



# Office Market Report

## San Francisco - CA

PREPARED BY



**OFFICE MARKET REPORT**

Market Key Statistics	<b>1</b>
Leasing	<b>2</b>
Rent	<b>7</b>
Construction	<b>10</b>
Under Construction Properties	<b>12</b>
Sales	<b>14</b>
Sales Past 12 Months	<b>16</b>
Economy	<b>18</b>
Market Submarkets	<b>23</b>
Supply & Demand Trends	<b>27</b>
Rent & Vacancy	<b>29</b>
Sale Trends	<b>31</b>

12 Mo Deliveries in SF

**1.8M**

12 Mo Net Absorption in SF

**(6.3M)**

Vacancy Rate

**18.6%**

12 Mo Rent Growth

**-3.2%**

The COVID-19 pandemic triggered an unprecedented collapse in demand for office space in San Francisco. The health crisis and lockdown initiated an exodus of companies, employees, residents and visitors. The resulting fall in economic activity continues to exert a negative impact on the viability and value of office properties and supporting businesses in downtown San Francisco and, to a lesser extent, the wider metropolitan region.

San Francisco, with its tech-heavy workforce, has the lowest return-to-office metrics of any major market in the nation. The ease with which technology workers adapted to working from home, and the almost seamless transition to a more distributed workforce by many technology companies, was unexpected and transformational.

Even before the pandemic, San Francisco was beginning to see a downturn. After several years of very strong growth in rents and other costs of doing business, several major employers were either planning or enacting relocations to less-expensive markets. San Francisco stalwarts, such as McKesson and Charles Schwab, moved their headquarters and most of their staff to Texas, while PG&E relocated to Oakland.

Office vacancy levels shot up from around 7% in 2019 to

18.6% currently across the market and upward of 21% in the cluster of submarkets that constitute the downtown core. This situation shows no sign of improvement in the short term. Downtown availability, at 28%, suggests that as leases roll over, businesses are planning to downsize and consolidate their space. Sublease space remains at record highs, and new leasing activity is depressed, with most deals being either renewals or subleases. Rents have fallen across all submarkets, but most notably in downtown San Francisco, where Class A sublease space is advertised for as low as \$35/SF.

New construction, while almost non-existent in downtown San Francisco, is underway in South San Francisco and the Peninsula. Over 2.5 million SF is under construction, primarily in the life science sector, which continues to perform well. Located south of the city of San Francisco in San Mateo County, life science campuses and lab space have seen high demand from biotech businesses, although economic headwinds have slowed demand sharply in 2023.

Unlike life science, the weakness in the market for traditional office space has stifled investment activity. Both buyers and sellers remain cautious. Many assets are underwater on their mortgages, which may lead to an uptick in foreclosures and distressed sales in the coming quarters.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	101,986,059	20.4%	\$65.40	26.1%	(1,654,377)	126,782	1,982,076
3 Star	54,902,723	17.2%	\$52.51	24.0%	(619,245)	116,000	464,891
1 & 2 Star	32,048,074	15.0%	\$45.47	17.6%	98,431	0	0
<b>Market</b>	<b>188,936,856</b>	<b>18.6%</b>	<b>\$58.33</b>	<b>24.1%</b>	<b>(2,175,191)</b>	<b>242,782</b>	<b>2,446,967</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.1%	9.5%	31.9%	18.6%	2023 Q2	1.3%	2000 Q2
Net Absorption SF	(6.3M)	590,571	(8,622,126)	7,039,893	2000 Q2	(10,123,339)	2021 Q1
Deliveries SF	1.8M	1,947,419	639,674	5,628,932	2002 Q2	61,810	2006 Q2
Rent Growth	-3.2%	3.3%	-7.2%	30.3%	2000 Q3	-32.7%	2002 Q1
Sales Volume	\$872M	\$3.5B	N/A	\$9.3B	2007 Q3	\$261.4M	2002 Q2



Leasing conditions in San Francisco remain muted, reflecting post-pandemic return-to-office levels that are among the lowest in the nation and a collapse in demand for office space that has shrunk new leasing activity.

The overall vacancy rate increased to 18.6% in 23Q1 and is forecast to rise further, having now passed the previous high point of 16% that occurred during the dotcom bust in 2002. With 13.0 million SF of sublease space available, the availability rate has increased to 24.1%, indicating that many tenants have already vacated spaces that will not be renewed. By comparison, the national availability rate currently stands at 16.5%. With negative net absorption for the past 12 months of -6.3 million SF, much of that newly available space will likely become vacant as leases roll over.

The office market deterioration has been most acute in the cluster of submarkets that comprise downtown San Francisco. The vacancy rate in this cluster is over 21% and availability stands at 28%.

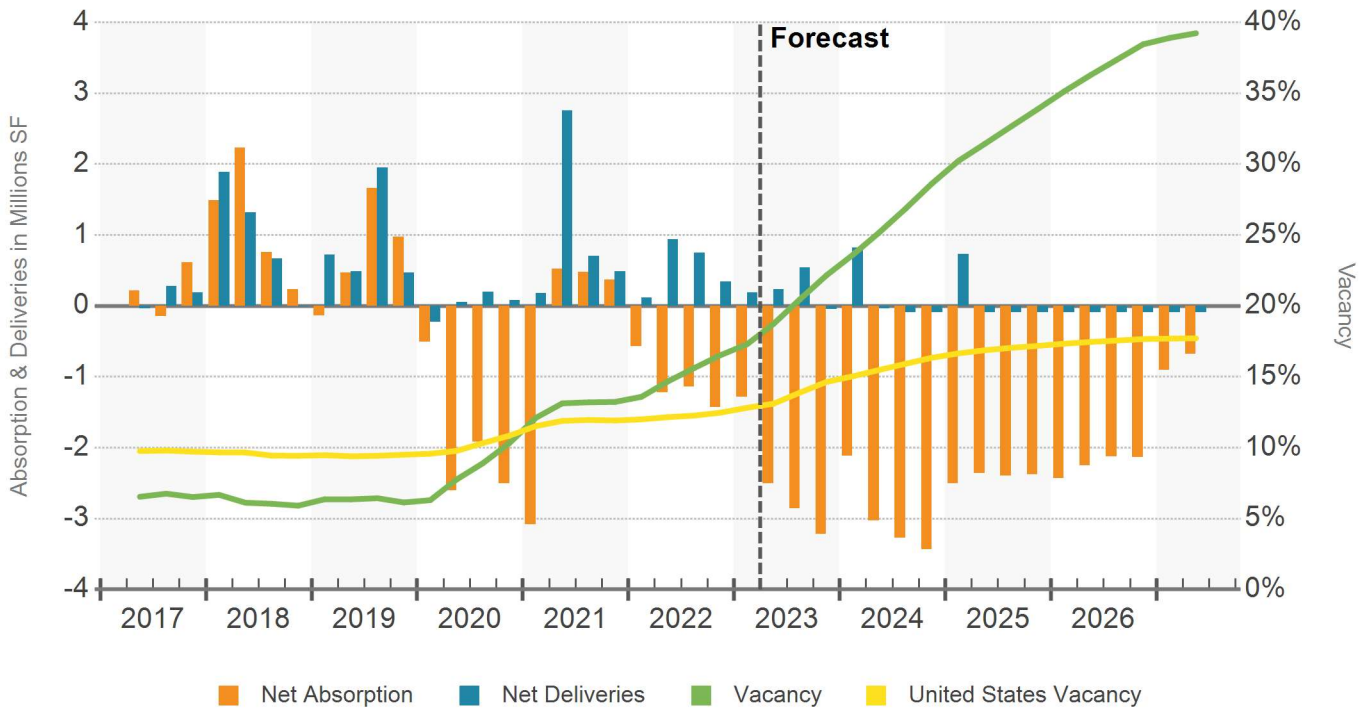
The dominance of tech companies in San Francisco is one of the main causes of weak demand. Starting in 2020, many of the major tech firms headquartered in San Francisco offered some portion of their offices for sublet. This continued in 2022, with major sublease additions from Autodesk, Slack, Salesforce, Airbnb, and Lyft, among others.

In January 2023, Meta added the entire 435,000 SF of its 181 Fremont St. office to the sublease market, and in February, Slack confirmed it would be moving out of 250,000 SF at 500 Howard St., relocating to its parent company's Salesforce Tower. In March, Salesforce made available 150,000 SF in Salesforce Tower, and added 280,000 SF at 50 Fremont St., and 100,000 SF at 350 Mission St. to the sublease market.

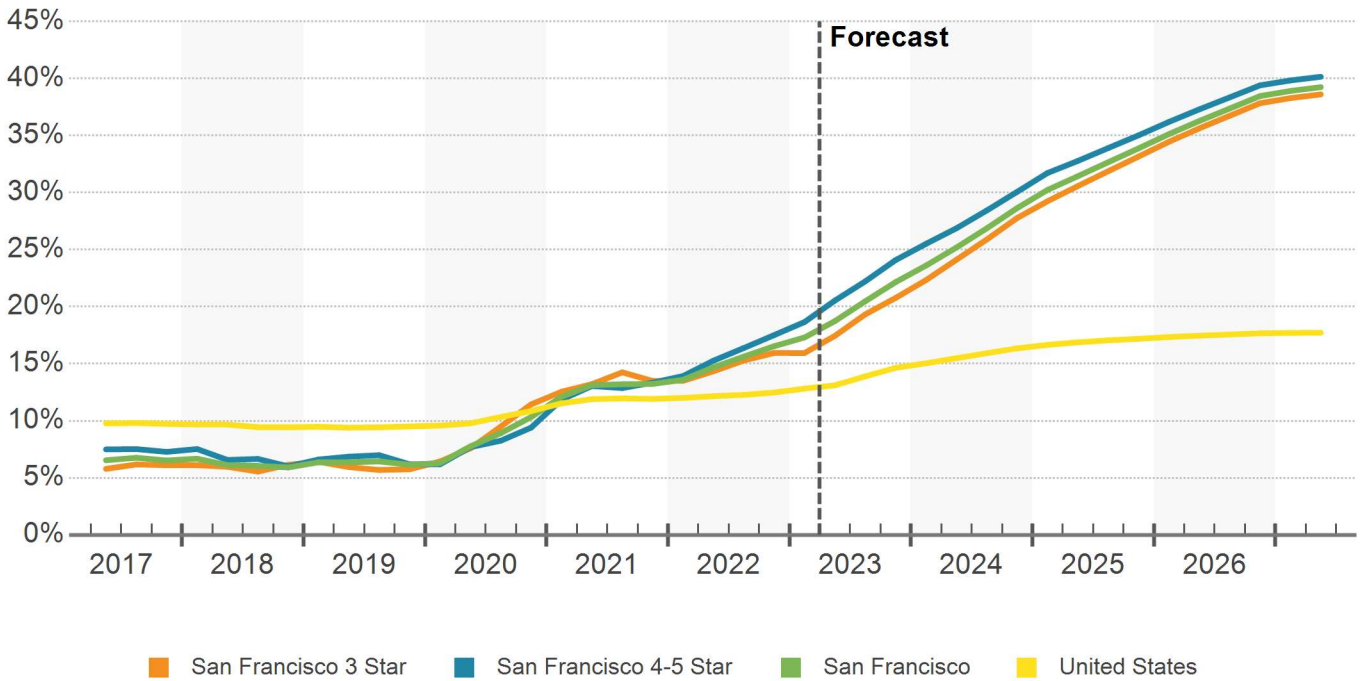
Although outweighed by these divestments, there has been some new leasing activity. In 2023, Roblox took 188,000 SF at 2850 Delaware St. in San Mateo. In 2022, Ripple Labs took 124,000 SF at 600 Battery St., ICONIQ Capital took 87,000 SF of sublease space from Autodesk at 50 Beale St., and Google Cloud took 295,000 SF of sublease space vacated by Stripe at 510 Townsend St.

Beyond downtown San Francisco, the office market is in better health. Across the submarkets in San Mateo County and South San Francisco, the average vacancy rate is around 12% and net absorption is positive. The stronger performance in these submarkets reflects a higher representation of lab space in Peninsula office properties catering to the booming biotech industry, and tech companies that have been established for much longer than those that took large leases in downtown San Francisco during the pe-pandemic years. Nevertheless, the listing by Meta in March 2023 of over 500,000 SF of space for sublease in Menlo Park may signal greater weakness in the coming quarters.

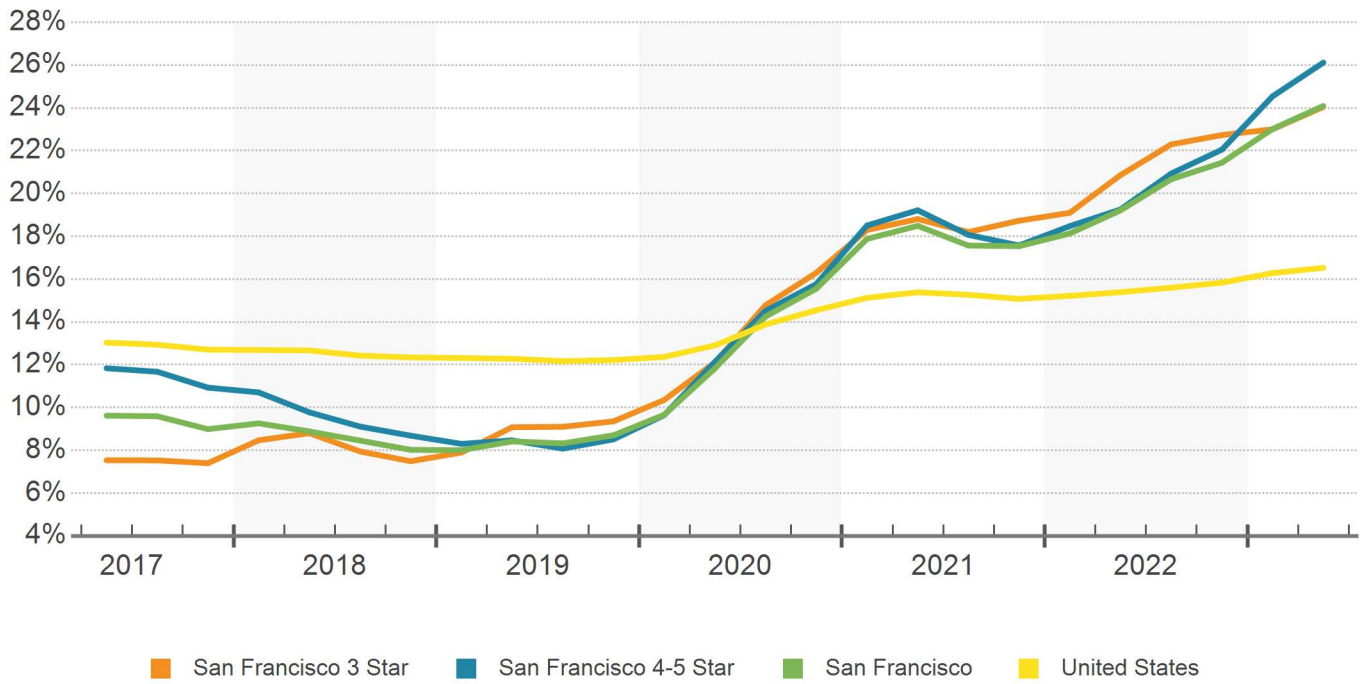
## NET ABSORPTION, NET DELIVERIES & VACANCY



