



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	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
1.1M	(5.6M)	22.2%	-1.5%

In the third quarter of 2024, a recent improvement in leasing conditions is providing 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 it appears that most tenants who plan to downsize have already done so.

In 2023, San Francisco almost equaled the annual record of 10 million SF of negative net absorption set in 2001 during the dotcom bust. However, while the dotcom bust lasted only one year, 2023 was the fourth year of negative demand in the current downturn. It brought the total amount of negative net absorption since the start of the pandemic to 23.2 million SF.

Activity indicators for downtown San Francisco, such as Kastle Data Systems' Back To Work Barometer and transit ridership data from BART, show that the return to office, which had steadily increased in previous years, plateaued in 2023. That said, a slight improvement in these measures is evident in the first months of 2024.

In addition to the structural shift in working patterns, San Francisco's office market has been navigating a cyclical slowdown in the past few quarters. The Fed's inflation-

reducing strategy of slowing the economy through higher interest rates has caused businesses to halt expansion and initiate layoffs. Office-using employment, which benefited from high demand for cloud computing services during the pandemic, declined in 2023 for the first time since 2020, led by a fall in workers in the information sector. The economic slowdown also impacted the life sciences sector, with investment funding for biotech startups and growing life sciences companies drying up, causing them to cancel or delay expansion plans.

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

As of the third quarter of 2024, San Francisco's vacancy rate is 22.2%, 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.

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. However, the pace of decline has slowed in recent months.

Despite the recent improvement in leasing conditions, the trend of existing tenants downsizing and giving back space as leases roll will continue to cause vacancies to rise and rent growth to remain negative in the year ahead.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	104,216,414	24.8%	\$58.67	28.8%	(208,372)	0	1,377,481
3 Star	56,866,140	21.1%	\$47.03	26.3%	196,912	0	5,000
1 & 2 Star	31,483,201	15.8%	\$41.36	17.1%	60,328	0	0
Market	192,565,755	22.2%	\$52.44	26.2%	48,868	0	1,382,481

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	3.4%	9.9%	27.0%	22.3%	2024 Q2	1.3%	2000 Q2
Net Absorption SF	(5.6M)	242,065	(2,761,828)	6,965,526	2000 Q2	(10,168,566)	2021 Q1
Deliveries SF	1.1M	1,928,970	384,583	5,287,255	2002 Q2	61,810	2006 Q2
Market Asking Rent Growth	-1.5%	2.7%	-0.2%	30.2%	2000 Q3	-32.5%	2002 Q1
Sales Volume	\$693M	\$3.3B	N/A	\$9.3B	2007 Q3	\$261.3M	2002 Q2

San Francisco has enjoyed an improvement in leasing conditions over recent months. In the second half of 2023, local brokers reported an increase in the amount of space tenants were looking for in the market, and this was supported by anecdotal evidence of a few large space requirements by tech firms.

The uptick in interest has since led to a rise in leasing activity. Several AI and other tech companies across San Francisco have expanded into sublet spaces. 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.

As a result, leasing volume in the past six months has reached its highest level in two years, and net absorption, which had been negative by more than -2 million SF in each of the previous three quarters, was barely negative in the first quarter of 2024.

Despite these positive signs, the overall leasing market in San Francisco remains weak, and activity levels remain well below their pre-pandemic benchmarks.

As measured by Kastle Data Systems key card activity, office attendance in downtown San Francisco increased slightly in the first months 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 overall vacancy rate for the San Francisco Market is 22.2% in the third quarter. Annual net absorption was negative by -5.4 million SF and, with 11.7 million SF of sublease space available, the availability rate has increased to 26.1%. Two-thirds of available sublet space is vacant. By comparison, the national availability rate currently stands at 16.6%.

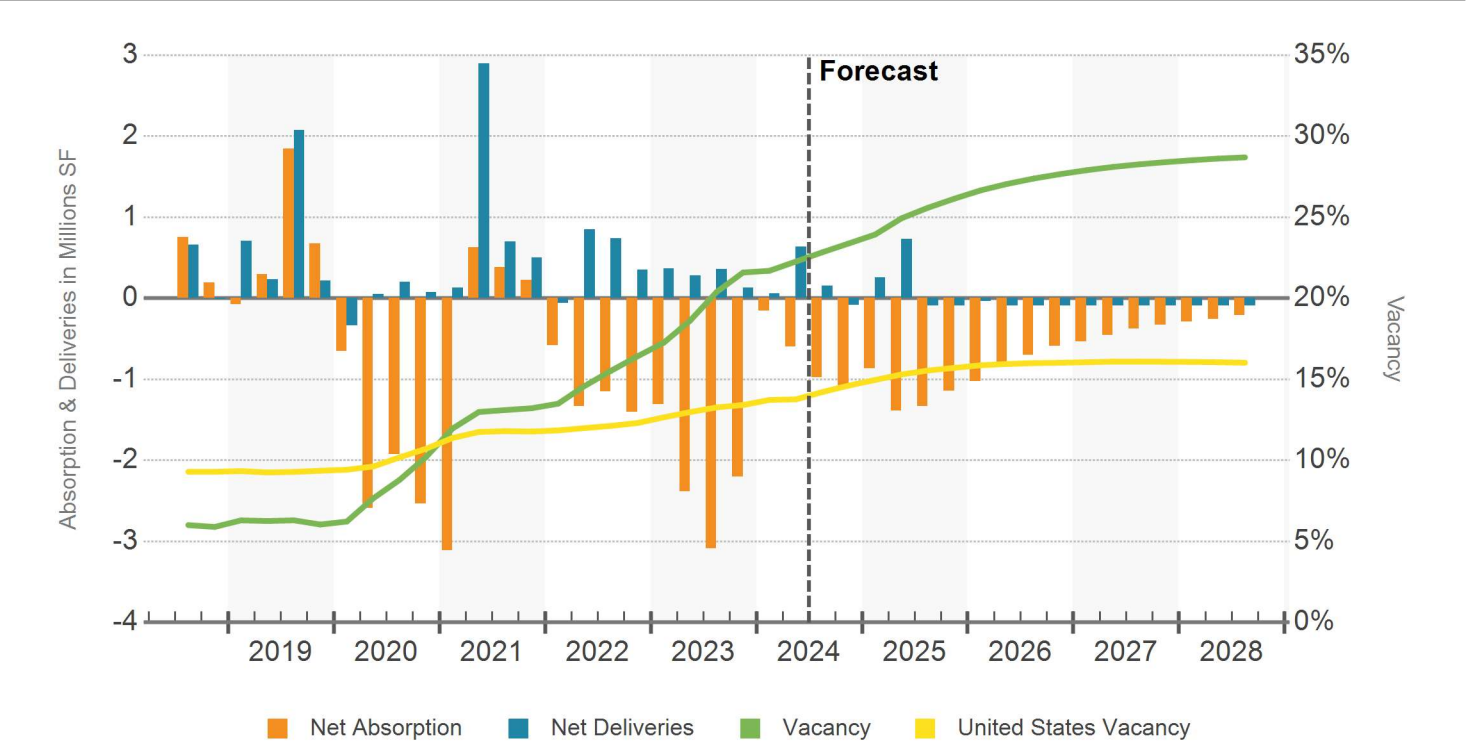
Downtown San Francisco, which encompasses the financial district and neighboring submarkets, has, by many measures, witnessed the steepest decline of all office markets in the nation. The vacancy rate among leased office buildings downtown increased from 6.5% in 2019 to 30% in the third quarter, and more than one-third of leased space is currently available.

So far, 2024 has seen fewer of the large additions to availability than hit the market in 2023, when Meta, Slack, Salesforce, LinkedIn, and Microsoft collectively vacated over 1 million SF in downtown San Francisco. However, several sizeable leases that were signed before the pandemic are set to expire in the next year, and these will likely lead to more downsizings. For example, in May 2024, Google announced it would not renew its nearly 300,000 SF lease in Spear Tower, which expires in 2025.

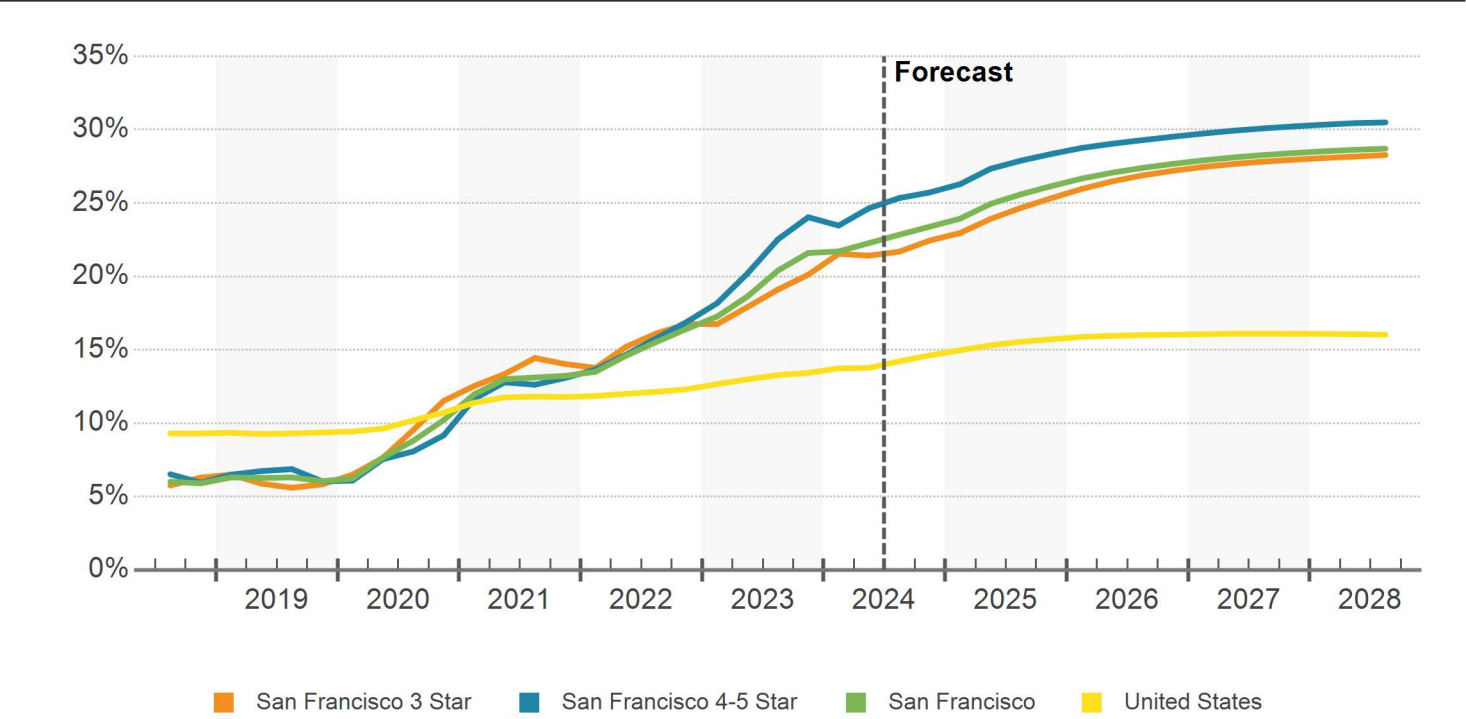
Tenants continue to sign new leases in downtown San Francisco. For example, management software company Rippling expanded into 123,000 SF at 430 California Street in April. Landlords that can offer tenants generous incentives or elevated amenities are having some success with corporate relocations. For instance, Goodwin Proctor moved from 3 Embarcadero Center to 525 Market St in April, taking 60,000 SF. According to reports, the prospect of access to a new \$20 million amenity floor was an important consideration.

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

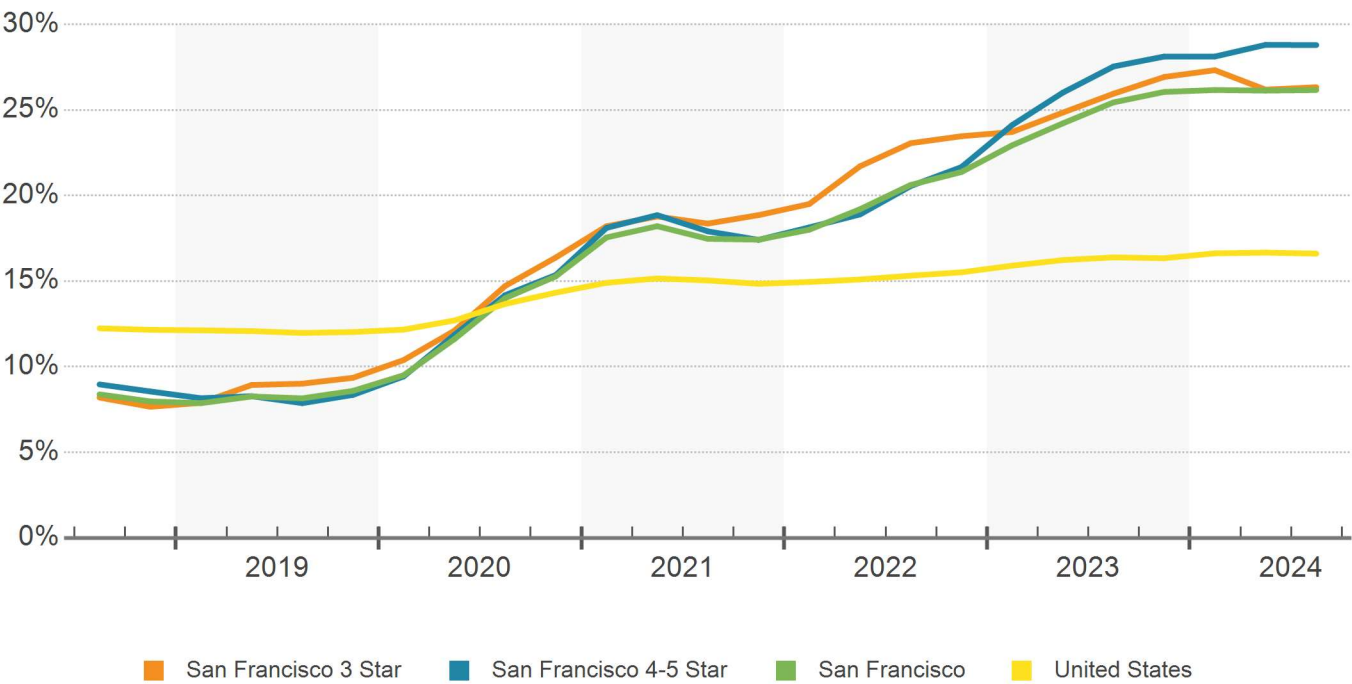
NET ABSORPTION, NET DELIVERIES & VACANCY



