



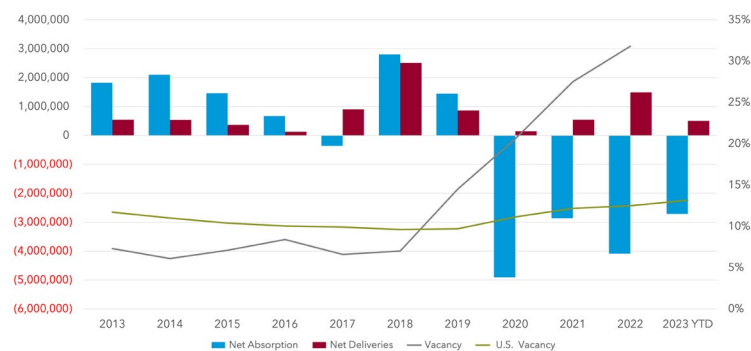
OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

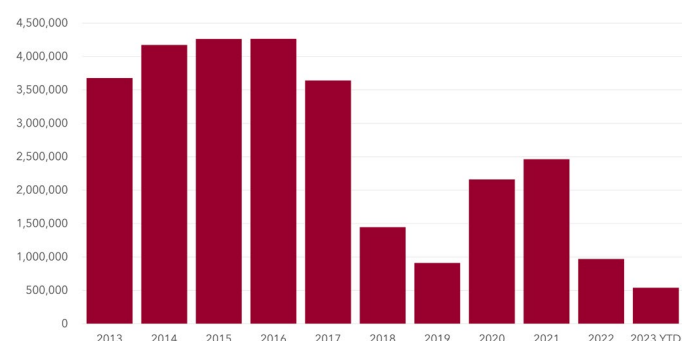
The San Francisco office market is facing challenges with continuing rising vacancy, creating a difficult environment for landlords. However, the market is adapting and evolving to these conditions. Despite high office rents, the increasing costs of tenant improvements and the provision of free rent serve as incentives for current tenants to secure favorable deals for their future office needs. In April, San Francisco experienced positive employment growth, with approximately 559,000 employed individuals, an increase of 8,000 compared to the previous year according to the U.S. Bureau of Labor Statistics. This suggests a potential demand for office space as businesses seek to accommodate their expanding workforce.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(5,051,710)	(4,212,883)	(4,088,317)	(3,295,642)	(1,753,198)
▲ Vacancy Rate	31.48%	30.21%	27.45%	24.31%	22.64%
▼ Avg NNN Asking Rate PSF	\$56.06	\$56.12	\$56.97	\$57.25	\$58.39
▼ SF Under Construction	715,089	816,871	505,621	864,958	864,958
◀ ▶ Inventory SF	102,736,896	102,736,896	102,635,114	102,635,114	102,275,777

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
40 Jessie Street San Francisco, CA	37,000 SF	\$17,600,000 \$475.68 PSF	Long Market Property Partners DRA Advisors	Class C
156-160 2nd Street San Francisco, CA	33,786 SF	\$6,000,000 \$177.59 PSF	14 Second Street LLP GCP Fund 2 LLC	Class C
2323 Sacramento Street San Francisco, CA	15,626 SF	\$6,250,000 \$399.97 PSF	Golden Gate Diversified LLC Sutter Bay Hospitals	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
One Montgomery Street San Francisco, CA	68,446 SF	Post Montgomery Associates	Stifel, Nicolaus & Company	Professional Services
333 Bush Street San Francisco, CA	44,000 SF	333 Bush 4002 LLC	Willkie Farr & Gallagher LLP	Professional Services
100 First San Francisco, CA	23,289 SF	Kilroy Realty	Kandji.io	Technical Services

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