UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from ______________ to ______________

Commission File Number

001-32205

CBRE

CBRE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**94-3391143** **(I.R.S. Employer Identification Number)**
400 South Hope Street, 25th Floor **Los Angeles, California** **(Address of principal executive offices)**	**90071** **(Zip Code)**
(213) 613-3333 **(Registrant's telephone number, including area code)**	**Not applicable** **(Former name, former address and former fiscal year, if changed since last report)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.01 par value per share	"CBRE"	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of Class A common stock outstanding at October 29, 2019 was 334,751,698.

FORM 10-Q

September 30, 2019

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CBRE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands, except share data)

	September 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 577,460	$ 777,219
Restricted cash	124,845	86,725
Receivables, less allowance for doubtful accounts of $77,293 and $60,348 at September 30, 2019 and December 31, 2018, respectively	4,057,751	3,668,591
Warehouse receivables	987,923	1,342,468
Advance warehouse funding	376,707	—
Contract assets	348,615	307,020
Prepaid expenses	282,640	254,892
Income taxes receivable	38,615	71,684
Other current assets	264,279	245,611
Total Current Assets	7,058,835	6,754,210
Property and equipment, net	782,004	721,692
Goodwill	3,627,327	3,652,309
Other intangible assets, net of accumulated amortization of $1,299,958 and $1,180,393 at September 30, 2019 and December 31, 2018, respectively	1,325,603	1,441,308
Operating lease assets	980,337	—
Investments in unconsolidated subsidiaries	328,580	216,174
Deferred tax assets, net	142,918	51,703
Other assets, net	795,338	619,397
Total Assets	$ 15,040,942	$ 13,456,793
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,085,391	$ 1,919,827
Compensation and employee benefits payable	1,231,075	1,121,179
Accrued bonus and profit sharing	869,256	1,189,395
Operating lease liabilities	162,866	—
Contract liabilities	110,911	82,227
Income taxes payable	30,968	68,100
Short-term borrowings:		
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Enterprises have committed to purchase)	1,348,610	1,328,761
Revolving credit facility	52,000	—
Other	4,058	—
Total short-term borrowings	1,404,668	1,328,761
Current maturities of long-term debt	1,897	3,146
Other current liabilities	130,938	90,745
Total Current Liabilities	6,027,970	5,803,380
Long-term debt, net of current maturities	1,748,264	1,767,260
Non-current operating lease liabilities	1,039,865	—
Non-current tax liabilities	207,845	172,626
Deferred tax liabilities, net	21,287	107,425
Other liabilities	436,731	596,200
Total Liabilities	9,481,962	8,446,891
Commitments and contingencies	—	—
Equity:		
CBRE Group, Inc. Stockholders' Equity:		
Class A common stock; $0.01 par value; 525,000,000 shares authorized; 335,755,183 and 336,912,783 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	3,358	3,369
Additional paid-in capital	1,140,021	1,149,013
Accumulated earnings	5,155,531	4,504,684
Accumulated other comprehensive loss	(787,081)	(718,269)
Total CBRE Group, Inc. Stockholders' Equity	5,511,829	4,938,797
Non-controlling interests	47,151	71,105
Total Equity	5,558,980	5,009,902
Total Liabilities and Equity	$ 15,040,942	$ 13,456,793

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	$ 5,925,101	$ 5,260,954	$ 16,774,684	$ 15,046,340
Costs and expenses:				
Cost of services	4,687,336	4,098,904	13,155,160	11,677,613
Operating, administrative and other	809,584	859,085	2,479,857	2,417,602
Depreciation and amortization	111,560	113,484	323,862	335,048
Intangible asset impairment	—	—	89,037	—
Total costs and expenses	5,608,480	5,071,473	16,047,916	14,430,263
Gain on disposition of real estate	9	236	19,266	12,565
Operating income	316,630	189,717	746,034	628,642
Equity income from unconsolidated subsidiaries	25,796	126,840	120,233	263,040
Other income	941	95,515	26,163	95,244
Interest expense, net of interest income	21,846	25,420	67,638	76,053
Write-off of financing costs on extinguished debt	—	—	2,608	27,982
Income before provision for income taxes	321,521	386,652	822,184	882,891
Provision for income taxes	63,468	94,963	169,867	211,446
Net income	258,053	291,689	652,317	671,445
Less: Net income attributable to non-controlling interests	1,454	1,220	7,578	2,021
Net income attributable to CBRE Group, Inc.	$ 256,599	$ 290,469	$ 644,739	$ 669,424
Basic income per share:				
Net income per share attributable to CBRE Group, Inc.	$ 0.76	$ 0.86	$ 1.92	$ 1.97
Weighted average shares outstanding for basic income per share	336,203,747	339,477,316	336,149,719	339,151,807
Diluted income per share:				
Net income per share attributable to CBRE Group, Inc.	$ 0.75	$ 0.85	$ 1.89	$ 1.95
Weighted average shares outstanding for diluted income per share	341,100,182	343,733,947	340,590,007	343,267,240

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income	$ 258,053	$ 291,689	$ 652,317	$ 671,445
Other comprehensive loss:				
Foreign currency translation loss	(78,177)	(30,985)	(79,772)	(130,879)
Adoption of Accounting Standards Update 2016-01, net of tax	—	—	—	(3,964)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	377	570	1,212	1,953
Unrealized gains (losses) on interest rate swaps, net of tax	7	65	(104)	882
Unrealized holding gains (losses) on available for sale debt securities, net of tax	881	22	2,341	(605)
Other, net	7,377	(15)	7,378	5,513
Total other comprehensive loss	(69,535)	(30,343)	(68,945)	(127,100)
Comprehensive income	188,518	261,346	583,372	544,345
Less: Comprehensive income attributable to non-controlling interests	1,340	1,357	7,445	1,479
Comprehensive income attributable to CBRE Group, Inc.	$ 187,178	$ 259,989	$ 575,927	$ 542,866

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 652,317	$ 671,445
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	323,862	335,048
Amortization and write-off of financing costs on extinguished debt	7,196	33,405
Gains related to mortgage servicing rights, premiums on loan sales and sales of other assets	(191,103)	(156,973)
Intangible asset impairment	89,037	—
Gain associated with remeasuring our investment in a joint venture entity to fair value at the date we acquired the remaining interest	—	(92,624)
Gains on disposition of real estate held for investment	—	(3,197)
Net realized and unrealized gains from investments	(26,163)	(2,620)
Provision for doubtful accounts	18,083	17,606
Compensation expense for equity awards	98,958	97,035
Equity income from unconsolidated subsidiaries	(120,233)	(263,040)
Distribution of earnings from unconsolidated subsidiaries	145,588	262,670
Proceeds from sale of mortgage loans	15,786,800	13,351,590
Origination of mortgage loans	(15,381,864)	(13,979,299)
Increase in warehouse lines of credit	19,849	668,974
Increase in advance warehouse funding	(376,707)	—
Tenant concessions received	18,367	22,846
Purchase of equity securities	(81,369)	(66,380)
Proceeds from sale of equity securities	45,333	56,605
Increase in receivables, prepaid expenses and other assets (including contract and lease assets)	(647,942)	(368,824)
Increase in accounts payable and accrued expenses and other liabilities (including contract and lease liabilities)	158,708	85,648
Decrease in compensation and employee benefits payable and accrued bonus and profit sharing	(230,040)	(136,257)
Decrease in income taxes payable, net	(132,583)	(21,642)
Other operating activities, net	(36,793)	(9,705)
Net cash provided by operating activities	139,301	502,311
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(160,583)	(151,893)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	(14,844)	(313,560)
Contributions to unconsolidated subsidiaries	(84,648)	(31,026)
Distributions from unconsolidated subsidiaries	20,960	53,720
Net proceeds from disposition of real estate held for investment	—	14,174
Purchase of equity securities	(10,160)	(15,931)
Proceeds from sale of equity securities	14,261	11,402
Purchase of available for sale debt securities	(4,219)	(20,860)
Proceeds from the sale of available for sale debt securities	2,392	5,432
Other investing activities, net	590	(5,557)
Net cash used in investing activities	(236,251)	(454,099)

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2019	**2018**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from senior term loans	300,000	550,000
Repayment of senior term loans	(300,000)	—
Proceeds from revolving credit facility	2,683,000	2,913,000
Repayment of revolving credit facility	(2,631,000)	(2,772,000)
Repayment of 5.00% senior notes (including premium)	—	(820,000)
Proceeds from notes payable on real estate	5,243	3,239
Repayment of notes payable on real estate	—	(16,019)
Repurchase of common stock	(94,088)	—
Acquisition of businesses (cash paid for acquisitions more than three months after purchase date)	(36,089)	(14,970)
Repayment of debt assumed in acquisition of FacilitySource	—	(26,295)
Units repurchased for payment of taxes on equity awards	(16,573)	(27,696)
Non-controlling interest contributions	46,513	9,558
Non-controlling interest distributions	(3,798)	(11,382)
Other financing activities, net	(5,171)	(915)
Net cash used in financing activities	(51,963)	(213,480)
Effect of currency exchange rate changes on cash and cash equivalents and restricted cash	(12,726)	(31,613)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(161,639)	(196,881)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT BEGINNING OF PERIOD	863,944	824,819
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT END OF PERIOD	$ 702,305	$ 627,938
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 80,179	$ 95,822
Income taxes, net	$ 302,735	$ 235,305

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(Dollars in thousands)

	CBRE Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at June 30, 2019	$ 3,363	$ 1,162,002	$ 4,898,932	$ (717,660)	$ 43,893	$ 5,390,530
Net income	—	—	256,599	—	1,454	258,053
Compensation expense for equity awards	—	33,378	—	—	—	33,378
Units repurchased for payment of taxes on equity awards	—	(7,008)	—	—	—	(7,008)
Repurchase of common stock	—	(49,000)	—	—	—	(49,000)
Foreign currency translation loss	—	—	—	(78,063)	(114)	(78,177)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	—	—	—	377	—	377
Unrealized gains on interest rate swaps, net of tax	—	—	—	7	—	7
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	881	—	881
Contributions from non-controlling interests	—	—	—	—	4,536	4,536
Distributions to non-controlling interests	—	—	—	—	(1,235)	(1,235)
Deconsolidation of investment	—	—	—	—	(26)	(26)
Other	(5)	649	—	7,377	(1,357)	6,664
Balance at September 30, 2019	$ 3,358	$ 1,140,021	$ 5,155,531	$ (787,081)	$ 47,151	$ 5,558,980

	CBRE Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at June 30, 2018	$ 3,398	$ 1,278,251	$ 3,820,420	$ (648,492)	$ 63,294	$ 4,516,871
Net income	—	—	290,469	—	1,220	291,689
Compensation expense for equity awards	—	35,360	—	—	—	35,360
Reclassification of stock incentive plan awards from an equity award to a liability award	—	(9,074)	—	—	—	(9,074)
Units repurchased for payment of taxes on equity awards	—	(23,066)	—	—	—	(23,066)
Foreign currency translation (loss) gain	—	—	—	(31,122)	137	(30,985)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	—	—	—	570	—	570
Unrealized gains on interest rate swaps, net of tax	—	—	—	65	—	65
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	22	—	22
Contributions from non-controlling interests	—	—	—	—	6,814	6,814
Distributions to non-controlling interests	—	—	—	—	(3,730)	(3,730)
Other	11	(3,841)	—	(15)	(8,300)	(12,145)
Balance at September 30, 2018	$ 3,409	$ 1,277,630	$ 4,110,889	$ (678,972)	$ 59,435	$ 4,772,391

The accompanying notes are an integral part of these consolidated financial statements.

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)
(Dollars in thousands)

	CBRE Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at December 31, 2018	$ 3,369	$ 1,149,013	$ 4,504,684	$ (718,269)	$ 71,105	$ 5,009,902
Net income	—	—	644,739	—	7,578	652,317
Compensation expense for equity awards	—	98,958	—	—	—	98,958
Units repurchased for payment of taxes on equity awards	—	(16,573)	—	—	—	(16,573)
Repurchase of common stock	(11)	(94,077)	—	—	—	(94,088)
Foreign currency translation loss	—	—	—	(79,639)	(133)	(79,772)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	—	—	—	1,212	—	1,212
Unrealized losses on interest rate swaps, net of tax	—	—	—	(104)	—	(104)
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	2,341	—	2,341
Contributions from non-controlling interests	—	—	—	—	46,513	46,513
Distributions to non-controlling interests	—	—	—	—	(3,798)	(3,798)
Deconsolidation of investment	—	—	—	—	(67,667)	(67,667)
Other	—	2,700	6,108	7,378	(6,447)	9,739
Balance at September 30, 2019	$ 3,358	$ 1,140,021	$ 5,155,531	$ (787,081)	$ 47,151	$ 5,558,980

	CBRE Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at December 31, 2017	$ 3,395	$ 1,220,508	$ 3,443,007	$ (552,414)	$ 60,118	$ 4,174,614
Net income	—	—	669,424	—	2,021	671,445
Adoption of Accounting Standards Update 2016-01, net of tax	—	—	3,964	(3,964)	—	—
Compensation expense for equity awards	—	97,035	—	—	—	97,035
Reclassification of stock incentive plan awards from an equity award to a liability award	—	(9,074)	—	—	—	(9,074)
Units repurchased for payment of taxes on equity awards	—	(27,696)	—	—	—	(27,696)
Foreign currency translation loss	—	—	—	(130,337)	(542)	(130,879)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	—	—	—	1,953	—	1,953
Unrealized gains on interest rate swaps, net of tax	—	—	—	882	—	882
Unrealized holding losses on available for sale debt securities, net of tax	—	—	—	(605)	—	(605)
Contributions from non-controlling interests	—	—	—	—	9,558	9,558
Distributions to non-controlling interests	—	—	—	—	(11,382)	(11,382)
Other	14	(3,143)	(5,506)	5,513	(338)	(3,460)
Balance at September 30, 2018	$ 3,409	$ 1,277,630	$ 4,110,889	$ (678,972)	$ 59,435	$ 4,772,391

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation

Readers of this Quarterly Report on Form 10-Q (Quarterly Report) should refer to the audited financial statements and notes to consolidated financial statements of CBRE Group, Inc., a Delaware corporation (which may be referred to in these financial statements as "the company," "we," "us" and "our"), for the year ended December 31, 2018, which are included in our 2018 Annual Report on Form 10-K (2018 Annual Report), filed with the United States Securities and Exchange Commission (SEC) and also available on our website (www.cbre.com), since we have omitted from this Quarterly Report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to Note 2, Significant Accounting Policies, in the notes to consolidated financial statements in our 2018 Annual Report for further discussion of our significant accounting policies and estimates.

The accompanying consolidated financial statements have been prepared in accordance with the rules applicable to quarterly reports on Form 10-Q and include all information and footnotes required for interim financial statement presentation, but do not include all disclosures required under accounting principles generally accepted in the United States (U.S.), or GAAP, for annual financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments, except as otherwise noted) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported and reported amounts of revenue and expenses. Such estimates include the value of goodwill, intangibles and other long-lived assets, real estate assets, accounts receivable, contract assets, operating lease assets, investments in unconsolidated subsidiaries and assumptions used in the calculation of income taxes, retirement and other post-employment benefits, among others. These estimates and assumptions are based on our best judgment. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including consideration of the current economic environment, and adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Certain reclassifications have been made to the 2018 financial statements to conform with the 2019 presentation.

2. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board (FASB) previously issued six Accounting Standards Updates (ASUs) related to leases. The ASUs issued were: (1) in February 2016, ASU 2016-02, "*Leases (Topic 842)*", (2) in January 2018, ASU 2018-01, "*Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*", (3) in July 2018, ASU 2018-10, "*Codification Improvements to Topic 842, Leases*", (4) in July 2018, ASU 2018-11, "*Targeted Improvements*", (5) in December 2018, ASU 2018-20, "*Leases (Topic 842): Narrow-Scope Improvements for Lessors*" and (6) in March 2019, ASU 2019-01, "*Leases (Topic 842): Codification Improvements.*" ASU 2016-02 requires lessees to recognize most leases on the balance sheet as liabilities, with corresponding right-of-use assets. For income statement recognition purposes, leases will be classified as either a finance or operating lease in a manner similar to the requirements under the previous lease accounting literature, but without relying upon the bright-line tests. The amendments in ASU 2018-01 specify how land easements are within the scope of Accounting Standards Codification (ASC) 842 and permit a practical expedient to not assess whether expired or existing land easements that were not previously accounted for as leases are leases under ASC 842. The amendments in ASU 2018-10 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. The amendments in ASU 2018-11 provide an optional method for adopting the new leasing guidance and provide lessors with a practical expedient to combine lease and associated non-lease components by class of underlying asset in

contracts that meet certain criteria. The amendments in ASU 2018-20 provide an accounting policy election permitting lessors to treat certain sales and other similar taxes incurred as lessee costs, guidance on the treatment of certain lessor costs and guidance on recognizing variable payments for contracts with a lease and non-lease component. The amendments in ASU 2019-01 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. These ASUs are effective for annual periods in fiscal years beginning after December 15, 2018.

We adopted these ASUs in the first quarter of 2019 by using the optional transitional method associated with no adjustment to comparative period financial statements presented for prior periods. We elected certain practical expedients, including the package of transition practical expedients and the practical expedient to forego separating lease and non-lease components in our lessee contracts. We also made an accounting policy election to exempt short-term leases of 12 months or less from balance sheet recognition requirements associated with the new standard; fixed rental payments for short-term leases will be recognized as a straight-line expense over the lease term.

As a result of the adoption of the leasing guidance, the consolidated balance sheet as of January 1, 2019 reflected $1.2 billion of additional lease liabilities, along with corresponding right-of-use assets of $1.0 billion, reflecting adjustments for items such as prepaid and deferred rent, unamortized initial direct costs, and unamortized lease incentive balances. The adoption of the leasing guidance did not have a material impact on our consolidated statements of operations.

As of January 1, 2019, we account for leases in accordance with ASC Topic 842, "*Leases*." The present value of lease payments, which are either fixed payments, in-substance fixed payments, or variable payments tied to an index or rate are recognized on the balance sheet with corresponding lease liabilities and right-of-use assets upon the commencement of the lease. These lease costs are expensed over the respective lease term in accordance with the classification of the lease (i.e. operating versus finance classification). Variable lease payments not tied to an index or rate are expensed as incurred and not subject to capitalization.

In July 2019, the FASB issued ASU 2019-07, *"Codification Updates to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates."* This ASU amends certain SEC sections or paragraphs within the FASB Accounting Standards Codification to reflect previously issued SEC final rules on Disclosure Update and Simplification and Investment Company Reporting Modernization. This ASU became effective immediately upon issuance. We adopted ASU 2019-07 in the third quarter of 2019 and the adoption did not have any impact on our consolidated financial statements and related disclosures.

Recent Accounting Pronouncements Pending Adoption

The FASB issued three ASUs related to financial instruments – credit losses. The ASUs issued were: (1) in June 2016, ASU 2016-13, *"Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"*, (2) in November 2018, ASU 2018-19 *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses"* and (3) in May 2019, ASU 2019-05, "*Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief."* ASU 2016-13 is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. Additionally, ASU 2019-04, discussed further below, also includes amendments to ASU 2016-13. ASU 2018-19 clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leasing standard. ASU 2019-05 provide entities that have certain instruments within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*, with an option to irrevocably elect the fair value option in Subtopic 825-10, *Financial Instruments—Overall*. These ASUs are effective for fiscal years beginning after December 15, 2019, and interim periods within those years, with early adoption permitted. We are evaluating the effect that ASU 2016-13, ASU 2018-19 and ASU 2019-05 will have on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-14, *"Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework —Changes to the Disclosure Requirements for Defined Benefit Plans."* This ASU makes minor changes to the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This ASU is effective for fiscal years ending after December 15, 2020, with early adoption permitted. As ASU 2018-14 only revises disclosure requirements, it will not have any impact on our consolidated financial statements. We are evaluating the effect, if any, that ASU 2018 -14 will have on our disclosures.

