



The U.S. Office Landscape

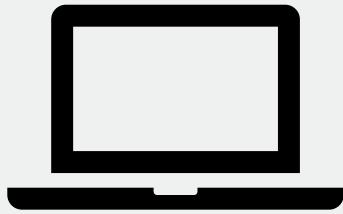
Featuring Washington, DC, Boston and Austin

Ben Breslau | Chief Research Officer, JLL

23rd March 2022



U.S. office market trends



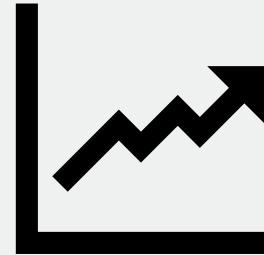
Hybrid work

Most companies targeting ~3 days per week in the office



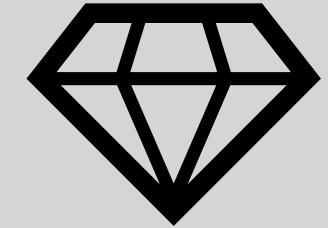
Migration

Population shifting from dense gateway cities to the Sun Belt



Demand recovering

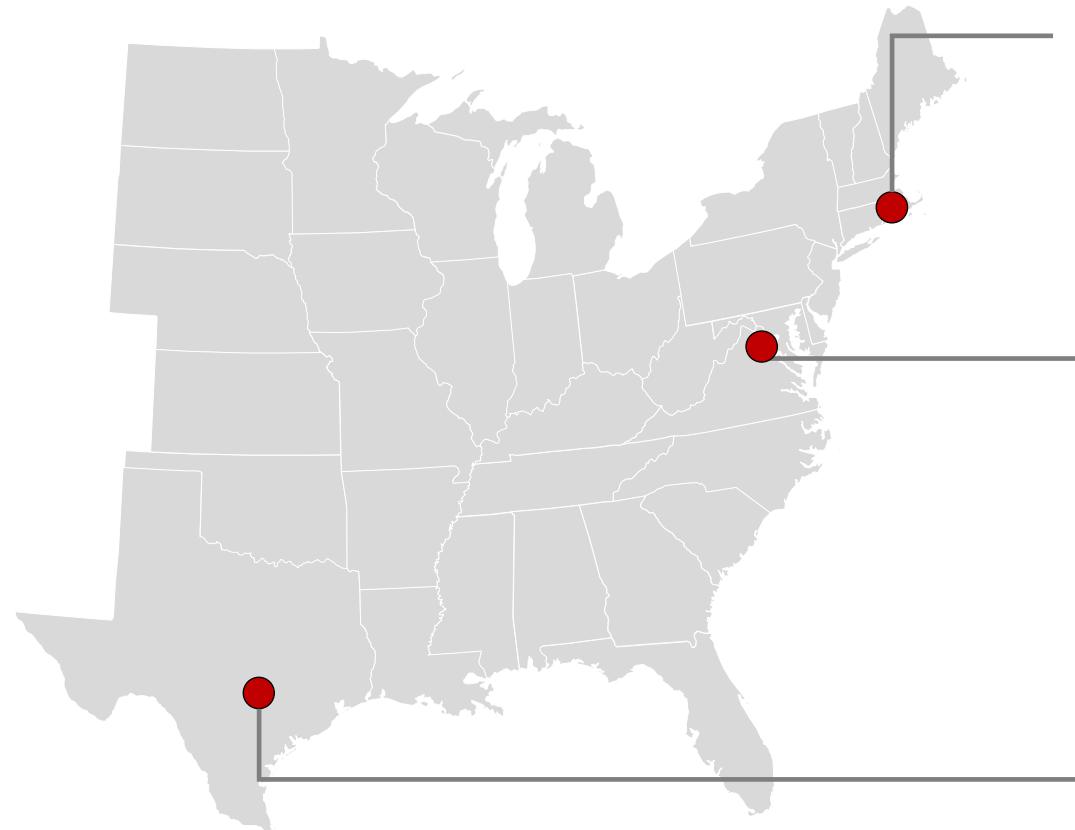
Leasing volume trending toward pre-pandemic levels, fueled by innovation sectors



Flight to quality

Tenants seeking top-quality space to draw employees back to the office

Portfolio market key characteristics



Boston

Drivers: "Meds & Eds," Life Sciences, Tech

Metro Population: 4.9 Million

Office Market Size: 168.4M SF Metro, 66.8M SF CBD

CBD Vacancy: 13.7% overall; 11.8% Class A/Trophy



Washington, DC

Drivers: Government, Defense Contractors, Legal, Associations

Metro Population: 6.4 Million

Market Size: 334.9M SF Metro, 125.4 SF CBD

CBD Vacancy: 18.5% overall; 17.3% Class A/Trophy



Austin

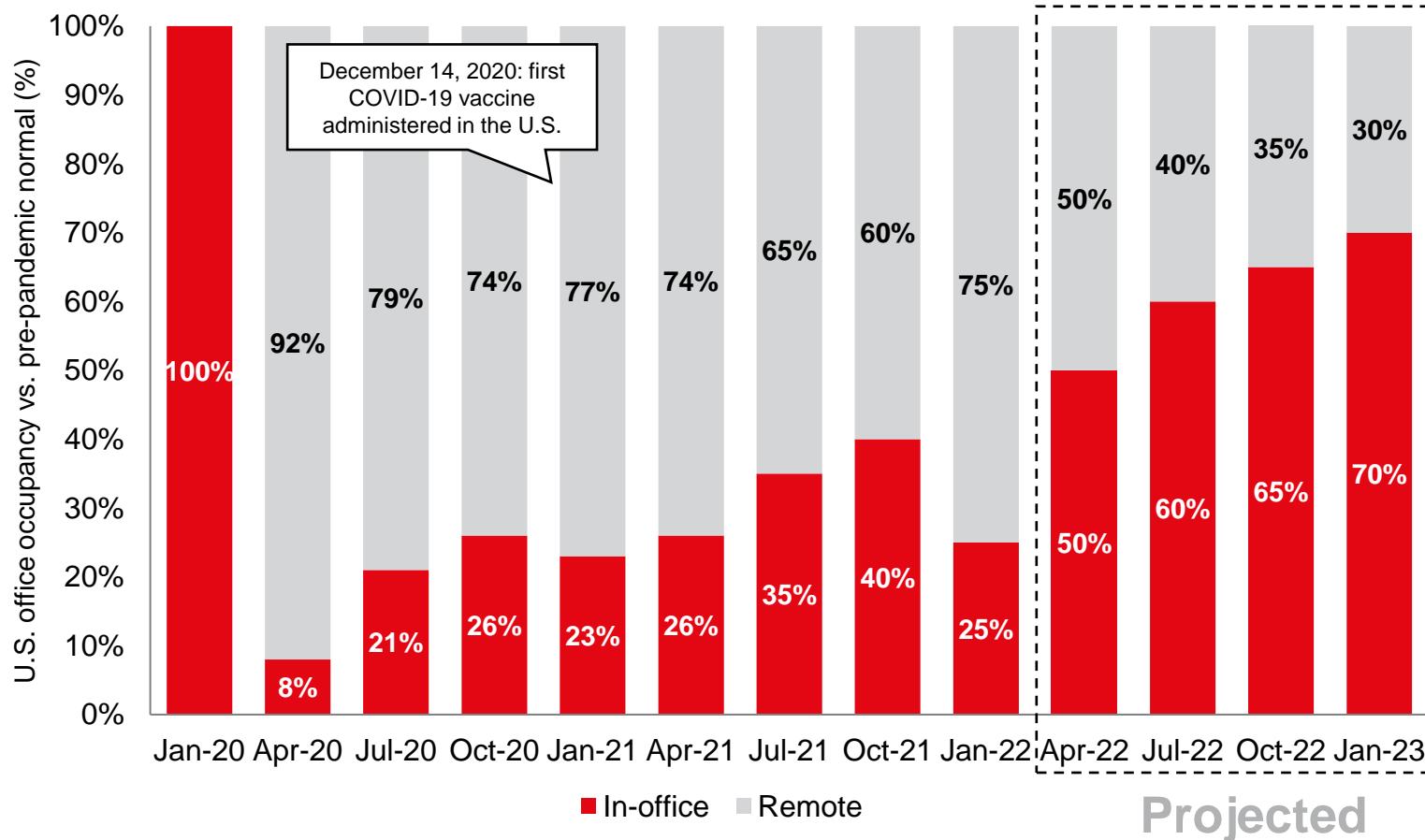
Drivers: Technology, Corporate relocations

