



Office Market Report

San Francisco - CA

PREPARED BY



OFFICE MARKET REPORT

Market Key Statistics	1
Leasing	3
Rent	8
Construction	11
Under Construction Properties	13
Sales	15
Sales Past 12 Months	17
Economy	19
Market Submarkets	24
Supply & Demand Trends	28
Rent & Vacancy	30
Sale Trends	32

12 Mo Deliveries in SF

1.5M

12 Mo Net Absorption in SF

(7.3M)

Vacancy Rate

19.6%

12 Mo Rent Growth

-3.5%

At the midpoint of 2023, there are signs of 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 second quarter as bids were accepted for two office buildings at notably low prices. Both were cases of owner-users getting rid of high-vacancy buildings that were no longer required. First, a building previously occupied by Union Bank at 350 California Street went into contract for between \$200-\$225/SF. Then, the sale of a building previously occupied by Wells Fargo at 550 California Street moved forward at a reported price of between \$120-\$130/SF. These prices represent a major discount to pre-pandemic pricing, which peaked at around \$800/SF in 2019. 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. Multiple owners of buildings with some combination of declining net operating income, variable interest rate loans, or upcoming loan maturities are in negotiation with lenders to adjust or extend terms. In some cases, 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. Across the metro area, office vacancy increased from around 7% in 2019 to 19.6% in the third quarter of 2023, while in the San Francisco financial district vacancy now exceeds 25%. The first months of 2023

witnessed several new availabilities, as tech companies including Salesforce, Meta and Slack gave up large blocks of surplus space. 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, which is about half the asking rate for direct space. The current situation shows no sign of improvement in the short term, with vacancy forecast to increase further as leases roll over and tenants downsize to align with lower in-office utilization rates and diminished hiring plans.

Up until recently, downtown San Francisco had borne the brunt of the collapse in office demand. However, areas outside of downtown, including San Mateo County, 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 for leased buildings in that submarket above 20%.

In South San Francisco, the life sciences industry, which has supported office market growth amid strong demand from biotechnology companies, is facing headwinds. Venture capital, which is the main source of financing for biotech start-ups, has fallen 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.

Looking ahead, vacancy is forecast to continue to increase as more tenants reduce their space needs as their leases expire. With no strong indications of a return to demand growth, rents are expected to continue moving downwards, with investment pricing adjusting accordingly.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	102,243,396	22.1%	\$63.84	27.5%	(1,185,538)	0	2,994,360
3 Star	55,022,225	17.2%	\$51.54	24.2%	26,582	0	283,058
1 & 2 Star	32,007,135	15.6%	\$44.41	18.0%	(226,682)	0	0
Market	189,272,756	19.6%	\$57.08	24.9%	(1,385,638)	0	3,277,418

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.5%	9.6%	31.7%	19.6%	2023 Q3	1.3%	2000 Q2
Net Absorption SF	(7.3M)	515,694	(6,888,583)	7,041,036	2000 Q2	(10,120,439)	2021 Q1
Deliveries SF	1.5M	1,941,202	760,876	5,628,598	2002 Q2	61,810	2006 Q2
Rent Growth	-3.5%	3.2%	-5.0%	30.2%	2000 Q3	-32.7%	2002 Q1
Sales Volume	\$791M	\$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 19.6% 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 12.7 million SF of sublease space available, the availability rate has increased to 24.9%, indicating that many tenants have already vacated spaces that will not be renewed. By comparison, the national availability rate currently stands at 16.6%. With negative net absorption for the past 12 months of -7.3 million SF, much of that newly available sublet space will likely become vacant as leases roll over.

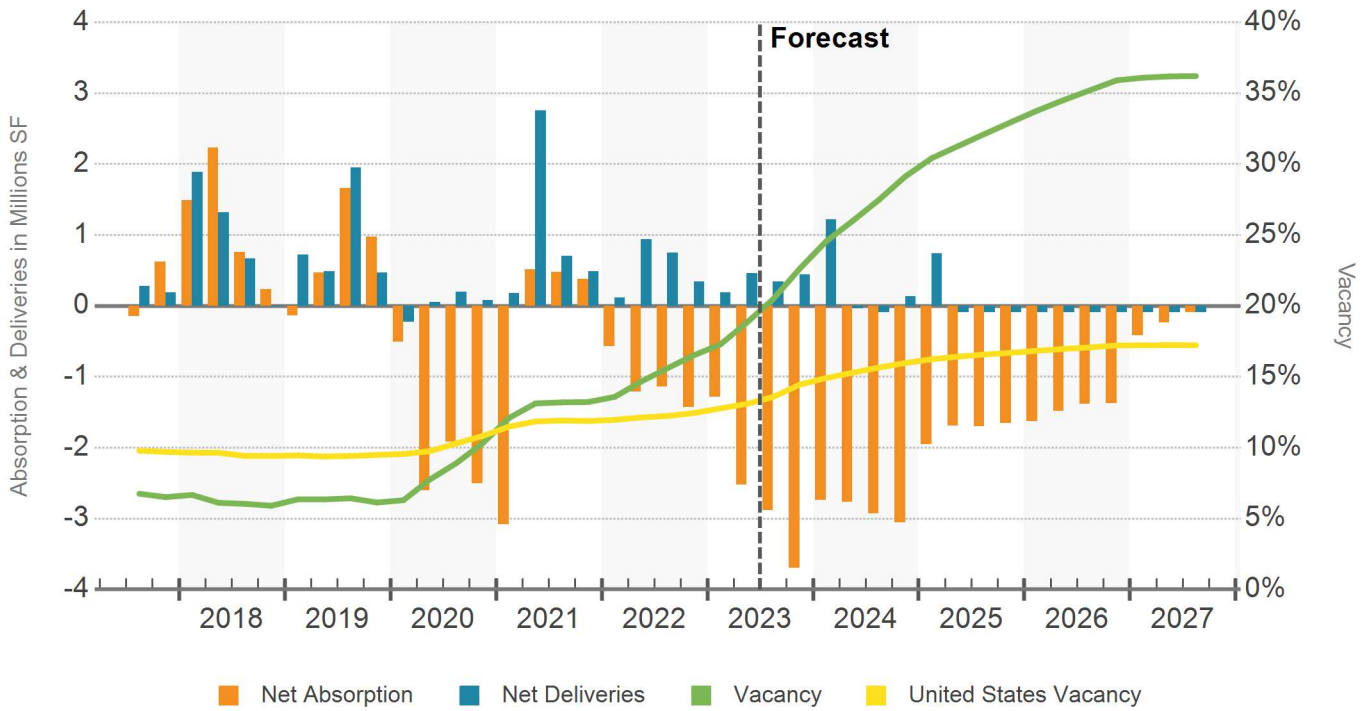
Downtown San Francisco, which encompasses the financial district and neighboring submarkets, has by many measures witnessed the steepest decline of all office markets in the nation. Average vacancy among leased office buildings increased from under 7% in 2019 to over 26% in 2023q3. Moreover, one third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

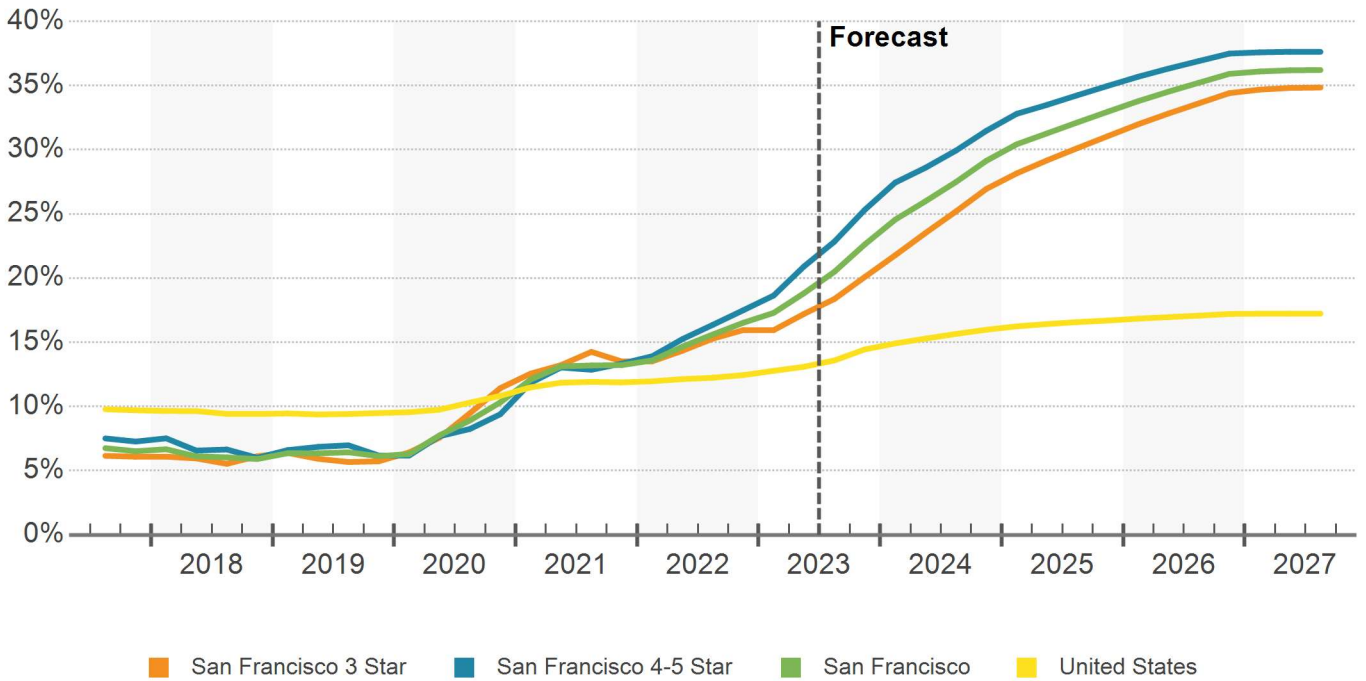
Tenants do continue to sign new leases in downtown San Francisco, but the number of transactions and the average lease size is notably lower than pre-pandemic averages. Renewals often include a reduction in space, although the amount varies. For example, in June 2023, Stifel, Nicolaus & Company renewed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

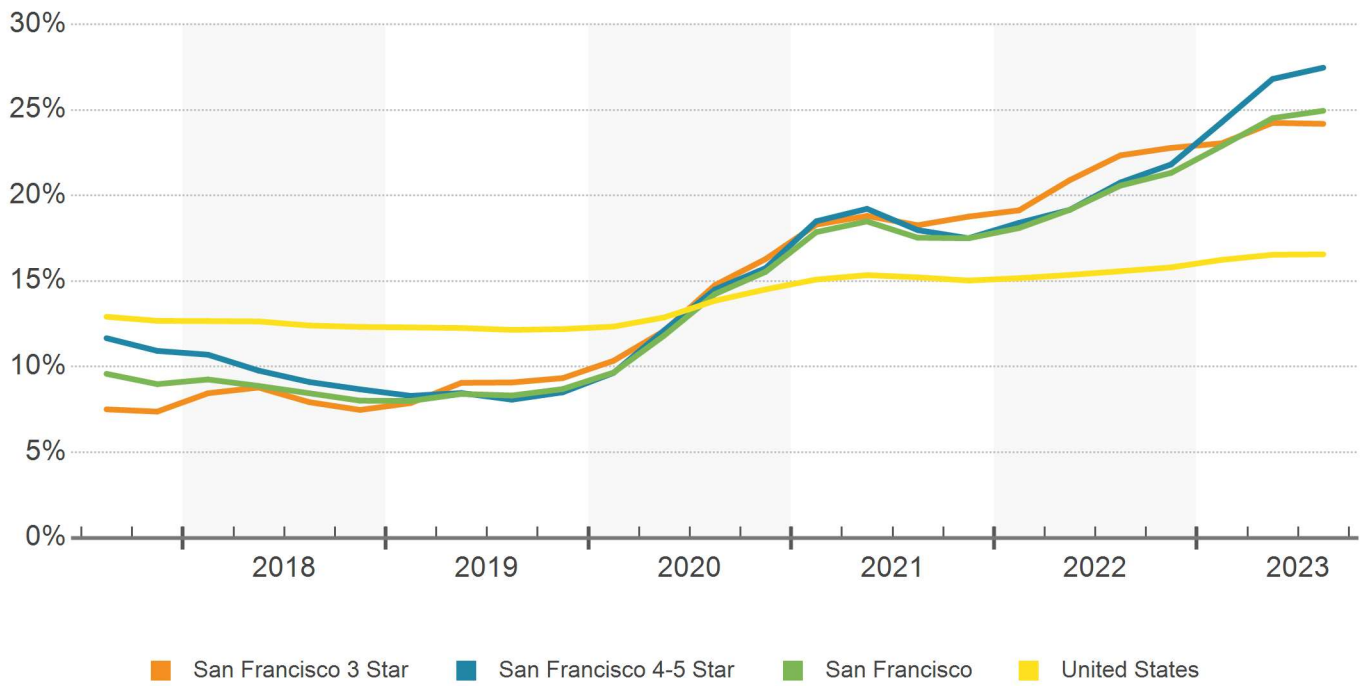
NET ABSORPTION, NET DELIVERIES & VACANCY