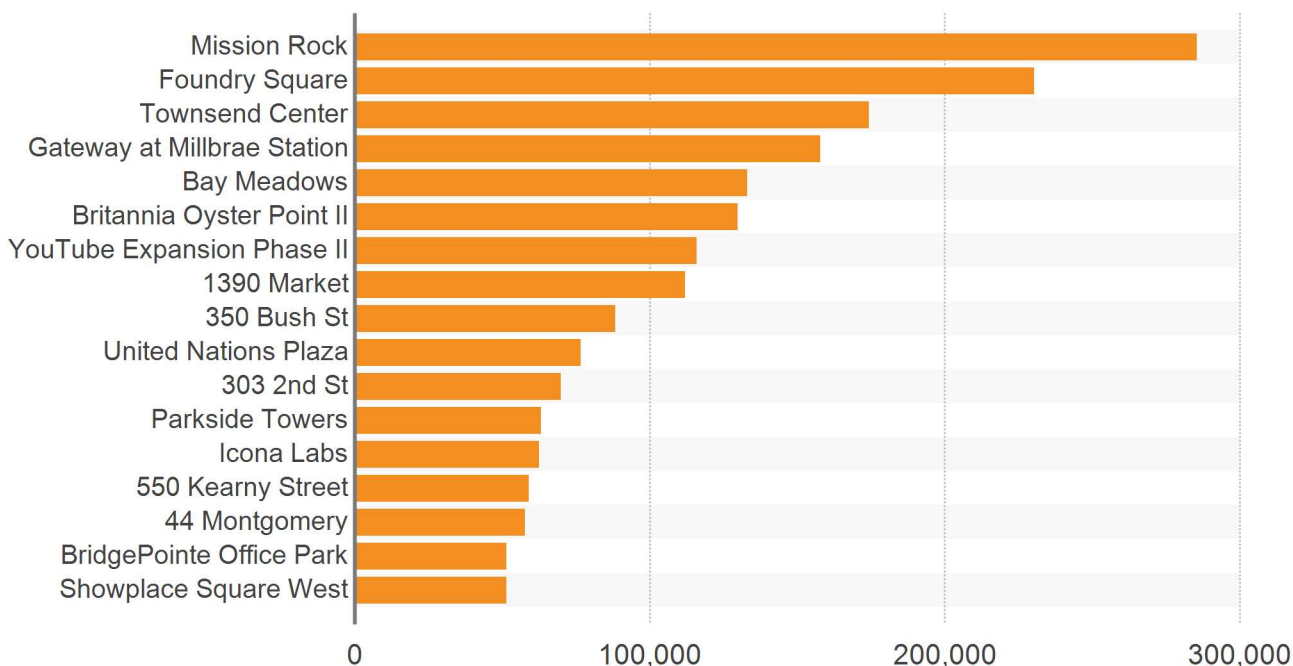
VACANCY RATE



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
Mission Rock	Mission Bay/China B...	315,000	17,345	0	297,469	0	0	285,392
Foundry Square	South Financial District	247,238	5,446	0	0	0	0	230,325
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
Bay Meadows	San Mateo	209,860	53,854	133,137	0	0	0	133,137
Britannia Oyster Point II	South San Francisco	134,237	0	33,559	0	0	0	129,765
YouTube Expansion Phase II	San Bruno/Millbrae	116,000	0	0	0	0	0	116,000
1390 Market	MidMarket	233,911	107,631	112,080	0	0	0	112,080
350 Bush St	Financial District	492,020	48,595	65,409	0	22,976	0	88,385
United Nations Plaza	MidMarket	76,500	0	76,500	0	0	0	76,500
303 2nd St	Rincon/South Beach	784,658	307,161	22,187	24,862	0	0	69,851
Parkside Towers	Foster City/Redwood...	399,422	87,677	0	21,076	0	0	63,165
Icona Labs	Mission Bay/China B...	750,370	473,161	26,302	0	0	0	62,559
550 Kearny Street	Financial District	196,438	50,236	0	92,338	(14,582)	0	59,082
44 Montgomery	Financial District	692,000	112,558	(6,152)	13,580	1,229	0	57,745
BridgePointe Office Park	San Mateo	67,986	0	0	52,567	0	0	51,494
Showplace Square West	Showplace Square	72,182	0	2,300	43,441	0	0	51,414
Subtotal Primary Competitors		5,723,880	1,429,047	623,016	541,308	187,857	0	1,918,798
Remaining San Francisco Market		186,841,875	41,411,796	(779,092)	(1,141,732)	(138,989)	0	(7,347,786)
Total San Francisco Market		192,565,755	42,840,843	(156,076)	(600,424)	48,868	0	(5,428,989)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
UBER HQ	Mission Bay/China Basin	486,600	Q4 23	OpenAI	Raise Commercial R...	JLL
Foundry Square	South Financial District	230,325	Q4 23	Anthropic	Raise Commercial R...	CBRE
900 Jefferson Ave *	Redwood City	226,197	Q4 23	Box, Inc	-	-
Townsend Center	Showplace Square	178,234	Q1 24	Scale AI	-	CBRE
Gateway at Millbrae Station	San Bruno/Millbrae	157,692	Q4 23	SamTrans	CBRE	CBRE
1455 Market	MidMarket	157,154	Q2 24	City & County of San Fran...	-	Cushman & Wakefield;...
Foundry Square *	South Financial District	153,000	Q2 24	Orrick	-	JLL
505 Brannan St	South of Market	148,146	Q1 24	Adyen	-	JLL
KPMG Building *	South Financial District	142,785	Q1 24	KPMG LLP	-	CBRE
Pacific Shores Center	Redwood City	141,181	Q4 23	Google	-	-
Alexandria Technology Campus *	South San Francisco	140,234	Q1 24	Insitro, Inc.	-	JLL
Charles Schwab Plaza	South Financial District	135,687	Q4 23	Charles Schwab & Co., Inc.	-	-
Union Bank	Financial District	123,320	Q2 24	Rippling	CBRE	CBRE
Alexandria Center for Life Science	Belmont/San Carlos	99,557	Q3 23	CARGO Therapeutics	-	JLL
Embarcadero Center *	Financial District	99,551	Q1 24	Pillsbury Winthrop Shaw...	Savills	BXP
Phelan Building *	Union Square	97,606	Q1 24	Figma	-	CBRE
Alexandria Center for Life Science *	Belmont/San Carlos	77,734	Q3 23	Vaxcyte, Inc.	-	Are-san Francisco No 9...
215 Fremont St *	South Financial District	64,774	Q2 24	-	-	CBRE
Park Place At Bay Meadows	San Mateo	62,000	Q3 23	Zynga	-	-
600 Harrison St *	Rincon/South Beach	59,207	Q2 24	Udemy	Savills	CBRE
525 Market St	South Financial District	58,992	Q1 24	-	-	Cushman & Wakefield
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	Q1 24	Corcept Therapeutics Inc.	-	Exponent
Redwood LIFE *	Foster City/Redwood Shrs	50,305	Q3 23	Adicet Bio, Inc.	-	Westport Office Park LLC
Parkside Towers	Foster City/Redwood Shrs	48,815	Q1 24	Replit	Lee & Associates	Newmark
Livat San Francisco	MidMarket	46,000	Q1 24	Industrious	-	-
475 Sansome St	Financial District	44,341	Q1 24	Grammarly	JLL;Newmark	JLL
West Bldg *	Showplace Square	41,403	Q4 23	Patreon	-	JLL
Transbay Transit Center	South Financial District	41,379	Q2 24	Zendesk	-	JLL
235 2nd St	South Financial District	41,104	Q3 24	Sierra	-	Transwestern Real Est...
50 California St	Financial District	40,250	Q2 24	WilmerHale	-	Shorenstein Properties
Britannia Seaport Centre	Redwood City	39,966	Q4 23	Revolution Medicines Inc	-	-
100 CAL	Financial District	39,168	Q2 24	Capital One	-	Cushman & Wakefield
Levi's Plaza	Waterfront/North Beach	37,675	Q4 23	Snap, Inc	Cushman & Wakefield	Avison Young;Cushma...
United Nations Plaza	MidMarket	37,102	Q1 24	Felton Institute	Avison Young	JLL
Transbay Transit Center	South Financial District	36,467	Q4 23	Navan	Raise Commercial R...	JLL
Foundry Square	South Financial District	36,427	Q2 24	-	-	CBRE
Metro Center	Foster City/Redwood Shrs	36,318	Q1 24	Mirum Pharmaceuticals	-	CBRE;Cushman & Wa...
680 Folsom St	South Financial District	34,679	Q3 23	Yahoo! Inc	-	JLL

*Renewal

The growing imbalance between demand and supply in the office leasing market continues to drive rents downwards. San Francisco average asking rents, at \$52/SF, are down from a peak of \$76/SF in the second half of 2019, a 30% decrease. However, the rate of decline has slowed in the past year, and as of the third quarter, rents are just -1.5% below where they were this time last year.

With 6.0% of the market's inventory available for sublease, office owners have no leverage to push rental rates. Instead, landlords are trying to hold face rates and achieve longer lease terms by offering higher tenant improvement allowances and longer rent-free periods. This appeals to tenants. With abundant sublease space, tenants are averse to new leases requiring capital investment.

While the 30% fall in rents from 2019 appears steep, it is still significantly less than the corresponding increase during the previous boom. Before the pandemic, San Francisco experienced an impressive 140% run-up in rental rates from 2010 to 2019, compared to a 40%

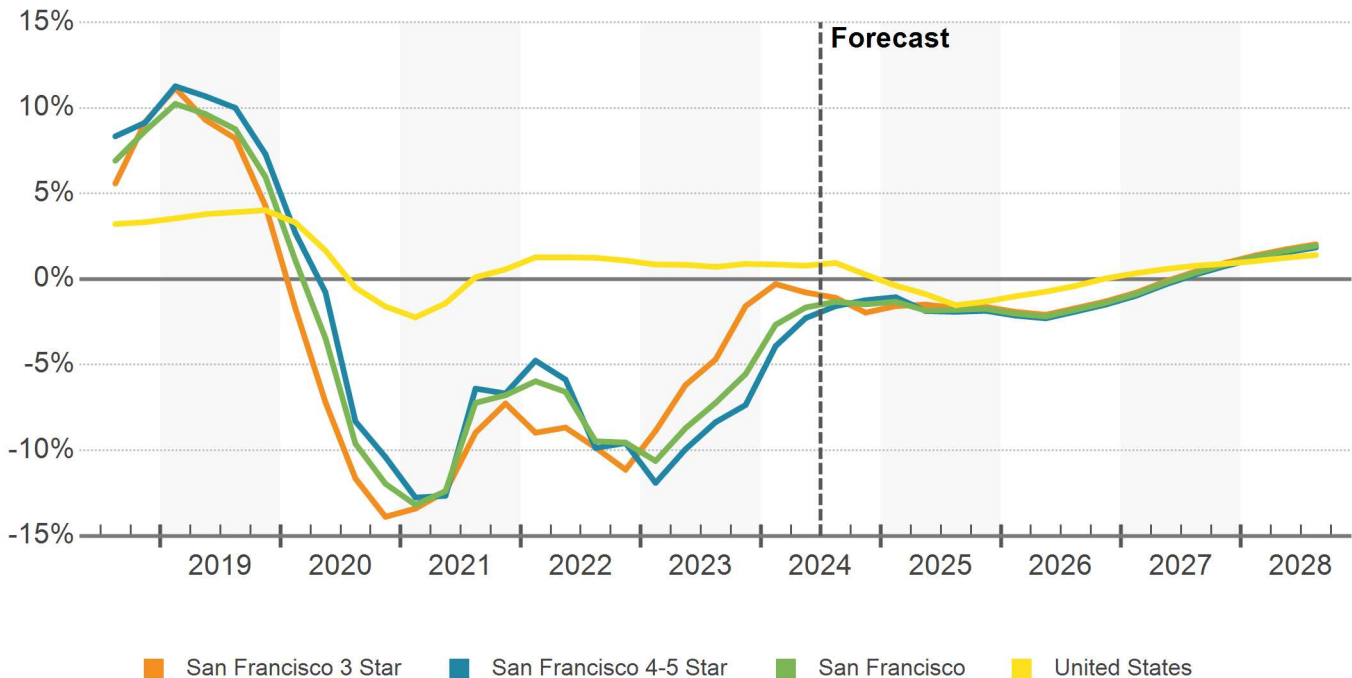
increase nationwide. The sharp rent increase in San Francisco sparked the migration of some tenants from San Francisco to the lower-cost East Bay.

