

Tenant Requirements Grow But Occupiers Remain Cautious in May

▲ 201
 Sublease Availability

▲ 95
 Tenants in the Market (TIM)

▼ 81
 Leasing Activity

Note: Arrows indicate change from previous month.

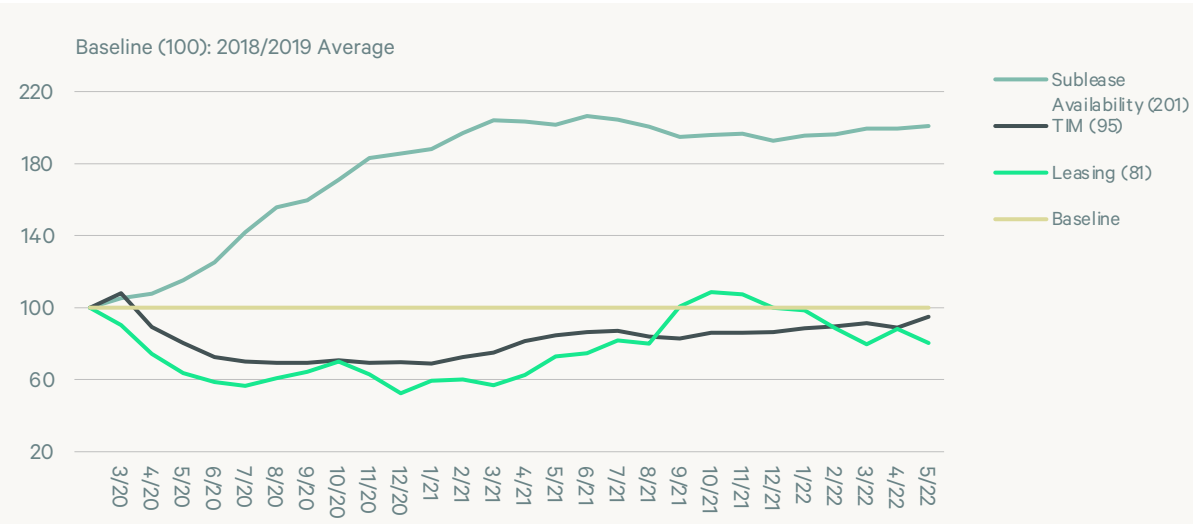
What is the CBRE Pulse Report?

To gauge the pace of recovery, CBRE has created three indices for the 12 largest U.S. office markets—Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Houston, 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.

FIGURE 1: Indexed Average Performance of Sublease Availability, TIM and Leasing Activity for the Top 12 U.S. Markets