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
Middle Plaza	Menlo Park	154,000	0	154,000	0	0	0	154,000
Kilroy Oyster Point (1)	South San Francisco	220,872	0	0	0	0	0	136,844
Bay Meadows (2)	San Mateo	219,000	0	0	0	0	0	135,684
Kilroy Oyster Point (2)	South San Francisco	200,000	0	0	0	0	0	123,913
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
Embarcadero Center	Financial District	837,309	201,940	43,135	36,827	3,416	0	81,247
600 Battery St	Jackson Square	126,000	0	0	0	0	0	77,164
Eleven Eighty Old Mason Street	West of Van Ness	84,000	11,415	0	72,585	0	0	72,585
275 Middlefield Rd	Menlo Park	130,935	0	0	65,435	0	0	65,435
345 4th St	Yerba Buena	59,337	0	0	0	0	0	59,337
Westlake Bldg	San Mateo	121,320	23,449	11,256	14,396	0	0	58,654
Springline (2)	Menlo Park	108,687	0	42,089	0	0	0	55,587
GENESIS - Skyway, 959 & 999...	Belmont/San Carlos	124,810	0	55,496	0	0	0	55,496
101 S Ellsworth Ave	San Mateo	114,658	11,998	33,756	0	0	0	52,210
Subtotal Primary Competitors		3,451,257	248,802	613,236	519,242	3,416	0	1,798,755
Remaining San Francisco Market		185,821,499	36,765,586	(1,903,367)	(3,044,364)	(1,389,054)	0	(9,139,423)
Total San Francisco Market		189,272,756	37,014,388	(1,290,131)	(2,525,122)	(1,385,638)	0	(7,340,668)

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 Systems, 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
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
One Montgomery Tower *	Financial District	68,446	Q2 23	Stifel, Nicolaus & Compan...	Cushman & Wakefield	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	Hive	-	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
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
Sierra Point Opus Center *	Brisbane/Daly City	45,998	Q4 22	Kezar Life Sciences	-	-
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
460 Bryant St	Rincon/South Beach	41,976	Q2 23	HaydenAI	Touchstone Comme...	CBRE
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	Harpoon Therapeutics	-	CBRE
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
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
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	-	-
Springline	Menlo Park	24,646	Q4 22	-	-	Newmark
The Grant & Geary Center *	Union Square	24,000	Q4 22	American Conservatory T...	-	-
111 Townsend St *	Rincon/South Beach	23,826	Q4 22	Cloudflare	-	-
Baldwin Bldg	San Mateo	23,671	Q3 23	-	-	CBRE
Market Center	South Financial District	23,635	Q2 23	-	-	CBRE

Renewal

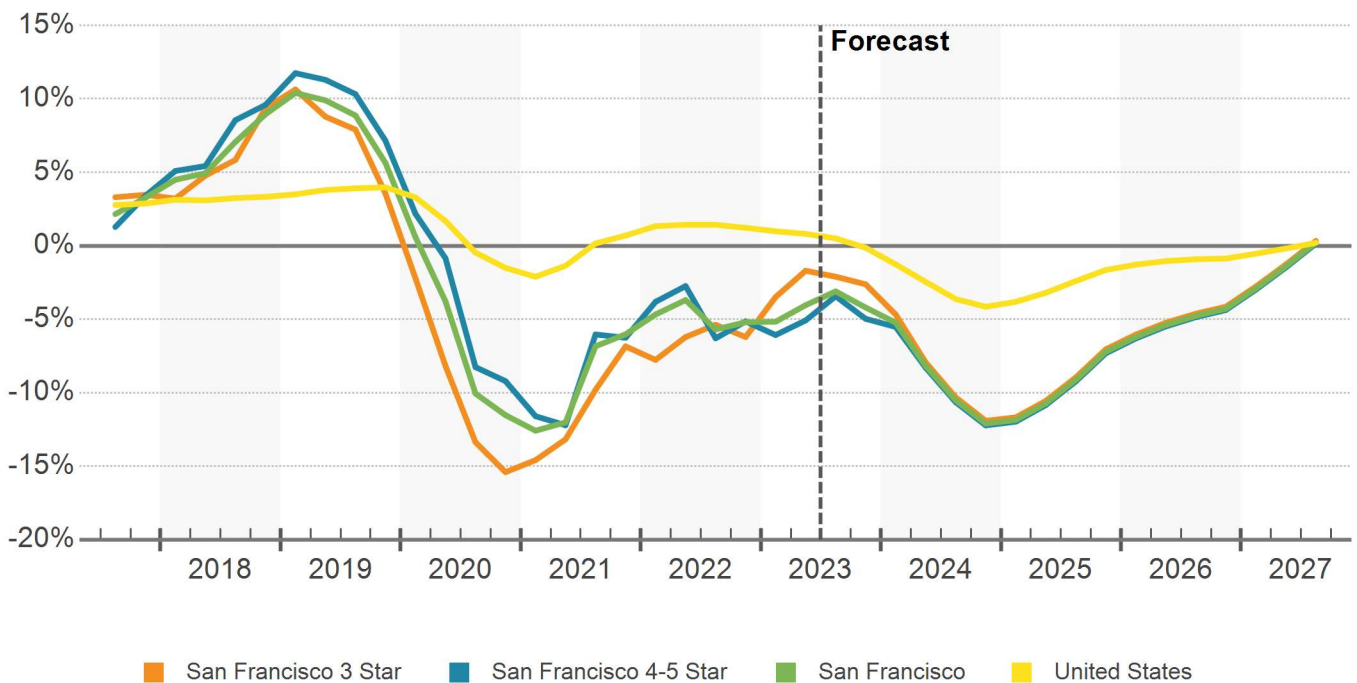
Weakness in the office leasing market continues to drive rents downwards. San Francisco average asking rents, at \$57/SF, are down from a peak of \$74/SF in the second half of 2019. As of the third quarter of 2023, rents are -3.5% below where they were this time last year.

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

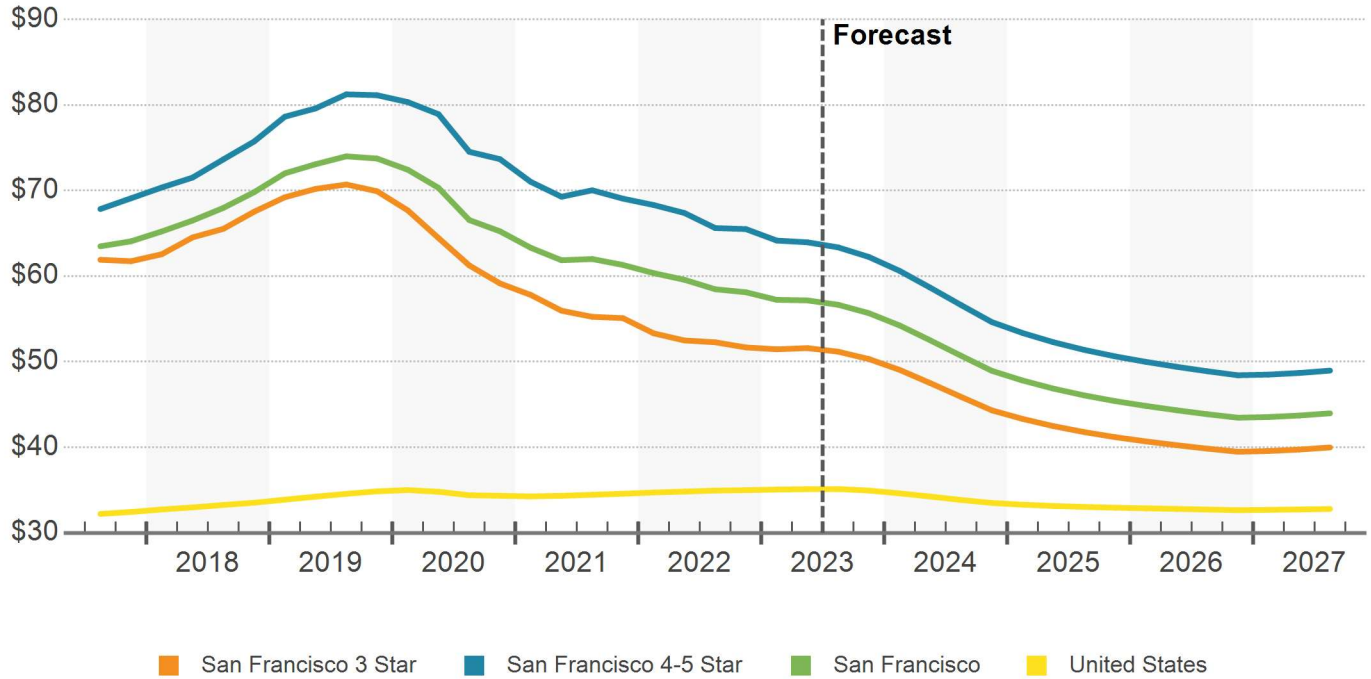
being advertised below \$35/SF.

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	\$1.54	\$2.51	\$1.35	\$7.02	\$7.81	\$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	\$6.29	\$5.82	\$16.05
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	\$5.30	\$5.93	\$15.99
SF Downtown South	\$1.36	\$2.38	\$1.29	\$5.31	\$5.76	\$16.10
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	\$5.75	\$3.40	\$13.64
SF Downtown North	\$0.85	\$2.25	\$0.80	\$5.83	\$2.72	\$12.45
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	\$0.98	\$3.01	\$2.19	\$8.17
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.

Office construction activity in San Francisco remains subdued, with developers reluctant to commence projects while demand for existing spaces remains weak.

