



U.S. office market report

Q3 2025

**AVISON
YOUNG**

U.S. office market trends

22.8%

overall availability rate sees fifth consecutive decrease

The overall availability rate for U.S. office space sat at 22.8% in Q3 2025, comprised of a 19.8% direct availability rate and 3% sublet availability rate. Q3 2025 was the fifth consecutive quarterly decline in overall availability — a trend not seen since before 2016.

Quarter over quarter (QoQ), direct available space decreased by 13.2 million square feet (msf) and sublet available space decreased by 9.8 msf, netting a 23-msf decrease in total available space.

While the availability rate remains historically high, this quarterly decrease in supply is a positive indicator for the U.S. office market.

207 msf

total leasing activity in 2025 YTD

U.S. office leasing activity totaled 203 msf in the first three quarters of 2025 — down 15.4% from the pre-COVID average (2000–2019) of 244 msf, and 11.9% below 2024's volume of 234 msf.

However, several key markets are showing strong momentum: San Francisco's leasing activity is up 47% year over year, and Manhattan's has risen 9%. Both are at or approaching pre-COVID leasing levels with San Francisco 17% below, while Manhattan trails by just 3%.

+12.5%

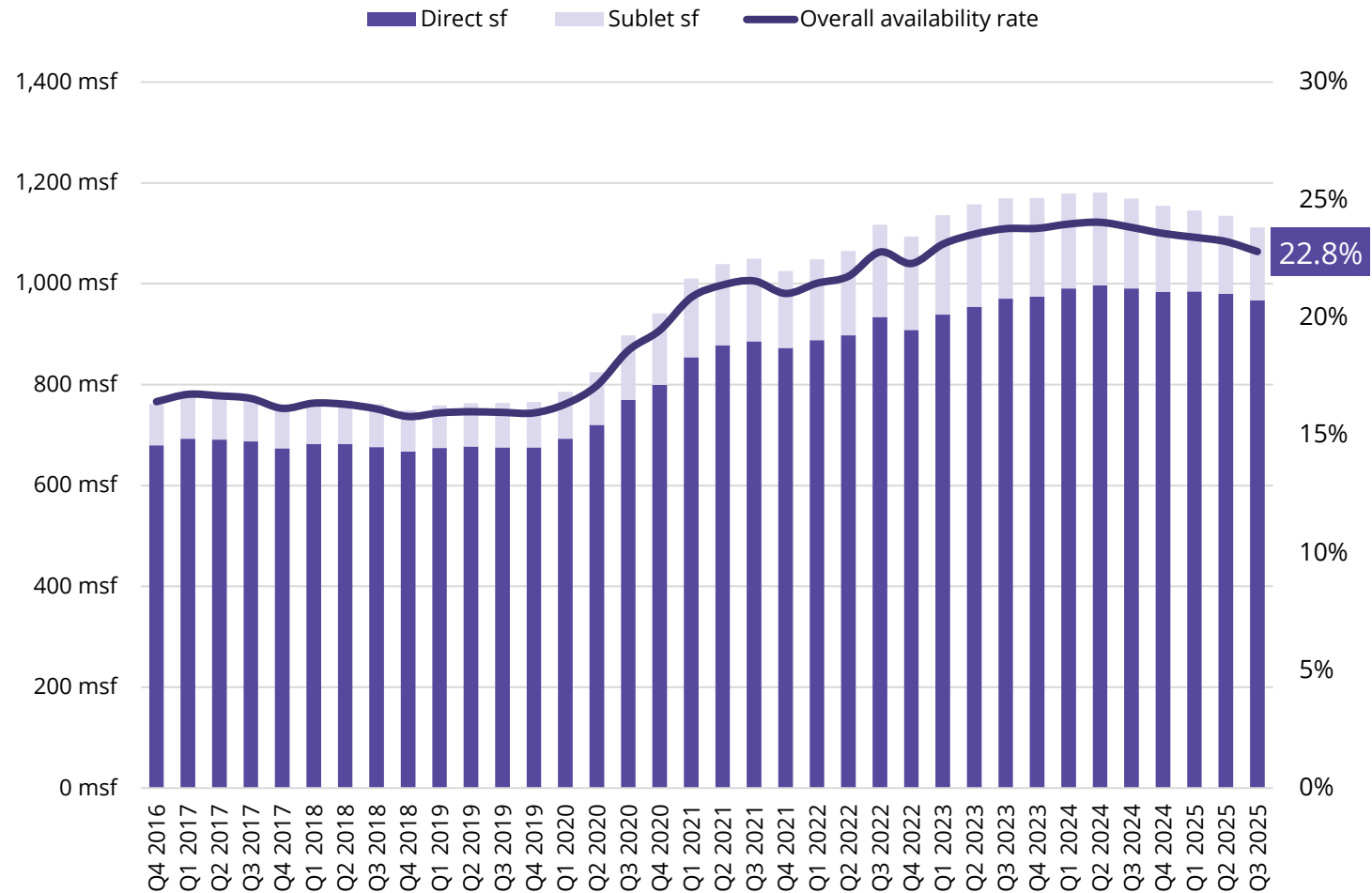
growth in trophy leasing over pre-COVID average (2015-2019)

Despite overall office leasing across the country still well below pre-COVID levels, the trophy segment of the market is outperforming historical norms. Over the last four quarters, trophy leasing in major markets is 12.5% higher than the pre-COVID average (2015–2019, rolling four quarters).

Class A product remains 19.9% below pre-COVID levels but has grown in recent quarters as availability in trophy assets shrink.

Class B/C leasing, which was already falling in the years leading up to the pandemic, sits 32.8% below the pre-COVID average.

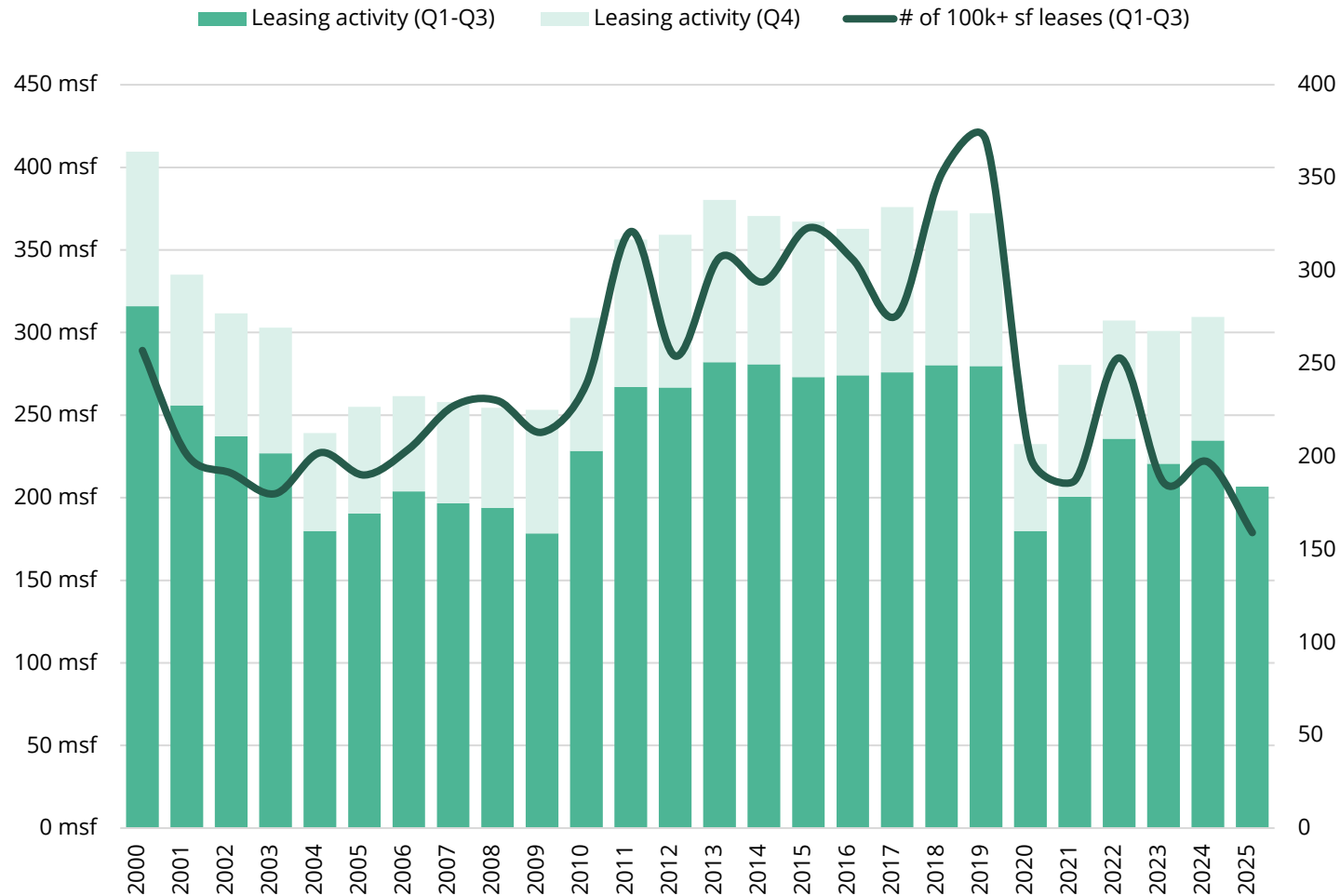
Available space



The overall availability rate across the U.S. dropped by 15 basis points (bps) QoQ to 22.8%. This marked the fifth consecutive quarterly decline in overall availability.

Direct available space decreased by 13.2 msf and sublet available space decreased by 9.8 msf — netting a 23-msf QoQ decrease in available space.

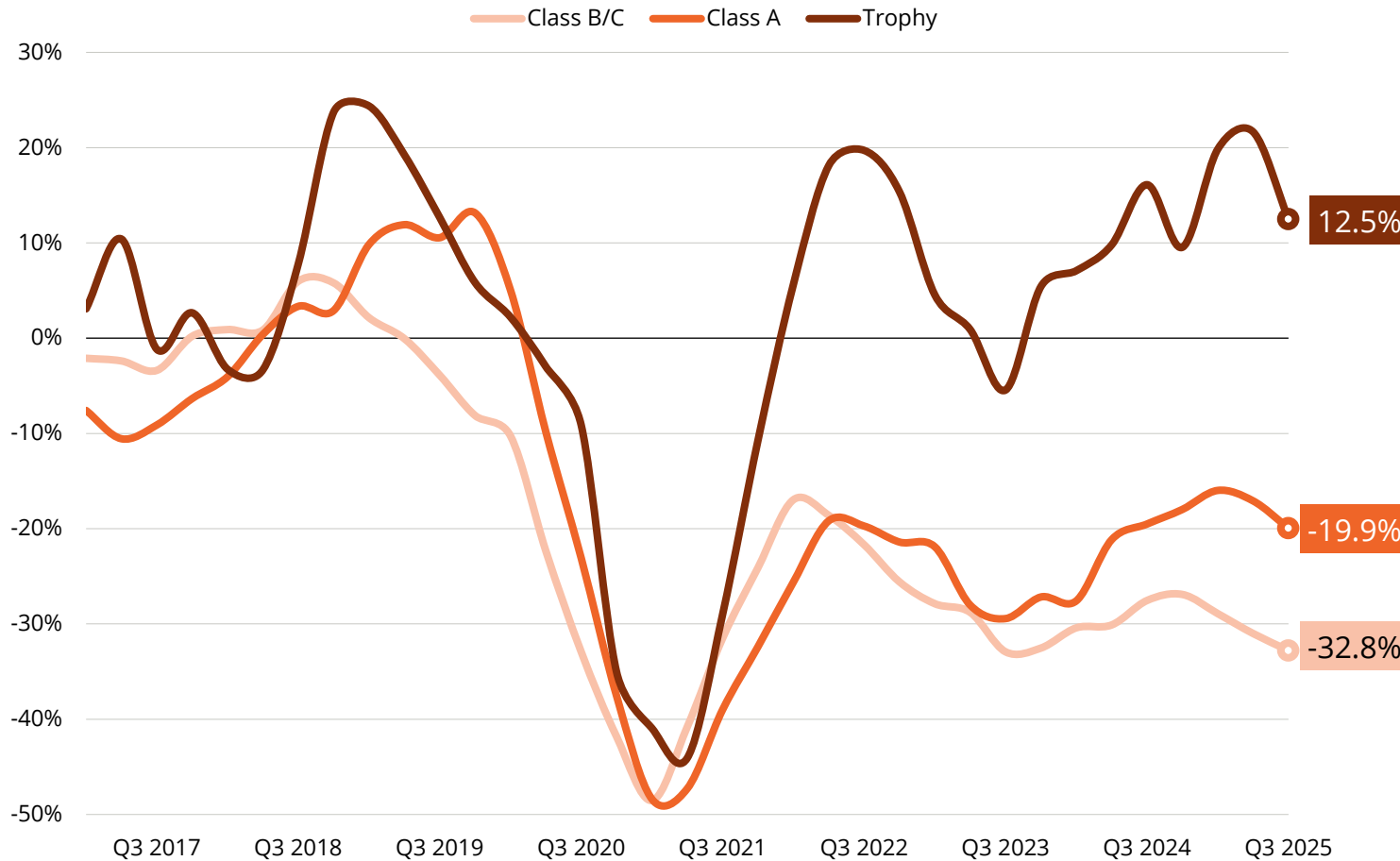
Leasing activity



U.S. office leasing activity totaled 207 msf in the first three quarters of 2025, falling 15.4% short of the pre-COVID H1 average (2000–2019) and down 11.9% from 2024.

159 leases have exceeded 100,000 square feet (sf) so far in 2025 — a 19% drop compared to Q1–Q3 of 2024.

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 leasing halt immediately after the pandemic, leasing in the trophy segment 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.

Introducing

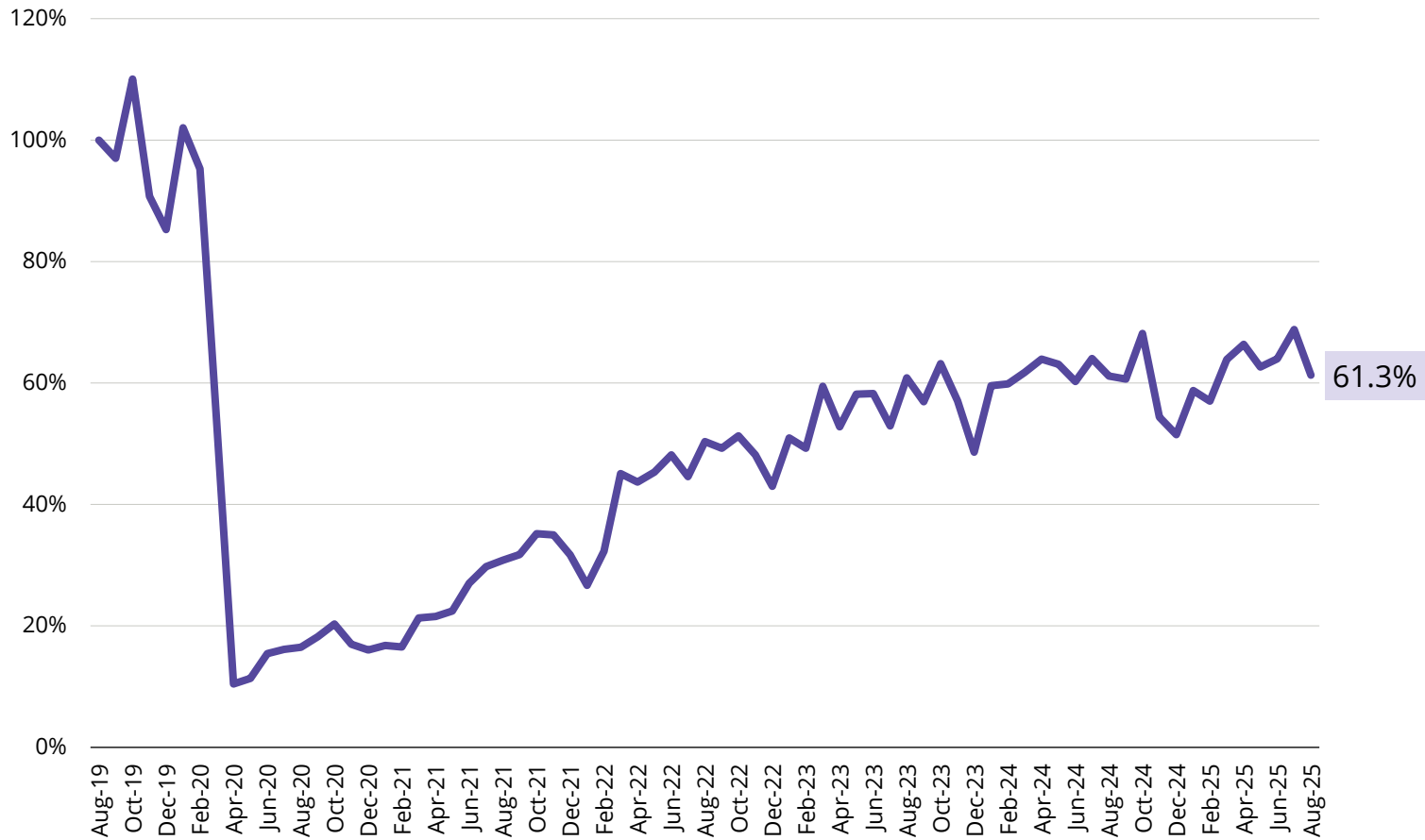
The Office Busyness Index

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](#)