In November 2018, the FASB issued ASU 2018-18, *"Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606."* This ASU provides guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard and provides more comparability in the presentation of revenue for certain transactions between collaborative arrangement participants. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those years, with early adoption permitted. We are evaluating the effect that ASU 2018-18 will have on our consolidated financial statements and related disclosures.

In April 2019, the FASB issued ASU 2019-04, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments."* The amendments in ASU 2019-04 clarify and improve areas of guidance related to the recently issued standards on financial instruments – credit losses, derivatives and hedging, and financial instruments. The amendments in this ASU that are related to financial instruments – credit losses are effective at the same time as the effective date of ASU 2016-13. We are evaluating the effect that the amendments in this ASU that are related to financial instruments – credit losses will have on our consolidated financial statements and related disclosures. We elected to early adopt the amendments in this ASU that are related to derivatives and hedging and financial instruments in the second quarter of 2019 and the adoption of these amendments did not have any impact on our consolidated financial statements and related disclosures.

3. FacilitySource Acquisition

On June 12, 2018, CBRE Jason Acquisition LLC (Merger Sub), our wholly-owned subsidiary, and FacilitySource Holdings, LLC (FacilitySource), WP X Finance, LP and Warburg Pincus X Partners, LP (collectively, the Stockholders) entered into a stock purchase agreement and plan of merger (the Merger Agreement). As part of the Merger Agreement, (i) we purchased from the Stockholders all the outstanding shares of capital stock of FS WP Holdco, Inc (Blocker Corp), which owned 1,686,013 Class A units (the Blocker Units) and (ii) immediately following the acquisition of Blocker Corp, Merger Sub merged with FacilitySource, with FacilitySource continuing as the surviving company and our wholly-owned subsidiary within our Global Workplace Solutions segment (the FacilitySource Acquisition), with the remaining Blocker Units not held by Blocker Corp. canceled and converted into the right to receive cash consideration as set forth in the Merger Agreement. The final net purchase price was approximately $266.5 million paid in cash, with $263.0 million paid in 2018 and $3.5 million paid in 2019. We financed the transaction with cash on hand and borrowings under our revolving credit facility. We completed the FacilitySource Acquisition to help us (i) build a tech-enabled supply chain capability for the occupier outsourcing industry and (ii) drive meaningfully differentiated outcomes for leading occupiers of real estate.

The purchase accounting related to the FacilitySource Acquisition has been finalized (with no changes made in 2019 to the preliminary purchase accounting recorded in 2018). The excess purchase price over the estimated fair value of net assets acquired has been recorded to goodwill. The goodwill arising from the FacilitySource Acquisition consists largely of the synergies and economies of scale expected from combining the operations acquired from FacilitySource with ours. The goodwill recorded in connection with the FacilitySource Acquisition that is deductible for tax purposes was not significant.

4. Warehouse Receivables & Warehouse Lines of Credit

Our wholly-owned subsidiary CBRE Capital Markets, Inc. (CBRE Capital Markets) is a Federal Home Loan Mortgage Corporation (Freddie Mac) approved Multifamily Program Plus Seller/Servicer and an approved Federal National Mortgage Association (Fannie Mae) Aggregation and Negotiated Transaction Seller/Servicer. In addition, CBRE Capital Markets' wholly-owned subsidiary CBRE Multifamily Capital, Inc. (CBRE MCI) is an approved Fannie Mae Delegated Underwriting and Servicing (DUS) Seller/Servicer and CBRE Capital Markets' wholly-owned subsidiary CBRE HMF, Inc. (CBRE HMF) is a U.S. Department of Housing and Urban Development (HUD) approved Non-Supervised Federal Housing Authority (FHA) Title II Mortgagee, an approved Multifamily Accelerated Processing (MAP) lender and an approved Government National Mortgage Association (Ginnie Mae) issuer of mortgage-backed securities (MBS). Under these arrangements, before loans are originated through proceeds from warehouse lines of credit, we obtain either a contractual loan purchase commitment from either Freddie Mac or Fannie Mae or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS that will be secured by the loans. The warehouse lines of credit are generally repaid within a one-month period when Freddie Mac or Fannie Mae buys the loans or upon settlement of the Fannie Mae or Ginnie Mae MBS, while we retain the servicing rights. Loans are funded at the prevailing market rates. We elect the fair value option for all warehouse receivables. At September 30, 2019 and December 31, 2018, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae mortgage-backed securities that will be secured by the underlying loans.

A rollforward of our warehouse receivables is as follows (dollars in thousands):

Beginning balance at December 31, 2018	$	1,342,468
Origination of mortgage loans		15,381,864
Gains (premiums on loan sales)		48,177
Proceeds from sale of mortgage loans:		
Sale of mortgage loans		(15,738,623)
Cash collections of premiums on loan sales		(48,177)
Proceeds from sale of mortgage loans		(15,786,800)
Net increase in mortgage servicing rights included in warehouse receivables		2,214
Ending balance at September 30, 2019	$	987,923

On September 30, 2019, we borrowed $376.7 million from our warehouse lines of credit to fund origination of mortgage loans scheduled to close on October 1, 2019. The transaction closed as scheduled and was recorded as a warehouse receivable on October 1, 2019. As a result, we had a $376.7 million advance warehouse funding, which has been included on a separate line item in the accompanying consolidated balance sheet at September 30, 2019.

The following table is a summary of our warehouse lines of credit in place as of September 30, 2019 and December 31, 2018 (dollars in thousands):

			September 30, 2019		December 31, 2018	
Lender	Current Maturity	Pricing	Maximum Facility Size	Carrying Value	Maximum Facility Size	Carrying Value
JP Morgan Chase Bank, N.A. (JP Morgan) (1)	10/21/2019	daily one-month LIBOR plus 1.30%	$ 985,000	$ 476,382	$ 985,000	$ 871,680
JP Morgan (1)	10/21/2019	daily one-month LIBOR plus 2.75%	15,000	—	15,000	—
Capital One, N.A. (Capital One) (2)	7/27/2020	daily one-month LIBOR plus 1.25%	200,000	171,731	325,000	120,195
Fannie Mae Multifamily As Soon As Pooled Plus Agreement and Multifamily As Soon As Pooled Sale Agreement (ASAP) Program (3)	Cancelable anytime	daily one-month LIBOR plus 1.35%, with a LIBOR floor of 0.35%	450,000	209,741	450,000	149,089
TD Bank, N.A. (TD Bank) (4)	6/30/2020	daily one-month LIBOR plus 1.15%	800,000	84,301	400,000	165,945
Bank of America, N.A. (BofA)	5/27/2020	daily one-month LIBOR plus 1.20%	350,000	332,130	—	—
BofA	5/27/2020	daily one-month LIBOR plus 1.15%	250,000	45,000	200,000	—
BofA	6/4/2019	daily one-month LIBOR plus 1.30%	—	—	225,000	21,852
MUFG Union Bank, N.A. (Union Bank) (5)	6/28/2020	daily one-month LIBOR plus 1.20%	350,000	29,325	—	—
			$ 3,400,000	$ 1,348,610	$ 2,600,000	$ 1,328,761

(1) Effective October 21, 2019, we amended this facility which extended the maturity date until October 19, 2020.

(2) During 2018, the maximum facility size was temporarily increased to $ 325.0 million and reverted to $ 200.0 million on January 31, 2019. The line was then temporarily increased from $200.0 million to $700.0 million effective February 27, 2019. The maximum facility size reverted to $ 200.0 million on April 1, 2019. In July 2019, this $ 200.0 million line of credit was renewed with terms that included an interest rate of daily one-month LIBOR plus 1.25% and a maturity date of July 27, 2020.

(3) The maximum facility size was temporarily increased from $450.0 million to $600.0 million effective September 9, 2019. The maximum facility size reverted to $ 450.0 million on September 30, 2019.

(4) Effective July 1, 2019, this facility was amended with a revised interest rate of daily one-month LIBOR plus 1.15% and a maturity date of June 30, 2020. Effective August 1, 2019, this facility contains an accordion feature which provides for a temporary increase to $800.0 million, if needed, that will expire on February 1, 2020. To date, the temporary increase has not been requested.

(5) On June 28, 2019, we added a new warehouse facility for $ 200.0 million with Union Bank. This facility contains an accordion feature which allows for temporary increases not to exceed an additional $150.0 million. If utilized, the additional borrowings must be in predefined multiples and are not to occur more than three times within a calendar period. Since inception, no short-term temporary increases have been requested.

During the nine months ended September 30, 2019, we had a maximum of $2.5 billion of warehouse lines of credit principal outstanding.

5. Variable Interest Entities (VIEs)

We hold variable interests in certain VIEs in our Real Estate Investments segment which are not consolidated as it was determined that we are not the primary beneficiary. Our involvement with these entities is in the form of equity co-investments and fee arrangements.

As of September 30, 2019 and December 31, 2018, our maximum exposure to loss related to VIEs which are not consolidated was as follows (dollars in thousands):

	September 30, 2019	December 31, 2018
Investments in unconsolidated subsidiaries	$ 26,999	$ 23,266
Other current assets	4,180	3,827
Co-investment commitments	30,167	22,363
Maximum exposure to loss	$ 61,346	$ 49,456

6. Fair Value Measurements

Topic 820 of the FASB Accounting Standards Codification defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

There have been no significant changes to the valuation techniques and inputs used to develop the recurring fair value measurements from those disclosed in our 2018 Annual Report.

The following tables present the fair value of assets and liabilities measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018 (dollars in thousands):

	As of September 30, 2019			
	Fair Value Measured and Recorded Using			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale securities:				
Debt securities:				
U.S. treasury securities	$ 6,818	$ —	$ —	$ 6,818
Debt securities issued by U.S. federal agencies	—	11,137	—	11,137
Corporate debt securities	—	27,463	—	27,463
Asset-backed securities	—	5,159	—	5,159
Collateralized mortgage obligations	—	2,251	—	2,251
Total available for sale debt securities	6,818	46,010	—	52,828
Equity securities	78,547	—	—	78,547
Warehouse receivables and advance warehouse funding	—	1,364,630	—	1,364,630
Total assets at fair value	$ 85,365	$ 1,410,640	$ —	$ 1,496,005

	As of December 31, 2018			
	Fair Value Measured and Recorded Using			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale securities:				
Debt securities:				
U.S. treasury securities	$ 3,138	$ —	$ —	$ 3,138
Debt securities issued by U.S. federal agencies	—	11,196	—	11,196
Corporate debt securities	—	27,201	—	27,201
Asset-backed securities	—	5,017	—	5,017
Collateralized mortgage obligations	—	2,224	—	2,224
Total available for sale debt securities	3,138	45,638	—	48,776
Equity securities	153,762	—	—	153,762
Warehouse receivables	—	1,342,468	—	1,342,468
Total assets at fair value	$ 156,900	$ 1,388,106	$ —	$ 1,545,006
Liabilities				
Interest rate swaps	$ —	$ 1,070	$ —	$ 1,070
Securities sold, not yet purchased	3,133	—	—	3,133
Total liabilities at fair value	$ 3,133	$ 1,070	$ —	$ 4,203

There were no significant non-recurring fair value measurements recorded during the three months ended September 30, 2019. The following non-recurring fair value measurement was recorded for the nine months ended September 30, 2019 (dollars in thousands):

	Net Carrying Value as of September 30, 2019	Fair Value Measured and Recorded Using			Total Impairment Charges for the Nine Months Ended September 30, 2019
		Level 1	Level 2	Level 3	
Other intangible assets	$ 16,000	$ —	$ —	$ 16,000	$ 89,037

During the nine months ended September 30, 2019, we recorded an intangible asset impairment of $89.0 million in our Real Estate Investments segment. Such impairment charge was included as a separate line item in the accompanying consolidated statements of operations.

This non-cash write-off resulted from a review of the anticipated cash flows and the decrease in assets under management in our public securities business driven in part by continued industry-wide shift in investor preference for passive investment programs. The fair value measurements employed for our impairment evaluation was generally based upon a discounted cash flow approach. Inputs used in such evaluation included risk-free rates of return, estimated risk premiums as well as other economic variables.

During the three and nine months ended September 30, 2018, we recorded a gain of $92.6 million associated with remeasuring our 50% investment in a previously unconsolidated subsidiary in New England to fair value as of the date we acquired the remaining 50% controlling interest. Fair value of this investment in unconsolidated subsidiary at acquisition date was $110.1 million, based upon the purchase price paid for the remaining 50% interest acquired, excluding the estimated control premium paid, which falls under Level 3 of the fair value hierarchy. Such gain was reflected in other income in our Advisory segment in the accompanying consolidated statements of operations for both the three and nine months ended September 30, 2018.

FASB ASC Topic 825, *"Financial Instruments"* requires disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheets. Our financial instruments are as follows:

- *Cash and Cash Equivalents and Restricted Cash* – These balances include cash and cash equivalents as well as restricted cash with maturities of less than three months. The carrying amount approximates fair value due to the short-term maturities of these instruments.
- *Receivables, less Allowance for Doubtful Accounts* – Due to their short-term nature, fair value approximates carrying value.
- *Warehouse Receivables and Advance Warehouse Funding* – These balances are carried at fair value. The primary source of value is either a contractual purchase commitment from Freddie Mac or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS (see Note 4).
- *Available for Sale Debt Securities* – These investments are carried at their fair value.
- *Equity Securities* – These investments are carried at their fair value.
- *Securities Sold, not yet Purchased* – These liabilities are carried at their fair value.
- *Short-Term Borrowings* – The majority of this balance represents outstanding amounts under our warehouse lines of credit of our wholly-owned subsidiary, CBRE Capital Markets, and our revolving credit facility. Due to the short-term nature and variable interest rates of these instruments, fair value approximates carrying value (see Notes 4 and 8).
- *Senior Term Loans* – Based upon information from third-party banks (which falls within Level 2 of the fair value hierarchy), the estimated fair value of our senior term loans was approximately $734.0 million at September 30, 2019 and $757.0 million at December 31, 2018. Their actual carrying value, net of unamortized debt issuance costs, totaled $731.8 million and $751.3 million at September 30, 2019 and December 31, 2018, respectively (see Note 8).

- *Interest Rate Swaps* – These liabilities are carried at their fair value as calculated by using widely-accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative.
- *Senior Notes* – Based on dealers' quotes (which falls within Level 2 of the fair value hierarchy), the estimated fair values of our 4.875% senior notes and 5.25% senior notes were $671.7 million and $477.8 million, respectively, at September 30, 2019 and $616.4 million and $443.7 million, respectively, at December 31, 2018. The actual carrying value of our 4.875% senior notes and 5.25% senior notes, net of unamortized debt issuance costs as well as unamortized discount or premium, if applicable, totaled $593.4 million and $422.9 million, respectively, at September 30, 2019 and $592.8 million and $422.7 million, respectively, at December 31, 2018.

7. Investments in Unconsolidated Subsidiaries

Investments in unconsolidated subsidiaries are accounted for under the equity method of accounting. Our investment ownership percentages in equity method investments vary, generally ranging up to 50.0%.

Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	$ 375,717	$ 392,945	$ 1,083,664	$ 1,181,174
Operating income	191,667	522,989	383,490	895,378
Net income	189,960	455,887	289,437	711,711

8. Long-Term Debt and Short-Term Borrowings

Long-Term Debt

Long-term debt consists of the following (dollars in thousands):

	September 30, 2019	December 31, 2018
Senior term loans, with interest ranging from 0.75% to 3.38%, due quarterly through 2024	$ 735,968	$ 758,452
4.875% senior notes due in 2026, net of unamortized discount	596,950	596,653
5.25% senior notes due in 2025, net of unamortized premium	425,997	426,134
Other	2,011	3,682
Total long-term debt	1,760,926	1,784,921
Less: current maturities of long-term debt	(1,897)	(3,146)
Less: unamortized debt issuance costs	(10,765)	(14,515)
Total long-term debt, net of current maturities	$ 1,748,264	$ 1,767,260

We maintain credit facilities with third-party lenders, which we use for a variety of purposes. On October 31, 2017, CBRE Services, Inc. (CBRE Services), our wholly-owned subsidiary, entered into a Credit Agreement (the 2017 Credit Agreement), which refinanced and replaced our prior credit agreement (the 2015 Credit Agreement). On December 20, 2018, CBRE Global Acquisition Company, a wholly-owned subsidiary of CBRE Services, entered into an incremental term loan assumption agreement with a syndicate of banks jointly led by Wells Fargo Bank and National Westminster Bank plc to establish a new euro term loan facility under the 2017 Credit Agreement in an aggregate principal amount of €400.0 million. The proceeds of the new euro term loan facility were used to repay a portion of the U.S. dollar denominated term loans outstanding under the 2017 Credit Agreement. On March 4, 2019, CBRE Services entered into an additional incremental assumption agreement with respect to the 2017 Credit Agreement (the 2017 Agreement as amended by such incremental assumption agreement, the 2019 Credit Agreement), which (i) extended the maturity of the U.S. dollar tranche A term loans under the 2017 Credit Agreement, (ii) extended the termination date of the revolving credit commitments available under the 2017 Credit Agreement and (iii) made certain changes to the interest rates and fees applicable to such tranche A term loans and revolving credit commitments. The proceeds from the new tranche A term loan facility under the 2019 Credit Agreement were used to repay the $300.0 million of tranche A term loans outstanding under the 2017 Credit Agreement.

The 2019 Credit Agreement is a senior unsecured credit facility that is jointly and severally guaranteed by us and certain of our subsidiaries. As of September 30, 2019, the 2019 Credit Agreement provided for the following: (1) a $2.8 billion incremental revolving credit facility, which includes the capacity to obtain letters of credit and swingline loans and terminates on March 4, 2024; (2) a $300.0 million incremental tranche A term loan facility maturing on March 4, 2024, requiring quarterly principal payments unless our leverage ratio (as defined in the 2019 Credit Agreement) is less than or equal to 2.50 to 1.00 on the last day of the fiscal quarter immediately preceding any such payment date and (3) a €400.0 million term loan facility due and payable in full at maturity on December 20, 2023.

The 2017 Credit Agreement was a senior unsecured credit facility that was jointly and severally guaranteed by us and certain of our subsidiaries. Our 2017 Credit Agreement provided for the following: (1) a $2.8 billion revolving credit facility, which included the capacity to obtain letters of credit and swingline loans and had a termination date of October 31, 2022; (2) a $750.0 million delayed draw tranche A term loan facility which would have matured on October 31, 2022 and which required quarterly principal payments unless our leverage ratio (as defined in the 2017 Credit Agreement) was less than or equal to 2.50 to 1.00 on the last day of the fiscal quarter immediately preceding any such payment date and (3) a €400.0 million term loan facility which would have been due and payable in full at maturity on December 20, 2023.

The indentures governing our 4.875% senior notes and 5.25% senior notes contain restrictive covenants that, among other things, limit our ability to create or permit liens on assets securing indebtedness, enter into sale/leaseback transactions and enter into consolidations or mergers. In addition, our 2019 Credit Agreement also requires us to maintain a minimum coverage ratio of consolidated EBITDA (as defined in the 2019 Credit Agreement) to consolidated interest expense of 2.00x and a maximum leverage ratio of total debt less available cash to consolidated EBITDA (as defined in the 2019 Credit Agreement) of 4.25x (and in the case of the first four full fiscal quarters following consummation of a qualified acquisition (as defined in the 2019 Credit Agreement), 4.75x) as of the end of each fiscal quarter. On this basis, our coverage ratio of consolidated EBITDA to consolidated interest expense was 22.21x for the trailing twelve months ended September 30, 2019, and our leverage ratio of total debt less available cash to consolidated EBITDA was 0.65x as of September 30, 2019.

