

## Office Space Demand Rises for Sixth Consecutive Month

By Paul Bubny

Led by New York City and Los Angeles, demand for office space rose nationally in December on a year-over-year basis, marking the sixth consecutive month of annual growth, VTS reported. The trend reversal follows 15 consecutive months of monthly annual declines in demand for office space, according to the quarterly VTS Office Demand Index (VODI).

Nationally, the VODI increased to 55, marking a 19.6% year-over-year and 7.8% quarter-over-quarter rise in demand for office space. Aside from the immediate decline in demand during the heart of the COVID-19 pandemic, the national VODI bottomed out in December 2022 at 44 and has trended upward since.

VTS said the trend reversal likely is spurred by positive economic data easing recession fears and stabilizing work-from-home rates. Combined, the two indicators have reduced uncertainty and boosted confidence in the minds of employers with regard to committing to new office space.

“The first step in the recovery of the office market is to stop the bleed, and according to our data, we likely have,” said Nick Romito, CEO of VTS. “However, it is still too early to call a bottom nationally. Today, the office market is stable, but it is also fragile. While the cards are stacked in favor of a slow but steady recovery, it wouldn't take much to startle employers again and pause any upward momentum.”