

PULSE OF U.S. OFFICE DEMAND | JULY 2022

U.S. Office Demand Slips in July

▼ 79

Leasing Activity

▼ 85

Tenants in the Market (TIM)

▲ 219

Sublease Availability

Note: Arrows indicate change from previous month.

What is the CBRE Pulse Report?

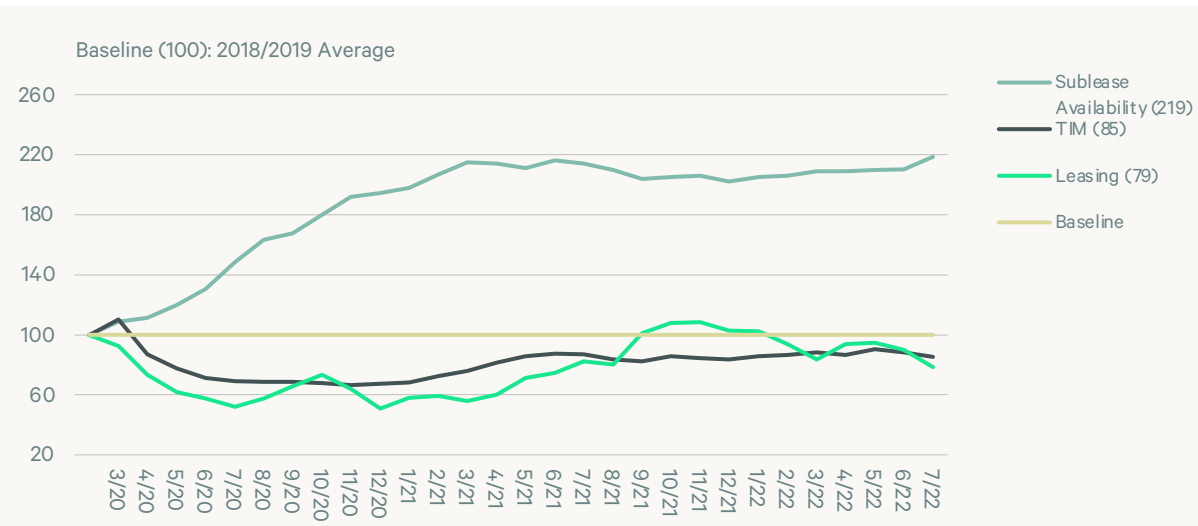
To gauge the pace of recovery, CBRE has created three indices for 11 major U.S. office markets—Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Los Angeles, Manhattan, Philadelphia, San Francisco, Seattle and Washington, D.C.

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

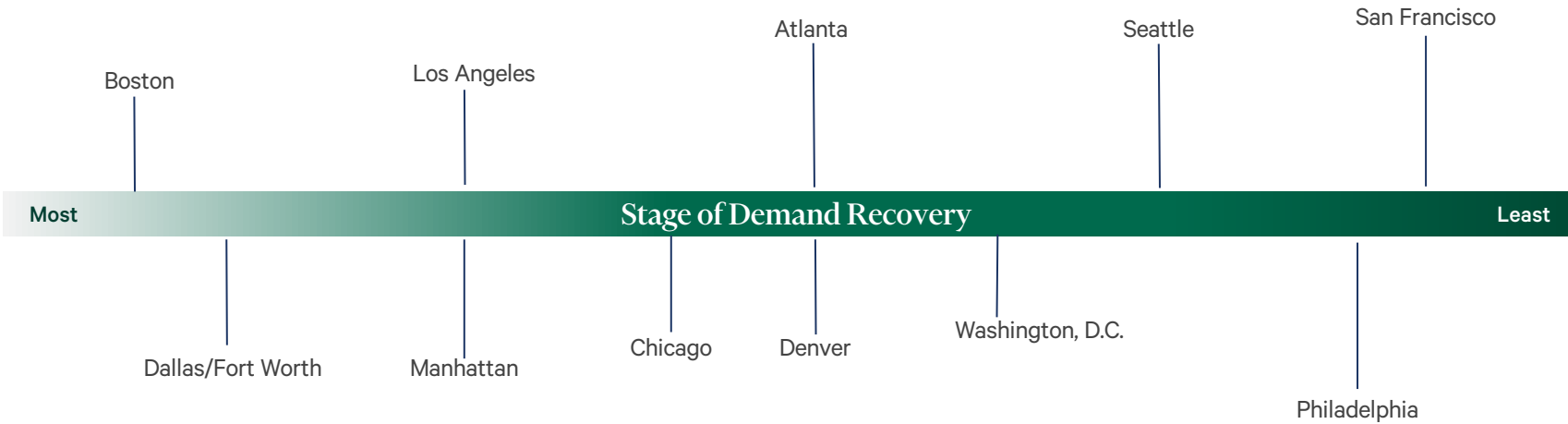


Source: CBRE Research, July 2022.

