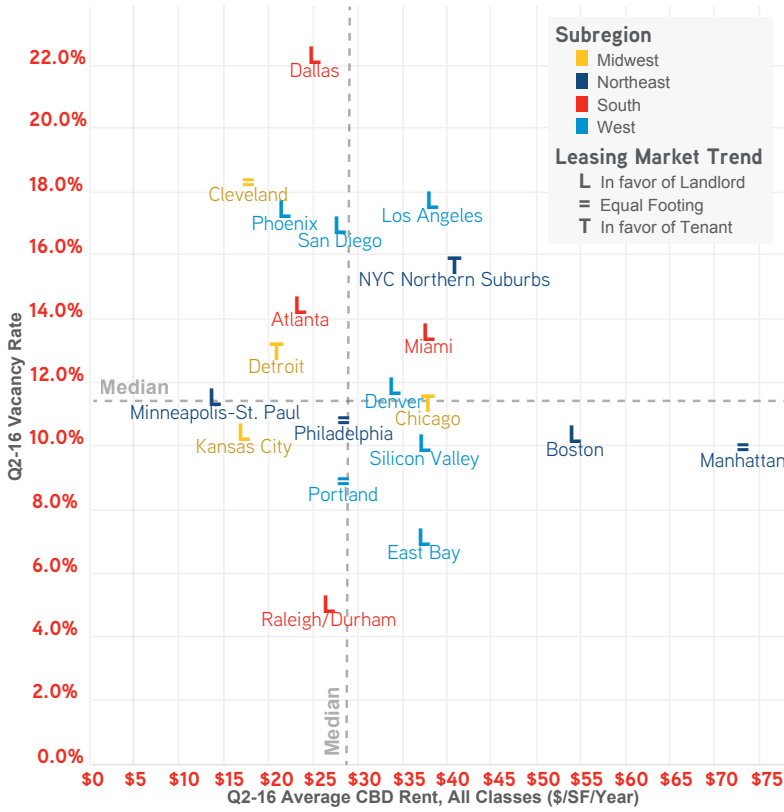
Recent U.S. economic indicators have been uneven, as renewed job growth this summer was offset by a disappointing GDP figure. In sum, the preponderance of economic indicators suggests that economic growth will continue through the end of the year and into 2017, notwithstanding election-year uncertainties. Indeed, our baseline view calls for a pick-up in the second half of the year sufficient to fuel continued improvements in property markets. However, with economic growth shaping up to be the lowest since the recovery started, the Fed is unlikely to raise interest rates in September.

The relatively strong office-market performance this year, particularly in recent months, is consistent with the moderately bullish business surveys, showing that firms have enough confidence to keep leasing space even in the face of some weaker economic trends. Restrained office construction combined with continuing employment growth portend continued vacancy declines, likely to dip below the pre-recession peak.

Both asking rents and absorption will continue their gains in the second half of the year, though at a more restrained pace than the record growth seen in the top markets over the past 18 months. Despite recent growth in investment activity in secondary markets, we will continue to see a clear preference for gateway markets, particularly from cross-border investors who are drawn more to safety than chasing higher yields. This will keep pricing elevated for the remainder of the year and beyond, even if volume dips due to the lack of quality assets on the market.

# Supplemental Data

## Landlord and Tenant Conditions (Largest 20 Markets)



Source: Colliers Q2 2016 office survey. Tenant-Landlord assessment reflects conditions as of Q2 2016.

## Cross-Border Investment in the U.S. - 1st Half 2016

COUNTRY	# OF PROPERTIES	TOTAL VOLUME*
Germany	11	\$2,954
Canada	58	\$2,608
China	10	\$2,061
Saudia Arabia	4	\$1,767
Qatar	5	\$1,574
South Korea	6	\$1,417
Switzerland	94	\$1,164
Israel	5	\$1,126
Japan	6	\$819
Other	36	\$2,613

\* Volume in Millions  
Source: Real Capital Analytics

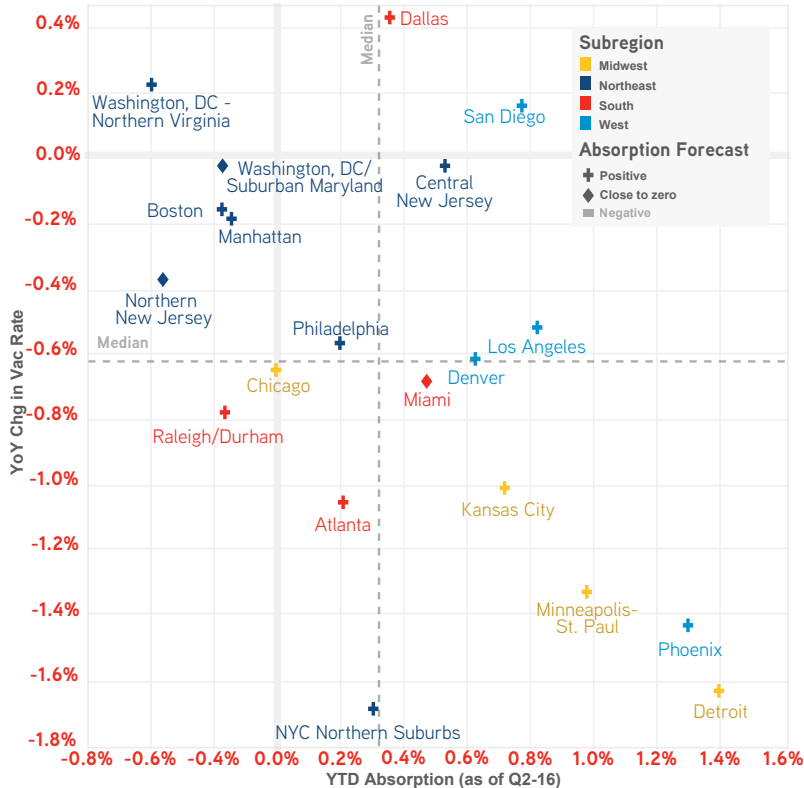
## Top Market Destination for Cross-Border Investment - 1st Half 2016

MARKET	# OF PROPERTIES	TOTAL VOLUME*
Manhattan	19	\$7,268
Los Angeles	11	\$1,926
Boston	8	\$986
Seattle	9	\$982
Washington, DC	8	\$980
Chicago	4	\$925
San Francisco	5	\$548
Philadelphia	3	\$518
Miami	5	\$463
Other	163	\$3,511

\* Volume in Millions  
Source: Real Capital Analytics

## Absorption Forecast (Largest 20 Markets)

Expected Absorption Over Next 12 Months



Source: Colliers Q2 2016 office survey. Absorption forecasts reflect a 12-month outlook.