Short-Term Borrowings

Revolving Credit Facility

The revolving credit facility under the 2019 Credit Agreement allows for borrowings outside of the U.S., with a $200.0 million sub-facility available to CBRE Services, one of our Canadian subsidiaries, one of our Australian subsidiaries and one of our New Zealand subsidiaries and a $300.0 million sub-facility available to CBRE Services and one of our U.K. subsidiaries. Borrowings under the revolving credit facility bear interest at varying rates, based at our option, on either (1) the applicable fixed rate plus 0.680% to 1.075% or (2) the daily rate plus 0.0% to 0.075%, in each case as determined by reference to our Credit Rating (as defined in the 2019 Credit Agreement). The 2019 Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment (whether used or unused). As of September 30, 2019, $52.0 million was outstanding under the revolving credit facility. In addition, as of September 30, 2019, letters of credit totaling $2.0 million were outstanding under our revolving credit facility. These letters of credit, which reduce the amount we may borrow under the revolving credit facility, were primarily issued in the ordinary course of business.

The revolving credit facility under the 2017 Credit Agreement allowed for borrowings outside of the U.S., with a $200.0 million sub-facility available to CBRE Services, one of our Canadian subsidiaries, one of our Australian subsidiaries and one of our New Zealand subsidiaries and a $300.0 million sub-facility available to CBRE Services and one of our U.K. subsidiaries. Borrowings under the revolving credit facility bore interest at varying rates, based at our option, on either (1) the applicable fixed rate plus 0.775% to 1.075% or (2) the daily rate plus 0.0% to 0.075%, in each case as determined by reference to our Credit Rating (as defined in the 2017 Credit Agreement). The 2017 Credit Agreement required us to pay a fee based on the total amount of the revolving credit facility commitment (whether used or unused). As of December 31, 2018, no amounts were outstanding under our revolving credit facility other than letters of credit totaling $2.0 million. These letters of credit, which reduced the amount we could have borrowed under the revolving credit facility, were primarily issued in the ordinary course of business.

Warehouse Lines of Credit

CBRE Capital Markets has warehouse lines of credit with third-party lenders for the purpose of funding mortgage loans that will be resold, and a funding arrangement with Fannie Mae for the purpose of selling a percentage of certain closed multifamily loans to Fannie Mae. These warehouse lines are recourse only to CBRE Capital Markets and are secured by our related warehouse receivables. See Note 4 for additional information.

9. Leases

We are the lessee in contracts for our office space tenancies and leased vehicles. These arrangements account for the significant portion of our lease liabilities and right-of-use assets. We continually monitor our service arrangements to evaluate whether they meet the definition of a lease.

The base terms for our lease arrangements typically do not extend beyond10 years. We commonly have renewal options in our leases, but most of these options do not create a significant economic incentive for us to extend the lease term. Therefore, payments during periods covered by these renewal options are typically not included in our lease liabilities and right-of-use assets. Specific to our vehicle leases, early termination options are common and economic penalties associated with early termination of these contracts are typically significant enough to make it reasonably certain that we will not exercise such options. Therefore, payments during periods covered by these early termination options in vehicle leases are typically included in our lease liabilities and right-of-use assets. As an accounting policy election, our short-term leases with an initial term of 12 months or less are not recognized as lease liabilities and right-of-use assets in the consolidated balance sheets. The rent expense associated with short term leases is recognized on a straight-line basis over the lease term.

Most of our office space leases include variable payments based on our share of actual common area maintenance and operating costs of the leased property. Many of our vehicle leases include variable payments based on actual service and fuel costs. For both office space and vehicle leases, we have elected the practical expedient to not separate lease components from non-lease components. Therefore, these costs are classified as variable lease payments.

Lease payments are typically discounted at our incremental borrowing rate because the interest rate implicit in the lease cannot be readily determined in the absence of key inputs which are typically not reported by our lessors. Because we do not generally borrow on a collateralized basis, judgement was used to estimate the secured borrowing rate associated with our leases based on relevant market data and our inputs applied to accepted valuation methodologies. The incremental borrowing rate calculated for each lease also reflects the lease term, currency, and geography specific to each lease.

Supplemental balance sheet information related to our leases is as follows (dollars in thousands):

Category	Classification	September 30, 2019
Assets		
Operating lease assets	Operating lease assets	$ 980,337
Financing lease assets	Other assets, net	80,304
Total leased assets		$ 1,060,641
Liabilities		
Current:		
Operating	Operating lease liabilities	$ 162,866
Financing	Other current liabilities	30,562
Non-current:		
Operating	Non-current operating lease liabilities	1,039,865
Financing	Other liabilities	50,204
Total lease liabilities		$ 1,283,497

Components of lease cost are as follows (dollars in thousands):

Component	Classification	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost	Operating, administrative and other	$ 47,126	$ 139,951
Finance lease cost:			
Amortization of right-to-use assets	(1)	8,041	22,328
Interest on lease liabilities	Interest expense	378	826
Variable lease cost	(2)	20,582	53,634
Sublease income	Revenue	(608)	(1,881)
Total lease cost		$ 75,519	$ 214,858

(1) Amortization costs of $6.6 million and $18.2 million, respectively, from vehicle finance leases utilized in client outsourcing arrangements are included in cost of services. Amortization costs of $1.4 million and $4.1 million, respectively, from all other finance leases are included in depreciation and amortization.

(2) Variable lease costs of $4.8 million and $11.7 million, respectively, from leases in client outsourcing arrangements are included in cost of services. Variable lease costs of $ 15.8 million and $41.9 million, respectively, from all other leases are included in operating, administrative and other.

Weighted average remaining lease term and discount rate for our operating leases are as follows:

	September 30, 2019
Weighted-average remaining lease term:	
Operating leases	9 years
Finance leases	3 years
Weighted-average discount rate:	
Operating leases	3.4%
Finance leases	2.3%

Maturities of lease liabilities by fiscal year as of September 30, 2019 are as follows (dollars in thousands):

	Operating Leases	Financing Leases
2019	$ 40,311	$ 8,401
2020	174,631	29,734
2021	190,249	21,740
2022	168,339	14,162
2023	150,954	7,777
Thereafter	683,568	2,421
Total remaining lease payments at September 30, 2019	$ 1,408,052	$ 84,235
Less: Interest	205,321	3,469
Present value of lease liabilities at September 30, 2019	$ 1,202,731	$ 80,766

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018 and under the previous lease accounting standard, the following is a schedule by year of future minimum lease payments for noncancelable operating leases as of December 31, 2018 (dollars in thousands):

2019	$ 238,954
2020	219,351
2021	202,205
2022	172,267
2023	145,705
Thereafter	510,741
Total minimum payment required	$ 1,489,223

Supplemental cash flow information and non-cash activity related to our operating leases are as follows (dollars in thousands):

	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 121,964
Operating cash flows from financing leases	1,059
Financing cash flows from financing leases	23,260
Right-of-use assets obtained in exchange for new operating lease liabilities	149,259
Right-of-use assets obtained in exchange for new financing lease liabilities	40,819
Other non-cash increases in operating lease right-of-use assets (1)	35,510
Other non-cash decreases in finance lease right-of-use assets (1)	(1,011)

(1) These noncash increases in right-of-use assets resulted from lease modifications and remeasurements.

10. Commitments and Contingencies

We are a party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. We believe that any losses in excess of the amounts accrued therefore as liabilities on our financial statements are unlikely to be significant, but litigation is inherently uncertain and there is the potential for a material adverse effect on our financial statements if one or more matters are resolved in a particular period in an amount materially in excess of what we anticipated.

In January 2008, CBRE MCI, a wholly-owned subsidiary of CBRE Capital Markets, entered into an agreement with Fannie Mae under Fannie Mae's Delegated Underwriting and Servicing Lender Program (DUS Program), to provide financing for multifamily housing with five or more units. Under the DUS Program, CBRE MCI originates, underwrites, closes and services loans without prior approval by Fannie Mae, and typically, is subject to sharing up to one-third of any losses on loans originated under the DUS Program. CBRE MCI has funded loans subject to such loss sharing arrangements with unpaid principal balances of $27.2 billion at September 30, 2019. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves or other acceptable collateral under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of September 30, 2019 and December 31, 2018, CBRE MCI had a $ 72.0 million and a $64.0 million, respectively, letter of credit under this reserve arrangement, and had recorded a liability of approximately $43.7 million and $37.9 million, respectively, for its loan loss guarantee obligation under such arrangement. Fannie Mae's recourse under the DUS Program is limited to the assets of CBRE MCI, which assets totaled approximately $1.2 billion (including $486.5 million of warehouse receivables and $376.7 million of advance warehouse funding, a substantial majority of which are pledged against warehouse lines of credit and are therefore not available to Fannie Mae) at September 30, 2019.

CBRE Capital Markets participates in Freddie Mac's Multifamily Small Balance Loan (SBL) Program. Under the SBL program, CBRE Capital Markets has certain repurchase and loss reimbursement obligations. These obligations are for the period from origination of the loan to the securitization date. CBRE Capital Markets must post a cash reserve or other acceptable collateral to provide for sufficient capital in the event the obligations are triggered. As of both September 30, 2019 and December 31, 2018, CBRE Capital Markets had posted a $5.0 million letter of credit under this reserve arrangement.

We had outstanding letters of credit totaling $90.8 million as of September 30, 2019, excluding letters of credit for which we have outstanding liabilities already accrued on our consolidated balance sheet related to our subsidiaries' outstanding reserves for claims under certain insurance programs as well as letters of credit related to operating leases. The CBRE Capital Markets letters of credit totaling $77.0 million as of September 30, 2019 referred to in the preceding paragraphs represented the majority of the $90.8 million outstanding letters of credit as of such date. The remaining letters of credit are primarily executed by us in the ordinary course of business and expire at varying dates through July 2020.

We had guarantees totaling $56.4 million as of September 30, 2019, excluding guarantees related to pension liabilities, consolidated indebtedness and other obligations for which we have outstanding liabilities already accrued on our consolidated balance sheet, and excluding guarantees related to operating leases. The $56.4 million primarily represents guarantees executed by us in the ordinary course of business, including various guarantees of management and vendor contracts in our operations overseas, which expire at the end of each of the respective agreements.

In addition, as of September 30, 2019, we had issued numerous non-recourse carveout, completion and budget guarantees relating to development projects for the benefit of third parties. These guarantees are commonplace in our industry and are made by us in the ordinary course of our Real Estate Investments business. Non-recourse carveout guarantees generally require that our project-entity borrower not commit specified improper acts, with us potentially liable for all or a portion of such entity's indebtedness or other damages suffered by the lender if those acts occur. Completion and budget guarantees generally require us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. However, we generally use "guaranteed maximum price" contracts with reputable, bondable general contractors with respect to projects for which we provide these guarantees. These contracts are intended to pass the risk to such contractors. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

An important part of the strategy for our Real Estate Investments business involves investing our capital in certain real estate investments with our clients. These co-investments generally total up to 2.0% of the equity in a particular fund. As of September 30, 2019, we had aggregate commitments of $55.2 million to fund these future co-investments. Additionally, an important part of our Real Estate Investments business strategy is to invest in unconsolidated real estate subsidiaries as a principal (in most cases co-investing with our clients). As of September 30, 2019, we had committed to fund $45.8 million of additional capital to these unconsolidated subsidiaries.

11. Income Taxes

Our provision for income taxes on a consolidated basis was $63.5 million for the three months ended September 30, 2019 as compared to $95.0 million for the same period in 2018. Our effective tax rate decreased from 24.6% for the three months ended September 30, 2018 to 19.7% for the three months ended September 30, 2019. The lower tax rate for three months ended September 30, 2019 primarily resulted from the realization of a $22.1 million net tax benefit for tax over book basis in a foreign subsidiary that is expected to reverse in the foreseeable future. We benefited from discrete items for the three months ended September 30, 2019 that exceeded the benefits for other discrete items for the prior-year period.

Our provision for income taxes on a consolidated basis was $169.9 million for the nine months ended September 30, 2019 as compared to $211.4 million for the same period in 2018. Our effective tax rate decreased from 23.9% for the nine months ended September 30, 2018 to 20.7% for the nine months ended September 30, 2019. The lower tax rate for nine months ended September 30, 2019 primarily resulted from the realization of a $22.1 million net tax benefit for tax over book basis in a foreign subsidiary that is expected to reverse in the foreseeable future. We benefited from discrete items for the nine months ended September 30, 2019 that exceeded the benefits for other discrete items for the nine months ended September 30, 2018.

At December 31, 2018, we had gross unrecognized tax benefits of $95.0 million. In the third quarter of 2019, we recorded gross unrecognized tax benefits of $22.9 million, primarily related to the sustainability of certain tax attributes in light of unsettled tax law.

12. Income Per Share and Stockholders' Equity

The calculations of basic and diluted income per share attributable to CBRE Group, Inc. shareholders are as follows (dollars in thousands, except share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Basic Income Per Share				
Net income attributable to CBRE Group, Inc. shareholders	$ 256,599	$ 290,469	$ 644,739	$ 669,424
Weighted average shares outstanding for basic income per share	336,203,747	339,477,316	336,149,719	339,151,807
Basic income per share attributable to CBRE Group, Inc. shareholders	$ 0.76	$ 0.86	$ 1.92	$ 1.97
Diluted Income Per Share				
Net income attributable to CBRE Group, Inc. shareholders	$ 256,599	$ 290,469	$ 644,739	$ 669,424
Weighted average shares outstanding for basic income per share:	336,203,747	339,477,316	336,149,719	339,151,807
Dilutive effect of contingently issuable shares	4,896,435	4,256,631	4,440,288	4,114,910
Dilutive effect of stock options	—	—	—	523
Weighted average shares outstanding for diluted income per share	341,100,182	343,733,947	340,590,007	343,267,240
Diluted income per share attributable to CBRE Group, Inc. shareholders	$ 0.75	$ 0.85	$ 1.89	$ 1.95

For the three and nine months ended September 30, 2019,320,154 and 447,687, respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

For the three and nine months ended September 30, 2018,34,470 and 28,922, respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

In October 2016, our board of directors authorized the company to repurchase up to an aggregate of $250.0 million of our Class A common stock over three years. Through December 31, 2018, we had spent $161.0 million to repurchase 3,980,656 shares of our Class A common stock with an average price paid per share of $40.43. During the month of January 2019, we spent $45.1 million to repurchase an additional 1,144,449 shares of our Class A common stock with an average price paid per share of $39.38.

In February 2019, our board of directors authorized a new program for the company to repurchase up to $300.0 million of our Class A common stock over three years, effective March 11, 2019. The previous program terminated upon the effectiveness of the new program. In August 2019, our board of directors authorized an additional $100.0 million under our new program, bringing the total authorized amount under the new program to a total of $400.0 million. During the three months ended September 30, 2019, we spent $49.0 million to repurchase an additional 932,973 shares of our Class A common stock with an average price paid per share of $52.50.

13. Revenue from Contracts with Customers

Disaggregated Revenue

The following tables represent a disaggregation of revenue from contracts with customers for the three and nine months ended September 30, 2019 and 2018 by type of service and/or segment (dollars in thousands):

	Three Months Ended September 30, 2019			
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Consolidated
Topic 606 Revenue:				
Global workplace solutions	$ —	$ 3,555,176	$ —	$ 3,555,176
Advisory leasing	781,246	—	—	781,246
Advisory sales	526,104	—	—	526,104
Property and advisory project management	558,039	—	—	558,039
Valuation	154,861	—	—	154,861
Commercial mortgage origination (1)	46,787	—	—	46,787
Loan servicing (2)	8,599	—	—	8,599
Investment management	—	—	104,927	104,927
Development services	—	—	24,286	24,286
Topic 606 Revenue	2,075,636	3,555,176	129,213	5,760,025
Out of Scope of Topic 606 Revenue:				
Commercial mortgage origination	117,052	—	—	117,052
Loan servicing (2)	48,024	—	—	48,024
Total Out of Scope of Topic 606 Revenue	165,076	—	—	165,076
Total revenue	$ 2,240,712	$ 3,555,176	$ 129,213	$ 5,925,101

	Three Months Ended September 30, 2018 (3)			
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Consolidated
Topic 606 Revenue:				
Global workplace solutions	$ —	$ 3,082,781	$ —	$ 3,082,781
Advisory leasing	751,793	—	—	751,793
Advisory sales	486,398	—	—	486,398
Property and advisory project management	498,388	—	—	498,388
Valuation	143,814	—	—	143,814
Commercial mortgage origination (1)	30,939	—	—	30,939
Loan servicing (2)	5,358	—	—	5,358
Investment management	—	—	93,061	93,061
Development services	—	—	25,753	25,753
Topic 606 Revenue	1,916,690	3,082,781	118,814	5,118,285
Out of Scope of Topic 606 Revenue:				
Commercial mortgage origination	101,561	—	—	101,561
Loan servicing (2)	41,108	—	—	41,108
Total Out of Scope of Topic 606 Revenue	142,669	—	—	142,669
Total revenue	$ 2,059,359	$ 3,082,781	$ 118,814	$ 5,260,954

(1) We earn fees for arranging financing for borrowers with third-party lender contacts. Such fees are in scope of Topic 606.
(2) Loan servicing fees earned from servicing contracts for which we do not hold mortgage servicing rights are in scope of Topic 606.
(3) Our new organizational structure became effective on January 1, 2019. See Note 14 for additional information. Revenue classifications for 2018 have been restated to conform to the new structure.

	Nine Months Ended September 30, 2019			
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Consolidated
Topic 606 Revenue:				
Global workplace solutions	$ —	$ 10,106,543	$ —	$ 10,106,543
Advisory leasing	2,221,674	—	—	2,221,674
Advisory sales	1,378,317	—	—	1,378,317
Property and advisory project management	1,634,745	—	—	1,634,745
Valuation	442,238	—	—	442,238
Commercial mortgage origination (1)	102,471	—	—	102,471
Loan servicing (2)	22,669	—	—	22,669
Investment management	—	—	312,881	312,881
Development services	—	—	101,188	101,188
Topic 606 Revenue	5,802,114	10,106,543	414,069	16,322,726
Out of Scope of Topic 606 Revenue:				
Commercial mortgage origination	322,246	—	—	322,246
Loan servicing (2)	129,712	—	—	129,712
Total Out of Scope of Topic 606 Revenue	451,958	—	—	451,958
Total revenue	$ 6,254,072	$ 10,106,543	$ 414,069	$ 16,774,684

	Nine Months Ended September 30, 2018 (3)			
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Consolidated
Topic 606 Revenue:				
Global workplace solutions	$ —	$ 8,945,257	$ —	$ 8,945,257
Advisory leasing	1,956,688	—	—	1,956,688
Advisory sales	1,357,506	—	—	1,357,506
Property and advisory project management	1,485,371	—	—	1,485,371
Valuation	425,374	—	—	425,374
Commercial mortgage origination (1)	83,077	—	—	83,077
Loan servicing (2)	16,291	—	—	16,291
Investment management	—	—	315,698	315,698
Development services	—	—	67,486	67,486
Topic 606 Revenue	5,324,307	8,945,257	383,184	14,652,748
Out of Scope of Topic 606 Revenue:				
Commercial mortgage origination	277,695	—	—	277,695
Loan servicing (2)	115,897	—	—	115,897
Total Out of Scope of Topic 606 Revenue	393,592	—	—	393,592
Total revenue	$ 5,717,899	$ 8,945,257	$ 383,184	$ 15,046,340

(1) We earn fees for arranging financing for borrowers with third-party lender contacts. Such fees are in scope of Topic 606.
(2) Loan servicing fees earned from servicing contracts for which we do not hold mortgage servicing rights are in scope of Topic 606.
(3) Our new organizational structure became effective on January 1, 2019. See Note 14 for additional information. Revenue classifications for 2018 have been restated to conform to the new structure.