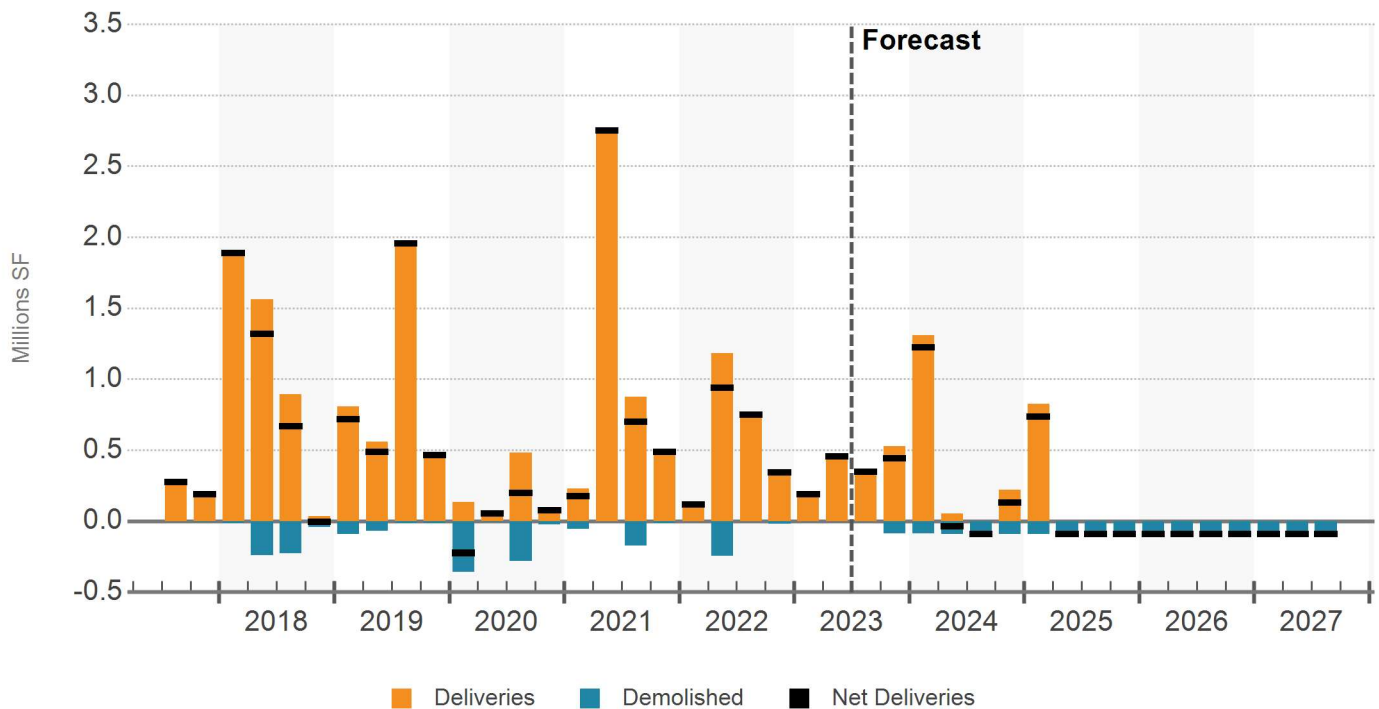
Most development projects that are currently underway target the life science subsector, focused mainly in South San Francisco and San Mateo County. For example, the Elco Yards project in Redwood City is a mixed-use development that includes approximately 500,000 SF of life sciences office space in four individual buildings. Other life science projects include the Alexandria Center for Life Sciences in Millbrae and Lane Partners' Southline project in South San Francisco. The only preleased project underway is in San Mateo, where 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.

In San Francisco, 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.

About 1.4 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.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

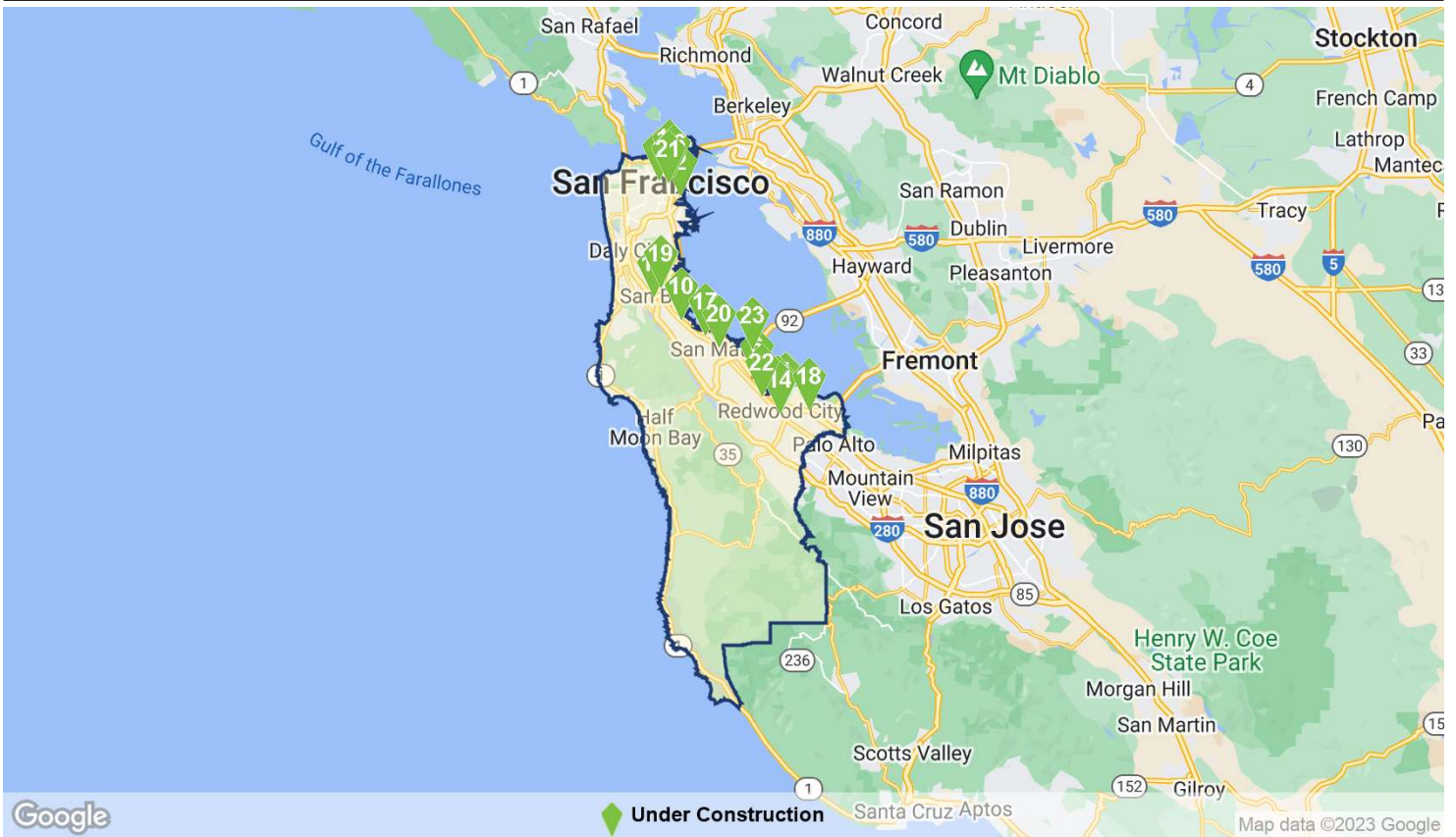
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Redwood City	6	1,095	612	55.9%	8	25,319	182,437	5
2	San Bruno/Millbrae	3	556	371	66.7%	7	28,680	185,295	4
3	South San Francisco	2	375	375	100%	1	51,008	187,500	3
4	Mission Bay/China Basin	1	326	326	100%	1	164,059	326,250	1
5	MidMarket	1	235	235	100%	1	96,360	235,071	2
6	Burlingame	2	230	194	84.7%	6	30,882	114,803	6
7	Foster City/Redwood Shrs	2	225	5	2.2%	9	95,752	112,500	7
8	South Financial District	1	78	78	100%	1	190,067	77,589	8
9	South of Market	1	51	0	0%	10	21,350	51,223	9
10	Menlo Park	1	35	35	100%	1	39,285	34,708	10
	All Other	3	72	0	0%		38,824	24,155	
Totals		23	3,277	2,231	68.1%		46,334	142,496	

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	Sep 2023	- Alphabet
12 San Mateo County Office... 617 Hamilton St	★ ★ ★ ★ ☆	156,000	5	Aug 2021	Sep 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	Sep 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, \$721 million, was the lowest in the past decade, and continues to track well below the 10-year annual average of \$5.0 billion.

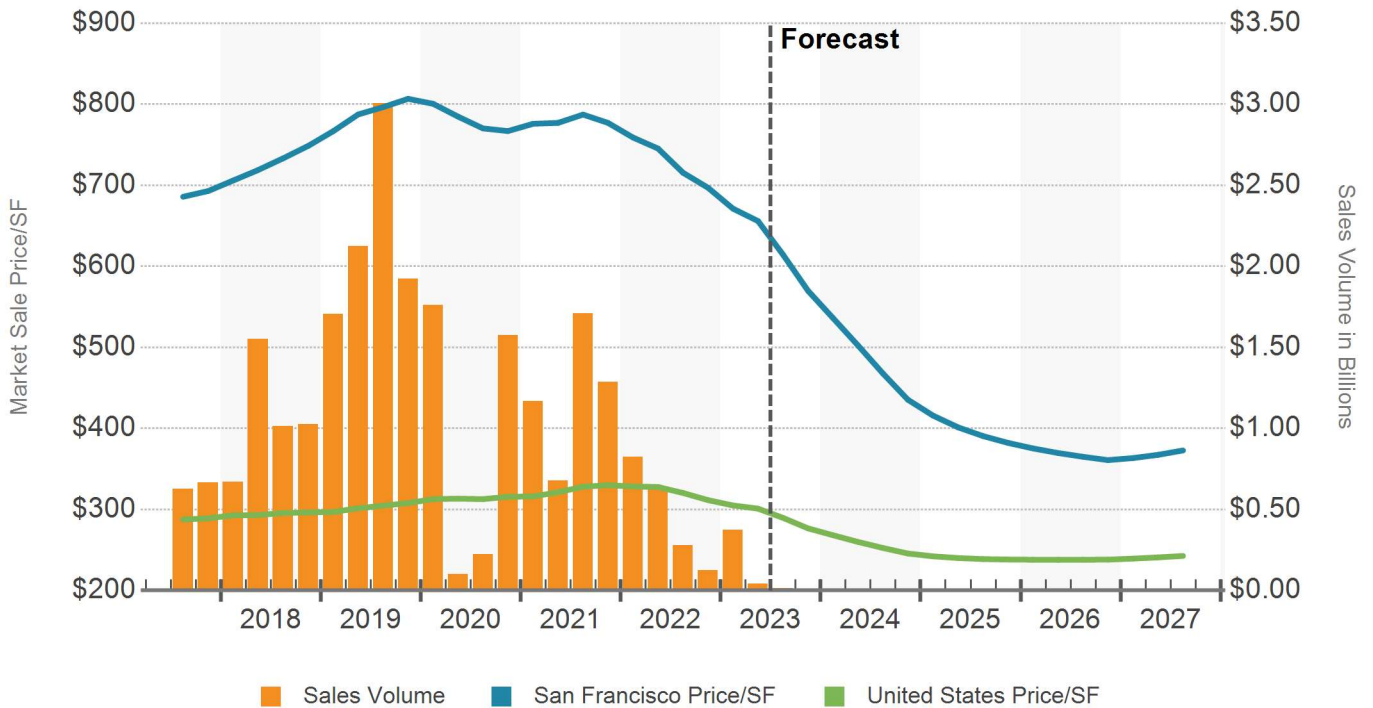
Approaching the end of the third quarter, owners are showing signs of acceptance that weak leasing conditions are set to continue in the immediate future and that office values have fallen substantially below their pre-pandemic levels. Thus, the gap between buyer and seller expectations is narrowing, 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

