

WHO ARE MY ROOMATES: CORPORATE CO-TENANCY AND INFORMATION  
ENVIRONMENT

by

DONGOHO SHIN

B.A., Seoul National University, 2012

M.A., Columbia University, 2020

A thesis submitted to the  
Faculty of the Graduate School of the  
University of Colorado in partial fulfillment  
of the requirement for the degree of  
Doctor of Philosophy

Department of Accounting

2025

Committee Members:

Clare Wang (co-chair)

Nathan Marshall (co-chair)

Henry Laurion

Tony Tong

Sarah Zechman

## ABSTRACT

Shin, Dongoh (Ph.D., Accounting)

Who are My Roommates: Corporate Co-tenancy and Information Environment

Thesis directed by Professor Clare Wang and Associate Professor Nathan Marshall

Approximately 18% of public firms share a headquarters office building with another company. Using commercial real estate data from 2000 to 2019, I examine how sharing a headquarters office building with other firms—corporate co-tenancy—influences managers’ information environment, proxied by the likelihood and quality of EPS management forecasts. I find that corporate co-tenancy is associated with a lower likelihood of issuing EPS forecasts, suggesting a lower precision in managers' information sets. This negative association is driven by firms with different-industry public co-tenants, indicating that dissimilar information sources may introduce uncertainty. However, for firms issuing EPS forecasts, those with same-industry co-tenants provide more accurate forecasts, while most firms with co-tenants tend to issue more specific forecasts. This suggests that insights gleaned from being in proximity to similar firms contribute to a better manager information set and understanding of the firm’s operating environment. Overall, my study reveals corporate co-tenancy to be a vector of information sharing among firms, with downstream effects upon the precision of managers’ information sets, and ultimately firm disclosure behavior.

## ACKNOWLEDGEMENT

I am deeply indebted to my dissertation committee members: Henry Laurion, Nathan Marshall (co-chair), Tony Tong, Clare Wang (co-chair), and Sarah Zechman. I'm especially grateful to Clare Wang and Nathan Marshall, my co-chairs, who continuously encouraged me to think like a researcher and position my work thoughtfully within existing literature. They've been exceptional guides through the many challenges of research. I also appreciate Henry Laurion for being both a mentor and a good friend throughout my Ph.D. program.

I'd also like to express my gratitude to my fellow Ph.D. students: Jesse Glaze, Scott Robinson, Jackie Wegner, Jenny Kim, Gabe Brull, and Sina Davoudi. Without them, my Ph.D. journey wouldn't have been nearly as enjoyable. I treasure every moment spent with them, from happy hours to research discussions. I was fortunate to be surrounded by such smart and supportive peers.

My family has been the ultimate source of my persistence. Though my parents, brother, and parents-in-law live distantly from the U.S., their unconditional love and support have never felt distant. My boys, Ian and Jian, have been my constant source of joy and happiness. And most importantly, my wife, Seonhee Joo, has encouraged me every step of the way these past five years. I am extremely fortunate to have married such a wise and thoughtful woman.

# CONTENTS

## CHAPTER

1. Introduction.....	1
2. Hypothesis Development.....	8
2.1 Corporate Co-tenancy and Management Forecast Likelihood.....	8
2.2 Corporate Co-tenancy and Management Forecast Quality .....	13
3. Sample Selection, Descriptive Statistics, and Determinants Model .....	15
4. Empirical Design and Results .....	26
4.1 Corporate Co-tenancy and EPS Forecast Likelihood (H1a) .....	26
4.2 Types of Corporate Co-tenants and EPS Forecast Likelihood (H1b) ....	29
4.3 Corporate Co-tenancy and EPS Forecast Quality (H2a & H2b) .....	31
4.4 Falsification Test: Absence of Interfirm Encounters during Covid-19 ...	36
5. Conclusion .....	40

REFERENCES .....	42
------------------	----

## APPENDIX

A. Variable Definitions.....	45
B. Pre- and Post-Matching Covariate Balance .....	47

## TABLES

### Table

1. Sample Selection and Descriptive Statistics .....	15
a. Public Firm Sample (Compustat and 10-Ks) .....	15
b. Real Estate Sample (Data Axle) .....	16
c. Summary Statistics .....	19
d. Mean Differences of Samples with $I(\text{Co-tenancy}) = 1$ vs. $I(\text{Co-tenancy}) = 0$ .....	20
2. Industry and MSA Distribution of Samples with $I(\text{Co-tenancy}) = 1$ .....	22
a. Selected Industry Distribution .....	22
b. Selected MSA Distribution.....	23
3. Determinants of Corporate Co-tenancy .....	25
4. Corporate Co-tenancy and EPS Management Forecast Likelihood .....	28
5. Types of Corporate Co-tenants and EPS Management Forecast Likelihood.....	30
6. Corporate Co-tenancy and EPS Forecast Accuracy.....	33
7. Corporate Co-tenancy and EPS Forecast Specificity.....	35
8. Falsification Test:	
Covid-19 (Absences of Interfirm Encounters) and EPS Forecast .....	37
a. EPS Management Forecast Likelihood .....	37
b. EPS Management Forecast Accuracy .....	38
c. EPS Management Forecast Specificity .....	39

## FIGURES

### Figure

1. Percentage of Firms Sharing Headquarters by Year .....8
2. Illustration of Corporate Co-tenancy (in Calendar Year 2019) .....17

# 1 Introduction

In recent years, the working environment has undergone a significant transformation. With concerns about the global pandemic largely subsiding, hybrid work arrangements have gained widespread adoption. This new approach allows for greater flexibility, with employees no longer required to be present in the office simultaneously. Hence, the office leasing market has experienced a notable shift: while lease signings have increased, the average size of leased spaces has decreased (Whelan, Morin, and Donley 2022; Grant 2023). This trend has led to a greater likelihood of firms sharing office buildings with other companies. Moreover, despite the high-profile bankruptcy of WeWork, the coworking space industry continues to exhibit steady growth (Venture X 2024). Given the increasing importance of these shifts in the office leasing market, this study investigates the information environment among corporate co-tenants—firms sharing their headquarters location with others—and explores how this environment influences their corporate disclosure practices.<sup>1</sup>

The influence of corporate co-tenancy on managers' information environment, and corporate disclosure policy remains unclear. On the one hand, corporate co-tenancy may increase the precision of a manager's information set and stimulate disclosure. Corporate co-tenancy allows for both intended and unintended information sharing among co-tenants. A manager could, for example, plan more frequent communication with existing contacts thanks to physical proximity or overhear information about a competitor or supplier firm's prospects. These might help establish the expectations for customers' demands or the product market. If managers can effectively use this shared information to better understand their firms' prospects, their information set may

---

<sup>1</sup> Throughout the study, I use the terms “corporate co-tenants” and “co-tenants” interchangeably. Similarly, I use “corporate co-tenancy” and “co-tenancy” interchangeably.

become more precise. This could lead to more disclosures as the probability of disclosure increases with the precision of a manager's information (Verrecchia 1990).<sup>2</sup>

On the other hand, corporate co-tenancy may worsen the precision of a manager's information set and hinder disclosure. While information sharing among corporate co-tenants—intentionally or not—has the potential to improve the information set of a manager, it could also bring forth unnecessary uncertainty. If managers do not know how to incorporate new information into their future expectations—possibly because it is only tangentially related or does not appear to align with their current beliefs—the precision of their information sets may decline.<sup>3</sup> Furthermore, as the precision of managers' information declines, they may become concerned about risks corresponding to imprecise disclosure (e.g., credibility, reputational, and litigation risks) and disclose less. Managers may also hesitate to disclose due to concerns about misusing or overweighting information from co-tenants.

To identify corporate co-tenancy, I scrape the headquarters addresses of all U.S. public firms covered by Compustat and CRSP from their 10-K filings during the sample period from 2000-2019.<sup>4</sup> I focus on headquarters, assuming that corporate disclosure decisions are made by upper management who would generally be based at the corporate headquarters. I then match these addresses to those in Data Axle—a dataset of commercial real estate data which includes historical

---

<sup>2</sup> Verrecchia (1990) introduces a model where a signal (information) combines the market's belief about a risky asset's liquidation value with some noise. The inverse variance of this noise represents the precision of managers' information, encompassing both the objective precision of the information itself and managers' beliefs about how precise that information is.

<sup>3</sup> For example, overhearing discussions about changing market demands from firms in different, but related, industries could cast doubt about future demand for their own products or services.

<sup>4</sup> I focus on the period preceding the breakout of the Covid-19 pandemic in 2020. The pandemic-related lockdowns disrupted office working arrangements and would have precluded this kind of information sharing amongst co-tenants.

headquarters address information of U.S. business entities and other organizations—to define corporate co-tenants at the firm-year level.

Headquarters decisions are important corporate strategy considerations (e.g., Porter 1998; Alcácer and Chung 2014). These decisions not only affect a company’s operations but also its interaction with other firms. In 2019, 21.1% of firms shared their headquarters with at least one other firm, this is up from 12.2% in 2004. Additionally, it is particularly pervasive in certain industries such as business services, chemicals, and oil and gas and in populated metropolitan statistical areas (MSAs) including New York City, Houston, Chicago, Dallas, and Boston. I find that firms with co-tenants have lower market-to-book ratios, higher leverage, more diverse geographic locations, and more volatile earnings. A potential concern for my analyses is that firms with co-tenants may differ from those without co-tenants in their firm and MSA characteristics, and these observable and unobservable differences could drive my findings. I utilize entropy balancing to mitigate the influence of these observable characteristics on my inferences.

Turning to my main research questions, I first investigate the association between corporate co-tenancy and the likelihood of earnings per share (EPS) management forecasts. This test provides insights into how managers perceive their information set in the context of interfirm information sharing within their headquarters building. I use EPS because EPS forecasting requires multi-dimensional analyses of numerous factors including macro environment, product market, and labor market. Information shared with various co-tenants may encompass all of these. Using a co-tenancy indicator, I find no association between corporate co-tenancy and the likelihood of issuing an EPS forecast. However, when using the number of co-tenants, I find that corporate co-tenancy is negatively associated with EPS forecast likelihood, suggesting that information obtained from other co-tenants decreases the precision of managers’ information sets. There are

several potential explanations for these findings. For example, managers may be unsure about whether the information is directly useful for predicting their operating performance. Alternatively, they may recognize the usefulness of such information but are unable to assess its impact.

Next, I examine how these relations vary based on dimensions of similarity within co-tenants. While physical proximity is important for information transfers, other dimensions of similarity are potentially important moderators. For instance, similarities in product market have been shown to facilitate information sharing (e.g., Saxenian 1994; Kim, Lacina, and Park 2008). Thus, it is crucial to consider how corporate co-tenancy interacts with other dimensions of similarity to fully understand the relation between information spillovers within a building and disclosure behavior. Employing two dimensions of similarity—same or different industry and public or private status—I categorize co-tenants into four groups: (i) public co-tenants in the same industry, (ii) public co-tenants from different industries, (iii) private co-tenants in the same industry, and (iv) private co-tenants from different industries. This analysis reveals that only the presence of different-industry public co-tenants has a significant negative relation with EPS forecast likelihood. There is no evidence that other co-tenant types (same-industry public, same-industry private, and different-industry private co-tenants) are associated with EPS forecast likelihood. These results suggest that managers particularly struggle with integrating information from public co-tenants outside their industry.<sup>5</sup>

---

<sup>5</sup> For example, consider a scenario where Firms A and B are co-tenants, and Firm A is a tech company whilst Firm B is a retail chain company. Employees of Firm A learn about Firm B's challenge with declining in-store foot traffic. This information can be acquired through either casual interaction with employees of Firm B or by overhearing their conversations. When this news reaches Firm A's managers, they face a dilemma. Being unfamiliar with retail industry trends, they would not know whether the declining foot traffic is due to seasonality (which does not typically affect the tech industry), rising online shopping, or firm-specific issues that are rarely reported in the media. This ambiguity introduces uncertainty into their information sets, potentially compromising their ability to accurately predict demands for Firm A's services.

Finally, for a subset of firms that have co-tenants and issue EPS forecasts, I examine the quality of these forecasts, focusing on accuracy and specificity relatively to firms without co-tenants. As these tests concentrate on firms that issue EPS forecasts, the subset of firms that do not issue EPS forecasts, on account of lower information precision, are not included. By contrast, the intuition is that managers of the sample firms for these tests would be all sufficiently confident in the precision of their information set to issue EPS forecast. Therefore, when comparing the accuracy and specificity of EPS forecasts issued by firms with and without co-tenants, I would expect the greater precision of the former to be attributable to the incremental information obtained from co-tenants.

