# U.S. office market report

Q3 2026

AVISON YOUNG

# U.S. office market trends

## 2.4x

### Faster rent growth at the top of the premium office market

The flight to quality has helped drive rents higher in premium office buildings (trophy+, trophy and A+). Yet even within this upper tier, the most expensive office space is seeing rent growth that far outpaces the broader premium segment.

Across major markets, 95$^{th}$-percentile rents rose 33% from 2017–2019 to 2024–2026 year to date, compared with 14% growth at the median, highlighting a widening gap among the highest-quality properties.

Manhattan and San Francisco exhibit the greatest divergence, with top-end rents significantly outpacing the broader premium segment, while Boston and Chicago have experienced more balanced rent growth.

## 70%

### of major markets derive over half of leasing from three industries

Office leasing demand is heavily influenced by each market's leading industries, though the sectors driving activity vary considerably. In seven of the 10 major U.S. markets analyzed, the three largest industries account for more than half of total leasing activity, with San Francisco exhibiting the greatest concentration due to its outsized technology sector.

Finance, insurance, and real estate (FIRE) is the most widespread source of demand, ranking among the top three industries in nine of 10 markets. Meanwhile, leasing activity in Atlanta, Miami, and Los Angeles is spread across a broader range of industries, reflecting more diversified tenant demand.

## 20

### Markets experiencing a dual segmented recovery

Over the last three years, available supply has tightened in both trophy/class A and class B/C office properties across 20 out of 32 U.S. tracked office markets.

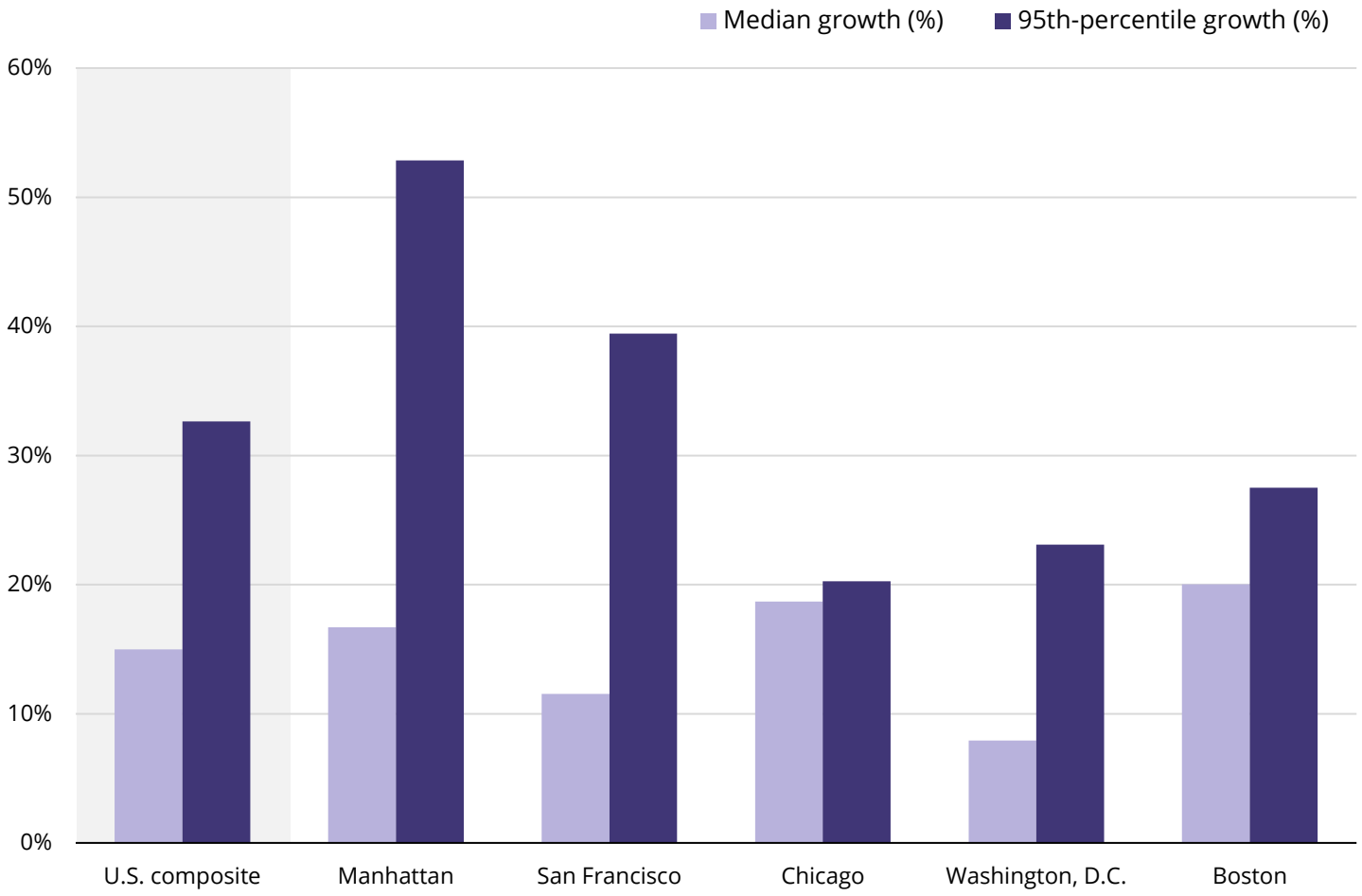
While trophy/class A recovery has been driven primarily by demand, class B/C recovery has been driven mainly by inventory depletion through office conversions and demolitions.

Manhattan and San Francisco have recorded the largest decreases in supply across both segments of the market, while Boston and Seattle have experienced increases in both.



Source: Avison Young Market Intelligence, CoStar

# Premium office rent growth, pre-COVID–2026 YTD

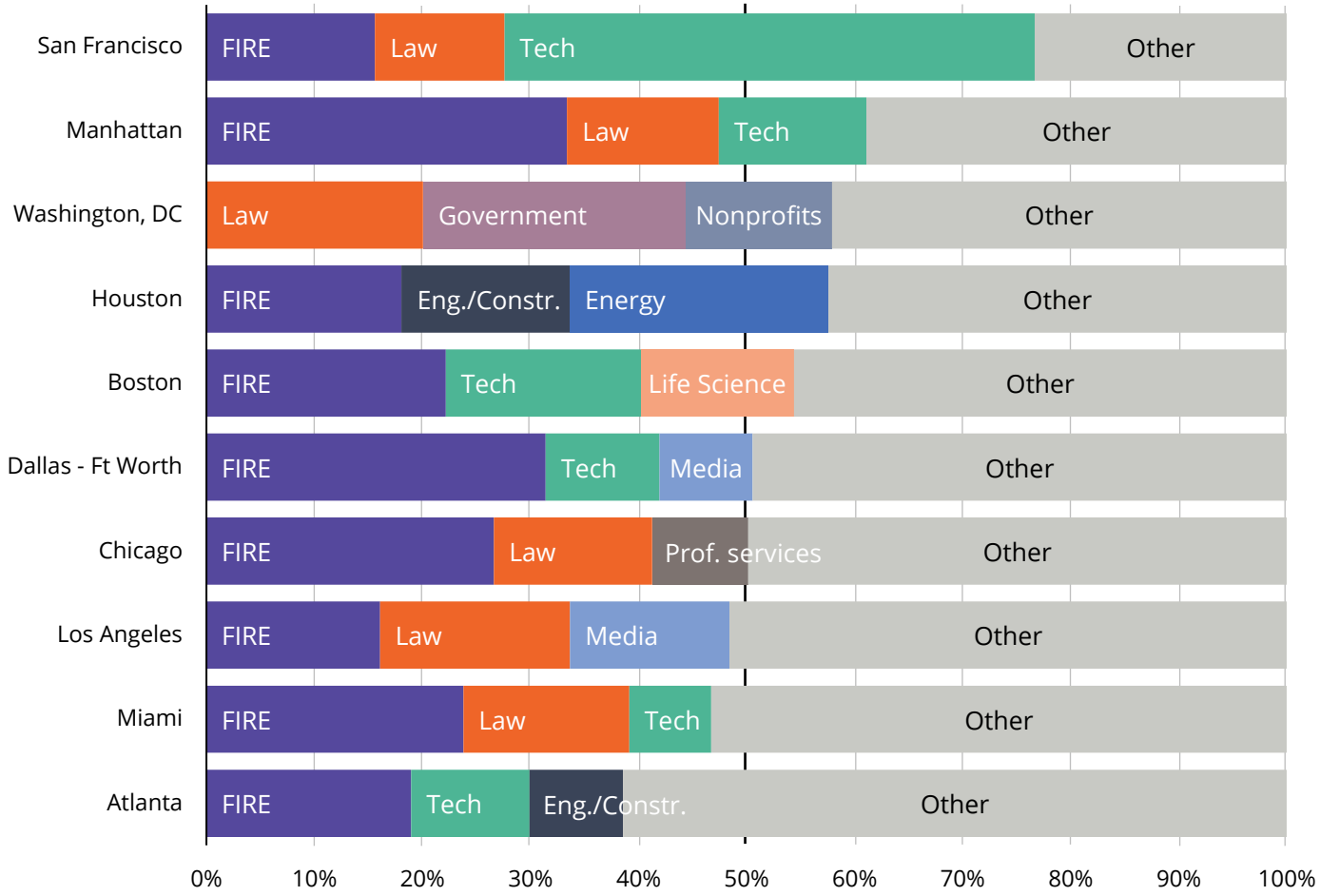



Note Only includes direct leases 5,000+ square feet (sf)
Source: Avison Young Market Intelligence

Rents at the top of the office market are increasingly outpacing the broader premium segment (trophy+, trophy, A+). Across major markets, 95th-percentile starting rents grew faster than median rents from 2017–2019 to 2023–2026 year to date (YTD).

This widening gap highlights the growing distinction between the highest-priced office space, even within the premium market itself.

# Market leasing activity share by industry, 2023–present



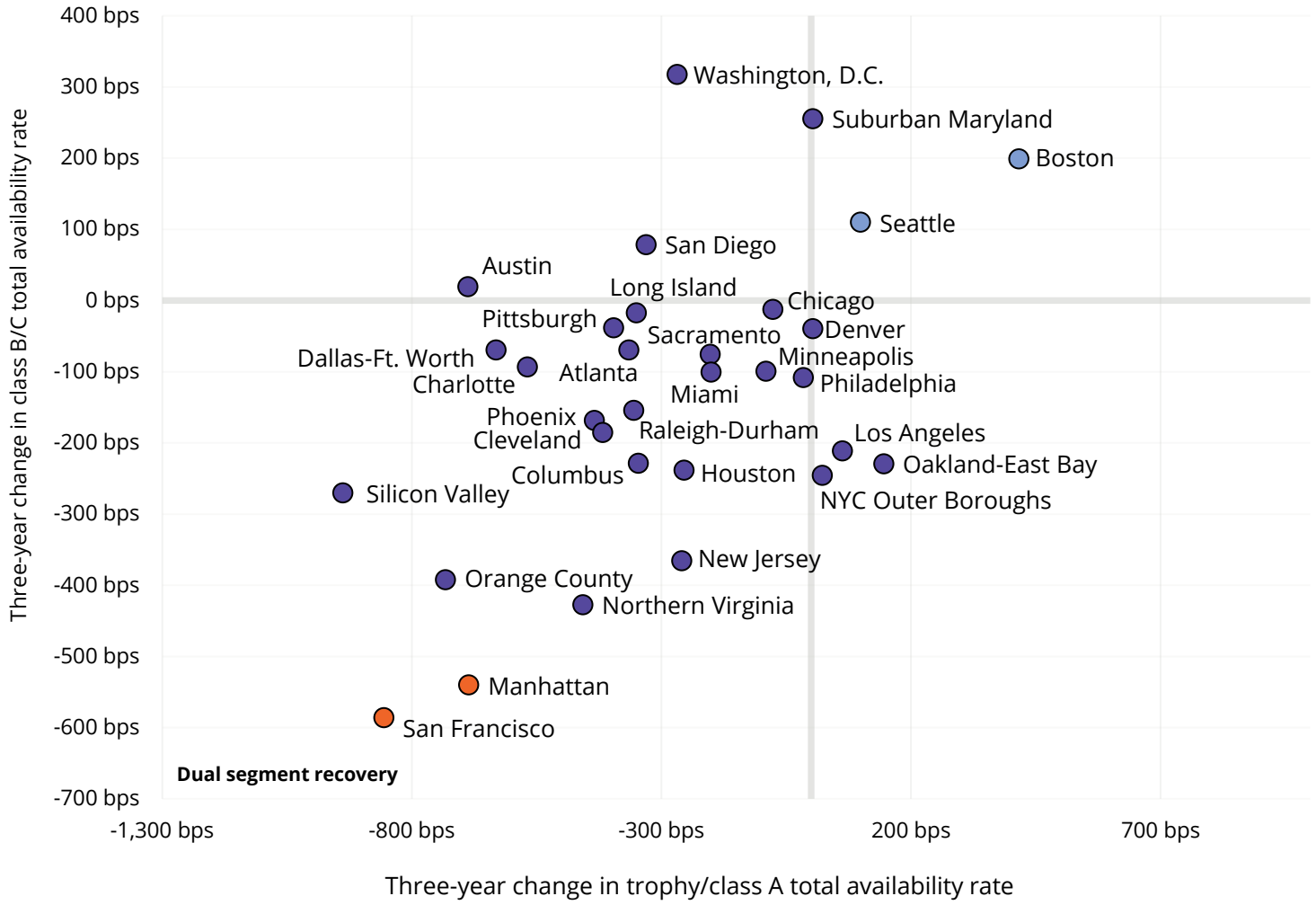

Office leasing activity is shaped by each market's leading industries, though the sectors driving demand vary considerably. In seven major U.S. markets, the three largest industries account for more than half of total leasing activity, with San Francisco exhibiting the greatest concentration due to its outsized tech sector.

Finance, insurance and real estate (FIRE) is the most common demand driver, ranking among the top three industries in nearly all markets. Atlanta, Miami, and Chicago feature a more diversified industry mix, with leasing activity spread across a broader range of sectors.



Source: Avison Young Market Intelligence

# Three-year supply change by class segment




As leasing continues to recover and markets maintain a supply contraction, availability has dropped over the last several years. Some markets have experienced declines in availability across both trophy/class A and class B/C space.

Most notably, Manhattan and San Francisco have seen the largest decreases in supply across both segments of the market while Boston and Seattle have seen increases in both segments of the market.

Note: Only includes markets with over 50,000 sf in existing inventory
Source: Avison Young Market Intelligence, CoStar

