

## RANKINGS

# Office Sales Drop 5%; Eastdil's Share Grows

Large office-property sales dipped 5% last year, but a surprisingly strong fourth quarter left market pros optimistic about activity this year.

A total of \$103.7 billion of office properties traded in 2016, down from the post-crash high of \$108.8 billion recorded the previous year, according to the **Real Estate Alert** Deal Database, which tracks sales of at least \$25 million. The 2016 decline marked the end of a six-year run of increases.

Perennial winner **Eastdil Secured** retained the brokerage crown, increasing its sales by 8%, to \$36.6 billion. It handled 40.1% of brokered trades, almost double the market share of runner-up CBRE.

The year was marked by uncertainty and the unexpected, including worries about whether the market runup had peaked, fluctuations in the financial markets and the election of **President Donald Trump**.

"The two words to describe 2016 in the end: unpredictable and resilient," said **Roy March**, Eastdil's chief executive officer.

The second half turned out to be the busiest since 2006, but it wasn't enough to make up for a sharp slump in the previous six months. At the midyear mark, office sales were off 17% from the same period of 2015.

"There was apprehension in the first half of the year. [Investors] were in a risk-off mode," said Mark Wilsmann, head of equity investments at MetLife. At that point, market pros predicted the trend would continue through the second half as well.

But an unexpected drop in interest rates following the U.K.'s June vote to exit the European Union spurred buyers to close on deals faster, said **Mike Van Konynenburg**, president of Eastdil. "That motivated [investors] to transact because of the attractive cash-on-cash yields that could be locked in," he said.

The upswing in activity continued after the unexpected election of Trump triggered a stock market rally that further lifted confidence among investors.

"If the stock market had gone sideways, I don't think you would have seen that flurry of activity at the end of the year," said Sonny Kalsi, founder and partner of GreenOak Real Estate of New York. "That's a boost in confidence — in anticipation of what might happen under the new administration."

Interest rates also rose after the election, but buyers and sellers still moved forward to close deals, albeit with some adjustments to pricing. Some \$32 billion of trades closed in the final three months, making it the second-busiest fourth quarter since Real Estate Alert started measuring sales in 2001.

The post-election confidence is expected to carry into 2017. "The change in the political landscape creates a lot of uncertainty, but a greater possibility that the cycle would get extended with favorable fiscal policy," said Wilsmann of MetLife.

Most market pros expect the volume of sales in the coming year to be roughly on par with 2016. Brokers and buyers alike say the pipeline of listings looks similar to a year ago. In fact, it may include some of the same properties. "I think we will see some offerings come in 2017 that were failed listings in 2016," said Damian Manolis, head of U.S. transactions at PGIM Real Estate. He added that buyers and sellers appear to have come to a consensus on valuations, following a thinning in the bidding pools last year that created a gap in expectations.

Foreign buyers remain eager to invest in U.S. office properties, said Christopher Ludeman, global president of capital markets at CBRE. The firm "is actually seeing more enthusiasm for a U.S. growth story than before the election," he said. "The U.S. will be the beneficiary of more capital inflows than before the election."

That could boost sales in the core markets, many of which saw a drop in large sales last year. New York saw a 12% decline, to \$23.2 billion. Boston was down 27% to \$5.5 billion. Activity in San Jose/Silicon Valley was off 46%, at \$5.2 billion.

A big gainer was Los Angeles, which had lagged in the earlier years of the recovery. Its volume doubled to \$10.1 billion, making it the second-busiest market. And San Francisco, which saw a dip in 2015, bounced back with a 32% increase in trades, to \$4.9 billion, putting it back in the top five.

Other markets where sales went up in a down year were South Florida (\$3.4 billion, up 87%), Greater Philadelphia (\$2.5 billion, up 59%) and the Oakland/East Bay area (\$2.2 billion, up 78%).