## United States - Downtown - All Classes

MARKET	INVENTORY (SF) JUN 30, 2016	NEW SUPPLY Q2 2016 (SF)	UNDER CONSTRUCTION (SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION Q2 2016 (SF)	YTD ABSORPTION (SF) 2016
<b>USA</b>	<b>1,931,482,787</b>	<b>3,610,070</b>	<b>40,457,661</b>	<b>11.2 %</b>	<b>11.2 %</b>	<b>3,170,867</b>	<b>1,931,482,787</b>
<b>NORTHEAST</b>	<b>875,934,642</b>	<b>1,443,120</b>	<b>17,659,376</b>	<b>10.0 %</b>	<b>10.0 %</b>	<b>229,602</b>	<b>875,934,642</b>
Baltimore, MD	45,651,956	174,120	759,836	11.0 %	10.3 %	439,631	45,651,956
Boston, MA	64,392,102	360,000	1,730,000	8.9 %	10.3 %	-494,615	64,392,102
Hartford, CT	10,723,579	0	0	12.9 %	13.2 %	-160,050	10,723,579
New York, NY	523,132,638	0	9,917,809	10.2 %	10.1 %	91,430	523,132,638
> Manhattan	506,126,142	0	9,917,809	9.9 %	9.9 %	136,190	506,126,142
• Downtown	104,384,942	0	2,861,402	12.3 %	12.2 %	9,506	104,384,942
• Midtown	236,122,551	0	2,668,790	10.6 %	10.5 %	90,655	236,122,551
• Midtown South	165,618,649	0	4,387,617	7.5 %	7.5 %	36,029	165,618,649
> NYC Northern Suburbs	17,006,496	0	0	17.4 %	15.6 %	-44,760	17,006,496
• Stamford CBD	10,477,342	0	0	19.0 %	16.8 %	-30,830	10,477,342
• White Plains CBD	6,529,154	0	0	14.9 %	13.6 %	-13,930	6,529,154
Philadelphia, PA	42,514,725	625,000	1,546,054	8.9 %	10.6 %	-127,576	42,514,725
Pittsburgh, PA	66,510,967	0	77,501	6.3 %	6.0 %	229,607	66,510,967
Washington, District of Columbia	123,008,675	284,000	3,628,176	11.6 %	11.4 %	251,175	123,008,675
<b>SOUTH</b>	<b>358,865,343</b>	<b>238,400</b>	<b>7,725,897</b>	<b>13.1 %</b>	<b>12.9 %</b>	<b>618,831</b>	<b>358,865,343</b>
Atlanta, GA	50,391,887	0	899,612	14.7 %	14.3 %	126,134	50,391,887
Austin, TX	9,776,310	0	718,692	6.7 %	8.9 %	-43,147	9,776,310
Birmingham, AL	5,056,317	0	0	15.9 %	15.8 %	7,610	5,056,317
Charleston, SC	2,422,148	0	87,500	6.7 %	5.8 %	23,578	2,422,148
Charlotte, NC	22,223,105	0	1,226,373	7.4 %	7.4 %	-13,060	22,223,105
Columbia, SC	4,854,281	216,400	0	10.2 %	11.3 %	108,410	4,854,281
Dallas-Ft. Worth, TX	42,813,522	0	623,368	19.2 %	19.6 %	-168,995	42,813,522
> Dallas	32,208,933	0	342,879	21.9 %	22.3 %	-108,684	32,208,933
> Ft. Worth	10,604,589	0	280,489	10.9 %	11.4 %	-60,311	10,604,589
Greenville, SC	3,520,551	0	165,000	14.6 %	14.1 %	16,326	3,520,551
Houston, TX	42,847,195	0	1,171,658	15.5 %	15.4 %	15,871	42,847,195
Huntsville, AL	3,845,998	0	0	8.4 %	8.1 %	6,989	3,845,998
Jacksonville, FL	16,093,619	0	0	10.6 %	10.6 %	76,966	16,093,619
Memphis, TN	5,260,988	0	0	14.5 %	14.0 %	3,001	5,260,988
Nashville, TN	12,568,971	0	1,740,000	10.2 %	9.6 %	24,111	12,568,971
Norfolk, VA	4,715,151	0	0	13.4 %	13.6 %	13,525	4,715,151
Orlando, FL	12,264,865	0	0	11.3 %	9.9 %	148,465	12,264,865
Raleigh/Durham, NC	12,287,086	0	417,000	4.8 %	4.9 %	-36,880	12,287,086
Richmond, VA	16,785,607	0	0	15.3 %	11.3 %	60,105	16,785,607
Savannah, GA	803,516	0	0	13.0 %	12.6 %	3,154	803,516
South Florida	80,401,880	22,000	676,694	12.5 %	12.3 %	287,138	80,401,880
> Fort Lauderdale	27,259,120	22,000	73,012	11.5 %	10.7 %	152,208	27,259,120
> Miami	31,379,791	0	603,682	13.4 %	13.5 %	57,933	31,379,791
> Palm Beach	21,762,969	0	0	12.7 %	12.4 %	76,997	21,762,969
Tampa Bay, FL	9,932,346	0	0	12.1 %	11.9 %	-40,470	9,932,346

