Marcus & Millichap

'26 OFFICE

National Investment Forecast

TO OUR VALUED CLIENTS

Momentum has begun to take hold for office properties, though the road to full recovery will likely be long and complex. Space absorption in 2025 was at its strongest since 2019, lowering the national vacancy rate ahead of a 2026 construction slate that is the smallest on record. Investor interest has expanded as more view the sector as past the bottom in operations and valuations, with prospects for a broader-based rebound on the horizon.

Despite progress, delinquencies on loans tied to office assets remain elevated, and many properties face a challenging outlook. While a handful of markets are operating at pre-pandemic levels, especially secondary and tertiary metros and suburban locations not affected by oversupply, most still face exceptionally high vacancy rates. Nonetheless, skilled operators of select assets continue to generate positive results. Each market, submarket, and asset faces its own reality.

Although headwinds have begun to abate, operational obstacles will remain significant for the coming year. The lending climate, though improved, remains limited, and properties approaching maturity may require substantial equity infusions. That said, interest rates have stabilized and could trend moderately lower in 2026 as the Federal Reserve adopts an increasingly dovish stance. Additionally, a broader range of debt capital sources may begin to consider lending on office assets.

The transitioning market, together with the complex operational and financing landscape, will create unique investment opportunities that favor seasoned operators. Each market and each asset face nuanced challenges and opportunities that can be leveraged to generate outsized returns through value-add strategies.

In this highly complex landscape, we hope the 2026 Office National Investment Forecast provides valuable insights. As you refine your strategy, our investment and financing professionals look forward to helping you achieve your goals.

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CLIENT SERVICES

Developed by Marcus & Millichap Research Services.

Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

EXECUTIVE SUMMARY

NATIONAL OFFICE MARKET INDEX

- The upper echelon of this year's Index is dominated by Southeastern metros that have been among the nation's top areas for corporate expansion in recent years. Job growth in traditional office-using fields signals local demand for workspace in metros like Miami-Dade and Charlotte. Other high-ranking markets' share of white-collar roles relative to their total employment counts reflects a structural pillar behind demand fundamentals.
- While many markets outside the Southeast struggle to achieve a vacancy rate below their long-term average, each U.S. region has at least one market in the Index's top 20. New York City, in particular, ranks first overall this year due to its critical mass of talent and employers who support business formation, illustrating the substantial recovery in the market since the pandemic.

NATIONAL ECONOMY

- While challenges persist, corporate responses to trade policy are becoming clearer, supporting expectations of improved economic growth later this year. Relatively stable inflation is expected to provide some support to consumers, alongside fiscal stimulus from the One Big Beautiful Bill Act, which should boost tax refunds for many households.
- The labor force is expected to continue moving toward further specialization over the next decade, a trend that could shift office space demand toward firms with high-skill roles. Over time, however, the adoption of artificial intelligence could lead to individual firms needing less office space.

NATIONAL OFFICE OVERVIEW

- After reaching an inflection point in 2024, the office sector recorded an encouraging stretch of demand last year with nearly as much space absorbed as in 2019. Leasing improved across both urban and suburban nodes, with 43 of the 50 major markets noting an increase in occupied office space.
- Still, the national vacancy rate remains historically elevated, which detracts from pockets of standout demand. Performance will continue to vary at the individual property level. New supply pressure, meanwhile, remains minimal, with the pullback in building activity widespread across markets.

CAPITAL MARKETS

- The federal funds rate began 2026 at its lowest level since November 2022. This more accommodative policy rate should facilitate lending in what is anticipated to be a more liquid year for capital markets. The Mortgage Bankers Association expects total commercial mortgage origination volume to increase nearly 25 percent in 2026. Nevertheless, challenges specific to the office sector may constrain near-term financing availability.
- Not all lenders are equally open to financing office acquisitions. Individual property and borrower characteristics remain the primary drivers of engagement, though, in general, CMBS lenders have become more active. This is especially true of downtown offices, while local banks account for a larger share of suburban office lending. If total returns on office investments build upon the nascent positive trend noted in late 2025, more capital could become available for the property type.

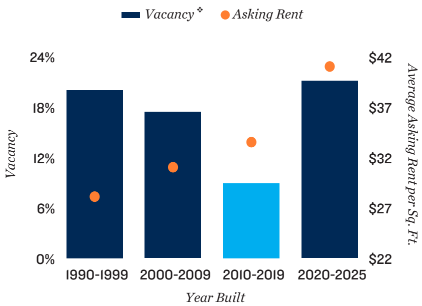
INVESTMENT OUTLOOK

- Encouraging net absorption over the past two years has offered investors greater clarity on the office market, which, along with attractive pricing below replacement costs, has spurred action. Still, the investment climate remains complex. Listings are trading at enormous sale prices and cap rates, depending on specific asset details. As such, 2026 should see investment opportunities that support a diverse buyer pool.
- Competition among private investors for smaller Class B and C office buildings could intensify this year, fueled by favorable entry costs and a collective 5 percent vacancy rate across assets under 25,000 square feet. Meanwhile, institutions and REITs seeking portfolio diversification through bulk acquisitions and dispositions should remain active.

CLASS A VACANCY

15.4%	20.0%	19.2%
<100K sq. ft.	100K-250K sq. ft.	+250K sq. ft.

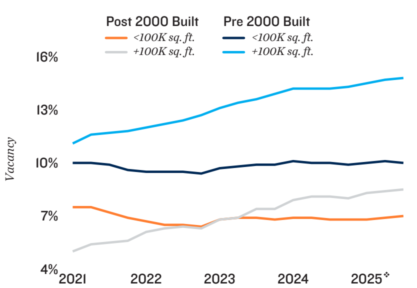
Tenants Seek 2010-2019 Class A Offices



CLASS B VACANCY

8.6%	14.2%	11.9%
<100K sq. ft.	100K-250K sq. ft.	+250K sq, ft.

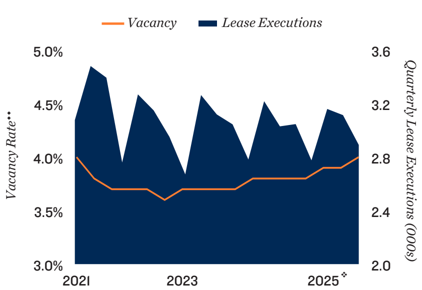
Newer Class B Well Positioned



CLASS C VACANCY

4.5%	7.0%	6.1%
<100K sq. ft.	100K-250K sq. ft.	+250K sq. ft.

Vacancy Lower in Older Class C



* Trailing 12-month period ended in September 2025

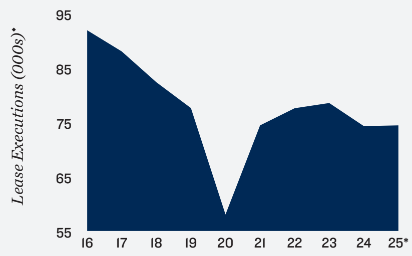
** Graph reflects all leases larger than 1,000 square feet that were executed during the 12-month period ended in 3Q 2025

*Through 3Q 2025 •Excludes leases under 1,000 square feet.

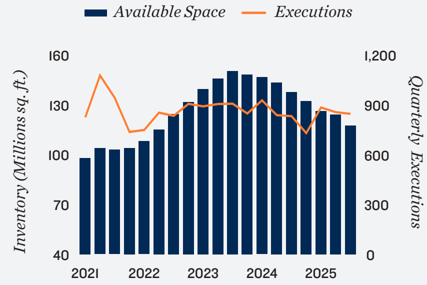
**Sub-50,000-square-foot Class C properties built prior to 1980

Multiple Factors Support Demand

Leasing Activity Finds New Equilibrium



Subleasing Cuts Stock



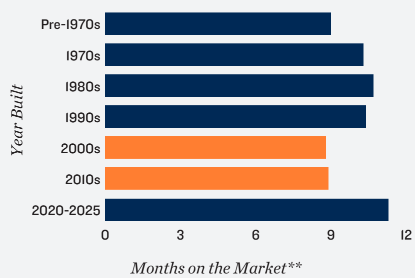
Leasing Activity

The number of leases executed in 2025 was comparable to 2024. A period of economic uncertainty, however, could alter corporate expansions and small business formation, impacting leasing velocity moving forward.

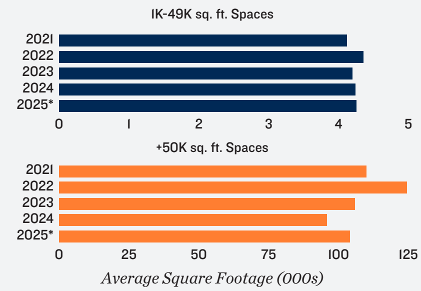
Subleasing

The volume of space available for sublease is likely to fall below the 100-million-square-foot mark for the first time since 2021.

Flight-to-Quality Priority



Average Lease Size Improves



Market Time

Available space at post-2000-built properties may secure leases in shorter timeframes amid a flight-to-quality among some tenants.

Lease Size

Comparable leasing activity and an improvement in average lease size during the 12-month period ended last September contributed to tenants absorbing 40 million more square feet than during 2024.

Conversion and Redevelopment Projects Have Implications Across Property Classes

Investors actively acquiring assets for repositioning. While more difficult to execute during periods of rising construction and operating costs, a group of office conversion and redevelopment projects are still likely to make their way through the pipeline. Over the past two years, more than 650 office properties — or 44 million square feet — positioned for these efforts transacted nationwide, with most of these deals involving Class B and C buildings. If a portion of these projects come to fruition this year, the inventory of mid- and lower-tier space could fall as construction activity is historically low in both segments. As a result, leasing at remaining Class B and C properties could improve in areas near conversions and redevelopment, albeit at a slower pace than previous recoveries. While trading less frequently, Class A assets tagged for repositioning may also impact supply in certain areas. Properties of this distinction that changed hands over the last two years were a mean size of 250,000 square feet.

Southern U.S. Highlighted in 2026 NOMI as Select Metros in Other Areas Also Stand Out

Rankings reflect regional strength. The upper echelon of this year's Index is dominated by Southeastern metros that have been among the nation's top areas for corporate expansion in recent years. In 2026, the number of traditional office-using roles in these markets remains on an upward trajectory, signaling local demand for workspace. At 3.9 percent, Charleston (#7) records the strongest employment growth rate among major U.S. metros, with Miami-Dade (#5), Charlotte (#6), and Fort Lauderdale (#10) each expected to notch gains of around 0.9 to 1.5 percent. Other high-ranking markets in the South are projected to register less pronounced office-using hiring in 2026. Still, these metros' share of white-collar roles relative to their total employment counts reflects a structural improvement in demand fundamentals. By year-end, 30 percent of Tampa-St. Petersburg's (#2) workforce will be employed in traditional office fields such as financial activities and professional services. Meanwhile, West Palm Beach (#3), Raleigh (#4), Atlanta (#11), and Nashville (#12) will each end 2026 with office-using roles accounting for 26 to 28 percent of their respective workforces — compared to the national mark of 22 percent. These dynamics and minimal new supply pressure will support vacancy compression across nearly all these markets in 2026.

Metros with well-educated populaces rise to the top. While many markets outside the Southeast struggle to achieve a vacancy rate below their long-term average, each region has at least one market in the Index's top 20. New York City (#1) leads Northeast markets thanks to its critical mass of talent and employers, which will continue to support business formation — and, by extension, a third year of notable vacancy reduction. Seattle-Tacoma (#14) tops the Pacific Northwest with its pool of highly skilled residents. Columbus (#8) leads the Midwest with a growing corporate presence supporting local office space. Salt Lake City (#17) is the highest in the Southwest, thanks to the fintech sector. Despite elevated vacancy, Dallas-Fort Worth (#9) and Austin (#13) crack the top 20 after gaining momentum in recent years through corporate relocations.

Index Methodology

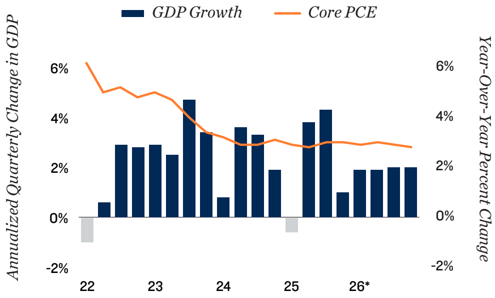
The NOMI[1] ranks 50 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative-weighted-average scores for various indicators, including projected office-using job growth, vacancy, and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to show relative performance on a directional basis and is not an ordering of markets in terms of investor preferences.

Users of the Index are cautioned to keep several points in mind. First, the NOMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NOMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NOMI is an ordinal Index, and differences in rankings do not represent set magnitudes. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

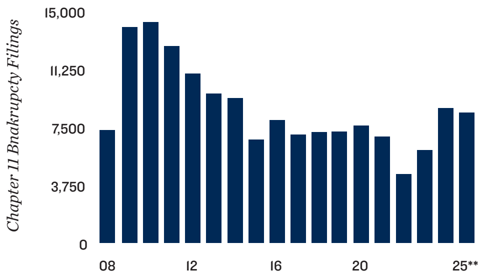
RANK	MARKET
1	*New York City*
2	*Tampa-St. Petersburg*
3	*West Palm Beach*
4	*Raleigh*
5	*Miami-Dade*
6	*Charlotte*
7	*Charleston*
8	*Columbus*
9	*Dallas-Fort Worth*
10	*Fort Lauderdale*
11	*Atlanta*
12	*Nashville*
13	*Austin*
14	*Seattle-Tacoma*
15	*Washington, D.C.*
16	*Boston*
17	*Salt Lake City*
18	*Orange County*
19	*Chicago*
20	*Baltimore*
21	*Orlando*
22	*San Francisco*
23	*Denver*
24	*Indianapolis*
25	*Phoenix*
26	*Las Vegas*
27	*Philadelphia*
28	*San Jose*
29	*Northern New Jersey*
30	*Richmond*
31	*Kansas City*
32	*Louisville*
33	*San Diego*
34	*New Haven-Fairfield County*
35	*Pittsburgh*
36	*Memphis*
37	*Sacramento*
38	*San Antonio*
39	*St. Louis*
40	*Jacksonville*
41	*Houston*
42	*Minneapolis-St. Paul*
43	*Detroit*
44	*Cincinnati*
45	*Riverside-San Bernardino*
46	*Cleveland*
47	*Portland*
48	*Milwaukee*
49	*Oakland*
50	*Los Angeles*

[1] *See National Office Index Note on page 64*

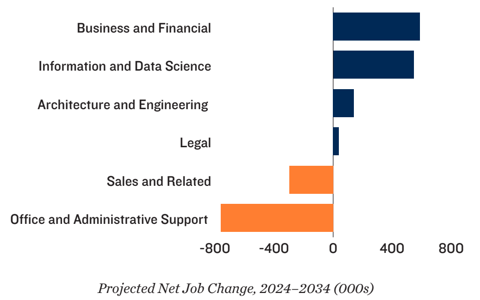
Inflation and Growth Hold Steady



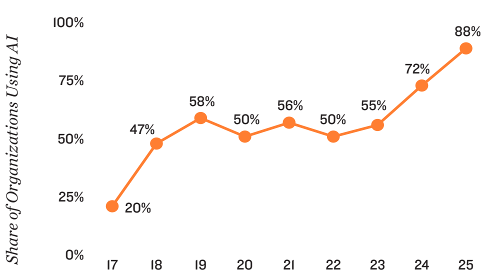
Corporate Bankruptcies Stay Contained



Office Occupation Shifts Through 2034⁘



Business Adoption of Artificial Intelligence



** Forecast: Blue Chip Economic Indicators*

*** Trailing 12 months through Q2 2025*

⁘ Forecast: Bureau of Labor Statistics

Measured Growth Emerges as Companies Adapt to Uncertainty and Labor Needs Evolve

Improved business planning steadies the outlook as services outperform. The U.S. economy entered 2026 on uncertain footing, as tariff costs, subdued business confidence, and still-restrictive financial conditions weighed on investment and hiring. While challenges will likely persist, corporate responses to trade policies are becoming clearer, supporting expectations for improved growth in the second half of the year. Relatively stable inflation is expected to provide some support for consumer demand, alongside fiscal stimulus from the One Big Beautiful Bill showing up in early-year tax refunds. With the services sector less exposed to direct tariff costs, traditionally office-using firms are in a stronger position to grow if household spending holds firm, supported by tax measures that preserved the 21 percent corporate rate and renewed incentives for capital investment and R&D activity. Although business bankruptcies have edged higher, they remain close to the trailing 20-year average and are concentrated in goods-producing industries, suggesting sustained resilience among office-using tenants. The space needs of office-using tenants have also come into clearer focus as companies lean further into flexible in-office schedules that require dedicated workspaces for staff.

Automation accelerates hiring shift and raises demand for modern office space. The Bureau of Labor Statistics anticipates that the labor force will continue to move toward more specialized roles over the next decade, a trend that could shift the composition of office tenants. Through 2034, the BLS projects office-support roles will decline by more than 750,000, while business and financial occupations, along with information and data science fields, are expected to add more than 500,000 positions. The adoption of artificial intelligence (AI) may be influencing this transition, with 88 percent of firms using AI for at least one business function in 2025. As more companies scale AI to automate routine tasks, hiring could shift further toward high-skilled roles. These dynamics are likely to deepen the quality divide in the office market as firms favor modern, amenity-rich workspaces that support collaboration and help attract talent. Over time, however, AI adoption could lead individual firms to need less space.

2026 NATIONAL ECONOMIC OUTLOOK

- **Suburban coworking deepens.** Coworking space in the suburbs is estimated to have increased by over 25 percent in 2025. This growth reflects hybrid work patterns settling into an established norm, supporting demand as companies seek to control expenses and align space needs with in-person use.
- **Legal tenants pursue trophy office space.** Demand for legal services rose 3.9 percent year-over-year as of October 2025, following one of the strongest quarterly gains in two decades. With in-person requirements still high and law-school graduate employment hitting a record 93 percent, firms are targeting premium space to compete for legal recruits, which should particularly benefit leasing in major urban cores.
- **Reforms reshape H1-B demand.** In 2025, the four largest sponsors of H-1B approvals were U.S. technology firms rather than the overseas-based IT services companies that historically dominated filings, reflecting reforms that curtailed mass registrations. The new $100,000 H-1B petition fee may further curb high-volume submissions and shift sponsorship toward firms employing highly compensated specialists. Higher scrutiny on immigration overall may also weigh on general worker availability.

Meaningful Progress Occurring As Shifting Labor Practices Favor Office Demand Dynamics

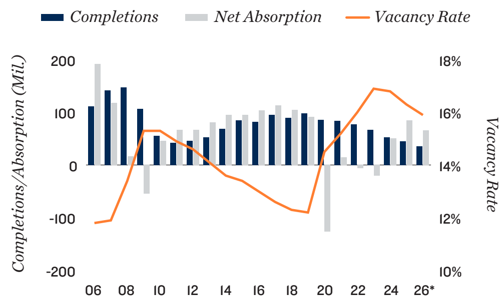
Property owners achieve greater clarity. After reaching an inflection point in 2024, the office sector registered an encouraging stretch of demand last year, with tenants absorbing a net of 85 million square feet — nearly matching the 2019 tally. Leasing improved in both urban and suburban nodes, with 43 of 50 major office markets noting an increase in occupied office space. Still, national vacancy remains historically elevated, which detracts from pockets of standout demand at both the property-type and metro levels. The shifting labor environment, however, may help the broader vacancy challenge. If job creation slows in 2026 and the unemployment rate nudges higher, employees may be more receptive to spending more time in the office. For tenants, having to accommodate a larger number of in-office staff should preserve, or potentially increase, their space requirements at a time of limited speculative construction — a boon for new leasing activity and renewals velocity. As such, demand on a national scale is projected to exceed supply for a second straight year, dropping year-end vacancy below the 16 percent threshold for the first time since 2021.

Office development is tightening. As of late 2025, construction was underway on 51 million square feet nationwide, equating to just 0.6 percent of existing inventory. The pullback in building activity is widespread, as only Boston, Dallas-Fort Worth, and New York City had more than 2 million square feet under construction at the start of 2026. Of this national pipeline, approximately 36 million square feet of space is slated for delivery in 2026 — the smallest total in more than 25 years. Still, at least 20 major office markets are projected to record annual rises in supply additions. Most of these increases, however, are driven by larger build-to-suit deliveries for major corporations and government agencies — properties that could facilitate demand among smaller supporting firms for nearby office space. Looking beyond the active pipeline, rising construction costs could affect the viability of proposed office projects, potentially limiting how many break ground in 2026.

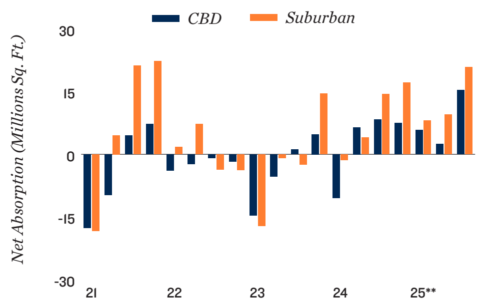
2026 NATIONAL OFFICE OUTLOOK

- **Smaller office markets entering 2026 on solid footing.** Miami-Dade, West Palm Beach, Charleston, the Inland Empire, and Las Vegas entered this year with vacancy below their year-end 2019 mark. In previous cycles, a comparable standing may have facilitated a rise in local construction. In 2026, however, these metros face minimal supply pressure, with each recording inventory growth of 0.1 to 0.8 percent.
- **Tenant base poised for near-term expansion.** A record number of high-propensity business applications were filed last year. Nearly half of these roughly 2 million applications — which are highly likely to become businesses with payroll — were professional services, finance, or insurance-related. If company formations occur more frequently in these traditionally office-using sectors, leasing activity could improve.
- **Optimism exists in areas of elevated availability.** Six primary markets kicked off 2026 with vacancy more than 400 basis points above their long-term mean. Fortunately, office utilization rose by at least 10 percent across these same metros last year, with New York closest to full recovery and San Francisco posting the strongest annual gain. Further improvements in office utilization in these metros — and Chicago, Atlanta, Los Angeles, and Boston — would bolster sentiment among institutional property owners.

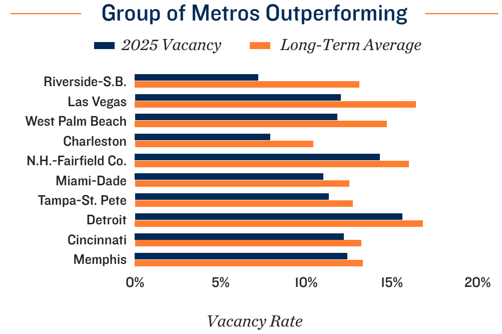
Supply and Demand



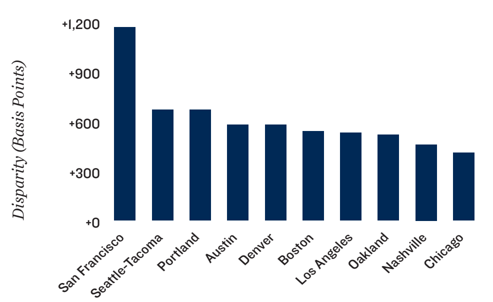
Positive Absorption Evident in Core, Suburbs



Group of Metros Outperforming



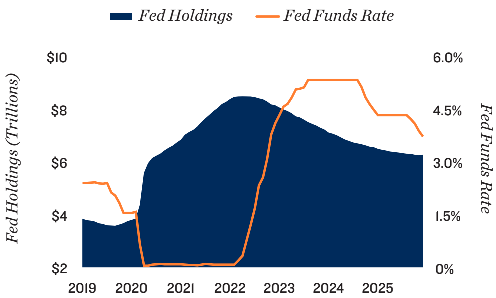
2025 Vacancy vs. Long-Term Average



* Forecast

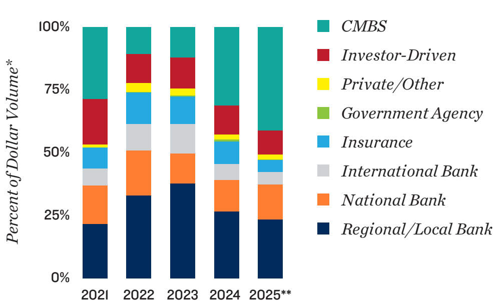
** Through 3Q

Federal Reserve Reduces Rates

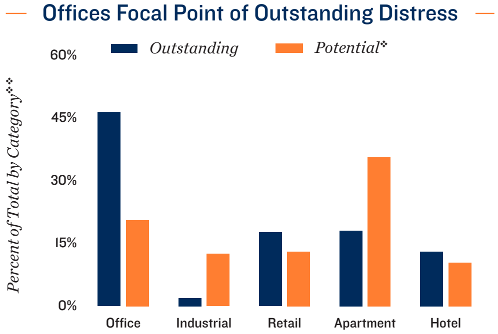


Treasury Yield Trends

Office Lender Composition



Offices Focal Point of Outstanding Distress



** Sales $2.5 million and greater ** Estimate*

** Estimates from Real Capital Analytics, based on events such as loan delinquency, forbearance, and slow lease-up. ** As of 3Q 2025*

Financial Market Conditions Increasingly Positive for Office Acquisitions

Outlook favors more active commercial real estate lending market. Echoing the latter months of 2024, the Federal Reserve lowered the overnight lending rate a combined 75 basis points between September and December last year. As a result, the federal funds rate began 2026 at its lowest level since November 2022. This more accommodative policy rate should facilitate lending in what is anticipated to be a more liquid year for capital markets. The Mortgage Bankers Association expects total commercial mortgage origination volume to increase nearly 25 percent year-over-year in 2026, driven by both acquisitions and refinancing. After a year of increased CMBS issuance and a greater number of funds raising capital, competition among lenders should increase in 2026. All else equal, this should place downward pressure on borrowing costs for commercial property investors. Conditions by property type will vary, however. The office sector, in particular, will face challenges that may constrain near-term financing availability and sustain strict underwriting for loan terms.

Unique hurdles frame landscape for office financing. Not all lenders are equally open to financing office building acquisitions. Sales trends from 2025 highlight greater participation, proportional to overall dollar volume, from CMBS originators. CMBS lenders comprised about 23 percent of total lending on average from 2015 to 2019, but that share had risen to 41 percent in the first half of 2025. These sources provided more than half of the lending for offices in central business districts or with single-tenant occupancy. Local banks, meanwhile, accounted for about 44 percent of lending for suburban offices and 62 percent for medical offices. Individual characteristics of the property and the borrower continue to be the primary drivers of lender engagement and terms, while improving sector fundamentals are aiding dispositions overall. Real Capital Analytics reported an increase in its total return index for office assets on an annualized basis in the fourth quarter of 2025, the first such instance in about two years. If this trend continues, more capital could become available for the property type.

2026 CAPITAL MARKETS OUTLOOK

- **Underwriting criteria remains tight.** Reflecting caution in the sector, lenders generally tightened loan-to-value ratios last year. Leverage ranged from about 56 percent among CMBS originators to 60 percent among life insurance companies, and just over 65 percent among national, regional, and local banks. Investor-driven lenders offered an average LTV of about 64 percent. Improving property fundamentals and lower interest rates could slightly ease underwriting in 2026.
- **Limited construction financing keeps lid on new supply pressure.** Lending for office projects has increasingly fallen on local banks since the pandemic. While such institutions accounted for about 25 percent of development-related lending between 2015 and 2019, that share rose to over 50 percent last year. Limited capital availability for ground-up projects will continue to weigh on the delivery pipeline, which will hit a record low. Reduced supply pressure, in turn, should aid office operations.
- **Distress an ongoing issue.** Real Capital Analytics estimates that about 20 percent of the office mortgages maturing in 2026 will be tied to assets where market values fall below the outstanding debt. Loans originated in 2021 — when rates were low and sale prices were like 2025 — may be particularly challenged.

Multifaceted Marketplace Lends Itself to Unique Investment Opportunities

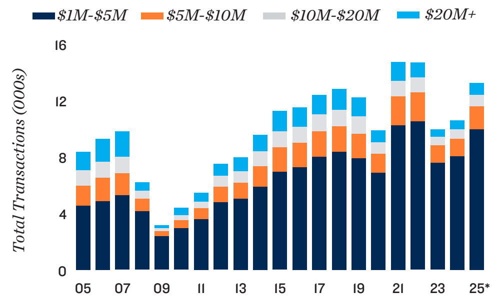
Pricing and cap rate disparities support a variety of strategies. Encouraging absorption over the past two years has offered investors greater clarity on the office market. Along with a trio of interest rate reductions in 2025 and attractive pricing relative to replacement costs, this has spurred action. Last year, deal flow rose by more than 30 percent year-over-year, with nearly all major office markets registering annual increases. Still, the investment climate remains complex. Listings are trading with an enormous price and cap rate range, depending on the specific asset, its location, tenant base, and in-place lease details. As such, 2026 should see investment opportunities that support a diverse buyer pool. Institutional and, especially, private investors who understand the nuances of office ownership and have the financial resources to maximize a property's potential will become increasingly more active. Owner-users seeking greater control over their bottom line during a period of record asking rent will also contribute to deal flow, typically acquiring smaller Class B and C buildings. Additionally, a significant volume of uninvested capital — dry powder — remains on the sidelines in closed-end funds that are targeting North American real estate, with a portion of these funds likely reserved for office investment as a "before the full recovery" strategy.

Activity evident on both ends of the price spectrum. Competition among private investors for smaller Class B and C office buildings could intensify this year, fueled by favorable entry costs, record asking rents at these properties, and a collective 5 percent vacancy rate across assets under 25,000 square feet. The record volume of high-propensity business applications received last year may also fuel investor demand for sub-$5 million properties well-suited for new companies. Meanwhile, institutional investors and REITs seeking portfolio diversification through bulk acquisitions and dispositions should remain active. Multi-property transactions accounted for half of all trading above $20 million last year, suggesting investor confidence in the long-term prospects for office demand in primary markets and expanding secondary metros.

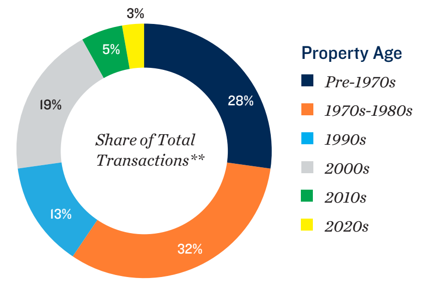
2026 INVESTMENT OUTLOOK

- **Buyers budget for capital infusions.** Rising construction costs will impact investors' strategies, including those acquiring pre-2000s-built properties that may require upgrades to meet modern building standards. Elevated costs are also poised to affect tenant-improvement allowances at lease signing, potentially complicating execution. As such, buildings refreshed over the past 10 years may prove enticing.
- **Investors tackle troubled assets.** More than 600 properties with at least 50 percent availability transacted over the past year. These high-vacancy assets commonly traded below asking price, with some buyers obtaining double-digit, first-year yields in exchange for shouldering risk. Should these sales trends continue, investors seeking upside through re-tenanting are likely to remain active in the marketplace.
- **Lower vacancy fuels competition in tertiary areas.** Sales activity outside the nation's 50 major markets improved significantly over the past year, with this sizable group of smaller metros and regions accounting for 40 percent of total deal flow. Moving forward, markets with 20 million to 50 million square feet of inventory and vacancy under 10 percent should garner interest among certain investors. California's Central Valley, Buffalo, Madison, Knoxville, and Columbia, S.C., highlight this list.

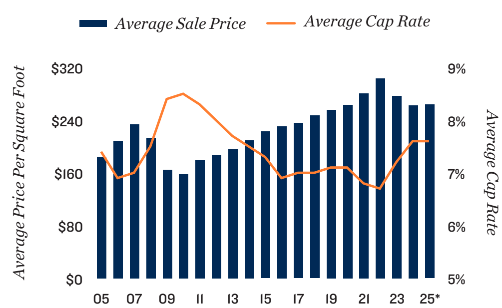
Sales Pick Up the Most for Smaller Deals



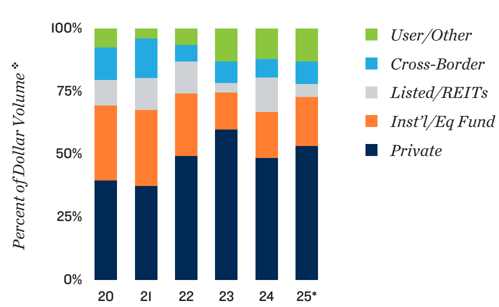
Deal Flow Dispersed Across Vintages



Sales Trends



Office Buyer Composition



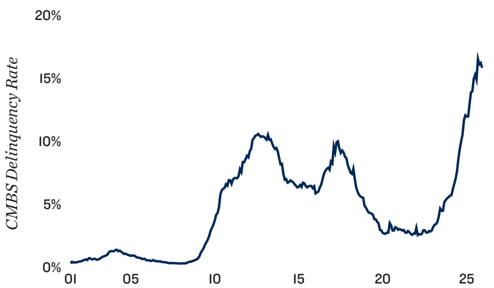
* Trailing 12-month period ended in 3Q 2025

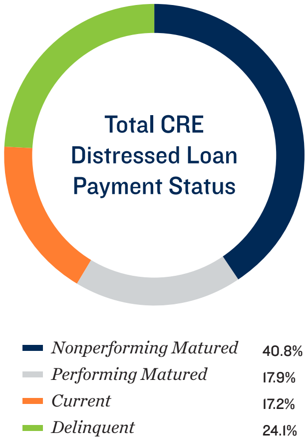
** 2025 transaction count based on preliminary data through Dec. 16

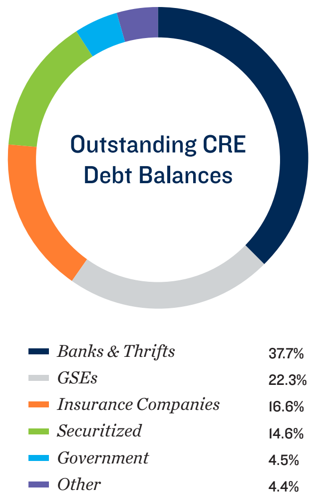
+ Sales $2.5 million and greater

Maturity Pressures Mount But Investment Channels Limited

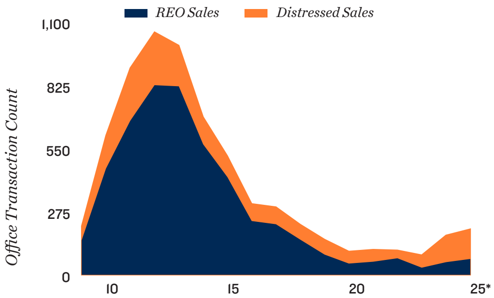
Office Delinquency Rate At Record High



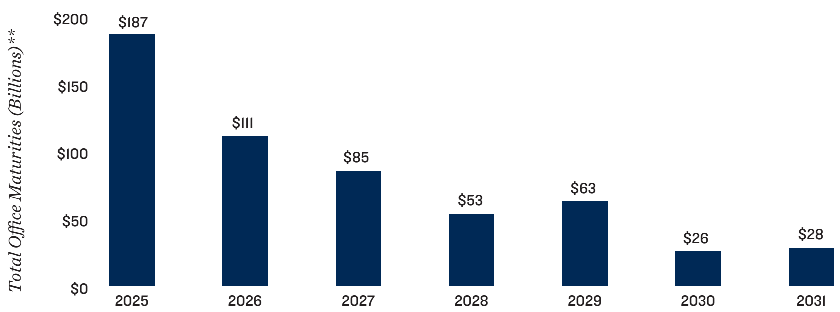




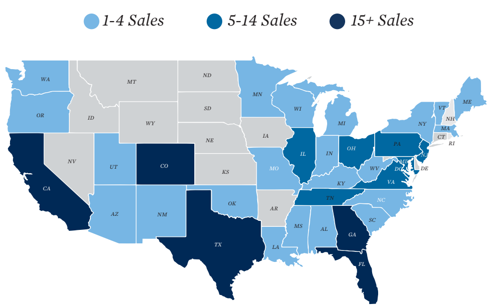
Distressed Trades Up; Forced Sales Minimal



U.S. Office Loans Maturing

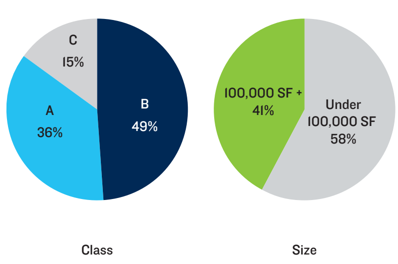


Select States Drive Troubled Asset Sales



Rising office stress pushes lenders to act. Office CMBS delinquency surpassed Global Financial Crisis levels in 2025 as reduced occupancy intersected with elevated financing costs. Yet, forced sales remain limited, reflecting lenders' reluctance to take back assets at depressed valuations. The growing pool of performing and nonperforming matured loans shows how much distress is being held in extension or modification, rather than pushed into foreclosure. While greater lending and steady leasing gains may support more workouts in 2026, the rise in nonperforming maturities signals ongoing delinquency risk. As office maturities remain high, banks will face greater pressure to resolve these loans, while nearly half of pre-pandemic leases still yet to roll over will continue to pose refinancing headwinds. These trends suggest stress will stay high but remain concentrated at the loan level, rather than through a broad rise in REO sales.

