



**AVISON  
YOUNG**

# San Francisco Office Insight Report

Q3 2021

**AVANT**  
by AVISON YOUNG

# Key takeaways



## Economic conditions

- Despite concerns of the Delta variant, re-opening efforts and higher vaccination rates have allowed the San Francisco unemployment rate to rebound from a high of 13.0 percent to **5.2 percent**.
- Venture Capital funding in 2021 YTD has totaled **\$44.9B**, marking a 91% increase since 2020.



## Recovery rate

- Despite the rise of the Delta Variant, the return of Bay Area office occupiers has seen improvements quarter over quarter, led by companies like Tesla. The rate of recovery across the Bay Area office market is **28.7 percent**.



## Office supply & demand

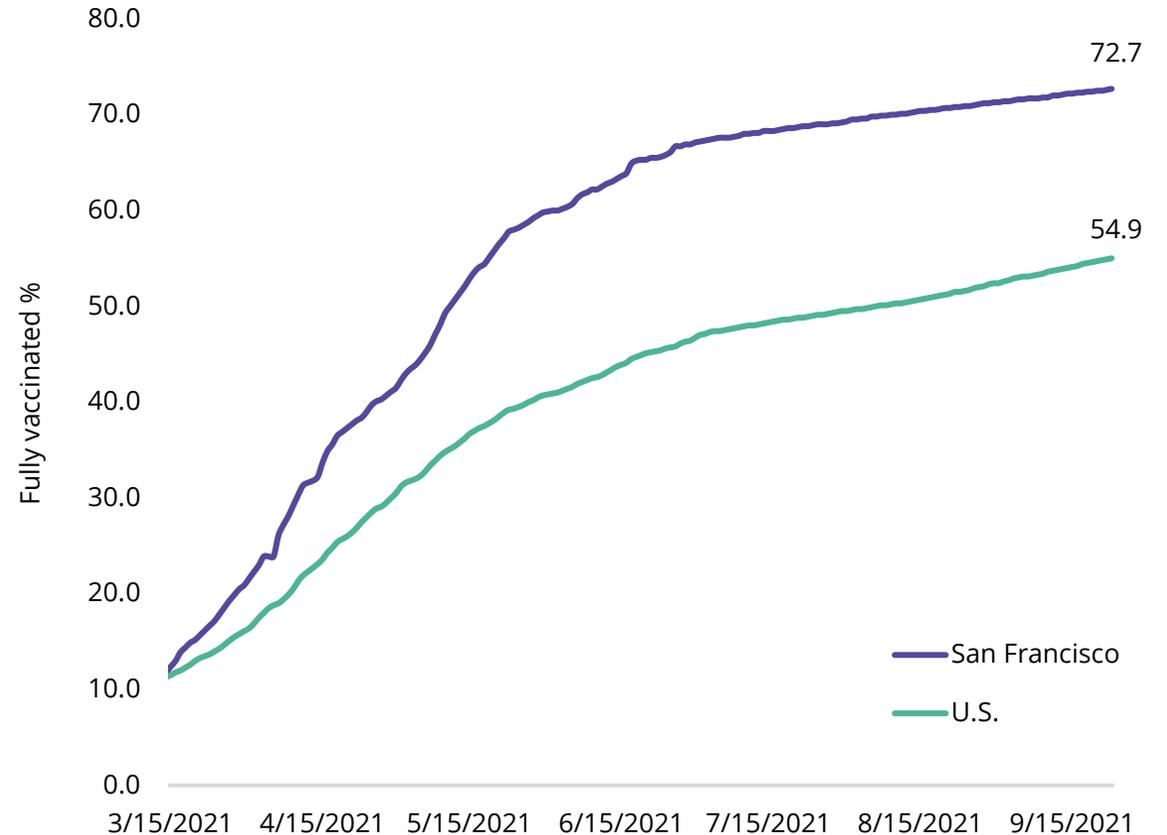
- While leasing activity is down from historical averages, activity is increasing on a weekly basis.
- A notable lease sign in Q3 was Chime, who signed for **200,000 sf** at 101 California St.
- High end space pricing is holding firm at over **\$100/sf**.

# Vaccination rates

# 72.7%

**Share of total San Francisco population that is fully vaccinated**

San Francisco proportionate vaccination rates have far surpassed U.S. averages, an important metric that has allowed the city to loosen restrictions and has led the region and state to have the lowest case counts in the nation.



