

PULSE OF U.S. OFFICE DEMAND | OCTOBER 2022

# U.S. Office Demand Slows in October

▲ 80	▼ 73	▲ 236
Leasing Activity	Tenants in the Market (TIM)	Sublease Availability

Note: Arrows indicate change from previous month.

## What is the CBRE Pulse Report?

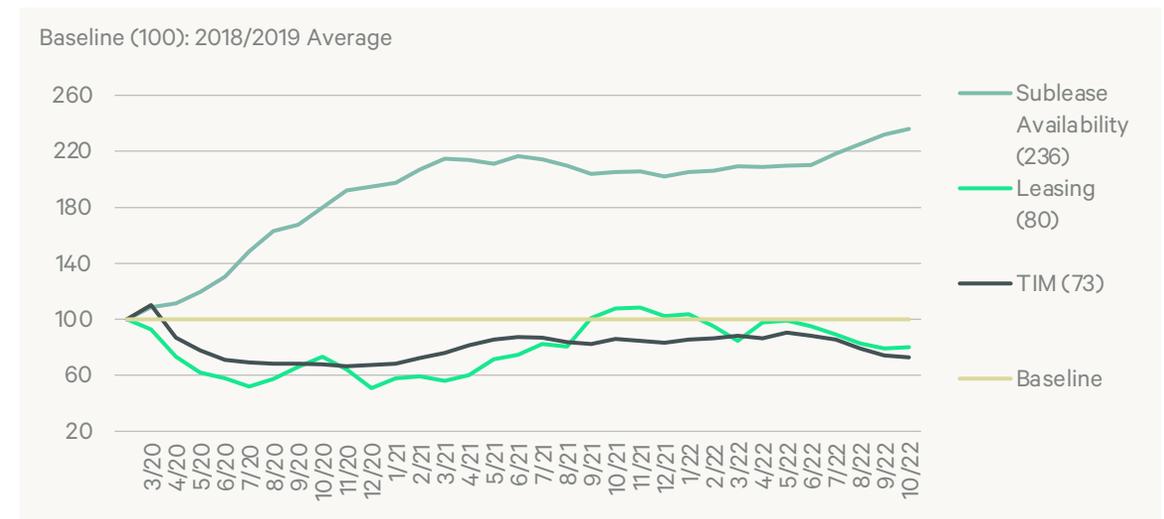
To gauge the pace of recovery, CBRE has created three indices for 11 major U.S. office markets—Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Los Angeles, Manhattan, Philadelphia, San Francisco, Seattle and Washington, D.C.