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

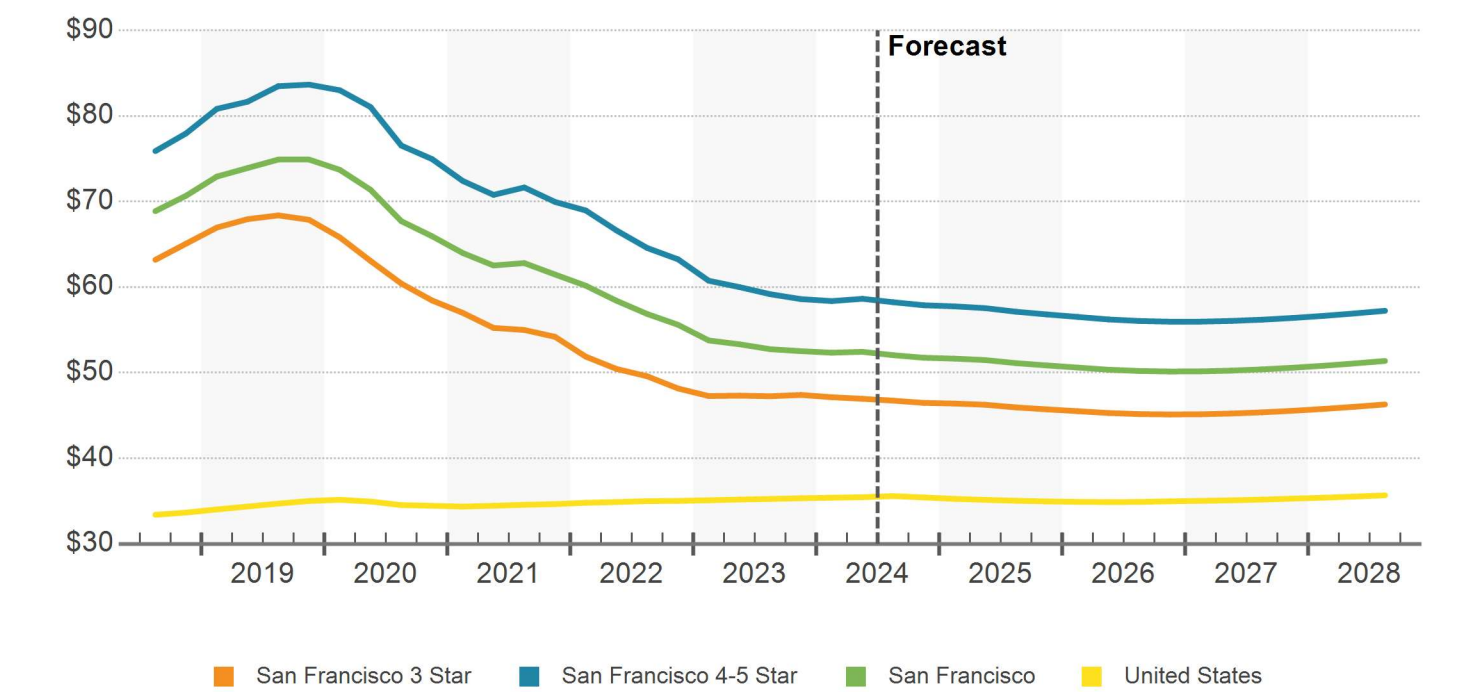
Some recent listings in San Francisco suggest that average rents may fall further. In early October, the new owner of 550 California St., Peninsula Land & Capital, put almost 300,000 SF on the market at a full-service asking rent as low as \$36/SF. The listing came just a few weeks after the building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

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

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Francisco	\$1.21	\$2.28	\$1.64	\$8.30	\$7.89	\$21.32
San Mateo Central County	\$1.17	\$1.61	\$1.59	\$8.91	\$6.67	\$19.95
San Mateo North County	\$1.09	\$1.68	\$1.70	\$10.05	\$6.01	\$20.53
San Mateo South County	\$1.08	\$1.67	\$1.68	\$7.39	\$5.70	\$17.52
SF Downtown Core	\$1.13	\$3.35	\$1.76	\$8.37	\$10.97	\$25.58
SF Downtown North	\$1.03	\$2.73	\$1.68	\$7.10	\$9.77	\$22.31
SF Downtown South	\$1.61	\$2.58	\$1.41	\$7.26	\$7.98	\$20.84
SF Downtown West	\$0.82	\$2.63	\$1.65	\$7.88	\$8.96	\$21.94
SF Outer Areas	\$1.12	\$2.84	\$2.17	\$4.45	\$10.18	\$20.76
SF Southeast	\$1.93	\$1.89	\$1.30	\$9.53	\$7.94	\$22.59

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	\$1.01	\$1.78	\$1.27	\$6.50	\$5.92	\$16.48
San Mateo Central County	\$1.04	\$0.99	\$1.11	\$7.31	\$5.78	\$16.23
San Mateo North County	\$1	\$0.99	\$1.11	\$6.95	\$5.28	\$15.33
San Mateo South County	\$0.97	\$0.98	\$1.13	\$9.28	\$5.01	\$17.37
San Mateo West County	\$0.71	\$0.91	\$1.03	\$6.12	\$5.28	\$14.05
SF Downtown Core	\$1.07	\$3.15	\$1.56	\$6.43	\$6.98	\$19.19
SF Downtown North	\$0.93	\$2.51	\$1.39	\$5.68	\$6.01	\$16.52
SF Downtown South	\$1.38	\$2.43	\$1.33	\$5.38	\$5.85	\$16.37
SF Downtown West	\$0.72	\$2.46	\$1.48	\$5.49	\$6.57	\$16.72
SF Outer Areas	\$0.66	\$1.06	\$1.16	\$4.45	\$6.51	\$13.84
SF Southeast	\$1.12	\$1.72	\$1.24	\$5.67	\$6.29	\$16.04

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	\$0.76	\$1.47	\$1.03	\$5.27	\$2.36	\$10.89
San Mateo Central County	\$0.71	\$0.96	\$1.07	\$5.99	\$2.61	\$11.34
San Mateo North County	\$0.72	\$0.96	\$1.08	\$4.46	\$1.85	\$9.07
San Mateo South County	\$0.72	\$0.97	\$1.13	\$6.33	\$1.71	\$10.86
San Mateo West County	\$0.66	\$0.98	\$1.11	\$5.61	\$2.04	\$10.40
SF Downtown Core	\$0.99	\$2.74	\$0.90	\$5.79	\$3.49	\$13.91
SF Downtown North	\$0.87	\$2.32	\$0.84	\$6.06	\$2.81	\$12.90
SF Downtown South	\$0.94	\$2.34	\$0.86	\$4.47	\$2.81	\$11.42
SF Downtown West	\$0.73	\$2.25	\$0.83	\$4.81	\$2.86	\$11.48
SF Outer Areas	\$0.68	\$1.10	\$1.15	\$5.06	\$2.22	\$10.21
SF Southeast	\$0.71	\$1.34	\$1.03	\$3.09	\$2.25	\$8.42
Treasure/Yerba Buena Island	\$0.51	\$0.98	\$1.13	\$3.61	\$2.62	\$8.85

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

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

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

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

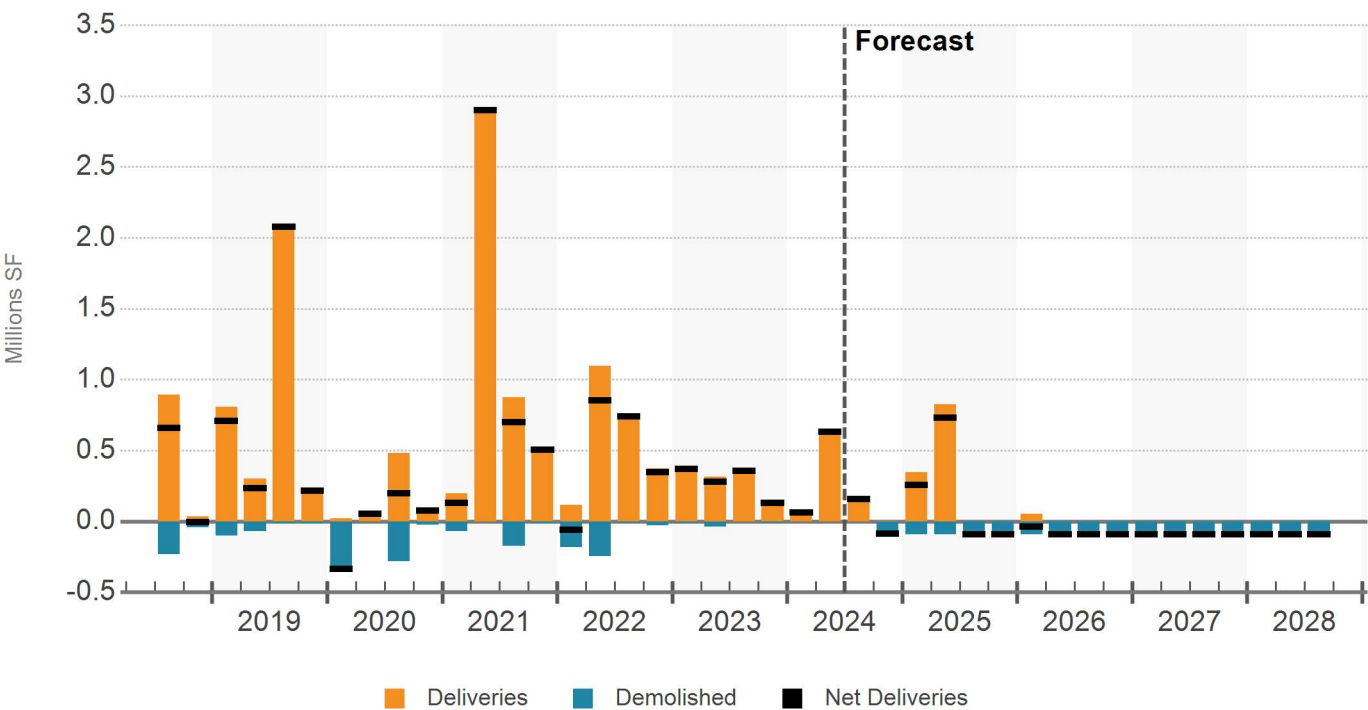
Several approved developments have been delayed due to canceled commitments and unforeseen economic challenges. Most notably, construction was halted in San

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

Other projects that have been delayed 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.

About 1.1 million SF of new office space completed during the past 12 months. Major completions include Building B at Mission Rock in Mission Bay, a 311,000-SF life science building available for lease.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

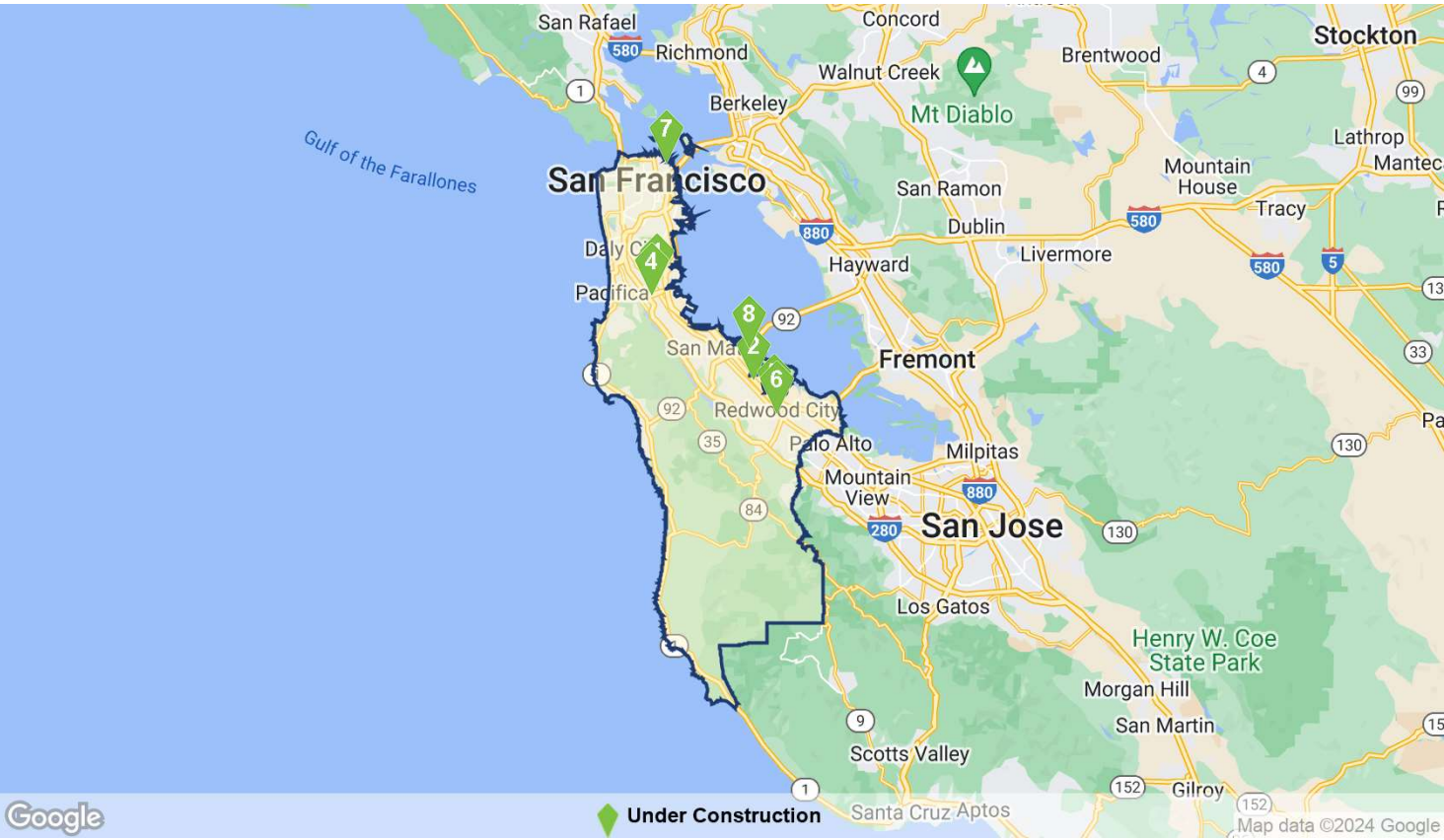
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	San Bruno/Millbrae	2	440	440	100%	1	31,041	220,000	3
2	South San Francisco	1	345	345	100%	1	53,805	345,000	1
3	Redwood City	2	306	189	61.8%	5	26,332	153,000	4
4	Belmont/San Carlos	1	234	0	0%	6	17,242	234,000	2
5	Financial District	1	52	52	100%	1	183,012	52,481	5
6	Foster City/Redwood Shrs	1	5	5	100%	1	102,549	5,000	6
7	Bayview/Hunters Point	0	-	-	-	-	24,237	-	-
8	Brisbane/Daly City	0	-	-	-	-	27,134	-	-
9	Burlingame	0	-	-	-	-	34,135	-	-
10	Civic Center	0	-	-	-	-	68,754	-	-
	All Other	0	-	-	-		41,813	-	
Totals		8	1,382	1,031	74.6%		47,059	172,810	

Under Construction Properties

San Francisco Office

Properties	Square Feet	Percent of Inventory	Released
8	1,382,481	0.7%	74.6%

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	Mar 2025	Truebeck Construction Trammell Crow Company
3 Bldg 2 1350 Grundy Ln	★★★★★	220,000	3	Aug 2023	Mar 2025	- Google
4 Bldg 1 1300 Bayhill Dr	★★★★★	220,000	3	Jan 2023	Mar 2025	Google Google
5 San Mateo County Office... 617 Hamilton St	★★★★★	156,000	5	Aug 2021	Aug 2024	Truebeck Construction County Board Of Supervisors
6 The Nest 200 Lathrop St	★★★★★	150,000	4	Sep 2022	Apr 2025	Greystar Real Estate Partners Ben Kopf
7 545 Sansome Addition 545 Sansome St	★★★★★	52,481	8	Feb 2024	Jan 2026	SHVO Inc Aegon Asset Management

Under Construction Properties

San Francisco Office

UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8	Family Dental 581 Foster City Blvd	★ ★ ★ ★ ★	5,000	1	Aug 2022	Sep 2024	-

San Francisco's office investment market is in turmoil. The combination of substantially higher vacancy, lower rents, and more expensive debt has caused price declines of 50% or more. For many owners who acquired or refinanced their properties during the boom period, the market value of their investments is now less than the outstanding amount of their loans.

