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# JLL Earnings Drop As Sales, Leasing and Financing Decline

Executives at World's Second-Largest Brokerage Point to Signs of Recovery in Results



JLL, which has its Americas headquarters in the Aon Center in Chicago, reported a drop in second quarter earnings. (CoStar)

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JLL, the world's second biggest commercial real estate broker, said its earnings dropped 99% as sales, leasing and financing declined because of higher interest costs hitting the industry.

The Chicago-based firm said there are signs of a recovery emerging in the lower results. Its own research shows that the decline in industrywide global commercial real estate investment has been smaller in each of the past three quarters.

Office leasing also improved in the second quarter from the first three months of the year, though it remains slower than normal as tenants keep taking more time to make decisions on what to do in terms of real estate after a year of interest rate increases, CEO Christian Ulbrich told investors in an earnings call.

“While investment sales and leasing volumes remained muted across the industry this quarter, we are beginning to see recovery signs as credit spreads narrow and asset prices adjust to the current rate environment,” Ulbrich said.

JLL follows [CBRE](#), [Newmark](#), [Cushman & Wakefield](#) and [Colliers](#) in reporting financial results for the quarter disrupted by lower property transaction volumes as the commercial real estate industry reels from rate hikes that drove up borrowing costs, slowed capital markets activity and kept buyers on the sidelines concerned about a possible recession.

Marcus & Millichap, the last publicly traded real estate brokerage to report financial results, is scheduled to release earnings Friday.

## Lower Revenue

For JLL, profit for the second quarter fell 99% to \$2.5 million from \$194 million the same time a year earlier, while total revenue slid 4% to just under \$5.1 billion.

Fee revenue from capital markets, leasing and other services fell 14% in the second quarter, overshadowing revenue growth in investment, property and project management.

“The second-quarter decline in investment dollars was in line with the deceleration seen over the last two quarters, which would support the view that the market has found its bottom with regards to transaction volumes,” Ulbrich told investors during the company’s earnings presentation today.

Also contributing to the profit decline was lower revenue from sales, financing, leasing and other services, paired with investments in the company's JLL Technologies division that is rolling out what the company calls the first service model for commercial real estate based on [generative artificial intelligence](#).

“We grew our resilient business lines while also effectively managing through the industrywide slowdown in investment sales and leasing activity,” Ulbrich said.

In its industrywide research, JLL found that global commercial real estate investment fell 53% to \$139 billion in the second quarter, a slightly lower rate of decline than the 54% drop in the first three months of the year and the 56% decrease at the end of last year.

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