ABSORPTION STRONG AS DEMAND OUTPACES COMPLETIONS

The national office market posted strong absorption during the third quarter as demand outpaced completions for the first time in four quarters. Comparatively, demand was tepid in the first half of the year. Asking rents continue to tick upward as the delivery of newer product elevates pricing and fundamentals are sturdy. Meanwhile, the vacancy rate was unchanged from the previous quarter.

Third Quarter Yields Stout Absorption

Tenants absorbed 10.8 million square feet in the third quarter, up from 6.3 million square feet in the second quarter of 2017 and comparable to the quarterly average in 2016. Tenants in many major markets continue efforts to consolidate and find ways to reduce their occupancy costs through densification. Larger metros such as Seattle, Manhattan, Dallas, Los Angeles, Silicon Valley, Washington, and Chicago led the nation in demand. Comparatively, the second quarter office performance was led by mid-size markets like Atlanta, Austin, Charlotte, and Phoenix, which have consistently generated jobs during this economic cycle.

Of the 56 office markets tracked by NKF, 12 markets recorded negative third-quarter absorption. Laggards included Houston, Oakland/East Bay, and Salt Lake City. Fairfield County, CT, in particular, catalogued negative absorption for a fifth straight quarter and had the nation's poorest performance, with negative 666,731 square feet of absorption. Job growth there is limited, with some firms relocating to markets where they have access to a larger talent pool. Office-using industries responsible for driving market demand—such as the Professional and Business Services sector—shed jobs in Fairfield County for the eleventh straight quarter.

During the third quarter, two lease transactions greater than 450,000 square feet occurred in New York. The workers' union 1199SEIU United Healthcare Workers East's 580,000 square foot lease at 498 Seventh Avenue represented one of the largest deals in the nation. Another public sector entity—the New York City Housing Authority—signed for 461,000 square feet at 90 Church Street.

Third quarter absorption nearly doubled the second quarter's performance and outperformed absorption in the first half of the year. The vacancy rate remained unchanged from the previous quarter, though, as new product delivered. Vacancy rose 20 basis points from one year ago.

Current Conditions

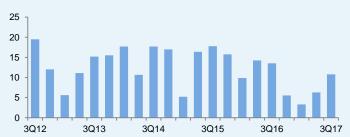
- Third quarter absorption was strong compared to the relatively tepid totals in the first half of the year, as demand outpaced completions for the first time in four quarters.
- The construction pipeline remains robust, though lenders are becoming more cautious.
- Vacancy remained unchanged during the third quarter.
- · Rents continued to tick up during the quarter.

Market Analysis



Net Absorption

Square Feet, Millions



Market Summary

* Square feet, millions

	Current Quarter	Prior Quarter	Year Ago Quarter	12-Month Forecast
Vacancy Rate	13.6%	13.6%	13.4%	←→
Net Absorption*	10.8	6.3	13.5	←→
Average Asking Rent/SF	\$27.32	\$27.16	\$26.51	^
Under Construction*	78.2	70.8	75.7	^
Deliveries*	9.9	9.3	10.0	^

NATIONAL 3Q17 OFFICE MARKET



Construction Persists

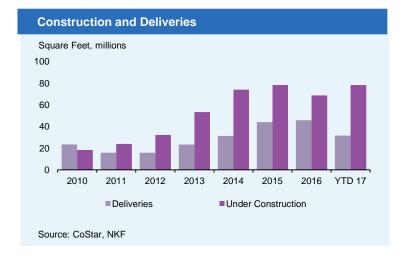
For the first time since the third quarter of 2016, absorption outpaced completions, which totaled 9.9 million square feet. So far in 2017, completions total 31.6 million square feet. However, space under construction remains significant, at 78.2 million square feet, up from 75.7 million square feet in the third quarter of 2016. Typically, construction remains robust as a cycle matures. Regulators would like to see construction reigned in to create a better supply/demand balance in the years ahead.

