

THOUGHT LEADERSHIP SERIES



POLITICAL CONTROL

WHO RUNS WASHINGTON AND THE IMPACT
ON OFFICE SPACE DEMAND

**Newmark Grubb
Knight Frank**

July 2016

www.ngkf.com

TABLE OF CONTENTS

I

THEORIES ON POLITICAL CONTROL AND OFFICE
SPACE ABSORPTION
PAGE: 4

II

EXOGENOUS EVENTS PLAY A GREATER ROLE IN
GENERATING OFFICE SPACE DEMAND THAN DOES
POLITICAL CONTROL
PAGE: 6

III

UNCERTAINTY IN ELECTION YEARS: EFFECTS ON
THE ECONOMY AND THE OFFICE MARKET
PAGE: 10

HOW POLITICAL CONTROL IMPACTS THE WASHINGTON METRO
AREA'S HOUSING MARKET
PAGE: 11

IV

OUTLOOK AND ACTION STEPS
PAGE: 12



KEY FINDINGS

- ◆ Over the years, several theories have been presented about the effect of political control on office market conditions in the Washington metropolitan area.
- ◆ One common theory is that office space demand is stronger when the White House and Congress are of the same party. Since it generally requires the support of both Congress and the White House to pass major legislation, it is under single-party control that we are most likely to see a correlation with increased office space demand driven by major spending packages. But in the 36 years since 1980, there were only eight years, or four sessions of Congress, in which the federal government was under single-party control — not a large enough sample size to validate this theory.
- ◆ Another theory is that a particular party creates more demand for office space, or more specifically that there is a correlation between Republicans controlling the White House and increased office space demand, a function primarily of increased defense spending. While this is true, the fact that a correlation exists does not necessarily mean that Republican control was the cause of increased demand. **Correlation is not causation.** Our analysis has found that neither party has demonstrated a clear, causal link to greater or weaker office absorption in the Washington market.
- ◆ Exogenous events, such as economic recessions and real estate bubbles, play a much greater role in influencing office absorption than control of the federal government by either political party.
- ◆ While election years cause some measure of uncertainty in the national economy, the Washington region's economy and office market tend to be insulated, and show little fluctuation as a result of election-year uncertainty.
- ◆ Office market conditions in the Washington metropolitan area are unlikely to see a marked shift as a result of a change in administration in January 2017, and office owners and tenants delaying a real estate decision for this reason should instead act now, rather than adopting a “wait-and-see” approach.

I.

THEORIES ON POLITICAL CONTROL AND OFFICE SPACE ABSORPTION

With election season at the forefront of media coverage and the minds of many business leaders, a question often asked is how the election will affect the Washington metro area's office market. This question has received a fair amount of coverage by local commercial real estate firms over the years and there are several theories that have been posited. In this study, we look at a few of these theories and present our own take on what effects political control and elections might have on our region's office market.

▶ One common theory is that office space demand is stronger when the White House and Congress are of the same party. The thinking behind this theory is that when the parties of the legislative and executive branches are aligned, legislation that is favorable for economic expansion can more easily and quickly be signed into law, thus creating swifter economic growth which translates into demand for office space. Since it generally requires the support of both