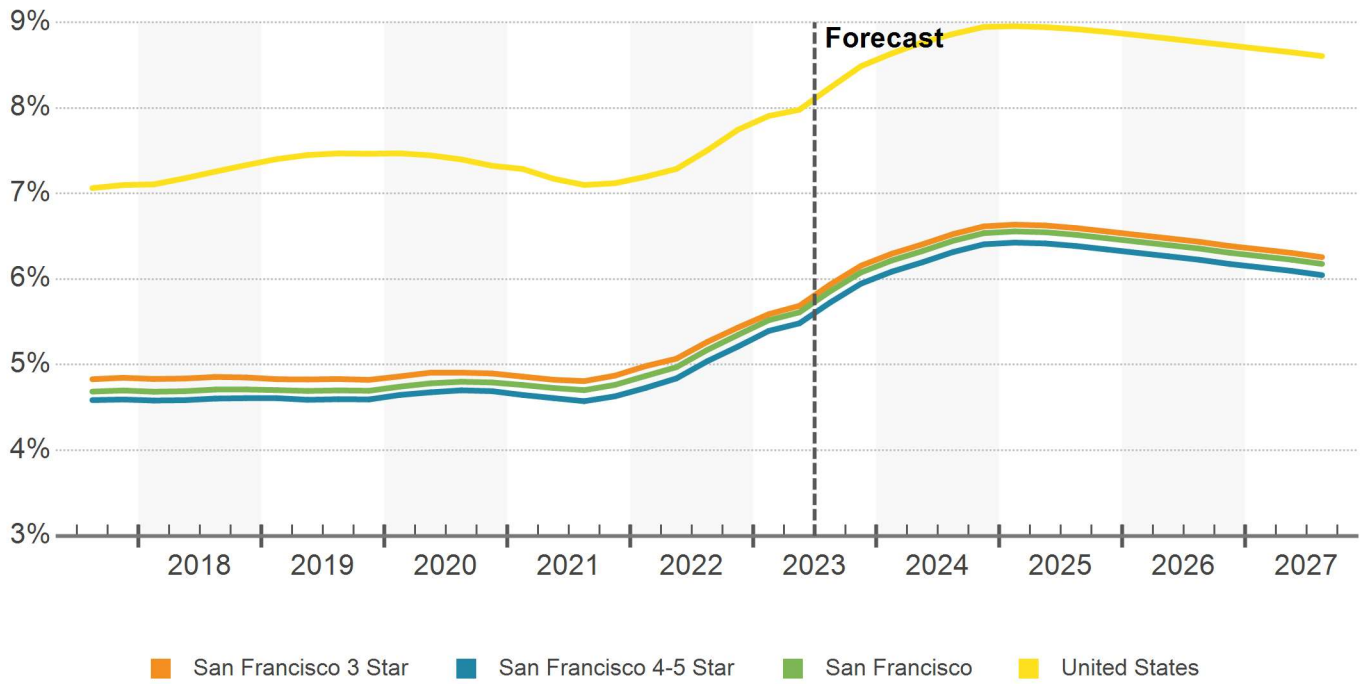
California Street sold for between \$120-\$130/SF. Earlier, in February 2023, the Sobrato Organization purchased 1 Harrison St. for around \$80 million, or \$465/SF. The building was the former headquarters of Athleta and was sold by owner Gap.

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

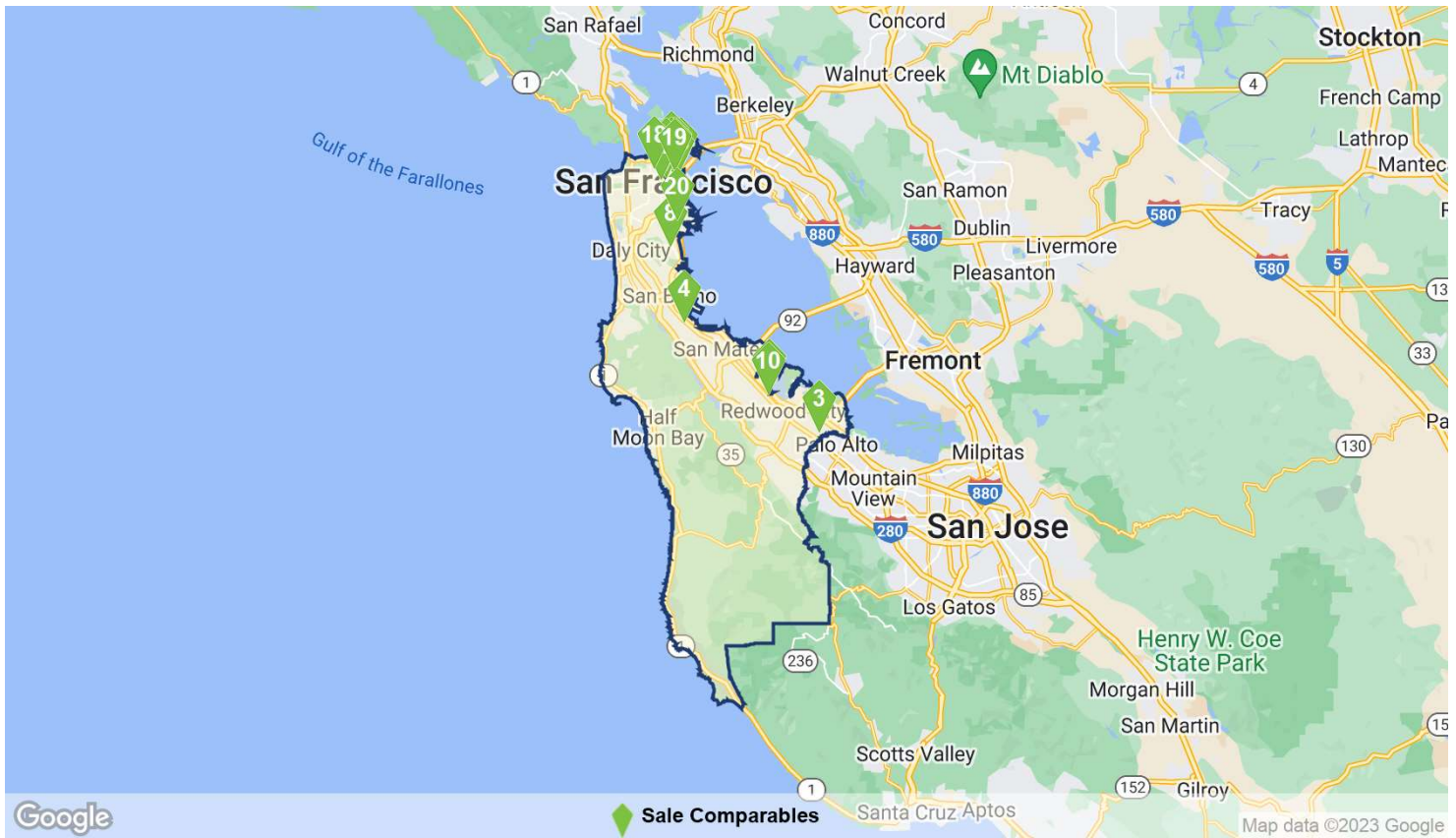
72

5.6%

\$703

5.7%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,000,000	\$18,577,643	\$5,359,000	\$155,000,000
Price/SF	\$178	\$703	\$608	\$3,655
Cap Rate	3.6%	5.6%	5.7%	6.6%
Time Since Sale in Months	0.1	6.6	6.6	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,250	30,462	10,397	200,000
Stories	1	3	2	8
Typical Floor SF	822	8,851	4,451	41,603
Vacancy Rate At Sale	0%	5.7%	0%	100%
Year Built	1890	1948	1943	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	-
12 550 3rd St	★★★★★	1921	20,127	0%	9/9/2022	\$12,500,000	\$621	-
13 414 Brannan St	★★★★★	1924	13,696	0%	8/4/2022	\$12,050,000	\$880	-
14 123-133 Kearny St	★★★★★	1909	26,446	19.5%	3/31/2023	\$10,400,000	\$393	6.6%
15 1155 Mission St	★★★★★	1914	15,678	0%	10/4/2022	\$9,500,000	\$606	-
16 701 Sutter St	★★★★★	1910	19,250	39.0%	11/14/2022	\$8,350,000	\$434	-
17 131 Franklin St	★★★★★	1909	9,580	0%	2/21/2023	\$6,300,000	\$658	-
18 California Pacific Medical... 2323 Sacramento St	★★★★★	1965	15,626	0%	5/30/2023	\$6,250,000	\$400	-
19 156-160 2nd St	★★★★★	1907	33,786	0%	6/30/2023	\$6,000,000	\$178	-
20 BHPF Outpatient Mental... 5815 3rd St	★★★★★	1925	16,215	0%	9/28/2022	\$5,750,000	\$355	-

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 -110,000 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 2.3% 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.

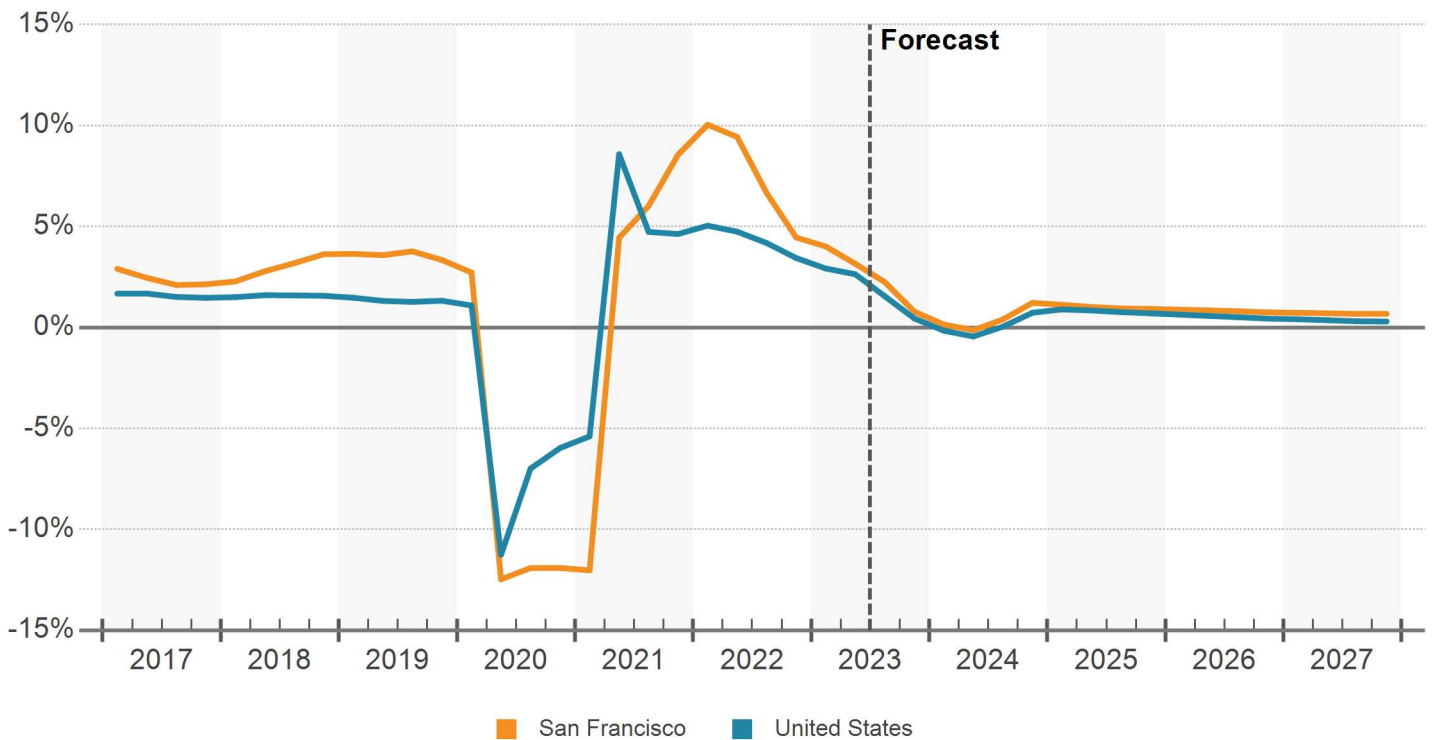
Future tech growth in new areas such as AI is expected to remain focused in the Bay Area, and is expected to drive the economy forward over the coming years.