FOR THE FIRST TIME SINCE THE THIRD QUARTER OF 2016. ABSORPTION OUTPACED COMPLETIONS

Overall, U.S. office construction remains under control, at 1.6% of standing inventory. However, some markets exceed this threshold and bear watching, including Manhattan, San Francisco, and Silicon Valleymarkets whose construction pipeline relative to total inventory tops 3%.

Manhattan continues to lead all markets with 13.9 million square feet in the pipeline, followed by Washington, DC, San Francisco and Dallas. A number of notable projects are ongoing, including Salesforce Tower in downtown San Francisco; the expansion of Amazon's downtown Seattle campus; and several towers and boutique buildings in Manhattan.

While much has been made of the millennial workforce preferring downtown work environments, some suburban markets are succeeding by creating walkable, active office settings. Some financial services firms, in particular, are locating operations outside traditional downtown areas in order to reduce occupancy costs. For more information on this trend, please see our recent NKF white paper on the evolution of the financial services industry and its impact on U.S. office space.



Vacancy Remains Unchanged

The vacancy rate was unchanged from the 13.6% posted in the previous quarter. While third quarter absorption was strong, it is still down from the peak of the cycle in 2014-16. Orlando recorded the lowest vacancy rate, at 7.0%, while Northern New Jersey posted the nation's highest vacancy rate at 22.5%. Many pharmaceutical companies there are shedding office space. A recent NKF white paper explores the options for property owners in Northern New Jersey who may be seeking to repurpose or raze obsolete space. Two other markets had 20%-plus vacancy rates: Oklahoma City and Houston.

There has been little fluctuation in vacancy over the past five quarters, suggesting the market has been near equilibrium for some time. Absorption may be past its peak, but construction starts may also have peaked. Importantly, office jobs (primarily the sectors of information, technology, finance, and professional/business services) continue to grow steadily in the aggregate. Overbuilding is not yet a concern in a macro sense since construction relative to existing inventory is less than 2%, however some markets may soon be challenged if demand falls below the pace of new supply and groundbreakings persist.

U.S. OFFICE CONSTRUCTION REMAINS UNDER CONTROL, AT 1.6% OF STANDING INVENTORY

The third quarter ended with 101.6 million square feet of available sublease space, equal to 2.1% of the total office inventory. This is up from the cyclical low of 1.7% of inventory in 2014. However, the sublet vacancy rate remains low relative to the 2.7% peak during the financial crisis and the 5.4% peak after the dot-com bust. Manhattan has the largest supply of available sublease space on an absolute basis, at 11.8 million square feet, but Silicon Valley has the most on a percent-ofinventory basis, at 5.5%.



RESEARCH

NATIONAL 3Q17 OFFICE MARKET



Asking Rents Continue to Tick Upward

Rent growth continues to tick upward, supported by sturdy demand. The average asking rent across the U.S. ended the quarter at \$27.32/SF gross, up 0.6% from the second quarter. Year-over-year growth was 3.1%. Notably, Oklahoma City, Oakland/East Bay, and Orange County, CA each experienced double-digit rent growth during the past four quarters. Oklahoma City, in particular, has benefitted from citywide revitalization efforts such as the Metropolitan Area Projects (MAPS) public works capital improvement program, which has allowed rents and property values to rise. Long Island stands out among major markets for its asking rent year-over-year decline; the average is down 1.5%. However, asking rents increased slightly during the third quarter.

The Outlook

The overall macroeconomic outlook for the U.S. remains uncertain. In September, the federal government temporarily bypassed a shutdown and default with the passage of the Continuing Appropriations Act and Supplemental Appropriations for Disaster Relief Requirements Act, 2017. The measure suspends the federal debt ceiling and funds the government through early December, while concurrently approving emergency aid for the recent Hurricane Harvey and Hurricane Irma disasters. Houston and Miami, in particular, are likely to face some headwinds in the office market. The construction industries, however, are likely to remain busy with rebuilding efforts.