Metro Population: 2.3 Million

Market Size: 61.5M SF Metro, 12.4M SF CBD

CBD Vacancy: 19.7% overall; 20.8% Class A/Trophy

Office re-entry patterns and forecast

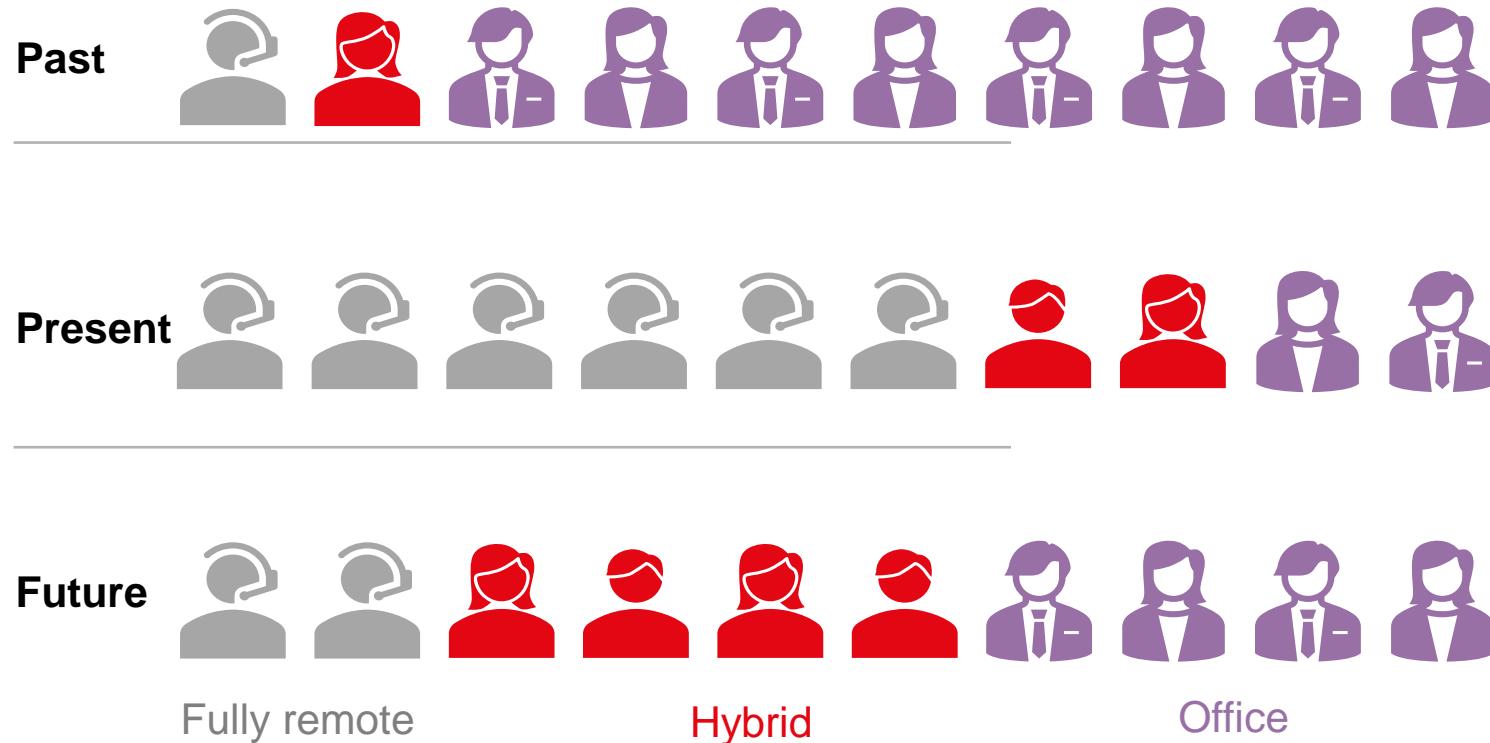


Metro office occupancy comparison

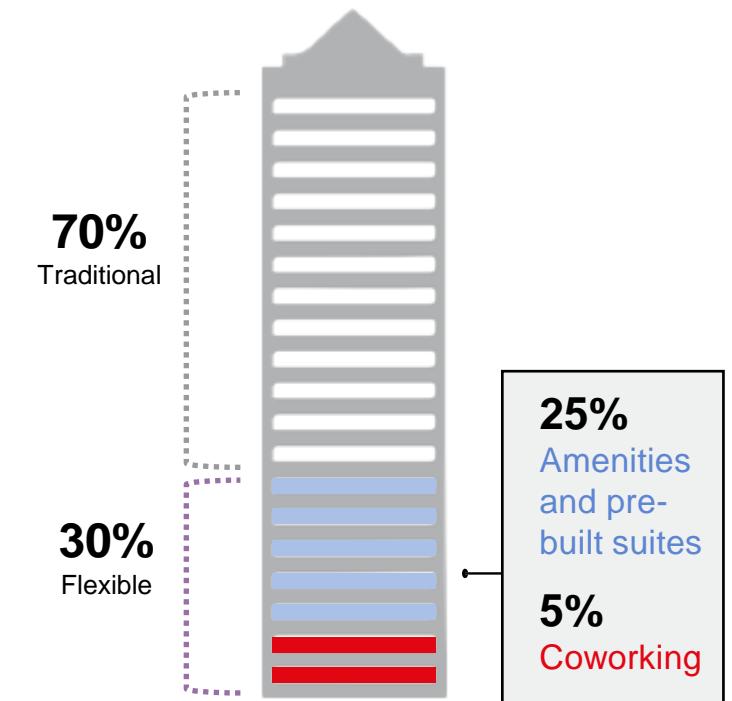
City	% of pre-pandemic occupancy
Austin	58%
Houston	52%
Dallas	51%
Los Angeles	38%
Boston	37%
NY Tri-State	36%
DC	36%
Chicago	35%
San Fran	29%