The precipitous fall in pricing is causing widespread distress. In the years before the pandemic, average pricing for San Francisco office properties increased above \$800/SF. Many CMBS loans written in 2015-2019 were issued based on valuations above \$1,000/SF.

Sales in the past year have mostly closed at prices under \$400/SF. The reality of the downward revision in pricing has caused many borrowers to default on their loans, hoping to force lenders to grant concessions, such as extensions on maturing loans. Other owners have thrown in the towel, transferring deeds in lieu of foreclosure to the lender.

For example, in 2018, Rubicon Point Partners acquired 1128 Market Street for \$49 million, or \$552/sf, taking out a \$42 million loan from East West Bank with a 2025 maturity date. In December 2023, the owner defaulted on the loan and transferred the deed in lieu of foreclosure to East West Bank. The property was listed for sale in March 2024 with pricing guidance of \$8.9 million, or \$100/SF.

In other examples, owners have collaborated with lenders to transfer ownership to a new entity. In many cases, these short sales include a full loss for the owner and a partial loss for the lender. For example, in September 2023, Blackstone agreed to sell Embarcadero

Square for around \$90 million, having acquired the property for \$245 million in 2018. In this case, the lender agreed to the sale even though the sale price was well below the building's outstanding \$150 million loan.

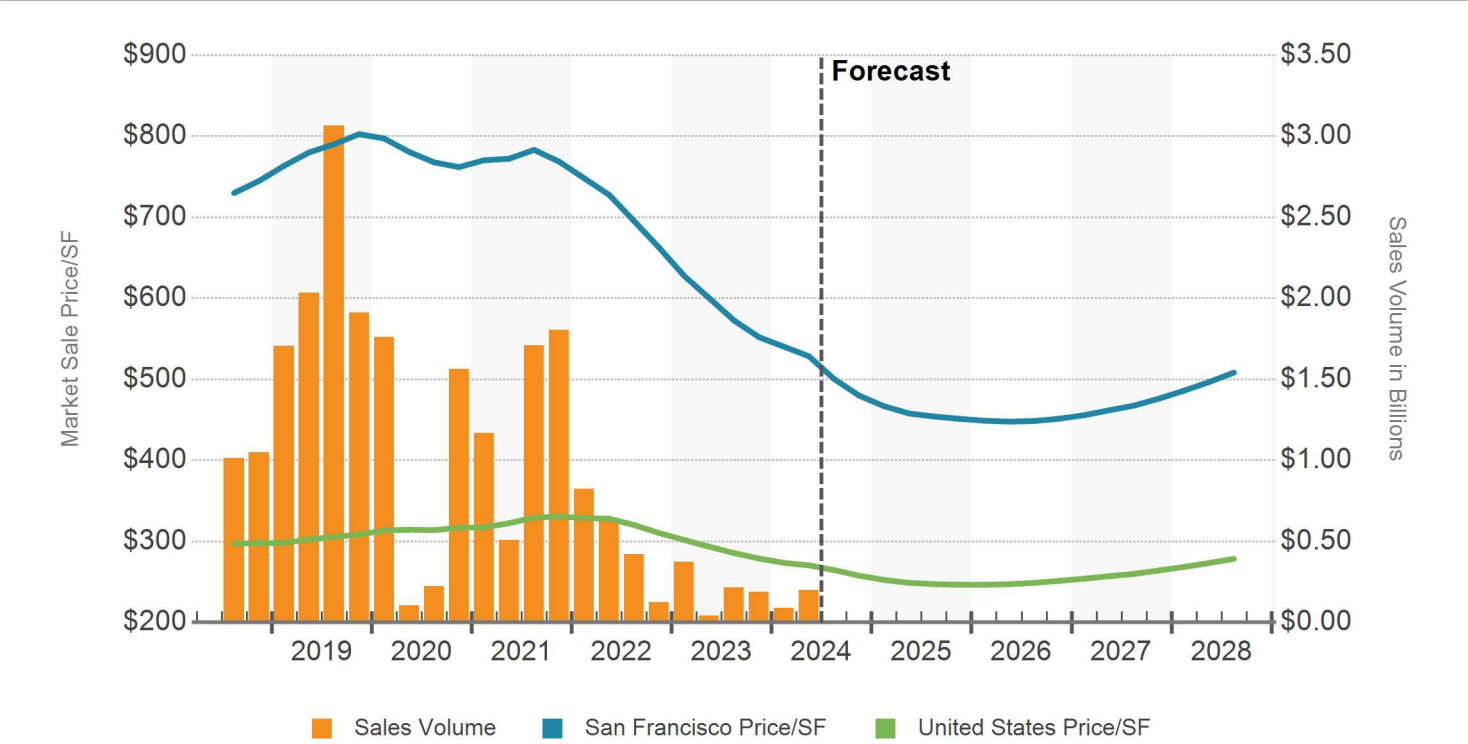
Most properties sold in the past year are impaired with high vacancy or short-term leases. Value is, therefore, being judged on a price-per-pound basis and often underwritten to unlevered internal rates of return as debt is increasingly difficult to source. Competition among buyers has been strong, with local all-cash buyers finding the most success in picking up deals at discounted prices.

However, distressed sales are not the only transactions to close in the past year. The low point in terms of pricing was set by the sale of two owner-occupied buildings that had outlasted the needs of their corporate occupiers. The buildings previously occupied by Wells Fargo at 350 California St. and Union Bank at 550 California St. sold for \$205/SF and \$115/SF, respectively.

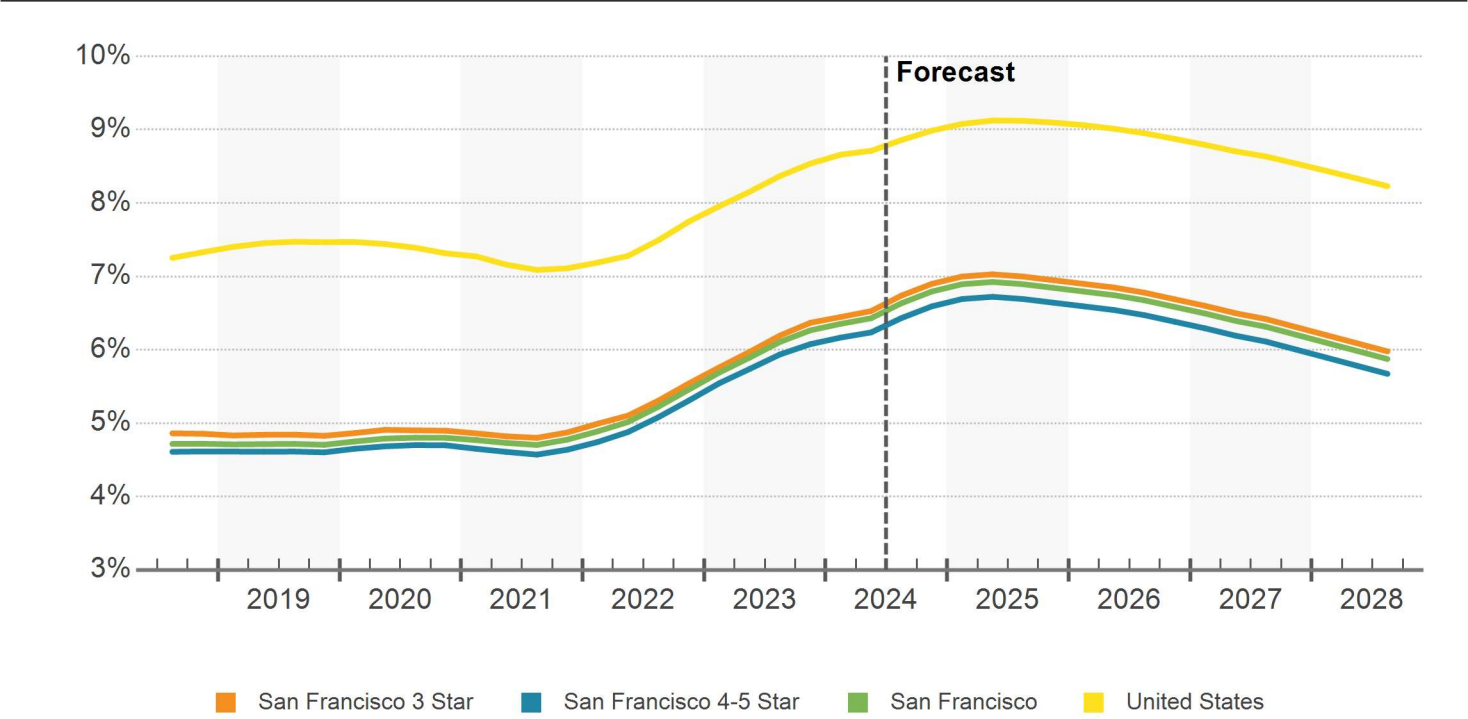
Moreover, some institutional investors have also moved to reduce their exposure to San Francisco office by selling assets, even if that has meant taking a haircut. For example, in August 2023, Clarion Partners sold 60 Spear St. for \$41 million, or \$260/SF. The 157,000 SF building was previously traded in 2014 for \$680/SF.

Expect the slow but steady transfer of ownership of distressed properties to continue in the year ahead as owners and lenders book losses and place properties on the market. The structural oversupply of office space in San Francisco will keep pricing low for the foreseeable future.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

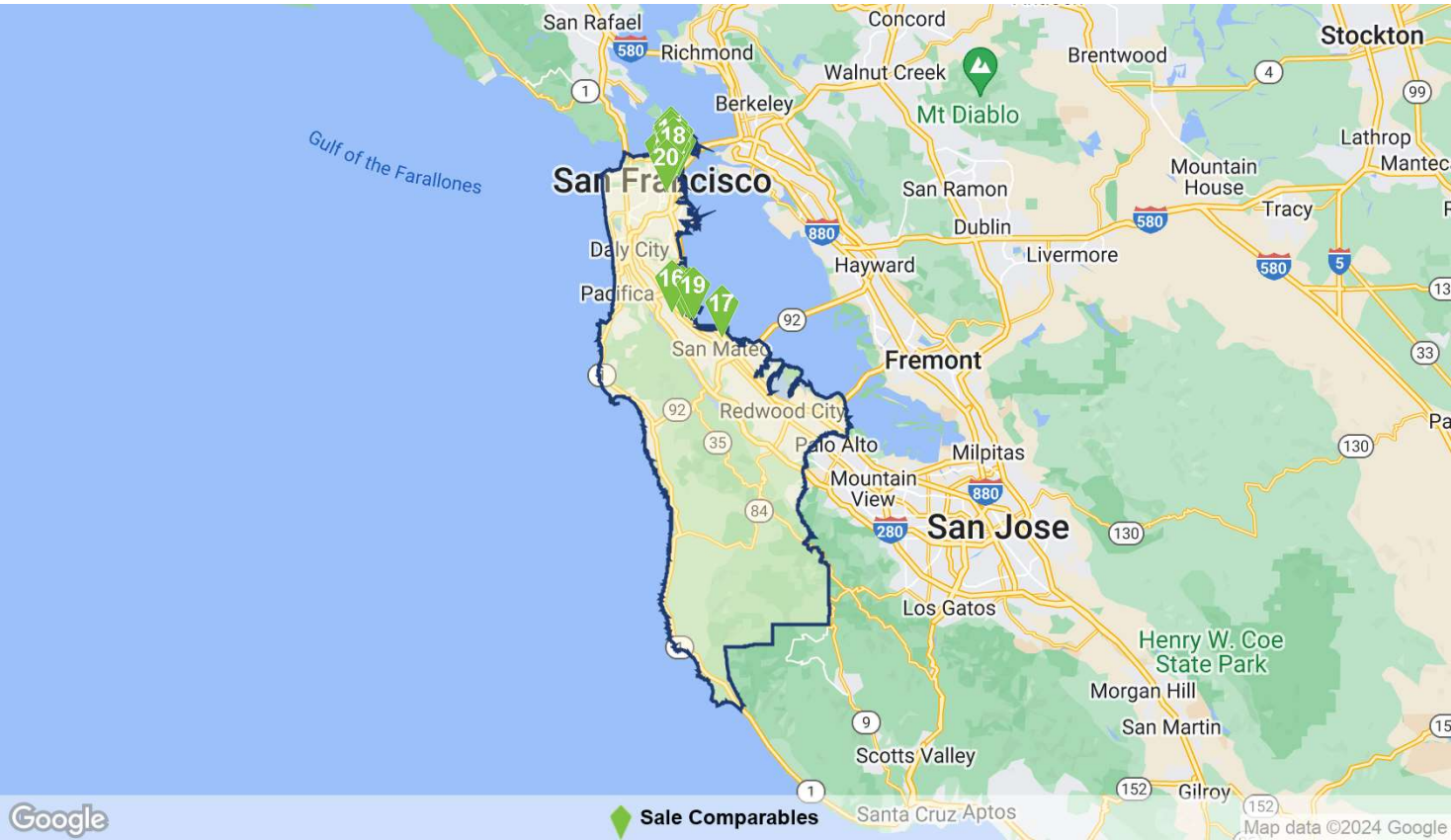


Sales Past 12 Months

San Francisco Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
71	7.2%	\$218	42.9%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$550,000	\$12,836,675	\$3,950,000	\$72,000,000
Price/SF	\$73	\$218	\$525	\$1,508
Cap Rate	4.2%	7.2%	7.4%	8.8%
Time Since Sale in Months	0.5	5.9	5.1	11.6
Property Attributes	Low	Average	Median	High
Building SF	1,398	64,779	7,609	1,320,000
Stories	1	4	2	22
Typical Floor SF	542	8,338	3,788	60,000
Vacancy Rate At Sale	0%	42.9%	0%	100%
Year Built	1900	1938	1928	2023
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