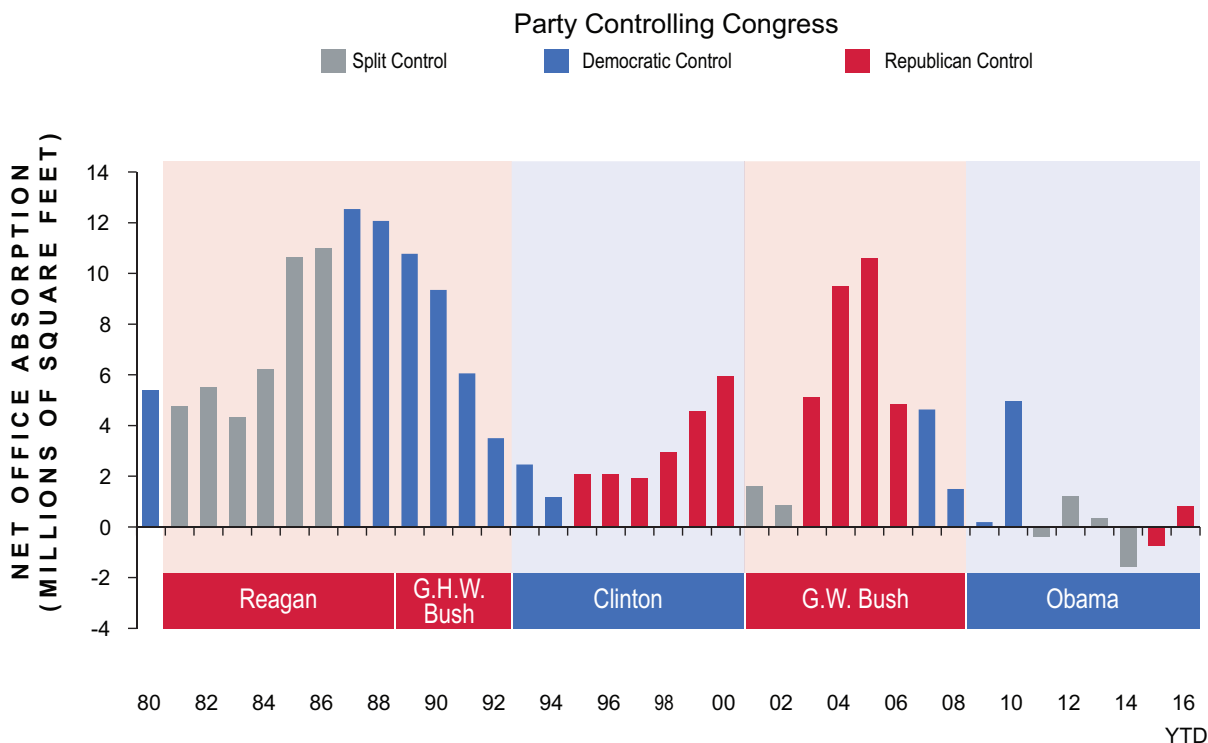
Congress and the White House to pass major legislation, it is really only under single-party control that one could ascribe a correlation with increased office space demand. As illustrated in the adjacent graph, there are not many examples of party alignment of the legislative and executive branches in recent history. In the 36 years since 1980, there were only eight years, or four sessions of Congress, in which the presidency and both houses of Congress were all controlled by the same party — two years each under Democratic Presidents Bill Clinton and Barack Obama with a Democratic-controlled Congress, and four years under Republican President George W. Bush in which Congress was Republican-controlled.

These examples as a whole do not show a clear trend of party alignment contributing to greater office space demand, as absorption fluctuated during these periods. An exception might be the years from 2003 to 2006 under President George W. Bush during which the

“ONE COMMON THEORY IS THAT OFFICE SPACE DEMAND IS STRONGER WHEN THE WHITE HOUSE AND CONGRESS ARE OF THE SAME PARTY.”

region posted a total of more than 30 million square feet of net office absorption. However, outside influences on the U.S. government at that time — namely the 9/11 terrorist attacks that sparked the creation of the Department of Homeland Security and the ramp-up to fight the War on Terrorism — likely contributed much more to demand for office space than the fact that the parties of the executive and legislative branches were aligned. These new, urgent policy initiatives generated office space demand both directly from the federal government and also from the many government contractors hired to help fight terrorism.

NET ABSORPTION AND POLITICAL CONTROL WASHINGTON METRO AREA | 1980 - 2016



▶ A second theory is that the party in control of the White House contributes to greater office space demand in particular sub-state areas of our region. The first part of this theory is that a Republican White House is better for increased office absorption in Northern Virginia. The driver behind this theory is that Republican presidents encourage a larger share of the federal budget to be allocated to defense spending, which benefits the Pentagon (located in Arlington, Virginia) and its many related contractors, eventually translating to increased office space demand across Northern Virginia. Under the Republican G.W. Bush administration, from 2001-2008, Northern Virginia experienced 17 million square feet of positive absorption, or 44% of the region's total during that time period. Under the Democratic Obama administration, from 2009 through the first quarter of 2016, Northern Virginia posted 3.8 million square feet of negative absorption while Suburban Maryland and the District of Columbia had

7.9 million square feet of positive absorption. It certainly would appear that the Republican G.W. Bush administration was much more favorable for office space demand in Northern Virginia. However, it is important to consider other factors that were in play at that time. We examine this further in Section II.

The second part of this theory is that a Democratic White House creates more demand for office space in Suburban Maryland as a result of healthcare and life sciences spending, much of which is allocated to the National Institutes of Health (located in Bethesda, Maryland) and its related government contractors. Over the course of the G.W. Bush administration, Suburban Maryland absorbed 10% of the region's total net new demand, as compared with 15% of the region's total during the Obama administration. It would appear that the Democratic Obama administration was more favorable for office space demand in Suburban Maryland.

“A SECOND THEORY IS THAT THE PARTY IN CONTROL OF THE WHITE HOUSE CONTRIBUTES TO GREATER OFFICE SPACE DEMAND IN PARTICULAR SUB-STATE AREAS OF OUR REGION.”

