



OFFICE MARKET OVERVIEW

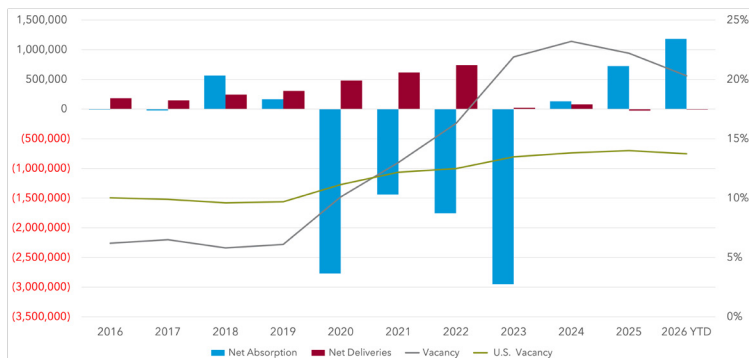
JEFF MOELLER, *President*

San Francisco's Central Business District office market showed signs of improving demand in Q3 2026. The report records 4.27 million square feet of 12-month net absorption, while vacancy declined to 24.6% from 30.2% a year earlier. Average asking rents rose to \$50.75 per square foot annually, up from \$46.99 in Q3 2025. Notable lease transactions included the City and County of San Francisco at 1455 Market Street, Google at 345 Spear Street, and Anthropic at 300 Howard Street.

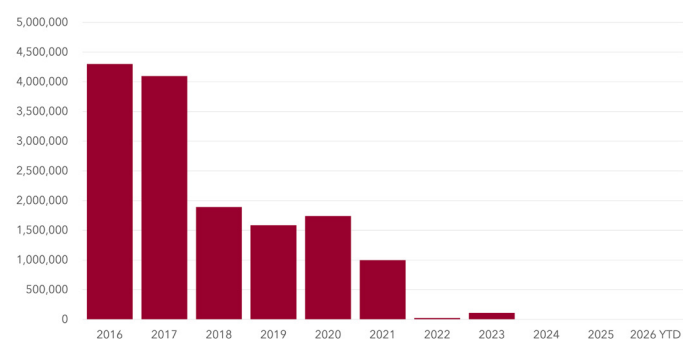
MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ 12 Mo. Net Absorption SF	4,274,548	2,648,450	1,641,246	1,617,342	676,853
▼ Vacancy Rate	24.60%	26.10%	27.90%	28.50%	30.20%
▲ Avg NNN Asking Rent PSF	\$50.75	\$50.49	\$49.65	\$48.38	\$46.99
▲ Sale Price PSF	\$459.00	\$455.00	\$433.00	\$432.00	\$414.00
◀ ▶ Cap Rate	7.20%	7.20%	7.30%	7.40%	7.60%
◀ ▶ Under Construction	-	-	-	-	-
◀ ▶ Inventory	112,134,593	112,134,593	112,134,593	112,134,593	112,134,593

*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
875 Howard Street San Francisco, CA	188,252 SF	\$48,450,000 \$257.35 PSF	Seven Equity Group Hudson Pacific Properties	Class B
536 Mission Street San Francisco, CA	141,750 SF	\$31,650,000 \$223.30 PSF	Lincoln Property Company Golden Gate University	Class C
417 Montgomery Street San Francisco, CA	96,090 SF	\$25,200,000 \$262.25 PSF	Wheatley Properties Lawrence M. Cushman	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1455 Market Street San Francisco, CA	505,275 SF	Hudson Pacific Prop- erties	City & County of San Francisco	Government
345 Spear Street San Francisco, CA	429,795 SF	Morgan Stanley & CO LLC	Google	Technology
300 Howard Street San Francisco, CA	419,172 SF	Blackstone Inc.	Anthropic	Tech/AI

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