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# National Office Report

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# U.S. Office Property: The Shifting Landscape of Finance Jobs

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- The average U.S. office asking rate increased 0.5% year-over-year in December to \$37.73. The average national vacancy rate decreased 20 basis points from November to 13.4%.
- Demand for office space remains strong, as office-using employment increased 1.7% year-over-year. The majority of office-using jobs are classified as professional and business services, while tech jobs in the information sector receive an abundance of coverage in the press. Because of this, job growth in the financial activities sector can sometimes get overlooked, yet the sector accounts for more than a quarter of all office-using jobs added each year. Currently, the geography of financial activity job growth is surprising. As of November 2019, the markets that gained the most financial activity jobs were Dallas (15,400 jobs added since November 2018), Denver (6,300) and Charlotte (5,400). While many of these are certainly newly created jobs, some of this growth may be due to corporate relocations out of New York, which has lost 6,300 financial activity jobs over the last year as it rotates into an R&D and tech hub. While Manhattan is not in danger of losing its title of Financial Capital of the World, finance is becoming less important to its office market.
- Manhattan was the second-highest growth market for full-service equivalent rates in November, increasing 11.1% year-over-year. The other top markets based on growth were San Francisco (15.2%) and the Bay Area (9.5%). The markets that led same-store growth rates were Manhattan (12.6%), San Francisco (5.9%) and Brooklyn (5.5%).
- Last year saw 74.8 million square feet of office space completed, a slight increase of 1.5 million over 2018. Currently there are 147 million square feet of new space under construction. Of note, Phoenix added the fourth most space in the year (3.9 million square feet) and Dallas was seventh (3.5 million). The rest of the top 10 were gateway or tech markets.
- Transaction activity closed out the year at \$96.7 billion, remaining in the range of \$90 billion to \$100 billion of annual sales that occurred each year since 2016. However, the total square feet sold last year was much lower than the other years in that time period. The result is that price per square foot for transactions in 2019 increased by \$30.05, or 12.1%