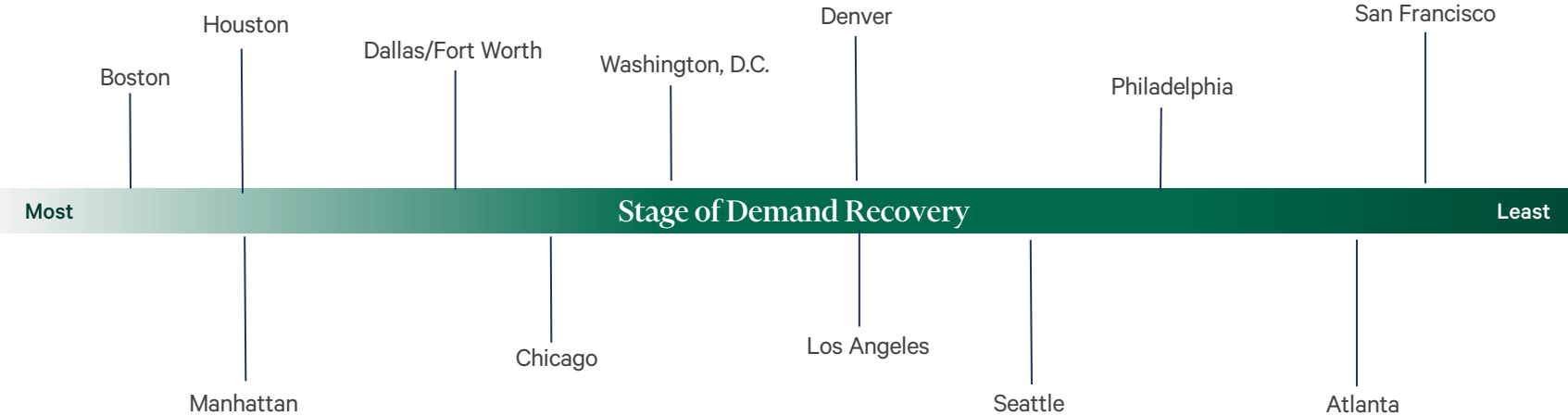


Source: CBRE Research, May 2022.

May Demand Recovery by Market

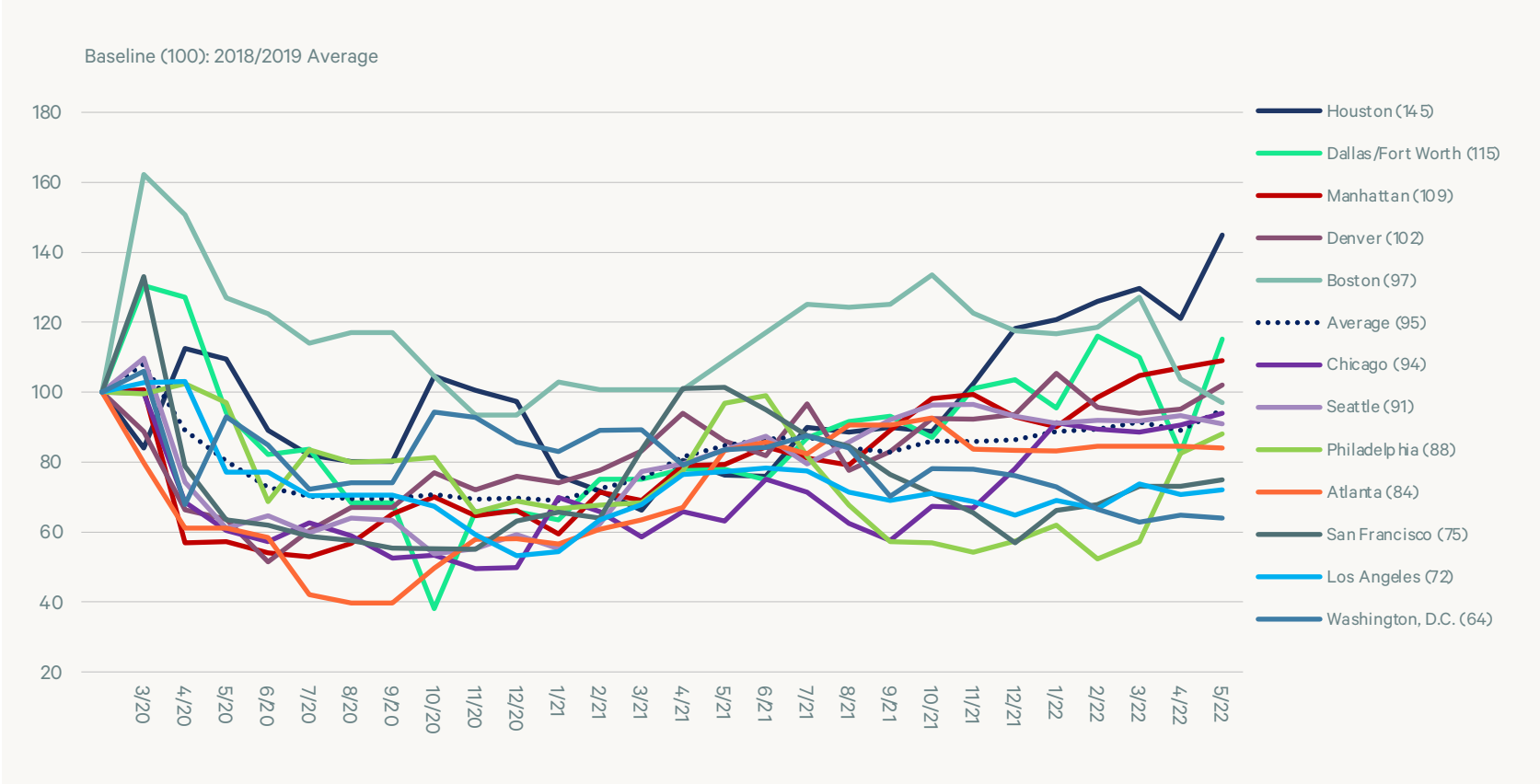
Boston continued to set the pace for office demand recovery in May. Chicago (+6 points), Manhattan (+5 points), Seattle (+4 points), and Washington, D.C. (+3 points) saw an increase in leasing activity, while tenant requirements grew in Houston and Dallas. Occupiers remained cautious in Philadelphia and Atlanta, where sublease availabilities increased and leasing slowed..

