

PULSE OF U.S. OFFICE DEMAND | AUGUST 2022

# U.S. Office Demand Slows Again in August

▼

72

Leasing Activity

▼

79

Tenants in the Market (TIM)

▲

225

Sublease Availability

Note: Arrows indicate change from previous month.

## What is the CBRE Pulse Report?

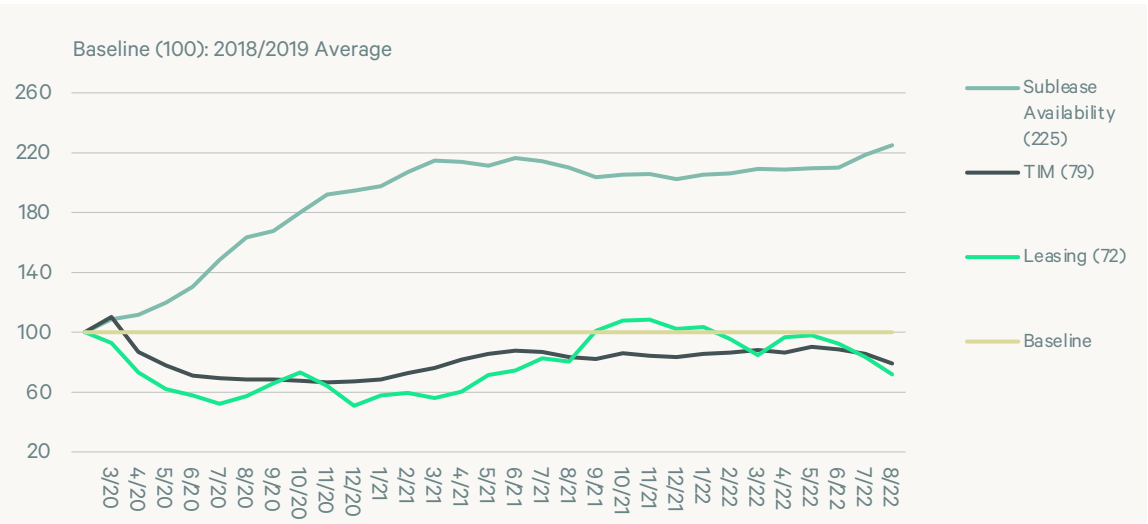
To gauge the pace of recovery, CBRE has created three indices for 11 major U.S. office markets—Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Los Angeles, Manhattan, Philadelphia, San Francisco, Seattle and Washington, D.C.

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

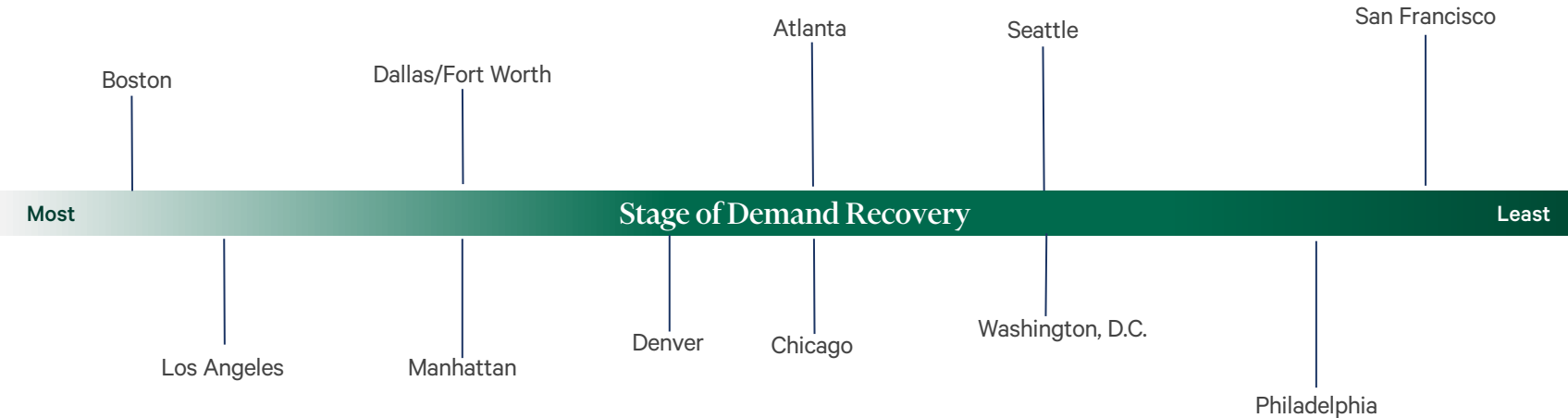


Source: CBRE Research, August 2022.