Distressed Transactions by Class and Size



Quality divide holds bid-ask spread wide. The heavy concentration of stress in older, large floorplate offices has further curtailed investment activity, as these properties require significant capital and have become harder to re-tenant. Instead, opportunistic buyers continue to pursue modern Class A and stronger Class B buildings facing financial pressure but not functional obsolescence. As leasing conditions improve and financing loosens, investment opportunities in this higher-quality segment could expand modestly. More buyers may also be willing to fund substantial upgrades, supported in part by enhanced bonus depreciation rules. However, many outdated properties may ultimately need to be repositioned or removed through redevelopment.

** Year-to-date total through November 2025 ** As of Feb. 2025*

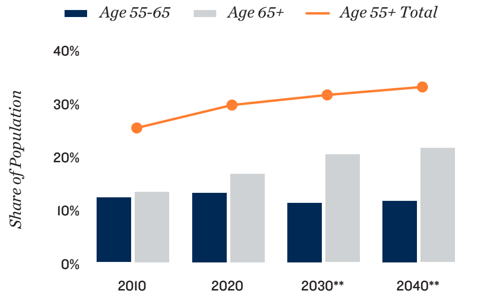
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Cred IQ; Mortgage Bankers Association; Moody's Analytics; S&P Global

Near-Term Policy Headwinds Persist, Complicating Otherwise Steady Fundamentals

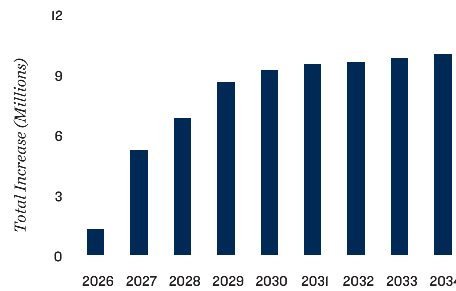
Recent federal cuts create uncertainty. The U.S. labor market softened last year, but health care stood out as one of the few consistent sources of job growth, accounting for most of the net employment gains nationwide in 2025. With people age 65 and older now comprising nearly 20 percent of the population, up from 15 percent in 2015, demographic tailwinds should continue to support long-term demand for healthcare services and medical office space. Near-term federal policy developments introduce uncertainty, however. The nonpartisan Congressional Budget Office estimates that the 2025 budget reconciliation law could increase the uninsured population by about 10 million over the next 10 years. At the same time, ongoing debate over healthcare subsidies and other funding will likely create other disruptions and add ambiguity about healthcare utilization and provider expansion plans. Together, these dynamics could weigh on medical office leasing activity in the short term, particularly in markets with higher uninsured rates and elevated vacancy, including major metros in Texas and Arizona. With the second quarter of 2025 marking the first quarter of negative national absorption since 2020, policy uncertainty remains a critical variable shaping the sector.

Investor interest remains high in one of the more stable property types. National medical office vacancy has hovered near 9 percent since the early 2010s, while rent growth has remained steady, if moderate. These durable fundamentals continue to draw investor interest, a trend reinforced by a shrinking construction pipeline. Nationwide transaction velocity increased by 40 percent last year, reflecting improved liquidity. Because more than half of medical office transactions are typically priced below $5 million, the sector's relatively low barrier to entry and reduced lease-up risk should continue to appeal to private investors. Still, institutional participation increased notably last year as average deal sizes grew. Pricing momentum has continued, with the average price per square foot rising year-over-year to $301.09, approaching the 2022 peak of $305.14. With the average cap rate holding near the mid-7 percent range nationally, medical office buildings are positioned to remain a more resilient alternative to traditional office assets, catering to investment strategies focused on stable cash flows.

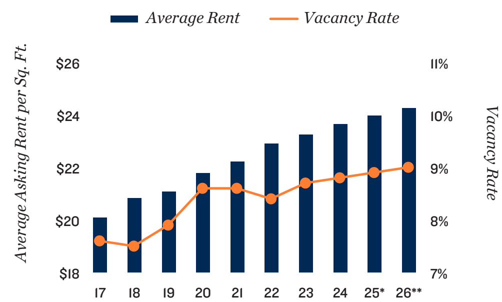
Aging Population Bodes Well for Medical Office



Estimate of Increase in Uninsured By Year✧



Steady Fundamentals Over Years



2026 MEDICAL OFFICE BUILDING FORECAST

Construction:

6.4 M
sq. ft.

Total medical office deliveries will contract further this year by roughly 800,000 square feet, following 2025, which already marked the smallest nationwide delivery total since 2000. More than 75 percent of this space has already been leased, as Texas and Florida together will account for one-quarter of national deliveries.

Vacancy:

10 BPS
increase

Despite minimal supply pressure, near-term softening in tenant demand amid nationwide policy uncertainty could result in lower net absorption this year, leading to a modest uptick in the national vacancy rate. At 9.0 percent, vacancy would mark its highest level since 2014, roughly 60 basis points above the decade-long average.

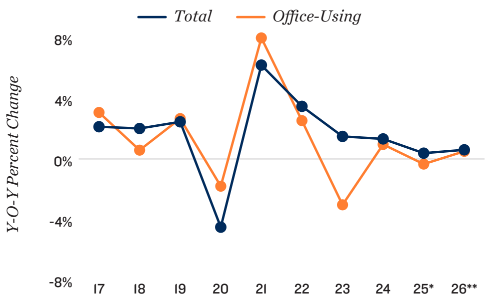
Asking Rent:

1.2%
increase

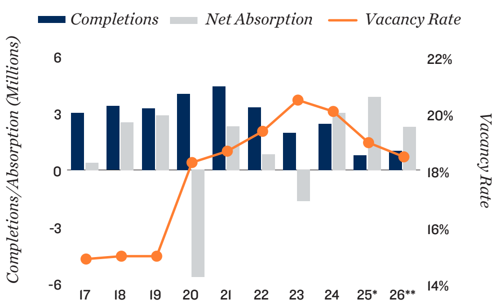
The average asking rent is expected to reach $24.25 per square foot by year-end, although growth will remain modest for a fourth consecutive year at less than 2 percent annually. For in-place rents, property owners tend to favor lease agreements with annual adjustments between 2 percent and 3 percent.

** Estimate ** Forecast ✧ Estimated additional increase in uninsured beyond pre-OBBBA baseline. The baseline already accounts for estimated 4.2 million increase from expiration of enhanced Affordable Care Act premium tax credits.*

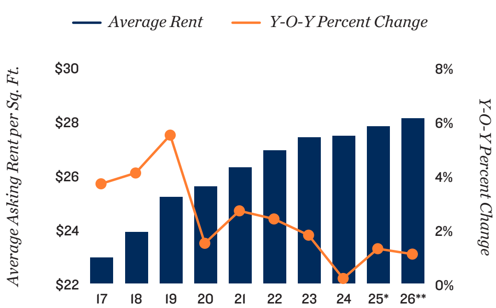
Employment Trends



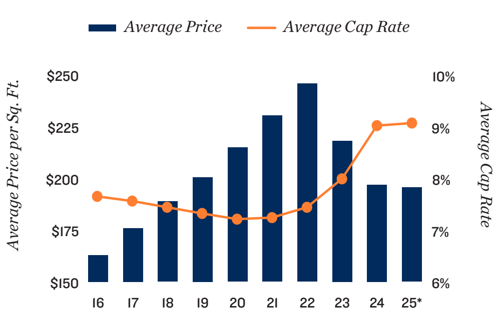
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

ATLANTA

Growing Talent Pipeline Helps Draw Increased Capital, Drive Corporate Expansion

Strengthening education base supports outlook. Atlanta continues to deepen its skilled workforce. Reinforced by record university enrollment and a population where roughly 40 percent hold a bachelor's degree, Atlanta is drawing investments like AIG's new Brookhaven innovation hub. Local businesses are increasingly capturing this talent, supporting firms already rooted in the metro. Together, with a limited supply pipeline, aggregate vacancy is expected to compress slightly to the mid-18 percent range. On the other hand, net absorption will moderate, though it will still exceed historical norms, bolstered by company expansions, such as Mercedes-Benz's "1MB" North America HQ. Many of these growth initiatives will continue to favor the suburbs, where vacancy should stay below 17 percent amid limited new supply. The CBD, by contrast, will still face elevated local vacancy, as about a third of the estimated 600,000 square feet set to deliver here remained unaccounted for entering the year.

Trading volume increases as investor confidence rises. More than $26 billion in corporate expansions and new locations were announced across Georgia between June 2024 and July 2025 — most of which were driven by firms already established in the state. This wave of statewide reinvestment likely helped lift confidence among employers anchored in metro Atlanta, contributing to last year's increase in transaction velocity and potentially supporting further momentum in 2026 as sentiment continues to improve. Lower-tier properties will remain attractive to private investors in 2026, especially as Class B/C vacancy stays below its historical average. This may be most evident in Northlake, where particularly low Class B/C vacancy and comparatively affordable pricing could together help draw additional investor activity.

2026 MARKET FORECAST

NOMI RANK 11 — *Limited supply pressure, contrasted with relatively high vacancy, pushes Atlanta's 2026 Index ranking just beyond the top 10.*

+0.6% — **EMPLOYMENT:** The metro's labor force will increase by 19,000 roles this year. About 4,500 of those come from traditional office-using sectors — a solid rebound after roughly 3,000 jobs were shed last year.

1,004,100 *sq. ft.* — **CONSTRUCTION:** Northwest Atlanta and North Fulton are expected to receive the most suburban deliveries, while the CBD will account for roughly half of all metro completions.

-50 bps — **VACANCY:** Demand will outpace new supply, pushing vacancy down to 18.5 percent — the lowest level since mid-2022 — placing Atlanta near the median among all primary metros.

+1.1% — **RENT:** Atlanta's average asking rent edges up to $28.10 per square foot, marking the 15th consecutive year of rent growth, even as net absorption retreats below last year's high.

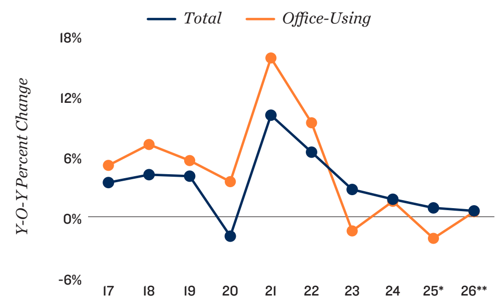
INVESTMENT: *Medical office properties may attract greater investor attention as Atlanta's population continues to age faster than the U.S. overall, increasing demand for healthcare services.*

Entrepreneurial Growth Continues to Bolster Office Demand, Despite Some Headwinds

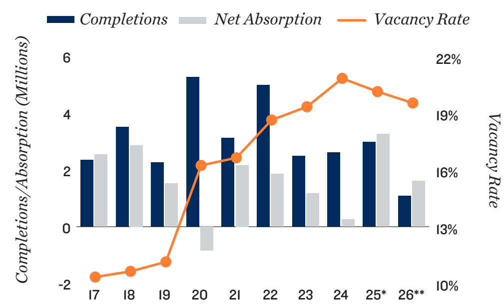
Supply drop-off and business formations secure second year of vacancy decline. In 2025, Austin's vacancy rate declined year-over-year for the first time since 2017, supported by net absorption of over 3 million square feet, and despite losing roughly 9,000 office-using jobs. While some large companies have laid off workers, Austin is still a top city to start a business. In recent years, record-high business births and a relatively elevated entry rate — the share of new businesses compared to existing ones — have supported office absorption. Class A properties accounted for nearly 90 percent of net absorption in 2025, highlighting a strong preference for premium space. In 2026, more than half of the new supply will come from Apple's Capstone Phase 2 and local government office buildings, preserving competition for existing quality space. Leasing momentum in the CBD and bordering submarkets signals that core areas will absorb a significant share of space.

Capital flows resume amid pricing adjustments across submarkets. Pricing trends are creating a more attractive entry point for new investors compared to previous years. The average price per square foot fell to $401 in 2025, extending a decline that began in 2023. Cap rates have risen for four consecutive years, narrowing the spread against the U.S. average. These conditions have already contributed to more sales in 2025, with most capital targeting Class B properties built after 1980, predominantly in Central, Southeast, and Southwest Austin. Setting the stage for 2026, legislative changes like SB 840 and SB 2477 streamline office-to-residential conversions and reduce entitlement risk, while property tax caps support NOI stability. These factors position Austin's office market for value-driven acquisitions and redevelopment. Favorable financing could help facilitate sales in 2026 as completions slow and vacancies tighten.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NOMI RANK	13	*Despite a projected 60-basis-point decline, Austin's vacancy rate remains relatively elevated, earning a top-15 rank.*

+0.6% **EMPLOYMENT:** Total employment will rise by 8,000 positions, including 2,000 traditionally office-using roles. This marks the smallest annual gain since 2020, with 4,000 fewer jobs than last year.

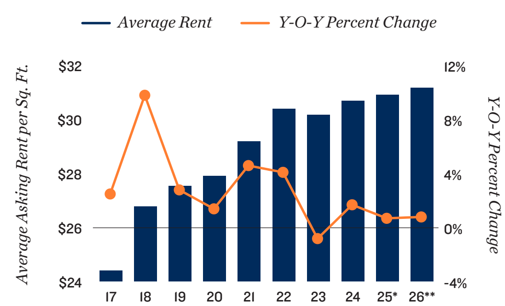
1,082,000 *sq. ft.* **CONSTRUCTION:** Total completions hit their lowest level in over a decade, with inventory up 0.9 percent as deliveries decrease by about 2 million square feet from 2025.

-60 bps **VACANCY:** Austin remains among the 10 most vacant markets nationally, with the rate easing to 19.6 percent. Conditions continue to improve, but the rate remains higher than 2019's 11.2 percent.

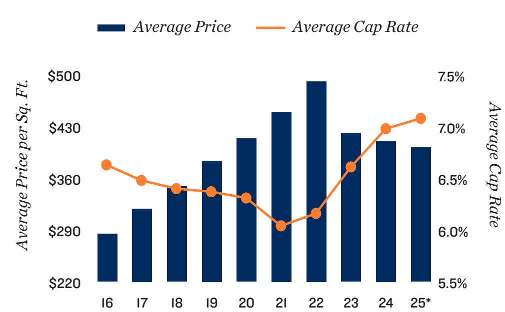
+0.8% **RENT:** While new supply continues to be well absorbed, rent growth remains modest, with the average asking rent inching up to $31.15 per square foot by year-end.

INVESTMENT: *Georgetown is seeing an elevated level of office development. As developers own many of these projects, investors seeking new properties could find opportunities here as these projects finalize.*

Rent Trends



Sales Trends



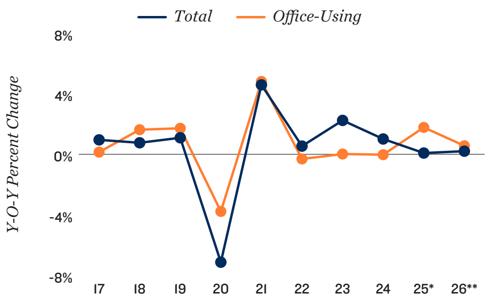
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

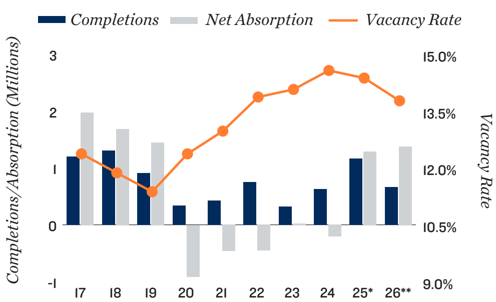
BALTIMORE

Market Builds on Last Year's Performance Gains Even as Trends Shift at the Submarket Level

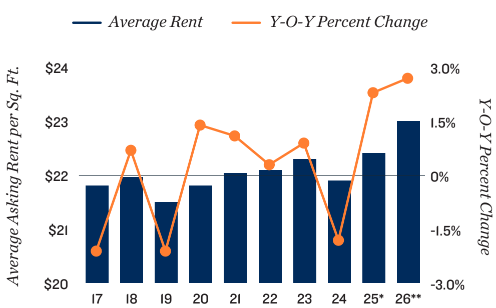
Employment Trends



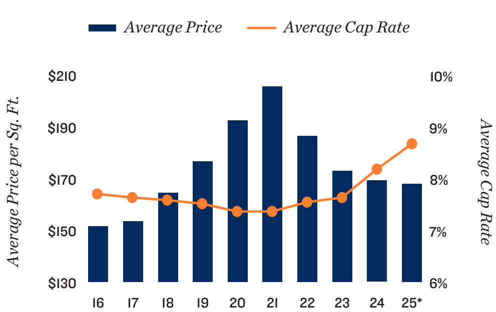
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Corporate lessees reconfigure presence locally. Despite disruptions to the public sector, Baltimore's overall office vacancy rate fell last year for the first time in half a decade, underscoring the strength of local private industry. Prominent white-collar firms are recommitting to the market. TESSCO moved into a larger space in Hunt Valley last year, while PricewaterhouseCoopers will relocate to Locust Point in 2026. The Harbor area, in general, remains a focal point for space demand, with local vacancy falling 200 basis points last year. Outside the city, Ellicott City-Columbia also saw a sharp vacancy drop as tenants filled much of 2024's completions. This year, a handful of large projects will account for the bulk of the market's smaller overall delivery slate, split mainly between the city of Baltimore and Howard County. Such localized supply pressures could dampen submarket-level performance gains, but the metro overall is expected to see a greater vacancy decline in 2026 than in 2025.

Private investors becoming more active. Transaction velocity in the $1 million to $10 million tranche last year had risen to the level of the metro's 2014-2019 annual average. Deals were most common within the city limits, typically involving Class B buildings. Private buyers targeting 10,000- to 30,000-square-foot builds with sales prices between $50 and $100 per square foot may look here again in 2026. Mid- and low-tier vacancy in the 4 percent range in the CBD should hold investors' attention. Buyers seeking higher-end, stabilized properties may turn to Southern Anne Arundel County again. Last year, the typical price per square foot was closer to $150, and properties were usually at least 70 percent leased. The submarket's vacancy rate closed out 2025 in the 9 percent band, which may add to the area's appeal if it holds in 2026.

2026 MARKET FORECAST

NOMI RANK 20 — *One of the better vacancy improvements among ranked metros this year earns Baltimore a top-half position in the 2026 Index.*

+0.2% **EMPLOYMENT:** Baltimore gains 3,000 jobs on net in 2026, including 2,000 roles in traditionally office-using industries. Overall job growth will sit between Washington, D.C., and Philadelphia.

668,000 *sq. ft.* **CONSTRUCTION:** Office stock grows by 0.5 percent year-over-year in 2026. After a spike in 2025, about half as many square feet will be completed this year, below the average for the preceding decade.

-60 bps **VACANCY:** Leasing demand surged last year and strengthens slightly more in 2026, lowering the vacancy rate to 13.8 percent. This measure will rest just below 2022's year-end posting.

+2.7% **RENT:** Reflecting the momentum of a more forceful vacancy rate decline, the growth pace of average asking rent speeds up as well, pushing the monthly metric to $23.00 per square foot.

INVESTMENT: *Ellicott City-Columbia's Class B/C vacancy is lower than that of Class A stock, falling almost 200 basis points into the 14 percent range last year. Private buyers may look here first if progress continues in 2026.*

Pipeline Dynamics and Mid-Tier Strength Signal Potential Shift in Office Momentum

Supply pressure and policy headwinds weigh on performance. Although deliveries in 2026 will hit a five-year low, Boston will still lead all major U.S. metros, accounting for about 10 percent of the national pipeline, despite representing only 4 percent of inventory. Most projects are upscale, lab-oriented offices — a segment already facing muted demand amid a life sciences slowdown and cuts to federal research funding that disproportionately affect Boston's research ecosystem. These reductions in university research can ripple through downstream employers, pressuring office space demand. As a result, vacancy rates in supply-heavy submarkets, like Cambridge and Medford-Everett-Chelsea, could rise further after last year's sharp increases. In contrast, Manchester-Nashua, Lowell, and Worcester recorded the largest year-over-year vacancy declines in late 2025, mirroring the national trend of suburban strength expected to carry into 2026.

Improving Class B and C fundamentals garner investor attention. While Class A properties faced hurdles, Class B and C assets metrowide recorded their first year-over-year vacancy compression since 2022 last year, signaling renewed demand from sectors less exposed to life-science volatility and fueling investment activity in these segments. Transaction velocity rose about 33 percent year-over-year, with sales over $15 million doubling, driven by growing interest from institutions and owner-users. Investors are capitalizing on discounted pricing, with the average price per square foot roughly 25 percent below the 2022 peak. The metro's average cap rate, at 7.5 percent, is the highest in more than a decade — yet remains on par with the national rate. With pricing still below peak and demand trends strengthening, private buyers could potentially acquire assets at a favorable basis ahead of anticipated recovery in the mid-tier office segment.

2026 MARKET FORECAST

NOMI RANK 16 *Boston's highly educated workforce and large share of office-using roles could mitigate supply pressures for a top-20 spot.*

+0.2% **EMPLOYMENT:** The metro's total workforce will expand by 6,000 roles, slightly outpacing last year. Traditionally office-using sectors will shed 5,000 jobs this year, fewer than in 2025.

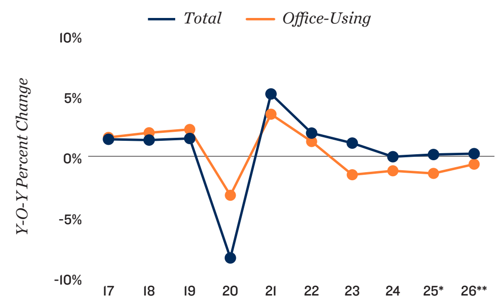
3,500,000 *sq. ft.* **CONSTRUCTION:** This year's delivery slate is expected to match the metro's long-term average, with over 80 percent of new space concentrated in Intown Boston and Cambridge.

+20 bps **VACANCY:** Lease-up challenges for recent projects and lingering weakness in older, outdated properties will push vacancy to 19.6 percent by December, despite a second year of positive net absorption.

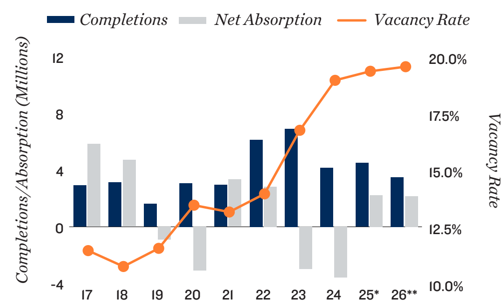
+0.5% **RENT:** Greater space demand in recent quarters should allow rent growth to resume after last year's slight decline, reaching $39.50 per square foot by year-end 2026.

INVESTMENT: *Investors may find opportunities in first-ring suburbs along Route 128 as early signs of vacancy compression begin to emerge. Owner-user acquisitions of medical offices have been especially active in these areas.*

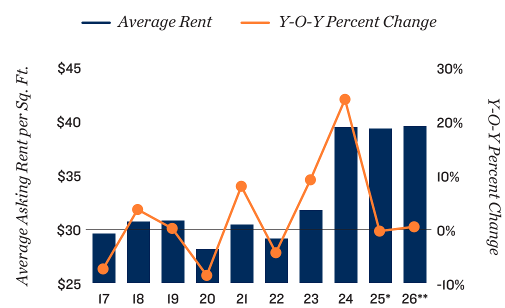
Employment Trends



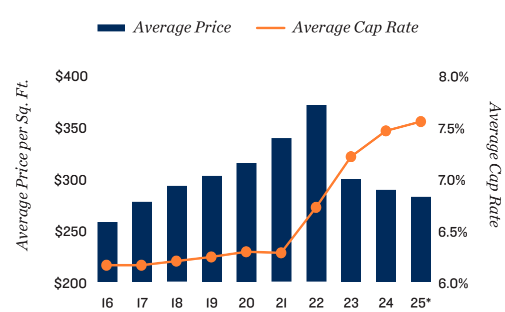
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

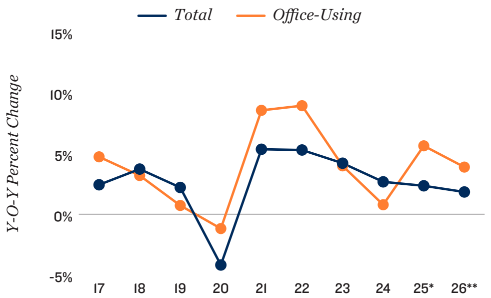
CHARLESTON

Unwavering Population Growth Coincides With Sparse Speculative Development

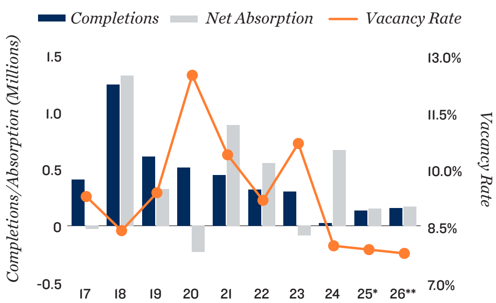
Tight fundamentals across market spectrum. Charleston's demographic momentum continues into 2026 after the metro recorded its eighth consecutive year ranking among the top 10 major markets for population growth in 2025. This trend is supported, in part, by a steadily expanding business landscape that continues to attract smaller corporate relocations and office-using expansions. At the lower end of the market, vacant properties experienced longer lease-up times in 2024. This trend appeared to change direction in 2025, with Class B/C vacancy falling to around 5 percent — substantially lower than any other major market. Such limited availability should continue to keep this segment of the market competitive. Meanwhile, higher-quality assets have recorded accelerating net absorption since the start of 2024. Coupled with virtually no new speculative development over the past two years — a pattern expected to carry into 2026 — these dynamics suggest that vacancy will drop for a third consecutive year.

Investor sentiment rising. After a slow start to the year, transaction velocity accelerated in late 2025 amid a resurgence in trades over $10 million. The market also saw a rebound in Class A and C trading after two relatively muted years, suggesting overall sentiment is improving heading into 2026. Class B/C properties in the CBD, particularly those between 10,000 and 20,000 square feet, should continue to garner heightened investor interest after the segment's vacancy here declined in 2025 to its lowest level since 2017. The Interstate 526 corridor in Mount Pleasant also saw increasing activity last year after local vacancy fell at the fastest rate among submarkets over the past two years. Strong connectivity and a slight rent discount relative to the CBD should continue to draw tenants and investment appeal amid tightening metrowide availability.

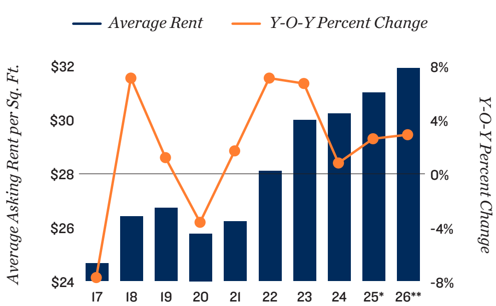
Employment Trends



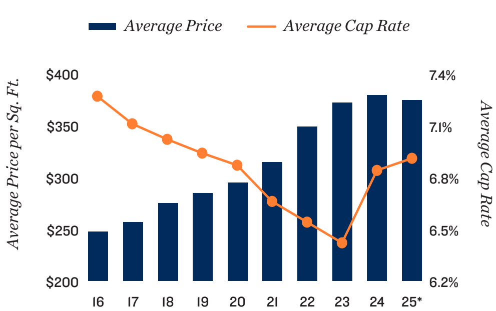
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 7 — ***Comparatively low and declining vacancy, paired with strong revenue growth, earns the metro a top-10 ranking this year.***

+1.8% — **EMPLOYMENT:** Broad-based employment gains are expected to continue in 2026, as the metro adds 8,000 jobs, with half from office-using sectors. The pace is the fastest among major markets.

157,000 *sq. ft.* — **CONSTRUCTION:** This year's delivery slate nearly matches 2025's, expanding inventory by 0.7 percent. Two pre-leased medical offices near Summerville will account for 120,000 square feet of new space.

-10 bps — **VACANCY:** Supply pressure remains minimal for the third straight year, helping the metro's rate edge down to 7.8 percent, its lowest level since 2016 and the second lowest among major markets.

+2.9% — **RENT:** This year's growth in average asking rent slightly outpaces 2025 and ranks among the fastest nationwide, lifting the year-end asking rate to $31.90 per square foot.

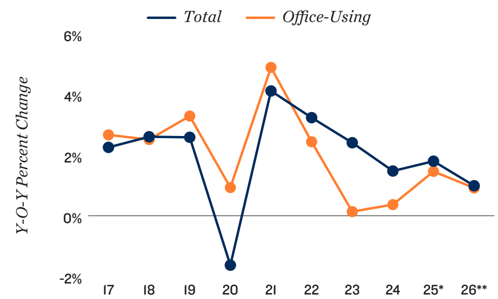
INVESTMENT: *Assets between 10,000 and 30,000 square feet remain attractive heading into 2026, with vacancy holding below 5 percent and growth in asking rent over the past three years well outpacing that of larger formats.*

Steady Leasing Activity and Subsiding Headwind Accompany Diminishing Construction

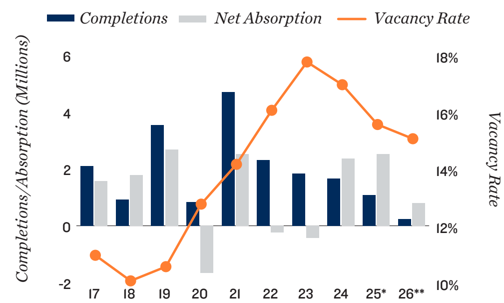
Corporate expansions continue fueling demand. Charlotte's progress in recent years has been illustrated by office-using employment growth that ranked seventh fastest among major markets since 2023, in part due to corporate relocations to the metro. Firms such as Daimler Truck Financial Services and AssetMark are set to add several hundred office-using roles in the coming year. Citigroup and SoFi have also announced Charlotte expansions, reinforcing near-term demand. Further supporting this, leasing activity in the second half of 2025 nearly matched the pace recorded a year prior, suggesting positive net absorption ahead. Large-scale consolidations have also shown signs of tapering, while properties over 50,000 square feet constituted nearly all the space absorbed in 2025. Smaller formats, however, maintain vacancy near their trailing decade low. Coupled with a sharp pullback in deliveries in 2026, the metro's vacancy will tighten for a third consecutive year, supporting accelerating rent growth across formats.

Momentum builds as pricing stabilizes. Following three years of decline, the average price per unit in Charlotte's office market reached an inflection point in 2025. At the same time, transaction velocity showed signs of modest acceleration in the second half of the year as investor confidence is building amid strengthening fundamentals and easing macroeconomic uncertainty. Trading activity for post-2000 assets, particularly those priced over $20 million, accelerated over the past two years amid a resurgence of REIT and institutional capital. Supported by rapid vacancy improvement in this vintage since late 2024, these assets will likely continue garnering attention. Meanwhile, Class B/C assets could see increased activity from private investors in 2026, after vacancy fell below the long-term norm and rent growth reemerged in 2025.

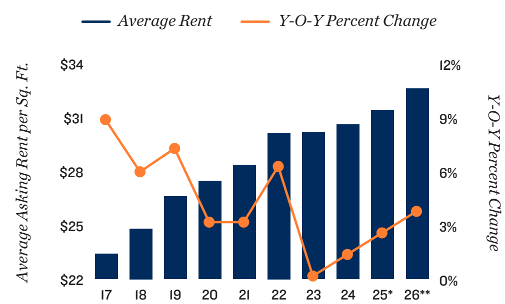
Employment Trends



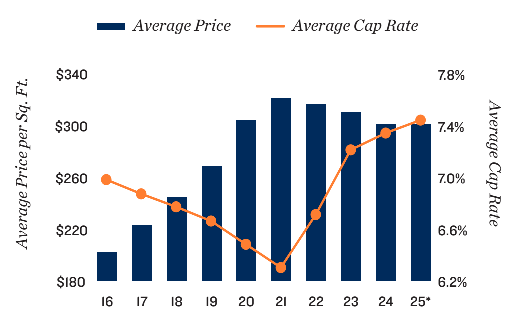
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 6 — *Charlotte's first-place revenue growth and declining vacancy drive the metro's ranking to just short of the top five.*

+1.0% — **EMPLOYMENT:** The metro adds 14,000 new jobs in 2026, including 3,500 traditionally office-using roles. This 0.9 percent expansion in office-using employment ranks eighth fastest among major markets.

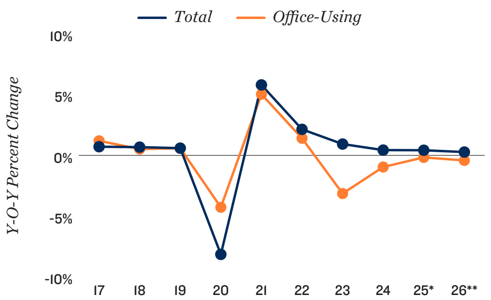
240,000 sq. ft. — **CONSTRUCTION:** Following over 1 million square feet of deliveries in 2025, a sharply contracting pipeline expands the metro's inventory by only 0.2 percent, the smallest increase since at least 2007.

-50 bps — **VACANCY:** A rapidly narrowing delivery slate will allow further vacancy tightening in 2026. Still, at 15.1 percent come year-end, the rate remains well above its 2015-2019 average of 10.6 percent.

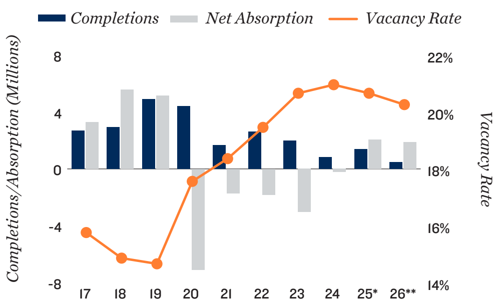
+3.8% — **RENT:** With vacancy ending the year 270 basis points below its 2023 peak, rent growth is poised to accelerate to its fastest pace since 2022, lifting the metro's rate to $32.60 per square foot in December.

INVESTMENT: *With vacancy tightening to the 10th lowest of U.S. submarkets with over 13 million square feet of inventory in 2025, the South End-Elizabeth corridor is positioned to continue building investment momentum.*

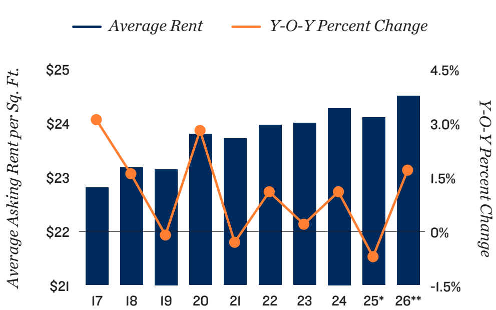
Employment Trends



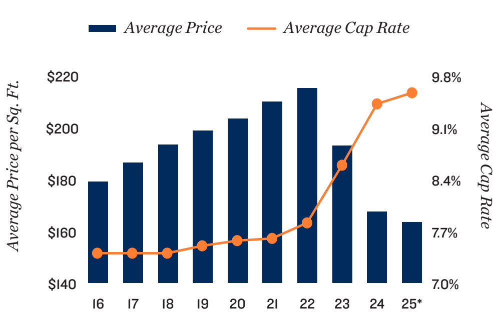
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

CHICAGO

Market Showing Signs of Improvement as Smaller Properties Drive Investment Momentum

Demand rising in the CBD, suburbs maintain momentum. Chicago's office market has been recovering slowly since early 2024, and that pace is likely to continue in 2026. The CBD noted rising vacancy for five straight years before nearly holding steady in 2025, as conditions began to improve. Leasing activity among 50,000-plus-square-foot properties here picked up in late 2025 compared to the same period in 2024, signaling modestly accelerating net absorption ahead. In the suburbs, vacancy continued to trend down in 2025, reaching its lowest level since 2020. Select areas, such as the northern suburbs spanning Deerfield-Lake Zurich-Waukegan, the Fulton Market area, and Schaumburg-Arlington Heights, carry strong momentum heading into 2026 after recording some of the largest declines in vacancy. Across the metro, a lack of ongoing speculative development should support further vacancy compression amid steady demand.

