



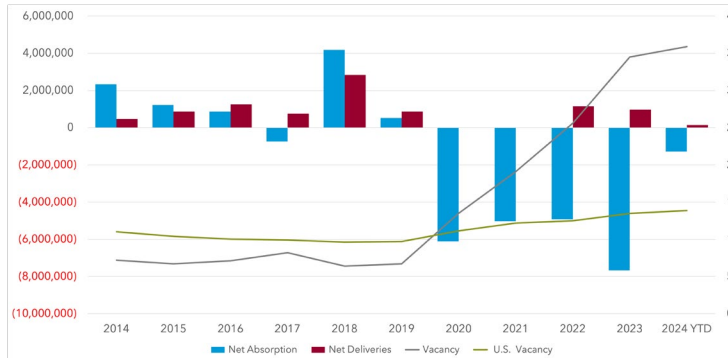
OFFICE MARKET OVERVIEW

DAVID KLEIN, *Managing Principal*

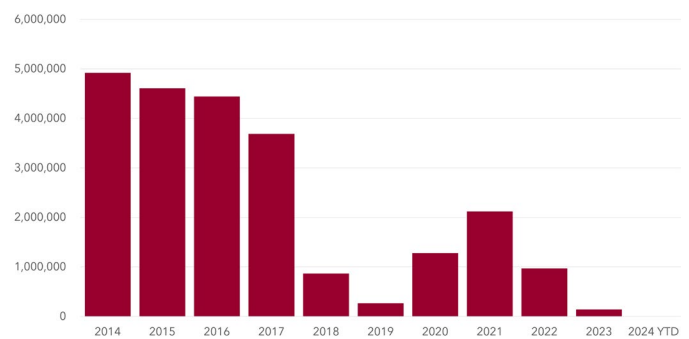
The San Francisco office market has experienced another quarter of negative net absorption, reduced asking rental rates, and increased vacancy. Annualized absorption for Q2 was (6,022,778) SF, following Q1's (6,758,261) SF marking the fifth consecutive year of negative absorption. In 2024, San Francisco saw the equivalent of two years' worth of space lease-up lost in a good leasing year. Q2 2024 office vacancy is now 35.82%, up from 34.87% in Q1, tripling the national average. Asking rents decreased from \$40.83 PSF in Q1 to \$39.65 PSF in Q2, a 2.9% quarterly drop, 11.6% annualized. San Francisco's office occupancy was 44.9% through June 2024, indicating potential further vacancy increases as leases come-up for renewal.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▲ 12 Mo. Net Absorption SF	(6,022,778)	(6,758,261)	(7,825,078)	(7,672,646)	(5,590,367)
▲ Vacancy Rate	35.82%	34.78%	34.45%	32.07%	28.78%
▼ Avg NNN Asking Rate PSF	\$39.65	\$40.83	\$41.95	\$42.81	\$44.88
▼ SF Under Construction	0	91,152	142,039	318,816	603,856
◀ ▶ Inventory SF	91,466,133	91,466,133	91,411,681	91,360,794	91,184,017

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
300 California Street San Francisco, CA	119,000 SF	\$28,500,000 \$239.50 PSF	Redco Development LeFrak	Class B
410 Townsend Street San Francisco, CA	78,000 SF	\$20,000,000 \$282.05 PSF	New York Life Real Estate Investors Nationwide Mutual	Class B
144-154 2nd Street San Francisco, CA	30,996 SF	\$6,550,000 \$211.32 PSF	StartupHQ LLC DoMy LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1455 Market Street San Francisco, CA	157,154 SF	Hudson Pacific	City & County of San Francisco	Government
400-430 California Street San Francisco, CA	123,000 SF	Kennedy Wilson	Rippling	Technical Services
405 Howard Street San Francisco, CA	110,000 SF	Clarion Partners	Orrick	Professional Services

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