A potential year-end interest rate hike and the Congressional decision on the FY 2018 budget are both likely to impact domestic spending. Despite this, if the labor market can sustain its current level of hiring, it will support leasing activity and absorption as the year progresses.

In the second guarter, GDP growth was healthy, at 3.1% on an annualized basis. Notably, second quarter GDP was the highest since the first quarter of 2015. These conditions point to a strengthened economy and were reflected in this quarter's office market performance. However, economic growth may moderate with the impending year-end Congressional and Federal Reserve Bank decisions.

Tighter lending standards had been keeping new supply in line with demand, but construction is once again elevated, which is likely to slow rent growth. Some markets are experiencing high levels of construction, but others are experiencing a reduction of their construction pipelines, as deliveries outpace groundbreakings. The overall balance between supply and demand suggests the U.S. office market still has room to expand.

Of particular note, Amazon announced plans to add a second North American headquarters, sparking interest among metros across the nation. The tech firm requires a minimum of 500,000 square feet of existing space in the near term for a move anticipated for 2019, with the potential to expand into 8 million square feet through 2027. The new headquarters would be a boost to Amazon's chosen jurisdiction, as a projected 50,000 jobs would be added, potentially spurring investment and driving activity to the winning market.

Select Leasing	Transactions
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Tenant	Market	Building	Туре	Square Feet
1199SEIU United Healthcare Workers East	New York, NY	498 Seventh Avenue	Direct New	580,000
Ally Financial Inc.	Charlotte, NC	601 S. Tryon Street	Direct New	542,000
New York City Housing Authority	New York, NY	90 Church Street	Direct New	461,000
Facebook Inc.	San Francisco, CA	181 Fremont Street	Direct New	432,000
NRG Energy	Houston, TX	910 Louisiana Street	Sublease New	431,307

Select Sales Transactions

Building	Market	Sale Price	Price/SF	Square Feet
375 Hudson Street	New York, NY	\$580,000,000	\$533	1,088,126
1900-2000 University Avenue	San Mateo, CA	\$540,000,000	\$1,197	451,000
333 Market Street	San Francisco, CA	\$500,000,000	\$763	655,398
222 Second Street	San Francisco, CA	\$487,600,000	\$1,078	452,418
300 E Street SW	Washington DC	\$359,572,400	\$593	605,897

