

PULSE OF U.S. OFFICE DEMAND | JUNE 2022

U.S. Office Leasing Remains Tepid in June

▶ 201 Sublease Availability	▼ 93 Tenants in the Market (TIM)	▼ 91 Leasing Activity
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Note: Arrows indicate change from previous month.

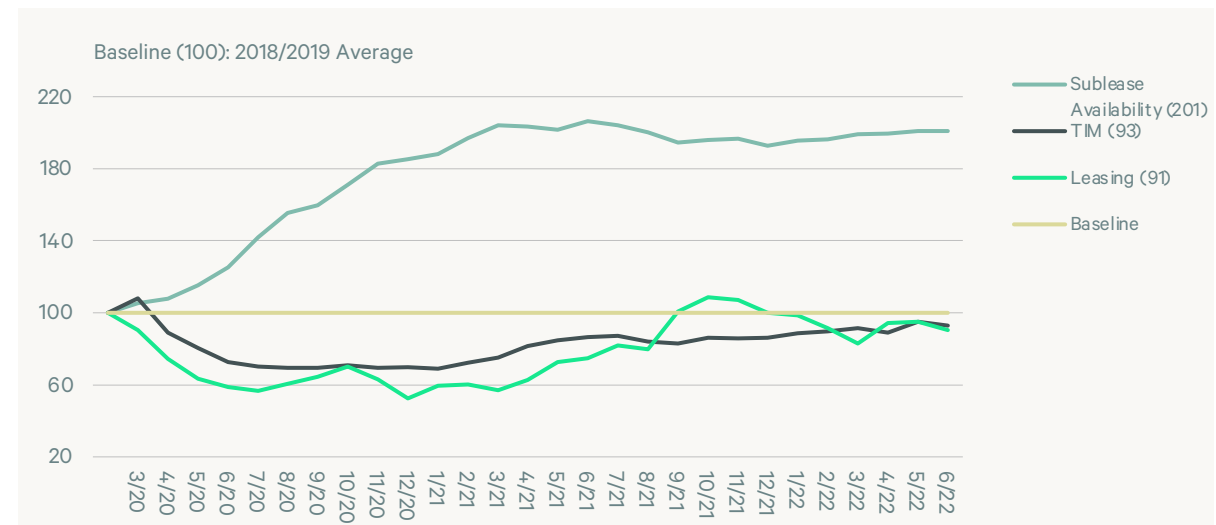
What is the CBRE Pulse Report?

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

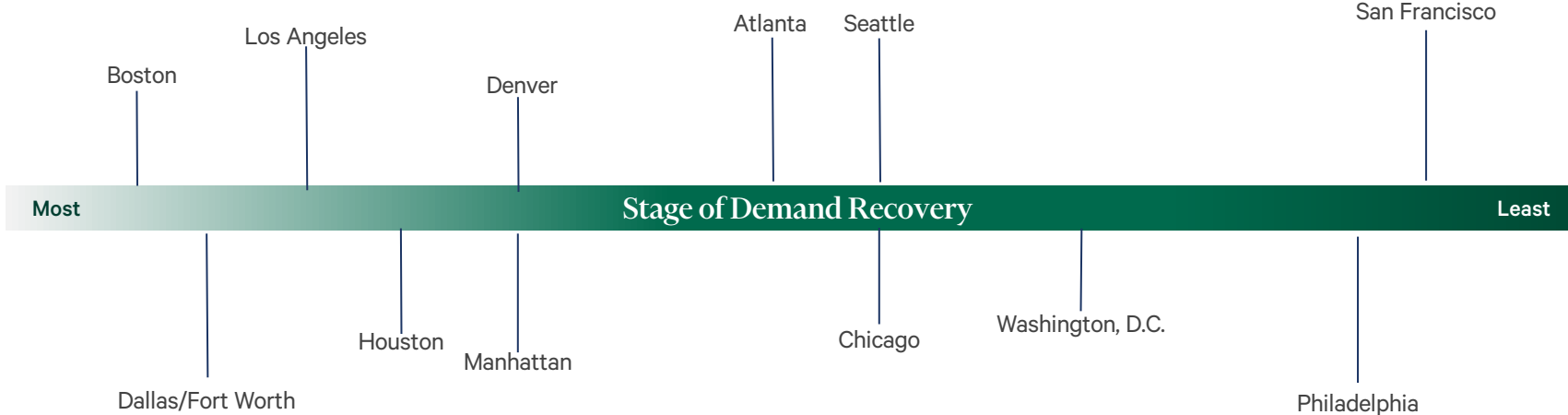


Source: CBRE Research, May 2022.

