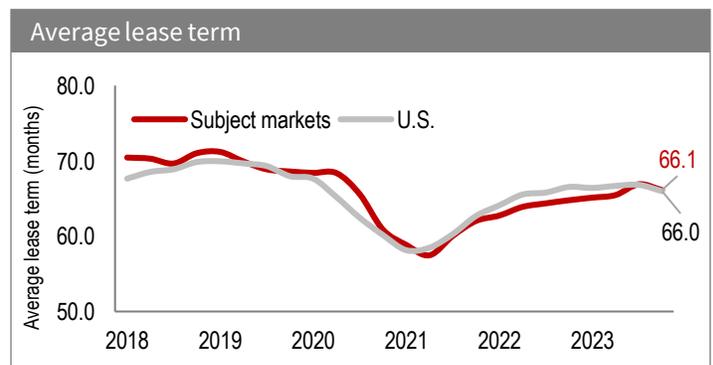
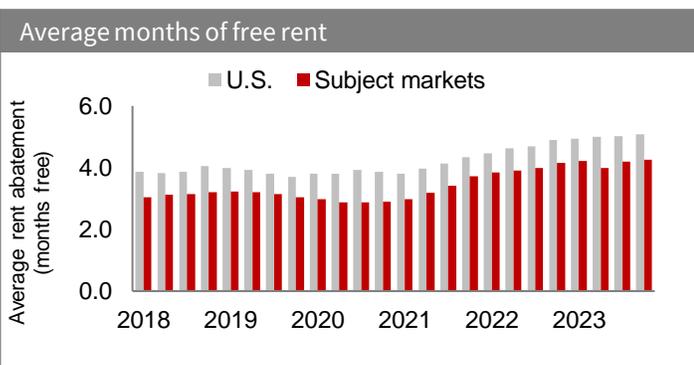
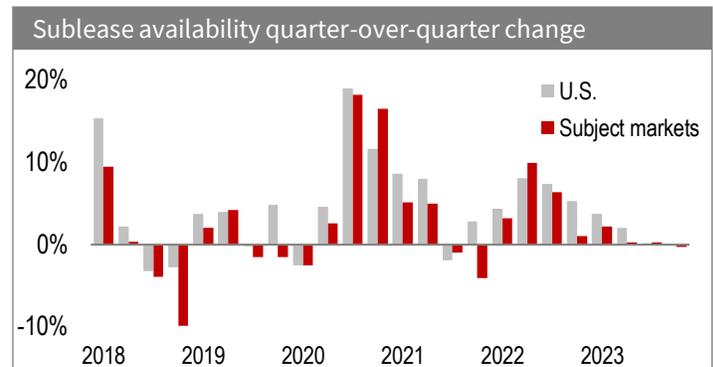
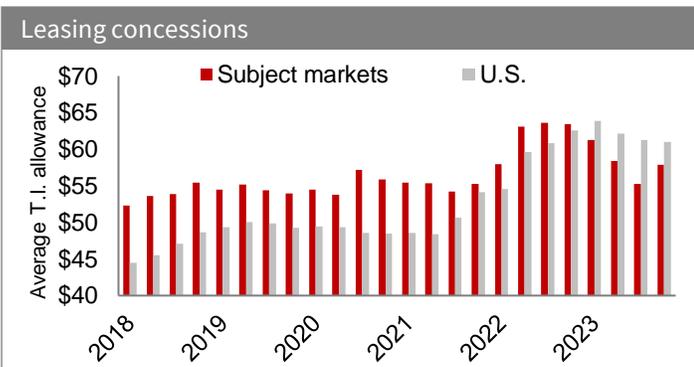
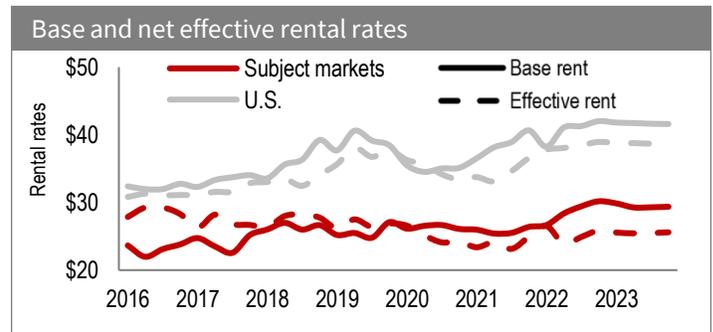
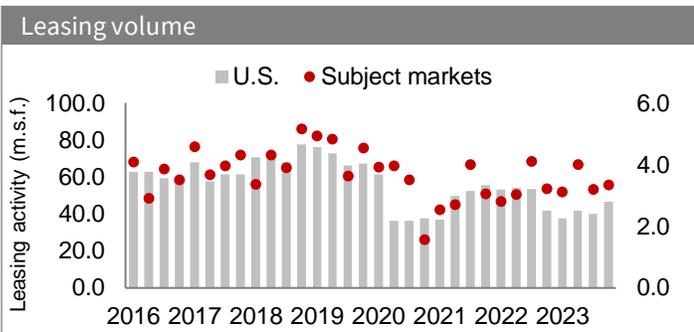


# Executive summary

January 2024

- In the second half of 2023, the U.S. office market began to see the first consistent signs of recovery since rate hikes began in early 2022: active tenant requirement volume increased for three consecutive quarters to end the year 20% higher, and though overall leasing activity fell by 9% year-over-year, larger quarter-over-quarter jumps in Q2 and Q4 created positive momentum moving into 2024.
- Sublease additions peaked in Q1 2023 and have consistently declined throughout the year as macroeconomic conditions stabilized and public equity prices recovered. By year-end, additions have fallen below the post-pandemic monthly average and sublease vacancy rates declined by 5 basis points in the fourth quarter.
- Newer construction and highly amenitized trophy assets have generated positive net absorption in every quarter since the pandemic and attracted an outsized share of leasing in 2023. High-end product continues to see measured rent growth in base and net effective rents, while the rest of the market has marginally softened.
- Overallocation of core capital to the office sector and increases in capital costs have driven new development activity to all time lows. The construction pipeline has fallen from nearly 150 million s.f. in 2019 to just over 60 million s.f. at year-end, with only 10 million s.f. of groundbreakings during the year.
- Nearly 90% of private employers in the U.S. now mandate office attendance with shifts in policies in 2023.
- **Manulife markets see themes consistent with the overall U.S. but have experienced less volatility in the past 18 months and are not yet seeing the same acceleration in demand that has occurred in other areas.**

## Subject market performance relative to U.S. average



# U.S. economy overview

January 2024

In 2023 the economic picture largely improved, as progress towards target inflation rates began to chip away at the prospect of continued monetary policy interventions and the economy has avoided tilting into a significant recession. The improvement in the macroeconomic picture in the U.S. is increasing the likelihood of interest rate cuts over the short term, with rate cuts now expected in early-to-mid 2024.

Headline CPI growth has been in flux in recent months, dropping below 3% in June, but climbing to almost 3.7% in September before declining again in October. Personal Consumption Expenditures (PCE), which measures a more comprehensive scope of expenditures, continued to decline through Q4 and reached 2.6% year-over-year (YoY) growth as of November.

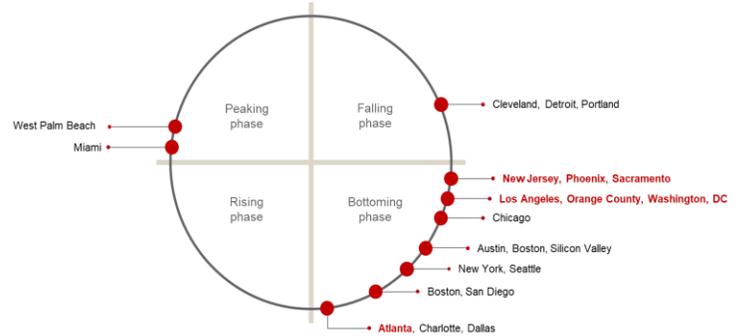
The labor market is similarly showing signs of tentative improvement—office-using employment in the private sector increased by 90,000 jobs since January, with gains in Finance and Professional Services overshadowing losses in the Information sector, but that was overshadowed by 553,000 jobs gained in the government sector over the past three months.

While private sector employment remains neutral, valuations are beginning to recover. The S&P 500 index saw equity prices grow by 11.2% during the fourth quarter while the NASDAQ composite index grew by 13.6%. S&P 500 companies

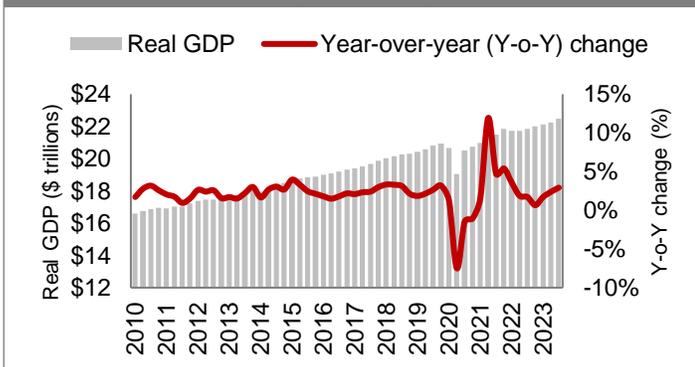
registered 2.3% growth in revenues in CY 2023, which is forecast to more than double in 2024, reaching 5.5%.

The improving economic metrics are improving the interest rate outlook: investors now expect that rates will meaningfully decline by mid-year. Reduced costs of capital and improved valuation will drive more offensive strategies with respect to firms' office portfolios.

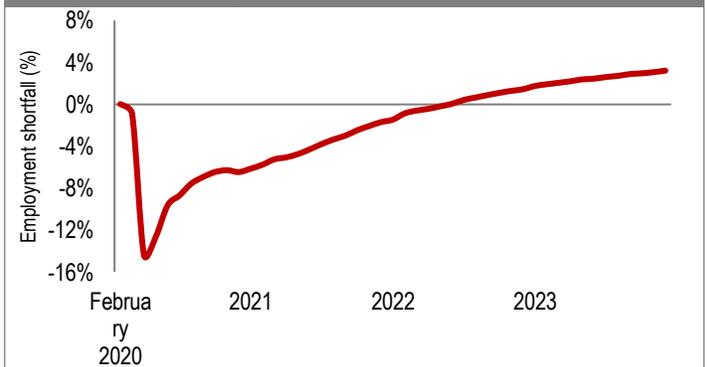
## JLL Property Clock



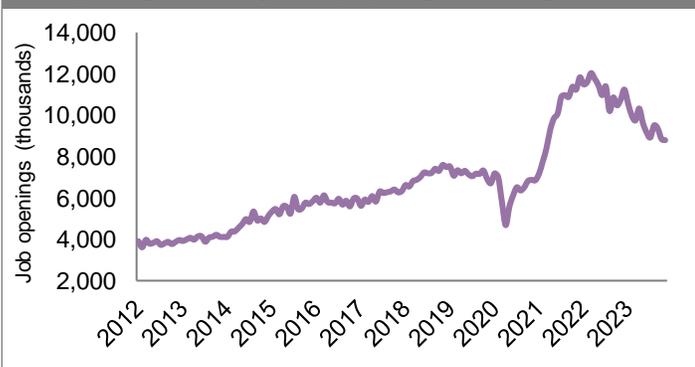
Likelihood of 'soft landing' increasing



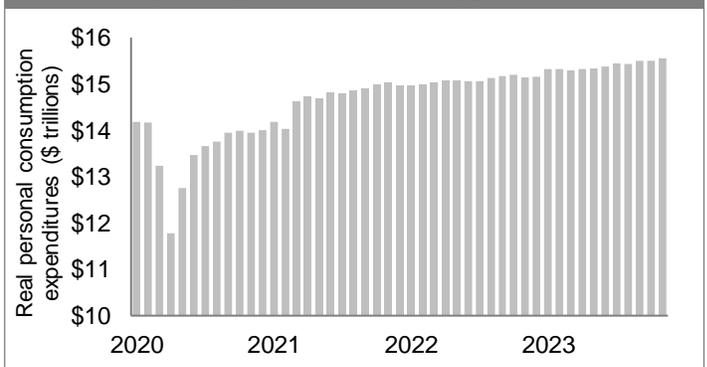
Job growth slowing but remains positive



Job openings declining as employers gain leverage



Consumer spending continues to slowly grow



# U.S. office overview

Improvement in economic landscape and growing momentum in return-to-office are driving consistent growth in office demand over the year. Active requirements increased for the third consecutive quarter, growing 6.6% in Q4 and 20.4% year-over-year (YoY). Despite the improvement, demand remains about 30% below pre-pandemic levels. The growth in tenants in the market drove a significant uptick in leasing activity in Q4, growing 14.1% QoQ to 46.4 million s.f., the highest level since Q2 2022. Slower activity early in the year brought 2023's gross leasing activity to 72% of pre-pandemic levels, but Q4's activity reflected 81% of a typical pre-pandemic quarter.

