



OFFICE MARKET OVERVIEW

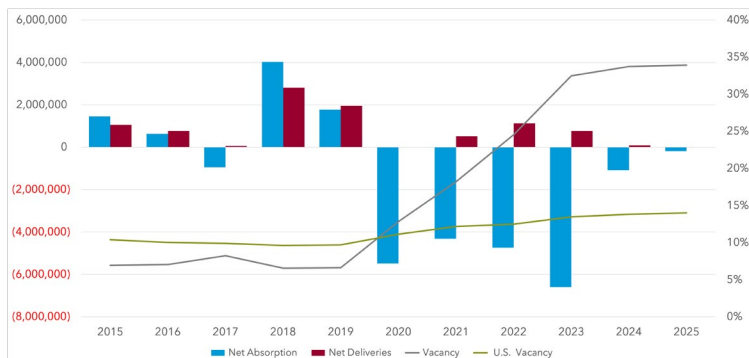
JEFFREY MOELLER, *President*

In Q4 2025, the San Francisco office market recorded over 700,000 square feet of net absorption gains to cap off a year which saw 8.8 million square feet of leasing activity; both figures represent post-pandemic highs. Vacancy dropped slightly to 33.9%, with a 251,179 square foot lease from artificial intelligence leader Sierra AI serving as the biggest lease transaction of the quarter. Owner-user acquisitions continued in Q4, with CuraeSoft (1161 Mission St) and First Citizens Bank (667 Mission St) both purchasing offices at steep discounts. Lastly, several trophy assets traded hands, as Rithm Capital acquired Paramount Group and their associated portfolio, including One Market Plaza and One Front Street, for \$1.6 billion.

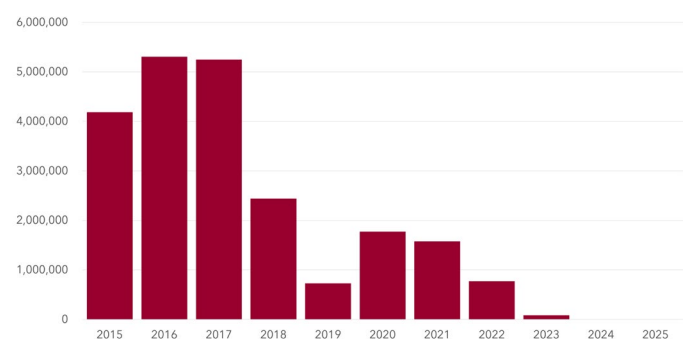
MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	(179,513)	(867,709)	(1,442,924)	(1,801,008)	(1,083,320)
▼ Vacancy Rate	33.93%	34.71%	34.92%	34.61%	33.73%
▲ Avg NNN Asking Rent PSF	\$68.57	\$67.94	\$67.50	\$67.00	\$67.34
▲ Sale Price PSF	\$295.00	\$291.00	\$275.00	\$226.00	\$306.00
◀ ▶ Cap Rate	-	-	-	-	-
◀ ▶ Under Construction	-	-	-	-	-
◀ ▶ Inventory	90,481,088	90,481,088	90,481,088	90,481,088	90,481,088

*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
600 California Street San Francisco, CA	359,880 SF	\$130,000,000 \$361.23 PSF	Lone Star Funds WeWork Capital Advisors	Class A
101 Mission Street San Francisco, CA	213,705 SF	\$82,000,000 \$383.71 PSF	Elliott Investment Management Vanborton Group	Class A
667 Mission Street San Francisco, CA	160,164 SF	\$90,000,000 \$561.92 PSF	First Citizens Bank Align Real Estate/Vanke Holdings	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
185 Berry St- Wharfside Building San Francisco, CA	251,179 SF	JPMorganChase	Sierra AI	Artificial Intelligence
221 Main Street San Francisco, CA	140,398 SF	PIMCO	Docusign	Software
333 Bush Street San Francisco, CA	83,245 SF	Tishman Speyer	Carta	FinTech

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