June Demand Recovery by Market

Only three markets saw an increase in leasing activity in June—San Francisco and Seattle, though their index levels remained well below their pre-pandemic baseline, and Dallas/Fort Worth. Boston continued to set the pace for office demand recovery, though its leasing activity slipped in June. Occupiers remained cautious in most markets as tenant requirements declined nationally and sublease availability remained elevated.

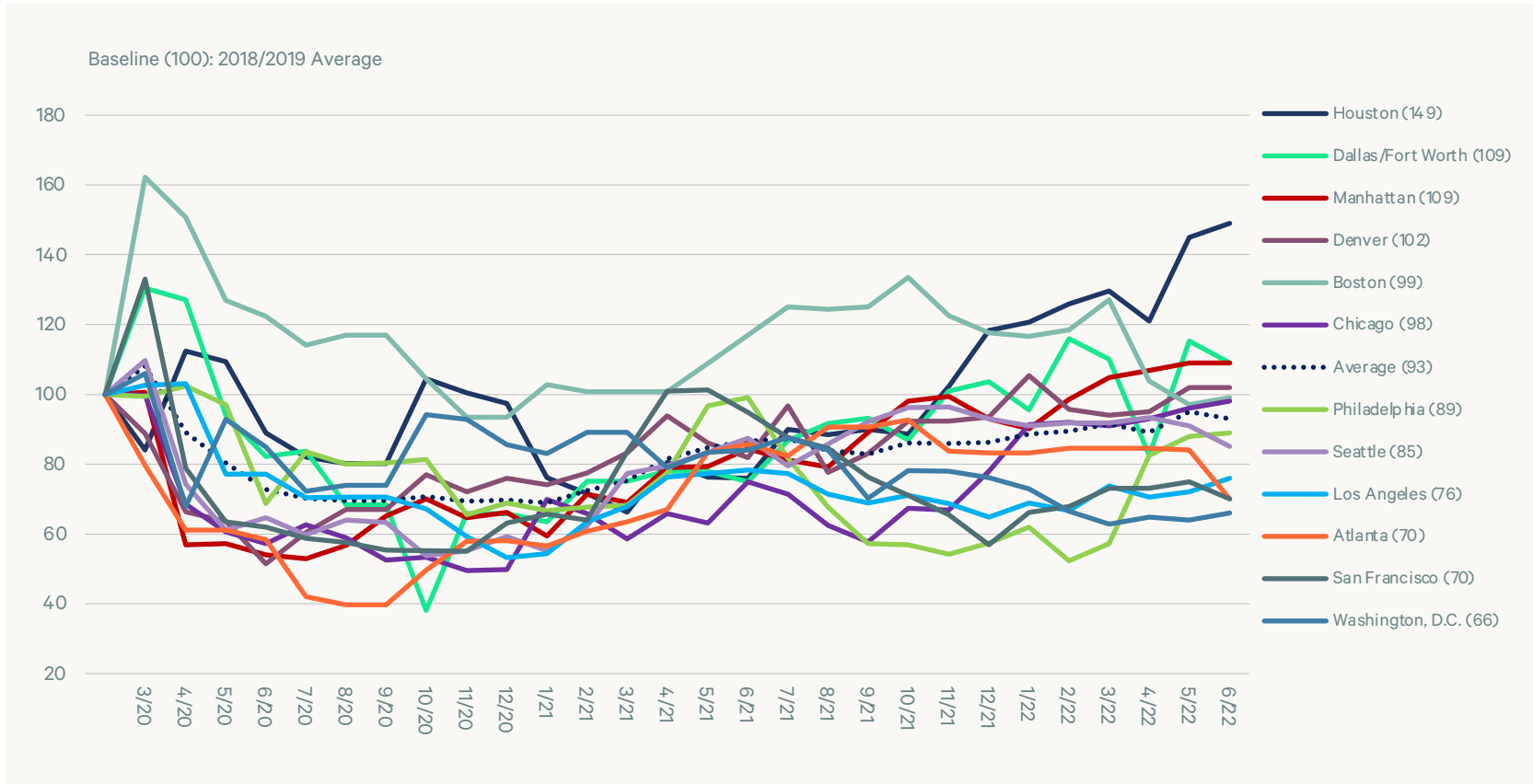
FIGURE 2: June Office Market Recovery Scale, Top U.S. Markets



Source: CBRE Research, June 2022.

Tenants in the Market Index

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



Source: CBRE Research, June 2022.