Contract Assets and Liabilities

We had contract assets totaling $510.4 million ($348.6 million of which was current) and $381.8 million ($307.0 million of which was current) as of September 30, 2019 and December 31, 2018, respectively.

We had contract liabilities totaling $115.7 million ($110.9 million of which was current) and $92.5 million ($82.2 million of which was current) as of September 30, 2019 and December 31, 2018, respectively. During the nine months ended September 30, 2019, we recognized revenue of $74.3 million that was included in the contract liability balance at December 31, 2018.

14. Segments

On August 17, 2018, we announced a new organizational structure that became effective on January 1, 2019. Under the new structure, we organize our operations around, and publicly report our financial results on, three global business segments: (1) Advisory Services; (2) Global Workplace Solutions and (3) Real Estate Investments.

Advisory Services provides a comprehensive range of services globally, including property leasing, property sales, mortgage services, valuation, property management and project management. Global Workplace Solutions provides a broad suite of integrated, contractually-based services to occupiers of real estate, including facilities management, project management, transaction management and management consulting. Real Estate Investments includes: (i) investment management services provided globally; (ii) development services in the U.S. and (iii) a new service designed to help institutional property owners meet the demand for flexible office space solutions.

Summarized financial information by segment is as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (1)	2019	2018 (1)
Revenue				
Advisory Services	$ 2,240,712	$ 2,059,359	$ 6,254,072	$ 5,717,899
Global Workplace Solutions	3,555,176	3,082,781	10,106,543	8,945,257
Real Estate Investments	129,213	118,814	414,069	383,184
Total revenue	$ 5,925,101	$ 5,260,954	$ 16,774,684	$ 15,046,340
Adjusted EBITDA				
Advisory Services	$ 345,482	$ 295,902	$ 942,860	$ 801,646
Global Workplace Solutions	95,209	82,810	298,948	244,626
Real Estate Investments	13,939	84,696	131,346	204,250
Total Adjusted EBITDA	$ 454,630	$ 463,408	$ 1,373,154	$ 1,250,522

(1) Results for 2018 have been presented in conformity with the new structure.

Adjusted EBITDA is the measure reported to the chief operating decision maker (CODM) for purposes of making decisions about allocating resources to each segment and assessing performance of each segment. EBITDA represents earnings before net interest expense, write-off of financing costs on extinguished debt, income taxes, depreciation and amortization and intangible asset impairments. Amounts shown for adjusted EBITDA further remove (from EBITDA) the impact of certain cash and non-cash items related to acquisitions, certain carried interest incentive compensation (reversal) expense to align with the timing of associated revenue, costs associated with our reorganization, including cost-savings initiatives, and other non-recurring costs.

Adjusted EBITDA is calculated as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to CBRE Group, Inc.	$ 256,599	$ 290,469	$ 644,739	$ 669,424
Add:				
Depreciation and amortization	111,560	113,484	323,862	335,048
Intangible asset impairment	—	—	89,037	—
Interest expense, net of interest income	21,846	25,420	67,638	76,053
Write-off of financing costs on extinguished debt	—	—	2,608	27,982
Provision for income taxes	63,468	94,963	169,867	211,446
EBITDA	453,473	524,336	1,297,751	1,319,953
Adjustments:				
Integration and other costs related to acquisitions	4,517	6,100	13,554	6,100
Carried interest incentive compensation (reversal) expense to align with the timing of associated revenue	(3,360)	3,960	12,284	(4,543)
Costs associated with our reorganization, including cost-savings initiatives (1)	—	12,768	49,565	12,768
Costs incurred in connection with litigation settlement	—	8,868	—	8,868
One-time gain associated with remeasuring an investment in an unconsolidated subsidiary to fair value as of the date the remaining controlling interest was acquired	—	(92,624)	—	(92,624)
Adjusted EBITDA	$ 454,630	$ 463,408	$ 1,373,154	$ 1,250,522

(1) Primarily represents severance costs related to headcount reductions in connection with our reorganization announced in the third quarter of 2018 that became effective January 1, 2019.

Our CODM is not provided with total asset information by segment and accordingly, does not measure or allocate total assets on a segment basis. As a result, we have not disclosed any asset information by segment.

Geographic Information

Revenue in the table below is allocated based upon the country in which services are performed (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue				
United States	$ 3,442,570	$ 3,063,616	$ 9,851,477	$ 8,646,018
United Kingdom	758,084	638,018	2,003,671	1,852,799
All other countries	1,724,447	1,559,320	4,919,536	4,547,523
Total revenue	$ 5,925,101	$ 5,260,954	$ 16,774,684	$ 15,046,340

15. Guarantor and Nonguarantor Financial Statements

The following condensed consolidating financial information includes condensed consolidating balance sheets as of September 30, 2019 and December 31, 2018, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and nine months ended September 30, 2019 and 2018 and condensed consolidating statements of cash flows for the nine months ended September 30, 2019 and 2018 of:

- CBRE Group, Inc., as the parent; CBRE Services, as the subsidiary issuer; the guarantor subsidiaries; the nonguarantor subsidiaries;
- Elimination entries necessary to consolidate CBRE Group, Inc., as the parent, with CBRE Services and its guarantor and nonguarantor subsidiaries; and
- CBRE Group, Inc., on a consolidated basis.

Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

Condensed Consolidating Balance Sheets

	As of September 30, 2019					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 7	$ 16,634	$ 53,948	$ 506,871	$ —	$ 577,460
Restricted cash	—	—	37,581	87,264	—	124,845
Receivables, net	—	—	1,661,385	2,396,366	—	4,057,751
Warehouse receivables (1)	—	—	500,950	486,973	—	987,923
Advance warehouse funding	—	—	—	376,707	—	376,707
Contract assets	—	—	307,668	40,947	—	348,615
Prepaid expenses	—	—	125,510	157,130	—	282,640
Income taxes receivable	195	—	14,317	40,169	(16,066)	38,615
Other current assets	—	—	71,310	192,969	—	264,279
Total Current Assets	202	16,634	2,772,669	4,285,396	(16,066)	7,058,835
Property and equipment, net	—	—	529,654	252,350	—	782,004
Goodwill	—	—	2,243,519	1,383,808	—	3,627,327
Other intangible assets, net	—	—	734,365	591,238	—	1,325,603
Operating lease assets	—	—	463,423	516,914	—	980,337
Investments in unconsolidated subsidiaries	—	—	245,295	83,285	—	328,580
Investments in consolidated subsidiaries	7,603,675	6,150,662	3,385,682	—	(17,140,019)	—
Intercompany loan receivable	—	2,794,822	700,000	581,831	(4,076,653)	—
Deferred tax assets, net	—	—	199,840	52,048	(108,970)	142,918
Other assets, net	—	18,017	624,090	153,231	—	795,338
Total Assets	$ 7,603,877	$ 8,980,135	$ 11,898,537	$ 7,900,101	$ (21,341,708)	$ 15,040,942
LIABILITIES AND EQUITY						
Current Liabilities:						
Accounts payable and accrued expenses	$ —	$ 5,167	$ 876,891	$ 1,203,333	$ —	$ 2,085,391
Compensation and employee benefits payable	—	—	753,051	478,024	—	1,231,075
Accrued bonus and profit sharing	—	—	530,013	339,243	—	869,256
Operating lease liabilities	—	—	74,499	88,367	—	162,866
Contract liabilities	—	—	47,765	63,146	—	110,911
Income taxes payable	—	5,823	10,519	30,692	(16,066)	30,968
Short-term borrowings:						
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Enterprises have committed to purchase) (1)	—	—	496,076	852,534	—	1,348,610
Revolving credit facility	—	52,000	—	—	—	52,000
Other	—	—	—	4,058	—	4,058
Total short-term borrowings	—	52,000	496,076	856,592	—	1,404,668
Current maturities of long-term debt	—	—	23	1,874	—	1,897
Other current liabilities	—	—	49,019	81,919	—	130,938
Total Current Liabilities	—	62,990	2,837,856	3,143,190	(16,066)	6,027,970
Long-Term Debt, net:						
Long-term debt, net	—	1,313,470	—	434,794	—	1,748,264
Intercompany loan payable	2,092,048	—	1,984,605	—	(4,076,653)	—
Total Long-Term Debt, net	2,092,048	1,313,470	1,984,605	434,794	(4,076,653)	1,748,264
Non-current operating lease liabilities	—	—	532,938	506,927	—	1,039,865
Non-current tax liabilities	—	—	168,642	39,203	—	207,845
Deferred tax liabilities, net	—	—	—	130,257	(108,970)	21,287
Other liabilities	—	—	223,834	212,897	—	436,731
Total Liabilities	2,092,048	1,376,460	5,747,875	4,467,268	(4,201,689)	9,481,962
Commitments and contingencies	—	—	—	—	—	—
Equity:						
CBRE Group, Inc. Stockholders' Equity	5,511,829	7,603,675	6,150,662	3,385,682	(17,140,019)	5,511,829
Non-controlling interests	—	—	—	47,151	—	47,151
Total Equity	5,511,829	7,603,675	6,150,662	3,432,833	(17,140,019)	5,558,980
Total Liabilities and Equity	$ 7,603,877	$ 8,980,135	$ 11,898,537	$ 7,900,101	$ (21,341,708)	$ 15,040,942

(1) Although CBRE Capital Markets is included among our domestic subsidiaries that jointly and severally guarantee our 4.875% senior notes, 5.25% senior notes and our 2019 Credit Agreement, a substantial majority of warehouse receivables funded under JP Morgan, BofA, Fannie Mae ASAP, Capital One, TD Bank and Union Bank lines of credit are pledged to JP Morgan, BofA, Fannie Mae, Capital One, TD Bank and Union Bank, and accordingly, are not included as collateral for these notes or our other outstanding debt.

Condensed Consolidating Balance Sheets

	As of December 31, 2018					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 7	$ 34,063	$ 261,181	$ 481,968	$ —	$ 777,219
Restricted cash	—	—	13,767	72,958	—	86,725
Receivables, net	—	5	1,340,120	2,328,466	—	3,668,591
Warehouse receivables (1)	—	—	664,095	678,373	—	1,342,468
Contract assets	—	—	289,214	17,806	—	307,020
Prepaid expenses	—	—	122,305	132,587	—	254,892
Income taxes receivable	6,099	—	18,992	52,692	(6,099)	71,684
Other current assets	—	—	56,853	188,758	—	245,611
Total Current Assets	6,106	34,068	2,766,527	3,953,608	(6,099)	6,754,210
Property and equipment, net	—	—	512,110	209,582	—	721,692
Goodwill	—	—	2,224,909	1,427,400	—	3,652,309
Other intangible assets, net	—	—	835,270	606,038	—	1,441,308
Investments in unconsolidated subsidiaries	—	—	170,698	45,476	—	216,174
Investments in consolidated subsidiaries	6,759,815	5,595,831	3,228,512	—	(15,584,158)	—
Intercompany loan receivable	—	2,440,775	700,000	711,244	(3,852,019)	—
Deferred tax assets, net	—	—	2,666	51,755	(2,718)	51,703
Other assets, net	—	18,257	483,790	117,350	—	619,397
Total Assets	$ 6,765,921	$ 8,088,931	$ 10,924,482	$ 7,122,453	$ (19,444,994)	$ 13,456,793
LIABILITIES AND EQUITY						
Current Liabilities:						
Accounts payable and accrued expenses	$ 40	$ 17,450	$ 655,582	$ 1,246,755	$ —	$ 1,919,827
Compensation and employee benefits payable	—	—	662,196	458,983	—	1,121,179
Accrued bonus and profit sharing	—	—	685,521	503,874	—	1,189,395
Contract liabilities	—	—	41,045	41,182	—	82,227
Income taxes payable	—	720	6,417	67,062	(6,099)	68,100
Short-term borrowings:						
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Enterprises have committed to purchase) (1)	—	—	657,731	671,030	—	1,328,761
Total short-term borrowings	—	—	657,731	671,030	—	1,328,761
Current maturities of long-term debt	—	—	39	3,107	—	3,146
Other current liabilities	—	1,070	70,202	19,473	—	90,745
Total Current Liabilities	40	19,240	2,778,733	3,011,466	(6,099)	5,803,380
Long-Term Debt, net:						
Long-term debt, net	—	1,309,876	18	457,366	—	1,767,260
Intercompany loan payable	1,827,084	—	2,024,935	—	(3,852,019)	—
Total Long-Term Debt, net	1,827,084	1,309,876	2,024,953	457,366	(3,852,019)	1,767,260
Non-current tax liabilities	—	—	164,857	7,769	—	172,626
Deferred tax liabilities, net	—	—	—	110,143	(2,718)	107,425
Other liabilities	—	—	360,108	236,092	—	596,200
Total Liabilities	1,827,124	1,329,116	5,328,651	3,822,836	(3,860,836)	8,446,891
Commitments and contingencies	—	—	—	—	—	—
Equity:						
CBRE Group, Inc. Stockholders' Equity	4,938,797	6,759,815	5,595,831	3,228,512	(15,584,158)	4,938,797
Non-controlling interests	—	—	—	71,105	—	71,105
Total Equity	4,938,797	6,759,815	5,595,831	3,299,617	(15,584,158)	5,009,902
Total Liabilities and Equity	$ 6,765,921	$ 8,088,931	$ 10,924,482	$ 7,122,453	$ (19,444,994)	$ 13,456,793

(1) Although CBRE Capital Markets is included among our domestic subsidiaries that jointly and severally guarantee our 4.875% senior notes, 5.25% senior notes and our 2017 Credit Agreement, a substantial majority of warehouse receivables funded under JP Morgan, TD Bank, Fannie Mae ASAP, Capital One and BofA lines of credit are pledged to JP Morgan, TD Bank, Fannie Mae, Capital One and BofA, and accordingly, are not included as collateral for these notes or our other outstanding debt.

Condensed Consolidating Statements of Operations

	Three Months Ended September 30, 2019					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 3,358,220	$ 2,566,881	$ —	$ 5,925,101
Costs and expenses:						
Cost of services			2,708,008	1,979,328	—	4,687,336
Operating, administrative and other	250	233	411,222	397,879	—	809,584
Depreciation and amortization	—	—	67,168	44,392	—	111,560
Total costs and expenses	250	233	3,186,398	2,421,599	—	5,608,480
Gain on disposition of real estate	—	—	9	—	—	9
Operating (loss) income	(250)	(233)	171,831	145,282	—	316,630
Equity income (loss) from unconsolidated subsidiaries	—	—	26,664	(868)	—	25,796
Other income (loss)	—	—	2,574	(1,633)	—	941
Interest expense, net of interest income	—	(7,434)	27,306	1,974	—	21,846
Royalty and management service expense (income)	—	—	2,509	(2,509)	—	—
Income from consolidated subsidiaries	256,784	251,444	92,488	—	(600,716)	—
Income before (benefit of) provision for income taxes	256,534	258,645	263,742	143,316	(600,716)	321,521
(Benefit of) provision for income taxes	(65)	1,861	12,298	49,374	—	63,468
Net income	256,599	256,784	251,444	93,942	(600,716)	258,053
Less: Net income attributable to non-controlling interests	—	—	—	1,454	—	1,454
Net income attributable to CBRE Group, Inc.	$ 256,599	$ 256,784	$ 251,444	$ 92,488	$ (600,716)	$ 256,599

	Three Months Ended September 30, 2018					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 2,995,019	$ 2,265,935	$ —	$ 5,260,954
Costs and expenses:						
Cost of services	—	—	2,400,812	1,698,092	—	4,098,904
Operating, administrative and other	8,507	215	462,643	387,720	—	859,085
Depreciation and amortization	—	—	69,652	43,832	—	113,484
Total costs and expenses	8,507	215	2,933,107	2,129,644	—	5,071,473
Gain on disposition of real estate	—	—	187	49	—	236
Operating (loss) income	(8,507)	(215)	62,099	136,340	—	189,717
Equity income from unconsolidated subsidiaries	—	—	126,423	417	—	126,840
Other income (loss)	—	—	95,631	(116)	—	95,515
Interest expense, net of interest income	—	(7,794)	27,565	5,649	—	25,420
Royalty and management service expense (income)	—	—	16,070	(16,070)	—	—
Income from consolidated subsidiaries	296,858	291,167	106,066	—	(694,091)	—
Income before (benefit of) provision for income taxes	288,351	298,746	346,584	147,062	(694,091)	386,652
(Benefit of) provision for income taxes	(2,118)	1,888	55,417	39,776	—	94,963
Net income	290,469	296,858	291,167	107,286	(694,091)	291,689
Less: Net income attributable to non-controlling interests	—	—	—	1,220	—	1,220
Net income attributable to CBRE Group, Inc.	$ 290,469	$ 296,858	$ 291,167	$ 106,066	$ (694,091)	$ 290,469

Condensed Consolidating Statements of Operations

	Nine Months Ended September 30, 2019					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 9,626,821	$ 7,147,863	$ —	$ 16,774,684
Costs and expenses:						
Cost of services			7,654,397	5,500,763	—	13,155,160
Operating, administrative and other	750	763	1,263,892	1,214,452	—	2,479,857
Depreciation and amortization	—	—	198,118	125,744	—	323,862
Intangible asset impairment	—	—	89,037	—	—	89,037
Total costs and expenses	750	763	9,205,444	6,840,959	—	16,047,916
Gain on disposition of real estate	—	—	19,240	26	—	19,266
Operating (loss) income	(750)	(763)	440,617	306,930	—	746,034
Equity income from unconsolidated subsidiaries	—	—	117,411	2,822	—	120,233
Other income	—	—	5,733	20,430	—	26,163
Interest expense, net of interest income	—	(25,757)	70,633	22,762	—	67,638
Write-off of financing costs on extinguished debt	—	2,608	—	—	—	2,608
Royalty and management service expense (income)	—	—	24,014	(24,014)	—	—
Income from consolidated subsidiaries	645,294	628,731	196,803	—	(1,470,828)	—
Income before (benefit of) provision for income taxes	644,544	651,117	665,917	331,434	(1,470,828)	822,184
(Benefit of) provision for income taxes	(195)	5,823	37,186	127,053	—	169,867
Net income	644,739	645,294	628,731	204,381	(1,470,828)	652,317
Less: Net income attributable to non-controlling interests	—	—	—	7,578	—	7,578
Net income attributable to CBRE Group, Inc.	$ 644,739	$ 645,294	$ 628,731	$ 196,803	$ (1,470,828)	$ 644,739

	Nine Months Ended September 30, 2018					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 8,461,567	$ 6,584,773	$ —	$ 15,046,340
Costs and expenses:						
Cost of services	—	—	6,723,631	4,953,982	—	11,677,613
Operating, administrative and other	21,250	946	1,238,769	1,156,637	—	2,417,602
Depreciation and amortization	—	—	202,295	132,753	—	335,048
Total costs and expenses	21,250	946	8,164,695	6,243,372	—	14,430,263
Gain on disposition of real estate	—	—	6,637	5,928	—	12,565
Operating (loss) income	(21,250)	(946)	303,509	347,329	—	628,642
Equity income from unconsolidated subsidiaries	—	—	260,470	2,570	—	263,040
Other income (loss)	—	—	98,530	(3,286)	—	95,244
Interest expense, net of interest income	—	(21,473)	83,068	14,458	—	76,053
Write-off of financing costs on extinguished debt	—	27,982	—	—	—	27,982
Royalty and management service expense (income)	—	—	40,828	(40,828)	—	—
Income from consolidated subsidiaries	685,383	690,982	268,799	—	(1,645,164)	—
Income before (benefit of) provision for income taxes	664,133	683,527	807,412	372,983	(1,645,164)	882,891
(Benefit of) provision for income taxes	(5,291)	(1,856)	116,430	102,163	—	211,446
Net income	669,424	685,383	690,982	270,820	(1,645,164)	671,445
Less: Net income attributable to non-controlling interests	—	—	—	2,021	—	2,021
Net income attributable to CBRE Group, Inc.	$ 669,424	$ 685,383	$ 690,982	$ 268,799	$ (1,645,164)	$ 669,424