Newmark Knight Frank

NATIONAL 3Q17 OFFICE MARKET

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os Angeles 197,667,029 1,510,033 959,655 1,705,076 14.4% \$\frac{1}{4}\$ Alanhattan 442,104,814 13,895,268 1,039,357 \(\tau2.867,498 \) 7.5% \$\frac{1}{5}\$ Alanhattan 442,104,814 13,895,268 1,039,357 \(\tau2.867,498 \) 7.5% \$\frac{1}{5}\$ Alanhattan 442,104,814 13,895,268 1,039,357 \(\tau2.867,498 \) 7.5% \$\frac{1}{5}\$ Alanhattan 47,167,457 879,094 241,782 678,887 11.0% \$\frac{1}{5}\$ Alimani 47,167,457 879,094 241,782 678,887 11.0% \$\frac{1}{5}\$ Alimani 47,167,457 879,094 241,782 678,887 11.0% \$\frac{1}{5}\$ Alimani 46,626,682 22,000 1,825 126,464 9.6% \$\frac{1}{5}\$ Alimani 15,615,108 1,316,715 50,047 102,127 12.5% \$\frac{1}{5}\$ Alashville 53,072,730 1,288,998 103,489 221,002 7.3% \$\frac{1}{5}\$ Alashville 53,072,730 1,288,998 103,489 221,002 7.3% \$\frac{1}{5}\$ Alashville 168,749,767 769,929 162,459 836,981 22.5% \$\frac{1}{5}\$ Alew Jersey Northern 168,749,767 769,929 162,459 836,981 22.5% \$\frac{1}{5}\$ Alashoville 167,15,724 472,376 -16,412 -92,038 15.8% \$\frac{1}{5}\$ Alahand/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$\frac{1}{5}\$ Alahand/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$\frac{1}{5}\$ Alahand/East Bay 13,772,307 692,520 127,480 -333,414 21.3% \$\frac{1}{5}\$ Alanhand City 13,772,307 692,520 127,480 138,509 238,582 14.5% \$\frac{1}{5}\$ Alahand City 13,772,307 692,520 127,480 138,509 238,582 14.5% \$\frac{1}{5}\$ Alahand City 13,772,307 692,520 12,7480 138,509 238,582 14.5% \$\frac{1}{5}\$ Alahand City 13,772,309 12,500,472,799 13,500,472,799 13	as Vegas	36,378,913	124,900	18,506	231,453		
Manhattan 442,104,814 13,895,268 1,039,357 -2,867,498 7.5% \$ Memphis 34,142,813 150,571 106,550 493,302 15.0% \$ Milman 47,167,457 879,094 241,782 678,887 11.0% \$ Milmapolis 115,615,108 1,316,715 50,047 102,127 12.5% \$ Jashville 53,072,730 1,288,998 103,489 221,002 7.3% \$ Jew Jersey Northern 168,749,767 769,929 162,459 -836,981 22.5% \$ Jew Jersey Southern 16,715,724 472,376 -16,412 -92,038 15.8% \$ Jokland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$ Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Jelinde Bacch 25,877,196 84,300 138,509 238,582 14.5% \$ Phoenix 86,708,485 1,173,613	ong Island	· · ·		·	· ·		
Memphis 34,142,813 150,571 106,550 493,302 15.0% Aliami 47,167,457 879,094 241,782 678,887 11.0% \$ Alimini 47,167,457 879,094 241,782 678,887 11.0% \$ Alimineapolis 115,615,108 1,316,715 50,047 102,127 12.5% \$ Blashville 53,072,730 1,288,998 103,489 221,002 7.3% \$ Iew Jersey Northern 168,749,767 769,929 162,459 -836,981 22.5% \$ Jakland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$ Oklahoma City 13,772,307 692,520 127,480 -333,414 21.3% \$ Oklahoma City 13,875,657 1,945,992 406,944 921,260 10.6% \$ Orlando 68,542,974 1340,000 254,793 980,009 7.0% \$ Palma Beach 25,877,196 84,300 138,509	S .	197,667,029	1,510,033	959,655	1,705,076		
Afiami 47,167,457 879,094 241,782 678,887 11.0% \$ 1,0% \$	Manhattan	442,104,814	13,895,268	1,039,357	-2,867,498		
Afiliwaukee 46,626,682 22,000 1,825 126,464 9.6% \$ Alinneapolis 115,615,108 1,316,715 50,047 102,127 12,5% \$ Jashville 53,072,730 1,288,998 103,489 221,002 7,3% \$ Jew Jersey Northern 168,749,767 769,929 162,459 -836,981 22,5% \$ Jew Jersey Southern 16,715,724 472,376 -16,412 -92,038 15,8% \$ Jakland/East Bay 72,993,497 596,767 -343,659 -504,261 10,2% \$ Diklahoma City 13,772,307 692,520 127,480 -333,414 21,3% \$ Drange County, CA 91,875,657 1,945,992 406,944 921,260 10,6% \$ Drando 68,542,974 134,000 254,793 980,009 7.0% \$ Philadelphia 108,387,821 2,553,853 -292,799 -582,080 14,6% \$ Philadelphia 108,387,821 <td< td=""><td>Memphis</td><td></td><td>150,571</td><td>106,550</td><td>493,302</td><td></td><td>· ·</td></td<>	Memphis		150,571	106,550	493,302		· ·
