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# CBRE Group, Inc. (CBRE)

Q3 2021 Earnings Call

## CORPORATE PARTICIPANTS

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**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

**Robert E. Sulentic**

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## OTHER PARTICIPANTS

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**Steve Sakwa**

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**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

**Stephen Sheldon**

*Analyst, William Blair & Co. LLC*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings and welcome to the CBRE's Third Quarter 2021 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce Kristyn Farahmand, Senior Vice President of Investor Relations and Strategic Finance. Thank you. You may begin.

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**Kristyn Farahmand**

*Senior Vice President-Investor Relations & Strategic Finance, CBRE Group, Inc.*

Good morning, everyone, and welcome to CBRE's Third Quarter 2021 Earnings Conference Call. Earlier today, we issued a press release announcing our financial results, which is posted on the Investor Relations page of our website, [cbre.com](http://cbre.com), along with a presentation slide deck that you can use to follow along with our prepared remarks, as well as an Excel file that contains additional supplemental materials. Please note, we have added some new detail to our Real Estate Investments segment tab.

Before we kick off today's call, I'll remind you that this presentation contains forward-looking statements that involve a number of risks and uncertainties. Examples of these statements include our expectations regarding CBRE's future growth prospects, including 2021 qualitative outlook and multi-year growth framework, operations, market share, capital deployment strategy, and share repurchases, M&A and investment activity, financial performance, including profitability, expenses, margins, adjusted EPS and the effect of both cost-savings initiatives and the COVID pandemic, the integration and performance of acquisitions and other transactions, and any other statements regarding matters that are not historical fact.

We urge you to consider these factors and remind you that we undertake no obligation to update the information contained on this call to reflect subsequent events or circumstances. You should be aware that these statements

should be considered estimates only, and certain factors may affect us in the future and could cause actual results to differ materially from those expressed in these forward-looking statements.

For a full discussion of the risks and other factors that may impact these forward-looking statements, please refer to this morning's earnings release and our most recent Annual and Quarterly Reports filed on Form 10-K and Form 10-Q, respectively. We have provided reconciliations of adjusted EPS, adjusted EBITDA, net revenue and certain other non-GAAP financial measures, included in our remarks to the most directly comparable GAAP measures, together with explanations of these measures in the appendix of the presentation slide deck.

Our agenda for this morning's call will be as follows. First, I'll provide an overview of our quarterly financial results. Next, Bob Sulentic, our President and CEO, will discuss our recent strategic investments and how they support our four-dimension diversification strategy. Then, Emma Giamartino, our Chief Financial Officer and Investment Officer, will discuss the quarter in detail, along with our revised qualitative outlook for 2021, our capital deployment activities and balance sheet strength. Then, we'll open up the call for questions.

Now, please turn to slide 4, which highlights our third quarter 2021 results. Total revenue grew approximately 20% to a new third quarter record of about \$6.8 billion, while net revenue grew over 28% to nearly \$4.2 billion. Notably, all our Advisory Service (sic) [Advisory Services] (00:03:18) business lines, including leasing, generated more revenue than they did in Q3 2019. The quarter also benefited from the work we completed last year on our cost structure, as well as our continued financial discipline. Overall, GAAP EPS rose nearly 135% to \$1.28, while adjusted EPS grew about 92% to \$1.39. Compared with Q3 2019, these metrics were up approximately 71% and 76%, respectively.

Now, for deeper insights, please turn to slide 6 for Bob's remarks. Bob?

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## Robert E. Sulentic

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

Thank you, Kristyn, and good morning, everyone. The diversification of our business across four dimensions; asset types, business lines, clients, and geographic markets, has been a key focus of our past few earnings calls. The benefits of this diversification were clearly evident in our third quarter performance with adjusted EBITDA more than 60% above the Q3 2019 peak, record Q3 margins, and strong top line growth across all global regions. Our leaders around the world have been adept at identifying and securing compelling opportunities to grow our business across the four dimensions of diversification.