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended September 30, 2019					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 256,599	$ 256,784	$ 251,444	$ 93,942	$ (600,716)	$ 258,053
Other comprehensive income (loss):						
Foreign currency translation loss	—	—	—	(78,177)	—	(78,177)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	377	—	—	—	377
Unrealized gains on interest rate swaps, net	—	7	—	—	—	7
Unrealized holding gains on available for sale debt securities, net	—	—	881	—	—	881
Other, net	—	—	7,374	3	—	7,377
Total other comprehensive income (loss)	—	384	8,255	(78,174)	—	(69,535)
Comprehensive income	256,599	257,168	259,699	15,768	(600,716)	188,518
Less: Comprehensive income attributable to non-controlling interests	—	—	—	1,340	—	1,340
Comprehensive income attributable to CBRE Group, Inc.	$ 256,599	$ 257,168	$ 259,699	$ 14,428	$ (600,716)	$ 187,178

	Three Months Ended September 30, 2018					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 290,469	$ 296,858	$ 291,167	$ 107,286	$ (694,091)	$ 291,689
Other comprehensive income (loss):						
Foreign currency translation loss	—	—	—	(30,985)	—	(30,985)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	570	—	—	—	570
Unrealized gains on interest rate swaps, net	—	65	—	—	—	65
Unrealized holding gains on available for sale debt securities, net	—	—	22	—	—	22
Other, net	—	—	(15)	—	—	(15)
Total other comprehensive income (loss)	—	635	7	(30,985)	—	(30,343)
Comprehensive income	290,469	297,493	291,174	76,301	(694,091)	261,346
Less: Comprehensive income attributable to non-controlling interests	—	—	—	1,357	—	1,357
Comprehensive income attributable to CBRE Group, Inc.	$ 290,469	$ 297,493	$ 291,174	$ 74,944	$ (694,091)	$ 259,989

Condensed Consolidating Statements of Comprehensive Income

	Nine Months Ended September 30, 2019					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 644,739	$ 645,294	$ 628,731	$ 204,381	$ (1,470,828)	$ 652,317
Other comprehensive income (loss):						
Foreign currency translation loss	—	—	—	(79,772)	—	(79,772)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	1,212	—	—	—	1,212
Unrealized losses on interest rate swaps, net	—	(104)	—	—	—	(104)
Unrealized holding gains on available for sale debt securities, net	—	—	2,341	—	—	2,341
Other, net	—	—	7,375	3	—	7,378
Total other comprehensive income (loss)	—	1,108	9,716	(79,769)	—	(68,945)
Comprehensive income	644,739	646,402	638,447	124,612	(1,470,828)	583,372
Less: Comprehensive income attributable to non-controlling interests	—	—	—	7,445	—	7,445
Comprehensive income attributable to CBRE Group, Inc.	$ 644,739	$ 646,402	$ 638,447	$ 117,167	$ (1,470,828)	$ 575,927

	Nine Months Ended September 30, 2018					
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 669,424	$ 685,383	$ 690,982	$ 270,820	$ (1,645,164)	$ 671,445
Other comprehensive income (loss):						
Foreign currency translation loss	—	—	—	(130,879)	—	(130,879)
Adoption of Accounting Standards Update 2016-01, net	—	—	(3,964)	—	—	(3,964)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	1,953	—	—	—	1,953
Unrealized gains on interest rate swaps, net	—	882	—	—	—	882
Unrealized holding losses on available for sale debt securities, net	—	—	(605)	—	—	(605)
Other, net	—	—	5	5,508	—	5,513
Total other comprehensive income (loss)	—	2,835	(4,564)	(125,371)	—	(127,100)
Comprehensive income	669,424	688,218	686,418	145,449	(1,645,164)	544,345
Less: Comprehensive income attributable to non-controlling interests	—	—	—	1,479	—	1,479
Comprehensive income attributable to CBRE Group, Inc.	$ 669,424	$ 688,218	$ 686,418	$ 143,970	$ (1,645,164)	$ 542,866

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30, 2019				
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 104,267	$ 16,509	$ 139,122	$ (120,597)	$ 139,301
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	—	(97,527)	(63,056)	(160,583)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	—	—	(10,419)	(4,425)	(14,844)
Contributions to unconsolidated subsidiaries	—	—	(49,061)	(35,587)	(84,648)
Distributions from unconsolidated subsidiaries	—	—	17,944	3,016	20,960
Purchase of equity securities	—	—	(10,160)	—	(10,160)
Proceeds from sale of equity securities	—	—	12,703	1,558	14,261
Purchase of available for sale debt securities	—	—	(4,219)	—	(4,219)
Proceeds from the sale of available for sale debt securities	—	—	2,392	—	2,392
Other investing activities, net	—	—	686	(96)	590
Net cash used in investing activities	—	—	(137,661)	(98,590)	(236,251)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from senior term loans	—	300,000	—	—	300,000
Repayment of senior term loans	—	(300,000)	—	—	(300,000)
Proceeds from revolving credit facility	—	2,683,000	—	—	2,683,000
Repayment of revolving credit facility	—	(2,631,000)	—	—	(2,631,000)
Proceeds from notes payable on real estate	—	—	—	5,243	5,243
Repurchase of common stock	(94,088)	—	—	—	(94,088)
Acquisition of businesses (cash paid for acquisitions more than three months after purchase date)	—	—	(30,268)	(5,821)	(36,089)
Units repurchased for payment of taxes on equity awards	(16,573)	—	—	—	(16,573)
Non-controlling interest contributions	—	—	—	46,513	46,513
Non-controlling interest distributions	—	—	—	(3,798)	(3,798)
Decrease (increase) in intercompany receivables, net	6,394	(82,587)	(154,612)	230,805	—
Other financing activities, net	—	(3,351)	—	(1,820)	(5,171)
Net cash (used in) provided by financing activities	(104,267)	(33,938)	(184,880)	271,122	(51,963)
Effect of currency exchange rate changes on cash and cash equivalents and restricted cash	—	—	—	(12,726)	(12,726)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	—	(17,429)	(183,419)	39,209	(161,639)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT BEGINNING OF PERIOD	7	34,063	274,948	554,926	863,944
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT END OF PERIOD	$ 7	$ 16,634	$ 91,529	$ 594,135	$ 702,305
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$ —	$ 65,230	$ —	$ 14,949	$ 80,179
Income taxes, net	$ —	$ —	$ 161,431	$ 141,304	$ 302,735

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30, 2018				
	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 77,947	$ (1,315)	$ 300,163	$ 125,516	$ 502,311
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	—	(96,412)	(55,481)	(151,893)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	—	—	(297,370)	(16,190)	(313,560)
Contributions to unconsolidated subsidiaries	—	—	(26,866)	(4,160)	(31,026)
Distributions from unconsolidated subsidiaries	—	—	49,767	3,953	53,720
Net proceeds from disposition of real estate held for investment	—	—	—	14,174	14,174
Purchase of equity securities	—	—	(15,931)	—	(15,931)
Proceeds from sale of equity securities	—	—	11,402	—	11,402
Purchase of available for sale debt securities	—	—	(20,860)	—	(20,860)
Proceeds from the sale of available for sale debt securities	—	—	5,432	—	5,432
Other investing activities, net	—	—	(5,631)	74	(5,557)
Net cash used in investing activities	—	—	(396,469)	(57,630)	(454,099)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from senior term loans	—	550,000	—	—	550,000
Proceeds from revolving credit facility	—	2,913,000	—	—	2,913,000
Repayment of revolving credit facility	—	(2,772,000)	—	—	(2,772,000)
Repayment of 5.00% senior notes (including premium)	—	(820,000)	—	—	(820,000)
Proceeds from notes payable on real estate	—	—	—	3,239	3,239
Repayment of notes payable on real estate	—	—	—	(16,019)	(16,019)
Acquisition of businesses (cash (paid) received for acquisitions more than three months after purchase date)	—	—	(16,774)	1,804	(14,970)
Repayment of debt assumed in acquisition of FacilitySource	—	—	(26,295)	—	(26,295)
Units repurchased for payment of taxes on equity awards	(27,696)	—	—	—	(27,696)
Non-controlling interest contributions	—	—	—	9,558	9,558
Non-controlling interest distributions	—	—	—	(11,382)	(11,382)
(Increase) decrease in intercompany receivables, net	(50,622)	121,152	113,720	(184,250)	—
Other financing activities, net	371	(199)	—	(1,087)	(915)
Net cash (used in) provided by financing activities	(77,947)	(8,047)	70,651	(198,137)	(213,480)
Effect of currency exchange rate changes on cash and cash equivalents and restricted cash	—	—	—	(31,613)	(31,613)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	—	(9,362)	(25,655)	(161,864)	(196,881)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT BEGINNING OF PERIOD	7	15,604	114,143	695,065	824,819
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT END OF PERIOD	$ 7	$ 6,242	$ 88,488	$ 533,201	$ 627,938
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$ —	$ 94,751	$ —	$ 1,071	$ 95,822
Income taxes, net	$ —	$ —	$ 118,070	$ 117,235	$ 235,305

16. Subsequent Events

On July 3, 2019, we announced our intention to acquire Telford Homes Plc (Telford) in our Real Estate Investments segment. Telford develops multifamily residential properties in the London area. The acquisition closed on October 1, 2019 and was funded through a combination of cash on hand and borrowings under our revolving credit facility. Telford shareholders received £3.50 per share in cash, valuing Telford at £267.1 million, or $329.0 million as of the acquisition date. In addition, upon acquisition we assumed $110.9 million (£90.0 million) of debt from Telford (that we repaid in full shortly after closing) and acquired cash from Telford of $7.9 million (£6.4 million).

During the month of October 2019, we spent $51.0 million to repurchase an additional 1,003,485 shares of our Class A common stock with an average price paid per share of $50.85.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q (Quarterly Report) for CBRE Group, Inc. for the three months ended September 30, 2019 represents an update to the more detailed and comprehensive disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2018. Accordingly, you should read the following discussion in conjunction with the information included in our Annual Report on Form 10-K for the year ended December 31, 2018 as well as the unaudited financial statements included elsewhere in this Quarterly Report.

In addition, the statements and assumptions in this Quarterly Report that are not statements of historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects as well as estimates of industry growth for the next quarter and beyond. For important information regarding these forward-looking statements, please see the discussion below under the caption "Cautionary Note on Forward-Looking Statements."

Overview

CBRE Group, Inc. is a Delaware corporation. References to "the company," "we," "us" and "our" refer to CBRE Group, Inc. and include all of its consolidated subsidiaries, unless otherwise indicated or the context requires otherwise.

We are the world's largest commercial real estate services and investment firm, based on 2018 revenue, with leading global market positions in our advisory leasing, advisory property sales, occupier outsourcing and valuation businesses. As of December 31, 2018, we operated in more than 480 offices worldwide with over 90,000 employees, excluding independent affiliates.

Our business is focused on providing services to real estate occupiers and investors. For occupiers, we provide facilities management, project management, transaction (both property sales and leasing) and consulting services, among others. For investors, we provide capital markets (property sales, commercial mortgage brokerage, loan origination and servicing), leasing, investment management, property management, valuation and development services, among others. We provide services under the following brand names: "CBRE" (real estate advisory and outsourcing services); "CBRE Global Investors" (investment management); "Trammell Crow Company" (development); and "Hana" (flexible-space solutions).

Our revenue mix has shifted in recent years toward more contractual revenue as occupiers and investors increasingly prefer to purchase integrated, account-based services from firms that meet the full spectrum of their needs nationally and globally. We believe we are well-positioned to capture a growing share of this business. We generate revenue from both management fees (large multi-year portfolio and per-project contracts) and commissions on transactions. Our contractual, fee-for-services businesses generally involve occupier outsourcing (including facilities and project management), property management, investment management, appraisal/valuation and loan servicing. In addition, our leasing services business line is largely recurring in nature over time.

In 2018, we generated revenue from a highly diversified base of clients, including more than 90 of the *Fortune* 100 companies. We have been an S&P 500 company since 2006 and in 2019 we were ranked #146 on the *Fortune* 500. We have been voted the most recognized commercial real estate brand in the Lipsey Company survey for 18 years in a row (including 2019). We have also been rated a World's Most Ethical Company by the Ethisphere Institute for six consecutive years (including 2019).

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, which require us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe to be reasonable. Actual results may differ from those estimates. Critical accounting policies represent the areas where more significant judgments and estimates are used in the preparation of our consolidated financial statements. A discussion of such critical accounting policies, which include revenue recognition, goodwill and other intangible assets, and income taxes can be found in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to these policies as of September 30, 2019.

New Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Seasonality

A significant portion of our revenue is seasonal, which an investor should keep in mind when comparing our financial condition and results of operations on a quarter-by-quarter basis. Historically, our revenue, operating income, net income and cash flow from operating activities tend to be lowest in the first quarter, and highest in the fourth quarter of each year. Revenue, earnings and cash flow have generally been concentrated in the fourth calendar quarter due to the focus on completing sales, financing and leasing transactions prior to year-end.

Inflation

Our commissions and other variable costs related to revenue are primarily affected by commercial real estate market supply and demand, which may be affected by inflation. However, to date, we do not believe that general inflation has had a material impact upon our operations.

Items Affecting Comparability

When you read our financial statements and the information included in this Quarterly Report, you should consider that we have experienced, and continue to experience, several material trends and uncertainties that have affected our financial condition and results of operations that make it challenging to predict our future performance based on our historical results. We believe that the following material trends and uncertainties are crucial to an understanding of the variability in our historical earnings and cash flows and the potential for continued variability in the future.

Macroeconomic Conditions

Economic trends and government policies affect global and regional commercial real estate markets as well as our operations directly. These include: overall economic activity and employment growth; interest rate levels and changes in interest rates; the cost and availability of credit; and the impact of tax and regulatory policies. Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, decreasing demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, will negatively affect the performance of our business.

Compensation is our largest expense and our sales and leasing professionals generally are paid on a commission and/or bonus basis that correlates with their revenue production. As a result, the negative effect of difficult market conditions on our operating margins is partially mitigated by the inherent variability of our compensation cost structure. In addition, when negative economic conditions have been particularly severe, we have moved decisively to lower operating expenses to improve financial performance, and then have restored certain expenses as economic conditions improved. Nevertheless, adverse global and regional economic trends could pose significant risks to the performance of our operations and our financial condition.

Commercial real estate markets in the United States have generally been marked by increased demand for space, falling vacancies and higher rents since 2010. During this time, healthy U.S. property sales activity has been sustained by gradually improving market fundamentals, including higher occupancy rates and rents, broad, low-cost credit availability and increased institutional capital allocations to commercial real estate. In 2019, U.S. sales market activity has improved modestly from 2018 levels, as significant capital continues to be invested in commercial real estate and relatively low-cost financing remains plentiful. The market for commercial real estate leasing has remained solid in 2019, reflecting a continued healthy economy and steady employment growth.

In Europe, leasing demand has remained stable in 2019, though sales market volumes have softened. Notably, in the United Kingdom, continued uncertainty about the date and the terms on which the United Kingdom will leave the European Union has contributed to significantly lower sales and lease volumes throughout 2019.

In Asia Pacific, leasing activity has declined significantly in 2019 amid rising geopolitical uncertainty and slowing regional economies. However, investment activity has been more resilient and Asia Pacific investors remain a significant capital source for investment in the region and globally.

Real estate investment management and property development markets have been generally favorable with abundant debt and equity capital flows into commercial real estate. Actively managed public real estate equity strategies have been pressured by a shift in investor preferences from active to passive portfolio strategies.

The performance of our global real estate services and investment businesses depends on sustained economic growth and solid job creation; stable global credit markets; and positive business and investor sentiment.

Effects of Acquisitions

We historically have made significant use of strategic acquisitions to add and enhance service competencies around the world. On June 12, 2018, CBRE Jason Acquisition LLC (Merger Sub), our wholly-owned subsidiary, and FacilitySource Holdings, LLC (FacilitySource), WP X Finance, LP and Warburg Pincus X Partners, LP (collectively, the Stockholders) entered into a stock purchase agreement and plan of merger (the Merger Agreement). As part of the Merger Agreement, (i) we purchased from the Stockholders all the outstanding shares of capital stock of FS WP Holdco, Inc (Blocker Corp), which owned 1,686,013 Class A units (the Blocker Units) and (ii) immediately following the acquisition of Blocker Corp, Merger Sub merged with FacilitySource, with FacilitySource continuing as the surviving company and our wholly-owned subsidiary within our Global Workplace Solutions segment (the FacilitySource Acquisition), with the remaining Blocker Units not held by Blocker Corp. canceled and converted into the right to receive cash consideration as set forth in the Merger Agreement. The final net purchase price was approximately $266.5 million in cash, with $263.0 million paid in 2018 and $3.5 million paid in 2019. We financed the transaction with cash on hand and borrowings under our revolving credit facility. We completed the FacilitySource Acquisition to help us (i) build a tech-enabled supply chain capability for the occupier outsourcing industry and (ii) drive meaningfully differentiated outcomes for leading occupiers of real estate.

Strategic in-fill acquisitions have also played a key role in strengthening our service offerings. The companies we acquired have generally been regional or specialty firms that complement our existing platform, or independent affiliates in which, in some cases, we held a small equity interest. During 2018, we acquired a retail leasing and property management firm in Australia, two firms in Israel (our former affiliate and a majority interest in a local facilities management provider), a commercial real estate services provider in San Antonio, a provider of real estate and facilities consulting services to healthcare companies across the United States and the remaining 50% equity interest in our longstanding New England joint venture. During the nine months ended September 30, 2019, we acquired the assets of a leading advanced analytics software company based in the United Kingdom which provides technology and consulting services for large global data center operators, a commercial and residential real estate appraisal firm headquartered in Florida, our former affiliate in Omaha and a project management firm in Australia. During the month of October 2019, we acquired a small valuation and consulting business in Switzerland and a leading project management firm in Israel.

On July 3, 2019, we announced our intention to acquire Telford Homes Plc (Telford) in our Real Estate Investments segment. Telford develops multifamily residential properties in the London area. The acquisition closed on October 1, 2019 and was funded through a combination of cash on hand and borrowings under our revolving credit facility. Telford shareholders received £3.50 per share in cash, valuing Telford at £267.1 million, or $329.0 million as of the acquisition date. In addition, upon acquisition we assumed $110.9 million (£90.0 million) of debt from Telford (that we repaid in full shortly after closing) and acquired cash from Telford of $7.9 million (£6.4 million).

We believe that strategic acquisitions can significantly decrease the cost, time and commitment of management resources necessary to attain a meaningful competitive position within targeted markets or to expand our presence within our current markets. In general, however, most acquisitions will initially have an adverse impact on our operating and net income as a result of transaction-related expenditures. These include severance, lease termination, transaction and deferred financing costs, among others, and the charges and costs of integrating the acquired business and its financial and accounting systems into our own.

Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of September 30, 2019, we have accrued deferred consideration totaling $113.2 million, which is included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report.

International Operations

We are monitoring the economic and political developments related to the United Kingdom's referendum to leave the European Union and the potential impact on our businesses in the United Kingdom and the rest of Europe, including, in particular, sales and leasing activity in the United Kingdom, as well as any associated currency volatility impact on our results of operations.

