



Office Market Report

San Francisco - CA USA

PREPARED BY



OFFICE MARKET REPORT

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12 Mo Deliveries in SF

972K

12 Mo Net Absorption in SF

(3.9M)

Vacancy Rate

22.9%

Market Asking Rent Growth

-2.2%

In the fourth quarter of 2024, a recent improvement in leasing conditions provides optimism that the worst may be over for San Francisco's office market. Leasing volume in the past six months was the highest since early 2022. Expansion by tech companies, particularly in the AI sector, has led to an uptick in new space requirements and leasing activity. Moreover, the pace of downsizing and lease exits by existing tenants has abated somewhat from the record pace of such activity in 2023. Occupiers continue to adjust their leased spaces to reflect hybrid working patterns, but most tenants who plan to downsize have already done so.

San Francisco's CBD has seen the biggest fall in office demand of any major downtown market since the COVID-19 pandemic. However, after a weak 2023, leasing activity has picked up in the past year, led by a surge of leasing by AI companies. In contrast, leasing activity outside the core downtown area continues to soften. Many AI companies have been picking up high-quality sublease space that tech companies have vacated in recent years.

On the supply side, construction activity is well below historical standards, with the only substantial projects underway being life science or build-to-suits.

In the fourth quarter, San Francisco's vacancy rate is

22.9%, 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. The increase in the vacancy rate has slowed in the past year due to an increase in leasing activity and a decrease in the amount of space given back as tenants move out. The amount of vacant space in 4 & 5-star buildings, 28.0%, continues to account for most of the increase in vacancy. However, the availability rate, which includes sublet space, has been flat for the past four quarters, suggesting that the market is stabilizing.

Since the pandemic, rents have been slowly reducing across all submarkets, most notably in downtown San Francisco, where asking rents are around 30% below their 2019 levels. However, the pace of decline has slowed in recent months. The fall in rents is in sharp contrast to the strong rent growth during the previous boom. Before the pandemic, San Francisco's asking rents increased by 140% from 2010 to 2019, compared to a 40% increase nationwide. The recent decline has brought average rents back to where they were in 2014.

Looking ahead, the demand patterns of the past few quarters suggest that the market is reaching a bottom, and that the key metrics relating to absorption, vacancy and rents are likely to trend flat moving into 2025.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	87,954,584	28.0%	\$58.35	31.9%	(613,423)	0	1,487,214
3 Star	73,788,792	19.8%	\$48.77	24.2%	(164,390)	0	5,000
1 & 2 Star	31,242,057	15.8%	\$40.91	16.5%	(69,518)	0	0
Market	192,985,433	22.9%	\$51.91	26.5%	(847,331)	0	1,492,214

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	2.4% (YOY)	10.0%	27.8%	22.9%	2024 Q4	1.3%	2000 Q2
Net Absorption SF	(3.9M)	217,136	(3,235,943)	6,960,968	2000 Q2	(10,139,666)	2021 Q1
Deliveries SF	972K	1,920,456	369,280	5,218,251	2018 Q3	66,056	2006 Q3
Market Asking Rent Growth	-2.2%	2.7%	-1.3%	30.3%	2000 Q3	-32.5%	2002 Q1
Sales Volume	\$688M	\$3.3B	N/A	\$9.3B	2007 Q3	\$261.3M	2002 Q2

Leasing conditions in San Francisco's office market have improved in 2024. Following record levels of negative net absorption in 2023, the past few quarters have seen an increase in the amount of space leased and a decrease in the number of existing tenants moving out.

The increase in leasing dates to the second half of 2023, when local brokers reported an increase in the amount of space tenants sought in the market. Anecdotal evidence of a few large space requirements by tech firms supported this.

The rapid growth of investment in AI has been the main driver of the uptick in leasing. Several AI companies across San Francisco have expanded into sublet spaces. The largest were OpenAI, which sublet 486,000 SF from Uber in Mission Bay; Anthropic, which took 230,000 SF from Slack at 500 Howard St. in the South Financial District; and Scale AI, which leased 178,000 SF in March 2024. In September 2024, OpenAI leased a further 315,000 SF at 550 Terry Francois Blvd.

In addition to AI companies, a few other tenants have taken new leases in 2024. In April, management software company Rippling expanded into 123,000 SF at 430 California Street. The City and County of San Francisco and Adyen also took new leases over 100,000 SF.

So far, 2024 has seen fewer significant move-outs than 2023, when Meta, Slack, Salesforce, LinkedIn, and Microsoft collectively vacated over 1 million SF in downtown San Francisco. However, although the pace of exits has slowed, it has not completely ceased. In May 2024, Google announced it would not renew its nearly 300,000 SF lease in Spear Tower, which expires in 2025. In June, X, formerly known as Twitter, announced it would relocate its headquarters to Austin and make a large amount of its current space in San Francisco available for sublease.

Discussions with industry participants reveal a consensus that most tenants planning to downsize have already done so. While downsizing will continue as more leases expire over the next year, most pre-pandemic leases have already expired, and the worst appears to be over.

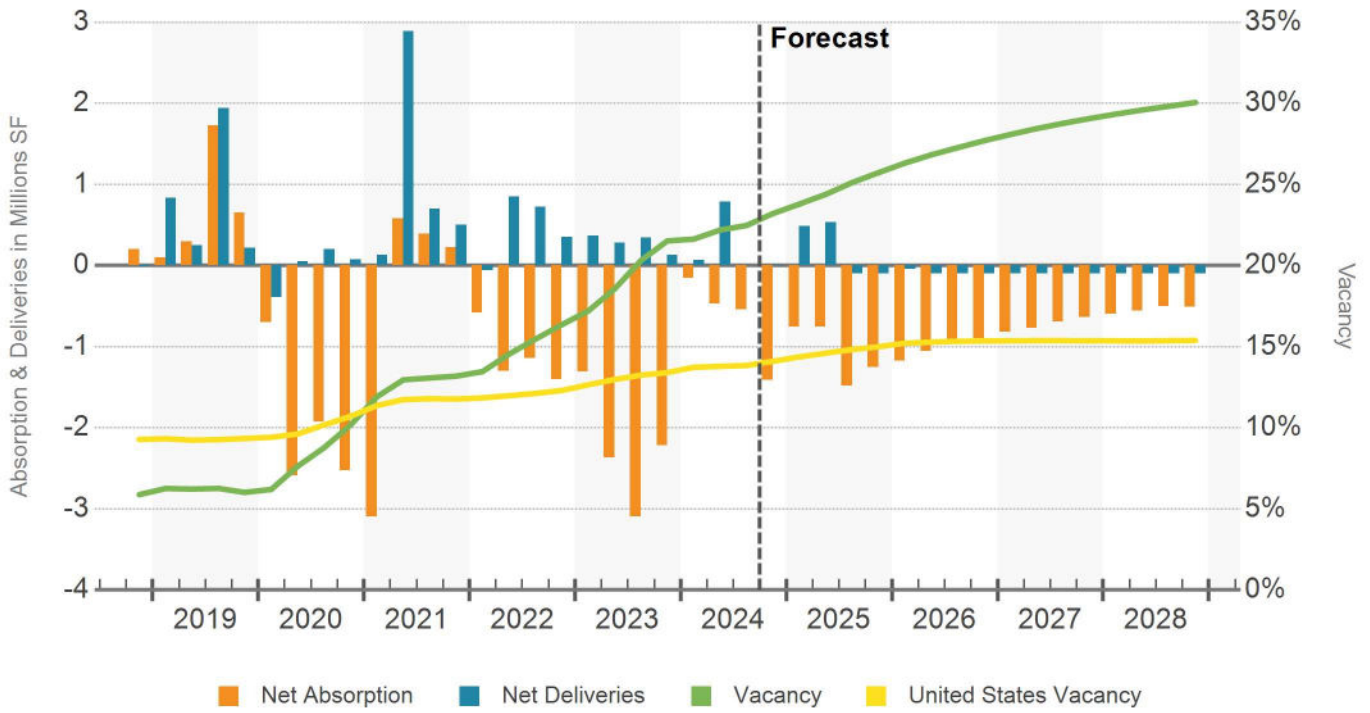
These trends are evident in the market's key data points. Gross absorption totaled 9 million SF for the first three quarters of 2024, the highest amount since 2021. Tenant move-outs totaled 10 million SF, the lowest amount since 2019. Thus, while net absorption remains negative, at -1 million SF, it is much improved over the -7 million negative net absorption for the first three quarters of 2023.

The overall vacancy rate for the San Francisco Market is 22.9% in the fourth quarter. Some 51.6 million SF of space is available, including 11.4 million SF of sublease space. However, while the vacancy rate has continued to rise over the past year, the amount of available space has been flat for the past 12 months, suggesting that a market bottom has been reached.

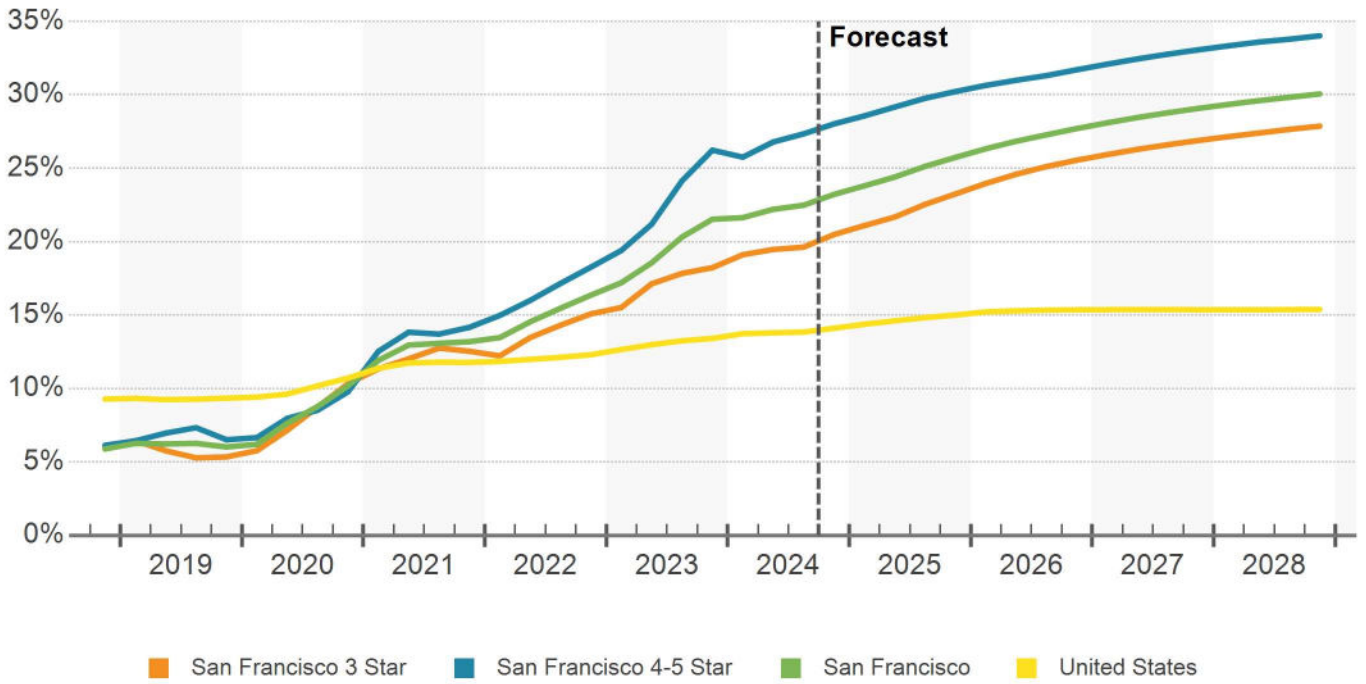
Downtown San Francisco, which encompasses the financial district and neighboring submarkets, remains the most impacted submarket. As measured by Kastle Data Systems key card activity, office attendance in downtown San Francisco increased in the first half of 2024, after being flat for much of 2023, at 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 vacancy rate among leased office buildings downtown increased from 6.5% in 2019 to 30% in the fourth quarter of 2024, and more than one-third of leased space is currently available.

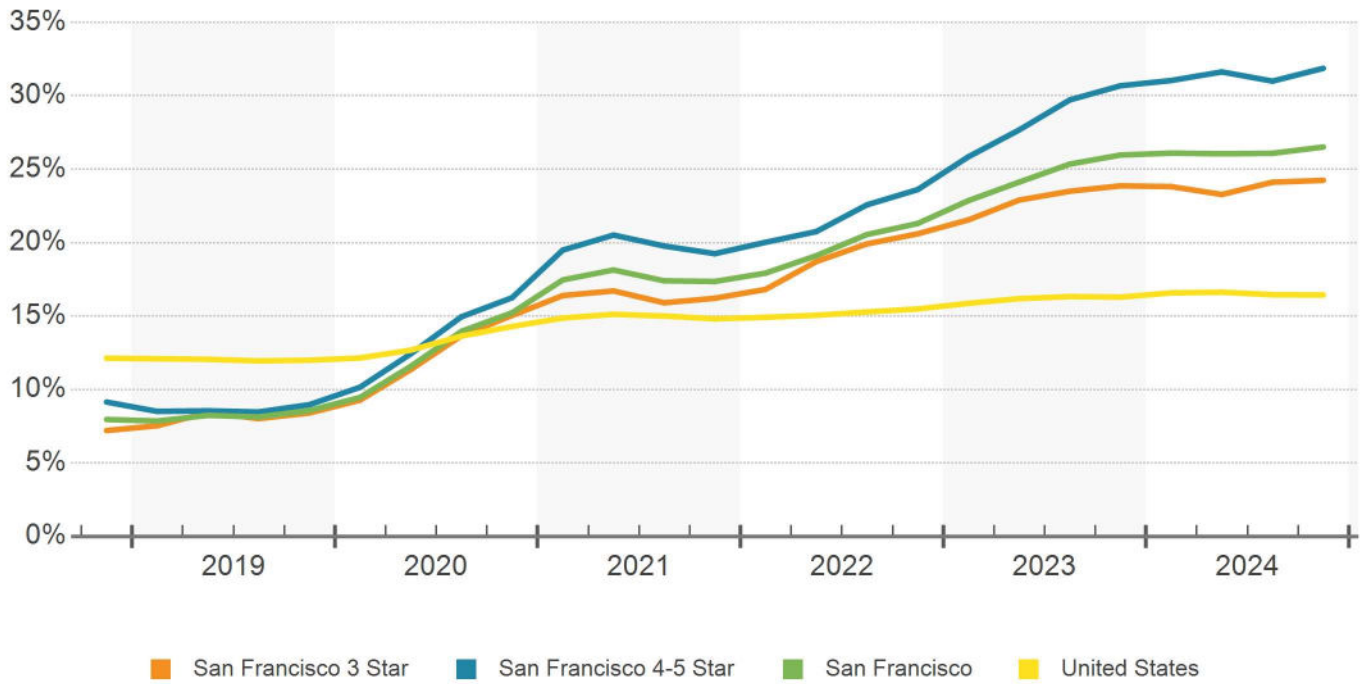
NET ABSORPTION, NET DELIVERIES & VACANCY



