

TOP OFFICE METROS SNAPSHOT

Q3 2015

Strong Markets Still Have Room to Grow

9 of 10 leading office markets show positive 1-year outlook

Featured Highlights

- Office market conditions continued to improve this quarter in the top investment markets tracked by Colliers International. Vacancies declined or were flat in nine of the ten markets during the third quarter; the overall vacancy rates for these markets fell to 12.9%, down 30 basis points from Q2 and 60 basis points from a year ago.
- Of the major markets, only Houston is struggling with rising vacancies; considerable new supply is hitting the market just as leasing is slowing down due to weakness in the energy sector. The vacancy rate in Houston is currently 14.5%, up 250 basis points from the previous year.
- Absorption trends were a bit more mixed, as only five of ten netted more leasing this quarter than in the last. However, with construction restrained in most markets, even this moderate leasing has helped reduce the backlog of vacant space, enabling vacancies to continue to track downward.
- Q3 marks the second strong quarter in a row after a weak first quarter tied to poor weather and generally lackluster economic growth. Leasing picked up in the second and third quarters as the economy strengthened during the spring and summer.
- Looking forward, our forecast for the top markets remains generally positive (again, except Houston). Despite rising risks in the near-term outlook (global economic slowdown, rising U.S. dollar), economic and job recovery will continue to fuel office leasing.
- Recovery in the office sector continues to lag behind that in the multifamily and industrial sectors, both of which are now back to prior peak occupancies. At current trends, the office may not reach its prior peak for two to three more years.

MARKET 1-YR OUTLOOK	METRO INVENTORY (SF)	ABSORPTION (SF)	AVG RENT (\$)	VACANCY RATE
Manhattan, NYC	504,737,604	2,259,024 ▲	\$70.25 ▲	9.7% ▼
Washington, D.C.	433,365,137	420,086 ▼	\$35.45 ▼	15.3% ▬
Chicago, IL	313,385,760	993,285 ▲	\$28.92 ▲	14.1% ▼
Dallas, TX	276,367,367	5,610,779 ▼	\$23.14 ▲	14.9% ▼
San Francisco Bay Area*	268,270,454	3,634,847 ▲	\$70.57/sf city \$39.72/sf suburb ▲	7.3% ▼
Houston, TX	223,175,638	338,584 ▼	\$27.83 ▲	14.5% ▲
Atlanta, GA	221,626,807	1,032,740 ▼	\$21.13 ▲	14.0% ▼
L.A. County, CA	199,795,914	-9,800 ▼	\$33.84 ▲	16.3% ▬
Boston, MA	176,427,323	1,017,014 ▲	\$36.07 ▲	14.1% ▼
Seattle, WA	131,136,819	957,957 ▲	\$28.83 ▲	9.7% ▼

*Includes East Bay, Peninsula, San Jose. Excludes North Bay
Source: Colliers International

OFFICE SERVICES | contact

Cynthia Foster
President,
National Office Services
+1 212 716 3515
cynthia.foster@colliers.com

RESEARCH | contact

Andrew Nelson
Chief Economist | USA
+1 415 288 7864
andrew.nelson@colliers.com

Pete Culliney
Director of Research | Global
+1 212 716 3698
pete.culliney@colliers.com

Colliers International
666 Fifth Avenue
New York, NY 10103
+1 212 716 3500
colliers.com

