

The Impact of COVID-19 on Downtown Markets

Top 10 National Markets

Top 10 National Markets

The rapid global spread of COVID-19, and the public health measures taken to reduce its deadly impacts, significantly changed National real estate market fundamentals. While the Nation has experienced its share of turbulent economic cycles, the speed and scope of the COVID-19 pandemic has been unprecedented. Economic recovery is expected to be accelerating moving into 2021, with increase office leasing activity not far behind.

Occupier's Perspective

National markets remain tenant-favorable as sublease availabilities continue to rise, vacancy rates remain high, and effective rents face downward pressure as concessions remain elevated.

Average Asking Rents

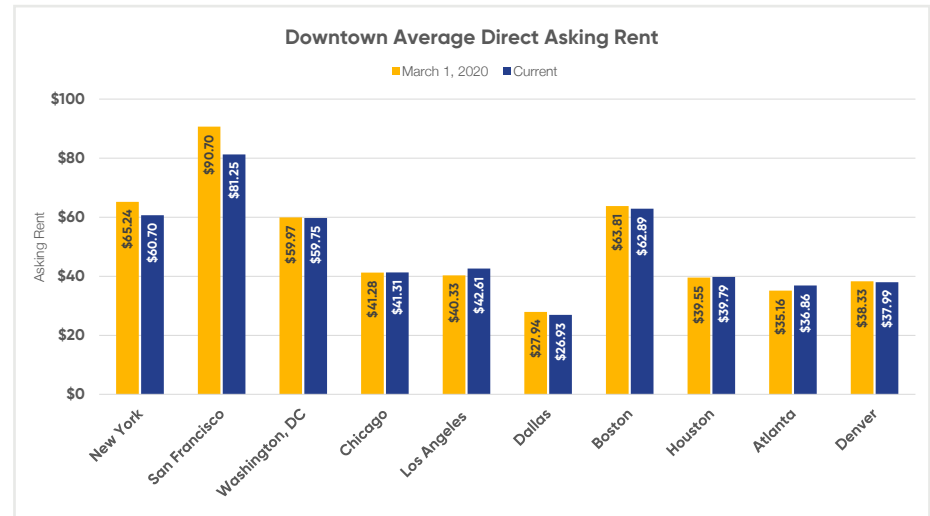
National asking rents in most major markets have dipped slightly since the onset of the pandemic, while concessions remain at all-time highs and have continued to increase due to decreased demand and high vacancy rates.



Market Highlight – Washington, DC

The Washington, DC office market is consistent with national markets recording limited asking rent declines during the COVID-induced recessionary period. Though asking rate movement is limited, the national trend of generous concession packages continues to remain strong. Washington, DC boasts some of the nation's highest concession packages (free rent > 1.3 months/year of term and TIAs over \$140/SF), which will persist as space availabilities remain plentiful.

Downtown Asking Rent	Market	Pre-COVID-19 March 1, 2020	Q1 2021	Post-COVID Impact
	New York	\$65.24	\$60.70	-\$4.54
	San Francisco	\$90.70	\$81.25	-\$9.45
	Washington, DC	\$59.97	\$59.75	-\$0.22
	Chicago	\$41.28	\$41.31	\$0.03
	Los Angeles	\$40.33	\$42.61	\$2.28
	Dallas	\$27.94	\$26.93	-\$1.01
	Boston	\$63.81	\$62.89	-\$0.92
	Houston	\$39.55	\$39.79	\$0.24
	Atlanta	\$35.16	\$36.86	\$1.70
	Denver	\$38.33	\$37.99	-\$0.34



Top 10 National Markets



Downtown Vacancy Rate	Market	Pre-COVID-19 March 1, 2020	Q1 2021	Post-COVID Impact
	New York	10.6%	14.4%	3.8%
	San Francisco	4.8%	15.0%	10.2%
	Washington, DC	15.0%	18.0%	3.0%
	Chicago	13.9%	15.9%	2.0%
	Los Angeles	18.9%	20.9%	2.0%
	Dallas	29.3%	30.8%	1.5%
	Boston	7.5%	11.4%	3.9%
	Houston	20.8%	25.3%	4.5%
	Atlanta	11.6%	23.9%	12.3%
Denver	13.7%	17.2%	3.5%	