July Demand Recovery by Market

Leasing activity increased in three of the 11 Pulse markets (San Francisco, Denver and Seattle). Although San Francisco had the biggest increase due to one large renewal, its overall recovery remains hampered by an enormous sublease supply. Manhattan saw some improvement in its sublease availability, though tenant requirements edged lower while its leasing index was relatively flat, which could indicate slower leasing activity in the near term.

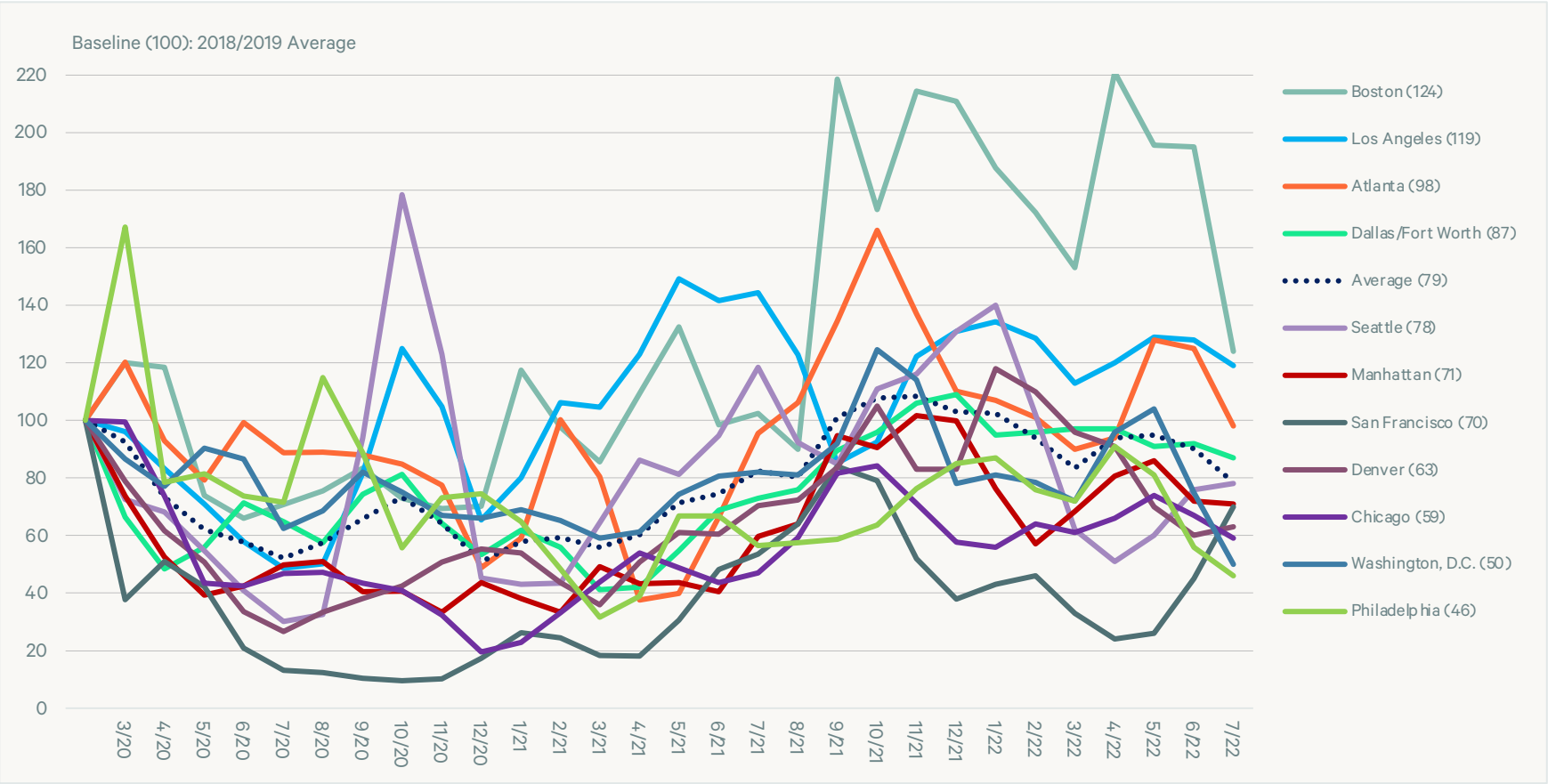
FIGURE 2: July Office Market Recovery Scale, Top U.S. Markets



Source: CBRE Research, July 2022.

Leasing Activity Index

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



Source: CBRE Research, July 2022.

