



Office Market Report

San Francisco - CA

PREPARED BY



OFFICE MARKET REPORT

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12 Mo Deliveries in SF

1.7M

12 Mo Net Absorption in SF

(6.5M)

Vacancy Rate

18.9%

12 Mo Rent Growth

-4.3%

Approaching the end of the third quarter of 2023, there is a growing acceptance among participants in the San Francisco office market that weak leasing conditions are not going away in the immediate future and that office values have fallen substantially below their pre-pandemic levels.

The repricing of office assets in downtown San Francisco moved into gear in the third quarter as bids were accepted for two office buildings. These were cases of owner-users getting rid of buildings that were no longer required. High vacancy levels influenced the prices achieved. Nevertheless, the reported sale prices were notably low. First, a building previously occupied by Union Bank at 350 California Street sold for between \$200-\$225/SF. Then, a building previously occupied by Wells Fargo at 550 California Street sold for between \$120-\$130/SF. Several other buildings are currently being offered with price guidance well below previous sale values.

The persistence of high interest rates and weak operating performance is also making it hard for some building owners to meet their mortgage financing obligations. Buildings with declining net operating income, variable interest rate loans, and upcoming loan maturities, are in negotiation with lenders to adjust or extend terms and face the prospect of losing control of their buildings. Among those properties with loans that have been securitized through commercial mortgage-backed securities, 40 properties have loans that mature in the next two years. Of these, 19 are on the loan servicer's watchlist, with a total of 2.3 million square feet. Moreover, six properties are currently either delinquent or in default. This latter group includes some buildings where the owner has already walked away. For example, in February 2023, Columbia Property Trust defaulted on a loan backed by seven properties, including 201 California Street and 650 California Street. Further, in

May, a loan tied to WeWork's property at 600 California Street defaulted.

The driving force behind the investment market repricing and distress is the continued deterioration in office leasing. Office vacancy levels shot up from around 7% in 2019 to 18.9% currently across the whole market and upwards of 25% in the San Francisco financial district. The first months of 2023 witnessed several large availabilities, as tech companies including Salesforce, Meta and Slack gave up large blocks of surplus space. The current situation shows no sign of improvement in the short term. Excluding owner-occupied buildings, downtown availability stands at 33%. 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 available for below \$35/SF.

Up until recently, downtown San Francisco has borne the brunt of the collapse in office demand. However, areas outside of downtown, including the northern part of the San Francisco peninsula, are now seeing rising vacancy levels. Most notably, in March, Meta added over 500,000 SF of sublet space close to its headquarters in Menlo Park, thereby pushing the vacancy rate in that submarket above 20%.

In South San Francisco, the life sciences industry, which has been the source of strong growth amid demand from biotechnology companies, is facing headwinds. Venture capital, which is the main source of financing for start-up biotechs, has reduced sharply in response to rising interest rates and weaker valuations. The biotech sector is the main target of new lab space and flex space development, and weaker demand is coinciding with a slew of new deliveries, which may push vacancy rates higher 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	102,203,541	21.0%	\$64.02	26.9%	(113,031)	0	2,668,110
3 Star	54,962,490	17.1%	\$51.57	24.3%	41,976	0	283,058
1 & 2 Star	32,044,749	15.2%	\$44.32	17.4%	(99,560)	0	0
Market	189,210,780	18.9%	\$57.15	24.6%	(170,615)	0	2,951,168

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.2%	9.6%	33.2%	18.9%	2023 Q3	1.3%	2000 Q2
Net Absorption SF	(6.5M)	527,269	(8,387,702)	7,041,036	2000 Q2	(10,121,939)	2021 Q1
Deliveries SF	1.7M	1,940,578	695,618	5,629,905	2002 Q2	61,810	2006 Q2
Rent Growth	-4.3%	3.2%	-7.3%	29.8%	2000 Q3	-32.3%	2002 Q1
Sales Volume	\$798M	\$3.4B	N/A	\$9.3B	2007 Q3	\$261.4M	2002 Q2

Leasing conditions in the third quarter remain muted, with tenants reducing their leased space in response to the changed nature and location of office work. While most tenants have now settled on their space strategy, the process of delivering that strategy continues to play out as leases reach their expiration dates.

Office utilization in downtown San Francisco, as measured by Kastle Data Systems keycard activity, has increased slightly since last year, but has been generally flat in the current quarter, at around 45% of pre-pandemic levels. In common with other US cities, office usage peaks in the midweek and falls on Mondays and Fridays, suggesting wide acceptance of hybrid working patterns. The midweek peak is around 55%.

The overall vacancy rate for the San Francisco Market increased to 18.9% in the third quarter and is forecast to rise further, having now passed the previous high point of 16% that occurred during the dotcom bust in 2002. With 12.6 million SF of sublease space available, the availability rate has increased to 24.6%, 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 -6.5 million SF, much of that newly available sublet space will likely become vacant as leases roll over.

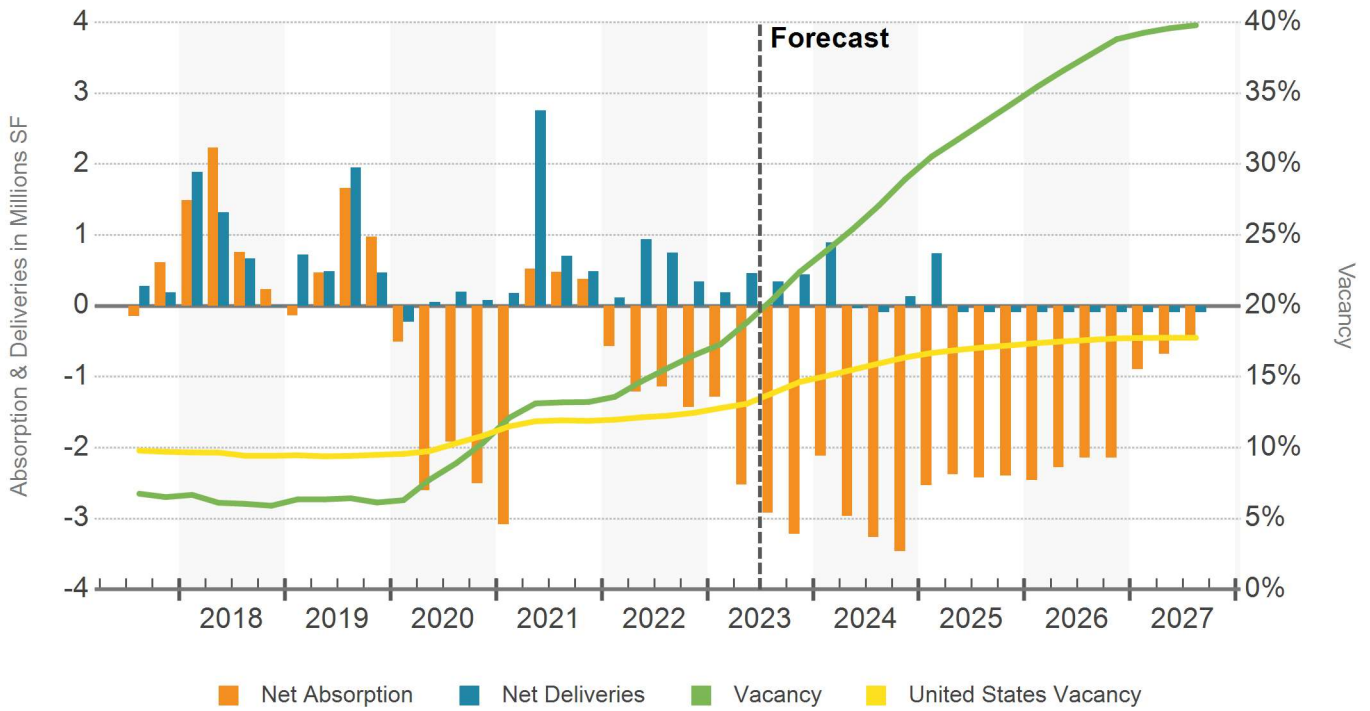
Downtown San Francisco, which encompasses the financial district and neighboring submarkets, has by many measures witnessed the steepest decline of all office markets in the nation. Average vacancy among leased office buildings increased from under 7% in 2019 to over 26% in 2023q3. Moreover, one third of leased

space is currently available. Tech companies are among the most prominent additions to availability in 2023. 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.

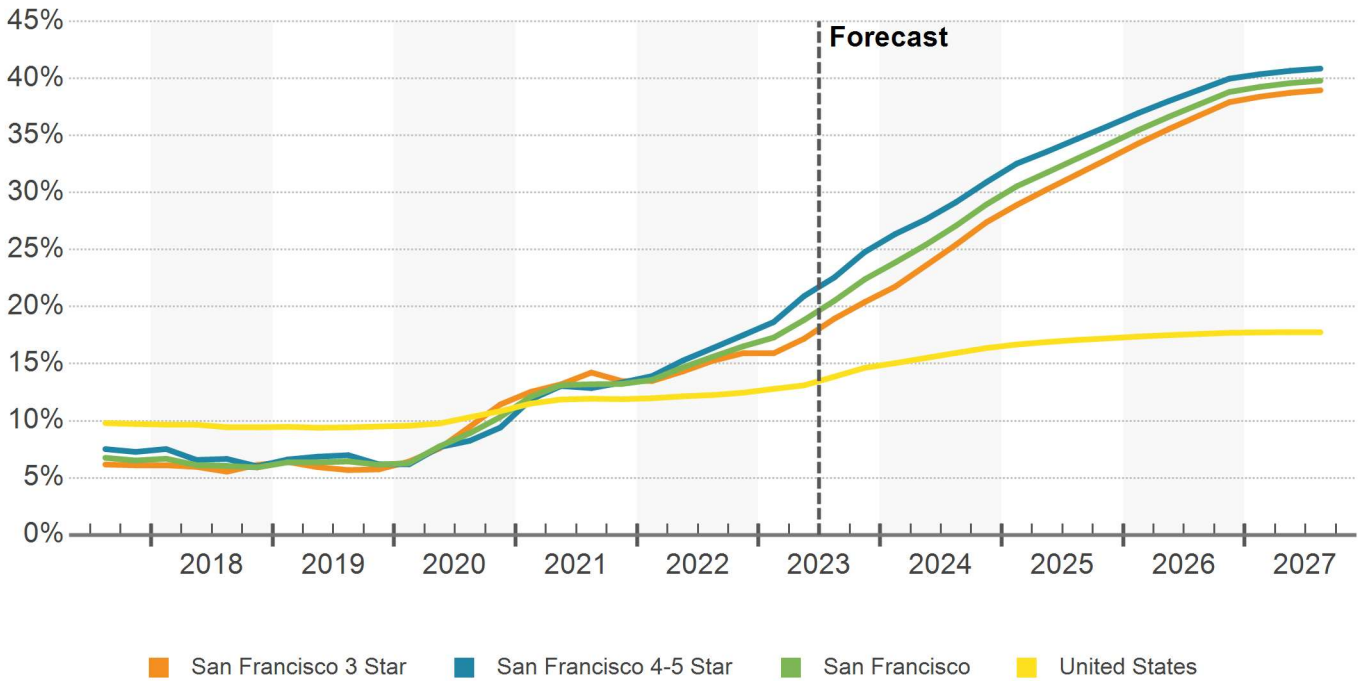
Tenants do continue to sign new leases in downtown San Francisco, but the number of transactions and the average lease size is notably lower than pre-pandemic averages. Renewals often include a reduction in space, although the amount varies. For example, in June 2023, Stifel, Nicolaus & Company renewed at One Montgomery St., reducing the size of its lease from five floors to four.

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 a few larger leasing deals have closed. In 2023, Roblox took 188,000 SF at 2850 Delaware St. in San Mateo. The stronger performance in these submarkets partly reflects a higher representation of lab space in Peninsula office properties catering to good demand from the biotech industry, and tech companies that have been established for much longer than those that took large leases in downtown San Francisco during the pre-pandemic years. Nevertheless, the listing by Meta in March 2023 of over 500,000 SF of space for sublease in Menlo Park has pushed leased office vacancy above 20% in that submarket and may signal further weakness in the coming quarters.