High cap rates heighten investor interest. After a slow start to 2025, investor sentiment appears to be improving heading into 2026. Driven almost entirely by trades under $10 million, transaction velocity accelerated in the second half of 2025. Recent pricing adjustments brought buyers and sellers closer to agreement on terms, allowing more transactions to move forward. This alignment has lifted the metro's average cap rate to its highest level since 2001, a trend that may be drawing more sidelined and out-of-state capital as sale and asking prices continue to converge. Looking ahead, greater clarity around lending conditions, combined with strengthening fundamentals, could help restore further optimism in the market. Properties in the 10,000- to 50,000-square-foot range may see sales volume continue rising after the segment's vacancy fell to its lowest level since 2001 in late 2025.

2026 MARKET FORECAST

NOMI RANK 19 — ***High vacancy, combined with a minimal development pipeline and strong revenue growth, gives Chicago a top-20 ranking.***

+0.3% **EMPLOYMENT:** Hiring in Chicago is expected to slow modestly in 2026, with traditionally office-using sectors projected to shed 5,000 jobs, marking the fourth consecutive year of decline.

485,000 *sq. ft.* **CONSTRUCTION:** The metro's development pipeline is set to shrink sharply in 2026, with deliveries amounting to just 0.1 percent inventory growth, the slowest pace recorded since at least 2007.

-40 bps **VACANCY:** The pullback in deliveries amid modest net absorption helps vacancy tighten in 2026, bringing the rate down to 20.3 percent. Still, it will remain among the five highest across major markets.

+1.7% **RENT:** A second straight year of vacancy improvement supports a return to rent growth in 2026. At $24.50 per square foot by year-end, the metro remains one of the most affordable primary markets.

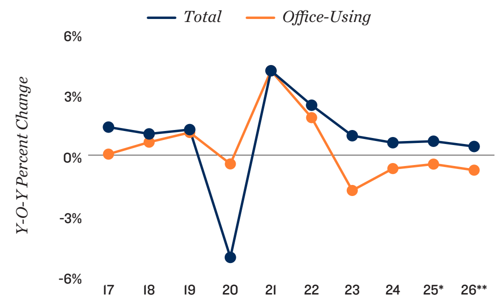
INVESTMENT: *Sharply declining vacancy among properties under 100,000 square feet in the northern corridor from Evanston to Winthrop Harbor since late 2024 may continue to support increased sales activity.*

Stabilizing Valuations Draw Investment Appeal as Select Submarkets Gain Traction

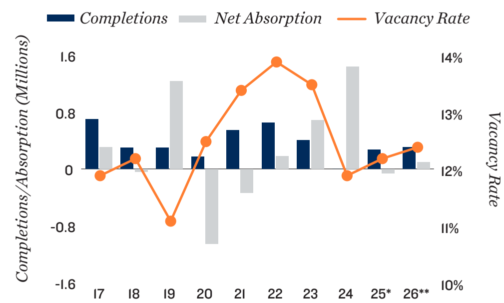
CBD maintains exceptionally low vacancy. While strengthening net absorption since 2022 supported a period of declining vacancy in Cincinnati's office market, that trend shifted in 2025 as leasing activity slowed. Looking ahead, the volume of square footage leased in late 2025 fell slightly short of levels from the same period in 2024, indicating demand was losing momentum heading into the new year. However, areas like the CBD — the nation's third-least vacant — remain well positioned amid a slim development pipeline. Limited deliveries will also continue benefiting eastern Cincinnati, particularly along Interstate 275, where vacancy in late 2025 reached its lowest point since 2017, driven mainly by sub-10,000-square-foot leasing in Class B/C spaces. Additionally, low- to mid-tier properties in infill pockets south of the river along Interstate 71 have benefited from steady leasing activity in recent quarters, positioning these areas to sustain asking rent growth exceeding the metrowide pace in 2026.

Urban core sales trends vary by quality tiers. Cincinnati's transaction activity in 2025 nearly matched 2024's level and the pre-pandemic 2015-2019 annual average. In the urban core, Class A trading could remain subdued amid rising vacancy. By contrast, Class B/C vacancy has fallen to its lowest level since at least 2007, potentially increasing investment appeal in these assets. Investors may also focus on the suburbs, where vacancy has been near its lowest level since early 2020. Strengthening fundamentals among mid- to high-end properties over 50,000 square feet in the area northeast of Reading may further spur investment appeal. Metrowide, the average price per square foot nearly held steady in 2025 after falling at the fourth-fastest rate among major markets between 2021 and 2024, suggesting buyers may have a shrinking window of discounted valuations.

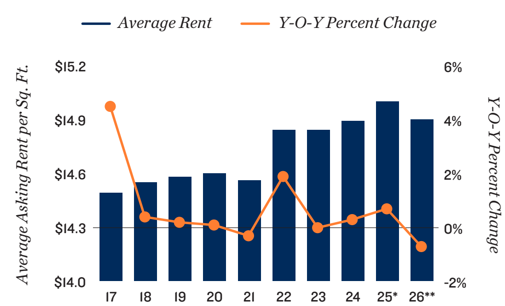
Employment Trends



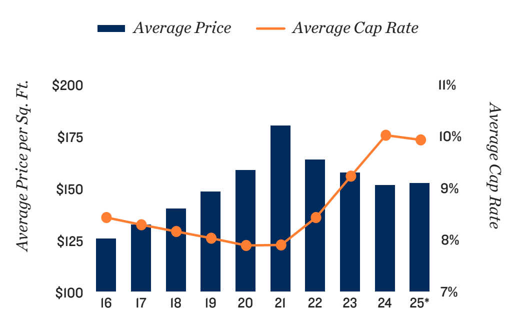
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 44 — ***Relatively elevated vacancy and subdued revenue growth push Cincinnati toward the end of this year's Index.***

+0.4% — **EMPLOYMENT:** The metro is expected to add just 5,000 jobs in 2026, the slowest growth since 2010, excluding 2020. Traditional office-using employment will fall by 2,000 roles.

308,000 *sq. ft.* — **CONSTRUCTION:** This year's delivery slate nearly matches that of 2025, adding another modest 0.3 percent to inventory and marking the 10th consecutive year below the national growth benchmark.

+20 bps — **VACANCY:** Despite minimal deliveries, a late-2025 leasing slowdown is weighing on vacancy in 2026. Still, at 12.4 percent by year-end, the rate remains 70 basis points below its long-term mean.

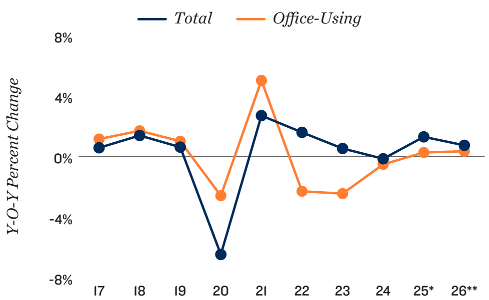
-0.7% — **RENT:** A second consecutive year of rising vacancy should shift the year-end average asking rate down to $14.90 per square foot. The only other annual decline in the past decade occurred in 2021.

INVESTMENT: *A sizable amount of retail and industrial development around Cincinnati & Northern Kentucky International Airport could spur heightened office demand and investment appeal on that side of the river.*

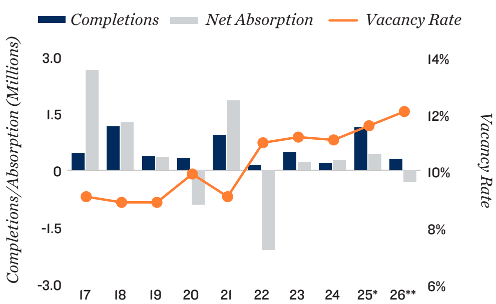
CLEVELAND

Class Divergence Stands Out While Transaction Velocity Modestly Increases

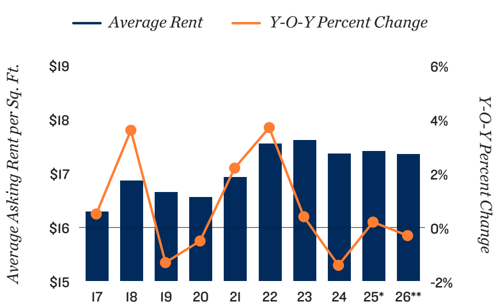
Employment Trends



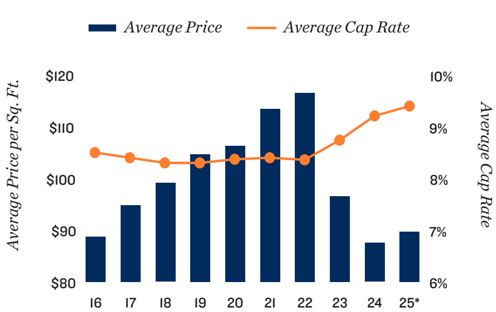
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Class A tailwinds lift outlook. Cleveland's favorable corporate tax treatment has long drawn large employers, including several Fortune 500 companies. However, the metro's ranking as ninth in office inventory per capita has also left it more exposed to today's softer demand environment. Despite this, completions for 2026 are entirely pre-leased. Less than 400,000 square feet of office space is scheduled to deliver this year, though the market is still expected to record its fourth year of net relinquishment since at least 2008. With over half of the metro's inventory concentrated in Class B/C — and vacancy in that segment weakening heading into the year as upper-tier assets posted mild improvements — overall momentum may remain soft. Even so, Class A properties built after 2010 continue to outperform, posting sub-5 percent vacancy last year and demonstrating tenant preference for higher-quality space. Additionally, Cleveland's office-conversion activity is removing underutilized buildings from inventory, easing pressure on the market, especially in the CBD, where projects like Erieview Tower are underway.

Smaller-sized assets dominate sales mix. In 2025, Class B/C buildings under 30,000 square feet captured their largest share of trading volume in over five years as investors targeted smaller, older properties — a shift from larger-format-focused sales in prior years. Entering 2026, Cleveland's average price per square foot sat just under $90 — still the lowest among regional peers — alongside a modest uptick in trading activity, reflecting relative affordability within the Midwest. Even so, weakening fundamentals in the B/C segment may prompt buyers focused on cash flow to grow more cautious. However, early signs of firmer Class A performance could draw interest from well-capitalized investors toward the top of the quality spectrum.

2026 MARKET FORECAST

NOMI RANK 46 — ***A combination of rising vacancy and subdued revenue growth weighs on the metro's ranking.***

+0.7% — **EMPLOYMENT:** The addition of 8,000 roles this year will account for only about 40 percent of last year's tally, with traditional office-using employment edging up by 800 positions in 2026.

300,000 *sq. ft.* — **CONSTRUCTION:** Inventory growth pulls back to 0.3 percent, as only a handful of completions are scheduled this year. Roughly 85 percent of the deliveries will be medical offices.

+50 bps — **VACANCY:** Despite supply pressure easing this year, vacancy is expected to increase to around 12.1 percent. The elevated rate will still rest more than 300 basis points below the U.S. level.

-0.3% — **RENT:** The average asking rent will decrease marginally, reflecting negative net absorption and rising vacancy. This year's metric of $17.35 per square foot nearly matches that of Columbus.

INVESTMENT: *Cleveland's growing support for office conversions — offered through tax credits and streamlined approval processes — enhances opportunities for investors to reposition underused assets.*

Talent Pipeline Keeps Companies' Sights on the Market, Especially in Nodes of Newer Offices

Diversified economy continues to aid vacancy. A labor market anchored by government, education, and healthcare institutions, utilizing a talent pipeline from the third-largest U.S. university by student population, provides support for Columbus offices even amid economic uncertainty. Move-ins by firms in chemical manufacturing, data infrastructure, insurance, and other private industries contributed to the strongest post-pandemic year for metrowide net absorption in 2025, roughly tripling the best annual performance in this period. Demand is expected to grow further this year, positioning Columbus for the second-largest year-over-year vacancy compression nationwide in 2026. At the submarket level, however, trends vary. Vacancy rose downtown last year, especially among Class A properties, as leases for larger spaces slowed. Demand is instead shifting toward smaller footprints. East Columbus, with its older office stock, continues to report higher Class B and C vacancy, as demand remains concentrated in more modern, amenity-rich nodes such as the Worthington-Flint Corridor.

Private investors and owner-users capitalize on lower pricing. The average price per square foot in Columbus ranks among the three lowest of all major U.S. markets. Yet the metro's average cap rate last year — 8.4 percent — was among the lowest in the Midwest and more than 100 basis points below Cincinnati and Cleveland, reflecting investor confidence in the market's long-term outlook. Owner-users were especially active, accounting for more than 50 percent of total sales volume and contributing to a roughly 50 percent increase in overall transaction activity metrowide. Most pre-1990 suburban properties traded with cap rates well above 8 percent, underscoring investor interest for value-add opportunities in well-located assets, especially around Interstate 270.

2026 MARKET FORECAST

NOMI RANK	8	***Strong office-using job growth combined with comparatively low vacancy levels garners Columbus a top 10 position this year.***

+0.8% **EMPLOYMENT:** The labor market in Columbus will add 9,000 jobs in 2026, including 4,000 typically office-using roles. The metro's pace of job growth ranks among the top 15 major U.S. markets.

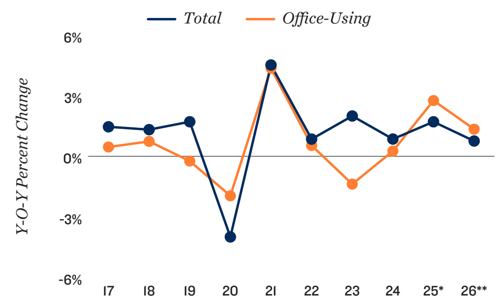
180,000 *sq. ft.* **CONSTRUCTION:** After a year with no meaningful deliveries, space additions in 2026 will still total only about 20 percent of the metro's historical annual average.

-70 bps **VACANCY:** Net absorption above the long-term average and a limited pipeline will support further vacancy declines. The metric is projected to reach 11.6 percent by December.

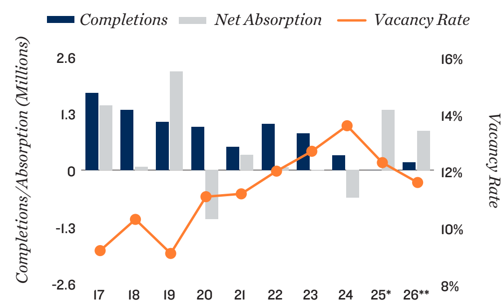
+1.7% **RENT:** Following a second consecutive year of vacancy compression, the average asking rent will reach $17.22 per square foot. The pace of rent growth ranks in the top quartile nationwide.

INVESTMENT: *Transaction activity downtown tripled last year, likely supported by the Downtown Columbus 2040 Strategic Plan. Investors may target mixed-use assets benefiting from rising foot traffic in the coming years.*

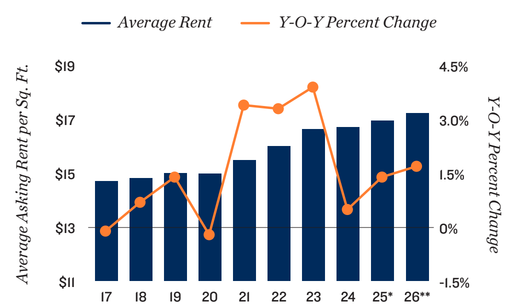
Employment Trends



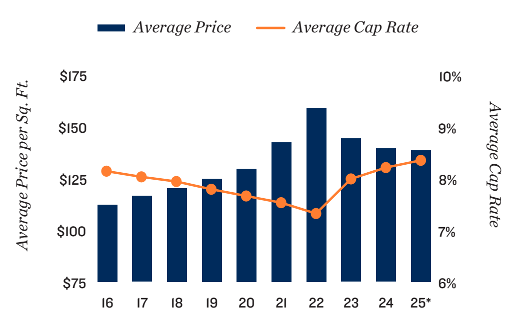
Supply and Demand



Rent Trends



Sales Trends



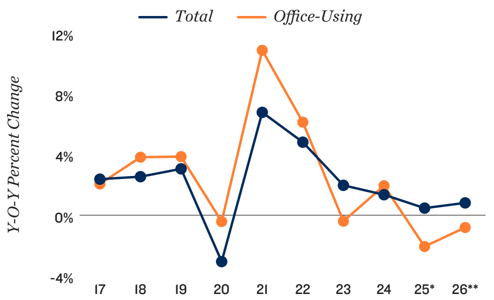
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

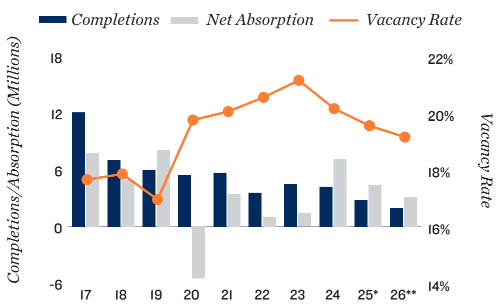
DALLAS-FORT WORTH

Demand for Office Space Extending Far Beyond 'Y'all Street' to Attract Capital to Key Submarkets

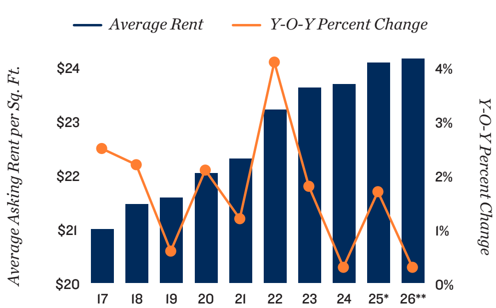
Employment Trends



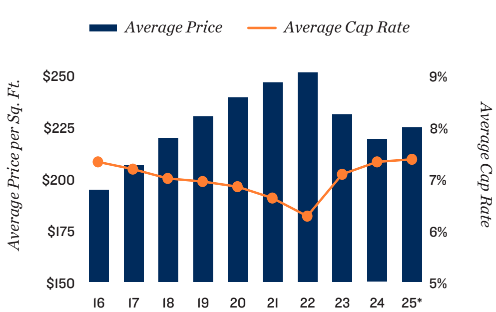
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Limited deliveries, targeted growth reinforce market strength. Dallas-Fort Worth office completions have slowed as development has concentrated on the Dallas side of the metroplex, which is more appealing to corporate transplants. In 2025, Uptown-Turtle Creek posted a vacancy drop of over 400 basis points while maintaining the metro's highest average asking rent. Vacancy is set to fall again this year as large corporations, including Goldman Sachs, Scotiabank, NYSE, Deloitte, and Bank of America, are preparing to move here. Meanwhile, the Fort Worth side boasts the metro's lowest vacancies, underscored by the CBD's rate under 9 percent in 2025. However, the Mid-Cities recorded the largest decreases in vacancy among all areas, with Arlington-HEB-Grapevine leading last year. Arlington and Mansfield noted over 250 office move-ins, averaging about 2,600 square feet per lease, showing strong demand among smaller businesses. Meanwhile, the metroplex is solidifying itself as a financial hub with the Texas Stock Exchange launch in early 2026, supporting long-term demand from banking and financial services firms.

The metroplex leads major markets in deal activity. Investor confidence in Dallas-Fort Worth strengthened in 2025, as prices rose for the first time since 2022 and transactions increased by nearly 58 percent. The average price edged up to $225 per square foot, while cap rates also inched higher, showing that operational efficiency gains could support future deal flow. Investors seeking cost-effective alternatives to core locations may focus on the Mid-Cities, Richardson-Plano, and Far North Dallas, where Class B assets accounted for over 60 percent of trades last year. Uptown-Turtle Creek and Preston Center saw fewer trades, but still attracted significant institutional capital allocations, signaling a strategic focus by larger investors, as major corporations continue moving in.

2026 MARKET FORECAST

NOMI RANK 9 *A vast inventory, a high concentration of office jobs, and a steady decline in vacancy position Dallas-Fort Worth in the top 10.*

+0.8% **EMPLOYMENT:** After its weakest year of job growth since 2020, the metro is poised to reverse course and lead the major markets in job creation, even as roughly 10,000 office-using jobs are shed.

1,983,000 *sq. ft.* **CONSTRUCTION:** Deliveries will slow to the weakest pace since 2011, increasing inventory by 0.5 percent. Of nearly 70 projects, most are under 100,000 square feet, driving about 90 percent of new space.

-40 bps **VACANCY:** Total net absorption will be strong enough to push the vacancy rate down to 19.2 percent, yet remain the 10th highest among major metros and about 200 basis points above pre-pandemic norms.

+0.3% **RENT:** A slight decrease in vacancy will help the average asking rent inch up to $24.15 per square foot. This extends the metro's growth streak while remaining under the U.S. average asking rent.

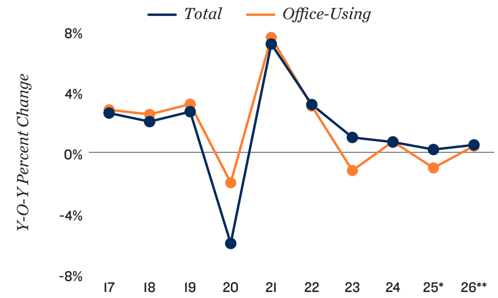
INVESTMENT: *The Texoma Semiconductor Tech Hub is accelerating university partnerships and expanding the region's talent pipeline, potentially attracting investors to nearby innovation corridors.*

Selective Momentum Across Office Sector Drives Renewed Interest From Investors

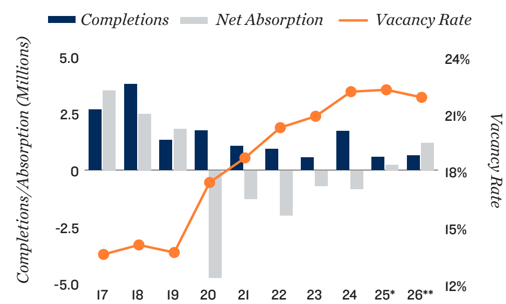
Tightening in key districts an early signal of improving office conditions. After years of rising vacancy, Denver's office landscape is nearing an inflection point, supported by fewer tenant move-outs, normalizing sublease availability, and historically subdued construction. Tenant demand is firming in the metro's core office hubs, with downtown posting a sharp vacancy decline in 2025 as available sublet space fell to its lowest level since 2020. Large leases remain limited, but legal, finance, and tech firms have fueled an increase in 10,000- to 20,000-square-foot signings. The Tech Center submarket also saw vacancy fall in 2025, and minimal deliveries in both areas should enable further tightening. Performance in smaller office districts will likely remain split, as vacancy in west and southwest Denver held near metro lows, with Class A availability in the southwest reaching all-time lows. In contrast, Broomfield and Aurora saw vacancy spike in 2025 and may continue to lag, given their older inventories and industrial-adjacent tenant bases.

Discounted towers, cash-flowing vintage assets find buyers. Institutional activity re-emerged in 2025, placing Denver among the top 10 markets for sales volume. Steep price discounts and firming fundamentals have drawn investors to 500,000-plus-square-foot office buildings downtown, many of which are still more than half vacant. Pricing below replacement cost is expected to enable buyers to absorb near-term vacancy pressures while positioning for a longer-term leasing recovery. Fully stabilized 1970s-vintage assets under 50,000 square feet have also regained interest, offering predictable income as lower rents and convenient locations draw tenant demand. These trades will likely stay concentrated near the Tech Center and in the western suburbs, while investors pursuing lease-up opportunities continue to favor recently renovated assets to limit capital needs.

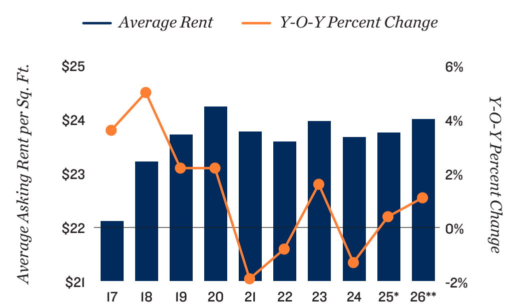
Employment Trends



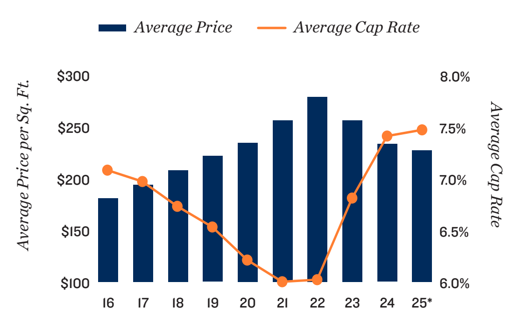
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NOMI RANK 23 *Vacancy pressures easing from elevated levels, coupled with a growing talent base, keep Denver near the middle of the Index.*

+0.5% — **EMPLOYMENT:** The workforce will increase by 8,000 new roles in 2026. After shedding jobs last year, the traditionally office-using sector is expected to add a modest 2,000 positions.

650,000 *sq. ft.* — **CONSTRUCTION:** Completions in 2026 will roughly align with last year and stay more than 50 percent below the past decade's average. Most deliveries are pre-leased and concentrated in Cherry Creek.

-40 bps — **VACANCY:** Denver's vacancy rate is expected to decline year-over-year for the first time in six years. The metro's rate will dip to 22.1 percent, still the second highest among major U.S. markets.

+1.1% — **RENT:** Elevated vacancy will subdue rent growth, though a modest rebound is expected as falling sublet vacancy eases the pricing drag. The metro's mean asking rent reaches $24.00 per square foot.

INVESTMENT: *A $900 million bond package approved in November will upgrade transportation, infrastructure, and public spaces in Denver, potentially attracting additional companies and office investors.*

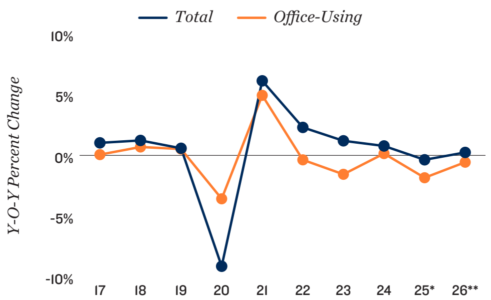
** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

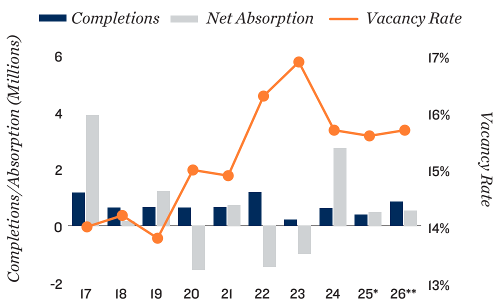
DETROIT

Stronger-Performing Submarkets Emerge; Demand Improves for Larger Floorplans

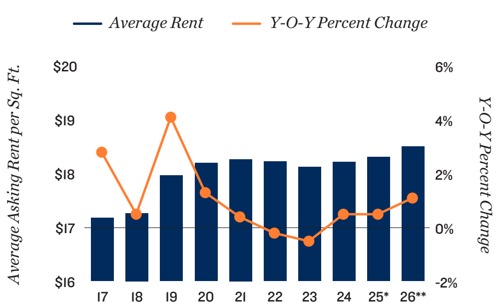
Employment Trends



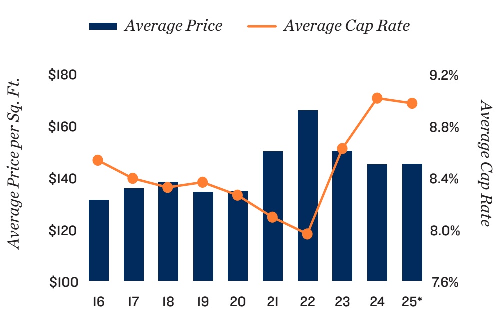
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Limited speculative development helps hold vacancy steady. After a slow start to 2025, demand dynamics in Detroit's office market improved in the second half amid a notable increase in move-ins across spaces over 50,000 square feet. Still, the square footage signed during that period trailed the semiannual average between 2015 and 2019 by more than 50 percent, suggesting demand will likely remain tempered in early 2026. Persistent softness across traditionally office-using employment sectors, such as professional, business, and financial services, underpins the metro's extended stretch of subdued absorption. Nonetheless, vacancy should hold relatively stable in 2026 due to limited speculative development in the pipeline, with more than 80 percent of new space set to deliver in 2026 already pre-leased, including 400,000 square feet at Hudson's Detroit. Submarkets that have recently shown steady demand across all quality tiers, such as the urban core and Troy, are likely to see some additional vacancy tightening ahead.

Michigan policy steers capital. As Detroit navigates relatively weak growth in office space demand, investors will likely remain cautious. Michigan's recent move to decouple from federal bonus depreciation and accelerated expensing rules narrows the tax benefits that would have supported acquisitions and redevelopment. As a result, speculative acquisitions will likely ease in 2026, with investors focusing more on assets backed by stronger fundamentals or local incentives. This change could have an outsized impact on submarkets that have struggled to recover since the pandemic, such as Southfield-Royal Oak and Bloomfield, where vacancy has climbed notably since late 2022. In contrast, areas that have seen steady demand and asking rent growth, like the urban core, Macomb, and Troy, may be less impacted.

2026 MARKET FORECAST

NOMI RANK 43 — ***Rising vacancy, coupled with comparatively weak traditionally office-using hiring trends, gives Detroit a lower ranking in 2026.***

+0.2% — **EMPLOYMENT:** Employment growth is expected to rebound in 2026, with the metro adding 5,000 jobs after posting losses in 2025. Still, traditionally office-using sectors will shed 3,000 jobs.

860,000 *sq. ft.* — **CONSTRUCTION:** This year's delivery slate will expand local inventory by 0.5 percent, modestly above both the metro's decade-long annual average and the national forecast of 0.4 percent.

+10 bps — **VACANCY:** The metro's vacancy edges higher in 2026 as net absorption nearly matches last year's volume. Nonetheless, at 15.7 percent by year-end, the rate stays 110 basis points below its long-term mean.

+1.1% — **RENT:** Modest growth in asking rent is expected to continue in 2026 as vacancy pressure stays about the same. At $18.50 per square foot in December, the metric will be up just 1.5 percent over five years.

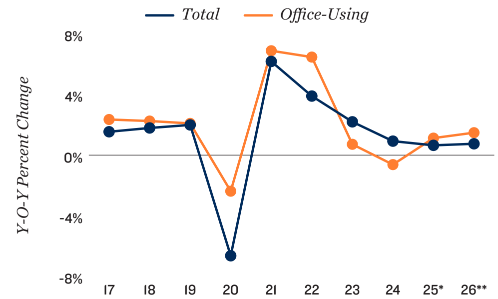
INVESTMENT: *A limited development pipeline since 2023, combined with improving net absorption, may boost investor interest in medical office space in 2026, particularly for properties under 50,000 square feet.*

Tenant Shift to Suburbs Draws Investor Interest as Downtown Navigates Leasing Softness

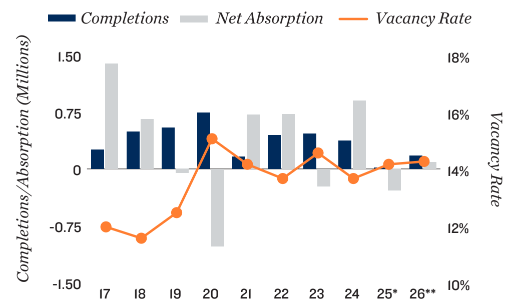
Suburban appeal grows, with the city center still well positioned. Following large office move-outs in early 2025, improving net absorption in the second half points to a more stable outlook heading into 2026. Suburban office nodes may outperform as tenants favor buildings with strong highway access, lower costs, and proximity to employees and clients. Pompano Beach, Plantation, Sawgrass Park, and Hallandale each saw vacancy fall by at least 70 basis points in 2025 as professional services, health care, and government users drove an uptick in leasing of small-format Class A and B space. Downtown and the city proper, by contrast, recorded vacancy increases of more than 150 basis points, and the lone 2026 delivery has secured minimal pre-leasing, which could keep pressure on local fundamentals. Even so, the CBD's vacancy rate of 17 percent has remained below the national average of 19 percent, and firmer business confidence alongside easing monetary policy could reengage corporate users that delayed commitments.

Stable vacancy facilitates investment in small, well-located properties. Private buyers are expected to continue leading sales activity in 2026 as discounted pricing creates more opportunities to acquire assets in the $1 million to $10 million range. Well-leased suburban offices under 50,000 square feet drew increasing attention in 2025, supported by vacancy holding below 9 percent compared with nearly 15 percent for larger buildings. Institutions have also favored midsize properties, often acquiring them through portfolio transactions at cap rates above 7 percent. Meanwhile, activity has slowed in premium downtown tower sales after a surge in early 2025 that included the largest transaction in more than a decade. However, more accommodative debt markets and a resilient long-term outlook could support renewed investment in 2026.

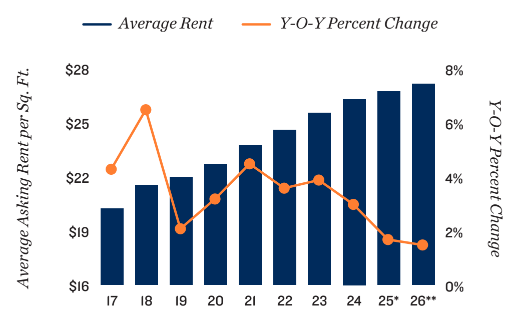
Employment Trends



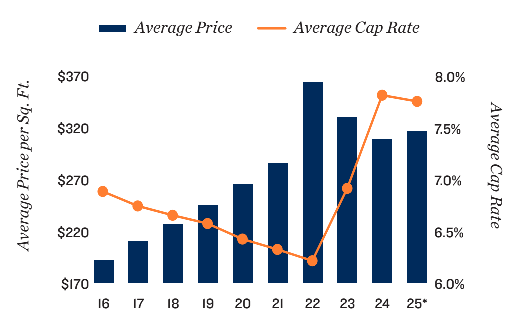
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NOMI RANK 10 — *Fort Lauderdale ranks in the top 10, as office-using employment growth offsets higher vacancy than in other Florida metros.*

+0.7% — **EMPLOYMENT:** Hiring will remain modest in 2026, with about 7,000 new positions. The traditionally office-using industry is still set to post one of the 10 strongest gains among major U.S. markets.

176,500 *sq. ft.* — **CONSTRUCTION:** Completions in 2026 stay below the long-term average of 500,000 square feet. The T3 in Flagler Village is the sole delivery of note, though it is only about 20 percent pre-leased.

+10 bps — **VACANCY:** Vacancy will rise at a slower pace than last year, reaching 14.3 percent. This will be the second-highest rate among major Florida markets, yet it will still be below most other Sun Belt metros.

+1.5% — **RENT:** Rent growth remains limited in 2026 as vacancy ticks up. The average asking rate will reach $27.15 per square foot, the lowest in Southeast Florida and roughly $3.00 below the U.S. average.

INVESTMENT: *The 65+ population in Fort Lauderdale, the fourth-fastest-growing among major markets, may spur more medical office trades after the metro outpaced Miami and ranked in the top 10 nationally in 2025.*

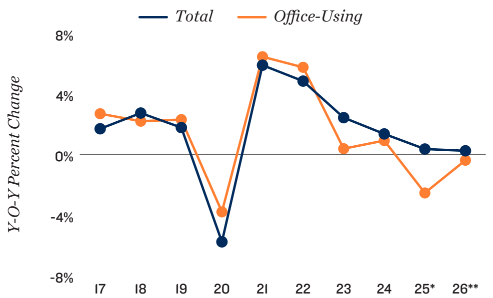
** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

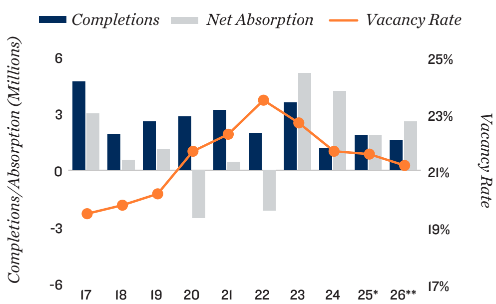
HOUSTON

Investor Confidence Renewed Amid Stabilizing Demand Growth, Strategic Focus on Premium Assets

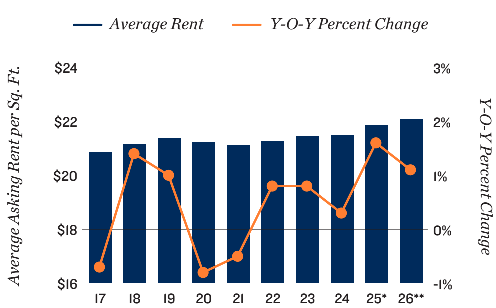
Employment Trends



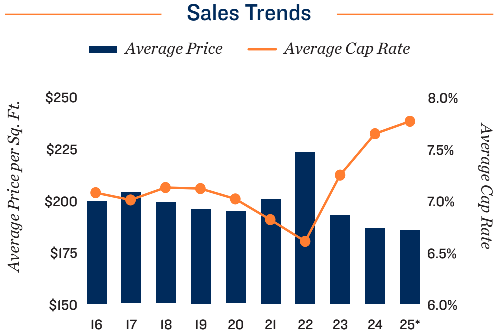
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Demand improving as supply pressure abates. Houston is one of only seven major U.S. markets that have not recorded a quarterly net relinquishment of office space since early 2024. The total vacant space in Houston by the end of this year is only 11 percent higher than in 2019; this is, by far, the lowest increase among the top 10 U.S. markets by total inventory. Taken together, supply and demand should remain largely in balance this year. Suburban office absorption is steady, especially in submarkets like The Woodlands, Northwest Houston, and West Loop, which offer short commutes to many of the metro's fast-growing western neighborhoods. The recovery in downtown office demand also stood out in 2025, as lower supply pressure and strong absorption contributed to steady vacancy compression. With about 80 percent of this year's deliveries pre-leased, the market is well positioned for further improvement in office fundamentals.