## United States - Downtown - All Classes (continued)

MARKET	INVENTORY (SF) JUN 30, 2016	NEW SUPPLY Q2 2016 (SF)	UNDER CONSTRUCTION (SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION Q2 2016 (SF)	YTD ABSORPTION (SF) 2016
<b>MIDWEST</b>	<b>374,138,891</b>	<b>1,357,000</b>	<b>5,384,121</b>	<b>12.7 %</b>	<b>12.5 %</b>	<b>1,462,631</b>	<b>374,138,891</b>
Chicago, IL	158,684,029	0	3,900,207	11.5 %	11.3 %	-246,581	158,684,029
Cincinnati, OH	17,875,996	0	338,533	13.5 %	13.0 %	79,576	17,875,996
Cleveland, OH	19,699,879	0	0	17.6 %	18.0 %	20,088	19,699,879
Columbus, OH	19,807,117	0	107,000	8.1 %	8.0 %	7,956	19,807,117
Dayton, OH	5,180,211	0	0	27.2 %	27.7 %	-25,458	5,180,211
Detroit, MI	31,066,914	0	19,000	13.4 %	12.8 %	302,761	31,066,914
Indianapolis, IN	11,683,835	0	25,361	18.5 %	18.5 %	38,530	11,683,835
Kansas City, MO	33,251,383	0	166,650	11.0 %	10.4 %	-18,962	33,251,383
Milwaukee, WI	11,779,467	0	110,000	16.6 %	17.6 %	-118,026	11,779,467
Minneapolis-St. Paul	47,178,819	1,357,000	477,000	11.3 %	11.2 %	1,333,881	47,178,819
> Minneapolis CBD	36,083,366	1,357,000	477,000	11.8 %	11.7 %	1,285,847	36,083,366
> St. Paul CBD	11,095,453	0	0	9.8 %	9.4 %	48,034	11,095,453
Omaha, NE	6,411,598	0	0	6.2 %	6.4 %	9,912	6,411,598
St. Louis, MO	11,519,643	0	240,370	22.2 %	21.5 %	78,954	11,519,643
<b>WEST</b>	<b>322,543,911</b>	<b>571,550</b>	<b>9,688,267</b>	<b>10.9 %</b>	<b>10.8 %</b>	<b>859,803</b>	<b>322,543,911</b>
Downtown Bakersfield, CA	3,336,336	0	0	6.6 %	7.2 %	-52,577	3,336,336
Denver, CO	34,976,395	66,000	1,810,365	11.0 %	11.6 %	-172,233	34,976,395
Fresno, CA	3,483,441	0	0	14.9 %	15.1 %	-6,931	3,483,441
Downtown Los Angeles, CA	32,235,290	0	1,222,700	17.5 %	17.7 %	108,500	32,235,290
Honolulu, HI	7,153,292	0	0	14.1 %	15.1 %	-16,591	7,153,292
Las Vegas, NV	4,992,062	129,000	26,600	13.6 %	12.1 %	208,295	4,992,062
Phoenix, AZ	21,135,003	0	0	18.0 %	17.8 %	36,281	21,135,003
Portland, OR	25,291,708	376,550	215,938	9.5 %	10.0 %	213,976	25,291,708
Downtown Reno, NV	3,989,514	0	0	12.0 %	10.6 %	53,170	3,989,514
Sacramento, CA	12,188,184	0	0	14.3 %	14.0 %	31,010	12,188,184
San Diego, CA	10,301,111	0	0	17.9 %	17.1 %	77,466	10,301,111
San Francisco Bay Area, CA	128,481,213	0	4,120,077	7.1 %	6.9 %	333,501	128,481,213
> East Bay	29,544,309	0	0	7.3 %	7.1 %	-3,395	29,544,309
> San Francisco	90,551,127	0	4,120,077	6.7 %	6.5 %	268,244	90,551,127
> Downtown San Jose	8,385,777	0	0	11.3 %	10.0 %	68,652	8,385,777
Seattle, WA	26,730,080	0	1,986,587	10.2 %	10.0 %	16,752	26,730,080
Stockton, CA	8,250,282	0	306,000	11.5 %	11.1 %	29,184	8,250,282



United States - Downtown - Class A							
MARKET	INVENTORY (SF) JUN 30, 2016	AVG ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION (SF) Q2 2016	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>USA</b>	<b>1,082,858,457</b>	<b>\$46.47</b>	<b>11.6 %</b>	<b>11.5 %</b>	<b>3,588,292</b>	<b>0.96 %</b>	<b>6.98 %</b>
<b>NORTHEAST</b>	<b>553,527,166</b>	<b>\$63.76</b>	<b>11.0 %</b>	<b>11.0 %</b>	<b>746,085</b>	<b>0.06 %</b>	<b>8.63 %</b>
Baltimore, MD	16,002,390	\$24.24	13.0 %	11.2 %	441,083	-2.58 %	11.95 %
Boston, MA	45,121,306	\$58.05	9.5 %	11.0 %	-366,622	0.63 %	9.14 %
Hartford, CT	7,415,680	\$22.50	14.1 %	15.3 %	-111,679	1.63 %	2.97 %
New York, NY	336,265,994	\$74.06	11.4 %	11.2 %	292,773	1.11 %	8.27 %
> Manhattan	323,242,521	\$77.61	11.1 %	11.0 %	357,052	1.17 %	8.51 %
• Downtown	79,469,698	\$60.70	13.9 %	13.8 %	94,840	0.71 %	4.10 %
• Midtown	203,429,082	\$86.27	10.9 %	10.8 %	303,369	1.77 %	7.64 %
• Midtown South	40,343,741	\$78.97	6.3 %	6.4 %	-41,157	-1.60 %	1.30 %
> NYC Northern Suburbs	13,023,473	\$43.36	18.8 %	16.3 %	-64,279	-1.89 %	-0.67 %
• Stamford CBD	9,069,460	\$46.14	19.4 %	16.5 %	-52,566	-1.39 %	0.28 %
• White Plains CBD	3,954,013	\$34.54	17.5 %	15.6 %	-11,713	-1.65 %	0.94 %
Philadelphia, PA	30,305,585	\$29.73	7.9 %	10.3 %	-139,690	0.43 %	2.65 %
Pittsburgh, PA	27,582,208	\$26.90	5.6 %	5.4 %	43,447	-0.40 %	3.39 %
Washington, District of Columbia	90,834,003	\$57.55	12.1 %	11.7 %	586,773	0.22 %	1.84 %
<b>SOUTH</b>	<b>193,414,797</b>	<b>\$31.12</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>240,529</b>	<b>1.26 %</b>	<b>6.49 %</b>
Atlanta, GA	30,892,583	\$26.18	15.7 %	15.3 %	88,100	1.23 %	9.03 %
Austin, TX	6,983,856	\$45.52	6.9 %	9.4 %	-5,665	1.97 %	9.61 %
Birmingham, AL	3,939,806	\$20.20	10.2 %	10.0 %	7,610	0.00 %	-0.71 %
Charleston, SC	950,039	\$36.22	5.9 %	5.6 %	3,085	1.99 %	9.72 %
Charlotte, NC	15,781,352	\$29.49	7.4 %	7.8 %	-64,769	0.61 %	6.00 %
Columbia, SC	2,324,922	\$23.48	11.6 %	13.7 %	116,844	11.52 %	10.51 %
Dallas-Ft. Worth, TX	28,878,361	\$26.86	21.6 %	22.2 %	-161,894	2.18 %	10.79 %
> Dallas CBD	22,964,115	\$26.56	23.7 %	24.1 %	-113,645	2.47 %	12.26 %
> Ft. Worth CBD	5,914,246	\$29.20	13.7 %	14.5 %	-48,249	-0.10 %	1.49 %
Greenville, SC	2,310,167	\$26.28	15.9 %	15.3 %	12,831	0.38 %	12.32 %
Houston, TX	31,450,301	\$45.60	11.9 %	11.9 %	-5,848	0.00 %	0.77 %
Huntsville, AL	890,477	\$24.26	7.0 %	6.9 %	-1,494	23.90 %	2.21 %
Jacksonville, FL	7,524,530	\$21.28	10.2 %	10.1 %	64,412	3.21 %	3.04 %
Memphis, TN	1,971,211	\$18.32	20.8 %	20.4 %	2,241	1.61 %	4.15 %
Nashville, TN	4,642,054	\$27.84	9.2 %	9.9 %	30,624	1.38 %	5.37 %
Norfolk, VA	2,559,222	\$21.15	10.4 %	11.9 %	10,943	-7.07 %	-4.47 %
Orlando, FL	5,682,970	\$26.17	13.0 %	10.6 %	138,618	-0.65 %	2.23 %
Raleigh/Durham, NC	6,812,575	\$28.00	6.2 %	6.7 %	-32,269	3.09 %	2.99 %
Richmond, VA	7,217,660	\$23.52	14.1 %	11.9 %	12,986	-3.37 %	-3.45 %
Savannah, GA	645,713	\$21.70	8.7 %	9.3 %	-3,877	1.17 %	0.00 %
South Florida	25,335,369	\$39.48	14.7 %	14.6 %	63,985	0.10 %	4.61 %
> Fort Lauderdale	6,280,153	\$32.71	14.6 %	13.2 %	83,639	0.45 %	0.14 %
> Miami	12,868,075	\$44.33	15.5 %	15.8 %	1,554	1.74 %	6.30 %
> Palm Beach	6,187,141	\$34.50	13.1 %	13.7 %	-21,208	-2.85 %	1.56 %
Tampa Bay, FL	6,621,629	\$26.79	11.4 %	11.8 %	-35,934	2.34 %	6.50 %