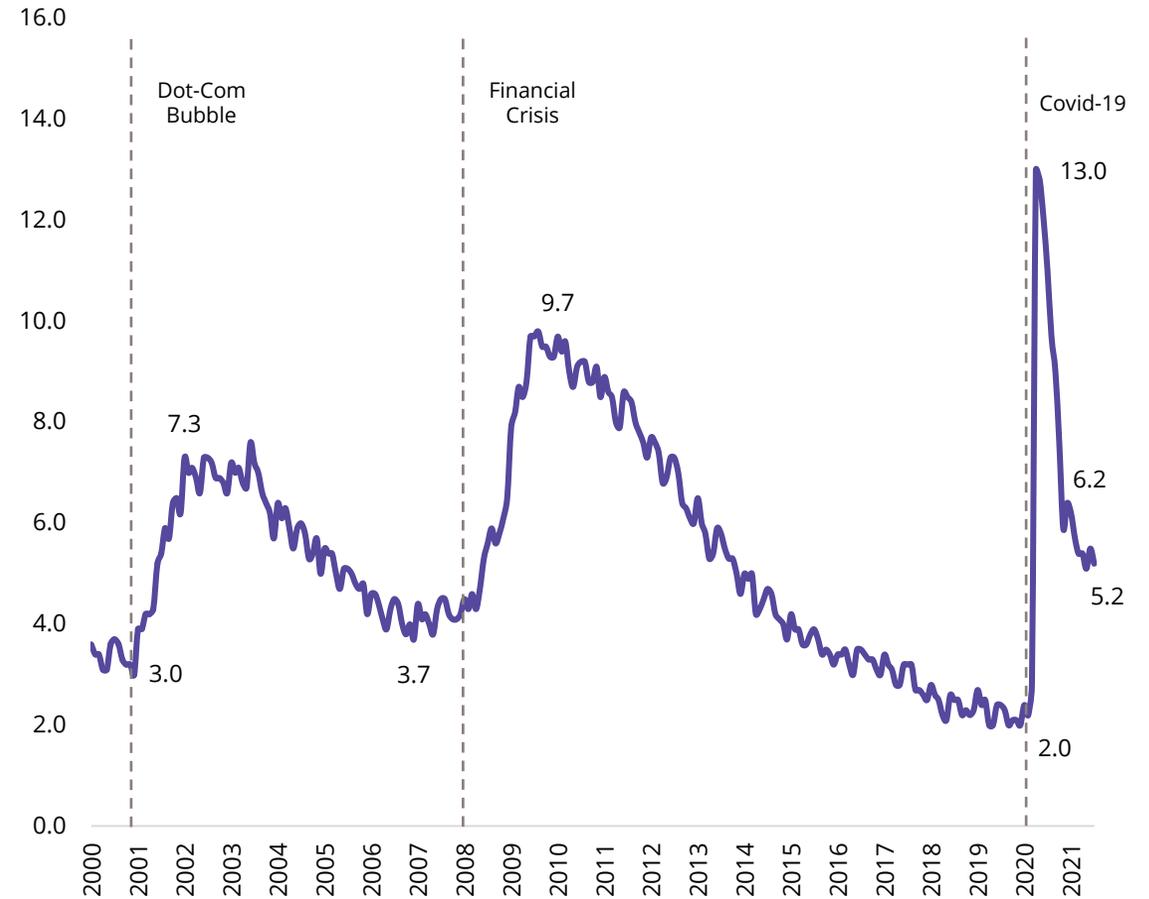
Source: CDC

# Employment and unemployment rate

# 5.2%

**San Francisco unemployment rate as of April 2021, dipping below the height of the financial crisis**

While historically tightened labor market conditions were halted by the pandemic with nearly 92,000 job losses between February and April 2020, increases in vaccination rates in San Francisco have helped ease these numbers. Through July 2021, job losses have decreased to 38,000 since the beginning of the pandemic.



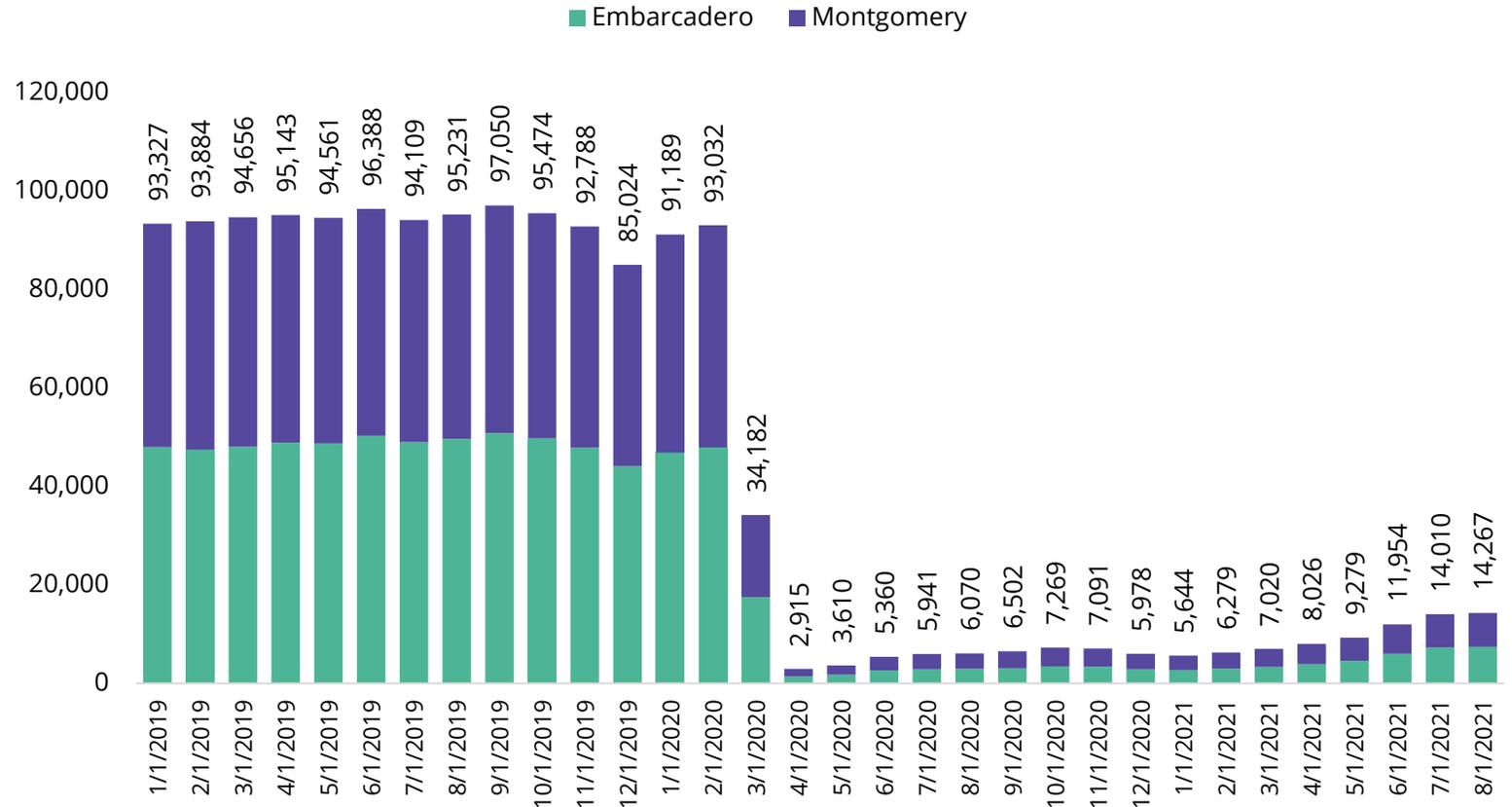
Note: Not seasonally adjusted data.  
Source: Bureau of Labor Statistics

