Credit Benchmark

US Office Market: Recovery From Pandemic Slump

March 2022

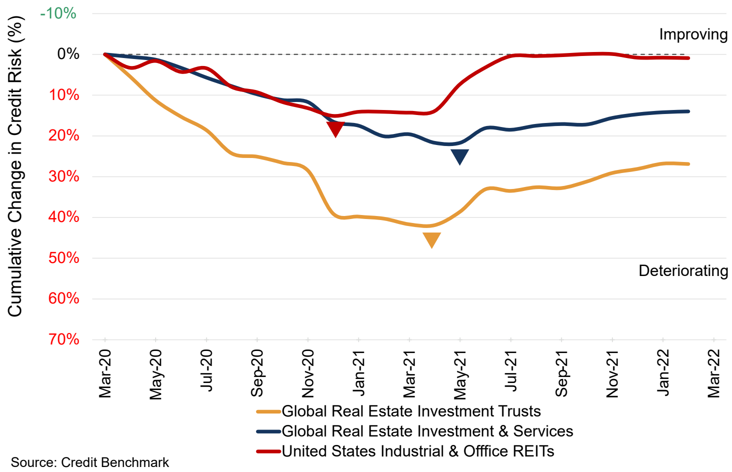
Flexible-office operators suffered during the early part of the pandemic, in part because their short-term leases were easier to exit than traditional office leases.

However, many companies are embracing hybrid-work schedules when sending their employees back to the office. This is increasing demand for offices and meeting rooms, especially for those with flexible, short-term booking options.

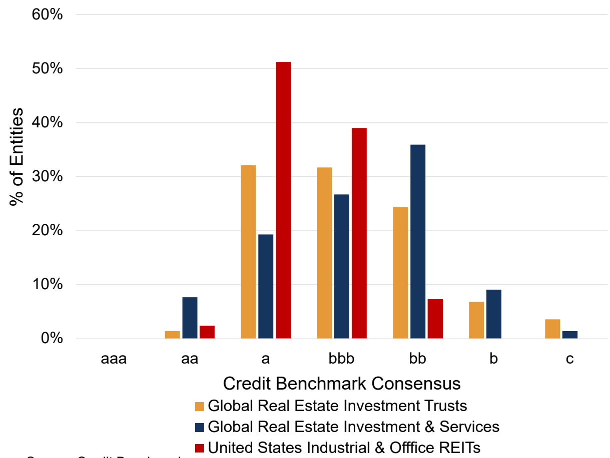
In Jan-22, property brokerage JLL reported that the US office market registered positive net absorption for the first time since the onset of COVID during the fourth quarter of 2021.

Figure 1 (below) shows the consensus aggregates and current credit distribution for US Industrial and Office REITs compared with Global Real Estate Investment & Services and Global REITs (which includes Industrial & Office REITs companies).

Figure 1: Credit Trend and Current Credit Distribution



Source: Credit Benchmark



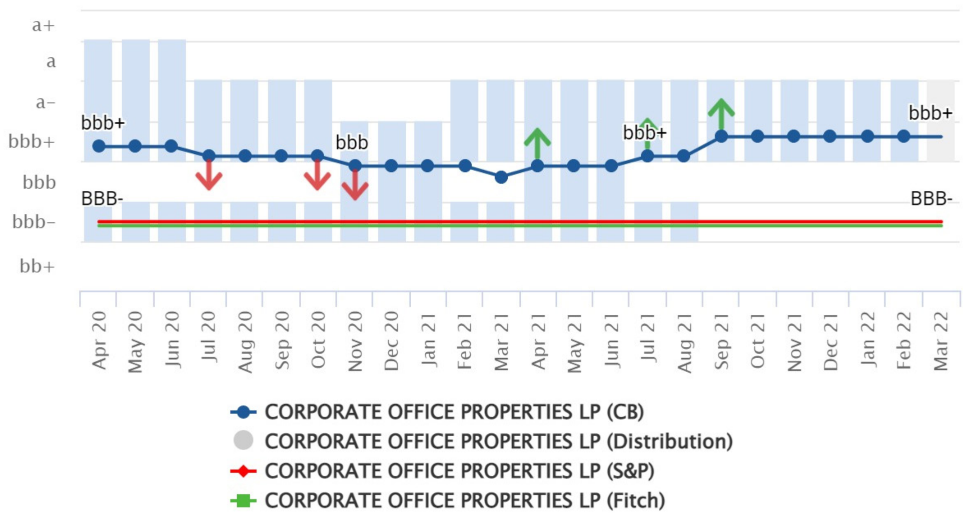
Source: Credit Benchmark

By Dec-20, US Industrial and Office REITs credit risk had increased by over 15%, due to COVID. However, it was impacted by COVID less and recovered sooner than Global Real Estate Investment & Services and Global REITs. Today, US Industrial and Office REITs has almost fully recovered from COVID.

Over 92% of US Industrial and Office REITs companies are IG rated, this is compared to 54% for Global Real Estate Investment & Services and 65% for Global REITs.

Figure 2 overpage shows a detailed credit trend for Corporate Office Properties, L.P., a US real estate investment trust that owns, manages, leases, develops, and selectively acquires office and data centre properties.

Figure 2: Corporate Office Properties, L.P.