We have committed approximately \$2 billion of capital already this year to secularly favored areas including green energy and infrastructure project management with our Turner & Townsend investment, flex office solutions with our Industrious investment, and logistics and multifamily assets in our Real Estate Investments segment. These investments position us well to make additional capital and organic investments that will drive earnings growth for years to come.

We're also making substantial investments to grow our business organically. These include deeper asset-type specialization in both our brokerage and real estate investment management businesses and client sector specialization in our GWS business, and we're expanding our real estate development business into new international markets. With our strong balance sheet and cash flow generation as well as the work we've done to streamline costs and capture the benefits of scale, we are positioned to continue growth [audio gap] (00:05:48) like these well into the future.

At the same time, we are committed to returning cash to our shareholders and are evaluating all potential avenues for such returns. I will close by noting that we will update our multi-year growth framework when we report Q4 results in February.

Now, I'll hand the call over to Emma.

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## Emma Giamartino

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

Thanks, Bob, and good morning, everyone.

Turning to slide 8, let's start with our Advisory segment. This segment rebounded strongly from the pandemic suppressed levels of Q3 2020 and performed very well compared with pre-pandemic activity in 2019. In my comments today, I'll include compares with Q3 2019 for the transactional business lines. We believe this is the best parameter of how these business lines are faring. Advisory Services net revenue and operating profits set new third quarter record, surpassing the Q3 2019 peak by 13% and 29%, respectively.

This strong performance reflects not only our ability to capture reviving demand for real estate services, but also our diligent focus on managing costs during the recovery. The strong operating profit growth also reflects a \$7.5 million gain from our Industrious investment. Leasing continued to bounce back strongly, particularly outside the US, with global revenue up 58% from Q3 2020, and 7% from the Q3 2019 peak. All three regions generated leasing revenue above Q3 2019 peak levels, up 4% in the Americas, 20% in EMEA and 11% in APAC.

Office demand in the US continues to trail pre-pandemic levels. However, the shortfalls from the 2019 peak levels narrowed to just 16% in Q3 versus 54% in Q2. We also continued to see strong small deal performance with revenue from US leasing transactions below \$1 million, up about 8% versus Q3 2019, while the contribution from large deals over \$1 million remained about 5% below its pre-pandemic level.

Property sales activity remained robust. All regions exceeded their pre-pandemic peaks with global property sales up 93% from Q3 2020 and 27% from the Q3 2019 peak. Like in leasing, US office sales activity saw significant improvement, coming in just 16% below Q3 2019 levels versus 31% in Q2.

An improved investment market also helped generate strong growth in commercial mortgage origination. Revenue rose 41% from Q3 2020 and 11% from the Q3 2019 peak. Both the government agencies and private lenders were noticeably more active in Q3. We expect the agency's higher lending caps for 2022, coupled with a healthy appetite from private lenders and the attractive yields available from real estate debt to provide a supportive backdrop heading into next year.

Strong origination activity helped to drive a 19% increase versus the prior-year quarter in our loan servicing portfolio, which reached \$300 billion at quarter's end. The portfolio growth propelled a 37% revenue increase from the prior year Q3. Valuation revenue accelerated more than 27% from last year's quarter, partially reflecting particularly strong growth in the UK and Ireland. Property management revenue increased 6% year-over-year.

Moving to slide 9, our Global Workplace Solutions segment again posted solid revenue and segment operating profit growth across its global business base. Revenue rose over 8% from Q3 2020 comprised of 21% growth in project management and 6% in facilities management. Total GWS segment operating profit rose over 16% compared with Q3 2020. Our local client business was a standout performer, accounting for a quarter of total segment operating profit. This growth has been driven in part by selective infill M&A.

Importantly, despite evidence of increased inflation throughout the economy, we believe our GWS business is well-protected by contract provisions that enable us to factor inflation into our pricing annually or even more frequently in certain cases. We are optimistic about the future growth trajectory of GWS. Our new business pipeline is growing and remains well-diversified with representation from financial services, industrial, life sciences, and technology clients. The pipeline increased markedly from Q2 and is up from both Q3 2020 and Q3 2019. We expect continued pipeline strength as the business environment increasingly settles into a new normal.