FIGURE 2: May Office Market Recovery Scale, Top U.S. Markets



Source: CBRE Research, May 2022.

FIGURE 3: Indexed Square Footage of Tenant Requirements Compared with 2018/2019 Average



Source: CBRE Research, May 2022.

FIGURE 4: May 2022 TIM Index—Top 12 U.S. Markets

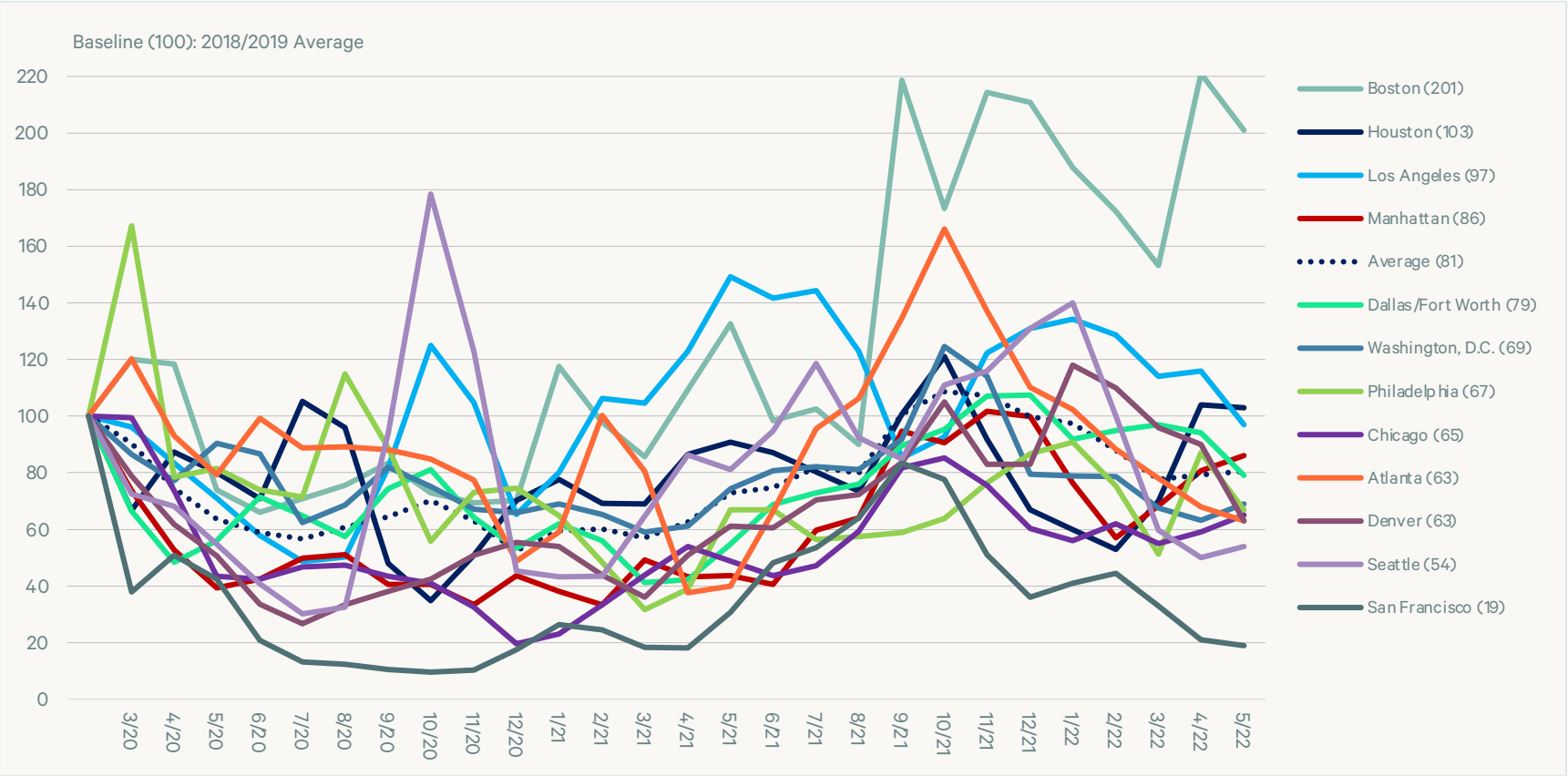
Rank	Market	Score	MoM Up/Down
1	Houston	145	Up
2	Dallas/Fort Worth	115	Up
3	Manhattan	109	Up
4	Denver	102	Up
5	Boston	97	Down
6	Chicago	94	Up
7	Seattle	91	Down
8	Philadelphia	88	Up
9	Atlanta	84	Down
10	San Francisco	75	Up
11	Los Angeles	72	Up
12	Washington, D.C.	64	Down
U.S. average		95	Up