As we continue to increase our international operations through either acquisitions or organic growth, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Our Real Estate Investments business has a significant amount of euro-denominated assets under management, or AUM, as well as associated revenue and earnings in Europe. In addition, our Global Workplace Solutions business also has a significant amount of its revenue and earnings denominated in foreign currencies, such as the euro and the British pound sterling. Fluctuations in foreign currency exchange rates have resulted and may continue to result in corresponding fluctuations in our AUM, revenue and earnings.

During the nine months ended September 30, 2019, approximately 41% of our business was transacted in non-U.S. dollar currencies, the majority of which included the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, Danish krone, euro, Hong Kong dollar, Indian rupee, Israeli shekel, Japanese yen, Mexican peso, New Zealand dollar, Polish zloty, Singapore dollar, Swedish krona, Swiss franc and Thai baht. The following table sets forth our revenue derived from our most significant currencies (U.S. dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
United States dollar	$ 3,442,570	58.1 %	$ 3,063,616	58.3 %	$ 9,851,477	58.7 %	$ 8,646,018	57.4 %
British pound sterling	758,084	12.8 %	638,018	12.1 %	2,003,671	11.9 %	1,852,799	12.3 %
Euro	600,414	10.1 %	548,688	10.4 %	1,716,278	10.2 %	1,604,986	10.7 %
Canadian dollar	204,009	3.4 %	175,629	3.3 %	562,470	3.4 %	517,586	3.4 %
Indian rupee	127,376	2.2 %	99,135	1.9 %	361,567	2.2 %	306,380	2.0 %
Australian dollar	112,543	1.9 %	117,557	2.2 %	311,185	1.9 %	347,490	2.3 %
Chinese yuan	84,464	1.4 %	77,740	1.5 %	232,113	1.4 %	209,399	1.4 %
Japanese yen	79,151	1.3 %	55,904	1.1 %	222,184	1.3 %	183,563	1.2 %
Singapore dollar	77,605	1.3 %	67,311	1.3 %	218,511	1.3 %	195,817	1.3 %
Brazilian real	51,086	0.9 %	42,835	0.8 %	144,581	0.9 %	127,986	0.9 %
Swiss franc	44,335	0.7 %	42,235	0.8 %	131,477	0.8 %	129,549	0.9 %
Hong Kong dollar	40,712	0.7 %	43,100	0.8 %	116,670	0.7 %	117,455	0.8 %
Mexican peso	31,897	0.5 %	32,835	0.6 %	100,907	0.6 %	99,833	0.7 %
Polish zloty	27,243	0.5 %	20,886	0.4 %	76,761	0.5 %	59,833	0.4 %
Israeli shekel	26,297	0.4 %	20,192	0.4 %	79,135	0.5 %	32,719	0.2 %
Thai baht	22,474	0.4 %	18,081	0.3 %	58,017	0.3 %	56,444	0.4 %
Danish krone	18,586	0.3 %	18,842	0.4 %	56,609	0.3 %	60,773	0.4 %
New Zealand dollar	16,434	0.3 %	15,783	0.3 %	49,211	0.3 %	43,912	0.3 %
Swedish krona	15,008	0.3 %	15,955	0.3 %	49,707	0.3 %	52,049	0.3 %
Other currencies	144,813	2.5 %	146,612	2.8 %	432,153	2.5 %	401,749	2.7 %
Total revenue	$ 5,925,101	100.0 %	$ 5,260,954	100.0 %	$ 16,774,684	100.0 %	$ 15,046,340	100.0 %

Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar may positively or negatively impact our reported results. For example, we estimate that had the British pound sterling-to-U.S. dollar exchange rates been 10% higher during the nine months ended September 30, 2019, the net impact would have been an increase in pre-tax income of $4.3 million. Had the euro-to-U.S. dollar exchange rates been 10% higher during the nine months ended September 30, 2019, the net impact would have been an increase in pre-tax income of $4.9 million. These hypothetical calculations estimate the impact of translating results into U.S. dollars and do not include an estimate of the impact that a 10% change in the U.S. dollar against other currencies would have had on our foreign operations.

Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. Our international operations also are subject to, among other things, political instability and changing regulatory environments, which affect the currency markets and which as a result may adversely affect our future financial condition and results of operations. We routinely monitor these risks and related costs and evaluate the appropriate amount of oversight to allocate towards business activities in foreign countries where such risks and costs are particularly significant.

Results of Operations

The following table sets forth items derived from our consolidated statements of operations for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
Revenue:								
Fee revenue:								
Global workplace solutions	$ 793,213	13.4 %	$ 653,756	12.4 %	$ 2,249,433	13.4 %	$ 1,965,059	13.1 %
Property and advisory project management	305,354	5.1 %	287,470	5.5 %	905,843	5.4 %	852,739	5.7 %
Valuation	154,861	2.6 %	143,814	2.7 %	442,238	2.6 %	425,374	2.8 %
Loan servicing	56,623	0.9 %	46,466	0.9 %	152,381	0.9 %	132,188	0.9 %
Advisory leasing	781,246	13.2 %	751,793	14.3 %	2,221,674	13.3 %	1,956,688	13.0 %
Capital markets:								
Advisory sales	526,104	8.9 %	486,398	9.2 %	1,378,317	8.2 %	1,357,506	9.0 %
Commercial mortgage origination	163,839	2.8 %	132,500	2.5 %	424,717	2.5 %	360,772	2.4 %
Investment management	104,927	1.8 %	93,061	1.8 %	312,881	1.9 %	315,698	2.1 %
Development services	24,286	0.4 %	25,753	0.5 %	101,188	0.6 %	67,486	0.4 %
Total fee revenue	2,910,453	49.1 %	2,621,011	49.8 %	8,188,672	48.8 %	7,433,510	49.4 %
Pass through costs also recognized as revenue	3,014,648	50.9 %	2,639,943	50.2 %	8,586,012	51.2 %	7,612,830	50.6 %
Total revenue	5,925,101	100.0 %	5,260,954	100.0 %	16,774,684	100.0 %	15,046,340	100.0 %
Costs and expenses:								
Cost of services	4,687,336	79.1 %	4,098,904	77.9 %	13,155,160	78.4 %	11,677,613	77.6 %
Operating, administrative and other	809,584	13.7 %	859,085	16.3 %	2,479,857	14.8 %	2,417,602	16.1 %
Depreciation and amortization	111,560	1.9 %	113,484	2.2 %	323,862	2.0 %	335,048	2.2 %
Intangible asset impairment	—	0.0 %	—	0.0 %	89,037	0.5 %	—	0.0 %
Total costs and expenses	5,608,480	94.7 %	5,071,473	96.4 %	16,047,916	95.7 %	14,430,263	95.9 %
Gain on disposition of real estate	9	0.0 %	236	0.0 %	19,266	0.1 %	12,565	0.1 %
Operating income	316,630	5.3 %	189,717	3.6 %	746,034	4.4 %	628,642	4.2 %
Equity income from unconsolidated subsidiaries	25,796	0.5 %	126,840	2.4 %	120,233	0.7 %	263,040	1.7 %
Other income	941	0.0 %	95,515	1.8 %	26,163	0.2 %	95,244	0.6 %
Interest expense, net of interest income	21,846	0.4 %	25,420	0.5 %	67,638	0.4 %	76,053	0.5 %
Write-off of financing costs on extinguished debt	—	0.0 %	—	0.0 %	2,608	0.0 %	27,982	0.1 %
Income before provision for income taxes	321,521	5.4 %	386,652	7.3 %	822,184	4.9 %	882,891	5.9 %
Provision for income taxes	63,468	1.0 %	94,963	1.8 %	169,867	1.0 %	211,446	1.4 %
Net income	258,053	4.4 %	291,689	5.5 %	652,317	3.9 %	671,445	4.5 %
Less: Net income attributable to non-controlling interests	1,454	0.1 %	1,220	0.0 %	7,578	0.1 %	2,021	0.1 %
Net income attributable to CBRE Group, Inc.	$ 256,599	4.3 %	$ 290,469	5.5 %	$ 644,739	3.8 %	$ 669,424	4.4 %
Adjusted EBITDA	$ 454,630	7.7 %	$ 463,408	8.8 %	$ 1,373,154	8.2 %	$ 1,250,522	8.3 %

Fee revenue and adjusted EBITDA are not recognized measurements under GAAP. When analyzing our operating performance, investors should use these measures in addition to, and not as an alternative for, their most directly comparable financial measure calculated and presented in accordance with GAAP. We generally use these non-GAAP financial measures to evaluate operating performance and for other discretionary purposes. We believe these measures provide a more complete understanding of ongoing operations, enhance comparability of current results to prior periods and may be useful for investors to analyze our financial performance because they eliminate the impact of selected charges that may obscure trends in the underlying performance of our business. Because not all companies use identical calculations, our presentation of fee revenue and adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients. We believe that investors may find this measure useful to analyze the company's overall financial performance because it excludes costs reimbursable by clients, and as such provides greater visibility into the underlying performance of our business.

EBITDA represents earnings before net interest expense, write-off of financing costs on extinguished debt, income taxes, depreciation and amortization and intangible asset impairments. Amounts shown for adjusted EBITDA further remove (from EBITDA) the impact of certain cash and non-cash items related to acquisitions, certain carried interest incentive compensation (reversal) expense to align with the timing of associated revenue, costs associated with our reorganization, including cost-savings initiatives, and other non-recurring costs. We believe that investors may find these measures useful in evaluating our operating performance compared to that of other companies in our industry because their calculations generally eliminate the effects of acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions, the effects of financings and income taxes and the accounting effects of capital spending.

Adjusted EBITDA is not intended to be a measure of free cash flow for our discretionary use because it does not consider certain cash requirements such as tax and debt service payments. These measures may also differ from the amounts calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used by us to determine compliance with financial covenants therein and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments. We also use adjusted EBITDA as a significant component when measuring our operating performance under our employee incentive compensation programs.

Adjusted EBITDA is calculated as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to CBRE Group, Inc.	$ 256,599	$ 290,469	$ 644,739	$ 669,424
Add:				
Depreciation and amortization	111,560	113,484	323,862	335,048
Intangible asset impairment	—	—	89,037	—
Interest expense, net of interest income	21,846	25,420	67,638	76,053
Write-off of financing costs on extinguished debt	—	—	2,608	27,982
Provision for income taxes	63,468	94,963	169,867	211,446
EBITDA	453,473	524,336	1,297,751	1,319,953
Adjustments:				
Integration and other costs related to acquisitions	4,517	6,100	13,554	6,100
Carried interest incentive compensation (reversal) expense to align with the timing of associated revenue	(3,360)	3,960	12,284	(4,543)
Costs associated with our reorganization, including cost-savings initiatives (1)	—	12,768	49,565	12,768
Costs incurred in connection with litigation settlement	—	8,868	—	8,868
One-time gain associated with remeasuring an investment in an unconsolidated subsidiary to fair value as of the date the remaining controlling interest was acquired	—	(92,624)	—	(92,624)
Adjusted EBITDA	$ 454,630	$ 463,408	$ 1,373,154	$ 1,250,522

(1) Primarily represents severance costs related to headcount reductions in connection with our reorganization announced in the third quarter of 2018 that became effective January 1, 2019.

Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2018

We reported consolidated net income of $256.6 million for the three months ended September 30, 2019 on revenue of $5.9 billion as compared to consolidated net income of $290.5 million on revenue of $5.3 billion for the three months ended September 30, 2018.

Our revenue on a consolidated basis for the three months ended September 30, 2019 increased by $664.1 million, or 12.6%, as compared to the three months ended September 30, 2018. The revenue increase reflects strong organic growth fueled by higher revenue in our Global Workplace Solutions segment (up 15.3%) and improved revenue in our Advisory Services segment due to property and advisory project management revenue (up 12.0%) as well as increased advisory sales (up 8.2%), commercial mortgage origination activity (up 23.7%) and advisory leasing (up 3.9%). Foreign currency translation had a $98.1 million negative impact on total revenue during the three months ended September 30, 2019, primarily driven by weakness in the Argentine peso, Australian dollar, British pound sterling and euro.

Our cost of services on a consolidated basis increased by $588.4 million, or 14.4%, during the three months ended September 30, 2019 as compared to the same period in 2018. This increase was primarily due to higher costs associated with our Global Workplace Solutions segment. In addition, our sales professionals generally are paid on a commission basis, which substantially correlates with our transaction revenue performance. Accordingly, the increase in advisory sales and lease transaction revenue led to a corresponding increase in commission expense. Lastly, higher costs in our property and advisory project management business also contributed to the increase. These items were partially offset by the impact of foreign currency translation, which had a $79.3 million positive impact on total cost of services during the three months ended September 30, 2019. Cost of services as a percentage of revenue increased from 77.9% for the three months ended September 30, 2018 to 79.1% for the three months ended September 30, 2019, primarily driven by our mix of revenue, with revenue from our Global Workplace Solutions segment, which has a lower margin than our other revenue streams, comprising a higher percentage of revenue than in the prior period.

Our operating, administrative and other expenses on a consolidated basis decreased by $49.5 million, or 5.8%, during the three months ended September 30, 2019 as compared to the same period in 2018. This decrease was primarily driven by lower bonuses in our Real Estate Investment segment (driven by lower property sales in the third quarter of 2019 as compared to the same period in the prior year, which were reflected in equity income from unconsolidated subsidiaries). During the third quarter of 2018, we also incurred $12.8 million of costs in connection with our reorganization (including cost-savings initiatives) and $8.9 million of costs as a result of a litigation settlement, both of which did not recur in the third quarter of 2019. Foreign currency translation also had a $14.7 million positive impact on total operating expenses during the three months ended September 30, 2019. These items were partially offset by higher payroll-related costs incurred during the third quarter of 2019. Operating expenses as a percentage of revenue decreased from 16.3% for the three months ended September 30, 2018 to 13.7% for the three months ended September 30, 2019, reflecting the operating leverage inherent in our business.

Our depreciation and amortization expense on a consolidated basis decreased by $1.9 million, or 1.7%, during the three months ended September 30, 2019 as compared to the same period in 2018. This decrease was primarily attributable to $5.4 million of lower amortization expense largely associated with intangibles from prior acquisitions. The decrease in amortization expense was partially offset by a rise in depreciation expense of $3.5 million during the three months ended September 30, 2019 driven by technology-related capital expenditures.

Our equity income from unconsolidated subsidiaries on a consolidated basis decreased by $101.0 million, or 79.7%, during the three months ended September 30, 2019 as compared to the same period in 2018, primarily driven by lower equity earnings associated with gains on property sales reported in our Real Estate Investments segment.

Our other income on a consolidated basis was $0.9 million for the three months ended September 30, 2019 as compared to $95.5 million for the same period in 2018. The income in the prior year included a one-time gain of $92.6 million associated with remeasuring our investment in a previously unconsolidated subsidiary in New England in our Advisory Services segment to fair value as of the date we acquired the remaining controlling interest.

Our consolidated interest expense, net of interest income, on a consolidated basis decreased by $3.6 million, or 14.1%, during the three months ended September 30, 2019 as compared to the same period in 2018. The decrease was primarily driven by lower interest expense incurred on borrowings under our credit agreement, including our senior term loans and our revolving credit facility.

Our provision for income taxes on a consolidated basis was $63.5 million for the three months ended September 30, 2019 as compared to $95.0 million for the same period in 2018. Our effective tax rate decreased from 24.6% for the three months ended September 30, 2018 to 19.7% for the three months ended September 30, 2019. The lower tax rate for three months ended September 30, 2019 primarily resulted from the realization of a $22.1 million net tax benefit for tax over book basis in a foreign subsidiary that is expected to reverse in the foreseeable future. We benefited from discrete items for the three months ended September 30, 2019 that exceeded the benefits for other discrete items for the prior-year period.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

We reported consolidated net income of $644.7 million for the nine months ended September 30, 2019 on revenue of $16.8 billion as compared to consolidated net income of $669.4 million on revenue of $15.0 billion for the nine months ended September 30, 2018.

Our revenue on a consolidated basis for the nine months ended September 30, 2019 increased by $1.7 billion, or 11.5%, as compared to the nine months ended September 30, 2018. The revenue increase reflects strong organic growth fueled by higher revenue in our Global Workplace Solutions segment (up 13.0%) and improved revenue in our Advisory Services segment due to property and advisory project management revenue (up 10.1%) as well as increased advisory leasing (up 13.5%) and commercial mortgage origination activity (up 17.7%). Foreign currency translation had a $398.8 million negative impact on total revenue during the nine months ended September 30, 2019, primarily driven by weakness in the Argentine peso, Australian dollar, British pound sterling, Canadian dollar, euro and Indian rupee.

Our cost of services on a consolidated basis increased by $1.5 billion, or 12.7%, during the nine months ended September 30, 2019 as compared to the same period in 2018. This increase was primarily due to higher costs associated with our Global Workplace Solutions segment. In addition, our sales professionals generally are paid on a commission basis, which substantially correlates with our transaction revenue performance. Accordingly, the increase in advisory lease transaction revenue led to a corresponding increase in commission expense. Higher costs in our property and advisory project management business also contributed to the increase. Lastly, during the nine months ended September 30, 2019, we incurred $2.6 million of costs in connection with our reorganization (including cost-savings initiatives). These items were partially offset by the impact of foreign currency translation, which had a $321.2 million positive impact on total cost of services during the nine months ended September 30, 2019. Cost of services as a percentage of revenue increased from 77.6% for the nine months ended September 30, 2018 to 78.4% for the nine months ended September 30, 2019, primarily driven by our mix of revenue, with revenue from our Global Workplace Solutions segment, which has a lower margin than our other revenue streams, comprising a higher percentage of revenue than in the prior period.

Our operating, administrative and other expenses on a consolidated basis increased by $62.3 million, or 2.6%, during the nine months ended September 30, 2019 as compared to the same period in 2018. During the nine months ended September 30, 2019, we incurred $47.0 million of costs in connection with our reorganization (including cost-savings initiatives) as compared to $12.8 million of such costs incurred in the prior year period. Additionally, in the current year, we incurred higher payroll-related costs, integration and other costs associated with acquisitions (primarily due to the recently closed Telford acquisition) as well as higher carried interest expense. These items were partially offset by the impact of foreign currency translation, which had a $64.8 million positive impact on total operating expenses during the nine months ended September 30, 2019, as well as lower bonuses in our Real Estate Investment segment (driven by lower property sales in the first nine months of 2019 as compared to the same period in the prior year, which were reflected in equity income from unconsolidated subsidiaries). During the nine months ended September 30, 2018, we also incurred $8.9 million of costs as a result of a litigation settlement, which did not recur in the current year. Operating expenses as a percentage of revenue decreased from 16.1% for the nine months ended September 30, 2018 to 14.8% for the nine months ended September 30, 2019, reflecting the operating leverage inherent in our business.

Our depreciation and amortization expense on a consolidated basis decreased by $11.2 million, or 3.3%, during the nine months ended September 30, 2019 as compared to the same period in 2018. This decrease was primarily attributable to $20.9 million of lower amortization expense largely associated with intangibles from prior acquisitions. The decrease in amortization expense was partially offset by a rise in depreciation expense of $9.7 million during the nine months ended September 30, 2019 driven by technology-related capital expenditures.

During the nine months ended September 30, 2019, we recorded an intangible asset impairment of $89.0 million in our Real Estate Investments segment. This non-cash write-off resulted from a review of the anticipated cash flows and the decrease in assets under management in our public securities business driven in part by continued industry-wide shift in investor preference for passive investment programs.

Our gain on disposition of real estate on a consolidated basis increased by $6.7 million, or 53.3%, during the nine months ended September 30, 2019 as compared to the same period in 2018. These gains resulted from property sales within our Real Estate Investments segment.

Our equity income from unconsolidated subsidiaries on a consolidated basis decreased by $142.8 million, or 54.3%, during the nine months ended September 30, 2019 as compared to the same period in 2018, primarily driven by lower equity earnings associated with gains on property sales reported in our Real Estate Investments segment.

