



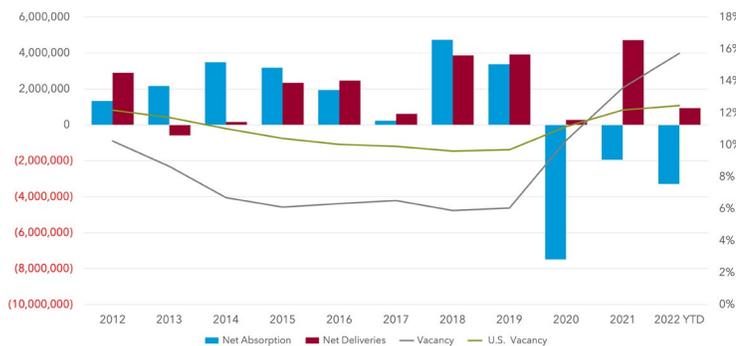
OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

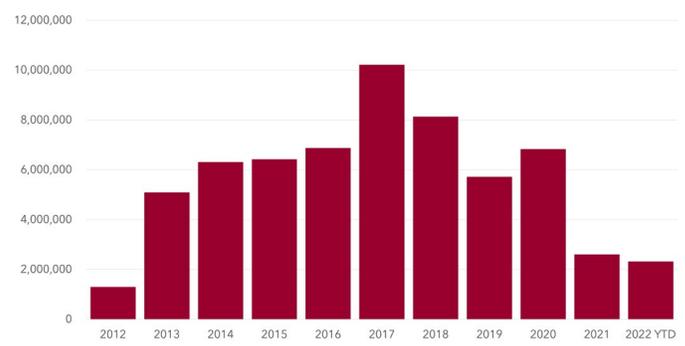
The San Francisco Office Market has taken several hits this year, work from home has hit re-occupancy hardest in the US. Recessionary fears and the Federal Reserve's rate increases are affecting the capital markets offerings with multiple buildings marketed and then removed for the market. Most are hoping for a new market pricing expectation once a sale is successful. Rents are in a slow downward trajectory with demand continuing to lag as many firms have offered long term work from home options. However, there are bright spots with a new broader based tenant demand that is expected to be more balanced with professional and financial service tenants, and not solely driven by tech tenants.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▼ 12 Mo. Net Absorption SF	(2,521,113)	(1,128,863)	518,203	(1,947,406)	(4,610,242)
▲ Vacancy Rate	15.4%	14.7%	13.9%	13.6%	13.1%
▼ Avg NNN Asking Rate PSF	\$50.18	\$53.34	\$55.56	\$56.26	\$56.57
◀▶ SF Under Construction	2,318,926	2,318,926	2,135,531	2,601,951	2,601,951
▲ Inventory SF	105,862,770	105,620,139	105,475,139	105,475,139	104,807,389

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
525 Market Street San Francisco, CA	1,034,329 SF	\$604,150,000 \$1,192.04 PSF	DWS Group NY State Teachers Retirement Sys	Class A
77 Beale Street San Francisco, CA	919,370 SF	\$480,000,000 \$522.10 PSF	Hines Pacific Gas & Electric Company	Class A
1800 Owens Street San Francisco, CA	750,370 SF	\$1,080,000,000 \$1,439.29 PSF	Kohlber Kravis Roberts & Co Kilroy Realty Corporation	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
333 Market San Francisco, CA	622,347 SF	Allianz Real Estate	Wells Fargo RETECHS	Finance & Insurance
510 Townsend Street San Francisco, CA	295,330 SF	Ascendas REIT	Google Cloud	Technical Services
350 Mission Street San Francisco, CA	232,942 SF	Kilroy Realty Corporation	Sephora	Cosmetics & Beauty Supplies

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