Turning to slide 10, our Real Estate Investments segment continued to deliver strong growth, with segment operating profit nearly matching last quarter's record level. This performance reflects how well-positioned our development and investment management businesses are to capitalize on the strong investment climate and the flow of capital into industrial, multi-family and other favorite asset classes.

Global development generated nearly \$100 million of operating profit in the third quarter, primarily driven by selling industrial properties at high valuations, reflecting asset and tenant quality as well as strong market fundamental. Industrial comprises the largest portion of our in-process portfolio and pipeline at 35% and 39%, respectively. And we continue adding new projects to the pipeline at a strong pace. This will drive revenue and profit opportunities for years to come.

On a trailing 12-month basis, we have converted the average value of the in-process portfolio to operating profit at a rate of 1.9%, which is towards the high-end of the historical range. Importantly, our in-process portfolio set another new high this quarter, rising to \$16.8 billion, largely driven by multi-family activity. Investment management benefited from a record level of asset management fees as well as higher incentive, acquisition and disposition fees. Compared with Q3 2020, revenue rose 35% to \$135 million, while operating profit increased 68% to \$49 million.

Assets under management continued to grow steadily, rising to over \$133 billion, despite negative currency effects. Industrial and logistics properties remain the largest asset class in the portfolio, comprising more than \$35 billion of AUM or over 26% of the total. Fundraising also remained strong as the performance of our [ph] funds and separate accounts (00:12:24) attracts new capital. Dry powder rose 6% from Q2 to \$13.2 billion.

Looking at the business as a whole, we're on track to surpass 2019's record performance across all key financial metrics by a substantial margin. On slide 11, we'll briefly walk through our revised qualitative 2021 outlook. We now expect full year global Advisory sales revenue to be about 15% above the 2019 peak and global leasing to fall 5% or so short of peak. Q4 will likely see more moderate sales and leasing growth rates than we've experienced the last few quarters, as prior year comparisons become tougher. However, both US sales and leasing have been running well ahead of 2019 peak levels thus far in October.

Across the rest of our Advisory business, we reiterate expectations for low double-digit revenue growth on a combined basis. We also anticipate stronger incremental margin expansion than we previously forecast due to the more robust revenue growth. The Q4 net margin should be around the 22.7% achieved in the prior year fourth quarter. We expect the benefit of more revenue from high margin business lines will likely be offset by increased discretionary spending to drive growth and by lower OMSR gains compared with Q4 2020.

In GWS, we expect mid-to-high-single digit net revenue growth accompanied by operating profit growth of 20% or more year-over-year, before contributions from the Turner & Townsend transaction. Our policy is to reflect transactions once closed. Currently we expect this transaction to close early week. Given this timing, we anticipate the transaction will contribute about \$160 million to \$170 million in revenue and about \$20 million to \$25 million in operating profit to our 2021 consolidated results.

November and December are usually seasonally light months for the company. For calendar year 2021, Turner & Townsend is expected to generate roughly \$1 billion in net revenue at the current spot rate, it is similar operating profit margin to their prior fiscal year. Importantly, as I noted previously, our broader GWS new business pipeline is building, and we expect to see the benefit from this in 2022 and beyond.

For REI, we have raised our expectations modestly, driven by investment management. We now expect this business line's revenue to rise in the low-to-mid teens range and its operating profit to increase by at least 30% versus 2020. This included some incremental OpEx investments slated for the fourth quarter.

We continue to expect global development operating profit to roughly triple the \$122 million generated in 2019. This reflects the movement of some transactions previously expected to close in Q3 to Q4. We are developing properties in markets and sectors with strong underlying fundamentals and expect to continue monetizing these assets in Q4 and for the next several years. As we've noted in past quarters, Corporate segment expenses will be up from both 2019 and 2020 and are expected to end the year just over 2% of total net revenue. Year-to-date discretionary operating expenses have been trending well below pre-COVID levels, however, we expect some of these expenses to gradually return as business activity recovers.