While the association between corporate co-tenancy and EPS forecast accuracy is not statistically significant, I find that the accuracy increases for firms with same-industry co-tenants compared to those without co-tenants. These results suggest that information obtained from same-industry co-tenants help managers predict operating performance. Regarding EPS forecast specificity, there is marginal evidence of a positive association with corporate co-tenancy. However, I find strong evidence that EPS forecast specificity significantly increases for firms with co-tenants except for different-industry private co-tenants. These findings indicate that insights from physically proximate to similar firms (i.e., same-industry/public co-tenants) assist managers in building more precise information sets and in understanding their firm's operating environment.

Notably, when examining the Covid-19 period (2020-2022) as a separate sample, I find that the previously observed significant relations between corporate co-tenancy and EPS management forecasts are not present. While this analysis has limitations, the pattern aligns with reduced interfirm information sharing during widespread remote work, suggesting physical proximity may influence the relations observed in my main analyses. However, other temporal

factors or limited statistical power in this shorter time frame could also contribute to these differences.

This study makes several contributions to the existing literature. First, it contributes to research on information spillovers by examining interfirm information sharing at the office building level. Despite the technological developments transforming work arrangements in recent years, office spaces remain a prevalent workspace format. While the trend of multiple firms collocating in a building continues to grow, most studies to date have focused on measuring geographical proximity at the MSA-level (e.g., Jaffe, Trajtenberg, and Henderson 1993; Jennings, Lee, and Matsumoto 2017; Matsumoto, Serfling, and Shaikh 2022), leaving the increasingly important phenomenon of interfirm interactions within office buildings relatively unexplored. This study addresses this gap by demonstrating how the occupancy and composition of co-tenants shape a company's information environment. It extends Lee (2019) on workspace spatial design and its influence on employee activities by shifting the focus from internal organizational interactions to interfirm information flows arising from co-location within shared office buildings.

Second, I provide evidence that interfirm information transfers can produce adverse outcomes, contrasting with the prevailing perception in prior studies. Existing literature typically portrays such information transfers as positive externalities (Core, Abramova, and Verdi 2016; Jennings et al. 2017; Catalini 2018; Roche, Oettl, and Catalini 2024). However, my findings suggest that information exchanges among co-tenants can impair the precision of managers' information sets. While Kepler (2021) similarly documents a negative relation between interfirm communication and public disclosure, my mechanisms differ. Kepler (2021) examines how competitors' private communications substitute for public disclosure that facilitates coordination in strategic alliances. In contrast, my findings reveal that this negative relation is more pronounced

between firms in different industries (i.e., non-competitors), suggesting that cross-industry information sharing may reduce the precision of managers' information, ultimately affecting voluntary disclosure practices.

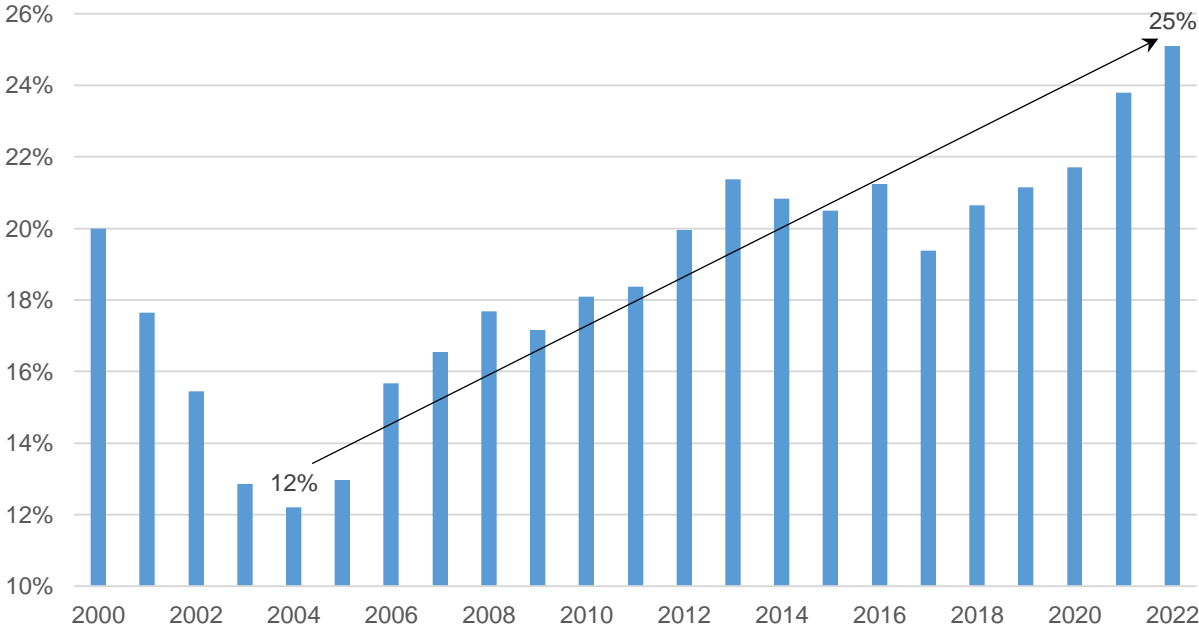
Finally, this research adds to the literature on how managers decide to disclose by building on discretionary disclosure theories (for overviews see Verrecchia 2001; Beyer, Cohen, Lys, and Walther 2010). I apply the theoretical frameworks proposed by Verrecchia (1990) and Lundholm and Van Winkle (2006), suggesting that the precision of managers' information sets determines disclosure. Empirical works propose possible mechanisms whereby disclosure risks, such as litigation risks and credibility concerns, link to less disclosure (e.g., Cao and Narayanamoorthy 2011; Marshall and Skinner 2022). These mechanisms can explain why managers disclose less when faced with low information. My evidence suggests that co-tenancy—a decision seemingly unrelated to disclosure—can be associated with reduced disclosure because of its implications for the precision and uncertainty in managers' information sets.

**2 Hypothesis Development**

*2.1 Corporate Co-tenancy and Management Forecast Likelihood*

Corporate co-tenancy has become increasingly prevalent in the business landscape, with rates rising from 12.1% in 2004 to 25.1% by 2022 (see Figure 1). This upward trend highlights the growing importance of understanding how shared office spaces influence corporate information environments and disclosure practices.

**Figure 1. Percentage of Firms Sharing Headquarters by Year**



Information spillovers can potentially occur through a couple of mechanisms within a building. First, corporate co-tenancy increases the likelihood of serendipitous encounters. Office buildings provide shared common spaces such as cafeterias, lounges, shared kitchens, fitness centers, restaurants, parking lots, and elevators, naturally increasing the occasions and contexts for interactions amongst employees from different tenants. Given these common spaces, corporate co-

tenancy even creates opportunities for employees to overhear crucial information about peers, suppliers, or the entire product market. Second, co-tenancy lowers the costs for planned interactions among co-tenants. These mechanisms allow for both intended and unintended information sharing among co-tenants, potentially influencing managers' information sets and disclosure decisions.

Information obtained from co-tenants can significantly affect the quality of managers' information sets, thereby influencing their disclosure decisions. Previous research has proposed theoretical frameworks explaining how the quality of managers' available information influences their disclosure decisions. For instance, Verrecchia (1990) shows that managers are more (less) likely to disclose information when their information is more precise (uncertain). Similarly, Lundholm and Van Winkle (2006) show this framework by proposing that managers prefer nondisclosure when they know something with great uncertainty.

Applying this framework to the context of corporate co-tenancy, there are two opposing directions on the relation between co-tenancy and corporate disclosure practices. On the one hand, corporate co-tenancy may increase the precision of a manager's information set and induce disclosure. Information obtained from co-tenants may enhance the precision of a manager's information set. Consider a scenario: Firms A and B are co-tenants, and Firm B is a supplier to Firm A. An employee from Firm A encounters an employee from Firm B in the building's shared coffee shop. If the employee of Firm B inadvertently mentions increased orders from a competitor of Firm A, the employee of Firm A gains valuable insight into market trends. This information may eventually reach the managers of Firm A. The managers can then use such shared information to better understand their firms' prospects, potentially increasing the precision of their information sets and, consequently, the likelihood of discretionary disclosure.

On the other hand, corporate co-tenancy may decrease the precision of a manager's information set and deter discretionary disclosure. Information transferred from co-tenants has the potential to introduce uncertainty to managers in several ways. First, a manager might realize the relevance of new information to their business performance, but the information may not align with her current beliefs. Second, although a manager might be aware of the relevance of new information, she may be unable to assess the information.<sup>6</sup> Finally, the information might be only tangentially related, leading the manager to be uncertain about how to incorporate it into future expectations. As the precision of available information deteriorates, managers may become concerned about disclosure risks and choose to disclose less. This prediction is consistent with prior studies suggesting that managers prefer nondisclosure to avoid risks. For example, Rogers and Van Buskirk (2009) find that firms reduce the amount of disclosure following litigation risks. Furthermore, Graham, Harvey, and Rajgopal (2005) report survey results indicating that managers reduce discretionary disclosure to avoid potential lawsuits if future results do not match with disclosed forward-looking information. Based on this discussion of the predictions, I present my first hypothesis in null form, as follows.

*H1a: There is no difference in the likelihood of managers issuing management forecasts between firms with co-tenants and without co-tenants.*

Physical proximity has been shown to be an important condition for information transfers. However, other dimensions of similarities are also crucial determinants of information transfers. For example, similarity in product market (e.g., same industry) facilitates information spillovers, resolving uncertainty about industry peers and leading to influence in stock returns (e.g., Foster

---

<sup>6</sup> Hutton, Lee, and Shu (2012) show that managers have a comparative disadvantage when dealing with macroeconomic information compared to when processing firm-specific information. A manager may have difficulty in processing potential macroeconomic information obtained from a corporate co-tenant.

1981; Baginski 1987), cost of capital (e.g., Shroff, Verdi, and Yost 2017), management forecast accuracy (e.g., Bushee, Keusch, and Kim-Gina 2024), and second moment of returns (Hann, Kim, and Zheng 2019). Hence, the relation of co-tenancy with disclosure practices may vary based on the interplay of co-tenancy and other similarities.

I consider two dimensions of similarities/dissimilarities within co-tenants: same/different industry and public/private status. The literature has reached a consensus that information transfers from industry peers are one of positive externalities that lead firms to agglomerate (e.g., Marshall 1920; Porter 1998). However, it is not certain that information transferred from industry peers necessarily enhances the precision of managers' available information. For example, if the relation between industry peers within a building is primarily competitive, individuals may avoid sharing crucial information. Furthermore, a co-tenant may be concerned about the misinterpretation of another same-industry co-tenant's strategic decisions without fully understanding the context.

Regarding information spillovers across industries, prior studies present mixed findings. Glaeser, Kallal, Scheinkman, and Schleifer (1992) find that important information spillovers occur across industries rather than within an industry, based on the theoretical framework of Jacobs (1969). However, Matsumoto et al. (2022) present a more nuanced view. While they find evidence of geographic peer effects on disclosure practices across industries, these effects appear to be driven by capital market pressures rather than information sharing. They do not find direct evidence of cross-industry information sharing influencing disclosure decisions. Given these conflicting results, it remains challenging to predict how cross-industry information spillovers affect disclosure choices. On the one hand, a firm might gain insights into macro trends or general consumer behavior from a different-industry co-tenant, potentially increasing the precision of managers' available information. On the other hand, if the information from different-industry co-

tenants is too idiosyncratic, it may decrease precision. For instance, if a utility firm learns that an oil and gas co-tenant plans to increase production but does not understand whether this is due to rising oil prices or new technology adoption, its managers may be uncertain about the implications for their own business.

The literature has extensively documented information spillovers among public firms. However, fewer studies provide evidence of such spillovers between public and private firms. For instance, Badertscher, Shroff, and White (2013) and Breuer, Hombach, and Müller (2022) show that information transfers from public to private firms influence private firms' financing and disclosure decisions. Kim and Olbert (2022) find that demands for public firm equity decreases with the transparency of private firms' disclosure. These studies demonstrate spillovers through mechanisms limited to disclosure and information intermediaries. Consequently, it remains unclear whether co-tenancy, an unexplored mechanism of spillovers across public/private status, facilitates information sharing among dissimilar co-tenants.

