



SECOND
QUARTER 2022

The background of the right side of the cover is a large, dark green triangle containing a semi-transparent image of the San Francisco skyline and a highway. The skyline includes the Transamerica Pyramid and other skyscrapers. Below the skyline is a view of a highway with several cars, and further down, a body of water and trees. The text 'SAN FRANCISCO OFFICE REPORT' is overlaid on this image in white, bold, sans-serif font.

SAN FRANCISCO
OFFICE REPORT



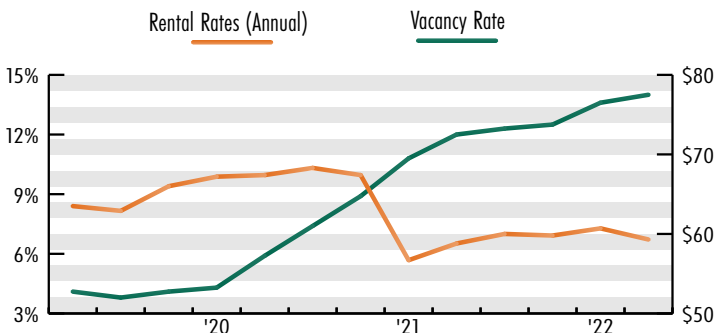
Office space making a slow recovery

- Rates of covid infections no longer seem to be affecting office occupancy, as businesses appear to accept the inherent risks of signing a lease as the likelihood of an enforced shutdown heads back to effective zero. San Francisco tenants, however, still hold the standard for reluctance to fully implement office space with in-office work compared to the rest of the nation
- A large portion of the leasing activity occurred in premier vacancies by large companies, including Wells Fargo and Google. Since rental rates are still low and confidence in the longterm future is solid, it follows that a bargain long lease is a good investment for companies that are able to commit.
- Asking rates sunk somewhat compared to the past two quarters, another dial to turn to re-activate space and get tenants back in through doors.
- Public transportation use rose, a much earlier indicator that there are more employees in offices than vacancy rates, meaning that the ice is melting on some of the hybrid work / remote work policies. This is a good sign for downtown amenity retailers who will see more visitors.

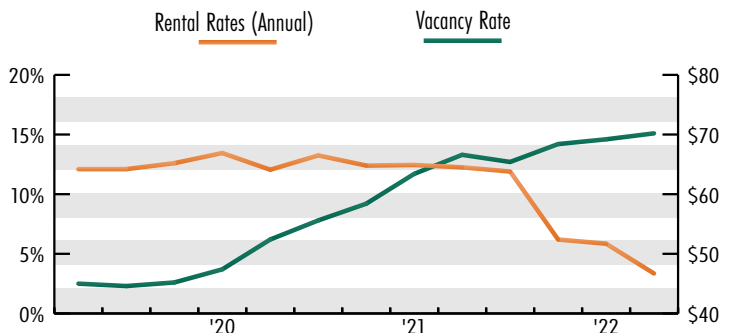
MARKET ACTIVITY | LEASE TRANSACTIONS

ADDRESS	Tenant	Size (SF)	Type
101 CALIFORNIA ST	Chime	194,440	New HQ
1550 BRYANT ST	Retool	70,000	Renewal
350 MISSION ST	Yelp	53,596	Sublease/Relocation
140 NEW MONTGOMERY ST	DataRobot	37,000	New Lease