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- Counterparty Risk Management
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- Regulation, RWA & Capital
- Onboarding, KYC & Relationship Management
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- Accounts Payable & Receivable

10 Million
Contributed Credit Risk Estimates Per Year
40 Million+ Estimates Collected Since Launch

60,000+
Entities Covered

2x
Twice Monthly Frequency

75%
Unrated by Major Credit Rating Agencies

1,200+
Aggregates

120+
Countries

80+
Months of Data

50+
Data Metrics

40+
Contributing Financial Institutions Representing a Pool of 20,000+ Credit Analysts

Real-world risk views with unparalleled consensus coverage

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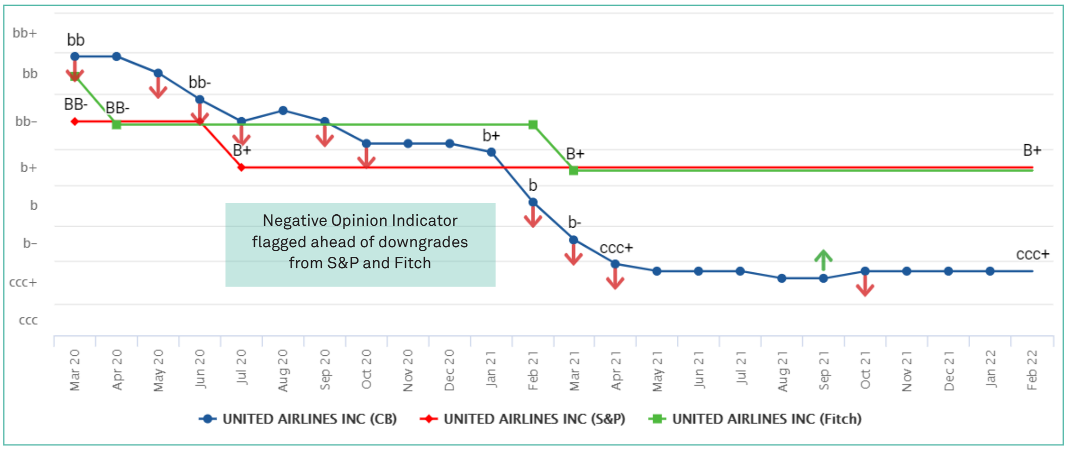

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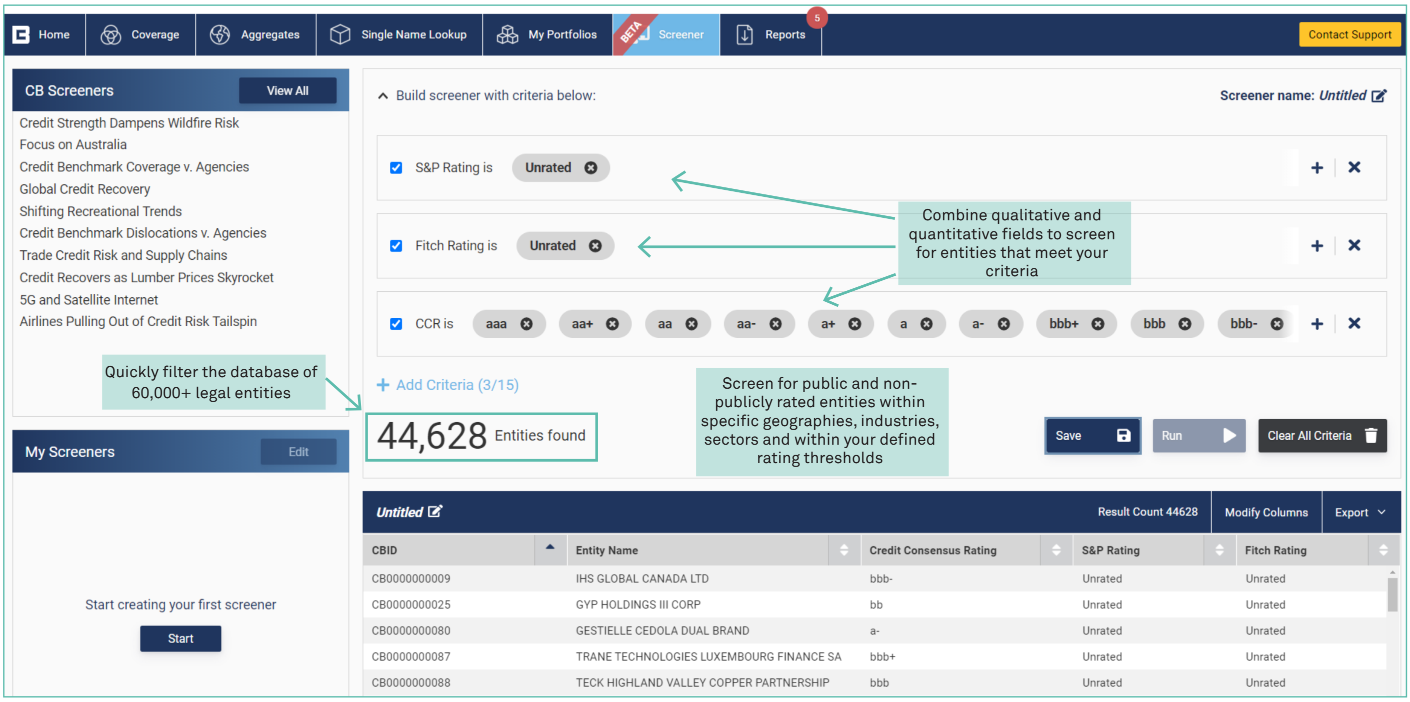
Credit Benchmark Web App: Entity-Level Data Sample



Credit Benchmark Web App: Data Screen Sample

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