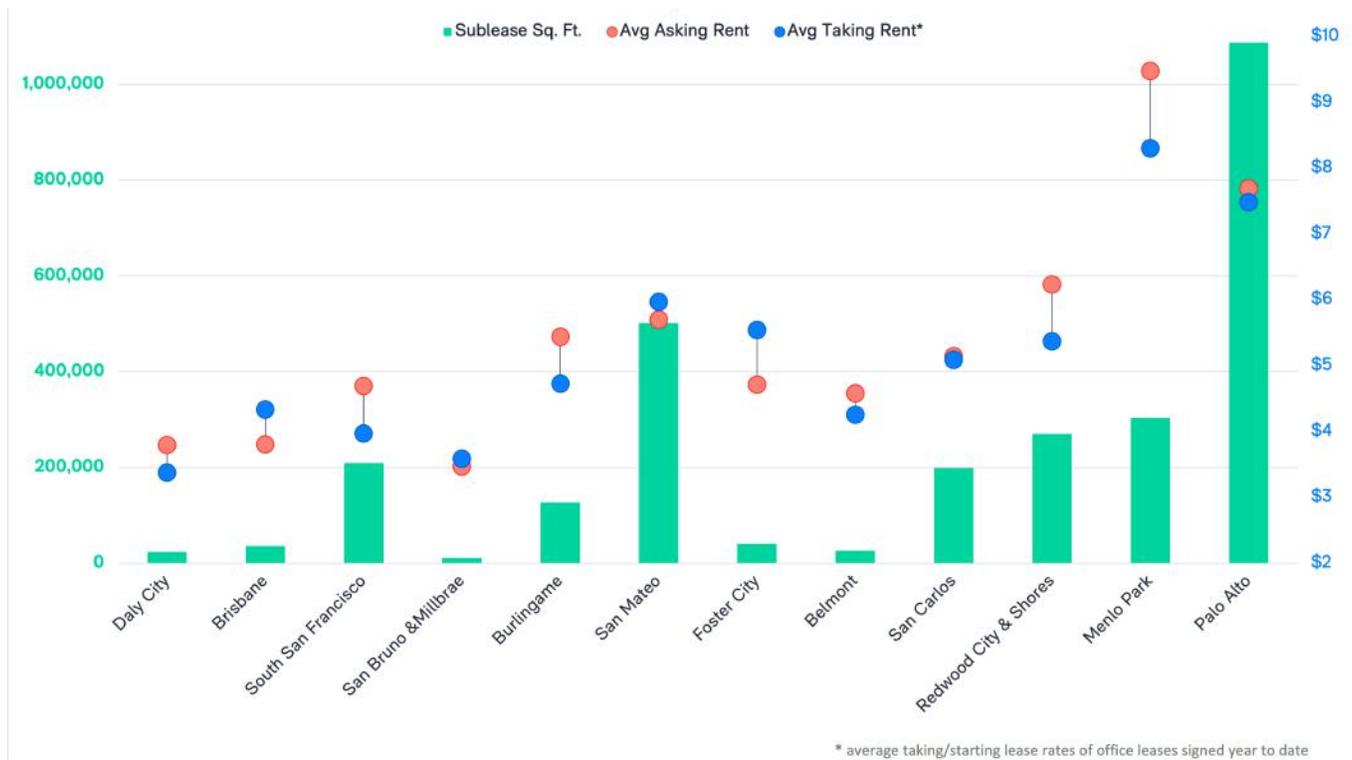


Subleasing

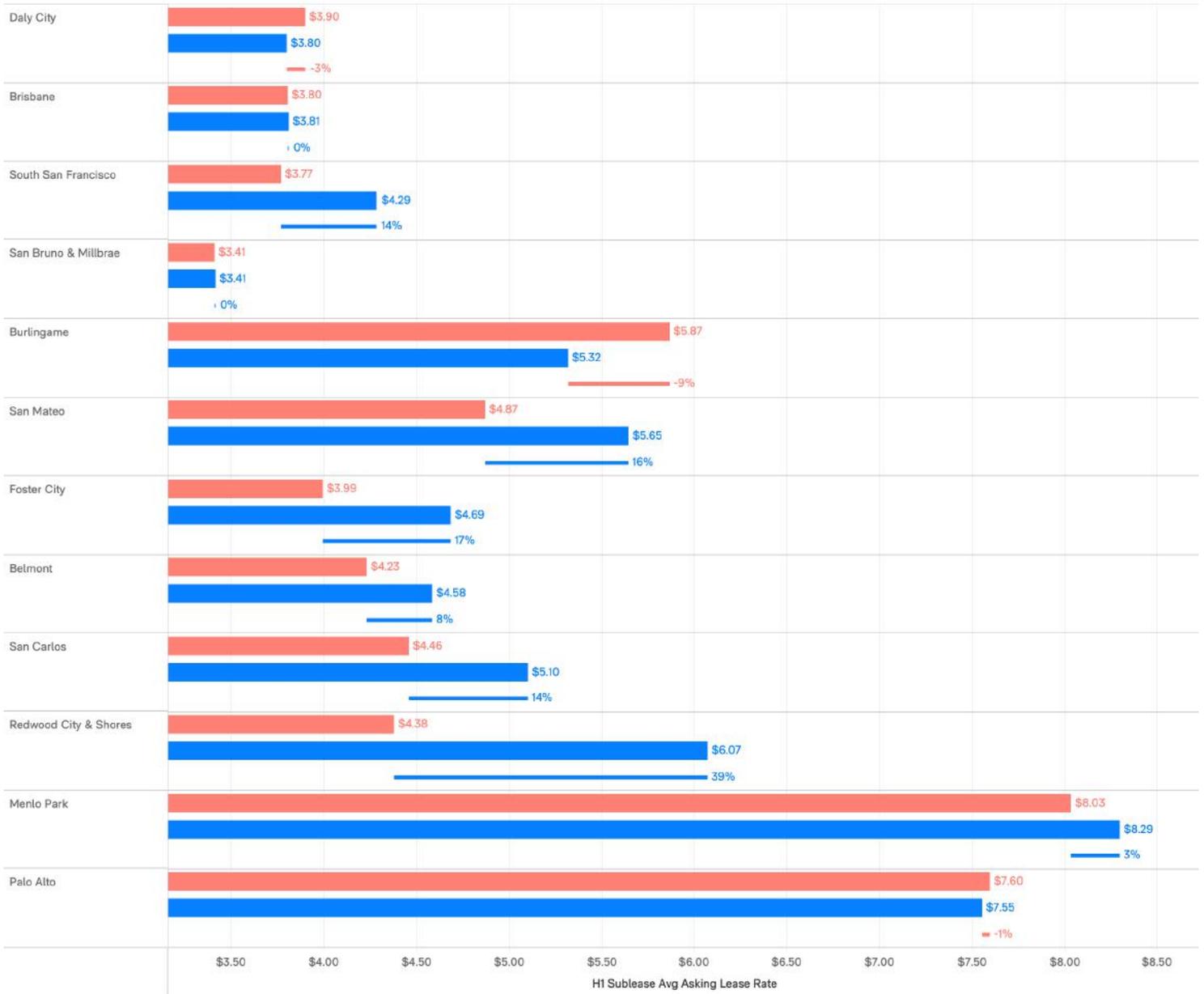
2021 SUBLEASE AVAILABILITY VS SUBLEASE LEASE RATES



The flight to quality created higher taking rents than asking rents in several submarkets in Silicon Valley despite the increase in sublease availabilities. Palo Alto has the most sublease availability in Silicon Valley, but the asking rent is one of the highest in the market. Additionally, the delta between asking and lease start rents is usually wider when more available space is on the market, but the reverse of this trend is evident in Menlo Park where sublease availability is among the lowest in the market, but the asking and lease start rents are the highest. The delta between asking and lease start rents ranged from -15% to 18% with an average of 4%.

SILICON VALLEY SUBLEASE AVERAGE ASKING LEASE RATES

H1 2020 vs H1 2021 Comparison



Sublease asking rents did not decline as much as expected when comparing the first half of 2021 with the first half of 2020. In some cases, such as San Carlos and Menlo Park, average asking rents increased due to quality product coming on the market. In other cases, such as Redwood City's increase of a whopping 39%, averages increased when a significant amount of lower cost product was leased or pulled from the market. Despite the additional 830,000 sf that came to market since January 2020, Palo Alto's sublease asking rent remained flat from the first half of 2020 to the first half of 2021. Lease start rates are only 3% below asking rent, indicating that Palo Alto is the most stable submarket in Silicon Valley.