dinneapolis 115,615,108 1,316,715 50,047 102,127 12.5% \$ dashville 53,072,730 1,288,998 103,489 221,002 7.3% \$ lew Jersey Northern 168,749,767 769,929 162,459 -836,981 22.5% \$ lew Jersey Southern 16,715,724 472,376 -16,412 -92,038 15.8% \$ Dakland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$ Oklahoma City 13,772,307 692,520 127,480 -333,414 21.3% \$ Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Orlando 68,542,974 134,000 254,793 980,009 7.0% \$ Palm Beach 25,877,196 84,300 138,509 238,582 14.5% \$ Pohlaciphia 108,387,821 <	<i>l</i> liami			•			
Alsahville	/lilwaukee	46,626,682	22,000	·	126,464	9.6%	\$17.
Blew Jersey Northern 168,749,767 769,929 162,459 -836,981 22.5% \$ Jew Jersey Southern 16,715,724 472,376 -16,412 -92,038 15.8% \$ Joakland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% \$ Jokalhoma City 13,772,307 692,520 127,480 -333,414 21.3% \$ Drange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Dralado 68,542,974 134,000 254,793 980,009 7.0% \$ Palm Beach 25,877,196 84,300 138,509 238,582 14.5% \$ Philadelphia 108,387,821 2,553,853 -292,799 -582,080 14.6% \$ Phoenix 86,708,485 1,173,613 427,769 2,056,467 19.2% \$ Portland 58,009,475 1,232,962 233,692 373,729 10.0% \$ Raleigh/Durham 54,100,005	Minneapolis	· · ·		•	•		· ·
Bew Jersey Southern 16,715,724 472,376 -16,412 -92,038 15.8% Dakland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% Oklahoma City 13,772,307 692,520 127,480 -333,414 21.3% Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% Orlando 68,542,974 134,000 254,793 980,009 7.0% Palm Beach 25,877,196 84,300 138,509 238,582 14.5% Philiadelphia 108,387,821 2,553,853 -292,799 -582,080 14.6% Phoenix 86,708,485 1,173,613 427,769 2,056,467 19.2% Pittsburgh 53,911,765 268,500 110,002 444,862 16.3% Portland 58,009,475 1,232,962 233,692 373,729 10.0% Raleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% Sacramento 61,751,671 138,850 <td< td=""><td></td><td>53,072,730</td><td></td><td>103,489</td><td>· ·</td><td></td><td></td></td<>		53,072,730		103,489	· ·		
Dakland/East Bay 72,993,497 596,767 -343,659 -504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,261 10.2% 504,274 134,000 217,480 -333,414 21.3% 98,009 70.0% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.6% 504,261 10.2% 42,279 504,261 10.2% 42,279 504,276 <td>•</td> <td>· · ·</td> <td></td> <td>·</td> <td></td> <td></td> <td></td>	•	· · ·		·			
Oklahoma City 13,772,307 692,520 127,480 -333,414 21.3% \$ Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Orlando 68,542,974 134,000 254,793 980,009 7.0% \$ Salm Beach 25,877,196 84,300 138,509 238,582 14.5% \$ Philadelphia 108,387,821 2,553,853 -292,799 -582,080 14.6% \$ Phoenix 86,708,485 1,173,613 427,769 2,056,467 19.2% \$ Portland 53,911,765 268,500 110,002 444,862 16.3% \$ Portland 58,009,475 1,232,962 233,692 373,729 10.0% \$ Sacramento 61,751,671 138,850 568,148 678,544 13.3% \$ Salt Lake City 63,298,819 573,840 -181,610 -184,597 8.2% \$ San Diego 70,969,154 188,771 385,		· · ·		•	· · · · · · · · · · · · · · · · · · ·		
Orange County, CA 91,875,657 1,945,992 406,944 921,260 10.6% \$ Orlando 68,542,974 134,000 254,793 980,009 7.0% \$ Primadelphia 108,387,821 2,553,853 -292,799 -582,080 14.6% \$ Phoenix 86,708,485 1,173,613 427,769 2,056,467 19.2% \$ Portland 53,911,765 268,500 110,002 444,862 16.3% \$ Portland 58,009,475 1,232,962 233,692 373,729 10.0% \$ Portland 61,751,671 138,850 568,148 678,544 13.3% \$ Salt Lake City 63,298,819 573,840 -181,610<	Dakland/East Bay	· · ·	596,767	-343,659	-504,261		