But what else could have caused this seeming correlation between Republican administrations and increased demand in Northern Virginia and Democratic administrations and increased demand in Suburban Maryland? We demonstrate in Section II that exogenous events — like market bubbles and economic recessions — play more of a role in influencing office space demand than any particular political party in power.



II.

EXOGENOUS EVENTS PLAY A GREATER ROLE IN GENERATING OFFICE SPACE DEMAND THAN DOES POLITICAL CONTROL

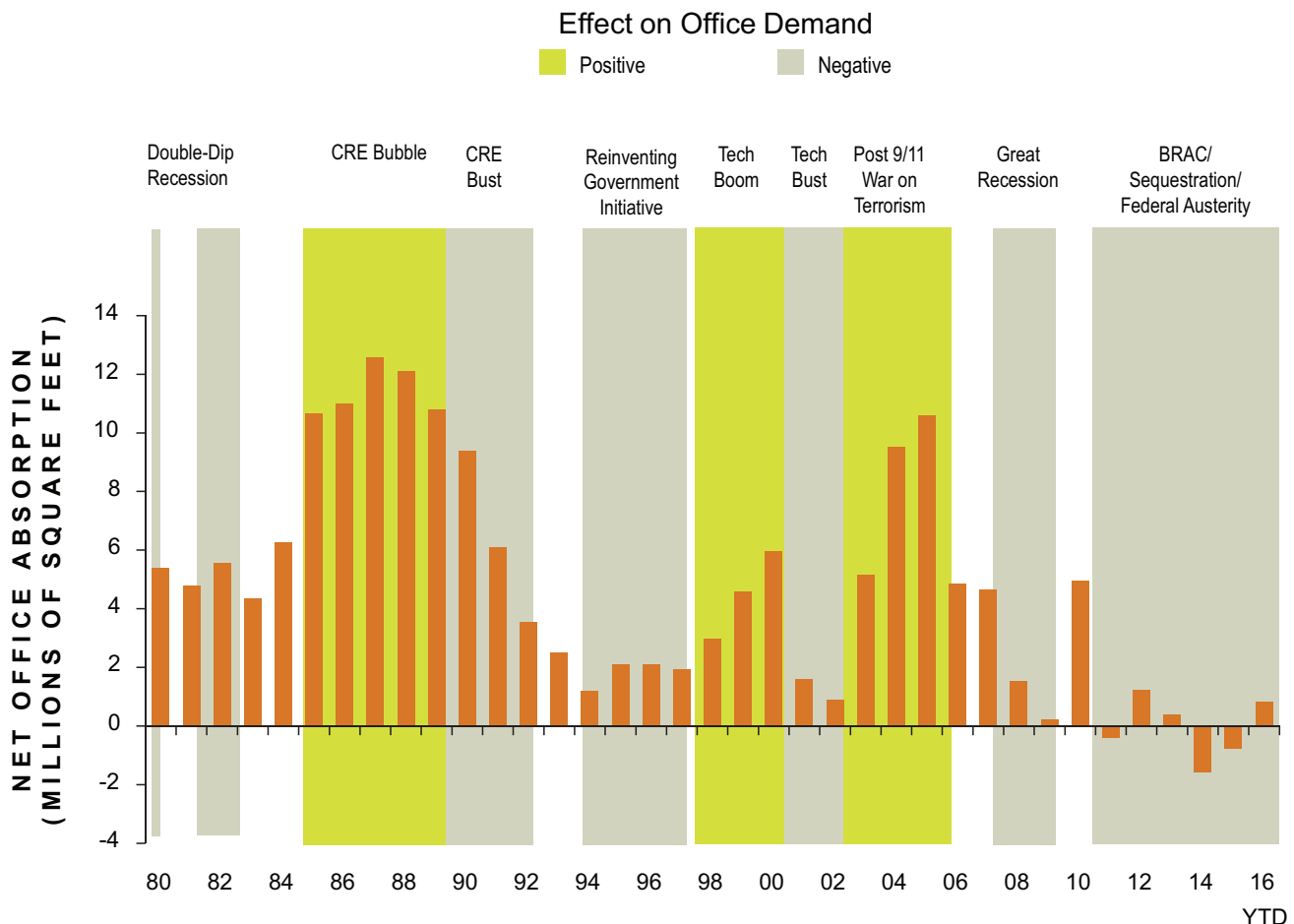
Much of the evidence cited in the argument that a particular party creates more demand for office space points to the fact that more space has been absorbed when Republicans controlled the White House. While this is indeed true, the fact that a correlation exists does not necessarily mean that Republican control was the cause of increased demand. It is important to consider the slow pace of change in the Federal Government. The lag effect from the time a particular policy is enacted to the eventual effect on the office market makes this theory a lot less plausible. While there may be some correlation between

the political party in control of the White House and greater office absorption, **correlation is not causation** – there are economic and geopolitical factors that likely have greater influence. The adjacent graph shows net absorption of office space during the same time period as the previous graph, but this time overlaid with the exogenous events that drove changes in absorption. In the following section, we discuss these events in chronological order and examine the forces that contributed to ebbs and flows in office space demand.

