



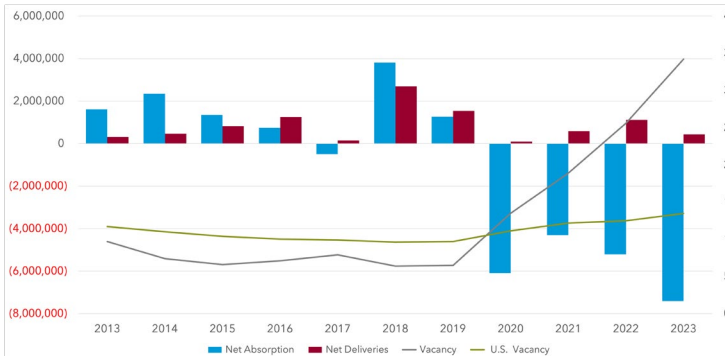
### OFFICE MARKET OVERVIEW

JEFF MOELLER, *President*

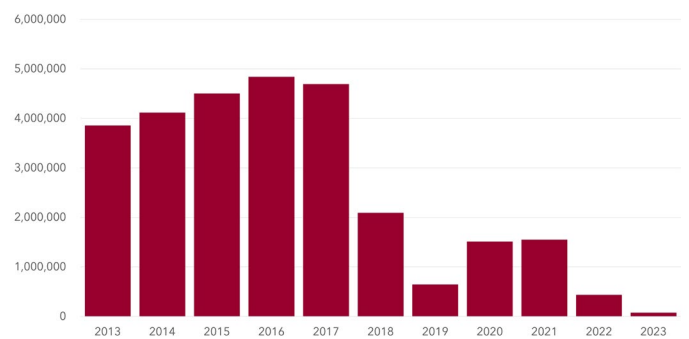
In Q4, economic uncertainty continued to affect the San Francisco office market. With a decrease in VC funding, higher inflation, and global layoffs, we saw an increase in sublease space come to market. But there is optimism - the year ended with two notable leases. The first being Anthropic at 500 Howard Street (230k square feet) and the second being Open AI at 1455 3rd Street (490k square feet) - totaling nearly one million square feet of space. Capital markets are finding equilibrium, with a few office buildings trading hands including 350 California, 180 Howard, and 60 Spear. The market continues to experience challenges, but recent transactions exhibit opportunity in San Francisco.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▼ 12 Mo. Net Absorption SF	(7,825,078)	(6,310,974)	(6,198,046)	(5,155,795)	(5,212,308)
▲ Vacancy Rate	34.16%	31.64%	29.23%	27.04%	25.65%
▼ Avg NNN Asking Rate PSF	\$44.63	\$44.77	\$48.95	\$50.61	\$52.13
◀ ▶ SF Under Construction	76,179	76,179	387,150	513,932	437,753
◀ ▶ Inventory SF	90,831,429	90,831,429	90,520,458	90,393,676	90,393,676

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
180-182 Howard Street San Francisco, CA	243,418 SF	\$54,000,000 \$221.84 PSF	Ridge Capital Investors The State Bar of California	Class B
123 Townsend Street San Francisco, CA	136,950 SF	\$72,000,000 \$525.74 PSF	Rubicon Point Partners CBRE Investment Management	Class B
115 Sansome Street San Francisco, CA	114,451 SF	\$34,000,000 \$297.07 PSF	Vanbarton Group Vanbarton Group	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1455-1515 3rd Street San Francisco, CA	486,600 SF	Alexandria Real Estate Equities, Inc	Open AI	Artificial Intelligence
500 Howard Street San Francisco, CA	230,325 SF	Heitman	Anthropic	Artificial Intelligence
601 California Street San Francisco, CA	31,998 SF	Embarcadero Capital Partners LLC	Cleary Gottlieb	Professional Services

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