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	-0.08%	1.06%	0.83%	0.77%	0.31%	0.02%
Trade, Transportation and Utilities	139	0.6	1.27%	0.70%	0.36%	1.18%	-0.11%	0.08%
Retail Trade	67	0.6	-0.07%	0.37%	-1.40%	0.35%	-0.24%	0.08%
Financial Activities	90	1.3	2.39%	0.80%	2.29%	1.46%	0.00%	0.09%
Government	137	0.8	-0.01%	2.03%	1.54%	0.34%	0.38%	0.34%
Natural Resources, Mining and Construction	41	0.6	-1.03%	2.43%	2.92%	2.46%	0.67%	0.19%
Education and Health Services	157	0.8	5.73%	3.75%	2.71%	1.81%	0.39%	0.63%
Professional and Business Services	317	1.8	2.65%	1.95%	3.51%	2.14%	0.65%	0.33%
Information	125	5.2	-0.54%	-0.18%	9.71%	1.29%	1.47%	0.20%
Leisure and Hospitality	130	1.0	10.67%	5.14%	0.30%	1.55%	1.78%	0.92%
Other Services	39	0.9	3.03%	2.54%	0.22%	0.65%	0.45%	0.27%
Total Employment	1,214	1.0	2.80%	2.21%	2.50%	1.35%	0.64%	0.35%

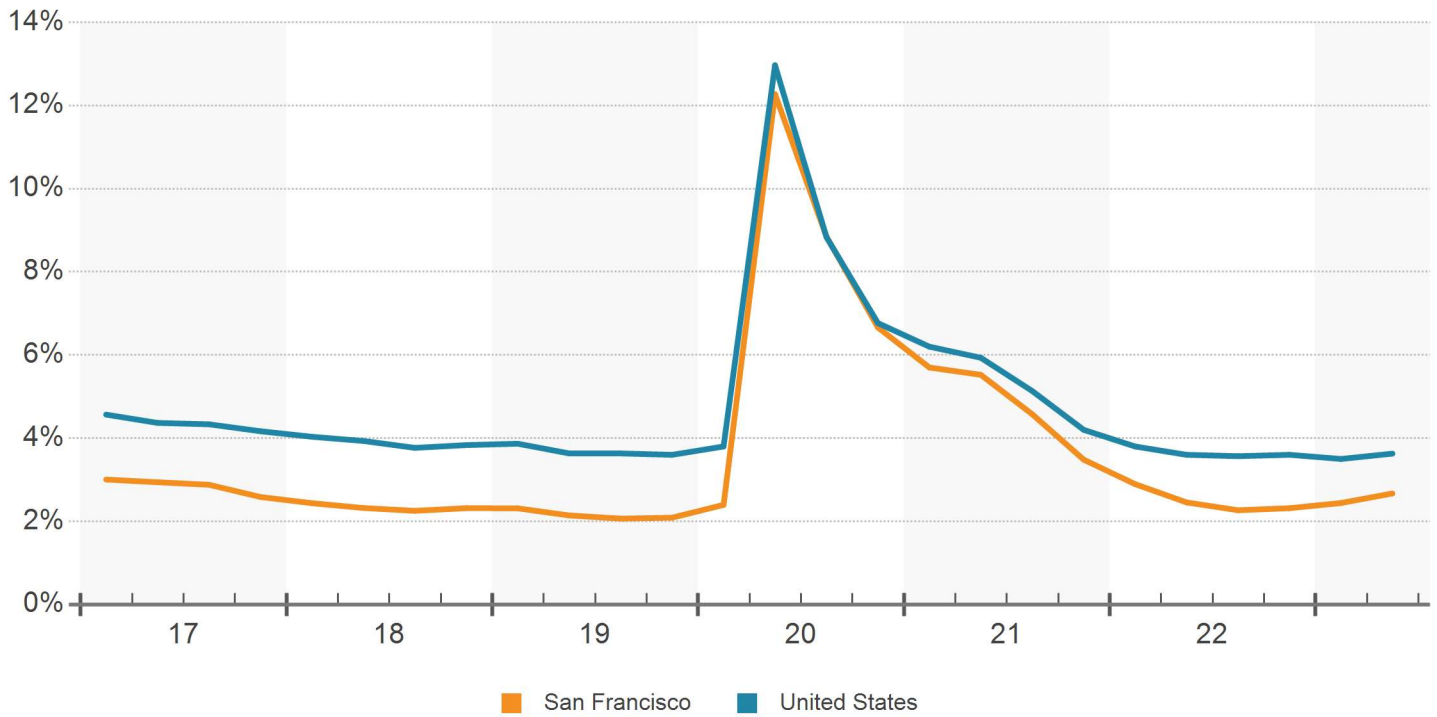
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

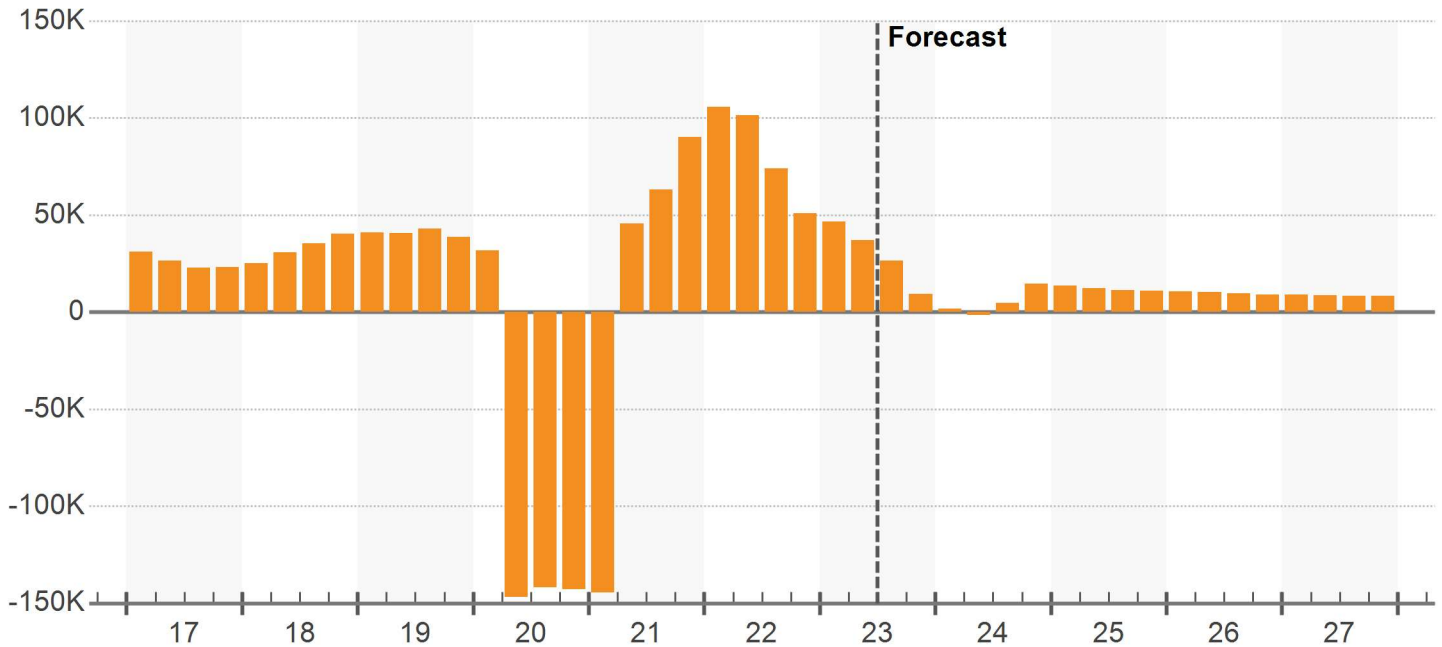


Source: Oxford Economics

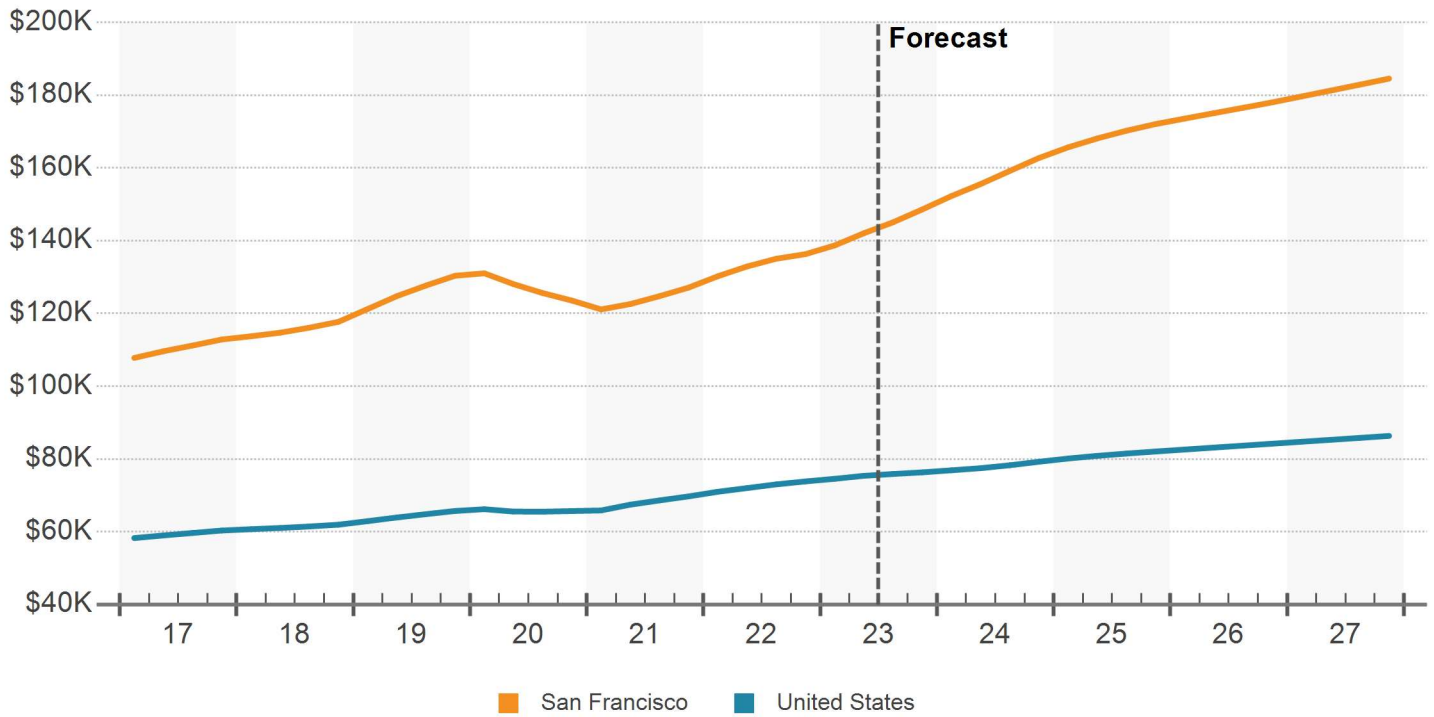
UNEMPLOYMENT RATE (%)



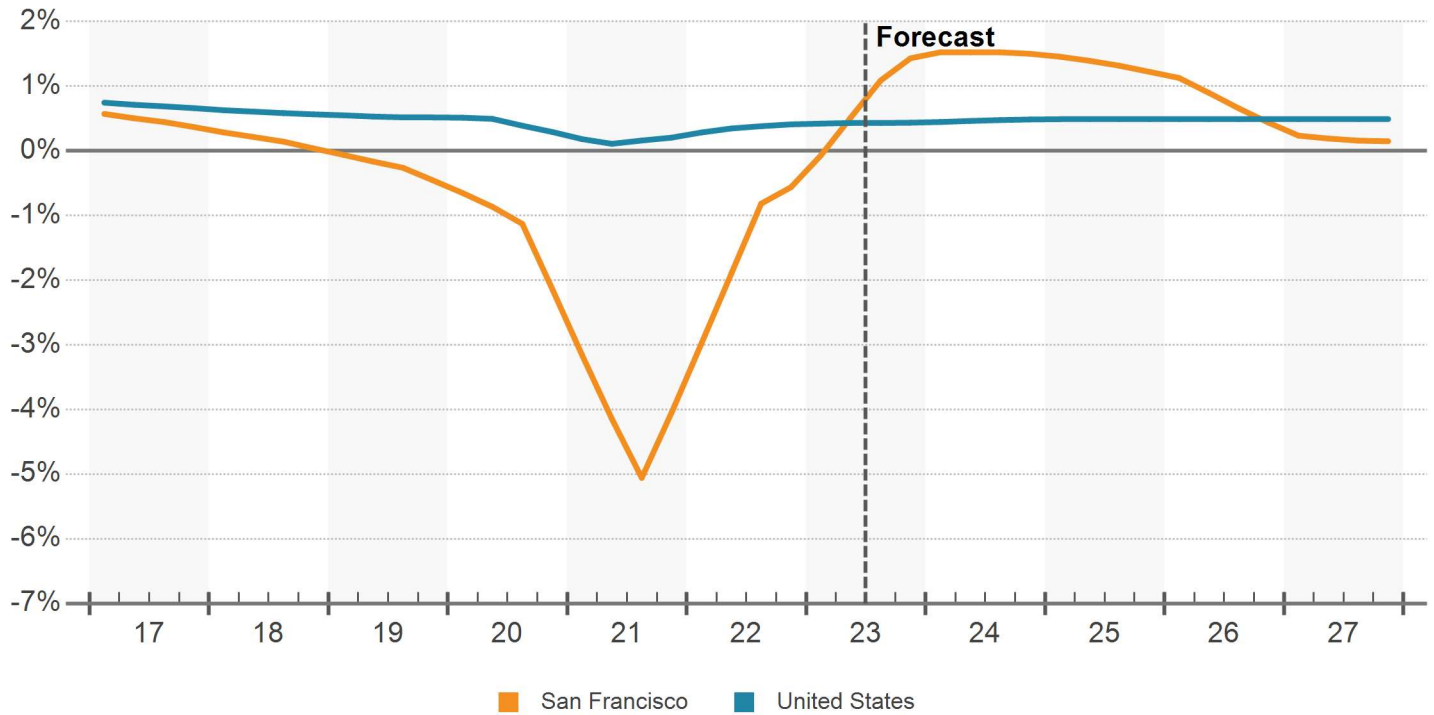
NET EMPLOYMENT CHANGE (YOY)