The relation between managers' information sets and corporate co-tenancy with public/private firms is also ambiguous. For information spillovers among public firms, new information obtained from public co-tenants may be easier to interpret due to the accessibility of their information as a reference (e.g., disclosure). In contrast, if the new information is too complex or unfamiliar to interpret, it may decrease the precision of managers' information. Similarly, information transfers from private co-tenants to a public firm present ambiguity. For instance, an AI startup is headquartered in an office building where a tech conglomerate is located. The conglomerate might gain early insights into emerging AI trends, enhancing its understanding of future technological directions. In contrast, the conglomerate's managers may struggle to

comprehend the rapid innovation cycles, typical of AI startups, leading to confusion about the implications of the startup's decisions on their own business.

Overall, considering the ambiguity of predictions in the two dimensions, I present this hypothesis in null form, as follows.

***H1b:** There is no difference in the likelihood of managers issuing management forecasts among firms with co-tenants of varying characteristics, based on their industries and public/private status, and those without co-tenants.*

## 2.2 Corporate Co-tenancy and Management Forecast Quality

Finally, I examine how information sharing with corporate co-tenants (or the four types of co-tenants) influences the quality of EPS management forecasts, measured by their accuracy and specificity, compared to firms without co-tenants. This analysis is limited to firms issuing EPS forecasts, whose managers are sufficiently confident in the precision of their available information to issue forecasts. Firms that do not issue EPS forecasts, possibly due to lower information precision, are not included in this analysis.

Firms with co-tenants issuing EPS forecasts receive incremental information from their co-tenants, which they likely perceive as improving the precision of their information sets. Thus, I expect greater forecast quality from firms with co-tenants compared to those without. However, as discussed in H1b, it remains ambiguous which specific type of co-tenants (same-industry public, same-industry private, different-industry public, or different-industry private) most (or least) effectively helps managers reduce the uncertainty of their information and understand their operating environment. Based on these considerations, I state the next hypotheses in alternative form as follows.

***H2a:** Conditional on issuing management forecasts, firms with co-tenants issue more accurate and specific forecasts compared to those without co-tenants.*

***H2b:** Conditional on issuing management forecasts, firms with co-tenants of varying characteristics, based on their industries and public/private status, issue more accurate and specific forecasts compared to those without co-tenants.*

### 3 Sample Selection, Descriptive Statistics, and Determinants Model

Panels A and B of Table 1 present the sample selection process. I first scrape the street address, city, state, and zip code of all U.S. public firms' headquarters from their 10-K filings. To mitigate potential distortions in office working arrangement arising from the Covid-19 pandemic, the sample period is limited to between 2000 and 2019. I exclude firm-years with headquarters addresses containing "PO Box," financial institutions (SIC two-digit code 60-67), and utilities (SIC two-digit code 49).<sup>7</sup>

I match this preliminary sample with Data Axle's data. Data Axle offers comprehensive dataset of commercial real estate data which includes address-level information on U.S. business entities and other organizations. The Data Axle dataset encompasses multifaceted information, including each business's unique identifier, name, ticker (where applicable), parent firm's ID, address, employee count at the location, primary industry code (i.e., SIC and NAICS codes), and business status (i.e., headquarters, branch, or subsidiary).

#### Table 1. Sample Selection and Descriptive Statistics

Panels A and B of Table 1 report sample attrition of public firm and real estate (establishments) samples, respectively. Panel A. Sample Selection - Public Firm Sample (Compustat and 10-Ks)

	<u>Firm-Years</u>	<u>Firms</u>
Compustat U.S. firm-years between 2000 and 2019 with non-missing data from CRSP and CIK codes	102,370	11,451
Excluding firms whose business address is missing in their 10-K or whose business address includes "PO BOX"	78,600	9,429
Excluding financial institutions and utilities (i.e., SIC two-digit code 49 & 60-67)	64,272	7,474
Sample linked to Data Axle	43,748	6,101
Excluding firm-years with non-missing covariates (i.e., <i>MVE, Capex, ROA, Loss, Market-to-Book, Special Items, CFO, Leverage, Cash, Business Segments, Geographic Segments, Stock Return, Return Volatility, Earnings Volatility, Population, Employment Rate, and Personal Income</i> )	37,270	5,209

<sup>7</sup> I exclude firms in the financial and utility industries due to their highly regulated nature.

Panel B. Sample Selection - Real Estate Sample (Data Axle)

	<u>Firm-Years</u>	<u>Firms</u>
Tenants and real estate owners whose street address is shared with public firms followed by Compustat	3,261,576	
Tenants and real estate owners using the location as their headquarters	68,621	11,477
Tenants and real estate owners with at least 10 employees at the location	61,928	9,913

I focus specifically on headquarters under the assumption that decisions concerning corporate disclosure are made by upper management who would generally be located at the corporate headquarters. To ensure substantive business presence, I retain only entities with a minimum of 10 employees at the location. Additionally, to address potential gaps in the dataset—which are attributable to Data Axle’s manual collection process through annual direct calls to entities listed in Yellow Book—I fill in missing establishment-years when the previous and subsequent establishment-years are identical.<sup>8</sup> Subsequently, I merge the resulting dataset with management forecast data from I/B/E/S. I exclude EPS management forecasts issued after the fiscal year- or quarter-end (i.e., earnings pre-announcements or earnings warnings) to focus on voluntary disclosure (e.g., Rogers and Stocken 2005; Seo 2021).

I construct two variables to indicate corporate co-tenancy: (i)  $I(\text{Co-tenancy})$ , an indicator variable that equals one if a public firm shares its headquarters location with another firm, and zero otherwise; and (ii)  $\text{Co-tenancy}$ , representing the number of other firms headquartered in a building. The latter addresses the potential heterogeneity in information spillovers among firms with co-tenants. For example, information spillovers occurring in a two-story building used by two firms may differ from those in a high-rise building in New York City accommodating many firms. Furthermore, I categorize co-tenant types along two dimensions: same/different industry and

---

<sup>8</sup> The exact timing of the direct calls differs by establishment. Thus, I acknowledge the possibility of measurement errors in precisely identifying when changes in establishment status occurred.

public/private status. My industry classification is based on SIC two-digit codes, while public/private status is inferred from the presence of a ticker, as provided by Data Axle. A firm-year is classified as having a same-industry co-tenant if the SIC two-digit code of the focal firm is identical to that of at least one co-tenant. Similarly, a firm-year is classified as having a public co-tenant if the co-tenant’s ticker is present. Figure 2 provides an illustrative example of this classification using six firms in Chord Energy’s perspective. Based on the classification, all the indicator variables for co-tenancy equal one for Chord Energy, while all of those equal zero for the perspective of Chesapeake Energy headquartered in a separate office building.<sup>9</sup>

**Figure 2. Illustration of Corporate Co-tenancy (in Calendar Year 2019)**

		<i>Corporate co-tenants</i>	<i>I(Same Ind &amp; Public)</i>	<i>I(Diff Ind &amp; Public)</i>	<i>I(Same Ind &amp; Private)</i>	<i>I(Diff Ind &amp; Private)</i>
<b>Chord Energy</b> Many co-tenants	<i>Black Stone Minerals (Oil and gas, Public)</i>	X				
	<i>Waste Management (Sanitary service, Public)</i>		X			
	<i>Enervest LTD (Oil and gas, Private)</i>				X	
	<i>George R Brown Partnership (Oil and gas, Private)</i>				X	
	<i>Vinson Elkins (Law firm, Private)</i>					X
VS.						
<b>Chesapeake Energy</b> No co-tenants	None					

Variable definitions are presented in Appendix A, with summary statistics for subsequent analyses presented in panel C of Table 1.<sup>10</sup> The final sample comprises 37,270 firm-year

<sup>9</sup> Chord Energy’s *Co-tenancy* equals five; *Same Ind & Private* equals two, while the rest of the co-tenancy variables (i.e., *Diff Ind & Public*, *Same Ind & Private*, *Diff Ind & Private*) equal one in 2019.

<sup>10</sup> All continuous variables except for stock returns are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles.

observations. 17.8% of firms share their headquarters with other entities. 1.1% (5.9%) of firms are headquartered with same- (different-) industry public co-tenants, while 1.9% (13.0%) of firms are headquartered with same- (different-) industry private co-tenants. The mean number of co-tenants is 0.296, with means for each co-tenant type being 0.012 (same-industry public), 0.067 (different-industry public), 0.020 (same-industry private), and 0.197 (different-industry private), respectively. I find that 35.1% of firms issue an EPS management forecast during the fiscal year. The mean EPS forecast accuracy, and the mean width of EPS forecasts represent 2.9% and 0.7% of stock price, respectively. The sample firms have the mean (median) market capitalization of \$4.3 billion (\$495 million), capital expenditure of 0.046 (0.029), return on assets of -0.047 (0.029), market-to-book ratio of 3.531 (2.163), special items of -0.019 (-0.001), cash flows from operations of 0.030 (0.077), leverage ratio of 0.194 (0.156), cash of 0.158 (0.101), business segments of 5.858 (3.000), geographic segments of 7.183 (6.000), annual buy-and-hold market-adjusted returns of 0.081 (-0.035), annual return volatility of 0.143 (0.117), earnings volatility of 0.088 (0.035), institutional ownership of 0.420 (0.385), and horizon of EPS management forecasts of 5.165 (5.418).<sup>11</sup> Moreover, the sample firms are located in an MSA with the mean (median) population of 5.5 million (4.2 million), employment rate of 0.627 (0.623), and personal income of USD 284 million (USD 188 million).

---

<sup>11</sup> Capital expenditures, special items, cash flows from operations, and cash are all scaled by total assets. The mean of EPS forecast horizons is 174 days ( $e^{5.165} - 1 = 174.04$ ). Variable definitions are presented in Appendix A.

**Table 1. Sample Selection and Descriptive Statistics**

Panel C of Table 1 reports descriptive statistics for entire sample. All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. \*\*\*, \*\*, and \* represent statistical significance at the 0.01, 0.05, and 0.10 levels, respectively. All variables are defined in Appendix A.

Panel C. Descriptive Statistics - Entire Sample

	<b>N</b>	<b>Mean</b>	<b>S.D.</b>	<b>P25</b>	<b>P50</b>	<b>P75</b>
<b><i>Independent variables:</i></b>						
<i>I(Co-tenancy)</i>	37,270	0.178	0.382	0.000	0.000	0.000
<i>I(Same Ind &amp; Public)</i>	37,270	0.011	0.106	0.000	0.000	0.000
<i>I(Diff Ind &amp; Public)</i>	37,270	0.059	0.236	0.000	0.000	0.000
<i>I(Same Ind &amp; Private)</i>	37,270	0.019	0.135	0.000	0.000	0.000
<i>I(Diff Ind &amp; Private)</i>	37,270	0.130	0.336	0.000	0.000	0.000
<i>Co-tenancy</i>	37,270	0.296	0.798	1.000	1.000	1.000
<i>Same Ind &amp; Public</i>	37,270	0.012	0.112	1.000	1.000	1.000
<i>Diff Ind &amp; Public</i>	37,270	0.067	0.284	0.000	0.000	0.000
<i>Same Ind &amp; Private</i>	37,270	0.020	0.148	0.000	0.000	0.000
<i>Diff Ind &amp; Private</i>	37,270	0.197	0.618	0.000	0.000	0.000
<b><i>Dependent variables:</i></b>						
<i>I(MF)</i>	37,270	0.351	0.477	0.000	0.000	1.000
<i>MF Accuracy</i>	10,002	-0.029	0.103	-0.015	-0.005	-0.002
<i>MF Specificity</i>	10,134	-0.007	0.019	-0.005	-0.003	-0.001
<b><i>Control variables &amp; others:</i></b>						
<b><i>1. Firm characteristics</i></b>						
<i>MVE (USD Mil)</i>	37,270	4,319.2	13,938.1	108.5	495.1	2,111.6
<i>Capex</i>	37,270	0.046	0.054	0.014	0.029	0.056
<i>ROA</i>	37,270	-0.047	0.251	-0.051	0.029	0.072
<i>Loss</i>	37,270	0.357	0.479	0.000	0.000	1.000
<i>Market-to-Book</i>	37,270	3.531	4.647	1.293	2.163	3.790
<i>Special Items</i>	37,270	-0.019	0.062	-0.014	-0.001	0.000
<i>CFO</i>	37,270	0.030	0.202	0.013	0.077	0.129
<i>Leverage</i>	37,270	0.194	0.190	0.005	0.156	0.323
<i>Cash</i>	37,270	0.158	0.172	0.035	0.101	0.217
<i>Business Segments</i>	37,270	5.858	4.582	3.000	3.000	9.000
<i>Geographic Segments</i>	37,270	7.183	6.527	3.000	6.000	10.000
<i>Stock Return</i>	37,270	0.081	0.799	-0.285	-0.035	0.249
<i>Return Volatility</i>	37,270	0.143	0.105	0.080	0.117	0.174
<i>Earnings Volatility</i>	37,270	0.088	0.144	0.015	0.035	0.094
<i>InstOwn</i>	37,270	0.420	0.388	0.000	0.385	0.802
<i>MF Horizon</i>	10,134	5.165	0.376	5.034	5.148	5.345
<b><i>2. MSA characteristics</i></b>						
<i>Population ('000)</i>	37,270	5,525	5,396	1,770	4,175	6,105
<i>Employment Rate</i>	37,270	0.627	0.055	0.588	0.623	0.667
<i>Personal Income (USD '000)</i>	37,270	283,843	305,374	83,425	188,111	360,096

