*As Seen in*

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# A Rising Tide Lifts Most Boats

According to CoStar, the average U.S. vacancy rate decreased to 11.4 percent in the 2nd quarter of this year; however, many office markets are flourishing while others are stagnant. So, which areas are doing well and why?

At least 90 percent of the markets have been doing well over the past 12 months. Booming cities like Houston, New York, Atlanta, Boston, and Denver are overflowing with technology, healthcare, and energy companies, and plenty of millennials to work for them.

Conversely, certain office markets are experiencing slow growth and stubbornly high vacancy. For example, New Jersey and West Palm Beach are experiencing slow growth because companies have left those markets or closed due to many years of public policy unfriendly to business or a demographic draw elsewhere of young talent and nimble enterprises. Several markets are experiencing slightly increased vacancy such as New Haven, Buffalo, and Milwaukee for generally the same reasons.

The positive activity has generally boosted landlord confidence over the past year. Tenants also have been signing longer leases and acquiring larger blocks of space. As a result, Houston, San Francisco, Pittsburgh, and Portland rental rates are increasing while tenant improvement allowances are receding. Houston towers over other markets because its energy sector is thriving. As such, Houston now has nearly 18 million square feet of office space under construction, 67 percent of which is pre-leased or built-to-suit for users.

Great opportunities are available for businesses in these markets and many others across the country. For more information, contact Chris Oddo or me at 512.478.1711.

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