Investors target newer, well-connected properties. Sales activity in Houston picked up last year by about 50 percent, approaching the metro's 2022 peak. Class A trades doubled over the past year, and sales above $20 million rose at a similar pace. This underscores sustained interest in premium assets, even as elevated metrowide vacancy compared to other major U.S. markets prompted several other high-vacancy property sales. This also reflects the broader flight-to-quality trend, further highlighted by transaction activity tripling year-over-year in several of the metro's most active submarkets, including the western suburbs, such as Katy Freeway and Westchase, as well as downtown Houston. As nationwide economic uncertainty persists, investors will likely continue prioritizing assets with strong tenant profiles and durable cash flows, reinforcing the advantage of well-located, high-performing properties.

2026 MARKET FORECAST

NOMI RANK 41 — ***Elevated vacancy and continued declines in office-using employment weigh on Houston's ranking this year.***

+0.2% — **EMPLOYMENT:** Houston's job growth will slow to the second-lowest level in a decade, totaling 8,000 net jobs. The office-using sector will shed 3,000 jobs, many fewer than in 2025.

1,600,000 *sq. ft.* — **CONSTRUCTION:** The last three years have marked the lightest delivery periods since 2010, illustrating how considerably supply pressure has eased.

-40 bps — **VACANCY:** As net absorption continues to outpace new supply for a fourth consecutive year, vacancy will drop to 21.2 percent in 2026. Yet the metric remains the third highest among all major markets.

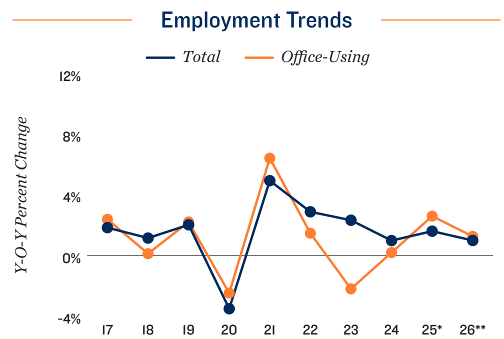
+1.1% — **RENT:** Continued vacancy compression will put upward pressure on the average asking rent. At $22.05 per square foot, Houston remains the most affordable primary market nationwide.

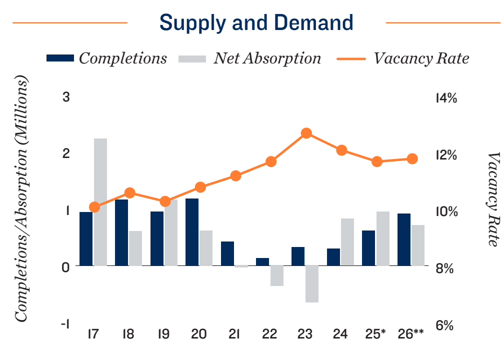
INVESTMENT: *Commuter convenience and limited speculative new supply help keep Class B/C vacancy especially low in Sugar Land-Stafford. Investors could target these areas for reliable cash flow.*

Certain Tenant Cohorts Bolster Demand While Signs of Price Stabilization Emerge

Smaller-format needs shape net absorption. Several submarkets will receive new supply in 2026, with most of it concentrated in the northern areas near Noblesville, Carmel, and Fishers, where much of the incoming space is already accounted for. Recent strength in suburban demand points to relative outperformance in these areas, with vacancy potentially undercutting downtown for the first time in several years. Meanwhile, a lower net absorption forecast this year in part reflects weaker 2025 leasing activity, with the fewest signings since 2020. Much of the move-in activity this year involves formats under 10,000 square feet. Smaller tenants are poised to benefit most from the new 2026 business personal property tax exemptions, suggesting that near-term net absorption will remain concentrated within this tenant cohort. These dynamics will partially contribute to the metro's vacancy rate inching slightly higher, settling just under 12 percent as completions outpace a softer yet still positive demand growth.

Strength in select submarkets draws investment. Transaction velocity improved for a second straight year as mean pricing continued to slide. Indianapolis, however, still carried the Midwest's highest entry costs, and cap rates reached their highest level since 2011. With vacancy projected to edge higher and rent growth slowing, investors are likely to remain selective, concentrating on outperforming nodes. One such area is the Carmel-Uptown submarket. It entered 2026 with vacancy near its lowest level since before the pandemic and recorded strong rent growth. Northwest Marion County, spanning College Park and Park 100, is similarly poised to attract investor interest, particularly among early-2000s-vintage assets with improving occupancy dynamics. Moreover, below-average pricing in this submarket also creates attractive entry points.





2026 MARKET FORECAST

NOMI RANK 24 *Strong office-using employment growth is offset by elevated new supply, placing the metro's ranking near the midpoint.*

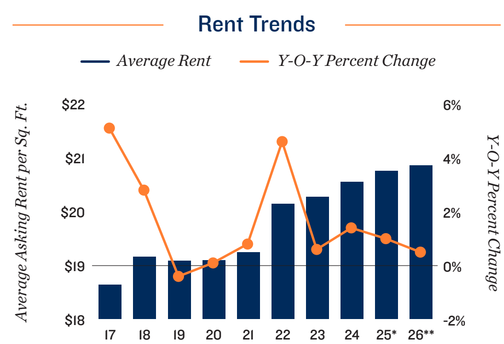
+1.0% — **EMPLOYMENT:** Traditional office-using roles expand at half the pace as the prior year, comprising 3,500 new net jobs, while total nonfarm employment will grow by roughly 12,000 positions.

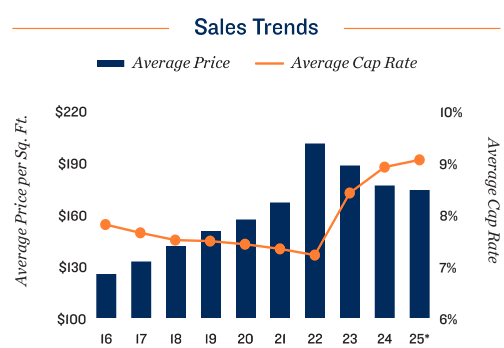
918,000 *sq. ft.* — **CONSTRUCTION:** Completions this year will expand office inventory by 1.0 percent year-over-year, the highest metric since 2020. Roughly two-thirds of the new supply will consist of Class B stock.

+10 bps — **VACANCY:** The rate will edge up to 11.8 percent, remaining above its 10-year average. As a result, the metro will fall from the second to the third-lowest vacancy rate among major Midwest markets.

+0.5% — **RENT:** Despite the metro posting strong net absorption relative to its inventory, rents will rise to only $20.85 per square foot — one of the lowest levels among tertiary markets.

INVESTMENT: *Over 300,000 square feet of medical office space will deliver in 2026, and, with it entirely pre-leased, vacancy should remain near 5 percent — well below other office types and likely to attract investor interest.*





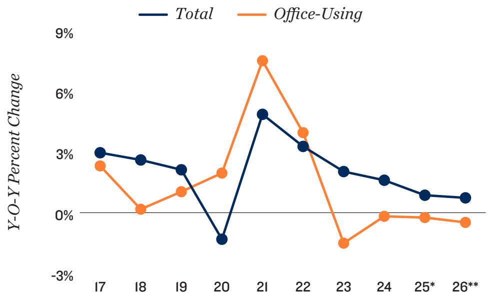
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

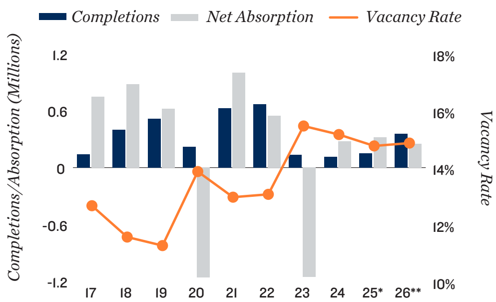
JACKSONVILLE

Demand Consolidates Around Mid-Tier Properties as Pressures Mount in the Urban Core

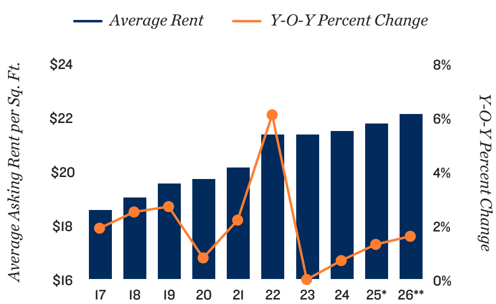
Employment Trends



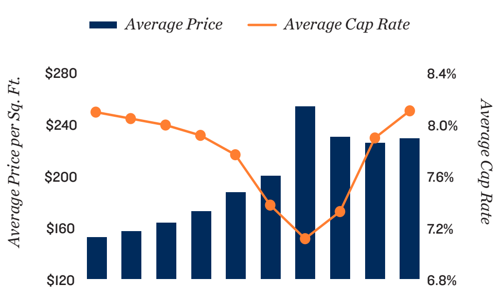
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Leasing activity gravitates toward suburbs. After a strong first half, office absorption in Jacksonville slowed in late 2025 amid relinquishments at both the high- and low-quality ends of the spectrum. In contrast, mid-tier assets have remained the most resilient, posting consistent positive net absorption since late 2024. Geographically, Southside stands out, as tenants have increasingly favored commuter-friendly suburban locations with local amenities. Class B/C vacancy here tightened notably in 2025. Downtown Northbank experienced the opposite trajectory, as several large tenants vacated space late in the year. Citizens Property Insurance was the most prominent example. The firm returned over 200,000 square feet of space to the market upon relocating to Southside. These trends show a broader shift in demand toward suburban infill submarkets and away from the urban core heading into 2026.

Repositioning plays become increasingly attractive. Transaction velocity accelerated in Jacksonville in late 2025, led by the Southside and Butler-Baymeadows submarkets, which together accounted for more than half of the year's trades. In both areas, strengthening fundamentals among mid- to high-tier assets should continue drawing investor interest. Metrowide, newly adopted ordinances reducing parking and landscaping requirements for renovating older commercial properties will help lower redevelopment costs in 2026, supporting upgrades to aging office stock and making adaptive reuse more feasible. Combined with recent federal bonus depreciation incentives, these changes are setting the stage for increased value-add activity targeting older Class B and C buildings — particularly at a time when Class A asking-rent growth has outpaced the other tiers in each of the last two years.

2026 MARKET FORECAST

NOMI RANK 40 — ***Quickly expanding inventory and rising vacancy contribute to Jacksonville's rank in the bottom quartile of the Index in 2026.***

+0.7% — **EMPLOYMENT:** Employment growth ranks among the top 15 major markets this year, generating 6,000 new jobs. Even so, the traditional office-using sector is projected to shed 1,000 positions.

355,000 *sq. ft.* — **CONSTRUCTION:** The metro's inventory expands by 0.7 percent in 2026, its fastest growth since 2022. Roughly 60 percent of the incoming space is pre-leased as of the start of the year.

+10 bps — **VACANCY:** Speculative deliveries will contribute to vacancy edging higher in 2026. The rate ends the year at 14.9 percent — 100 basis points above its long-term mean.

+1.6% — **RENT:** Asking rent growth will accelerate modestly in 2026 for the third straight year. At $22.10 per square foot by year-end, the metro will remain the most affordable among Florida's major markets.

INVESTMENT: *Relative to most other major Southeast peer markets, Jacksonville offers one of the highest cap rates at 8.1 percent heading into 2026, positioning the market to continue attracting yield-oriented investment.*

Market Outlook Takes Shape as Downtown Strengthens and Suburbs Hold Firm

Shift to CBD accelerates. For the first time since 2020, vacancy in the CBD dropped below suburban levels, reaching about 11 percent, down from 12 percent last year. Major tenants such as Fidelity and Conexon are planning to upsize their downtown offices in 2026, which, coupled with limited completions in the area, should allow vacancy to continue shrinking this year. Even as the CBD continued to gain momentum, areas like Overland Park remain the cornerstone of the market. Overland Park vacancy fell by more than 100 basis points in 2025, reflecting steady suburban demand for accessible, cost-efficient space. Meanwhile, about 90 percent of 2026 deliveries are outside the CBD, with submarkets such as South Kansas City, East Jackson County, and North of the River receiving more than 500,000 square feet of space. Single-digit vacancy rates signal developers' confidence in continued demand prospects.

Steady trading and slowing cap rate expansion hint at stabilization. In 2025, transactions continued to rise year-over-year, even as sale prices declined and cap rates edged higher. Both trends moderated compared to prior periods, signaling potential market stabilization as buyers and sellers become more aligned on deal terms. South Johnson County remains the epicenter of deal flow, especially around College Boulevard, where a 20-building portfolio sold for nearly $200 million last year. Investors focused on Class B/C assets may become more active this year, as the segment's sustained vacancy declines point to a widening tenant-demand base and firmer leasing momentum across quality tiers. Buyers focused on entry costs may instead look to East Jackson County, which led the metro in Class C trades last year, offering some of the lowest price points and higher yield potential compared to core submarkets.

2026 MARKET FORECAST

NOMI RANK 31 *Despite relatively low vacancy following recent reductions, muted rent growth keeps the metro in a mid-tier ranking.*

+0.6% **EMPLOYMENT:** Total employment growth rebounds modestly, with a net gain of 7,000 jobs, while traditionally office-using roles decline by 4,000 positions.

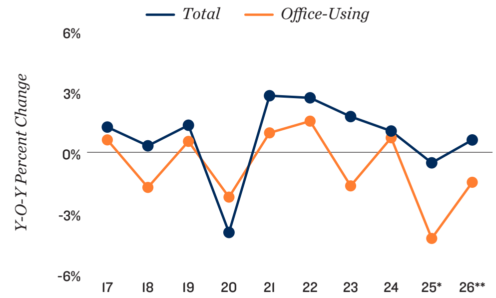
1,071,000 sq. ft. **CONSTRUCTION:** Completions will rise to the highest level since 2021, marking a return to pre-pandemic norms. The metro will see one of the 10 fastest inventory growth rates among major markets.

-50 bps **VACANCY:** Supported by strong net absorption, the metrowide vacancy rate will fall to 11.5 percent, the lowest since 2020 and ranking among the 10 least-vacant major markets.

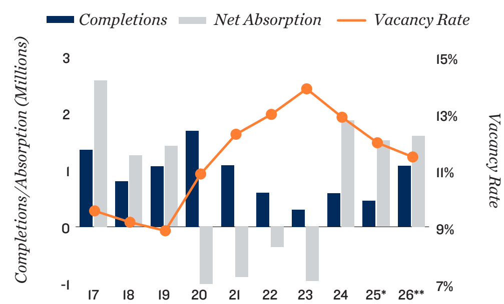
+0.5% **RENT:** With vacancy tightening, the average asking rent will rise to $21.45 per square foot, extending a five-year growth streak and underscoring relatively strong market fundamentals.

INVESTMENT: *Midtown's vacancy remains among the lowest in the metro, while rents lead at over $25 per square foot. This, and a track record of sub-$2 million sales, should keep this submarket amenable to private investors.*

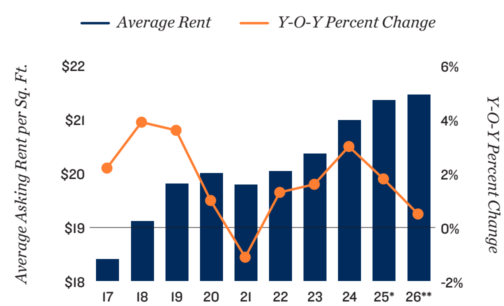
Employment Trends



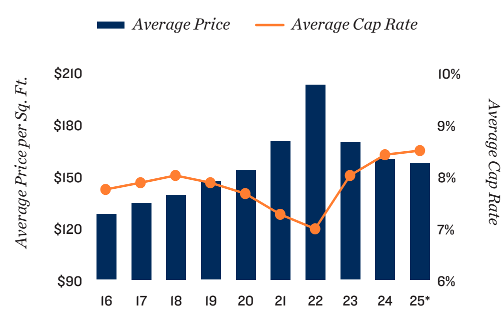
Supply and Demand



Rent Trends



Sales Trends



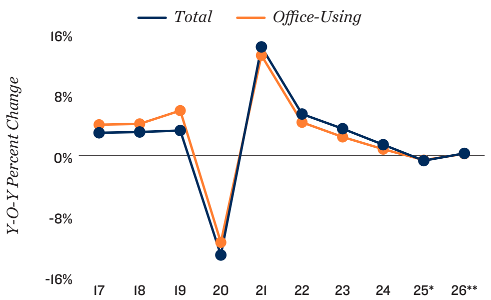
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

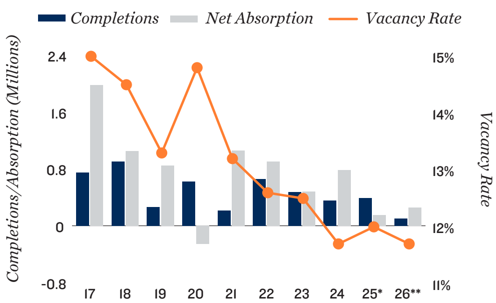
LAS VEGAS

Tenant Preferences Drive Outperformance in Submarkets With Higher-Quality Stock

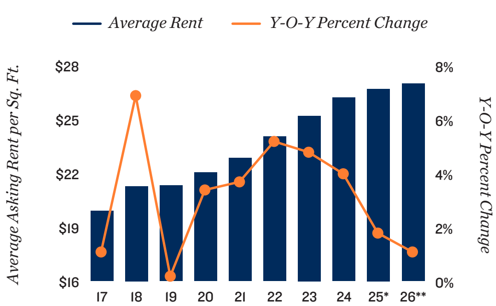
Employment Trends



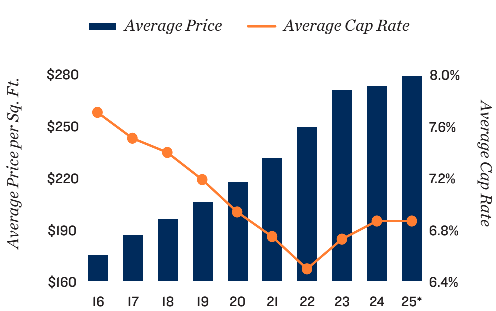
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Southern suburbs stand out. Tenant demand in Las Vegas is shifting across both quality tiers and submarkets heading into 2026. Older, low- to mid-tier space was relinquished in parts of Downtown in the second half of 2025, leading to rising vacancy and declining asking rents. In contrast, southern suburban submarkets have continued to outperform. The corridor southwest of the Interstate 15/Highway 592 interchange has seen vacancy decline to a record-low mid-7 percent range as of early 2026, while infill pockets southwest of Harry Reid International Airport are also posting lower vacancy rates. Relative strength across these areas reflects a higher concentration of mid- to high-tier properties — often in low-rise formats and built after 2000 — that align with the metro's growing preference for quality assets. Coupled with strong freeway access and proximity to the metro's fastest-growing residential base in Henderson, these factors should continue to support this localized momentum.

Investors remain focused on key segments. While net absorption weakened in 2025, the metro's vacancy rate remained more than 400 basis points below its long-term mean. Still, investors remain selective. The metro's average cap rate was among the 10 lowest of major markets in 2025, while average per-square-foot pricing rose at the fastest pace nationally, despite transaction velocity hovering near 50 percent of its 2015-2019 annual average. This disconnect points to heightened competition among buyers for select assets. As such, trading may remain concentrated in Class B properties in 2026, though certain Class A assets may trade hands on the back of improving fundamentals. Deals involving medical office facilities will also likely remain elevated, as the segment's vacancy fell late last year to its lowest level since 2006.

2026 MARKET FORECAST

NOMI RANK 26 — ***Low vacancy relative to other major metros helps offset slower hiring trends, giving Las Vegas a middle ranking in 2026.***

+0.3% — **EMPLOYMENT:** While still well below the long-term average growth rate of 3.3 percent, this year's 3,000 new positions, with 500 from traditionally office-using sectors, are an improvement over 2025.

100,000 *sq. ft.* — **CONSTRUCTION:** The delivery pipeline is set to narrow notably in 2026 as inventory expands by just 0.2 percent, representing the smallest annual gain since at least 2007.

-30 bps — **VACANCY:** Thinning construction coupled with accelerating net absorption helps the metro's vacancy decline to 11.7 percent, among the 10 lowest for major markets in the nation.

+1.1% — **RENT:** Vacancy compression supports modest asking rent growth in 2026, marking the metro's 10th consecutive year of increases. By year-end, the average rate is forecast to reach $27.00 per square foot.

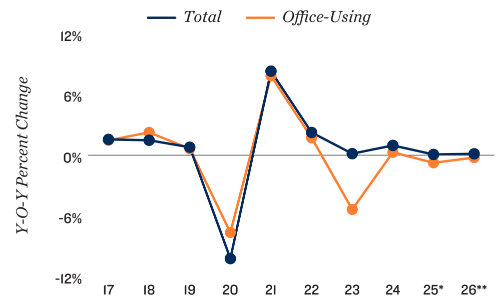
INVESTMENT: *Investor interest may remain concentrated in the outperforming southern suburbs, where both conventional and medical office space built after 2000 accounted for a large share of metro investment last year.*

Improving Class B/C Demand Offset by Headwinds as Vacancy Continues to Rise

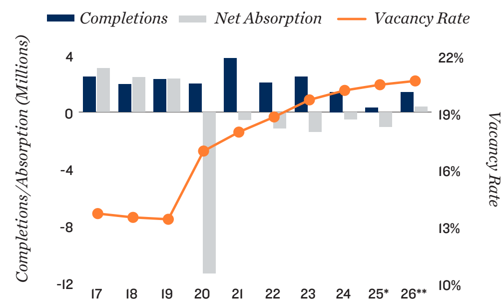
Metro continues to grapple with rising availability. Los Angeles County's office sector entered 2026 with record-high vacancy. Challenges to property performance are evident across different facets of the marketplace, with CBD and suburban vacancy both around 20 percent and availability above 17 percent across all six of the metro's largest submarkets. Fortunately, Class B/C demand has recently shown signs of improvement. Positive net absorption was noted in the segment during each quarter last year. Leasing activity may further improve if company formations related to professional services, finance, and insurance occur more frequently. The record number of high-propensity business applications — filings that have a high likelihood of becoming businesses with payroll — logged last year in California bodes well for this prospect, as Los Angeles County historically registers the most filings in the state. Moving forward, however, the metro is likely to face further hurdles. The ongoing decline in local film- and entertainment-related jobs may adversely impact demand for post-production and other creative office space, specifically in West Los Angeles and Burbank-Glendale-Pasadena.

Seasoned investors returning to the table. Despite historically elevated vacancy, Los Angeles noted a nearly 25 percent rise in transaction activity during 2025. While deal flow improved across price tranches, the $10 million-plus segment reported the most pronounced rate of increase. More institutions reengaging with the marketplace bodes well for listings and sales volume moving forward, with these investors likely active in West Los Angeles, Mid-Wilshire, and San Fernando Valley. Private investors, meanwhile, are likely to focus on sub-50,000-square-foot buildings. The San Gabriel Valley may stand out among submarkets, with pricing below average and vacancy under 10 percent.

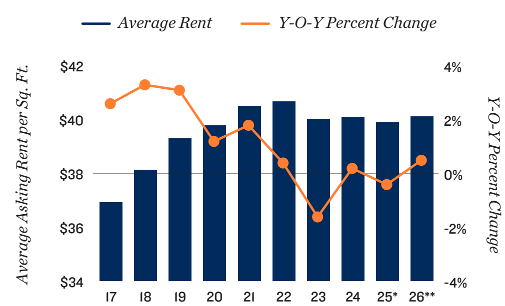
Employment Trends



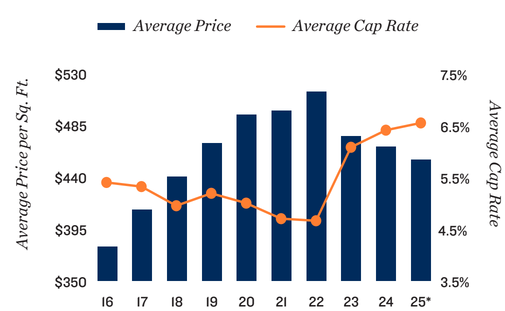
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 50 — *Nationally elevated vacancy and the loss of more than 50,000 office-using roles since 2019 equate to a bottom-tier position.*

+0.1% — **EMPLOYMENT:** Los Angeles registers a second straight year of modest job creation, lifting the metro's headcount to a record mark. Still, a slight decline in traditional office-using roles is expected.

1,400,000 sq. ft. — **CONSTRUCTION:** Supply additions increase on an annual basis; however, inventory expands by only 0.4 percent. A lone project in Century City accounts for roughly half of this year's delivery volume.

+20 bps — **VACANCY:** Local vacancy is projected to rise at a moderate pace for a second consecutive year. At 20.7 percent, Los Angeles' year-end rate is roughly 500 basis points above its long-term average.

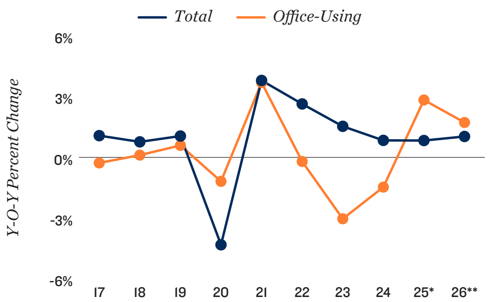
+0.5% — **RENT:** Elevated vacancy limits upward mobility on asking rents. As such, the metro's average marketed rate adjusts nominally, hovering around $40 per square foot for a sixth straight year.

INVESTMENT: *Medical office vacancy has held in the 9 percent range since 2021. This consistent demand may fuel investor competition for assets in top-performing submarkets such as the San Fernando and San Gabriel valleys.*

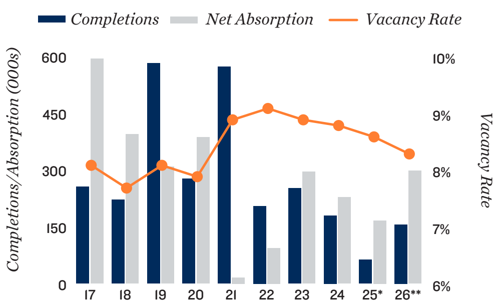
LOUISVILLE

Small-Business Office Demand Rises as Fortune 500 Companies Sign More Conservative Leases

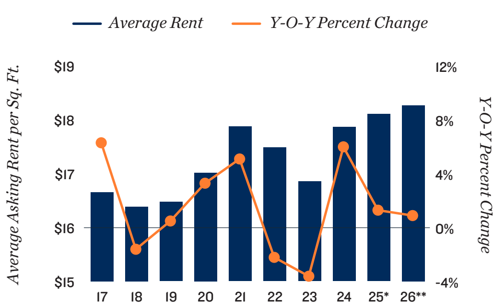
Employment Trends



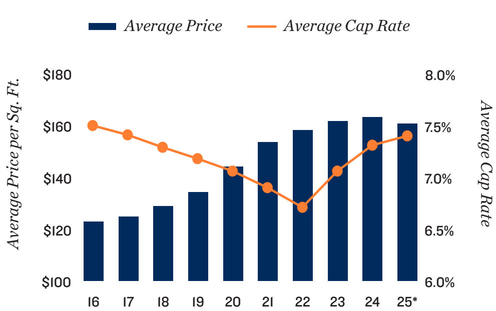
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Suburban submarkets post record compression. Louisville's nationally low office vacancy rate has been driven by compression in Class B/C properties, which comprise most of the stock. In the CBD, Class B/C vacancy fell about 200 basis points last year, approaching 8 percent. In some smaller submarkets, such as St. Matthews and Old Louisville, segment vacancy ended the year near 2 percent. While recognizable Louisville companies like Humana and YUM! Brands have consolidated space, small-business leasing activity has more than compensated for enterprise-level relinquishment. State-level tax changes may encourage this going forward. Kentucky lowered its income tax rate from 4.0 percent to 3.5 percent earlier this year, the first phase in a plan to eliminate the tax. This will likely stimulate demand for smaller, Class B/C spaces among pass-through businesses. Overall, net absorption is expected to exceed last year's level modestly, setting up vacancy for a slightly larger reduction by year's end.

Dueling tax cuts across state borders. Louisville's office deal flow grew by about 35 percent year-over-year in 2025. The search for very low vacancy may carry investors north of the river into New Albany and South Clark County, where the local rate ended 2025 below 5 percent. Limited conventional inventory may make listings competitive, while recent medical office transactions indicate local interest for that property type as well. Additionally, Indiana's income-tax cut — lowering the rate from 3.05 percent to 3.0 percent in 2025 and to 2.9 percent in 2027 — should aid the competitiveness of buildings in this submarket relative to Kentucky locations. Meanwhile, tenants are also entering into owner-user transactions, including in southeast Louisville. Below-metro-average vacancy here may also attract conventional investors.

2026 MARKET FORECAST

NOMI RANK 32 — ***Vacancy below 10 percent earns Louisville one of the higher ranks among metros where office-using jobs are less common.***

+1.0% — **EMPLOYMENT:** The employment base in greater Louisville expands by 7,500 jobs. In contrast to the national trend of slowing hiring, the pace of job creation will accelerate slightly in 2026.

156,000 *sq. ft.* — **CONSTRUCTION:** The annual inventory growth rate rises marginally from last year, expanding stock by 0.3 percent in 2026. This measure is below the annual mean rate of 0.6 percent from 2016 to 2025.

-30 bps — **VACANCY:** The market vacancy rate declines to 8.3 percent. This is the third lowest among major metros, behind the Inland Empire and Charleston.

+0.9% — **RENT:** The average asking rent rises to $18.26 per square foot. The modest pace of rent growth broadly aligns with that of nearby Indianapolis but falls short of Nashville's above-1-percent projected gain.

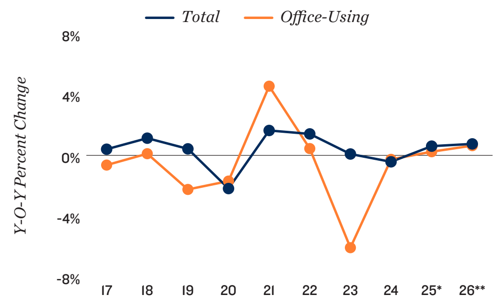
INVESTMENT: *Improving mid- and low-tier vacancy may draw buyers back to the CBD, a common location for past trades of these buildings. Ongoing redevelopment plans may improve the appeal of surrounding offices.*

Demand Continues to be Concentrated Amid Low Supply Growth and Slower Transaction Activity

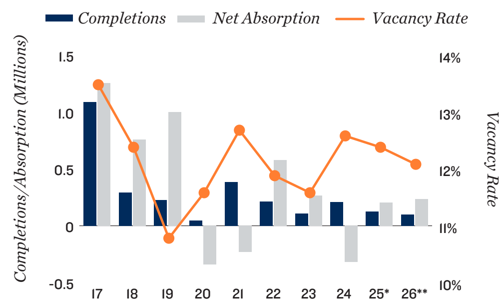
New supply tapers as demand thrives along U.S. Route 72. Although Memphis' central business district is among the least vacant among major metros, recent leasing activity continues to shift east toward the 385 Corridor, and East and Northeast Memphis. East Memphis, holding the metro's largest inventory, remains the focal point for leasing activity, averaging about 3,000 square feet per signing. The area is also home to the University of Memphis, streamlining talent supply for local businesses. In the 385 Corridor, Class B/C vacancies remain in single digits, with Class B leasing signaling demand for mid-tier assets in particular. Finance, insurance, and professional service firms looking in the area may continue to gravitate closer to Route 72, which provides access to the 385 Corridor and central Memphis. Route 72's structural stability and recent momentum point to further vacancy compression, with Class B assets leading the trend.

Submarket dominance persists. Pricing continued to soften as cap rates expanded last year, reflecting an ongoing bid-ask spread. While these dynamics slowed deal flow, they could create a more favorable entry point as valuations reset and yields improve. Activity was concentrated in the 385 Corridor along Route 72, primarily in Class B assets, a trend likely to continue in this submarket. Although Memphis has historically been driven by private investors, in 2025 they were net sellers, while users were net buyers, underscoring how market dislocation is creating opportunities for user-driven strategies. Larger assets have also found buyers in the current environment, as nearly 80 percent of the acquisition capital deployed last year comprised just four transactions concentrated in the East, Northeast, and 385 Corridor. Trading activity may remain subdued until bid-ask spreads narrow, but improving liquidity and fundamentals could drive a recovery.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NOMI RANK 36 — ***Despite a notably low vacancy rate, limited inventory and office employment keeps the metro ranked below the midpoint.***

+0.8% — **EMPLOYMENT:** Modest job growth extends through this year, delivering the strongest annual net gain since 2022. The metro ties for 12th nationally, for year-over-year percent change in employment.

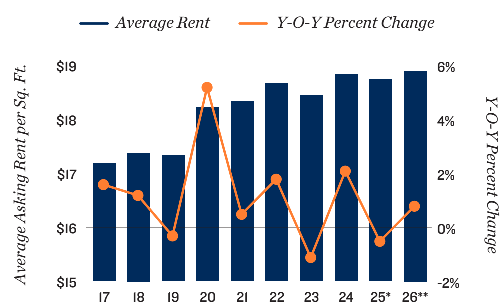
100,000 *sq. ft.* — **CONSTRUCTION:** Inventory growth slows to 0.2 percent, marking the lowest completion rate since 2020 and keeping the metro among the tightest supply nationally.

-30 bps — **VACANCY:** Strong net absorption helps vacancy edge lower to 12.1 percent, ranking in the top quartile for the least vacant market among major metros.

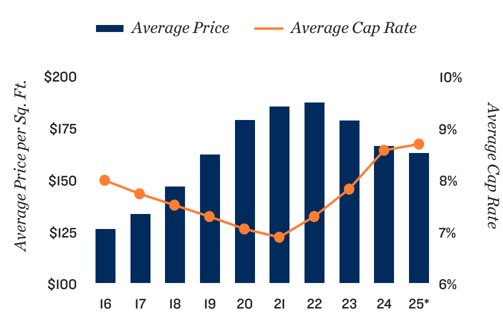
+0.8% — **RENT:** A subtle reduction in vacancy aids rent growth, with the average asking rate reaching $18.90 per square foot. However, Memphis maintains one of the lowest rents among major metros.

