

U.S. Office Occupancy Still at Peak Levels but Absorption and Sales Slow

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The U.S. office market showed continued strength in Q1 2018. The office occupancy rate has remained near its cyclical peak for nine successive quarters and rents showed an uptick in the first quarter. The market remains on very solid ground although absorption and sales volume have fallen.

Economic growth in 2018 is expected to be the strongest in three years. But with unemployment at historic lows, the available pool of workers is shrinking, so job growth is slowing, particularly in office-using sectors. Accordingly, office leasing continues to ease outside of the tech sector. Indeed, just four leading tech markets (San Francisco-San Jose, Seattle, Raleigh-Durham and Austin) account for 87% of net absorption this year. Otherwise, most businesses are seeking to limit their real estate footprint.

Office construction rose in Q1 2018 to its highest quarterly total in over nine years, but much of the new supply is focused on a few high-demand markets, limiting widespread supply concerns. Indeed, firms continue to pay up for the newest, high-quality space as they seek to attract and retain the best talent and provide the optimum work environment. As tenants vacate their current premises, this presents an opportunity to reposition such assets and increase rents through more efficient floorplans. Nonetheless, tenant improvement allowances are rising faster than rents in a competitive leasing environment.

Key Observations

- Vacancy Remains at a Cyclical Low:** The U.S. office vacancy rate held steady in Q1 2018 at its cyclical low of 12.1%, essentially stable for nine successive quarters. One-third of U.S. office markets have sub-10% vacancy rates including Austin, Manhattan, Portland and the San Francisco Bay Area; high-vacancy markets include Dallas and Houston.
- Rents Rise More Downtown:** Office rent growth increased to 2.1% in Q1 2018, driven by gains in selected downtown markets. The general picture remains one of stability following larger gains earlier in the cycle.
- Construction Activity Increases:** After modest declines over the past two quarters, the volume of office space under construction increased to 120.6 million square feet in the first quarter. This is the highest quarterly total in over nine years and close to the prior cyclical peak. Five markets account for half of the space underway: Dallas, Manhattan, San Francisco-San Jose, Seattle and Washington, D.C..
- Absorption Continues to Slow:** U.S. office absorption fell to a modest 5.4 million square feet in Q1 2018. This continues a downward trend which has seen national absorption fall over the past two years.

Market Indicators

Relative to Prior Period

| | Q1 2018 | Q1 2019* |
|----------------|---------|----------|
| VACANCY | = | + |
| NET ABSORPTION | - | = |
| CONSTRUCTION | + | - |
| RENTAL RATE** | + | = |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics | Q1 2018

U.S. Office Market

| | |
|---|---------|
| Vacancy Rate | 12.1% |
| Change From Q4 2017 (Basis Points) | 0 |
| Absorption (MSF) | 5.4 |
| % of Markets With Positive Absorption | 59.0% |
| New Supply (MSF) | 15.5 |
| Under Construction (MSF) | 120.6 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$48.24 |
| Change From Q4 2017 | +4.1% |
| Change From Q1 2017 | +1.8% |
| Suburban Class A | \$30.32 |
| Change From Q4 2017 | +1.0% |
| Change From Q1 2017 | +2.8% |

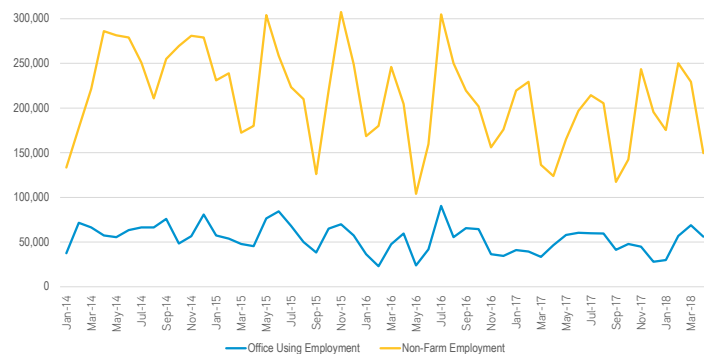
> Investment Volume Falls in Both CBD and Suburban Markets:

U.S. office sales volume in Q1 2018 fell almost 25% from Q4 2017 to \$27.3 billion, representing a decline of 12% year over year. While suburban markets remain the principal investor focus, sales volume in the suburbs is now declining.

Economy

The economic expansion is now at 106 months and, come June, will become the second-longest in U.S. history, moving past the heady 1960s. However, this expansion is marked by its moderation as much as its length. Real GDP has grown less than 20% so far in this cycle and jobs by just 13%. For perspective, in the 1960s expansion, GDP grew 53% and jobs by 33%.

U.S. Job Growth Trends - 2 Month Moving Average

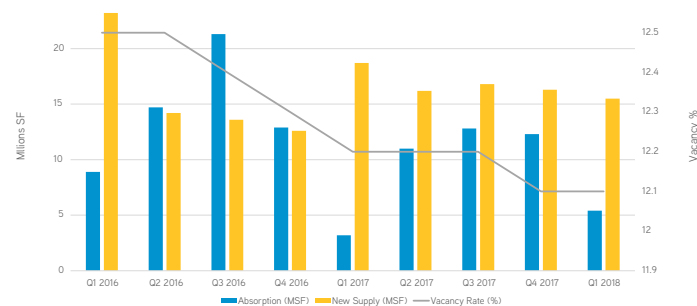


Source: BLS

But perhaps the bigger story is not only that this cycle still soldiers on, but that it even shows signs of accelerating modestly. Economists polled by the Wall Street Journal predict GDP will grow by 2.8% for all of 2018, which would rank as the strongest annual growth since 2015. Three key factors are driving healthy economic performance: synchronized global growth, strong business investment and government stimulus in the form of tax cuts and higher federal spending.

With inflation and wage growth both now nearing target ranges, the Fed is moving more aggressively this year and next to cool the economy with rate hikes — likely three to four hikes (of 0.25% each) this year followed by several next year. The Fed's initial

U.S. Office Market Q1 2016 - Q1 2018



Source: Colliers International

hikes in late 2015 and 2016 had little impact on long-term interest rates. But rates are now moving up more significantly and by next year may approach the point at which they start to choke off both business investment and consumer spending on capital items. All of which means, we should expect GDP to start slowing in 2019 and 2020 especially.

The other major economic factor impacting property markets is that job growth has been slowing. Firms are facing increasing labor shortages in many sectors, limiting the rate of job hires. For the first time ever, job openings exceed job hires. There's no surprise that wage growth is now rising as firms must increase pay in order to attract workers.

In summary, 2018 looks to be a better year than the last two, with relatively strong drivers for property demand. But property markets will face increasing headwinds in 2019 and beyond, as job growth continues to slow while interest rates rise, slowing economic growth and making real estate more expensive to acquire.

Top U.S. Office Leases | Q1 2018

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|-----------------------|----------------------|------------------------|---------|--------------------|
| Fannie Mae | Reston Gateway | Washington D.C. | 850,000 | Government |
| JP Morgan Chase & Co. | 390 Madison Avenue | New York | 418,241 | Financial Services |
| Apache Corporation * | Post Oak Central One | Houston | 364,272 | Technology |
| Synopsis | Pathline Park | San Francisco Bay Area | 350,000 | Technology |
| USAID | National Square | Washington D.C. | 348,173 | Government |

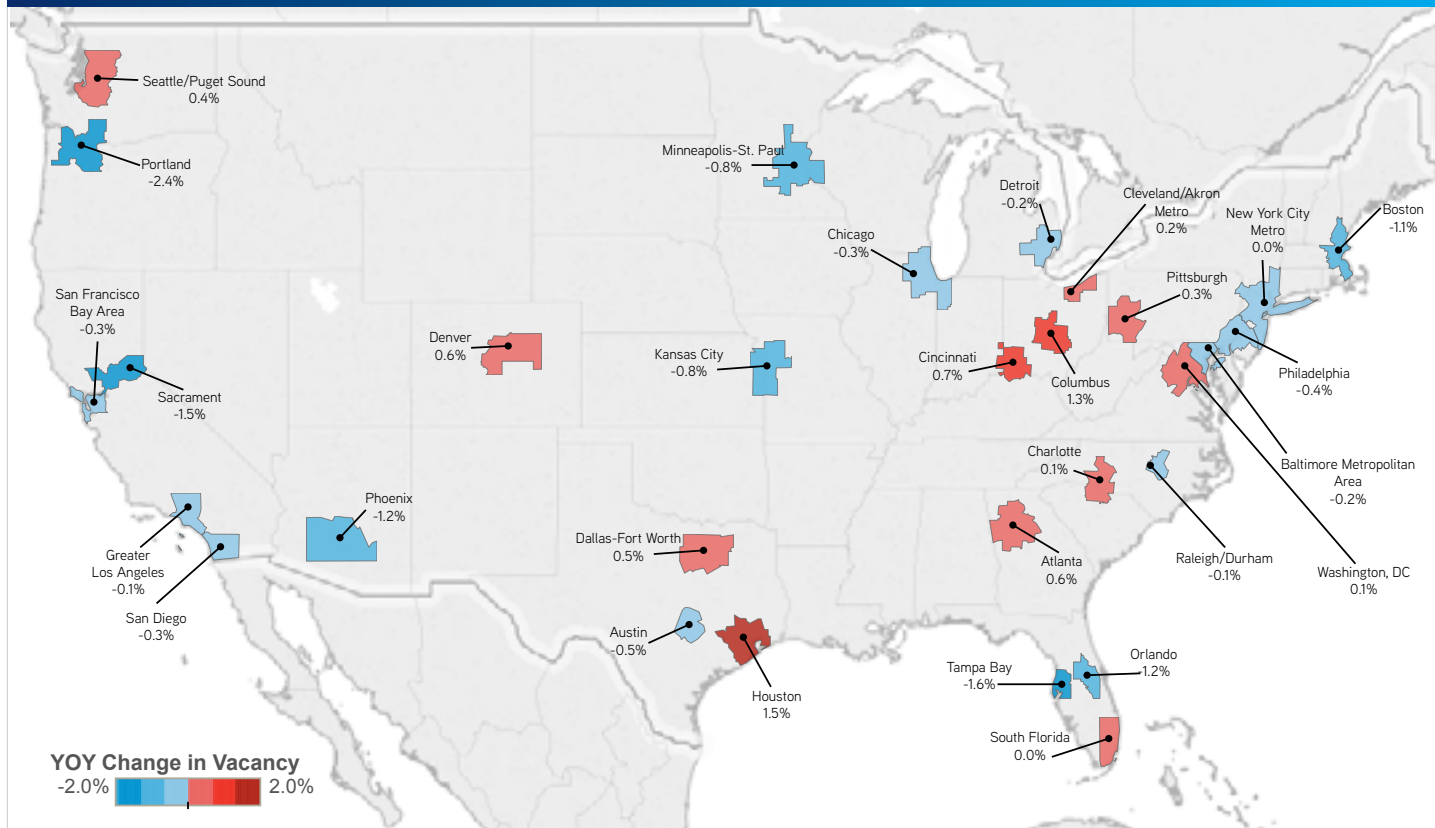
*Renewal
Sources: CoStar, Colliers International

Top U.S. Office Sales | Q1 2018

| ADDRESS | MARKET | SF | PRICE (MILLIONS) | BUYER |
|------------------------------------|----------|-----------|------------------|--|
| Chelsea Market, 75 Ninth Ave. | New York | 1,200,000 | \$2,399 | Alphabet Inc. |
| One Astor Place, 1515 Broadway | New York | 1,750,000 | \$1,950 | Allianz RE of America |
| Saint Johns Center, 340 West St. * | New York | 1,200,000 | \$700 | Oxford Properties Group, CPP Investment Board |
| 1801 California Avenue | Denver | 1,372,240 | \$560 | PNC Realty Investors |
| 600 W. Chicago Avenue * | Chicago | 1,571,280 | \$510 | Sterling Bay Companies, JP Morgan Asset Management |

^Joint Venture
Source: Colliers International, Real Capital Analytics

Year Over Year Change in Metro Vacancy | Q1 2018



Source: Colliers International

Vacancy Holds Steady but Absorption Falls Again

The U.S. office market vacancy rate remained unchanged in Q1 2018 at 12.1%. Vacancy has stayed within a 30-basis-point (BPS) range for the past nine quarters. However, with construction on the rise and minimal absorption, we may see some upward pressure on vacancy rates going forward. This is already playing out in a limited number of markets across the nation.

Over one-third of U.S. metro office markets have a sub-10% vacancy rate led by Portland and Richmond, each of which have a 7.2% vacancy rate. The San Francisco Bay Area is the tightest of the major markets. Vacancy in the Bay Area, currently at 7.9%, remains low as leasing and expansion among tech tenants continues unabated.

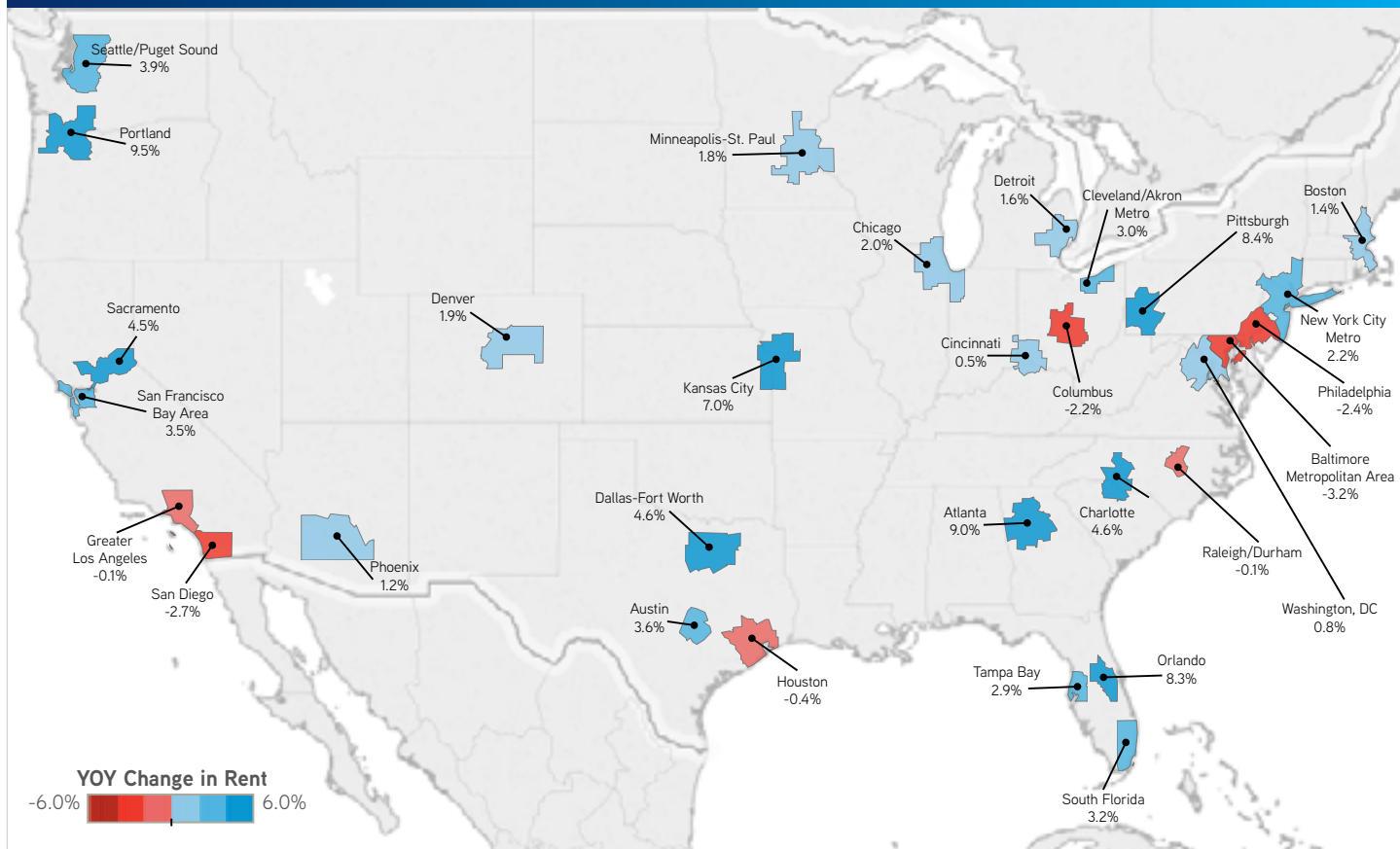
Vacancy rates fell this quarter in half of the top 30 office markets. However, reflecting the slowdown in the national market, all but one of the quarterly changes were of less than 100 BPS in either direction. The sole exception was in Portland where the vacancy rate fell by 200 BPS. The greatest increase occurred in Houston where the vacancy rate rose by 70 BPS to 20.1%, the highest vacancy rate of the top 30 metros.

Downtown markets retain an occupancy edge over the suburbs and the margin between the two widened in the first quarter. Downtown office vacancy fell by 20 BPS to 10.3%, while suburban markets remained at 12.9%.

U.S. office absorption fell sharply in Q1 2018 to 5.4 million square feet, the lowest quarterly total in a year. This continues a downward trend which has seen national absorption fall in each of the past two years. When measured as a percentage of inventory, first quarter absorption was almost zero in downtown markets and 1% in the suburbs.

Unlike the prior quarter, no single market out-performed significantly. The best performing downtown markets were Seattle, where Q1 2018 absorption equaled 1.5% of inventory, Phoenix (1.4%) and the Bay Area (1.1%). Austin led the suburban markets with a 1.3% turnover rate.

Year Over Year Change in CBD Class A Rent | Q1 2018



Source: Colliers International

Rent Growth Returns

Office rent growth increased in Q1 2018 driven by gains in selected downtown markets. The general picture remains one of stability following larger gains earlier in the cycle. Across all classes of space, average asking rates rose by 2.1% in Q1 2018 to \$36.72 per square foot. Rent growth is largely attributable to new product entering the market with higher asking rents.

Average Class A rents stand at \$48.24 per square foot in downtown markets and \$30.32 per square foot in the suburbs. In a reversal of trends seen throughout 2017, Downtown Class A rents grew at a faster pace (4.1%) in the first quarter, than in the suburbs at 1.1%. Suburban rent growth has been stronger on a year-over-year basis at 2.8% compared to 1.7% in downtown markets.

Manhattan has the highest downtown rent with average Class A asking rates at \$77.72 per square foot, followed by San Francisco at \$69.73 per square foot. Both markets command rents in the mid-\$80s per square foot on the top properties. Only four more downtown markets out of 56 tracked have Class A rates above the U.S. average: Austin, Boston, Miami and Washington, D.C.

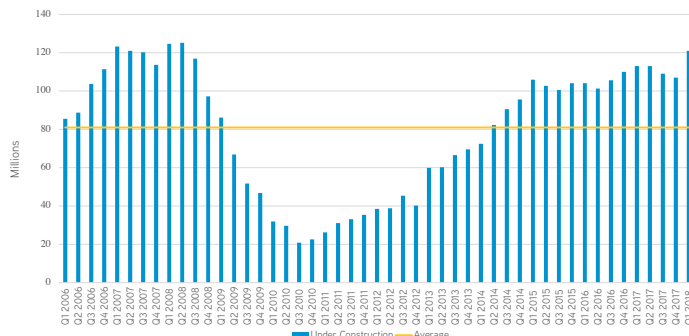
11 downtown markets achieved Class A rent growth of 5% or higher year over year. Rents are growing apace in second-tier markets that are attracting tech tenants, most notably Portland at 9.5% and Nashville at 8.4%. Other out-performing markets include Atlanta, with Class A asking rent growth of 9%, Pittsburgh (8.4%), Indianapolis (7.1%) and Kansas City (7%). Downtown Florida markets continue to see healthy Class A rent growth led by Orlando, with an 8.3% increase in asking rates over the past 12 months, followed by Fort Lauderdale (4.6%), Palm Beach (4.5%) and Tampa Bay (2.9%).

In the suburbs, West Coast markets account for four of the top five highest rented markets, led by the San Francisco Bay Area, centered on Silicon Valley, at \$50.39 per square foot. The other three are Seattle, San Diego and Los Angeles. Miami now has the fourth-highest suburban Class A asking rates at \$38.59 per square foot. The top 10 is rounded out by Austin, South Florida, Washington, D.C. — which is predominantly Northern Virginia — Houston and Las Vegas. Suburban Class A rent growth over the past 12 months was led by Seattle, at 10.2%, followed by Charlotte (9.3%), Portland (7.5%) and Austin (6.2%).

Construction Activity is Rising

After modest falls over the past two quarters, the volume of office space under construction increased from 107.2 to 120.6 million square feet in the first quarter. This is the highest quarterly total in over nine years and close to the prior cyclical peak of 125.2 million square feet in Q2 2008. Of this total, 52.5 million square feet are underway in downtown markets with 68.1 million square feet in the suburbs. However, downtown markets are growing faster than their suburban counterparts when measured as a percentage of inventory: 2.6% downtown against 1.6% in suburban markets.

Quarterly Under Construction Totals



Source: Colliers International

Five metros collectively account for a little over half of the space underway: the San Francisco Bay Area at 19.5 million square feet, New York at 16.4 million square feet, Washington, D.C. at 10.1 million square feet, Dallas-Fort Worth at 8.7 million square feet and Seattle-Puget Sound at 8.5 million square feet. The volume of space underway in the San Francisco Bay Area is back on the rise, aided by the 1.8 million square feet Moffett Towers II in Sunnyvale, which broke ground in Q1 2018. The project is fully-leased to a combination of Facebook and Amazon.

When measured as a percentage of inventory, the tech-driven major markets of the Bay Area and Seattle lead construction activity at 6.3% and 6%. Construction is also elevated in a series of tech-centric secondary markets, including Nashville at 3.9% of inventory, Raleigh-Durham at 3.8% and Austin at 3.3%.

With tenants showing a strong preference for high-quality space, as firms strive to attract and retain the best talent, the possibility of over-supply is limited. In San Francisco, the 751,000-square-foot Park Tower on Howard Street was fully available at the end of Q1 2018, but Facebook is understood to be in discussions to lease the entire development.

Concerns are shifting toward filling the older space left behind, as firms relocate to their new offices. Large-block availability is on the rise in New York and Chicago. Los Angeles and Washington, D.C. continue to merit a note of caution. There is almost 3.5 million square feet underway across West LA and Downtown, with little leasing traction, and 6.5 million square feet in the District. Some of these projects will come online in Q2 2018.

Suburban Investment is Cooling, but Office Pricing Holds Firm

The office investment market cooled once more in Q1 2018, following an expected end of year uptick in Q4 2017. U.S. office sales volume in Q1 2018 was \$27.3 billion representing a 24.6% fall from \$36.2 billion in Q4 2017 and a decline of 12% year over year. Pricing is holding firm with a 4.6% increase in values year over year to Q1 2018.

Investors continue to focus primarily on the suburbs, but sales volume fell by a similar rate in both Central Business Districts (CBD) and suburban markets in the first quarter. CBD sales fell by 23.2% to \$10.6 billion, while suburban office investment declined by 25.4% to \$16.7 billion. This was the seventh successive quarterly decline in CBD sales volume. The decline in suburban office investment is more recent. Suburban office volume fell by 12% in Q1 2018 after rising in the preceding five quarters. The first quarter percentage decline in suburban office sales volume was the highest seen since Q3 2009.

U.S. Office Investment | Q1 2018

| | Q1 2018 | | TRAILING FOUR QUARTERS (THROUGH Q1 2018) | |
|--------------------------|--------------|------------|--|------------|
| | VOLUME (\$B) | YOY CHANGE | VOLUME (\$B) | YOY CHANGE |
| Office Total | 27.9 | -12% | 129.2 | -10% |
| Downtown Markets | 10.9 | -18% | 46.1 | -24% |
| Suburban Markets | 17.0 | -7% | 83.1 | 1% |
| Portfolio Sales | 3.3 | -49% | 24.8 | -10% |
| Single Asset Sales | 24.6 | -3% | 106.4 | -10% |
| Major Office Metros | 15.2 | -16% | 65.7 | -19% |
| Secondary Office Markets | 10.8 | -5% | 54.2 | 2% |
| Tertiary Office Markets | 2.0 | -9% | 9.1 | 0% |

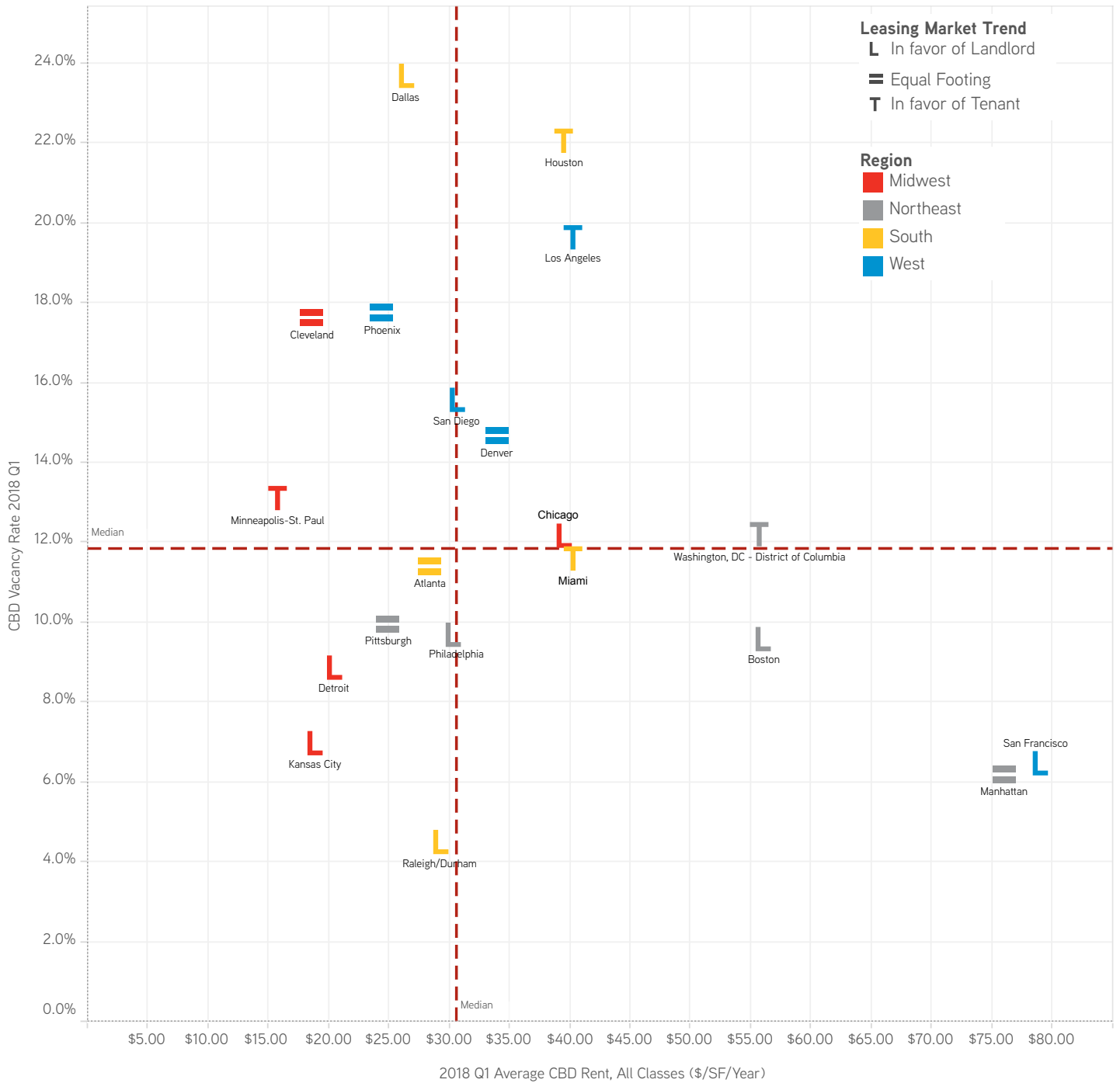
Source: Real Capital Analytics

Average office cap rates held firm in Q1 2018 at 6.7% and remain tightest in the west and northeast regions at 6% and 6.5% respectively. Cap rates stand at 5.5% in downtown markets and 6.9% in the suburbs.

Manhattan saw the top three of the five largest single-asset trades by dollar value in Q1 2018, led by the \$2.4 billion purchase of the 1.2 million square feet Chelsea Market at 75 Ninth Avenue by Alphabet Inc. The buyer intends to occupy space in the property, joining a tenant roster that includes the Food Network, Major League Baseball and Google. Pricing was reported to be in the region of \$2,000 per square foot. The largest first quarter trade outside of Manhattan occurred in downtown Denver where PNC Realty Investors acquired the 1.4 million square feet 1801 California Avenue for \$560 million.

Supplemental Data: Largest 20 Markets

Landlord and Tenant Conditions

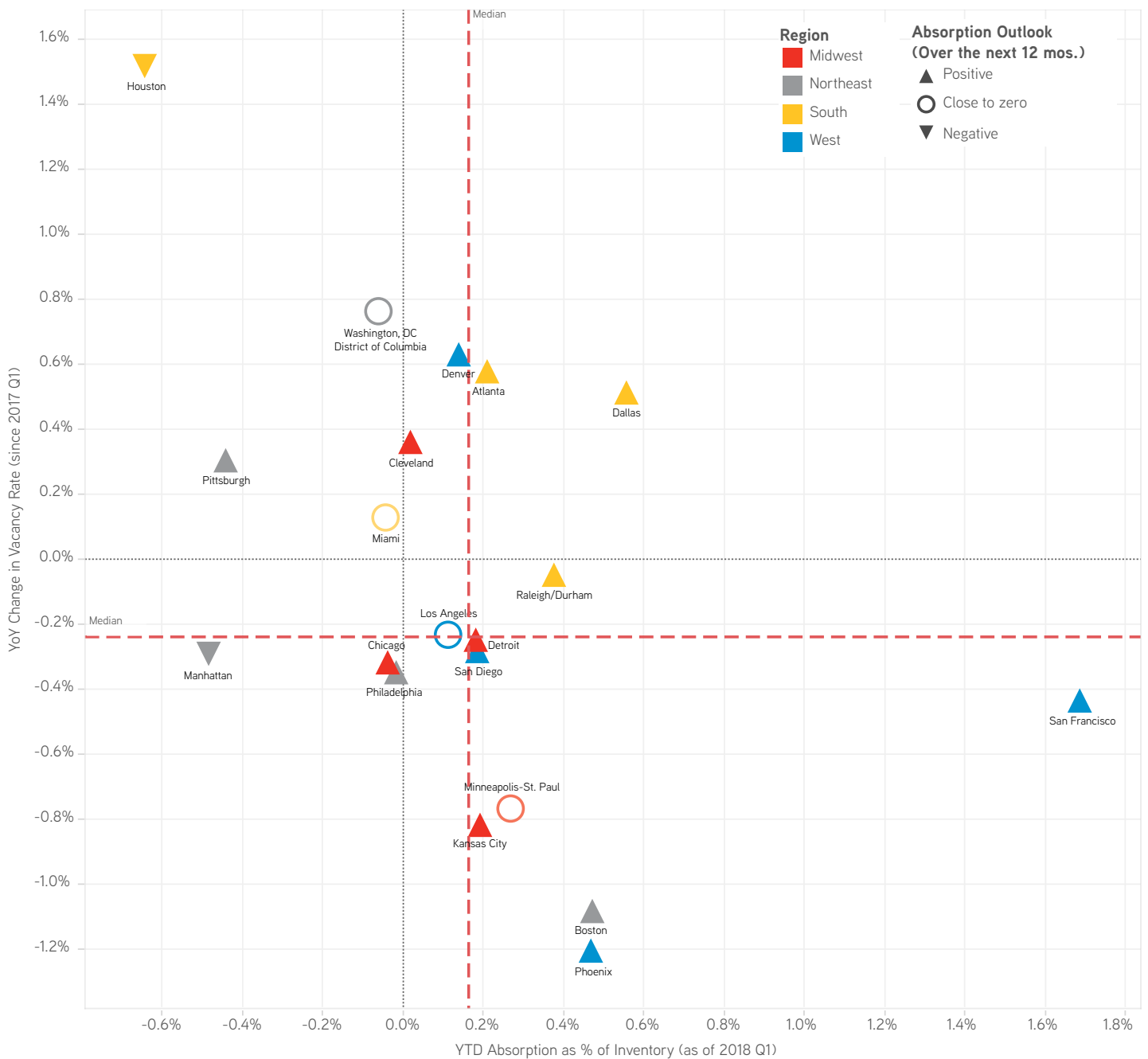


Source: Colliers Q1 2018 office survey. Tenant-landlord assessment reflects conditions as of Q1 2018.

Supplemental Data: Largest 20 Markets

Change in Vacancy vs. YTD Absorption

Absorption Outlook Over Next 12 Months



Source: Colliers Q1 2018 office survey. Absorption forecasts reflect a 12-month outlook.

United States - Downtown - All Classes

| MARKET | INVENTORY (SF) MAR 31, 2018 | NEW SUPPLY (SF) Q1 2018 | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | YTD ABSORPTION (SF) 2018 |
|--------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|--------------------------------|
| USA | 1,987,931,979 | 6,211,636 | 52,517,849 | 10.5% | 10.3% | 901,483 | 901,483 |
| NORTHEAST | 889,268,175 | 2,487,149 | 24,518,528 | 8.3% | 8.4% | -2,357,314 | -2,357,314 |
| Baltimore, MD | 45,803,731 | 0 | 659,706 | 10.2% | 10.8% | -281,274 | -281,274 |
| Boston, MA | 70,034,963 | 0 | 1,840,600 | 10.4% | 9.6% | 633,843 | 633,843 |
| Hartford, CT | 11,451,849 | 0 | 0 | 12.3% | 11.8% | 111,626 | 111,626 |
| New York City Metro | 520,151,583 | 1,949,260 | 16,367,711 | 6.6% | 6.6% | -2,337,977 | -2,337,977 |
| > Manhattan | 503,295,206 | 1,949,260 | 14,889,456 | 6.2% | 6.2% | -2,423,810 | -2,423,810 |
| • Downtown | 102,279,200 | 236,000 | 2,983,408 | 6.9% | 7.0% | -686,019 | -686,019 |
| • Midtown | 233,884,065 | 0 | 2,383,110 | 6.7% | 6.9% | -303,211 | -303,211 |
| • Midtown South | 167,131,941 | 1,713,260 | 9,582,938 | 4.9% | 4.7% | -1,434,580 | -1,434,580 |
| > NYC Northern Suburbs | 16,856,377 | 0 | 500,000 | 19.6% | 19.5% | 85,833 | 85,833 |
| • Fairfield County, CT | 10,454,608 | 0 | 500,000 | 23.6% | 23.2% | 47,570 | 47,570 |
| • Westchester County, NY | 6,401,769 | 0 | 0 | 13.2% | 13.6% | 38,263 | 38,263 |
| Philadelphia, PA | 45,872,518 | 0 | 2,515,415 | 10.1% | 9.7% | 135,749 | 135,749 |
| Pittsburgh, PA | 52,852,308 | 0 | 447,317 | 8.9% | 9.9% | -531,536 | -531,536 |
| Washington, D.C. | 143,101,223 | 537,889 | 6,527,436 | 11.8% | 12.1% | -87,745 | -87,745 |
| SOUTH | 381,189,978 | 996,729 | 8,329,151 | 12.5% | 12.5% | 583,397 | 583,397 |
| Atlanta, GA | 50,674,171 | 505,149 | 2,281,092 | 11.4% | 11.4% | 465,137 | 465,137 |
| Austin, TX | 13,162,008 | 218,180 | 487,637 | 9.3% | 7.8% | 34,016 | 34,016 |
| Birmingham, AL | 17,965,185 | 0 | 80,200 | 13.5% | 13.6% | 6,079 | 6,079 |
| Charleston, SC | 2,734,110 | 0 | 153,358 | 5.9% | 6.0% | -2,601 | -2,601 |
| Charlotte, NC | 21,640,466 | 0 | 159,073 | 12.0% | 11.6% | 90,204 | 90,204 |
| Columbia, SC | 5,694,275 | 0 | 0 | 12.1% | 11.6% | 34,011 | 34,011 |
| Dallas-Fort Worth, TX | 41,819,564 | 261,400 | 443,514 | 21.2% | 21.1% | 207,175 | 207,175 |
| > Dallas | 32,399,941 | 261,400 | 163,025 | 23.8% | 23.7% | 231,552 | 231,552 |
| > Fort Worth | 9,419,623 | 0 | 280,489 | 12.2% | 12.5% | -24,377 | -24,377 |
| Greenville, SC | 4,696,875 | 0 | 96,217 | 14.2% | 10.7% | 163,008 | 163,008 |
| Houston, TX | 43,989,338 | 0 | 778,344 | 20.8% | 22.0% | -531,908 | -531,908 |
| Huntsville, AL | 3,774,120 | 0 | 347,000 | 3.2% | 2.3% | 29,816 | 29,816 |
| Jacksonville, FL | 16,093,619 | 0 | 0 | 8.1% | 7.6% | 120,606 | 120,606 |
| Memphis, TN | 5,107,985 | 0 | 315,000 | 15.7% | 14.4% | 70,963 | 70,963 |
| Nashville, TN | 14,135,236 | 0 | 794,000 | 7.7% | 7.8% | 70,530 | 70,530 |
| Norfolk, VA | 4,842,903 | 0 | 0 | 10.2% | 9.3% | -10,509 | -10,509 |
| Orlando, FL | 13,056,836 | 0 | 484,500 | 8.1% | 7.7% | 46,087 | 46,087 |
| Raleigh-Durham, NC | 10,645,679 | 0 | 942,967 | 4.9% | 4.5% | 43,889 | 43,889 |
| Richmond, VA | 16,478,245 | 0 | 0 | 6.8% | 7.2% | -88,067 | -88,067 |
| Savannah, GA | 803,516 | 0 | 0 | 10.0% | 11.6% | -13,786 | -13,786 |
| South Florida | 83,209,975 | 12,000 | 966,249 | 10.3% | 10.5% | -229,984 | -229,984 |
| > Fort Lauderdale | 27,022,823 | 12,000 | 209,920 | 9.2% | 9.6% | -90,040 | -90,040 |
| > Miami | 34,257,360 | 0 | 560,057 | 11.3% | 11.5% | -93,664 | -93,664 |
| > Palm Beach | 21,929,792 | 0 | 196,272 | 10.0% | 10.2% | -46,280 | -46,280 |
| Tampa Bay, FL | 10,665,872 | 0 | 0 | 10.0% | 8.1% | 78,731 | 78,731 |

United States - Downtown - All Classes (continued)

| MARKET | INVENTORY (SF) MAR 31, 2018 | NEW SUPPLY (SF) Q1 2018 | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | YTD ABSORPTION (SF) 2018 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|--------------------------------|
| MIDWEST | 379,097,571 | 91,139 | 7,902,955 | 12.1% | 12.0% | 415,164 | 415,164 |
| Chicago, IL | 144,964,253 | 0 | 4,884,960 | 12.2% | 12.1% | 165,524 | 165,524 |
| Cincinnati, OH | 18,184,753 | 81,139 | 134,000 | 13.1% | 12.9% | 85,288 | 85,288 |
| Cleveland-Akron, OH | 28,762,941 | 0 | 64,830 | 15.8% | 15.6% | 82,622 | 82,622 |
| > Akron | 9,795,036 | 0 | 64,830 | 12.2% | 11.8% | 60,178 | 60,178 |
| > Cleveland | 18,967,905 | 0 | 0 | 17.7% | 17.6% | 22,444 | 22,444 |
| Columbus, OH | 19,707,067 | 0 | 621,702 | 8.8% | 8.8% | -30,266 | -30,266 |
| Dayton, OH | 4,946,327 | 0 | 285,000 | 26.6% | 26.0% | 15,005 | 15,005 |
| Detroit, MI | 24,383,360 | 0 | 0 | 8.2% | 8.8% | -153,510 | -153,510 |
| Grand Rapids, MI | 5,848,626 | 10,000 | 153,000 | 10.2% | 10.8% | 18,881 | 18,881 |
| Indianapolis, IN | 11,800,565 | 0 | 0 | 16.3% | 15.9% | 58,292 | 58,292 |
| Kansas City, MO | 34,152,266 | 0 | 199,000 | 7.0% | 7.0% | 96,325 | 96,325 |
| Milwaukee, WI | 19,754,023 | 0 | 621,720 | 8.4% | 8.4% | 0 | 0 |
| Minneapolis-St. Paul | 47,653,170 | 0 | 438,743 | 13.2% | 13.0% | 65,159 | 65,159 |
| > Minneapolis CBD | 36,118,524 | 0 | 438,743 | 13.6% | 13.4% | 72,222 | 72,222 |
| > St. Paul CBD | 11,534,646 | 0 | 0 | 12.0% | 12.1% | -7,063 | -7,063 |
| Omaha, NE | 6,872,138 | 0 | 0 | 9.9% | 8.6% | -30 | -30 |
| St. Louis, MO | 12,068,082 | 0 | 500,000 | 21.2% | 21.3% | 11,874 | 11,874 |
| WEST | 338,376,255 | 2,636,619 | 11,767,215 | 12.3% | 11.3% | 2,260,236 | 2,260,236 |
| Albuquerque, NM | 3,098,513 | 0 | 0 | 25.3% | 24.9% | 12,233 | 12,233 |
| Bakersfield, CA | 3,525,261 | 0 | 0 | 10.4% | 10.5% | 21,071 | 21,071 |
| Boise, ID | 6,975,103 | 0 | 120,000 | 9.6% | 11.4% | -123,531 | -123,531 |
| Denver, CO | 37,422,018 | 982,313 | 1,635,848 | 14.1% | 14.7% | 245,597 | 245,597 |
| Fresno, CA | 3,301,851 | 0 | 0 | 10.1% | 9.1% | 33,552 | 33,552 |
| Downtown Los Angeles, CA | 33,660,100 | 93,000 | 1,721,200 | 20.0% | 19.6% | 228,100 | 228,100 |
| Honolulu, HI | 7,076,119 | 0 | 0 | 16.4% | 17.1% | -47,058 | -47,058 |
| Las Vegas, NV | 5,030,827 | 0 | 0 | 13.5% | 14.0% | -23,377 | -23,377 |
| Phoenix, AZ | 20,231,043 | 26,174 | 205,000 | 19.0% | 17.7% | 272,299 | 272,299 |
| Portland, OR | 23,411,828 | 164,555 | 635,052 | 10.3% | 4.6% | -439,917 | -439,917 |
| Reno-Sparks, NV | 1,300,508 | 0 | 0 | 13.7% | 12.4% | 17,005 | 17,005 |
| Sacramento, CA | 13,170,991 | 0 | 0 | 11.4% | 10.8% | 31,997 | 31,997 |
| San Diego, CA | 10,329,165 | 0 | 50,000 | 15.9% | 15.6% | 60,187 | 60,187 |
| San Francisco Bay Area, CA | 129,215,669 | 1,370,577 | 6,010,425 | 7.9% | 7.1% | 1,460,865 | 1,460,865 |
| > East Bay | 28,976,102 | 0 | 944,500 | 13.9% | 8.6% | -94,666 | -94,666 |
| > San Francisco | 91,988,387 | 1,370,577 | 5,065,925 | 6.9% | 6.5% | 1,553,109 | 1,553,109 |
| > Silicon Valley | 8,251,180 | 0 | 0 | 10.2% | 9.7% | 2,422 | 2,422 |
| Seattle-Puget Sound, WA | 32,099,440 | 0 | 1,372,000 | 13.0% | 12.2% | 494,956 | 494,956 |
| > Seattle | 28,240,900 | 0 | 1,372,000 | 13.6% | 12.6% | 530,558 | 530,558 |
| > Tacoma | 3,858,540 | 0 | 0 | 8.4% | 9.4% | -35,602 | -35,602 |
| Stockton, CA | 8,527,819 | 0 | 17,690 | 10.6% | 10.4% | 16,257 | 16,257 |

United States - Downtown - Class A

| MARKET | INVENTORY (SF) MAR 31, 2018 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|--------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,105,469,538 | \$48.23 | 11.0% | 10.9% | 658,489 | 4.1% | 1.8% |
| NORTHEAST | 550,676,687 | \$65.30 | 8.8% | 9.0% | -2,533,145 | 2.8% | 0.1% |
| Baltimore, MD | 16,829,729 | \$24.46 | 12.8% | 14.9% | -352,412 | -2.7% | -3.2% |
| Boston, MA | 49,765,205 | \$59.11 | 11.0% | 9.8% | 611,804 | -1.2% | 1.4% |
| Hartford, CT | 7,716,798 | \$22.32 | 12.8% | 13.2% | -19,400 | -2.4% | -3.0% |
| New York City Metro | 333,612,983 | \$77.72 | 7.1% | 7.3% | -2,760,552 | 4.1% | 2.2% |
| > Manhattan | 320,459,867 | \$81.29 | 6.5% | 6.7% | -2,824,502 | 3.8% | 2.3% |
| • Downtown | 78,081,775 | \$67.48 | 7.5% | 7.4% | -529,951 | 5.2% | 4.7% |
| • Midtown | 201,644,392 | \$86.62 | 6.7% | 6.9% | -373,125 | 2.7% | 1.3% |
| • Midtown South | 40,733,700 | \$91.04 | 3.4% | 4.4% | -1,921,426 | 4.0% | 2.8% |
| > NYC Northern Suburbs | 13,153,116 | \$47.52 | 21.9% | 21.8% | 63,950 | 1.9% | 7.8% |
| • Fairfield County, CT | 9,055,458 | \$49.80 | 25.2% | 24.8% | 95,390 | 0.8% | 7.2% |
| • Westchester County, NY | 4,097,658 | \$37.65 | 14.6% | 15.3% | -31,440 | 8.2% | 4.0% |
| Philadelphia, PA | 31,116,383 | \$31.40 | 10.3% | 10.1% | -24,913 | -0.7% | -2.4% |
| Pittsburgh, PA | 24,335,481 | \$29.58 | 9.5% | 10.8% | -327,440 | 0.4% | 8.4% |
| Washington, D.C. | 87,300,108 | \$60.31 | 12.2% | 12.3% | 339,768 | 0.1% | 0.8% |
| SOUTH | 201,150,880 | \$33.83 | 15.6% | 15.5% | 719,486 | 2.0% | 5.9% |
| Atlanta, GA | 31,712,836 | \$30.39 | 13.3% | 13.1% | 488,578 | 3.1% | 9.0% |
| Austin, TX | 8,631,794 | \$50.31 | 11.4% | 8.7% | 80,267 | -0.2% | 3.6% |
| Birmingham, AL | 4,036,429 | \$18.72 | 28.8% | 29.3% | 8,487 | -1.1% | -1.1% |
| Charleston, SC | 1,073,651 | \$36.52 | 4.6% | 10.2% | -60,472 | 6.2% | 1.8% |
| Charlotte, NC | 15,600,319 | \$32.40 | 14.6% | 14.1% | 80,594 | 0.5% | 4.6% |
| Columbia, SC | 2,305,367 | \$22.93 | 10.4% | 11.2% | -18,129 | 0.0% | -2.3% |
| Dallas-Fort Worth, TX | 29,485,138 | \$27.89 | 24.7% | 24.3% | 293,975 | 1.7% | 4.6% |
| > Dallas | 23,655,618 | \$27.72 | 27.4% | 27.2% | 245,817 | 2.2% | 5.2% |
| > Fort Worth | 5,829,520 | \$29.08 | 13.6% | 12.8% | 48,158 | -2.3% | -0.8% |
| Greenville, SC | 2,431,874 | \$26.66 | 19.1% | 12.2% | 167,708 | -1.2% | 0.0% |
| Houston, TX | 32,989,934 | \$44.23 | 18.7% | 20.2% | -490,618 | -0.3% | -0.4% |
| Huntsville, AL | 468,902 | | 8.7% | 0.8% | 36,870 | | |
| Jacksonville, FL | 7,524,530 | \$21.53 | 10.7% | 10.0% | 62,091 | 0.5% | 1.2% |
| Memphis, TN | 1,980,978 | \$17.90 | 19.5% | 19.9% | -4,134 | -0.8% | -2.5% |
| Nashville, TN | 6,685,439 | \$32.24 | 10.9% | 9.1% | 77,900 | -4.2% | 8.4% |
| Norfolk, VA | 2,481,943 | \$25.00 | 13.5% | 11.6% | -7,769 | 0.7% | 8.4% |
| Orlando, FL | 6,071,705 | \$28.73 | 9.2% | 8.6% | 48,472 | 5.7% | 8.3% |
| Raleigh-Durham, NC | 6,430,791 | \$30.47 | 6.6% | 5.9% | 43,205 | 1.8% | -0.1% |
| Richmond, VA | 6,920,094 | \$24.31 | 9.2% | 10.3% | -65,709 | 1.4% | 2.4% |
| Savannah, GA | 645,713 | \$22.15 | 9.7% | 11.9% | -13,930 | -0.4% | 2.1% |
| South Florida | 26,694,959 | \$42.28 | 14.4% | 14.6% | -68,426 | 1.3% | 3.2% |
| > Fort Lauderdale | 6,564,058 | \$36.09 | 14.8% | 15.8% | -68,302 | 2.2% | 4.6% |
| > Miami | 13,850,624 | \$46.89 | 15.1% | 15.2% | -16,057 | 1.1% | 1.8% |
| > Palm Beach | 6,280,277 | \$38.72 | 12.4% | 12.1% | 15,933 | 2.9% | 4.5% |
| Tampa Bay, FL | 6,978,484 | \$28.97 | 11.5% | 9.4% | 60,526 | 0.9% | 2.9% |

United States - Downtown - Class A (continued)

| MARKET | INVENTORY (SF) MAR 31, 2018 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 157,573,778 | \$30.07 | 12.3% | 12.5% | 35,930 | 6.4% | 8.6% |
| Chicago, IL | 66,194,557 | \$44.94 | 11.7% | 11.9% | -141,127 | 2.0% | 2.0% |
| Cincinnati, OH | 8,230,242 | \$23.42 | 14.3% | 12.5% | 109,777 | -1.3% | 0.5% |
| Cleveland-Akron, OH | 11,152,071 | \$21.27 | 16.0% | 16.8% | 55,869 | 3.0% | 3.0% |
| > Akron | 1,653,706 | \$19.63 | 9.1% | 9.7% | -10,540 | -3.4% | -9.0% |
| > Cleveland | 9,498,365 | \$21.49 | 17.2% | 18.0% | 66,409 | 3.9% | 4.2% |
| Columbus, OH | 8,921,562 | \$19.62 | 11.0% | 10.9% | 15,623 | -0.4% | -2.2% |
| Dayton, OH | 2,289,586 | \$17.99 | 26.1% | 26.6% | -12,927 | 2.2% | 3.0% |
| Detroit, MI | 7,303,488 | \$24.41 | 7.5% | 7.7% | -17,957 | -1.1% | 1.6% |
| Indianapolis, IN | 6,123,712 | \$23.89 | 14.9% | 15.3% | -28,748 | 0.4% | 7.1% |
| Kansas City, MO | 11,407,702 | \$20.96 | 11.3% | 12.2% | 64,410 | 2.0% | 7.0% |
| Milwaukee, WI | 8,061,496 | \$22.20 | 10.7% | 10.7% | 0 | 1.2% | 2.9% |
| Minneapolis-St. Paul | 19,817,138 | \$17.82 | 11.7% | 11.4% | -18,210 | -0.7% | 1.8% |
| > Minneapolis CBD | 16,680,095 | \$19.23 | 12.4% | 11.8% | 25,078 | 0.2% | 5.6% |
| > St. Paul CBD | 3,137,043 | \$12.31 | 8.0% | 9.5% | -43,288 | 0.0% | -12.1% |
| Omaha, NE | 2,514,784 | \$21.02 | 9.1% | 12.5% | 882 | -3.8% | -3.9% |
| St. Louis, MO | 5,557,440 | \$19.21 | 16.7% | 17.1% | 8,338 | 1.9% | 0.2% |
| WEST | 196,068,193 | \$47.00 | 11.6% | 10.7% | 2,436,218 | -0.1% | 3.7% |
| Albuquerque, NM | 621,668 | \$22.14 | 31.5% | 32.8% | -8,290 | -2.9% | -7.8% |
| Bakersfield, CA | 788,282 | \$20.48 | 5.0% | 6.8% | -14,292 | 0.0% | 0.0% |
| Denver, CO | 24,807,476 | \$35.49 | 15.4% | 16.2% | 270,679 | -0.3% | 1.9% |
| Fresno, CA | 907,513 | \$19.08 | 10.8% | 8.7% | 19,186 | -7.6% | -0.2% |
| Downtown Los Angeles, CA | 18,470,800 | \$41.78 | 14.9% | 14.1% | 138,500 | 0.5% | -0.1% |
| Honolulu, HI | 4,966,720 | \$35.52 | 17.4% | 18.2% | -38,333 | 0.7% | 0.3% |
| Las Vegas, NV | 1,232,341 | \$31.92 | 21.3% | 21.6% | -3,786 | 0.0% | -1.8% |
| Phoenix, AZ | 9,396,601 | \$27.31 | 20.2% | 18.6% | 144,598 | 0.0% | 1.2% |
| Portland, OR | 11,985,685 | \$35.08 | 8.3% | 4.7% | -81,395 | 2.7% | 9.5% |
| Reno-Sparks, NV | 540,478 | \$24.36 | 14.9% | 15.3% | -2,405 | 0.5% | 4.1% |
| Sacramento, CA | 5,606,745 | \$36.00 | 10.6% | 10.1% | 33,087 | 2.7% | 4.5% |
| San Diego, CA | 6,541,356 | \$34.80 | 8.9% | 8.7% | 11,246 | -1.0% | -2.7% |
| San Francisco Bay Area, CA | 82,867,186 | \$69.73 | 8.1% | 7.1% | 1,551,993 | -4.1% | 3.5% |
| > East Bay | 18,507,828 | \$43.13 | 16.7% | 9.1% | -56,617 | 9.9% | -4.7% |
| > San Francisco | 60,567,578 | \$82.19 | 6.9% | 6.4% | 1,601,486 | -2.7% | 9.1% |
| > Silicon Valley | 3,791,780 | \$49.79 | 8.4% | 8.3% | 7,124 | 0.7% | 8.7% |
| Seattle-Puget Sound, WA | 24,217,978 | \$45.25 | 13.6% | 13.1% | 416,722 | -1.7% | 3.9% |
| > Seattle | 23,209,513 | \$47.67 | 14.0% | 13.4% | 414,897 | 2.5% | 8.6% |
| > Tacoma | 1,008,465 | \$28.27 | 6.3% | 6.1% | 1,825 | 0.5% | 8.2% |
| Stockton, CA | 3,117,364 | \$23.76 | 9.5% | 9.6% | -1,292 | 0.2% | 33.1% |

United States - Suburban - All Classes

| MARKET | INVENTORY (SF) MAR 31, 2018 | NEW SUPPLY (SF) Q1 2018 | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | YTD ABSORPTION (SF) 2018 |
|---------------------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| USA | 4,155,323,863 | 9,321,024 | 68,078,894 | 12.9% | 12.9% | 4,609,485 | 4,609,485 |
| NORTHEAST | 1,082,322,488 | 508,808 | 10,320,911 | 14.1% | 14.0% | -225,382 | -225,382 |
| Baltimore, MD | 76,968,147 | 0 | 965,029 | 11.3% | 11.0% | 257,449 | 257,449 |
| Boston, MA | 145,067,112 | 492,400 | 3,205,069 | 15.5% | 15.6% | 388,323 | 388,323 |
| Hartford, CT | 32,443,211 | 0 | 0 | 11.0% | 10.2% | 143,410 | 143,410 |
| New Hampshire | 19,969,650 | 0 | 96,953 | 12.2% | 11.8% | -54,967 | -54,967 |
| New York City Metro | 347,069,666 | 0 | 978,255 | 13.9% | 14.0% | -1,821,581 | -1,821,581 |
| › Central New Jersey | 88,115,972 | 0 | 103,400 | 14.6% | 15.2% | -634,109 | -634,109 |
| › Long Island | 75,780,125 | 0 | 149,126 | 7.6% | 7.3% | 177,100 | 177,100 |
| › Northern New Jersey | 117,287,189 | 0 | 725,729 | 16.1% | 16.3% | -1,026,355 | -1,026,355 |
| › NYC Northern Suburbs | 65,886,380 | 0 | 0 | 16.5% | 16.2% | -338,217 | -338,217 |
| Philadelphia, PA | 103,577,704 | 0 | 1,395,437 | 12.6% | 12.7% | -159,005 | -159,005 |
| Pittsburgh, PA | 68,743,406 | 16,408 | 111,773 | 8.0% | 8.0% | -1,131 | -1,131 |
| Washington, D.C. | 288,483,592 | 0 | 3,568,395 | 16.9% | 16.5% | 1,022,120 | 1,022,120 |
| › Washington, D.C., Northern Virginia | 196,249,285 | 0 | 2,800,671 | 17.9% | 17.3% | 1,036,467 | 1,036,467 |
| › Washington, D.C., Suburban Maryland | 92,234,307 | 0 | 767,724 | 14.9% | 14.8% | -14,347 | -14,347 |
| SOUTH | 1,294,980,519 | 4,750,276 | 21,090,151 | 12.7% | 12.8% | 1,459,308 | 1,459,308 |
| Atlanta, GA | 173,783,716 | 687,893 | 1,407,985 | 14.1% | 14.5% | 9,426 | 9,426 |
| Austin, TX | 59,612,864 | 1,119,590 | 1,886,729 | 9.1% | 8.3% | 764,184 | 764,184 |
| Birmingham, AL | 41,453,671 | 0 | 256,600 | 11.3% | 10.2% | 610,773 | 610,773 |
| Charleston, SC | 9,988,955 | 0 | 552,689 | 10.2% | 13.7% | -344,301 | -344,301 |
| Charlotte, NC | 49,477,016 | 232,837 | 1,239,194 | 10.2% | 10.3% | 125,337 | 125,337 |
| Columbia, SC | 10,493,221 | 0 | 30,000 | 11.6% | 11.8% | -25,903 | -25,903 |
| Dallas-Fort Worth, TX | 257,991,150 | 1,942,833 | 8,240,987 | 15.8% | 15.9% | 1,291,180 | 1,291,180 |
| › Dallas | 239,736,511 | 1,942,833 | 7,850,067 | 15.7% | 15.8% | 1,285,832 | 1,285,832 |
| › Fort Worth | 18,254,639 | 0 | 390,920 | 17.2% | 17.2% | 5,348 | 5,348 |
| Greenville, SC | 12,222,951 | 140,000 | 70,340 | 8.2% | 12.7% | -423,567 | -423,567 |
| Houston, TX | 186,570,797 | 240,224 | 498,752 | 19.1% | 19.7% | -948,586 | -948,586 |
| Huntsville, AL | 16,874,193 | 0 | 144,000 | 8.9% | 8.8% | 12,146 | 12,146 |
| Jacksonville, FL | 46,642,833 | 54,600 | 311,037 | 7.8% | 7.6% | 254,582 | 254,582 |
| Memphis, TN | 29,437,333 | 31,694 | 216,250 | 13.3% | 13.1% | 112,222 | 112,222 |
| Nashville, TN | 38,848,062 | 0 | 1,258,286 | 8.4% | 8.3% | 107,486 | 107,486 |
| Norfolk, VA | 35,956,622 | 48,300 | 349,760 | 10.3% | 9.8% | 92,998 | 92,998 |
| Orlando, FL | 56,256,208 | 45,000 | 877,704 | 8.1% | 8.1% | -95,894 | -95,894 |
| Raleigh-Durham, NC | 55,727,187 | 0 | 1,608,894 | 9.0% | 8.6% | 208,061 | 208,061 |
| Richmond, VA | 36,219,229 | 0 | 230,243 | 8.0% | 7.2% | 10,927 | 10,927 |
| Savannah, GA | 1,406,498 | 0 | 0 | 9.1% | 8.6% | 6,643 | 6,643 |
| South Florida | 120,791,909 | 207,305 | 1,857,701 | 8.8% | 9.3% | -442,369 | -442,369 |
| Tampa Bay, FL | 55,226,104 | 0 | 53,000 | 10.7% | 10.4% | 133,963 | 133,963 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) MAR 31, 2018 | NEW SUPPLY (SF) Q1 2018 | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | YTD ABSORPTION (SF) 2018 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 693,654,070 | 222,332 | 6,621,569 | 12.6% | 12.9% | 518,676 | 518,676 |
| Chicago, IL | 161,131,461 | 0 | 0 | 17.2% | 17.3% | -164,814 | -164,814 |
| Cincinnati, OH | 44,484,254 | 0 | 374,400 | 14.6% | 16.2% | -294,273 | -294,273 |
| Cleveland-Akron, OH | 42,499,229 | 0 | 671,326 | 11.3% | 11.8% | 69,351 | 69,351 |
| > Akron | 9,141,138 | 0 | 157,556 | 9.9% | 9.8% | 80,462 | 80,462 |
| > Cleveland | 33,358,091 | 0 | 513,770 | 11.6% | 12.3% | -11,111 | -11,111 |
| Columbus, OH | 45,766,983 | 126,000 | 717,455 | 9.2% | 10.2% | -20,392 | -20,392 |
| Dayton, OH | 9,062,170 | 25,000 | 59,000 | 16.4% | 18.3% | -96,848 | -96,848 |
| Detroit, MI | 114,719,876 | 35,403 | 725,428 | 11.6% | 12.3% | 409,157 | 409,157 |
| Grand Rapids, MI | 13,380,000 | 0 | 69,482 | 15.6% | 16.5% | 133,127 | 133,127 |
| Indianapolis, IN | 26,714,442 | 24,633 | 120,780 | 16.4% | 16.1% | 113,244 | 113,244 |
| Kansas City, MO | 61,776,464 | 0 | 1,216,600 | 8.6% | 9.0% | 90,564 | 90,564 |
| Milwaukee, WI | 28,854,115 | 0 | 85,500 | 8.8% | 8.9% | -31,965 | -31,965 |
| Minneapolis-St. Paul | 83,588,023 | 0 | 1,128,288 | 11.4% | 10.2% | 285,419 | 285,419 |
| Omaha, NE | 24,089,005 | 11,296 | 822,310 | 8.4% | 8.5% | 29,741 | 29,741 |
| St. Louis, MO | 37,588,048 | 0 | 631,000 | 10.4% | 10.1% | -3,635 | -3,635 |
| WEST | 1,084,366,786 | 3,839,608 | 30,046,263 | 11.9% | 11.8% | 2,856,883 | 2,856,883 |
| Albuquerque, NM | 10,966,674 | 0 | 0 | 17.0% | 17.0% | -6,574 | -6,574 |
| Bakersfield, CA | 6,522,349 | 0 | 85,776 | 8.3% | 7.9% | 22,969 | 22,969 |
| Boise, ID | 17,065,903 | 0 | 109,020 | 9.1% | 10.7% | -139,358 | -139,358 |
| Denver, CO | 109,359,927 | 499,844 | 1,507,792 | 11.4% | 11.8% | -39,358 | -39,358 |
| Fresno, CA | 18,840,996 | 17,667 | 0 | 9.7% | 8.9% | 182,339 | 182,339 |
| Greater Los Angeles, CA | 275,998,400 | 487,300 | 3,467,300 | 13.9% | 14.3% | -25,800 | -25,800 |
| > Inland Empire | 20,440,100 | 25,000 | 0 | 13.4% | 12.5% | 168,600 | 168,600 |
| > Los Angeles | 170,328,900 | 462,300 | 2,400,800 | 14.4% | 14.8% | 2,500 | 2,500 |
| > Orange County | 85,229,400 | 0 | 1,066,500 | 13.0% | 13.9% | -196,900 | -196,900 |
| Honolulu, HI | 7,370,365 | 0 | 0 | 9.3% | 9.2% | 20,411 | 20,411 |
| Las Vegas, NV | 39,604,035 | 68,364 | 463,446 | 16.4% | 15.9% | 218,604 | 218,604 |
| Phoenix, AZ | 126,105,054 | 362,218 | 2,597,690 | 15.3% | 15.2% | 414,553 | 414,553 |
| Portland, OR | 44,806,691 | 170,594 | 363,114 | 8.6% | 8.5% | 209,246 | 209,246 |
| Reno-Sparks, NV | 5,792,950 | 0 | 0 | 11.9% | 12.5% | -35,418 | -35,418 |
| Sacramento, CA | 56,095,783 | 0 | 150,092 | 13.7% | 13.3% | 279,813 | 279,813 |
| San Diego, CA | 74,615,961 | 0 | 713,892 | 11.0% | 10.8% | 97,725 | 97,725 |
| San Francisco Bay Area, CA | 181,291,453 | 1,706,816 | 13,445,693 | 9.0% | 8.2% | 538,960 | 538,960 |
| Seattle-Puget Sound, WA | 109,930,245 | 526,805 | 7,142,448 | 7.7% | 7.3% | 1,118,771 | 1,118,771 |
| > Bellevue | 41,623,003 | 0 | 686,692 | 6.3% | 5.5% | 320,752 | 320,752 |
| > Everett | 10,703,528 | 0 | 55,837 | 10.4% | 9.8% | 56,943 | 56,943 |
| > Seattle | 39,053,828 | 245,000 | 5,726,087 | 5.7% | 5.5% | 434,151 | 434,151 |
| > Tacoma | 18,549,886 | 281,805 | 673,832 | 13.8% | 13.6% | 306,925 | 306,925 |

United States - Suburban - Class A

| Market | Inventory (SF) Mar 31, 2018 | Avg Annual Quoted Rent (USD/SF) | Vacancy Rate Dec 31, 2017 | Vacancy Rate Mar 31, 2018 | Absorption (SF) Q1 2018 | Quarterly Change in Rent | Annual Change in Rent |
|---------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,672,668,956 | \$30.22 | 13.8% | 13.7% | 5,664,517 | 1.0% | 2.8% |
| NORTHEAST | 511,568,888 | \$30.28 | 14.5% | 14.1% | 300,763 | 0.8% | 1.6% |
| Baltimore, MD | 31,640,947 | \$26.36 | 12.6% | 12.2% | 142,998 | -1.0% | -1.0% |
| Boston, MA | 65,509,667 | \$28.82 | 13.2% | 13.8% | 64,698 | 2.5% | 4.5% |
| Hartford, CT | 6,065,425 | \$21.92 | 20.0% | 14.6% | 131,243 | -1.2% | -3.4% |
| New Hampshire | 7,229,051 | \$22.04 | 14.5% | 8.8% | 683,618 | 28.8% | 22.7% |
| New York City Metro | 201,707,895 | \$30.72 | 14.2% | 13.9% | -1,775,045 | 1.0% | 1.7% |
| > Central New Jersey | 58,728,521 | \$27.88 | 13.5% | 14.1% | -720,506 | -0.2% | 1.5% |
| > Long Island | 26,034,002 | \$29.68 | 7.8% | 6.8% | 266,561 | -0.1% | -1.2% |
| > Northern New Jersey | 84,440,161 | \$31.26 | 15.2% | 15.5% | -795,201 | 1.0% | 3.5% |
| > NYC Northern Suburbs | 32,505,211 | \$34.13 | 17.5% | 14.9% | -525,899 | 4.4% | -1.1% |
| Philadelphia, PA | 51,948,277 | \$27.46 | 9.5% | 9.7% | -88,577 | -6.6% | -1.1% |
| Pittsburgh, PA | 13,275,917 | \$22.31 | 15.7% | 14.9% | 110,918 | 2.3% | 6.1% |
| Washington, D.C. | 134,191,709 | \$34.05 | 17.7% | 17.0% | 1,030,910 | 1.1% | 0.8% |
| > Washington, D.C., Northern Virginia | 90,178,765 | \$37.14 | 18.8% | 17.7% | 918,076 | 1.6% | 2.1% |
| > Washington, D.C., Suburban Maryland | 44,012,944 | \$28.79 | 15.7% | 15.4% | 112,834 | 0.5% | 1.3% |
| SOUTH | 536,960,653 | \$29.57 | 14.2% | 14.4% | 3,503,883 | 1.5% | 2.1% |
| Atlanta, GA | 86,222,366 | \$27.89 | 14.2% | 14.8% | 141,416 | 2.0% | 1.3% |
| Austin, TX | 28,760,802 | \$37.25 | 8.3% | 8.0% | 955,127 | 4.9% | 6.2% |
| Birmingham, AL | 9,715,220 | \$22.22 | 14.7% | 10.9% | 651,044 | 7.5% | 5.8% |
| Charleston, SC | 2,604,779 | \$25.17 | 15.0% | 17.0% | -53,622 | -6.4% | -1.2% |
| Charlotte, NC | 21,598,126 | \$28.34 | 13.1% | 13.3% | 180,938 | 6.3% | 9.3% |
| Columbia, SC | 1,985,871 | \$18.95 | 5.1% | 8.8% | -72,736 | -0.5% | -0.3% |
| Dallas-Fort Worth, TX | 121,388,172 | \$30.25 | 16.4% | 16.3% | 1,632,617 | 0.8% | 3.9% |
| > Dallas | 117,213,077 | \$30.48 | 16.2% | 16.2% | 1,573,360 | 0.8% | 4.1% |
| > Fort Worth | 4,175,095 | \$22.79 | 20.7% | 19.3% | 59,257 | -3.3% | -8.6% |
| Greenville, SC | 4,808,654 | \$21.82 | 8.1% | 15.5% | -228,395 | 4.7% | 4.5% |
| Houston, TX | 96,791,258 | \$32.28 | 22.2% | 22.9% | -582,451 | -0.1% | -2.2% |
| Huntsville, AL | 1,847,740 | \$20.65 | 4.0% | 1.8% | 41,431 | -1.5% | 4.0% |
| Jacksonville, FL | 9,584,978 | \$22.33 | 7.2% | 6.8% | 81,004 | -1.1% | -0.3% |
| Memphis, TN | 9,438,546 | \$21.41 | 8.9% | 9.3% | -6,950 | 0.6% | 3.9% |
| Nashville, TN | 17,826,466 | \$29.33 | 11.3% | 10.7% | 160,989 | 0.6% | 6.4% |
| Norfolk, VA | 11,219,905 | \$20.61 | 10.4% | 9.0% | 192,108 | -0.1% | 1.7% |
| Orlando, FL | 19,078,061 | \$26.36 | 7.4% | 6.9% | 7,782 | 4.1% | 12.8% |
| Raleigh-Durham, NC | 25,499,508 | \$26.21 | 10.0% | 9.2% | 211,327 | 7.8% | 3.2% |
| Richmond, VA | 14,275,704 | \$20.46 | 6.7% | 7.4% | -31,874 | -0.3% | 6.1% |
| Savannah, GA | 488,384 | \$23.34 | 4.9% | 6.3% | -7,171 | 6.6% | 2.3% |
| South Florida | 36,100,985 | \$34.60 | 11.2% | 11.7% | 68,998 | 2.7% | 4.6% |
| > Fort Lauderdale | 11,275,929 | \$30.34 | 10.8% | 10.7% | 41,699 | 1.0% | 4.6% |
| > Miami | 15,970,134 | \$38.59 | 9.9% | 11.2% | 6,313 | 3.7% | 3.4% |
| > Palm Beach | 8,854,922 | \$31.83 | 14.1% | 13.8% | 20,986 | -0.7% | -1.0% |
| Tampa Bay, FL | 17,725,128 | \$26.80 | 8.4% | 8.0% | 162,301 | 1.3% | 3.6% |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) MAR 31, 2018 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2017 | VACANCY RATE MAR 31, 2018 | ABSORPTION (SF) Q1 2018 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| MIDWEST | 264,567,645 | \$24.22 | 13.9% | 14.0% | 224,054 | 0.1% | 0.3% |
| Chicago, IL | 83,157,005 | \$28.72 | 20.2% | 20.1% | 35,213 | 0.6% | 0.4% |
| Cincinnati, OH | 18,190,650 | \$22.08 | 14.0% | 15.6% | -159,298 | 0.3% | 0.7% |
| Cleveland-Akron, OH | 9,724,235 | \$20.76 | 12.7% | 11.8% | 85,776 | 1.8% | 6.3% |
| > Akron | 1,347,310 | \$18.47 | 18.4% | 14.5% | 39,003 | -1.6% | -2.2% |
| > Cleveland | 8,376,925 | \$21.19 | 11.9% | 11.3% | 46,773 | 2.3% | 7.8% |
| Columbus, OH | 19,898,839 | \$22.00 | 8.9% | 10.6% | -49,989 | 0.5% | 0.2% |
| Dayton, OH | 2,220,911 | \$20.45 | 16.2% | 15.9% | -39,455 | -0.8% | 2.2% |
| Detroit, MI | 38,017,379 | \$21.81 | 12.3% | 12.6% | -121,568 | 0.3% | 0.3% |
| Indianapolis, IN | 12,472,831 | \$21.91 | 16.9% | 16.3% | 104,541 | 0.5% | 4.5% |
| Kansas City, MO | 19,546,934 | \$21.93 | 7.4% | 8.3% | 17,066 | -0.8% | 1.3% |
| Milwaukee, WI | 10,857,148 | \$18.18 | 7.4% | 7.4% | -4,643 | -5.4% | 2.5% |
| Minneapolis-St. Paul | 28,214,069 | \$16.85 | 13.0% | 10.7% | 289,145 | 1.2% | 4.4% |
| Omaha, NE | 4,377,408 | \$20.97 | 3.6% | 6.3% | 5,151 | -26.5% | -27.5% |
| St. Louis, MO | 17,890,236 | \$24.31 | 7.8% | 7.3% | 62,115 | 2.8% | 1.8% |
| WEST | 359,571,770 | \$37.68 | 12.0% | 11.8% | 1,635,817 | 0.2% | 4.9% |
| Albuquerque, NM | 824,335 | \$22.45 | 12.7% | 12.5% | 1,452 | -9.2% | -0.2% |
| Bakersfield, CA | 2,923,838 | \$22.24 | 9.1% | 8.4% | 19,855 | 0.9% | 3.4% |
| Denver, CO | 42,255,280 | \$27.43 | 12.8% | 13.8% | -135,769 | -2.2% | -1.2% |
| Fresno, CA | 1,579,360 | \$25.26 | 12.7% | 11.3% | 27,447 | -2.9% | -2.0% |
| Greater Los Angeles, CA | 64,851,500 | \$37.56 | 14.9% | 15.1% | 268,700 | -0.7% | 2.1% |
| > Los Angeles | 27,849,500 | \$37.01 | 13.1% | 13.5% | -94,600 | -3.8% | 2.2% |
| > Orange County | 37,002,000 | \$37.87 | 16.2% | 16.4% | 363,300 | 1.0% | 1.6% |
| Las Vegas, NV | 5,375,008 | \$31.87 | 22.3% | 20.4% | 106,303 | 0.3% | -0.8% |
| Phoenix, AZ | 39,599,098 | \$28.98 | 13.1% | 13.7% | 76,985 | -0.1% | 1.6% |
| Portland, OR | 12,135,636 | \$28.28 | 9.9% | 10.0% | 63,221 | -0.5% | 7.5% |
| Reno-Sparks, NV | 3,219,457 | \$22.04 | 10.5% | 11.8% | -41,076 | 0.7% | 3.8% |
| Sacramento, CA | 13,920,301 | \$24.64 | 13.3% | 12.8% | 85,624 | 3.2% | 4.9% |
| San Diego, CA | 25,866,041 | \$38.99 | 13.8% | 14.1% | -72,793 | -0.5% | 1.2% |
| San Francisco Bay Area, CA | 99,099,723 | \$50.39 | 10.5% | 9.6% | 494,970 | 0.5% | 3.1% |
| > East Bay | 20,007,096 | \$37.70 | 11.9% | 11.1% | -86,902 | 5.1% | 1.1% |
| > Fairfield, CA | 2,042,600 | \$26.62 | 15.6% | 17.1% | -7,070 | 1.0% | 0.5% |
| > San Francisco Peninsula | 25,790,620 | \$63.34 | 7.7% | 7.5% | -15,541 | 0.6% | 5.0% |
| > Silicon Valley | 51,259,407 | \$52.88 | 11.3% | 9.8% | 604,483 | -0.2% | 0.4% |
| Seattle-Puget Sound, WA | 47,922,193 | \$40.33 | 7.5% | 6.6% | 740,898 | 0.3% | 10.2% |
| > Bellevue | 21,264,045 | \$42.11 | 6.1% | 5.6% | 89,324 | 4.0% | 6.1% |
| > Everett | 1,461,153 | \$28.59 | 14.6% | 13.0% | 23,493 | -3.1% | 3.6% |
| > Seattle | 19,897,541 | \$45.67 | 5.0% | 3.4% | 610,024 | 0.9% | 22.0% |
| > Tacoma | 5,299,454 | \$32.69 | 20.9% | 20.5% | 18,057 | -8.4% | 22.6% |

| United States Office Investment | | | | |
|-----------------------------------|--------------------------------|-------------------|-------------------------------------|------------------------|
| MARKET | CBD AVG. SALES PRICE (USD PSF) | CBD AVG. CAP RATE | AVG. SUBURBAN SALES PRICE (USD PSF) | AVG. SUBURBAN CAP RATE |
| USA | \$379 | 5.7% | \$205 | 6.8% |
| NORTHEAST | \$351 | 6.2% | \$161 | 7.7% |
| Baltimore | \$114 | | \$148 | 9.0% |
| Boston | \$549 | 4.9% | \$191 | 5.9% |
| Hartford | \$110 | 8.0% | \$100 | 9.0% |
| New York | \$863 | 4.5% | \$187 | |
| Northern New Jersey | \$206 | 6.8% | \$131 | 7.2% |
| Philadelphia | \$201 | 6.8% | \$169 | 7.3% |
| Pittsburgh | \$150 | 7.2% | \$140 | 7.1% |
| Washington, D.C. | \$612 | 5.0% | \$225 | 8.4% |
| SOUTH | \$224 | 7.0% | \$217 | 7.0% |
| Atlanta | \$171 | 6.3% | \$197 | 6.5% |
| Austin | \$339 | 6.2% | \$309 | 6.6% |
| Charlotte | \$199 | | \$184 | 6.4% |
| Dallas-Fort Worth | \$174 | | \$203 | 7.0% |
| Houston | \$122 | | \$224 | 7.0% |
| Miami | \$452 | | \$233 | 6.3% |
| Nashville | \$214 | 6.2% | \$356 | 7.0% |
| Norfolk | \$200 | 7.0% | \$180 | 7.0% |
| Orlando | \$255 | 7.0% | \$240 | 7.3% |
| Raleigh/Durham | \$180 | 7.6% | \$236 | 6.0% |
| Richmond | | | \$110 | 8.0% |
| Savannah | \$160 | 8.5% | \$180 | 8.5% |
| Tampa Bay | | | \$164 | 7.3% |

| United States Office Investment | | | | |
|-----------------------------------|--------------------------------|-------------------|-------------------------------------|------------------------|
| MARKET | CBD AVG. SALES PRICE (USD PSF) | CBD AVG. CAP RATE | AVG. SUBURBAN SALES PRICE (USD PSF) | AVG. SUBURBAN CAP RATE |
| MIDWEST | \$182 | 6.7% | \$140 | 7.6% |
| Chicago | \$360 | 6.0% | \$180 | 7.1% |
| Cincinnati | | | \$165 | |
| Cleveland | | 7.5% | \$107 | |
| Columbus | | 7.9% | \$118 | 8.1% |
| Detroit | \$79 | 7.9% | \$110 | 9.0% |
| Indianapolis | \$117 | | \$148 | 7.5% |
| Kansas City | \$147 | | \$141 | 7.9% |
| Milwaukee | \$175 | 8.0% | \$105 | 9.0% |
| Minneapolis | \$161 | | \$185 | 7.6% |
| St. Louis | \$94 | 8.0% | \$185 | 7.0% |
| St. Louis | \$94 | 8.0% | \$115 | 8.5% |
| WEST | \$340 | 5.9% | \$281 | 6.3% |
| Denver | \$345 | 6.0% | \$409 | 6.2% |
| Fresno | \$200 | 7.0% | \$240 | 6.8% |
| Los Angeles | \$191 | 5.5% | \$346 | 5.6% |
| Las Vegas | \$145 | | \$194 | 7.0% |
| Phoenix | \$122 | | \$224 | 6.8% |
| Portland | \$364 | 6.0% | \$188 | 6.2% |
| Sacramento | \$230 | 7.0% | \$152 | 6.4% |
| San Francisco Bay Area | \$763 | 5.1% | \$497 | 5.7% |
| Seattle | \$703 | 4.7% | \$278 | 6.3% |

Sources: Colliers International, Real Capital Analytics

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Office Sector Remains Strong Despite Declining Absorption in 2017

Stephen Newbold, National Director of Office Research | USA

The U.S. office market maintained its vigor in 2017. Occupancy remains at peak levels and rents are holding firm. The national office vacancy rate has been virtually static for eight successive quarters. Construction remains elevated, but deliveries look to have peaked. Absorption and sales volume were down over the year but there is no immediate risk of a market correction.

And the economic outlook offers some bright spots for the office sector in the form of sustained growth, tax cuts and business-friendly regulatory reform in Washington. However, rising inflation and interest rates are potential dark clouds on the horizon, as most businesses seek to curtail costs while investors could be impacted by rising finance costs and a tightening yield-gap.

Tech-centric markets should continue to out-perform as the frantic pace of business expansion in the sector shows no sign of slowing. Co-working space operators are also in growth mode with a business model that seeks to challenge existing lease structures and the nature of space usage, unlikely in the immediate future.

Key Observations

- Vacancy Hits a Cyclical Low:** The U.S. office vacancy rate fell slightly in Q4 and is now marginally lower than the level seen at the peak of the previous cycle, but it has been virtually static for eight successive quarters.
- Rents Continue to Hold Firm:** The pace of rent acceleration declined in 2017 and growth over the past two quarters has been minimal. Annual rent growth for 2017 was just 1.8%, only one-third of 2016's rent growth rate of 5.4%. The highest rent growth is concentrated in the nation's secondary metros as well as leading tech markets.
- Construction Remains Elevated but Deliveries Have Peaked:** While still elevated, the volume of office space under construction fell slightly for the second successive quarter to 107 million square feet. There was 70.5 million square feet of new supply delivered in 2017, likely the peak year for new supply in the current cycle.
- Absorption Declines but High-End Space Remains in Demand:** While U.S. office absorption held steady in Q4 2017, it fell by 28% year over year to 41.9 million square feet. Class A space accounts for 84% of space absorbed in Q4 2017. Tenants are focusing on high-end space to provide the optimum environment to retain and attract the best talent.
- Investment Volume is Down. Suburban Assets Remain in Most Demand:** Total U.S. office sales volume for 2017 was \$131.9 billion, down by 8% over the year. Investors continue to focus on the suburbs in search of higher yields, accounting for 63% of the 2017 sales total. CBD sales volume fell by 21% in 2017 to \$48.8 billion. Capitalization (cap) rates are holding firm but price appreciation continues to slow with only a 3% increase in 2017.

Market Indicators

Relative to Prior Period

| | Q4 2017 | Q4 2018* |
|----------------|---------|----------|
| VACANCY | — | = |
| NET ABSORPTION | + | + |
| CONSTRUCTION | — | — |
| RENTAL RATE** | + | = |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics | Q4 2017

U.S. Office Market

| | |
|---|---------|
| Vacancy Rate | 12.0% |
| Change From Q3 2017 (Basis Points) | -30 |
| Absorption (MSF) | 12.3 |
| % of Markets With Positive Absorption | 72% |
| New Supply (MSF) | 16.3 |
| Under Construction (MSF) | 107.2 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$46.39 |
| Change From Q3 2017 | -0.8% |
| Change From Q4 2016 | -1.5% |
| Suburban Class A | \$29.92 |
| Change From Q3 2017 | +0.4% |
| Change From Q4 2016 | +3.6% |

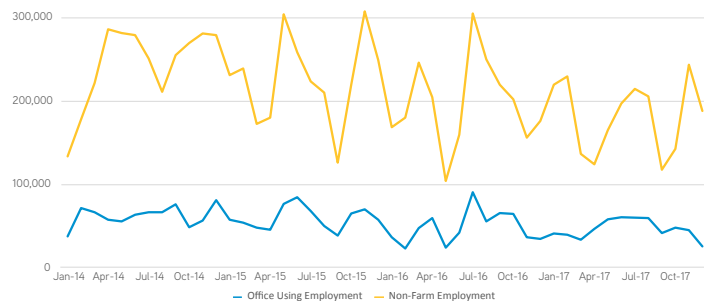
Economy

America's economic expansion has clocked more than 100 months, and by mid-2018 will be the second longest in U.S. history—and now the economy is getting new life courtesy of the strengthening global economy and the tax cut stimulus from Washington.

Real GDP grew an estimated 2.3% in 2017, exactly in line with the consensus forecast a year ago. This is a marked improvement over the anemic 1.5% growth in 2016, but still below the 2.6% rate in 2014 and 2.9% in 2015. Still, the economy continues to expand, if slowly, to the benefit of property markets and most investors.

Consumption, which accounts for over two-thirds of the U.S. economy, grew by 2.7%—the same as in 2016. Wage growth remains stubbornly weak, notwithstanding the 4.1% unemployment rate that puts the economy essentially at full employment, which holds back further gains in consumer spending. Meanwhile, job growth continues to be strong, if not quite as robust as earlier in the cycle. Firms are finding it increasingly difficult to hire qualified workers for their open positions.

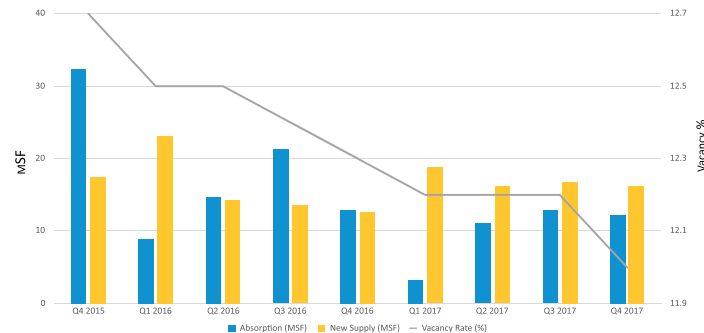
U.S. Job Growth Trends - 2 Month Moving Average



Source: BLS

Looking forward, three factors should drive the economy upward in 2018. First, the synchronized pickup in economic growth globally is expected to gain momentum. Second, the tax cut and reform bill enacted late last year should provide a clear, if relatively modest, boost in 2018. Finally, business investment in capital goods and structures should continue at an elevated pace as business confidence remains exceptionally high. Corporate America's mood has been lifted by a trifecta of favorable factors: the sweeping tax cuts and reform, business-friendly regulatory reform in Washington and the improving overseas markets.