“WHILE THERE MAY BE SOME CORRELATION BETWEEN THE POLITICAL PARTY IN CONTROL OF THE WHITE HOUSE AND GREATER OFFICE ABSORPTION, CORRELATION IS NOT CAUSATION – THERE ARE ECONOMIC AND GEOPOLITICAL FACTORS THAT LIKELY HAVE GREATER INFLUENCE.”

NET ABSORPTION AND KEY EVENTS

WASHINGTON METRO AREA | 1980 - 2016



Source: CoStar, NGKF Research; July 2016



DOUBLE-DIP RECESSION OF THE EARLY 1980s

During the early 1980s, the U.S. economy experienced a “double-dip” recession, with the first recession lasting just six months, from January to July of 1980, and the second lasting 16 months, from July 1981 to November 1982. The causes of the double-dip are debatable, though many put the onus on the strong anti-inflation policies of Federal Reserve Chairman Paul Volcker. The Fed pushed the short-term federal funds rate to a cyclical peak of 19.1% in June 1981, which led to an increase in long-term rates. Real estate — a capital-intensive industry — reacted negatively. While Volcker’s policies likely contributed to the national economic contraction in the short-term, they also may have set up the U.S. economy for the strong growth it experienced from 1983 through 1990, which benefited the real estate industry. While national economic performance was weak during the early 1980s, office space absorption in the Washington area remained consistent, at between four million and six million square feet per year. This occurred during a period in which Congressional control was split, and the high interest rates that slowed economic growth were being driven by the independent Federal Reserve. Political control of the White House and Congress were largely disconnected from the performance of Washington’s office market during this period.



COMMERCIAL REAL ESTATE BUBBLE OF THE LATE 1980s

From January 1981 to January 1993, the White House was under Republican control with Presidents Reagan and George H.W. Bush presiding. From 1983-1987, office space absorption in the Washington region rose sharply, peaking at over 12 million square feet in 1987, then declined just as sharply through the end of G.H.W. Bush’s term. But also during this time a major bubble was building in commercial real estate. Banks had relaxed underwriting standards, there was a glut of capital chasing deals, and asset prices had escalated well beyond values. This resulted in a substantial oversupply of commercial real estate in many U.S. markets, with the office market in New England being particularly hard-hit. This bubble was a major factor leading to a national recession that started in July of 1990 and sparked a swift decline in office space demand in the Washington region from 1990-1992. While the economic policies of these administrations may have contributed to a bubble forming in the first place, the resulting recession had more of an effect on the decline in office absorption in the Washington area than what was going on in Congress and the White House during the late 1980s and early 1990s.





NATIONAL PARTNERSHIP FOR REINVENTING GOVERNMENT

During the first year of President Bill Clinton's first term, the Clinton Administration introduced the National Performance Review — a task force designed to streamline the internal functioning of the federal government — which was later renamed the National Partnership for Reinventing Government. This initiative targeted a reduction of the federal workforce, streamlined the government contracting process and reduced overall federal spending. The natural impact on the region's office market was a reduction in overall demand for office space, since the federal government and its related contractors have historically made up a significant portion of the region's office tenant base. In this example, there does appear to be direct causation between a policy enacted by the government and a reduction in office space demand. However, for six of the eight years that Democratic President Bill Clinton was in power, Congress was controlled by Republicans, so the reduction in office space demand cannot clearly be attributed to either party.



TECH BUBBLE OF THE LATE 1990s

In the late 1990s the internet boom had taken hold in industrialized nations around the world and many internet-based companies were born. There was fervent interest from investors in this new industry, and rapidly rising stock prices along with an abundance of available venture capital created a dangerous economic bubble. Many cities and states created tax incentives to attract this rapidly growing industry, giving rise to the creation of technology hubs like Northern Virginia's Dulles Technology Corridor. When the bubble burst due to the proliferation of unprofitable companies, the Washington region was hit particularly hard, with a marked pull-back in office space demand and millions of square feet of negative absorption in Northern Virginia. While this time period coincides with a change in administration from Bill Clinton to George W. Bush, the ebb and flow of absorption during this period is more attributable to the dot-com bubble than to a change in administration or the policies of either party. Evidence of this is seen in the timing of the tech bust, which occurred in 2000, before the change in administration. The standard time lag effect between corporate struggles and occupancy loss pushed the deceleration of absorption into 2001.



