



Office Market Report

San Francisco - CA (USA)

PREPARED BY

COMPASS
COMMERCIAL
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OFFICE MARKET REPORT

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12 Mo Deliveries in SF

881K

12 Mo Net Absorption in SF

(10.1M)

Vacancy Rate

22.0%

12 Mo Asking Rent Growth

-2.7%

In the most recent tech boom, San Francisco's roster of innovative tech companies achieved tremendous growth by disrupting traditional industries. Companies such as Uber and Airbnb applied technology to change the way industries operated on a global scale. In 2020, triggered by the pandemic, it was the turn of the commercial office industry to face disruption.

In historic terms, San Francisco is on track in 2023 to equal the previous annual record of almost 10 million SF of negative net absorption that was 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.

The comparison with other U.S. markets is also striking. In 2019, San Francisco's vacancy rate, 5.9%, was the second lowest among major metros. Currently, San Francisco's vacancy rate is 22.0%, the highest in the nation, by a substantial margin. Moreover, San Francisco's negative net absorption in 2023 is about the same as New York's—a market that is five times larger.

During the most recent boom, from 2012 to 2019, San Francisco's tech companies hired thousands of workers and leased millions of SF of office space in the city. Office rents and valuations soared. New office towers were built, and old industrial buildings were converted to house the conveyor belt of tech startups. When the pandemic arrived, many of these tech companies left the city as quickly as they had arrived. This was not like the dotcom bust, which was defined by tech business failures. Rather it was a mass restructuring of the way they worked, transitioning with ease to flexible "work from anywhere" models.

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 as we head into 2024.

In addition to the structural shift in working patterns, in

the past few quarters San Francisco's office market has also been navigating a cyclical slowdown. 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 coming out of the pandemic, declined 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 sails of the life sciences office sector, which until this past year had maintained its strength in the post pandemic period. Investment funding for biotech startups and growing life sciences companies has diminished, causing them to cancel or delay expansion plans.

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

Ultimately, a major repricing to reset rents and values to a level that reflects the fall in demand is unavoidable. 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.

In the investment market, a more sudden drop in investment pricing hit the market with some violence in 2023. Owner-occupied buildings were the first to sell in 2023 at substantially reduced prices. Then, some institutional owners, such as Clarion and Blackstone, moved to reduce their exposure to the San Francisco market by selling buildings well below their acquisition prices. Furthermore, many properties are struggling under the weight of mortgages that were taken on when values were much higher. A lot of these buildings are in the workout process and may end up being returned to the lender and sold at large discounts.

With the forecast showing a continuation of rising vacancy, negative absorption, falling rents, and distressed sales, the immediate outlook for San Francisco office remains gloomy.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	103,467,168	24.6%	\$61.99	28.1%	(363,817)	0	2,435,907
3 Star	55,549,483	20.0%	\$48.91	26.3%	(315,896)	0	231,777
1 & 2 Star	31,850,702	17.0%	\$42.86	18.2%	(97,456)	0	0
Market	190,867,353	22.0%	\$55.07	25.9%	(777,169)	0	2,667,684

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	5.7%	9.8%	33.2%	22.0%	2024 Q1	1.3%	2000 Q2
Net Absorption SF	(10.1M)	355,673	(6,862,712)	7,088,036	2000 Q2	(10,160,871)	2021 Q1
Deliveries SF	881K	1,953,865	586,329	5,636,949	2002 Q2	61,810	2006 Q2
Asking Rent Growth	-2.7%	2.9%	-4.7%	30.3%	2000 Q3	-32.7%	2002 Q1
Sales Volume	\$749M	\$3.4B	N/A	\$9.3B	2007 Q3	\$261.4M	2002 Q2

Heading into 2024, leasing conditions remain subdued. In the year ahead, tenants will continue to evaluate their space needs as they decide whether to renew leases that were signed prior to the pandemic. This may lead to further space reductions.

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

The overall vacancy rate for the San Francisco Market increased to 22.0% in the first quarter and is forecast to rise further. Annual net absorption was negative by -9.9 million SF and, with 12.3 million SF of sublease space available, the availability rate has increased to 25.9%. Two-thirds of available sublet space is vacant, indicating that many tenants have already vacated spaces that will not be renewed. By comparison, the national availability rate currently stands at 16.5%.

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

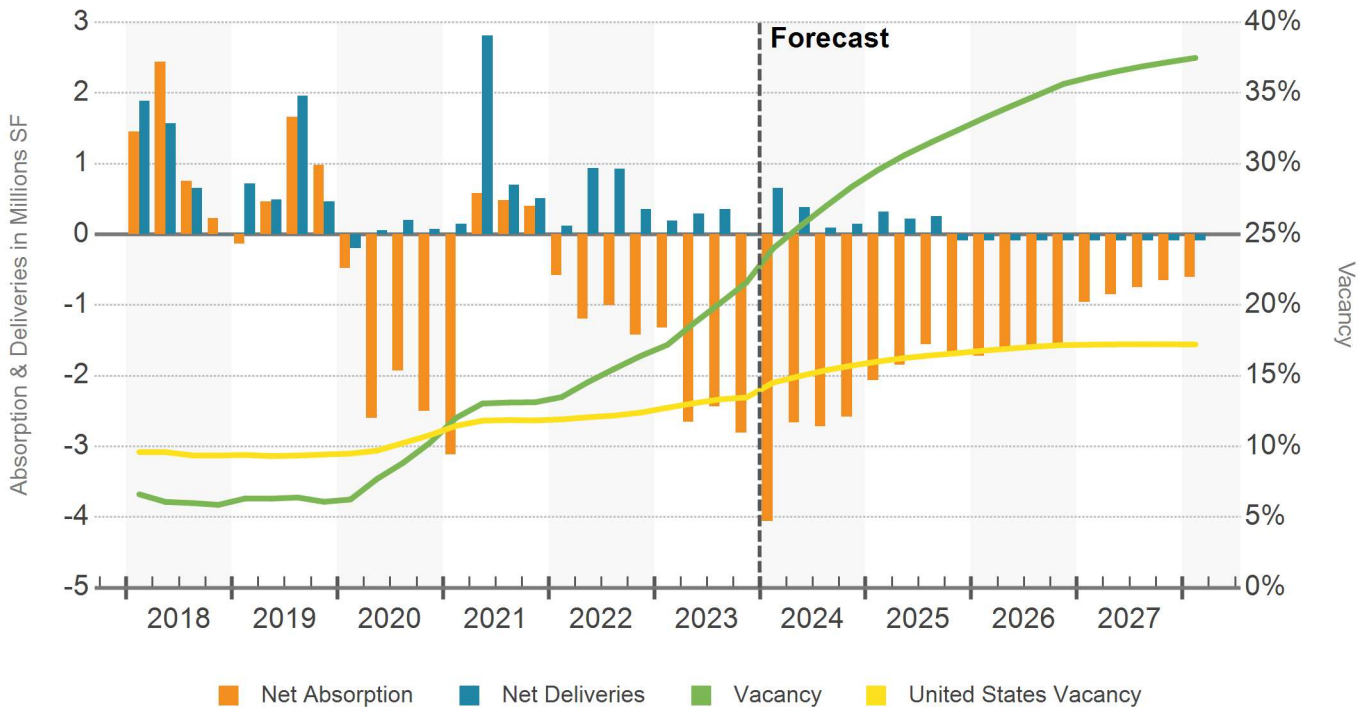
additions to availability in 2023, Meta, Slack, Salesforce, LinkedIn, and Microsoft added over 1 million SF between them, while a host of other tenants, including Ripple, Twitch, Wells Fargo, and First Republic, also gave space back.

Tenants do 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.

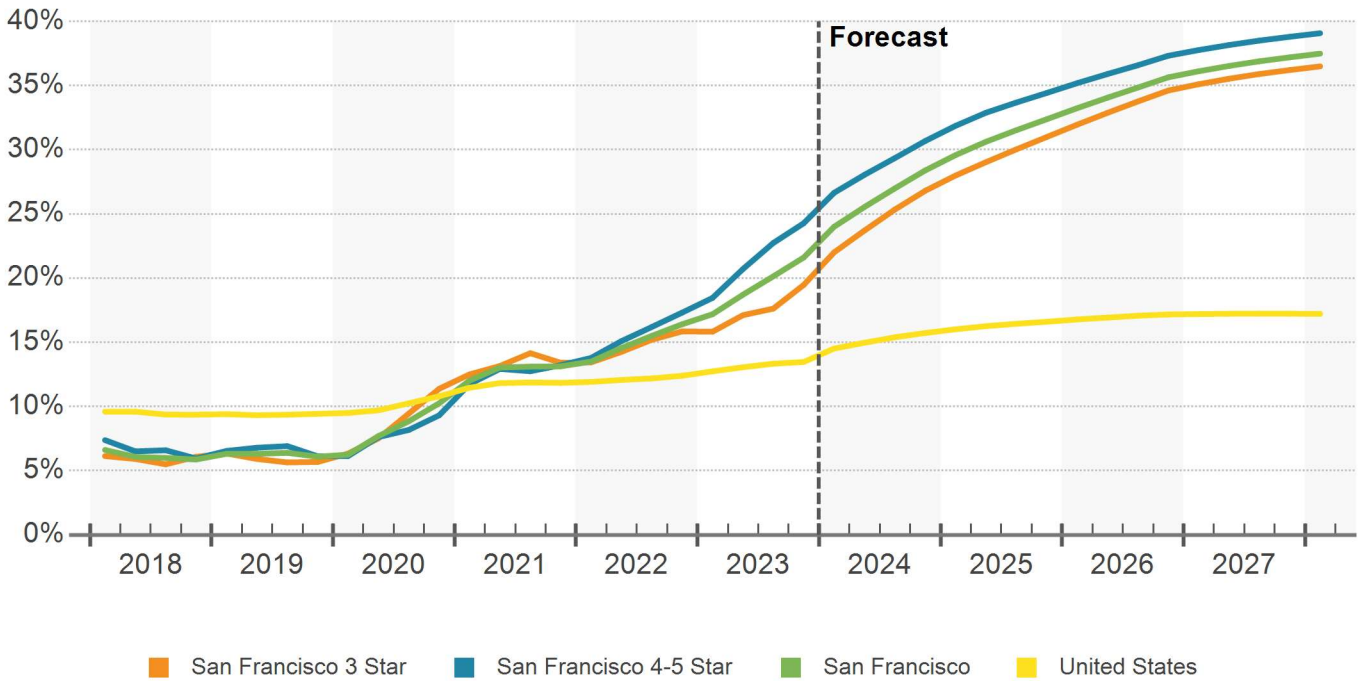
In the second half of 2023, local brokers reported an increase in the amount of space being sought by tenants in the market, with demand being led by AI companies. Eight new leases have been signed by such companies in the past few months, all of which took sublease space. The largest were OpenAI, which 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 the submarkets in San Mateo County and South San Francisco, the average vacancy rate is around 13%, and a few larger 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.

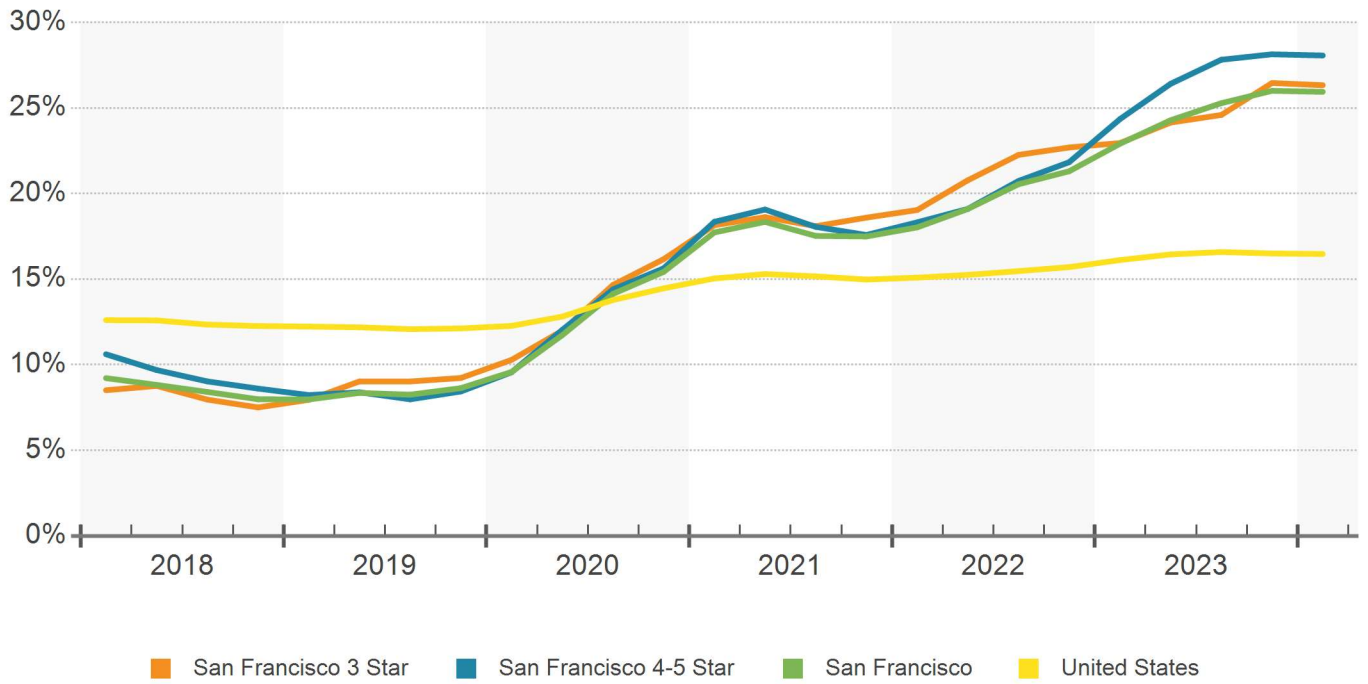
NET ABSORPTION, NET DELIVERIES & VACANCY