## August Demand Recovery by Market

Boston continued to set the pace for office demand recovery in August, even though it had the biggest decrease in leasing activity among the 11 Pulse markets. Leasing activity increased in only three markets: Manhattan, Denver and Washington, D.C. Manhattan and Atlanta were the only markets that had a reduction in sublease space, while Philadelphia was unchanged.

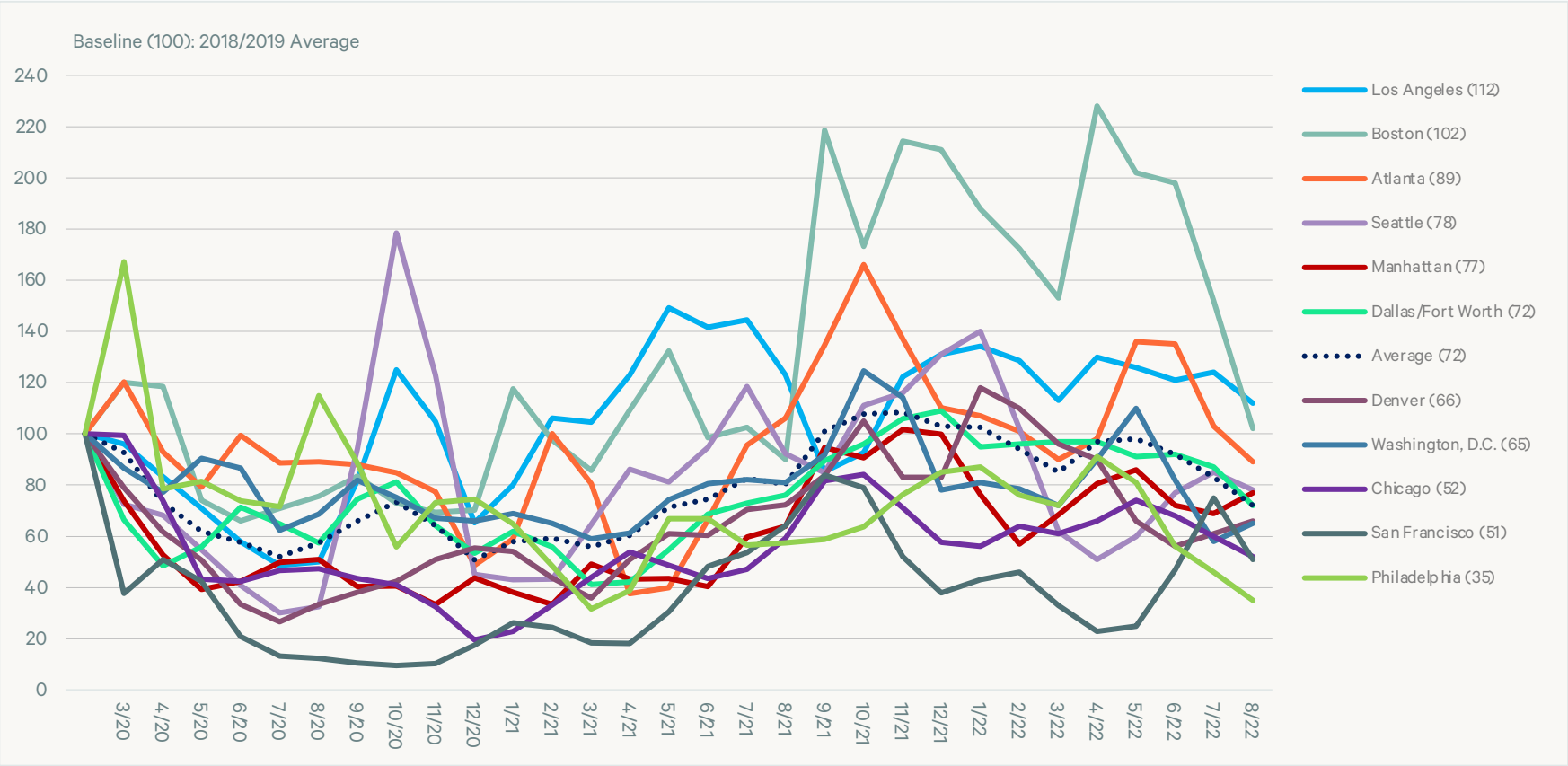
FIGURE 2: August Office Market Recovery Scale, Top U.S. Markets



Source: CBRE Research, August 2022.

Leasing Activity Index

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



Source: CBRE Research, August 2022.

