



The U.S. Office Landscape

Featuring Washington, DC, Boston and Austin

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23rd March 2022



U.S. office market trends



Hybrid work

Most companies targeting ~3 days per week in the office



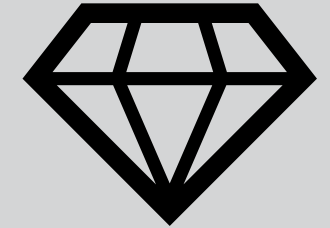
Migration

Population shifting from dense gateway cities to the Sun Belt



Demand recovering

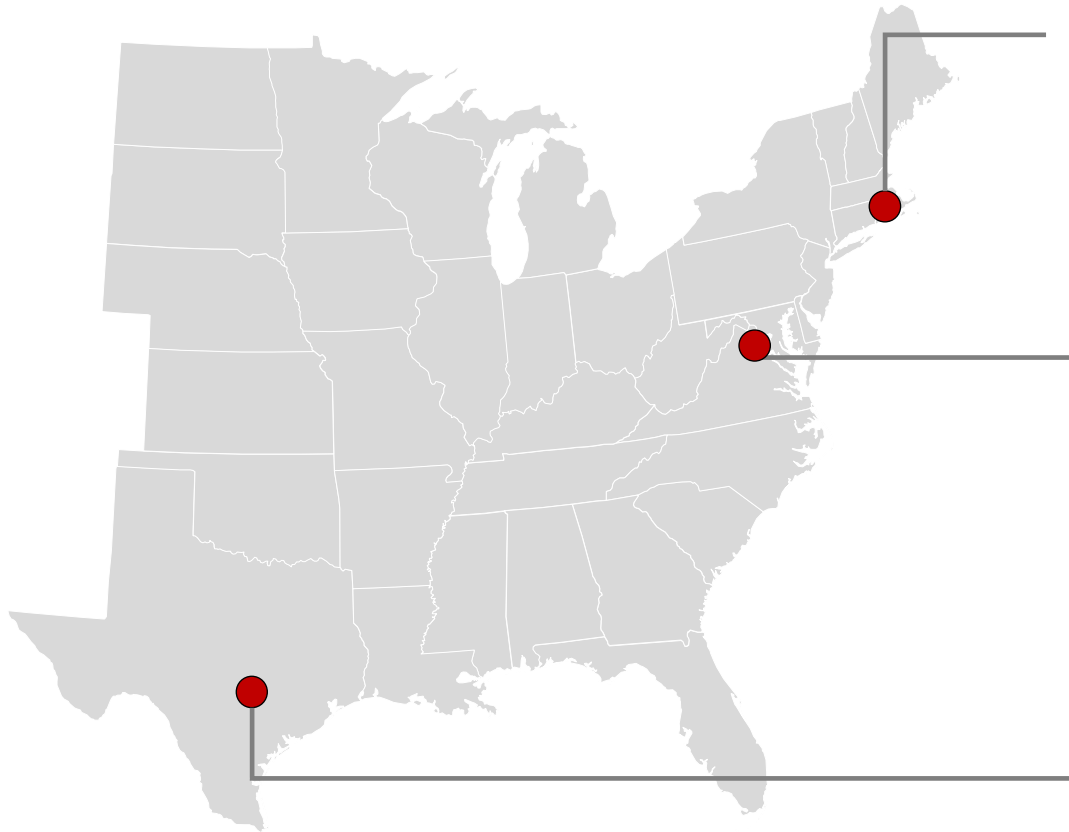
Leasing volume trending toward pre-pandemic levels, fueled by innovation sectors



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

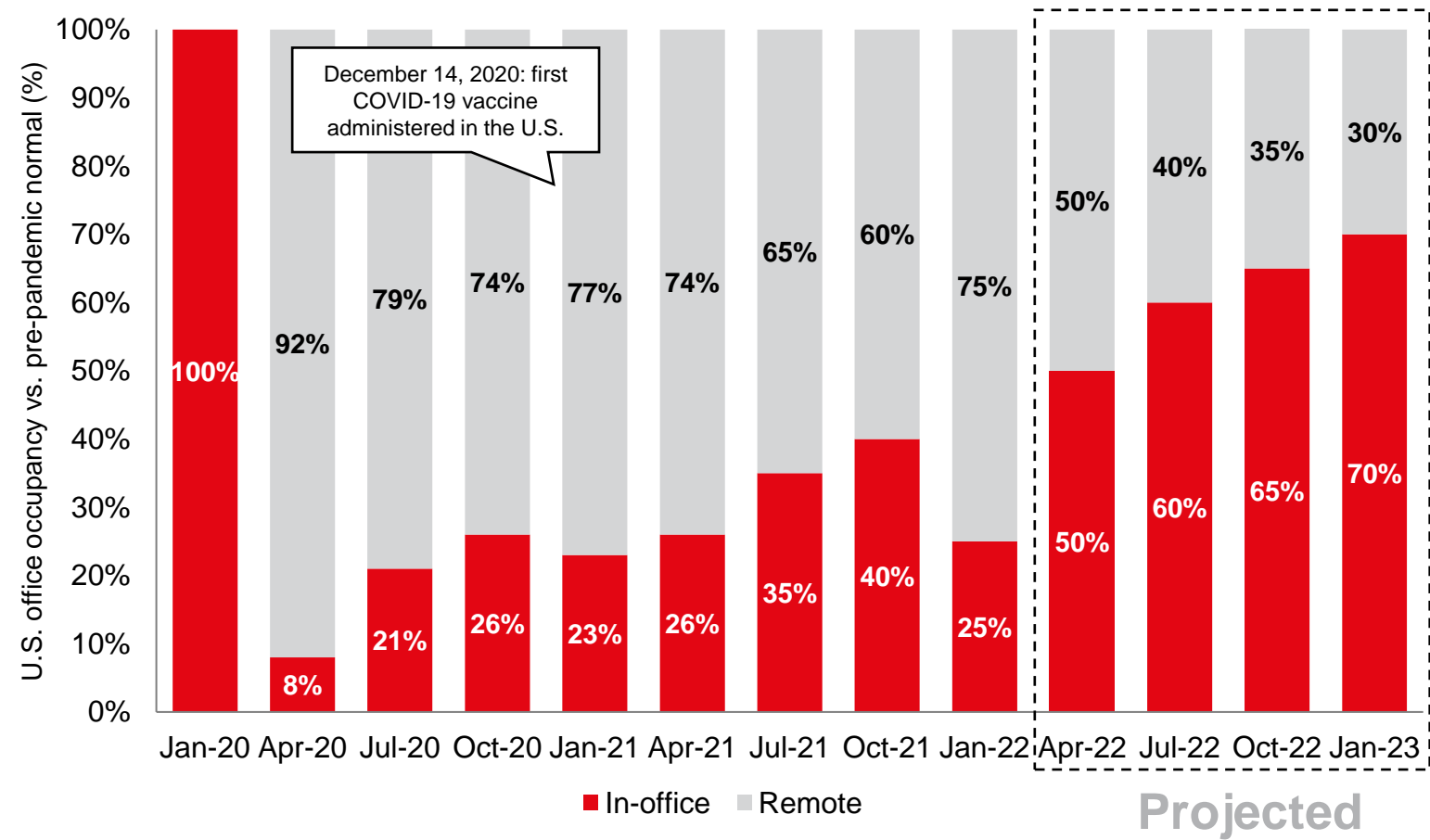
Drivers: Technology, Corporate relocations