**United States - Downtown - Class A (continued)**

MARKET	INVENTORY (SF) JUN 30, 2016	AVG ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION (SF) Q2 2016	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>MIDWEST</b>	<b>146,834,037</b>	<b>\$28.25</b>	<b>12.6 %</b>	<b>12.6 %</b>	<b>1,482,621</b>	<b>10.15 %</b>	<b>4.71 %</b>
Chicago, IL	61,001,901	\$42.17	10.8 %	11.2 %	-278,381	1.64 %	3.72 %
Cincinnati, OH	7,798,710	\$23.53	14.3 %	13.4 %	56,666	-0.09 %	4.18 %
Cleveland, OH	9,831,957	\$21.14	16.5 %	17.0 %	39,700	0.04 %	2.34 %
Columbus, OH	9,056,062	\$20.37	10.4 %	10.2 %	11,517	-1.64 %	-1.69 %
Dayton, OH	2,369,290	\$16.26	26.1 %	26.4 %	-5,679	-2.29 %	-9.29 %
Detroit, MI	6,558,649	\$20.82	11.7 %	12.8 %	309,099	2.97 %	-9.36 %
Indianapolis, IN	6,080,832	\$22.22	19.5 %	19.7 %	-13,205	3.11 %	5.01 %
Kansas City, MO	10,292,957	\$19.33	14.7 %	12.8 %	15,659	1.55 %	1.69 %
Milwaukee, WI	5,813,839	\$20.06	14.7 %	16.1 %	-86,106	0.78 %	2.49 %
Minneapolis-St. Paul	19,286,896	\$16.94	11.9 %	11.1 %	1,366,682	-1.43 %	1.79 %
> Minneapolis CBD	16,512,936	\$17.63	12.3 %	11.5 %	1,336,758	0.00 %	3.58 %
> St. Paul CBD	2,773,960	\$13.65	9.3 %	8.2 %	29,924	-1.02 %	-6.25 %
Omaha, NE	3,611,834	\$21.18	5.1 %	5.5 %	6,548	4.13 %	6.59 %
St. Louis, MO	5,131,110	\$18.75	17.1 %	16.0 %	60,121	0.16 %	0.21 %
<b>WEST</b>	<b>189,082,457</b>	<b>\$45.92</b>	<b>10.6 %</b>	<b>10.3 %</b>	<b>1,119,057</b>	<b>7.05 %</b>	<b>14.87 %</b>
Downtown Bakersfield, CA	788,282	\$21.00	1.9 %	7.1 %	-10,934	0.00 %	0.00 %
Denver, CO	22,269,994	\$35.62	12.8 %	13.5 %	-163,704	-0.92 %	0.14 %
Fresno, CA	1,089,103	\$24.00	7.9 %	8.6 %	-8,516	0.00 %	0.00 %
Downtown Los Angeles, CA	18,098,000	\$41.07	16.7 %	15.6 %	209,900	0.03 %	-0.10 %
Honolulu, HI	4,966,720	\$35.40	14.2 %	15.4 %	-8,642	-0.31 %	-1.31 %
Las Vegas, NV	1,232,341	\$31.92	20.3 %	15.9 %	156,426	3.91 %	1.92 %
Phoenix, AZ	9,467,087	\$24.79	19.9 %	19.9 %	-2,148	-0.76 %	2.78 %
Portland, OR	11,966,284	\$31.28	9.1 %	10.5 %	172,421	-0.10 %	7.01 %
Reno/Sparks, NV	774,709	\$24.43	11.4 %	12.2 %	-5,948	-0.53 %	1.37 %
Sacramento, CA	5,369,452	\$34.41	12.8 %	12.7 %	4,258	1.27 %	6.66 %
San Diego, CA	7,577,266	\$33.84	13.7 %	12.8 %	66,032	0.71 %	8.46 %
San Francisco Bay Area, CA	81,670,602	\$70.54	7.2 %	6.3 %	672,183	18.26 %	17.82 %
> East Bay	18,749,016	\$42.39	7.0 %	5.7 %	169,691	-2.22 %	9.04 %
> San Francisco	59,122,564	\$80.42	7.0 %	6.2 %	423,977	9.55 %	18.86 %
> Downtown San Jose	3,799,022	\$41.57	11.4 %	9.9 %	78,515	0.13 %	6.26 %
Seattle, WA	20,981,652	\$42.78	9.7 %	9.7 %	21,722	0.99 %	7.41 %
Stockton, CA	2,830,965	\$17.70	16.0 %	15.4 %	16,007	1.96 %	-0.33 %

