



Office Market Report

San Francisco - CA (USA)

PREPARED BY



OFFICE MARKET REPORT

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12 Mo Deliveries in SF

863K

12 Mo Net Absorption in SF

(8.3M)

Vacancy Rate

21.8%

Market Asking Rent Growth

-1.5%

In the first quarter of 2024, San Francisco continues to see rising vacancy rates as office tenants give back more space than they lease. In 2023, San Francisco almost equaled the annual record of 10 million SF of negative net absorption set in 2021 during the dotcom bust. But while the dotcom bust lasted only one year, 2023 is the fourth year of negative demand in the current downturn and brings the total amount of negative net absorption since the start of the pandemic to 23.2 million SF.

Activity indicators for downtown San Francisco, such as Kastle Data Systems' Back To Work Barometer and transit ridership data from BART, show that the return to office, which had been steadily increasing in previous years, plateaued in 2023, suggesting that hybrid working has become entrenched.

In addition to the structural shift in working patterns, San Francisco's office market has been navigating a cyclical slowdown in the past few quarters. The Fed's inflation-reducing strategy of slowing the economy through higher interest rates has caused businesses to halt expansion and initiate layoffs. Office-using employment, which had seen strong growth from the pandemic, declined last year for the first time since 2020, led by a fall in workers in the information sector. The economic slowdown also took the wind out of the life sciences office sector's sails, with investment funding for biotech startups and growing

life sciences companies drying up, causing them to cancel or delay expansion plans.

Leasing activity in 2023 was the second lowest on record, with less than 8 million SF of space leased. By comparison, the pre-pandemic period saw leasing volume regularly exceed 16 million SF.

While most of the current narrative is negative, there are bright spots. Leasing brokers report an increase in the amount of space tenants seek in the market. Specifically, AI companies are active, with large sublease deals being signed in 2023 by OpenAI and Anthropic.

As of the first quarter, San Francisco's vacancy rate is 21.7%, the highest in the nation by a substantial margin. In 2019, San Francisco's vacancy rate was 5.9%, the second lowest among major metros. Moreover, San Francisco's negative net absorption in 2023 is about the same as New York's—a five times larger market.

A slow reduction in rents has been playing out since the pandemic. Rents have fallen across all submarkets, most notably in downtown San Francisco, where asking rents are around 25% below their 2019 levels.

Further repricing to reset rents to a level that reflects the fall in demand appears unavoidable.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	103,614,042	24.0%	\$60.45	28.3%	147,998	0	1,688,551
3 Star	55,917,062	20.7%	\$47.72	26.7%	(640,071)	33,266	29,956
1 & 2 Star	31,769,493	16.4%	\$42.30	17.7%	12,162	3,700	0
Market	191,300,597	21.8%	\$53.77	26.1%	(479,911)	36,966	1,718,507

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.7%	9.7%	30.3%	21.8%	2024 Q1	1.3%	2000 Q2
Net Absorption SF	(8.3M)	367,902	(5,210,075)	7,068,053	2000 Q2	(10,174,998)	2021 Q1
Deliveries SF	863K	1,964,795	421,091	5,660,364	2002 Q2	61,810	2006 Q2
Market Asking Rent Growth	-1.5%	2.9%	-2.9%	30.2%	2000 Q3	-32.6%	2002 Q1
Sales Volume	\$534M	\$3.4B	N/A	\$9.3B	2007 Q3	\$261.3M	2002 Q2

Leasing conditions remain subdued in the first quarter. As measured by Kastle Data Systems key card activity, office attendance in downtown San Francisco has increased slightly in January but was generally flat for much of 2023, at around 45% of pre-pandemic levels. Like other U.S. cities, office usage peaks midweek and falls on Mondays and Fridays, suggesting wide acceptance of hybrid working patterns. The midweek peak is around 55% of the 2019 benchmark.

The overall vacancy rate for the San Francisco Market increased to 21.7% in the first quarter and is forecast to rise further. Annual net absorption was negative by -8.2 million SF and, with 11.9 million SF of sublease space available, the availability rate has increased to 26.1%. Two-thirds of available sublet space is vacant. By comparison, the national availability rate currently stands at 16.7%.

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. The vacancy rate among leased office buildings downtown increased from 6.5% in 2019 to 30% in the first quarter, and more than one-third of leased space is currently available.

Tech companies were behind the most prominent additions to availability in 2023; Meta, Slack, Salesforce, LinkedIn, and Microsoft added over 1 million SF between them, while a host of other tenants, including Ripple, Twitch, Wells Fargo, and First Republic, also gave space back.

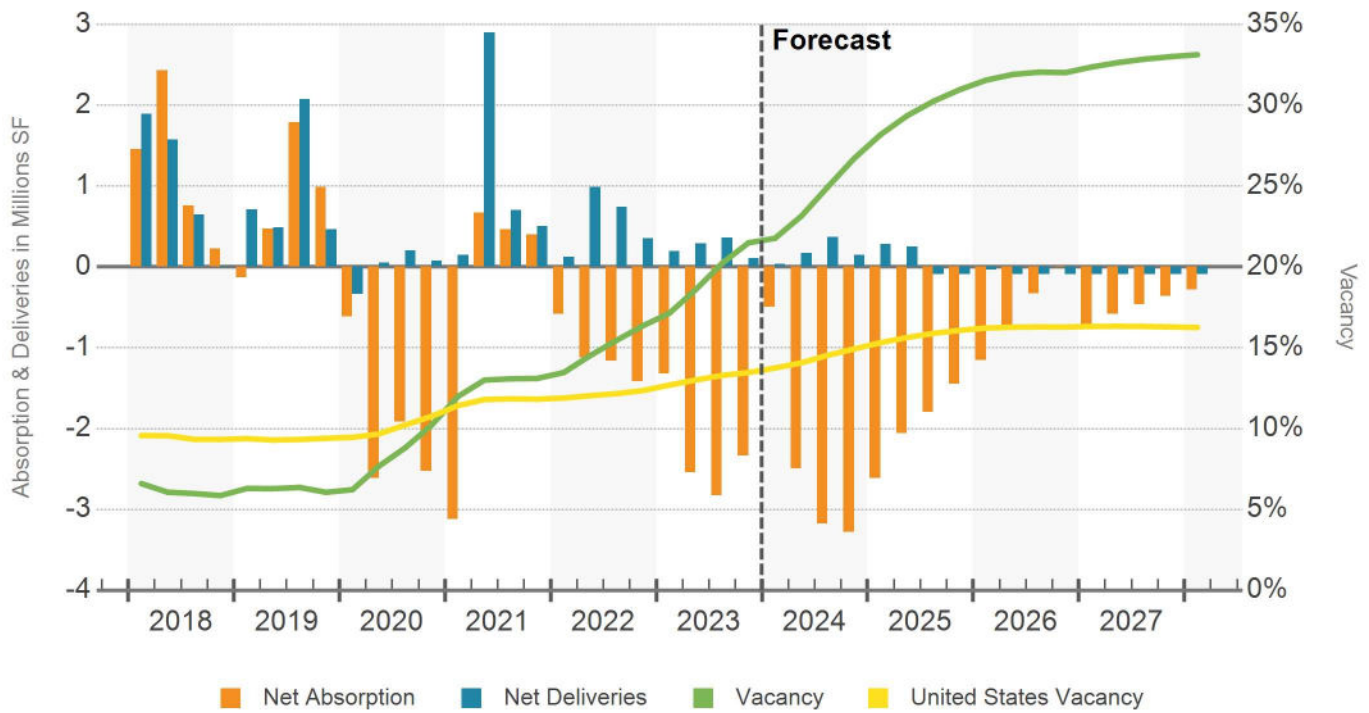
Tenants continue to sign new leases in downtown San Francisco, but the number of transactions and the average lease size are notably lower than pre-pandemic averages. Renewals often include a reduction in space, although the amount varies. For example, in June, Stifel, Nicolaus & Company renewed at One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

In the second half of 2023, local brokers reported an increase in the amount of space tenants seek in the market, with demand being led by AI companies. More than 10 new leases have been signed by AI companies in the past few months, all of which took sublease space. The largest were OpenAI, which sublet 486,000 SF from Uber in Mission Bay, and Anthropic, which took 230,000 SF from Slack at 500 Howard St. in the South Financial District.

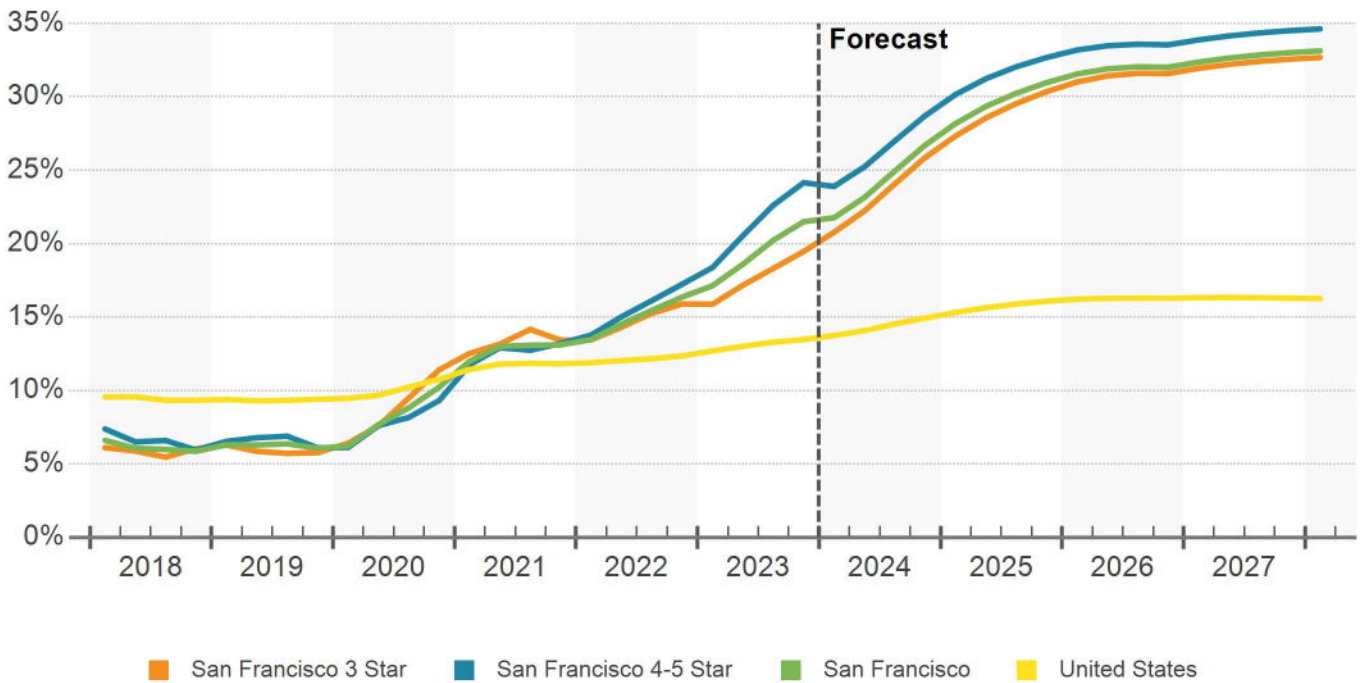
Beyond downtown San Francisco, the office market is in better health. Across San Mateo County and South San Francisco, the average vacancy rate is around 13%, and a few more significant leasing deals have closed. In 2023, Roblox took 188,000 SF at 2850 Delaware St. in San Mateo. Having said that, leasing remains weak, and availability has been moving upwards. Several biotech companies have given back lab space, and in March, Meta made over 500,000 SF of space available for sublease in Menlo Park.

In the year ahead, tenants will continue to evaluate their space needs as they decide whether to renew leases signed before the pandemic. This may lead to further space reductions.

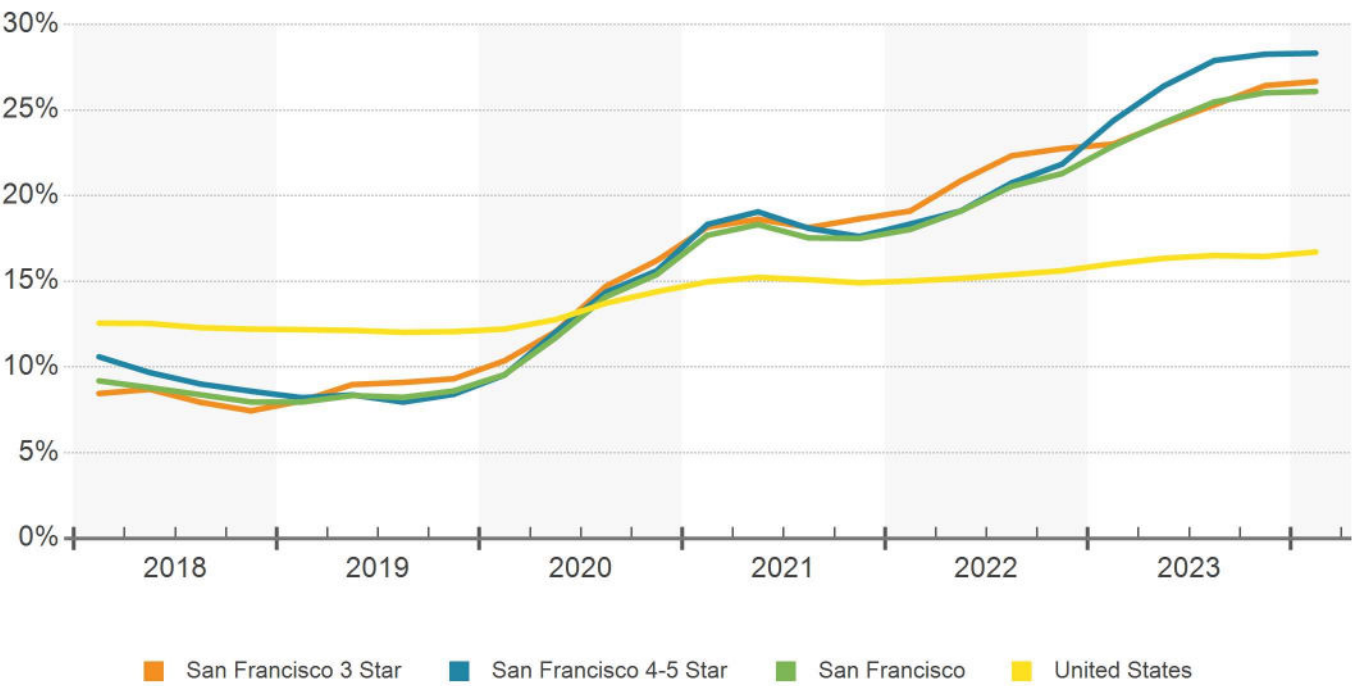
NET ABSORPTION, NET DELIVERIES & VACANCY