Data current as of March 21, 2022

Hybrid work evolution

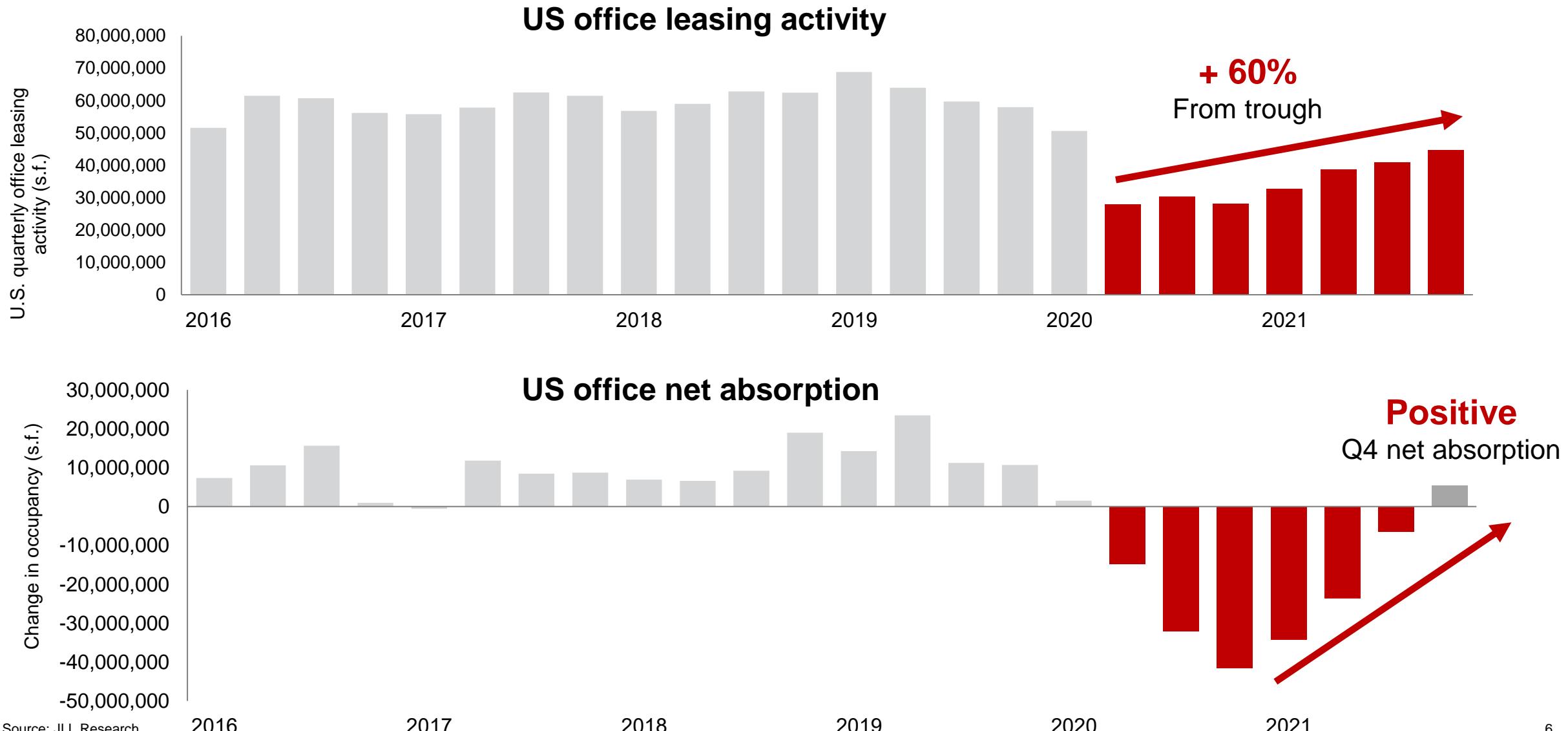


Impact of hybrid on the office ecosystem

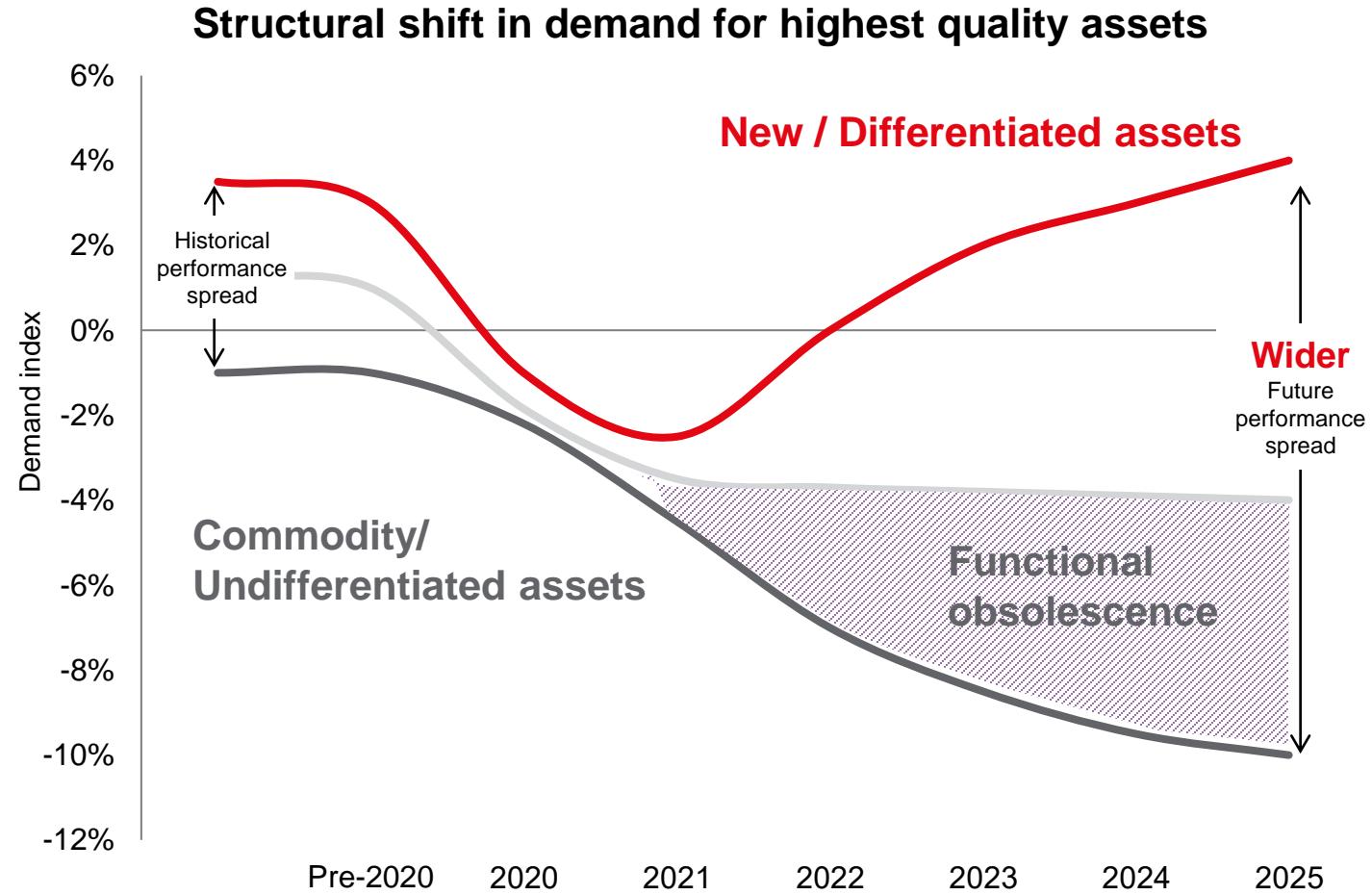
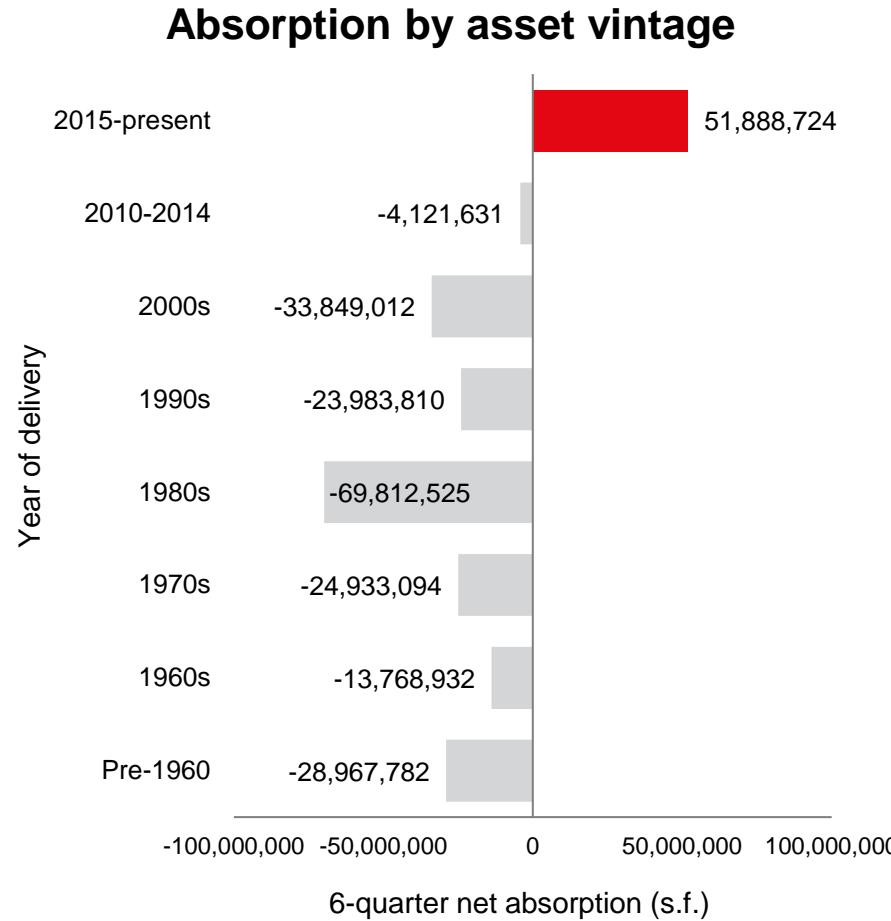


“The future of work is flexibility” – Google CEO Sundar Pichai

Demand continues to rebound

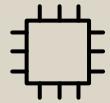


Flight to quality creating bifurcation in office performance



Best-in-class office product is capturing outsized demand, which is widening the performance disparity between new/amenitized and second-generation/undifferentiated assets

Personalized, responsible, and experiential attributes driving demand for buildings and spaces