In the brokerage standings, CBRE remained in second place

**Continued on Next Page**

## RANKINGS

## Office-Property Sales by Market in 2016

Sales of at least \$25 million

	2016 Amount (\$Mil.)	No. of Properties	2015 Amount (\$Mil.)	No. of Properties	Top Brokerage in 2016
1 New York City	\$23,184.8	89	\$26,199.1	123	Eastdil Secured
2 Los Angeles Area	10,111.1	73	5,011.5	77	Eastdil Secured
3 Boston Area	5,540.1	61	7,557.4	63	Newmark Grubb
4 San Jose/Silicon Valley	5,215.5	66	9,726.7	109	Eastdil Secured
5 San Francisco	4,850.5	29	3,663.9	18	Eastdil Secured
6 Seattle Area	4,439.4	41	4,482.5	71	Eastdil Secured
7 Dallas Area	3,849.8	31	2,602.3	37	CBRE
8 Atlanta Area	3,532.1	40	3,817.7	38	Eastdil Secured
9 South Florida	3,384.6	48	1,809.0	24	HFF
10 Washington	3,151.6	22	4,965.3	35	Eastdil Secured
11 Chicago	2,993.8	21	6,217.3	27	HFF
12 Northern New Jersey	2,632.9	26	2,197.7	28	Cushman & Wakefield
13 Philadelphia Area	2,535.0	98	1,595.9	87	Eastdil Secured
14 Northern Virginia	2,514.1	32	2,694.8	36	Eastdil Secured
15 Oakland/East Bay	2,240.4	34	1,257.9	27	Eastdil Secured
16 Orange County, Calif.	1,939.0	29	2,147.2	29	Cushman & Wakefield
17 Denver Area	1,627.9	28	1,745.1	35	CBRE
18 North Carolina	1,608.2	24	1,248.6	19	Eastdil Secured
19 Maryland's D.C. Suburbs	1,542.8	19	480.5	7	Cushman & Wakefield
20 Central/Northern Florida	1,502.9	54	1,294.6	20	CBRE
OTHERS	15,255.0	365	18,123.8	454	
<b>TOTAL</b>	<b>103,651.7</b>	<b>1,230</b>	<b>108,838.8</b>	<b>1,364</b>	

## Continued From Previous Page...

with \$18.9 billion of sales, down 12% from the previous year. That translated into a 20.8% market share, down from 23.2%. HFF came in third again, with a 9% increase in volume.

Cushman & Wakefield came in fourth with \$8.3 billion of sales. DTZ acquired Cushman in September 2015 and assumed its name. Compared with the two firms' combined 2015 number of \$11.8 billion, Cushman's 2016 total was down 29%. JLL came in fifth with \$7.6 billion, roughly flat with the year before.

Meanwhile, Newmark Grubb, which recruited star brokerage teams on the East and West Coasts, moved up a notch to

sixth place with \$5.2 billion of sales — more than triple the previous year's total (see article on Page 1).

The sales figures are based on office, office/flex, office/lab and office/R&D deals of at least \$25 million that closed in 2016. Mixed-use properties were included if 50% or more of the space was used as offices. When multiple brokers shared a listing, the dollar credit was divided evenly, but each broker was credited with one property. Only brokers for sellers were given credit. Portfolio transactions were included if the overall price was at least \$200 million or any property in the portfolio had a value of at least \$25 million. ❖

## RANKINGS

## Top Office Brokers in 2016

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

	2016 Amount (\$Mil.)	No. of Properties	Market Share (%)	2015 Amount (\$Mil.)	No. of Properties	Market Share (%)	'15-'16 % Chg.
1 Eastdil Secured	\$36,586.3	230	40.1	\$34,031.0	211	36.6	7.5
2 CBRE	18,949.6	273	20.8	21,622.7	311	23.2	-12.4
3 HFF	10,876.9	117	11.9	9,998.5	125	10.7	8.8
4 Cushman & Wakefield*	8,336.3	119	9.1	6,435.7	79	6.9	29.5
Cushman & Wakefield (pre-merger)				5,319.0	97	5.7	
5 JLL	7,578.6	103	8.3	7,616.1	95	8.2	-0.5
6 Newmark Grubb	5,168.6	70	5.7	1,561.0	30	1.7	231.1
7 Colliers International	1,083.6	23	1.2	934.5	18	1.0	16.0
8 Savills Studley	534.6	9	0.6	824.9	9	0.9	-35.2
9 Transwestern	289.7	8	0.3	709.2	11	0.8	-59.1
10 Avison Young	270.0	7	0.3	327.2	7	0.4	-17.5
11 Madison Partners	174.5	3	0.2	497.3	10	0.5	-64.9
12 Goldberg Kohn	130.0	1	0.1	0.0	0	0.0	
13 Marcus & Millichap	121.9	4	0.1	263.4	11	0.3	-53.7
14 Palmer Capital	107.6	2	0.1	0.0	0	0.0	
15 Zimmer Associates	101.0	2	0.1	0.0	0	0.0	
16 Lincoln Harris	90.0	1	0.1	0.0	0	0.0	
16 Eastern Consolidated	90.0	1	0.1	393.1	11	0.4	-77.1
18 Lee & Associates	76.8	2	0.1	37.4	2	0.0	105.3
19 Rosewood Realty	70.0	1	0.1	108.1	2	0.1	-35.2
20 Kidder Mathews	56.0	2	0.1	198.0	4	0.2	-71.7
21 Stan Johnson Co.	55.8	2	0.1	76.7	2	0.1	-27.2
22 NAI Global	55.6	2	0.1	164.4	3	0.2	-66.2
23 Meridian Investment	44.0	1	0.0	22.2	1	0.0	98.2
24 Sansome Street Advisors	42.6	1	0.0	0.0	0	0.0	
25 Berkadia	40.5	1	0.0	0.0	0	0.0	
26 Stateland Brown	40.0	1	0.0	0.0	0	0.0	
27 Marshall Real Estate	38.5	1	0.0	0.0	0	0.0	
27 Boston Realty	38.5	1	0.0	0.0	0	0.0	
29 LA Realty	36.0	1	0.0	0.0	0	0.0	
30 Emory Hill	32.7	1	0.0	0.0	0	0.0	
31 Mika Miami	27.5	1	0.0	0.0	0	0.0	
32 Kennedy Wilson	18.8	1	0.0	0.0	0	0.0	
32 Charles Dunn	18.8	1	0.0	0.0	0	0.0	
Other	0.0	0.0	0.0	1,936.5	24	2.1	-100.0
<b>Brokered Total</b>	<b>91,181.2</b>	<b>979</b>	<b>100.0</b>	<b>93,076.5</b>	<b>1,040</b>	<b>100.0</b>	<b>-2.0</b>
No Broker	12,470.5	251		15,762.3	324		-20.9
<b>TOTAL</b>	<b>103,651.7</b>	<b>1,230</b>		<b>108,838.8</b>	<b>1,364</b>		<b>-4.8</b>

