

NKF PERSPECTIVES CLEVELAND

THE COVID-19 SUBLEASE MARKET

It has been almost one year from when COVID-19 impacted Cleveland’s real estate market, and the pandemic has continued to force both building owners and occupiers to examine their space needs. With market data finalized for 2020, we can now take a step back and analyze how the pandemic has impacted our market.

As with previous reports, only sublease space that became active after 1/1/2020 was considered. Any absorption of sublease space that was already on the market before this date was not factored in. This is to more clearly see the specific impact of COVID-19 on Cleveland’s office market.

Sublease square footage almost doubled from 336,141 SF at the end of Q3 to 566,671 SF at the end of Q4, with no additional space being absorbed. Sublease available square footage is currently the highest it has been in the last nine quarters.

The sublease market reflects an ongoing tension between the possibility of more remote work (meaning a reduced need for space) and the need for more space per employee for those in the office due to physical distancing. Companies listing their space can’t or no longer want to fulfill their contract and those that are subleasing chose this option for its flexibility, rather than committing to leasing office space for a longer time.

Ultimately, the sublease conundrum for office tenants is how to control occupancy costs during a period of economic dislocation while also retaining the space needed to implement a new workplace strategy.

With seemingly no interest in leasing this space and availability that nearly doubles itself each quarter, the only question left to ask is if the sublease market will slow its growth at all until people feel comfortable re-entering their offices. With effective vaccines slowly rolling out, that point might not be too far away, but with such little movement in the past year, it’s hard to imagine an uptick in absorption until the pandemic is fully dealt with.

2020 Office Sublease SF by Quarter			
Quarter	Listed SF	Absorbed SF	Remaining SF
1	56,300	15,271	41,029
2	87,330	407	86,923
3	189,511	24,395	165,116
4	233,530	-	233,530
Total	566,671	40,073	526,598

[Click here to view our interactive map of sublease space listed in 2020](#)

Total Office Sublease SF by Quarter

