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Cushman & Wakefield Ltd. (CWK)

Q3 2026 Earnings Call

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CORPORATE PARTICIPANTS

Megan McGrath
Senior Vice President-Investor Relations, Cushman & Wakefield Ltd.

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

OTHER PARTICIPANTS

Mitchell Germain
Analyst, Citizens JMP Securities LLC

Anthony Paolone
Analyst, JPMorgan Securities LLC

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC

Alex Kramm
Analyst, UBS Securities LLC

Stephen Sheldon
Analyst, William Blair & Co. LLC

Julien Blouin
Analyst, Goldman Sachs & Co. LLC

Seth Bergey
Analyst, Citigroup Global Markets, Inc.

Patrick Joseph O'Shaughnessy
Analyst, Raymond James & Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Welcome, everyone to the Cushman & Wakefield Third Quarter 2026 Earnings Call. At this time, all participants are in a listen-only mode. As a reminder, this event is being recorded. I will now turn the call over to Megan McGrath, Senior Vice President, Investor Relations. Please go ahead.

Megan McGrath
Senior Vice President-Investor Relations, Cushman & Wakefield Ltd.

Thank you. And welcome to Cushman & Wakefield's third quarter 2026 earnings conference call. Earlier today, we issued a press release announcing our financial results for the period. This release, along with today's presentation, can be found on our Investor Relations website at ir.cushmanwakefield.com.

Please turn to the page in our presentation labeled, Cautionary Note on Forward-Looking Statements. Today's presentation contains forward-looking statements based on our current forecast and estimates of future events. These statements should be considered estimates only and actual results may differ materially.

During today's call, we will refer to non-GAAP financial measures as outlined by SEC guidelines. Reconciliations of GAAP to non-GAAP financial measures, definitions of non-GAAP financial measures and other related information are found within the financial tables of our earnings release and the Appendix of today's presentation.

Comparisons discussed on today's call are against the third quarter of the prior year in local currency, unless otherwise noted.

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And with that, I'd like to turn the call over to our CEO, Michelle MacKay.

Michelle M. MacKay

Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

Thank you, Megan. This morning, we announced our seventh consecutive quarter of double-digit earnings growth. We continue to deliver against the targets we set at Investor Day, demonstrating the consistency and durability of our performance.

That consistency is by design. It reflects the platform we rebuilt, the discipline with which we operate and the breadth of our business. This quarter provides further evidence that our strategy is working.

This quarter, we delivered the highest third quarter revenue in the history of the company. Adjusted EBITDA grew 16%. Adjusted EPS grew 28%. And we saw strength across our businesses: in Services, which is 66% of our revenue; in Leasing, which is 22% of our revenue; and in Capital Markets, which is 8% of our revenue, across a range of deal sizes and asset classes.

And that breadth matters. It is the foundation that drives our consistency. And we achieved these results, while continuing to fortify our balance sheet.

Last quarter, we told you we intended to fully redeem our 2028 notes by mid-year 2027. We accelerated that timeline by roughly eight months, redeeming the remaining $150 million on October 21.

Since the start of 2024, we have repaid more than $800 million in debt and we are now at the lowest gross leverage in the history of the company. We've done the difficult work, lowered our interest costs and our leverage, earning recent rating upgrades from both Moody's and S&P and generating stronger free cash flow.

Put simply, our balance sheet has been transformed. We enter this next period from a position of increasing strength, stability and flexibility. Having executed our deleveraging plan, we expect to move to a more balanced capital allocation strategy, centered on increasing optionality but with the same discipline and focus you have seen from us throughout.

Balance for us means continuing to invest in organic growth across our platform, including expanding further into high-margin services, strengthening an already robust Leasing business, and continuing to build out capital markets. It means pursuing selective tuck-in M&A, and it means retaining the option to repurchase our equity in a measured and disciplined way.

As we discussed at Investor Day, the evolution of our operating model is a core growth driver and we have continued to progress at this pace. We have made several key changes in how we engage with our clients to ensure they're benefiting from the full breadth of our platform and to increase our probability to gain market share.