NORTH OF MARKET | Vacancy & Gross Rental Rates



SOUTH OF MARKET | Vacancy & Gross Rental Rates

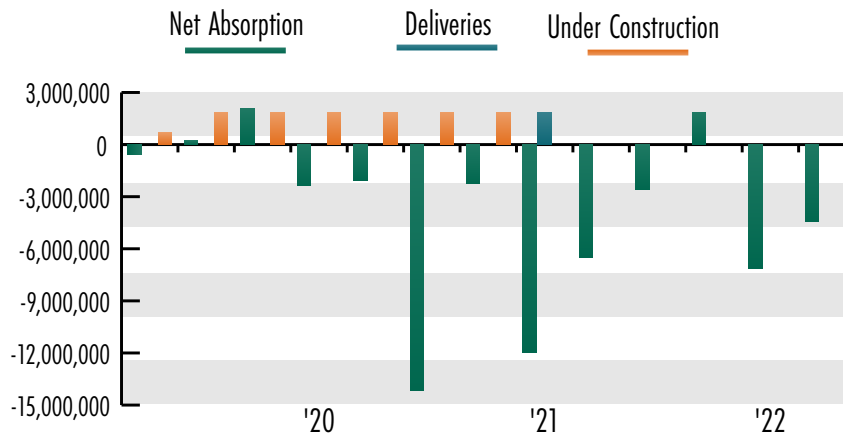


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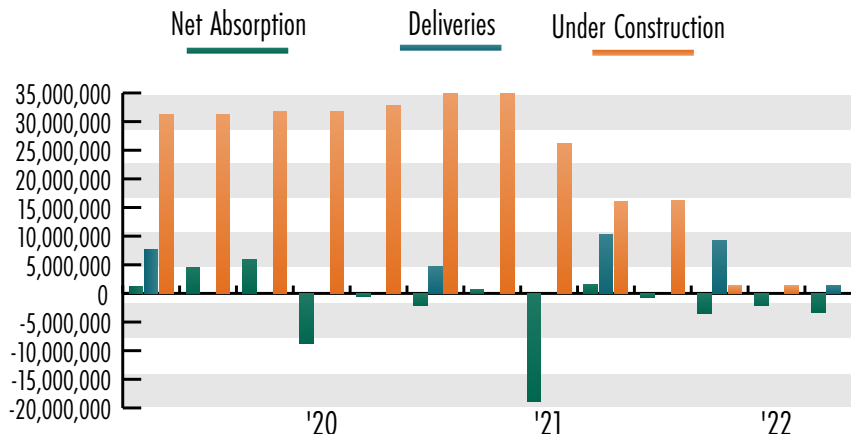
North of Market - Financial District office space continues to face hard times as the amount of vacant space surpasses 10 million vacant SF. The long stretch of rolling negative absorption, quarter after quarter seems to have wound down - evidence that the trek back to pre-covid indicators is not going to snap back suddenly, and landlords will have to face a long trek back to low vacancy rates.

NORTH OF MARKET | Absorption & Activity



South of Market - 2 years after covid crashed demand for office space in San Francisco, the tap for new construction has totally dried out. The year so far South of Market has remained remarkably stagnant, with just enough recovering demand for space catching up to the delivery of the few buildings that broke ground pre-covid. South of Market still fares better than the Financial District in marching back towards normal levels, but still has a ways to go. And in the meantime, is a tenant's market - if the tenants are even looking.