Flipping to slide 12. We've strengthened our balance sheet while committing approximate \$2 billion thus far in 2021 to long-term growth initiatives while also returning \$188 million to shareholders through repurchases. Trailing 12-month free cash flow generation reached a company record at over \$1.9 billion. As a result, we ended the quarter with a net cash position of 0.3 turns and nearly \$6 billion of liquidity. We expect to maintain our net cash position in Q4 even with our initial payment for our stake in Turner & Townsend, which will be about \$700 million.

We will continue to prioritize investments that enhance our diversification, resiliency and long run growth trajectory. Going forward, we are poised to continue investing in our growth while returning capital to our shareholders and maintaining a strong balance sheet. Our market-leading position, the underlying momentum in our business, and our substantial balance sheet capacity make us very excited about our future growth prospects. We look forward to closing out 2021 with another strong quarter.

With that, operator, please open the line for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] Our first questions comes from the line of Andrew Rosivach with Wolfe Research. Please proceed with your questions.

**Andrew Rosivach**

*Analyst, Wolfe Research LLC*

Hey, everybody. Thanks for taking my call, and congrats again for an amazing quarter. One, just really small housekeeping question, you had an increase in stock compensation expense in the quarter. Is that something that's just contractual, that's just related to the stock being up 70% this year and the performance that you've had?

**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

So, yes. We put in place a \$100 million buyback this quarter. But going forward, buybacks will be a part of our capital allocation strategy and we're going to balance it with the remainder of our – of how we look at reallocate our capital across M&A and organic investments. But it is a part of a programmatic buyback.

**Kristyn Farahmand**

*Senior Vice President-Investor Relations & Strategic Finance, CBRE Group, Inc.*

And then – hey Andrew. This is Kristyn, just to jump in for a moment. You're right. The increase in stock compensation expense is basically purely a result of the fact that the financial performance has been so robust.

**Andrew Rosivach**

*Analyst, Wolfe Research LLC*

Got it. So, if you were going to – the only reason why it would repeat again in 2022 would be again if CBRE had outstanding performance?

**Kristyn Farahmand**

*Senior Vice President-Investor Relations & Strategic Finance, CBRE Group, Inc.*

Yes.

**Andrew Rosivach**

*Analyst, Wolfe Research LLC*

Great. Thanks a lot.

**Operator:** Thank you. Our next questions come from the line of Anthony Paolone with JPMorgan. Please proceed with your question.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Okay. Thanks. Good morning. My first question regards inflation and I was wondering if you can comment on just the overall effect on the business and whether that brings some costs that you'd cut last year back a little bit sooner? And then the second part of the inflation question for me relates to GWS and whether there's a material

impact on things like maybe incentive contracts where you may begin to earn money if you saved the client certain costs, but maybe that's harder now because of inflation.

**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

A

Yeah. Absolutely. So, I think I'll comment overall on our business. We feel very comfortable that we're well-positioned to weather inflationary pressures across our business. I didn't mention in my remarks that we see a natural hedge within our GWS contracts overall, and then we also see a natural hedge in other parts of our business with property management, for example. So within property management, as rents rise, as inflation rises, our revenue in property management also rises.

And then on the transactional side of the business, it tends to benefit from inflation given that inflation tends to only happen when the economy is expanding. So across all those businesses, we feel very comfortable that we can weather the inflationary environment. And I will note that the one business that we are monitoring and focused on is our development business. And – but what we've seen so far is that the very strong valuations in that business have more than offset any inflationary pressures.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Q

Okay. And then on the leasing side, it sounds like office is improving, but still below prior peaks. Can you give us a sense as to what that order of magnitude is right now or perhaps even what the leasing revenue for you all in dollars would be if office got back to normal?

**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

A

So I don't think we're prepared to throw a specific number right now, but we feel really good about the leasing trajectory so far during October for the US.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Q

Okay. But is it compared to say prior peaks, is this off like 5% or 30%, just any order of magnitude?

**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

A

So we haven't been more specific than to talk specifically just about US leasing overall. We haven't drilled down into property type, and I don't think we want to get that granular right now. But we did identify the fact that US leasing so far is actually trending above the prior 2019 peak so far in the month of October.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Q

Okay. And then last question in REI, you laid out the expected growth between investment management and development. I'm just wondering, I think when you have your supplemental disclosure, you show also like an overhead I guess amount in Hana kind of losses. Is there a piece of that we should think about as well to net into sort of those brackets?