San Francisco Office

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Townsend Bldg 123 Townsend St	★★★★★	1903	136,950	22.2%	10/30/2023	\$72,000,000	\$526	-
2 Union Bank of California 350 California St	★★★★★	1976	305,000	86.3%	8/31/2023	\$61,050,000	\$200	-
3 The Little Fox Theatre 535 Pacific Ave	★★★★★	1907	39,586	0%	2/9/2024	\$59,700,000	\$1,508	-
4 Borel Bldg II 180-182 Howard St	★★★★★	1978	205,690	0%	11/14/2023	\$54,000,000	\$263	-
5 Gateway at Millbrae Stati... 166 N Rollins Rd	★★★★★	2023	179,288	0%	6/4/2024	\$48,400,000	\$270	-
6 1455 Market 1455 Market St	★★★★★	1976	1,320,000	48.2%	4/1/2024	\$43,500,000	\$73	-
7 60-88 Spear St	★★★★★	1967	167,436	64.2%	8/11/2023	\$41,000,000	\$245	-
8 California Tower 550 California St	★★★★★	1960	360,529	98.6%	9/23/2023	\$40,470,000	\$112	-
9 115 Sansome St 115 Sansome St	★★★★★	1913	114,451	57.2%	12/14/2023	\$34,000,000	\$297	-
10 300 California St	★★★★★	1946	119,000	55.5%	5/21/2024	\$28,500,000	\$239	-
11 600 Townsend East 600 Townsend St	★★★★★	1903	87,405	100%	9/28/2023	\$25,350,000	\$290	-
12 410 Townsend St	★★★★★	1912	78,000	62.9%	4/17/2024	\$22,000,000	\$282	-
13 1710 Gilbreth Rd	★★★★★	1950	34,504	0%	8/9/2023	\$15,100,000	\$438	-
14 150 Green St	★★★★★	1917	25,000	0%	10/4/2023	\$11,150,000	\$446	-
15 Engine Company No. 1 451 Pacific Ave	★★★★★	1908	10,264	100%	5/13/2024	\$8,750,000	\$852	-
16 Millbrae Professional Bu... 1301 Broadway	★★★★★	1959	7,609	0%	4/12/2024	\$7,100,000	\$933	-
17 241 N Amphlett Blvd	★★★★★	1961	8,800	0%	7/2/2024	\$7,040,000	\$800	7.8%
18 144-154 2nd St	★★★★★	1910	30,996	16.7%	5/31/2024	\$6,550,000	\$211	-
19 1575 Bayshore Hwy	★★★★★	1972	19,200	37.0%	3/28/2024	\$6,400,000	\$333	-
20 2745-2747 19th St	★★★★★	1935	7,565	0%	2/2/2024	\$5,800,000	\$767	-

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

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

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

The cycle abruptly turned downwards in early 2020. By

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

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

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

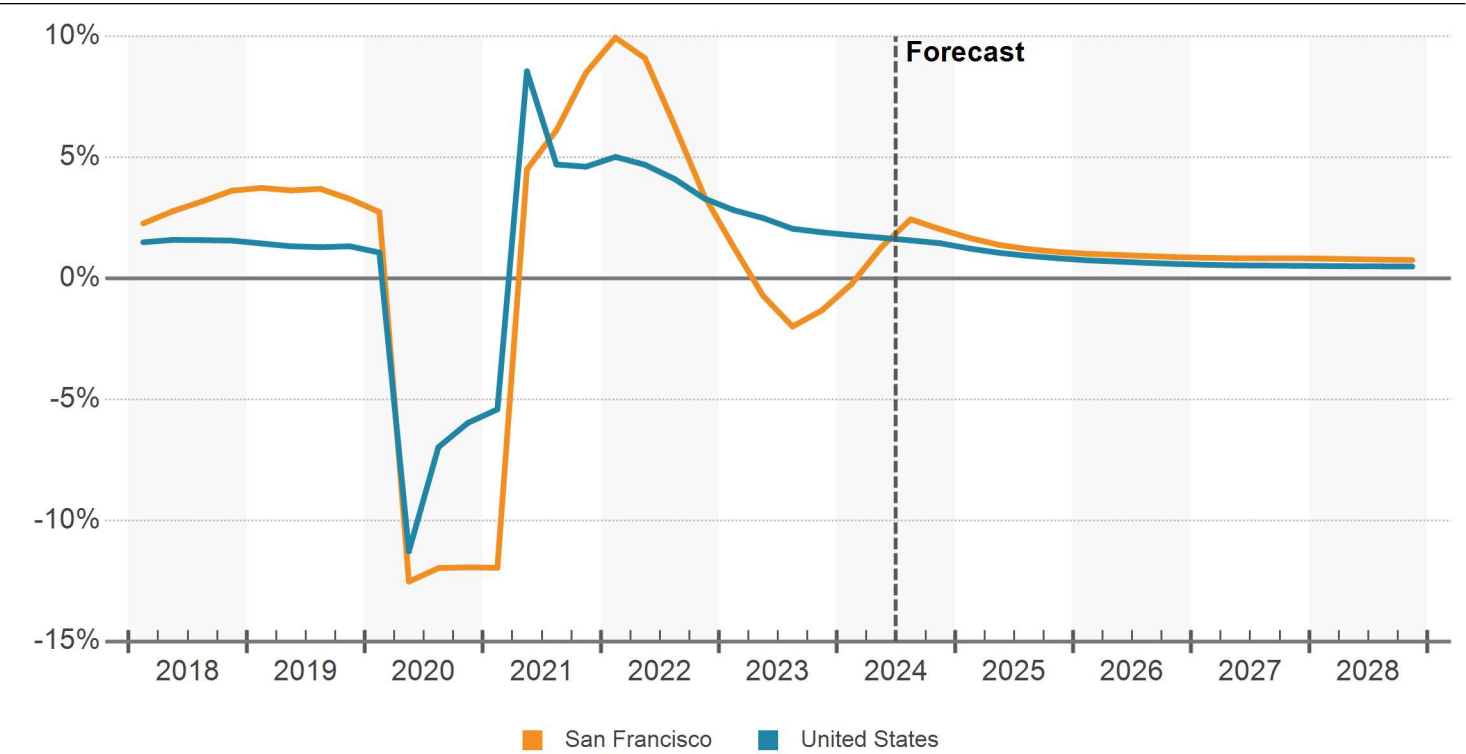
Total employment is now slightly ahead of where it was pre-pandemic. However, with the increase in flexible working practices, it is unclear how many of those employed by San Francisco businesses live in the metro area. After falling to a 10-year low of 2.3% in 2022, the unemployment rate has increased to almost 3.5%.

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	36	0.4	-0.13%	0.50%	-0.37%	0.67%	0.60%	0.44%
Trade, Transportation and Utilities	131	0.6	-0.09%	0.38%	-0.47%	1.01%	0.09%	0.36%
Retail Trade	65	0.6	-0.18%	0.52%	-2.11%	0.25%	0.00%	0.25%
Financial Activities	82	1.2	-0.16%	0.57%	1.21%	1.51%	0.12%	0.37%
Government	142	0.8	1.61%	2.39%	1.79%	0.63%	0.80%	0.68%
Natural Resources, Mining and Construction	43	0.6	3.34%	2.42%	2.52%	2.34%	1.05%	0.85%
Education and Health Services	158	0.8	3.91%	3.59%	2.55%	2.03%	0.76%	0.80%
Professional and Business Services	302	1.8	0.65%	0.72%	2.39%	1.87%	1.23%	0.72%
Information	119	5.3	-1.03%	-0.35%	8.01%	1.08%	1.94%	0.64%
Leisure and Hospitality	132	1.0	5.39%	2.81%	0.02%	1.50%	1.17%	0.99%
Other Services	38	0.9	1.96%	1.55%	-0.44%	0.59%	0.78%	0.54%
Total Employment	1,183	1.0	1.50%	1.66%	1.82%	1.34%	0.94%	0.65%

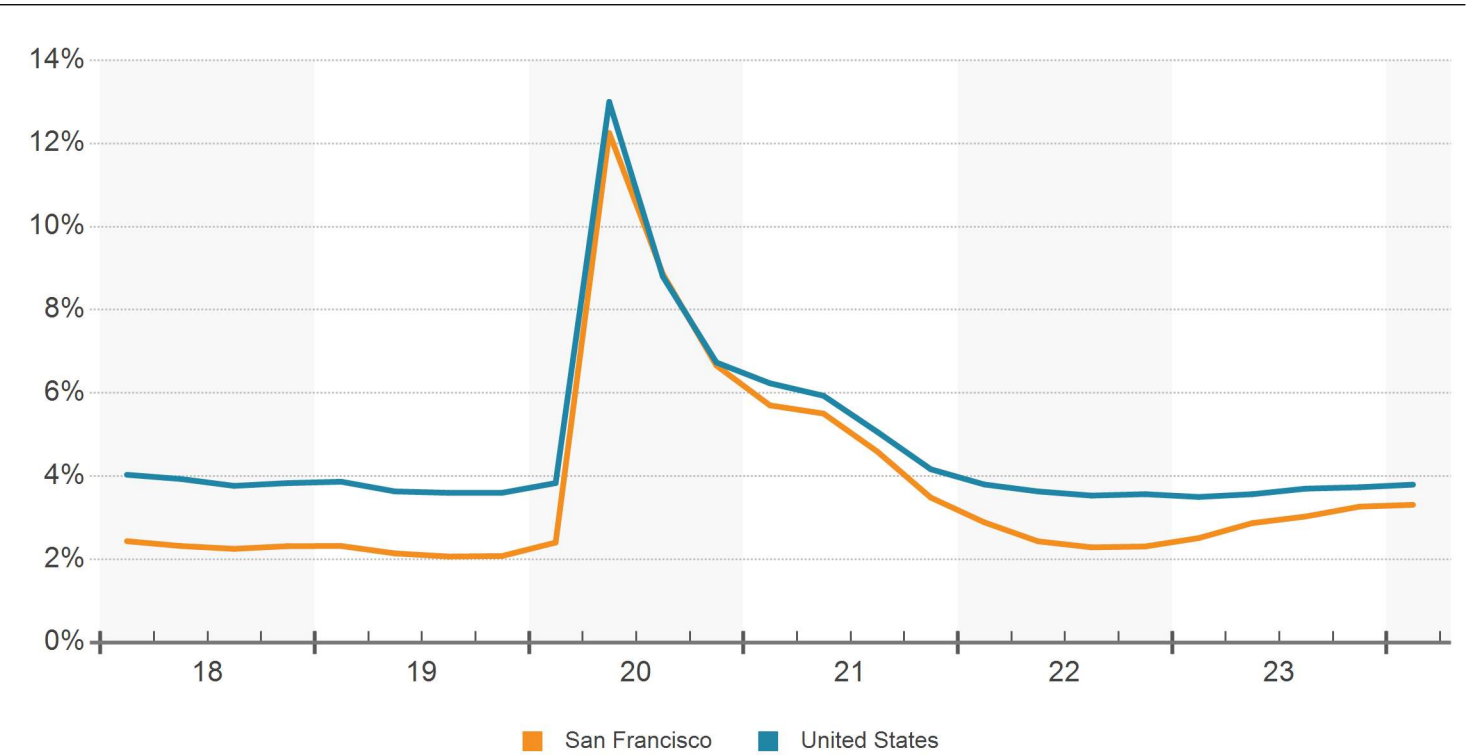
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