The first change relates to how we cover and engage with our largest clients. We are concentrating our resources and our leadership attention, our most significant clients, deepening those relationships and expanding wallet share in the process.

Another relates to our Occupier Services platform. We have brought together our GOS and CW services businesses, consolidating expertise and resources. This makes us more efficient, but more importantly, it allows us to approach the client the right way as one firm, with greater coordination and a higher probability of winning.

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And it's working. We are now in the room with the top leaders of the top companies in the world, helping them make critical strategic decisions about their built assets. Those conversations were not happening two years ago, and they reflect more than the confidence in our ability. These clients want our voice in the room.

Our balanced strategy gives us an opportunity to differentiate our model further. We will not lean on a single service line or end market, providing us flexibility to move within the market and meet our clients where they are.

We see whitespace across our platform and we're going after it, because the opportunity in front of us is to convert the strength that we have built into durable, profitable growth. That requires us to stay disciplined on the fundamentals, while moving with great speed and coordination where we see opportunity.

Our platform and our strategy are built for exactly that kind of strong and balanced growth. Now, I'll turn the call over to Neil to discuss the quarter in more detail.

Neil O. Johnston

Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

Thank you, Michelle, and good morning, everyone. As a reminder, all comparisons are against the third quarter of the prior year and in local currency. We again delivered strong top and bottom line results in the third quarter.

Revenue of $2.8 billion, rose 8%, driven by double-digit growth in both Leasing and Capital Markets and solid growth in our Services business.

Adjusted EBITDA of $184 million grew 16% as we drove operating leverage and margin improvement across our platform. Adjusted EPS of $0.37, rose 28%, reflecting the combined impact of operational improvements and lower interest expense.

Looking at our third quarter results by geographic segment, our diversified platform drove solid revenue increases in the Americas, APAC, and EMEA. Adjusted EBITDA in the Americas and APAC rose 17% and 41%, respectively, while EMEA declined due to lower brokerage revenues.

Moving to revenue performance by Service line, Leasing grew 15% globally. Leasing growth in the Americas was up 19% and was broad based across all deal sizes. Corporate clients continue to show an appetite for executing long-term leases, with several large deals closing earlier than expected in the third quarter.

Industrial was particularly strong, with notable performance across many key markets. And Office continued to be a meaningful contributor, reflecting sustained demand from occupiers for high quality space. Office strength is also geographically diverse, with solid demand in gateway markets as well as in several key Midwestern cities.

Outside the Americas, APAC Leasing increased 5%, supported by solid performance in Australia and India, while EMEA leasing declined 8%, primarily reflecting continued geopolitical and macroeconomic uncertainty in the region.

Turning to Capital Markets, global revenue increased 18%. In the Americas, growth accelerated sharply compared to the second quarter trends, increasing 24%, with double-digit growth in Office, Industrial, and Multifamily transactions. International Capital Markets, performance was mixed, with APAC up 18% and EMEA down 21%.

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Our Services business grew 5% globally with international expansion driving the majority of the growth in the quarter. In particular, we continue to see strong results in project management and facilities management up 10% and 7%, respectively.

Americas Services revenue increased 1%, as strong growth in project management was partially offset by a slowdown in multifamily property management activity. Growth was also impacted by lower pass-through costs as contract mix shifted towards self-performed services. Excluding the impact of lower pass-through costs, services fee revenue in the Americas grew 5%. We expect a similar contract mix dynamic in the fourth quarter.

Turning now to our balance sheet and cash flow. Two weeks ago, we announced that we repaid in full the remaining $150 million of our 2028 notes, well ahead of our previous mid-2027 target. This highlights the confidence we have in the durability of our cash flows and, importantly, increases our capital flexibility as we enter the second year of our three-year strategic plan.

We ended the third quarter at 2.9 times net leverage compared to 3.4 times a year ago. Taking into account our interest rate hedges, roughly 80% of our debt is fixed rate, providing us meaningful insulation against recent and any future interest rate volatility.

