

U.S. Office Demand Continues Decline in September

▼ 73

Leasing Activity

▼ 74

Tenants in the Market (TIM)

▲ 232

Sublease Availability

Note: Arrows indicate change from previous month.

What is the CBRE Pulse Report?

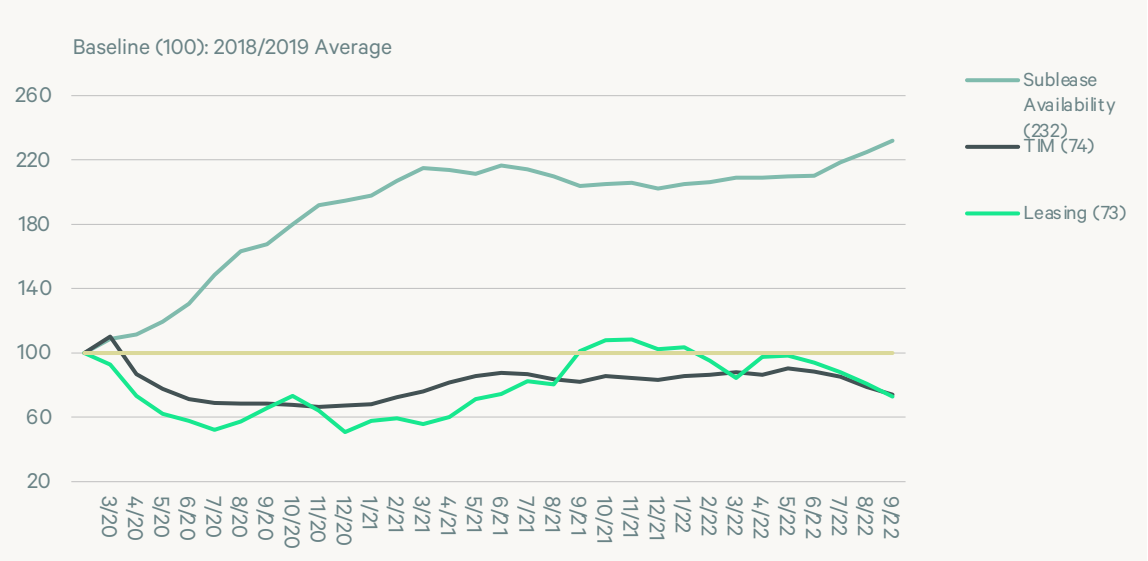
To gauge the pace of recovery, CBRE has created three indices for 11 major U.S. office markets—Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Los Angeles, Manhattan, Philadelphia, San Francisco, Seattle and Washington, D.C.

Using CBRE data, these indices measure office market activity each month and provide early indications of when and where momentum in office demand may be shifting.

These metrics—space requirements of active tenants in the market (TIM), leasing activity and sublease availability—provide a clear picture of office demand amid the COVID-19 pandemic.

Note: Houston has been removed from the Pulse report and all historical data points have been restated.

FIGURE 1: Indexed Average Performance of Sublease Availability, TIM and Leasing Activity for the Top 11 U.S. Markets