# BART ridership weekday exits

# 150%

**Increase in riders exiting Embarcadero & Montgomery stations during the week since the beginning of 2021**

Over the past 6 months, the number of riders exiting has more than doubled



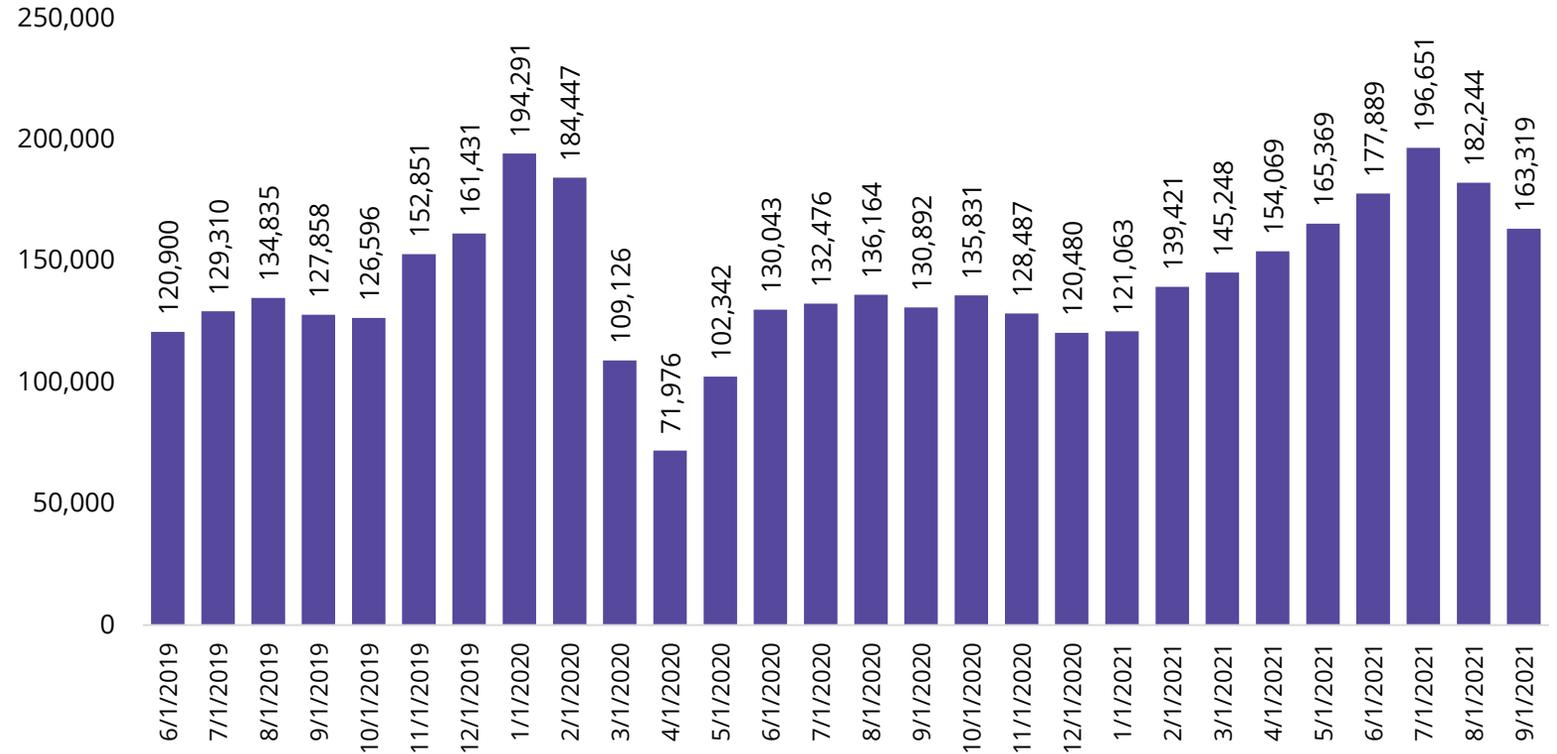
Source: AVANT by Avison Young, BART

# Bay Bridge traffic weekday exits

**35%**

**Increase in daily volume during the week since the beginning of 2021**

The traffic counts have decreased slightly in the last 3 months due to the delta variant.



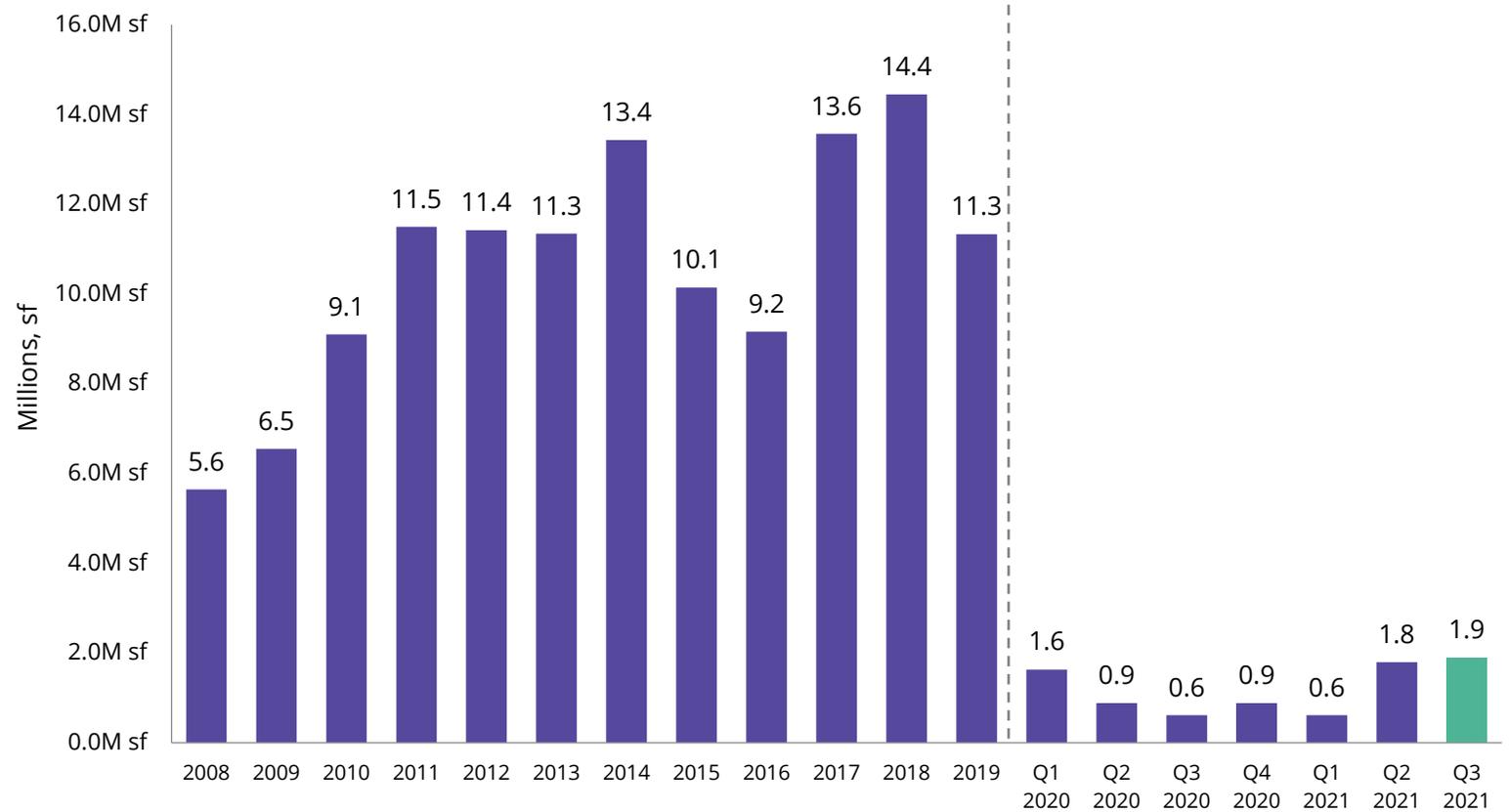
Source: AVANT by Avison Young, Bay Bridge

