



U.S. office market report

Q1 2026

**AVISON
YOUNG**

U.S. office market trends

61.7 msf

total leasing activity in Q1 2026 across the U.S.

U.S. office leasing activity totaled 61.7 million square feet (msf) in Q1 2026 — down 21.7% from the pre-COVID average (2000–2019) of 78.6 msf, and 19.7% below 2025's volume of 76.8 msf.

However, several key markets are showing strong momentum: San Francisco's leasing activity is up 32.9% year over year (YoY), and Manhattan's has risen 5.6%. Both are at or approaching pre-COVID leasing levels with San Francisco 6% below, while Manhattan is up 0.4%.

91%

U.S. office markets that have seen availability decrease YoY

Office availability is at 22.2% and has declined for seven consecutive quarters. This trend is widespread, with 91% of tracked office markets recording year-over-year decreases in availability.

Increases in leasing activity, decreases in supply, and a "topping out" of availability have each helped drive the decline in availability depending on the specific market.

The most significant tightening has occurred in San Francisco, Austin, Silicon Valley, Manhattan, and Orange County, with each posting declines of more than 250 basis points over the past year.

10

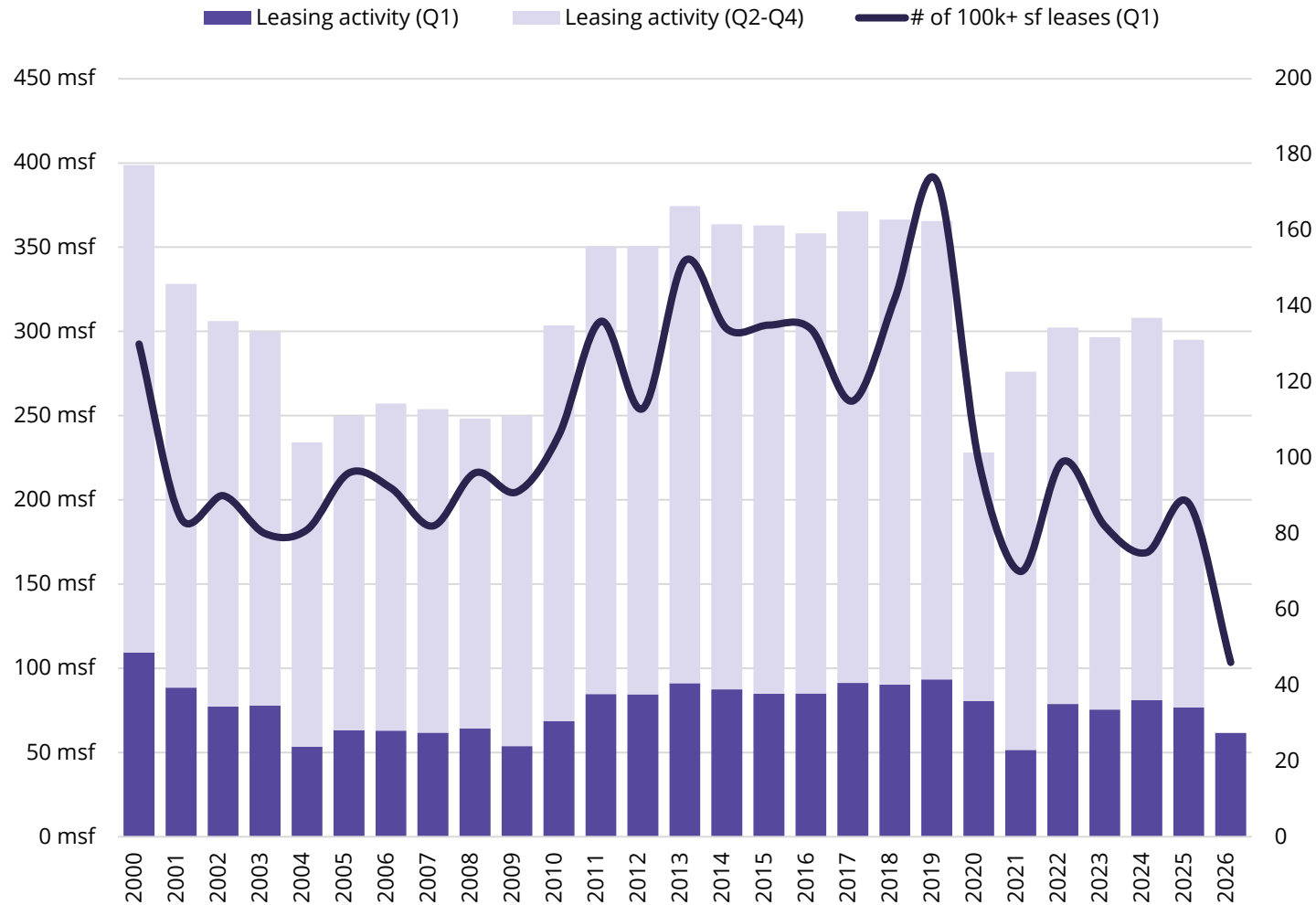
markets saw year-over-year growth in class B leasing

Overall leasing velocity is down year over year, but performance varies meaningfully by market and asset class.

In several active markets, leasing is improving across both trophy/A and class B assets. San Francisco, Charlotte, Manhattan, Boston, and Nashville are seeing broader-based demand, with activity picking up across the quality spectrum.

In contrast, some markets are showing a more uneven recovery. In Seattle, Los Angeles, Miami, and the San Francisco Peninsula, class B leasing is growing while trophy/A remains negative.

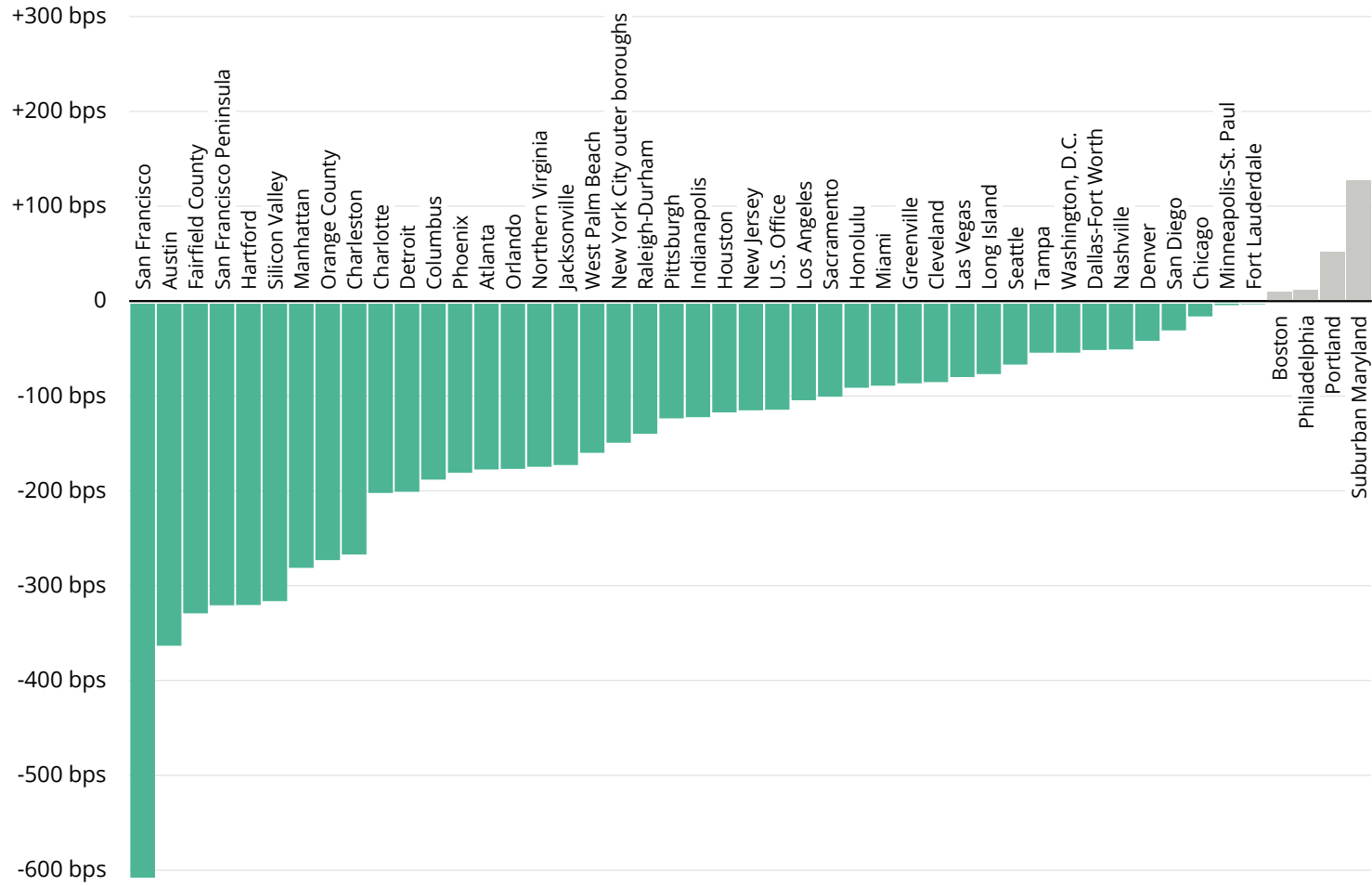
Leasing activity



U.S. office leasing activity totaled 61.7 msf in Q1 2026, falling 21.7% short of the pre-COVID Q1 average (2000-2019) and down 19.7% from Q1 2025.

There have been 46 leases exceeding 100,000 square feet (sf) in so far in 2026 — a 48% drop compared to Q1 2025.

YoY availability changes (bps) by market

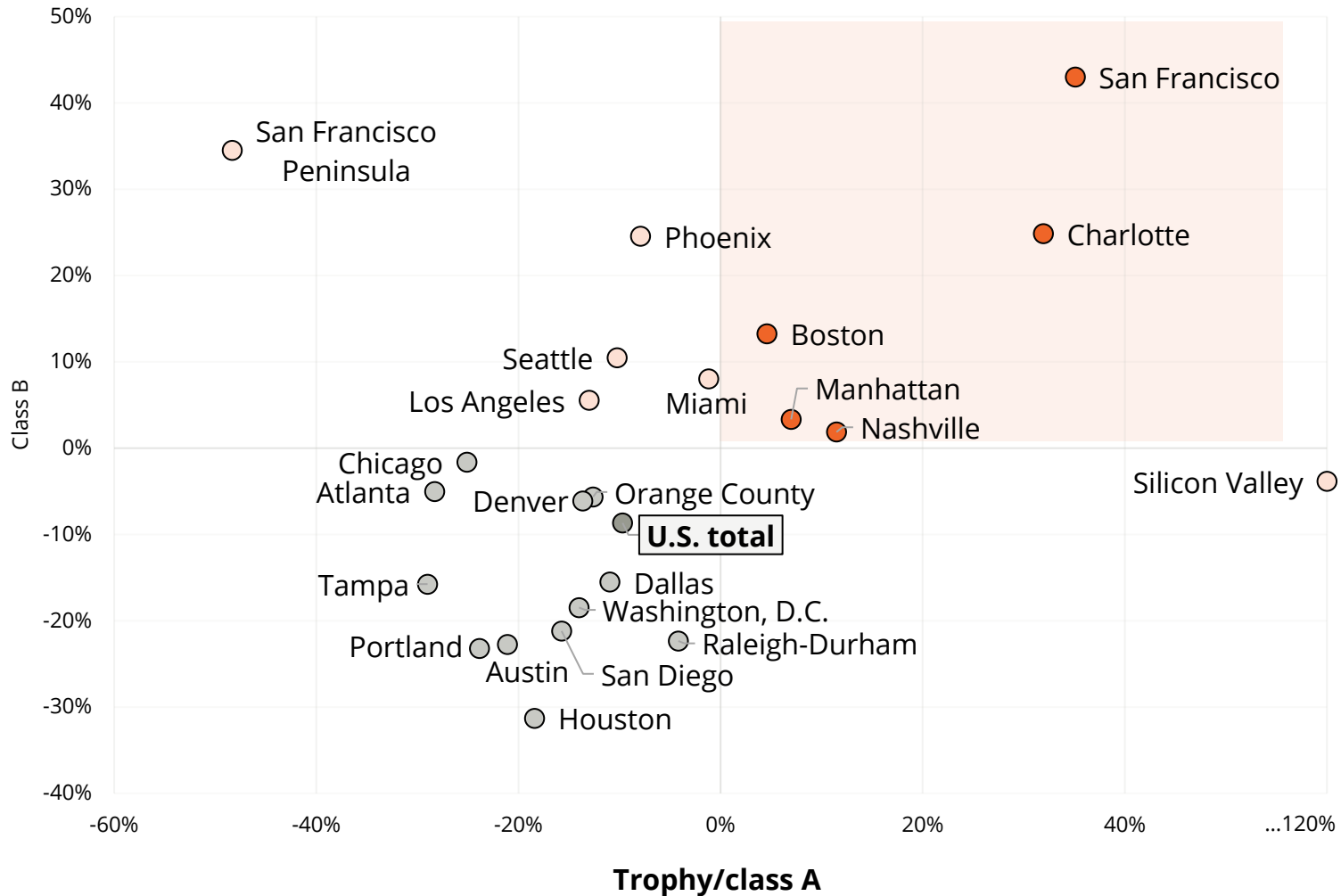


Office availability sits at 22.2% and has dropped for seven consecutive quarters.

This decline has been felt in almost every market, with 91% of tracked office markets seeing YoY declines in availability.

Most prominently, San Francisco, Austin, Silicon Valley, Manhattan, and Orange County all recorded decreases by over 250 basis points (bps) over the past year.

YoY leasing growth by market



While U.S. leasing velocity is negative YoY, individual markets are performing differently, especially by asset class.

In some active markets, leasing momentum is building across both trophy/class A and class B assets. This trend is especially evident in San Francisco, Charlotte, Manhattan, Boston, and Nashville.

Interestingly, several markets are seeing class B leasing grow even as trophy/class A remains negative — including Seattle, Los Angeles, Miami, Phoenix, and San Francisco Peninsula.

Introducing

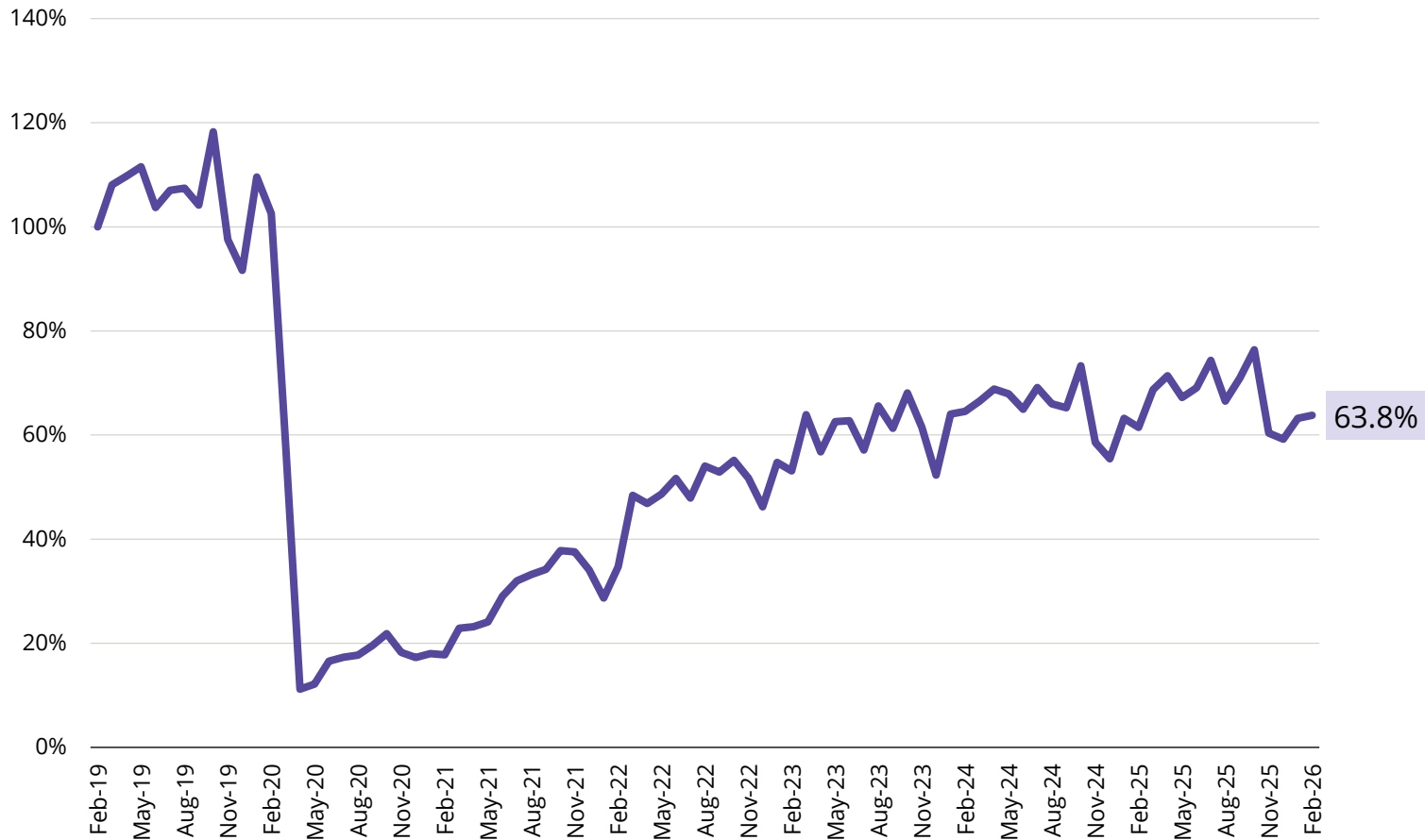
The Office Busyness Index

Access the most accurate view of office utilization in the industry today. Explore our interactive dashboard to uncover how busy office buildings truly are across U.S. markets.

[Learn more](#)



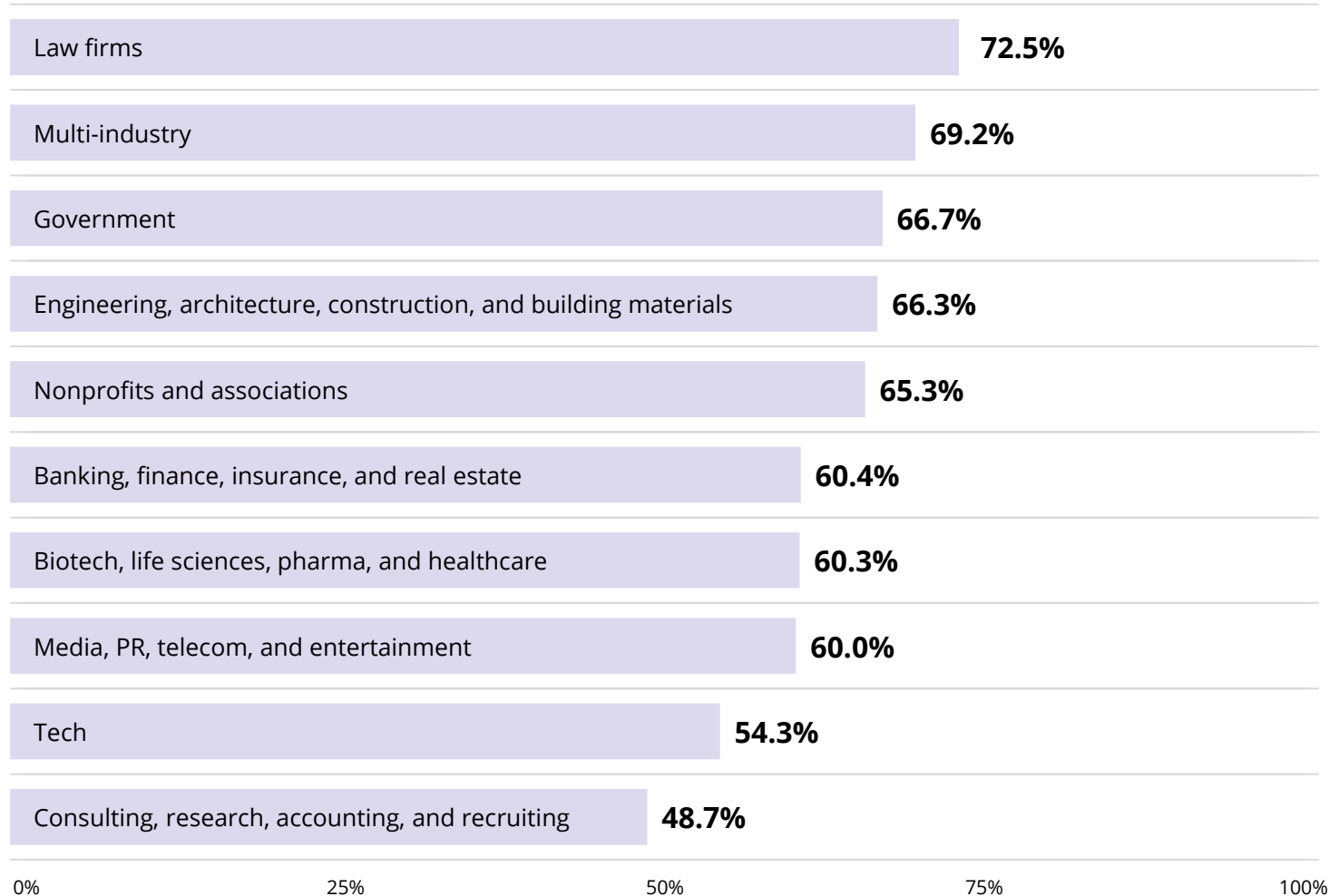
U.S. office busyness, February 2019 vs. February 2026



As of February 2026, office buildings across the U.S. are 62% as busy as they were in February 2019.