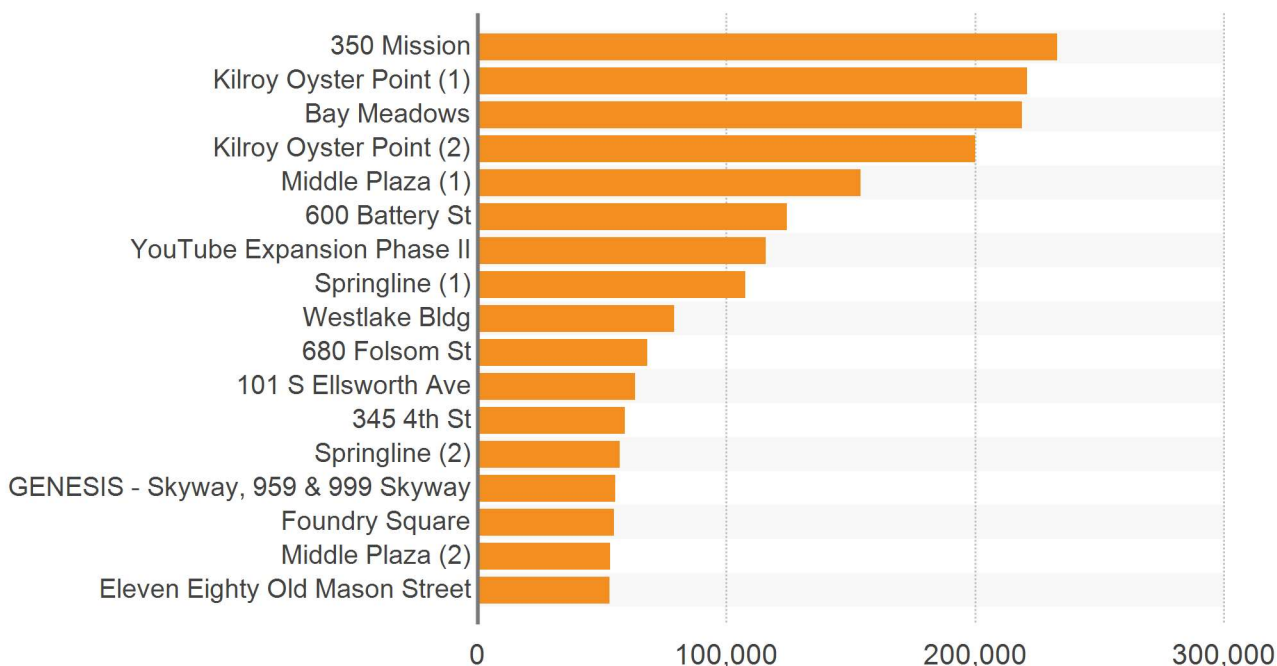
## VACANCY RATE



## AVAILABILITY RATE



### 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
350 Mission	South Financial District	492,980	0	232,942	0	0	0	232,942
Kilroy Oyster Point (1)	South San Francisco	220,872	0	0	0	0	0	220,872
Bay Meadows	San Mateo	219,000	0	0	0	0	0	219,000
Kilroy Oyster Point (2)	South San Francisco	200,000	0	0	0	0	0	200,000
Middle Plaza (1)	Menlo Park	154,000	0	154,000	0	0	0	154,000
600 Battery St	Jackson Square	126,000	0	0	0	0	0	124,547
YouTube Expansion Phase II	San Bruno/Millbrae	116,000	0	0	116,000	0	0	116,000
Springline (1)	Menlo Park	127,350	0	40,562	0	0	0	107,658
Westlake Bldg	San Mateo	121,320	23,449	11,256	14,396	0	0	79,044
680 Folsom St	South Financial District	456,131	71,084	0	0	0	0	68,383
101 S Ellsworth Ave	San Mateo	114,658	11,998	33,756	0	0	0	63,542
345 4th St	Yerba Buena	59,337	0	0	0	0	0	59,337
Springline (2)	Menlo Park	108,687	0	42,089	0	0	0	57,125
GENESIS - Skyway, 959 & 999...	Belmont/San Carlos	124,810	0	55,496	0	0	0	55,496
Foundry Square	South Financial District	316,443	83,551	35,852	0	0	0	54,899
Middle Plaza (2)	Menlo Park	93,000	39,725	0	(39,725)	0	0	53,275
Eleven Eighty Old Mason Street	West of Van Ness	84,000	11,415	0	72,585	0	0	53,200
<b>Subtotal Primary Competitors</b>		<b>3,134,588</b>	<b>241,222</b>	<b>605,953</b>	<b>163,256</b>	<b>0</b>	<b>0</b>	<b>1,919,320</b>
Remaining San Francisco Market		185,802,268	34,818,678	(1,894,684)	(2,338,447)	0	0	(8,236,897)
<b>Total San Francisco Market</b>		<b>188,936,856</b>	<b>35,059,900</b>	<b>(1,288,731)</b>	<b>(2,175,191)</b>	<b>0</b>	<b>0</b>	<b>(6,317,577)</b>

### TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Wells Fargo Building *	South Financial District	622,347	Q2 22	Wells Fargo	-	-
Levi's Plaza *	Waterfront/North Beach	354,614	Q4 22	Levi Strauss & Co.	-	-
510 Townsend St	South of Market	295,330	Q2 22	Google	CBRE	CBRE
Mission Bay Office Campus *	Mission Bay/China Basin	234,537	Q1 23	Cisco Meraki Inc	-	-
Bay Meadows	San Mateo	179,496	Q1 23	Roblox	JLL	Newmark
Bank of America Tower *	Financial District	142,000	Q4 22	Morgan Stanley	-	CBRE
Britannia Oyster Point II *	South San Francisco	121,760	Q3 22	NGM Biopharmaceuticals,...	-	-
Metro Center	Foster City/Redwood Shrs	99,635	Q4 22	Coupa Software	-	CBRE;Cushman & Wa...
221 Main *	South Financial District	95,132	Q4 22	DocuSign	Cushman & Wakefield	JLL
Market Center	South Financial District	78,000	Q1 23	Waymo	-	CBRE
645 Harrison St *	Rincon/South Beach	71,770	Q3 22	Planet Labs, Inc.	-	Colliers
680 Folsom St	South Financial District	70,770	Q3 22	Asana	-	JLL
100 Stockton St	Union Square	65,412	Q4 22	Convене	Cushman & Wakefield	Cushman & Wakefield
160 Spear St *	South Financial District	57,625	Q4 22	Databricks Inc.	-	-
Rialto on New Montgomery *	South Financial District	53,762	Q4 22	Sigma Computing, Inc.	Newmark	JLL
Embarcadero Center	Financial District	50,000	Q1 23	Gibson Dunn	-	-
180 Montgomery Street *	Financial District	49,399	Q4 22	Bank of the West	-	CBRE
One California St *	Financial District	49,151	Q2 22	U.S. Bank	-	-
Sierra Point Opus Center *	Brisbane/Daly City	48,714	Q4 22	Kezar Life Sciences	-	-
303 2nd St	Rincon/South Beach	47,872	Q4 22	Reddit	-	JLL
44 Montgomery	Financial District	47,800	Q4 22	U.S. Securities and Excha...	-	Avison Young
The Mills Bldg	Financial District	45,544	Q4 22	Gensler	Avison Young	CBRE;The Swig Comp...
Springline	Menlo Park	42,089	Q3 22	Wells Fargo	-	Newmark
Embarcadero Center	Financial District	41,551	Q1 23	-	-	Boston Properties, Inc.
Springline	Menlo Park	40,562	Q3 22	-	-	Newmark
360 Spear St	South Financial District/S...	39,457	Q3 22	-	-	Newmark
One Montgomery Tower	Financial District	38,725	Q2 22	Pave	-	CBRE
Springline	Menlo Park	36,000	Q4 22	Norwest Venture Partners	JLL	Newmark
221 Main *	South Financial District	34,605	Q2 22	Prosper Marketplace, Inc	-	-
One Bush Plaza	Financial District	34,088	Q3 22	-	-	Cushman & Wakefield
101 S Ellsworth Ave	San Mateo	33,756	Q3 22	Luminary Cloud	Newmark	Newmark
Rialto on New Montgomery	South Financial District	28,835	Q4 22	Sigma Computing, Inc.	Newmark	JLL
First Market Tower *	South Financial District	28,041	Q3 22	Zurich	-	Cushman & Wakefield
Butterick Garage	Van Ness/Chinatown	27,636	Q1 23	-	-	Calco Commercial, Inc.
Crossing 900 *	Redwood City	27,003	Q3 22	Biomea Fusion	-	Cresa;Newmark
The Towers at Sierra Point	Brisbane/Daly City	26,506	Q3 22	CareDx, Inc.	-	-
The Towers at Sierra Point	Brisbane/Daly City	26,506	Q3 22	-	-	CBRE
2001 DC Station	Brisbane/Daly City	26,461	Q3 22	DNA Script	-	-
425 Market	South Financial District	26,158	Q1 23	Shartsis Friese LLP	JLL	Cushman & Wakefield
333 Bush St	Financial District	26,097	Q2 23	-	-	JLL

Renewal



San Francisco average asking rents, at \$58/SF, are down from a peak of \$74/SF in the second half of 2019. Rents declined sharply during 2020 and the first half of 2021, but the rate of change slowed in 2022, and rents are currently -3.2% below where they were this time last year.

With 6.8% of the market's inventory available for sublease, it is difficult for landlords to gain leverage to push rental rates. Instead, landlords are trying to hold face rates by offering higher concessions to attract tenants. With abundant quality sublease space available, tenants are averse to new leases that require any kind of capital investment. Class A sublease space in downtown San Francisco is being advertised as low as \$35/SF.

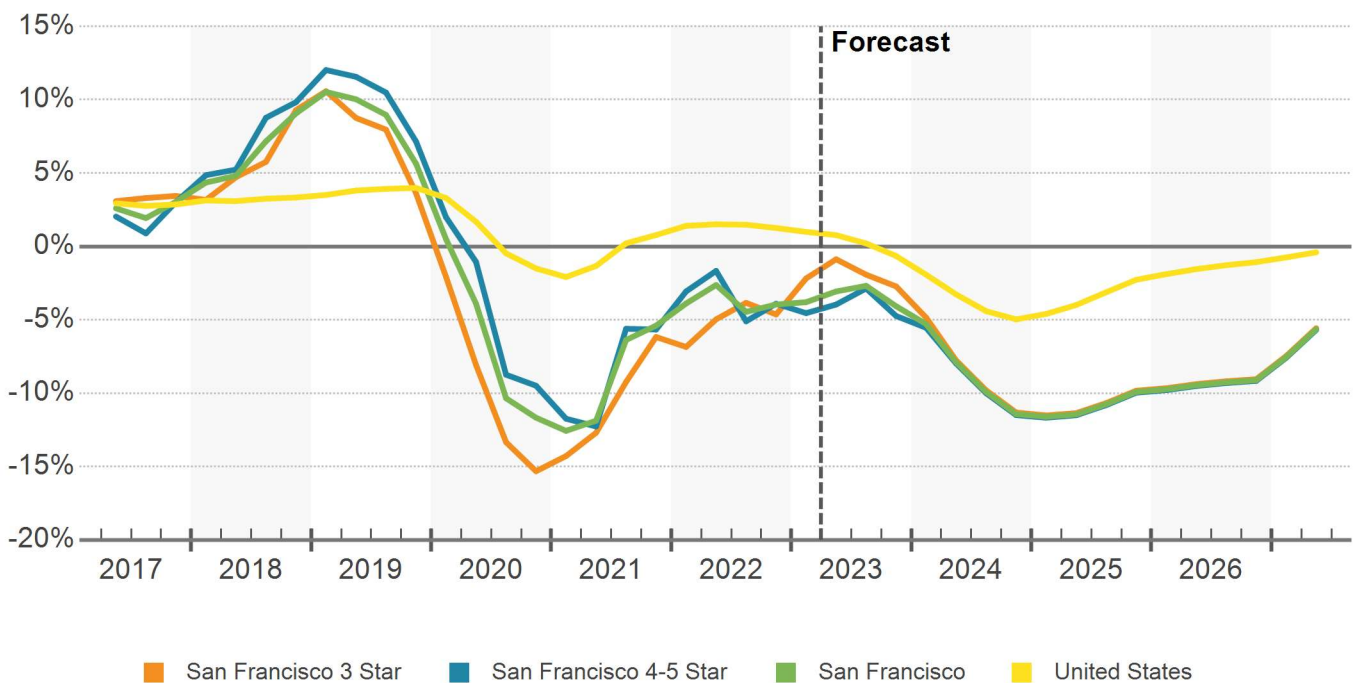
Prior to the pandemic, San Francisco experienced an impressive 140% run-up in rental rates from 2010 to 2019, far above the 40% increase seen nationally. From

2011 to 2015, the market experienced rent growth of over 10% year over year, and this growth sparked some migration of firms from San Francisco to the lower-cost East Bay.

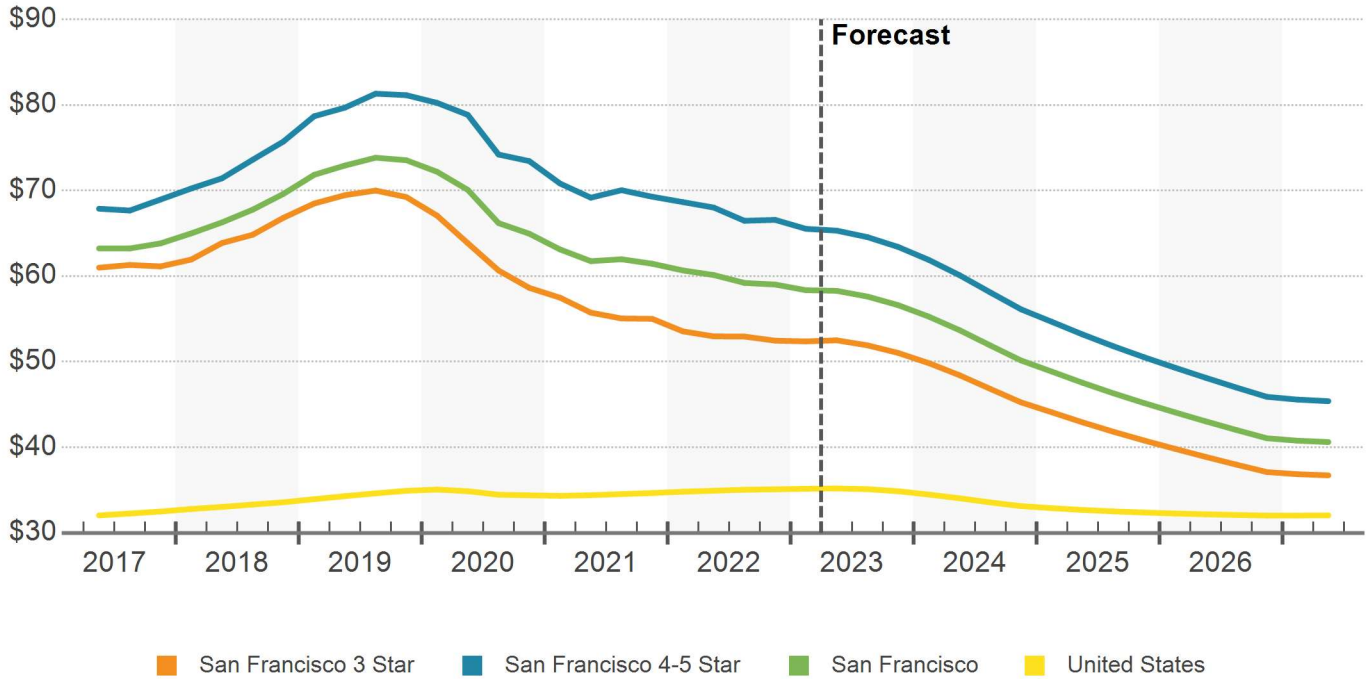
By 2019, rent levels in downtown San Francisco had overtaken those in New York as the highest in the nation. This has now reversed, and average rents in San Francisco are now lower than those in New York and are also now below those in the San Jose market.