SILICON VALLEY Q1 ASKING LEASE RATES

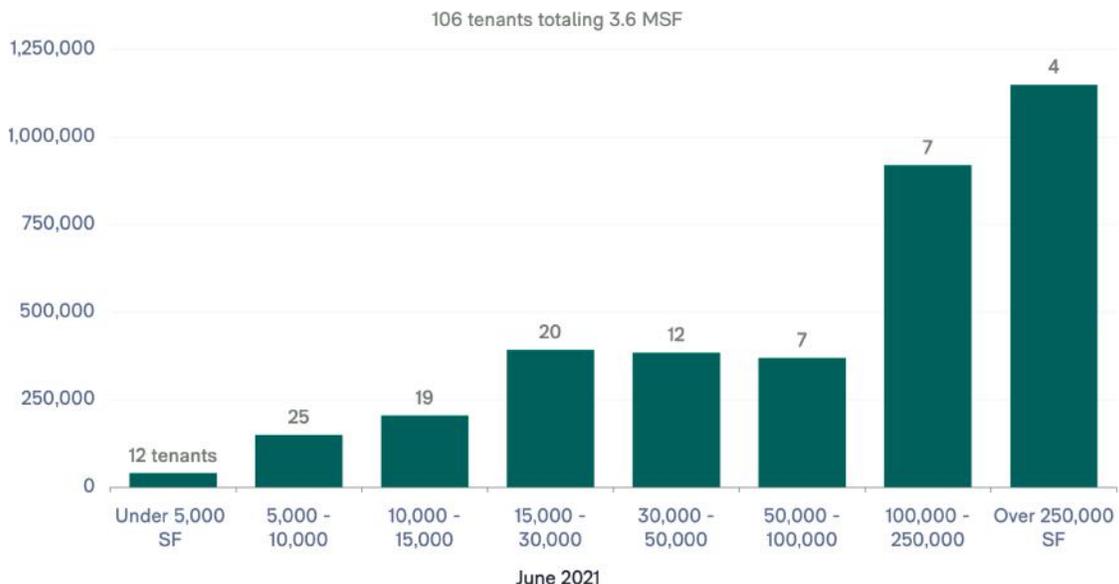


Sublease asking rents are typically discounted by about 25% of direct asking rents. The pandemic not only closed that gap but also reversed the trend of higher direct asking rents in three submarkets. Menlo Park and Redwood City averaged 12% higher sublease asking rents due to the emergence of high-end spaces in historically tight neighborhoods with asking rates upwards of \$13 and \$10, respectively.

Tenants in Market

After a deep decline in demand in 2020, tenants in the market for office space increased to 3.6 million square feet (msf) in June 2021. Not surprisingly, COVID-19 had a significant impact on the decrease and once the vaccine was widely available, companies resumed the search for office space. More tenants in the market have requirements in the 5,000 to 10,000-sf range. Though demand is still below pre-pandemic levels, the quick rebound indicates the beginning of the anticipated recovery.

SILICON VALLEY TENANTS IN MARKET



Leasing Activity

In 2021, leasing activity totals 2.3 msf so far this year. In comparison, approximately 1.2 msf leased in the first half of 2020 and 2.6 msf leased in all of 2020. Increased touring activity indicates that leasing activity should further improve for the remainder of the year.

SILICON VALLEY SIGNIFICANT DIRECT DEALS FIRST HALF 2021

SUBMARKET	TENANT	ADDRESS	LEASED SF	SPACE TYPE
Sunnyvale	Apple	Various	796,283	Direct
San Jose	NetApp	3060 Olsen Dr	300,000	Direct
Palo Alto	Google	3400 Hillview Ave	207,000	Direct (Renewal)
San Carlos	Natera	201 Industrial Rd	137,000	Renewal
San Mateo	Verkada	406 E 3rd Ave	111,611	Direct
Milpitas	Confidential	1090-1096 Pecten Court	95,559	Direct
South San Francisco	Confidential	1130 Veterans Blvd	94,927	Direct
South San Francisco	Nkarta	1150 Veterans Blvd	88,106	Direct
South San Francisco	Genentech	601 Gateway Blvd	61,000	Renewal
San Carlos	Iovance	825 Industrial Rd	49,918	Direct
Redwood City	Freshfields Bruckhaus Deringer	855 Main St	40,000	Direct

*Highlighted deals are Raise Commercial Real Estate

SILICON VALLEY SIGNIFICANT SUBLEASE DEALS FIRST HALF 2021

SUBMARKET	TENANT	ADDRESS	LEASED SF	SPACE TYPE
San Jose	Vocera	3030 Orchard Parkway	77,822	Sublease
Menlo Park	Grail	1020 Marsh Rd	34,460	Sublease
Palo Alto	Snapchat	395 Page Mill Rd	35,000	Sublease
Palo Alto	Robinhood	275 Middlefield Rd	24,000	Sublease
Menlo Park	Rudolph & Sletten	2 Circle Star Way	20,350	Sublease
Brisbane	Nomis Solutions	8000 Marina Blvd	14,688	Sublease
San Mateo	Verkada	107-111 South Railroad Ave	6,000	Sublease

The Evolving Workplace

Much the way retail evolved to be experiential in order to attract consumers, so has the new workplace. The office must be a destination for collaboration, culture, mentorship, and inclusivity. Whether employers choose an office-centric, hybrid, or remote model, they must be intentional about the purpose of the office and how teams use space. Creating an experience for employees will boost engagement, wellness, and productivity.

About Raise

By empowering real estate experts with innovative technology, we deliver superior solutions to our clients to reimagine their workplace. We work together with our Brokerage, Project Management, and Workplace Strategy teams to enhance speed, transparency, and collaboration with our clients.

BROKERAGE — Discover your work's future home

At Raise, brokerage is a team endeavor. All our expertise, and all our best listings, are shared between brokers and available to you and your team 24/7 on our collaborative online workspace Dealroom. Because finding the perfect space happens when everything is on the table—and when everyone around the table is working as one.

WORKPLACE — We bridge the gap between people, places, and experiences

Our expert team becomes part of your organization and tailors your workplace to meet your business needs, reflect your values, and articulate your culture.

PROJECT MANAGEMENT — Ensuring your projects execute flawlessly, stay within budget, and deliver on time.

We are committed to managing your project across three key areas: Save time, lower costs, reduce risks.