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

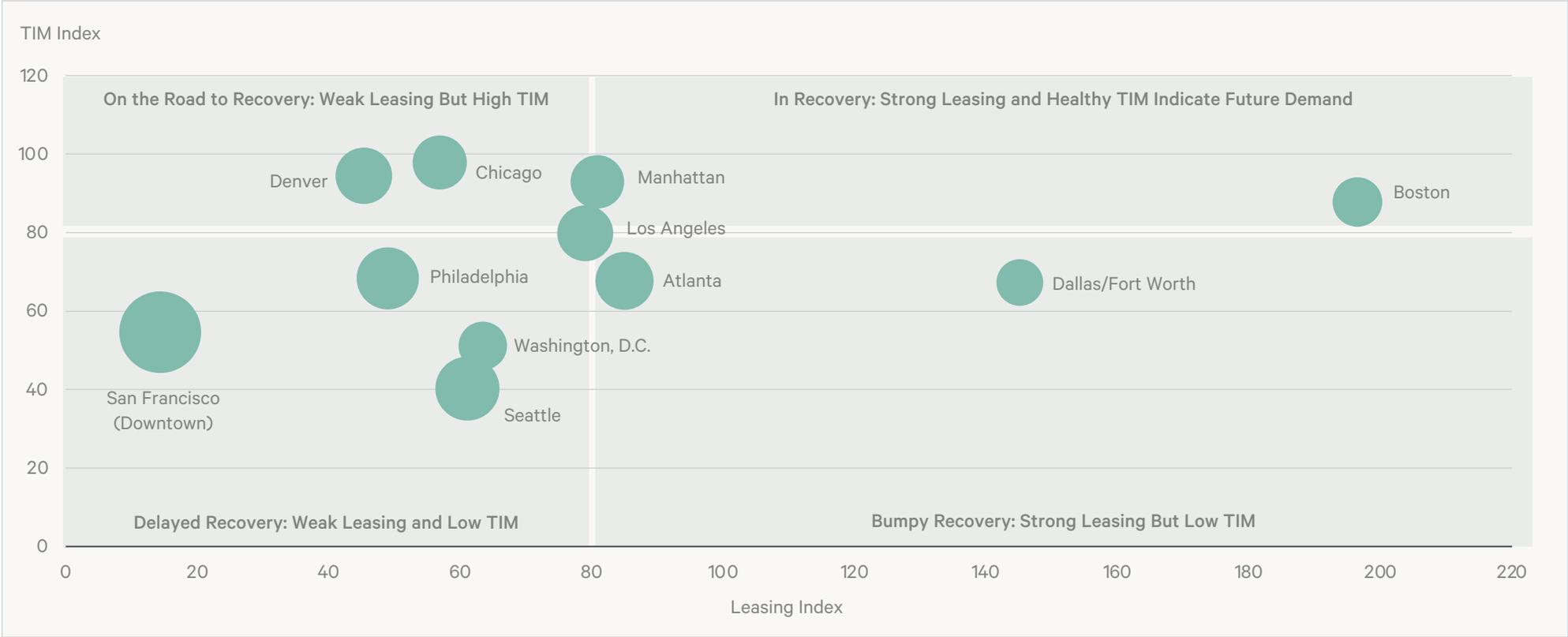


Source: CBRE Research, October 2022.

# October Demand Recovery by Market

Boston continued to set the pace for office demand recovery in October, driven by strong leasing and a healthy TIM index. Dallas also had a notable boost in its leasing index. Slower tenant demand in October was most evident in Denver and Los Angeles.