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

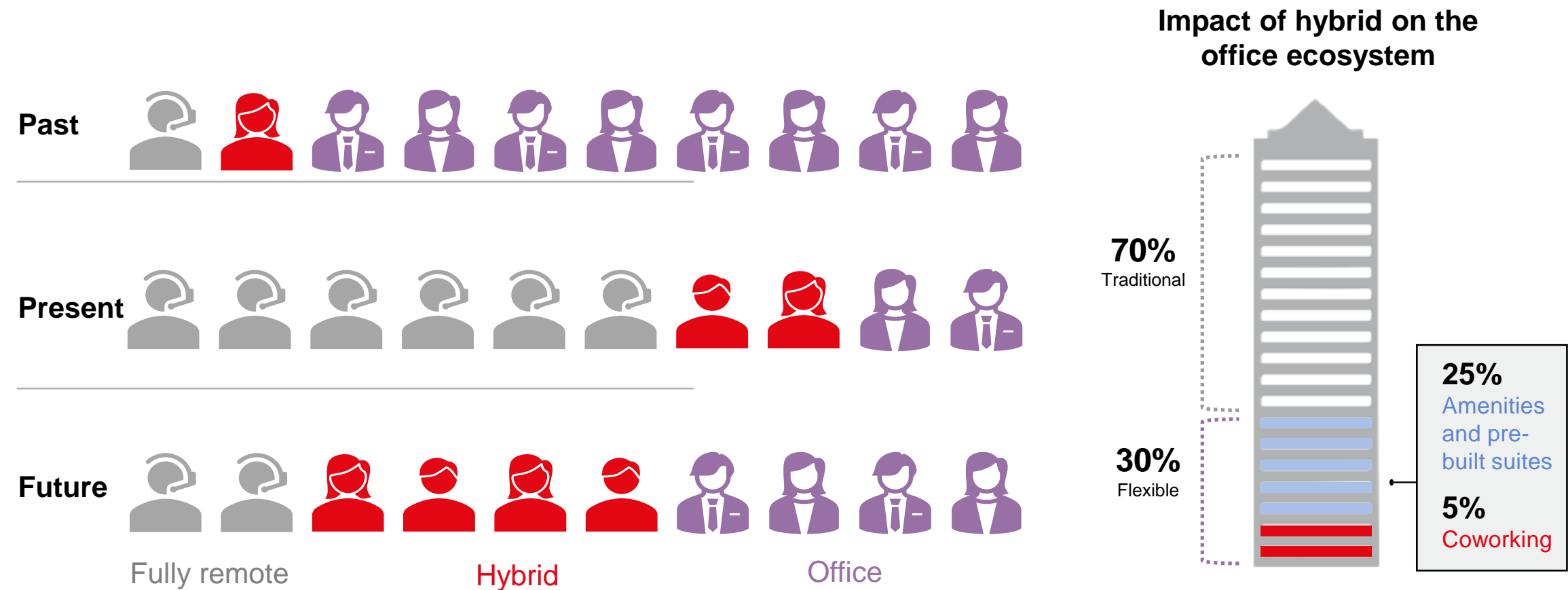


Metro office occupancy comparison

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%

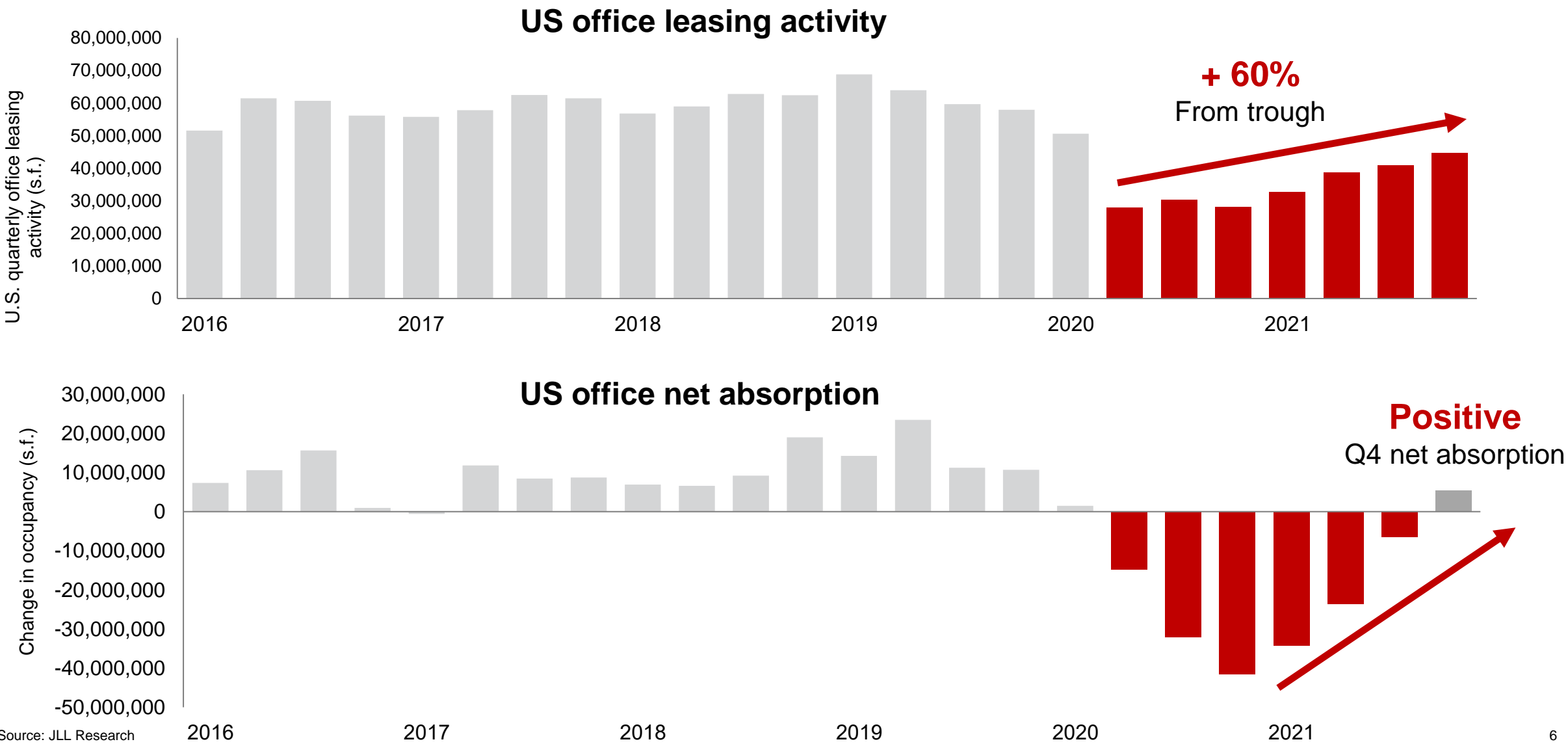
Data current as of March 21, 2022