Despite the impression of low office visitation, U.S. office buildings have experienced slow and steady increases since the onset of COVID in early 2020.

U.S. office busyness by major industry, February 2019 vs. February 2026

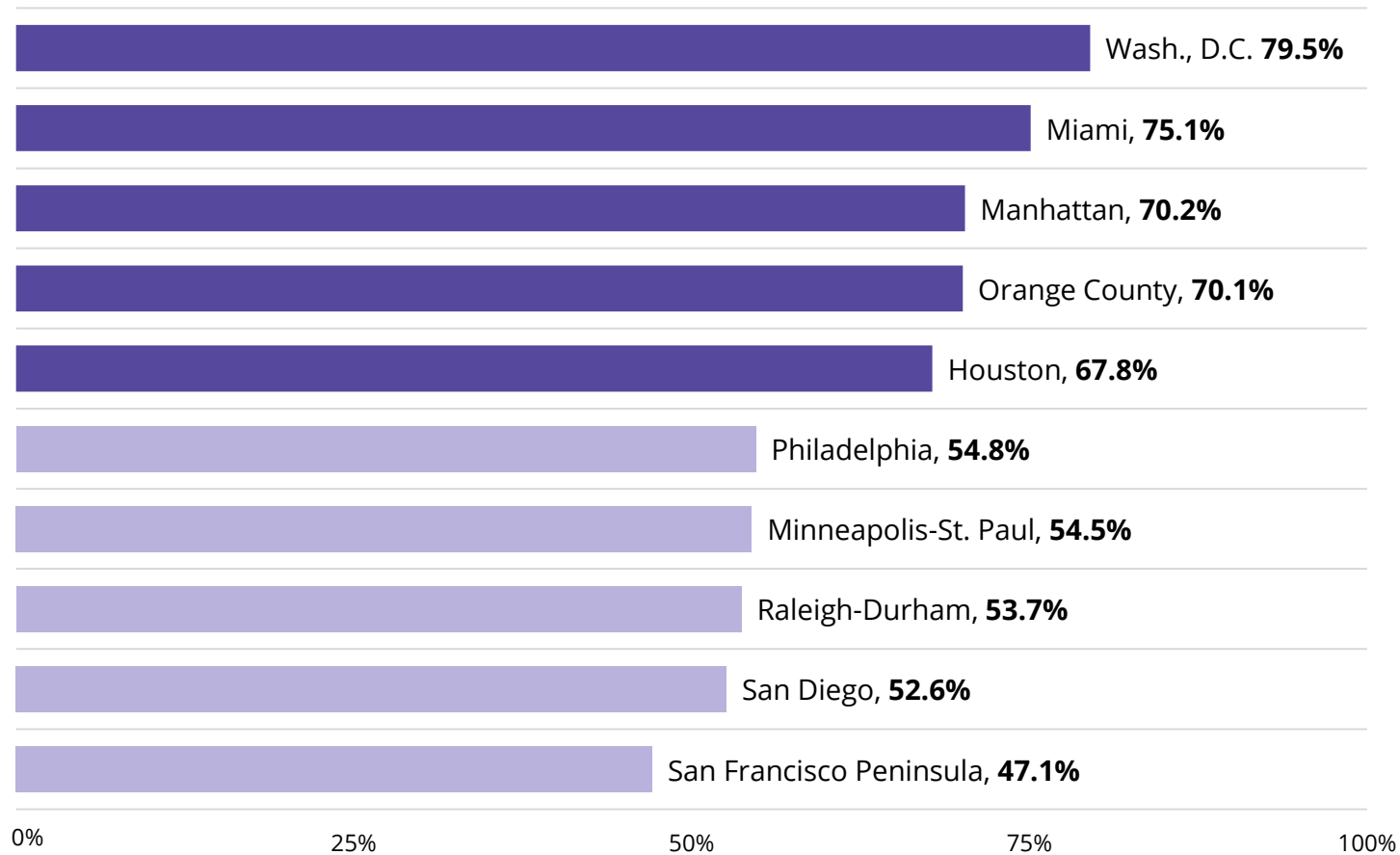


Certain industries across the U.S. have seen stronger office busyness than others compared to 2019.

For example, law firms and engineering firms were at 72.5% and 66.3% of their 2019 levels in February 2026, respectively.

Other major industries, like tech and consulting, have seen weaker busyness figures across the U.S. at around 50% of 2019 levels.

U.S. office busyness — overperforming and underperforming markets, February 2019 vs. February 2026

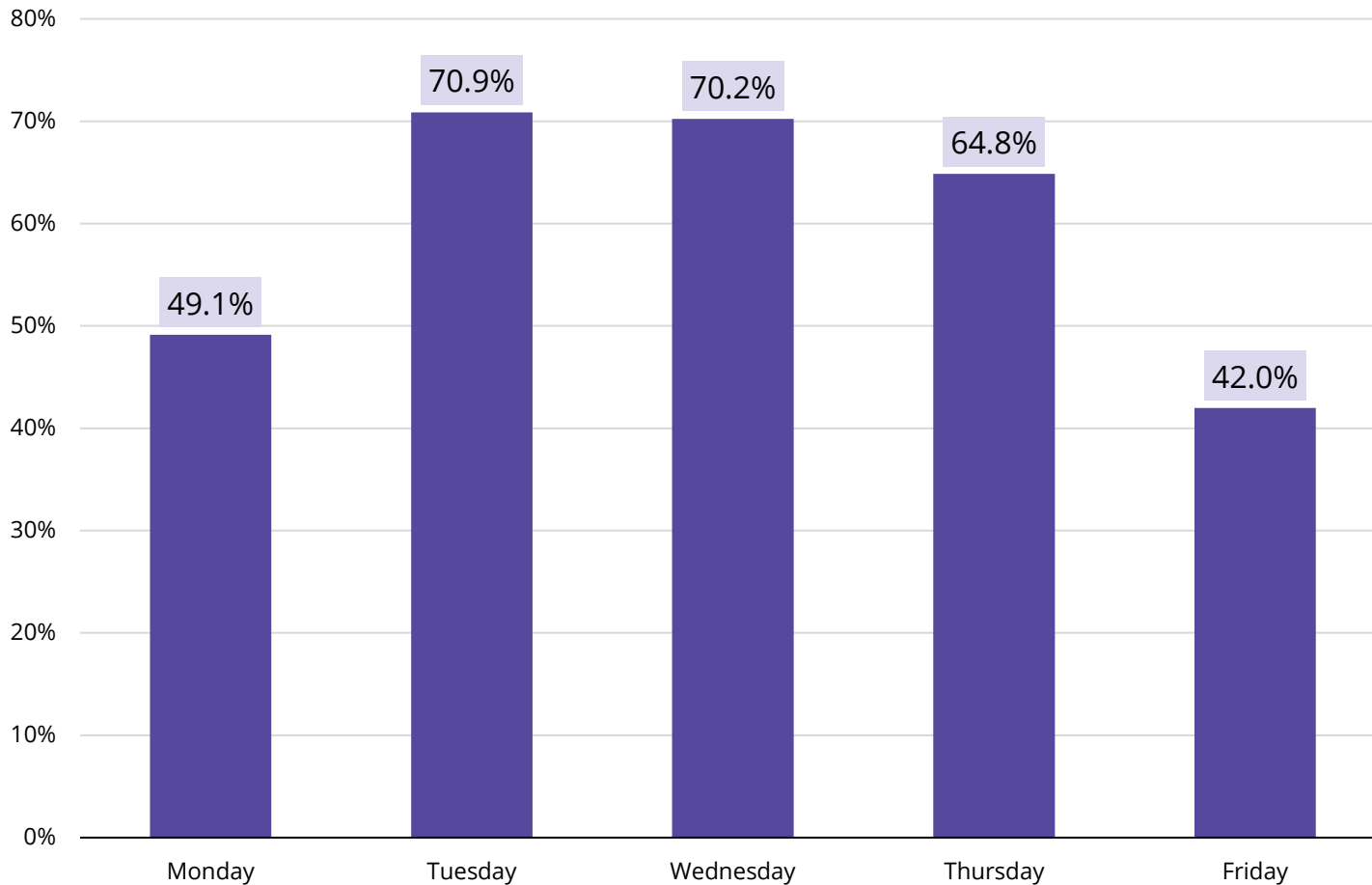


As of February 2026, certain office markets across the U.S. have recovered toward 2019 levels better than others.

Washington, D.C. and Miami are two standouts at over 75% of their February 2019 levels as of February 2026.

On the other hand, San Diego and San Francisco Peninsula have not recovered as well, at 52.6% and 47.1%, respectively.

U.S. office busyness by day of week, February 2019 vs. February 2026



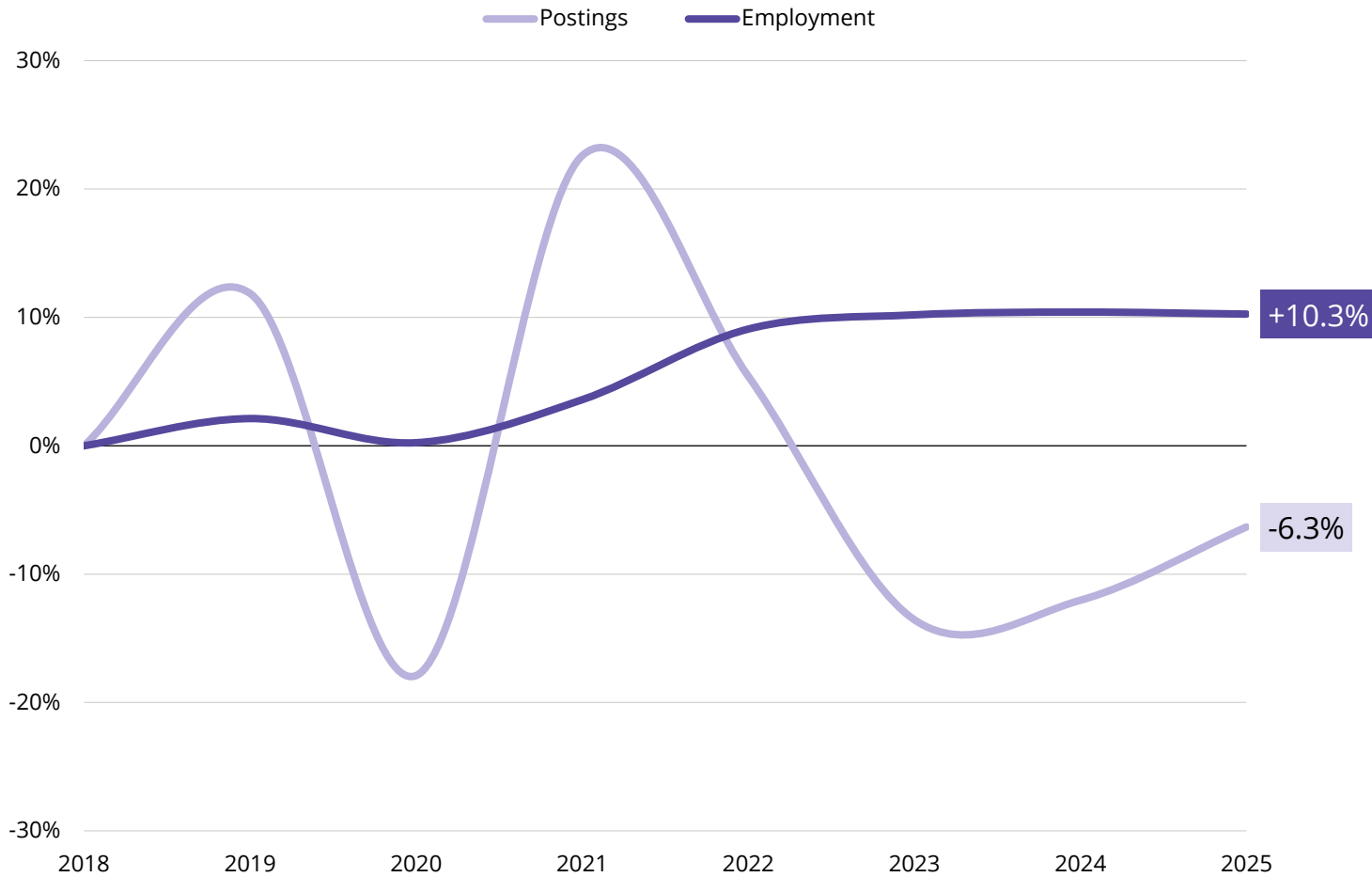
Looking at office busyness across the U.S. by day, it's no surprise that Tuesday through Thursday led the way in February 2026 when compared to 2019.

Given the evolving hybrid structure of many companies, employees seem to be adopting a Tuesday-through-Thursday office schedule with some Mondays and Fridays remote.

U.S. office market drivers

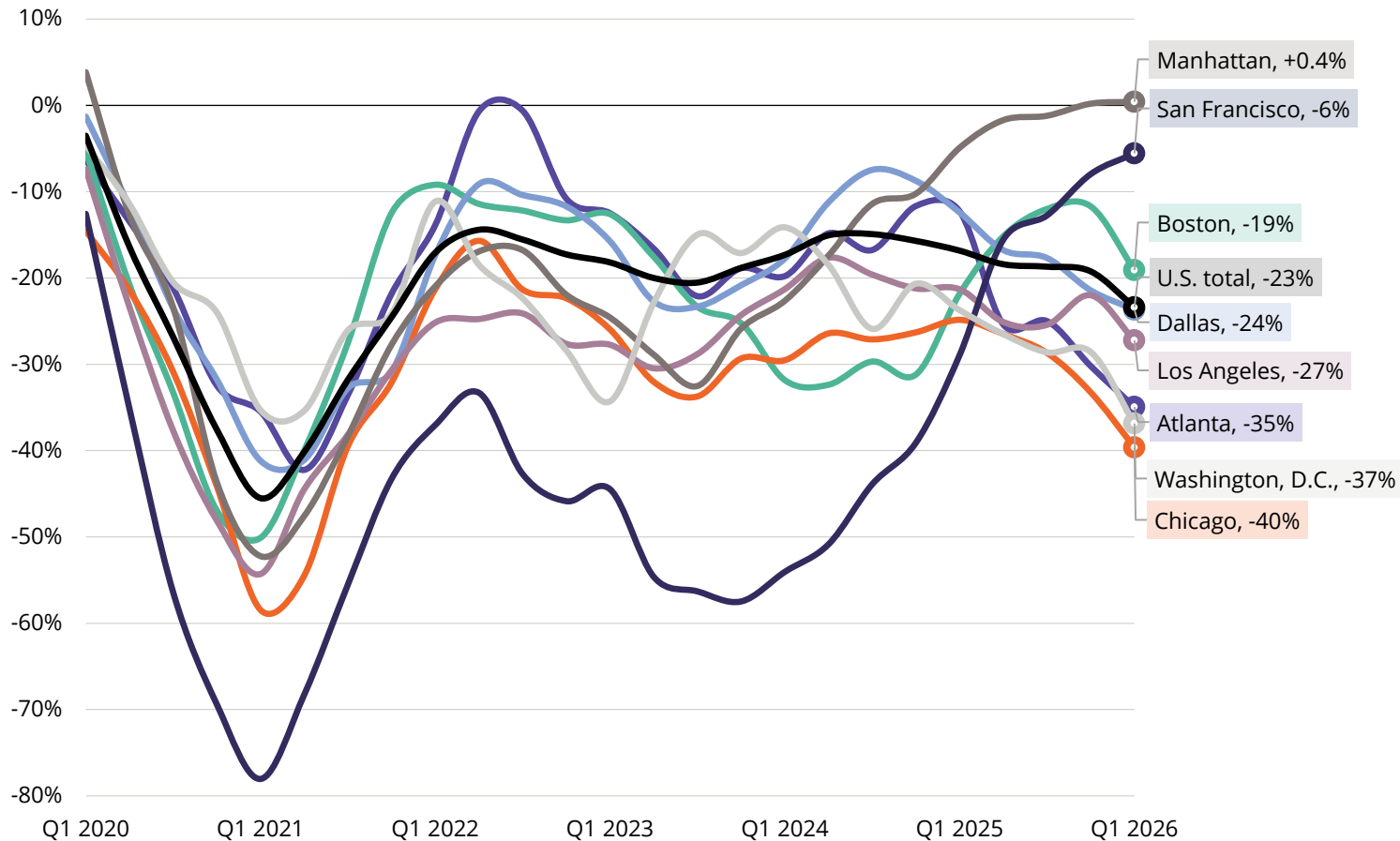


Office-using employment and job postings



When indexed to 2018, office-using employment was still 10.3% higher in 2025. This has held steady over the last three years despite dramatic changes in job postings for office-using employment.

Rolling four-quarter leasing vs. pre-COVID average (2015-2019)

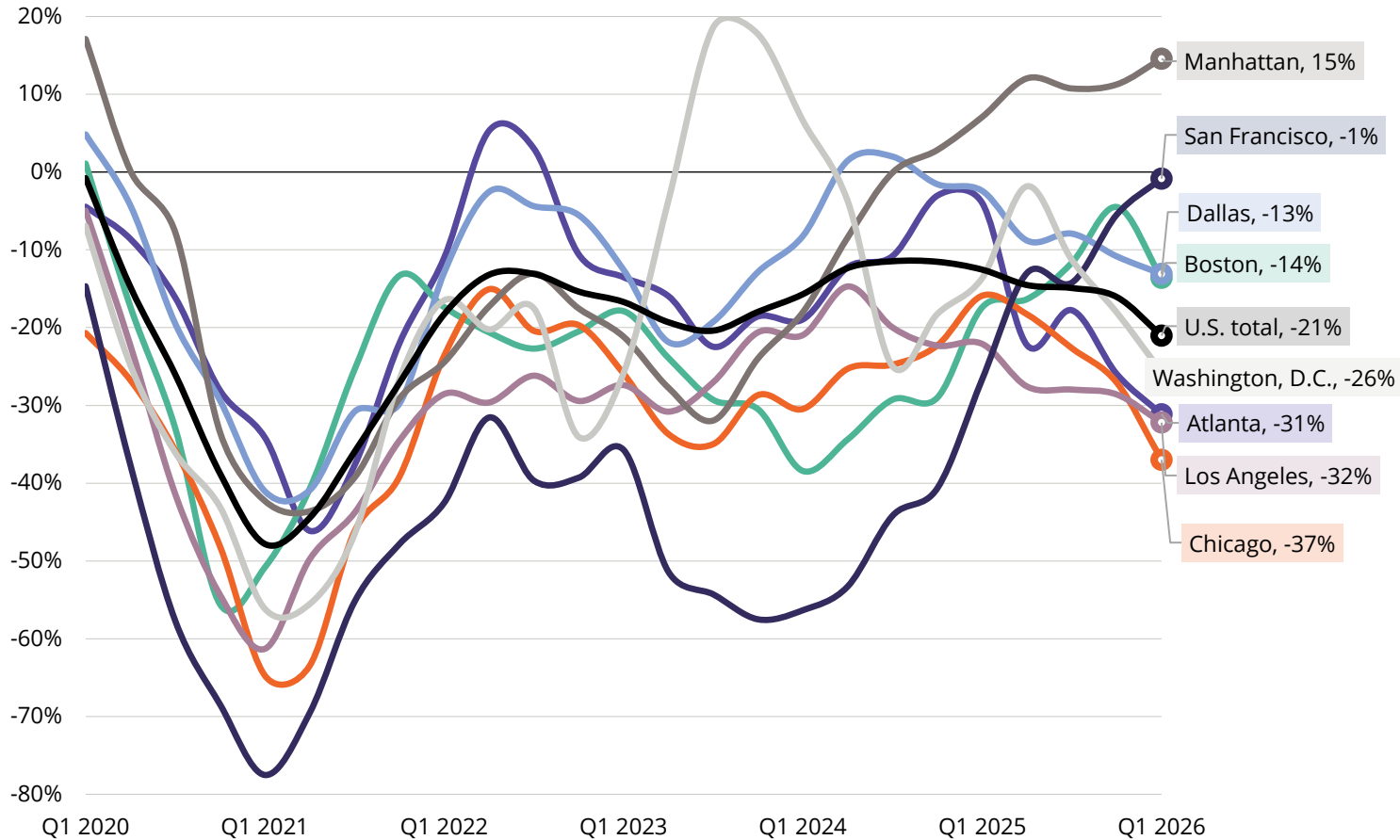


While overall leasing activity in most markets remains below pre-COVID norms, the pace of recovery continues to vary widely by location.