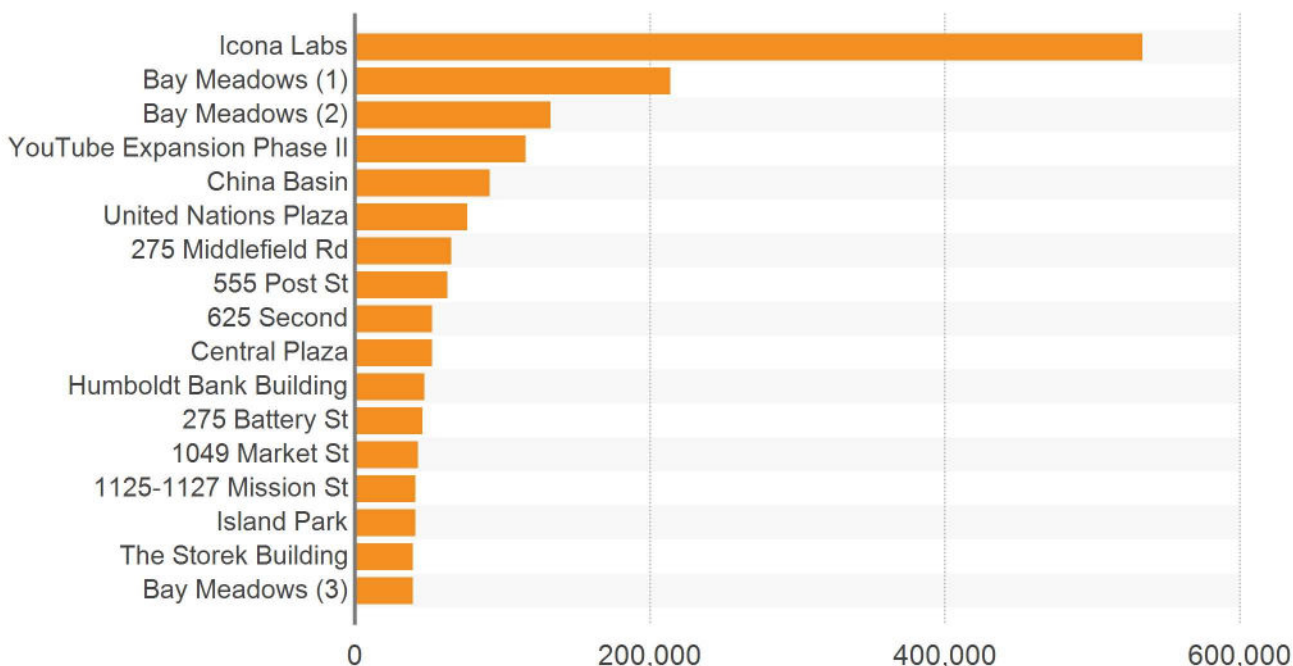
VACANCY RATE



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
Icona Labs	Mission Bay/China B...	750,370	216,177	26,302	0	0	0	534,193
Bay Meadows (1)	San Mateo	213,999	0	0	0	0	0	213,999
Bay Meadows (2)	San Mateo	209,860	53,854	133,137	0	0	0	132,852
YouTube Expansion Phase II	San Bruno/Millbrae	116,000	0	0	0	0	0	116,000
China Basin	Mission Bay/China B...	515,862	116,321	(18,908)	0	0	0	91,481
United Nations Plaza	MidMarket	76,500	0	76,500	0	0	0	76,500
275 Middlefield Rd	Menlo Park	130,935	0	0	0	0	0	65,435
555 Post St	Union Square	62,830	0	0	0	0	0	62,830
625 Second	Rincon/South Beach	138,094	43,344	41,474	0	0	0	52,586
Central Plaza	South Financial District	374,200	82,119	(2,462)	0	0	0	52,569
Humboldt Bank Building	Yerba Buena	93,455	6,618	42,670	0	0	0	47,105
275 Battery St	Financial District	485,000	102,177	42,602	0	0	0	45,919
1049 Market St	MidMarket	50,900	6,853	0	0	0	0	43,079
1125-1127 Mission St	MidMarket	43,529	0	41,304	0	0	0	41,304
Island Park	Foster City/Redwood...	158,596	0	0	0	0	0	41,239
The Storek Building	South of Market	39,428	0	39,428	0	0	0	39,428
Bay Meadows (3)	San Mateo	189,000	0	0	0	0	0	39,327
Subtotal Primary Competitors		3,648,558	627,463	422,047	0	0	0	1,695,846
Remaining San Francisco Market		187,652,039	40,997,982	(901,958)	0	0	0	(9,913,504)
Total San Francisco Market		191,300,597	41,625,445	(479,911)	0	0	0	(8,217,658)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
UBER HQ	Mission Bay/China Basin	486,600	Q4 23	OpenAI	Raise Commercial R...	JLL
Foundry Square	South Financial District	230,325	Q4 23	ANTHROP/C	Raise Commercial R...	CBRE
Charles Schwab Plaza	South Financial District	169,764	Q4 23	Charles Schwab & Co., Inc.	-	-
Bldg A	Redwood City	162,311	Q4 23	Box	-	-
Gateway at Millbrae Station	San Bruno/Millbrae	157,692	Q1 24	SamTrans	CBRE	CBRE
KPMG Building *	South Financial District	142,785	Q1 24	KPMG LLP	-	CBRE
Genesis South San Francisco *	South San Francisco	78,369	Q2 23	SmartLabs	-	-
Alexandria Center for Life Science *	Belmont/San Carlos	77,734	Q3 23	Vaxcyte, Inc.	-	Are-san Francisco No 9...
Britannia Oyster Point I	South San Francisco	72,999	Q2 23	Calico	-	Raise Commercial Real...
One Montgomery Tower *	Financial District	68,446	Q2 23	Stifel, Nicolaus & Compan...	Cushman & Wakefield	JLL
Menlo Corporate Center *	Menlo Park	62,920	Q2 23	E*TRADE	JLL	-
First Market Tower	South Financial District	58,992	Q1 24	Goodwin Procter	-	Cushman & Wakefield
100 First	South Financial District	57,117	Q2 23	-	Kidder Mathews	Colliers
475 Sansome St	Financial District	44,341	Q1 24	Grammarly	JLL;Newmark	JLL
460 Bryant St	Rincon/South Beach	41,976	Q2 23	HaydenAI	Touchstone Comme...	CBRE
West Bldg *	Showplace Square	41,403	Q4 23	Patreon	-	JLL
Britannia Seaport Centre	Redwood City	39,966	Q4 23	Revolution Medicines Inc	-	-
Levi's Plaza	Waterfront/North Beach	37,675	Q4 23	Snap, Inc	Cushman & Wakefield	Avison Young;Cushma...
United Nations Plaza	MidMarket	37,102	Q1 24	Felton Institute	Avison Young	JLL
Transbay Transit Center	South Financial District	36,467	Q4 23	Navan	Raise Commercial R...	JLL
Metro Center	Foster City/Redwood Shrs	36,318	Q1 24	Mirum Pharmaceuticals	-	-
350 Rhode Island	Showplace Square	35,648	Q2 23	Adept AI	-	Raise Commercial Real...
The Cove at Oyster Point	South San Francisco	34,988	Q2 23	Harpoon Therapeutics	-	CBRE
680 Folsom St	South Financial District	34,679	Q3 23	Yahoo! Inc	-	JLL
Forbes Research Center	South San Francisco	31,333	Q4 23	Astellas Pharma Inc	-	CBRE
900 Sansome St	Waterfront/North Beach	29,349	Q4 23	Parking Services of America	-	CBRE;Ground Matrix
300 Mission St	South Financial District	29,073	Q4 23	Rakuten International	-	CBRE
Mission Rock	Mission Bay	29,000	Q4 23	Capgemini	-	Tishman Speyer
Genesis South San Francisco *	South San Francisco	28,045	Q2 23	Pionyr Immunotherapeutics	-	-
Twin Dolphin Center	Foster City/Redwood Shrs	27,352	Q4 23	Coherus Biosciences	-	-
The Towers at Sierra Point	Brisbane/Daly City	26,506	Q1 24	-	-	CBRE
425 Market	South Financial District	26,164	Q4 23	-	-	Avison Young
425 Market	South Financial District	26,158	Q4 23	Shartsis Friese LLP	-	-
333 Bush St	Financial District	26,097	Q2 23	-	-	JLL
101 California St *	Financial District	25,883	Q1 24	Winston & Strawn LLP	-	CBRE
50 California St	Financial District	25,554	Q1 24	-	-	Shorenstein Properties
Baywood	San Mateo	24,202	Q3 23	-	-	Cushman & Wakefield
Baldwin Bldg	San Mateo	23,671	Q3 23	Backblaze Inc	-	CBRE
Market Center	South Financial District	23,635	Q2 23	-	-	CBRE
Market Center	South Financial District	23,633	Q2 23	-	-	CBRE

Renewal

The growing imbalance between demand and supply in the office leasing market continues to drive rents downwards. San Francisco average asking rents, at \$54/SF, are down from a peak of \$76/SF in the second half of 2019, a 25% decrease. As of the first quarter, rents are -1.3% below where they were this time last year.

With 6.2% of the market's inventory available for sublease, office owners have no 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 sublease space, tenants are averse to new leases requiring capital investment.

While the 25% fall in rents from 2019 appears steep, it is still significantly less than the corresponding increase during the previous boom. Before the pandemic, San Francisco experienced an impressive 140% run-up in rental rates from 2010 to 2019, exceeding the 40% increase seen nationally. From 2011 to 2015, the market

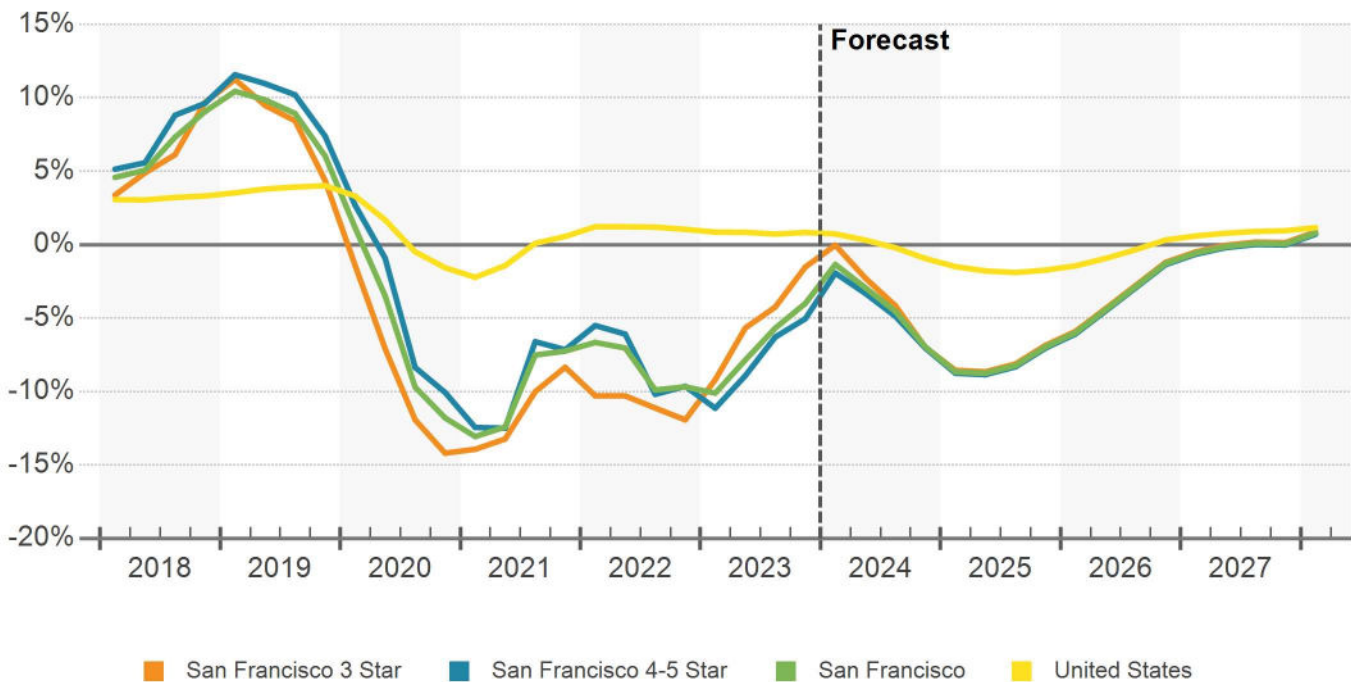
experienced rent growth of over 10% year over year, which sparked some firms' migration from San Francisco to the lower-cost East Bay.

By 2019, rent levels in downtown San Francisco had overtaken New York as the highest in the nation. This trend has reversed; average rents in San Francisco have moved below those in New York and San Jose.