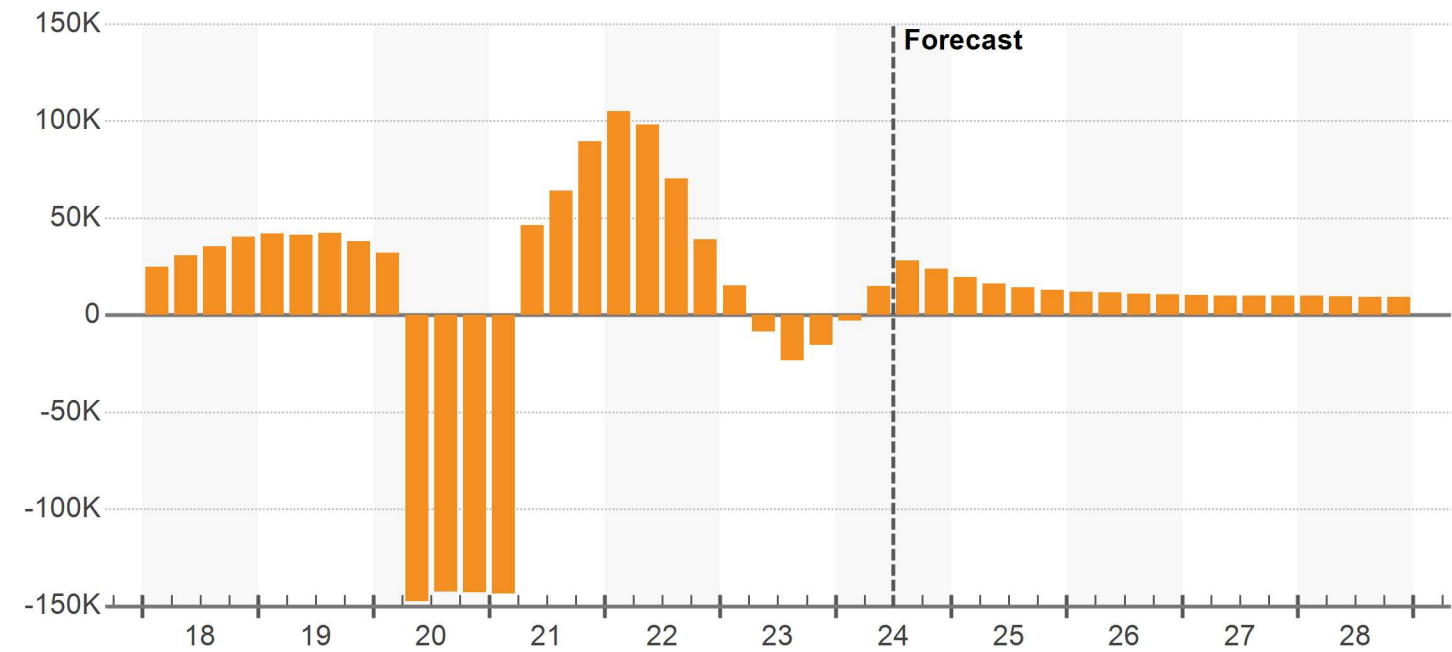


Source: Oxford Economics

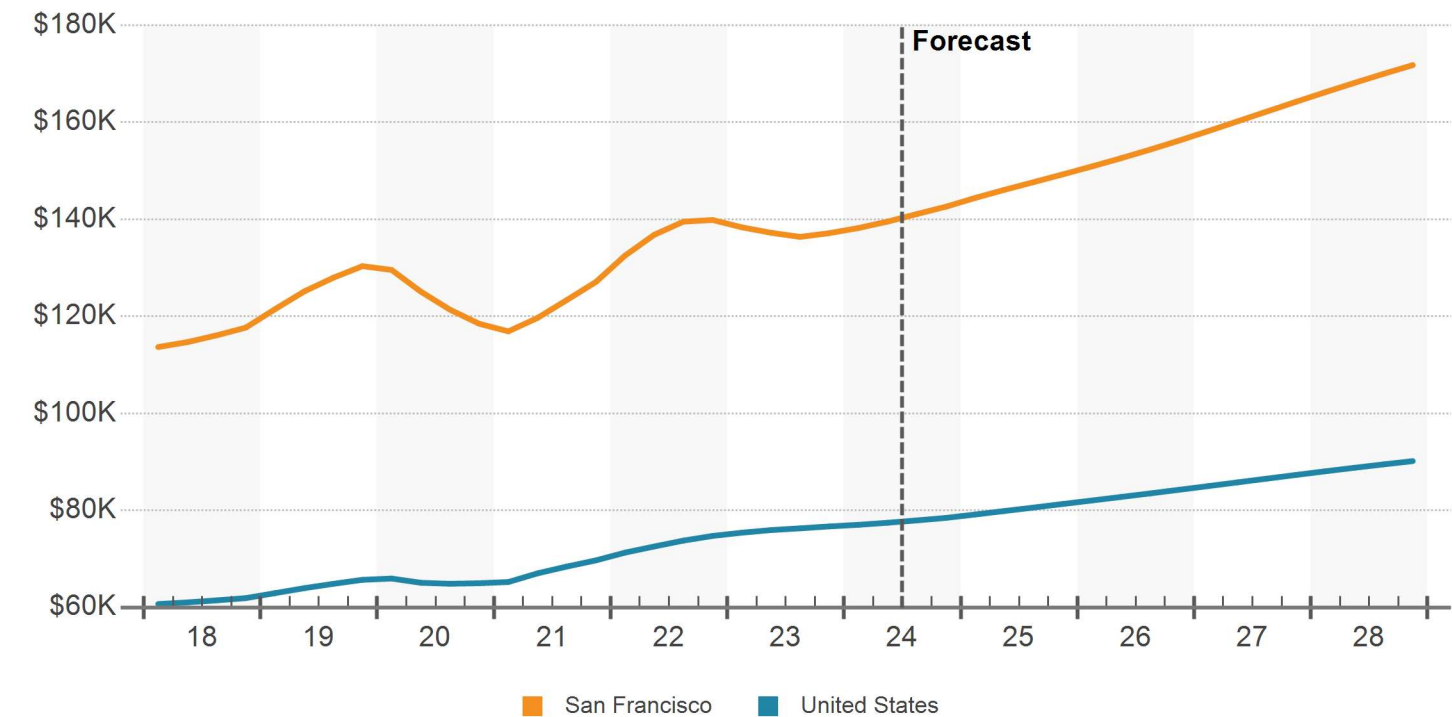
UNEMPLOYMENT RATE (%)



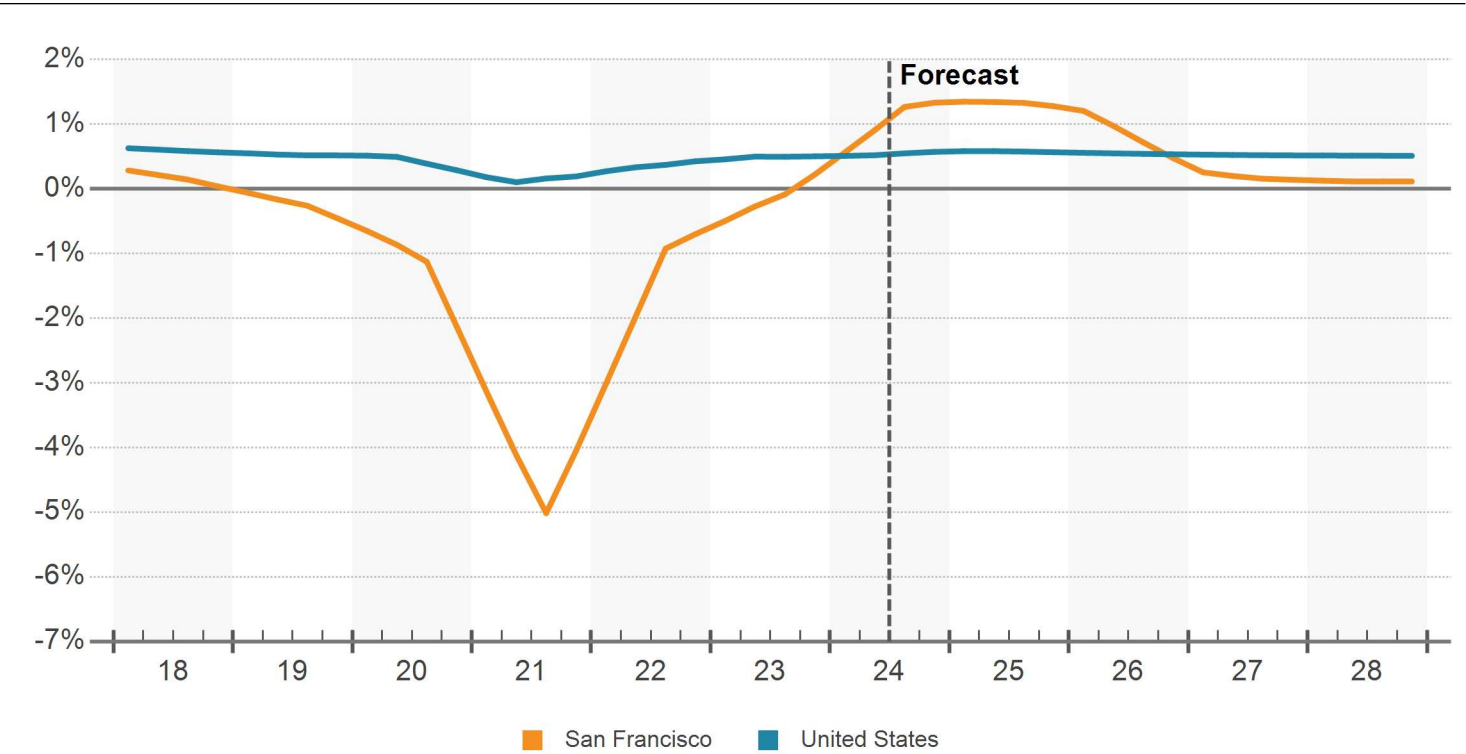
NET EMPLOYMENT CHANGE (YOY)



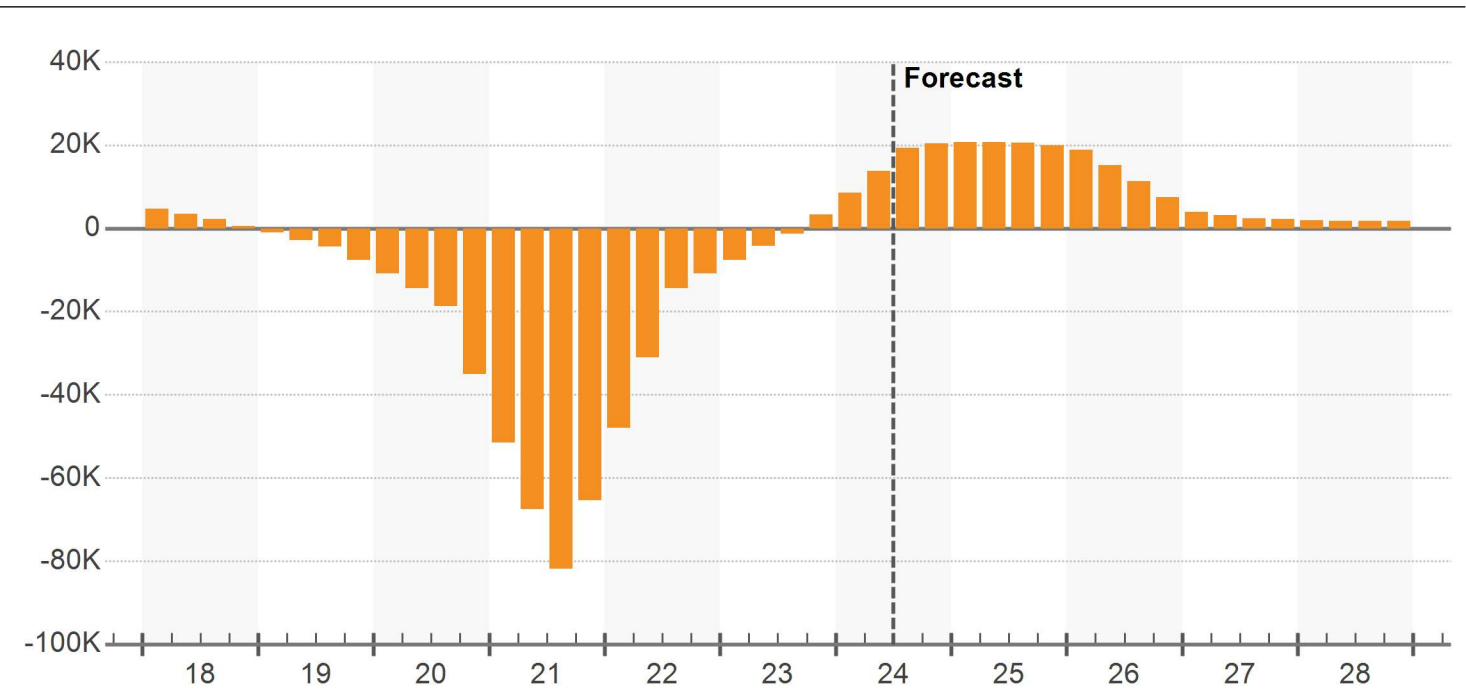
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

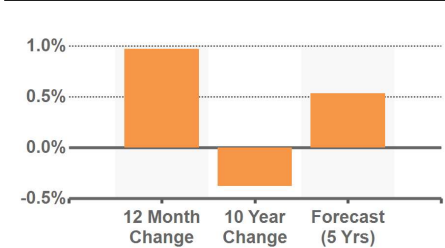


DEMOGRAPHIC TRENDS

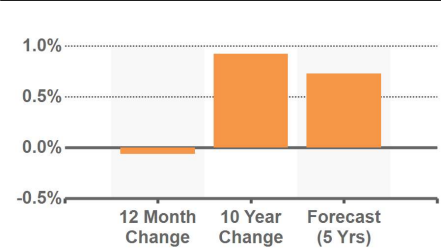
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,550,507	336,346,094	1.0%	0.5%	-0.4%	0.5%	0.5%	0.5%
Households	630,939	131,419,313	1.1%	0.7%	0.1%	0.9%	0.6%	0.6%
Median Household Income	\$139,835	\$77,565	2.0%	2.0%	4.8%	3.9%	4.7%	3.4%
Labor Force	1,039,145	167,938,938	-0.1%	0.6%	0.9%	0.8%	0.7%	0.5%
Unemployment	3.3%	3.8%	0.4%	0.2%	-0.1%	-0.2%	-	-