Our trailing 12 month free cash flow was $200 million, up $36 million from the same period last year, representing a 60% conversion rate of adjusted net income, within our targeted 60% to 80% range. We closed the quarter with approximately $500 million in cash and cash equivalents and $1.5 billion in total liquidity.

Finally, moving to our full year 2026 outlook. We remain confident in the annual adjusted EPS growth target that we raised to 18% to 23% last quarter and continue to expect to deliver revenue growth at the mid to high end of our 6% to 8% target range.

With that, I'll turn the call back over to Michelle.

Michelle M. MacKay

Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

Thank you, Neil. Before we open the line for questions, I want to step back and talk about the macro backdrop, because I know it's on everyone's mind.

Let's talk about rates and capital markets. Thus far, we've seen minimal impact on our Capital Markets business from the recent rise in rates. The proportion of deals pulled from the market in October is in line with trends we saw earlier this year.

Yes, some deals are being repriced, as you would expect, in a rising rate environment, and that can elongate deal times. However, underlying fundamentals and Capital Markets remain strong and deals continue to close.

On the economy at large, it's strong. Companies are investing at scale in technology, in modern logistics, and industrial capacity, and in higher quality workplaces for their people. That investment is physical. It needs land, building, energy, infrastructure. In other words, it needs the built world.

And at the same time, there has been so little new construction in recent years that high quality space is scarce and gaining value. Occupiers are moving up in quality, and a deep, diverse base of capital continues to seek real assets. This creates a compelling supply/demand relationship.

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And on the markets, if you center too much on the day-to-day volatility, you can miss the transformation. You can't let the perceived risk obscure the much larger opportunity. What is happening in the economy is a fundamental transformation, one we believe will create opportunity for years to come.

We have shown that we can consistently absorb change at pace and grow into it. That is why we see this pace of change as an opportunity for our platform and for the nimbleness and flexibility that we have created.

Thank you to all of our employees, our clients, our lenders and our shareholders. And with that, we'll turn the call over to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. For the Q&A session, we will use the Raise-Hand feature in Zoom. [Operator Instructions] Our first question comes from Mitchell Germain with Citizens Bank. Please unmute your audio and ask your question.

Mitchell Germain
Analyst, Citizens JMP Securities LLC

Q

Thank you. Michelle, how much of the Capital Markets growth in the quarter, was a little bit of a benefit from maybe deals that were delayed in 2Q? I know that 2Q growth was a little bit lower, and you said that some of that was really kind of building into the third quarter.

So, is there any impact from the kind of like that carryover in that number, or is that a pretty clean number in terms of the type of activity you guys saw, kind of throughout the entirety of the quarter?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Thank you for the question, Mitch. It is not a carryover from deals from last quarter. I turned last quarter an air pocket, because of the types of deals that we're transacting during that quarter that we were not participating in. In general, large portfolio multifamily deals.

So this quarter is purely about our performance in quarter and is largely related to office and industrial assets, frankly, in our Capital Markets pipeline. And that's what we're seeing throughout the rest of the year.

Mitchell Germain
Analyst, Citizens JMP Securities LLC

Q

Right. And then just on the Services segment, I think, you guys referenced on the multifamily side, property management declines. Is that going to be a carry forward or is there any sort of explanation what that's in reference to?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yes, sure, Mitch. I can take one. On the property management side, that business, we've been doing a lot of work there. What we're seeing is really the impact of some planned transition a year ago. And so, you're seeing that come through.

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We have a new leadership team in there and we're working very aggressively on that property management business. We'll start seeing some good momentum. We certainly are seeing improved results as we look at the fourth quarter. But that was clearly a challenge in the quarter. It's something we're working on and see turnaround opportunity.

Operator: Your next question will come from Anthony Paolone with JPMorgan. Please unmute and ask your question.

Anthony Paolone
Analyst, JPMorgan Securities LLC

Q

Great. Thank you. My first question relates to just incremental margins year-over-year, looked like they were like 11% or so. How should we think about those as we look ahead? And was there anything in the quarter that pressured those?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yeah, Tony. Overall, we are seeing solid margin expansion exactly in line with our targets. I'll remind you, over the three-year period, we expect about 150 basis points of margin expansion. And so, certainly, on a year-to-date basis and in the quarter, we saw roughly 30 basis points, which is generally in line with what we expect.