CoStar's baseline forecast calls for asking rents to continue declining through 2027. But there remains significant uncertainty on what future demand for office space will look like, given the increasing receptiveness by firms to hybrid and remote work strategies, at least for the time being. If there is a significant long-term contraction in demand, rents could be adversely impacted for a longer period.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Francisco</b>	\$1.16	\$2.20	\$1.56	\$7.95	\$7.64	<b>\$20.51</b>
San Mateo Central County	\$1.13	\$1.56	\$1.51	\$8.51	\$6.49	<b>\$19.20</b>
San Mateo North County	\$1.05	\$1.62	\$1.61	\$9.69	\$5.80	<b>\$19.77</b>
San Mateo South County	\$1.04	\$1.63	\$1.61	\$6.96	\$5.50	<b>\$16.74</b>
SF Downtown Core	\$1.10	\$3.24	\$1.66	\$8.06	\$10.60	<b>\$24.66</b>
SF Downtown North	\$0.97	\$2.56	\$1.54	\$8.49	\$9.38	<b>\$22.94</b>
SF Downtown South	\$1.52	\$2.49	\$1.34	\$6.96	\$7.76	<b>\$20.07</b>
SF Downtown West	\$0.80	\$2.55	\$1.57	\$7.67	\$8.81	<b>\$21.40</b>
SF Outer Areas	\$1.08	\$2.74	\$2.06	\$4.29	\$9.83	<b>\$20</b>
SF Southeast	\$1.81	\$1.86	\$1.24	\$8.88	\$7.70	<b>\$21.49</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Francisco</b>	\$0.99	\$1.71	\$1.20	\$6.25	\$5.78	<b>\$15.93</b>
San Mateo Central County	\$1	\$0.95	\$1.05	\$7.18	\$5.57	<b>\$15.75</b>
San Mateo North County	\$0.96	\$0.95	\$1.05	\$6.65	\$5.10	<b>\$14.71</b>
San Mateo South County	\$0.94	\$0.94	\$1.07	\$8.98	\$4.96	<b>\$16.89</b>
San Mateo West County	\$0.69	\$0.87	\$0.97	\$5.63	\$5.21	<b>\$13.37</b>
SF Downtown Core	\$1.03	\$3.05	\$1.49	\$6.03	\$6.80	<b>\$18.40</b>
SF Downtown North	\$0.90	\$2.45	\$1.37	\$5.30	\$5.94	<b>\$15.96</b>
SF Downtown South	\$1.36	\$2.36	\$1.28	\$5.27	\$5.73	<b>\$16</b>
SF Downtown West	\$0.70	\$2.38	\$1.40	\$5.06	\$6.36	<b>\$15.90</b>
SF Outer Areas	\$0.64	\$1.03	\$1.10	\$4.26	\$6.35	<b>\$13.38</b>
SF Southeast	\$1.08	\$1.66	\$1.17	\$5.46	\$6.08	<b>\$15.45</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Francisco</b>	\$0.73	\$1.42	\$0.97	\$5.08	\$2.29	<b>\$10.49</b>
San Mateo Central County	\$0.69	\$0.92	\$1.01	\$5.71	\$2.52	<b>\$10.85</b>
San Mateo North County	\$0.69	\$0.93	\$1.02	\$4.29	\$1.78	<b>\$8.71</b>
San Mateo South County	\$0.69	\$0.94	\$1.07	\$6.12	\$1.65	<b>\$10.47</b>
San Mateo West County	\$0.64	\$0.94	\$1.06	\$5.43	\$1.97	<b>\$10.04</b>
SF Downtown Core	\$0.96	\$2.65	\$0.85	\$5.71	\$3.38	<b>\$13.55</b>
SF Downtown North	\$0.84	\$2.23	\$0.79	\$5.71	\$2.70	<b>\$12.27</b>
SF Downtown South	\$0.90	\$2.26	\$0.81	\$4.28	\$2.71	<b>\$10.96</b>
SF Downtown West	\$0.71	\$2.17	\$0.79	\$4.75	\$2.77	<b>\$11.19</b>
SF Outer Areas	\$0.65	\$1.06	\$1.09	\$4.86	\$2.15	<b>\$9.81</b>
SF Southeast	\$0.69	\$1.29	\$0.97	\$2.99	\$2.17	<b>\$8.11</b>
Treasure/Yerba Buena Island	\$0.49	\$0.95	\$1.07	\$3.47	\$2.53	<b>\$8.51</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

The current low level of demand in the San Francisco office market has dampened new construction activity. The development projects that are currently proceeding are mostly responding to strong demand in the life science subsector, focused mainly in South San Francisco and San Mateo County. In San Francisco, a handful of large development projects in areas such as the SoMA submarket, which were approved before the pandemic, remain on hold.

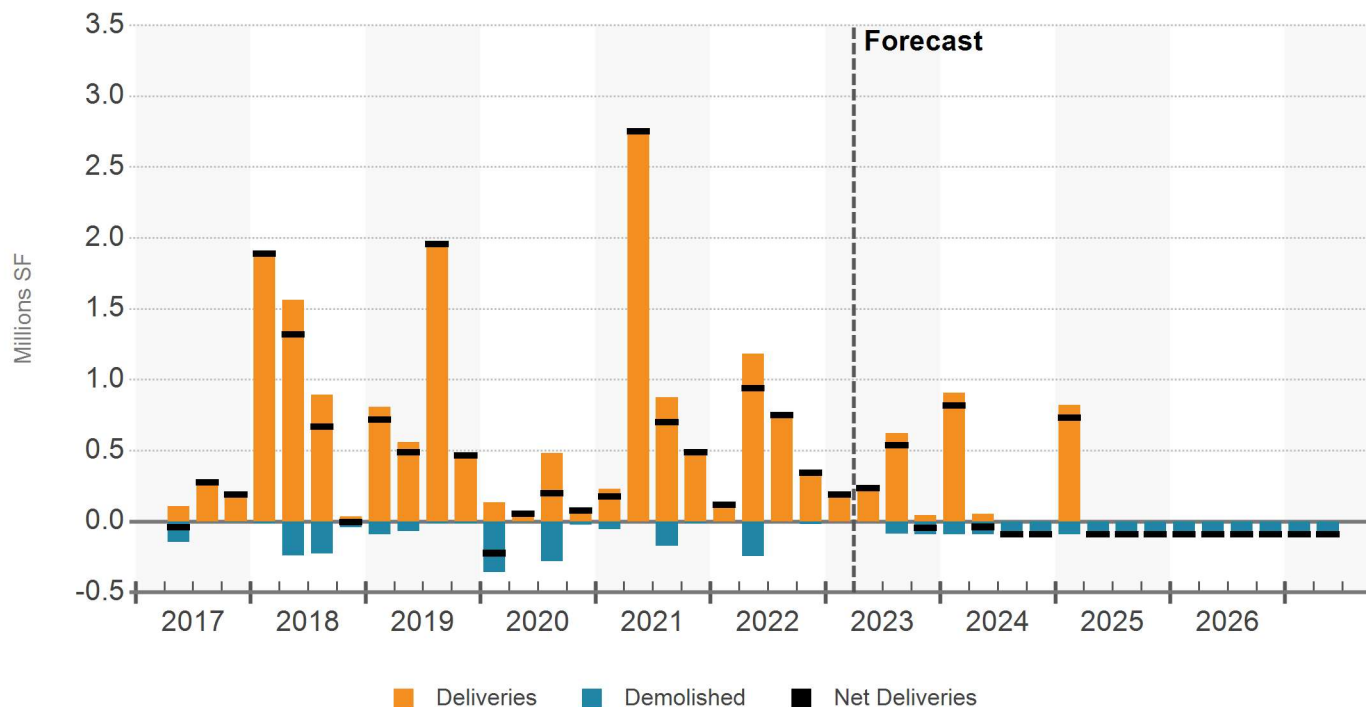
About 1.7 million SF of net new office space completed during the past 12 months. Major completions include two buildings comprising 421,000 SF in Kilroy's Oyster Point development, both of which were preleased by Stripe, a payment processing platform. In San Francisco, Visa's new headquarters, a 300,000 SF building at Mission Rock, is currently delivering. In San Mateo, Roblox committed to taking all the space in two buildings in the Bay Meadows mixed-use project. The first, a 219,000-SF building, completed in 22Q3. The second 214,000-SF building is under construction and will complete in the middle of 2023.

Continuing demand for biotechnology space is the driver behind the largest campus project to begin construction in 2022. The Elco Yards project in Redwood City is a mixed-use development that includes approximately 500,000 SF of life sciences office space in four individual buildings.

Construction started in 2022 on Lendlease's 30 Van Ness mixed-use tower, which will be the tallest tower to have broken ground in San Francisco since the pandemic. The project will comprise 235,000 SF of office space and 333 condominiums.

Several approved developments have been delayed due to canceled commitments and unforeseen economic challenges stemming from the pandemic. Most notably, these include Central SoMA projects that were awarded Prop M allocations for large-scale development, such as phase one of Kilroy Realty's Flower Mart redevelopment, TMG Partners' 88 Bluxome, and Tishman Speyer's 711,000-SF office development at 598 Brannan St.

## DELIVERIES & DEMOLITIONS





## SUBMARKET CONSTRUCTION

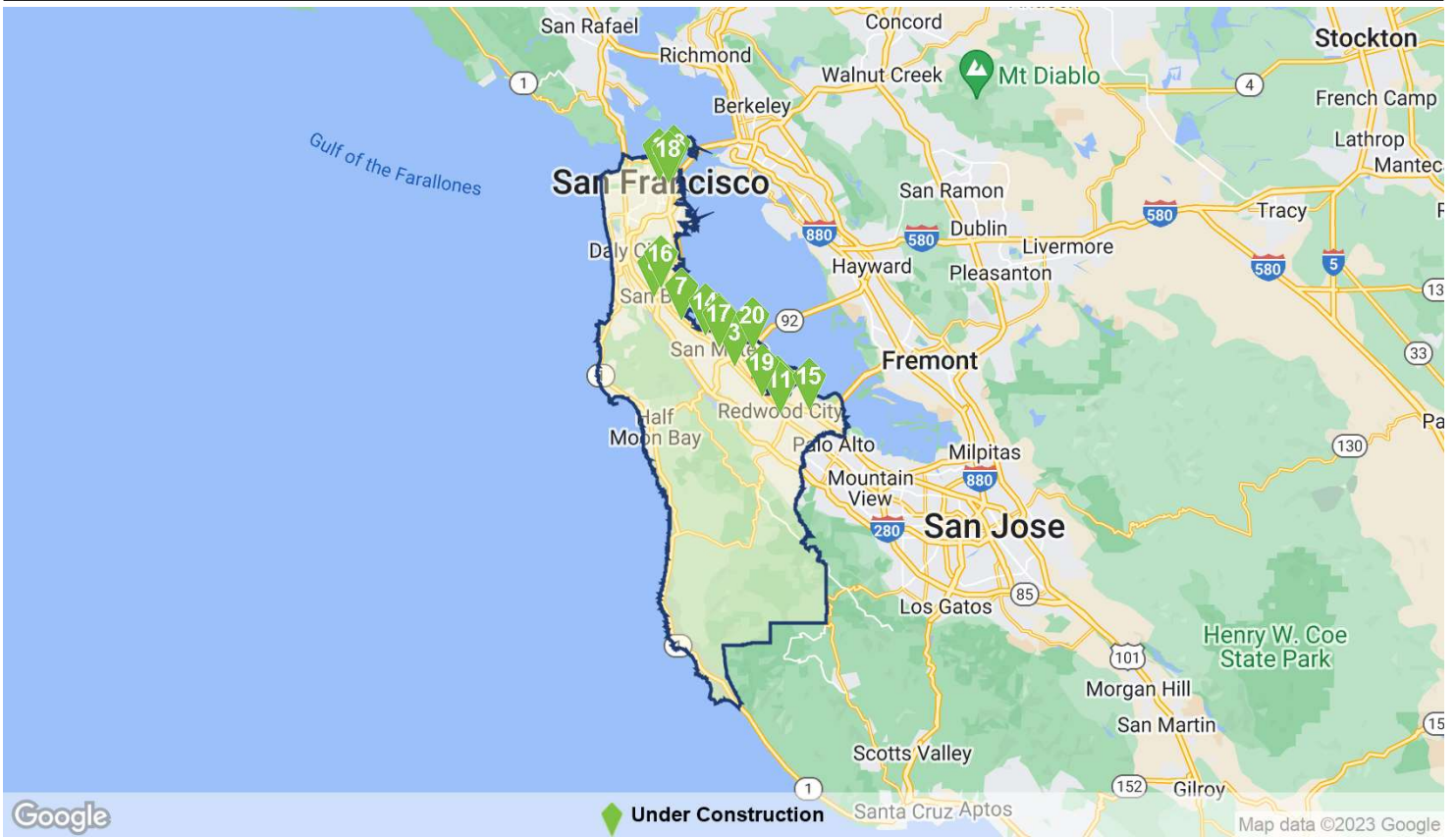
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Redwood City	4	612	612	100%	1	25,323	153,045	4
2	San Bruno/Millbrae	3	556	371	66.7%	7	28,454	185,295	3
3	South San Francisco	2	375	375	100%	1	50,832	187,500	2
4	San Mateo	3	305	255	83.4%	6	32,185	101,831	6
5	MidMarket	1	235	235	100%	1	97,521	235,071	1
6	Burlingame	2	230	194	84.7%	5	31,255	114,803	5
7	South of Market	1	51	0	0%	8	21,352	51,223	7
8	Menlo Park	1	35	35	100%	1	39,050	34,708	8
9	Showplace Square	1	25	0	0%	8	83,749	24,956	9
10	Belmont/San Carlos	1	18	0	0%	8	17,004	17,847	10
	All Other	1	5	5	100%		55,327	5,000	
<b>Totals</b>		<b>20</b>	<b>2,447</b>	<b>2,082</b>	<b>85.1%</b>		<b>46,274</b>	<b>122,348</b>	

# Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
<b>20</b>	<b>2,446,967</b>	<b>1.3%</b>	<b>85.1%</b>

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Bldg 1</b> 50 Tanforan Ave	★★★★★	345,000	6	Jan 2023	Jan 2025	Lane Partners Lane Partners
2 <b>Office</b> 30 Van Ness Ave	★★★★☆	235,071	8	Feb 2023	Dec 2024	Carmel Partners LendLease Real Estate Investme...
3 <b>Station 5</b> 3150 S Delaware St	★★★★☆	213,999	4	Feb 2020	Jul 2023	Wilson Meany Stockbridge Capital Group, LLC
4 <b>Bldg E</b> 1303 Main St	★★★★☆	203,332	2	Jan 2023	Dec 2023	Greystar Real Estate Partners Greystar Real Estate Partners
5 <b>230 Harriet Tubman Way</b>	★★★★☆	200,000	6	Jan 2022	Jan 2024	- -
6 <b>220 Park Rd</b>	★★★★☆	185,000	6	Sep 2021	Jan 2024	Sares-Regis Group Dostart Development Company,...
7 <b>231 Adrian Rd</b>	★★★★☆	185,000	6	Jan 2022	Jan 2025	- -

# Under Construction Properties

San Francisco Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>901 Cherry Ave</b>	★ ★ ★ ★ ★	170,885	3	Jan 2022	Jul 2023	- Alphabet
9 <b>San Mateo County Office...</b> 617 Hamilton St	★ ★ ★ ★ ★	156,000	5	Aug 2021	Aug 2023	Truebeck Construction County Board Of Supervisors
10 <b>Bldg B</b> 1601 El Camino Real	★ ★ ★ ★ ★	142,058	4	Sep 2022	Dec 2023	Greystar Real Estate Partners Ben Kopf
11 <b>Bldg D</b> 121 Beech St	★ ★ ★ ★ ★	110,788	3	Apr 2023	Dec 2023	Greystar Real Estate Partners -
12 <b>Brickline</b> 303 Baldwin Ave	★ ★ ★ ★ ★	65,000	3	Jun 2021	Jul 2023	- -
13 <b>531 Bryant St</b>	★ ★ ★ ★ ★	51,223	6	Jan 2023	Apr 2024	Urban Land Development Urban Land Development
14 <b>250 California Dr</b>	★ ★ ★ ★ ★	44,605	4	Nov 2020	Sep 2023	Dewey Land Company, Inc. Divco West Services, LLC
15 <b>104 Constitution Dr</b>	★ ★ ★ ★ ★	34,708	1	Apr 2022	Dec 2023	Greystar Real Estate Partners Greystar Real Estate Partners
16 <b>Phase1 B2 Amenities</b> 50 Tanforan Ave	★ ★ ★ ★ ★	30,000	-	Jan 2023	Jan 2025	Lane Partners Lane Partners
17 <b>300 S Ellsworth Ave</b>	★ ★ ★ ★ ★	26,495	4	Feb 2023	Feb 2025	Lane Partners Lane Partners
18 <b>828 Brannan St</b>	★ ★ ★ ★ ★	24,956	2	Feb 2023	Feb 2024	- -
19 <b>993 Laurel St</b>	★ ★ ★ ★ ★	17,847	3	Apr 2022	Aug 2023	- John A Baer
20 <b>Family Dental</b> 581 Foster City Blvd	★ ★ ★ ★ ★	5,000	1	Aug 2022	Dec 2023	- -

Office sales volume in San Francisco over the past 12 months, \$939 million, was the lowest in the past decade, and continues to track well below the 10-year annual average of \$5.1 billion.

Since the onset of the pandemic, investors have demonstrated greater caution, with both buyers and sellers reluctant to transact in times when uncertainty is elevated. Investor appetite has declined farther with the increases in interest rates and tightening of the lending markets since the middle of 2022.

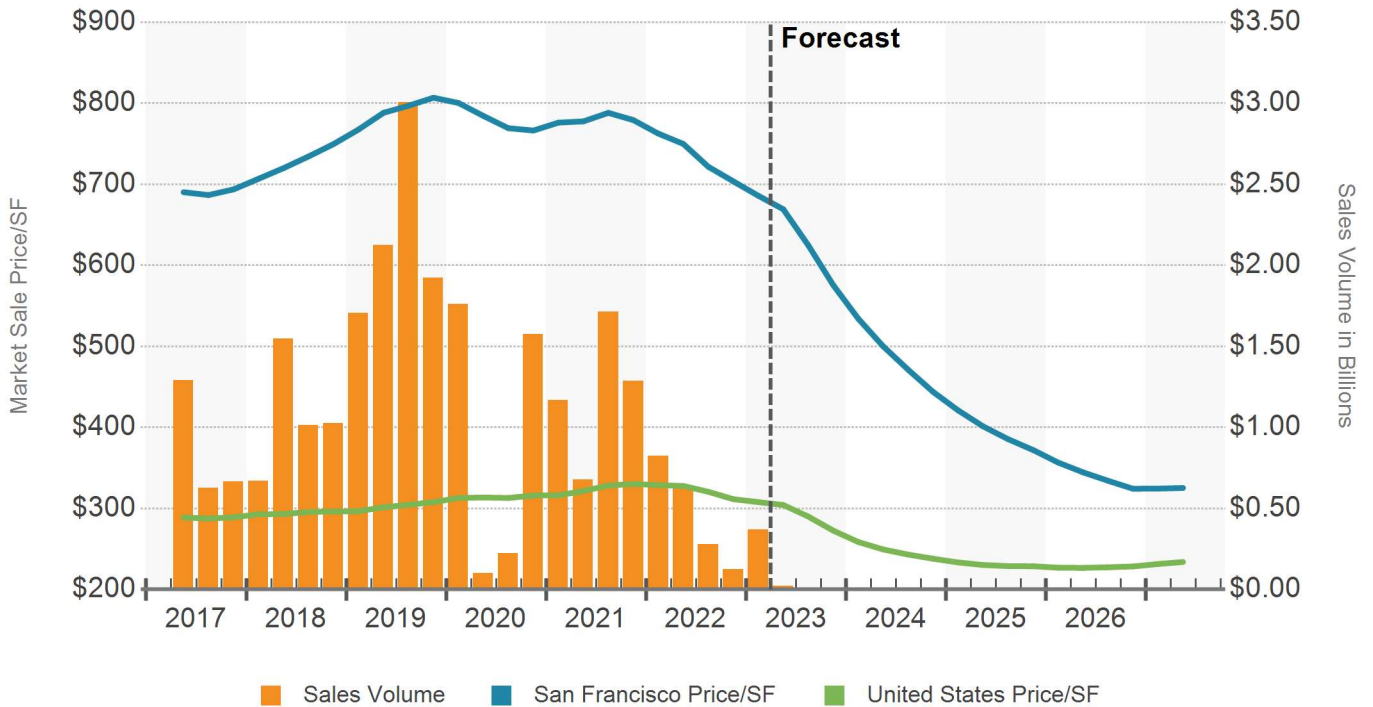
In February 2023, the Sobrato Organization purchased 1 Harrison St. for around \$80 million, or \$465/SF. The building was the former headquarters of Athleta and was sold by owner Gap. This sale stands in contrast to the overall state of the downtown San Francisco investment market, where a combination of increasing vacancy and rising interest rates has all but halted sales activity.

This sale supports the contention that values have fallen

substantially since the most recent trades of 2022. In April 2022, DivcoWest acquired 550 Terry A. Francois Blvd. in Mission Bay from The Gap for \$356 million (\$1,130/SF). The Gap vacated the property in 2021, and DivcoWest intends to convert the office asset for life science or biotech firms. Investor appetite for life science properties continued into the latter half of 2022, with GI Partners' acquisition of three assets from Alexandria Real Estate Equities. The properties are located at 7000 Shoreline Court and 381-383 Oyster Point Blvd. in South San Francisco and 75-125 Shoreway Road in San Carlos and were purchased for a combined \$388 million, or \$1,170/SF.

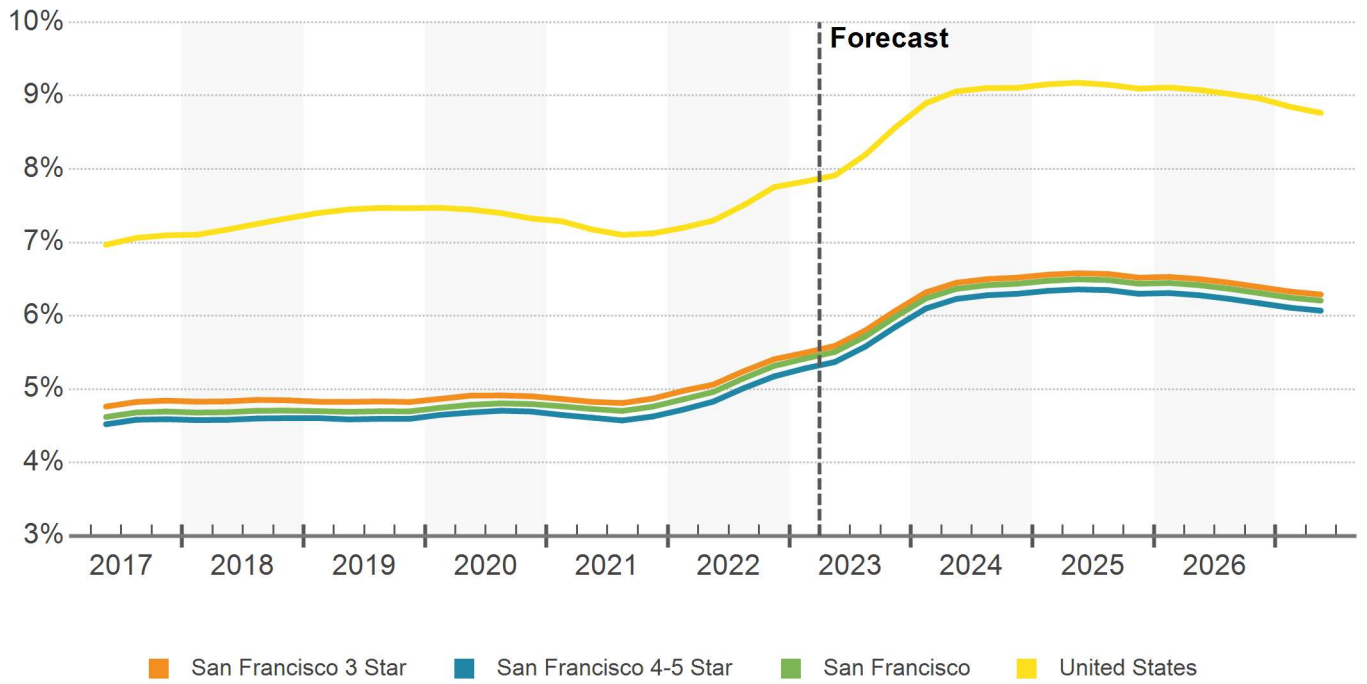
Notably, two downtown San Francisco office buildings, at 550 California St. and 455 Market St., that were put up for sale early in 2022, were removed from the market after bids came in far below the sellers' most pessimistic projections, according to reports. The Union Bank building at 350 California St. has recently returned to the market after failing to attract a buyer last year.

SALES VOLUME & MARKET SALE PRICE PER SF





## MARKET CAP RATE



# Sales Past 12 Months

San Francisco Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

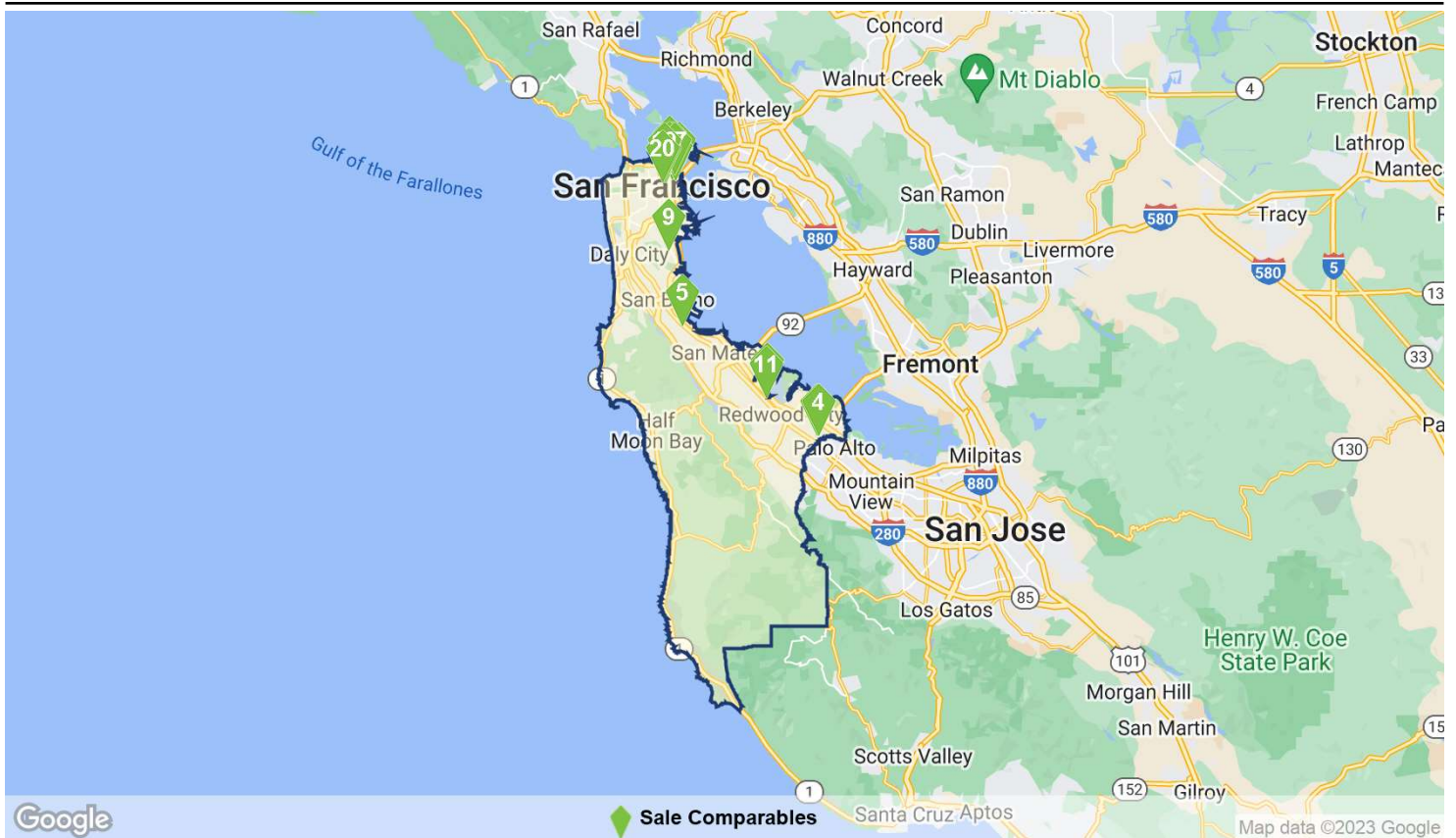
80

5.5%

\$757

8.1%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,000,000	\$20,526,155	\$6,400,000	\$155,000,000
Price/SF	\$323	\$757	\$673	\$3,655
Cap Rate	4.1%	5.5%	5.3%	6.6%
Time Since Sale in Months	0.1	7.2	7.8	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,250	34,472	16,442	200,000
Stories	1	3	3	8
Typical Floor SF	822	10,485	6,268	41,603
Vacancy Rate At Sale	0%	8.1%	0%	100%
Year Built	1900	1952	1961	2022
Star Rating	★★★★★	★★★★★ 2.5	★★★★★	★★★★★