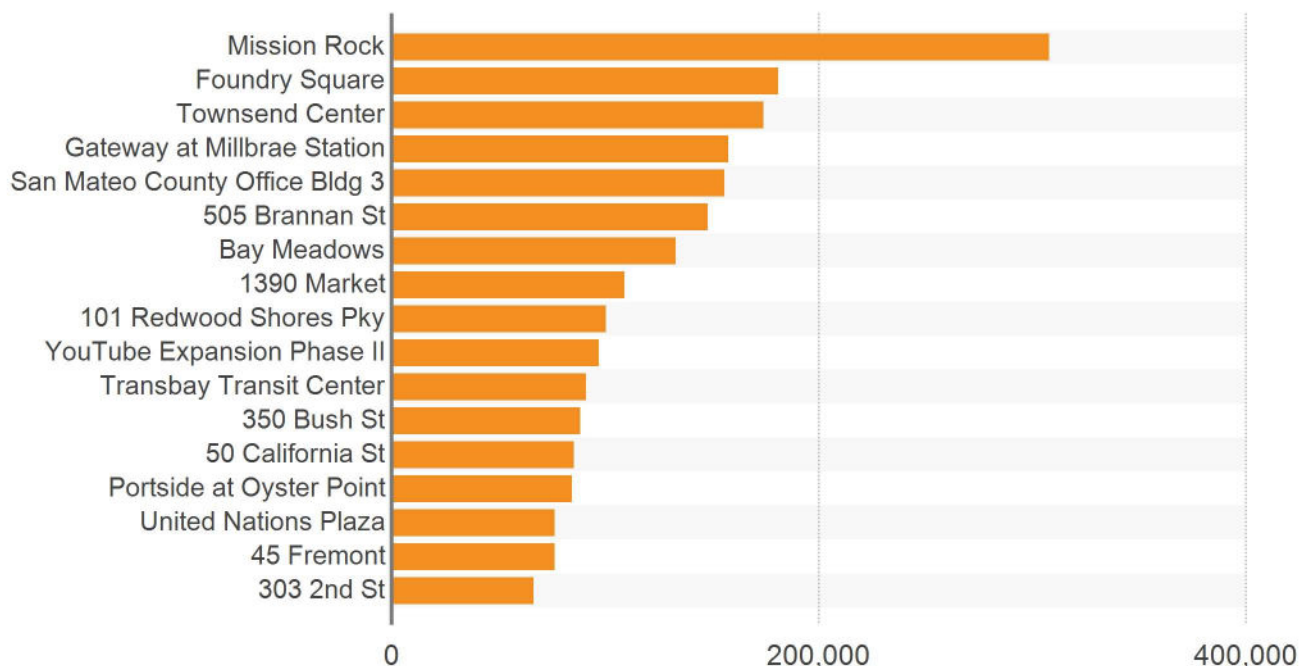
VACANCY RATE



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
Mission Rock	Mission Bay/China B...	321,355	6,913	0	297,469	10,432	0	307,901
Foundry Square	South Financial District	232,801	5,446	0	0	0	0	180,931
Townsend Center	Showplace Square	756,770	165,383	0	(4,025)	178,234	0	174,209
Gateway at Millbrae Station	San Bruno/Millbrae	179,288	0	157,694	0	0	0	157,694
San Mateo County Office Bldg 3	Redwood City	156,000	0	0	156,000	0	0	156,000
505 Brannan St	South of Market	148,146	0	0	0	148,146	0	148,146
Bay Meadows	San Mateo	209,860	53,854	133,137	0	0	0	133,137
1390 Market	MidMarket	233,911	110,698	112,080	0	(3,067)	0	109,013
101 Redwood Shores Pky	Foster City/Redwood...	100,328	0	0	0	100,328	0	100,328
YouTube Expansion Phase II	San Bruno/Millbrae	116,000	0	0	0	0	0	97,087
Transbay Transit Center	South Financial District	684,000	354,064	288,812	41,124	0	0	91,013
350 Bush St	Financial District	492,020	48,595	65,409	0	22,976	0	88,385
50 California St	Financial District	700,785	104,474	95,216	5,358	25,554	0	85,395
Portside at Oyster Point	South San Francisco	134,237	33,333	33,559	0	(33,333)	0	84,489
United Nations Plaza	MidMarket	76,500	0	76,500	0	0	0	76,500
45 Fremont	South Financial District	692,000	313,062	0	19,552	108,186	0	76,393
303 2nd St	Rincon/South Beach	782,116	302,027	22,187	24,862	5,134	0	66,595
Subtotal Primary Competitors		6,016,117	1,497,849	984,594	540,340	562,590	0	2,133,216
Remaining San Francisco Market		186,969,316	42,726,308	(1,142,848)	(1,011,702)	(1,101,946)	(847,331)	(6,007,529)
Total San Francisco Market		192,985,433	44,224,157	(158,254)	(471,362)	(539,356)	(847,331)	(3,874,313)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name
Mission Bay Office Campus	Mission Bay/China Basin	306,000	Q3 24	OpenAI
900 Jefferson Ave *	Redwood City	226,197	Q4 23	Box, Inc
Townsend Center	Showplace Square	178,234	Q1 24	Scale AI
Gateway at Millbrae Station	San Bruno/Millbrae	157,692	Q4 23	SamTrans
1455 Market	MidMarket	157,154	Q2 24	City & County of San Fran...
505 Brannan St	South of Market	148,146	Q1 24	Adyen
Alexandria Technology Campus *	South San Francisco	140,234	Q1 24	Insitro, Inc.
211 Main St	South Financial District	135,687	Q4 23	Charles Schwab & Co., Inc.
550 Quarry Rd	Belmont/San Carlos	134,208	Q4 23	County of San Mateo
Union Bank	Financial District	123,320	Q2 24	Rippling
Embarcadero Center *	Financial District	99,551	Q1 24	Pillsbury Winthrop Shaw...
Phelan Building *	Union Square	97,606	Q1 24	Figma
Foundry Square	South Financial District	84,669	Q3 24	KPMG LLP
Embarcadero Center	Financial District	76,132	Q4 23	Pillsbury Winthrop Shaw...
215 Fremont St *	South Financial District	64,774	Q2 24	-
600 Harrison St *	Rincon/South Beach	59,592	Q1 24	Udemy
525 Market St	South Financial District	58,992	Q1 24	-
Crossing 900 *	Redwood City	58,283	Q4 23	Box
Redwood LIFE	Foster City/Redwood Shrs	51,822	Q1 24	Arcellx
149 Commonwealth Dr *	Menlo Park	50,777	Q2 24	Corcept Therapeutics Inc.
149 Commonwealth Dr *	Menlo Park	50,777	Q1 24	Corcept Therapeutics Inc.
101 Redwood Shores Pky	Foster City/Redwood Shrs	50,632	Q1 24	Corcept Therapeutics
Towers at Shores Center *	Foster City/Redwood Shrs	50,347	Q3 24	Poshmark
Britannia Pointe Grand	South San Francisco	50,195	Q4 23	alumis
Parkside Towers	Foster City/Redwood Shrs	48,815	Q1 24	Replit
Livat San Francisco	MidMarket	46,000	Q1 24	Industrious
560 Mission St *	South Financial District	45,132	Q3 24	Delta Dental
475 Sansome St	Financial District	44,341	Q1 24	Grammarly
Gateway Crossing	South San Francisco	44,022	Q4 23	Charles River
600 California St	Financial District	43,520	Q1 24	WeWork
Seaport Centre	Redwood City	43,293	Q3 24	Revolution Medicines
555 Montgomery St	Financial District	42,209	Q3 24	-
Transbay Transit Center	South Financial District	41,379	Q2 24	Zendesk
235 2nd St	South Financial District	41,104	Q3 24	Sierra
50 California St	Financial District	40,250	Q2 24	WilmerHale
The Towers at Sierra Point	Brisbane/Daly City	40,232	Q3 24	Vera Therapeutics
Seaport Centre	Redwood City	39,966	Q4 23	Revolution Medicines Inc
100 CAL	Financial District	39,168	Q2 24	Capital One
Levi's Plaza	Waterfront/North Beach	37,675	Q4 23	Snap, Inc
The Pioneer Building	Mission/Potrero	37,104	Q4 24	xAI

*Renewal

Office rents in San Francisco have been trending downwards since 2020. As of the fourth quarter of 2024, average asking rents are \$52/SF, down 30% from a peak of \$76/SF in the second half of 2019. The fall in rents is the biggest decline in the nation, where average rent growth has remained positive, albeit low, over the past five years. However, the rate of decline in San Francisco has slowed in the past year, and rents are currently just -2.2% below where they were last year.

While the 30% fall in rents from 2019 is steep, it is still less impressive than the corresponding increase during the previous boom. Before the pandemic, San Francisco experienced a 140% run-up in rental rates from 2010 to 2019, compared to a 40% increase nationwide. The recent decline has brought average rents back to where they were in 2014.

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

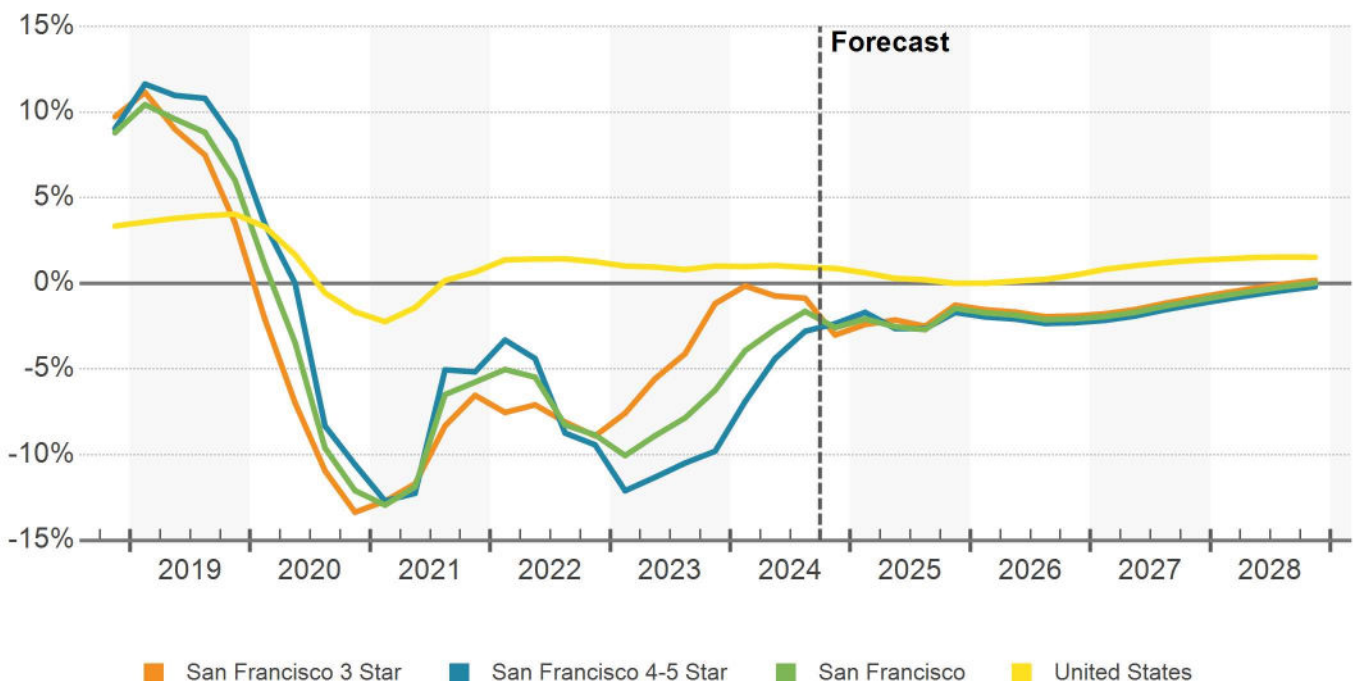
The large imbalance between demand and supply has reduced asking rents and increased concessions.

However, industry participants have indicated that the range of concessions is extensive. Premium office view space in tier-one buildings continues to command rents close to \$100/SF, with concessions little more than one month of free rent per year of the lease term. By contrast, owners of commodity Class A space offer more free rent and more generous TI allowances, which can sometimes reach \$200/SF.

