

# LEASE MARKET TRENDS ANALYSIS FOR REAL ESTATE SERVICES FIRM

## ABOUT THE CLIENT

Client is one of the world's largest **commercial real estate service firms** offering services across the real estate value chain with presence in the U.S. and multiple countries across the world

### SITUATION

- Client **lacked visibility into the latest market trends** in lease and sale deals for office spaces based out of the U.S.
- Merilytics partnered with the client to identify **the rental and sales trends** for office spaces in New York and Dallas markets and later extended the analysis to **top-30 markets** from 2016-2021 to understand the impact of COVID

### VALUE ADDITION

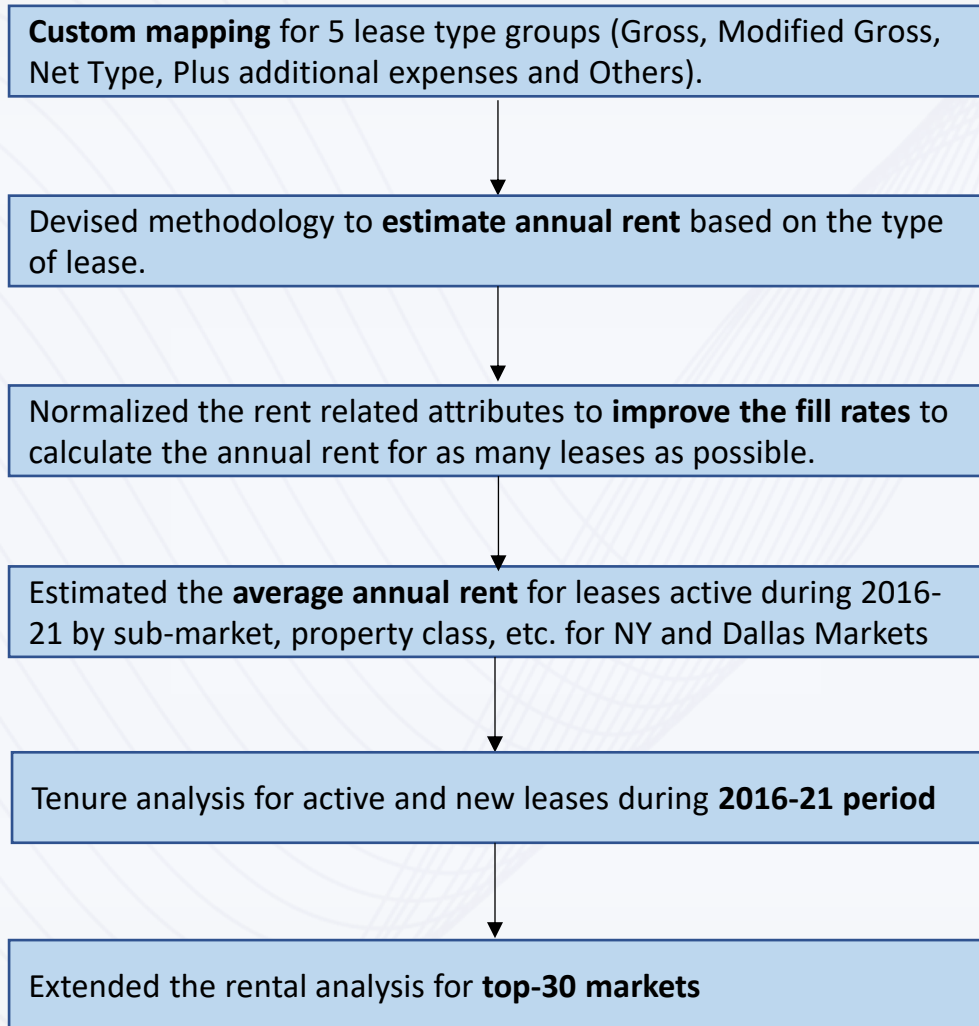
- **Identified trends in Lease market** for the top-30 markets by various attributes such as property type, lease type, tenure etc. and analyzed the impact of COVID
- Devised a methodology **to estimate the lease value**, created custom mappings for lease types and improved fill rates using a combination of certain cost related attributes
- Performed **data diagnostic analysis** to understand the data quality and identified the key caveats/data gaps for the client

