

San Francisco Office Sublease Market Dynamics

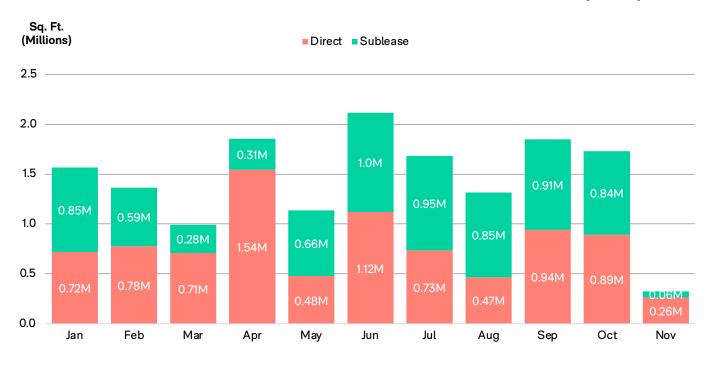
Key Takeaways:

- 15.9 msf of new supply entered the market since Jan 1, 2020; 46% of which is sublease space
- Direct space increased 127% in 2020 thus far, while sublease space increased 418%
- Subleases were on the rise prior to lockdown, supply increased 67% (1.7 msf) from January to March 16, 2020
- 570 new subleases have come on the market post lockdown
- 56% of post-lockdown subleases (3.5 msf) are under 30,000 sf
- 67% of post-lockdown subleases are vacant
- 5.5 msf of active subleases (67%) have more than 24 months of term remaining; the average remaining term is 32 months for vacant sublease spaces and 36 months for available (non-vacant) sublease spaces

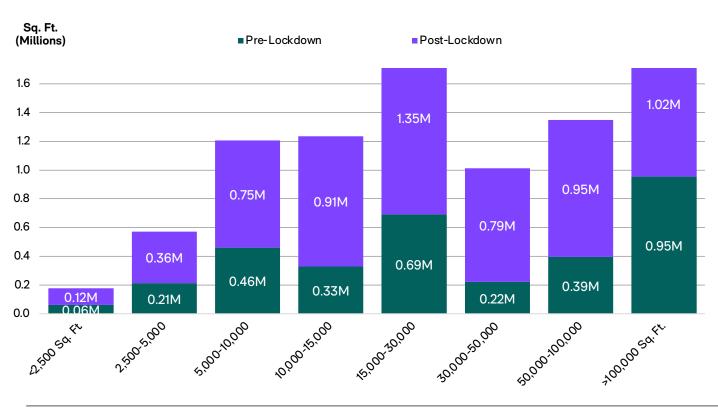
Historical Comparison:

- Previous sublease peak 2.6 msf in 2016
- Current sublease supply 8.3 msf (3.5x higher than previous recession)
- More space added this year alone than previous recession peak (2.4 msf)
- Average available sublease inventory from 2005 to 2019 = 1.6 msf

SAN FRANCISCO 2020 SPACE ADDITIONS (YTD)



SUBLEASE AVAILABILITY BY SIZE



2020 DAILY SUBLEASE TRACKER