Source: Oxford Economics

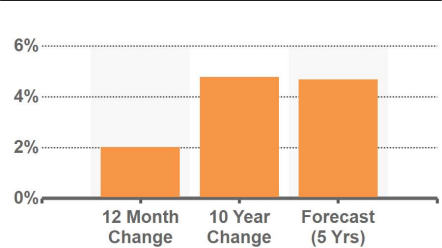
POPULATION GROWTH



LABOR FORCE GROWTH

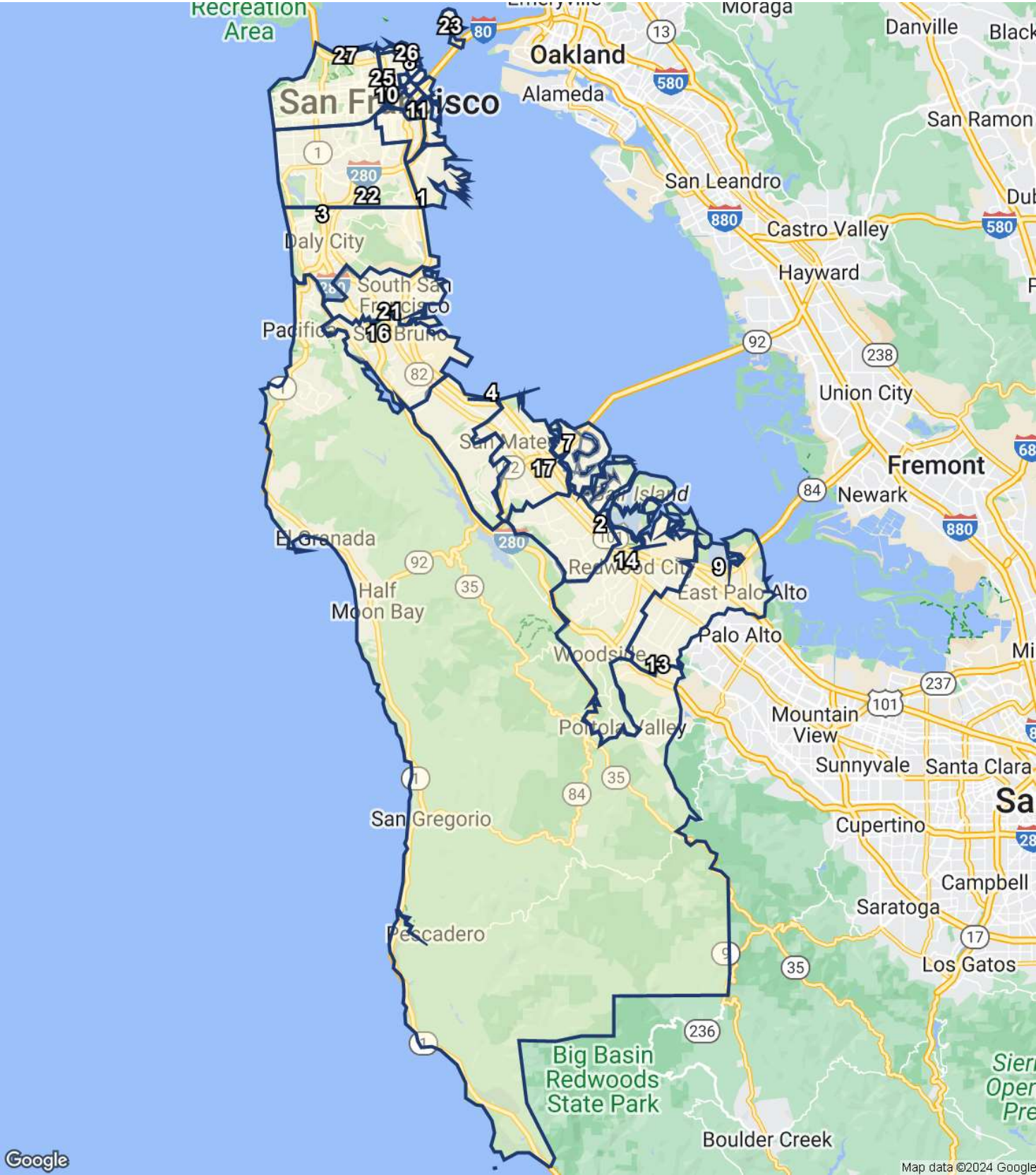


INCOME GROWTH



Source: Oxford Economics

SAN FRANCISCO SUBMARKETS



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	2,655	1.4%	22	1	18	0.7%	8	1	234	8.8%	4
3	Brisbane/Daly City	89	2,415	1.3%	24	0	0	0%	-	0	-	-	-
4	Burlingame	128	4,369	2.3%	18	2	221	5.1%	3	0	-	-	-
5	Civic Center	64	4,400	2.3%	17	0	0	0%	-	0	-	-	-
6	Financial District	174	31,844	16.5%	1	0	0	0%	-	1	52	0.2%	5
7	Foster City/Redwood Shrs	97	9,947	5.2%	5	0	0	0%	-	1	5	0.1%	6
8	Jackson Square	121	3,344	1.7%	21	0	0	0%	-	0	-	-	-
9	Menlo Park	282	10,997	5.7%	3	0	0	0%	-	0	-	-	-
10	MidMarket	83	8,049	4.2%	7	0	0	0%	-	0	-	-	-
11	Mission Bay/China Basin	34	5,871	3.0%	11	1	254	4.3%	2	0	-	-	-
12	Mission/Potrero	190	3,701	1.9%	19	0	0	0%	-	0	-	-	-
13	Peninsula Coastline	138	692	0.4%	26	1	4	0.5%	9	0	-	-	-
14	Redwood City	312	8,216	4.3%	6	0	0	0%	-	2	306	3.7%	3
15	Rincon/South Beach	137	7,765	4.0%	8	0	0	0%	-	0	-	-	-
16	San Bruno/Millbrae	85	2,638	1.4%	23	1	116	4.4%	4	2	440	16.7%	1
17	San Mateo	321	10,314	5.4%	4	1	33	0.3%	6	0	-	-	-
18	Showplace Square	56	4,828	2.5%	14	1	25	0.5%	7	0	-	-	-
19	South Financial District	165	31,807	16.5%	2	0	0	0%	-	0	-	-	-
20	South of Market	254	5,433	2.8%	13	2	79	1.5%	5	0	-	-	-
21	South San Francisco	130	6,995	3.6%	9	1	375	5.4%	1	1	345	4.9%	2
22	Southern City	189	1,390	0.7%	25	0	0	0%	-	0	-	-	-
23	Treasure/Yerba Buena Isl...	2	39	0%	28	0	0	0%	-	0	-	-	-
24	Union Square	117	5,733	3.0%	12	0	0	0%	-	0	-	-	-
25	Van Ness/Chinatown	168	3,501	1.8%	20	0	0	0%	-	0	-	-	-
26	Waterfront/North Beach	104	4,636	2.4%	15	0	0	0%	-	0	-	-	-
27	West of Van Ness	398	5,875	3.1%	10	0	0	0%	-	0	-	-	-
28	Yerba Buena	74	4,482	2.3%	16	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Bayview/Hunters Point	\$31.76	28	-1.6%	20	-5.8%	26
2	Belmont/San Carlos	\$53.22	7	-1.2%	14	-0.3%	18
3	Brisbane/Daly City	\$42	22	-1.4%	15	-0.3%	17
4	Burlingame	\$51.60	10	-0.5%	1	-1.1%	20
5	Civic Center	\$46.11	14	-1.4%	16	0%	13
6	Financial District	\$51.72	9	-2.1%	28	1.0%	4
7	Foster City/Redwood Shrs	\$60.70	2	-1.4%	18	0.6%	8
8	Jackson Square	\$47.35	13	-0.8%	8	-1.7%	21
9	Menlo Park	\$73.60	1	-0.9%	9	0.5%	9
10	MidMarket	\$48.55	12	-1.6%	21	0%	12
11	Mission Bay/China Basin	\$57.26	5	-2.1%	27	1.1%	3
12	Mission/Potrero	\$39.27	25	-1.0%	11	-5.4%	23
13	Peninsula Coastline	\$35.97	27	-0.6%	2	-5.8%	25
14	Redwood City	\$57.89	4	-1.2%	12	0.5%	10
15	Rincon/South Beach	\$45.16	18	-1.6%	22	0%	14
16	San Bruno/Millbrae	\$45.31	17	-1.2%	13	-0.3%	16
17	San Mateo	\$58.14	3	-0.6%	3	0.5%	11
18	Showplace Square	\$42.99	20	-1.4%	17	0.6%	7
19	South Financial District	\$56.65	6	-1.7%	25	1.7%	1
20	South of Market	\$37.73	26	-1.8%	26	-5.5%	24
21	South San Francisco	\$50.91	11	-1.6%	23	1.3%	2
22	Southern City	\$42.45	21	-0.7%	4	-6.1%	27
23	Treasure/Yerba Buena Isl...	\$39.36	24	-0.8%	6	-12.9%	28
24	Union Square	\$44.56	19	-1.5%	19	-1.0%	19
25	Van Ness/Chinatown	\$40.43	23	-0.7%	5	0.9%	6
26	Waterfront/North Beach	\$45.59	16	-0.8%	7	-0.2%	15
27	West of Van Ness	\$51.77	8	-1.0%	10	-3.3%	22
28	Yerba Buena	\$45.73	15	-1.7%	24	0.9%	5

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bayview/Hunters Point	73,148	11.6%	8	(57,396)	-9.1%	15	-
2	Belmont/San Carlos	557,218	21.0%	17	(180,245)	-6.8%	21	-
3	Brisbane/Daly City	384,156	15.9%	13	(234,813)	-9.7%	22	-
4	Burlingame	429,019	9.8%	7	29,544	0.7%	4	6.3
5	Civic Center	247,805	5.6%	3	8,923	0.2%	6	-
6	Financial District	9,350,681	29.4%	25	(1,080,319)	-3.4%	27	-
7	Foster City/Redwood Shrs	1,255,285	12.6%	11	(12,222)	-0.1%	12	-
8	Jackson Square	525,594	15.7%	12	102,955	3.1%	3	-
9	Menlo Park	2,207,956	20.1%	16	(920,464)	-8.4%	26	-
10	MidMarket	2,099,791	26.1%	21	(636,312)	-7.9%	25	-
11	Mission Bay/China Basin	1,589,930	27.1%	22	(111,111)	-1.9%	18	-
12	Mission/Potrero	281,119	7.6%	4	13,943	0.4%	5	-
13	Peninsula Coastline	29,693	4.3%	2	3,765	0.5%	8	1.0
14	Redwood City	1,488,414	18.1%	14	(67,913)	-0.8%	16	-
15	Rincon/South Beach	1,973,435	25.4%	19	8,559	0.1%	7	-
16	San Bruno/Millbrae	236,129	8.9%	5	257,024	9.7%	1	0.5
17	San Mateo	1,987,395	19.3%	15	(296,980)	-2.9%	23	-
18	Showplace Square	1,244,658	25.8%	20	211,114	4.4%	2	0.1
19	South Financial District	8,724,490	27.4%	23	(1,715,045)	-5.4%	28	-
20	South of Market	1,557,956	28.7%	24	(29,098)	-0.5%	14	-
21	South San Francisco	834,688	11.9%	9	(20,461)	-0.3%	13	-
22	Southern City	57,632	4.1%	1	(2,860)	-0.2%	11	-
23	Treasure/Yerba Buena Isl...	-	-	-	0	0%	-	-
24	Union Square	1,436,955	25.1%	18	(154,327)	-2.7%	20	-
25	Van Ness/Chinatown	431,560	12.3%	10	(80,249)	-2.3%	17	-
26	Waterfront/North Beach	1,390,283	30.0%	26	(324,286)	-7.0%	24	-
27	West of Van Ness	537,018	9.1%	6	(141,981)	-2.4%	19	-
28	Yerba Buena	1,908,835	42.6%	27	1,264	0%	9	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	192,390,290	(366,388)	-0.2%	(975,166)	-0.5%	-
2027	192,756,678	(367,072)	-0.2%	(1,691,755)	-0.9%	-
2026	193,123,750	(315,276)	-0.2%	(3,151,615)	-1.6%	-
2025	193,439,026	802,531	0.4%	(4,726,928)	-2.4%	-
2024	192,636,495	764,961	0.4%	(2,849,056)	-1.5%	-
YTD	192,565,755	694,221	0.4%	(707,632)	-0.4%	-
2023	191,871,534	1,132,523	0.6%	(8,981,092)	-4.7%	-
2022	190,739,011	1,875,484	1.0%	(4,475,552)	-2.3%	-
2021	188,863,527	4,235,599	2.3%	(1,876,941)	-1.0%	-
2020	184,627,928	(10,824)	0%	(7,707,088)	-4.2%	-
2019	184,638,752	3,276,289	1.8%	2,740,474	1.5%	1.2
2018	181,362,463	4,217,138	2.4%	4,956,709	2.7%	0.9
2017	177,145,325	640,502	0.4%	158,684	0.1%	4.0
2016	176,504,823	2,458,671	1.4%	1,675,225	0.9%	1.5
2015	174,046,152	2,084,215	1.2%	2,996,026	1.7%	0.7
2014	171,961,937	106,165	0.1%	3,384,346	2.0%	0
2013	171,855,772	(682,620)	-0.4%	2,125,077	1.2%	-
2012	172,538,392	322,125	0.2%	1,432,491	0.8%	0.2