Importantly, we are balancing near-term margin improvements with investments, particularly organic investment around both services and brokerage. And so, early on this plan, you'll see more modest margin expansion. And then we expect that to accelerate as we move through our plan.

Anthony Paolone
Analyst, JPMorgan Securities LLC

Q

Okay, got it. And then on the Services side, can you give us a sense as to how it breaks out at this point between more traditional property management, the outsourcing facility side and project management? And how sort of the growth in those three buckets should look as we move ahead?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yeah, if we break it apart, we are most encouraged by what we're seeing around our facilities management business and what we're seeing – so that is more longer term and then what we're seeing in project management, solid project management and facilities management in the quarter. And then we saw a lot of strength internationally in Services.

In the Americas, you're seeing strength in project management and that momentum is actually building. You're seeing strong facilities management, offset by what we spoke about when I spoke about earlier being property management. And so, generally, feel pretty good about where we are, where we're going in services.

Operator: Your next question will come from Brendan Lynch with Barclays. Please unmute and ask your question.

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Q

Hi. [ph] Annabelle (00:18:52) on for Brendan. Can you elaborate on the mix shift you discussed in services contracts to more self-performance?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yeah, this is actually a really important area. What we're seeing from our clients is they want us to achieve savings for them. And one of the ways, one of the techniques we're using to achieve that savings is we bring in some of that service in-house.

So, we're not using third [ph] on client accounts there's (00:19:20) less reimbursed cost and more self-perform, where we can drive margin, especially with the work we're doing to drive efficiency there.

We did see in the quarter more of a shift, I think, as one looks over a full-year period, and as we look, you'll see that our fee, our management fee revenue and our GAAP revenue were actually pretty aligned. But you will see the impact of this contract shift from quarter-to-quarter. And so, that really was what drove what you saw in Q3. I feel very, very good about the work we're doing in our work to drive savings for clients.

Q

Great. Thank you. And as you expand your high margin service offerings, how should we think about the mix of organic growth and potential M&A going forward?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Thank you for the question. As I mentioned in my remarks, we're entering a new phase of our capital allocation strategy. Just to back up a bit, over the past three years, we've allocated about 60% of our capital to deleveraging, paying down $800 million of debt, de-risking the balance sheet, improving our free cash flow.

And during that time, we've demonstrated our ability to drive organic growth even under that capital allocation methodology. And that's going to continue to be a key component of our strategy. But now, we have more levers to pull, right?

And so, M&A, infill M&A in particular is also going to enter that strategy. But we have more than enough capital to allocate to organic. And consistent – you didn't ask this question, but consistent with how we've executed our debt paydown strategy, we're going to be disciplined. Our internal bar for growth investments, M&A is very high.

So, we're not going to compromise as we enter this next phase. And I want to make sure everybody understands that my clear goal for this organization is achieving investment-grade ratings. And under our new strategy, we're going to remain committed to redeeming an additional $200 million to $400 million of debt over time.

Operator: Our next question comes from Ronald Kamdem with Morgan Stanley. Please unmute your audio and ask your question.

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Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC

Q

Great. Two for me, just starting with the Services business, I guess parsing it a different way, maybe can you talk about what the data center opportunity has been for that business and maybe some of the other verticals that you're seeing strength in?

Obviously, a lot of strength in EMEA and APAC, but I'm curious about the verticals. So data centers and other verticals where you see the biggest growth opportunity. Thanks.

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Okay. So just to start with, Ron, overall, we're really happy with our services businesses and we're tracking right in line with the long-term growth targets that we provided at Investor Day. And we're still seeing strong growth in project management, as Neil mentioned. And we've got new and expanding mandates coming to the table across the global services portfolio.

Specifically to data centers, we've had a couple of big services wins there as well. And data centers are still a real and growing opportunity for us. We're still investing in that part of the platform in a way that we will continue to be able to support our clients in the growth in that asset class.