Source: CBRE Research, May 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.

Leasing Activity Index

FIGURE 5: Indexed Monthly Leasing by Market Compared with 2018/2019 Average



Source: CBRE Research, May 2022.

FIGURE 6: May 2022 Leasing Activity Index – Top 12 U.S. Markets

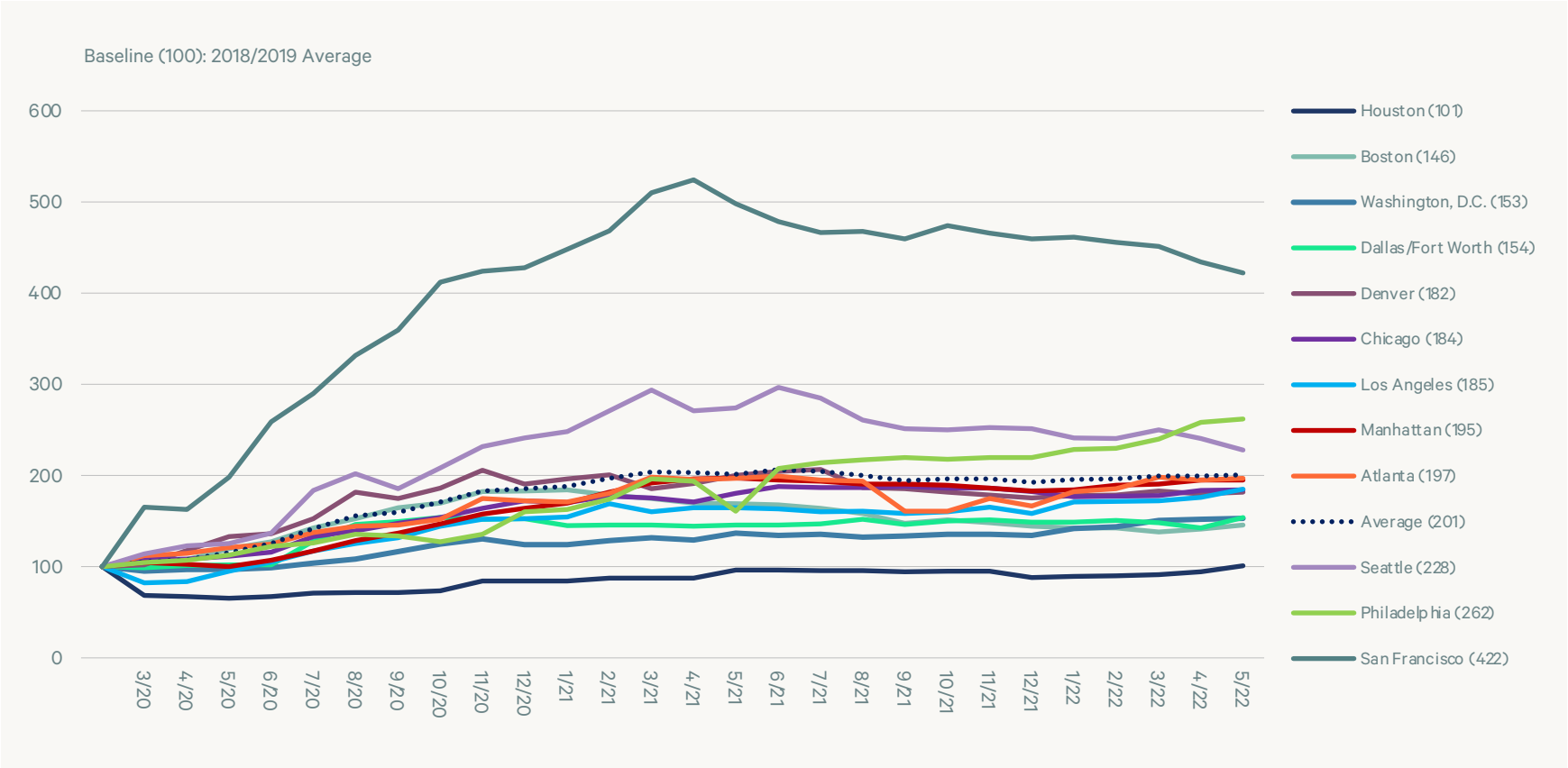
Rank	Market	Score	MoM Up/Down
1	Boston	201	Down
2	Houston	103	Down
3	Los Angeles	97	Down
4	Manhattan	86	Up
5	Dallas/Fort Worth	79	Down
6	Washington, D.C.	69	Up
7	Philadelphia	67	Down
8	Chicago	65	Up
9	Atlanta	63	Down
9	Denver	63	Down
11	Seattle	54	Up
12	San Francisco	19	Down
U.S. average		81	Down

Source: CBRE Research, May 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.

Sublease Availability Index

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



Source: CBRE Research, May 2022.

FIGURE 8: May 2022 Sublease Availability Index – Top 12 U.S. Markets

Rank	Market	Score	MoM Up/Down
1	Houston	101	Up
2	Boston	146	Up
3	Washington, D.C.	153	Up
4	Dallas/Fort Worth	154	Up
5	Denver	182	Up
6	Chicago	184	Up
7	Los Angeles	185	Up
8	Manhattan	195	Flat
9	Atlanta	197	Up
10	Seattle	228	Down
11	Philadelphia	262	Up
12	San Francisco	422	Down
U.S. average		201	Up

Source: CBRE Research, May 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.

Contacts

Jessica Morin

Director
U.S. Office Research

1 602 735 5201
jessica.morin@cbre.com

Trey Davis

Associate Director
U.S. Office Research

1 305 374 1000
trey.davisiii@cbre.com

Julie Whelan

Global Head of Occupier
Thought Leadership

1 617 912 5229
julie.whelan@cbre.com

Richard Barkham

Global Chief Economist, Head of Global
Research & Head of Americas

1 617 912 5215
richard.barkham@cbre.com

© Copyright 2022. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.