INVESTMENT: *Flight-to-quality is benefiting East Memphis. Holding the metro's largest Class A inventory, the area posts lower vacancies than downtown, positioning investors in East Memphis for positive returns.*

Rent Trends



Sales Trends



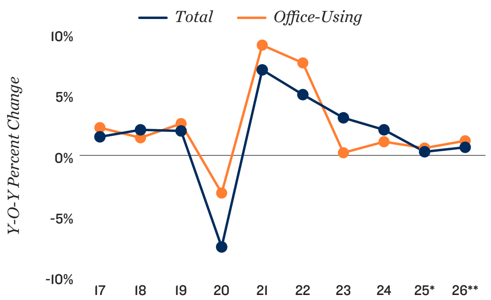
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

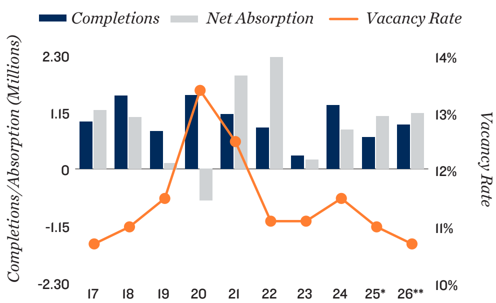
MIAMI-DADE

Renewals Drive Core Stability, While Transportation Upgrades Strengthen Suburban Office Appeal

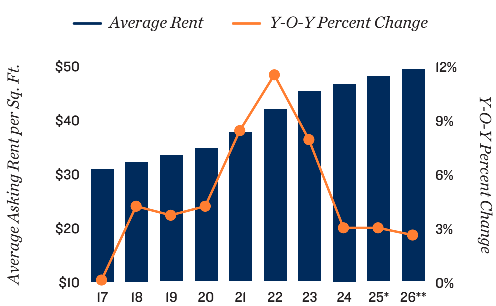
Employment Trends



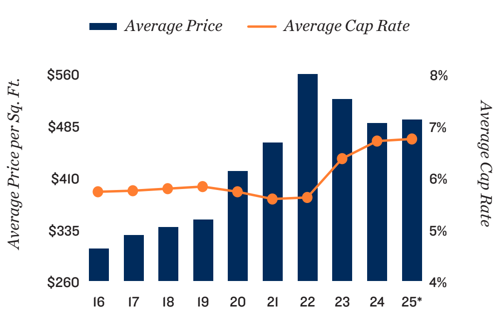
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Downtown retention climbs as key suburbs outperform. Amid modest business expansion, Miami-Dade's office market is set to continue tightening as tenants gravitate toward modern space in prime locations. Outside the urban core, vacancy remained below 12 percent in 2025 and fell most in districts with established employment bases, such as the Biscayne Corridor, Coral Gables, and near Miami International Airport. By contrast, peripheral suburbs like Miami Lakes and South Dade may face ongoing pressure as tenants trade out of older buildings with fewer amenities. At the same time, greater tenant stability should support improved vacancy in Brickell and downtown, which remain the only major submarkets with rates above 15 percent. Downtown posted its strongest third-quarter leasing volume in more than a decade as finance and legal firms renewed their full footprints, signaling confidence in long-term space needs. Further momentum may emerge as business sentiment improves, supported by the recent repeal of the commercial lease tax, which is expected to save companies billions annually across the state.

New transit line reinforces emerging investment trends. Private buyers and institutions moved away from the urban core in 2025 amid elevated vacancy, though improving fundamentals and better borrowing conditions could revive trading. However, suburban assets are likely to stay favored, with Miami's suburban vacancy near 10 percent — the fourth tightest in the country. Institutions should remain active in Coconut Grove and Coral Gables, which sustained asking rent growth above 6 percent, while private investors may focus on lower-cost areas such as Kendall, where trading surged last year. The 2025 launch of the metro's first bus rapid transit line may sustain this trend by improving access from Florida City to Dadeland South and attracting tenants to nearby offices.

2026 MARKET FORECAST

NOMI RANK 5 ***Miami ranks in the top five, supported by one of the nation's tightest vacancy rates and continued corporate inflows.***

+0.7% **EMPLOYMENT:** Hiring improves modestly, with 9,000 new jobs in 2026. The financial activities sector will drive the sixth-fastest traditionally office-using job growth among major markets.

900,000 sq. ft. **CONSTRUCTION:** Completions will edge higher in 2026 but remain in line with the past decade's average. Deliveries will concentrate in Wynwood and Edgewater, and are more than 75 percent pre-leased.

-30 bps **VACANCY:** Well-accounted-for new supply and stable tenant demand help vacancy fall slightly in 2026. At 10.7 percent, the metro's rate will be about 180 basis points below its long-term average.

+2.6% **RENT:** Miami will rank among the top 10 major markets for asking rent growth for the seventh straight year, leading all metros with a 41 percent increase over the period, reaching $49.25 per square foot.

INVESTMENT: *Enhanced bonus depreciation may spur more investors to reposition older offices, especially in districts where Class A vacancy remains under 10 percent, such as Northeast Dade and Coconut Grove.*

Quality Assets Continue to See Vacancy Compression While Investors Seek Lower-Tier Properties

Class dynamics shape this year's outlook. Class A performance, with vacancy entering 2026 roughly 300 basis points lower year-over-year, underscores the metro's ongoing flight-to-quality trend. With the Class A pipeline fully pre-leased, incoming supply should have a limited impact on fundamentals, positioning the segment to record a 10th consecutive year of positive net absorption at the metro level. This trend has been particularly strong in the CBD since the pandemic. Even as upper-tier availability in the core will extend its multiyear decline in 2026, recent leasing activity suggests tenants are increasingly favoring Class B/C properties. More broadly across the market, lower-tier assets face a more cautious outlook as a greater number of lease expirations in 2026 elevates potential move-out risk — particularly in Waukesha County, where vacancy remains the metro's highest, despite recent improvement.

Reconfiguration strategies dominate trading activity. Local investors drove deal flow last year, with many of them focusing on 1980s and select 1990s assets where elevated vacancy and discounted pricing created value-add and repositioning opportunities. Meanwhile, post-2010 buildings saw less activity, though vacancy near 5 percent entering 2026 may draw interest from investors seeking immediate cash flow. A deceleration in pricing declines, combined with cap rate stabilization near 9 percent, indicates that buyers and sellers are beginning to reach a more balanced footing. With this emerging stability, overall transaction volume remained roughly in line with the prior two years. At the same time, more than $3 billion in ongoing and planned public and private investment in downtown Milwaukee should bolster the area's economic backdrop, improving the environment for future capital deployment.

2026 MARKET FORECAST

NOMI RANK 48 *Employment growth, ranked the lowest nationally, acts as a headwind to the metro's Index placement.*

-0.9% **EMPLOYMENT:** Both total employment and traditional office-using roles are expected to decline this year, with the latter shedding roughly 1,000 positions — the largest annual drop since 2023.

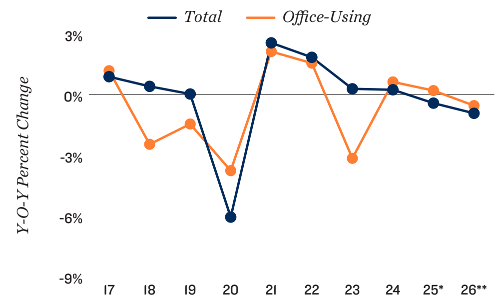
90,000 sq. ft. **CONSTRUCTION:** Inventory growth will fall to 0.1 percent, the slowest recorded pace since at least 2007. Nearly all incoming deliveries will be Class B, and most will be in Milwaukee County.

-20 bps **VACANCY:** The metro's vacancy rate will tighten modestly to 16.0 percent, benefiting from a predominantly pre-leased supply pipeline. This will mark the third consecutive year of vacancy improvement.

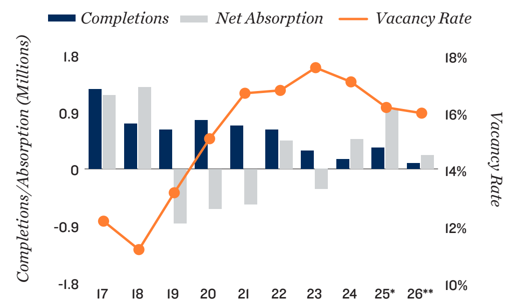
+0.6% **RENT:** Milwaukee's average asking rent will rise to $17.10 per square foot, remaining below its 10-year average and marking the second-lowest growth among Midwestern metros.

INVESTMENT: *Brookfield-New Berlin attracted an outsize share of investor interest last year. Elevated vacancy levels above the metro average could keep the node in focus for value-add and repurposing strategies in 2026.*

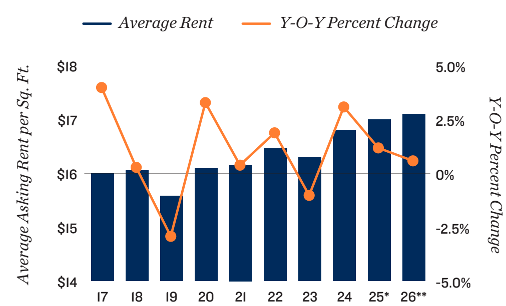
Employment Trends



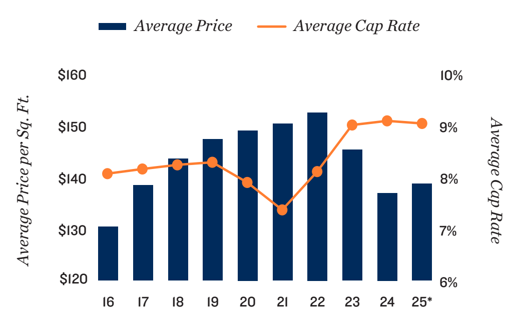
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

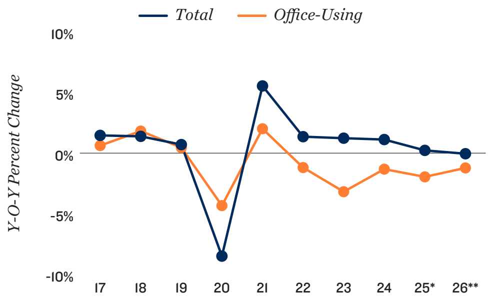
MINNEAPOLIS-ST. PAUL

Suburban Strength Offsets Downtown Weakness as Investment Activity Increases

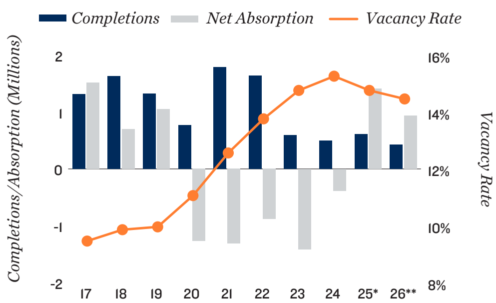
Core-periphery divide increasingly favors the latter. Suburban submarkets enter 2026 on more even footing, with vacancy outside core areas falling below 12 percent for the first time since early 2023 — one of the lowest rates in the nation. Demand has been particularly notable among properties built after 2010, which saw greater leasing activity last year. Firmer suburban demand, reflected in nodes like the Interstate-494 Corridor and suburban St. Paul, should underpin the metro's modest vacancy improvement in 2026. In contrast, the central business districts of both Minneapolis and St. Paul head into the year from weaker positions, with vacancy continuing to rise in 2025. This trend, alongside soft overall hiring in office-based roles and limited new corporate growth downtown, points to another year of subdued demand in the urban cores. Even so, muted construction across both CBDs, coupled with an expanding slate of office-to-alternative conversions, may help limit further vacancy increases in downtown settings.

Sales momentum builds amid increased confidence. Investors last year responded to the break in a five-year run of negative net absorption, closing more transactions than in either 2023 or 2024. While below peak levels, the pickup signals improving sentiment heading into 2026, particularly as vacancy and net absorption maintain a positive trajectory. The I-394 Corridor captured an outsize share of investor activity last year — even excluding a large portfolio sale — supported by its strong connectivity to major employers and downtown Minneapolis. With asking rents among the highest in the metro and tenant demand favoring amenity-rich suburban nodes, the corridor appears positioned to remain a key target for capital in 2026. Investors seeking smaller footprints may look to suburban St. Paul, the most active submarket for trading last year.

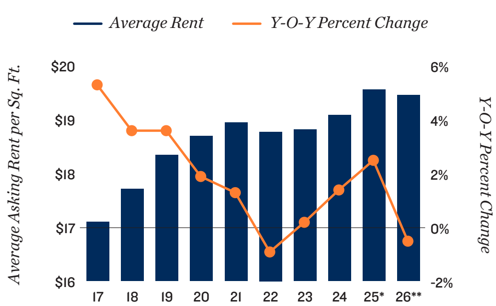
Employment Trends



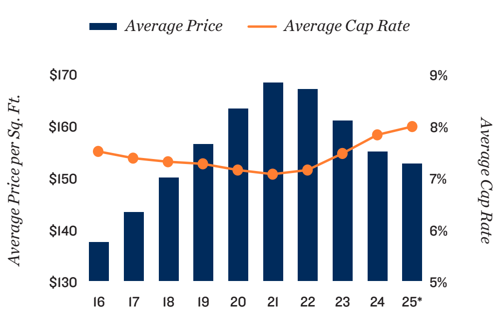
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 42 *A high percentage of college graduates is not enough to offset job losses in 2026, placing the metro in the lower echelon.*

-0.05% **EMPLOYMENT:** Total employment will fall by about 1,000 positions on net, while office-using industries will lose roughly 5,500 jobs this year — its fifth consecutive annual decline.

430,000 *sq. ft.* **CONSTRUCTION:** Inventory expansion will slow to its lowest level in more than a decade, with the I-494 Corridor in Hennepin County accounting for roughly half of all deliveries.

-30 bps **VACANCY:** Buoyed by net absorption not far below historical norms, the metro's vacancy rate will register a second year of modest tightening to 14.5 percent, yet still sit above its five-year average.

+1.5% **RENT:** The average asking rent will increase to $19.85 per square foot, placing Minneapolis-St. Paul's rent change among the highest in the Midwest, extending a four-year streak of gains.

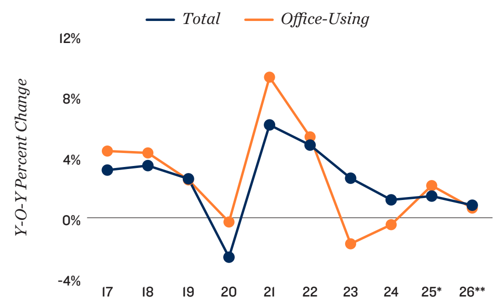
INVESTMENT: *Medical office trades edged higher near Edina and Bloomington last year, where a median age above the metro average supports stronger healthcare demand and may draw further investor interest in 2026.*

Ongoing Flight to Quality Across Office Hubs Impacts Investors' Strategies

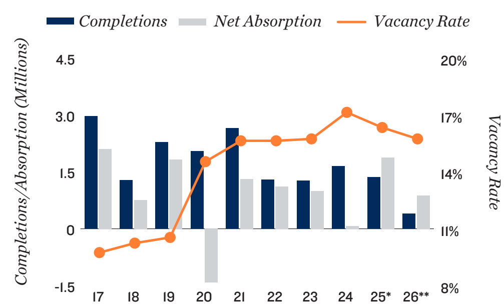
Upper-tier demand supports positive net absorption. Like other Southeast markets, Nashville's office sector is expected to see vacancy compression this year, supported in part by limited deliveries and a handful of corporate moves. Notable shifts will include Holland & Knight's relocation from Nashville City Center to Symphony Place downtown and The General's 100,000-square-foot expansion near the airport. Entering 2026, Class A properties carried stronger demand momentum, particularly across Downtown, Cool Springs, and West End — the metro's largest submarkets by stock — where tenants absorbed a net of 1.4 million square feet of space during just the first nine months of last year. The CBD accounted for more than half of this absorption total, underscoring demand for centrally located space. Moreover, Metro Council's expansion of the Central Business Improvement District may reinforce the competitiveness of core Class A inventory. By contrast, the Class B/C sector entered 2026 on uneven footing, posting net relinquishment in each of the past two years. A recent rise in lease executions with 2026 start dates, however, suggests that conditions may improve modestly.

Capital targeting both stable and troubled assets. Sales across Nashville edged up in 2025, finishing just below its prior 10-year average. Neighborhoods just north of the airport, Brentwood, and other suburban areas adjacent to the core led in sales activity. Metrowide, the average price per square foot declined modestly heading into 2026, partly reflecting a sales mix skewed toward older assets and a higher share of partially vacant or value-add properties. Investor interest may also expand in submarkets such as Greenhill-Music Row or Rivergate-Hendersonville, where Class B/C mean asking rents have grown at roughly double the metro's cumulative rate since 2021.

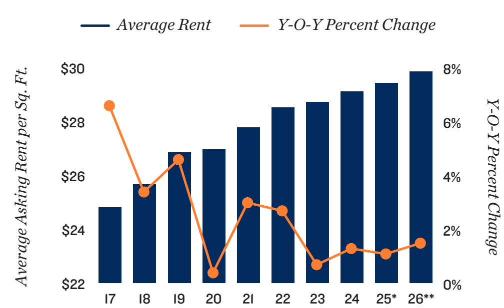
Employment Trends



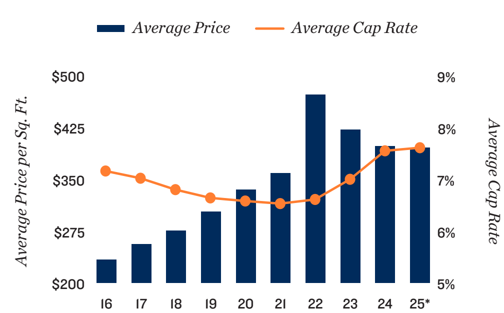
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NOMI RANK 12 — *A combination of easing vacancy and employment growth helps propel Nashville's ranking into the top 15.*

+0.8% **EMPLOYMENT:** Of the 10,000 positions arriving this year, the traditional office-using sector will account for about 2,000 roles. Though a smaller gain than last year, it will be among the most nationally.

400,000 *sq. ft.* **CONSTRUCTION:** Nashville's office inventory expansion of just 0.4 percent will be the slowest pace since 2013. More than 80 percent of the pipeline was accounted for at the start of 2026.

-60 bps **VACANCY:** Local vacancy is projected to compress for a second straight year as net absorption continues to outpace limited new supply. This lowers the metro's rate to 15.8 percent by year-end.

+1.5% **RENT:** Nashville has the longest streak of annual rent growth among major metros. At $29.85 per square foot, the metro's mean asking rent also ranks fourth highest among secondary markets.

INVESTMENT: *Rivergate-Hendersonville's medical office market features below-average vacancy and relatively accessible pricing, appealing to investors in this segment seeking stabilized assets at lower entry costs.*

** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

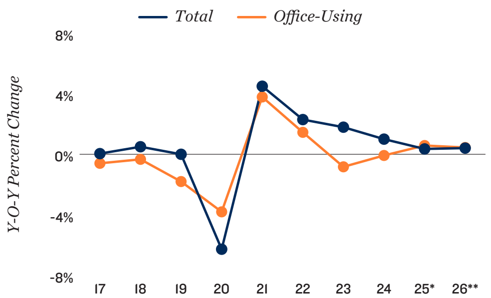
NEW HAVEN-FAIRFIELD COUNTY

Broadening Tenant Demand Accelerates Capital Deployment Despite Divergent County Trends

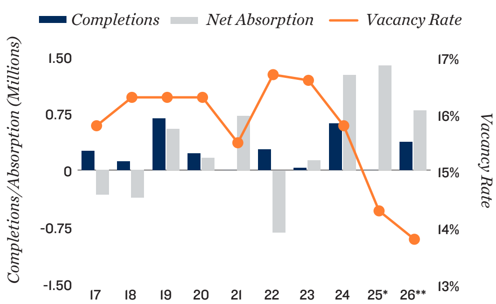
Availability declining in Fairfield County as New Haven faces select strain. Performance diverged across counties in 2025, with Fairfield posting the nation's sharpest vacancy decline as both Class A and B/C rates fell by over 200 basis points. Although large-block leasing has slowed, the county's deep professional base and appeal to firms seeking proximity to New York City at lower costs should support further tightening in 2026. By contrast, New Haven County saw net move-outs in 2025, but they were confined to a few properties. Quantum-Si terminated its 65,000-square-foot headquarters lease, and upgrades at a Long Wharf tower prompted exits. Nevertheless, New Haven's vacancy near 10 percent — versus over 16 percent in Fairfield County — suggests these spaces should be leased again over time. Despite federal policy headwinds, the local university system is expected to remain a key driver of office demand, backed by a recent $50 million state investment in research facilities and infrastructure for life-science and technology firms.

Shrinking B/C vacancy broadens investor strategies. Across Fairfield County, investors gained greater confidence to acquire slightly older assets last year as net absorption extended into lower-tier buildings, driving Class B/C vacancy below 7 percent to near all-time lows. Stamford should continue to anchor investment, given its large corporate clusters, while long-term plans to overhaul the city's transportation center will reinforce tenant accessibility. Assets with vacancy risk here may sustain investor interest as improving demand conditions strengthen prospects for backfilling. Meanwhile, New Haven County experienced slower trading amid weaker net absorption. Even so, buyers may reengage going forward, particularly those targeting properties under 50,000 square feet, where leasing at multiyear highs drove vacancy below 5 percent in 2025.

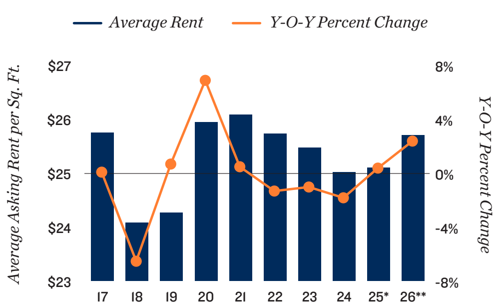
Employment Trends



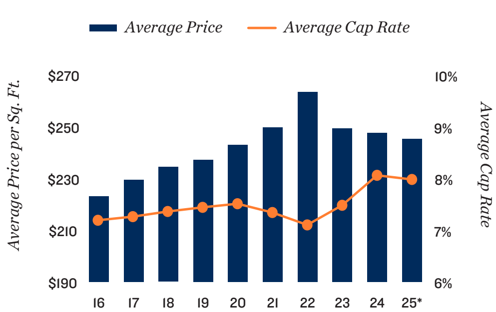
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 34 — ***Subdued white-collar hiring, particularly in New Haven, places the market in the second half of this year's rankings.***

+0.4% — **EMPLOYMENT:** Employers create 2,900 new roles in 2026, including 700 typically office-using positions. New Haven-Fairfield County will see the third-fastest job growth among major Northeast markets.

375,000 *sq. ft.* — **CONSTRUCTION:** After no notable deliveries last year, new supply inches up, led by a 255,000-square-foot medical office in downtown New Haven and a fully leased 120,000-square-foot building in Darien.

-50 bps — **VACANCY:** Minimal supply pressures and steady leasing activity push vacancy down to 13.8 percent, enabling the market's vacancy rate to decline for a fourth consecutive year.

+2.4% — **RENT:** Tightening vacancy is expected to help the metro rank among the top 10 major markets for rent growth this year, lifting the metro's average asking rate to $25.70 per square foot.

INVESTMENT: *More investors may target East Haven and Branford, where GeBBS Healthcare Solutions plans to establish a 150-person U.S. headquarters, underscoring growing office demand near I-95 and Tweed Airport.*

Finance and Tech Momentum Aids Core Office Districts, Reigniting Investor Appetite

Manhattan leads recovery amid broader tenant mix. New York City posted one of the sharpest office vacancy declines in the nation for the second straight year in 2025, led by Manhattan's rate dropping over 200 basis points to under 15 percent. Midtown sustained record net absorption as financial services firms sought premium space, pushing Class A vacancy below the Class B/C rate. A growing technology presence also supported tightening in downtown and Midtown South, where New York University signed a 1 million-square-foot lease to expand its STEM programs and strengthen the talent pipeline. Some outer-borough submarkets have lagged as firms trade out of older, oversized spaces and move into smaller Manhattan offices at historically attractive rents. Yet, as vacancy tightens in the core and firms gain clarity on needs, move-outs should slow. Overall leasing may ease in 2026 amid softer hiring, while proposed corporate tax hikes could deter relocations, but decade-low construction should help sustain firming conditions.

Buyer interest expands beyond trophy assets. Sales activity rose sharply last year, mainly in Manhattan, where stronger absorption of lower-tier office space encouraged investors to extend their focus to higher-quality Class B buildings. More than 3 million square feet of office space was also acquired for conversion projects, a trend that should support gradually improving fundamentals. These dynamics may help sustain buyer interest in traditional office assets with vacancy risk, particularly in smaller buildings that are easier to fill. Outer-borough activity has been limited, but improving conditions in select submarkets could draw more investors. Northwest Queens and North Brooklyn each recorded annual vacancy declines of more than 100 basis points last year, and their growing populations and strong transit access should continue to appeal to tenants.

2026 MARKET FORECAST

NOMI RANK 1 — *New York City claims the top spot this year as interest from marquee tenants drives meaningful vacancy compression.*

+0.5% — **EMPLOYMENT:** About 25,000 roles will be created this year, with modest gains in traditionally office-using sectors. New York City will post the second-fastest job growth among major Northeast markets.

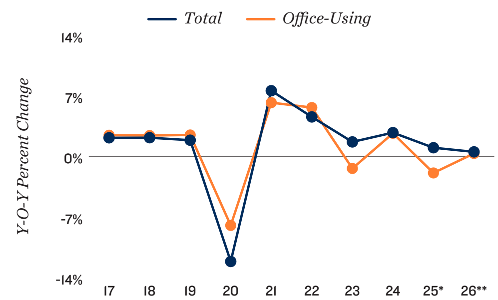
1,500,000 *sq. ft.* — **CONSTRUCTION:** Deliveries in 2026 will fall nearly 4 million square feet below the prior five-year average, bringing inventory growth to its lowest level since 2015 and to about half the U.S. pace.

-70 bps — **VACANCY:** The market will see vacancy decline for a third straight year, though at a slower pace. Vacancy is set to reach 13.5 percent, standing 280 basis points above the pre-pandemic average.

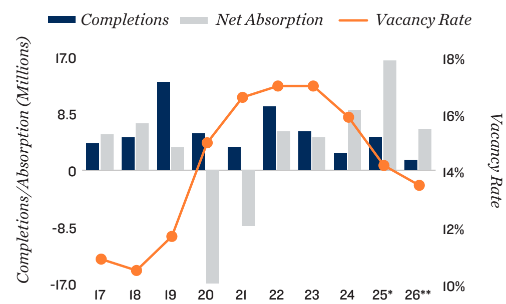
+2.8% — **RENT:** Falling vacancy enables New York City to post the fifth-fastest rent growth in the country this year. The average asking rate will rise to $56.00 per square foot, still 8 percent below the 2019 peak.

INVESTMENT: *New zoning in Long Island City permits 15,000 homes and 3.8 million square feet of commercial space, supporting its evolution into a mixed-use hub and strengthening its long-term tenant and investor appeal.*

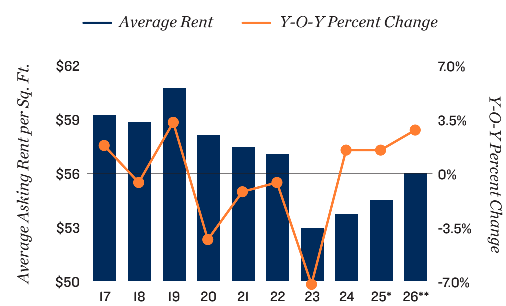
Employment Trends



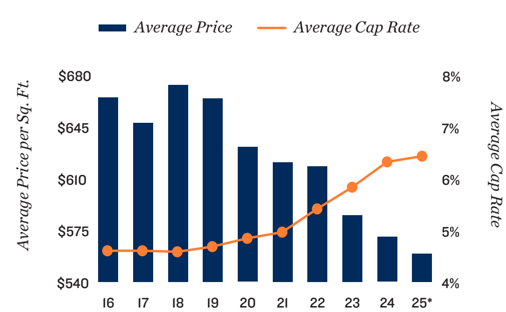
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

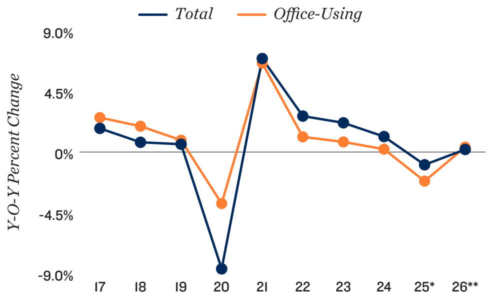
NORTHERN NEW JERSEY

Corporate Growth in Suburbs Tightens Vacancy; Transfer Tax Shifts Private Investment Strategies

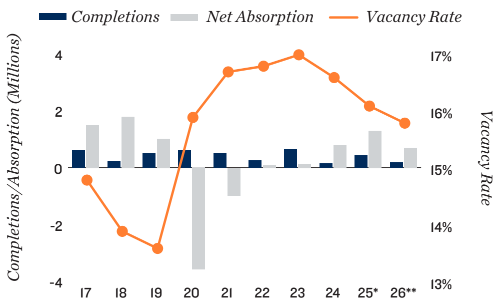
Cost-efficient secondary hubs anchor gradual office recovery. After two years of declining vacancy, the metro's office landscape should continue to improve as construction remains limited and older stock is repositioned. Lower-cost suburbs may outperform after Bergen, Morris, and Union counties each saw vacancy fall by at least 100 basis points in 2025. Kenvue and Selective Insurance establishing headquarters near Summit underscores the growing appeal of noncore locations to tenants. Conversion projects have further supported fundamentals in Morris County, after more than 600,000 square feet of stock was removed from Parsippany's inventory in 2025, pulling availability rates back toward pre-pandemic levels. Jersey City and downtown Newark have lagged amid softer leasing and tenant consolidations, though greater economic clarity could lift space needs. A growing film industry may also bolster office leasing as enhanced state incentives support studio investments by Paramount in Bayonne and Lionsgate in Newark.

Revised tax on sellers reinforces appeal of value-oriented nodes. New Jersey's updated transfer tax now scales up from 1 percent on commercial property sales above $1 million to 3.5 percent for assets over $3.5 million. This change will likely weigh most on private investors seeking to keep deals below key thresholds. More buyers may target lower-cost areas such as Morris County, where sales activity was near all-time highs. Morristown should stay active, with vacancy around 10 percent and KPMG's upcoming move-in reflecting expanding corporate interest. Tightening vacancy in nearby Parsippany could spur investors to reposition larger, outdated offices to capture rising tenant demand. Elsewhere, six new transit stations planned across Bergen County may draw buyers, as it holds one of the lowest vacancy rates in the Northeast at around 12 percent.

Employment Trends



Supply and Demand



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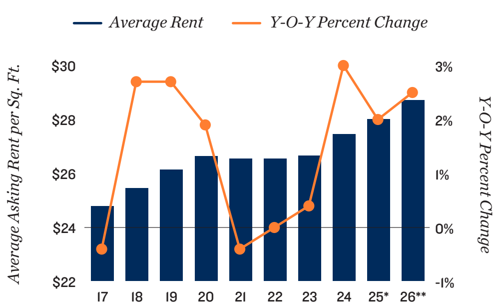
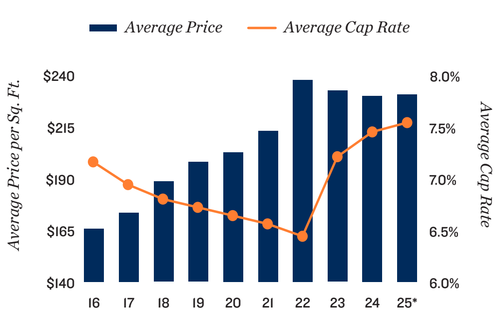


Sales Trends



2026 MARKET FORECAST

NOMI RANK 29 — ***Weak growth in office-using employment and slightly elevated vacancy put Northern New Jersey near the middle of the Index.***

+0.2% — **EMPLOYMENT:** The metro's workforce will grow modestly in 2026, adding roughly 2,000 new positions. Traditionally office-using sectors are expected to see a slight rebound after shedding jobs last year.

191,000 *sq. ft.* — **CONSTRUCTION:** Openings in 2026 will fall to roughly half of the past decade's average, approaching record lows. The metro will tie for the second-slowest inventory growth rate among major markets.

-30 bps — **VACANCY:** Minimal supply pressure helps maintain downward vacancy momentum. The rate will reach 15.8 percent, the lowest since before the pandemic and consistent with the national average.

+2.5% — **RENT:** Asking-rent growth will firm as conditions tighten, lifting the average rate to $28.70 per square foot. The metro stands out as one of the only Northeast markets to avoid rent declines in recent years.

INVESTMENT: *Meridian's new 90,000-square-foot medical center, together with strong year-end leasing across the ON3 health corridor, may sustain investment in offices that benefit from healthcare-adjacent demand.*

** Estimate ** Forecast*

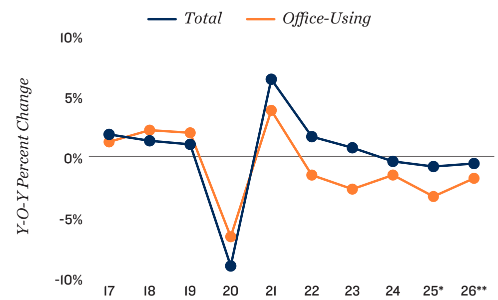
Sources: CoStar Group, Inc.; Real Capital Analytics

Metrowide Fundamentals Begin to Improve, Drawing Investment to Well-Positioned Assets

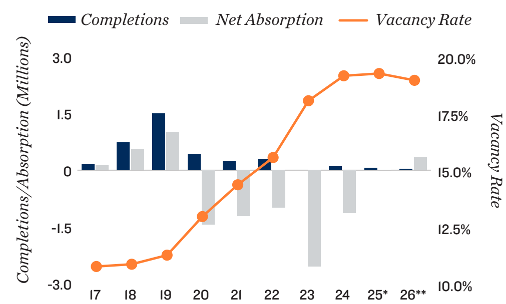
Inflection point in office demand and vacancy imminent. Due to a smaller tech presence, Oakland's office market recovery continues to trail nearby Bay Area metros. Still, much smaller increases in vacancy and net space relinquishment in 2025, compared to the previous year, suggest positive absorption is poised to return for the first time since 2019, leading to the first metrowide year-over-year vacancy compression in a decade, as no major speculative project is coming online. The Dublin-Livermore submarket has been a notable area of strength in 2025, with Class B and C properties performing especially well. This trend should become more widespread as tenants favor smaller, more flexible spaces, as metrowide leasing activity improves this year after a slower 2025. Major move-ins this year include Premier Nutrition and Vagaro, yet the outlook still hinges on occupancy gains in spaces under 50,000 square feet. Amid a broader Bay Area office recovery, Class A properties in Oakland's urban core could also see renewed interest from tenants looking to capitalize on the region's highly integrated economy.

Well-connected properties dominate sales. Transaction velocity increased by 25 percent last year in Oakland, the smallest improvement in the Bay Area, driven mainly by a 50 percent rise in downtown Oakland and Berkeley. Investors have remained focused in the urban core and along the Interstate 680 corridor, with private investors and owner-users especially active while institutions largely stayed on the sidelines. This trend is poised to continue, as still-elevated vacancy may slow local pricing recovery, though a more active lending environment could draw more investment activity. Additionally, the Interstate 880 corridor, with the lowest vacancy rate among major submarkets in the metro, could attract interest due to its sizable stock of recently renovated properties.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NOMI RANK 49 *Ongoing weakness in hiring in office-using sectors and elevated vacancy rates keep Oakland near the end of the rankings.*

-0.6% — **EMPLOYMENT:** The pace of job losses will ease a bit in 2026, after reaching a post-pandemic peak last year. Traditionally office-using sectors will continue to account for more than half of all roles cut.

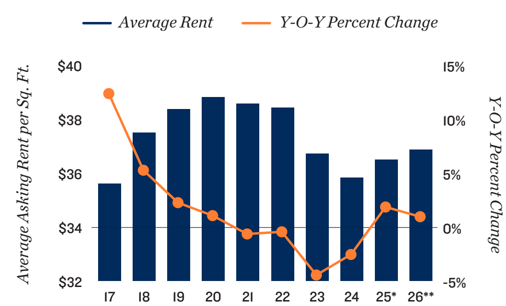
30,000 *sq. ft.* — **CONSTRUCTION:** Development activity remains very limited in Oakland, with this year's delivery total marking the lowest nonzero level in the metro since at least 2007.

-30 bps — **VACANCY:** Metrowide vacancy is projected to contract for the first time since 2016, as demand improves. Still, at 19.0 percent, the metric is only beginning to decline after last year's historic peak.

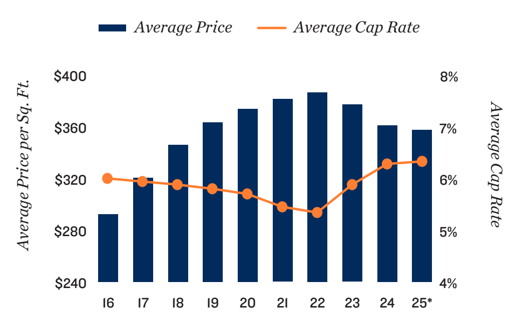
+1.0% — **RENT:** The average asking rent should continue to rise after growth reemerged in 2025. At $36.87 per square foot, the level still ranks among the 10 highest nationwide.