But look, we're also – it's also still a small part of our business right now. In the third quarter, data centers were about 3% of our Americas Leasing revenue. So, the strength that you see in Leasing, you didn't ask this, but it's primarily coming from other areas, industrial and office.

And where data centers show the biggest long-term opportunity for us is in services, as you pointed out. And we see that specifically in project management and facilities management. And we continue to work with the companies across the globe to build that out and manage their assets.

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC

Q

Great. My second question was just flipping back to sort of capital markets, which bounced back this quarter. I think, on previous calls, you talked about some of the recruiting efforts. Clearly, there was obviously some margin headwinds that comes with that as well.

I guess I was just curious if we can get an update on just where are we in that recruiting journey? How has it been sort of going so far as you sort of play this out? Thanks.

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Yeah, sure. Look, our capital market strategy is unchanged. And as you mentioned, we've recently onboarded some high quality talent. And we continue to look for top performers and top markets. I've mentioned on previous calls that we're taking much more of a specific approach, which markets, which talent, making sure that they will hold in, not just as creators of revenue, but as cultural carriers of the organization.

And if you remember, our strategy in [ph] CapMarks (00:24:32) is about taking market share, and that opportunity doesn't really fluctuate, given where the market is going, even with rates moving. And we're already seeing early

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results from that recruiting that you talked about. Our institutional capital markets revenue is up about 36% year-to-date.

Operator: Our next question will come from Alex Kramm with UBS. Please unmute and ask your question. Alex, your line is open. Please unmute and ask your question.

Alex Kramm
Analyst, UBS Securities LLC

Q

Sorry, is this better? Hopefully, this works.

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yes.

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Yes, Alex [indiscernible] (00:25:14).

Alex Kramm
Analyst, UBS Securities LLC

Q

Yeah. Technology. So just staying on Capital Markets. Sorry if this was asked before or if I missed it earlier, but can you talk a little bit more about the pipeline?

Obviously, the fourth quarter is an important quarter. Clearly, there has been some volatility. And Michelle, you obviously talked about this a little bit. So, are you seeing more risk in the pipeline as in the current environment? And then, obviously, maybe any early thoughts on 2027 as obviously that business can be quite volatile?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Yeah, Alex, good question and timely. Really interesting here. Our Capital Markets pipeline have seen minimal impact, following the recent rate changes. And you're right, I mentioned this in my prepared remarks, but we're seeing continued strength in our industrial and high quality office pipelines, which align with where we've been allocating that capital and where the market is experiencing some weakness, as we all know, is in multifamily, which tends to be far more rate-sensitive.

However, multifamily makes up less than 15% of our capital markets revenue this year. So for us, given the way that we've allocated our capital, our projected performance over the course of the year looks more stable.

And looking forward, look, we're not going to be surprised to see some choppiness as the market adjusts due to the recent rate moves. But the underlying fundamentals remain very solid. And we continue to be really supportive of our capital markets strategy and performance.

Alex Kramm
Analyst, UBS Securities LLC

Q

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Okay. Very good. Thank you. And then I think when you talked about some of the investments, now that you have more flexibility, I think you mentioned Leasing investments in particular. So maybe you can go a little bit more depth there. Are there specific whitespace areas or regions that you feel like you're very underpenetrated?

So, any more color in particular, and maybe any sort of timelines in terms of how quickly you want to maybe scale in those underpenetrated areas?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Sure. Look, we had a really strong quarter in Leasing. And importantly, that growth in the third quarter was balanced, right? We talked about our mid-market here. So we're making continued investments in the US in that space. These multi-market transactions and types of clients that we spoke to you about at Investor Day.

I would also say that you're going to see us target Europe, right? We had a bit of weakness over there in terms of performance in Capital Markets and Leasing. That's another area that we're going to target and we will continue to support the Americas market.

This is real strong suit for us. It's not as interest rate-sensitive as something like Capital Markets. It's more about GDP, and what we've seen is continued confidence from our clients in these markets. So, we feel really good about that market and that business going forward.

Operator: Our next question will come from Stephen Sheldon with William Blair. Please unmute and ask your question.