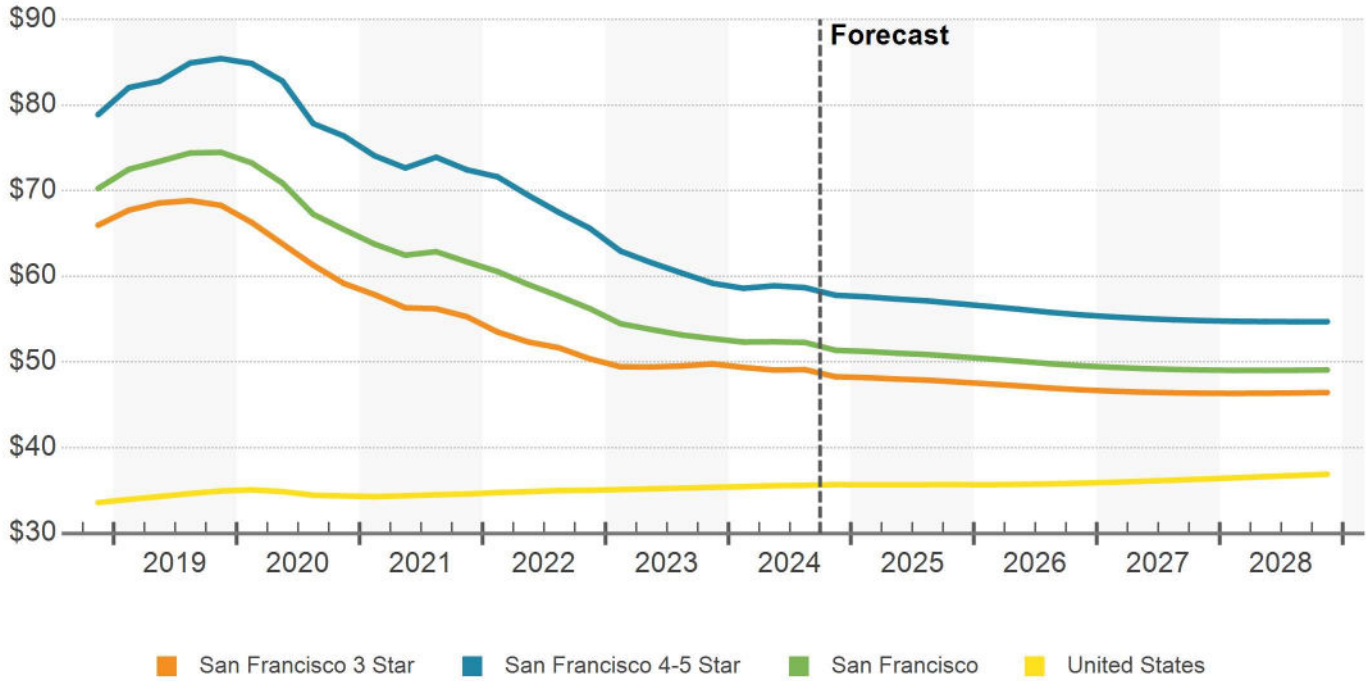
The wide availability of sublet space continues to lower the rent bar. Downtown San Francisco has around 9 million SF of sublet availability across all quality levels. For example, a full-floor sublet at 465 California St. is available for \$25/SF full service at the low end of the price range.

Location and building quality continue to strongly influence rents, with tenants more intent on leasing the space that suits their needs rather than seeking out the lowest prices. Thus, recent deals show a wide variation in rents. For example, in September 2024, Investment Management LLC signed a lease for 6,800 SF at 400 S El Camino Real in San Mateo, with a starting rent of \$75/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	\$1.23	\$2.38	\$1.66	\$8.06	\$8.15	\$21.48
San Mateo Central County	\$1.17	\$1.62	\$1.61	\$9.05	\$6.76	\$20.21
San Mateo North County	\$1.11	\$1.70	\$1.73	\$7.63	\$6.09	\$18.26
San Mateo South County	\$1.08	\$1.69	\$1.70	\$6.48	\$5.70	\$16.65
SF Downtown Core	\$1.15	\$3.37	\$1.76	\$8.57	\$11	\$25.85
SF Downtown North	\$1.07	\$2.78	\$1.71	\$8.91	\$10.12	\$24.59
SF Downtown South	\$1.62	\$2.61	\$1.44	\$7.15	\$8.01	\$20.83
SF Downtown West	\$0.80	\$2.63	\$1.60	\$9.33	\$8.54	\$22.90
SF Outer Areas	\$1.43	\$3.64	\$2.79	\$4.66	\$12.58	\$25.10
SF Southeast	\$1.98	\$1.92	\$1.31	\$10.18	\$8	\$23.39

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	\$1.03	\$1.82	\$1.31	\$6.81	\$6.05	\$17.02
San Mateo Central County	\$1.07	\$1.10	\$1.20	\$7.54	\$5.95	\$16.86
San Mateo North County	\$1.02	\$1.14	\$1.24	\$8.69	\$5.41	\$17.50
San Mateo South County	\$0.98	\$1.07	\$1.21	\$9.38	\$5.05	\$17.69
San Mateo West County	\$0.72	\$0.91	\$1.04	\$6.17	\$5.32	\$14.16
SF Downtown Core	\$1.08	\$3.18	\$1.59	\$6.58	\$7.39	\$19.82
SF Downtown North	\$0.94	\$2.53	\$1.41	\$5.67	\$6.08	\$16.63
SF Downtown South	\$1.40	\$2.45	\$1.35	\$5.57	\$6.02	\$16.79
SF Downtown West	\$0.74	\$2.49	\$1.50	\$5.53	\$6.71	\$16.97
SF Outer Areas	\$0.67	\$1.09	\$1.18	\$4.47	\$6.58	\$13.99
SF Southeast	\$1.15	\$1.72	\$1.26	\$5.66	\$6.35	\$16.14

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	\$0.77	\$1.48	\$1.04	\$5.31	\$2.38	\$10.98
San Mateo Central County	\$0.72	\$0.97	\$1.09	\$6.03	\$2.64	\$11.45
San Mateo North County	\$0.72	\$0.97	\$1.09	\$4.51	\$1.86	\$9.15
San Mateo South County	\$0.72	\$0.98	\$1.14	\$6.35	\$1.72	\$10.91
San Mateo West County	\$0.66	\$0.98	\$1.13	\$5.65	\$2.05	\$10.47
SF Downtown Core	\$1	\$2.76	\$0.91	\$5.80	\$3.52	\$13.99
SF Downtown North	\$0.88	\$2.33	\$0.85	\$6.11	\$2.83	\$13
SF Downtown South	\$0.95	\$2.36	\$0.87	\$4.51	\$2.86	\$11.55
SF Downtown West	\$0.74	\$2.27	\$0.84	\$4.80	\$2.89	\$11.54
SF Outer Areas	\$0.68	\$1.11	\$1.17	\$5.12	\$2.23	\$10.31
SF Southeast	\$0.72	\$1.35	\$1.04	\$3.12	\$2.26	\$8.49
Treasure/Yerba Buena Island	\$0.51	\$0.99	\$1.14	\$3.63	\$2.64	\$8.91

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

Amid the rapid increase in vacancy in the past four years, construction activity has dropped close to the low points of the Dotcom bust and the Great Recession.

Of the handful of active office construction projects, almost all are aimed at the life science market. Even within this segment, construction has slowed sharply as developers hold off from breaking ground due to over-supply and weak demand.

Just 1.5 million SF of office space is currently underway in San Francisco. This is a sharp decline from the highly active construction market in the five years leading up to the COVID-19 pandemic when the amount of space underway ranged from 6 to 10 million SF.

There are active construction projects in San Francisco and on the Peninsula. Elco Yards in Redwood City is a mixed-use development with approximately 500,000 SF of life sciences office space in four buildings. Other life science projects include 200 Twin Dolphin Dr. in Belmont and Lane Partners' Southline project in South San Francisco.

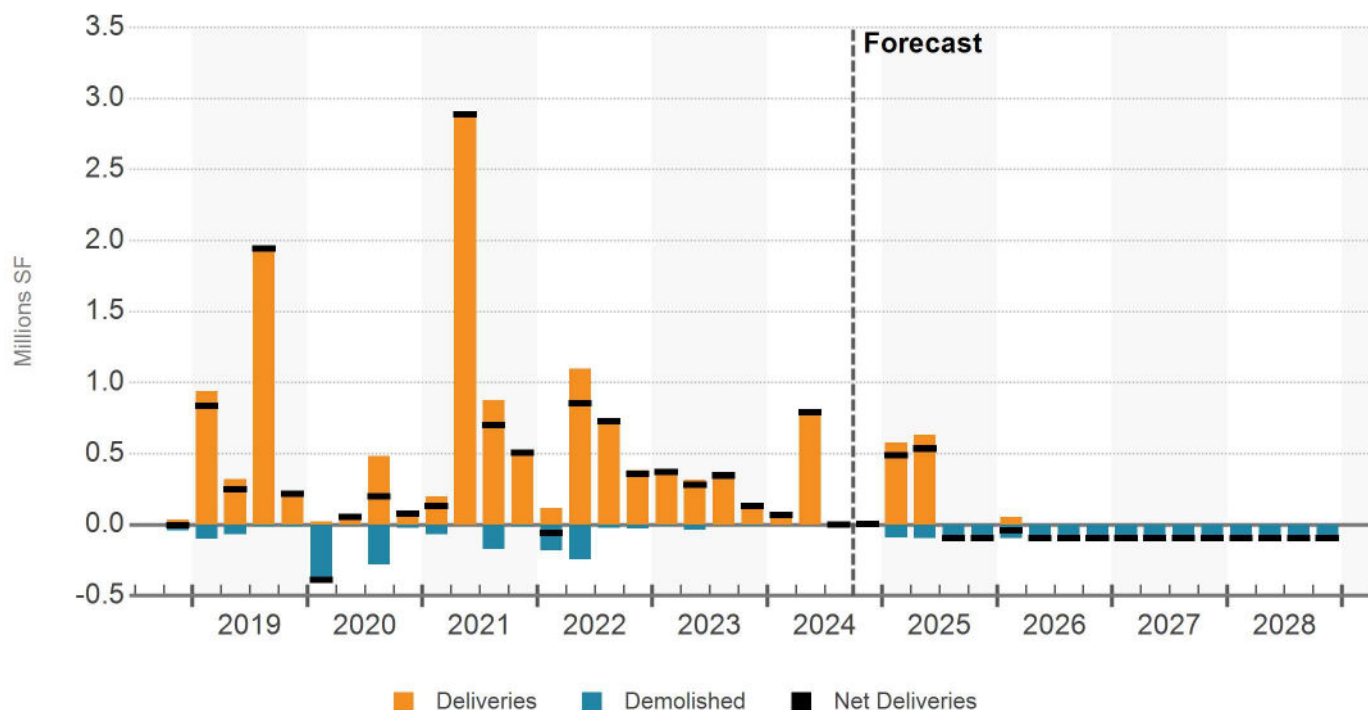
The only sizable other development is the construction of YouTube's new headquarters in San Bruno.

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. If the project moves forward, it 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 or canceled 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 and Tishman Speyer's 711,000-SF office development at 598 Brannan St. The co-developers of 88 Bluxome St. announced in May that they had reached agreement to terminate their development agreement for the site.

Other than life science projects, there will be almost no new speculative deliveries of new office space in the next few years. However, office vacancy rates are expected to remain high for several years, so future undersupply is not expected to be a matter of concern.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

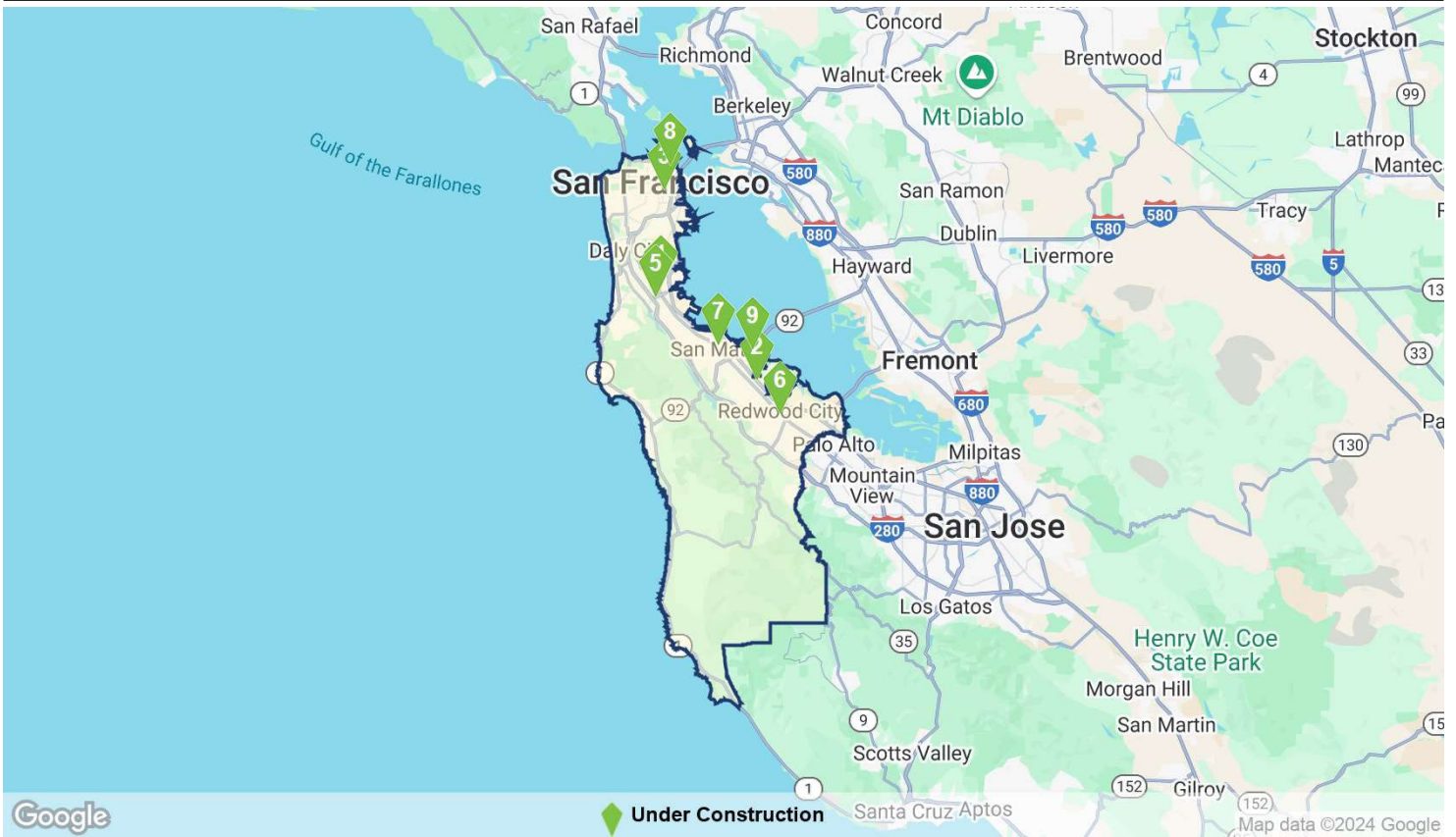
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	San Bruno/Millbrae	2	440	440	100%	1	31,416	220,000	3
2	South San Francisco	1	345	345	100%	1	53,421	345,000	1
3	Foster City/Redwood Shrs	2	239	5	2.1%	6	103,770	119,500	5
4	Mission/Potrero	1	226	38	17.0%	5	19,657	225,733	2
5	Redwood City	1	190	52	27.4%	4	26,707	190,000	4
6	Financial District	1	52	52	100%	1	183,200	52,481	6
7	Bayview/Hunters Point	0	-	-	-	-	24,237	-	-
8	Belmont/San Carlos	0	-	-	-	-	17,447	-	-
9	Brisbane/Daly City	0	-	-	-	-	26,005	-	-
10	Burlingame	0	-	-	-	-	34,099	-	-
	All Other	0	-	-	-		44,113	-	
Totals		8	1,492	933	62.5%		47,162	186,527	

Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
9	1,557,214	0.8%	64.1%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 BLDG 2 Amenities SOUT... 50 Tanforan Ave	★★★★★	345,000	5	Jan 2023	Dec 2024	Lane Partners Lane Partners
2 200 Twin Dolphin Dr	★★★★★	234,000	5	Jun 2023	Feb 2025	Truebeck Construction Trammell Crow Company
3 1850 Bryant St	★★★★★	225,733	7	Jul 2026	Dec 2028	Common Ground Urban Develop... Abbett Electric Corporation
4 Bldg 2 1350 Grundy Ln	★★★★☆	220,000	3	Aug 2023	Mar 2025	- Google
5 Bldg 1 1300 Bayhill Dr	★★★★☆	220,000	3	Jan 2023	Mar 2025	Google Google
6 The Nest 200 Lathrop St	★★★★☆	190,000	4	Sep 2022	Apr 2025	Greystar Real Estate Partners Ben Kopf
7 Brickline 303 Baldwin Ave	★★★★☆	65,000	3	Jun 2021	Nov 2024	- -

Under Construction Properties

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	SHVO Inc Aegon Asset Management
9 Family Dental 581 Foster City Blvd	★★★☆☆	5,000	1	Aug 2022	Nov 2024	- Willis William O

Moving towards the end of 2024, investment activity in San Francisco's office market remains low, with total sales volume comparable to the low points of the Dotcom bust and the Great Recession. This continues the recent trend: quarterly deal volume has not exceeded \$250 million for the past six quarters. As of the fourth quarter, transaction volume for the past 12 months was \$668 million, a fraction of the five-year pre-COVID annual average of \$5.8 billion. Regarding deal count, 62 sales closed in the past year versus the 10-year annual average of 160 deals. While the deal count is down, the size of the reduction is less than the drop in total volume, indicating that fewer large deals are closing.

A shift in the profile of active buyers characterizes the current muted investment market. Private investors and users account for more than half of buyer volume, replacing public and institutional funds as the major players. In the past year, private investors took 42% and users 19% of sales volume on the buyer side. By comparison, investment funds accounted for most sales over the past 10 years, with institutional investors taking 40%, private equity funds 16%, and REITs 8%. As the market bottoms and interest rates fall in the quarters ahead, institutional funds are expected to resume activity and be more acquisitive.

Deal sizes are small by historical standards. Over the five-year pre-COVID period, the average transaction price was \$38.5 million. Year to date, in 2024, the average transaction price is just \$9.5 million. This difference is partly due to smaller buildings: the average size in 2024 is 55,700 SF versus 65,700 for the pre-COVID five years. However, most of the difference is due to a fall in average pricing. The current year average

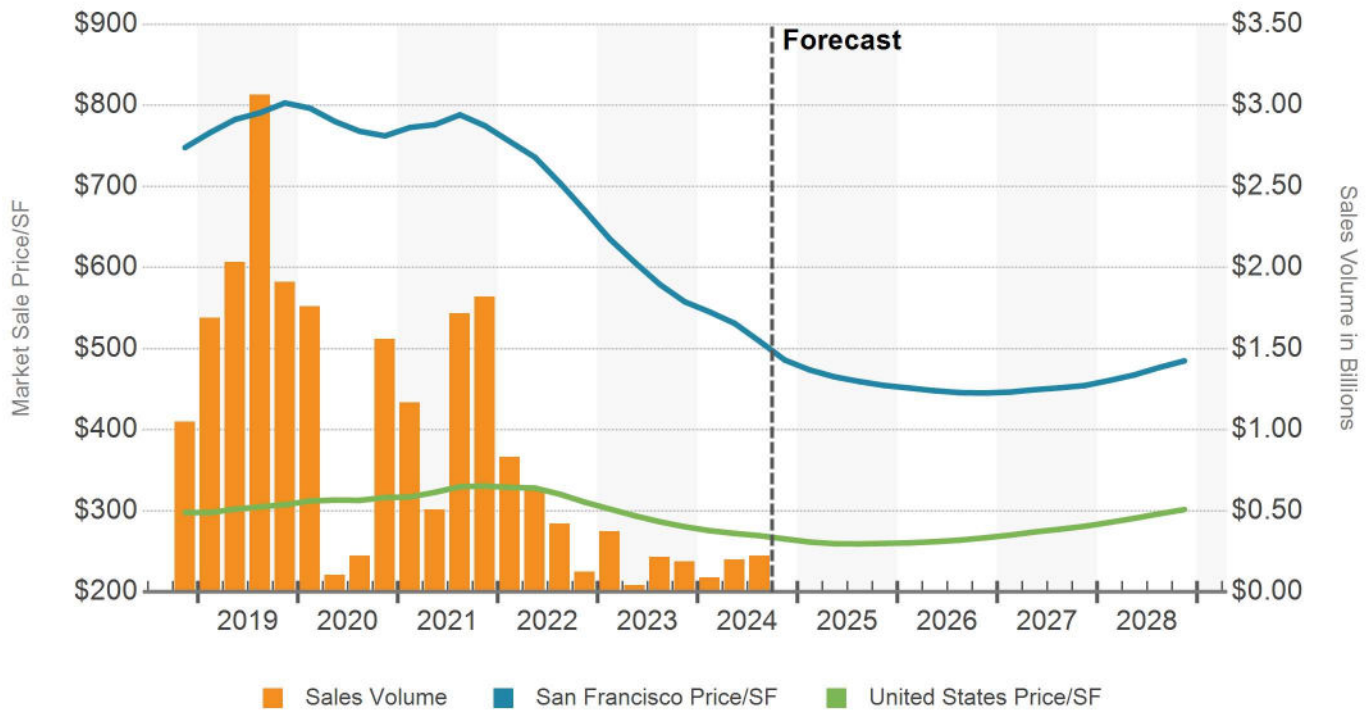
sales price of \$362/SF is 40% below the pre-COVID average of \$599/SF. Most sales in the past year were of distressed or high-vacancy buildings, typically acquired on a price-per-square-foot basis rather than a cap rate. A few single-tenant and medical office properties traded in the past year, with cap rates generally in the 6.5% to 8.75% range. By comparison, for sales completed in 2021, the range of cap rates was 3.5% to 6.25%.

The decline in pricing and change in buyer profile is evident in several of the larger deals that local private investors acquired in the past year. For example, in August 2024, a joint venture between two local private buyers, Flynn Properties and Ellis Partners, bought the 109,000 SF 631 Howard St. for \$39 million, or \$358/SF. The property was sold by a joint venture of institutional and private equity investors, who had acquired the building in 2014, paying \$138 million, or \$561/SF.

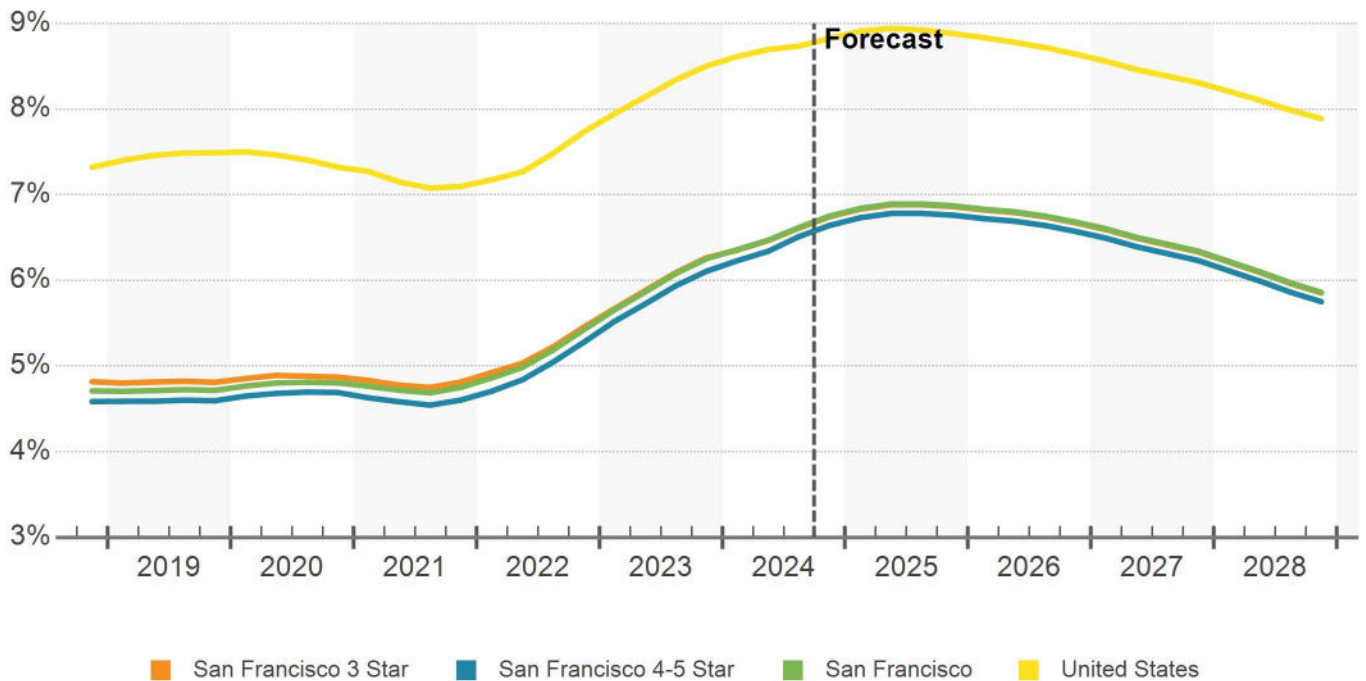
An example of the impact of the recent cap rate expansion is the sale of 1600 El Camino Real in San Carlos. This 6,600 SF building changed hands for \$3.8 million in April 2024, with a cap rate of 8.54%. A similar sale in 2021 is the acquisition of 323 89th St. in Daly City, which sold in May 2021 for \$4.95 million at a 4.32% cap rate.

Transaction volume and pricing are not expected to grow materially in the coming year. While the projected reduction in interest rates may stimulate some volume increase, the office sector's weak operating performance will likely persist for a longer period, keeping the sector's risk profile high and discouraging many investors from deploying capital in the market.