Hybrid work evolution



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

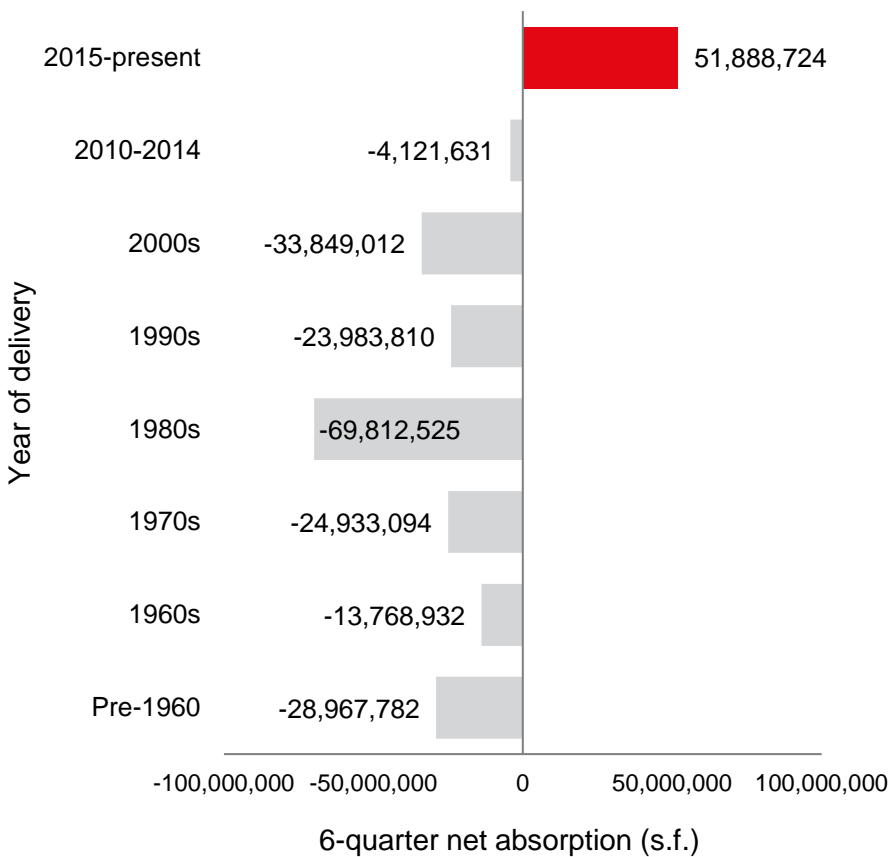
Demand continues to rebound



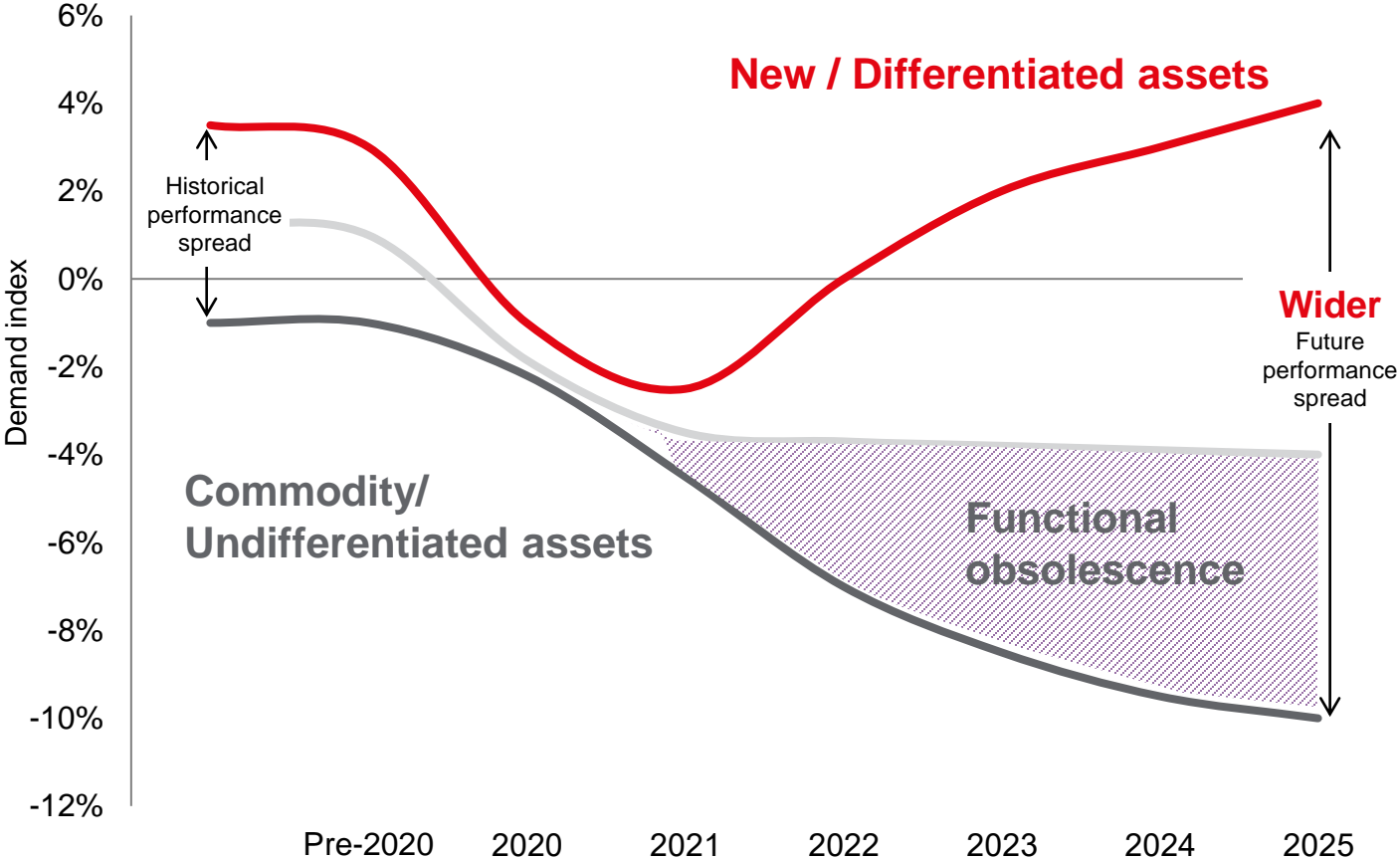
Flight to quality creating bifurcation in office performance