# Sales Past 12 Months

San Francisco Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 300 Grant Ave	★★★★★	2021	71,832	0%	8/9/2022	\$155,000,000	\$2,158	-
2 One Harrison @ The Em... 1 Harrison St	★★★★★	1987	200,000	0%	2/20/2023	\$82,500,000	\$413	-
3 321 Middlefield Rd	★★★★★	1962	44,719	0%	1/5/2023	\$68,000,000	\$1,521	-
4 200 Middlefield 200 Middlefield Rd	★★★★★	1967	43,083	28.8%	6/13/2022	\$62,665,000	\$1,455	-
5 Peninsula Life Science C... 1828 El Camino Real	★★★★★	1974	65,804	0%	12/22/2022	\$59,350,000	\$902	5.7%
6 345 4th St	★★★★★	2022	59,337	0%	1/10/2023	\$52,800,000	\$890	-
7 Skyway Landing Bldg 2 999 Skyway Rd	★★★★★	2000	124,810	0%	2/8/2023	\$51,577,068	\$413	-
8 Skyway Landing 959 Skyway Rd	★★★★★	2000	119,200	0%	2/8/2023	\$50,422,932	\$423	-
9 150 N Hill Dr	★★★★★	1983	73,966	0%	9/1/2022	\$49,800,000	\$673	-
10 807 Montgomery St	★★★★★	1909	10,397	0%	1/24/2023	\$38,000,000	\$3,655	-
11 The Brittan Building 990 Industrial Rd	★★★★★	1990	23,703	9.7%	10/20/2022	\$22,000,000	\$928	-
12 40 Jessie St	★★★★★	1913	37,000	0%	5/4/2023	\$17,600,000	\$476	-
13 1076 Howard St	★★★★★	1986	16,668	0%	7/18/2022	\$17,535,500	\$1,052	4.9%
14 550 3rd St	★★★★★	1921	20,127	0%	9/9/2022	\$12,500,000	\$621	-
15 414 Brannan St	★★★★★	1924	13,696	0%	8/4/2022	\$12,050,000	\$880	-
16 123-133 Kearny St	★★★★★	1909	26,446	20.1%	3/31/2023	\$10,400,000	\$393	6.6%
17 527-529 Howard St	★★★★★	1906	10,600	18.9%	7/5/2022	\$9,900,000	\$934	5.0%
18 1155 Mission St	★★★★★	1914	15,678	0%	10/4/2022	\$9,500,000	\$606	-
19 701 Sutter St	★★★★★	1910	19,250	39.0%	11/14/2022	\$8,350,000	\$434	-
20 Yully Bldg 1210-1212 Market St	★★★★★	1907	23,700	70.0%	7/15/2022	\$7,666,000	\$323	-

San Francisco is one of three major markets—the others being the East Bay and San Jose—that together, comprise most of the San Francisco Bay Area. The Bay Area is one of the largest metropolitan areas in the U.S., with a total population of 9.5 million, and is a major gateway city and generator of economic growth.

The San Francisco market comprises San Francisco and San Mateo counties and is home to 1.6 million people. The major center for business activity is the Financial District in Downtown San Francisco. Major industries include information and communications technology, professional and business services, and tourism.

The COVID-19 pandemic triggered an economic downturn that disrupted San Francisco's core economic base and impacted the performance of key commercial real estate sectors. Most notably, the slow pace of a return to in-office working in Downtown San Francisco is impairing the viability and value of downtown office properties and having negative impacts on local businesses.

At the onset of the pandemic, faced with lockdowns, most employers had no choice but to close their offices and ask their staff to work remotely. The tech workforce, which by 2019 had become the largest segment of workers in the San Francisco CBD, was highly mobile and adapted with ease to remote working. Many employees took the opportunity to relocate away from San Francisco to more affordable and less densely populated locations.

The high cost of living was already causing a decline in

San Francisco's population prior to 2020, but the pandemic accelerated this trend, with the population falling by -5.1% at the height of the pandemic. Recently, some of these losses have been recovered. Nevertheless, the metro still has -86,000 fewer people than it did five years ago.

Total employment has recovered and is now slightly ahead of where it was pre-pandemic. However, employment growth has been constrained by outward migration and a fall in the labor market participation rate. The unemployment rate has fallen to a 10-year low of 2.0%, making recruiting difficult. Layoffs in the technology sector should provide some easing of the tight employment market.

Data from office key card usage and transit activity on BART show that San Francisco has one of the lowest return-to-office levels of any major market in the nation. Reflecting this fall in activity, office vacancy levels have escalated, particularly in the Financial District and South Financial District, which are the core submarkets that contain the bulk of San Francisco's 4 & 5 Star office space.

Despite recent layoffs, the Bay Area continues to attract talent and investment in the technology sector, receiving over 30% of the nation's venture capital spending in 2022. Innovation in life sciences and biotechnology is driving growth across the metro, particularly in areas such as South San Francisco, and prompting developers to move forward with a range of lab space, R&D space, and residential construction projects.

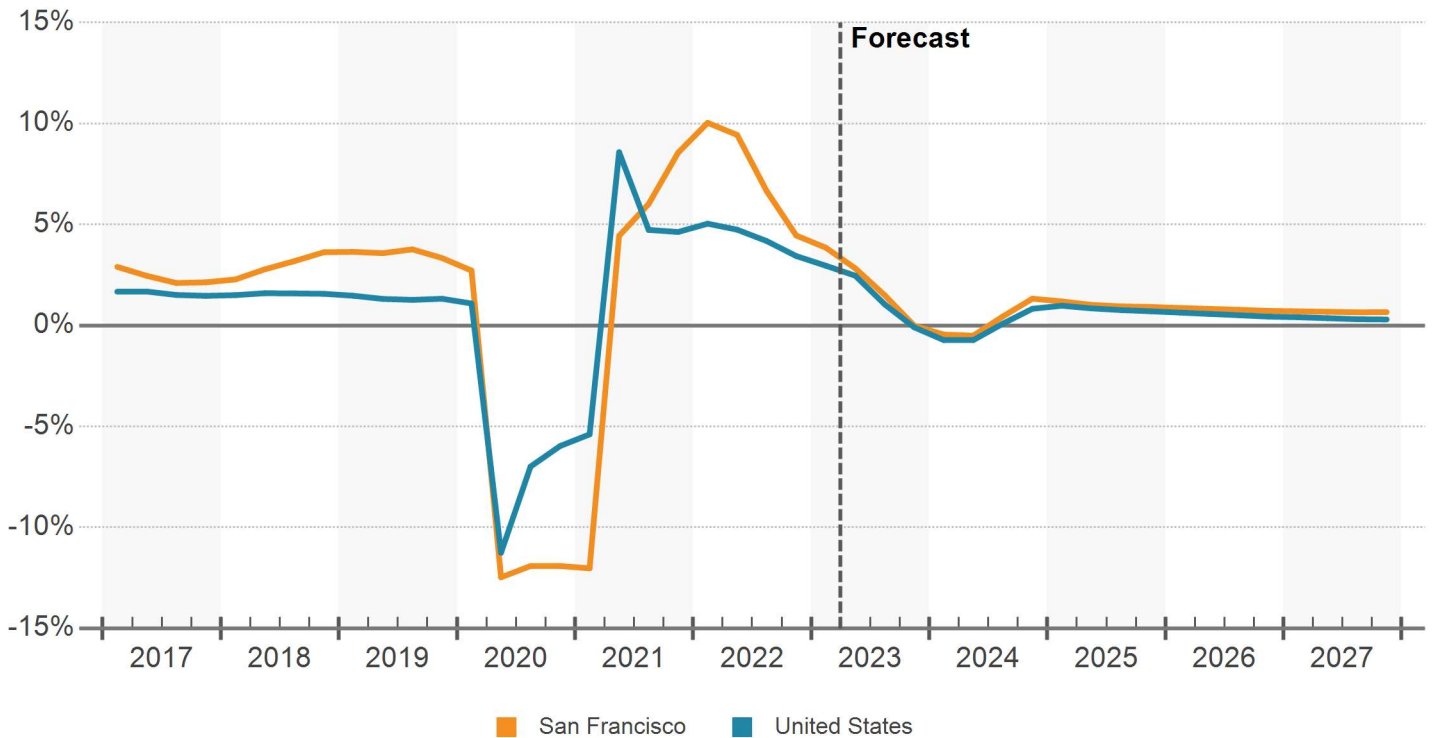


## SAN FRANCISCO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	39	0.4	-0.22%	1.82%	0.81%	0.80%	0.12%	-0.10%
Trade, Transportation and Utilities	141	0.6	3.02%	1.04%	0.53%	1.22%	-0.27%	-0.02%
Retail Trade	67	0.6	0.08%	0.63%	-1.35%	0.41%	-0.37%	-0.02%
Financial Activities	90	1.3	2.13%	1.17%	2.26%	1.49%	-0.53%	-0.03%
Government	134	0.8	-2.75%	1.82%	1.29%	0.29%	0.44%	0.44%
Natural Resources, Mining and Construction	42	0.6	0.29%	3.17%	3.17%	2.53%	0.64%	0.09%
Education and Health Services	154	0.8	4.26%	3.88%	2.58%	1.77%	0.27%	0.54%
Professional and Business Services	317	1.8	2.89%	2.33%	3.59%	2.17%	0.52%	0.22%
Information	124	5.3	0.29%	-0.38%	9.75%	1.19%	1.31%	0.10%
Leisure and Hospitality	130	1.0	13.71%	6.14%	0.33%	1.60%	1.97%	0.87%
Other Services	40	0.9	6.01%	3.18%	0.53%	0.69%	0.29%	0.18%
<b>Total Employment</b>	<b>1,210</b>	<b>1.0</b>	<b>3.04%</b>	<b>2.56%</b>	<b>2.51%</b>	<b>1.36%</b>	<b>0.54%</b>	<b>0.28%</b>

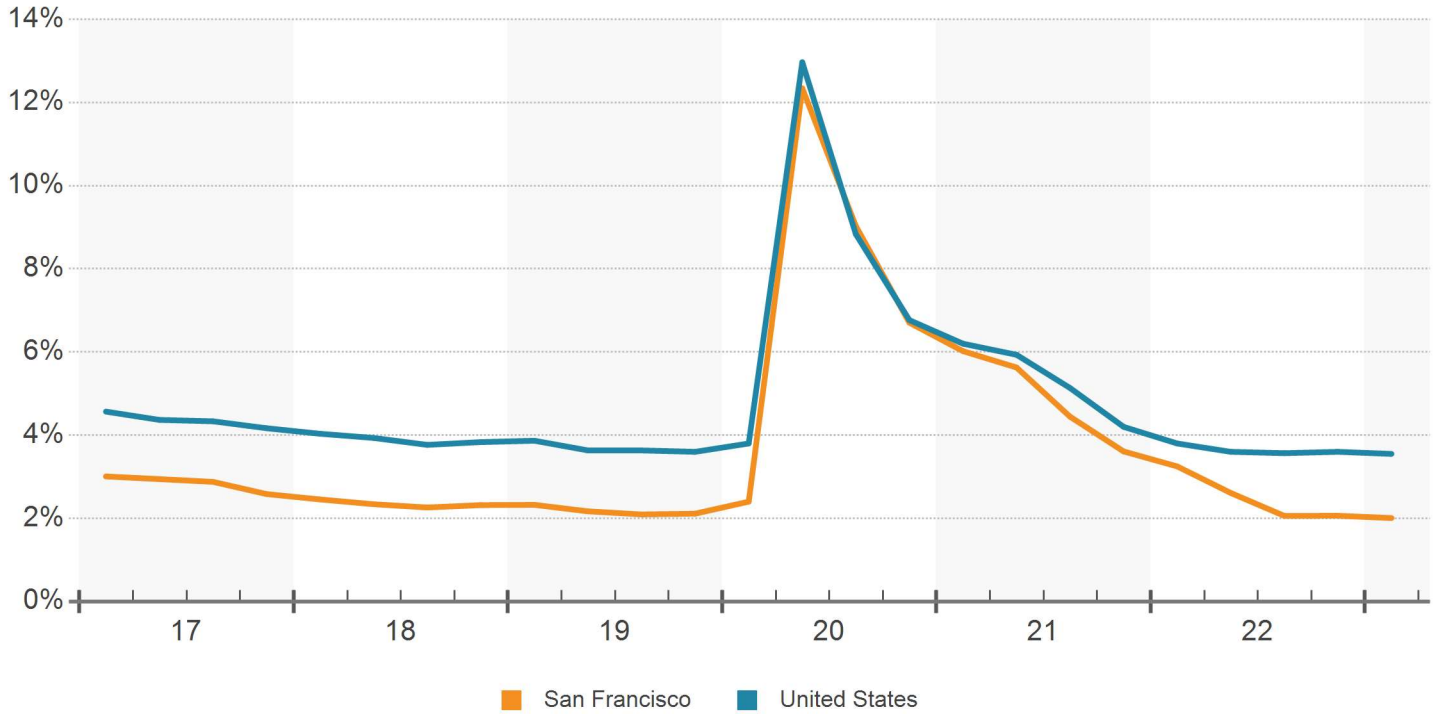
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