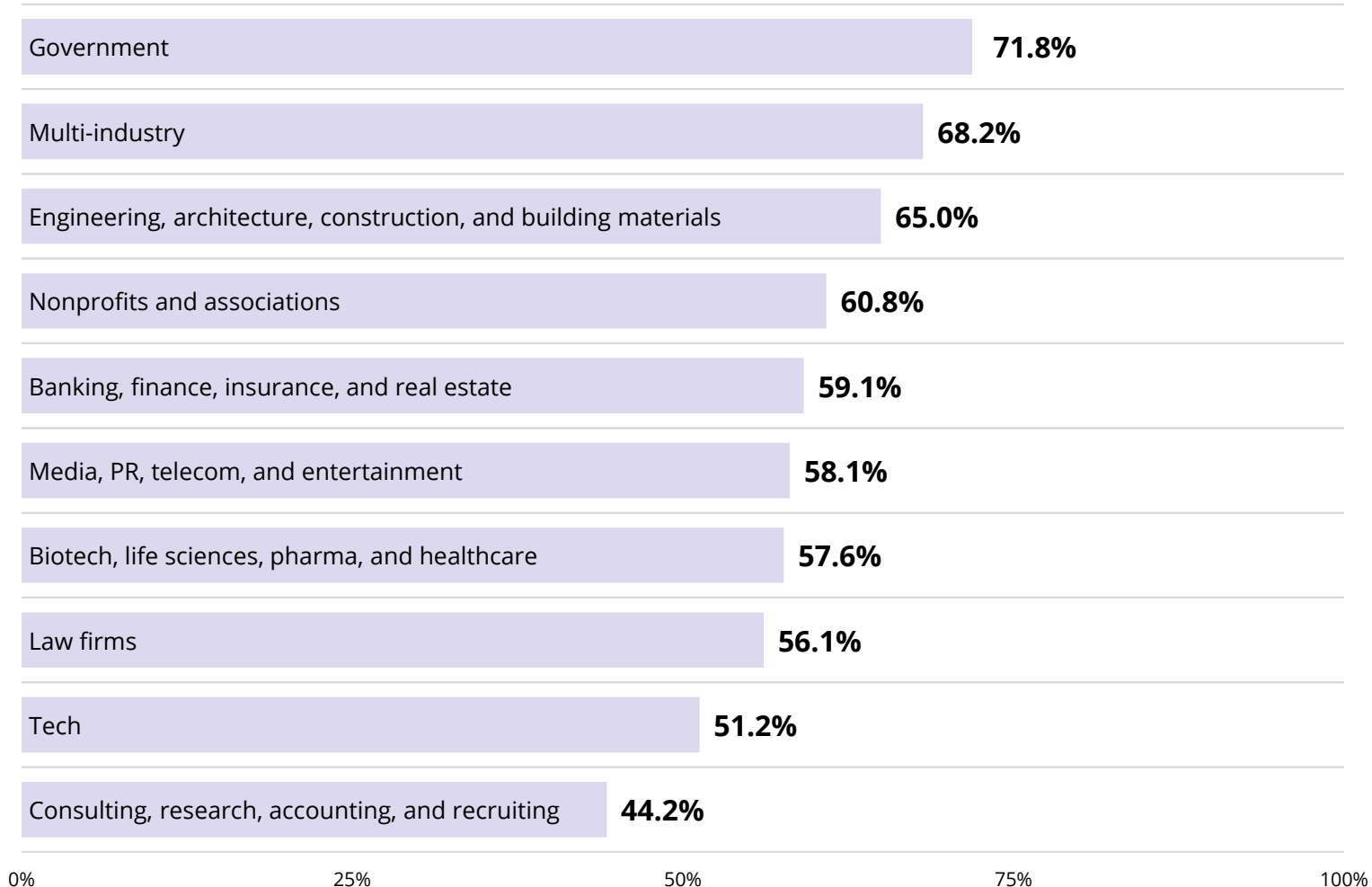
U.S. office busyness, August 2019 vs. August 2025



As of August 2025, office buildings across the U.S. are 61.3% as busy as they were in August 2019.

Despite seeming like relatively low office visitation, U.S. office buildings have experienced slow and steady increases since the onset of the pandemic in early 2020.

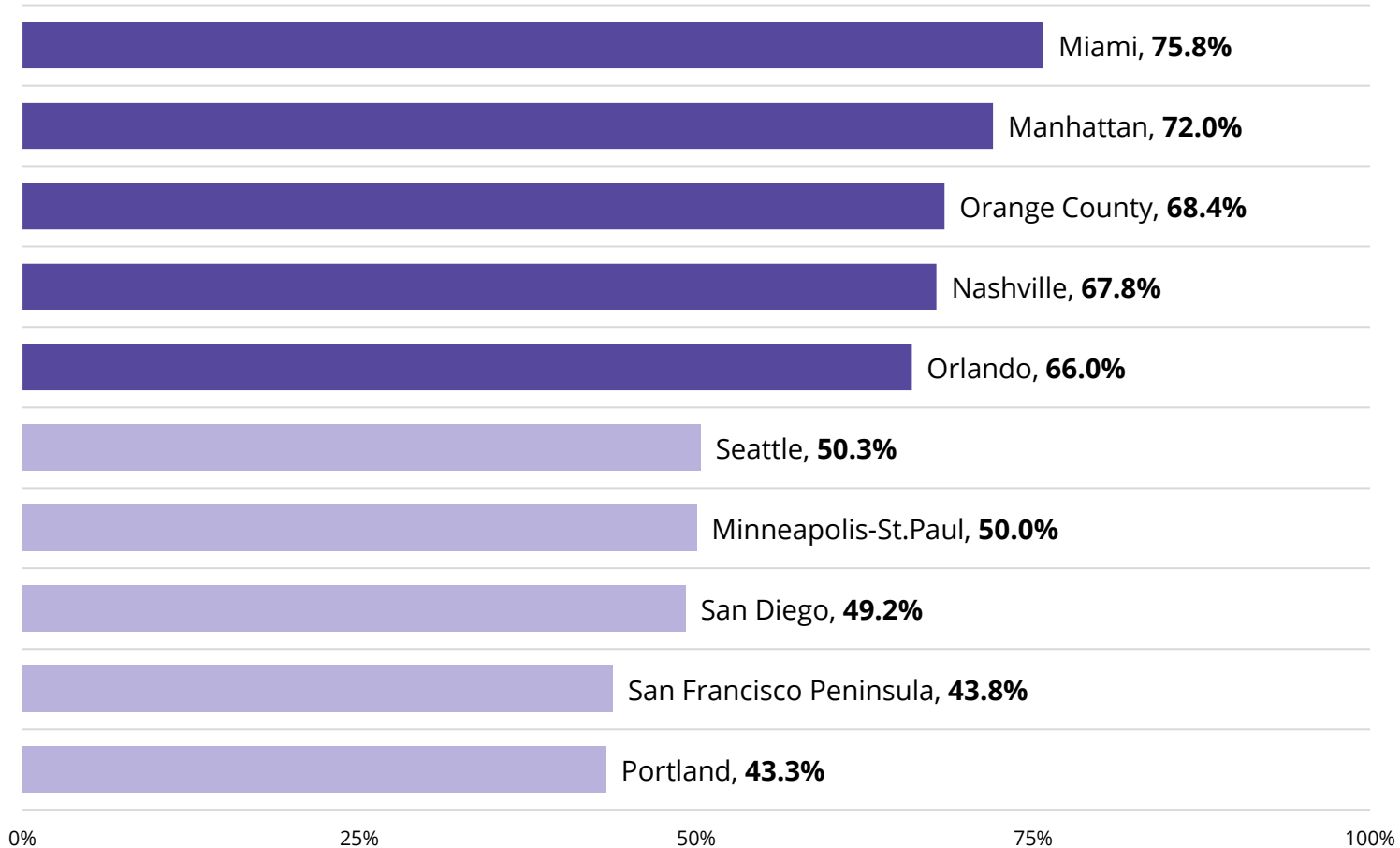
U.S. office busyness by major industry, August 2019 vs. August 2025



Certain industries across the U.S. have seen stronger office busyness than others compared to 2019. As of August 2025, household & consumer products and government industries — for example — were at 73.2% and 71.8% of their 2019 levels, respectively.

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

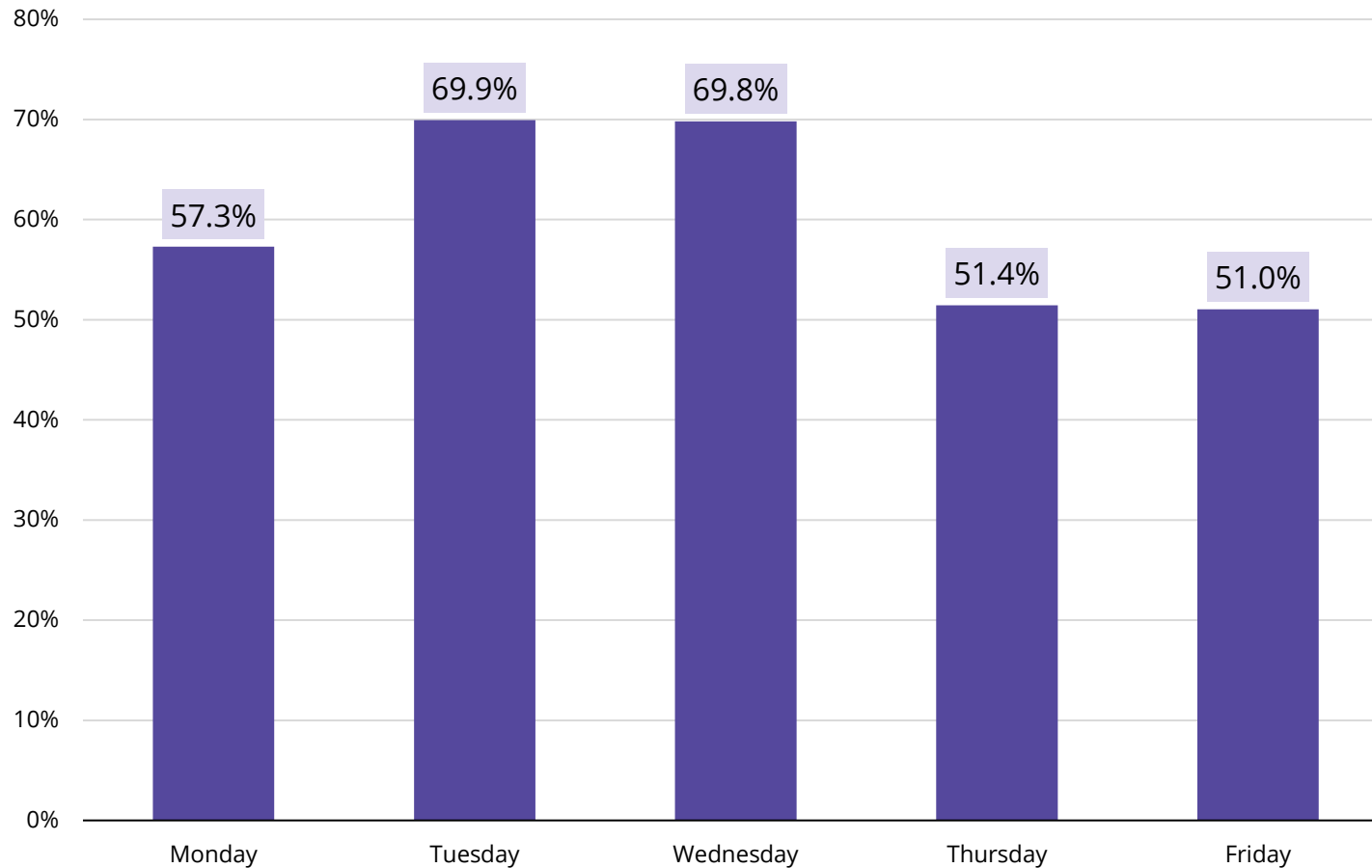
U.S. office busyness — overperforming and underperforming markets, August 2019 vs. August 2025



As of August 2025, certain office markets across the U.S. have recovered toward 2019 levels better than others.

For example, Miami and Manhattan were at over 72% of their August 2019 levels as of August 2025. On the other hand, Portland and San Francisco Peninsula have not recovered as well, at 43.3% and 43.8%, respectively.

U.S. office busyness by day of week, August 2019 vs. August 2025



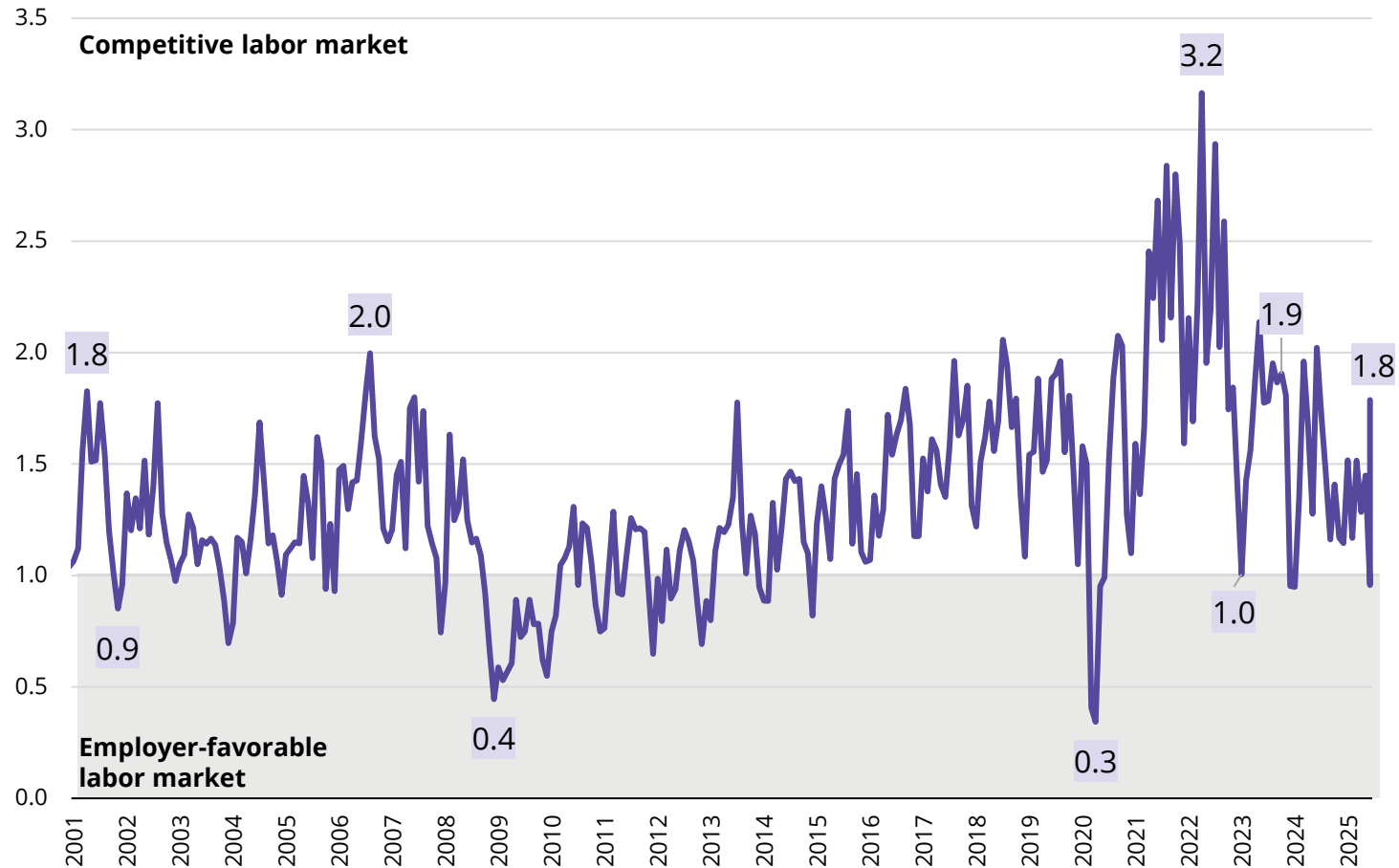
Looking at office busyness across the U.S. by day of the week, it is no surprise that Tuesday through Thursday led the way in August 2025 when compared to 2019.