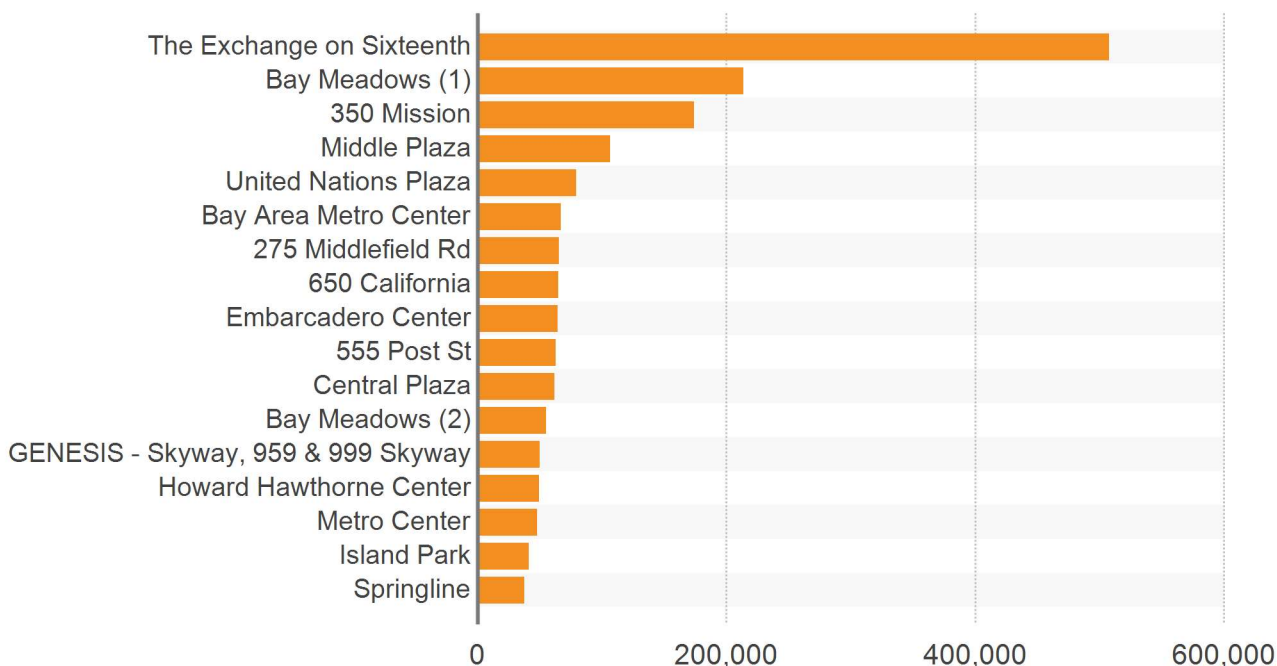
VACANCY RATE



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
The Exchange on Sixteenth	Mission Bay/China B...	750,370	242,479	0	0	0	0	507,891
Bay Meadows (1)	San Mateo	213,999	0	0	0	0	0	213,999
350 Mission	South Financial District	492,980	35,730	0	0	0	0	174,174
Middle Plaza	Menlo Park	154,000	31,973	0	0	0	0	106,796
United Nations Plaza	MidMarket	88,748	4,960	83,788	0	0	0	79,344
Bay Area Metro Center	Rincon/South Beach	482,665	118,355	0	0	0	0	67,330
275 Middlefield Rd	Menlo Park	130,935	0	0	0	0	0	65,435
650 California	Financial District	483,000	33,013	0	0	0	0	64,975
Embarcadero Center	Financial District	837,261	216,622	0	0	0	0	64,430
555 Post St	Union Square	62,830	0	0	0	0	0	62,830
Central Plaza	South Financial District	374,200	79,657	0	0	0	0	61,945
Bay Meadows (2)	San Mateo	189,000	0	0	0	0	0	55,048
GENESIS - Skyway, 959 & 999...	Belmont/San Carlos	144,000	0	0	0	0	0	50,007
Howard Hawthorne Center	South Financial District	187,594	0	0	0	0	0	49,475
Metro Center	Foster City/Redwood...	403,029	55,408	0	0	0	0	48,081
Island Park	Foster City/Redwood...	158,596	0	0	0	0	0	41,239
Springline	Menlo Park	108,687	0	0	0	0	0	37,926
Subtotal Primary Competitors		5,261,894	818,197	83,788	0	0	0	1,750,925
Remaining San Francisco Market		185,605,459	41,193,135	(860,957)	0	0	0	(11,626,897)
Total San Francisco Market		190,867,353	42,011,332	(777,169)	0	0	0	(9,875,971)

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	-	-
Mission Bay Office Campus *	Mission Bay/China Basin	234,537	Q1 23	Cisco Systems, Inc.	-	-
Foundry Square	South Financial District	230,325	Q4 23	ANTHROP/C	-	CBRE
The Reserve	Financial District	208,247	Q4 23	-	-	-
Bay Meadows	San Mateo	179,496	Q1 23	Roblox	JLL	Newmark
Charles Schwab Plaza	South Financial District	169,764	Q4 23	Charles Schwab & Co., Inc.	-	-
Bay Meadows	San Mateo	118,365	Q1 23	Guidewire Software, Inc	Cornish & Carey Co...	-
1390 Market	MidMarket	87,854	Q4 23	-	-	JLL
Genesis South San Francisco *	South San Francisco	78,369	Q2 23	SmartLabs	-	-
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	-
100 First	South Financial District	57,117	Q2 23	Hive	Kidder Mathews	Colliers
Embarcadero Center	Financial District	50,000	Q1 23	Gibson Dunn	-	-
The Mills Bldg	Financial District	45,544	Q1 23	Gensler	-	-
460 Bryant St	Rincon/South Beach	41,976	Q2 23	HaydenAI	Touchstone Comme...	CBRE
Embarcadero Center	Financial District	41,551	Q1 23	-	-	Boston Properties Limit...
West Bldg *	Showplace Square	41,403	Q4 23	Patreon	-	JLL
Levi's Plaza	Waterfront/North Beach	37,675	Q4 23	Snap, Inc	Cushman & Wakefield	Avison Young;Cushma...
Transbay Transit Center	South Financial District	36,467	Q4 23	Navan	-	JLL
350 Rhode Island	Showplace Square	35,648	Q2 23	Adept AI	-	Raise Commercial Real...
680 Folsom St	South Financial District	35,385	Q3 23	Yahoo! Inc	-	JLL
The Cove at Oyster Point	South San Francisco	34,988	Q2 23	Harpoon Therapeutics	-	CBRE
Market Square	MidMarket	32,800	Q1 23	Microsoft	-	-
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	Q3 23	Capgemini America	-	-
Mission Rock	Mission Bay	29,000	Q4 23	Capgemini America	-	Tishman Speyer
Genesis South San Francisco *	South San Francisco	28,045	Q2 23	Pionyr Immunotherapeutics	-	-
Butterick Garage	Van Ness/Chinatown	27,636	Q1 23	-	-	Calco Commercial, Inc.
Twin Dolphin Center	Foster City/Redwood Shrs	27,352	Q4 23	Coherus Biosciences	-	-
425 Market	South Financial District	26,164	Q4 23	-	-	Avison Young
425 Market	South Financial District	26,158	Q1 23	Shartsis Friese LLP	JLL	Cushman & Wakefield
333 Bush St	Financial District	26,097	Q2 23	-	-	JLL
Baywood	San Mateo	24,202	Q3 23	-	-	Cushman & Wakefield
The Atrium	San Mateo	24,000	Q1 23	Golden Gate Research	-	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 \$55/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 -2.6% below where they were this time last year.

With 6.3% 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 quality sublease space available, tenants are averse to new leases that require any kind of capital investment.

While the 25% fall in rents from 2019 appears steep, it is still significantly less than the corresponding increase that occurred during the previous boom. Prior to the pandemic, San Francisco experienced an impressive 140% run-up in rental rates from 2010 to 2019, far exceeding the 40% increase seen nationally. From 2011 to 2015, the market experienced rent growth of over 10%

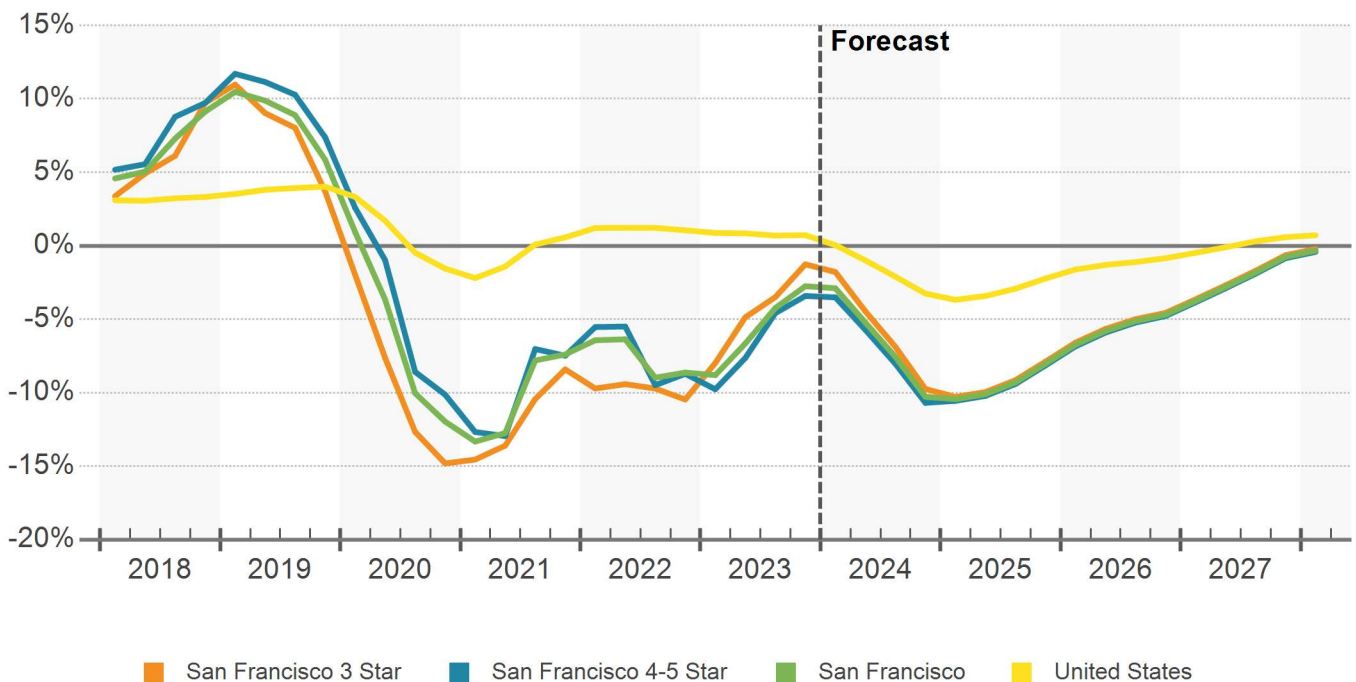
year over year, and this growth sparked some migration of firms from San Francisco to the lower-cost East Bay.