Manhattan is at full recovery, with leasing volumes over the past four quarters meeting pre-COVID levels.

San Francisco, though still 6% below its pre-COVID benchmark, has posted impressive gains over the past two years, signaling a notable rebound in tenant demand.

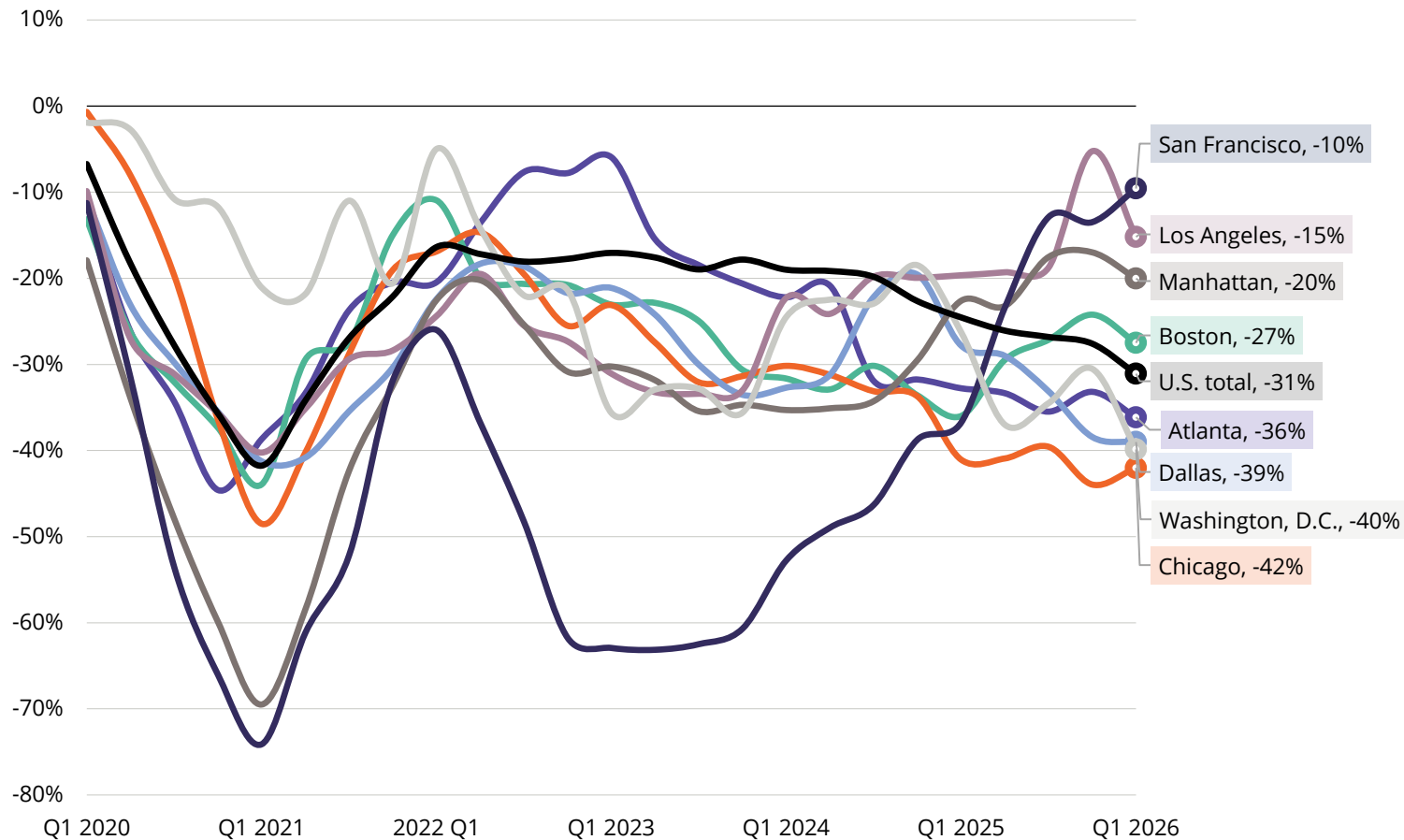
Rolling four-quarter leasing vs. pre-COVID average (2015-2019), trophy/class A



Leasing activity in trophy/class A space has recovered fully and even surpassed pre-COVID levels in certain markets.

Manhattan's leasing in this segment is 15% higher than early-2020 levels while San Francisco is nearly at pre-COVID levels.

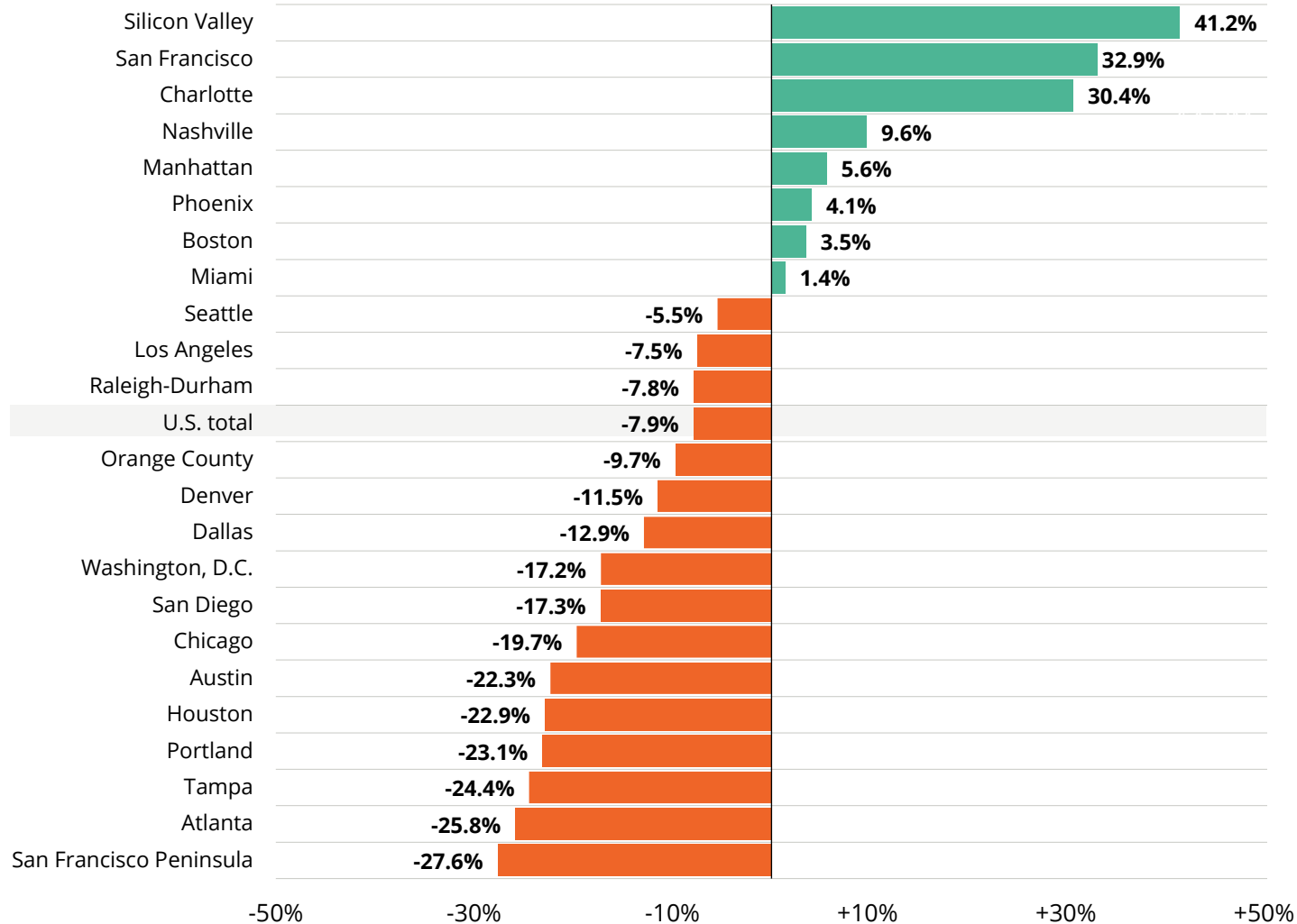
Rolling four-quarter leasing vs. pre-COVID average (2015-2019), class B



While overall leasing activity in class B product remains far below pre-COVID norms, some markets are seeing upticks.

San Francisco and Los Angeles are both within 15% of pre-COVID averages, far above the U.S. total, where class B leasing still drags 31% behind.

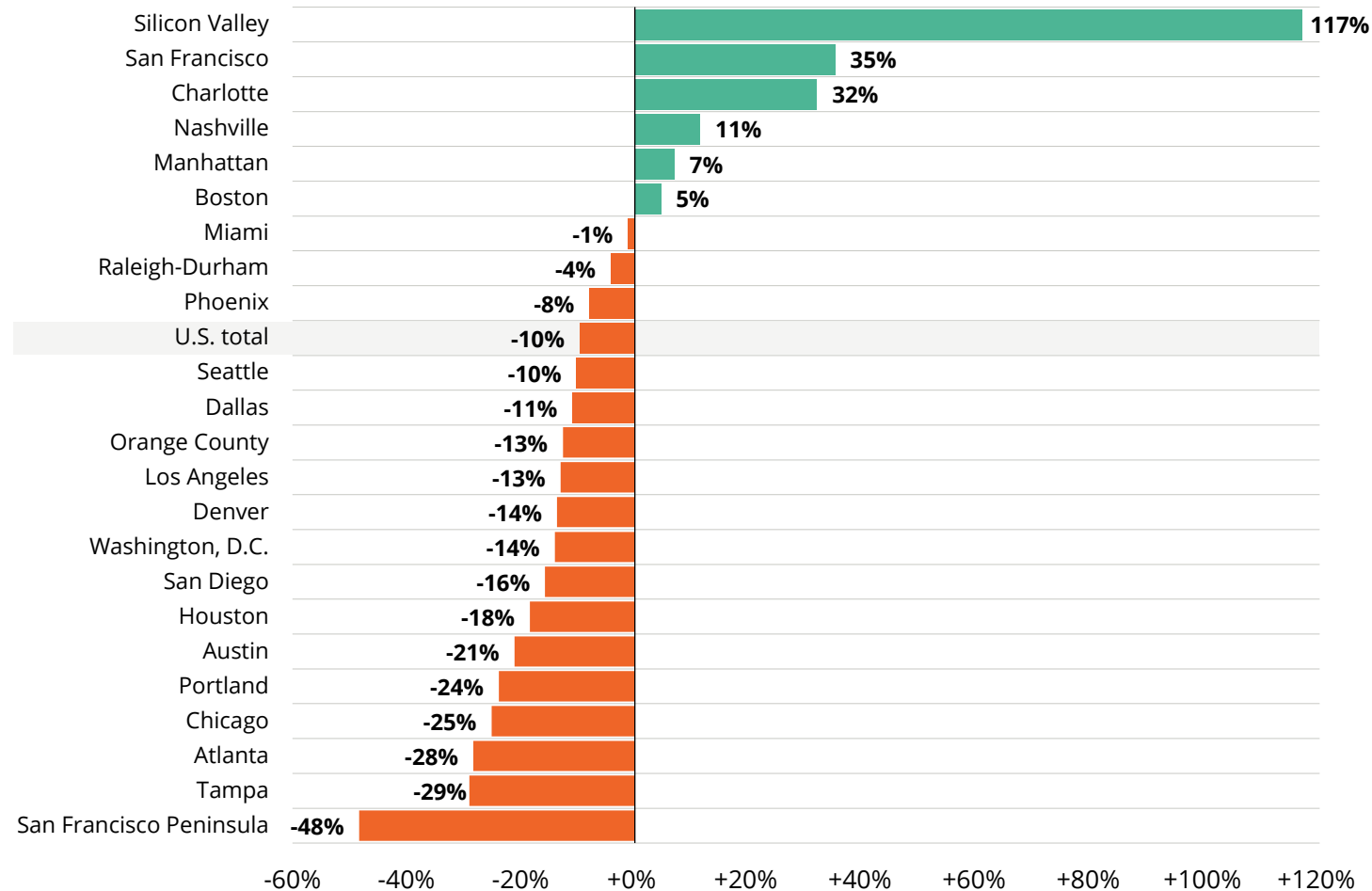
YoY changes (%) in leasing volume by market



YoY changes in leasing volume show a snapshot of recent momentum and potentially signal a sustained recovery ahead.

Silicon Valley leads all markets with more than 41.2% annual growth, while San Francisco, Charlotte, and Nashville have also posted solid gains.

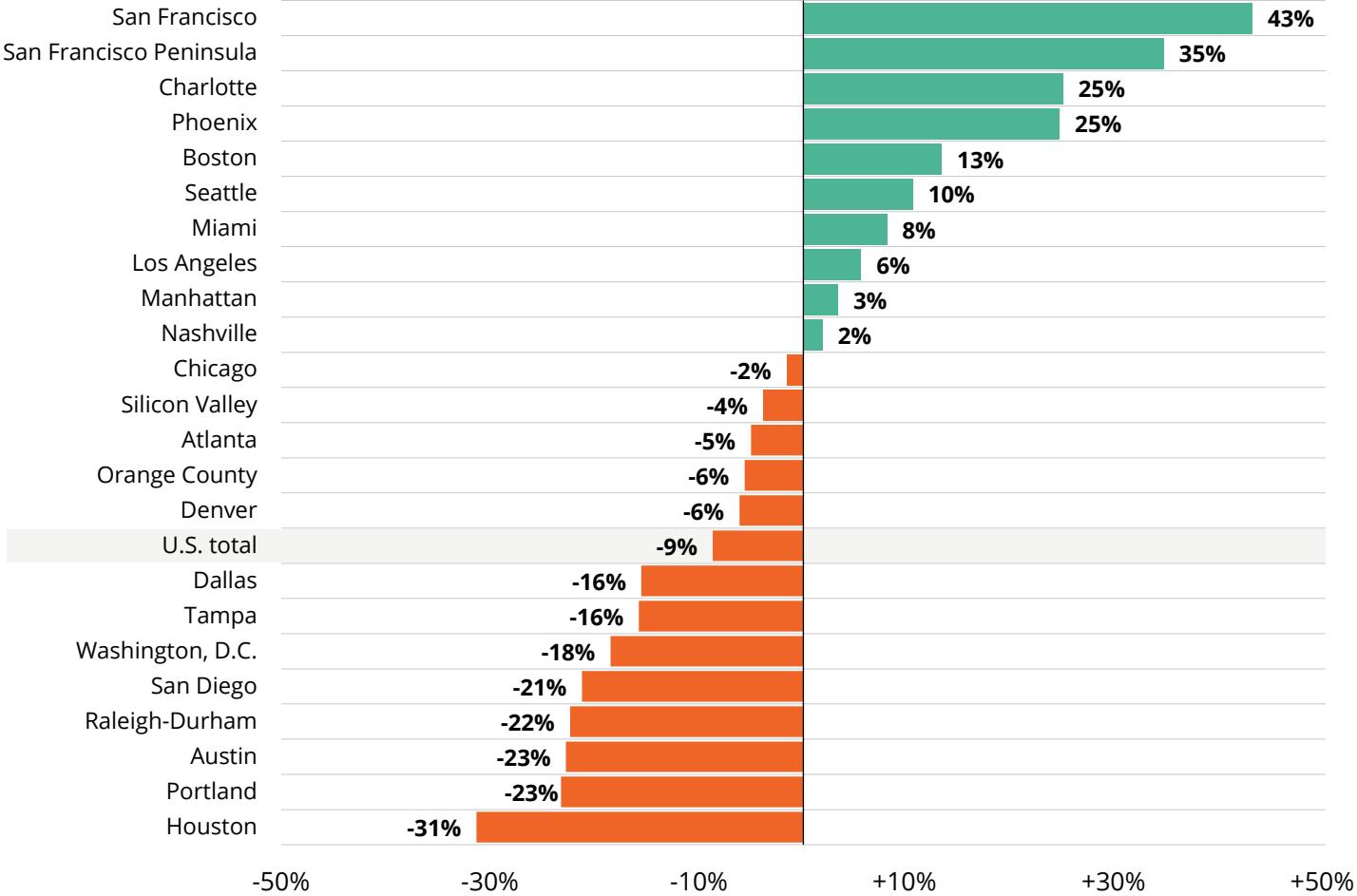
YoY changes (%) in leasing volume by market, trophy/class A



Silicon Valley leads all markets in trophy/class A leasing growth with more than 117% year over year, while San Francisco, Charlotte, and Nashville have also recorded notable increases above 30%.

In contrast, markets like Houston, Chicago, and Atlanta have seen significant declines.

YoY changes (%) in leasing volume by market, class B

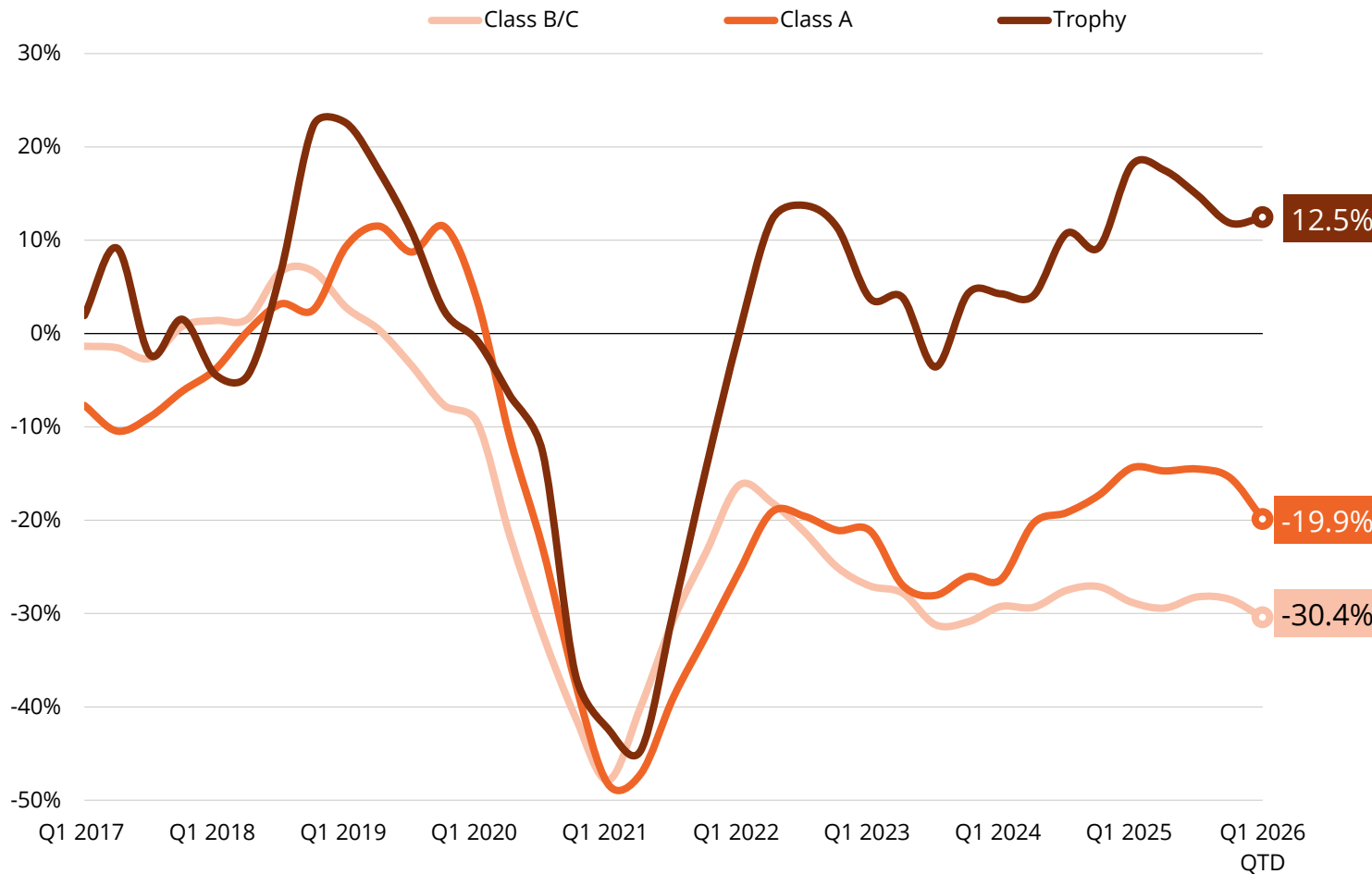


YoY changes in class B leasing volume offer insights to potential signs of broader market recovery.