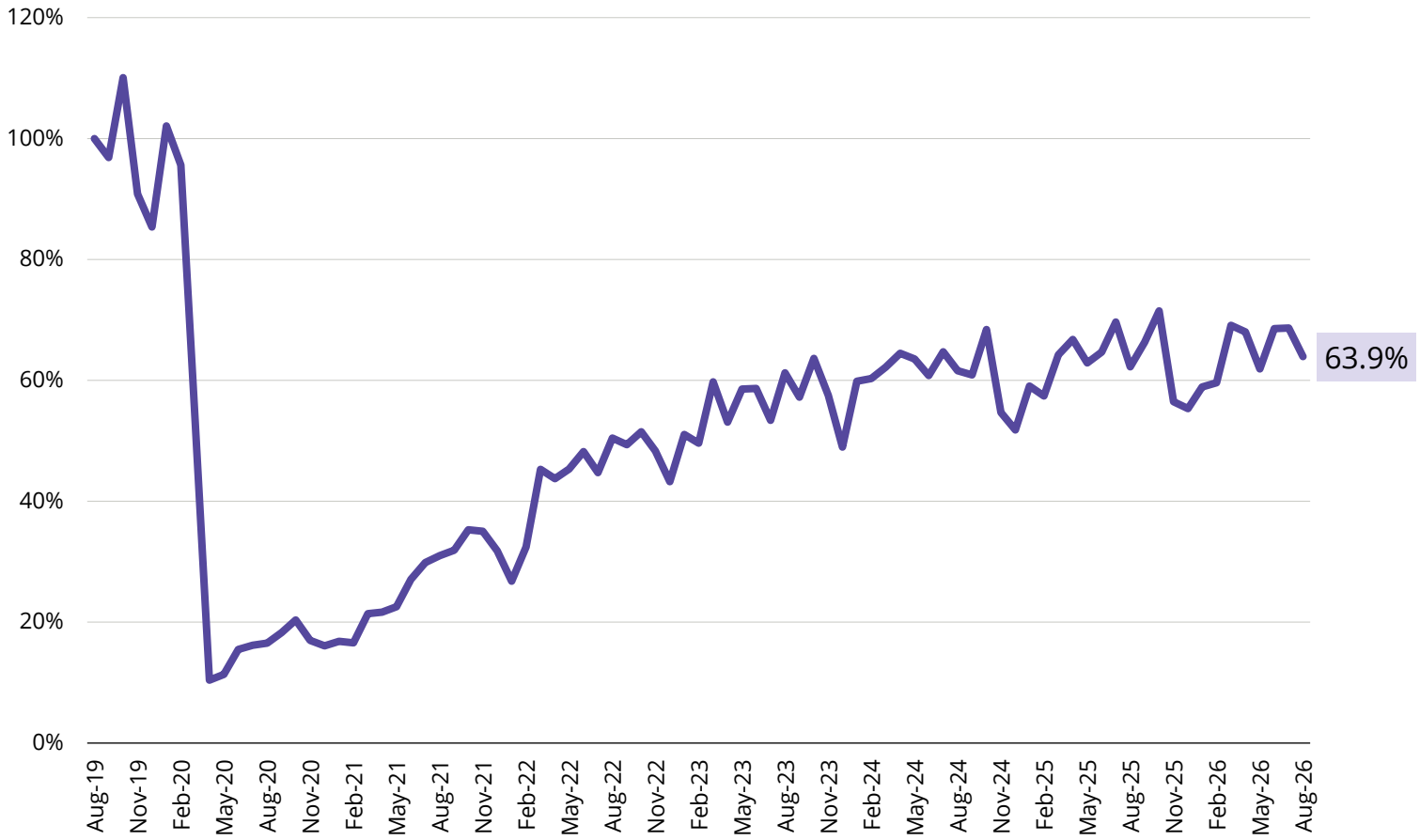
## Introducing

# 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 2026



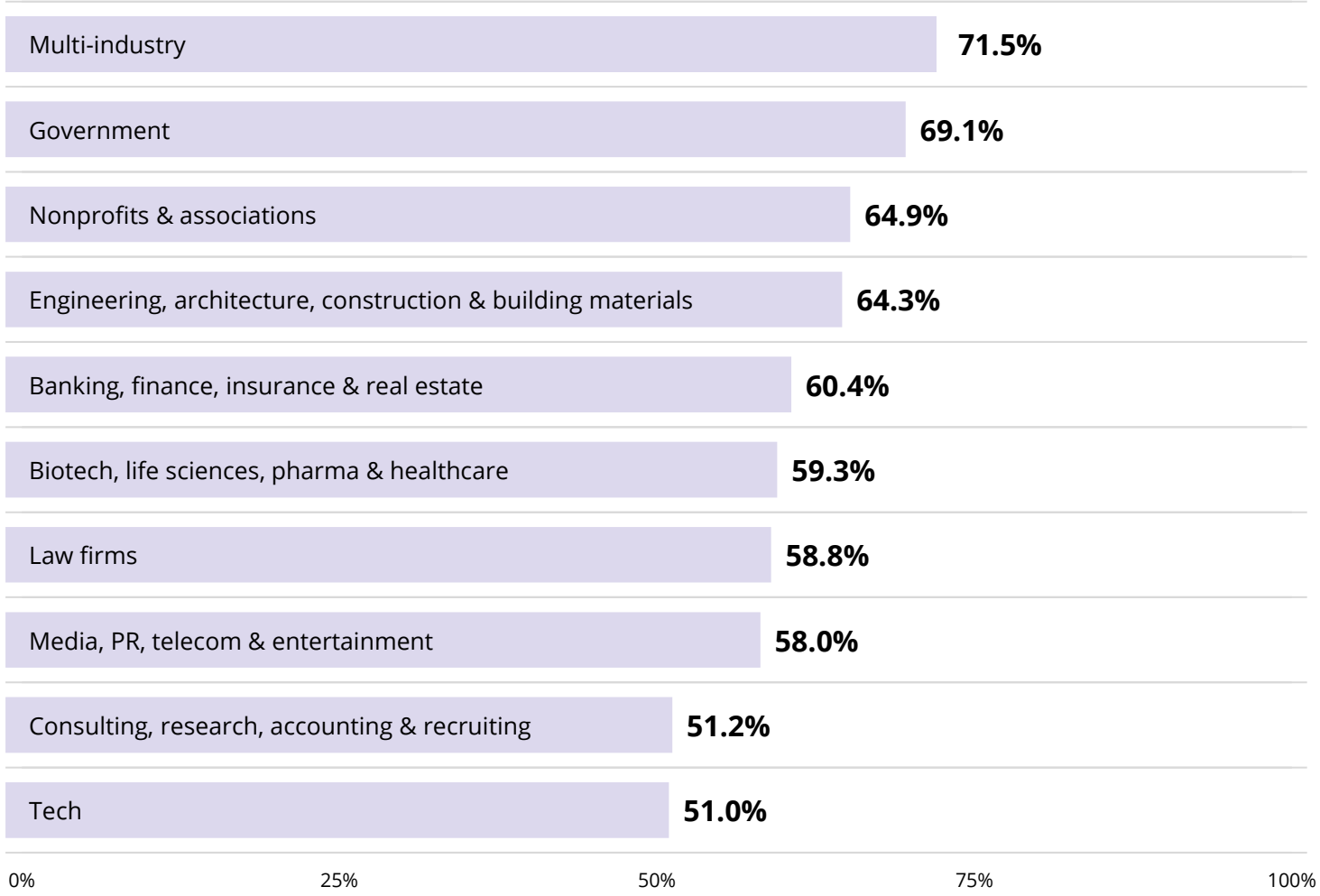

As of August 2026, office buildings across the U.S. are 63.9% as busy as they were in August 2019.

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.



Source: Avison Young Market Intelligence, Placer.ai

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




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

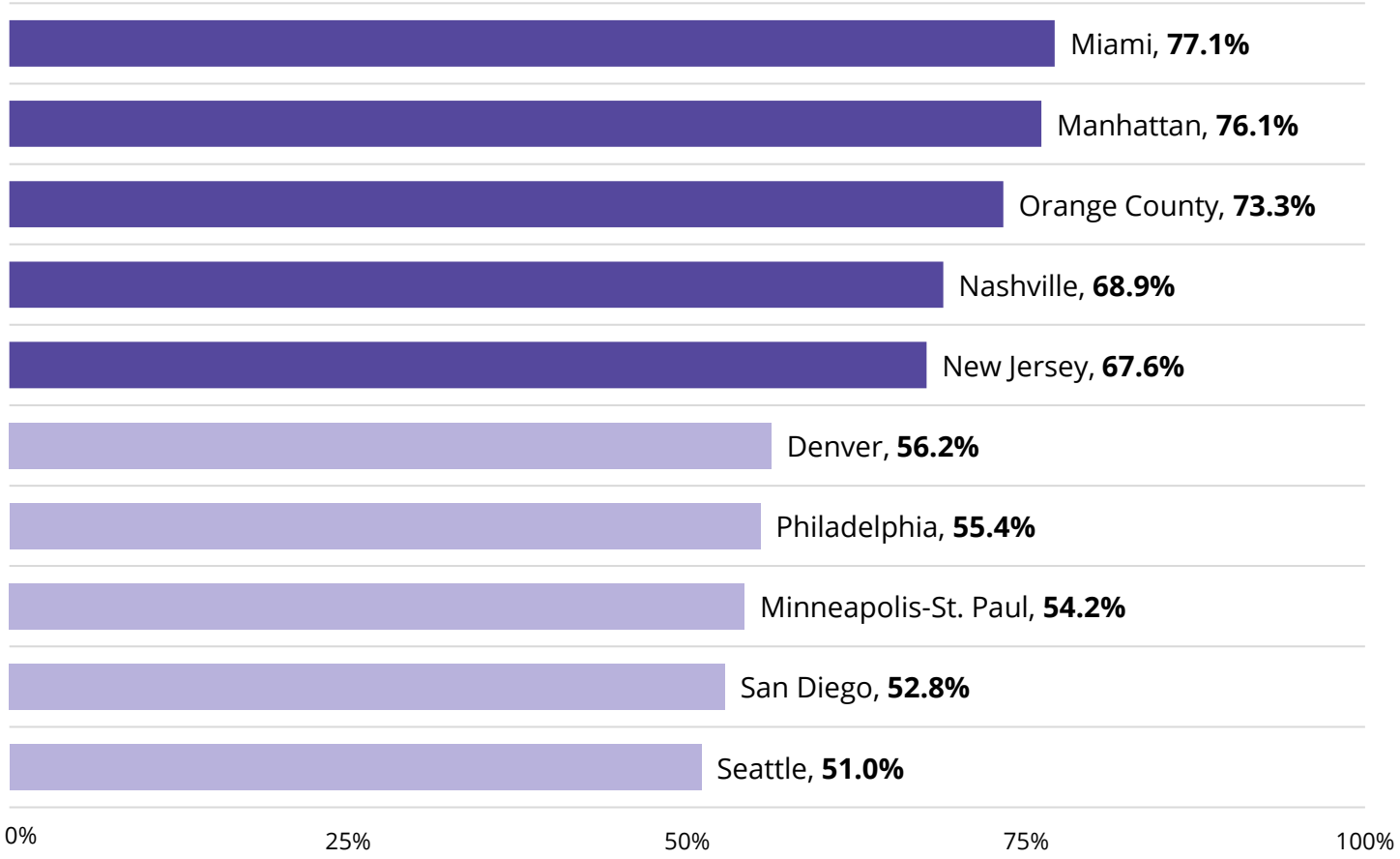
For example, government entities and nonprofits were at 69.1% and 64.9% of their 2019 levels in August 2026, respectively.

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



Source: Avison Young Market Intelligence, Placer.ai

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




Office recovery also varies by market.

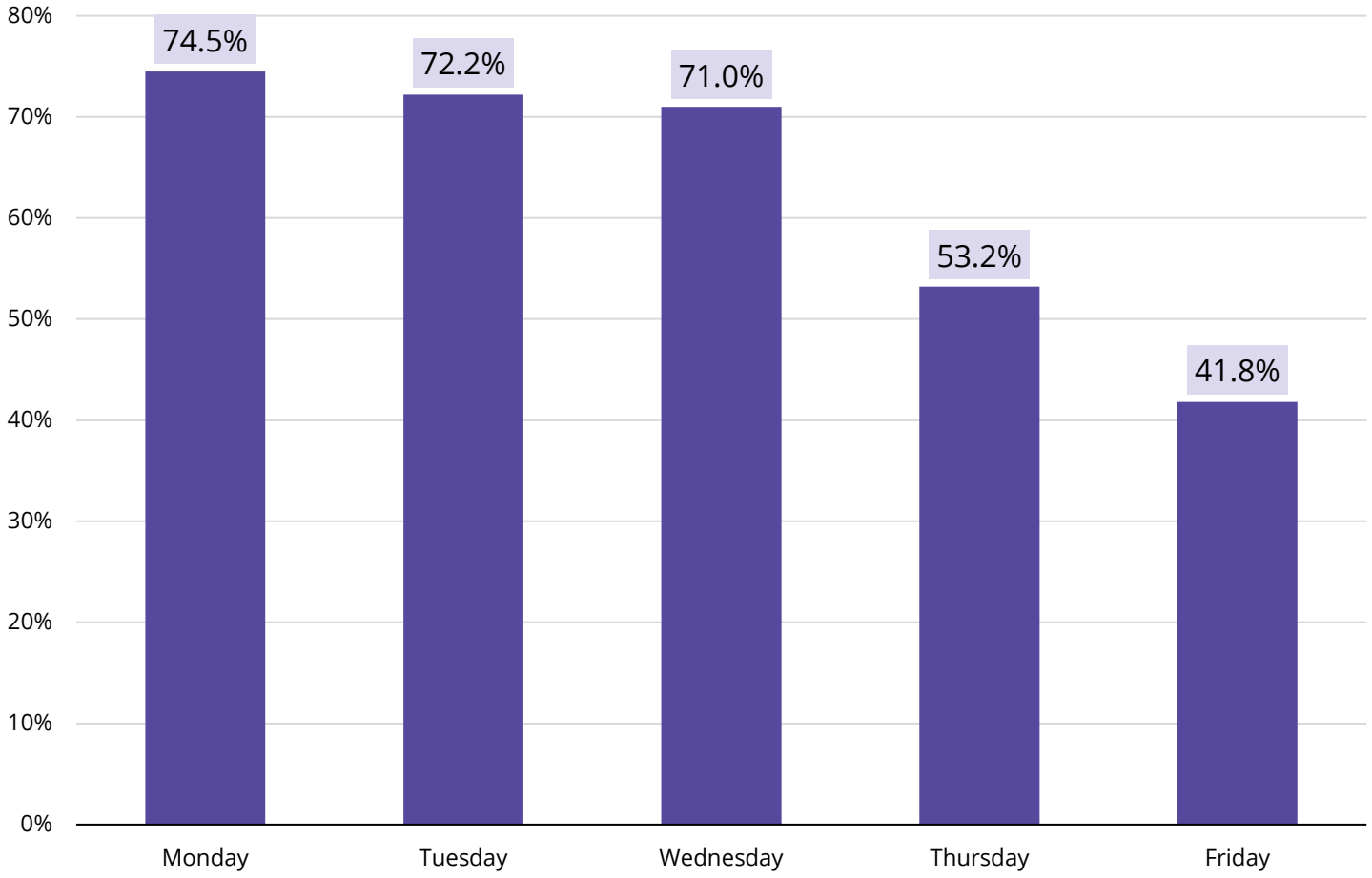
As of August 2026, Miami and Manhattan's offices are over 75% as busy as they were in August 2019.

On the other hand, Seattle and San Francisco Peninsula have not recovered as well, at 51% and 37.1%, respectively.



Source: Avison Young Market Intelligence, Placer.ai

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




Looking at office busyness across the U.S. by day, Monday through Thursday unsurprisingly posted the strong recovery relative to 2019 in August 2026.

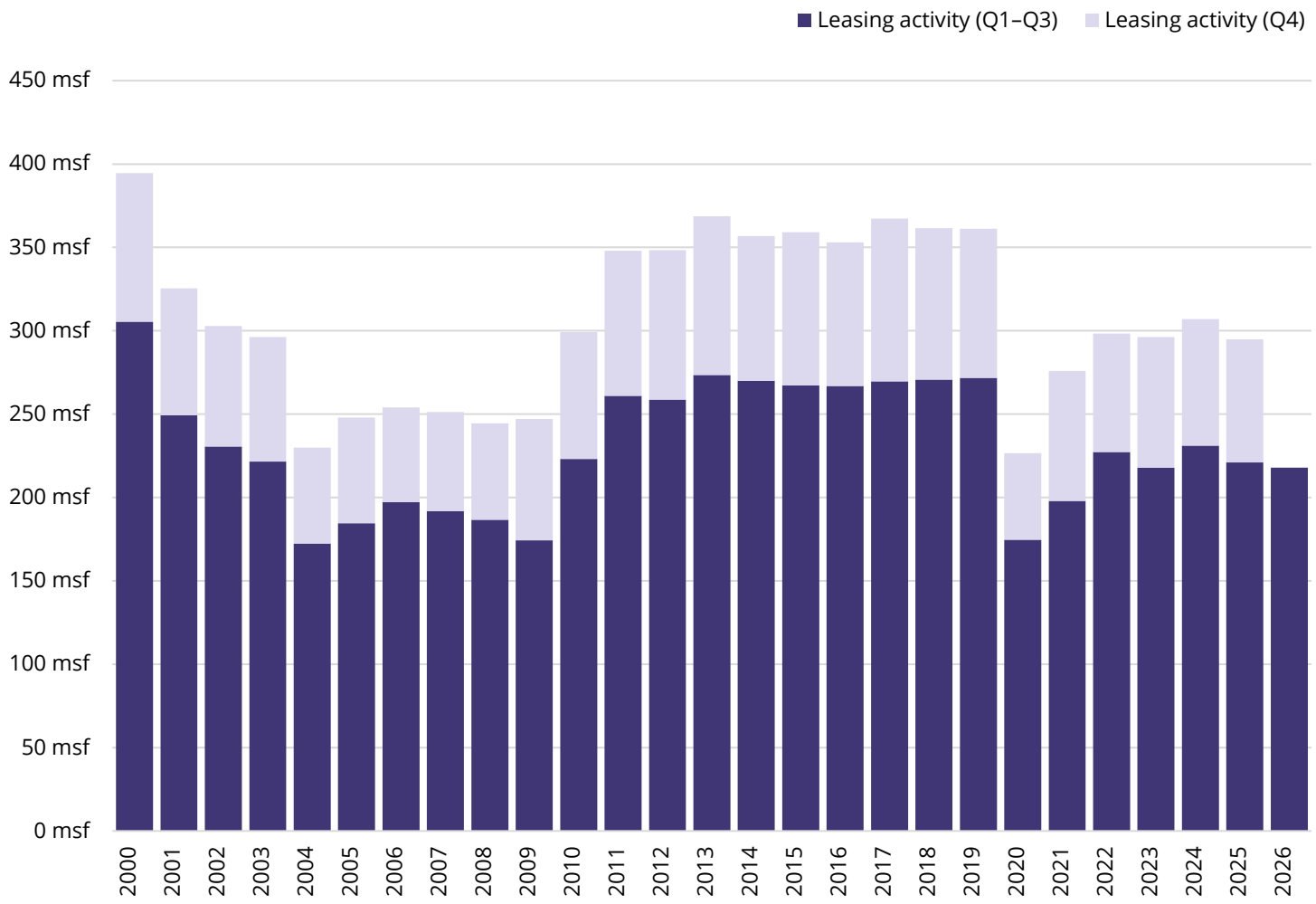
As companies' hybrid structures continue to evolve, employees seem to be adopting a three-day in-office schedule.