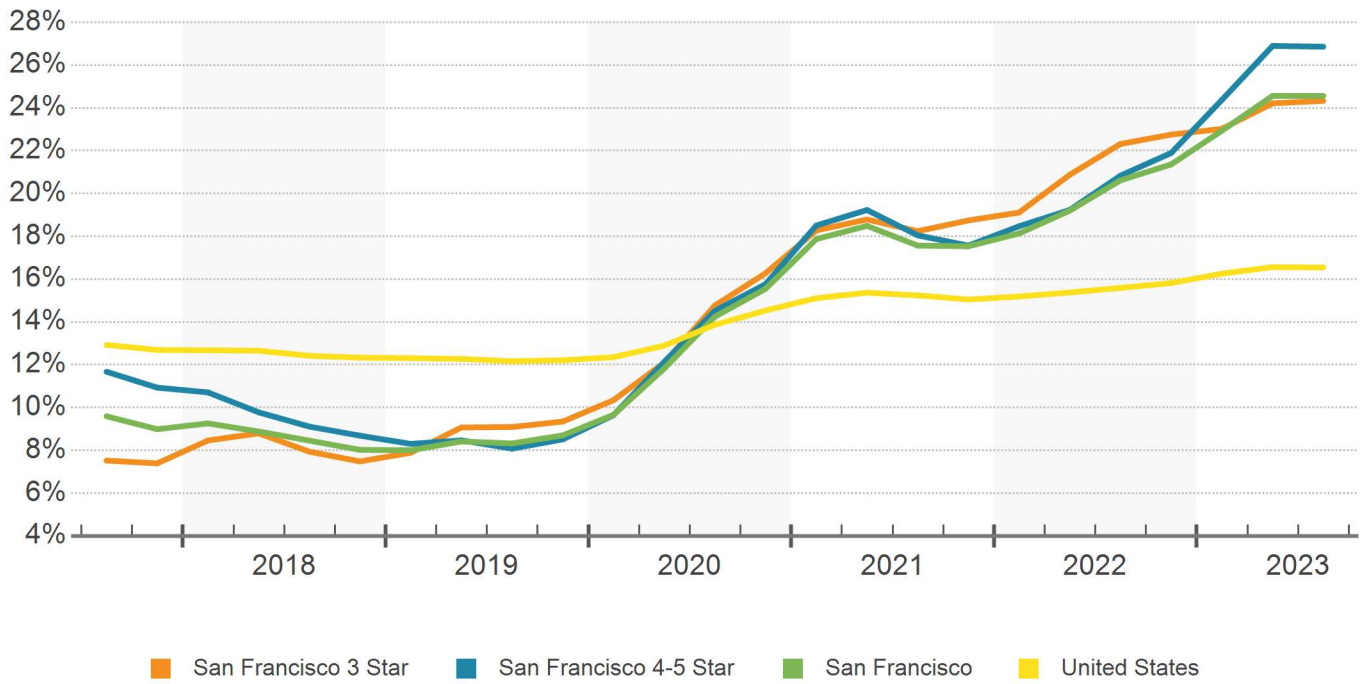
NET ABSORPTION, NET DELIVERIES & VACANCY



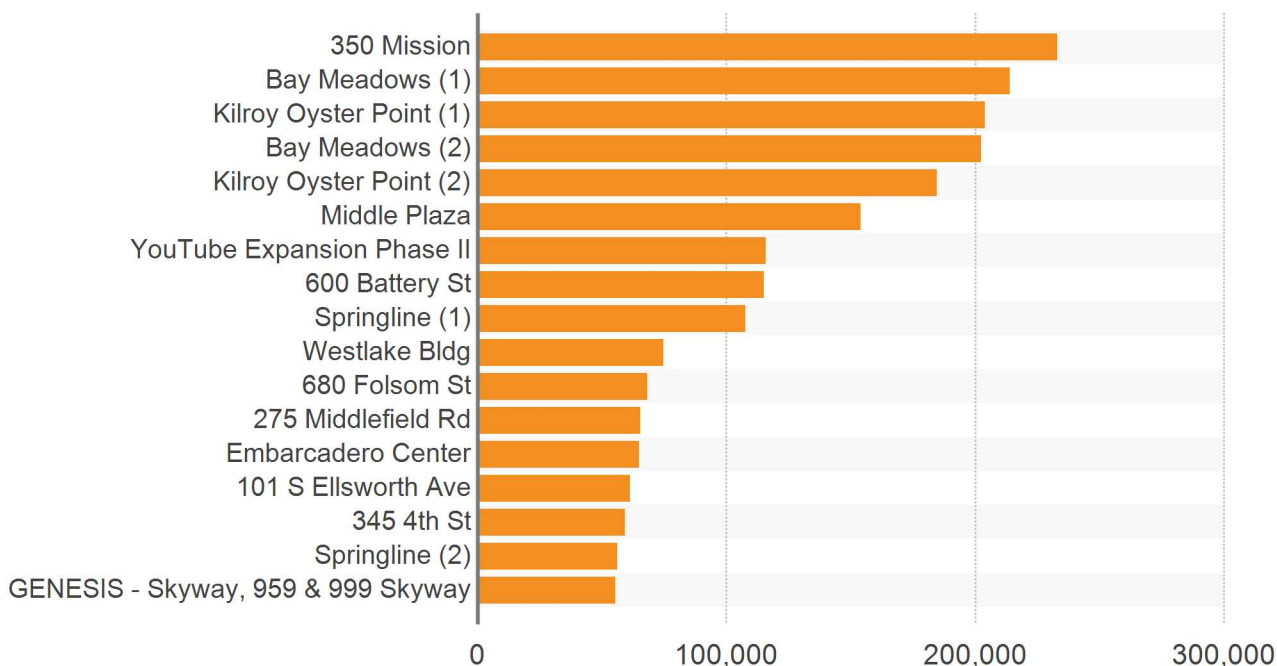
VACANCY RATE



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
Bay Meadows (1)	San Mateo	213,999	0	0	213,999	0	0	213,999
Kilroy Oyster Point (1)	South San Francisco	220,872	0	0	0	0	0	204,066
Bay Meadows (2)	San Mateo	219,000	0	0	0	0	0	202,336
Kilroy Oyster Point (2)	South San Francisco	200,000	0	0	0	0	0	184,782
Middle Plaza	Menlo Park	154,000	0	154,000	0	0	0	154,000
YouTube Expansion Phase II	San Bruno/Millbrae	116,000	0	0	116,000	0	0	116,000
600 Battery St	Jackson Square	126,000	0	0	0	0	0	115,070
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	74,866
680 Folsom St	South Financial District	456,131	71,084	0	0	0	0	68,383
275 Middlefield Rd	Menlo Park	130,935	0	0	65,435	0	0	65,435
Embarcadero Center	Financial District	914,264	205,356	43,135	36,827	0	0	65,008
101 S Ellsworth Ave	San Mateo	114,658	11,998	33,756	0	0	0	61,275
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	56,337
GENESIS - Skyway, 959 & 999...	Belmont/San Carlos	124,810	0	55,496	0	0	0	55,496
Subtotal Primary Competitors		3,900,343	311,887	613,236	446,657	0	0	2,036,990
Remaining San Francisco Market		185,310,437	35,465,653	(1,903,367)	(2,971,779)	(170,615)	0	(8,511,015)
Total San Francisco Market		189,210,780	35,777,540	(1,290,131)	(2,525,122)	(170,615)	0	(6,474,025)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Levi's Plaza *	Waterfront/North Beach	354,614	Q4 22	Levi Strauss & Co.	-	-
Mission Bay Office Campus *	Mission Bay/China Basin	234,537	Q1 23	Cisco Meraki Inc	-	-
Electronic Arts Campus	Foster City/Redwood Shrs	209,960	Q3 22	Electronic Arts, 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
One Montgomery Tower *	Financial District	68,446	Q2 23	Stifel, Nicolaus & Compan...	-	JLL
100 Stockton St	Union Square	65,412	Q4 22	Convене	Cushman & Wakefield	Cushman & Wakefield
Menlo Corporate Center *	Menlo Park	62,920	Q2 23	E*TRADE	JLL	-
160 Spear St *	South Financial District	57,625	Q4 22	Databricks Inc.	-	-
100 First	South Financial District	57,117	Q2 23	-	-	Colliers
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
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
Springline	Menlo Park	36,000	Q4 22	Norwest Venture Partners	JLL	Newmark
The Cove at Oyster Point	South San Francisco	34,988	Q2 23	-	-	CBRE
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
The Embarcadero *	Jackson Square	26,000	Q4 22	Bloomberg	-	-
601 Marshall St	Redwood City	25,450	Q4 22	MOLOCO, Inc	-	-

Renewal

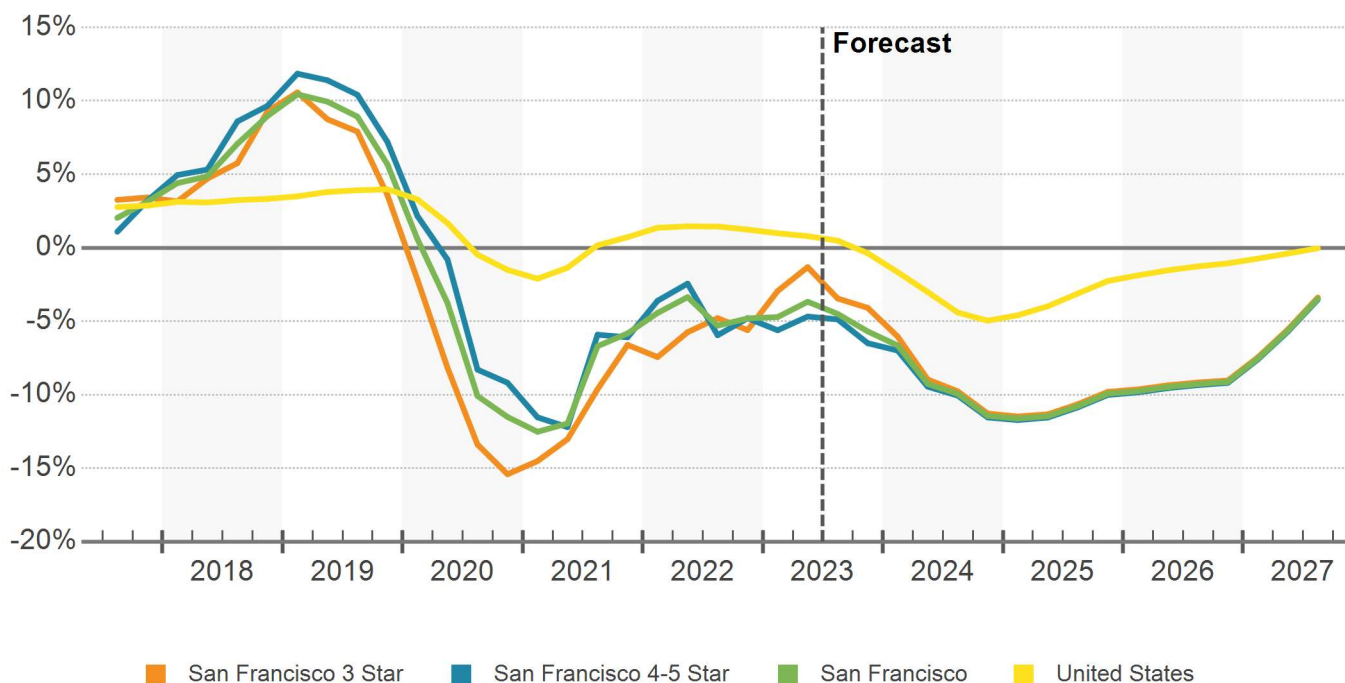
Weakness in the office leasing market continues to drive rents downwards. San Francisco average asking rents, at \$57/SF, are down from a peak of \$74/SF in the second half of 2019. As of the third quarter of 2023, rents are -4.3% below where they were this time last year.

With 6.6% 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 and achieve longer lease terms by offering higher tenant improvement allowances and longer rent free periods. This appeals to 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

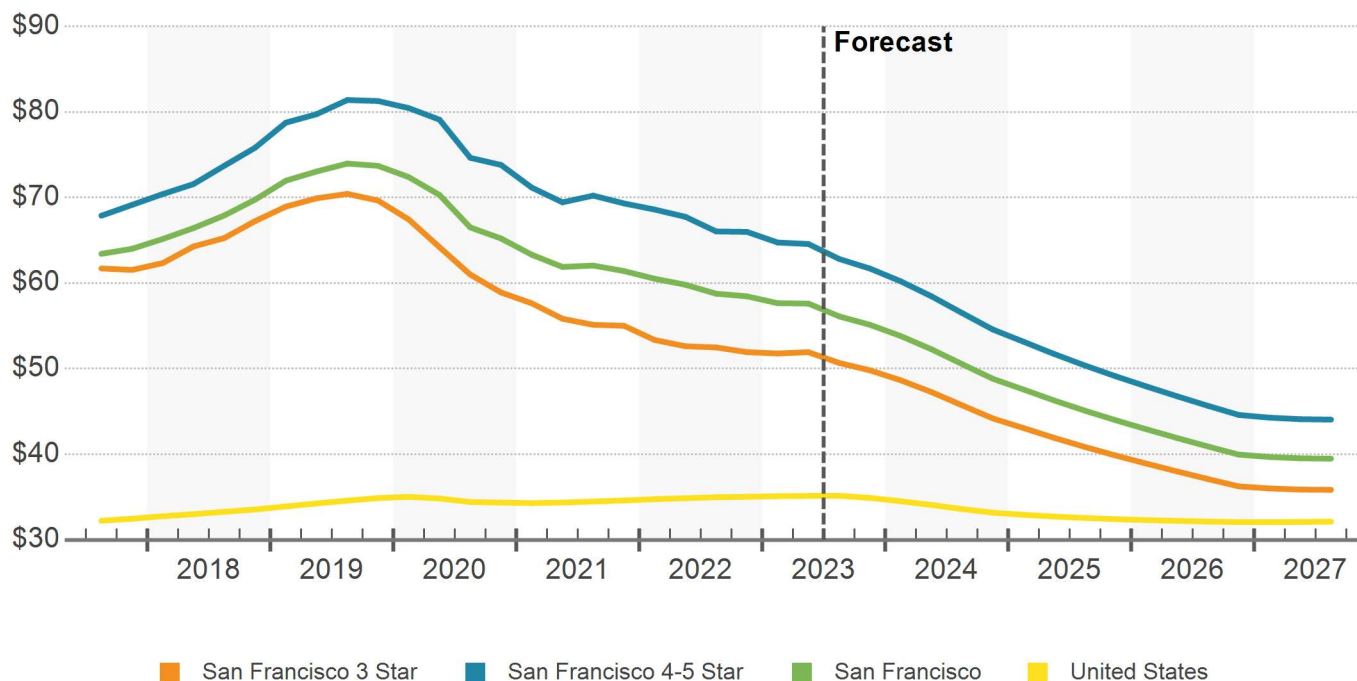
being advertised below \$35/SF.