San Francisco leads all markets with more than 38.6% annual growth, while Charlotte, Phoenix, and Boston have also experienced strong gains.

In contrast, markets like Austin, Portland, and Houston have seen significant declines, highlighting markets where demand is still heavily bifurcated.

Leasing activity, rolling four-quarter average vs. pre-COVID average (2015–2019)



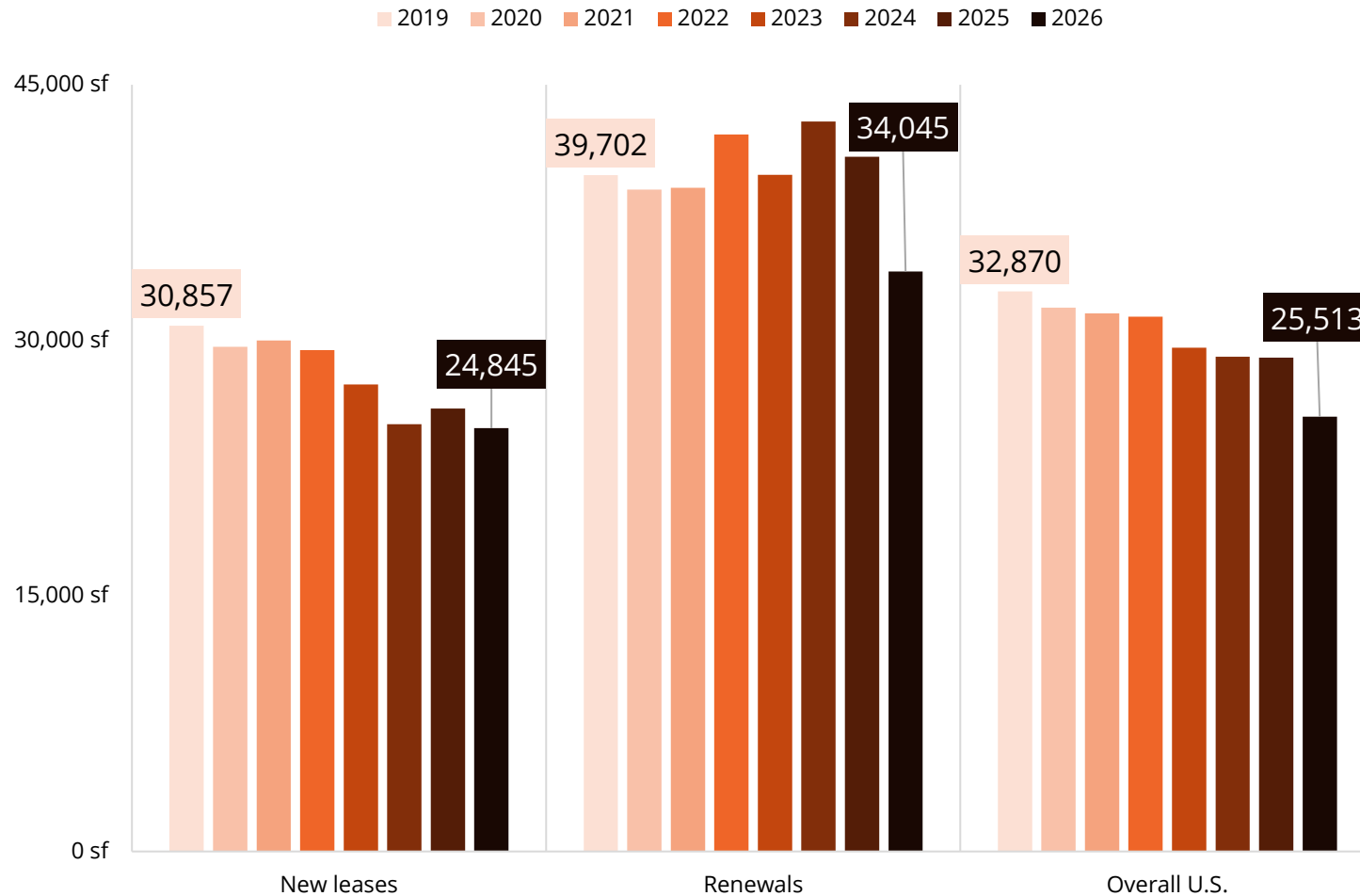
While overall leasing activity in most markets remains below pre-COVID norms, the pace of recovery continues to vary widely by asset class.

Despite all segments undergoing a similar halt immediately after the pandemic, leasing in trophy buildings has not only rebounded but surpassed historical averages.

Leasing in class A and class B/C have not made significant strides since an initial rebound in 2022.

Includes: Alanta, Boston, Chicago, Dallas, Ft. Lauderdale, Manhattan, Miami, San Francisco, Washington, D.C.
Source: Avison Young Market Intelligence, CoStar

U.S. average office lease size

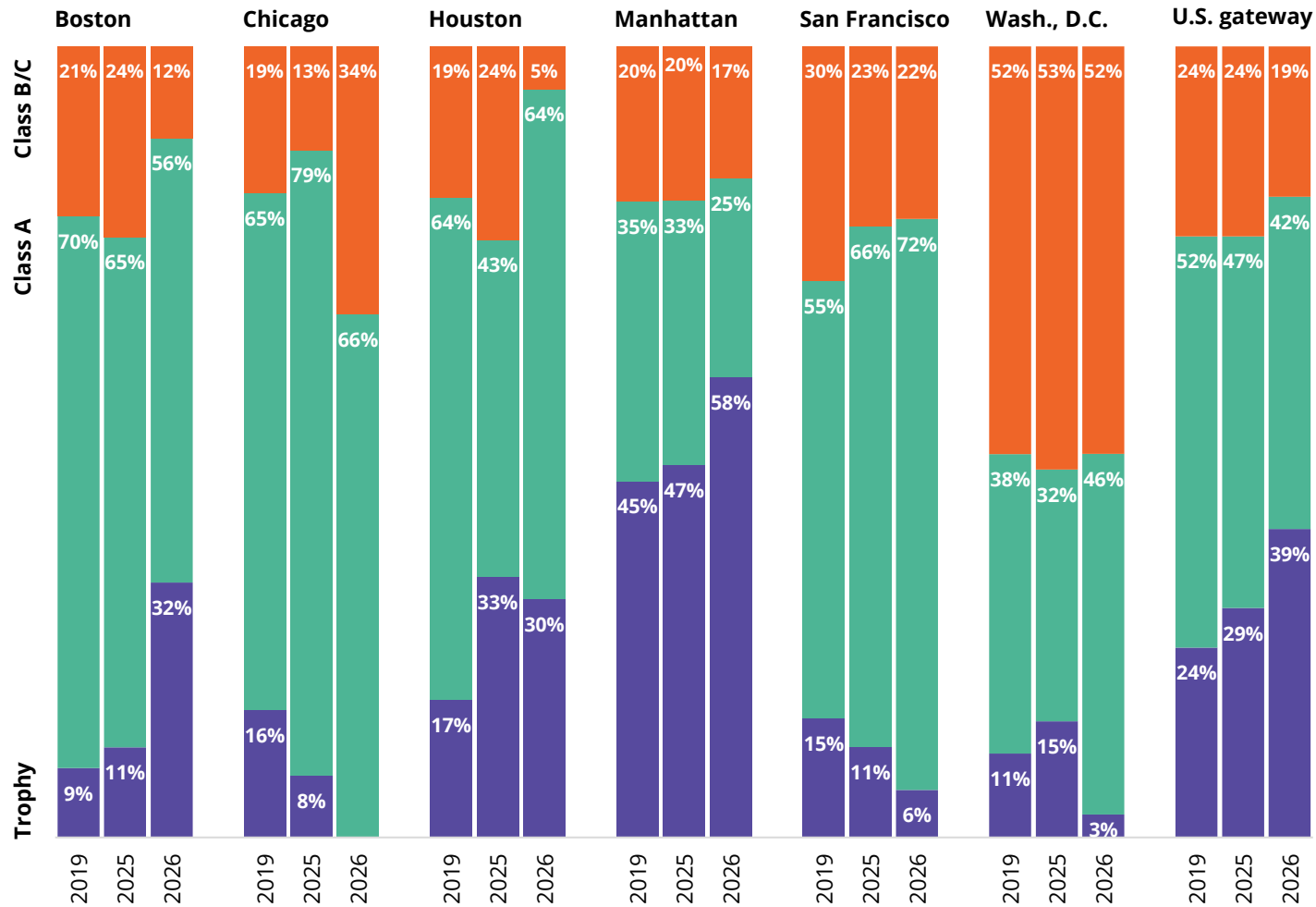


Across the U.S., average lease sizes across have continually decreased since 2019, now down 20.1%.

Renewals in 2026 have been notably smaller, with average footprints dropping 16.5% YoY.

New leases are following the same pattern, coming in 16.1% smaller than in 2019 and 4.4% below 2025.

Transaction activity by asset class

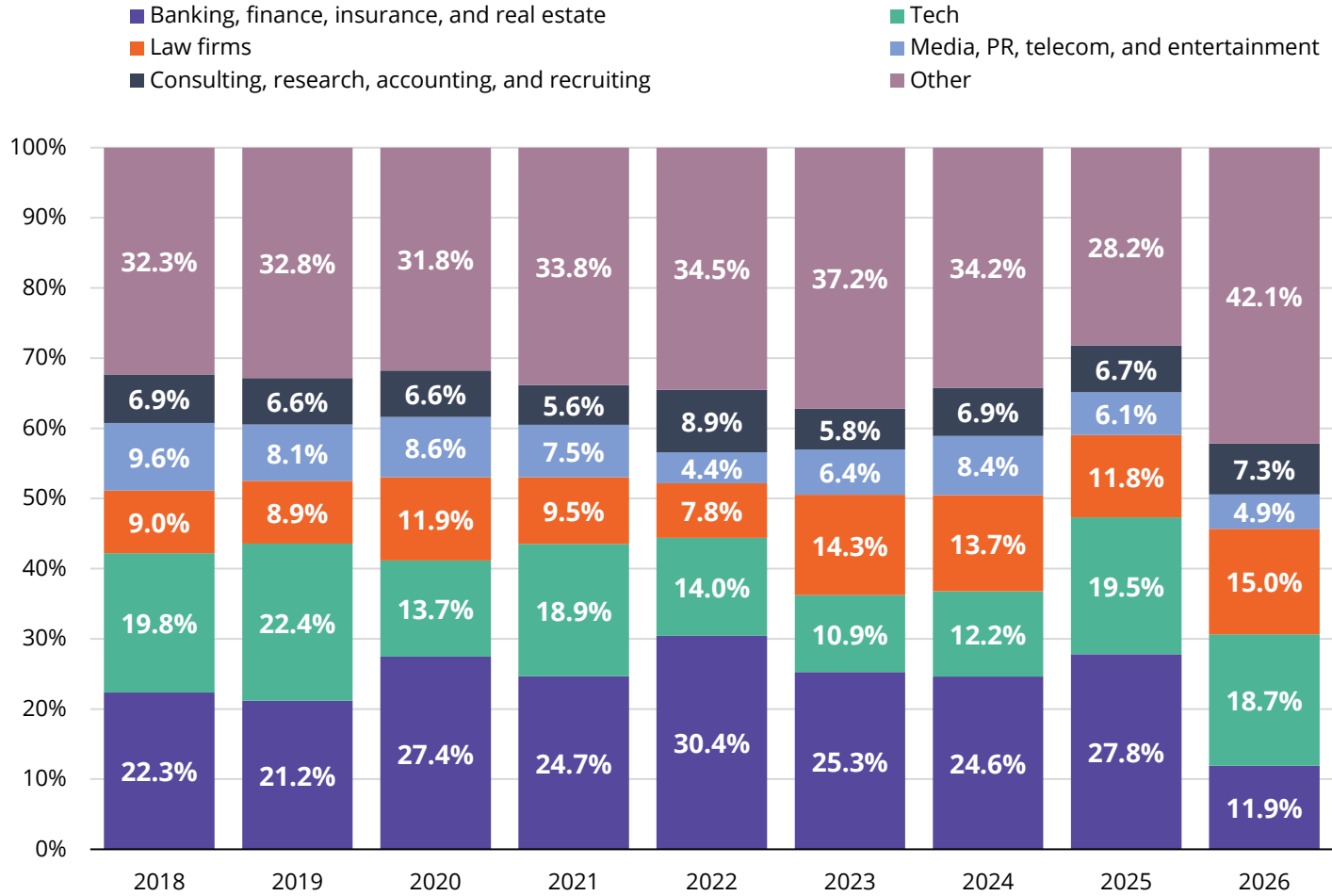


The flight-to-quality trend remains strong nationwide, with class B/C leasing continuing to shrink YoY.

Trophy/class A assets, meanwhile, expanded their share across major markets in Q1 2026.

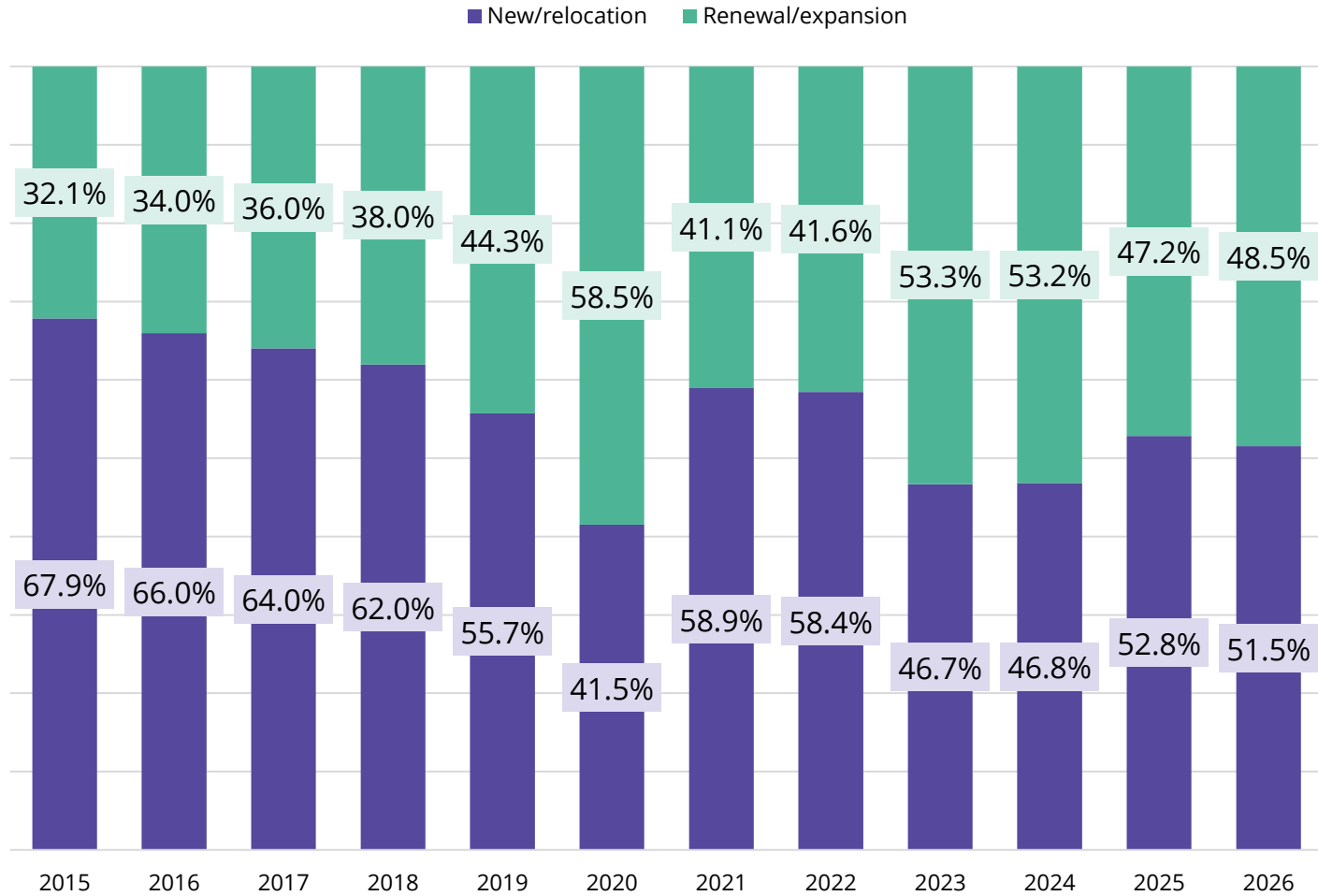
Note: Chicago, Boston, Houston, Manhattan, San Francisco, Washington, D.C. Includes direct and subleases. Source: Avison Young Market Intelligence

Leasing activity share by major industry



Office-using industries across the U.S. gateway markets have fallen into different leasing cycles over time, with tech firms experiencing a significant share of leasing activity in Q1 2026.

Transaction activity by lease type

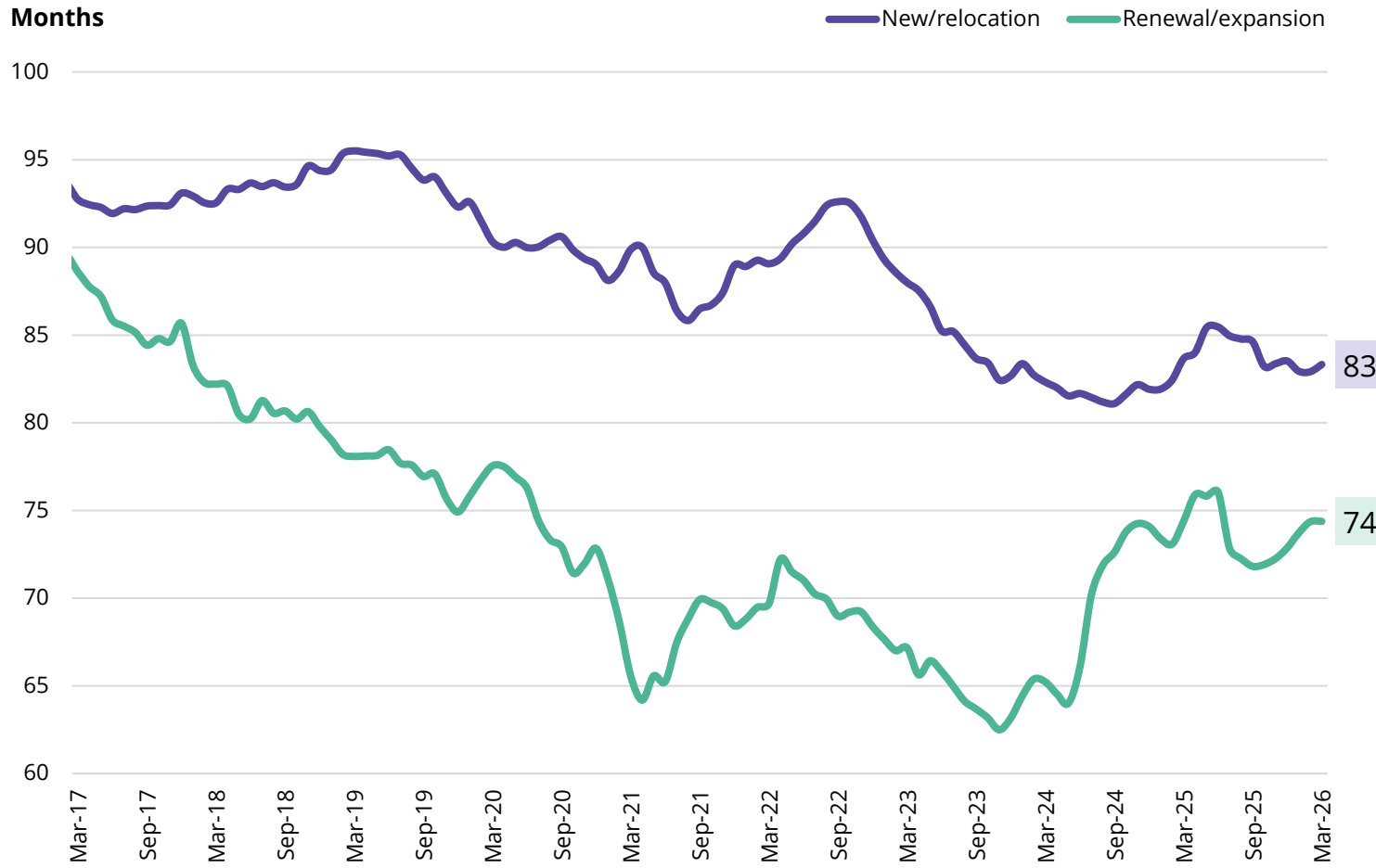


Renewal and expansion activity grew to 48.5% of total leasing transactions in Q1 2026, up from 47.2% in Q4 2025.