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

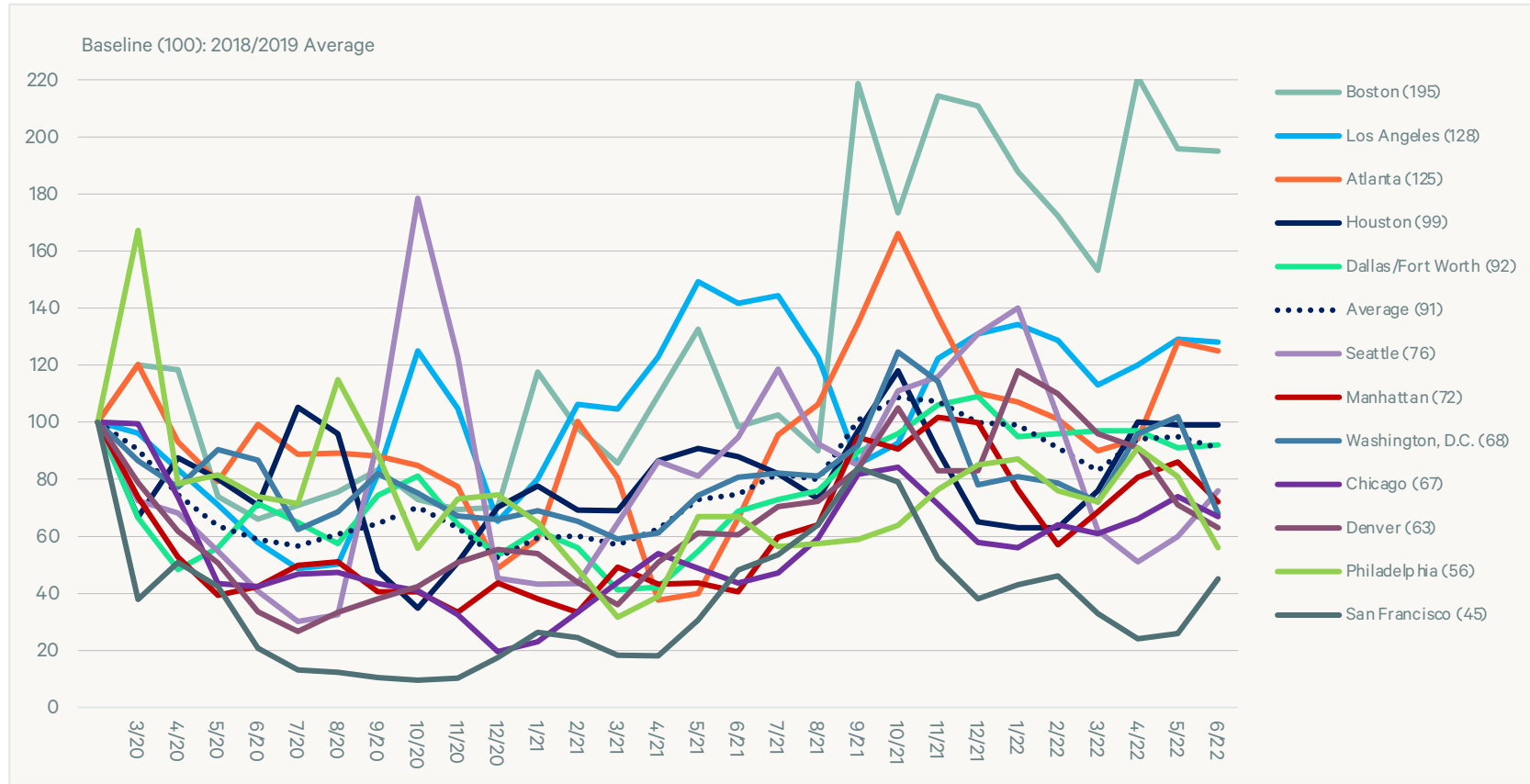
Rank	Market	Score	MoM Up/Down
1	Houston	149	Up
2	Dallas/Fort Worth	109	Down
2	Manhattan	109	Flat
4	Denver	102	Flat
5	Boston	99	Up
6	Chicago	98	Up
7	Philadelphia	89	Up
8	Seattle	85	Down
9	Los Angeles	76	Up
10	Atlanta	70	Down
10	San Francisco	70	Down
12	Washington, D.C.	66	Up
U.S. average		93	Down

Source: CBRE Research, June 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, June 2022.