Source: Avison Young Market Intelligence, Placer.ai

# U.S. office market drivers

# Leasing activity

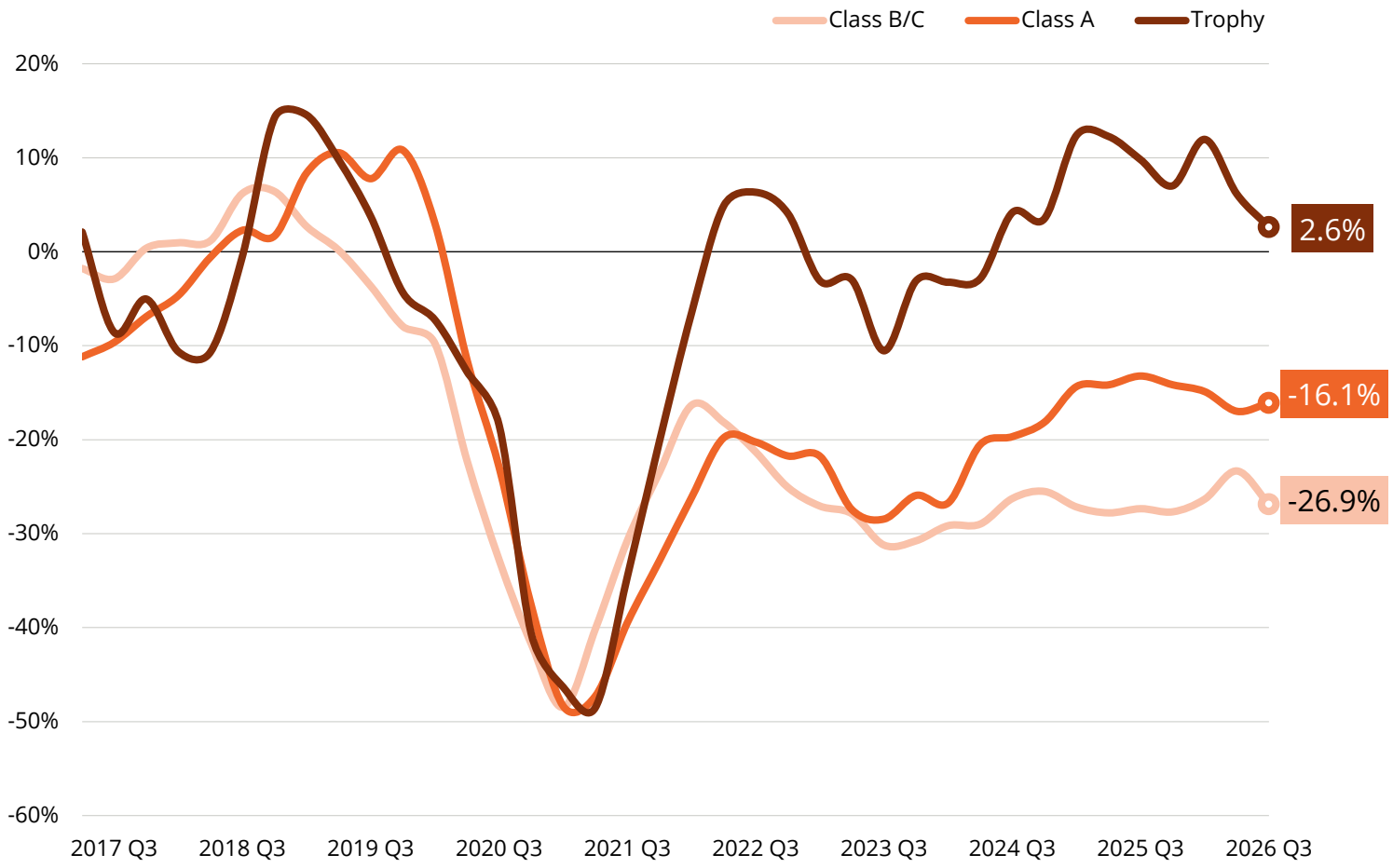



U.S. office leasing activity totaled 218 million square feet (msf) through Q3 2026, 8.2% below the average Q1–Q3 volume recorded from 2000 to 2019 and down 1.3% from the same period in 2025.



Source: Avison Young Market Intelligence, CoStar

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



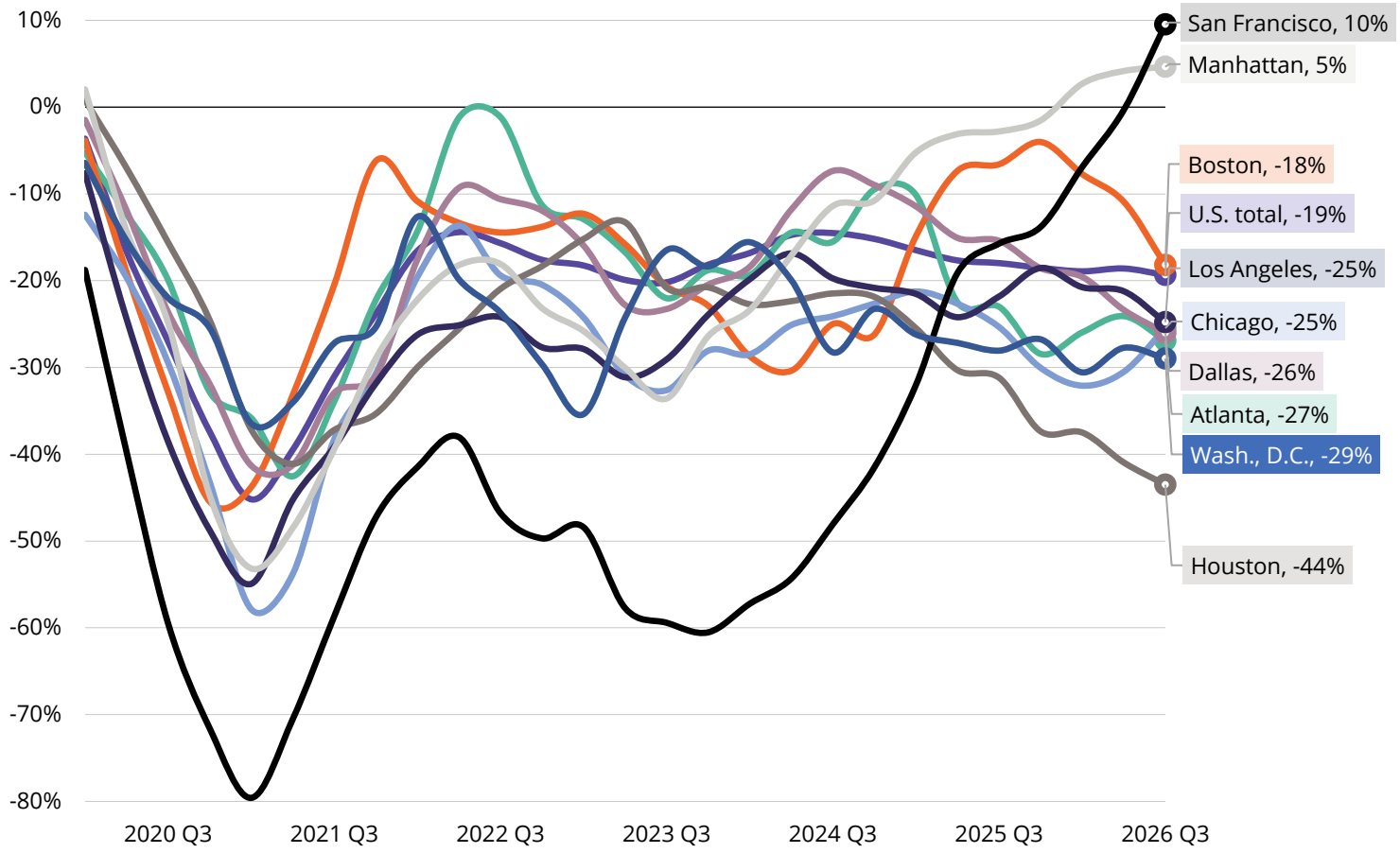

Includes: Atlanta, Boston, Chicago, Dallas, Ft. Lauderdale, Manhattan, Miami, San Francisco, Washington, D.C.
Source: Avison Young Market Intelligence, CoStar

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, only falling recently as a reflection of limited inventory.

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

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



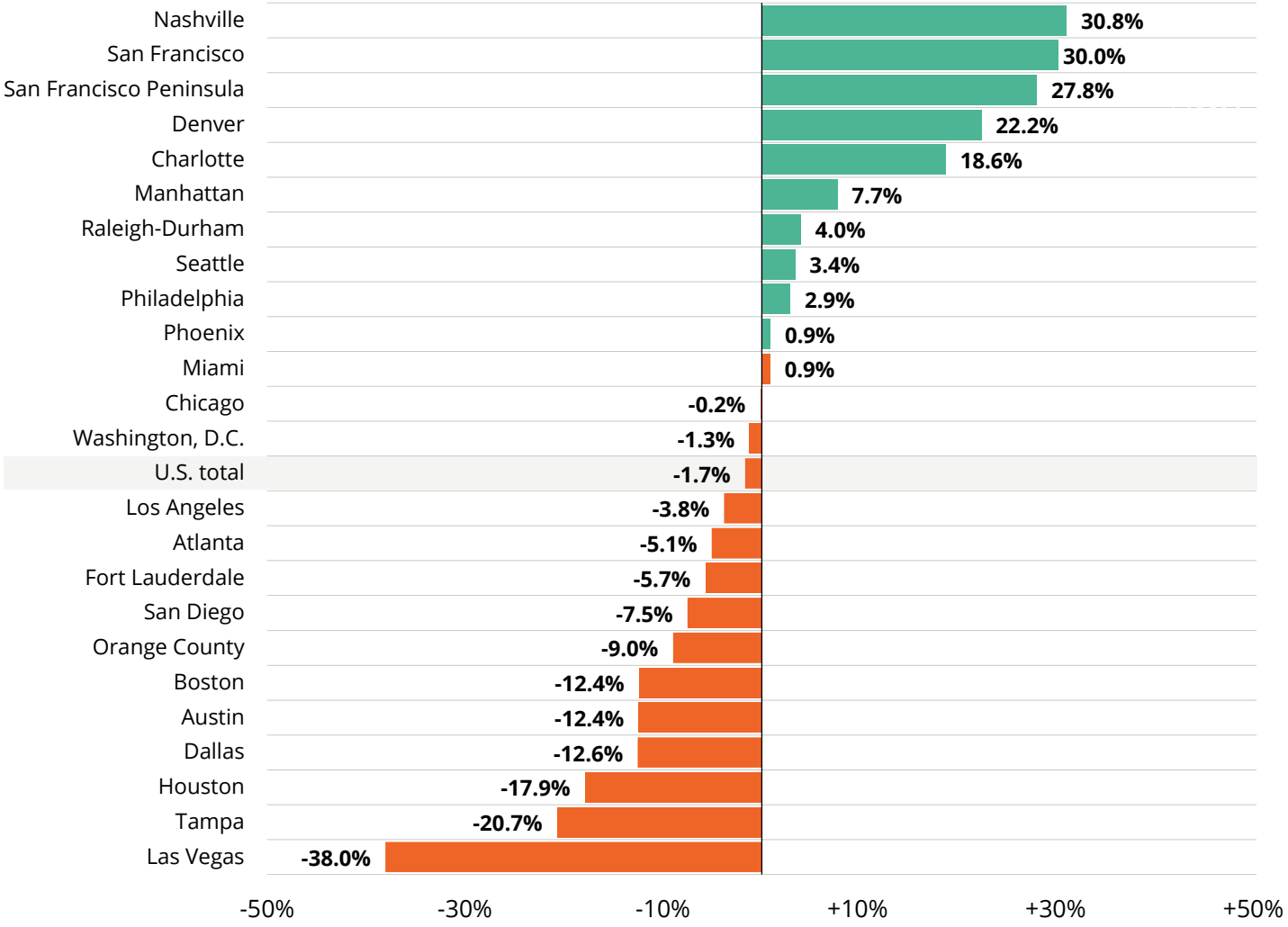

Just as recovery varies by asset class, it also varies widely by market, with the majority of markets remaining below pre-COVID leasing levels.

By contrast, Manhattan and San Francisco have achieved full recovery, with leasing volumes over the past four quarters meeting or exceeding pre-pandemic levels.



Source: Avison Young Market Intelligence, CoStar

# YoY changes (%) in leasing volume by market



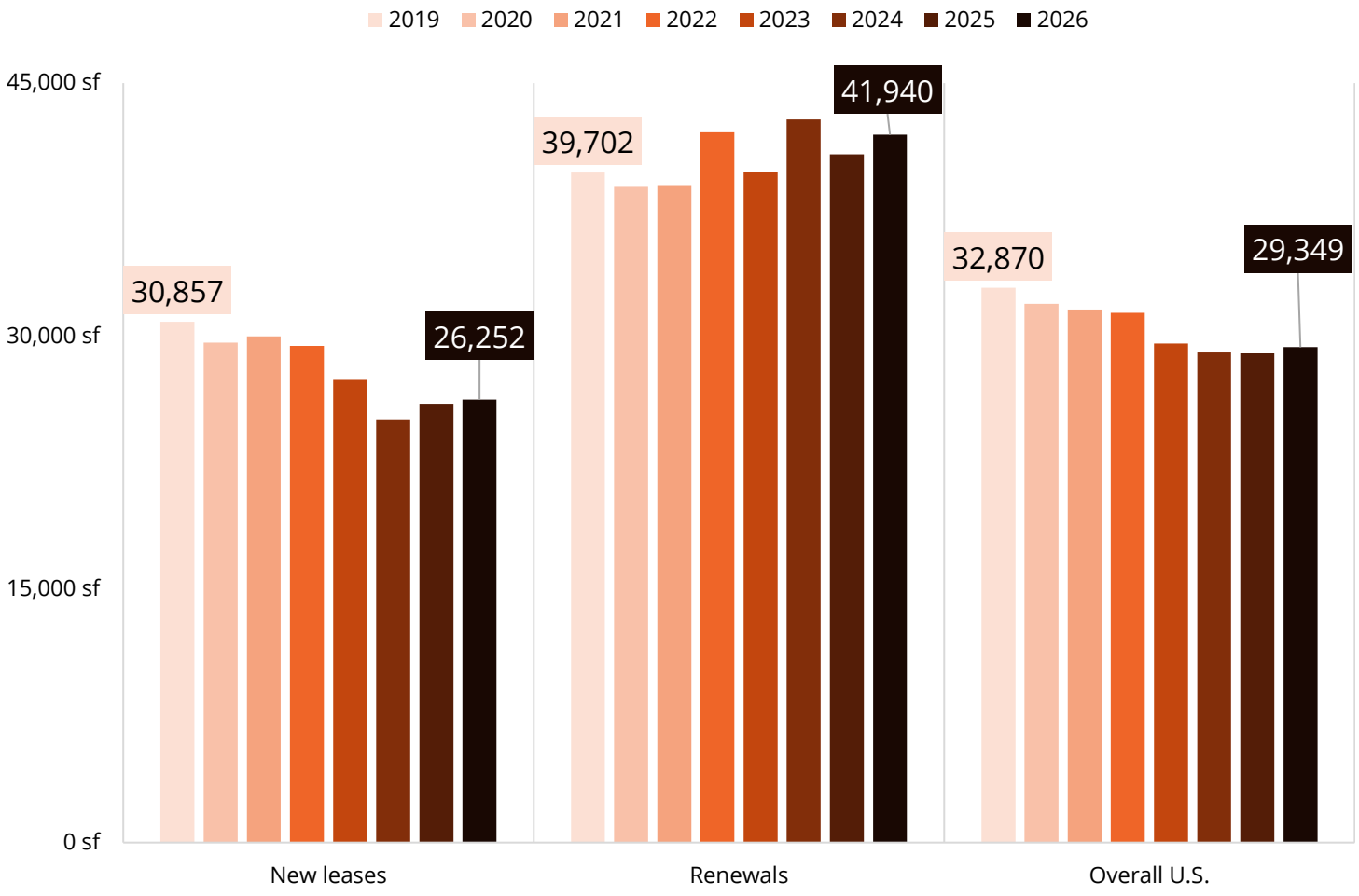

Year-over-year (YoY) changes in leasing volume show a snapshot of recent momentum and potentially signal a sustained recovery ahead.

Nashville and San Francisco recorded the largest increases among the markets shown, while several Sun Belt and West Coast markets posted declines.



Source: Avison Young Market Intelligence, CoStar

# U.S. average office lease size

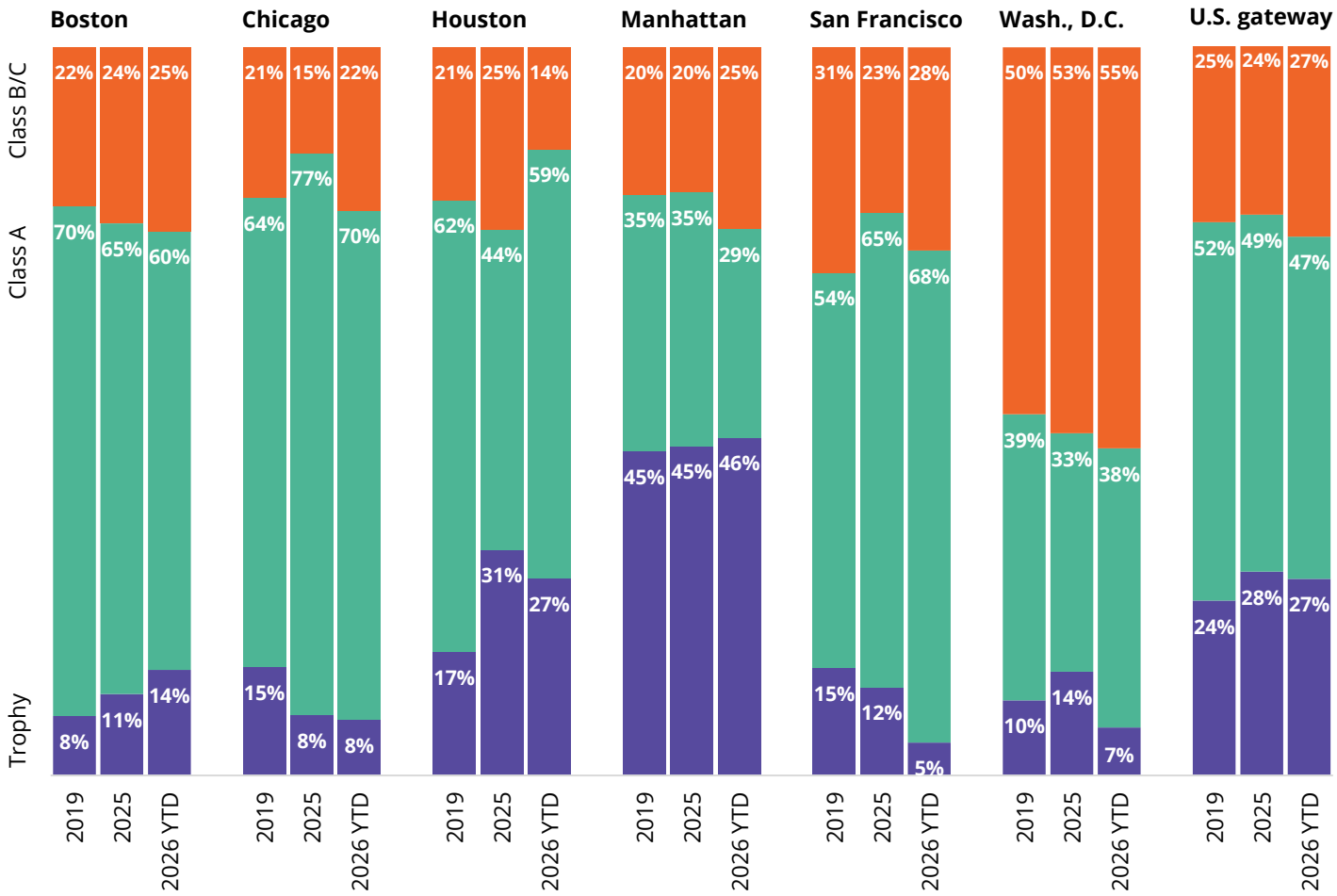



Note: Includes leases 10,000+ sf
Source: Avison Young Market Intelligence, CoStar

Average U.S. office lease sizes remain 8.1% below 2019 levels, despite increasing modestly in 2026.