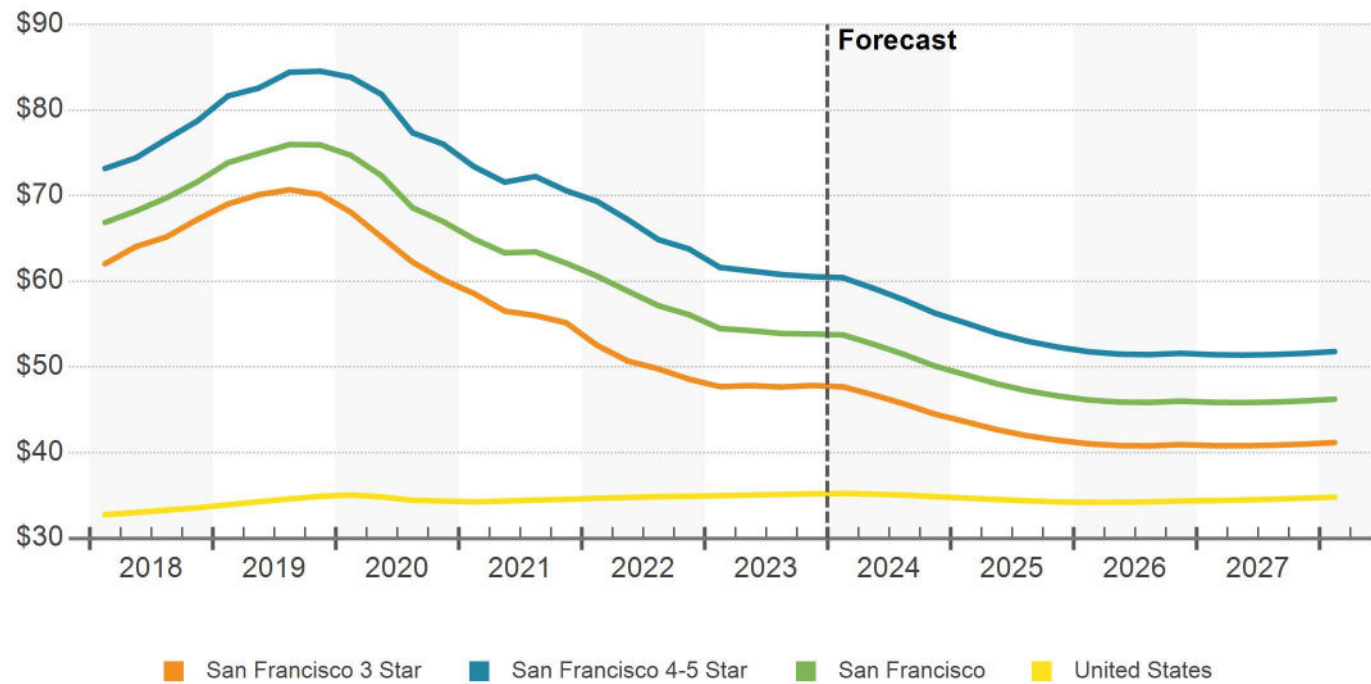
Some recent listings in San Francisco suggest that average rents may have further to fall. In early October, the new owner of 550 California St., Peninsula Land & Capital, put almost 300,000 SF on the market at a full-service asking rent as low as \$36/SF. The listing came just a few weeks after the building had sold at a discounted price of \$114/SF.

Sublet space continues to set the rent bar lower. Downtown San Francisco has around 9 million SF of sublet availability, with a wide selection of spaces across all quality levels. At the low end of the price range, a full-floor sublet at the 4 Star 465 California St. is available for \$25/SF full service.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Francisco	\$1.19	\$2.25	\$1.60	\$8.17	\$7.80	\$21.01
San Mateo Central County	\$1.15	\$1.58	\$1.55	\$8.77	\$6.58	\$19.63
San Mateo North County	\$1.08	\$1.65	\$1.66	\$9.89	\$5.92	\$20.20
San Mateo South County	\$1.07	\$1.66	\$1.65	\$7.18	\$5.64	\$17.20
SF Downtown Core	\$1.12	\$3.31	\$1.72	\$8.24	\$10.83	\$25.22
SF Downtown North	\$0.99	\$2.62	\$1.59	\$8.68	\$9.57	\$23.45
SF Downtown South	\$1.57	\$2.55	\$1.38	\$7.13	\$7.88	\$20.51
SF Downtown West	\$0.81	\$2.61	\$1.63	\$7.85	\$9	\$21.90
SF Outer Areas	\$1.10	\$2.80	\$2.13	\$4.39	\$10.04	\$20.46
SF Southeast	\$1.90	\$1.86	\$1.27	\$9.39	\$7.83	\$22.25

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	\$1	\$1.76	\$1.24	\$6.43	\$5.86	\$16.29
San Mateo Central County	\$1.03	\$0.98	\$1.09	\$7.43	\$5.72	\$16.25
San Mateo North County	\$0.98	\$0.97	\$1.08	\$6.92	\$5.20	\$15.15
San Mateo South County	\$0.96	\$0.96	\$1.10	\$9.22	\$4.98	\$17.22
San Mateo West County	\$0.71	\$0.89	\$1.01	\$5.76	\$5.32	\$13.69
SF Downtown Core	\$1.05	\$3.11	\$1.53	\$6.32	\$6.91	\$18.92
SF Downtown North	\$0.91	\$2.48	\$1.37	\$5.35	\$5.87	\$15.98
SF Downtown South	\$1.37	\$2.41	\$1.31	\$5.33	\$5.79	\$16.21
SF Downtown West	\$0.71	\$2.43	\$1.45	\$5.39	\$6.46	\$16.44
SF Outer Areas	\$0.65	\$1.04	\$1.13	\$4.38	\$6.43	\$13.63
SF Southeast	\$1.11	\$1.70	\$1.21	\$5.59	\$6.20	\$15.81

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	\$0.75	\$1.45	\$1	\$5.20	\$2.33	\$10.73
San Mateo Central County	\$0.70	\$0.95	\$1.05	\$5.89	\$2.57	\$11.16
San Mateo North County	\$0.71	\$0.95	\$1.05	\$4.40	\$1.83	\$8.94
San Mateo South County	\$0.71	\$0.96	\$1.10	\$6.24	\$1.69	\$10.70
San Mateo West County	\$0.65	\$0.96	\$1.09	\$5.56	\$2.01	\$10.27
SF Downtown Core	\$0.98	\$2.70	\$0.88	\$5.71	\$3.45	\$13.72
SF Downtown North	\$0.86	\$2.28	\$0.82	\$5.99	\$2.77	\$12.72
SF Downtown South	\$0.92	\$2.30	\$0.84	\$4.38	\$2.76	\$11.20
SF Downtown West	\$0.72	\$2.22	\$0.81	\$4.74	\$2.83	\$11.32
SF Outer Areas	\$0.67	\$1.08	\$1.13	\$4.99	\$2.19	\$10.06
SF Southeast	\$0.70	\$1.32	\$1.01	\$3.05	\$2.22	\$8.30
Treasure/Yerba Buena Island	\$0.50	\$0.97	\$1.10	\$3.55	\$2.59	\$8.71

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, focusing mainly on 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 largest preleased office development completed in the past year is in San Mateo, where Roblox took 430,000 SF in two buildings in the Bay Meadows mixed-use project.

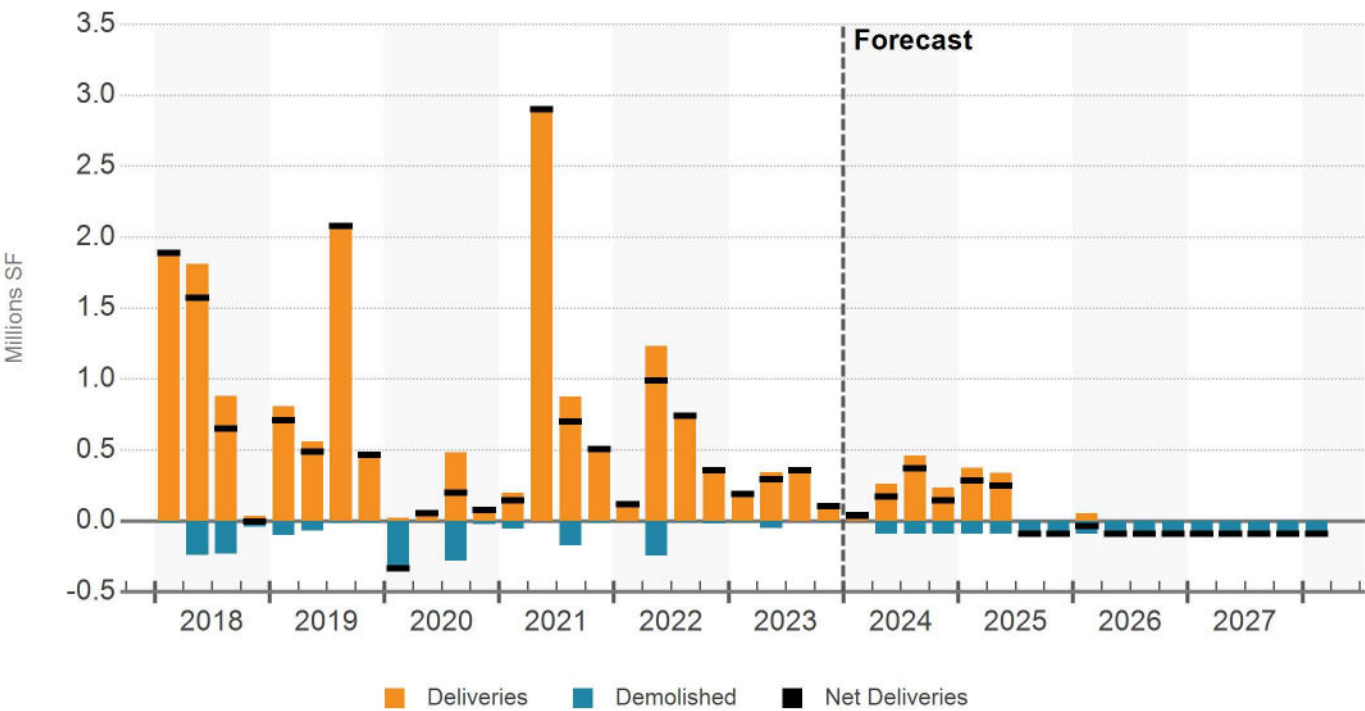
Several approved developments have been delayed due to canceled commitments and unforeseen economic

challenges. Most notably, construction was halted in San Francisco on Lendlease's 30 Van Ness mixed-use tower, the tallest tower to have broken ground in San Francisco since the pandemic. On completion, the project will comprise 235,000 SF of office space and 333 condominiums. However, the owners paused construction in 23Q3 due to concerns over the low level of demand in the market.

Other projects that have been delayed 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 790,000 SF of new office space completed during the past 12 months. Major completions include Building B at Mission Rock in Mission Bay, a 311,000-SF life science building available for lease.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

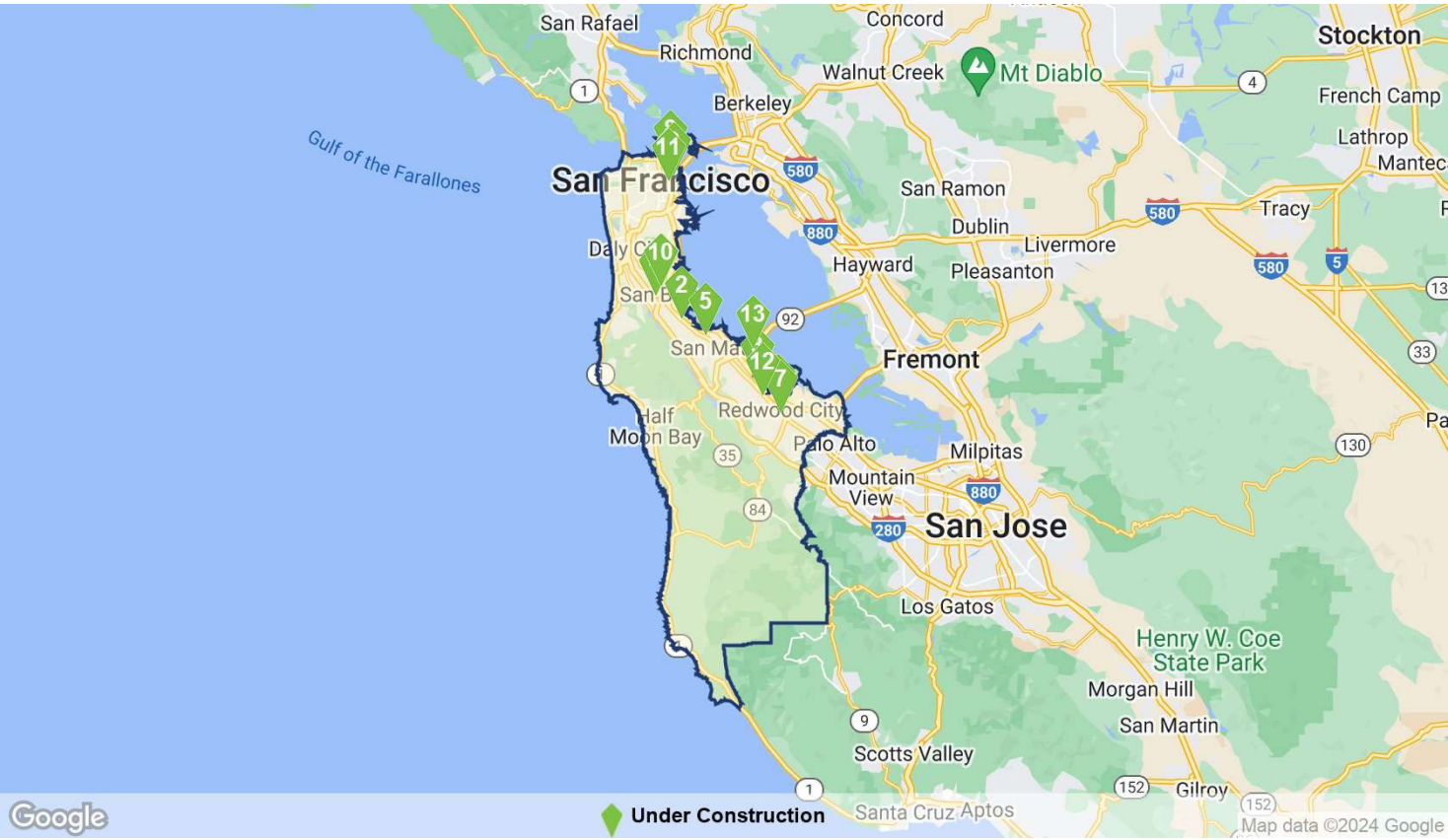
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	San Bruno/Millbrae	2	500	500	100%	1	31,642	250,000	1
2	South San Francisco	2	375	375	100%	1	50,809	187,500	2
3	Redwood City	2	273	156	57.1%	5	25,825	136,500	4
4	Belmont/San Carlos	2	252	0	0%	7	17,366	125,924	5
5	Burlingame	1	185	8	4.5%	6	32,336	185,000	3
6	Financial District	1	52	52	100%	1	180,578	52,481	6
7	South of Market	1	51	0	0%	7	21,185	51,223	7
8	Showplace Square	1	25	0	0%	7	81,294	24,956	8
9	Foster City/Redwood Shrs	1	5	5	100%	1	102,549	5,000	9
10	Bayview/Hunters Point	0	-	-	-	-	24,237	-	-
	All Other	0	-	-	-		43,182	-	
Totals		13	1,719	1,097	63.8%		46,830	132,193	

Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
13	1,718,507	0.9%	63.8%

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
2 230 Harriet Tubman Way	★★★★☆	280,000	6	Jan 2022	Jun 2024	-
3 200 Twin Dolphin Dr	★★★★☆	234,000	5	Jun 2023	Nov 2024	Trammell Crow Company Trammell Crow Company
4 Bldg 1 1300 Bayhill Dr	★★★★☆	220,000	3	Jan 2023	Mar 2025	Google Google
5 220 Park Rd	★★★★☆	185,000	6	Sep 2021	Apr 2024	Sares-Regis Group Dostart Development Company,...
6 San Mateo County Office... 617 Hamilton St	★★★★☆	156,000	5	Aug 2021	Jun 2024	Truebeck Construction County Board Of Supervisors
7 The Nest 1601 El Camino Real	★★★★☆	117,000	4	Sep 2022	Apr 2025	Greystar Real Estate Partners Ben Kopf

Under Construction Properties

San Francisco Office

UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8	545 Sansome Addition 545 Sansome St	★ ★ ★ ★ ★	52,481	8	Feb 2024	Jan 2026	- Aegon Asset Management
9	531 Bryant St	★ ★ ★ ★ ★	51,223	6	Jan 2023	Apr 2024	Urban Land Development Urban Land Development
10	Phase1 B2 Amenities 50 Tanforan Ave	★ ★ ★ ★ ★	30,000	-	Jan 2023	Jan 2025	Lane Partners Lane Partners
11	828 Brannan St	★ ★ ★ ★ ★	24,956	2	Feb 2023	Apr 2024	- -
12	993 Laurel St	★ ★ ★ ★ ★	17,847	3	Apr 2022	Jul 2024	- John A Baer
13	Family Dental 581 Foster City Blvd	★ ★ ★ ★ ★	5,000	1	Aug 2022	Jun 2024	- -

In the first quarter of 2024, the office investment market challenges show no signs of abating. Weak operating performance and high interest rates have impacted values nationwide, and transaction activity has shrunk.

In San Francisco, office sales volume in the past 12 months, \$540 million, was the lowest total since the Great Recession.

Sales that have closed in the past year generally fall into three groups: owners/users needing to dispose of unwanted properties, institutional investors wanting to reduce their exposure to the San Francisco market, and over-leveraged owners unable to refinance maturing loans.

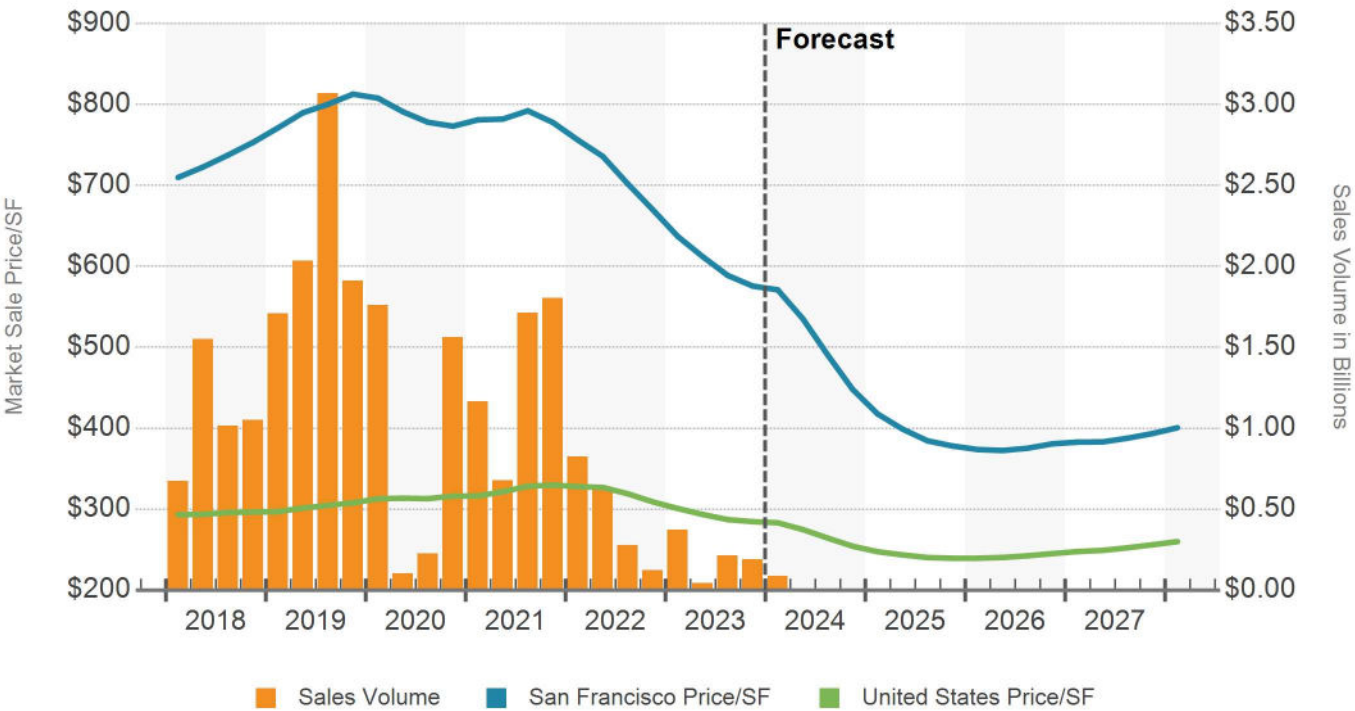
In the first half of 2023, bids were accepted for two owner-occupied office buildings that were no longer needed. High vacancy levels influenced the prices achieved. Nevertheless, the sale values were notably low. First, the Union Bank building at 350 California Street sold for \$205/SF. Next, the Wells Fargo property at 550 California Street sold for \$115/SF. 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.

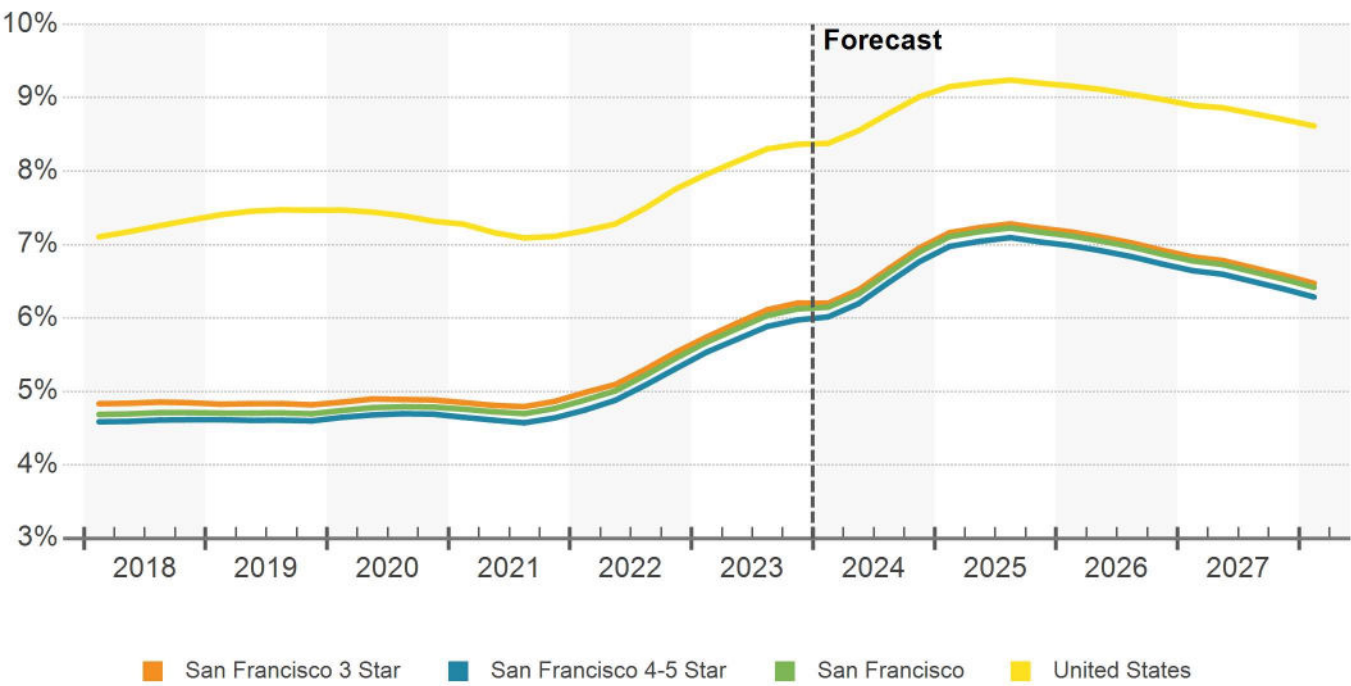
Institutional owners have moved to reduce their exposure to the San Francisco market. Clarion Partners sold 60 Spear St. for \$41 million in August, or \$260/SF. The 157,000 SF building was previously sold in 2014 for \$680/SF. In September, Blackstone agreed to sell Embarcadero Square for around \$90 million, having acquired the property for \$245 million in 2018.

Looking ahead, distressed sales are set to become more prevalent in 2024. Among those properties with loans securitized through commercial mortgage-backed securities (CMBS), 41 properties have loans that mature in the next two years. Of these, 23 properties totaling 5 million SF are on the loan servicer's watchlist. Moreover, 14 properties have delinquent CMBS loans transferred to a special servicer, where the outcome will likely either be a modification, extension, foreclosure, or sale.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

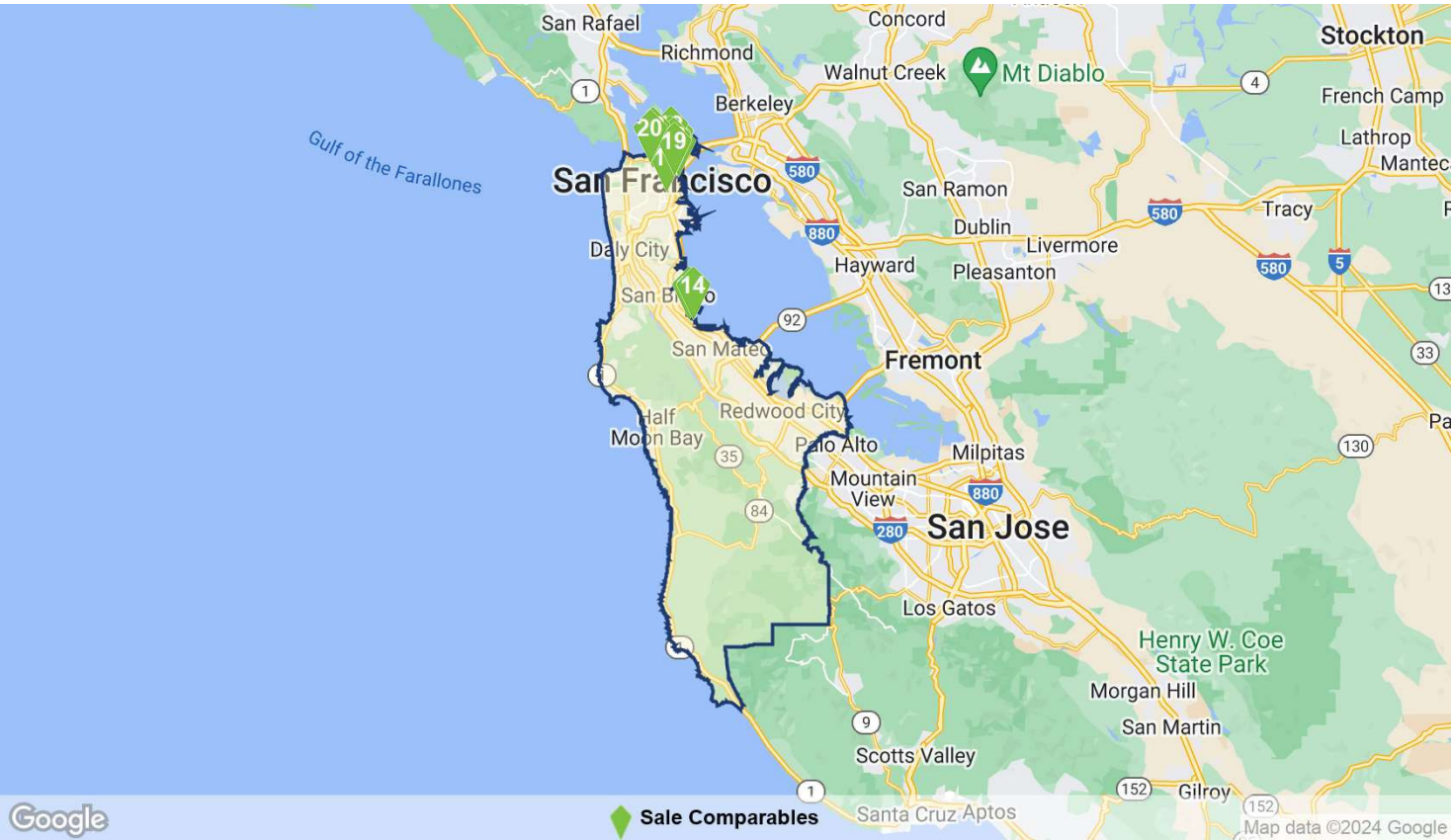


Sales Past 12 Months

San Francisco Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
65	6.6%	\$296	36.8%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$550,000	\$12,361,465	\$4,225,000	\$72,000,000
Price/SF	\$81	\$296	\$526	\$1,508
Cap Rate	3.6%	6.6%	6.9%	8.8%
Time Since Sale in Months	0.0	6.1	6.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,250	41,341	8,275	360,529
Stories	1	4	3	22
Typical Floor SF	542	7,096	4,336	36,983
Vacancy Rate At Sale	0%	36.8%	0%	100%
Year Built	1900	1939	1927	1998
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★