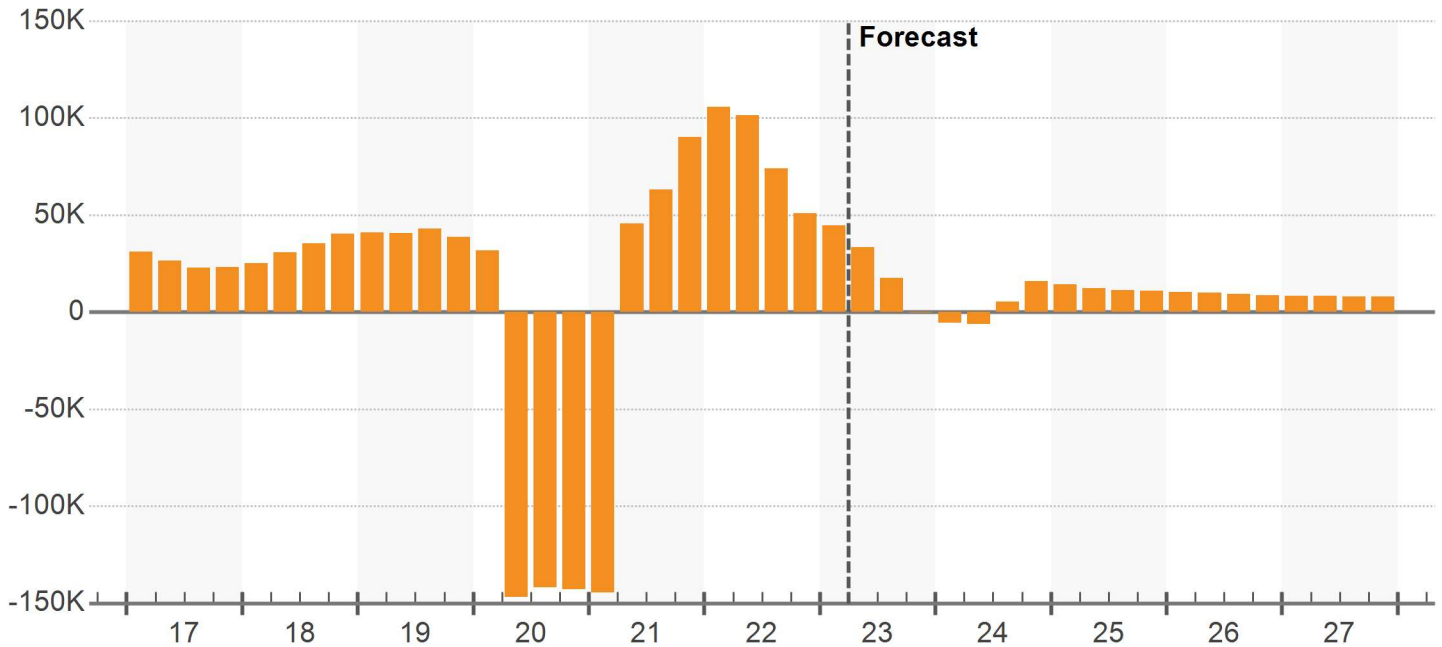


Source: Oxford Economics

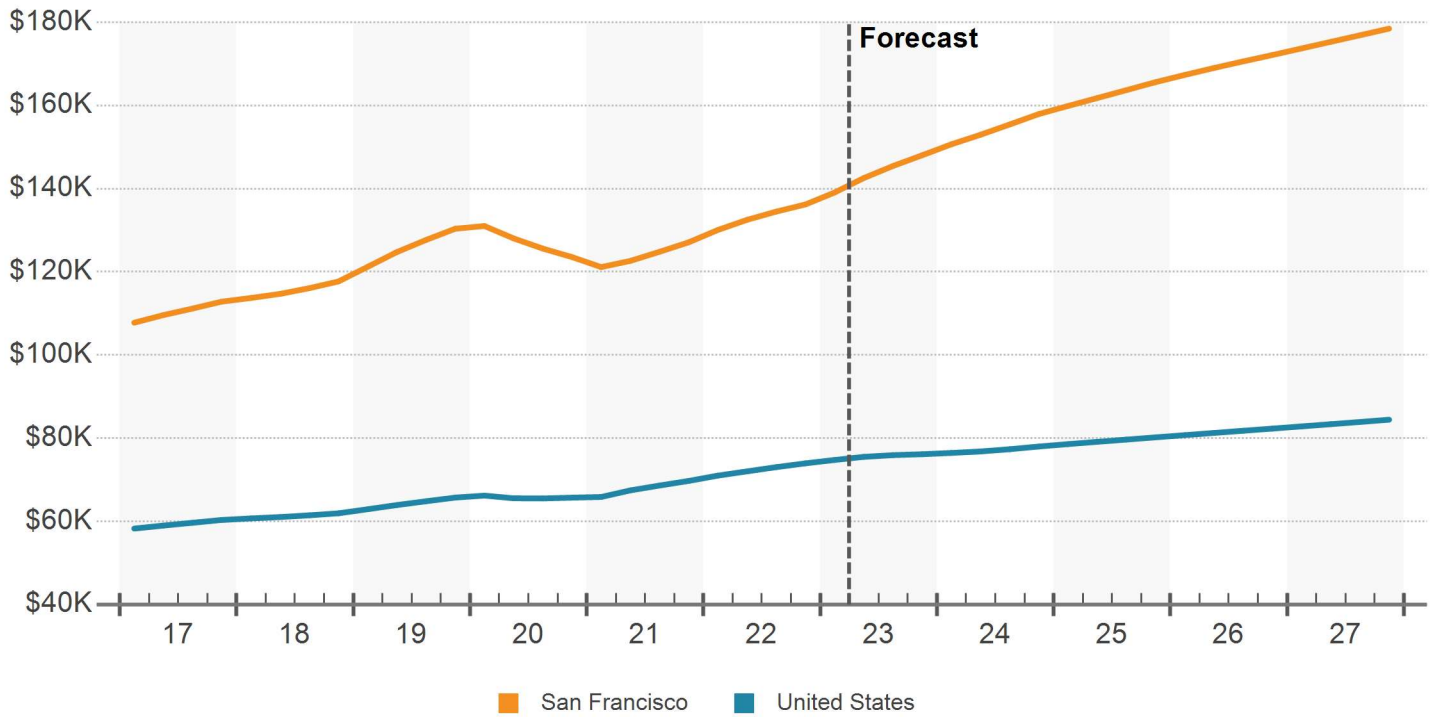
## UNEMPLOYMENT RATE (%)



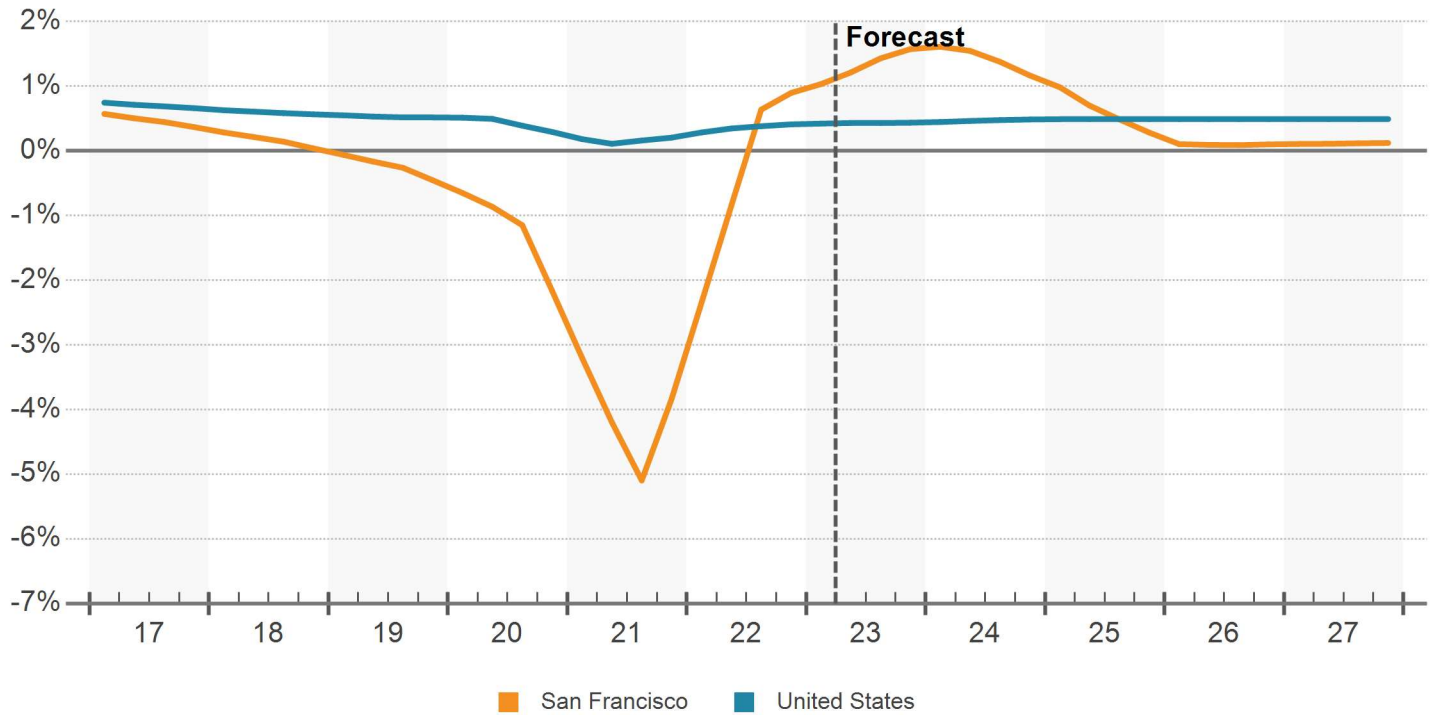
## NET EMPLOYMENT CHANGE (YOY)



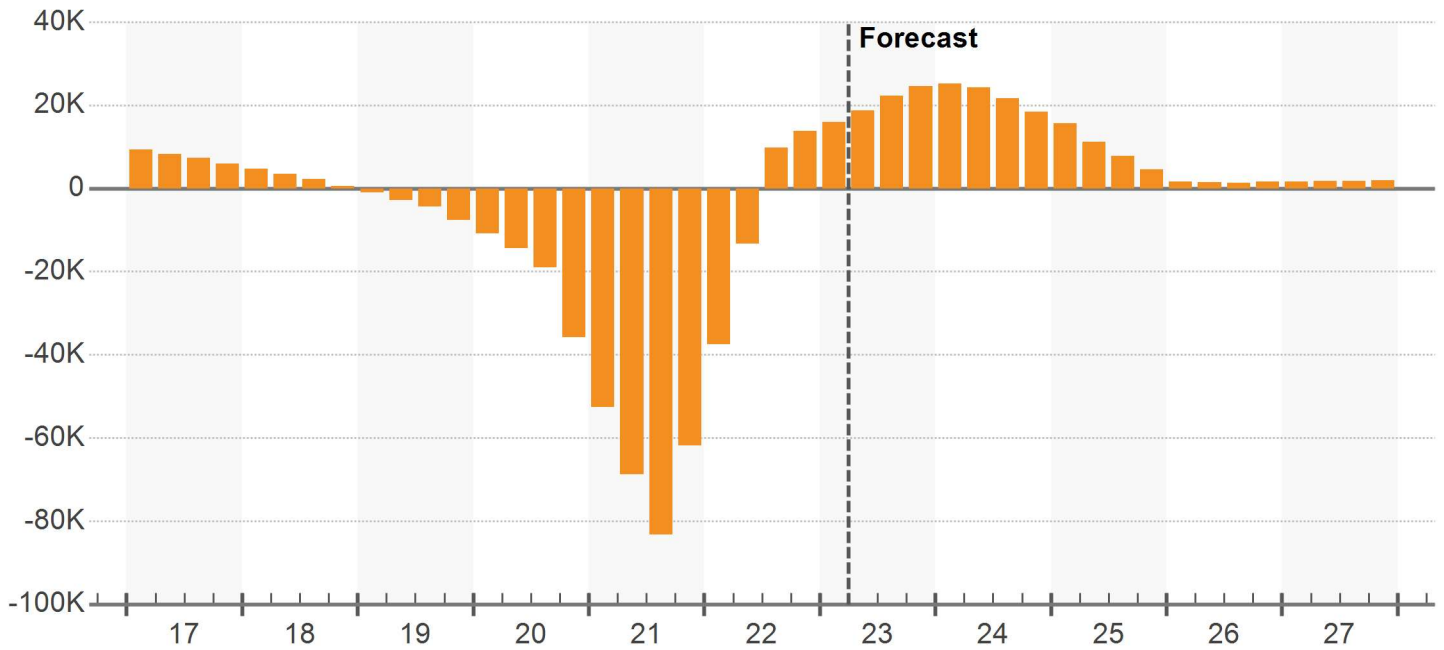
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

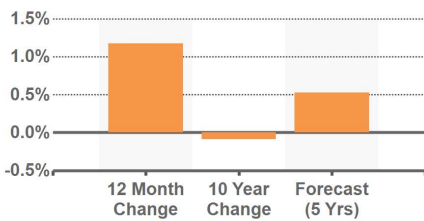


## DEMOGRAPHIC TRENDS

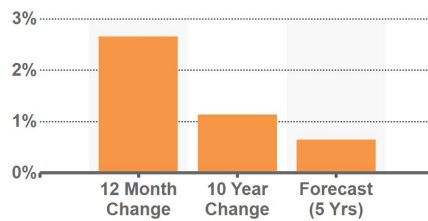
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,573,798	334,291,281	1.2%	0.4%	-0.1%	0.6%	0.5%	0.5%
Households	629,431	129,760,711	1.6%	0.8%	0.1%	0.9%	0.6%	0.6%
Median Household Income	\$141,813	\$75,348	7.4%	4.9%	5.5%	3.8%	5.0%	2.5%
Labor Force	1,037,672	165,337,219	2.7%	0.8%	1.1%	0.6%	0.6%	0.4%
Unemployment	2.0%	3.5%	-0.7%	-0.1%	-0.3%	-0.4%	-	-