Panel D of Table 1 compares mean values between firms with and without co-tenants ( $I(\text{Co-tenancy}) = 1$  and 0, respectively). Firms with co-tenants share their headquarters building with approximately 1.7 co-tenants on average, while those co-tenants are mostly different-industry and private. Additionally, firms with co-tenants are less likely to issue EPS forecasts and more likely to issue accurate and precise forecasts. They are also characterized by smaller size, more capital expenditures, lower profitability, higher likelihood of being a loss firm, lower market valuation (i.e., market-to-book), higher leverage, less cash, less geographic diversification, inferior annual stock market performance, higher earnings volatility, and higher institutional ownership compared to firms without co-tenants. Furthermore, firms with co-tenants are headquartered in a highly populated MSA with lower employment rate and higher personal income.

**Table 1. Sample Selection and Descriptive Statistics**

Panel D reports differences between mean values for groups with  $I(\text{Co-tenancy}) = 1$  and with  $I(\text{Co-tenancy}) = 0$ . All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. \*\*\*, \*\*, and \* represent statistical significance at the 0.01, 0.05, and 0.10 levels, respectively. All variables are defined in Appendix A.

Panel D. Mean Differences of Samples with  $I(\text{Co-tenancy}) = 1$  vs.  $I(\text{Co-tenancy}) = 0$

	$I(\text{Co-tenancy}) = 1$			$I(\text{Co-tenancy}) = 0$			Diff (Mean)
	N	Mean	P50	N	Mean	P50	
<b>Independent variables:</b>							
<i>Co-tenancy</i>	6,622	1.666	1.000	30,648	0.000	0.000	
<i>I(Same Ind &amp; Public)</i>	6,622	0.064	0.000	30,648	0.000	0.000	
<i>I(Diff Ind &amp; Public)</i>	6,622	0.333	0.000	30,648	0.000	0.000	
<i>I(Same Ind &amp; Private)</i>	6,622	0.104	0.000	30,648	0.000	0.000	
<i>I(Diff Ind &amp; Private)</i>	6,622	0.731	1.000	30,648	0.000	0.000	
<i>Same Ind &amp; Public</i>	6,622	0.066	0.000	30,648	0.000	0.000	
<i>Diff Ind &amp; Public</i>	6,622	0.379	0.000	30,648	0.000	0.000	
<i>Same Ind &amp; Private</i>	6,622	0.111	0.000	30,648	0.000	0.000	
<i>Diff Ind &amp; Private</i>	6,622	1.110	1.000	30,648	0.000	0.000	
<b>Dependent variables:</b>							
<i>I(MF)</i>	6,622	0.301	0.000	30,648	0.362	0.000	-0.061***
<i>MF Accuracy</i>	1,622	-0.025	-0.005	8,380	-0.029	-0.005	0.005*
<i>MF Specificity</i>	1,638	-0.006	-0.003	8,496	-0.007	-0.003	0.001*
<b>Control variables &amp; others:</b>							
<i>MVE (USD Mil)</i>	6,622	3,633.5	564.0	30,648	4,467.3	480.0	-833.7***
<i>Capex</i>	6,622	0.054	0.031	30,648	0.045	0.028	0.009***

<i>ROA</i>	6,622	-0.053	0.025	30,648	-0.046	0.030	-0.007**
<i>Loss</i>	6,622	0.369	0.000	30,648	0.355	0.000	0.014**
<i>Market-to-Book</i>	6,622	3.401	2.022	30,648	3.559	2.195	-0.157**
<i>Special Items</i>	6,622	-0.020	-0.001	30,648	-0.019	-0.001	-0.001
<i>CFO</i>	6,622	0.031	0.074	30,648	0.030	0.078	0.000
<i>Leverage</i>	6,622	0.234	0.215	30,648	0.186	0.144	0.048***
<i>Cash</i>	6,622	0.144	0.080	30,648	0.161	0.106	-0.017***
<i>Business Segments</i>	6,622	5.904	3.000	30,648	5.848	3.000	0.056
<i>Geographic Segments</i>	6,622	6.341	4.000	30,648	7.365	6.000	-1.023***
<i>Stock Return</i>	6,622	0.064	-0.043	30,648	0.085	-0.034	-0.020**
<i>Return Volatility</i>	6,622	0.144	0.116	30,648	0.143	0.117	0.001
<i>Earnings Volatility</i>	6,622	0.093	0.036	30,648	0.087	0.035	0.006***
<i>InstOwn</i>	6,622	0.433	0.422	30,648	0.417	0.379	0.015***
<i>MF Horizon</i>	1,638	5.160	5.129	8,496	5.166	5.152	-0.005
<i>Population ('000)</i>	6,622	8,031	5,805	30,648	4,983	3,407	3,047***
<i>Employment Rate</i>	6,622	0.622	0.616	30,648	0.628	0.625	-0.005***
<i>Personal Income (USD '000)</i>	6,622	427,550	295,640	30,648	252,793	166,409	174,756***

Table 2 reports the industry and MSA distribution of firms with co-tenants. These firms span 56 industries based on SIC two-digit codes, with business services, chemicals, and oil and gas extraction industries collectively accounting for 40.3% of firms-years with co-tenants. Geographically, co-tenants are predominantly concentrated in densely populated MSAs, including New York, Houston, Chicago, Dallas, and Boston.

The choice of headquarters location is a crucial decision for firms, influenced by numerous factors. Since this decision is not random, it is essential to ensure that my subsequent findings are not attributable to other factors that simultaneously influence both headquarters location and disclosure behavior. Thus, I examine the determinants that lead a firm to locate its headquarters in an office building shared with other companies. In addition, the headquarters decision may be related to firm-specific conditions and geographic characteristics. Therefore, I include both firm-level attributes and MSA characteristics as determinants in my analysis. This approach helps to isolate the effect of co-tenancy on disclosure practices from other potentially confounding factors associated with the headquarters location decision.

**Table 2. Industry and MSA Distribution of Samples with  $I(\text{Co-tenancy}) = 1$** 

Table 2 presents industry and metropolitan statistical area (MSA) distributions of firms that share their headquarters building with other companies ( $I(\text{Co-tenancy}) = 1$ ). Panel A reports the distribution of selected industries to which these firms belong. Panel B reports the distribution of MSAs in which these firms are headquartered.

## Panel A. Selected Industry Distribution

<b>SIC2</b>	<b>Industry Description</b>	<b>Firm-Years</b>	<b>Firms</b>	<b>%Firm-Years</b>
73	Business Services	1,144	308	17.28
28	Chemicals and Allied Products	841	230	12.70
13	Oil and Gas Extraction	680	159	10.27
48	Communications	287	64	4.33
36	Electronic & Other Electrical Equipment & Components	272	69	4.11
35	Industrial and Commercial Machinery and Computer Equipment	243	63	3.67
38	Measuring, Photographic, Medical, & Optical Goods, & Clocks	200	58	3.02
80	Health Services	193	42	2.91
87	Engineering, Accounting, Research, and Management Services	154	40	2.33
50	Wholesale Trade - Durable Goods	149	31	2.25
20	Food and Kindred Products	132	27	1.99
51	Wholesale Trade - Nondurable Goods	129	34	1.95
27	Printing, Publishing and Allied Industries	117	31	1.77
37	Transportation Equipment	113	23	1.71
34	Fabricated Metal Products	109	16	1.65
26	Paper and Allied Products	102	15	1.54
59	Miscellaneous Retail	97	21	1.46
23	Apparel, Finished Products from Fabrics & Similar Materials	96	19	1.45
33	Primary Metal Industries	93	23	1.40
44	Water Transportation	83	16	1.25
79	Amusement and Recreation Services	78	19	1.18
58	Eating and Drinking Places	74	23	1.12
46	Pipelines, Except Natural Gas	72	15	1.09
82	Educational Services	69	18	1.04
29	Petroleum Refining and Related Industries	66	15	1.00
56	Apparel and Accessory Stores	66	10	1.00
15	Construction - General Contractors & Operative Builders	65	13	0.98
17	Construction - Special Trade Contractors	60	11	0.91
16	Heavy Construction, Except Building Construction, Contractor	58	11	0.88
30	Rubber and Miscellaneous Plastic Products	55	11	0.83
32	Stone, Clay, Glass, and Concrete Products	54	10	0.82
10	Metal Mining	54	9	0.82
24	Lumber and Wood Products, Except Furniture	49	10	0.74
45	Transportation by Air	47	9	0.71

Panel B. Selected MSA Distribution

<b>MSA</b>	<b>Firm-Years</b>	<b>Firms</b>	<b>%Firm-Years</b>
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	1,421	309	21.51
Houston-Sugar Land-Baytown, TX MSA	745	161	11.28
Chicago-Naperville-Joliet, IL-IN-WI MSA	499	93	7.55
Dallas-Fort Worth-Arlington, TX MSA	435	85	6.58
Boston-Cambridge-Quincy, MA-NH MSA	333	107	5.04
Atlanta-Sandy Springs-Marietta, GA MSA	304	60	4.60
Los Angeles-Long Beach-Santa Ana, CA MSA	294	79	4.45
Denver-Aurora, CO MSA	243	67	3.68
San Francisco-Oakland-Fremont, CA MSA	241	75	3.65
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	215	41	3.25
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	158	40	2.39
Bridgeport-Stamford-Norwalk, CT MSA	109	32	1.65
Miami-Fort Lauderdale-Pompano Beach, FL MSA	101	34	1.53
Pittsburgh, PA MSA	93	18	1.41
Seattle-Tacoma-Bellevue, WA MSA	81	27	1.23
Minneapolis-St. Paul-Bloomington, MN-WI MSA	80	21	1.21
San Diego-Carlsbad-San Marcos, CA MSA	79	33	1.20
Milwaukee-Waukesha-West Allis, WI MSA	77	13	1.17
San Jose-Sunnyvale-Santa Clara, CA MSA	72	31	1.09
St. Louis, MO-IL MSA	61	11	0.92
Tulsa, OK MSA	54	13	0.82
Cleveland-Elyria-Mentor, OH MSA	53	13	0.80
Nashville-Davidson-Murfreesboro-Franklin, TN MSA	52	14	0.79
Cincinnati-Middletown, OH-KY-IN MSA	52	10	0.79
New Orleans-Metairie-Kenner, LA MSA	43	9	0.65
Phoenix-Mesa-Scottsdale, AZ MSA	42	12	0.64
Jacksonville, FL MSA	39	9	0.59
Austin-Round Rock, TX MSA	34	16	0.51
Kansas City, MO-KS MSA	34	9	0.51
Charlotte-Gastonia-Concord, NC-SC MSA	25	7	0.38
Detroit-Warren-Livonia, MI MSA	24	12	0.36
Richmond, VA MSA	24	6	0.36
San Antonio, TX MSA	22	7	0.33
Baltimore-Towson, MD MSA	21	6	0.32
Louisville/Jefferson County, KY-IN MSA	19	6	0.29
Spokane, WA MSA	18	2	0.27
Oklahoma City, OK MSA	18	9	0.27
Portland-Vancouver-Beaverton, OR-WA MSA	17	4	0.26
Providence-New Bedford-Fall River, RI-MA MSA	17	3	0.26
Honolulu, HI MSA	17	2	0.26
Las Vegas-Paradise, NV MSA	17	3	0.26

Table 3 presents an analysis of determinants for shared headquarters. Column (1) shows the results based on cross-sectional research designs, while column (2) is based on within industry, year, and MSA designs. In column (1), *Capex*, *Leverage*, *Earnings Volatility*, and *ln(Personal Income)* exhibit significant positive associations with the likelihood of sharing headquarters with other firms (0.465,  $p < 0.01$ ; 0.195,  $p < 0.01$ ; 0.090,  $p < 0.01$ ; 0.091,  $p < 0.01$ , respectively). Conversely, *Market-to-Book*, *Geographic Segments*, and *Employment Rate* exhibit significant negative associations (-0.004,  $p < 0.01$ ; -0.004,  $p < 0.01$ ; -0.367,  $p < 0.01$ , respectively). However, upon the augmentation of industry, year, and MSA fixed effects, only *Market-to-Book*, *Leverage*, *Geographic Segments*, and *Earnings Volatility* remain their signs of coefficients and statistical significance. Throughout the specification, the results indicate that firms that (i) are low valued in the market, (ii) are highly leveraged, (iii) are less geographically diverse, and (iv) have volatile earnings are more likely to share their headquarters building with other firms.