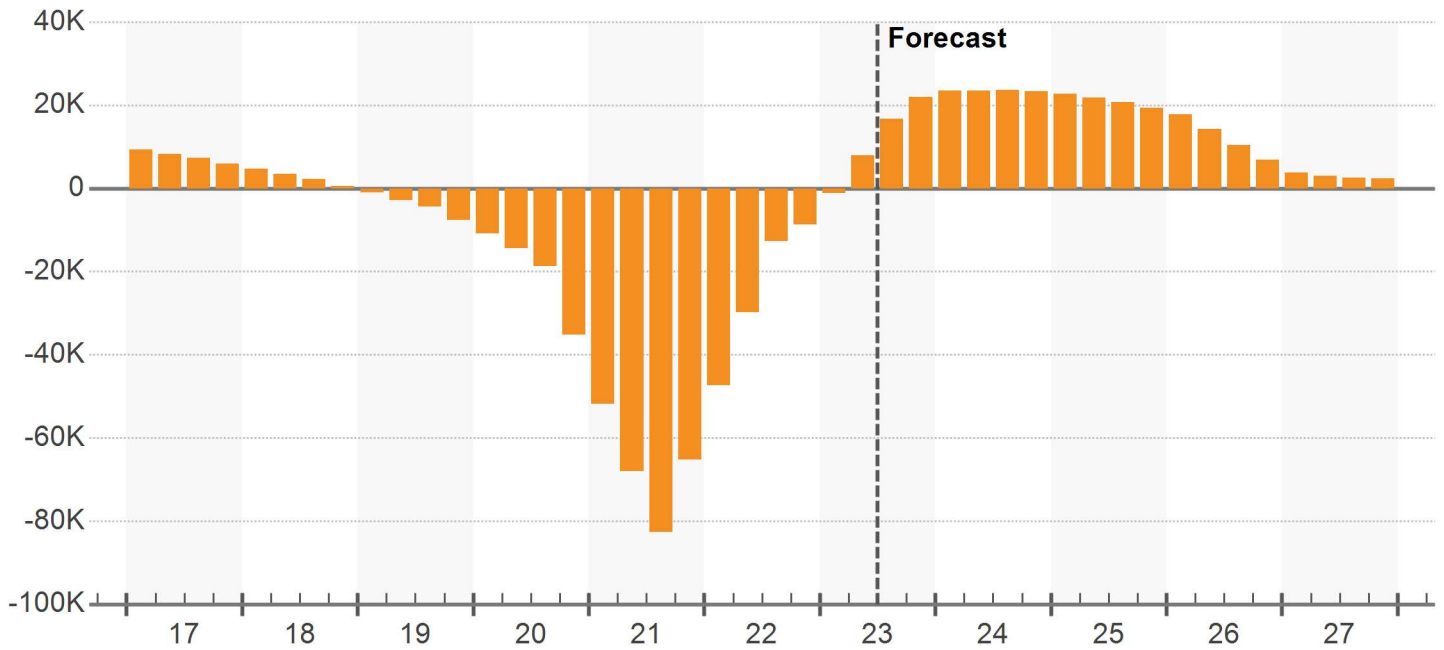
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

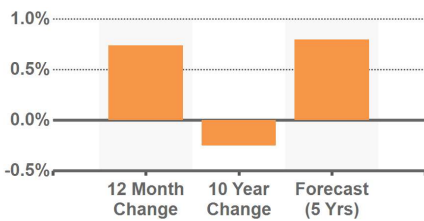


DEMOGRAPHIC TRENDS

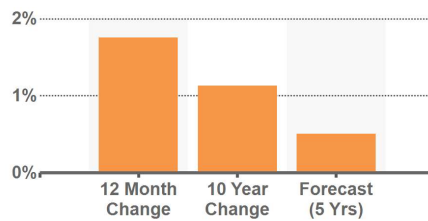
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,550,788	334,506,406	0.7%	0.4%	-0.3%	0.6%	0.8%	0.5%
Households	620,473	129,875,273	1.0%	0.7%	-0.1%	0.9%	0.9%	0.6%
Median Household Income	\$143,194	\$75,561	7.1%	4.4%	5.6%	3.8%	5.7%	3.0%
Labor Force	1,039,345	165,938,438	1.8%	1.0%	1.1%	0.6%	0.5%	0.3%
Unemployment	2.7%	3.6%	0.3%	0%	-0.3%	-0.4%	-	-