# Office leasing activity

# 5.8%

## Increase in leasing activity in since 2020

While 2021 leasing activity has not returned to historical averages, leasing through Q3 2021 has already surpassed total leasing in 2020, showing signs of overall recovery in the region.



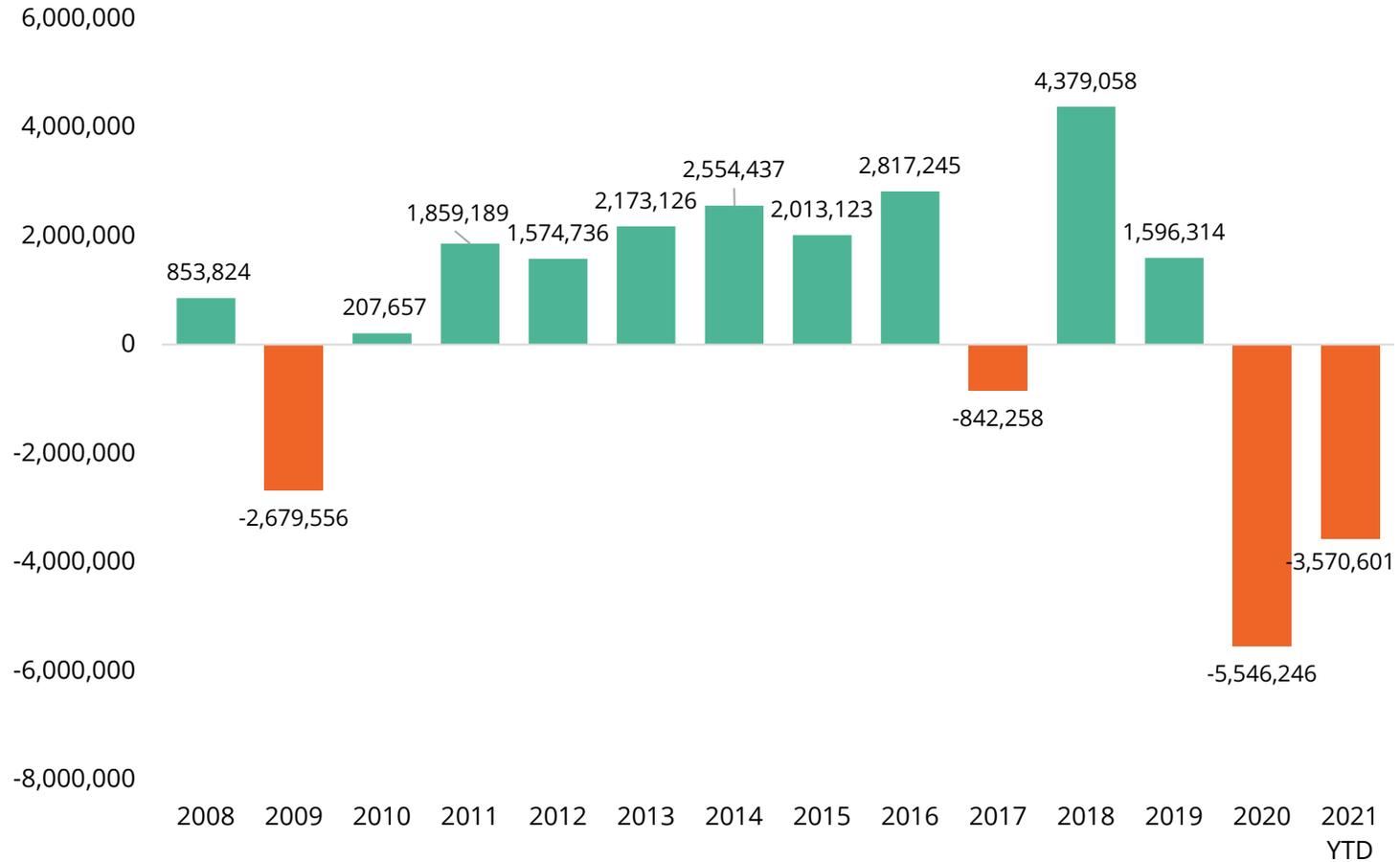
Source: AVANT by Avison Young

# Absorption

**-3.57 msf**

**Net absorption YTD**

Absorption YTD has increased by 55% since 2020. There is room for optimism as occupiers see a potential return-to-office as Covid vaccination rates continue to rise and cases continue to drop throughout the Bay Area.