## United States - Suburban - All Classes

MARKET	INVENTORY (SF) JUN 30, 2016	NEW SUPPLY Q2 2016 (SF)	UNDER CONSTRUCTION (SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION Q2 2016 (SF)	YTD ABSORPTION (SF) 2016
<b>USA</b>	<b>4,130,235,345</b>	<b>10,422,479</b>	<b>60,885,444</b>	<b>13.2 %</b>	<b>13.1 %</b>	<b>12,013,368</b>	<b>21,068,144</b>
<b>NORTHEAST</b>	<b>1,073,240,934</b>	<b>2,119,915</b>	<b>9,318,808</b>	<b>14.4 %</b>	<b>14.4 %</b>	<b>1,666,578</b>	<b>1,019,166</b>
Baltimore Metropolitan Area, MD	76,219,542	384,500	1,102,032	11.1 %	10.9 %	510,007	618,056
Boston, MA	114,074,446	0	1,998,595	16.4 %	16.5 %	-31,590	-173,073
Hartford, CT	32,016,302	0	0	11.3 %	10.7 %	100,269	103,684
New Hampshire Markets	17,685,703	0	70,000	12.9 %	12.5 %	44,752	177,726
New York City Metro	356,889,496	882,360	1,920,258	14.4 %	14.4 %	550,909	487,208
> Central New Jersey	85,662,715	870,000	783,259	13.5 %	13.9 %	359,504	440,955
> Long Island, NY	82,656,909	12,360	660,999	9.2 %	9.2 %	57,675	208,063
> Northern New Jersey	120,824,224	0	430,000	18.1 %	17.8 %	-91,859	-664,511
> NYC Northern Suburbs	67,745,648	0	46,000	15.4 %	15.2 %	225,589	502,701
Philadelphia, PA	103,391,967	281,680	398,437	12.5 %	12.3 %	359,688	501,534
Pittsburgh, PA	85,066,775	11,962	1,780	7.4 %	7.0 %	413,290	534,535
Washington, D.C.	287,896,703	559,413	3,827,706	17.8 %	18.0 %	-280,747	-1,230,504
<b>SOUTH</b>	<b>1,274,233,779</b>	<b>4,166,020</b>	<b>23,717,898</b>	<b>12.7 %</b>	<b>12.7 %</b>	<b>2,283,692</b>	<b>7,282,621</b>
Atlanta, GA	170,355,723	0	3,272,467	13.7 %	13.5 %	327,124	255,378
Austin, TX	38,751,435	212,145	752,445	12.4 %	13.0 %	18,542	278,578
Birmingham, AL	14,028,486	0	0	12.0 %	13.2 %	-127,199	22,066
Charleston, SC	9,890,718	125,000	71,000	8.0 %	9.5 %	-29,031	-11,744
Charlotte, NC	64,506,516	197,009	1,953,956	9.8 %	9.2 %	524,831	1,042,895
Columbia, SC	4,936,843	0	0	20.3 %	21.7 %	-30,888	6,379
Dallas-Ft. Worth, TX	274,349,200	788,703	10,321,190	14.7 %	14.7 %	699,351	1,602,361
> Dallas	251,137,201	683,397	9,908,509	14.8 %	14.8 %	555,694	1,494,786
> Ft. Worth	23,211,999	105,306	412,681	14.3 %	14.1 %	143,657	107,575
Greenville, SC	6,391,991	70,000	0	18.8 %	17.9 %	113,377	224,035
Houston, TX	187,153,712	2,322,388	2,650,472	15.1 %	16.4 %	-410,769	761,420
Huntsville, AL	18,774,318	0	0	12.6 %	12.5 %	-21,304	116,136
Jacksonville, FL	46,478,139	87,616	111,301	9.8 %	9.0 %	479,847	589,733
Memphis, TN	28,078,728	0	51,886	13.4 %	12.6 %	-44,563	-79,232
Nashville, TN	35,274,568	75,000	1,189,356	3.7 %	3.3 %	61,035	202,833
Norfolk, VA	34,661,600	26,900	247,200	11.6 %	11.3 %	86,933	81,601
Orlando, FL	54,963,837	17,750	446,800	11.8 %	10.7 %	500,972	847,033
Raleigh/Durham, NC	73,490,761	48,271	1,085,867	8.4 %	9.3 %	-681,385	-281,994
Richmond, VA	36,808,851	44,378	214,000	9.5 %	8.7 %	-77,236	-6,714
Savannah, GA	1,394,498	0	0	16.0 %	13.3 %	15,663	-906
South Florida	118,123,886	150,860	1,349,958	11.9 %	11.2 %	498,658	994,277
> Fort Lauderdale	31,973,217	0	589,990	13.0 %	12.0 %	174,316	465,073
> Miami	59,632,298	88,555	692,426	9.8 %	9.4 %	195,073	361,300
> Palm Beach	26,518,371	62,305	67,542	15.0 %	14.5 %	129,269	167,904
Tampa Bay, FL	55,819,969	0	0	14.4 %	13.1 %	379,734	638,486