INVESTMENT: *Medical office sales were especially active around Dublin in 2025. Cap rates in the 7 percent range and proximity to more affluent households may draw investors again this year.*

Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

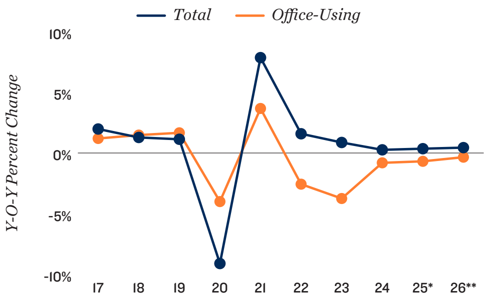
ORANGE COUNTY

Expanding Base of Technical Talent and Employers Bodes Well for Value-Add Opportunities

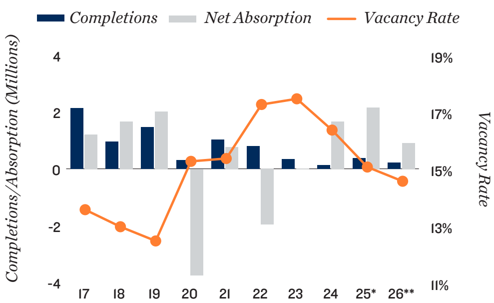
Growing STEM industries driving Orange County's office market. As one of only 12 U.S. metros where vacancy will land roughly 100 basis points below long-run levels, the metro benefits from a diversifying economy anchored by defense, hardware, and advanced research. Anduril is rapidly expanding around its Costa Mesa headquarters, and Hyundai is enlarging its countywide presence. With most deliveries tied to the Advantech North America campus this year, overall supply pressure will remain subdued. These corporate expansions have been particularly impactful among Class A properties, where vacancy declined roughly 300 basis points year-over-year in late 2025, making Orange County one of only six major U.S. metros to post such gains. Looking ahead, tailwinds in defense and hardware, combined with the University of California, Irvine's rising STEM reputation and industry-focused research, should continue to support office space demand. With roughly 20 percent undergraduate growth over the last decade and recognized strength in social mobility, UCI is positioned to supply a steady stream of highly skilled talent to support the metro's white-collar workforce.

Higher yields attracting private, in-state capital. Mainly driven by private investors, particularly owner-users, transaction velocity in Orange County increased roughly 50 percent year-over-year in 2025. The metro's average cap rate last year rose to 7.5 percent, up from 5.6 percent in 2019, when it was 150 basis points below the national average; the current rate now matches the national rate. Elevated cap rates, coupled with soft operating income, continue to pressure pricing for office buildings, while high land costs mean many properties are trading below replacement cost. These local market conditions create opportunities for investors pursuing value-add or repositioning strategies.

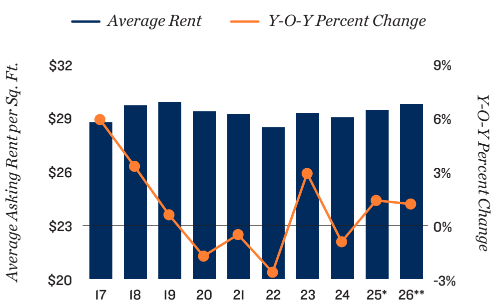
Employment Trends



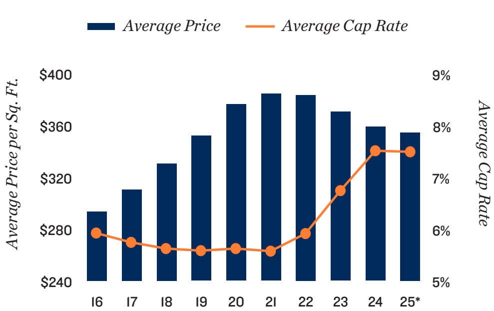
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NOMI RANK	18	*Orange County outperforms all other major California metros, as ongoing vacancy compression supports rent growth.*

+0.4% — **EMPLOYMENT:** The pace of job growth has been slowing since 2024. Orange County is projected to welcome 7,500 jobs this year across all sectors while shedding 1,500 office-centric roles.

225,000 *sq. ft.* — **CONSTRUCTION:** This year's deliveries will total roughly one-quarter of the metro's decade-long annual average, equating to just 0.2 percent inventory growth.

-50 bps — **VACANCY:** The vacancy rate will continue to decline for a third consecutive year, reaching 14.6 percent by December. The vacancy-compression pace will outdistance all other Southern California metros.

+1.2% — **RENT:** Falling vacancy will support further rent growth in Orange County, with the mean asking rate ending 2026 at $29.75 per square foot. That is slightly below the 2019 peak of $29.85.

INVESTMENT: *The area around and south of John Wayne Airport saw the fastest growth in sales activity last year. Despite elevated vacancies, investors are acquiring assets here as apartment deliveries ramp up in the area.*

** Estimate ** Forecast*

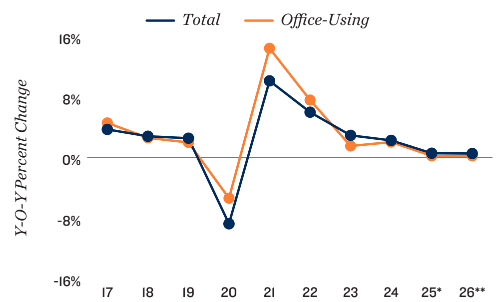
Sources: CoStar Group, Inc.; Real Capital Analytics

Performance Divide Between High-Quality and Older Properties Becoming Increasingly Evident

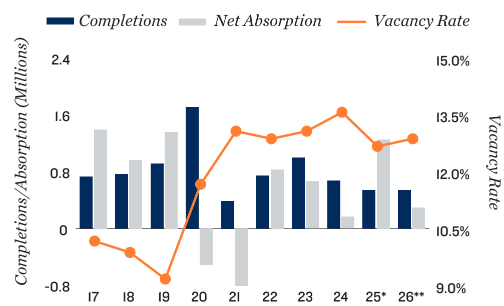
Leasing activity leaning toward Class A spaces. Demand across Orlando's office market increased in 2025, though it remained subdued compared to 2015-2019. Still, a recent uptick in lease executions with 2026 start dates suggests demand dynamics may improve modestly in specific market segments. This is particularly evident in Class A properties, which saw a substantial vacancy reduction in 2025. Siemens Energy's lease of more than 200,000 square feet of Class A space in Lake Nona, one of the metro's largest in the past decade, underscores the broader shift toward newer, high-quality space ongoing in suburban pockets. In contrast, space availability across mid- and lower-tier properties has remained flat. Moving forward, the Class B/C sector may continue to register net relinquishment, with properties built before 1990 potentially facing the most challenges.

Medical office deals capture the spotlight. Despite the metro's bid-to-ask spread remaining sizable for buyers, transaction velocity picked up in 2025. A notable increase in medical office trading was partially to credit, with trading most frequent in the Hunters Creek area. Recently accelerating net absorption across the subsector is likely to heighten investor interest going forward, potentially narrowing the sales-to-asking-price disparity. Meanwhile, traditional office buildings built or renovated after 1990 in suburban pockets to the north and east of Eaton Ville, as well as along the Tourist Corridor, continue to change hands. Metrowide, investors will likely remain focused on newer Class A and B properties. Still, overall activity will hinge on strengthening space demand and rent growth, as well as more favorable lending conditions — factors that have sidelined many buyers in recent years.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NOMI RANK	21	*Orlando's 2026 ranking is influenced by a modest rise in vacancy and standout office-using job growth in recent years.*

+0.6% — **EMPLOYMENT:** The metro is projected to add just 8,500 jobs in 2026, marking the fifth straight year of slowing growth. Traditional office-using industries contribute 1,000 positions.

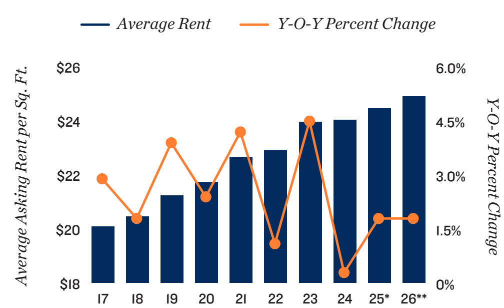
540,000 *sq. ft.* — **CONSTRUCTION:** This year's delivery slate matches that of 2025, translating to inventory growth of 0.6 percent. This increase trails the average pace of 0.8 percent during 2015-2019.

+20 bps — **VACANCY:** Softening demand growth is expected to push Orlando's vacancy rate up to 12.9 percent by year-end, though this metric is 20 basis points below the metro's long-term average.

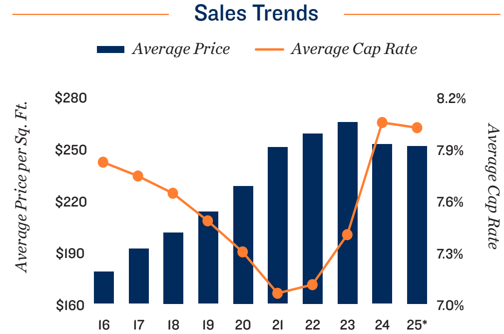
+1.8% — **RENT:** Orlando registers its 13th straight year of asking rent growth, with the pace ranking in the top quartile of major markets. By year-end, the mean marketed rate reaches $24.90 per square foot.

INVESTMENT: *The nation's lowest vacancy rate among submarkets with more than 50 million square feet of inventory may raise the profile of Orange County properties to out-of-state investors.*

Rent Trends



Sales Trends



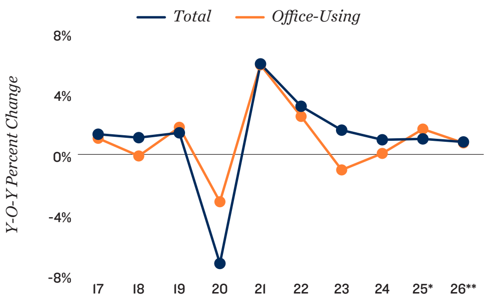
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

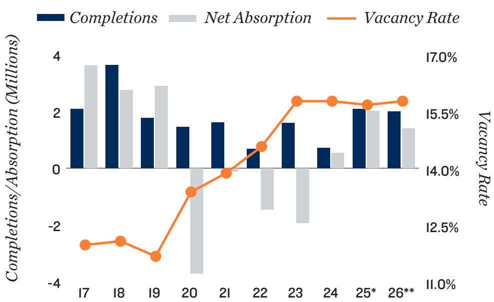
PHILADELPHIA

State Courts Prominent Firms with Tax Changes, Supporting Demand for High-End Space

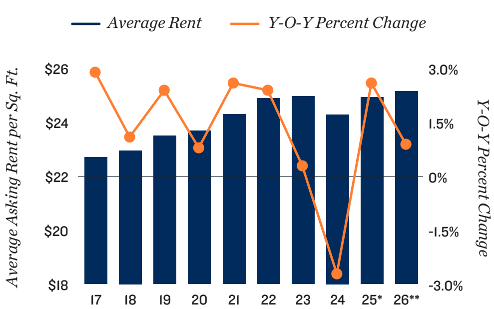
Employment Trends



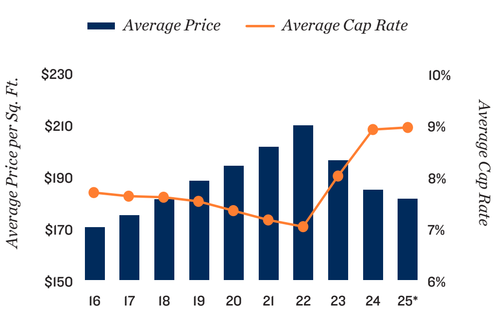
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Major financial firms filling luxury office space. The metro's office market began the year with a vacancy rate 60 basis points below the national level — roughly 100 basis points under for Class A properties. Future Standard's new lease in January and the opening of Chubb's new building in the spring highlight Class A space demand. Ongoing reductions in corporate income taxes should continue to improve Philadelphia's business climate, which could aid leasing in the long term. Pennsylvania will lower the rate by another 50 basis points to 7.50 percent this year, on a course to 5.0 percent in 2031. Meanwhile, the metro's least vacant Class B/C submarkets, such as Market Street West and Northeast Philadelphia, are likely to maintain those dynamics. The former submarket's central location and the Northeast neighborhood's relative affordability and proximity to the CBD should support leasing this year. Overall, the metro's Class B/C vacancy rate began 2026 in the low-12 percent band, well below the high-end level.

Investors eye Class B/C properties with established tenancy. Transactions in the greater Philadelphia area rose 50 percent year-over-year in 2025, primarily driven by trades in the $1 million to $10 million range. In the city proper, buyers in this price tranche are increasingly active in the Market Street East submarket, where the Class B/C vacancy rate late last year was near 12 percent, like the metro level. Owner-users have also been active here. The suburbs outside Philadelphia also saw increased transaction velocity, highlighted by Delaware County. Investors targeting Class B or C builds, as well as medical offices, may stay focused here if the submarket maintains a vacancy rate around 13 percent. Additionally, parts of the Interstate 95 improvement plan began last year, and ongoing work could benefit nearby offices.

2026 MARKET FORECAST

NOMI RANK 27 *A slight vacancy increase, but comparatively strong office-based hiring, earns Philadelphia a spot just off the midpoint.*

+0.8% **EMPLOYMENT:** Greater Philadelphia gains 26,000 jobs on net, including 6,000 positions in typically office-using fields. This year-over-year growth rate puts Philadelphia within the top 10 major markets.

2,000,000 *sq. ft.* **CONSTRUCTION:** The metro's office stock expands at a pace slightly ahead of its annual mean since 2015. This will also be the fourth-highest percentage change among the major East Coast markets.

+10 bps **VACANCY:** Leasing decelerates in 2026, while supply growth changes little from the previous year, lifting the vacancy rate to 15.8 percent. This measure is below Washington, D.C., but above Baltimore.

+0.9% **RENT:** The average asking rent reaches $25.14 per square foot by year-end. Despite positive net absorption, the pause in vacancy improvements will limit rent increases.

INVESTMENT: *In 2025, buyers stepped up acquisitions of Class B assets in Lower Bucks County. State-level tax changes will continue to make offices here attractive to firms with business relationships in New Jersey.*

Professional Services and Coworking Drive the Fastest Vacancy Compression in the Sun Belt

Evolving tenant base supports recovery. Demand for space is firming as hiring moves from back-office roles toward higher-skilled positions. In 2025, Phoenix led the nation in job gains across finance, insurance, and administrative support sectors, reflecting a deepening need for office space. Technology growth is further shaping space requirements, illustrated by industrial AI firm Cognite relocating from Norway. As these companies adjust to hybrid work, many are using coworking locations as satellite offices, with the metro's flex inventory more than doubling since 2024 to over 3 million square feet. These dynamics fueled one of the steepest vacancy declines among Sun Belt markets last year, and record enrollment at Arizona State University should continue to draw firms seeking skilled talent. Office hubs in Scottsdale, Tempe, and Chandler are poised to anchor this momentum as they offer lower costs and strong workforce access. Downtown Phoenix and the Camelback corridor may lag, given their legacy tenant mixes and older inventories, though a slower pace of move-outs points to stabilizing conditions.

Suburban tightening draws renewed investment. Trading activity was building into late 2025 and may continue to grow as fundamentals improve and lending conditions ease. North Scottsdale is expected to remain a key target due to its upscale, amenity-rich inventory, with the area's Class A vacancy falling by more than 400 basis points last year — one of the steepest declines in the country. The South Tempe-Chandler corridor may also see sustained investor interest, given its proximity to the metro's CBD and a growing semiconductor hub anchored by Intel. Positive net absorption of Class B/C space in the area for the first time in five years, supported by renewals from large users like Progressive and steady small-format leasing, may sustain the appeal of well-located, older assets.

2026 MARKET FORECAST

NOMI RANK 25 — ***Phoenix sits in the middle of the rankings, as an expanding office employment base gradually eases vacancy pressures.***

+0.7% — **EMPLOYMENT:** Despite modest overall job growth of roughly 17,000 positions in 2026, Phoenix's traditionally office-using sector is expected to remain among the 10 fastest-growing nationally.

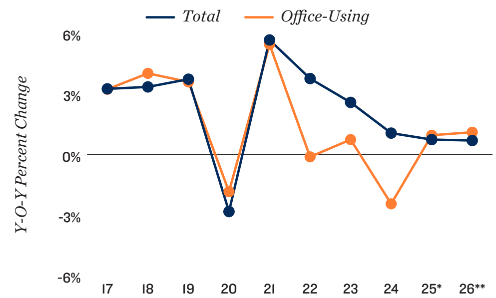
450,000 *sq. ft.* — **CONSTRUCTION:** Completions will remain near all-time lows, led by Sprouts and Republic Services opening new headquarters, while most other projects are medical offices under 100,000 square feet.

-50 bps — **VACANCY:** The metro's vacancy rate is expected to fall for a second straight year to 18.5 percent, its lowest level since 2021. Even so, it remains about 250 basis points above the 2015-2019 average.

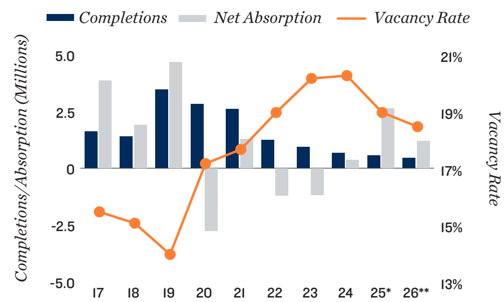
+2.3% — **RENT:** Asking-rent growth is set to improve gradually as market conditions firm. Phoenix's average rate is projected to reach $26.90 per square foot, standing about 7 percent above its 2020 mark.

INVESTMENT: *Arizona's unique allowance of nonlawyer law-firm ownership attracted AI-native entrant Eudia and KPMG in 2025, which may gradually lift office leasing as more firms seek flexible, integrated legal models.*

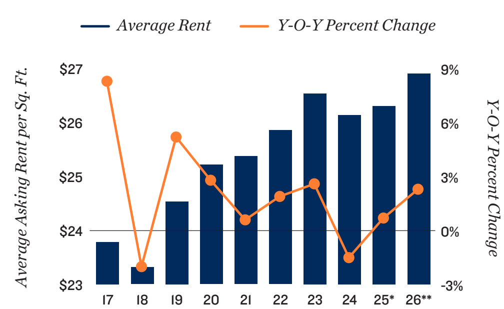
Employment Trends



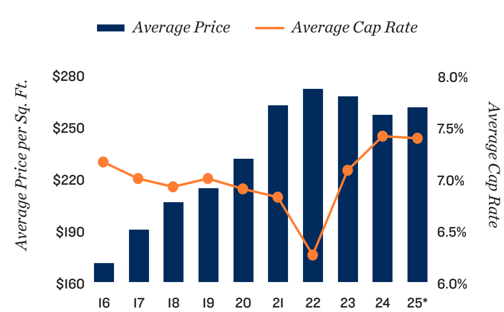
Supply and Demand



Rent Trends



Sales Trends



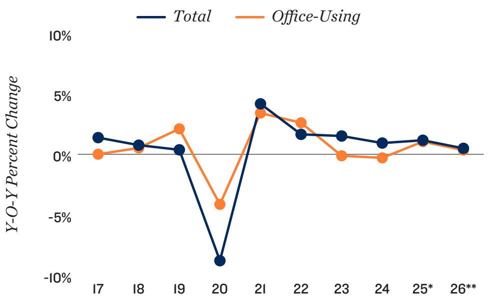
** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

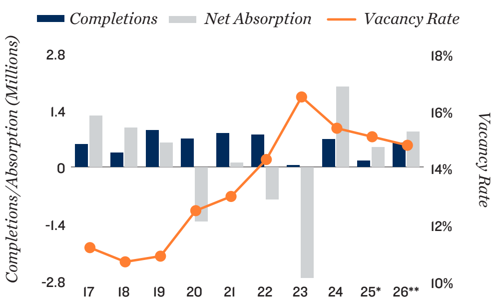
PITTSBURGH

Short-Term Leasing and Investor Selectivity Shape Demand Around the CBD and I-79 Corridor

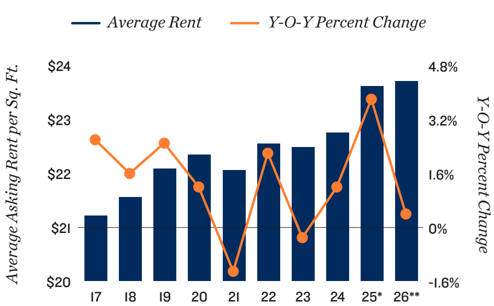
Employment Trends



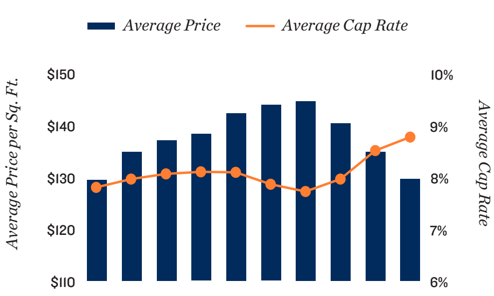
Supply and Demand



Rent Trends



Sales Trends



*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Pittsburgh shows signs of reset and improvement. Office space demand should continue to cluster in the Greater Downtown area and submarkets along Interstate 79, supported by major tenants such as BioForge, Biohaven, New York Life, and Eos Energy Enterprises, all scheduled for 2026 move-ins. Space along the I-79 and Route 19 were largely leased within 10 months. Most deals have terms of under one year, signaling tenant preference for flexibility amid local market uncertainty. While vacancy is tightening in suburban submarkets along I-79, Greater Downtown commands the highest rents and strong growth, despite elevated vacancy. Looking ahead, concentrated demand in the CBD and along the I-79 spine should sustain positive absorption and support selective rent growth in premium assets, given the corridor's connectivity and access to business parks and innovation corridors.

Investors selective in a low-priced environment. Extended market times averaging 16 months and short-term leases underscore liquidity challenges and income uncertainty. This suggests downward pricing pressure could continue for a fourth consecutive year in 2026 as buyers demand higher returns. Private investors have remained net buyers while institutional capital continues to exit. If this trend continues, institutional reentry likely hinges on longer lease commitments and stronger demand drivers. This shift gives private investors a strategic edge, as reduced institutional presence lowers aggressive bidding and keeps pricing more attainable. With activity remaining concentrated along I-79 and Route 19, most larger capital deployments targeted the CBD. Looking ahead, smaller property investors will likely continue to focus on these suburban clusters, while larger assets are expected to trade more frequently in the Greater Downtown.

2026 MARKET FORECAST

NOMI RANK 35 *With muted rental income growth, Pittsburgh's ranking remains in the middle of the NOMI's second half.*

+0.5% — **EMPLOYMENT:** Job growth will extend its five-year streak, as firms add 1,000 traditionally office-using roles. However, the pace slowed to the lowest level since 2020, just one-third of the five-year average.

593,000 *sq. ft.* — **CONSTRUCTION:** Completions will rise year-over-year, adding 0.5 percent to overall inventory and placing the market in the top 15 of major metros for new supply growth in 2026.

-30 bps — **VACANCY:** As net absorption continues to outpace new supply, the vacancy rate inches lower to 14.8 percent, more than 100 basis points lower than the national aggregate.

+0.4% — **RENT:** With the reduction in vacancies, the average asking rent edges up to $23.70 per square foot. However, the year-over-year growth rate ranks in the bottom quartile among major markets.

INVESTMENT: *South Pittsburgh should remain active as it posts some of the market's lowest vacancies and highest asking rents. However, many recently signed leases are short-term, presenting renewal risk.*

Offices Serving Small Business Needs Synergizes with Compressing Apartment Vacancy in Key Areas

Suburban middle- and low-tier buildings finding tenants. Portland's suburbs are holding their vacancy rates best, entering 2026 within the 13 percent band. Simultaneously, buildings with closer to 10,000 square feet of rentable space are recording lower vacancy rates than larger properties. Areas to the northeast of downtown Portland, below the Columbia River, entered 2026 with Class B/C vacancy near 5 percent. The inventory there is well-suited to current leasing trends, with roughly 20 percent of its buildings ranging from 10,000 to 20,000 square feet. Across the state border, Clark County is positioned for vacancy declines, slowly absorbing 2024's record 370,000 square feet of completions. Class A properties should benefit from a lack of notable completions in the submarket this year after the segment's vacancy rate fell by more than 100 basis points in 2025 to near 15 percent.

Older buildings changing hands in core. The metro's transaction velocity rose about 25 percent year-over-year in 2025, mostly due to trades between $1 million and $10 million. Private buyers open to deals above this range are finding opportunities to acquire older Class A and B buildings in the CBD, often near Old Town and the Pearl District. Here, the apartment vacancy rate has fallen in each of the last two years. Placer.ai foot traffic data showed pedestrian traffic downtown rising to 60 percent of its pre-pandemic level, encouraging investor confidence in the long-term demand for workspace in the core. Metrowide, owner-users are playing a larger role, accounting for about 25 percent of transactions under $10 million last year, up from under 20 percent between 2015 and 2019. As the over-65 population is projected to grow by about 2 percent year over year in 2026, medical office owner-users are likely to stay active.

2026 MARKET FORECAST

NOMI RANK 47 *Vacancy well above pre-pandemic norms places Portland lower on the NOMI despite modest new supply pressure this year.*

-0.4% **EMPLOYMENT:** The market's total employment falls by 4,800 jobs, including 3,200 positions in typically office-using fields. Portland's job count is slightly below its 2019 measure.

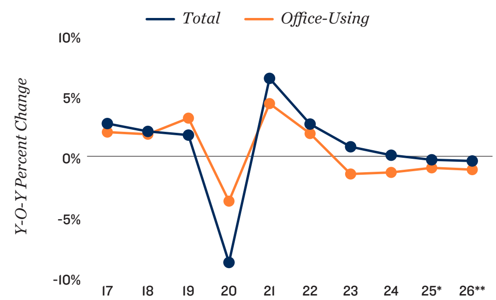
168,000 sq. ft. **CONSTRUCTION:** Office stock expands by just 0.2 percent year-over-year. This growth rate ties with Sacramento and Orange County for the fourth-lowest among major West Coast markets.

-30 bps **VACANCY:** Portland's vacancy rate dips to 18.3 percent, below Seattle-Tacoma and San Francisco. Marginal supply pressure allows recovering leasing to push back on 2025's vacancy rate increase.

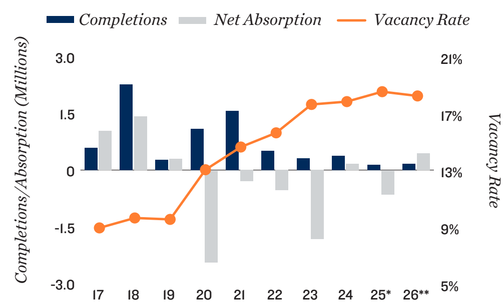
+0.2% **RENT:** The metro's average asking rent rises to $25.50 per square foot. This modest growth rate brings to a halt three years of reductions in the metric.

INVESTMENT: *As vacancy falls in the CBD, investors may also look to the Lloyd District. A Class B/C office metric in the 8 percent band entering 2026 will be supported by the area's growing residential base.*

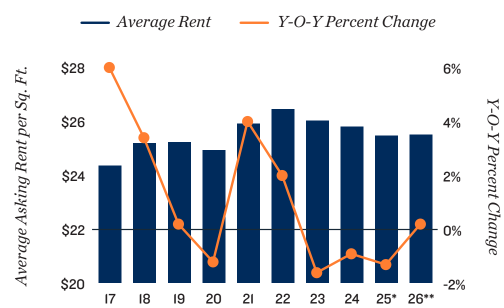
Employment Trends



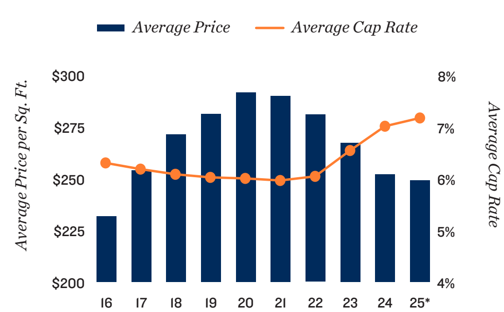
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

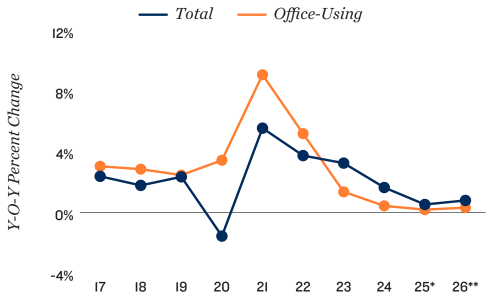
RALEIGH

A Sizable Talent Pool and Enterprise Expansion Bolster Investor Confidence in Local Assets

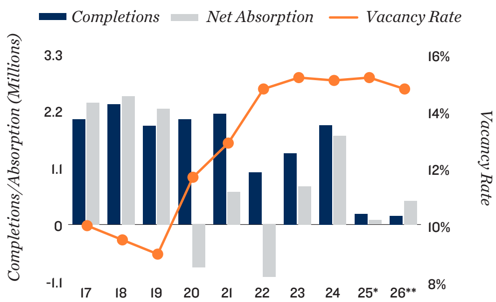
Various tailwinds fuel local office fundamentals. For a second consecutive year, local construction activity will be limited, with inventory expanding at the metro's slowest pace in roughly two decades. Scant deliveries will coincide with a handful of expansions by small and midsized companies. This dynamic will help bolster net absorption, supporting a decline in vacancy that lowers the local year-end rate below 15 percent for the first time since 2022. Vacancy will nonetheless remain elevated relative to historical norms. However, long-term commitments like Apple's planned RTP campus and BuildOps' Raleigh tech hub bode well for future office demand. These large-scale expansions should lift the space needs of ancillary firms. Meanwhile, a highly skilled labor pool anchored by major universities will continue to provide these employers with ample talent, supporting a broader base of office demand.

Improving liquidity and selective value opportunities. Transaction velocity rose substantially last year as out-of-state and institutional investors engaged more actively with the local marketplace. At the same time, deal volume below $10 million increased, nearing the 2015-2019 average. Cap rates stabilized around 7.3 percent, while pricing held near $160 per square foot, making conditions appear more predictable entering 2026. Some investors are likely to target medical office listings after these properties traded more frequently last year. In this segment, Durham County is positioned to remain a key focus as one of the metro's largest submarkets by medical office inventory. It enters the year with vacancy below 5 percent and rent growth above the metro average. Meanwhile, the average sale price for traditional offices in the core entered 2026 modestly lower, appealing to investors seeking discounted entry points amid improving local vacancy.

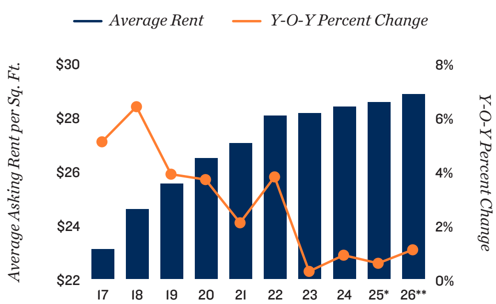
Employment Trends



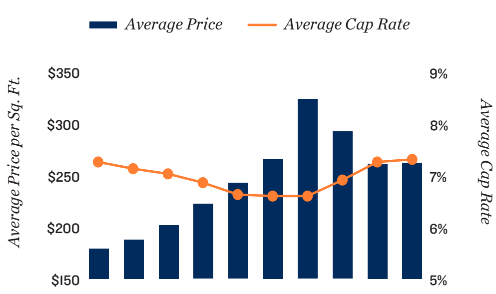
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 4 — *A highly educated workforce, together with minimal supply pressure, propels the metro into the top five.*

+0.8% — **EMPLOYMENT:** Traditional office-using employment expands by about 1,000 positions in 2026, while the metro's overall headcount grows roughly by 9,000 roles — readings below historical averages.

165,000 *sq. ft.* — **CONSTRUCTION:** Deliveries are limited, with inventory expanding by only 0.2 percent. East Wake County will receive the most new supply; however, just 50,000 square feet is slated to be added here.

-40 bps — **VACANCY:** Net absorption will remain positive for a fourth straight year, supporting a decline in the metro's vacancy rate to 14.9 percent, aligning with the median among major U.S. metros.

+1.1% — **RENT:** As firming demand places downward pressure on vacancy, Raleigh's average asking rent will increase to $28.85 per square foot. The metro's growth rate will slightly outpace the national pace.

INVESTMENT: *Raleigh's ongoing infrastructure and transit improvements are catalyzing redevelopment efforts, potentially strengthening office demand profiles and supporting favorable long-term investment.*

Corporate Appeal Contains Vacancy Pressures as Built-to-Suit Campuses Lead Inventory Growth

Nationally tight vacancy prepares the market for headwinds. Richmond's striking construction slate this year reflects recent corporate demand for Class A office space in the metro. The two largest projects, comprising most of the year's planned square footage, are both built-to-suit for CoStar's new global campus. They also come to a downtown submarket where the segment vacancy rate began the year near 11 percent, having fallen by more than 100 basis points in 2025. The metrowide Class B/C measure, at nearly 10 percent, is also outperforming on a broader scale. Only a handful of other markets have such a narrow gap between segment vacancy rates, indicating the metro office stock's broad desirability. Although the pace of corporations relocating to the market is expected to ease in 2026, the second-lowest Class A vacancy rate among major markets — roughly half the national level — should keep existing properties well positioned amid potentially softer demand growth.

Fast-paced market supports mid-level deal flow. The market began 2026 on sound footing, as 2025 was one of its five best years for transaction count in the $1 million to $10 million range since 2000. It was also a standout year for trades priced between $10 million and $20 million, highlighting engagement from private investors as well as from institutions, REITs, and owner-users. This latter type of activity may be more common this year in suburban areas northwest of the core, where buildings of 1990s vintage and later are often exchanged. Downtown, private buyers may pursue listings for Class B/C buildings, attracted to a local segment vacancy rate near 6 percent in January. The Brown's Island Improvement Project may boost the area's image, while the ongoing Diamond District mixed-use redevelopment project may have spillover benefits.

2026 MARKET FORECAST

NOMI RANK 30 *Low vacancy and strong job growth relative to other markets place Richmond near the middle of the NOMI for 2026.*

+1.1% **EMPLOYMENT:** Richmond welcomes 8,000 positions on net, including 1,500 jobs in typically office-using fields. As a year-over-year growth rate, this pace ranks third fastest among major metros.

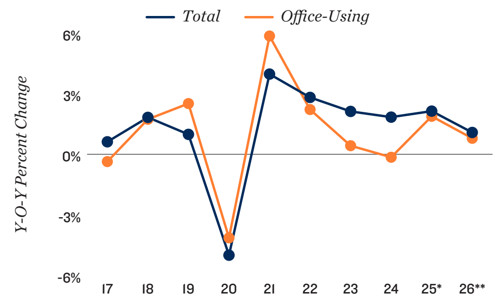
1,325,000 sq. ft. **CONSTRUCTION:** The market sees its largest annual completion total since 2019, with most pre-leased. This 2.3 percent year-over-year inventory growth rate exceeds all other major markets.

+70 bps **VACANCY:** Even as speculative projects beyond CoStar's campus push the vacancy rate to 11.2 percent, Richmond remains among the top 10 least vacant major markets nationwide.

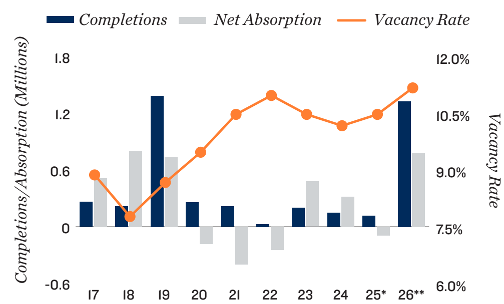
-1.6% **RENT:** The average asking rent declines to $21.20 per square foot, the first reduction in the metro since 2021. The metric ends this year seven cents below its 2024 level.