U.S. Office Market Q4 2015 - Q4 2017



Source: Colliers International

The consensus GDP growth forecast for 2018 is 2.7%, still below the long-term average but it would be the strongest year since 2015. However, a slowdown becomes a real possibility for 2019 and especially 2020, as the cumulative effect of Fed rate hikes take full effect.

Office real estate will benefit directly from the relatively strong growth this year. However, we do not anticipate that the office sector will benefit significantly from the tax bill. Some key office tenants, like tech and finance, will gain only average tax savings from the new tax code, while others, like healthcare and professional services, will see more limited gains. Moreover, many corporations are expected to distribute much of their tax savings to shareholders through dividends and share buy-backs, instead of investing in new facilities.

Top U.S. Office Leases | Q4 2017

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|--------------------------------------|----------------------------|-----------------|---------|-----------------------|
| Amazon | Rainier Square Development | Seattle | 738,900 | Technology |
| Dropbox | The Exchange | San Francisco | 736,550 | Technology |
| Ernst & Young | One Manhattan West | Manhattan | 604,205 | Professional Services |
| Immigrations & Customs Enforcement * | Potomac Center North | Washington D.C. | 503,000 | Government |
| Charter Communications | Gateway Harbor Point | Westchester | 500,000 | Technology |

*Renewal

Sources: CoStar, Colliers International

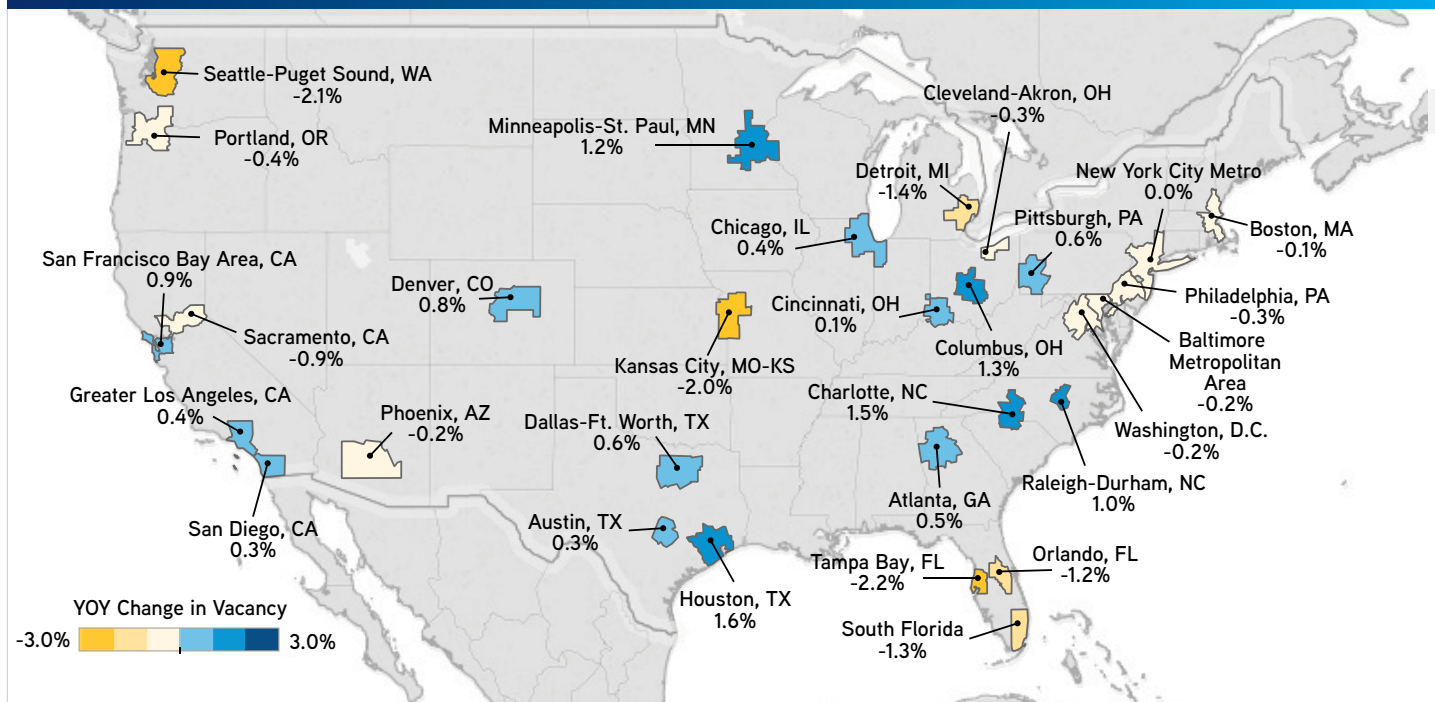
Top U.S. Office Sales | Q4 2017

| ADDRESS | MARKET | SF | PRICE (MILLIONS) | BUYER |
|------------------------------------|-----------|-----------|------------------|----------------------------|
| One Astor Plaza, 1515 Broadway | Manhattan | 1,750,000 | \$1,950 | Allianz RE of America |
| Worldwide Plaza, 825 Eighth Ave. * | Manhattan | 2,048,550 | \$1,725 | R&R Realty, SL Green |
| One Liberty Plaza, 165 Broadway | Manhattan | 2,346,000 | \$1,515 | Blackstone |
| State Farm @ Marina Heights * | Phoenix | 2,118,000 | \$928 | Transwestern, JDM Partners |
| Houston Center - Bldgs. 1, 2 & 4 | Houston | 2,969,550 | \$612 | Brookfield AM |

* Joint Venture

Source: Colliers International, Real Capital Analytics

Top 30 Metros: Year-Over-Year Change in Metro Vacancy | Q4 2017



Source: Colliers International

Vacancy Stays Low but Absorption Falls Over the Year

The U.S. office market vacancy rate fell by 20 basis points in Q4 2017 to 12%. Vacancy has stayed in a 30-basis-point range for the past eight quarters, providing continued evidence that the market has plateaued. Given that construction levels remain elevated, and show no significant slowdown, the stability in vacancy is a positive sign indicating that new space is being absorbed.

Almost 40% of U.S. metro office markets have a sub-10% vacancy rate, led by Seattle, where a series of large Q4 2017 move-ins by Amazon dropped the vacancy rate to 6.4%. Four secondary markets follow, all of which have sub-8% vacancy rates: Raleigh-Durham, Richmond, Portland and Jacksonville.

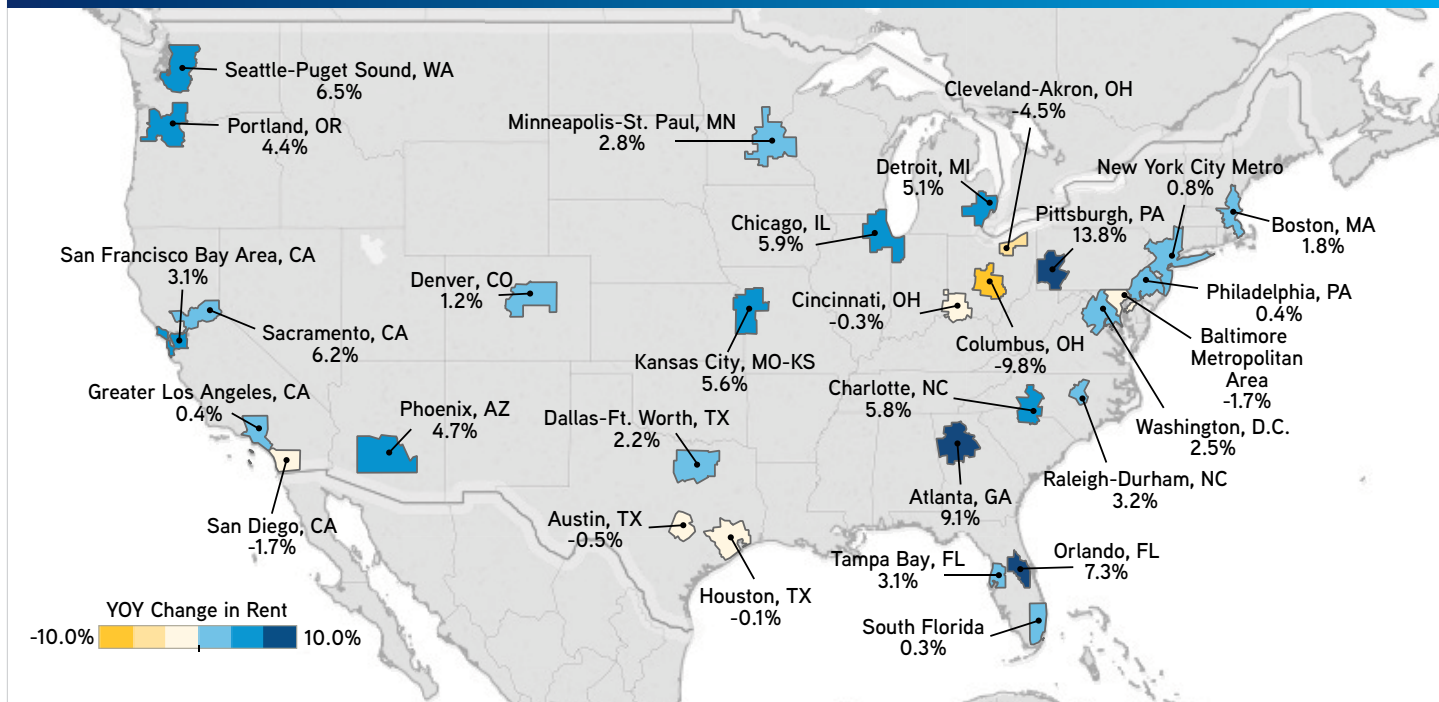
Vacancy rates fell this quarter in 15 of the top 30 metro office markets with some of the largest drops occurring in Seattle (down by 210 basis points or bps) and Kansas City (down 200 bps). The strong performance of Florida's office markets continues with Orlando, South Florida and Tampa Bay all seeing vacancy rates fall by at least 100 bps. Only three of the top 30 metros saw a vacancy increase above 100 bps: Chicago, Houston and Charlotte.

Downtown markets still maintain an occupancy edge over the suburbs. Vacancy in Q4 fell by 10 bps in both to 10.8% in downtown markets and 12.8% in the suburbs, with both witnessing a fall of 60 bps over the year.

U.S. office absorption fell slightly in Q4 to 12.3 million square feet, down from 12.8 million square feet. Total office absorption fell for a second successive year in 2017, down by 28% to 41.9 million square feet following a 40% fall in 2016. When measured as a percentage of absorption, downtown absorption in 2017 was 0.4% compared with 0.8% in the suburbs, in part reflecting great space availability in the suburbs.

Out-performing downtown markets in 2017 included Nashville at 8.3% of inventory, Raleigh-Durham (6.3%), Seattle (3.7%) and Austin (3.7%). Among the larger suburban markets, Dallas saw the greatest absorption rate in 2.2% of inventory, reflecting a series of major corporate move-ins in Far North Dallas, followed by 1.9% in both Phoenix and South Florida.

Top 30 Metros: Year-Over-Year Change in CBD Class A Rent | Q4 2017



Source: Colliers International

Downtown Rents Hold Firm. West Coast Leads the Suburbs.

Office rents continue to hold firm with only minimal changes from quarter to quarter. Across all classes of space, average asking rents rose by 0.3% in Q4 2017 to \$35.95 per square foot. Annual rent growth for 2017 was just 1.8%, only one-third of 2016's rent growth rate of 5.4%.

Average Class A rents stand at \$46.39 per square foot in downtown markets and \$29.92 per square foot in the suburbs. Downtown Class A rents fell by 1.5% in 2017, driven by lower absorption, while suburban Class A rents rose by 3.6%. The modest fall in downtown Class A rents is a recent phenomenon, while suburban Class A rent growth primarily occurred at the beginning of the year with the Q4 2017 growth rate a mere 0.5%.

Manhattan has the highest downtown rent with average Class A asking rates at \$78.30 per square foot followed by San Francisco at \$72.70 per square foot. Only seven downtown markets out of 61 tracked have Class A rates above the U.S. average. Washington, D.C. is the only other downtown market where rents exceed \$60 per square foot.

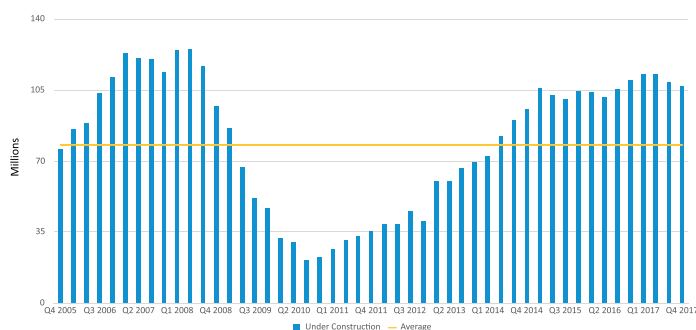
Annual Class A rent growth of 5% or higher was achieved in 15 downtown markets, but the highest rent growth is concentrated in the nation's secondary metros, led by Nashville (13.6%), Atlanta (9.1%) and Fresno (7.8%). Still, downtown Class A rates grew by a very healthy 6.9% in Seattle and 6.2% in San Francisco in 2017, reflecting strong demand from tech firms, which remain in strong expansion mode. Following the delivery of a series of new high-end office towers, Class A rents rose by a strong 5.9% in downtown Chicago. Tenants are increasingly willing to pay top dollar for the best space to retain and attract the best talent.

In the suburbs, West Coast markets account for the top five highest rented markets, led by the San Francisco Bay Area, which is centered on Silicon Valley, at \$50.17 per square foot. Three of the top five suburban markets (Seattle, Los Angeles and Orange County) all posted gains above 6% in 2017. Three suburban Florida markets are also in the top 10: Miami, Palm Beach and South Florida. Outside of the west coast some of the strongest suburban Class A rent growth in 2017 occurred in Orlando (8.7%), Nashville (7.2%), Philadelphia (6.8%) and Phoenix (6.3%).

Deliveries Peak in 2017

While still elevated, the volume of office space under construction fell slightly for the second successive quarter in Q4 2017, declining from 109 to 107 million square feet. Of this total, 46.4 million square feet are underway in downtown markets with 60.5 million square feet in the suburbs. But downtowns are still growing faster than suburban markets when measured as a percentage of inventory: 2.3% downtown against 1.4% in suburban markets.

Quarterly Under Construction Totals



Source: Colliers International

Five metros collectively account for half of the space currently underway: the San Francisco Bay Area at 15.3 million square feet (MSF), Washington, D.C. at 10.8 MSF, New York at 10.6 MSF, Dallas-Fort Worth at 8.9 MSF and Seattle-Puget Sound with 6.8 MSF. The volume of space underway is starting to fall in the San Francisco Bay Area and Dallas-Fort Worth as corporate campuses in the suburbs are delivered. When current construction is measured as a share of inventory Austin leads at 6%, followed by the San Francisco Bay Area (5.6%) and Seattle-Puget Sound (4.8%).

Concerns of over-supply in Washington, D.C., where vacancy is already elevated, are shifting. Reflecting tenants' flight to quality, the dominant issue is changing from leasing up the new space to filling the older commodity space that is left behind. This has the potential to create greater structural vacancy unless such space is upgraded or readapted to an alternate use. Los Angeles still merits a note of caution with more than 3 MSF underway across prestige Westside locations and Downtown's fashionable Arts District. Leasing traction remains stubbornly slow.

There was 16.3 MSF of new office space delivered in Q4 2017, bringing the total for 2017 to 70.5 MSF up from 54.4 MSF in 2016. With construction starts declining, 2017 should represent the peak year for new supply in the current cycle.

Investors Continue to Look to the Suburbs

The office investment market has been cooling, but a solid fourth quarter slowed down the rate of decline. U.S. office sales volume in Q4 2017 was \$36.2 billion up from \$28.7 billion in the third quarter. However, the fourth quarter usually brings an uptick in activity as buyers and sellers seek to close transactions before the year end.

Total U.S. office sales volume for 2017 was \$131.9 billion, down by 8% over the year. A sharp decline in cross-border sales, particularly from China, is a contributing factor.

Investors continue to focus on the suburbs in search of higher yields, with \$83.1 billion invested in the suburbs in 2017 representing a modest increase of 2% over the year. Conversely, CBD sales volume fell by 21% in 2017 to \$48.8 billion. There has been a shift away from the six major metros (Boston, Chicago, Los Angeles, Manhattan, San Francisco and Washington, D.C.) whose combined sales volume of \$68.7 billion in 2017 was 15% below the 2016 total. Investment activity in secondary markets showed no change at \$53.8 billion.

U.S. Office Investment | Q4 2017

| | Q4 2017 VOLUME (\$B) | Q4 2017 YOY CHANGE | YTD 2017 VOLUME (\$B) | YTD 2017 YOY CHANGE |
|--------------------------|-------------------------|-----------------------|--------------------------|------------------------|
| Office Total | 36.2 | -14% | 131.9 | -8% |
| Downtown Markets | 13.8 | -10% | 48.8 | -21% |
| Suburban Markets | 22.4 | -17% | 83.1 | 2% |
| Portfolio Sales | 7.2 | -21% | 27.3 | -8% |
| Single Asset Sales | 29.1 | -12% | 104.6 | -8% |
| Major Office Metros | 18.5 | -12% | 68.7 | -15% |
| Secondary Office Markets | 15.6 | -15% | 53.8 | 0% |
| Tertiary Office Markets | 1.9 | -32% | 9.1 | 8% |

Source: Real Capital Analytics

Average cap rates held firm at 6.7% in Q4 2017 and remain tightest in the northeast and west regions at 5.7% and 6.1% respectively. Cap rates stand at 5.6% in downtown markets and 7% in the suburbs, both of which are below their long-term averages of 6.8% and 7.7% respectively. Despite the downturn in sales volume, pricing remains aggressive in the top CBD markets with Boston, Manhattan and Seattle all having sub-5% cap rates.

Manhattan saw the top three of the five largest single-asset trades by dollar value in Q4 2017, led by Allianz RE of America's \$1.95 billion purchase of One Astor Plaza, 1515 Broadway for SL Green. The fourth quarter also saw another major suburban campus acquisition. A joint venture between Transwestern Investment Group and JDM Partners acquired the 2.1-million-square-foot State Farm campus in Tempe, AZ for \$928 million.

Outlook for 2018

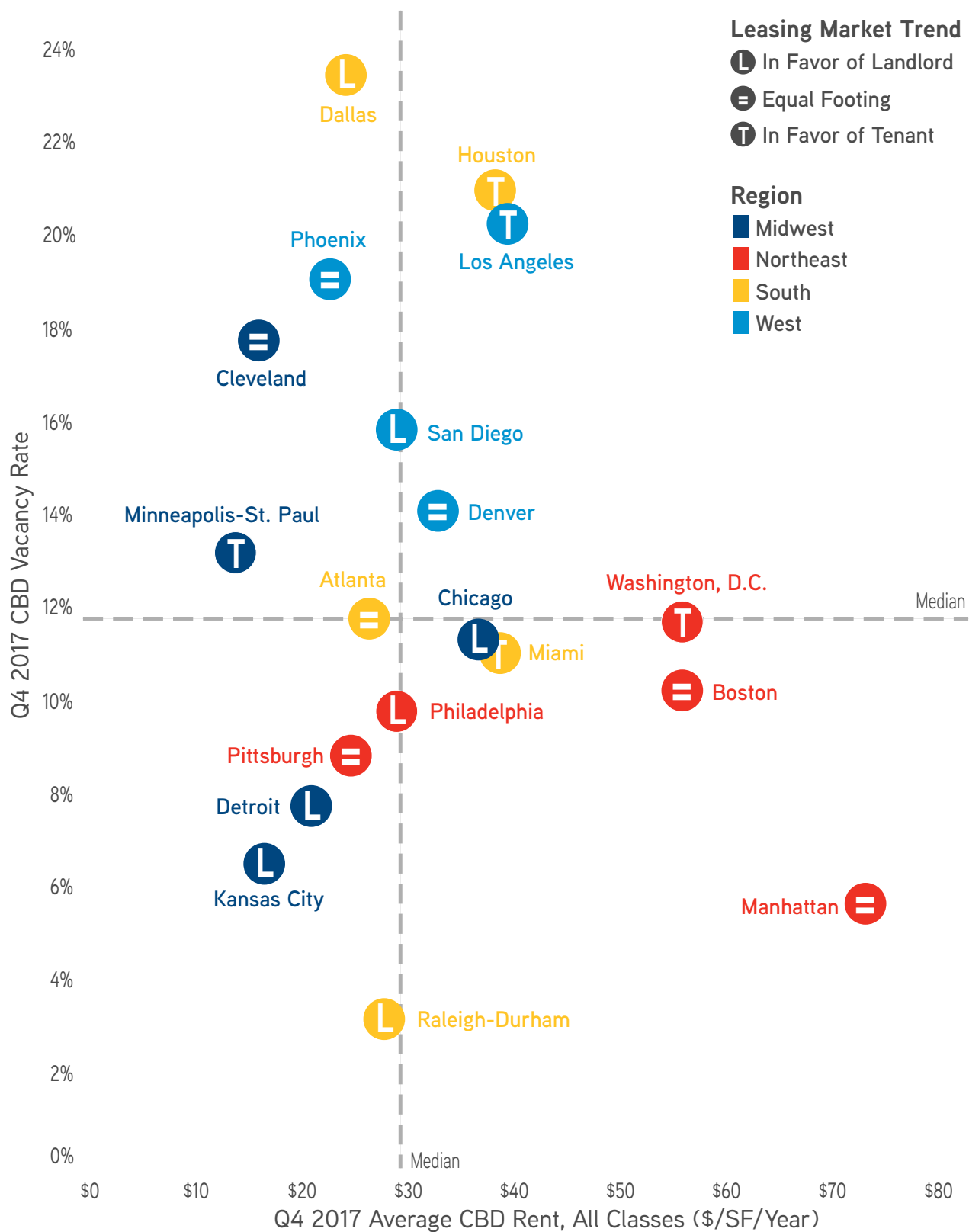
As we look to the year ahead, the U.S. office market remains on solid footing, with occupancy at peak levels and rents holding firm. Among the key drivers for our office outlook this year:

- 1. Economic Outlook** The economic outlook offers some bright spots for the office sector in the form of sustained growth, tax cuts and business-friendly regulatory reform in Washington. Rising inflation and interest rates are potential disruptors as businesses seek to curtail costs.
- 2. Absorption vs. Construction** While deliveries seemed to have peaked for this cycle, construction remains elevated, so recent declines in absorption may soon translate into higher vacancies unless there is a bounce-back in demand. Annual net absorption has dropped by over 50% in just two years. Economic growth and job creation are not transferring in to an increase in office space occupied.
- 3. Tech, tech, tech** Tech-centric markets should continue to out-perform as the frantic pace of business expansion in the sector shows no sign of slowing. Outside of the tech sector, business growth is more limited with space efficiency at the forefront of many tenants' minds.
- 4. Flight to Quality** Tenants have a strong and increasing preference for the best Class A space. As they relocate to new premises, structural vacancy could increase for the inventory left behind unless there are sound and affordable options to upgrade or repurpose this space.
- 5. Co-Working** Co-working space operators are in aggressive growth mode with a business model that challenges traditional lease structures and the nature of space usage.
- 6. Investment Sales** Investors also could be impacted by rising finance costs and a tightening yield-gap. While this points to an even greater focus on the higher cap rates offered by suburban assets, core and risk averse buyers may move to the sidelines or restructure their sector allocations. Unless there is a compelling need to sell, look for fewer trophy CBD assets being brought to market. Meanwhile with Chinese firms still discouraged from off-shore deals, look for cross-border sales to continue to slump.



Supplemental Data: Largest 20 Markets

Landlord and Tenant Conditions

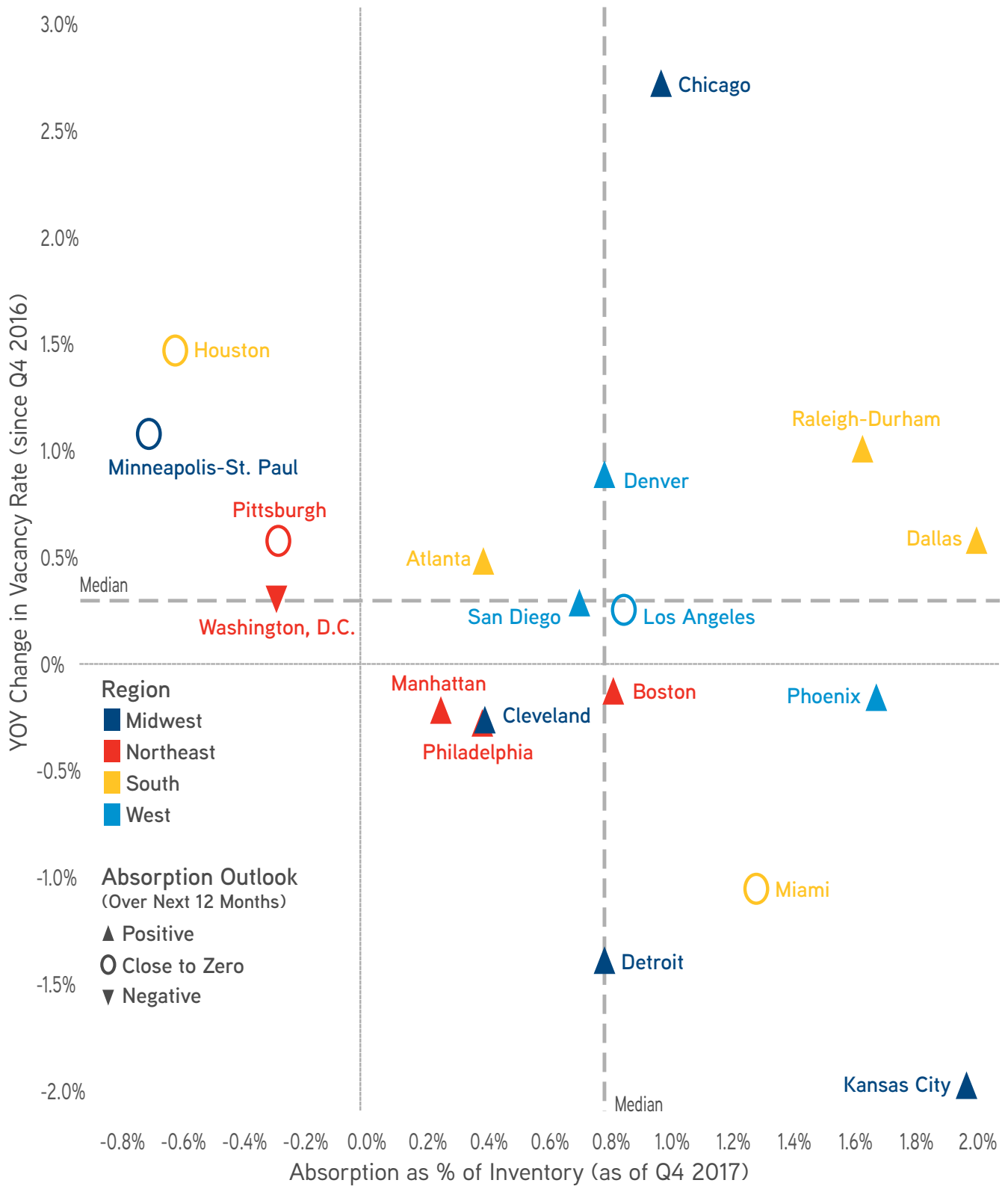


Source: Colliers Q4 2017 office survey. Tenant-landlord assessment reflects conditions as of Q4 2017.

Supplemental Data: Largest 20 Markets (continued)

Change in Vacancy vs. Absorption

Absorption Outlook Over Next 12 Months



Source: Colliers Q4 2017 office survey. Absorption forecasts reflect a 12-month outlook.

| United States - Downtown - All Classes | | | | | | | |
|--|--------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| Market | Inventory (SF) Dec 31, 2017 | New Supply (SF) Q4 2017 | Under Construction (SF) | Vacancy Rate Sep 30, 2017 | Vacancy Rate Dec 31, 2017 | Absorption (SF) Q4 2017 | YTD Absorption (SF) 2017 |
| USA | 1,972,059,434 | 2,885,001 | 46,346,643 | 10.5% | 10.4% | 2,163,813 | 7,253,681 |
| NORTHEAST | 883,327,197 | 553,200 | 21,394,535 | 8.4% | 8.3% | -2,728 | 1,759,217 |
| Baltimore, MD | 45,822,738 | 0 | 583,094 | 9.9% | 10.2% | -114,548 | 262,828 |
| Boston, MA | 70,192,077 | 0 | 1,986,600 | 10.6% | 10.5% | 102,021 | 696,960 |
| Hartford, CT | 11,451,849 | 0 | 0 | 13.0% | 12.3% | 116,868 | 160,942 |
| New York City Metro | 517,927,348 | 0 | 9,342,379 | 6.7% | 6.6% | -627,526 | 1,639,406 |
| > Manhattan | 500,918,568 | 0 | 8,842,379 | 6.2% | 6.2% | -776,249 | 1,258,108 |
| • Downtown | 102,828,695 | 0 | 0 | 6.6% | 6.9% | -730,611 | 481,332 |
| • Midtown | 233,817,688 | 0 | 2,542,846 | 6.7% | 6.7% | -325,124 | 604,584 |
| • Midtown South | 164,272,185 | 0 | 6,299,533 | 5.2% | 4.9% | 279,486 | 172,192 |
| > NYC Northern Suburbs | 17,008,780 | 0 | 500,000 | 19.4% | 19.5% | 148,723 | 381,298 |
| • Fairfield County, CT | 10,699,626 | 0 | 500,000 | 22.5% | 23.1% | 193,705 | 70,603 |
| • Westchester County, NY | 6,309,154 | 0 | 0 | 14.1% | 13.4% | -44,982 | 310,695 |
| Philadelphia, PA | 42,317,350 | 0 | 2,165,415 | 10.3% | 10.1% | 96,129 | -307,182 |
| Pittsburgh, PA | 52,996,392 | 0 | 319,098 | 9.4% | 9.1% | 128,650 | -323,506 |
| Washington, D.C. | 142,619,443 | 553,200 | 6,997,949 | 11.8% | 11.8% | 295,678 | -370,231 |
| SOUTH | 375,607,390 | 1,115,024 | 7,654,360 | 12.6% | 12.5% | 665,087 | 2,484,433 |
| Atlanta, GA | 50,593,901 | 134,710 | 2,023,106 | 12.0% | 12.0% | 117,352 | 493,113 |
| Austin, TX | 13,297,088 | 218,180 | 487,072 | 9.7% | 9.3% | 251,175 | 492,451 |
| Birmingham, AL | 5,151,349 | 0 | 0 | 19.3% | 18.7% | 30,951 | 157,835 |
| Charleston, SC | 2,553,678 | 0 | 0 | 6.0% | 6.5% | -12,070 | 90,956 |
| Charlotte, NC | 21,661,712 | 0 | 853,073 | 10.5% | 12.0% | -333,668 | -93,529 |
| Columbia, SC | 4,733,412 | 0 | 0 | 12.3% | 12.9% | -29,329 | 5,514 |
| Dallas-Fort Worth, TX | 43,120,162 | 0 | 704,914 | 20.1% | 20.0% | 35,154 | 296,487 |
| > Dallas | 32,419,890 | 0 | 424,425 | 23.1% | 23.1% | -6,528 | 128,746 |
| > Fort Worth | 10,700,272 | 0 | 280,489 | 10.8% | 10.5% | 41,682 | 167,741 |
| Greenville, SC | 3,701,617 | 0 | 0 | 18.6% | 19.6% | -37,678 | -159,854 |
| Houston, TX | 43,654,111 | 0 | 778,344 | 20.4% | 20.6% | -85,263 | -1,207,047 |
| Huntsville, AL | 3,885,236 | 0 | 0 | 6.6% | 6.6% | 0 | 55,404 |
| Jacksonville, FL | 16,093,619 | 0 | 0 | 8.5% | 8.1% | 10,769 | -92,836 |
| Little Rock, AR | 6,580,375 | 0 | 0 | 7.5% | 7.5% | 0 | 3,429 |
| Memphis, TN | 5,099,506 | 0 | 315,000 | 15.5% | 15.5% | 2,223 | -102,383 |
| Nashville, TN | 14,777,631 | 395,000 | 300,000 | 8.6% | 7.7% | 417,176 | 1,229,925 |
| Norfolk, VA | 4,823,264 | 155,614 | 0 | 8.1% | 10.2% | 44,156 | 37,087 |
| Orlando, FL | 13,101,070 | 0 | 484,500 | 8.6% | 8.1% | 19,292 | 29,925 |
| Raleigh-Durham, NC | 12,720,086 | 0 | 975,339 | 4.1% | 3.9% | 78,299 | 225,546 |
| Richmond, VA | 16,468,577 | 0 | 0 | 7.1% | 6.8% | 24,415 | 188,967 |
| Savannah, GA | 792,626 | 0 | 0 | 14.0% | 10.0% | 22,189 | 26,118 |
| South Florida | 82,617,366 | 211,520 | 733,012 | 11.0% | 10.7% | 118,006 | 625,712 |
| > Fort Lauderdale | 27,050,951 | 87,068 | 126,388 | 9.7% | 9.4% | 4,656 | 349,662 |
| > Miami | 33,891,321 | 124,452 | 410,352 | 11.6% | 11.2% | 136,069 | 305,356 |
| > Palm Beach | 21,675,094 | 0 | 196,272 | 11.5% | 11.7% | -22,719 | -29,306 |
| Tampa Bay, FL | 10,181,004 | 0 | 0 | 10.1% | 10.0% | -8,062 | 181,613 |

United States - Downtown - All Classes (continued)

| Market | Inventory (SF) Dec 31, 2017 | New Supply (SF) Q4 2017 | Under Construction (SF) | Vacancy Rate Sep 30, 2017 | Vacancy Rate Dec 31, 2017 | Absorption (SF) Q4 2017 | YTD Absorption (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 397,200,073 | 428,083 | 4,979,099 | 12.1% | 11.8% | 572,765 | 930,476 |
| Chicago, IL | 163,044,549 | 0 | 1,912,630 | 11.8% | 11.6% | 560,964 | -183,132 |
| Cincinnati, OH | 18,113,763 | 65,000 | 160,700 | 12.8% | 13.1% | 8,461 | -20,743 |
| Cleveland, OH | 29,350,257 | 0 | 0 | 15.6% | 15.8% | 21,318 | -26,792 |
| Columbus, OH | 19,763,167 | 0 | 855,602 | 8.4% | 8.8% | -45,234 | -65,831 |
| Dayton, OH | 5,100,507 | 0 | 250,000 | 26.8% | 26.6% | 3,920 | 60,412 |
| Detroit, MI | 24,525,143 | 0 | 0 | 8.0% | 8.2% | -14,968 | 338,191 |
| Grand Rapids, MI | 5,619,434 | 0 | 166,400 | 10.3% | 10.2% | 4,720 | 55,214 |
| Indianapolis, IN | 11,763,772 | 0 | 0 | 16.9% | 16.1% | 82,284 | 184,410 |
| Kansas City, MO | 33,817,857 | 0 | 150,000 | 7.0% | 7.0% | -2,275 | 501,588 |
| Milwaukee, WI | 19,898,477 | 0 | 621,720 | 11.0% | 8.5% | -11,508 | 96,938 |
| Minneapolis-St. Paul | 47,653,170 | 363,083 | 438,743 | 13.8% | 13.2% | 66,768 | 77,591 |
| > Minneapolis CBD | 36,118,524 | 0 | 438,743 | 14.6% | 13.6% | 127,311 | 381,623 |
| > St. Paul CBD | 11,534,646 | 363,083 | 0 | 11.1% | 12.0% | -60,543 | -304,032 |
| Omaha, NE | 6,258,655 | 0 | 43,304 | 9.4% | 9.9% | -28,889 | 129,411 |
| St. Louis, MO | 12,291,322 | 0 | 380,000 | 20.5% | 21.2% | -72,796 | -216,781 |
| WEST | 315,924,774 | 788,694 | 12,318,649 | 12.0% | 11.7% | 928,689 | 2,079,555 |
| Albuquerque, NM | 3,098,513 | 0 | 0 | 25.8% | 25.3% | 15,653 | 195,932 |
| Bakersfield, CA | 3,493,038 | 0 | 0 | 9.8% | 10.4% | 612 | 35,664 |
| Boise, ID | 6,975,103 | 0 | 120,000 | 9.4% | 9.6% | -9,817 | 153,531 |
| Denver, CO | 36,116,103 | 210,313 | 2,269,003 | 13.8% | 14.1% | 317,142 | 593,457 |
| Fresno, CA | 3,301,851 | 0 | 0 | 10.7% | 10.1% | 18,702 | 30,266 |
| Downtown Los Angeles, CA | 33,567,100 | 0 | 1,389,300 | 20.3% | 20.0% | 104,100 | -24,500 |
| Honolulu, HI | 7,076,119 | 0 | 0 | 15.7% | 16.4% | -55,009 | -85,745 |
| Las Vegas, NV | 5,030,827 | 0 | 0 | 13.7% | 13.5% | 9,138 | -36,484 |
| Phoenix, AZ | 20,138,765 | 0 | 231,174 | 19.5% | 19.0% | 97,672 | 93,299 |
| Portland, OR | 25,706,322 | 62,381 | 450,670 | 9.5% | 8.8% | 221,206 | 394,430 |
| Sacramento, CA | 13,345,727 | 0 | 0 | 12.0% | 12.6% | -77,248 | 51,500 |
| San Diego, CA | 10,265,767 | 0 | 50,000 | 15.7% | 15.9% | -24,849 | -109,466 |
| San Francisco Bay Area, CA | 110,674,096 | 0 | 6,436,502 | 7.6% | 7.9% | -96,770 | -567,937 |
| > East Bay | 11,718,404 | 0 | 0 | 12.7% | 13.9% | -134,610 | -383,969 |
| > San Francisco | 90,727,315 | 0 | 6,436,502 | 6.9% | 6.9% | 1,504 | -333,149 |
| > Silicon Valley | 8,228,377 | 0 | 0 | 7.8% | 10.2% | 36,336 | 149,181 |
| Seattle-Puget Sound, WA | 28,607,624 | 516,000 | 1,372,000 | 10.7% | 7.1% | 401,277 | 1,051,694 |
| Stockton, CA | 8,527,819 | 0 | 0 | 10.7% | 10.6% | 6,880 | 303,914 |

United States - Downtown - Class A

| Market | Inventory (SF) Dec 31, 2017 | Avg Annual Quoted Rent (USD/SF) | Vacancy Rate Sep 30, 2017 | Vacancy Rate Dec 31, 2017 | Absorption (SF) Q4 2017 | Quarterly Change in Rent | Annual Change in Rent |
|--------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,093,463,731 | \$46.40 | 11.0% | 10.9% | 2,660,565 | -0.8% | -1.5% |
| NORTHEAST | 547,142,311 | \$63.41 | 8.9% | 8.8% | 423,352 | 0.0% | -1.9% |
| Baltimore, MD | 16,784,726 | \$25.13 | 12.7% | 12.9% | -29,963 | -0.8% | -1.7% |
| Boston, MA | 49,742,782 | \$59.83 | 11.2% | 11.1% | 117,940 | 0.6% | 1.8% |
| Hartford, CT | 7,716,798 | \$22.88 | 13.6% | 12.8% | 88,756 | -0.5% | 1.3% |
| New York City Metro | 331,259,988 | \$74.69 | 7.1% | 7.1% | -631,478 | -0.5% | 0.8% |
| > Manhattan | 318,014,231 | \$78.30 | 6.5% | 6.5% | -844,202 | -0.5% | 1.2% |
| • Downtown | 77,780,600 | \$64.12 | 7.1% | 7.5% | -693,216 | -0.9% | 5.3% |
| • Midtown | 201,789,226 | \$84.36 | 6.7% | 6.7% | -193,443 | -0.4% | -0.9% |
| • Midtown South | 38,444,405 | \$87.55 | 4.0% | 3.4% | 42,457 | 2.1% | 4.3% |
| > NYC Northern Suburbs | 13,245,757 | \$46.65 | 22.0% | 21.8% | 212,724 | 3.8% | 8.0% |
| • Fairfield County, CT | 9,291,744 | \$49.39 | 24.0% | 24.6% | 208,425 | 4.1% | 7.1% |
| • Westchester County, NY | 3,954,013 | \$34.81 | 17.1% | 15.1% | 4,299 | -1.7% | 0.2% |
| Philadelphia, PA | 30,371,699 | \$31.62 | 10.8% | 10.3% | 165,369 | -0.3% | 0.4% |
| Pittsburgh, PA | 24,485,481 | \$29.59 | 10.2% | 10.0% | 44,281 | 5.9% | 13.8% |
| Washington, D.C. | 86,780,837 | \$60.27 | 12.5% | 12.2% | 668,447 | 0.2% | 2.5% |
| SOUTH | 203,728,918 | \$32.88 | 15.1% | 15.1% | 798,613 | 0.0% | 3.4% |
| Atlanta, GA | 31,363,058 | \$30.34 | 13.2% | 13.1% | 128,320 | 0.4% | 9.1% |
| Austin, TX | 8,772,737 | \$50.39 | 12.1% | 11.4% | 248,388 | 2.2% | -0.5% |
| Birmingham, AL | 3,998,977 | \$22.06 | 16.4% | 15.7% | 28,701 | 0.0% | 6.9% |
| Charleston, SC | 1,081,569 | \$37.70 | 7.5% | 6.5% | 11,230 | 2.3% | 3.3% |
| Charlotte, NC | 15,611,576 | \$32.25 | 12.6% | 14.6% | -305,231 | 0.7% | 5.8% |
| Columbia, SC | 2,324,922 | \$22.68 | 10.4% | 11.2% | -17,609 | 1.0% | -3.3% |
| Dallas-Fort Worth, TX | 29,204,763 | \$27.44 | 24.4% | 24.2% | 39,686 | 0.8% | 2.2% |
| > Dallas | 23,375,243 | \$27.12 | 27.0% | 26.9% | 23,486 | 1.0% | 2.2% |
| > Fort Worth | 5,829,520 | \$29.75 | 13.9% | 13.6% | 16,200 | 0.1% | 1.8% |
| Greenville, SC | 2,514,088 | \$26.29 | 19.2% | 19.7% | -11,847 | 10.4% | -3.3% |
| Houston, TX | 32,989,934 | \$44.37 | 18.3% | 18.5% | -72,517 | 0.0% | -0.1% |
| Huntsville, AL | 888,861 | \$24.87 | 5.6% | 5.6% | 0 | 0.0% | 28.9% |
| Jacksonville, FL | 7,524,530 | \$21.42 | 11.9% | 10.7% | -3,342 | 0.6% | 0.7% |
| Little Rock, AR | 2,556,096 | \$18.12 | 7.6% | 7.6% | 0 | 0.0% | 6.0% |
| Memphis, TN | 1,980,978 | \$18.05 | 19.7% | 19.5% | 10,259 | 2.0% | -1.2% |
| Nashville, TN | 6,698,009 | \$33.67 | 11.9% | 10.9% | 352,210 | 11.3% | 13.6% |
| Norfolk, VA | 2,483,504 | \$24.83 | 10.5% | 13.5% | 65,577 | 5.0% | 7.7% |
| Orlando, FL | 6,067,619 | \$27.19 | 10.5% | 9.2% | 56,750 | 9.3% | 7.3% |
| Raleigh-Durham, NC | 7,127,844 | \$29.90 | 5.9% | 5.8% | 68,131 | -0.9% | 3.2% |
| Richmond, VA | 6,929,823 | \$23.98 | 9.1% | 9.2% | 7,919 | -0.5% | 1.4% |
| Savannah, GA | 645,713 | \$22.25 | 12.2% | 9.7% | 15,975 | 0.0% | 2.5% |
| South Florida | 26,169,579 | \$41.38 | 14.1% | 14.0% | 174,679 | 1.3% | 0.3% |
| > Fort Lauderdale | 6,386,179 | \$34.96 | 15.4% | 15.3% | 83,642 | -1.9% | -0.7% |
| > Miami | 13,458,080 | \$46.11 | 14.3% | 14.6% | 74,504 | 1.5% | -0.5% |
| > Palm Beach | 6,325,320 | \$37.19 | 12.2% | 11.6% | 16,533 | 2.8% | 5.8% |
| Tampa Bay, FL | 6,794,738 | \$28.71 | 11.4% | 11.5% | 1,334 | -0.7% | 3.1% |

United States - Downtown - Class A (continued)

| MARKET | INVENTORY (SF) DEC 31, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEP 30, 2017 | VACANCY RATE DEC 31, 2017 | ABSORPTION (SF) Q4 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 161,072,169 | \$29.08 | 12.9% | 12.6% | 453,707 | -3.2% | 8.3% |
| Chicago, IL | 67,546,845 | \$44.63 | 12.9% | 12.5% | 332,445 | -0.3% | 5.9% |
| Cincinnati, OH | 8,202,243 | \$23.72 | 13.6% | 14.3% | 20,094 | 1.4% | -0.3% |
| Cleveland, OH | 11,485,663 | \$20.51 | 15.8% | 16.0% | 23,834 | -0.9% | -5.1% |
| Columbus, OH | 8,921,562 | \$19.70 | 11.4% | 11.0% | 51,293 | 0.4% | -9.8% |
| Dayton, OH | 2,289,586 | \$17.61 | 26.3% | 26.1% | 0 | 0.5% | 0.9% |
| Detroit, MI | 7,303,488 | \$24.69 | 7.2% | 7.5% | -22,841 | 0.3% | 5.1% |
| Indianapolis, IN | 6,120,971 | \$23.80 | 15.3% | 14.9% | 16,690 | 1.2% | 5.2% |
| Kansas City, MO | 11,400,510 | \$20.56 | 11.3% | 11.3% | 1,252 | 0.6% | 5.6% |
| Milwaukee, WI | 8,360,523 | \$18.68 | 13.3% | 11.3% | 25,475 | -20.8% | -13.4% |
| Minneapolis-St. Paul | 19,817,138 | \$17.95 | 11.4% | 11.7% | -14,930 | -0.2% | 2.8% |
| > Minneapolis CBD | 16,680,095 | \$19.20 | 11.8% | 12.4% | -77,511 | 2.2% | 5.3% |
| > St. Paul CBD | 3,137,043 | \$12.31 | 8.5% | 8.0% | 62,581 | -13.6% | -10.5% |
| Omaha, NE | 4,066,200 | \$21.84 | 9.1% | 9.1% | 0 | 0.0% | 1.6% |
| St. Louis, MO | 5,557,440 | \$18.86 | 17.1% | 16.7% | 20,395 | -0.2% | -0.5% |
| WEST | 181,520,333 | \$47.27 | 11.3% | 10.7% | 984,893 | 1.3% | 3.2% |
| Albuquerque, NM | 621,668 | \$22.80 | 32.2% | 31.5% | 4,144 | 4.6% | |
| Bakersfield, CA | 788,282 | \$20.48 | 5.0% | 5.0% | 0 | 0.0% | 0.0% |
| Denver, CO | 23,266,776 | \$35.61 | 15.5% | 15.4% | 452,881 | 0.6% | 1.2% |
| Fresno, CA | 907,513 | \$20.64 | 13.4% | 10.8% | 23,490 | 7.7% | 7.8% |
| Downtown Los Angeles, CA | 18,470,800 | \$41.57 | 15.5% | 14.9% | 114,500 | -0.8% | 0.4% |
| Honolulu, HI | 4,966,720 | \$35.26 | 16.5% | 17.4% | -43,668 | 0.1% | -0.4% |
| Las Vegas, NV | 1,232,341 | \$31.92 | 21.0% | 21.3% | -2,858 | -1.1% | -4.8% |
| Phoenix, AZ | 9,369,577 | \$27.31 | 20.3% | 20.3% | -626 | 0.5% | 4.7% |
| Portland, OR | 12,424,301 | \$34.15 | 9.5% | 8.1% | 167,273 | 3.3% | 4.4% |
| Sacramento, CA | 5,782,533 | \$35.04 | 13.0% | 13.3% | -17,854 | 0.3% | 3.1% |
| San Diego, CA | 6,541,356 | \$35.16 | 8.4% | 8.9% | -30,072 | -1.7% | -1.7% |
| San Francisco Bay Area, CA | 70,529,315 | \$72.70 | 7.6% | 8.1% | -157,465 | -1.3% | 6.2% |
| > East Bay | 7,614,971 | \$39.26 | 15.2% | 16.7% | -120,114 | 0.5% | 1.8% |
| > San Francisco | 59,122,564 | \$84.51 | 6.8% | 6.9% | -69,849 | 0.2% | 13.3% |
| > Silicon Valley | 3,791,780 | \$49.42 | 5.6% | 8.4% | 32,498 | 0.8% | 10.5% |
| Seattle-Puget Sound, WA | 23,501,787 | \$46.50 | 10.0% | 5.8% | 406,825 | 7.2% | 6.9% |
| Stockton, CA | 3,117,364 | \$23.71 | 13.4% | 9.5% | 68,323 | 4.0% | 32.2% |

United States - Suburban - All Classes

| Market | Inventory (\$F) Dec 31, 2017 | New Supply (\$F) Q4 2017 | Under Construction (\$F) | Vacancy Rate Sep 30, 2017 | Vacancy Rate Dec 31, 2017 | Absorption (\$F) Q4 2017 | YTD Absorption (\$F) 2017 |
|------------------------|---------------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
| USA | 4,156,651,859 | 13,481,351 | 60,510,808 | 12.9% | 13.0% | 10,322,006 | 33,241,148 |
| NORTHEAST | 1,086,927,543 | 1,983,115 | 10,055,193 | 14.1% | 14.1% | 999,903 | 2,208,090 |
| Baltimore, MD | 77,332,583 | 309,392 | 693,929 | 10.9% | 11.3% | -34,788 | 611,732 |
| Boston, MA | 144,284,716 | 280,000 | 3,476,421 | 15.8% | 15.6% | 797,392 | 1,084,553 |
| Hartford, CT | 31,915,211 | 24,900 | 0 | 10.6% | 11.0% | 877,406 | 610,874 |
| New Hampshire | 17,352,028 | 0 | 0 | 11.4% | 12.2% | -108,360 | -235,476 |
| New York City Metro | 348,487,656 | 103,333 | 1,210,114 | 14.1% | 13.9% | -1,193,236 | -3,233,880 |
| › Central New Jersey | 88,530,967 | 0 | 103,400 | 14.8% | 14.6% | 80,161 | -1,516,753 |
| › Long Island | 75,695,695 | 38,333 | 380,985 | 7.5% | 7.7% | -98,552 | 52,813 |
| › Northern New Jersey | 118,083,456 | 65,000 | 725,729 | 16.3% | 16.1% | -1,662,498 | -1,443,745 |
| › NYC Northern Suburbs | 66,177,538 | 0 | 0 | 16.5% | 16.4% | 487,653 | -326,195 |
| Philadelphia, PA | 103,800,082 | 154,000 | 753,639 | 12.8% | 12.6% | 299,905 | 867,372 |
| Pittsburgh, PA | 74,881,503 | 174,611 | 146,695 | 7.6% | 8.3% | -238,812 | -1,872 |
| Washington, D.C. | 288,873,764 | 936,879 | 3,774,395 | 16.9% | 16.9% | 600,396 | 2,504,787 |
| SOUTH | 1,310,382,771 | 4,790,478 | 22,379,663 | 12.7% | 12.7% | 4,596,598 | 15,732,699 |
| Atlanta, GA | 172,966,900 | 299,234 | 2,055,219 | 14.3% | 14.2% | 489,559 | 320,853 |
| Austin, TX | 57,290,106 | 177,956 | 3,727,089 | 9.2% | 9.1% | 264,416 | 951,790 |
| Birmingham, AL | 15,249,973 | 0 | 0 | 17.2% | 15.1% | 211,879 | -84,488 |
| Charleston, SC | 10,235,496 | 0 | 199,318 | 7.3% | 9.4% | -69,782 | -3,115 |
| Charlotte, NC | 47,084,314 | 0 | 835,371 | 10.8% | 10.2% | 91,319 | 479,201 |
| Columbia, SC | 4,911,243 | 0 | 0 | 21.9% | 21.4% | 73,436 | -32,054 |
| Dallas-Fort Worth, TX | 287,344,693 | 2,539,176 | 8,160,825 | 14.9% | 15.2% | 1,344,030 | 5,970,907 |
| › Dallas | 263,211,773 | 2,513,011 | 7,951,418 | 14.9% | 15.2% | 1,308,983 | 5,805,932 |
| › Fort Worth | 24,132,920 | 26,165 | 209,407 | 14.9% | 15.0% | 35,047 | 164,975 |
| Greenville, SC | 6,366,897 | 0 | 140,000 | 16.3% | 15.7% | 33,212 | 187,647 |
| Houston, TX | 188,239,181 | 591,668 | 643,805 | 18.9% | 18.7% | 852,955 | -154,515 |
| Huntsville, AL | 18,047,299 | 0 | 0 | 13.2% | 11.4% | 346,716 | 263,342 |
| Jacksonville, FL | 46,642,833 | 40,283 | 288,637 | 7.6% | 7.8% | -151,096 | 315,861 |
| Little Rock, AR | 8,196,006 | 0 | 105,000 | 9.3% | 9.3% | 0 | 176,846 |
| Memphis, TN | 28,697,024 | 282,571 | 164,250 | 13.0% | 14.3% | -140,948 | 474,228 |
| Nashville, TN | 38,562,997 | 226,835 | 848,286 | 6.5% | 8.4% | -132,916 | 545,747 |
| Norfolk, VA | 35,829,582 | 46,309 | 349,760 | 10.6% | 10.3% | -187,754 | 148,815 |
| Orlando, FL | 56,050,279 | 161,186 | 608,988 | 7.2% | 8.1% | 232,365 | 1,225,241 |
| Raleigh-Durham, NC | 75,118,387 | 262,499 | 2,114,287 | 8.3% | 8.1% | 434,356 | 1,242,970 |
| Richmond, VA | 36,245,897 | 0 | 210,243 | 8.7% | 8.0% | 185,074 | 258,003 |
| Savannah, GA | 1,406,498 | 0 | 0 | 9.2% | 9.1% | 1,870 | 63,394 |
| South Florida | 120,517,030 | 99,472 | 1,748,585 | 9.4% | 8.9% | 198,776 | 2,295,044 |
| › Fort Lauderdale | 33,437,710 | 0 | 431,253 | 9.5% | 8.8% | 125,255 | 1,012,880 |
| › Miami | 60,231,340 | 99,472 | 1,255,371 | 8.4% | 7.8% | 139,934 | 942,328 |
| › Palm Beach | 26,847,980 | 0 | 61,961 | 11.4% | 11.4% | -66,413 | 339,836 |
| Tampa Bay, FL | 55,380,136 | 63,289 | 180,000 | 11.1% | 10.7% | 519,131 | 1,086,982 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) DEC 31, 2017 | NEW SUPPLY (SF) Q4 2017 | UNDER CONSTRUCTION (SF) | VACANCY RATE SEP 30, 2017 | VACANCY RATE DEC 31, 2017 | ABSORPTION (SF) Q4 2017 | YTD ABSORPTION (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 685,855,561 | 1,823,335 | 4,954,174 | 12.9% | 13.7% | 1,870,217 | 4,324,686 |
| Chicago, IL | 131,239,346 | 193,000 | 0 | 18.1% | 23.5% | 1,134,418 | 741,438 |
| Cincinnati, OH | 45,686,673 | 0 | 374,400 | 15.1% | 14.6% | 48,130 | 287,645 |
| Cleveland, OH | 44,462,493 | 223,104 | 705,917 | 10.7% | 11.3% | -22,878 | 468,816 |
| Columbus, OH | 45,676,677 | 70,000 | 375,245 | 9.3% | 9.2% | -275,410 | 74,455 |
| Dayton, OH | 9,218,026 | 0 | 45,000 | 16.8% | 16.4% | 32,100 | 278,018 |
| Detroit, MI | 136,338,587 | 86,000 | 764,239 | 11.8% | 11.6% | 297,621 | 956,818 |
| Grand Rapids, MI | 13,364,578 | 20,000 | 84,482 | 16.2% | 15.6% | 83,240 | 395,323 |
| Indianapolis, IN | 26,688,932 | 317,509 | 108,270 | 15.8% | 16.5% | 88,032 | -157,386 |
| Kansas City, MO | 61,708,285 | 10,270 | 198,615 | 8.9% | 8.6% | 82,731 | 1,385,189 |
| Milwaukee, WI | 29,187,291 | 548,000 | 85,500 | 10.8% | 8.8% | 304,997 | 305,983 |
| Minneapolis-St. Paul | 83,588,023 | 173,128 | 1,128,288 | 11.2% | 11.4% | -27,049 | -959,989 |
| Omaha, NE | 21,276,044 | 0 | 464,218 | 8.1% | 8.5% | -49,812 | 19,907 |
| St. Louis, MO | 37,420,606 | 182,324 | 620,000 | 10.3% | 10.4% | 174,097 | 528,469 |
| WEST | 1,073,485,984 | 4,884,423 | 23,121,778 | 11.8% | 11.6% | 2,855,288 | 10,975,673 |
| Albuquerque, NM | 10,982,576 | 0 | 60,000 | 16.4% | 16.8% | 370,047 | 438,741 |
| Bakersfield, CA | 6,525,215 | 40,000 | 23,776 | 8.2% | 8.3% | 38,049 | 274,934 |
| Boise, ID | 16,913,679 | 27,920 | 109,020 | 9.0% | 9.1% | -1,174 | 839,119 |
| Denver, CO | 108,516,633 | 238,559 | 1,768,035 | 11.9% | 11.4% | 46,635 | 559,692 |
| Fresno, CA | 19,008,895 | 40,804 | 12,552 | 10.3% | 9.7% | 142,380 | 284,968 |
| Greater Los Angeles, CA | 275,518,600 | 1,963,800 | 3,666,200 | 13.7% | 13.9% | 914,000 | 2,942,300 |
| > Inland Empire | 20,492,400 | 0 | 25,000 | 13.9% | 13.4% | 99,000 | 236,500 |
| > Los Angeles | 169,897,200 | 395,000 | 2,574,700 | 14.3% | 14.4% | 229,400 | 1,754,300 |
| > Orange County | 85,129,000 | 1,568,800 | 1,066,500 | 12.5% | 13.0% | 585,600 | 951,500 |
| Honolulu, HI | 7,399,892 | 0 | 0 | 9.7% | 9.3% | 15,600 | 66,739 |
| Las Vegas, NV | 39,414,213 | 152,000 | 525,810 | 16.3% | 16.4% | 106,821 | 1,049,829 |
| Phoenix, AZ | 123,823,375 | 287,165 | 1,464,602 | 15.8% | 15.6% | 543,165 | 2,377,765 |
| Portland, OR | 56,253,718 | 177,700 | 725,102 | 7.0% | 7.2% | 112,075 | 488,776 |
| Sacramento, CA | 57,298,000 | 0 | 138,850 | 13.8% | 13.6% | 108,764 | 511,154 |
| San Diego, CA | 74,590,944 | 32,336 | 270,444 | 11.0% | 11.0% | 228,534 | 721,723 |
| San Francisco Bay Area, CA | 163,033,679 | 1,770,406 | 8,886,884 | 9.1% | 9.0% | 94,052 | -802,228 |
| > East Bay | 32,364,868 | 0 | 0 | 10.5% | 11.0% | -177,916 | -602,173 |
| > Fairfield, CA | 5,055,655 | 0 | 101,000 | 15.1% | 14.3% | 67,172 | 71,133 |
| > San Francisco Peninsula | 42,007,491 | 31,039 | 4,687,013 | 7.3% | 7.1% | 66,431 | -400,016 |
| > Silicon Valley | 83,605,665 | 1,739,367 | 4,098,871 | 9.1% | 8.9% | 138,365 | 128,828 |
| Seattle-Puget Sound, WA | 114,206,565 | 153,733 | 5,470,503 | 7.5% | 6.3% | 136,340 | 1,222,161 |
| > Bellevue | 42,026,668 | 0 | 686,692 | 5.6% | 4.7% | -49,741 | 255,615 |
| > Everett | 10,718,491 | 0 | 55,837 | 10.5% | 9.7% | 68,821 | -60,844 |
| > Seattle | 39,323,961 | 153,733 | 3,772,337 | 5.3% | 4.2% | -55,022 | 1,037,469 |
| > Tacoma | 22,137,445 | 0 | 955,637 | 13.3% | 11.3% | 172,282 | -10,079 |

| United States - Suburban - Class A | | | | | | | |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| Market | Inventory (SF) Dec 31, 2017 | Avg Annual Quoted Rent (USD/SF) | Vacancy Rate Sep 30, 2017 | Vacancy Rate Dec 31, 2017 | Absorption (SF) Q4 2017 | Quarterly Change in Rent | Annual Change in Rent |
| USA | 1,647,320,976 | \$29.92 | 13.7% | 13.8% | 7,962,427 | 0.5% | 3.6% |
| NORTHEAST | 515,000,222 | \$29.93 | 14.6% | 14.6% | 759,462 | 0.4% | 2.2% |
| Baltimore, MD | 31,640,947 | \$26.62 | 11.8% | 12.6% | 15,249 | 1.6% | 0.6% |
| Boston, MA | 64,905,775 | \$27.94 | 13.5% | 13.2% | 305,871 | -0.5% | 4.3% |
| Hartford, CT | 5,537,425 | \$22.20 | 20.8% | 20.0% | 624,361 | 0.4% | -1.9% |
| New Hampshire | 9,257,615 | \$17.11 | 12.4% | 14.5% | -155,929 | -5.0% | -9.1% |
| New York City Metro | 203,818,068 | \$30.33 | 14.6% | 14.1% | -623,829 | 0.7% | 2.3% |
| > Central New Jersey | 59,229,317 | \$27.95 | 14.0% | 13.5% | 275,036 | 0.3% | 3.2% |
| > Long Island | 25,470,813 | \$29.89 | 8.0% | 7.8% | 29,975 | -2.0% | -1.9% |
| > Northern New Jersey | 85,102,861 | \$30.96 | 15.8% | 15.2% | -1,247,904 | 1.9% | 3.6% |
| > NYC Northern Suburbs | 34,015,077 | \$32.30 | 17.4% | 17.2% | 319,064 | -0.1% | -1.4% |
| Philadelphia, PA | 51,961,246 | \$29.39 | 10.0% | 9.5% | 377,092 | -0.8% | 6.8% |
| Pittsburgh, PA | 13,687,437 | \$21.88 | 15.0% | 17.6% | -294,788 | -0.5% | 2.6% |
| Washington, D.C. | 134,191,709 | \$33.68 | 17.6% | 17.8% | 511,435 | 0.9% | 1.8% |
| SOUTH | 542,524,692 | \$29.27 | 13.9% | 13.7% | 4,656,034 | -0.3% | 1.9% |
| Atlanta, GA | 85,174,395 | \$27.70 | 14.1% | 14.0% | 326,042 | -1.0% | 2.8% |
| Austin, TX | 27,164,280 | \$35.52 | 8.2% | 8.3% | 158,257 | -1.2% | 2.6% |
| Birmingham, AL | 9,786,252 | \$22.54 | 15.7% | 13.7% | 171,592 | 1.9% | 3.7% |
| Charleston, SC | 3,806,847 | \$27.04 | 8.6% | 12.1% | 3,636 | -1.1% | -1.7% |
| Charlotte, NC | 20,792,807 | \$26.67 | 12.5% | 13.1% | 47,476 | 1.0% | 5.0% |
| Columbia, SC | 1,001,972 | \$18.09 | 15.6% | 15.0% | 5,077 | -1.5% | 0.1% |
| Dallas-Fort Worth, TX | 122,793,730 | \$30.09 | 15.7% | 15.3% | 2,448,413 | -0.4% | 4.6% |
| > Dallas | 117,752,039 | \$30.37 | 15.6% | 15.2% | 2,331,935 | -0.2% | 4.9% |
| > Fort Worth | 5,041,691 | \$23.16 | 19.5% | 17.2% | 116,478 | -5.3% | -5.2% |
| Greenville, SC | 3,242,691 | \$21.48 | 12.5% | 10.9% | 53,400 | -2.1% | 0.8% |
| Houston, TX | 97,348,807 | \$32.30 | 21.8% | 21.3% | 858,875 | -1.2% | -2.6% |
| Huntsville, AL | 4,199,427 | \$21.68 | 3.3% | 3.2% | 2,646 | 0.5% | 13.3% |
| Jacksonville, FL | 9,584,978 | \$22.58 | 7.4% | 7.2% | -17,879 | -2.3% | 1.4% |
| Little Rock, AR | 3,284,012 | \$19.95 | 9.2% | 9.2% | 0 | 0.0% | 5.5% |
| Memphis, TN | 8,873,565 | \$21.35 | 6.6% | 9.1% | 29,243 | 3.9% | 3.9% |
| Nashville, TN | 17,649,300 | \$29.17 | 8.0% | 11.3% | -116,488 | 4.3% | 7.2% |
| Norfolk, VA | 11,205,949 | \$20.63 | 9.3% | 10.4% | -113,200 | 0.7% | 0.1% |
| Orlando, FL | 19,620,576 | \$25.33 | 7.4% | 7.4% | 165,779 | 4.1% | 8.7% |
| Raleigh-Durham, NC | 29,681,142 | \$26.06 | 9.0% | 9.3% | 178,326 | 4.2% | 3.7% |
| Richmond, VA | 14,220,714 | \$20.52 | 8.9% | 6.7% | 276,061 | 4.6% | 8.4% |
| Savannah, GA | 488,384 | \$21.88 | 6.0% | 4.9% | 5,414 | 1.1% | -3.8% |
| South Florida | 35,229,765 | \$33.65 | 11.9% | 11.7% | 73,854 | -1.2% | -0.1% |
| > Fort Lauderdale | 11,068,139 | \$30.07 | 11.0% | 11.0% | -22,213 | 2.2% | -1.6% |
| > Miami | 15,794,841 | \$36.80 | 11.2% | 11.0% | 97,218 | -2.8% | -1.0% |
| > Palm Beach | 8,366,785 | \$32.96 | 14.2% | 14.0% | -1,151 | 0.8% | 2.5% |
| Tampa Bay, FL | 17,375,099 | \$26.44 | 9.2% | 8.4% | 99,510 | 0.3% | 2.7% |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) DEC 31, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEP 30, 2017 | VACANCY RATE DEC 31, 2017 | ABSORPTION (SF) Q4 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| MIDWEST | 236,429,799 | \$24.04 | 14.2% | 15.3% | 1,467,771 | 0.1% | 2.8% |
| Chicago, IL | 54,507,439 | \$28.52 | 20.7% | 29.2% | 839,400 | -0.7% | 1.8% |
| Cincinnati, OH | 18,207,150 | \$22.02 | 14.8% | 14.0% | 15,832 | 0.3% | 1.9% |
| Cleveland, OH | 9,326,471 | \$20.38 | 10.2% | 12.7% | -133,924 | 1.0% | 5.5% |
| Columbus, OH | 19,924,533 | \$21.90 | 9.7% | 8.9% | -119,145 | 0.2% | 13.6% |
| Dayton, OH | 2,220,911 | \$20.62 | 18.2% | 16.2% | 43,622 | 2.0% | 4.5% |
| Detroit, MI | 38,109,500 | \$21.74 | 12.7% | 12.3% | 170,470 | 0.0% | -0.5% |
| Indianapolis, IN | 12,448,955 | \$21.80 | 16.0% | 16.9% | 122,254 | 1.6% | 5.2% |
| Kansas City, MO | 19,544,934 | \$22.10 | 7.8% | 7.4% | 74,118 | 1.7% | 2.1% |
| Milwaukee, WI | 11,207,148 | \$14.58 | 10.7% | 7.7% | 364,962 | -21.4% | 36.4% |
| Minneapolis-St. Paul | 28,214,069 | \$16.65 | 11.8% | 13.0% | -148,583 | 1.6% | 1.6% |
| Omaha, NE | 5,559,833 | \$28.53 | 3.6% | 3.6% | 11,875 | 0.6% | 1.2% |
| St. Louis, MO | 17,158,856 | \$23.65 | 8.0% | 7.8% | 226,890 | -1.1% | 1.1% |
| WEST | 353,366,263 | \$37.52 | 11.6% | 11.7% | 1,079,160 | 1.9% | 6.3% |
| Albuquerque, NM | 824,335 | \$24.71 | 11.3% | 12.7% | -11,123 | 5.4% | |
| Bakersfield, CA | 2,923,838 | \$22.05 | 8.8% | 9.1% | -8,695 | -4.0% | 1.3% |
| Denver, CO | 41,762,119 | \$28.04 | 13.8% | 12.8% | 105,676 | -0.6% | 1.8% |
| Fresno, CA | 1,578,895 | \$26.01 | 13.4% | 12.7% | 10,259 | -0.1% | -2.4% |
| Greater Los Angeles, CA | 64,888,000 | \$37.83 | 13.8% | 14.9% | 560,100 | 1.3% | 6.4% |
| > Los Angeles | 27,986,400 | \$38.46 | 13.1% | 13.1% | -35,000 | 3.1% | 6.1% |
| > Orange County | 36,901,600 | \$37.51 | 14.4% | 16.2% | 595,100 | 0.3% | 6.4% |
| Las Vegas, NV | 5,381,185 | \$31.79 | 21.9% | 22.3% | -21,880 | -2.0% | -1.0% |
| Phoenix, AZ | 38,451,393 | \$29.04 | 12.7% | 13.5% | -59,926 | 1.8% | 2.6% |
| Portland, OR | 14,308,027 | \$28.86 | 8.1% | 9.0% | -19,429 | 3.4% | 6.3% |
| Sacramento, CA | 14,943,047 | \$24.17 | 14.2% | 13.3% | 146,281 | 0.5% | 6.1% |
| San Diego, CA | 25,870,419 | \$39.19 | 13.3% | 13.8% | 86,055 | 0.6% | 2.3% |
| San Francisco Bay Area, CA | 93,561,156 | \$50.17 | 10.5% | 10.5% | 219,977 | -0.6% | 4.7% |
| > East Bay | 16,303,787 | \$35.88 | 11.1% | 11.9% | -130,307 | -0.7% | 3.4% |
| > Fairfield, CA | 2,002,513 | \$26.36 | 15.4% | 15.6% | -4,771 | 0.1% | -0.6% |
| > San Francisco Peninsula | 24,626,849 | \$62.98 | 7.8% | 7.7% | 11,104 | -0.6% | 6.2% |
| > Silicon Valley | 50,628,007 | \$53.00 | 11.5% | 11.3% | 343,951 | 0.5% | 2.6% |
| Seattle-Puget Sound, WA | 48,873,849 | \$39.94 | 6.1% | 5.5% | 71,865 | 3.4% | 8.4% |
| > Bellevue | 21,456,412 | \$40.48 | 4.7% | 4.5% | -9,766 | 2.6% | 0.9% |
| > Everett | 1,461,153 | \$29.49 | 15.0% | 13.8% | 18,770 | 0.6% | 9.4% |
| > Seattle | 19,652,541 | \$45.27 | 2.9% | 2.3% | -24,558 | 3.3% | 19.1% |
| > Tacoma | 6,303,743 | \$34.46 | 19.0% | 17.1% | 87,419 | 0.7% | 13.7% |

| United States Office Investment | | | | |
|-----------------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| USA | \$239 | 4.8% | \$186 | 8.6% |
| NORTHEAST | \$318 | 4.5% | \$185 | 6.6% |
| Baltimore Metropolitan Area | \$168 | 7.1% | \$144 | 8.2% |
| Boston | \$679 | 4.8% | \$315 | 6.2% |
| Hartford | \$105 | 8.0% | \$175 | 6.2% |
| New York City Metro | \$758 | 4.5% | \$209 | 7.4% |
| Philadelphia | \$258 | 6.4% | \$204 | 7.7% |
| Pittsburgh | \$150 | 7.0% | \$110 | 8.0% |
| Washington, D.C. | \$577 | 5.2% | \$240 | 7.4% |
| SOUTH | \$248 | 5.7% | \$172 | 6.0% |
| Atlanta | \$248 | 5.7% | \$172 | 6.0% |
| Austin | \$259 | 6.0% | \$185 | 7.0% |
| Charlotte | \$515 | 5.4% | \$306 | 6.9% |
| Dallas-Fort Worth | \$201 | 5.8% | \$204 | 7.1% |
| Houston | | | \$240 | 7.0% |
| Miami | \$115 | 6.5% | \$245 | 7.0% |
| Nashville | \$437 | 5.8% | \$267 | 7.2% |
| Norfolk | \$240 | 5.0% | \$218 | 6.6% |
| Orlando | \$200 | 7.0% | \$180 | 7.0% |
| Raleigh-Durham | \$255 | 7.0% | \$215 | 7.0% |
| Richmond | \$131 | 7.3% | \$236 | 7.0% |
| Savannah | \$286 | 6.5% | \$120 | 7.2% |
| South Florida | \$160 | 8.0% | \$180 | 8.0% |
| Tampa Bay | \$193 | | \$162 | 7.7% |

| United States Office Investment | | | | |
|-----------------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| MIDWEST | \$165 | 6.6% | \$123 | 7.3% |
| Chicago | \$375 | 5.0% | \$180 | 7.7% |
| Cincinnati | | | \$186 | 7.5% |
| Cleveland-Akron Metro | \$139 | 7.9% | \$124 | 8.2% |
| Columbus | | | \$113 | 8.1% |
| Dayton | \$214 | 6.8% | \$107 | 7.7% |
| Detroit | \$86 | 7.8% | \$80 | 7.3% |
| Indianapolis | \$177 | 7.0% | \$147 | 8.2% |
| Kansas City | \$145 | 7.0% | \$189 | 8.0% |
| Milwaukee | \$175 | 8.0% | \$105 | 9.0% |
| Minneapolis | \$173 | | \$157 | 7.8% |
| St. Louis | \$94 | 8.0% | \$115 | 8.5% |
| WEST | \$452 | 6.0% | \$316 | 6.4% |
| Denver | \$259 | 6.3% | \$226 | 7.0% |
| Fresno | \$200 | 7.0% | \$240 | 6.8% |
| Los Angeles | \$301 | 5.4% | \$329 | 5.8% |
| Las Vegas | \$185 | 7.1% | \$176 | 7.3% |
| Phoenix | \$182 | | \$218 | 6.8% |
| Portland | \$350 | 5.5% | \$200 | 7.0% |
| Sacramento | \$274 | 7.0% | \$186 | 6.5% |
| San Francisco Bay Area | \$623 | 5.5% | \$438 | 6.1% |
| Seattle-Puget Sound | \$722 | 4.9% | \$312 | 6.1% |

Sources: Colliers International, Real Capital Analytics

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Boring is Good: U.S. Office Market Holds Firm with Minimal Change in Market Metrics

Stephen Newbold, National Director of Office Research | USA

Despite minimal change in key market metrics in Q3 2017, the U.S. office market is strong. Occupancy remains at peak levels and rents are holding firm. The national office vacancy rate has been at virtually the same level for seven successive quarters, despite elevated completions. Still, construction activity is starting to slow and any supply-side risk is limited to only a few markets. Investors are showing a clear preference for suburban assets.

With a slowing economy and most office tenants in cost-containment mode—tech is the prime counter sector—absorption should remain subdued compared with prior expansions. Recent economic growth has been only moderate but is expected to continue a while longer. Absent a major economic or policy shock, a sizeable market correction looks unlikely in the immediate future.

Key Observations

- > An Uptick in Absorption with Class A Space in Most Demand:** U.S. office absorption rose to 12.8 million square feet in Q3 2017—an increase of 1.8 million square feet over Q2 2017, but less than half of the rate in mid-2015. There is a strong preference for Class A space, which accounted for 90% of downtown absorption in Q3 2017 and 75% in the suburbs.
- > No Change in Vacancy:** The U.S. office vacancy rate has been virtually static for seven successive quarters and remains at the level seen at the peak of the previous cycle.
- > Rent Growth is at a Virtual Halt:** Average office asking rents showed minimal change in Q3 2017 falling by a paltry 0.4%, following two quarters of sub 1% growth. Class A suburban properties have been outperforming with rent growth of 2.8% year-to-date but exhibited no change in Q3 2017.
- > Construction Shows the First Sign of Slowing:** Although still elevated, at least by the moderate pace of this cycle, the volume of office space under construction in the U.S. fell slightly in Q3 2017, after two quarters of holding steady, declining from 113 to 109 million square feet. This year should represent the peak for space added in the current cycle as fewer projects break ground.
- > A Mixed Message for Investment:** The national investment market is showing signs of cooling with sales volume down by 18% year-over-year. CBD sales volume is falling even faster, but suburban activity is holding up as investors look for higher yields. Cap (capitalization) rates and pricing are holding firm for now.

Market Indicators

Relative to Prior Period

Q3 2017 Q3 2018*

VACANCY

=

=

NET ABSORPTION

+

=

CONSTRUCTION

-

=

RENTAL RATE**

=

=

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics | Q3 2017

U.S. Office Market

Vacancy Rate 12.2%

Change From Q2 2017
(Basis Points) 0

Absorption (MSF) 12.8

% of Markets With
Positive Absorption 70%

New Supply (MSF) 16.8

Under Construction (MSF) 109.0

ASKING RENTS

PER SQUARE FOOT PER YEAR

Downtown Class A \$46.82

Change From Q2 2017 -1.1%
Change From Q3 2016 -0.3%

Suburban Class A \$29.79

Change From Q2 2017 +0.1%
Change From Q3 2016 +2.8%

Economic Expansion Continues to Slow

Recent economic growth has been only moderate, with a mix of stronger and weaker indicators, but no policy changes out of Washington or other economic drivers have materialized to fundamentally alter the course of recent trends. Thus, we can expect the moderate growth to continue a while longer.

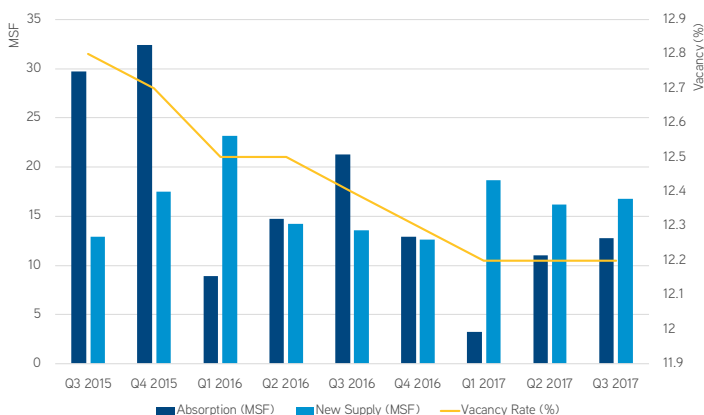
Overall, growth during the rest of the year should be a bit faster than in the first half of 2017, but down from the surge we saw in the second quarter. GDP jumped to a revised 3.1% in Q2, up from just 1.2% in Q1, for an average of 2.2%. The government's first estimate for third-quarter GDP came in at 3%, somewhat above consensus, as consumer spending and inventories were modestly higher than expected. The expectation for all of 2017 is 2.2%, rising slightly to 2.3% next year.

One positive change, however, is that global GDP continues to strengthen. The International Monetary Fund (IMF) again raised its outlook, this time to 3.6% in 2017, up from 3.2% last year and the fastest since the recession as the world finally experiences synchronized growth in both developing and advanced nations. Global growth is forecast to rise to 3.7% in 2018.

These trends bode well for the U.S. economy and for the industrial and office markets, which gain most from improving international trade, investment and manufacturing. On another positive note, economic survey indicators are almost uniformly strong. Employment is still growing, which will continue to fuel tenant demand. Since job growth peaked in early 2014, job gains have dropped in nine of the past 13 quarters.

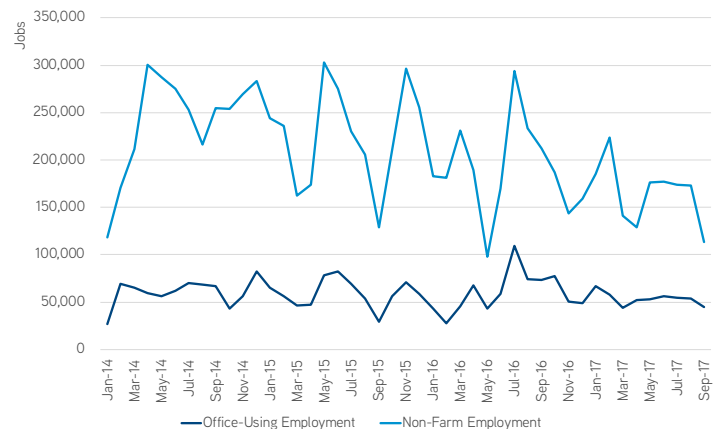
To fuel long-term job growth and space absorption, Washington will need to enact policy reforms that trigger a significant economic shift—one unexpected by economists or financial markets.

U.S. Office Market | Q3 2015–Q3 2017



Source: Colliers International

U.S. Job Growth Trends | 2-Month Moving Average



Source: Bureau of Labor Statistics

Top U.S. Office Leases | Q3 2017

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|---------------------|-----------------------------|---------------|---------|--------------------|
| Broadcom Ltd. | 15101 & 15191 Alton Parkway | Orange County | 660,900 | Technology |
| Facebook | 181 Fremont | San Francisco | 432,000 | Technology |
| NRG Energy | One Shell Plaza | Houston | 431,300 | Energy |
| Northern Trust | 333 S. Wabash Avenue | Chicago | 404,720 | Financial Services |
| Ally Financial Inc. | Tryon Place | Charlotte | 400,000 | Financial Services |

*Renewal

Sources: CoStar, Colliers International

Top U.S. Office Sales | Q3 2017

| ADDRESS | MARKET | SF | PRICE (MILLIONS) | BUYER |
|---------------------------|------------------------|-----------|------------------|--|
| Campus @ 3333 (Phase 3) | San Francisco Bay Area | 940,000 | \$610 | Korea Post |
| 375 Hudson Street ^ | New York | 1,088,130 | \$580 | Trinity RE / Norges Bank |
| 222 Second Street * | San Francisco Bay Area | 452,420 | \$503.5 | Tishman Speyer |
| Five Point Gateway | Orange County | 2,100,000 | \$443 | Fivepoint Communities |
| Two Independence Square ^ | Washington D.C. | 605,900 | \$360 | Korea Investment Holdings / Hana Financial Group |

* Partial Interest Sale

^ Joint Venture Purchase

Source: Real Capital Analytics

Vacancy and Absorption Show Little Change

The U.S. office market vacancy rate remained unchanged at 12.2% in Q3 2017. Vacancy has stayed in a 30-basis-point range for the past seven quarters. It is clear the market has plateaued. Still, this stability may be viewed as relatively positive news, given the uptick in completions this year compared to earlier in the cycle, so at least the new space is being absorbed.

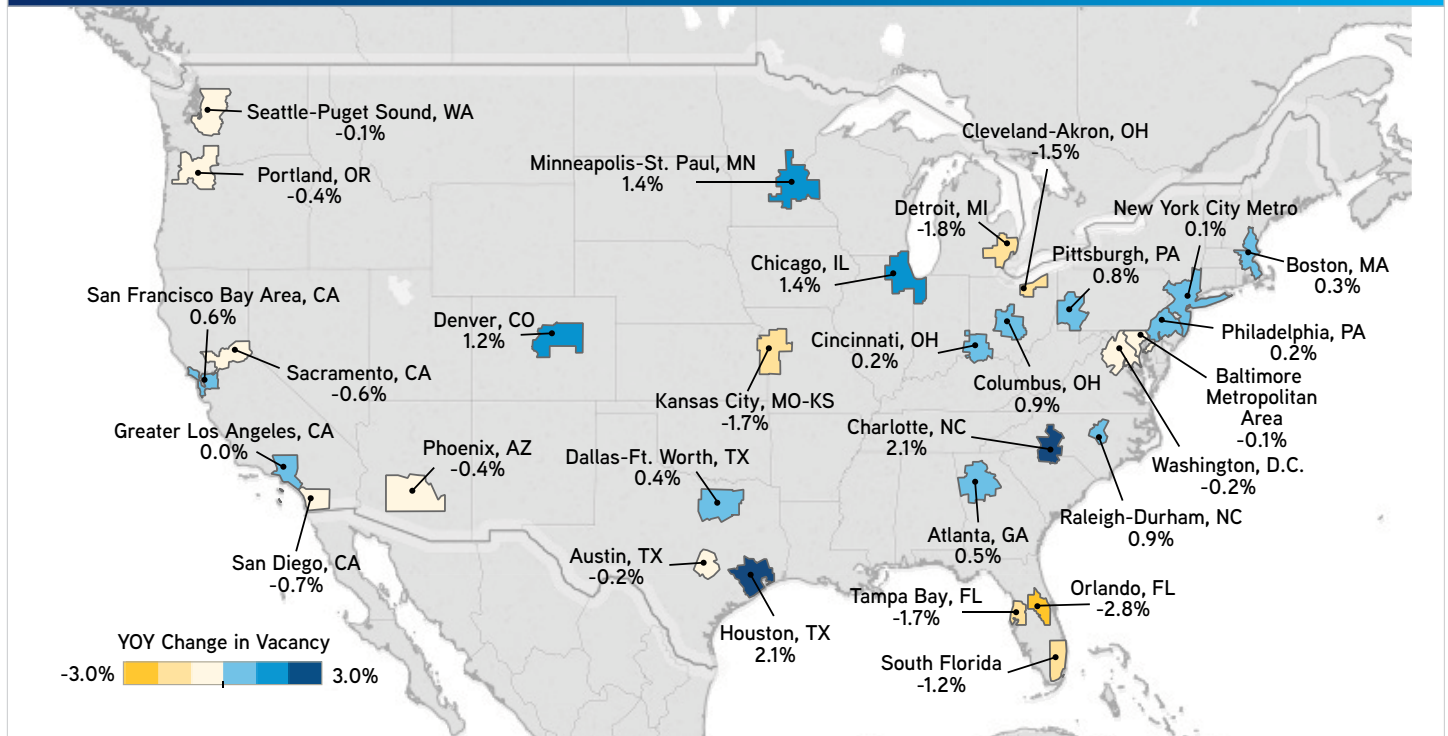
One-third of U.S. metro office markets have a sub-10% vacancy rate. Five second-tier markets have the lowest vacancy rates amongst these markets: Nashville, Charleston, Orlando, Raleigh-Durham and Portland. The latter two markets are tech-oriented, providing evidence the tech demand is not limited to the major metros. However, Seattle and the San Francisco Bay Area, the epicenters of tech leasing, continue to register among the lowest vacancy rates in the U.S.