Absorption by asset vintage

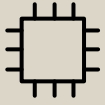


Structural shift in demand for highest quality assets



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

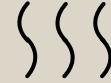
Personalized, responsible, and experiential attributes driving demand for buildings and spaces



Digital
infrastructure



Smart
technologies



Enhanced
HVAC



Video-conferencing



Green / wellness
certifications



Natural light and
outdoor spaces



Biophillic
design



Health and fitness



Efficiency



On-demand services
and amenities



Accessibility



Mobility options



Vibrant design
and amenities



Flex space



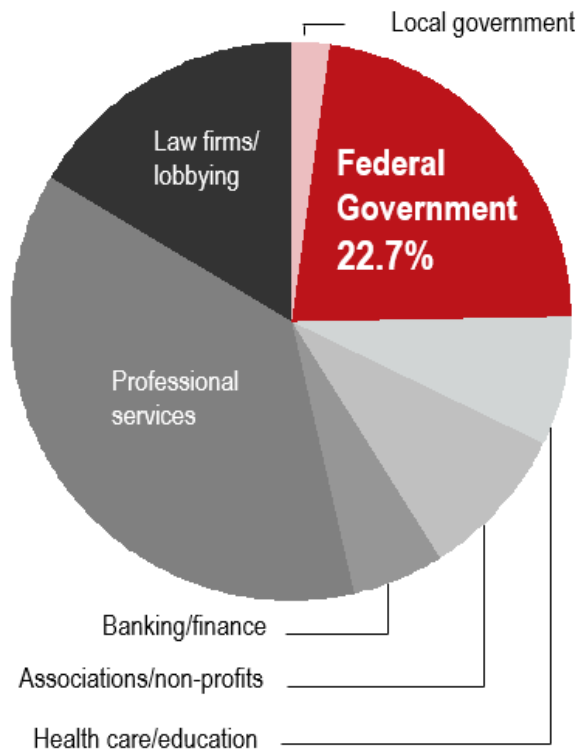
Community /
collaboration spaces



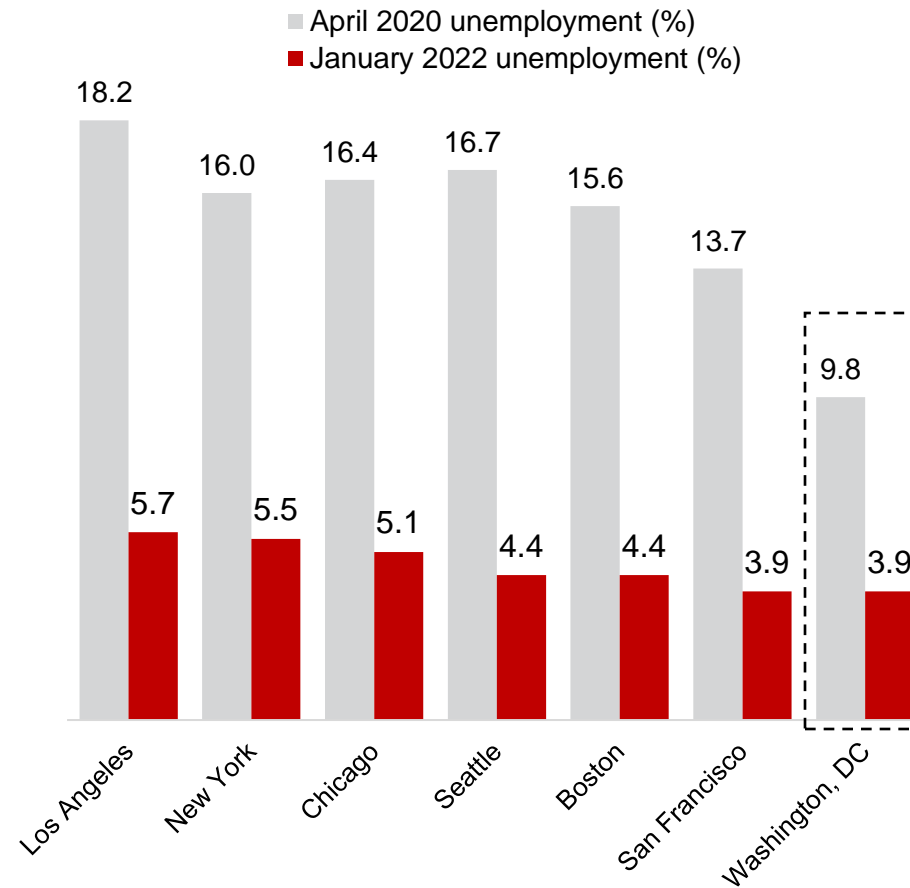
Craft food and
beverage

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



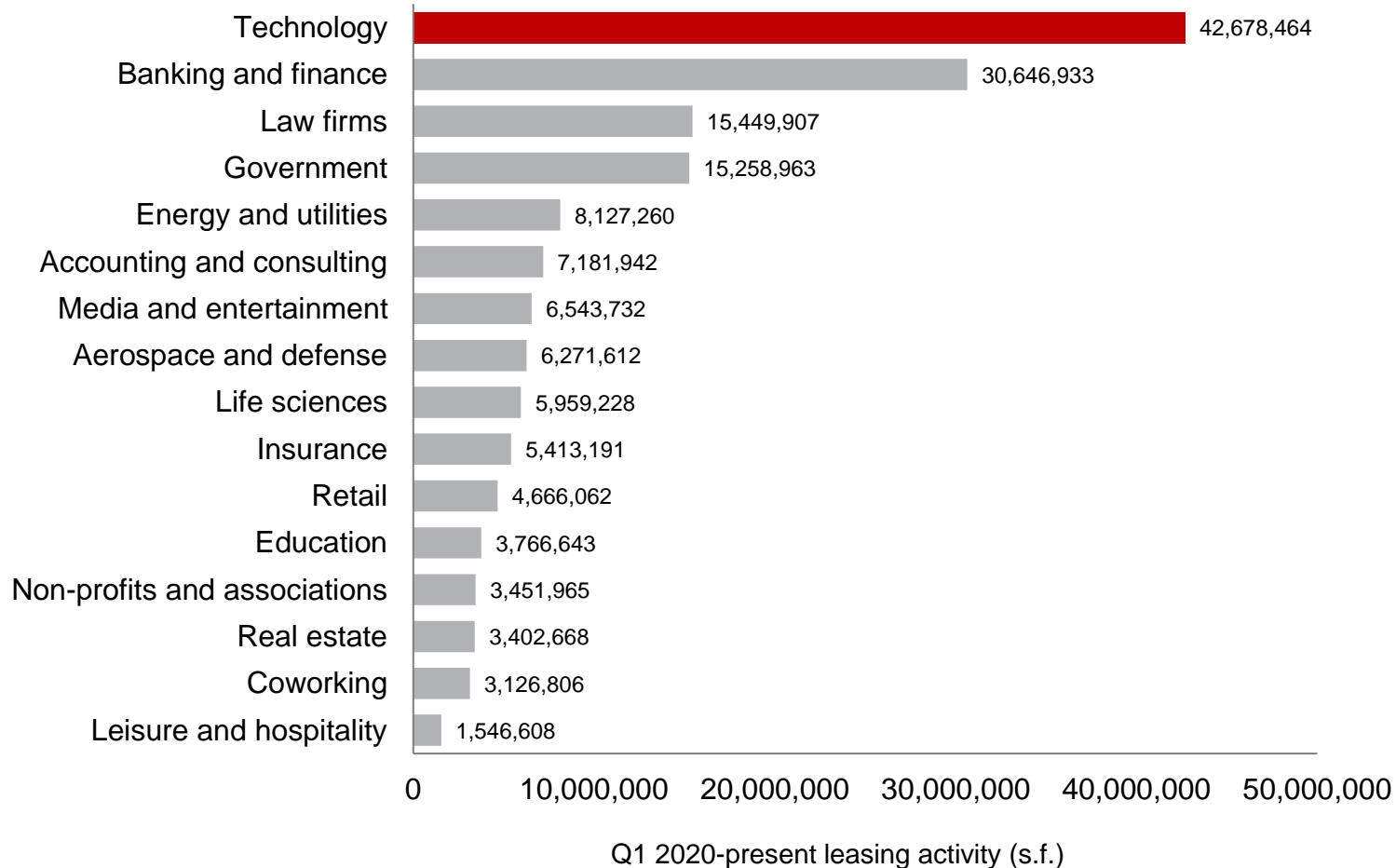
"It's time for Americans to get back to work and fill our great downtowns again. People working from home can feel safe to return to the office. We're doing that here in the federal government. ***The vast majority of federal workers will once again work in person.***"

