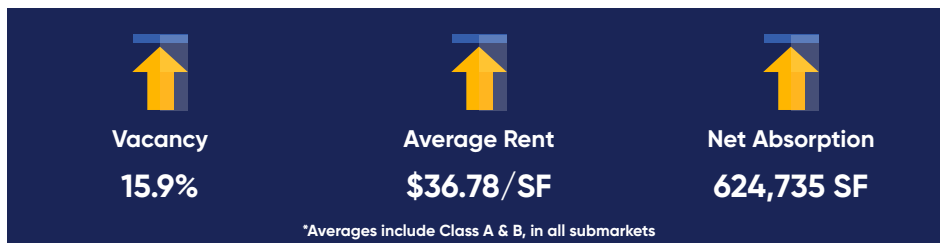


Office Market Report

The flight to quality and term flexibility continue to be the stand out trends in office leasing. The vast majority of absorption was concentrated in newly developed, trophy A buildings. High-end, move-in ready subleases with shorter lease terms are preferred among occupiers, as most are taking a conservative approach to spending in the face of economic uncertainty. Landlords continue to deliver newly built-out “spec suite” spaces in order to compete with the growing sublease market.

The office capital markets and development pipeline has slowed as interest rates rise and lenders pull back. The market is cooling off amid continued inflation and economic uncertainty.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$39.89	CBD Class A 14.3%	▲ 1.6%
\$28.35	CBD Class B 5.7%	▼ -1.5%
\$38.43	South/485 Class A 21.3%	▼ -0.5%
\$33.68	South/485 Class B 11.5%	▲ 2.0%
\$41.74	Midtown/SouthEnd Class A 13.8%	▼ -0.2%
\$34.49	Midtown/SouthEnd Class B 6.2%	▲ 1.1%
\$29.44	Airport Class A 12.8%	▼ -1.3%
\$26.73	Airport Class B 24.0%	▼ -3.7%
\$40.09	Southpark Class A 14.2%	▲ 0.5%
\$34.48	Southpark Class B 7.4%	▼ -6.5%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Robinson Bradshaw	101,502 SF	CBD	Office
2 Bank of London	38,654 SF	CBD	Office
3 Holland & Knight	27,718 SF	Midtown/SouthEnd	Office
4 FlexCare Medical Staffing	27,509 SF	Midtown/SouthEnd	Office
5 Law Offices of James Scott Farrin	10,000 SF	CBD	Office

Occupier's Perspective

Workplace solutions remain top priority for all firms navigating the ever-changing hybrid workforce, however, rental rates leveled off in Q3, and we expect rates to remain steady in Class A product. Class B assets will need to get creative on amenities, offer significant concessions and/or begin reducing rental rates in order to lure Tenants to their buildings.

Market Trends

Leasing flexibility. As tenants prepare for a possible economic downturn, they are seeking short term, below market sublease opportunities to remain nimble.

Flight to quality. Absorption was heavily concentrated in newly built, highly amenitized office buildings or sublease spaces.

Economic Indicators.

Inflation and rising concerns about the economy are softening tenant demand.