WAR ON TERRORISM

The terrorist attacks of September 11, 2001 forever changed America's approach to national security. While the nation reeled from the deadliest terrorist attack in U.S. history, the federal government ramped up to fight the War on Terrorism. The creation of the Department of Homeland Security and its Transportation Security Administration created a rapid uptick in demand for office space in the Washington region, as office space was needed not only to house the agency itself but also all of the related defense contractors needed to gear up for a major war. This ramp-up occurred primarily under Republican control of both the executive and legislative branches, and indeed, Republicans have typically been considered to be more favorable to defense spending. However, given the events of the time, it is likely this ramp-up would have taken place no matter which party was in power. Democrats in Congress (including the 2016 Democratic nominee, then-Senator Hillary Clinton) largely supported the War on Terrorism, in particular the funding of military action in Afghanistan against the Taliban and al-Qaeda.



THE GREAT RECESSION

The worldwide financial crisis and U.S. subprime mortgage crisis that occurred between 2007 and 2009 caused the largest global recession since World War II. In the wake of this major economic downturn, U.S. companies sought to cut costs in order to remain profitable. Their first reaction was job cuts, and as a result, employment in the Washington area plummeted in 2009, with more than 50,000 jobs shed. However, the region recovered from the job losses quickly, resuming growth in the following year. The longer-term effect of the Great Recession on the Washington office market was as a catalyst of the densification trend. Real estate occupancy costs are second only to personnel costs as companies' greatest expenditure, and office tenants realized cost savings by cutting unused shadow space, increasing space efficiency by reducing the square feet leased per worker and championing technological advances that made teleworking more efficient. These trends combined to spark a dramatic change in space utilization. With an exception in 2010 — when several large federal agency leases including the Department of Justice and the Central Intelligence Agency contributed to outsized demand — office space demand has been stagnant in the Washington region since the Great Recession. While the policies of the Federal Reserve may have helped to bring about the Great Recession, the densification trend that the recession spawned is much more a result of private-sector retrenchment than any particular government policy.



FEDERAL AUSTERITY

Coming out of the Great Recession, the federal government was facing numerous fiscal challenges. Spending approached the debt ceiling in 2011 and then again in 2013, and the government implemented automatic spending cuts known as sequestration that took effect in early 2013. Later that year, the government entered an unprecedented 16-day shutdown when Congress failed to come to an agreement on a budget that would fund the government through the next fiscal year. The extensive political turmoil in Washington put a damper on U.S. consumer confidence and created financial uncertainty. Beyond just uncertainty, the effect on the Washington region's office market was two-fold. The pull-back in government spending affected not just direct office space demand from the government but also from its many related federal contractors. Compounding this was the Obama Administration's efforts to create cost savings by freezing new federal spending on real estate and reducing the amount of leased space per employee. These initiatives are designed to save money for U.S. taxpayers but they continue to dampen demand in the region's office market, especially when combined with the densification trend in the private sector.

The period of federal austerity from 2011-2013, and which continues today in a mitigated form, is a case where governmental policies had a direct effect on the office market. However, another major force shaping the region's office space demand during this time period was the Base Realignment and Closure Act (BRAC), which caused significant negative demand as the Department of Defense and many of its related contractors sharply reduced their leased office space, particularly in Northern Virginia. The BRAC initiative was scheduled to conclude by 2011 but that did not happen — many tenants subject to BRAC-proscribed moves did not relocate until later, extending the impact of BRAC on the local office market. The combination of these events, not control of the White House or Congress, is what brought Washington office absorption to a halt during the 2011 to 2015 time period.



SUMMARY: TURNING THE GOVERNMENT “BATTLESHIP”

Policies enacted by a particular administration may indeed have a trickle-down effect on office space demand. However, change in the federal government has often been likened to the challenge of turning a battleship, and policies enacted during one presidency may not affect the office market until years later, often when the next administration has taken office. BRAC was authorized and approved in 2005 but the actual closures continued to affect Northern Virginia's office market beyond the 2011 deadline to implement the closure recommendations. Likewise, while the strong regional office space absorption during the Reagan and G.W. Bush Administrations — and the weak absorption during the Obama Administration — certainly makes it appear that Republican control of the White House prompts more office space demand than Democratic control does, it is important to consider the slow pace of change in the federal government. The lag effect from the time a particular policy is enacted to its eventual influence on the office market diminishes any direct relationship between political control and absorption. Through these examples, we can see that exogenous events play a greater role in shaping Washington's office market than political control does. There is no question that

“THE LAG EFFECT FROM THE TIME A PARTICULAR POLICY IS ENACTED TO ITS EVENTUAL INFLUENCE ON THE OFFICE MARKET DIMINISHES ANY DIRECT RELATIONSHIP BETWEEN POLITICAL CONTROL AND ABSORPTION.”

sometimes policy decisions play a role in influencing future office space demand — such as in the ramp-up to fight terrorism after 9/11 — but neither party has demonstrated a clear, causal link to greater or weaker office absorption. This is brought into sharp focus when considering how often presidents are faced with a Congress operating under split party control or opposing party control.



