

SAN FRANCISCO



Market Insights for Tenants: At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.

OVERVIEW

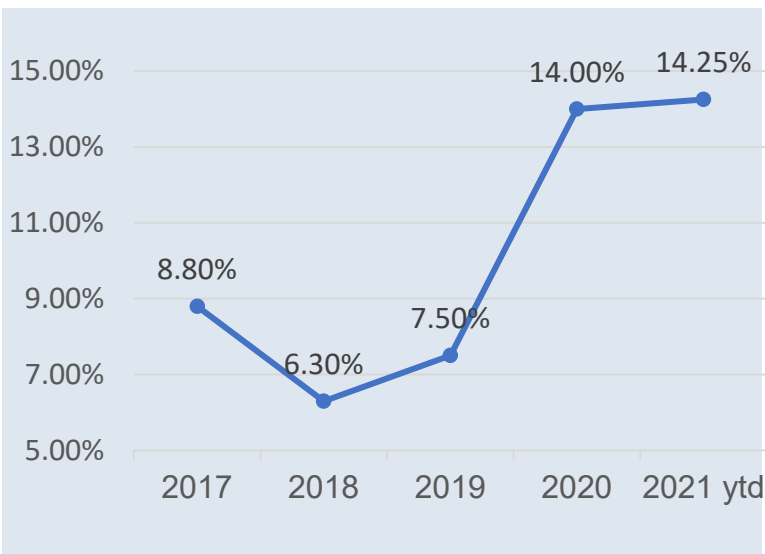
The San Francisco office market continued to experience rising vacancy in most submarkets, especially the Downtown Financial District. Plummeting demand resulted in limited leasing activity, down approximately 75% in comparison to the few years. From a rental rate standpoint, it is a bifurcated market with most landlords trying to keep rental rates high, but offering generous concession packages (TI allowance, free rent, and favorable lease language) to win what few deals exist in the market. The sublease market continues to see increasing competitive pressure with some sublease availabilities offering rental rates 50% below competing spaces offered by landlords. Most employers in the FiDi continue to proceed with extreme caution during the ongoing pandemic, especially with recent increases COVID-19 infections. Vaccine announcements offset this news and bring optimism to the market as employers' focus on returning to the office in 2021/2022.

FUNDAMENTALS

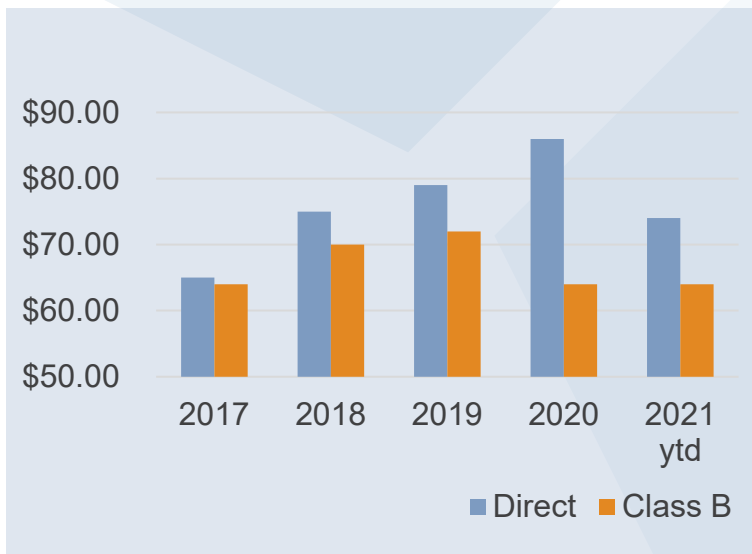
Forecast

| | | |
|------------------------------------|----------------------------|----------------------|
| YTD net absorption | -1,598,779 ▼ | |
| Under construction | 2-3M RSF ▼ | |
| Average asking rent (gross) | \$74.23 ▼ | |
| Concessions | Increasing ▲ | |
| Market Size | Largest Office Deal | Total Vacancy |
| 90M SF | VIR - 134,000 sqft | 14.25% |

TOTAL VACANCY



AVERAGE ASKING RENTS



Metrics Used: Rentable Square Feet (RSF) & US Dollars PSF per year

For more information, please contact:



Robert Tasker | rtasker@cmcommercialinc.com | 415.543.9401



global tenant representation

exisglobal.com | info@exisglobal.com

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WHAT THIS MEANS FOR TENANTS

- With vacancy continuing to increase and availability at all time highs, tenant will have the upper hand in the leasing market for the next few years.
- We foresee that landlords may be forced become more realistic with the state of the market and rates will continue to decrease throughout 2021.
- San Francisco may experience more large employers relocating large operations out of state to more business friendly states.
- Until a mass rollout of the vaccine, the 1st half of 2021 will most likely look like the office market has since shelter in place begin almost 10 months ago in March 2020 with limited leasing activity and continued uncertainty about future space needs, WFH vs in person, and work habits.

KEY LEASE TRANSACTIONS

| Tenant | Building Address | Submarket | Type | Sq Feet |
|-------------------|------------------------|------------------|---------------------|---------|
| VIR Biotechnology | 1800 Owens | Mission Bay/SOMA | Sublease (new deal) | 134,000 |
| Goldman Sachs | 555 California Street | N.FiDi | Renewal | 90,000 |
| Brightmark | 1725 Montgomery Street | N. Waterfront | New Direct Deal | 15,000 |
| Clark Hill | 505 Montgomery Street | N. Waterfront | New Direct Deal | 15,000 |
| Forell Elsesser | 160 Pine Street | N. FiDi | Sublease | 15,000 |
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