OFFICE

Nearly 50% of respondents believe that leasing velocity in the U.S. office market will be slightly higher in 2018.

59% expect asking rents to be higher than in 2017, with amenities playing a huge role in successfully filling vacant spaces.

Approximately two-thirds of respondents expect development levels to be flat or slightly higher, with businesses and the workforce migrating toward easily accessible, more affordable secondary and tertiary cities.

Expectations for concession packages offered by landlords vary greatly, based on the local market.

89% of respondents expect investment pricing to be flat or to rise in 2018.

About half of respondents expect investor interest to rise slightly, while two-thirds anticipate cap rates to remain flat.

Regions anticipated to have the strongest office market conditions in 2018 include the Southwest, Southeast and West.

Markets with improving fundamentals include San Antonio, South Florida and Phoenix.
INDUSTRIAL
Leasing, asking rents and development in the industrial sector are all expected to be slightly higher next year.

Most agree that there will be little, if any, change in concession package levels for industrial space.

Just over half of the respondents predicted cap rates in the industrial sector will be down slightly from 2017 levels.

Regions anticipated to have the strongest industrial market conditions in 2018 include the West, Northeast and Mid-Atlantic.

Respondents expect growth in the San Francisco Bay Area, Boston and Baltimore.

In popular industrial markets, such as Los Angeles and New Jersey, leasing velocity is expected to slow down slightly due to lack of quality available inventory.

Survey results report significantly stronger conditions for the industrial market, with an index nearly 20 points higher than the strength of the office market.

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