



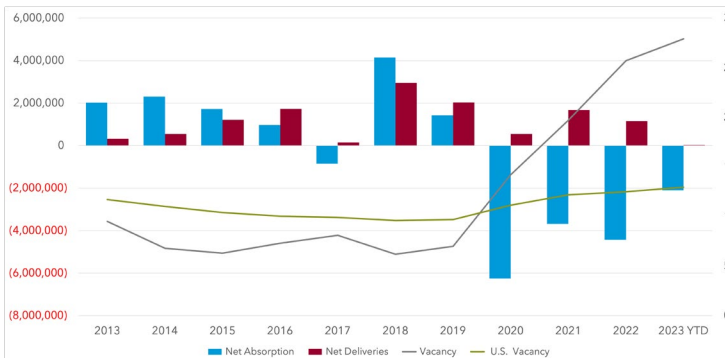
OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

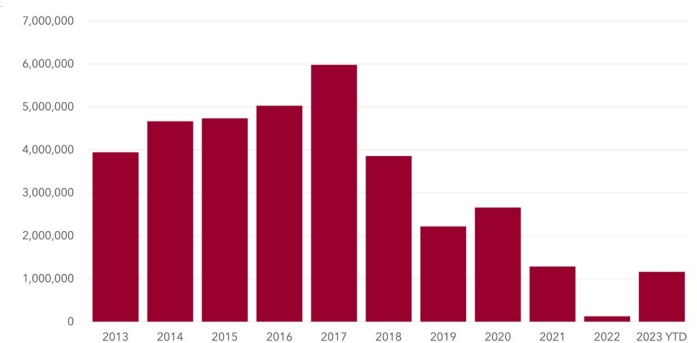
In the first quarter of 2023 we see a continuation of last year's trend. Vacancy hit an all time high in the last 10 years at 27.9%. With high interest rates and the fall of Silicon Valley Bank, San Francisco's office market has been hit harder than other competing markets. Large companies like Pinterest, Salesforce, and Gap have all downsized their office footprint in San Francisco as a means of cutting cost. The by-product of this is an active sublease market. With new in-office ordinances and companies watching costs, we are seeing companies rethink their office space.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	(5,533,571)	(4,962,783)	(3,733,217)	(2,693,207)	(2,953,953)
▲ Vacancy Rate	27.88%	25.73%	24.30%	22.28%	21.20%
▼ Avg NNN Asking Rate PSF	\$46.72	\$48.89	\$49.76	\$53.07	\$55.61
▲ SF Under Construction	1,188,032	126,782	486,119	486,119	1,285,019
◀ ▶ Inventory SF	128,799,630	128,799,630	128,440,293	128,440,293	127,643,529

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1 Harrison Street San Francisco, CA	228,367 SF	\$80,000,000 \$350.31 PSF	The Sobrato Organization The Gap, Inc.	Class B
345 4th Street San Francisco, CA	59,337 SF	\$52,800,000 \$889.83 PSF	Taipei Economic & Cultural Office T2 Hospitality	Class A
807 Montgomery Street San Francisco, CA	10,397 SF	\$38,000,000 \$3,654.90 PSF	807 Montgomery St LLC JDS Montgomery LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
180 Montgomery Street San Francisco, CA	49,399 SF	Sidra Real Estate	Bank of the West	Professional Services
303 2nd Street San Francisco, CA	47,872 SF	Kilroy Realty Corp.	Reddit	Technical Services
One Embarcadero Center San Francisco, CA	41,551 SF	Boston Properties	Gibson, Dunn, & Crutcher	Professional Services

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