New and relocation leases accounted for the remaining 51.5% of deals.

Note: Boston, Manhattan, San Francisco, Washington, D.C.
Direct leases only.
Source: Avison Young Market Intelligence, CoStar

Gateway market lease term length by transaction type

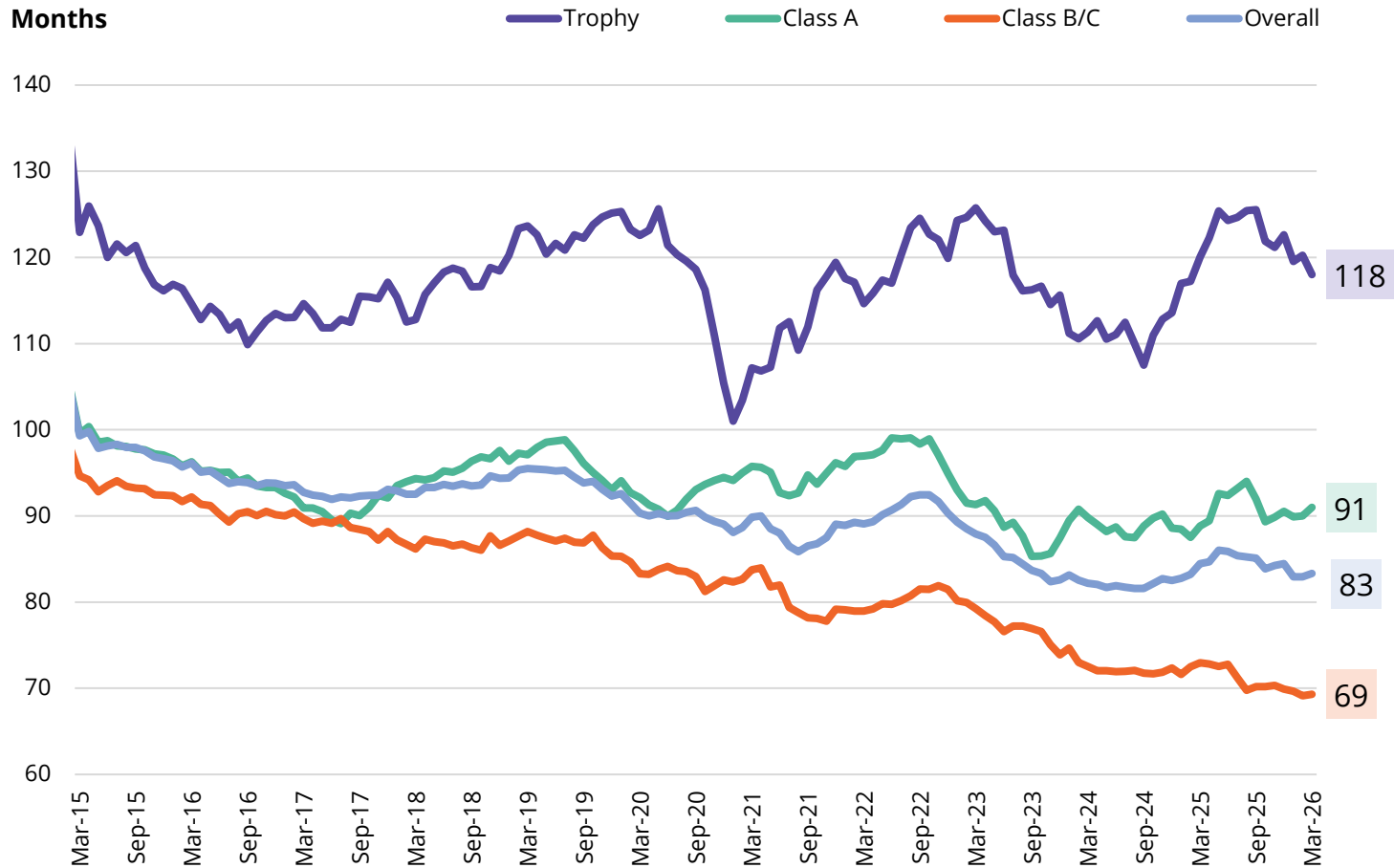


Across U.S. gateway markets, lease terms have shortened significantly but have appeared to stabilize over the past year.

Since 2019, the average term length on new leases have dropped by 9.7% while renewals dipped just 0.7%.

However, in the last year, both new and renewal lease term lengths have held relatively steady.

Gateway market lease term length by class

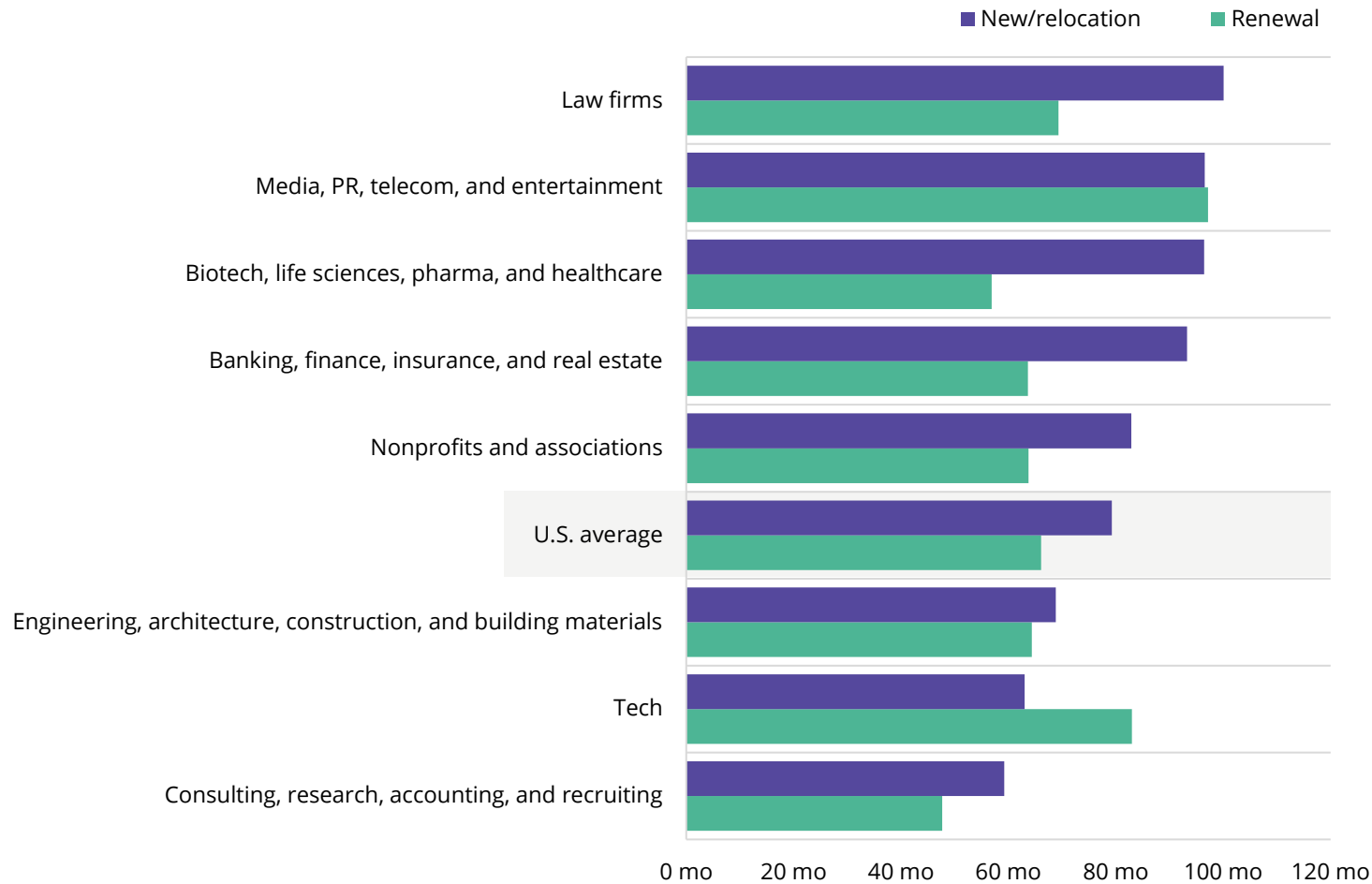


Across U.S. gateway markets, trophy properties continue to heavily outperform other asset classes in terms of average lease term lengths, with notable growth in recent months.

The average class A lease term sits above the overall average by eight months, while class B/C falls 14 months below.

Note: Boston, Manhattan, San Francisco, Washington, D.C.
 Direct relocations only.
 Source: Avison Young Market Intelligence

Lease terms by major industries

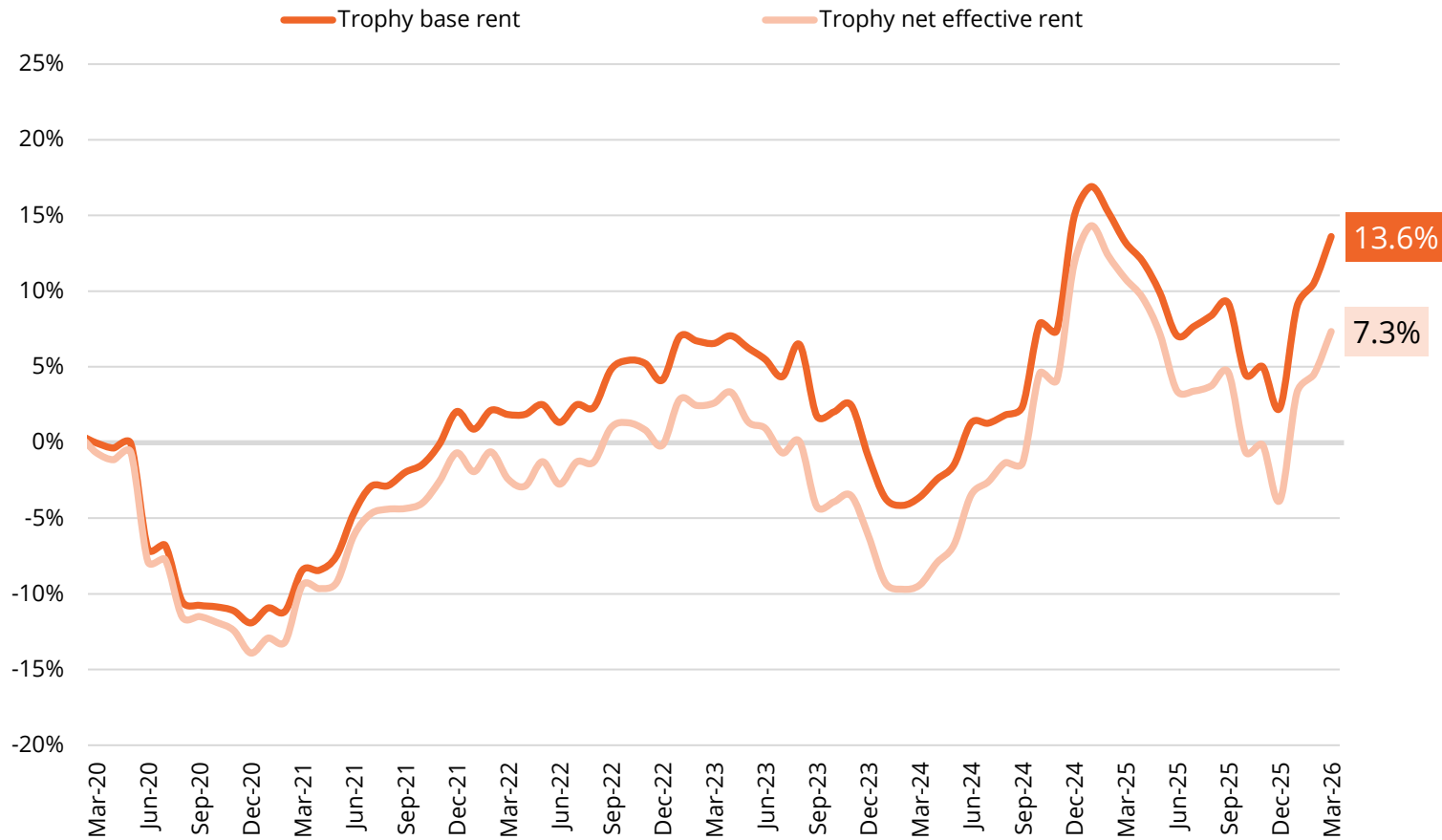


Through Q1 2026, average U.S. office lease term lengths reached 79 months for new leases/relocations and 66 months for renewals.

Notably, media and tech firms saw renewal terms outpace those on new deals during this period.

Note: Boston, Chicago, Dallas-Ft. Worth, Los Angeles, Manhattan, San Francisco, Washington, D.C.
 Data reflects 12-month average, direct and sublease.
 Source: Avison Young Market Intelligence

Base and net effective rents growth, trophy+/trophy (2020-2025)

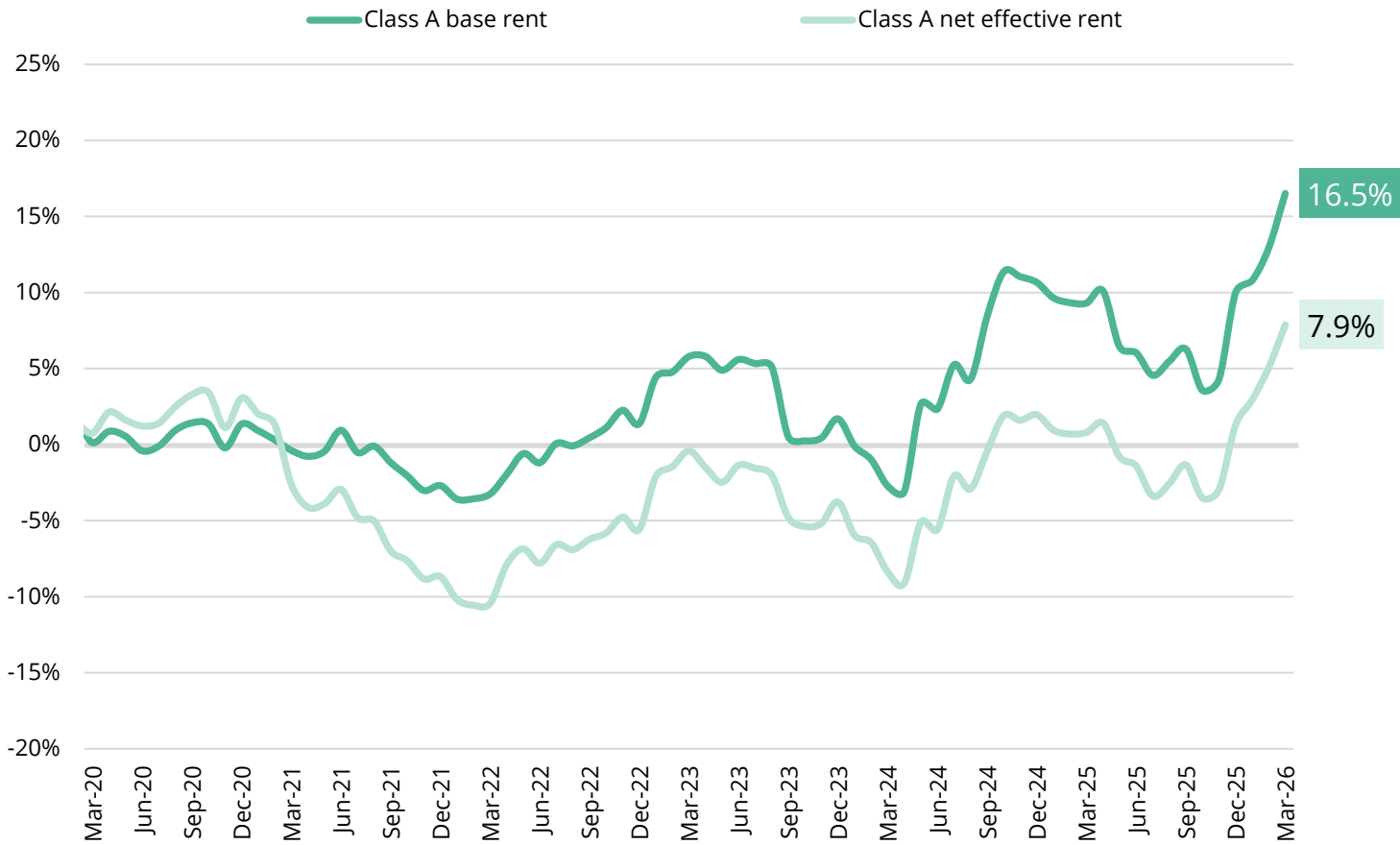


Rising demand for trophy space has pushed large blocks in trophy+ properties close to full occupancy.

Strong interest in top-tier offices — especially in markets like San Francisco — has also driven rents higher in recent months.

Note: Boston, Manhattan, San Francisco, Washington, D.C.
Direct relocations only.
Source: Avison Young Market Intelligence

Base and net effective rents growth, class A (2020–2025)

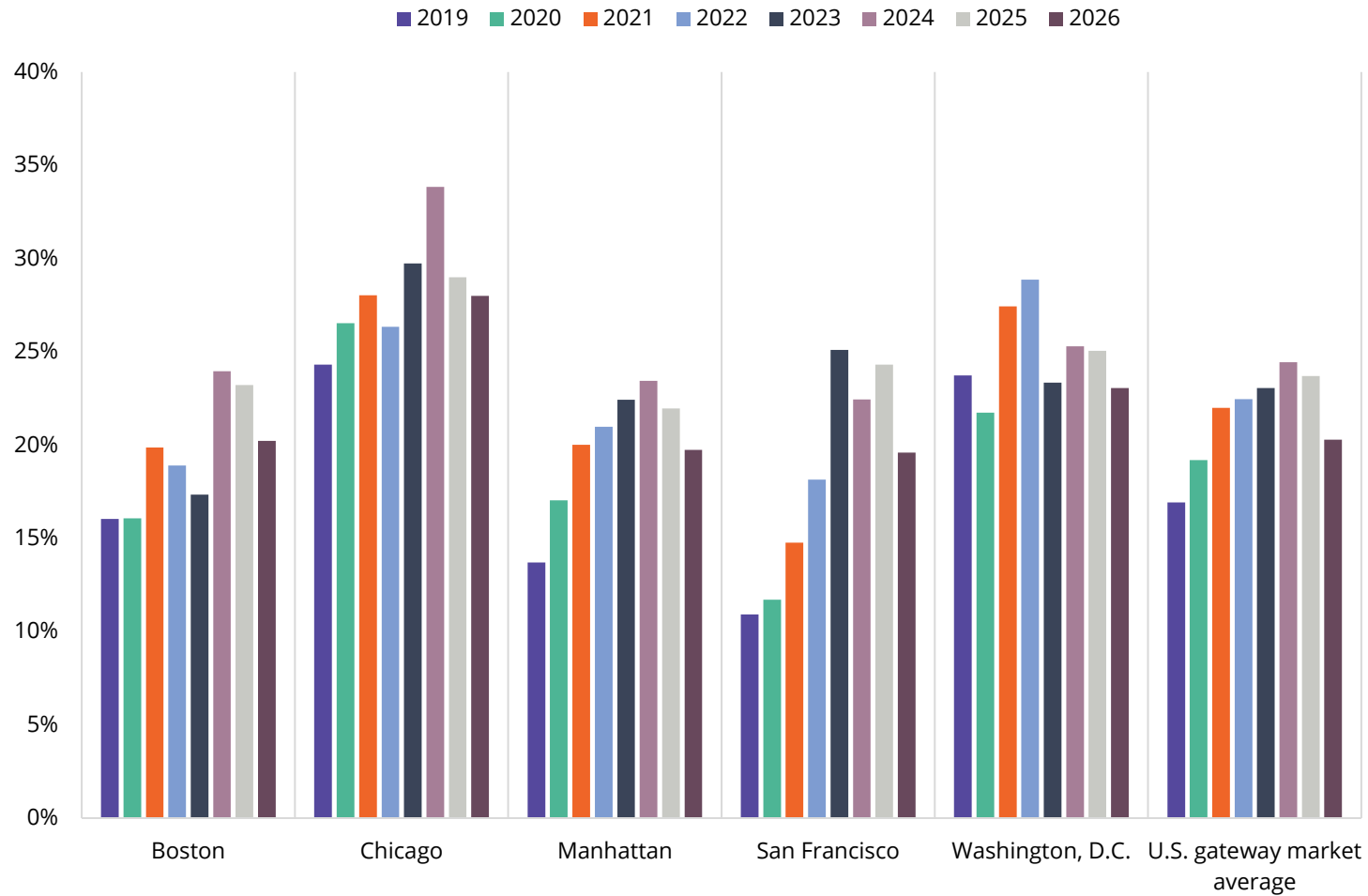


Class A base and net effective rents surged in the first quarter of 2026.