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

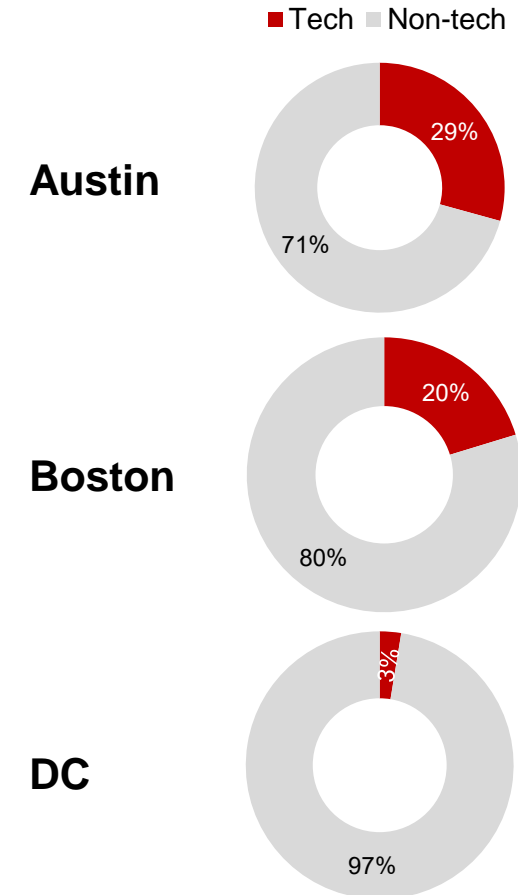
Tech tenants lead office leasing activity



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



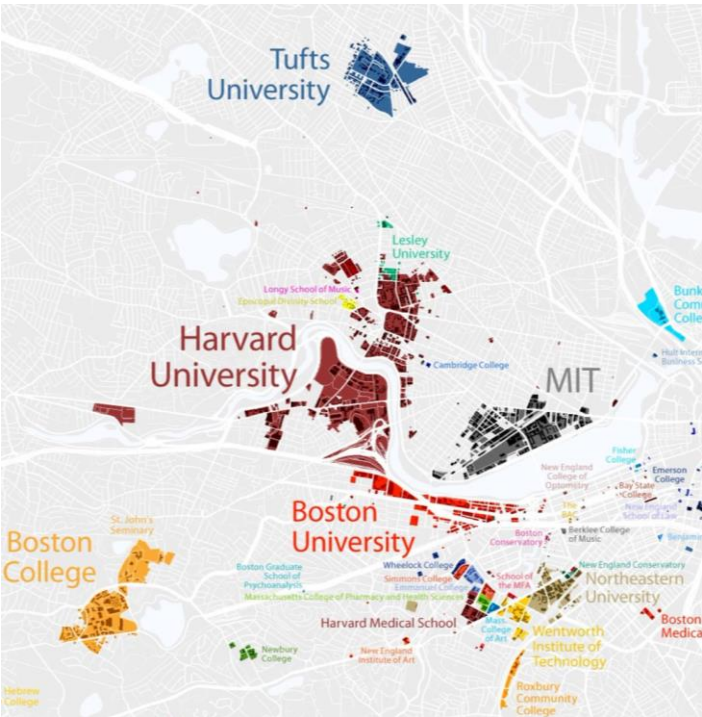
Private sector tech share of tenant base