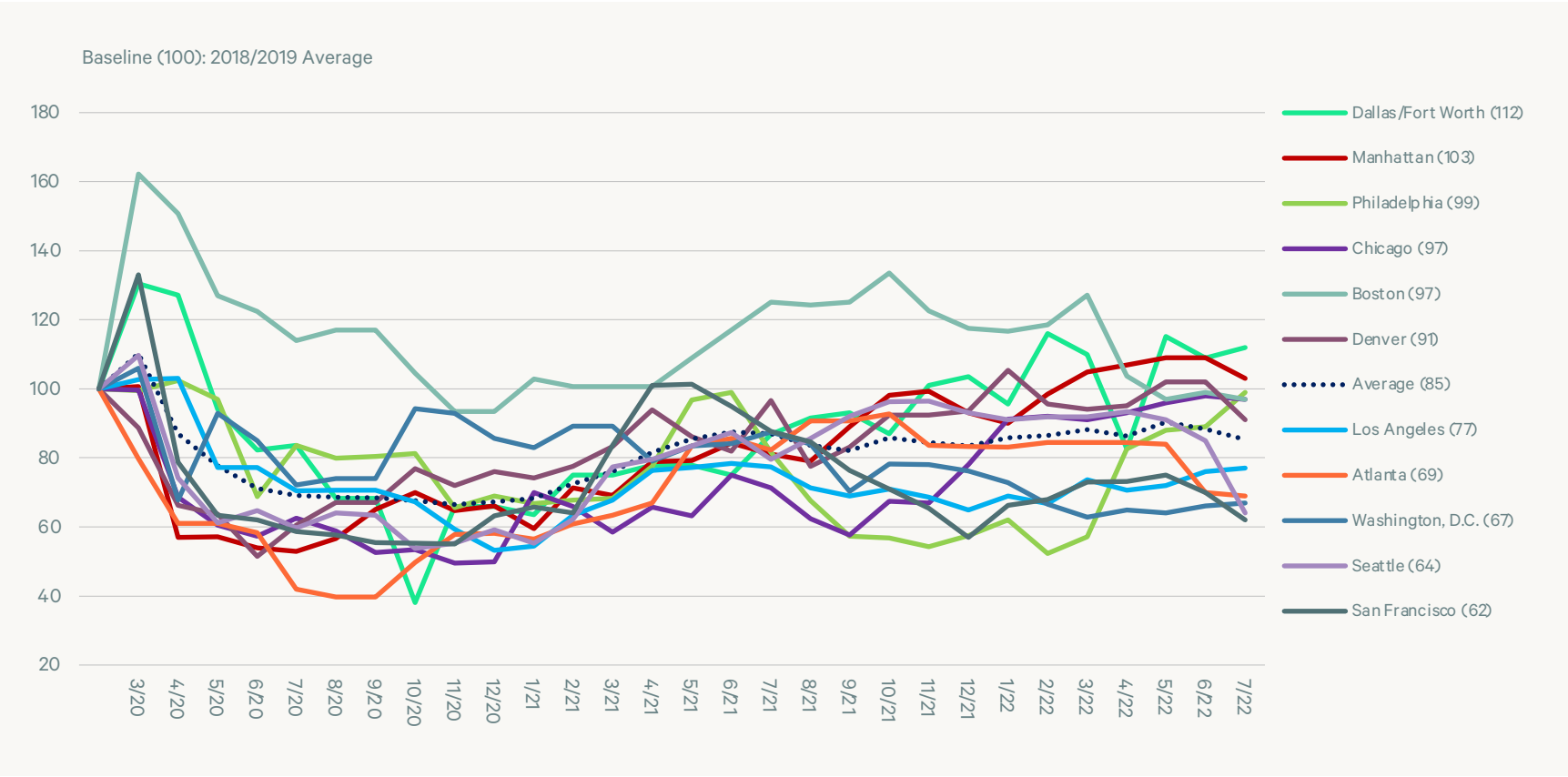
FIGURE 4: July 2022 Leasing Activity Index – Top 11 U.S. Markets

Rank	Market	Score	MoM Up/Down
1	Boston	124	Down
2	Los Angeles	119	Down
3	Atlanta	98	Down
4	Dallas/Fort Worth	87	Down
5	Seattle	78	Up
6	Manhattan	71	Down
7	San Francisco	70	Up
8	Denver	63	Up
9	Chicago	59	Down
10	Washington, D.C.	50	Down
11	Philadelphia	46	Down
U.S. average		79	Down

Source: CBRE Research, July 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, July 2022.