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 Townsend Bldg 123 Townsend St	★★★★★	1903	136,950	40.7%	10/30/2023	\$72,000,000	\$526	-
2 Union Bank of California 350 California St	★★★★★	1976	305,000	86.3%	8/31/2023	\$61,050,000	\$200	-
3 The Little Fox Theatre 535 Pacific Ave	★★★★★	1907	39,586	0%	2/9/2024	\$59,700,000	\$1,508	-
4 Borel Bldg II 180-182 Howard St	★★★★★	1978	205,690	0%	11/14/2023	\$54,000,000	\$263	-
5 88 Spear 60 Spear St	★★★★★	1967	157,436	66.7%	8/11/2023	\$41,000,000	\$260	-
6 115 Sansome St 115 Sansome St	★★★★★	1913	114,451	57.2%	12/14/2023	\$34,000,000	\$297	-
7 California Tower 550 California St	★★★★★	1960	360,529	98.6%	9/23/2023	\$29,208,047	\$81	-
8 600 Townsend East 600 Townsend St	★★★★★	1903	87,405	100%	9/28/2023	\$25,350,000	\$290	-
9 40 Jessie St	★★★★★	1913	50,790	0%	5/4/2023	\$17,600,000	\$347	-
10 1710 Gilbreth Rd	★★★★★	1950	34,504	0%	8/9/2023	\$15,100,000	\$438	-
11 Sacramento Tower 635 Sacramento St	★★★★★	1962	81,501	0%	9/23/2023	\$11,261,953	\$138	-
12 150 Green St	★★★★★	1917	25,000	0%	10/4/2023	\$11,150,000	\$446	-
13 123-133 Kearny St	★★★★★	1909	26,446	19.5%	3/31/2023	\$10,400,000	\$393	6.6%
14 1575 Bayshore Hwy	★★★★★	1972	19,200	37.0%	3/28/2024	\$6,400,000	\$333	-
15 California Pacific Medical... 2323 Sacramento St	★★★★★	1965	15,626	0%	5/30/2023	\$6,250,000	\$400	-
16 156-160 2nd St	★★★★★	1907	33,786	0%	6/30/2023	\$6,000,000	\$178	-
17 2745-2747 19th St	★★★★★	1935	7,565	0%	2/2/2024	\$5,800,000	\$767	-
18 1801 Lombard St	★★★★★	1996	14,062	0%	11/1/2023	\$5,000,000	\$356	-
19 550 Bryant 550-554 Bryant St	★★★★★	1920	13,220	0%	7/1/2023	\$4,968,000	\$376	-
20 2253 Union St	★★★★★	1904	7,877	0%	8/22/2023	\$4,800,000	\$609	-

The San Francisco Bay Area is the global leader in innovation and development of information technology. Home to several of the world's largest companies, including Apple, Alphabet, and Meta, San Francisco and San Jose lead the nation with the highest economic growth rates at the metropolitan level, translating into high wages and nation-leading household income growth. In turn, San Francisco has some of the nation's highest rents and prices across all real estate asset classes.

However, growth in the technology sector tends to be volatile, with innovation happening in bursts. This does not sit well with the slow-moving world of real estate, with the result that San Francisco's real estate markets have a long history of boom followed by bust, causing volatility in rents, prices, and vacancy.

The current boom-bust cycle began with the tech boom of the 2010s, which comprised a large expansion of cloud computing and mobile technologies. San Francisco was the hub for leading companies that built global businesses around mobile applications that disrupted traditional industries. Real estate demand surged, prompting nation-leading rates of growth in rents and prices and a surge in the construction of office and residential towers in downtown San Francisco.

The cycle abruptly turned downwards in early 2020. By

then, affordability had become a problem, causing businesses and people to relocate from San Francisco to less expensive parts of the country. The COVID-19 pandemic and associated lockdowns triggered a surge in this exodus. Tech companies adopted distributed workforce models, and employees left the city in large numbers. While the outward migration has now abated, San Francisco's resident population has yet to recover from the tens of thousands who moved away.

Starting in 2022, cyclical economic pressures have also been at work after the Fed began raising interest rates to slow the economy and reduce inflation. Locally, the most visible impacts have been layoffs in the tech sector and a large decline in real estate investment sales activity.

Downtown San Francisco has suffered the most, where the exodus of tech workers is part of a broader narrative that involves population decline and an increase in crime, homelessness, and drug abuse. Low economic activity and social problems have impacted the viability of retailers, restaurants, and hotels.

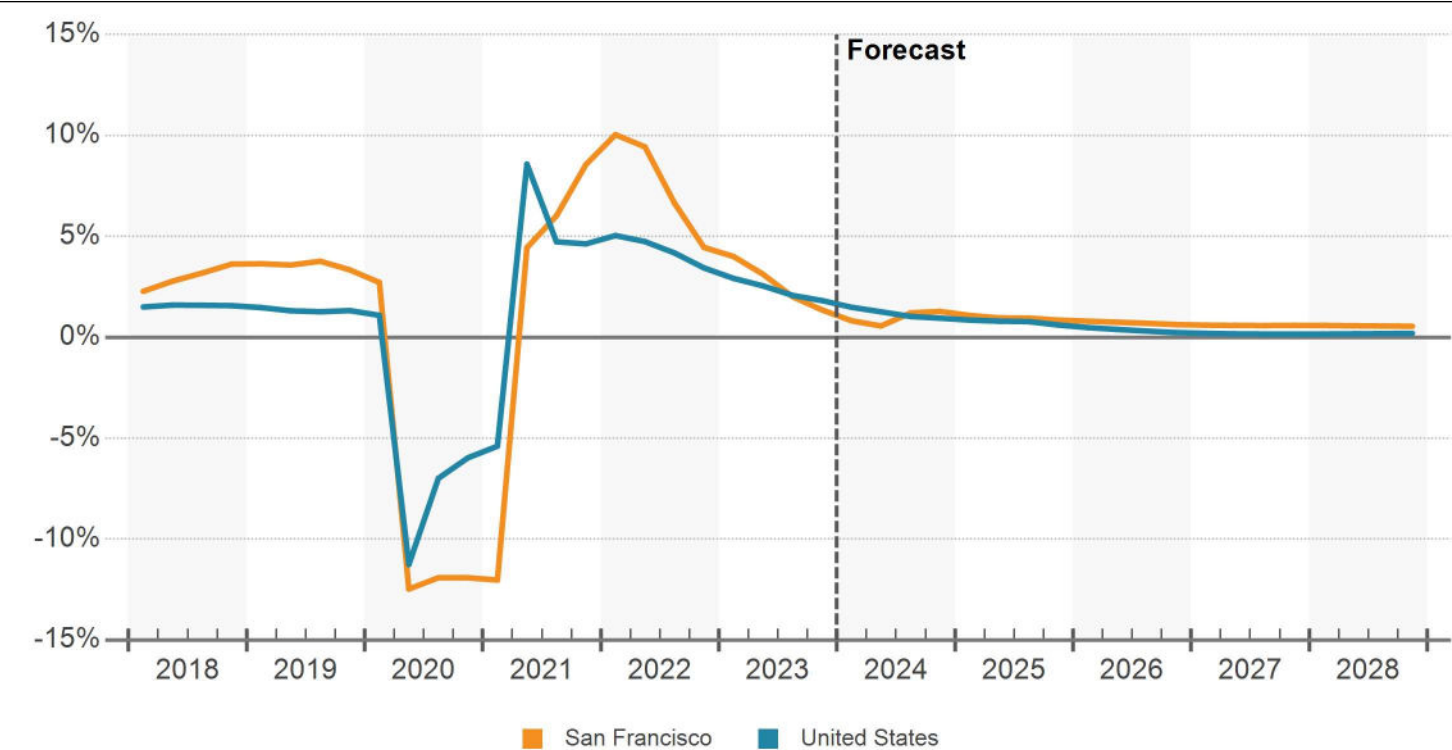
Total employment is now slightly ahead of where it was pre-pandemic. However, with the increase in flexible working practices, it is unclear how many of those employed by San Francisco businesses live in the metro area. After falling to a 10-year low of 2.3% in 2022, the unemployment rate increased to 3.3%.

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	-1.19%	0.04%	0.59%	0.71%	0.55%	0.14%
Trade, Transportation and Utilities	135	0.6	-1.80%	0.08%	-0.10%	1.04%	0.01%	0.14%
Retail Trade	66	0.5	-2.86%	-0.15%	-1.89%	0.19%	-0.04%	0.13%
Financial Activities	89	1.3	-0.95%	0.62%	1.97%	1.45%	0.05%	0.18%
Government	138	0.8	1.07%	2.40%	1.59%	0.55%	0.48%	0.33%
Natural Resources, Mining and Construction	40	0.6	-2.71%	2.22%	2.07%	2.38%	0.99%	0.25%
Education and Health Services	160	0.8	2.20%	3.48%	2.74%	1.98%	0.64%	0.64%
Professional and Business Services	315	1.8	0.06%	0.76%	2.97%	1.99%	0.92%	0.48%
Information	124	5.3	-2.50%	-1.82%	8.91%	1.10%	1.77%	0.22%
Leisure and Hospitality	137	1.0	8.32%	2.56%	0.52%	1.52%	0.82%	0.71%
Other Services	41	0.9	6.34%	1.53%	0.25%	0.66%	0.43%	0.27%
Total Employment	1,217	1.0	0.82%	1.49%	2.23%	1.35%	0.72%	0.38%

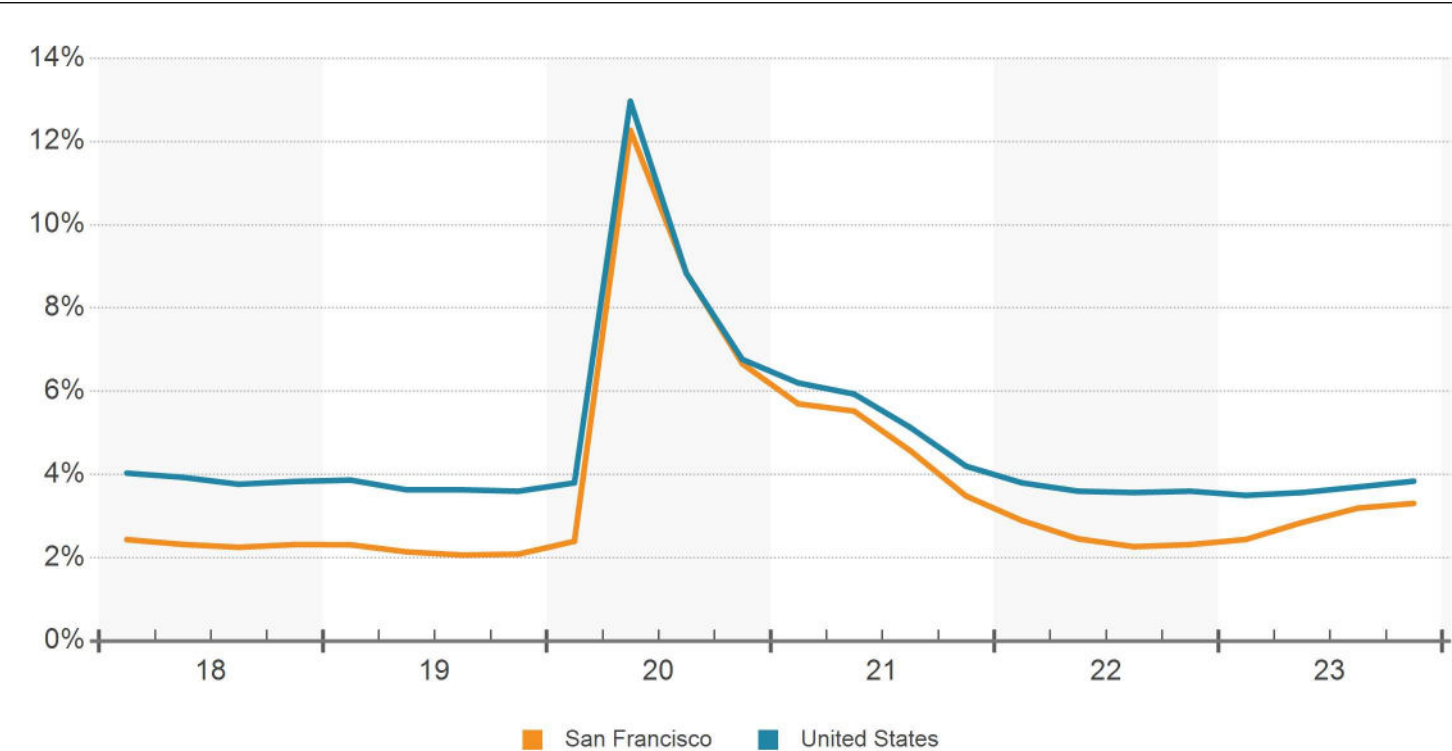
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