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



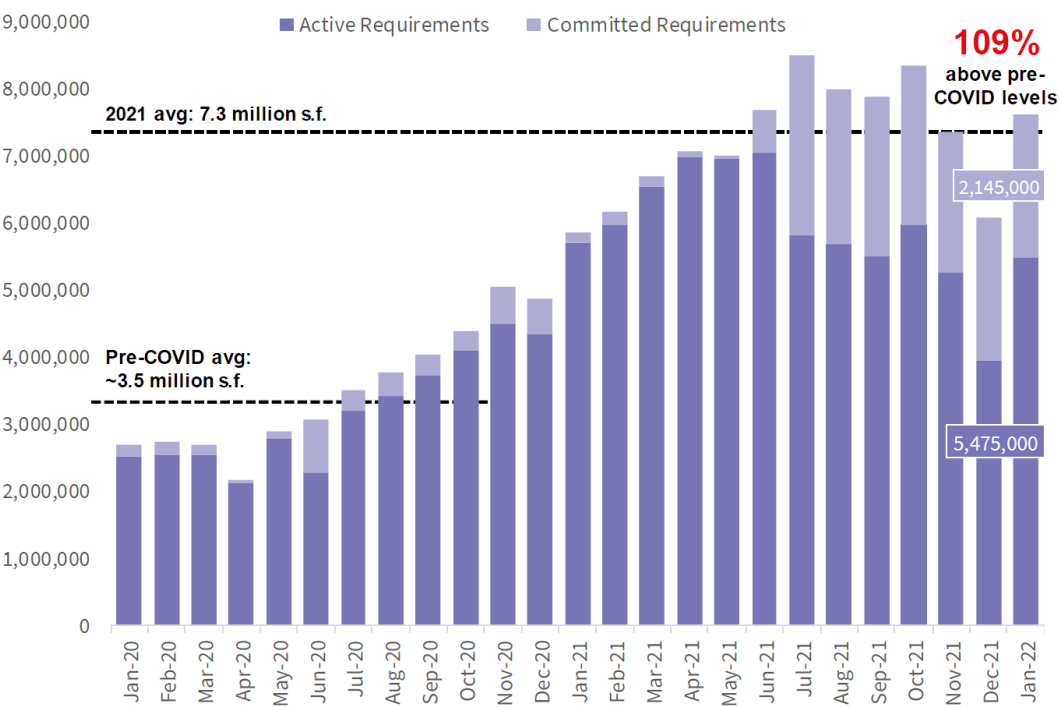
World-Class Intellectual Foundation



Diverse and Innovative Tenant Base



Leader in Life Sciences



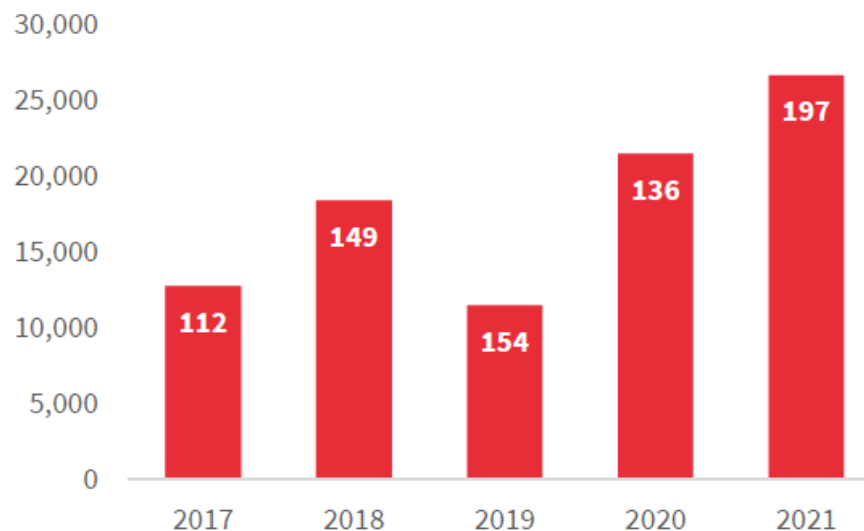
Austin is the leading destination for innovation-focused corporate expansion activity and HQ relocations



Notable expansions and corporate 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



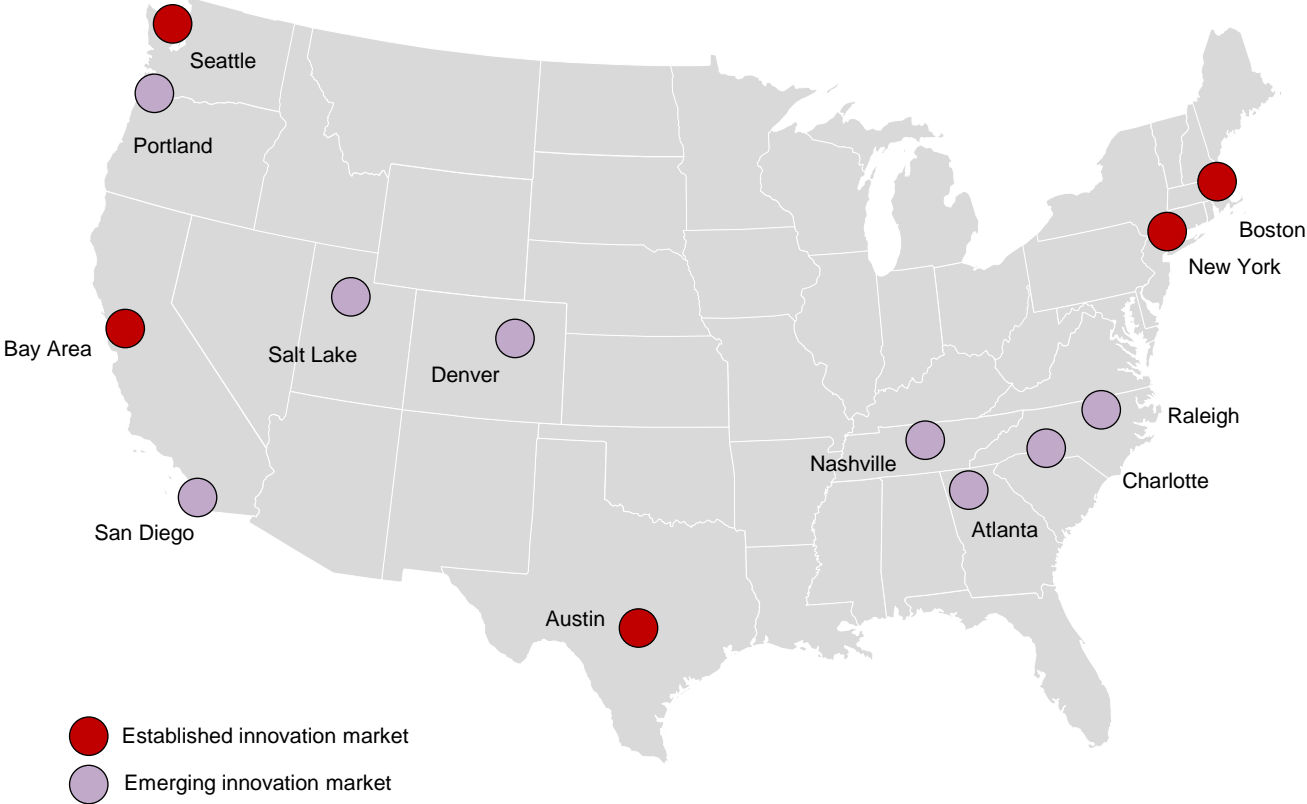
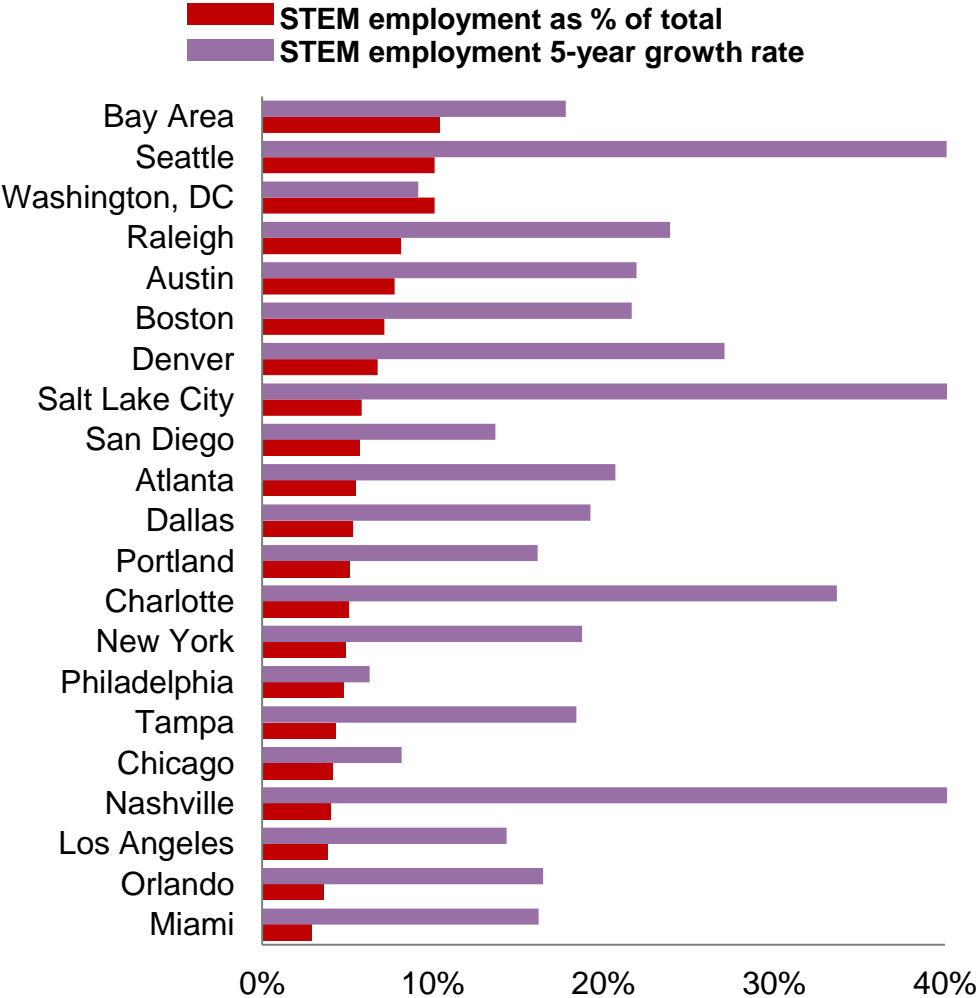
#1