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

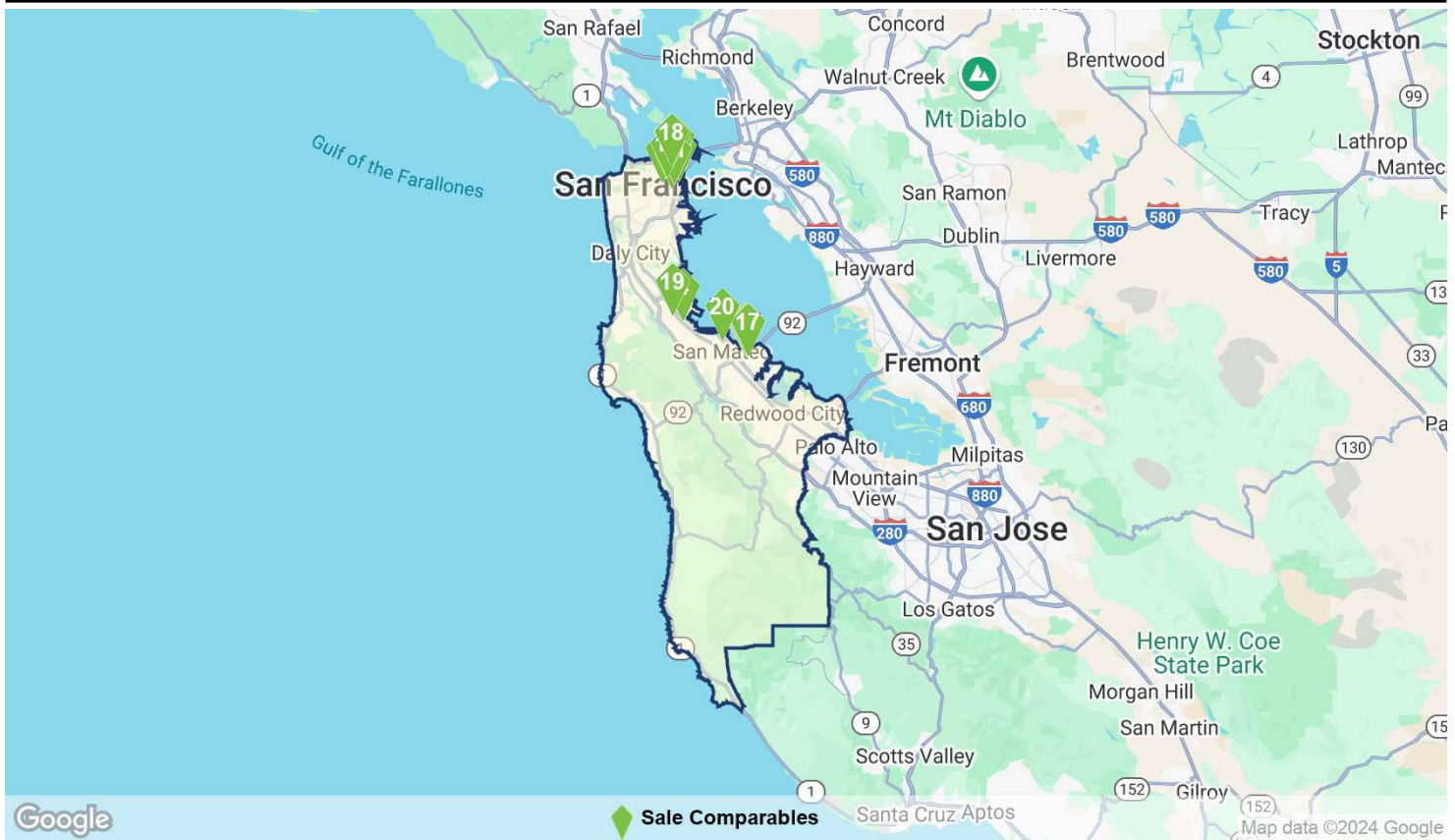
70

7.8%

\$226

32.5%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$550,000	\$12,996,128	\$3,950,000	\$72,000,000
Price/SF	\$73	\$226	\$368	\$1,508
Cap Rate	4.2%	7.8%	8.2%	11.1%
Time Since Sale in Months	0.2	5.6	5.6	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,000	62,427	8,800	1,320,000
Stories	1	4	3	22
Typical Floor SF	1,000	10,248	5,735	60,000
Vacancy Rate At Sale	0%	32.5%	0%	100%
Year Built	1850	1944	1947	2023
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 Townsend Bldg 123 Townsend St	★★★★★	1903	136,950	22.2%	10/30/2023	\$72,000,000	\$526	-
2 The Little Fox Theatre 535 Pacific Ave	★★★★★	1907	39,586	0%	2/9/2024	\$59,700,000	\$1,508	-
3 Borel Bldg II 180-182 Howard St	★★★★★	1978	205,690	0%	11/14/2023	\$54,000,000	\$263	-
4 Gateway at Millbrae Stati... 166 N Rollins Rd	★★★★★	2023	179,288	0%	6/4/2024	\$48,400,000	\$270	-
5 795 Folsom St	★★★★★	1976	187,202	33.4%	7/31/2024	\$48,300,000	\$258	-
6 1455 Market 1455 Market St	★★★★★	1976	1,320,000	48.2%	4/1/2024	\$43,500,000	\$73	-
7 631 Howard St	★★★★★	1929	108,786	0%	8/20/2024	\$39,000,000	\$359	11.1%
8 115 Sansome St 115 Sansome St	★★★★★	1913	114,451	57.2%	12/14/2023	\$34,000,000	\$297	-
9 300 California St	★★★★★	1946	119,000	55.5%	5/21/2024	\$28,500,000	\$239	-
10 99 Rhode Island St	★★★★★	1948	63,780	100%	7/22/2024	\$23,500,000	\$368	-
11 410 Townsend St	★★★★★	1912	78,000	62.9%	4/17/2024	\$22,000,000	\$282	-
12 1500 Fashion Island Blvd	★★★★★	1981	67,986	0%	8/13/2024	\$21,679,055	\$319	-
13 1510 Fashion Island Blvd	★★★★★	1982	64,914	0%	8/13/2024	\$20,320,945	\$313	-
14 979-989 Market St	★★★★★	1907	117,000	74.0%	8/22/2024	\$13,500,000	\$115	-
15 1820 Gateway Dr	★★★★★	1986	81,081	41.9%	9/24/2024	\$12,479,729	\$154	-
16 Building II 1810 Gateway Dr	★★★★★	1985	75,715	75.3%	9/24/2024	\$11,941,967	\$158	-
17 Building I 1800 Gateway Dr	★★★★★	1989	78,204	14.9%	9/24/2024	\$10,453,304	\$134	-
18 Engine Company No. 1 451 Pacific Ave	★★★★★	1908	10,264	100%	5/13/2024	\$8,750,000	\$852	-
19 Millbrae Professional Bu... 1301 Broadway	★★★★★	1959	7,609	0%	4/12/2024	\$7,100,000	\$933	-
20 241 N Amphlett Blvd	★★★★★	1961	8,800	0%	7/2/2024	\$7,040,000	\$800	7.8%

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, NVIDIA, and Meta, San Francisco and San Jose lead the nation with the highest economic growth rates at the metropolitan level. This translates 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 significant 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.

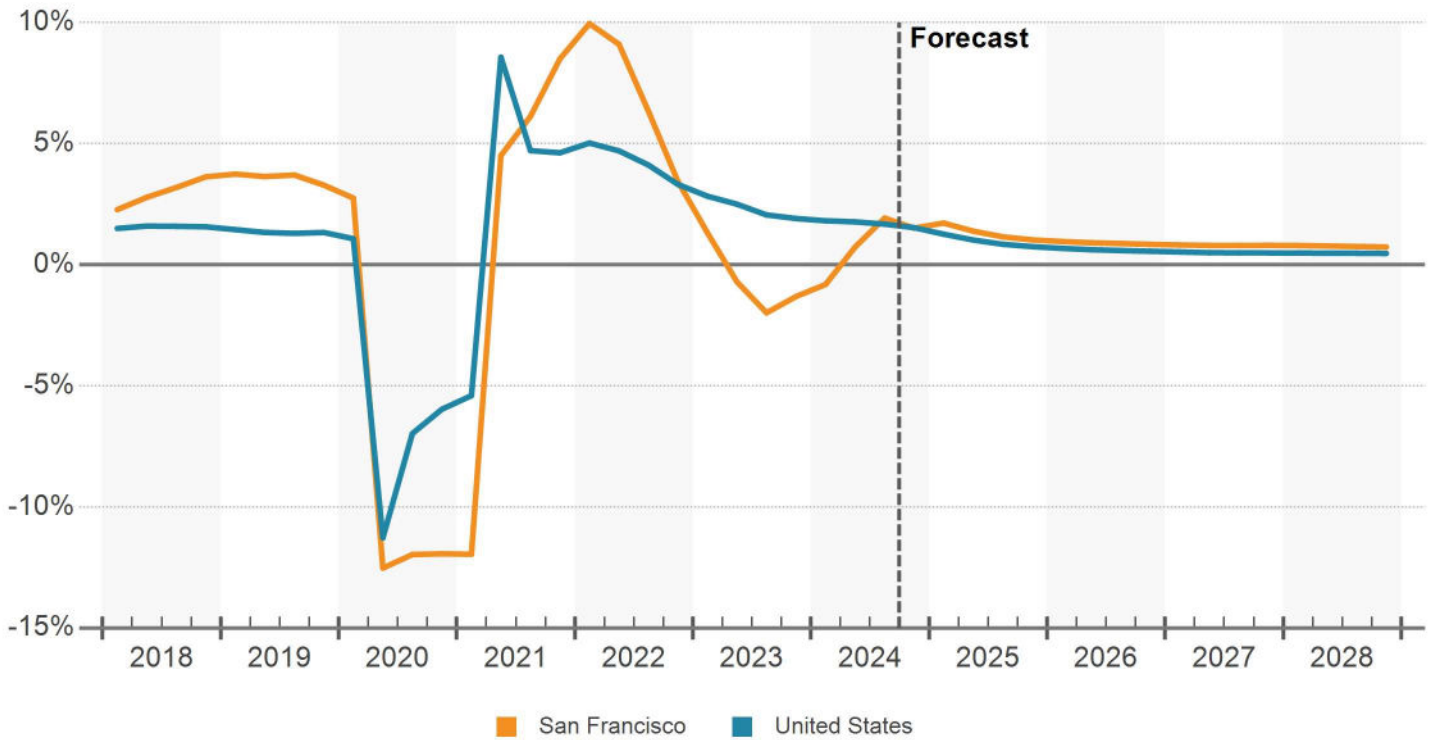
Total employment is now slightly ahead of its pre-pandemic level. However, with the increase in flexible working practices, it is unclear how many San Francisco businesses' employees live in the metro area. After falling to a 10-year low of 2.3% in 2022, the unemployment rate has increased to just under 4.0%.

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	35	0.4	-0.37%	0.40%	-0.54%	0.62%	0.51%	0.33%
Trade, Transportation and Utilities	133	0.6	1.72%	0.83%	-0.43%	1.00%	0.06%	0.28%
Retail Trade	66	0.6	1.85%	0.86%	-2.06%	0.24%	0.01%	0.21%
Financial Activities	82	1.2	-0.30%	0.38%	1.05%	1.47%	0.08%	0.35%
Government	142	0.8	2.79%	2.20%	1.75%	0.66%	0.64%	0.51%
Natural Resources, Mining and Construction	42	0.6	0.43%	2.34%	2.34%	2.26%	0.64%	0.72%
Education and Health Services	159	0.8	3.59%	3.49%	2.57%	2.07%	0.73%	0.77%
Professional and Business Services	300	1.7	0.73%	0.82%	2.13%	1.81%	1.15%	0.59%
Information	116	5.2	0.14%	0.57%	7.43%	1.02%	1.81%	0.54%
Leisure and Hospitality	133	1.0	5.22%	2.23%	0.00%	1.47%	1.16%	0.98%
Other Services	39	0.9	2.94%	1.40%	-0.28%	0.61%	0.75%	0.49%
Total Employment	1,181	1.0	1.85%	1.65%	1.69%	1.33%	0.86%	0.56%

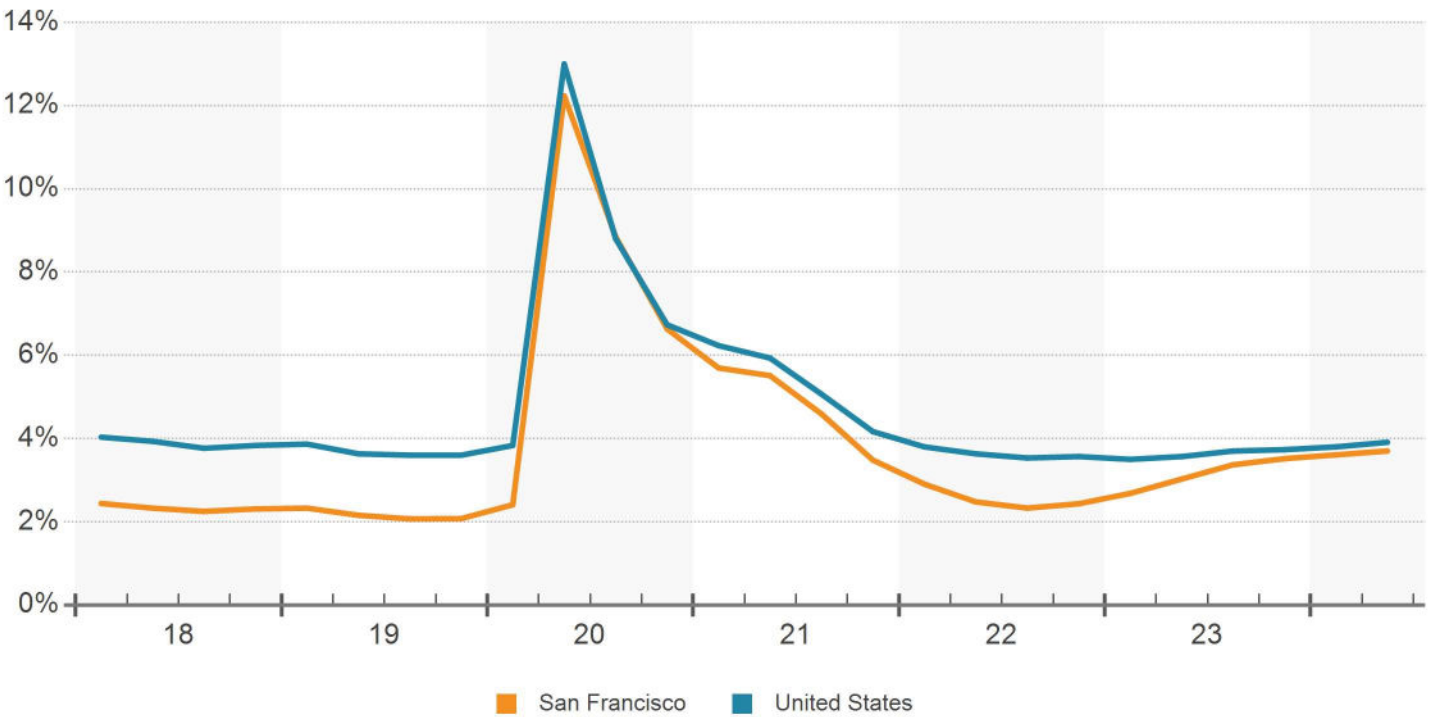
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