Our other income on a consolidated basis was $26.2 million for the nine months ended September 30, 2019 versus $95.2 million for the same period in the prior year. The income in the current year was primarily driven by net realized and unrealized gains related to co-investments in our real estate securities business within our Real Estate Investments segment. The income in the prior year included a one-time gain of $92.6 million associated with remeasuring our investment in a previously unconsolidated subsidiary in New England in our Advisory Services segment to fair value as of the date we acquired the remaining controlling interest.

Our consolidated interest expense, net of interest income, decreased by $8.4 million, or 11.1%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. This decrease was primarily driven by the early redemption, in full, of the $800.0 million aggregate outstanding principal amount of our 5.00% senior notes in the first quarter of 2018.

Our write-off of financing costs on extinguished debt on a consolidated basis was $2.6 million for the nine months ended September 30, 2019 as compared to $28.0 million for the nine months ended September 30, 2018. The costs for the nine months ended September 30, 2019 were incurred in connection with the refinancing of our credit agreement. The costs for the nine months ended September 30, 2018 included a $20.0 million premium paid and the write-off of $8.0 million of unamortized deferred financing costs in connection with the early redemption, in full, of the $800.0 million aggregate outstanding principal amount of our 5.00% senior notes.

Our provision for income taxes on a consolidated basis was $169.9 million for the nine months ended September 30, 2019 as compared to $211.4 million for the same period in 2018. Our effective tax rate decreased from 23.9% for the nine months ended September 30, 2018 to 20.7% for the nine months ended September 30, 2019. The lower tax rate for nine months ended September 30, 2019 primarily resulted from the realization of a $22.1 million net tax benefit for tax over book basis in a foreign subsidiary that is expected to reverse in the foreseeable future. We benefited from discrete items for the nine months ended September 30, 2019 that exceeded the benefits for other discrete items for the nine months ended September 30, 2018.

Segment Operations

On August 17, 2018, we announced a new organizational structure that became effective on January 1, 2019. Under the new structure, we organize our operations around, and publicly report our financial results on, three global business segments: (1) Advisory Services; (2) Global Workplace Solutions; and (3) Real Estate Investments. For additional information on our segments, see Note 14 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Advisory Services

The following table summarizes our results of operations for our Advisory Services operating segment for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018 (1)		2019		2018 (1)	
Revenue:								
Fee revenue:								
Property and advisory project management	$ 305,354	13.6 %	$ 287,470	14.0 %	$ 905,843	14.5 %	$ 852,739	14.9 %
Valuation	154,861	6.9 %	143,814	7.0 %	442,238	7.1 %	425,374	7.4 %
Loan servicing	56,623	2.5 %	46,466	2.3 %	152,381	2.4 %	132,188	2.3 %
Advisory leasing	781,246	34.9 %	751,793	36.5 %	2,221,674	35.5 %	1,956,688	34.2 %
Capital markets:								
Advisory sales	526,104	23.5 %	486,398	23.6 %	1,378,317	22.0 %	1,357,506	23.8 %
Commercial mortgage origination	163,839	7.3 %	132,500	6.4 %	424,717	6.8 %	360,772	6.3 %
Total fee revenue	1,988,027	88.7 %	1,848,441	89.8 %	5,525,170	88.3 %	5,085,267	88.9 %
Pass through costs also recognized as revenue	252,685	11.3 %	210,918	10.2 %	728,902	11.7 %	632,632	11.1 %
Total revenue	2,240,712	100.0 %	2,059,359	100.0 %	6,254,072	100.0 %	5,717,899	100.0 %
Costs and expenses:								
Cost of services	1,369,710	61.1 %	1,249,590	60.7 %	3,762,749	60.2 %	3,409,490	59.6 %
Operating, administrative and other	530,919	23.7 %	541,558	26.3 %	1,572,233	25.1 %	1,550,422	27.1 %
Depreciation and amortization	79,280	3.6 %	71,678	3.5 %	225,681	3.6 %	203,648	3.6 %
Total costs and expenses	1,979,909	88.4 %	1,862,826	90.5 %	5,560,663	88.9 %	5,163,560	90.3 %
Operating income	260,803	11.6 %	196,533	9.5 %	693,409	11.1 %	554,339	9.7 %
Equity income from unconsolidated subsidiaries	3,616	0.1 %	3,490	0.2 %	7,427	0.1 %	15,729	0.3 %
Other income	2,263	0.1 %	95,702	4.6 %	5,422	0.1 %	98,576	1.7 %
Less: Net income (loss) attributable to non-controlling interests	480	0.0 %	279	0.0 %	470	0.0 %	(576)	0.0 %
Add-back: Depreciation and amortization	79,280	3.6 %	71,678	3.5 %	225,681	3.6 %	203,648	3.6 %
EBITDA	345,482	15.4 %	367,124	17.8 %	931,469	14.9 %	872,868	15.3 %
Adjustments:								
Costs associated with our reorganization, including cost-savings initiatives (2)	—	0.0 %	10,872	0.5 %	11,088	0.2 %	10,872	0.2 %
Costs incurred in connection with litigation settlement	—	0.0 %	8,868	0.4 %	—	0.0 %	8,868	0.1 %
Integration and other costs related to acquisitions	—	0.0 %	1,662	0.1 %	303	0.0 %	1,662	0.0 %
One-time gain associated with remeasuring an investment in an unconsolidated subsidiary to fair value as of the date the remaining controlling interest was acquired	—	0.0 %	(92,624)	(4.4 %)	—	0.0 %	(92,624)	(1.6 %)
Adjusted EBITDA	$ 345,482	15.4 %	$ 295,902	14.4 %	$ 942,860	15.1 %	$ 801,646	14.0 %
Adjusted EBITDA on fee revenue margin		17.4 %		16.0 %		17.1 %		15.8 %

(1) Our new organizational structure became effective on January 1, 2019. Results for 2018 have been presented in conformity with the new structure.

(2) Primarily represents severance costs related to headcount reductions in connection with our reorganization announced in the third quarter of 2018 that became effective January 1, 2019.

Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2018

Revenue increased by $181.4 million, or 8.8%, for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. The revenue increase reflects strong organic growth fueled by higher leasing, commercial mortgage origination and sales activity as well as improved property and advisory project management revenue. Foreign currency translation had a $28.0 million negative impact on total revenue during the three months ended September 30, 2019, primarily driven by weakness in the Australian dollar, British pound sterling and euro.

Cost of services increased by $120.1 million, or 9.6%, for the three months ended September 30, 2019 as compared to the same period in 2018, primarily due to higher commission expense resulting from improved lease and sales transaction revenue. Higher costs in our property and advisory project management business also contributed to the increase. Foreign currency translation had a $16.8 million positive impact on total cost of services during the three months ended September 30, 2019. Cost of services as a percentage of revenue was relatively consistent at 61.1% for the three months ended September 30, 2019 as compared to 60.7% for the same period in 2018.

Operating, administrative and other expenses decreased by $10.6 million, or 2.0%, for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. During the third quarter of 2018, we incurred $10.9 million of costs in connection with our reorganization (including cost-savings initiatives) and $8.9 million of costs as a result of a litigation settlement, both of which did not recur in the third quarter of 2019. Foreign currency translation had an $8.6 million positive impact on total operating expenses during the three months ended September 30, 2019. These items were partially offset by higher payroll-related and occupancy costs incurred in the third quarter of 2019, both partially driven by in-fill acquisitions.

In connection with the origination and sale of mortgage loans for which the company retains servicing rights, we record servicing assets or liabilities based on the fair value of the retained mortgage servicing rights (MSRs) on the date the loans are sold. Upon origination of a mortgage loan held for sale, the fair value of the mortgage servicing rights to be retained is included in the forecasted proceeds from the anticipated loan sale and results in a net gain (which is reflected in revenue). Subsequent to the initial recording, MSRs are amortized (within amortization expense) and carried at the lower of amortized cost or fair value in other intangible assets in the accompanying consolidated balance sheets. They are amortized in proportion to and over the estimated period that the servicing income is expected to be received. For the three months ended September 30, 2019, MSRs contributed to operating income $59.6 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $32.8 million of amortization of related intangible assets. For the three months ended September 30, 2018, MSRs contributed to operating income $45.6 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $30.3 million of amortization of related intangible assets.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

Revenue increased by $536.2 million, or 9.4%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. The revenue increase reflects strong organic growth fueled by higher leasing and commercial mortgage origination activity as well as improved property and advisory project management revenue. Foreign currency translation had a $120.1 million negative impact on total revenue during the nine months ended September 30, 2019, primarily driven by weakness in the Australian dollar, British pound sterling, Canadian dollar, euro and Indian rupee.

Cost of services increased by $353.3 million, or 10.4%, for the nine months ended September 30, 2019 as compared to the same period in 2018, primarily due to higher commission expense resulting from improved lease transaction revenue. Higher costs in our property and advisory project management business also contributed to the increase. Foreign currency translation had a $73.4 million positive impact on total cost of services during the nine months ended September 30, 2019. Cost of services as a percentage of revenue was relatively consistent at 60.2% for the nine months ended September 30, 2019 versus 59.6% for the same period in 2018.

Operating, administrative and other expenses increased by $21.8 million, or 1.4%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. The increase was largely driven by higher payroll-related and occupancy costs, partially driven by increased headcount. Foreign currency translation had a $39.2 million positive impact on total operating expenses during the nine months ended September 30, 2019. During the nine months ended September 30, 2018, we also incurred $8.9 million of costs as a result of a litigation settlement, which did not recur in the current year.

For the nine months ended September 30, 2019, MSRs contributed to operating income $142.1 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $89.8 million of amortization of related intangible assets. For the nine months ended September 30, 2018, MSRs contributed to operating income $117.0 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $83.8 million of amortization of related intangible assets.

Global Workplace Solutions

The following table summarizes our results of operations for our Global Workplace Solutions operating segment for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018 (1)		2019		2018 (1)	
Revenue:								
Fee revenue:								
Global workplace solutions	$ 793,213	22.3 %	$ 653,756	21.2 %	$ 2,249,433	22.3 %	$ 1,965,059	22.0 %
Total fee revenue	793,213	22.3 %	653,756	21.2 %	2,249,433	22.3 %	1,965,059	22.0 %
Pass through costs also recognized as revenue	2,761,963	77.7 %	2,429,025	78.8 %	7,857,110	77.7 %	6,980,198	78.0 %
Total revenue	3,555,176	100.0 %	3,082,781	100.0 %	10,106,543	100.0 %	8,945,257	100.0 %
Costs and expenses:								
Cost of services	3,317,626	93.3 %	2,849,314	92.4 %	9,392,411	92.9 %	8,268,123	92.4 %
Operating, administrative and other	139,919	3.9 %	155,363	5.0 %	451,629	4.5 %	437,290	4.9 %
Depreciation and amortization	29,710	0.9 %	38,068	1.3 %	89,032	0.9 %	113,564	1.3 %
Total costs and expenses	3,487,255	98.1 %	3,042,745	98.7 %	9,933,072	98.3 %	8,818,977	98.6 %
Operating income	67,921	1.9 %	40,036	1.3 %	173,471	1.7 %	126,280	1.4 %
Equity income (loss) from unconsolidated subsidiaries	307	0.0 %	100	0.0 %	(851)	0.0 %	99	0.0 %
Other (loss) income	(2,737)	(0.1 %)	(87)	0.0 %	(1,231)	0.0 %	32	0.0 %
Less: Net loss attributable to non-controlling interests	(8)	0.0 %	(255)	0.0 %	(271)	0.0 %	(213)	0.0 %
Add-back: Depreciation and amortization	29,710	0.9 %	38,068	1.3 %	89,032	0.9 %	113,564	1.3 %
EBITDA	95,209	2.7 %	78,372	2.6 %	260,692	2.6 %	240,188	2.7 %
Adjustments:								
Costs associated with our reorganization, including cost-savings initiatives (2)	—	0.0 %	—	0.0 %	38,256	0.4 %	—	0.0 %
Integration and other costs related to acquisitions	—	0.0 %	4,438	0.1 %	—	0.0 %	4,438	0.0 %
Adjusted EBITDA	$ 95,209	2.7 %	$ 82,810	2.7 %	$ 298,948	3.0 %	$ 244,626	2.7 %
Adjusted EBITDA on fee revenue margin		12.0 %		12.7 %		13.3 %		12.4 %

(1) Our new organizational structure became effective on January 1, 2019. Results for 2018 have been presented in conformity with the new structure.

(2) Primarily represents severance costs related to headcount reductions in connection with our reorganization announced in the third quarter of 2018 that became effective January 1, 2019.

Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2018

Revenue increased by $472.4 million, or 15.3%, for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. The revenue increase was fueled by growth in the market for real estate outsourcing services. Foreign currency translation had a $66.7 million negative impact on total revenue during the three months ended September 30, 2019, primarily driven by weakness in the Argentine peso, British pound sterling and euro.

Cost of services increased by $468.3 million, or 16.4%, for the three months ended September 30, 2019 as compared to the same period in 2018, driven by the higher revenue. Foreign currency translation had a $62.5 million positive impact on total cost of services during the three months ended September 30, 2019. Cost of services as a percentage of revenue was relatively consistent at 93.3% for the three months ended September 30, 2019 versus 92.4% for the same period in 2018.

Operating, administrative and other expenses decreased by $15.4 million, or 9.9%, for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. This decrease was primarily attributable to costs incurred in the prior year third quarter, which did not recur in the third quarter of 2019, including integration costs attributable to the FacilitySource acquisition and a provision for bad debt. Additionally, foreign currency translation had a $3.4 million positive impact on total operating expenses during the three months ended September 30, 2019.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

Revenue increased by $1.2 billion, or 13.0%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. The revenue increase was fueled by growth in the market for real estate outsourcing services. Foreign currency translation had a $266.3 million negative impact on total revenue during the nine months ended September 30, 2019, primarily driven by weakness in the Argentine peso, British pound sterling, Canadian dollar, euro and Indian rupee.

Cost of services increased by $1.1 billion, or 13.6%, for the nine months ended September 30, 2019 as compared to the same period in 2018, driven by the higher revenue. Foreign currency translation had a $247.8 million positive impact on total cost of services during the nine months ended September 30, 2019. Cost of services as a percentage of revenue was relatively consistent at 92.9% for the nine months ended September 30, 2019 versus 92.4% for the same period in 2018.

Operating, administrative and other expenses increased by $14.3 million, or 3.3%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018. During the nine months ended September 30, 2019, we incurred $36.3 million of severance costs in connection with our reorganization, including cost-savings initiatives, as well as higher costs attributable to the FacilitySource acquisition (acquired in June 2018). These costs were partially offset by the impact of foreign currency translation, which had a $15.7 million positive impact on total operating expenses during the nine months ended September 30, 2019.

Real Estate Investments

The following table summarizes our results of operations for our Real Estate Investments operating segment for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018 (1)		2019		2018 (1)	
Revenue:								
Investment management	$ 104,927	81.2 %	$ 93,061	78.3 %	$ 312,881	75.6 %	$ 315,698	82.4 %
Development services	24,286	18.8 %	25,753	21.7 %	101,188	24.4 %	67,486	17.6 %
Total revenue	129,213	100.0 %	118,814	100.0 %	414,069	100.0 %	383,184	100.0 %
Costs and expenses:								
Operating, administrative and other	138,746	107.4 %	162,164	136.5 %	455,995	110.1 %	429,890	112.2 %
Depreciation and amortization	2,570	2.0 %	3,738	3.1 %	9,149	2.2 %	17,836	4.6 %
Intangible asset impairment	—	0.0 %	—	0.0 %	89,037	21.5 %	—	0.0 %
Total costs and expenses	141,316	109.4 %	165,902	139.6 %	554,181	133.8 %	447,726	116.8 %
Gain on disposition of real estate	9	0.0 %	236	0.2 %	19,266	4.7 %	12,565	3.3 %
Operating loss	(12,094)	(9.4 %)	(46,852)	(39.4 %)	(120,846)	(29.1 %)	(51,977)	(13.5 %)
Equity income from unconsolidated subsidiaries	21,873	17.0 %	123,250	103.8 %	113,657	27.4 %	247,212	64.4 %
Other income (loss)	1,415	1.1 %	(100)	(0.1 %)	21,972	5.3 %	(3,364)	(0.9 %)
Less: Net income attributable to non-controlling interests	982	0.8 %	1,196	1.0 %	7,379	1.8 %	2,810	0.6 %
Add-back: Depreciation and amortization	2,570	2.0 %	3,738	3.1 %	9,149	2.2 %	17,836	4.6 %
Add-back: Intangible asset impairment	—	0.0 %	—	0.0 %	89,037	21.5 %	—	0.0 %
EBITDA	12,782	9.9 %	78,840	66.4 %	105,590	25.5 %	206,897	54.0 %
Adjustments:								
Costs associated with our reorganization, including cost-savings initiatives (2)	—	0.0 %	1,896	1.6 %	221	0.1 %	1,896	0.5 %
Integration and other costs related to acquisitions	4,517	3.5 %	—	0.0 %	13,251	3.1 %	—	0.0 %
Carried interest incentive compensation (reversal) expense to align with the timing of associated revenue	(3,360)	(2.6 %)	3,960	3.3 %	12,284	3.0 %	(4,543)	(1.2 %)
Adjusted EBITDA	$ 13,939	10.8 %	$ 84,696	71.3 %	$ 131,346	31.7 %	$ 204,250	53.3 %

(1) Our new organizational structure became effective on January 1, 2019. Results for 2018 have been presented in conformity with the new structure.

(2) Primarily represents severance costs related to headcount reductions in connection with our reorganization announced in the third quarter of 2018 that became effective January 1, 2019.

Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2018

Revenue increased by $10.4 million, or 8.8%, for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018, primarily driven by higher carried interest revenue in our global investment management line of business. Foreign currency translation had a $3.4 million negative impact on total revenue during the three months ended September 30, 2019, primarily driven by weakness in the British pound sterling and euro.

Operating, administrative and other expenses decreased by $23.4 million, or 14.4%, for the three months ended September 30, 2019 as compared to the same period in 2018, primarily driven by lower bonuses in our development services line of business (driven by lower property sales in the third quarter of 2019 as compared to the same period in the prior year, which were reflected in equity income from unconsolidated subsidiaries). Foreign currency translation also had a $2.7 million positive impact on total operating expenses during the three months ended September 30, 2019.

A roll forward of our AUM by product type for the three months ended September 30, 2019 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Total
Balance at June 30, 2019	$ 37.8	$ 60.9	$ 8.0	$ 106.7
Inflows	1.3	1.9	0.1	3.3
Outflows	(0.9)	(1.4)	(0.5)	(2.8)
Market (depreciation) appreciation	(0.5)	(0.9)	0.4	(1.0)
Balance at September 30, 2019	$ 37.7	$ 60.5	$ 8.0	$ 106.2

AUM generally refers to the properties and other assets with respect to which we provide (or participate in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, securities portfolios and investments in operating companies and joint ventures. Our AUM is intended principally to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our assets under management consist of:

- the total fair market value of the real estate properties and other assets either wholly-owned or held by joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts have invested or to which they have provided financing. Committed (but unfunded) capital from investors in our sponsored funds is not included in this component of our AUM. The value of development properties is included at estimated completion cost. In the case of real estate operating companies, the total value of real properties controlled by the companies, generally through joint ventures, is included in AUM; and
- the net asset value of our managed securities portfolios, including investments (which may be comprised of committed but uncalled capital) in private real estate funds under our fund of funds investments.

Our calculation of AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

Revenue increased by $30.9 million, or 8.1%, for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018, primarily driven by higher incentive and development fees in our development services line of business. Foreign currency translation had a $12.4 million negative impact on total revenue during the nine months ended September 30, 2019, primarily driven by weakness in the British pound sterling and euro.