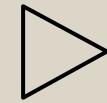
Digital infrastructure



Smart technologies



Enhanced HVAC



Video-conferencing



Green / wellness certifications



Natural light and outdoor spaces



Biophilic design



Health and fitness



Efficiency



On-demand services and amenities



Accessibility



Mobility options



Vibrant design and amenities



Flex space



Community / collaboration spaces

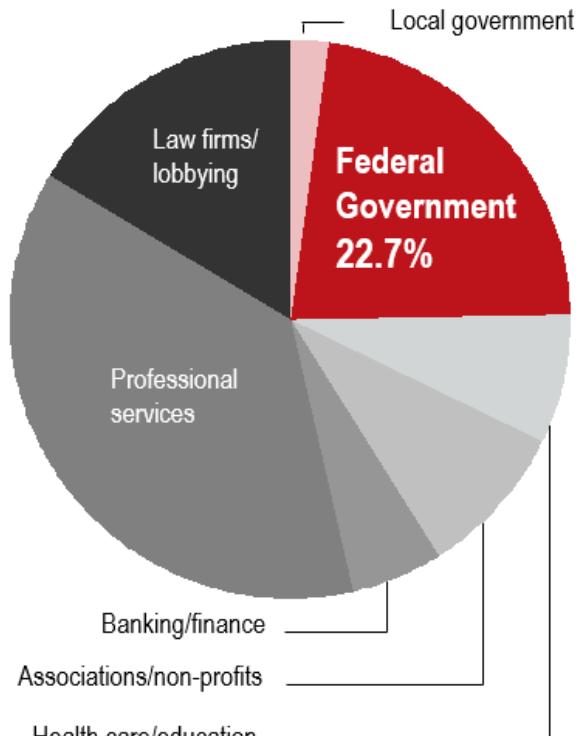


Craft food and beverage

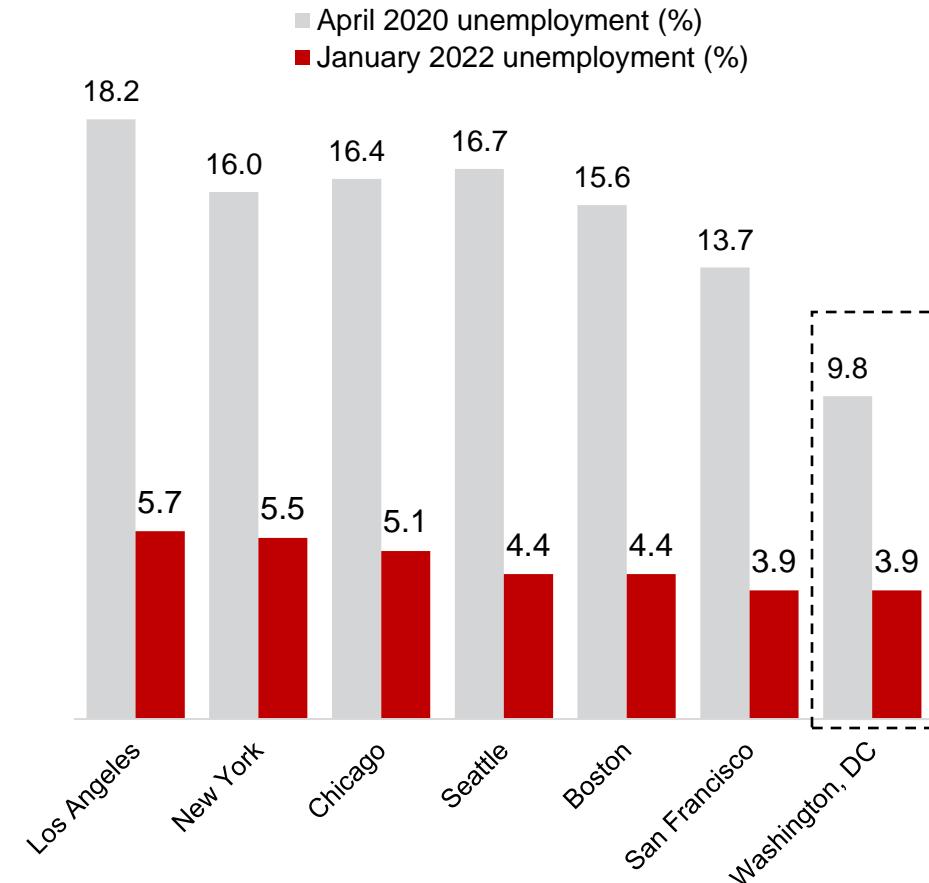
Washington, DC is a low-volatility market given the stabilizing force of the Federal Government



Share of DC office tenant base



Stable employment base



Federal return-to-office



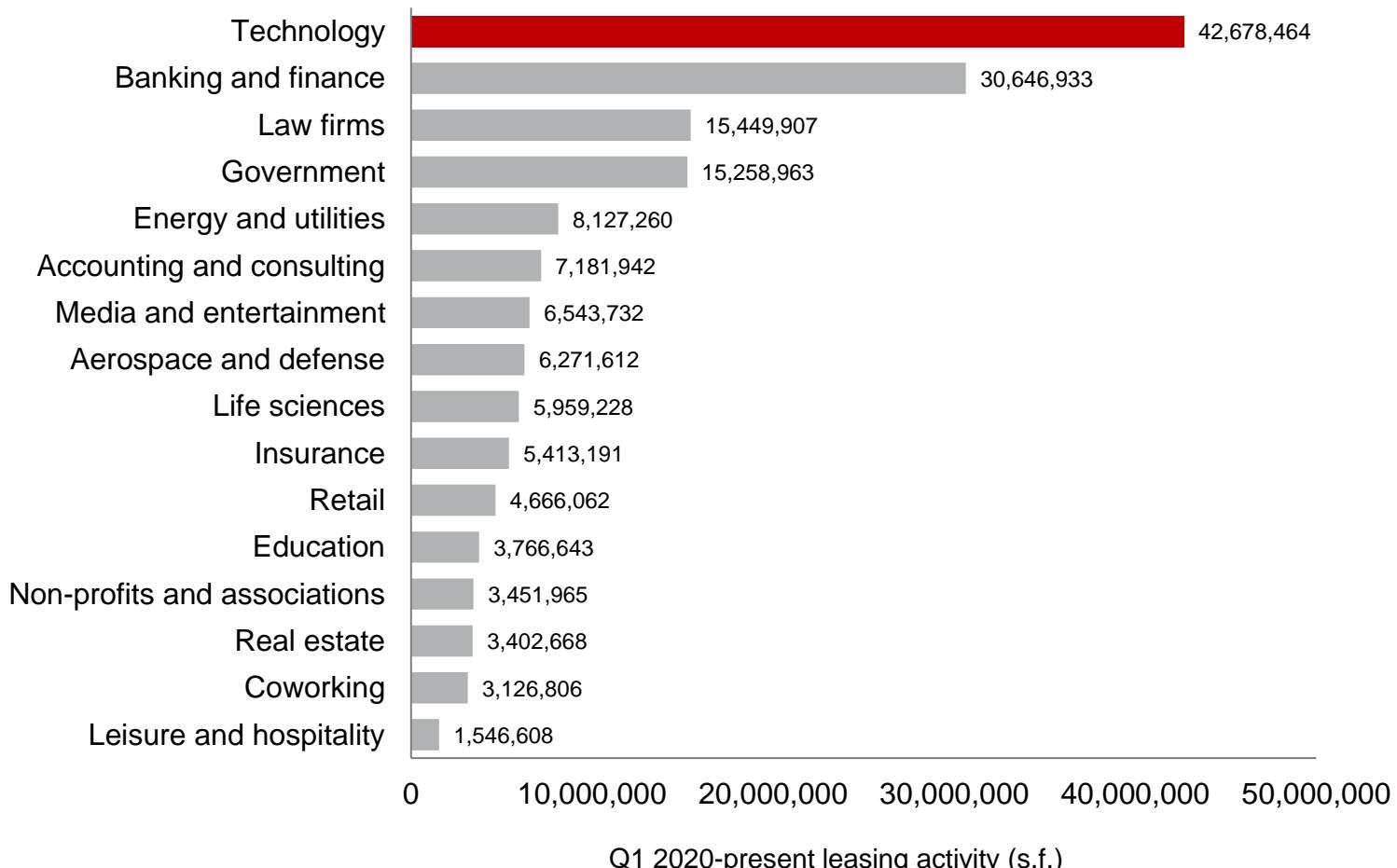
“It’s time for Americans to get back to work and fill our great downtowns again. People working from home can feel safe to return to the office. We’re doing that here in the federal government. ***The vast majority of federal workers will once again work in person.***”

President Biden, State of the Union,
March 1, 2022

Tech tenants lead office leasing activity

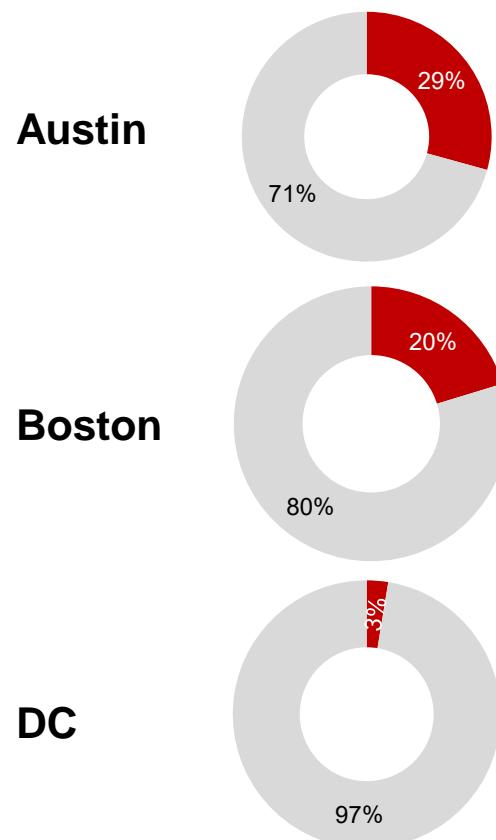


U.S. leasing activity by industry (s.f.)