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

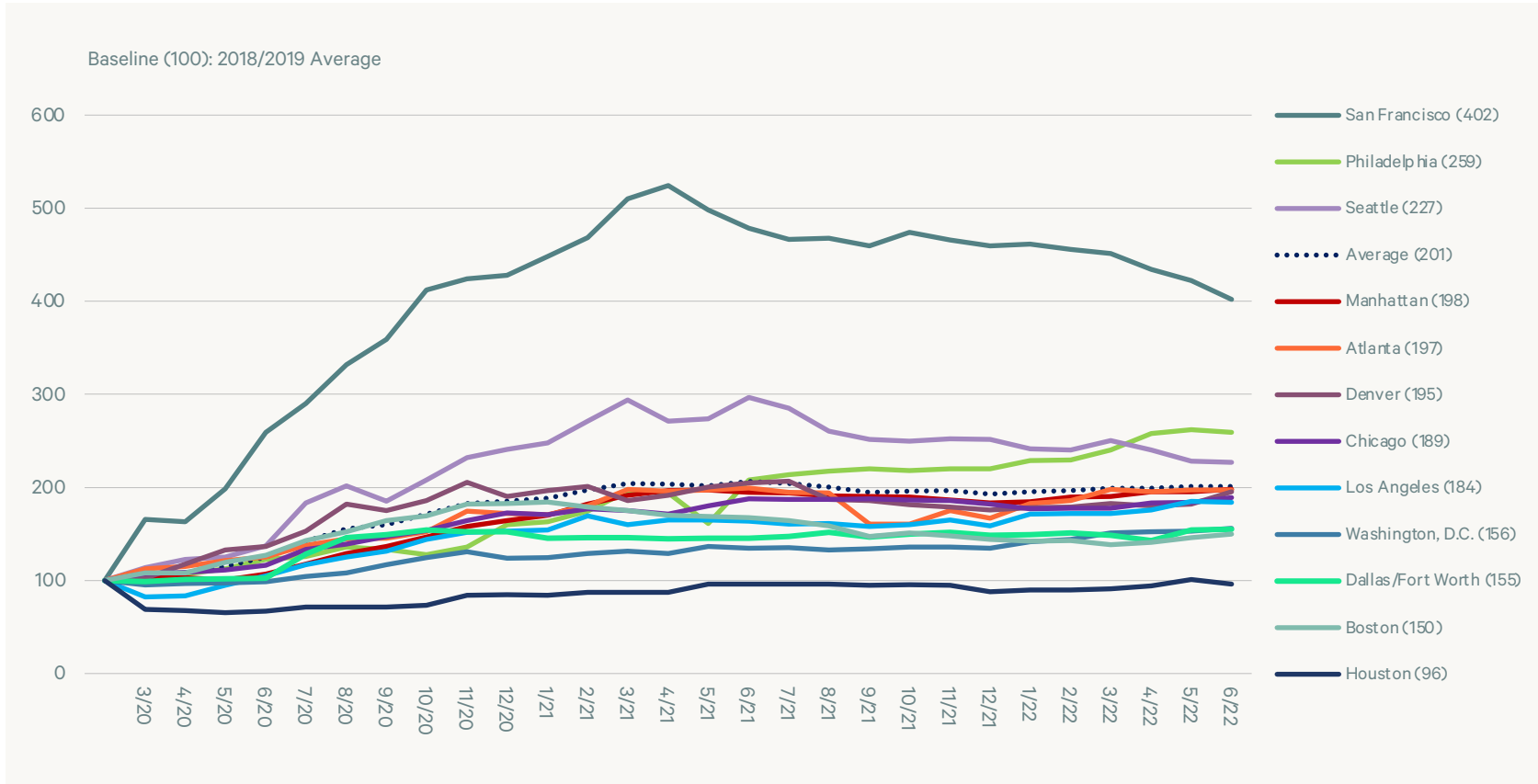
Rank	Market	Score	MoM Up/Down
1	Boston	195	Down
2	Los Angeles	128	Down
3	Atlanta	125	Down
4	Houston	99	Flat
5	Dallas/Fort Worth	92	Up
6	Seattle	76	Up
7	Manhattan	72	Down
8	Washington, D.C.	68	Down
9	Chicago	67	Down
10	Denver	63	Down
11	Philadelphia	56	Down
12	San Francisco	45	Up
U.S. average		91	Down

Source: CBRE Research, June 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, June 2022.

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

Rank	Market	Score	MoM Up/Down
1	Houston	96	Down
2	Boston	150	Up
3	Dallas/Fort Worth	155	Up
4	Washington, D.C.	156	Up
5	Los Angeles	184	Down
6	Chicago	189	Up
7	Denver	195	Up
8	Atlanta	197	Flat
9	Manhattan	198	Up
10	Seattle	227	Down
11	Philadelphia	259	Down
12	San Francisco	402	Down
U.S. average		201	Flat

Source: CBRE Research, June 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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