A major contributor to the uptick in lease volume at year-end was a return of larger leases, transactions that had largely been placed on hold as interest rates were rising that have gradually returned to the market in recent months. Overall, more than 50 lease transactions over 100,000 s.f. closed in the fourth quarter, the highest volume recorded at quarter-end this year. From an industry perspective, most major sectors are approaching pre-pandemic levels of transactions activity over the past year with a few notable exceptions. Leasing activity is expected to increase by 10-20% in 2024.

Another promising sign for the office market has been the peak and decline of sublease vacancy rates in the final months of the year. As interest rates began to increase in mid-2022 and layoffs impacted certain industries, sublease additions began to increase dramatically in the fourth quarter of 2022, peaking in December but remaining elevated through the first half of 2023. New sublease additions have steadily declined in 2023 and fell by 18.1% QoQ in Q4, with December declining to less than half the monthly average since 2020. Though some tenants may have been delaying decisions in the final months of the year and may place additional space on the market in Q1, the strong performance of equities over the past quarter and past year bode well for the continued normalization of the sublease market—sublease levels have historically declined during a recovery in public equity prices. As a result of slowing additions and an acceleration of backfill activity lifted by large sublease transactions, sublease vacancy rates declined for the first time since late 2021, falling 5 bps to 3% at year-end. Though sublease vacancy rates are declining, the U.S. is still registering negative net absorption and increasing overall vacancy rates as companies downsize expiring leases. Q4 saw 13.4 million s.f. of negative net absorption, an improvement from Q3 but still leading to an increase in vacancy, with overall vacancy growing 37 bps to 21.4%.

While some surveys are indicating more expansionary activity in 2024, some tenants may continue to downsize older leases that were in place before workplace shifts that occurred during the pandemic. Despite the downsizing activity, tenants who are relocating or expanding are often seeking high-end space to upgrade, which is leading to a significant bifurcation in the market according to asset age and quality. Over the course of the pandemic, while the broader office market has seen over 200 million s.f. of occupancy loss, buildings constructed since 2015 have collectively generated 127 million s.f. of occupancy gain. This is slated to continue in 2024, as 13.1% of leasing volume took place in these newer buildings in the past year despite comprising just 9.5% of inventory.

Overall asking rents increased 0.4% annually to \$39.75,

however, recent increases in asking rents are driven more by the addition of higher-rent space in new construction than by organic rent growth holistically across assets. Same-asset asking rents grew by just 5 bps QoQ and have now only grown 1.4% in the past year while asking rents have grown 2.3% overall. New construction and other trophy assets have resisted the softening of rental rates, with trophy assets in gateway markets seeing 4.6% growth in same-asset asking rent QoQ and non-gateway trophy assets growing by 2.7% QoQ.

Despite the outperformance of new construction and trophy product over the past three years, the pipeline of new supply is falling dramatically. Office groundbreakings fell to the lowest volume in decades in Q4, with just 1.2 million s.f. of new construction beginning, rounding out a year of just over 10 million s.f. of groundbreakings. Throughout 2023, 46.6 million s.f. of office was completed, and an additional 62 million s.f. remains under construction, but this reflects a decline of nearly 85 million s.f. from the pipeline just four years ago. Deliveries are expected to decline to roughly 35 million s.f. in 2024, 15 to 20 million s.f. in 2025, and potentially under 10 million s.f. in 2026 in the absence of an imminent acceleration in construction starts. With new construction averaging over 35 million s.f. of positive net absorption per year since the pandemic, this is likely to create supply constraints at the top end of the market which will intensify in coming quarters, and drive spillover demand into the Class A market more broadly.

At the same time deliveries are slated to precipitously decline, the U.S. is seeing an acceleration of inventory removals as a wave of conversion and redevelopment projects reimagine aging or transitional office buildings. For the third consecutive year, a record volume of office inventory was converted to other uses, reaching 18.8 million s.f. of conversions in 2023, and a total of 24.1 million s.f. of inventory removals altogether. In the context of the slowing construction pipeline, it is likely that by 2025, inventory removals will surpass deliveries, leading to net inventory removal in the U.S.

Capital markets activity remains limited, with \$43 billion in investment volume in 2023, a 60 percent decline YoY and a level comparable to activity in 2010. Delinquency rates on office CMBS debt have increased sharply over the course of the year to roughly 6.2 percent, but current levels remain far from the previous peak of 10.5% during the Global Financial Crisis. With interest rates expected to decline in early-to-mid 2024 and loan spreads beginning to soften among many lenders, improvement in the pricing environment will likely drive more investment activity in 2024.

Macroeconomic risks persist, but indicators are improving and helping alleviate cyclical headwinds. Tenant demand has shown consistent growth, and despite record vacancy rates nationally, new construction and trophy buildings are seeing vacancy decline, and soon will not have a pipeline delivering additional competitive assets to the market. At the same time, the sublease market, which had been an attractive option for economic-minded tenants who still sought higher-quality space, is thinning. These pressures will force tenants to consider a broader array of space options and will encourage capital deployment as rates ease to transform older office assets to a product that responds to today's demand.

# Atlanta (Buckhead and Midtown)

- Vacancy in Buckhead and Midtown surpassed 25% after significant sublease additions from technology companies drove negative net absorption.
- Buckhead and Midtown continue to attract significant lease transactions, executing seven lease transactions over 50,000 s.f. in 2023, with the five largest all being non-technology tenants.
- Atlanta will still see several developments in Midtown deliver over the next several years, but groundbreakings are slowing and development activity in Buckhead has taken a pause.
- With larger leasing activity accelerating, the metro is expected to begin to see inbound demand from companies relocating out of higher cost-of-living metro areas over the next two years.

## Office market trends

With the cyclical headwinds of 2023 bearing an outsized impact on the technology industry, Buckhead and Midtown saw volatility in the past year, but resilience relative to other significant technology nodes in the U.S. Buckhead and Midtown saw less than 500,000 s.f. of sublease additions over the course of the year, and while vacancy has risen, additions have begun to normalize, and the overall impact was minimal relative to peer markets like Austin.

Leasing activity remained fairly resilient YoY, increasing nearly 10% while national leasing volume decreased by almost 10%. Leasing activity diversified from the technology dominance of past years, with the largest lease signed by apparel company Carter's in Buckhead, and Midtown's four largest leases coming from professional services companies or telecom.

Despite the sharp slowdown in development nationally, Atlanta still has 2.4 million s.f. under construction, the 15<sup>th</sup> largest pipeline among major markets, and more than half that space is being developed in Midtown. Because of the continued competition from new space, aging Midtown assets may struggle to maintain occupancy levels in 2024 if absorption remains negative.

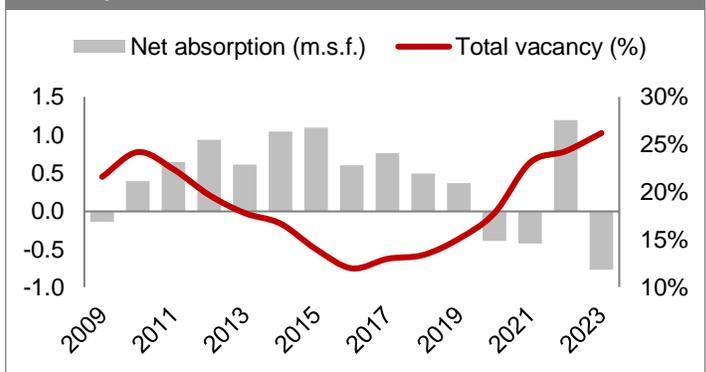
Rents continue to grow at a healthy pace, with Atlanta seeing the 6<sup>th</sup> fastest rent growth nationally YoY. The minimal sublease additions have allowed direct rental rates to continue to increase across most properties due to limited low-cost alternatives for tenants

## Outlook

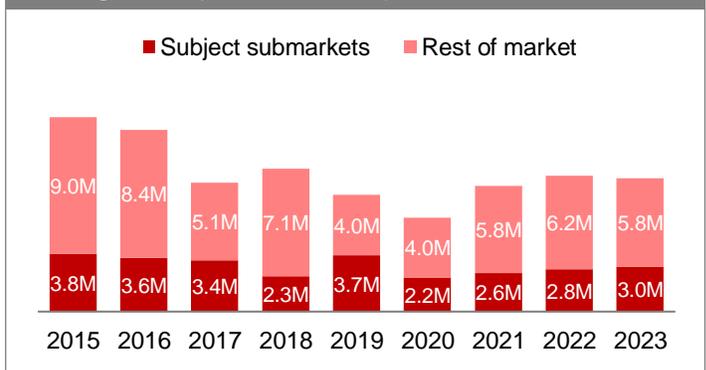
Atlanta's strong inbound demand over the past five years has left the metro with one of the more significant construction pipelines at year-end, but groundbreakings are slowing and deliveries are slated to decline. Some of Atlanta's large occupiers have instituted aggressive return-to-office mandates, such as UPS's increase to a five-day requirement in 2024, which will help limit future rightsizing activity. As occupier activity accelerates, Midtown and Buckhead stand to benefit from continued tenant migration into peripheral urban submarkets, and the growth of technology in Midtown.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-4,369,746	▲
Under construction (s.f.)	2,436,380	▼
Total vacancy (%)	23.9%	▲
Sublease vacancy (s.f.)	3,444,261	▲
Asking rent (\$ p.s.f.)	\$33.42	▲
Concessions	Rising	▲

## Vacancy increases accelerate with sublease influx



## Leasing recovery remains healthy and dominates metro



## Cap rate increases tapering; rents continue to grow

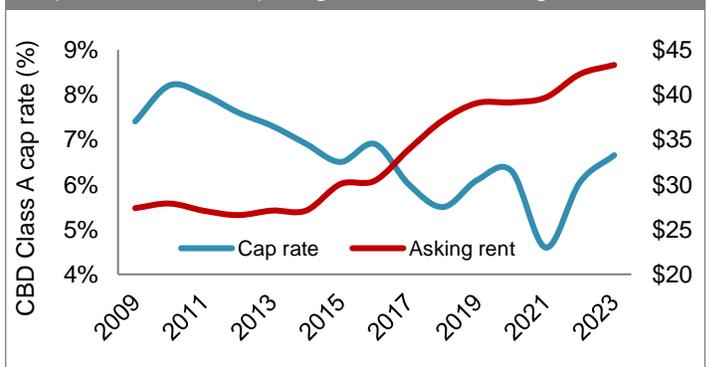


Table refers to overall market, while charts refer to Manulife submarkets

# Los Angeles (Downtown)

- Leasing activity was muted metro-wide amid the Writer's Guild strike, and declined slightly YoY.
- Negative net absorption accelerated due to sublease additions and move-outs in the CBD. Vacancy surpassed 25% for the first time on record.
- High-end activity from financial services firms continues to target new developments in Century City, where rents continue to grow for trophy product and have approached \$100 p.s.f. Downtown rents continue to soften as more sublease space entered the market.
- Prospects for more vibrant foot traffic in the CBD are improving as the city begins to target safety concerns.
- Los Angeles' construction pipeline is slightly smaller than other gateway markets and no new projects are pending in the CBD.