While the 22% fall in rents from 2019 appears steep, it is still significantly less than the corresponding increase that occurred during the previous boom. 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.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Francisco	\$1.17	\$2.22	\$1.57	\$7.98	\$7.69	\$20.63
San Mateo Central County	\$1.14	\$1.56	\$1.52	\$8.49	\$6.53	\$19.24
San Mateo North County	\$1.06	\$1.63	\$1.63	\$9.77	\$5.84	\$19.93
San Mateo South County	\$1.05	\$1.64	\$1.62	\$7.01	\$5.54	\$16.86
SF Downtown Core	\$1.10	\$3.26	\$1.68	\$8.12	\$10.67	\$24.83
SF Downtown North	\$0.99	\$2.66	\$1.57	\$7.56	\$9.73	\$22.51
SF Downtown South	\$1.53	\$2.51	\$1.36	\$7.01	\$7.82	\$20.23
SF Downtown West	\$0.80	\$2.57	\$1.59	\$7.73	\$8.88	\$21.57
SF Outer Areas	\$1.08	\$2.76	\$2.08	\$4.32	\$9.90	\$20.14
SF Southeast	\$1.83	\$1.87	\$1.26	\$8.95	\$7.75	\$21.66

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
San Francisco	\$0.99	\$1.73	\$1.22	\$6.30	\$5.82	\$16.06
San Mateo Central County	\$1.01	\$0.96	\$1.06	\$7.27	\$5.62	\$15.92
San Mateo North County	\$0.97	\$0.96	\$1.06	\$6.70	\$5.13	\$14.82
San Mateo South County	\$0.95	\$0.95	\$1.08	\$9.05	\$4.99	\$17.02
San Mateo West County	\$0.70	\$0.88	\$0.98	\$5.67	\$5.25	\$13.48
SF Downtown Core	\$1.04	\$3.07	\$1.50	\$6.08	\$6.85	\$18.54
SF Downtown North	\$0.91	\$2.47	\$1.38	\$5.34	\$5.97	\$16.07
SF Downtown South	\$1.37	\$2.38	\$1.29	\$5.31	\$5.78	\$16.13
SF Downtown West	\$0.71	\$2.39	\$1.42	\$5.10	\$6.41	\$16.03
SF Outer Areas	\$0.65	\$1.04	\$1.12	\$4.29	\$6.40	\$13.50
SF Southeast	\$1.09	\$1.67	\$1.19	\$5.51	\$6.12	\$15.58

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
San Francisco	\$0.74	\$1.43	\$0.98	\$5.13	\$2.30	\$10.58
San Mateo Central County	\$0.69	\$0.93	\$1.03	\$5.75	\$2.55	\$10.95
San Mateo North County	\$0.70	\$0.94	\$1.03	\$4.32	\$1.80	\$8.79
San Mateo South County	\$0.70	\$0.95	\$1.08	\$6.17	\$1.67	\$10.57
San Mateo West County	\$0.64	\$0.95	\$1.07	\$5.47	\$1.99	\$10.12
SF Downtown Core	\$0.97	\$2.66	\$0.86	\$5.76	\$3.40	\$13.65
SF Downtown North	\$0.85	\$2.25	\$0.80	\$5.81	\$2.72	\$12.43
SF Downtown South	\$0.91	\$2.27	\$0.82	\$4.31	\$2.73	\$11.04
SF Downtown West	\$0.71	\$2.19	\$0.80	\$4.79	\$2.79	\$11.28
SF Outer Areas	\$0.66	\$1.07	\$1.10	\$4.90	\$2.16	\$9.89
SF Southeast	\$0.69	\$1.30	\$0.99	\$3.01	\$2.19	\$8.18
Treasure/Yerba Buena Island	\$0.49	\$0.96	\$1.08	\$3.50	\$2.55	\$8.58

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

SUBMARKET CONSTRUCTION

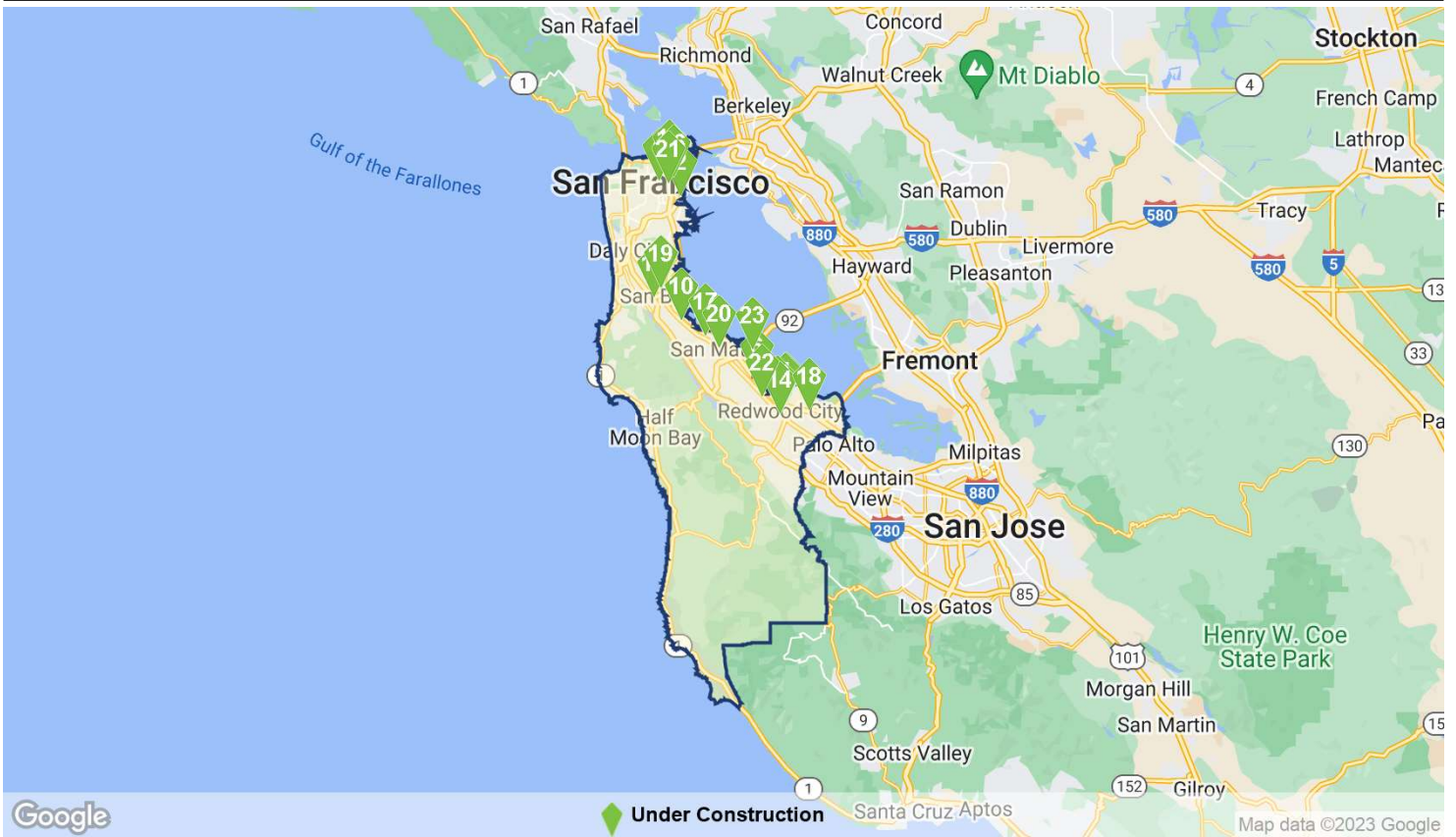
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Redwood City	6	1,095	612	55.9%	7	25,324	182,437	4
2	San Bruno/Millbrae	3	556	371	66.7%	6	28,680	185,295	3
3	South San Francisco	2	375	375	100%	1	50,832	187,500	2
4	MidMarket	1	235	235	100%	1	97,521	235,071	1
5	Burlingame	2	230	194	84.7%	5	31,255	114,803	5
6	Foster City/Redwood Shrs	2	225	5	2.2%	8	95,608	112,500	6
7	South Financial District	1	78	78	100%	1	191,043	77,589	7
8	South of Market	1	51	0	0%	9	21,352	51,223	8
9	Menlo Park	1	35	35	100%	1	39,050	34,708	9
10	San Mateo	1	30	0	0%	9	32,804	29,662	10
	All Other	2	43	0	0%		41,547	21,402	
Totals		22	2,951	1,905	64.5%		46,330	134,144	

Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
23	3,277,418	1.7%	68.1%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Bldg 1 50 Tanforan Ave	★★★★★	345,000	6	Jan 2023	Jan 2025	Lane Partners Lane Partners
2 Block 15 Station A 420 23rd St	★★★★☆	326,250	13	Jul 2021	Dec 2023	Associate Capital Associate Capital
3 Bldg 3 340 Blomquist St	★★★★★	241,222	6	Jul 2022	Nov 2023	Jay Paul Company Jay Paul Company
4 Bldg 2 340 Blomquist St	★★★★★	241,222	6	Nov 2022	Nov 2023	Jay Paul Company Jay Paul Company
5 Office 30 Van Ness Ave	★★★★☆	235,071	8	Feb 2023	Dec 2024	Carmel Partners LendLease Real Estate Investme...
6 200 Twin Dolphin Dr	★★★★☆	220,000	5	Jun 2023	Nov 2024	Sand Hill Property Company Sand Hill Property Company
7 Bldg E 1303 Main St	★★★★☆	203,332	2	Jan 2023	Dec 2023	Greystar Real Estate Partners Greystar Real Estate Partners

Under Construction Properties

San Francisco Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 230 Harriet Tubman Way	★ ★ ★ ★ ☆	200,000	6	Jan 2022	Jan 2024	-
9 220 Park Rd	★ ★ ★ ★ ☆	185,000	6	Sep 2021	Jan 2024	Sares-Regis Group Dostart Development Company,...
10 231 Adrian Rd	★ ★ ★ ★ ☆	185,000	6	Jan 2022	Jan 2025	-
11 901 Cherry Ave	★ ★ ★ ☆ ☆	170,885	3	Jan 2022	Aug 2023	- Alphabet
12 San Mateo County Office... 617 Hamilton St	★ ★ ★ ★ ☆	156,000	5	Aug 2021	Aug 2023	Truebeck Construction County Board Of Supervisors
13 Bldg B 1601 El Camino Real	★ ★ ★ ★ ☆	142,058	4	Sep 2022	Dec 2023	Greystar Real Estate Partners Ben Kopf
14 Bldg D 121 Beech St	★ ★ ★ ★ ☆	110,788	3	Apr 2023	Dec 2023	Greystar Real Estate Partners -
15 45 3rd St	★ ★ ★ ★ ☆	77,589	6	May 2022	Jan 2024	JMA Ventures Hearst
16 531 Bryant St	★ ★ ★ ★ ☆	51,223	6	Jan 2023	Apr 2024	Urban Land Development Urban Land Development
17 250 California Dr	★ ★ ★ ★ ☆	44,605	4	Nov 2020	Sep 2023	Dewey Land Company, Inc. Divco West Services, LLC
18 104 Constitution Dr	★ ★ ★ ☆ ☆	34,708	1	Apr 2022	Dec 2023	Greystar Real Estate Partners Greystar Real Estate Partners
19 Phase1 B2 Amenities 50 Tanforan Ave	★ ★ ★ ★ ★	30,000	-	Jan 2023	Jan 2025	Lane Partners Lane Partners
20 300 S Ellsworth Ave	★ ★ ★ ☆ ☆	29,662	4	Feb 2023	Feb 2025	Lane Partners Lane Partners
21 828 Brannan St	★ ★ ★ ☆ ☆	24,956	2	Feb 2023	Feb 2024	-
22 993 Laurel St	★ ★ ★ ☆ ☆	17,847	3	Apr 2022	Aug 2023	- John A Baer
23 Family Dental 581 Foster City Blvd	★ ★ ★ ☆ ☆	5,000	1	Aug 2022	Dec 2023	-

Office sales volume in San Francisco in the 12 months prior to 2023q3, \$788 million, was the lowest in the past decade, and continues to track well below the 10-year annual average of \$5.0 billion.