Vacancy rates fell this quarter in more than half of metros we cover. Nine markets saw vacancy fall by 100 basis points or more this quarter including Boston, Charlotte and Fort Lauderdale. Florida metro office markets in general continue to show healthy performance, with four seeing a fall in vacancy in Q3 2017. Conversely, 10 metro office markets saw vacancy increase by 100 basis points or higher in the third quarter. While seven of these markets are small which can lead to quarter-to-quarter statistical volatility, the bottom 10 also included three mid-size markets: Cincinnati, Columbus and Orange County.

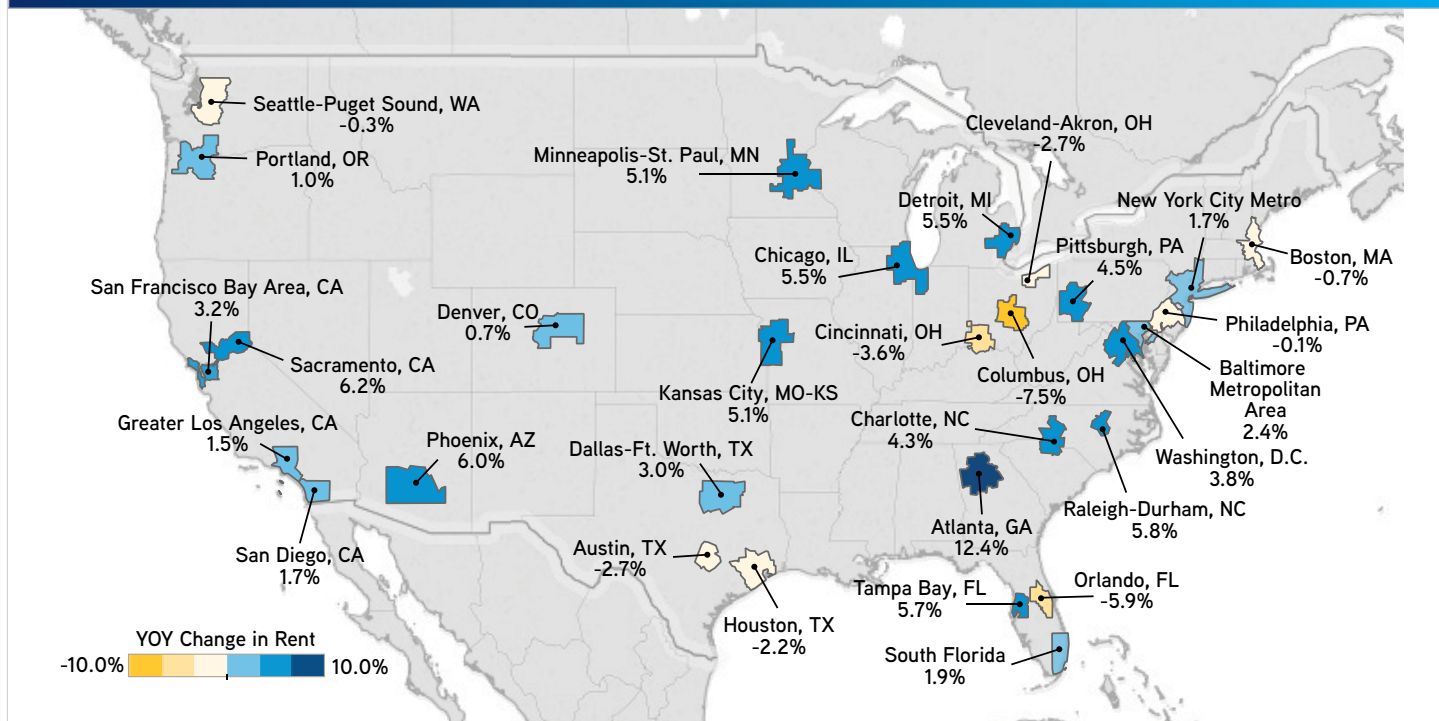
Downtown markets still have a lower vacancy rate than in the suburbs and the gap widened a little in Q3 2017. Downtown office vacancy fell by 20 basis points to 10.4% while suburban vacancy was unchanged at 13%.

U.S. office absorption increased for the second consecutive quarter from 11 million square feet to 12.8 million square feet, but is still less than half of the rate in mid-2015. When measured as a percentage of inventory, year-to-date downtown absorption is 0.3% compared with 0.2% in the suburbs. Out-performing downtown markets include Nashville at 6% of inventory, Charleston (5.8%), Charlotte (2.5%) and Seattle (2.3%). There are no comparable metros in the suburbs, where no market has year-to-date absorption above 2% of inventory. Tenants continue to express a strong preference for Class A space, which accounted for almost 90% of downtown absorption in Q3 2017 and 75% in suburban markets.

Top 30 Metros: Year-Over-Year Change in Metro Vacancy | Q3 2017



Top 30 Metros: Year-Over-Year Change in CBD Class A Rent | Q3 2017



Rent Growth Is at a Halt

Rent growth has slowed to such an extent that levels are basically staying flat. Across all classes of space average asking rents fell by 0.4% in Q3 2017 to \$38.56 per square foot, canceling out the 0.5% increase in the prior quarter. Rents increased in 61% of the metro office markets tracked by Colliers, down from 75% in Q2 2017. Among the markets where rents rose in Q3 2017, just over 40% saw growth of 1% or less from Q2 2017.

Average Class A asking rates stand at \$46.82 per square foot in downtown markets and \$29.79 per square foot in the suburbs. During 2017 to date Class A rents have fallen by a minimal 0.3% in downtown markets and increased by 2.8% in the suburbs. The growth in Class A suburban rents was front-loaded in early 2017 with an increase this quarter of only 0.1%.

San Francisco has overtaken Manhattan as the downtown office market with the highest Class A asking rents, which stand at \$84.30 and \$78.70 per square foot, respectively. There are only two other downtown markets with Class A asking rates above \$50 per square foot: Boston and Washington D.C. San Francisco also had the greatest quarterly increase in Class A asking rents among downtown office markets in Q3 2017. Other downtown markets of note, which saw quarterly increases in the 2.5% to 4% range, include Atlanta, Detroit, Fort Lauderdale, Pittsburgh and Raleigh-Durham.

In the suburbs, the highest Class A asking rents are firmly centered on west coast markets which account for seven of the 10 most expensive suburban markets, led by the San Francisco Peninsula, Silicon Valley, San Diego and Seattle. Neighboring, lower-cost suburban markets on the west coast such as the East Bay and Portland have also seen significant rent gains year-over-year of 7% and 6.3%, respectively. Other suburban markets that have seen Class A asking rents increase by more than 5% in the past 12 months include Boston, Charlotte, Denver and Northern New Jersey.

Construction Activity is Slowing

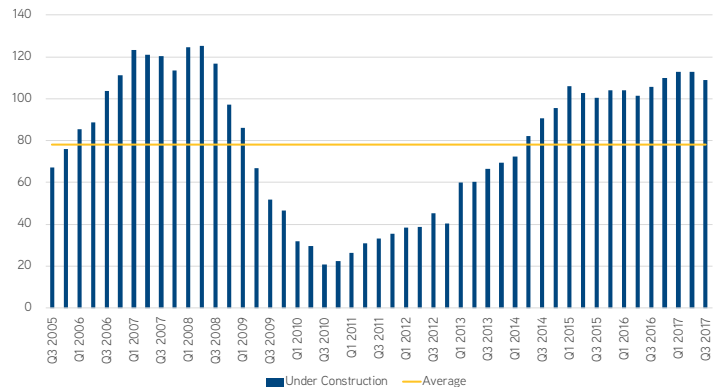
Although still elevated, the volume of office space under construction fell slightly in Q3 2017 after two quarters of holding steady, declining from 113 to 109 million square feet. Of this total, 46 million square feet are underway in downtown markets and 63 million square feet in the suburbs. Measuring this activity as a percentage of inventory, downtown construction in 2.3% against 1.5% in suburban markets.

Five metros collectively account for just over half of the space currently underway: the San Francisco Bay Area at 18 million square feet, Washington D.C. at 10.7 million square feet, New York City at 10.1 million square feet, Dallas-Fort Worth at 9.5 million square feet and Seattle-Puget Sound at 7.5 million square feet. There are four metros where construction is particularly elevated at equivalent to more than 5% of inventory: Austin, Nashville, the San Francisco Bay Area and Seattle-Puget Sound.

The ongoing completions of suburban campus developments is reducing the amount of space underway in locations such as Far North Dallas and Silicon Valley, led by the 2.8-million-square-foot Apple Park development in Cupertino. Development volume in New York City and Washington D.C. looks set to hold up beyond the short-term. There are four major projects underway in Manhattan totaling 9.5 million square feet, three of which are not expected to deliver until 2019 at the earliest. Despite rising vacancy rates, developers continue to move ahead on speculative projects in Washington D.C. This activity is centered on the District, creating concerns of over-supply. Los Angeles is also facing similar challenges.

U.S. office deliveries in 2017 continue to outpace last year with 16.8 million square feet added in Q3 2017, slightly up from the 16.2 million square feet completed in Q2 2017. This year should represent the peak for space added in the current cycle, with deliveries expected to taper in 2018 and 2019 as fewer projects break ground.

Under Construction Quarterly Totals



Source: Colliers International



U.S. Office Investment | Q3 2017

| | Q3 2017 VOLUME (\$B) | Q3 2017 YOY CHANGE | YTD 2017 VOLUME (\$B) | YTD 2017 YOY CHANGE |
|--------------------------|-------------------------|-----------------------|--------------------------|------------------------|
| Office Total | 28.7 | -18% | 94.5 | -6% |
| Downtown Markets | 7.5 | -49% | 34.8 | -25% |
| Suburban Markets | 21.3 | 4% | 59.6 | 9% |
| Portfolio Sales | 7.7 | 7% | 20.4 | 0% |
| Single Asset Sales | 21.1 | -25% | 74.1 | -8% |
| Major Office Metros | 15.1 | -19% | 50.8 | -15% |
| Secondary Office Markets | 11.7 | -20% | 36.8 | 3% |
| Tertiary Office Markets | 1.9 | -6% | 6.9 | 21% |

Source: Real Capital Analytics

Investment Drops Overall but Suburban Sales Activity Remains Elevated

The latest indicators point toward a cooling office investment market. National office sales volume totaled \$28.7 billion in Q3 2017, down from \$33.6 billion in Q2 2017. Total office sales volume is down by 18% year-over-year. Single-asset sales fell by 25% over the same period. This downturn in investment activity has yet to hit cap rates which remain mostly static, with an average rate of 6.7% in Q3 2017, 10 basis points higher than in Q2 2017. Both downtown and suburban cap rates held steady in Q3 2017 at 5.7% and 6.9% respectively. Cap rates are tightest in the northeast and west regions at 5.6% and 6.1% respectively.

While suburban sales volume is holding up with an increase of 4% year-over-year, there is a disconcerting drop in CBD investment, where sales volume is down by 28% year-over-year to Q3 2017. This reduction in CBD sales activity is centered on the six major metros (Boston, Chicago, Los Angeles, Manhattan, San Francisco and Washington D.C.) suggesting that investors are less willing to pay top dollar for the most expensive assets. CBD sales volume in the non-major markets fell by 12% over the same time period. CBD cap rates in the major markets stand at 4.9% compared to 6.9% in the non-major markets.

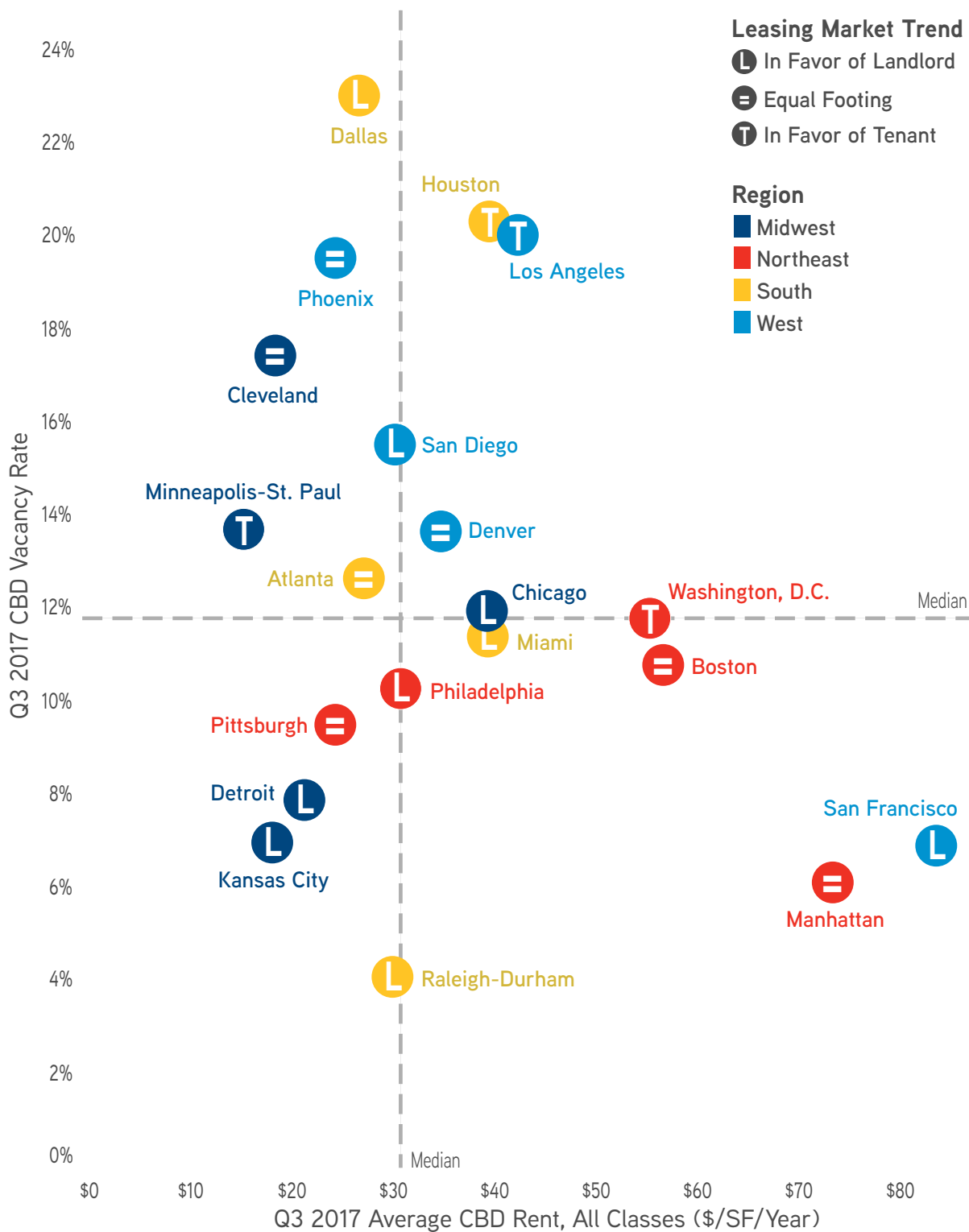
Washington D.C. lags behind the other five major markets in terms of price appreciation, with values down by 2% year-over-year to Q3 2017. Although values are still rising for CBD assets in Manhattan, the pace of appreciation has slowed considerably. Values in Manhattan rose by 6% year-over-year to Q3 2017. The growth rate for the corresponding period to Q1 2017 was 18%.

Investors continue to focus on suburban assets in search of higher yields. Looking at the year-to-date Q3 2017, suburban purchases have accounted for 62% of total sales volume. Suburban single-asset deal volume is up by only 1% over the same period but remains elevated relative to historic levels. Suburban single-asset pricing is up by 8% year-over-year. As investors shift strategy in search of strong returns, demand for medical office assets is rising sharply with sales volume up by 35% year-over-year.

The largest trades are usually in the major CBD markets but two of the five largest trades by dollar value in Q3 2017 were in suburban locations. In the third quarter's largest transaction Korea Post acquired Campus @ 3333 in Santa Clara, California for \$610 million. Half of the 25 largest transactions in Q3 2017 took place in the suburbs. Although supply is diminishing as construction slows, single-tenant campuses remain in demand.

Supplemental Data: Largest 20 Markets

Landlord and Tenant Conditions

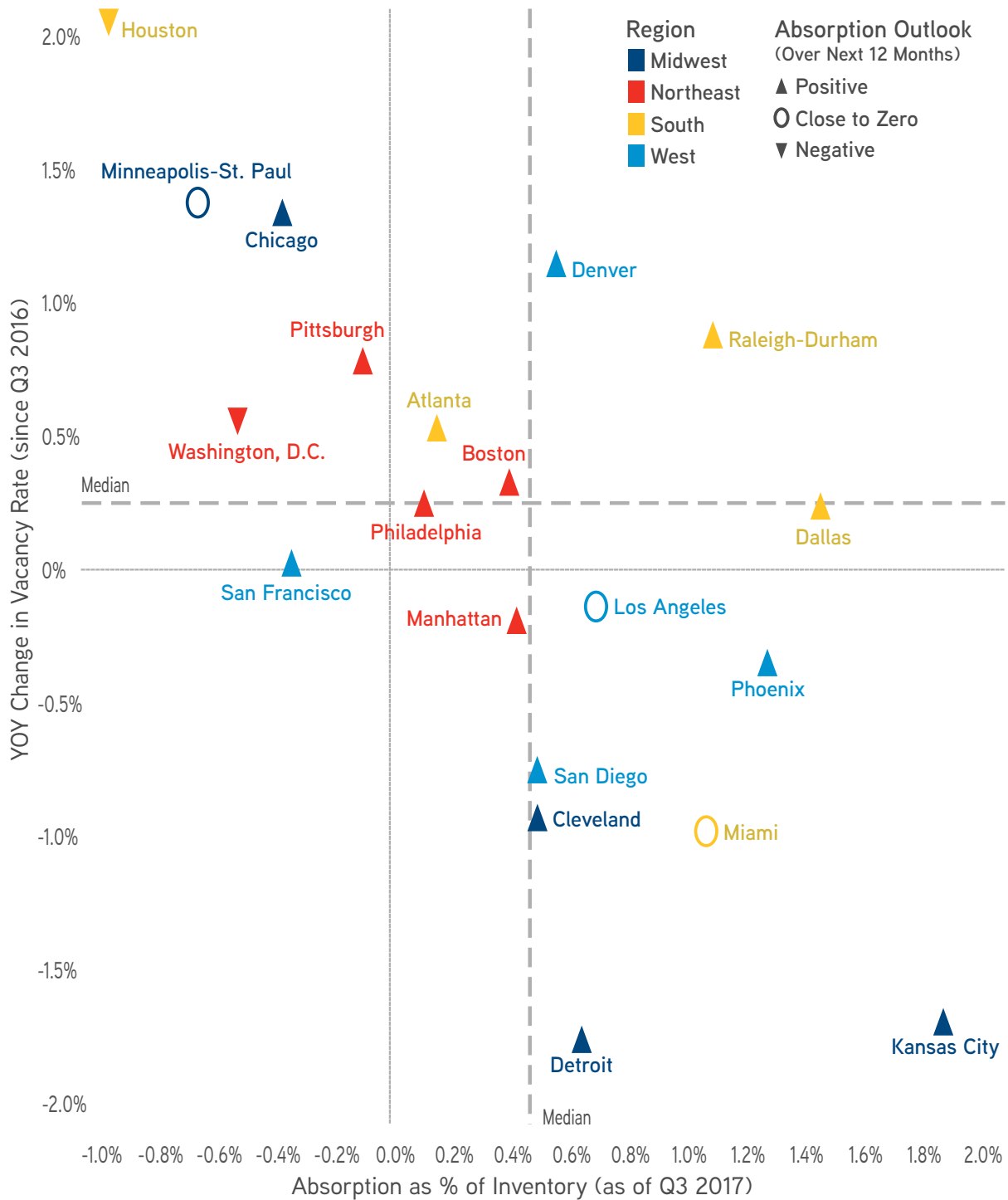


Source: Colliers Q3 2017 office survey. Tenant-landlord assessment reflects conditions as of Q3 2017.

Supplemental Data: Largest 20 Markets (continued)

Change in Vacancy vs. Absorption

Absorption Outlook Over Next 12 Months



Source: Colliers Q3 2017 office survey. Absorption forecasts reflect a 12-month outlook.

| United States - Downtown - All Classes | | | | | | | |
|--|--------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| Market | Inventory (SF) Sep 30, 2017 | New Supply (SF) Q3 2017 | Under Construction (SF) | Vacancy Rate Jun 30, 2017 | Vacancy Rate Sep 30, 2017 | Absorption (SF) Q3 2017 | YTD Absorption (SF) 2017 |
| USA | 1,982,636,760 | 5,436,686 | 45,457,220 | 10.4% | 10.5% | 2,712,691 | 5,043,826 |
| NORTHEAST | 882,987,661 | 354,369 | 19,544,389 | 8.4% | 8.4% | 1,087,801 | 1,870,841 |
| Baltimore, MD | 45,822,558 | 0 | 220,000 | 10.3% | 10.0% | 193,150 | 682,785 |
| Boston, MA | 70,095,648 | 0 | 1,554,400 | 10.8% | 10.9% | -124,888 | 502,163 |
| Hartford, CT | 11,323,515 | 0 | 0 | 13.8% | 13.0% | 111,529 | 44,074 |
| New York City Metro | 517,927,348 | 0 | 8,842,379 | 6.7% | 6.7% | 1,694,449 | 2,266,932 |
| > Manhattan | 500,918,568 | 0 | 8,842,379 | 6.2% | 6.2% | 1,544,636 | 2,034,357 |
| • Downtown | 102,828,695 | 0 | 0 | 6.7% | 6.6% | 87,302 | 1,211,943 |
| • Midtown | 233,817,688 | 0 | 2,542,846 | 6.7% | 6.7% | 1,102,482 | 929,708 |
| • Midtown South | 164,272,185 | 0 | 6,299,533 | 5.2% | 5.2% | 354,852 | -107,294 |
| > NYC Northern Suburbs | 17,008,780 | 0 | 0 | 20.0% | 19.4% | 149,813 | 232,575 |
| • Fairfield County, CT | 10,699,626 | 0 | 0 | 23.1% | 22.5% | 106,070 | -123,102 |
| • Westchester County, NY | 6,309,154 | 0 | 0 | 14.9% | 14.1% | 43,743 | 355,677 |
| Philadelphia, PA | 42,465,878 | 0 | 2,165,415 | 9.5% | 10.4% | -347,310 | -378,708 |
| Pittsburgh, PA | 52,980,979 | 131,598 | 187,500 | 9.4% | 9.6% | 4,489 | -433,338 |
| Washington, D.C. | 142,371,735 | 222,771 | 6,574,695 | 11.7% | 11.8% | -443,618 | -813,067 |
| SOUTH | 372,446,878 | 1,712,365 | 7,852,127 | 12.5% | 12.7% | 686,777 | 1,789,922 |
| Atlanta, GA | 50,753,382 | 0 | 1,953,859 | 13.0% | 12.8% | 149,085 | 346,804 |
| Austin, TX | 13,258,406 | 0 | 565,252 | 8.2% | 9.5% | -175,117 | 241,276 |
| Birmingham, AL | 5,151,349 | 0 | 0 | 20.4% | 19.3% | 68,262 | 126,884 |
| Charleston, SC | 2,553,678 | 0 | 0 | 7.3% | 6.0% | 33,486 | 148,582 |
| Charlotte, NC | 21,657,459 | 638,459 | 853,073 | 8.1% | 10.5% | 60,686 | 240,139 |
| Columbia, SC | 4,733,412 | 0 | 0 | 12.3% | 12.3% | 1,694 | 34,843 |
| Dallas-Fort Worth, TX | 43,045,777 | 0 | 602,599 | 19.9% | 20.2% | -135,609 | 211,529 |
| > Dallas | 32,436,809 | 0 | 322,110 | 22.9% | 23.3% | -132,310 | 85,470 |
| > Fort Worth | 10,608,968 | 0 | 280,489 | 10.9% | 10.9% | -3,299 | 126,059 |
| Greenville, SC | 3,701,617 | 0 | 0 | 12.8% | 18.6% | -213,474 | -122,176 |
| Houston, TX | 43,559,173 | 0 | 778,344 | 19.8% | 20.4% | -265,625 | -1,118,003 |
| Huntsville, AL | 3,885,236 | 0 | 0 | 6.9% | 6.6% | 38,497 | 55,404 |
| Jacksonville, FL | 16,093,619 | 0 | 0 | 7.4% | 8.5% | -148,023 | -103,605 |
| Little Rock, AR | 6,580,375 | 0 | 0 | 6.3% | 7.5% | -1,778 | 3,429 |
| Memphis, TN | 5,119,691 | 0 | 315,000 | 13.7% | 14.4% | -37,951 | -104,606 |
| Nashville, TN | 13,620,482 | 894,000 | 695,000 | 7.0% | 8.6% | 726,858 | 812,749 |
| Norfolk, VA | 4,667,875 | 0 | 60,000 | 8.4% | 8.1% | 16,182 | -7,069 |
| Orlando, FL | 12,930,161 | 0 | 0 | 8.8% | 8.6% | 29,641 | 10,633 |
| Raleigh-Durham, NC | 12,514,399 | 0 | 1,209,644 | 3.4% | 4.1% | 33,010 | 147,247 |
| Richmond, VA | 16,302,873 | 0 | 0 | 7.7% | 7.1% | 99,621 | 164,552 |
| Savannah, GA | 803,516 | 0 | 0 | 13.3% | 14.0% | -6,102 | 3,929 |
| South Florida | 81,598,015 | 179,906 | 793,756 | 11.6% | 11.0% | 334,896 | 507,706 |
| > Fort Lauderdale | 26,842,083 | 0 | 221,456 | 10.3% | 9.7% | 159,485 | 345,006 |
| > Miami | 33,173,480 | 153,906 | 488,000 | 11.6% | 11.6% | 50,044 | 169,287 |
| > Palm Beach | 21,582,452 | 26,000 | 84,300 | 13.4% | 11.5% | 125,367 | -6,587 |
| Tampa Bay, FL | 9,916,383 | 0 | 25,600 | 11.2% | 10.1% | 78,538 | 189,675 |

United States - Downtown - All Classes (continued)

| Market | Inventory (SF) Sep 30, 2017 | New Supply (SF) Q3 2017 | Under Construction (SF) | Vacancy Rate Jun 30, 2017 | Vacancy Rate Sep 30, 2017 | Absorption (SF) Q3 2017 | YTD Absorption (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 395,016,230 | 1,743,552 | 4,158,632 | 12.1% | 12.1% | -294,420 | 356,971 |
| Chicago, IL | 163,809,524 | 287,928 | 1,912,630 | 11.5% | 11.8% | -294,919 | -744,096 |
| Cincinnati, OH | 18,048,763 | 0 | 225,700 | 12.4% | 12.8% | -762 | -29,204 |
| Cleveland, OH | 29,350,257 | 0 | 0 | 15.5% | 15.6% | -69,956 | -48,110 |
| Columbus, OH | 19,847,617 | 175,000 | 855,602 | 8.1% | 8.4% | -91,848 | -20,597 |
| Dayton, OH | 5,100,507 | 0 | 250,000 | 26.3% | 26.8% | 76,887 | 56,492 |
| Detroit, MI | 24,431,867 | 0 | 0 | 9.4% | 8.0% | 54,536 | 353,159 |
| Grand Rapids, MI | 5,617,434 | 0 | 163,000 | 10.7% | 10.3% | -4,899 | 50,494 |
| Indianapolis, IN | 11,759,848 | 0 | 0 | 17.4% | 16.9% | 35,794 | 101,386 |
| Kansas City, MO | 33,711,888 | 0 | 0 | 7.4% | 7.0% | -3,224 | 503,863 |
| Milwaukee, WI | 17,498,461 | 1,127,500 | 146,000 | 11.2% | 11.0% | -2,821 | 108,446 |
| Minneapolis-St. Paul | 47,290,087 | 153,124 | 405,700 | 13.7% | 13.8% | -42,251 | 10,823 |
| > Minneapolis CBD | 36,118,524 | 0 | 345,700 | 14.9% | 14.6% | 46,219 | 254,312 |
| > St. Paul CBD | 11,171,563 | 153,124 | 60,000 | 10.0% | 11.1% | -88,470 | -243,489 |
| Omaha, NE | 6,258,655 | 0 | 20,000 | 10.2% | 9.4% | 46,165 | 158,300 |
| St. Louis, MO | 12,291,322 | 0 | 180,000 | 20.4% | 20.5% | 2,878 | -143,985 |
| WEST | 332,185,991 | 1,626,400 | 13,902,072 | 11.7% | 11.7% | 1,232,533 | 1,026,092 |
| Albuquerque, NM | 3,098,513 | 0 | 0 | 25.8% | 25.8% | 2,431 | 180,279 |
| Bakersfield, CA | 3,473,473 | 0 | 0 | 9.9% | 9.8% | 4,703 | 35,052 |
| Boise, ID | 6,975,103 | 0 | 120,000 | 9.2% | 9.4% | -14,005 | 163,348 |
| Denver, CO | 35,984,889 | 0 | 2,829,751 | 14.2% | 13.8% | 266,112 | 276,315 |
| Fresno, CA | 3,301,851 | 0 | 0 | 10.3% | 10.7% | -12,891 | 11,564 |
| Downtown Los Angeles, CA | 33,567,100 | 556,400 | 1,389,300 | 20.4% | 20.3% | 125,900 | -128,600 |
| Honolulu, HI | 7,076,119 | 0 | 0 | 15.1% | 15.7% | -34,936 | -30,736 |
| Las Vegas, NV | 5,032,367 | 0 | 0 | 13.6% | 13.7% | -4,400 | -45,622 |
| Phoenix, AZ | 20,390,072 | 0 | 51,486 | 19.7% | 19.7% | 769 | -6,723 |
| Portland, OR | 25,293,383 | 0 | 513,051 | 10.3% | 9.6% | 183,833 | 306,492 |
| Sacramento, CA | 13,349,346 | 0 | 0 | 12.8% | 12.1% | 90,168 | 128,748 |
| San Diego, CA | 10,265,767 | 0 | 63,584 | 15.3% | 15.7% | -34,522 | -84,617 |
| San Francisco Bay Area, CA | 128,061,138 | 0 | 7,046,900 | 7.3% | 7.4% | -49,796 | -726,859 |
| > East Bay | 28,984,717 | 0 | 600,000 | 7.6% | 8.5% | -255,113 | -505,051 |
| > San Francisco | 90,727,315 | 0 | 6,446,900 | 7.1% | 6.9% | 168,981 | -334,653 |
| > Silicon Valley | 8,349,106 | 0 | 0 | 7.9% | 7.8% | 36,336 | 112,845 |
| Seattle-Puget Sound, WA | 27,789,051 | 764,000 | 1,888,000 | 10.7% | 10.7% | 452,634 | 650,417 |
| Stockton, CA | 8,527,819 | 306,000 | 0 | 10.6% | 10.7% | 256,533 | 297,034 |

United States - Downtown - Class A

| MARKET | INVENTORY (SF) SEP 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE JUN 30, 2017 | VACANCY RATE SEP 30, 2017 | ABSORPTION (SF) Q3 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|--------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,098,607,082 | \$46.82 | 10.8% | 11.0% | 2,391,072 | -1.1% | -0.3% |
| NORTHEAST | 546,427,028 | \$63.39 | 9.0% | 9.0% | 1,373,281 | -1.7% | 0.1% |
| Baltimore, MD | 16,784,726 | \$25.33 | 13.0% | 12.7% | 52,494 | -4.0% | 2.4% |
| Boston, MA | 49,676,829 | \$58.96 | 11.4% | 11.6% | -84,127 | -0.7% | -0.7% |
| Hartford, CT | 7,588,464 | \$23.00 | 15.1% | 13.6% | 134,850 | 0.6% | 1.9% |
| New York City Metro | 331,259,988 | \$75.08 | 7.2% | 7.1% | 1,558,248 | 0.1% | 1.7% |
| > Manhattan | 318,014,231 | \$78.71 | 6.6% | 6.5% | 1,532,900 | 0.0% | 1.7% |
| • Downtown | 77,780,600 | \$64.72 | 7.3% | 7.1% | 157,153 | -0.1% | 6.3% |
| • Midtown | 201,789,226 | \$84.70 | 6.7% | 6.7% | 1,117,344 | 0.2% | -1.8% |
| • Midtown South | 38,444,405 | \$85.78 | 4.3% | 4.0% | 258,403 | 1.7% | 21.3% |
| > NYC Northern Suburbs | 13,245,757 | \$44.93 | 22.1% | 22.0% | 25,348 | 0.8% | 3.8% |
| • Fairfield County, CT | 9,291,744 | \$47.46 | 23.8% | 24.0% | 6,534 | 1.4% | 3.3% |
| • Westchester County, NY | 3,954,013 | \$35.41 | 18.1% | 17.1% | 18,814 | -0.9% | 1.6% |
| Philadelphia, PA | 30,345,475 | \$31.72 | 9.8% | 10.8% | -306,019 | -0.9% | -0.1% |
| Pittsburgh, PA | 24,467,079 | \$28.20 | 9.8% | 10.7% | -85,720 | 2.7% | 4.5% |
| Washington, D.C. | 86,304,467 | \$60.16 | 12.5% | 12.6% | 103,555 | 0.8% | 3.8% |
| SOUTH | 201,591,775 | \$32.95 | 14.4% | 15.2% | 156,542 | 0.8% | 4.7% |
| Atlanta, GA | 31,521,058 | \$30.25 | 14.2% | 13.8% | 101,978 | 3.4% | 12.4% |
| Austin, TX | 8,503,423 | \$49.30 | 10.0% | 12.1% | -178,584 | -1.0% | -2.7% |
| Birmingham, AL | 3,998,977 | \$22.06 | 17.6% | 16.4% | 22,064 | 0.7% | 18.7% |
| Charleston, SC | 1,081,569 | \$36.85 | 8.8% | 7.5% | 14,221 | 0.7% | -10.6% |
| Charlotte, NC | 15,607,323 | \$32.02 | 9.9% | 12.6% | 124,691 | 0.3% | 4.3% |
| Columbia, SC | 2,324,922 | \$22.45 | 10.3% | 10.4% | -2,921 | -4.0% | -4.3% |
| Dallas-Fort Worth, TX | 29,265,094 | \$27.67 | 23.8% | 24.5% | -201,954 | -0.4% | 3.0% |
| > Dallas | 23,375,243 | \$27.39 | 26.3% | 27.2% | -202,640 | -0.4% | 3.0% |
| > Fort Worth | 5,889,851 | \$29.73 | 13.8% | 13.8% | 686 | -0.2% | 2.1% |
| Greenville, SC | 2,514,088 | \$23.82 | 11.9% | 19.2% | -183,857 | -9.4% | -11.5% |
| Houston, TX | 32,894,996 | \$44.36 | 17.3% | 18.3% | -315,051 | 0.0% | -2.2% |
| Huntsville, AL | 888,861 | \$24.87 | 6.5% | 5.6% | 28,109 | 0.9% | 29.6% |
| Jacksonville, FL | 7,524,530 | \$21.30 | 9.5% | 11.9% | -138,639 | 0.2% | -0.2% |
| Little Rock, AR | 2,556,096 | \$18.12 | 6.1% | 7.6% | 2,350 | 9.0% | 6.2% |
| Memphis, TN | 1,971,211 | \$17.70 | 18.6% | 20.1% | -29,818 | -1.9% | -4.2% |
| Nashville, TN | 5,805,759 | \$30.25 | 7.9% | 11.9% | 680,470 | 0.8% | 8.2% |
| Norfolk, VA | 2,328,115 | \$23.64 | 11.2% | 10.5% | 11,676 | 0.2% | 4.9% |
| Orlando, FL | 6,067,212 | \$24.87 | 10.2% | 10.5% | -26,349 | -2.5% | -5.9% |
| Raleigh-Durham, NC | 7,127,844 | \$30.17 | 4.9% | 5.9% | 38,251 | 2.6% | 5.8% |
| Richmond, VA | 6,929,823 | \$24.10 | 10.7% | 9.1% | 113,334 | 0.4% | 3.6% |
| Savannah, GA | 645,713 | \$22.25 | 11.5% | 12.2% | -4,741 | 0.5% | 2.5% |
| South Florida | 25,290,439 | \$40.83 | 14.0% | 14.1% | 134,364 | -0.2% | 1.9% |
| > Fort Lauderdale | 6,299,111 | \$35.64 | 15.6% | 15.4% | 17,533 | 2.7% | 4.6% |
| > Miami | 12,994,369 | \$45.42 | 13.8% | 14.3% | 89,607 | -1.6% | 1.5% |
| > Palm Beach | 5,996,959 | \$36.18 | 12.6% | 12.2% | 27,224 | 1.8% | 2.7% |
| Tampa Bay, FL | 6,744,722 | \$28.90 | 10.9% | 11.4% | -33,052 | 1.3% | 5.7% |

United States - Downtown - Class A (continued)

| MARKET | INVENTORY (SF) SEP 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE JUN 30, 2017 | VACANCY RATE SEP 30, 2017 | ABSORPTION (SF) Q3 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 159,479,834 | \$30.08 | 12.5% | 12.9% | -428,271 | 0.6% | 2.4% |
| Chicago, IL | 67,447,762 | \$44.85 | 11.7% | 12.9% | -565,857 | -0.4% | 5.5% |
| Cincinnati, OH | 8,137,243 | \$23.39 | 12.6% | 13.6% | -19,262 | -0.3% | -3.6% |
| Cleveland, OH | 11,485,663 | \$20.69 | 15.4% | 15.8% | -54,986 | -1.4% | -2.7% |
| Columbus, OH | 8,921,562 | \$19.62 | 10.9% | 11.4% | -35,708 | 0.4% | -7.5% |
| Dayton, OH | 2,289,586 | \$17.52 | 25.6% | 26.3% | -9,390 | 0.0% | 7.7% |
| Detroit, MI | 7,303,488 | \$24.62 | 7.9% | 7.2% | 50,996 | 3.3% | 5.5% |
| Indianapolis, IN | 6,117,047 | \$23.52 | 17.0% | 15.3% | 113,555 | 4.7% | 5.7% |
| Kansas City, MO | 11,368,510 | \$20.44 | 12.3% | 11.3% | 28,459 | 2.5% | 5.1% |
| Milwaukee, WI | 7,331,278 | \$23.58 | 15.4% | 13.3% | -12,928 | 2.3% | 4.8% |
| Minneapolis-St. Paul | 19,454,055 | \$17.99 | 11.8% | 11.4% | 95,244 | 0.7% | 5.1% |
| > Minneapolis CBD | 16,680,095 | \$18.78 | 12.4% | 11.8% | 98,974 | 0.9% | 5.0% |
| > St. Paul CBD | 2,773,960 | \$14.25 | 8.4% | 8.5% | -3,730 | -0.1% | 4.4% |
| Omaha, NE | 4,066,200 | \$21.84 | 9.8% | 9.1% | 25,888 | 0.0% | 4.0% |
| St. Louis, MO | 5,557,440 | \$18.90 | 16.2% | 17.1% | -44,282 | 0.1% | 0.4% |
| WEST | 191,108,445 | \$46.93 | 11.1% | 10.8% | 1,289,520 | -0.3% | -0.4% |
| Albuquerque, NM | 621,668 | \$21.80 | 31.2% | 32.2% | -5,902 | 0.7% | |
| Bakersfield, CA | 788,282 | \$20.48 | 4.8% | 5.0% | -7,880 | 0.0% | 0.0% |
| Denver, CO | 23,053,262 | \$35.39 | 16.2% | 15.5% | 251,271 | 1.1% | 0.7% |
| Fresno, CA | 907,513 | \$19.17 | 12.5% | 13.4% | -8,102 | 0.3% | 4.4% |
| Downtown Los Angeles, CA | 18,470,800 | \$41.92 | 15.8% | 15.5% | 25,700 | 2.5% | 1.5% |
| Honolulu, HI | 4,966,720 | \$35.22 | 15.8% | 16.5% | -28,001 | 0.1% | -0.5% |
| Las Vegas, NV | 1,232,341 | \$32.28 | 18.3% | 21.0% | -33,844 | -1.1% | -3.9% |
| Phoenix, AZ | 9,493,310 | \$26.92 | 19.4% | 19.6% | -17,562 | 0.4% | 6.0% |
| Portland, OR | 12,040,085 | \$33.07 | 11.7% | 9.3% | 283,120 | 2.2% | 1.0% |
| Sacramento, CA | 5,782,533 | \$34.92 | 13.5% | 13.0% | 30,324 | -0.2% | 6.2% |
| San Diego, CA | 6,541,356 | \$35.76 | 8.0% | 8.4% | -27,696 | 2.1% | 1.7% |
| San Francisco Bay Area, CA | 81,430,787 | \$72.06 | 7.2% | 7.2% | 13,844 | 4.2% | 3.2% |
| > East Bay | 18,516,443 | \$42.88 | 7.8% | 8.9% | -210,921 | -2.8% | 0.7% |
| > San Francisco | 59,122,564 | \$84.34 | 7.1% | 6.8% | 192,267 | 9.4% | 8.8% |
| > Silicon Valley | 3,791,780 | \$49.01 | 6.5% | 5.6% | 32,498 | 3.6% | 15.9% |
| Seattle-Puget Sound, WA | 22,683,214 | \$43.38 | 10.2% | 10.0% | 504,690 | -1.2% | -0.3% |
| Stockton, CA | 3,096,574 | \$22.79 | 15.0% | 13.4% | 309,558 | 28.2% | 28.2% |

United States - Suburban - All Classes

| MARKET | INVENTORY (\$F) SEP 30, 2017 | NEW SUPPLY (\$F) Q3 2017 | UNDER CONSTRUCTION (\$F) | VACANCY RATE JUN 30 2017 | VACANCY RATE SEP 30, 2017 | ABSORPTION (\$F) Q3 2017 | YTD ABSORPTION (\$F) 2017 |
|------------------------|---------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| USA | 4,164,756,364 | 11,338,094 | 63,496,039 | 13.0% | 13.0% | 10,052,809 | 22,790,490 |
| NORTHEAST | 1,086,523,262 | 1,965,063 | 9,031,783 | 14.3% | 14.2% | 1,728,744 | 1,457,787 |
| Baltimore, MD | 75,549,176 | 0 | 1,058,584 | 11.1% | 11.0% | 148,921 | 791,540 |
| Boston, MA | 144,059,315 | 0 | 2,271,188 | 16.6% | 15.8% | 1,181,061 | 312,415 |
| Hartford, CT | 31,890,311 | 0 | 0 | 10.2% | 10.6% | -118,109 | -266,532 |
| New Hampshire | 17,352,028 | 0 | 0 | 11.8% | 11.4% | -46,243 | -127,116 |
| New York City Metro | 351,215,647 | 200,000 | 1,301,114 | 14.1% | 14.1% | 266,887 | -2,014,134 |
| > Central New Jersey | 88,610,613 | 0 | 103,400 | 14.4% | 14.8% | -332,561 | -1,596,914 |
| > Long Island | 76,009,173 | 0 | 406,985 | 7.7% | 7.7% | 60,559 | 177,875 |
| > Northern New Jersey | 120,418,323 | 200,000 | 790,729 | 16.8% | 16.3% | 449,302 | 218,753 |
| > NYC Northern Suburbs | 66,177,538 | 0 | 0 | 16.3% | 16.5% | 89,587 | -813,848 |
| Philadelphia, PA | 103,333,208 | 0 | 0 | 13.0% | 13.0% | 62,246 | 567,467 |
| Pittsburgh, PA | 73,845,026 | 182,223 | 292,623 | 7.7% | 7.6% | 151,628 | 273,101 |
| Washington, D.C. | 289,278,551 | 1,582,840 | 4,108,274 | 16.9% | 17.2% | 82,353 | 1,921,046 |
| SOUTH | 1,301,927,681 | 2,640,637 | 22,614,602 | 12.7% | 12.7% | 3,123,518 | 10,844,779 |
| Atlanta, GA | 173,384,826 | 217,906 | 2,342,453 | 14.1% | 14.3% | -104,157 | 28,496 |
| Austin, TX | 56,934,661 | 115,287 | 3,329,147 | 9.2% | 8.9% | 335,099 | 811,187 |
| Birmingham, AL | 15,249,973 | 0 | 0 | 16.0% | 17.2% | -255,267 | -296,367 |
| Charleston, SC | 10,085,496 | 0 | 349,318 | 8.1% | 7.8% | 29,622 | 166,071 |
| Charlotte, NC | 45,317,228 | 164,000 | 790,405 | 10.9% | 10.8% | 350,595 | 387,882 |
| Columbia, SC | 4,911,243 | 0 | 0 | 22.4% | 21.9% | 22,552 | -105,490 |
| Dallas-Fort Worth, TX | 284,435,815 | 866,959 | 8,848,655 | 14.8% | 14.9% | 628,353 | 4,196,246 |
| > Dallas | 260,788,455 | 826,007 | 8,629,083 | 14.8% | 14.8% | 776,774 | 4,227,625 |
| > Fort Worth | 23,647,360 | 40,952 | 219,572 | 14.4% | 15.2% | -148,421 | -31,379 |
| Greenville, SC | 6,366,897 | 0 | 140,000 | 18.3% | 17.2% | 68,222 | 94,871 |
| Houston, TX | 187,709,895 | 135,000 | 856,937 | 18.6% | 18.8% | -403,892 | -1,228,716 |
| Huntsville, AL | 18,047,299 | 0 | 0 | 14.4% | 13.2% | 7,454 | -83,374 |
| Jacksonville, FL | 46,602,550 | 3,000 | 290,920 | 8.3% | 7.6% | 379,915 | 466,957 |
| Little Rock, AR | 8,196,006 | 0 | 105,000 | 9.7% | 9.3% | 5,376 | 176,846 |
| Memphis, TN | 28,988,189 | 0 | 432,571 | 13.3% | 12.7% | 157,080 | 614,876 |
| Nashville, TN | 38,326,330 | 240,000 | 830,000 | 6.0% | 6.5% | 561,385 | 678,663 |
| Norfolk, VA | 35,649,530 | 0 | 79,600 | 11.1% | 10.6% | 18,367 | 336,569 |
| Orlando, FL | 55,818,795 | 55,500 | 718,058 | 8.4% | 7.2% | 401,662 | 992,876 |
| Raleigh-Durham, NC | 75,205,756 | 487,291 | 1,480,226 | 7.9% | 8.3% | 291,586 | 808,614 |
| Richmond, VA | 36,247,856 | 15,664 | 162,243 | 8.1% | 8.7% | -61,621 | 72,929 |
| Savannah, GA | 1,406,498 | 0 | 0 | 10.3% | 9.2% | 15,337 | 61,524 |
| South Florida | 117,549,998 | 340,030 | 1,610,069 | 9.6% | 9.4% | 489,266 | 2,096,268 |
| > Fort Lauderdale | 32,496,129 | 39,600 | 295,343 | 10.3% | 9.5% | 220,382 | 887,625 |
| > Miami | 58,055,609 | 274,880 | 1,270,127 | 8.1% | 8.4% | 144,289 | 802,394 |
| > Palm Beach | 26,998,260 | 25,550 | 44,599 | 12.1% | 11.4% | 124,595 | 406,249 |
| Tampa Bay, FL | 55,492,840 | 0 | 249,000 | 11.6% | 11.1% | 186,584 | 567,851 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) SEP 30, 2017 | NEW SUPPLY (SF) Q3 2017 | UNDER CONSTRUCTION (SF) | VACANCY RATE JUN 30 2017 | VACANCY RATE SEP 30, 2017 | ABSORPTION (SF) Q3 2017 | YTD ABSORPTION (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 691,991,238 | 935,836 | 5,557,558 | 13.0% | 13.4% | 1,261,186 | 2,343,693 |
| Chicago, IL | 140,152,481 | 21,018 | 0 | 18.5% | 21.0% | 163,382 | -499,035 |
| Cincinnati, OH | 45,686,673 | 363,000 | 174,400 | 14.5% | 15.1% | 142,034 | 239,515 |
| Cleveland, OH | 44,279,966 | 145,484 | 650,600 | 10.7% | 10.7% | 88,166 | 491,694 |
| Columbus, OH | 45,456,352 | 0 | 365,245 | 8.9% | 9.3% | 81,476 | 349,865 |
| Dayton, OH | 9,218,026 | 0 | 45,000 | 17.9% | 16.8% | 109,047 | 245,918 |
| Detroit, MI | 135,622,626 | 101,547 | 433,835 | 11.6% | 11.8% | 273,998 | 659,197 |
| Grand Rapids, MI | 13,344,578 | 0 | 66,482 | 16.0% | 16.2% | 150,712 | 312,083 |
| Indianapolis, IN | 26,277,756 | 112,000 | 397,091 | 15.5% | 15.8% | 25,728 | -250,139 |
| Kansas City, MO | 61,655,946 | 10,270 | 150,000 | 9.3% | 8.9% | 58,636 | 1,302,458 |
| Milwaukee, WI | 28,053,595 | 0 | 526,000 | 10.3% | 10.8% | 51,679 | 986 |
| Minneapolis-St. Paul | 83,414,895 | 182,517 | 1,337,363 | 11.1% | 11.2% | -2,643 | -932,940 |
| Omaha, NE | 21,590,062 | 0 | 464,218 | 8.2% | 8.1% | 26,285 | 69,719 |
| St. Louis, MO | 37,238,282 | 0 | 947,324 | 10.7% | 10.3% | 92,686 | 354,372 |
| WEST | 1,084,314,183 | 5,796,558 | 26,292,096 | 11.9% | 11.8% | 3,939,361 | 8,144,231 |
| Albuquerque, NM | 10,982,761 | 0 | 0 | 16.1% | 16.4% | -31,962 | 68,694 |
| Bakersfield, CA | 6,472,040 | 0 | 30,000 | 8.3% | 8.2% | 124,406 | 236,885 |
| Boise, ID | 16,885,759 | 115,950 | 94,000 | 10.2% | 9.0% | 314,080 | 840,293 |
| Denver, CO | 108,206,443 | 428,675 | 1,719,171 | 11.7% | 11.9% | 350,162 | 513,057 |
| Fresno, CA | 18,815,317 | 17,392 | 0 | 10.1% | 10.3% | -4,909 | 143,188 |
| Greater Los Angeles, CA | 273,470,400 | 1,167,100 | 4,551,300 | 13.9% | 13.7% | 1,245,500 | 2,028,300 |
| > Inland Empire | 20,492,400 | 0 | 56,800 | 13.5% | 13.9% | -70,400 | 137,500 |
| > Los Angeles | 169,674,000 | 700,400 | 2,009,200 | 14.7% | 14.3% | 1,133,300 | 1,524,900 |
| > Orange County | 83,304,000 | 466,700 | 2,485,300 | 12.3% | 12.5% | 182,600 | 365,900 |
| Honolulu, HI | 7,399,892 | 0 | 0 | 9.5% | 9.7% | -17,654 | 51,139 |
| Las Vegas, NV | 39,246,959 | 10,000 | 447,810 | 16.9% | 16.3% | 233,869 | 943,008 |
| Phoenix, AZ | 123,278,834 | 54,431 | 1,684,375 | 15.7% | 15.7% | 396,124 | 1,851,034 |
| Portland, OR | 56,221,566 | 292,254 | 837,802 | 7.4% | 7.2% | 409,948 | 413,656 |
| Sacramento, CA | 57,667,628 | 0 | 138,850 | 14.7% | 14.3% | 194,082 | 115,391 |
| San Diego, CA | 74,422,534 | 466,858 | 249,490 | 11.3% | 11.0% | 601,181 | 493,189 |
| San Francisco Bay Area, CA | 177,205,579 | 2,976,898 | 10,915,062 | 8.9% | 8.9% | 333,526 | -639,424 |
| > East Bay | 48,575,820 | 0 | 260,000 | 10.4% | 9.4% | 509,540 | -167,401 |
| > Fairfield, CA | 5,055,655 | 0 | 101,000 | 14.9% | 15.1% | -32,373 | 3,961 |
| > San Francisco Peninsula | 42,013,770 | 740,881 | 5,422,659 | 6.9% | 7.3% | -271,395 | -466,447 |
| > Silicon Valley | 81,560,334 | 2,236,017 | 5,131,403 | 8.5% | 9.1% | 127,754 | -9,537 |
| Seattle-Puget Sound, WA | 114,038,471 | 267,000 | 5,624,236 | 7.8% | 7.5% | -208,992 | 1,085,821 |
| > Bellevue | 42,026,668 | 99,000 | 686,692 | 5.9% | 5.6% | -164,891 | 305,356 |
| > Everett | 10,718,491 | 0 | 55,837 | 9.4% | 10.5% | -118,918 | -129,665 |
| > Seattle | 39,155,867 | 168,000 | 3,926,070 | 5.8% | 5.3% | 204,643 | 1,092,491 |
| > Tacoma | 22,137,445 | 0 | 955,637 | 14.1% | 13.3% | -129,826 | -182,361 |

| United States - Suburban - Class A | | | | | | | |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| Market | Inventory (SF) Sep 30, 2017 | Avg Annual Quoted Rent (USD/SF) | Vacancy Rate Jun 30, 2017 | Vacancy Rate Sep 30, 2017 | Absorption (SF) Q3 2017 | Quarterly Change in Rent | Annual Change in Rent |
| USA | 1,669,355,306 | \$29.79 | 13.7% | 13.6% | 7,615,206 | 0.1% | 2.8% |
| NORTHEAST | 515,128,854 | \$29.87 | 14.7% | 14.6% | 2,054,494 | -0.4% | 3.4% |
| Baltimore, MD | 31,020,066 | \$26.23 | 11.4% | 11.6% | -28,749 | -0.9% | 0.2% |
| Boston, MA | 64,983,774 | \$28.32 | 15.0% | 13.5% | 1,018,432 | -0.9% | 6.4% |
| Hartford, CT | 5,537,425 | \$22.11 | 21.2% | 20.8% | -3,163 | -2.2% | -2.2% |
| New Hampshire | 9,257,615 | \$18.02 | 12.7% | 12.4% | -18,866 | -3.7% | -6.2% |
| New York City Metro | 205,701,973 | \$30.13 | 14.8% | 14.6% | 899,543 | -1.2% | 2.1% |
| > Central New Jersey | 59,229,317 | \$27.88 | 14.2% | 14.0% | 99,012 | 0.1% | 3.6% |
| > Long Island | 25,218,863 | \$30.71 | 9.4% | 8.2% | 299,951 | 0.4% | -0.3% |
| > Northern New Jersey | 87,238,716 | \$30.40 | 16.1% | 15.8% | 384,832 | -0.2% | 3.8% |
| > NYC Northern Suburbs | 34,015,077 | \$32.34 | 16.9% | 17.4% | 115,748 | -5.0% | -3.9% |
| Philadelphia, PA | 51,774,393 | \$29.62 | 9.9% | 10.0% | -62,529 | 6.0% | 10.1% |
| Pittsburgh, PA | 13,603,499 | \$22.39 | 14.9% | 15.0% | -24,256 | -1.0% | 8.8% |
| Washington, D.C. | 133,250,109 | \$33.39 | 16.8% | 17.6% | 274,082 | -1.3% | 2.6% |
| SOUTH | 538,683,690 | \$29.38 | 13.9% | 13.7% | 3,030,165 | 0.4% | 2.7% |
| Atlanta, GA | 85,089,430 | \$27.96 | 13.9% | 13.9% | 75,005 | -0.8% | 3.4% |
| Austin, TX | 26,825,208 | \$35.95 | 9.2% | 8.4% | 354,591 | 1.6% | 4.5% |
| Birmingham, AL | 9,786,252 | \$22.13 | 13.1% | 15.7% | -280,780 | -0.1% | 19.0% |
| Charleston, SC | 3,656,847 | \$27.33 | 9.0% | 8.5% | 19,145 | 2.1% | -1.7% |
| Charlotte, NC | 20,660,359 | \$26.41 | 13.9% | 12.5% | 326,333 | 1.6% | 1.4% |
| Columbia, SC | 1,001,972 | \$18.37 | 14.5% | 15.6% | -10,884 | 2.2% | -0.1% |
| Dallas-Fort Worth, TX | 121,028,483 | \$30.30 | 15.9% | 15.5% | 962,340 | 1.6% | 5.9% |
| > Dallas | 116,116,720 | \$30.53 | 15.8% | 15.3% | 1,114,587 | 1.7% | 6.0% |
| > Fort Worth | 4,911,763 | \$24.46 | 16.9% | 20.0% | -152,247 | -3.4% | -1.1% |
| Greenville, SC | 3,242,691 | \$21.93 | 12.6% | 12.5% | 2,101 | 5.3% | 3.6% |
| Houston, TX | 96,573,957 | \$32.71 | 21.4% | 21.4% | 61,218 | -0.8% | -1.4% |
| Huntsville, AL | 4,199,427 | \$21.58 | 3.9% | 3.3% | 18,735 | 5.4% | 11.5% |
| Jacksonville, FL | 9,584,978 | \$23.12 | 9.6% | 7.4% | 210,007 | 2.9% | 3.8% |
| Little Rock, AR | 3,284,012 | \$19.95 | 8.1% | 9.2% | 3,232 | 6.9% | 4.5% |
| Memphis, TN | 9,155,252 | \$20.54 | 6.3% | 6.6% | -25,269 | 0.2% | 1.4% |
| Nashville, TN | 17,190,567 | \$27.96 | 8.2% | 8.0% | 539,375 | -0.1% | 6.3% |
| Norfolk, VA | 11,137,449 | \$20.49 | 10.4% | 9.3% | 101,309 | 1.5% | 0.8% |
| Orlando, FL | 19,376,945 | \$24.35 | 8.1% | 7.4% | 94,922 | 1.9% | 4.3% |
| Raleigh-Durham, NC | 29,468,316 | \$25.01 | 8.3% | 9.0% | 142,085 | 0.3% | 2.4% |
| Richmond, VA | 14,268,714 | \$19.62 | 9.3% | 8.9% | -32,819 | 1.0% | 2.1% |
| Savannah, GA | 488,384 | \$21.65 | 8.8% | 6.0% | 13,954 | -6.0% | -3.4% |
| South Florida | 34,621,113 | \$34.07 | 12.3% | 11.9% | 404,772 | 1.9% | 3.1% |
| > Fort Lauderdale | 11,068,139 | \$29.43 | 12.5% | 11.0% | 162,635 | 0.3% | -0.9% |
| > Miami | 15,056,434 | \$37.88 | 10.9% | 11.2% | 213,748 | 0.4% | 3.4% |
| > Palm Beach | 8,496,540 | \$32.71 | 14.4% | 14.2% | 28,389 | 1.6% | 3.7% |
| Tampa Bay, FL | 18,043,334 | \$26.36 | 9.3% | 9.2% | 50,793 | 1.6% | 5.0% |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) SEP 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE JUN 30, 2017 | VACANCY RATE SEP 30, 2017 | ABSORPTION (SF) Q3 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| MIDWEST | 262,630,213 | \$24.06 | 14.4% | 14.3% | 783,949 | -0.1% | 0.9% |
| Chicago, IL | 82,424,483 | \$28.54 | 21.3% | 21.1% | 217,079 | 0.1% | 2.4% |
| Cincinnati, OH | 18,207,150 | \$21.95 | 13.8% | 14.8% | 147,204 | 0.1% | 0.4% |
| Cleveland, OH | 9,222,048 | \$20.19 | 10.4% | 10.2% | 109,834 | 2.9% | -1.5% |
| Columbus, OH | 19,704,208 | \$21.85 | 8.5% | 9.7% | 18,240 | -1.4% | 5.2% |
| Dayton, OH | 2,220,911 | \$20.22 | 18.4% | 18.2% | 4,501 | 1.0% | 1.3% |
| Detroit, MI | 37,823,058 | \$21.74 | 13.0% | 12.7% | 26,654 | 1.2% | 0.1% |
| Indianapolis, IN | 12,155,071 | \$21.45 | 15.3% | 16.0% | 58,481 | 2.6% | 3.4% |
| Kansas City, MO | 19,431,655 | \$21.74 | 8.4% | 7.8% | 66,874 | -1.5% | 1.8% |
| Milwaukee, WI | 10,701,202 | \$18.54 | 10.8% | 10.7% | 12,251 | -0.1% | 7.1% |
| Minneapolis-St. Paul | 28,214,069 | \$16.39 | 11.9% | 11.8% | 46,571 | -2.2% | 0.1% |
| Omaha, NE | 5,549,826 | \$28.37 | 3.6% | 3.6% | -3,455 | -0.9% | 0.1% |
| St. Louis, MO | 16,976,532 | \$23.91 | 8.7% | 8.0% | 79,715 | -1.2% | 2.6% |
| WEST | 352,912,549 | \$36.88 | 11.5% | 11.5% | 1,746,598 | 0.3% | 3.4% |
| Albuquerque, NM | 824,335 | \$23.44 | 10.1% | 11.3% | -9,768 | 1.5% | |
| Bakersfield, CA | 2,923,838 | \$22.97 | 8.7% | 8.8% | 59,675 | 6.5% | 5.4% |
| Denver, CO | 41,566,352 | \$28.21 | 13.2% | 13.8% | 233,231 | 1.8% | 4.2% |
| Fresno, CA | 1,578,895 | \$26.03 | 12.1% | 13.4% | -20,509 | -1.4% | -1.1% |
| Greater Los Angeles, CA | 63,381,600 | \$37.35 | 13.1% | 13.8% | 111,500 | 0.5% | 5.6% |
| > Los Angeles | 28,101,400 | \$37.30 | 13.1% | 13.1% | 79,900 | 0.7% | 3.0% |
| > Orange County | 35,280,200 | \$37.39 | 13.1% | 14.4% | 31,600 | 0.3% | 8.8% |
| Las Vegas, NV | 5,381,185 | \$32.44 | 22.9% | 21.9% | 56,355 | 0.4% | 2.6% |
| Phoenix, AZ | 38,231,539 | \$28.51 | 13.3% | 12.7% | 257,520 | -0.2% | 0.2% |
| Portland, OR | 14,360,513 | \$27.92 | 8.4% | 7.9% | 73,933 | 2.3% | 6.3% |
| Sacramento, CA | 14,823,165 | \$23.08 | 15.1% | 14.5% | 86,784 | 0.7% | 1.2% |
| San Diego, CA | 25,839,614 | \$38.97 | 14.0% | 13.3% | 586,844 | 1.5% | -0.6% |
| San Francisco Bay Area, CA | 95,295,758 | \$50.45 | 10.0% | 10.4% | 229,287 | -0.3% | 9.8% |
| > East Bay | 19,986,714 | \$37.47 | 10.6% | 10.3% | 53,366 | 0.1% | 7.0% |
| > Fairfield, CA | 2,002,513 | \$26.32 | 13.1% | 15.4% | -47,225 | -0.6% | -0.3% |
| > San Francisco Peninsula | 24,640,108 | \$63.33 | 7.4% | 7.8% | -121,054 | 0.9% | 13.0% |
| > Silicon Valley | 48,666,423 | \$52.71 | 10.9% | 11.5% | 344,200 | -0.1% | 4.4% |
| Seattle-Puget Sound, WA | 48,705,755 | \$38.64 | 6.9% | 6.1% | 81,746 | 3.5% | -4.1% |
| > Bellevue | 21,456,412 | \$39.45 | 6.0% | 4.7% | 98,123 | -0.8% | -3.8% |
| > Everett | 1,461,153 | \$29.33 | 15.5% | 15.0% | 7,186 | 2.5% | 8.5% |
| > Seattle | 19,484,447 | \$43.81 | 3.6% | 2.9% | 157,521 | 15.1% | 6.7% |
| > Tacoma | 6,303,743 | \$34.21 | 17.9% | 19.0% | -181,084 | 0.4% | -16.0% |

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|-----------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| USA | \$378 | 5.7% | \$206 | 6.9% |
| NORTHEAST | \$443 | 5.5% | \$174 | 7.2% |
| Baltimore Metropolitan Area | \$181 | | \$147 | 7.3% |
| Boston | \$675 | 4.9% | \$300 | 6.0% |
| Hartford | \$105 | 8.0% | \$190 | 6.0% |
| New York City Metro | \$640 | 4.5% | \$174 | 5.8% |
| Philadelphia | \$186 | 6.0% | \$113 | 7.5% |
| Pittsburgh | \$109 | 7.4% | \$178 | 7.4% |
| Washington, D.C. | \$593 | 5.4% | \$279 | 6.3% |
| Tertiary Northeast | | | \$163 | 7.4% |
| SOUTH | \$205 | 7.1% | \$165 | 7.2% |
| Atlanta | \$215 | 6.5% | \$173 | 6.6% |
| Austin | \$470 | 5.1% | \$293 | 7.1% |
| Charlotte | \$200 | 6.7% | \$201 | 7.0% |
| Dallas-Fort Worth | | | \$243 | 7.0% |
| Houston | | | \$227 | 7.1% |
| Nashville | \$196 | 7.0% | \$228 | 7.0% |
| Orlando | \$255 | 7.0% | \$230 | 7.1% |
| Raleigh-Durham | \$143 | 6.0% | \$163 | 7.0% |
| Richmond | | | \$120 | 7.0% |
| South Florida | \$288 | 6.3% | \$204 | 7.0% |
| Tampa Bay | \$173 | 7.0% | \$175 | 7.6% |
| Tertiary South | \$106 | 7.7% | \$165 | 7.4% |

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MIDWEST | \$149 | 6.8% | \$142 | 7.8% |
| Chicago | \$350 | 5.8% | \$190 | 7.8% |
| Cincinnati | | | \$165 | 8.0% |
| Cleveland-Akron Metro | | | \$121 | |
| Columbus | | | \$128 | 7.5% |
| Detroit | \$105 | | \$101 | 7.4% |
| Indianapolis | \$164 | | \$165 | 6.9% |
| Kansas City | \$145 | 7.0% | \$143 | 8.0% |
| St. Louis | \$94 | 8.0% | \$182 | 7.0% |
| Tertiary Midwest | \$106 | 7.4% | \$131 | 7.9% |
| WEST | \$446 | 5.7% | \$302 | 6.2% |
| Denver | \$375 | 6.0% | \$215 | 7.0% |
| Greater Los Angeles | \$304 | 5.4% | \$299 | 6.1% |
| Las Vegas | \$192 | 7.1% | \$180 | 6.9% |
| Phoenix | | | \$195 | 7.0% |
| Portland | \$325 | 6.0% | \$200 | 7.0% |
| Sacramento | \$169 | | \$148 | 5.7% |
| San Francisco Bay Area | \$552 | 5.3% | \$483 | 5.7% |
| Seattle-Puget Sound | \$709 | 5.1% | \$317 | 6.5% |
| Tertiary West | \$243 | 6.8% | \$207 | 6.7% |

Sources: Colliers International, Real Capital Analytics

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Steady as She Goes: The U.S. Office Market Remains on Solid Ground

Stephen Newbold, National Director of Office Research | USA

Although cooling, the U.S. office market is seeing an extended period of strength and stability. Occupancy remains at peak levels and record rents are being achieved. The national office vacancy rate has been at virtually the same level for the past 18 months. Although there are some localized risks, we are not seeing the major ramp-up in speculative construction that has historically preceded a downturn. In addition, investors remain committed to the office sector — though their strategies are shifting.

As the U.S. economic expansion enters its ninth year, the U.S. office market remains at a historically strong level, though overall leasing velocity is beginning to slow. Moderate job growth continues, but tenant demand remains the wild card as absorption levels are considerably lower than during previous cycle peaks. Barring any significant economic or policy shock, there is no obvious sign of a market correction in the near future.

Key Observations

- Absorption Rises but Stays Subdued:** Compared to the previous quarter, U.S. office net absorption more than tripled in Q2 2017, though only to a still-modest 11 million square feet. While leasing volumes are healthy, they are being counterbalanced by tenant move-outs, downsizing and localized supply shortages. Barring a significant uptick in the economy, this pattern of demand could be the new “normal.”
- Vacancy Is Static:** The U.S. office vacancy rate has been almost flat for six successive quarters and remains at the same level seen at the peak of the prior cycle.
- Rent Growth Has Almost Halted:** Average office asking rents grew by less than 1% in Q2 2017, the same as in the prior quarter. On an annual basis, Class A rental growth is similar in both downtown and suburban markets. Rents are holding firm in the major markets, with any remaining growth centered on secondary markets.
- Construction Stays Elevated:** While the overall levels aren't rising, there is no let-up in office construction activity. Although 60% of space underway is pre-committed, this leaves 45 million square feet of unleased space. The markets with the greatest exposure to vacant supply risk are Los Angeles and Washington, D.C.
- Investors Remain Confident:** U.S. office sales volume rose in Q2 2017 and is holding steady on an annualized basis. There is little pressure on capitalization (cap) rates as of yet. Suburban assets and secondary markets are seeing increased activity as investors chase higher yields.

Market Indicators

Relative to Prior Period

Q2 2017 Q2 2018*

| | | |
|----------------|---|---|
| VACANCY | + | - |
| NET ABSORPTION | + | + |
| CONSTRUCTION | + | = |
| RENTAL RATE** | + | = |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics | Q2 2017

U.S. Office Market

| | |
|--|---------|
| Vacancy Rate | 12.2% |
| Change From Q1 2017 (Basis Points) | +10 |
| Absorption (MSF) | 11.0 |
| % of Markets With Positive Absorption | 75% |
| New Supply (MSF) | 16.2 |
| Under Construction (MSF) | 113.1 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$47.40 |
| Change From Q1 2017 | -0.3% |
| Change From Q2 2016 | +2.1% |
| Suburban Class A | \$29.50 |
| Change From Q1 2017 | +0.6% |
| Change From Q2 2016 | +2.3% |

The Economic Expansion Is Slowing

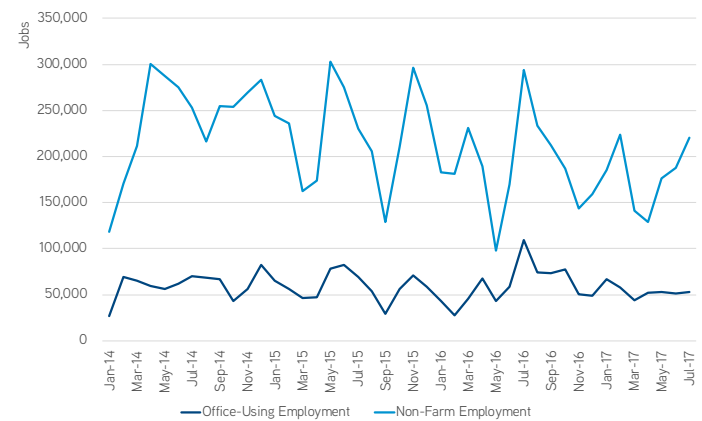
As we begin the second half of the year, the U.S. economy is continuing a familiar pattern: tepid growth in the first quarter, faster growth in the second quarter and moderate growth for the year overall. Preliminary second quarter GDP estimates came in at 2.6%, which is indeed faster than the revised 1.2% in Q1 2017. The consensus forecast calls for growth for all of 2017 to be 2.2% — slightly better than the 1.5% registered last year, but hardly robust by historic standards.

U.S. job growth appears to have peaked and is slowing, notwithstanding the relatively strong jobs reports in June and July. This trend carries significant implications for property markets, as jobs are the single greatest driver of space absorption, particularly for the office sector. Firms tend to lease more space when they are adding headcount, although to a lesser degree today than in prior cycles as firms are being more efficient in space usage and more employees are working remotely.

To be sure, job growth is still solid. Yet since peaking in 2014, growth has been slowly trending downward. Absent a significant economic turnaround beyond that expected by most economists, it seems the strongest job growth — and space absorption — of this cycle is likely behind us.

Meanwhile, economists and investors are waiting for more definitive policy direction out of Washington regarding taxes and regulation that could help bolster growth prospects. However, with Congress out for summer recess and likely to be focused on raising the debt ceiling in September, few expect significant progress until the late fall.

U.S. Job Growth Trends | 2-Month Moving Average



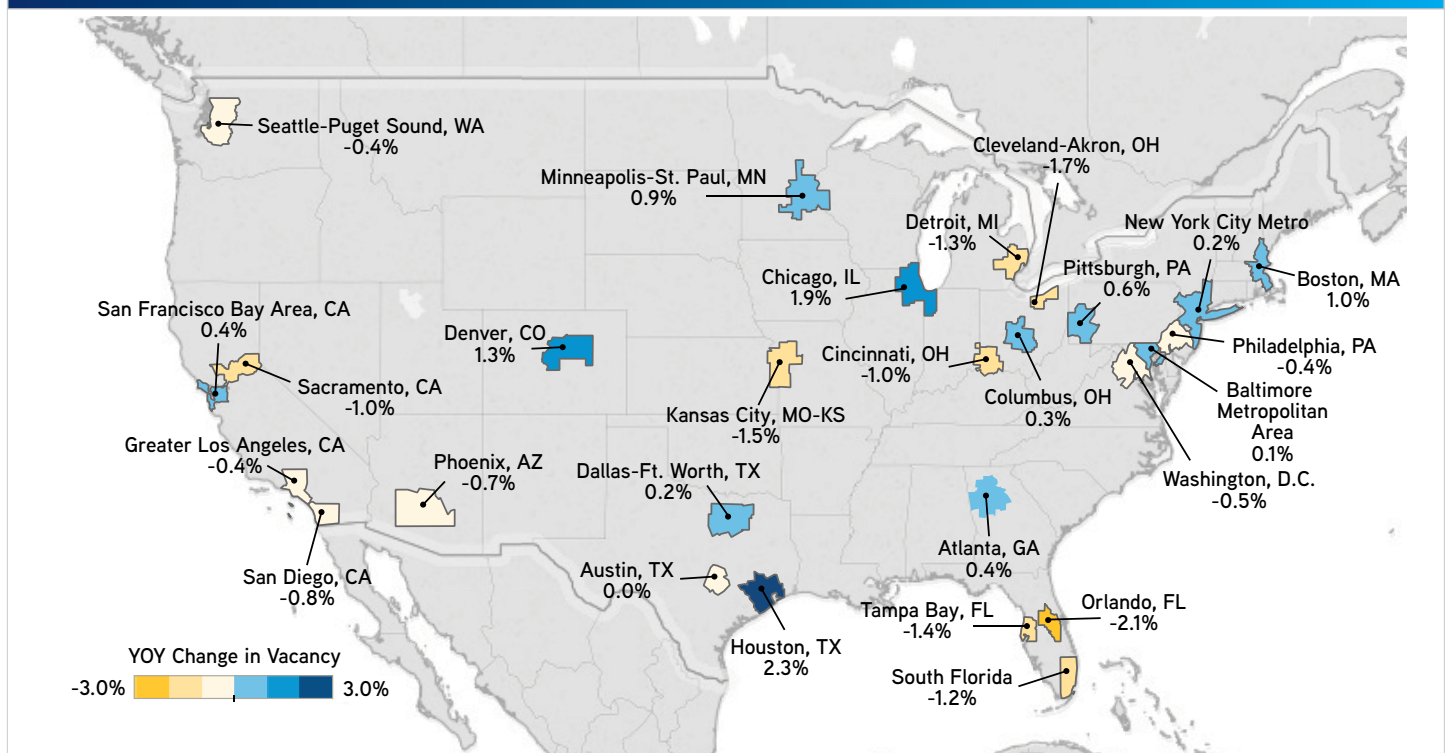
Source: Bureau of Labor Statistics

Vacancy Stable With Absorption on the Rise

The U.S. office vacancy rate increased by 10 basis points in Q2 2017, from 12.1% to 12.2%. Vacancy has stayed within a 30-basis-point range for the past six quarters, providing clear evidence that the market has plateaued. This is a result of little change in the level of office space under construction combined with modest levels of net absorption.

One-third of U.S. metro office markets have a sub-10% vacancy rate. Nashville and Raleigh-Durham remain the tightest at 5.8% and 6.4% respectively in Q2 2017. Three tech-driven markets on the West Coast — Portland, the San Francisco Bay Area and Seattle — are among the 10 markets with the lowest vacancy rates.

Top 30 Metros: Year-Over-Year Change in Metro Vacancy | Q2 2017



The greatest vacancy declines over the past 12 months occurred outside the top-tier office markets. For example, the secondary markets of Raleigh-Durham and Charlotte saw vacancy drop by 3.2% and 2.2%, respectively, over that time frame. Florida markets, including Orlando, Tampa Bay and Jacksonville, saw vacancy drop by 1.5% to 2% over the same time period. Leaving aside the tertiary market of Birmingham, the greatest increases in vacancy over the past year occurred in two major markets: Houston (up by 2.3%) and Chicago (up by 1.9%).

While downtown markets still have a lower vacancy rate than in the suburbs, the gap between the two continues to narrow. Downtown vacancy increased by 30 basis points in Q2 2017 to 10.6% while suburban office vacancy held steady at 13%. After falling for two consecutive quarters, net absorption rose to 11 million square feet in Q2 2017, up from 3.2 million square feet in the first quarter. Suburban markets accounted for the majority with net absorption totaling 8.1 million square feet in Q2 2017, compared to 2.9 million square feet in downtown markets. This split is more a function of the volume of space available rather than tenants preferring suburban markets. The suburbs have some 540 million square feet of vacant available space compared to only 210 million square feet downtown.

The markets with the strongest absorption in Q2 2017 (measured as a percentage of inventory) were Austin and Las Vegas, at 1.5% and 1.2%, respectively, compared to the national level of 0.2%.

Downtown tenants showed a clear preference for Class A space in Q2 2017. Downtown Class A absorption, at 3.2 million square feet, exceeded the overall absorption of 2.9 million square feet due to negative absorption in Class B and Class C spaces. This situation was reversed in the suburbs, where Class A space accounted for only 42% of absorption during Q2 2017.

Top U.S. Office Leases | Q2 2017

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|---------------------|-------------------|------------------|---------|--------------------|
| BlackRock | 50 Hudson Yards | New York | 846,990 | Financial Services |
| HSBC Bank | 452 Fifth Avenue* | New York | 548,170 | Financial Services |
| Bank of America | Hughes Tower | Chicago | 533,210 | Financial Services |
| F5 Networks, Inc. | F5 Tower | Seattle | 515,000 | Technology |
| Amazon Web Services | One Dulles Tower | Washington, D.C. | 400,677 | Technology |

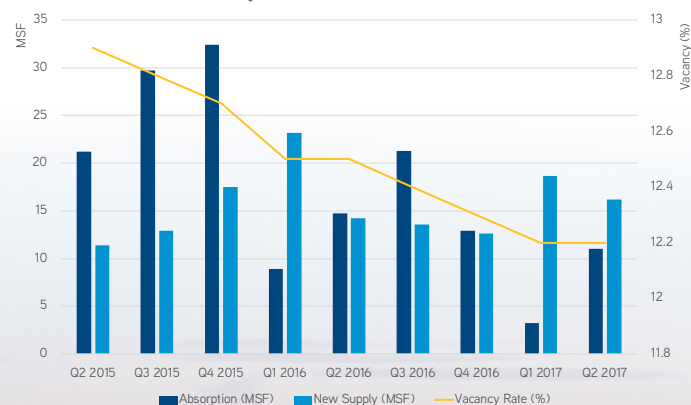
*Renewal
Sources: CoStar, Colliers International

Top U.S. Office Sales | Q2 2017

| ADDRESS | MARKET | SF | PRICE (MILLIONS) | BUYER |
|---|------------------|-----------|------------------|--|
| 245 Park Avenue | New York | 1,724,000 | \$2,200 | HNA Group |
| Worldwide Plaza, 825 Eighth Avenue * | New York | 2,055,580 | \$1,400 | NY REIT |
| 85 Broad Street | New York | 1,118,500 | \$652 | Callahan Capital Partners, Ivanhoe Cambridge ^ |
| 44 Montgomery Street | San Francisco | 688,900 | \$474.2 | Beacon Capital Partners |
| Waterview Office Tower, 1919 N. Lynn Street | Washington, D.C. | 633,900 | \$460 | Morgan Stanley |

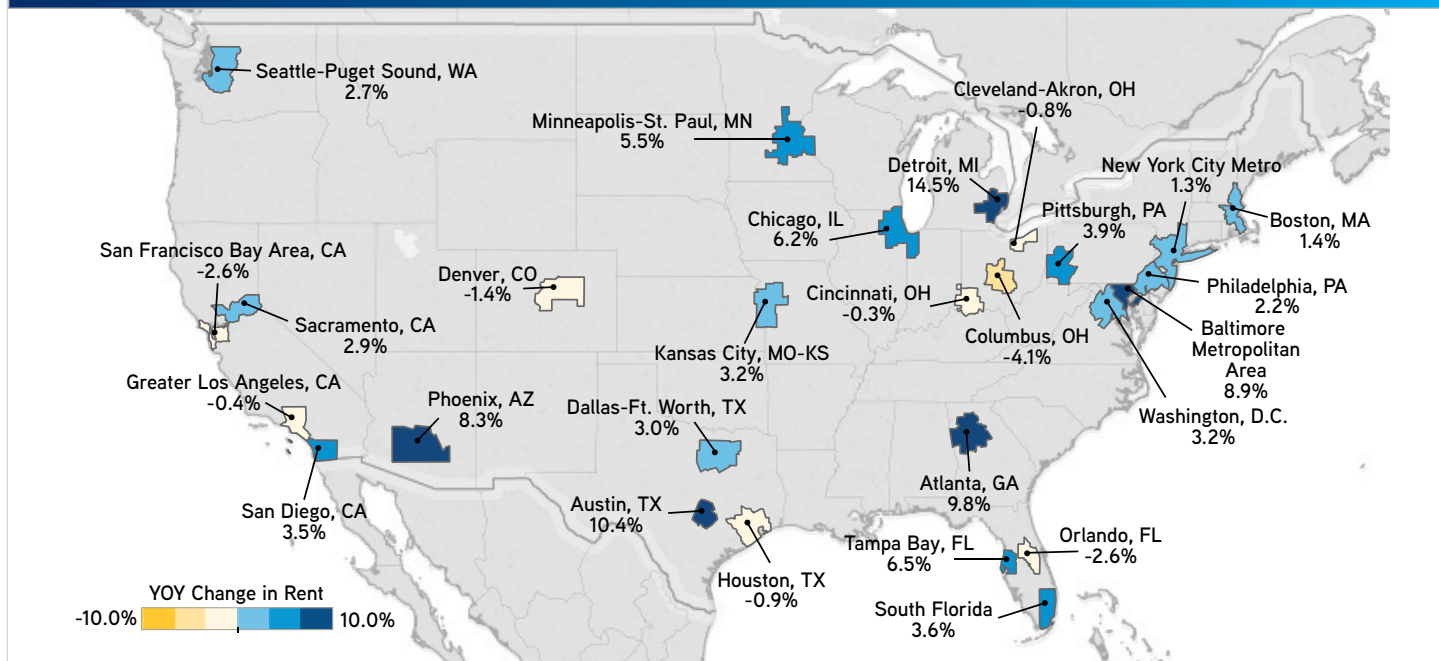
* Partial Interest Sale
^ Joint Venture Purchase
Source: Real Capital Analytics

U.S. Office Market | Q2 2015–Q2 2017



Source: Colliers International

Top 30 Metros: Year-Over-Year Change in CBD Class A Rent | Q2 2017



Rent Growth Slows but Suburban Markets Are Outperforming

In Q2 2017, average asking rents increased in three-quarters of the metro office markets tracked by Colliers, but the pace of rent appreciation continues to slow. Across all classes of space, second quarter rent growth was a paltry 0.5% — virtually the same as in the prior quarter. Among the markets where rents rose in Q2 2017, half saw growth of below 1% from Q1 2017.

Annual rent growth is now at half the rate seen at the end of 2016 — falling from 5.4% to 2.7%, taking overall asking rates to \$29.20 per square foot. Average Class A asking rates stood at \$47.40 in downtown markets and \$29.50 in the suburbs in Q2 2017, representing changes of less than \$0.50 per square foot in both locations. On an annualized basis, downtown Class A rents increased by 2.1% as of Q2 2017 compared to 2.3% in suburban markets — down from the 12-month growth rate of 3.5% in Q1 2017 in downtown markets but up slightly from 1.9% in suburban markets.

Manhattan and San Francisco still have the highest Class A asking rates by far, with both around \$75 per square foot. However, there are localized variations within this overall picture. Average Class A rents of \$90 per square foot can be found in core Silicon Valley markets and Class A rents around \$80 per square foot are seen in Manhattan's Midtown and Midtown South.

Five downtown markets achieved rent growth of more than 3% in Q2 2017 compared to the prior quarter, led by Baltimore and Milwaukee at 4% or above. The top five is rounded out by Atlanta, Charleston and Silicon Valley.

On a regional basis for suburban assets, the West continues to be the star performer. Average Class A suburban rents in the West are \$37.70 and the premium over the U.S. average has risen from 20% in Q1 2017 to almost 25%. Led by Seattle and Los Angeles, second quarter suburban Class A rent appreciation in the West was 2% — four times the national rate. Rents are still inching up in the South as well, led by Charleston and Orlando.

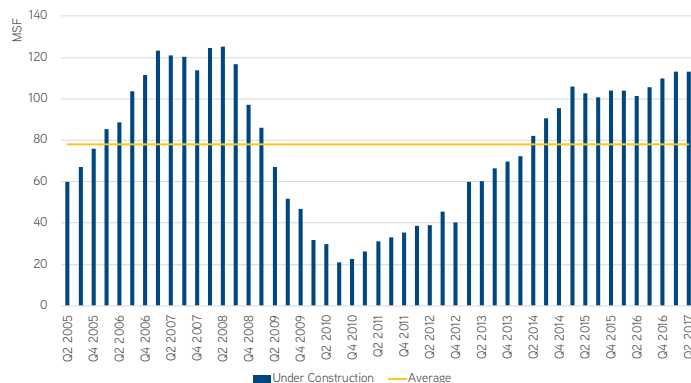
Office Construction Remains Elevated

The volume of office space under construction remained steady at 113.1 million square feet in Q2 2017 — the same level seen in the prior quarter. Of this, 47 million square feet are underway in downtown markets and 66 million square feet are under construction in the suburbs.

