

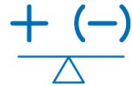
SAN FRANCISCO

OFFICE MARKET | Q1 2025



92.9M

Inventory SF



(344K)

Net Absorption SF



29%

Direct Vacant Available Rate



35%

Total Availability



0

Under Construction SF



\$63.32

Asking Rent PSF

Momentum Builds Amid Vacancy: San Francisco Office Market Q1 Overview

Q1 2025 Market Observations

- The San Francisco office market has continued to build momentum, demonstrating increasing strength as it transitions from 2024 to 2025. Despite the high vacancies, percentages show that leasing activity in Q1 reached 2 million square feet - the highest quarterly volume recorded since the start of the post-pandemic era. Highlighting a disconnect between headline figures and underlying activity.
- Overall net absorption was recorded at negative 344,439 square feet, continuing the city's ongoing trend of negative absorption. In Q1, this was primarily driven by the Rincon submarket, which recorded negative 278,900 square feet. On the other side, pushing back against the trend, the South Financial District recorded a positive absorption of 200,000 square feet.
- Asking rents in the market have remained strong heading into 2025. Despite a slight downtick from the previous quarter, the average direct asking rent across all classes hovers around \$63.32. Even with the 2.6% year-over-year decrease, asking rents remain competitive and appear on track to rise in alignment with historical norms.

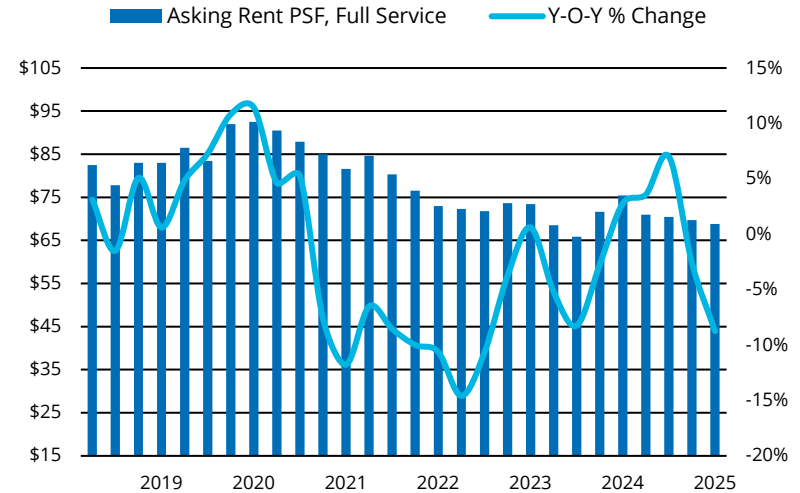




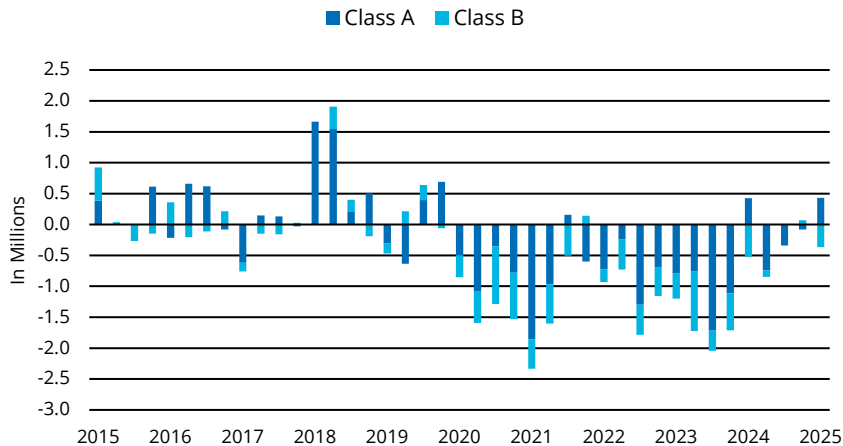
SAN FRANCISCO OFFICE MARKET | Q1 2025

- The metro's **direct vacancy rate** ticked up to 31.2% in Q1, marking a 1.0% increase from Q4 2024 and a 2.7% rise year-over-year. Sublease vacancy remained unchanged quarter-over-quarter, resting at 5.5%.
- Net absorption** in the San Francisco office market totaled a negative 344,440 square feet. In contrast, Class A properties recorded a positive net absorption of 433,112 square feet. The last time Class A posted positive net absorption was in Q1 2024, with 425,000 square feet.
- Full-service rents** on a quarter-over-quarter basis, class-wide asking rents remained unchanged at \$62.33. Meanwhile, Class A asking rents for the San Francisco metro totaled \$73.40.
- Investor activity** included notable private buyers, such as Hearst acquiring 450 Sansome Street for \$47.5M and Ridge Capital purchasing 33 New Montgomery Street for \$76.3M. While both deal size and deal count dropped significantly in Q1 2025, the total sales volume for Q1 is only \$4 million short of the year-over-year total from Q4 2024.