### IMPACT

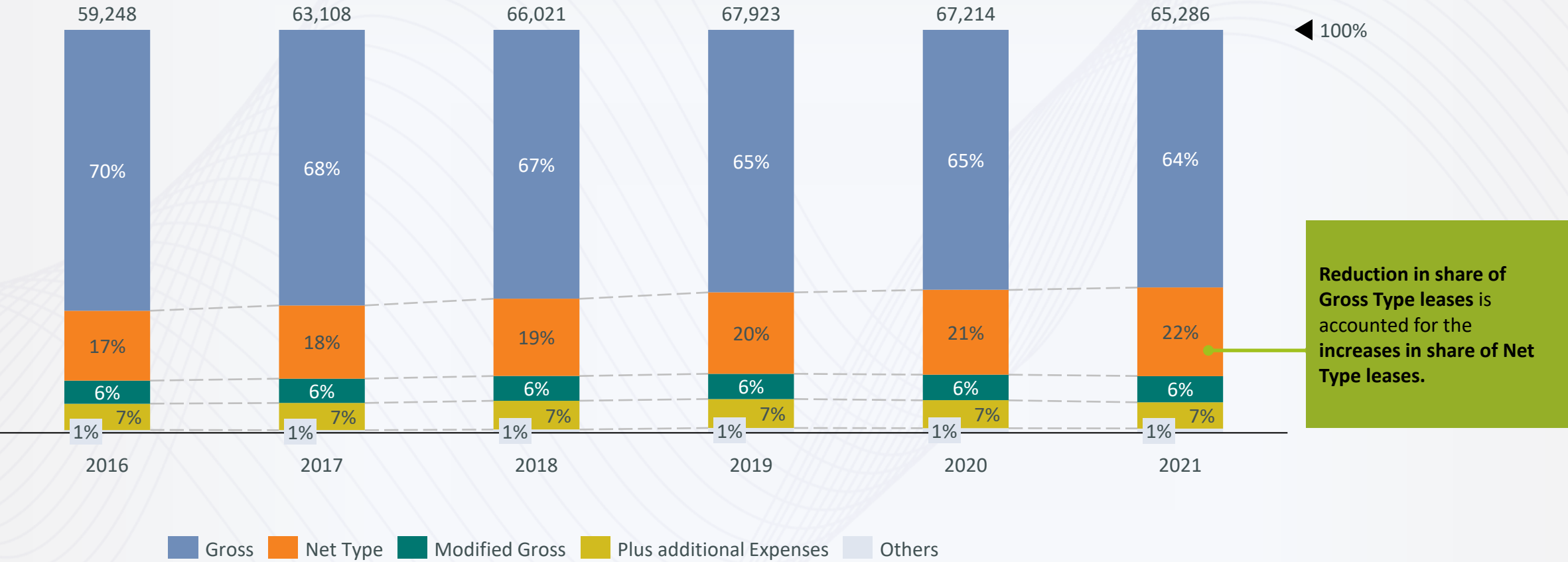
- The **key sub-markets and popular lease types/tenure duration** identified from the analysis helped the client in **focusing on high revenue generating locations** and **better market planning** in closing out future lease deals
- Insights from the data diagnostic analysis were leveraged by the client to kickstart a **data reconciliation exercise to improve data quality** and fill rates