**HOTTEST U.S.
LABOR MARKET**

2 CONSECUTIVE YEARS

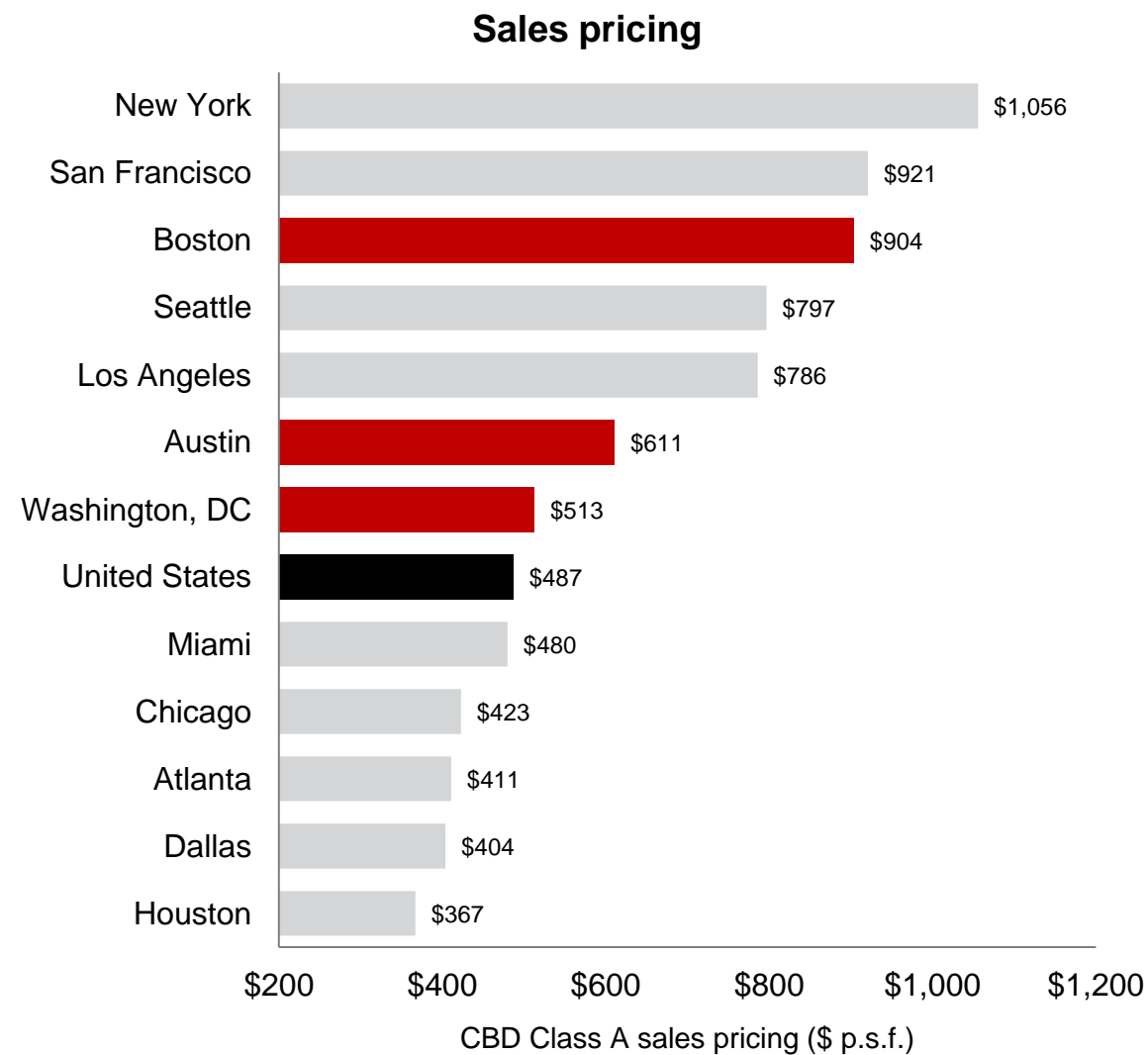
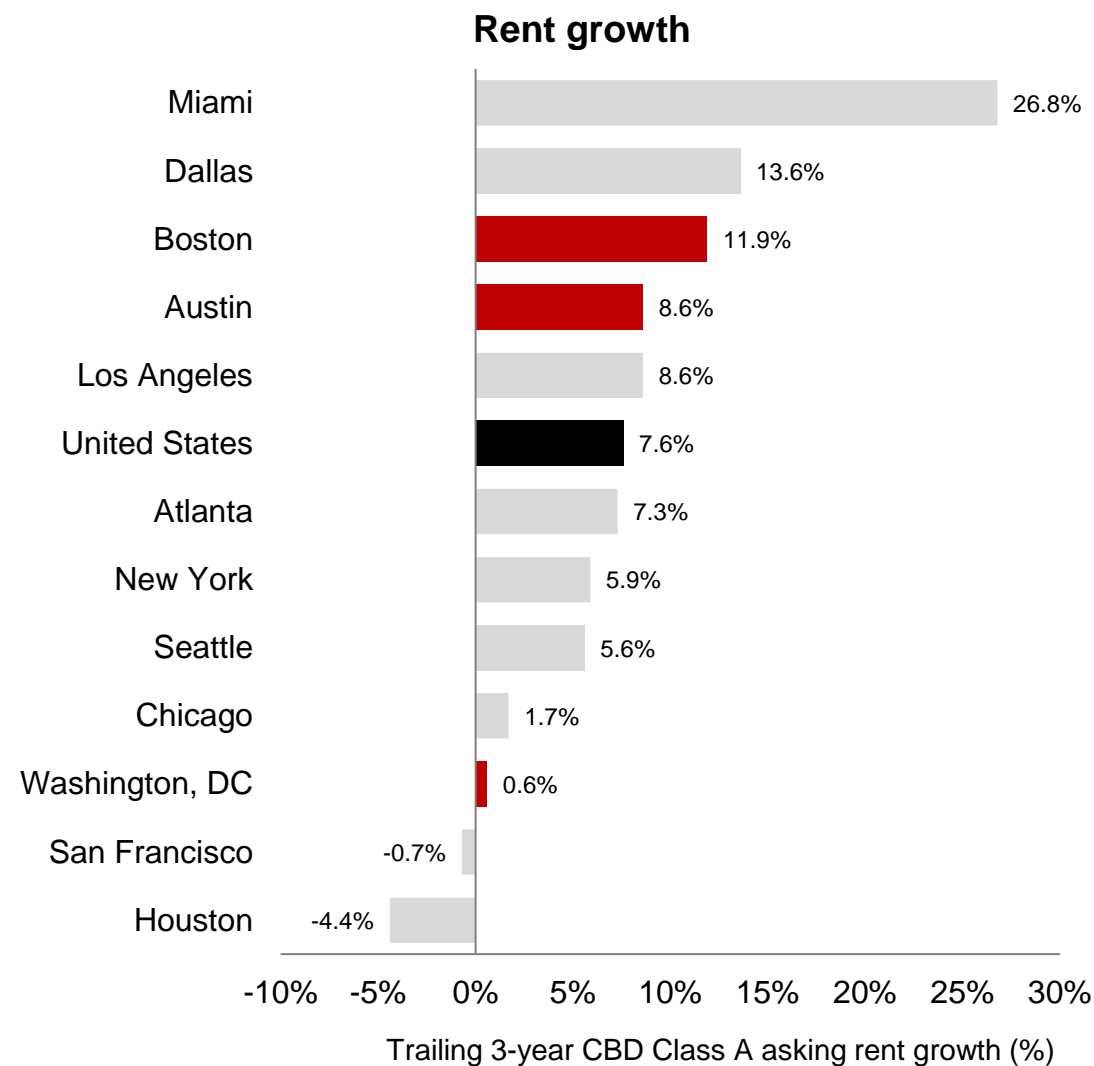
Wall Street Journal