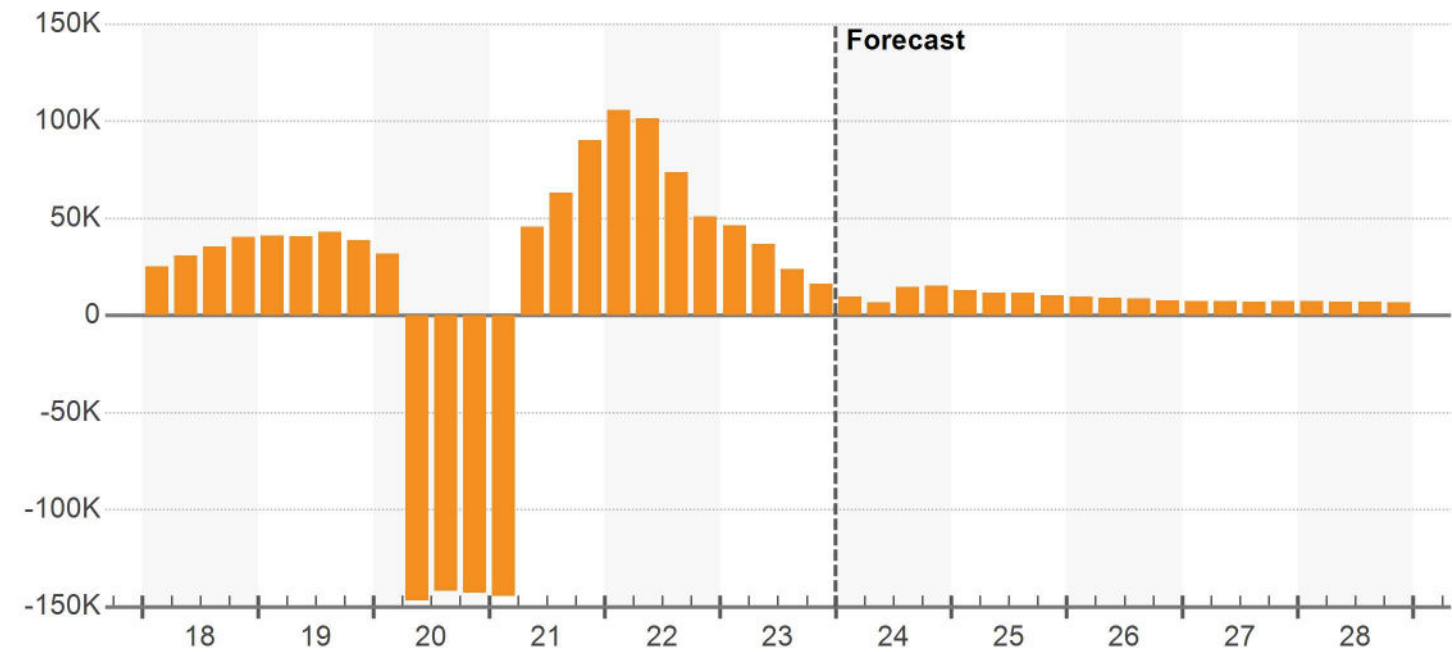


Source: Oxford Economics

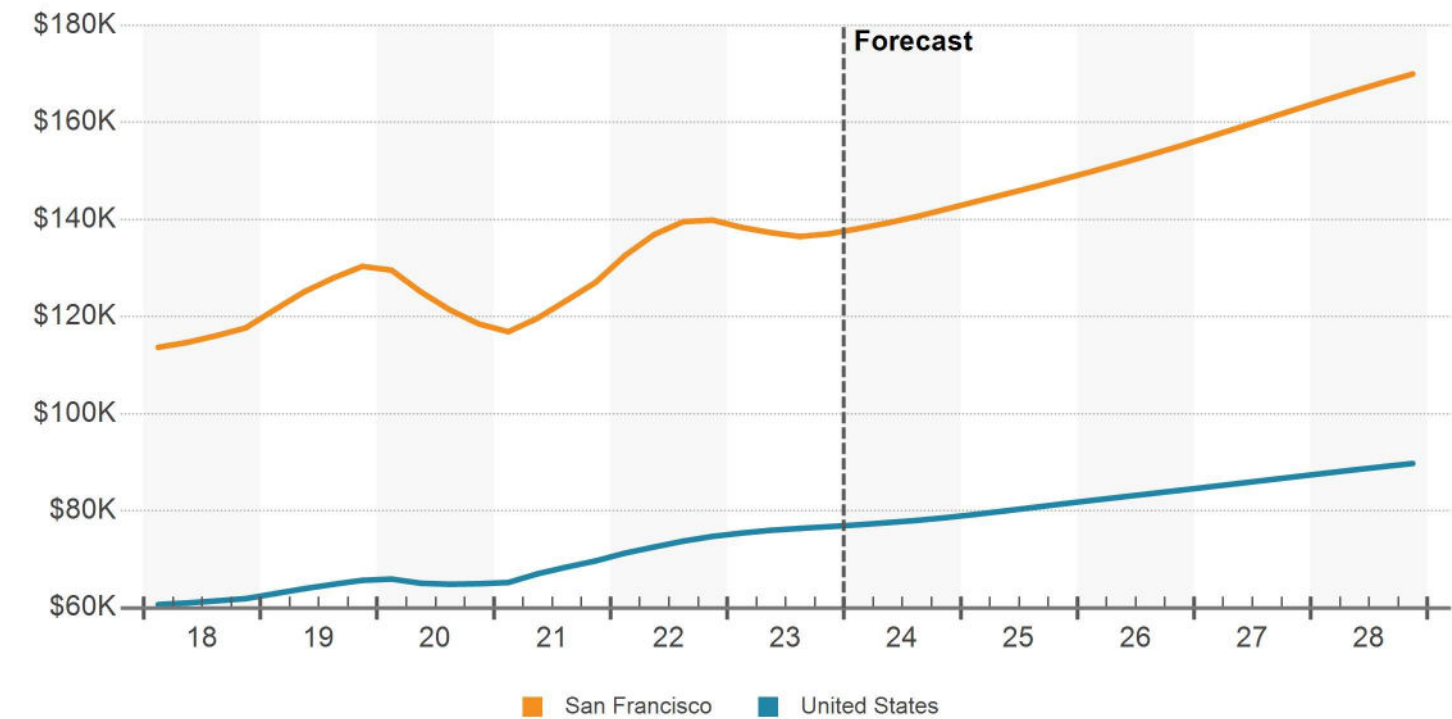
UNEMPLOYMENT RATE (%)



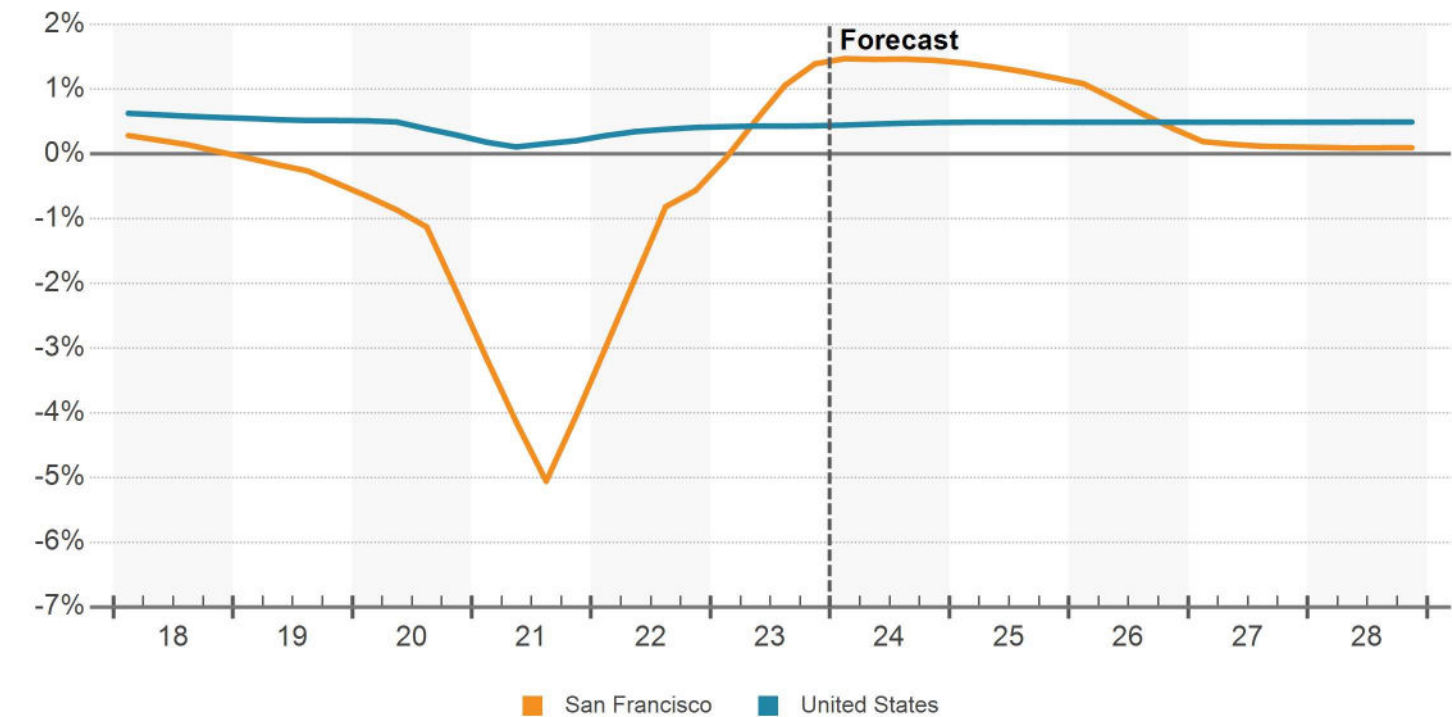
NET EMPLOYMENT CHANGE (YOY)



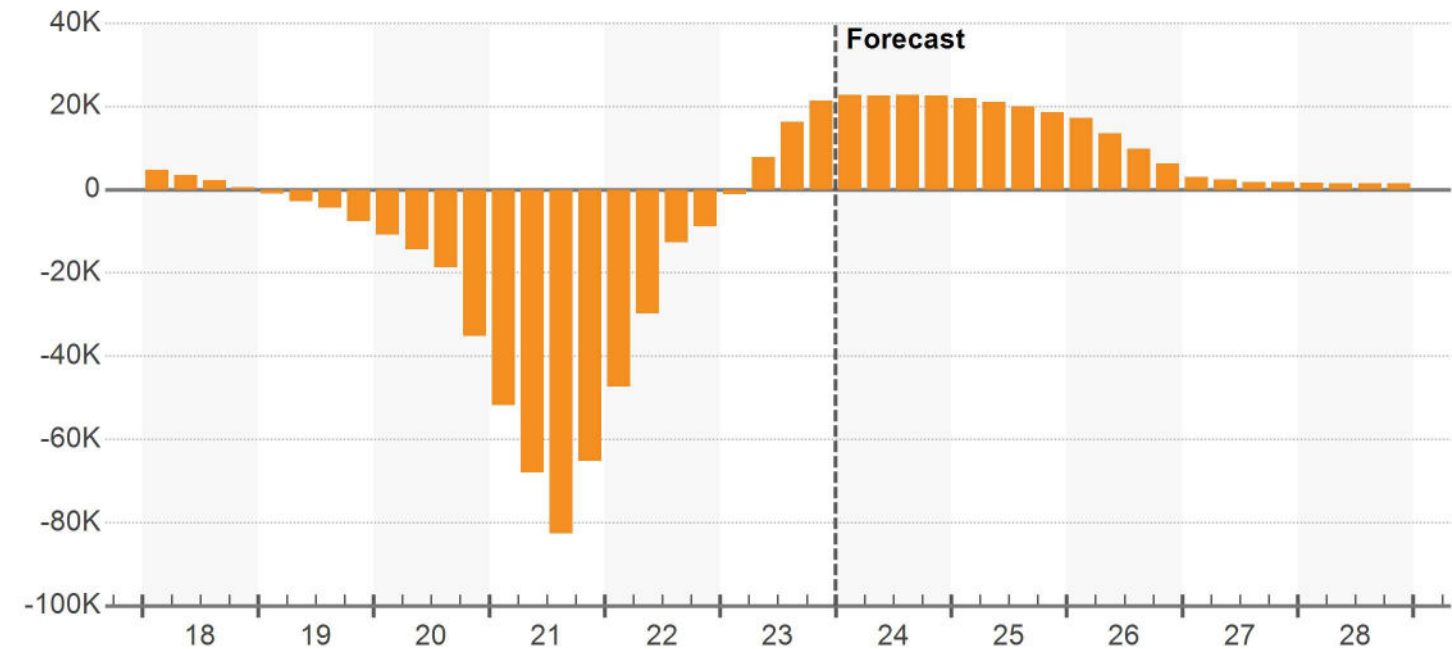
MEDIAN HOUSEHOLD INCOME



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	1,565,185	335,489,750	1.5%	0.4%	-0.2%	0.5%	0.6%	0.5%
Households	636,693	131,027,992	1.6%	0.6%	0.2%	0.9%	0.7%	0.6%
Median Household Income	\$138,120	\$77,140	-0.2%	2.3%	4.9%	3.9%	4.4%	3.2%
Labor Force	1,047,803	169,019,469	0.7%	1.7%	1.1%	0.8%	0.3%	0.1%
Unemployment	3.3%	3.8%	0.9%	0.3%	-0.1%	-0.3%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH

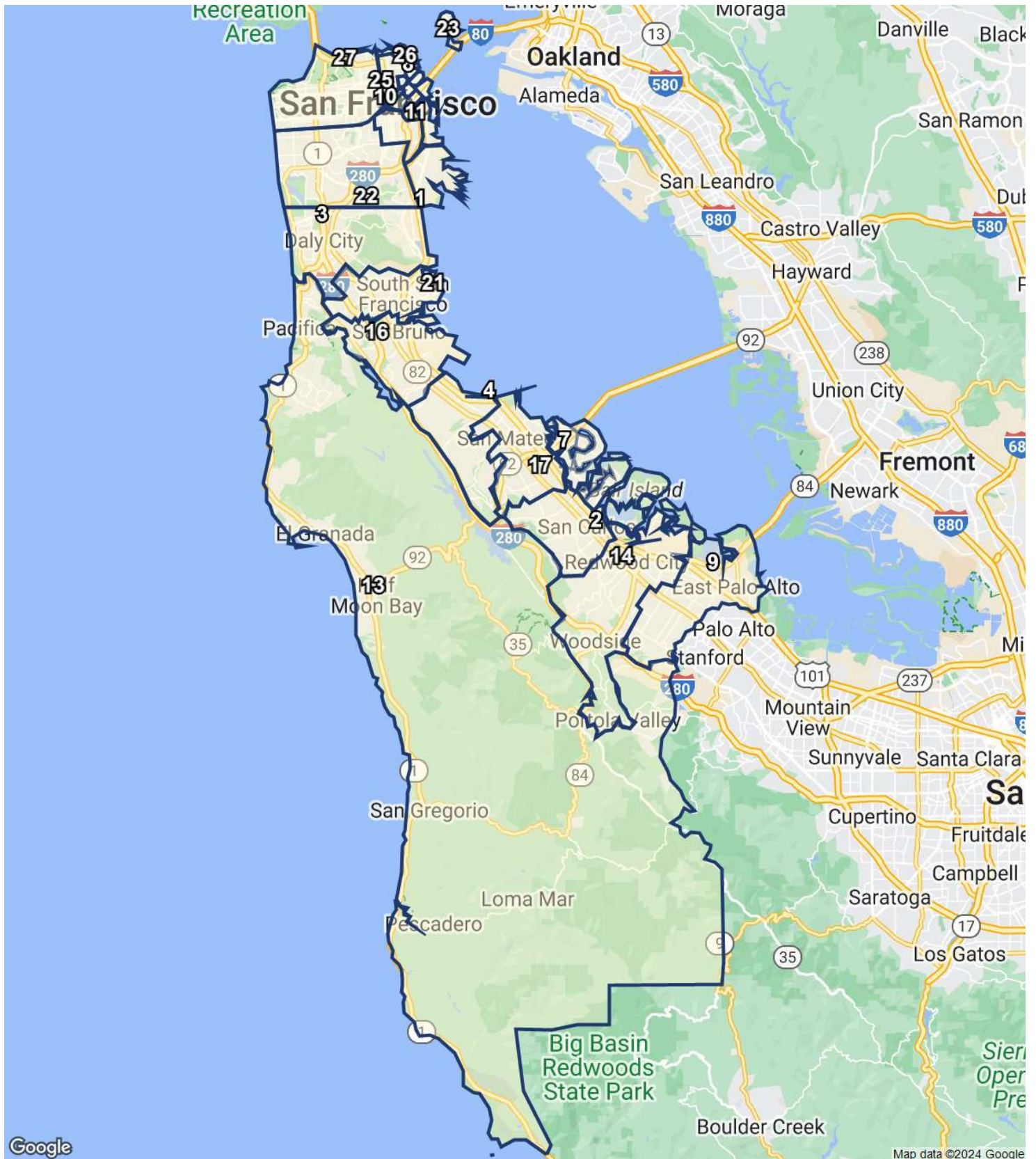


Source: Oxford Economics

Submarkets

San Francisco Office

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	151	2,622	1.4%	24	0	0	0%	-	2	252	9.6%	4
3	Brisbane/Daly City	90	2,802	1.5%	22	0	0	0%	-	0	-	-	-
4	Burlingame	127	4,107	2.1%	18	1	45	1.1%	5	1	185	4.5%	5
5	Civic Center	64	4,373	2.3%	16	0	0	0%	-	0	-	-	-
6	Financial District	174	31,421	16.4%	2	0	0	0%	-	1	52	0.2%	6
7	Foster City/Redwood Shrs	97	9,947	5.2%	5	0	0	0%	-	1	5	0.1%	9
8	Jackson Square	122	3,377	1.8%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	281	10,970	5.7%	3	1	4	0%	7	0	-	-	-
10	MidMarket	84	8,083	4.2%	7	0	0	0%	-	0	-	-	-
11	Mission Bay/China Basin	34	5,795	3.0%	11	1	311	5.4%	1	0	-	-	-
12	Mission/Potrero	189	3,682	1.9%	20	0	0	0%	-	0	-	-	-
13	Peninsula Coastline	139	680	0.4%	26	1	4	0.5%	8	0	-	-	-
14	Redwood City	315	8,135	4.3%	6	0	0	0%	-	2	273	3.4%	3
15	Rincon/South Beach	138	7,814	4.1%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	83	2,626	1.4%	23	1	116	4.4%	3	2	500	19.0%	1
17	San Mateo	322	10,635	5.6%	4	3	248	2.3%	2	0	-	-	-
18	Showplace Square	52	4,227	2.2%	17	1	102	2.4%	4	1	25	0.6%	8
19	South Financial District	165	31,552	16.5%	1	0	0	0%	-	0	-	-	-
20	South of Market	252	5,339	2.8%	13	1	25	0.5%	6	1	51	1.0%	7
21	South San Francisco	130	6,605	3.5%	9	0	0	0%	-	2	375	5.7%	2
22	Southern City	187	1,372	0.7%	25	0	0	0%	-	0	-	-	-
23	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
24	Union Square	117	5,721	3.0%	12	0	0	0%	-	0	-	-	-
25	Van Ness/Chinatown	167	3,749	2.0%	19	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,636	2.4%	14	0	0	0%	-	0	-	-	-
27	West of Van Ness	399	5,879	3.1%	10	0	0	0%	-	0	-	-	-
28	Yerba Buena	74	4,482	2.3%	15	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Bayview/Hunters Point	\$32.38	28	-1.1%	13	-0.6%	15
2	Belmont/San Carlos	\$54.12	7	-1.2%	16	-0.5%	10
3	Brisbane/Daly City	\$43.29	21	-1.4%	20	-0.6%	13
4	Burlingame	\$52.02	10	-0.4%	2	0.5%	1
5	Civic Center	\$47.69	16	-1.1%	15	-1.0%	27
6	Financial District	\$52.63	8	-2.0%	27	-0.9%	26
7	Foster City/Redwood Shrs	\$61.48	2	-1.5%	23	-0.8%	22
8	Jackson Square	\$48.08	13	-0.6%	4	-0.6%	18
9	Menlo Park	\$76.36	1	-0.9%	10	-0.4%	6
10	MidMarket	\$50.87	12	-1.3%	17	-0.7%	20
11	Mission Bay/China Basin	\$58.96	4	-2.0%	28	-0.7%	21
12	Mission/Potrero	\$39.11	26	-0.6%	3	-0.7%	19
13	Peninsula Coastline	\$36.88	27	-0.7%	5	-0.4%	7
14	Redwood City	\$59.72	3	-1.1%	14	-0.4%	8
15	Rincon/South Beach	\$47.76	15	-1.5%	22	-0.8%	23
16	San Bruno/Millbrae	\$47.29	17	-0.8%	8	-0.1%	3
17	San Mateo	\$58.37	5	-0.4%	1	-0.5%	11
18	Showplace Square	\$46.75	18	-1.4%	19	-0.8%	24
19	South Financial District	\$57.65	6	-1.8%	26	-0.5%	12
20	South of Market	\$40.58	24	-1.8%	25	-0.6%	14
21	South San Francisco	\$51.41	11	-1.5%	21	-0.6%	16
22	Southern City	\$43.20	22	-0.8%	9	-0.2%	4
23	Treasure/Yerba Buena Isl...	\$39.88	25	-1.3%	18	0%	2
24	Union Square	\$46.11	19	-1.0%	12	-1.7%	28
25	Van Ness/Chinatown	\$42.58	23	-0.9%	11	-0.3%	5
26	Waterfront/North Beach	\$45.75	20	-0.7%	6	-0.6%	17
27	West of Van Ness	\$52.50	9	-0.7%	7	-0.5%	9
28	Yerba Buena	\$48.05	14	-1.7%	24	-0.9%	25

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	81,255	12.9%	11	(34,688)	-5.5%	9	-
2	Belmont/San Carlos	408,598	15.6%	13	(149,266)	-5.7%	18	-
3	Brisbane/Daly City	314,455	11.2%	8	(206,801)	-7.4%	20	-
4	Burlingame	282,167	6.9%	5	(21,690)	-0.5%	8	-
5	Civic Center	259,598	5.9%	4	8,384	0.2%	5	-
6	Financial District	9,461,231	30.1%	24	(1,605,799)	-5.1%	27	-
7	Foster City/Redwood Shrs	1,177,744	11.8%	9	(68,421)	-0.7%	11	-
8	Jackson Square	578,966	17.1%	14	113,445	3.4%	2	-
9	Menlo Park	2,172,892	19.8%	17	(1,180,678)	-10.8%	26	-
10	MidMarket	2,070,981	25.6%	21	(1,034,074)	-12.8%	25	-
11	Mission Bay/China Basin	1,819,755	31.4%	26	(102,146)	-1.8%	15	-
12	Mission/Potrero	313,899	8.5%	6	11,166	0.3%	4	-
13	Peninsula Coastline	10,780	1.6%	1	25,464	3.7%	3	0.1
14	Redwood City	1,486,156	18.3%	15	(427,342)	-5.3%	24	-
15	Rincon/South Beach	1,972,794	25.2%	20	(311,642)	-4.0%	22	-
16	San Bruno/Millbrae	364,801	13.9%	12	132,150	5.0%	1	0.9
17	San Mateo	1,984,243	18.7%	16	(90,087)	-0.8%	13	-
18	Showplace Square	1,251,775	29.6%	23	(197,400)	-4.7%	19	-
19	South Financial District	7,802,472	24.7%	19	(2,004,235)	-6.4%	28	-
20	South of Market	1,543,329	28.9%	22	(213,768)	-4.0%	21	-
21	South San Francisco	364,058	5.5%	3	(93,320)	-1.4%	14	-
22	Southern City	62,747	4.6%	2	(17,281)	-1.3%	7	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,403,043	24.5%	18	(65,105)	-1.1%	10	-
25	Van Ness/Chinatown	444,066	11.8%	10	(72,804)	-1.9%	12	-
26	Waterfront/North Beach	1,398,304	30.2%	25	(347,214)	-7.5%	23	-
27	West of Van Ness	575,932	9.8%	7	(129,911)	-2.2%	16	-
28	Yerba Buena	2,019,404	45.1%	27	(134,596)	-3.0%	17	-

Supply & Demand Trends

San Francisco Office

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	191,282,695	(365,443)	-0.2%	(665,633)	-0.3%	-
2027	191,648,138	(366,111)	-0.2%	(2,138,583)	-1.1%	-
2026	192,014,249	(314,332)	-0.2%	(2,232,150)	-1.2%	-
2025	192,328,581	346,198	0.2%	(7,922,383)	-4.1%	-
2024	191,982,383	718,752	0.4%	(9,447,428)	-4.9%	-
YTD	191,300,597	36,966	0%	(479,911)	-0.3%	-
2023	191,263,631	940,113	0.5%	(9,028,026)	-4.7%	-
2022	190,323,518	2,198,946	1.2%	(4,287,347)	-2.3%	-
2021	188,124,572	4,248,599	2.3%	(1,594,459)	-0.8%	-
2020	183,875,973	(10,824)	0%	(7,670,984)	-4.2%	-
2019	183,886,797	3,776,053	2.1%	3,112,488	1.7%	1.2
2018	180,110,744	4,100,719	2.3%	4,860,706	2.7%	0.8
2017	176,010,025	612,542	0.3%	257,192	0.1%	2.4
2016	175,397,483	2,472,417	1.4%	1,760,725	1.0%	1.4
2015	172,925,066	2,067,320	1.2%	2,955,498	1.7%	0.7
2014	170,857,746	106,165	0.1%	3,366,067	2.0%	0
2013	170,751,581	(640,509)	-0.4%	2,147,805	1.3%	-
2012	171,392,090	307,612	0.2%	1,441,163	0.8%	0.2

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	105,302,593	0	0%	(208,394)	-0.2%	-
2027	105,302,593	0	0%	(1,017,019)	-1.0%	-
2026	105,302,593	52,481	0%	(874,235)	-0.8%	-
2025	105,250,112	712,000	0.7%	(3,660,296)	-3.5%	-
2024	104,538,112	924,070	0.9%	(4,072,063)	-3.9%	-
YTD	103,614,042	0	0%	147,998	0.1%	0
2023	103,614,042	885,357	0.9%	(6,424,841)	-6.2%	-
2022	102,728,685	2,257,979	2.2%	(2,183,337)	-2.1%	-
2021	100,470,706	4,444,520	4.6%	121,239	0.1%	36.7
2020	96,026,186	248,627	0.3%	(2,855,150)	-3.0%	-
2019	95,777,559	3,398,904	3.7%	3,049,899	3.2%	1.1
2018	92,378,655	4,438,678	5.0%	5,218,707	5.6%	0.9
2017	87,939,977	839,891	1.0%	514,114	0.6%	1.6
2016	87,100,086	2,031,537	2.4%	1,784,676	2.0%	1.1
2015	85,068,549	2,020,453	2.4%	2,234,734	2.6%	0.9
2014	83,048,096	604,710	0.7%	2,260,128	2.7%	0.3
2013	82,443,386	39,673	0%	1,661,063	2.0%	0
2012	82,403,713	513,002	0.6%	1,828,628	2.2%	0.3