With trophy availability dwindling, tenants are increasingly turning to class A options.

Note: Boston, Manhattan, San Francisco, Washington, D.C.
 Direct relocations only.
 Source: Avison Young Market Intelligence

Concessions as a share of lease term

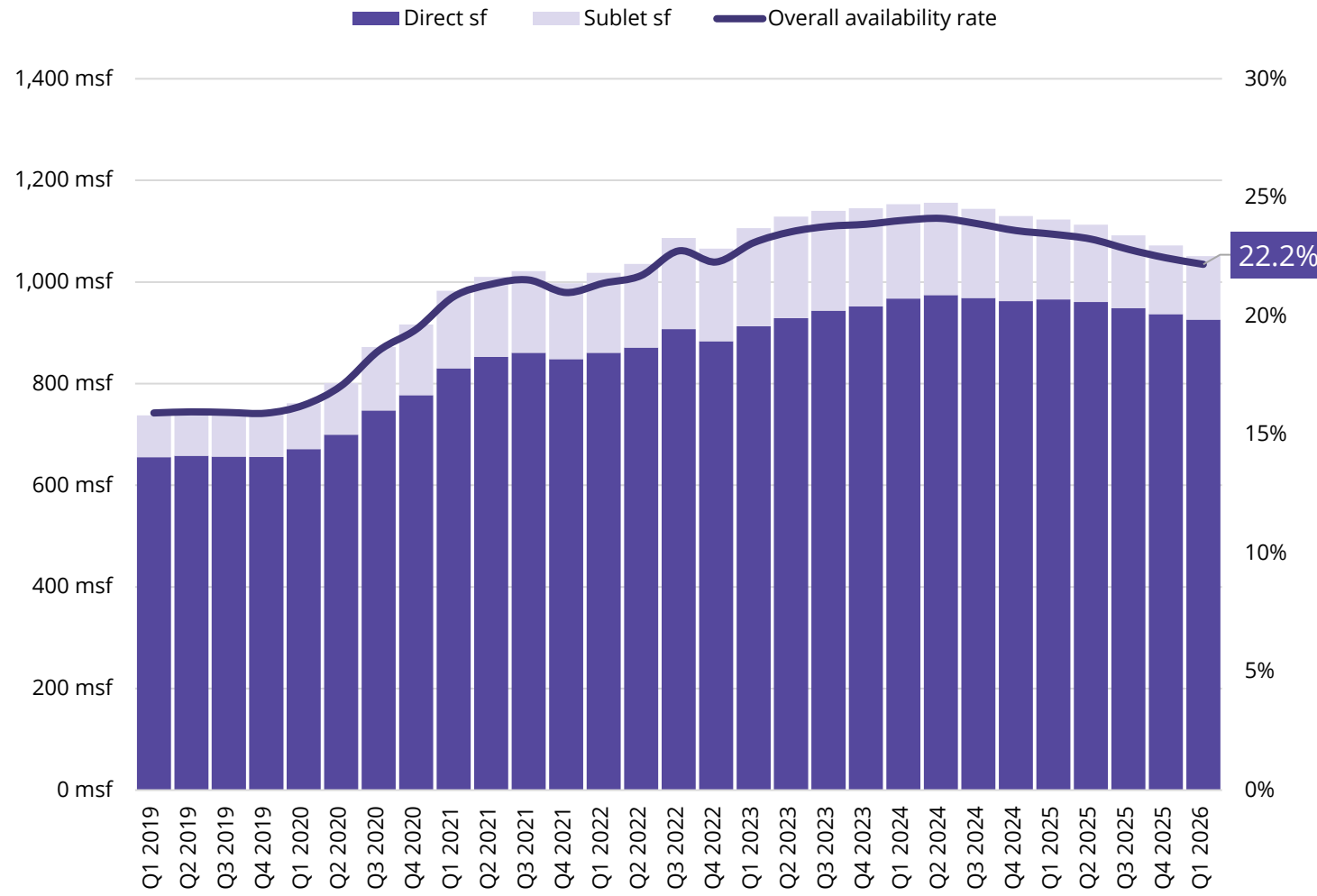


Concession packages as share of lease term continued to taper through Q1 2026, ending five years of consecutive YoY growth from 2019 to 2024.

On average, concessions accounted for about 20% of total lease value across gateway markets — a 5% decline from two years ago.

Note: Concessions include the value of tenant improvement allowances and free rent periods. Direct relocations only with 7+ year lease terms. Source: Avison Young Market Intelligence

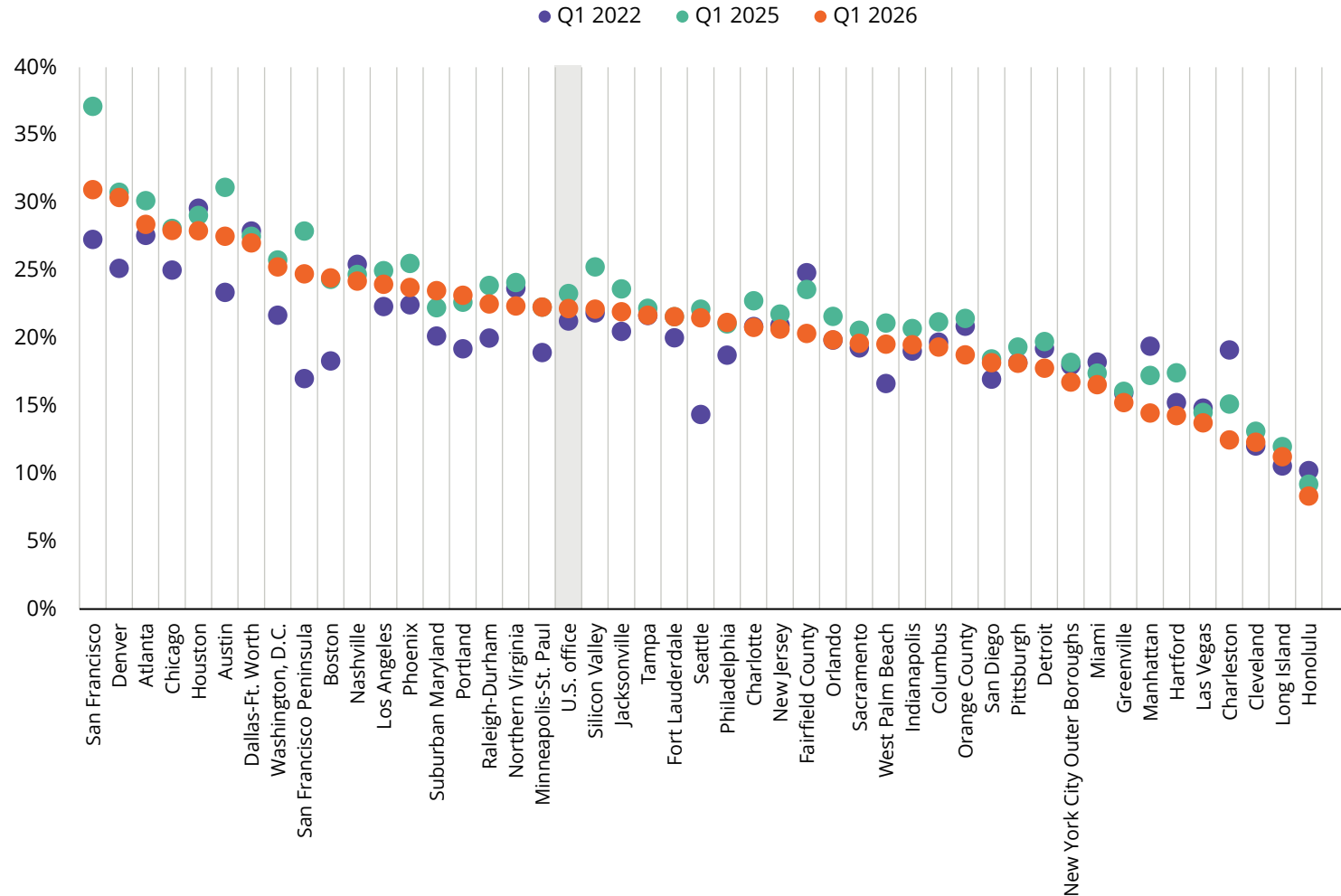
Available space



The U.S. overall availability rate dropped by 20 bps quarter over quarter (QoQ) to 22.2% in Q1 2026, marking the seventh consecutive quarterly decline.

Direct available space fell by 10.8 msf, while sublet availability declined by 9.9 msf — a combined QoQ drop of 20.7 msf.

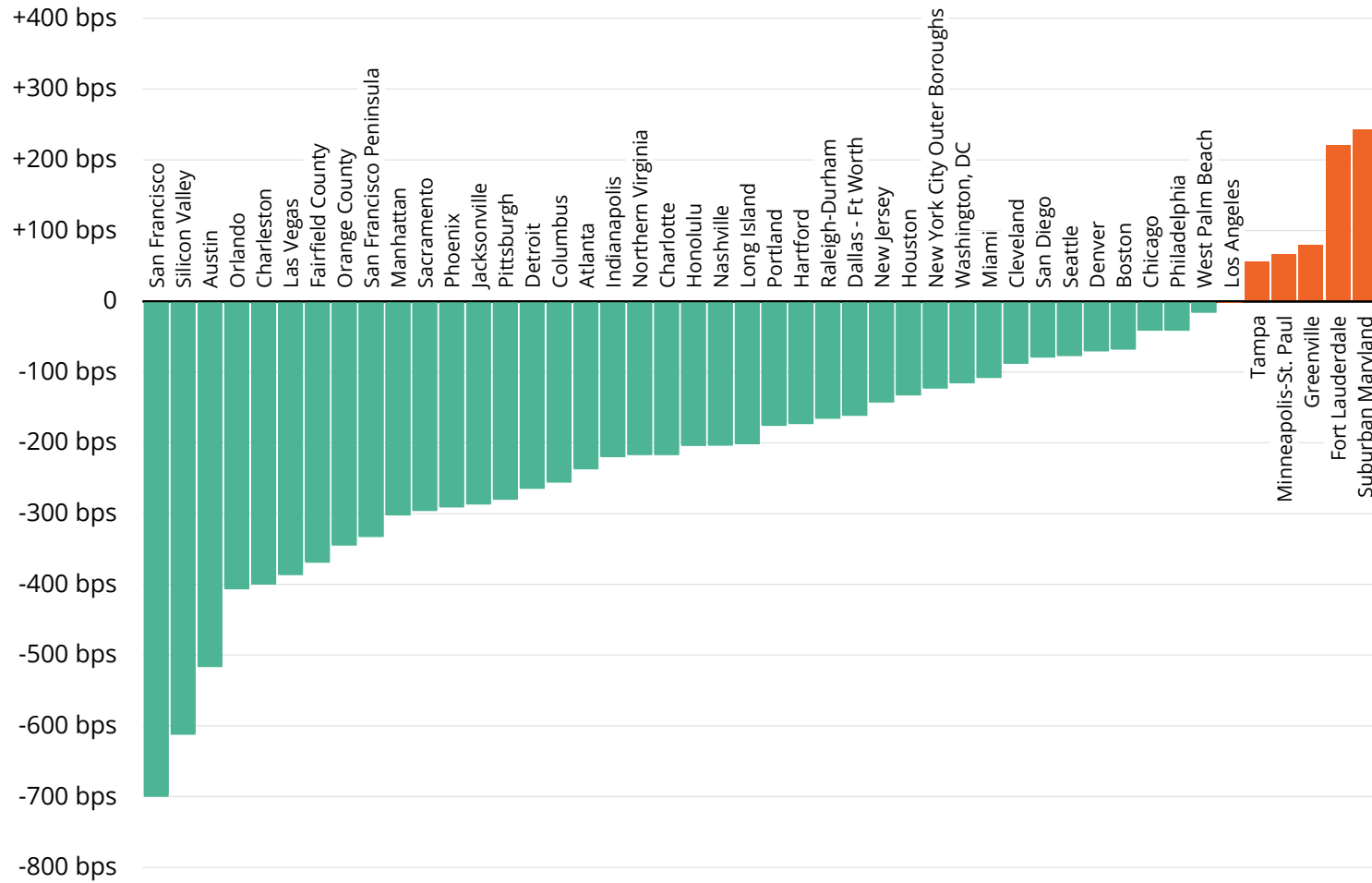
Office availability rate by market, Q1 2022–Q1 2026



Although availability remains elevated relative to historical norms, national rates have begun to improve over the past year.

Markets like Manhattan, San Francisco, and Orange County have posted meaningful improvements. In fact, 91% of tracked U.S. markets saw availability rates decline compared to Q1 2025, signaling a gradual shift in supply-demand dynamics.

YoY availability changes (bps), trophy/class A

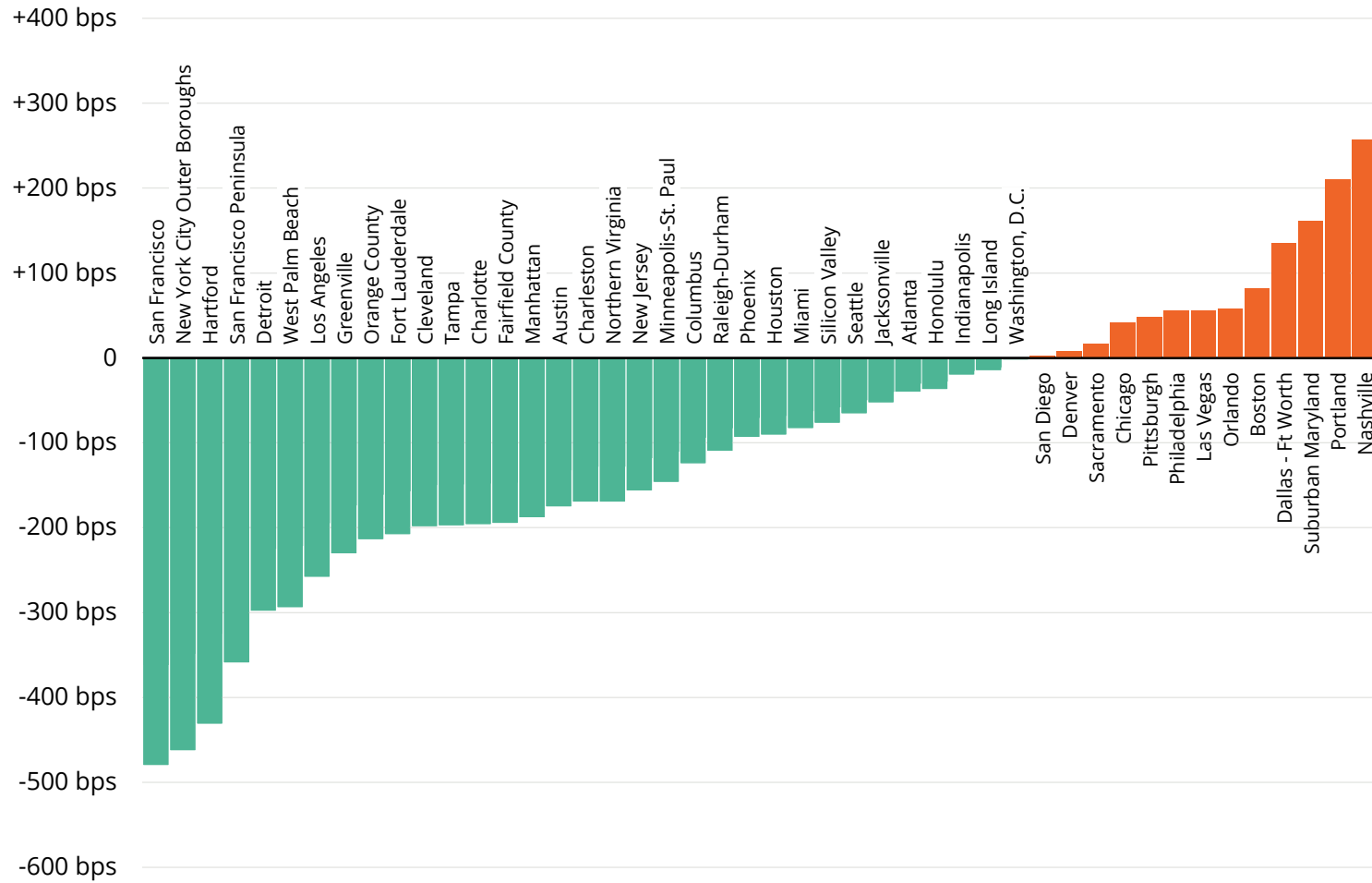


High-quality availability has shifted down across most U.S. markets over the past year.

San Francisco (-697 bps), Austin (-610 bps), and Austin (-514 bps) recorded the largest YoY declines.

Gateway markets like Manhattan, Washington, D.C., Miami, Boston, and Chicago also saw YoY declines.

YoY availability changes (bps), class B

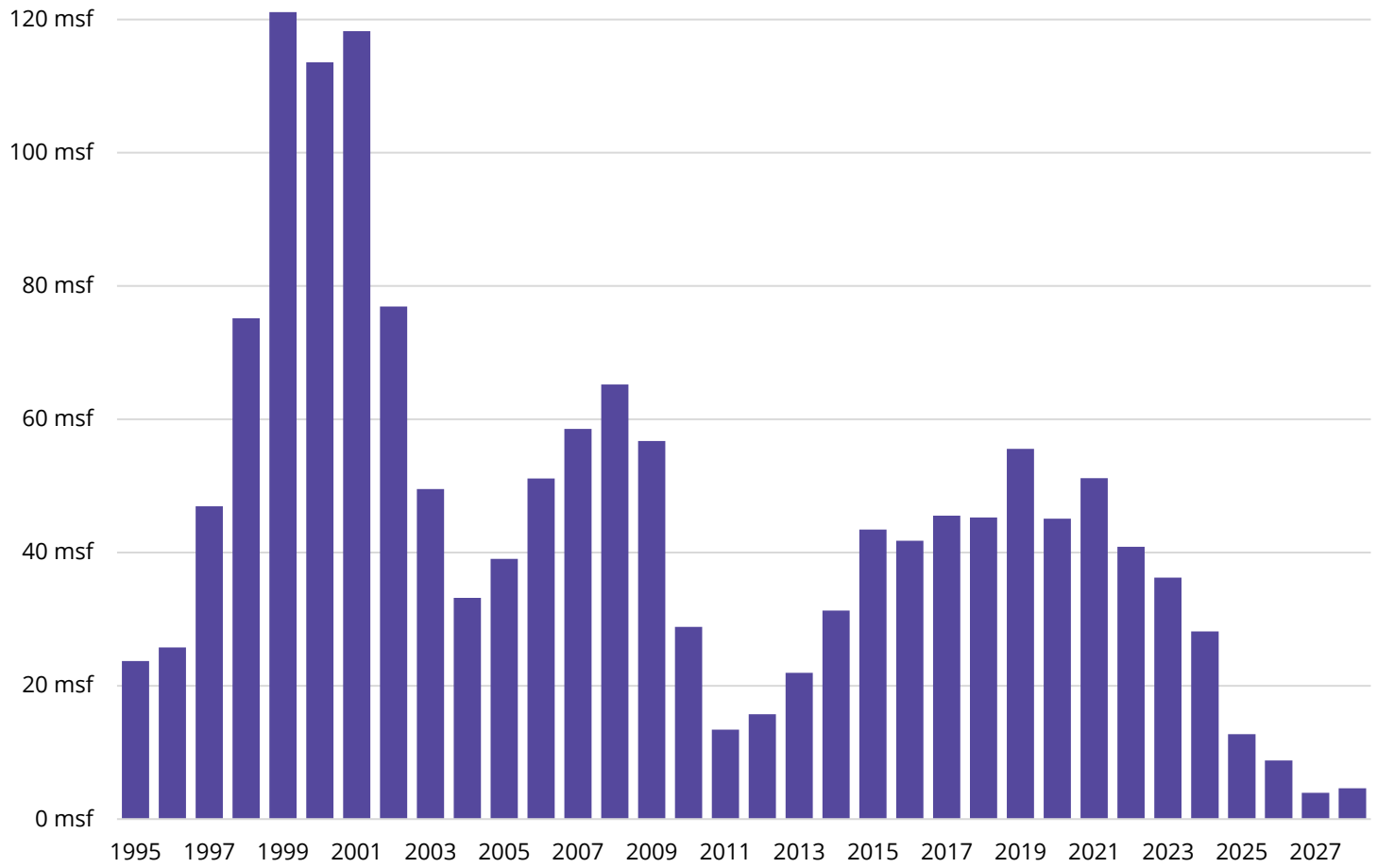


Over the past year, class B availability has trended downward in a number of U.S. market.