Four markets still dominate the construction picture, collectively accounting for 45% of space underway at the end of the second quarter. The San Francisco Bay Area leads with 16.5 million square feet underway, followed by Washington, D.C. (including Northern Virginia and Maryland) at 12.1 million square feet, Dallas at 11.6 million square feet and New York at 10.4 million square feet. The San Francisco Bay Area total fell by 3 million square feet in the second quarter, largely due to the completion of the 2.8-million-square-foot Apple Park in San Jose. Reductions are also occurring in Dallas as tenants move into new headquarters in the Far North Dallas submarket. Total space underway in Dallas is 13% lower than in Q2 2016.

Construction activity looks set to hold up in New York, where the majority of space underway will not complete until 2018 or beyond. With another 500,000 square feet of construction started in the District in Q2 2017, Washington, D.C. will see continued activity as well.

Under Construction Quarterly Totals



Source: Colliers International

Deliveries this year to date are outpacing last year, though the volume fell slightly toward midyear. New office space delivered in the second quarter totaled 16.2 million square feet, down from 18.7 million square feet in Q1 2017. This brings the total for the first half of 2017 to 34.9 million square feet, compared to 30.3 million square feet delivered during the corresponding period in 2016.

While 60% of current construction is pre-leased, this still leaves 45 million square feet of vacant space underway. The largest of these projects are in Manhattan, but there is little need for concern given their lead-in time and the lack of large-block availability in the market. Similarly, speculative supply fears in San Francisco and Seattle are receding due to sustained robust demand from tech sector tenants. Among the major markets, the greatest exposure to speculative supply is in Los Angeles and Washington, D.C. as construction continues to ramp up in both markets.

Suburban and Secondary Markets Lead Investment Activity

Investor interest in office assets remains solid. National office sales volume in Q2 2017 was \$33.6 billion, up by 21% from the Q1 2017 total of \$27.7 billion. A 33% increase in the dollar volume of portfolio transactions over that time period contributed to the increase.

Office cap rates are mostly static, with an average rate of 6.6% in Q2 2017 — the same as one year earlier. There has been a slight rise in cap rates in central business district (CBD) markets, up to 5.8% in Q2 2017 from 5.5% in Q2 2016. Over the same time period, rates in suburban markets held at 6.9%.

Investment strategies continue to shift as buyers search for higher yields, with suburban assets in the ascendency. Suburban office sales volume in the first half of 2017 was \$38.3 billion — representing 60% of the year-to-date total and up 11% year-over-year. Conversely, CBD sales volume is down 16% year-over-year.

Similarly, major office markets still account for the highest investment dollar volume, but some buyers are moving away as they seek to maximize returns. Sales volume in the major markets in the first half of 2017 is down by 15% year-over-year, while secondary markets have seen a 10% increase over the same time period. Among secondary markets, Charlotte, Phoenix and Austin saw the greatest increases in sales volume in the first half of the year. One notable transaction in Q2 2017 was the BB&T Center in the Charlotte CBD, which was acquired by Arden Group for \$148.5 million.

Nonetheless, there is still strong demand for CBD and major-market assets driven by investors who look to the longer term. The 25 largest single-asset sales in the first half of 2017 were all located in the top 10 U.S. office markets and predominantly in CBD locations. Notable major-market transactions in Q2 2017 include HNA Group's \$2.2 billion acquisition of 245 Park Avenue in Manhattan and Allianz Real Estate of America's \$500 million purchase of the Wells Fargo Center in San Francisco's Financial District.

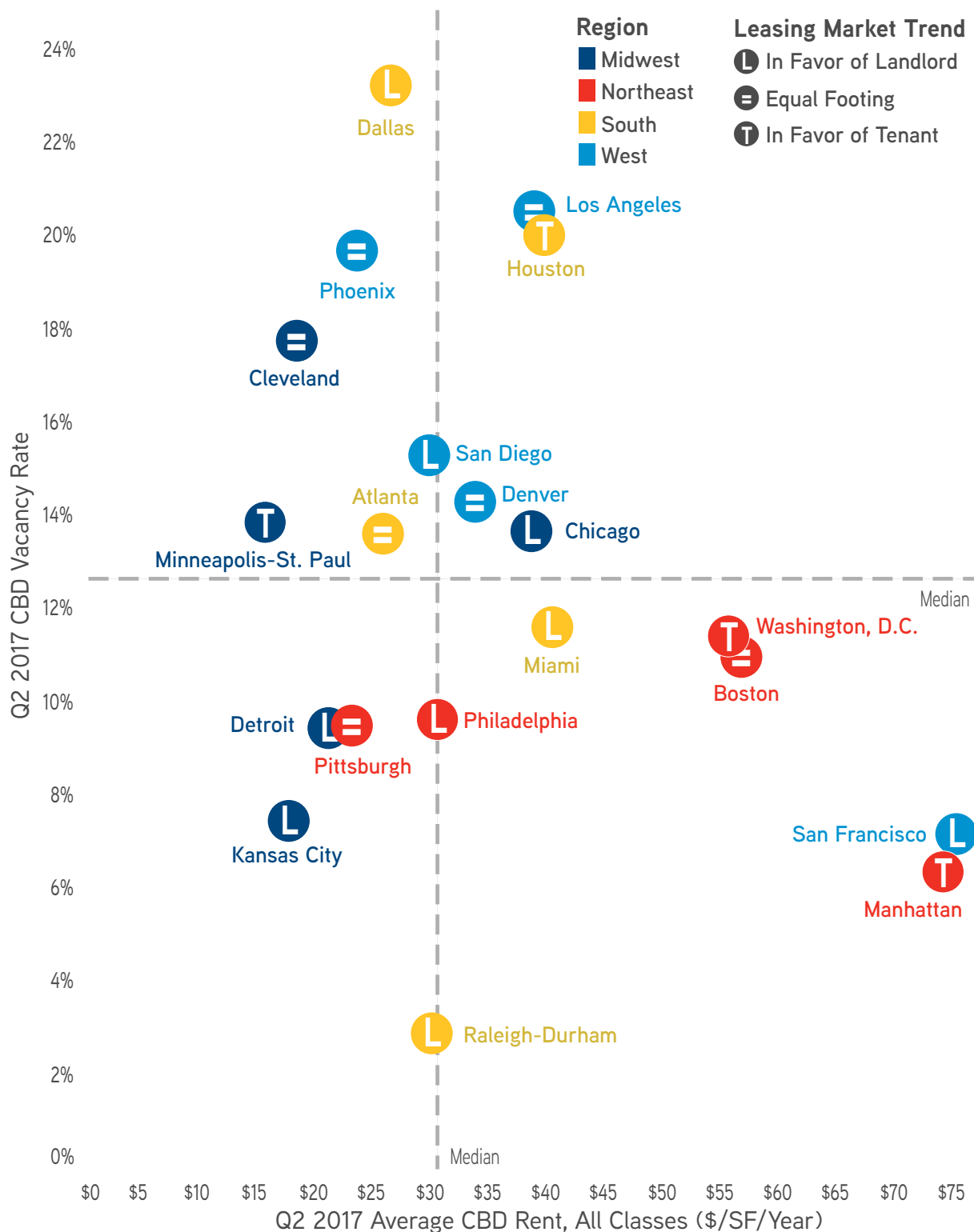
U.S. Office Investment | Q2 2017

| | Q2 2017 VOLUME (\$B) | Q2 2017 YOY CHANGE | 1H 2017 VOLUME (\$B) | 1H 2017 YOY CHANGE |
|--------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| Office Total | 33.6 | -2% | 64.6 | -2% |
| Downtown Markets | 13.2 | -24% | 26.3 | -16% |
| Suburban Markets | 20.5 | 22% | 38.3 | 11% |
| Portfolio Sales | 6.1 | 33% | 12.2 | -7% |
| Single-Asset Sales | 27.6 | -7% | 52.3 | -1% |
| Major Office Metros | 17.1 | -25% | 34.7 | -15% |
| Secondary Office Markets | 12.2 | 33% | 23.2 | 10% |
| Tertiary Office Markets | 2 | 2% | 4 | 12% |

Source: Real Capital Analytics

Supplemental Data: Largest 20 Markets

Landlord and Tenant Conditions

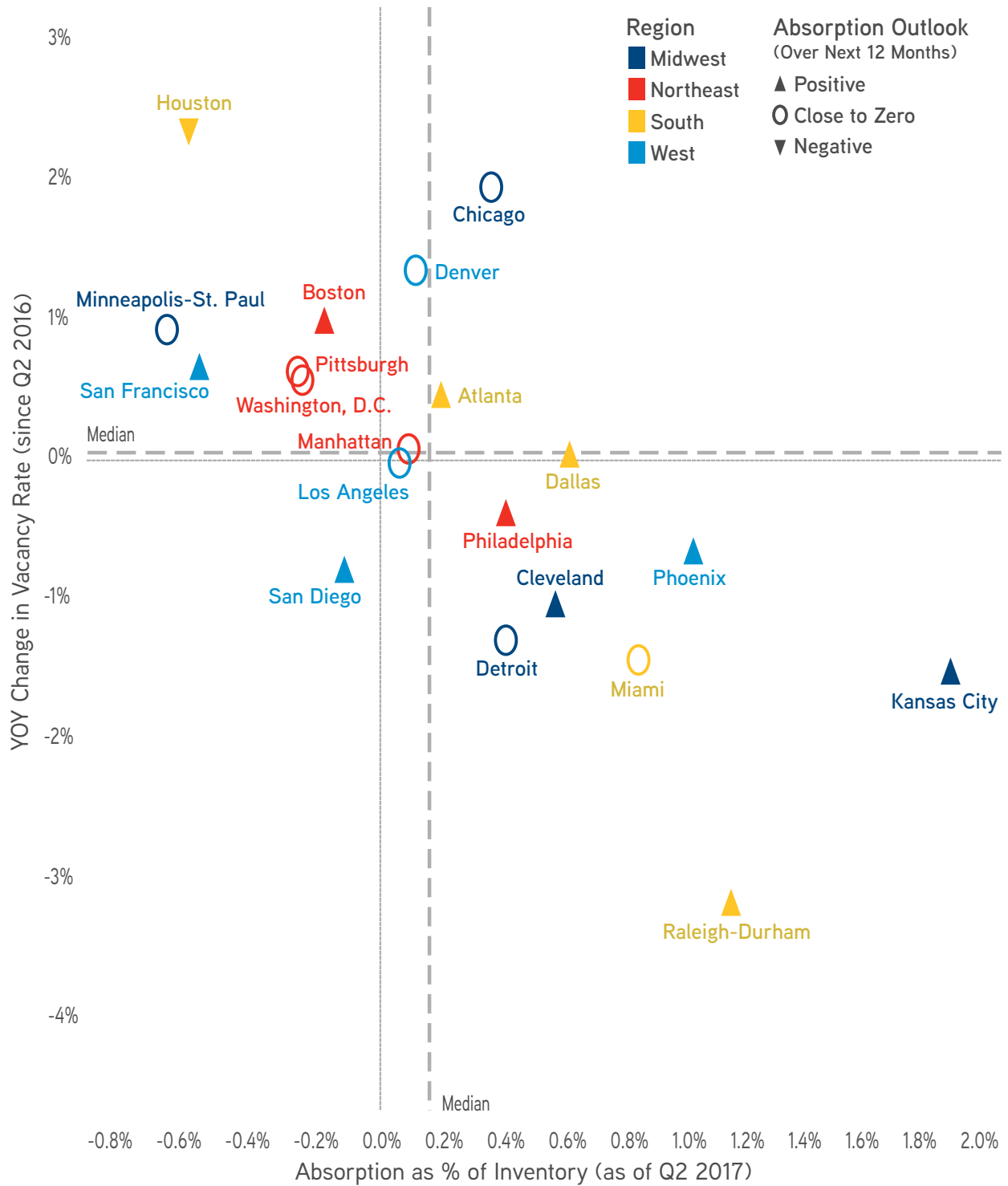


Source: Colliers Q2 2017 office survey. Tenant-landlord assessment reflects conditions as of Q2 2017.

Supplemental Data: Largest 20 Markets (continued)

Change in Vacancy vs. Absorption

Absorption Outlook Over Next 12 Months



Source: Colliers Q2 2017 office survey. Absorption forecasts reflect a 12-month outlook.

| United States - Downtown - All Classes | | | | | | | |
|--|--------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| Market | Inventory (SF) Jun 30, 2017 | New Supply (SF) Q2 2017 | Under Construction (SF) | Vacancy Rate Mar 31, 2017 | Vacancy Rate Jun 30, 2017 | Absorption (SF) Q2 2017 | YTD Absorption (SF) 2017 |
| USA | 1,976,425,822 | 2,444,787 | 46,919,587 | 10.3% | 10.6% | 2,879,392 | 3,672,052 |
| NORTHEAST | 883,940,166 | 75,000 | 19,678,471 | 8.5% | 8.3% | 838,841 | 790,778 |
| Baltimore, MD | 46,137,147 | 75,000 | 0 | 11.1% | 10.3% | 417,242 | 489,635 |
| Boston, MA | 70,095,648 | 0 | 1,977,678 | 10.9% | 10.8% | 197,202 | 618,701 |
| Hartford, CT | 11,323,515 | 0 | 0 | 13.1% | 13.8% | -86,675 | -67,455 |
| New York City Metro | 517,927,348 | 0 | 8,842,379 | 6.9% | 6.7% | 664,423 | 572,483 |
| > Manhattan | 500,918,568 | 0 | 8,842,379 | 6.5% | 6.2% | 617,580 | 489,721 |
| • Downtown | 102,828,695 | 0 | 0 | 7.2% | 6.7% | 600,428 | 1,124,641 |
| • Midtown | 233,817,688 | 0 | 2,542,846 | 6.8% | 6.7% | -397,881 | -172,774 |
| • Midtown South | 164,272,185 | 0 | 6,299,533 | 5.6% | 5.2% | 415,033 | -462,146 |
| > NYC Northern Suburbs | 17,008,780 | 0 | 0 | 20.8% | 20.0% | 46,843 | 82,762 |
| • Fairfield County, CT | 10,699,626 | 0 | 0 | 23.6% | 23.1% | -2,536 | -229,172 |
| • Westchester County, NY | 6,309,154 | 0 | 0 | 16.1% | 14.9% | 49,379 | 311,934 |
| Philadelphia, PA | 42,594,579 | 0 | 2,161,535 | 9.6% | 9.5% | 56,794 | -31,398 |
| Pittsburgh, PA | 52,669,420 | 0 | 187,500 | 9.4% | 9.4% | -104,153 | -437,927 |
| Washington, D.C. | 143,192,509 | 0 | 6,509,379 | 11.1% | 11.3% | -305,992 | -353,261 |
| SOUTH | 368,057,639 | 1,372,545 | 9,239,326 | 12.5% | 12.5% | 929,715 | 924,200 |
| Atlanta, GA | 50,756,541 | 17,000 | 1,959,149 | 13.7% | 13.4% | 128,374 | 254,838 |
| Austin, TX | 13,164,293 | 847,000 | 565,252 | 6.7% | 8.2% | 591,519 | 442,400 |
| Birmingham, AL | 5,141,349 | 0 | 0 | 24.7% | 20.4% | -352 | 58,622 |
| Charleston, SC | 2,553,678 | 0 | 0 | 6.7% | 6.6% | 3,168 | 115,029 |
| Charlotte, NC | 20,680,803 | 378,943 | 1,491,532 | 8.1% | 8.1% | 9,286 | 179,453 |
| Columbia, SC | 4,733,412 | 0 | 0 | 12.3% | 12.2% | 7,037 | 38,149 |
| Dallas-Ft. Worth, TX | 43,015,233 | 92,237 | 541,889 | 19.8% | 20.0% | -2,814 | 123,603 |
| > Dallas | 32,396,952 | 92,237 | 261,400 | 22.6% | 23.0% | -63,945 | 37,186 |
| > Fort Worth | 10,618,281 | 0 | 280,489 | 11.5% | 10.9% | 61,131 | 86,417 |
| Greenville, SC | 3,786,052 | 0 | 0 | 14.0% | 12.0% | 55,848 | 93,870 |
| Houston, TX | 43,601,671 | 0 | 778,344 | 19.3% | 19.8% | -199,990 | -862,179 |
| Huntsville, AL | 3,846,536 | 0 | 0 | 7.6% | 6.9% | 22,087 | 16,907 |
| Jacksonville, FL | 16,093,619 | 0 | 0 | 8.4% | 7.4% | 39,316 | 44,418 |
| Little Rock, AR | 6,551,785 | 0 | 0 | 6.6% | 6.3% | 14,146 | 5,207 |
| Memphis, TN | 5,202,850 | 0 | 315,000 | 13.1% | 13.8% | -37,466 | -102,895 |
| Nashville, TN | 13,200,157 | 0 | 1,409,000 | 7.1% | 7.0% | 102,812 | 85,891 |
| Norfolk, VA | 4,703,032 | 0 | 60,000 | 7.9% | 8.4% | -24,114 | -23,251 |
| Orlando, FL | 12,928,512 | 15,000 | 0 | 9.0% | 8.8% | 10,021 | -19,008 |
| Raleigh-Durham, NC | 12,220,381 | 0 | 1,302,798 | 4.0% | 3.3% | 84,981 | 114,237 |
| Richmond, VA | 16,337,449 | 0 | 0 | 8.6% | 7.7% | 57,989 | 64,931 |
| Savannah, GA | 803,516 | 0 | 0 | 16.9% | 13.3% | 29,485 | 10,031 |
| South Florida | 78,802,097 | 22,365 | 816,362 | 11.1% | 11.6% | -22,430 | 172,810 |
| > Fort Lauderdale | 26,782,013 | 0 | 221,456 | 10.2% | 10.3% | 58,140 | 185,521 |
| > Miami | 32,931,413 | 22,365 | 594,906 | 11.3% | 11.6% | -47,895 | 119,243 |
| > Palm Beach | 19,088,671 | 0 | 0 | 11.8% | 13.4% | -32,675 | -131,954 |
| Tampa Bay, FL | 9,934,673 | 0 | 0 | 10.6% | 11.2% | 60,812 | 111,137 |

United States - Downtown - All Classes (continued)

| MARKET | INVENTORY (SF) JUN 30, 2017 | NEW SUPPLY (SF) Q2 2017 | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | YTD ABSORPTION (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 393,276,952 | 493,909 | 3,764,225 | 11.3% | 12.9% | 490,441 | 2,194,870 |
| Chicago, IL | 163,101,530 | 0 | 2,217,315 | 9.2% | 13.6% | -466,252 | 1,092,417 |
| Cincinnati, OH | 18,048,763 | 0 | 88,000 | 12.8% | 12.4% | 40,668 | -28,442 |
| Cleveland, OH | 29,350,257 | 0 | 40,000 | 15.6% | 15.5% | 73,740 | 21,846 |
| Columbus, OH | 19,672,617 | 0 | 705,000 | 8.0% | 8.1% | -17,118 | 71,251 |
| Dayton, OH | 5,100,507 | 0 | 0 | 28.0% | 26.3% | -12,261 | -20,395 |
| Detroit, MI | 24,662,741 | 0 | 0 | 9.9% | 9.4% | 103,443 | 298,623 |
| Grand Rapids, MI | 5,617,434 | 18,464 | 184,410 | 9.9% | 10.7% | 33,348 | 55,393 |
| Indianapolis, IN | 11,747,983 | 26,795 | 0 | 17.8% | 17.4% | 24,129 | 62,015 |
| Kansas City, MO | 33,589,344 | 166,650 | 0 | 8.4% | 7.4% | 424,830 | 507,087 |
| Milwaukee, WI | 16,689,836 | 110,000 | 173,500 | 11.1% | 11.2% | 106,349 | 111,267 |
| Minneapolis-St. Paul | 47,145,963 | 172,000 | 156,000 | 14.1% | 13.7% | 174,969 | 53,074 |
| > Minneapolis CBD | 36,127,524 | 172,000 | 156,000 | 15.6% | 14.9% | 328,789 | 208,093 |
| > St. Paul CBD | 11,018,439 | 0 | 0 | 9.3% | 10.0% | -153,820 | -155,019 |
| Omaha, NE | 6,258,655 | 0 | 20,000 | 11.1% | 10.2% | 58,347 | 112,135 |
| St. Louis, MO | 12,291,322 | 0 | 180,000 | 19.9% | 20.4% | -53,751 | -141,401 |
| WEST | 331,151,065 | 503,333 | 14,237,565 | 11.8% | 11.7% | 620,395 | -237,796 |
| Albuquerque, NM | 3,098,513 | 0 | 0 | 31.3% | 26.1% | -7,115 | 3,690 |
| Bakersfield, CA | 3,446,345 | 0 | 0 | 8.2% | 9.9% | 45,720 | 30,349 |
| Boise, ID | 6,975,103 | 16,581 | 120,000 | 10.2% | 9.2% | 84,902 | 177,353 |
| Denver, CO | 35,962,532 | 53,478 | 1,960,350 | 14.3% | 14.2% | 85,508 | 10,203 |
| Fresno, CA | 3,301,851 | 0 | 0 | 14.7% | 14.1% | 17,441 | 32,013 |
| Downtown Los Angeles, CA | 32,870,700 | 130,000 | 1,928,960 | 19.8% | 20.4% | -97,300 | -254,500 |
| Honolulu, HI | 7,076,119 | 0 | 0 | 15.1% | 15.1% | 11,469 | 4,200 |
| Las Vegas, NV | 5,019,885 | 0 | 0 | 14.3% | 13.6% | 32,159 | -41,222 |
| Phoenix, AZ | 21,170,278 | 0 | 51,486 | 19.6% | 19.6% | -357 | -71,254 |
| Portland, OR | 25,303,222 | 0 | 513,051 | 10.8% | 10.0% | 203,428 | 166,957 |
| Sacramento, CA | 13,335,863 | 0 | 0 | 12.6% | 12.2% | 112,628 | 203,789 |
| San Diego, CA | 10,326,335 | 0 | 63,584 | 15.5% | 15.3% | 16,156 | -50,095 |
| San Francisco Bay Area, CA | 128,017,449 | 11,000 | 7,382,134 | 7.2% | 7.3% | -196,800 | -687,563 |
| > East Bay | 28,984,717 | 11,000 | 920,000 | 7.6% | 7.6% | -6,362 | -249,938 |
| > San Francisco | 90,727,315 | 0 | 6,462,134 | 6.9% | 7.1% | -226,774 | -514,134 |
| > Silicon Valley | 8,305,417 | 0 | 0 | 8.9% | 7.9% | 36,336 | 76,509 |
| Seattle, WA | 27,025,051 | 292,274 | 1,912,000 | 10.4% | 10.7% | 321,138 | 197,783 |
| Stockton, CA | 8,221,819 | 0 | 306,000 | 10.4% | 10.6% | -8,582 | 40,501 |

United States - Downtown - Class A

| MARKET | INVENTORY (SF) JUN 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|--------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,090,710,346 | \$47.40 | 10.6% | 11.1% | 3,190,807 | -0.3% | 2.1% |
| NORTHEAST | 544,941,421 | \$64.65 | 9.2% | 9.0% | 729,784 | -1.2% | 1.6% |
| Baltimore, MD | 16,784,726 | \$26.39 | 13.8% | 13.0% | 204,429 | 4.4% | 8.9% |
| Boston, MA | 49,676,829 | \$59.05 | 11.6% | 11.4% | 162,122 | 1.3% | 1.4% |
| Hartford, CT | 7,588,464 | \$22.86 | 14.8% | 15.1% | -23,787 | -0.6% | 1.6% |
| New York City Metro | 331,259,988 | \$75.02 | 7.6% | 7.2% | 650,238 | -1.4% | 1.3% |
| > Manhattan | 318,014,231 | \$78.69 | 7.0% | 6.6% | 573,303 | -1.0% | 1.4% |
| • Downtown | 77,780,600 | \$64.80 | 7.7% | 7.3% | 391,979 | 0.6% | 6.8% |
| • Midtown | 201,789,226 | \$84.51 | 6.9% | 6.7% | -272,974 | -1.2% | -2.0% |
| • Midtown South | 38,444,405 | \$84.32 | 5.9% | 4.3% | 454,298 | -4.8% | 6.7% |
| > NYC Northern Suburbs | 13,245,757 | \$44.56 | 23.3% | 22.1% | 76,935 | 1.1% | 2.8% |
| • Fairfield County, CT | 9,291,744 | \$46.82 | 24.5% | 23.8% | 2,476 | 0.8% | 1.5% |
| • Westchester County, NY | 3,954,013 | \$35.72 | 20.5% | 18.1% | 74,459 | -1.3% | 3.4% |
| Philadelphia, PA | 30,474,176 | \$32.00 | 9.9% | 9.8% | 23,403 | -0.5% | 2.2% |
| Pittsburgh, PA | 23,075,542 | \$27.17 | 9.1% | 9.1% | -5,359 | -1.1% | 3.9% |
| Washington, D.C. | 86,081,696 | \$59.69 | 12.2% | 12.5% | -281,262 | -0.2% | 3.2% |
| SOUTH | 199,473,782 | \$32.72 | 14.1% | 14.3% | 968,570 | 2.0% | 6.0% |
| Atlanta, GA | 31,503,419 | \$29.15 | 14.5% | 14.1% | 108,425 | 3.4% | 9.8% |
| Austin, TX | 8,407,955 | \$49.78 | 7.1% | 10.2% | 527,309 | 2.5% | 10.4% |
| Birmingham, AL | 3,998,977 | \$21.90 | 10.1% | 17.6% | -8,188 | 6.1% | 8.4% |
| Charleston, SC | 1,081,569 | \$36.49 | 9.0% | 8.8% | 1,846 | 3.3% | 1.4% |
| Charlotte, NC | 14,633,578 | \$31.92 | 9.8% | 9.9% | 16,000 | 3.0% | 8.2% |
| Columbia, SC | 2,324,922 | \$23.38 | 10.4% | 10.1% | 6,732 | 0.0% | -0.9% |
| Dallas-Ft. Worth, TX | 29,144,414 | \$27.59 | 23.6% | 23.1% | 206,610 | 1.7% | 3.0% |
| > Dallas | 23,159,803 | \$27.27 | 26.0% | 25.6% | 145,496 | 1.4% | 2.9% |
| > Fort Worth | 5,984,611 | \$29.79 | 14.6% | 13.6% | 61,114 | 1.6% | 2.0% |
| Greenville, SC | 2,514,088 | \$26.30 | 13.3% | 11.9% | 42,444 | -2.6% | 0.1% |
| Houston, TX | 32,892,879 | \$44.36 | 17.1% | 17.3% | -89,795 | -0.1% | -0.9% |
| Huntsville, AL | 856,861 | \$24.65 | 5.6% | 6.5% | 1,441 | 0.3% | 1.6% |
| Jacksonville, FL | 7,524,530 | \$21.25 | 10.3% | 9.5% | 45,404 | -0.1% | -0.2% |
| Little Rock, AR | 2,556,096 | \$16.62 | 6.1% | 6.1% | 14,146 | -1.7% | 2.0% |
| Memphis, TN | 1,971,211 | \$18.04 | 19.1% | 18.9% | 3,082 | -1.7% | -1.5% |
| Nashville, TN | 5,414,759 | \$30.00 | 6.5% | 7.9% | 27,549 | 0.8% | 7.8% |
| Norfolk, VA | 2,328,115 | \$23.59 | 9.8% | 11.2% | -31,265 | 2.3% | 6.6% |
| Orlando, FL | 5,806,461 | \$25.50 | 10.0% | 10.2% | -41,734 | -3.9% | -2.6% |
| Raleigh-Durham, NC | 6,843,844 | \$30.88 | 5.7% | 4.9% | 53,926 | 1.1% | 10.3% |
| Richmond, VA | 6,956,666 | \$24.01 | 10.9% | 10.7% | 10,268 | 1.1% | 2.1% |
| Savannah, GA | 645,713 | \$22.15 | 14.3% | 11.5% | 18,200 | 2.1% | 2.1% |
| South Florida | 25,344,152 | \$40.90 | 13.7% | 14.0% | -1,345 | -0.2% | 3.6% |
| > Fort Lauderdale | 6,299,332 | \$34.70 | 14.2% | 15.6% | -13,175 | 1.1% | 6.1% |
| > Miami | 12,968,539 | \$46.15 | 13.7% | 13.8% | -17,310 | 0.3% | 4.1% |
| > Palm Beach | 6,076,281 | \$35.53 | 13.1% | 12.6% | 29,140 | -3.2% | 3.0% |
| Tampa Bay, FL | 6,723,573 | \$28.53 | 9.8% | 10.9% | 57,515 | 1.4% | 6.5% |

United States - Downtown - Class A (continued)

| MARKET | INVENTORY (SF) JUN 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 156,757,061 | \$29.74 | 10.7% | 14.6% | 641,330 | -0.1% | 3.6% |
| Chicago, IL | 65,820,148 | \$45.01 | 6.7% | 16.7% | 62,510 | 0.4% | 6.2% |
| Cincinnati, OH | 8,137,243 | \$23.45 | 13.5% | 12.6% | 40,995 | 0.6% | -0.3% |
| Cleveland, OH | 11,485,663 | \$20.98 | 14.7% | 15.4% | -69,006 | 1.5% | -0.8% |
| Columbus, OH | 8,921,562 | \$19.54 | 10.0% | 10.9% | -61,210 | -2.6% | -4.1% |
| Dayton, OH | 2,289,586 | \$17.52 | 26.1% | 25.6% | 8,444 | 0.3% | 7.7% |
| Detroit, MI | 7,303,488 | \$23.83 | 8.3% | 7.9% | 5,888 | -0.8% | 14.5% |
| Indianapolis, IN | 6,117,047 | \$22.46 | 18.7% | 17.0% | 111,867 | 0.7% | 1.1% |
| Kansas City, MO | 11,355,098 | \$19.94 | 13.7% | 12.3% | 115,379 | 1.8% | 3.2% |
| Milwaukee, WI | 6,240,531 | \$23.05 | 15.0% | 15.4% | 85,313 | 4.0% | 20.4% |
| Minneapolis-St. Paul | 19,463,055 | \$17.86 | 13.4% | 11.8% | 296,627 | 2.0% | 5.5% |
| > Minneapolis CBD | 16,689,095 | \$18.62 | 14.3% | 12.4% | 296,095 | 2.3% | 5.6% |
| > St. Paul CBD | 2,773,960 | \$14.26 | 8.4% | 8.4% | 532 | 1.8% | 4.5% |
| Omaha, NE | 4,066,200 | \$21.85 | 11.1% | 9.8% | 55,443 | -0.1% | 4.3% |
| St. Louis, MO | 5,557,440 | \$18.89 | 14.8% | 16.2% | -10,920 | -1.5% | 0.7% |
| WEST | 189,538,082 | \$47.00 | 11.2% | 11.1% | 851,123 | 3.1% | 2.1% |
| Albuquerque, NM | 621,668 | \$22.27 | 31.8% | 32.0% | -812 | -7.3% | |
| Bakersfield, CA | 788,282 | \$20.48 | 6.5% | 4.8% | 13,908 | 0.0% | -2.5% |
| Denver, CO | 23,033,670 | \$35.02 | 17.3% | 16.2% | 240,729 | 0.5% | -1.4% |
| Fresno, CA | 907,513 | \$19.11 | 12.9% | 12.5% | 3,919 | 0.0% | 3.9% |
| Downtown Los Angeles, CA | 18,098,000 | \$40.91 | 15.6% | 15.8% | -28,100 | -2.2% | -0.4% |
| Honolulu, HI | 4,966,720 | \$35.20 | 15.3% | 15.8% | -20,324 | -0.6% | -0.6% |
| Las Vegas, NV | 1,232,341 | \$32.64 | 19.1% | 18.3% | 9,551 | 0.4% | 2.3% |
| Phoenix, AZ | 9,468,885 | \$26.87 | 19.9% | 20.2% | -29,683 | 0.6% | 8.3% |
| Portland, OR | 11,961,952 | \$32.40 | 11.6% | 11.2% | 48,752 | 1.2% | -0.1% |
| Sacramento, CA | 5,782,383 | \$34.32 | 14.0% | 13.8% | 10,297 | 0.4% | 2.9% |
| San Diego, CA | 6,541,356 | \$35.04 | 8.3% | 8.0% | 17,385 | -2.0% | 3.5% |
| San Francisco Bay Area, CA | 81,425,524 | \$69.14 | 7.1% | 7.2% | 151,576 | 2.6% | -2.0% |
| > East Bay | 18,516,443 | \$44.12 | 7.0% | 7.8% | 165,734 | -2.5% | 4.1% |
| > San Francisco | 59,122,564 | \$77.07 | 7.0% | 7.1% | -46,656 | 2.3% | -4.2% |
| > Silicon Valley | 3,786,517 | \$47.30 | 8.6% | 6.5% | 32,498 | 3.3% | 13.8% |
| Seattle, WA | 21,919,214 | \$43.92 | 10.2% | 10.2% | 435,362 | 0.1% | 2.7% |
| Stockton, CA | 2,790,574 | \$17.77 | 14.7% | 15.0% | -1,437 | -0.4% | 0.4% |

| United States - Suburban - All Classes | | | | | | | |
|--|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MARKET | INVENTORY (SF) JUN 30, 2017 | NEW SUPPLY (SF) Q2 2017 | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | YTD ABSORPTION (SF) 2017 |
| USA | 4,165,447,848 | 13,741,534 | 66,219,709 | 13.0% | 13.0% | 8,086,349 | 12,129,477 |
| NORTHEAST | 1,091,603,277 | 2,019,100 | 10,506,535 | 14.2% | 14.3% | 10,675 | -370,496 |
| Baltimore, MD | 77,268,286 | 294,734 | 508,784 | 11.1% | 11.1% | 240,038 | 609,411 |
| Boston, MA | 144,128,156 | 1,017,745 | 1,583,188 | 16.5% | 16.7% | 625,281 | -977,418 |
| Hartford, CT | 31,264,268 | 0 | 0 | 12.3% | 10.2% | -83,854 | -148,423 |
| New Hampshire | 22,684,592 | 0 | 0 | 11.5% | 9.2% | -48,890 | -80,873 |
| New York City Metro | 351,444,522 | 233,000 | 1,520,114 | 13.6% | 14.3% | -1,375,648 | -2,351,852 |
| > Central New Jersey | 88,610,613 | 0 | 103,400 | 13.3% | 14.8% | -927,694 | -1,264,353 |
| > Long Island | 75,900,732 | 233,000 | 425,985 | 7.8% | 8.0% | 47,098 | 46,485 |
| > Northern New Jersey | 120,563,323 | 0 | 990,729 | 16.9% | 16.8% | 43,446 | -230,549 |
| > NYC Northern Suburbs | 66,369,854 | 0 | 0 | 14.4% | 16.3% | -538,498 | -903,435 |
| Philadelphia, PA | 103,453,386 | 259,437 | 867,639 | 13.2% | 13.0% | 416,310 | 636,772 |
| Pittsburgh, PA | 73,469,248 | 99,100 | 474,848 | 7.6% | 7.8% | 114,240 | 114,305 |
| Washington, D.C. | 287,890,819 | 115,084 | 5,551,962 | 16.9% | 16.9% | 123,198 | 1,827,582 |
| SOUTH | 1,282,804,777 | 5,186,136 | 23,412,720 | 12.7% | 12.7% | 3,580,761 | 6,308,225 |
| Atlanta, GA | 172,163,340 | 1,432,564 | 2,401,418 | 13.8% | 14.2% | 487,901 | 205,448 |
| Austin, TX | 56,726,659 | 497,114 | 1,571,216 | 9.1% | 9.4% | 430,243 | 767,571 |
| Birmingham, AL | 14,637,193 | 0 | 0 | 15.4% | 16.0% | 33,398 | -41,100 |
| Charleston, SC | 10,086,083 | 0 | 334,318 | 8.3% | 7.8% | 47,129 | 140,642 |
| Charlotte, NC | 41,491,040 | 195,259 | 979,690 | 11.8% | 10.9% | 158,624 | 37,287 |
| Columbia, SC | 4,911,243 | 0 | 0 | 22.4% | 22.2% | 11,550 | -128,042 |
| Dallas-Ft. Worth, TX | 281,420,177 | 1,160,125 | 10,519,511 | 14.5% | 14.7% | 512,541 | 1,806,595 |
| > Dallas | 258,000,367 | 1,160,125 | 10,317,052 | 14.5% | 14.7% | 609,521 | 1,759,146 |
| > Fort Worth | 23,419,810 | 0 | 202,459 | 14.3% | 14.7% | -96,980 | 47,449 |
| Greenville, SC | 6,389,854 | 0 | 0 | 18.1% | 18.2% | 26,345 | 57,424 |
| Houston, TX | 187,821,295 | 145,800 | 1,729,530 | 18.2% | 18.5% | -467,525 | -529,979 |
| Huntsville, AL | 18,349,841 | 0 | 0 | 12.4% | 14.4% | -39,489 | -90,828 |
| Jacksonville, FL | 46,599,550 | 104,114 | 51,973 | 8.9% | 8.3% | 2,065 | 87,042 |
| Little Rock, AR | 8,314,746 | 0 | 127,857 | 9.4% | 9.7% | 93,683 | 171,470 |
| Memphis, TN | 28,537,041 | 552,258 | 432,571 | 13.5% | 13.5% | -14,111 | -106,058 |
| Nashville, TN | 37,817,193 | 326,000 | 919,286 | 6.7% | 6.0% | 251,693 | 117,278 |
| Norfolk, VA | 35,693,639 | 0 | 174,151 | 11.9% | 11.1% | 266,484 | 318,202 |
| Orlando, FL | 55,695,508 | 153,800 | 555,058 | 9.2% | 8.4% | 477,224 | 591,214 |
| Raleigh-Durham, NC | 62,850,976 | 305,391 | 1,570,824 | 6.8% | 5.9% | 233,650 | 735,053 |
| Richmond, VA | 37,286,142 | 95,352 | 152,125 | 8.5% | 8.1% | 150,792 | 134,550 |
| Savannah, GA | 1,406,498 | 0 | 0 | 11.8% | 10.3% | 22,039 | 46,187 |
| South Florida | 119,082,106 | 206,011 | 1,632,392 | 10.1% | 9.6% | 753,409 | 1,607,002 |
| > Fort Lauderdale | 32,272,672 | 64,431 | 210,130 | 10.8% | 10.3% | 200,487 | 667,243 |
| > Miami | 59,616,633 | 86,780 | 1,366,712 | 8.6% | 8.1% | 388,462 | 658,105 |
| > Palm Beach | 27,192,801 | 54,800 | 55,550 | 12.6% | 12.1% | 164,460 | 281,654 |
| Tampa Bay, FL | 55,524,653 | 12,348 | 260,800 | 11.8% | 11.6% | 143,116 | 381,267 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) JUN 30, 2017 | NEW SUPPLY (SF) Q2 2017 | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | YTD ABSORPTION (SF) 2017 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 716,002,421 | 945,336 | 5,600,850 | 13.1% | 13.0% | 1,154,108 | 1,832,842 |
| Chicago, IL | 159,432,309 | 22,144 | 0 | 18.2% | 18.7% | -711,017 | 71,615 |
| Cincinnati, OH | 45,323,673 | 0 | 647,000 | 15.2% | 14.5% | 111,342 | 97,481 |
| Cleveland, OH | 44,134,482 | 0 | 716,470 | 11.4% | 10.7% | 169,958 | 403,528 |
| Columbus, OH | 45,456,352 | 359,922 | 365,245 | 8.7% | 8.9% | 329,051 | 268,389 |
| Dayton, OH | 9,218,026 | 0 | 25,000 | 18.7% | 17.9% | 67,310 | 136,871 |
| Detroit, MI | 141,174,881 | 228,518 | 391,394 | 12.3% | 11.6% | 702,491 | 385,199 |
| Grand Rapids, MI | 13,194,578 | 11,492 | 60,705 | 16.5% | 16.0% | 81,725 | 161,371 |
| Indianapolis, IN | 26,040,067 | 0 | 429,156 | 15.6% | 15.5% | -97,731 | -252,791 |
| Kansas City, MO | 61,571,969 | 298,500 | 150,000 | 9.5% | 9.3% | 210,591 | 1,243,822 |
| Milwaukee, WI | 28,354,558 | 0 | 0 | 10.3% | 10.3% | 12,496 | -50,693 |
| Minneapolis-St. Paul | 83,268,272 | 0 | 1,250,338 | 10.8% | 11.1% | 47,814 | -930,297 |
| Omaha, NE | 21,594,972 | 9,800 | 408,218 | 8.1% | 8.2% | -17,484 | 43,434 |
| St. Louis, MO | 37,238,282 | 14,960 | 1,157,324 | 10.9% | 10.7% | 247,562 | 254,913 |
| WEST | 1,075,037,373 | 5,590,962 | 26,699,604 | 12.0% | 11.9% | 3,340,805 | 4,358,906 |
| Albuquerque, NM | 10,968,365 | 0 | 15,000 | 16.4% | 16.7% | -30,390 | 46,005 |
| Bakersfield, CA | 6,461,840 | 0 | 20,000 | 8.7% | 8.3% | 50,253 | 112,479 |
| Boise, ID | 16,769,809 | 0 | 0 | 11.4% | 10.2% | 199,516 | 526,213 |
| Denver, CO | 105,242,617 | 719,372 | 2,208,110 | 11.3% | 11.8% | 339,937 | 164,319 |
| Fresno, CA | 18,782,997 | 48,649 | 0 | 10.4% | 10.1% | 88,373 | 151,647 |
| Greater Los Angeles, CA | 272,087,107 | 115,600 | 6,061,600 | 14.4% | 13.9% | 800,700 | 782,800 |
| > Inland Empire | 20,381,500 | 0 | 165,400 | 13.9% | 13.5% | 63,300 | 207,900 |
| > Los Angeles | 168,803,000 | 115,600 | 2,691,000 | 15.0% | 14.7% | 708,300 | 391,600 |
| > Orange County | 82,902,607 | 0 | 3,205,200 | 13.4% | 12.3% | 29,100 | 183,300 |
| Honolulu, HI | 7,496,373 | 0 | 0 | 10.0% | 9.5% | 27,987 | 68,793 |
| Las Vegas, NV | 39,208,698 | 184,000 | 224,364 | 17.8% | 16.9% | 515,388 | 709,139 |
| Phoenix, AZ | 123,105,070 | 313,899 | 935,631 | 15.9% | 15.6% | 667,075 | 1,537,811 |
| Portland, OR | 55,567,287 | 0 | 1,016,256 | 7.5% | 7.5% | 25,135 | -9,549 |
| Sacramento, CA | 56,689,280 | 0 | 0 | 14.5% | 14.5% | 143,009 | 10,006 |
| San Diego, CA | 74,012,464 | 30,632 | 696,315 | 10.8% | 11.3% | -44,069 | -36,143 |
| San Francisco Bay Area, CA | 175,005,062 | 3,457,833 | 10,083,162 | 8.8% | 8.9% | 218,112 | -999,427 |
| > East Bay | 48,575,820 | 10,227 | 341,504 | 11.0% | 10.5% | 165,910 | -703,418 |
| > Fairfield, CA | 5,055,655 | 0 | 101,000 | 14.7% | 14.9% | 12,209 | 36,334 |
| > San Francisco Peninsula | 42,098,630 | 0 | 2,979,340 | 7.1% | 6.9% | -87,761 | -195,052 |
| > Silicon Valley | 79,274,957 | 3,447,606 | 6,661,318 | 7.9% | 8.5% | 127,754 | -137,291 |
| Seattle-Puget Sound, WA | 113,640,404 | 720,977 | 5,439,166 | 7.5% | 7.8% | 339,779 | 1,294,813 |
| > Bellevue | 41,904,613 | 0 | 471,459 | 5.7% | 5.9% | 264 | 470,247 |
| > Everett | 10,718,491 | 0 | 14,000 | 9.1% | 9.4% | -47,288 | -10,747 |
| > Seattle | 38,879,855 | 720,977 | 3,998,070 | 5.7% | 5.8% | 407,639 | 887,848 |
| > Tacoma | 22,137,445 | 0 | 955,637 | 13.2% | 14.1% | -20,836 | -52,535 |

| United States - Suburban - Class A | | | | | | | |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| Market | Inventory (SF) Jun 30, 2017 | Avg Annual Quoted Rent (USD/SF) | Vacancy Rate Mar 31, 2017 | Vacancy Rate Jun 30, 2017 | Absorption (SF) Q2 2017 | Quarterly Change in Rent | Annual Change in Rent |
| USA | 1,646,946,266 | \$29.52 | 13.5% | 13.8% | 3,362,618 | 0.6% | 2.3% |
| NORTHEAST | 510,411,994 | \$29.54 | 14.4% | 14.9% | 49,598 | -0.8% | 1.7% |
| Baltimore, MD | 31,201,356 | \$26.48 | 11.5% | 11.4% | 140,003 | -0.5% | 2.9% |
| Boston, MA | 64,668,374 | \$28.60 | 15.3% | 15.0% | 1,074,921 | 3.7% | 7.1% |
| Hartford, CT | 5,537,425 | \$22.61 | 28.9% | 21.2% | 18,483 | -0.4% | -0.9% |
| New Hampshire | 6,244,057 | \$18.71 | 12.3% | 18.9% | 39,354 | 4.2% | -3.0% |
| New York City Metro | 205,693,057 | \$29.63 | 13.7% | 15.1% | -1,759,921 | -1.9% | 0.5% |
| > Central New Jersey | 59,229,317 | \$27.76 | 12.6% | 14.8% | -952,137 | 1.2% | 4.3% |
| > Long Island | 25,217,631 | \$30.65 | 8.5% | 10.0% | -165,695 | 1.0% | 0.1% |
| > Northern New Jersey | 87,038,716 | \$30.38 | 16.0% | 16.1% | -57,457 | 0.6% | 3.2% |
| > NYC Northern Suburbs | 34,207,393 | \$29.99 | 13.6% | 16.9% | -584,632 | -12.6% | -11.5% |
| Philadelphia, PA | 51,794,338 | \$27.95 | 10.0% | 9.9% | 287,478 | 0.6% | 3.2% |
| Pittsburgh, PA | 13,624,771 | \$21.95 | 15.3% | 14.8% | 59,640 | 3.9% | 1.5% |
| Washington, D.C. | 131,648,616 | \$33.83 | 16.9% | 16.8% | 189,640 | 0.2% | 2.5% |
| SOUTH | 527,207,072 | \$28.98 | 13.5% | 13.9% | 1,546,842 | 1.0% | 3.2% |
| Atlanta, GA | 84,251,070 | \$28.04 | 12.9% | 13.8% | 440,443 | 1.8% | 6.6% |
| Austin, TX | 26,724,268 | \$35.41 | 8.8% | 9.3% | 395,915 | 1.0% | 5.5% |
| Birmingham, AL | 9,082,594 | \$22.14 | 12.2% | 13.1% | 33,250 | 5.3% | 3.7% |
| Charleston, SC | 3,603,164 | \$26.89 | 11.2% | 8.9% | 84,395 | 4.5% | 2.5% |
| Charlotte, NC | 18,209,027 | \$26.00 | 15.3% | 13.9% | 115,861 | 0.2% | 1.2% |
| Columbia, SC | 1,001,972 | \$17.97 | 15.5% | 14.5% | 10,034 | -0.2% | -2.1% |
| Dallas-Ft. Worth, TX | 119,104,711 | \$29.71 | 15.5% | 15.7% | 228,464 | 1.5% | 4.7% |
| > Dallas | 114,271,547 | \$29.92 | 15.5% | 15.7% | 395,988 | 1.6% | 4.7% |
| > Fort Worth | 4,833,164 | \$25.25 | 13.4% | 16.9% | -167,524 | 1.2% | 4.4% |
| Greenville, SC | 3,068,040 | \$20.94 | 10.9% | 11.7% | 6,938 | 0.0% | -0.5% |
| Houston, TX | 96,618,239 | \$31.67 | 20.6% | 21.4% | -754,825 | -0.5% | -0.6% |
| Huntsville, AL | 4,200,661 | \$20.47 | 5.9% | 3.9% | 41,602 | 0.9% | 3.6% |
| Jacksonville, FL | 9,584,978 | \$22.47 | 9.4% | 9.6% | -3,663 | 0.3% | 2.8% |
| Little Rock, AR | 3,215,012 | \$18.67 | 8.7% | 8.1% | 85,723 | 0.1% | -3.6% |
| Memphis, TN | 8,601,666 | \$20.49 | 6.0% | 6.3% | -25,801 | -0.5% | 2.2% |
| Nashville, TN | 16,985,245 | \$27.99 | 7.7% | 8.2% | 173,944 | 1.5% | 8.7% |
| Norfolk, VA | 11,100,008 | \$20.18 | 11.4% | 10.4% | 118,930 | -0.4% | 1.5% |
| Orlando, FL | 19,442,121 | \$24.28 | 8.4% | 8.1% | 15,030 | 3.9% | 8.0% |
| Raleigh-Durham, NC | 25,130,660 | \$25.56 | 6.7% | 7.2% | 124,434 | 1.6% | 5.2% |
| Richmond, VA | 14,328,485 | \$19.42 | 8.6% | 9.3% | 15,295 | 0.7% | 0.7% |
| Savannah, GA | 488,384 | \$23.04 | 8.1% | 8.8% | -3,675 | 0.9% | 1.9% |
| South Florida | 34,509,804 | \$33.45 | 12.7% | 12.3% | 279,999 | 0.6% | 0.9% |
| > Fort Lauderdale | 10,754,542 | \$29.33 | 13.1% | 12.5% | 175,277 | 0.8% | -0.3% |
| > Miami | 15,222,349 | \$37.74 | 11.4% | 10.9% | 102,143 | 1.3% | 4.4% |
| > Palm Beach | 8,532,913 | \$32.20 | 14.4% | 14.4% | 2,579 | 0.2% | -3.4% |
| Tampa Bay, FL | 17,956,963 | \$25.93 | 10.0% | 9.3% | 164,549 | 0.3% | 2.5% |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) JUN 30, 2017 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2017 | VACANCY RATE JUN 30, 2017 | ABSORPTION (SF) Q2 2017 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| MIDWEST | 261,810,296 | \$24.11 | 14.3% | 14.5% | 456,592 | -0.2% | 1.7% |
| Chicago, IL | 82,300,874 | \$28.50 | 21.0% | 21.7% | -551,202 | -0.3% | 2.2% |
| Cincinnati, OH | 17,941,150 | \$21.92 | 15.0% | 13.8% | 32,583 | 0.0% | 1.3% |
| Cleveland, OH | 9,105,048 | \$19.61 | 10.7% | 10.4% | 26,819 | 0.4% | -4.2% |
| Columbus, OH | 19,704,208 | \$22.16 | 8.5% | 8.5% | 378,105 | 1.0% | 8.3% |
| Dayton, OH | 2,220,911 | \$20.02 | 18.5% | 18.4% | 4,040 | 0.1% | -3.0% |
| Detroit, MI | 37,878,659 | \$21.49 | 12.5% | 13.0% | 96,226 | -1.2% | -1.4% |
| Indianapolis, IN | 12,088,831 | \$20.91 | 16.2% | 15.3% | -47,160 | -0.2% | 0.4% |
| Kansas City, MO | 19,311,503 | \$22.07 | 9.4% | 8.4% | 331,466 | 1.9% | 2.0% |
| Milwaukee, WI | 10,701,202 | \$18.56 | 11.0% | 10.8% | -3,859 | -1.3% | 8.3% |
| Minneapolis-St. Paul | 28,031,552 | \$16.76 | 11.1% | 11.9% | 56,472 | 3.8% | 5.8% |
| Omaha, NE | 5,549,826 | \$28.63 | 3.9% | 3.6% | 2,330 | -1.0% | 3.7% |
| St. Louis, MO | 16,976,532 | \$24.21 | 8.7% | 8.7% | 130,772 | 1.7% | 2.2% |
| WEST | 347,516,904 | \$36.69 | 11.3% | 11.5% | 1,309,586 | 2.0% | 3.5% |
| Albuquerque, NM | 824,335 | \$23.24 | 12.1% | 10.1% | 16,511 | 3.3% | |
| Bakersfield, CA | 2,923,838 | \$21.57 | 10.5% | 8.7% | 52,414 | 0.3% | -5.3% |
| Denver, CO | 40,724,419 | \$27.73 | 11.4% | 13.3% | -167,837 | -0.1% | 4.3% |
| Fresno, CA | 1,578,895 | \$25.49 | 12.8% | 12.1% | 11,222 | -1.1% | 8.1% |
| Greater Los Angeles, CA | 62,685,091 | \$37.17 | 14.1% | 13.1% | 415,500 | 1.0% | 5.4% |
| > Los Angeles | 28,009,500 | \$37.03 | 13.7% | 13.1% | 273,500 | 2.3% | 2.4% |
| > Orange County | 34,675,591 | \$37.28 | 14.5% | 13.1% | 142,000 | 0.0% | 9.4% |
| Las Vegas, NV | 5,381,185 | \$32.32 | 23.3% | 22.9% | 21,275 | 0.6% | 0.7% |
| Phoenix, AZ | 38,358,650 | \$28.53 | 13.7% | 13.5% | 74,751 | 0.0% | 1.4% |
| Portland, OR | 14,177,663 | \$27.59 | 8.7% | 8.5% | 29,569 | 0.5% | 4.7% |
| Sacramento, CA | 13,790,589 | \$23.26 | 15.1% | 15.2% | 81,864 | 0.8% | 2.8% |
| San Diego, CA | 25,618,903 | \$38.39 | 13.0% | 14.0% | -53,026 | -0.4% | -2.7% |
| San Francisco Bay Area, CA | 93,160,968 | \$50.63 | 9.3% | 10.0% | 328,776 | 3.5% | 10.3% |
| > East Bay | 19,986,714 | \$37.43 | 10.7% | 10.7% | 29,320 | 0.4% | 9.3% |
| > Fairfield, CA | 2,002,513 | \$26.48 | 14.2% | 13.1% | 23,873 | -0.1% | 1.3% |
| > San Francisco Peninsula | 24,741,217 | \$62.76 | 7.5% | 7.4% | -68,617 | 4.0% | 15.5% |
| > Silicon Valley | 46,430,524 | \$52.77 | 9.4% | 10.9% | 344,200 | 0.2% | -0.4% |
| Seattle-Puget Sound, WA | 48,292,368 | \$37.32 | 6.9% | 6.9% | 498,567 | 2.4% | -1.6% |
| > Bellevue | 21,334,357 | \$39.77 | 6.5% | 6.0% | 130,878 | 0.2% | -1.1% |
| > Everett | 1,461,153 | \$28.62 | 15.7% | 15.5% | 2,842 | 3.7% | 6.9% |
| > Seattle | 19,193,115 | \$38.06 | 3.4% | 3.6% | 362,131 | 1.7% | -4.3% |
| > Tacoma | 6,303,743 | \$34.08 | 16.1% | 17.9% | 2,716 | 28.1% | 4.5% |

| United States Office Investment | | | | |
|-----------------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| USA | \$397 | 5.8% | \$204 | 6.9% |
| NORTHEAST | \$657 | 4.7% | \$176 | 7.1% |
| Baltimore Metropolitan Area | \$182 | | \$168 | 6.7% |
| Boston | \$670 | 4.9% | \$300 | 6.0% |
| New York City Metro | \$607 | 4.4% | \$196 | 6.6% |
| Philadelphia | \$170 | 6.0% | \$160 | 7.0% |
| Pittsburgh | \$109 | 7.0% | \$185 | 7.5% |
| Washington, D.C. | \$598 | 5.6% | \$312 | 6.1% |
| SOUTH | \$187 | 6.9% | \$172 | 7.3% |
| Atlanta | \$215 | 6.3% | \$150 | 6.9% |
| Austin | \$452 | 7.0% | \$304 | 7.0% |
| Birmingham | | | \$117 | 8.0% |
| Charlotte | \$207 | 7.0% | \$210 | 6.3% |
| Columbia | \$109 | 9.0% | | |
| Dallas-Fort Worth | | | \$252 | 6.8% |
| Houston | \$213 | 8.0% | \$235 | 6.5% |
| Huntsville | \$46 | 7.0% | \$18 | 7.0% |
| Little Rock | | 8.0% | | 8.0% |
| Memphis | | | \$113 | 8.0% |
| Nashville | \$152 | 8.0% | \$214 | 7.0% |
| Norfolk | \$108 | 7.0% | \$152 | 7.0% |
| Orlando | \$245 | 8.0% | \$235 | 6.9% |
| Raleigh-Durham | | | \$161 | |
| Richmond | \$103 | 6.0% | \$85 | 7.0% |
| Savannah | \$160 | 8.0% | \$180 | 8.0% |
| South Florida | \$340 | 6.7% | \$233 | 6.7% |
| Tampa Bay | \$235 | 7.0% | \$160 | 7.6% |

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| United States Office Investment | | | | |
|-----------------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| MIDWEST | \$159 | 7.5% | \$137 | 7.6% |
| Chicago | \$350 | 6.0% | \$180 | 8.0% |
| Cincinnati | | | \$171 | 8.0% |
| Cleveland-Akron Metro | \$149 | 8.0% | \$109 | 9.0% |
| Columbus | \$124 | 8.0% | \$140 | 7.5% |
| Dayton | | | \$80 | 8.0% |
| Detroit | \$166 | | \$87 | 7.2% |
| Grand Rapids | \$71 | | \$64 | |
| Indianapolis | | | \$140 | 7.0% |
| Kansas City | \$145 | 7.0% | \$143 | 8.0% |
| Milwaukee | \$175 | 8.0% | \$105 | 9.0% |
| St. Louis | \$95 | 8.0% | \$180 | 7.0% |
| WEST | \$326 | 5.2% | \$294 | 6.4% |
| Bakersfield | \$46 | | | |
| Denver | | | \$308 | 7.0% |
| Fresno | \$240 | 7.0% | \$260 | 7.0% |
| Greater Los Angeles | \$305 | 5.4% | \$334 | 6.7% |
| Las Vegas | \$205 | 7.1% | \$167 | 7.1% |
| Phoenix | \$204 | 6.0% | \$175 | 7.0% |
| Portland | \$325 | 6.0% | \$200 | 7.0% |
| Sacramento | \$211 | | \$172 | 7.0% |
| San Francisco Bay Area | \$510 | 5.7% | \$505 | 6.0% |
| Seattle-Puget Sound | \$852 | 4.6% | \$324 | 6.2% |
| Stockton | \$163 | 8.0% | | |

Sources: Colliers International, Real Capital Analytics

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Office Markets Nearing Peaks as Rent Growth Slows

Strength in some markets countered by rising vacancies.
New supply to challenge West Coast markets.

Featured Highlights

- More than half of the 10 markets tracked in this report witnessed office rent growth in the first quarter. However, a marked slowdown in the rate of rent appreciation is already underway, and growth is likely to continue to slow as we near the top of the current market cycle.
- Seven markets saw office vacancy rise modestly and five witnessed negative absorption. Weak GDP growth could be restraining demand, but other indicators — such as rising income growth, increased spending and faster global growth — suggest possible absorption upside.
- Notable bright spots remain in the top metros, including Manhattan's strong start to 2017 with high leasing volume, record rents and sustained tight vacancy.
- In Chicago, pre-leasing of new trophy office towers remains strong. The rapid take-up of this space is allowing landlords of existing trophy assets to push rents.
- West Coast markets — including Los Angeles, the San Francisco Bay Area and Seattle — are seeing an increase in speculative supply that will likely suppress rents and cause vacancy to rise. However, there is still healthy lead-in time for some projects to pre-lease.
- In some markets — notably Washington, D.C. — asking rents are rising due to new product entering the market. Expect the gap between asking and effective rents to widen as concessions increase.
- Tech firms continue to be a significant driver of office leasing activity and market shifts. For example, tech demand is fueling Boston's Class B space and conversions to outperform prestigious Class A towers.

| MARKET 1-YR OUTLOOK | METRO CORE CBD INVENTORY (SF) | CORE SUBMARKETS | ABSORPTION (SF) | AVG RENT (\$) | VACANCY RATE |
|---|--|---|-----------------|---------------|--------------|
|  | Manhattan, NY 500,918,568 | Manhattan: Midtown, Midtown South, Downtown | -127,859 ▲ | \$73.92 ▲ | 6.5%* ▲ |
|  | Washington, D.C. 185,039,614 | CBD (DC), East End (DC), Capitol Hill (DC), NoMa (DC), Capitol Riverfront (DC), Carlyle (DC), R-B Corridor (NOVA), Tysons Corner (NOVA), Bethesda (SubMD) | 490,941 ▼ | \$47.07 ▲ | 13.2% ▼ |
|  | Chicago, IL 145,247,654 | West Loop, Central Loop, River North, East Loop | 956,608 ▲ | \$38.72 ▲ | 11.4% ▲ |
|  | Houston, TX 119,136,566 | CBD, Katy Freeway, West Loop (Galleria), Westchase | -680,643 ▼ | \$34.62 ▲ | 19.5% ▲ |
|  | L.A. County, CA 112,137,400 | Downtown Los Angeles, West Los Angeles, Tri-Cities | -1,207,800 ▼ | \$44.23 ▼ | 15.6% ▲ |
|  | Atlanta, GA 98,772,984 | Midtown, Buckhead, Central Perimeter, Cumberland/Galleria | -216,317 ▼ | \$27.31 ▲ | 12.9% ▲ |
|  | San Francisco Bay Area, CA 92,817,218 | Financial District (North Financial District & South Financial District), SOMA (West SOMA & East SOMA), Palo Alto, Mountain View, Sunnyvale | -455,193 ▼ | \$71.98 ▼ | 6.1% ▲ |
|  | Dallas, TX 74,178,858 | Uptown, Preston Center & Far North Dallas | 657,433 ▲ | \$30.54 ▲ | 13.0% ▲ |
|  | Boston, MA 69,300,211 | Back Bay, Financial District, Charlestown, Crosstown, Fenway/Kenmore, South Station, North Station, Seaport | 386,014 ▲ | \$55.23 ▲ | 10.6% ▼ |
|  | Seattle, WA 60,369,199 | Seattle CBD, Lake Union, Pioneer Square, Belltown, Queen Anne, Ballard | 240,053 ▲ | \$38.88 ▲ | 7.7% ▼ |

*The Manhattan office market typically cites supply based on the availability rate, which is now 10.3%. The availability rate is actively marketed space scheduled for tenant build-out within 12 months.

LOCAL INSIGHTS

Manhattan

- Manhattan hit the ground running in 2017 and fundamentals remain strong. Average asking rates stand at an all-time high across the market (\$73.92 per square foot) and in Midtown South and Downtown, while vacancy (6.5%) is the second-lowest among the top 10 markets. First quarter leasing activity totaled 9.2 million square feet — a 25% increase from Q4 2016 and well above the 10-year average.
- The TAMI (technology, advertising, media and information services) and FIRE (financial services, insurance and real estate) sectors accounted for two-thirds of first quarter leasing volume. In the quarter's largest lease transaction, 21st Century Fox renewed its lease at 1211 Avenue of the Americas and expanded their footprint to 777,000 square feet in Midtown. In addition, News Corp renewed its lease for 444,000 square feet in the same building. Other notable Q1 2017 leases include Live Nation Worldwide (99,588 square feet) and Estée Lauder (75,000 square feet) in Midtown South and Royal Bank of Canada (402,807 square feet) and Spotify (378,243 square feet) in Downtown.
- Six of the 10 largest lease transactions in Q1 2017 saw tenants taking new space. However, a shortage of large blocks of available space above 250,000 square feet persists and average asking rents for this segment are close to \$90 per square foot.
- There are currently 16 million square feet of office inventory under construction or under major renovation across Manhattan, of which 9 million square feet are available. Deliveries set for 2017 are focused on boutique properties in Midtown South and are generally modest, with nothing over 200,000 square feet scheduled to complete.
- Larger properties are due to come online in 2018 with 3 World Trade Center (2.9 million square feet) and 55 Hudson Yards (1.6 million square feet) set to deliver, with a combined 2.4 million square feet currently available. Even so, this is equal to less than 0.5% of market inventory and there is still a full year in which to garner pre-commitments. Also, as tenants move into new properties, large blocks of existing space will become available.
- Despite a stable first quarter, pressure on D.C. office market fundamentals continues with speculative construction and tenant downsizing as the key concerns. All but one of the 10 largest leases signed in the District in Q1 2017 involved a reduction in occupied space, with large law firms and the federal government leading this activity.
- Development has ramped up sharply with current construction activity almost double the amount seen at the same point in 2015. There are 5.7 million square feet of office space under construction across the District — only half of which is committed, mostly to tenants already in the area. As these firms move into their new premises, commodity space vacancy will increase. Six projects totaling 1.7 million square feet are scheduled to deliver in the remainder of 2017, and 1 million square feet of this total is available.

Washington, D.C.

Chicago

- While asking rents can be as high as \$90 per square foot for new trophy space in the central business district (CBD) and East End, concession packages are among the most generous of the markets covered in this report. Average asking rates for existing Class A space in these locations range from \$55 to \$60 per square foot. Despite markedly lower rents, locations just outside the District remain challenged. For example, vacancy in the Rosslyn-Ballston corridor is close to 21%.
- Following two properties that delivered 2.4 million square feet in 2016, another major trophy office property has been added to Chicago's downtown skyline: 150 North Riverside in the West Loop. The 1.28-million-square-foot property delivered in Q1 2017 at 83% preleased. Tenants include William Blair & Co. and Hyatt's new world headquarters.
- Pre-leasing success at these properties has led to the first fully-speculative project of this cycle. While smaller in size, White Oak Partners and CA Ventures are constructing 625 West Adams Street (434,934 square feet), due for completion in Q2 2018. Average asking rates at the new towers range from \$55 to \$60 per square foot. Class A+ vacancy in the West Loop is extremely tight at less than 4%, and the prior generation of trophy towers are able to command rents only slightly below their new peers.
- The trend of major relocations to downtown continues. GE Healthcare is moving its operations from the suburbs to 500 West Monroe, where GE Transportation is already headquartered, resulting in more than 1,000 jobs at that location. Canadian engineering firm, EXP, is consolidating into one location (205 North Michigan Avenue) by bringing 150 employees from Toronto. Further moves of this nature are anticipated, with Bank of America's 500,000-square-foot requirement being the most prominent.

Houston

- As of this report, we have expanded our coverage of Houston's office core beyond the CBD to include three more leading submarkets: Katy Freeway, West Loop (Galleria) and Westchase.
- In examining these areas, Houston's challenged office market looks to be stabilizing. While prospects for growth remain beyond the immediate horizon, the market is steadying itself. The slowdown in development activity is helping, with space under construction at half of the level that it was 12 months ago. However, there is still a modest amount (463,000 square feet) of speculative space underway in three separate projects.
- Sublease space remains the dominant story. Even though some energy firms have been taking space back, available sublease space is still largely drawn from the sector. Seven of the 10 largest sublease availabilities are in the core submarkets covered in this report. Averaging 389,500 square feet per sublease, the top 10 list is headed by 801,990 square feet available from Shell Oil at One Shell Plaza in the CBD.

Los Angeles



- Class A rents in Houston's premier properties are broadly in the \$45 to \$52 per square foot range. The CBD represents the upper end of the range even though the submarket saw a significant uptick in vacancy during Q1 2017. With the exception of West Loop (Galleria) at 15.9%, vacancy across the submarkets is around 20%. Notable leases signed in Q1 2017 include Targa Resources Corporation (127,734 square feet) in the CBD and IHS Global (91,414 square feet) in Katy Freeway.
- Speculative construction is impacting the Los Angeles office market, particularly Downtown and in West LA. Los Angeles is one of a small number of markets — mostly on the West Coast — where developers have been confident enough to build on a selective basis without pre-commitments. Combined, Downtown and West LA account for 90% (3.6 million square feet) of office construction across Los Angeles County. Only 10% of space underway in West LA is pre-committed.
- A combination of sublease space, move-outs and downsizing has pushed absorption into the red. Net absorption in all of Los Angeles County totaled a negative 473,900 square feet in Q1 2017. However, in the submarkets covered by this report the total was a negative 1.21 million square feet, with West LA accounting for the lion's share. Rent growth has stalled and rates should stay flat until the current pressures shake out.
- Despite the surge in new supply, renewals are on the rise, particularly among finance and professional firms located Downtown. Law firm Paul Hastings LLP renewed its lease at 515 South Flower Street but plans to downsize from 300,000 square feet to 160,000.
- Following last quarter's departure of Warner Music, the Tri-Cities area lost two more notable tenants in Q1 2017: One West Bank and Le Cordon Bleu. A bigger blow is set to occur mid-year with Nestlé vacating 393,230 square feet at 800 North Brand in Glendale and relocating to Arlington, VA.

Atlanta



- The core Atlanta office market has seen little fluctuation over the past 12 months. Vacancy rose by 30 basis points and average asking rates increased by just over \$0.50 per square foot. Almost 5 million square feet are underway across the metro, including 14 projects of 100,000 square feet or greater. Eight of these, including the five largest, are located in the key submarkets addressed in this report. Construction is being driven by pre-commitments from firms including Mercedes Benz, Comcast and Synovus Financial Corp.
- Low vacancy in Midtown and Buckhead, plus a 20% rent differential, is causing tenants to take a closer look at Downtown Atlanta. During Q1 2017, Coca-Cola completed its move out of 322,000 square feet of suburban space to consolidate all of its offices Downtown. However, developers continue to stay away with no construction underway in the Downtown submarket.
- Average asking rates stand at \$27.30 per square foot, but rents closer to \$50 per square foot are being sought for prime Midtown and Buckhead space. Tenant concession packages have been holding steady, but expect these to come under

San Francisco



- pressure as new supply enters the market. The leading lease transaction in Q1 2017 involved Westrock taking 179,261 square feet at Northpark 400 in Central Perimeter.
- The core San Francisco Bay Area office market remains tight. Despite a slight uptick, its 6.1% vacancy rate is the lowest among the top 10 U.S. office markets. Average asking rents are \$71.98 per square foot, second only to Manhattan but down slightly from year-end 2016. Q1 2017 net absorption was negative — for the first time in more than six years — driven by a combination of company rightsizing and a lack of major move-ins.
- Silicon Valley remains a tighter market than San Francisco, with lower vacancy and higher rents in its core submarkets. Vacancy in Palo Alto and Sunnyvale stands at 2.8% and 3.3% respectively, and both locations have average asking rates above \$90 per square foot. Conversely, vacancy rates in the heart of San Francisco, in the North and South Financial Districts, are 9% and 6.7% respectively with rents just above \$70 per square foot.
- There are 6.4 million square feet of office space under construction in San Francisco — of which only 39% is pre-leased, leaving 3.9 million square feet uncommitted. The majority of this space is not scheduled to come online before mid-2018, leaving a year or more of lead-in time for pre-leasing to occur.
- The largest projects are centered in the South Financial District, led by the 1.37-million-square-foot Salesforce Tower due for completion in Q4 2017. The property is leasing up steadily and now has only 400,000 square feet still available. Tech firms remain active. Notable leases signed in Q1 2017 include Google (166,460 square feet at Rincon Center II) and Adobe (103,640 square feet at 100 Hooper Street) in San Francisco and Amazon's 350,663-square-foot lease at Moffett Towers II in Sunnyvale.
- The success of Far North Dallas — especially Plano — continues to grab the headlines as more major firms flock to the area. The Legacy West development is set to complete this year and will be the new home for Toyota's North American headquarters, JPMorgan Chase and Liberty Mutual. Boeing and Ryan LLC have also announced moves to the area.
- The close-in submarkets of Preston Center and Uptown/Turtle Creek still garner the highest rents and Class A vacancy is well below the metro average. Prime Class A rents in these submarkets have breached \$50 per square foot — double the metro average. But tenants' options will remain limited in these areas as both submarkets are close to being fully built out. One small parcel remains in Uptown close to its premier address of The Crescent. With rising construction costs and inflated land prices, it is estimated that any office development on this site would need to achieve rents around \$70 per square foot to justify construction

Dallas



Boston



› With rents 30% lower than those in Uptown/Turtle Creek, the Dallas CBD may be worthy of reconsideration. A major boost came from AT&T's announcement that they will invest \$100 million in their four-building, two-million-square-foot campus, including street changes and new retail. Although not due until 2019, this could motivate other CBD owners to review their investments.

› The Boston office market continues to shift, with growth in the TAMI sector driving the nature and location of demand. Rent growth in Class B properties is outperforming Class A and demand has moved to Seaport — just across the Charles River from the CBD — with its inventory of creative space.

› Seaport's vacancy rate of 9.2% is comfortably below rates in the traditional office locations of the Financial District and Back Bay. While some landlords are repositioning and reconfiguring their spaces, vacancy in the upper floors of the Financial District's towers is elevated and Class A vacancy in the submarket is higher than for Class B. Co-working office providers are expanding. WeWork has a presence in the Back Bay — where Amazon has taken space — and is setting up a second location in North Station. Co-working company, The Yard, also took space in Back Bay in Q1 2017.

› Reebok is the latest firm to relocate downtown, driven by a desire to reposition itself and be closer to its target workforce, shopper demographic and competition. The move to 220,000 square feet at the Innovation and Design building in Seaport was a major downsizing from their 500,000-square-foot suburban campus in Canton and puts them near New Balance and Converse.

Seattle



› Although there is new construction on the horizon that could change matters, the core Seattle office vacancy rate remains tight at 7.7% — one of only three of the top 10 metros with a sub-10% vacancy rate. Such strong conditions have attracted developers, with central Seattle being one of a handful of locations across the country where major projects have broken ground with no pre-commitments.

› However, this confidence is about to be tested. Although 70% of the 5.4 million square feet of space under construction is pre-committed, 1.1 million square feet of vacant space is set to deliver in the CBD in the second half of the year. Schnitzer West's 740,000-square-foot The Madison is due to deliver in Q3 2017 with 580,000 square feet still available. The Mark, a 528,000-square-foot joint venture between Daniels and Stockbridge, is slated to complete in the fourth quarter and is 100% available.

› Amazon's growth continues unabated. In Q1 2017, the internet giant moved into a combined 365,978 square feet at Urban Union and 428 Westlake in Lake Union and also signed a lease for 288,927 square feet at Tilt49 in the CBD. In addition, Redfin moved into 112,990 square feet at Hill7, also in the CBD.

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Rents Hold Steady Despite Softening Fundamentals

Easing construction led by build-to-suit projects

Featured Highlights

- Rents remained strong in the top U.S. office markets in the fourth quarter, with 50 percent of the markets we track continuing to see growth in rates.
- The cyclical slowdown continued, with more than half the markets seeing an increase in vacancy amid slowing leasing activity.
- While most metros saw positive absorption in the fourth quarter, overall net absorption is down year-over-year. Growth, albeit slowing, is expected to continue this year, with U.S. office-using employment growth projected to fall from 2.4 percent in 2016 to 1.4 percent in 2017. Expect Financial Insurance and Real Estate (FIRE) and tech firms to continue to dominate leasing activity.
- Relocations to CBDs—mostly from suburban locations—were a marked trend in 2016. Hiring activity remained a key driver, with firms wanting to attract talented millennials who exhibit a strong preference for urban living.
- The Trump administration portends the most significant shifts in economic policy in a generation, creating a climate of considerable uncertainty. While the details are unknown, expected proposals for reducing regulations and lowering business taxes, if implemented, could boost investment and hiring, with the financial services industry being a major beneficiary. However, this should be tempered against the likelihood of inflation, rising interest rates and a weakening dollar.
- Despite a flat vacancy rate, New York performed strongly throughout 2016, recording its second-highest annual leasing total in the last 10 years.
- The San Francisco Bay Area remains the tightest of the top 10 markets with a 5.6 percent vacancy rate. In core Silicon Valley markets vacancy is as low as 2 percent. Seattle was the strongest performer in 2016, with the largest fall in vacancy and growth in absorption and rents.

| MARKET 1-YR OUTLOOK | METRO CORE INVENTORY (SF) | CORE SUBMARKETS | ABSORPTION (SF) | AVG RENT (\$) | VACANCY RATE |
|---|---|---|---|------------------|---|
|  | Manhattan, NY 506,126,142 | Manhattan: Midtown, Midtown South, Downtown | -1,773,115 ▼ | \$73.24 ▼ | 6.4%*  |
|  | L.A. County, CA 200,589,600 | Downtown Los Angeles, West Los Angeles, Tri-Cities | 750,400 ▲ | \$35.88 ▲ | 15.0% ▼ |
|  | Washington, D.C. 177,359,043 | DC: CBD, East End, Capitol Hill, NoMa, Capitol Riverfront NOVA: R-B Corridor, Tysons Corner SubMD: Bethesda | 788,776 ▲ | \$46.07 ▼ | 13.4% ▲ |
|  | Chicago, IL 142,717,018 | West Loop, Central Loop, River North, East Loop | 560,889 ▲ | \$38.00 ▲ | 11.4% ▲ |
|  | Atlanta, GA 99,041,859 | Midtown, Buckhead, Central Perimeter, Cumberland/Galleria | 429,250  | \$27.10 ▲ | 12.7% ▲ |
|  | San Francisco Bay Area, CA 92,753,479 | Financial District (North Financial District & South Financial District), SOMA (West SOMA & East SOMA), Palo Alto, Mountain View, Sunnyvale | 698,095 ▼ | \$72.46 ▼ | 5.6% ▼ |
|  | Seattle, WA 71,439,833 | Seattle CBD, Lake Union, Pioneer Square, Belltown, Queen Anne, Ballard, Northgate | 1,788,501 ▲ | \$37.03 ▲ | 8.2% ▲ |
|  | Dallas, TX 66,972,707 | Uptown & Far North Dallas | 333,241 ▲ | \$30.12 ▲ | 13.0% ▲ |
|  | Boston, MA 66,745,452 | Back Bay, Financial District, Charlestown, Crosstown, Fenway/Kenmore, South Station, North Station, Seaport | 137,467 ▲ | \$54.30 ▼ | 11.3% ▲ |
|  | Houston, TX 42,990,104 | Houston CBD | 29,984 ▲ | \$41.42 ▼ | 16.8%  |

*The Manhattan office market typically cites supply based on the availability rate, which is now 10.3%. The availability rate is actively marketed space scheduled for tenant build-out within 12 months.

- › Conversely, the largest rise in vacancy occurred in Boston, which is becoming an increasingly bifurcated market. Tenants from both downtown and the suburbs are moving to newer space in Seaport. After several tough years, Houston is starting to stabilize. Deregulation in the energy sector could provide a further boost.

LOCAL INSIGHTS

- › At 33.1 million square feet, Manhattan leasing activity in 2016 was 5.5 percent higher year-over-year and was the second highest annual total seen in the past 10 years. Private sector job growth in New York City is tracking the national rate of 1.7 percent, adding around 60,000 new jobs in 2016.
- › Demand was led by the FIRE sector, which accounted for the largest share of Manhattan leasing in 2016 at 31 percent. Top transactions include UBS' 891,296-square-foot renewal at 1285 Avenue of the Americas, Two Sigma Investments' 217,000-square-foot renewal/expansion at 100 Avenue of the Americas and a total of 808,000 square feet of new leases and expansions from WeWork throughout Manhattan. The expected deregulation of financial services by the new administration in Washington could further bolster the FIRE sector in 2017. Technology, Advertising, Media and Information (TAMI) firms also remain active, accounting for 28 percent of space leased in 2016. Yearly leasing by technology companies increased by 28.6 percent to 3.32 million square feet.
- › Manhattan asking rents edged upwards in 2016. At an average of \$73.24 per square foot, asking rents were 2.4 percent higher than year-end 2015. There was 1.5 million square feet of lease transactions with starting rents north of \$100 per square foot. Rents in Midtown South and Downtown are at record highs.
- › Still, Manhattan vacancy was virtually unchanged over the year at 6.4 percent. While several of 2016's largest transactions saw tenants choosing to remain in their current space, the impact of pending new supply and over 11 million square feet of relocations could push vacancy up. There is 33 million square feet of potential development in the pipeline. However, just under half of this total is currently scheduled or under construction. The 20-million-square-foot Hudson Yards redevelopment in Midtown South continues to grab tenants and headlines. Luxury handbag firm Coach took 694,396 square feet at 10 Hudson Yards, which was the largest new lease signed in 2016.
- › Net absorption was negative 3.79 million square feet, the first full year of negative absorption since 2009. This past year, in part, the combination of strong leasing with negative absorption was the result of several large deals closed with no impact on either vacancy or absorption. The four largest lease transactions in 2016 were renewals or sale-leasebacks.

Los Angeles

- › While vacancy fell over the past 12 months, the LA market is reaching equilibrium with little movement in key indicators in the fourth quarter. There is still the possibility of more rent growth in 2017, but we are unlikely to see a repeat of 2016's pace.
- › Development activity is slowing down and is heavily front-loaded with 75 percent (2.6 million square feet) of space under construction due to come online this year. Most of these projects are taking place in West LA, focused on highly desirable locations such as Marina Del Ray and Santa Monica. Conversely there is no sizeable construction underway in Tri-Cities which was hit by Warner Music's decision to relocate its headquarters to 257,000 square feet in the newly restored Ford Factory building in Downtown's Arts District.
- › Media & entertainment, tech and law firms dominate leasing activity. In addition to almost doubling their Santa Monica footprint, Oracle Corp. paid a reportedly record price to acquire 2700 Colorado Avenue where it will occupy 100,000 square feet.

Washington, DC

- › The softening in the District noted in the last quarter continues. Net absorption across the District was slightly negative in 2016, with the East End taking the biggest hit. Average rents held steady over the year but the volume of trophy space under construction in the CBD and East End looks set to add downward pressure.
- › Asking rents between \$85 to \$95 per square foot in the CBD and East End and \$55 to \$65 per square foot in the suburbs are being quoted for top-end new construction. Landlords are offering hefty concession packages to achieve these rents.
- › Compounding this, the change in administration has instigated a hiring freeze on Federal workers and continued pressure to reduce Government Agencies' real estate footprint is likely to stay. Expect more renewals rather than relocations.

Chicago

- › Chicago's downtown office market is likely as tight as it is going to get this cycle, as the vacancy rate sits at a 16-year low. Rents continue to climb across all submarkets, eclipsing all-time highs. Further—albeit slowing—rent growth is anticipated this year.
- › Two office towers were recently completed adding 2.4 million square feet of new trophy space in the West Loop. The two properties: 444 West Lake and 150 North Riverside Drive, are already 80 percent leased. An additional 2.1 million square feet is under construction that will mostly deliver in 2018. More than half of this space is pre-committed.
- › Downtown Chicago is attracting some major relocations, both from the suburbs and outside the city. Major moves downtown include suburban relocations to new headquarters by McDonald's, Wilson Sporting Goods and Kraft Heinz. In addition, ConAgra relocated to the CBD from Omaha. Furthermore, Downtown property owners are courting Bank of America and PepsiCo with the possibility of kick-starting further new construction.

Atlanta



- › The Atlanta market is stabilizing. Vacancy is moving downward and rents are up by more than \$2 per square foot from a year ago. Rents have now increased over 12 consecutive quarters. The year closed out with almost 1 million square feet of positive absorption in the second half. Encouragingly, demand is spread across a range of sectors led by finance, insurance and law firms.
- › Tenants remain focused on Midtown and Cumberland/Galleria, which collectively accounted for 50 percent of leasing across the city in 2016
- › The fourth quarter saw State Farm move into a combined 635,000 square feet of new space. The State Farm deal provided a needed boost to the Central Perimeter submarket. Additionally, Mercedes-Benz will be moving to a 225,000-square-foot headquarters in the submarket upon its completion in 2018.
- › Construction is slowing and, for now, developers are taking a wait and see approach. After an expected 1.8 million square feet is due to come online this year at the end of the current cycle, there are only three projects underway—all of which are build-to-suits led by NCR Corps., 485,000-square-foot new headquarters in Midtown.

San Francisco



- › The core San Francisco Bay Area market remains the tightest across the top 10. Vacancy fell by 20 basis points in the fourth quarter to 5.6 percent. Rents are the second highest at an average asking rent of \$72.46 per square foot, less than a dollar below those in Manhattan. While it is now below the 10-year average, net absorption remains solid and still dominated by tech. The largest fourth quarter lease transactions in Downtown San Francisco involved Adobe (207,000 square feet), Slack (229,000 square feet) and NerdWallet (105,000 square feet).
- › Signs point to a decrease in leasing activity in 2017. Development opportunities, becoming even scarcer, and the pace of office-using job growth is forecast to fall to 1.5 percent this year—less than half the expected 2016 level. Only three deliveries above 100,000 square feet are anticipated this year. By far the largest of these is the 1.4-million-square-foot Salesforce Tower, which is 60 percent pre-leased.
- › Vacancy in the core Silicon Valley markets is even lower. Palo Alto's 2.3 percent vacancy rate results in the highest average asking rents across the Bay Area at just over \$90 per square foot. Net absorption in the Valley has now been positive for six years with an increasing share coming from tenants taking occupancy of build-to-suits and newly completed projects. In addition to moving into 1.6 million square feet at Moffett Place in Sunnyvale, Google also signed two more leases totaling 900,000 square feet.
- › This pattern is set to continue with over 6 million square feet of pre-committed space under construction in Silicon Valley. Half of this is accounted for by Apple's 3.1-million-square-

foot "spaceship" campus in Cupertino. In addition, Palo Alto Networks will occupy 950,000 square feet in Santa Clara. Other big names—including LinkedIn, Google and Netflix—remain in expansion mode.

Seattle



- › Seattle continues to be the city of Amazon. During Q4 2016, Amazon moved into its brand new 1-million-square-foot office tower and completed tenant improvements on a 380,000-square-foot office building that it leased nearby. Amazon also leased a further 480,000 square feet in South Lake Union and purchased land for the future site of a fifth office tower.
- › Other tech firms continue to get in on the act, led by Facebook, which pre-leased 380,000 square feet in South Lake Union during the fourth quarter. Firms such as Google, Zillow, DocuSign and Pokémon are also expanding. There is a steady stream of tech firms relocating from the heady costs of the San Francisco Bay Area and looking to Seattle for more affordable rents and a similarly strong tech environment. The overall effect is a shortening supply of large block availability.
- › While rents continue to inch up and vacancy remains tight, the market looks set to plateau. Pre-leasing of new CBD construction stands at only 12 percent, compared to 65 percent on the eastside in downtown Bellevue. Rents may have reached their peak (there was a slight dip in Q4 2016) as supply and demand move toward equilibrium. As such, it will be important to monitor the sublease office market going forward. The amount of vacant sublease space available quarter-over-quarter has increased significantly.

