



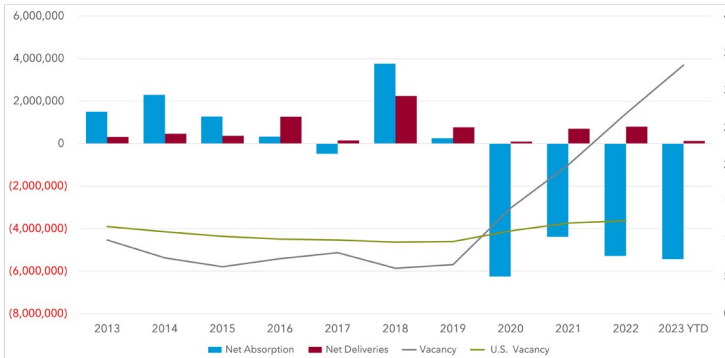
### OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

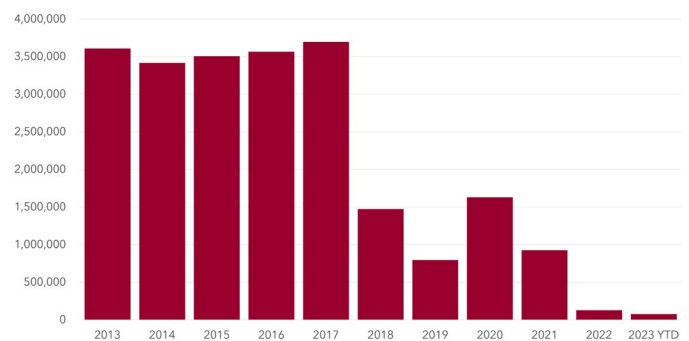
In the 3rd quarter of 2023, the San Francisco office market saw an uptick in interest from investors, tenants, and others looking to take advantage of low rents and distressed buildings. With 7 office buildings that have traded hands, we're beginning to see a thawing effect in the marketplace. But Vacancy continues to rise, peaking at 33.4%. The return to office agenda continues to make ripples, as BART ridership continues to rise month over month. While Artificial Intelligence groups take news headlines, it should be noted that many other sectors such as professional service groups continue to quietly take advantage of market conditions. Many in and out of market, will continue to keep a close eye on the San Francisco marketplace as the year comes to a close.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	(6,725,586)	(6,433,623)	(5,229,745)	(5,282,092)	(4,561,599)
▲ Vacancy Rate	33.36%	30.95%	28.38%	26.93%	25.45%
▼ Avg NNN Asking Rate PSF	\$43.14	\$45.30	\$46.89	\$48.48	\$49.61
◀ ▶ SF Under Construction	76,179	76,179	202,961	126,782	126,782
◀ ▶ Inventory SF	85,917,078	85,917,078	85,790,296	85,790,296	85,790,296

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
350 California Street San Francisco, CA	297,642 SF	\$61,000,000 \$204.94 PSF	The Swig Company Mitsubishi UFJ Financial Group	Class A
60 Spear Street San Francisco, CA	157,436 SF	\$40,900,000 \$259.78 PSF	Presidio Bay Ventures Clarion Partners	Class A
550-554 Bryant Street San Francisco, CA	13,220 SF	\$4,968,000 \$375.79 PSF	Broad Spectrum First Person	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
460 Bryant Street San Francisco, CA	41,976 SF	Sierra Maestra	Hayden AI	Artificial Intelligence
350 Rhode Island Street San Francisco, CA	35,834 SF	Lincoln Property Company	Adept AI	Artificial Intelligence
680 Folsom Street San Francisco, CA	35,385 SF	Boston Properties	Yahoo	Technology

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