**Kristyn Farahmand**

*Senior Vice President-Investor Relations & Strategic Finance, CBRE Group, Inc.*

A

We expect those Hana losses to continue to decline. We've transferred that business over to Industrious and we're still holding some leases, but the occupancy in those leases continues to increase, so that – as that increases, those losses will decline over the next year.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Q

Okay. But if I'm just thinking about the REI segment in totality, if I just do the up 30% that you laid out and then the triple on development, that gets us to about \$548 million for the year. Do we have to net some amount of overhead against that for that segment's operating profit or is that the number?

**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

A

No. You would have to net some overhead against that in some minor continuing Hana losses. We didn't specifically guide to that number, but I think you can probably look at the last few quarters to get an idea.

**Anthony Paolone**

*Analyst, JPMorgan Securities LLC*

Q

Okay. Great. Thank you.

**Operator:** Thank you. Our next question comes from the line of Steve Sakwa with Evercore. Please proceed with your questions.

**Steve Sakwa**

*Analyst, Evercore Group LLC*

Q

Yeah. Thanks. Good morning. Bob or Emma, I was just curious if you could maybe share your thoughts on just office in general. In the commentary and comments that you're having with the seniors about bringing people back to the office, how they're using work, hybrid work, what that means for the office long-term and just sort of how that dovetails in with your Industrious investment?

**Robert E. Sulentic**

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

A

Well, the – that's a complex question, Steve. The Industrious investment we believe is a bit of a hedge against – not even a bit, a significant hedge against what we have said now for some time is that we expect there to be some downward pressure on the office product type relative to where it has been historically. But we've studied this flex dynamic over and over and over and spent a huge amount of time with our occupier clients.

And the general view is that they expect flex space to be a bigger portion of their office space use going forward than it has been historically, and landlords expect it to be a fixture in their buildings in general going forward. So we think the future for Industrious is quite bright. We voted with our pocketbook, as they say, when we invested in that business, and we're prepared to make incremental investments to support their growth. We're quite bullish about what might happen with Industrious.

As it relates to the office product type in general, I think our company and our own plans about what to do with our people is a bit of a proxy for what's going on in the marketplace. There's uncertainty. We had thought we would

have a significant return to the office kind of inflection point after Labor Day because people were more and more aimed at getting their teams back into the office for all the reasons we know collaboration, culture, et cetera.

Well, when the Delta variant came, it pushed that back. We now think that inflection point is probably going to be the first of the year and we think people will come back to the office in the same way they would have come back to the office had the Delta variant not occurred. In our view that we've articulated for the past several quarters is that's going to be something like 80%, 85% of where it was before, but again we are all trying to figure out what the future of office space is going to be. But we believe what we've really seen is that is a delay from Labor Day to the first of the year. And I can tell you, I interface with a lot of clients and interface with a lot of CEOs and talk to them about their plans in general.

They believe that getting back to the office in a significant way, not all the way back to where they were before, there will be hybrid work going on long into the future. But getting back significantly is in people's plans, and we think that's going to impact our business positively. One thing I believe close to not arguable, what we're seeing today is not as good as what we're going to see in the future as it relates to office buildings. We're still significantly impacted by COVID. But as you saw the gap between peak leasing performance in the office sector in the third quarter was meaningfully smaller than it was in the second quarter.

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**Steve Sakwa**

*Analyst, Evercore Group LLC*

Q

Great Thanks. And then maybe a question for Emma. I just want to circle back on the buybacks because I think you did ramp up activity in a – in the third quarter, and I think either in the last call or the call before you guys had talked about maybe having a bit more of a programmatic share buyback program, and given that your [ph] leverage is below zero (00:26:58), I mean is that something we should be thinking about, that \$100 million is being a bit of a placeholder for buybacks?