Orlando 68,542,974 134,000 254,793 980,009 7.0% \$3 28 m Beach 25,877,196 84,300 138,509 238,582 14.5% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,387,821 2,553,853 -292,799 -582,080 14.6% \$3 28 m Beach 108,385 11,73,613 427,769 2,056,467 19.2% \$3 28 m Beach 108,385 11,73,613 427,769 2,056,467 19.2% \$3 28 m Beach 108,385 11,73,613 427,769 2,056,467 19.2% \$3 28 m Beach 108,385 11,73,613 427,769 2,056,467 19.2% \$3 28 m Beach 108,385 11,73,613 427,769 2,056,467 19.2% \$3 28 m Beach 108,385 11,73,613 427,769 10.0% \$3 28 m Beach 108,385 11,73,613 427,769 12.6% \$3 28 m Beach 108,385 11,73,613 427,769 12.6% \$3 28 m Beach 108,385 11,73,613 427,769 12.6% \$3 28 m Beach 108,385 11,73,613 18,385 11,73,613 18,385 11,73,73,73,73,73,73,73,73,73,73,73,73,73,		' '		·	· ·	21.3%	
Palm Beach 25,877,196 84,300 138,509 238,582 14.5% \$108,387,821 2,553,853 -292,799 -582,080 14.6% \$108,387,821 2,553,853 -292,799 -582,080 14.6% \$108,387,821 2,553,853 -292,799 -582,080 14.6% \$108,387,821 2,553,853 -292,799 -582,080 14.6% \$108,087,084,855 1,173,613 427,769 2,056,467 19.2% \$108,087,090 110,002 444,862 16.3% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 233,692 373,729 10.0% \$108,090,475 1,232,962 337,990 820,854 10.3% \$108,090,475 1,232,962 337,990 820,854 10.3% \$108,090,475 1,232,962 337,990 820,854 10.3% \$108,090,475 1,232,962 337,990 820,854 10.3% \$108,090,475 1,232,962 337,990 820,854 10.3% \$108,090,475 1,232,962 337,990 12.0% \$108,090,475 1,232,962 1,707,969 12.0% \$108,090,475 1,232,962 1,707,969 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990 12.0% \$108,090,475 1,232,990	Orange County, CA	91,875,657	1,945,992	406,944	921,260	10.6%	
Philadelphia 108,387,821 2,553,853 -292,799 -582,080 14.6% \$1,000000000000000000000000000000000000	Orlando	68,542,974	134,000	254,793	980,009		
Phoenix 86,708,485 1,173,613 427,769 2,056,467 19.2% 9 Pittsburgh 53,911,765 268,500 110,002 444,862 16.3% 9 Portland 58,009,475 1,232,962 233,692 373,729 10.0% 9 Raleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% 9 Bactramento 61,751,671 138,850 568,148 678,544 13.3% 9 Balt Lake City 63,298,819 573,840 -181,610 -184,597 8.2% 9 Ban Antonio 36,413,589 942,000 -52,111 179,926 12.6% 9 Ban Diego 70,969,154 188,771 385,118 741,758 12.4% 9 Ban Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% 9 Beattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% 9 Bilicon Valley 78,530,158 4,389,511	alm Beach	25,877,196	84,300	138,509	238,582	14.5%	\$30
Pittsburgh 53,911,765 268,500 110,002 444,862 16.3% Portland 58,009,475 1,232,962 233,692 373,729 10.0% Raleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% Baccramento 61,751,671 138,850 568,148 678,544 13.3% 3 Balt Lake City 63,298,819 573,840 -181,610 -184,597 8.2% 3 Ban Antonio 36,413,589 942,000 -52,111 179,926 12.6% 3 Ban Diego 70,969,154 188,771 385,118 741,758 12.4% 3 Ban Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% 3 Beattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% 3 Billicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% 3 St. Louis 79,051,546 260,000 18,572 382,087 10	Philadelphia	108,387,821	2,553,853	-292,799	-582,080	14.6%	\$27.