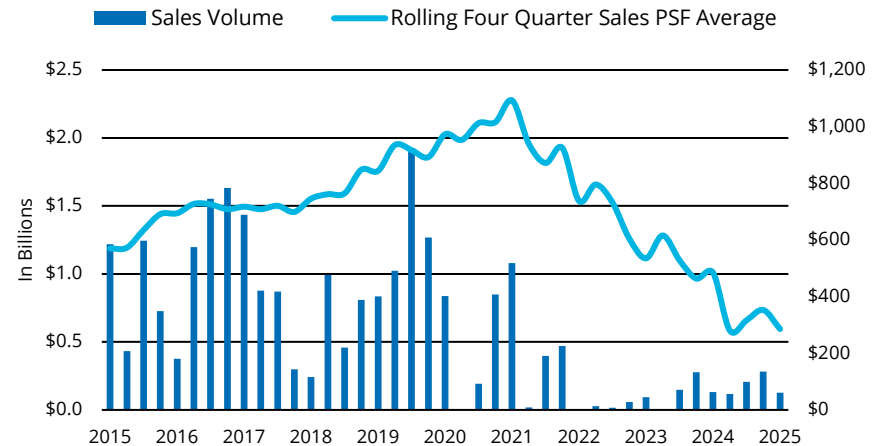
ASKING RENT



NET ABSORPTION BY CLASS



SALES VOLUME





SAN FRANCISCO OFFICE MARKET | Q1 2025

OFFICE MARKET INDICATORS - ALL SPACE

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Financial District	30,460,856	8,383,503	27.7%	30.5%	0	49,043	49,043	\$69.29
South Financial District	24,846,268	6,957,761	28.0%	34.6%	0	199,746	199,756	\$74.87
Jackson Square	1,457,514	452,055	31.0%	33.4%	0	(8,139)	(8,139)	\$61.74
MidMarket	4,801,296	2,030,648	42.3%	49.7%	0	(87,808)	(87,808)	\$49.69
Mission Bay/China Basin	2,689,595	1,200,889	32.5%	32.5%	0	25,085	25,085	\$94.46
Mission/Potrero	973,538	276,932	28.4%	29.8%	0	(26,961)	(26,961)	\$55.17
Rincon/South Beach	4,686,585	1,547,202	25.2%	32.2%	0	(278,913)	(278,913)	\$62.85
Showplace Square	2,787,356	725,033	27.6%	33.7%	0	(10,681)	(10,681)	\$56.23
Civic Center/Van Ness	1,723,177	496,174	28.8%	29.8%	0	(26,912)	(26,912)	\$49.44
South of Market	8,992,258	851,353	31.7%	38.4%	0	(38,297)	(38,297)	\$60.93
Union Square	3,808,257	1,226,772	32.2%	34.0%	0	(987)	(987)	\$51.67
Waterfront/North Beach	2,385,303	1,017,174	28.6%	34.8%	0	826	826	\$66.86
Yerba Buena	3,355,733	1,695,252	46.2%	54.7%	0	(140,441)	(140,441)	\$69.94
TOTAL	92,967,736	26,860,748	31.6%	36.0%	0	(344,439)	(344,429)	\$63.32

Source: CoStar, Transwestern



Research Methodology

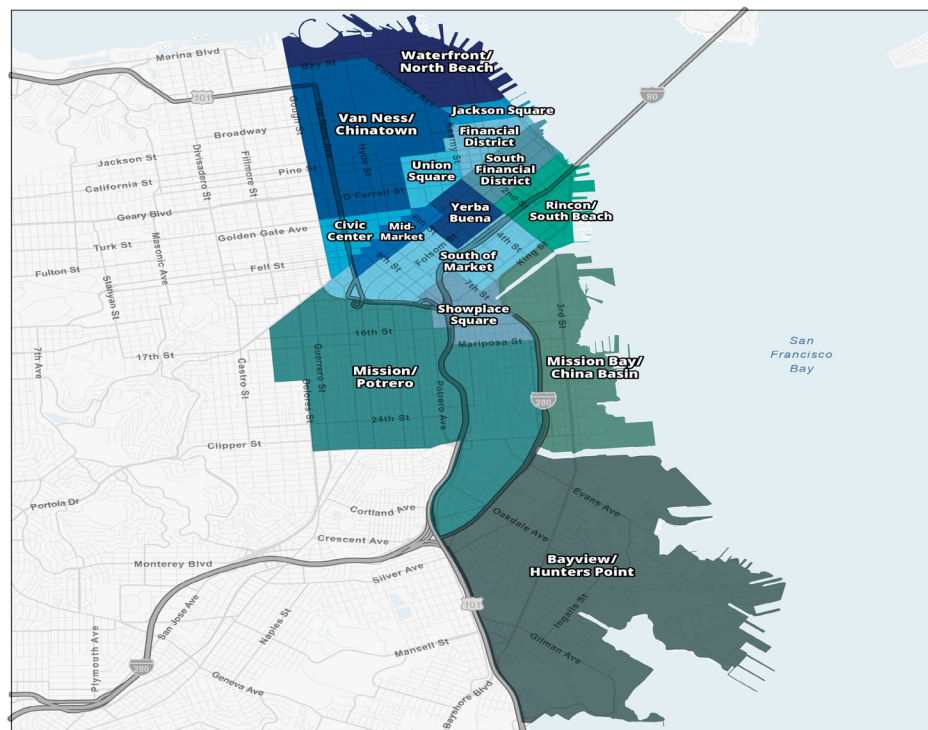
The information in this report is the result of a compilation of information on office properties located in San Francisco. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).

For more information

Tyler Hill
Researcher
Tyler.Hill@transwestern.com
415.489.1750



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