## APPENDIX – LEASE TYPE CLASSIFICATION AND DESCRIPTIONS

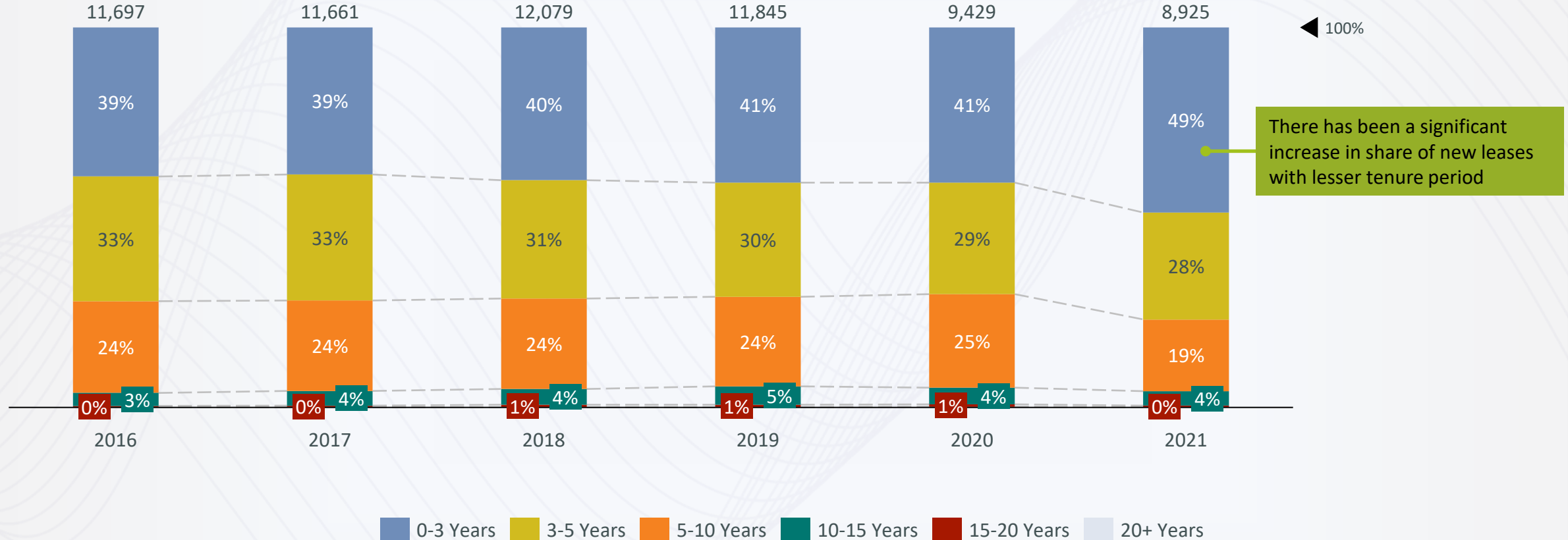
Lease Type Group	Lease Type	Definition
Gross	Gross & TE	Fixed Rent covers all property expenses. All the auxiliary costs handled by Builder.
	Gross	Fixed Rent covers all property expenses except Electricity Charges
	Gross plus Electric	Fixed Rent covers all property expenses. All the auxiliary costs except electricity cost are handled by Builder.
	Full-Service Gross	Fixed Rent covers all property expenses. All the auxiliary costs handled by Builder.
Modified Gross	Adj. Gross	Fixed Rent covers all property expenses. All the auxiliary costs except the ones mentioned in contract are handled by Builder.
	Modified Gross	Fixed Rent covers all property expenses. All the auxiliary costs except the ones mentioned in contract are handled by Builder.
Plus utilities & janitorial	Plus Utilities & janitorial	Assumed to be Gross + Utilities + Janitorial. "Maintenance Cost" and "Utilities Expenses" are separate
NNN	Net Net Net	Only rent is fixed. Property expenses are charged based on usage. Additional expenses include Taxes, Maintenance Cost, Operating Fixed Expenses, Insurance, Electricity Charges and utility cost



