VIEWPOINT

Northmarq

# Capital Returns to the Office Sector:

## What It Takes to Get an Office Deal Done Today

*August 2026*

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A reset basis, in-place cash flow, credible execution and cooperation across the capital stack are giving select office transactions a path forward.

When an office property lacks the capital to compete for tenants, it can become a melting ice cube. As leases expire without replacement, weighted average lease term drops, income falls and negotiating leverage weakens, leaving all parties in the capital stack in a worse position. The longer the parties wait for yesterday's value to return, the less remains to protect.

Capital has begun returning to the office market over the past 12 to 18 months. Lenders are selectively pursuing new acquisitions and recapitalizations, while equity investors have moved from broadly avoiding office to evaluating opportunities on a situational basis. The deals closing today provide a clearer picture of what earns conviction.

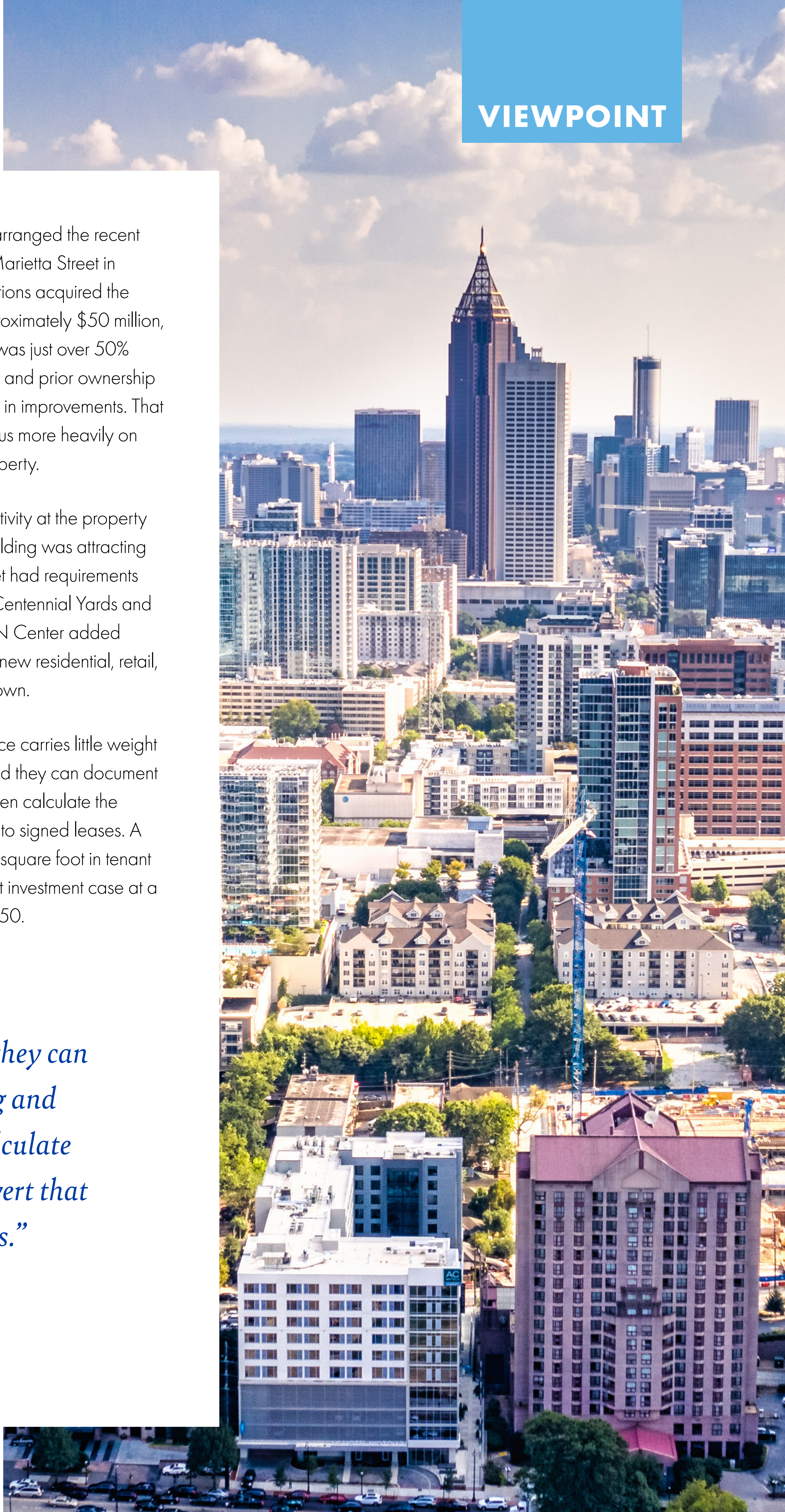
A workable basis creates room to sign accretive leases, improve the building, and fund tenant improvements and leasing commissions. Investors then test whether the apparent discount will survive the full capital plan. Tenant improvements, leasing commissions and building upgrades can quickly consume the basis advantage if those costs were not reflected in the purchase price.

Basis alone cannot carry the deal. Investors also want in-place income, demonstrated tenant demand in the submarket and asset, and an operator with enough experience to execute the plan. Each factor supports the others. A realistic basis creates flexibility; durable cash flow provides downside protection, and a capable operator converts that flexibility into leasing activity.

We saw that combination when we arranged the recent joint venture recapitalization of 101 Marietta Street in downtown Atlanta. Real Capital Solutions acquired the property through a short sale for approximately $50 million, or $75 per square foot. The building was just over 50% leased to an established tenant roster, and prior ownership had completed more than $12 million in improvements. That work allowed incoming capital to focus more heavily on leasing and the next phase of the property.

The leasing story was grounded in activity at the property and visible investment nearby. The building was attracting tours, and tenants in the Atlanta market had requirements aligned with its available suite sizes. Centennial Yards and the redevelopment of the former CNN Center added another layer to the story by bringing new residential, retail, dining and entertainment uses downtown.

General optimism about return-to-office carries little weight in underwriting. Investors want demand they can document at the building and submarket level, then calculate the return on cost to convert that interest into signed leases. A market requiring more than $100 per square foot in tenant improvements presents a very different investment case at a $75-per-square-foot basis than at $250.



*Investors want demand they can document at the building and submarket level, then calculate the return on cost to convert that interest into signed leases.”*

**Joel Heikenfeld**

*Managing Director*

Execution ultimately depends on whether the parties can support the same resolution. The transaction closed entirely with equity with financing contemplated afterward, removing a financing contingency from the short sale. That certainty gave the existing lender greater confidence in the closing. Real Capital Solutions also brought office experience and the financial capacity to remain accountable for the leasing plan. Together, the capital and operating structure allowed the parties to meet the required timing without making financing a condition of closing.

Owners and lenders preserve more options when they confront weakening economics early. A fresh basis, new capital and a credible plan are easier to support than continued investment against assumptions the market has rejected. Reaching that resolution may require every party to reconsider its original position and be realistic about their position. Once the ice begins to melt, cooperation becomes essential to preserve what remains.

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