



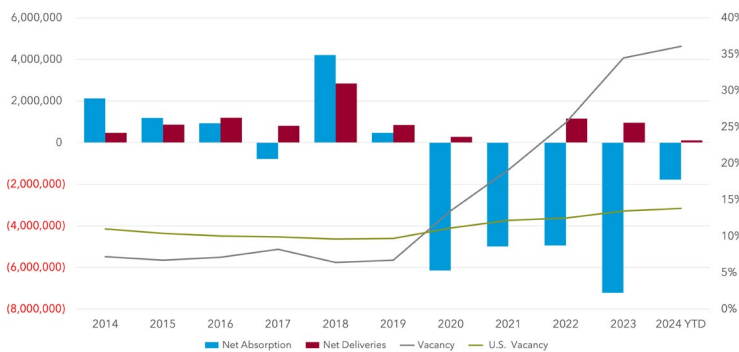
### OFFICE MARKET OVERVIEW

JEFFREY MOELLER, *President*

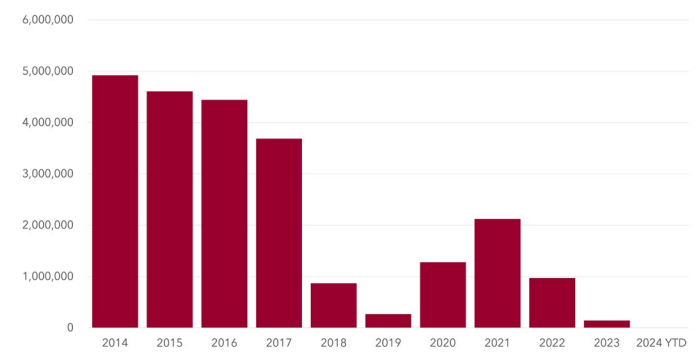
In Q3 2024, the office market showed a slight increase in vacancy rates but appears to be stabilizing. Sales activity is gaining momentum, with offices trading in the \$250-\$350 per square foot range. The recent federal rate cuts are expected to attract more institutional investors, which could further drive market activity. Additionally, there have been consecutive quarters where companies have committed to leasing over 150,000 square feet of office space, particularly targeting Class A properties with various amenities. This signals a strong demand for high-quality office environments as businesses seek spaces that provide a hotel-like experience. While challenges remain, these trends suggest the market is gradually finding its footing amidst evolving economic conditions.

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	6,362,626	(6,022,778)	(6,758,261)	(7,825,078)	(7,672,646)
▲ Vacancy Rate	36.12%	35.82%	34.78%	34.45%	32.07%
▼ Avg NNN Asking Rate PSF	\$50.46	\$50.54	\$50.46	\$50.91	\$51.52
▲ Sale Price PSF	\$336.00	\$125.00	\$495.00	\$303.00	\$183.00
◀▶ Cap Rate	0.00%	0.00%	0.00%	0.00%	0.00%
◀▶ Under Construction SF	-	-	91,152	142,039	318,816
▼ Inventory SF	91,395,320	91,466,133	91,466,133	91,411,681	91,360,794

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
795 Folsom Street San Francisco, CA	187,202 SF	\$48,300,000 \$258.01 PSF	Fountainhead Development ASB Capital Management	Class A
979-989 Market Street San Francisco, CA	117,000 SF	\$13,500,000 \$115.38 PSF	BH Properties ASB Capital Management	Class B
631 Howard Street San Francisco, CA	108,786 SF	\$39,000,000 \$358.50 PSF	Ellis Partners Advisers/Harvest Properties	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
550 Terry A. Francois Boulevard San Francisco, CA	306,000 SF	Divco West Services	OpenAI	Technology
505 Howard Street San Francisco, CA	96,292 SF	American Realty Advisors	KPMG	Professional Services
600 Harrison Street San Francisco, CA	59,207 SF	Pell Development	Udemy	Technology

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