Source: Oxford Economics

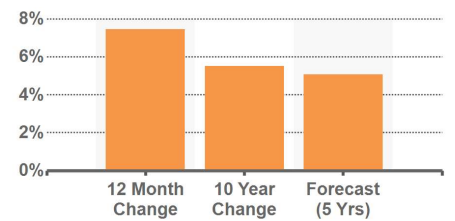
### POPULATION GROWTH



### LABOR FORCE GROWTH



### INCOME GROWTH

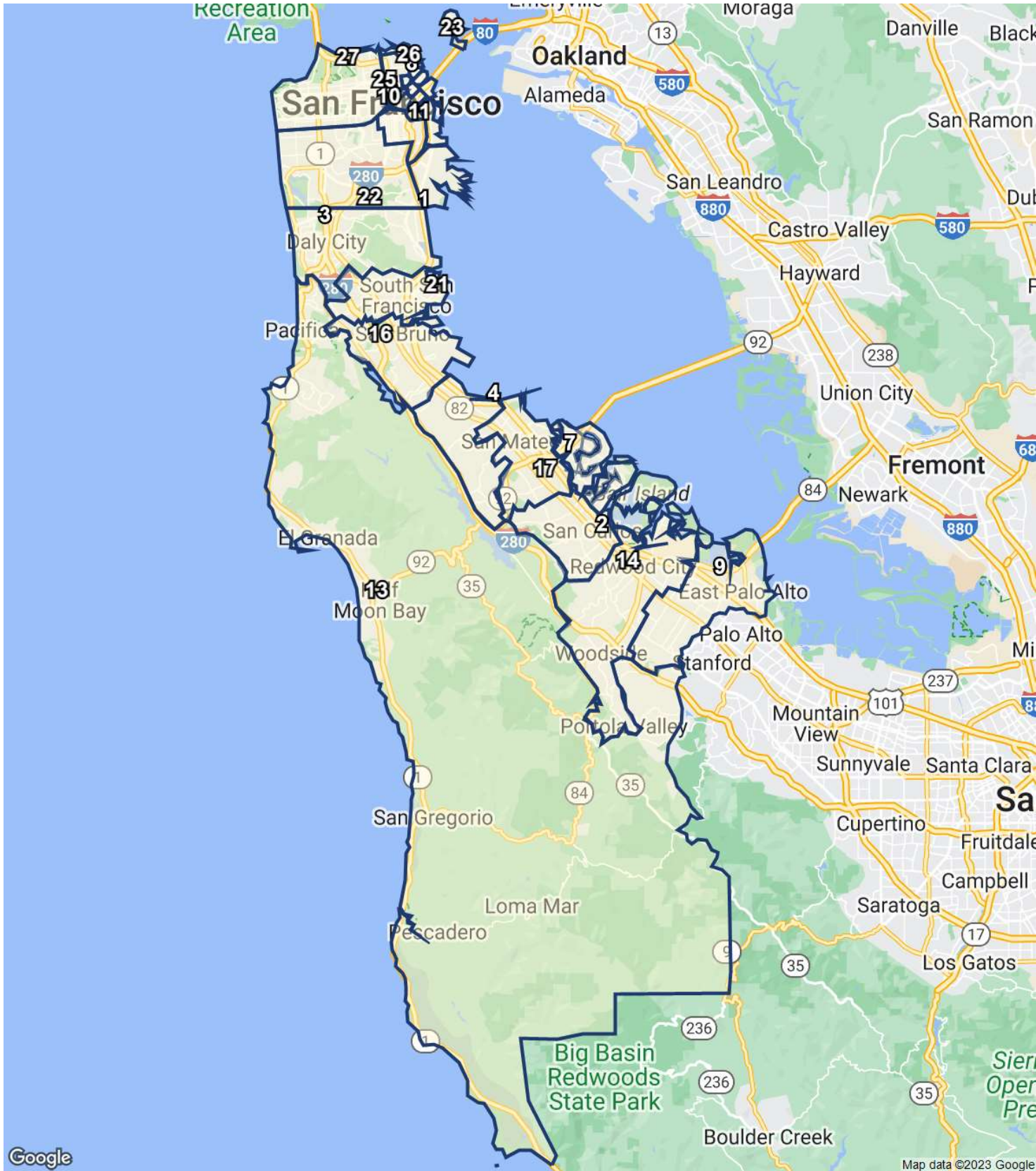


Source: Oxford Economics



# Submarkets

## SAN FRANCISCO SUBMARKETS





# Submarkets

San Francisco Office

## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Bayview/Hunters Point	26	630	0.3%	27	0	0	0%	-	0	-	-	-
2	Belmont/San Carlos	152	2,585	1.4%	23	1	16	0.6%	10	1	18	0.7%	10
3	Brisbane/Daly City	90	2,882	1.5%	22	0	0	0%	-	0	-	-	-
4	Burlingame	129	4,032	2.1%	18	0	0	0%	-	2	230	5.7%	6
5	Civic Center	63	4,345	2.3%	15	0	0	0%	-	0	-	-	-
6	Financial District	173	31,342	16.6%	1	0	0	0%	-	0	-	-	-
7	Foster City/Redwood Shrs	103	9,848	5.2%	5	0	0	0%	-	1	5	0.1%	11
8	Jackson Square	122	3,348	1.8%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	279	10,895	5.8%	3	3	282	2.6%	3	1	35	0.3%	8
10	MidMarket	81	7,899	4.2%	7	0	0	0%	-	1	235	3.0%	5
11	Mission Bay/China Basin	34	5,452	2.9%	12	2	333	6.1%	2	0	-	-	-
12	Mission/Potrero	190	3,659	1.9%	19	0	0	0%	-	0	-	-	-
13	Peninsula Coastline	137	665	0.4%	26	0	0	0%	-	0	-	-	-
14	Redwood City	317	8,027	4.2%	6	1	22	0.3%	9	4	612	7.6%	1
15	Rincon/South Beach	139	7,621	4.0%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	87	2,475	1.3%	24	2	156	6.3%	6	3	556	22.5%	2
17	San Mateo	323	10,396	5.5%	4	2	246	2.4%	4	3	305	2.9%	4
18	Showplace Square	51	4,271	2.3%	17	1	102	2.4%	7	1	25	0.6%	9
19	South Financial District	163	31,093	16.5%	2	0	0	0%	-	0	-	-	-
20	South of Market	249	5,317	2.8%	13	1	25	0.5%	8	1	51	1.0%	7
21	South San Francisco	128	6,506	3.4%	9	2	421	6.5%	1	2	375	5.8%	3
22	Southern City	185	1,346	0.7%	25	0	0	0%	-	0	-	-	-
23	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
24	Union Square	118	5,870	3.1%	10	0	0	0%	-	0	-	-	-
25	Van Ness/Chinatown	168	3,620	1.9%	20	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,626	2.4%	14	0	0	0%	-	0	-	-	-
27	West of Van Ness	397	5,818	3.1%	11	0	0	0%	-	0	-	-	-
28	Yerba Buena	73	4,330	2.3%	16	2	210	4.9%	5	0	-	-	-

# Submarkets

San Francisco Office

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Bayview/Hunters Point	\$34.87	28	-5.4%	28	0%	19
2	Belmont/San Carlos	\$56.64	8	-2.7%	12	0.1%	17
3	Brisbane/Daly City	\$45.73	21	-3.3%	19	-0.3%	22
4	Burlingame	\$52.49	13	-2.3%	6	0%	18
5	Civic Center	\$49.58	18	-2.7%	13	0.3%	13
6	Financial District	\$60.56	7	-3.9%	25	-0.8%	26
7	Foster City/Redwood Shrs	\$62.77	5	-3.4%	20	-1.3%	28
8	Jackson Square	\$51.55	15	-2.1%	4	0.7%	4
9	Menlo Park	\$81.75	1	-2.5%	9	0.4%	11
10	MidMarket	\$54.41	10	-2.9%	16	-0.1%	21
11	Mission Bay/China Basin	\$63.78	4	-4.2%	27	-1.0%	27
12	Mission/Potrero	\$42.54	26	-2.4%	8	0.8%	3
13	Peninsula Coastline	\$40.07	27	-2.5%	10	0.9%	2
14	Redwood City	\$64.58	2	-2.9%	17	-0.1%	20
15	Rincon/South Beach	\$52.46	14	-3.4%	21	0.2%	15
16	San Bruno/Millbrae	\$48.94	19	-2.3%	7	0.6%	8
17	San Mateo	\$60.83	6	-1.9%	2	0.5%	9
18	Showplace Square	\$50.51	17	-2.8%	15	0.3%	12
19	South Financial District	\$64.29	3	-3.9%	26	-0.6%	25
20	South of Market	\$44.17	23	-3.5%	22	0.2%	16
21	South San Francisco	\$54.45	9	-3.3%	18	-0.4%	24
22	Southern City	\$45.42	22	-2.6%	11	0.6%	7
23	Treasure/Yerba Buena Isl...	\$43.59	25	-3.7%	24	0.4%	10
24	Union Square	\$50.59	16	-2.1%	3	0.7%	6
25	Van Ness/Chinatown	\$43.89	24	-2.8%	14	0.3%	14
26	Waterfront/North Beach	\$48.79	20	-2.3%	5	0.7%	5
27	West of Van Ness	\$53.26	11	-1.8%	1	1.4%	1
28	Yerba Buena	\$52.98	12	-3.5%	23	-0.3%	23

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	7,700	1.2%	1	25,684	4.1%	4	-
2	Belmont/San Carlos	359,504	13.9%	14	(26,094)	-1.0%	14	-
3	Brisbane/Daly City	143,816	5.0%	4	(5,358)	-0.2%	10	-
4	Burlingame	227,936	5.7%	5	(13,453)	-0.3%	13	-
5	Civic Center	255,926	5.9%	6	5,217	0.1%	7	-
6	Financial District	8,151,846	26.0%	24	(1,793,764)	-5.7%	27	-
7	Foster City/Redwood Shrs	1,230,080	12.5%	12	(181,690)	-1.8%	20	-
8	Jackson Square	626,522	18.7%	18	(6,727)	-0.2%	11	-
9	Menlo Park	1,255,109	11.5%	11	(32,446)	-0.3%	15	-
10	MidMarket	1,316,194	16.7%	17	(265,633)	-3.4%	22	-
11	Mission Bay/China Basin	1,314,065	24.1%	22	(187,346)	-3.4%	21	-
12	Mission/Potrero	315,213	8.6%	9	(48,490)	-1.3%	16	-
13	Peninsula Coastline	22,424	3.4%	2	9,055	1.4%	6	-
14	Redwood City	1,081,697	13.5%	13	(343,092)	-4.3%	24	-
15	Rincon/South Beach	1,936,846	25.4%	23	(535,545)	-7.0%	26	-
16	San Bruno/Millbrae	388,735	15.7%	16	124,887	5.0%	2	0.9
17	San Mateo	1,598,805	15.4%	15	32,604	0.3%	3	6.7
18	Showplace Square	1,215,733	28.5%	26	(423,515)	-9.9%	25	-
19	South Financial District	6,778,191	21.8%	20	(2,275,016)	-7.3%	28	-
20	South of Market	1,409,966	26.5%	25	(328,416)	-6.2%	23	-
21	South San Francisco	428,997	6.6%	8	247,972	3.8%	1	1.6
22	Southern City	54,531	4.1%	3	(3,752)	-0.3%	9	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,299,425	22.1%	21	(99,815)	-1.7%	18	-
25	Van Ness/Chinatown	353,211	9.8%	10	(6,973)	-0.2%	12	-
26	Waterfront/North Beach	1,002,254	21.7%	19	(105,905)	-2.3%	19	-
27	West of Van Ness	371,359	6.4%	7	11,104	0.2%	5	-
28	Yerba Buena	1,913,815	44.2%	27	(91,071)	-2.1%	17	-

# Supply & Demand Trends

San Francisco Office

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	189,738,910	(364,254)	-0.2%	(2,322,838)	-1.2%	-
2026	190,103,164	(364,942)	-0.2%	(8,948,304)	-4.7%	-
2025	190,468,106	457,214	0.2%	(9,640,082)	-5.1%	-
2024	190,010,892	593,284	0.3%	(11,852,560)	-6.2%	-
2023	189,417,608	912,534	0.5%	(9,873,070)	-5.2%	-
YTD	188,936,856	431,782	0.2%	(3,463,922)	-1.8%	-
2022	188,505,074	2,143,752	1.2%	(4,365,058)	-2.3%	-
2021	186,361,322	4,108,326	2.3%	(1,719,193)	-0.9%	-
2020	182,252,996	101,523	0.1%	(7,541,630)	-4.1%	-
2019	182,151,473	3,663,080	2.1%	2,962,902	1.6%	1.2
2018	178,488,393	3,872,044	2.2%	4,705,575	2.6%	0.8
2017	174,616,349	612,542	0.4%	265,700	0.2%	2.3
2016	174,003,807	2,477,417	1.4%	1,791,603	1.0%	1.4
2015	171,526,390	2,067,407	1.2%	2,948,816	1.7%	0.7
2014	169,458,983	93,229	0.1%	3,431,650	2.0%	0
2013	169,365,754	(635,578)	-0.4%	2,151,745	1.3%	-
2012	170,001,332	287,209	0.2%	1,322,775	0.8%	0.2
2011	169,714,123	(618,976)	-0.4%	3,038,430	1.8%	-

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	103,968,135	0	0%	(1,104,973)	-1.1%	-
2026	103,968,135	0	0%	(4,551,837)	-4.4%	-
2025	103,968,135	795,071	0.8%	(4,595,253)	-4.4%	-
2024	103,173,064	707,401	0.7%	(5,628,199)	-5.5%	-
2023	102,465,663	795,386	0.8%	(6,079,324)	-5.9%	-
YTD	101,986,059	315,782	0.3%	(2,663,516)	-2.6%	-
2022	101,670,277	2,191,873	2.2%	(2,330,566)	-2.3%	-
2021	99,478,404	4,304,247	4.5%	(24,051)	0%	-
2020	95,174,157	354,976	0.4%	(2,728,135)	-2.9%	-
2019	94,819,181	3,283,454	3.6%	2,917,517	3.1%	1.1
2018	91,535,727	4,189,673	4.8%	5,045,161	5.5%	0.8
2017	87,346,054	839,891	1.0%	479,239	0.5%	1.8
2016	86,506,163	1,996,537	2.4%	1,786,595	2.1%	1.1
2015	84,509,626	2,020,540	2.4%	2,199,641	2.6%	0.9
2014	82,489,086	591,774	0.7%	2,250,463	2.7%	0.3
2013	81,897,312	41,969	0.1%	1,646,646	2.0%	0
2012	81,855,343	492,599	0.6%	1,840,810	2.2%	0.3
2011	81,362,744	145,205	0.2%	1,198,757	1.5%	0.1

# Supply & Demand Trends

San Francisco Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	55,367,614	0	0%	(602,805)	-1.1%	-
2026	55,367,614	0	0%	(2,588,134)	-4.7%	-
2025	55,367,614	26,495	0%	(2,965,421)	-5.4%	-
2024	55,341,119	249,664	0.5%	(3,673,907)	-6.6%	-
2023	55,091,455	304,732	0.6%	(2,399,842)	-4.4%	-
YTD	54,902,723	116,000	0.2%	(615,784)	-1.1%	-
2022	54,786,723	15,929	0%	(1,328,802)	-2.4%	-
2021	54,770,794	(62,389)	-0.1%	(1,179,033)	-2.2%	-
2020	54,833,183	28,164	0.1%	(3,093,662)	-5.6%	-
2019	54,805,019	352,273	0.6%	522,739	1.0%	0.7
2018	54,452,746	(103,261)	-0.2%	(119,295)	-0.2%	-
2017	54,556,007	(181,841)	-0.3%	(333,837)	-0.6%	-
2016	54,737,848	676,364	1.3%	340,915	0.6%	2.0
2015	54,061,484	177,638	0.3%	604,138	1.1%	0.3
2014	53,883,846	(350,818)	-0.6%	1,031,611	1.9%	-
2013	54,234,664	(176,372)	-0.3%	644,303	1.2%	-
2012	54,411,036	(38,528)	-0.1%	(477,028)	-0.9%	-
2011	54,449,564	(525,525)	-1.0%	1,673,823	3.1%	-