INVESTMENT: *Investors may target buildings around U.S. routes 60 and 76, which combine the value of Richmond's growing population with the utility of an office near major interstate connections.*

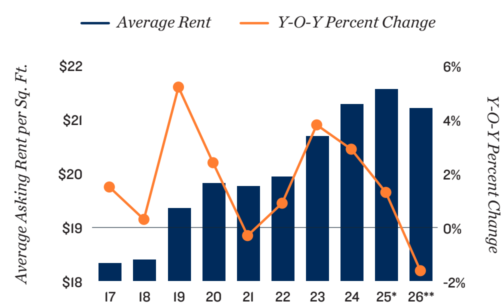
Employment Trends



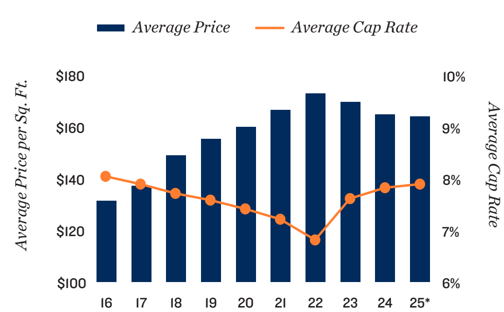
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

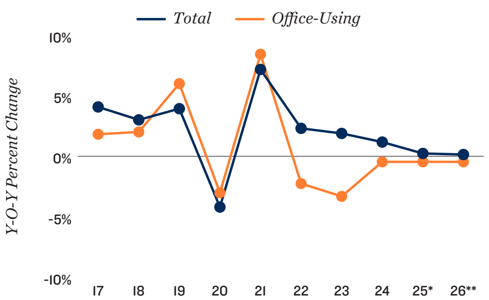
RIVERSIDE-SAN BERNARDINO

Nation's Lowest Vacancy Rate Benefits From Long-Term Tailwinds as Short-Term Demand Softens

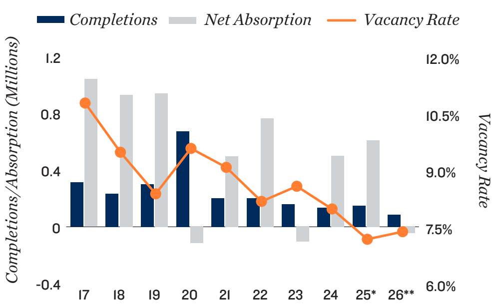
Infrastructure and hospital projects to aid performance. The Interstate 15 Corridor Express Lanes Project began last year and is slated to open in 2028, when it should enhance the appeal of offices in Ontario, Fontana, and Rancho Cucamonga. In the meantime, vacancy in the western half of the metro is falling quickly on its own. The bulk of the Inland Empire's 2024 office deliveries landed here, holding up vacancy reductions temporarily. Since then, the area's vacancy rate has fallen from around 10 percent to near 8 percent. These communities and the rest of the metro are also due for a year with limited competing office openings. This is translating into a narrowing gap between Class A and Class B/C vacancy, beginning in 2026 about 100 basis points apart. Additionally, Riverside Community Hospital has announced plans for a $900 million expansion to its facilities, including a new 11-story tower. In the long term, this could serve as an anchor for outpatient healthcare demand in surrounding medical offices.

Trading focused in key areas. Amid multiyear-low vacancy, changes in cap rates and prices per square foot have become less substantial year-to-year since 2023. Transaction velocity entered 2026 at a slower pace than in recent years, with many owners likely holding assets while awaiting clearer pricing recovery. A small vacancy rate increase metrowide may not change the underlying strategy for most buyers, who could again target two-story Class B buildings in San Bernardino and the Ontario International Airport area. Sub-5 percent apartment vacancy in San Bernardino proper reflects the area's established residential base, which should continue to support demand for conveniently located offices. Rising passenger and air cargo volumes at the airport may also drive demand for office space in travel- or logistics-related businesses, drawing investor interest.

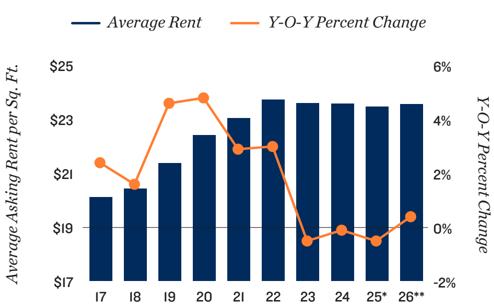
Employment Trends



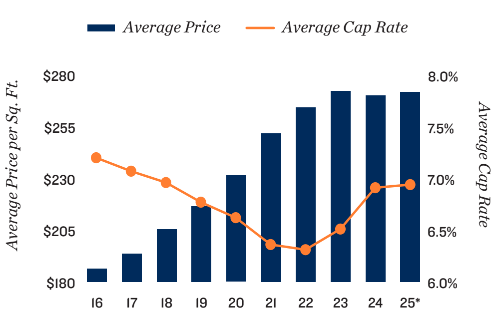
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 45 — ***While reflecting strong performance, nationally low vacancy carries less weight in the Index, given a small office inventory.***

+0.1% — **EMPLOYMENT:** The Inland Empire's workforce gains 2,500 jobs on net, while commonly office-using fields shed 1,000 roles. The overall jobs growth rate outranks five other major West Coast markets.

85,000 *sq. ft.* — **CONSTRUCTION:** The metro's office inventory expands by 0.1 percent year-over-year, the lowest supply pressure since at least 2007. Six other major markets will see similar or lower supply growth.

+20 bps — **VACANCY:** The metro's 7.4 percent office vacancy is the lowest among major metros. Despite fewer openings to compete with, a slight amount of space will be relinquished on net.

+0.4% — **RENT:** Although the vacancy rate inches up in 2026, a measure below the pre-pandemic mean will allow for some degree of average asking-rent growth. The metric rises to $23.55 per square foot.

INVESTMENT: *Palm Springs' Downtown Revitalization Plan and its high-rise hotel and condo project, approved last year, may broaden office appeal here, with workspace needs in real estate and hospitality.*

Notable Slowdown in Construction Continues to Help Vacancy in Many Submarkets

Solid office demand contributes to improving operations. Developers added about 2.5 percent to the metro's total office inventory over the past two years, ranking among the top five major U.S. markets for supply growth. Still, absorption has held firm, supported in part by some Bay Area employers being willing to establish satellite offices in Sacramento to stay connected to hybrid workforces taking advantage of the metro's lower cost of living. As a result, the recent improvement in Bay Area office markets should have a limited impact on local demand. Sacramento enters this year with a vacancy rate 60 basis points below its historical average. It is projected to record the second-largest vacancy compression among all major U.S. markets in 2026, aided by a substantial decline in office space delivery this year. Major move-ins this year include a new AMD office in Folsom, as the metro's appeal to employers is further supported by UC Davis' expanding talent pipeline and growing reputation, especially in STEM majors.

Sales trends vary by submarket. The Highway 50 Corridor — the only area with a notable year-over-year increase in vacancy as of late 2025 — also recorded several sales of high-vacancy properties last year. With Class A vacancy here expected to remain around 30 percent this year, nearly twice the metrowide level, and Class B and Class C vacancies also elevated, private investors and owner-users are expected to remain active, taking advantage of discounted pricing due to weaker fundamentals. In contrast, transactions in the Roseville-Rocklin area may remain centered on assets that are close to fully occupied. With the second-highest cap rate, averaging 7.4 percent last year, and the lowest average price per square foot among major California metros, Sacramento remains attractive to investors seeking lower entry costs and long-term growth potential.

2026 MARKET FORECAST

NOMI RANK 37 ***Despite one of the steepest vacancy decline forecasts nationwide this year, job losses weigh on the metro's NOMI rank.***

-0.3% — **EMPLOYMENT:** Job losses are expected to slow this year, with gains in education and health care offset mostly by weakness in the manufacturing and professional and business services sectors.

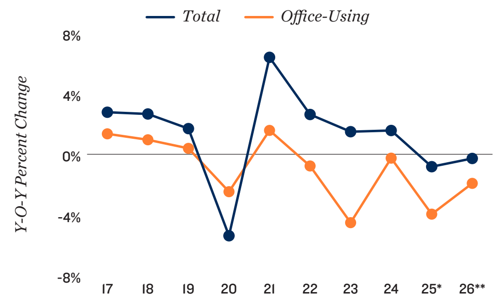
200,000 *sq. ft.* — **CONSTRUCTION:** Deliveries are expected to slow sharply this year, rising by only 0.2 percent in total inventory — roughly one-eighth of the metro's peak delivery level in 2024.

-70 bps — **VACANCY:** Steady net absorption should drive the vacancy rate down to 13.0 percent by year-end, among the lowest in California and well below the national measure of 15.9 percent.

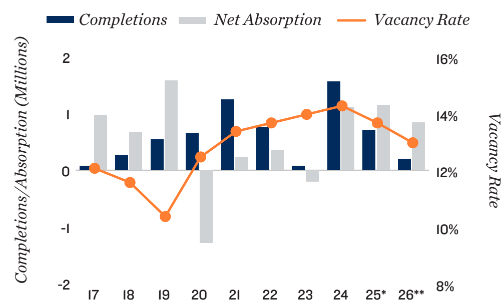
+0.9% — **RENT:** Ongoing vacancy compression should support modest rent growth. At $25.65 per square foot, the average asking rent in Sacramento remains about 60 percent of the Bay Area average.

INVESTMENT: *The Railyards is creating early investment opportunities for downtown office assets, as medical expansion and ongoing infrastructure improvements should position the area for growing tenant interest.*

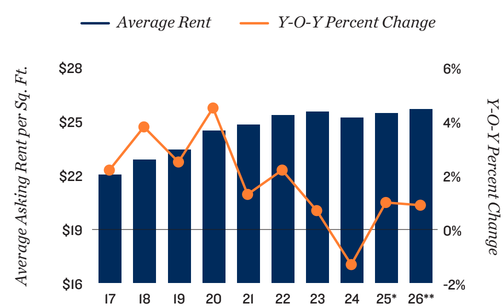
Employment Trends



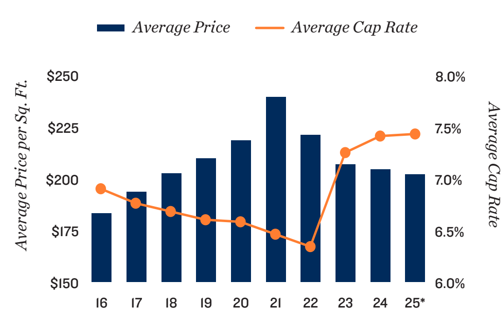
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

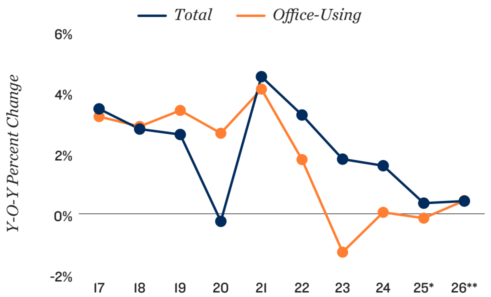
SALT LAKE CITY

Silicon Slopes' Talent Pipeline Gains Reinforcements as Capital Targets Tight Southern Submarkets

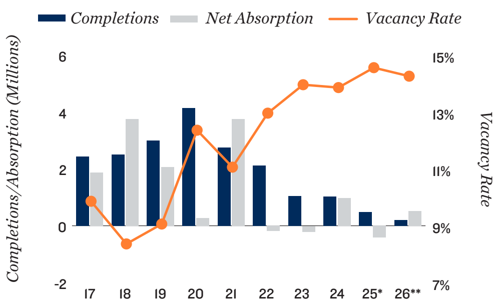
Flexible leasing and a deep labor base support core office nodes. Salt Lake City's office market is set for modest tightening in 2026, as tenants expand selectively and construction stays limited. The Silicon Slopes corridor should continue to anchor demand, led by Lehi. Here, vacancy fell under 7 percent last year amid measured tech sector growth. Autonomous Solutions Inc. using the largest space at a WeWork location shows how firms are using flex space to add capacity without long-term commitments. As U.S. immigration policy tightens, the metro's fast-growing 20- to 34-year-old cohort, driven by natural increases and domestic migration, may further strengthen its competitive position among tech markets. Other professional services firms should also help sustain leasing, particularly in the CBD, where vacancy fell by over 100 basis points last year. Still, some secondary hubs remain challenged. Vacancy in West Valley has reached a record-high 25 percent. Construction of an $855 million hospital and health campus for the University of Utah, however, may support a deeper medical office ecosystem moving forward.

Premium assets clear, while private investment broadens. Improving fundamentals in select submarkets should help sustain investment, following Salt Lake City's third-largest jump in sales activity among major markets last year. Institutions seeking Class A assets are likely to stay active in Lehi, where tight vacancy underpins confidence in lease-up strategies. Private investors may continue to favor areas with more diversified tenant bases, such as nearby Orem, where Utah Valley University is set to open its $88 million engineering facility this year. In Salt Lake County, South Jordan may attract more capital after healthcare-led demand fueled its strongest leasing since 2020, coinciding with the opening of a new downtown TRAX station that enhanced accessibility.

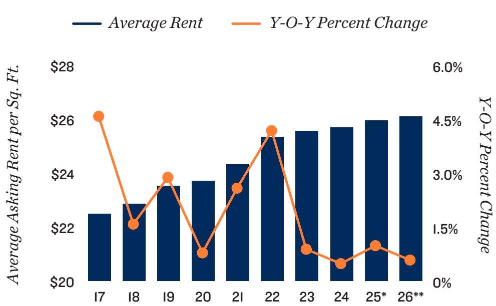
Employment Trends



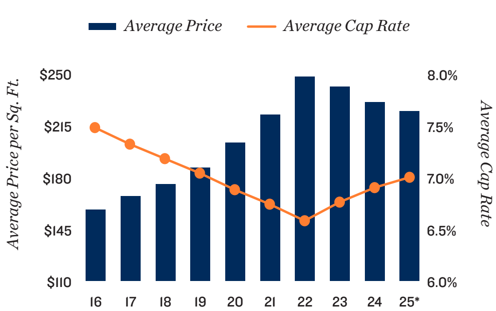
Supply and Demand



Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK	17	*Salt Lake City lands in the upper half of the Index amid limited construction activity and a growing white-collar labor pool.*

+0.4% — **EMPLOYMENT:** Hiring will remain modest in 2026, with the creation of 6,000 new roles. After contracting last year, the metro's traditionally office-using sector will grow by about 1,500 positions.

200,000 *sq. ft.* — **CONSTRUCTION:** Deliveries will fall further this year to a new low. The sharpest slowdown is in the CBD, with most new supply consisting of sub-30,000-square-foot medical offices in Utah County.

-30 bps — **VACANCY:** Minimal completions should help vacancy edge lower. At 14.3 percent, the metro's rate will be slightly below the U.S. average and trail only Las Vegas as the lowest among Mountain West metros.

+0.6% — **RENT:** The market's 14-year streak of rent growth extends in 2026, though the gain is expected to remain minimal. As such, the average asking rent reaches $26.10 per square foot by year-end.

INVESTMENT: *Investors may acquire and upgrade older offices in Ogden. Here, Class A vacancy fell below 5 percent last year, with the area's large defense presence supporting one of the nation's fastest-growing economies.*

Inter-Metro Dynamics Continue to Shift as Investors Seek Modern, Cost-Efficient Space

Downtown faces a hurdle as suburbs benefit from medical office ecosystem. Vacancy in the CBD dropped by more than 150 basis points in 2025. However, AT&T's relocation from downtown to northwest San Antonio in 2026 will cut its footprint from 400,000 to roughly 160,000 square feet. That will create significant vacancy in the CBD, which already holds the highest rate among submarkets. This relocation, nevertheless, supports offices in northwest San Antonio, which benefits from other tailwinds as San Antonio leads major Texas metros in net absorption relative to inventory. Medical office deliveries in 2026 reflect the area's expanding healthcare ecosystem, supported by demographic tailwinds and a strong talent pipeline anchored by the Medical Education and Training Campus. Meanwhile, north-central San Antonio saw vacancy rise last year, despite ongoing new leasing, as move-ins concentrated near highway loops and airport access. Smaller tenants led activity in 2025, with average deal sizes near 3,000 square feet.

Northwest leads amid flight to more modern assets. Private buyers continued to drive sales activity, underscoring the market's reliance on local capital, while both trading activity and the average sales price slightly rose last year. In 2025, investors gravitated toward newer Class B properties, especially those built in the 2010s, reflecting a tenant preference for modern, cost-efficient space. Class B office properties built after 2000 showed consistent, improving performance in 2025. The northwest led in deal volume, supported by health care, as nearly half of medical office trades concentrated in this submarket. Buyers targeting traditional office assets may increasingly focus on medical-adjacent locations and smaller, specialized footprints, as the average deal size hovered near 40,000 square feet, potentially indicating a preference for lower capital outlays.

2026 MARKET FORECAST

NOMI RANK 38 *A large supply pipeline and weak office inventory push San Antonio's ranking to the upper end of the bottom quartile.*

+1.2% **EMPLOYMENT:** The metro will see a modest increase of 15,000 roles, primarily driven by health services. However, the number of traditionally office-using roles will shrink by 1,000 jobs.

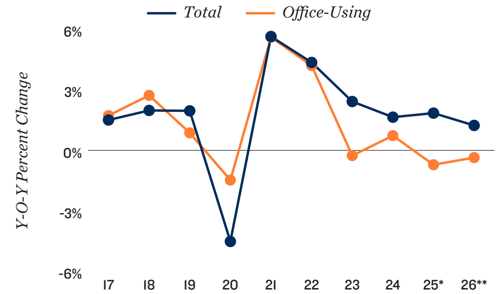
995,000 *sq. ft.* **CONSTRUCTION:** Although remaining under historical norms, completions rise compared to last year, thanks primarily to a New Braunfels project that accounted for a quarter of office construction.

-30 bps **VACANCY:** San Antonio has the lowest vacancy rate among major Texas metros. New supply will continue to be well received, inching vacancy down to 13.4 percent, the lowest level since 2020.

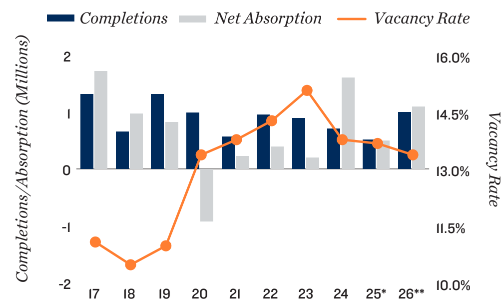
+0.5% **RENT:** The average asking rent continues to rise, reaching $21.70 per square foot as it moves toward its historical peak, with Class B/C assets driving much of the momentum.

INVESTMENT: *UTSA's CyManII cybersecurity hub at Tech Port is accelerating San Antonio's evolution in defense tech, driving demand from tenants and investors for nearby specialized office space.*

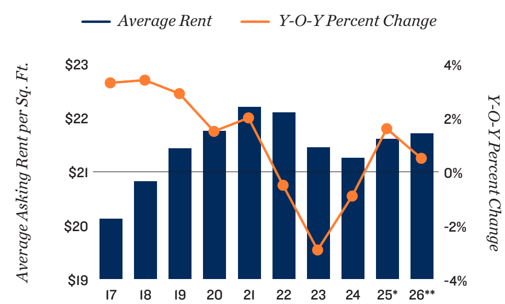
Employment Trends



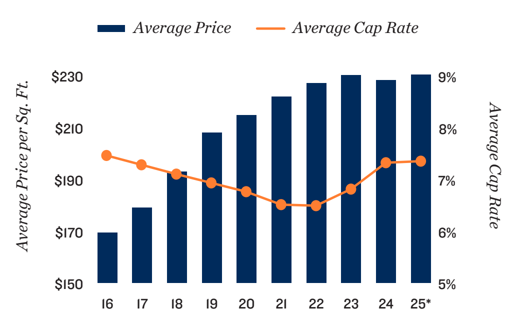
Supply and Demand



Rent Trends



Sales Trends



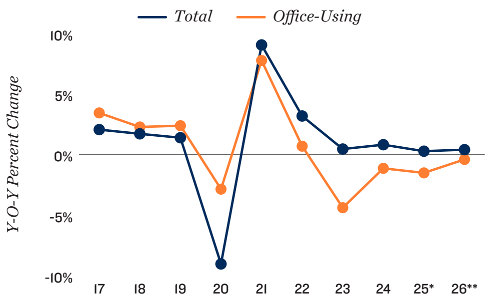
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

SAN DIEGO

Rising Demand for Upper-Tier Space Collides With Significant Pullback in Local Office Construction

Employment Trends



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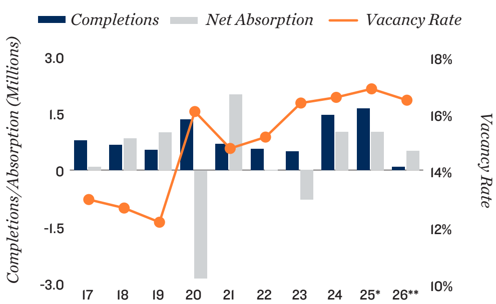
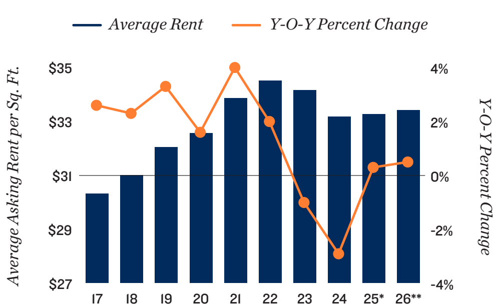
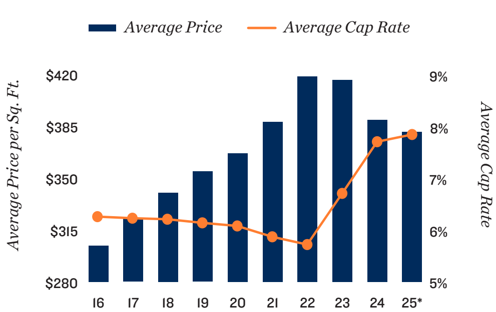


Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Flight-to-quality evident in local hubs. The performance of San Diego's office sector continues to be skewed by elevated vacancy in its downtown. Here, roughly 33 percent of existing office space was available at the beginning of this year, the highest percentage among the nation's major CBDs. As such, a nearly 2,000-basis-point disparity exists between local downtown and suburban vacancy. Fortunately, demand metrics are improving. Driven by an increase in Class A leasing, downtown registered positive net absorption in each of the past two years. In 2026, a lack of urban deliveries and the conversion of a vacant high-rise into apartments could help reduce vacancy. Elsewhere, collective vacancy is more manageable at roughly 14 percent. Like the CBD, suburban submarkets have registered a recent uptick in Class A leasing, with demand for high-quality office space most improved north of San Diego proper along Interstate 5. In 2026, the flight-to-quality among certain tenants is expected to continue. This, along with a significant pullback in local office construction, will play a role in the metro's overall vacancy rate compressing for the first time in five years.

Standout submarket warrants attention. Despite elevated vacancy, San Diego noted a nearly 20 percent year-over-year rise in sales activity during 2025. Investors, on average, acquired assets at high-7 percent cap rates, the top recording among major West Coast markets. In 2026, buyers may be most active in Central San Diego. The area has one of the lowest vacancy rates among national submarkets with more than 25 million square feet of stock. It continues to notch positive Class B/C demand, a contrast to the broader metro trend. Listings in Mission Valley and neighborhoods near Balboa Park will garner interest, with a wide pricing spectrum in these areas supporting a diverse buyer pool.

2026 MARKET FORECAST

NOMI RANK 33 — ***A moderate dip in vacancy is overshadowed by office-using job loss, placing San Diego just outside the Index's top 30.***

+0.4% — **EMPLOYMENT:** Overall job creation improves modestly in 2026. However, the metro's count of traditional office-using roles is slated to decline for a fourth straight year — albeit at a more modest rate.

80,000 *sq. ft.* — **CONSTRUCTION:** Local deliveries are extremely scarce this year — just 0.1 percent of existing inventory. Among major office markets, only Raleigh will add less space.

-40 bps — **VACANCY:** Amid a lack of new supply, tenants seeking upper- and mid-tier space will comb the metro's existing stock, aiding renewal and new leasing activity. As such, vacancy dips to 16.5 percent.

+0.5% — **RENT:** The metro's average asking rent increases nominally for a second straight year, reaching $33.40 per square foot by year-end. Growth may be more pronounced across Class A properties.

INVESTMENT: *Several smaller offices near Balboa Park recently traded for more than $1,000 per square foot. This pricing may motivate owners of similar assets to list, creating opportunities for investors eyeing redevelopment.*

Office Market Improves as Downtown Vacancy Gets an Assist From AI-Driven Demand

Leasing gathering steam, aided by tech tailwinds. After years of muted performance, San Francisco's office market is showing firm signs of recovery. Quarterly net absorption remained positive throughout 2025 for the first time since 2018, and momentum is poised to carry into this year. Office demand growth in downtown San Francisco has been strong, aided by the core's emergence as an epicenter of the AI start-up ecosystem. Firms such as Anthropic and Abridge AI have recently signed downtown leases, while OpenAI is reportedly exploring additional space this year. San Mateo County is also attracting healthcare and robotics startups, including Neuralink, Nurix, and Skild AI, though vacancy compression trends there have been less evident, partly because of much lower overall vacancy rates. If tech momentum holds, the metro should continue to recover and is positioned to see the largest vacancy compression nationwide in 2026.

Sales activity constraints could be backing off. Despite improving office demand last year, many transactions were still penciled during a period of weaker expectations. Roughly half of sales involved high-vacancy buildings trading well below prior valuations as lease-up challenges weighed on income, both in downtown San Francisco and in San Mateo County. These headwinds should ease this year as vacancy continues to compress. With the metro's average price per square foot still 25 percent below 2019 levels — the steepest drop among all major U.S. markets — opportunistic buyers may find value in well-located assets with strong leasing momentum. Tech-sector volatility will remain a factor for San Francisco. Still, early-stage startups, with their small headcounts and many in rapid-growth phases, could be more resilient to layoff-driven office demand pressure, offering some relief for the market even if a slowdown occurs.

2026 MARKET FORECAST

NOMI RANK 22 — *San Francisco is projected to post the largest vacancy improvement nationwide this year, garnering a top-half spot.*

-0.4% — **EMPLOYMENT:** While hiring continues in certain sectors such as education and health care, San Francisco will, overall, shed some jobs this year, led by traditionally office-using industries.

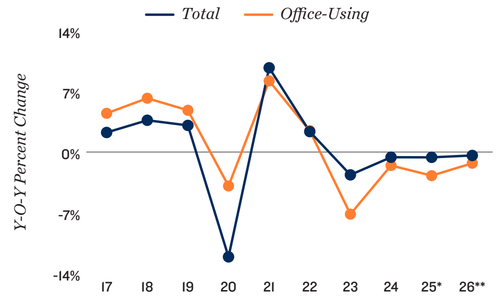
550,000 sq. ft. — **CONSTRUCTION:** This year, the metro will see its smallest office delivery volume in a decade, with over 80 percent of the space coming online in San Mateo County.

-80 bps — **VACANCY:** A second consecutive year of positive net absorption, following five years of net space losses, will push the vacancy rate down to 25.0 percent by year-end.

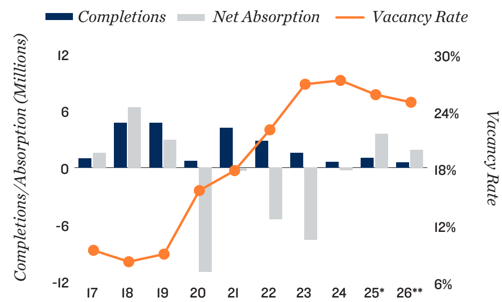
+1.3% — **RENT:** Continued declines in vacancy will support rent growth, with the average asking rent reaching $44.05 per square foot, ranking fourth highest among major U.S. markets.

INVESTMENT: *Office properties under 50,000 square feet led sales growth last year. With startups favoring smaller, flexible leases, investors could continue to target these assets to attract founder-led companies.*

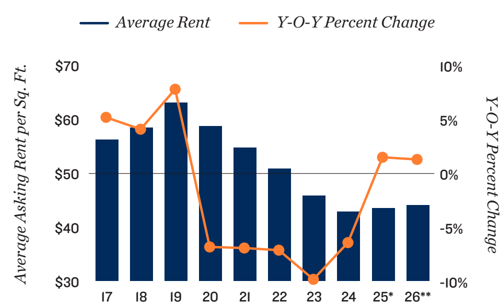
Employment Trends



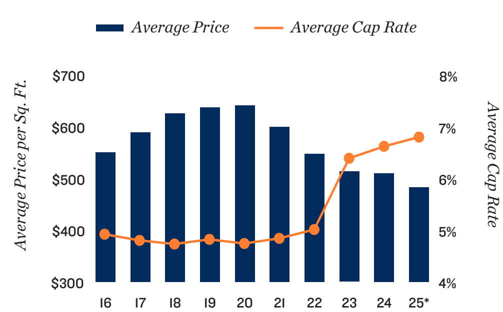
Supply and Demand



Rent Trends



Sales Trends



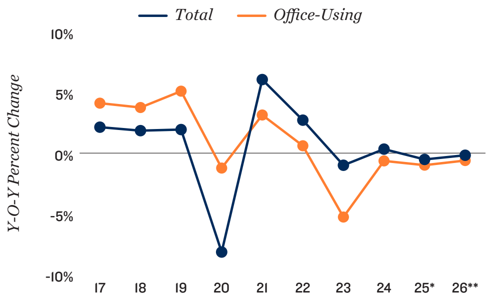
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

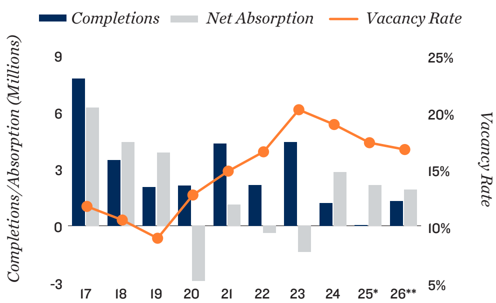
SAN JOSE

Tech Sector Investments Drive Office Leasing as Owner-Users Double Down On South Bay Presence

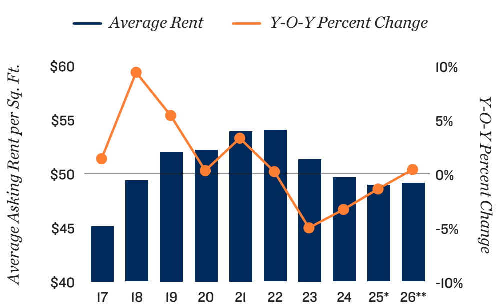
Employment Trends



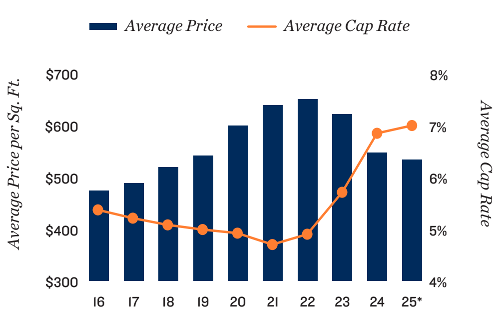
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Strong office space demand contributes to rapid recovery. Since office vacancy peaked in 2023, the metro has absorbed roughly 5 million square feet of office space on net. It is on track to record the most net absorption as a share of inventory among all major U.S. markets this year. Leasing momentum should remain strong this year, supported by major commitments, including Databricks' scheduled move into its 300,000-plus-square-foot space in Santa Clara. This underscores the metro's ability to attract firms tied to its unique innovation ecosystem. High-end assets in submarkets such as Santa Clara and Sunnyvale-Cupertino should perform well this year. Vacancy drops of at least 100 basis points across classes in most of the metro's largest submarkets speak to a broad foundation of improvement not found in all markets. As a result, the metro should see the average asking rent increase, at least nominally, for the first time in four years.

Large-scale owner-users dominate sales. Amid strong investment flow into the tech sector and confidence in the metro's long-term outlook, many local firms are increasingly acquiring space to occupy. Last year, owner-users represented 70 percent of transaction volume, up from less than 20 percent in 2023, driven by acquisitions from Apple and Nvidia. Stanford University was also active, contributing to the largest increase in transaction velocity in Palo Alto among all submarkets. Stronger leasing activity is also boosting confidence among non-user investors, signaling a rebound in the San Jose market. With an average cap rate of 7.0 percent, 60 basis points lower than the national level, the metro is likely to attract investors seeking durable cash flow amid nationwide economic uncertainty, especially those who are confident in the tech sector's long-term growth outlook and the ongoing rebound in office demand.

2026 MARKET FORECAST

NOMI RANK 28 — ***San Jose will continue to contend with elevated vacancy, though its highly educated workforce remains a draw for tenants.***

-0.2% — **EMPLOYMENT:** San Jose is approaching an inflection point this year, with employment expected to decline by only 2,000 roles in 2026. The same trend holds for traditionally office-using sectors.

1,300,000 *sq. ft.* — **CONSTRUCTION:** Google's Caribbean office park leads the pipeline this year. The only other major project is the Santa Clara Valley Medical Center, highlighting limited local supply pressure.

-60 bps — **VACANCY:** Metrowide vacancy should continue to decline amid steady net absorption, reaching 16.8 percent by the end of 2026. The pace of compression ranks among the top 10 major U.S. markets.

+0.4% — **RENT:** Ongoing vacancy declines should reverse the trend of rent losses since 2023. At $49.10 per square foot, the average asking rents remain about 10 percent below the metro's prior peak.

INVESTMENT: *Medical office sales picked up in San Jose, as transaction velocity tripled year-over-year. As San Jose's population ages the fastest in the Bay Area, investors may continue to target medical offices for stable income.*

Emergent Companies Seek Seattle Office Space; Tax Changes Unevenly Affect Service-Sector Firms

Recognizable names moving into Bellevue. Last fall brought notable Bellevue leases by AI firms such as OpenAI, Statsig, and Anduril. Metro move-ins in 2026 include several biotech companies like SystImmune, AGC Biologics, and Cytek. As tech campuses for Microsoft and Amazon account for most of this year's deliveries, minimal other new supply should reinforce fundamentals amid other headwinds. This will be the first full year since the state of Washington began applying sales tax rates to professional services. This may affect metro leasing choices in two ways. These taxes will be paid only on services rendered in the state, mattering most to firms with heavily local clients. Additionally, the sales tax rate paid is the sum of state and local rates, which could play a minor role in steering tenants toward submarkets with lower tax rates. At the market level, the new sales tax may contribute to softer leasing, keeping vacancy roughly unchanged in 2026.

Investors attracted to compressed vacancy in the south. Investors are warming to Seattle-Tacoma's office market, as transaction velocity rose about 40 percent year-over-year in 2025. For buyers looking to deploy under $10 million in capital, mid- and low-tier offices in the South End may capture attention, particularly around the state Route 167 interchange. Local Class B/C vacancy entered this year at around 10 percent, making the area one of the better-performing submarkets in this segment. A rate closer to 8 percent in Tacoma may also draw private buyers' attention. Reduced valuations may also keep owner-user purchases active here. Metrowide, while the average price per square foot remains below the 2022 high, the mean held flat last year. This dynamic, together with higher exchange activity, signals that buyers' and sellers' expectations are aligning more closely, supported in part by improving net absorption.

2026 MARKET FORECAST

NOMI RANK	14	*Momentum in key submarkets offsets challenges in others, translating into an overall top 15 ranking for 2026.*

+0.4% **EMPLOYMENT:** Seattle-Tacoma gains 8,000 jobs on net in 2026 after posting net losses the previous year. Office-using industries shed roles again but cut fewer positions than in 2025.

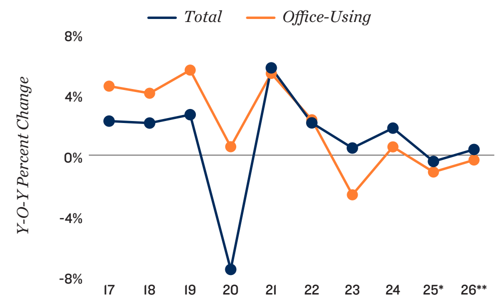
3,062,000 *sq. ft.* **CONSTRUCTION:** The metro's office inventory expands by 1.4 percent year-over-year, the second-highest pace among major metros. Still, this measures below the market's annual mean since 2007.

+20 bps **VACANCY:** The vacancy rate rises to 19.4 percent, tied for the eighth highest among 50 ranked metros. A largely built-to-suit delivery slate bolsters positive net absorption.