Total Vacancy Rate

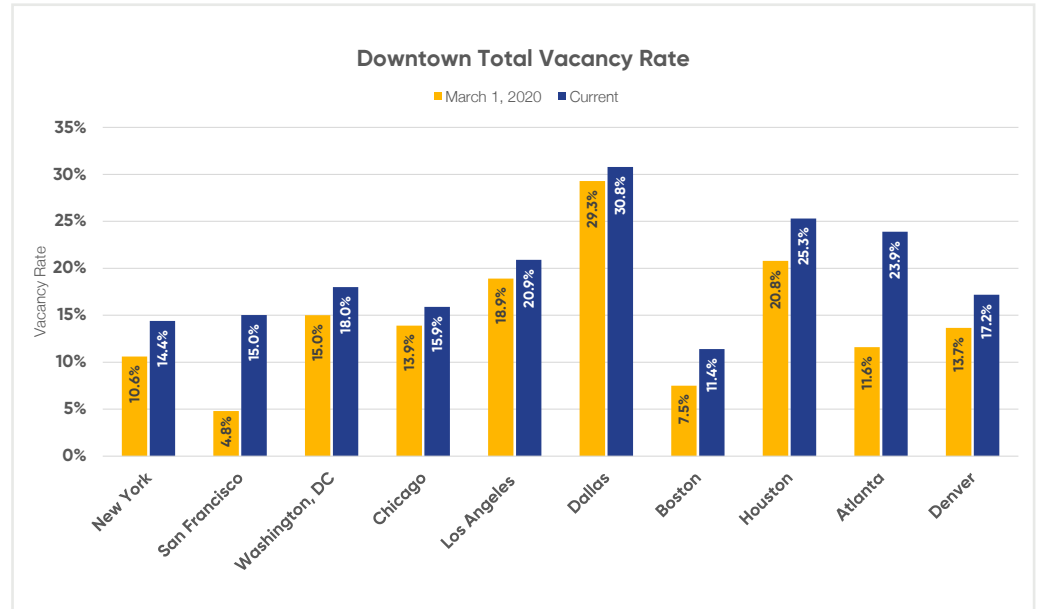


The total national vacancy has increased 134 basis points (bps) since the onset of the COVID-induced pandemic. Vacancy rates remain elevated as demand for space continues to fall and new supply in major markets delivers.

Market Highlight – Chicago

The Downtown Chicago office market highlights a consistent COVID-induced recessionary trend: all-time high vacancies. Hitting near-record heights, Chicago’s downtown market saw eleven buildings delivered during the pandemic and has an additional twelve under construction. With the increase in inventory and deal volume down by over half, sustained high vacancy is expected to continue.

Downtown Total Vacant Square Feet	Market	Pre-COVID-19 March 1, 2020	Q1 2021	Post-COVID Impact
	New York	12,201,821	16,631,499	4,429,679
	San Francisco	2,513,877	7,869,081	5,355,203
	Washington, DC	12,554,312	15,218,696	2,664,384
	Chicago	21,404,219	25,458,624	4,054,405
	Los Angeles	11,452,002	12,697,294	1,245,292
	Dallas	9,273,054	9,747,783	474,730
	Boston	3,218,848	4,892,649	1,673,801
	Houston	12,011,537	14,645,394	2,633,857
	Atlanta	3,705,506	7,659,054	3,953,547
Denver	5,351,870	6,814,405	1,462,535	



Top 10 National Markets



Sublease Availability

National sublease availability is recorded nearly 132 million square feet, a 48% increase from pre-COVID levels and an all-time national high.

Market Highlight – San Francisco

With sublease availability currently sitting at 10.6% of total availability, the San Francisco market has been the most susceptible to sublease market changes. The increase in sublease availability was brought on early into the pandemic as many technology firms were the first to adopt remote work strategies.

Downtown Sublease Availability	Market	Pre-COVID-19 March 1, 2020	Q1 2021	Post-COVID Impact
	New York	2,948,657	5,771,865	95.7%
	San Francisco	2,058,119	4,850,892	135.7%
	Washington, DC	1,936,990	2,529,747	30.6%
	Chicago	3,079,744	5,604,100	82.0%
	Los Angeles	818,154	1,400,340	71.2%
	Dallas	1,046,655	1,243,021	18.8%
	Boston	938,588	1,905,200	103.0%
	Houston	1,300,181	1,371,858	5.5%
	Atlanta	131,972	319,874	142.4%
Denver	982,325	2,055,898	109.3%	

Downtown Available Sublease Sq. Ft.