Private sector tech share of tenant base

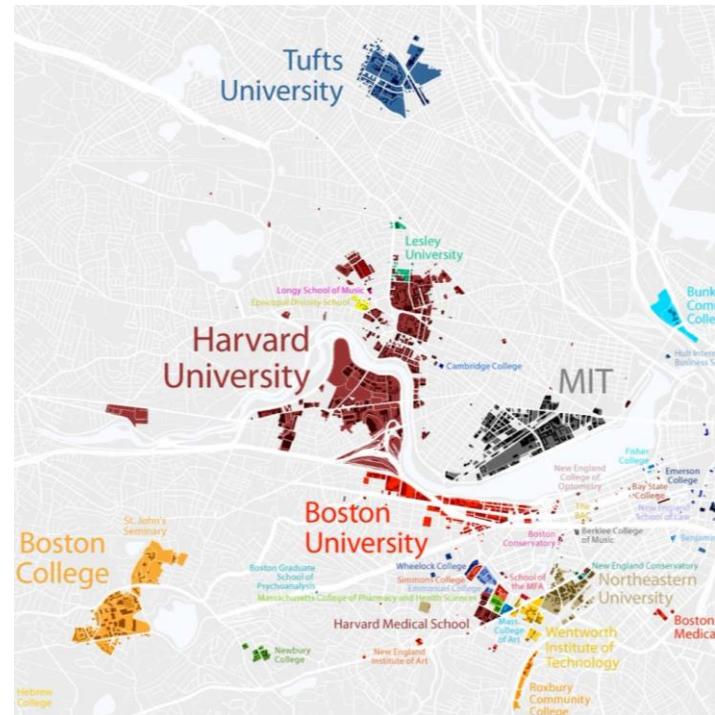
Tech Non-tech



Boston's preeminent universities, hospitals and research institutions drives tech and life sciences demand



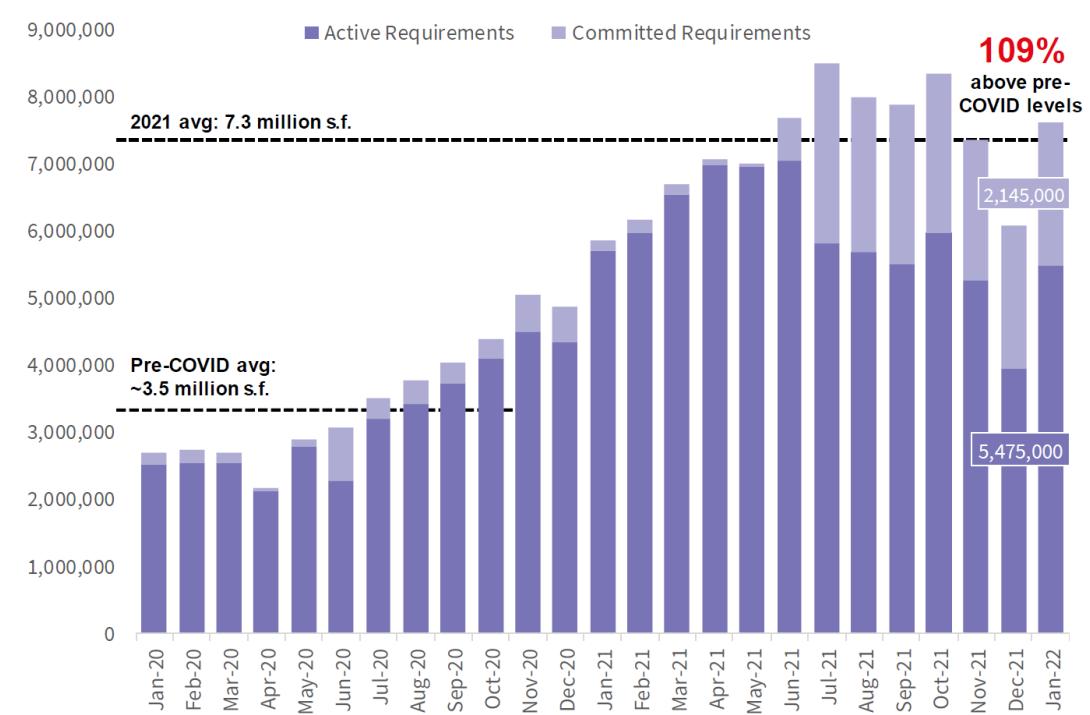
World-Class Intellectual Foundation



Diverse and Innovative Tenant Base



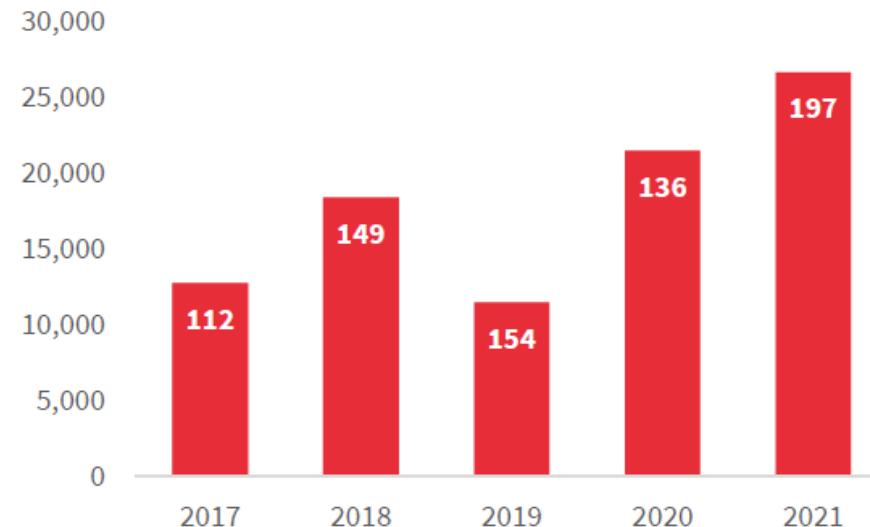
Leader in Life Sciences



Austin is the leading destination for innovation-focused corporate expansion activity and HQ relocations