Dallas



- › Dallas office vacancy continues to shift upwards in modest increments. Absorption turned positive in Q4 2016 and should get a boost from tenants taking occupancy of new space currently under construction. Less than 35 percent of space delivered in 2016 is still available. Reflecting the tightness in Uptown, the 530,000-square-foot McKinney & Olive is already over 90 percent leased less than six months after completion.
- › Vacancy now stands at 13.0 percent, up by 110 basis points from 12 months ago. However, rents are still inching upwards, increasing by \$1.13 per square foot over the past year to \$30.12. Class A assets in prime locations have seen rents break through the \$40 per square foot barrier, with some deals reportedly achieving upwards of \$50 per square foot.
- › Development remains focused on the Far North Dallas and Uptown submarkets, with 5 million square feet due for completion this year. The vast majority of this space is pre-committed, including 3.2 million square feet in build-to-suits for Toyota and Liberty Mutual. Competitive rents, land availability and healthy job growth should help this trend to continue. A further 1.6 million square feet should be completed in 2018, which is currently 45 percent pre-committed.

Boston



- › Overall signals for the Boston office market are mixed. Rents are holding steady at around \$55 per square foot. Absorption returned to positive territory in the fourth quarter, but is considerably lower than a year ago. Vacancy moved up by 230 basis points over the past 12 months, due to a combination of new supply, tenant moves and a growing amount of sublease space.
- › There is also marked bifurcation between submarkets, most notably the Financial District and Seaport. The former saw negative (800,000 square feet) of absorption in 2016, with vacancy especially high in the upper floors of tower buildings. Seaport is the principal beneficiary, attracting tenants from the Financial District and suburbs alike. Goodwin Procter is moving in to 375,000 square feet alongside tech firms such as LogMeIn, Autodesk and Continuum and apparel manufacturer Reebok looks set to follow.

Houston



- › Houston's office market remains challenged, but is showing early signs of stabilization and even possible growth in the year ahead. Absorption in the CBD turned modestly positive in the fourth quarter of 2016 after being deep in to the red in the prior quarter at negative 542,282 square feet. Vacancy—at 16.8 percent—is 100 basis points higher than a year ago, but the pace of upward growth is slowing.
- › In a marked shift, Q4 2016 witnessed several energy companies remove available sublease space as they began to shift out of contraction mode and started looking forward again. Even so, two-thirds of sublease space available is of secondary quality.
- › No new buildings delivered during Q4, but 1.8 million square feet of the 3.0 million square feet in the market-wide construction pipeline is scheduled to deliver in Q1 2017. This is led by Hines Securities Inc.'s 1.05 million square foot, 48-story, 609 Main St. in the CBD. The property is 50% pre-leased to United Airlines, which is consolidating from two other CBD properties, to take 225,000 square feet in the new tower.

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TOP OFFICE METROS SNAPSHOT

Q3 2016



Accelerating success.

Office Leasing Velocity Eases in Q3

Vacancy rates rise in the core areas of six of top 10 U.S. office markets

Featured Highlights

- Office market conditions moderated during the third quarter in the core areas of the top investment markets tracked by Colliers International. Though rents continued to rise broadly, vacancies increased in six of the 10 markets. The overall vacancy rate for core submarkets was unchanged at 10.2 percent on both a quarterly and annual basis.
- The U.S. economy added an average of 162,000 jobs in August and September, down 38 percent from the prior two months. Though still healthy enough to fuel new leasing, occupancy trends nonetheless suffered, as half of the markets saw net absorption declines in Q3 2016 compared to Q2 2016.
- Asking rents in the core areas of all 10 markets increased in Q3 2016 compared to Q2 2016, while nine of the 10 increased over Q3 2015. Pricing adjustments generally lag behind softening vacancy and absorption conditions, so we can anticipate weaker rent growth through year-end, particularly if absorption continues to slow.
- Tech growth in Seattle continues to drive the market to new highs, as Amazon has spread to Bellevue, drawing many other tech firms to look outside of Seattle proper. Professional services growth and corporate relocations have pushed the Uptown submarket in Dallas to record-breaking highs in asking rent, with some top-tier buildings commanding a once unthinkable \$50-\$60 per square foot.
- The San Francisco Bay Area recovered from its modest slowdown in the second quarter, showing strong occupancy gains, particularly in the East Bay. On the other hand, Houston went into reverse, with the CBD registering a decline in net absorption and a significant rise in vacancy during the third quarter.
- Co-working firms continue to lease large blocks of space across major markets. However, some concern is developing as to their valuations and ability to withstand a potential downturn, as much of their rapid growth has occurred during the current economic expansion.

| MARKET 1-YR OUTLOOK | METRO CORE CBD INVENTORY (SF) | CORE SUBMARKETS | ABSORPTION (SF) | AVG RENT (\$) | VACANCY RATE |
|------------------------|---|--|--------------------|------------------|-----------------|
| | Manhattan, NY 506,126,142 | Manhattan: Midtown, Midtown South, Downtown | -306,190 ▼ | \$73.85 ▲ | 6.4%* ▲ |
| | L.A. County, CA 200,110,366 | Downtown Los Angeles, West Los Angeles, Tri-Cities | 571,200 ▲ | \$35.76 ▲ | 15.5% ▼ |
| | Washington, D.C. 177,288,325 | DC: CBD, East End, Capitol Hill, NoMa, Capitol Riverfront NOVA: R-B Corridor, Tysons Corner SubMD: Bethesda | -441,907 ▼ | \$46.08 ▲ | 13.8% ▲ |
| | Chicago, IL 121,663,519 | West Loop, Central Loop, River North, East Loop | 301,099 ▲ | \$37.50 ▲ | 10.6% ▼ |
| | Atlanta, GA 97,848,060 | Midtown, Buckhead, Central Perimeter, Cumberland/Galleria | 552,317 ▲ | \$27.22 ▲ | 12.4% ▼ |
| | San Francisco Bay Area, CA 91,993,530 | Financial District (North Financial District & South Financial District), SOMA (West SOMA & East SOMA), Palo Alto, Mountain View, Sunnyvale | 798,634 ▲ | \$74.85 ▲ | 5.8% ▼ |
| | Dallas, TX 67,669,506 | Uptown & Far North Dallas | -225,350 ▼ | \$29.63 ▲ | 12.7% ▲ |
| | Boston, MA 65,467,834 | Back Bay, Financial District, Charlestown, Crosstown, Fenway/ Kenmore, South Sta- tion, North Station, Seaport | -152,816 ▼ | \$55.90 ▲ | 11.0% ▲ |
| | Seattle, WA 59,671,956 | Seattle CBD, Lake Union, Pioneer Square, Belltown, Queen Anne, Ballard, Northgate | 611,362 ▲ | \$35.23 ▲ | 8.0% ▲ |
| | Houston, TX 42,869,104 | Houston CBD | -524,282 ▼ | \$40.98 ▲ | 16.8% ▲ |

*The Manhattan office market typically cites supply based on the availability rate, which is now 10%. The availability rate is actively marketed space scheduled for tenant build-out within 12 months.

LOCAL INSIGHTS

Manhattan

- The most notable event in Manhattan during the quarter was that the overall average asking rent increased to \$73.85 per square foot, finally surpassing the pre-recession peak. Midtown is now the only market within Manhattan that still has not surpassed its pre-recession high.
- Leasing was strong in Manhattan overall, with 8.2 million square feet of deals signed. Two of the top five deals were in the Hudson Yards/Manhattan West neighborhood: Coach's 694,000-square-foot sale-leaseback and law firm Milbank, Tweed, Hadley & McCloy's 257,000-square-foot relocation to 55 Hudson Yards—the largest relocation out of Downtown to another Manhattan market in the last five years. Despite a drop in tech leasing during Q3 2016, leases of more than 200,000 square feet earlier in the year from Salesforce.com, Facebook and Google have led to strong year-to-date activity. Year-to-date tech leasing has surpassed full-year leasing for each year between 2003-2012 and 2015.
- Colliers' Eastern Region President Joseph Harbert believes the markets remain healthy. "There has been job growth and companies are making space decisions that impact their housing requirements, branding and ability to attract and retain talent. Those moving to Hudson Yards and Downtown are leaving behind space that creates opportunities for others."

Los Angeles

- While asking rents have been increasing and vacancies have been decreasing, there is a sense that the market may be flattening. Activity in the hot West LA submarket has been slowing as most of the major tech firms have recently signed long-term leases, leading to questions around where new demand will come from.
- One industry that has remained very active is co-working. WeWork recently leased 56,000 square feet in the South Bay submarket, home to several engineering and healthcare firms. Engineering firms also have a presence in the Tri-Cities submarket, where Colliers' client WorleyParsons signed a 67,600-square-foot renewal/expansion lease in the third quarter.
- The revitalization of the Arts District in Downtown Los Angeles may be finally gaining some traction as Warner Music became the first sizable tenant to sign a lease. District boosters hope that their move from Burbank to 257,000 square feet in the Ford Factory building will draw in other, like-minded tenants.

Washington, DC

- The District has seen a real softening this past quarter. Large law firms are a major driver of demand for trophy space and many have recently completed new long-term deals, limiting the likelihood of new, sizable leases within the sector over the next 10 to 15 years.
- With a large amount of new trophy space coming online in the near future, a lack of obvious new tenant groups able to pay top dollar is prompting expectations that vacancies will rise. Outside of pre-lease commitments, leasing activity for new developments has been limited. While landlords and developers are hesitant to lower face rents, concessions have been rising—in some cases, up to \$100/SF in tenant improvement allowance and up to 12 months of free rent.
- Much of the recent leasing has been from start-up tech firms and advocacy groups (e.g., non-profits, labor unions, trade societies). While many of these tenants can't afford Class A space, they are driving demand in Class B and A- buildings. In some cases, these

tenants may have to consider moving to Virginia if they are priced out of the District. Co-working firms also continue to absorb large quantities of space. However, concern is growing as to how they will survive in an economic downturn, having grown only during a period of expansion.

Chicago

- The Chicago central business district (CBD) continued its string of strong absorption, posting a positive 500,000 square feet during the third quarter. Relocations from out of state as well as the suburbs into the CBD remain strong, with recruitment and employee retention often cited as the main driver. McDonald's is moving its headquarters from the suburbs to the Fulton submarket, where it will occupy 560,000 square feet, while Wilson Sporting Goods is relocating from the suburbs to 80,000 square feet in the CBD.
- The Chicago CBD continues to be a landlord's market, with asking rents at record highs and low vacancy. Rents are expected to continue to climb through at least early 2017. Yet with 5 million square feet of new construction and significant shadow space expected to hit the market by 2018, leasing velocity could moderate.

Atlanta

- Activity during the third quarter was modest, but positive. Vacancy rates did not move much as new supply closely matched absorption. Tenant consolidations have contributed to 2016 being on pace to have the lowest total absorption since 2011, though leasing activity should rebound with positive absorption in 2017.
- While the Central Perimeter submarket has struggled with three straight quarters of negative absorption, the Cumberland and Midtown submarkets continue to perform well. Upcoming highway construction and the associated disruptions may be contributing to the slowdown in and relocations out of Central Perimeter.
- As professional service firms continue to consolidate, tech firms are responsible for a growing share of leasing. NCR Corporation is expanding its new headquarters currently under construction with a 260,000-square-foot second-phase building in Midtown, while Global Payments signed for nearly 80,000 square feet in Buckhead for its headquarters relocation. In addition, GE Digital is close to signing a deal that would bring 400 IT jobs to the Buckhead submarket.

San Francisco

- The SOMA East submarket experienced the largest occupancy gains with more than 273,000 square feet of positive absorption for the quarter, adding to more than 668,000 square feet of absorption year-to-date. The delivery/occupancy of the newly renovated Metropolitan Transportation Commission (MTC) building at 375 Beale Street accounted for much of the absorption. MTC is moving into more than 130,000 square feet and Twilio is leasing an additional 98,000 square feet, which they are scheduled to occupy during the fourth quarter.
- Tenant demand for space in San Francisco remains solid, with more than 4.5 million square feet of office space requirements involving 129 tenants in the market, and 14 of those tenants looking for more than 100,000 square feet.
- Silicon Valley measured an occupancy gain of more than 600,000 square feet during the third quarter, bringing the cumulative tally to 1.1 million square feet of positive occupancy gain this year. This is the 17th straight quarter the office market has recorded positive

Dallas



- net absorption, bringing the total occupancy increase measured during this period to 10.9 million square feet. Currently, more than 9 million square feet of office space is under construction, with total potential development reaching more than 60 million square feet in the form of proposed developments.
- › The total speculative office space currently under construction or shell complete in Silicon Valley tops out at 4.2 million square feet. Only 20 percent of this space is already spoken for in the form of a lease, leaving the total availability rate for speculative office construction at just over 79 percent, or 3.3 million square feet of new supply that will come to the market.
 - › The Dallas market continues its strong growth, though leasing paused in the core areas during the third quarter as net absorption turned negative. However, continued strong job growth should render this setback to be temporary as the overall market continued to register positive absorption.
 - › Development continues on both the office and residential fronts. Speculative developments continue to be announced, even though only about 30 percent of those developments have pre-lease commitments—showing confidence in the continued growth of market. Class A average rents in the hot Uptown submarket have surpassed \$40 per square foot for the first time, with some top-tier buildings in the \$50-60 range. Though these are records for Dallas, asking rents are still lower than in many major markets around the country, helping to draw out-of-market relocations. Landlords of older stock are having to renovate in order to keep up with the amenities offered by newer developments.
 - › Though no major relocations to Dallas were announced this quarter, there is still great demand in the pipeline and activity is expected to pick back up after the November elections. Tenants are increasingly moving to build-to-suit campus properties or renovating their existing spaces into more campus-like environments, with greater mixed-use amenities and more emphasis on outdoor landscaping. As co-working companies continue to expand, there is concern about the lack of parking that could ultimately be an issue for future expansion.

Boston



- › The inner suburbs, particularly around the 128 corridor, are performing very well and have transformed into a true alternative to the city for many occupiers. Public transportation improvements, as well as surging apartment development, has helped to attract both employers and employees. There was 1.8 million square feet of positive absorption in the Boston metro area in the third quarter, with the inner suburbs accounting for 1.1 million square feet of that total.

Seattle



- › Tech firms are driving an increased share of leasing and absorption as the legal and financial industries have been contracting in the CBD. Cambridge continues to enjoy low vacancy as a thriving tech hub, while the Seaport has become a hot destination for tech firms due to the character of its buildings and lower rents compared with Cambridge. Colliers' client Red Hat recently expanded from the suburbs to the Seaport, leasing 40,000 square feet.
- › The tech boom continues to drive the Seattle market, showing no signs of slowing down. Concerns about decreased availability of venture capital funding appear to be overblown, as more than 60,000 jobs were added in the last year and employment growth continues. Whether it's Amazon leasing 325,000 square feet in Bellevue (its first space outside of Seattle proper) or Valve Software signing a 224,000-square-foot lease in the Bellevue CBD, tech firms are supporting many areas of the market. Amazingly, Amazon is not done growing. The e-commerce giant has accounted for 69 percent of all new office construction deliveries in the region during 2016.
- › Major tenants are increasingly looking at new construction when their leases expire, so landlords of existing product have been renovating and increasing concessions to retain those tenants. There is currently more than 7.5 million square feet of office space under construction in the region, with 1.5 million square feet of that in Downtown Seattle. Bellevue is outperforming Downtown Seattle in terms of pre-leasing commitments due to a combination of tenants following Amazon and developers being more willing to accommodate smaller tenants.

Houston



- › The sustained low energy prices continue to hamper the Houston market. Shell Oil decided to vacate its namesake building, One Shell Plaza, in the CBD and move 3,400 employees to its campus in the Energy Corridor. This move dumped 550,000 square feet of sublease space into an already saturated market. There is currently 11.8 million square feet of sublease space on the market—a staggering 5.1 percent of the total market. The Houston market continues to suffer from exogenous factors such as turmoil in the Middle East and the production whims of OPEC.
- › More positively, the administrative side of the healthcare industry continues to grow and lease some of the ample available space in this market. In addition, there are opportunities for industries such as engineering and law to relocate to improved office space that was once unaffordable.

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Positive U.S. Office Fundamentals Point to Continued Gains in Occupancy & Asking Rents

Michael Roessle, National Director of Office Research

U.S. office-market indices outperformed the general economy in the first half of 2016, particularly in the second quarter as absorption picked up steam despite disappointing GDP growth. The strong office leasing in Q2 could prove to be a harbinger of stronger economic growth in the second half of the year. Job growth weakened somewhat in the beginning of 2016 but accelerated again this summer and is fueling office leasing, despite economic uncertainty over slower global economic growth, Brexit, and the November elections. Moreover, Class A asking rents in both the Central Business District (CBD) and suburban areas posted solid quarterly and annual increases. But sales volumes have declined from 2015 largely due to slowing interest in suburban assets, despite core CBD markets showing increased interest and activity in Q2. Overall, another good performance for the office sector.

Key Observations

- The U.S. economy decelerated in early 2016 from its already weak pace of recent years, but the news wasn't entirely bad. Despite slower job growth and disappointing GDP figures, a host of other indicators strongly suggest a pick-up in the second half of the year sufficient to fuel continued improvements in property markets.
- U.S. office-market fundamentals continued to strengthen into mid-year as the national vacancy rate declined 10 basis points (BPS) in the quarter to 12.5%, 60 BPS lower than a year ago. The gains have been widespread, with 78% of metros registering stable or declining vacancies compared to mid-year 2015.
- Absorption rebounded to 15.2 MSF, a 60% increase over the relatively slow first-quarter pace. Absorption should continue to increase through the second half of the year, though may not achieve the record totals seen the past two years due to limited space availability and a rising densification trend among major tenants.
- Class A asking rents continued their ascent in both CBDs (\$46.47) and suburban (\$29.14) areas, registering gains of 7.0% and 5.0%, respectively, from this time last year. The largest year-on-year gains were seen in the booming Dallas and Atlanta markets as well as tech-heavy markets such as Austin, Boston, East Bay (SF), Manhattan and Seattle.

Market Indicators

Relative to prior period

Q2 2016

Q2 2017*

| | | |
|----------------|---|---|
| VACANCY | — | — |
| NET ABSORPTION | + | + |
| CONSTRUCTION | — | + |
| RENTAL RATE** | + | + |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics, Q2 2016

U.S. Office Market

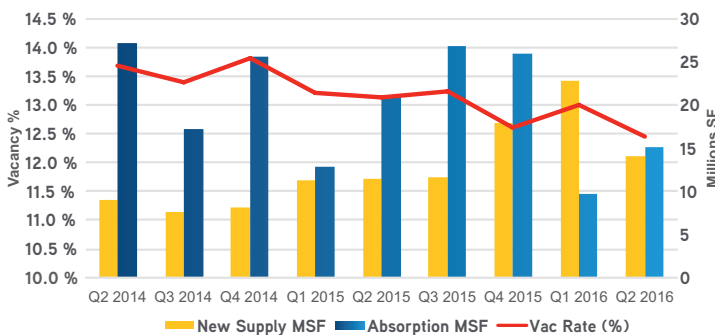
| | |
|--|---------|
| Vacancy Rate | 12.5% |
| Change From Q1 2016 (Basis Points) | -10 |
| Absorption (MSF) | 15.2 |
| % of Markets with Positive Absorption | 76% |
| New Supply (MSF) | 14.0 |
| Under Construction (MSF) | 101.3 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$46.47 |
| Change From Q1 2016 | +1.0% |
| Change From Q2 2015 | +7.0% |
| Suburban Class A | \$29.14 |
| Change From Q1 2016 | +0.6% |
| Change From Q2 2015 | +5.0% |

- With an increasing trend toward densification, occupiers are building out collaborative spaces that can accommodate more employees and have fewer private offices and areas, continuing to drive down the rentable square foot per employee. In response, landlords are gearing more space to smaller, multi-tenant configurations. The two main drivers: net absorption by new-era technology/creative tenants and workplace expectations prompted by a millennial-weighted workforce.

U.S. Economic Waters Grow Choppy

The U.S. economy decelerated significantly in early 2016 from its already weak pace of recent years, yet there are some positives: Job growth remains robust, though the prior above-average growth could not be sustained as the economy inches toward full employment. And while GDP growth has been a clear disappointment, with growth over the past four quarters barely above 1%, most indicators remain good to very good, particularly consumer spending, which registered its strongest quarter since 2014.

U.S. Office Market Q4 2014 - Q1 2016



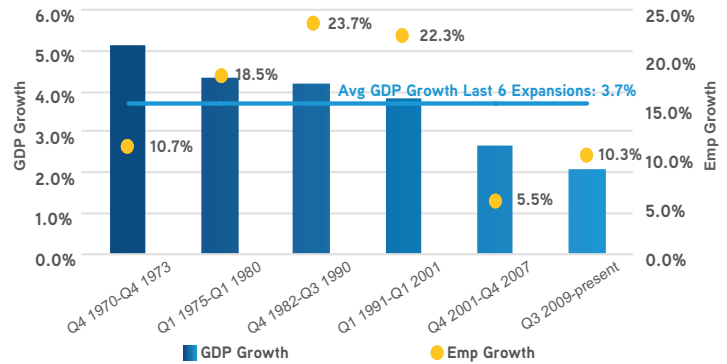
Source: Colliers International

Equity markets have rebounded to all-time highs from their fall in late June, joining the overwhelming consensus of economists who agreed that Brexit was not the imminent threat to global prosperity suggested by market volatility in the immediate aftermath of the vote. Economists and the markets have now refocused their attention back to the domestic U.S. economy where key indicators continue to demonstrate stable, albeit mixed messages.

The employment reports have been stronger this summer, adding 255,000 jobs in July on top of 292,000 in June, reversing the slower growth trend this winter and spring. But the government's first estimate of Q2 GDP was only 1.2%, about half of the consensus forecast. Moreover, as part of the annual cycle of historical revision, the U.S. Bureau of Economic Analysis (BEA) also retroactively revised its GDP estimates for the past three years, with Q1 GDP adjusted back down to only 0.8%. So, GDP did indeed accelerate this past quarter, but only relative to the downgraded Q1 figure, and still well below expectations.

Thus, growth for the year is unlikely to match even the moderate pace averaged over the past few years, though the pace of growth should pick-up in the second half of the year. With real GDP barely growing above stall speed, and preliminary Q3 GDP figures not due until late October, the Fed is unlikely to raise rates before the November vote. As always, future hikes will depend on job gains and economic growth, with both rate increases and economic growth rising in tandem. Regardless, the magnitude and pace of near-term hikes will not be material to the real estate sector.

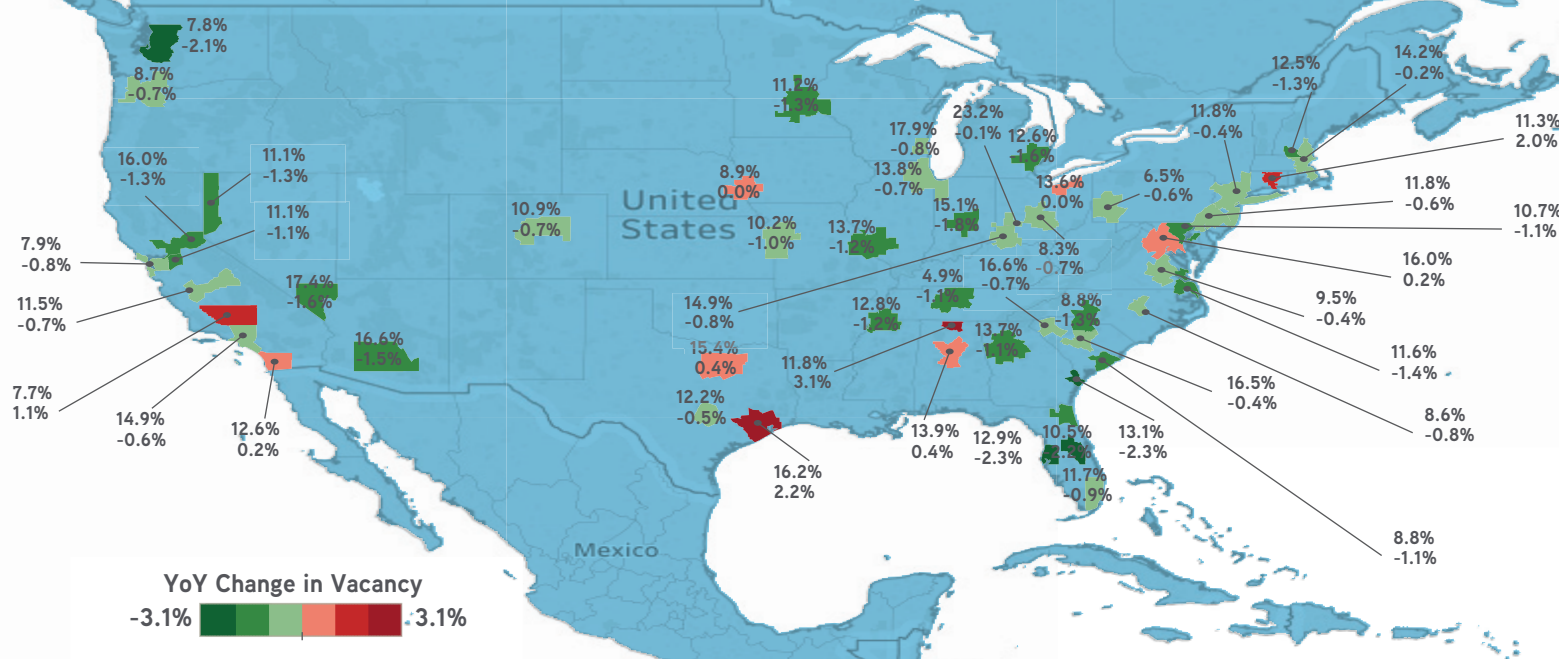
GDP & Employment Growth by Expansion



Source: Bureau of Economic Analysis, Bureau of Labor Statistics



YOY Change in Metro Vacancy - Q2 2016



Strong Occupancy Growth Fuels Quarterly and Annual Vacancy Declines

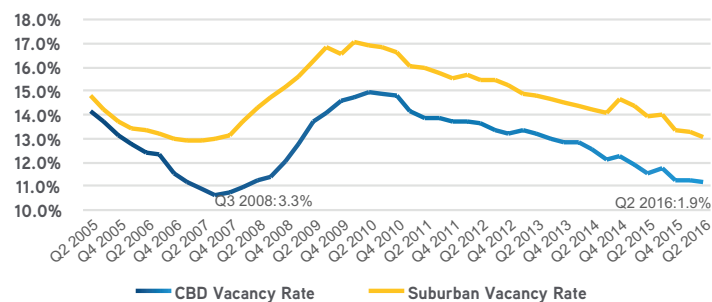
Office markets have continued to improve broadly this year. As of mid-year 2016, more than a quarter of the markets we track (28%) have a vacancy rate less than 10.0%, while fewer than a quarter of markets (24%) are above 15%. Strong markets like Nashville, with 4.9% vacancy, are riding the continuing wave of technology-driven growth. This includes pure tech from internet and app-based firms to expanding bio-tech and traditional industries like healthcare that are increasingly leveraging technology.

Moreover, market strength is not limited to just the top metros or submarkets: two-thirds (66%) of all submarkets we track nationwide have seen vacancies decline or remain stable this year. The national office vacancy rate now stands at 12.5%, down 10 BPS from the first quarter and 60 BPS from a year ago. Major markets continued to see gains in occupancy as the year-over-year vacancy rates in Boston (-20 BPS), Chicago (-70 BPS) and Manhattan (-20 BPS) all declined. Overall vacancy rates are on pace to dip below the prior peak of 12.2% (last seen in the third quarter of 2007) by the end of 2016.

CBD vacancy at 11.2% was flat this past quarter but is down 40 BPS from a year prior, showing the continuing desire of employers to have a downtown presence. Just under three-quarters (71%) of office markets had stable or declining vacancies on an annual basis. Established and growing tech hubs remained at the top of the list, as Silicon Valley, East Bay (SF), Seattle, Phoenix and Indianapolis saw their downtown vacancy rates drop between 170 and 400 BPS

from a year ago. Suburban markets saw a quarterly decrease in vacancy of 10 BPS and a larger 80 BPS annual decrease down to 13.1%. While the tech sector continues to have a strong impact in suburban Portland, Everett, East Bay and Seattle, strong growth in the professional services sector has raised occupancy in Tampa Bay, Orlando and Charlotte. Though employers are still signaling a strong preference for CBDs, a lack of expansion space options and generally higher costs are pushing some firms to suburban areas. Those suburbs with an “urban-suburban” feel and live/work/play amenities perform the best as evidenced in Cumberland/Galleria in Atlanta (-230 BPS), Uptown in Dallas (-150 BPS) and Broomfield in Denver(-110 BPS).

Spread Between CBD & Suburban Vacancy Rates



Source: Colliers International

YOY Change in CBD Class A Rent - Q2 2016

United States

Legend: -9.4% to 18.7%

| City | Current Rent (\$/sq ft) | YOY Change (%) |
|----------------------|-------------------------|----------------|
| San Francisco | \$70.54 | 17.8% |
| San Jose | \$42.78 | 7.4% |
| San Diego | \$31.28 | 7.0% |
| Los Angeles | \$34.41 | 6.7% |
| Phoenix | \$24.00 | 0.0% |
| San Antonio | \$21.00 | 0.0% |
| Fort Worth | \$41.07 | -0.1% |
| Dallas | \$33.84 | 8.5% |
| Chicago | \$31.92 | 1.9% |
| Indianapolis | \$24.79 | 2.8% |
| Denver | \$35.62 | 0.1% |
| Seattle | \$21.18 | 6.6% |
| Portland | \$19.33 | 1.7% |
| Minneapolis | \$16.94 | 1.8% |
| St. Paul | \$20.06 | 2.5% |
| Chicago (Loop) | \$42.17 | 3.7% |
| Chicago (South Loop) | \$22.22 | 5.0% |
| Chicago (West Loop) | \$18.75 | 0.2% |
| Chicago (North Loop) | \$23.53 | 4.2% |
| Chicago (East Loop) | \$18.32 | 4.2% |
| Chicago (South Loop) | \$27.84 | 5.4% |
| Chicago (West Loop) | \$26.18 | 9.0% |
| Chicago (North Loop) | \$20.20 | 0.7% |
| Chicago (East Loop) | \$26.79 | 6.5% |
| Chicago (South Loop) | \$21.28 | 3.0% |
| Chicago (West Loop) | \$26.17 | 2.2% |
| Chicago (North Loop) | \$39.48 | 4.6% |
| Chicago (East Loop) | \$20.82 | -9.4% |
| Chicago (South Loop) | \$21.14 | 2.3% |
| Chicago (West Loop) | \$26.90 | 3.4% |
| Chicago (North Loop) | \$57.55 | 1.8% |
| Chicago (East Loop) | \$58.05 | 9.1% |
| Chicago (South Loop) | \$22.50 | 3.0% |
| Chicago (West Loop) | \$74.06 | 8.3% |
| Chicago (North Loop) | \$29.73 | 2.6% |
| Chicago (East Loop) | \$23.52 | -3.4% |
| Chicago (South Loop) | \$24.24 | 11.9% |
| Chicago (West Loop) | \$21.15 | -4.5% |
| Chicago (North Loop) | \$28.00 | 3.0% |
| Chicago (East Loop) | \$23.48 | 10.5% |
| Chicago (South Loop) | \$36.22 | 9.7% |

As we expected, U.S. office absorption regained momentum after beginning the year at a slower pace, totaling 15.2 MSF in the second quarter. This represents a healthy 5.7 MSF increase from the first quarter, though a 5.6 MSF decrease from the same period in 2015. As restrained construction has limited the options of firms looking to expand into brand-new space, the trend of densification we have seen in the financial sector is spreading across industries and having an impact on absorption. Widespread use of collaborative spaces and fewer private offices translates into less office square footage per employee. This is reflected in new build-outs as many landlords are gearing vacated floors to smaller, multi-tenant configurations. These shifts are a product of technology and the workplace expectations of the younger workforce, which will moderate absorption from the record pace we witnessed over the previous two years.

Second quarter class A asking rents averaged \$46.67 per square foot in CBDs and \$29.14 in the suburbs. Both increased sharply from one year ago, with the CBDs registering a stronger 7.0% increase, compared to 5.0% in the suburbs. These are some of the sharpest gains in this cycle. Our survey shows the vast majority of markets expect landlord concessions to remain the same or decline over the next year amid the strengthening fundamentals of decreasing vacancy and positive absorption.

| Tenant | Address | Market | SF | Tenant Industry |
|-----------------------|---------------------|---------------------|---------|-----------------------|
| McGraw Hill* | 55 Water Street | Manhattan | 900,000 | Publishing |
| Southern Company | 3535 Colonnade Pky. | Birmingham | 456,823 | Energy |
| Bank of America* | 101 Hudson Street | Northern New Jersey | 373,604 | Finance |
| U.S. Dept. of Justice | 175 N Street NE | Washington, D.C. | 316,869 | Government |
| ADP | 2 Commercial Place | Norfolk | 287,857 | Professional Services |

Top U.S. Office Sales in Q2 2016

| ADDRESS | MARKET | SF | PRICE | BUYER |
|------------------------------|-----------|-----------|-----------------|--|
| 1285 Avenue of the Americas | Manhattan | 1,749,000 | \$1,649,800,000 | RXR Realty, David Werner, China Life Insurance |
| 550 Madison Avenue | Manhattan | 852,830 | \$1,416,666,667 | Olayan Group, Chelsfield |
| 1211 Avenue of the Americas* | Manhattan | 1,937,895 | \$857,500,000 | Ivanhoe Cambridge |
| 1251 State Street | Dallas | 2,300,000 | \$850,000,000 | Transwestern |
| 1 Kendall Square | Boston | 676,440 | \$725,000,000 | Alexandria RE Equities |

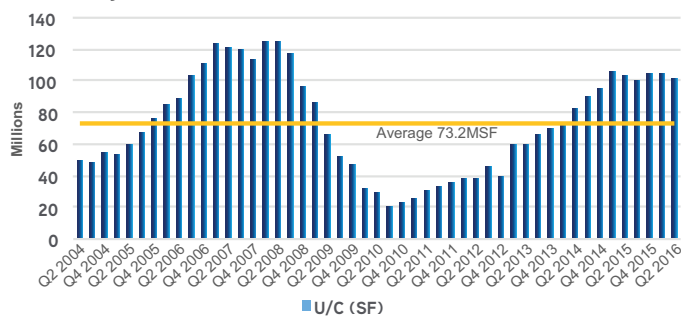
4 United States Research Report | Q2 2016 | Office Market Outlook | Colliers International

Strong growth in professional services and corporate relocations continue to push CBD class A asking rents in Dallas (\$26.56) and Atlanta (\$26.18) to new peaks, with those markets seeing annual increases of 12.3% and 9.0%, respectively. Interestingly, much of the new development and demand in both markets is outside of the CBDs, pushing their suburban rates even higher than the CBD.

Construction Activity Remains Stable, Adding to Downward Pressure on Vacancy

Though construction activity has picked up over the past two years to push above its long-term historical average of 73.2 MSF, the 101 MSF total remains well below the peak of 120-125 MSF in 2007-2008. Further, construction remains highly concentrated. Just five markets—Dallas, Manhattan, Silicon Valley, Seattle and Atlanta—account for nearly 40% of the total. Adding in San Francisco, Chicago, Houston, Boston and Northern Virginia pushes that to nearly 60% of total construction.

Quarterly Under Construction Totals



Source: Colliers International

By and large, this surge in new supply is focused where demand has been greatest, enabling steady vacancy declines over the past two years. Nonetheless, the construction activity bears watching as many new and growing firms prefer to relocate from class B/C “starter” space to new or newly renovated office properties. Thus, at least some of the new space will be absorbed at the expense of less desirable space and submarkets.

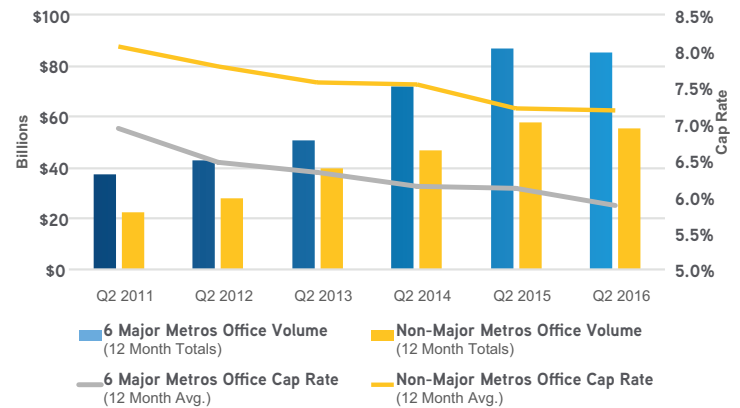
Major Market CBDs Still Attracting the Most Investment Interest

The office sales volume dropped by 10% year-over-year in Q2 due to a sharp drop in demand for suburban product, according to data from Real Capital Analytics. However, the CBD volume posted a 9% increase over the same period, as cap rates in CBDs of the top six major metros (Boston, Chicago, Los Angeles, New York, San Francisco and Washington, D.C.) fell 20 BPS to 5.1%. Yields for trophy-caliber assets are now down in the sub-4% region. The flight to quality and safety is further evidenced by the increase in volume of those six major markets—up 6% year-over-year. Some of the biggest gains in volume this year include East Bay (up 100% over 1H15), Los Angeles (+81%), San Diego (+44%), Philadelphia (+41%) and Boston (+35%).

On the other hand, secondary markets saw deal volume drop 32% from a year ago. Institutional investors and particularly international investors show a clear preference for major market assets. The

top foreign investors by volume in the U.S. in the first half of the year include Germany, Canada, China and Saudi Arabia. Top market destinations continue to be the gateway cities of Manhattan, Los Angeles, Boston and Chicago. Manhattan alone accounted for virtually half (49%) of the \$16.1 billion of foreign capital invested in U.S. office properties in the first half of 2016.

Six Major Markets vs. Non-Major Markets



Source: Real Capital Analytics

Overall, the office-investment market improved this quarter over Q1, though the gains were very much concentrated in the CBDs and major markets. Moreover, the net decrease in volume can largely be attributed to the lower number of portfolio deals traded in the first half of the year, rather than to a fundamental shift in interest. Institutional investors and equity funds remain very active, and the U.S. should benefit from any continuing overseas turmoil as international investors seek a safe haven for their capital.

Outlook

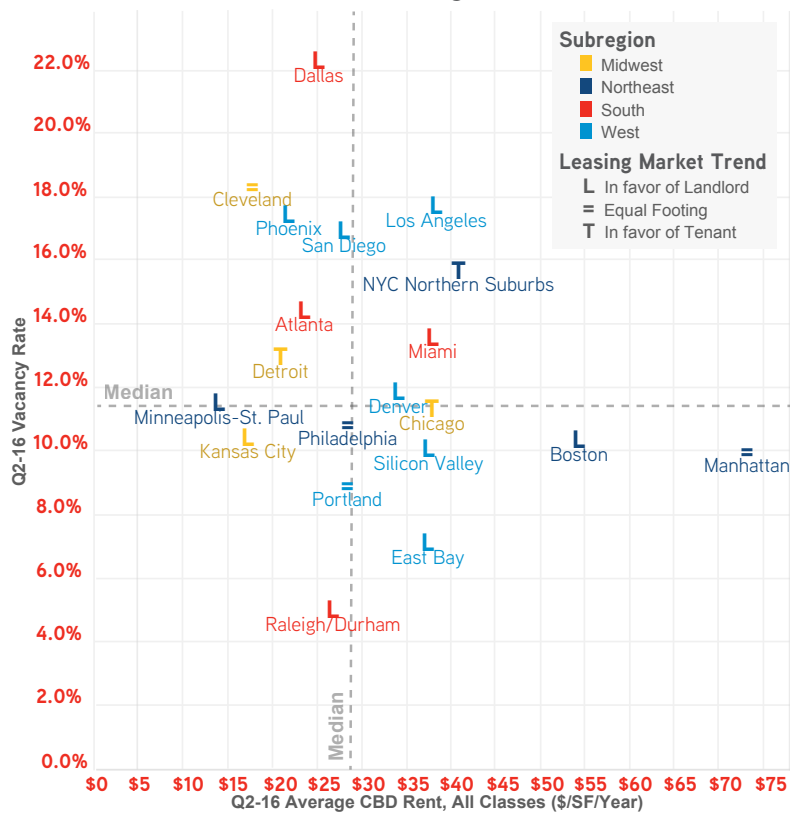
Recent U.S. economic indicators have been uneven, as renewed job growth this summer was offset by a disappointing GDP figure. In sum, the preponderance of economic indicators suggests that economic growth will continue through the end of the year and into 2017, notwithstanding election-year uncertainties. Indeed, our baseline view calls for a pick-up in the second half of the year sufficient to fuel continued improvements in property markets. However, with economic growth shaping up to be the lowest since the recovery started, the Fed is unlikely to raise interest rates in September.

The relatively strong office-market performance this year, particularly in recent months, is consistent with the moderately bullish business surveys, showing that firms have enough confidence to keep leasing space even in the face of some weaker economic trends. Restrained office construction combined with continuing employment growth portend continued vacancy declines, likely to dip below the pre-recession peak.

Both asking rents and absorption will continue their gains in the second half of the year, though at a more restrained pace than the record growth seen in the top markets over the past 18 months. Despite recent growth in investment activity in secondary markets, we will continue to see a clear preference for gateway markets, particularly from cross-border investors who are drawn more to safety than chasing higher yields. This will keep pricing elevated for the remainder of the year and beyond, even if volume dips due to the lack of quality assets on the market.

Supplemental Data

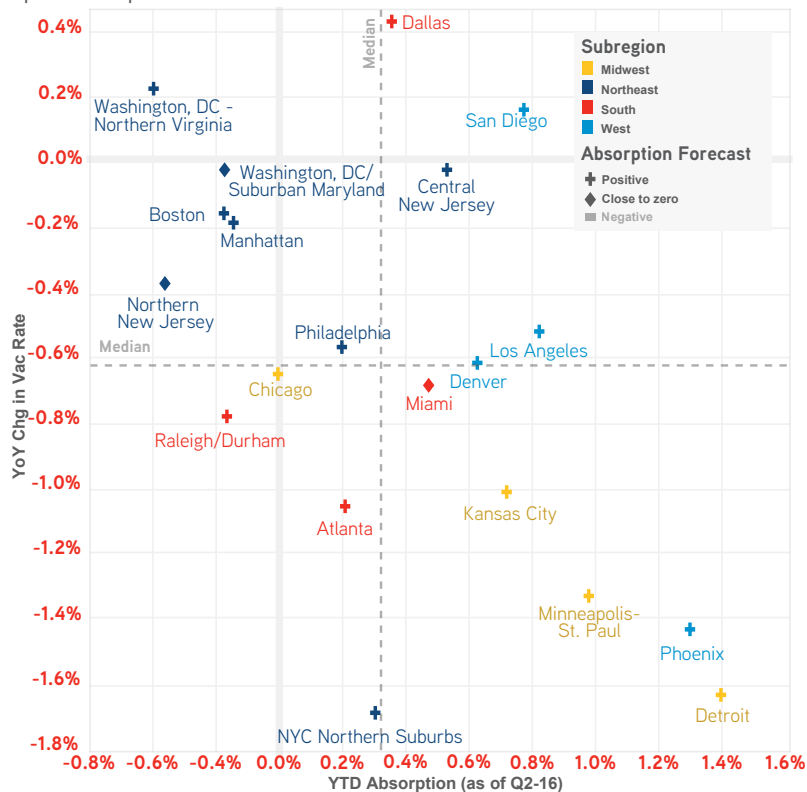
Landlord and Tenant Conditions (Largest 20 Markets)



Source: Colliers Q2 2016 office survey. Tenant-Landlord assessment reflects conditions as of Q2 2016.

Absorption Forecast (Largest 20 Markets)

Expected Absorption Over Next 12 Months



Source: Colliers Q2 2016 office survey. Absorption forecasts reflect a 12-month outlook.

Cross-Border Investment in the U.S. - 1st Half 2016

| COUNTRY | # OF PROPERTIES | TOTAL VOLUME* |
|---------------|-----------------|---------------|
| Germany | 11 | \$2,954 |
| Canada | 58 | \$2,608 |
| China | 10 | \$2,061 |
| Saudia Arabia | 4 | \$1,767 |
| Qatar | 5 | \$1,574 |
| South Korea | 6 | \$1,417 |
| Switzerland | 94 | \$1,164 |
| Israel | 5 | \$1,126 |
| Japan | 6 | \$819 |
| Other | 36 | \$2,613 |

* Volume in Millions

Source: Real Capital Analytics

Top Market Destination for Cross-Border Investment - 1st Half 2016

| MARKET | # OF PROPERTIES | TOTAL VOLUME* |
|----------------|-----------------|---------------|
| Manhattan | 19 | \$7,268 |
| Los Angeles | 11 | \$1,926 |
| Boston | 8 | \$986 |
| Seattle | 9 | \$982 |
| Washington, DC | 8 | \$980 |
| Chicago | 4 | \$925 |
| San Francisco | 5 | \$548 |
| Philadelphia | 3 | \$518 |
| Miami | 5 | \$463 |
| Other | 163 | \$3,511 |

* Volume in Millions

Source: Real Capital Analytics

United States - Downtown - All Classes

| MARKET | INVENTORY (SF) JUN 30, 2016 | NEW SUPPLY Q2 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION Q2 2016 (SF) | YTD ABSORPTION (SF) 2016 |
|----------------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| USA | 1,931,482,787 | 3,610,070 | 40,457,661 | 11.2 % | 11.2 % | 3,170,867 | 3,624,478 |
| NORTHEAST | 875,934,642 | 1,443,120 | 17,659,376 | 10.0 % | 10.0 % | 229,602 | -1,877,823 |
| Baltimore, MD | 45,651,956 | 174,120 | 759,836 | 11.0 % | 10.3 % | 439,631 | 339,010 |
| Boston, MA | 64,392,102 | 360,000 | 1,730,000 | 8.9 % | 10.3 % | -494,615 | -447,909 |
| Hartford, CT | 10,723,579 | 0 | 0 | 12.9 % | 13.2 % | -160,050 | -166,048 |
| New York, NY | 523,132,638 | 0 | 9,917,809 | 10.2 % | 10.1 % | 91,430 | -1,985,845 |
| > Manhattan | 506,126,142 | 0 | 9,917,809 | 9.9 % | 9.9 % | 136,190 | -1,712,749 |
| • Downtown | 104,384,942 | 0 | 2,861,402 | 12.3 % | 12.2 % | 9,506 | 668,078 |
| • Midtown | 236,122,551 | 0 | 2,668,790 | 10.6 % | 10.5 % | 90,655 | -1,337,172 |
| • Midtown South | 165,618,649 | 0 | 4,387,617 | 7.5 % | 7.5 % | 36,029 | -1,043,655 |
| > NYC Northern Suburbs | 17,006,496 | 0 | 0 | 17.4 % | 15.6 % | -44,760 | -273,096 |
| • Stamford CBD | 10,477,342 | 0 | 0 | 19.0 % | 16.8 % | -30,830 | -134,965 |
| • White Plains CBD | 6,529,154 | 0 | 0 | 14.9 % | 13.6 % | -13,930 | -138,131 |
| Philadelphia, PA | 42,514,725 | 625,000 | 1,546,054 | 8.9 % | 10.6 % | -127,576 | -205,001 |
| Pittsburgh, PA | 66,510,967 | 0 | 77,501 | 6.3 % | 6.0 % | 229,607 | 327,896 |
| Washington, District of Columbia | 123,008,675 | 284,000 | 3,628,176 | 11.6 % | 11.4 % | 251,175 | 260,074 |
| SOUTH | 358,865,343 | 238,400 | 7,725,897 | 13.1 % | 12.9 % | 618,831 | 938,045 |
| Atlanta, GA | 50,391,887 | 0 | 899,612 | 14.7 % | 14.3 % | 126,134 | 199,640 |
| Austin, TX | 9,776,310 | 0 | 718,692 | 6.7 % | 8.9 % | -43,147 | -13,136 |
| Birmingham, AL | 5,056,317 | 0 | 0 | 15.9 % | 15.8 % | 7,610 | 30,703 |
| Charleston, SC | 2,422,148 | 0 | 87,500 | 6.7 % | 5.8 % | 23,578 | 14,264 |
| Charlotte, NC | 22,223,105 | 0 | 1,226,373 | 7.4 % | 7.4 % | -13,060 | 168,865 |
| Columbia, SC | 4,854,281 | 216,400 | 0 | 10.2 % | 11.3 % | 108,410 | 74,212 |
| Dallas-Ft. Worth, TX | 42,813,522 | 0 | 623,368 | 19.2 % | 19.6 % | -168,995 | -632,501 |
| > Dallas | 32,208,933 | 0 | 342,879 | 21.9 % | 22.3 % | -108,684 | -508,461 |
| > Ft. Worth | 10,604,589 | 0 | 280,489 | 10.9 % | 11.4 % | -60,311 | -124,040 |
| Greenville, SC | 3,520,551 | 0 | 165,000 | 14.6 % | 14.1 % | 16,326 | 30,746 |
| Houston, TX | 42,847,195 | 0 | 1,171,658 | 15.5 % | 15.4 % | 15,871 | 240,366 |
| Huntsville, AL | 3,845,998 | 0 | 0 | 8.4 % | 8.1 % | 6,989 | 21,603 |
| Jacksonville, FL | 16,093,619 | 0 | 0 | 10.6 % | 10.6 % | 76,966 | 162,235 |
| Memphis, TN | 5,260,988 | 0 | 0 | 14.5 % | 14.0 % | 3,001 | -30,732 |
| Nashville, TN | 12,568,971 | 0 | 1,740,000 | 10.2 % | 9.6 % | 24,111 | 25,412 |
| Norfolk, VA | 4,715,151 | 0 | 0 | 13.4 % | 13.6 % | 13,525 | 8,171 |
| Orlando, FL | 12,264,865 | 0 | 0 | 11.3 % | 9.9 % | 148,465 | 148,166 |
| Raleigh/Durham, NC | 12,287,086 | 0 | 417,000 | 4.8 % | 4.9 % | -36,880 | 50,168 |
| Richmond, VA | 16,785,607 | 0 | 0 | 15.3 % | 11.3 % | 60,105 | -77,206 |
| Savannah, GA | 803,516 | 0 | 0 | 13.0 % | 12.6 % | 3,154 | 44,757 |
| South Florida | 80,401,880 | 22,000 | 676,694 | 12.5 % | 12.3 % | 287,138 | 467,862 |
| > Fort Lauderdale | 27,259,120 | 22,000 | 73,012 | 11.5 % | 10.7 % | 152,208 | 209,871 |
| > Miami | 31,379,791 | 0 | 603,682 | 13.4 % | 13.5 % | 57,933 | 58,686 |
| > Palm Beach | 21,762,969 | 0 | 0 | 12.7 % | 12.4 % | 76,997 | 199,305 |
| Tampa Bay, FL | 9,932,346 | 0 | 0 | 12.1 % | 11.9 % | -40,470 | 4,450 |

United States - Downtown - All Classes (continued)

| MARKET | INVENTORY (SF) JUN 30, 2016 | NEW SUPPLY Q2 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION Q2 2016 (SF) | YTD ABSORPTION (SF) 2016 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 374,138,891 | 1,357,000 | 5,384,121 | 12.7 % | 12.5 % | 1,462,631 | 2,440,637 |
| Chicago, IL | 158,684,029 | 0 | 3,900,207 | 11.5 % | 11.3 % | -246,581 | 86,290 |
| Cincinnati, OH | 17,875,996 | 0 | 338,533 | 13.5 % | 13.0 % | 79,576 | 42,636 |
| Cleveland, OH | 19,699,879 | 0 | 0 | 17.6 % | 18.0 % | 20,088 | -63,302 |
| Columbus, OH | 19,807,117 | 0 | 107,000 | 8.1 % | 8.0 % | 7,956 | 60,417 |
| Dayton, OH | 5,180,211 | 0 | 0 | 27.2 % | 27.7 % | -25,458 | 44,673 |
| Detroit, MI | 31,066,914 | 0 | 19,000 | 13.4 % | 12.8 % | 302,761 | 306,905 |
| Indianapolis, IN | 11,683,835 | 0 | 25,361 | 18.5 % | 18.5 % | 38,530 | 41,427 |
| Kansas City, MO | 33,251,383 | 0 | 166,650 | 11.0 % | 10.4 % | -18,962 | 10,943 |
| Milwaukee, WI | 11,779,467 | 0 | 110,000 | 16.6 % | 17.6 % | -118,026 | 214,575 |
| Minneapolis-St. Paul | 47,178,819 | 1,357,000 | 477,000 | 11.3 % | 11.2 % | 1,333,881 | 1,543,566 |
| > Minneapolis CBD | 36,083,366 | 1,357,000 | 477,000 | 11.8 % | 11.7 % | 1,285,847 | 1,393,397 |
| > St. Paul CBD | 11,095,453 | 0 | 0 | 9.8 % | 9.4 % | 48,034 | 150,169 |
| Omaha, NE | 6,411,598 | 0 | 0 | 6.2 % | 6.4 % | 9,912 | 43,052 |
| St. Louis, MO | 11,519,643 | 0 | 240,370 | 22.2 % | 21.5 % | 78,954 | 109,455 |
| WEST | 322,543,911 | 571,550 | 9,688,267 | 10.9 % | 10.8 % | 859,803 | 2,123,619 |
| Downtown Bakersfield, CA | 3,336,336 | 0 | 0 | 6.6 % | 7.2 % | -52,577 | -33,683 |
| Denver, CO | 34,976,395 | 66,000 | 1,810,365 | 11.0 % | 11.6 % | -172,233 | -195,001 |
| Fresno, CA | 3,483,441 | 0 | 0 | 14.9 % | 15.1 % | -6,931 | -55,055 |
| Downtown Los Angeles, CA | 32,235,290 | 0 | 1,222,700 | 17.5 % | 17.7 % | 108,500 | 244,100 |
| Honolulu, HI | 7,153,292 | 0 | 0 | 14.1 % | 15.1 % | -16,591 | -38,903 |
| Las Vegas, NV | 4,992,062 | 129,000 | 26,600 | 13.6 % | 12.1 % | 208,295 | 171,670 |
| Phoenix, AZ | 21,135,003 | 0 | 0 | 18.0 % | 17.8 % | 36,281 | 91,584 |
| Portland, OR | 25,291,708 | 376,550 | 215,938 | 9.5 % | 10.0 % | 213,976 | 161,391 |
| Downtown Reno, NV | 3,989,514 | 0 | 0 | 12.0 % | 10.6 % | 53,170 | 80,693 |
| Sacramento, CA | 12,188,184 | 0 | 0 | 14.3 % | 14.0 % | 31,010 | 55,662 |
| San Diego, CA | 10,301,111 | 0 | 0 | 17.9 % | 17.1 % | 77,466 | 151,042 |
| San Francisco Bay Area, CA | 128,481,213 | 0 | 4,120,077 | 7.1 % | 6.9 % | 333,501 | 1,166,742 |
| > East Bay | 29,544,309 | 0 | 0 | 7.3 % | 7.1 % | -3,395 | 7,557 |
| > San Francisco | 90,551,127 | 0 | 4,120,077 | 6.7 % | 6.5 % | 268,244 | 1,044,716 |
| > Downtown San Jose | 8,385,777 | 0 | 0 | 11.3 % | 10.0 % | 68,652 | 114,469 |
| Seattle, WA | 26,730,080 | 0 | 1,986,587 | 10.2 % | 10.0 % | 16,752 | 318,234 |
| Stockton, CA | 8,250,282 | 0 | 306,000 | 11.5 % | 11.1 % | 29,184 | 5,143 |

| United States - Downtown - Class A | | | | | | | |
|------------------------------------|--------------------------------|------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) JUN 30, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION (SF) Q2 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| USA | 1,082,858,457 | \$46.47 | 11.6 % | 11.5 % | 3,588,292 | 0.96 % | 6.98 % |
| NORTHEAST | 553,527,166 | \$63.76 | 11.0 % | 11.0 % | 746,085 | 0.06 % | 8.63 % |
| Baltimore, MD | 16,002,390 | \$24.24 | 13.0 % | 11.2 % | 441,083 | -2.58 % | 11.95 % |
| Boston, MA | 45,121,306 | \$58.05 | 9.5 % | 11.0 % | -366,622 | 0.63 % | 9.14 % |
| Hartford, CT | 7,415,680 | \$22.50 | 14.1 % | 15.3 % | -111,679 | 1.63 % | 2.97 % |
| New York, NY | 336,265,994 | \$74.06 | 11.4 % | 11.2 % | 292,773 | 1.11 % | 8.27 % |
| > Manhattan | 323,242,521 | \$77.61 | 11.1 % | 11.0 % | 357,052 | 1.17 % | 8.51 % |
| • Downtown | 79,469,698 | \$60.70 | 13.9 % | 13.8 % | 94,840 | 0.71 % | 4.10 % |
| • Midtown | 203,429,082 | \$86.27 | 10.9 % | 10.8 % | 303,369 | 1.77 % | 7.64 % |
| • Midtown South | 40,343,741 | \$78.97 | 6.3 % | 6.4 % | -41,157 | -1.60 % | 1.30 % |
| > NYC Northern Suburbs | 13,023,473 | \$43.36 | 18.8 % | 16.3 % | -64,279 | -1.89 % | -0.67 % |
| • Stamford CBD | 9,069,460 | \$46.14 | 19.4 % | 16.5 % | -52,566 | -1.39 % | 0.28 % |
| • White Plains CBD | 3,954,013 | \$34.54 | 17.5 % | 15.6 % | -11,713 | -1.65 % | 0.94 % |
| Philadelphia, PA | 30,305,585 | \$29.73 | 7.9 % | 10.3 % | -139,690 | 0.43 % | 2.65 % |
| Pittsburgh, PA | 27,582,208 | \$26.90 | 5.6 % | 5.4 % | 43,447 | -0.40 % | 3.39 % |
| Washington, District of Columbia | 90,834,003 | \$57.55 | 12.1 % | 11.7 % | 586,773 | 0.22 % | 1.84 % |
| SOUTH | 193,414,797 | \$31.12 | 13.6 % | 13.6 % | 240,529 | 1.26 % | 6.49 % |
| Atlanta, GA | 30,892,583 | \$26.18 | 15.7 % | 15.3 % | 88,100 | 1.23 % | 9.03 % |
| Austin, TX | 6,983,856 | \$45.52 | 6.9 % | 9.4 % | -5,665 | 1.97 % | 9.61 % |
| Birmingham, AL | 3,939,806 | \$20.20 | 10.2 % | 10.0 % | 7,610 | 0.00 % | -0.71 % |
| Charleston, SC | 950,039 | \$36.22 | 5.9 % | 5.6 % | 3,085 | 1.99 % | 9.72 % |
| Charlotte, NC | 15,781,352 | \$29.49 | 7.4 % | 7.8 % | -64,769 | 0.61 % | 6.00 % |
| Columbia, SC | 2,324,922 | \$23.48 | 11.6 % | 13.7 % | 116,844 | 11.52 % | 10.51 % |
| Dallas-Ft. Worth, TX | 28,878,361 | \$26.86 | 21.6 % | 22.2 % | -161,894 | 2.18 % | 10.79 % |
| > Dallas CBD | 22,964,115 | \$26.56 | 23.7 % | 24.1 % | -113,645 | 2.47 % | 12.26 % |
| > Ft. Worth CBD | 5,914,246 | \$29.20 | 13.7 % | 14.5 % | -48,249 | -0.10 % | 1.49 % |
| Greenville, SC | 2,310,167 | \$26.28 | 15.9 % | 15.3 % | 12,831 | 0.38 % | 12.32 % |
| Houston, TX | 31,450,301 | \$45.60 | 11.9 % | 11.9 % | -5,848 | 0.00 % | 0.77 % |
| Huntsville, AL | 890,477 | \$24.26 | 7.0 % | 6.9 % | -1,494 | 23.90 % | 2.21 % |
| Jacksonville, FL | 7,524,530 | \$21.28 | 10.2 % | 10.1 % | 64,412 | 3.21 % | 3.04 % |
| Memphis, TN | 1,971,211 | \$18.32 | 20.8 % | 20.4 % | 2,241 | 1.61 % | 4.15 % |
| Nashville, TN | 4,642,054 | \$27.84 | 9.2 % | 9.9 % | 30,624 | 1.38 % | 5.37 % |
| Norfolk, VA | 2,559,222 | \$21.15 | 10.4 % | 11.9 % | 10,943 | -7.07 % | -4.47 % |
| Orlando, FL | 5,682,970 | \$26.17 | 13.0 % | 10.6 % | 138,618 | -0.65 % | 2.23 % |
| Raleigh/Durham, NC | 6,812,575 | \$28.00 | 6.2 % | 6.7 % | -32,269 | 3.09 % | 2.99 % |
| Richmond, VA | 7,217,660 | \$23.52 | 14.1 % | 11.9 % | 12,986 | -3.37 % | -3.45 % |
| Savannah, GA | 645,713 | \$21.70 | 8.7 % | 9.3 % | -3,877 | 1.17 % | 0.00 % |
| South Florida | 25,335,369 | \$39.48 | 14.7 % | 14.6 % | 63,985 | 0.10 % | 4.61 % |
| > Fort Lauderdale | 6,280,153 | \$32.71 | 14.6 % | 13.2 % | 83,639 | 0.45 % | 0.14 % |
| > Miami | 12,868,075 | \$44.33 | 15.5 % | 15.8 % | 1,554 | 1.74 % | 6.30 % |
| > Palm Beach | 6,187,141 | \$34.50 | 13.1 % | 13.7 % | -21,208 | -2.85 % | 1.56 % |
| Tampa Bay, FL | 6,621,629 | \$26.79 | 11.4 % | 11.8 % | -35,934 | 2.34 % | 6.50 % |

United States - Downtown - Class A (continued)

| MARKET | INVENTORY (SF) JUN 30, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION (SF) Q2 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 146,834,037 | \$28.25 | 12.6 % | 12.6 % | 1,482,621 | 10.15 % | 4.71 % |
| Chicago, IL | 61,001,901 | \$42.17 | 10.8 % | 11.2 % | -278,381 | 1.64 % | 3.72 % |
| Cincinnati, OH | 7,798,710 | \$23.53 | 14.3 % | 13.4 % | 56,666 | -0.09 % | 4.18 % |
| Cleveland, OH | 9,831,957 | \$21.14 | 16.5 % | 17.0 % | 39,700 | 0.04 % | 2.34 % |
| Columbus, OH | 9,056,062 | \$20.37 | 10.4 % | 10.2 % | 11,517 | -1.64 % | -1.69 % |
| Dayton, OH | 2,369,290 | \$16.26 | 26.1 % | 26.4 % | -5,679 | -2.29 % | -9.29 % |
| Detroit, MI | 6,558,649 | \$20.82 | 11.7 % | 12.8 % | 309,099 | 2.97 % | -9.36 % |
| Indianapolis, IN | 6,080,832 | \$22.22 | 19.5 % | 19.7 % | -13,205 | 3.11 % | 5.01 % |
| Kansas City, MO | 10,292,957 | \$19.33 | 14.7 % | 12.8 % | 15,659 | 1.55 % | 1.69 % |
| Milwaukee, WI | 5,813,839 | \$20.06 | 14.7 % | 16.1 % | -86,106 | 0.78 % | 2.49 % |
| Minneapolis-St. Paul | 19,286,896 | \$16.94 | 11.9 % | 11.1 % | 1,366,682 | -1.43 % | 1.79 % |
| > Minneapolis CBD | 16,512,936 | \$17.63 | 12.3 % | 11.5 % | 1,336,758 | 0.00 % | 3.58 % |
| > St. Paul CBD | 2,773,960 | \$13.65 | 9.3 % | 8.2 % | 29,924 | -1.02 % | -6.25 % |
| Omaha, NE | 3,611,834 | \$21.18 | 5.1 % | 5.5 % | 6,548 | 4.13 % | 6.59 % |
| St. Louis, MO | 5,131,110 | \$18.75 | 17.1 % | 16.0 % | 60,121 | 0.16 % | 0.21 % |
| WEST | 189,082,457 | \$45.92 | 10.6 % | 10.3 % | 1,119,057 | 7.05 % | 14.87 % |
| Downtown Bakersfield, CA | 788,282 | \$21.00 | 1.9 % | 7.1 % | -10,934 | 0.00 % | 0.00 % |
| Denver, CO | 22,269,994 | \$35.62 | 12.8 % | 13.5 % | -163,704 | -0.92 % | 0.14 % |
| Fresno, CA | 1,089,103 | \$24.00 | 7.9 % | 8.6 % | -8,516 | 0.00 % | 0.00 % |
| Downtown Los Angeles, CA | 18,098,000 | \$41.07 | 16.7 % | 15.6 % | 209,900 | 0.03 % | -0.10 % |
| Honolulu, HI | 4,966,720 | \$35.40 | 14.2 % | 15.4 % | -8,642 | -0.31 % | -1.31 % |
| Las Vegas, NV | 1,232,341 | \$31.92 | 20.3 % | 15.9 % | 156,426 | 3.91 % | 1.92 % |
| Phoenix, AZ | 9,467,087 | \$24.79 | 19.9 % | 19.9 % | -2,148 | -0.76 % | 2.78 % |
| Portland, OR | 11,966,284 | \$31.28 | 9.1 % | 10.5 % | 172,421 | -0.10 % | 7.01 % |
| Reno/Sparks, NV | 774,709 | \$24.43 | 11.4 % | 12.2 % | -5,948 | -0.53 % | 1.37 % |
| Sacramento, CA | 5,369,452 | \$34.41 | 12.8 % | 12.7 % | 4,258 | 1.27 % | 6.66 % |
| San Diego, CA | 7,577,266 | \$33.84 | 13.7 % | 12.8 % | 66,032 | 0.71 % | 8.46 % |
| San Francisco Bay Area, CA | 81,670,602 | \$70.54 | 7.2 % | 6.3 % | 672,183 | 18.26 % | 17.82 % |
| > East Bay | 18,749,016 | \$42.39 | 7.0 % | 5.7 % | 169,691 | -2.22 % | 9.04 % |
| > San Francisco | 59,122,564 | \$80.42 | 7.0 % | 6.2 % | 423,977 | 9.55 % | 18.86 % |
| > Downtown San Jose | 3,799,022 | \$41.57 | 11.4 % | 9.9 % | 78,515 | 0.13 % | 6.26 % |
| Seattle, WA | 20,981,652 | \$42.78 | 9.7 % | 9.7 % | 21,722 | 0.99 % | 7.41 % |
| Stockton, CA | 2,830,965 | \$17.70 | 16.0 % | 15.4 % | 16,007 | 1.96 % | -0.33 % |

United States - Suburban - All Classes

| MARKET | INVENTORY (SF) JUN 30, 2016 | NEW SUPPLY Q2 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION Q2 2016 (SF) | YTD ABSORPTION (SF) 2016 |
|---------------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| USA | 4,130,235,345 | 10,422,479 | 60,885,444 | 13.2 % | 13.1 % | 12,013,368 | 21,068,144 |
| NORTHEAST | 1,073,240,934 | 2,119,915 | 9,318,808 | 14.4 % | 14.4 % | 1,666,578 | 1,019,166 |
| Baltimore Metropolitan Area, MD | 76,219,542 | 384,500 | 1,102,032 | 11.1 % | 10.9 % | 510,007 | 618,056 |
| Boston, MA | 114,074,446 | 0 | 1,998,595 | 16.4 % | 16.5 % | -31,590 | -173,073 |
| Hartford, CT | 32,016,302 | 0 | 0 | 11.3 % | 10.7 % | 100,269 | 103,684 |
| New Hampshire Markets | 17,685,703 | 0 | 70,000 | 12.9 % | 12.5 % | 44,752 | 177,726 |
| New York City Metro | 356,889,496 | 882,360 | 1,920,258 | 14.4 % | 14.4 % | 550,909 | 487,208 |
| > Central New Jersey | 85,662,715 | 870,000 | 783,259 | 13.5 % | 13.9 % | 359,504 | 440,955 |
| > Long Island, NY | 82,656,909 | 12,360 | 660,999 | 9.2 % | 9.2 % | 57,675 | 208,063 |
| > Northern New Jersey | 120,824,224 | 0 | 430,000 | 18.1 % | 17.8 % | -91,859 | -664,511 |
| > NYC Northern Suburbs | 67,745,648 | 0 | 46,000 | 15.4 % | 15.2 % | 225,589 | 502,701 |
| Philadelphia, PA | 103,391,967 | 281,680 | 398,437 | 12.5 % | 12.3 % | 359,688 | 501,534 |
| Pittsburgh, PA | 85,066,775 | 11,962 | 1,780 | 7.4 % | 7.0 % | 413,290 | 534,535 |
| Washington, D.C. | 287,896,703 | 559,413 | 3,827,706 | 17.8 % | 18.0 % | -280,747 | -1,230,504 |
| SOUTH | 1,274,233,779 | 4,166,020 | 23,717,898 | 12.7 % | 12.7 % | 2,283,692 | 7,282,621 |
| Atlanta, GA | 170,355,723 | 0 | 3,272,467 | 13.7 % | 13.5 % | 327,124 | 255,378 |
| Austin, TX | 38,751,435 | 212,145 | 752,445 | 12.4 % | 13.0 % | 18,542 | 278,578 |
| Birmingham, AL | 14,028,486 | 0 | 0 | 12.0 % | 13.2 % | -127,199 | 22,066 |
| Charleston, SC | 9,890,718 | 125,000 | 71,000 | 8.0 % | 9.5 % | -29,031 | -11,744 |
| Charlotte, NC | 64,506,516 | 197,009 | 1,953,956 | 9.8 % | 9.2 % | 524,831 | 1,042,895 |
| Columbia, SC | 4,936,843 | 0 | 0 | 20.3 % | 21.7 % | -30,888 | 6,379 |
| Dallas-Ft. Worth, TX | 274,349,200 | 788,703 | 10,321,190 | 14.7 % | 14.7 % | 699,351 | 1,602,361 |
| > Dallas | 251,137,201 | 683,397 | 9,908,509 | 14.8 % | 14.8 % | 555,694 | 1,494,786 |
| > Ft. Worth | 23,211,999 | 105,306 | 412,681 | 14.3 % | 14.1 % | 143,657 | 107,575 |
| Greenville, SC | 6,391,991 | 70,000 | 0 | 18.8 % | 17.9 % | 113,377 | 224,035 |
| Houston, TX | 187,153,712 | 2,322,388 | 2,650,472 | 15.1 % | 16.4 % | -410,769 | 761,420 |
| Huntsville, AL | 18,774,318 | 0 | 0 | 12.6 % | 12.5 % | -21,304 | 116,136 |
| Jacksonville, FL | 46,478,139 | 87,616 | 111,301 | 9.8 % | 9.0 % | 479,847 | 589,733 |
| Memphis, TN | 28,078,728 | 0 | 51,886 | 13.4 % | 12.6 % | -44,563 | -79,232 |
| Nashville, TN | 35,274,568 | 75,000 | 1,189,356 | 3.7 % | 3.3 % | 61,035 | 202,833 |
| Norfolk, VA | 34,661,600 | 26,900 | 247,200 | 11.6 % | 11.3 % | 86,933 | 81,601 |
| Orlando, FL | 54,963,837 | 17,750 | 446,800 | 11.8 % | 10.7 % | 500,972 | 847,033 |
| Raleigh/Durham, NC | 73,490,761 | 48,271 | 1,085,867 | 8.4 % | 9.3 % | -681,385 | -281,994 |
| Richmond, VA | 36,808,851 | 44,378 | 214,000 | 9.5 % | 8.7 % | -77,236 | -6,714 |
| Savannah, GA | 1,394,498 | 0 | 0 | 16.0 % | 13.3 % | 15,663 | -906 |
| South Florida | 118,123,886 | 150,860 | 1,349,958 | 11.9 % | 11.2 % | 498,658 | 994,277 |
| > Fort Lauderdale | 31,973,217 | 0 | 589,990 | 13.0 % | 12.0 % | 174,316 | 465,073 |
| > Miami | 59,632,298 | 88,555 | 692,426 | 9.8 % | 9.4 % | 195,073 | 361,300 |
| > Palm Beach | 26,518,371 | 62,305 | 67,542 | 15.0 % | 14.5 % | 129,269 | 167,904 |
| Tampa Bay, FL | 55,819,969 | 0 | 0 | 14.4 % | 13.1 % | 379,734 | 638,486 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) JUN 30, 2016 | NEW SUPPLY Q2 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION Q2 2016 (SF) | YTD ABSORPTION (SF) 2016 |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|
| MIDWEST | 730,381,037 | 1,650,954 | 4,913,635 | 13.7 % | 13.0 % | 4,581,471 | 4,688,781 |
| Chicago, IL | 157,329,913 | 0 | 0 | 16.6 % | 16.3 % | 529,754 | -234,389 |
| Cincinnati, OH | 45,420,964 | 365,000 | 600,000 | 16.0 % | 15.7 % | 409,602 | 622,118 |
| Cleveland, OH | 53,784,306 | 31,972 | 843,000 | 12.1 % | 11.9 % | 6,679 | 166,750 |
| Columbus, OH | 44,830,646 | 600,379 | 699,455 | 8.8 % | 8.5 % | 111,109 | 193,827 |
| Dayton, OH | 9,252,833 | 0 | 0 | 20.8 % | 20.7 % | 28,243 | 8,149 |
| Detroit, MI | 178,220,765 | 85,329 | 783,544 | 14.5 % | 12.6 % | 2,083,816 | 2,572,065 |
| Indianapolis, IN | 25,534,294 | 0 | 342,000 | 14.3 % | 13.6 % | 204,044 | 278,983 |
| Kansas City, MO | 59,766,861 | 311,000 | 1,114,963 | 10.5 % | 10.0 % | 557,633 | 622,777 |
| Milwaukee, WI | 16,345,192 | 148,924 | 0 | 18.6 % | 18.1 % | 229,076 | 286,187 |
| Minneapolis-St. Paul | 81,606,464 | 108,350 | 308,500 | 11.1 % | 11.2 % | 100,902 | -182,364 |
| Omaha, NE | 21,488,055 | 0 | 0 | 10.0 % | 9.6 % | 90,047 | 33,689 |
| St. Louis, MO | 36,800,744 | 0 | 222,173 | 11.4 % | 11.2 % | 230,566 | 320,989 |
| WEST | 1,052,379,595 | 2,485,590 | 22,935,103 | 12.4 % | 12.1 % | 3,481,627 | 8,077,576 |
| Bakersfield, CA | 6,334,937 | 40,200 | 38,000 | 7.9 % | 8.0 % | 9,100 | -10,446 |
| Denver, CO | 106,422,561 | 190,400 | 1,571,977 | 10.4 % | 10.7 % | 462,691 | 977,970 |
| Fresno, CA | 18,588,933 | 9,000 | 65,000 | 11.4 % | 10.8 % | 141,747 | 254,060 |
| Greater Los Angeles, CA | 271,105,915 | 124,466 | 2,956,967 | 14.8 % | 14.6 % | 578,700 | 1,261,800 |
| > Inland Empire | 20,457,792 | 0 | 0 | 16.0 % | 16.0 % | -54,300 | -46,100 |
| > Los Angeles | 167,883,799 | 124,466 | 1,783,567 | 15.4 % | 15.3 % | 398,900 | 975,800 |
| > Orange County | 82,764,324 | 0 | 1,173,400 | 13.2 % | 13.0 % | 234,100 | 332,100 |
| Honolulu, HI | 7,414,485 | 0 | 0 | 10.1 % | 11.4 % | -47,107 | 17,017 |
| Las Vegas, NV | 38,907,352 | 35,663 | 176,003 | 17.6 % | 18.1 % | 6,486 | 423,715 |
| Phoenix, AZ | 119,398,679 | 1,105,159 | 1,650,767 | 17.1 % | 16.4 % | 1,387,303 | 1,751,565 |
| Portland, OR | 56,149,550 | 364,520 | 1,030,330 | 8.1 % | 8.1 % | 325,398 | 621,020 |
| Reno/Sparks, NV | 7,223,616 | 0 | 0 | 11.7 % | 11.4 % | 16,858 | -22,113 |
| Sacramento, CA | 55,114,469 | 0 | 329,231 | 16.6 % | 16.4 % | 107,136 | -178,288 |
| San Diego, CA | 74,131,336 | 64,833 | 247,597 | 11.6 % | 11.9 % | 115,818 | 508,697 |
| San Francisco Bay Area, CA | 167,956,379 | 551,349 | 9,212,022 | 8.3 % | 8.7 % | 161,798 | 1,736,365 |
| > East Bay | 48,636,246 | 0 | 0 | 11.9 % | 11.3 % | 304,738 | 804,476 |
| > Fairfield | 5,054,996 | 0 | 0 | 17.4 % | 17.3 % | 6,203 | 65,739 |
| > San Francisco Peninsula | 41,028,783 | 0 | 1,008,906 | 7.1 % | 6.8 % | 51,091 | 579,976 |
| > Silicon Valley | 73,236,354 | 551,349 | 8,203,116 | 5.9 % | 7.4 % | -200,234 | 286,174 |
| Seattle/Puget Sound, WA | 123,631,383 | 0 | 5,657,209 | 8.6 % | 7.3 % | 215,699 | 736,214 |
| > Bellevue | 38,071,591 | 0 | 1,178,745 | 7.7 % | 7.7 % | 56,687 | 529,272 |
| > Everett | 27,821,008 | 0 | 0 | 10.0 % | 3.7 % | 59,002 | 64,326 |
| > Seattle | 36,142,268 | 0 | 3,728,464 | 7.3 % | 6.6 % | 169,356 | 65,773 |
| > Tacoma | 21,596,516 | 0 | 750,000 | 11.7 % | 12.4 % | -69,346 | 76,843 |

United States - Suburban - Class A

| MARKET | INVENTORY (SF) JUN 30, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION (SF) Q2 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|---------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,602,928,574 | \$29.14 | 13.0 % | 13.3 % | 4,538,640 | 0.65 % | 4.99 % |
| NORTHEAST | 510,462,028 | \$29.31 | 14.6 % | 14.9 % | 704,537 | 0.44 % | 2.94 % |
| Baltimore Metropolitan Area, MD | 30,157,410 | \$25.74 | 9.7 % | 9.7 % | 216,780 | 1.95 % | 5.02 % |
| Boston, MA | 50,735,614 | \$27.21 | 15.6 % | 15.6 % | 22,090 | 0.53 % | 4.78 % |
| Hartford, CT | 5,725,827 | \$22.43 | 25.3 % | 24.1 % | -27,877 | -2.00 % | 3.23 % |
| New Hampshire Markets | 9,362,948 | \$19.28 | 12.7 % | 13.2 % | -52,548 | 2.45 % | 14.68 % |
| New York City Metro | 206,846,849 | \$29.69 | 13.8 % | 14.0 % | 668,903 | -0.13 % | 2.32 % |
| > Central New Jersey | 59,295,964 | \$26.93 | 12.1 % | 12.8 % | 375,890 | 1.43 % | 4.20 % |
| > Long Island, NY | 24,939,028 | \$30.62 | 9.6 % | 8.7 % | 225,138 | 0.01 % | -0.64 % |
| > Northern New Jersey | 87,717,933 | \$29.75 | 16.1 % | 16.2 % | -57,027 | -0.08 % | 4.60 % |
| > NYC Northern Suburban | 34,893,924 | \$33.89 | 13.6 % | 14.4 % | 124,902 | -0.76 % | -0.95 % |
| Philadelphia, PA | 52,721,117 | \$26.82 | 9.3 % | 9.1 % | 367,880 | 0.86 % | 2.29 % |
| Pittsburgh, PA | 13,213,989 | \$22.56 | 13.5 % | 13.7 % | -21,331 | 0.47 % | 1.70 % |
| Washington, D.C. | 141,698,274 | \$33.01 | 18.3 % | 18.9 % | -469,360 | 1.04 % | 2.29 % |
| SOUTH | 507,722,314 | \$28.63 | 12.4 % | 12.9 % | 819,304 | 0.07 % | 5.85 % |
| Atlanta, GA | 82,402,995 | \$26.98 | 11.8 % | 11.8 % | 69,948 | 0.77 % | 7.59 % |
| Austin, TX | 19,969,946 | \$33.04 | 12.5 % | 13.4 % | 33,875 | -0.20 % | 1.13 % |
| Birmingham, AL | 8,502,097 | \$21.36 | 9.3 % | 11.3 % | -130,292 | -2.21 % | 0.94 % |
| Charleston, SC | 3,407,799 | \$26.30 | 7.1 % | 10.6 % | -3,719 | 4.47 % | 4.29 % |
| Charlotte, NC | 22,910,051 | \$25.33 | 10.7 % | 10.3 % | 235,693 | -0.17 % | 4.36 % |
| Columbia, SC | 1,001,972 | \$18.35 | 12.9 % | 10.2 % | 27,250 | 0.44 % | 6.83 % |
| Dallas-Ft. Worth, TX | 111,131,905 | \$28.95 | 14.9 % | 15.1 % | 380,153 | 0.40 % | 7.12 % |
| > Dallas | 106,865,567 | \$29.07 | 15.0 % | 15.2 % | 300,066 | 0.45 % | 7.30 % |
| > Forth Worth, TX | 4,266,338 | \$25.79 | 13.6 % | 13.6 % | 80,087 | -0.47 % | 6.46 % |
| Greenville, SC | 3,106,961 | \$21.08 | 10.7 % | 10.3 % | 73,856 | -0.69 % | 11.25 % |
| Houston, TX | 94,460,944 | \$33.10 | 16.0 % | 18.3 % | -302,143 | -1.33 % | -2.09 % |
| Huntsville, AL | 4,033,114 | \$19.76 | 5.6 % | 5.1 % | 13,599 | 2.06 % | 6.03 % |
| Jacksonville, FL | 9,498,227 | \$21.87 | 7.8 % | 7.9 % | 149,259 | 0.23 % | 3.34 % |
| Memphis, TN | 8,542,134 | \$20.10 | 6.9 % | 6.4 % | 4,298 | -0.25 % | -2.86 % |
| Nashville, TN | 15,076,566 | \$25.74 | 3.0 % | 2.1 % | 30,973 | 1.63 % | 5.59 % |
| Norfolk, VA | 10,988,162 | \$19.69 | 9.5 % | 9.3 % | 1,401 | -1.75 % | -3.57 % |
| Orlando, FL | 19,221,717 | \$22.49 | 11.5 % | 10.3 % | 202,737 | 1.26 % | 1.25 % |
| Raleigh/Durham, NC | 28,413,139 | \$24.31 | 8.1 % | 8.7 % | -62,710 | -1.32 % | 5.46 % |
| Richmond, VA | 14,107,959 | \$19.29 | 8.4 % | 8.8 % | -48,750 | 1.79 % | 2.58 % |
| Savannah, GA | 462,344 | \$22.61 | 8.5 % | 9.5 % | -5,640 | 4.24 % | 2.26 % |
| South Florida | 32,655,842 | \$33.15 | 13.5 % | 13.8 % | -44,543 | 0.24 % | 4.45 % |
| > Fort Lauderdale | 10,290,879 | \$29.42 | 14.1 % | 14.3 % | -51,369 | -0.52 % | 4.69 % |
| > Miami | 14,663,901 | \$36.14 | 11.8 % | 12.1 % | 18,878 | -0.57 % | 7.37 % |
| > Palm Beach | 7,701,062 | \$33.31 | 16.0 % | 16.6 % | -12,052 | 0.81 % | 0.27 % |
| Tampa Bay, FL | 17,828,440 | \$25.29 | 11.6 % | 10.5 % | 194,059 | 1.98 % | 4.48 % |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) JUN 30, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE MAR 31, 2016 | VACANCY RATE JUN 30, 2016 | ABSORPTION (SF) Q2 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 254,348,878 | \$23.66 | 13.3 % | 12.9 % | 1,903,939 | -0.21 % | 3.31 % |
| Chicago, IL | 80,434,504 | \$27.89 | 17.2 % | 16.7 % | 420,481 | 0.32 % | 2.68 % |
| Cincinnati, OH | 17,629,197 | \$21.65 | 15.2 % | 15.4 % | 280,829 | -1.96 % | 2.30 % |
| Cleveland, OH | 9,661,944 | \$20.10 | 9.3 % | 9.8 % | -105,291 | 1.99 % | -0.76 % |
| Columbus, OH | 19,130,502 | \$20.47 | 7.0 % | 7.1 % | -55,100 | -1.41 % | 2.74 % |
| Dayton, OH | 2,220,911 | \$20.64 | 27.3 % | 25.0 % | 47,436 | -0.83 % | -2.32 % |
| Detroit, MI | 37,458,652 | \$21.79 | 13.0 % | 10.9 % | 623,898 | 1.21 % | 4.26 % |
| Indianapolis, IN | 11,819,398 | \$20.84 | 13.6 % | 12.9 % | 116,820 | 1.68 % | 6.16 % |
| Kansas City, MO | 17,950,785 | \$21.63 | 9.4 % | 9.3 % | 312,369 | 5.12 % | 3.79 % |
| Milwaukee, WI | 6,852,433 | \$16.82 | 14.0 % | 13.5 % | 160,218 | 0.74 % | 1.82 % |
| Minneapolis-St. Paul | 28,855,523 | \$15.84 | 12.3 % | 13.4 % | -62,311 | 2.69 % | 5.83 % |
| Omaha, NE | 5,556,649 | \$27.53 | 3.7 % | 3.6 % | 9,320 | 0.45 % | -0.49 % |
| St. Louis, MO | 16,778,380 | \$23.71 | 9.7 % | 9.3 % | 155,270 | -1.76 % | 2.69 % |
| WEST | 330,395,354 | \$35.53 | 11.2 % | 11.7 % | 1,110,860 | 3.61 % | 8.89 % |
| Bakersfield, CA | 2,924,775 | \$22.77 | 10.3 % | 11.2 % | -62,352 | -0.43 % | 0.58 % |
| Denver, CO | 39,241,949 | \$26.92 | 7.2 % | 8.8 % | 32,313 | -0.16 % | 3.57 % |
| Fresno, CA | 1,578,895 | \$27.13 | 12.8 % | 13.1 % | -5,531 | 1.79 % | 0.60 % |
| Greater Los Angeles, CA | 61,619,182 | \$35.27 | 14.4 % | 14.4 % | -3,400 | 3.08 % | 11.12 % |
| > Los Angeles | 27,445,600 | \$36.18 | 14.8 % | 14.8 % | -2,700 | 2.03 % | 7.50 % |
| > Orange County | 34,173,582 | \$34.09 | 14.0 % | 14.0 % | -700 | 2.90 % | 12.71 % |
| Las Vegas, NV | 5,246,313 | \$31.79 | 22.9 % | 22.9 % | 54,288 | 0.96 % | 0.91 % |
| Phoenix, AZ | 36,256,116 | \$28.25 | 16.4 % | 15.7 % | 793,487 | 2.73 % | 7.56 % |
| Portland, OR | 14,343,944 | \$26.13 | 10.5 % | 10.0 % | 301,006 | 1.69 % | 5.06 % |
| Reno/Sparks, NV | 847,224 | \$20.89 | 13.0 % | 10.7 % | 19,325 | -0.14 % | -0.33 % |
| Sacramento, CA | 14,199,800 | \$23.12 | 15.3 % | 15.1 % | 15,004 | -0.02 % | 2.37 % |
| San Diego, CA | 25,057,781 | \$39.46 | 13.4 % | 13.5 % | -44,611 | 0.64 % | 7.35 % |
| San Francisco Bay Area, CA | 86,586,672 | \$45.90 | 8.4 % | 9.4 % | 41,177 | 6.17 % | 8.53 % |
| > East Bay | 19,929,276 | \$34.24 | 11.8 % | 11.3 % | 85,433 | 2.76 % | 4.10 % |
| > Fairfield, CA | 1,963,219 | \$26.15 | 15.1 % | 15.3 % | -5,074 | 1.21 % | 2.12 % |
| > San Francisco Peninsula | 23,873,068 | \$54.34 | 7.9 % | 7.7 % | 12,399 | 2.87 % | 3.50 % |
| > Silicon Valley | 40,821,109 | \$52.97 | 6.8 % | 9.1 % | -51,581 | 7.50 % | 16.35 % |
| Seattle, WA | 42,492,703 | \$37.93 | 8.6 % | 8.8 % | -29,846 | -1.68 % | 2.24 % |
| > Bellevue | 19,150,332 | \$40.22 | 7.9 % | 8.2 % | -21,043 | 0.16 % | 5.13 % |
| > Everett | 1,461,153 | \$26.76 | 17.1 % | 17.7 % | -8,742 | -1.35 % | 0.19 % |
| > Seattle | 16,297,475 | \$39.77 | 6.4 % | 5.6 % | 87,796 | -5.12 % | 4.49 % |
| > Tacoma | 5,583,743 | \$32.61 | 14.4 % | 18.0 % | -87,857 | -0.21 % | 24.30 % |

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|-----------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| USA | \$257 | 5.4% | \$206 | 6.9% |
| NORTHEAST | \$389 | 3.3% | \$216 | 6.6% |
| Baltimore Metropolitan Area | | | \$251 | |
| Boston | \$800 | 4.3% | \$300 | 6.3% |
| Hartford | \$105 | 8.0% | \$100 | 8.5% |
| New York City Metro | \$427 | 2.2% | \$178 | 8.0% |
| Philadelphia | \$185 | 0.1% | \$294 | 0.1% |
| Washington, DC | | | \$251 | 7.1% |
| SOUTH | \$227 | 6.3% | \$164 | 7.4% |
| Atlanta | \$195 | 6.8% | \$185 | 7.4% |
| Austin | \$450 | 5.3% | \$305 | 5.8% |
| Birmingham | | | \$140 | 8.5% |
| Dallas-Ft. Worth | | 5.8% | \$153 | 7.0% |
| Huntsville | | 8.0% | | |
| Jacksonville | | 0.0% | | |
| Memphis | \$0 | | \$0 | |
| Nashville | \$170 | 6.8% | \$152 | 6.5% |
| Norfolk | \$150 | 7.5% | \$125 | 8.0% |
| Orlando | \$240 | 6.5% | \$200 | 6.5% |
| Raleigh/Durham | \$360 | 6.1% | \$158 | 7.5% |
| Richmond | \$150 | 7.0% | \$103 | 8.0% |
| Savannah | \$160 | 8.5% | \$180 | 8.5% |
| South Florida | \$283 | 6.6% | \$183 | 7.0% |
| Tampa Bay | | | \$212 | 8.3% |
| MIDWEST | \$154 | 5.3% | \$153 | 7.9% |
| Chicago | \$350 | 5.5% | \$190 | 7.5% |
| Cincinnati | | | \$100 | 8.1% |
| Cleveland | | | \$179 | 7.3% |
| Columbus | | | \$90 | 9.3% |
| Dayton | | | \$127 | 8.1% |
| Detroit | \$0 | 0.0% | \$255 | 7.5% |
| Indianapolis | \$93 | | | |
| Kansas City | \$145 | 7.3% | | 7.5% |
| Milwaukee | \$130 | 8.3% | \$100 | 8.5% |
| Minneapolis-St. Paul | \$252 | | | |
| St. Louis, MO | \$110 | | \$185 | 7.5% |
| WEST | \$422 | 5.2% | \$275 | 6.3% |
| Denver | \$177 | 5.5% | \$146 | 7.5% |
| Fresno | \$240 | 7.5% | \$240 | 7.0% |
| Greater Los Angeles | \$325 | 5.6% | \$309 | 2.7% |
| Phoenix | | | \$226 | 6.5% |
| Portland | \$362 | 5.0% | \$191 | 6.5% |
| Reno/Sparks | \$0 | 0.0% | \$185 | 6.5% |
| Sacramento | \$235 | 7.2% | \$133 | 6.5% |
| San Diego | \$310 | | \$453 | 6.4% |
| San Francisco Bay Area | \$390 | 5.0% | \$312 | 5.8% |
| Seattle/Puget Sound | \$414 | | \$246 | 6.2% |

Sources: Colliers International, Real Capital Analytics

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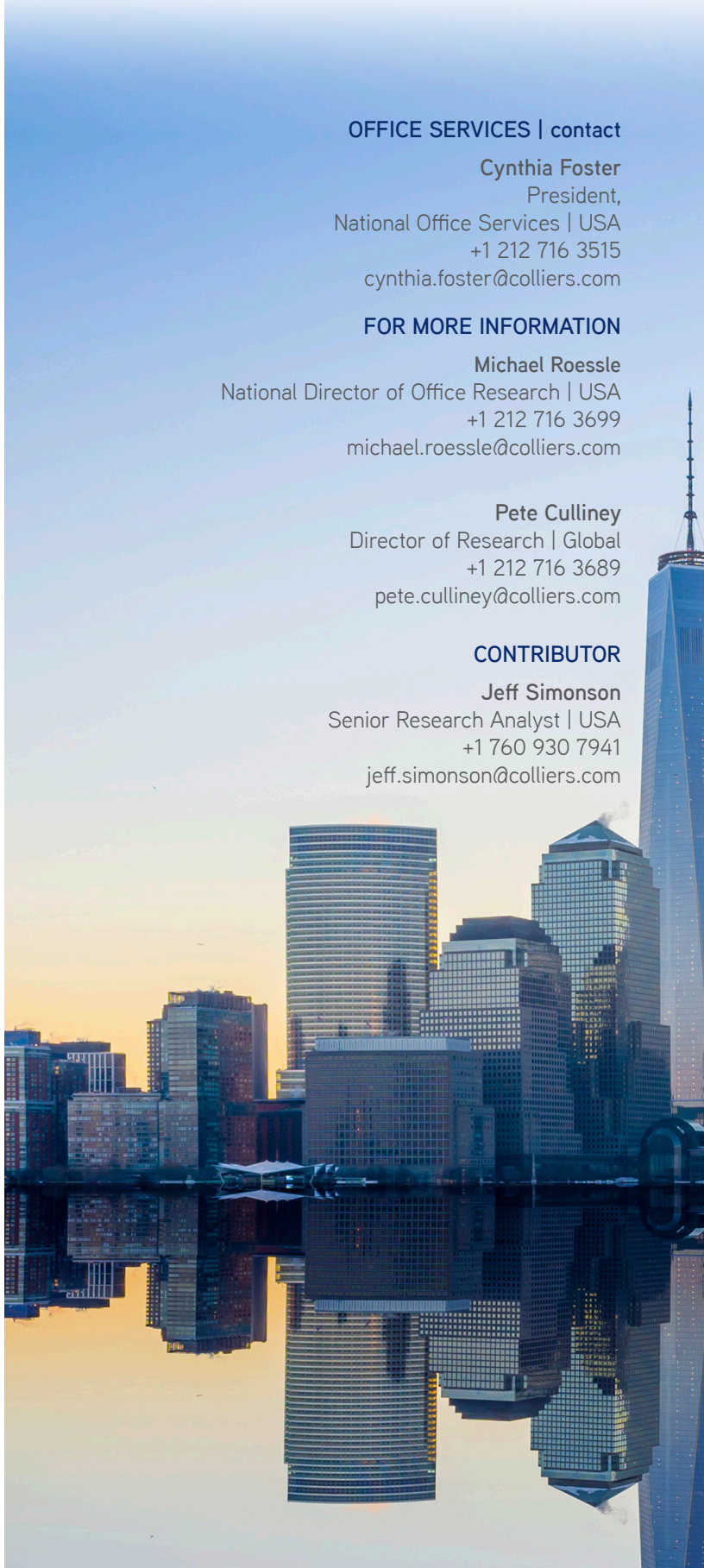
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OFFICE MARKET OUTLOOK

Covering 80 U.S. Markets
Q1 2016



Accelerating success.