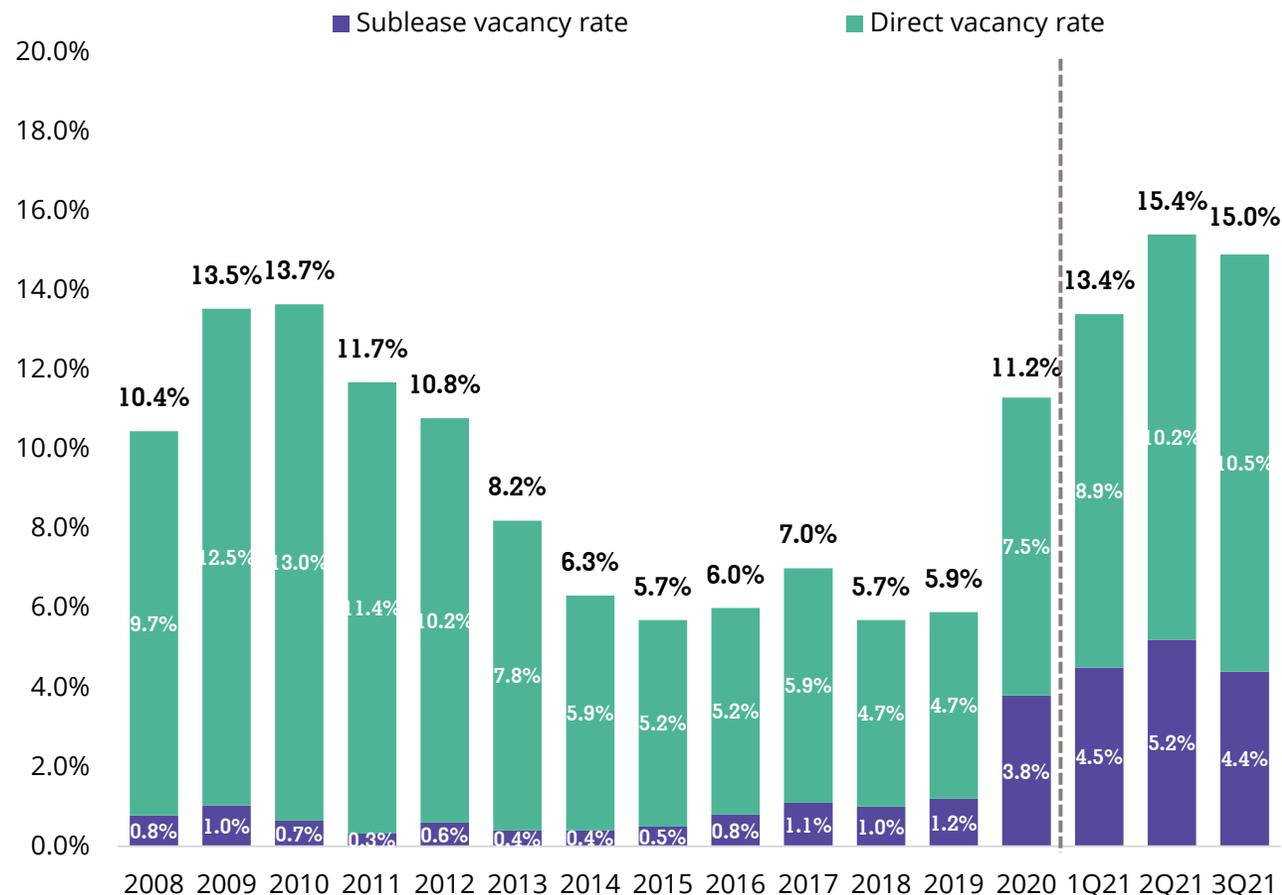
Source: AVANT by Avison Young

# Vacancy rate

# 15.0%

## San Francisco vacancy as of Q3 2021

While still near recent highs, the Q3 2021 vacancy rate has decreased 2.6 from 15.4% in Q2 to 15.0%. The ratio of sublease-to-total vacancy is currently 30%.