Source: Oxford Economics

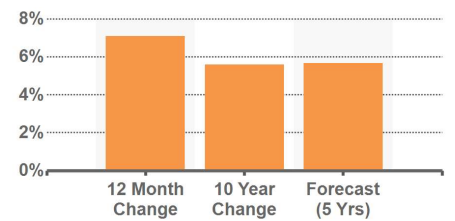
POPULATION GROWTH



LABOR FORCE GROWTH



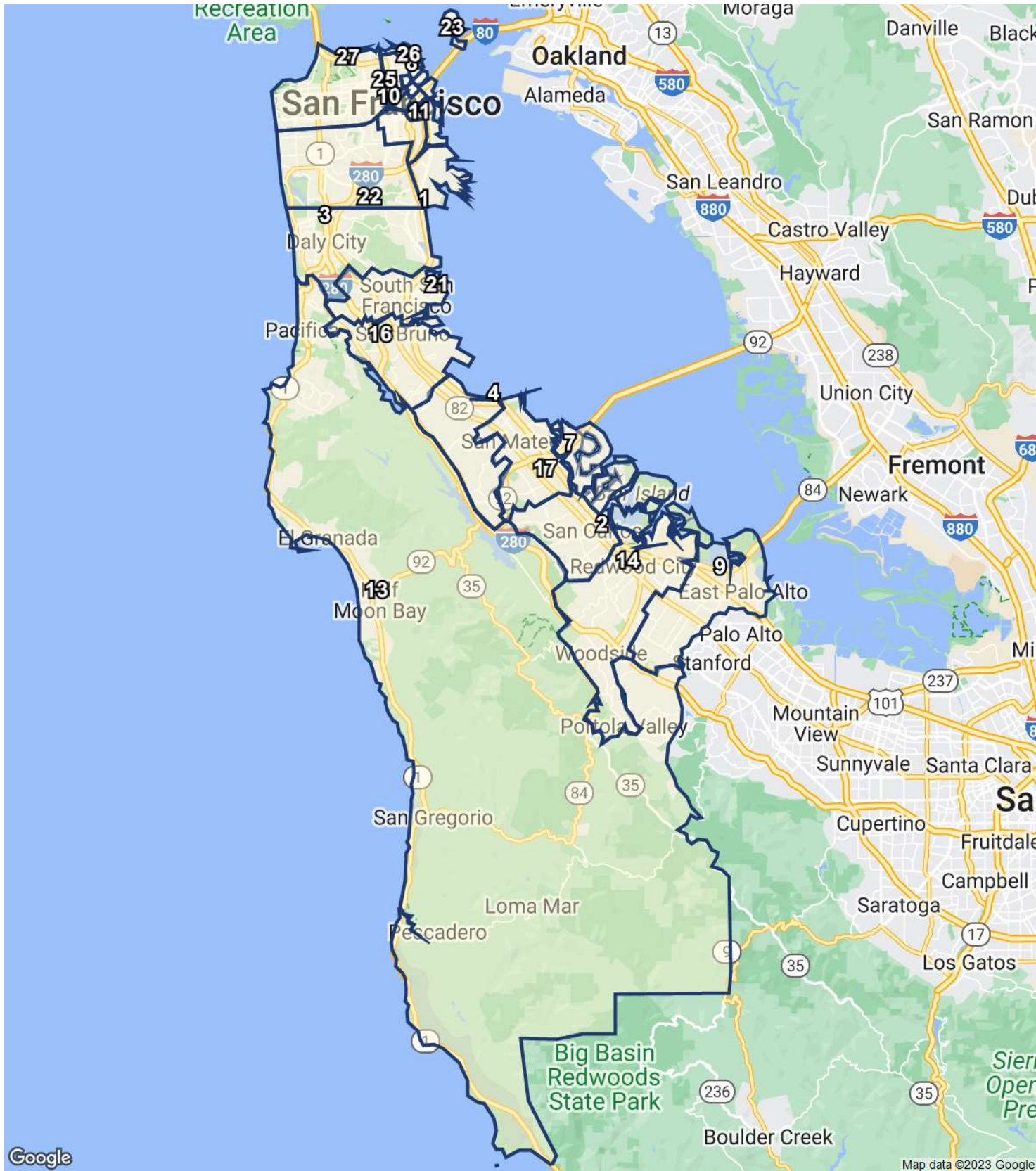
INCOME GROWTH



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	10	0.4%	9	1	18	0.7%	13
3	Brisbane/Daly City	90	2,882	1.5%	22	0	0	0%	-	0	-	-	-
4	Burlingame	129	3,984	2.1%	18	0	0	0%	-	2	230	5.8%	6
5	Civic Center	64	4,353	2.3%	16	0	0	0%	-	0	-	-	-
6	Financial District	173	31,278	16.5%	1	0	0	0%	-	0	-	-	-
7	Foster City/Redwood Shrs	103	9,862	5.2%	5	0	0	0%	-	2	225	2.3%	7
8	Jackson Square	123	3,353	1.8%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	278	10,921	5.8%	3	3	247	2.3%	4	1	35	0.3%	10
10	MidMarket	82	7,902	4.2%	7	0	0	0%	-	1	235	3.0%	5
11	Mission Bay/China Basin	33	5,414	2.9%	12	1	300	5.5%	2	1	326	6.0%	4
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	8,026	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	324	10,612	5.6%	4	2	350	3.3%	1	1	30	0.3%	11
18	Showplace Square	51	4,272	2.3%	17	1	102	2.4%	6	1	25	0.6%	12
19	South Financial District	164	31,171	16.5%	2	0	0	0%	-	1	78	0.2%	8
20	South of Market	249	5,316	2.8%	13	1	25	0.5%	8	1	51	1.0%	9
21	South San Francisco	128	6,529	3.4%	9	2	261	4.0%	3	2	375	5.7%	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	3,622	1.9%	20	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,638	2.5%	14	0	0	0%	-	0	-	-	-
27	West of Van Ness	397	5,818	3.1%	11	0	0	0%	-	0	-	-	-
28	Yerba Buena	73	4,441	2.3%	15	1	59	1.3%	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	\$33.94	28	-5.5%	28	-2.2%	28
2	Belmont/San Carlos	\$56.43	8	-3.1%	15	-1.2%	5
3	Brisbane/Daly City	\$44.20	22	-3.6%	20	-1.3%	8
4	Burlingame	\$52.30	11	-2.9%	9	-2.0%	27
5	Civic Center	\$48.69	18	-3.2%	17	-1.7%	20
6	Financial District	\$58.21	7	-4.3%	26	-1.9%	24
7	Foster City/Redwood Shrs	\$61.92	5	-3.7%	22	-1.6%	18
8	Jackson Square	\$50.45	15	-2.6%	4	-1.5%	13
9	Menlo Park	\$81.28	1	-2.9%	8	-0.9%	2
10	MidMarket	\$53.47	9	-3.1%	16	-1.6%	16
11	Mission Bay/China Basin	\$62.54	3	-4.5%	27	-1.8%	23
12	Mission/Potrero	\$41.11	26	-2.7%	7	-1.2%	4
13	Peninsula Coastline	\$39.46	27	-3.0%	10	-1.3%	10
14	Redwood City	\$65.79	2	-3.1%	14	-1.0%	3
15	Rincon/South Beach	\$51.13	13	-3.5%	19	-1.6%	17
16	San Bruno/Millbrae	\$47.61	20	-2.6%	5	-1.3%	7
17	San Mateo	\$59.89	6	-2.3%	1	-0.5%	1
18	Showplace Square	\$49.39	17	-3.1%	13	-1.5%	15
19	South Financial District	\$62.48	4	-4.1%	25	-1.8%	22
20	South of Market	\$43.10	24	-3.6%	21	-1.9%	26
21	South San Francisco	\$50.51	14	-3.5%	18	-1.3%	9
22	Southern City	\$45.06	21	-3.0%	12	-1.7%	19
23	Treasure/Yerba Buena Isl...	\$42.44	25	-4.0%	24	-1.8%	21
24	Union Square	\$49.77	16	-2.4%	3	-1.5%	14
25	Van Ness/Chinatown	\$43.73	23	-3.0%	11	-1.2%	6
26	Waterfront/North Beach	\$47.80	19	-2.7%	6	-1.4%	11
27	West of Van Ness	\$52.70	10	-2.3%	2	-1.4%	12
28	Yerba Buena	\$51.80	12	-3.8%	23	-1.9%	25

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	7,269	1.2%	1	31,692	5.0%	4	-
2	Belmont/San Carlos	364,740	14.1%	13	(16,644)	-0.6%	10	-
3	Brisbane/Daly City	171,700	6.0%	5	(38,308)	-1.3%	14	-
4	Burlingame	246,524	6.2%	6	(31,572)	-0.8%	13	-
5	Civic Center	257,311	5.9%	4	951	0%	7	-
6	Financial District	8,572,812	27.4%	24	(1,953,902)	-6.2%	27	-
7	Foster City/Redwood Shrs	1,250,049	12.7%	12	(181,635)	-1.8%	20	-
8	Jackson Square	611,806	18.2%	16	12,895	0.4%	5	-
9	Menlo Park	1,276,738	11.7%	11	(65,879)	-0.6%	17	-
10	MidMarket	1,457,092	18.4%	17	(335,806)	-4.2%	23	-
11	Mission Bay/China Basin	1,351,220	25.0%	22	(259,738)	-4.8%	21	-
12	Mission/Potrero	310,146	8.5%	9	(48,675)	-1.3%	16	-
13	Peninsula Coastline	17,504	2.6%	2	10,988	1.7%	6	-
14	Redwood City	1,523,597	19.0%	18	(739,913)	-9.2%	26	-
15	Rincon/South Beach	2,063,767	27.1%	23	(632,933)	-8.3%	25	-
16	San Bruno/Millbrae	367,560	14.9%	14	134,955	5.5%	2	0.9
17	San Mateo	1,612,442	15.2%	15	144,861	1.4%	1	1.5
18	Showplace Square	1,180,926	27.6%	26	(305,969)	-7.2%	22	-
19	South Financial District	7,329,105	23.5%	21	(2,438,759)	-7.8%	28	-
20	South of Market	1,463,121	27.5%	25	(365,430)	-6.9%	24	-
21	South San Francisco	442,975	6.8%	7	71,259	1.1%	3	-
22	Southern City	52,682	3.9%	3	(105)	0%	9	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,269,943	21.6%	19	(44,620)	-0.8%	15	-
25	Van Ness/Chinatown	371,406	10.3%	10	(26,446)	-0.7%	11	-
26	Waterfront/North Beach	1,050,033	22.6%	20	(114,706)	-2.5%	18	-
27	West of Van Ness	436,248	7.5%	8	(28,289)	-0.5%	12	-
28	Yerba Buena	1,955,672	44.0%	27	(118,942)	-2.7%	19	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	191,021,051	(360,965)	-0.2%	(693,755)	-0.4%	-
2026	191,382,016	(361,665)	-0.2%	(5,878,082)	-3.1%	-
2025	191,743,681	463,285	0.2%	(7,004,898)	-3.7%	-
2024	191,280,396	1,221,544	0.6%	(11,505,016)	-6.0%	-
2023	190,058,852	1,431,877	0.8%	(10,395,699)	-5.5%	-
YTD	189,272,756	645,781	0.3%	(5,200,891)	-2.7%	-
2022	188,626,975	2,143,752	1.1%	(4,364,030)	-2.3%	-
2021	186,483,223	4,108,326	2.3%	(1,725,141)	-0.9%	-
2020	182,374,897	101,523	0.1%	(7,540,230)	-4.1%	-
2019	182,273,374	3,662,530	2.1%	2,962,902	1.6%	1.2
2018	178,610,844	3,872,044	2.2%	4,704,975	2.6%	0.8
2017	174,738,800	612,542	0.4%	266,300	0.2%	2.3
2016	174,126,258	2,477,417	1.4%	1,777,191	1.0%	1.4
2015	171,648,841	2,067,407	1.2%	2,954,116	1.7%	0.7
2014	169,581,434	106,098	0.1%	3,381,984	2.0%	0
2013	169,475,336	(635,578)	-0.4%	2,150,109	1.3%	-
2012	170,110,914	287,209	0.2%	1,317,403	0.8%	0.2
2011	169,823,705	(618,976)	-0.4%	3,037,788	1.8%	-

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	105,237,756	0	0%	(75,134)	-0.1%	-
2026	105,237,756	0	0%	(2,646,828)	-2.5%	-
2025	105,237,756	795,071	0.8%	(3,139,128)	-3.0%	-
2024	104,442,685	1,516,240	1.5%	(5,292,381)	-5.1%	-
2023	102,926,445	1,212,830	1.2%	(7,048,991)	-6.8%	-
YTD	102,243,396	529,781	0.5%	(4,239,357)	-4.1%	-
2022	101,713,615	2,191,873	2.2%	(2,329,846)	-2.3%	-
2021	99,521,742	4,304,247	4.5%	(24,051)	0%	-
2020	95,217,495	354,976	0.4%	(2,728,135)	-2.9%	-
2019	94,862,519	3,282,904	3.6%	2,917,517	3.1%	1.1
2018	91,579,615	4,189,673	4.8%	5,045,161	5.5%	0.8
2017	87,389,942	839,891	1.0%	479,239	0.5%	1.8
2016	86,550,051	1,996,537	2.4%	1,786,595	2.1%	1.1
2015	84,553,514	2,020,540	2.4%	2,199,641	2.6%	0.9
2014	82,532,974	604,643	0.7%	2,194,670	2.7%	0.3
2013	81,928,331	41,969	0.1%	1,646,646	2.0%	0
2012	81,886,362	492,599	0.6%	1,840,810	2.2%	0.3
2011	81,393,763	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	55,304,752	(126)	0%	(210,559)	-0.4%	-
2026	55,304,878	(125)	0%	(1,852,792)	-3.4%	-
2025	55,305,003	29,536	0.1%	(2,253,068)	-4.1%	-
2024	55,275,467	64,540	0.1%	(3,738,103)	-6.8%	-
2023	55,210,927	304,702	0.6%	(2,027,051)	-3.7%	-
YTD	55,022,225	116,000	0.2%	(569,533)	-1.0%	-
2022	54,906,225	15,929	0%	(1,328,802)	-2.4%	-
2021	54,890,296	(62,389)	-0.1%	(1,195,270)	-2.2%	-
2020	54,952,685	28,164	0.1%	(3,101,586)	-5.6%	-
2019	54,924,521	352,273	0.6%	522,739	1.0%	0.7
2018	54,572,248	(103,261)	-0.2%	(119,295)	-0.2%	-
2017	54,675,509	(181,841)	-0.3%	(325,037)	-0.6%	-
2016	54,857,350	676,364	1.2%	334,427	0.6%	2.0
2015	54,180,986	177,638	0.3%	596,214	1.1%	0.3
2014	54,003,348	(350,818)	-0.6%	1,059,099	2.0%	-
2013	54,354,166	(176,372)	-0.3%	642,667	1.2%	-
2012	54,530,538	(38,528)	-0.1%	(482,400)	-0.9%	-
2011	54,569,066	(525,525)	-1.0%	1,649,735	3.0%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	30,478,543	(360,839)	-1.2%	(408,062)	-1.3%	-
2026	30,839,382	(361,540)	-1.2%	(1,378,462)	-4.5%	-
2025	31,200,922	(361,322)	-1.1%	(1,612,702)	-5.2%	-
2024	31,562,244	(359,236)	-1.1%	(2,474,532)	-7.8%	-
2023	31,921,480	(85,655)	-0.3%	(1,319,657)	-4.1%	-
YTD	32,007,135	0	0%	(392,001)	-1.2%	-
2022	32,007,135	(64,050)	-0.2%	(705,382)	-2.2%	-
2021	32,071,185	(133,532)	-0.4%	(505,820)	-1.6%	-
2020	32,204,717	(281,617)	-0.9%	(1,710,509)	-5.3%	-
2019	32,486,334	27,353	0.1%	(477,354)	-1.5%	-
2018	32,458,981	(214,368)	-0.7%	(220,891)	-0.7%	-
2017	32,673,349	(45,508)	-0.1%	112,098	0.3%	-
2016	32,718,857	(195,484)	-0.6%	(343,831)	-1.1%	-
2015	32,914,341	(130,771)	-0.4%	158,261	0.5%	-
2014	33,045,112	(147,727)	-0.4%	128,215	0.4%	-
2013	33,192,839	(501,175)	-1.5%	(139,204)	-0.4%	-
2012	33,694,014	(166,862)	-0.5%	(41,007)	-0.1%	-
2011	33,860,876	(238,656)	-0.7%	189,296	0.6%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$44.30	118	1.9%	-39.9%	69,051,189	36.1%	0.2%
2026	\$43.46	115	-4.3%	-41.1%	68,715,794	35.9%	2.9%
2025	\$45.40	121	-7.2%	-38.4%	63,196,599	33.0%	3.8%
2024	\$48.93	130	-12.1%	-33.6%	55,725,571	29.1%	6.5%
2023	\$55.67	148	-4.2%	-24.5%	42,995,969	22.6%	6.1%
YTD	\$57.08	152	-3.5%	-22.6%	37,014,388	19.6%	3.0%
2022	\$58.11	154	-5.2%	-21.2%	31,167,716	16.5%	3.3%
2021	\$61.30	163	-6.0%	-16.9%	24,659,934	13.2%	2.9%
2020	\$65.23	173	-11.5%	-11.5%	18,822,967	10.3%	4.2%
2019	\$73.73	196	5.6%	0%	11,184,714	6.1%	0.2%
2018	\$69.80	185	8.9%	-5.3%	10,553,875	5.9%	-0.6%
2017	\$64.07	170	3.3%	-13.1%	11,386,806	6.5%	0.2%
2016	\$62.04	165	2.0%	-15.9%	11,040,564	6.3%	0.3%
2015	\$60.80	162	13.0%	-17.5%	10,340,338	6.0%	-0.6%
2014	\$53.79	143	12.1%	-27.0%	11,227,047	6.6%	-1.9%
2013	\$47.97	127	13.5%	-34.9%	14,502,933	8.6%	-1.6%
2012	\$42.25	112	13.3%	-42.7%	17,288,620	10.2%	-0.6%
2011	\$37.29	99	18.4%	-49.4%	18,318,814	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	\$49.32	119	1.9%	-39.2%	39,523,780	37.6%	0.1%
2026	\$48.42	116	-4.4%	-40.3%	39,448,646	37.5%	2.5%
2025	\$50.63	122	-7.3%	-37.6%	36,801,818	35.0%	3.5%
2024	\$54.63	131	-12.2%	-32.7%	32,867,619	31.5%	6.2%
2023	\$62.23	150	-5.0%	-23.3%	26,058,998	25.3%	7.8%
YTD	\$63.84	153	-4.3%	-21.3%	22,566,292	22.1%	4.6%
2022	\$65.49	157	-5.1%	-19.3%	17,797,154	17.5%	4.2%
2021	\$69.04	166	-6.3%	-14.9%	13,275,435	13.3%	3.9%
2020	\$73.66	177	-9.2%	-9.2%	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	9.6%	-6.7%	5,498,089	6.0%	-1.3%
2017	\$69.10	166	3.4%	-14.8%	6,353,577	7.3%	0.3%
2016	\$66.83	161	1.7%	-17.6%	5,992,925	6.9%	0.1%
2015	\$65.70	158	11.2%	-19.0%	5,782,983	6.8%	-0.4%
2014	\$59.08	142	11.7%	-27.2%	5,962,084	7.2%	-2.0%
2013	\$52.88	127	13.1%	-34.8%	7,552,111	9.2%	-2.0%
2012	\$46.75	112	11.9%	-42.4%	9,156,788	11.2%	-1.7%
2011	\$41.76	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	\$40.29	120	2.0%	-42.4%	19,238,140	34.8%	0.4%
2026	\$39.48	117	-4.2%	-43.5%	19,027,702	34.4%	3.3%
2025	\$41.19	122	-7.0%	-41.1%	17,175,032	31.1%	4.1%
2024	\$44.32	132	-11.9%	-36.6%	14,892,424	26.9%	6.9%
2023	\$50.31	149	-2.6%	-28.0%	11,089,778	20.1%	4.1%
YTD	\$51.54	153	-1.6%	-26.3%	9,443,520	17.2%	1.2%
2022	\$51.67	153	-6.2%	-26.1%	8,757,987	16.0%	2.4%
2021	\$55.09	164	-6.8%	-21.2%	7,413,256	13.5%	2.1%
2020	\$59.14	176	-15.4%	-15.4%	6,280,375	11.4%	5.7%
2019	\$69.91	208	3.5%	0%	3,150,625	5.7%	-0.4%
2018	\$67.52	200	9.4%	-3.4%	3,345,636	6.1%	0%
2017	\$61.74	183	3.5%	-11.7%	3,329,602	6.1%	0.3%
2016	\$59.67	177	1.4%	-14.6%	3,186,406	5.8%	0.6%
2015	\$58.85	175	16.9%	-15.8%	2,844,469	5.2%	-0.8%
2014	\$50.35	150	12.5%	-28.0%	3,263,045	6.0%	-2.6%
2013	\$44.77	133	14.1%	-36.0%	4,672,962	8.6%	-1.5%
2012	\$39.25	117	16.5%	-43.9%	5,492,001	10.1%	0.8%
2011	\$33.68	100	16.4%	-51.8%	5,048,129	9.3%	-3.9%