## United States - Suburban - All Classes (continued)

MARKET	INVENTORY (SF) JUN 30, 2016	NEW SUPPLY Q2 2016 (SF)	UNDER CONSTRUCTION (SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION Q2 2016 (SF)	YTD ABSORPTION (SF) 2016
<b>MIDWEST</b>	<b>730,381,037</b>	<b>1,650,954</b>	<b>4,913,635</b>	<b>13.7 %</b>	<b>13.0 %</b>	<b>4,581,471</b>	<b>4,688,781</b>
Chicago, IL	157,329,913	0	0	16.6 %	16.3 %	529,754	-234,389
Cincinnati, OH	45,420,964	365,000	600,000	16.0 %	15.7 %	409,602	622,118
Cleveland, OH	53,784,306	31,972	843,000	12.1 %	11.9 %	6,679	166,750
Columbus, OH	44,830,646	600,379	699,455	8.8 %	8.5 %	111,109	193,827
Dayton, OH	9,252,833	0	0	20.8 %	20.7 %	28,243	8,149
Detroit, MI	178,220,765	85,329	783,544	14.5 %	12.6 %	2,083,816	2,572,065
Indianapolis, IN	25,534,294	0	342,000	14.3 %	13.6 %	204,044	278,983
Kansas City, MO	59,766,861	311,000	1,114,963	10.5 %	10.0 %	557,633	622,777
Milwaukee, WI	16,345,192	148,924	0	18.6 %	18.1 %	229,076	286,187
Minneapolis-St. Paul	81,606,464	108,350	308,500	11.1 %	11.2 %	100,902	-182,364
Omaha, NE	21,488,055	0	0	10.0 %	9.6 %	90,047	33,689
St. Louis, MO	36,800,744	0	222,173	11.4 %	11.2 %	230,566	320,989
<b>WEST</b>	<b>1,052,379,595</b>	<b>2,485,590</b>	<b>22,935,103</b>	<b>12.4 %</b>	<b>12.1 %</b>	<b>3,481,627</b>	<b>8,077,576</b>
Bakersfield, CA	6,334,937	40,200	38,000	7.9 %	8.0 %	9,100	-10,446
Denver, CO	106,422,561	190,400	1,571,977	10.4 %	10.7 %	462,691	977,970
Fresno, CA	18,588,933	9,000	65,000	11.4 %	10.8 %	141,747	254,060
Greater Los Angeles, CA	271,105,915	124,466	2,956,967	14.8 %	14.6 %	578,700	1,261,800
> Inland Empire	20,457,792	0	0	16.0 %	16.0 %	-54,300	-46,100
> Los Angeles	167,883,799	124,466	1,783,567	15.4 %	15.3 %	398,900	975,800
> Orange County	82,764,324	0	1,173,400	13.2 %	13.0 %	234,100	332,100
Honolulu, HI	7,414,485	0	0	10.1 %	11.4 %	-47,107	17,017
Las Vegas, NV	38,907,352	35,663	176,003	17.6 %	18.1 %	6,486	423,715
Phoenix, AZ	119,398,679	1,105,159	1,650,767	17.1 %	16.4 %	1,387,303	1,751,565
Portland, OR	56,149,550	364,520	1,030,330	8.1 %	8.1 %	325,398	621,020
Reno/Sparks, NV	7,223,616	0	0	11.7 %	11.4 %	16,858	-22,113
Sacramento, CA	55,114,469	0	329,231	16.6 %	16.4 %	107,136	-178,288
San Diego, CA	74,131,336	64,833	247,597	11.6 %	11.9 %	115,818	508,697
San Francisco Bay Area, CA	167,956,379	551,349	9,212,022	8.3 %	8.7 %	161,798	1,736,365
> East Bay	48,636,246	0	0	11.9 %	11.3 %	304,738	804,476
> Fairfield	5,054,996	0	0	17.4 %	17.3 %	6,203	65,739
> San Francisco Peninsula	41,028,783	0	1,008,906	7.1 %	6.8 %	51,091	579,976
> Silicon Valley	73,236,354	551,349	8,203,116	5.9 %	7.4 %	-200,234	286,174
Seattle/Puget Sound, WA	123,631,383	0	5,657,209	8.6 %	7.3 %	215,699	736,214
> Bellevue	38,071,591	0	1,178,745	7.7 %	7.7 %	56,687	529,272
> Everett	27,821,008	0	0	10.0 %	3.7 %	59,002	64,326
> Seattle	36,142,268	0	3,728,464	7.3 %	6.6 %	169,356	65,773
> Tacoma	21,596,516	0	750,000	11.7 %	12.4 %	-69,346	76,843



## United States - Suburban - Class A

MARKET	INVENTORY (SF) JUN 30, 2016	AVG ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION (SF) Q2 2016	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>USA</b>	<b>1,602,928,574</b>	<b>\$29.14</b>	<b>13.0 %</b>	<b>13.3 %</b>	<b>4,538,640</b>	<b>0.65 %</b>	<b>4.99 %</b>
<b>NORTHEAST</b>	<b>510,462,028</b>	<b>\$29.31</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>704,537</b>	<b>0.44 %</b>	<b>2.94 %</b>
Baltimore Metropolitan Area, MD	30,157,410	\$25.74	9.7 %	9.7 %	216,780	1.95 %	5.02 %
Boston, MA	50,735,614	\$27.21	15.6 %	15.6 %	22,090	0.53 %	4.78 %
Hartford, CT	5,725,827	\$22.43	25.3 %	24.1 %	-27,877	-2.00 %	3.23 %
New Hampshire Markets	9,362,948	\$19.28	12.7 %	13.2 %	-52,548	2.45 %	14.68 %
New York City Metro	206,846,849	\$29.69	13.8 %	14.0 %	668,903	-0.13 %	2.32 %
> Central New Jersey	59,295,964	\$26.93	12.1 %	12.8 %	375,890	1.43 %	4.20 %
> Long Island, NY	24,939,028	\$30.62	9.6 %	8.7 %	225,138	0.01 %	-0.64 %
> Northern New Jersey	87,717,933	\$29.75	16.1 %	16.2 %	-57,027	-0.08 %	4.60 %
> NYC Northern Suburban	34,893,924	\$33.89	13.6 %	14.4 %	124,902	-0.76 %	-0.95 %
Philadelphia, PA	52,721,117	\$26.82	9.3 %	9.1 %	367,880	0.86 %	2.29 %
Pittsburgh, PA	13,213,989	\$22.56	13.5 %	13.7 %	-21,331	0.47 %	1.70 %
Washington, D.C.	141,698,274	\$33.01	18.3 %	18.9 %	-469,360	1.04 %	2.29 %
<b>SOUTH</b>	<b>507,722,314</b>	<b>\$28.63</b>	<b>12.4 %</b>	<b>12.9 %</b>	<b>819,304</b>	<b>0.07 %</b>	<b>5.85 %</b>
Atlanta, GA	82,402,995	\$26.98	11.8 %	11.8 %	69,948	0.77 %	7.59 %
Austin, TX	19,969,946	\$33.04	12.5 %	13.4 %	33,875	-0.20 %	1.13 %
Birmingham, AL	8,502,097	\$21.36	9.3 %	11.3 %	-130,292	-2.21 %	0.94 %
Charleston, SC	3,407,799	\$26.30	7.1 %	10.6 %	-3,719	4.47 %	4.29 %
Charlotte, NC	22,910,051	\$25.33	10.7 %	10.3 %	235,693	-0.17 %	4.36 %
Columbia, SC	1,001,972	\$18.35	12.9 %	10.2 %	27,250	0.44 %	6.83 %
Dallas-Ft. Worth, TX	111,131,905	\$28.95	14.9 %	15.1 %	380,153	0.40 %	7.12 %
> Dallas	106,865,567	\$29.07	15.0 %	15.2 %	300,066	0.45 %	7.30 %
> Forth Worth, TX	4,266,338	\$25.79	13.6 %	13.6 %	80,087	-0.47 %	6.46 %
Greenville, SC	3,106,961	\$21.08	10.7 %	10.3 %	73,856	-0.69 %	11.25 %
Houston, TX	94,460,944	\$33.10	16.0 %	18.3 %	-302,143	-1.33 %	-2.09 %
Huntsville, AL	4,033,114	\$19.76	5.6 %	5.1 %	13,599	2.06 %	6.03 %
Jacksonville, FL	9,498,227	\$21.87	7.8 %	7.9 %	149,259	0.23 %	3.34 %
Memphis, TN	8,542,134	\$20.10	6.9 %	6.4 %	4,298	-0.25 %	-2.86 %
Nashville, TN	15,076,566	\$25.74	3.0 %	2.1 %	30,973	1.63 %	5.59 %
Norfolk, VA	10,988,162	\$19.69	9.5 %	9.3 %	1,401	-1.75 %	-3.57 %
Orlando, FL	19,221,717	\$22.49	11.5 %	10.3 %	202,737	1.26 %	1.25 %
Raleigh/Durham, NC	28,413,139	\$24.31	8.1 %	8.7 %	-62,710	-1.32 %	5.46 %
Richmond, VA	14,107,959	\$19.29	8.4 %	8.8 %	-48,750	1.79 %	2.58 %
Savannah, GA	462,344	\$22.61	8.5 %	9.5 %	-5,640	4.24 %	2.26 %
South Florida	32,655,842	\$33.15	13.5 %	13.8 %	-44,543	0.24 %	4.45 %
> Fort Lauderdale	10,290,879	\$29.42	14.1 %	14.3 %	-51,369	-0.52 %	4.69 %
> Miami	14,663,901	\$36.14	11.8 %	12.1 %	18,878	-0.57 %	7.37 %
> Palm Beach	7,701,062	\$33.31	16.0 %	16.6 %	-12,052	0.81 %	0.27 %
Tampa Bay, FL	17,828,440	\$25.29	11.6 %	10.5 %	194,059	1.98 %	4.48 %