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

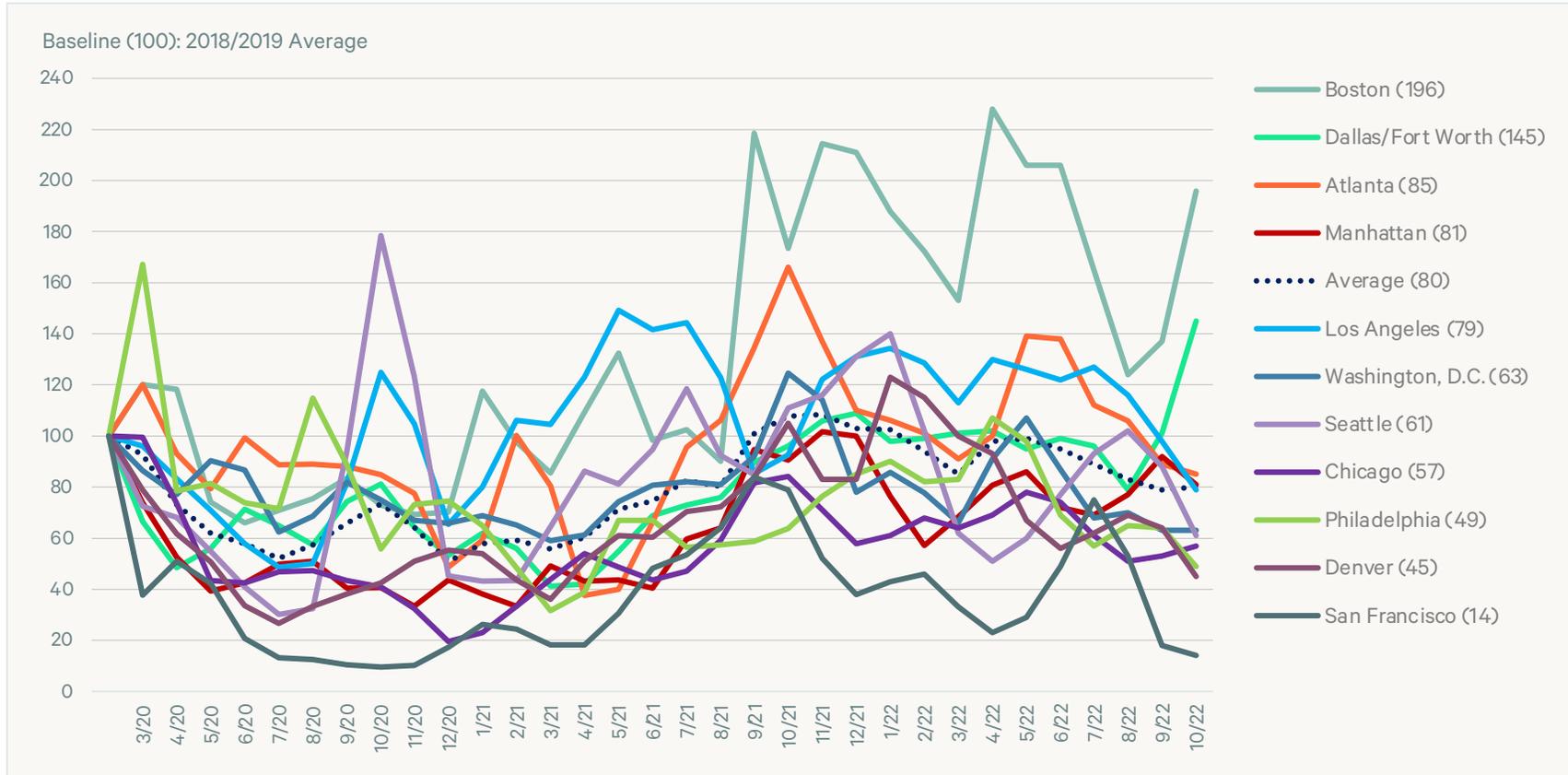


Source: CBRE Research, October 2022.

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, October 2022.