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**Emma Giamartino**

*Global Group President, Chief Financial Officer & Chief Investment Officer, CBRE Group, Inc.*

A

So, we're at the point right now where we're obviously in a very positive net cash position and [ph] point returns (00:27:14). We've generated a record amount of free cash flow over the last 12 months. So, we're very happy with our balance sheet position and our free cash flow generation. And we're really taking the time to reassess what our capital allocation strategy is and how we're going to return cash to shareholders.

And so, we think we're in a really strong position. We're still very focused on looking for avenue to invest in our company both organically and through M&A where we can drive growth and resiliency. And we're going to do some more work around how we balance that with our – with cash returns to shareholders. And so, I'm not yet ready to speak about it more specifically, but as we continue to evolve our thinking, we'll be sure to be transparent with all of you.

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**Steve Sakwa**

*Analyst, Evercore Group LLC*

Q

Great. Thanks. That's it for me.

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**Operator:** Thank you. [Operator Instructions] Our next questions come from the line of Stephen Sheldon with William Blair. Please proceed with your questions.

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**Stephen Sheldon**

*Analyst, William Blair & Co. LLC*

Q

Hey. Good morning. Thanks. So it sounds like you've seen a pretty big sequential step up in the GWS pipeline, but what's driving the slightly lower growth outlook for GWS now in 2021? I think mid-to-high single-digits now, I think you talked about high single-digits previously. And how big of an issue are labor challenges in that business and your ability to staff, and I guess launch new contracts?

**Robert E. Sulentic**

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

A

I don't think labor challenges are causing problems in terms of launching new contracts. They are causing some challenges in terms of staffing. We and our clients are like everybody else. There's a real war for talent and it's impacting the things we do. What you're seeing on the rebuild of the pipeline and the relative – slightly relative downward pressure we've seen on the growth trajectory of the enterprise portion of our outsourcing business, is that people have found it difficult to make decisions not knowing what's going to go on with office space, and they found it difficult to make decisions because they aren't in the office together coordinating all the things you need to coordinate to make massive commitments the way outsourcing contracts require you to make to move forward at the pace we're moving forward before these commitments that these occupiers are making on these outsourcing contracts can be multibillion dollar commitments over years.

And so, dealing with the strategy and the procurement teams on the – in the C-suite aren't in the office interfacing with each other, aren't certain about where they're going to go, things slow down. Now, we're seeing a market increase, a significant increase in our pipeline from where we were a year ago, which is indicative of the fact that people are getting back to being able to make these decisions with a little more clarity. But that's really what you're seeing in terms of the pipeline where it was a year ago, where it was two years ago, and where it is now.

**Stephen Sheldon**

*Analyst, William Blair & Co. LLC*

Q

Got it. Makes sense. And then I guess on the transactional business lines, I guess what are you seeing in capital markets and leasing pipelines heading into the seasonally important fourth quarter? And are you starting to get I guess any visibility in these transactional businesses as you look into the early part of 2022?

**Robert E. Sulentic**

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

A

There is a huge amount of capital out there trying to get into the real estate space. And that's particularly true with industrial assets, with life sciences assets, with multifamily assets and even with office assets that are high quality and have the right tenancy. So we think this year has been a great year for capital markets for both sales and financing, and we think we're going to have another great year next year. The trajectory on leasing is very positive. The quarter-over-quarter trajectory and compared to peak year is very positive. And so, we believe next year will be a good year for leasing. How good? It's going to unfold as we go through the fourth quarter. I will tell you that October has been very encouraging.

**Stephen Sheldon**

*Analyst, William Blair & Co. LLC*

Q

Great. Thank you. And congrats on the results.

**Robert E. Sulentic**

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

Thanks.

**Operator:** Thank you. There are no further questions at this time. I would like to turn the call back over to Bob Sulentic for any closing remarks.

**Robert E. Sulentic**

*President, Chief Executive Officer & Director, CBRE Group, Inc.*

Thanks, everyone, for joining us. And we look forward to talking with you again when we report our yearend numbers.

**Operator:** Thank you for your participation. This does conclude today's teleconference. You may disconnect your lines at this time. Have a great day.

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