To further address concerns that differences in firm characteristics might drive the findings, I match firms with and without co-tenants using entropy balancing. Specifically, I utilize entropy weights (Hainmueller 2012) to balance means and variances of all control variables between the two groups. These weights are subsequently applied in weighted least squares regressions to ensure robust comparative analyses. Appendix B presents the covariate distribution for  $I(\text{Co-tenancy}) = 1$  and  $I(\text{Co-tenancy}) = 0$  before and after entropy balancing.

**Table 3. Determinants of Corporate Co-tenancy**

This table presents the determinants model for  $I(\text{Co-tenancy})$ . The dependent variable,  $I(\text{Co-tenancy})$ , indicates the presence of co-tenants at the same address. All continuous variables, except for stock returns, are winsorized at the 1st and 99th percentiles. Standard errors are clustered by firm, and t-statistics appear in parentheses. \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels in two-tailed tests, respectively. All variables are defined in Appendix A.

Dependent Variable =	(1)		(2)	
	<i>Coefficient</i>	<i>T-statistic</i>	<i>Coefficient</i>	<i>T-statistic</i>
<i>ln(MVE)</i>	0.004	(1.491)	0.002	(0.615)
<i>Capex</i>	0.465***	(5.513)	0.045	(0.521)
<i>ROA</i>	-0.023	(-0.913)	0.008	(0.348)
<i>Loss</i>	0.003	(0.345)	0.007	(0.908)
<i>Market-to-Book</i>	-0.004***	(-4.901)	-0.002***	(-2.859)
<i>Special Items</i>	0.045	(0.922)	-0.020	(-0.434)
<i>CFO</i>	0.022	(0.813)	-0.020	(-0.748)
<i>Leverage</i>	0.195***	(7.910)	0.096***	(3.786)
<i>Cash</i>	-0.027	(-1.073)	0.010	(0.412)
<i>Business Segments</i>	0.000	(0.368)	-0.001	(-1.204)
<i>Geographic Segments</i>	-0.004***	(-5.091)	-0.002**	(-2.569)
<i>Stock Return</i>	0.002	(0.595)	0.002	(0.757)
<i>Return Volatility</i>	0.024	(0.848)	0.031	(1.079)
<i>Earnings Volatility</i>	0.090***	(3.518)	0.064**	(2.551)
<i>InstOwn</i>	0.011	(0.811)	0.014	(0.975)
<i>ln(Population)</i>	0.091***	(4.475)	-0.077	(-0.916)
<i>Employment Rate</i>	-0.367***	(-3.914)	0.502*	(1.880)
<i>ln(Personal Income)</i>	-0.024	(-1.083)	0.064	(0.497)
<i>Constant</i>	-1.009***	(-11.734)		
Observations	37,270		37,258	
Fixed Effects	NO		Industry, Year, MSA	
Adjusted R <sup>2</sup>	0.0661		0.153	

## 4 Empirical Design and Results

### 4.1 Corporate Co-tenancy and EPS Forecast Likelihood (H1a)

I begin my primary analysis by examining the relation between corporate co-tenancy and EPS forecast likelihood to test H1a. To empirically test this relation, I estimate the following model using all the firm-year observations in the sample.

$$I(MF)_{i,t} = \alpha + \beta_1 I(Co - tenancy)(or Co - tenancy)_{i,t} + Controls + \epsilon_{i,t}. \quad (1)$$

The dependent variable,  $I(MF)_{i,t}$  is an indicator variable equal to one if firm  $i$  issues an EPS forecast during year  $t$ .  $I(Co-tenancy)_{i,t}$  is also an indicator variable equal to one if firm  $i$  shares its headquarters office building with another company during year  $t$ , while  $Co-tenancy_{i,t}$  is the number of other firms headquartered in the same building in which firm  $i$  locates during year  $t$ . When employing  $I(Co-tenancy)$ , I entropy balance the sample based on the means and variances of control variables between firms with and without co-tenants. Control variables include the characteristics of firms and MSAs. Firm characteristics include  $\ln(MVE)$ ,  $Capex$ ,  $ROA$ ,  $Loss$ ,  $Market-to-Book$ ,  $Special Items$ ,  $CFO$ ,  $Leverage$ ,  $Cash$ ,  $Business Segments$ ,  $Geographic Segments$ ,  $Stock Return$ ,  $Return Volatility$ ,  $Earnings Volatility$ , and  $InstOwn$ , while MSA characteristics include  $\ln(Population)$ ,  $Employment Rate$ , and  $\ln(Personal Income)$ . In addition, I include MSA fixed effects to control for geographic spillovers beyond information spillovers, such as shared access to resources (e.g., customers, labors, and suppliers) and competitive pressures (e.g., Ellison, Glaeser, and Kerr 2010). Year fixed effects control for economic conditions in each sample year, and industry fixed effects, based on SIC two-digit codes, are applied to address industry-specific heterogeneity.<sup>12</sup>

---

<sup>12</sup> I do not include firm fixed effects in my analysis for two primary reasons. First, there is limited within-firm variation in my sample, with only 3.5% of firm-years showing changes in  $I(Co-tenancy)$  within individual firms. Second, the decision to co-locate in a headquarters building is likely influenced by time-invariant firm

Table 4 presents the estimation results of equation (1), examining the relation between corporate co-tenancy and EPS forecast likelihood.<sup>13</sup> In column (1), based on an indicator variable for co-tenancy, I find no evidence of a significant relation between corporate co-tenancy and EPS forecast likelihood. However, in column (2), I find a significant and negative (-0.013,  $p < 0.05$ ) relation between the number of co-tenants and EPS forecast likelihood.<sup>14</sup> This finding suggests that managers of firms with more corporate co-tenants perceive elevated uncertainty (i.e., deteriorated precision) about the information available to them, which can be seen as an unintentional adverse outcome of sharing an office building with other firms.

---

characteristics such as management style and corporate culture. Using firm fixed effects might therefore absorb some of the effect I am trying to measure, potentially leading to over-controlling and underestimation of the true impact of co-tenancy on voluntary disclosure.

<sup>13</sup> To address concerns about the persistence of a firm's forecasting behavior over time, I include a control variable for the previous year's forecasting activity following prior studies on voluntary disclosure (e.g., Pawliczek, Skinner, and Zechman 2022; Godigbe, Jennings, Seo, and Tanlu 2024). The results remain robust with this addition. However, I do not tabulate these findings, as the prior year's forecasting behavior acts as a collider between corporate co-tenancy and the current year's forecasting decisions.

<sup>14</sup> The coefficient -0.013 indicates that one corporate co-tenant increase is associated with a 1.3 percentage point decline in EPS forecast likelihood.

**Table 4. Corporate Co-tenancy and EPS Management Forecast Likelihood**

This table presents results from regressions of corporate co-tenancy on EPS management forecast likelihood. The dependent variable,  $I(MF)$ , is an indicator variable that equals one if a firm issues an EPS management forecast during the fiscal year. The explanatory variable of interest is  $I(Co-tenancy)$  (or  $Co-tenancy$ ), which indicates the presence (or number) of co-tenants at the same address. All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. Standard errors are clustered by firm, and t-statistics appear in parentheses. \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels in two-tailed tests, respectively. All variables are defined in Appendix A.

VARIABLES	(1) $I(MF)$	(2) $I(MF)$
$I(Co-tenancy)$	-0.007 (-0.569)	
$Co-tenancy$		-0.013** (-2.152)
$\ln(MVE)$	0.073*** (17.133)	0.078*** (23.090)
$Capex$	-0.286*** (-2.904)	-0.344*** (-3.893)
$ROA$	-0.067*** (-2.603)	-0.090*** (-4.313)
$Loss$	-0.066*** (-6.089)	-0.069*** (-8.073)
$Market-to-Book$	-0.002* (-1.705)	-0.004*** (-3.980)
$Special Items$	-0.309*** (-5.347)	-0.312*** (-6.909)
$CFO$	0.161*** (4.895)	0.168*** (6.661)
$Leverage$	-0.002 (-0.048)	0.068** (2.467)
$Cash$	-0.069** (-2.068)	-0.058** (-2.186)
$Business Segments$	0.002 (1.404)	0.002* (1.927)
$Geographic Segments$	0.001 (0.631)	-0.000 (-0.428)
$Stock Return$	-0.035*** (-9.038)	-0.031*** (-8.657)
$Return Volatility$	0.041 (1.396)	0.004 (0.157)
$Earnings Volatility$	-0.042 (-1.418)	-0.038 (-1.645)
$InstOwn$	0.119*** (5.862)	0.113*** (6.699)
$\ln(Population)$	0.170 (1.267)	0.291*** (2.674)
$Employment Rate$	-0.500 (-1.281)	-0.417 (-1.480)
$\ln(Personal Income)$	-0.648*** (-3.356)	-0.662*** (-4.441)
Observations	37,258	37,258
Entropy Balanced	YES	NO
Fixed Effects	Industry, Year, MSA	
Adjusted R <sup>2</sup>	0.280	0.286

#### 4.2 *Types of Corporate Co-tenants and EPS Forecast Likelihood (H1b)*

I next investigate how the relation between corporate co-tenancy and EPS forecast likelihood varies across information sources to test H1b. To proxy for these sources, I categorize co-tenants along two dimensions: same/different industry and public/private status. To empirically test these relations, I estimate the following model using all the firm-year observations in the sample.

$$\begin{aligned} I(MF)_{i,t} = & \alpha + \beta_1 I(\text{Same Ind\&Public})(\text{or Same Ind\&Public})_{i,t} \\ & + \beta_2 I(\text{Diff Ind\&Public})(\text{or Diff Ind\&Public})_{i,t} \\ & + \beta_3 I(\text{Same Ind\&Public})(\text{or Same Ind\&Private})_{i,t} \\ & + \beta_4 I(\text{Diff Ind\&Private})(\text{or Diff Ind\&Private})_{i,t} + \text{Controls} \\ & + \epsilon_{i,t}. \end{aligned} \quad (2)$$

This model incorporates four types of co-tenants: same-industry public, different-industry public, same-industry private, and different-industry private. The indicator variables equal one if firm  $i$  shares its headquarters with each respective type of co-tenant during year  $t$ . The continuous variables represent the number of each co-tenant type headquartered in the same building as firm  $i$ . Control variables remain consistent with those in model (1).