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

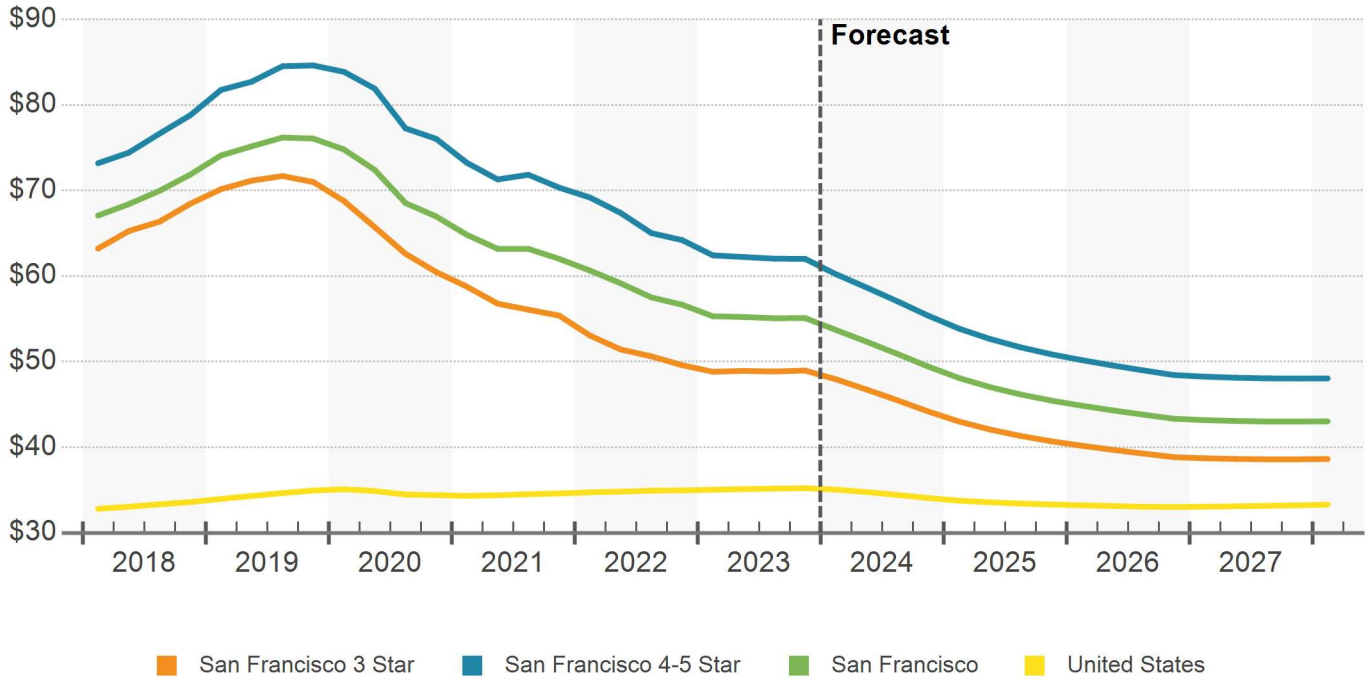
Some recent listings in San Francisco suggest that average rents may have further to fall. In early October, the new owner of 550 California St., Peninsula Land & Capital, put almost 300,000 SF on the market at a full-service asking rent of \$40/SF. The listing came just a few weeks after the building 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	\$1.61	\$8.13	\$7.80	\$20.98
San Mateo Central County	\$1.15	\$1.59	\$1.55	\$8.67	\$6.60	\$19.56
San Mateo North County	\$1.08	\$1.65	\$1.66	\$9.89	\$5.92	\$20.20
San Mateo South County	\$1.07	\$1.66	\$1.66	\$7.09	\$5.65	\$17.13
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	\$1.75	\$1.24	\$6.40	\$5.87	\$16.26
San Mateo Central County	\$1.02	\$0.97	\$1.08	\$7.38	\$5.69	\$16.14
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	\$9.21	\$4.99	\$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	\$5.39	\$5.90	\$16.05
SF Downtown South	\$1.38	\$2.41	\$1.31	\$5.36	\$5.81	\$16.27
SF Downtown West	\$0.72	\$2.43	\$1.45	\$5.18	\$6.49	\$16.27
SF Outer Areas	\$0.65	\$1.04	\$1.13	\$4.33	\$6.43	\$13.58
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	\$0.94	\$1.05	\$5.88	\$2.58	\$11.15
San Mateo North County	\$0.71	\$0.95	\$1.05	\$4.38	\$1.83	\$8.92
San Mateo South County	\$0.71	\$0.96	\$1.10	\$6.23	\$1.69	\$10.69
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	\$5.96	\$2.77	\$12.69
SF Downtown South	\$0.92	\$2.30	\$0.84	\$4.38	\$2.76	\$11.20
SF Downtown West	\$0.72	\$2.22	\$0.81	\$4.84	\$2.83	\$11.42
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, focused mainly in 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 project that completed this year is in San Mateo, where Roblox took all the space in two buildings in the Bay Meadows mixed-use project. The first, a 219,000-SF building, completed in 22Q3. The second 214,000-SF building completed in the second half of 2023.

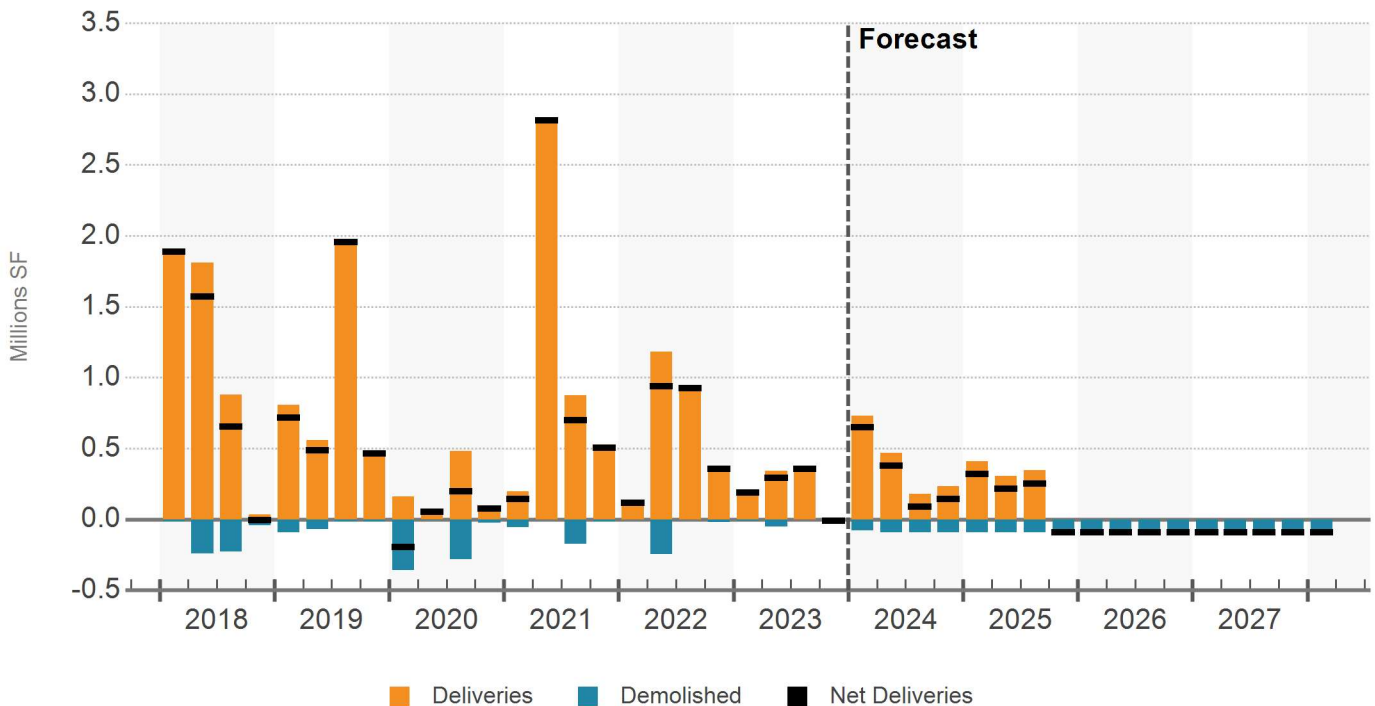
Several approved developments have been delayed due

to canceled commitments and unforeseen economic challenges. Most notably, in San Francisco, construction was recently halted on Lendlease's 30 Van Ness mixed-use tower, which was 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 810,000 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 that is available for lease.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

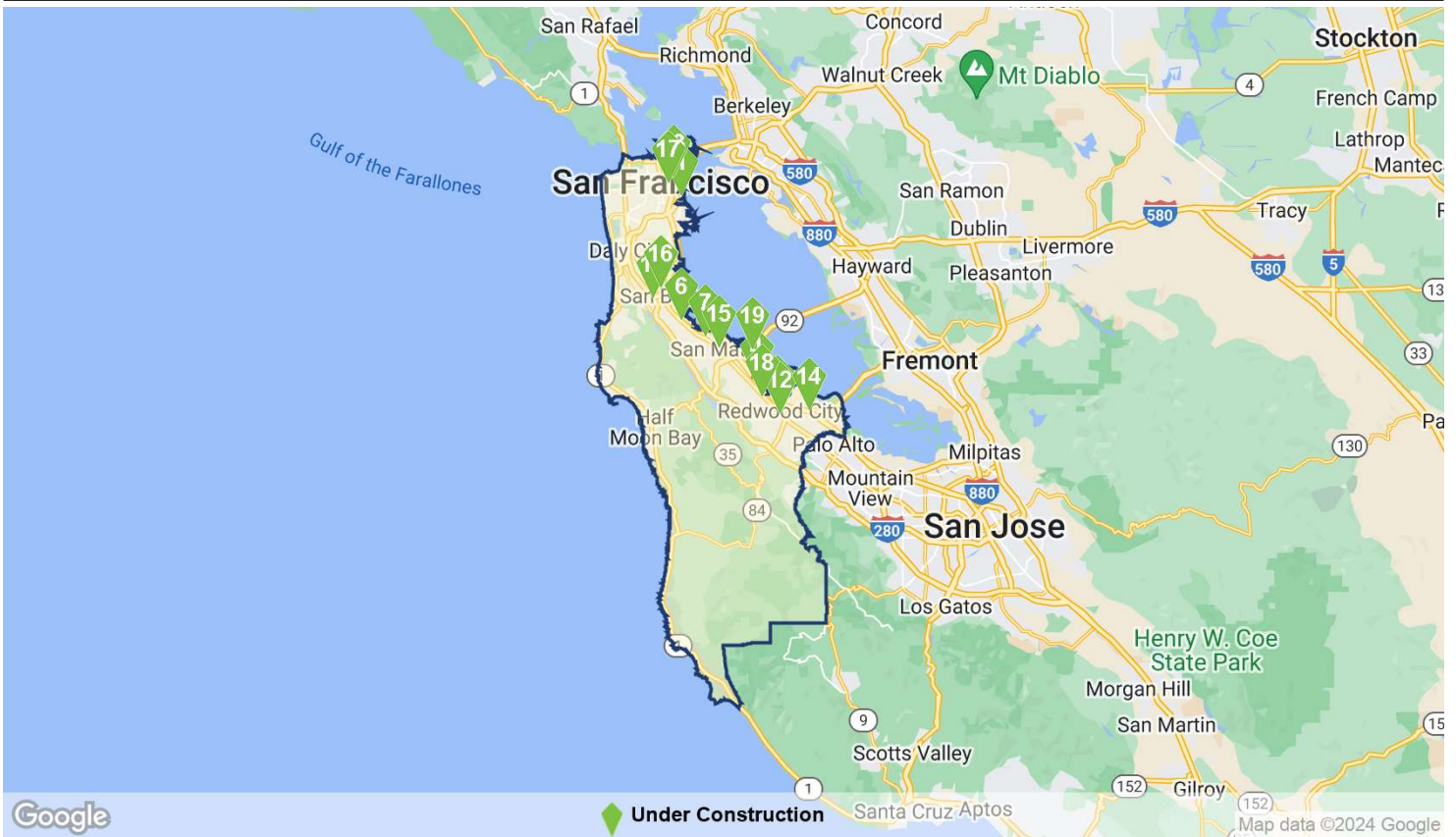
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Redwood City	5	775	775	100%	1	25,425	154,987	5
2	Mission Bay/China Basin	1	382	382	100%	1	170,433	381,750	1
3	South San Francisco	2	375	375	100%	1	51,030	187,500	2
4	San Bruno/Millbrae	2	316	316	100%	1	31,218	158,000	4
5	Belmont/San Carlos	2	252	0	0%	9	17,357	125,924	6
6	Foster City/Redwood Shrs	2	239	239	100%	1	102,549	119,500	7
7	Burlingame	1	185	8	4.5%	8	31,322	185,000	3
8	South of Market	1	51	0	0%	9	21,206	51,223	8
9	Menlo Park	1	35	35	100%	1	39,167	34,708	9
10	San Mateo	1	33	4	10.8%	7	32,744	33,266	10
	All Other	1	25	0	0%		54,226	24,956	
Totals		19	2,668	2,133	80.0%		46,655	140,404	

Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
19	2,667,684	1.4%	80.0%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Block 15 Station A 420 23rd St	★★★★☆	381,750	13	Jul 2021	Mar 2024	Associate Capital Associate Capital
2 Bldg 1 50 Tanforan Ave	★★★★★	345,000	6	Jan 2023	Jan 2025	Lane Partners Lane Partners
3 200 Twin Dolphin Dr	★★★★☆	234,000	5	Jun 2023	Nov 2024	Trammell Crow Company Trammell Crow Company
4 Bldg 1 240 Twin Dolphin Dr	★★★★☆	234,000	5	Nov 2023	Jun 2025	Sand Hill Property Company Trammell Crow Company
5 Bldg E 1303 Main St	★★★★☆	203,332	2	Jan 2023	Feb 2024	Greystar Real Estate Partners Greystar Real Estate Partners
6 230 Harriet Tubman Way	★★★★☆	200,000	6	Jan 2022	Feb 2024	- -
7 220 Park Rd	★★★★☆	185,000	6	Sep 2021	Feb 2024	Sares-Regis Group Dostart Development Company,...

Under Construction Properties

San Francisco Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Bldg C 111 Cedar St	★★★★☆	162,756	3	Jul 2023	May 2025	Greystar Real Estate Partners -
9 San Mateo County Office... 617 Hamilton St	★★★★☆	156,000	5	Aug 2021	Jun 2024	Truebeck Construction County Board Of Supervisors
10 Bldg B 1601 El Camino Real	★★★★☆	142,058	4	Sep 2022	Apr 2025	Greystar Real Estate Partners Ben Kopf
11 YouTube Expansion Pha... 1400-1450 Bayhill Dr	★★★★☆	116,000	3	Jan 2022	Feb 2024	Wilson Meany Alphabet
12 Bldg D 121 Beech St	★★★★☆	110,788	3	Apr 2023	Jun 2025	Greystar Real Estate Partners -
13 531 Bryant St	★★★★☆	51,223	6	Jan 2023	Apr 2024	Urban Land Development Urban Land Development
14 104 Constitution Dr	★★★★☆	34,708	1	Apr 2022	Mar 2024	Greystar Real Estate Partners Greystar Real Estate Partners
15 300 S Ellsworth Ave	★★★★☆	33,266	4	Feb 2023	Feb 2025	Lane Partners Lane Partners
16 Phase1 B2 Amenities 50 Tanforan Ave	★★★★★	30,000	-	Jan 2023	Jan 2025	Lane Partners Lane Partners
17 828 Brannan St	★★★★☆	24,956	2	Feb 2023	Feb 2024	- -
18 993 Laurel St	★★★★☆	17,847	3	Apr 2022	Jul 2024	- John A Baer
19 Family Dental 581 Foster City Blvd	★★★★☆	5,000	1	Aug 2022	Jun 2024	- -

Heading into 2024, the challenges facing the office investment market show no signs of abating. Weak operating performance and high interest rates have impacted values across the nation, and transaction activity has shrunk.

In San Francisco, office sales volume in the past the 12 months, \$804 million, was the lowest total since the Great Recession.