## Office market trends

Downtown LA saw nearly 1 million s.f. of negative net absorption in 2023, one of the weakest years on record, as tenants continue to favor other submarkets for new leasing and a wave of sublease additions and move-outs took place. Despite the occupancy loss, sublease additions stabilized by year-end and in Q4 sublease vacancy did not increase.

Leasing activity was weaker across the metro area as media and entertainment companies stepped back during the middle of the year amid the Actors and Writers Guild strike. Legal services firms were more active in the CBD in 2023, with Sheppard Mullin signing the largest private-sector lease of the year for 120,000 s.f. at 2Cal, after Sidley Austin had leased 60,000 s.f. in the same building in Q2.

The city government has made safety a priority in 2023, declaring a state of emergency and activating the city's emergency response center to combat issues stemming from large unhoused populations in the downtown area. Improvements in DTLA's safety will help drive a foot traffic rebound that has lagged against other gateway markets and driven tenants to prioritize other submarkets.

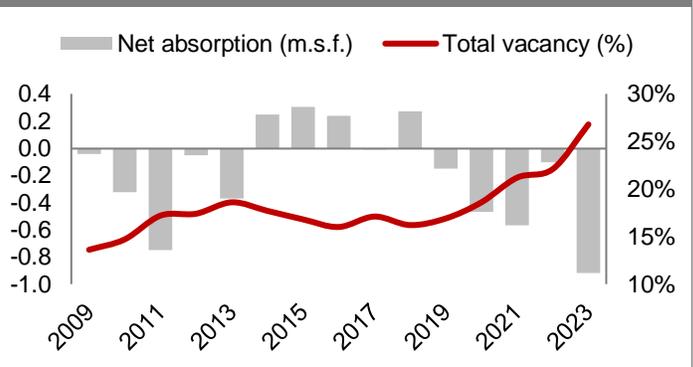
New supply is declining and remains concentrated outside the CBD in Century City, which is driving tenants seeking high-end space to migrate to the Westside and continued rent growth in that cluster.

## Outlook

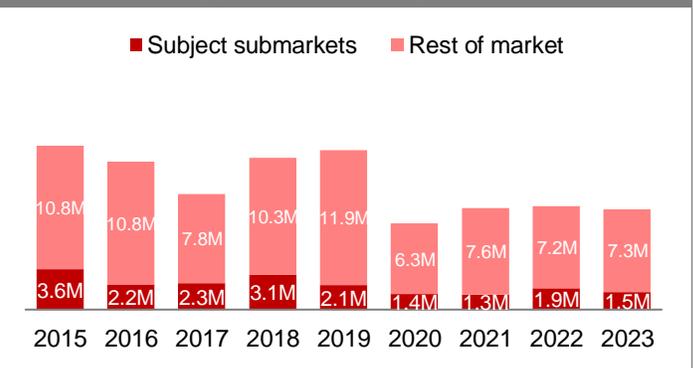
The technology sector, which has been an important demand driver in LA, could regain momentum with a potential easing of interest rates in early 2024. Additional tailwinds could emerge in the entrainment industry with the Actors and Writers strike resolved. On the supply side, differentiated and well-capitalized assets will continue to capture a greater share of demand as flight-to-quality remains in focus for many LA office users, but improvement to safety concerns in Downtown LA may drive more cost-conscious tenants to reconsider CBD assets.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-5,803,869	▼
Under construction (s.f.)	2,899,000	▼
Total vacancy (%)	26.5%	►
Sublease vacancy (s.f.)	7,405,731	►
Asking rent (\$ p.s.f.)	\$48.01	►
Concessions	Stable	►

## Vacancy increases accelerate amid sublease wave



## CBD recovery sluggish as tenants target other submarkets



## Cap rates beginning to stabilize, rents softening

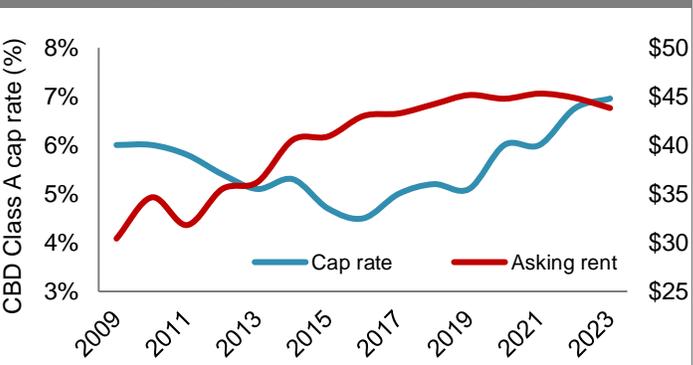


Table refers to overall market, while charts refer to Manulife submarkets

# New Jersey (Hudson Waterfront and the Meadowlands)

- Vacancy rates continue to climb more than 200 bps metro-wide as softer demand and move-outs generated by corporate restructuring drove more than 3 million s.f. of occupancy loss.
- A lack of newer buildings in Hudson Waterfront and the Meadowlands is limiting lease volume, but leasing activity declined metro-wide nearly 10%.
- Flight-to-quality migration will continue to generate headlines in the office market as tenants shed outdated workspaces and relocate their operations into newly renovated, amenity-rich buildings. Class A asking rents are expected to maintain their upward trajectory as landlords market their higher-quality availabilities to potential tenants.

## Office market trends

Following an uptick in demand that pulled the Northern and Central New Jersey overall vacancy rate lower in Q3, the office market altered course three months later in response to diminished tenant requirements and additional vacancies as tenants pruned excess real estate holdings. The vacancy rate subsequently increased 30 basis points from Q3 to 26.7%. The higher overall vacancy rate was fueled by nearly 579,400 s.f. of negative net absorption, which eroded the 361,860 s.f. absorbed during Q3. The office market posted negative absorption figures during three of the four quarters of 2023.

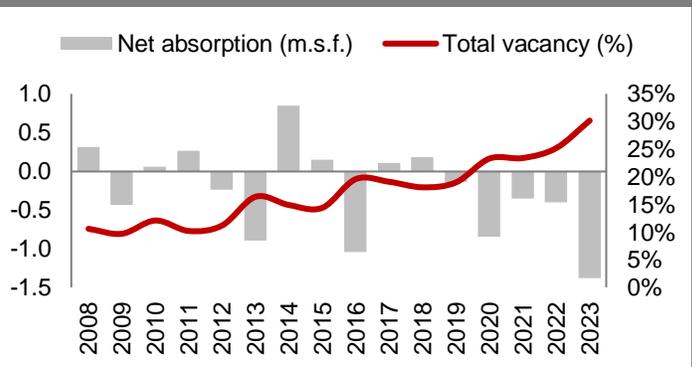
Leasing velocity was restrained during the final three months of 2023, as less than 1.5 million s.f. of deals were completed in the Northern and Central New Jersey office market. This contrasted the 2.4 million s.f. of leases signed during the same period one year ago. Transaction volume was muted; leases greater than 100,000 s.f. were elusive in late 2023. Instead, more than two-thirds of signed deals were in the 10,000 s.f. to 25,000 s.f. range. One of the largest office transactions completed during Q4 involved Marcum LLP and Somp International collectively subleasing 125,770 s.f. from CIT at 340 Mount Kemble Ave in Morristown. The former AT&T call center facility had been extensively renovated by Onyx Equities. In addition, NJM recently leased approximately 51,230 s.f. at 1 Sylvan Way in Parsippany. The insurance company will be moving from 1599 Littleton Rd, also in Parsippany.

## Outlook

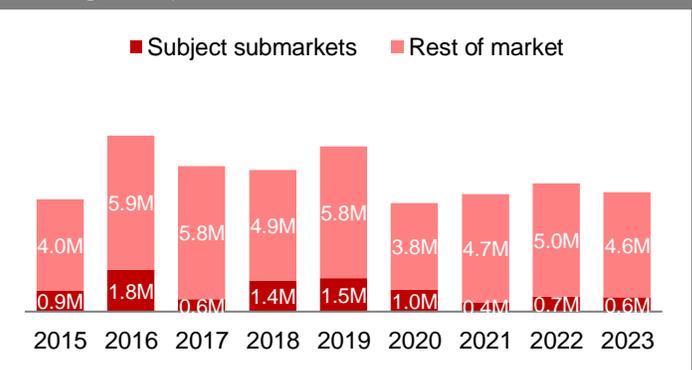
Flight-to-quality migration is expected to remain a leading theme of the office market in the coming year, as tenants shed outdated workspaces and relocate their operations into newly renovated buildings that offer premium amenities. This trend will help to accelerate the demolition or conversion of older, vacant buildings to alternative uses. More than 7 million s.f. was removed from the office market during the past five years, including 1.8 million s.f. in 2023. Residential, big-box warehouses, healthcare and retail projects will remain among the leading alternative uses for the state's outdated office buildings, with incentives issued by the federal government helping to move the needle on additional projects.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-3,331,015	▶
Under construction (s.f.)	374,318	▶
Total vacancy (%)	26.7%	▶
Sublease vacancy (s.f.)	8,229,947	▲
Asking rent (\$ p.s.f.)	\$30.51	▲
Concessions	Rising	▲

## Vacancy rate swells with major move-outs



## Leasing activity slow in 2023



## Cap rates stabilizing, rents beginning to decline

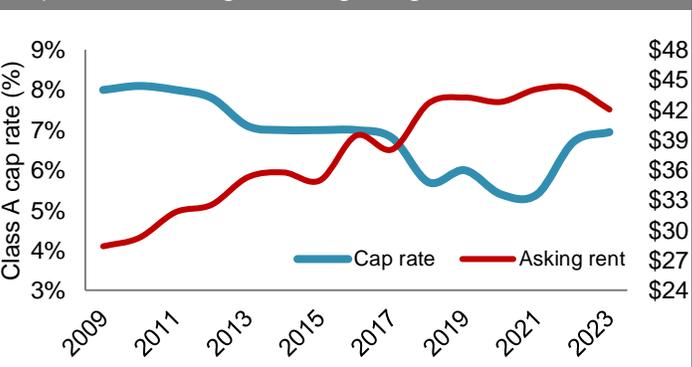


Table refers to overall market, while charts refer to Manulife submarkets

# Northern Virginia (Fairfax Center and Fairfax City)

- Leasing activity was limited in 2023 with just seven transactions signed above 10,000 s.f. in Fairfax
- Northern Virginia experienced net occupancy loss of 99,828 s.f. in Q4 but was positive for the year –totaling 1.4 million s.f. –driven by the owner-occupied move-ins of Capital One and Amazon HQ2 earlier in 2023.
- Continued downsizing of existing tenants in Fairfax and lack of occupancy gains from new construction kept absorption negative for the fourth consecutive year in 2023.
- After a surge in sublease listings over the past three years, Northern Virginia saw its second consecutive quarter of decline in sublet availability in Q4.
- Tenant demand is targeting newer buildings and transit-oriented submarkets.

