National

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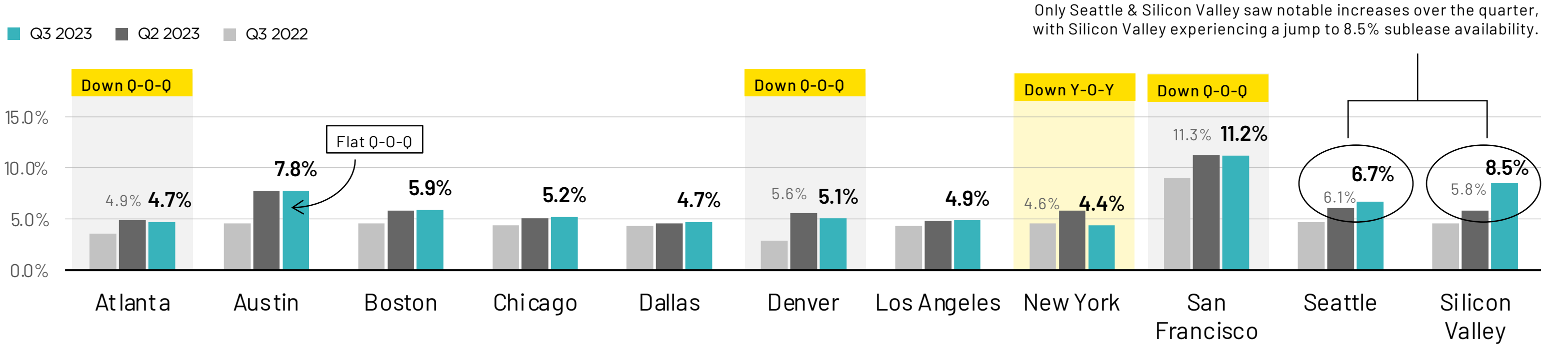
As of Q3 2023, sweeping tech layoffs have begun to slow and sublease supply is starting to show signs of flattening and even declining in some major tech markets.

Sublet Availability Ranking by Market

% OF OFFICE MARKET INVENTORY AVAILABLE FOR SUBLET



Y-O-Y Basis Point Change

Atlanta	Austin	Boston	Chicago	Dallas	Denver	Los Angeles	New York	San Francisco	Seattle	Silicon Valley
↗ 110	↗ 320	↗ 134	↗ 85	↗ 32	↗ 220	↗ 57	↘ 15	↗ 220	↗ 202	↗ 394

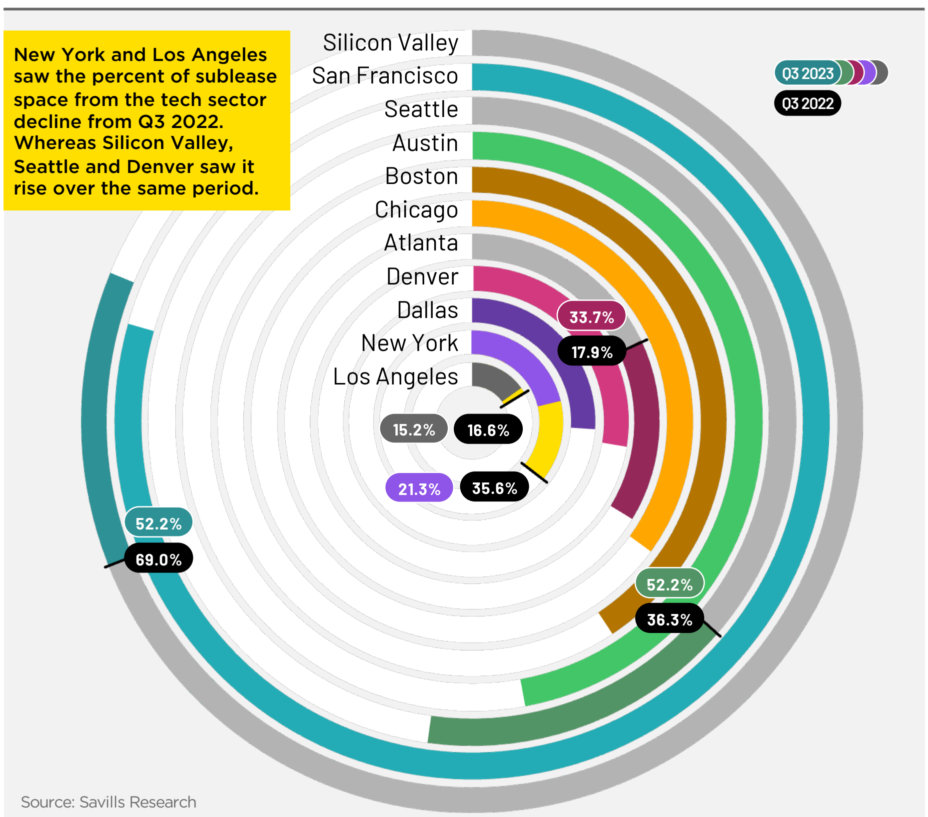
Percentage of Sublet Space from Tech

% OF SUBLET SPACE ON THE MARKET GIVEN BACK BY TECH SECTOR

Silicon Valley	San Francisco	Seattle	Austin	Boston	Chicago
81.2%	79.4%	52.2%	47.1%	40.7%	35.0%

Atlanta	Denver	Dallas	New York	Los Angeles
33.7%	27.6%	26.0%	21.3%	15.2%

New York and Los Angeles saw the percent of sublease space from the tech sector decline from Q3 2022. Whereas Silicon Valley, Seattle and Denver saw it rise over the same period.



Source: Savills Research

Key Takeaways

01 Sublease availability may hold steady or decline for three key reasons. First, if less sublease space is added by tenants or withdrawn from the market for occupancy; Second, if sublease space is leased by other tenants; and third, if sublease space expires and enters the market as direct availability. Smart tenants recognize the value of lower rent and saved capital on pre-furnished, high-spec sublease spaces.

02 Economic shifts and the 'return-to-office' trend critically impact tech tenants eyeing cost-management. More mandated office days may alter demand, as firms seek the right in-person and remote work mix. Many aiming for 50%+ in-person work retain dedicated spaces for hybrid staff, reserving shared seating for the seldom onsite, fully remote personnel.

03 The current tenant-friendly market benefits tech firms, particularly emerging AI and advanced tech companies favoring in-person work. The surplus of discounted sublease spaces presents a chance to uplift workspace quality and employee satisfaction at lower pre-pandemic costs, with notably higher concessions.