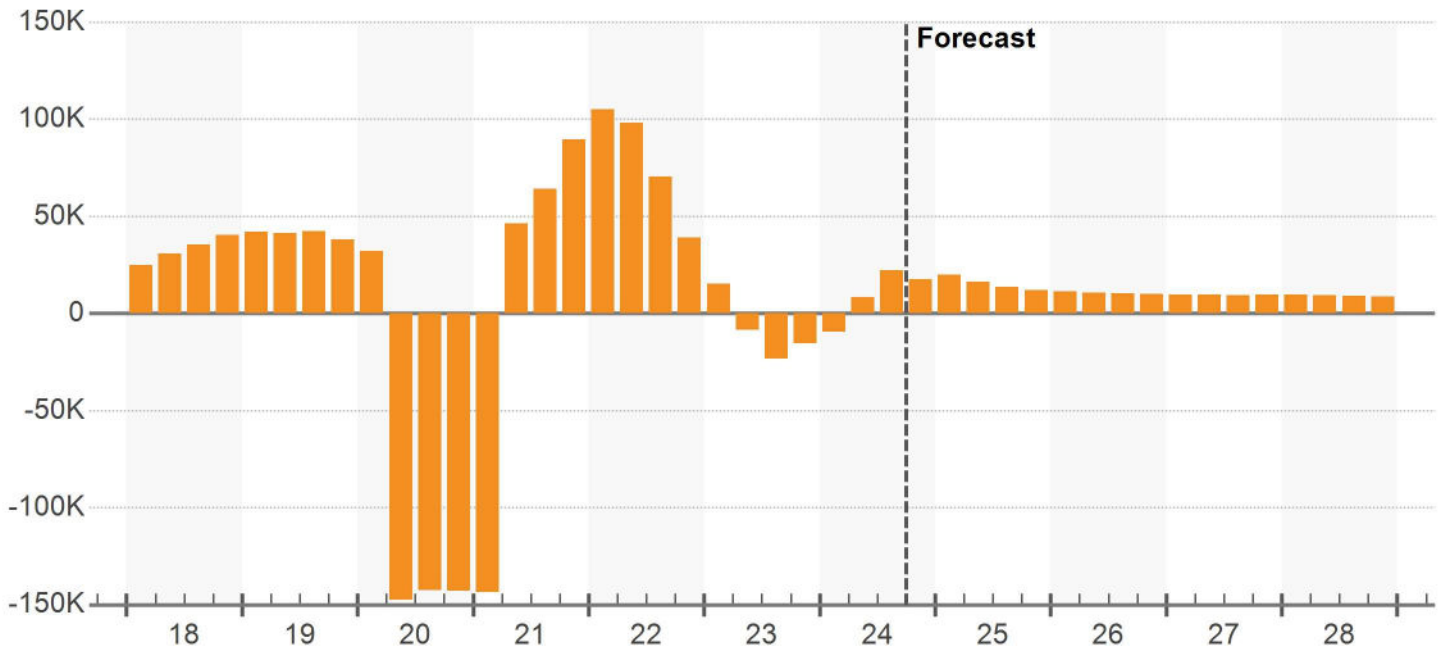


Source: Oxford Economics

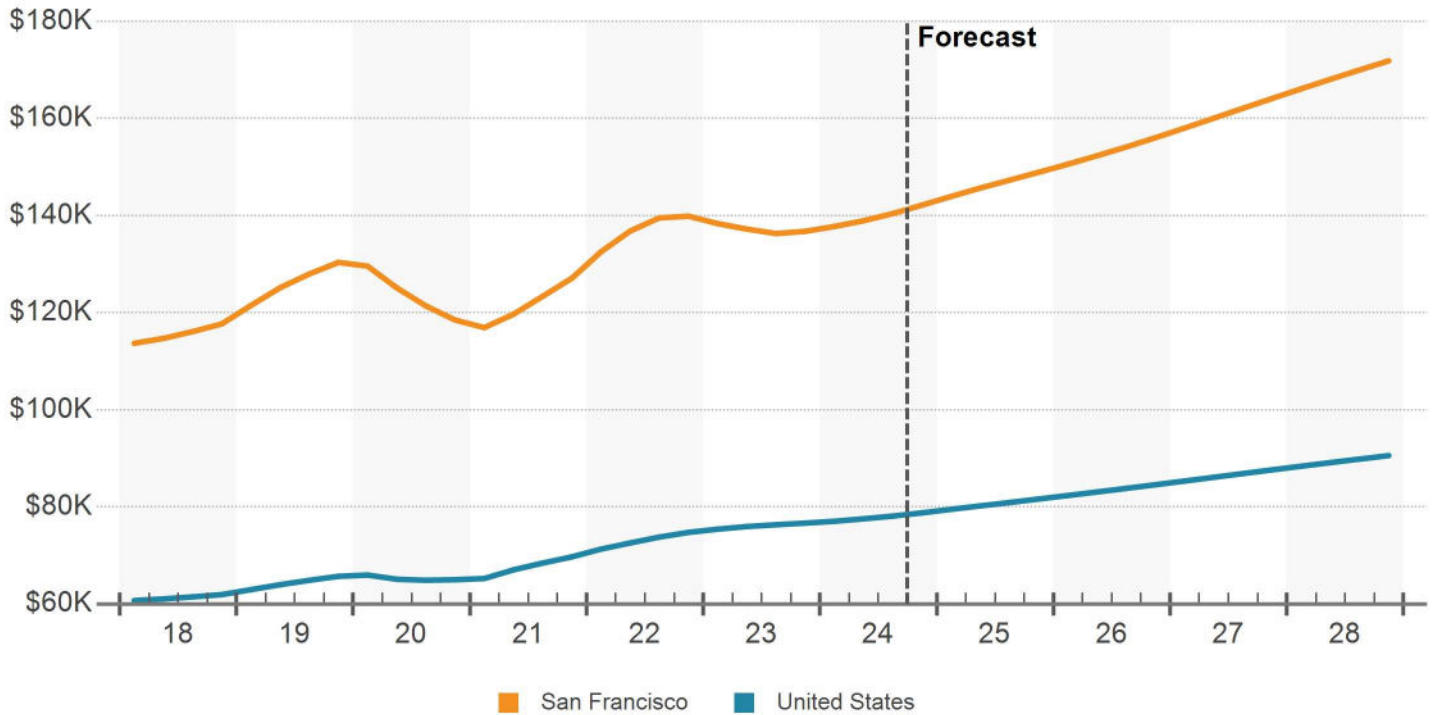
UNEMPLOYMENT RATE (%)



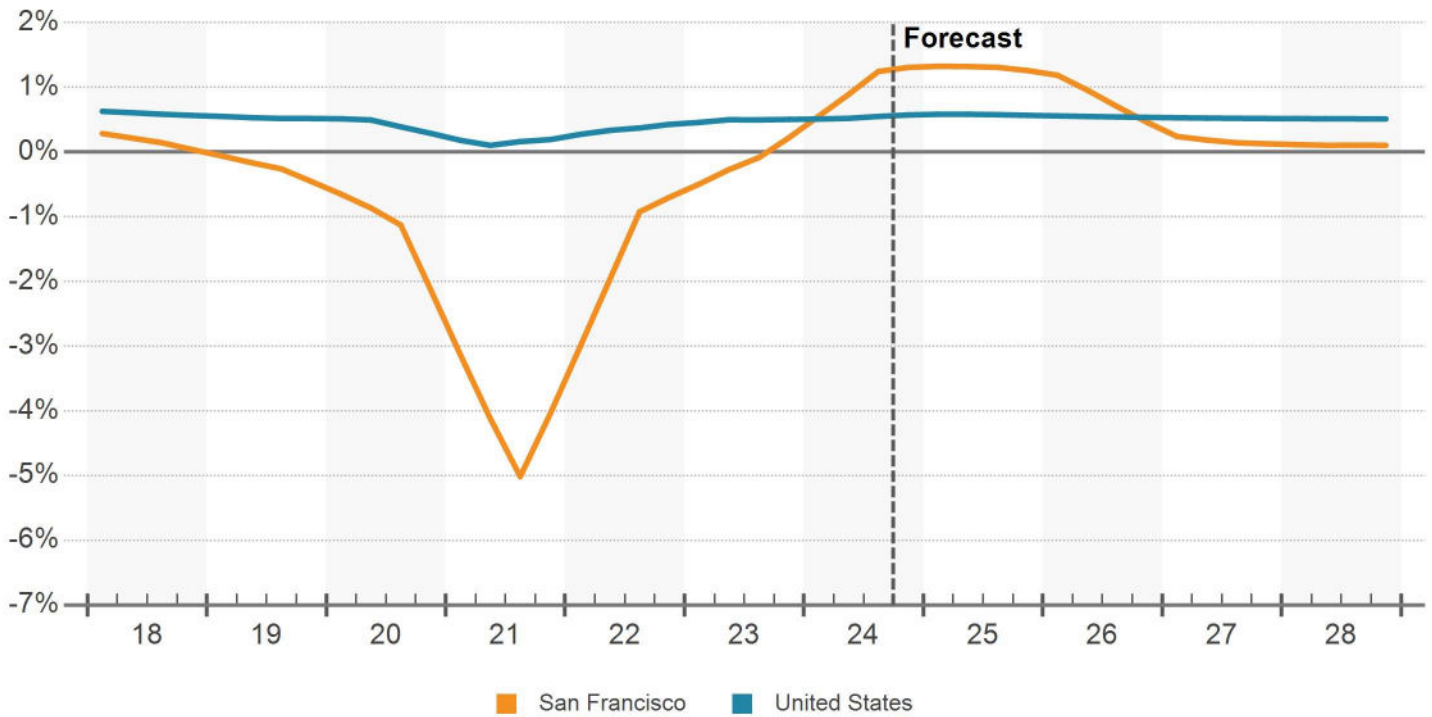
NET EMPLOYMENT CHANGE (YOY)



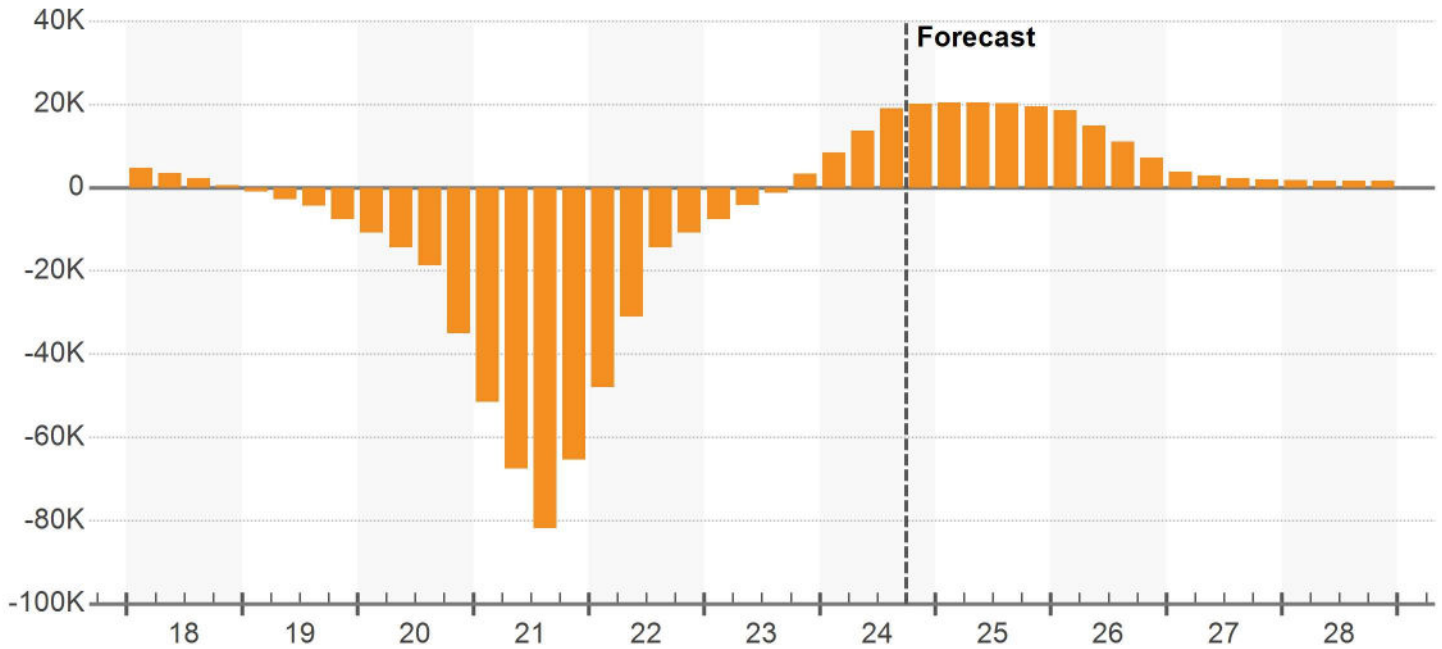
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

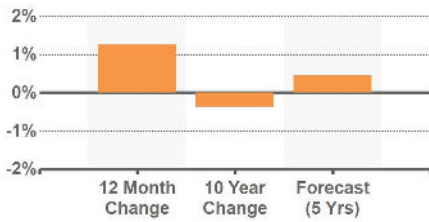


DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,555,250	336,826,156	1.3%	0.5%	-0.4%	0.5%	0.5%	0.5%
Households	633,086	131,653,781	1.4%	0.7%	0.1%	0.9%	0.6%	0.6%
Median Household Income	\$140,701	\$78,223	3.2%	2.4%	4.6%	3.9%	4.8%	3.5%
Labor Force	1,011,588	168,432,406	0.5%	0.5%	0.6%	0.8%	0.6%	0.5%
Unemployment	3.7%	3.9%	0.3%	0.2%	0%	-0.2%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