Total corporate relocations and expansions



#1
BEST CITY FOR
JOB GROWTH
OVER A FIVE-YEAR PERIOD
inc.com



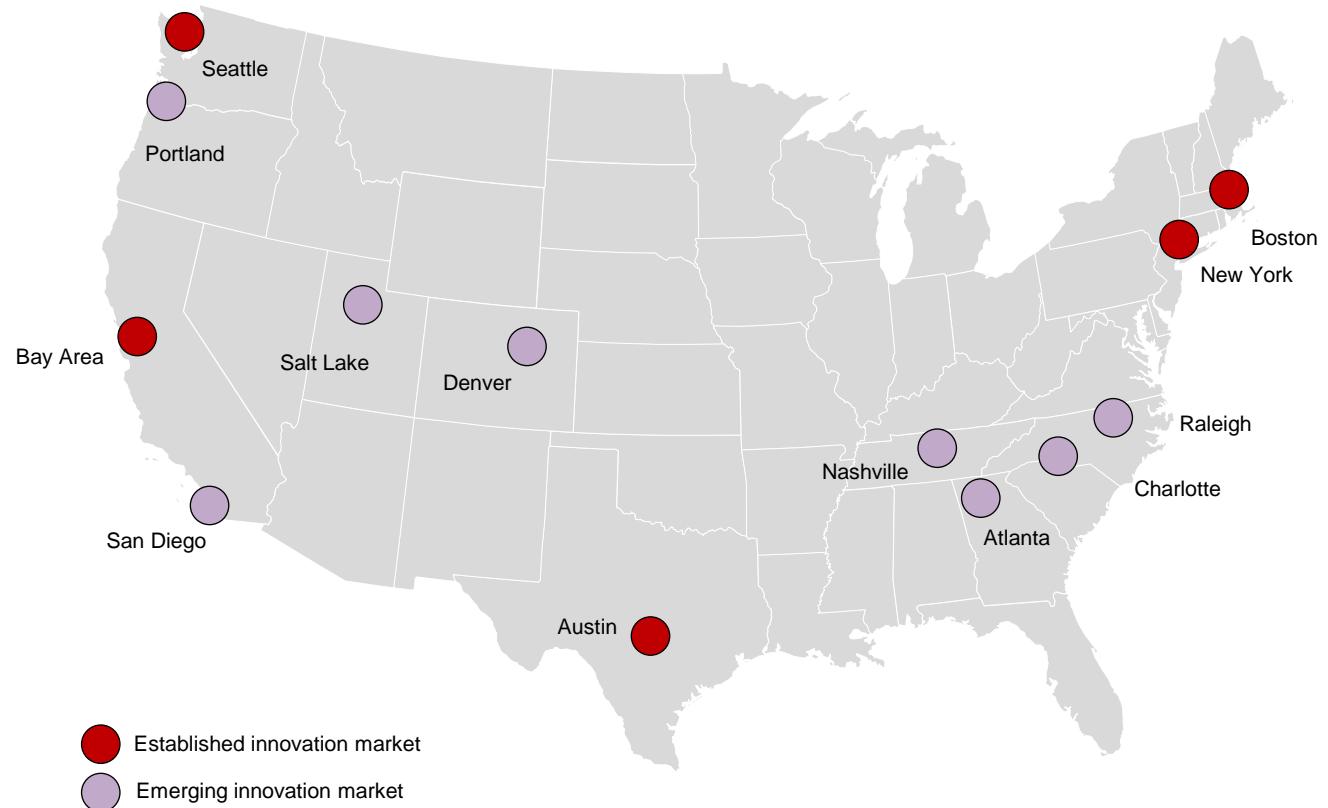
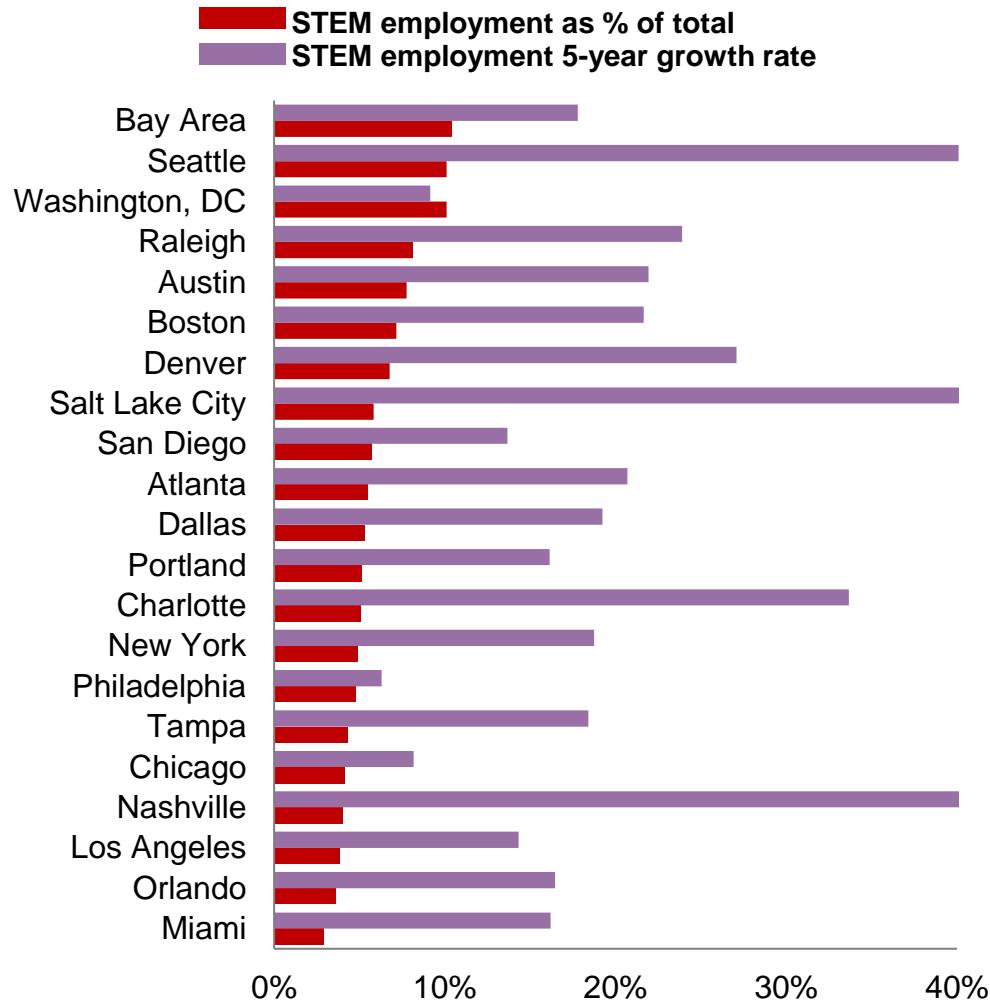
#1
BEST CITY FOR
JOB CREATION
37% OVER FIVE-YEAR PERIOD
Forbes