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



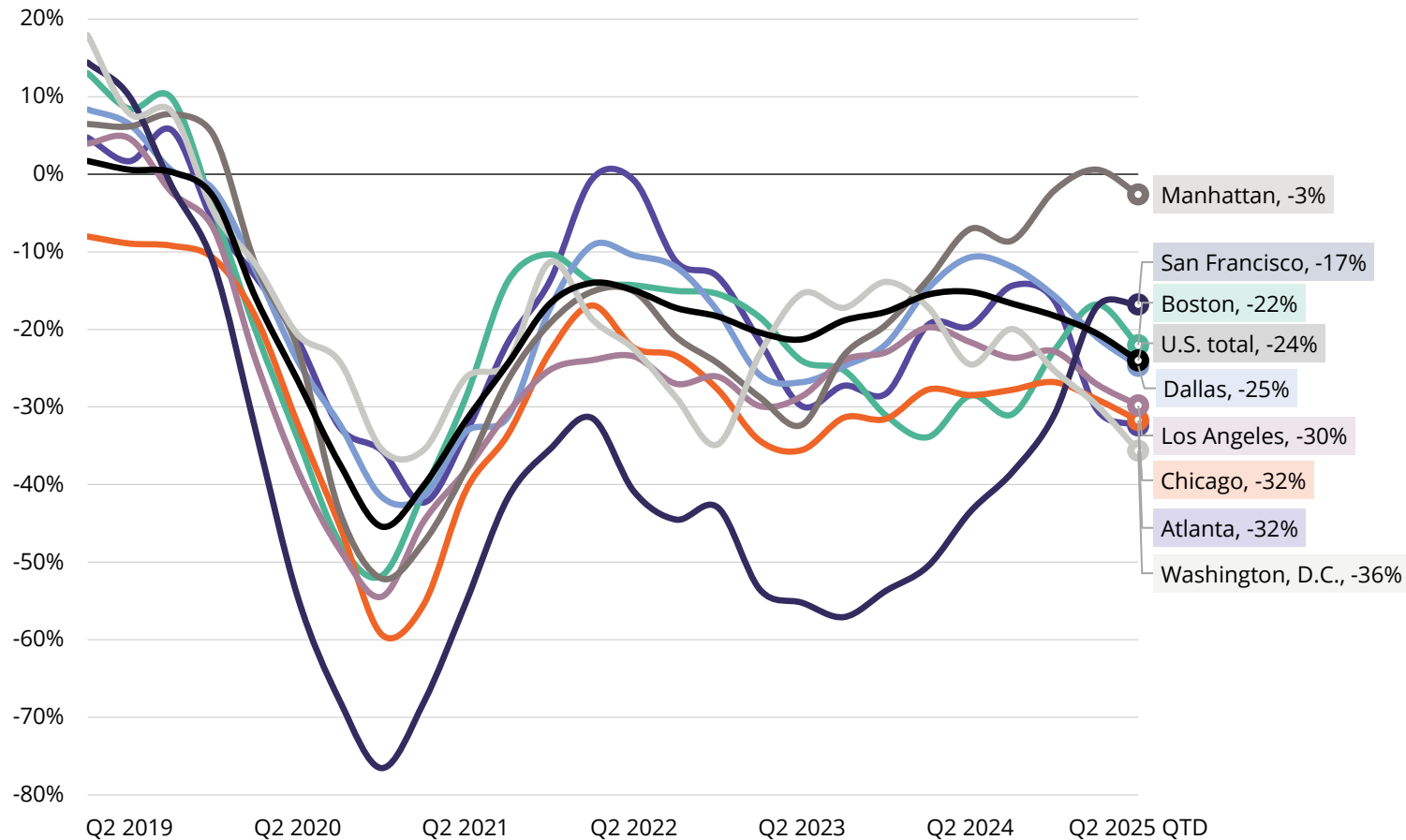
Office quits-to-layoffs/discharges ratio



The quits-to-layoffs/discharges ratio measures the tightness of the office labor market.

As of the end of July 2025, the ratio, or employee leverage, sits at 1.8. Employee leverage has fallen since the end of 2023 (2.0), but the most recent data suggests an increase.

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

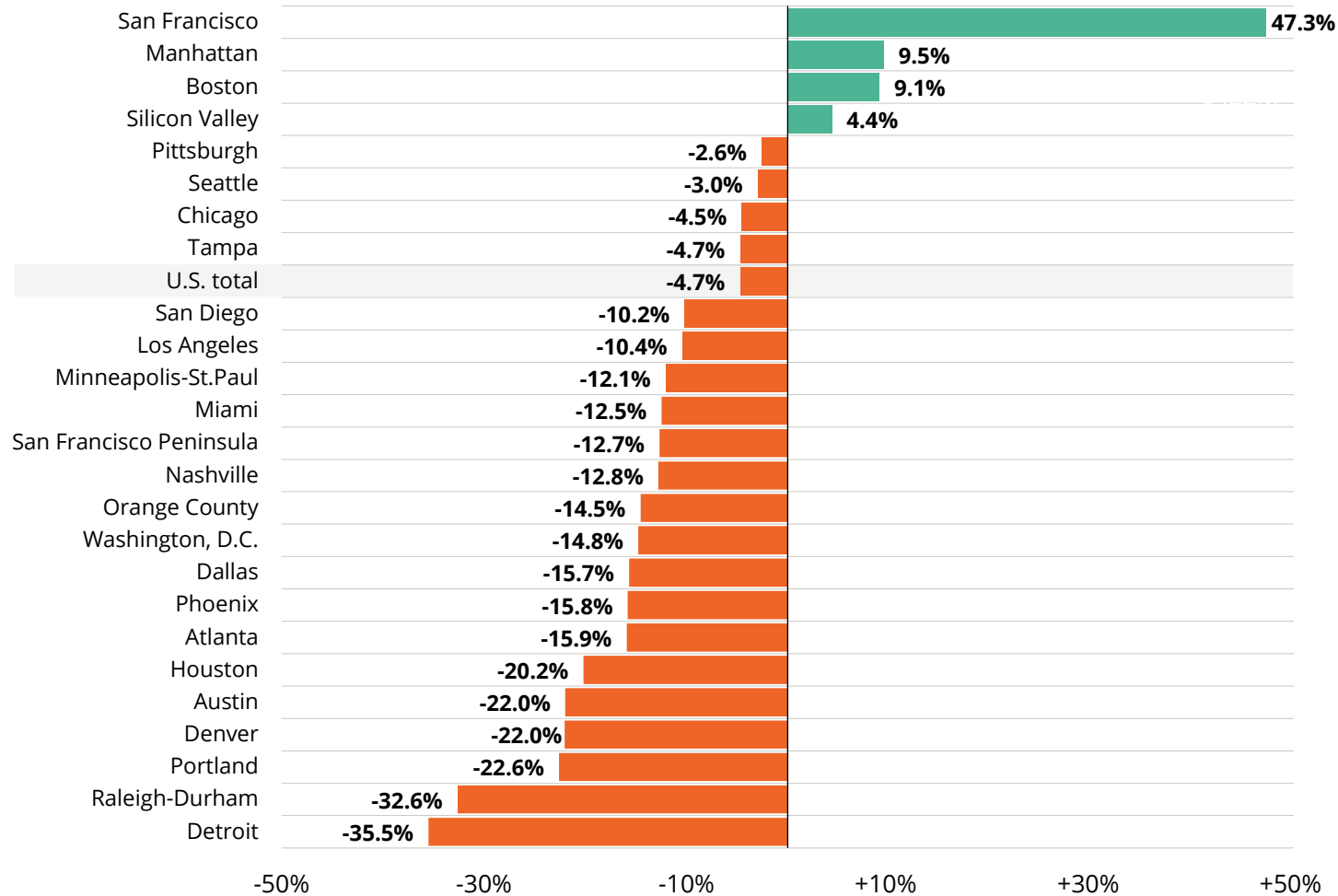


While overall leasing activity in most markets remains below pre-COVID norms, the pace of recovery continues to vary widely by location.

Manhattan is nearing full recovery, with leasing volumes over the past four quarters approaching pre-pandemic levels.

San Francisco, though still 17% below its pre-COVID benchmark, has posted impressive gains over the past two years, signaling a notable rebound in tenant demand.

YoY changes (%) in leasing volume by market

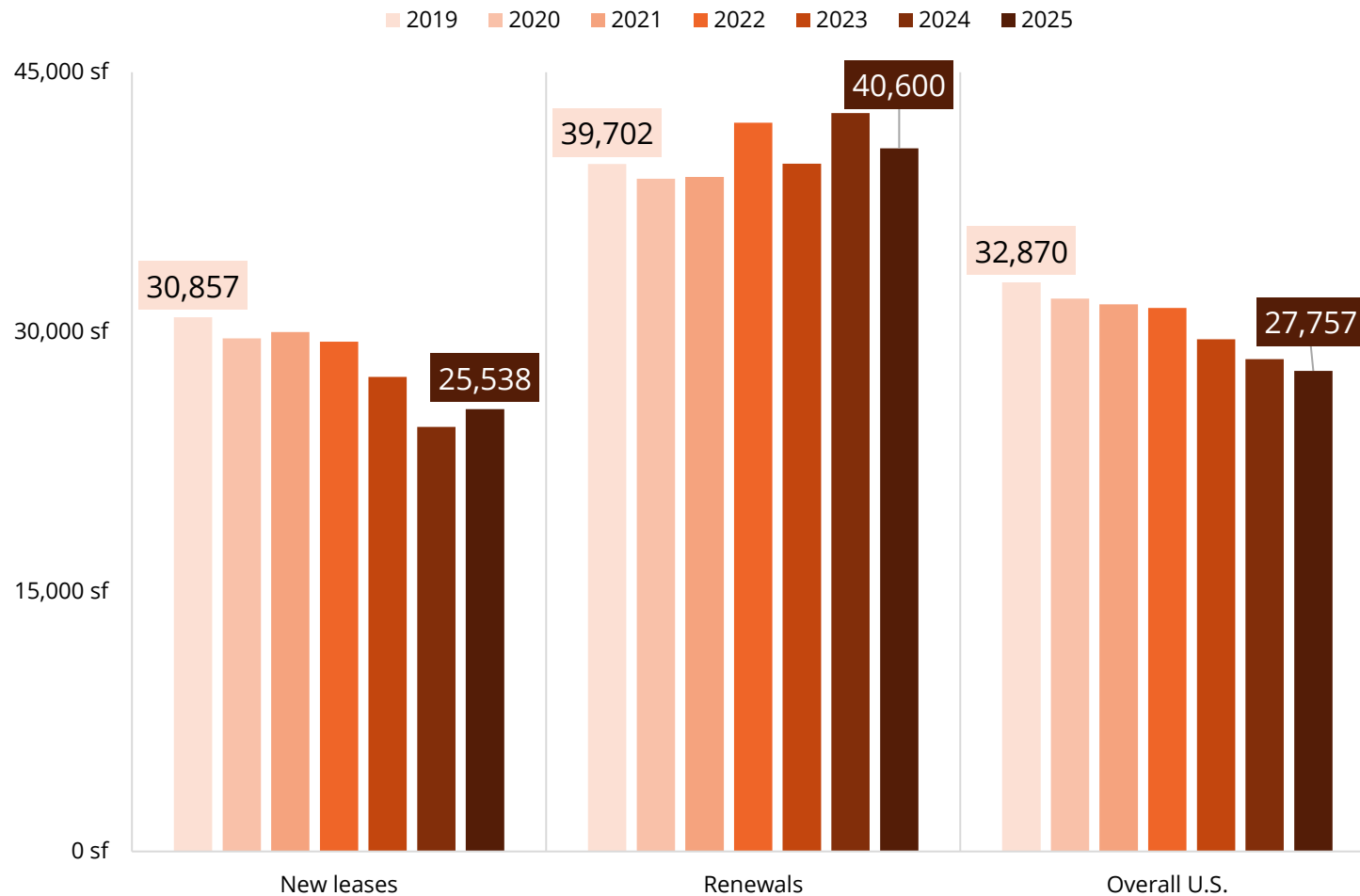


Year-over-year (YoY) changes in leasing volume offer a snapshot of recent momentum — and potentially a signal of sustained recovery ahead.

San Francisco leads all markets with more than 47.3% annual growth, while Boston, Manhattan, and Silicon Valley have also posted solid gains.

In contrast, markets like Denver, Raleigh-Durham, and Portland have seen leasing activity decline by over 20%, highlighting the uneven pace of recovery across regions.

U.S. average office lease size

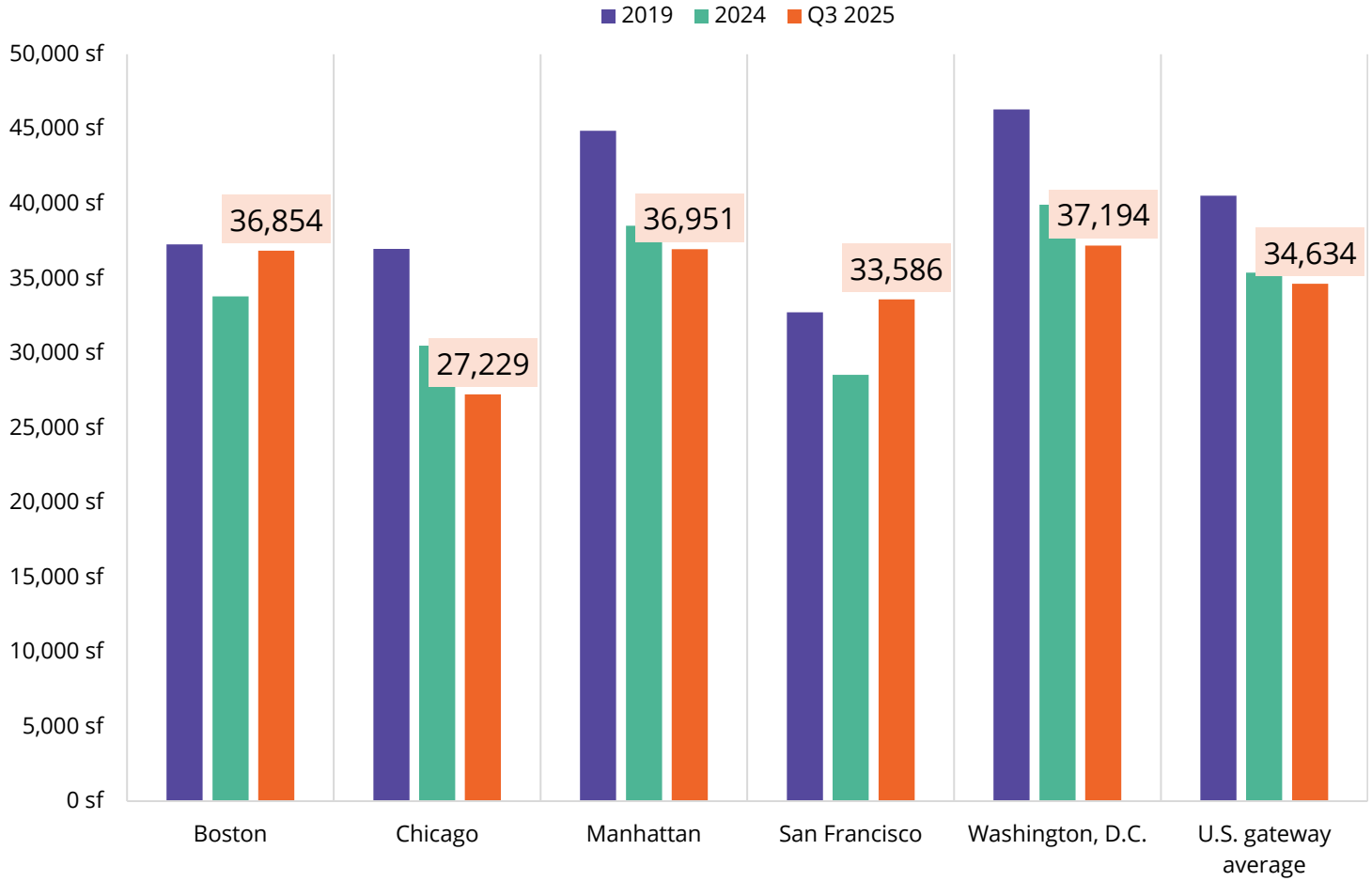


Average lease sizes across the U.S. have continually decreased from 2019 to 2025 (-15.6%). This is driven almost entirely by new leases.

Renewals, on the other hand, have increased in average lease size by 2.3% across the U.S. compared to 2019 but have fallen by 4.8% from last year.

While down 13.8% from 2019, new leases have grown 4.1% from last year.

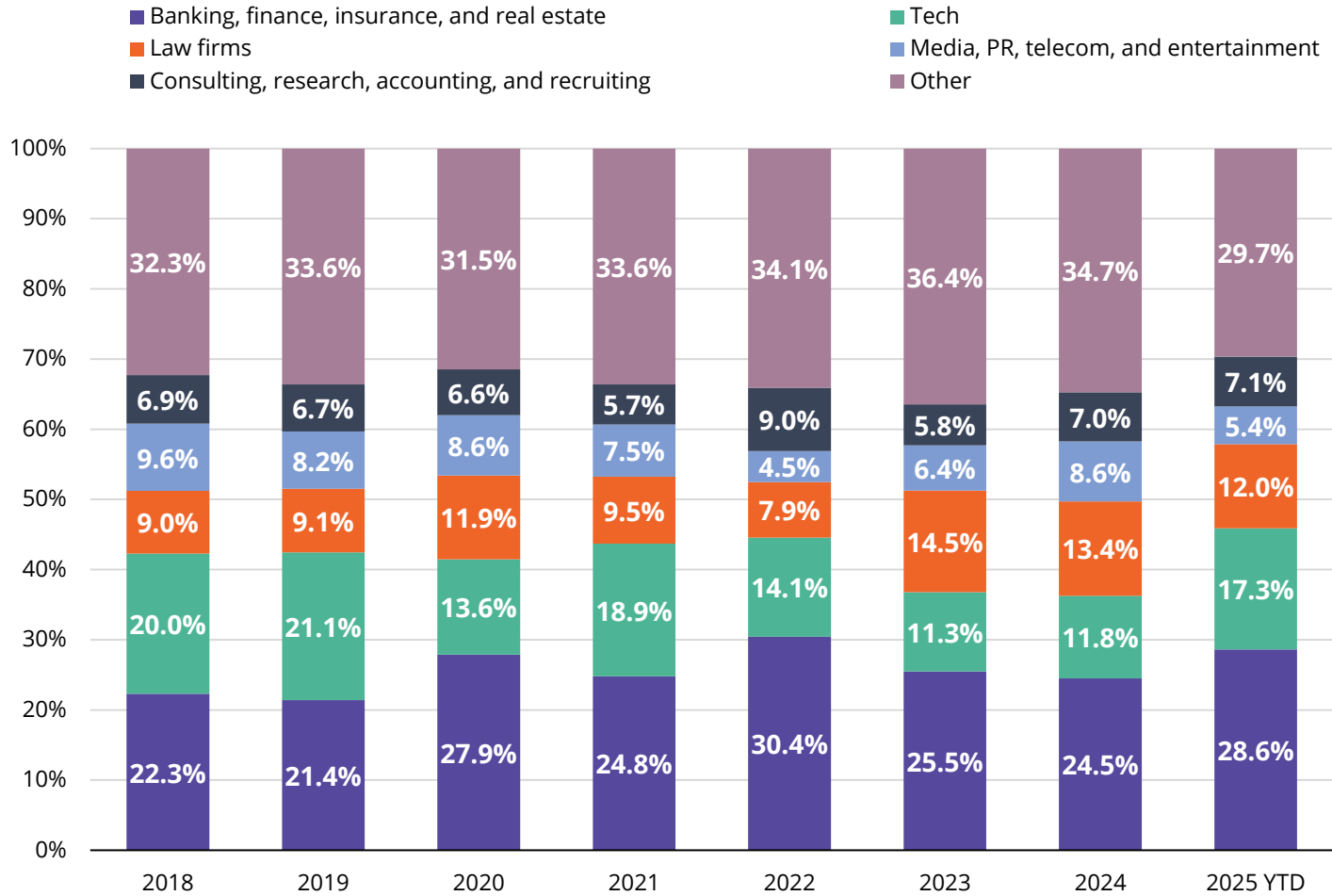
Average office lease size by gateway markets



Through Q3 2025, average lease sizes in both Boston and San Francisco eclipsed 2024 averages.