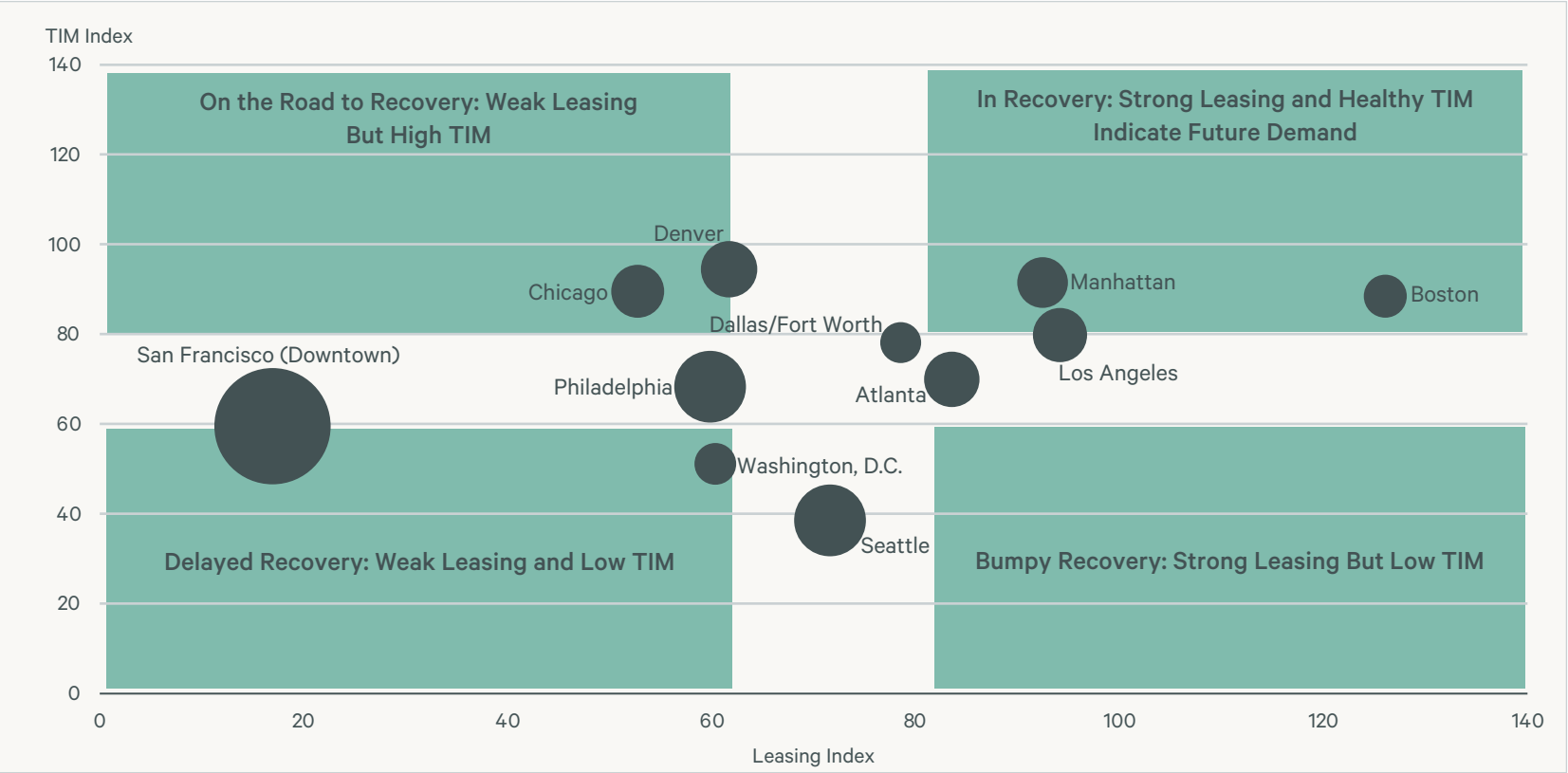


Source: CBRE Research, September 2022.

September Demand Recovery by Market

Boston continued to set the pace for office demand recovery in September, driven by strong leasing and a healthy TIM index indicating future demand. Leasing activity increased in only three of the 11 Pulse markets: Manhattan, Boston and Dallas/Fort Worth. Nine markets had increased sublease availability, while Dallas/Fort Worth had a slight decline and Boston had no change.