Supply & Demand Trends

San Francisco Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	55,944,204	(593)	0%	(126,981)	-0.2%	-
2027	55,944,797	(592)	0%	(545,971)	-1.0%	-
2026	55,945,389	(595)	0%	(691,016)	-1.2%	-
2025	55,945,984	(592)	0%	(2,509,991)	-4.5%	-
2024	55,946,576	62,780	0.1%	(3,530,483)	-6.3%	-
YTD	55,917,062	33,266	0.1%	(640,071)	-1.1%	-
2023	55,883,796	116,000	0.2%	(1,900,194)	-3.4%	-
2022	55,767,796	15,929	0%	(1,360,762)	-2.4%	-
2021	55,751,867	(62,389)	-0.1%	(1,178,676)	-2.1%	-
2020	55,814,256	18,513	0%	(3,132,716)	-5.6%	-
2019	55,795,743	358,996	0.6%	465,407	0.8%	0.8
2018	55,436,747	(117,482)	-0.2%	(116,138)	-0.2%	-
2017	55,554,229	(181,841)	-0.3%	(372,548)	-0.7%	-
2016	55,736,070	636,364	1.2%	318,571	0.6%	2.0
2015	55,099,706	177,638	0.3%	566,555	1.0%	0.3
2014	54,922,068	(350,818)	-0.6%	994,466	1.8%	-
2013	55,272,886	(174,807)	-0.3%	640,937	1.2%	-
2012	55,447,693	(38,528)	-0.1%	(396,550)	-0.7%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	30,035,898	(364,850)	-1.2%	(330,258)	-1.1%	-
2027	30,400,748	(365,519)	-1.2%	(575,593)	-1.9%	-
2026	30,766,267	(366,218)	-1.2%	(666,899)	-2.2%	-
2025	31,132,485	(365,210)	-1.2%	(1,752,096)	-5.6%	-
2024	31,497,695	(268,098)	-0.8%	(1,844,882)	-5.9%	-
YTD	31,769,493	3,700	0%	12,162	0%	0.3
2023	31,765,793	(61,244)	-0.2%	(702,991)	-2.2%	-
2022	31,827,037	(74,962)	-0.2%	(743,248)	-2.3%	-
2021	31,901,999	(133,532)	-0.4%	(537,022)	-1.7%	-
2020	32,035,531	(277,964)	-0.9%	(1,683,118)	-5.3%	-
2019	32,313,495	18,153	0.1%	(402,818)	-1.2%	-
2018	32,295,342	(220,477)	-0.7%	(241,863)	-0.7%	-
2017	32,515,819	(45,508)	-0.1%	115,626	0.4%	-
2016	32,561,327	(195,484)	-0.6%	(342,522)	-1.1%	-
2015	32,756,811	(130,771)	-0.4%	154,209	0.5%	-
2014	32,887,582	(147,727)	-0.4%	111,473	0.3%	-
2013	33,035,309	(505,375)	-1.5%	(154,195)	-0.5%	-
2012	33,540,684	(166,862)	-0.5%	9,085	0%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$47.13	123	2.4%	-37.9%	63,553,436	33.2%	0.2%
2027	\$46.04	120	0.1%	-39.4%	63,249,111	33.0%	1.0%
2026	\$46.02	120	-1.3%	-39.4%	61,472,456	32.0%	1.1%
2025	\$46.62	121	-7.0%	-38.6%	59,550,536	31.0%	4.3%
2024	\$50.10	130	-7.0%	-34.0%	51,277,821	26.7%	5.2%
YTD	\$53.77	140	-1.3%	-29.2%	41,625,445	21.8%	0.3%
2023	\$53.86	140	-4.0%	-29.1%	41,108,568	21.5%	5.1%
2022	\$56.10	146	-9.7%	-26.1%	31,140,429	16.4%	3.3%
2021	\$62.12	162	-7.2%	-18.2%	24,654,136	13.1%	2.9%
2020	\$66.97	174	-11.8%	-11.8%	18,807,578	10.2%	4.2%
2019	\$75.93	197	6.0%	0%	11,150,918	6.1%	0.2%
2018	\$71.61	186	9.1%	-5.7%	10,556,692	5.9%	-0.6%
2017	\$65.66	171	3.3%	-13.5%	11,316,679	6.4%	0.2%
2016	\$63.54	165	2.3%	-16.3%	10,961,329	6.2%	0.3%
2015	\$62.09	161	12.9%	-18.2%	10,249,637	5.9%	-0.6%
2014	\$55	143	12.1%	-27.6%	11,137,815	6.5%	-1.9%
2013	\$49.05	128	13.6%	-35.4%	14,397,717	8.4%	-1.6%
2012	\$43.19	112	13.4%	-43.1%	17,186,031	10.0%	-0.7%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$52.77	123	2.3%	-37.6%	36,539,776	34.7%	0.2%
2027	\$51.59	120	0%	-39.0%	36,331,382	34.5%	1.0%
2026	\$51.61	120	-1.4%	-38.9%	35,314,363	33.5%	0.9%
2025	\$52.32	122	-7.0%	-38.1%	34,387,647	32.7%	4.0%
2024	\$56.28	131	-7.0%	-33.4%	30,015,351	28.7%	4.6%
YTD	\$60.45	141	-1.9%	-28.5%	24,871,191	24.0%	-0.1%
2023	\$60.55	141	-5.0%	-28.4%	25,019,189	24.1%	6.9%
2022	\$63.77	149	-9.6%	-24.6%	17,708,991	17.2%	4.0%
2021	\$70.58	165	-7.2%	-16.5%	13,267,675	13.2%	3.9%
2020	\$76.01	177	-10.1%	-10.1%	8,944,394	9.3%	3.2%
2019	\$84.53	197	7.4%	0%	5,840,617	6.1%	0.2%
2018	\$78.71	184	9.6%	-6.9%	5,491,612	5.9%	-1.2%
2017	\$71.80	167	3.5%	-15.1%	6,271,641	7.1%	0.3%
2016	\$69.34	162	2.3%	-18.0%	5,945,864	6.8%	0.1%
2015	\$67.79	158	11.2%	-19.8%	5,699,003	6.7%	-0.4%
2014	\$60.98	142	11.8%	-27.9%	5,913,284	7.1%	-2.1%
2013	\$54.56	127	13.1%	-35.5%	7,568,702	9.2%	-2.0%
2012	\$48.25	113	12.2%	-42.9%	9,190,092	11.2%	-1.7%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$42.01	125	2.5%	-40.1%	18,341,559	32.8%	0.2%
2027	\$41	122	0.1%	-41.6%	18,215,259	32.6%	1.0%
2026	\$40.94	122	-1.2%	-41.6%	17,669,968	31.6%	1.2%
2025	\$41.44	123	-6.9%	-40.9%	16,979,635	30.4%	4.5%
2024	\$44.50	132	-7.0%	-36.6%	14,470,324	25.9%	6.4%
YTD	\$47.72	142	0%	-32.0%	11,550,419	20.7%	1.2%
2023	\$47.84	142	-1.5%	-31.8%	10,877,082	19.5%	3.6%
2022	\$48.58	145	-11.9%	-30.7%	8,860,888	15.9%	2.5%
2021	\$55.16	164	-8.3%	-21.4%	7,484,197	13.4%	2.0%
2020	\$60.19	179	-14.2%	-14.2%	6,367,910	11.4%	5.6%
2019	\$70.15	209	4.4%	0%	3,216,681	5.8%	-0.3%
2018	\$67.22	200	9.7%	-4.2%	3,347,637	6.0%	0%
2017	\$61.28	182	3.5%	-12.6%	3,348,981	6.0%	0.4%
2016	\$59.18	176	0.9%	-15.6%	3,158,274	5.7%	0.5%
2015	\$58.62	174	16.4%	-16.4%	2,840,481	5.2%	-0.7%
2014	\$50.35	150	12.5%	-28.2%	3,229,398	5.9%	-2.4%
2013	\$44.75	133	14.3%	-36.2%	4,574,682	8.3%	-1.4%
2012	\$39.14	116	16.4%	-44.2%	5,390,426	9.7%	0.7%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$37.47	116	2.6%	-35.0%	8,672,101	28.9%	0.2%
2027	\$36.52	113	0.3%	-36.6%	8,702,470	28.6%	1.0%
2026	\$36.43	113	-1.1%	-36.8%	8,488,125	27.6%	1.3%
2025	\$36.83	114	-6.7%	-36.1%	8,183,254	26.3%	4.7%
2024	\$39.50	122	-6.5%	-31.5%	6,792,146	21.6%	5.2%
YTD	\$42.30	131	-1.1%	-26.6%	5,203,835	16.4%	0%
2023	\$42.26	131	-3.8%	-26.7%	5,212,297	16.4%	2.0%
2022	\$43.93	136	-5.2%	-23.8%	4,570,550	14.4%	2.1%
2021	\$46.32	143	-5.4%	-19.6%	3,902,264	12.2%	1.3%
2020	\$48.95	151	-15.1%	-15.1%	3,495,274	10.9%	4.4%
2019	\$57.63	178	3.3%	0%	2,093,620	6.5%	1.2%
2018	\$55.80	172	5.3%	-3.2%	1,717,443	5.3%	0.1%
2017	\$53.01	164	2.0%	-8.0%	1,696,057	5.2%	-0.5%
2016	\$51.97	161	5.4%	-9.8%	1,857,191	5.7%	0.5%
2015	\$49.29	152	13.6%	-14.5%	1,710,153	5.2%	-0.8%
2014	\$43.39	134	13.1%	-24.7%	1,995,133	6.1%	-0.8%
2013	\$38.36	119	14.4%	-33.4%	2,254,333	6.8%	-0.9%
2012	\$33.53	104	13.2%	-41.8%	2,605,513	7.8%	-0.5%

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
2028	-	-	-	-	-	-	\$419.22	137	6.2%
2027	-	-	-	-	-	-	\$393.46	129	6.5%
2026	-	-	-	-	-	-	\$380.78	125	6.9%
2025	-	-	-	-	-	-	\$378.02	124	7.2%
2024	-	-	-	-	-	-	\$447.95	147	6.9%
YTD	12	\$87.7M	0.1%	\$7,972,727	\$862.79	8.8%	\$571.79	187	6.1%
2023	61	\$816.7M	1.4%	\$14,848,517	\$343.19	5.8%	\$575.56	188	6.1%
2022	96	\$1.8B	1.5%	\$21,999,761	\$810.38	4.8%	\$669.86	219	5.5%
2021	122	\$5.4B	4.9%	\$46,979,356	\$770.96	5.0%	\$777.66	254	4.8%
2020	78	\$3.6B	1.9%	\$47,388,306	\$1,040.78	4.7%	\$773.01	253	4.8%
2019	229	\$8.7B	6.0%	\$59,698,177	\$845.38	5.1%	\$812.59	266	4.7%
2018	193	\$4.3B	4.1%	\$32,448,295	\$661.52	4.8%	\$753.03	246	4.7%
2017	219	\$4.3B	4.6%	\$34,017,150	\$612.57	5.2%	\$696.17	228	4.7%
2016	207	\$6.9B	8.0%	\$47,752,225	\$580.36	4.8%	\$696.09	228	4.5%
2015	236	\$5.1B	7.2%	\$35,799,838	\$620.64	4.8%	\$666.43	218	4.5%
2014	282	\$8.1B	9.3%	\$39,677,973	\$534.45	5.0%	\$577.54	189	4.8%
2013	220	\$2.9B	4.8%	\$18,285,866	\$375.51	5.3%	\$485.22	159	5.2%

(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
2028	-	-	-	-	-	-	\$450.72	131	6.1%
2027	-	-	-	-	-	-	\$423.09	123	6.4%
2026	-	-	-	-	-	-	\$409.47	119	6.7%
2025	-	-	-	-	-	-	\$406.57	118	7.0%
2024	-	-	-	-	-	-	\$482.46	140	6.8%
YTD	-	-	-	-	-	-	\$617.28	179	6.0%
2023	4	\$158.9M	0.3%	\$39,725,000	\$452.82	-	\$625.03	181	6.0%
2022	10	\$1.1B	1.2%	\$133,598,596	\$1,050.61	-	\$729.07	211	5.3%
2021	30	\$4.1B	6.9%	\$177,705,647	\$873.44	5.0%	\$848.29	246	4.6%
2020	9	\$2.3B	2.3%	\$252,502,326	\$1,023.19	-	\$831.47	241	4.7%
2019	36	\$5.8B	7.2%	\$169,607,243	\$897.47	4.8%	\$872.96	253	4.6%
2018	25	\$2.5B	4.4%	\$107,648,361	\$717.76	4.8%	\$808.30	234	4.6%
2017	29	\$3.2B	6.0%	\$115,336,740	\$647.83	5.5%	\$748.61	217	4.6%
2016	35	\$4.6B	8.6%	\$147,837,029	\$640.29	4.4%	\$752.74	218	4.4%
2015	37	\$3.1B	7.9%	\$146,369,768	\$689.53	4.6%	\$725.58	210	4.4%
2014	46	\$6.1B	12.5%	\$133,298,799	\$589.54	4.0%	\$635.24	184	4.6%
2013	19	\$1.7B	4.9%	\$91,063,301	\$429.36	4.9%	\$540.02	157	5.0%

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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
2028	-	-	-	-	-	-	\$393.85	152	6.3%
2027	-	-	-	-	-	-	\$369.54	143	6.6%
2026	-	-	-	-	-	-	\$357.55	138	6.9%
2025	-	-	-	-	-	-	\$354.87	137	7.2%
2024	-	-	-	-	-	-	\$420.06	162	7.0%
YTD	1	\$59.7M	0.1%	\$59,700,000	\$1,508.11	-	\$535.41	207	6.2%
2023	29	\$540.9M	3.7%	\$20,804,056	\$291.41	6.9%	\$533.96	206	6.2%
2022	36	\$468.7M	1.3%	\$13,784,489	\$635.92	5.2%	\$619.22	239	5.5%
2021	33	\$955.8M	3.2%	\$29,868,856	\$535.14	5.0%	\$712.61	275	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$802.26	-	\$711.75	275	4.9%
2019	81	\$2.4B	5.8%	\$39,920,833	\$755.96	5.6%	\$740.12	285	4.8%
2018	53	\$1.3B	4.2%	\$30,144,031	\$595.74	5.2%	\$683.27	264	4.8%
2017	46	\$578.4M	2.3%	\$14,830,447	\$508.39	5.8%	\$629.14	243	4.8%
2016	81	\$2B	9.6%	\$32,594,934	\$492.47	5.2%	\$624.57	241	4.7%
2015	65	\$1.5B	7.7%	\$35,548,119	\$553.14	5.0%	\$592.51	229	4.7%
2014	85	\$1.3B	6.3%	\$20,082,945	\$414.06	5.7%	\$509.08	196	5.0%
2013	71	\$865.4M	4.3%	\$14,920,577	\$379.20	5.2%	\$420.16	162	5.4%

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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
2028	-	-	-	-	-	-	\$359.52	139	6.6%
2027	-	-	-	-	-	-	\$337.41	131	6.9%
2026	-	-	-	-	-	-	\$326.61	126	7.2%
2025	-	-	-	-	-	-	\$324.20	125	7.5%
2024	-	-	-	-	-	-	\$382.68	148	7.2%
YTD	11	\$28M	0.2%	\$2,800,000	\$451.17	8.8%	\$485.11	188	6.5%
2023	28	\$116.9M	0.6%	\$4,674,520	\$677.31	3.6%	\$484.90	188	6.5%
2022	50	\$310.5M	2.8%	\$7,393,298	\$590.25	4.2%	\$562.78	218	5.8%
2021	59	\$312.6M	1.5%	\$5,298,531	\$649.64	5.0%	\$658.13	255	5.0%
2020	47	\$746.4M	1.6%	\$15,879,789	\$1,493.91	4.7%	\$687.14	266	4.9%
2019	112	\$554M	3.0%	\$10,654,568	\$773.66	3.8%	\$740.15	286	4.8%
2018	115	\$480.9M	3.4%	\$7,398,850	\$602	4.5%	\$692.73	268	4.8%
2017	144	\$512.4M	4.6%	\$8,539,364	\$551.01	4.7%	\$640.44	248	4.8%
2016	91	\$385.4M	3.4%	\$7,137,569	\$480.74	4.6%	\$634.31	245	4.6%
2015	134	\$517M	4.1%	\$6,544,842	\$503.33	4.6%	\$600.54	232	4.6%
2014	151	\$637.6M	5.9%	\$6,855,647	\$407.18	5.4%	\$506.90	196	4.9%
2013	130	\$311.9M	5.6%	\$3,803,129	\$217.94	6.2%	\$418.17	162	5.4%

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