



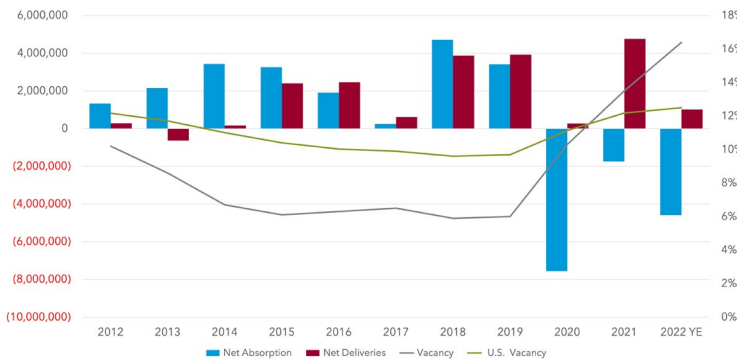
### OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

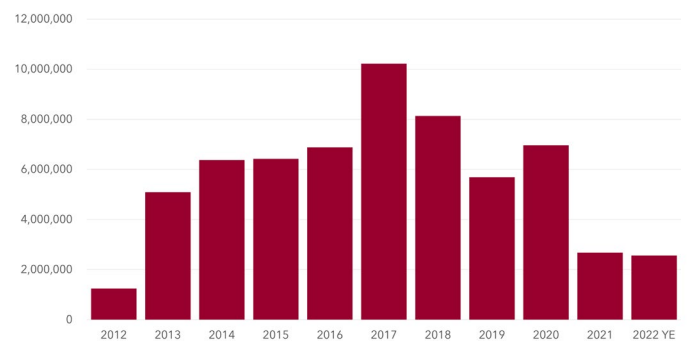
The final quarter of 2022 was dominated by the unknowns surrounding the economy and the Federal Reserve Funds rates that have been growing to combat the worst inflation in 40 years. With layoffs coming from Twitter, Meta, and Cisco; We can anticipate further pull back in the technology-based users in the city. With these layoffs we anticipate that the vacancy will continue to grow in San Francisco. This may cause landlords that are looking to refinance or sell in 2023 to be pushed harder than they have in the last 30 years. Better news is we are seeing a continued and growing interest from C-Suite executives to implement new methods to bring employees back to the office. With the vacancy increasing we may begin to see a broader group of tenants enter the market to take advantage of lower rents.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	(4,587,557)	(2,521,113)	(1,128,863)	518,203	(1,947,406)
▲ Vacancy Rate	16.4%	15.6%	14.7%	13.9%	13.5%
▼ Avg NNN Asking Rate PSF	\$48.21	\$49.39	\$52.43	\$54.42	\$55.15
▲ SF Under Construction	2,563,033	2,318,926	2,318,926	2,135,531	2,601,951
▲ Inventory SF	189,370,146	105,862,770	105,620,139	105,475,139	105,475,139

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
701 Sutter Street San Francisco, CA	19,250 SF	\$8,350,000 \$433.77 PSF	SC Builders Inc Herscovitz Living Trust	Class B
1155 Mission Street San Francisco, CA	15,678 SF	\$9,500,000 \$605.94 PSF	IFPTE Local 21 A Star Holdings LLC	Class C
320-330 Judah Street San Francisco, CA	11,509 SF	\$3,792,500 \$329.52 PSF	Goden State Auction Gallery LLC TDW LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
160 Spear Street San Francisco, CA	57,625 SF	Tishman Speyer	Databricks Inc.	Technical Services
116-118 New Montgomery Street San Francisco, CA	50,348 SF	Jamestown L.P.	Sigma Computing	Technical Services
44 Montgomery Street San Francisco, CA	47,800 SF	Beacon Capital Partners	Federal Communications Commission	Public Admin