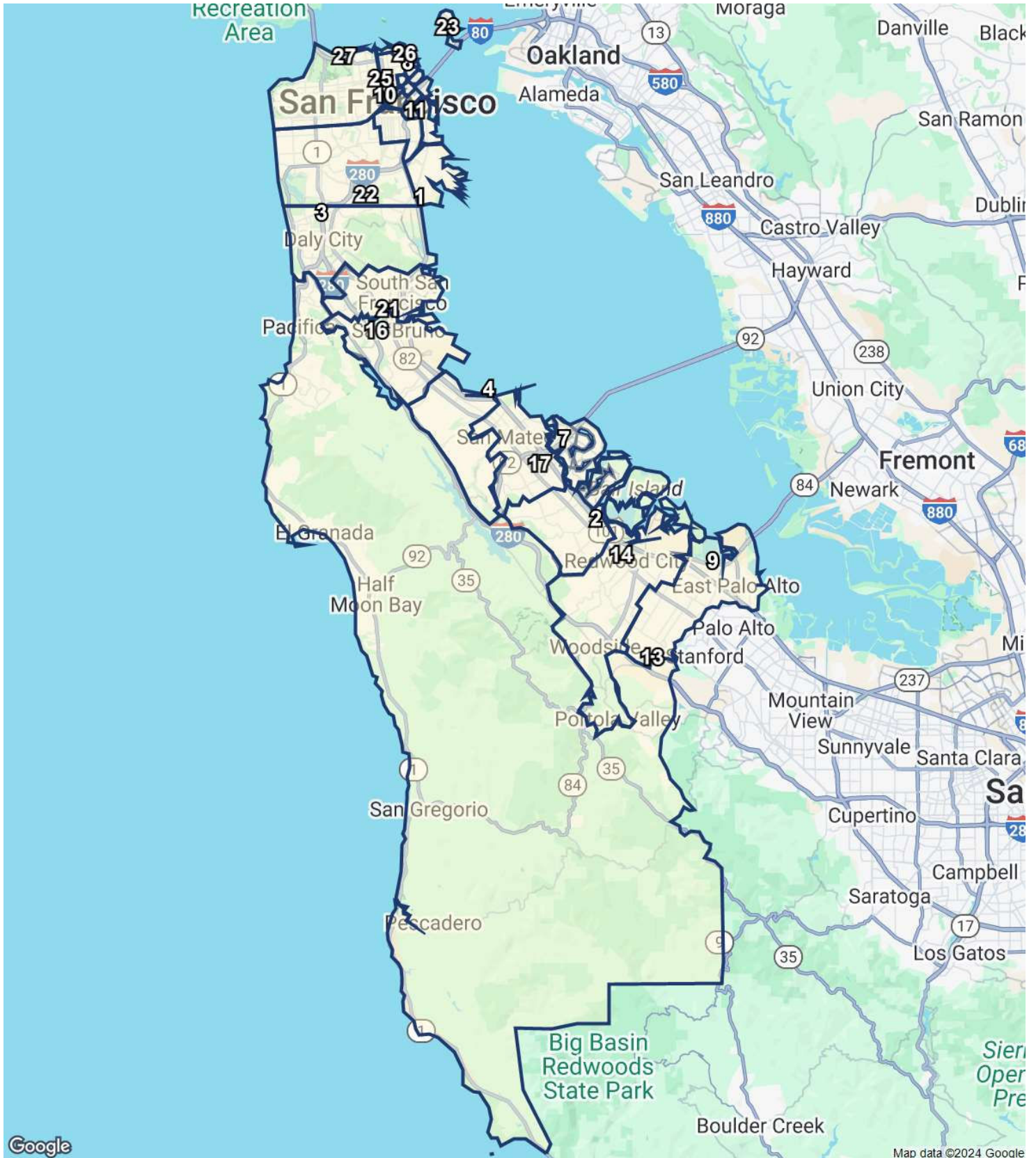
INCOME GROWTH



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	154	2,687	1.4%	22	1	18	0.7%	8	0	-	-	-
3	Brisbane/Daly City	88	2,288	1.2%	24	0	0	0%	-	0	-	-	-
4	Burlingame	129	4,399	2.3%	18	1	185	4.2%	2	0	-	-	-
5	Civic Center	64	4,402	2.3%	17	0	0	0%	-	0	-	-	-
6	Financial District	174	31,877	16.5%	1	0	0	0%	-	1	52	0.2%	6
7	Foster City/Redwood Shrs	96	9,962	5.2%	5	0	0	0%	-	2	239	2.4%	3
8	Jackson Square	121	3,353	1.7%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	284	11,028	5.7%	3	0	0	0%	-	0	-	-	-
10	MidMarket	83	8,056	4.2%	7	0	0	0%	-	0	-	-	-
11	Mission Bay/China Basin	34	5,857	3.0%	11	0	0	0%	-	0	-	-	-
12	Mission/Potrero	190	3,735	1.9%	19	0	0	0%	-	1	226	6.0%	4
13	Peninsula Coastline	139	696	0.4%	26	1	4	0.5%	9	0	-	-	-
14	Redwood City	313	8,359	4.3%	6	1	156	1.9%	3	1	190	2.3%	5
15	Rincon/South Beach	137	7,759	4.0%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	85	2,670	1.4%	23	1	97	3.6%	4	2	440	16.5%	1
17	San Mateo	321	10,319	5.3%	4	1	33	0.3%	6	0	-	-	-
18	Showplace Square	56	4,832	2.5%	14	1	29	0.6%	7	0	-	-	-
19	South Financial District	165	31,856	16.5%	2	0	0	0%	-	0	-	-	-
20	South of Market	251	5,405	2.8%	13	2	75	1.4%	5	0	-	-	-
21	South San Francisco	132	7,052	3.7%	9	1	375	5.3%	1	1	345	4.9%	2
22	Southern City	190	1,427	0.7%	25	0	0	0%	-	0	-	-	-
23	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
24	Union Square	116	5,705	3.0%	12	0	0	0%	-	0	-	-	-
25	Van Ness/Chinatown	167	3,527	1.8%	20	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,633	2.4%	15	0	0	0%	-	0	-	-	-
27	West of Van Ness	397	5,934	3.1%	10	0	0	0%	-	0	-	-	-
28	Yerba Buena	74	4,497	2.3%	16	0	0	0%	-	0	-	-	-

Submarkets

San Francisco Office

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	\$32.17	28	-1.7%	14	-26.6%	23
2	Belmont/San Carlos	\$51.32	8	-1.3%	7	-17.9%	10
3	Brisbane/Daly City	\$40.91	23	-1.7%	15	-18.3%	11
4	Burlingame	\$50.50	10	-1.4%	8	-18.6%	13
5	Civic Center	\$44.88	17	-2.3%	19	-20.3%	18
6	Financial District	\$51.31	9	-3.3%	28	-16.7%	9
7	Foster City/Redwood Shrs	\$58.59	3	-2.1%	16	-16.3%	8
8	Jackson Square	\$47.03	14	-1.5%	9	-23.2%	21
9	Menlo Park	\$75.86	1	-0.9%	4	-16.2%	7
10	MidMarket	\$48.52	13	-2.3%	20	-15.3%	5
11	Mission Bay/China Basin	\$57.18	4	-3.0%	27	-15.2%	4
12	Mission/Potrero	\$41.16	22	-1.6%	13	-25.2%	22
13	Peninsula Coastline	\$35.22	26	-0.8%	2	-28.2%	24
14	Redwood City	\$59.06	2	-1.0%	6	-15.8%	6
15	Rincon/South Beach	\$43.55	20	-2.6%	25	-19.0%	14
16	San Bruno/Millbrae	\$48.55	12	-2.3%	18	-19.5%	17
17	San Mateo	\$57.16	5	-1.6%	12	-14.6%	2
18	Showplace Square	\$43.18	21	-2.4%	22	-19.3%	16
19	South Financial District	\$54.86	6	-2.6%	24	-13.2%	1
20	South of Market	\$35.05	27	-2.3%	21	-29.3%	26
21	South San Francisco	\$49.38	11	-2.5%	23	-15.0%	3
22	Southern City	\$44.03	19	-0.9%	3	-29.6%	27
23	Treasure/Yerba Buena Isl...	\$38.83	25	-0.3%	1	-37.4%	28
24	Union Square	\$44.46	18	-2.1%	17	-19.0%	15
25	Van Ness/Chinatown	\$40.21	24	-0.9%	5	-22.3%	20
26	Waterfront/North Beach	\$45.40	16	-1.6%	11	-21.4%	19
27	West of Van Ness	\$51.62	7	-1.6%	10	-28.9%	25
28	Yerba Buena	\$46.74	15	-2.7%	26	-18.4%	12

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	85,385	13.5%	9	(35,101)	-5.6%	14	-
2	Belmont/San Carlos	643,522	24.0%	18	(252,228)	-9.4%	23	-
3	Brisbane/Daly City	351,072	15.3%	12	(195,419)	-8.5%	19	-
4	Burlingame	381,804	8.7%	4	71,184	1.6%	5	2.6
5	Civic Center	250,859	5.7%	3	(4,101)	-0.1%	11	-
6	Financial District	9,788,079	30.7%	25	(717,685)	-2.3%	27	-
7	Foster City/Redwood Shrs	1,393,239	14.0%	10	(180,923)	-1.8%	18	-
8	Jackson Square	583,427	17.4%	14	25,369	0.8%	8	-
9	Menlo Park	2,253,560	20.4%	16	(635,754)	-5.8%	26	-
10	MidMarket	1,928,316	23.9%	17	(290,682)	-3.6%	25	-
11	Mission Bay/China Basin	1,483,456	25.3%	19	291,927	5.0%	1	-
12	Mission/Potrero	354,867	9.5%	7	(77,469)	-2.1%	16	-
13	Peninsula Coastline	26,384	3.8%	1	133	0%	9	27.9
14	Redwood City	1,428,961	17.1%	13	206,493	2.5%	3	0.8
15	Rincon/South Beach	1,969,371	25.4%	20	77,726	1.0%	4	-
16	San Bruno/Millbrae	237,894	8.9%	5	225,237	8.4%	2	-
17	San Mateo	2,010,771	19.5%	15	(283,227)	-2.7%	24	-
18	Showplace Square	1,435,670	29.7%	24	55,573	1.2%	7	0.5
19	South Financial District	9,034,389	28.4%	23	(1,288,764)	-4.0%	28	-
20	South of Market	1,486,891	27.5%	22	69,792	1.3%	6	0.8
21	South San Francisco	1,078,565	15.3%	11	(249,142)	-3.5%	22	-
22	Southern City	68,552	4.8%	2	(6,955)	-0.5%	12	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,484,426	26.0%	21	(208,364)	-3.7%	20	-
25	Van Ness/Chinatown	436,416	12.4%	8	(30,408)	-0.9%	13	-
26	Waterfront/North Beach	1,459,072	31.5%	26	(238,771)	-5.2%	21	-
27	West of Van Ness	548,157	9.2%	6	(48,528)	-0.8%	15	-
28	Yerba Buena	2,021,052	44.9%	27	(154,228)	-3.4%	17	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	192,718,615	(382,876)	-0.2%	(2,167,293)	-1.1%	-
2027	193,101,491	(383,625)	-0.2%	(2,917,123)	-1.5%	-
2026	193,485,116	(331,921)	-0.2%	(4,050,601)	-2.1%	-
2025	193,817,037	826,604	0.4%	(4,247,259)	-2.2%	-
2024	192,990,433	859,171	0.4%	(2,581,197)	-1.3%	-
YTD	192,985,433	854,171	0.4%	(2,016,303)	-1.0%	-
2023	192,131,262	1,121,223	0.6%	(8,990,437)	-4.7%	-
2022	191,010,039	1,869,404	1.0%	(4,430,812)	-2.3%	-
2021	189,140,635	4,223,380	2.3%	(1,900,594)	-1.0%	-
2020	184,917,255	(62,840)	0%	(7,745,229)	-4.2%	-
2019	184,980,095	3,286,809	1.8%	2,770,767	1.5%	1.2
2018	181,693,286	4,529,090	2.6%	5,283,887	2.9%	0.9
2017	177,164,196	696,681	0.4%	153,688	0.1%	4.5
2016	176,467,515	2,230,492	1.3%	1,505,213	0.9%	1.5
2015	174,237,023	2,084,215	1.2%	2,987,656	1.7%	0.7
2014	172,152,808	107,098	0.1%	3,378,996	2.0%	0
2013	172,045,710	(682,620)	-0.4%	2,145,078	1.2%	-
2012	172,728,330	322,125	0.2%	1,431,031	0.8%	0.2

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	89,216,065	0	0%	(852,144)	-1.0%	-
2027	89,216,065	0	0%	(1,210,452)	-1.4%	-
2026	89,216,065	52,481	0.1%	(1,288,575)	-1.4%	-
2025	89,163,584	1,209,000	1.4%	(1,094,318)	-1.2%	-
2024	87,954,584	770,452	0.9%	(1,002,934)	-1.1%	-
YTD	87,954,584	770,452	0.9%	(1,020,480)	-1.2%	-
2023	87,184,132	1,144,345	1.3%	(6,007,800)	-6.9%	-
2022	86,039,787	2,035,159	2.4%	(1,778,888)	-2.1%	-
2021	84,004,628	4,363,545	5.5%	246,780	0.3%	17.7
2020	79,641,083	328,886	0.4%	(2,289,620)	-2.9%	-
2019	79,312,197	3,280,734	4.3%	2,778,357	3.5%	1.2
2018	76,031,463	4,408,784	6.2%	5,201,057	6.8%	0.8
2017	71,622,679	586,087	0.8%	257,326	0.4%	2.3
2016	71,036,592	1,384,190	2.0%	850,892	1.2%	1.6
2015	69,652,402	947,153	1.4%	1,198,531	1.7%	0.8
2014	68,705,249	572,616	0.8%	2,064,272	3.0%	0.3
2013	68,132,633	(65,047)	-0.1%	1,297,098	1.9%	-
2012	68,197,680	513,002	0.8%	1,704,071	2.5%	0.3