Sales that have closed in the past year generally fall into two groups: owner/users that need to dispose of unwanted properties, and institutional investors that want to reduce their exposure to the San Francisco market.

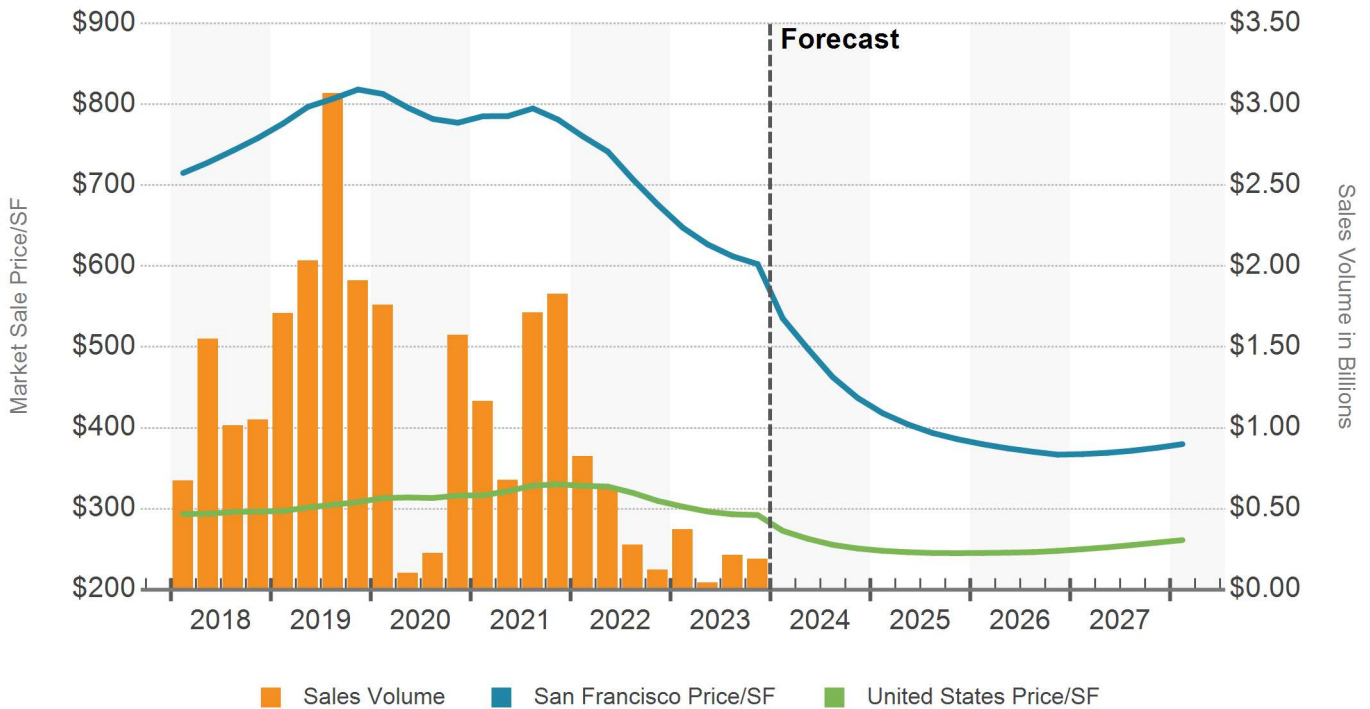
In the first half of 2023, bids were accepted for two owner-occupied office buildings that were no longer needed. High vacancy levels influenced the prices achieved. Nevertheless, the sale values were notably low. First, the Union Bank building at 350 California Street sold for \$205/SF. Next, the Wells Fargo property at 550 California Street sold for \$115/SF. Earlier, in February 2023, the Sobrato Organization purchased 1

Harrison St. for around \$80 million, or \$465/SF. The building was the former headquarters of Athleta and was sold by owner Gap.

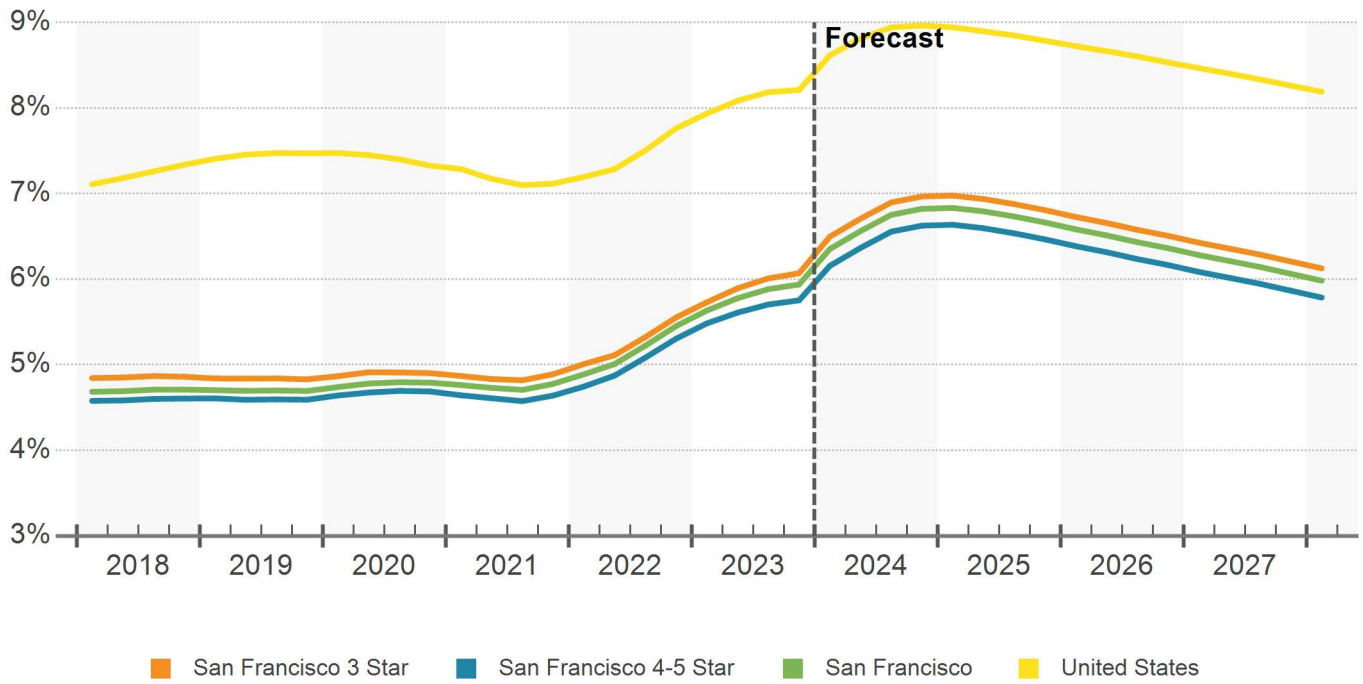
Institutional owners have moved to reduce their exposure to the San Francisco market. In August, Clarion Partners sold 60 Spear St. for \$41 million, or \$260/SF. The 157,000-SF building previously sold in 2014 for \$680/SF. In September, Blackstone agreed to sell Embarcadero Square for around \$90 million,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

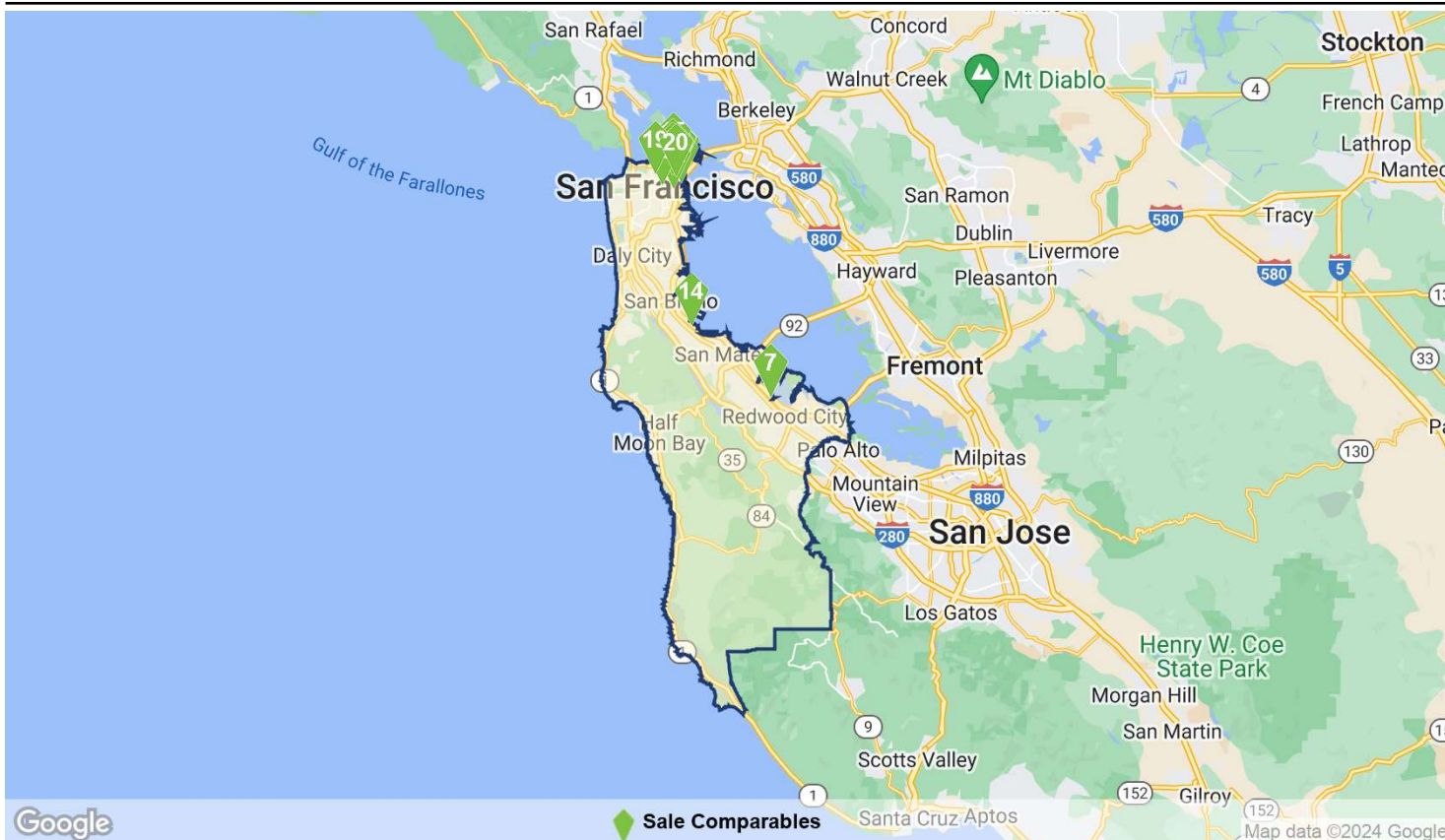
70

6.0%

\$318

19.2%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$965,000	\$17,464,119	\$4,984,000	\$82,500,000
Price/SF	\$84	\$318	\$554	\$3,655
Cap Rate	3.6%	6.0%	6.6%	7.1%
Time Since Sale in Months	0.4	6.1	6.0	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,250	56,599	13,060	355,412
Stories	1	4	3	22
Typical Floor SF	542	10,246	6,450	48,000
Vacancy Rate At Sale	0%	19.2%	0%	100%
Year Built	1900	1944	1929	2022
Star Rating	★★★★★	★★★★★ 2.6	★★★★★	★★★★★

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 One Harrison @ The Em... 1 Harrison St	★★★★★	1987	200,000	0%	2/20/2023	\$82,500,000	\$413	-
2 Townsend Bldg 123 Townsend St	★★★★★	1903	136,950	40.7%	10/30/2023	\$72,000,000	\$526	-
3 Union Bank of California 350 California St	★★★★★	1976	304,600	86.4%	8/31/2023	\$61,050,000	\$200	-
4 Borel Bldg II 180-182 Howard St	★★★★★	1978	243,418	0%	11/14/2023	\$54,000,000	\$222	-
5 345 4th St	★★★★★	2022	59,337	0%	1/10/2023	\$52,800,000	\$890	-
6 Skyway Landing Bldg 2 999 Skyway Rd	★★★★★	2000	144,000	0%	2/8/2023	\$51,317,440	\$356	-
7 Skyway Landing 959 Skyway Rd	★★★★★	2000	144,000	0%	2/8/2023	\$50,682,560	\$352	-
8 60 Spear St	★★★★★	1967	157,436	66.7%	8/8/2023	\$41,000,000	\$260	-
9 807 Montgomery St	★★★★★	1909	10,397	0%	1/24/2023	\$38,000,000	\$3,655	-
10 115 Sansome St 115 Sansome St	★★★★★	1913	114,451	57.2%	12/14/2023	\$34,000,000	\$297	-
11 California Tower 550 California St	★★★★★	1960	355,412	0%	9/23/2023	\$29,887,371	\$84	-
12 600 Townsend East 600 Townsend St	★★★★★	1903	87,405	100%	9/28/2023	\$25,350,000	\$290	-
13 40 Jessie St	★★★★★	1913	50,790	0%	5/4/2023	\$17,600,000	\$347	-
14 1710 Gilbreth Rd	★★★★★	1970	34,504	0%	8/9/2023	\$15,100,000	\$438	-
15 150 Green St	★★★★★	1917	25,000	0%	10/4/2023	\$11,150,000	\$446	-
16 Sacramento Tower 635 Sacramento St	★★★★★	1962	81,501	0%	9/23/2023	\$10,582,629	\$130	-
17 123-133 Kearny St	★★★★★	1909	26,446	19.5%	3/31/2023	\$10,400,000	\$393	6.6%
18 131 Franklin St	★★★★★	1909	9,580	0%	2/21/2023	\$6,300,000	\$658	-
19 California Pacific Medical... 2323 Sacramento St	★★★★★	1965	15,626	0%	5/30/2023	\$6,250,000	\$400	-
20 156-160 2nd St	★★★★★	1907	33,786	0%	6/30/2023	\$6,000,000	\$178	-

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 rates of economic growth at the metropolitan level. The success of Silicon Valley's innovative companies draws the best and brightest graduates to the Bay Area, and this translates into high wages and nation-leading levels of household income growth. As a result, and reflecting limited land availability, 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 that may deliver high rewards but may also end in over-investment and a downturn in activity. This does not sit well with the slow-moving world of real estate, where buildings take many years to develop and are very difficult to repurpose. Thus, San Francisco's real estate markets have a long history of boom followed by bust, with rents and prices soaring and vacancy falling during the boom periods, and the reverse happening during the busts.