Renewals continue to command significantly larger footprints than new leases, averaging approximately 42,000 sf compared with 26,000 sf for new transactions.

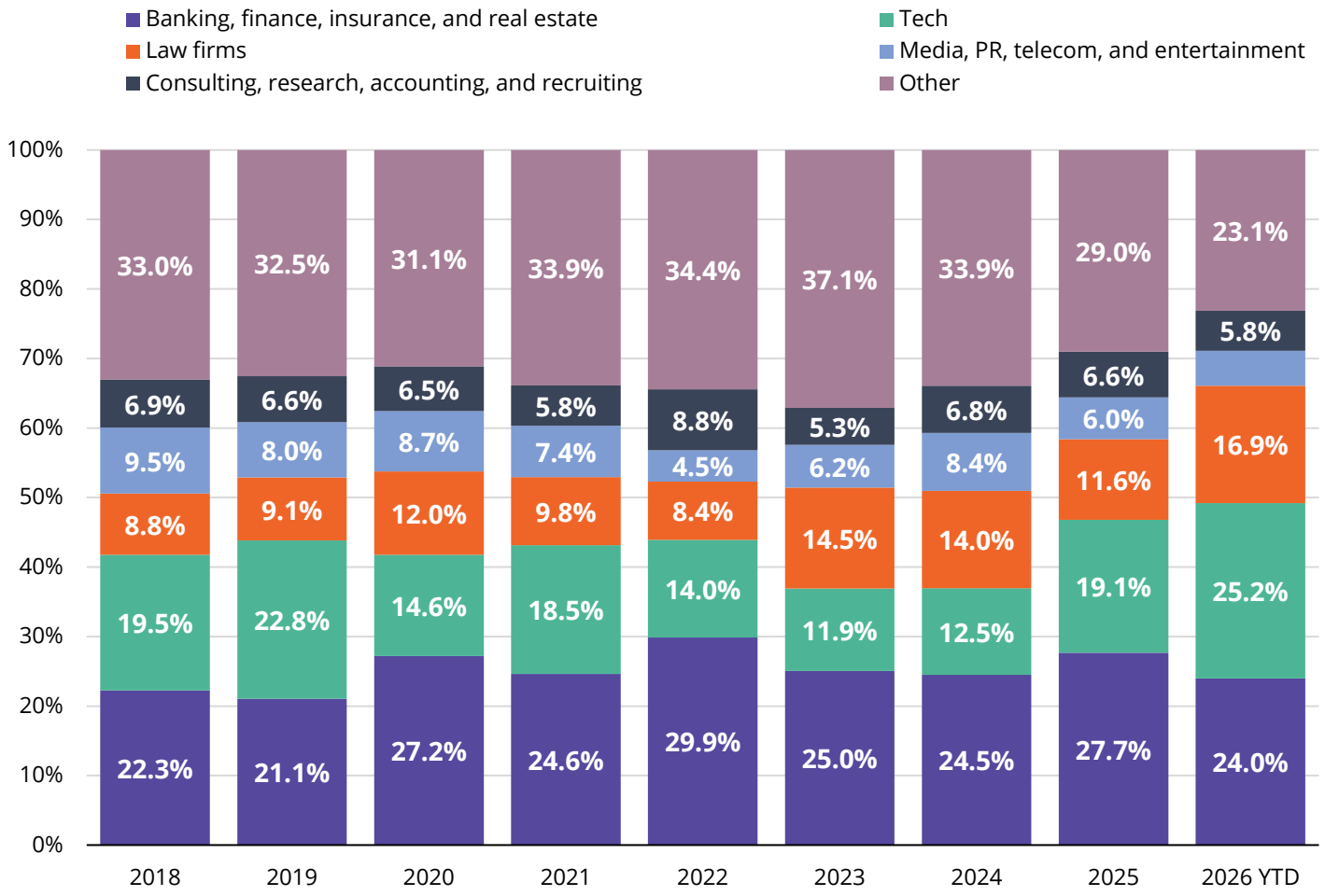
# Transaction activity by asset class




The flight–to-quality trend remains strong, with trophy/ class A leasing dominating in most major markets.

Note: Includes direct leases and subleases
Source: Avison Young Market Intelligence

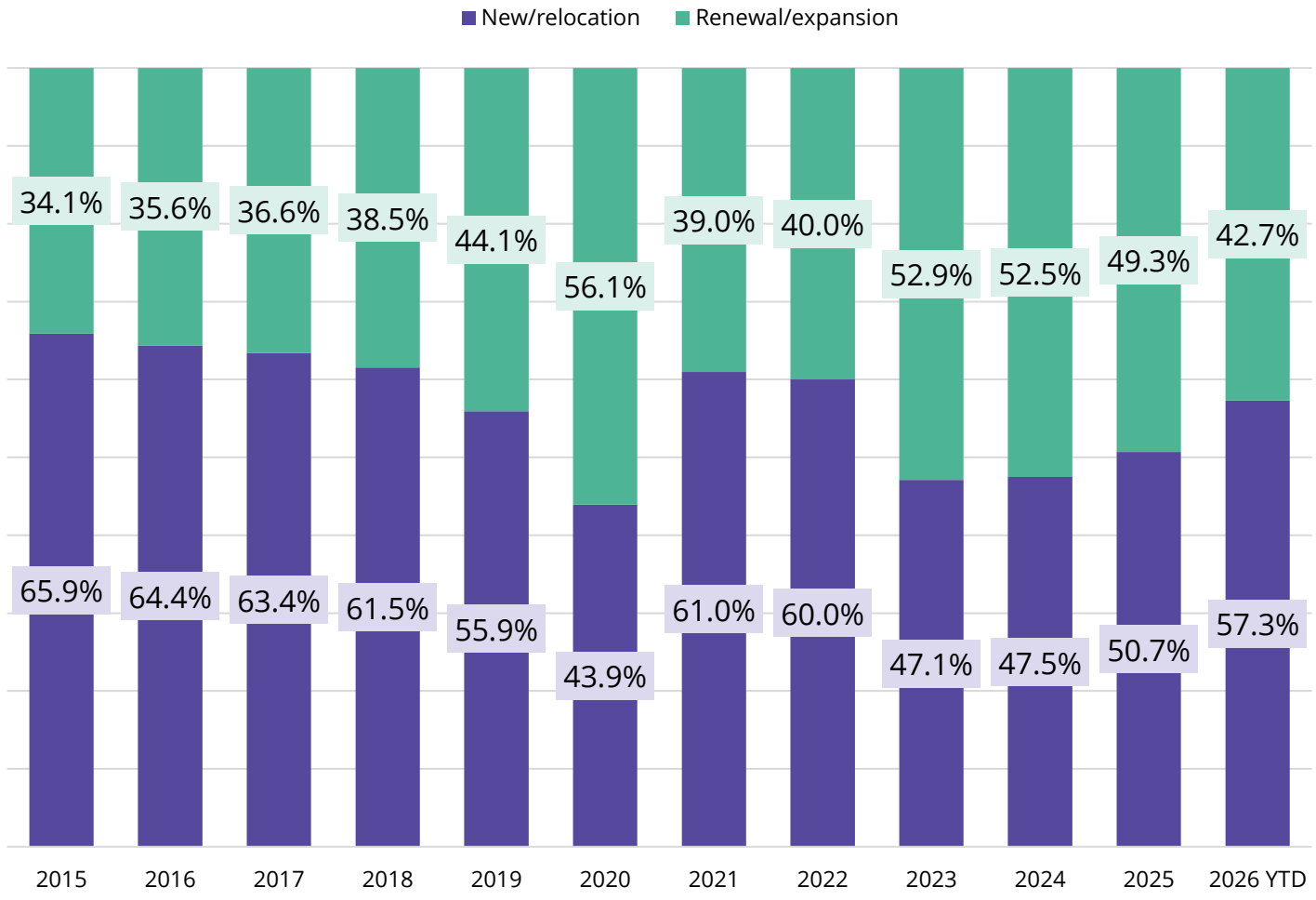
# Leasing activity share by major industry




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

Office-using industries across U.S. gateway markets have moved through different leasing cycles, with tech firms accounting for a significantly larger share of activity during the first three quarters of 2026.

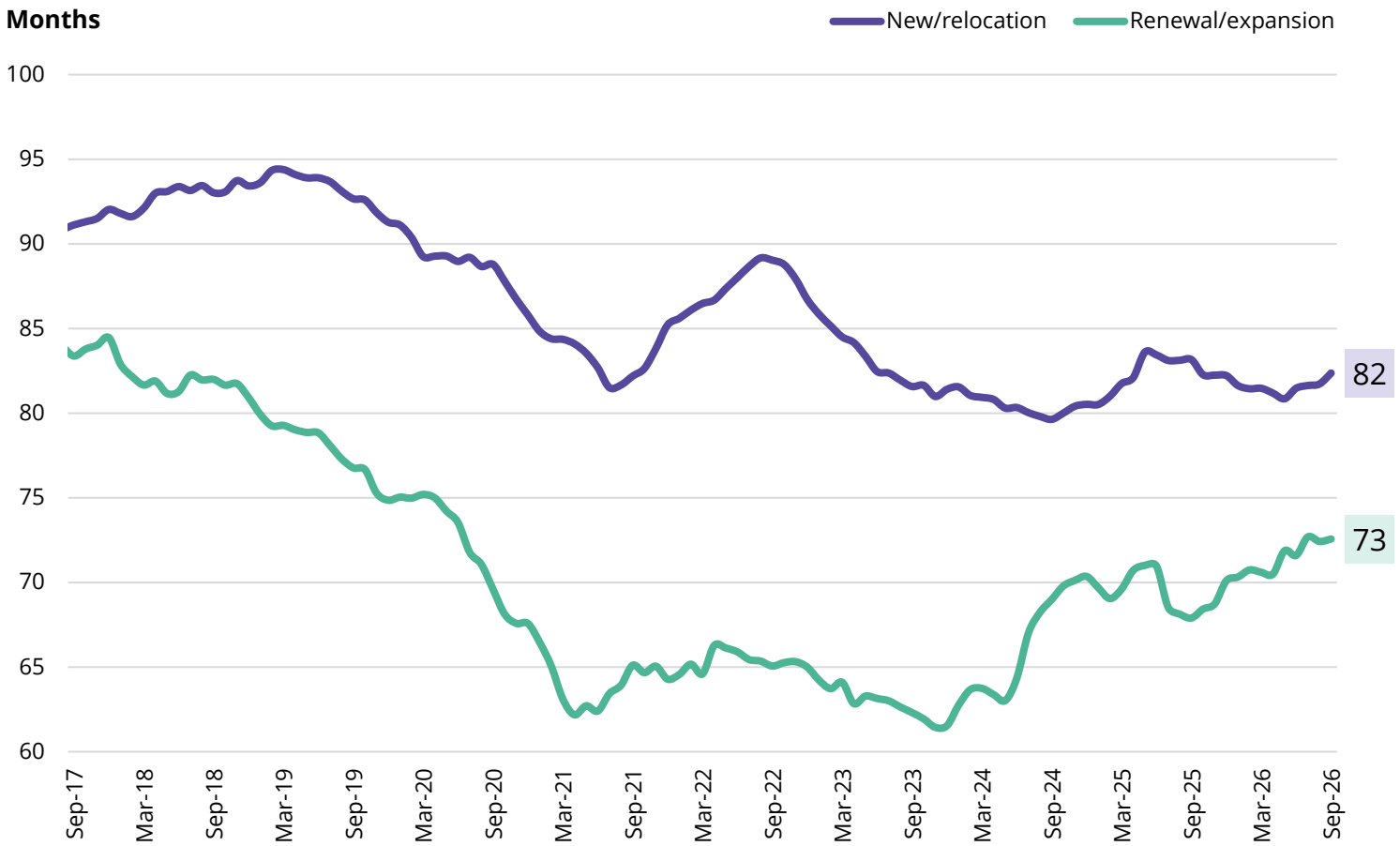
# Transaction activity by lease type




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

New and relocation leases have accounted for 57.3% of deals in 2026, marking the highest level since 2022 and continuing a three-year upward trend.

# Gateway market lease term length by transaction type



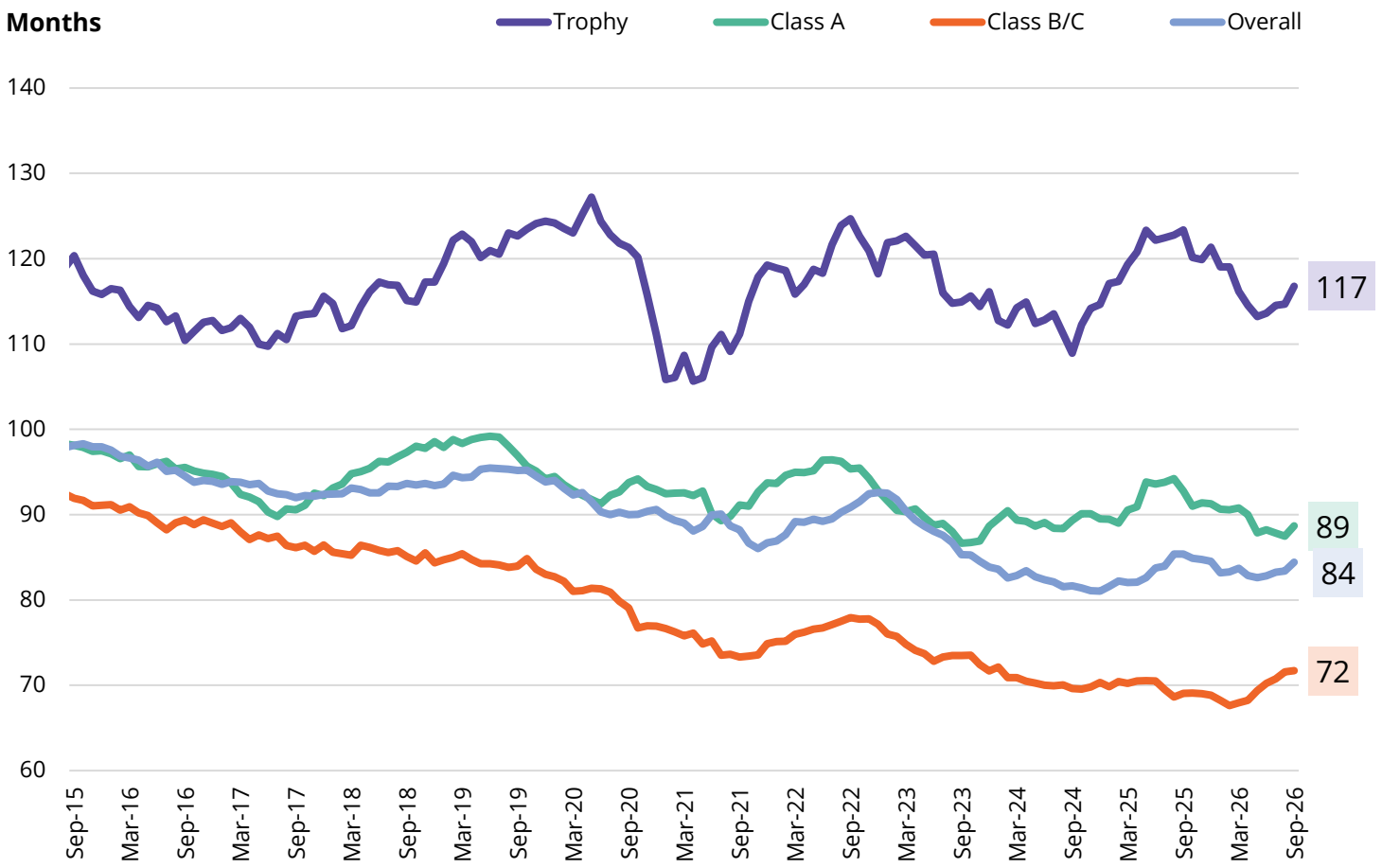

Note: Includes Boston, Chicago, Manhattan, San Francisco, and Washington, D.C. Direct relocations only.
Source: Avison Young Market Intelligence

Across U.S. gateway markets, lease terms have shortened significantly since 2019 but appear to have stabilized over the past year.