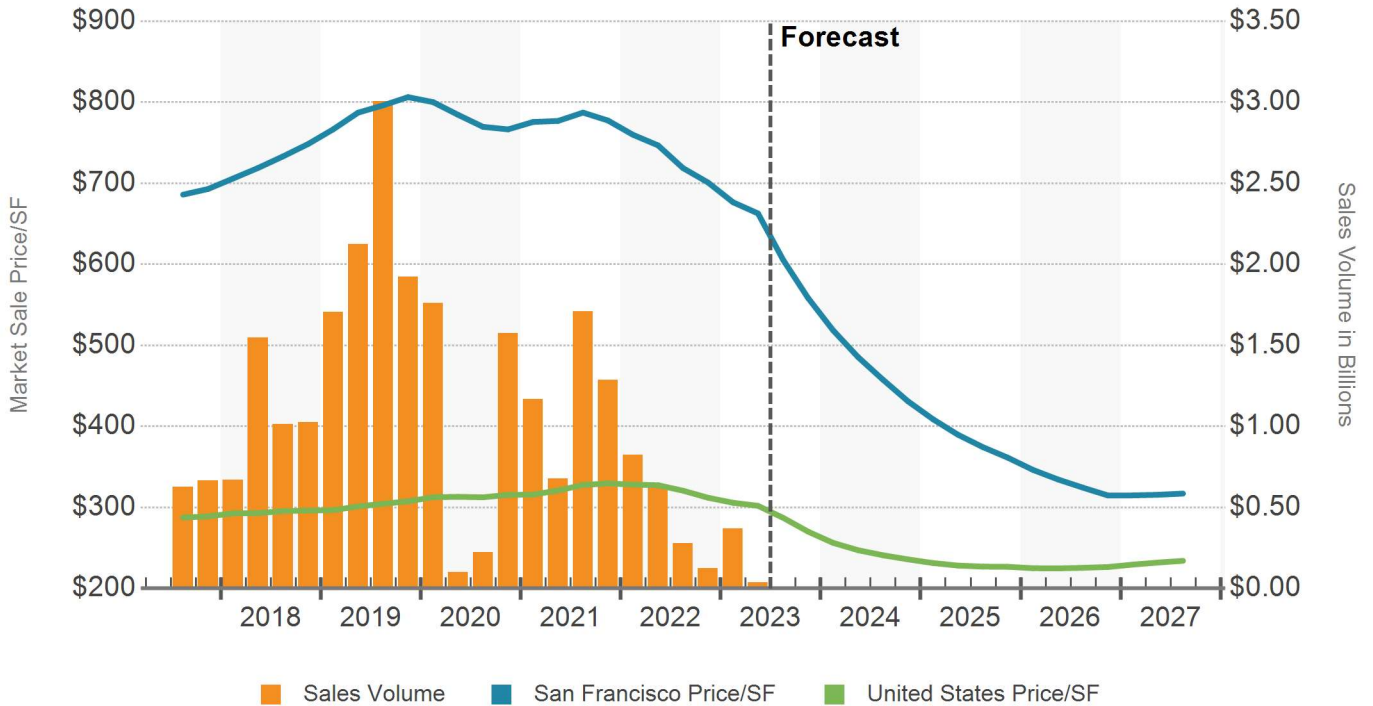
Approaching the end of the third quarter, owners are showing signs of acceptance that weak leasing conditions are set to continue in the immediate future and that office values have fallen substantially below their pre-pandemic levels. Thus, the gap between buyer and seller expectations is narrowing, with pricing falling to levels not seen for many years.

In downtown San Francisco, this was evident in the third quarter as bids were accepted for two owner-occupied office buildings that were no longer needed. High vacancy levels influenced the prices achieved. Nevertheless, the sale values were notably low. First, the Union Bank building at 350 California Street sold for between \$200-\$225/SF. Next, the Wells Fargo property at 550

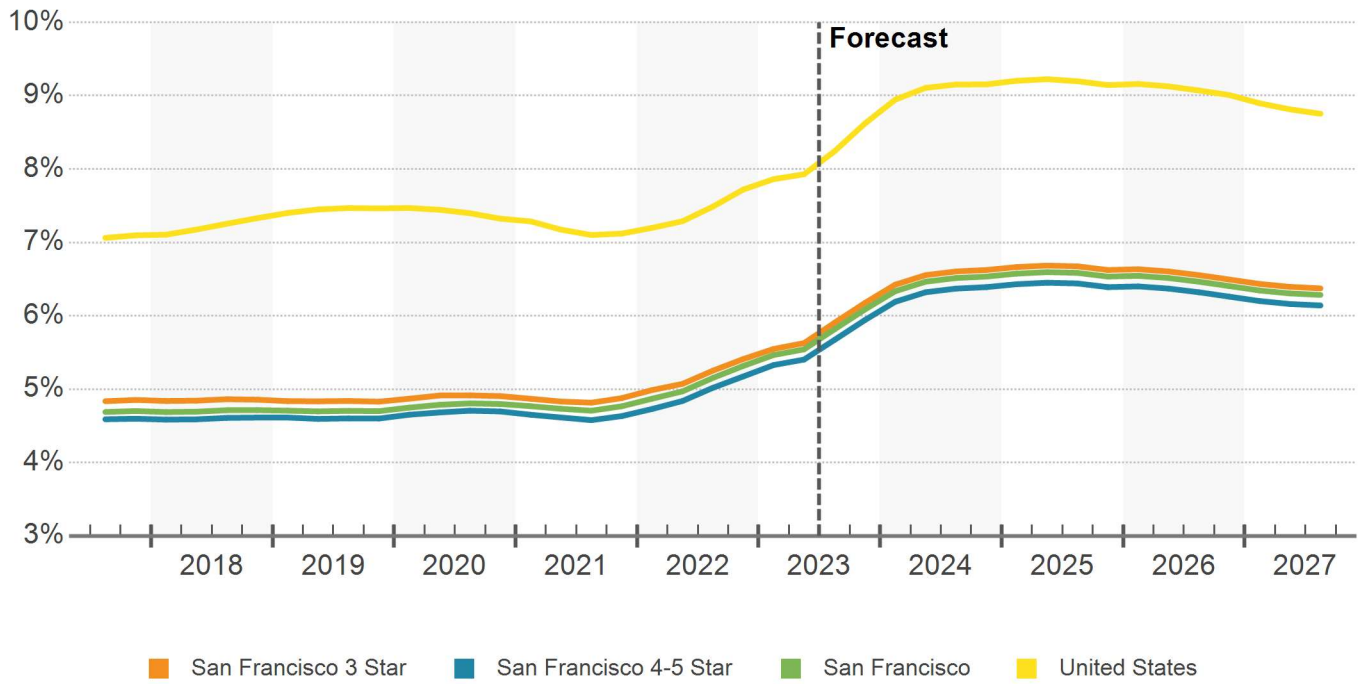
California Street sold for between \$120-\$130/SF. Earlier, in February 2023, the Sobrato Organization purchased 1 Harrison St. for around \$80 million, or \$465/SF. The building was the former headquarters of Athleta and was sold by owner Gap.

Distressed sales are also set to increase. Among those properties with loans that have been securitized through commercial mortgage-backed securities, 40 properties have loans that mature in the next two years. Of these, 19 are on the loan servicer's watchlist, with a total of 2.3 million square feet, while six properties are currently either delinquent or in default. This latter group includes some buildings where the owner has already walked away. For example, in February 2023, Columbia Property Trust defaulted on a loan backed by seven properties, including 201 California Street and 650 California Street. Further, in May, a loan tied to WeWork's property at 600 California Street defaulted.

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

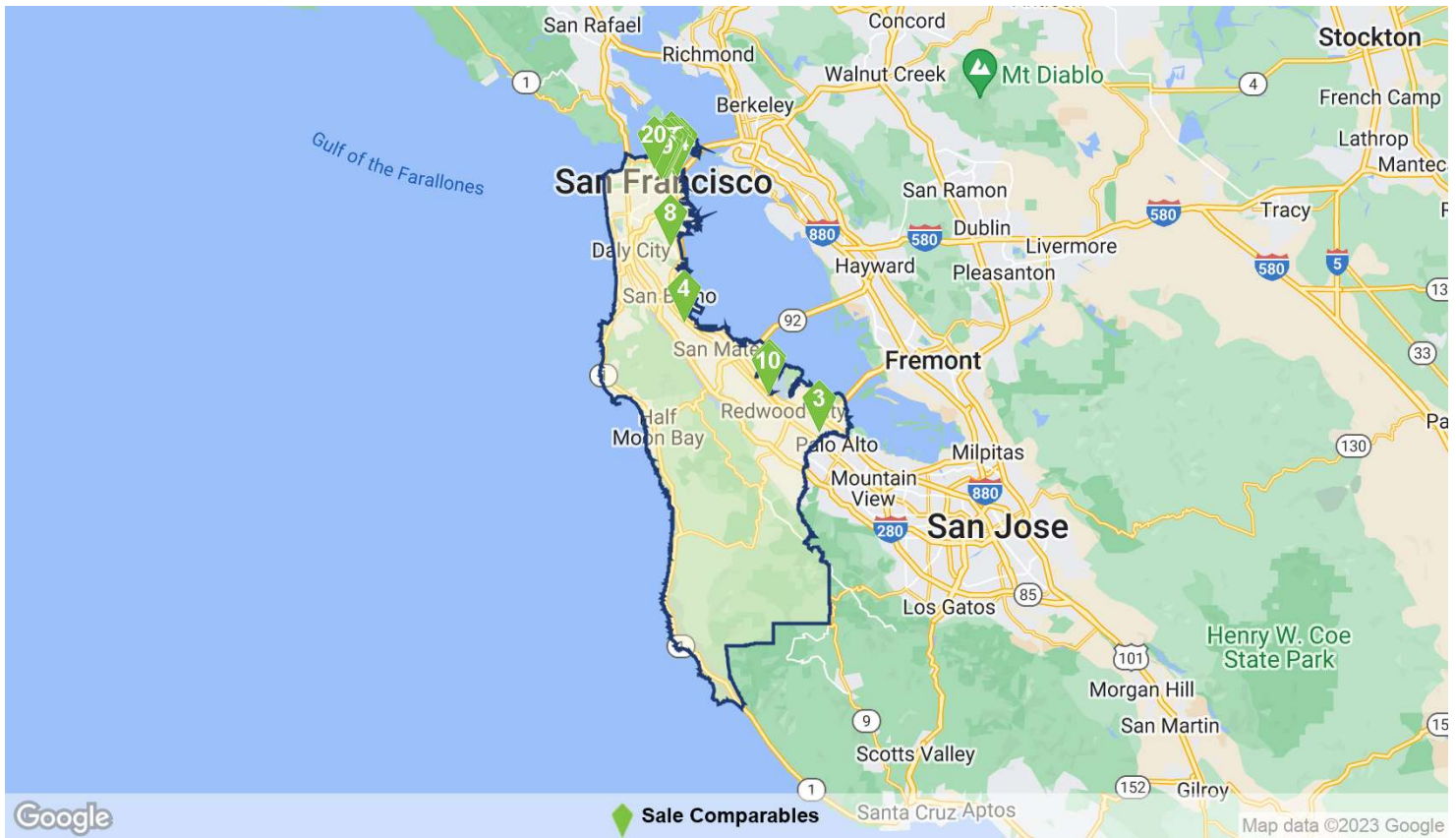
79

5.5%

\$713

8.4%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,000,000	\$20,224,962	\$6,250,000	\$155,000,000
Price/SF	\$178	\$713	\$646	\$3,655
Cap Rate	3.6%	5.5%	5.5%	6.6%
Time Since Sale in Months	0.2	6.8	7.2	11.9
Property Attributes	Low	Average	Median	High
Building SF	1,250	33,720	16,215	200,000
Stories	1	3	3	8
Typical Floor SF	822	10,059	5,778	41,603
Vacancy Rate At Sale	0%	8.4%	0%	100%
Year Built	1900	1953	1962	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 Peninsula Life Science C... 1828 El Camino Real	★★★★★	1974	65,804	0%	12/22/2022	\$59,350,000	\$902	5.7%
5 345 4th St	★★★★★	2022	59,337	0%	1/10/2023	\$52,800,000	\$890	-
6 Skyway Landing Bldg 2 999 Skyway Rd	★★★★★	2000	124,810	0%	2/8/2023	\$51,577,068	\$413	-
7 Skyway Landing 959 Skyway Rd	★★★★★	2000	119,200	0%	2/8/2023	\$50,422,932	\$423	-
8 150 N Hill Dr	★★★★★	1983	73,966	0%	9/1/2022	\$49,800,000	\$673	-
9 807 Montgomery St	★★★★★	1909	10,397	0%	1/24/2023	\$38,000,000	\$3,655	-
10 The Brittan Building 990 Industrial Rd	★★★★★	1990	23,703	9.7%	10/20/2022	\$22,000,000	\$928	-
11 40 Jessie St	★★★★★	1913	37,000	0%	5/4/2023	\$17,600,000	\$476	-
12 1076 Howard St	★★★★★	1986	16,668	0%	7/18/2022	\$17,535,500	\$1,052	4.9%
13 550 3rd St	★★★★★	1921	20,127	0%	9/9/2022	\$12,500,000	\$621	-
14 414 Brannan St	★★★★★	1924	13,696	0%	8/4/2022	\$12,050,000	\$880	-
15 123-133 Kearny St	★★★★★	1909	26,446	19.5%	3/31/2023	\$10,400,000	\$393	6.6%
16 1155 Mission St	★★★★★	1914	15,678	0%	10/4/2022	\$9,500,000	\$606	-
17 701 Sutter St	★★★★★	1910	19,250	39.0%	11/14/2022	\$8,350,000	\$434	-
18 Yully Bldg 1210-1212 Market St	★★★★★	1907	23,700	70.0%	7/15/2022	\$7,666,000	\$323	-
19 131 Franklin St	★★★★★	1909	9,580	0%	2/21/2023	\$6,300,000	\$658	-
20 California Pacific Medical... 2323 Sacramento St	★★★★★	1965	15,626	0%	5/30/2023	\$6,250,000	\$400	-

From Gold Rush to Dot-Com, the San Francisco economy has a long history of boom followed by bust. And the current iteration of this cycle may prove to be the most dramatic. The tech boom of the 2010s, fed by the world's appetite for new mobile technologies, brought tremendous demand from expanding tech companies for office space, and a growing workforce that needed housing. Real estate prices increased rapidly to among the highest in the nation, prompting a construction boom across the city. In 2020, the COVID-19 pandemic abruptly halted that pattern. Tech companies quickly adapted to remote working, while their workforce left the city in large numbers. Three years on, in the disrupted real estate markets, demand remains low and prices are adjusting.