Nationally, the average lease size has fallen 2.1% year over year and is down 14.5% from 2019 levels.

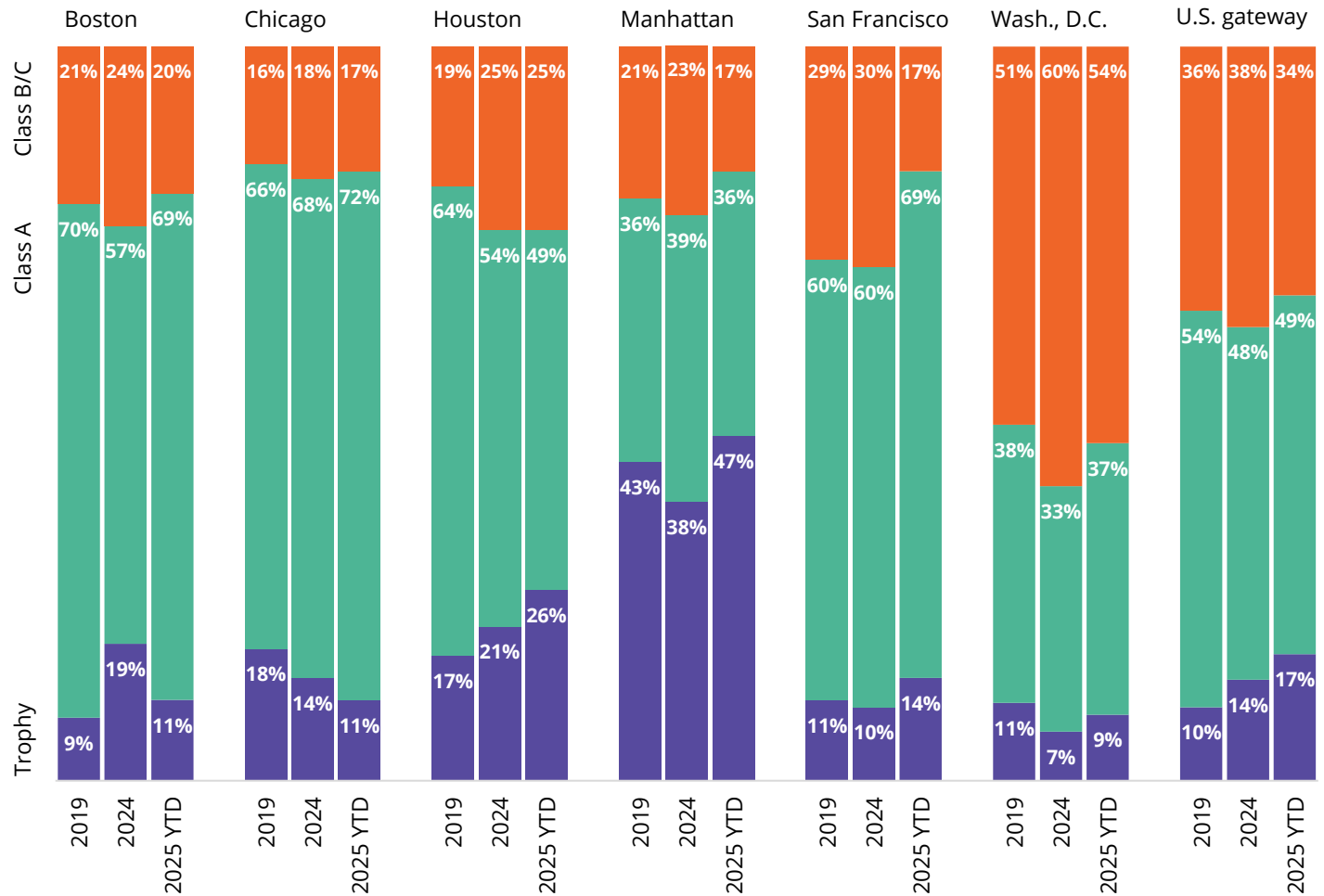
Leasing activity share by major industry



Office-using industries across the U.S. gateway markets have fallen into different leasing cycles over time.

Banking and finance firms have seen a significant increase in their share of leasing activity through the first three quarters of 2025.

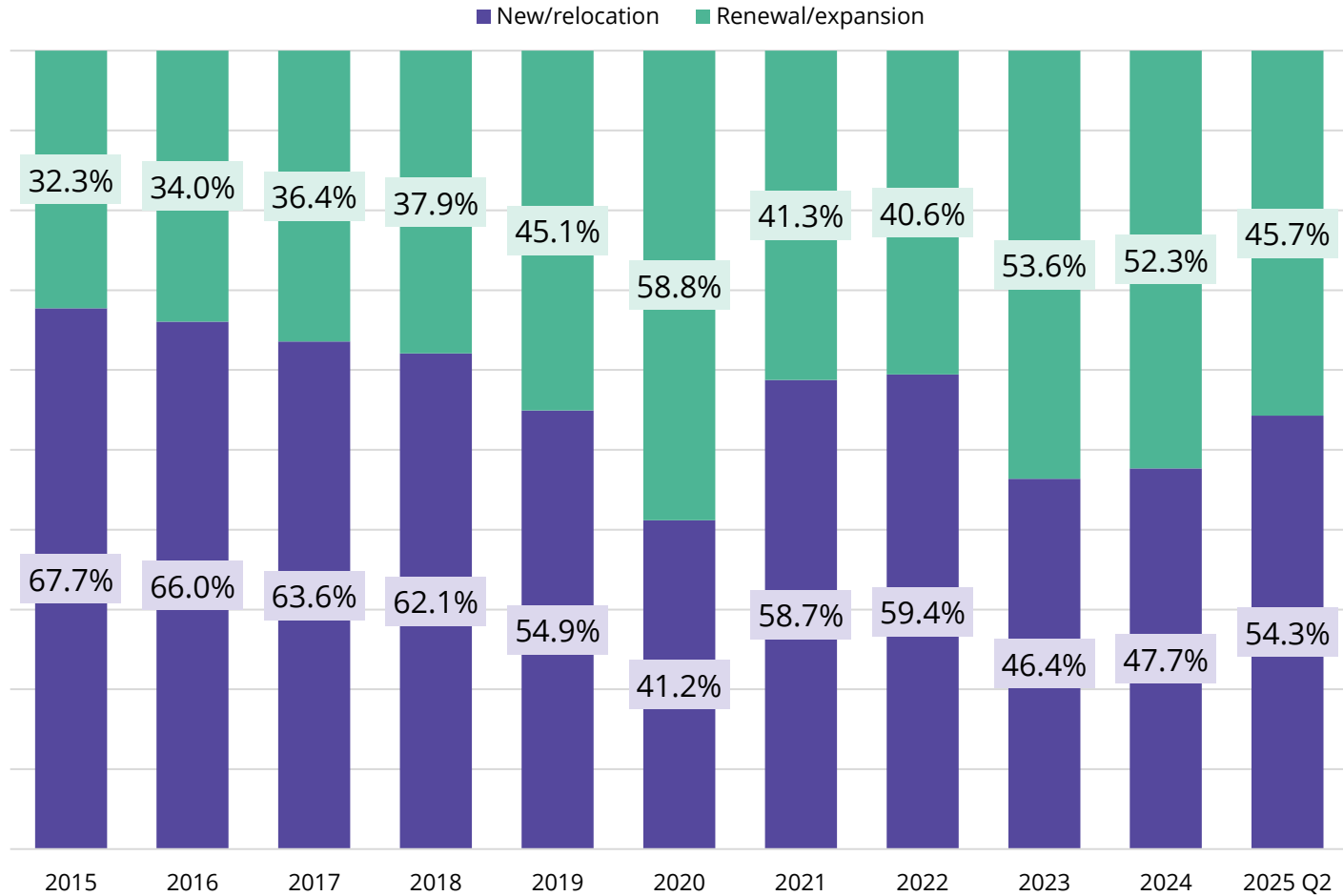
Transaction activity by asset class



The flight-to-quality trend remains strong throughout the country, as class B/C leasing continues to shrink year over year, while trophy/class A assets gain share across major markets through Q3 2025.

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

Transaction activity by lease type

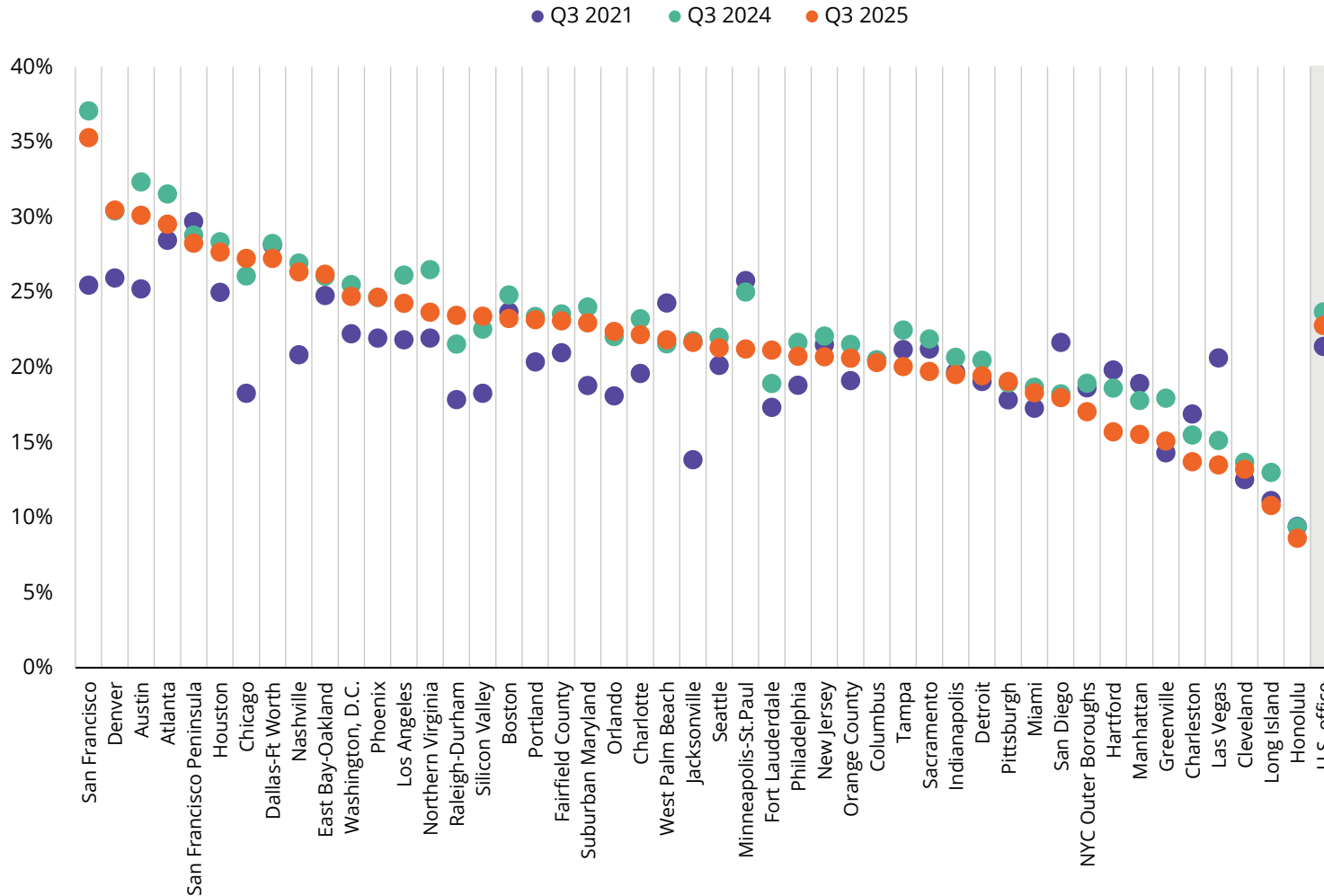


As of Q3 2025, renewal and expansion activity has decreased to 45.7% of total leasing transactions, down from 52.3% in 2024.

New and relocation leases accounted for 54.3% of deals which, if sustained, will mark three consecutive years of growth.

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

Office availability rate by market, Q3 2021–Q3 2025

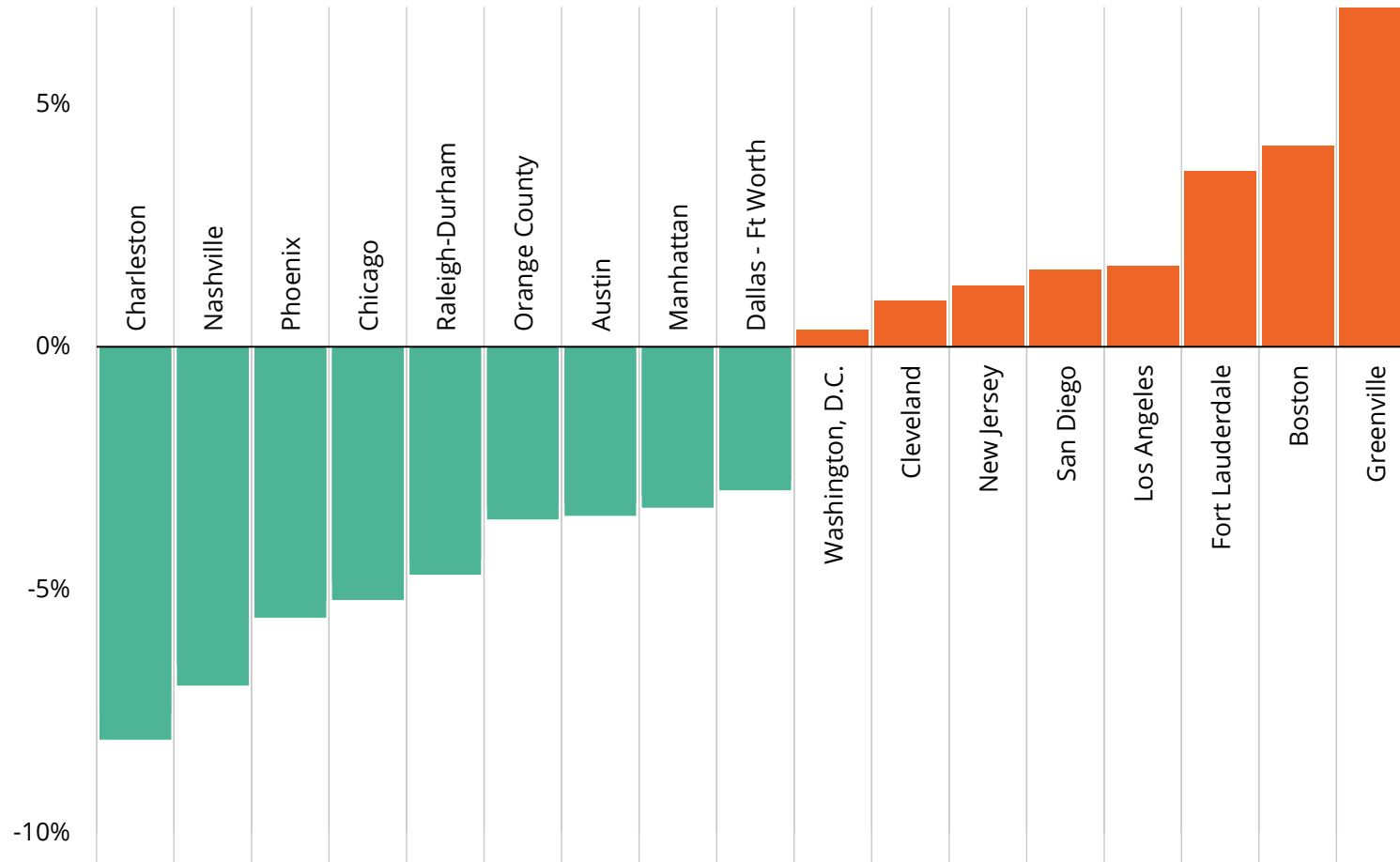


Although availability remains elevated relative to historical norms, national rates have begun to improve over the past year.