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

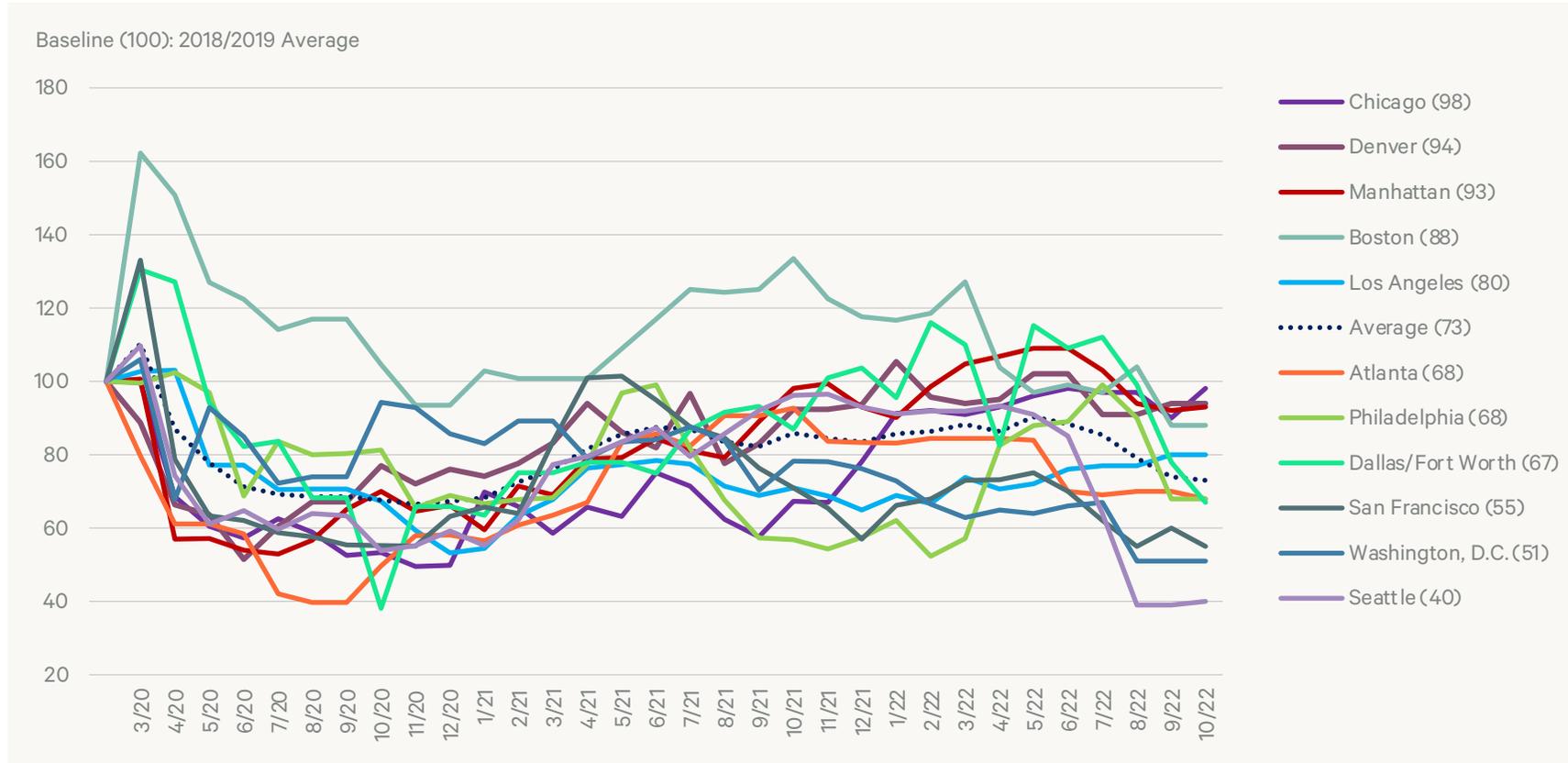
Rank	Market	Score	MoM Up/Down
1	Boston	196	Up
2	Dallas/Fort Worth	145	Up
3	Atlanta	85	Down
4	Manhattan	81	Down
5	Los Angeles	79	Down
6	Washington, D.C.	63	Flat
7	Seattle	61	Down
8	Chicago	57	Up
9	Philadelphia	49	Down
10	Denver	45	Down
11	San Francisco	14	Down
<b>U.S. average</b>		<b>80</b>	<b>Up</b>

Source: CBRE Research, October 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.

# Tenants in the Market Index

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



Source: CBRE Research, October 2022.