1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$34.74	111	2.1%	-38.0%	10,289,269	33.8%	0.6%
2026	\$34.04	108	-4.1%	-39.2%	10,239,446	33.2%	3.7%
2025	\$35.51	113	-7.0%	-36.6%	9,219,749	29.5%	4.3%
2024	\$38.19	122	-11.9%	-31.8%	7,965,528	25.2%	6.9%
2023	\$43.35	138	-3.6%	-22.6%	5,847,193	18.3%	3.9%
YTD	\$44.41	141	-3.4%	-20.7%	5,004,576	15.6%	1.2%
2022	\$44.99	143	-3.4%	-19.7%	4,612,575	14.4%	2.0%
2021	\$46.58	148	-3.1%	-16.8%	3,971,243	12.4%	1.2%
2020	\$48.06	153	-14.2%	-14.2%	3,595,455	11.2%	4.5%
2019	\$56.02	178	3.2%	0%	2,170,063	6.7%	1.4%
2018	\$54.28	173	5.3%	-3.1%	1,710,150	5.3%	0.1%
2017	\$51.55	164	2.3%	-8.0%	1,703,627	5.2%	-0.5%
2016	\$50.41	161	4.9%	-10.0%	1,861,233	5.7%	0.5%
2015	\$48.06	153	13.5%	-14.2%	1,712,886	5.2%	-0.9%
2014	\$42.33	135	13.3%	-24.4%	2,001,918	6.1%	-0.8%
2013	\$37.36	119	14.5%	-33.3%	2,277,860	6.9%	-1.0%
2012	\$32.64	104	13.4%	-41.7%	2,639,831	7.8%	-0.3%
2011	\$28.78	92	11.6%	-48.6%	2,765,686	8.2%	-1.2%

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	-	-	-	-	-	-	\$379.56	125	6.1%
2026	-	-	-	-	-	-	\$360.95	119	6.3%
2025	-	-	-	-	-	-	\$382.22	126	6.5%
2024	-	-	-	-	-	-	\$435.35	144	6.5%
2023	-	-	-	-	-	-	\$569.91	188	6.1%
YTD	32	\$426.1M	0.5%	\$15,217,784	\$564.45	5.1%	\$646.31	213	5.7%
2022	97	\$1.9B	1.5%	\$21,797,705	\$808.75	4.8%	\$697.02	230	5.3%
2021	123	\$4.8B	4.9%	\$43,200,780	\$737.69	5.0%	\$777.06	256	4.8%
2020	77	\$3.7B	1.9%	\$48,130,011	\$1,054.91	4.4%	\$767	253	4.8%
2019	230	\$8.8B	6.1%	\$58,767,379	\$835.38	5.1%	\$806.81	266	4.7%
2018	192	\$4.3B	4.1%	\$32,494,554	\$661.32	4.7%	\$748.63	247	4.7%
2017	220	\$4.3B	4.6%	\$34,017,150	\$603.82	5.2%	\$692.98	229	4.7%
2016	207	\$6.9B	8.1%	\$47,763,708	\$579.16	4.8%	\$692.75	229	4.5%
2015	237	\$5.1B	7.2%	\$35,600,977	\$621.76	4.8%	\$662.53	219	4.5%
2014	281	\$8.1B	9.4%	\$39,707,117	\$529.78	5.0%	\$572.88	189	4.8%
2013	221	\$2.9B	4.9%	\$18,177,115	\$371.69	5.3%	\$479.07	158	5.2%
2012	307	\$6.4B	9.8%	\$36,575,600	\$439.71	5.3%	\$409.86	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	-	-	-	-	-	-	\$409.86	120	6.0%
2026	-	-	-	-	-	-	\$389.86	114	6.2%
2025	-	-	-	-	-	-	\$413.03	121	6.3%
2024	-	-	-	-	-	-	\$470.88	138	6.4%
2023	-	-	-	-	-	-	\$617.89	181	5.9%
YTD	3	\$154.8M	0.3%	\$51,600,000	\$510.31	-	\$701.46	206	5.6%
2022	10	\$1.1B	1.2%	\$133,598,596	\$1,045.67	-	\$759.04	222	5.2%
2021	30	\$3.5B	7.0%	\$177,288,994	\$824.47	5.0%	\$848.71	249	4.6%
2020	9	\$2.3B	2.3%	\$254,000,244	\$1,042.62	-	\$826.27	242	4.7%
2019	37	\$5.8B	7.4%	\$165,567,847	\$882.41	4.7%	\$867.83	254	4.6%
2018	25	\$2.5B	4.3%	\$107,648,361	\$720.21	4.8%	\$804.77	236	4.6%
2017	29	\$3.2B	6.1%	\$115,335,742	\$636.08	5.5%	\$745.62	219	4.6%
2016	34	\$4.6B	8.6%	\$152,637,185	\$645.48	4.4%	\$749.31	220	4.4%
2015	37	\$3.1B	7.9%	\$146,331,953	\$690.48	4.6%	\$721.10	211	4.4%
2014	46	\$6.1B	12.5%	\$131,775,121	\$587.18	4.0%	\$629.85	185	4.6%
2013	19	\$1.7B	5.0%	\$91,036,662	\$421.38	4.9%	\$531.97	156	5.0%
2012	37	\$5.1B	12.3%	\$140,689,264	\$503.42	4.9%	\$458.40	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	-	-	-	-	-	-	\$353.74	137	6.2%
2026	-	-	-	-	-	-	\$336.24	130	6.4%
2025	-	-	-	-	-	-	\$355.79	138	6.6%
2024	-	-	-	-	-	-	\$404.74	157	6.6%
2023	-	-	-	-	-	-	\$528.52	205	6.2%
YTD	10	\$174.2M	0.8%	\$19,350,996	\$545.26	6.6%	\$598.73	232	5.8%
2022	36	\$468.7M	1.3%	\$13,784,489	\$635.48	5.2%	\$643	249	5.4%
2021	33	\$922M	3.1%	\$28,812,606	\$533.63	5.0%	\$708.16	275	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$806.16	-	\$703.17	273	4.9%
2019	81	\$2.4B	5.9%	\$39,262,012	\$754.31	5.5%	\$732.40	284	4.8%
2018	53	\$1.3B	4.2%	\$29,628,341	\$591.32	5.2%	\$676.80	262	4.9%
2017	46	\$578.4M	2.3%	\$14,831,164	\$503.62	5.8%	\$625.02	242	4.8%
2016	80	\$1.9B	10.1%	\$31,815,283	\$467.06	5.2%	\$620.62	241	4.7%
2015	64	\$1.5B	7.9%	\$36,301,684	\$551.48	5.0%	\$589.19	228	4.7%
2014	84	\$1.4B	6.8%	\$21,610,279	\$409.37	5.7%	\$505.12	196	5.0%
2013	70	\$848.3M	4.3%	\$14,881,678	\$377.82	5.2%	\$416.30	161	5.4%
2012	79	\$1B	8.0%	\$18,839,900	\$317.65	5.8%	\$354.58	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	-	-	-	-	-	-	\$324.67	127	6.4%
2026	-	-	-	-	-	-	\$308.70	121	6.6%
2025	-	-	-	-	-	-	\$326.73	128	6.8%
2024	-	-	-	-	-	-	\$371.54	145	6.8%
2023	-	-	-	-	-	-	\$483.82	189	6.4%
YTD	19	\$97.1M	0.4%	\$6,071,188	\$735.14	3.6%	\$547.43	214	6.0%
2022	51	\$315.3M	2.8%	\$7,333,570	\$593.49	4.2%	\$586.71	230	5.6%
2021	60	\$370.7M	1.7%	\$6,178,401	\$698.88	5.0%	\$660.80	259	5.0%
2020	46	\$741.9M	1.5%	\$16,127,176	\$1,503.52	4.4%	\$682.67	267	4.9%
2019	112	\$566.5M	3.0%	\$10,688,340	\$765.78	3.8%	\$735.04	288	4.8%
2018	114	\$477.2M	3.4%	\$7,456,676	\$600.74	4.5%	\$688.44	270	4.8%
2017	145	\$512.4M	4.6%	\$8,539,364	\$551.42	4.7%	\$637.60	250	4.8%
2016	93	\$469.5M	3.6%	\$8,384,293	\$555.63	4.6%	\$631.68	247	4.6%
2015	136	\$528.9M	4.1%	\$6,529,616	\$513.51	4.6%	\$596.93	234	4.6%
2014	151	\$637.4M	5.9%	\$6,781,293	\$407.11	5.4%	\$502.89	197	4.9%
2013	132	\$330.4M	5.7%	\$3,933,168	\$224.04	6.2%	\$413.80	162	5.4%
2012	191	\$282M	6.8%	\$3,356,979	\$233.04	5.4%	\$346.03	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.