## Office market trends

In a market dominated by flight-to-quality where tenants have largely downsized existing footprints to move into upgraded stock, the Fairfax submarket has struggled to maintain occupancy, posting a fourth consecutive year of occupancy loss and the lowest leasing volume in more than eight years.

While defense spending has seen healthy growth in recent years, leasing from defense company has not kept pace, breaking an over 20-year relationship between federal budgets and office leasing activity. With return-to-office policies growing in 2023, including among aerospace and defense companies, that relationship could start to be restored in 2024. However, future leasing activity is projected to occur predominantly in submarkets along the transit-oriented spine (Tysons, Rosslyn-Ballston Corridor, and the Toll Road) where a majority of Northern Virginia's Trophy and Class A+ buildings are located.

Fairfax saw limited sublease additions in 2023, with most occupancy losses experienced on a direct basis, the largest being over 30,000 s.f. in move-outs from Oakwood Center.

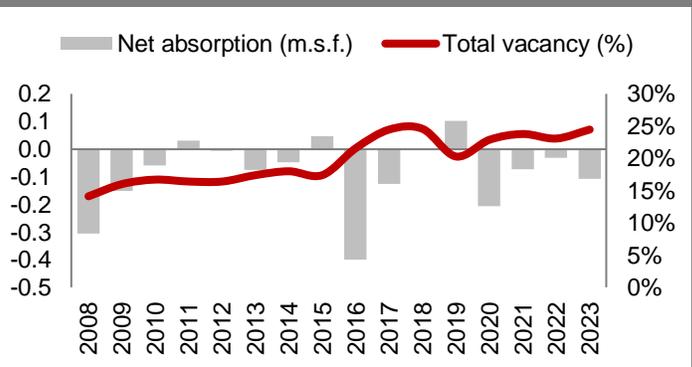
Although Northern Virginia does not see the same pace of conversion activity as Washington, DC, lack of new development has caused inventory to decline marginally in the past year with one conversion project launching, and additional proposals could help to stabilize vacancy rates more quickly.

## Outlook

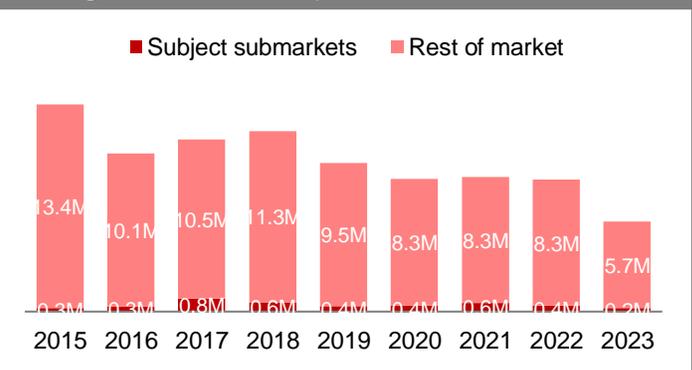
The flight-to-quality trend will increasingly drive a bifurcated market. Future leasing activity is projected to occur predominantly in mixed-use submarkets along the demand corridor (Rosslyn-Ballston Corridor, National Landing, Tysons and the Toll Road). Meanwhile, the inventory will continue to decline as a large volume of planned redevelopment projects begin to kick off. Such rightsizing, coupled with a low construction pipeline, should help bring more stability to the market.

Overall market statistics		Forecast
2023 net absorption (s.f.)	1,383,461	▲
Under construction (s.f.)	1,127,315	▼
Total vacancy (%)	22.2%	▼
Sublease vacancy (s.f.)	1,878,364	▲
Asking rent (\$ p.s.f.)	\$36.37	▶
Concessions	Rising	▲

## Negative net absorption grew with downsizing activity



## Leasing volume remains depressed



## Rents falling but remain above pre-pandemic levels

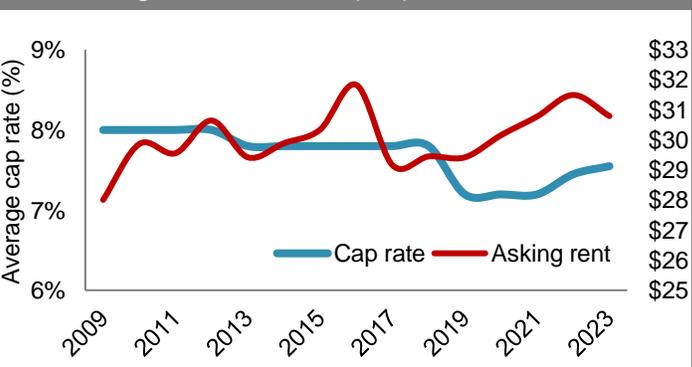


Table refers to overall market, while charts refer to Manulife submarkets

# Orange County (Irvine)

- Leasing activity remains below the five-year average, but increased 10% metro-wide in 2023 and 20% in Irvine.
- Net absorption remained slightly negative in Irvine due to several larger sublease additions in 2023.
- Central County, Fashion Island and South Santa Ana all recorded their first positive net absorption in 2023 as several large financial service tenants took occupancy during the quarter.
- No office groundbreakings were announced in Orange County in the past two years, while additional 1.7 million s.f. existing office space will be converted after 2023.
- Orange County's strong industrial fundamentals are driving office-to-industrial redevelopments, helping to limit obsolete supply.

## Office market trends

While conditions were fairly stable in 2023 compared to other West Coast markets, an influx of sublease space and generally defensive posturing among tenants led to the fourth consecutive year of occupancy loss for Irvine.

Two leases over 100,000 s.f. helped to boost leasing volume up roughly 20% in Irvine in 2023: Axonics' 119,000 s.f. lease at 15515 Sand Canyon, and Boot Barn's 116,000 s.f. lease at 17100 Laguna Canyon. In an otherwise quiet year for Big Tech, Apple leased 56,000 s.f. at 17800 Laguna Canyon which they intend to occupy in 2024

Countywide total sublease availability began to decrease in the second half of the year, but Irvine still saw notable additions. A life science tenant in Irvine Spectrum area made 32,000 s.f. available for sublease in October after occupying its new larger space of 147,000 s.f. nearby in July. The result is a temporary uptick in total sublease availability in the area.

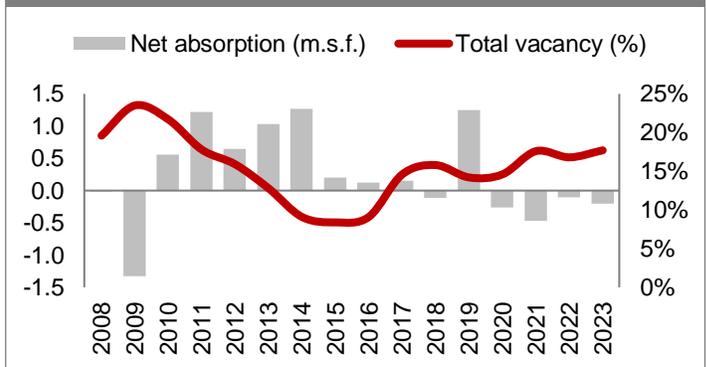
On the supply side, eight additional obsolete office projects across the county, totaling 1.7 million s.f., have been sold for conversion over the course of 2023. Furthermore, the Irvine Company recently pivoted the development of a life science office complex to multi-housing. There have been no new office groundbreakings in Orange County for two years.

## Outlook

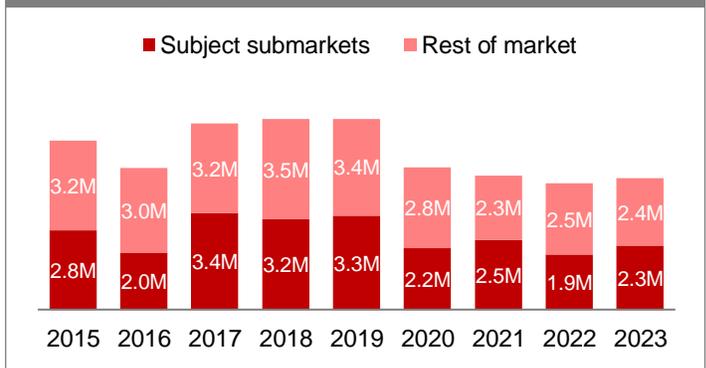
Throughout 2023, countywide office leasing activity was hindered due to rising interest rates and economic uncertainty. However, a recent local economic forecast depicted an optimistic outlook for 2024, anticipating lower interest rates, resilient job market and moderate economic growth, which is likely to boost commercial real estate conditions in Orange County in the near future.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-1,375,257	▲
Under construction (s.f.)	0	▼
Total vacancy (%)	17.5%	▲
Sublease vacancy (s.f.)	2,461,669	▲
Asking rent (\$ p.s.f.)	\$34.48	▼
Concessions	Rising	▲

## Absorption remains fairly stable despite sublease additions



## Irvine leasing grew more than 20% in 2023



## Asking rents begin to grow with recent completions

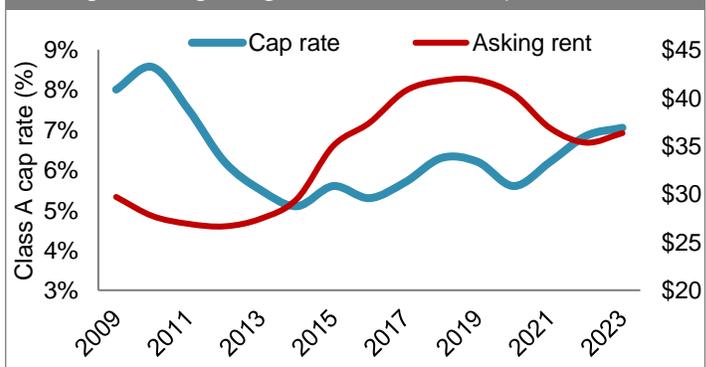


Table refers to overall market, while charts refer to Manulife submarkets

# Phoenix (Tempe)

- Tenant requirement volume has yet to make a meaningful recovery in Phoenix and continues to decline through 2023. Leasing activity has grown but is slated to slow.
- Occupancy losses accelerated in Phoenix as companies began to trim space in the sublease market as well as rightsize expiring leases, and the pipeline of new-to-market demand slowed dramatically.
- Phoenix had one of the most intense development pipelines in the past cycle but has seen construction decline for several years consistently, now with a pipeline less than half the U.S. average.
- Compared to other tech-heavy markets, Phoenix saw a limited influx of sublease space in 2023, but Tempe saw the majority of new additions.