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	105,593,895	0	0%	(366,850)	-0.3%	-
2027	105,593,895	0	0%	(746,540)	-0.7%	-
2026	105,593,895	52,481	0%	(1,202,281)	-1.1%	-
2025	105,541,414	1,169,000	1.1%	(1,899,406)	-1.8%	-
2024	104,372,414	788,299	0.8%	(1,164,790)	-1.1%	-
YTD	104,216,414	632,299	0.6%	(368,770)	-0.4%	-
2023	103,584,115	1,064,645	1.0%	(6,503,915)	-6.3%	-
2022	102,519,470	2,121,804	2.1%	(2,067,001)	-2.0%	-
2021	100,397,666	4,444,520	4.6%	108,201	0.1%	41.1
2020	95,953,146	248,627	0.3%	(2,774,072)	-2.9%	-
2019	95,704,519	3,144,400	3.4%	2,867,154	3.0%	1.1
2018	92,560,119	4,555,097	5.2%	5,321,472	5.7%	0.9
2017	88,005,022	867,851	1.0%	520,602	0.6%	1.7
2016	87,137,171	2,031,537	2.4%	1,603,406	1.8%	1.3
2015	85,105,634	2,099,938	2.5%	2,470,441	2.9%	0.9
2014	83,005,696	604,710	0.7%	2,253,123	2.7%	0.3
2013	82,400,986	(29,047)	0%	1,508,779	1.8%	-
2012	82,430,033	513,002	0.6%	1,777,559	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	56,871,140	0	0%	(221,069)	-0.4%	-
2027	56,871,140	0	0%	(432,758)	-0.8%	-
2026	56,871,140	0	0%	(1,061,376)	-1.9%	-
2025	56,871,140	0	0%	(1,639,790)	-2.9%	-
2024	56,871,140	63,222	0.1%	(1,274,109)	-2.2%	-
YTD	56,866,140	58,222	0.1%	(495,258)	-0.9%	-
2023	56,807,918	116,000	0.2%	(1,810,301)	-3.2%	-
2022	56,691,918	(164,434)	-0.3%	(1,690,093)	-3.0%	-
2021	56,856,352	(62,389)	-0.1%	(1,479,519)	-2.6%	-
2020	56,918,741	18,513	0%	(3,221,477)	-5.7%	-
2019	56,900,228	113,736	0.2%	343,366	0.6%	0.3
2018	56,786,492	(117,482)	-0.2%	(188,031)	-0.3%	-
2017	56,903,974	(181,841)	-0.3%	(482,521)	-0.8%	-
2016	57,085,815	636,364	1.1%	406,848	0.7%	1.6
2015	56,449,451	115,048	0.2%	370,132	0.7%	0.3
2014	56,334,403	(350,818)	-0.6%	1,041,754	1.8%	-
2013	56,685,221	(148,198)	-0.3%	753,053	1.3%	-
2012	56,833,419	(38,528)	-0.1%	(366,060)	-0.6%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	29,925,255	(366,388)	-1.2%	(387,247)	-1.3%	-
2027	30,291,643	(367,072)	-1.2%	(512,457)	-1.7%	-
2026	30,658,715	(367,757)	-1.2%	(887,958)	-2.9%	-
2025	31,026,472	(366,469)	-1.2%	(1,187,732)	-3.8%	-
2024	31,392,941	(86,560)	-0.3%	(410,157)	-1.3%	-
YTD	31,483,201	3,700	0%	156,396	0.5%	0
2023	31,479,501	(48,122)	-0.2%	(666,876)	-2.1%	-
2022	31,527,623	(81,886)	-0.3%	(718,458)	-2.3%	-
2021	31,609,509	(146,532)	-0.5%	(505,623)	-1.6%	-
2020	31,756,041	(277,964)	-0.9%	(1,711,539)	-5.4%	-
2019	32,034,005	18,153	0.1%	(470,046)	-1.5%	-
2018	32,015,852	(220,477)	-0.7%	(176,732)	-0.6%	-
2017	32,236,329	(45,508)	-0.1%	120,603	0.4%	-
2016	32,281,837	(209,230)	-0.6%	(335,029)	-1.0%	-
2015	32,491,067	(130,771)	-0.4%	155,453	0.5%	-
2014	32,621,838	(147,727)	-0.5%	89,469	0.3%	-
2013	32,769,565	(505,375)	-1.5%	(136,755)	-0.4%	-
2012	33,274,940	(152,349)	-0.5%	20,992	0.1%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$51.68	135	2.2%	-31.0%	55,373,840	28.8%	0.4%
2027	\$50.58	132	0.9%	-32.5%	54,759,940	28.4%	0.7%
2026	\$50.14	131	-1.4%	-33.1%	53,430,243	27.7%	1.5%
2025	\$50.85	133	-1.7%	-32.1%	50,588,889	26.2%	2.8%
2024	\$51.74	135	-1.5%	-30.9%	45,054,230	23.4%	1.8%
YTD	\$52.44	137	-1.5%	-30.0%	42,840,843	22.2%	0.7%
2023	\$52.52	137	-5.5%	-29.9%	41,438,990	21.6%	5.2%
2022	\$55.60	146	-9.5%	-25.8%	31,325,375	16.4%	3.2%
2021	\$61.47	161	-6.8%	-17.9%	24,974,339	13.2%	3.0%
2020	\$65.94	173	-12.0%	-12.0%	18,858,299	10.2%	4.2%
2019	\$74.90	196	6.0%	0%	11,165,535	6.0%	0.1%
2018	\$70.68	185	8.7%	-5.6%	10,699,059	5.9%	-0.6%
2017	\$65.04	170	2.8%	-13.2%	11,438,630	6.5%	0.2%
2016	\$63.30	166	2.3%	-15.5%	10,956,812	6.2%	0.4%
2015	\$61.86	162	12.7%	-17.4%	10,173,366	5.8%	-0.6%
2014	\$54.88	144	12.1%	-26.7%	11,085,177	6.4%	-1.9%
2013	\$48.95	128	13.6%	-34.6%	14,363,358	8.4%	-1.6%
2012	\$43.09	113	13.5%	-42.5%	17,171,055	10.0%	-0.7%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$57.56	135	2.1%	-31.2%	32,283,126	30.6%	0.3%
2027	\$56.39	132	0.8%	-32.6%	31,916,276	30.2%	0.7%
2026	\$55.96	131	-1.5%	-33.1%	31,169,736	29.5%	1.2%
2025	\$56.81	133	-1.9%	-32.1%	29,914,974	28.3%	2.6%
2024	\$57.88	136	-1.2%	-30.8%	26,846,568	25.7%	1.7%
YTD	\$58.67	138	-2.0%	-29.9%	25,894,507	24.8%	0.8%
2023	\$58.60	137	-7.4%	-29.9%	24,893,438	24.0%	7.1%
2022	\$63.25	148	-9.6%	-24.4%	17,324,878	16.9%	3.8%
2021	\$69.95	164	-6.7%	-16.4%	13,136,073	13.1%	3.9%
2020	\$74.96	176	-10.4%	-10.4%	8,799,754	9.2%	3.1%
2019	\$83.65	196	7.3%	0%	5,777,055	6.0%	0.1%
2018	\$77.96	183	9.1%	-6.8%	5,499,809	5.9%	-1.2%
2017	\$71.43	167	2.8%	-14.6%	6,266,184	7.1%	0.3%
2016	\$69.51	163	2.3%	-16.9%	5,918,935	6.8%	0.3%
2015	\$67.97	159	11.2%	-18.7%	5,490,804	6.5%	-0.6%
2014	\$61.11	143	11.7%	-26.9%	5,861,307	7.1%	-2.1%
2013	\$54.69	128	13.0%	-34.6%	7,509,720	9.1%	-1.9%
2012	\$48.39	113	12.5%	-42.1%	9,047,546	11.0%	-1.6%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$46.58	142	2.3%	-31.4%	16,120,419	28.3%	0.4%
2027	\$45.55	138	1.0%	-32.9%	15,899,350	28.0%	0.8%
2026	\$45.12	137	-1.3%	-33.5%	15,466,592	27.2%	1.9%
2025	\$45.72	139	-1.6%	-32.6%	14,405,216	25.3%	2.9%
2024	\$46.47	141	-2.0%	-31.5%	12,765,426	22.4%	2.3%
YTD	\$47.03	143	-0.6%	-30.7%	11,981,539	21.1%	1.0%
2023	\$47.40	144	-1.6%	-30.2%	11,428,059	20.1%	3.4%
2022	\$48.16	146	-11.1%	-29.0%	9,501,758	16.8%	2.7%
2021	\$54.19	165	-7.3%	-20.1%	7,976,099	14.0%	2.5%
2020	\$58.44	178	-13.9%	-13.9%	6,558,969	11.5%	5.7%
2019	\$67.86	206	4.3%	0%	3,318,979	5.8%	-0.5%
2018	\$65.08	198	9.2%	-4.1%	3,573,154	6.3%	0.1%
2017	\$59.60	181	3.1%	-12.2%	3,502,605	6.2%	0.5%
2016	\$57.79	176	1.0%	-14.8%	3,201,925	5.6%	0.3%
2015	\$57.20	174	15.7%	-15.7%	2,972,409	5.3%	-0.5%
2014	\$49.46	150	12.5%	-27.1%	3,227,493	5.7%	-2.4%
2013	\$43.96	134	14.6%	-35.2%	4,620,065	8.2%	-1.6%
2012	\$38.37	117	16.2%	-43.5%	5,521,316	9.7%	0.6%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$41.17	126	2.5%	-29.3%	6,970,295	23.3%	0.4%
2027	\$40.17	122	1.2%	-31.0%	6,944,314	22.9%	0.8%
2026	\$39.70	121	-1.1%	-31.8%	6,793,915	22.2%	2.0%
2025	\$40.13	122	-1.4%	-31.1%	6,268,699	20.2%	2.9%
2024	\$40.70	124	-1.6%	-30.1%	5,442,236	17.3%	1.1%
YTD	\$41.36	126	-0.7%	-29.0%	4,964,797	15.8%	-0.5%
2023	\$41.36	126	-4.7%	-29.0%	5,117,493	16.3%	2.0%
2022	\$43.39	132	-6.1%	-25.5%	4,498,739	14.3%	2.1%
2021	\$46.19	141	-6.3%	-20.7%	3,862,167	12.2%	1.2%
2020	\$49.27	150	-15.4%	-15.4%	3,499,576	11.0%	4.6%
2019	\$58.24	178	3.3%	0%	2,069,501	6.5%	1.4%
2018	\$56.38	172	5.4%	-3.2%	1,626,096	5.1%	-0.1%
2017	\$53.47	163	2.0%	-8.2%	1,669,841	5.2%	-0.5%
2016	\$52.41	160	5.3%	-10.0%	1,835,952	5.7%	0.4%
2015	\$49.77	152	13.7%	-14.5%	1,710,153	5.3%	-0.9%
2014	\$43.77	133	13.1%	-24.8%	1,996,377	6.1%	-0.7%
2013	\$38.71	118	14.5%	-33.5%	2,233,573	6.8%	-1.0%
2012	\$33.82	103	13.1%	-41.9%	2,602,193	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	-	-	-	-	-	-	\$520.97	173	5.8%
2027	-	-	-	-	-	-	\$476.33	158	6.2%
2026	-	-	-	-	-	-	\$451.47	150	6.6%
2025	-	-	-	-	-	-	\$451.42	150	6.8%
2024	-	-	-	-	-	-	\$480.09	159	6.8%
YTD	35	\$296.4M	0.6%	\$8,468,536	\$244.46	7.2%	\$521.44	173	6.5%
2023	60	\$818.1M	1.3%	\$15,150,805	\$354.38	5.8%	\$552.13	183	6.3%
2022	96	\$2B	1.5%	\$23,129,178	\$791.82	4.8%	\$662.68	220	5.5%
2021	122	\$5.2B	4.7%	\$45,526,286	\$788.16	5.0%	\$768.81	255	4.8%
2020	78	\$3.6B	1.9%	\$47,388,306	\$1,031.70	4.7%	\$761.97	253	4.8%
2019	229	\$8.7B	6.0%	\$59,694,514	\$837.75	5.1%	\$802.63	266	4.7%
2018	191	\$4.2B	3.9%	\$31,752,239	\$682.68	4.8%	\$745.02	247	4.7%
2017	218	\$4.3B	4.6%	\$34,017,150	\$602.04	5.2%	\$690.37	229	4.7%
2016	207	\$6.9B	7.9%	\$47,700,846	\$579.57	4.8%	\$691.69	229	4.5%
2015	237	\$5.1B	7.2%	\$35,341,219	\$613.43	4.8%	\$661.01	219	4.5%
2014	282	\$8.1B	9.3%	\$39,660,525	\$527.48	5.0%	\$573.02	190	4.8%
2013	220	\$2.9B	4.8%	\$18,311,872	\$375.97	5.3%	\$480.02	159	5.2%

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

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

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$559.62	166	5.6%
2027	-	-	-	-	-	-	\$511.31	151	6.0%
2026	-	-	-	-	-	-	\$484.49	144	6.4%
2025	-	-	-	-	-	-	\$484.56	144	6.6%
2024	-	-	-	-	-	-	\$516.05	153	6.6%
YTD	1	\$48.4M	0.2%	\$48,400,000	\$269.96	-	\$561.08	166	6.3%
2023	4	\$158.9M	0.3%	\$39,725,000	\$452.82	-	\$597.18	177	6.1%
2022	8	\$1.1B	1.1%	\$142,102,629	\$1,007.48	-	\$717.45	213	5.3%
2021	29	\$3.9B	6.6%	\$178,119,540	\$912.46	5.0%	\$834.28	247	4.6%
2020	9	\$2.3B	2.3%	\$252,502,326	\$1,008.28	-	\$814.52	241	4.7%
2019	36	\$5.8B	7.3%	\$169,727,955	\$882.95	4.8%	\$857.13	254	4.6%
2018	21	\$2.1B	3.6%	\$111,390,121	\$763.21	4.8%	\$795.56	236	4.6%
2017	29	\$3.2B	6.1%	\$115,493,323	\$633.47	5.5%	\$738.21	219	4.6%
2016	35	\$4.6B	8.6%	\$147,837,029	\$639.25	4.4%	\$743.23	220	4.4%
2015	36	\$3B	8.0%	\$150,597,277	\$671.87	4.6%	\$714.63	212	4.4%
2014	41	\$5.9B	12.2%	\$142,987,775	\$578.17	4.0%	\$625.29	185	4.6%
2013	19	\$1.7B	4.9%	\$91,066,368	\$429.77	4.9%	\$529.55	157	5.0%

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

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$494.84	191	5.9%
2027	-	-	-	-	-	-	\$452.68	175	6.3%
2026	-	-	-	-	-	-	\$429.16	165	6.7%
2025	-	-	-	-	-	-	\$429.07	165	6.9%
2024	-	-	-	-	-	-	\$455.86	176	6.9%
YTD	11	\$181.3M	1.6%	\$16,481,636	\$203.19	6.4%	\$494.02	190	6.6%
2023	28	\$540.9M	3.6%	\$21,636,218	\$303.09	6.9%	\$518.68	200	6.4%
2022	39	\$543.6M	1.5%	\$14,692,966	\$629.35	5.2%	\$620.97	239	5.5%
2021	33	\$955.8M	3.2%	\$29,868,856	\$530.04	5.0%	\$714.09	275	4.9%
2020	22	\$630M	1.4%	\$30,001,360	\$806.58	-	\$711.54	274	4.9%
2019	81	\$2.4B	5.7%	\$39,960,484	\$757.32	5.6%	\$740.96	286	4.8%
2018	57	\$1.6B	4.7%	\$33,159,495	\$617.72	5.2%	\$684.48	264	4.9%
2017	47	\$628.1M	2.4%	\$15,701,520	\$509.13	5.8%	\$632.42	244	4.9%
2016	81	\$2B	9.4%	\$32,594,934	\$492.47	5.2%	\$629.72	243	4.7%
2015	66	\$1.6B	7.7%	\$36,160,977	\$563.12	5.0%	\$596.84	230	4.7%
2014	90	\$1.6B	7.0%	\$22,514,137	\$437.16	5.6%	\$513.79	198	4.9%
2013	72	\$890.4M	4.3%	\$15,091,131	\$374.81	5.2%	\$423.56	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.

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	-	-	-	-	-	-	\$438.60	171	6.3%
2027	-	-	-	-	-	-	\$401.75	157	6.7%
2026	-	-	-	-	-	-	\$381.03	149	7.1%
2025	-	-	-	-	-	-	\$380.66	149	7.3%
2024	-	-	-	-	-	-	\$403.31	157	7.3%
YTD	23	\$66.7M	0.4%	\$2,900,033	\$473.36	7.7%	\$438.04	171	7.0%
2023	28	\$118.3M	0.6%	\$4,733,520	\$683.67	3.6%	\$461.48	180	6.7%
2022	49	\$308.6M	2.8%	\$7,528,013	\$593.70	4.2%	\$554.40	216	5.8%
2021	60	\$315.6M	1.5%	\$5,259,389	\$647.89	5.0%	\$648.11	253	5.1%
2020	47	\$746.4M	1.6%	\$15,879,789	\$1,487.32	4.7%	\$676.85	264	5.0%
2019	112	\$547M	3.0%	\$10,519,605	\$779.61	3.8%	\$731.24	285	4.8%
2018	113	\$451.5M	3.2%	\$7,054,301	\$607.42	4.5%	\$684.88	267	4.8%
2017	142	\$458.3M	4.3%	\$7,767,866	\$547.30	4.7%	\$634.63	248	4.8%
2016	91	\$378M	3.4%	\$6,999,606	\$476.33	4.6%	\$630.81	246	4.6%
2015	135	\$521.4M	4.2%	\$6,437,633	\$498.80	4.7%	\$597.14	233	4.6%
2014	151	\$635.1M	6.0%	\$6,829,166	\$404.52	5.4%	\$504.73	197	4.9%
2013	129	\$290.9M	5.4%	\$3,591,975	\$216.70	6.2%	\$415.92	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.