Office Market Fundamentals Remain Positive to Start 2016

Michael Roessle, National Director of Office Research

In Q1 2016, economic indicators remained positive. Interest rates have remained low, the extreme volatility in the financial and commodities markets has moderated and job creation continued a long streak of robust gains. Those solid results have translated to strong performance in the office sector. Vacancy rates continued to decline, absorption remained positive and Class A asking rents in both the CBD and suburban areas posted healthy annual increases. While sales volume decreased, pricing has remained elevated as the inventory of top quality assets available has diminished.

Key Observations

- Though the year began with volatility in the financial markets, the strong employment numbers give reason for continued optimism. The U.S. is experiencing the longest consecutive string of monthly job gains on record, with an average of over 200,000 jobs added monthly for five consecutive years.
- The office market continued to strengthen in the first quarter as the national vacancy rate declined 10 basis points in the quarter to 12.6%, a full 100 basis points lower than a year ago. Most markets participated in the improvement, with 80% of metros registering stable or declining vacancies.
- Absorption (9.5 MSF) moderated from the robust occupancy gains seen at year-end 2015, though it is in-line with historical first quarter numbers. The pace of absorption is expected to increase throughout 2016, though it may not reach the record totals seen in the past two years due to vacancy constraints.
- Class A asking rents remain strong in both CBD (\$46.19) and suburban (\$28.96) areas of the U.S., posting gains of 8.9% and 3.7%, respectively, over the last year. The largest year-on-year gains were seen in the tech-centric San Francisco Bay area and Midtown South in Manhattan, as well as Atlanta and Dallas.

Market Indicators

| Relative to prior period | Q1 2016 | Q2 2016* |
|--------------------------|---------|----------|
| VACANCY | ↓ | ↓ |
| NET ABSORPTION | — | + |
| CONSTRUCTION | ↓ | ↓ |
| RENTAL RATE** | ↑ | ↑ |

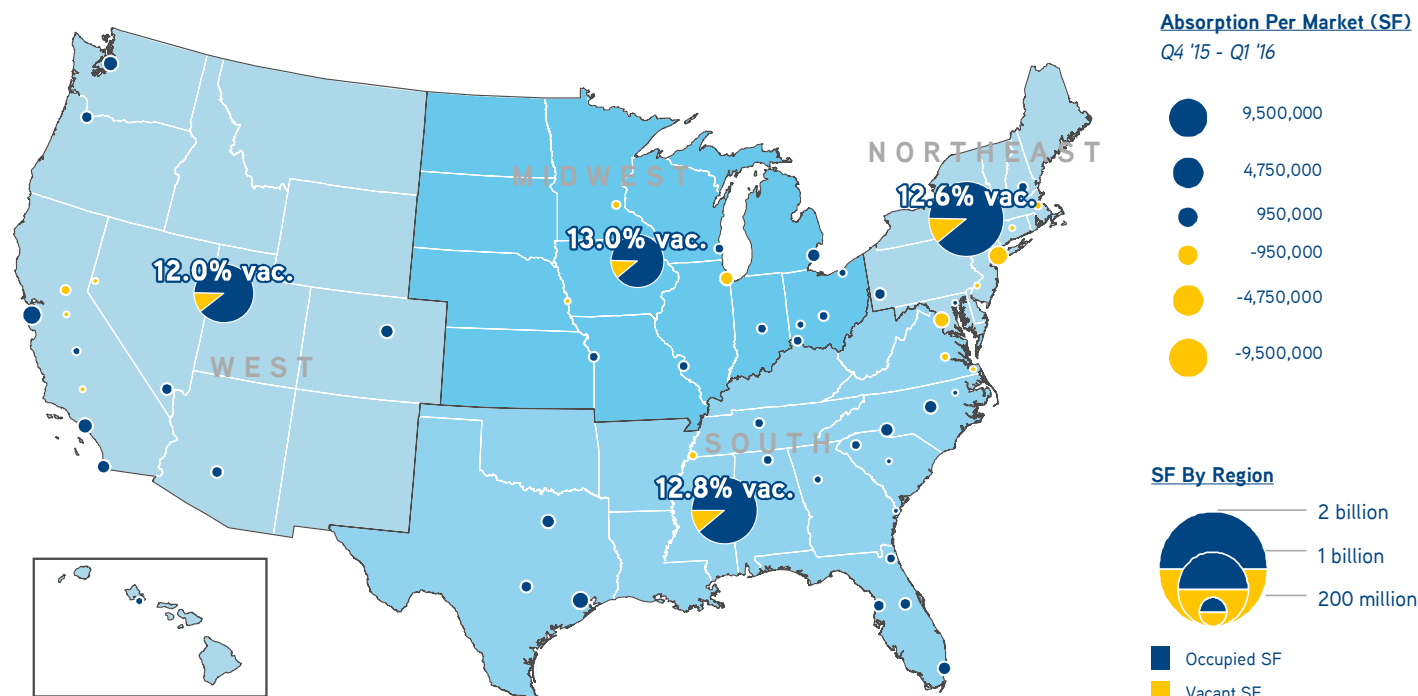
*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics, Q1 2016

U.S. Office Market

| | |
|--|---------|
| Vacancy Rate | 12.6% |
| Change From Q4 2015 (Basis Points) | -10 |
| Absorption (MSF) | 9.5 |
| New Supply (MSF) | 23 |
| Under Construction (MSF) | 103.9 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$46.18 |
| Change From Q4 2015 | +2.3% |
| Change From Q1 2015 | +16.1% |
| Suburban Class A | \$28.96 |
| Change From Q4 2015 | +2.1% |
| Change From Q1 2015 | +8.4% |



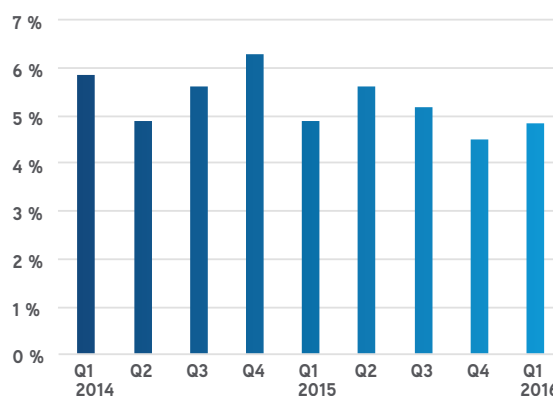
U.S. Economy Remains Strong, if Not Firing on All Cylinders

We expect the expansion to continue through the next couple of years, as several indicators point to a renewed growth in Q2 and beyond. The U.S. economy has shown resilience with the continuation of strong job growth; 208,000 jobs were added in March, marking the 66th straight month of positive job growth. Though the April jobs report showed a lower total of 160,000 additions, there was a surge in office-using hiring. Labor market slack is also shrinking, which should lead to acceleration in wage growth. Furthermore, the labor force participation rate has increased in five out of the past six months, demonstrating worker confidence. While the beginning of the recovery was marked by low-paying job creation, we are now seeing increases in both the mid-range and high-paying cohorts.

Another reason for optimism is recent initial jobless claims for unemployment declined to their **lowest absolute level since 1973**, and to their **lowest rate as a share of total population since WWII**. Job openings are near their high since year-2000 (meaning firms are looking to hire), and labor turnover is at its post-recession peak (as workers are confident enough to leave existing jobs for new ones).

First quarter GDP estimates, which came in at 0.5%, down from the (revised) 1.4% growth in Q4 2015 were largely in line with economists' expectations, as consumers pulled back on spending, businesses cut investments (especially related to oil & gas), and the world beyond the U.S. slowed significantly, reducing our exports. But we fully expect renewed growth in Q2 and beyond.

YOY % Change in Private Industry Wages & Salaries



Source: U.S. Bureau of Economic Analysis

Top U.S. Office Leases in Q1 2016

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|-----------------------|--------------------|---------------------|---------|-----------------------|
| McGraw Hill* | 55 Water St | Manhattan | 900,000 | Publishing |
| Southern Company | 3535 Colonnade Pky | Birmingham | 456,823 | Energy |
| Bank of America* | 101 Hudson St | Northern New Jersey | 373,604 | Finance |
| U.S. Dept. of Justice | 175 N St NE | Washington, D.C. | 316,869 | Government |
| ADP | 2 Commercial Pl | Norfolk | 287,857 | Professional Services |

* Renewal

Sources: CoStar, Colliers International

Strong Annual Vacancy Declines Reflect Continuing Demand

At the close of the first quarter, a quarter of the markets we track had a vacancy rate less than 10.0%, while only one exceeded 20.0% (Dayton, OH). The national office vacancy rate now stands at 12.6%, dropping 10 basis points from year-end 2015 and 100 bps from a year ago. Overall vacancy rates now stand at a mere 40 basis points above the 12.2% rate in the prior peak of the third quarter of 2007.

While the pace of quarterly declines in vacancy has begun to slow, markets in the West and Southeast continue to outperform the rest of the country. The East Bay, Silicon Valley, Las Vegas, Tampa Bay, Raleigh/Durham, and Orlando all saw vacancy rates drop between 140 and 220 bps on an annual basis. Of note, some of the largest occupancy gains were seen in Detroit, where the rate dropped by 80 bps quarterly, showing that the turnaround has gained positive momentum. Seattle, Boston, and Los Angeles were some of the strongest major market performers, posting vacancy decreases of between 80 and 160 bps.

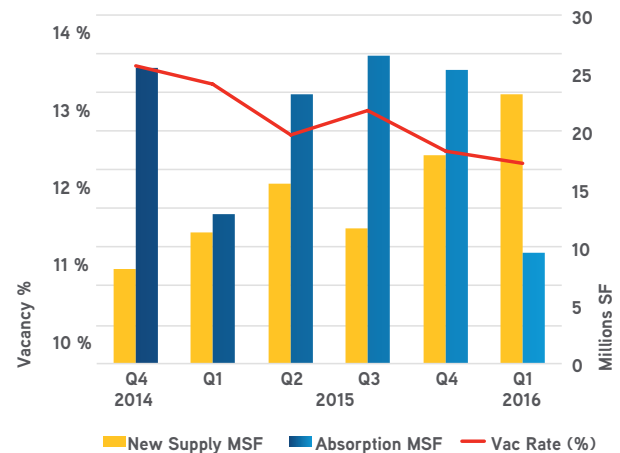
Performance in the CBD areas largely track those of the overall metros, as vacancy fell by the same 10 bps. While the CBDs of major gateway markets have enjoyed a long string of vacancy declines – led in the first quarter by Chicago’s 120 bps drop – many secondary market CBDs are now picking up momentum. The downtown areas of Memphis, Sacramento, Charlotte, St. Louis, and San Diego all enjoyed quarterly vacancy declines of between 70 and 100 bps. Migration from the suburbs to the CBDs remains a defining trend putting downward pressure on vacancies.

Suburban markets also saw a quarterly decrease in vacancy of 10 bps. The tech sector continues to have a strong impact in suburban Denver, Las Vegas, the San Francisco Peninsula, and Portland. As space constraints grow in the CBDs, many firms are looking to secondary markets and suburban areas as a release valve for back-office functions. Many major firms in the Seattle market have a suburban presence to cater to those employees who have migrated away from the CBD as they start families.

Absorption Remains Positive Following the Record Pace of 2015

National office absorption slowed from the torrid pace at year-end, totaling 9.5 MSF in the first quarter. This follows the same trend of the last several years, as a flurry of activity at year-end yields way to a brief cooling off period before regaining steam in the following quarters. We expect to see a pick-up in absorption, though at a more moderate pace than was seen in the record setting years of 2014 and 2015. Limited space options and restrained construction activity will make it difficult to match the velocity we have seen recently.

U.S. Office Market Q4 2014 - Q1 2016



Source: Colliers International

Absorption saw the strongest gains among the top markets with the San Francisco Bay Area continuing to top the list at 2.4 MSF. Dallas, Charlotte, Raleigh/Durham, and South Florida all continue to perform well as a perfect combination of a strong professional services sector, corporate relocations to cost-friendly markets, and a growing tech presence is fueling employment growth and demand for office space.

Asking rents during Q1 averaged \$46.19 per SF in CBDs and \$28.96 in the suburbs. Both rose from one year ago, with the CBDs registering a stronger 8.9% increase, compared to 3.7% in the suburbs. Looking forward 12 months, landlord concessions are generally expected to remain at their current levels. In Manhattan, concession packages for direct deals with terms greater than five years were virtually even with 2015 levels, with a Q1 2016 tenant work allowance of \$60.03 per SF and free rent totaling 8.8 months. Rent growth was widespread, with 42 CBDs and 41 suburban areas posting quarterly increases. Quarterly and annual asking rent growth was strongest in the San Francisco Bay Area, where tenant demand is far out-pacing supply. CBDs in the East Bay (+30.2%), San Francisco (+11.2%), and Silicon Valley (+8.7%) all continue to be landlord favorable.

Suburban areas of Orange County, Silicon Valley, Los Angeles, and Seattle led the west in annual rent growth, while Dallas, Atlanta, Miami, and Raleigh/Durham top the southern markets. Detroit also had a strong quarter, with quarterly and annual increases of 2.1% and 5.2%. The Uptown and Far North submarkets of Dallas have seen far more activity than the CBD of late as many corporate relocations are centered in those areas, putting upward pressure on asking rents. Local firms in Dallas are experiencing sticker shock, as tenants are exiting leases that were in the \$19 range, are entering a market where comparable space is in the \$26 range. Atlanta is enjoying a similar influx of corporate relocations and job growth, pushing the Central Perimeter, Cumberland Galleria and Midtown asking rents to all-time highs.

Restrained Construction Activity Putting Pressure on Vacancy

Construction has been restrained in this expansion, as developers have waited for significant pre-lease commitments before putting shovels in the ground. The 103.9 MSF under construction in the first quarter hasn't changed much in the last year. In markets that do have significant construction under way, projects are between 50% and 80% pre-leased, providing limited new space options, particularly for occupiers with large space requirements. The development sector has turned more institutional, particularly in gateway cities, as the costs barriers have skewed the playing field to the largest players – which tend to be institutional or traditional developers partnering with institutional finance partners. As land prices remain elevated, there is little incentive for developers to move forward on purely speculative projects.

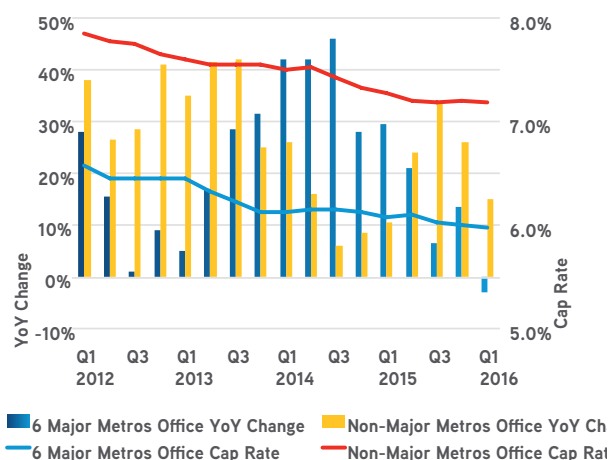
Manhattan took the top spot at 9.9 MSF under construction, with Dallas (9.8 MSF), Silicon Valley (6.6 MSF) and Seattle (5.7 MSF) all strongly represented. The growth of tech is leading much of the charge as access to talent and location trump cost. Despite a slowdown in funding to start the year, tech firms are still expanding and have a voracious appetite for space. In areas of the South such as Atlanta and Dallas, the robust growth of the professional services sector as well as corporate relocations have spurred the demand for new, top-quality buildings.

Sales Volume Moderates After Record 2015, Demand & Pricing Holding Firm

Sales volume dropped by 15% in the first quarter, though was still above the Q1 volumes in both 2013 and 2014. The dip in volume is more of an indication of the record strength of 2015 than a harbinger of weakening markets. Pricing has held firm, as data from Real Capital Analytics shows overall office cap rates are down 10 bps from a year earlier, ending the quarter at 6.6%. Signaling the continued strength of downtown areas across the country, cap rates in CBDs fell 70 bps to 5.4% year-over-year. Suburban areas held steady at 7.0%, remaining a value play for investors as demand remains more muted than the core areas of many metros.

Secondary markets saw increased sales activity, as the volume of single asset sales increased by 12% over the year. In addition to chasing better yields after being priced out of core metros, investors were drawn to safety as well. Deals for single-tenant buildings were down 25% year-over-year, marking a preference for multi-tenant properties that are not subject to the fortunes of only one business.

YOY Change in Volume & Cap Rate Trends



Source: Real Capital Analytics

6 Major Metros: Boston, New York, Chicago, Los Angeles, D.C. & San Francisco

Declining volume in the CBDs appeared to be driven by a limited supply of available quality assets. As uncertainty in the CMBS market has grown and debt costs have risen, investors have become more cautious when approaching high-priced assets. While this cautiousness generally pertains to the upper echelon of deals, there is still strong interest in the core CBDs. Commercial real estate fundamentals remain strong in light of financial market volatility, and in fact, that volatility should attract a larger portion of investment capital into real estate. Domestic investors are growing more bullish on non-gateway markets such as Austin, Seattle, Miami, Denver and Nashville while foreign investors remain focused on the safety, if lower yields, in core markets.

Moderate Growth in the U.S. Economy and Office Fundamentals Continues

Through the first quarter of the year, the outlook from our 2015 year-end report has materialized. The U.S. economy has continued its moderate growth while both occupancy and asking rents have continued their growth, though at a more moderate pace. There is still room for gains in many markets that have not yet matched or surpassed their prior peak in asking rent or trough in vacancy. Lastly, in terms of investment sales, non-gateway, 18-hour cities such as Austin, Seattle, Miami, Denver and Nashville are increasing in popularity among domestic investors looking for growth opportunities and higher yields.

Top U.S. Office Sales in Q1 2016

| ADDRESS | MARKET | SF | PRICE | BUYER |
|----------------------|-----------|-----------|-----------------|--|
| 388-390 Greenwich St | Manhattan | 2,634,670 | \$2,000,000,000 | Citigroup |
| 5 Times Sq* | Manhattan | 1,132,865 | \$800,000,000 | RXR Realty |
| 330 N Wabash Ave | Chicago | 992,154 | \$539,000,000 | LaSalle Investment JV China Investment Corp. |
| 850 Third Ave | Manhattan | 613,664 | \$463,000,000 | MHP RE Services JV HNA Group |
| 2001 8th Ave | Seattle | 499,000 | \$370,000,000 | RREEF America |

*Partial Interest Sale Source: Real Capital Analytics

United States - Downtown - All Classes

| MARKET | INVENTORY (SF) MAR 31, 2015 | NEW SUPPLY Q1 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION Q1 2016 (SF) |
|----------------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| USA | 1,939,093,023 | 11,871,552 | 40,856,887 | 11.3 % | 11.2 % | 407,479 |
| NORTHEAST | 881,445,070 | 10,247,167 | 17,057,641 | 9.9 % | 10.1 % | -1,926,991 |
| Baltimore, MD | 45,520,669 | 0 | 821,456 | 11.6 % | 11.0 % | -100,621 |
| Boston, MA | 64,032,610 | 0 | 2,090,000 | 8.9 % | 8.9 % | 46,706 |
| Hartford, CT | 10,723,579 | 0 | 0 | 12.6 % | 12.9 % | -5,998 |
| New York, NY | 523,132,638 | 9,196,491 | 9,917,809 | 9.9 % | 10.2 % | -2,077,275 |
| > Manhattan | 506,126,142 | 9,185,491 | 9,917,809 | 9.6 % | 9.9 % | -1,848,939 |
| • Downtown | 104,384,942 | 3,007,716 | 2,861,402 | 12.6 % | 12.3 % | 658,572 |
| • Midtown | 236,122,551 | 1,681,915 | 2,668,790 | 10.0 % | 10.6 % | -1,427,827 |
| • Midtown South | 165,618,649 | 4,495,860 | 4,387,617 | 7.0 % | 7.5 % | -1,079,684 |
| > NYC Northern Suburbs | 17,006,496 | 11,000 | 0 | 18.5 % | 17.4 % | -228,336 |
| • Stamford CBD | 10,477,342 | 0 | 0 | 21.8 % | 19.0 % | -104,135 |
| • White Plains CBD | 6,529,154 | 11,000 | 0 | 13.0 % | 14.9 % | -124,201 |
| Philadelphia, PA | 41,974,598 | 0 | 2,181,054 | 8.7 % | 8.9 % | -77,425 |
| Pittsburgh, PA | 51,722,542 | 189,246 | 77,781 | 8.1 % | 8.0 % | 263,286 |
| Washington, District of Columbia | 144,338,434 | 861,430 | 1,969,541 | 10.9 % | 10.9 % | 24,336 |
| SOUTH | 351,593,753 | 724,420 | 7,690,672 | 12.8 % | 13.0 % | 334,015 |
| Atlanta, GA | 49,900,700 | 0 | 568,465 | 14.2 % | 14.1 % | 61,324 |
| Austin, TX | 9,596,564 | 23,592 | 680,358 | 6.8 % | 6.7 % | 30,011 |
| Birmingham, AL | 5,056,317 | 0 | 0 | 16.4 % | 15.9 % | 23,093 |
| Charleston, SC | 2,422,148 | 0 | 121,500 | 6.4 % | 6.7 % | -9,314 |
| Charlotte, NC | 22,310,924 | 0 | 1,219,722 | 8.4 % | 7.6 % | 181,925 |
| Columbia, SC | 4,659,281 | 0 | 182,000 | 9.9 % | 10.1 % | -9,925 |
| Dallas-Ft. Worth, TX | 42,722,474 | 0 | 623,368 | 17.5 % | 18.5 % | -410,981 |
| > Dallas | 31,992,624 | 0 | 342,879 | 19.9 % | 21.0 % | -348,252 |
| > Ft. Worth | 10,729,850 | 0 | 280,489 | 10.2 % | 10.8 % | -62,729 |
| Greenville, SC | 3,582,131 | 20,000 | 143,000 | 14.8 % | 14.7 % | 20,568 |
| Houston, TX | 43,021,195 | 406,600 | 1,171,658 | 15.5 % | 15.9 % | 168,532 |
| Huntsville, AL | 3,852,570 | 0 | 0 | 8.8 % | 8.4 % | 14,614 |
| Jacksonville, FL | 16,109,897 | 0 | 0 | 11.1 % | 10.6 % | 85,269 |
| Memphis, TN | 5,314,543 | 0 | 0 | 15.5 % | 14.5 % | -33,733 |
| Nashville, TN | 12,230,365 | 0 | 1,635,000 | 8.9 % | 10.2 % | 1,301 |
| Norfolk, VA | 4,712,775 | 0 | 0 | 13.4 % | 13.4 % | -5,354 |
| Orlando, FL | 12,268,540 | 0 | 0 | 11.6 % | 11.3 % | -299 |
| Raleigh/Durham, NC | 12,274,132 | 0 | 701,000 | 4.9 % | 4.8 % | 87,048 |
| Richmond, VA | 11,038,845 | 0 | 0 | 10.5 % | 15.3 % | -137,311 |
| Savannah, GA | 803,516 | 0 | 0 | 14.4 % | 13.0 % | 41,603 |
| South Florida | 79,745,833 | 274,228 | 644,601 | 12.6 % | 12.5 % | 180,724 |
| > Fort Lauderdale | 27,030,565 | 0 | 66,562 | 11.9 % | 11.5 % | 57,663 |
| > Miami | 30,923,654 | 264,228 | 578,039 | 12.8 % | 13.4 % | 753 |
| > Palm Beach | 21,791,614 | 10,000 | 0 | 13.4 % | 12.7 % | 122,308 |
| Tampa Bay, FL | 9,971,003 | 0 | 0 | 12.6 % | 12.1 % | 44,920 |

United States - Downtown - All Classes (continued)

| MARKET | INVENTORY (SF) MAR 31, 2015 | NEW SUPPLY Q1 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION Q1 2016 (SF) |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| MIDWEST | 385,867,638 | 358,017 | 6,175,076 | 13.1 % | 12.2 % | 606,007 |
| Chicago, IL | 159,007,617 | 0 | 3,456,562 | 12.5 % | 11.2 % | 100,976 |
| Cincinnati, OH | 17,875,996 | 0 | 338,533 | 13.2 % | 13.5 % | -36,940 |
| Cleveland, OH | 19,699,879 | 0 | 0 | 17.1 % | 17.6 % | -83,390 |
| Columbus, OH | 19,807,117 | 0 | 107,000 | 8.8 % | 8.1 % | 52,461 |
| Dayton, OH | 5,180,211 | 0 | 0 | 28.7 % | 27.2 % | 70,131 |
| Detroit, MI | 33,981,062 | 0 | 19,000 | 16.4 % | 13.4 % | 4,144 |
| Indianapolis, IN | 11,533,367 | 0 | 25,361 | 18.4 % | 18.5 % | 32,556 |
| Kansas City, MO | 33,427,064 | 0 | 166,650 | 11.3 % | 11.0 % | 29,905 |
| Milwaukee, WI | 21,469,575 | 358,017 | 0 | 8.3 % | 9.0 % | 162,838 |
| Minneapolis-St. Paul | 45,977,109 | 0 | 1,799,000 | 11.4 % | 11.3 % | 209,685 |
| > Minneapolis CBD | 34,711,656 | 0 | 1,799,000 | 11.6 % | 11.8 % | 107,550 |
| > St. Paul CBD | 11,265,453 | 0 | 0 | 10.7 % | 9.8 % | 102,135 |
| Omaha, NE | 6,388,998 | 0 | 22,600 | 7.5 % | 6.2 % | 33,140 |
| St. Louis, MO | 11,519,643 | 0 | 240,370 | 23.0 % | 22.2 % | 30,501 |
| WEST | 320,186,562 | 541,948 | 9,933,498 | 11.2 % | 10.9 % | 1,394,448 |
| Downtown Bakersfield, CA | 3,336,336 | 0 | 0 | 8.1 % | 6.6 % | 18,894 |
| Denver, CO | 35,000,339 | 0 | 1,507,146 | 10.9 % | 11.0 % | -22,768 |
| Fresno, CA | 3,483,441 | 0 | 0 | 11.7 % | 13.0 % | -48,124 |
| Downtown Los Angeles, CA | 32,258,500 | 0 | 1,222,700 | 17.9 % | 17.5 % | 135,600 |
| > Bunker Hill | 8,129,100 | 0 | 0 | 22.5 % | 19.7 % | 228,700 |
| > Financial District | 18,447,500 | 0 | 356,100 | 16.8 % | 17.4 % | -111,500 |
| > Greater Downtown | 2,420,800 | 0 | 866,600 | 12.4 % | 10.5 % | 47,300 |
| > South Park | 3,261,100 | 0 | 0 | 17.2 % | 18.1 % | -28,900 |
| Honolulu, HI | 7,153,292 | 0 | 0 | 13.8 % | 14.1 % | -22,312 |
| Las Vegas, NV | 5,030,471 | 0 | 155,600 | 12.8 % | 13.6 % | -36,625 |
| Phoenix, AZ | 20,220,273 | 0 | 0 | 18.8 % | 18.3 % | 101,782 |
| Portland, OR | 24,880,043 | 34,749 | 522,722 | 9.1 % | 9.4 % | -36,554 |
| Downtown Reno, NV | 3,481,628 | 0 | 0 | 12.8 % | 12.2 % | 20,123 |
| Sacramento, CA | 12,165,866 | 0 | 0 | 15.7 % | 14.9 % | 100,174 |
| San Diego, CA | 10,356,160 | 0 | 0 | 18.7 % | 17.9 % | 73,576 |
| San Francisco Bay Area, CA | 128,379,851 | 507,199 | 4,232,743 | 7.5 % | 7.1 % | 833,241 |
| > East Bay | 29,544,309 | 0 | 0 | 7.3 % | 7.3 % | 10,952 |
| > San Francisco | 90,468,108 | 507,199 | 4,232,743 | 7.2 % | 6.7 % | 776,472 |
| > Downtown San Jose | 8,367,434 | 0 | 0 | 12.3 % | 11.3 % | 45,817 |
| Seattle, WA | 26,190,080 | 0 | 1,986,587 | 11.0 % | 10.2 % | 301,482 |
| Stockton, CA | 8,250,282 | 0 | 306,000 | 10.7 % | 11.5 % | -24,041 |

| United States - Downtown - Class A | | | | | | | |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) MAR 31, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION (SF) Q1 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| USA | 1,075,762,558 | \$46.18 | 11.6 % | 11.6 % | 1,066,255 | 2.31 % | 16.12 % |
| NORTHEAST | 546,794,695 | \$64.34 | 10.8 % | 11.0 % | -1,200,114 | 3.31 % | 11.67 % |
| Baltimore, MD | 15,828,270 | \$24.88 | 12.3 % | 13.0 % | -97,244 | 4.44 % | 15.98 % |
| Boston, MA | 44,761,306 | \$57.68 | 9.1 % | 9.5 % | -174,165 | 2.81 % | 9.95 % |
| Hartford, CT | 7,415,680 | \$22.14 | 13.5 % | 14.1 % | -22,016 | 0.96 % | 1.37 % |
| New York, NY | 336,265,994 | \$73.25 | 11.3 % | 11.4 % | -1,279,578 | 2.11 % | 9.69 % |
| > Manhattan | 323,242,521 | \$76.71 | 10.9 % | 11.1 % | -1,049,679 | 1.94 % | 9.86 % |
| • Downtown | 79,469,698 | \$60.27 | 14.4 % | 13.9 % | 722,661 | 0.00 % | 3.33 % |
| • Midtown | 203,429,082 | \$84.77 | 10.3 % | 10.9 % | -1,489,522 | 0.71 % | 5.57 % |
| • Midtown South | 40,343,741 | \$80.25 | 6.3 % | 6.3 % | -282,818 | 6.58 % | 20.12 % |
| > NYC Northern Suburbs | 13,023,473 | \$44.20 | 20.0 % | 18.8 % | -229,899 | 2.27 % | 0.00 % |
| • Stamford CBD | 9,069,460 | \$46.79 | 22.5 % | 19.4 % | -111,813 | 1.45 % | 0.00 % |
| • White Plains CBD | 3,954,013 | \$35.12 | 14.4 % | 17.5 % | -118,086 | 7.33 % | 0.00 % |
| Philadelphia, PA | 29,673,048 | \$29.60 | 8.6 % | 7.9 % | 213,930 | 0.59 % | 2.70 % |
| Pittsburgh, PA | 22,185,056 | \$26.49 | 6.0 % | 6.0 % | 163,680 | 2.73 % | 3.38 % |
| Washington, District of Columbia | 90,665,341 | \$57.43 | 11.5 % | 12.1 % | -4,721 | 1.68 % | 2.44 % |
| SOUTH | 191,157,044 | \$30.75 | 13.2 % | 13.5 % | 258,194 | 2.17 % | 7.97 % |
| Atlanta, GA | 30,929,254 | \$25.81 | 15.7 % | 15.6 % | 29,543 | 3.26 % | 14.36 % |
| Austin, TX | 6,804,010 | \$44.64 | 7.6 % | 6.9 % | 63,213 | -1.59 % | 5.01 % |
| Birmingham, AL | 3,939,806 | \$20.20 | 10.8 % | 10.2 % | 22,796 | -1.85 % | -1.75 % |
| Charleston, SC | 950,039 | \$35.51 | 5.8 % | 5.9 % | -677 | 1.15 % | 7.29 % |
| Charlotte, NC | 15,863,171 | \$29.31 | 8.8 % | 7.6 % | 185,854 | -1.01 % | 5.70 % |
| Columbia, SC | 2,129,922 | \$21.10 | 10.4 % | 10.5 % | -1,567 | 0.04 % | -0.51 % |
| Dallas-Ft. Worth, TX | 28,858,095 | \$26.29 | 19.9 % | 21.2 % | -397,357 | 2.20 % | 8.71 % |
| > Dallas CBD | 22,943,849 | \$25.92 | 21.6 % | 23.2 % | -356,082 | 2.21 % | 10.06 % |
| > Ft. Worth CBD | 5,914,246 | \$29.23 | 13.0 % | 13.7 % | -41,275 | 1.46 % | 2.35 % |
| Greenville, SC | 2,310,167 | \$25.99 | 16.1 % | 16.1 % | 16,676 | 3.96 % | 11.83 % |
| Houston, TX | 31,450,301 | \$45.60 | 11.3 % | 11.7 % | 211,035 | -1.15 % | 7.17 % |
| Huntsville, AL | 890,477 | \$19.58 | 8.1 % | 7.0 % | 9,399 | -13.51 % | -0.56 % |
| Jacksonville, FL | 7,538,288 | \$20.62 | 11.0 % | 10.2 % | 70,206 | -0.25 % | 1.81 % |
| Memphis, TN | 2,026,788 | \$18.03 | 19.1 % | 20.8 % | -35,932 | 0.50 % | 3.56 % |
| Nashville, TN | 4,642,054 | \$27.46 | 7.4 % | 9.2 % | -13,257 | -4.45 % | N/A |
| Norfolk, VA | 2,328,115 | \$22.76 | 10.5 % | 10.4 % | -76 | 0.13 % | 1.56 % |
| Orlando, FL | 5,682,970 | \$26.34 | 12.5 % | 13.0 % | -37,276 | -0.34 % | 5.15 % |
| Raleigh/Durham, NC | 6,817,988 | \$27.16 | 6.4 % | 6.2 % | 76,330 | -2.23 % | 0.48 % |
| Richmond, VA | 5,656,613 | \$24.34 | 10.0 % | 14.1 % | -127,148 | 0.00 % | -0.33 % |
| Savannah, GA | 645,713 | \$21.45 | 11.2 % | 8.7 % | 46,328 | 0.00 % | 2.63 % |
| South Florida | 25,061,442 | \$39.44 | 14.6 % | 14.7 % | 123,317 | 1.25 % | 7.14 % |
| > Fort Lauderdale | 6,280,153 | \$32.56 | 14.9 % | 14.6 % | 8,951 | -1.72 % | 1.75 % |
| > Miami | 12,671,026 | \$43.57 | 14.4 % | 15.5 % | 38,663 | 1.80 % | 7.20 % |
| > Palm Beach | 6,110,263 | \$35.51 | 14.9 % | 13.1 % | 75,703 | 1.55 % | 7.07 % |
| Tampa Bay, FL | 6,631,831 | \$26.18 | 11.7 % | 11.4 % | 16,787 | 0.80 % | 4.62 % |

| United States - Downtown - Class A (continued) | | | | | | | |
|--|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) MAR 31, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION (SF) Q1 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| MIDWEST | 149,213,180 | \$26.47 | 12.6 % | 12.5 % | 425,029 | -0.10 % | 17.09 % |
| Chicago, IL | 61,552,857 | \$41.73 | 11.0 % | 10.7 % | 111,154 | 0.76 % | 5.78 % |
| Cincinnati, OH | 7,798,710 | \$23.55 | 13.4 % | 14.3 % | -77,123 | 3.28 % | 4.48 % |
| Cleveland, OH | 9,831,957 | \$21.13 | 15.7 % | 16.5 % | -76,902 | -0.47 % | 1.32 % |
| Columbus, OH | 9,056,062 | \$20.71 | 11.5 % | 10.4 % | 53,302 | -1.10 % | 9.98 % |
| Dayton, OH | 2,369,290 | \$16.64 | 29.5 % | 26.1 % | 76,908 | -1.65 % | -6.83 % |
| Detroit, MI | 9,653,172 | \$20.22 | 12.1 % | 11.7 % | 43,962 | 0.20 % | 0.30 % |
| Indianapolis, IN | 6,069,455 | \$21.55 | 18.4 % | 19.5 % | -62,911 | -0.37 % | 2.47 % |
| Kansas City, MO | 10,500,378 | \$19.04 | 15.5 % | 14.7 % | 22,934 | 0.57 % | 1.45 % |
| Milwaukee, WI | 5,696,079 | \$21.33 | 9.5 % | 11.3 % | 220,155 | -1.16 % | 6.86 % |
| Minneapolis-St. Paul | 17,964,876 | \$17.18 | 12.2 % | 11.9 % | 64,541 | 1.59 % | 2.27 % |
| > Minneapolis CBD | 15,190,916 | \$17.63 | 12.4 % | 12.3 % | 15,916 | 1.85 % | 2.20 % |
| > St. Paul CBD | 2,773,960 | \$13.79 | 11.1 % | 9.3 % | 48,625 | -0.14 % | -5.29 % |
| Omaha, NE | 3,589,234 | \$20.34 | 5.7 % | 5.1 % | 19,401 | -4.19 % | 2.21 % |
| St. Louis, MO | 5,131,110 | \$18.72 | 17.9 % | 17.1 % | 29,608 | -0.43 % | -1.84 % |
| WEST | 188,597,639 | \$42.91 | 11.2 % | 10.6 % | 1,583,146 | -2.42 % | 8.14 % |
| Downtown Bakersfield, CA | 788,282 | \$21.00 | 5.7 % | 1.9 % | -14,411 | 0.00 % | 0 |
| Denver, CO | 22,268,868 | \$35.95 | 13.0 % | 12.8 % | 26,773 | 0.76 % | 3.39 % |
| Fresno, CA | 1,089,103 | \$24.00 | 6.7 % | 7.9 % | -13,000 | 0.00 % | 0.00 % |
| Downtown Los Angeles, CA | 18,098,000 | \$41.06 | 17.7 % | 16.7 % | 185,100 | 0.55 % | 3.44 % |
| Honolulu, HI | 4,966,720 | \$35.51 | 13.7 % | 14.2 % | -29,024 | -0.25 % | -0.03 % |
| Las Vegas, NV | 1,103,341 | \$30.72 | 20.8 % | 20.3 % | 5,692 | 0.39 % | 2.91 % |
| Phoenix, AZ | 9,474,195 | \$24.84 | 19.9 % | 19.5 % | 38,599 | 0.15 % | 7.30 % |
| Portland, OR | 11,589,734 | \$31.31 | 9.4 % | 9.0 % | 41,938 | 1.92 % | 9.67 % |
| Reno/Sparks, NV | 774,709 | \$24.56 | 11.4 % | 11.4 % | 268 | 1.36 % | 0.74 % |
| Sacramento, CA | 5,378,159 | \$33.72 | 15.8 % | 13.6 % | 118,017 | 3.31 % | 8.08 % |
| San Diego, CA | 7,577,266 | \$33.60 | 14.1 % | 13.7 % | 29,737 | 0.36 % | 9.38 % |
| San Francisco Bay Area, CA | 81,676,645 | \$59.65 | 7.8 % | 7.2 % | 871,816 | -3.70 % | 10.56 % |
| > East Bay | 18,749,016 | \$43.36 | 7.2 % | 7.0 % | 34,048 | 3.59 % | 30.17 % |
| > San Francisco | 59,122,564 | \$73.41 | 7.8 % | 7.0 % | 846,779 | -3.28 % | 11.16 % |
| > Downtown San Jose | 3,805,065 | \$41.52 | 11.4 % | 11.4 % | -9,011 | 1.22 % | 8.69 % |
| Seattle, WA | 20,981,652 | \$42.36 | 10.8 % | 9.7 % | 313,447 | 0.55 % | 6.78 % |
| Stockton, CA | 2,830,965 | \$17.36 | 15.0 % | 16.0 % | 8,194 | -1.71 % | -11.71 % |

United States - Suburban - All Classes

| MARKET | INVENTORY (SF) MAR 31, 2016 | NEW SUPPLY Q1 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION Q1 2016 (SF) |
|--|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| USA | 4,055,015,290 | 11,264,163 | 63,061,691 | 13.3 % | 13.3 % | 9,138,499 |
| NORTHEAST | 1,051,520,698 | 1,809,752 | 10,776,328 | 14.5 % | 14.7 % | -971,147 |
| Baltimore Metropolitan Area, MD | 75,848,275 | 89,214 | 1,231,452 | 11.2 % | 11.1 % | 108,049 |
| Boston, MA | 113,993,446 | 404,200 | 1,998,595 | 16.0 % | 16.4 % | -141,483 |
| Hartford, CT | 32,016,302 | 0 | 0 | 9.3 % | 11.3 % | 3,415 |
| New Hampshire Markets | 17,685,703 | N/A | 70,000 | 13.7 % | 12.9 % | 132,974 |
| New York City Metro | 348,689,428 | 734,600 | 2,547,092 | 14.5 % | 14.6 % | -91,994 |
| > Central New Jersey | 84,792,715 | 590,000 | 1,585,259 | 13.1 % | 13.5 % | 81,451 |
| > Long Island, NY | 74,747,040 | 15,100 | 606,388 | 9.5 % | 9.4 % | 122,095 |
| > Northern New Jersey | 121,404,025 | 119,000 | 355,445 | 17.9 % | 18.1 % | -572,652 |
| > NYC Northern Suburbs | 67,745,648 | 10,500 | 0 | 15.6 % | 15.4 % | 277,112 |
| Philadelphia, PA | 103,222,845 | 0 | 680,117 | 12.5 % | 12.4 % | 72,930 |
| Pittsburgh, PA | 71,951,769 | 220,944 | 179,280 | 8.9 % | 8.8 % | 5,519 |
| Washington, D.C. | 288,112,930 | 360,794 | 4,069,792 | 17.5 % | 17.8 % | -1,060,557 |
| > Washington, D.C. - Northern Virginia | 194,452,315 | 159,300 | 3,915,347 | 17.9 % | 18.2 % | -798,823 |
| > Washington, D.C. - Suburban Maryland | 93,660,615 | 201,494 | 154,445 | 16.8 % | 17.1 % | -261,734 |
| SOUTH | 1,267,904,475 | 4,742,401 | 23,685,919 | 12.8 % | 12.7 % | 5,230,291 |
| Atlanta, GA | 170,929,665 | 40,118 | 2,448,715 | 13.5 % | 13.5 % | 15,789 |
| Austin, TX | 38,763,717 | 297,432 | 677,185 | 12.7 % | 12.4 % | 260,036 |
| Birmingham, AL | 14,722,799 | 0 | 0 | 13.0 % | 12.0 % | 149,265 |
| Charleston, SC | 9,762,606 | 0 | 196,000 | 8.2 % | 8.0 % | 17,287 |
| Charlotte, NC | 63,705,541 | 362,430 | 1,586,965 | 9.7 % | 9.4 % | 527,008 |
| Columbia, SC | 4,936,843 | 0 | 0 | 21.8 % | 21.0 % | 37,267 |
| Dallas-Ft. Worth, TX | 272,969,915 | 1,638,422 | 10,198,999 | 14.7 % | 14.8 % | 1,099,864 |
| > Dallas | 249,836,037 | 1,594,968 | 9,492,243 | 14.8 % | 14.9 % | 1,158,388 |
| > Ft. Worth | 23,133,878 | 43,454 | 706,756 | 14.3 % | 14.6 % | -58,524 |
| Greenville, SC | 6,358,775 | 80,000 | 97,000 | 17.5 % | 18.9 % | 105,165 |
| Houston, TX | 185,288,477 | 1,028,225 | 4,617,502 | 15.2 % | 15.1 % | 1,115,667 |
| Huntsville, AL | 18,844,638 | 0 | 33,500 | 13.3 % | 12.6 % | 137,440 |
| Jacksonville, FL | 46,445,365 | 75,514 | 76,803 | 9.8 % | 9.8 % | 109,886 |
| Memphis, TN | 27,901,990 | 0 | 63,886 | 13.5 % | 13.4 % | -34,669 |
| Nashville, TN | 35,148,096 | 96,153 | 1,284,000 | 4.3 % | 3.7 % | 141,798 |
| Norfolk, VA | 34,584,062 | 23,360 | 164,100 | 12.0 % | 11.6 % | -5,332 |
| Orlando, FL | 54,962,625 | 81,000 | 215,211 | 12.2 % | 11.8 % | 346,061 |
| Raleigh/Durham, NC | 72,871,587 | 366,655 | 754,595 | 8.7 % | 8.4 % | 399,391 |
| Richmond, VA | 34,625,549 | 151,717 | 198,378 | 9.3 % | 9.5 % | 70,522 |
| Savannah, GA | 1,394,498 | 0 | 0 | 14.8 % | 16.0 % | -16,525 |
| South Florida | 118,140,935 | 325,377 | 1,073,080 | 11.8 % | 11.9 % | 495,619 |
| > Fort Lauderdale | 32,775,049 | 284,377 | 479,042 | 13.1 % | 13.0 % | 290,757 |
| > Miami | 58,831,961 | 41,000 | 499,551 | 9.8 % | 9.8 % | 166,227 |
| > Palm Beach | 26,533,925 | 0 | 94,487 | 14.6 % | 15.0 % | 38,635 |
| Tampa Bay, FL | 55,546,792 | 175,998 | 0 | 14.5 % | 14.4 % | 258,752 |

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) MAR 31, 2016 | NEW SUPPLY Q1 2016 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION Q1 2016 (SF) |
|----------------------------|--------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| MIDWEST | 697,652,692 | 620,092 | 5,998,170 | 13.4 % | 13.4 % | 237,547 |
| Chicago, IL | 156,408,499 | 0 | 0 | 15.9 % | 16.6 % | -601,337 |
| Cincinnati, OH | 44,968,798 | 0 | 1,023,000 | 16.5 % | 16.0 % | 212,516 |
| Cleveland, OH | 53,693,901 | 37,500 | 814,472 | 12.8 % | 12.1 % | 160,071 |
| Columbus, OH | 44,230,267 | 86,000 | 1,299,834 | 8.3 % | 8.8 % | 82,718 |
| Dayton, OH | 9,252,833 | 0 | 0 | 21.6 % | 20.8 % | -20,094 |
| Detroit, MI | 138,926,717 | 182,167 | 610,895 | 14.8 % | 14.5 % | 488,249 |
| Indianapolis, IN | 25,340,150 | 69,344 | 282,000 | 14.5 % | 14.3 % | 83,782 |
| Kansas City, MO | 59,403,671 | 0 | 1,373,463 | 10.7 % | 10.5 % | 65,144 |
| Milwaukee, WI | 25,617,997 | 0 | 0 | 10.5 % | 10.5 % | 16,366 |
| Minneapolis-St. Paul | 81,521,471 | 166,081 | 180,000 | 10.9 % | 11.1 % | -283,266 |
| Omaha, NE | 21,487,644 | 79,000 | 192,333 | 10.4 % | 10.1 % | -57,025 |
| St. Louis, MO | 36,800,744 | 0 | 222,173 | 11.9 % | 11.4 % | 90,423 |
| WEST | 1,037,937,425 | 4,091,918 | 22,601,274 | 12.6 % | 12.4 % | 4,641,808 |
| Bakersfield, CA | 6,289,178 | 27,400 | 40,200 | 10.7 % | 7.9 % | -19,546 |
| Denver, CO | 112,028,439 | 85,000 | 1,745,561 | 10.9 % | 10.4 % | 515,279 |
| Fresno, CA | 18,526,849 | 0 | 65,000 | 12.2 % | 11.6 % | 112,313 |
| Greater Los Angeles, CA | 271,037,038 | 1,299,600 | 3,081,433 | 15.0 % | 14.8 % | 683,100 |
| > Inland Empire | 20,421,424 | 0 | 0 | 16.1 % | 16.0 % | 8,200 |
| > Los Angeles | 167,851,290 | 705,400 | 1,908,033 | 16.0 % | 15.4 % | 576,900 |
| > Orange County | 82,764,324 | 594,200 | 1,173,400 | 12.8 % | 13.2 % | 98,000 |
| Honolulu, HI | 7,610,226 | 0 | 0 | 11.3 % | 10.2 % | 96,001 |
| Las Vegas, NV | 39,085,945 | 0 | 169,666 | 18.6 % | 17.6 % | 417,229 |
| Phoenix, AZ | 117,204,169 | 329,895 | 2,450,187 | 17.0 % | 17.3 % | 302,068 |
| Portland, OR | 55,593,726 | 94,653 | 1,278,835 | 8.6 % | 8.3 % | 293,397 |
| Reno/Sparks, NV | 7,215,413 | 0 | 0 | 12.1 % | 12.7 % | -38,971 |
| Sacramento, CA | 55,415,869 | 0 | 30,800 | 16.0 % | 16.6 % | -207,023 |
| San Diego, CA | 73,309,868 | 65,500 | 181,833 | 11.9 % | 11.6 % | 392,879 |
| San Francisco Bay Area, CA | 167,169,292 | 2,004,160 | 7,953,123 | 8.6 % | 8.3 % | 1,574,567 |
| > East Bay | 48,636,246 | 0 | 0 | 12.8 % | 11.9 % | 499,738 |
| > Fairfield | 5,056,025 | 0 | 0 | 17.8 % | 17.4 % | 59,536 |
| > San Francisco Peninsula | 40,983,768 | 442,226 | 1,355,866 | 7.8 % | 7.1 % | 528,885 |
| > Silicon Valley | 72,493,253 | 1,561,934 | 6,597,257 | 5.5 % | 5.9 % | 486,408 |
| Seattle/Puget Sound, WA | 107,451,413 | 185,710 | 5,604,636 | 8.7 % | 8.6 % | 520,515 |
| > Bellevue | 38,071,591 | 0 | 1,078,693 | 7.8 % | 7.7 % | 472,585 |
| > Everett | 10,921,038 | 0 | 0 | 10.0 % | 10.0 % | 5,324 |
| > Seattle | 36,142,268 | 140,000 | 3,685,943 | 7.0 % | 7.3 % | -103,583 |
| > Tacoma | 22,316,516 | 45,710 | 840,000 | 12.2 % | 11.7 % | 146,189 |

United States - Suburban - Class A

| MARKET | INVENTORY (SF) MAR 31, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION (SF) Q1 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|--|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| USA | 1,597,918,668 | \$28.96 | 13.0 % | 12.9 % | 7,019,121 | 2.14 % | 8.35 % |
| NORTHEAST | 508,504,685 | \$29.34 | 14.4 % | 14.6 % | -304,248 | 0.56 % | 1.28 % |
| Baltimore Metropolitan Area, MD | 29,911,934 | \$25.27 | 10.2 % | 9.6 % | 216,905 | 0.33 % | 2.96 % |
| Boston, MA | 50,735,614 | \$27.06 | 15.4 % | 15.6 % | 190,437 | 4.14 % | 0.70 % |
| Hartford, CT | 5,725,827 | \$22.89 | 13.1 % | 25.3 % | -55,456 | 2.84 % | 5.05 % |
| New Hampshire Markets | 9,362,948 | \$18.82 | 13.8 % | 12.7 % | 105,882 | -8.83 % | -2.98 % |
| New York City Metro | 205,900,747 | \$30.02 | 13.8 % | 13.8 % | -578,133 | 0.48 % | 2.41 % |
| > Central New Jersey | 58,425,964 | \$26.62 | 11.9 % | 12.1 % | 64,613 | 3.08 % | 2.85 % |
| > Long Island, NY | 24,832,926 | \$30.64 | 9.8 % | 9.7 % | 22,531 | -0.17 % | 0.30 % |
| > Northern New Jersey | 87,747,933 | \$30.36 | 16.3 % | 16.1 % | -846,092 | 1.69 % | 4.25 % |
| > NYC Northern Suburban | 34,893,924 | \$34.14 | 13.8 % | 13.6 % | 180,815 | -3.09 % | 0.00 % |
| Philadelphia, PA | 52,440,573 | \$26.50 | 9.4 % | 9.3 % | 52,897 | 0.99 % | 0.77 % |
| Pittsburgh, PA | 13,205,991 | \$22.40 | 12.4 % | 13.3 % | -78,351 | -0.01 % | 0.63 % |
| Washington, D.C. | 141,221,051 | \$32.67 | 18.0 % | 18.2 % | -158,429 | 0.14 % | 0.37 % |
| > Washington, D.C. - Northern Virginia | 97,055,470 | \$34.70 | 18.1 % | 18.3 % | -123,219 | 0.09 % | 0.62 % |
| > Washington, D.C. - Suburban Maryland | 44,165,581 | \$27.91 | 17.8 % | 18.1 % | -35,210 | -0.60 % | 0.70 % |
| SOUTH | 502,882,648 | \$28.35 | 12.5 % | 12.3 % | 4,559,667 | 3.40 % | 6.82 % |
| Atlanta, GA | 81,851,252 | \$26.86 | 11.7 % | 11.4 % | 241,286 | 3.12 % | 8.28 % |
| Austin, TX | 20,170,503 | \$33.10 | 13.4 % | 12.5 % | 263,272 | -1.68 % | 3.54 % |
| Birmingham, AL | 9,216,096 | \$21.84 | 9.6 % | 9.3 % | 30,946 | 0.98 % | 2.13 % |
| Charleston, SC | 3,281,799 | \$25.17 | 7.7 % | 7.1 % | 14,923 | -2.06 % | -0.56 % |
| Charlotte, NC | 21,765,691 | \$24.96 | 10.4 % | 10.0 % | 375,993 | 3.09 % | 4.84 % |
| Columbia, SC | 1,001,972 | \$18.27 | 13.4 % | 12.9 % | 4,759 | 1.21 % | 7.48 % |
| Dallas-Ft. Worth, TX | 110,393,051 | \$28.82 | 14.3 % | 14.7 % | 803,389 | 2.38 % | 9.28 % |
| > Dallas | 106,226,992 | \$28.92 | 14.4 % | 14.7 % | 815,528 | 2.43 % | 9.42 % |
| > Forth Worth, TX | 4,166,059 | \$25.91 | 13.4 % | 13.6 % | -12,139 | 1.22 % | 9.86 % |
| Greenville, SC | 3,036,961 | \$21.26 | 10.1 % | 10.7 % | 55,207 | 7.33 % | 11.11 % |
| Houston, TX | 91,956,492 | \$32.92 | 16.2 % | 16.0 % | 1,054,579 | -0.16 % | -1.20 % |
| Huntsville, AL | 4,033,114 | \$19.36 | 7.1 % | 5.6 % | 61,004 | 2.20 % | 0.20 % |
| Jacksonville, FL | 9,487,851 | \$21.82 | 8.9 % | 7.8 % | 160,813 | 3.29 % | 4.46 % |
| Memphis, TN | 8,542,134 | \$20.15 | 6.7 % | 6.9 % | -21,221 | -3.01 % | -2.63 % |
| Nashville, TN | 15,074,232 | \$25.33 | 2.6 % | 3.0 % | 96,339 | -3.12 % | 0 |
| Norfolk, VA | 10,522,638 | \$20.04 | 10.6 % | 9.5 % | 71,043 | -3.24 % | -1.59 % |
| Orlando, FL | 19,219,711 | \$22.21 | 12.5 % | 11.5 % | 290,463 | -0.65 % | 0.36 % |
| Raleigh/Durham, NC | 28,395,115 | \$24.29 | 8.8 % | 8.1 % | 358,150 | 2.58 % | 7.14 % |
| Richmond, VA | 14,083,518 | \$18.95 | 8.6 % | 8.4 % | 120,617 | -0.40 % | 2.16 % |
| Savannah, GA | 462,344 | \$21.70 | 8.9 % | 8.5 % | 1,964 | -0.16 % | 3.06 % |
| South Florida | 32,554,959 | \$33.07 | 13.3 % | 13.5 % | 283,765 | 1.46 % | 4.67 % |
| > Fort Lauderdale | 10,305,149 | \$29.57 | 14.6 % | 14.1 % | 279,125 | 2.14 % | 4.00 % |
| > Miami | 14,597,879 | \$36.35 | 11.2 % | 11.8 % | -3,634 | 3.98 % | 8.17 % |
| > Palm Beach | 7,651,931 | \$33.04 | 15.4 % | 16.0 % | 8,274 | -1.37 % | 2.74 % |
| Tampa Bay, FL | 17,833,215 | \$24.80 | 12.4 % | 11.6 % | 292,376 | 0.86 % | 3.12 % |

United States - Suburban - Class A (continued)

| MARKET | INVENTORY (SF) MAR 31, 2016 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE DEC 31, 2015 | VACANCY RATE MAR 31, 2016 | ABSORPTION (SF) Q1 2016 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | 250,390,374 | \$23.85 | 13.3 % | 13.1 % | 551,587 | 1.50 % | 17.49 % |
| Chicago, IL | 80,241,258 | \$27.83 | 16.9 % | 17.1 % | -103,842 | 0.59 % | 2.15 % |
| Cincinnati, OH | 17,264,197 | \$22.08 | 16.0 % | 15.2 % | 127,590 | 1.25 % | 4.94 % |
| Cleveland, OH | 9,689,944 | \$19.71 | 9.6 % | 9.3 % | 77,883 | -0.89 % | -2.03 % |
| Columbus, OH | 18,530,123 | \$20.76 | 7.0 % | 7.0 % | 126,733 | 0.76 % | 8.09 % |
| Dayton, OH | 2,220,911 | \$20.82 | 26.5 % | 27.3 % | -49,863 | -0.10 % | -4.26 % |
| Detroit, MI | 36,117,270 | \$21.53 | 13.9 % | 13.0 % | 335,597 | 2.09 % | 5.23 % |
| Indianapolis, IN | 11,837,398 | \$20.49 | 13.9 % | 13.6 % | 2,199 | 2.53 % | 4.72 % |
| Kansas City, MO | 17,646,466 | \$20.58 | 9.7 % | 9.4 % | 50,907 | -3.60 % | -0.60 % |
| Milwaukee, WI | 6,412,951 | \$20.54 | 7.6 % | 7.4 % | 12,842 | 2.32 % | 3.72 % |
| Minneapolis-St. Paul | 28,090,552 | \$15.43 | 12.5 % | 12.3 % | -109,366 | 0.26 % | 1.23 % |
| Omaha, NE | 5,560,924 | \$27.40 | 2.8 % | 3.7 % | 27,623 | 0.52 % | 0.81 % |
| St. Louis, MO | 16,778,380 | \$24.13 | 9.8 % | 9.7 % | 53,284 | 1.76 % | 3.66 % |
| WEST | 336,140,961 | \$34.36 | 11.3 % | 11.1 % | 2,212,115 | 1.12 % | 5.68 % |
| Bakersfield, CA | 2,892,016 | \$22.87 | 8.1 % | 10.3 % | -65,148 | 0.97 % | 0 |
| Denver, CO | 46,886,993 | \$26.97 | 9.6 % | 7.2 % | 344,027 | 0.94 % | 4.85 % |
| Fresno, CA | 1,578,895 | \$26.65 | 14.6 % | 13.2 % | 21,879 | -0.93 % | -1.59 % |
| Greater Los Angeles, CA | 61,590,682 | \$34.22 | 13.4 % | 14.4 % | 122,000 | 3.35 % | 12.05 % |
| > Los Angeles | 27,417,100 | \$35.46 | 14.0 % | 14.8 % | 94,300 | 3.02 % | 10.62 % |
| > Orange County | 34,173,582 | \$33.13 | 12.9 % | 14.0 % | 27,700 | 3.51 % | 12.70 % |
| Las Vegas, NV | 5,477,843 | \$31.49 | 24.2 % | 22.9 % | 70,031 | -1.30 % | -2.02 % |
| Phoenix, AZ | 34,622,852 | \$27.57 | 14.0 % | 15.0 % | -183,625 | 1.76 % | 5.09 % |
| Portland, OR | 13,826,809 | \$25.38 | 10.7 % | 10.0 % | 95,399 | 1.44 % | 5.17 % |
| Reno/Sparks, NV | 847,224 | \$20.92 | 11.8 % | 13.0 % | -10,703 | 1.33 % | 1.29 % |
| Sacramento, CA | 14,173,777 | \$23.14 | 13.7 % | 15.8 % | -299,881 | 0.77 % | 3.29 % |
| San Diego, CA | 25,044,885 | \$39.21 | 14.1 % | 13.4 % | 118,932 | -3.84 % | 5.64 % |
| San Francisco Bay Area, CA | 85,986,282 | \$43.23 | 8.7 % | 8.4 % | 1,298,011 | 0.42 % | 4.40 % |
| > East Bay | 19,929,276 | \$33.32 | 12.5 % | 11.8 % | 147,185 | 2.24 % | 3.97 % |
| > Fairfield, CA | 1,963,219 | \$25.84 | 15.1 % | 15.1 % | 3,667 | 0.94 % | 1.99 % |
| > San Francisco Peninsula | 23,873,068 | \$52.82 | 8.9 % | 7.9 % | 513,531 | -2.07 % | 4.10 % |
| > Silicon Valley | 40,220,719 | \$49.27 | 6.3 % | 6.8 % | 633,628 | -0.46 % | 12.59 % |
| Seattle, WA | 43,212,703 | \$38.58 | 9.2 % | 8.6 % | 701,193 | -0.34 % | 2.81 % |
| > Bellevue | 19,150,332 | \$40.15 | 8.2 % | 7.9 % | 487,157 | 1.56 % | 2.67 % |
| > Everett | 1,461,153 | \$27.13 | 17.2 % | 17.1 % | 977 | 0.52 % | 2.78 % |
| > Seattle | 16,297,475 | \$41.91 | 7.4 % | 6.4 % | 155,548 | 2.95 % | 8.65 % |
| > Tacoma | 6,303,743 | \$32.68 | 14.9 % | 14.4 % | 57,511 | 26.18 % | 23.10 % |

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|----------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| USA | \$417 | 5.4% | \$196 | 7.0% |
| NORTHEAST | \$671 | 4.8% | \$164 | 6.9% |
| Boston, MA | \$554 | 4.9% | \$153 | 6.6% |
| Hartford, CT | \$105 | 8.0% | \$154 | 8.5% |
| New York, NY - Metro | \$762 | 4.7% | \$175 | 6.9% |
| Philadelphia, PA | \$171 | 7.0% | \$172 | 7.3% |
| Washington DC | \$547 | 5.8% | \$213 | 6.2% |
| SOUTH | \$209 | 6.3% | \$168 | 7.3% |
| Atlanta, GA | \$179 | 7.2% | \$149 | 7.1% |
| Birmingham, AL | N/A | N/A | \$121 | 8.0% |
| Charlotte, NC | \$249 | 6.9% | \$158 | 6.5% |
| Dallas-Ft. Worth, TX | \$200 | 5.8% | \$137 | 7.3% |
| Houston, TX | N/A | N/A | \$232 | 7.3% |
| Jacksonville, FL | \$146 | N/A | \$127 | N/A |
| Memphis, TN | N/A | N/A | \$93 | N/A |
| Nashville, TN | \$138 | 6.8% | \$154 | 7.4% |
| Norfolk, VA | \$199 | 6.8% | \$164 | 7.9% |
| Orlando, FL | \$244 | 6.5% | \$168 | 7.6% |
| Raleigh/Durham, NC | \$363 | 6.1% | \$163 | 6.5% |
| Richmond, VA | \$182 | 7.4% | \$95 | 7.4% |
| South Florida | \$384 | 5.9% | \$207 | 6.7% |
| Tampa Bay, FL | \$191 | 7.0% | \$149 | 7.2% |
| MIDWEST | \$186 | 7.2% | \$112 | 7.8% |
| Chicago, IL | \$251 | 6.8% | \$123 | 7.6% |
| Cincinnati, OH | N/A | N/A | \$116 | 8.1% |
| Cleveland, OH | \$42 | N/A | \$107 | 8.5% |
| Columbus, OH | N/A | N/A | \$109 | 7.2% |
| Detroit, MI | \$44 | 9.5% | \$117 | 7.4% |
| Milwaukee, WI | \$130 | 8.3% | \$93 | 8.3% |
| St. Louis, MO | \$51 | N/A | \$98 | 6.7% |
| WEST | \$422 | 5.2% | \$275 | 6.3% |
| Denver, CO | \$290 | 5.5% | \$171 | 6.8% |
| Fresno, CA | \$240 | 7.5% | \$240 | 7.5% |
| Greater Los Angeles, CA | \$367 | 5.4% | \$291 | 6.1% |
| Phoenix, AZ | \$196 | N/A | \$157 | 7.0% |
| Portland, OR | \$354 | 5.5% | \$147 | 6.8% |
| Reno/Sparks, NV | N/A | N/A | \$185 | 6.5% |
| Sacramento, CA | \$199 | 6.0% | \$134 | 7.8% |
| San Diego, CA | \$222 | 6.1% | \$275 | 6.5% |
| San Francisco Bay Area, CA | \$456 | 5.1% | \$343 | 5.9% |
| Seattle/Puget Sound, WA | \$542 | 4.1% | \$227 | 6.7% |

Sources: Colliers International, Real Capital Analytics

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Accelerating success.

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OFFICE MARKET OUTLOOKCovering 80 U.S. Markets
Q4 2015

Accelerating success.

A Dynamic 2015 Points to Continued Momentum in the Year Ahead

Michael Roessle, Director of National Office Research

2015 was another robust year for the U.S. office market, and by many measures the best since the recession. All of the key metrics experienced positive growth – increased absorption, occupancy, asking rent, construction and investment activity – with many U.S. markets reaching historical new peaks on multiple counts.

Nearly 40% of the 80 markets Colliers tracks have vacancy rates at or below their pre-recession lows. In addition, absorption in CBDs was the second highest since 2006, though it dipped modestly from 26.5 MSF in 2014 to 24.4 MSF in 2015. Meanwhile, the suburban total of 62.2 MSF was the largest total since 2006. The CBD asking rent (\$49.24/SF) is the highest since the third quarter of 2008, and just under the peak of \$49.99/SF reached the quarter before that. The \$29.00/SF asking rent in the suburbs marks a new peak, eclipsing the \$28.75/SF from the first quarter of 2008. On the investment side, cross-border investment fueled nearly 20% of the total volume in 2015, with over \$25 billion in investment – surpassing the prior peak of \$21 billion in 2006.

Despite the uncertainty in the global economy, the U.S. economy had strong employment gains and sustained, if moderate, GDP growth. Most recently, there has been long-awaited growth in wages, hours worked and the employment market participation rate, which together lead to a moderately bullish outlook on the year ahead.

While much of the activity in the last year was driven by the expansion of technology firms, the strength of the office market was fueled by a diverse set of factors including robust growth in professional services and a large number of corporate relocations to more lower-cost and business-friendly cities in the U.S. (over 500 companies have relocated to Texas over the last five years).

The gains we have seen, both in the economy and office market fundamentals, should continue into the year ahead. Strong demand across industries will lead to increased competition for quality space and investment demand, both foreign and domestic. Development is rising, but remains moderate overall. The strong growth projections for many secondary markets will contribute to the U.S. office market reaching new peaks in occupancy before the end of 2016.

Market Indicators

Relative to prior period

Q4 2015

Q1 2016*

| | | |
|----------------|---|---|
| VACANCY | ↓ | ↓ |
| NET ABSORPTION | + | + |
| CONSTRUCTION | ↑ | ↑ |
| RENTAL RATE** | ↑ | ↑ |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics, Q4 2015

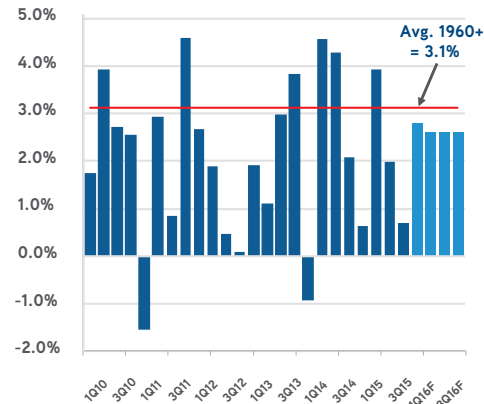
U.S. Office Market

| | |
|--|---------|
| Vacancy Rate | 12.5% |
| Change From Q3 2015 (Basis Points) | -20 |
| Absorption (MSF) | 27.3 |
| YTD Absorption | 86.7 |
| New Supply (MSF) | 19.8 |
| Under Construction (MSF) | 106.6 |
| ASKING RENTS PER SQUARE FOOT PER YEAR | |
| Downtown Class A | \$49.24 |
| Change From Q3 2015 | +1.5% |
| Change From Q4 2014 | +7.1% |
| Suburban Class A | \$29.00 |
| Change From Q3 2015 | +1.7% |
| Change From Q4 2014 | +3.6% |

Key Observations

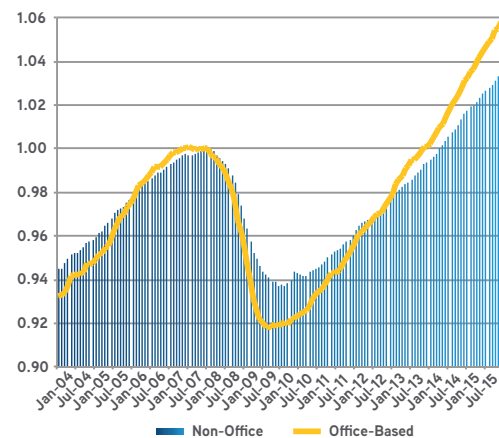
- Strong positive absorption fueled further gains in occupancy, with the fourth quarter totaling 27.3 MSF nationally – the highest figure in nine years. All but five of our 80 markets recorded positive net absorption in 2015. Absorption should remain strong in 2016, though may pull back from current levels after years of strong leasing have left little space availability for tenants in top markets.
- Moderate economic expansion continued in 2015. While the economy is not firing on all cylinders, it is doing well enough to drive tenant demand and a strong appetite for investment. We expect this pattern to continue through 2016, with the Federal Reserve closely monitoring employment and inflation targets and unlikely to hike interest rates significantly.
- Strong growth in the technology sector has fueled office gains across the country by absorbing record volumes of space. Corporate relocations have been a major driver as well as companies look to more cost-friendly environments for both their businesses and employees.
- Leasing is also being fueled by large tenants executing leases well in advance of their current lease expirations, particularly in New York. This allows firms to modernize their space to the more collaborative, “workplace of choice” layouts that employees desire and lock in current rental rates.
- Occupancy strengthened in 2015, with the national vacancy rate declining by 70 basis points, ending the year at 12.5%. This marks the lowest rate in eight years and the figure should drop below the prior trough of 12.2% by mid-year 2016 as late-recovery markets continue to gather steam. The vacancy rate for the Colliers top ten metros fell to 11.5%, down 10 basis points from 3Q and 40 bps from a year ago.
- Rents recorded some of their largest gains of this cycle in both CBDs and suburban areas. CBDs posted quarterly and annual gains of 1.5% and 7.1%, respectively. The suburban areas followed suit, posting gains of 1.7% and 3.6%. The largest year-over-year gains continued to be seen in the San Francisco Bay area as technology firms drive competition for space. As tech firms proliferate on the coasts and professional services and corporate relocations fuel southern markets, asking rents will continue to rise, although more moderately than the torrid pace we have seen in the hottest markets.
- The office new construction pipeline continued to grow – up 11% this year to 106.6 MSF. Led by New York’s 11.2 MSF of new supply underway, the U.S. office construction pipeline is now the largest it’s been in this cycle, though new supply remains relatively scarce as leasing continues to outpace deliveries and pre-leasing remains high. Though the level of new construction has reached a recent high, it is still well below the pace we have seen in prior expansions. Look to see developers ramp up activity as tenant demand for modern space remains high.

Quarterly GDP Growth at Annualized Rate



Source: Bureau of Economic Analysis

Nonfarm and Office-Using Jobs (Jan. 2008=1)



Source: Bureau of Labor and Statistics

- Investor demand for U.S. office properties continued to be robust throughout 2015, with capitalization rates dipping below 4% in some gateway markets. Both foreign and domestic investors seeking to avoid the turbulence in European and Asian markets continue to view the U.S. as a safe harbor, increasingly looking for higher yields in secondary markets. 2016 will see strong volume continue as the Federal Reserve rate increase of December did not prove to be a barrier to investment, and it appears likely the Fed will pull back a bit from their original projection of four additional hikes during the year.
- Looking further ahead in 2016, although valuations of newer, high-growth tech companies have begun to moderate, there will still be voracious demand, particularly by the “titans of Tech” such as Google, Apple, Facebook and Amazon. Firms looking to relocate to more cost-friendly locations will continue to drive up leasing and asking rents across markets such as Atlanta, Dallas, Nashville, Denver and Austin.
- Areas with the largest projected growth in employment and gross metro product (Orlando, Phoenix, Portland and Raleigh-Durham) will draw greater interest from investors looking for new opportunities or who have been priced out of core markets.

The 2015 Economy in Review

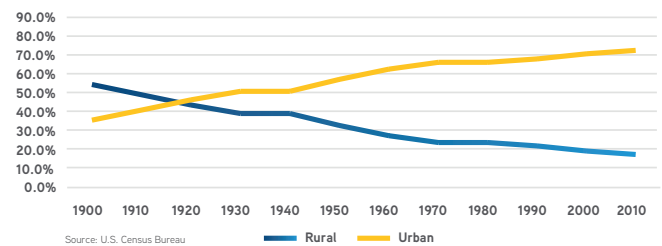
- › The U.S. economy was once again underwhelming in 2015, but good enough – good enough to keep adding jobs and filling vacant office space in properties across the nation, albeit at a now familiar, moderate pace.
- › GDP growth once again failed to meet expectations, growing by only 2.4% in 2015, compared to consensus forecasts of 2.5% to 3.0%. The economy limped into 2016 with a surprisingly weak fourth quarter gain of just a 0.7% annualized rate.
- › Many economic indicators remain positive – most notably job growth, which averaged almost 300,000 per month in the fourth quarter – suggesting that the sag in 4Q GDP was a temporary blip, and we expect growth to improve, though not surge, likely between 2.0% and 2.5%, as the U.S. economy faces headwinds and risks in the form of the slowing global economy and the strengthening dollar, reducing exports and manufacturing.
- › 2015 will be remembered for the Fed finally starting to normalize monetary policy by raising the Federal Funds Rate. Still, the hike was quite modest at 25 bps, and given the weakness of recent growth, further hikes are most likely to be limited and gradual – with no discernable impact on office investments.

Technology Firms Fuel Growth Across Markets

While the rise of technology firms is no longer a new trend, their occupancy patterns are still startling. When looking at a major market like Manhattan, where traditional businesses have been the major driver, financial firms occupying a total of 4 to 5 million square feet seems impressive. Until you look across the country and see tech firms such as Amazon occupying 11 million square feet in Seattle and Apple occupying over 8 million square feet in the San Francisco Bay Area.

Tech companies are expanding at a size and pace that we have not seen before by traditional industries. The voracious appetite for space has spread outside of Silicon Valley into secondary markets as tech firms expand in terms of both back office as well as front-line engineering jobs. The fierce competition for talent and ability to

Urban & Rural Population Trends in the U.S. - Percent of Total Population



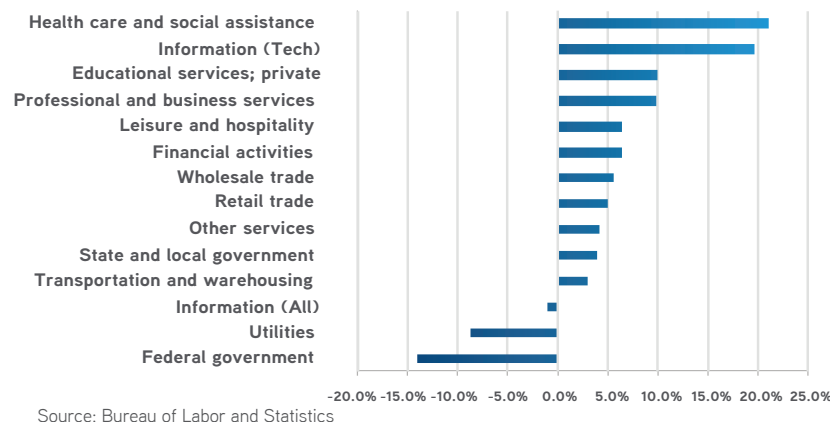
scale up quickly have been factors in this expansion outside of the traditional tech hubs. Many secondary markets offer lower costs in terms of both real estate and a well-educated workforce. While perhaps too many firms are lumped into the “tech” bucket – is Amazon really a tech firm, when most of their revenues come from retailing, albeit not the traditional bricks-and-mortar kind? – there’s no doubt that this sector accounts for a disproportionate share of office market activity and drives trends from construction to revolutionizing office design.

This activity is not limited to the west coast. The growth of “18-hour” cities like Nashville, Austin, Raleigh-Durham and Seattle is attracting talent as the creative labor pool tends to gravitate toward urban live/work/play environments.

A few examples of the massive chunks of space absorbed by tech firms in Austin during 2015 are Indeed.com’s 220,000 SF move-in, ARM, Inc.’s 101,867 SF SF lease and Cirrus Logic’s 85,000 SF pre-lease commitment. In addition to the gargantuan amount of space Amazon is occupying in Seattle, Facebook leased 247,000 SF, Tableau Software took 207,791 SF and Zillow leased 136,162 SF. Nashville has also been reaping the benefits of tech growth with firms such as Caddis Interactive, Relatient and LeanKit expanding or relocating to Franklin (one of the principal cities of the Nashville metropolitan area).

As the Nashville metro area is a major hub of the healthcare industry, there is cross-over between these two industries in a growing life-sciences and biotechnology sector spurred by a 2013

Major Industry Sector Employment Growth Projections 2014-2024



law that allows companies to hire a broader range of scientists rather than being held back by the previous requirement to hire only medical laboratory technicians or medical technologists. According to the Nashville Post, there are 22 construction cranes in Nashville, and an additional 40 cranes could rise in the next 15 months. This construction boom coincides with the growth centered in the tech as well as healthcare industries, which contributed to the metro being ranked number seven in the 2016 Urban Land Institute investor survey – up from number 18 in 2010.