## Office market trends

The total vacancy rate in Phoenix was 25.6% by year end 2023, a moderate increase of 60 basis points from the previous quarter. Negative net absorption continued in the final months of 2023, however, some positive trends persisted. The largest lease of the year was recorded in the fourth quarter, with an individual deal of approximately 136,000 s.f. leased within the Airport Area submarket. Notable leasing activity continued for Class A space, but was concentrated in Central Scottsdale, Scottsdale Airpark and Superstition Corridor submarkets. Additionally, many Class B properties saw renewed interest this quarter, as the supply and availability of highly amenitized, newer properties remained relatively constrained.

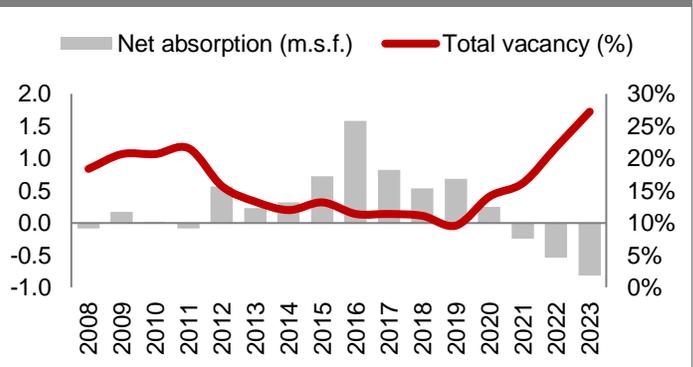
Recent office space delivered to the market in the fourth quarter included 150,000 s.f. at Cavasson within the Scottsdale Airpark, following 150,000 s.f. delivered at Rio Yards within Tempe in the previous quarter. Despite these deliveries, new office construction was limited in 2023, reducing some supply side risks in the market. Total asking rent growth decelerated to 0.8% year over year, following an average annual rent growth of 2.3% during the past five years. Further, total average asking rents decreased for the first time, quarter to quarter, since early 2021. The slowdown in asking rent growth was partially attributed to some higher end product taken off the market and landlords offering increased concessions to accommodate incoming tenants and lease renewals.

## Outlook

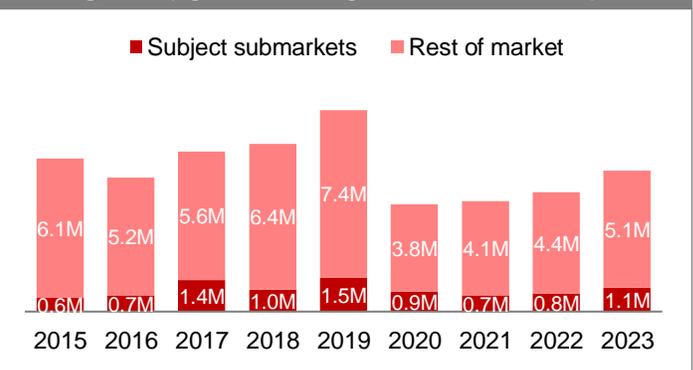
Overall, operating fundamentals in the Phoenix office market showed some signs of stabilizing, compared with recent quarters. New supply should continue to outperform, particularly while recent development is scarce. Although some of the largest operations in the market may continue to downsize, pre-built spaces, including sublease listings and spec suites, should generate heightened occupier attention moving forward.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-3,552,788	▼
Under construction (s.f.)	635,856	▼
Total vacancy (%)	25.6%	▲
Sublease vacancy (s.f.)	6,278,671	▲
Asking rent (\$ p.s.f.)	\$29.42	▶
Concessions	Rising	▲

## Occupancy loss surges with tech shedding space



## Leasing activity grows with large deals in South Tempe



## Rents softening quickly amid influx in sublease space

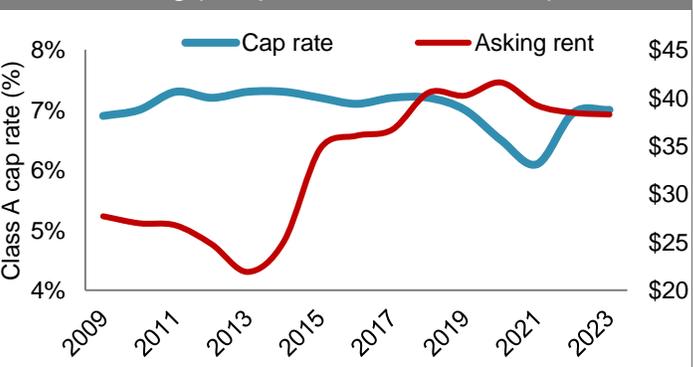


Table refers to overall market, while charts refer to Manulife submarkets

# Sacramento (overall)

- Occupancy loss slowed in 2023 as private sector companies in Sacramento began to implement return-to-office plans and downsizing slowed.
- Sacramento saw a limited influx of sublease space in 2023, and has had one of the most stable vacancy rates of any West Coast market since the pandemic.
- The average lease size across Sacramento declined 30% this year to approximately 8,100 s.f., with both Downtown and the suburban submarkets seeing the average fall below 10,000 s.f.
- Leases signed saw an average term of 88 months in Q4, representing another increase from last quarter. On the year, the average term has increased by 8 months compared to 2022.
- The number of tenants in the market increased by approximately 7% in the second half of the year.

## Office market trends

The Sacramento office market realized another quarter of negative absorption to end 2023, furthering occupancy losses to 697,709 s.f. year to date. Negative absorption in Q4 totaled approximately 183,300 s.f., representing the 13th consecutive quarter of occupancy losses for the region. Vacancy increased to 20.7% across the market.

The Highway 50 Corridor saw approximately 560,400 s.f. of occupancy losses in 2023. Vacancy has increased 5% year over year to 31.3%. Downtown's occupancy losses in Q4 were a result of the California Infrastructure and Economic Development Bank vacating its space at 980 9th St, resulting in Class A vacancy rising above 20%. Despite this, Class A assets on Capitol Mall have seen total availability decrease 70 basis points in 2023. After Towerpoint Wealth leased 6,000 s.f. at 500 Capitol Mall, the total vacancy rate remains healthier at 16.5% as of Q4.

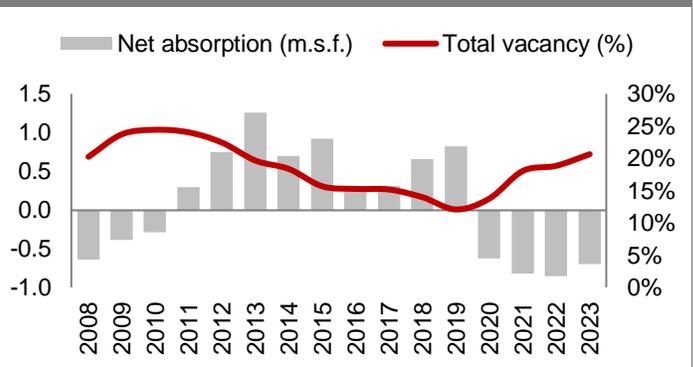
Leasing slowed in Q4, primarily driven by a lack of deal volume in the suburban submarkets. Sacramento wide leasing in Q4 decreased 67% from Q3, though leasing in Downtown actually increased by 0.8% quarter over quarter. Despite this, 2023 gross leasing decreased by 29% and 21% compared to 2022 in Downtown and the suburbs, respectively. However, total deal volume this year outpaced the annual average of leases signed from 2020 to 2022. In 2023, approximately 81% of leases signed were for spaces under 10,000 s.f., an increase from approximately 69% in 2022. This trend ultimately resulted in the decrease year over year in gross leased space.

## Outlook

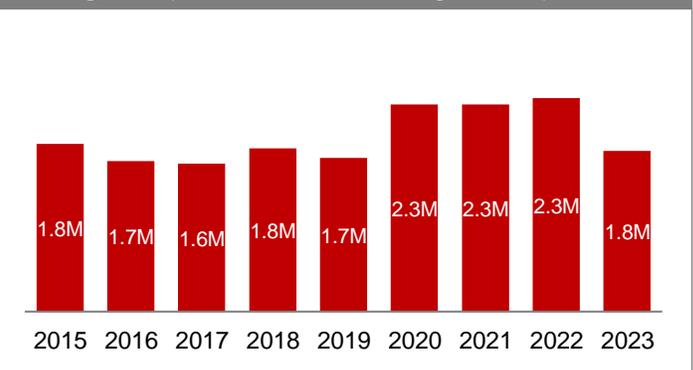
Vacancy will rise in the short term once CalSTRS vacates approximately 175,000 s.f. at 100 Waterfront Place in West Sacramento in early 2024. However, Sacramento is expected to see an increase in leasing activity in 2024. There's been a steady increase in the number of tenants in the market since July. Demand remains primarily by tenants looking for less than 10,000 s.f. and by government, which accounts for 51% of the total requirements.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-697,709	▼
Under construction (s.f.)	569,000	▶
Total vacancy (%)	20.7%	▲
Sublease vacancy (s.f.)	770,250	▶
Asking rent (\$ p.s.f.)	\$26.70	▶
Concessions	Rising	▲

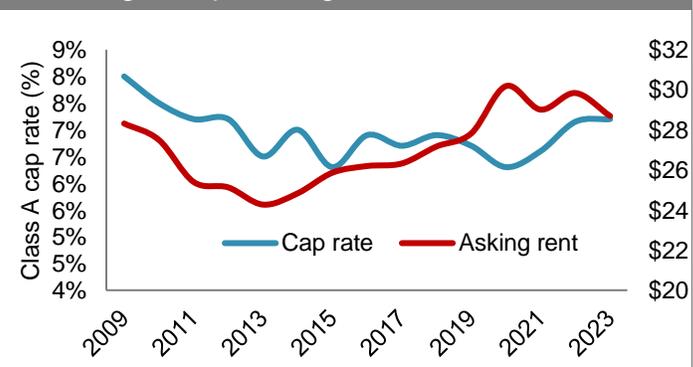
## Occupancy losses decelerate as rightsizing efforts slow



## Leasing activity stalls in absence of larger activity



## Rents are generally softening with little new construction



All data refers to overall market

# Washington, D.C. (CBD)

- Washington, DC saw decelerating occupancy loss in 2023, with just 232,549 s.f. of negative net absorption.
- The CBD saw positive absorption for the first time since 2015, as sublease additions were limited and move-ins within newer assets drove occupancy gain across the submarket.
- Washington, DC has been one of the more active metros nationally for office-to-residential conversions, which is helping to keep a lid on net new supply even as construction delivers.
- Government RTO directives failed to register a substantial increase to government office attendance, but pressure is increasing on agencies in 2024.

## Office market trends

Washington, DC's 18.9% vacancy rate remains historically high, but vacancy plateaued in 2023. Vacancy rates grew an average of 4% each quarter between 2019-2021. Average quarterly vacancy growth was just 0.3% in 2023. Annual absorption stabilized as well, declining by 332,000 s.f. in 2023, which is the smallest annual absorption loss since 2019.