Operating, administrative and other expenses increased by $26.1 million, or 6.1%, for the nine months ended September 30, 2019 as compared to the same period in 2018, primarily driven by costs incurred in connection with the recently announced Telford acquisition as well as higher carried interest expense. Higher payroll-related costs largely attributable to our new flexible space offering also contributed to the increase. These items were partially offset by lower bonuses in our development services line of business (driven by lower property sales in the first nine months of 2019 as compared to the same period in the prior year, which were reflected in equity income from unconsolidated subsidiaries). Foreign currency translation also had a $9.9 million positive impact on total operating expenses during the nine months ended September 30, 2019.

A roll forward of our AUM by product type for the nine months ended September 30, 2019 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Total
Balance at January 1, 2019	$ 35.0	$ 60.2	$ 10.3	$ 105.5
Inflows	3.5	7.0	0.3	10.8
Outflows	(1.4)	(5.5)	(4.7)	(11.6)
Market appreciation (depreciation)	0.6	(1.2)	2.1	1.5
Balance at September 30, 2019	$ 37.7	$ 60.5	$ 8.0	$ 106.2

We describe above how we calculate AUM. Also, as noted above, our calculation of AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers.

Liquidity and Capital Resources

We believe that we can satisfy our working capital and funding requirements with internally generated cash flow and, as necessary, borrowings under our revolving credit facility. Our expected capital requirements for 2019 include up to approximately $215 million of anticipated capital expenditures, net of tenant concessions. During the nine months ended September 30, 2019, we incurred $142.2 million of capital expenditures, net of tenant concessions received. As of September 30, 2019, we had aggregate commitments of $55.2 million to fund future co-investments in our Real Estate Investments business, $6.6 million of which is expected to be funded in 2019. Additionally, as of September 30, 2019, we are committed to fund $45.8 million of additional capital to unconsolidated subsidiaries within our Real Estate Investments business, which we may be required to fund at any time. As of September 30, 2019, we had $2.7 billion of borrowings available under our $2.8 billion revolving credit facility.

We have historically relied on our internally generated cash flow and our revolving credit facility to fund our working capital, capital expenditure and general investment requirements (including strategic in-fill acquisitions) and have not sought other external sources of financing to help fund these requirements. In the absence of extraordinary events or a large strategic acquisition, we anticipate that our cash flow from operations and our revolving credit facility would be sufficient to meet our anticipated cash requirements for the foreseeable future, and at a minimum for the next 12 months. We may seek to take advantage of market opportunities to refinance existing debt instruments, as we have done in the past, with new debt instruments at interest rates, maturities and terms we deem attractive. We may also, from time to time in our sole discretion, purchase, redeem, or retire our existing senior notes, through tender offers, in privately negotiated or open market transactions, or otherwise.

As noted above, we believe that any future significant acquisitions that we may make could require us to obtain additional debt or equity financing. In the past, we have been able to obtain such financing for material transactions on terms that we believed to be reasonable. However, it is possible that we may not be able to obtain acquisition financing on favorable terms, or at all, in the future if we decide to make any further significant acquisitions.

Our long-term liquidity needs, other than those related to ordinary course obligations and commitments such as operating leases, are generally comprised of three elements. The first is the repayment of the outstanding and anticipated principal amounts of our long-term indebtedness. We are unable to project with certainty whether our long-term cash flow from operations will be sufficient to repay our long-term debt when it comes due. If our cash flow is insufficient, then we expect that we would need to refinance such indebtedness or otherwise amend its terms to extend the maturity dates. We cannot make any assurances that such refinancing or amendments would be available on attractive terms, if at all.

The second long-term liquidity need is the payment of obligations related to acquisitions. Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of September 30, 2019 and December 31, 2018, we had accrued $113.2 million ($36.2 million of which was a current liability) and $136.3 million ($41.7 million of which was a current liability), respectively, of deferred purchase consideration, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report.

Lastly, in October 2016, we announced that our board of directors had authorized the company to repurchase up to an aggregate of $250.0 million of our Class A common stock over three years. As of December 31, 2018, we spent $161.0 million to repurchase 3,980,656 shares of our Class A common stock with an average price paid per share of $40.43. During the month of January 2019, we spent $45.1 million to repurchase an additional 1,144,449 shares of our Class A common stock with an average price paid per share of $39.38. Additionally, in February 2019, our board of directors authorized a new program for the company to repurchase up to $300.0 million of our Class A common stock over three years, effective March 11, 2019. The previous program terminated upon the effectiveness of the new program. In August 2019, our board of directors authorized an additional $100.0 million under our new program, bringing the total authorized amount under the new program to a total of $400.0 million.

During the three months ended September 30, 2019, we spent $49.0 million to repurchase 932,973 shares of our Class A common stock with an average price paid per share of $52.50. During the month of October 2019, we spent $51.0 million to repurchase an additional 1,003,485 shares of our Class A common stock with an average price paid per share of $50.85. As of November 6, 2019, we had $300.0 million of capacity remaining under our current stock repurchase program. Our stock repurchases have been funded with cash on hand and we intend to continue funding future stock repurchases with existing cash. The timing of future repurchases, and the actual amounts repurchased, will depend on a variety of factors, including the market price of our common stock, general market and economic conditions and other factors.

Historical Cash Flows

Operating Activities

Net cash provided by operating activities totaled $139.3 million for the nine months ended September 30, 2019, a decrease of $363.0 million as compared to the nine months ended September 30, 2018. The decrease in net cash provided by operating activities was primarily driven by a greater net increase in accounts receivable and contract assets during the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018.

Investing Activities

Net cash used in investing activities totaled $236.3 million for the nine months ended September 30, 2019, a decrease of $217.8 million as compared to the nine months ended September 30, 2018. This decrease was largely driven by lower amounts paid for acquisitions in the current year. During the nine months ended September 30, 2018, we completed the FacilitySource acquisition, which was the primary component of cash paid for acquisitions in the prior year period. This was partially offset by the impact of both higher amounts contributed to unconsolidated subsidiaries as well as lower distributions received from unconsolidated subsidiaries in the current year.

Financing Activities

Net cash used in financing activities totaled $52.0 million for the nine months ended September 30, 2019, a decrease of $161.5 million as compared to the nine months ended September 30, 2018. This decrease was primarily due to the impact of the full redemption of the $800.0 million aggregate outstanding principal amount of our 5.00% senior notes (including $20.0 million premium) during the nine months ended September 30, 2018. Higher contributions received from non-controlling interests in the current year also contributed to a lower net use of cash in financing activities in the current period. These items were partially offset by the impact of higher net borrowings of $550.0 million and $89.0 million from our senior term loans and revolving credit facility, respectively, in the first three quarters of 2018, as well as repurchases of common stock during the nine months ended September 30, 2019.

Indebtedness

Our level of indebtedness increases the possibility that we may be unable to pay the principal amount of our indebtedness and other obligations when due. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

Long-Term Debt

We maintain credit facilities with third-party lenders, which we use for a variety of purposes. On October 31, 2017, CBRE Services, Inc. (CBRE Services), our wholly-owned subsidiary, entered into a Credit Agreement (the 2017 Credit Agreement), which refinanced and replaced our prior credit agreement (the 2015 Credit Agreement). On December 20, 2018, CBRE Global Acquisition Company, a wholly-owned subsidiary of CBRE Services, entered into an incremental term loan assumption agreement with a syndicate of banks jointly led by Wells Fargo Bank and National Westminster Bank plc to establish a new euro term loan facility under the 2017 Credit Agreement in an aggregate principal amount of €400.0 million. The proceeds of the new euro term loan facility were used to repay a portion of the U.S. dollar denominated term loans outstanding under the 2017 Credit Agreement. On March 4, 2019, CBRE Services entered into an additional incremental assumption agreement with respect to the 2017 Credit Agreement (the 2017 Agreement as amended by such incremental assumption agreement, the 2019 Credit Agreement), which (i) extended the maturity of the U.S. dollar tranche A term loans under the 2017 Credit Agreement, (ii) extended the termination date of the revolving credit commitments available under the 2017 Credit Agreement and (iii) made certain changes to the interest rates and fees applicable to such tranche A term loans and revolving credit commitments. The proceeds from the new tranche A term loan facility under the 2019 Credit Agreement were used to repay the $300.0 million of tranche A term loans outstanding under the 2017 Credit Agreement.

The 2019 Credit Agreement is a senior unsecured credit facility that is jointly and severally guaranteed by us and certain of our subsidiaries. As of September 30, 2019, the 2019 Credit Agreement provided for the following: (1) a $2.8 billion incremental revolving credit facility, which includes the capacity to obtain letters of credit and swingline loans and terminates on March 4, 2024; (2) a $300.0 million incremental tranche A term loan facility maturing on March 4, 2024, requiring quarterly principal payments unless our leverage ratio (as defined in the 2019 Credit Agreement) is less than or equal to 2.50 to 1.00 on the last day of the fiscal quarter immediately preceding any such payment date and (3) a €400.0 million term loan facility due and payable in full at maturity on December 20, 2023.

In prior years, we also issued 4.875% and 5.25% senior notes that are due in 2026 and 2025, respectively. For additional information on all of our long-term debt, see Note 11 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our Annual Report on Form 10-K for the year ended December 31, 2018and Note 8 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Short-Term Borrowings

We maintain a $2.8 billion revolving credit facility under the 2019 Credit Agreement and warehouse lines of credit with certain third-party lenders. For additional information on all of our short-term borrowings, see Note 11 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our Annual Report on Form 10-K for the year ended December 31, 2018 and Notes 4 and 8 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Off –Balance Sheet Arrangements

Our off-balance sheet arrangements are described in Note 10 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report and are incorporated by reference herein.

Cautionary Note on Forward-Looking Statements

This Quarterly Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words “anticipate,” “believe,” “could,” “should,” “propose,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases are used in this Quarterly Report to identify forward-looking statements. Except for historical information contained herein, the matters addressed in this Quarterly Report are forward-looking statements. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are made based on our management’s expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

The following factors are among those, but are not only those, that may cause actual results to differ materially from the forward-looking statements:

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;
- volatility and disruption of the securities, capital and credit markets, interest rate increases, the cost and availability of capital for investment in real estate, clients’ willingness to make real estate or long-term contractual commitments and other factors affecting the value of real estate assets, inside and outside the United States;
- increases in unemployment and general slowdowns in commercial activity;
- trends in pricing and risk assumption for commercial real estate services;
- the effect of significant movements in average cap rates across different property types;
- a reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance;
- client actions to restrain project spending and reduce outsourced staffing levels;
- declines in lending activity of U.S. Government Sponsored Enterprises, regulatory oversight of such activity and our mortgage servicing revenue from the commercial real estate mortgage market;
- our ability to diversify our revenue model to offset cyclical economic trends in the commercial real estate industry;
- our ability to attract new user and investor clients;
- our ability to retain major clients and renew related contracts;
- our ability to leverage our global services platform to maximize and sustain long-term cash flow;
- our ability to maintain EBITDA and adjusted EBITDA margins that enable us to continue investing in our platform and client service offerings;
- our ability to control costs relative to revenue growth;
- economic volatility and market uncertainty globally related to the United Kingdom’s withdrawal from the European Union, including concerns relating to the economic impact of such withdrawal on businesses within the United Kingdom and Europe;
- foreign currency fluctuations;
- our ability to retain and incentivize key personnel;

- our ability to compete globally, or in specific geographic markets or business segments that are material to us;
- the emergence of disruptive business models and technologies;
- our ability to identify, acquire and integrate synergistic and accretive businesses;
- costs and potential future capital requirements relating to businesses we may acquire;
- integration challenges arising out of companies we may acquire;
- the ability of our Real Estate Investments segment to maintain and grow assets under management and achieve desired investment returns for our investors, and any potential related litigation, liabilities or reputational harm possible if we fail to do so;
- our ability to manage fluctuations in net earnings and cash flow, which could result from poor performance in our investment programs, including our participation as a principal in real estate investments;
- our leverage under our debt instruments as well as the limited restrictions therein on our ability to incur additional debt, and the potential increased borrowing costs to us from a credit-ratings downgrade;
- the ability of CBRE Capital Markets to periodically amend, or replace, on satisfactory terms, the agreements for its warehouse lines of credit;
- variations in historically customary seasonal patterns that cause our business not to perform as expected;
- litigation and its financial and reputational risks to us;
- our exposure to liabilities in connection with real estate advisory and property management activities and our ability to procure sufficient insurance coverage on acceptable terms;
- liabilities under guarantees, or for construction defects, that we incur in our Development Services business;
- our and our employees' ability to execute on, and adapt to, information technology strategies and trends;
- cybersecurity threats, including the potential misappropriation of assets or sensitive information, corruption of data or operational disruption;
- changes in domestic and international law and regulatory environments (including relating to anti-corruption, anti-money laundering, trade sanctions, tariffs, currency controls and other trade control laws), particularly in Russia, Eastern Europe and the Middle East, due to the level of political instability in those regions;
- our ability to comply with laws and regulations related to our global operations, including real estate licensure, tax, labor and employment laws and regulations, as well as the anti-corruption laws and trade sanctions of the U.S. and other countries;
- negative publicity or actions by our employees, regulators, media, activists, competitors or others that harm our reputation or brand;
- changes in applicable tax or accounting requirements, including the impact of any subsequent additional regulation or guidance associated with the Tax Cuts and Jobs Act (which was enacted into law on December 22, 2017);
- the effect of implementation of new accounting rules and standards; and
- the other factors described elsewhere in this Quarterly Report on Form 10-Q, included under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies," "Quantitative and Qualitative Disclosures About Market Risk" and Part II, Item 1A, "Risk Factors" or as described in our Annual Report on Form 10-K for the year ended December 31, 2018 in particular in Part II, Item 1A "Risk Factors", or as described in the other documents and reports we file with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the SEC.

Investors and others should note that we routinely announce financial and other material information using our investor relations website (https://ir.cbre.com), SEC filings, press releases, public conference calls and webcasts. We use these channels to communicate with our investors and members of the public about our company, our services and other items of interest. Information contained on our website is not part of this Quarterly Report or our other filings with the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information in this section should be read in connection with the information on market risk related to changes in interest rates and non-U.S. currency exchange rates in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2018.

Our exposure to market risk primarily consists of foreign currency exchange rate fluctuations related to our international operations and changes in interest rates on debt obligations. We manage such risk primarily by managing the amount, sources, and duration of our debt funding and by using derivative financial instruments. We apply Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, *"Derivatives and Hedging,"* when accounting for derivative financial instruments. In all cases, we view derivative financial instruments as a risk management tool and, accordingly, do not use derivatives for trading or speculative purposes.

Exchange Rates

Our foreign operations expose us to fluctuations in foreign exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional (reporting) currency, which is U.S. dollars. See the discussion of international operations, which is included in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Items Affecting Comparability—International Operations" and is incorporated by reference herein.

Interest Rates

We manage our interest expense by using a combination of fixed and variable rate debt. We enter into interest rate swap agreements to attempt to hedge the variability of future interest payments due to changes in interest rates. See discussion of our interest rate swap agreements, which is included in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Liquidity and Capital Resources—Indebtedness—Interest Rate Swap Agreements" and is incorporated by reference herein.

The estimated fair value of our senior term loans was approximately $734.0 million at September 30, 2019. Based on dealers' quotes, the estimated fair values of our 4.875% senior notes and 5.25% senior notes were $671.7 million and $477.8 million, respectively, at September 30, 2019.

We utilize sensitivity analyses to assess the potential effect on our variable rate debt. If interest rates were to increase 100 basis points on our outstanding variable rate debt at September 30, 2019, the net impact of the additional interest cost would be a decrease of $5.9 million on pre-tax income and a decrease of $5.9 million in cash provided by operating activities for the nine months ended September 30, 2019.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Rule 13a-15 of the Securities and Exchange Act of 1934, as amended, requires that we conduct an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report, and we have a disclosure policy in furtherance of the same. This evaluation is designed to ensure that all corporate disclosure is complete and accurate in all material respects. The evaluation is further designed to ensure that all information required to be disclosed in our SEC reports is accumulated and communicated to management to allow timely decisions regarding required disclosures and recorded, processed, summarized and reported within the time periods and in the manner specified in the SEC's rules and forms. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our Chief Executive Officer and Chief Financial Officer supervise and participate in this evaluation, and they are assisted by our Chief Accounting Officer and other members of our Disclosure Committee. In addition to our Chief Accounting Officer, our Disclosure Committee consists of our General Counsel, our Chief Digital and Technology Officer, our chief communication officer, our corporate controller, our head of Global SOX Assurance, our senior officers of significant business lines and other select employees.

We conducted the required evaluation, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined by Securities Exchange Act Rule 13a-15(e)) were effective as of September 30, 2019 to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting occurred during the fiscal quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to our legal proceedings as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Open market share repurchase activity during the three months ended September 30, 2019 was as follows (dollars in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2019 - July 31, 2019	—	$ —	—	
August 1, 2019 - August 31, 2019	315,002	$ 50.39	315,002	
September 1, 2019 - September 30, 2019	617,971	$ 53.57	617,971	
Total	932,973	$ 52.50	932,973	$ 351,023

(1) On February 28, 2019, our board of directors authorized the company to repurchase up to $300.0 million of our Class A common stock over three years, effective March 11, 2019. In August 2019, our board of directors authorized an additional $100.0 million under our new program, bringing the total authorized amount under the new program to a total of $400.0 million.

During October 2019, we repurchased an additional 1,003,485 shares of our Class A common stock in open market transactions at an average price of $50.85 per share. As of November 6, 2019, we had $300.0 million remaining under our existing authorized repurchase program.

Our repurchase programs do not obligate us to acquire any specific number of shares. Under these programs, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. The timing of any future repurchases and the actual amounts repurchased will depend on a variety of factors, including the market price of our common stock, general market and economic conditions and other factors.

As permitted by our director compensation policy, one of our non-employee directors elected to receive shares of our Class A common stock as consideration for their service as a director in lieu of cash payments during the three months ended September 30, 2019. Director fees are allocated in quarterly installments, and the non-employee director participating in the “stock in lieu of cash” program was issued 1,937 shares on August 6, 2019 in lieu of $100,000 in accrued director fees. The number of shares issued was based on the closing price on the NYSE of our Class A common stock on the date of issuance. The issuance of these securities qualified for an exemption from registration under the Securities Act of 1933, as amended, or the Securities Act, pursuant to Section 4(a)(2) of the Securities Act because the issuance did not involve a public offering.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of CBRE Group, Inc.	8-K	001-32205	3.1	05/23/2018	
3.2	Amended and Restated By-Laws of CBRE Group, Inc.	8-K	001-32205	3.2	05/23/2018	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002					X
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CBRE GROUP, INC.

Date: November 6, 2019	/s/ Leah C. Stearns
	Leah C. Stearns
	Chief Financial Officer (Principal Financial Officer)
Date: November 6, 2019	/s/ Dara A. Bazzano
	Dara A. Bazzano
	Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to
Rule 13a-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Robert E. Sulentic, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2019

/s/ Robert E. Sulentic

Robert E. Sulentic
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to
Rule 13a-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Leah C. Stearns, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2019

/s/ Leah C. Stearns

Leah C. Stearns
Chief Financial Officer

EXHIBIT 32

Certifications of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act Of 2002

The undersigned, Robert E. Sulentic, Chief Executive Officer, and Leah C. Stearns, Chief Financial Officer of CBRE Group, Inc. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

(i) the Quarterly Report on Form 10-Q for the period ended September 30, 2019, of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 6, 2019

/s/ Robert E. Sulentic
Robert E. Sulentic
President and Chief Executive Officer

/s/ Leah C. Stearns
Leah C. Stearns
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.