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

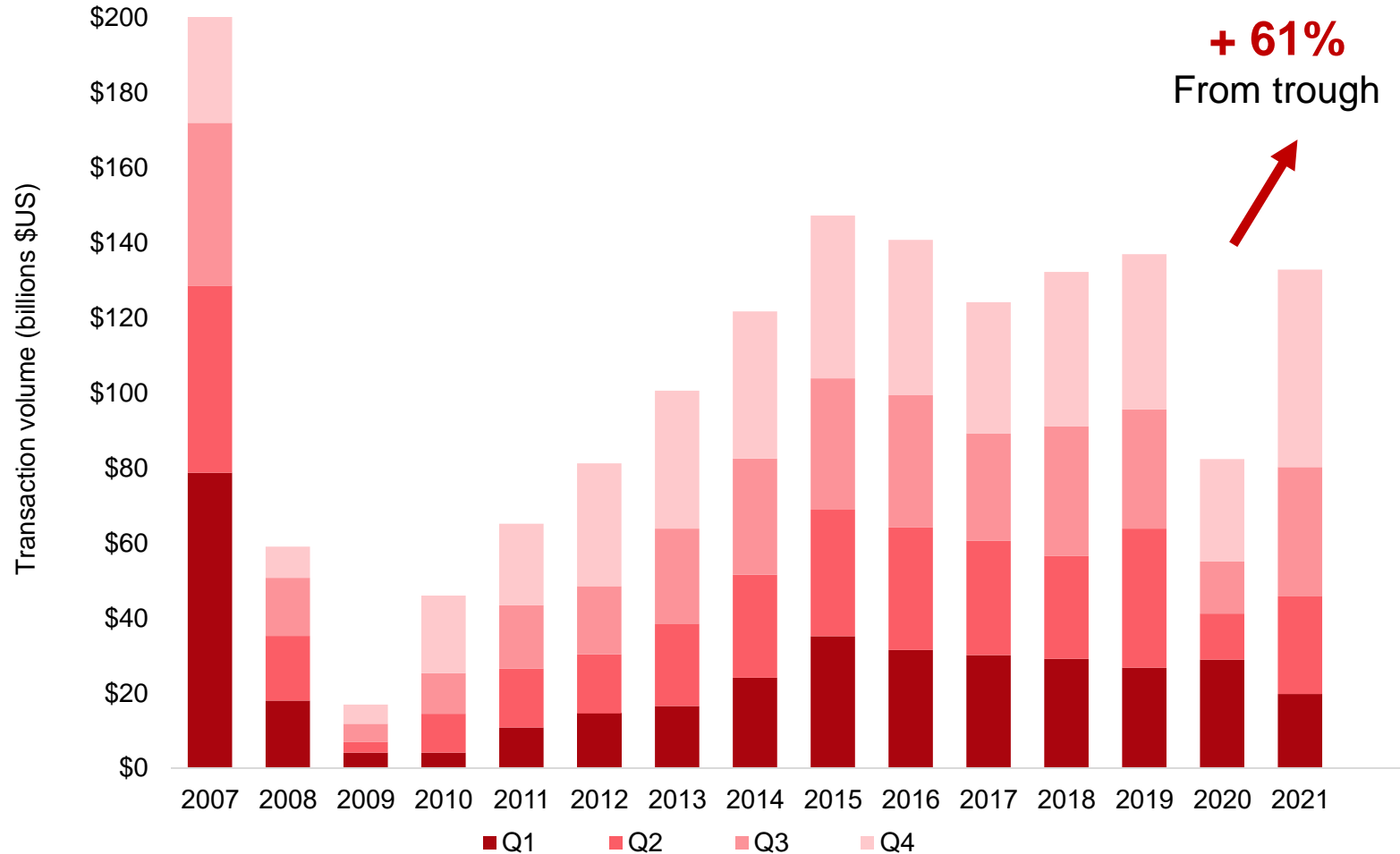


Source: JLL Research, Bureau of Labor Statistics – STEM defined as computer, math, physical sciences and life sciences occupations

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%

Source: JLL Research, Real Capital Analytics (transactions larger than \$5.0 million)

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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