Washington DC's office market performance remains strong at the top of the market and challenged at the bottom. Trophy vacancy is 12.8%, 6.1 points below the market average. Trophy asking rents are \$87.77 FSG, a 35% premium above the rest of the market. In 2023, Trophy/A buildings experienced 507,200 s.f. of occupancy gain. At present, two Trophy office buildings are under construction in DC, and both are more than 50% pre leased.

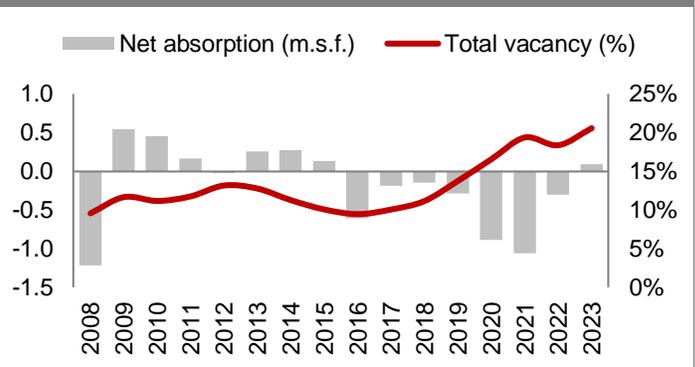
Leasing in the CBD favored private sector companies in 2023, with law firms comprising most of the largest transactions of the year. One bright spot for DC office demand has been the expansion of out-of-state universities, who are seeking space in DC to establish satellite campuses. Texas A&M leased 70,000 s.f. at 1620 L in the second quarter, joining two other out-of-state universities and an additional two non-university education tenants who signed leases for CBD space in 2023.

## Outlook

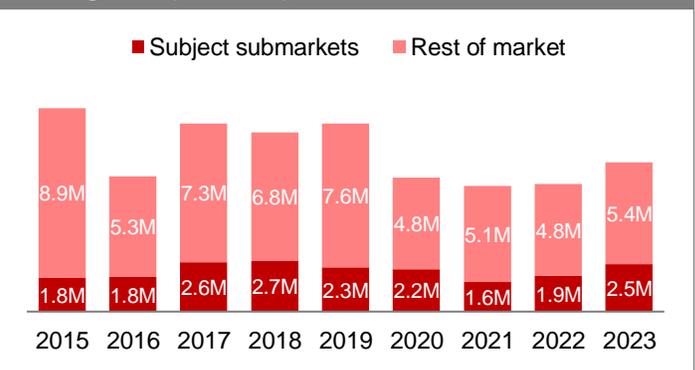
While market conditions were stable in 2023, vacancy is anticipated to grow. Over 39.3 million s.f. of leases over 10,000 s.f. will expire in DC by 2029, including 8.9 million s.f. of federal leases. Office vacancy will grow further as tenants continue to downsize. Class B/C office buildings, which currently have 19.6% vacancy, will be particularly impacted by the anticipated federal downsizing. The federal government has been slow to mandate office attendance due to union pushback and retention and recruitment concerns, but agencies are under increasing pressure to crystallize policies that limit telework and require some degree of regular office attendance. Conversion incentives issued by the federal government in 2023 will cause some existing government-owned offices to be sold for redevelopment into housing, helping to stabilize vacancy rates in conjunction with a slowing development pipeline.

Overall market statistics		Forecast
2023 net absorption (s.f.)	-232,549	▼
Under construction (s.f.)	621,886	▼
Total vacancy (%)	18.9%	▲
Sublease vacancy (s.f.)	1,722,005	▲
Asking rent (\$ p.s.f.)	\$57.91	▶
Concessions	Stable	▶

## Negative net absorption is decelerating rapidly



## Leasing activity relatively stable in 2022



## Rents stable, yield increases tapering in 2023

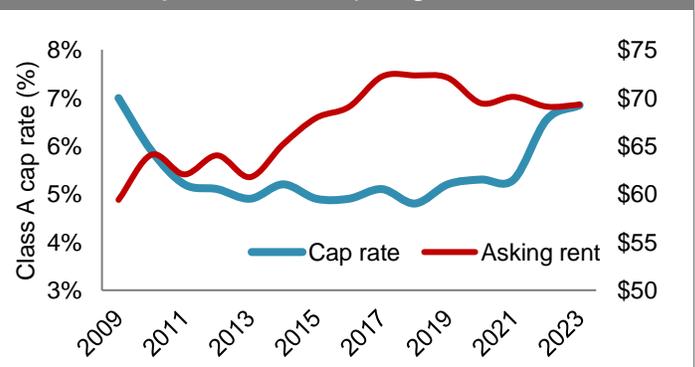
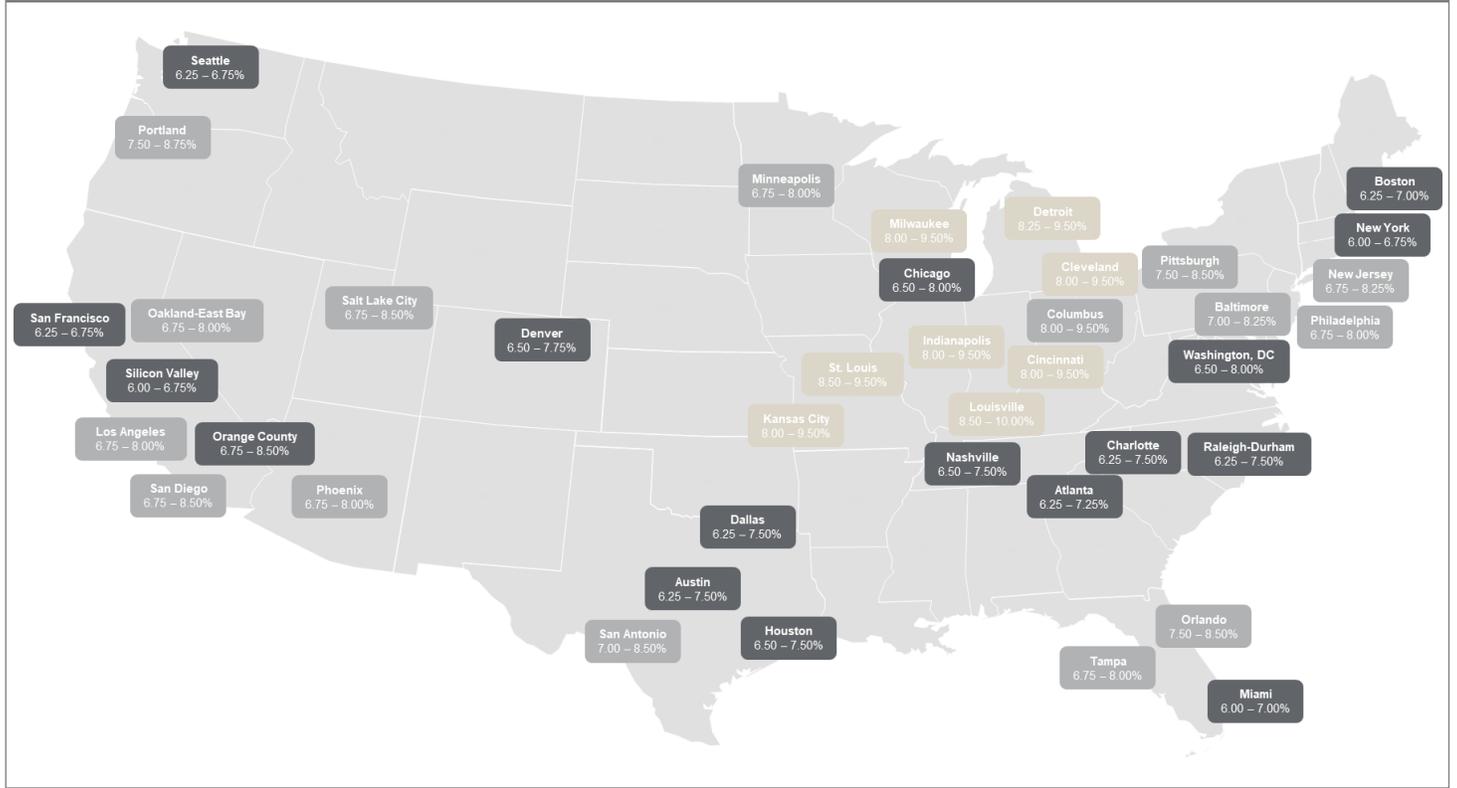


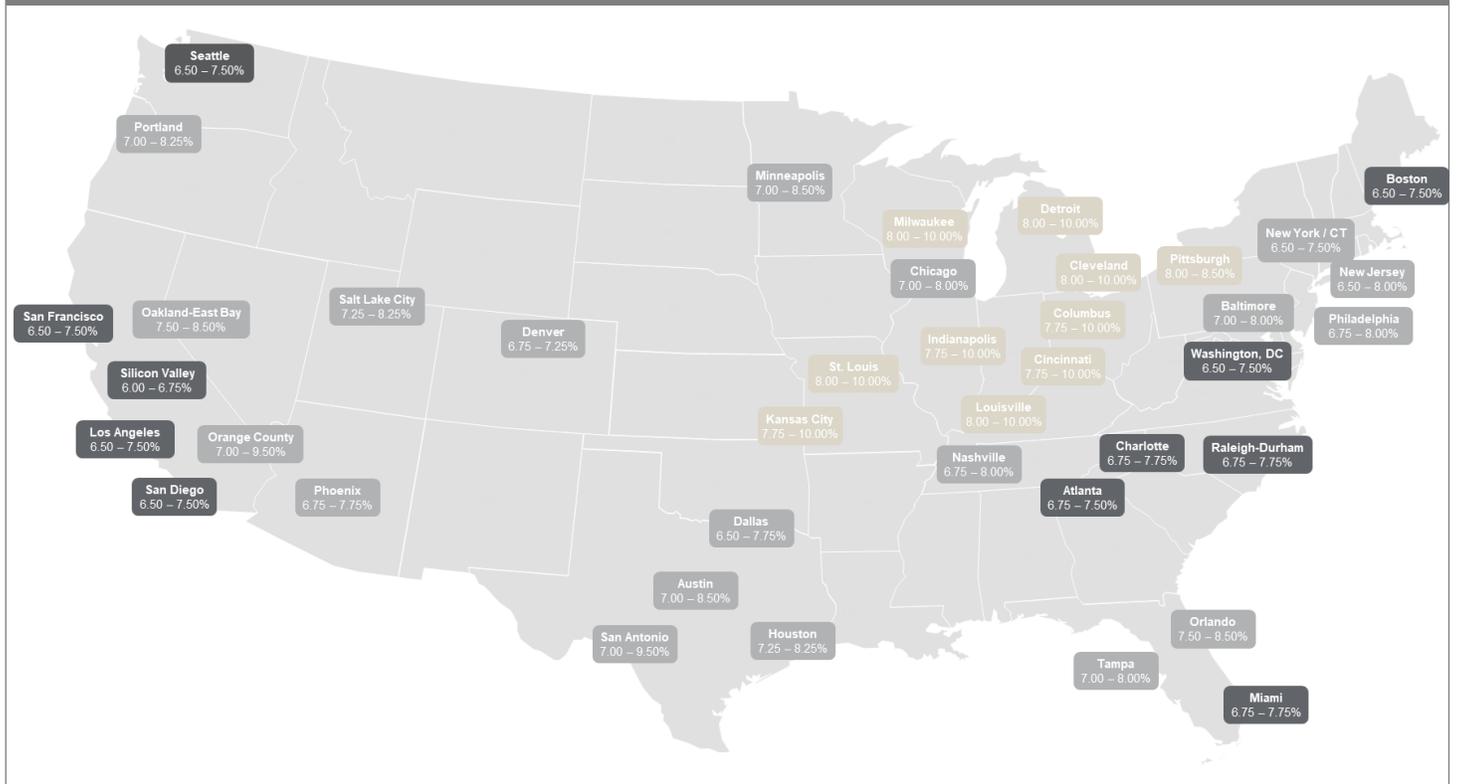
Table refers to overall market, while charts refer to Manulife submarkets