Stephen Sheldon
Analyst, William Blair & Co. LLC

Q

Hey, thanks. Just first on the rate side, it sounds like you haven't seen much impact even in Capital Markets yet from higher and more volatile rates. Wanted to if you're seeing any notable headwinds or slowdowns in any other parts of the business related to the change or volatility in rates, as we've heard some mixed commentary there from some of your peers that have already reported. So would just love to see if you're seeing any other broader impact?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Yeah, look, the economy is growing, new businesses are forming, companies are making long-term decisions and they continue to be hungry for advice and partnership no matter what their size.

I spoke in my script about how we're in the room more often. We continue to see strength across the board here and continue to see an ability for us to take market share.

Stephen Sheldon
Analyst, William Blair & Co. LLC

Q

Very helpful. And then just, yeah, as a follow-up, it would great to get any updates on how you're investing behind AI capabilities and efficiencies across the organization, and maybe just what some of your priorities there are, as we think about the rest of this year and into next?

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Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Sure. Look, I've discussed our ad strategy before and how we approach it from both a lens of efficiency tools like you mentioned, and revenue generators. And as we continue to move forward on both of these fronts, we're increasingly focused on the outcomes rather than, say, how many people are using tools.

So, for each initiative, we're looking at things like time saved, speed, consistency of execution, client savings and ultimately, the economic return to Cushman. And these are not theoretical cases that I'm going to talk to you about right now.

So from a service delivery perspective and project management, for example, we use something called, [ph] PulseAI (00:29:57) and it's helping our teams benchmark bids and identify savings before contracts are signed.

In Leasing, we have a product called OneAdvise, using AI and technology, is reducing manual work and giving our professionals faster, more consistent insight.

In facilities management, we're using AI-enabled tools to help clients forecast space demand and make better occupancy decisions.

So, this is a revenue-facing AI and technology use case across multiple business lines, right? When you talk about efficiencies from a functional kind of support perspective, our research teams are using AI to more efficiently incorporate into our research and sales tools, our legal teams' using AI to optimize reviewing and driving time savings and giving us additional insights on contracts. And our HR teams are leveraging the technology to support talent development across the firm.

Operator: Our next question will come from Julien Blouin with Goldman Sachs. Please unmute and ask your question.

Julien Blouin
Analyst, Goldman Sachs & Co. LLC

Q

Yeah, thank you for taking my question. I was wondering if we could dig into EMEA a little bit. I mean, both Capital Markets and Leasing were down pretty meaningfully in the quarter. I guess, how should we think about that market or that region heading into the fourth quarter and into next year?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Sure, Julien. You're right. In EMEA, we did see brokerage declined in the third quarter. That was primarily driven by macro and geopolitical uncertainty, particularly in some of our larger markets like the UK, France, and Italy.

We did see pockets of relative strength, certainly Southern and Central Europe and our Services business was a standout in the UK. We did a lot of work on that last year. And so, we are seeing some very nice pickup there. In fact, Europe in the quarter actually grew, but the flow through from brokerage impacted EBITDA.

As we look forward, we are seeing solid pipelines primarily in project management. And as Michelle said, we are focused on our brokerage teams in the UK, to strengthen that market.

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I think it's important, though, when you think about EMEA, to think more broadly about our international platform. It really was a tale of two regions. We saw strength in APAC and that balanced what we saw in EMEA. APAC was strong both in terms of brokerage, and in terms of service. So overall feel very good about our international business as a whole. But certainly, we did see a decline in brokerage in EMEA.

Julien Blouin
Analyst, Goldman Sachs & Co. LLC

Q

Got it. Thank you. That's helpful. And I guess, maybe taking a step back as we think about the targets you laid out this time last year through 2028, 15% to 20% EPS growth fee revenue growth of 6% to 8%. And I think those targets were for each individual full year. I guess given the volatility in the macro, do you still think 2027 could fall within that framework?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

Yeah, we feel highly confident in our ability to deliver those results in 2027.

Operator: [Operator Instructions] Our next question will come from Seth Bergey with Citi. Please unmute your audio and ask your question.

