

1

Interested -



Will interest-rate declines spur increased economic activity or will interest rate declines indicate a recessionary wait-and-see period. Coming off an indecisive 4th quarter of 2023, expect pent-up office demand to eventually come roaring back with increased activity and leasing velocity.

2

Sidelines -



Timing any market is a data-driven, market-pulse endeavor, and the local real estate office market is no different. Tenants today expect a “great-deal”, look to take advantage of distress, and often are waiting for a better deal to come along. Conversely, Landlords feel they’ve given too much away, the deal is taking too long to complete, and “this deal does not move the needle”. Watch for an uptick in office leasing velocity in the 1st Quarter of 2024 as distressed leasing alternatives become less abundant.

3

Fore -

As debt matures in 2024, watch office building owners either negotiate Forbearance Agreements extending loan terms, or negotiate a surrender of title to the lender. Short of malfeasant “Bad-Boy” borrowers, expect Lenders to forebear and restructure loan terms before actually taking possession of any Office asset.



4

Urban or Suburban-

More mature Urban Markets tend to attract more sophisticated businesses that successfully navigated a Work-From-Home employee environment. Suburban Markets tend to house smaller localized tenancies that don’t want long commutes and prefer to work within an office environment. The bifurcation of vacancy rates between Urban Markets (high-vacancy-rate) and Suburban Markets (tighter vacancy-rate) will soon become realized as a Market-Norm. With this understanding, expect Corporate tenancies to execute with more clarity and more alacrity.



5

Employment Rate -

With a tight employment market to recruit from, employers had to offer potential employees attractive employment packages. Demanding employees work from an office environment was ill-advised. As Unemployment Rates rise, and more employees are available, will Corporate America require more in-office attendance, and does working from an office boost productivity and profitability?