III.

UNCERTAINTY IN ELECTION YEARS: EFFECTS ON THE ECONOMY AND THE OFFICE MARKET

Because of the potential for policy and personnel changes, elections bring economic uncertainty, and this effect may be even more pronounced for the particularly tumultuous 2016 election cycle. In a recent *Wall Street Journal* survey, more than three quarters of economists questioned said this presidential election has created more uncertainty than is typical for presidential election years. This uncertainty, combined with global financial turmoil and other factors, has translated into weak economic output, with U.S. GDP growing only 0.8% during the first quarter of 2016, according to the second estimate from the U.S. Bureau of Economic Analysis. However, this is not necessarily cause for alarm, as

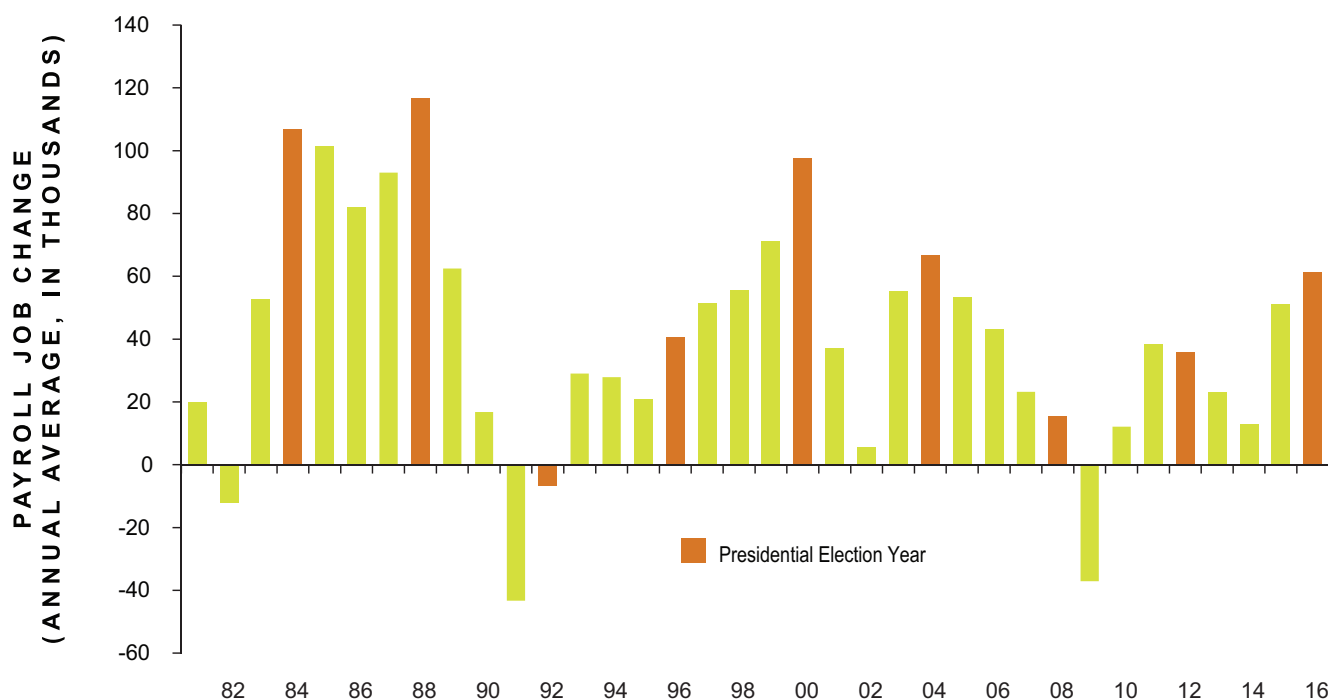
recent years have been characterized by slower GDP growth in the early part of the year followed by a rebound later.

At the national level, uncertainty decreases consumer confidence and means businesses are less likely to hire. But even as the national economy is enduring sluggish growth, the Washington regional economy is performing quite well. Federal procurement spending in the Washington area increased in 2014 after declining for three straight years and the region added more than 70,000 jobs in the 12 months ending April 2016. If the nation is held back by economic uncertainty in presidential election years, that trend does not appear

to have the same impact on the Washington region, which has outperformed the nation in job growth on a percentage basis in three of the last four presidential election years. The adjacent graph illustrates job change in the Washington metro region over the past 35 years and shows no discernible trend of greater or weaker job growth in election years or the years preceding or following them.