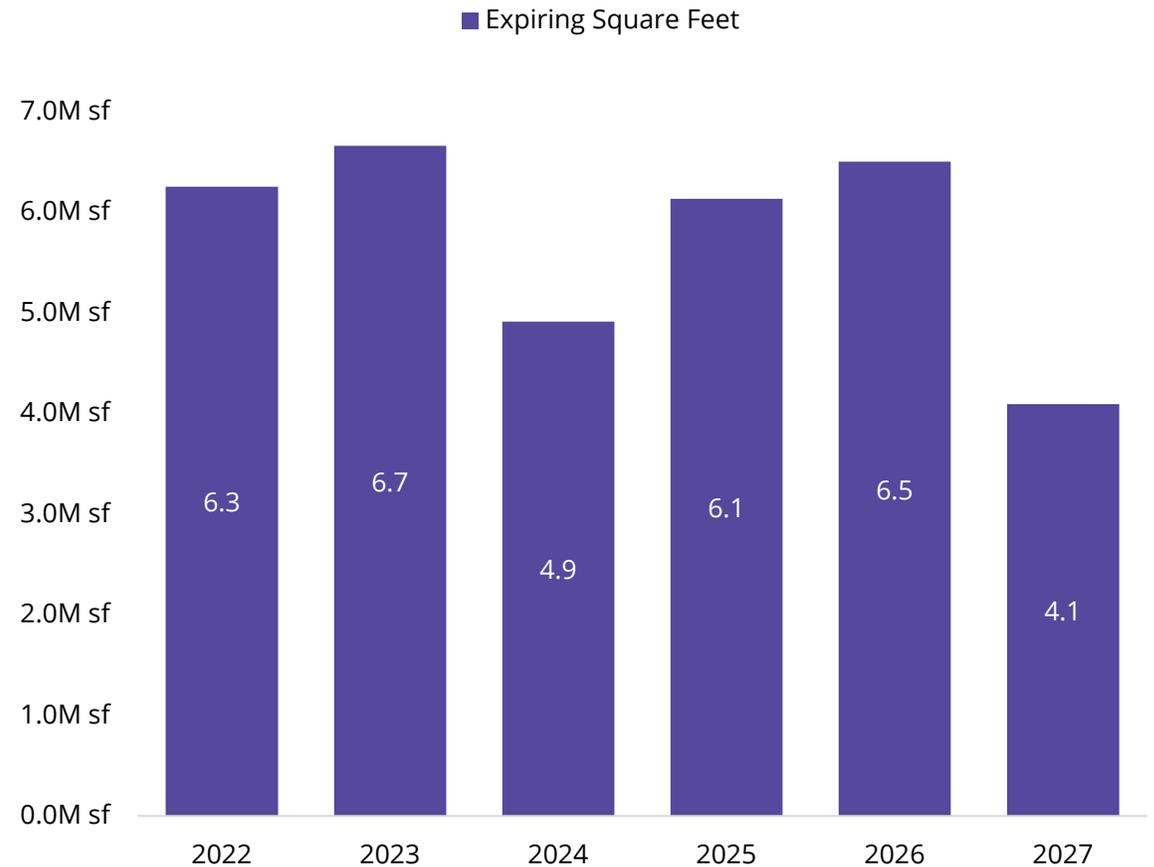


Source: AVANT by Avison Young

# Lease expiration driven demand

# 5.76 msf

Of leases expiring each year on average



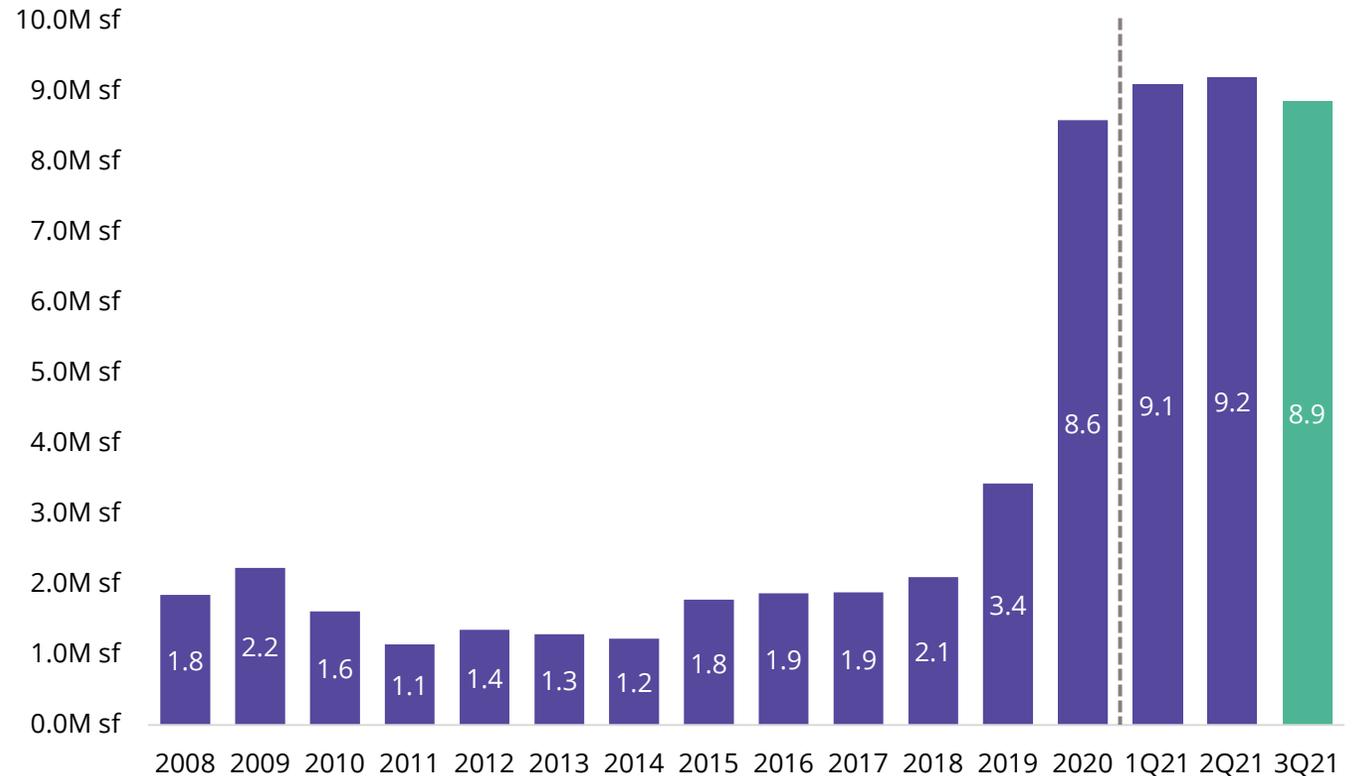
Source: AVANT by Avison Young

# Available sublease space

# 8.9 msf

**Record levels