At 22.8%, the current U.S. office availability rate is still 230 bps above its Q3 2021 level but has declined by 90 bps year over year.

Markets like Manhattan, Minneapolis, and Tampa have posted meaningful improvements. In fact, 81% of tracked U.S. markets saw availability rates decline compared to Q3 2024, signaling a gradual shift in supply-demand dynamics.

Largest YoY availability changes, trophy (Q3 2024 vs. Q3 2025)

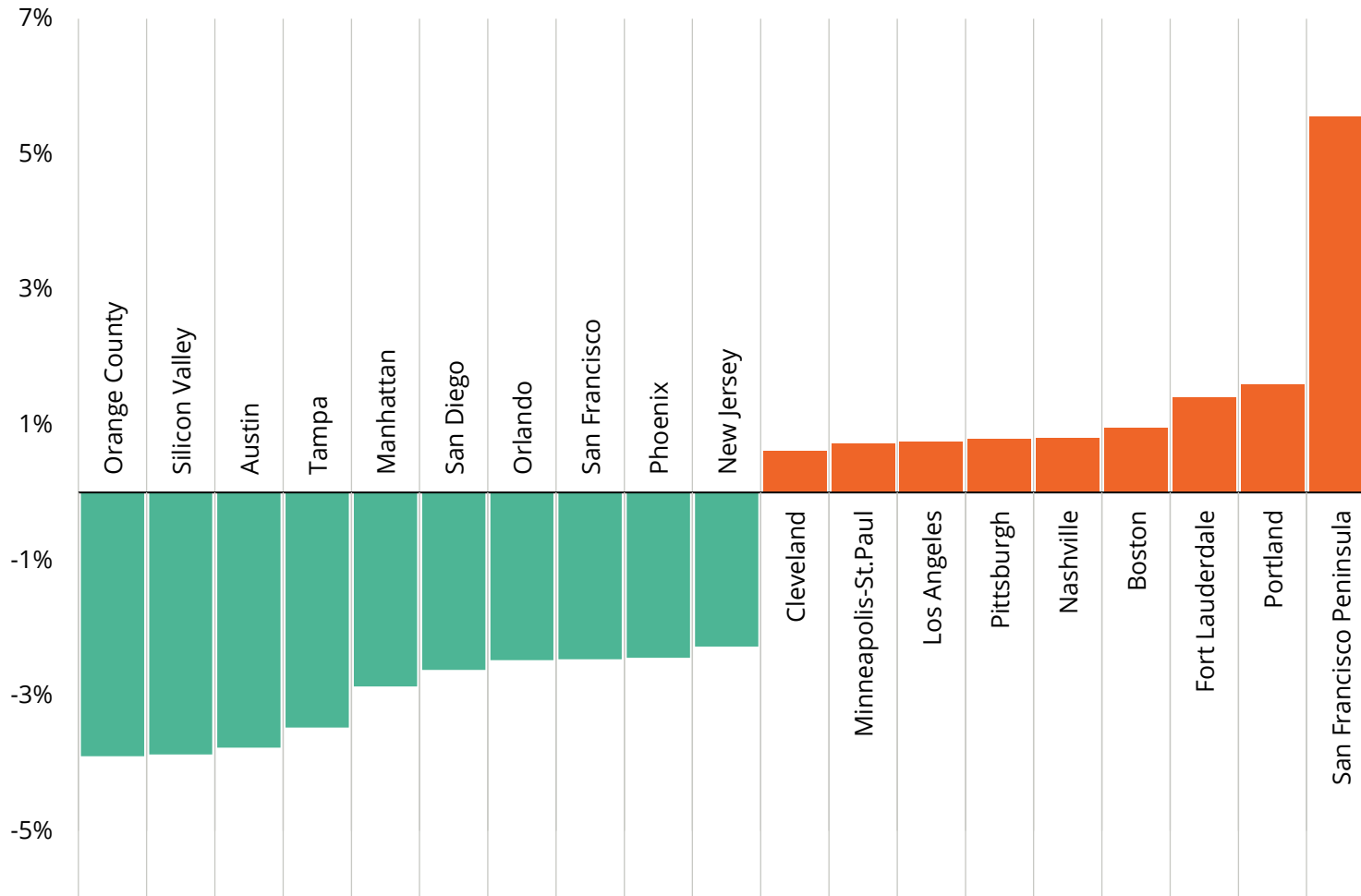


Trophy availability has shifted significantly across markets over the past year.

Charleston (-7.6%), Nashville (-6.5%), and Phoenix (-5.2%) posted the largest YoY declines, while gateway markets like Manhattan, Chicago, and Dallas also saw decreases.

In contrast, Greenville (+7%) Fort Lauderdale (+3.6%) and Boston (+4.1%) experienced rising availability, underscoring the market-by-market variability in high-end supply.

Largest YoY availability changes, class A (Q3 2024 vs. Q3 2025)

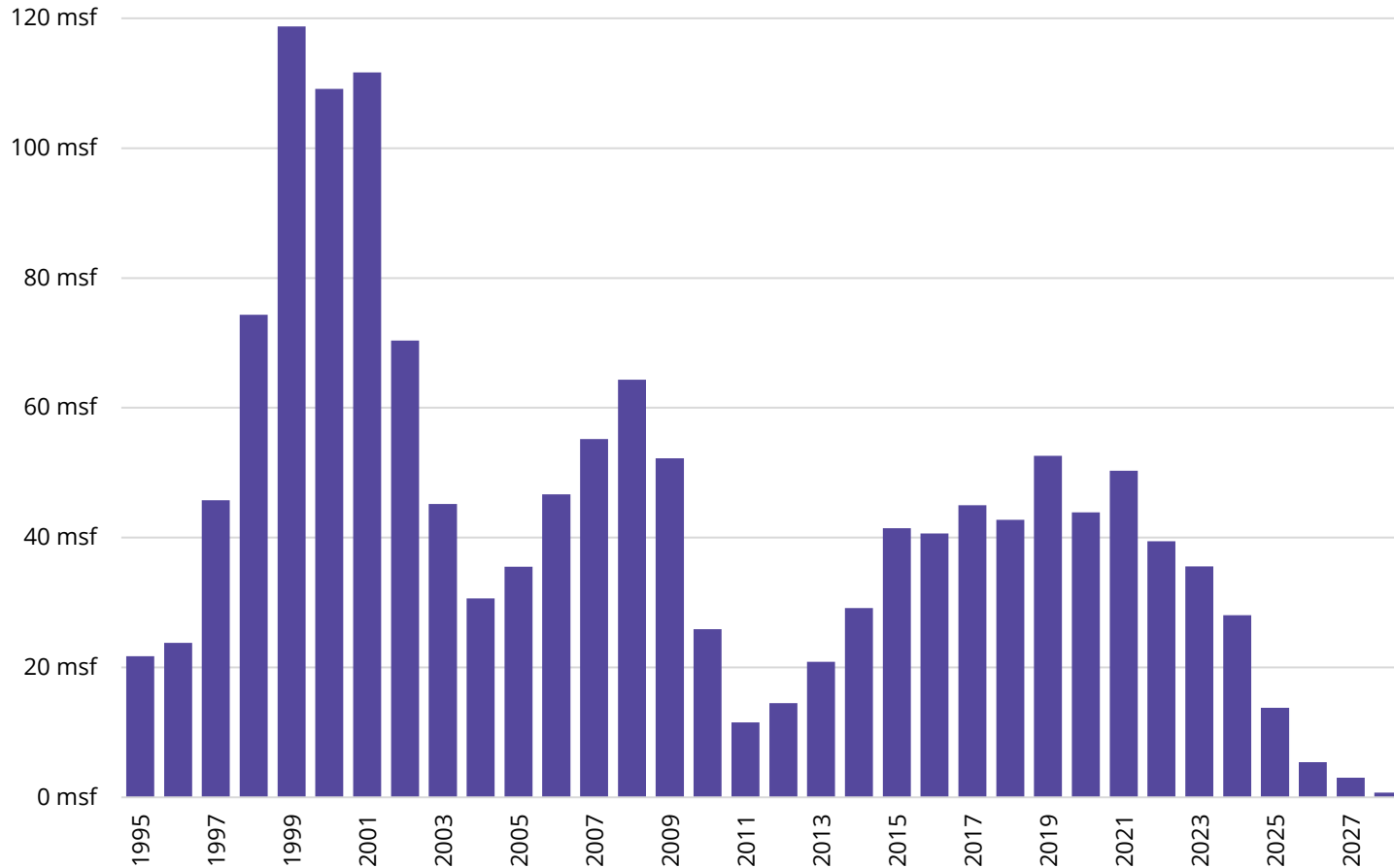


Class A availability has shifted unevenly across U.S. markets over the past year.

Orange County (-3.9%), Silicon Valley (-3.9%), and Austin (-3.8%) recorded the largest YoY declines.

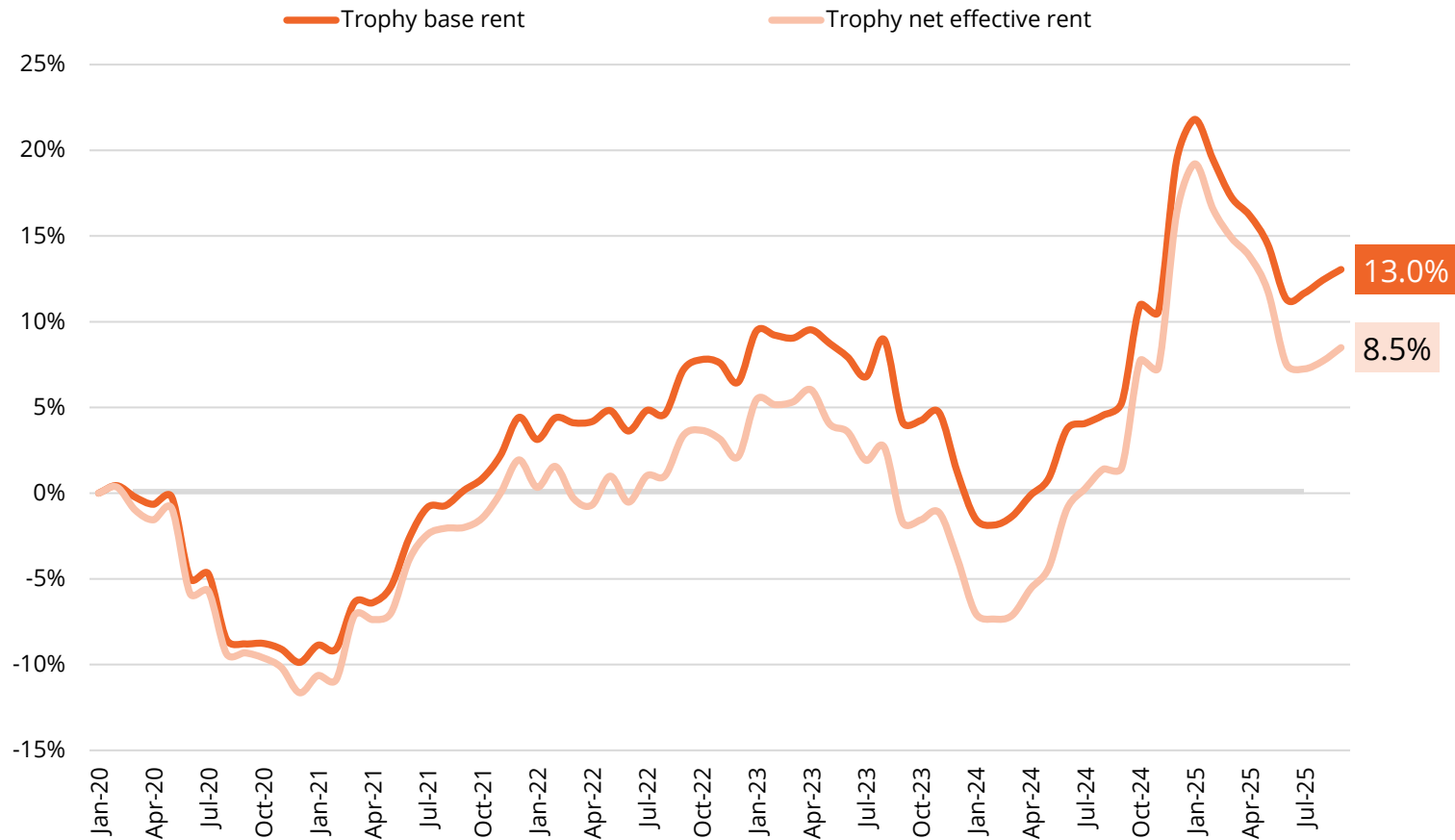
Meanwhile, availability rose in markets like San Francisco Peninsula (+5.6%), Portland (+1.6%), and Fort Lauderdale (+1.4%).

Office construction deliveries



Market uncertainty, raised 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.

Base and net effective rents growth, trophy+ / trophy (2020–Sept. 2025)



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

As a result, much of the leasing activity has shifted to standard trophy buildings, pulling down base and net effective rents within the segment.

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–Sept. 2025)

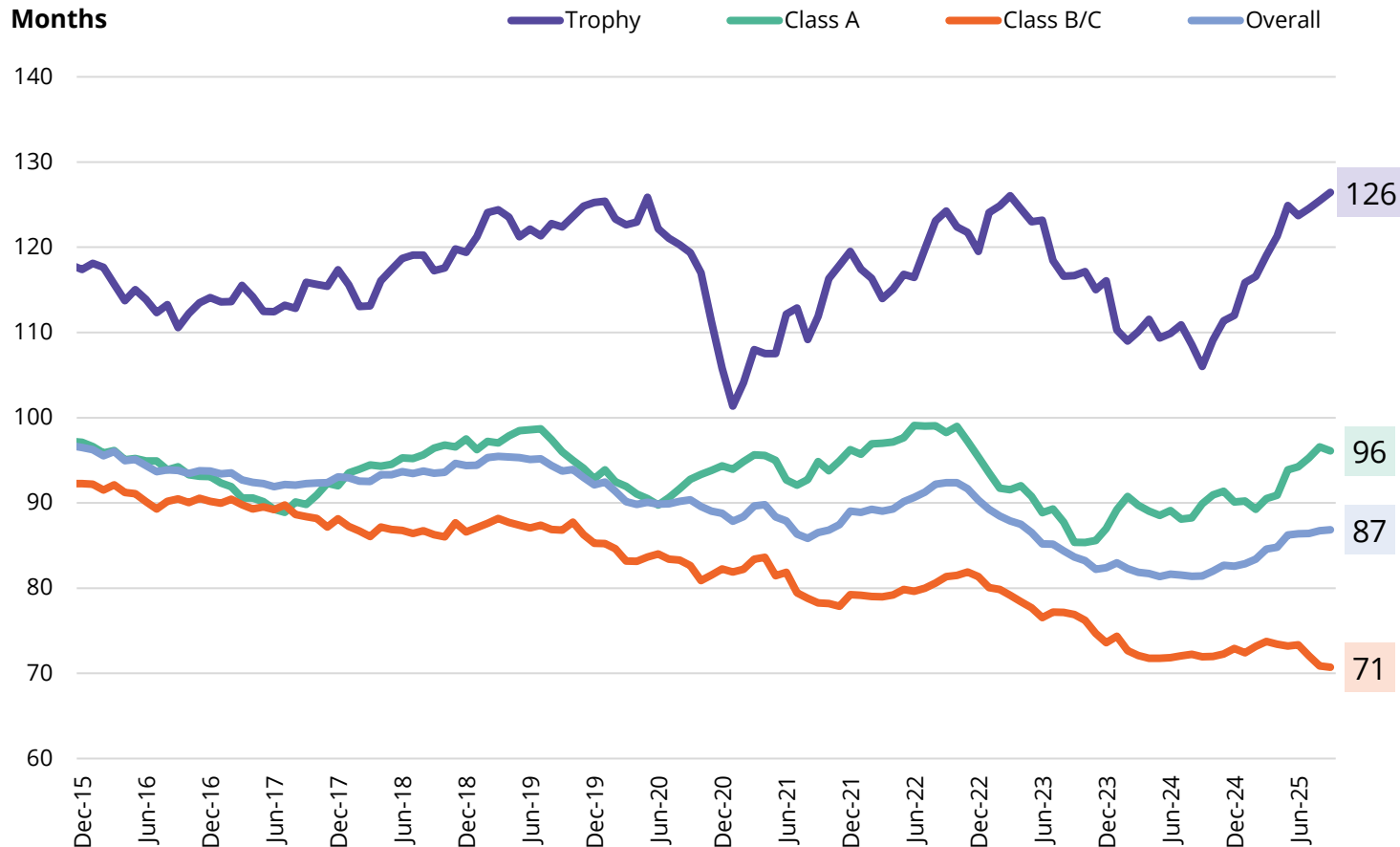


Class A base and net effective rents experienced similar growth to trophy properties through 2024 but have remained flat through the beginning of 2025.

The gap between base and net effective rents, fueled by strong concession packages, has maintained.