\* DTZ acquired Cushman and assumed its name on Sept. 1, 2015. The \$6.4 billion figure for 2015 is the total for DTZ and post-merger Cushman.

## RANKINGS

## Top Brokers by Market

New York City		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Estdil Secured	\$12,104.2	19	63.8
2	CBRE	3,762.1	21	19.8
3	JLL	1,429.4	8	7.5
4	Cushman & Wakefield	629.2	6	3.3
5	Savills Studley	333.0	3	1.8
6	Newmark Grubb	230.9	5	1.2
7	HFF	180.0	1	0.9
8	Eastern Consolidated	90.0	1	0.5
9	Rosewood Realty	70.0	1	0.4
10	Meridian Investment	44.0	1	0.2
11	Marshall Real Estate	38.5	1	0.2
12	Avison Young	32.2	1	0.2
13	Marcus & Millichap	25.0	1	0.1
<b>Brokered Total</b>		<b>18,968.5</b>	<b>69</b>	<b>100.0</b>

Los Angeles Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Estdil Secured	\$5,036.1	21	54.7
2	CBRE	1,529.7	15	16.6
3	HFF	1,147.2	9	12.5
4	JLL	734.4	6	8.0
5	Newmark Grubb	290.7	4	3.2
6	Madison Partners	174.5	3	1.9
7	Cushman & Wakefield	97.5	3	1.1
8	Lee & Associates	44.3	1	0.5
9	Berkadia	40.5	1	0.4
10	LA Realty	36.0	1	0.4
11	Marcus & Millichap	32.0	1	0.3
12	Kennedy Wilson	18.8	1	0.2
12	Charles Dunn	18.8	1	0.2
<b>Brokered Total</b>		<b>9,200.3</b>	<b>67</b>	<b>100.0</b>

Boston Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Newmark Grubb	\$2,136.6	18	42.3
2	Estdil Secured	989.7	7	19.6
3	JLL	787.5	10	15.6
4	Cushman & Wakefield	554.6	8	11.0
5	HFF	286.3	4	5.7
6	Colliers International	129.3	3	2.6
7	CBRE	108.0	3	2.1
8	Boston Realty	38.5	1	0.8
9	Stan Johnson Co.	26.0	1	0.5
<b>Brokered Total</b>		<b>5,056.5</b>	<b>55</b>	<b>100.0</b>

San Jose/Silicon Valley		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Estdil Secured	\$1,974.1	22	51.2
2	JLL	525.8	8	13.6
3	CBRE	379.2	9	9.8
4	HFF	357.6	5	9.3
5	Newmark Grubb	282.7	5	7.3
6	Cushman & Wakefield	242.8	4	6.3
7	Colliers International	66.1	2	1.7
8	Stan Johnson Co.	29.8	1	0.8
<b>Brokered Total</b>		<b>3,858.1</b>	<b>56</b>	<b>100.0</b>

San Francisco		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Estdil Secured	\$2,844.3	11	59.0
2	HFF	633.3	4	13.1
3	Cushman & Wakefield	413.0	2	8.6
4	CBRE	369.8	3	7.7
5	JLL	327.5	4	6.8
6	Newmark Grubb	187.0	3	3.9
7	Sansome Street Advisors	42.6	1	0.9
<b>Brokered Total</b>		<b>4,817.5</b>	<b>28</b>	<b>100.0</b>