The current boom-bust cycle began with the tech boom of the 2010s, which comprised a massive expansion of cloud computing and mobile technologies. San Francisco was the hub for many of the 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 an uptick in construction of office and residential towers in downtown San Francisco.

The cycle abruptly turned downwards in early 2020. By that time, affordability had become a problem, causing both 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 quickly adapted to the distributed workforce model, 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 of people who moved away.

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

The largest impact of the current downturn has been felt by the office sector, which now has record levels of vacancy. 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. The combination of low levels of economic activity and social problems has impacted the viability of businesses such as retailers, restaurants, and hotels. As these businesses fail, the city's viability falls further, playing out what has been referred to as a "Doom Loop" scenario.

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 are living in the metro area. After falling to a 10-year low of 2.3% in 2022, the unemployment rate has since increased to 2.9%.

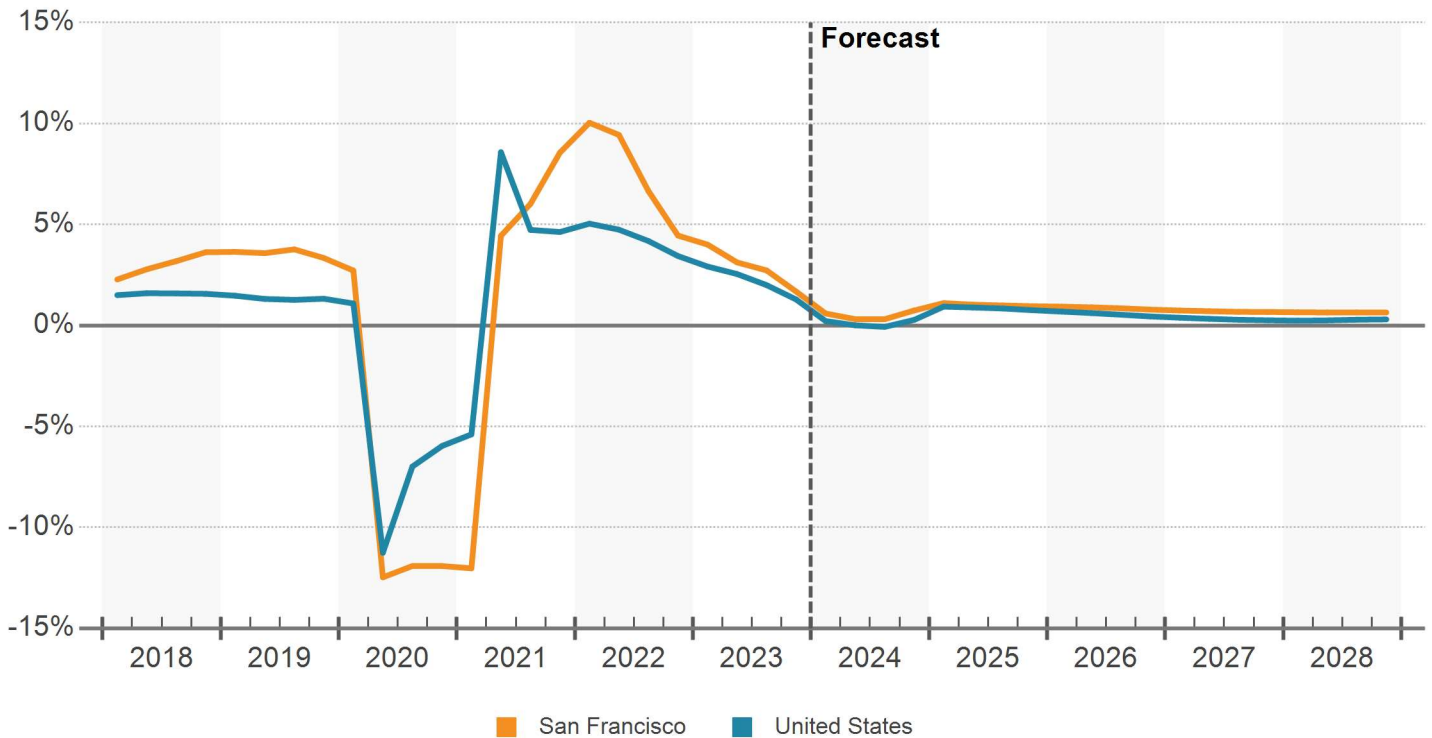
While the current downturn has yet to play out, the longer-term outlook is more positive. Future tech growth in new areas such as AI is expected to remain focused in the Bay Area, as is evident by an increase in leasing activity by AI companies in the past few months.

SAN FRANCISCO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	39	0.4	-0.70%	-0.12%	0.61%	0.70%	0.49%	0.09%
Trade, Transportation and Utilities	137	0.6	-0.57%	0.10%	0.04%	1.05%	-0.04%	0.15%
Retail Trade	67	0.6	-1.02%	0.39%	-1.65%	0.23%	-0.17%	0.11%
Financial Activities	91	1.3	1.27%	0.48%	2.24%	1.45%	0.00%	0.16%
Government	136	0.8	2.25%	1.43%	1.46%	0.37%	0.54%	0.41%
Natural Resources, Mining and Construction	41	0.6	-0.03%	1.31%	2.55%	2.32%	1.03%	0.29%
Education and Health Services	158	0.8	3.30%	2.89%	2.69%	1.86%	0.64%	0.67%
Professional and Business Services	314	1.8	0.62%	0.65%	3.15%	2.00%	0.90%	0.52%
Information	124	5.2	-4.09%	-2.68%	9.14%	1.09%	1.82%	0.35%
Leisure and Hospitality	135	1.0	10.24%	2.81%	0.52%	1.48%	1.20%	0.83%
Other Services	40	0.9	3.71%	1.56%	0.20%	0.63%	0.44%	0.28%
Total Employment	1,216	1.0	1.57%	1.18%	2.32%	1.30%	0.76%	0.41%

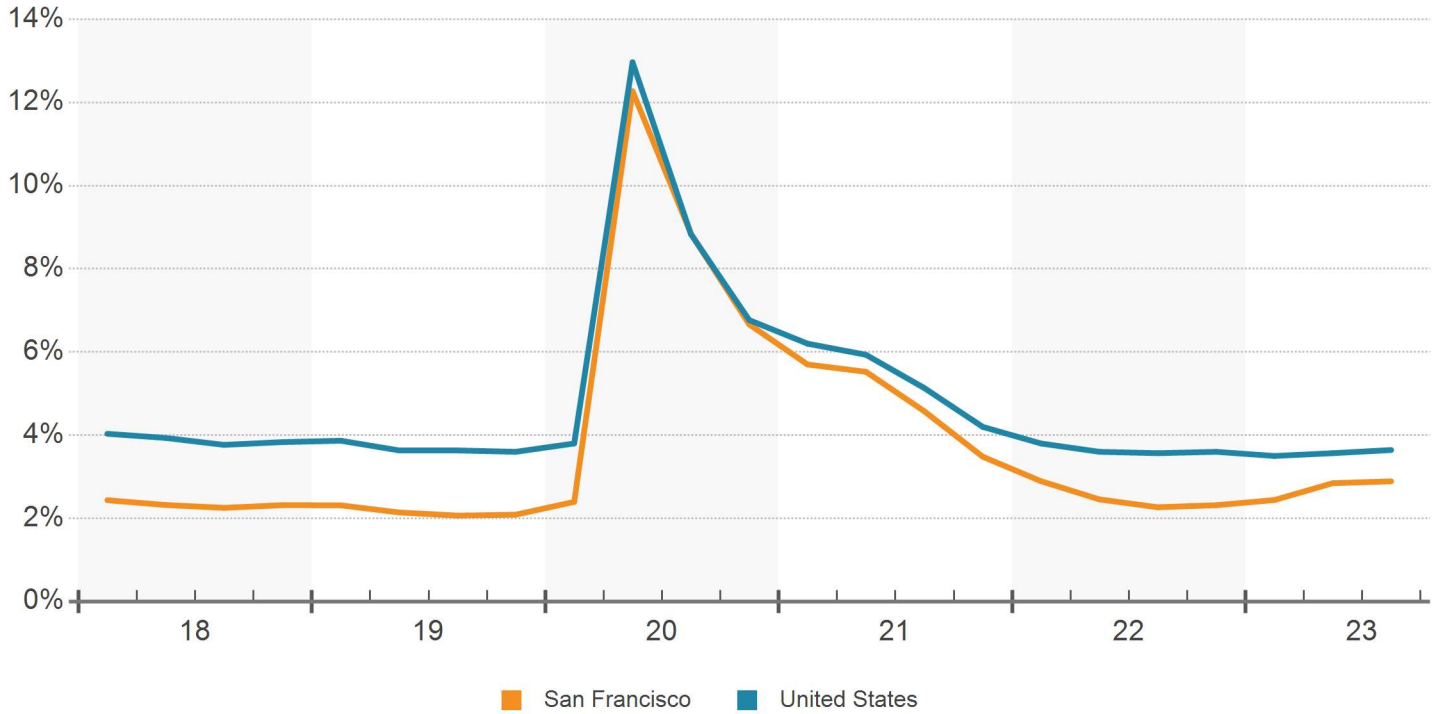
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