# Cap rates by market

## CBD Class A cap rates by market



## Suburban Class A cap rates by market



# Subject market data

Leasing Activity (2023, over 20,000 s.f.)						
Tenant	Market	Submarket	Address	Class	Lease type	Size (s.f.)
Carter's Inc.	Atlanta	Buckhead	3438 Peachtree Rd NE	Trophy	Renewal	207,980
AT&T	Atlanta	Buckhead	1277 Lenox Park Blvd NE	A	New Lease	129,655
Trimont Real Estate Advisors	Atlanta	Buckhead	3560 Lenox Rd NE	Trophy	New Lease	50,110
Kajima Building & Design Group	Atlanta	Buckhead	3414 Peachtree Rd NE	A	New Lease	41,848
ExoTec North America Inc	Atlanta	Buckhead	1745 Peachtree St NE	B	Sublease	39,896
Coyote Logistics	Atlanta	Buckhead	255 Ottley Dr NE	A	Renewal	35,342
AmWins	Atlanta	Buckhead	3630 Peachtree Rd NE	A	Expansion	28,649
Georgia Banking Company	Atlanta	Buckhead	2827 Peachtree Rd	A	New Lease	27,850
CoStar Group	Atlanta	Buckhead	3438 Peachtree Rd NE	Trophy	New Lease	25,884
Unknown	Atlanta	Buckhead	3560 Lenox Rd NE	Trophy	New Lease	25,067
Unknown	Atlanta	Buckhead	3333 Piedmont Rd NE	Trophy	New Lease	24,657
LG Chem America Inc	Atlanta	Buckhead	3475 Piedmont Rd NE	A	Renewal	24,276
Unknown	Atlanta	Buckhead	3414 Peachtree Rd NE	A	New Lease	24,036
The Rocket Science Group LLC	Atlanta	Midtown	675 Ponce de Leon Ave NE	Trophy	Renewal	196,355
Kilpatrick Townsend	Atlanta	Midtown	1100 Peachtree St NE	A	Renewal	155,883
Sage Software	Atlanta	Midtown	673 Ponce De Leon Ave NE	Trophy	New Lease	57,157
Spaces	Atlanta	Midtown	1372 Peachtree St NE	B	New Lease	38,451
Bradley Arant Boult Cummings	Atlanta	Midtown	1230 Peachtree St NE	A	New to Market	33,229
Industrious Office	Atlanta	Midtown	505 N Angier Ave NE	Trophy	New Lease	28,485
Burr & Forman	Atlanta	Midtown	1075 Peachtree St NE	Trophy	New Lease	28,423
Krevolin & Horst	Atlanta	Midtown	1201 W Peachtree St NW	A	Expansion	23,336
Squire Patton Boggs	Atlanta	Midtown	1230 Peachtree St NE	A	Relocation	23,188
Unknown	Atlanta	Midtown	1349 W Peachtree St NW	A	Sublease	23,111
PrizePicks	Atlanta	Midtown	1230 Peachtree St NE	A	Sublease	22,273
Grant Thornton	Atlanta	Midtown	1100 Peachtree St NE	A	Renewal	22,269
BDO	Atlanta	Midtown	1100 Peachtree St NE	A	Sublease	22,144
Unknown	Atlanta	Midtown	201 17th St NW	A	Sublease	21,682
Level 3 Communications	Los Angeles	CBD	818 W 7th St	C	Renewal	67,632
Morgan Stanley Smith Barney Financing LLC	Los Angeles	CBD	444 S Flower St	A	Renewal	48,508
Shein Distribution Corporation	Los Angeles	CBD	757 S Alameda St	A	New Lease	44,038
LA County MTA	Los Angeles	CBD	865 S Figueroa St	A	New Lease	42,428
LA County MTA	Los Angeles	CBD	777 S Figueroa St	Trophy	Renewal	41,628
Shein Distribution Corporation	Los Angeles	CBD	757 S Alameda St	A	Extension	40,575
Consulate of Japan	Los Angeles	CBD	350 S Grand Ave	Trophy	Renewal	27,302
JAMS	Los Angeles	CBD	515 S Flower St	Trophy	New Lease	27,230
Conde Nast	Los Angeles	CBD	757 S Alameda St	A	New Lease	26,414
McCarthy Building Companies	Los Angeles	CBD	515 S Flower St	Trophy	Renewal	25,414
FINRA	Los Angeles	CBD	300 S Grand Ave	Trophy	Renewal	24,690
April Housing	Los Angeles	CBD	300 S Grand Ave	Trophy	Sublease	22,554
Oakmont Corporation	Los Angeles	CBD	865 S Figueroa St	A	Renewal	21,214
Endurance Services	Los Angeles	CBD	633 W 5th St	Trophy	New Lease	20,582
Green Dot Public Schools	Los Angeles	CBD	1149 S Hill St	A	Renewal	20,541
Unknown	Los Angeles	CBD	1055 W 7th St	B	New Lease	20,411
Psomas	Los Angeles	CBD	865 S Figueroa St	A	New Lease	20,212
Jefferies	New Jersey	Hudson Waterfront	101 Hudson St	A	Renewal	62,763
Hain Celestial Group	New Jersey	Hudson Waterfront	221 River St	A	New Lease	40,000
Eikon Therapeutics	New Jersey	Hudson Waterfront	3 2nd St	A	New Lease	36,284
Sumitomo Mitsui Trust Bank	New Jersey	Hudson Waterfront	111 River St	A	Renewal	30,000
AmTrust Financial Services Inc.	New Jersey	Hudson Waterfront	200 Hudson St	A	Renewal	28,000
Aeropostale	New Jersey	Meadowlands	125 Chubb Ave	A	Expansion	29,900
Canon Inc	Orange County	Irvine	19500 Jamboree Rd	A	New Lease	92,893
Acorn	Orange County	Irvine	5300 California Ave	B	Renewal	68,352
SeneGence International	Orange County	Irvine	141 Innovation Dr	B	New Lease	55,635
California Bank & Trust	Orange County	Irvine	1900 Main St	A	Renewal	47,228
Too Faced Cosmetics LLC	Orange County	Irvine	18231 W McDermott	B	Renewal	46,182
HDR	Orange County	Irvine	3220 El Camino Real	B	Sublease	44,210
Consumer Portfolio Services	Orange County	Irvine	19540 Jamboree Rd	A	Renewal	38,898
Consumer Direct	Orange County	Irvine	2983 Michelson Dr	B	New Lease	35,459
KTGY Architects	Orange County	Irvine	17911 Von Karman Ave	B	Renewal	32,334
Post Acute Care Partners	Orange County	Irvine	5161 California Ave	B	Sublease	31,720
Alleviate Financial	Orange County	Irvine	4 Park Plaza	A	Sublease	31,026
Premier Office Centers, LLC	Orange County	Irvine	19200 Von Karman Ave	A	Renewal	28,960
Touzi Capital	Orange County	Irvine	3161 Michelson Dr	A	Sublease	27,135
UC Irvine	Orange County	Irvine	111 Theory	B	New Lease	26,897

# Subject market data

Leasing Activity (2023, over 20,000 s.f.)						
Tenant	Market	Submarket	Address	Class	Lease type	Size (s.f.)
XP Power	Orange County	Irvine	340 Commerce	B	New Lease	26,680
Panasonic Corporation	Orange County	Irvine	3353 Michelson Dr	A	Expansion	25,911
Sullivan, Curtis, Monroe	Orange County	Irvine	1920 Main St	A	Renewal	25,500
Orrick Herrington & Sutcliffe LLP	Orange County	Irvine	2050 Main St	A	Renewal	24,204
ServiceLink	Orange County	Irvine	320 Commerce	B		22,752
MFour Mobile Research	Orange County	Irvine	19800 Macarthur Blvd	A	Renewal	22,657
Healthpeak Properties, Inc.	Orange County	Irvine	1900 Main St	A	New Lease	22,464
AG International Trading, Inc.	Orange County	Irvine	2525 Main St	B	Renewal	22,130
Lumitron Holdings	Orange County	Irvine	5201 California Ave	B	Renewal	22,120
William Hezmalhalch Architects	Orange County	Irvine	200 Commerce	B	New Lease	21,880
Morgan & Morgan	Orange County	Irvine	18100 Von Karman Ave	A	New Lease	21,027
CU Direct Connect	Orange County	Irvine	18400 Von Karman Ave	A	Renewal	20,804
Kimball Tirey & St. John LLP	Orange County	Irvine	2040 Main St	A	Expansion	20,753
EverBank Financial Corporation	Orange County	Irvine	18100 Von Karman Ave	A	New Lease	20,598
Shook, Hardy & Bacon	Orange County	Irvine	5 Park Plaza	A	Renewal	20,522
Walker & Dunlop	Orange County	Irvine	2010 Main St	A	Renewal	20,492
Max Market Pros	Orange County	Irvine	2600 Michelson Dr	A	Sublease	20,238
SEB Professional North America	Orange County	Irvine	2600 Michelson Dr	A	Sublease	20,238
Axonics Modulation Technologies	Orange County	Irvine Spectrum	15515 Sand Canyon Ave	A	New Lease	119,115
Boot Barn	Orange County	Irvine Spectrum	17100 Laguna Canyon Rd	A	Sublease	116,261
Apple, Inc.	Orange County	Irvine Spectrum	17800 Laguna Canyon Rd	A	New Lease	55,664
DaVita	Orange County	Irvine Spectrum	15271 Laguna Canyon Rd	B	Renewal	40,206
Vision Evangelism	Orange County	Irvine Spectrum	15253 Bake Pkwy	B	Sublease	32,502
Western Growers	Orange County	Irvine Spectrum	6501 Irvine Center Dr	B	Sublease	32,003
McGraw Hill	Orange County	Irvine Spectrum	15460 Laguna Canyon Rd	B	Renewal	26,610
Axonics Modulation Technologies	Orange County	Irvine Spectrum	15525 Sand Canyon Ave	B	New Lease	26,371
Hanwha Q Cells America, Inc.	Orange County	Irvine Spectrum	300 Spectrum Center Dr	A	Expansion	24,304
Haskell & White	Orange County	Irvine Spectrum	300 Spectrum Center Dr	A	Renewal	24,304
Troutman Pepper	Orange County	Irvine Spectrum	100 Spectrum Center Dr	A	New Lease	24,022
Resolution Processing	Orange County	Irvine Spectrum	38 Technology Dr	B	Sublease	22,951
Accurate Background	Orange County	Irvine Spectrum	200 Spectrum Center Dr	A	New Lease	22,150
Proteor USA	Orange County	Irvine Spectrum	46 Discovery	B	New Lease	22,120
Orthalign	Orange County	Irvine Spectrum	153 Technology Dr	B	New Lease	21,960
Amazon	Phoenix	South Tempe	8600 S Science Dr	B	Renewal	64,892
Dish Network	Phoenix	South Tempe	350 N McClintock Dr	A	New Lease	58,697
Grand Canyon University	Phoenix	South Tempe	4100 W Chandler Blvd	A	New Lease	58,697
TruWest Credit Union	Phoenix	South Tempe	2190 E Elliot Rd	B	New Lease	26,134
Gen Digital	Phoenix	Tempe	60 E Rio Salado Pkwy	A	Renewal	51,951
Progress Residential	Phoenix	Tempe	1721 W Rio Salado Pkwy	C	Sublease	40,812
Offerpad	Phoenix	Tempe	433 S Farmer Ave	A	New Lease	39,895
United Healthcare Group	Phoenix	Tempe	410 N Scottsdale Rd	Trophy	Relocation	33,638
Imagine Learning Inc	Phoenix	Tempe	100 S Mill Ave	Trophy	New Lease	31,660
Mediterranean Shipping Company (USA) Inc	Phoenix	Tempe	777 S Novus Pl	A	New to Market	28,302
Ports America	Phoenix	Tempe	222 S Mill Ave	A	Relocation	27,240
Unknown	Phoenix	Tempe	60 E Rio Salado Pkwy	A	Sublease	25,602
Monogram Health	Phoenix	Tempe	60 E Rio Salado Pkwy	A	Sublease	25,602
NXU Inc	Phoenix	Tempe	63 S Rockford Dr	A	Sublease	21,441
OneSource	Phoenix	Tempe	1146 N Alma School Rd	B	Renewal	21,182
Verkada	Phoenix	Tempe	410 N Scottsdale Rd	Trophy	Sublease	20,886
California Victim Compensation Board	Sacramento	CBD	400 R St	A	Renewal	63,208
HDR	Sacramento	CBD	1 Capitol Mall	A	New Lease	26,929
Delta Dental	Sacramento	Highway 50 Corridor	3241 Kilgore Rd	A	Renewal	107,768
GEI Consultants	Sacramento	Highway 50 Corridor	11010 White Rock Rd	B	New Lease	21,750
Sedgwick Claims Management Services, Inc.	Sacramento	Highway 50 Corridor	3330 Data Dr	B	Renewal	21,561
Department of Child & Family Services	Sacramento	Outlying Suburban	3707 Kings Way	C	New Lease	57,368