JOB CHANGE AND PRESIDENTIAL ELECTION YEARS

WASHINGTON METRO AREA | 1981 - 2016



Note: 2016 total is 12 months ending in April 2016

Source: U.S. Bureau of Labor Statistics, NGKF Research; July 2016

The Washington region has begun to transition from a deep-rooted dependence on the federal government to a more balanced regional economy. In the midst of a prolonged period of government austerity, the private sector has adapted to pick up the slack. The government sector added an annual average of 9,500 jobs from 2006 to 2010. From 2011 to 2015, this average declined to a loss of 900 jobs per annum. Meanwhile, private sector employment was virtually unchanged on average from 2006 to 2010 but increased by an average of 38,600 jobs per year from 2011 to 2015. Put another way, while the government sector generated all of the

region's job growth from 2006 to 2010, this ratio has flipped over the past five years, and now the private sector is the region's main job generator.

With the regional economy becoming more diverse and less dependent on federal spending, the government's effect on the region's office market remains important but less dominant. Office absorption has typically been a lagging indicator, meaning the effect of changes in economic conditions takes anywhere from 12 to 24 months to translate into an increase or decrease in office space demand. In addition, anemic demand in the office sector for the past several

years has created a climate where the time it takes to complete a lease deal has been prolonged. As a result, the six months or so of intense focus on elections is not enough to cause a huge swing in the region's economy and is unlikely to have a material effect on office market conditions. National and regional economic environments are more indicative of market activity than whether it is a presidential election year.

HOW POLITICAL CONTROL IMPACTS THE WASHINGTON METRO AREA'S HOUSING MARKET

While political control of the White House and Congress matters less in generating local demand for office space than exogenous events do, another segment of the real estate market is more significantly driven by turnover in the federal government: the local housing market.

Working inside the Beltway, particularly at the highest levels of the federal government, has long been associated with "Potomac Fever" – a pseudo-illness in which the infected person is drawn to power and prestige. On a practical level, those who have moved to Washington from elsewhere in order to work in a presidential administration or for Congress build relationships they are unwilling to relinquish once their time in government ends. Hence, they stay in Washington – often as lobbyists or consultants to their former colleagues in the government – rather than returning home.

The upshot of Potomac Fever is that demand for housing in high-end submarkets intensifies during the turnover period from one presidential administration to the next. The turnover is not strongly correlated with a change in party control, but rather the simple transition from one administration to the next, regardless of party. In come new advisors and senior public servants from outside the Washington region, but the old ones don't depart – they stay to work in Washington's private sector.

Statistically, it is hard to isolate this trend because three consecutive presidential administrations have lasted for eight years, meaning less turnover and fewer data points. Also, recent inaugural years have coincided with the peak of the housing bubble (2005, mid-way through President George W. Bush's two terms, when some administrative turnover would be expected) or the depths of the Great Recession (2009, the start of President Obama's first term). Further, the upward pressure on the housing market is not a region-wide or even county-level phenomenon, but rather is confined to wealthy enclaves where the executive class tends to live, primarily in Old Town Alexandria, McLean, Bethesda, and – yes – Potomac.



IV.

OUTLOOK AND ACTION STEPS

While the information provided in Section II of this report is an important look back at the history of events that affected our region's demand for office space, it is also important to look to the future. In January 2017, the 45th president will take office and the 115th session of Congress will begin. As we have detailed, in the past there has not been a clear, causal relationship between political control of the White House and Congress and greater or weaker office space demand — and we do not expect there to be in the future. However, events brewing in the economic and geopolitical climate very likely will have influence on the Washington region's office space demand. Listed below are possible exogenous events that could cause an increase or decrease in demand for office space in the Washington region. Exogenous factors are often unpredictable, so this is a sample of possible market drivers, not an exhaustive list.

Potential Events Generating a Positive Impact on Washington Office Space Absorption

- Major military action to fight ISIS or North Korea
- Substantial additional funding of cybersecurity efforts
- Regional cooperation leading to headquarters relocations to the Washington area
- Breakup of the Eurozone leading to more foreign investment in Washington

Potential Events Generating a Negative Impact on Washington Office Space Absorption

- Terrorist attack in Washington
- National recession in 2018 (the current consensus of economists)
- Region fails to find a dependable, dedicated funding source for Metrorail
- Breakup of the Eurozone leading to instability in global financial markets

ACTION STEPS FOR TENANTS

We have illustrated that the party in control of the federal establishment has a limited effect on conditions in the local office market. While it may seem that a wait-and-see approach is the best course of action at this time — with presidential and congressional elections set for November — it is unlikely a change in administration will cause a material change in the Washington region's office market. With conditions favoring tenants for the past several years, now may be the right time to act on real estate decisions to obtain the most favorable terms. While potential exogenous events could impact the market, none are certain to occur, so putting off a real estate decision until the market changes could result in a wasted window of opportunity.