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

Gateway market lease term length by class

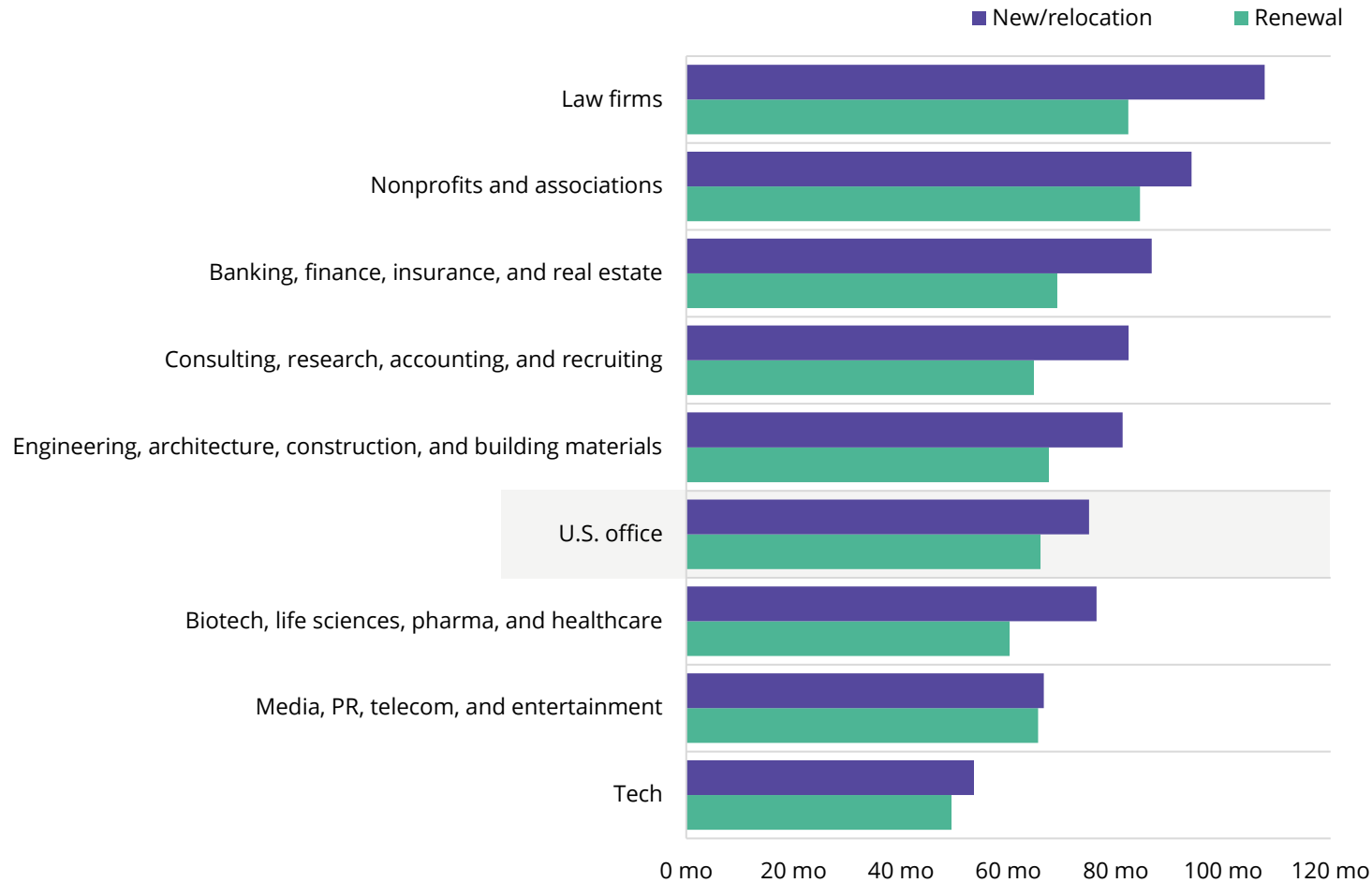


Across U.S. gateway markets, trophy properties continue to heavily outperform other asset classes in terms of average lease term lengths, with notable growth in recent months.

The average class A lease term sits above the overall average by nine months, while class B/C falls 16 months below.

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

Lease terms by major industries

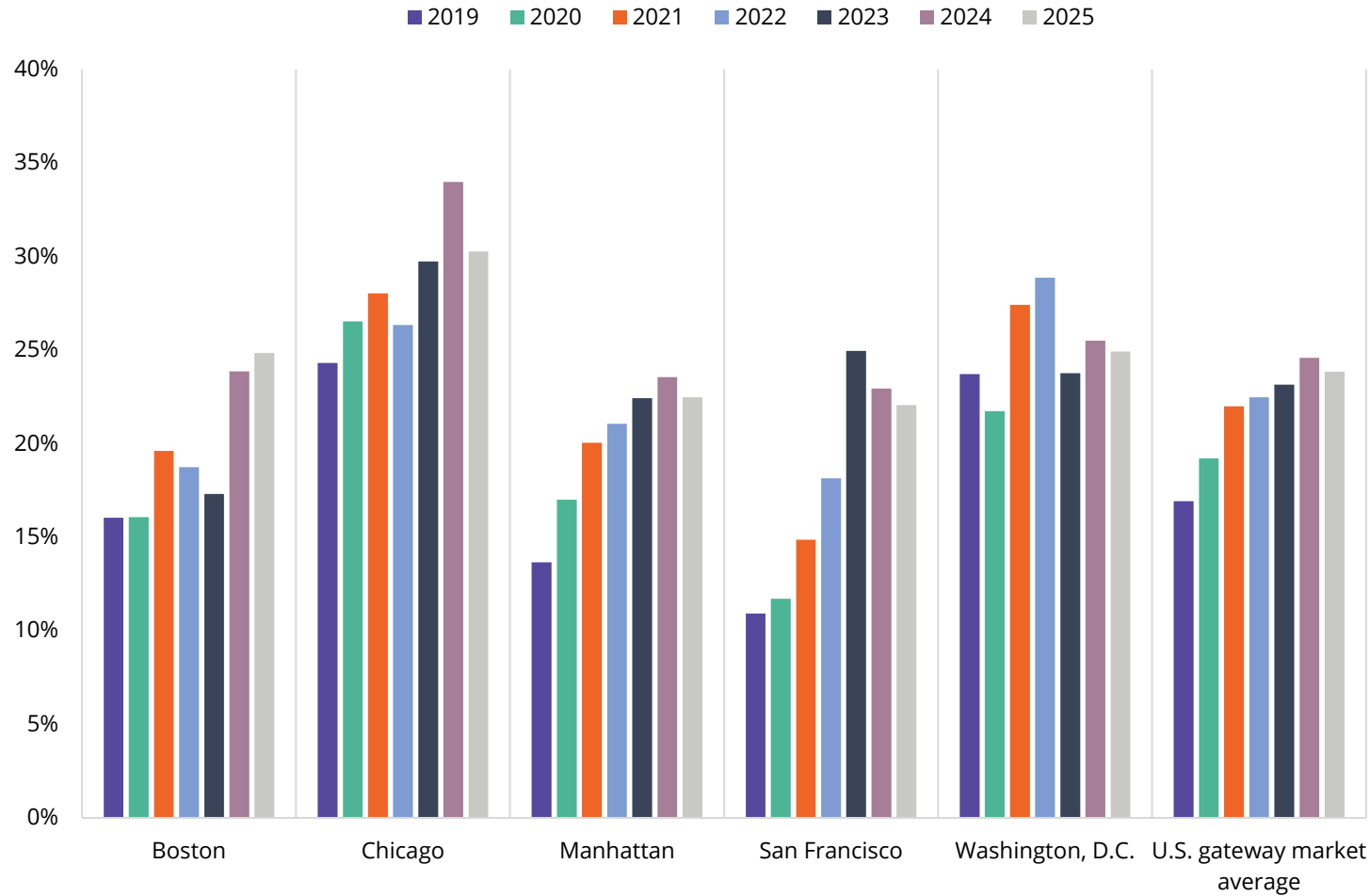


Through the first half of 2025, the length of office lease terms in the U.S. averaged 75 months for new leases/relocations and 66 months for renewals.

Industries like law firms and nonprofits have historically signed the longest lease terms and continue to do so across major U.S. office markets.

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

Concessions as a share of lease term



Through Q3 2025, concession packages as share of lease term tapered slightly after five years of consecutive YoY growth.

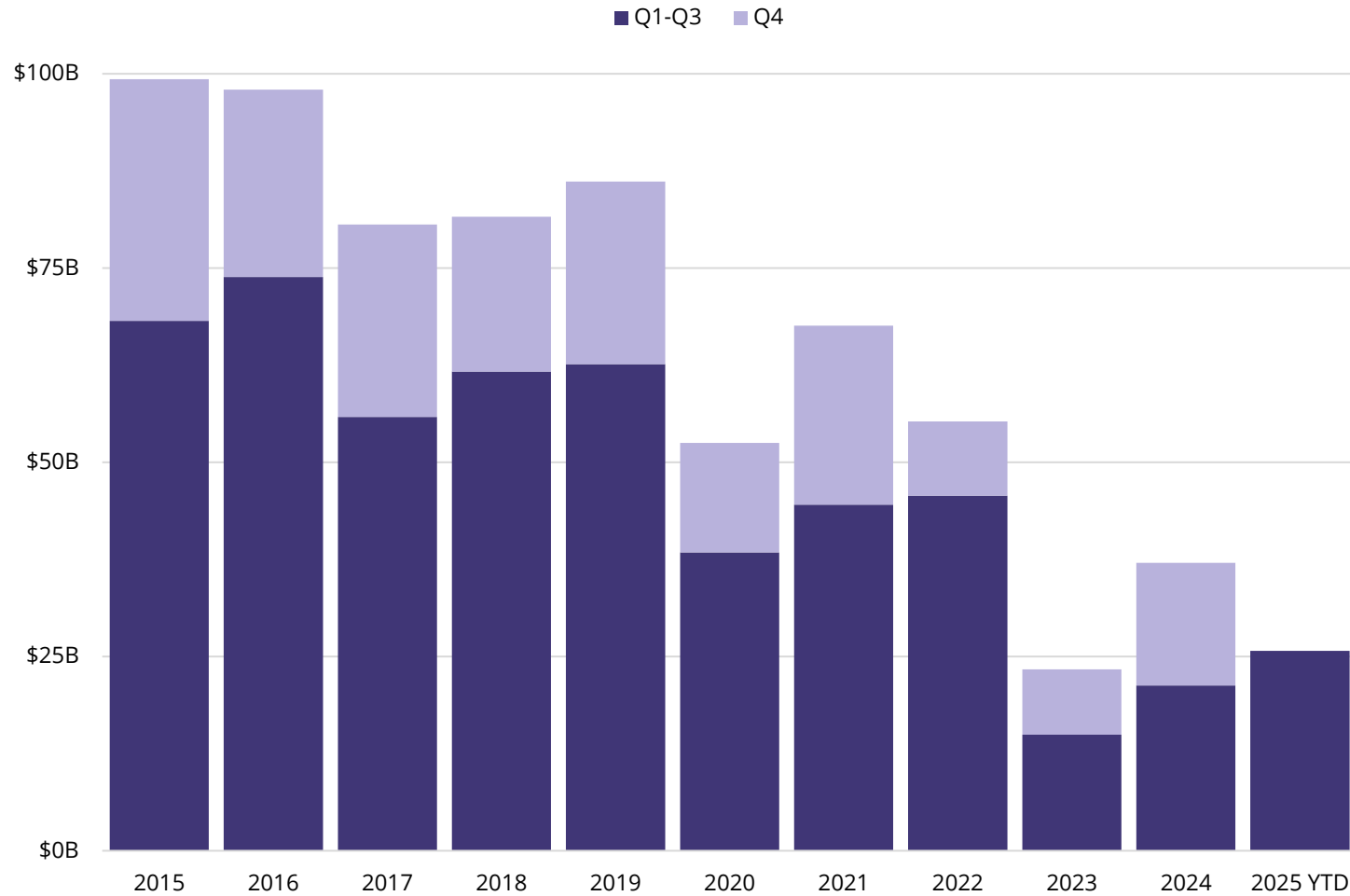
Most gateway markets saw a slight decline in concession packages in Q3 2025, except from Boston, where concessions increased over 4.1%.

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

U.S. office capital markets conditions

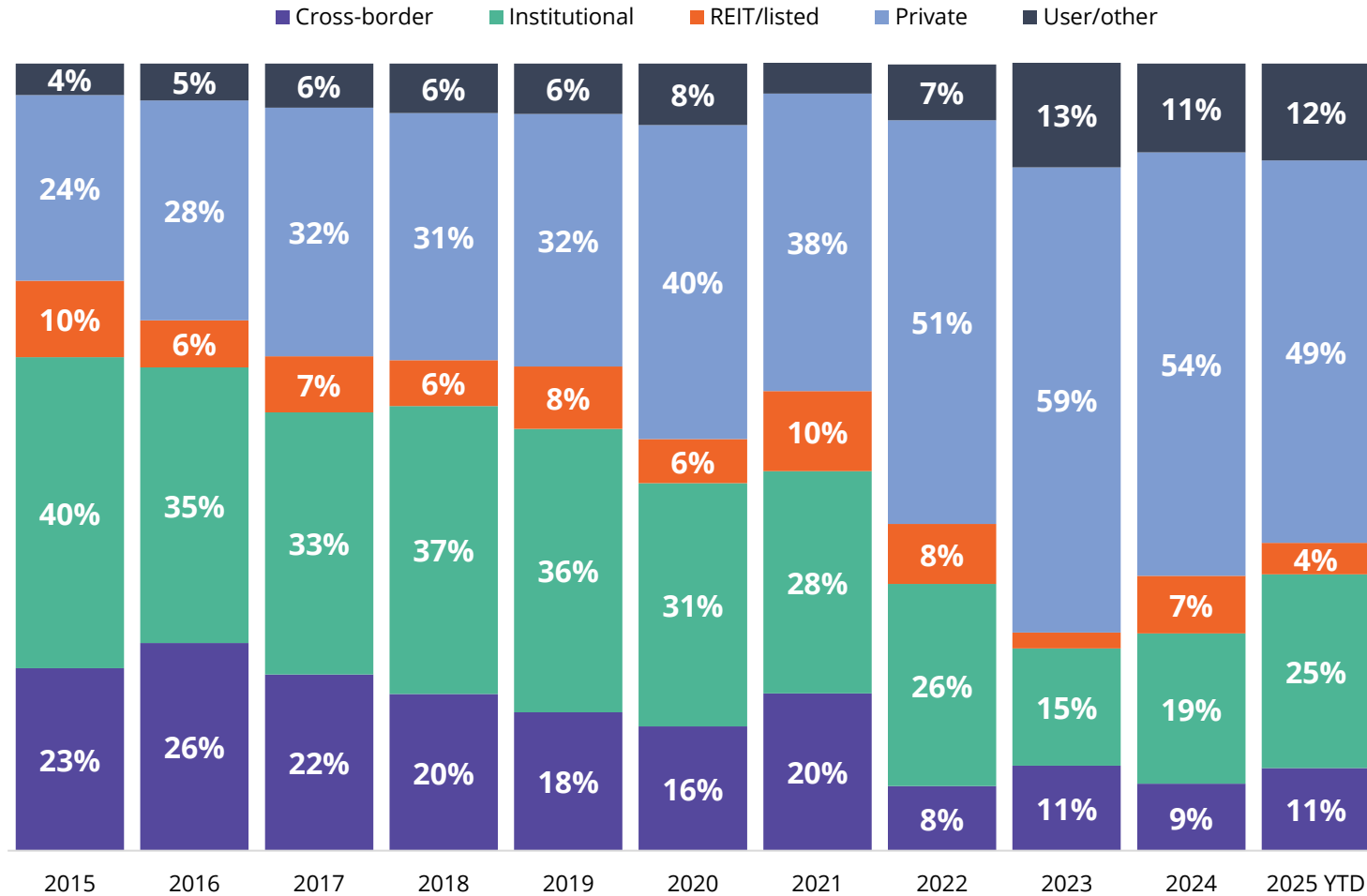


Office investment sales



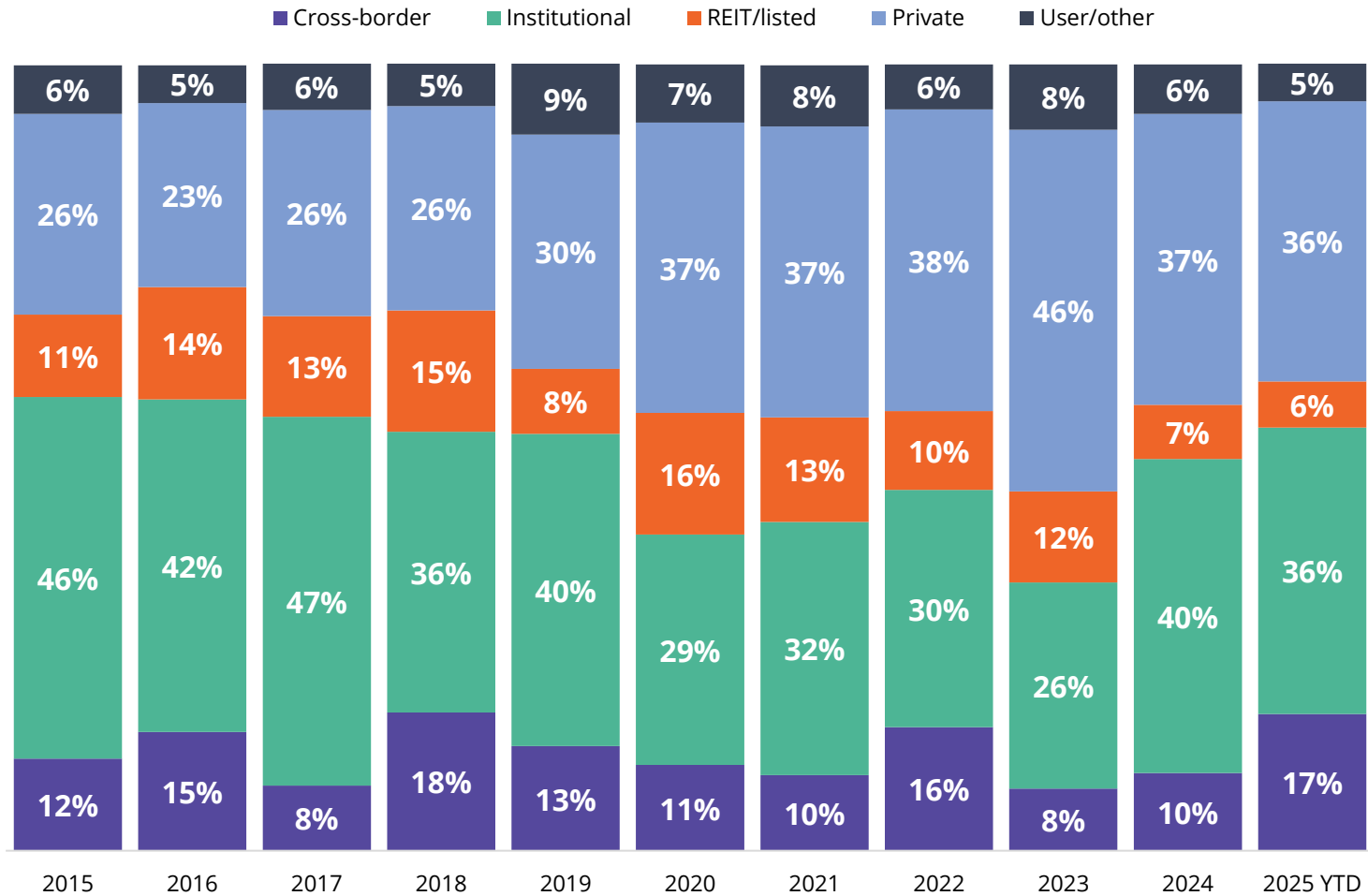
Total investment sales across the U.S. in the first three quarters of 2025 (\$25.7B) represent a 21% growth from the same time in 2024.

