

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
North Financial District	26,312,718	595,720	1,405,882	7.6%	-199,892	-199,892	373,392	0	\$84.74	\$88.60
South Financial District	27,892,734	566,661	898,087	5.3%	204,450	204,450	422,022	1,320,000	\$87.00	\$85.79
CBD TOTALS	54,205,452	1,162,381	2,303,969	6.4%	4,558	4,558	795,414	1,320,000	\$85.57	\$87.53
Jackson Square	2,010,212	54,722	72,946	6.4%	19,628	19,628	20,620	0	\$74.88	\$55.00
North Waterfront	3,348,372	104,825	182,321	8.6%	-75,799	-75,799	8,500	0	\$84.81	\$74.93
SoMa	8,122,061	456,587	328,070	9.7%	-353,595	-353,595	167,346	0	\$90.51	\$95.75
The Presidio	1,030,627	0	19,451	1.9%	4,445	4,445	4,445	0	\$100.00	\$100.00
Union Square	3,083,292	41,707	208,130	8.1%	4,193	4,193	67,123	44,201	\$67.04	\$72.99
Van Ness Corridor	728,356	19,721	101,390	16.6%	-14,191	-14,191	1,578	0	\$59.46	\$63.88
Showplace Square/Potrero Hill	3,979,623	121,622	119,053	6.0%	-71,152	-71,152	0	83,333	\$72.10	\$62.81
Mission Bay	1,771,735	0	0	0.0%	0	0	0	1,023,000	N/A	N/A
Mid-Market	4,969,359	124,527	159,863	5.7%	4,056	4,056	0	0	\$74.21	\$77.13
Third Street Corridor	313,465	0	0	0.0%	0	0	0	0	N/A	N/A
NON-CBD TOTALS	29,357,102	923,711	1,191,224	7.2%	-482,415	-482,415	269,612	1,152,534	\$77.80	\$80.65
SAN FRANCISCO TOTALS	83,562,554	2,086,092	3,495,193	6.7%	-477,857	-477,857	1,065,026	2,472,534	\$82.86	\$85.81

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
535 Mission Street	South Financial	Deloitte	229,000	Renewal*/Expansion
1 Market Street (Landmark)	South Financial	Autodesk	110,000	Renewal*
301 Brannan Street	SOMA	Knotel	82,800	New Lease
505 Howard Street	South Financial	Skillz	51,684	Sublease**
221 Main Street	South Financial	Triage Consulting	46,436	Renewal*
71 Stevenson Street	South Financial	Ironclad	42,558	Sublease
500 Terry Francois Boulevard	Mission Bay	Wix.com	34,459	Renewal*
425 Market Street	South Financial	Trade Desk	27,542	New Lease

*Renewals not included in leasing statistics ; **Enterprise Flex sublease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
525 Market Street*	South Financial	NYSTERS JV JP Morgan / DWS Group Americas	1,086,700	\$1,235.0M/\$1,136*
301 Battery Street	North Financial	Bentley Holdings / RFR Holding	185,851	\$143.0M/\$769
1045 Sansome Street	North Waterfront	Abbot Corp / Lincoln Property JV Goldman Sachs	89,010	\$69.5M/\$781

*Partial interest sale (49%)

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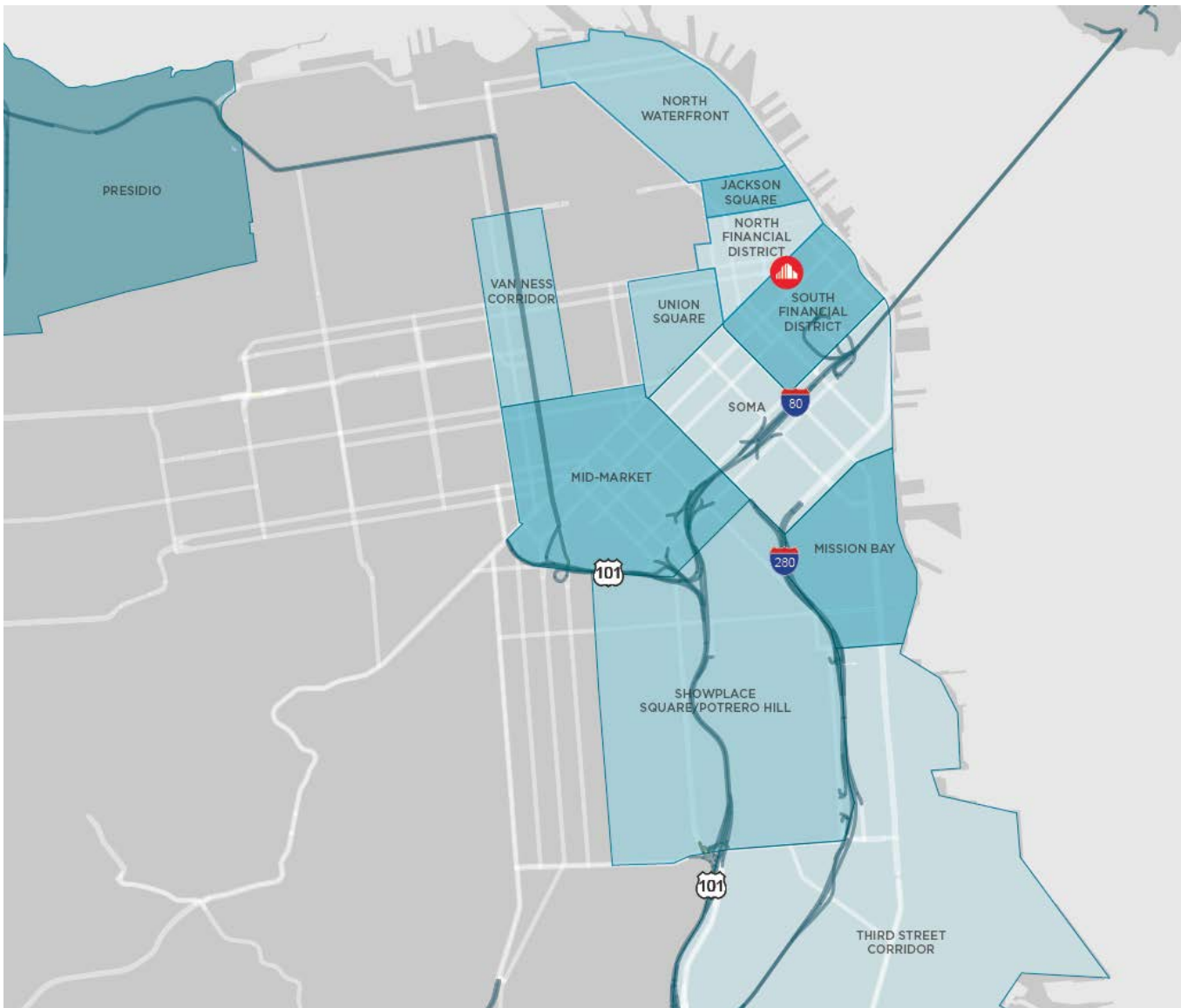
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SAN FRANCISCO

Office Q1 2020



OFFICE SUBMARKETS



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