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 has impacted the viability and value of downtown office properties and had negative impacts on local businesses. 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.

The high cost of living led to 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 -80,000 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. After falling to a 10-year low of 2.0% in 2022, the unemployment rate has increased to 2.9% in 2023q3. Layoffs in the technology sector have improved liquidity in the tight employment market but have also contributed to some weakening of demand in residential and retail markets.

Innovation in life sciences and biotechnology has driven growth in areas such as South San Francisco, and prompted developers to move forward with a range of lab space, R&D space, and residential construction projects. That said, delivery of life science projects is occurring at a time when businesses are cutting back on capital commitments, as high interest rates impact company valuations and dampen interest from venture capital and other investors.

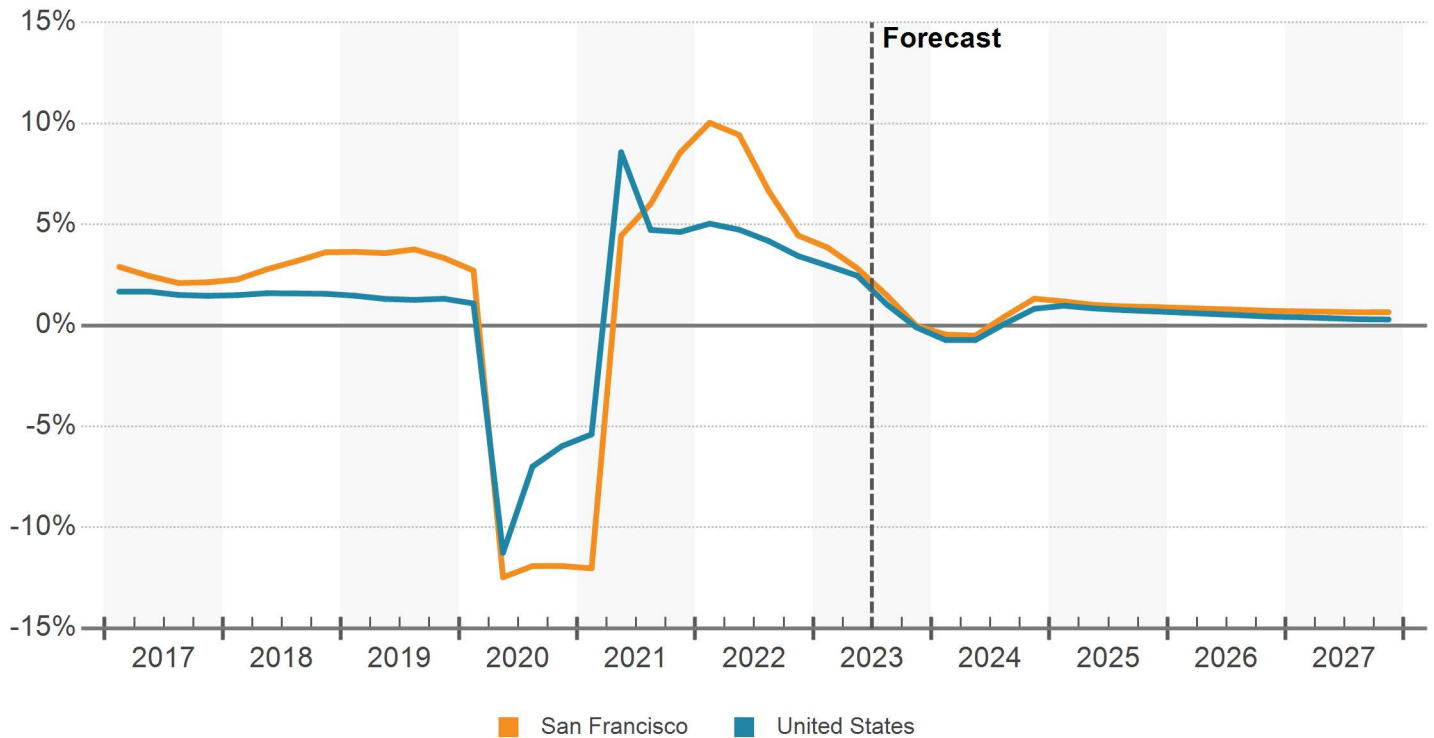
Future tech growth in new areas such as AI is expected to remain focused in the Bay Area, and is expected to drive the economy forward over the coming years.

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	-0.69%	1.50%	0.78%	0.80%	0.17%	-0.09%
Trade, Transportation and Utilities	141	0.6	2.96%	0.89%	0.54%	1.20%	-0.30%	-0.02%
Retail Trade	67	0.6	0.07%	0.66%	-1.37%	0.40%	-0.35%	-0.02%
Financial Activities	90	1.3	1.95%	1.01%	2.25%	1.48%	-0.53%	-0.03%
Government	134	0.8	-2.71%	1.77%	1.29%	0.30%	0.46%	0.44%
Natural Resources, Mining and Construction	42	0.6	0.08%	2.88%	3.10%	2.51%	0.66%	0.09%
Education and Health Services	154	0.8	4.13%	3.63%	2.55%	1.76%	0.30%	0.55%
Professional and Business Services	317	1.8	2.68%	2.10%	3.55%	2.15%	0.52%	0.22%
Information	124	5.3	-1.08%	-1.32%	9.62%	1.13%	1.44%	0.18%
Leisure and Hospitality	131	1.0	12.81%	5.87%	0.40%	1.59%	1.84%	0.85%
Other Services	40	0.9	6.34%	3.01%	0.52%	0.68%	0.23%	0.16%
Total Employment	1,211	1.0	2.72%	2.35%	2.49%	1.35%	0.54%	0.28%

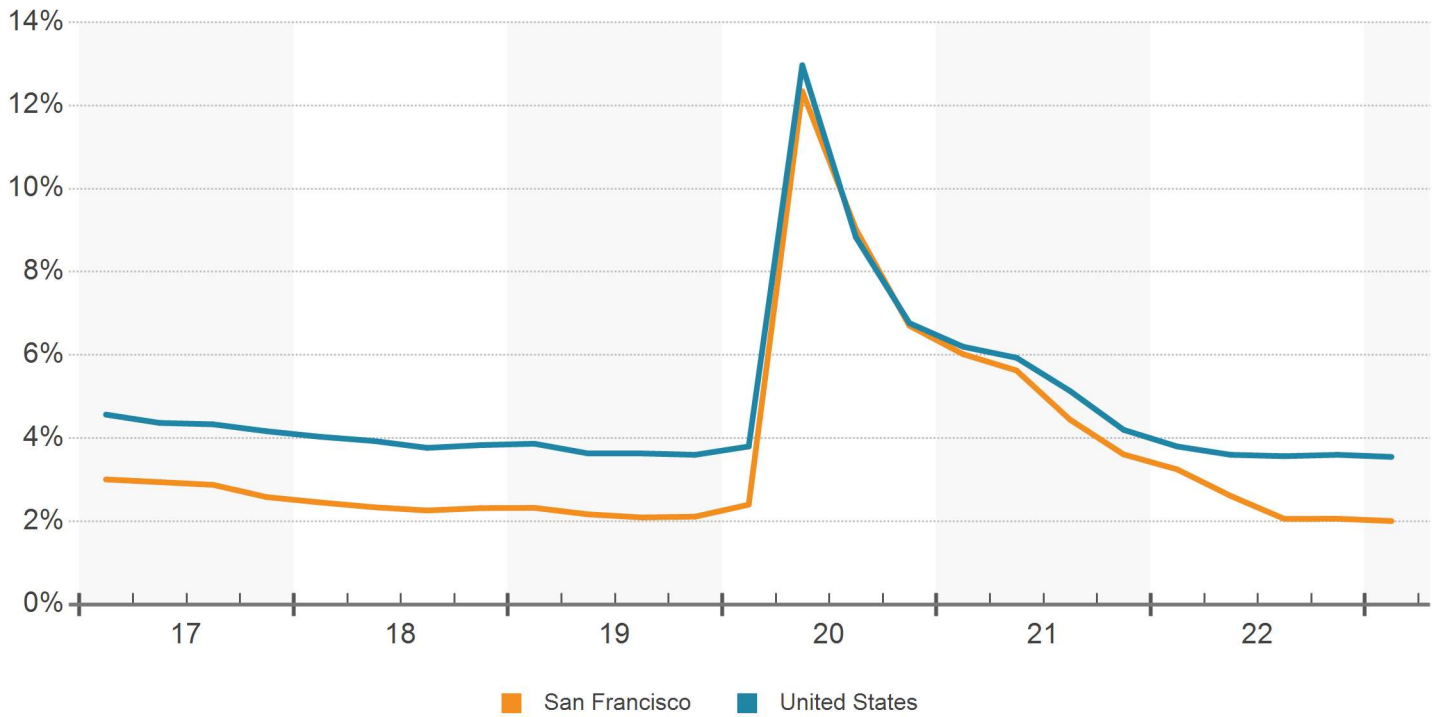
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