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	30,403,161	(364,254)	-1.2%	(615,060)	-2.0%	-
2026	30,767,415	(364,942)	-1.2%	(1,808,333)	-5.9%	-
2025	31,132,357	(364,352)	-1.2%	(2,079,408)	-6.7%	-
2024	31,496,709	(363,781)	-1.1%	(2,550,454)	-8.1%	-
2023	31,860,490	(187,584)	-0.6%	(1,393,904)	-4.4%	-
YTD	32,048,074	0	0%	(184,622)	-0.6%	-
2022	32,048,074	(64,050)	-0.2%	(705,690)	-2.2%	-
2021	32,112,124	(133,532)	-0.4%	(516,109)	-1.6%	-
2020	32,245,656	(281,617)	-0.9%	(1,719,833)	-5.3%	-
2019	32,527,273	27,353	0.1%	(477,354)	-1.5%	-
2018	32,499,920	(214,368)	-0.7%	(220,291)	-0.7%	-
2017	32,714,288	(45,508)	-0.1%	120,298	0.4%	-
2016	32,759,796	(195,484)	-0.6%	(335,907)	-1.0%	-
2015	32,955,280	(130,771)	-0.4%	145,037	0.4%	-
2014	33,086,051	(147,727)	-0.4%	149,576	0.5%	-
2013	33,233,778	(501,175)	-1.5%	(139,204)	-0.4%	-
2012	33,734,953	(166,862)	-0.5%	(41,007)	-0.1%	-
2011	33,901,815	(238,656)	-0.7%	165,850	0.5%	-



### OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$40.63	108	-1.0%	-44.7%	75,057,609	39.6%	1.1%
2026	\$41.06	109	-9.1%	-44.2%	73,094,033	38.4%	4.6%
2025	\$45.17	120	-9.9%	-38.6%	64,505,663	33.9%	5.2%
2024	\$50.14	134	-11.4%	-31.8%	54,403,014	28.6%	6.5%
2023	\$56.61	151	-4.1%	-23.0%	41,952,293	22.1%	5.6%
YTD	\$58.33	155	-3.2%	-20.7%	35,059,900	18.6%	2.0%
2022	\$59.01	157	-4.0%	-19.7%	31,164,196	16.5%	3.3%
2021	\$61.44	164	-5.4%	-16.4%	24,655,386	13.2%	2.9%
2020	\$64.95	173	-11.7%	-11.7%	18,824,367	10.3%	4.2%
2019	\$73.53	196	5.6%	0%	11,184,714	6.1%	0.2%
2018	\$69.61	185	9.1%	-5.3%	10,553,875	5.9%	-0.6%
2017	\$63.82	170	3.0%	-13.2%	11,387,406	6.5%	0.2%
2016	\$61.94	165	2.1%	-15.8%	11,040,564	6.3%	0.3%
2015	\$60.67	162	13.1%	-17.5%	10,354,750	6.0%	-0.6%
2014	\$53.64	143	12.1%	-27.1%	11,236,159	6.6%	-1.9%
2013	\$47.84	127	13.5%	-34.9%	14,505,918	8.6%	-1.6%
2012	\$42.15	112	13.4%	-42.7%	17,293,241	10.2%	-0.6%
2011	\$37.18	99	18.4%	-49.4%	18,328,807	10.8%	-2.1%

### 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$45.40	109	-1.1%	-44.0%	42,055,330	40.5%	1.1%
2026	\$45.90	110	-9.2%	-43.4%	40,950,357	39.4%	4.4%
2025	\$50.53	121	-10.0%	-37.7%	36,398,520	35.0%	5.0%
2024	\$56.12	135	-11.5%	-30.8%	31,008,196	30.1%	6.0%
2023	\$63.41	152	-4.7%	-21.8%	24,672,596	24.1%	6.6%
YTD	\$65.40	157	-4.0%	-19.4%	20,777,172	20.4%	2.9%
2022	\$66.57	160	-3.9%	-18.0%	17,797,874	17.5%	4.2%
2021	\$69.27	167	-5.7%	-14.6%	13,275,435	13.3%	3.9%
2020	\$73.43	177	-9.5%	-9.5%	8,947,137	9.4%	3.2%
2019	\$81.13	195	7.2%	0%	5,864,026	6.2%	0.2%
2018	\$75.72	182	9.8%	-6.7%	5,498,089	6.0%	-1.3%
2017	\$68.94	166	3.0%	-15.0%	6,353,577	7.3%	0.3%
2016	\$66.92	161	1.8%	-17.5%	5,992,925	6.9%	0.1%
2015	\$65.74	158	11.3%	-19.0%	5,782,983	6.8%	-0.4%
2014	\$59.07	142	11.7%	-27.2%	5,962,084	7.2%	-2.0%
2013	\$52.86	127	13.0%	-34.8%	7,552,111	9.2%	-2.0%
2012	\$46.77	112	12.0%	-42.4%	9,156,788	11.2%	-1.7%
2011	\$41.75	100	20.8%	-48.5%	10,504,999	12.9%	-1.3%

### 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$36.75	110	-1.0%	-46.9%	21,544,858	38.9%	1.1%
2026	\$37.11	111	-9.0%	-46.4%	20,942,053	37.8%	4.7%
2025	\$40.80	122	-9.8%	-41.1%	18,353,919	33.1%	5.4%
2024	\$45.25	136	-11.3%	-34.6%	15,362,003	27.8%	7.0%
2023	\$51.03	153	-2.7%	-26.3%	11,438,432	20.8%	4.8%
YTD	\$52.51	157	-1.1%	-24.2%	9,465,610	17.2%	1.3%
2022	\$52.46	157	-4.6%	-24.2%	8,733,826	15.9%	2.5%
2021	\$55.01	165	-6.2%	-20.5%	7,389,095	13.5%	2.1%
2020	\$58.63	176	-15.3%	-15.3%	6,272,451	11.4%	5.7%
2019	\$69.23	208	3.6%	0%	3,150,625	5.7%	-0.4%
2018	\$66.81	200	9.3%	-3.5%	3,345,636	6.1%	0%
2017	\$61.13	183	3.4%	-11.7%	3,329,602	6.1%	0.3%
2016	\$59.10	177	1.4%	-14.6%	3,177,606	5.8%	0.5%
2015	\$58.30	175	16.9%	-15.8%	2,842,157	5.3%	-0.8%
2014	\$49.87	150	12.4%	-28.0%	3,268,657	6.1%	-2.5%
2013	\$44.36	133	14.0%	-35.9%	4,651,086	8.6%	-1.5%
2012	\$38.91	117	16.6%	-43.8%	5,471,761	10.1%	0.8%
2011	\$33.38	100	16.5%	-51.8%	5,033,261	9.2%	-3.9%

### 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$31.87	101	-0.9%	-43.4%	11,457,421	37.7%	1.3%
2026	\$32.17	102	-9.0%	-42.9%	11,201,623	36.4%	5.1%
2025	\$35.36	112	-9.8%	-37.2%	9,753,224	31.3%	5.8%
2024	\$39.20	124	-11.3%	-30.4%	8,032,815	25.5%	7.2%
2023	\$44.18	140	-3.6%	-21.5%	5,841,265	18.3%	3.9%
YTD	\$45.47	144	-3.2%	-19.3%	4,817,118	15.0%	0.6%
2022	\$45.84	145	-2.8%	-18.6%	4,632,496	14.5%	2.0%
2021	\$47.18	150	-2.4%	-16.2%	3,990,856	12.4%	1.2%
2020	\$48.36	153	-14.1%	-14.1%	3,604,779	11.2%	4.5%
2019	\$56.31	179	3.1%	0%	2,170,063	6.7%	1.4%
2018	\$54.60	173	5.3%	-3.0%	1,710,150	5.3%	0.1%
2017	\$51.85	164	2.3%	-7.9%	1,704,227	5.2%	-0.5%
2016	\$50.68	161	4.9%	-10.0%	1,870,033	5.7%	0.5%
2015	\$48.32	153	13.6%	-14.2%	1,729,610	5.2%	-0.8%
2014	\$42.54	135	13.3%	-24.5%	2,005,418	6.1%	-0.9%
2013	\$37.53	119	14.5%	-33.3%	2,302,721	6.9%	-1.0%
2012	\$32.79	104	13.5%	-41.8%	2,664,692	7.9%	-0.3%
2011	\$28.90	92	11.6%	-48.7%	2,790,547	8.2%	-1.1%

### OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$329.01	109	6.2%
2026	-	-	-	-	-	-	\$324.37	107	6.3%
2025	-	-	-	-	-	-	\$372.19	123	6.4%
2024	-	-	-	-	-	-	\$443.85	146	6.4%
2023	-	-	-	-	-	-	\$575.71	190	6.0%
YTD	20	\$393M	0.4%	\$20,686,366	\$600.35	6.6%	\$674.29	222	5.5%
2022	97	\$1.9B	1.5%	\$21,797,705	\$807.87	4.8%	\$703.75	232	5.3%
2021	124	\$4.8B	4.9%	\$42,845,906	\$737.16	4.9%	\$779.29	257	4.8%
2020	77	\$3.7B	1.9%	\$48,130,011	\$1,056.03	4.4%	\$766.41	253	4.8%
2019	230	\$8.8B	6.2%	\$58,762,345	\$835.30	5.1%	\$806.91	266	4.7%
2018	192	\$4.3B	4.1%	\$32,478,404	\$661.04	4.7%	\$749.69	247	4.7%
2017	220	\$4.3B	4.6%	\$34,017,150	\$603.82	5.2%	\$693.81	229	4.7%
2016	207	\$6.9B	8.1%	\$47,748,524	\$582.07	4.8%	\$694.50	229	4.5%
2015	238	\$5.1B	7.2%	\$35,375,150	\$621.43	4.8%	\$663.09	219	4.5%
2014	281	\$8.1B	9.4%	\$39,704,929	\$531.95	5.0%	\$573.51	189	4.8%
2013	221	\$2.9B	4.9%	\$18,177,115	\$374.44	5.3%	\$480.29	158	5.2%
2012	307	\$6.4B	9.8%	\$36,369,869	\$440.08	5.3%	\$410.07	135	5.6%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$355.55	104	6.0%
2026	-	-	-	-	-	-	\$350.58	103	6.2%
2025	-	-	-	-	-	-	\$402.33	118	6.3%
2024	-	-	-	-	-	-	\$480.08	141	6.3%
2023	-	-	-	-	-	-	\$623.93	183	5.8%
YTD	3	\$154.8M	0.3%	\$51,600,000	\$510.31	-	\$732.44	214	5.3%
2022	10	\$1.1B	1.2%	\$133,598,596	\$1,045.67	-	\$767.34	225	5.2%
2021	30	\$3.5B	7.0%	\$177,288,994	\$824.47	5.0%	\$851.78	249	4.6%
2020	9	\$2.3B	2.3%	\$254,000,244	\$1,044.37	-	\$826	242	4.7%
2019	37	\$5.8B	7.4%	\$165,619,364	\$882.68	4.7%	\$868.29	254	4.6%
2018	25	\$2.5B	4.3%	\$107,866,103	\$721.67	4.8%	\$806.32	236	4.6%
2017	29	\$3.2B	6.1%	\$115,335,742	\$636.08	5.5%	\$746.68	219	4.6%
2016	34	\$4.6B	8.6%	\$152,637,185	\$645.90	4.4%	\$751.22	220	4.4%
2015	37	\$3.1B	7.9%	\$146,331,953	\$690.48	4.6%	\$722.05	211	4.4%
2014	46	\$6.1B	12.5%	\$131,765,466	\$587.80	4.0%	\$630.87	185	4.6%
2013	19	\$1.7B	4.9%	\$91,036,662	\$427.37	4.9%	\$533.76	156	5.0%
2012	37	\$5.1B	12.3%	\$140,683,365	\$504.24	4.9%	\$458.69	134	5.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

# Sale Trends

San Francisco Office

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$306.44	119	6.3%
2026	-	-	-	-	-	-	\$302.08	117	6.4%
2025	-	-	-	-	-	-	\$346.55	134	6.5%
2024	-	-	-	-	-	-	\$413.06	160	6.5%
2023	-	-	-	-	-	-	\$534.87	207	6.1%
YTD	7	\$164.1M	0.7%	\$27,347,660	\$595.85	6.6%	\$624.96	242	5.6%
2022	36	\$468.7M	1.4%	\$13,784,489	\$633.33	5.2%	\$649.16	251	5.4%
2021	33	\$922M	3.2%	\$28,812,606	\$533.63	5.0%	\$710.52	275	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$806.16	-	\$703.31	272	4.9%
2019	81	\$2.4B	5.9%	\$39,220,157	\$753.51	5.5%	\$733.18	284	4.8%
2018	53	\$1.3B	4.2%	\$29,466,437	\$588.20	5.2%	\$678.43	263	4.8%
2017	46	\$578.4M	2.3%	\$14,831,164	\$503.62	5.8%	\$626.78	243	4.8%
2016	80	\$1.9B	10.0%	\$31,834,641	\$473.37	5.2%	\$623.46	241	4.7%
2015	64	\$1.5B	7.9%	\$36,301,684	\$551.48	5.0%	\$590.37	228	4.7%
2014	84	\$1.4B	6.8%	\$21,610,279	\$415.77	5.7%	\$506.05	196	5.0%
2013	70	\$848.3M	4.3%	\$14,881,678	\$377.82	5.2%	\$417.74	162	5.4%
2012	79	\$1B	8.0%	\$18,839,900	\$317.65	5.8%	\$355.29	138	5.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$281.94	110	6.5%
2026	-	-	-	-	-	-	\$277.89	109	6.6%
2025	-	-	-	-	-	-	\$318.70	124	6.7%
2024	-	-	-	-	-	-	\$379.51	148	6.7%
2023	-	-	-	-	-	-	\$489.86	191	6.3%
YTD	10	\$74.2M	0.2%	\$7,415,500	\$976.29	-	\$570.87	223	5.8%
2022	51	\$315.3M	2.8%	\$7,333,570	\$593.49	4.2%	\$591.79	231	5.6%
2021	61	\$373.8M	1.7%	\$6,127,936	\$692.97	4.9%	\$662.96	259	5.0%
2020	46	\$741.9M	1.5%	\$16,127,176	\$1,503.52	4.4%	\$682.12	266	4.9%
2019	112	\$566.5M	3.0%	\$10,688,340	\$765.78	3.8%	\$735.20	287	4.8%
2018	114	\$477.2M	3.4%	\$7,456,676	\$600.74	4.5%	\$689.10	269	4.8%
2017	145	\$512.4M	4.6%	\$8,539,364	\$551.42	4.7%	\$638.13	249	4.8%
2016	93	\$466.2M	3.5%	\$8,324,582	\$556.73	4.6%	\$633.20	247	4.6%
2015	137	\$531.8M	4.1%	\$6,484,816	\$511.81	4.6%	\$597.48	233	4.6%
2014	151	\$637.4M	5.9%	\$6,781,293	\$407.11	5.4%	\$504	197	4.9%
2013	132	\$330.4M	5.7%	\$3,933,168	\$224.04	6.2%	\$414.87	162	5.4%
2012	191	\$282.8M	6.8%	\$3,326,720	\$232.56	5.4%	\$347	135	5.9%

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