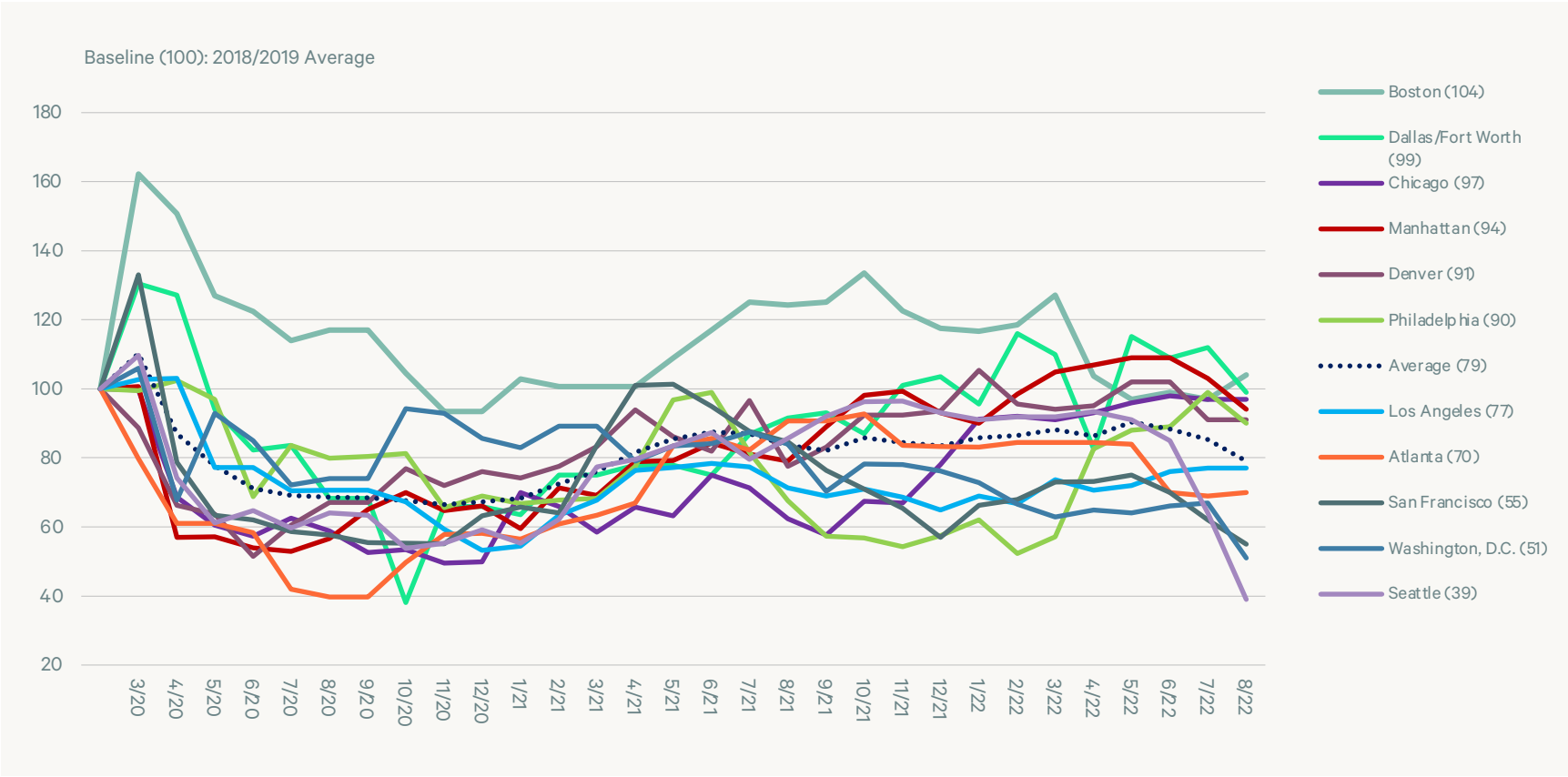
FIGURE 4: August 2022 Leasing Activity Index – Top 11 U.S. Markets

Rank	Market	Score	MoM Up/Down
1	Los Angeles	112	Down
2	Boston	102	Down
3	Atlanta	89	Down
4	Seattle	78	Down
5	Manhattan	77	Up
6	Dallas/Fort Worth	72	Down
7	Denver	66	Up
8	Washington, D.C.	65	Up
9	Chicago	52	Down
10	San Francisco	51	Down
11	Philadelphia	35	Down
U.S. average		72	Down

Source: CBRE Research, August 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, August 2022.