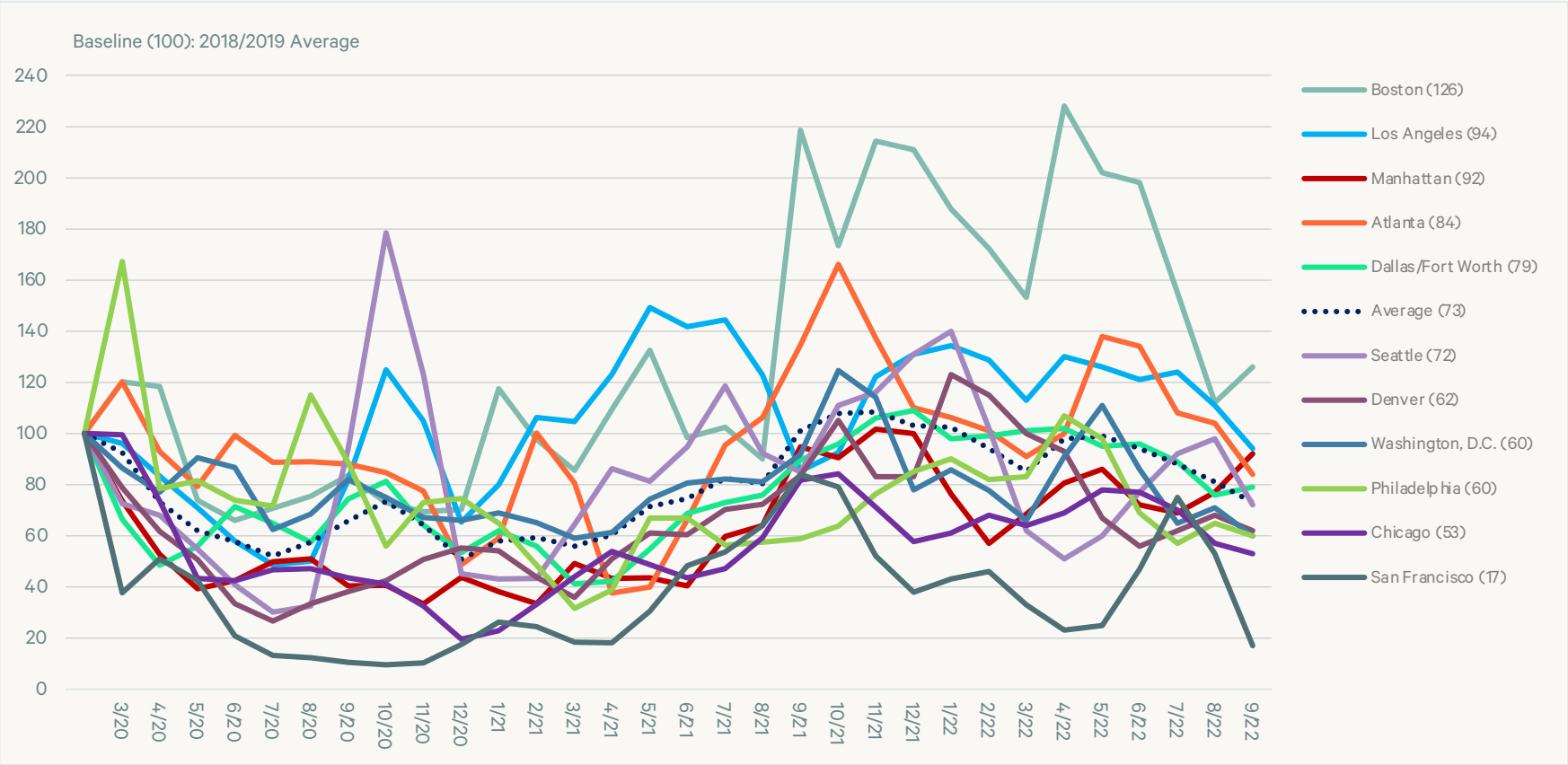
FIGURE 2: September Office Market Recovery Index, Top U.S. Markets



Source: CBRE Research, September 2022.
Note: Sublease Availability Index level is denoted by size of bubble (the bigger the bubble, the greater the availability).