Buyer composition



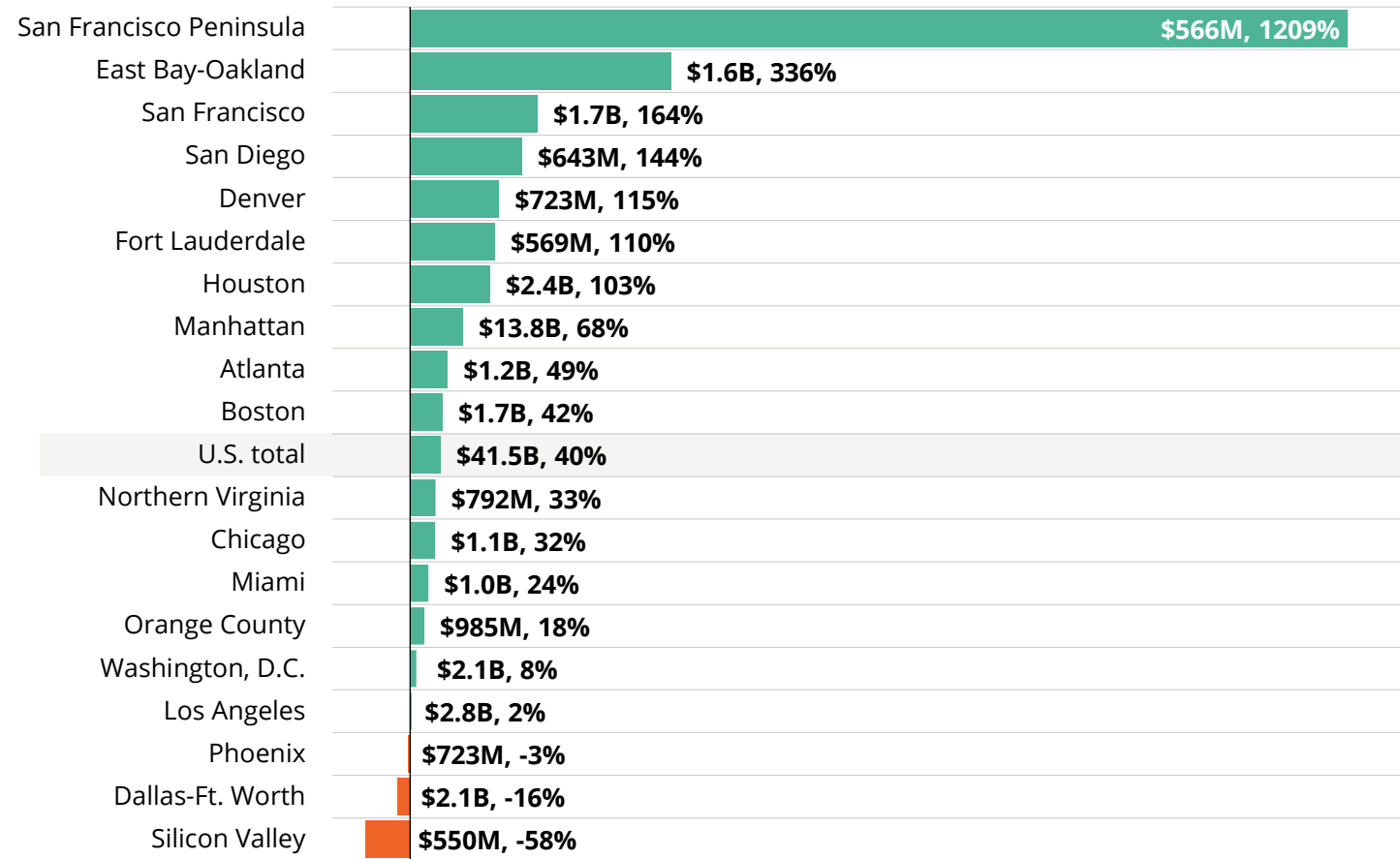
While overall volume is still recovering, acquisitions in the post-COVID environment have largely been fueled by private investors who have nearly doubled their relative share of market activity since 2019. Notably, acquisitions by occupiers have also risen over the past few years.

Seller composition



Institutional and cross-border investors increased their market share of dispositions and account for over half of the disposition activity through the three quarters of 2025.

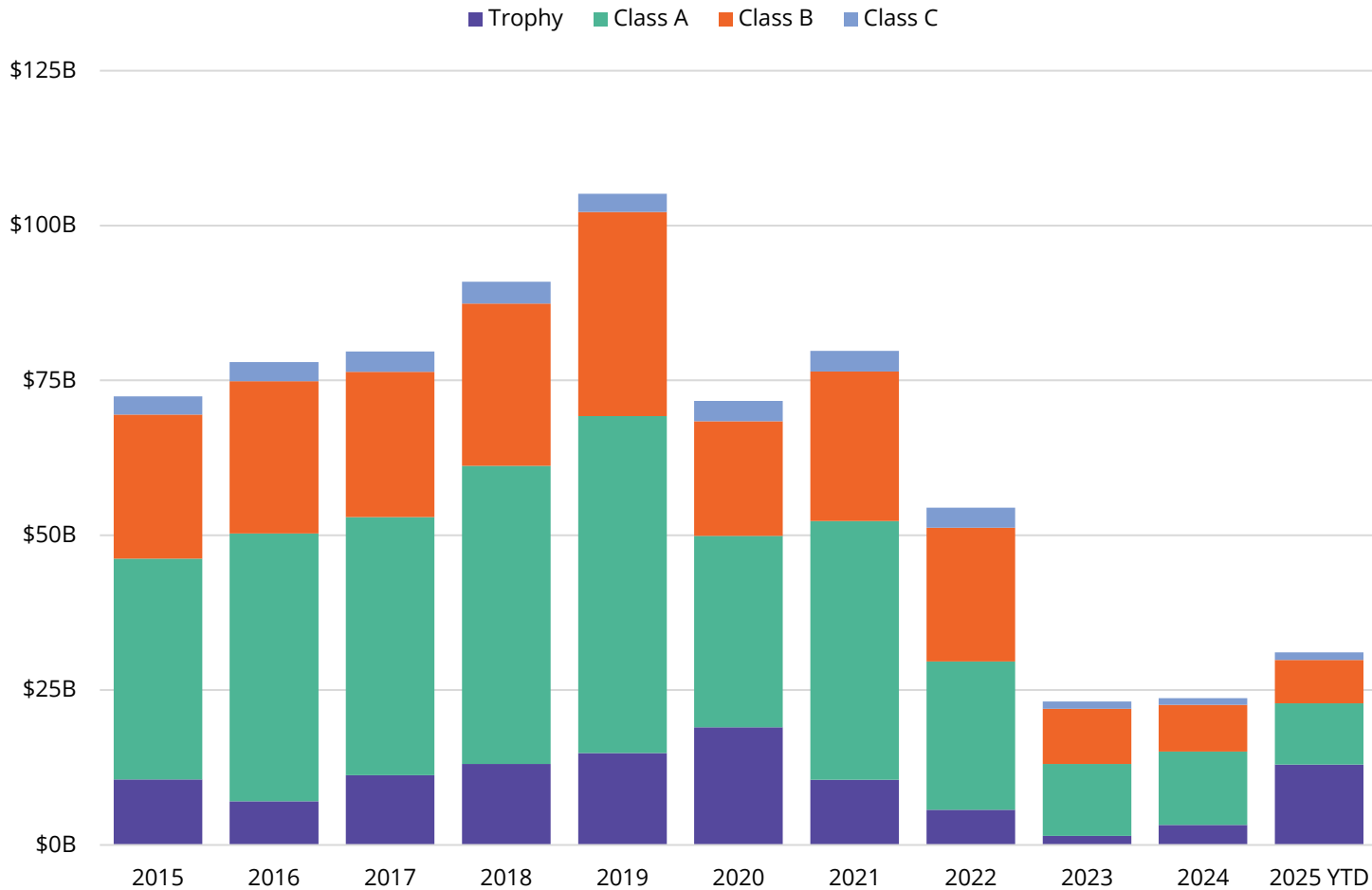
Largest YoY changes (%) in total office sales (last four quarters)



U.S. office sales have surged 40% year over year, reflecting a cautious return of investor confidence in select markets.

West Coast markets such as San Francisco Peninsula, East Bay, and San Francisco have seen a notable uptick in activity, while primary markets like Manhattan, Boston, and Chicago have also recorded renewed momentum.

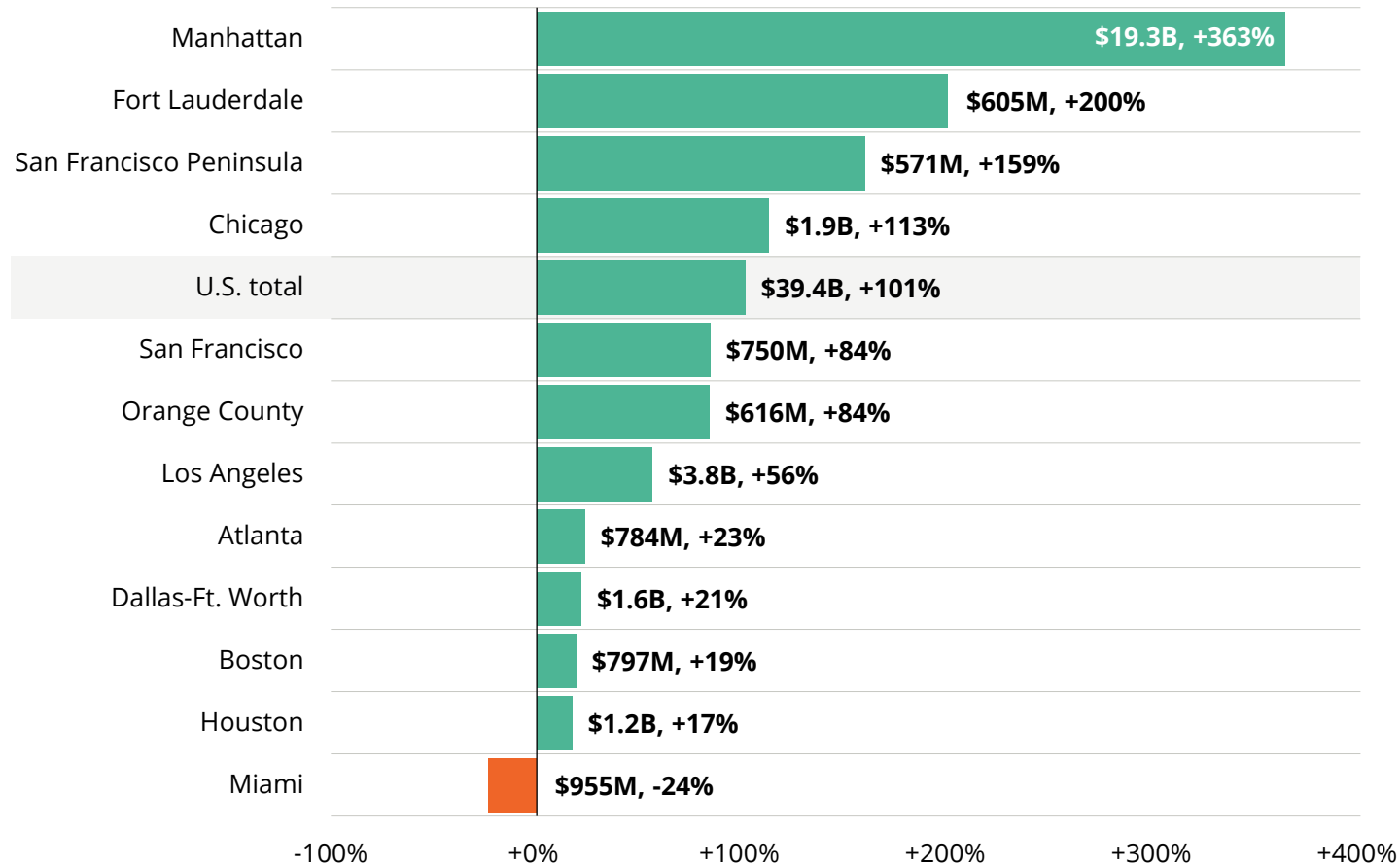
Office loan originations by class



Since 2024, trophy and class A properties have represented 69% of all new loan originations.

While only through three quarters, year-to-date loan originations in 2025 have already surpassed total 2024 volume by 31%.

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



U.S. office loan originations have jumped 101% year over year, signaling cautious lender confidence in markets with improving fundamentals.

Manhattan led with a 363% surge, reflecting its leasing rebound.

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.

Diagnosing CMBS office loan distress

Fixed-rate loans originated when interest rates were much lower than present rates and occupier conditions were stabilized. Through the second quarter of 2025, they continued to become increasingly distressed as loan maturities approach. **However, just 4.5% of U.S. office properties are encumbered by distressed CMBS loans.**

51%

class A share of properties encumbered by a distressed CMBS loan; class A properties comprise 43.9% of U.S. office properties

24.4%

average direct availability rate for distressed offices; the U.S. direct availability rate was 20% in Q4 2024