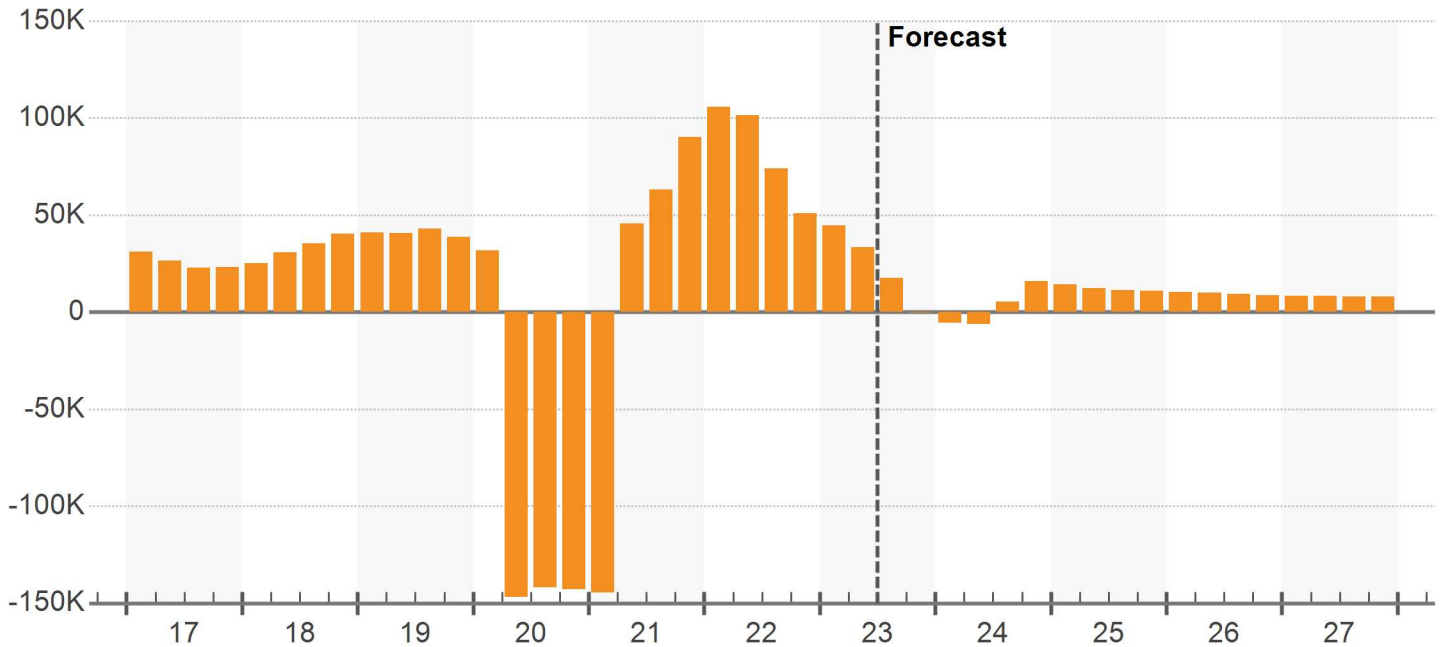


Source: Oxford Economics

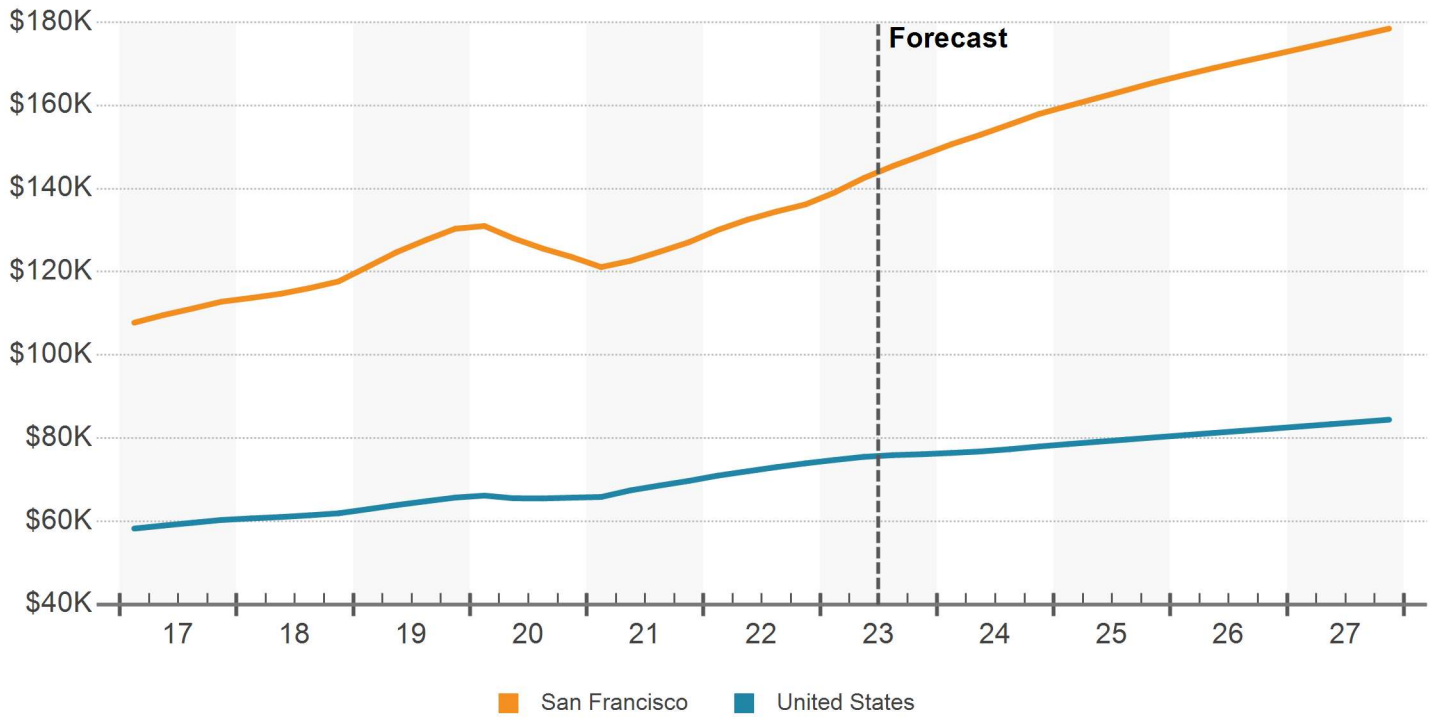
UNEMPLOYMENT RATE (%)



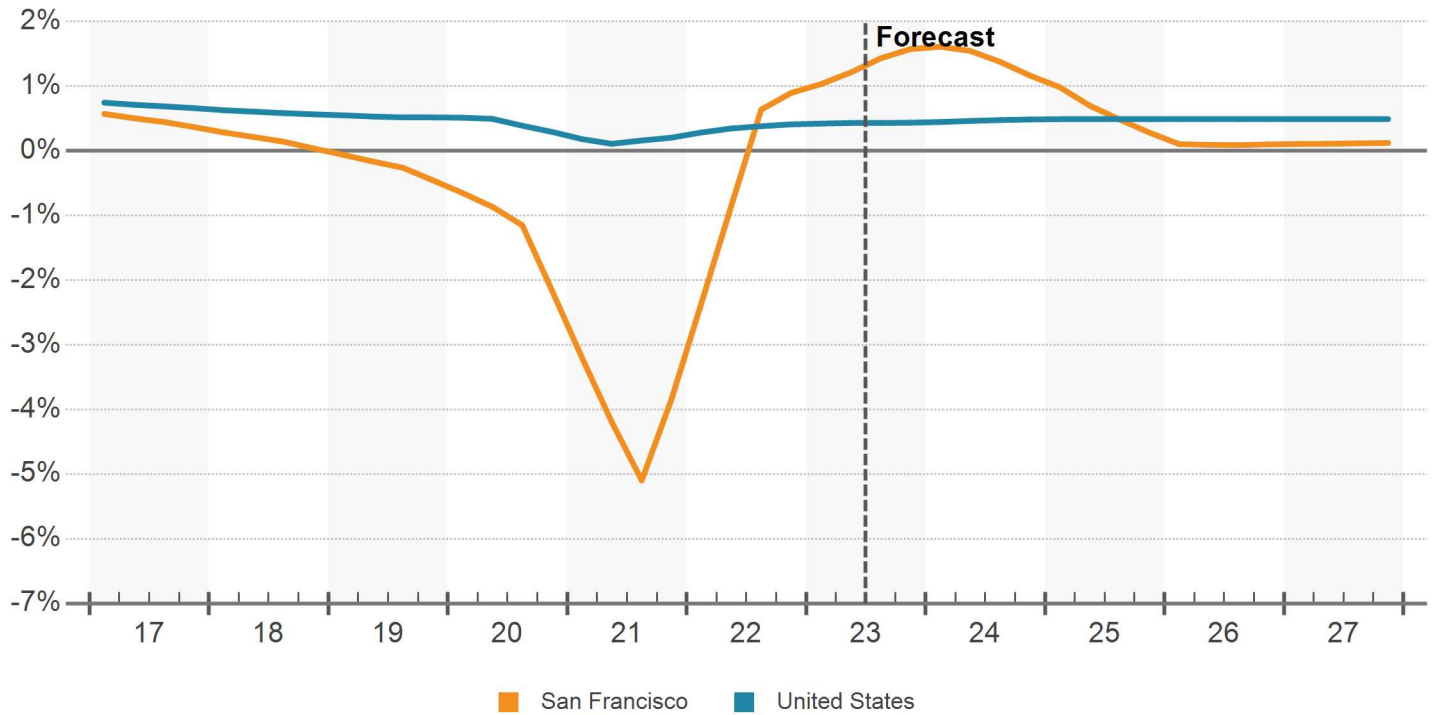
NET EMPLOYMENT CHANGE (YOY)



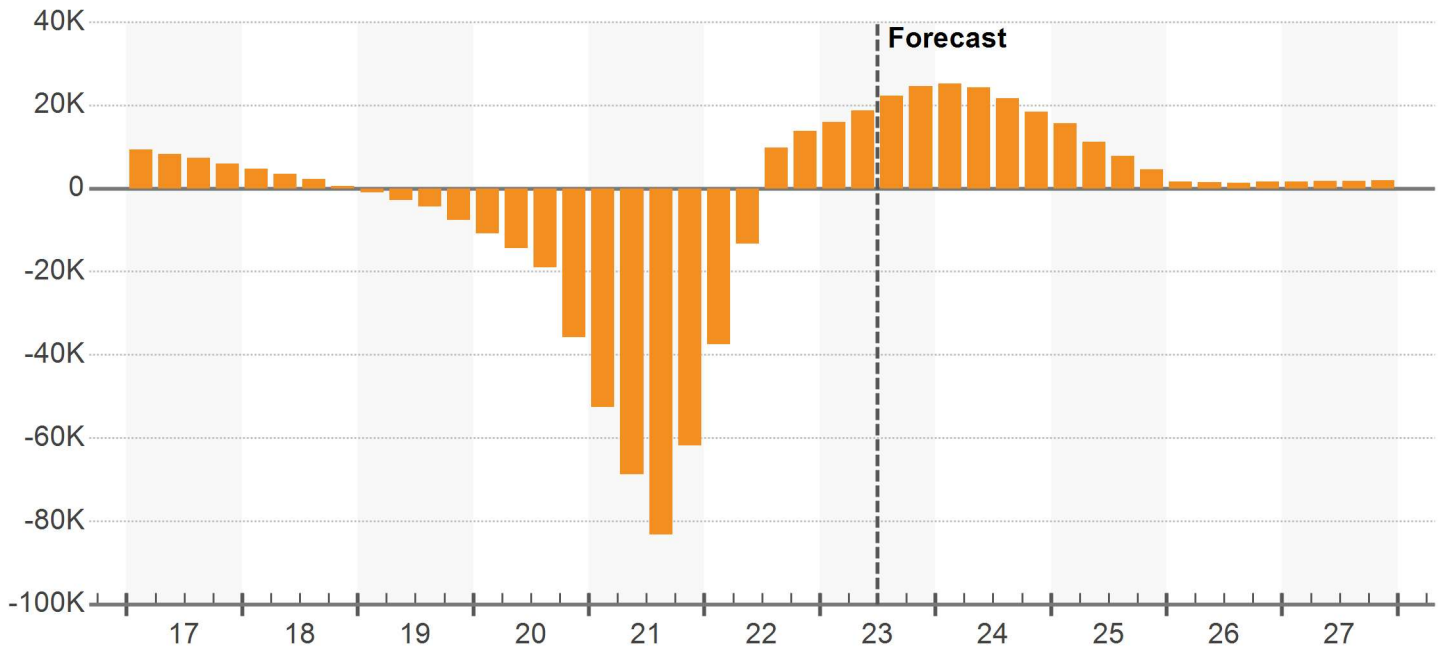
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

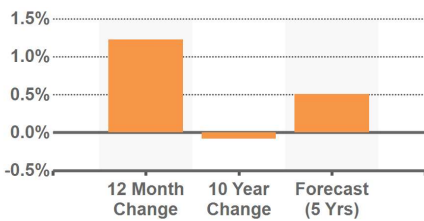


DEMOGRAPHIC TRENDS

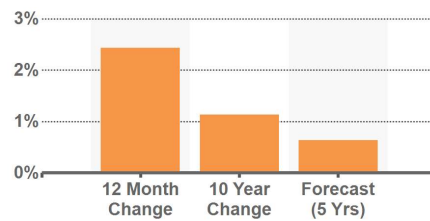
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,575,566	334,393,531	1.2%	0.4%	-0.1%	0.6%	0.5%	0.5%
Households	630,210	129,815,289	1.6%	0.8%	0.1%	0.9%	0.6%	0.6%
Median Household Income	\$142,772	\$75,539	7.6%	4.8%	5.6%	3.8%	5.0%	2.5%
Labor Force	1,038,374	165,414,516	2.4%	0.8%	1.1%	0.6%	0.6%	0.4%
Unemployment	2.0%	3.5%	-0.6%	0%	-0.3%	-0.4%	-	-