# Subject market data

Leasing Activity (2023, over 20,000 s.f.)						
Tenant	Market	Submarket	Address	Class	Lease type	Size (s.f.)
UC Davis Health	Sacramento	Outlying Suburban	7551 Madison Ave	B	Renewal	21,172
Porter Scott Attorneys	Sacramento	Point West	2180 Harvard St	A	Relocation	29,872
The EMC Shop	Sacramento	Rocklin	3830 Atherton Rd	B		40,496
Pacific Gas and Electric Company	Sacramento	Rocklin	6030 W Oaks Blvd	A	Renewal	38,590
Quick Quack Car Wash	Sacramento	Rocklin	6020 W Oaks Blvd	A	Relocation	22,219
Sutter Health	Sacramento	Roseville	1620 E Roseville Pkwy	A	New Lease	25,900
Gainwell Technologies	Sacramento	Roseville	620 Roseville Pkwy	B	Expansion	23,739
Unknown	Sacramento	Roseville	1478 Stone Point Dr	A		22,545
Western Health Advantage	Sacramento	South Natomas	2379 Gateway Oaks Dr	A	Renewal	30,465
Pacific Gas and Electric Company	Sacramento	West Sacramento	850 Stillwater Rd	B	Renewal	70,085
Peace Office Standards and Training	Sacramento	West Sacramento	860 Stillwater Rd	B	Renewal	24,000
Pillsbury Winthrop	Washington, DC	CBD	1200 17th St NW	Trophy	Renewal	89,027
Fried Frank	Washington, DC	CBD	801 17th St NW	Trophy Blend & Extend		87,800
Kellogg, Hansen, Todd, Figel & Frederick	Washington, DC	CBD	1615 M St NW	B	Renewal	82,000
Davis Polk & Wardwell	Washington, DC	CBD	1050 17th St NW	A	Relocation	81,632
Texas A&M	Washington, DC	CBD	1620 L St NW	B	Renewal	47,418
Cadwalader, Wickersham & Taft	Washington, DC	CBD	1919 Pennsylvania Ave NW	B	Relocation	42,572
Zuckerman Spaeder	Washington, DC	CBD	2100 L St NW	A	Relocation	40,531
Legal Services Corporation	Washington, DC	CBD	1825 I St NW	B	Relocation	37,702
White House Historical Association	Washington, DC	CBD	1700 Pennsylvania Ave NW	Trophy	Relocation	31,829
Dow Jones & Company	Washington, DC	CBD	1025 Connecticut Ave NW	B	Renewal	29,561
U.S. Occupational Safety and Health Review	Washington, DC	CBD	1120 20th St NW	B	Renewal	28,746
Orrick Herrington & Sutcliffe LLP	Washington, DC	CBD	2100 Pennsylvania Ave NW	Trophy	Expansion	27,478
CGLytics	Washington, DC	CBD	1111 19th St NW	B	Sublease	23,959
UBS	Washington, DC	CBD	1700 M St NW	Trophy	Relocation	23,644
JAF Communications	Washington, DC	CBD	1111 19th St NW	B	Sublease	23,494
Powers Pyles Sutter & Verville	Washington, DC	CBD	1250 Connecticut Ave NW	B	Relocation	23,446
Texas A&M	Washington, DC	CBD	1620 L St NW	B	Expansion	23,135
Federal Agricultural Mortgage Corporation	Washington, DC	CBD	2100 Pennsylvania Ave NW	Trophy	Relocation	21,436
Bates & White	Washington, DC	CBD	2001 K St NW	A	Expansion	20,765
Embassy of Ireland	Washington, DC	CBD	1700 Pennsylvania Ave NW	Trophy	Relocation	20,708
Meridiam Infrastructure	Washington, DC	CBD	1700 Pennsylvania Ave NW	Trophy	New Lease	20,708
Progressive Policy Institute (PPI)	Washington, DC	CBD	1919 M St NW	B	Sublease	20,464
Transwestern	Washington, DC	CBD	2000 K St NW	A	Sublease	20,253
CGI Technologies	Northern VA	Fairfax Center	11325 Random Hills Rd	B	Renewal	42,500
Riverside Research Institute	Northern VA	Fairfax Center	12601 Fair Lakes Cir	A	Relocation	38,707
Long & Foster Real Estate, Inc.	Northern VA	Fairfax Center	3975 Fair Ridge Dr	B	Sublease	26,568
Tiber Creek Consulting	Northern VA	Fairfax Center	12015 Lee Jackson Mem Hwy	B	Renewal	22,534

Sales Transactions (2023, over \$15.0 million, excludes entity-level sales)							
Building	Market	RBA (s.f.)	Sales price (\$)	Price p.s.f.	Buyer	Seller	Port.?
720 14th St NW	Atlanta	200,000	\$96,025,105		\$480 Armada Hoffer	SJ Collins Enterprises	Yes
707 Wilshire Blvd	Los Angeles	1,095,488	\$147,800,000		\$135 Carolwood LP	Shorenstein	No
801 S Grand Ave	Los Angeles	215,097	\$41,918,349		\$195 ELAT Properties	CIM Group	No
433 S Spring St	Los Angeles	370,906	\$40,000,000		\$108 Regents of U California	Rising Realty Partners	No
222 W 6th St	Los Angeles	289,843	\$28,850,000		\$100 Urban Stearns	Harbor Associates	No
1543 W Olympic Blvd	Los Angeles	125,180	\$20,000,000		\$160 Sang Y Ahn	Pacific Centers Holdings	No
403 W 8th St	Los Angeles	102,219	\$19,000,000		\$186 Wendy Hemming	Botach Management	No
One Harborside Plz	New Jersey	400,000	\$89,039,497		\$223 601W Companies	Veris Residential	Yes
210 Hudson St	New Jersey	725,600	\$161,517,647		\$223 601W Companies	Veris Residential	Yes
200 Hudson St	New Jersey	761,200	\$169,442,162		\$223 601W Companies	Veris Residential	Yes
135 Greene St	New Jersey	245,364	\$46,000,000		\$187 American Equity Partners	Veris Residential	No
2121 Alton Pkwy	Orange County	451,477	\$98,000,000		\$217 IRA Capital	Blackstone	No
17300 Redhill Ave	Orange County	154,768	\$44,000,000		\$284 Principal Group LLC	Angelo Gordon & Co.	No
16752 Armstrong Ave	Orange County	82,645	\$40,000,000		\$484 Rexford Industrial REIT	Peakstone Realty Trust	No
17900 Von Karman Ave	Orange County	65,086	\$16,900,000		\$260 FinFare Inc	Wilshire Capital	No
1650 S Price Rd	Phoenix	274,700	\$98,700,000		\$359 John Hancock	Manulife US REIT	No
1100 W Grove Pkwy	Phoenix	54,777	\$7,250,000		\$132 Magnolia Industrial Park LLC	LACERA	Yes
2021 K St NW	Washington, DC	155,716	\$78,250,000		\$503 Welltower	TF Cornerstone	No
1050 17th St NW	Washington, DC	154,000	\$59,813,500		\$388 Hines	The Lenkin Company	No
2121 Ward Pl NW	Washington, DC	55,474	\$20,500,000		\$370 One Street	Ronald D Paul Companies	No
1720 Eye St	Washington, DC	70,362	\$19,000,000		\$270 BDS III DC 1720 Eye Street LLC	Intrepid Real Estate	No

# Subject market data

Active Development Pipeline						
Building	Market	Submarket	RBA (s.f.)	Developer	Spec/BTS	Completion
Spring Quarter	Atlanta	Midtown	538,126	Portman Holdings	Spec	2025
Echo Street West	Atlanta	Midtown	256,637	Rios & Clementi & Hale Studios	Spec	2024
1072 W Peachtree St NW	Atlanta	Midtown	224,000	Rockefeller Group	Spec	2026
1050 Brickworks	Atlanta	Midtown	209,591	Sterling Bay	Spec	2024
619 Ponce	Atlanta	Midtown	84,000	Jamestown Properties	Spec	2024
Society Atlanta	Atlanta	Midtown	83,720	Cartel Properties	Spec	2024
745 Echo	Atlanta	Midtown	21,273	Lincoln Property Company	Spec	2024
Arts & Power House Building	New Jersey	Hudson Waterfront	114,318	KABR Partners	Spec	2024
Viasat	Phoenix	South Tempe	135,000	Levine Investments	BTS	2024
S Rural Rd & E University Dr	Phoenix	Tempe	165,000	Ryan Companies	Spec	2024
1700 M	Washington, DC	CBD	334,000	Skanska	Spec	2024

## Methodology and terms of use

### Methodology

JLL leverages proprietary leasing data with a blend of public, government-issued and third-party sources to produce our economic and market reports.

Office inventory spans 50+ U.S. local markets and is generally limited to investment-grade assets larger than 30,000 s.f., excluding medical office and owner-occupied assets.

Net absorption is recognized upon lease commencement and/or physical move-in, not lease sign date. Vacancy is recognized upon physical move-out or lease expiration date, not the time at which space is advertised for lease.

All sources are deemed reliable, but in some cases, information cannot be independently verified.

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