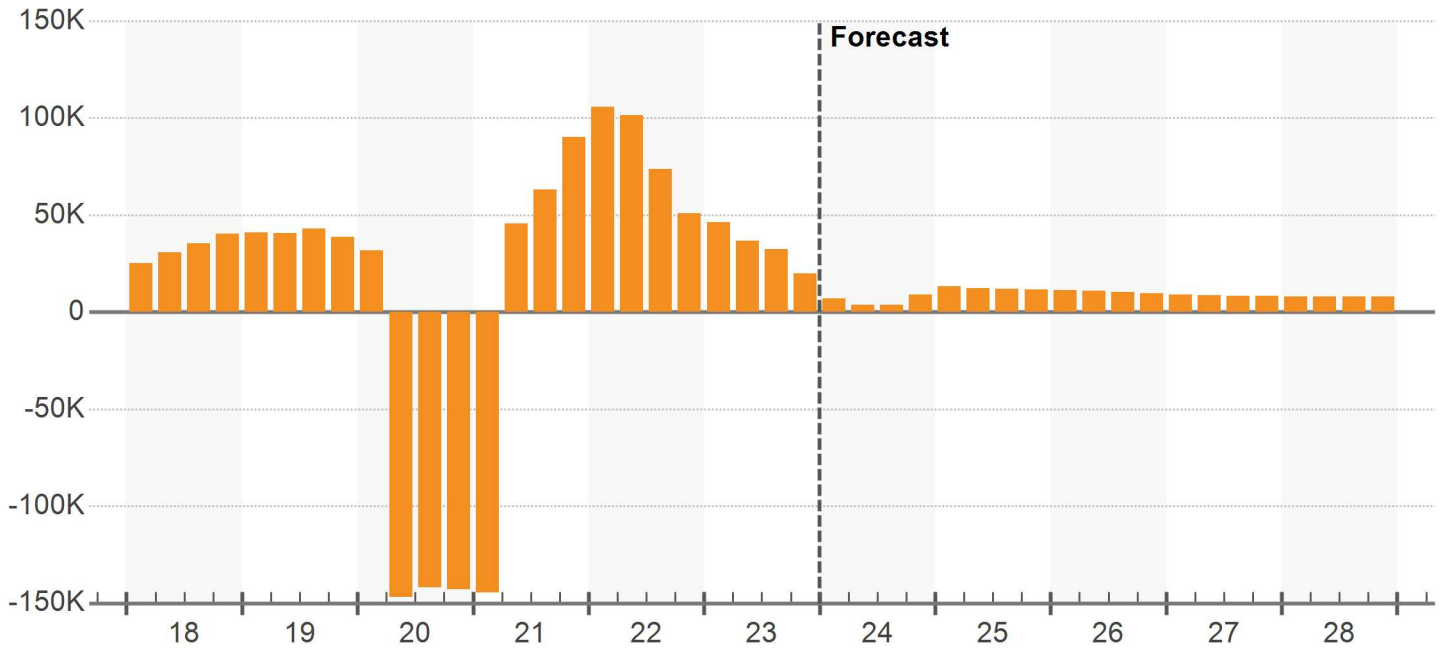


Source: Oxford Economics

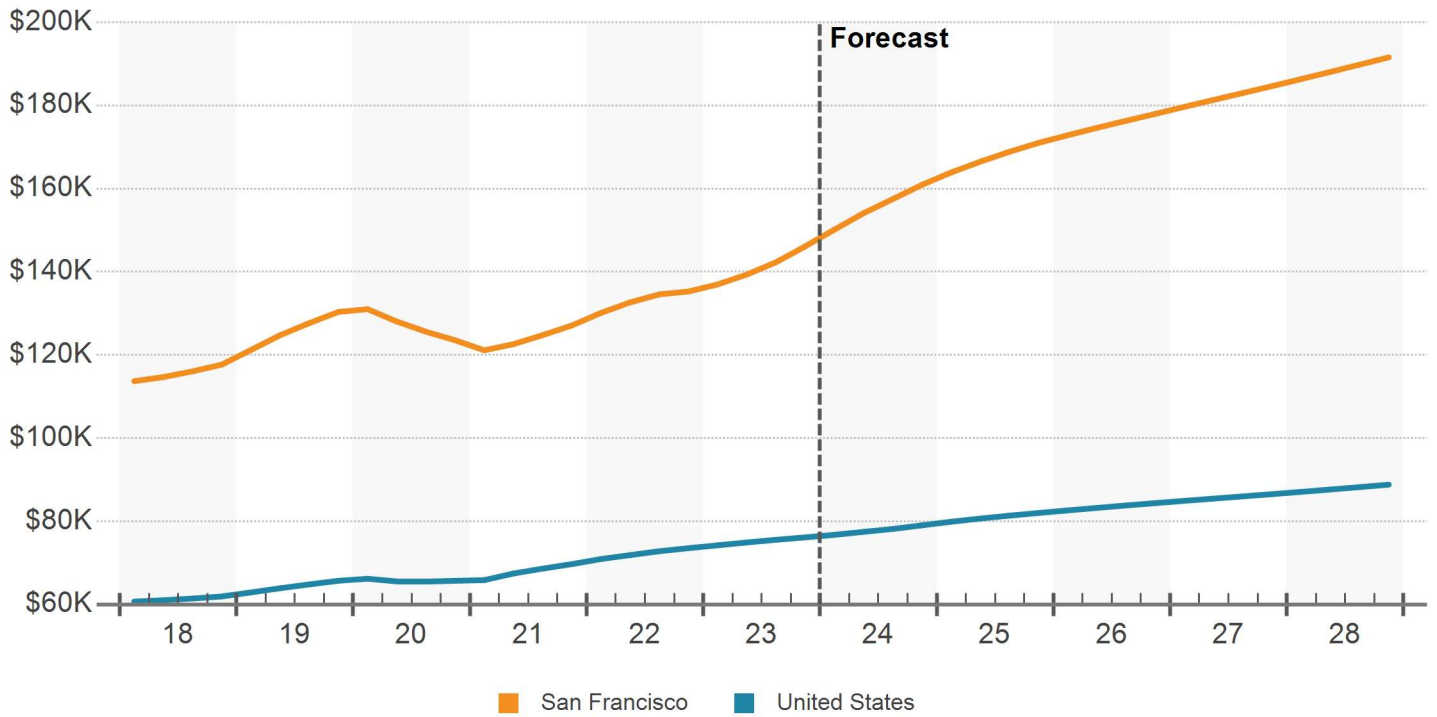
UNEMPLOYMENT RATE (%)



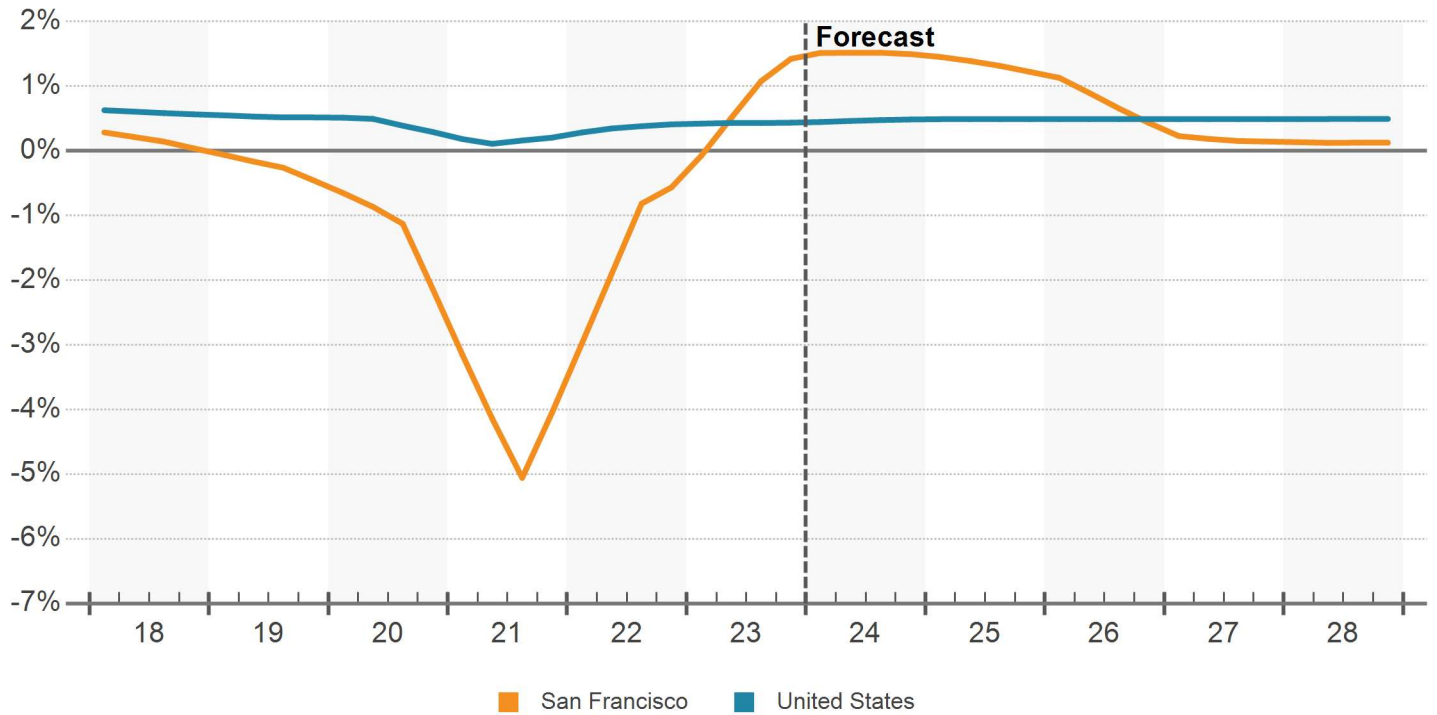
NET EMPLOYMENT CHANGE (YOY)



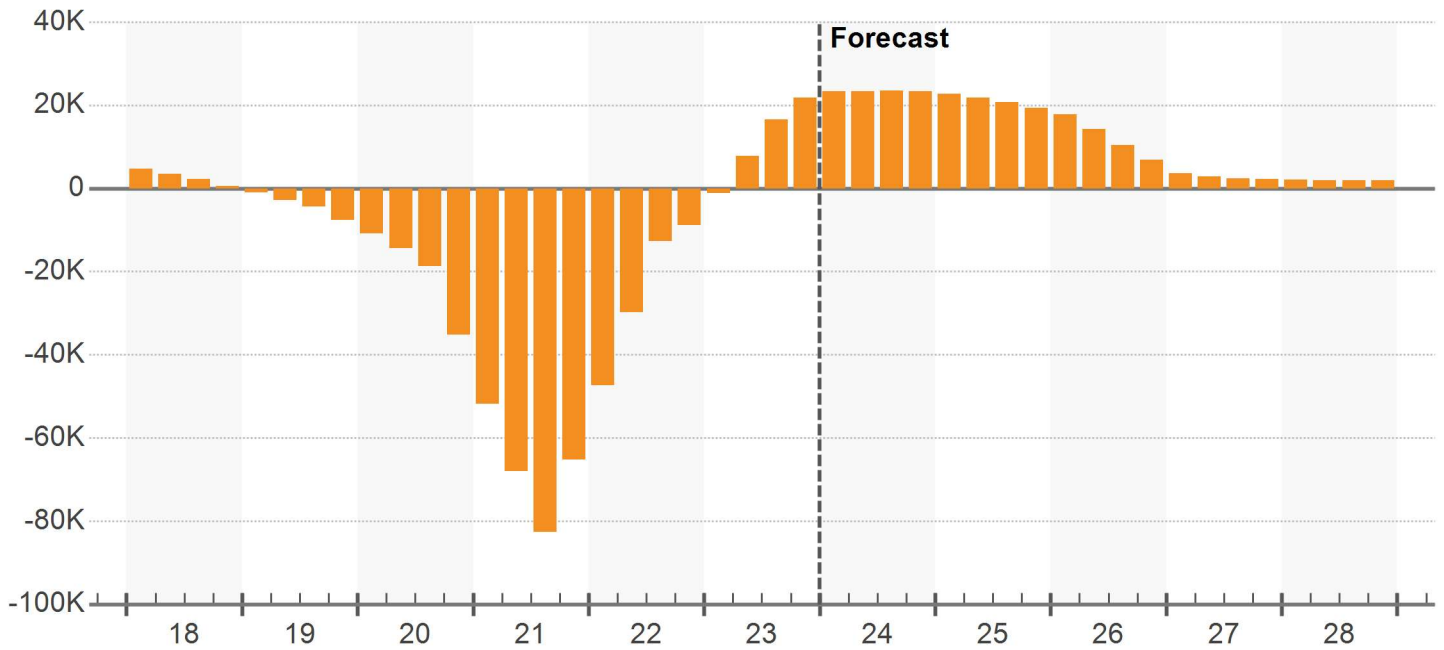
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

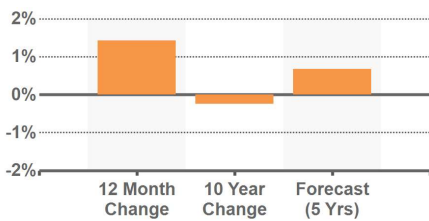


DEMOGRAPHIC TRENDS

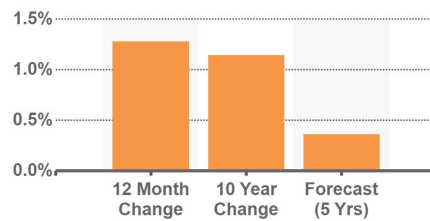
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,560,603	335,142,469	1.4%	0.4%	-0.2%	0.5%	0.7%	0.5%
Households	628,199	130,850,828	1.6%	0.6%	0%	0.9%	0.8%	0.6%
Median Household Income	\$146,535	\$76,205	8.2%	3.5%	5.8%	3.8%	5.5%	3.1%
Labor Force	1,045,481	167,592,469	1.3%	1.7%	1.1%	0.8%	0.4%	0.2%
Unemployment	2.9%	3.6%	0.6%	0.1%	-0.2%	-0.3%	-	-