## United States - Suburban - Class A (continued)

MARKET	INVENTORY (SF) JUN 30, 2016	AVG ANNUAL QUOTED RENT (USD/SF)	VACANCY RATE MAR 31, 2016	VACANCY RATE JUN 30, 2016	ABSORPTION (SF) Q2 2016	QUARTERLY CHANGE IN RENT	ANNUAL CHANGE IN RENT
<b>MIDWEST</b>	<b>254,348,878</b>	<b>\$23.66</b>	<b>13.3 %</b>	<b>12.9 %</b>	<b>1,903,939</b>	<b>-0.21 %</b>	<b>3.31 %</b>
Chicago, IL	80,434,504	\$27.89	17.2 %	16.7 %	420,481	0.32 %	2.68 %
Cincinnati, OH	17,629,197	\$21.65	15.2 %	15.4 %	280,829	-1.96 %	2.30 %
Cleveland, OH	9,661,944	\$20.10	9.3 %	9.8 %	-105,291	1.99 %	-0.76 %
Columbus, OH	19,130,502	\$20.47	7.0 %	7.1 %	-55,100	-1.41 %	2.74 %
Dayton, OH	2,220,911	\$20.64	27.3 %	25.0 %	47,436	-0.83 %	-2.32 %
Detroit, MI	37,458,652	\$21.79	13.0 %	10.9 %	623,898	1.21 %	4.26 %
Indianapolis, IN	11,819,398	\$20.84	13.6 %	12.9 %	116,820	1.68 %	6.16 %
Kansas City, MO	17,950,785	\$21.63	9.4 %	9.3 %	312,369	5.12 %	3.79 %
Milwaukee, WI	6,852,433	\$16.82	14.0 %	13.5 %	160,218	0.74 %	1.82 %
Minneapolis-St. Paul	28,855,523	\$15.84	12.3 %	13.4 %	-62,311	2.69 %	5.83 %
Omaha, NE	5,556,649	\$27.53	3.7 %	3.6 %	9,320	0.45 %	-0.49 %
St. Louis, MO	16,778,380	\$23.71	9.7 %	9.3 %	155,270	-1.76 %	2.69 %
<b>WEST</b>	<b>330,395,354</b>	<b>\$35.53</b>	<b>11.2 %</b>	<b>11.7 %</b>	<b>1,110,860</b>	<b>3.61 %</b>	<b>8.89 %</b>
Bakersfield, CA	2,924,775	\$22.77	10.3 %	11.2 %	-62,352	-0.43 %	0.58 %
Denver, CO	39,241,949	\$26.92	7.2 %	8.8 %	32,313	-0.16 %	3.57 %
Fresno, CA	1,578,895	\$27.13	12.8 %	13.1 %	-5,531	1.79 %	0.60 %
Greater Los Angeles, CA	61,619,182	\$35.27	14.4 %	14.4 %	-3,400	3.08 %	11.12 %
> Los Angeles	27,445,600	\$36.18	14.8 %	14.8 %	-2,700	2.03 %	7.50 %
> Orange County	34,173,582	\$34.09	14.0 %	14.0 %	-700	2.90 %	12.71 %
Las Vegas, NV	5,246,313	\$31.79	22.9 %	22.9 %	54,288	0.96 %	0.91 %
Phoenix, AZ	36,256,116	\$28.25	16.4 %	15.7 %	793,487	2.73 %	7.56 %
Portland, OR	14,343,944	\$26.13	10.5 %	10.0 %	301,006	1.69 %	5.06 %
Reno/Sparks, NV	847,224	\$20.89	13.0 %	10.7 %	19,325	-0.14 %	-0.33 %
Sacramento, CA	14,199,800	\$23.12	15.3 %	15.1 %	15,004	-0.02 %	2.37 %
San Diego, CA	25,057,781	\$39.46	13.4 %	13.5 %	-44,611	0.64 %	7.35 %
San Francisco Bay Area, CA	86,586,672	\$45.90	8.4 %	9.4 %	41,177	6.17 %	8.53 %
> East Bay	19,929,276	\$34.24	11.8 %	11.3 %	85,433	2.76 %	4.10 %
> Fairfield, CA	1,963,219	\$26.15	15.1 %	15.3 %	-5,074	1.21 %	2.12 %
> San Francisco Peninsula	23,873,068	\$54.34	7.9 %	7.7 %	12,399	2.87 %	3.50 %
> Silicon Valley	40,821,109	\$52.97	6.8 %	9.1 %	-51,581	7.50 %	16.35 %
Seattle, WA	42,492,703	\$37.93	8.6 %	8.8 %	-29,846	-1.68 %	2.24 %
> Bellevue	19,150,332	\$40.22	7.9 %	8.2 %	-21,043	0.16 %	5.13 %
> Everett	1,461,153	\$26.76	17.1 %	17.7 %	-8,742	-1.35 %	0.19 %
> Seattle	16,297,475	\$39.77	6.4 %	5.6 %	87,796	-5.12 %	4.49 %
> Tacoma	5,583,743	\$32.61	14.4 %	18.0 %	-87,857	-0.21 %	24.30 %