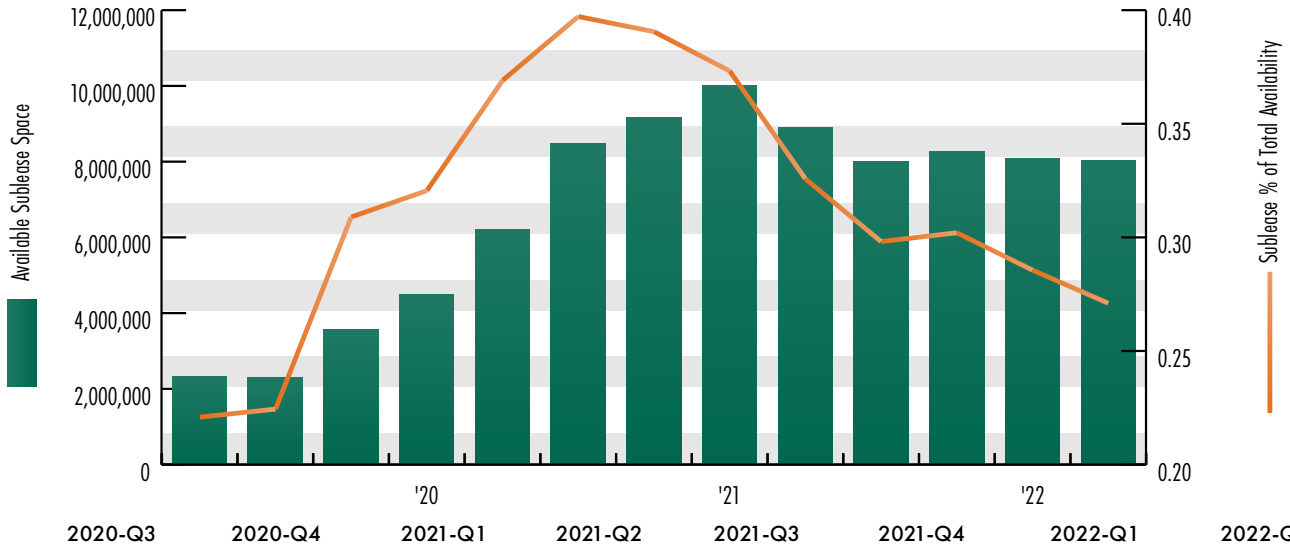
SOUTH OF MARKET | Absorption & Activity



STATISTICS | By Submarket

SUBMARKET	Net Rentable Area	Under Construction	Vacant Avail Direct %	Vacant Avail Sublease %	Total Vacant Avail %	Net Absorption (QTR)	Average Annual Rent
Van Ness/Chinatown	3,566,604	0	9.08%	0.67%	9.75%	16,673	\$53.06
Civic Center	4,406,735	0	3.99%	0.09%	4.08%	(5,173)	\$41.81
Financial District	30,485,517	0	17.68%	2.92%	20.60%	(222,104)	\$58.44
Jackson Square	3,323,206	0	15.50%	1.40%	16.90%	8,272	\$59.88
Union Square	5,848,483	0	19.20%	2.32%	21.52%	(113,273)	\$49.60
Waterfront/North Beach	4,545,171	0	17.48%	2.46%	19.94%	(43,131)	\$30.91
West of Van Ness	5,574,835	0	5.54%	0.21%	5.74%	(13,852)	\$76.36
NORTH OF MARKET TOTAL	57,750,551	0	14.95%	2.12%	17.06%	(372,588)	\$59.26
Bayview/Hunters Point	613,552	0	7.01%	0.00%	7.01%	(5,102)	\$38.94
Mid-Market	7,537,640	0	10.46%	3.96%	14.42%	(157,489)	\$39.39
Mission Bay/China Basin	5,407,046	0	5.49%	9.41%	14.90%	90,800	\$-
Mission/Potrero	3,638,699	0	6.25%	1.04%	7.29%	6,157	\$50.35
Southern City	1,325,046	0	2.83%	0.90%	3.73%	6,077	\$54.54
Rincon/South Beach	7,466,576	0	12.04%	4.78%	16.82%	73,190	\$58.07
Showplace Square	4,058,518	0	5.53%	10.79%	16.33%	(96,339)	\$38.26
South Financial District	31,794,594	0	10.47%	3.87%	14.34%	(176,819)	\$57.63
SOMA South	5,128,568	0	18.95%	1.76%	20.70%	3,127	\$63.48
Yerba Buena	4,274,135	0	33.45%	8.33%	41.78%	(96,295)	\$53.81
SOUTH OF MARKET TOTAL	71,244,374	0	11.58%	4.67%	16.25%	(352,693)	\$46.72
Class A	65,514,693	0	13.08%	3.84%	16.92%	(407,738)	\$69.93
Class B	47,918,475	0	14.18%	3.79%	17.98%	(262,268)	\$56.96
Class C	15,561,757	0	9.71%	1.41%	11.12%	(55,275)	\$46.61
CITYWIDE TOTAL	128,994,925	0	13.08%	3.53%	16.61%	(725,281)	

Historical Sublease Available Space & Sublease Percent of Total Availability



	2020-Q3	2020-Q4	'20 2021-Q1	2021-Q2	'21 2021-Q3	2021-Q4	'22 2022-Q1	2022-Q2
Sublease Available	8,486,606	9,156,341	10,015,708	8,899,368	8,005,862	8,255,857	8,085,823	8,030,158
Direct Available	12,879,725	14,289,594	16,818,751	18,418,891	18,845,868	19,077,975.00	20,225,822.00	21,599,190.00
Total Available	21,366,331	23,445,935	26,834,459	27,318,259	26,851,730	27,333,832	28,311,645	29,629,348
Sublease % of Total	39.7%	39.1%	37.3%	32.6%	29.8%	30.2%	28.6%	27.1%

Largest Available Subleases

Address	Submarket	Bldg Contig	Term	Build Out	Notes
650 Townsend St	Showplace Square	294,966	Through Feb 2027	Furniture Available	Airbnb, across 4 different floors.
153 Townsend St	South Beach	128,570	Flexible 4-7 Years	Fully Built Out	Ancestry.com, 4 floors
101 Spear St	Rincon	174,568	Split: 2025-2028	Full furnished	Twilio, partially vacating space

SAN FRANCISCO

4 Embarcadero Center, Suite 1400
 San Francisco, CA 94111
 Tel: (415) 268-2200 | Fax: (415) 268-2299

Report Prepared By:

Justin Flom

Director of San Francisco Bay Area Marketing & Research
 justin.flom@tricommercial.com

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