ACTION STEPS FOR OWNERS/INVESTORS

Densification has taken hold in our region's office market and while it may be decelerating, reduced levels of net new demand may be the "new normal." Owners should act now to increase occupancy and attract a diverse set of tenants to their properties, as it is unlikely a change in administration in January 2017 will spark meaningful change in local office market conditions. With the exception of the top-of-the-market trophy product (which has continued to perform well in the current climate), office owners must be aggressive to land tenants. It may be unwise to hold out for a large tenant or full-building lease as there are just not many large tenants in the market. Securing a series of small to mid-size requirements is likely to lease up a building sooner than waiting for a single, large tenant. Further, the potential for a national recession by 2018 suggests acting sooner is better.



SOURCES

CoStar

National Bureau of Economic Research

U.S. Bureau of Economic Analysis

U.S. Bureau of Labor Statistics

U.S. House of Representatives

U.S. Senate

Zumbrun, J. (2016, March 10). U.S. Election Turmoil Fuels Economic Uncertainty, WSJ Survey Says. Retrieved May 20, 2016, from <http://www.wsj.com>







Gregory H. Leisch, CRE

Senior Managing Director
Market Research
gleisch@ngkf.com

Alexander (Sandy) Paul, CRE

Managing Director
National Market Research
apaul@ngkf.com

Bethany Schneider

Senior Research Analyst
bschneider@ngkf.com

Banning Kuebler

Senior Research Analyst
banning.kuebler@ngkf.com

Washington, DC

1899 Pennsylvania Avenue, NW
Suite 300
Washington, DC 20006
202.331.7000

Tysons

1410 Spring Hill Road
Suite 600
McLean, VA 22102
703.448.2000

Baltimore

One East Pratt Street
Suite 805
Baltimore, MD 21202
410.625.4200

USA**Alabama**
Mobile**Arizona**
Phoenix**Arkansas**
Bentonville
Little Rock**California**
Bakersfield
Emeryville
Fresno
Hayward
Los Angeles
Newport Beach
Ontario
Palo Alto
Pleasanton
Roseville
Sacramento
San Diego
San Francisco
San Mateo
San Rafael
Santa Ana
Santa Clara
Santa Rosa
Visalia
Walnut Creek**Colorado**
Colorado Springs
Denver**Connecticut**
Hartford
Stamford**Delaware**
Wilmington**District of Columbia**
Washington, DC**Florida**
Boca Raton
Jacksonville
Miami
Orlando
Sarasota
Tampa**Georgia**
Atlanta
St. Simons Island**Hawaii**
Honolulu**Illinois**
Chicago**Indiana**
Indianapolis
Mishawaka**Maryland**
Baltimore**Massachusetts**
Boston**Michigan**
Detroit
Grand Rapids**Missouri**
Kansas City
St. Louis**Nevada**
Las Vegas**New Jersey**
Central, East Brunswick
Northern, Rutherford
Southern, Marlton**New York**
New York
Long Island
Westchester**North Carolina**
Charlotte
Raleigh**North Dakota**
Fargo**Ohio**
Cincinnati
Cleveland
Columbus**Oklahoma**
Oklahoma City
Tulsa**Oregon**
Portland**Pennsylvania**
Philadelphia
Pittsburgh
Wayne**South Carolina**
Charleston
Columbia
Greenville
Myrtle Beach**Tennessee**
Memphis**Texas**
Austin
Dallas
Houston
McAllen**Utah**
American Fork
Clearfield
Salt Lake City**Virginia**
Tysons**Washington**
Seattle**Wisconsin**
Appleton
Green Bay
Madison
Wausau**CANADA**
Calgary
Edmonton
Halifax
Moncton
Montreal
Ottawa
Québec City
Toronto
Vancouver**MEXICO**
Ciudad Juarez
Guanajuato
Mexico City
Monterrey
Queretaro
Saltillo
San Luis Potosi

NEWMARK GRUBB KNIGHT FRANK RESEARCH REPORTS ARE ALSO AVAILABLE AT WWW.NGKF.COM/RESEARCH.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Knight Frank (NGKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of NGKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.



Please recycle,
whenever possible
Sustainably
Newmark Grubb Knight Frank

www.ngkf.com/research