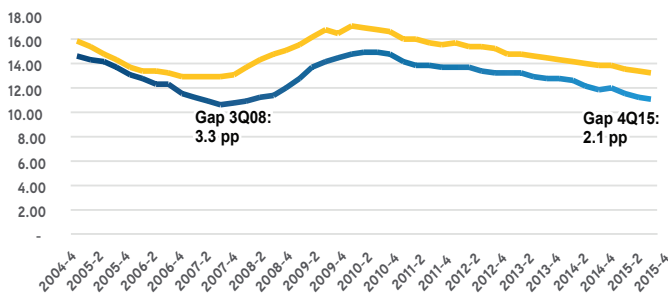
Migration from the suburbs to the CBDs continues to be a trend as headquarters and satellite offices seek to attract top workforce talent. A recent prime example of this urban preference is GE's announced headquarter relocation from a suburban campus in Connecticut to the South Boston Waterfront. As the company transitions more toward technological innovation than its manufacturing roots, it became a priority to attract the young talent that is now centered in cities. Other examples include the relocations to the Chicago CBD of ConAgra Foods from Omaha and Motorola Solutions from the Chicago suburbs.

Many Markets Now Below Pre-Recession Vacancy Rates

The national vacancy rate stood at 12.5% at year-end, down 20 basis points from the prior quarter, and 70 basis points from the end of 2014. This marks an impressive run of fifteen straight quarters of declining vacancy and is the lowest level we have seen since the rate of 12.3% in the fourth quarter of 2007 – and only 30 basis points above the trough of 12.2% in the third quarter of 2007. In fact, nearly 40% of the 80 markets Colliers tracks have vacancy rates at or below their pre-recession lows.

Metros with a large tech presence account for many of the markets that have dipped well below their prior troughs – Raleigh, NC (590 basis points below) Oakland, CA (560 bps below), Austin, TX (400 bps below), Nashville, TN (380 bps below) and San Francisco (270 bps below) among them. But the markets now below their prior low point are more varied than just tech-heavy areas, and include Charlotte, Dallas, Denver, Nashville and Pittsburgh. Corporate relocations and the growth of professional services have fueled

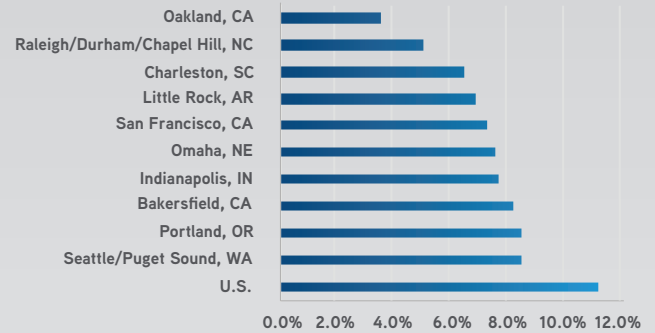
Spread between CBD and Suburban Vacancy Rates



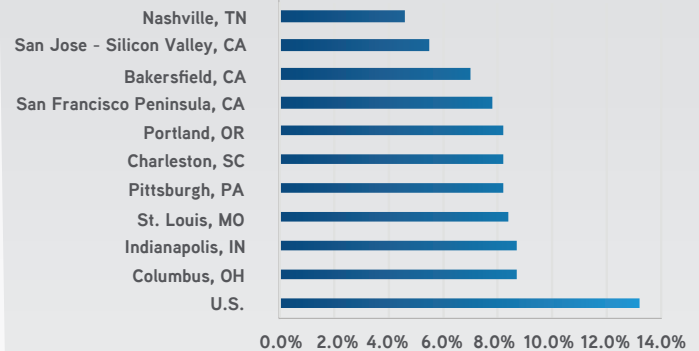
Source: Colliers International

Source: Colliers International

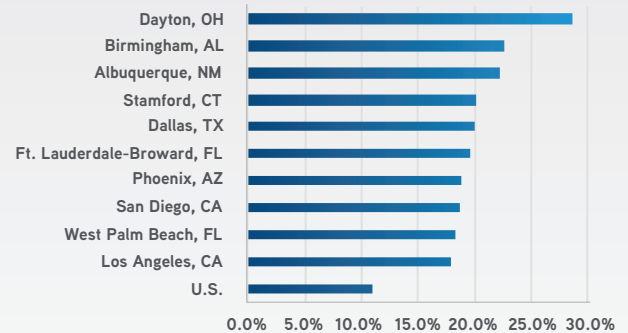
Lowest CBD Vacancy Rates



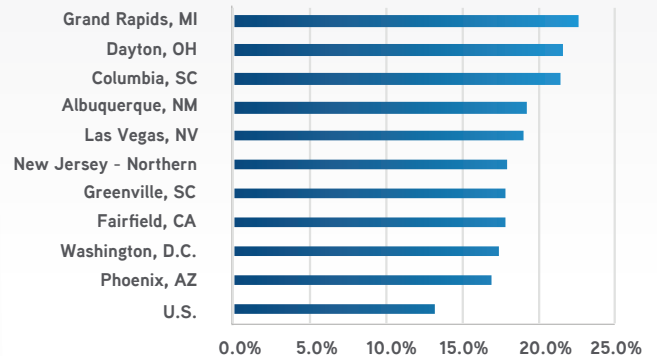
Lowest Suburban Vacancy Rates



Highest CBD Vacancy Rates



Highest Suburban Vacancy Rates



Source: Colliers International

many of these late-recovery markets and point to improving office market fundamentals going forward.

Both CBDs and suburban areas are seeing improvements. For the CBDs, this marked the third straight quarterly decline and the lowest total since the first quarter of 2008 (11.0%). While the Q4 rate is still 50 bps above the prior trough in Q3 2007, the trends suggest we should drop below the prior peak by the third quarter of 2016. Almost one-quarter of CBDs are now below their prior lows. The story in the suburbs is similar, with fifteen consecutive quarters of declines and the lowest vacancy rate since 13.1% in Q4 2007. The suburbs are a mere 30 bps above their prior low of 12.9% in Q2 2007, suggesting that a dip below the prior trough is in store by mid-year 2016. Nearly one-third of suburban markets have vacancy rates that now stand below their pre-recession troughs.

Annual Absorption Totals are the Highest in Nearly a Decade

Absorption has increased every quarter since the beginning of the year, jumping from 10.2 MSF in Q1 to 27.3 MSF at year-end. That quarterly total was the highest in nine years, while the annual absorption of 86.7 MSF in 2015 is the highest in ten years. Absorption in CBDs was the second highest since 2006, though it dipped modestly from 26.5 MSF in 2014 to 24.4 MSF in 2015. Meanwhile, the suburban total of 62.2 MSF was the largest total since 2006. While we expect the absorption rate to remain strong in the year ahead, the totals may not reach those seen in 2014-2015 due to the fact that with such strong performance in leasing, tenants are faced with diminishing space options in many of the top markets.

At least some of strong leasing can be attributed to deals signed well in advance of their lease expiration dates, such as Publicis Groupe's renewal in New York. Many firms are changing their space configuration by abandoning traditional models of executive offices and cubical farms for a "workplace of choice" model, where one day an employee may want to work at a desk, the next in a conference room or kitchen hub.

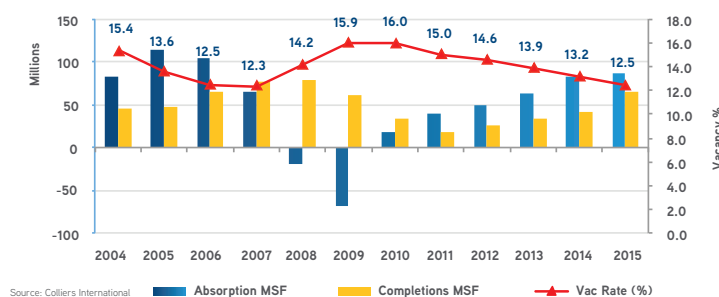
Top U.S. Office Leases in Q4 2015

| TENANT | ADDRESS | MARKET | SF | TENANT INDUSTRY |
|--------------------------------------|--------------------------|------------------|-----------|-----------------------|
| HubSpot, Inc. | 25 First St | Boston | 1,115,013 | Technology |
| Apple, Inc. | 222 N Wolfe Rd | Silicon Valley | 777,170 | Technology |
| Darden Restaurants, Inc. | 1000 Darden Center Dr | Orlando | 534,357 | Hospitality |
| The Advisory Board Company | 655 New York Ave NW | Washington, D.C. | 522,776 | Professional Services |
| United States Department of Justice* | 601 D St NW | Washington, D.C. | 520,180 | Government |
| United States Department of Justice | 150 M St NE | Washington, D.C. | 475,000 | Government |
| Verizon* | 22001 Lousoun County Pky | Washington, D.C. | 376,422 | Telecommunications |
| Apache Corporation* | 2000 Post Oak Blvd | Houston | 355,506 | Energy |
| Safeco Insurance Company of America* | 1001 4th Ave | Seattle | 302,809 | Insurance |
| DaVita Healthcare Partners, Inc. | 16 Chestnut Pl | Denver | 265,322 | Healthcare |

* Renewal

Sources: CoStar, Colliers International

U.S. Office Market 2004-2015



Top U.S. Office Sales in Q4 2015

| ADDRESS | MARKET | SF | PRICE | BUYER |
|-----------------------------|-------------|-----------|-----------------|---|
| Manhattan West Development* | Manhattan | 5,750,000 | \$3,225,614,796 | Qatar Investment Authority |
| 787 7th Ave | Manhattan | 1,638,637 | \$1,900,000,000 | CalPERS |
| 1285 6th Ave | Manhattan | 1,749,000 | \$1,700,000,000 | RXR Realty |
| 10880 & 10960 Wilshire Blvd | Los Angeles | 1,110,065 | \$900,925,485 | Douglas Emmett Realty |
| 500 Boylston St | Boston | 707,000 | \$755,300,000 | JP Morgan Asset Management JV Oxford Properties Group |
| 3 Blackfan Cir | Boston | 702,940 | \$734,635,537 | Blackstone |
| 200 E Randolph St | Chicago | 2,700,000 | \$712,000,000 | 601W Companies |
| 500 W 33rd St | Manhattan | 500,000 | \$650,000,000 | Wells Fargo |
| 222 Berkeley St | Boston | 553,321 | \$534,700,000 | JP Morgan Asset Management JV Oxford Properties Group |
| 345 Hudson St* | Manhattan | 984,432 | \$390,437,622 | Norges Bank |

*Partial Interest Sale

Source: Real Capital Analytics

Another trend that has been a boon to secondary markets is corporate relocations to more cost and business-friendly locations. One example of this is Toyota's relocation from California to Plano, Texas. Toyota sought to consolidate its operations in California, Kentucky and New York as well as create a new collaborative office environment to attract a younger workforce. The millions in grants and lower corporate and personal taxes were also a large incentive.

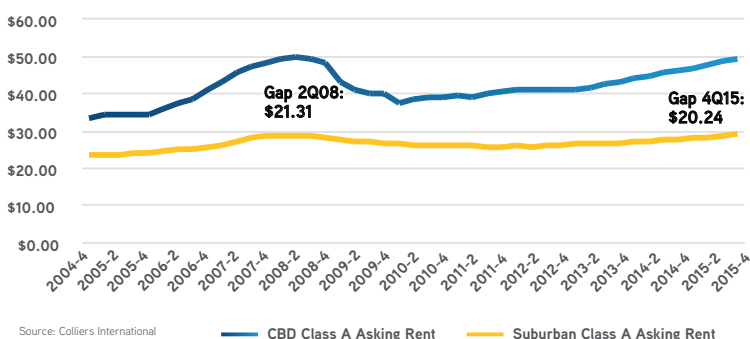
Other examples include MetLife's consolidation of various locations bringing 2,300 jobs to Cary, NC and JP Morgan Chase's relocation of their technology and operations departments across the river from prime Manhattan space to Jersey City, NJ. The main driver in the 344,000 square foot deal was the business-friendly agreement reached with New Jersey, whereby the state agreed to tax breaks totaling \$188 million over 10 years. The firm had been considering less expensive options in Delaware and Ohio, so the tax credits were the deciding factor in the move to Jersey City.

Class A Asking Rents Grow, Reach New Peak in Suburbs

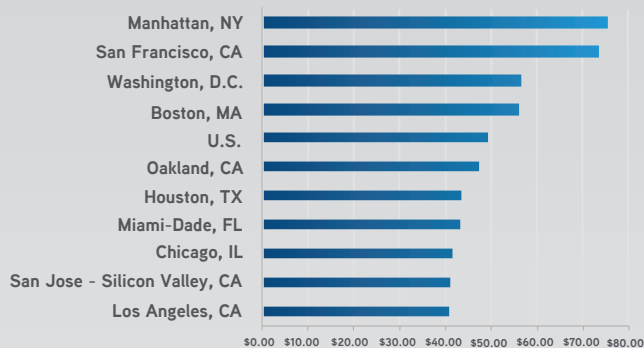
Class A asking rents continued their steady march upward in both CBD and suburban areas of the 80 metros Colliers tracks in 2015, ending the year with rates of \$49.24/SF and \$29.00/SF, respectively. The CBD asking rent is the highest since the third quarter of 2008, and just under the peak of \$49.99/SF reached the quarter before that. The \$29.00/SF asking rent in the suburbs marks a new peak, eclipsing the \$28.75/SF from the first quarter of 2008. Of note, the top five markets with the most expensive suburban Class A asking rents are all in California. Further, a full 30% of all suburban markets have surpassed their prior peaks.

While the markets in and around the San Francisco Bay area recorded the most dramatic year-over-year increases – Oakland +33.0%, San Francisco +18.7%, Walnut Creek, +17.1% and San Jose/Silicon Valley +14.6% – a full 80% of our markets nationally recorded annual gains. In several major markets, particularly New York, high rental rates are being off-set by surging concessions (large work letters, free rent, etc.). A notable exception to these generous concession packages is San Francisco, causing their effective rents to surpass those of New York. Though the outlook remains positive, asking rent increases are expected to moderate

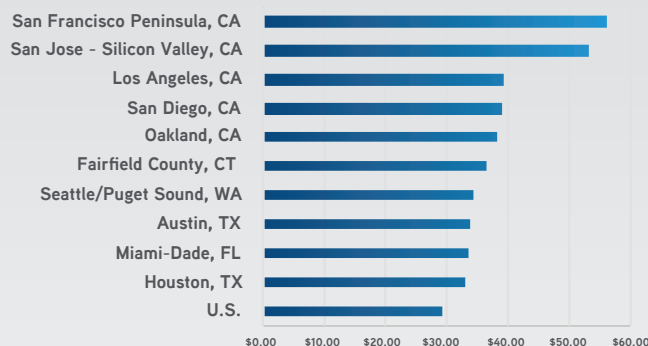
Spread Between CBD and Suburban Class A Asking Rents



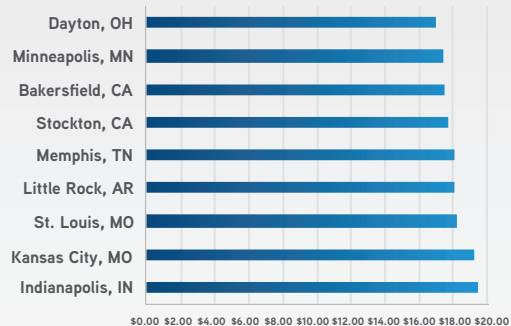
Most Expensive CBD Class A Asking Rents



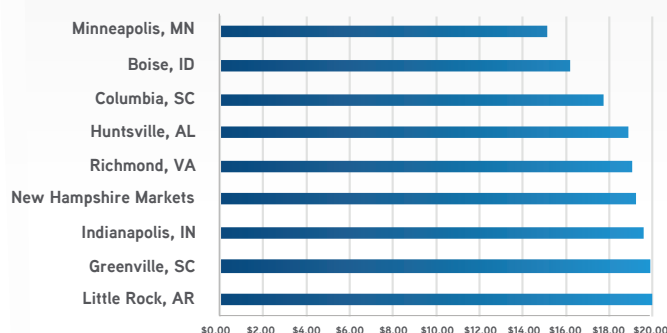
Most Expensive Suburban Class A Asking Rents



Most Affordable CBD Class A Asking Rents



Most Affordable Suburban Class A Asking Rents



Source: Colliers International

in 2016, particularly in the San Francisco region. More measured, steady increases signify a healthy market with room left to grow, particularly in the two-thirds of markets that have not yet surpassed their pre-recession peak.

At the metro level, one-third of our 80 markets are now above their prior peak in class A asking rents. Unsurprisingly, the list is well represented by tech-heavy markets including Manhattan's Midtown South, the San Francisco Peninsula, San Jose/Silicon Valley, Seattle, Portland and Austin. High-growth areas fueled by other industries including professional services, corporate headquarter relocations and healthcare, like Atlanta, Charlotte, Nashville and Raleigh have also reached new peaks. With the string of corporate relocations to Dallas (over 500 companies have relocated to Texas over the last five years), it should not be long until this market surpasses its previous high as well. Additionally employment for law firms in Boston and Washington, D.C. has stabilized and point to increasing competition as they exit the downsizing phase and are set to look toward future expansion needs.

Absorption Still Far Outpaces Rate of New Supply

As demand for space continues to fuel occupancy gains, the pace of construction has been heating up accordingly. The pipeline of projects underway (106.6 MSF) increased by 10.8% over one year ago and has risen for three straight quarters. This marks the largest total in seven years and is the effect of pent-up demand after construction plummeted to an average of 50 MSF throughout much of the recovery. In fact, we have not seen significant construction volumes in the U.S. since 2002, and few markets saw much construction in the last expansion from 2004-08.

With lenders conservative in their project underwriting and requiring significant pre-lease commitments before breaking ground, developers have been constrained and avoided putting up massive amounts of speculative development space. In several markets, the majority of space under construction have anchor tenants before the projects complete.

- Projects in Silicon Valley are 80% pre-leased
- Pre-lease commitments in Manhattan are at 70%
- Boston has 60% of new construction spoken for
- Chicago has 59% of space pre-leased
- 50% of new construction is pre-leased in San Francisco

With construction restrained, absorption has out-paced deliveries of new supply in 20 of the last 22 quarters, and for 5 consecutive years on an annual basis. Last year, absorption -- including both existing and new buildings -- totaled 86.7 MSF while 64.5 MSF of new space was delivered. Just over half of the 80 markets nationally had new deliveries in the fourth quarter but only seven markets saw more than 1 MSF delivered and these seven - Houston, Seattle, Austin, Phoenix, Dallas, Pittsburgh and San Francisco - accounted for 63% of the total. On an annual basis, 55 of our 80 markets recorded new supply - led by Houston, Dallas, Austin, San Jose and Manhattan.

These trends are expected to continue through 2016, maintaining strong competition for space in gateway markets and steadily lowering vacancy rates at the national level. Tech tenants are still hungry for large blocks of space and will continue their expansion by taking existing blocks as they become available or signing for significant pre-lease commitments in new construction.

Continued Demand from Both Foreign and Domestic Investors

2015 was a banner year for office investment transactions. The \$146 billion total represented a 16% increase from 2014 and was the highest total since 2007 when sales eclipsed the \$200 billion mark. While the annual total was the sixth straight year of rising sales volume, the fourth quarter saw a slight pull-back of 2% from the prior year which was largely attributed to a 4% year-over-year drop in suburban volume while CBD volume was essentially flat.

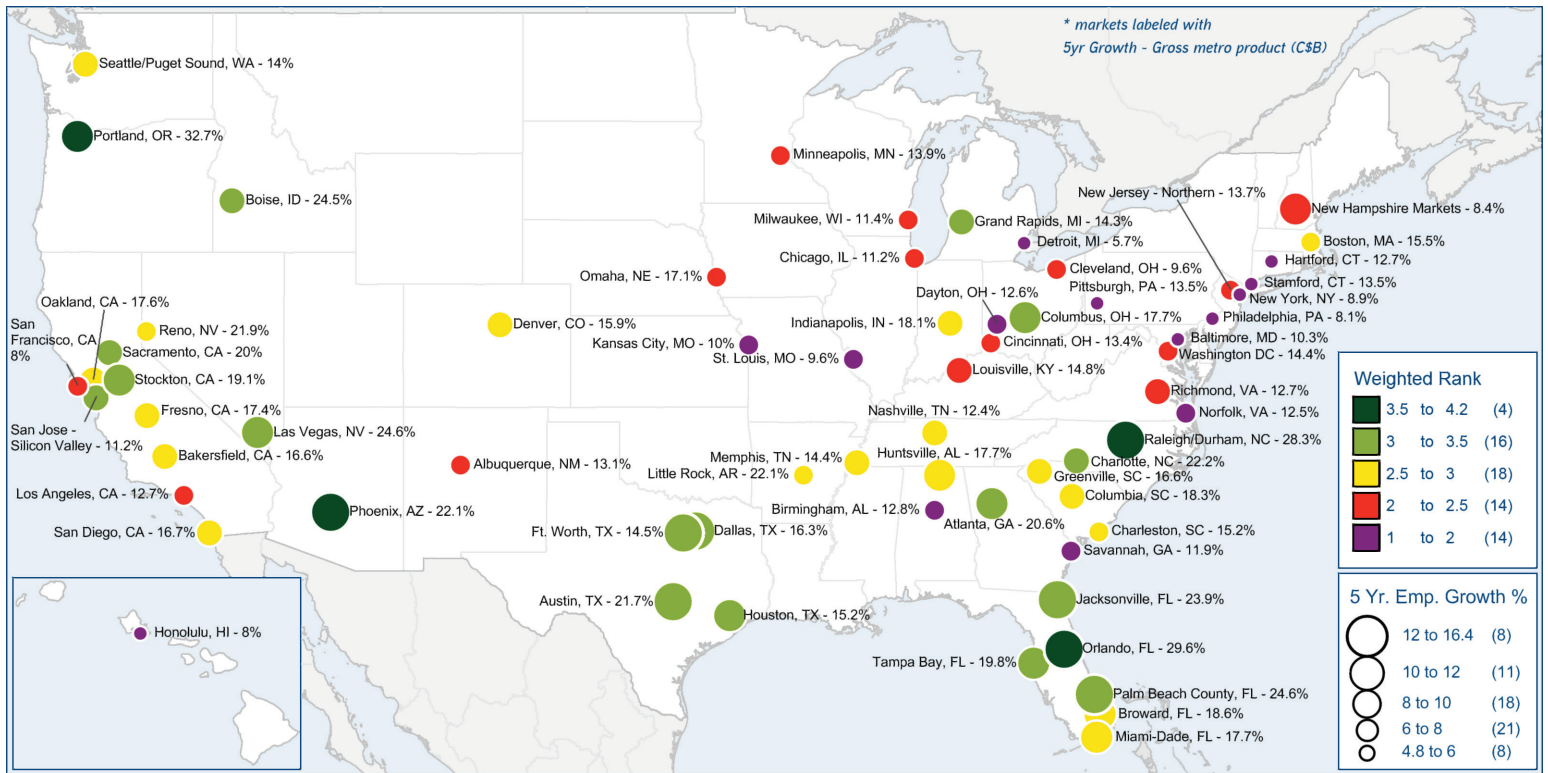
The undisputed leader in 2015 sales volume was Manhattan, with just shy of \$27 billion of sales. That total is a 19% boost over 2014, and dwarfs the \$8.7 billion annual total of the number two spot - Chicago. While the traditional gateway cities of Manhattan, Chicago, Boston, Los Angeles and San Francisco all remained at the top of the board last year, several secondary cities tallied strong totals that put them in the top 15 based on year-over-year growth - Seattle (+159%), Atlanta (+93%), Orange County, CA (+80%), Phoenix (+51%), the Virginia suburbs of Washington, DC (+46%), and Dallas (+15%),.

Cross-border investment fueled nearly 20% of the total volume in 2015, with over \$25 billion in investment - surpassing the prior peak of \$21 billion in 2006. The largest single cross-border investor was Canada (\$7.1 billion), while countries in the European Union combined for \$8.5 billion of acquisitions. While gateway markets were still the top choices, the higher yields in secondary markets have been attracting more investor interest. Markets such as Atlanta, Miami, Denver, Portland and Phoenix all drew significant attention from foreign buyers.

Gateway cities have been the preferred destinations for investors - the Colliers top ten markets* have accounted for roughly 60% of the dollar value of all U.S. sales volume for five years in a row - but there is good reason to look outside of these core metros, particularly if searching for long-term growth. As can be seen in the map on the following page, when comparing metros by looking at the Moody's Analytics five-year growth projections for gross metro product and employment, combined with the percent of inventory currently under construction, we can anticipate where the largest growth is forecasted to occur. Much of the strongest growth will be secondary markets such as Orlando, Phoenix, Portland, Raleigh-Durham, Austin and Charlotte, and investors have begun to take notice. Strong population growth and industries experiencing robust growth (tech, healthcare/biotech and professional services) will continue to fuel the economic and employment expansion in these areas.

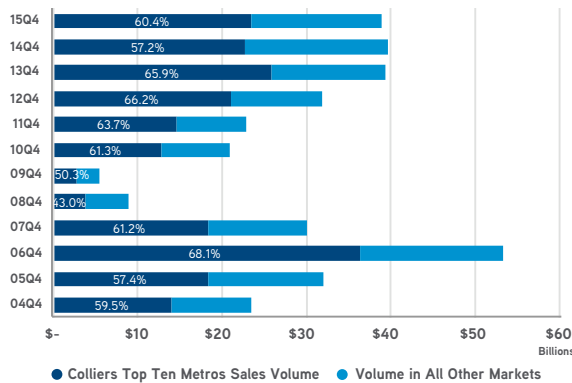
*Manhattan, NY, Los Angeles County, CA, Washington, D.C., Chicago, IL, Atlanta, GA, San Francisco Bay Area, CA, Dallas, TX, Boston, MA, Seattle, WA and Houston, TX

5-Year Growth Forecast Based on Gross Metro Product, Jobs, and Office Construction



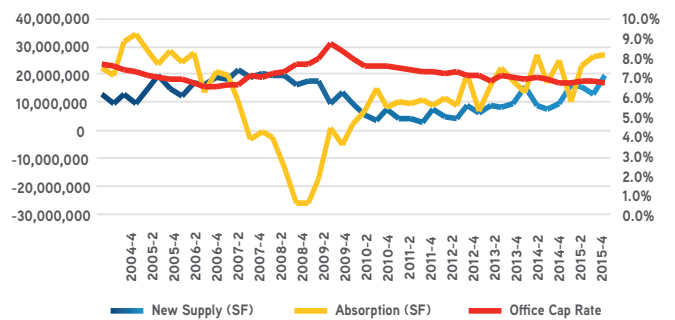
Source: Moody's Analytics

Sales Volume of Colliers Top 10 Metros vs. Rest of Country



Source: Real Capital Analytics

Impact of New Supply & Absorption on Cap Rates



Source: Colliers International, Real Capital Analytics

| Growth Forecast | | | |
|--------------------|-------------------------------------|-------------------------------------|--|
| REGION | 5YR GMP GROWTH FORECAST (2015-2020) | 5YR EMP GROWTH FORECAST (2015-2020) | UNDER CONSTRUCTION AS A % OF INVENTORY |
| US | 13.1% | 7.6% | 1.8% |
| Northeast | | | |
| Boston, MA | 15.5% | 6.3% | 2.6% |
| Washington, D.C. | 14.4% | 6.5% | 1.7% |
| Northern NJ | 13.7% | 6.2% | 0.2% |
| New Hampshire | 8.4% | 10.3% | 0.7% |
| South | | | |
| Orlando, FL | 29.6% | 16.3% | 0.3% |
| Raleigh/Durham, NC | 28.3% | 14.5% | 0.9% |
| Austin, TX | 21.7% | 14.0% | 0.4% |
| Charlotte, NC | 22.2% | 9.6% | 3.2% |
| Midwest | | | |
| Columbus, OH | 17.7% | 10.4% | 2.3% |
| Grand Rapids, MI | 14.3% | 9.7% | 2.4% |
| Denver, CO | 15.9% | 9.5% | 1.9% |
| Indianapolis, IN | 18.1% | 9.2% | 0.4% |
| West | | | |
| Phoenix, AZ | 22.1% | 15.2% | 2.0% |
| Portland, OR | 32.7% | 10.5% | 2.3% |
| Boise, ID | 24.5% | 9.2% | 2.0% |
| Stockton, CA | 19.1% | 10.1% | 3.7% |

Sources: Moody's Analytics, Colliers International

| Top Ten Metros | | | |
|--------------------|-------------------------------------|-------------------------------------|------------------------|
| TOP 10 METROS | 5YR GMP GROWTH FORECAST (2015-2020) | 5YR EMP GROWTH FORECAST (2015-2020) | UC AS A % OF INVENTORY |
| Dallas, TX | 16.3% | 13.2% | 3.0% |
| Atlanta, GA | 20.6% | 11.5% | 0.8% |
| Houston, TX | 15.2% | 11.1% | 3.5% |
| Seattle, WA | 14.0% | 8.8% | 5.2% |
| Boston, MA | 15.5% | 6.3% | 2.6% |
| San Francisco, CA | 8.0% | 7.8% | 5.4% |
| Washington, D.C. | 14.4% | 6.5% | 1.7% |
| Los Angeles, CA | 12.7% | 7.9% | 2.1% |
| Chicago, IL | 11.2% | 7.0% | 1.1% |
| Manhattan, NY | 8.9% | 5.2% | 2.2% |

Sources: Moody's Analytics, Colliers International

The Year in Review & What to Expect in 2016

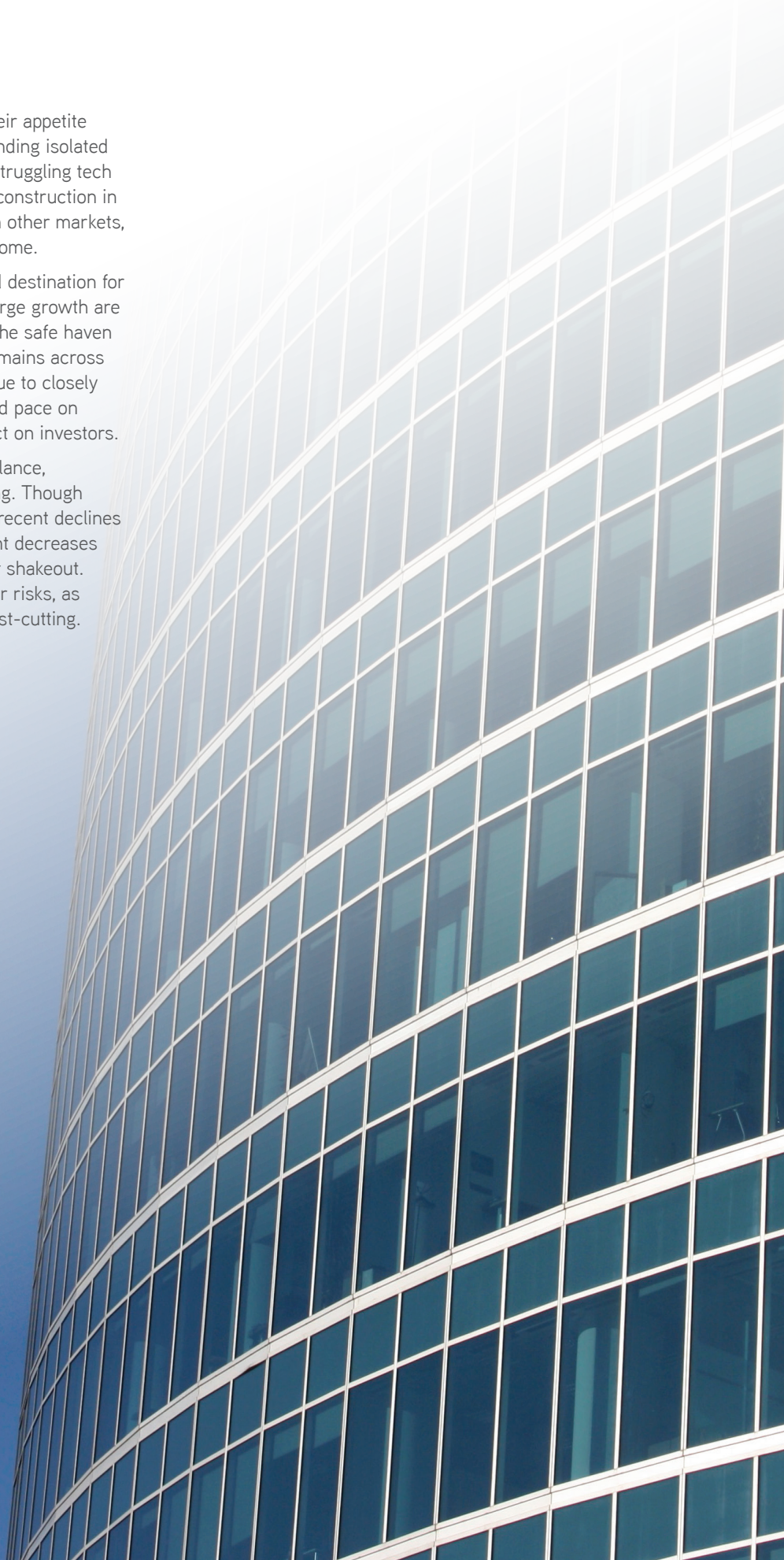
By most measures, 2015 was the strongest year yet for the U.S. office market since the recession.

- › Class A asking rents continued steady gains, even reaching a new high in the suburbs to end the year. Absorption continued to significantly trump the level of new supply, putting downward pressure on vacancy rates and spurring the need for increased construction.
- › Technology firms dominated the headlines, leasing and occupying vast quantities of space that surpass the totals of any other industry, including the traditional heavyweight of the financial sector.
- › Large tenants, such as Publicis Groupe in New York, locked in new leases well in advance of their current lease expirations as they consolidated and/or locked in affordable rents while being able to configure their space to a more modern, collaborative layout that is becoming the preferred style of the workforce, which added to the strong absorption and leasing figures.
- › Corporate relocations to more cost-effective and business-friendly markets fueled large amounts of activity in Atlanta, Dallas and Raleigh-Durham as well as the Hudson Waterfront in New Jersey.
- › Migration from the suburbs to the CBDs continued as headquarters and satellite offices sought to attract top workforce talent. Notable were GE's planned move from suburban Connecticut to Boston and the relocations to the Chicago CBD of ConAgra Foods from Omaha and Motorola Solutions from the Chicago suburbs. To compete with new developments, landlords of existing buildings are upgrading their amenities and infrastructure; while asking rents are increasing, greater concessions are offered to remain competitive.

As we look ahead to 2016, the positive momentum of 2015 is expected to carry forward and the U.S. office market will continue its growth.

- › The U.S. economy looks to continue its moderate growth, notwithstanding the recent turbulence in the financial markets and slowdown in global economic growth.
- › Both occupancy and asking rents will continue to grow, particularly in major markets (except Houston), though at a more moderate pace than the record growth of the past year in the tightest markets.
- › While several markets have surpassed their prior peaks in asking rent and dipped below their prior trough in vacancy rates, there is still room for continued gains on both fronts.
- › Based on our future growth analysis, the markets poised for strong growth in 2016 and beyond are topped by Orlando, Phoenix, Portland, Raleigh-Durham, Charlotte and Dallas/Ft. Worth, Austin, Atlanta and Tampa. These markets are driven by robust activity in tech firm satellite offices, strong growth in professional services and an influx of corporate relocations to take advantage of more business-friendly environments.

- Technology firms will continue their growth, as their appetite for space shows few signs of slowing, notwithstanding isolated examples of modest subleasing activity by some struggling tech firms such as Twitter. Whether snapping up new construction in their core markets or expanding satellite offices in other markets, this sector should be a major driver for years to come.
- Gateway markets will continue to be the preferred destination for investors, though secondary markets poised for large growth are drawing increased interest. The U.S. will remain the safe haven of choice for foreign investment as uncertainty remains across Europe and Asia. The Federal Reserve will continue to closely monitor economic headwinds and take a measured pace on future rate hikes, which will have little to no impact on investors.
- While our outlook for 2016 remains positive on balance, downside economic risks and headwinds are rising. Though tech growth overall is expected to remain robust, recent declines in the valuations of some tech firms and the recent decreases in venture capital could be harbingers of a greater shakeout. Markets heavily driven by finance also face greater risks, as many yearend earnings calls alluded to further cost-cutting.



Select Local Market Conditions

Atlanta, GA

Atlanta office absorption totaled 4.8 million SF in 2015. This is the highest annual total since 2000. The largest occupancies in the year were: Cox Communications (578,000 SF); Fiserv (376,000 SF); Home Depot (200,000+ SF); and Porsche (200,000 SF).

Midtown, Central Perimeter, North Fulton and Northwest Atlanta each saw over 800,000 SF of space absorbed in 2015.

Over the course of the year, Atlanta's office vacancy rate declined almost 200 basis points. At 13.5%, this is the lowest it has been since 2000. Class A vacancy is down 2.5% from this time last year. Since its peak high in 2010, the Class A vacancy rate has dropped 7.4%. This amounts to almost 7.8 million SF of vacant office space filled during this time.

Average asking rental rates have steadily climbed throughout the year. The average for Atlanta office is now \$21.45/SF. This is the highest since 2008 and only \$0.09/SF off the record high. Since bottoming in the third quarter of 2012, Class A rental rates have increased 14%. The \$25.63/SF average is the highest Atlanta has ever seen.

Austin, TX

Once again, overall positive net absorption in the Austin market has reached the highest ever recorded. Tenants moving into new office space during Q4 2015 amount to a positive net absorption of 902,046 SF.

Austin's citywide vacancy rate fell 40 basis points from 11.7% to 11.3% between quarters, continuing its gradual decrease since Q2 of 2009. Vacancy in the CBD remains lower than the average at 6.8%, a decrease of 160 basis points since the end of the third quarter. This drop in vacancy is the most significant drop in the fourth quarter.

The citywide average rental rate increased by only 0.6% from \$30.52/SF to \$30.71/SF over the quarter. Class A rental rates in Austin's CBD increased by 1.4% over the quarter to \$44.36/SF, a small increase in comparison to the 7% increase that occurred in Q3. Suburban submarkets also saw an increase in rental rates as the average Class A suburban rental rate increased from \$32.73/SF to \$33.16/SF over the quarter.

Boston, MA

Over 900,000 square feet of positive absorption in the low-rise segment of the Financial District continues a trend noted in 2014, where tenants seeking value options and accessibility are attracted to the submarket's favorable pricing and central location.

The yearend vacancy rate of 8.9% compares favorably to the 11.0% rate at the end of last year, as momentum remained steady and positive over the course of 2015. Positive absorption over the next few years should drive the vacancy rate down into lower single-digits.

Growth in the overall market is fueling rising rents, driven by tenant migration from outside the city and an improved job market. Investment sale activity has also served to push rents as investors paying top dollar for assets seek immediate returns. With the growing demand for innovative space, some of the Class B brick and beam space is priced higher than historically more expensive tower space.

Chicago, IL (CBD)

The CBD experienced a strong ending to 2015 as the fourth quarter posted 921,725 SF of positive net absorption, the most net absorption of any quarter in 2015. All asset classes within the CBD experienced positive net absorption, as Class A led the way with 519,916 SF, followed by Class B with 286,242 SF.

The CBD's overall vacancy decreased by 70 basis points over the past year, falling from 12.3% to 11.5%. Vacancy decreased by at least 50 basis points across all asset classes, with Class A leading the way with an 80 basis point decrease during the fourth quarter.

The average direct asking rental rate in the CBD currently resides at \$36.92/SF, an increase from \$36.16/SF in the third quarter. The average overall asking rental rate increased by 5.43% from one year prior.

Houston, TX

Houston's office market posted 652,900 SF of positive net absorption in Q4 2015, more than the 457,762 SF absorbed in the previous quarter but significantly less than the 3.0M SF recorded in Q4 2014. Suburban Class A space posted the largest gain, with 941,603 SF of positive net absorption, while suburban Class B posted the largest loss, of 407,167 SF of negative net absorption.

Houston's citywide vacancy rate rose 80 basis points between quarters from 14.6% to 15.4%, and rose by 430 basis points from 11.1% in Q4 2014. Over the quarter, the average suburban vacancy rate increased from 14.4% to 15.3%, and the average CBD vacancy rate decreased from 15.8% to 15.7%.

Although Houston's office market has softened, the citywide average rental rates remained relatively flat over the quarter, increasing marginally from \$27.62/SF to \$27.83/SF. The average CBD Class A rental rate increased slightly from \$42.70/SF in Q3 2015 to \$43.41/SF at year end while the average suburban Class A rental rate decreased somewhat from \$33.23/SF in Q3 2015 to \$32.80/SF at the end of the year.

Las Vegas, NV

Southern Nevada's office market had 1.23 million SF of net absorption in 2015. This represents a healthy expansion of the market, though the market remains one in which vacancy is very high. 2015's net absorption was the highest recorded for the office market since 2007, and it is on par with net absorption during the office expansion of the early 2000's.

Office vacancy increased in four of the Valley's eight submarkets in the fourth quarter of 2015, with the Airport submarket experiencing the largest increase (1.6 percentage points), followed by Henderson, Downtown and West Central. The East Las Vegas, Northwest, North Las Vegas and Southwest submarkets experienced a decrease in vacancy in the fourth quarter. The Valley's lowest vacancy rate remains in Downtown, at 12.5% and rising, while East Las Vegas, the central business district of Southern Nevada's office market, had the Valley's highest vacancy rate, at 24.4%.

The weighted average asking rental rate for office space in Southern Nevada increased to \$1.97/SF monthly on a full service gross (FSG) basis at the end of 2015, a \$0.07/SF increase from 2014. Asking lease rates had lingered around \$1.88/SF for the past three years, but improved demand for office space is now sending them higher.

Los Angeles, CA (Downtown)

Net absorption was positive for the quarter, recording 61,700 SF. Among the major move-ins were public relations agency Golin completing their move from 601 W. 5th St to 42,800 SF at 700 S. Flower St, co-working company Cross Campus occupying 32,300 SF at 800 Wilshire Blvd. and engineering firm Thornton Tomasetti taking 12,900 SF at 707 Wilshire Blvd.

The total vacancy rate, including sublet space, decreased to 17.9% compared to 18.1% last quarter, a 20 basis point difference. A longer historical perspective of the total vacancy rate shows the vacancy rate a year ago at 18.6%.

Rental rates saw an increase in the Downtown Los Angeles market, rebounding from last quarter's slight drop. Overall annual average asking rental rates for fourth quarter recorded at \$37.94/SF, a 0.6% increase from last quarter at \$37.71/SF. In some top-tier buildings, asking rates continue to reach as high as \$44.00/SF.

Manhattan, NY

Reinforced by 527,000 SF of positive absorption during 4Q 2015, Manhattan ended 2015 with 4.25 million SF of positive net absorption. Aside from 2014's 8.44 million SF of positive absorption, 2015 was the strongest year of positive net absorption since 2010. 2015 was also Manhattan's sixth consecutive year of positive net absorption and the market has fully reabsorbed the 19.53 million SF of negative absorption caused by the Great Recession between 3Q 2008-4Q 2009.

The availability rate declined 10 basis points in the fourth quarter and 40 basis points during the year to end 2015 at 9.6%. Availability is at its lowest level since 2008 and well below the Great Recession high of 12.8% from 1Q 2009. But, this year's decline was well under 2014's 170 basis point drop.

Manhattan's average asking rent increased for the eleventh consecutive quarter; the longest such period since 16 successive quarters between 2Q 2004-1Q 2008. Although still 2.5% below the all-time high of \$73.31/SF in 3Q 2008, year-over-year the asking rent average was up 7.5% to \$71.50/SF.

Miami, FL

Due to barely any new inventory delivered in the market, healthy net absorption of over 410,000 SF is placing downward pressure on vacancy rates and causing rental rates to further climb in Miami-Dade County.

At 10.6%, Miami-Dade County's office vacancy rate is the lowest in South Florida, illustrated by 9.5 million SF of vacant direct space. However, with over 1.2 million SF of office space in the pipeline, Miami-Dade County will experience stagnant vacancy and rental rates upon the delivery of said office space to the market's existing office square footage in 2016.

Class A asking rents in Miami-Dade County rose by 0.9% from the third quarter, reaching \$39.75/SF.

Philadelphia, PA

The momentum built during the first half of the year carried into the last two quarters, and the regional markets ended 2015 on a strong note with decreased vacancy and increased demand. Absorption, at 3.1 million SF, was at the highest level since before the recession in 2007.

The vacancy rate decreased from 12.6 to 11.1 percent during the last two quarters of 2015. More companies were expanding in 2015, but the list of the largest leases for the final two quarters reflected the persistent downsizing and consolidation still occurring in the market.

The overall weighted average asking rent increased by \$0.45/SF from Q2 and by \$0.73/SF from the end of 2014. It was not unusual for landlords to raise rents by \$1.00/SF. Class B rents increased by \$0.76/SF since Q2 and by \$1.63/SF since the end of 2014. The exit of the occupancy-focused REITs from the suburban markets and entrance of new landlords has been a major factor in rent increases. While Class B rents have been spiking, new landlords vying for tenants has resulted in a competitive leasing environment in the suburban markets.

Phoenix, AZ

Net absorption closed the year on an upswing, topping 1.9 million SF in the fourth quarter. This brought that total for the full year to more than 3.5 million SF, up from approximately 2.9 million SF in 2014. This marked the strongest single year of net absorption since 2006.

Vacancy in the Greater Phoenix office market trended lower in 2015, ending the year at 17.2%, down from 18.1% at the end of 2014. This marked the fifth consecutive year of vacancy improvement in the local office market.

Asking rents continued their upward climb in the fourth quarter, reaching \$22.30/SF. Asking rents rose 4.5% in 2015, building on a 4.3% increase in 2014. Asking rents have advanced by at least 1% per quarter in six of the past seven quarters.

San Francisco, CA

San Francisco posted a record-breaking 22nd consecutive quarter of positive net absorption, posting nearly 180,000 SF. The SOMA West and SOMA East submarkets contributed significantly to the positive net absorption in the market. At the close of the year, absorption grew to approximately 1.6 million SF.

The vacancy rate rose nearly a full percentage point during the fourth quarter to 7.2%, but reflects a year-over-year decrease of 30 basis points. The increase in vacancy can be attributed to four properties completing construction and delivering over 1.2 million SF of new space to the market in the last quarter of the year. Watch for the vacancy rate to decline since all the newly completed construction was preleased with tenants scheduled to take occupancy during the first half of 2016.

Rents continued to climb throughout the City this quarter with overall Class A weighted rents hitting a high of \$75.90/SF. Meanwhile overall Class B weighted rents have jumped up over 53% over the past two years from \$47.80/SF to \$73.26/SF. While rents in San Francisco have continued to rise, the rate of increase slowed slightly this year.

San Jose/Silicon Valley, CA

With healthy tenant demand throughout the Silicon Valley, new user activity topped out at 1.9 million SF of gross absorption. This level of activity is down 39.9% from the 3.2 million SF measured during the third quarter and brings the year to date total to 10.3 million SF. The 10.3 million SF of absorption measured during 2015 is 15.5% higher than that measure during 2014 and is the highest level of absorption measured since Colliers began tracking absorption statistics in 1988.

While occupancy gains hit record highs, available space in the Silicon Valley office market continues to thin. The overall office availability rate sits at 8.4%, the lowest it has been since the fourth quarter of 2000. Currently, Colliers is tracking 33 tenant requirements that are seeking more than 100,000 SF. According to Colliers' available inventory, these 33 tenants have only 17 options for contiguous office spaces 100,000 SF or greater to choose from.

As a result of the heightened demand and tight availability, the office market measured an uptick in starting rates during the fourth quarter. Average starting rates for office space have climbed 17.4% over the last twelve months, closing the quarter at \$3.97/SF monthly, full service. Average asking rents followed a similar trend line and office space in the Silicon Valley is now being marketed at an average rental rate of \$4.08/SF, full service, up 28.1% from January 2014 and is the first time that average asking rates have surpassed the \$4.00/SF mark since the second quarter of 2001.

Seattle, WA

Seattle submarkets recorded 1,561,417 SF of net absorption during Q4, and 2,864,339 SF for the year. Amazon accounted for 61% of the 2015 total. Eastside submarkets recorded negative (143,985) SF of net absorption during Q4, and negative (207,321) SF for the year. Microsoft reversed course and will remain at Bravern Towers, at least until their lease expires in 2018, after offering seven floors for sublease earlier in the year.

Seattle's overall vacancy rate is 8.4%, down 110 basis points from last quarter. Eastside overall vacancy rate is 7.8%, a small increase of 30 basis points from Q3. We spot a troubling trend emerging in the Bellevue CBD as the vacancy rate increased by 50% year over year from 8.0% in Q4 2014 up to 12.1% through Q4 2015.

Meanwhile, rental rates for Class A space increased by 9.7% in the Seattle CBD year over year, and 1.2% in the Bellevue CBD. Notable tenants in the market for new space include: Bungie, GoDaddy, GE, Google, Redfin, REI, Siemens, and Valve.

Washington, D.C.

With the downsize of The Washington Post, negative 281,256 SF of net absorption was registered during the fourth quarter of 2015. Fannie Mae committed to a new development on this site which will effectively cancel out the negative absorption caused by the Post relocation and consolidation. However, when Fannie Mae moves into their new 752,000 SF headquarters in 2018, they will be vacating roughly a million SF from their existing campus in Uptown.

With The Washington Post shedding 350,000 SF of space in the fourth quarter, District vacancy spiked up by 40 basis points to end 2015 at 10.9%. The District's vacancy rate has fluctuated throughout 2015 but remains within 20 basis points of the yearly average of 10.7%. Vacancy will likely continue to hover in this healthy range during 2016 as large consolidations will be offset by vacant building redevelopments.

Overall and Class A asking rents posted slight declines from the third quarter, ending the year at \$51.60/SF (-0.1%) and \$56.48/SF (-0.4%), respectively. Class B & C saw an uptick of 1.7% to end 2015 at \$43.21/SF, helped by mid-range tenants which have started to outgrow their existing space and are expanding.

United States - Downtown - All Classes

| MARKET | INVENTORY (SF) DEC 31, 2015 | NEW SUPPLY Q4 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION Q4 2015 (SF) | YTD ABSORPTION 2015 |
|--|--------------------------------|----------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD*** | 28,819,747 | 0 | 651,456 | 14.1% | 13.6% | 128,801 | -259,437 |
| Boston, MA | 63,913,102 | 658,769 | 2,277,500 | 10.2% | 8.9% | 1,414,320 | 2,112,459 |
| Hartford, CT | 9,971,800 | 0 | 0 | 14.9% | 16.0% | -110,983 | -183,489 |
| New York, NY - Downtown Manhattan | 106,910,605 | 0 | 2,800,000 | 13.3% | 12.6% | 728,267 | 225,764 |
| New York, NY - Midtown Manhattan | 234,039,911 | 0 | 1,814,710 | 9.6% | 10.0% | -906,762 | 1,949,899 |
| New York, NY - Midtown South Manhattan | 163,787,088 | 0 | 6,568,087 | 7.4% | 7.0% | 705,025 | 2,078,634 |
| Philadelphia, PA | 42,385,000 | 0 | 1,971,682 | 8.2% | 8.6% | -204,221 | 281,925 |
| Pittsburgh, PA | 32,296,968 | 800,000 | 159,246 | 8.7% | 9.0% | 650,559 | 737,655 |
| Stamford, CT | 19,020,954 | 0 | 0 | 20.5% | 20.2% | 59,660 | 58,604 |
| Washington DC | 144,265,922 | 478,882 | 2,653,709 | 10.5% | 10.9% | -281,256 | -18,246 |
| White Plains, NY | 7,883,071 | 0 | 0 | 13.8% | 12.9% | 70,862 | 110,382 |
| Northeast Total | 853,294,168 | 1,937,651 | 18,896,390 | 10.2% | 10.2% | 2,254,272 | 7,094,150 |
| SOUTH | | | | | | | |
| Atlanta, GA | 50,239,731 | 0 | 0 | 15.2% | 14.6% | 334,389 | 883,616 |
| Austin, TX | 13,187,847 | 805,604 | 124,578 | 6.7% | 9.0% | 449,176 | 1,323,506 |
| Birmingham, AL | 5,056,317 | 0 | 0 | 22.7% | 22.6% | 4,833 | -60,791 |
| Charleston, SC | 2,422,148 | 0 | 90,000 | 10.6% | 6.4% | 101,900 | 213,170 |
| Charlotte, NC | 22,433,188 | 0 | 1,219,722 | 7.3% | 8.6% | -287,257 | -173,147 |
| Columbia, SC | 4,660,427 | 0 | 182,000 | 10.7% | 10.6% | 7,831 | 15,963 |
| Dallas, TX | 32,054,490 | 81,479 | 261,400 | 20.1% | 20.1% | 39,956 | 439,593 |
| Ft. Lauderdale-Broward, FL | 7,252,384 | 190,000 | 330,000 | 21.3% | 19.7% | 156,473 | 391,965 |
| Ft. Worth, TX | 10,727,780 | 0 | 0 | 10.8% | 10.2% | 70,786 | 339,373 |
| Greenville, SC | 3,562,131 | 0 | 125,000 | 17.2% | 14.8% | 85,319 | 33,103 |
| Houston, TX | 41,822,266 | 0 | 1,463,258 | 15.8% | 15.7% | 27,301 | -1,893,507 |
| Huntsville, AL | 3,933,097 | 0 | 0 | 8.4% | 8.6% | -8,549 | -34,392 |
| Jacksonville, FL | 15,572,544 | 0 | 0 | 11.8% | 11.5% | 51,072 | 398,821 |
| Little Rock, AR** | 6,903,382 | 0 | 0 | 6.8% | 6.8% | 9,867 | 15,276 |
| Louisville, KY | 44,296,143 | 34,000 | 368,480 | 9.3% | 9.2% | 90,617 | 461,818 |
| Memphis, TN | 5,390,928 | 0 | 0 | 15.6% | 15.5% | 8,756 | -4,969 |
| Miami-Dade, FL | 18,600,676 | 24,300 | 864,000 | 18.2% | 17.6% | 287,200 | 496,122 |
| Nashville, TN | 12,593,582 | 0 | 1,622,000 | 10.3% | 9.6% | 80,046 | 471,506 |
| Norfolk, VA | 4,752,334 | 0 | 0 | 12.0% | 13.4% | -32,722 | 46,238 |
| Orlando, FL | 12,250,509 | 0 | 0 | 11.5% | 11.4% | 20,348 | 193,791 |
| Raleigh/Durham/Chapel Hill, NC | 15,113,045 | 0 | 0 | 5.4% | 5.0% | 60,422 | 360,121 |
| Richmond, VA | 16,572,208 | 0 | 63,200 | 10.7% | 10.5% | 40,311 | 131,535 |
| Savannah, GA | 803,516 | 0 | 0 | 13.1% | 14.4% | -10,516 | 4,699 |
| Tampa Bay, FL | 6,801,564 | 0 | 0 | 15.6% | 14.8% | 48,142 | 8,114 |
| West Palm Beach/Palm Beach County, FL | 11,979,918 | 0 | 175,300 | 18.7% | 18.3% | 66,821 | 154,094 |
| South Total | 368,982,155 | 1,135,383 | 6,888,938 | 13.2% | 13.0% | 1,702,522 | 4,215,618 |

** Q2-15 data displayed

*** Q3-15 data displayed

United States - Downtown - All Classes (continued)

| MARKET | INVENTORY (SF) DEC 31, 2015 | NEW SUPPLY Q4 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION Q4 2015 (SF) | YTD ABSORPTION 2015 |
|---------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 159,830,479 | 0 | 3,558,164 | 11.4% | 10.9% | 917,169 | 1,496,812 |
| Cincinnati, OH | 18,379,005 | 0 | 365,000 | 13.5% | 13.2% | 47,773 | 363,814 |
| Cleveland, OH | 20,133,917 | 0 | 0 | 17.1% | 17.1% | 8,996 | 166,961 |
| Columbus, OH | 19,807,117 | 0 | 107,000 | 9.1% | 8.8% | 72,350 | 212,894 |
| Dayton, OH | 5,163,824 | 0 | 133,000 | 28.4% | 28.7% | -18,037 | 33,895 |
| Detroit, MI | 26,472,697 | 0 | 0 | 15.2% | 14.9% | 236,302 | 1,189,550 |
| Grand Rapids, MI*** | 5,484,206 | 0 | 297,800 | 11.6% | 10.6% | 51,895 | 221,469 |
| Indianapolis, IN | 25,949,706 | 0 | 164,000 | 7.4% | 7.6% | -59,197 | 127,440 |
| Kansas City, MO | 33,917,802 | 0 | 0 | 11.2% | 11.2% | -4,263 | 492,160 |
| Milwaukee, WI | 19,063,929 | 0 | 358,000 | 8.9% | 9.3% | -68,587 | 121,936 |
| Minneapolis, MN | 34,711,656 | 460,897 | 1,582,000 | 11.9% | 11.6% | 477,933 | 492,902 |
| Omaha, NE | 6,522,557 | 0 | 22,600 | 6.7% | 7.5% | -47,258 | 95,778 |
| St. Louis, MO | 22,004,709 | 0 | 0 | 17.6% | 17.6% | 6,999 | -377,302 |
| St. Paul, MN | 11,284,053 | 0 | 0 | 11.2% | 10.7% | 61,379 | 108,696 |
| Midwest Total | 408,725,657 | 460,897 | 6,587,564 | 12.0% | 11.8% | 1,683,454 | 4,747,005 |
| WEST | | | | | | | |
| Albuquerque, NM | 3,158,324 | 0 | 0 | 22.2% | 22.3% | -1,380 | 58,538 |
| Bakersfield, CA | 3,323,563 | 0 | 0 | 6.7% | 8.1% | -41,348 | -19,642 |
| Boise, ID | 6,433,522 | 0 | 466,022 | 10.3% | 9.3% | 63,212 | -37,593 |
| Denver, CO | 35,850,622 | 0 | 1,565,228 | 11.9% | 10.8% | 386,974 | 668,325 |
| Fresno, CA | 3,363,844 | 75,000 | 0 | 12.5% | 12.1% | 78,223 | 60,691 |
| Honolulu, HI | 7,153,292 | 0 | 0 | 14.7% | 13.8% | 60,541 | 31,147 |
| Las Vegas, NV | 5,030,471 | 0 | 129,000 | 12.3% | 12.8% | -26,029 | -102,055 |
| Los Angeles, CA | 32,258,500 | 0 | 1,608,800 | 18.1% | 17.9% | 61,700 | 227,100 |
| Oakland, CA | 17,255,313 | 0 | 0 | 3.9% | 3.5% | 74,318 | 947,630 |
| Phoenix, AZ | 20,223,052 | 0 | 0 | 20.5% | 18.9% | 313,416 | 378,082 |
| Portland, OR | 34,053,834 | 24,400 | 741,912 | 9.3% | 8.4% | 298,780 | 132,406 |
| Reno, NV*** | 3,363,048 | 0 | 0 | 13.8% | 14.6% | -26,123 | -28,291 |
| Sacramento, CA | 12,463,023 | 0 | 0 | 16.5% | 15.7% | 96,077 | 50,288 |
| San Diego, CA | 10,356,160 | 0 | 0 | 18.2% | 18.7% | -50,442 | 143,560 |
| San Francisco, CA | 90,148,248 | 1,203,971 | 4,819,106 | 6.1% | 7.2% | 179,736 | 1,569,532 |
| San Jose - Silicon Valley | 8,367,434 | 0 | 0 | 12.8% | 12.3% | 31,919 | 180,189 |
| Seattle/Puget Sound, WA | 58,970,766 | 1,506,678 | 5,613,988 | 8.7% | 8.4% | 1,561,417 | 2,846,461 |
| Stockton, CA | 8,221,819 | 0 | 306,000 | 11.4% | 10.7% | 46,512 | 276,641 |
| Walnut Creek, CA | 12,346,542 | 0 | 0 | 14.3% | 12.1% | 276,507 | 464,594 |
| West Total | 372,341,377 | 2,810,049 | 15,250,056 | 10.9% | 10.7% | 3,384,010 | 7,847,603 |
| U.S. TOTALS | 2,003,343,357 | 6,343,980 | 47,622,948 | 11.3% | 11.1% | 9,024,258 | 23,904,376 |

** Q2-15 data displayed

*** Q3-15 data displayed

| United States - Downtown - Class A | | | | | | | | |
|--|--------------------------------|---------------------------------------|-------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) DEC 31, 2015 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION (SF) Q4 2015 | YTD ABSORPTION (SF) 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| NORTHEAST | | | | | | | | |
| Baltimore, MD*** | 12,529,840 | \$23.48 | 11.5% | 11.5% | -2,667 | 215,302 | 3.3% | 9.7% |
| Boston, MA | 44,761,306 | \$56.10 | 11.0% | 9.1% | 1,458,814 | 1,882,455 | 5.5% | 10.6% |
| Hartford, CT | 6,771,455 | \$22.48 | 16.9% | 17.5% | -42,867 | -126,755 | 0.3% | -0.1% |
| New York, NY - Downtown Manhattan | 81,589,154 | \$58.70 | 15.2% | 14.4% | 687,067 | -678,309 | 1.2% | 8.5% |
| New York, NY - Midtown Manhattan | 201,481,717 | \$83.37 | 9.9% | 10.3% | -825,680 | 2,138,526 | 1.4% | 8.8% |
| New York, NY - Midtown South Manhattan | 36,062,986 | \$74.77 | 6.4% | 6.3% | 51,245 | 160,322 | 2.9% | 5.6% |
| Philadelphia, PA | 30,085,258 | \$29.46 | 8.0% | 8.5% | -170,074 | -34,294 | 2.2% | 3.5% |
| Pittsburgh, PA | 18,444,144 | \$26.08 | 5.3% | 6.1% | 613,228 | 644,297 | 0.7% | 1.8% |
| Stamford, CT | 14,022,852 | \$40.78 | 21.3% | 21.3% | 7,129 | -86,984 | -0.5% | 3.9% |
| Washington DC | 89,941,887 | \$56.48 | 11.2% | 11.5% | 145,499 | 367,495 | -0.4% | 1.0% |
| White Plains, NY | 4,798,233 | \$32.47 | 16.0% | 14.9% | 55,982 | 82,776 | 0.1% | 2.0% |
| Northeast Total | 540,488,832 | \$63.67 | 11.0% | 10.9% | 1,977,676 | 4,564,831 | 1.4% | 7.2% |
| SOUTH | | | | | | | | |
| Atlanta, GA | 30,918,117 | \$24.24 | 16.1% | 15.4% | 229,727 | 844,842 | -0.2% | 5.5% |
| Austin, TX | 8,215,757 | \$39.33 | 9.4% | 12.8% | 453,200 | 1,042,436 | 0.6% | N/A |
| Birmingham, AL | 3,939,806 | \$20.40 | 18.8% | 18.8% | 2,668 | -121,366 | -0.9% | -3.1% |
| Charleston, SC | 1,029,594 | \$34.93 | 7.9% | 5.4% | 25,921 | 60,795 | 0.7% | 6.4% |
| Charlotte, NC | 15,862,171 | \$29.61 | 7.2% | 9.0% | -280,654 | -197,630 | 1.2% | 17.7% |
| Columbia, SC | 2,131,068 | \$22.54 | 10.4% | 10.8% | -9,226 | 18,634 | 2.1% | 5.7% |
| Dallas, TX | 23,601,613 | \$23.30 | 23.0% | 23.1% | 18,241 | 275,239 | 0.4% | 1.1% |
| Ft. Lauderdale-Broward, FL | 4,395,944 | \$36.12 | 14.1% | 12.7% | 91,673 | 134,235 | 0.7% | 5.3% |
| Ft. Worth, TX | 5,914,246 | \$29.00 | 13.5% | 13.0% | 26,632 | 240,864 | 0.2% | 0.3% |
| Greenville, SC | 2,290,167 | \$25.00 | 19.0% | 16.1% | 65,370 | -19,246 | 5.0% | 10.6% |
| Houston, TX | 31,043,701 | \$43.41 | 11.2% | 11.1% | 19,662 | -373,090 | 1.7% | 1.6% |
| Huntsville, AL | 970,447 | \$19.87 | 8.0% | 7.4% | 5,723 | 4,465 | -3.4% | N/A |
| Jacksonville, FL | 6,846,824 | \$20.66 | 12.8% | 12.2% | 41,290 | 387,242 | 0.2% | 1.7% |
| Little Rock, AR** | 3,052,799 | \$17.99 | 8.4% | 8.9% | -5,918 | 609 | 5.9% | 12.5% |
| Louisville, KY | 11,134,326 | \$22.04 | 8.6% | 8.7% | -16,688 | 151,370 | 0.9% | 7.4% |
| Memphis, TN | 2,026,788 | \$17.94 | 19.4% | 19.1% | 6,262 | 75,539 | 0.7% | 3.6% |
| Miami-Dade, FL | 10,243,074 | \$43.31 | 16.2% | 15.3% | 220,541 | 412,998 | 1.1% | 7.0% |
| Nashville, TN | 4,642,054 | \$26.98 | 10.3% | 9.4% | 44,618 | 183,125 | 2.2% | 7.4% |
| Norfolk, VA | 2,327,023 | \$22.73 | 10.2% | 10.5% | -4,978 | 52,740 | 1.3% | N/A |
| Orlando, FL | 5,681,926 | \$26.68 | 12.4% | 12.5% | -4,406 | 111,359 | 4.6% | 7.9% |
| Raleigh/Durham/Chapel Hill, NC | 7,623,378 | \$27.37 | 6.8% | 6.2% | 46,331 | 275,452 | -0.4% | 3.8% |
| Richmond, VA | 6,704,428 | \$24.34 | 10.9% | 10.0% | 60,620 | 162,672 | -0.1% | 2.0% |
| Savannah, GA | 645,713 | \$21.46 | 6.1% | 11.2% | -32,614 | -22,637 | -1.4% | 0.7% |
| Tampa Bay, FL | 5,000,875 | \$26.53 | 14.1% | 13.6% | 24,818 | -14,700 | 1.9% | 4.3% |
| West Palm Beach/Palm Beach County, FL | 3,837,756 | \$33.82 | 16.8% | 15.4% | 53,001 | 78,675 | 0.4% | 0.5% |
| South Total | 200,079,595 | \$29.54 | 13.5% | 13.4% | 1,081,814 | 3,764,622 | 1.1% | 5.6% |

** Q2-15 data displayed

*** Q3-15 data displayed

| United States - Downtown - Class A (continued) | | | | | | | | |
|--|--------------------------------|---------------------------------------|-------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) DEC 31, 2015 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION (SF) Q4 2015 | YTD ABSORPTION (SF) 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| MIDWEST | | | | | | | | |
| Chicago, IL | 64,336,332 | \$41.59 | 10.6% | 9.8% | 527,708 | 971,426 | 0.8% | 3.2% |
| Cincinnati, OH | 7,798,710 | \$22.80 | 13.6% | 13.4% | 16,271 | 504,372 | 0.0% | 0.0% |
| Cleveland, OH | 9,791,957 | \$21.23 | 15.9% | 15.7% | 13,971 | 11,024 | 2.6% | -4.1% |
| Columbus, OH | 9,056,062 | \$20.94 | 12.2% | 11.5% | 74,595 | 231,876 | 1.2% | 6.9% |
| Dayton, OH | 2,360,797 | \$16.92 | 28.8% | 29.5% | -20,907 | 105,247 | -2.1% | N/A |
| Detroit, MI | 7,276,182 | \$23.52 | 11.3% | 10.6% | 51,346 | 185,177 | -1.3% | 0.9% |
| Grand Rapids, MI*** | 1,570,529 | \$20.16 | 14.4% | 14.1% | 5,318 | 60,399 | -9.8% | -0.4% |
| Indianapolis, IN | 11,103,296 | \$19.32 | 9.8% | 10.2% | -51,220 | 4,637 | 1.7% | 2.4% |
| Kansas City, MO | 10,556,898 | \$19.09 | 15.7% | 15.4% | 31,793 | 509,257 | -0.3% | 0.4% |
| Milwaukee, WI | 5,334,393 | \$28.30 | 8.5% | 9.5% | -54,156 | -9,622 | 1.4% | 4.9% |
| Minneapolis, MN | 15,190,916 | \$17.31 | 13.0% | 12.4% | 483,342 | 297,412 | 0.1% | -0.3% |
| Omaha, NE | 3,589,234 | \$21.23 | 4.4% | 5.7% | -47,258 | 286 | 2.7% | 7.0% |
| St. Louis, MO | 9,639,250 | \$18.15 | 13.3% | 13.3% | -5,941 | -234,077 | 0.8% | 2.6% |
| St. Paul, MN | 2,773,960 | \$13.81 | 10.3% | 11.1% | -21,917 | 45,929 | -3.6% | -4.6% |
| Midwest Total | 160,378,516 | \$28.76 | 11.9% | 11.6% | 1,002,945 | 2,683,343 | 0.5% | 1.3% |
| WEST | | | | | | | | |
| Albuquerque, NM | 575,047 | \$20.25 | 23.6% | 25.9% | -14,882 | -14,882 | 0.0% | 2.5% |
| Bakersfield, CA | 788,282 | \$17.40 | 5.6% | 5.7% | -489 | 1,661 | 0.0% | 0.0% |
| Boise, ID | 1,971,427 | \$21.20 | 7.6% | 7.1% | 10,049 | 185,053 | 0.0% | 8.3% |
| Denver, CO | 22,347,999 | \$35.68 | 14.6% | 12.8% | 405,011 | 642,665 | 0.3% | 3.9% |
| Fresno, CA | 1,101,046 | \$24.60 | 7.6% | 6.6% | 80,774 | 110,448 | 0.0% | 0.0% |
| Honolulu, HI | 4,966,720 | \$35.64 | 15.1% | 13.7% | 46,131 | -25,280 | -0.3% | -0.7% |
| Las Vegas, NV | 1,103,341 | \$30.06 | 21.8% | 20.8% | 10,872 | -79,457 | -3.3% | -4.8% |
| Los Angeles, CA | 18,098,000 | \$40.83 | 17.6% | 17.7% | -20,500 | 56,000 | 0.0% | 2.7% |
| Oakland, CA | 10,562,045 | \$47.28 | 3.6% | 2.8% | 81,838 | 564,666 | 12.9% | 38.2% |
| Phoenix, AZ | 9,474,195 | \$24.20 | 23.4% | 19.9% | 331,907 | 258,419 | 0.7% | 4.6% |
| Portland, OR | 12,970,584 | \$30.55 | 9.9% | 9.0% | 116,097 | 76,874 | 2.5% | 14.3% |
| Reno, NV*** | 583,955 | \$24.43 | 13.1% | 14.1% | -5,728 | -7,360 | 0.2% | 1.1% |
| Sacramento, CA | 5,753,821 | \$33.12 | 17.8% | 15.8% | 117,993 | 98,766 | 1.5% | 5.7% |
| San Diego, CA | 7,577,266 | \$33.48 | 13.6% | 14.1% | -32,135 | 453,214 | 1.5% | 11.6% |
| San Francisco, CA | 58,720,564 | \$73.60 | 6.0% | 7.8% | 87,556 | 1,588,090 | 2.7% | 18.7% |
| San Jose - Silicon Valley | 3,805,065 | \$41.04 | 12.8% | 11.4% | 49,209 | 173,418 | 0.9% | 10.3% |
| Seattle/Puget Sound, WA | 35,685,723 | \$39.02 | 9.3% | 8.8% | 1,560,523 | 2,279,024 | 2.4% | 13.5% |
| Stockton, CA | 2,790,574 | \$17.64 | 15.4% | 15.0% | 8,678 | 118,299 | -2.6% | -3.9% |
| Walnut Creek, CA | 8,188,282 | \$33.84 | 13.5% | 12.1% | 117,490 | 314,293 | 1.8% | 19.5% |
| West Total | 207,063,936 | \$46.46 | 11.0% | 10.8% | 2,950,394 | 6,793,911 | 2.6% | 13.9% |
| U.S. TOTALS | 1,108,010,879 | \$49.24 | 11.6% | 11.5% | 7,012,829 | 17,806,707 | 1.5% | 7.1% |

** Q2-15 data displayed

*** Q3-15 data displayed

United States - Suburban - All Classes

| MARKET | INVENTORY (SF) DEC 31, 2015 | NEW SUPPLY Q4 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION Q4 2015 (SF) | YTD ABSORPTION 2015 |
|---------------------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD*** | 90,182,424 | 164,880 | 0 | 11.4% | 11.2% | 277,265 | 1,022,802 |
| Boston, MA | 113,454,837 | 66,463 | 2,311,795 | 16.8% | 16.0% | 1,028,084 | 2,532,314 |
| Fairfield County, CT | 39,158,586 | 0 | 0 | 14.5% | 14.0% | 160,521 | -457,648 |
| Hartford, CT | 12,784,662 | 0 | 0 | 11.2% | 13.4% | -285,447 | -161,501 |
| Long Island, NY | 74,707,588 | 0 | 614,519 | 9.7% | 9.6% | 108,226 | 593,626 |
| New Hampshire Markets | 17,760,017 | 0 | 118,684 | 13.8% | 13.6% | 44,369 | 9,619 |
| New Jersey - Central | 85,057,175 | 0 | 1,964,425 | 13.4% | 13.0% | 331,925 | 1,014,426 |
| New Jersey - Northern | 121,401,442 | 0 | 231,000 | 17.9% | 17.9% | 18,148 | 271,970 |
| Philadelphia, PA | 103,045,858 | 318,885 | 430,117 | 12.8% | 12.1% | 1,067,598 | 3,043,245 |
| Pittsburgh, PA | 92,906,468 | 425,344 | 615,781 | 8.1% | 8.2% | 276,517 | 536,469 |
| Washington DC | 289,309,456 | 130,664 | 4,509,611 | 17.7% | 17.4% | 1,047,957 | 863,293 |
| Westchester County, NY | 38,404,586 | 0 | 0 | 14.3% | 14.3% | 6,623 | -172,648 |
| Northeast Total | 1,078,173,099 | 1,106,236 | 10,795,932 | 14.5% | 14.3% | 4,081,786 | 9,095,967 |
| SOUTH | | | | | | | |
| Atlanta, GA | 170,911,453 | 52,000 | 1,675,092 | 13.6% | 13.2% | 670,267 | 3,944,762 |
| Austin, TX | 57,128,250 | 805,604 | 124,578 | 9.6% | 9.5% | 801,962 | 2,842,608 |
| Birmingham, AL | 14,737,825 | 0 | 0 | 13.9% | 13.5% | 50,066 | 86,549 |
| Charleston, SC | 9,762,606 | 0 | 168,000 | 9.1% | 8.2% | 84,087 | 550,429 |
| Charlotte, NC | 63,193,493 | 244,074 | 1,509,011 | 9.9% | 9.7% | 372,030 | 1,486,795 |
| Columbia, SC | 4,911,391 | 0 | 0 | 22.6% | 21.4% | 55,907 | 124,897 |
| Dallas, TX | 248,243,682 | 1,409,926 | 8,216,343 | 14.9% | 14.7% | 1,649,563 | 5,630,845 |
| Ft. Lauderdale-Broward, FL | 44,543,043 | 25,165 | 511,600 | 12.3% | 12.2% | 187,436 | 265,842 |
| Ft. Worth, TX | 23,092,424 | 0 | 456,214 | 12.8% | 14.1% | -298,485 | 597,133 |
| Greenville, SC | 4,762,645 | 0 | 150,000 | 17.3% | 17.8% | -23,366 | 64,584 |
| Houston, TX | 183,933,164 | 3,482,285 | 6,530,254 | 14.2% | 15.5% | 583,885 | 3,487,494 |
| Huntsville, AL | 18,861,613 | 0 | 0 | 13.4% | 13.3% | 26,764 | 188,846 |
| Jacksonville, FL | 46,251,450 | 56,466 | 96,803 | 9.4% | 9.8% | -161,458 | 296,698 |
| Little Rock, AR** | 7,583,569 | 0 | 0 | 10.4% | 9.8% | 47,714 | 151,975 |
| Memphis, TN | 27,943,490 | 0 | 51,886 | 13.6% | 13.5% | 20,750 | 373,549 |
| Miami-Dade, FL | 63,570,017 | 0 | 386,000 | 10.7% | 10.5% | 128,372 | 328,477 |
| Nashville, TN | 39,730,907 | 134,200 | 1,116,000 | 4.7% | 4.6% | 172,096 | 1,068,195 |
| Norfolk, VA | 34,558,115 | 0 | 127,460 | 11.7% | 11.4% | 112,645 | 370,560 |
| Orlando, FL | 54,920,960 | 21,422 | 183,211 | 12.1% | 11.8% | 210,422 | 898,281 |
| Raleigh/Durham/Chapel Hill, NC | 68,328,287 | 259,861 | 716,051 | 9.3% | 8.9% | 560,329 | 2,071,147 |
| Richmond, VA | 35,312,850 | 13,209 | 333,095 | 9.6% | 9.4% | 85,859 | 458,460 |
| Savannah, GA | 1,394,498 | 0 | 0 | 13.1% | 14.8% | -23,887 | 91,848 |
| Tampa Bay, FL | 58,696,258 | 131,337 | 175,998 | 15.0% | 14.1% | 623,932 | 1,600,285 |
| West Palm Beach/Palm Beach County, FL | 25,392,413 | 0 | 0 | 15.3% | 15.1% | 82,733 | 412,959 |
| South Total | 1,307,764,403 | 6,635,549 | 22,527,596 | 12.6% | 12.6% | 6,019,623 | 27,393,218 |

** Q2-15 data displayed

*** Q3-15 data displayed

United States - Suburban - All Classes (continued)

| MARKET | INVENTORY (SF) DEC 31, 2015 | NEW SUPPLY Q4 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION Q4 2015 (SF) | YTD ABSORPTION 2015 |
|---------------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 155,254,971 | 0 | 0 | 16.6% | 16.4% | 178,390 | 613,233 |
| Cincinnati, OH | 45,116,874 | 370,000 | 854,000 | 15.9% | 16.2% | 139,320 | 409,661 |
| Cleveland, OH | 54,367,234 | 0 | 1,038,000 | 12.8% | 12.8% | 23,805 | 218,269 |
| Columbus, OH | 44,144,267 | 90,500 | 1,346,834 | 9.0% | 8.7% | 134,683 | 360,242 |
| Dayton, OH | 9,221,331 | 100,000 | 0 | 20.3% | 21.6% | -42,373 | 77,531 |
| Detroit, MI | 138,454,620 | 273,042 | 534,002 | 15.2% | 15.2% | 221,286 | 1,723,686 |
| Grand Rapids, MI*** | 12,996,249 | 14,000 | 139,660 | 22.9% | 22.6% | 33,097 | 129,890 |
| Indianapolis, IN | 44,439,449 | 94,400 | 146,720 | 8.6% | 8.7% | 67,567 | 411,176 |
| Kansas City, MO | 59,662,854 | 0 | 869,076 | 11.2% | 10.9% | 151,538 | 444,557 |
| Milwaukee, WI | 32,411,697 | 0 | 717,305 | 11.6% | 12.1% | -176,534 | -240,730 |
| Minneapolis, MN | 81,556,348 | 0 | 190,000 | 11.4% | 10.9% | 450,907 | 1,698,989 |
| Omaha, NE | 21,514,083 | 183,297 | 313,118 | 10.0% | 10.3% | 139,361 | 285,183 |
| St. Louis, MO | 56,299,191 | 98,000 | 0 | 9.1% | 8.4% | 360,074 | 29,558 |
| Midwest Total | 755,439,168 | 1,223,239 | 6,148,715 | 13.3% | 13.2% | 1,681,121 | 6,161,245 |
| WEST | | | | | | | |
| Albuquerque, NM | 10,965,528 | 0 | 0 | 19.6% | 19.2% | 43,086 | 33,590 |
| Bakersfield, CA | 6,263,778 | 9,500 | 67,600 | 6.6% | 7.0% | -15,440 | 41,860 |
| Boise, ID | 17,206,733 | 20,000 | 10,000 | 12.8% | 12.8% | 9,069 | 492,573 |
| Denver, CO | 108,787,074 | 615,853 | 1,211,438 | 11.5% | 11.3% | 819,266 | 2,399,461 |
| Fairfield, CA | 5,048,637 | 0 | 0 | 18.4% | 17.8% | 30,217 | 126,880 |
| Fresno, CA | 17,621,360 | 0 | 25,000 | 13.9% | 11.8% | 370,181 | 334,232 |
| Honolulu, HI | 7,488,402 | 0 | 0 | 11.8% | 11.6% | 10,170 | 6,788 |
| Las Vegas, NV | 38,670,890 | 123,617 | 68,000 | 18.9% | 19.0% | 77,518 | 1,279,326 |
| Los Angeles - Inland Empire, CA | 20,421,424 | 0 | 33,000 | 16.3% | 16.1% | 48,800 | 194,200 |
| Los Angeles, CA | 167,898,490 | 419,900 | 2,531,833 | 16.0% | 15.5% | 1,095,800 | 2,402,300 |
| Oakland, CA | 16,200,725 | 0 | 0 | 13.5% | 12.1% | 215,578 | 640,051 |
| Orange County, CA | 81,980,737 | 0 | 594,252 | 12.6% | 12.8% | 143,900 | 1,229,500 |
| Phoenix, AZ | 116,313,588 | 1,521,826 | 2,673,729 | 17.0% | 16.9% | 1,628,348 | 3,175,675 |
| Pleasanton/Tri-Valley, CA | 27,363,882 | 0 | 0 | 12.6% | 12.7% | -21,602 | 130,752 |
| Portland, OR | 45,291,671 | 35,671 | 1,079,905 | 8.8% | 8.2% | 322,345 | 472,016 |
| Reno, NV*** | 9,750,713 | 0 | 0 | 13.2% | 13.0% | 20,323 | 114,313 |
| Sacramento, CA | 50,562,188 | 0 | 341,449 | 17.4% | 16.6% | 441,989 | 761,967 |
| San Diego, CA | 73,078,522 | 76,760 | 181,830 | 11.8% | 11.9% | -21,464 | 857,670 |
| San Francisco Peninsula | 40,711,033 | 334,212 | 2,315,611 | 7.7% | 7.8% | 246,214 | 613,999 |
| San Jose - Silicon Valley | 70,655,384 | 866,697 | 7,094,608 | 5.8% | 5.5% | 815,160 | 4,387,738 |
| Seattle/Puget Sound, WA | 74,159,737 | 487,006 | 1,258,693 | 9.2% | 9.7% | 80,241 | 322,362 |
| Walnut Creek, CA | 5,359,532 | 0 | 0 | 17.2% | 15.3% | 100,058 | 97,590 |
| West Total | 1,011,800,028 | 4,511,042 | 19,486,948 | 13.1% | 12.9% | 6,459,757 | 20,114,843 |
| U.S. TOTALS | 4,153,176,698 | | 58,959,191 | 13.4% | 13.2% | 18,242,287 | 62,765,273 |

** Q2-15 data displayed

*** Q3-15 data displayed

| United States - Suburban - Class A | | | | | | | | |
|---------------------------------------|--------------------------------|---------------------------------------|-------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) DEC 31, 2015 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION (SF) Q4 2015 | YTD ABSORPTION (SF) 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| NORTHEAST | | | | | | | | |
| Baltimore, MD*** | 32,664,024 | \$27.51 | 11.5% | 11.4% | 138,802 | 784,658 | 11.2% | 13.5% |
| Boston, MA | 50,315,314 | \$26.03 | 16.0% | 15.4% | 483,327 | 1,378,046 | 0.2% | -5.0% |
| Fairfield County, CT | 17,727,996 | \$36.25 | 12.2% | 11.8% | 77,076 | 54,297 | 7.1% | -0.7% |
| Hartford, CT | 7,123,495 | \$21.27 | 11.2% | 14.4% | -230,617 | -187,954 | 1.2% | 1.2% |
| Long Island, NY | 24,819,473 | \$31.39 | 10.3% | 9.9% | 116,025 | 484,590 | -1.1% | 1.8% |
| New Hampshire Markets | 9,437,262 | \$19.23 | 14.1% | 13.7% | 46,201 | 211,141 | -0.3% | N/A |
| New Jersey - Central | 58,287,444 | \$26.80 | 12.1% | 12.0% | 45,466 | 552,649 | 1.3% | -1.0% |
| New Jersey - Northern | 88,584,184 | \$29.72 | 16.3% | 16.3% | -51,125 | 1,008,756 | 2.3% | 2.2% |
| Philadelphia, PA | 52,925,385 | \$25.81 | 10.4% | 9.2% | 912,899 | 1,876,727 | 0.1% | 1.0% |
| Pittsburgh, PA | 16,723,314 | \$24.32 | 8.6% | 9.5% | 144,094 | 504,405 | 0.0% | 1.8% |
| Washington DC | 140,828,483 | \$32.62 | 18.3% | 17.9% | 665,291 | 892,516 | 0.6% | -0.2% |
| Westchester County, NY | 18,373,246 | \$28.17 | 17.6% | 17.7% | -8,296 | -86,275 | 1.4% | -1.3% |
| Northeast Total | 517,809,620 | \$29.05 | 14.7% | 14.4% | 2,339,143 | 7,473,556 | 1.6% | 0.0% |
| SOUTH | | | | | | | | |
| Atlanta, GA | 81,733,815 | \$26.09 | 11.8% | 11.3% | 406,845 | 2,683,964 | 1.2% | 7.9% |
| Austin, TX | 25,948,456 | \$33.52 | 11.2% | 10.9% | 782,568 | 2,210,862 | 1.3% | N/A |
| Birmingham, AL | 9,215,667 | \$21.84 | 11.0% | 10.4% | 53,058 | 32,978 | 1.1% | 1.8% |
| Charleston, SC | 3,588,744 | \$25.64 | 8.2% | 7.0% | 43,897 | 239,811 | -1.4% | -0.7% |
| Charlotte, NC | 21,440,721 | \$24.13 | 11.2% | 10.3% | 305,410 | 697,080 | -1.3% | 2.3% |
| Columbia, SC | 1,001,769 | \$17.76 | 19.9% | 16.4% | 35,106 | 12,424 | 2.5% | 3.7% |
| Dallas, TX | 104,089,181 | \$25.90 | 13.7% | 13.9% | 1,041,733 | 3,985,674 | 0.6% | 3.0% |
| Ft. Lauderdale-Broward, FL | 11,104,827 | \$29.53 | 11.2% | 10.8% | 103,711 | 289,132 | 0.5% | 8.5% |
| Ft. Worth, TX | 4,153,059 | \$25.20 | 5.4% | 13.1% | -320,131 | 73,202 | 0.0% | 2.9% |
| Greenville, SC | 2,456,280 | \$19.90 | 9.9% | 11.2% | -32,085 | 34,100 | 0.3% | 5.9% |
| Houston, TX | 91,179,796 | \$32.80 | 14.1% | 16.2% | 935,257 | 3,511,491 | -0.7% | 0.6% |
| Huntsville, AL | 4,033,114 | \$18.88 | 6.4% | 7.1% | -30,279 | 176,878 | 0.5% | N/A |
| Jacksonville, FL | 9,231,899 | \$21.04 | 6.8% | 9.0% | -182,997 | -182,566 | 0.4% | 4.9% |
| Little Rock, AR** | 2,843,202 | \$20.00 | 8.7% | 8.3% | 16,556 | 124,299 | 0.0% | 6.7% |
| Memphis, TN | 8,542,134 | \$20.58 | 7.0% | 6.7% | 25,625 | 293,672 | -0.2% | 0.1% |
| Miami-Dade, FL | 14,541,949 | \$33.25 | 9.6% | 9.1% | 78,300 | 171,071 | 0.4% | -0.2% |
| Nashville, TN | 14,864,968 | \$24.68 | 3.2% | 2.9% | 148,712 | 536,957 | 5.5% | -1.3% |
| Norfolk, VA | 11,012,676 | \$20.21 | 11.3% | 10.0% | 146,097 | 243,100 | -1.4% | N/A |
| Orlando, FL | 17,343,749 | \$22.19 | 12.7% | 12.2% | 82,072 | 314,721 | 1.0% | 3.2% |
| Raleigh/Durham/Chapel Hill, NC | 26,599,307 | \$23.49 | 9.3% | 9.1% | 234,907 | 972,670 | 0.8% | 3.2% |
| Richmond, VA | 13,945,621 | \$19.08 | 8.7% | 8.6% | 12,298 | 310,826 | -0.2% | 3.8% |
| Savannah, GA | 488,384 | \$22.37 | 12.1% | 8.7% | 16,708 | 34,948 | 3.0% | 3.5% |
| Tampa Bay, FL | 19,248,928 | \$24.63 | 11.8% | 11.7% | 20,246 | 481,300 | 1.0% | 3.7% |
| West Palm Beach/Palm Beach County, FL | 7,470,387 | \$31.41 | 13.1% | 12.9% | 47,113 | 95,578 | 0.5% | 6.1% |
| South Total | 506,078,633 | \$26.81 | 11.7% | 12.0% | 3,970,727 | 17,344,172 | 0.6% | 4.2% |