The average term length on new leases has dropped by 7.4%, while renewal terms have fallen by 1.3%.

However, in the last year, renewal lengths have grown by 6.9%.

# Gateway market lease term length by class

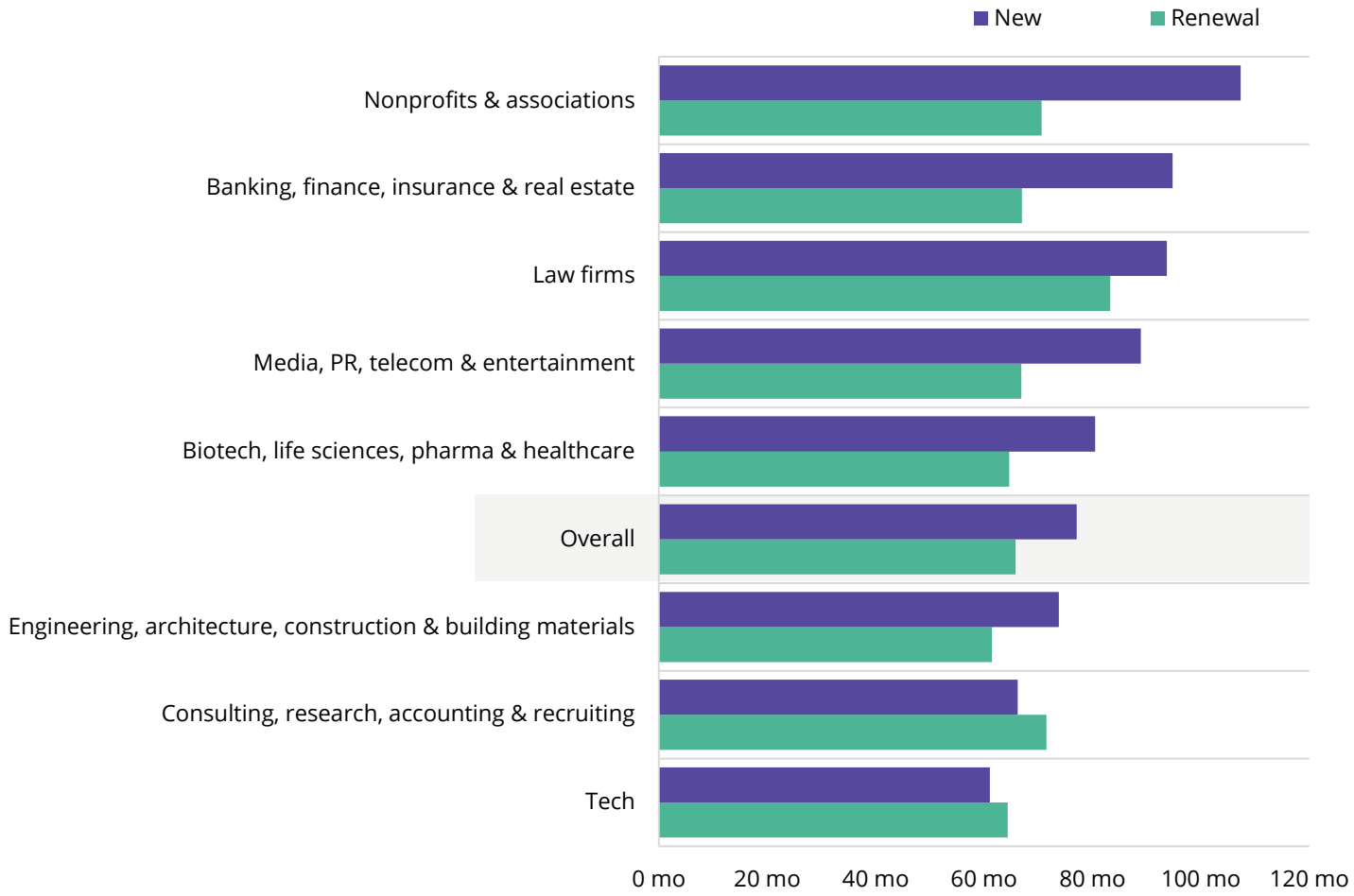



Note: Includes Boston, Chicago, Manhattan, San Francisco, and Washington, D.C. Direct relocations only.
Source: Avison Young Market Intelligence

Trophy properties in U.S. gateway markets 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 is approximately five months longer than the overall average, while class B/C lease terms are roughly 12 months shorter.

# Lease terms by major industries

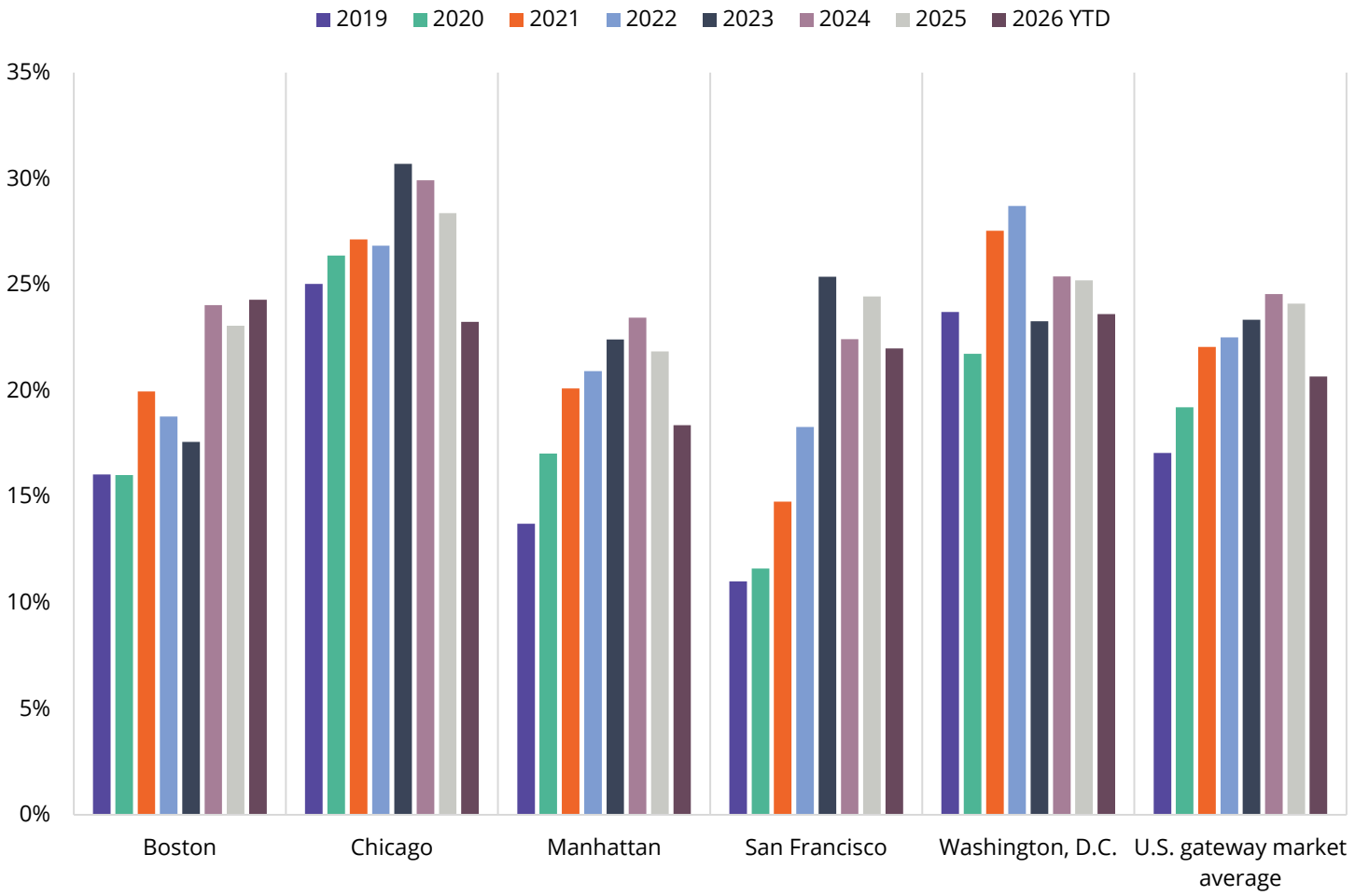



Note: Includes Boston, Chicago, Dallas-Ft. Worth, Los Angeles, Manhattan, San Francisco, and Washington, D.C. Data reflects 12-month average, direct and sublease.
Source: Avison Young Market Intelligence

Through Q3 2026, average U.S. office lease term lengths reached 77 months for new leases/relocations and 66 months for renewals.

Notably, consulting and tech firms recorded longer renewal terms than new deal terms during this period.

# Concessions as a share of lease value

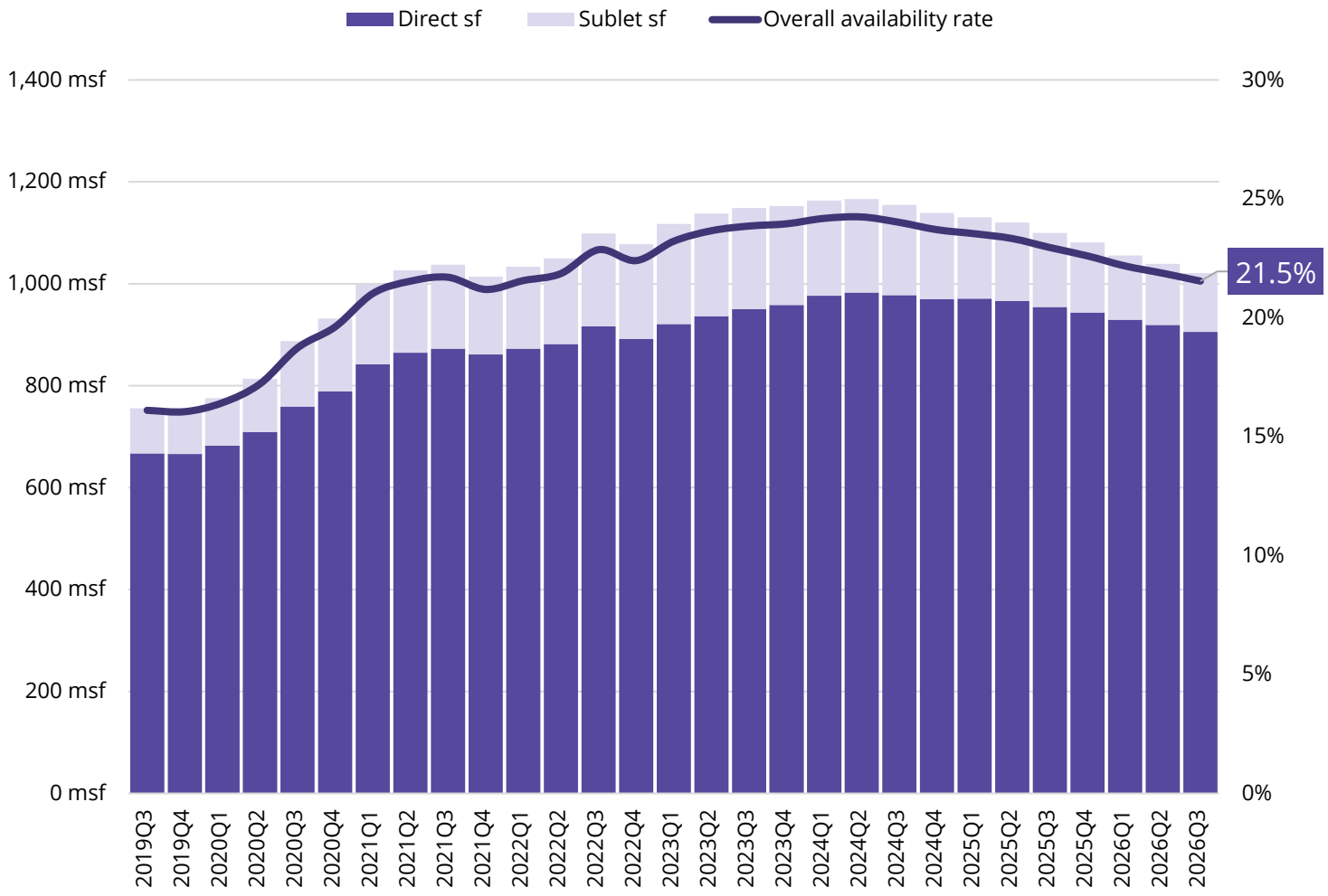



Note: Concessions include the value of tenant improvement allowances and free rent periods. Direct relocations only with 7+ year lease terms.
Source: Avison Young Market Intelligence

Concession packages as a share of lease value continued to taper through Q3 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 decline from 25% two years ago.

# Available space

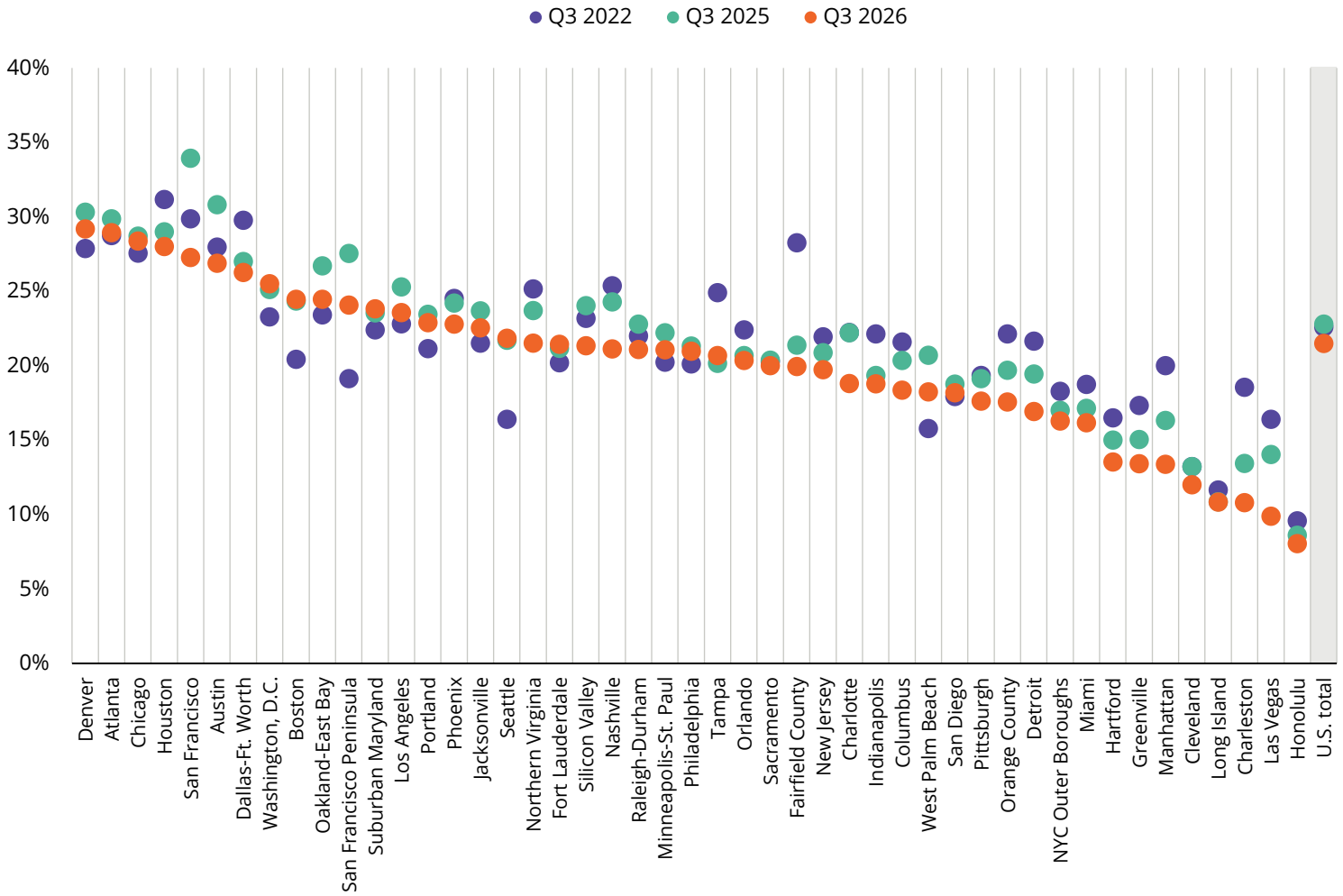



The U.S. overall availability rate dropped by 10 basis points (bps) quarter over quarter (QoQ) to 21.5% in Q3 2026, marking the ninth consecutive quarterly decline.

Direct available space fell by 13.7 msf, while sublet availability declined by 4.7 msf — a combined QoQ drop of 18.4 msf.

