

Office Sales Claw Back; Eastdil Wins Crown

Large office sales jumped 29% last year as the battered sector finally began to inch toward recovery following a two-year slump, though volume remains well below historical norms.

Some \$40.27 billion of office properties valued at \$25 million or more changed hands in 2024, according to **Green Street's** Sales Comps Database. That's up from \$31.22 billion in the previous year, when activity hit a low not seen since the Great Recession. But despite the market gain, the annual total is less than half of the sector's 10-year average of \$83.63 billion.

Amid a still-lumpy market, the sector's lineup of top brokers remained unchanged from a year ago. **Eastdil Secured** took the crown with a 48% year-over-year jump in brokered deals, to \$8.08 billion. **Newmark** came in second with \$7.56 billion, up 46%, followed by **JLL** with \$5.57 billion, up 49%. **CBRE** (\$3.90 billion, up 6%) and **Cushman & Wakefield** (\$2.30 billion, down 32%) rounded out the top five.

The sector posted steady quarterly gains last year, more reminiscent of the historical pattern that was disrupted during the last five years amid the pandemic and an uncooperative debt market.

Now, "the bottom is very clearly behind us," said **Will Silverman**, a managing director at Eastdil. He noted that while some uncertainty remains, investors have broadly accepted that interest rates won't rise further, that the leasing market is on a path to improvement and that the ability to exit an investment via a sale to an institutional buyer will become easier.

Buyers concluded last year that "there's more to go right than go wrong," Silverman added. And with that, "people grew conviction in buying on basis, even if the underwriting wasn't there yet."

Moving into 2025, "the ingredients for a recovery are definitely in place, and the momentum is there," said **Doug Harmon**, co-chair of capital markets at Newmark, noting that there's better clarity on interest rates, the U.S. presidential election is settled, and, generally, "the fear is out of the system."

But he doesn't expect a recovery to measure up to the one that followed the global financial crisis — thanks in part to cheap, plentiful debt that ultimately drove down capitalization rates. In the current market, owners with legacy buildings still are grappling with sharply lower valuations and relatively more expensive debt, leaving them largely unmotivated to sell.

"On a relative basis, we are going to get better this year, but I don't think it is going to boom fast," Harmon said. "It's hard to

get back to transaction levels that were fueled by historically low interest rates."

Valuations of Class-A buildings remain 35% below pre-Covid levels, and it's close to 60% for older Class-B properties, according to an [office outlook report](#) released last week by Green Street, parent of **Real Estate Alert**. And some properties [faced](#) far steeper price cuts last year.

But those sharp discounts drew more bidders, and brokers and buyers expect that to continue.

"Office-curious investors ... went to office-serious investors," said **Mike McDonald**, a JLL senior managing director and co-leader of its office group, noting that bidding pools increased 65% year over year and the number of larger deals nearly doubled, as more institutional buyers finally returned.

"We are at the beginning of a liquidity cycle. I have never seen as much capital chasing investments," he added, and the "first movers will outperform."

Investors also have noticed the increased competition. "The buyer pool is definitely getting deeper," said **Mukang Cho**, founder and chief executive of **Morning Calm Management**. "By now, most investors — institutional and private capital — recognize that valuations have gotten low enough that money can be [made] on the buy. It's only a matter of time [before] the shift in sentiment will translate to greater transaction activity, especially among institutional investors. But it won't happen overnight."

Throughout 2024, many sellers were working out distressed situations with lenders, and that's largely expected to continue through the first half of this year.

"It has become clear that earlier loan extensions are not going to result in a meaningful change in value, and many lending institutions have set aside reserves to address the gap," said **Zac Gruber**, a principal and office-division president at **Banyan Street Capital**. As a result, he expects a larger pipeline of lender-facilitated sales, note sales, and cash-in refinancings and recapitalizations "that will steadily increase over the year."