Source: Oxford Economics

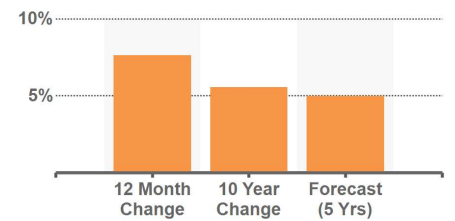
POPULATION GROWTH



LABOR FORCE GROWTH



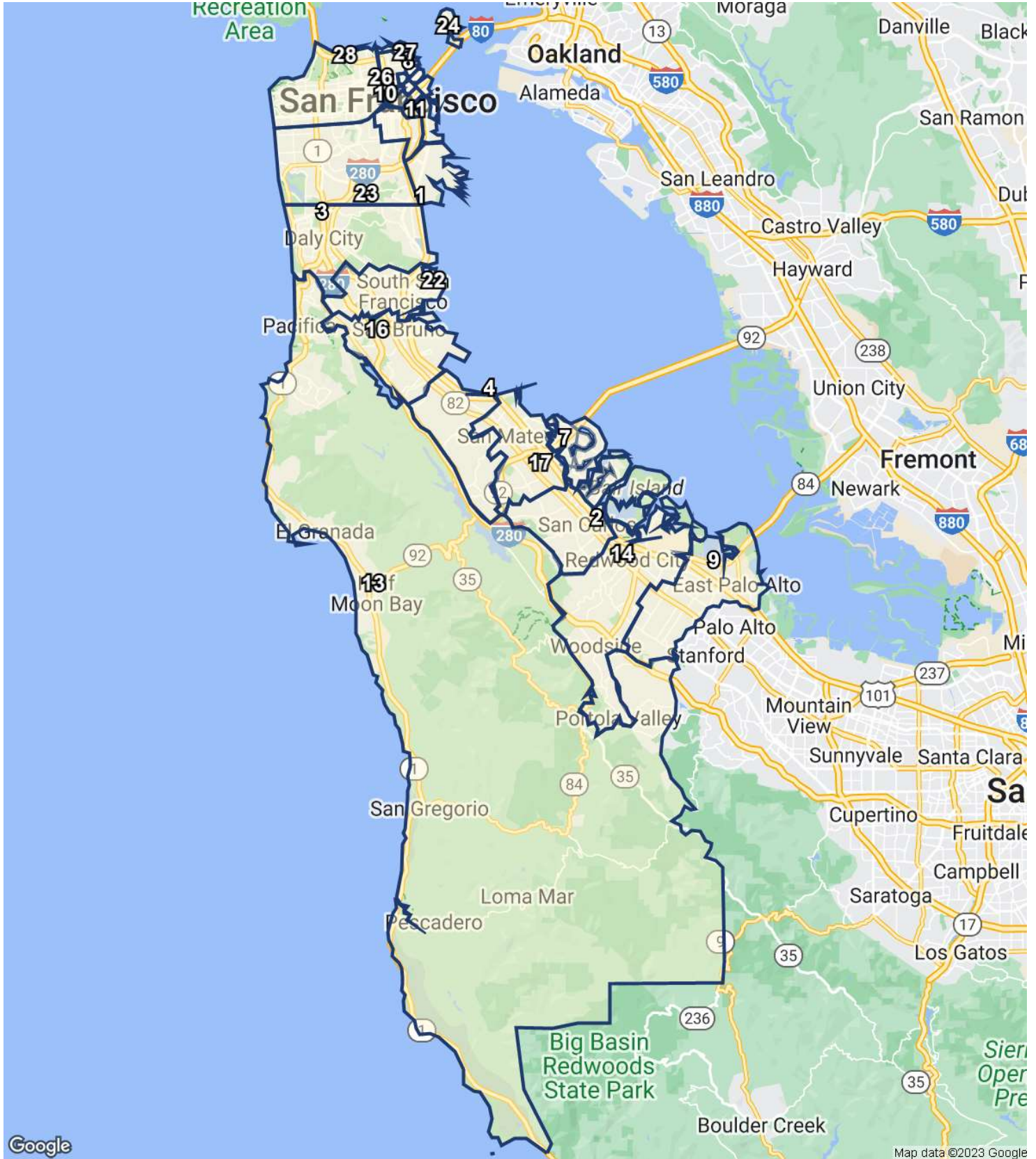
INCOME GROWTH



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	2,583	1.4%	23	1	15	0.6%	9	1	18	0.7%	12
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%	5
5	Civic Center	64	4,353	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%	-	2	225	2.3%	6
8	Jackson Square	123	3,353	1.8%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	279	10,895	5.8%	3	3	275	2.5%	4	1	35	0.3%	9
10	MidMarket	81	7,899	4.2%	7	0	0	0%	-	1	235	3.0%	4
11	Mission Bay/China Basin	34	5,452	2.9%	12	1	300	5.5%	3	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	8,028	4.2%	6	0	0	0%	-	6	1,095	13.6%	1
15	Rincon/South Beach	139	7,621	4.0%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	86	2,466	1.3%	24	1	116	4.7%	5	3	556	22.5%	2
17	San Mateo	323	10,596	5.6%	4	2	416	3.9%	1	1	30	0.3%	10
18	San Mateo-Downtown So...	1	16	0%	29	0	0	0%	-	0	-	-	-
19	Showplace Square	51	4,272	2.3%	17	1	102	2.4%	6	1	25	0.6%	11
20	South Financial District	163	31,140	16.5%	2	0	0	0%	-	1	78	0.2%	7
21	South of Market	249	5,317	2.8%	13	1	25	0.5%	8	1	51	1.0%	8
22	South San Francisco	128	6,506	3.4%	9	2	389	6.0%	2	2	375	5.8%	3
23	Southern City	185	1,346	0.7%	25	0	0	0%	-	0	-	-	-
24	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
25	Union Square	118	5,870	3.1%	10	0	0	0%	-	0	-	-	-
26	Van Ness/Chinatown	168	3,621	1.9%	20	0	0	0%	-	0	-	-	-
27	Waterfront/North Beach	104	4,640	2.5%	14	0	0	0%	-	0	-	-	-
28	West of Van Ness	396	5,812	3.1%	11	0	0	0%	-	0	-	-	-
29	Yerba Buena	73	4,330	2.3%	16	1	59	1.4%	7	0	-	-	-

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	\$33.96	29	-6.8%	29	-45.4%	26
2	Belmont/San Carlos	\$56.40	8	-3.8%	15	-38.5%	6
3	Brisbane/Daly City	\$44.19	22	-4.5%	22	-41.6%	17
4	Burlingame	\$52.11	11	-3.5%	8	-40.2%	11
5	Civic Center	\$48.63	18	-3.9%	18	-44.8%	25
6	Financial District	\$58.37	7	-5.3%	27	-46.0%	27
7	Foster City/Redwood Shrs	\$61.85	5	-4.6%	23	-41.7%	18
8	Jackson Square	\$50.49	15	-3.2%	4	-40.8%	14
9	Menlo Park	\$81.52	1	-3.6%	9	-37.0%	4
10	MidMarket	\$53.52	9	-3.9%	16	-40.4%	12
11	Mission Bay/China Basin	\$62.69	4	-5.6%	28	-47.6%	29
12	Mission/Potrero	\$41.15	26	-3.3%	7	-37.9%	5
13	Peninsula Coastline	\$39.42	27	-3.6%	10	-40.0%	10
14	Redwood City	\$66.35	2	-3.9%	17	-36.9%	3
15	Rincon/South Beach	\$51.38	13	-4.4%	20	-42.1%	19
16	San Bruno/Millbrae	\$47.50	20	-3.2%	5	-38.7%	7
17	San Mateo	\$59.85	6	-2.8%	1	-33.4%	1
18	San Mateo-Downtown So...	\$38.77	28	-3.7%	12	-42.4%	21
19	Showplace Square	\$49.33	17	-3.8%	14	-43.7%	23
20	South Financial District	\$62.76	3	-5.1%	26	-41.5%	15
21	South of Market	\$43.08	23	-4.4%	21	-44.1%	24
22	South San Francisco	\$50.54	14	-4.4%	19	-41.5%	16
23	Southern City	\$45.06	21	-3.6%	11	-42.6%	22
24	Treasure/Yerba Buena Isl...	\$42.36	25	-4.9%	25	-42.3%	20
25	Union Square	\$49.64	16	-3.0%	3	-36.8%	2
26	Van Ness/Chinatown	\$42.82	24	-3.8%	13	-39.3%	8
27	Waterfront/North Beach	\$47.76	19	-3.3%	6	-40.7%	13
28	West of Van Ness	\$52.62	10	-2.8%	2	-39.6%	9
29	Yerba Buena	\$51.72	12	-4.7%	24	-46.9%	28

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	9,160	1.5%	1	26,281	4.2%	4	-
2	Belmont/San Carlos	356,973	13.8%	13	(735)	0%	12	-
3	Brisbane/Daly City	168,324	5.8%	4	(27,416)	-1.0%	14	-
4	Burlingame	248,066	6.2%	6	(38,880)	-1.0%	15	-
5	Civic Center	259,100	6.0%	5	4,097	0.1%	8	-
6	Financial District	8,173,574	26.1%	23	(1,732,735)	-5.5%	28	-
7	Foster City/Redwood Shrs	1,259,830	12.8%	12	(194,944)	-2.0%	21	-
8	Jackson Square	624,659	18.6%	18	6,612	0.2%	7	-
9	Menlo Park	1,217,719	11.2%	11	18,303	0.2%	5	10.3
10	MidMarket	1,435,295	18.2%	17	(341,514)	-4.3%	23	-
11	Mission Bay/China Basin	1,307,654	24.0%	22	(204,746)	-3.8%	22	-
12	Mission/Potrero	318,326	8.7%	9	(53,790)	-1.5%	19	-
13	Peninsula Coastline	22,527	3.4%	2	8,567	1.3%	6	-
14	Redwood City	1,414,741	17.6%	16	(654,440)	-8.2%	27	-
15	Rincon/South Beach	2,009,216	26.4%	24	(604,427)	-7.9%	26	-
16	San Bruno/Millbrae	380,400	15.4%	15	126,718	5.1%	3	0.9
17	San Mateo	1,608,550	15.2%	14	207,249	2.0%	1	1.0
18	San Mateo-Downtown So...	-	-	-	0	0%	-	-
19	Showplace Square	1,180,926	27.6%	26	(357,656)	-8.4%	25	-
20	South Financial District	6,868,899	22.1%	20	(2,248,201)	-7.2%	29	-
21	South of Market	1,427,481	26.8%	25	(343,288)	-6.5%	24	-
22	South San Francisco	440,326	6.8%	7	198,084	3.0%	2	-
23	Southern City	53,434	4.0%	3	(3,417)	-0.3%	13	-
24	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
25	Union Square	1,278,003	21.8%	19	(52,338)	-0.9%	18	-
26	Van Ness/Chinatown	342,296	9.5%	10	516	0%	9	-
27	Waterfront/North Beach	1,024,088	22.1%	21	(111,981)	-2.4%	20	-
28	West of Van Ness	454,550	7.8%	8	(49,842)	-0.9%	16	-
29	Yerba Buena	1,893,423	43.7%	27	(50,104)	-1.2%	17	-

Supply & Demand Trends

San Francisco Office

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	190,615,503	(364,263)	-0.2%	(2,310,085)	-1.2%	-
2026	190,979,766	(364,965)	-0.2%	(9,026,340)	-4.7%	-
2025	191,344,731	460,387	0.2%	(9,729,484)	-5.1%	-
2024	190,884,344	890,870	0.5%	(11,805,841)	-6.2%	-
2023	189,993,474	1,428,475	0.8%	(9,964,319)	-5.2%	-
YTD	189,210,780	645,781	0.3%	(3,985,868)	-2.1%	-
2022	188,564,999	2,143,752	1.1%	(4,364,030)	-2.3%	-
2021	186,421,247	4,108,326	2.3%	(1,715,141)	-0.9%	-
2020	182,312,921	101,523	0.1%	(7,540,230)	-4.1%	-
2019	182,211,398	3,663,080	2.1%	2,962,902	1.6%	1.2
2018	178,548,318	3,872,044	2.2%	4,704,975	2.6%	0.8
2017	174,676,274	612,542	0.4%	266,300	0.2%	2.3
2016	174,063,732	2,477,417	1.4%	1,786,303	1.0%	1.4
2015	171,586,315	2,067,407	1.2%	2,954,116	1.7%	0.7
2014	169,518,908	93,229	0.1%	3,362,988	2.0%	0
2013	169,425,679	(635,578)	-0.4%	2,151,745	1.3%	-
2012	170,061,257	287,209	0.2%	1,322,775	0.8%	0.2
2011	169,774,048	(618,976)	-0.4%	3,037,015	1.8%	-