Source: Oxford Economics

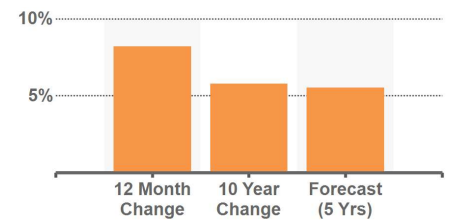
POPULATION GROWTH



LABOR FORCE GROWTH

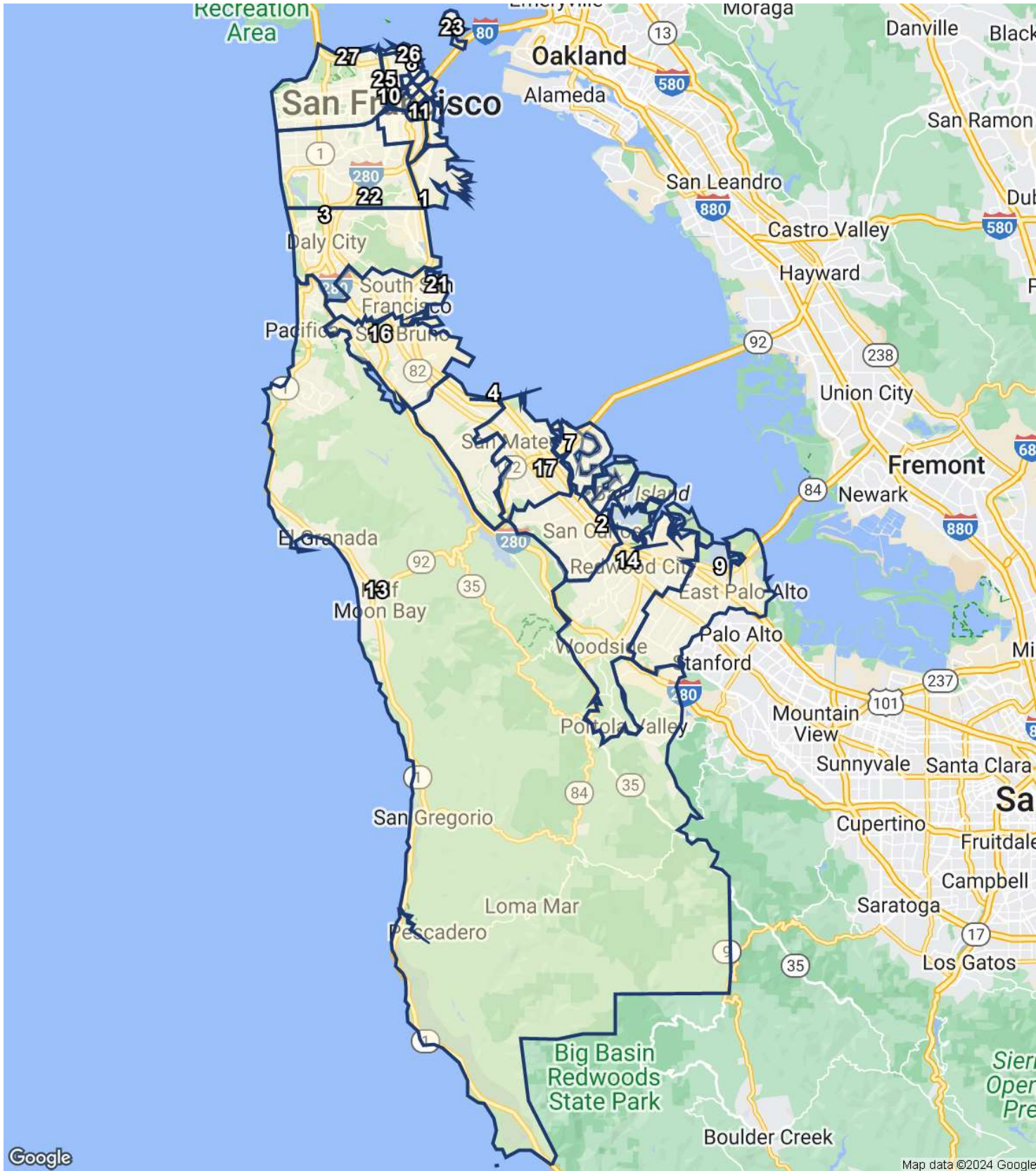


INCOME GROWTH



Source: Oxford Economics

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	2,621	1.4%	24	0	0	0%	-	2	252	9.6%	5
3	Brisbane/Daly City	90	2,797	1.5%	22	0	0	0%	-	0	-	-	-
4	Burlingame	130	4,072	2.1%	18	1	45	1.1%	5	1	185	4.5%	7
5	Civic Center	64	4,373	2.3%	16	0	0	0%	-	0	-	-	-
6	Financial District	173	31,005	16.2%	2	0	0	0%	-	0	-	-	-
7	Foster City/Redwood Shrs	97	9,947	5.2%	5	0	0	0%	-	2	239	2.4%	6
8	Jackson Square	122	3,350	1.8%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	280	10,967	5.7%	3	2	170	1.6%	3	1	35	0.3%	9
10	MidMarket	83	7,947	4.2%	7	0	0	0%	-	0	-	-	-
11	Mission Bay/China Basin	34	5,795	3.0%	11	1	311	5.4%	1	1	382	6.6%	2
12	Mission/Potrero	189	3,642	1.9%	20	0	0	0%	-	0	-	-	-
13	Peninsula Coastline	138	675	0.4%	26	0	0	0%	-	0	-	-	-
14	Redwood City	319	8,110	4.2%	6	0	0	0%	-	5	775	9.6%	1
15	Rincon/South Beach	138	7,645	4.0%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	85	2,654	1.4%	23	0	0	0%	-	2	316	11.9%	4
17	San Mateo	323	10,576	5.5%	4	2	224	2.1%	2	1	33	0.3%	10
18	Showplace Square	51	4,225	2.2%	17	1	102	2.4%	4	1	25	0.6%	11
19	South Financial District	165	32,220	16.9%	1	0	0	0%	-	0	-	-	-
20	South of Market	253	5,365	2.8%	13	1	25	0.5%	6	1	51	1.0%	8
21	South San Francisco	129	6,583	3.4%	9	0	0	0%	-	2	375	5.7%	3
22	Southern City	187	1,360	0.7%	25	0	0	0%	-	0	-	-	-
23	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
24	Union Square	117	5,697	3.0%	12	0	0	0%	-	0	-	-	-
25	Van Ness/Chinatown	168	3,655	1.9%	19	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,633	2.4%	14	0	0	0%	-	0	-	-	-
27	West of Van Ness	400	5,860	3.1%	10	0	0	0%	-	0	-	-	-
28	Yerba Buena	73	4,424	2.3%	15	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	\$33.57	28	-3.2%	26	-9.0%	26
2	Belmont/San Carlos	\$56.35	7	-2.6%	21	-10.4%	27
3	Brisbane/Daly City	\$42.99	23	-2.4%	14	-0.4%	14
4	Burlingame	\$51.83	10	-1.7%	5	5.8%	1
5	Civic Center	\$47.98	16	-2.4%	19	-4.6%	24
6	Financial District	\$54.01	8	-3.3%	27	-4.5%	23
7	Foster City/Redwood Shrs	\$62.11	4	-2.7%	22	-0.9%	16
8	Jackson Square	\$47.69	17	-1.8%	7	-1.6%	20
9	Menlo Park	\$79.14	1	-1.9%	9	0.1%	8
10	MidMarket	\$52.51	9	-2.3%	13	-4.3%	22
11	Mission Bay/China Basin	\$62.26	3	-3.6%	28	-11.1%	28
12	Mission/Potrero	\$40.01	26	-1.6%	2	-0.2%	11
13	Peninsula Coastline	\$38.01	27	-1.8%	6	-1.1%	17
14	Redwood City	\$62.34	2	-2.4%	16	-4.0%	21
15	Rincon/South Beach	\$49.24	14	-2.6%	20	0.2%	7
16	San Bruno/Millbrae	\$45.56	19	-1.7%	4	-1.5%	19
17	San Mateo	\$59.28	5	-1.4%	1	-1.3%	18
18	Showplace Square	\$48.36	15	-2.4%	18	1.9%	2
19	South Financial District	\$59.23	6	-3.1%	25	0.4%	6
20	South of Market	\$41.52	24	-3.0%	24	0.9%	4
21	South San Francisco	\$51	12	-2.4%	15	1.0%	3
22	Southern City	\$43.19	22	-2.0%	10	-0.1%	9
23	Treasure/Yerba Buena Isl...	\$40.31	25	-2.4%	17	0.4%	5
24	Union Square	\$47.65	18	-2.0%	12	-8.5%	25
25	Van Ness/Chinatown	\$43.21	21	-2.0%	11	-0.3%	13
26	Waterfront/North Beach	\$45.46	20	-1.8%	8	-0.2%	12
27	West of Van Ness	\$51.78	11	-1.6%	3	-0.1%	10
28	Yerba Buena	\$50.22	13	-2.8%	23	-0.4%	15

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	2,145	0.3%	1	43,227	6.9%	1	-
2	Belmont/San Carlos	374,660	14.3%	13	(42,122)	-1.6%	11	-
3	Brisbane/Daly City	212,382	7.6%	7	(90,782)	-3.2%	14	-
4	Burlingame	306,796	7.5%	6	(24,796)	-0.6%	10	-
5	Civic Center	242,307	5.5%	4	16,446	0.4%	5	-
6	Financial District	9,570,727	30.9%	25	(2,204,462)	-7.1%	27	-
7	Foster City/Redwood Shrs	1,170,303	11.8%	10	(65,514)	-0.7%	12	-
8	Jackson Square	619,517	18.5%	15	2,758	0.1%	6	-
9	Menlo Park	2,156,366	19.7%	17	(1,055,233)	-9.6%	25	-
10	MidMarket	2,245,507	28.3%	23	(1,123,493)	-14.1%	26	-
11	Mission Bay/China Basin	1,838,707	31.7%	26	(136,566)	-2.4%	17	-
12	Mission/Potrero	305,754	8.4%	8	(8,205)	-0.2%	9	-
13	Peninsula Coastline	18,190	2.7%	2	17,952	2.7%	3	-
14	Redwood City	1,433,835	17.7%	14	(516,066)	-6.4%	24	-
15	Rincon/South Beach	2,127,996	27.8%	21	(488,371)	-6.4%	23	-
16	San Bruno/Millbrae	372,181	14.0%	12	26,945	1.0%	2	-
17	San Mateo	2,002,956	18.9%	16	(207,942)	-2.0%	19	-
18	Showplace Square	1,245,655	29.5%	24	(235,347)	-5.6%	20	-
19	South Financial District	8,266,045	25.7%	19	(2,678,214)	-8.3%	28	-
20	South of Market	1,509,797	28.1%	22	(341,390)	-6.4%	22	-
21	South San Francisco	414,701	6.3%	5	(183,398)	-2.8%	18	-
22	Southern City	68,274	5.0%	3	(2,826)	-0.2%	8	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,292,448	22.7%	18	17,588	0.3%	4	-
25	Van Ness/Chinatown	438,064	12.0%	11	(83,588)	-2.3%	13	-
26	Waterfront/North Beach	1,286,669	27.8%	20	(245,157)	-5.3%	21	-
27	West of Van Ness	553,161	9.4%	9	(135,448)	-2.3%	16	-
28	Yerba Buena	1,936,189	43.8%	27	(131,969)	-3.0%	15	-

Supply & Demand Trends

San Francisco Office

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	191,722,212	(363,724)	-0.2%	(2,064,267)	-1.1%	-
2027	192,085,936	(364,467)	-0.2%	(3,221,834)	-1.7%	-
2026	192,450,403	(365,404)	-0.2%	(6,524,779)	-3.4%	-
2025	192,815,807	692,448	0.4%	(7,185,501)	-3.7%	-
2024	192,123,359	1,256,006	0.7%	(12,026,592)	-6.3%	-
YTD	190,867,353	0	0%	(777,169)	-0.4%	-
2023	190,867,353	824,113	0.4%	(9,229,773)	-4.8%	-
2022	190,043,240	2,333,281	1.2%	(4,202,325)	-2.2%	-
2021	187,709,959	4,161,525	2.3%	(1,663,924)	-0.9%	-
2020	183,548,434	129,176	0.1%	(7,519,671)	-4.1%	-
2019	183,419,258	3,662,530	2.0%	2,975,451	1.6%	1.2
2018	179,756,728	4,106,828	2.3%	4,864,320	2.7%	0.8
2017	175,649,900	612,542	0.3%	264,555	0.2%	2.3
2016	175,037,358	2,512,417	1.5%	1,801,414	1.0%	1.4
2015	172,524,941	2,067,320	1.2%	2,958,932	1.7%	0.7
2014	170,457,621	106,165	0.1%	3,375,450	2.0%	0
2013	170,351,456	(634,013)	-0.4%	2,143,071	1.3%	-
2012	170,985,469	307,612	0.2%	1,433,384	0.8%	0.2

