

OFFICE MARKET OVERVIEW

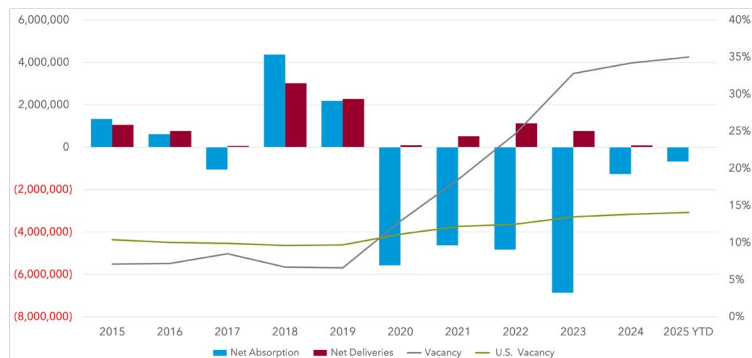
JEFFREY MOELLER, *President*

San Francisco's office market showed renewed momentum in Q3 2025. Net absorption ticked slightly positive at 68,905 square feet, as year-to-date leasing, led by demand from artificial intelligence tenants, surpassed 7 million square feet and move-outs from major tenants declined. In addition, available sublet space fell to just over 6 million square feet, the lowest level since mid-2020. Notable deals included expansions by Anthropic and business facing fintech Brex, each around 100,000 square feet. On the investment side, 2025 year-to-date sales volume more than doubled the same period in 2024, with repeat buyers such as REDCO Development and Peninsula Land & Capital acquiring properties at a fraction of prices before the pandemic.

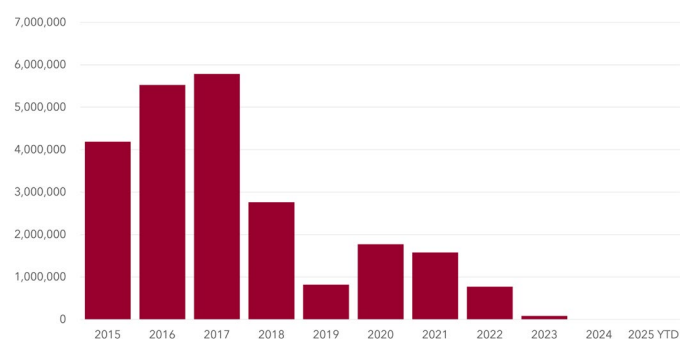
MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	(1,196,980)	(1,202,704)	(1,890,422)	(1,260,604)	(274,296)
▲ Vacancy Rate	34.98%	34.96%	35.00%	34.20%	34.14%
▲ Avg NNN Asking Rent PSF	\$62.10	\$61.66	\$63.82	\$66.97	\$66.57
▼ Sale Price PSF	\$266.00	\$321.00	\$338.00	\$306.00	\$316.00
◀ ▶ Cap Rate	-	-	-	-	-
◀ ▶ Under Construction	-	-	-	-	-
◀ ▶ Inventory	92,678,419	92,678,419	92,678,419	92,678,419	92,678,419

*Please contact Lee & Associates San Francisco for Cap Rate Information

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
420 Montgomery Street San Francisco, CA	409,013 SF	\$55,000,000 \$134.47 PSF	REDCO Development Wells Fargo	Class A
505 Montgomery Street San Francisco, CA	350,786 SF	\$105,000,000 \$299.33 PSF	Peninsula Land & Capital DWS Group	Class A
600 Townsend Street San Francisco, CA	208,259 SF	\$54,100,000 \$259.77 PSF	Lincoln Property Co. / New York Life Toda America, Inc.	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
505 Montgomery Street San Francisco, CA	110,592 SF Renewal	DWS Group now Penin- sula Land & Capital	Latham & Watkins	Legal
505 Howard Street San Francisco, CA	104,345 SF	American Realty Advisors	Anthropic	AI Research
270 Brannan Street San Francisco, CA	98,238 SF	Mitsui Fudosan	Brex	Fintech

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