In certain markets where trophy/A availability continues to tighten, availability in class B has also begun to decline, such as San Francisco (-479 bps) and Manhattan (-188 bps).

Meanwhile, class B availability continues to rise in major markets like Chicago (+42 bps) and Fort Lauderdale (+82 bps).

Office construction deliveries

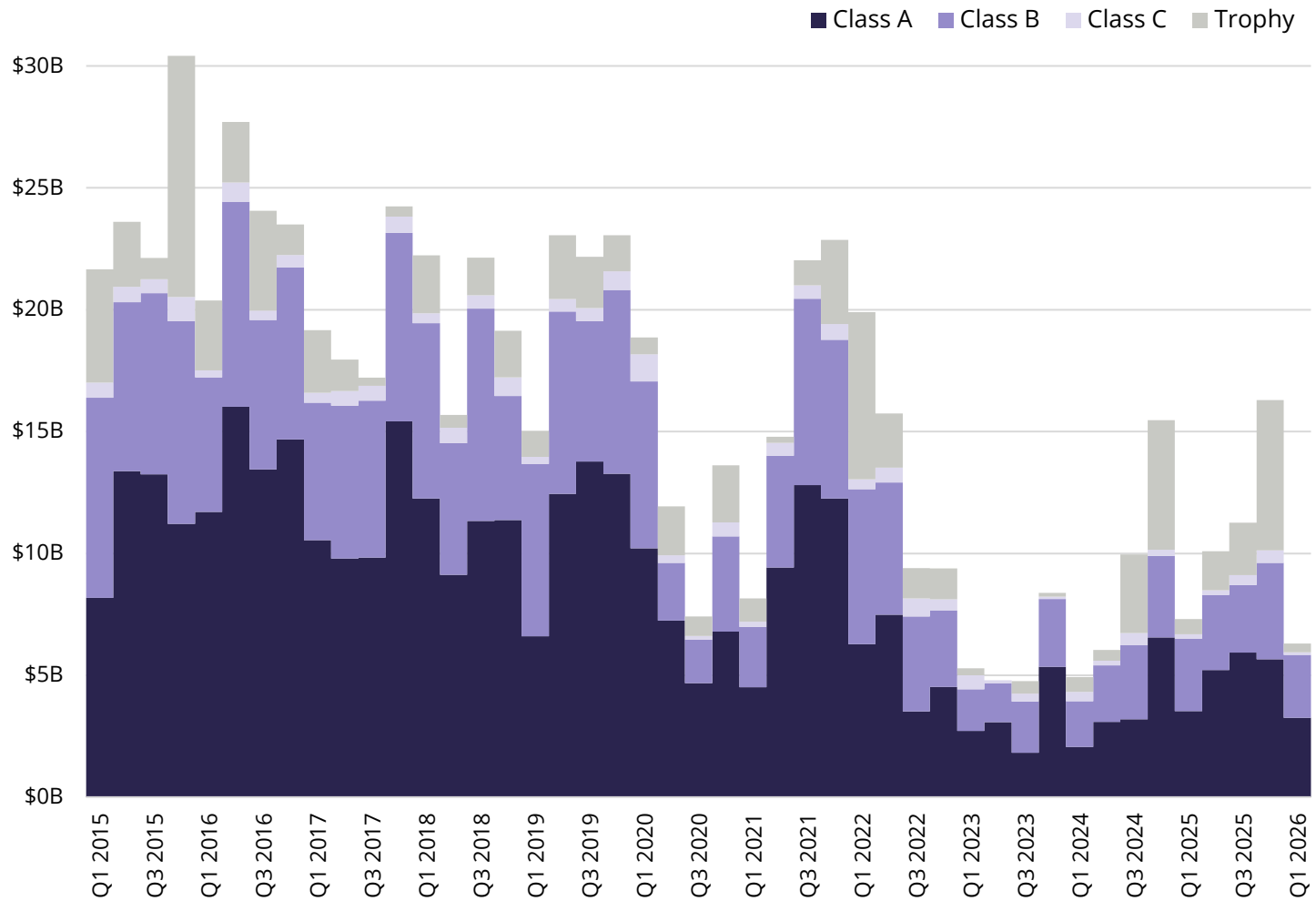


Market uncertainty, increased interest rates, and elevated construction costs have halted new office supply. The lack of new construction continues to constrain demand for high-quality office space.

U.S. office capital markets conditions

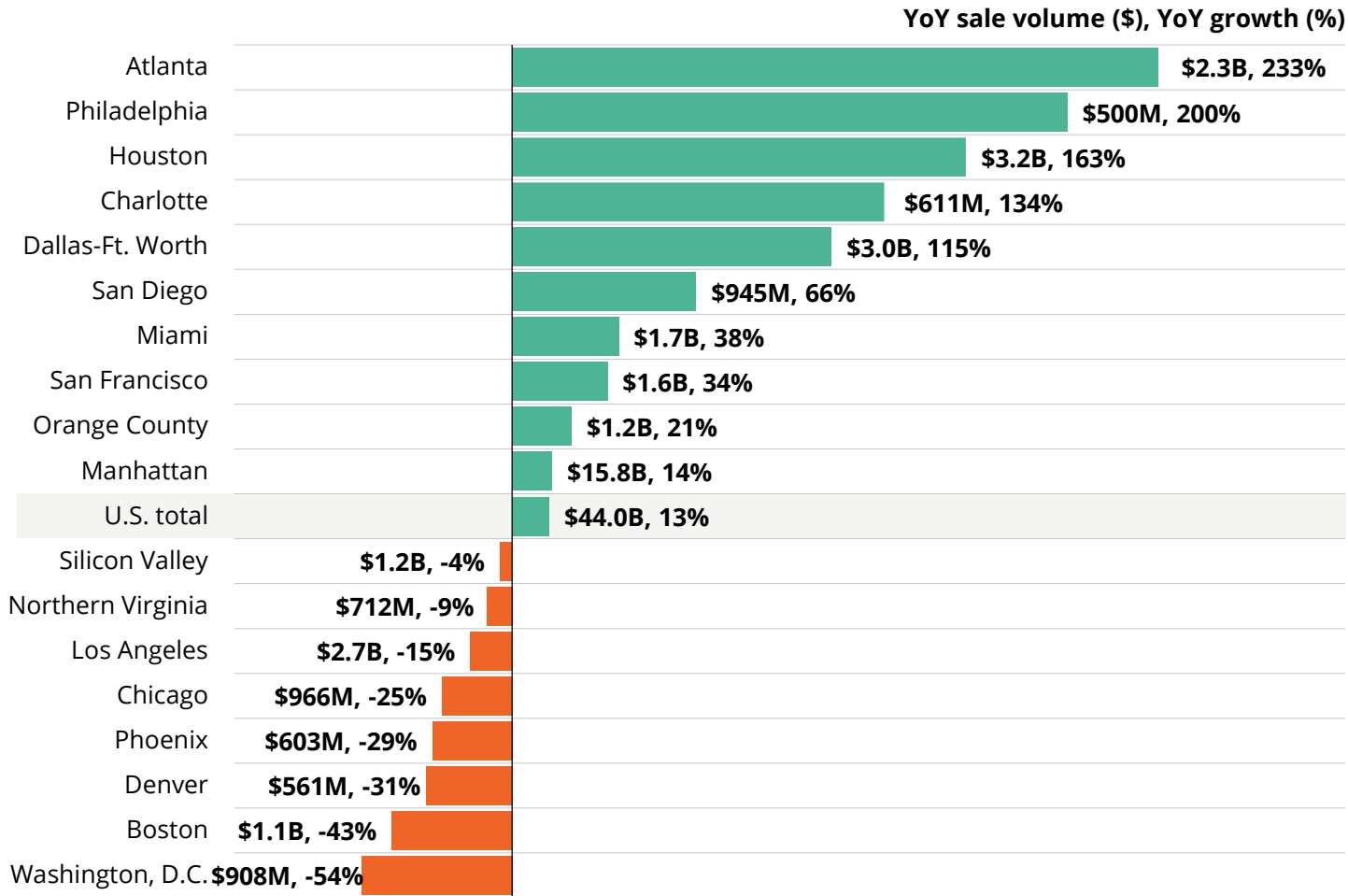


Quarterly investment sales volume



After four consecutive years of growth, office sales have slowed to start the year, totaling \$6.3 billion in Q1 and marking a 13.8% decline from Q1 2025's quarterly total.

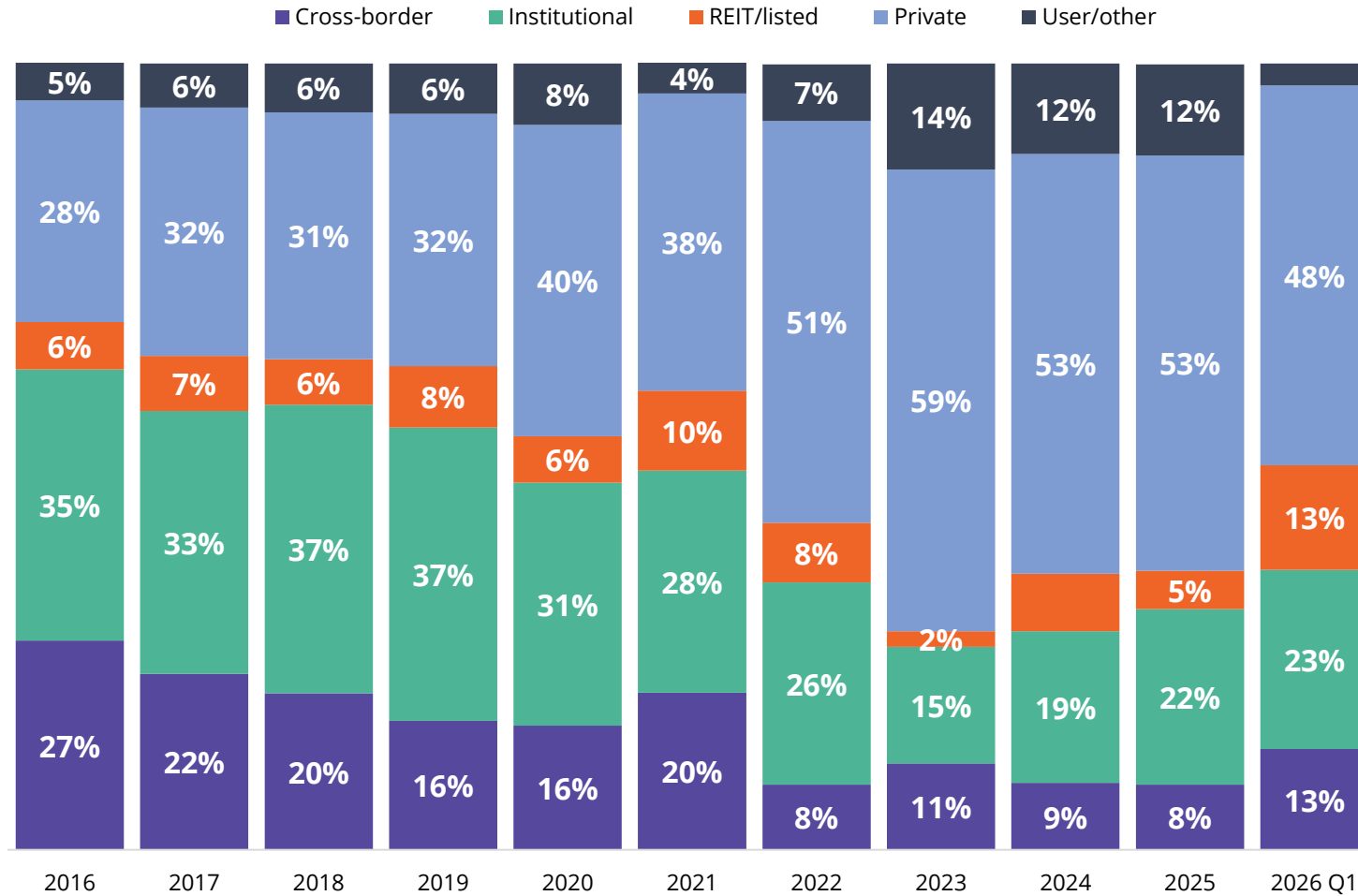
Largest YoY changes (%) in total office sales



U.S. office sales surged 13% year over year, reflecting a cautious return of investor confidence in select markets.

Markets such as Atlanta, Houston, and Dallas have seen notable upticks in activity, while primary markets like Manhattan, Miami, and San Francisco have also recorded renewed momentum.

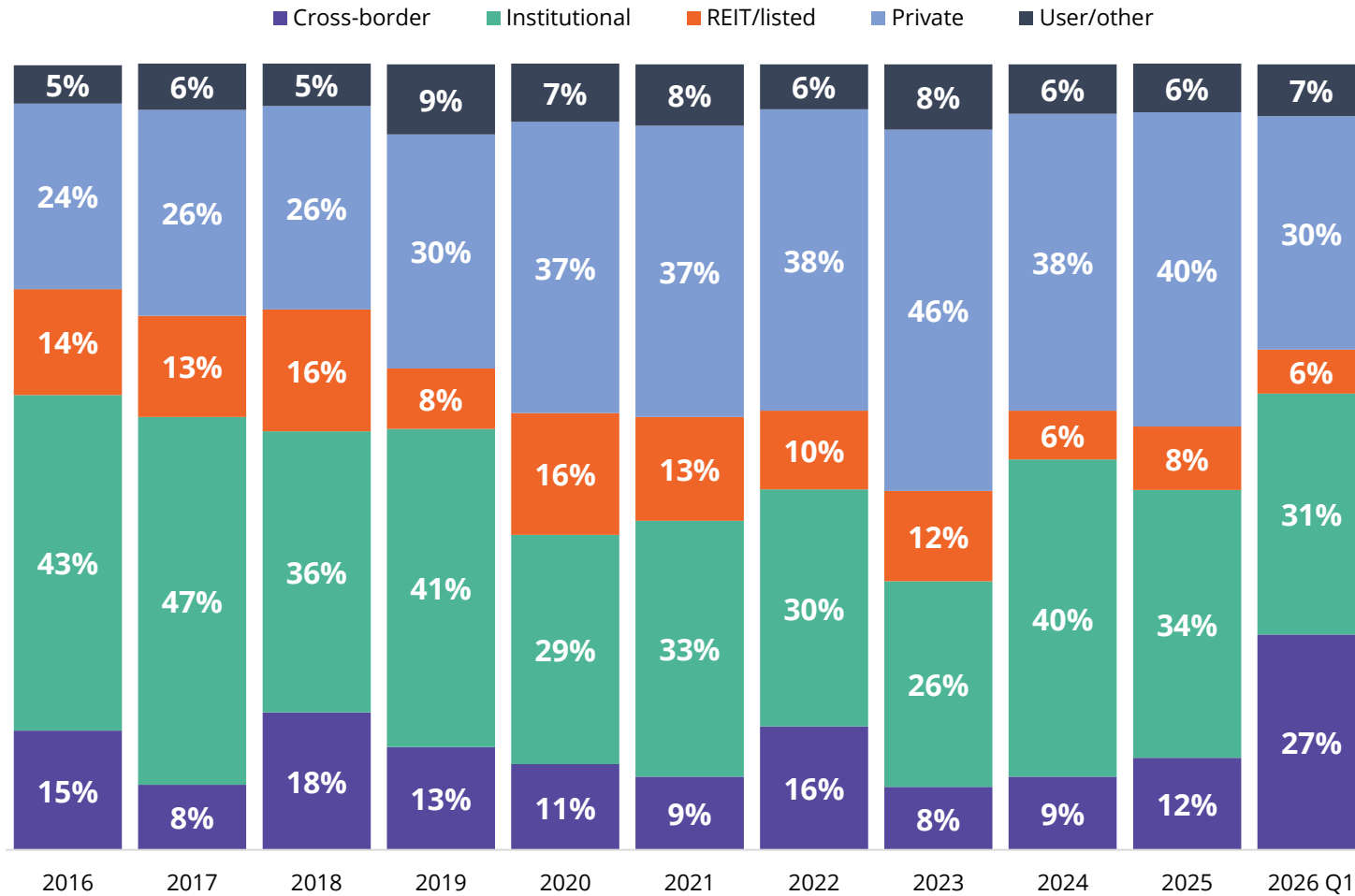
Buyer composition



While overall volume is still recovering across the U.S., post-COVID acquisitions have been driven largely by private investors, whose relative share of market activity has nearly doubled since 2019.

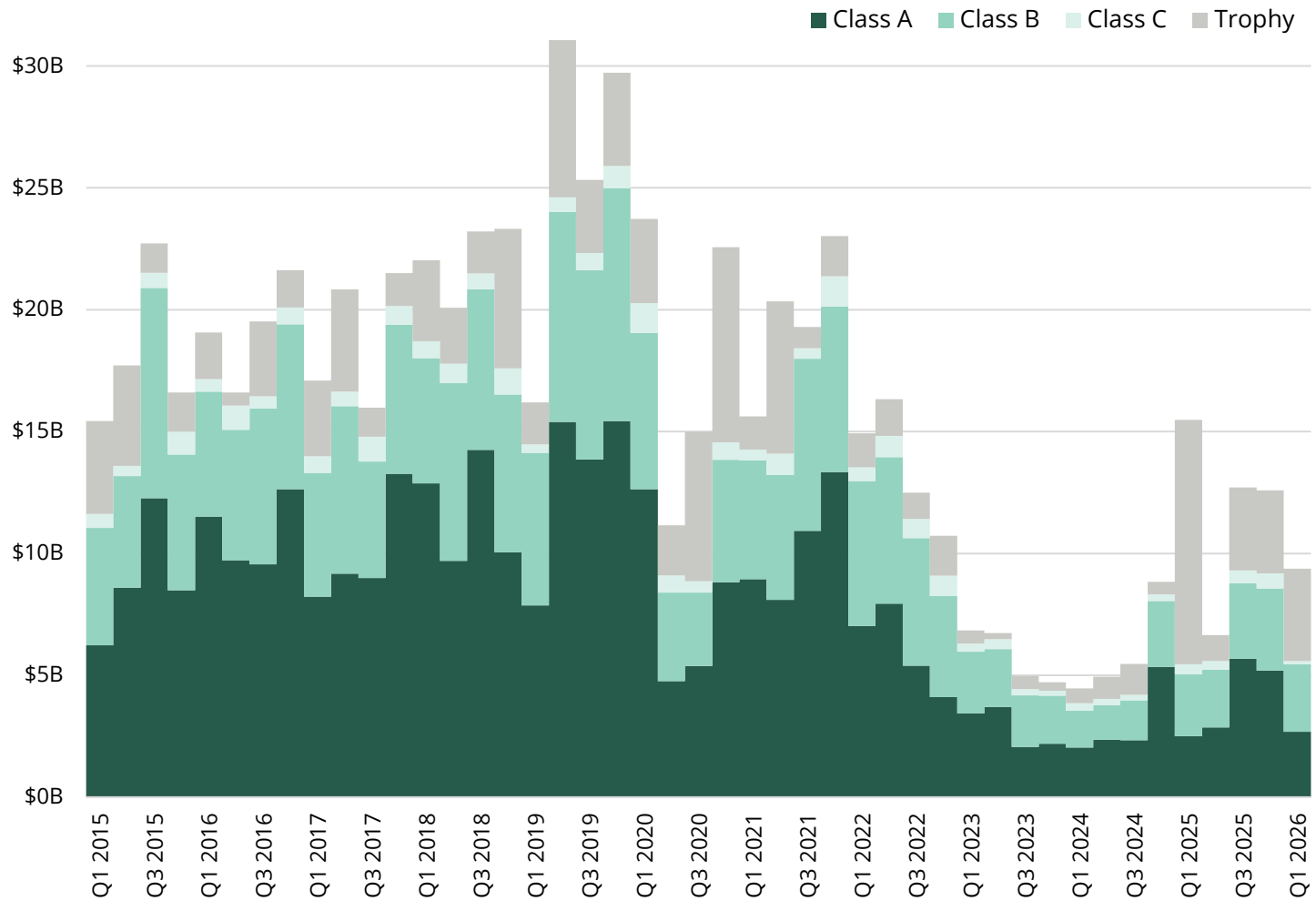
Institutional buyers are becoming more active, representing 23% of total transaction volume in 2025.

Seller composition



So far in 2026, cross-border investors have emerged as the largest group of sellers.