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

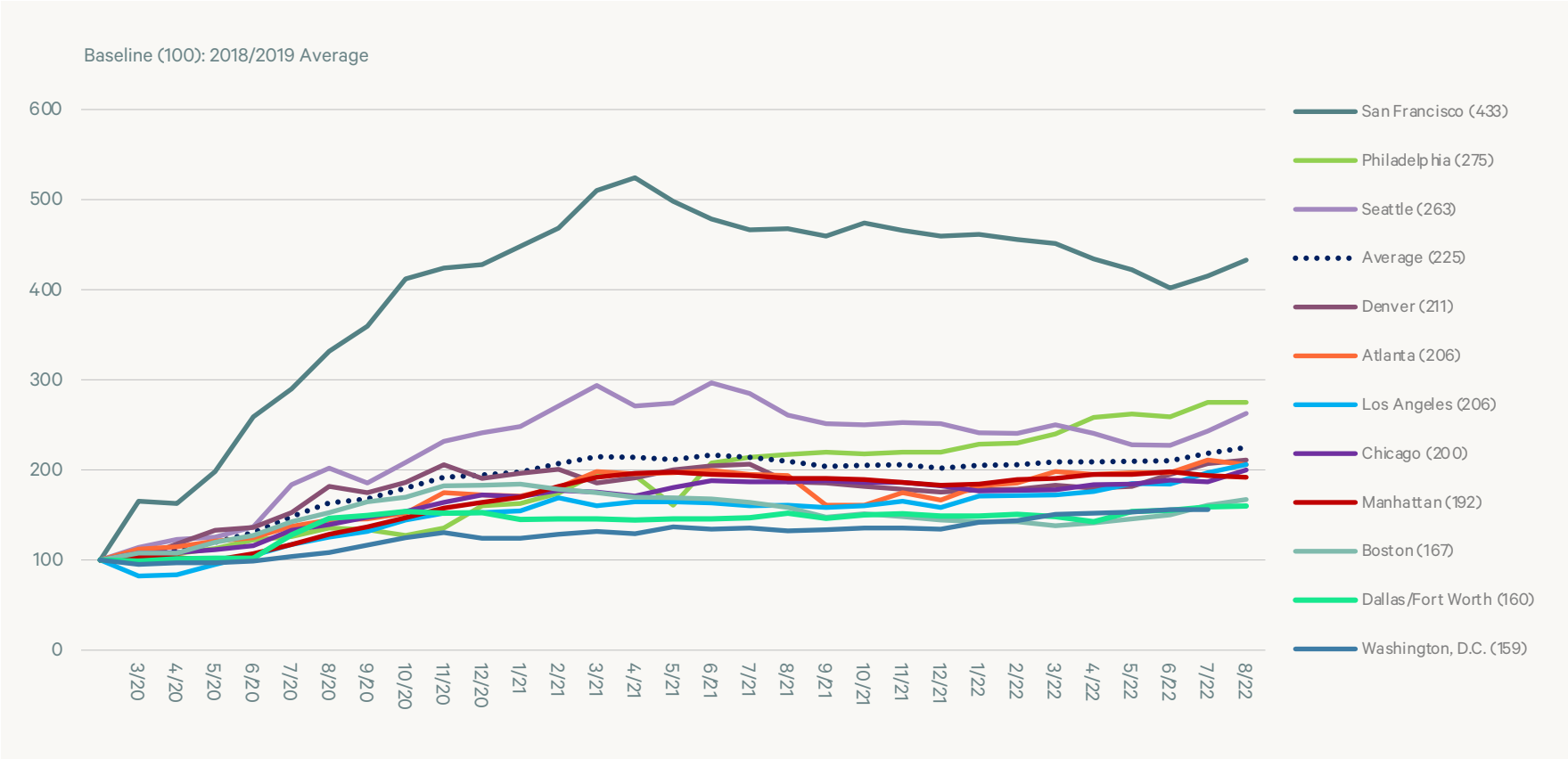
Rank	Market	Score	MoM Up/Down
1	Boston	104	Up
2	Dallas/Fort Worth	99	Down
3	Chicago	97	Up
4	Manhattan	94	Down
5	Denver	91	Flat
6	Philadelphia	90	Down
7	Los Angeles	77	Flat
8	Atlanta	70	Up
9	San Francisco	55	Down
10	Washington, D.C.	51	Down
11	Seattle	39	Down
U.S. average		79	Down

Source: CBRE Research, August 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, August 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.

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

Rank	Market	Score	MoM Up/Down
1	Washington, D.C.	159	Up
2	Dallas/Fort Worth	160	Up
3	Boston	167	Up
4	Manhattan	192	Down
5	Chicago	200	Up
6	Los Angeles	206	Up
6	Atlanta	206	Down
8	Denver	211	Up
9	Seattle	263	Up
10	Philadelphia	275	Flat
11	San Francisco	433	Up
U.S. average		225	Up

Source: CBRE Research, August 2022.

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