Fortland 58,009,475 1,232,962 233,692 373,729 10.0% staleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% staleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% staleigh/Durham 61,751,671 138,850 568,148 678,544 13.3% staleigh/Durham 63,298,819 573,840 -181,610 -184,597 8.2% staleigh/Durham 36,413,589 942,000 -52,111 179,926 12.6% staleigh/Durham 36,413,589 942,000 -52,111 179,926 12.6% staleigh/Durham 36,413,589 942,000 -52,111 179,926 12.6% staleigh/Durham 385,118 741,758 12.4% staleigh/Durham 385,118 741,758	Phoenix	86,708,485	1,173,613	427,769	2,056,467	19.2%	\$25.
Raleigh/Durham 54,100,005 2,029,140 397,910 820,854 10.3% Sacramento 61,751,671 138,850 568,148 678,544 13.3% Salt Lake City 63,298,819 573,840 -181,610 -184,597 8.2% San Antonio 36,413,589 942,000 -52,111 179,926 12.6% San Diego 70,969,154 188,771 385,118 741,758 12.4% San Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% St. Louis 79,051,546 260,000 18,572 382,087 10.4% Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	Pittsburgh	53,911,765	268,500	110,002	444,862	16.3%	\$23.
Sacramento 61,751,671 138,850 568,148 678,544 13.3% 541 Lake City 63,298,819 573,840 -181,610 -184,597 8.2% 551 179,926 12.6% 551 179,926	Portland		1,232,962	233,692	373,729	10.0%	\$27
Salt Lake City 63,298,819 573,840 -181,610 -184,597 8.2% San Antonio 36,413,589 942,000 -52,111 179,926 12.6% San Diego 70,969,154 188,771 385,118 741,758 12.4% San Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% St. Louis 79,051,546 260,000 18,572 382,087 10.4% Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	Raleigh/Durham	54,100,005	2,029,140	397,910	820,854	10.3%	\$24
San Antonio 36,413,589 942,000 -52,111 179,926 12.6% San Diego 70,969,154 188,771 385,118 741,758 12.4% San Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% St. Louis 79,051,546 260,000 18,572 382,087 10.4% Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	Sacramento	61,751,671	138,850	568,148	678,544	13.3%	\$22
San Diego 70,969,154 188,771 385,118 741,758 12.4% San Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% St. Louis 79,051,546 260,000 18,572 382,087 10.4% Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	Salt Lake City	63,298,819	573,840	-181,610	-184,597	8.2%	\$21.
San Francisco 125,060,147 5,419,093 87,159 -105,383 8.8% Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% St. Louis 79,051,546 260,000 18,572 382,087 10.4% Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%		36,413,589	942,000	-52,111	179,926	12.6%	\$21.
Seattle 125,607,129 1,603,375 1,111,220 1,472,974 9.9% 5 Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% 5 St. Louis 79,051,546 260,000 18,572 382,087 10.4% 5 Sampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% 5 Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3% 5	•	70,969,154	188,771	·	· · · · · · · · · · · · · · · · · · ·		
Silicon Valley 78,530,158 4,389,511 803,926 1,707,969 12.0% 51. Louis 79,051,546 260,000 18,572 382,087 10.4% 52. Ampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% 52. Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	San Francisco	125,060,147	5,419,093	87,159	-105,383	8.8%	\$58.
St. Louis 79,051,546 260,000 18,572 382,087 10.4% 54,000 18,572 382,087 10.4% 54,000 10.4% 54,00	Seattle	125,607,129	1,603,375	1,111,220	1,472,974	9.9%	\$31.
Tampa/St. Petersburg 64,201,581 169,150 24,611 167,606 10.9% \$ Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3% \$	Silicon Valley	78,530,158	4,389,511	803,926	1,707,969		
Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	St. Louis	79,051,546	260,000	18,572	382,087	10.4%	\$18
Vashington, DC 363,031,701 8,009,138 677,304 1,037,015 16.3%	ampa/St. Petersburg	64,201,581	169,150	24,611	167,606	10.9%	\$23
			8,009,138	677,304	1,037,015	16.3%	\$37.
Vestchester County, NY 27,918,285 0 449,588 289,104 16.3%	Vestchester County, NY	27,918,285	0	449,588	289,104	16.3%	