At the same time, investment pros expect to see more offerings of trophy-caliber properties. Last year, there were a handful of deals involving such assets that attracted a sizable bidding crowd, said **Matthew Carlson**, an executive vice president and co-head of U.S. office capital markets at CBRE. "Institutional buyers

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RANKINGS

Top Office Brokers in 2024

Brokers representing sellers in deals of at least \$25 million

	2024 Amount (\$Mil.)	No. of Properties	Market Share (%)	2023 Amount (\$Mil.)	No. of Properties	Market Share (%)	'23-'24 % Chg.
1 Eastdil Secured	\$8,082.9	111	28.0	\$5,465.1	49	23.1	47.9
2 Newmark	7,562.5	116	26.2	5,173.1	82	21.9	46.2
3 JLL	5,571.9	156	19.3	3,735.3	67.0	15.8	49.2
4 CBRE	3,902.3	98	13.5	3,671.5	69	15.5	6.3
5 Cushman & Wakefield	2,301.2	60	8.0	3,375.5	72	14.3	-31.8
6 Colliers	638.3	23	2.2	768.3	19	3.2	-16.9
7 Marcus & Millichap	153.1	4	0.5	115.8	3	0.5	32.2
8 Avison Young	127.2	4	0.4	210.0	5	0.9	-39.4
9 Transwestern	100.0	2	0.3	0.0	0	0.0	
10 Foundry Commercial	73.2	3	0.3	0.0	0	0.0	
11 Kassin Sabbagh Realty	72.2	1	0.2	37.0	1	0.2	95.1
12 Atlantic Capital Partners	41.0	1	0.1	0.0	0	0.0	
13 Stream Realty Partners	38.5	1	0.1	0.0	0	0.0	
14 Matthews Real Estate Investment Services	36.8	2	0.1	0.0	0	0.0	
15 Berkadia	34.2	2	0.1	0.0	0	0.0	
16 Flagship Partners	32.0	1	0.1	0.0	0	0.0	
17 Norman Bobrow & Co.	29.5	1	0.1	0.0	0	0.0	
18 Greenstone Partners	28.0	1	0.1	0.0	0	0.0	
19 Bain Capital	26.7	1	0.1	0.0	0	0.0	
20 Corporate Realty	15.8	1	0.1	0.0	0	0.0	
20 Kennedy Wilson Brokerage	15.8	1	0.1	0.0	0	0.0	
22 BK Real Estate	13.5	1	0.0	0.0	0	0.0	
OTHERS	0.0	0	0.0	1,091.2	23	4.6	-100.0
Brokered Total	28,896.3	588	100.0	23,642.8	381	100.0	22.2
No Broker	11,371.1	272		7,581.2	130		50.0
TOTAL	40,267.3	860		31,223.9	511		29.0

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are tracking those deals, and they know ... there is a marketplace," he said. "That's a big reason you are starting to see better product show up."

Carlson noted that the pipeline of new office listings overall has doubled from a year ago. "Everyone in general feels like the worst is behind us and we are going to see more transactions in 2025," he said.

Throughout 2024, buyers continued to favor smaller deals, likely due to a lack of available financing for larger transactions. Almost three-quarters (74%) of the office transactions counted in Real Estate Alert's 2024 rankings comprised deals valued at \$25 million to \$75 million, little changed from 73% in the prior year. Trades also continued to get done at lower price points, with the weighted average price of \$299/sf across all office transactions marking the third straight annual decline and the lowest reading since 2013.

So-called gateway markets proved the most active last year. New York booked the highest volume, as activity there climbed

54% year over year to \$7.94 billion. The Washington market followed in a distant second, with \$3.29 billion, up 51% from 2023. Rounding out the top five were Los Angeles (\$2.95 billion, up 6%), San Jose (\$1.93 billion, up 115%) and Boston (\$1.78 billion, down 39%). Seattle, which had the No. 6 spot with \$1.41 billion of sales volume, saw a dramatic improvement from the paltry \$55.2 million booked in the previous year.

In the brokerage race, Eastdil grew its market share of brokered sales by 5 percentage points to 28.0%. Newmark captured 26.2%, up more than 4 points. JLL saw a 3.5-point uptick to 19.3%. Both CBRE (13.5%) and Cushman (8.0%) saw market-share declines. Some \$11.37 billion of sales last year did not involve a broker, up from \$7.58 billion in 2023.

Broker rankings are based on property transactions that closed in 2024 and involved full or partial stakes valued at \$25 million or more. When multiple brokers shared a listing, the dollar credit was divided evenly, but each broker was credited with one transaction. Only brokers for sellers were given credit. Portfolio transactions were included if the package price was at least \$25 million. ❖