Source: Avison Young Market Intelligence, CoStar

# Office availability rate by market, Q3 2022–Q3 2026

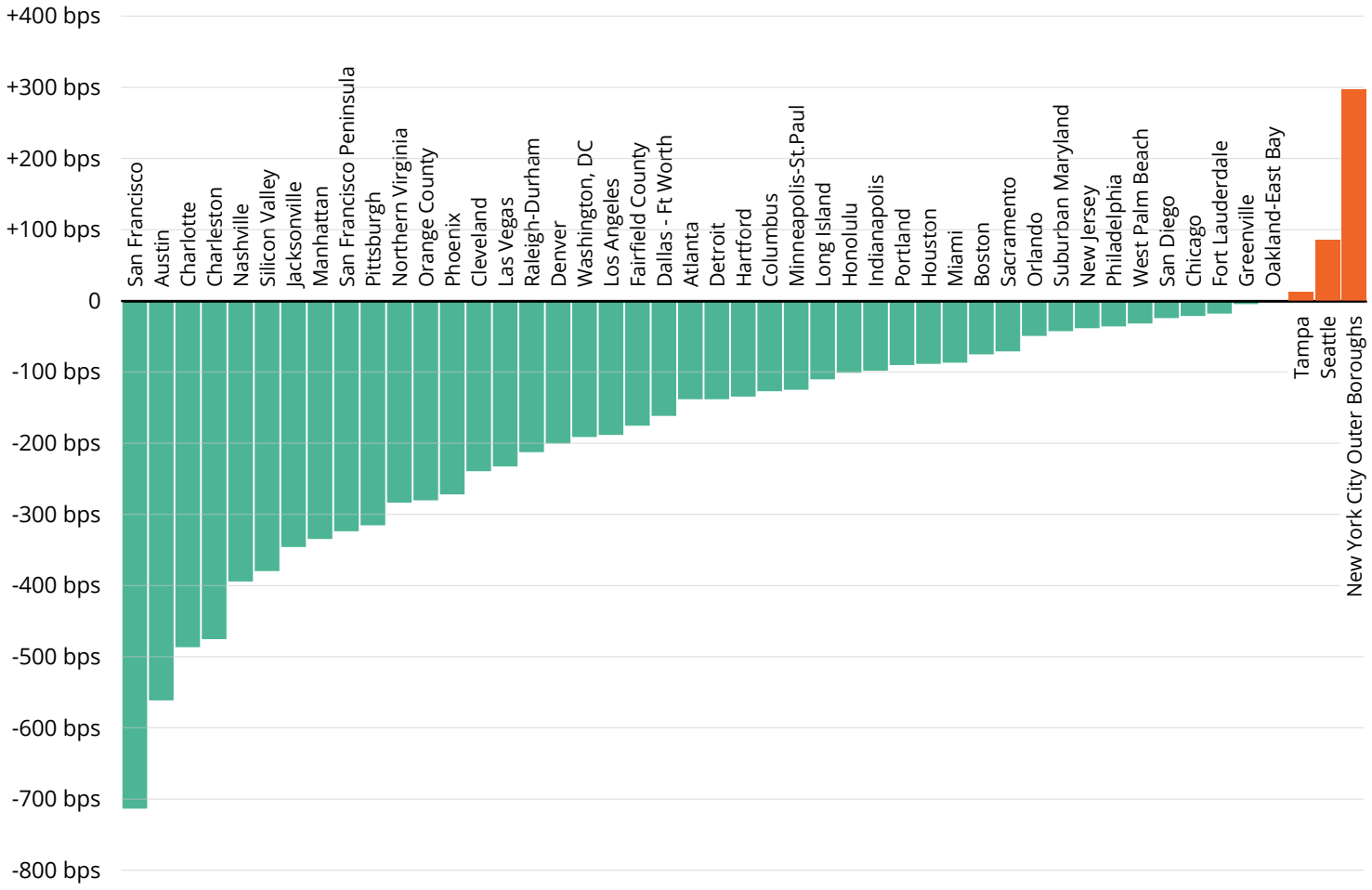



Although availability remains elevated relative to historical norms, national rates continue to decline.

Markets like San Francisco, Charlotte, and Austin have posted meaningful improvements. In fact, 87% of tracked U.S. markets saw availability rates decline compared with Q3 2025, signaling a gradual shift in supply–demand dynamics.

Source: Avison Young Market Intelligence, CoStar

# YoY availability changes (bps), trophy/class A




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

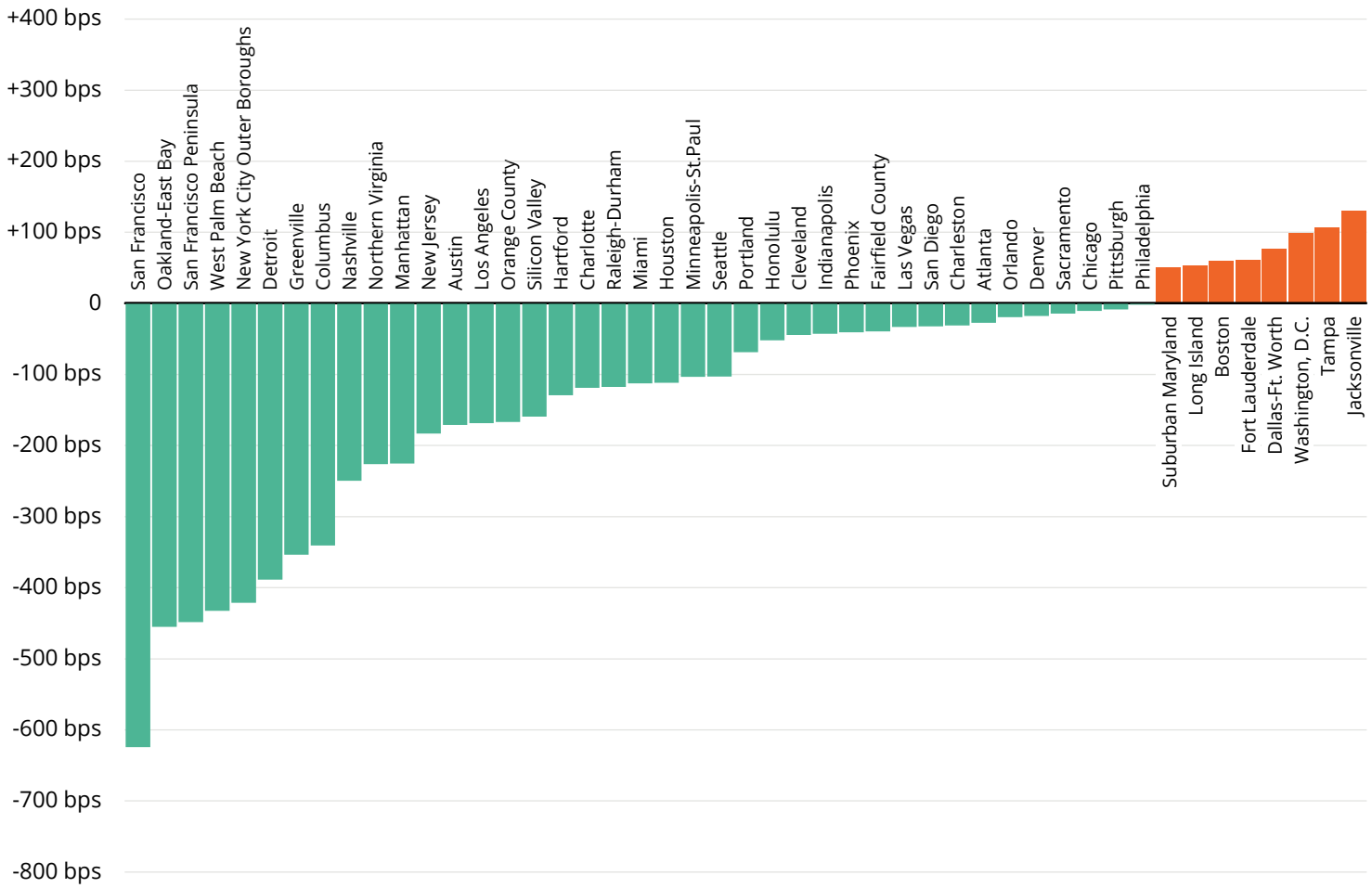
San Francisco (-710 bps), Austin (-558 bps), and Charlotte (-484 bps) recorded the largest YoY declines.

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



Source: Avison Young Market Intelligence, CoStar

# YoY availability changes (bps), class B




Over the past year, a number of U.S. markets have recorded declines in class B availability.

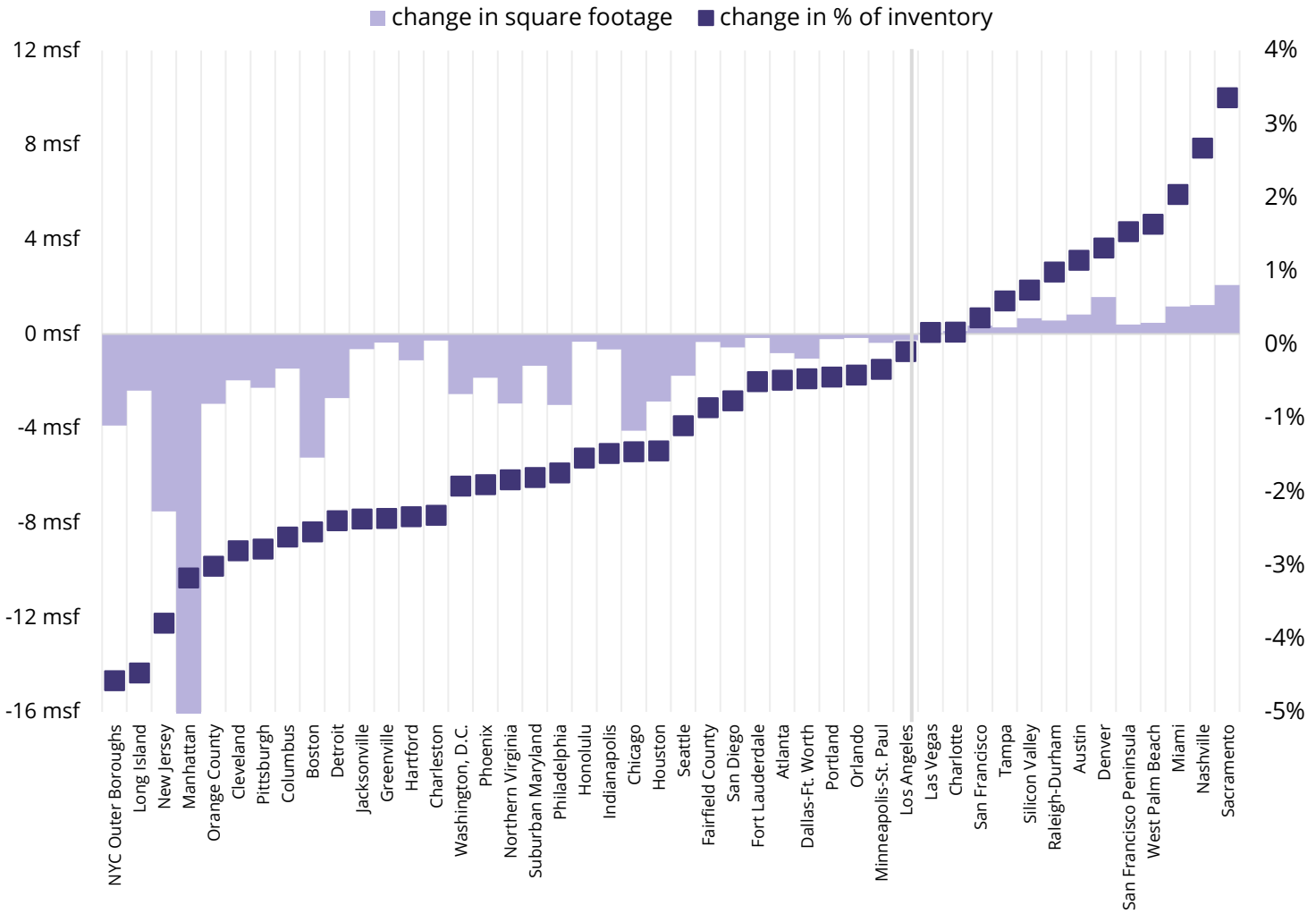
In certain markets where trophy/class A availability continues to tighten, class B availability has also started to decline, particularly in San Francisco (-625 bps) and Manhattan (-226 bps).

Meanwhile, Boston (+59 bps) and Washington, D.C. (+98 bps) continue to see increases in class B availability.



Source: Avison Young Market Intelligence, CoStar

# Office inventory changes since 2024 by market




National office availability has declined for nine consecutive quarters, driven largely by shrinking inventory.

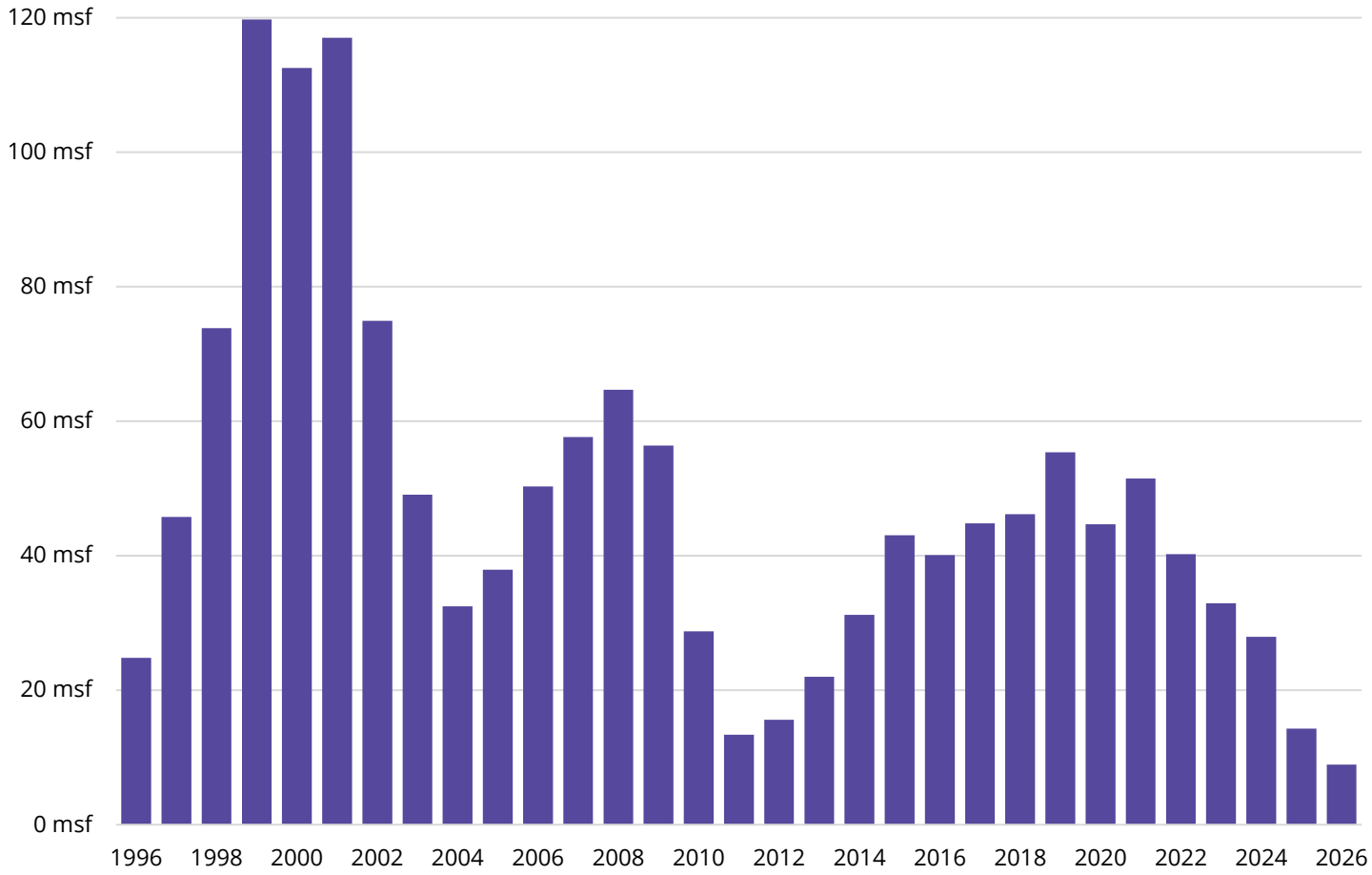
Since 2024, inventory has contracted in 80% of tracked markets as conversions, demolitions, and adaptive reuses of outdated product have reduced office supply by 1% to 5% in many cities.

However, smaller, growing markets in the Sun Belt region such as Nashville, Miami, Tampa, and Austin remain among the few where inventory has continued to grow.