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	104,871,651	0	0%	(1,031,383)	-1.0%	-
2026	104,871,651	0	0%	(4,366,445)	-4.2%	-
2025	104,871,651	795,071	0.8%	(4,602,531)	-4.4%	-
2024	104,076,580	1,189,990	1.2%	(5,466,403)	-5.3%	-
2023	102,886,590	1,212,830	1.2%	(6,489,818)	-6.3%	-
YTD	102,203,541	529,781	0.5%	(3,166,850)	-3.1%	-
2022	101,673,760	2,191,873	2.2%	(2,329,846)	-2.3%	-
2021	99,481,887	4,304,247	4.5%	(24,051)	0%	-
2020	95,177,640	354,976	0.4%	(2,728,135)	-2.9%	-
2019	94,822,664	3,283,454	3.6%	2,917,517	3.1%	1.1
2018	91,539,210	4,189,673	4.8%	5,045,161	5.5%	0.8
2017	87,349,537	839,891	1.0%	479,239	0.5%	1.8
2016	86,509,646	1,996,537	2.4%	1,786,595	2.1%	1.1
2015	84,513,109	2,020,540	2.4%	2,199,641	2.6%	0.9
2014	82,492,569	591,774	0.7%	2,181,801	2.6%	0.3
2013	81,900,795	41,969	0.1%	1,646,646	2.0%	0
2012	81,858,826	492,599	0.6%	1,840,810	2.2%	0.3
2011	81,366,227	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	55,245,548	0	0%	(635,446)	-1.2%	-
2026	55,245,548	0	0%	(2,750,331)	-5.0%	-
2025	55,245,548	29,662	0.1%	(3,043,723)	-5.5%	-
2024	55,215,886	64,664	0.1%	(3,804,212)	-6.9%	-
2023	55,151,222	304,732	0.6%	(2,213,320)	-4.0%	-
YTD	54,962,490	116,000	0.2%	(554,139)	-1.0%	-
2022	54,846,490	15,929	0%	(1,328,802)	-2.4%	-
2021	54,830,561	(62,389)	-0.1%	(1,179,033)	-2.2%	-
2020	54,892,950	28,164	0.1%	(3,093,662)	-5.6%	-
2019	54,864,786	352,273	0.6%	522,739	1.0%	0.7
2018	54,512,513	(103,261)	-0.2%	(119,295)	-0.2%	-
2017	54,615,774	(181,841)	-0.3%	(333,837)	-0.6%	-
2016	54,797,615	676,364	1.2%	340,915	0.6%	2.0
2015	54,121,251	177,638	0.3%	604,138	1.1%	0.3
2014	53,943,613	(350,818)	-0.6%	1,031,611	1.9%	-
2013	54,294,431	(176,372)	-0.3%	644,303	1.2%	-
2012	54,470,803	(38,528)	-0.1%	(477,028)	-0.9%	-
2011	54,509,331	(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	30,498,304	(364,263)	-1.2%	(643,256)	-2.1%	-
2026	30,862,567	(364,965)	-1.2%	(1,909,564)	-6.2%	-
2025	31,227,532	(364,346)	-1.2%	(2,083,230)	-6.7%	-
2024	31,591,878	(363,784)	-1.1%	(2,535,226)	-8.0%	-
2023	31,955,662	(89,087)	-0.3%	(1,261,181)	-3.9%	-
YTD	32,044,749	0	0%	(264,879)	-0.8%	-
2022	32,044,749	(64,050)	-0.2%	(705,382)	-2.2%	-
2021	32,108,799	(133,532)	-0.4%	(512,057)	-1.6%	-
2020	32,242,331	(281,617)	-0.9%	(1,718,433)	-5.3%	-
2019	32,523,948	27,353	0.1%	(477,354)	-1.5%	-
2018	32,496,595	(214,368)	-0.7%	(220,891)	-0.7%	-
2017	32,710,963	(45,508)	-0.1%	120,898	0.4%	-
2016	32,756,471	(195,484)	-0.6%	(341,207)	-1.0%	-
2015	32,951,955	(130,771)	-0.4%	150,337	0.5%	-
2014	33,082,726	(147,727)	-0.4%	149,576	0.5%	-
2013	33,230,453	(501,175)	-1.5%	(139,204)	-0.4%	-
2012	33,731,628	(166,862)	-0.5%	(41,007)	-0.1%	-
2011	33,898,490	(238,656)	-0.7%	164,435	0.5%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$39.55	105	-1.0%	-46.3%	76,066,044	39.9%	1.1%
2026	\$39.96	106	-9.1%	-45.8%	74,115,166	38.8%	4.6%
2025	\$43.98	117	-9.9%	-40.3%	65,448,721	34.2%	5.3%
2024	\$48.82	130	-11.4%	-33.8%	55,253,777	28.9%	6.5%
2023	\$55.13	146	-5.7%	-25.2%	42,551,709	22.4%	5.9%
YTD	\$57.15	152	-4.3%	-22.5%	35,777,540	18.9%	2.4%
2022	\$58.46	155	-4.8%	-20.7%	31,157,716	16.5%	3.3%
2021	\$61.41	163	-5.8%	-16.7%	24,649,934	13.2%	2.9%
2020	\$65.21	173	-11.5%	-11.5%	18,822,967	10.3%	4.2%
2019	\$73.70	196	5.7%	0%	11,184,714	6.1%	0.2%
2018	\$69.74	185	9.0%	-5.4%	10,553,875	5.9%	-0.6%
2017	\$64.01	170	3.1%	-13.2%	11,386,806	6.5%	0.2%
2016	\$62.06	165	2.0%	-15.8%	11,040,564	6.3%	0.3%
2015	\$60.83	162	13.0%	-17.5%	10,349,450	6.0%	-0.6%
2014	\$53.81	143	12.1%	-27.0%	11,236,159	6.6%	-1.9%
2013	\$47.99	127	13.5%	-34.9%	14,505,918	8.6%	-1.6%
2012	\$42.27	112	13.3%	-42.6%	17,293,241	10.2%	-0.6%
2011	\$37.30	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	\$44.11	106	-1.1%	-45.7%	42,951,655	41.0%	1.0%
2026	\$44.60	107	-9.2%	-45.1%	41,920,272	40.0%	4.2%
2025	\$49.11	118	-10.0%	-39.6%	37,553,827	35.8%	4.9%
2024	\$54.58	131	-11.5%	-32.8%	32,156,225	30.9%	6.1%
2023	\$61.70	148	-6.5%	-24.1%	25,499,832	24.8%	7.3%
YTD	\$64.02	154	-5.3%	-21.2%	21,487,740	21.0%	3.5%
2022	\$65.99	158	-4.8%	-18.8%	17,797,154	17.5%	4.2%
2021	\$69.31	166	-6.1%	-14.7%	13,275,435	13.3%	3.9%
2020	\$73.80	177	-9.2%	-9.2%	8,947,137	9.4%	3.2%
2019	\$81.27	195	7.2%	0%	5,864,026	6.2%	0.2%
2018	\$75.81	182	9.7%	-6.7%	5,498,089	6.0%	-1.3%
2017	\$69.14	166	3.2%	-14.9%	6,353,577	7.3%	0.3%
2016	\$66.99	161	1.7%	-17.6%	5,992,925	6.9%	0.1%
2015	\$65.88	158	11.2%	-18.9%	5,782,983	6.8%	-0.4%
2014	\$59.22	142	11.7%	-27.1%	5,962,084	7.2%	-2.0%
2013	\$53	127	13.1%	-34.8%	7,552,111	9.2%	-2.0%
2012	\$46.84	112	11.9%	-42.4%	9,156,788	11.2%	-1.7%
2011	\$41.85	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	\$35.91	107	-0.9%	-48.4%	21,579,963	39.1%	1.2%
2026	\$36.25	108	-9.0%	-47.9%	20,944,517	37.9%	5.0%
2025	\$39.85	118	-9.8%	-42.8%	18,194,186	32.9%	5.5%
2024	\$44.19	131	-11.3%	-36.5%	15,120,801	27.4%	7.0%
2023	\$49.81	148	-4.1%	-28.5%	11,251,925	20.4%	4.5%
YTD	\$51.57	153	-2.0%	-26.0%	9,403,965	17.1%	1.2%
2022	\$51.93	154	-5.6%	-25.4%	8,733,826	15.9%	2.4%
2021	\$55.02	164	-6.6%	-21.0%	7,389,095	13.5%	2.0%
2020	\$58.91	175	-15.4%	-15.4%	6,272,451	11.4%	5.7%
2019	\$69.64	207	3.6%	0%	3,150,625	5.7%	-0.4%
2018	\$67.24	200	9.3%	-3.4%	3,345,636	6.1%	0%
2017	\$61.54	183	3.4%	-11.6%	3,329,602	6.1%	0.3%
2016	\$59.50	177	1.4%	-14.6%	3,177,606	5.8%	0.5%
2015	\$58.70	175	16.8%	-15.7%	2,842,157	5.3%	-0.8%
2014	\$50.24	149	12.4%	-27.9%	3,268,657	6.1%	-2.5%
2013	\$44.70	133	14.0%	-35.8%	4,651,086	8.6%	-1.5%
2012	\$39.21	117	16.5%	-43.7%	5,471,761	10.0%	0.8%
2011	\$33.65	100	16.4%	-51.7%	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	\$30.93	99	-0.9%	-44.7%	11,534,426	37.8%	1.4%
2026	\$31.21	100	-9.0%	-44.2%	11,250,377	36.5%	5.4%
2025	\$34.29	109	-9.8%	-38.7%	9,700,708	31.1%	5.8%
2024	\$38.01	121	-11.2%	-32.0%	7,976,751	25.2%	7.1%
2023	\$42.82	137	-5.0%	-23.4%	5,799,952	18.1%	3.7%
YTD	\$44.32	141	-4.1%	-20.8%	4,885,835	15.2%	0.8%
2022	\$45.09	144	-3.3%	-19.4%	4,626,736	14.4%	2.0%
2021	\$46.61	149	-2.9%	-16.7%	3,985,404	12.4%	1.2%
2020	\$47.98	153	-14.2%	-14.2%	3,603,379	11.2%	4.5%
2019	\$55.93	179	3.2%	0%	2,170,063	6.7%	1.4%
2018	\$54.20	173	5.3%	-3.1%	1,710,150	5.3%	0.1%
2017	\$51.48	164	2.3%	-8.0%	1,703,627	5.2%	-0.5%
2016	\$50.32	161	4.9%	-10.0%	1,870,033	5.7%	0.5%
2015	\$47.99	153	13.6%	-14.2%	1,724,310	5.2%	-0.8%
2014	\$42.25	135	13.3%	-24.5%	2,005,418	6.1%	-0.9%
2013	\$37.29	119	14.5%	-33.3%	2,302,721	6.9%	-1.0%
2012	\$32.57	104	13.4%	-41.8%	2,664,692	7.9%	-0.3%
2011	\$28.71	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	-	-	-	-	-	-	\$319.29	105	6.3%
2026	-	-	-	-	-	-	\$314.85	104	6.4%
2025	-	-	-	-	-	-	\$361.38	119	6.5%
2024	-	-	-	-	-	-	\$431.03	142	6.5%
2023	-	-	-	-	-	-	\$558.58	184	6.1%
YTD	29	\$408.5M	0.4%	\$18,570,044	\$575.08	5.1%	\$651.68	215	5.6%
2022	97	\$1.9B	1.5%	\$21,797,705	\$807.87	4.8%	\$701.04	231	5.3%
2021	123	\$4.8B	4.9%	\$43,200,780	\$737.69	5.0%	\$777.52	256	4.8%
2020	77	\$3.7B	1.9%	\$48,130,011	\$1,056.03	4.4%	\$766.61	253	4.8%
2019	230	\$8.8B	6.1%	\$58,762,345	\$835.30	5.1%	\$806.42	266	4.7%
2018	192	\$4.3B	4.1%	\$32,478,404	\$661.04	4.7%	\$748.54	247	4.7%
2017	220	\$4.3B	4.6%	\$34,017,150	\$603.82	5.2%	\$693.07	228	4.7%
2016	207	\$6.9B	8.1%	\$47,748,524	\$579.58	4.8%	\$693.31	228	4.5%
2015	237	\$5.1B	7.2%	\$35,600,977	\$621.76	4.8%	\$663.34	219	4.5%
2014	281	\$8.1B	9.4%	\$39,707,117	\$530.23	5.0%	\$573.83	189	4.8%
2013	221	\$2.9B	4.9%	\$18,177,115	\$374.44	5.3%	\$480.69	158	5.2%
2012	306	\$6.4B	9.8%	\$36,574,477	\$440.18	5.3%	\$410.41	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	-	-	-	-	-	-	\$345.06	101	6.1%
2026	-	-	-	-	-	-	\$340.34	100	6.3%
2025	-	-	-	-	-	-	\$390.77	114	6.4%
2024	-	-	-	-	-	-	\$466.48	136	6.4%
2023	-	-	-	-	-	-	\$605.91	177	5.9%
YTD	3	\$154.8M	0.3%	\$51,600,000	\$510.31	-	\$708.27	207	5.5%
2022	10	\$1.1B	1.2%	\$133,598,596	\$1,045.67	-	\$764.22	223	5.2%
2021	30	\$3.5B	7.0%	\$177,288,994	\$824.47	5.0%	\$849.45	248	4.6%
2020	9	\$2.3B	2.3%	\$254,000,244	\$1,044.37	-	\$825.95	242	4.7%
2019	37	\$5.8B	7.4%	\$165,619,364	\$882.68	4.7%	\$867.48	254	4.6%
2018	25	\$2.5B	4.3%	\$107,866,103	\$721.67	4.8%	\$804.79	235	4.6%
2017	29	\$3.2B	6.1%	\$115,335,742	\$636.08	5.5%	\$745.83	218	4.6%
2016	34	\$4.6B	8.6%	\$152,637,185	\$645.90	4.4%	\$749.99	219	4.4%
2015	37	\$3.1B	7.9%	\$146,331,953	\$690.48	4.6%	\$722.12	211	4.4%
2014	46	\$6.1B	12.5%	\$131,775,121	\$587.90	4.0%	\$631.13	185	4.6%
2013	19	\$1.7B	4.9%	\$91,036,662	\$427.37	4.9%	\$534.21	156	5.0%
2012	37	\$5.1B	12.3%	\$140,683,837	\$504.20	4.9%	\$459.09	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.

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	-	-	-	-	-	-	\$297.38	115	6.4%
2026	-	-	-	-	-	-	\$293.18	113	6.5%
2025	-	-	-	-	-	-	\$336.39	130	6.6%
2024	-	-	-	-	-	-	\$400.85	155	6.6%
2023	-	-	-	-	-	-	\$518.33	201	6.2%
YTD	10	\$170.1M	0.8%	\$24,297,994	\$550.14	6.6%	\$603.62	234	5.7%
2022	36	\$468.7M	1.4%	\$13,784,489	\$633.33	5.2%	\$646.37	250	5.4%
2021	33	\$922M	3.2%	\$28,812,606	\$533.63	5.0%	\$708.77	274	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$806.16	-	\$703.20	272	4.9%
2019	81	\$2.4B	5.9%	\$39,220,157	\$753.51	5.5%	\$732.50	283	4.8%
2018	53	\$1.3B	4.2%	\$29,466,437	\$588.20	5.2%	\$677.04	262	4.9%
2017	46	\$578.4M	2.3%	\$14,831,164	\$503.62	5.8%	\$625.42	242	4.9%
2016	80	\$1.9B	10.1%	\$31,834,641	\$467.34	5.2%	\$621.45	240	4.7%
2015	64	\$1.5B	7.9%	\$36,301,684	\$551.48	5.0%	\$590.27	228	4.7%
2014	84	\$1.4B	6.9%	\$21,610,279	\$409.37	5.7%	\$506.16	196	5.0%
2013	70	\$848.3M	4.3%	\$14,881,678	\$377.82	5.2%	\$417.77	162	5.4%
2012	79	\$1B	8.0%	\$18,839,900	\$317.65	5.8%	\$355.29	137	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	-	-	-	-	-	-	\$272.76	107	6.6%
2026	-	-	-	-	-	-	\$268.86	105	6.7%
2025	-	-	-	-	-	-	\$308.38	121	6.9%
2024	-	-	-	-	-	-	\$367.12	144	6.9%
2023	-	-	-	-	-	-	\$473.20	185	6.4%
YTD	16	\$83.7M	0.4%	\$6,971,250	\$854.54	3.6%	\$549.51	215	5.9%
2022	51	\$315.3M	2.8%	\$7,333,570	\$593.49	4.2%	\$588.70	230	5.6%
2021	60	\$370.7M	1.7%	\$6,178,401	\$698.88	5.0%	\$660.85	259	5.0%
2020	46	\$741.9M	1.5%	\$16,127,176	\$1,503.52	4.4%	\$681.90	267	4.9%
2019	112	\$566.5M	3.0%	\$10,688,340	\$765.78	3.8%	\$734.20	287	4.8%
2018	114	\$477.2M	3.4%	\$7,456,676	\$600.74	4.5%	\$687.85	269	4.8%
2017	145	\$512.4M	4.6%	\$8,539,364	\$551.42	4.7%	\$637.18	249	4.8%
2016	93	\$466.2M	3.5%	\$8,324,582	\$556.73	4.6%	\$631.84	247	4.6%
2015	136	\$528.9M	4.1%	\$6,529,616	\$513.51	4.6%	\$597.11	234	4.6%
2014	151	\$637.4M	5.9%	\$6,781,293	\$407.11	5.4%	\$503.10	197	4.9%
2013	132	\$330.4M	5.7%	\$3,933,168	\$224.04	6.2%	\$414.14	162	5.4%
2012	190	\$282M	6.7%	\$3,356,979	\$233.04	5.4%	\$346.24	135	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.