Table 5 reports the estimation results of equation (2). In column (1), I find that the estimated coefficient on  $I(\text{Diff Ind \& Public})$  is significantly negative (-0.052,  $p < 0.01$ ), while I find no evidence of significant relations between firms with the rest of co-tenant types and EPS forecast likelihood.<sup>15</sup> The results in column (2) corroborate these findings. These results suggest that managers perceive greater uncertainty about their available information when sharing an office building with public firms from different industries. This finding is related to the work of Jacobs (1969) and Glaeser et al. (1992) providing evidence of information spillovers across industries in

---

<sup>15</sup> The coefficient -0.052 indicates that firms with at least one different-industry public corporate co-tenant are associated with a 5.2 percentage point decline in EPS forecast likelihood, compared to those without.

geographic proximity. It highlights potential unintended adverse outcomes from information sharing within an office building. Notably, I find no significant relation between firms with  $I(\text{Diff Ind \& Private})$  (or  $\text{Diff Ind \& Private}$ ) and  $I(\text{MF})$  although different-industry private co-tenants are the most dissimilar to the focal firm. This insignificance may have several explanations. One possibility is that managers do not seriously consider information from different-industry private co-tenants due to heterogeneity between the focal firm and these co-tenants.<sup>16</sup>

**Table 5. Types of Corporate Co-tenants and EPS Management Forecast Likelihood**

This table presents results from regressions of corporate co-tenant types on EPS management forecast likelihood. The dependent variable,  $I(\text{MF})$ , is an indicator variable that equals one if a firm issues an EPS management forecast during the fiscal year. The explanatory variables of interest represent four co-tenant types: same-industry public, different-industry public, same-industry private, and different-industry private. These are measured as either indicator variables (for presence) or count variables (for number of co-tenants). Industry classification is based on SIC two-digit codes, while public/private status is determined by ticker presence in Data Axle. All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. Standard errors are clustered by firm, and t-statistics appear in parentheses. \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels in two-tailed tests, respectively. All variables are defined in Appendix A.

VARIABLES	(1) $I(\text{MF})$	(2) $I(\text{MF})$
$I(\text{Same Ind \& Public})$	0.002 (0.056)	
$I(\text{Diff Ind \& Public})$	-0.052*** (-2.844)	
$I(\text{Same Ind \& Private})$	0.004 (0.175)	
$I(\text{Diff Ind \& Private})$	0.002 (0.119)	
$\text{Same Ind \& Public}$		0.002 (0.066)
$\text{Diff Ind \& Public}$		-0.042*** (-2.771)
$\text{Same Ind \& Private}$		0.008 (0.367)
$\text{Diff Ind \& Private}$		-0.007 (-0.888)
Observations	37,258	37,258
Entropy Balanced	YES	NO
Controls	YES	YES
Fixed Effects	Industry, Year, MSA	
Adjusted R <sup>2</sup>	0.281	0.286

<sup>16</sup> For instance, significant differences in size and operating environment between a focal firm and its different-industry private co-tenants may lead the focal firm's managers to disregard information from these sources.

### 4.3 Corporate Co-tenancy and EPS Forecast Quality (H2a & H2b)

Building upon the results from H1a and H1b, I examine the relation between information sharing with (different types of) co-tenants and the quality of EPS forecasts to test H2a and H2b. To empirically test this, I estimate the following model using firm-year observations with EPS forecasts in the sample.

$$MF\ Accuracy\ (or\ MF\ Specificity)_{i,t} = \alpha + \beta_1 I(Co - tenancy)(or\ Co - tenancy)_{i,t} + Controls + \epsilon_{i,t}. \quad (3)$$

$$MF\ Accuracy\ (or\ MF\ Specificity)_{i,t} = \alpha + \beta_1 I(Same\ Ind\&\ Public)(or\ Same\ Ind\&\ Public)_{i,t} + \beta_2 I(Diff\ Ind\&\ Public)(or\ Diff\ Ind\&\ Public)_{i,t} + \beta_3 I(Same\ Ind\&\ Public)(or\ Same\ Ind\&\ Private)_{i,t} + \beta_4 I(Diff\ Ind\&\ Private)(or\ Diff\ Ind\&\ Private)_{i,t} + Controls + \epsilon_{i,t}. \quad (4)$$

I consider two measures of EPS forecasts' characteristics:  $MF\ Accuracy_{i,t}$  and  $MF\ Specificity_{i,t}$ .  $MF\ Accuracy_{i,t}$  is defined as the unsigned EPS forecast errors for firm  $i$  multiplied by -1 during fiscal year  $t$ . EPS forecast errors are calculated as the difference between the actual annual EPS and the first EPS management forecast issued during the fiscal year, scaled by the stock price as of the most recent month-end before each forecast. For range estimates, the midpoint is used. Higher (lower)  $MF\ Accuracy_{i,t}$  indicates more (less) accurate forecasts.  $MF\ Specificity_{i,t}$  is the negative of the width of annual EPS forecast ranges issued first during the fiscal year. This width is the difference between the top and bottom of the forecast range, scaled by the stock price as of the most recent month-end before each forecast.  $MF\ Specificity_{i,t}$  equals zero for point estimates (Vashishtha 2014). Hence, higher (lower)  $MF\ Specificity_{i,t}$  indicates more (less) specific forecasts. Main explanatory variables and control variables remain consistent with those in model (2) except for the EPS forecast horizon.

Table 6 reports the estimation results of equations (3) and (4) with  $MF Accuracy_{i,t}$  as the dependent variable. In columns (1) and (2), the estimated coefficients for  $I(Co-tenancy)$  and  $Co-tenancy$  show positive signs, aligning with my prediction, but these relations are not statistically significant. However, column (3) reveals significantly positive estimated coefficients for  $I(Same Ind \& Public)$  (0.019,  $p < 0.05$ ) and  $I(Same Ind \& Private)$  (0.014,  $p < 0.05$ ).<sup>17</sup> These findings indicate that firms with same-industry public (private) firms reap the benefits of information sharing in terms of increased EPS forecast accuracy, compared to those without co-tenants. Economically, these coefficients imply that a 66% (48%) increase in forecast accuracy for firms with same-industry public (private) co-tenants given the unconditional mean  $MF Accuracy$  of -0.029 reported in Table 1. In the meantime, no significant associations are found for  $I(Diff Ind \& Public)$  and  $I(Diff Ind \& Private)$ . Column (4) corroborates the findings in column (3), which shows significantly positive estimated coefficients for  $Same Ind \& Public$  (0.016,  $p < 0.05$ ) and  $Same Ind \& Private$  (0.013,  $p < 0.05$ ).<sup>18</sup> These results suggest that firms with same-industry co-tenants are positively associated with EPS forecast accuracy, possibly due to high relevance of shared information within the same industry.

---

<sup>17</sup> The coefficients indicate that firms with at least one same-industry public co-tenant (0.019) or same-industry private co-tenant (0.014) are associated with a 1.9 and 1.4 percentage point improvement in price-scaled EPS forecast accuracy, respectively.

<sup>18</sup> The coefficients indicate that one increase in the number of same-industry public co-tenant (0.016) or same-industry private co-tenant (0.013) is associated with a 1.6 and 1.3 percentage point improvement in price-scaled EPS forecast accuracy, respectively.

**Table 6. Corporate Co-tenancy and EPS Forecast Accuracy**

This table presents results from regressions of corporate co-tenant types on the accuracy of EPS management forecasts. The dependent variable, *MF Accuracy*, is the unsigned difference between forecasted and actual annual EPS, using the first forecast during the fiscal year, multiplied by -1 and scaled by the most recent month-end stock price prior to the forecast. The explanatory variables of interest represent corporate co-tenancy and four co-tenant types: same-industry public, different-industry public, same-industry private, and different-industry private. These are measured as either indicator variables (for presence) or count variables (for number of co-tenants). Industry classification is based on SIC two-digit codes, while public/private status is determined by ticker presence in Data Axle. All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. Standard errors are clustered by firm, and t-statistics appear in parentheses. \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels in two-tailed tests, respectively. All variables are defined in Appendix A.

VARIABLES	(1) <i>MF Accuracy</i>	(2) <i>MF Accuracy</i>	(3) <i>MF Accuracy</i>	(4) <i>MF Accuracy</i>
<i>I(Co-tenancy)</i>	0.006 (1.358)			
<i>Co-tenancy</i>		0.002 (1.189)		
<i>I(Same Ind &amp; Public)</i>			0.019** (2.539)	
<i>I(Diff Ind &amp; Public)</i>			0.003 (0.666)	
<i>I(Same Ind &amp; Private)</i>			0.014** (2.467)	
<i>I(Diff Ind &amp; Private)</i>			0.004 (0.903)	
<i>Same Ind &amp; Public</i>				0.016** (2.506)
<i>Diff Ind &amp; Public</i>				0.003 (0.806)
<i>Same Ind &amp; Private</i>				0.013** (2.042)
<i>Diff Ind &amp; Private</i>				0.001 (0.269)
<i>MF Horizon</i>	-0.014*** (-4.687)	-0.014*** (-5.323)	-0.014*** (-4.691)	-0.014*** (-5.346)
Observations	9,981	9,981	9,981	9,981
Entropy Balanced	YES	NO	YES	NO
Controls	YES	YES	YES	YES
Fixed Effects		Industry, Year, MSA		
Adjusted R <sup>2</sup>	0.241	0.213	0.242	0.213

Table 7 reports the estimation results of equations (3) and (4) with *MF Specificity*<sub>*i,t*</sub>. Column (1) shows a marginally significant positive relation between corporate co-tenancy and

EPS forecast specificity, while column (2) finds no significant relation. However, column (3) reveals significantly positive estimated coefficients for  $I(\text{Same Ind} \ \& \ \text{Public})$ ,  $I(\text{Diff Ind} \ \& \ \text{Public})$ , and  $I(\text{Same Ind} \ \& \ \text{Private})$  (0.003,  $p < 0.10$ ; 0.002,  $p < 0.05$ ; 0.004,  $p < 0.01$ , respectively).<sup>19</sup> F-tests comparing the economic magnitudes of the coefficients reveal limited evidence that the coefficients of  $I(\text{Diff Ind} \ \& \ \text{Public})$  and  $I(\text{Same Ind} \ \& \ \text{Private})$  differ significantly. Column (4) confirms these findings, which shows significantly positive estimated coefficients for  $\text{Same Ind} \ \& \ \text{Public}$ ,  $\text{Diff Ind} \ \& \ \text{Public}$ , and  $\text{Same Ind} \ \& \ \text{Private}$  (0.003,  $p < 0.10$ ; 0.002,  $p < 0.05$ ; 0.003,  $p < 0.01$ ).<sup>20</sup> However, the coefficients of  $\text{Diff Ind} \ \& \ \text{Public}$  and  $\text{Same Ind} \ \& \ \text{Private}$  are not significantly different. Overall, these results indicate that firms with co-tenants, except those with different-industry private co-tenants, tend to issue more specific forecasts. Economically, these coefficients imply that 50%, 33%, and 67% increase in forecast specificity for firms with same-industry public, different-industry private, and same-industry private co-tenants given the unconditional mean  $MF \text{ Specificity}$  of -0.006.

Collectively, the findings on relative forecast quality suggest that for managers confident enough in their information's precision to issue EPS forecasts, the incremental improvement in the information set is primarily associated with information obtained from similar firms.<sup>21</sup>

---

<sup>19</sup> The coefficients indicate that firms with at least one same-industry public co-tenant (0.003), same-industry private co-tenant (0.002), or different-industry private co-tenant (0.004) are associated with a 0.3, 0.2, and 0.4 percentage point improvement in price-scaled EPS forecast specificity, respectively.

<sup>20</sup> The coefficients indicate that one increase in the number of same-industry public co-tenant (0.003), same-industry private co-tenant (0.002), or different-industry private co-tenant (0.003) is associated with a 0.3, 0.2, and 0.3 percentage point improvement in price-scaled EPS forecast specificity, respectively.

<sup>21</sup> The findings in Tables 6 and 7 reveal that EPS management forecast quality improves with same-industry co-tenants. To further examine how industry similarity affects forecast quality, I categorize same-industry co-tenants as either “close” (identical SIC four-digit codes) or “distant” (same two-digit but different four-digit codes). The analysis reveals that the relationships between same-industry public/private co-tenants and EPS forecast quality remain statistically significant, regardless of how close the relationship is between a focal firm and its co-tenants. The economic magnitudes of the effects for close versus distant co-tenants are not statistically different from each other. I interpret these untabulated results as suggesting that while information from close co-tenants may be more relevant, these close co-tenants likely compete against each other, which inhibits them from fully sharing their information.