## United States | Office Investment

MARKET	CBD SALES PRICE (USD PSF)	CBD CAP RATE	SUBURBAN SALES PRICE (USD PSF)	SUBURBAN CAP RATE
<b>USA</b>	<b>\$257</b>	<b>5.4%</b>	<b>\$206</b>	<b>6.9%</b>
<b>NORTHEAST</b>	<b>\$389</b>	<b>3.3%</b>	<b>\$216</b>	<b>6.6%</b>
Baltimore Metropolitan Area			\$251	
Boston	\$800	4.3%	\$300	6.3%
Hartford	\$105	8.0%	\$100	8.5%
New York City Metro	\$427	2.2%	\$178	8.0%
Philadelphia	\$185	0.1%	\$294	0.1%
Washington, DC			\$251	7.1%
<b>SOUTH</b>	<b>\$227</b>	<b>6.3%</b>	<b>\$164</b>	<b>7.4%</b>
Atlanta	\$195	6.8%	\$185	7.4%
Austin	\$450	5.3%	\$305	5.8%
Birmingham			\$140	8.5%
Dallas-Ft. Worth		5.8%	\$153	7.0%
Huntsville		8.0%		
Jacksonville		0.0%		
Memphis	\$0		\$0	
Nashville	\$170	6.8%	\$152	6.5%
Norfolk	\$150	7.5%	\$125	8.0%
Orlando	\$240	6.5%	\$200	6.5%
Raleigh/Durham	\$360	6.1%	\$158	7.5%
Richmond	\$150	7.0%	\$103	8.0%
Savannah	\$160	8.5%	\$180	8.5%
South Florida	\$283	6.6%	\$183	7.0%
Tampa Bay			\$212	8.3%
<b>MIDWEST</b>	<b>\$154</b>	<b>5.3%</b>	<b>\$153</b>	<b>7.9%</b>
Chicago	\$350	5.5%	\$190	7.5%
Cincinnati			\$100	8.1%
Cleveland			\$179	7.3%
Columbus			\$90	9.3%
Dayton			\$127	8.1%
Detroit	\$0	0.0%	\$255	7.5%
Indianapolis	\$93			
Kansas City	\$145	7.3%		7.5%
Milwaukee	\$130	8.3%	\$100	8.5%
Minneapolis-St. Paul	\$252			
St. Louis, MO	\$110		\$185	7.5%
<b>WEST</b>	<b>\$422</b>	<b>5.2%</b>	<b>\$275</b>	<b>6.3%</b>
Denver	\$177	5.5%	\$146	7.5%
Fresno	\$240	7.5%	\$240	7.0%
Greater Los Angeles	\$325	5.6%	\$309	2.7%
Phoenix			\$226	6.5%
Portland	\$362	5.0%	\$191	6.5%
Reno/Sparks	\$0	0.0%	\$185	6.5%
Sacramento	\$235	7.2%	\$133	6.5%
San Diego	\$310		\$453	6.4%
San Francisco Bay Area	\$390	5.0%	\$312	5.8%
Seattle/Puget Sound	\$414		\$246	6.2%

Sources: Colliers International, Real Capital Analytics

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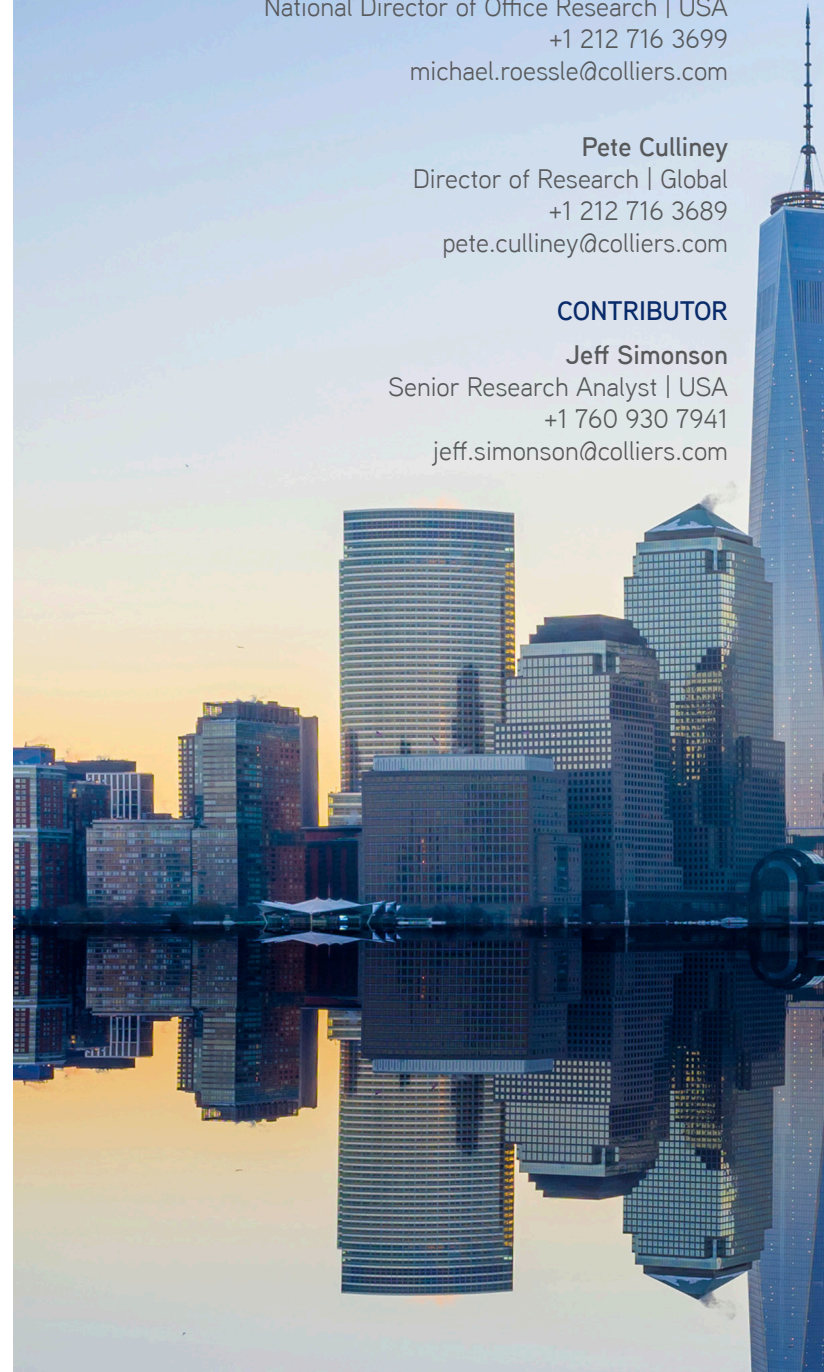
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