Seattle Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Estdil Secured	\$2,305.9	13	55.2
2	CBRE	672.7	9	16.1
3	JLL	529.7	7	12.7
4	Newmark Grubb	368.8	2	8.8
5	HFF	244.7	5	5.9
6	Kidder Mathews	56.0	2	1.3
<b>Brokered Total</b>		<b>4,177.7</b>	<b>38</b>	<b>100.0</b>

Dallas Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	CBRE	\$913.6	11	31.4
2	HFF	902.3	9	31.0
3	Cushman & Wakefield	491.5	2	16.9
4	Estdil Secured	406.3	3	14.0
5	Colliers International	95.0	1	3.3
6	JLL	73.0	1	2.5
7	Transwestern	30.5	1	1.0
<b>Brokered Total</b>		<b>2,912.2</b>	<b>28</b>	<b>100.0</b>

## RANKINGS

## Top Brokers by Market (continued)

Atlanta Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Eastdil Secured	\$1,466.3	8	41.9
2	CBRE	1,398.1	17	40.0
3	Cushman & Wakefield	417.3	7	11.9
4	Colliers International	109.2	3	3.1
5	Transwestern	52.2	2	1.5
6	Avison Young	30.1	1	0.9
7	HFF	25.4	1	0.7
<b>Brokered Total</b>		<b>3,498.6</b>	<b>39</b>	<b>100.0</b>

South Florida		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	HFF	\$1,225.7	9	41.6
2	CBRE	811.5	12	27.5
3	JLL	246.2	2	8.4
4	Cushman & Wakefield	196.3	3	6.7
5	Eastdil Secured	171.1	2	5.8
6	Lincoln Harris	90.0	1	3.1
7	Newmark Grubb	80.0	2	2.7
8	Stateland Brown	40.0	1	1.4
9	Marcus & Millichap	33.9	1	1.1
10	Mika Miami	27.5	1	0.9
11	NAI Global	26.3	1	0.9
<b>Brokered Total</b>		<b>2,948.4</b>	<b>35</b>	<b>100.0</b>

Washington		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Eastdil Secured	\$969.3	8	35.5
2	Cushman & Wakefield	754.5	7	27.6
3	HFF	587.3	3	21.5
4	Newmark Grubb	228.7	2	8.4
5	JLL	190.0	1	7.0
<b>Brokered Total</b>		<b>2,729.8</b>	<b>21</b>	<b>100.0</b>

Chicago		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	HFF	\$1,243.5	7	42.7
2	Eastdil Secured	905.0	6	31.1
3	CBRE	476.5	4	16.4
4	JLL	181.0	2	6.2
5	Savills Studley	108.0	1	3.7
<b>Brokered Total</b>		<b>2,914.0</b>	<b>20</b>	<b>100.0</b>

Northern New Jersey		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Cushman & Wakefield	\$1,170.1	12	46.7
2	CBRE	612.7	6	24.4
3	Eastdil Secured	235.0	1	9.4
4	HFF	196.5	2	7.8
5	JLL	132.6	2	5.3
6	Zimmel Associates	101.0	2	4.0
7	Colliers International	60.0	1	2.4
<b>Brokered Total</b>		<b>2,507.9</b>	<b>26</b>	<b>100.0</b>

Philadelphia Area		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Eastdil Secured	\$1,129.1	48	49.7
2	CBRE	611.7	9	27.0
3	Newmark Grubb	260.8	6	11.5
4	JLL	174.5	3	7.7
5	Cushman & Wakefield	93.5	2	4.1
<b>Brokered Total</b>		<b>2,269.6</b>	<b>68</b>	<b>100.0</b>

Northern Virginia		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Eastdil Secured	\$554.8	5	26.8
2	Cushman & Wakefield	443.0	5	21.4
3	CBRE	320.9	5	15.5
4	JLL	302.0	6	14.6
5	HFF	227.1	4	11.0
6	Transwestern	69.5	1	3.4
7	Colliers International	66.3	1	3.2
8	Newmark Grubb	44.9	1	2.2
9	Avison Young	42.2	1	2.0
<b>Brokered Total</b>		<b>2,070.7</b>	<b>29</b>	<b>100.0</b>

Oakland/East Bay		2016 Amount (\$Mil.)	No. of Properties	Market Share (%)
1	Eastdil Secured	\$1,351.1	11	61.4
2	Newmark Grubb	204.9	3	9.3
3	JLL	198.2	5	9.0
4	Cushman & Wakefield	163.7	7	7.4
5	CBRE	155.1	4	7.0
6	HFF	128.8	3	5.8
	Other	0.0	0	0.0
<b>Brokered Total</b>		<b>2,201.8</b>	<b>33</b>	<b>100.0</b>