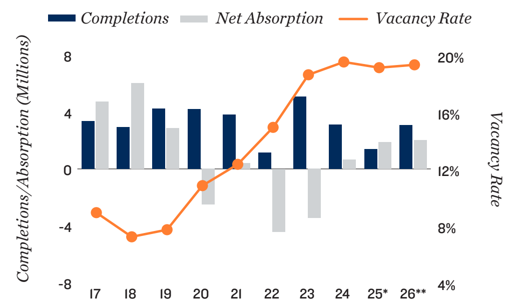
-1.5% **RENT:** The market's average asking rent falls to $33.70 per square foot. Among major West Coast markets, Seattle-Tacoma rests in the middle by mean marketed rent.

INVESTMENT: *Growing renter populations in North Seattle and Shoreline may be supporting leasing at nearby Class B/C offices. A segment vacancy rate near 9 percent could draw investor attention if compression continues.*

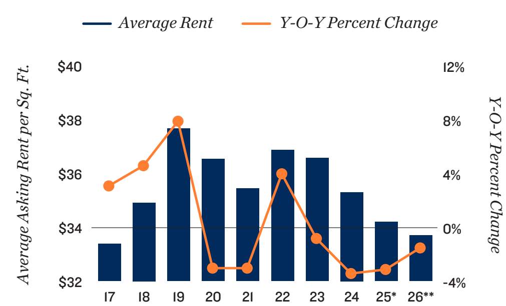
Employment Trends



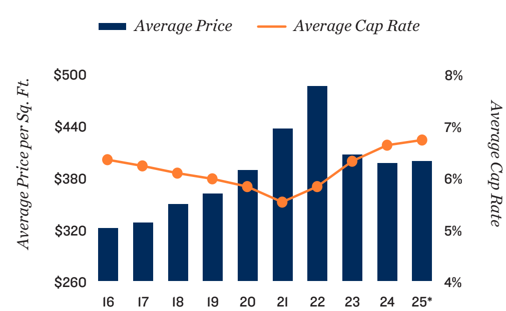
Supply and Demand



Rent Trends



Sales Trends



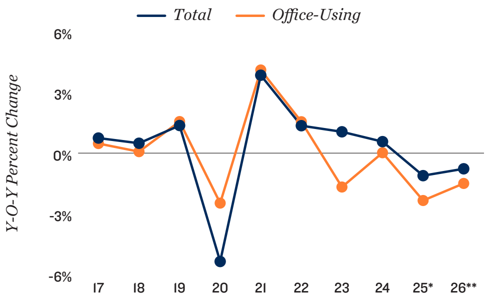
* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

ST. LOUIS

Vacancy Stays Range-Bound While a Favorable Tax Climate Contributes to Transaction Climate

Employment Trends



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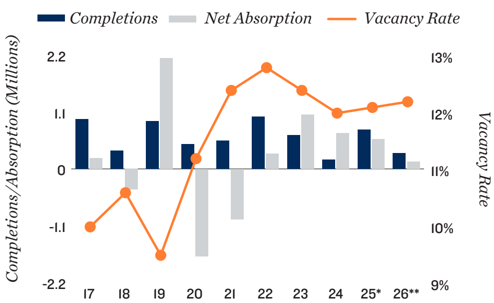
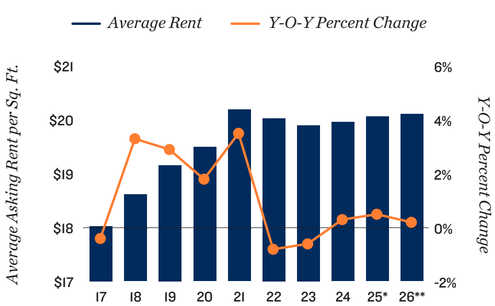


Rent Trends



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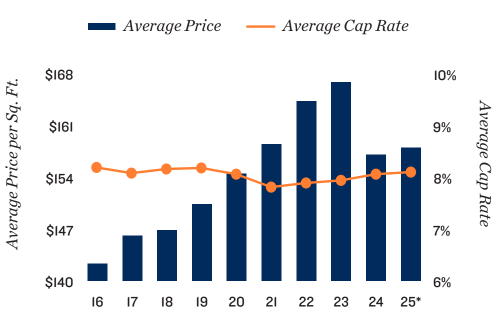


*Estimate **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Flight-to-quality favors the suburbs. Office vacancy in St. Louis is expected to remain largely unchanged this year, rising only about 10 basis points, despite one of the steepest declines in office-using employment nationwide. This stability will be supported by a sharply reduced construction pipeline, set to halve in 2026. Net absorption, however, may soften as firms like KDSK and Caleres consolidate into more efficient footprints. Additionally, tenant demand should prioritize Class A buildings, which showed stronger momentum than B/C assets in submarkets such as Central County and West St. Louis County. These areas are expected to continue attracting tenants, supported by deeper Class A inventories and stronger connectivity to major suburban business hubs such as Clayton. By contrast, the CBD faces elevated vacancy pressure, particularly among higher-quality assets, which enter 2026 after climbing to near-decade-high levels.

Regional advantages aid investor confidence. St. Louis recorded one of the highest year-over-year increases in transaction velocity among secondary metros, with trade counts rising more than 50 percent. This improvement is a promising sign for investors, especially as Missouri's elimination of individual state capital gains taxes in early 2025 has enhanced market competitiveness and may support additional activity this year. As one of the few major U.S. metros without a state-level capital gains tax, St. Louis could see heightened participation from out-of-state buyers. Meanwhile, cap rates in the low-8 percent range signal comparatively lower perceived risk compared to other Midwestern metros, though pricing in St. Louis — around $160 per square foot — may still pose a hurdle relative to other regional investment options. If pricing continues to stabilize, improving entry conditions may increase investor interest during the coming year.

2026 MARKET FORECAST

NOMI RANK 39 — *Net job losses impact this year's Index ranking, though below-average vacancy keeps St. Louis above 40.*

-0.8% — **EMPLOYMENT:** Both total employment and traditionally office-using roles will report losses for the second year in a row, with 5,000 of the 11,000 lost positions coming from the office-using sector.

300,000 *sq. ft.* — **CONSTRUCTION:** The pace of inventory expansion will slow to 0.2 percent, below the historical average of 0.7 percent. The largest project will deliver in the CBD and be upwards of 160,000 square feet.

+10 bps — **VACANCY:** Weakness in the core will offset moderate suburban improvements, bringing vacancy to 12.2 percent. This rate aligns closely with the metro's prior half-decade average.

+0.2% — **RENT:** Though net absorption remains positive, it will fall to its lowest level since the pandemic, contributing only a marginal increase to the average asking rent to $20.10 per square foot.

INVESTMENT: *A series of small-to-midsized medical offices traded hands last year in South St. Louis County. A median age of 44, above both the metro and U.S. means, bodes well for healthcare needs and investor interest.*

Urban Core Faces Challenges While Select Submarkets See Demand Rising for Higher-End Spaces

Performance varying by asset class. Tampa's office market heads into 2026 amid notable performance divergence by quality tier. Class A properties recorded roughly 300 basis points of vacancy compression in 2025, while Class B and C assets saw little movement in the metric. In the urban core, absorption remains weak across all quality levels. It is especially soft in mid- to lower-end space, partly because average asking rates in these segments were more than 20 percent above those of any other submarket in late 2025. Meanwhile, more affordable areas such as Pinellas and Pasco counties posted their strongest stretch of Class A net absorption last year since before the pandemic. Heading into 2026, leasing activity east of the urban core also remains strong across quality tiers. Demand for Class A/B space between the areas of Clair-Mel City and Oak Forest is robust, while lease signings among lower-tier properties appear to be consolidating in areas of strong connectivity, such as south of Ybor City and east of Live Oaks Square.

Cap rates stabilizing. Office sales activity picked up in 2025, surpassing the pre-pandemic annual average seen from 2015 to 2019. Roughly two-thirds of transactions involved properties delivered between 1990 and 2010. At the same time, Class A assets have seen the average price per square foot steadily decline since mid-2022, in contrast to modest gains across other property tiers. As tenant demand for Class A space becomes increasingly apparent, buyers in the segment may be facing a narrowing window to secure elevated cap rates. Geographically, investor interest will likely remain elevated in Pinellas County as the Interstate 75/Highway 60 interchange continues to support strong space demand. At the same time, retail and multifamily development in Pasco County may attract investors also seeking comparatively higher cap rates.

2026 MARKET FORECAST

NOMI RANK	2	*Top-tier revenue growth, combined with a nationally low vacancy rate, places Tampa among the top five markets in 2026.*

+0.4% — **EMPLOYMENT:** Employment growth slows relative to the 2.1 percent trailing-decade average as the metro adds only 6,000 new positions, 1,500 of which come from traditional office-using sectors.

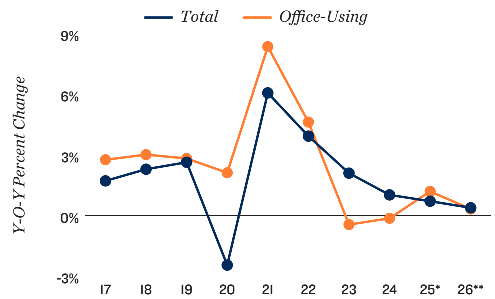
240,000 *sq. ft.* — **CONSTRUCTION:** The development pipeline contracts this year, with deliveries contributing only 0.2 percent to total inventory, marking the metro's smallest annual growth since 2014.

-40 bps — **VACANCY:** Tampa's vacancy tightens for a fourth consecutive year, though at a slower pace than in 2025. By year-end, the rate reaches 10.9 percent, ranking fifth lowest among major markets.

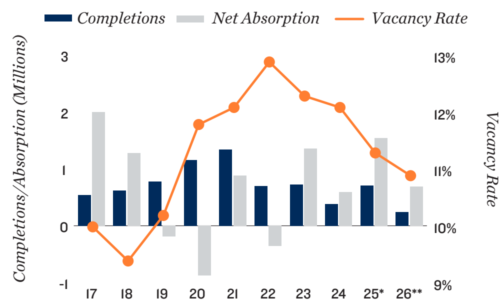
+3.3% — **RENT:** Declining vacancy continues to support asking-rent growth, with the metro's rate rising at the second-fastest pace among major markets to reach $28 per square foot in 2026.

INVESTMENT: *An evident shift in tenant preference toward higher-quality spaces in recent years, coupled with recent federal bonus depreciation incentives, could spur increased investor interest in value-add opportunities.*

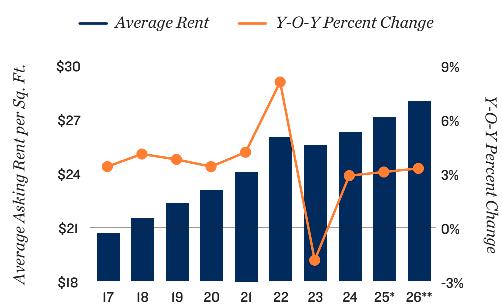
Employment Trends



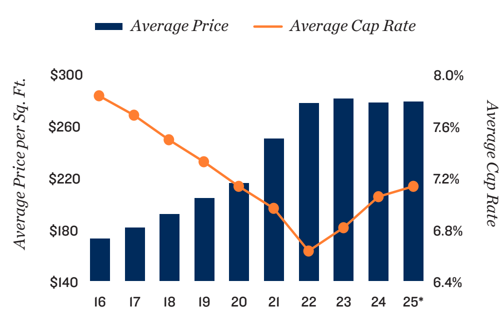
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

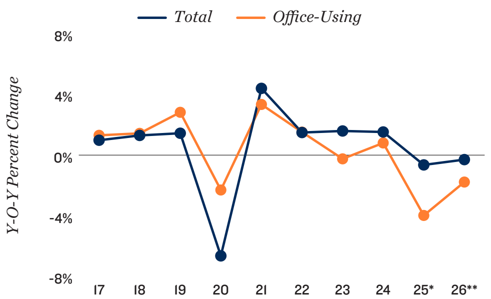
WASHINGTON, D.C.

Corporate World Continues to Find Value in Workspaces Within Reach of Federal Government

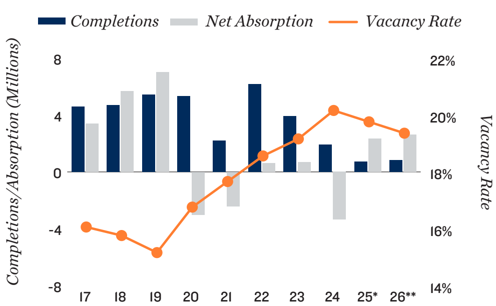
Regional demand headwinds muted. Entering 2026, the desire for upgraded space is evident in how some of the metro's existing tenants are seeking new offices within the market. IT services contractor CACI moves into a newer, similarly sized office in Reston this spring. Homebuilder NVR, Inc. will move into a new space in Reston as well, while Geico is shifting from Chevy Chase to Bethesda. Class A properties should benefit from this, as well as another year of limited new supply. Two office-to-residential conversion projects in Crystal City will also remove 600,000 square feet of office stock. Meanwhile, the metrowide Class B/C vacancy rate near 13 percent in January sits within 100 basis points of the national level. In the District of Columbia itself, where the segment rate ended 2025 closer to 15 percent, net absorption grew year-over-year. As tight apartment vacancy highlights the growing attractiveness of the core, employers may seek convenient workspace. These trends suggest a slight decline in vacancy for the metro overall.

Trading upswell includes institutional deals in the core. Transaction velocity rose in the market heading into the new year, with high-end deal flow roughly doubling during that period. Investors may again target Class A offices around Capitol Hill in 2026, given a below-market local segment vacancy rate near 22 percent. Institutions watching luxury offices fill space elsewhere in the market may be growing more interested in the core's enduring locational value. At the same time, private buyers seeking buildings priced from $1 million to $10 million are increasingly active in northern Virginia, where the Class B/C vacancy rate finished 2025 just below 10 percent. New express lanes on Interstate 495 leading into Maryland, completed last fall, may also add to the appeal of offices in areas like McLean, Tysons, and Bethesda.

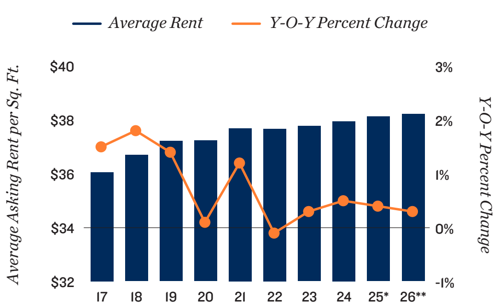
Employment Trends



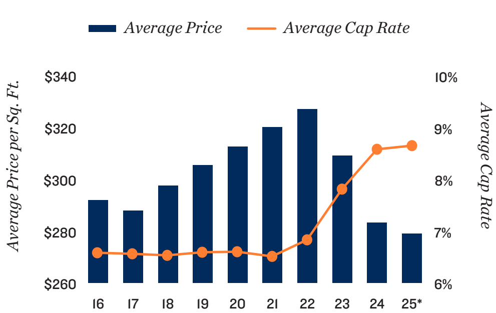
Supply and Demand



Rent Trends



Sales Trends



** Estimate ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

NOMI RANK 15 — *Long-term structural demand drivers for office space offset recent soft hiring to place the market in the top third of the NOMI.*

-0.3% — **EMPLOYMENT:** The pace of workforce cuts slows in 2026, with white-collar roles hit harder. The metro sheds 10,000 positions on net, including 18,000 office-using jobs.

815,000 *sq. ft.* — **CONSTRUCTION:** The metro's office inventory grows by 0.2 percent year-over-year in 2026. This is the market's second-lowest measure since at least 2007, behind the previous year.

-40 bps — **VACANCY:** After posting a year-over-year decline amid labor market uncertainty, the Washington, D.C., area will again record vacancy compression in 2026. The rate is expected to fall to 19.4 percent.

+0.3% — **RENT:** Average asking rent growth will mirror last year's pace, rising to $38.20 per square foot. Nine other major markets are projected to record a similar or slower rate of increase.

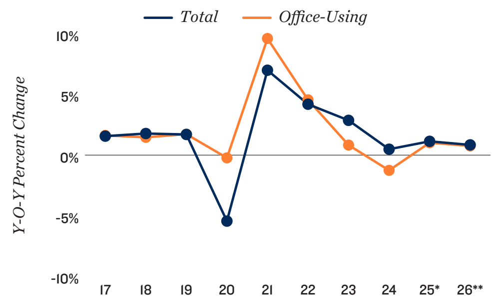
INVESTMENT: *Investors targeting suburban Maryland properties may increasingly weigh the benefits of Purple Line access as its fall 2027 opening approaches, aiding commuters.*

Leasing Momentum Builds Countywide as Urban Core Lays Groundwork for Long-Term Expansion

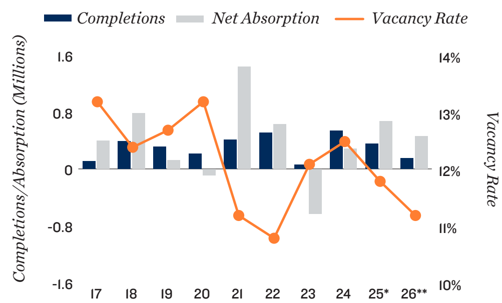
Downtown positioned for future towers as core submarkets tighten. Palm Beach County enters 2026 with strong momentum after posting near-record leasing across its main office corridors in late 2025, while proposed New York City tax hikes may accelerate firm relocations southward. Downtown is poised to capture rising corporate interest after three offices totaling 1.5 million square feet broke ground for 2027-2028 delivery. Pre-leasing is already active, with ServiceNow taking 200,000 square feet for its innovation hub and AI institute. The CBD's 10.6 percent vacancy rate — the second tightest among major U.S. downtowns — and the lack of any available blocks over 50,000 square feet underscores the need for new supply. Elsewhere, vacancy fell by more than 100 basis points in 2025 in Boca Raton and North Palm Beach, the latter dropping below 8 percent. Stronger Class B/C absorption further signals broadening demand. While move-outs in smaller hubs and soft hiring may weigh on activity, limited near-term deliveries and steady corporate in-migration are expected to support further tightening in 2026.

Stabilized small offices lead investment surge. Sales activity is expected to hold firm after the metro posted the second-largest increase in trading among major markets in 2025. Well-leased post-1980 assets under 50,000 square feet should stay in focus, supported by sub-7-percent vacancy and stable cash flows with limited capital needs. North Palm Beach and Jupiter are likely to draw sustained interest amid tight fundamentals, including Class A vacancy in North Palm Beach falling to all-time lows under 5 percent. Boca Raton and Delray Beach should also be targets, with Florida Atlantic University the fastest-growing university in the state, while BioStem Technologies' recent land acquisition for a future headquarters near campus underscores the area's corporate appeal.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NOMI RANK 3 — ***Steady growth by professional services firms, paired with low vacancy, places West Palm Beach near the top of the rankings.***

+0.8% — **EMPLOYMENT:** Metro employers create 6,000 new roles in 2026, including roughly 1,500 in office-using industries. Palm Beach County's overall job growth rate will rank seventh among major markets.

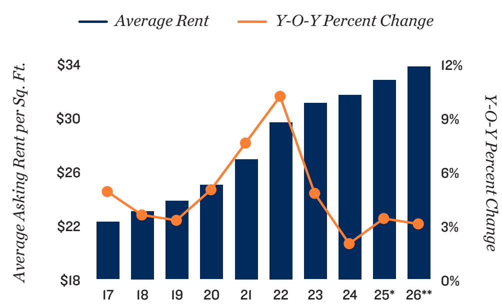
150,000 *sq. ft.* — **CONSTRUCTION:** Deliveries will fall to roughly half of the past decade's average, led by an 80,000-square-foot office in Delray Beach and a few smaller medical buildings in Wellington and Greenacres.

-60 bps — **VACANCY:** Minimal new supply and strong leasing will drive one of the nation's sharpest vacancy declines this year, bringing the metro's rate to 11.2 percent — just 30 basis points above its all-time low.

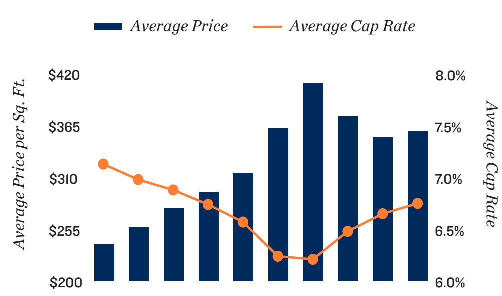
+3.1% — **RENT:** Palm Beach County is expected to record rent growth in 2026 that ranks third nationally, bringing the market's average asking rate to $33.75 per square foot by year-end.

INVESTMENT: *Strong population gains in Lake Worth, Greenacres, and Wellington — the metro's fastest-growing multifamily corridors — may draw more office tenants, while office vacancy under 7 percent supports investment.*

Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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[1] National Office Index Note: Employment and Office data forecasts for 2026 are based on the most up-to-date information available as of January 2026 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and asking rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and office data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; Blue Chip Economic Indicators; CoStar Group, Inc.; Congressional Budget Office; CredIQ; Federal Reserve; Indeed; Lightcast; McKinsey & Company; Moody's Analytics; Mortgages Bankers Association; National Center for Health Statistics; Placer.ai; Preqin; Real Capital Analytics; S&P Global; Trepp; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; various municipal government websites

STATISTICAL SUMMARY

MARKET NAME	EMPLOYMENT GROWTH[2]				COMPLETIONS (000'S OF SQ. FT.)[2]				VACANCY RATE[2]				AVERAGE ASKING RENT[2]				AVERAGE PRICE PER SQ. FT[2]			MARKET NAME
	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	
Atlanta	1.5%	1.3%	0.4%	0.6%	2,000	2,400	800	1,000	20.5%	20.1%	19.0%	18.5%	$27.40	$27.45	$27.80	$28.10	$218	$197	$195	Atlanta
Austin	2.7%	1.7%	0.9%	0.6%	2,500	2,600	3,000	1,100	19.4%	20.9%	20.2%	19.6%	$30.15	$30.67	$30.90	$31.15	$421	$410	$401	Austin
Baltimore	2.2%	1.0%	0.1%	0.2%	300	600	1,200	700	14.1%	14.6%	14.4%	13.8%	$22.29	$21.89	$22.40	$23.00	$173	$169	$168	Baltimore
Boston	1.1%	-0.0%	0.1%	0.2%	6,900	4,200	4,500	3,500	16.8%	19.0%	19.4%	19.6%	$31.75	$39.41	$39.30	$39.50	$299	$289	$282	Boston
Charleston	4.2%	2.7%	2.3%	1.8%	300	30	100	200	10.7%	8.0%	7.9%	7.8%	$29.97	$30.21	$31.00	$31.90	$372	$379	$374	Charleston
Charlotte	2.4%	1.5%	1.8%	1.0%	1,800	1,700	1,100	200	17.8%	17.0%	15.6%	15.1%	$30.19	$30.61	$31.40	$32.60	$310	$301	$301	Charlotte
Chicago	0.9%	0.4%	0.4%	0.3%	2,000	800	1,400	500	20.7%	21.0%	20.7%	20.3%	$24.00	$24.27	$24.10	$24.50	$193	$167	$163	Chicago
Cincinnati	1.0%	0.6%	0.7%	0.4%	400	0	300	300	13.5%	11.9%	12.2%	12.4%	$14.84	$14.89	$15.00	$14.90	$157	$151	$152	Cincinnati
Cleveland	0.5%	-0.2%	1.3%	0.7%	500	200	1,100	300	11.2%	11.1%	11.6%	12.1%	$17.61	$17.36	$17.40	$17.35	$96	$88	$90	Cleveland
Columbus	2.0%	0.9%	1.7%	0.8%	800	300	0	200	12.7%	13.6%	12.3%	11.6%	$16.62	$16.70	$16.93	$17.22	$144	$139	$138	Columbus
Dallas-Fort Worth	2.0%	1.4%	0.5%	0.8%	4,500	4,200	2,800	2,000	21.2%	20.2%	19.6%	19.2%	$23.62	$23.68	$24.08	$24.15	$231	$219	$225	Dallas-Fort Worth
Denver	1.0%	0.7%	0.2%	0.5%	600	1,700	600	700	20.9%	22.2%	22.3%	21.9%	$23.96	$23.66	$23.75	$24.00	$256	$233	$227	Denver
Detroit	1.2%	0.8%	-0.4%	0.2%	200	600	400	900	16.9%	15.7%	15.6%	15.7%	$18.12	$18.21	$18.30	$18.50	$150	$145	$145	Detroit
Fort Lauderdale	2.2%	0.9%	0.6%	0.7%	500	400	20	200	14.6%	13.7%	14.2%	14.3%	$25.55	$26.31	$26.75	$27.15	$329	$309	$316	Fort Lauderdale
Houston	2.4%	1.3%	0.3%	0.2%	3,600	1,200	1,900	1,600	22.7%	21.7%	21.6%	21.2%	$21.41	$21.48	$21.82	$22.05	$193	$186	$185	Houston
Indianapolis	2.3%	1.0%	1.6%	1.0%	300	300	600	900	12.7%	12.1%	11.7%	11.8%	$20.26	$20.54	$20.75	$20.85	$188	$177	$174	Indianapolis
Jacksonville	2.0%	1.6%	0.9%	0.7%	100	100	200	400	15.5%	15.2%	14.8%	14.9%	$21.34	$21.48	$21.75	$22.10	$230	$225	$228	Jacksonville
Kansas City	1.8%	1.1%	-0.5%	0.6%	300	600	500	1,100	13.9%	12.9%	12.0%	11.5%	$20.36	$20.98	$21.35	$21.45	$169	$159	$157	Kansas City
Las Vegas	3.5%	1.4%	-0.7%	0.3%	500	400	400	100	12.5%	11.7%	12.0%	11.7%	$25.20	$26.22	$26.70	$27.00	$270	$273	$278	Las Vegas
Los Angeles	0.1%	1.0%	0.1%	0.1%	2,500	1,400	300	1,400	19.7%	20.2%	20.5%	20.7%	$40.01	$40.08	$39.90	$40.10	$475	$466	$455	Los Angeles
Louisville	1.5%	0.8%	0.8%	1.0%	300	200	60	200	8.9%	8.8%	8.6%	8.3%	$16.85	$17.86	$18.10	$18.26	$162	$163	$161	Louisville
Memphis	0.1%	-0.4%	0.6%	0.8%	100	200	100	100	11.6%	12.6%	12.4%	12.1%	$18.45	$18.84	$18.75	$18.90	$178	$166	$162	Memphis
Miami-Dade	3.1%	2.1%	0.3%	0.7%	300	1,300	600	900	11.1%	11.5%	11.0%	10.7%	$45.24	$46.59	$48.00	$49.25	$523	$488	$493	Miami-Dade
Milwaukee	0.3%	0.2%	-0.4%	-0.9%	300	200	300	90	17.6%	17.1%	16.2%	16.0%	$16.29	$16.80	$17.00	$17.10	$145	$137	$139	Milwaukee
Minneapolis-St. Paul	1.2%	1.1%	0.2%	-0.0%	600	500	600	400	14.8%	15.3%	14.8%	14.5%	$18.81	$19.08	$19.55	$19.85	$161	$155	$153	Minneapolis-St. Paul
Nashville	2.6%	1.2%	1.4%	0.8%	1,300	1,700	1,400	400	15.8%	17.2%	16.4%	15.8%	$28.72	$29.10	$29.42	$29.85	$421	$398	$395	Nashville
New Haven-Fairfield County	1.8%	1.0%	0.5%	0.4%	30	600	0	400	16.6%	15.8%	14.3%	13.8%	$25.47	$25.01	$25.10	$25.70	$249	$248	$245	New Haven-Fairfield County
New York City	1.7%	2.7%	1.0%	0.5%	5,800	2,500	5,000	1,500	17.0%	15.9%	14.2%	13.5%	$52.91	$53.69	$54.50	$56.00	$585	$570	$559	New York City
Northern New Jersey	2.2%	1.1%	-0.9%	0.2%	600	200	400	200	17.0%	16.6%	16.1%	15.8%	$26.63	$27.44	$28.00	$28.70	$232	$230	$230	Northern New Jersey
Oakland	0.7%	-0.4%	-0.8%	-0.6%	0	100	60	30	18.1%	19.2%	19.3%	19.0%	$36.72	$35.82	$36.50	$36.87	$377	$361	$357	Oakland
Orange County	0.9%	0.3%	0.4%	0.4%	300	100	400	200	17.5%	16.4%	15.1%	14.6%	$29.25	$28.98	$29.40	$29.75	$370	$359	$354	Orange County
Orlando	3.0%	2.3%	0.6%	0.6%	1,000	700	500	500	13.1%	13.6%	12.7%	12.9%	$23.95	$24.02	$24.45	$24.90	$265	$252	$251	Orlando
Philadelphia	1.6%	1.0%	1.0%	0.8%	1,600	700	2,100	2,000	15.8%	15.8%	15.7%	15.8%	$24.96	$24.28	$24.92	$25.14	$196	$185	$181	Philadelphia
Phoenix	2.6%	1.1%	0.7%	0.7%	900	700	600	500	20.2%	20.3%	19.0%	18.5%	$26.53	$26.13	$26.30	$26.90	$267	$257	$261	Phoenix
Pittsburgh	1.5%	0.9%	1.2%	0.5%	40	700	200	600	16.5%	15.4%	15.1%	14.8%	$22.48	$22.75	$23.61	$23.70	$140	$135	$130	Pittsburgh
Portland	0.8%	0.1%	-0.3%	-0.4%	300	400	100	200	17.7%	17.9%	18.6%	18.3%	$26.01	$25.78	$25.45	$25.50	$267	$252	$249	Portland
Raleigh	3.3%	1.7%	0.5%	0.8%	1,400	1,900	300	200	15.2%	15.1%	15.2%	14.9%	$28.13	$28.38	$28.55	$28.85	$292	$261	$262	Raleigh
Richmond	2.1%	1.8%	2.1%	1.1%	200	100	100	1,300	10.5%	10.2%	10.5%	11.2%	$20.68	$21.27	$21.55	$21.20	$169	$165	$164	Richmond
Riverside-San Bernardino	1.9%	1.2%	0.2%	0.1%	200	100	200	90	8.6%	8.0%	7.2%	7.4%	$23.58	$23.56	$23.45	$23.55	$272	$270	$272	Riverside-San Bernardino
Sacramento	1.5%	1.6%	-0.8%	-0.3%	80	1,600	700	200	14.0%	14.3%	13.7%	13.0%	$25.51	$25.19	$25.43	$25.65	$207	$204	$202	Sacramento
Salt Lake City	1.8%	1.6%	0.3%	0.4%	1,000	1,000	500	200	14.0%	13.9%	14.6%	14.3%	$25.56	$25.70	$25.95	$26.10	$241	$230	$224	Salt Lake City
San Antonio	2.4%	1.6%	1.8%	1.2%	900	700	500	1,000	15.1%	13.8%	13.7%	13.4%	$21.44	$21.25	$21.60	$21.70	$230	$228	$230	San Antonio
San Diego	0.4%	0.8%	0.3%	0.4%	500	1,500	1,600	80	16.4%	16.6%	16.9%	16.5%	$34.14	$33.16	$33.25	$33.40	$416	$389	$381	San Diego
San Francisco	-2.6%	-0.6%	-0.6%	-0.4%	1,600	600	1,100	600	26.9%	27.3%	25.8%	25.0%	$45.80	$42.85	$43.50	$44.05	$513	$509	$482	San Francisco
San Jose	-1.0%	0.3%	-0.5%	-0.2%	4,400	1,200	40	1,300	20.3%	19.0%	17.4%	16.8%	$51.30	$49.61	$48.90	$49.10	$621	$547	$534	San Jose
Seattle-Tacoma	0.5%	1.8%	-0.4%	0.4%	5,100	3,100	1,400	3,100	18.7%	19.6%	19.2%	19.4%	$36.56	$35.30	$34.20	$33.70	$406	$396	$398	Seattle-Tacoma
St. Louis	1.1%	0.6%	-1.1%	-0.8%	700	200	800	300	12.4%	12.0%	12.1%	12.2%	$19.89	$19.95	$20.05	$20.10	$167	$157	$158	St. Louis
Tampa-St. Petersburg	2.1%	1.0%	0.7%	0.4%	700	400	700	200	12.3%	12.1%	11.3%	10.9%	$25.55	$26.29	$27.10	$28.00	$280	$277	$278	Tampa-St. Petersburg
Washington, D.C.	1.6%	1.5%	-0.6%	-0.3%	3,900	1,900	700	800	19.2%	20.2%	19.8%	19.4%	$37.75	$37.93	$38.10	$38.20	$309	$283	$279	Washington, D.C.
West Palm Beach	2.9%	0.5%	1.1%	0.8%	60	500	400	200	12.1%	12.5%	11.8%	11.2%	$31.06	$31.67	$32.75	$33.75	$375	$352	$359	West Palm Beach
United States	**1.7%**	**1.3%**	**0.4%**	**0.2%**	**66,700**	**52,800**	**45,000**	**36,000**	**16.9%**	**16.8%**	**16.3%**	**15.9%**	**$29.23**	**$29.56**	**$29.77**	**$30.07**	**$277**	**$262**	**$264**	**United States**

** Estimate ** Forecast, availability of underlying data constrained by federal government shutdown*

[2] See Statistical Summary Note on Page 64

A TRUSTED VISION FOR THE FUTURE

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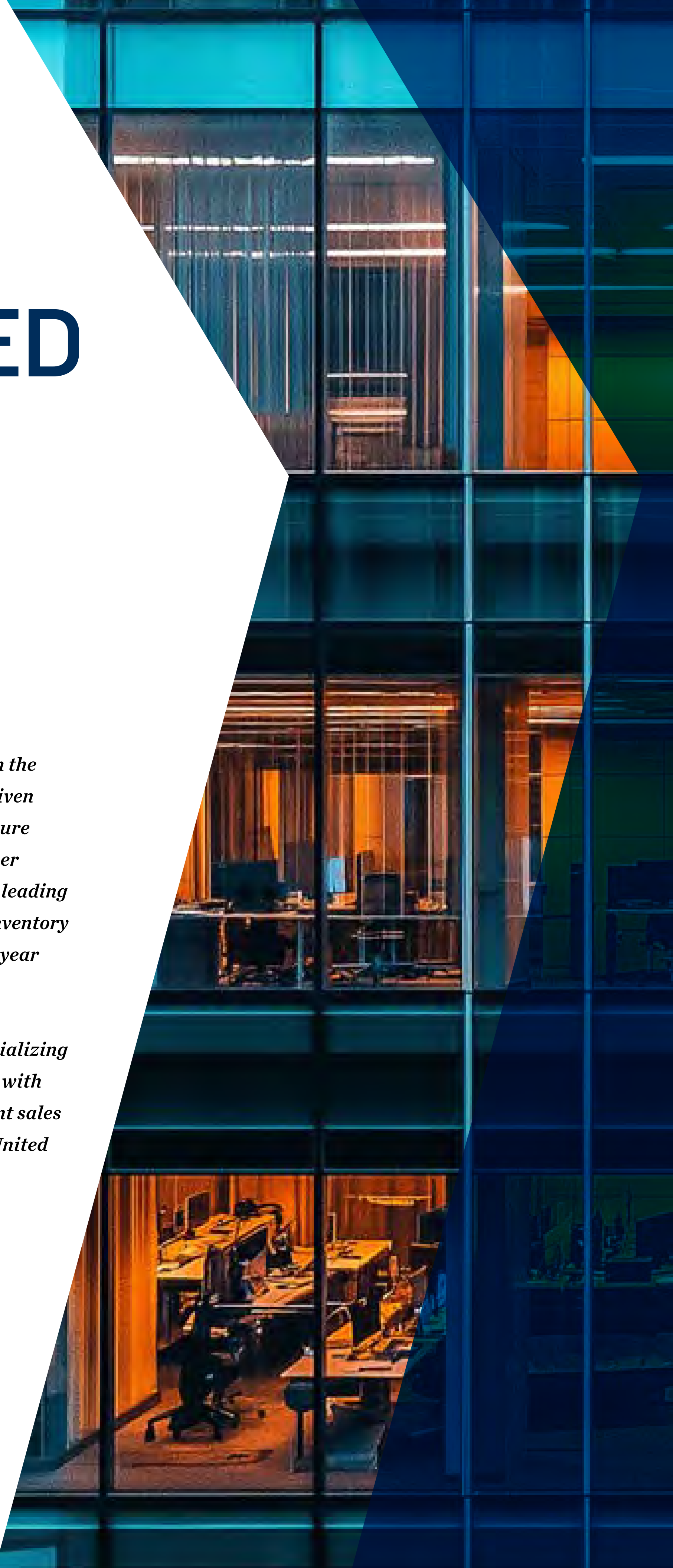

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