Leasing Activity Index

FIGURE 3: Indexed Monthly Leasing by Market Compared with 2018/2019 Average



Source: CBRE Research, September 2022.

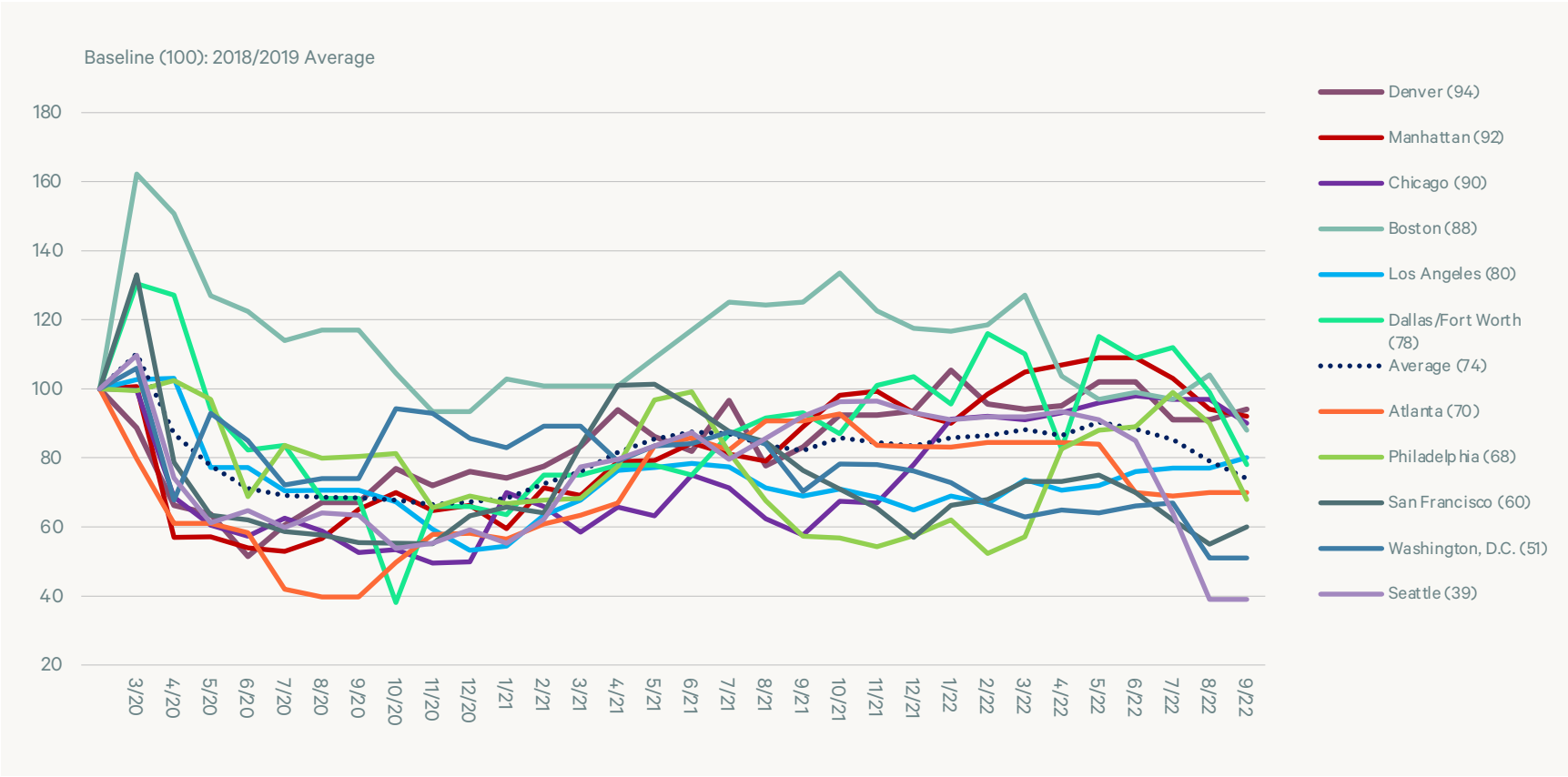
FIGURE 4: September 2022 Leasing Activity Index – Top 11 U.S. Markets