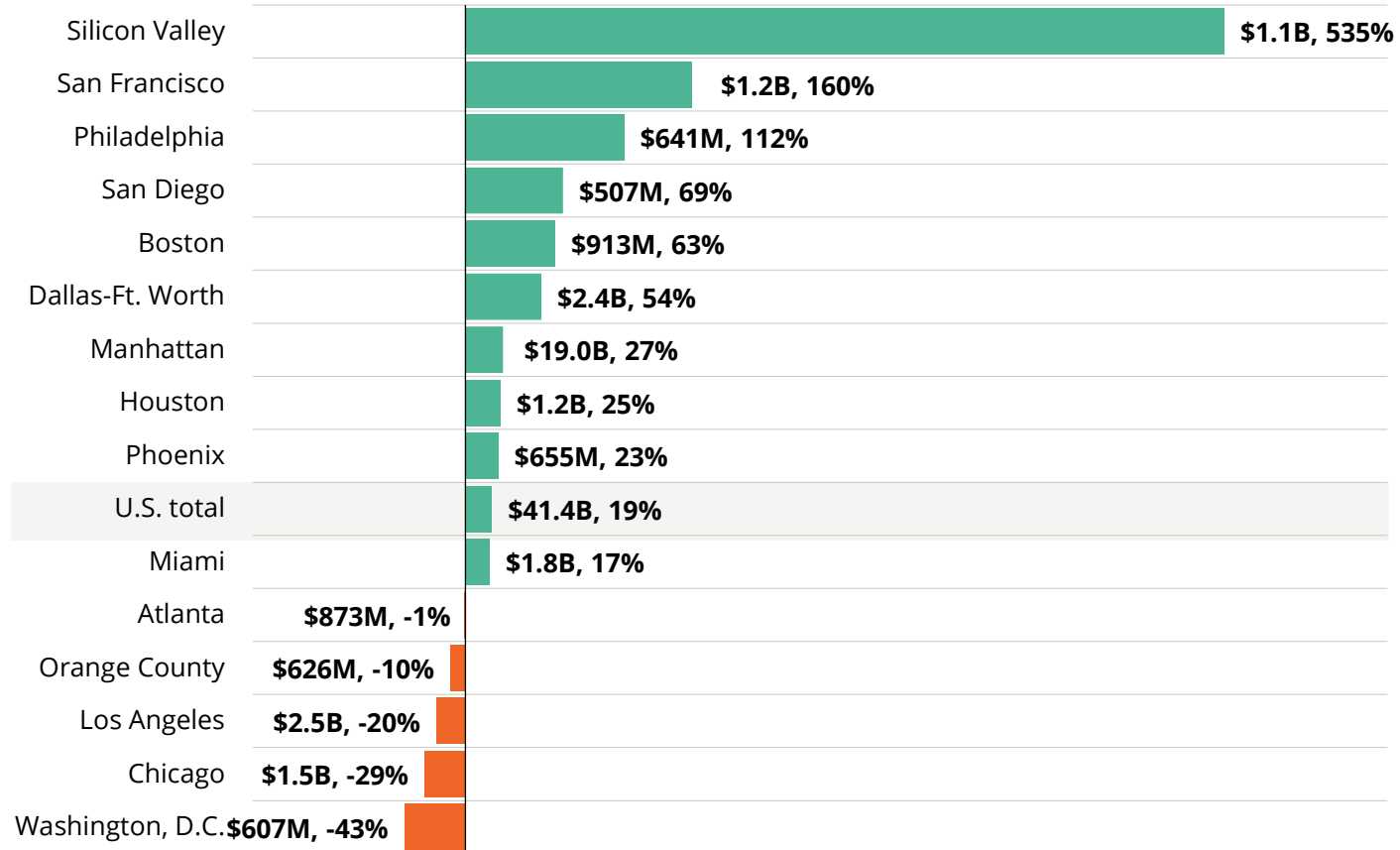
Quarterly loan origination volume



Office loan originations have slowed to begin 2026, totaling \$9.3 billion in the first quarter and marking a 39.4% decline from the quarterly total in Q1 2025.

Largest YoY changes (%) in total office loan originations, last four quarters

2025 loan volume (\$), YoY growth (%)

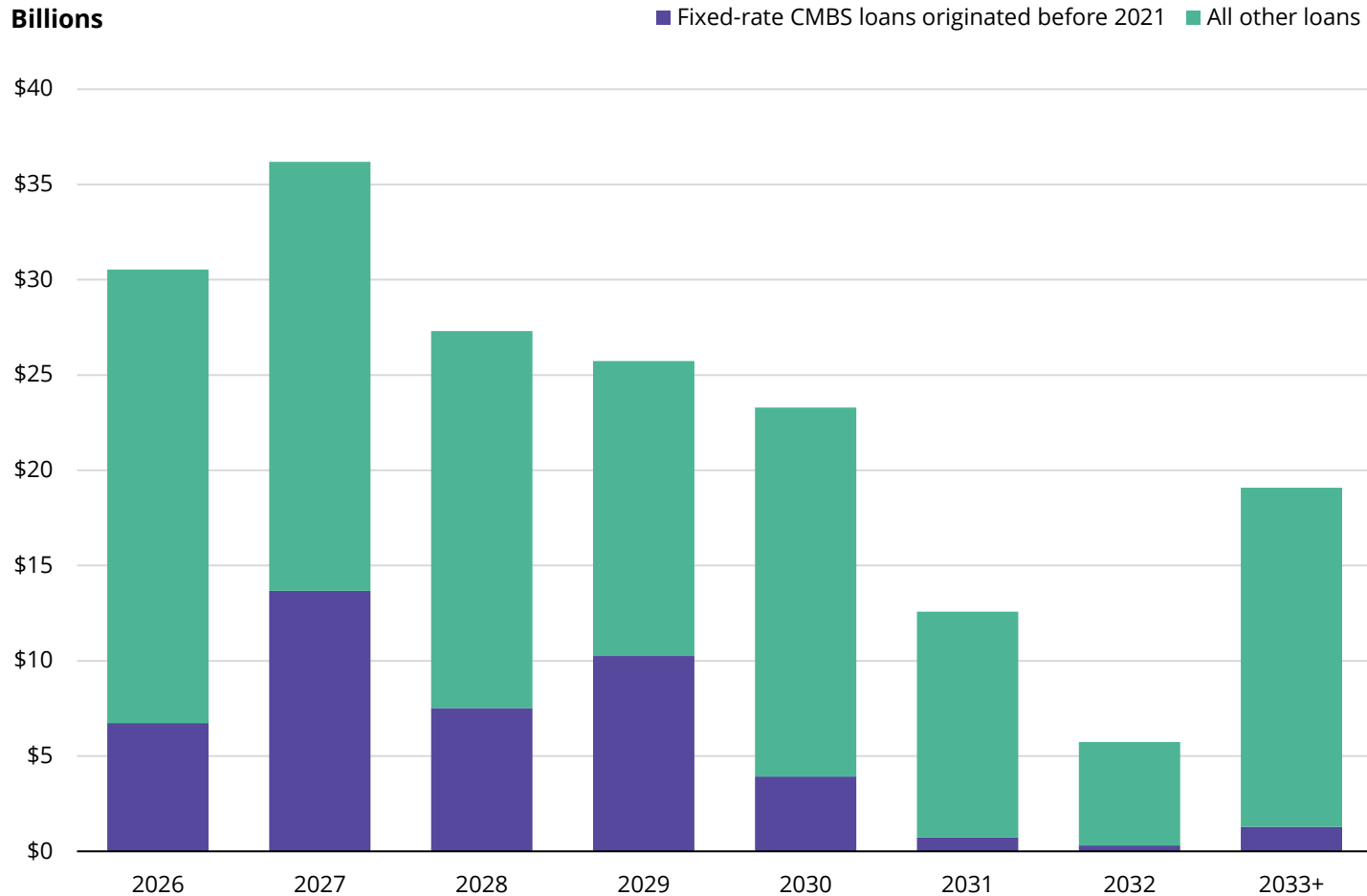


U.S. office loan originations have jumped 19% YoY, signaling cautious lender confidence in markets with improving fundamentals.

Silicon Valley, San Francisco, Boston, and Manhattan were all among the nation's leaders over the last four quarters.

Until we see a broader recovery in occupancy and a clearer resolution of distressed assets, office lending will likely remain bifurcated: a cautiously open tap for the few healthy markets and a trickle for the rest.

Upcoming loan maturities

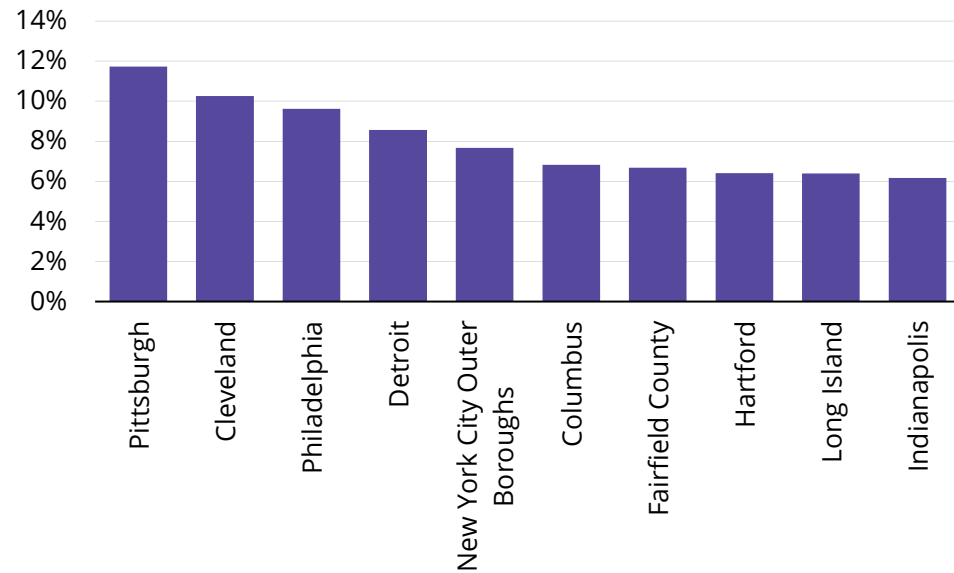


A total of \$6.7 billion of outstanding fixed-rate loans originated before 2021 — prior to the interest-rate spike — are set to mature in 2026, alongside another \$23.7 billion in other CMBS loans.

Markets with the greatest and least exposure to at-risk loans

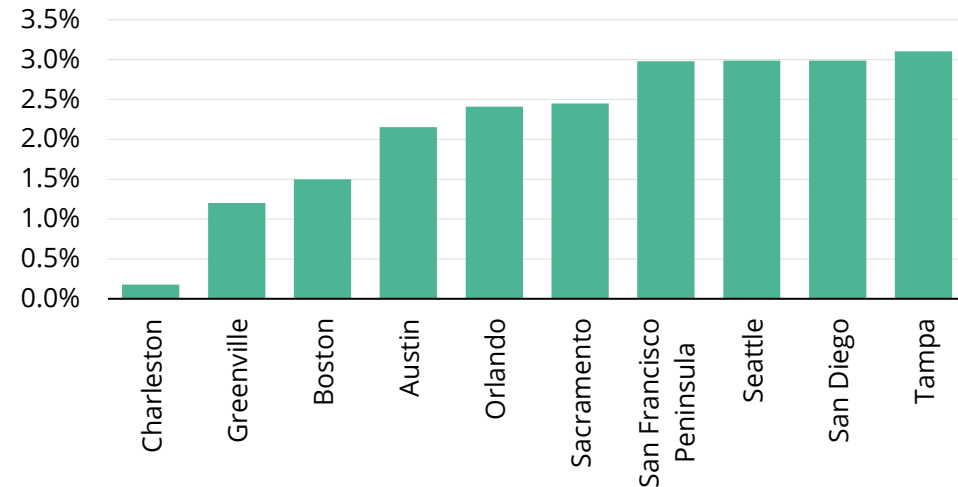
8.0%

average exposure to at-risk loans:
10 markets with the **greatest exposure**



2.2%

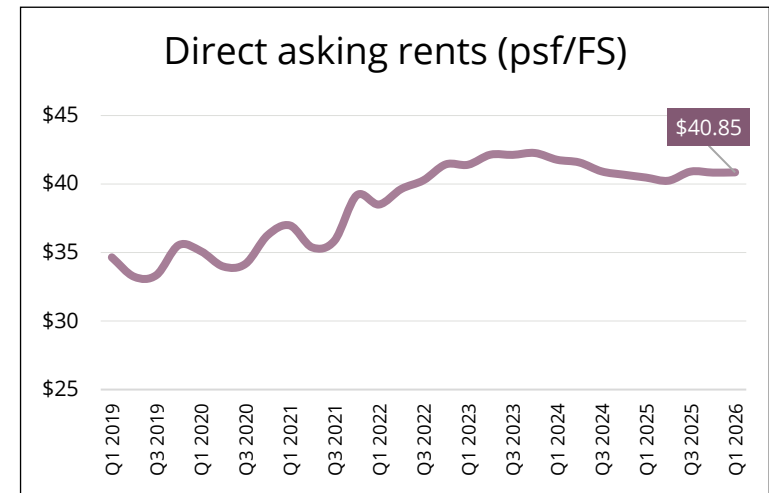
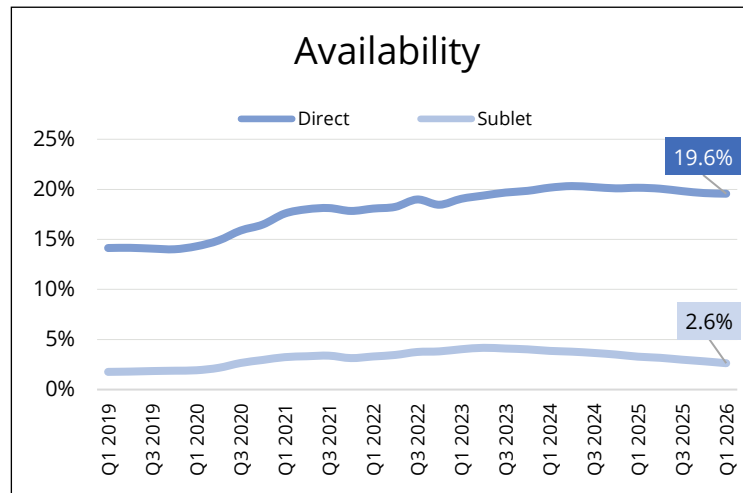
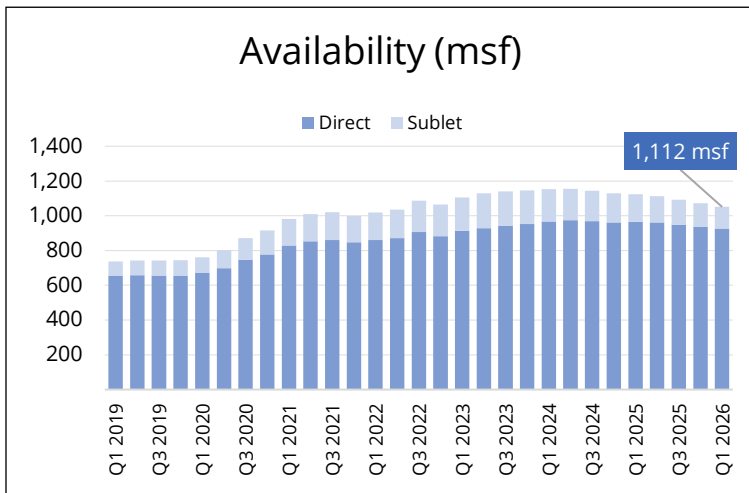
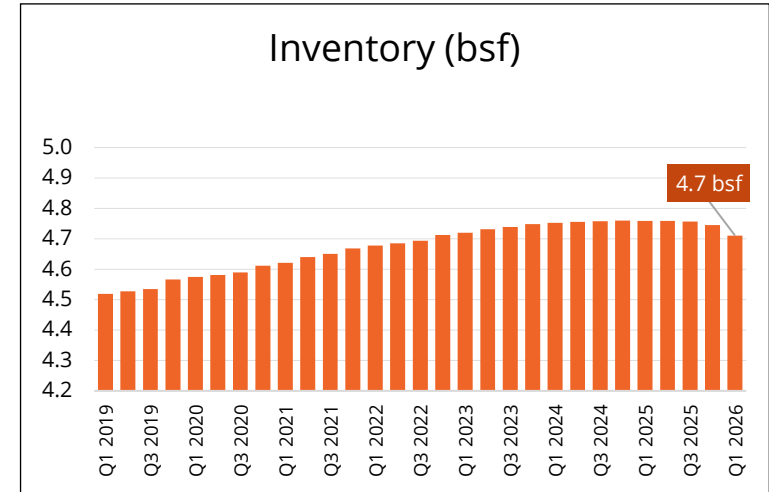
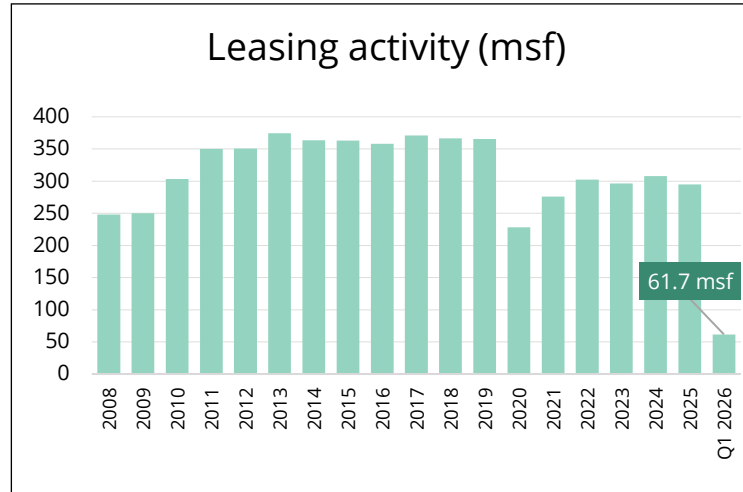
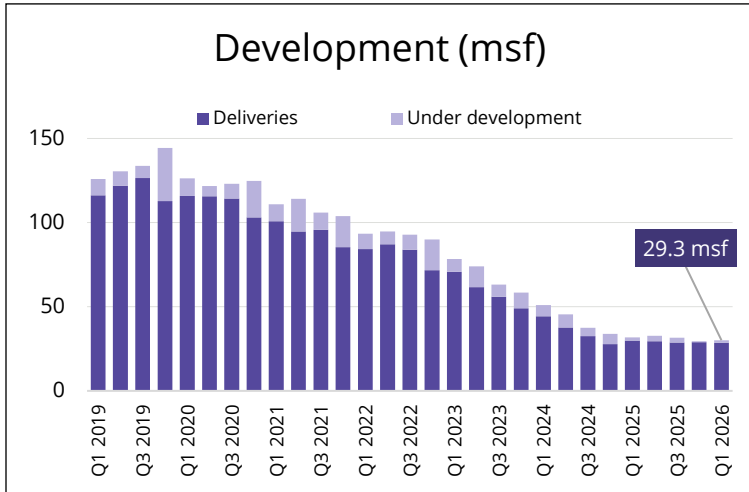
average exposure to at-risk loans:
10 markets with the **least exposure**



Appendix



U.S. office market indicators



U.S. office market stats by class

Class	Existing inventory sf	Under development sf	Direct availability	Sublet availability	Total availability	Annual direct asking rent psf/FS
Trophy	386,973,328	12,689,043	14.6%	3.2%	17.8%	\$70.15
Class A	2,079,344,544	12,475,980	22.6%	3.4%	26.0%	\$42.65
Class B	1,842,520,884	1,494,044	18.8%	2.1%	20.9%	\$34.25
Class C	399,487,363	26,412	12.2%	0.9%	13.1%	\$30.97
U.S. total	4,708,326,119	26,685,479	19.6%	2.6%	22.2%	\$40.85



Dive deeper into office insights

Our latest office reports are now live, offering industry-specific insights. Designed to keep you ahead of the curve, these reports break down the trends shaping each industry as companies navigate shifting economic conditions and evolving return-to-office strategies.

- Life sciences
- Tech
- Law firms
- FIRE

 [Explore now](#)



Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
information visit **avisonyoung.com**

Danny Mangru

U.S. Office Lead, Market Intelligence
+ 1 212 729 4560
danny.mangru@avisonyoung.com

Sean Boyd

Senior Analyst
U.S. Office, Market Intelligence
+ 1 847 602 1128
sean.boyd@avisonyoung.com

© 2026. Avison Young. Information contained in this report was obtained from sources deemed reliable and, while thought to be correct, have not been verified. Avison Young does not guarantee the accuracy or completeness of the information presented, nor assumes any responsibility or liability for any errors or omissions therein. All opinions expressed and data provided herein are subject to change without notice. This report cannot be reproduced, in part or in full, in any format, without the prior written consent of Avison Young.