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	73,793,792	0	0%	(721,466)	-1.0%	-
2027	73,793,792	0	0%	(988,049)	-1.3%	-
2026	73,793,792	0	0%	(1,698,710)	-2.3%	-
2025	73,793,792	0	0%	(2,040,450)	-2.8%	-
2024	73,793,792	85,019	0.1%	(1,592,225)	-2.2%	-
YTD	73,788,792	80,019	0.1%	(1,129,101)	-1.5%	-
2023	73,708,773	25,000	0%	(2,297,635)	-3.1%	-
2022	73,683,773	(71,434)	-0.1%	(1,938,446)	-2.6%	-
2021	73,755,207	6,367	0%	(1,622,746)	-2.2%	-
2020	73,748,840	(113,762)	-0.2%	(3,783,478)	-5.1%	-
2019	73,862,602	(12,078)	0%	445,080	0.6%	-
2018	73,874,680	340,783	0.5%	226,400	0.3%	1.5
2017	73,533,897	156,102	0.2%	(201,390)	-0.3%	-
2016	73,377,795	1,055,532	1.5%	975,381	1.3%	1.1
2015	72,322,263	1,266,048	1.8%	1,627,526	2.3%	0.8
2014	71,056,215	(323,891)	-0.5%	1,239,411	1.7%	-
2013	71,380,106	(112,198)	-0.2%	991,612	1.4%	-
2012	71,492,304	(38,528)	-0.1%	(298,106)	-0.4%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	29,708,758	(382,876)	-1.3%	(593,683)	-2.0%	-
2027	30,091,634	(383,625)	-1.3%	(718,622)	-2.4%	-
2026	30,475,259	(384,402)	-1.2%	(1,063,316)	-3.5%	-
2025	30,859,661	(382,396)	-1.2%	(1,112,491)	-3.6%	-
2024	31,242,057	3,700	0%	13,962	0%	0.3
YTD	31,242,057	3,700	0%	133,278	0.4%	0
2023	31,238,357	(48,122)	-0.2%	(685,002)	-2.2%	-
2022	31,286,479	(94,321)	-0.3%	(713,478)	-2.3%	-
2021	31,380,800	(146,532)	-0.5%	(524,628)	-1.7%	-
2020	31,527,332	(277,964)	-0.9%	(1,672,131)	-5.3%	-
2019	31,805,296	18,153	0.1%	(452,670)	-1.4%	-
2018	31,787,143	(220,477)	-0.7%	(143,570)	-0.5%	-
2017	32,007,620	(45,508)	-0.1%	97,752	0.3%	-
2016	32,053,128	(209,230)	-0.6%	(321,060)	-1.0%	-
2015	32,262,358	(128,986)	-0.4%	161,599	0.5%	-
2014	32,391,344	(141,627)	-0.4%	75,313	0.2%	-
2013	32,532,971	(505,375)	-1.5%	(143,632)	-0.4%	-
2012	33,038,346	(152,349)	-0.5%	25,066	0.1%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$49.08	129	0%	-34.1%	57,924,299	30.1%	1.0%
2027	\$49.07	129	-1.0%	-34.1%	56,134,945	29.1%	1.4%
2026	\$49.57	130	-2.1%	-33.4%	53,596,559	27.7%	2.0%
2025	\$50.61	133	-1.5%	-32.0%	49,872,927	25.7%	2.5%
2024	\$51.36	135	-2.6%	-31.0%	44,794,156	23.2%	1.7%
YTD	\$51.91	136	-2.2%	-30.3%	44,224,157	22.9%	1.4%
2023	\$52.73	139	-6.2%	-29.2%	41,353,683	21.5%	5.2%
2022	\$56.23	148	-8.8%	-24.5%	31,242,023	16.4%	3.2%
2021	\$61.69	162	-5.8%	-17.2%	24,941,807	13.2%	3.0%
2020	\$65.46	172	-12.1%	-12.1%	18,814,333	10.2%	4.2%
2019	\$74.47	196	6.0%	0%	11,135,444	6.0%	0.1%
2018	\$70.24	185	8.8%	-5.7%	10,688,741	5.9%	-0.6%
2017	\$64.57	170	2.5%	-13.3%	11,443,538	6.5%	0.3%
2016	\$62.98	165	1.7%	-15.4%	10,900,545	6.2%	0.3%
2015	\$61.92	163	13.5%	-16.9%	10,175,266	5.8%	-0.6%
2014	\$54.55	143	11.5%	-26.8%	11,078,707	6.4%	-1.9%
2013	\$48.91	129	14.0%	-34.3%	14,350,605	8.3%	-1.6%
2012	\$42.92	113	14.1%	-42.4%	17,178,303	9.9%	-0.7%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$54.71	124	-0.2%	-35.9%	30,346,095	34.0%	1.0%
2027	\$54.82	124	-1.2%	-35.8%	29,493,951	33.1%	1.4%
2026	\$55.50	126	-2.3%	-35.0%	28,283,499	31.7%	1.5%
2025	\$56.81	129	-1.7%	-33.5%	26,942,443	30.2%	2.2%
2024	\$57.79	131	-2.4%	-32.3%	24,639,125	28.0%	1.8%
YTD	\$58.35	132	-3.0%	-31.7%	24,656,655	28.0%	1.8%
2023	\$59.18	134	-9.8%	-30.7%	22,865,723	26.2%	8.0%
2022	\$65.61	149	-9.4%	-23.2%	15,713,578	18.3%	4.1%
2021	\$72.44	164	-5.2%	-15.2%	11,899,531	14.2%	4.4%
2020	\$76.38	173	-10.6%	-10.6%	7,782,766	9.8%	3.3%
2019	\$85.42	194	8.3%	0%	5,164,260	6.5%	0.4%
2018	\$78.87	179	9.0%	-7.7%	4,661,883	6.1%	-1.5%
2017	\$72.34	164	2.0%	-15.3%	5,454,156	7.6%	0.4%
2016	\$70.94	161	1.0%	-16.9%	5,125,395	7.2%	0.6%
2015	\$70.26	159	12.2%	-17.8%	4,592,097	6.6%	-0.5%
2014	\$62.60	142	10.5%	-26.7%	4,843,475	7.0%	-2.2%
2013	\$56.68	128	13.7%	-33.6%	6,335,131	9.3%	-2.0%
2012	\$49.83	113	13.4%	-41.7%	7,697,276	11.3%	-1.8%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$46.44	141	0.2%	-32.0%	20,561,128	27.9%	1.0%
2027	\$46.36	140	-0.8%	-32.1%	19,839,662	26.9%	1.3%
2026	\$46.75	142	-1.9%	-31.5%	18,851,613	25.5%	2.3%
2025	\$47.66	144	-1.3%	-30.2%	17,152,903	23.2%	2.8%
2024	\$48.28	146	-3.0%	-29.3%	15,112,453	20.5%	2.3%
YTD	\$48.77	148	-1.6%	-28.6%	14,644,279	19.8%	1.6%
2023	\$49.78	151	-1.2%	-27.1%	13,435,159	18.2%	3.1%
2022	\$50.37	153	-8.9%	-26.2%	11,112,524	15.1%	2.5%
2021	\$55.30	167	-6.5%	-19.0%	9,245,512	12.5%	2.2%
2020	\$59.16	179	-13.4%	-13.4%	7,616,399	10.3%	5.0%
2019	\$68.28	207	3.5%	0%	3,946,683	5.3%	-0.7%
2018	\$65.97	200	9.7%	-3.4%	4,428,386	6.0%	0.1%
2017	\$60.12	182	3.6%	-12.0%	4,314,003	5.9%	0.5%
2016	\$58.01	176	1.5%	-15.0%	3,956,511	5.4%	0%
2015	\$57.18	173	15.4%	-16.3%	3,876,360	5.4%	-0.6%
2014	\$49.56	150	12.6%	-27.4%	4,237,838	6.0%	-2.2%
2013	\$44.01	133	14.1%	-35.5%	5,801,140	8.1%	-1.5%
2012	\$38.58	117	15.8%	-43.5%	6,904,950	9.7%	0.4%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$39.16	120	0.4%	-32.2%	7,017,076	23.6%	1.0%
2027	\$38.98	120	-0.6%	-32.5%	6,801,332	22.6%	1.4%
2026	\$39.21	121	-1.6%	-32.1%	6,461,447	21.2%	2.5%
2025	\$39.86	123	-1.0%	-31.0%	5,777,581	18.7%	2.6%
2024	\$40.26	124	-2.3%	-30.3%	5,042,578	16.1%	0%
YTD	\$40.91	126	-0.3%	-29.2%	4,923,223	15.8%	-0.4%
2023	\$41.21	127	-4.7%	-28.7%	5,052,801	16.2%	2.1%
2022	\$43.24	133	-6.1%	-25.1%	4,415,921	14.1%	2.0%
2021	\$46.03	142	-6.2%	-20.3%	3,796,764	12.1%	1.3%
2020	\$49.08	151	-15.0%	-15.0%	3,415,168	10.8%	4.5%
2019	\$57.76	178	3.8%	0%	2,024,501	6.4%	1.3%
2018	\$55.65	171	5.4%	-3.6%	1,598,472	5.0%	-0.2%
2017	\$52.82	162	1.8%	-8.5%	1,675,379	5.2%	-0.4%
2016	\$51.90	160	5.4%	-10.1%	1,818,639	5.7%	0.4%
2015	\$49.26	151	13.9%	-14.7%	1,706,809	5.3%	-0.9%
2014	\$43.25	133	13.1%	-25.1%	1,997,394	6.2%	-0.6%
2013	\$38.26	118	14.5%	-33.8%	2,214,334	6.8%	-1.0%
2012	\$33.41	103	13.0%	-42.2%	2,576,077	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	-	-	-	-	-	-	\$485.05	160	5.9%
2027	-	-	-	-	-	-	\$454.55	150	6.3%
2026	-	-	-	-	-	-	\$445.40	147	6.7%
2025	-	-	-	-	-	-	\$454.65	150	6.9%
2024	-	-	-	-	-	-	\$486.09	161	6.8%
YTD	51	\$509.8M	1.1%	\$10,195,774	\$245.18	7.8%	\$502.14	166	6.7%
2023	59	\$817.1M	1.3%	\$15,416,858	\$349.58	5.8%	\$557.84	184	6.3%
2022	98	\$2B	1.5%	\$22,717,066	\$792.22	4.8%	\$670.45	222	5.4%
2021	122	\$5.2B	4.7%	\$45,725,264	\$791.56	5.0%	\$774.92	256	4.8%
2020	78	\$3.6B	1.9%	\$47,371,449	\$1,024.77	4.7%	\$762.45	252	4.8%
2019	228	\$8.7B	6.0%	\$59,994,818	\$832.56	5.1%	\$803.06	265	4.7%
2018	191	\$4.2B	3.9%	\$31,752,239	\$683.20	4.8%	\$748.06	247	4.7%
2017	218	\$4.3B	4.6%	\$34,017,150	\$601.67	5.2%	\$692.89	229	4.7%
2016	207	\$6.9B	7.9%	\$47,646,711	\$577.27	4.8%	\$695.30	230	4.5%
2015	236	\$5.1B	7.2%	\$35,578,849	\$613.76	4.8%	\$666.36	220	4.5%
2014	281	\$8B	9.4%	\$39,812,020	\$523.79	5.0%	\$573.62	190	4.8%
2013	220	\$2.9B	4.8%	\$18,309,862	\$374.50	5.3%	\$481.51	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. The price index is not smoothed.

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	-	-	-	-	-	-	\$521.75	149	5.8%
2027	-	-	-	-	-	-	\$489.65	140	6.2%
2026	-	-	-	-	-	-	\$480.63	138	6.6%
2025	-	-	-	-	-	-	\$491.67	141	6.8%
2024	-	-	-	-	-	-	\$527.15	151	6.6%
YTD	2	\$96.7M	0.4%	\$48,350,000	\$263.85	-	\$543.93	156	6.6%
2023	4	\$195.3M	0.8%	\$48,817,500	\$275.86	-	\$613.07	176	6.1%
2022	6	\$910.8M	1.0%	\$151,793,626	\$1,076.57	-	\$742.45	213	5.3%
2021	25	\$3.8B	7.5%	\$200,648,294	\$931.57	5.0%	\$865.07	248	4.6%
2020	7	\$2B	2.6%	\$286,121,429	\$985.45	-	\$837.42	240	4.7%
2019	32	\$5.6B	8.5%	\$185,239,880	\$876.79	4.7%	\$883.81	253	4.6%
2018	17	\$1.9B	4.0%	\$125,146,421	\$774.66	4.8%	\$823.76	236	4.6%
2017	21	\$2.4B	5.9%	\$119,675,397	\$609.23	5.3%	\$763.90	219	4.6%
2016	28	\$4.3B	9.7%	\$158,887,196	\$632.92	4.4%	\$771.86	221	4.4%
2015	25	\$2.4B	7.6%	\$162,901,147	\$705.96	4.5%	\$744.05	213	4.3%
2014	33	\$5.6B	13.9%	\$168,473,904	\$583.40	4.0%	\$646.06	185	4.6%
2013	15	\$1.3B	4.6%	\$87,405,392	\$421.96	4.8%	\$548.04	157	4.9%

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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	-	-	-	-	-	-	\$468.76	176	5.9%
2027	-	-	-	-	-	-	\$438.50	165	6.3%
2026	-	-	-	-	-	-	\$428.94	161	6.7%
2025	-	-	-	-	-	-	\$437.08	164	6.9%
2024	-	-	-	-	-	-	\$466.46	175	6.7%
YTD	20	\$336.2M	2.1%	\$16,812,400	\$216.49	7.9%	\$481.72	181	6.7%
2023	27	\$503.5M	2.3%	\$20,978,561	\$345.71	6.9%	\$529.82	199	6.3%
2022	43	\$783.9M	1.6%	\$19,118,381	\$670.96	5.2%	\$631.06	237	5.5%
2021	36	\$1.1B	2.9%	\$31,861,742	\$540.48	5.0%	\$719.12	270	4.8%
2020	24	\$898.4M	1.4%	\$39,060,933	\$876.30	-	\$709.99	267	4.9%
2019	87	\$2.7B	4.9%	\$40,900,959	\$763.54	5.5%	\$738.19	277	4.8%
2018	62	\$1.8B	4.1%	\$34,760,505	\$626.92	5.2%	\$684.41	257	4.8%
2017	57	\$1.6B	3.7%	\$31,498,963	\$613.98	5.7%	\$632.77	238	4.8%
2016	88	\$2.2B	8.1%	\$34,966,815	\$511.13	5.2%	\$630.52	237	4.6%
2015	78	\$2.2B	8.1%	\$43,369,582	\$561.03	5.0%	\$601.37	226	4.6%
2014	99	\$1.9B	6.6%	\$23,999,163	\$434.86	5.6%	\$516.34	194	4.9%
2013	78	\$1.3B	4.8%	\$20,237,673	\$391.73	5.1%	\$429.27	161	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. The price index is not smoothed.

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	-	-	-	-	-	-	\$418.45	164	6.2%
2027	-	-	-	-	-	-	\$392.01	154	6.7%
2026	-	-	-	-	-	-	\$383.41	150	7.0%
2025	-	-	-	-	-	-	\$390.16	153	7.2%
2024	-	-	-	-	-	-	\$414.92	163	7.1%
YTD	29	\$76.8M	0.6%	\$2,744,310	\$481.76	7.7%	\$430.78	169	7.0%
2023	28	\$118.3M	0.6%	\$4,733,520	\$683.67	3.6%	\$465.95	183	6.6%
2022	49	\$304.5M	2.8%	\$7,426,497	\$598.01	4.3%	\$557.39	219	5.8%
2021	61	\$317.1M	1.6%	\$5,197,760	\$648.90	5.0%	\$648.71	254	5.0%
2020	47	\$746.4M	1.6%	\$15,879,789	\$1,487.32	4.7%	\$671.78	264	5.0%
2019	109	\$442.6M	2.6%	\$9,032,426	\$769.33	3.8%	\$725.16	284	4.8%
2018	112	\$440M	3.2%	\$6,984,766	\$605.76	4.5%	\$681.71	267	4.8%
2017	140	\$351.7M	3.9%	\$6,170,560	\$512.40	4.6%	\$631.66	248	4.8%
2016	91	\$380.9M	3.5%	\$7,054,493	\$469.33	4.6%	\$629.20	247	4.6%
2015	133	\$511.4M	4.2%	\$6,472,885	\$500.83	4.6%	\$597.48	234	4.6%
2014	149	\$610.5M	5.9%	\$6,708,290	\$401.82	5.3%	\$501.58	197	4.9%
2013	127	\$284.7M	5.3%	\$3,604,284	\$217.60	6.2%	\$414.46	163	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. The price index is not smoothed.