Rank	Market	Score	MoM Up/Down
1	Boston	126	Up
2	Los Angeles	94	Down
3	Manhattan	92	Up
4	Atlanta	84	Down
5	Dallas/Fort Worth	79	Up
6	Seattle	72	Down
7	Denver	62	Down
8	Washington, D.C.	60	Down
8	Philadelphia	60	Down
10	Chicago	53	Down
11	San Francisco	17	Down
U.S. average		73	Down

Source: CBRE Research, September 2022.

Leasing Index methodology note: Leasing activity includes all new leases, expansions and renewals of 10,000 sq. ft. or more that close each month. The Leasing Activity Index uses a rolling three-month average of leasing activity. Most markets the weighted 20% for the current month, 50% for the previous month and 30% for two months prior. For New York and Boston, where more accurate leasing data is available by the end of each month, the weights are 50% for the current month, 30% for the previous month and 20% for two months prior. The monthly rolling average is compared with a pre-pandemic baseline, which is the average monthly leasing activity between 2018 and 2019. The index level for the baseline is 100.

FIGURE 5: Indexed Square Footage of Tenant Requirements Compared with 2018/2019 Average



Source: CBRE Research, September 2022.

FIGURE 6: September 2022 TIM Index– Top 11 U.S. Markets

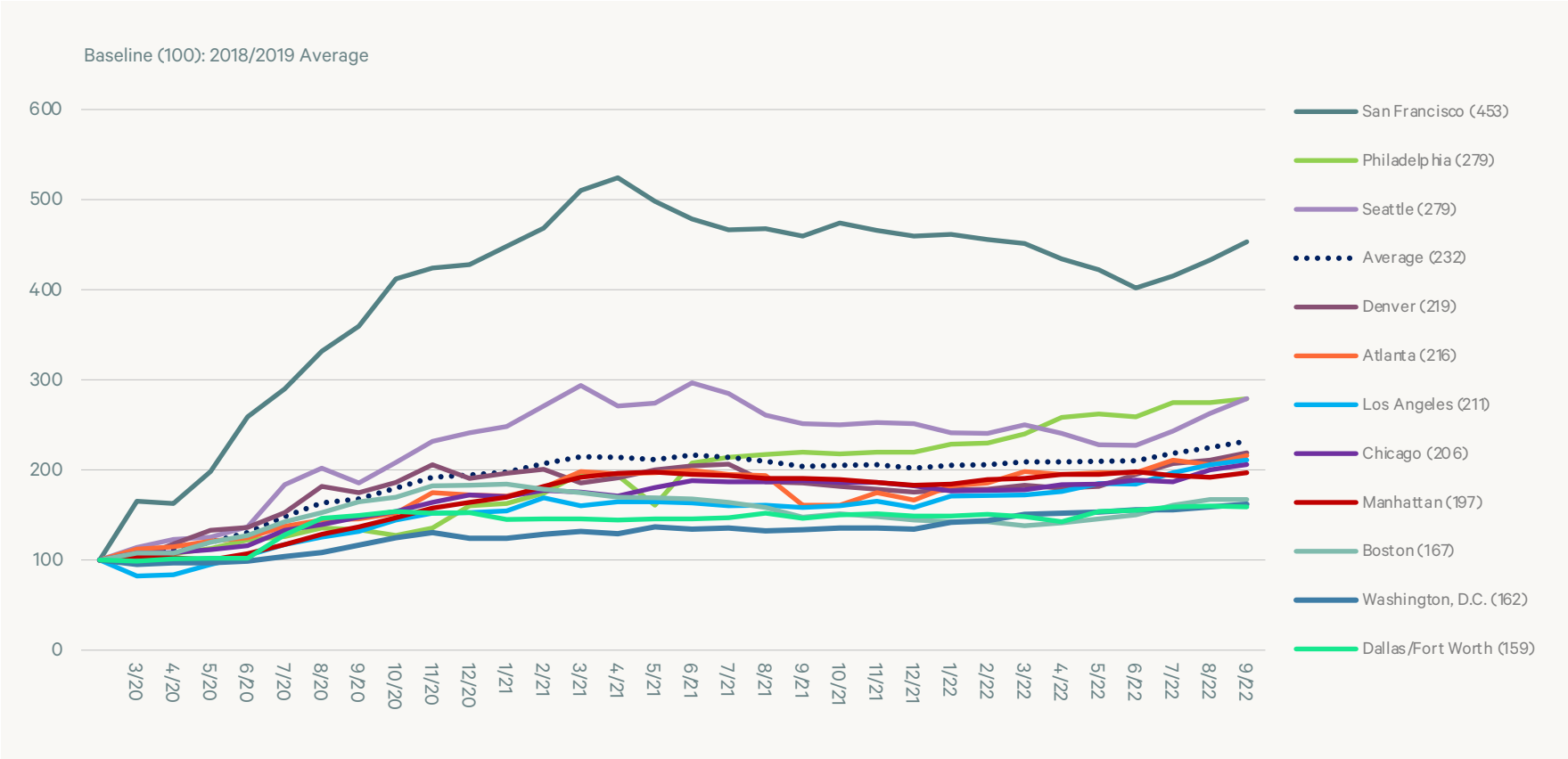
Rank	Market	Score	MoM Up/Down
1	Denver	94	Up
2	Manhattan	92	Down
3	Chicago	90	Down
4	Boston	88	Down
5	Los Angeles	80	Up
6	Dallas/Fort Worth	78	Down
7	Atlanta	70	Flat
8	Philadelphia	68	Down
9	San Francisco	60	Up
10	Washington, D.C.	51	Flat
11	Seattle	39	Flat
U.S. average		74	Down

Source: CBRE Research, September 2022.

TIM Index methodology note: CBRE tracks the total square footage of requirements from active tenants in the market, with minimum requirements of 10,000 sq. ft. The TIM Index compares the total monthly TIM requirements to a pre-pandemic baseline, which is the average of TIM requirements recorded by CBRE in 2018 and 2019. The index level for the baseline is 100. In most cases, when tenant requirements are given as a range, the index uses the minimum square footage. However, Seattle records TIM using the average requirement within the tenants' size range, while Philadelphia uses the maximum square footage.

Sublease Availability Index

FIGURE 7: Indexed Sublease Availability by Market Compared with 2018/2019 Average



Source: CBRE Research, September 2022.

FIGURE 8: September 2022 Sublease Availability Index – Top 11 U.S. Markets

Rank	Market	Score	MoM Up/Down
1	Dallas/Fort Worth	159	Down
2	Washington, D.C.	162	Up
3	Boston	167	Flat
4	Manhattan	197	Up
5	Chicago	206	Up
6	Los Angeles	211	Up
7	Atlanta	216	Up
8	Denver	219	Up
9	Seattle	279	Up
9	Philadelphia	279	Up
11	San Francisco	453	Up
U.S. average		232	Up

Source: CBRE Research, September 2022.

Sublease Index methodology note: Sublease availability measures the total square footage of sublease space available for occupancy. The Sublease Availability Index compares monthly sublease availability totals with a pre-pandemic baseline, which is the average amount of sublease space available in 2018 and 2019. The index level for the baseline is 100.

Note: In contrast to the Leasing and TIM Indices, a higher score on the Sublease Index is considered undesirable as it reflects an increase in available sublease space.

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