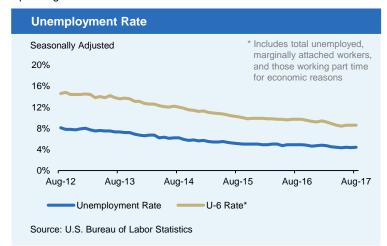
NATIONAL 3Q17 OFFICE MARKET

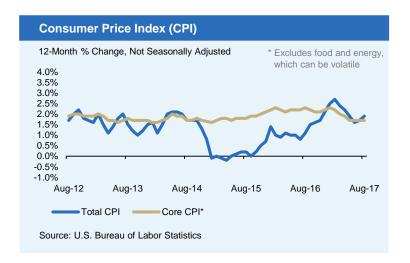


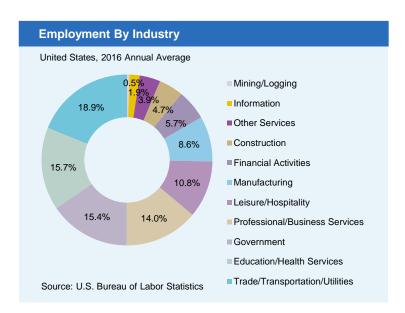
ECONOMIC CONDITIONS

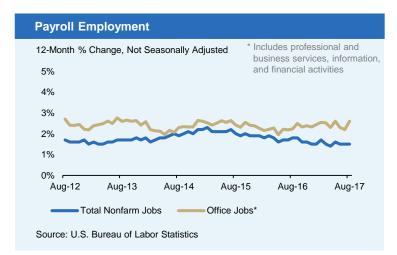
The U.S. economy grew at an annual rate of 3.1% during the second quarter, according to the Bureau of Economic Analysis' third estimate, released in September. Notably, second quarter GDP was the highest since the first quarter of 2015. Steady job growth has underpinned the nation's recent economic performance. The unemployment rate has remained mostly unchanged since April, holding between 4.3% and 4.4% over the past five months, reflecting an economy near full employment. Employers added 169,000 new jobs in August 2017 and an average of 187,000 per month for the first eight months of the year. September data reflected a loss of 33,000 jobs, but the data was heavily impacted by Hurricanes Harvey, Irma, and Maria, and should be set aside for now.

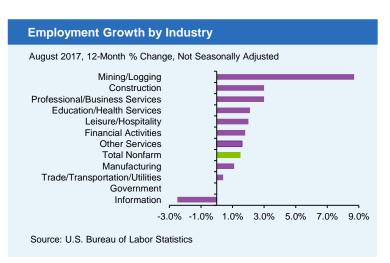
As was widely expected, the Federal Reserve raised the federal funds rate at its June meeting, with another hike likely in December even with inflation remaining weak. Congressional decisions on the FY 2018 budget have been deferred until December, which may impact domestic spending in 2018.













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Newmark Knight Frank United States Office Locations



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