** Q2-15 data displayed

*** Q3-15 data displayed

| United States - Suburban - Class A (continued) | | | | | | | | |
|--|--------------------------------|---------------------------------------|-------------------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|
| MARKET | INVENTORY (SF) DEC 31, 2015 | AVG ANNUAL QUOTED RENT (USD/SF) | VACANCY RATE SEPT 30, 2015 | VACANCY RATE DEC 31, 2015 | ABSORPTION (SF) Q4 2015 | YTD ABSORPTION (SF) 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
| MIDWEST | | | | | | | | |
| Chicago, IL | 78,784,937 | \$28.44 | 17.2% | 17.2% | 37,240 | 532,363 | 2.7% | 3.4% |
| Cincinnati, OH | 16,827,737 | \$22.14 | 14.2% | 13.4% | 82,093 | 416,803 | 1.8% | 4.6% |
| Cleveland, OH | 9,784,161 | \$20.30 | 9.8% | 9.6% | 18,794 | 124,409 | 1.4% | -4.7% |
| Columbus, OH | 18,444,123 | \$20.55 | 7.6% | 7.4% | 41,153 | 347,660 | 3.9% | 5.8% |
| Dayton, OH | 2,213,510 | \$20.76 | 22.5% | 26.5% | -10,777 | 6,825 | -0.4% | N/A |
| Detroit, MI | 36,097,052 | \$21.00 | 14.3% | 14.5% | 6,746 | 583,671 | -1.0% | 3.2% |
| Grand Rapids, MI*** | 1,493,763 | \$12.98 | 44.8% | 44.0% | 5,598 | 11,738 | -28.0% | -2.5% |
| Indianapolis, IN | 12,222,091 | \$19.58 | 9.7% | 10.0% | 57,823 | 314,006 | 2.3% | 1.3% |
| Kansas City, MO | 17,285,182 | \$21.02 | 9.9% | 9.9% | 11,445 | -40,469 | 1.2% | 1.3% |
| Milwaukee, WI | 6,947,133 | \$22.30 | 10.3% | 12.0% | -114,702 | 49,468 | -0.7% | 2.4% |
| Minneapolis, MN | 28,183,552 | \$15.15 | 12.8% | 12.5% | 87,417 | 959,026 | 0.5% | 4.3% |
| Omaha, NE | 5,429,202 | \$27.28 | 3.2% | 2.8% | 124,443 | 82,007 | 1.6% | 2.6% |
| St. Louis, MO | 27,232,869 | \$22.23 | 9.0% | 8.3% | 188,323 | -274,323 | 0.5% | 1.4% |
| Midwest Total | 260,945,312 | \$22.81 | 13.2% | 13.1% | 535,596 | 3,113,184 | 1.4% | 2.4% |
| WEST | | | | | | | | |
| Albuquerque, NM | 811,008 | \$20.95 | 13.5% | 8.3% | 41,709 | -32,692 | 0.0% | 0.0% |
| Bakersfield, CA | 2,894,016 | \$24.00 | 8.0% | 8.8% | -24,352 | -71,343 | 0.0% | 0.0% |
| Boise, ID | 5,854,337 | \$16.20 | 15.7% | 15.4% | 15,812 | 80,112 | 3.7% | -3.3% |
| Denver, CO | 37,777,528 | \$26.68 | 10.0% | 9.9% | 563,902 | 1,291,774 | 0.3% | 4.1% |
| Fairfield, CA | 1,980,606 | \$25.59 | 16.0% | 15.1% | 17,317 | 101,774 | 0.2% | -0.9% |
| Fresno, CA | 4,023,358 | \$26.40 | 16.9% | 16.7% | 5,941 | 60,443 | 2.3% | 2.3% |
| Las Vegas, NV | 5,246,313 | \$31.92 | 23.5% | 25.3% | -628 | 460,697 | 0.8% | 1.9% |
| Los Angeles - Inland Empire, CA | 5,074,649 | \$25.56 | 14.6% | 14.1% | 24,700 | 45,700 | 0.0% | 0.0% |
| Los Angeles, CA | 103,170,092 | \$39.00 | 14.7% | 13.9% | 1,160,000 | 1,989,200 | 2.8% | 6.9% |
| Oakland, CA | 3,682,927 | \$37.92 | 8.3% | 7.1% | 42,943 | 267,141 | 0.3% | 17.0% |
| Orange County, CA | 33,748,538 | \$31.56 | 13.3% | 12.9% | 139,000 | 690,400 | 3.5% | 13.4% |
| Phoenix, AZ | 34,460,929 | \$26.54 | 14.4% | 14.2% | 942,517 | 1,707,588 | 1.9% | 7.4% |
| Pleasanton/Tri-Valley, CA | 15,525,270 | \$32.64 | 13.8% | 13.9% | -5,061 | 146,798 | -0.7% | 3.4% |
| Portland, OR | 12,462,684 | \$24.33 | 9.0% | 8.7% | 67,496 | 169,875 | -2.1% | 1.9% |
| Reno, NV*** | 965,801 | \$20.92 | 12.3% | 11.3% | 9,876 | 34,481 | -0.4% | 6.1% |
| Sacramento, CA | 14,301,250 | \$22.91 | 15.0% | 14.3% | 101,858 | 256,802 | 0.0% | 3.0% |
| San Diego, CA | 25,011,943 | \$38.76 | 14.1% | 14.1% | 59,828 | 371,918 | -0.3% | 7.0% |
| San Francisco Peninsula | 23,428,651 | \$55.80 | 9.1% | 8.9% | 332,143 | 488,564 | 4.0% | 17.7% |
| San Jose - Silicon Valley | 38,641,219 | \$52.92 | 6.2% | 6.3% | 717,883 | 2,263,766 | 9.4% | 14.8% |
| Seattle/Puget Sound, WA | 28,028,922 | \$34.06 | 10.9% | 10.8% | 444,483 | 296,165 | 0.3% | 0.7% |
| Walnut Creek, CA | 737,964 | \$26.52 | 13.1% | 11.9% | 9,382 | 27,817 | 0.9% | -9.1% |
| West Total | 397,828,005 | \$35.79 | 12.5% | 12.2% | 4,666,749 | 10,646,980 | 2.8% | 8.4% |
| U.S. TOTALS | 1,682,661,570 | \$29.00 | 13.0% | 12.9% | 11,512,215 | 38,577,892 | 1.7% | 3.6% |

** Q2-15 data displayed

*** Q3-15 data displayed

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|---|---------------------------------|-----------------|--------------------------------------|----------------------|
| NORTHEAST | | | | |
| Baltimore, MD*** | \$135 | 7.0% | \$130 | 8.0% |
| Boston, MA | \$600 | 5.9% | \$400 | 6.3% |
| Fairfield County, CT | N/A | N/A | \$179 | 7.9% |
| Hartford, CT | N/A | N/A | \$101 | 8.5% |
| Long Island, NY | N/A | N/A | \$178 | 7.8% |
| New Jersey - Central | N/A | N/A | \$108 | N/A |
| New Jersey - Northern | N/A | N/A | \$266 | 5.8% |
| New York, NY - Downtown Manhattan | \$497 | 3.5% | N/A | N/A |
| New York, NY - Midtown Manhattan | \$1,226 | 4.0% | N/A | N/A |
| New York, NY - Midtown South Manhattan | \$1,317 | 4.6% | N/A | N/A |
| Philadelphia, PA | \$162 | 6.8% | \$141 | 7.4% |
| Stamford, CT | \$101 | N/A | N/A | N/A |
| Washington DC | \$650 | 5.8% | \$232 | 7.8% |
| Westchester County, NY | N/A | N/A | \$145 | N/A |
| White Plains, NY | \$145 | N/A | N/A | N/A |
| Northeast Average* | \$537 | 5.4% | \$188 | 7.4% |
| SOUTH | | | | |
| Atlanta, GA | \$210 | 7.1% | \$206 | 7.2% |
| Austin, TX | \$525 | 5.3% | \$250 | 5.7% |
| Dallas, TX | \$118 | 5.9% | \$147 | 7.2% |
| Ft. Lauderdale-Broward, FL | \$186 | 6.8% | \$144 | 7.0% |
| Houston, TX | N/A | N/A | \$247 | 7.2% |
| Jacksonville, FL | N/A | N/A | \$96 | 7.3% |
| Little Rock, AR** | \$88 | 9.0% | \$117 | 9.0% |
| Memphis, TN | N/A | N/A | \$102 | 8.8% |
| Miami-Dade, FL | \$259 | 6.5% | \$224 | 6.8% |
| Nashville, TN | \$166 | 7.5% | \$146 | 7.3% |
| Norfolk, VA | \$150 | 8.0% | \$125 | 8.0% |
| Orlando, FL | \$240 | 6.5% | \$249 | 6.5% |
| Raleigh/Durham/Chapel Hill, NC | \$206 | 6.8% | \$111 | 8.0% |
| Richmond, VA | \$174 | 7.5% | \$125 | 8.0% |
| Savannah, GA | \$160 | 8.5% | \$120 | 9.5% |
| Tampa Bay, FL | \$246 | 6.8% | \$171 | 8.0% |

United States | Office Investment

| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
|--|---------------------------------|-----------------|--------------------------------------|----------------------|
| West Palm Beach/Palm Beach County, FL | \$228 | 7.8% | \$184 | 8.0% |
| South Average* | \$211 | 7.1% | \$163 | 7.6% |
| MIDWEST | | | | |
| Chicago, IL | \$350 | 6.0% | \$200 | 8.0% |
| Cincinnati, OH | \$145 | 8.6% | \$126 | 8.0% |
| Cleveland, OH | \$108 | 8.1% | \$135 | 8.5% |
| Columbus, OH | N/A | N/A | \$82 | 9.6% |
| Dayton, OH | N/A | N/A | \$138 | N/A |
| Detroit, MI | \$100 | 8.3% | \$78 | 8.9% |
| Milwaukee, WI | \$120 | 8.8% | \$110 | 8.8% |
| Minneapolis, MN | \$199 | 7.5% | \$152 | 6.8% |
| St. Louis, MO | \$90 | 10.0% | \$135 | 9.0% |
| Midwest Average* | \$159 | 8.2% | \$128 | 8.5% |
| WEST | | | | |
| Albuquerque, NM | \$145 | 8.5% | \$175 | 8.0% |
| Denver, CO | \$375 | 5.3% | \$205 | 6.8% |
| Fairfield, CA | N/A | N/A | \$225 | 7.2% |
| Fresno, CA | \$125 | 8.5% | \$175 | 7.8% |
| Las Vegas, NV | \$107 | N/A | \$215 | 7.9% |
| Los Angeles - Inland Empire, CA | N/A | N/A | \$255 | 5.0% |
| Los Angeles, CA | \$278 | 4.8% | \$281 | 4.8% |
| Oakland, CA | \$335 | 6.3% | \$288 | 7.0% |
| Orange County, CA | N/A | N/A | \$260 | 5.5% |
| Phoenix, AZ | \$151 | 6.9% | \$127 | 7.8% |
| Portland, OR | \$310 | 5.3% | \$142 | 7.0% |
| Sacramento, CA | \$172 | 7.3% | \$143 | 7.0% |
| San Diego, CA | N/A | N/A | \$174 | 5.7% |
| San Francisco Peninsula | N/A | N/A | \$592 | 7.0% |
| San Jose - Silicon Valley | N/A | N/A | \$471 | 5.3% |
| Seattle/Puget Sound, WA | \$486 | 5.3% | \$200 | 6.7% |
| West Average* | \$248 | 6.4% | \$245 | 6.7% |
| U.S. AVERAGES* | \$285 | 6.8% | \$187 | 7.4% |

* Straight averages used

** Q2-15 data displayed

*** Q3-2015 data displayed

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U.S. Office Market Continues Steady Gains as Tech Markets Continue to Lead

Michael Roessle, Director of National Office Research

Key Observations

- The U.S. economy slowed in Q3 amid a slight pullback in consumer spending. GDP growth dropped back to 1.5% as firms cut back on their production to shrink bloated inventories, while the strength of the dollar reduced exports. We view these factors as largely temporary drags on our economy, and early signs point to renewed strength heading into 2016.
- The office market continued its steady gains in the third quarter as the national vacancy rate declined 30 basis points to 12.7%, 70 basis points lower than a year ago. Most markets participated in the improvement, with only 20% of metros registering rising vacancies. Occupancy gains were fueled by stronger absorption, totaling 26.2 million square feet, up from 23.1 million square feet in Q2 and 17.2 million square feet a year ago.
- Class A asking rents remain strong in both CBD (\$48.62) and suburban (\$28.59) areas of the U.S., posting gains of 6.8% and 3.5%, respectively, over a year ago. The largest year-over-year gains were seen in the San Francisco Bay area, where competition for space remains frenetic.
- The office construction pipeline (105.9 million square feet) increased slightly from Q2, with the top seven markets accounting for nearly half of that total (50.7 million square feet). This activity is led by New York (11.2 million square feet), Houston (10.8 million square feet), Seattle (8.6 million square feet) and Silicon Valley (6.7 million square feet).
- Demand for U.S. office properties from both domestic and foreign investors continues to be strong, though the strengthening dollar may be reducing off-shore demand. Some buyers have been deterred by the lower yields in core gateway markets, and are seeking opportunities in secondary and suburban markets as the U.S. continues to be seen as the safe harbor for investment amid uncertainty in Europe and Asia.

Market Indicators

Relative to prior period

Q3 2015 Q4 2015*

| | | |
|----------------|---|---|
| VACANCY | ↓ | ↓ |
| NET ABSORPTION | + | + |
| CONSTRUCTION | ↑ | ↑ |
| RENTAL RATE** | ↑ | ↑ |

*Projected

**Rental rates for current quarter are for CBD; rent forecast is for metrowide rents.

Summary Statistics, Q3 2015

U.S. Office Market

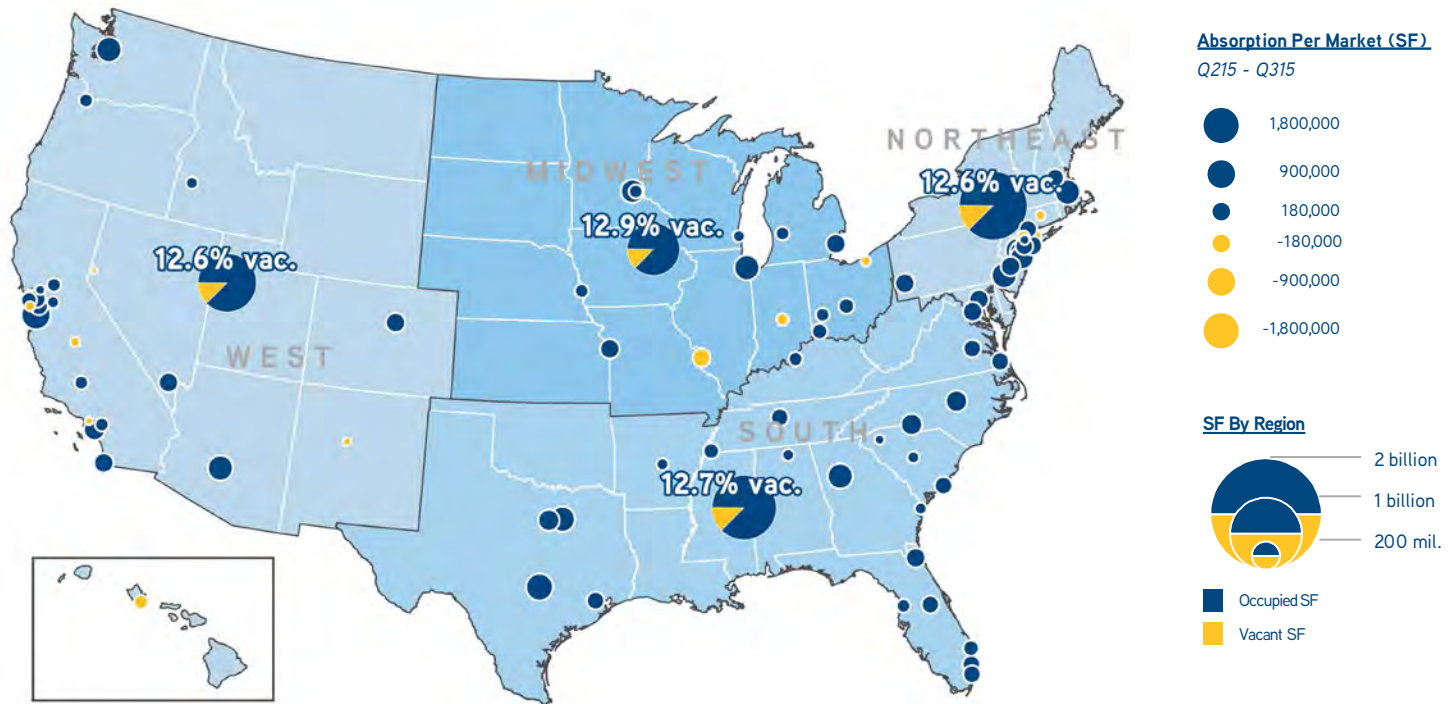
| | |
|---------------------------------------|-------|
| Vacancy Rate | 12.7% |
| Change From Q2 2015 (Basis Points) | -30 |
| Absorption (MSF) | 26.2 |
| New Construction (MSF) | 13.2 |
| Under Construction (MSF) | 105.9 |

ASKING RENTS PER SQUARE FOOT PER YEAR

| | |
|---------------------|---------|
| Downtown Class A | \$48.62 |
| Change From Q2 2015 | 2.0% |
| Suburban Class A | \$28.59 |
| Change From Q2 2015 | 1.5% |

Office Vacancy, Inventory & Absorption

Q3 2015 | United States



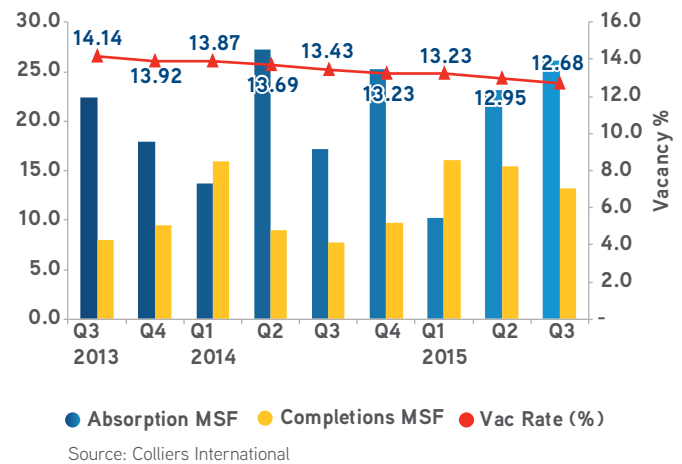
Dip in Q3 Economy Expected to be Short-Lived

The up-and-down pattern of economic growth since the recession has continued this year, with growth easing in Q3 after a robust Q2, which followed a weak start to the year. Third quarter growth was weak as manufacturing, exports and inventories all decreased as the dollar strengthened. The job market also seemed to cool in late summer. After registering gains of over 200,000 jobs for five of the first seven months of 2015, September saw an increase of just 142,000 following a modest August gain of 136,000 jobs. However, the preliminary employment figures for October jumped to over 270,000 jobs, helping to allay concerns of an impending broader downturn.

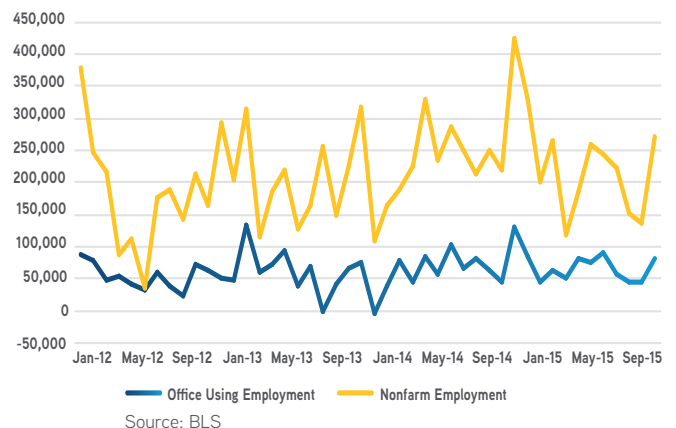
Meanwhile, concerns over slowing growth in China and emerging markets helped induce a late-summer correction on Wall Street. Those concerns seem to be ebbing now, even if China's prospects don't look any brighter. Financial markets were further calmed as Washington reached a longer term deal on the budget and debt limits. Against a backdrop of more stabilized financial markets, the job growth recovery raises the odds that the Federal Reserve will finally begin to raise interest rates in December.

Recent job growth and other positive indicators suggest that the Q3 dip will likely be short-lived. Inventory stockpiles will be replenished as demand naturally picks up heading into the holiday shopping season. While the quality of the jobs added may be questionable and household income growth has been lagging, consumers have increased their spending as they have gained confidence, equity markets are back at near-record levels, and housing prices continue to rebound. The residential housing market, a key driver of recovery in prior cycles, is expected to continue contributing to growth in the next several quarters.

Office Market | Q3 2013–Q3 2015 | US



US Job Growth Trends



In summary, we expect stronger economic momentum as we head toward 2016, though we will continue to struggle to approach 3.0% growth. Although the third quarter saw a pullback in the economy, early indicators for the fourth quarter, including the renewed stronger job growth in October, show reasons for optimism and the office market should experience positive demand drivers going forward.

U.S. Office Vacancy Rates Continue to Decline

Nearly 30% of the 80 markets we track now have a vacancy rate of less than 10.0%, while only three have vacancy rates of greater than 20.0% (Albuquerque, NM, Dayton, OH and Stamford, CT). The national office vacancy rate now stands at 12.7%, a drop of 70 basis points from one year ago, and only 50 basis points above the 12.2% rate seen in the prior peak in the third quarter of 2007. The vacancy decrease in Q3 marks the 14th straight quarterly decline.

Many of the largest and most expensive markets saw vacancy rates decrease only slightly during the quarter as they were much quicker to recover from the downturn and have been seeing steady declines. The top investment markets tracked by Colliers (New York, Washington, DC, Chicago, Dallas, the San Francisco Bay Area, Houston, Atlanta, Los Angeles County, Boston and Seattle) collectively posted a third quarter vacancy rate of 12.9%. Occupancy rose 30 basis points over Q2 and 60 basis points over a year ago. Of these major markets we track, only Houston is weakening significantly, as the vacancy rate pushed up to 14.5% in the third quarter, a quarterly increase of 24 basis points but a whopping 250 basis point increase from a year ago.

In contrast, some smaller markets that were lagging during much of the recovery such as Orange County, Raleigh/Durham, Las Vegas and Phoenix, have been gaining momentum and have registered sharper quarter-on-quarter and year-over-year occupancy gains. But not all markets are improving. Overall, about 20% of markets saw occupancy decline in the quarter with the greatest drops seen in Stamford, St. Louis, Houston, Denver and San Diego.

The performance of the Central Business District (CBD) areas largely follow the same trends as the overall metros. The top performers in major markets continue to be in Manhattan with decreases registered across the board: Midtown (-0.46%), the red hot Midtown South (-0.19%) and Downtown (-0.82%). Notably, the Midtown Manhattan and Midtown South Manhattan markets registered year-over-year vacancy declines of near or at 100 basis points. The CBDs in Chicago, Washington, DC, San Francisco, Boston and Seattle all continue to gather steam. Only four of the top 20 CBDs ranked by inventory registered vacancy increases in the third quarter: Houston, Denver, Dallas and Minneapolis. All had substantial deliveries of new construction in the quarter.

Most suburban markets also improved, as 60 of the 72 suburban markets we track registered declines in vacancy rates, fueled by strong absorption. Suburban areas outside of San Francisco continue to benefit from its high demand as the Walnut Creek and the Pleasanton/Tri-Valley markets both registered significant drops in their vacancy rates this quarter. The Pleasanton/Tri-Valley

market has been especially strong, as vacancies declined over 300 basis points year-over-year.

The suburban areas of several major markets lagged behind their CBDs, however. While the Washington, DC CBD continues its strong performance, suburban DC, specifically Northern Virginia, saw vacancies rise in Q3. Although there have been some significant deals signed in the quarter, they were either space consolidations (Transportation Security Administration in Alexandria) or straight renewals (Raytheon in Dulles). The suburbs of Los Angeles and Boston also registered upticks in vacancy rates. Outside of the Downtown Los Angeles submarket, which posted a vacancy rate decrease of 20 basis points, several areas such as West Los Angeles (+0.6%), the San Fernando Valley (+0.4%) and the San Gabriel Valley (+0.3%) posted increases.

Secondary markets are also benefitting from the tech expansion as space in the Bay Area is dwindling and costs are rising. Austin, Phoenix and Charlotte are examples of areas seeing growth in tech employment and the accompanying decreases in vacancy. Both start-ups and established firms looking for outposts are realizing the benefits of the lower business costs and available talent pools in these second-tier markets. All three of the markets mentioned posted quarterly vacancy declines of near or above 50 basis points with annual declines of between 50 and 100 basis points.

Looking ahead to next quarter and beyond, we anticipate the current trends to continue with vacancy decreases in both CBD and suburban markets. The biggest gains should come from areas in the South that have become more attractive to companies due to their lower costs in terms of both real estate costs and labor. Raleigh/Durham, Atlanta and areas of Southern Florida all look poised for healthy vacancy decreases in the year ahead.

Strong Quarterly and Annual Gains in Absorption

National office absorption remained strong in Q3, totaling 26.2 million square feet; a 3.1-million-square-foot gain over the prior quarter and 8.9 million over this quarter last year. While still 23% below the prior peak of 34.1 million square feet absorbed in the third quarter of 2005, it marks the third time in the last four quarters that absorption surpassed the 20 million square foot mark—a string of gains last seen at the end of 2006.

At the metro level, absorption saw the strongest gains among the larger markets, with seven of those registering positive gains of more than one million square feet. These seven markets accounted for almost a third of all absorption tracked this quarter. Focusing on the Colliers Top Ten metros, we see a mixed absorption picture, with only half recording positive gains. The San Francisco Bay area and New York led the way, recording gains of 3.6 million square feet and 2.3 million square feet, respectively, on a quarterly basis. Secondary markets such as Austin, Philadelphia and Phoenix performed well, all coming in near or above one million square feet of positive absorption. Only a handful of secondary and tertiary markets posted negative net absorption, including St. Louis (-242,136 square feet) and Honolulu (-82,925 square feet).

Absorption saw larger gains in the suburbs than in the CBDs during the quarter. CBDs absorbed 7.1 million square feet, a dip of 8.5% from the 7.7 million square feet absorbed in the second quarter and 18% from the 8.7 million square feet a year ago. In contrast, the suburbs tallied 19.0 million square feet of positive absorption, jumps of 23% and 140% from the prior quarter and year. In recent quarters absorption in the suburbs has tended to be concentrated in the Southern and Western areas of the U.S. However the suburban gains in Q3 were more evenly distributed across the country. The suburban tech markets such as Silicon Valley (+1.6 million square feet) and Austin (+1.2 million square feet) are still represented, but several markets in the Northeast (New Jersey +1.0 million square feet and Philadelphia +0.9 million square feet) as well as the Midwest (Minneapolis +1.0 million square feet) have joined the party. The Northeast and West Coast continue to dominate the top performers in the CBDs, with Midtown Manhattan, Seattle, Downtown Manhattan, Boston and Oakland all posting gains of greater than half a million square feet. Not to be outdone, the San Francisco market continued to roll with 21 straight quarters of positive absorption.

Office absorption continues to benefit from strong job gains—an average of 182,000 jobs per month in this recovery, exceeding the average of 131,000 jobs added in the previous expansion (2003–2007). In sum, we have now gained 3.9 million office jobs in the recovery, more than making up for the 2.4 million jobs lost in the downturn. Nonetheless, cost-cutting and streamlining operations by firms is reducing the amount of space added per new worker, which ultimately is restraining absorption in this recovery.

As a measure of continuing tenant appetite, absorption has outpaced delivery of new supply in every U.S. region in Q3, most notably in the Northeast and Midwest. Looking ahead, we forecast continued declines in vacancy rates as this trend is expected to hold. After deliveries and absorption return to near parity next quarter, we anticipate absorption to exceed new supply by around 50% in the next several quarters with the Northeast and Midwest.

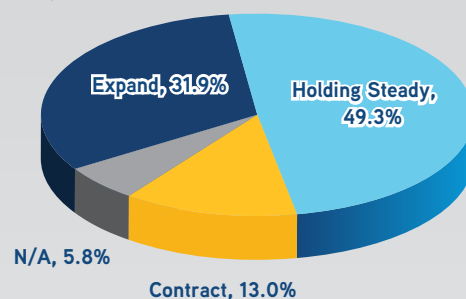
As a supporting metric that reinforces the continuing tenant demand, we expect occupied space to continue its gains, rising along with the trend in absorption. This type of steady, sustained increase is an indicator that the market is healthy rather than being driven by large swings caused by unusual events such as an oncoming bubble or burst.

The average Class A asking rent in U.S. office CBDs was \$48.62 per square foot in Q3 while the suburban number was \$28.59. Both rose from one year ago, with the CBDs registering a stronger 6.8% increase compared to 3.5% in the suburbs. This asking rent growth followed a similar pattern to absorption across markets, with 47 CBDs registering positive growth and 43 suburban areas posting increases. Quarterly and annual asking rent growth was the strongest in the San Francisco Bay Area, where tenant demand is far out-pacing supply. CBDs in San Francisco (+9.8%), Oakland (+7.7%) and Walnut Creek (+6.5%) posted year-over-year spikes of 20.0% or greater. Of these, only the San Francisco CBD has significant new construction in the pipeline, despite demand so

US Market Survey: LEASES

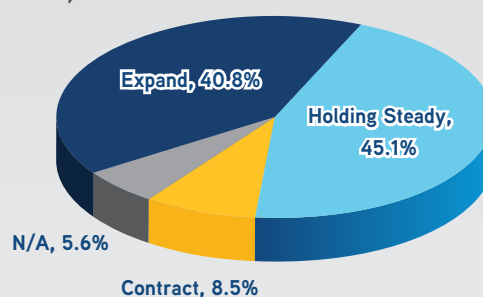
CBD/Downtown Markets:

Excluding renewals, out of the leases signed Q3 2015, tenants chose to:



Suburban Markets:

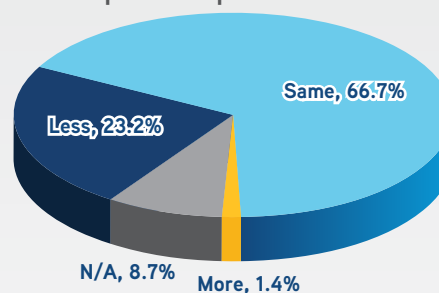
Excluding renewals, out of the leases signed Q3 2015, tenants chose to:



US Market Survey: CONCESSIONS

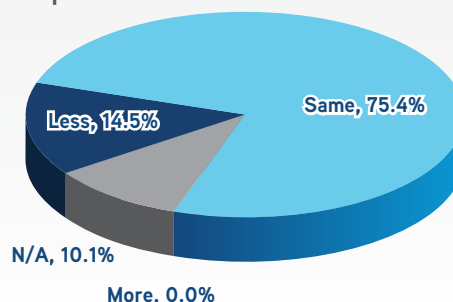
CBD/Downtown Markets:

The trend in Free Rent offered by landlords Q3 2015 (from the previous quarter):



CBD/Downtown Markets:

The trend for Tenant Improvement allowances offered by landlords Q3 2015 (from the previous quarter):



Source: Colliers International

strong that tech companies are gobbling up any large blocks of space (new or existing) as soon as they become available. This lack of availability is having a trickle-down effect in the San Francisco market where Class B asking rents posted a year-over-year increase of nearly 21%, pushing to \$70.49.

On the opposite coast, the stand-out is Manhattan's Midtown South market, which registered a record asking rent in Q3, reaching \$65.32. The spreads between Midtown and Midtown South asking rents continue to shrink as Technology, Advertising, Media and Information Technology (TAMI) firms flock to the open layouts and live-work environments offered by the buildings and neighborhoods in Midtown South, driving up rents accordingly. For the first time in 2015, the third quarter saw TAMI firms surpass Finance, Insurance and Real Estate (FIRE) industries in terms of square footage leased. Leasing by TAMI firms was 34% of the total in Manhattan whereas FIRE industries accounted for 33% of quarterly leasing, exemplifying the shift in Manhattan's landscape away from traditional industries driving the economy and CRE market, to tech which has been and continues to drive the recovery. Elsewhere in the country, asking rents generally are seeing more modest gains; while not grabbing as many headlines, this more modest rent growth is likely more sustainable and ultimately healthier for the sector.

Construction Activity Picks Up in Major Markets

While new construction generally has been restrained in this expansion, it is starting to gain more widespread momentum, as seven markets each now have more than 5 million square feet under construction totaling 50.7 million square feet. This accounts for nearly half of the national total of 105.9 million square feet underway, which is the largest total number we have seen since the 116.9 million square feet in the third quarter of 2008.

New York takes the top spot at 11.2 million square feet under construction, with Houston (10.8 million square feet), Seattle (8.8 million square feet) and Silicon Valley (6.7 million square feet) all strongly represented. Even with the ramped up activity, however, pre-leasing has already taken much of this square footage out of play. In addition, when looking at construction as a percent of total inventory, only three metros exceed 5%: Silicon Valley (8.6%), Seattle (6.5%) and San Francisco (5.8%). With development concentrated in tech-heavy markets showing substantial pent-up demand, even moderate leasing activity will still likely continue to drive down vacancy rates. The only area of concern are those markets dependent on the oil and gas industries, especially Houston. With energy prices expected to stay near current levels for the next several quarters, the 10.8 million square feet currently under construction (which commenced before the declines in energy prices) is likely to strain Houston's office sector.

Overall, less than half of the U.S. markets tracked had any deliveries whatsoever in the third quarter. As expected, the markets that did see deliveries are also led by tech areas such as Silicon Valley, Austin and Seattle. Drilling down, much more of the new supply is concentrated in the suburban areas of these markets than in

the CBDs. The lack of available development sites coupled with higher costs for land in CBDs make this the only viable option for many developers.

Capital Market Trends

Institutional investors continue to seek the relative safety (and allure) of markets such as New York, Boston, Washington, DC, Chicago, San Francisco and Los Angeles, which has continued to spur the acceleration of pricing in these markets. Yields have been in the 5% to 6% range in these metros with sub-4% cap rates having become the new standard for the best properties in San Francisco and New York. The spread between CBD and suburban yields on a national basis is approaching a full percentage point (6.9% versus 7.5%), with the Northeast region eclipsing that mark (5.4% versus 7.5%).

Heavy demand in tech-dominated markets such as San Francisco, Silicon Valley and Seattle as well as gateway markets such as New York, Los Angeles and Washington, DC have pushed the overall average CBD pricing in the U.S. above \$280 per square foot for a year-over-year gain of 11.4%, with pricing in top markets well above that. Continued low interest rates have played a role in maintaining elevated sales prices, particularly in these core markets. In contrast, markets with weaker fundamentals and that are still dealing with distressed assets such as New Jersey, the Southern Florida region and Detroit have average pricing in U.S. suburban markets hovering around \$175 per square foot. Pricing in some of these markets has pushed higher of late as real estate fundamentals improve and some investors look for better returns outside of the CBDs in top tier markets, as shown in the 7.1% year-over-year gain in the average price per square foot for suburban properties. That being said, the large gap in terms of both pricing and yields between primary and secondary markets is likely to continue for the foreseeable future.



Positive Momentum is Expected

Although the U.S. economy slowed in the third quarter, we view this as a momentary pause and expect that positive momentum will return for year end. As in most major electoral campaign cycles, we do not anticipate any radical policy changes that may negatively impact the economy, which should be generally positive to office leasing, though we should expect the Fed to finally start to raise its reference rate—if not by year end, then soon thereafter.

Absorption continues to be strong, with 85% of our metros registering positive gains in the third quarter. While the construction boom in the hottest core metros makes the headlines, speculative construction generally has remained restrained in smaller markets with ample vacancy leaving room for continued positive absorption. Even though the strength of real estate fundamentals varies widely by market/submarket, strong job growth, steady leasing activity and generally limited new construction set the stage for strong performance going forward.

The next several quarters are likely to bring about further declines in vacancy, an uptick in asking rents and tightening concessions. Leasing in secondary markets - particularly in the Southeast and Southwest where population growth is stronger and businesses look to capitalize on the lower costs of establishing or expanding operations in those regions - will continue to outpace leasing in many top tier metros.

Investor demand for office product may also rise this quarter as buyers seek to close deals before year end, fueled this year by the desire to capitalize on low interest rates before anticipated Fed hikes. With the continuing stagnation in the European and Asian markets, the U.S. will continue to be a safe haven where investors seek to park their money, though the strong dollar may deter some off-shore investors.

United States - Downtown - All Classes

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | NEW SUPPLY Q3 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | YTD ABSORPTION (SF) 2015 |
|--|---|----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD | 28,819,747 | 0 | 651,456 | 14.1% | 13.6% | 128,801 | -259,437 |
| Boston, MA | 63,372,134 | 117,801 | 1,330,561 | 10.2% | 9.3% | 660,070 | 1,358,209 |
| Hartford, CT | 9,971,800 | 0 | 0 | 14.0% | 14.9% | -81,172 | -72,506 |
| New York, NY - Downtown Manhattan | 106,910,605 | 0 | 2,800,000 | 14.1% | 13.3% | 872,861 | -502,503 |
| New York, NY - Midtown Manhattan | 234,039,911 | 0 | 1,814,710 | 10.1% | 9.6% | 1,073,908 | 2,856,661 |
| New York, NY - Midtown South Manhattan | 163,787,088 | 0 | 6,568,087 | 7.6% | 7.4% | 312,255 | 1,373,609 |
| Philadelphia, PA | 42,332,464 | 0 | 1,971,682 | 8.4% | 8.2% | 107,420 | 486,146 |
| Pittsburgh, PA | 31,497,447 | 0 | 959,246 | 9.6% | 8.7% | 304,397 | 477,238 |
| Stamford, CT | 18,996,146 | 0 | 0 | 18.1% | 24.5% | -1,220,892 | -1,265,862 |
| Washington, DC | 143,666,947 | 76,326 | 2,506,525 | 10.6% | 10.3% | 312,852 | 363,405 |
| White Plains, NY | 7,658,123 | 0 | 0 | 14.7% | 14.2% | 37,258 | 34,434 |
| Northeast Total | 851,052,412 | 194,127 | 18,602,267 | 10.5% | 10.2% | 2,507,758 | 4,849,394 |
| SOUTH | | | | | | | |
| Atlanta, GA | 50,387,747 | 81,629 | 0 | 15.5% | 15.3% | 171,558 | 547,356 |
| Austin, TX | 12,288,362 | 54,442 | 703,950 | 7.4% | 6.7% | 139,628 | 876,290 |
| Birmingham, AL | 5,056,317 | 0 | 0 | 22.9% | 22.7% | 8,667 | -65,624 |
| Charleston, SC | 2,422,148 | 169,600 | 0 | 11.1% | 10.6% | 163,097 | 102,543 |
| Charlotte, NC | 22,319,091 | 0 | 0 | 7.7% | 7.4% | 68,622 | 109,138 |
| Columbia, SC | 4,660,427 | 0 | 253,000 | 11.2% | 10.1% | 48,546 | 36,687 |
| Dallas, TX | 32,088,077 | 459,383 | 87,000 | 19.2% | 20.1% | 95,929 | 409,159 |
| Ft. Lauderdale-Broward, FL | 7,062,384 | 0 | 76,811 | 22.3% | 21.3% | 86,465 | 291,971 |
| Ft. Worth, TX | 10,053,240 | 0 | 0 | 12.1% | 11.3% | 74,814 | 249,191 |
| Greenville, SC | 3,562,131 | 0 | 125,000 | 14.9% | 14.5% | 16,751 | 44,353 |
| Houston, TX | 42,247,502 | 0 | 1,463,258 | 14.5% | 14.7% | -81,241 | -1,711,873 |
| Huntsville, AL | 3,906,866 | 0 | 0 | 8.6% | 8.5% | 1,308 | -36,379 |
| Jacksonville, FL | 15,572,544 | 0 | 0 | 12.4% | 11.8% | 91,867 | 347,749 |
| Little Rock, AR** | 6,903,382 | 0 | 0 | 6.8% | 6.8% | 9,867 | 15,276 |
| Louisville, KY | 44,152,541 | 0 | 344,000 | 9.5% | 9.3% | 108,742 | 353,721 |
| Memphis, TN | 5,384,329 | 0 | 0 | 15.5% | 13.9% | 84,667 | 81,275 |
| Miami-Dade, FL | 18,576,376 | 0 | 375,601 | 18.6% | 18.2% | 73,942 | 189,285 |
| Nashville, TN | 13,278,011 | 0 | 1,272,000 | 9.9% | 9.9% | -7,782 | 200,784 |
| Norfolk, VA | 5,039,162 | 0 | 0 | 12.6% | 12.0% | 29,912 | 78,960 |
| Orlando, FL | 12,262,405 | 0 | 0 | 11.4% | 11.5% | -10,627 | 173,443 |
| Raleigh/Durham/Chapel Hill, NC | 15,119,346 | 0 | 0 | 6.1% | 5.4% | 113,673 | 296,977 |
| Richmond, VA | 16,622,031 | 321,500 | 63,200 | 9.6% | 10.8% | 94,860 | 82,724 |
| Savannah, GA | 803,516 | 0 | 0 | 13.1% | 10.9% | 17,558 | 15,215 |
| Tampa Bay, FL | 6,812,064 | 0 | 0 | 14.9% | 15.5% | -42,766 | -40,028 |
| West Palm Beach/Palm Beach County, FL | 11,979,918 | 0 | 0 | 18.9% | 18.7% | 15,894 | 83,568 |
| South Total | 368,559,917 | 1,086,554 | 4,763,820 | 13.2% | 13.0% | 1,373,951 | 2,731,761 |

** Q2-15 data displayed

United States - Downtown - All Classes (continued)

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | NEW SUPPLY Q3 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | YTD ABSORPTION (SF) 2015 |
|-------------------------------|---|----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 157,345,995 | 0 | 3,558,164 | 12.0% | 11.7% | 434,490 | 436,514 |
| Cincinnati, OH | 18,379,005 | 0 | 365,000 | 13.5% | 13.5% | 16,053 | 316,041 |
| Cleveland, OH | 20,133,917 | 0 | 0 | 16.9% | 17.1% | -44,782 | 157,965 |
| Columbus, OH | 19,807,117 | 150,000 | 0 | 9.0% | 9.1% | 117,277 | 140,544 |
| Dayton, OH | 5,163,824 | 0 | 133,000 | 28.4% | 28.4% | 42,738 | 63,233 |
| Detroit, MI | 26,293,817 | 0 | 0 | 15.3% | 12.3% | 344,174 | 953,248 |
| Grand Rapids, MI | 5,484,206 | 0 | 297,800 | 11.6% | 10.6% | 51,895 | 221,469 |
| Indianapolis, IN | 22,569,294 | 0 | 164,000 | 9.4% | 9.2% | 36,400 | 97,010 |
| Kansas City, MO | 34,171,742 | 0 | 0 | 12.2% | 11.8% | 117,244 | 496,423 |
| Milwaukee, WI | 18,777,115 | 0 | 358,000 | 9.3% | 9.2% | 4,729 | 170,523 |
| Minneapolis, MN | 33,221,131 | 0 | 1,822,000 | 12.0% | 12.2% | -56,785 | 14,969 |
| Omaha, NE | 6,486,149 | 0 | 0 | 7.9% | 6.3% | 100,482 | 75,682 |
| St. Louis, MO | 22,004,709 | 0 | 0 | 16.6% | 17.6% | -170,307 | -384,301 |
| St. Paul, MN | 11,361,759 | 0 | 0 | 12.1% | 11.1% | 110,162 | 47,317 |
| Midwest Total | 401,199,780 | 150,000 | 6,697,964 | 12.5% | 12.2% | 1,103,770 | 2,806,637 |
| WEST | | | | | | | |
| Albuquerque, NM | 3,158,324 | 0 | 0 | 25.1% | 22.2% | 90,907 | 59,918 |
| Bakersfield, CA | 3,318,003 | 0 | 0 | 7.2% | 6.7% | 21,044 | 21,706 |
| Boise, ID | 4,177,362 | 0 | 466,022 | 12.4% | 14.5% | -87,130 | -100,805 |
| Denver, CO | 35,797,612 | 620,928 | 1,349,067 | 10.2% | 11.3% | 152,524 | 342,181 |
| Fresno, CA | 3,288,944 | 0 | 0 | 11.7% | 12.5% | -25,568 | -17,532 |
| Honolulu, HI | 7,153,292 | 0 | 0 | 14.3% | 14.7% | -20,727 | -29,374 |
| Las Vegas, NV | 5,029,336 | 0 | 129,000 | 12.6% | 12.3% | 13,330 | -76,026 |
| Los Angeles, CA | 32,258,544 | 0 | 1,042,900 | 18.3% | 18.1% | 68,400 | 165,400 |
| Oakland, CA | 17,255,313 | 0 | 0 | 7.0% | 3.9% | 529,165 | 873,312 |
| Phoenix, AZ | 20,206,968 | 0 | 0 | 20.5% | 20.5% | 1,186 | 34,513 |
| Portland, OR | 34,054,340 | 0 | 630,362 | 9.0% | 9.0% | 12,022 | -86,861 |
| Reno, NV | 3,363,048 | 0 | 0 | 13.8% | 14.6% | -26,123 | -28,291 |
| Sacramento, CA | 12,240,240 | 0 | 0 | 14.7% | 15.0% | -39,433 | 20,438 |
| San Diego, CA | 10,354,224 | 320,000 | 0 | 15.4% | 18.2% | -19,179 | 194,002 |
| San Francisco, CA | 88,944,277 | 0 | 5,199,587 | 6.3% | 6.1% | 180,991 | 1,389,796 |
| San Jose - Silicon Valley, CA | 8,354,920 | 0 | 0 | 14.0% | 12.8% | 89,258 | 148,270 |
| Seattle/Puget Sound, WA | 57,464,088 | 935,827 | 6,858,809 | 10.4% | 9.5% | 904,518 | 1,285,044 |
| Stockton, CA | 8,221,819 | 0 | 306,000 | 12.2% | 11.4% | 67,592 | 221,479 |
| Walnut Creek, CA | 12,346,542 | 0 | 0 | 16.3% | 14.3% | 242,913 | 188,087 |
| West Total | 366,987,196 | 1,876,755 | 15,981,747 | 11.2% | 11.0% | 2,155,690 | 4,605,257 |
| U.S. TOTALS | 1,987,799,305 | 3,307,436 | 46,045,798 | 11.5% | 11.3% | 7,141,169 | 14,993,049 |

United States - Downtown - Class A

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | AVG ANNUAL QUOTED RENT (USD PSF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|--|--|-------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|--------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD | 12,529,840 | \$23.48 | 11.5% | 11.5% | -2,667 | 3.3% | 9.7% |
| Boston, MA | 44,102,537 | \$52.81 | 11.0% | 10.0% | 468,025 | -0.7% | 4.9% |
| Hartford, CT | 6,771,455 | \$22.42 | 15.7% | 16.9% | -81,993 | 0.2% | 8.2% |
| New York, NY - Downtown Manhattan | 81,589,154 | \$57.98 | 16.0% | 15.2% | 526,147 | 3.0% | 7.5% |
| New York, NY - Midtown Manhattan | 201,481,717 | \$82.24 | 10.5% | 9.9% | 1,163,976 | 2.5% | 5.9% |
| New York, NY - Midtown South Manhattan | 36,062,986 | \$72.68 | 5.7% | 6.4% | -241,185 | -2.7% | 10.1% |
| Philadelphia, PA | 30,057,978 | \$28.83 | 8.0% | 8.0% | 24,752 | -0.3% | 1.8% |
| Pittsburgh, PA | 17,644,144 | \$26.06 | 5.3% | 5.3% | 8,313 | 0.9% | -0.7% |
| Stamford, CT | 14,023,715 | \$40.97 | 18.2% | 26.9% | -1,218,614 | 0.4% | 5.6% |
| Washington, DC | 89,210,162 | \$56.44 | 11.4% | 10.9% | 305,059 | -0.1% | 0.8% |
| White Plains, NY | 4,798,269 | \$32.45 | 16.8% | 16.1% | 35,070 | 0.1% | 2.6% |
| Northeast Total | 538,271,957 | \$62.77 | 11.2% | 11.0% | 986,883 | 1.4% | 5.7% |
| SOUTH | | | | | | | |
| Atlanta, GA | 31,049,039 | \$24.30 | 16.8% | 16.1% | 196,853 | 2.5% | 11.1% |
| Austin, TX | 7,316,272 | \$44.60 | 10.8% | 9.4% | 152,173 | 7.5% | 5.6% |
| Birmingham, AL | 3,939,806 | \$20.58 | 18.5% | 18.8% | -14,195 | 0.1% | -2.1% |
| Charleston, SC | 1,029,594 | \$34.69 | 7.4% | 7.9% | 13,188 | 6.4% | 5.7% |
| Charlotte, NC | 15,789,009 | \$29.25 | 7.6% | 7.2% | 64,994 | 5.1% | 18.8% |
| Columbia, SC | 2,131,068 | \$22.07 | 10.8% | 10.4% | 8,975 | 2.7% | 3.6% |
| Dallas, TX | 23,023,157 | \$23.20 | 20.2% | 21.5% | 61,727 | 0.4% | 1.3% |
| Ft. Lauderdale-Broward, FL | 4,270,944 | \$35.86 | 14.5% | 14.1% | 14,349 | 1.1% | 5.2% |
| Ft. Worth, TX | 5,914,246 | \$28.95 | 15.1% | 13.8% | 77,113 | 0.0% | 0.2% |
| Greenville, SC | 2,290,167 | \$22.53 | 14.4% | 14.8% | -7,886 | -0.4% | 1.1% |
| Houston, TX | 30,708,600 | \$42.72 | 10.2% | 10.4% | -68,774 | 1.4% | -0.7% |
| Huntsville, AL | 970,477 | \$22.70 | 7.8% | 8.0% | -2,112 | 0.8% | N/A |
| Jacksonville, FL | 6,846,824 | \$20.62 | 13.8% | 12.8% | 68,574 | -0.1% | 2.2% |
| Little Rock, AR** | 3,052,799 | \$17.99 | 8.4% | 8.9% | -5,918 | 5.9% | 12.5% |
| Louisville, KY | 11,042,576 | \$21.85 | 9.4% | 8.8% | 65,297 | -0.3% | 5.8% |
| Memphis, TN | 2,026,788 | \$17.82 | 22.3% | 19.4% | 59,257 | 1.3% | 3.8% |
| Miami-Dade, FL | 10,218,774 | \$42.83 | 16.9% | 16.2% | 73,149 | 3.8% | 5.4% |
| Nashville, TN | 4,672,054 | \$26.42 | 9.4% | 10.3% | -38,972 | 0.7% | 3.2% |
| Norfolk, VA | 2,327,023 | \$22.44 | 11.3% | 10.2% | 25,419 | 1.3% | -6.5% |
| Orlando, FL | 5,677,463 | \$23.39 | 12.2% | 12.4% | -9,662 | 1.0% | 5.5% |
| Raleigh/Durham/Chapel Hill, NC | 7,629,738 | \$27.49 | 7.6% | 6.8% | 65,397 | 2.3% | 3.8% |
| Richmond, VA | 6,695,928 | \$24.36 | 7.0% | 10.9% | 34,294 | 0.0% | -0.7% |
| Savannah, GA | 645,713 | \$21.77 | 8.0% | 6.1% | 12,320 | 3.5% | 3.4% |
| Tampa Bay, FL | 5,000,875 | \$26.21 | 13.2% | 14.1% | -45,102 | 2.2% | 4.5% |
| West Palm Beach/Palm Beach County, FL | 3,837,756 | \$33.67 | 17.3% | 16.8% | 21,546 | 2.4% | -1.5% |
| South Total | 198,106,690 | \$29.36 | 13.2% | 13.2% | 822,004 | 2.1% | 4.3% |

** Q2-15 data displayed

United States - Downtown - Class A (continued)

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | AVG ANNUAL QUOTED RENT (USD PSF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|-------------------------------|---|--|-------------------------------|-------------------------------|----------------------------|--------------------------------|-----------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 61,916,868 | \$41.25 | 11.2% | 11.0% | 69,872 | 1.4% | 3.1% |
| Cincinnati, OH | 7,798,710 | \$22.79 | 14.1% | 13.6% | 39,881 | 0.9% | -2.1% |
| Cleveland, OH | 9,791,957 | \$20.70 | 15.4% | 15.9% | -50,805 | 1.4% | -4.0% |
| Columbus, OH | 9,056,062 | \$20.70 | 12.2% | 12.2% | 127,098 | -0.1% | 5.1% |
| Dayton, OH | 2,360,797 | \$17.28 | 28.8% | 28.8% | 41,738 | -3.6% | N/A |
| Detroit, MI | 7,276,182 | \$23.83 | 12.2% | 11.3% | 109,396 | 0.3% | 3.7% |
| Grand Rapids, MI | 1,570,529 | \$20.16 | 14.4% | 14.1% | 5,318 | -9.8% | -0.4% |
| Indianapolis, IN | 9,501,787 | \$19.00 | 12.1% | 12.1% | 4,012 | -0.3% | 0.3% |
| Kansas City, MO | 10,699,615 | \$19.14 | 16.7% | 16.1% | 65,460 | 1.3% | 1.1% |
| Milwaukee, WI | 5,334,393 | \$27.92 | 8.3% | 8.5% | -3,538 | 1.9% | 3.1% |
| Minneapolis, MN | 13,805,787 | \$17.29 | 13.9% | 13.8% | 3,336 | 1.6% | -2.9% |
| Omaha, NE | 3,492,762 | \$20.38 | 3.7% | 3.6% | 1,468 | 0.0% | 0.6% |
| St. Louis, MO | 9,639,250 | \$18.01 | 12.0% | 13.3% | -119,484 | 0.2% | 1.0% |
| St. Paul, MN | 2,773,960 | \$14.32 | 12.2% | 10.3% | 53,907 | -1.6% | -1.1% |
| Midwest Total | 155,018,659 | \$28.55 | 12.5% | 12.4% | 347,659 | 0.9% | 1.1% |
| WEST | | | | | | | |
| Albuquerque, NM | 575,047 | \$20.25 | 23.6% | 23.6% | 0 | 0.0% | 2.5% |
| Bakersfield, CA | 788,282 | \$17.40 | 5.9% | 8.5% | -21,016 | 0.0% | 0.0% |
| Boise, ID | 1,941,427 | \$21.20 | 5.4% | 7.7% | -46,038 | 6.2% | 2.2% |
| Denver, CO | 22,252,265 | \$35.56 | 11.7% | 13.6% | 130,310 | -0.1% | 8.7% |
| Fresno, CA | 1,026,046 | \$24.60 | 6.4% | 7.6% | -12,771 | 0.0% | 0.0% |
| Honolulu, HI | 4,966,720 | \$35.76 | 14.3% | 15.1% | -36,316 | -0.3% | 1.1% |
| Las Vegas, NV | 1,103,341 | \$31.08 | 20.9% | 21.8% | -9,882 | -0.8% | -1.5% |
| Los Angeles, CA | 18,098,000 | \$40.82 | 17.8% | 17.6% | 36,700 | -0.7% | 2.8% |
| Oakland, CA | 10,562,045 | \$41.88 | 5.6% | 3.6% | 218,272 | 7.7% | 21.2% |
| Phoenix, AZ | 9,467,221 | \$24.02 | 23.3% | 23.5% | -15,010 | 1.1% | 2.9% |
| Portland, OR | 12,983,584 | \$28.33 | 9.7% | 9.9% | -20,151 | 1.6% | 7.9% |
| Reno, NV | 583,955 | \$24.43 | 13.1% | 14.1% | -5,728 | 0.2% | 1.1% |
| Sacramento, CA | 5,456,533 | \$32.64 | 14.4% | 15.3% | -48,994 | 1.1% | 4.2% |
| San Diego, CA | 7,577,266 | \$33.00 | 13.7% | 13.6% | 284,843 | 5.8% | 10.9% |
| San Francisco, CA | 57,516,593 | \$71.65 | 6.7% | 6.0% | 393,692 | 9.8% | 19.5% |
| San Jose - Silicon Valley, CA | 3,809,393 | \$40.68 | 14.9% | 12.8% | 85,568 | 4.0% | 11.1% |
| Seattle/Puget Sound, WA | 34,143,694 | \$38.09 | 9.9% | 10.7% | 614,539 | 1.8% | 10.5% |
| Stockton, CA | 2,790,574 | \$18.12 | 15.0% | 15.4% | -10,423 | 2.0% | -2.6% |
| Walnut Creek, CA | 8,188,282 | \$34.50 | 16.1% | 13.5% | 211,718 | 6.5% | 22.9% |
| West Total | 203,830,268 | \$45.25 | 11.1% | 11.1% | 1,749,313 | 5.1% | 13.1% |
| U.S. TOTALS / AVERAGES | 1,095,227,574 | \$48.62 | 11.7% | 11.6% | 3,905,859 | 2.0% | 6.2% |

United States - Suburban - All Classes

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | NEW SUPPLY Q3 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | YTD ABSORPTION (SF) 2015 |
|---------------------------------------|--|----------------------------|----------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD | 90,182,424 | 164,880 | 0 | 11.4% | 11.2% | 277,265 | 1,022,802 |
| Boston, MA | 113,055,189 | 595,892 | 3,267,310 | 16.7% | 16.8% | 356,944 | 1,204,733 |
| Fairfield County, CT | 39,144,929 | 20,405 | 0 | 15.2% | 14.6% | 261,122 | -660,042 |
| Hartford, CT | 12,784,662 | 0 | 0 | 11.6% | 11.2% | 51,150 | 123,946 |
| Long Island, NY | 74,599,219 | 0 | 337,429 | 10.1% | 9.7% | 343,175 | 433,916 |
| New Hampshire Markets** | 17,760,017 | 0 | 118,684 | 15.2% | 13.6% | 277,887 | 277,887 |
| New Jersey - Central | 85,057,175 | 71,334 | 1,964,425 | 13.9% | 13.4% | 464,007 | 682,501 |
| New Jersey - Northern | 121,401,442 | 750,000 | 231,000 | 18.2% | 17.9% | 992,486 | 253,822 |
| Philadelphia, PA | 102,887,629 | 45,400 | 601,680 | 13.8% | 12.9% | 917,637 | 1,887,997 |
| Pittsburgh, PA* | 94,178,470 | 191,011 | 1,074,844 | 8.1% | 8.0% | 132,257 | 670,992 |
| Washington, DC | 289,611,256 | 183,375 | 3,986,890 | 17.7% | 17.7% | 107,234 | -264,950 |
| Westchester County, NY | 38,286,944 | 0 | 0 | 14.6% | 14.8% | -59,483 | -196,236 |
| Northeast Total | 1,078,949,356 | 2,022,297 | 11,582,262 | 14.8% | 14.5% | 4,121,681 | 5,437,368 |
| SOUTH | | | | | | | |
| Atlanta, GA | 171,041,873 | 0 | 1,655,690 | 14.2% | 13.7% | 847,529 | 3,176,507 |
| Austin, TX | 56,748,901 | 1,083,656 | 1,292,151 | 10.8% | 10.3% | 1,241,269 | 2,009,078 |
| Birmingham, AL | 14,736,583 | 0 | 0 | 13.9% | 13.4% | 94,115 | 36,483 |
| Charleston, SC | 9,659,143 | 74,532 | 60,468 | 9.8% | 9.2% | 132,205 | 466,855 |
| Charlotte, NC | 62,919,681 | 254,723 | 1,186,948 | 10.6% | 10.1% | 576,571 | 1,037,742 |
| Columbia, SC | 4,911,391 | 0 | 0 | 22.4% | 22.0% | 23,314 | 98,659 |
| Dallas, TX | 246,434,141 | 927,831 | 6,219,375 | 14.7% | 14.6% | 951,145 | 4,076,011 |
| Ft. Lauderdale-Broward, FL | 44,517,878 | 0 | 25,364 | 12.7% | 12.3% | 195,645 | 78,406 |
| Ft. Worth, TX | 23,055,432 | 419,697 | 409,232 | 13.4% | 12.9% | 488,424 | 876,418 |
| Greenville, SC | 4,762,645 | 0 | 150,000 | 17.4% | 17.0% | 18,816 | 104,050 |
| Houston, TX | 180,556,517 | 1,016,927 | 9,349,496 | 14.2% | 14.4% | 412,444 | 2,596,317 |
| Huntsville, AL | 19,211,183 | 0 | 0 | 14.8% | 14.6% | 51,836 | 100,158 |
| Jacksonville, FL | 46,194,984 | 0 | 59,962 | 10.0% | 9.4% | 287,178 | 458,156 |
| Little Rock, AR** | 7,583,569 | 0 | 0 | 10.4% | 9.8% | 47,714 | 151,975 |
| Memphis, TN | 27,854,276 | 0 | 0 | 13.8% | 13.6% | 64,796 | 354,543 |
| Miami-Dade, FL | 63,570,017 | 0 | 657,315 | 11.0% | 10.7% | 176,931 | 200,105 |
| Nashville, TN | 44,160,594 | 10,600 | 771,000 | 5.1% | 4.4% | 303,000 | 900,637 |
| Norfolk, VA | 34,589,603 | 41,000 | 127,460 | 12.2% | 11.7% | 222,348 | 271,882 |
| Orlando, FL | 54,837,760 | 0 | 0 | 12.7% | 12.2% | 285,140 | 674,376 |
| Raleigh/Durham/Chapel Hill, NC | 68,090,140 | 103,175 | 1,006,741 | 9.8% | 9.3% | 429,195 | 1,458,646 |
| Richmond, VA | 35,301,503 | 0 | 254,304 | 10.2% | 9.6% | 220,052 | 368,435 |
| Savannah, GA | 1,394,498 | 0 | 0 | 16.7% | 13.1% | 50,441 | 115,735 |
| Tampa Bay, FL | 58,364,798 | 0 | 307,355 | 15.2% | 14.9% | 176,634 | 903,734 |
| West Palm Beach/Palm Beach County, FL | 25,392,413 | 31,100 | 0 | 15.5% | 15.3% | 173,945 | 330,226 |
| South Total | 1,305,889,523 | 3,963,241 | 23,532,861 | 12.9% | 12.6% | 7,470,687 | 20,845,134 |

** Q2-15 data displayed

United States - Suburban - All Classes (continued)

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | NEW SUPPLY Q3 2015 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | YTD ABSORPTION (SF) 2015 |
|---------------------------------|---|----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 156,156,993 | 0 | 0 | 16.8% | 16.4% | 558,795 | 375,608 |
| Cincinnati, OH | 44,746,874 | 106,000 | 1,081,000 | 16.4% | 15.9% | 179,213 | 270,341 |
| Cleveland, OH | 54,367,234 | 0 | 80,000 | 12.8% | 12.8% | 14,539 | 194,464 |
| Columbus, OH | 44,053,767 | 181,340 | 1,074,500 | 9.0% | 9.0% | 64,147 | 225,559 |
| Dayton, OH | 9,121,331 | 0 | 100,000 | 20.8% | 20.3% | 49,725 | 119,904 |
| Detroit, MI | 137,579,505 | 0 | 0 | 15.2% | 14.8% | 134,220 | 2,123,756 |
| Grand Rapids, MI | 12,996,249 | 14,000 | 139,660 | 22.9% | 22.6% | 33,097 | 129,890 |
| Indianapolis, IN | 43,521,787 | 0 | 341,000 | 8.0% | 8.2% | -83,114 | 501,403 |
| Kansas City, MO | 59,709,814 | 87,924 | 869,076 | 11.6% | 11.1% | 375,048 | 293,019 |
| Milwaukee, WI | 33,410,638 | 0 | 216,141 | 12.1% | 12.1% | 58,576 | 173,237 |
| Minneapolis, MN | 82,229,452 | 685,920 | 80,000 | 11.8% | 11.3% | 968,257 | 1,248,082 |
| Omaha, NE | 21,273,247 | 0 | 362,881 | 10.5% | 10.5% | -3,404 | 143,950 |
| St. Louis, MO | 56,201,191 | 0 | 98,000 | 9.0% | 9.1% | -71,829 | -330,516 |
| Midwest Total | 755,368,082 | 1,075,184 | 4,442,258 | 13.5% | 13.2% | 2,277,270 | 5,468,697 |
| WEST | | | | | | | |
| Albuquerque, NM | 10,965,528 | 0 | 0 | 18.7% | 19.6% | -102,760 | -9,496 |
| Bakersfield, CA | 6,254,278 | 71,910 | 36,900 | 6.5% | 6.6% | 59,847 | 57,300 |
| Boise, ID | 17,186,733 | 0 | 0 | 13.6% | 12.8% | 130,221 | 483,504 |
| Denver, CO | 107,777,130 | 252,854 | 1,055,058 | 11.8% | 11.6% | 342,689 | 1,186,003 |
| Fairfield, CA | 5,048,637 | 0 | 0 | 19.1% | 18.4% | 36,560 | 96,663 |
| Fresno, CA | 17,621,360 | 9,170 | 25,000 | 13.9% | 13.9% | 5,435 | -35,949 |
| Honolulu, HI | 7,609,398 | 0 | 15,500 | 11.8% | 11.8% | -62,198 | -37,892 |
| Las Vegas, NV | 38,323,915 | 46,650 | 113,000 | 19.9% | 19.0% | 378,800 | 1,204,665 |
| Los Angeles - Inland Empire, CA | 20,421,424 | 0 | 0 | 16.8% | 16.3% | 110,200 | 145,400 |
| Los Angeles, CA | 167,537,441 | 231,400 | 2,764,733 | 15.9% | 16.0% | -78,300 | 1,306,460 |
| Oakland, CA | 16,200,725 | 0 | 0 | 13.6% | 13.5% | 25,422 | 424,473 |
| Orange County, CA | 81,637,047 | 0 | 497,387 | 13.5% | 12.6% | 688,800 | 1,085,600 |
| Phoenix, AZ | 114,566,921 | 420,250 | 3,880,024 | 17.6% | 17.1% | 957,849 | 1,728,671 |
| Pleasanton/Tri-Valley, CA | 27,447,346 | 0 | 0 | 12.8% | 11.9% | 250,917 | 347,106 |
| Portland, OR | 44,268,247 | 29,483 | 1,626,671 | 9.2% | 9.1% | 78,873 | 156,196 |
| Reno, NV | 9,750,713 | 0 | 0 | 13.2% | 13.0% | 20,323 | 114,313 |
| Sacramento, CA | 50,635,120 | 0 | 0 | 17.9% | 17.5% | 147,435 | 344,103 |
| San Diego, CA | 73,065,543 | 335,954 | 551,349 | 12.0% | 11.8% | 439,081 | 881,438 |
| San Francisco Peninsula, CA | 40,359,800 | 0 | 1,294,191 | 7.7% | 7.7% | -28,497 | 367,785 |
| San Jose - Silicon Valley, CA | 69,812,952 | 1,477,768 | 6,741,352 | 6.4% | 5.8% | 1,630,038 | 3,572,578 |
| Seattle/Puget Sound, WA | 73,672,731 | 0 | 1,720,693 | 9.9% | 9.9% | 53,439 | 242,121 |
| Walnut Creek, CA | 5,359,532 | 0 | 0 | 18.2% | 17.2% | 55,126 | -2,468 |
| West Total | 1,005,522,521 | 2,875,439 | 20,321,858 | 13.5% | 13.2% | 5,139,300 | 13,658,574 |
| U.S. TOTALS | 4,145,729,482 | 9,936,161 | 59,879,239 | 13.6% | 13.3% | 19,008,938 | 45,409,773 |

United States - Suburban - Class A

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | AVG ANNUAL QUOTED RENT (USD PSF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|---------------------------------------|--|-------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|--------------------------|
| NORTHEAST | | | | | | | |
| Baltimore, MD | 32,664,024 | \$27.51 | 11.5% | 11.4% | 138,802 | 11.2% | 13.5% |
| Boston, MA | 49,912,554 | \$26.69 | 16.1% | 16.3% | 413,514 | 1.9% | -2.4% |
| Fairfield County, CT | 17,728,487 | \$33.86 | 13.6% | 12.3% | 233,766 | 0.0% | -10.5% |
| Hartford, CT | 7,123,495 | \$21.01 | 11.5% | 11.2% | 25,073 | -0.2% | 0.2% |
| Long Island, NY | 24,768,464 | \$31.75 | 11.5% | 10.7% | 192,358 | 2.7% | 1.8% |
| New Hampshire Markets** | 9,437,262 | \$19.85 | 17.2% | 14.6% | 245,967 | -2.2% | N/A |
| New Jersey - Central | 58,394,766 | \$26.45 | 12.4% | 12.0% | 285,532 | -1.5% | 0.2% |
| New Jersey - Northern | 88,584,184 | \$29.06 | 16.8% | 16.3% | 1,105,684 | 0.9% | 0.3% |
| Philadelphia, PA | 52,707,695 | \$25.79 | 11.1% | 10.3% | 449,604 | 0.3% | 0.9% |
| Pittsburgh, PA* | 17,660,818 | \$25.89 | 8.7% | 8.4% | 176,048 | 9.1% | 3.7% |
| Washington, DC | 141,050,748 | \$32.42 | 18.4% | 18.3% | 84,647 | 0.5% | -0.9% |
| Westchester County, NY | 18,117,746 | \$27.77 | 17.8% | 17.9% | -13,509 | 0.9% | -2.1% |
| Northeast Total | 518,150,243 | \$28.88 | 15.1% | 14.7% | 3,337,486 | 1.3% | -0.6% |
| SOUTH | | | | | | | |
| Atlanta, GA | 81,589,623 | \$25.77 | 12.1% | 11.7% | 339,243 | 2.7% | 7.9% |
| Austin, TX | 25,132,596 | \$33.34 | 11.0% | 11.4% | 872,737 | 2.6% | 5.9% |
| Birmingham, AL | 9,214,425 | \$21.60 | 10.8% | 10.9% | -9,122 | 0.7% | 3.7% |
| Charleston, SC | 3,828,710 | \$25.72 | 7.7% | 8.3% | 45,543 | -0.3% | 0.4% |
| Charlotte, NC | 21,047,014 | \$24.48 | 11.4% | 11.7% | 176,972 | 0.2% | 7.2% |
| Columbia, SC | 1,001,769 | \$17.21 | 15.9% | 16.2% | -2,752 | 0.9% | 2.0% |
| Dallas, TX | 102,683,806 | \$25.75 | 13.5% | 13.5% | 341,150 | 1.0% | 3.0% |
| Ft. Lauderdale-Broward, FL | 11,079,662 | \$29.37 | 11.7% | 11.2% | 57,341 | 0.7% | 6.5% |
| Ft. Worth, TX | 4,151,047 | \$25.20 | 5.0% | 5.4% | 361,627 | 0.8% | 3.5% |
| Greenville, SC | 2,456,280 | \$19.82 | 9.8% | 9.5% | 8,025 | 3.1% | 6.2% |
| Houston, TX | 87,510,933 | \$33.02 | 14.4% | 14.6% | 602,515 | 0.0% | 0.9% |
| Huntsville, AL | 4,071,831 | \$17.01 | 8.5% | 8.7% | -4,743 | -4.2% | N/A |
| Jacksonville, FL | 9,207,858 | \$20.95 | 6.9% | 6.8% | 12,069 | -0.1% | 3.3% |
| Little Rock, AR** | 2,843,202 | \$20.00 | 8.7% | 8.3% | 16,556 | 0.0% | 6.7% |
| Memphis, TN | 8,542,134 | \$20.62 | 6.8% | 7.0% | -9,897 | 0.1% | -2.2% |
| Miami-Dade, FL | 14,541,949 | \$33.11 | 10.9% | 9.6% | 80,006 | 3.1% | -1.4% |
| Nashville, TN | 15,920,329 | \$23.40 | 3.2% | 3.2% | -3,410 | -4.2% | -6.8% |
| Norfolk, VA | 11,011,627 | \$20.49 | 11.5% | 11.3% | 42,649 | 1.0% | 0.6% |
| Orlando, FL | 17,342,486 | \$21.97 | 13.7% | 12.8% | 155,378 | -0.6% | 3.0% |
| Raleigh/Durham/Chapel Hill, NC | 26,412,903 | \$23.30 | 9.1% | 9.3% | 22,978 | 1.9% | 2.7% |
| Richmond, VA | 13,939,098 | \$19.04 | 9.7% | 8.7% | 132,948 | 2.5% | 0.9% |
| Savannah, GA | 488,384 | \$21.72 | 12.0% | 12.1% | -629 | -1.3% | -1.8% |
| Tampa Bay, FL | 19,222,555 | \$24.19 | 12.3% | 11.9% | 77,311 | -0.8% | 1.7% |
| West Palm Beach/Palm Beach County, FL | 7,470,387 | \$31.25 | 13.7% | 13.1% | 21,197 | 2.1% | -2.0% |
| South Total | 500,710,608 | \$26.62 | 11.9% | 11.7% | 3,335,692 | 1.0% | 3.0% |

** Q2-15 data displayed

United States - Suburban - Class A (continued)

| MARKET | EXISTING INVENTORY (SF) SEPT 30, 2015 | AVG ANNUAL QUOTED RENT (USD PSF) | VACANCY RATE JUNE 30, 2015 | VACANCY RATE SEPT 30, 2015 | ABSORPTION (SF) Q3 2015 | QUARTERLY CHANGE IN RENT | ANNUAL CHANGE IN RENT |
|---------------------------------|--|-------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|--------------------------|
| MIDWEST | | | | | | | |
| Chicago, IL | 78,978,871 | \$27.70 | 17.4% | 16.8% | 430,637 | 0.2% | 1.1% |
| Cincinnati, OH | 16,457,737 | \$21.02 | 14.2% | 14.2% | 89,495 | 1.4% | 4.2% |
| Cleveland, OH | 9,784,161 | \$20.01 | 9.8% | 9.8% | -4,899 | -0.7% | -6.3% |
| Columbus, OH | 18,421,123 | \$19.77 | 8.0% | 7.5% | 123,244 | 1.4% | 1.5% |
| Dayton, OH | 2,113,510 | \$20.85 | 20.9% | 22.5% | -34,426 | -1.1% | N/A |
| Detroit, MI | 36,091,368 | \$21.22 | 14.0% | 14.1% | -143,822 | 0.5% | 3.9% |
| Grand Rapids, MI | 1,493,763 | \$12.98 | 44.8% | 44.0% | 5,598 | -28.0% | -2.5% |
| Indianapolis, IN | 12,589,324 | \$18.90 | 10.3% | 10.8% | -62,976 | 0.2% | 0.3% |
| Kansas City, MO | 17,220,058 | \$20.78 | 10.6% | 9.8% | 201,017 | -0.6% | 0.2% |
| Milwaukee, WI | 6,549,350 | \$21.78 | 8.3% | 8.5% | -2,336 | 0.0% | 2.5% |
| Minneapolis, MN | 28,699,748 | \$15.07 | 12.7% | 12.5% | 633,061 | 1.7% | 5.7% |
| Omaha, NE | 5,318,829 | \$26.38 | 3.6% | 3.4% | 10,202 | 1.3% | 1.7% |
| St. Louis, MO | 27,134,869 | \$22.11 | 8.9% | 9.0% | -139,780 | 0.6% | 1.8% |
| Midwest Total | 260,852,711 | \$22.37 | 13.2% | 13.0% | 1,105,015 | 0.2% | 1.3% |
| WEST | | | | | | | |
| Albuquerque, NM | 811,008 | \$20.95 | 4.3% | 13.5% | -74,401 | -1.6% | 0.0% |
| Bakersfield, CA | 2,894,016 | \$24.00 | 7.5% | 8.0% | 38,570 | 0.0% | 0.0% |
| Boise, ID | 5,854,337 | \$15.62 | 16.1% | 15.7% | 23,105 | -2.3% | -0.8% |
| Denver, CO | 36,798,015 | \$26.60 | 10.4% | 10.1% | 303,104 | 1.9% | 6.4% |
| Fairfield, CA | 1,980,606 | \$25.54 | 18.4% | 16.0% | 46,881 | -0.3% | -1.6% |
| Fresno, CA | 4,023,358 | \$25.80 | 17.5% | 16.9% | 24,944 | 0.0% | 0.0% |
| Las Vegas, NV | 5,122,696 | \$31.68 | 24.4% | 23.5% | 46,998 | 0.8% | 2.7% |
| Los Angeles - Inland Empire, CA | 5,074,649 | \$25.56 | 14.3% | 14.6% | -15,300 | 0.0% | -0.5% |
| Los Angeles, CA | 102,796,909 | \$37.92 | 14.2% | 14.7% | -389,600 | 5.7% | 5.7% |
| Oakland, CA | 3,682,927 | \$37.80 | 9.7% | 8.3% | 54,929 | 9.4% | 19.3% |
| Orange County, CA | 33,659,403 | \$30.48 | 14.6% | 13.3% | 378,300 | 2.4% | 12.4% |
| Phoenix, AZ | 33,169,868 | \$26.05 | 15.0% | 14.4% | 483,167 | 2.7% | 6.6% |
| Pleasanton/Tri-Valley, CA | 15,525,270 | \$32.88 | 14.3% | 13.8% | 69,872 | 0.7% | 4.6% |
| Portland, OR | 11,438,059 | \$25.39 | 10.2% | 9.8% | 42,863 | 4.0% | 6.4% |
| Reno, NV | 965,801 | \$20.92 | 12.3% | 11.3% | 9,876 | -0.4% | 6.1% |
| Sacramento, CA | 14,302,799 | \$22.92 | 15.0% | 15.0% | 8,085 | 1.1% | 2.1% |
| San Diego, CA | 24,884,767 | \$38.88 | 12.8% | 13.8% | 37,127 | 4.5% | 9.1% |
| San Francisco Peninsula, CA | 23,092,139 | \$53.64 | 9.4% | 9.1% | 72,201 | -0.9% | 14.9% |
| San Jose - Silicon Valley, CA | 37,842,303 | \$48.36 | 6.7% | 6.2% | 1,545,883 | -0.7% | 3.9% |
| Seattle/Puget Sound, WA | 27,314,386 | \$33.96 | 10.4% | 11.0% | -119,533 | 0.4% | 0.1% |
| Walnut Creek, CA | 737,964 | \$27.50 | 14.3% | 13.1% | 8,288 | 7.6% | -2.9% |
| West Total | 391,971,280 | \$34.86 | 12.6% | 12.5% | 2,595,359 | 2.5% | 6.8% |
| U.S. TOTALS / AVERAGES | 1,671,684,842 | \$28.59 | 13.3% | 13.0% | 10,473,622 | 1.5% | 2.7% |

| United States Office Investment | | | | |
|---|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| NORTHEAST | | | | |
| Baltimore, MD | \$135.00 | 7.0% | \$130.00 | 8.0% |
| Boston, MA | \$480.00 | 5.1% | \$192.00 | N/A |
| Long Island, NY | N/A | N/A | \$175.00 | 7.7% |
| New Jersey - Northern | N/A | N/A | \$194.42 | 7.4% |
| New York, NY - Downtown Manhattan | \$497.00 | 4.0% | N/A | N/A |
| New York, NY - Midtown Manhattan | \$814.00 | 4.0% | N/A | N/A |
| New York, NY - Midtown South Manhattan | \$1,100.00 | 4.6% | N/A | N/A |
| Philadelphia, PA | \$162.00 | 7.0% | \$221.71 | 6.5% |
| Washington DC | \$676.00 | 5.8% | \$291.00 | 8.2% |
| Westchester County, NY | N/A | N/A | \$151.00 | 7.4% |
| Northeast Average* | \$552.00 | 5.4% | \$193.59 | 7.5% |
| SOUTH | | | | |
| Atlanta, GA | \$171.00 | 7.2% | \$185.00 | 7.9% |
| Austin, TX | \$369.00 | N/A | \$270.00 | N/A |
| Birmingham, AL | N/A | N/A | \$135.00 | 8.5% |
| Charleston, SC | N/A | N/A | \$196.00 | N/A |
| Dallas, TX | \$150.00 | 6.7% | \$178.00 | 7.2% |
| Ft. Lauderdale-Broward, FL | \$156.89 | 7.0% | \$135.48 | 7.0% |
| Ft. Worth, TX | N/A | N/A | \$145.00 | 7.2% |
| Houston, TX | N/A | N/A | \$223.00 | 7.0% |
| Jacksonville, FL | \$186.00 | N/A | \$97.00 | 7.5% |
| Little Rock, AR** | \$88.00 | 9.0% | \$117.00 | 9.0% |
| Miami-Dade, FL | \$267.23 | 6.5% | \$176.14 | 7.0% |
| Nashville, TN | \$215.00 | 6.3% | \$148.00 | 7.0% |
| Norfolk, VA | \$115.00 | 8.5% | \$155.00 | 7.5% |
| Orlando, FL | \$276.00 | 6.5% | \$227.00 | 6.5% |
| Richmond, VA | N/A | N/A | \$145.00 | N/A |
| Savannah, GA | \$160.00 | 9.0% | \$120.00 | 9.5% |
| Tampa Bay, FL | \$210.00 | 7.0% | N/A | N/A |
| West Palm Beach/Palm Beach County, FL | \$198.64 | 8.5% | \$167.58 | 8.0% |
| South Average* | \$197.14 | 7.5% | \$165.89 | 7.6% |

| United States Office Investment | | | | |
|------------------------------------|---------------------------------|-----------------|--------------------------------------|----------------------|
| MARKET | CBD SALES PRICE (USD PSF) | CBD CAP RATE | SUBURBAN SALES PRICE (USD PSF) | SUBURBAN CAP RATE |
| MIDWEST | | | | |
| Chicago, IL | \$350.00 | 6.0% | \$200.00 | 8.0% |
| Cincinnati, OH | N/A | N/A | \$125.00 | 9.0% |
| Cleveland, OH | \$110.00 | N/A | \$115.00 | 8.5% |
| Detroit, MI | \$91.00 | 9.5% | \$72.00 | 9.7% |
| Indianapolis, IN | \$81.14 | 9.0% | \$68.93 | 9.0% |
| Milwaukee, WI | \$120.00 | 9.0% | \$110.00 | 9.0% |
| Minneapolis, MN | \$107.00 | N/A | \$108.00 | 7.8% |
| St. Louis, MO | \$90.00 | 10.0% | \$135.00 | 9.0% |
| Midwest Average* | \$135.59 | 8.7% | \$116.74 | 8.8% |
| WEST | | | | |
| Albuquerque, NM | \$145.00 | 8.5% | \$175.00 | 8.0% |
| Denver, CO | \$377.00 | 5.5% | \$203.00 | 7.0% |
| Fresno, CA | \$125.00 | 9.0% | \$170.00 | 8.0% |
| Las Vegas, NV | N/A | N/A | \$159.44 | 6.5% |
| Los Angeles - Inland Empire, CA | N/A | N/A | \$134.00 | 7.5% |
| Los Angeles, CA | \$405.00 | 5.0% | \$275.00 | 6.1% |
| Oakland, CA | \$330.00 | 6.8% | \$280.00 | 7.0% |
| Orange County, CA | N/A | N/A | \$230.00 | 6.0% |
| Phoenix, AZ | \$153.00 | 7.5% | \$134.00 | 7.8% |
| Portland, OR | \$264.11 | 5.5% | \$166.74 | 7.2% |
| Sacramento, CA | \$185.83 | 7.5% | \$113.07 | 7.6% |
| San Diego, CA | \$232.11 | N/A | \$157.70 | 6.5% |
| San Francisco Peninsula | N/A | N/A | \$350.00 | N/A |
| San Francisco, CA | \$717.00 | 3.9% | N/A | N/A |
| San Jose - Silicon Valley | \$251.85 | N/A | \$393.00 | 5.8% |
| Seattle/Puget Sound, WA | \$481.00 | 5.5% | \$188.00 | 7.1% |
| Walnut Creek, CA | \$275.00 | 5.5% | \$185.00 | 8.0% |
| West Average* | \$303.22 | 6.4% | \$207.12 | 7.1% |
| U.S. AVERAGES | \$282.95 | 6.9% | \$175.48 | 7.6% |

* Straight averages used

** Q2-15 data displayed

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