Source: Avison Young Market Intelligence, CoStar

# Office construction deliveries



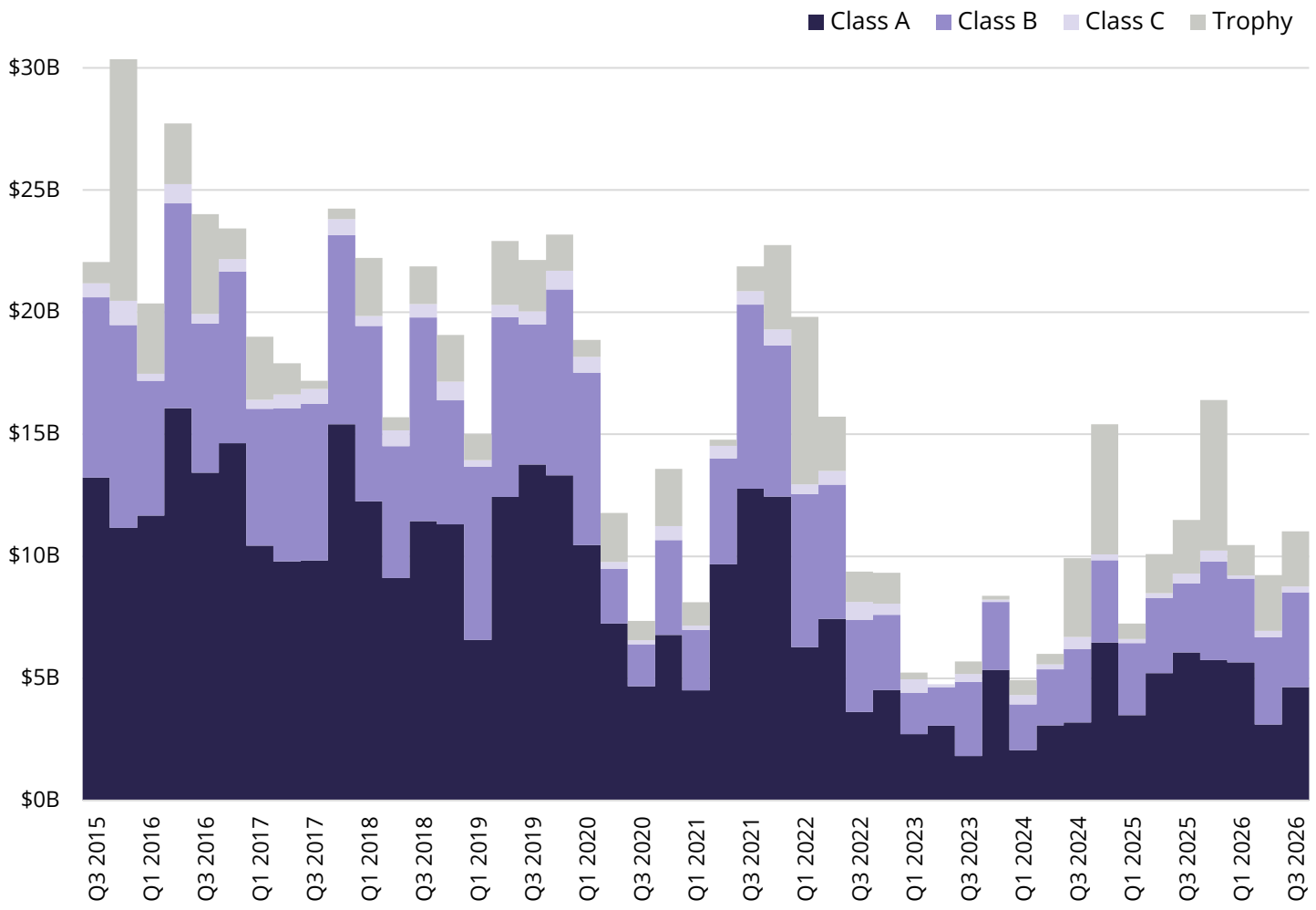

Market uncertainty, higher interest rates, and elevated construction costs have sharply curtailed new office development. The resulting scarcity of new supply is further constraining options for tenants seeking high-quality space.



Source: Avison Young Market Intelligence, CoStar

# U.S. office capital markets conditions

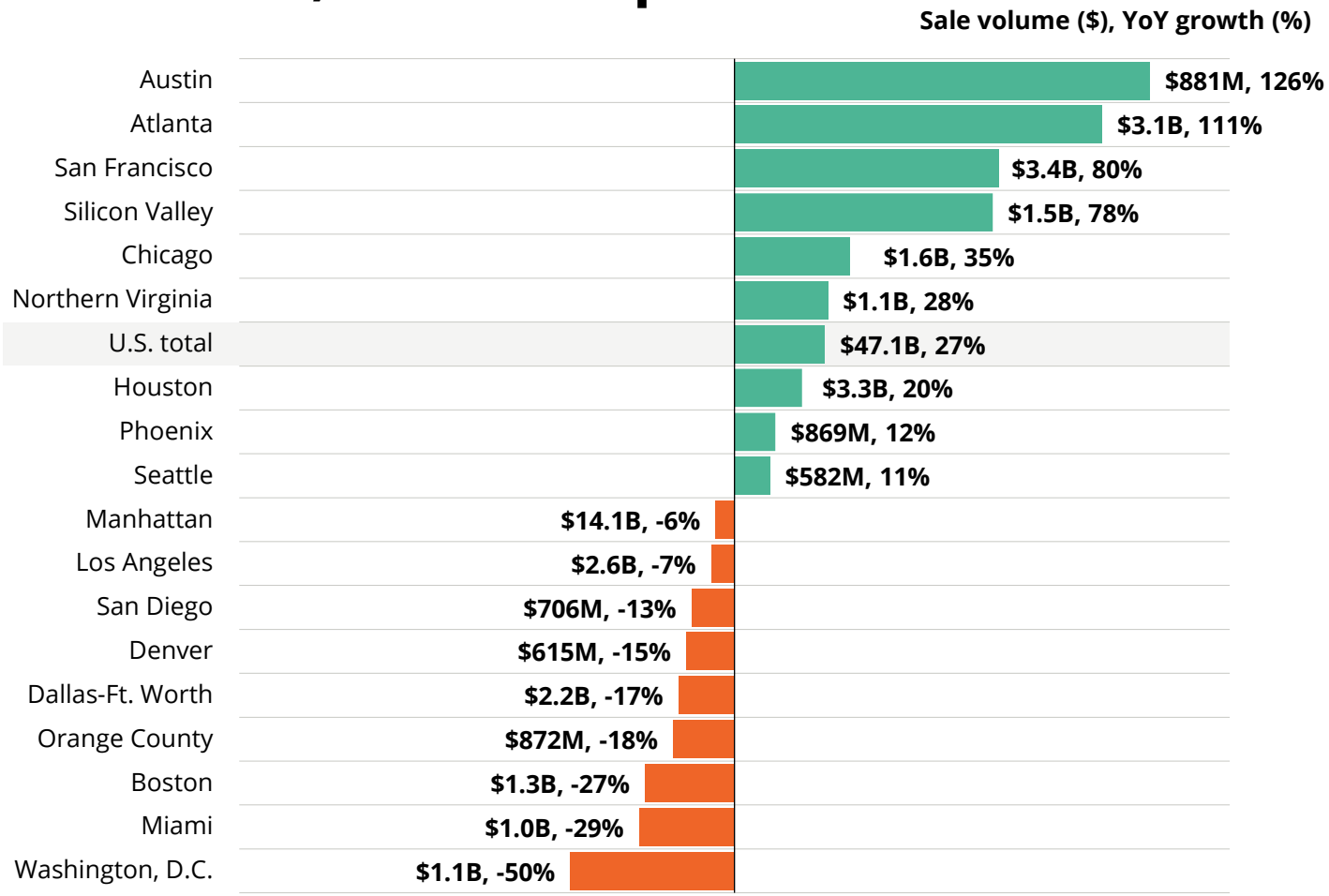
# Quarterly investment sales volume




Source: Avison Young Market Intelligence, RCA

Office sales volume totaled $30.7 billion through Q3 2026, with trophy and class A properties accounting for 63% of transaction volume.

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

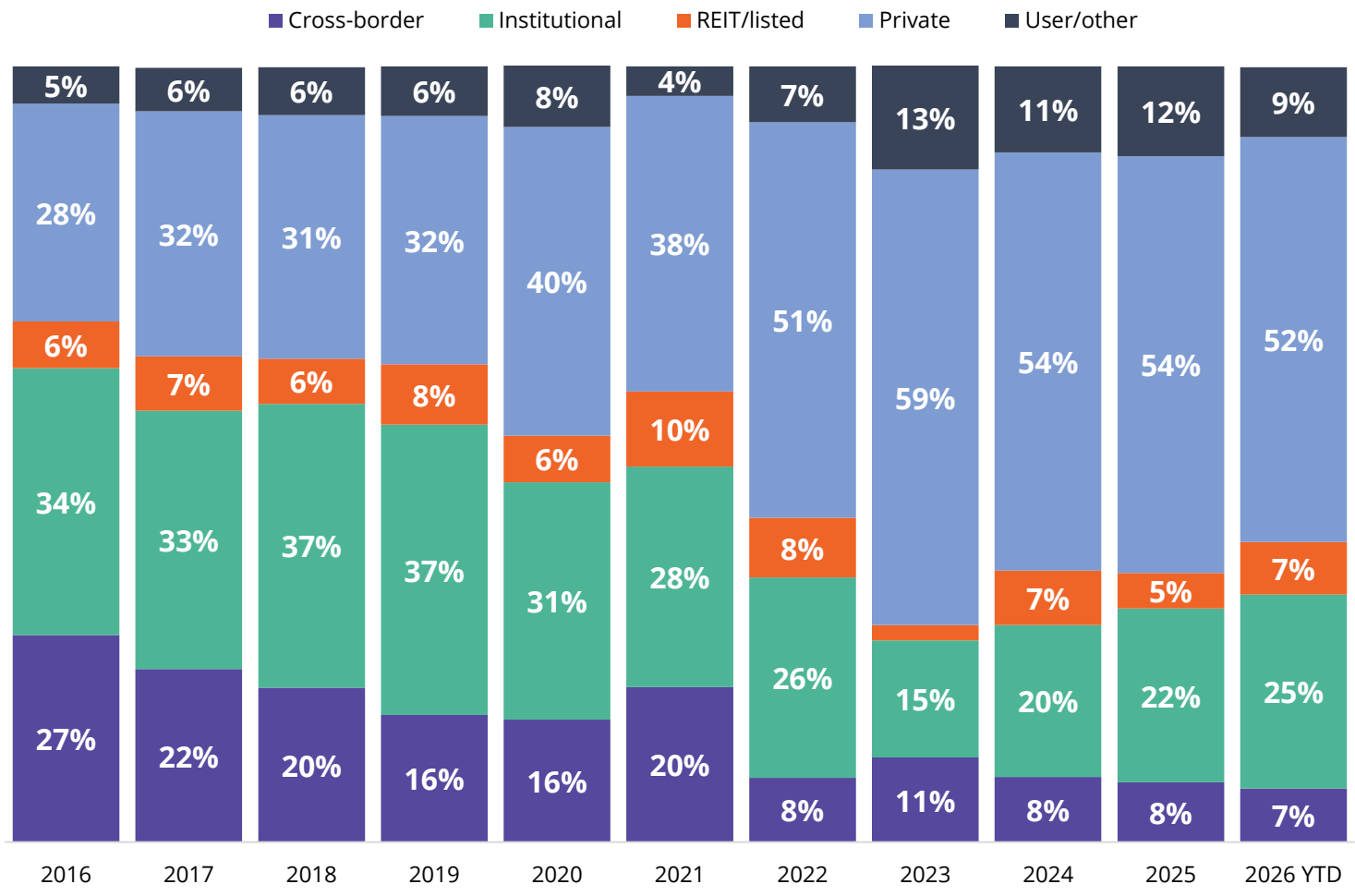



Note: Includes all CMBS and select private sales. Only markets with over $500M in transaction volume.
Source: Avison Young Market Intelligence, RCA

U.S. office sales increased 27% year over year, reflecting a cautious return of investor confidence in select markets.

Markets like Austin and Atlanta have seen notable upticks in activity, while primary markets like San Francisco, Chicago, and Houston have also recorded renewed momentum.

# Buyer composition



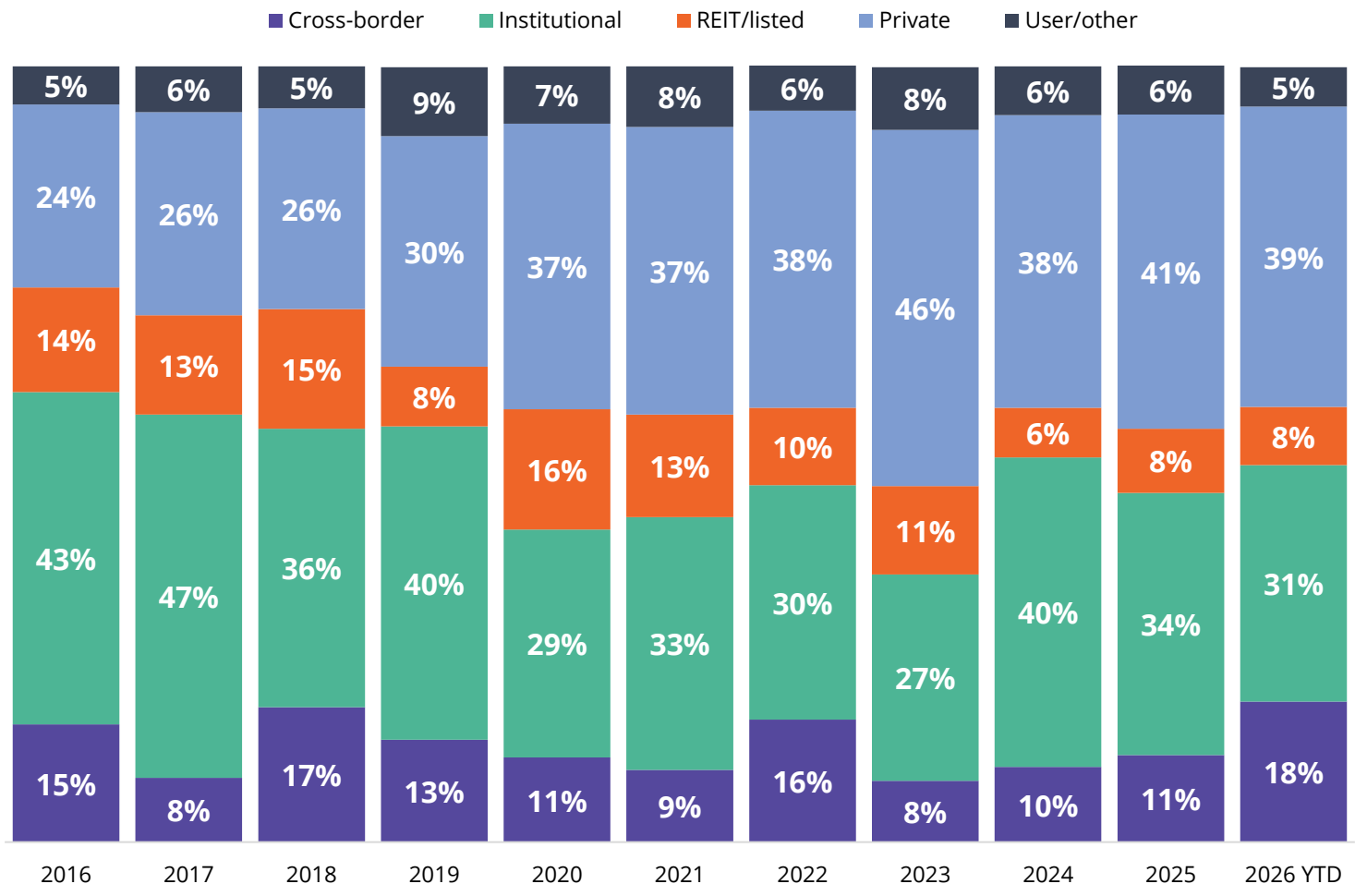

As U.S. transaction volume continues to recover, private investors have captured a growing share of post-COVID acquisitions, rising from 32% in 2019 to 52% in 2026 YTD.

Institutional and REIT buyers are becoming more active, representing 32% of total transaction volume in 2026.



Source: Avison Young Market Intelligence, RCA

# Seller composition

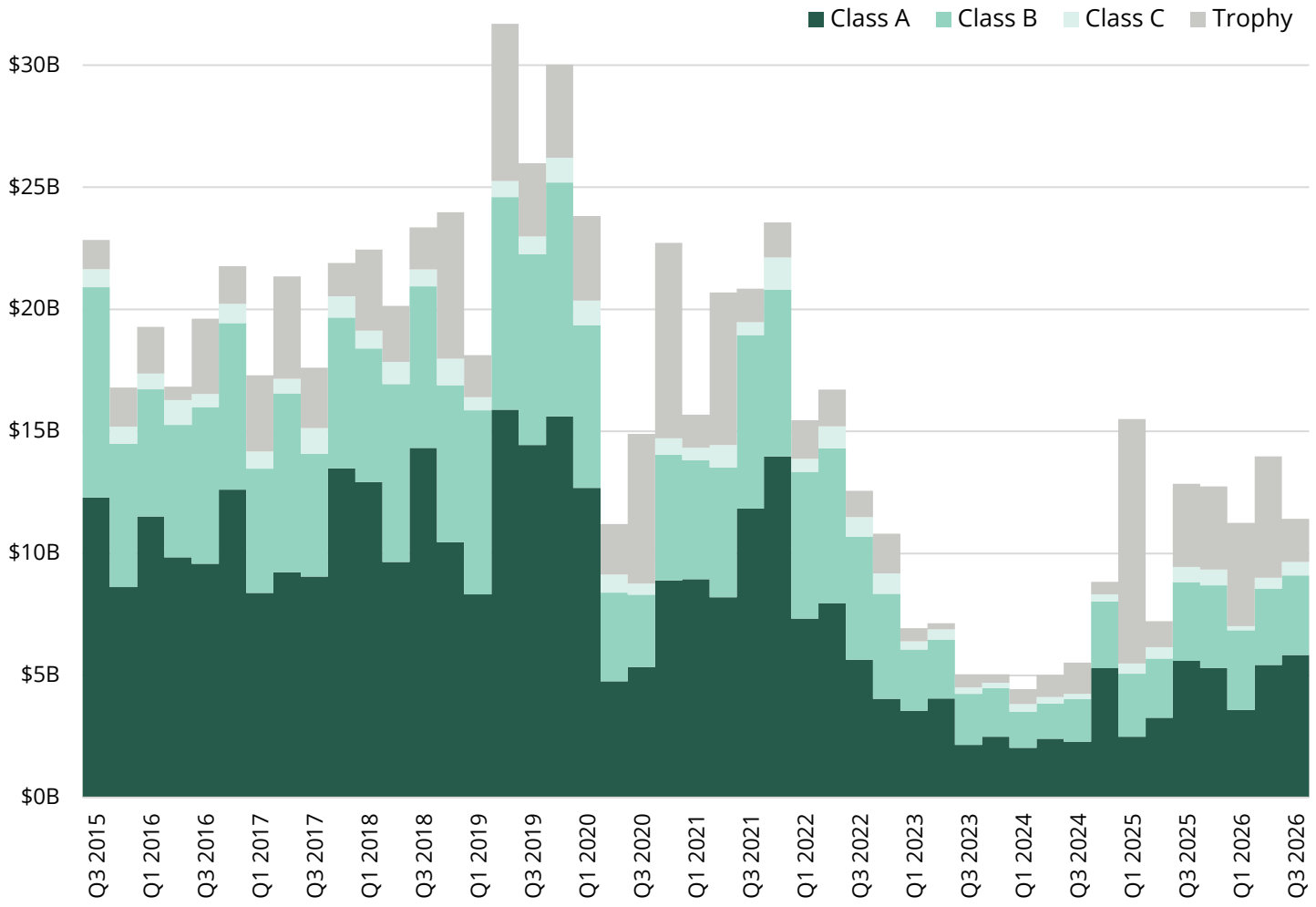



Cross-border investors increased their share of transaction activity to 18% in 2026 YTD, up from 11% a year earlier.