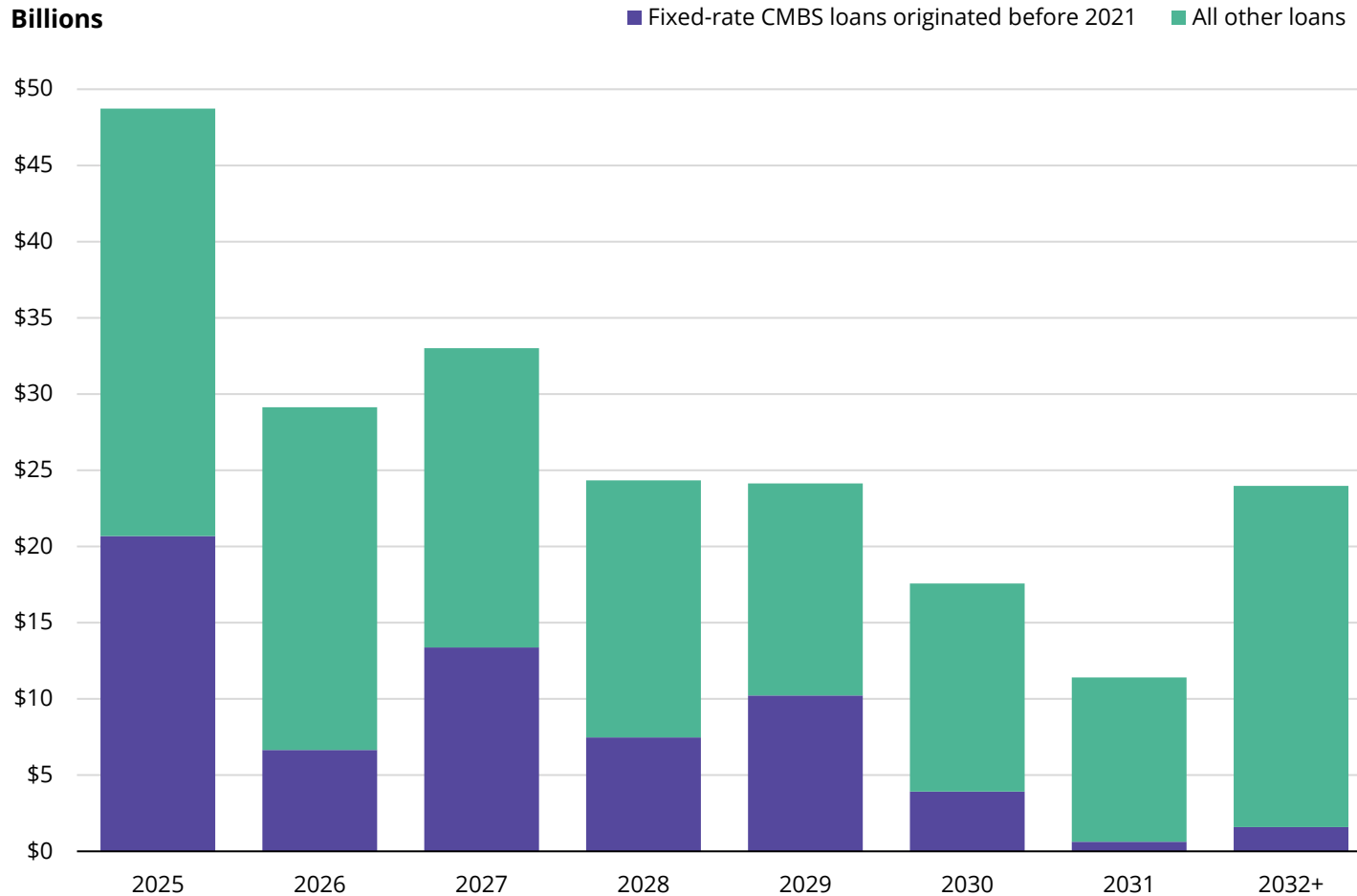
72.7%

distressed loans with fixed interest rates

8/2017

average origination date of distressed loans

Upcoming loan maturities

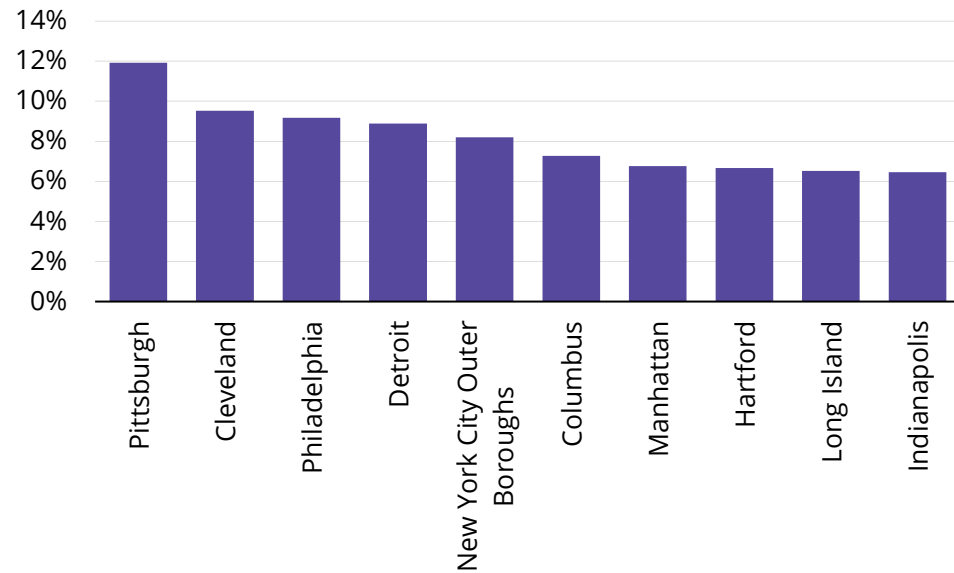


\$20.6 billion of outstanding fixed-rate loans that originated before 2021 — before the spike in interest rates — are maturing in 2025, in addition to \$28.0 billion of other CMBS loans.

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

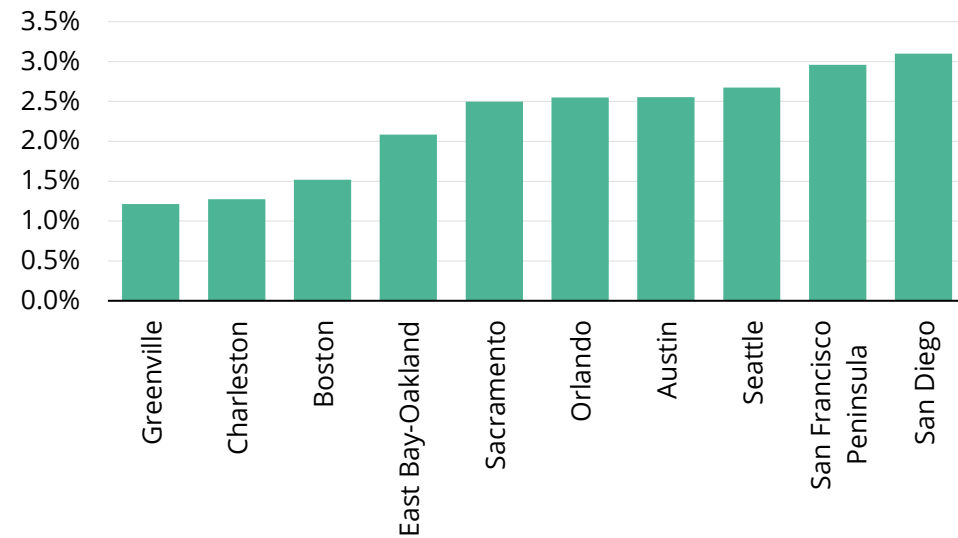
8.1%

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



2.2%

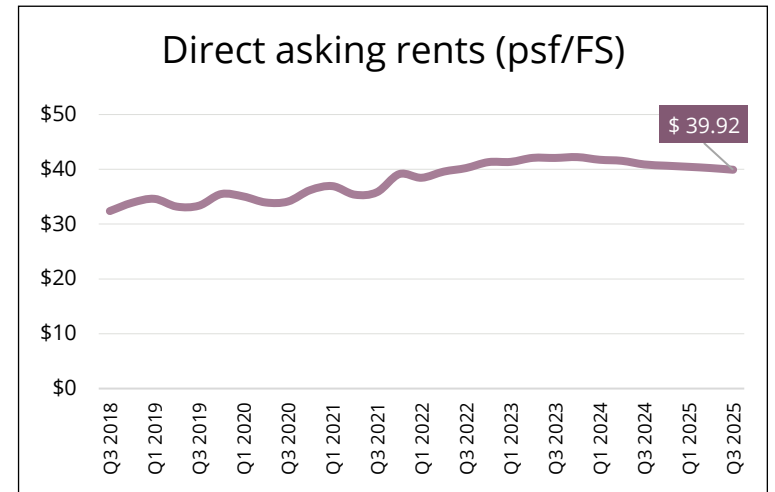
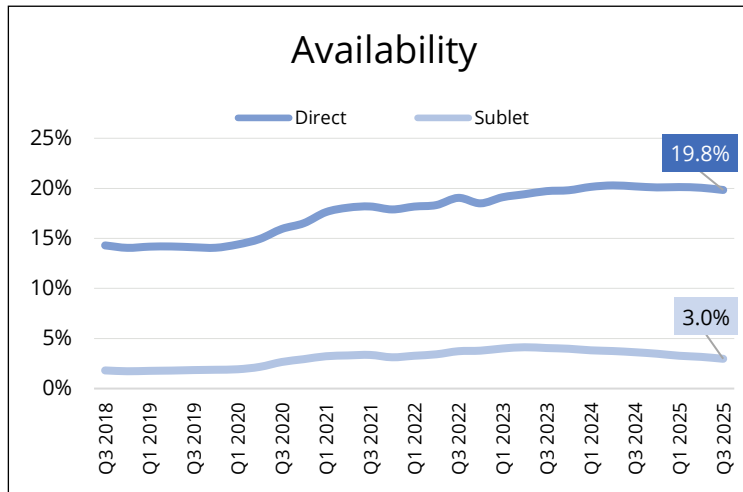
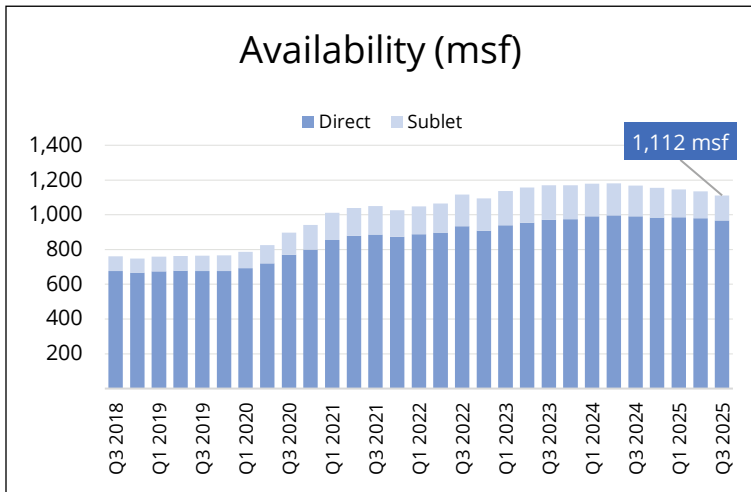
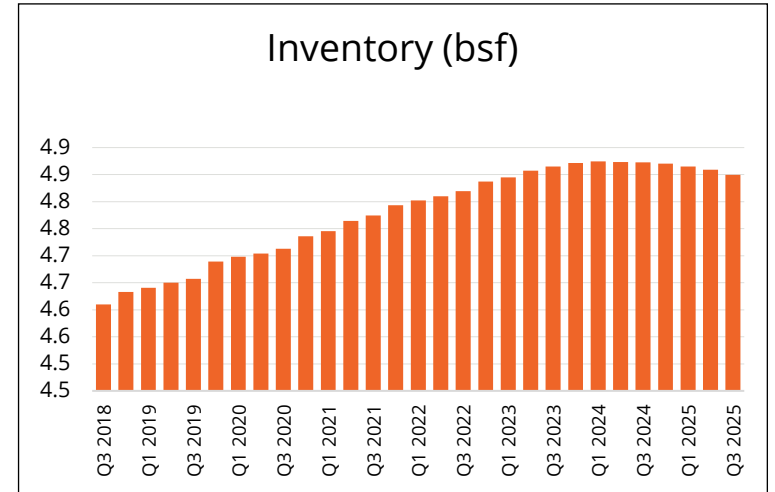
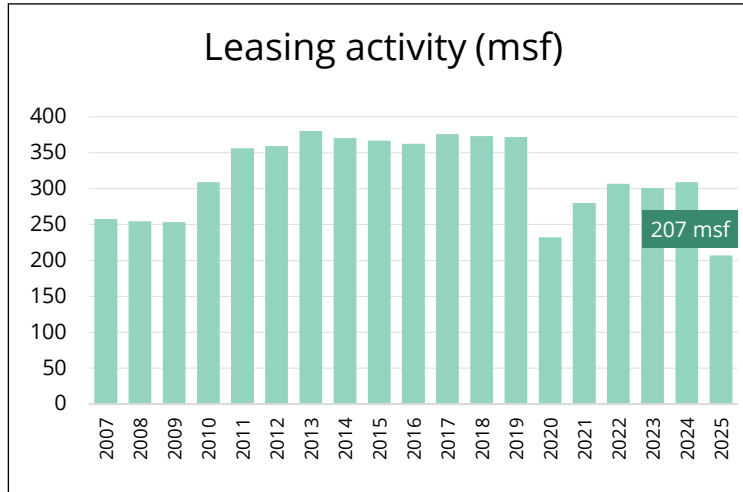
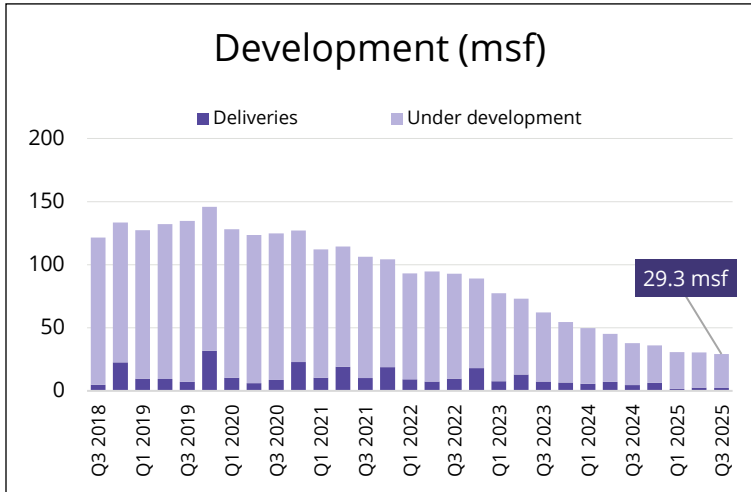
average exposure to at-risk loans —
10 markets with the **least exposure**



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	386,499,329	12,958,825	15.8%	3.6%	19.4%	\$61.38
Class A	2,117,540,679	12,304,624	22.8%	3.9%	26.7%	\$42.10
Class B	1,906,283,970	1,544,200	19.0%	2.3%	21.3%	\$34.31
Class C	437,911,523	26,412	12.9%	0.8%	13.6%	\$31.39
U.S. total	4,848,235,501	26,834,061	19.8%	3.0%	22.8%	\$39.92



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

Viewpoints

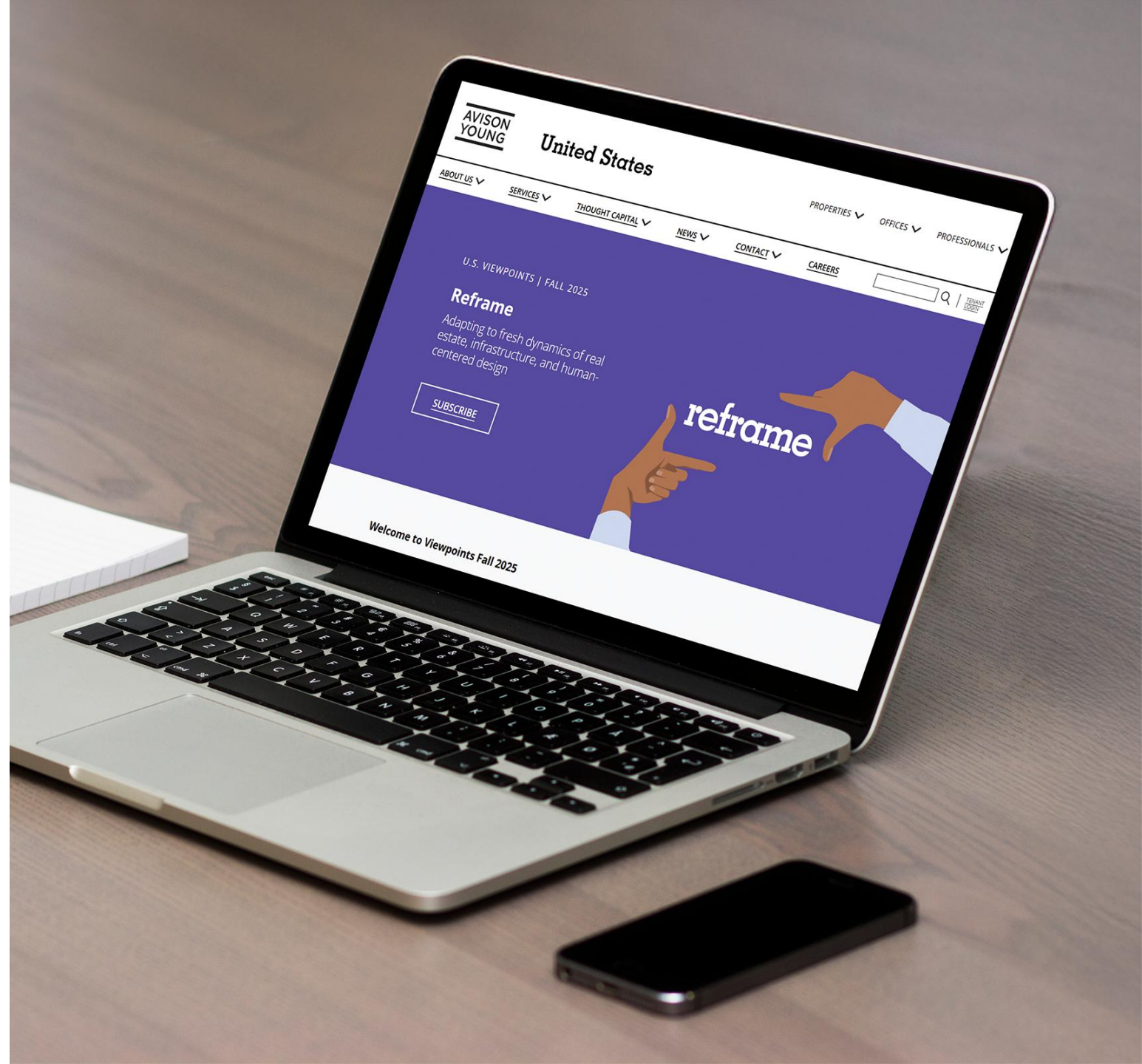
U.S. | Fall 2025

Reframe

This season is all about adapting to fresh dynamics of real estate, infrastructure, and human-centered design.

Learn more from our experts in Avison Young's Fall 2025 edition of **Viewpoints**.

[Learn more](#)



Blueprints for conversion: three markets writing the rules on reuse for office

Creative strategies turning vacancy into vibrancy across North American cities.

Learn more from our experts in Avison Young's Fall 2025 edition of **Viewpoints**.

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