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	105,903,075	0	0%	(949,927)	-0.9%	-
2027	105,903,075	0	0%	(1,566,037)	-1.5%	-
2026	105,903,075	0	0%	(3,067,454)	-2.9%	-
2025	105,903,075	1,024,602	1.0%	(3,251,444)	-3.1%	-
2024	104,878,473	1,411,305	1.4%	(5,649,788)	-5.4%	-
YTD	103,467,168	0	0%	(363,817)	-0.4%	-
2023	103,467,168	885,357	0.9%	(6,465,563)	-6.2%	-
2022	102,581,811	2,207,704	2.2%	(2,288,680)	-2.2%	-
2021	100,374,107	4,357,446	4.5%	34,316	0%	127.0
2020	96,016,661	354,976	0.4%	(2,728,135)	-2.8%	-
2019	95,661,685	3,282,904	3.6%	2,917,517	3.0%	1.1
2018	92,378,781	4,438,678	5.0%	5,218,007	5.6%	0.9
2017	87,940,103	839,891	1.0%	514,214	0.6%	1.6
2016	87,100,212	2,031,537	2.4%	1,784,676	2.0%	1.1
2015	85,068,675	2,020,453	2.4%	2,235,034	2.6%	0.9
2014	83,048,222	604,710	0.7%	2,259,928	2.7%	0.3
2013	82,443,512	41,969	0.1%	1,663,459	2.0%	0
2012	82,401,543	513,002	0.6%	1,829,128	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	55,778,887	(217)	0%	(545,099)	-1.0%	-
2027	55,779,104	(346)	0%	(890,483)	-1.6%	-
2026	55,779,450	(496)	0%	(2,019,007)	-3.6%	-
2025	55,779,946	32,607	0.1%	(2,312,952)	-4.1%	-
2024	55,747,339	197,856	0.4%	(3,926,797)	-7.0%	-
YTD	55,549,483	0	0%	(315,896)	-0.6%	-
2023	55,549,483	0	0%	(2,010,863)	-3.6%	-
2022	55,549,483	189,627	0.3%	(1,193,261)	-2.1%	-
2021	55,359,856	(62,389)	-0.1%	(1,176,030)	-2.1%	-
2020	55,422,245	52,164	0.1%	(3,109,915)	-5.6%	-
2019	55,370,081	352,273	0.6%	532,891	1.0%	0.7
2018	55,017,808	(117,482)	-0.2%	(128,873)	-0.2%	-
2017	55,135,290	(181,841)	-0.3%	(362,295)	-0.7%	-
2016	55,317,131	676,364	1.2%	354,319	0.6%	1.9
2015	54,640,767	177,638	0.3%	573,380	1.0%	0.3
2014	54,463,129	(350,818)	-0.6%	1,004,049	1.8%	-
2013	54,813,947	(174,807)	-0.3%	628,007	1.1%	-
2012	54,988,754	(38,528)	-0.1%	(385,461)	-0.7%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	30,040,250	(363,507)	-1.2%	(569,241)	-1.9%	-
2027	30,403,757	(364,121)	-1.2%	(765,314)	-2.5%	-
2026	30,767,878	(364,908)	-1.2%	(1,438,318)	-4.7%	-
2025	31,132,786	(364,761)	-1.2%	(1,621,105)	-5.2%	-
2024	31,497,547	(353,155)	-1.1%	(2,450,007)	-7.8%	-
YTD	31,850,702	0	0%	(97,456)	-0.3%	-
2023	31,850,702	(61,244)	-0.2%	(753,347)	-2.4%	-
2022	31,911,946	(64,050)	-0.2%	(720,384)	-2.3%	-
2021	31,975,996	(133,532)	-0.4%	(522,210)	-1.6%	-
2020	32,109,528	(277,964)	-0.9%	(1,681,621)	-5.2%	-
2019	32,387,492	27,353	0.1%	(474,957)	-1.5%	-
2018	32,360,139	(214,368)	-0.7%	(224,814)	-0.7%	-
2017	32,574,507	(45,508)	-0.1%	112,636	0.3%	-
2016	32,620,015	(195,484)	-0.6%	(337,581)	-1.0%	-
2015	32,815,499	(130,771)	-0.4%	150,518	0.5%	-
2014	32,946,270	(147,727)	-0.4%	111,473	0.3%	-
2013	33,093,997	(501,175)	-1.5%	(148,395)	-0.4%	-
2012	33,595,172	(166,862)	-0.5%	(10,283)	0%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$43.31	112	0.7%	-43.1%	73,147,998	38.2%	1.0%
2027	\$43.01	112	-0.8%	-43.5%	71,443,003	37.2%	1.6%
2026	\$43.33	112	-4.7%	-43.0%	68,581,918	35.6%	3.3%
2025	\$45.47	118	-8.0%	-40.2%	62,417,226	32.4%	4.0%
2024	\$49.44	128	-10.3%	-35.0%	54,534,587	28.4%	6.8%
YTD	\$55.07	143	-2.6%	-27.6%	42,011,332	22.0%	0.4%
2023	\$55.10	143	-2.8%	-27.6%	41,234,163	21.6%	5.2%
2022	\$56.66	147	-8.6%	-25.5%	31,180,277	16.4%	3.3%
2021	\$62.01	161	-7.4%	-18.5%	24,644,671	13.1%	2.9%
2020	\$66.96	174	-12.0%	-12.0%	18,815,722	10.3%	4.2%
2019	\$76.07	197	5.9%	0%	11,170,375	6.1%	0.2%
2018	\$71.86	186	9.1%	-5.5%	10,552,635	5.9%	-0.6%
2017	\$65.85	171	3.4%	-13.4%	11,310,127	6.4%	0.2%
2016	\$63.69	165	2.2%	-16.3%	10,962,140	6.3%	0.3%
2015	\$62.29	162	13.0%	-18.1%	10,251,137	5.9%	-0.6%
2014	\$55.15	143	12.2%	-27.5%	11,142,749	6.5%	-1.9%
2013	\$49.13	127	13.5%	-35.4%	14,412,034	8.5%	-1.6%
2012	\$43.28	112	13.3%	-43.1%	17,189,118	10.1%	-0.7%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$48.33	113	0.6%	-42.9%	42,033,233	39.7%	0.9%
2027	\$48.03	112	-0.8%	-43.2%	41,083,306	38.8%	1.5%
2026	\$48.44	113	-4.8%	-42.7%	39,517,269	37.3%	2.9%
2025	\$50.87	119	-8.1%	-39.9%	36,449,815	34.4%	3.7%
2024	\$55.38	129	-10.7%	-34.5%	32,173,769	30.7%	6.4%
YTD	\$61.99	145	-3.2%	-26.7%	25,476,461	24.6%	0.4%
2023	\$62.01	145	-3.4%	-26.7%	25,112,644	24.3%	7.0%
2022	\$64.21	150	-8.7%	-24.1%	17,761,724	17.3%	4.1%
2021	\$70.34	164	-7.5%	-16.9%	13,265,340	13.2%	3.9%
2020	\$76.03	177	-10.1%	-10.1%	8,942,210	9.3%	3.2%
2019	\$84.60	197	7.4%	0%	5,859,099	6.1%	0.2%
2018	\$78.79	184	9.7%	-6.9%	5,493,712	5.9%	-1.2%
2017	\$71.81	167	3.6%	-15.1%	6,273,041	7.1%	0.3%
2016	\$69.29	162	2.1%	-18.1%	5,947,364	6.8%	0.1%
2015	\$67.86	158	11.2%	-19.8%	5,700,503	6.7%	-0.4%
2014	\$61.02	142	11.9%	-27.9%	5,915,084	7.1%	-2.1%
2013	\$54.54	127	13.1%	-35.5%	7,570,302	9.2%	-2.0%
2012	\$48.21	112	12.0%	-43.0%	9,191,792	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	\$38.91	114	0.8%	-45.2%	20,738,812	37.2%	1.0%
2027	\$38.60	113	-0.6%	-45.6%	20,193,926	36.2%	1.6%
2026	\$38.85	114	-4.6%	-45.3%	19,303,784	34.6%	3.6%
2025	\$40.71	119	-7.9%	-42.7%	17,285,267	31.0%	4.2%
2024	\$44.20	129	-9.7%	-37.7%	14,939,708	26.8%	7.3%
YTD	\$48.91	143	-1.2%	-31.1%	11,130,884	20.0%	0.6%
2023	\$48.97	143	-1.3%	-31.0%	10,814,988	19.5%	3.6%
2022	\$49.59	145	-10.5%	-30.1%	8,804,125	15.8%	2.4%
2021	\$55.39	162	-8.4%	-22.0%	7,421,237	13.4%	2.0%
2020	\$60.48	177	-14.8%	-14.8%	6,307,596	11.4%	5.7%
2019	\$70.99	208	3.7%	0%	3,145,517	5.7%	-0.4%
2018	\$68.45	200	9.7%	-3.6%	3,350,680	6.1%	0%
2017	\$62.39	183	3.5%	-12.1%	3,339,289	6.1%	0.3%
2016	\$60.28	177	1.1%	-15.1%	3,158,835	5.7%	0.5%
2015	\$59.60	175	16.6%	-16.1%	2,836,790	5.2%	-0.7%
2014	\$51.10	150	12.6%	-28.0%	3,232,532	5.9%	-2.4%
2013	\$45.38	133	14.0%	-36.1%	4,587,399	8.4%	-1.4%
2012	\$39.80	117	16.5%	-43.9%	5,390,213	9.8%	0.6%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$34.33	108	0.9%	-39.3%	10,375,953	34.5%	1.1%
2027	\$34.02	107	-0.6%	-39.9%	10,165,771	33.4%	1.7%
2026	\$34.21	108	-4.5%	-39.5%	9,760,865	31.7%	3.8%
2025	\$35.82	113	-7.8%	-36.7%	8,682,144	27.9%	4.3%
2024	\$38.85	122	-9.3%	-31.3%	7,421,110	23.6%	6.9%
YTD	\$42.86	135	-2.3%	-24.2%	5,403,987	17.0%	0.3%
2023	\$42.85	135	-2.5%	-24.3%	5,306,531	16.7%	2.2%
2022	\$43.94	138	-4.3%	-22.3%	4,614,428	14.5%	2.1%
2021	\$45.92	144	-4.7%	-18.8%	3,958,094	12.4%	1.3%
2020	\$48.19	152	-14.8%	-14.8%	3,565,916	11.1%	4.4%
2019	\$56.57	178	3.3%	0%	2,165,759	6.7%	1.4%
2018	\$54.78	172	5.2%	-3.2%	1,708,243	5.3%	0.1%
2017	\$52.08	164	2.1%	-7.9%	1,697,797	5.2%	-0.5%
2016	\$51.02	161	5.2%	-9.8%	1,855,941	5.7%	0.5%
2015	\$48.51	153	13.6%	-14.3%	1,713,844	5.2%	-0.8%
2014	\$42.71	134	13.2%	-24.5%	1,995,133	6.1%	-0.8%
2013	\$37.73	119	14.4%	-33.3%	2,254,333	6.8%	-0.9%
2012	\$32.97	104	13.3%	-41.7%	2,607,113	7.8%	-0.4%

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	-	-	-	-	-	-	\$394.13	128	5.8%
2027	-	-	-	-	-	-	\$375.45	122	6.1%
2026	-	-	-	-	-	-	\$366.90	119	6.4%
2025	-	-	-	-	-	-	\$385.94	125	6.7%
2024	-	-	-	-	-	-	\$437.01	142	6.8%
YTD	-	-	-	-	-	-	\$599.50	195	5.9%
2023	62	\$816.7M	1.5%	\$14,848,517	\$338.61	5.8%	\$602.38	196	5.9%
2022	97	\$1.9B	1.5%	\$21,797,705	\$810.84	4.8%	\$675.97	220	5.5%
2021	123	\$5.4B	4.9%	\$46,766,927	\$775.13	5.0%	\$781.16	254	4.8%
2020	78	\$3.7B	1.9%	\$47,533,033	\$1,045.81	4.7%	\$777.16	252	4.8%
2019	228	\$8.7B	6.0%	\$59,698,177	\$846.07	5.1%	\$818.16	266	4.7%
2018	193	\$4.3B	4.1%	\$32,448,295	\$662.61	4.8%	\$758.33	246	4.7%
2017	219	\$4.3B	4.6%	\$34,017,150	\$611.32	5.2%	\$701.47	228	4.7%
2016	208	\$6.9B	8.0%	\$47,419,972	\$578.63	4.8%	\$700.96	228	4.5%
2015	237	\$5.1B	7.2%	\$35,553,838	\$620.85	4.8%	\$670.07	218	4.5%
2014	283	\$8.1B	9.5%	\$39,487,850	\$520.99	5.0%	\$580.37	188	4.8%
2013	221	\$2.9B	4.8%	\$18,177,173	\$375.81	5.3%	\$487.34	158	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	-	-	-	-	-	-	\$429.46	123	5.6%
2027	-	-	-	-	-	-	\$408.98	117	5.9%
2026	-	-	-	-	-	-	\$399.54	115	6.2%
2025	-	-	-	-	-	-	\$420.21	121	6.5%
2024	-	-	-	-	-	-	\$476.10	137	6.6%
YTD	-	-	-	-	-	-	\$654.50	188	5.7%
2023	5	\$158.9M	0.5%	\$39,725,000	\$452.82	-	\$660.02	189	5.8%
2022	10	\$1.1B	1.2%	\$133,598,596	\$1,054.78	-	\$739.03	212	5.3%
2021	30	\$4.1B	6.9%	\$177,705,647	\$873.44	5.0%	\$856.47	246	4.6%
2020	9	\$2.3B	2.3%	\$253,740,544	\$1,028.59	-	\$840.19	241	4.7%
2019	36	\$5.8B	7.2%	\$169,571,488	\$897.28	4.8%	\$883.06	254	4.6%
2018	25	\$2.5B	4.3%	\$107,648,361	\$720.17	4.8%	\$818.21	235	4.6%
2017	29	\$3.2B	6.0%	\$115,335,742	\$647.27	5.5%	\$757.65	218	4.6%
2016	35	\$4.6B	8.6%	\$147,817,097	\$644.20	4.4%	\$761.31	219	4.4%
2015	37	\$3.1B	7.9%	\$146,331,953	\$690.48	4.6%	\$732.18	210	4.4%
2014	46	\$6.1B	12.9%	\$133,295,051	\$571.68	4.0%	\$640.56	184	4.6%
2013	19	\$1.7B	4.9%	\$91,036,662	\$430.80	4.9%	\$544.14	156	5.0%

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

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

Sale Trends

San Francisco Office

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$361.77	139	5.9%
2027	-	-	-	-	-	-	\$344.74	133	6.2%
2026	-	-	-	-	-	-	\$337	130	6.5%
2025	-	-	-	-	-	-	\$354.53	137	6.8%
2024	-	-	-	-	-	-	\$401.15	155	7.0%
YTD	-	-	-	-	-	-	\$549.61	212	6.0%
2023	29	\$540.9M	3.8%	\$20,804,056	\$286.44	6.9%	\$550.22	212	6.1%
2022	36	\$468.7M	1.3%	\$13,784,489	\$637.23	5.2%	\$618.85	238	5.6%
2021	32	\$918.8M	3.1%	\$29,638,819	\$533.47	5.0%	\$708.25	273	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$806.16	-	\$708.52	273	4.9%
2019	81	\$2.4B	5.8%	\$39,919,850	\$757.96	5.6%	\$738.03	284	4.8%
2018	53	\$1.3B	4.2%	\$30,144,031	\$595.51	5.2%	\$680.88	262	4.9%
2017	46	\$578.4M	2.3%	\$14,831,164	\$503.62	5.8%	\$628.05	242	4.9%
2016	80	\$1.9B	9.7%	\$31,767,749	\$467.78	5.2%	\$622.96	240	4.7%
2015	65	\$1.5B	7.8%	\$35,542,924	\$552	5.0%	\$591.28	228	4.7%
2014	85	\$1.3B	6.5%	\$20,082,169	\$405.78	5.7%	\$507.78	196	5.0%
2013	71	\$865.3M	4.3%	\$14,918,201	\$376.20	5.2%	\$419.26	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.

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	-	-	-	-	-	-	\$333.36	129	6.2%
2027	-	-	-	-	-	-	\$317.78	123	6.5%
2026	-	-	-	-	-	-	\$310.77	120	6.8%
2025	-	-	-	-	-	-	\$327.02	127	7.1%
2024	-	-	-	-	-	-	\$369.83	143	7.2%
YTD	-	-	-	-	-	-	\$504.03	195	6.3%
2023	28	\$116.9M	0.6%	\$4,674,520	\$677.31	3.6%	\$502.09	194	6.3%
2022	51	\$315.3M	2.9%	\$7,333,570	\$588.02	4.2%	\$566.38	219	5.8%
2021	61	\$372.2M	1.7%	\$6,101,039	\$693.41	5.0%	\$658.48	255	5.0%
2020	47	\$746.4M	1.6%	\$15,879,789	\$1,498.64	4.7%	\$687.82	266	4.9%
2019	111	\$555.3M	3.0%	\$10,679,080	\$775.43	3.8%	\$742.74	288	4.8%
2018	115	\$480.9M	3.4%	\$7,398,850	\$602	4.5%	\$694.94	269	4.8%
2017	144	\$512.4M	4.6%	\$8,539,364	\$551.42	4.7%	\$643.29	249	4.8%
2016	93	\$466.7M	3.6%	\$8,333,727	\$552.28	4.6%	\$636.92	247	4.6%
2015	135	\$518.4M	4.1%	\$6,480,448	\$504.71	4.6%	\$601.56	233	4.6%
2014	152	\$638.7M	5.9%	\$6,794,576	\$407.07	5.4%	\$507.38	197	4.9%
2013	131	\$313.4M	5.6%	\$3,775,850	\$220.13	6.2%	\$417.76	162	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.