Source: Avison Young Market Intelligence, RCA

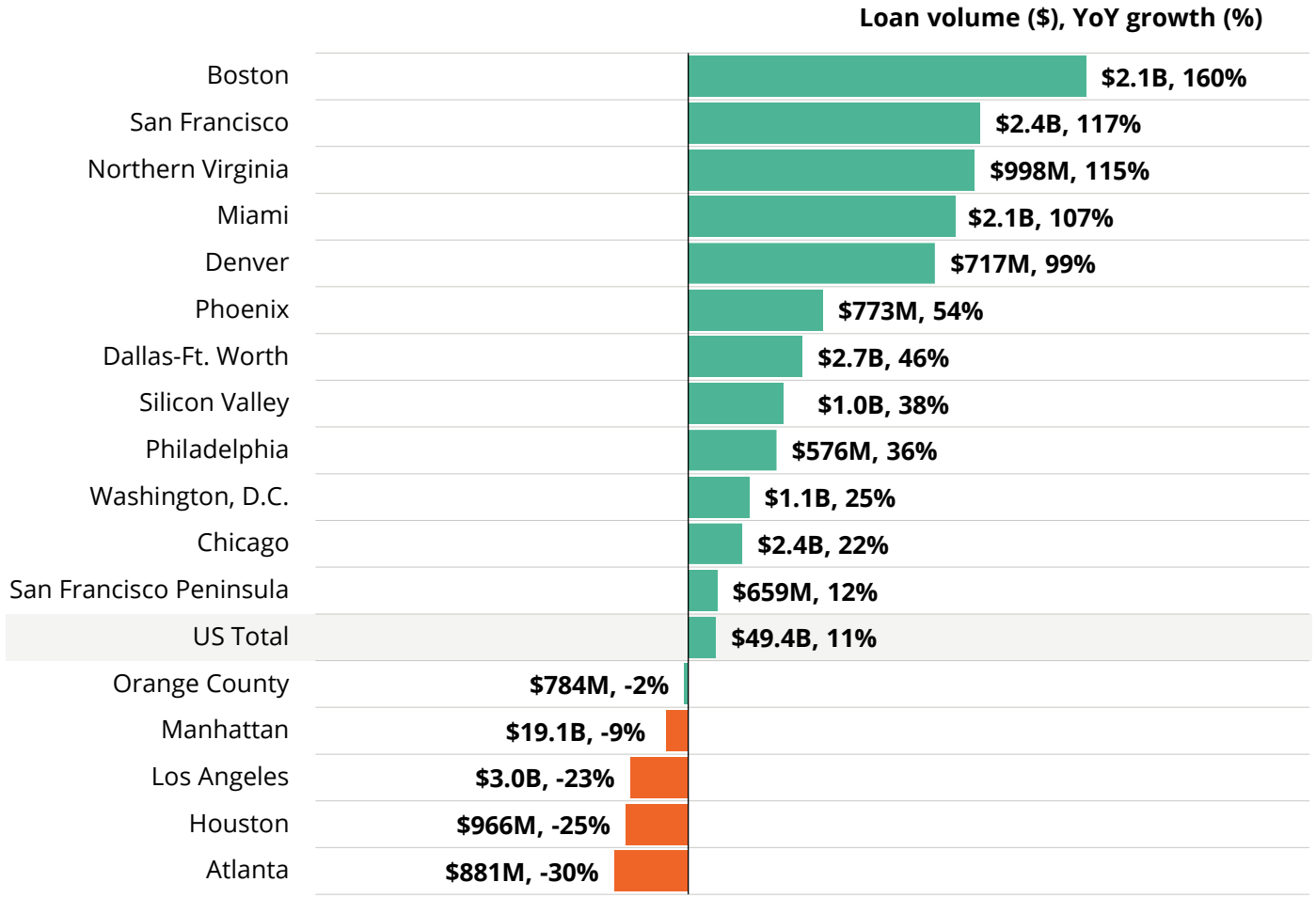
# Quarterly loan origination volume




Source: Avison Young Market Intelligence, RCA

Office loan originations held steady through 2026, totaling $36.6 billion in the first three quarters of the year.

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



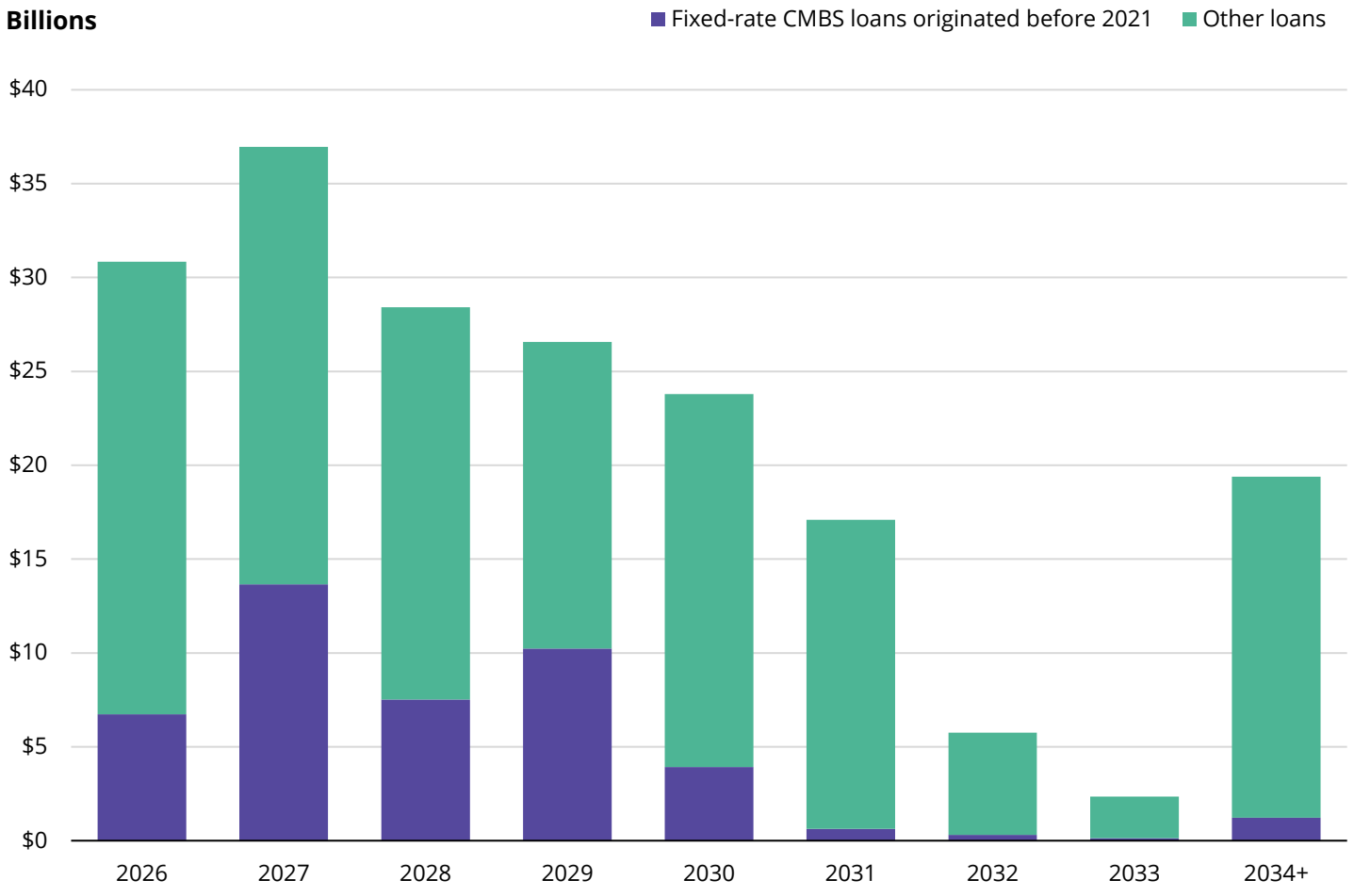

Note: Includes all CMBS and select private originations. Only markets with over $500M in origination volume.
Source: Avison Young Market Intelligence, RCA

U.S. office loan originations have increased 11% YoY, signaling cautious lender confidence in markets with improving fundamentals.

Boston, San Francisco, Northern Virginia, and Miami were among the nation's leaders over the last four quarters.

Until occupancy recovers more broadly and distressed assets are resolved, office lending will likely remain bifurcated, with liquidity concentrated in stronger markets and limited activity elsewhere.

# Upcoming loan maturities

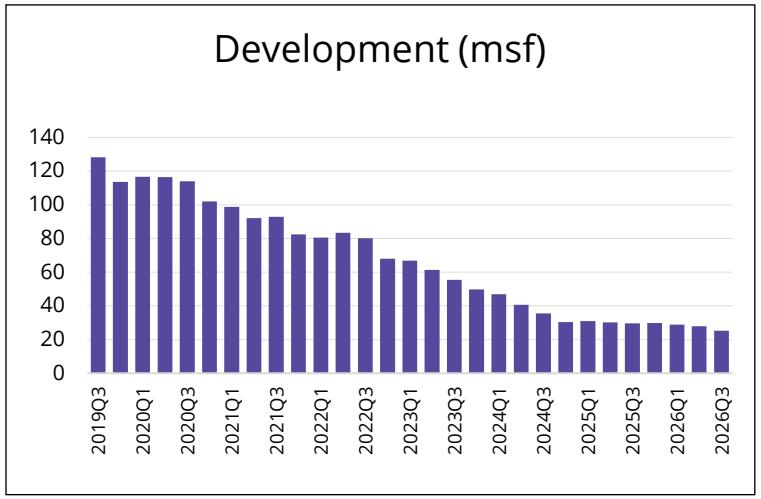


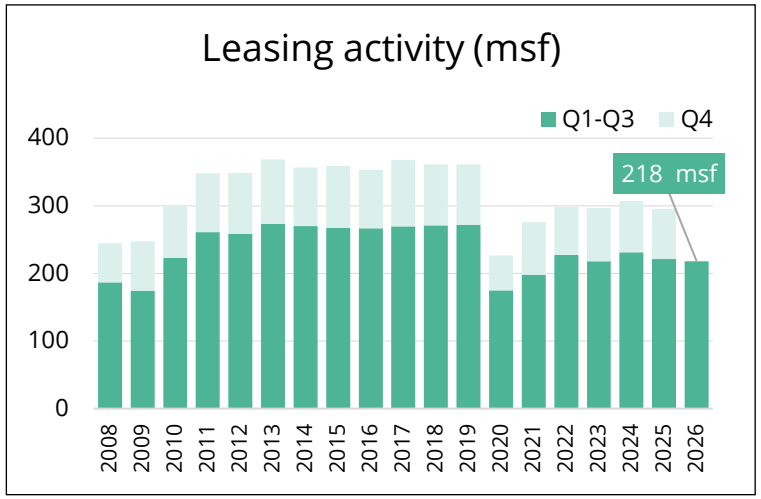

Approximately $13.6 billion of fixed-rate CMBS loans that originated before 2021 are scheduled to mature in 2027, alongside an additional $23.3 billion in other CMBS loans.

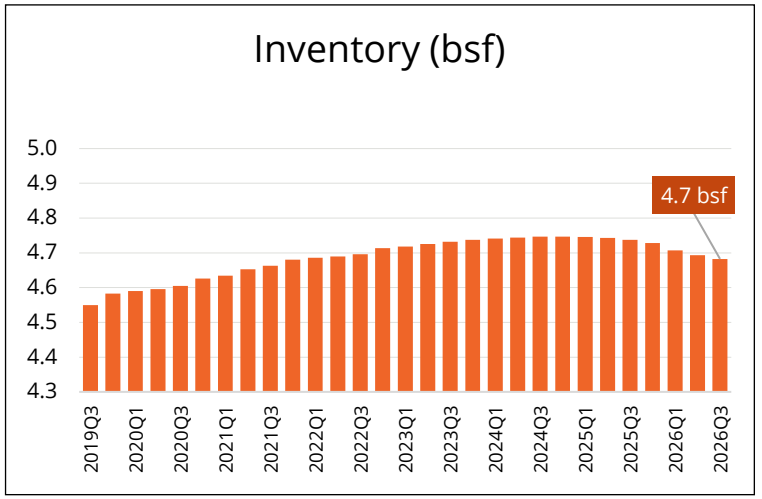
Source: Avison Young Market Intelligence, RCA

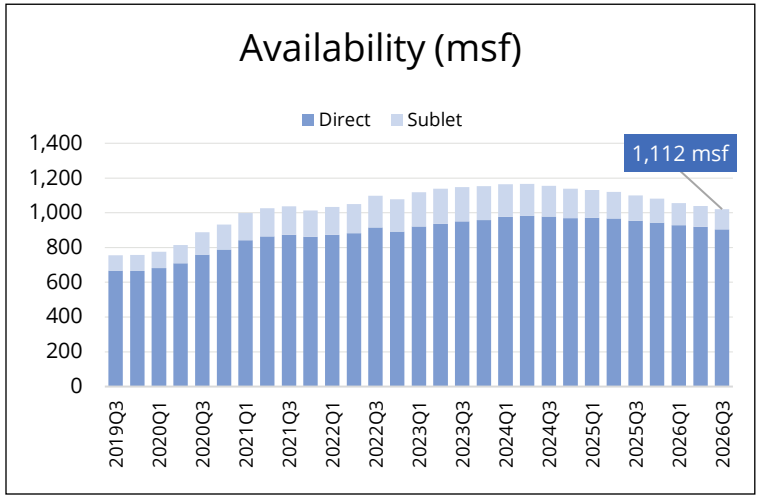
# Appendix

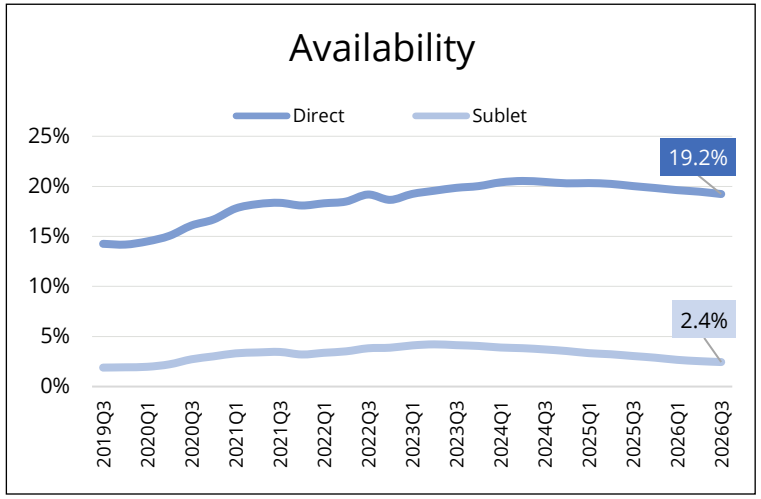
# U.S. office market indicators

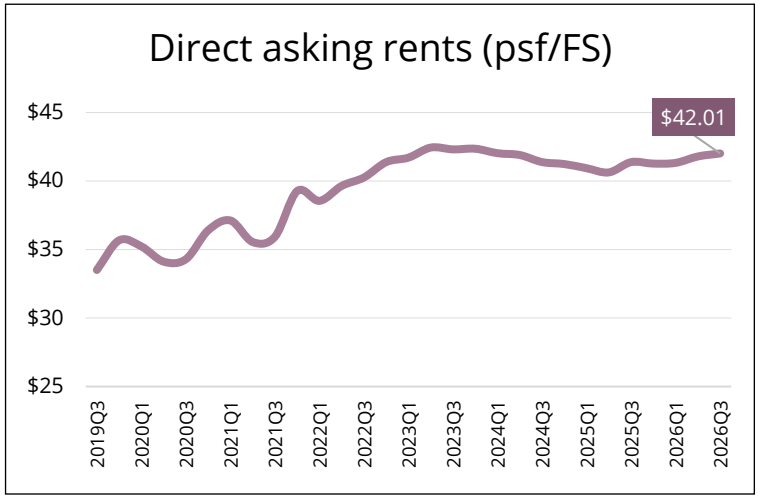





Source: Avison Young Market Intelligence, CoStar

# 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 | 389,493,752 | 14,226,554 | 14.2% | 2.9% | 17.0% | $72.02 |
| Class A | 2,077,077,979 | 9,037,768 | 22.1% | 3.1% | 25.1% | $44.19 |
| Class B | 1,822,731,207 | 1,633,262 | 18.6% | 2.0% | 20.4% | $34.64 |
| Class C | 393,080,058 | 28,700 | 12.0% | 0.8% | 12.7% | $32.53 |
| **U.S. total** | **4,682,382,996** | **24,926,284** | **19.2%** | **2.4%** | **21.5%** | **$42.01** |

Source: Avison Young Market Intelligence, CoStar

# Am Law 100 firms fuel office market activity

How leasing activity, workplace strategy, and long-term commitments by leading law firms are fueling demand for trophy and class A office space across the U.S.

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**

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