**Table 7. Corporate Co-tenancy and EPS Forecast Specificity**

This table presents results from regressions of corporate co-tenant types on the specificity of EPS management forecasts. The dependent variable, *MF Specificity*, is the width of the annual EPS forecast range, using the first forecast issued during the fiscal year, multiplied by -1 and scaled by the most recent month-end stock price prior to the forecast. The explanatory variables of interest represent corporate co-tenancy and four co-tenant types: same-industry public, different-industry public, same-industry private, and different-industry private. These are measured as either indicator variables (for presence) or count variables (for number of co-tenants). Industry classification is based on SIC two-digit codes, while public/private status is determined by ticker presence in Data Axle. All continuous variables, except for stock returns, are winsorized at the 1<sup>st</sup> and 99<sup>th</sup> percentiles. Standard errors are clustered by firm, and t-statistics appear in parentheses. \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels in two-tailed tests, respectively. All variables are defined in Appendix A.

VARIABLES	(1) <i>MF Specificity</i>	(2) <i>MF Specificity</i>	(3) <i>MF Specificity</i>	(4) <i>MF Specificity</i>
<i>I(Co-tenancy)</i>	0.001* (1.663)			
<i>Co-tenancy</i>		0.001 (1.507)		
<i>I(Same Ind &amp; Public)</i>			0.003* (1.651)	
<i>I(Diff Ind &amp; Public)</i>			0.002** (2.014)	
<i>I(Same Ind &amp; Private)</i>			0.004*** (3.384)	
<i>I(Diff Ind &amp; Private)</i>			0.001 (0.549)	
<i>Same Ind &amp; Public</i>				0.003* (1.672)
<i>Diff Ind &amp; Public</i>				0.002** (2.248)
<i>Same Ind &amp; Private</i>				0.003*** (3.190)
<i>Diff Ind &amp; Private</i>				-0.000 (-0.068)
<i>MF Horizon</i>	-0.003*** (-3.459)	-0.003*** (-5.628)	-0.003*** (-3.497)	-0.003*** (-5.646)
<b>F-tests</b>				
Same Ind & Public = Same Ind & Private			0.15	0.06
Same Ind & Public = Diff Ind & Public			0.59	0.48
Diff Ind & Public = Same Ind & Private			3.15*	2.16
Observations	10,114	10,114	10,114	10,114
Entropy Balanced	YES	NO	YES	NO
Controls	YES	YES	YES	YES
Fixed Effects		Industry, Year, MSA		
Adjusted R <sup>2</sup>	0.209	0.215	0.211	0.216

#### 4.4 *Falsification Test: Absence of Interfirm Encounters during Covid-19*

To strengthen the interpretation of my previous findings, I conduct a falsification test. This test aims to verify whether the significant relations between corporate co-tenancy and management forecast likelihood and quality stem from interfirm information sharing within office buildings. This test leverages the Covid-19 period, which significantly disrupted traditional working arrangements. The underlying assumption is that the extent of information exchange between firms in an office building was limited during the Covid-19 pandemic due to widespread remote work practices. Based on this premise, I predict that the previously observed negative (or positive) association between firms with different-industry public co-tenants (or same-industry co-tenants) and EPS management forecast likelihood (or quality) would become statistically insignificant during this period.

Table 8 presents the results of this falsification test, examining how corporate co-tenant types affect the likelihood and quality of EPS management forecasts from 2020 to 2022.<sup>22</sup> The analysis is divided into three panels by the dependent variables: Panel A for EPS forecast likelihood, Panel B for EPS forecast accuracy, and Panel C for EPS forecast specificity. Across all panels and specifications, the results show no statistically significant associations between corporate co-tenancy (or any specific co-tenant type) and EPS forecast likelihood, accuracy, or specificity.

These findings suggest that the disruption in working arrangements (i.e., the shift to remote work) during the Covid-19 period impeded interfirm information sharing within office buildings. The absence of significant associations during this period, contrasting with the results from pre-

---

<sup>22</sup> To account for the widespread return to office starting in 2022, I exclude the calendar year 2022 from the analysis and rerun the regression. The relations remain statistically insignificant.

pandemic analyses. However, this separate-period analysis has limitations compared to a combined sample approach. Further, I acknowledge that other temporal factors or limited statistical power in this shorter period could also contribute to these differences.

**Table 8. Falsification Test: Covid-19 (Absence of Interfirm Encounters) and EPS Forecast**

This table examines how corporate co-tenant types affect EPS management forecasts during the Covid-19 period (2020-2022). Panel A shows forecast likelihood ( $I(MF)$ ), Panel B shows forecast accuracy ( $MF Accuracy$ ), and Panel C shows forecast specificity ( $MF Specificity$ ). The main variables of interest include corporate co-tenancy indicators and four co-tenant types (same/different industry and public/private status), measured as either presence indicators or count variables. Industry classifications use SIC two-digit codes, and public/private status is determined by ticker presence in Data Axle. All continuous variables (except stock returns) are winsorized at the 1st and 99th percentiles, with firm-clustered standard errors and significance levels denoted by \*\*\*, \*\*, and \* at 1%, 5%, and 10% respectively. All variables are defined in Appendix A.

Panel A. EPS Management Forecast Likelihood

VARIABLES	(1) $I(MF)$	(2) $I(MF)$	(3) $I(MF)$	(4) $I(MF)$
$I(Co-tenancy)$	-0.002 (-0.151)			
$Co-tenancy$		-0.012 (-1.439)		
$I(Same Ind \& Public)$			0.009 (0.270)	
$I(Diff Ind \& Public)$			-0.031 (-1.270)	
$I(Same Ind \& Private)$			0.011 (0.322)	
$I(Diff Ind \& Private)$			0.001 (0.067)	
$Same Ind \& Public$				0.007 (0.250)
$Diff Ind \& Public$				-0.024 (-1.392)
$Same Ind \& Private$				-0.004 (-0.135)
$Diff Ind \& Private$				-0.009 (-0.780)
Observations	5,402	5,402	5,402	5,402
Entropy Balanced	YES	NO	YES	NO
Controls	YES	YES	YES	YES
Fixed Effects		Industry, Year, MSA		
Adjusted R <sup>2</sup>	0.315	0.320	0.315	0.320

Panel B. EPS Management Forecast Accuracy

VARIABLES	(1) <i>MF Accuracy</i>	(2) <i>MF Accuracy</i>	(3) <i>MF Accuracy</i>	(4) <i>MF Accuracy</i>
<i>I(Co-tenancy)</i>	0.000 (0.161)			
<i>Co-tenancy</i>		0.000 (0.670)		
<i>I(Same Ind &amp; Public)</i>			0.004 (0.804)	
<i>I(Diff Ind &amp; Public)</i>			-0.002 (-0.940)	
<i>I(Same Ind &amp; Private)</i>			0.003 (0.588)	
<i>I(Diff Ind &amp; Private)</i>			0.001 (0.381)	
<i>Same Ind &amp; Public</i>				0.004 (0.954)
<i>Diff Ind &amp; Public</i>				-0.001 (-0.707)
<i>Same Ind &amp; Private</i>				0.003 (0.623)
<i>Diff Ind &amp; Private</i>				0.001 (0.983)
<i>MF Horizon</i>	-0.009*** (-5.053)	-0.009*** (-5.929)	-0.009*** (-5.067)	-0.009*** (-5.898)
Observations	1,200	1,200	1,200	1,200
Entropy Balanced	YES	NO	YES	NO
Controls	YES	YES	YES	YES
Fixed Effects		Industry, Year, MSA		
Adjusted R <sup>2</sup>	0.401	0.382	0.401	0.381

Panel C. EPS Management Forecast Specificity

VARIABLES	(1) <i>MF Specificity</i>	(2) <i>MF Specificity</i>	(3) <i>MF Specificity</i>	(4) <i>MF Specificity</i>
<i>I(Co-tenancy)</i>	0.000 (0.899)			
<i>Co-tenancy</i>		0.000 (0.886)		
<i>I(Same Ind &amp; Public)</i>			-0.000 (-0.131)	
<i>I(Diff Ind &amp; Public)</i>			0.001 (0.659)	
<i>I(Same Ind &amp; Private)</i>			-0.003 (-1.252)	
<i>I(Diff Ind &amp; Private)</i>			0.000 (0.430)	
<i>Same Ind &amp; Public</i>				-0.000 (-0.145)
<i>Diff Ind &amp; Public</i>				0.000 (0.493)
<i>Same Ind &amp; Private</i>				-0.002 (-1.098)
<i>Diff Ind &amp; Private</i>				0.000 (1.239)
<i>MF Horizon</i>	-0.002*** (-4.946)	-0.002*** (-6.058)	-0.002*** (-4.877)	-0.002*** (-5.959)
Observations	1,207	1,207	1,207	1,207
Entropy Balanced	YES	NO	YES	NO
Controls	YES	YES	YES	YES
Fixed Effects		Industry, Year, MSA		
Adjusted R <sup>2</sup>	0.330	0.336	0.338	0.340

## 5 Conclusion

This study examines the relation between corporate co-tenancy and firms' information environments. My findings reveal a complex relation between co-tenancy and corporate disclosure decisions. I find a negative association between corporate co-tenancy and EPS forecast likelihood, suggesting that information from co-tenants may decrease the precision of managers' information sets. This negative relation is primarily driven by the presence of different-industry public co-tenants, indicating that managers struggle to integrate information from outside their industry. For firms that do issue EPS forecasts, those sharing office space with similar firms demonstrate increased forecast accuracy and specificity. This result is particularly pronounced for firms with same-industry co-tenants.

These findings contribute to several streams of literature. I extend research on information spillovers by examining interfirm information sharing at the office building level, demonstrating how the occupancy and composition of co-tenants shape a company's information environment. Further, my study reveals a potential adverse outcome of information sharing, contrasting with prior work that primarily found positive externalities from geographic proximity. I find that this adverse outcome is pronounced for firms with different industry co-tenants, which adds nuance to the understanding of cross-industry information spillovers. Finally, I also contribute to the voluntary disclosure literature by demonstrating how co-tenancy, a decision seemingly unrelated to disclosure, can impact disclosure practices through its effect on managers' information sets.

My research underscores the importance of modern work environments in understanding corporate disclosure practices. As workplaces continue to evolve, understanding the implications of shared office spaces on information environments will remain crucial for both practitioners and researchers in the field of corporate finance and accounting. Future research could explore

qualitative dimensions of disclosure practices or investigate how co-tenancy affects other aspects of corporate behavior beyond financial forecasting.

## References

- Alcácer, J. and W. Chung. 2014. Location strategies for agglomeration economies. *Strategic Management Journal* 35 (12): 1749–1761.
- Badertscher, B., N. Shroff, and H.D. White. 2013. Externalities of public firm presence: Evidence from private firms' investment decisions. *Journal of Financial Economics* 109 (3): 682–706.
- Baginski, S.P. 1987. Intraindustry information transfers associated with management forecasts of earnings. *Journal of Accounting and Economics* 25 (2): 196–216.
- Beyer, A., D.A. Cohen, T.Z. Lys, and B.R. Walther. 2010. The financial reporting environment: Review of the recent literature. *Journal of Accounting and Economics* 50 (2-3): 296–343.
- Breuer, M., K. Hombach, and M.A. Müller. 2022. When you talk, I remain silent: Spillover effects of peers' mandatory disclosures on firms' voluntary disclosure. *The Accounting Review* 97 (4): 155–186.
- Bushee, B.J., T. Keusch, and J. Kim-Gina. 2024. Co-opetition and the firm's information environment. *Management Science* 70 (10): 6917–6941.
- Cao, Z. and G.S. Narayanamoorthy. 2011. The effect of litigation risk on management earnings forecasts. *Contemporary Accounting Research* 28 (1): 125–173.
- Catalini, C. 2018. Microgeography and the direction of inventive activity. *Management Science* 64 (9): 4348–4364.
- Core, J.E., I. Abramova, and R. Verdi. 2016. Geographic spillovers and corporate decisions. Working paper. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2807477](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2807477)
- Ellison, G., E.L. Glaeser, and W.R. Kerr. 2010. What causes industry agglomeration? Evidence from coagglomeration patterns. *American Economic Review* 100 (3): 1195–1213.
- Foster, G. 1981. Intra-industry information transfers associated with earnings releases. *Journal of Accounting and Economics* 3 (3): 201–232.
- Glaeser, E.L., H.D. Kallal, J.A. Scheinkman, and A. Schleifer. 1992. Growth in cities. *Journal of Political Economy* 100 (6): 1126–1152.
- Godigbe, B.G., J. Jennings, H. Seo, and L. Tanlu. 2024. The effect of geographical diversity on managerial earnings forecasts. *European Accounting Review* 33 (3): 995–1024.
- Graham, J.R., C.R. Harvey, and S. Rajgopal. 2005. The economic implications of corporate financial reporting. *Journal of Accounting and Economics* 40 (1-3): 3–73.
- Grant, P. 2023. Office tenants are renewing leases—but for far less space. *The Wall Street Journal* (August 22, 2023). <https://www.wsj.com/real-estate/commercial/office-tenants-are-renewing-leasesbut-for-far-less-space-b27d5b7e>
- Hainmueller, J. 2012. Entropy balancing for causal effects: A multivariate reweighting method to produce balanced samples in observational studies. *Political Analysis* 20 (1): 25–46.