Seth Bergey
Analyst, Citigroup Global Markets, Inc.

Q

Hi. Good morning. Thanks for taking my question. I guess [ph] with just the (00:33:34) free cash flow conversion tracking at kind of the lower bound of your target, and I know part of that was due to kind of the technology investments. But kind of what are your expectations around kind of CapEx and continued investment heading into 2027?

Neil O. Johnston
Global Chief Financial Officer & Executive Vice President, Cushman & Wakefield Ltd.

A

Yeah, look, we feel very [audio gap] (00:33:55) repayment of the [ph] final 150 (00:34:01) on our notes, so we feel good about our conversion and feel good about what the teams are doing.

The trend to the low-end of the range in Q3 was not around spending. It was really driven primarily by working capital movements. We do from time to time at the end of the quarter, see either large seeds or large payments happen. And that really was what drove us to the low end. And that's why we have a range of 60% to 80%.

We feel very good about what's happening in our free cash flow. And certainly, as we move to the end of the year, as those working capital timing sort of – payments reverse, you'll see us move back to the midpoint of that range.

Seth Bergey
Analyst, Citigroup Global Markets, Inc.

Q

Great. And then maybe a little early to see any sort of impact. But just in your conversations with clients, is there any kind of concern around maybe the election results and concerns around moratoriums on new data center construction?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

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Yeah, super timely. Obviously, Seth. Look, the markets are clearly liking those results today and yields, when we walked into the room we're coming down, which could potentially provide some stability into the Capital Markets as we move forward.

But to your point, the asset class most in focus is clearly data centers. We talked to you today about a balanced strategy for us overall and we haven't overly rotated into that asset class.

So for example, in the third quarter, data centers were about 3% of our Americas Leasing revenue. I mentioned this before and remember that clients, whether it's data centers or otherwise, are really looking at us to help them navigate complexity and change. And that is what we continue to do in every region and asset class.

And so, whether or not you're going from a Tier 1 data center market to a Tier 2 data center market, we're going to be brought into those conversations. For those interested, by the way, in further detail around the implications of the midterm elections, we're going to be releasing a research piece today, but I'll go into some more detail on that.

Operator: Your last question will come from Patrick O'Shaughnessy with Raymond James. Please unmute and ask your question.

Patrick Joseph O'Shaughnessy
Analyst, Raymond James & Associates, Inc.

Q

Hi. Good morning. And just one question from me. How are you guys thinking about the upside for office leasing from here, now that we're more or less back to pre-pandemic levels? Is this kind of a normalized activity now? Is there still more room to run?

Michelle M. MacKay
Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

A

I think we've got more room to run. Demand is clearly improving and the US absorption continues to strengthen and has been positive now for five straight quarters.

And that recovery continues to broaden. So, it's no longer growth in just a handful of markets. 60% of US markets posted positive net absorption over the past year. And super important here, companies are starting to make longer-term commitments. Class A lease terms have now increased to about 73 months versus 69. So we continue to see that move. That is a confidence trade, if you will.

And supply is becoming a major tailwind. People aren't as focused on it. But office deliveries, right? We're talking about construction have historically run around 50 million square feet annually. And over the next few years, that's going to drop to 7 million square feet. So that's going to put good pressure on rents, especially for the best spaces.

And quality, it still remains that defining story. Class A vacancy is declining, improvement in two-thirds of US market's Manhattan and San Fran are among the leaders, showing that successful companies, particularly frankly in AI and tech, are still competing for high quality, well-located space.

Patrick Joseph O'Shaughnessy
Analyst, Raymond James & Associates, Inc.

Q

Very helpful. Thank you.

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Operator: Thank you. That concludes our Q&A session for today. Back to Michelle MacKay for any closing remarks.

Michelle M. MacKay

Global Chief Executive Officer & Director, Cushman & Wakefield Ltd.

Thank you, everyone, for your questions and your time today. We look forward to speaking with you again on our fourth quarter earnings call.

Operator: Thank you for joining Cushman & Wakefield Third Quarter 2026 Earnings Call. You may now disconnect.

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