#1
BEST PLACE TO LIVE
3 CONSECUTIVE YEARS
U.S. News & World Report

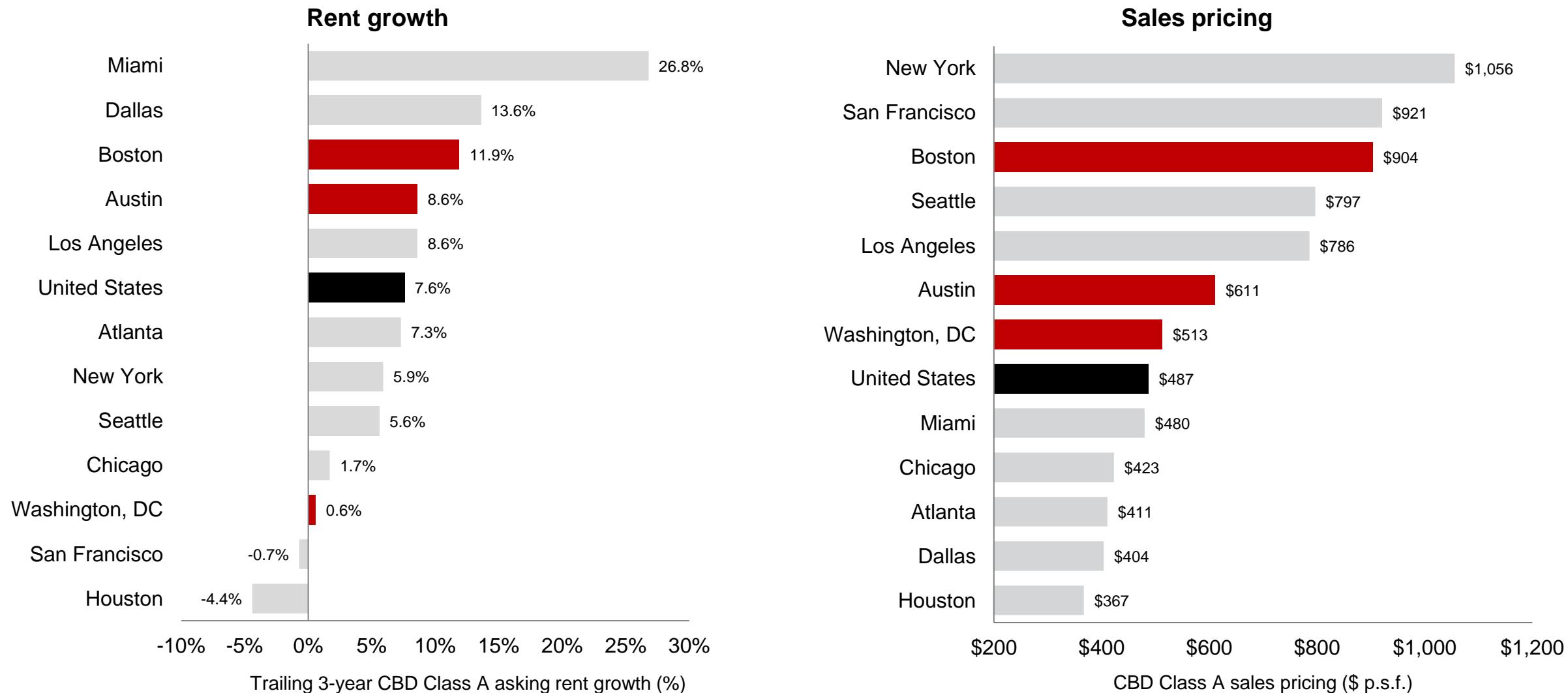


#1
HOTTEST U.S.
LABOR MARKET
2 CONSECUTIVE YEARS
Wall Street Journal

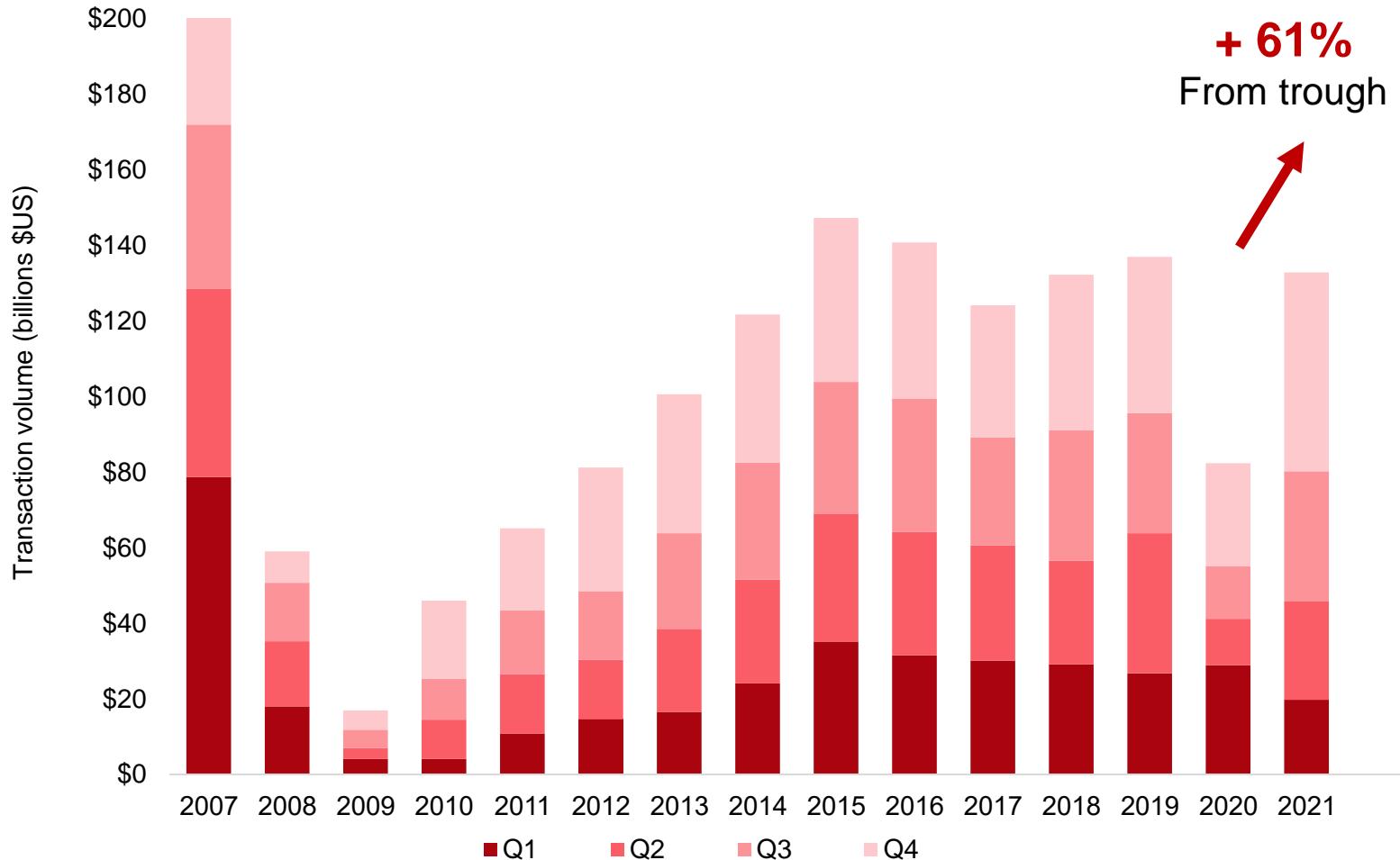
Innovation and growth markets likely to outperform, with emerging markets presenting investment opportunities



Boston and Austin's rent growth and sales pricing outpacing most peers



Office investment sales volume rebounding to near pre-pandemic levels



City	2020-21 volume as a % of pre-pandemic levels
Austin	72%
Boston	131%
Chicago	52%
Dallas	76%
Houston	38%
Los Angeles	60%
New York	60%
San Francisco	87%
Washington, DC	68%

Office market outlook: favorable for Trophy product



	Austin	Boston	Washington, DC
Opportunity	Sustained tech demand and corporate migration	Diverse economy with strong innovation sector	Stability from creditworthy tenant base
Risk	Rapid development cycle with current scale	Bifurcated office market and demand concentration	Government remote work and cyclical high in vacancy

Thank you

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