- Hann, R.N., H. Kim, and Y. Zheng. 2019. Intra-industry information transfers: Evidence from changes in implied volatility around earnings announcements. *Review of Accounting Studies* 24: 927–971.
- Hutton, A., L. Lee, and S. Shu. 2012. Do managers always know better? The relative accuracy of management and analyst forecasts. *Journal of Accounting Research* 50 (5): 1217–1244.
- Jacobs, J. 1969. Strategies for helping cities. *The American Economic Review* 59 (4): 652–656.
- Jaffe, A.B., M. Trajtenberg, and R. Henderson. 1993. Geographic localization of knowledge spillovers as evidenced by patent citations. *The Quarterly Journal of Economics* 108 (3): 577-598.
- Jennings, J., J. Lee, and D.A. Matsumoto. 2017. The effect of industry co-location on analysts' information acquisition costs. *The Accounting Review* 92 (6), 103–127.
- Kepler, J.D. 2021. Private communication among competitors and public disclosure. *Journal of Accounting and Economics* 71: 101387.
- Kim, Y., M. Lacina, and M.S. Park. 2008. Positive and negative information transfers from management forecasts. *Journal of Accounting Research* 46 (4): 885–908.
- Kim, J. and M. Olbert. 2022. How does private firm disclosure affect demand for public firm equity? Evidence from the global equity market. *Journal of Accounting and Economics* 74 (2-3): 101545.
- Lee, S. 2019. Learning-by-moving: Can reconfiguring spatial proximity between organizational members promote individual-level exploration? *Organization Science* 30 (3): 467–488.
- Lundholm, R. and M. Van Winkle. 2006. Motives for disclosure and non-disclosure: a framework and review of the evidence. *Accounting and Business Research* 36: 43–48.
- Marshall, A. 1920. *Principles of Economics* (8th ed.). London: Macmillan and Co.
- Marshall, N.T. and A.N. Skinner. 2022. Forecast withdrawals and reporting reputation. *The Accounting Review* 97 (7): 347–377.
- Matsumoto, D., M. Serfling, and S. Shaikh. 2022. Geographic peer effects in management earnings forecasts. *Contemporary Accounting Research* 39 (3): 2023–2057.
- Pawliczek, A., A.N. Skinner, and S.L.C. Zechman. 2022. Facilitating Tacit Collusion Through Voluntary Disclosure: Evidence from Common Ownership. *Journal of Accounting Research* 60 (5): 1651–1693.
- Porter, M.E. 1998. Clusters and the new economics of competition. *Harvard Business Review* 76 (6): 77–90.
- Roche, M.P., A. Oettl, and C. Catalini. 2024. Proximate (co-)working: Knowledge spillovers and social interactions. *Management Science* (forthcoming).
- Rogers, J.L. and P.C. Stocken. 2005. Credibility of management forecasts. *The Accounting Review* 80 (4): 1233–1260.
- Rogers, J.L. and A. Van Buskirk. 2009. Shareholder litigation and changes in disclosure behavior. *Journal of Accounting and Economics* 47 (1-2): 136–156.

- Saxenian, A. 1994. *Regional advantage: Culture and competition in Silicon Valley and Route 128*. Cambridge: Harvard University Press.
- Seo, H. 2021. Peer effects in corporate disclosure decisions. *Journal of Accounting and Economics* 71: 101364.
- Shroff, N., R.S. Verdi, and B.P. Yost. 2017. When does the peer information environment matter? *Journal of Accounting and Economics* 64 (2-3): 183–214.
- Vashishtha, R. 2014. The role of bank monitoring in borrowers' discretionary disclosure: Evidence from covenant violations. *Journal of Accounting and Economics* 57(2-3): 176–195.
- Venture X. 2024. What's hot in coworking: The latest trends and demand for shared offices. <https://venturexfranchise.com/blog/coworking-hot-trends-shared-office-demand/#:~:text=The%20number%20of%20coworking%20spaces,and%20where%20they%20do%20so.>
- Verrecchia, R.E. 1990. Information quality and discretionary disclosure. *Journal of Accounting and Economics* 12 (4): 365–380.
- Verrecchia, R.E. 2001. Essays on disclosure. *Journal of Accounting and Economics* 32 (1-3): 97–180.
- Whelan, J., J. Morin, and C. Donley. 2022. Occupiers adapt to lower office usage by leasing smaller spaces. CBRE Research (December 1, 2022). <https://www.cbre.com/insights/briefs/occupiers-adapt-to-lower-office-usage-by-leasing-smaller-spaces>

## Appendix A. Variable Definitions

Variable Name	Variable Description
<b><i>Independent variables:</i></b>	
<i>I(Co-tenancy)</i>	Equals one if a firm's headquarters shares the same street address with offices of at least one other firm, and zero otherwise
<i>Co-tenancy</i>	Number of firms that share the same street address as the firm's headquarters (excluding a focal firm)
<i>I(Same Ind &amp; Public)</i>	Equals one if a firm's headquarters shares the same street address with offices of at least one other public firm in the same industry based on SIC two-digit codes, and zero otherwise
<i>I(Diff Ind &amp; Public)</i>	Equals one if a firm's headquarters shares the same street address with offices of at least one other public firm in different industries based on SIC two-digit codes, and zero otherwise
<i>I(Same Ind &amp; Private)</i>	Equals one if a firm's headquarters shares the same street address with offices of at least a private firm in the same industry based on SIC two-digit codes, and zero otherwise
<i>I(Diff Ind &amp; Private)</i>	Equals one if a firm's headquarters shares the same street address with offices of at least a private firm in different industries based on SIC two-digit codes, and zero otherwise
<i>Same Ind &amp; Public</i>	Number of public firms in the same industry, based on SIC two-digit codes, that share the same street address as the firm's headquarters (excluding a focal firm)
<i>Diff Ind &amp; Public</i>	Number of public firms in different industries, based on SIC two-digit codes, that share the same street address as the firm's headquarters
<i>Same Ind &amp; Private</i>	Number of private firms in the same industry, based on SIC two-digit codes, that share the same street address as the firm's headquarters
<i>Diff Ind &amp; Private</i>	Number of private firms in different industries, based on SIC two-digit codes, that share the same street address as the firm's headquarters
<b><i>Dependent variables:</i></b>	
<i>I(MF)</i>	Equals one if a firm issues at least an EPS management forecast during the fiscal year, and zero otherwise
<i>MF Accuracy</i>	Unsigned difference between annual forecasted and actual EPS, using the first forecast during the fiscal year, multiplied by -1 and scaled by the most recent month-end stock price prior to the forecast. The forecasted EPS is either a point estimate or the mid-point of a range estimate.
<i>MF Specificity</i>	Width of EPS forecast range, using the first forecast during the fiscal year, multiplied by -1 and scaled by the most recent month-end stock price prior to the forecast. A point estimate sets equal to zero.
<b><i>Control variables &amp; others</i></b>	
<b><i>1. Firm characteristics</i></b>	
<i>MVE</i>	Market value of equity as of the fiscal-year end
<i>Capex</i>	Capital expenditure scaled by the concurrent total assets
<i>ROA</i>	Earnings scaled by the concurrent total assets
<i>Loss</i>	Equals one if earnings are negative, and zero otherwise
<i>Market-to-Book</i>	Market value of equity scaled by book value of equity as of the fiscal year-end
<i>Special Items</i>	Special items scaled by the concurrent total assets
<i>CFO</i>	Cash from operations scaled by the concurrent total assets
<i>Leverage</i>	Short- and long-term debts scaled by the concurrent total assets
<i>Cash</i>	Cash scaled by the concurrent total assets
<i>Business Segments</i>	Number of business segments

<b>Variable Name</b>	<b>Variable Description</b>
<i>Geographic Segments</i>	Number of geographic segments
<i>Stock Return</i>	Market-adjusted stock returns during the fiscal year
<i>Return Volatility</i>	Standard deviation of stock returns during the fiscal year
<i>Earnings Volatility</i>	Standard deviation of ROA over the most recent three years
<i>InstOwn</i>	Number of stocks owned by institutional investors scaled by the total number of shares outstanding as of the year-end
<i>MF Horizon</i>	Natural log of one plus the number of days between forecast announcement date and fiscal year-end
<u><i>2. MSA characteristics</i></u>	
<i>Population</i>	Number of residents in a metropolitan statistical area (MSA) as of the year-end
<i>Employment Rate</i>	Ratio of total employment to population in an MSA as of the year-end
<i>Personal Income</i>	Total personal income in an MSA during the year

## Appendix B. Pre- and Post-Matching Covariate Balance

This table reports covariate balance before and after entropy balancing. All variables are defined in Appendix A.

	<b>Pre-balancing</b>			
	<i>I</i> (Co-tenancy) = 1 N=6,622		<i>I</i> (Co-tenancy) = 0 N=30,648	
	Mean	Variance	Mean	Variance
<i>ln</i> (MVE)	6.326	4.151	6.196	4.614
<i>Capex</i>	0.054	0.004	0.045	0.003
<i>ROA</i>	-0.053	0.067	-0.046	0.062
<i>Loss</i>	0.369	0.233	0.355	0.229
<i>Market-to-Book</i>	3.401	21.530	3.559	21.610
<i>Special Items</i>	-0.020	0.004	-0.019	0.004
<i>CFO</i>	0.031	0.040	0.030	0.041
<i>Leverage</i>	0.235	0.040	0.186	0.035
<i>Cash</i>	0.144	0.031	0.161	0.029
<i>Business Segments</i>	5.904	22.860	5.848	20.590
<i>Geographic Segments</i>	6.341	34.060	7.365	44.260
<i>Stock Return</i>	0.064	0.591	0.085	0.649
<i>Return Volatility</i>	0.144	0.013	0.143	0.011
<i>Earnings Volatility</i>	0.093	0.024	0.087	0.020
<i>InstOwn</i>	0.433	0.152	0.417	0.150
<i>ln</i> (Population)	19.410	1.173	18.760	1.458
<i>Employment Rate</i>	0.622	0.002	0.628	0.003
<i>ln</i> (Personal Income)	15.510	0.997	14.910	1.240
	<b>Post-balancing</b>			
	<i>I</i> (Co-tenancy) = 1 N=6,622		<i>I</i> (Co-tenancy) = 0 N=30,648	
	Mean	Variance	Mean	Variance
<i>ln</i> (MVE)	6.326	4.151	6.324	4.152
<i>Capex</i>	0.054	0.004	0.054	0.004
<i>ROA</i>	-0.053	0.067	-0.053	0.067
<i>Loss</i>	0.369	0.233	0.369	0.233
<i>Market-to-Book</i>	3.401	21.530	3.401	21.530
<i>Special Items</i>	-0.020	0.004	-0.020	0.004
<i>CFO</i>	0.031	0.040	0.031	0.040
<i>Leverage</i>	0.235	0.040	0.234	0.040
<i>Cash</i>	0.144	0.031	0.144	0.031
<i>Business Segments</i>	5.904	22.860	5.906	22.850
<i>Geographic Segments</i>	6.341	34.060	6.345	34.120
<i>Stock Return</i>	0.064	0.591	0.064	0.591
<i>Return Volatility</i>	0.144	0.013	0.144	0.013
<i>Earnings Volatility</i>	0.093	0.024	0.093	0.024
<i>InstOwn</i>	0.433	0.152	0.433	0.152
<i>ln</i> (Population)	19.410	1.173	19.410	1.186
<i>Employment Rate</i>	0.622	0.002	0.622	0.002
<i>ln</i> (Personal Income)	15.510	0.997	15.510	1.011