of sublease available space**

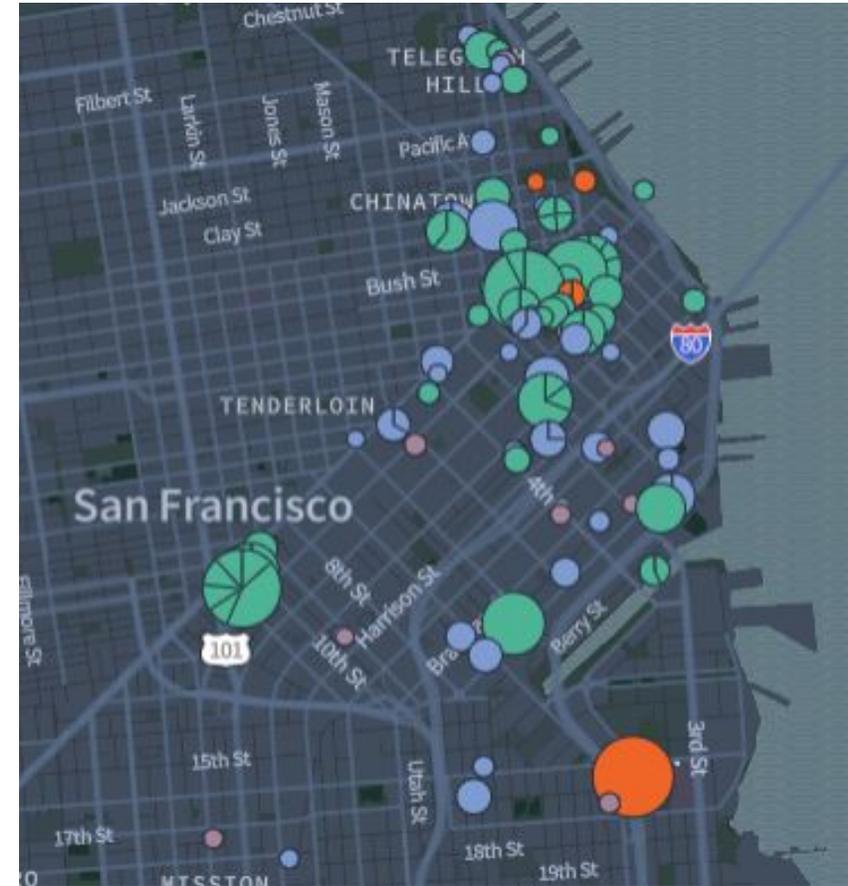
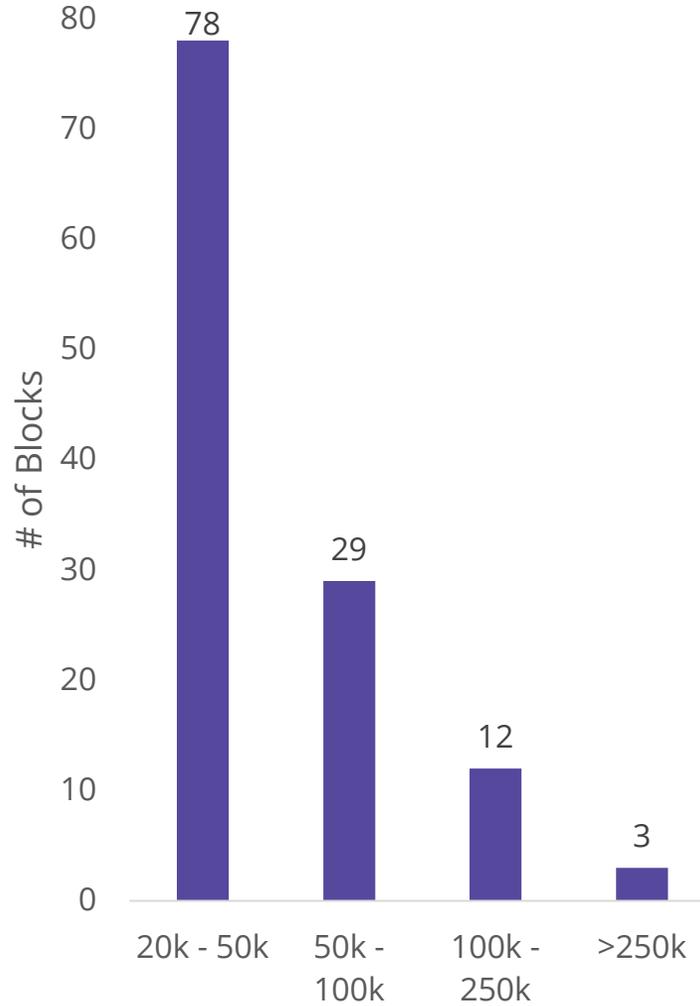
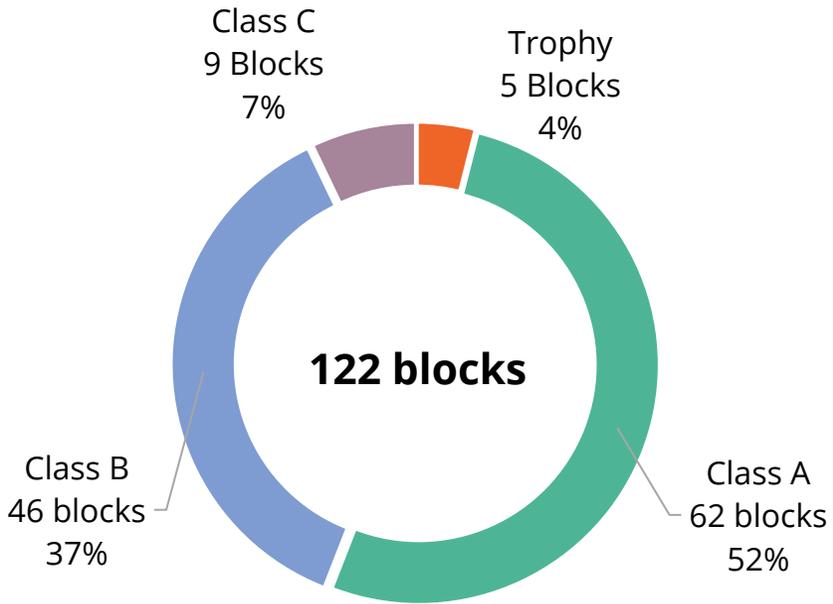
Available sublease space in San Francisco has increased by 3.1% since the beginning of 2020 and 158% from the beginning of 2019.