FIGURE 6: July 2022 TIM Index—Top 11 U.S. Markets

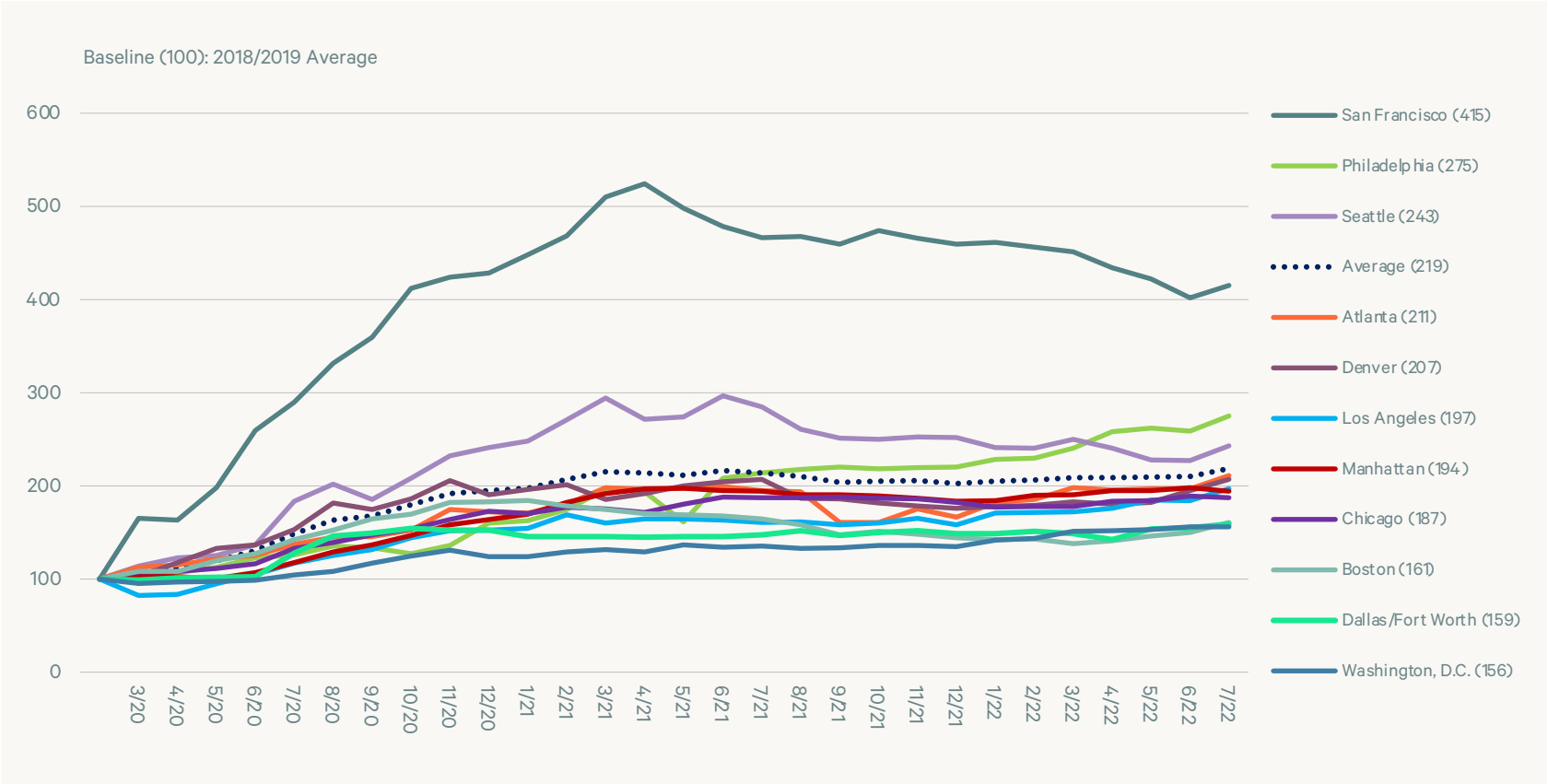
Rank	Market	Score	MoM Up/Down
1	Dallas/Fort Worth	112	Up
2	Manhattan	103	Down
3	Philadelphia	99	Up
4	Chicago	97	Down
4	Boston	97	Down
6	Denver	91	Down
7	Los Angeles	77	Up
8	Atlanta	69	Down
9	Washington, D.C.	67	Up
10	Seattle	64	Down
11	San Francisco	62	Down
U.S. average		85	Down

Source: CBRE Research, July 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, July 2022.

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

Rank	Market	Score	MoM Up/Down
1	Washington, D.C.	156	Flat
2	Dallas/Fort Worth	159	Up
3	Boston	161	Up
4	Chicago	187	Down
5	Manhattan	194	Down
6	Los Angeles	197	Up
7	Denver	207	Up
8	Atlanta	211	Up
9	Seattle	243	Up
10	Philadelphia	275	Up
11	San Francisco	415	Up
U.S. average		219	Up

Source: CBRE Research, July 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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