# EXHIBIT 1: SHARE OF LEASES TRENDS BY LEASE TYPE FOR OFFICES – TOP-30 MARKETS

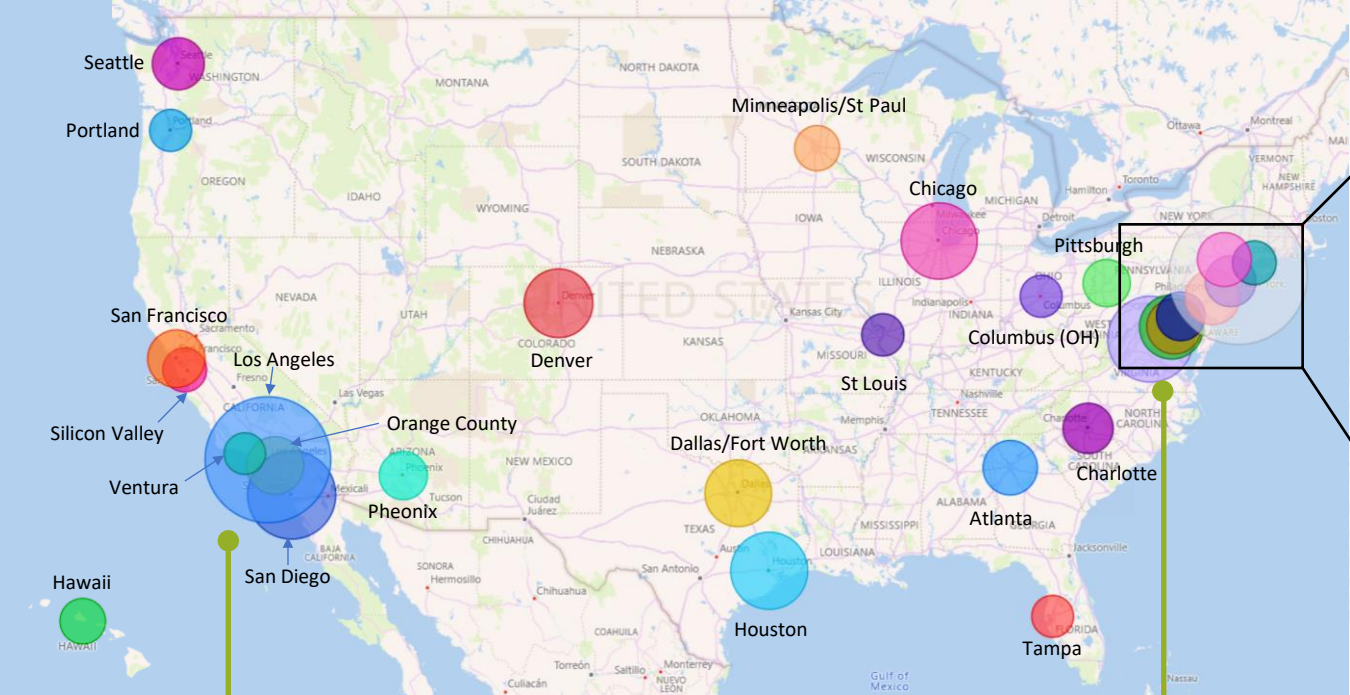


## EXHIBIT 2: SHARE OF NEW LEASES TRENDS BY TENURE FOR OFFICES – TOP-30 MARKETS





# EXHIBIT 3: DISTRIBUTION OF ACTIVE LEASES IN 2016-21 PERIOD BY MARKET FOR OFFICES



● 1,500 Leases (#)

Majority of the leases are concentrated in **Northeast** and **Southwest** coasts.

S. No	Market	Total Leases (#)
1	New York	13,383
2	Los Angeles	11,853
3	San Diego	7,232
4	Northern Virginia	6,914
5	Houston	5,844
6	Chicago	5,734
7	Denver	4,808
8	Dallas/Fort Worth	4,570
9	Washington D.C.	4,253
10	Orange County	3,429
11	San Francisco	3,414
12	Suburban Maryland	3,134
13	Philadelphia	3,077
14	Atlanta	3,056
15	Northern New Jersey	2,976
16	Seattle	2,763
17	Central New Jersey	2,602
18	Charlotte	2,549
19	Baltimore	2,366
20	Phoenix	2,287
21	Pittsburgh	2,169
22	Minneapolis/St Paul	1,899
23	Hawaii	1,831
24	Silicon Valley	1,768
25	Fairfield County	1,753
26	St Louis	1,563
27	Portland	1,523
28	Columbus (OH)	1,517
29	Tampa	1,499
30	Ventura	1,454

Note: Map is shown for indicative purpose only and is not to scale