Source: AVANT by Avison Young

# Sublease supply pipeline

## Building classification

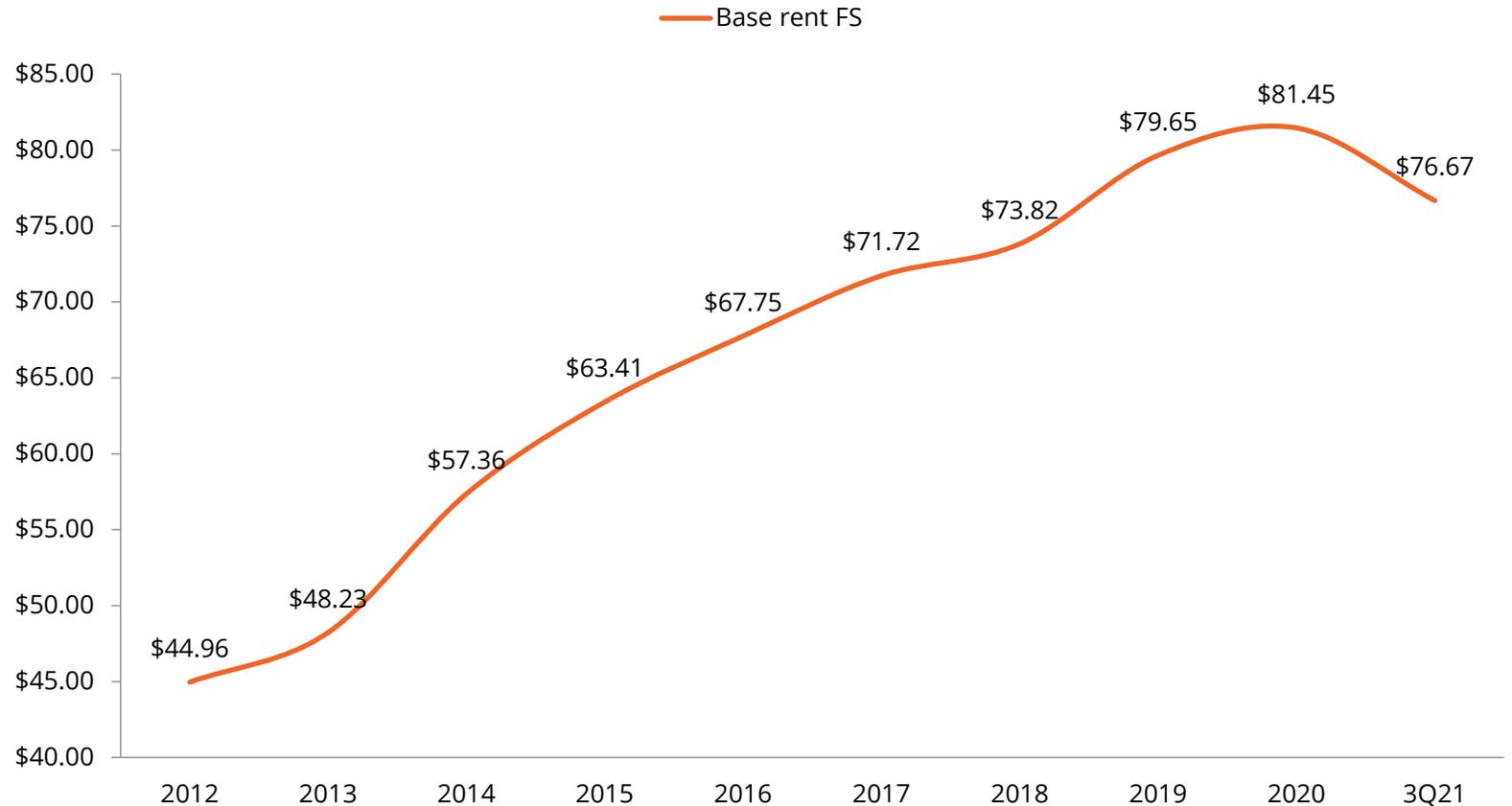


Source: AVANT by Avison Young

# Class A Base rents

**-5.8%**

**Decline in rents since  
the beginning of 2021**



Note: Class A office properties  
Source: AVANT by Avison Young

# Get in touch



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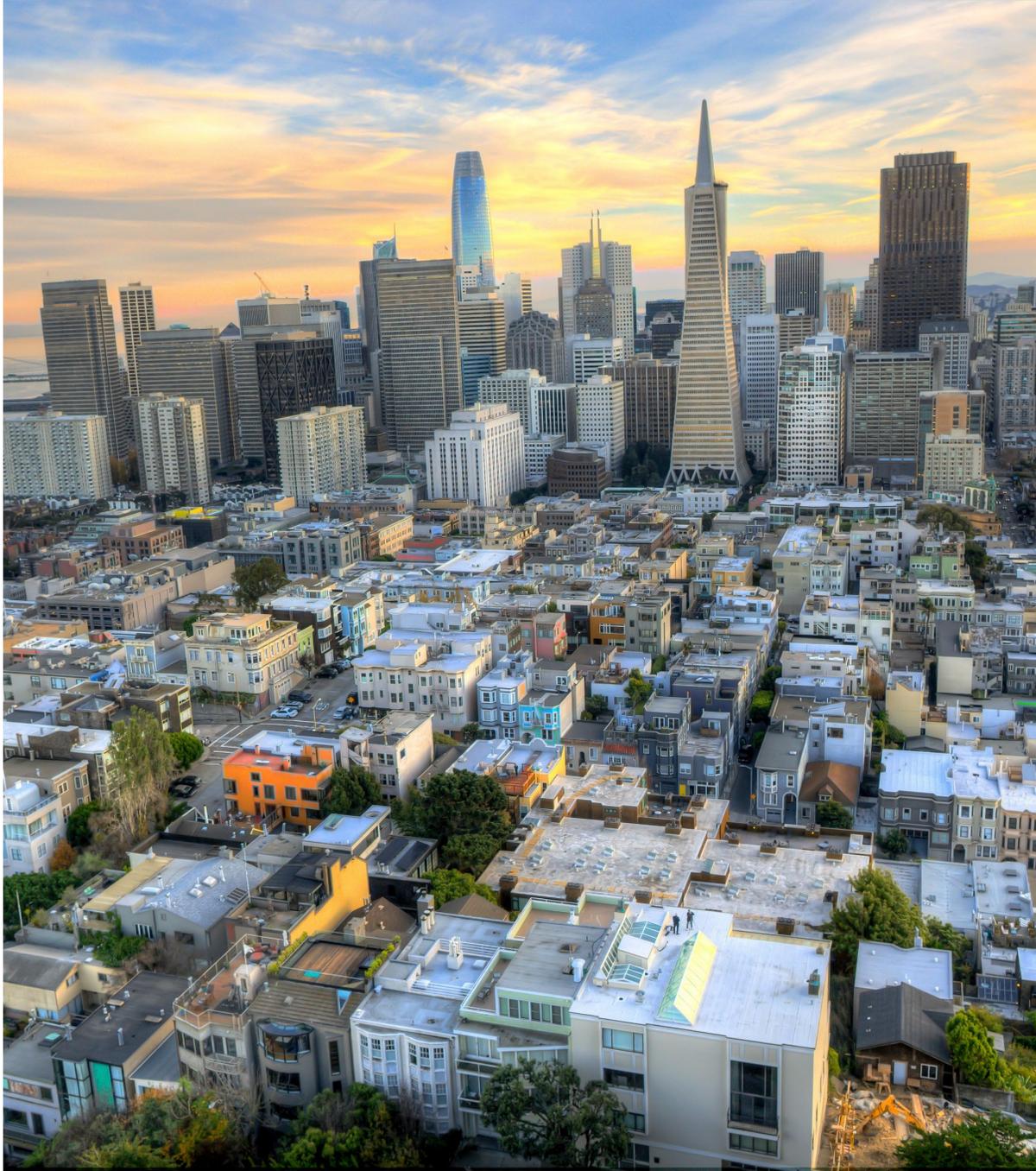
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# Let's talk

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