National Office Market: Vacancy, Rents Firm

The overall U.S. office market recorded a net absorption of positive 16,687,228 square feet in the second quarter 2017. In comparison, the U.S. office market recorded a net absorption of positive 14,679,797 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the U.S. office market remained at 9.6%, which was the same figure recorded at the end of the first quarter. Class-A projects recorded a vacancy rate of 12.4%, Class-B projects recorded a vacancy rate of 9.5% and Class-C projects reported a vacancy rate of 5.8% at the end of the second quarter.

The overall average quoted asking rental rate in the U.S. office market for the second quarter was $24.40 per square foot. In the first quarter 2017, the average quoted asking rental rate was $24.41 per square foot, representing a negligible decrease in the second quarter.

During the second quarter, 428 buildings totaling 20,978,221 square feet were completed in the U.S. office market. This is comparative to 384 buildings totaling 21,113,991 square feet completed in the first quarter 2017. At the end of the second quarter 158,822,807 square feet of office space were under construction in the U.S. office market.

Market Overview:

Absorption: 16,687,228 up from 14,679,797

Class A vacancy: 12.4%, up from 12.3%

Rental rate (per sq. ft.): $24.40 down $0.01

New construction: 20,978,221 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES

Source: CoStar Property®
National Industrial Market: Vacancy Dips, Rents Rise

The overall U.S. industrial market recorded a net absorption of positive 71,763,045 square feet in the second quarter 2017. In comparison, the U.S. industrial market recorded a net absorption of positive 70,649,316 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the U.S. industrial market decreased to 5.1% from 5.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.9%, while warehouse projects reported a vacancy rate of 4.9% at the end of the second quarter.

The overall average quoted asking rental rate in the U.S. industrial market for the second quarter was $6.22 per square foot. In the first quarter 2017, the average quoted asking rental rate was $6.12 per square foot, representing a 1.6% increase in the second quarter.

During the second quarter, 537 buildings totaling 64,424,137 square feet were completed in the U.S. industrial market. This is comparative to 564 buildings totaling 70,985,910 square feet completed in the first quarter 2017. At the end of the second quarter 272,364,872 square feet of industrial space were under construction in the U.S. industrial market.

Market Overview:

Absorption: 71,763,045 up from 70,649,316

Flex vacancy: 6.9% down from 7.1%

Warehouse vacancy: 4.9%, down from 5.0%

Rental rate (per sq. ft.): $6.22 up 1.6%

New construction: 64,424,137 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES

Source: CoStar Property®
National Retail Market: Vacancy Firm as Rents Rise

The overall U.S. retail market recorded a net absorption of positive 16,044,274 square feet in the second quarter 2017. In comparison, the U.S. retail market recorded a net absorption of positive 15,829,932 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the U.S. retail market remained at 4.8%, which was the same figure recorded at the conclusion of the first quarter.

The overall average quoted asking rental rate in the U.S. retail market for the second quarter was $16.13 per square foot. In the first quarter, the average quoted asking rental rate was $15.87 per square foot, representing a 1.6% increase in the second quarter.

During the second quarter, 1,142 buildings totaling 19,628,946 square feet were completed in the U.S. retail market. This is comparative to 1,196 buildings totaling 21,114,694 square feet completed in the first quarter. At the end of the second quarter, 87,070,988 square feet of retail space were under construction in the U.S. retail market.

Market Overview Q1 into Q2:

Absorption: 16,044,274 up from 15,829,932

Vacancy: 4.8%, unchanged

Rental rate (per sq. ft.): $16.13, up 1.6%

New construction: 19,628,946 sq. ft. delivered

Overall Market Trends for Q2 2017

Source: CoStar Property®