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

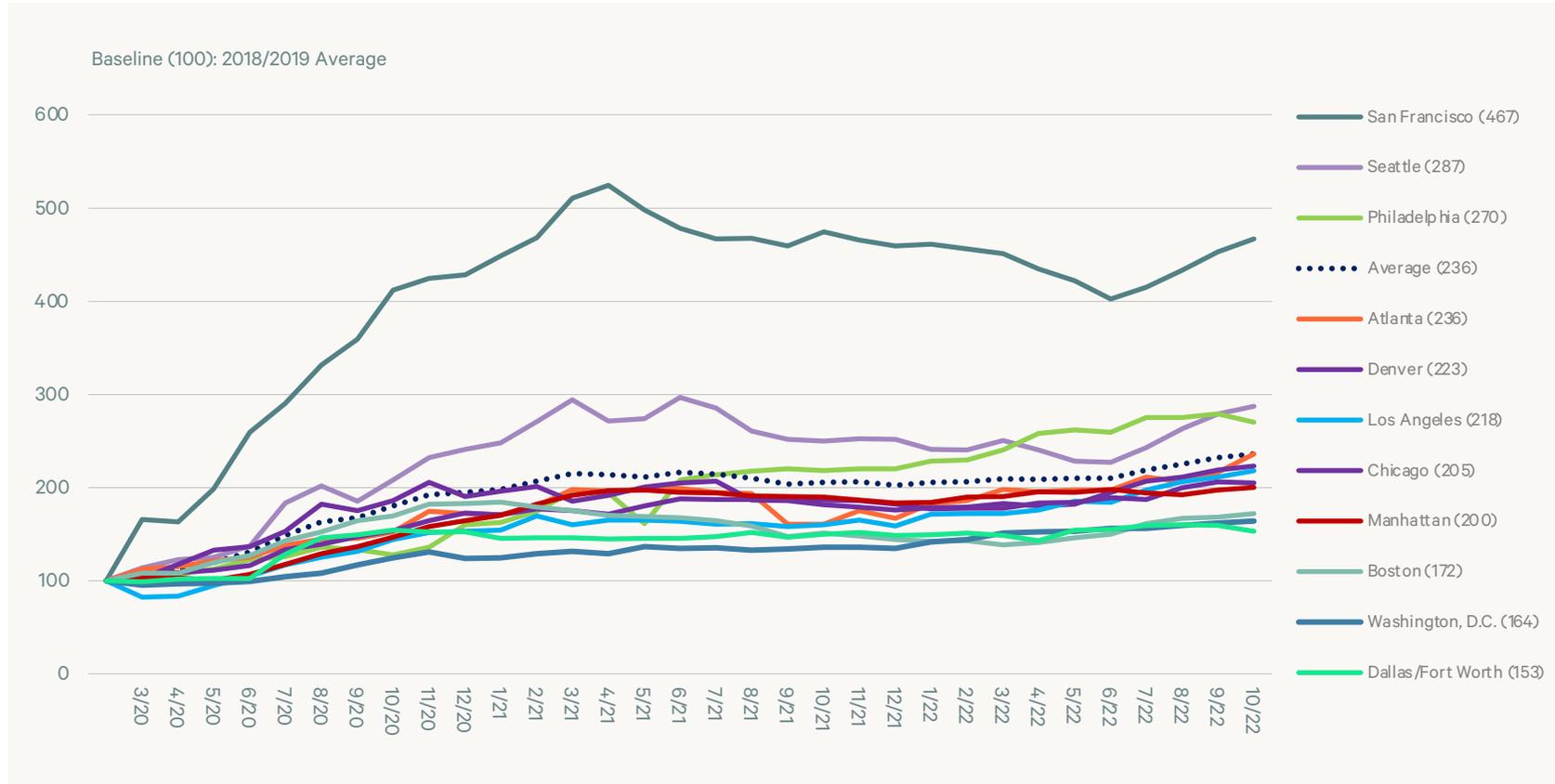
Rank	Market	Score	MoM Up/Down
1	Chicago	98	Up
2	Denver	94	Flat
3	Manhattan	93	Up
4	Boston	88	Flat
5	Los Angeles	80	Flat
6	Atlanta	68	Down
6	Philadelphia	68	Flat
8	Dallas/Fort Worth	67	Down
9	San Francisco	55	Down
10	Washington, D.C.	51	Flat
11	Seattle	40	Up
<b>U.S. average</b>		<b>73</b>	<b>Down</b>

Source: CBRE Research, October 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, October 2022.

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

Rank	Market	Score	MoM Up/Down
1	Dallas/Fort Worth	153	Down
2	Washington, D.C.	164	Up
3	Boston	172	Up
4	Manhattan	200	Up
5	Chicago	205	Down
6	Los Angeles	218	Up
7	Denver	223	Up
8	Atlanta	236	Up
9	Philadelphia	270	Down
10	Seattle	287	Up
11	San Francisco	467	Up
<b>U.S. average</b>		<b>236</b>	<b>Up</b>

Source: CBRE Research, October 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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