



The Axiant Group
COMMERCIAL REAL ESTATE SERVICES

Market Overview

A quarterly publication of the San Francisco office market by The Axiant Group

1st Quarter 2019

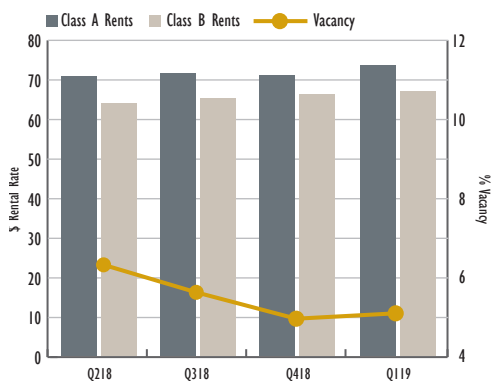
Leasing activity remained strong in the 1st quarter, with a number technology tenants banking large blocks of space for future use. Vacancy rates remain at their historically low levels, just over 5 percent.

Vacancy Rates Remain Stable

First quarter leasing activity was stable with vacancy rates increasing marginally from an adjusted 4.9% in the 4th quarter to 5.1% in the 1st quarter. Gross leasing decreased from 1,585,255 square feet in the 4th quarter to 1,200,397 square feet in the 1st quarter. Net absorption was 562,203 square feet, slightly more than 4th quarter absorption of 400,447 square feet.

Average asking rental rates for Class A space increased to \$73.29 in the 1st quarter from \$70.80 in the 4th quarter. Average rental rates for Class B financial core space increased from \$66.08 in the 4th quarter to \$66.79 in the 1st quarter. Class B absorption was negative at -87,060. This was an increase in

SAN FRANCISCO FINANCIAL CORE



negative absorption from the 4th quarter absorption of -24,171 square feet. South of Market (SOMA) vacancy rates moved from 3.6% vacancy rate in the 4th quarter to 4.7% in the 1st quarter.

Pinterest Commits To Future Development

Pinterest just signed the largest lease in 2019 at a future development site – 88 Bluxome Street. For the second time within months, a large tech user has committed to lease a project which has yet to be built nor been approved by the city. Salesforce recently signed a deal under similar conditions at 550 Howard Street. 88 Bluxome is a project that has

been under redevelopment for over a decade. Pinterest has committed to 500,000 square feet of the proposed million square foot campus, originally the site of the San Francisco Tennis club. Several hurdles still need to be cleared before it becomes reality. The developers will need to secure an office allocation from Prop M and a new rezoning plan for Central SOMA area, which is facing litigation. More interestingly, it will still have to operate as a fully functioning tennis club, a condition of any sale.

Axiant Represents TradeShift

The Axiant Group is pleased to have represented Tradeshift Inc. They are a unicorn technology firm, with over seven-hundred (700) employees in twelve (12) countries which has developed a cloud-based business network and platform

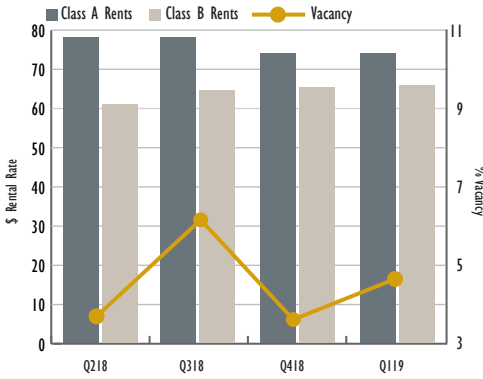


221 MAIN STREET

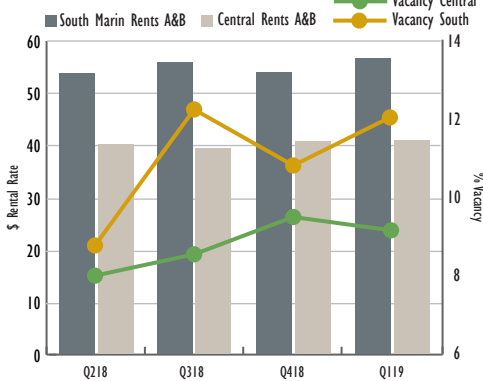
for supply chain payments, marketplaces, and apps. The company helps buyers and suppliers digitize trade transactions, collaborate on processes, and connect through supply chain apps. John Abel was the lead advisor from The Axiant Group.

Tradeshift will be relocating to 221 Main Street from their current location at 612 Howard Street. They will be leasing just under 25,000 square feet on the 2nd floor of the building. 221 Main Street is a 16-floor tower with 400,000 square feet of space. The building was built in 1974 and soon after, the entire building was master leased as the headquarters for Bechtel Engineering. Columbia Property Trust, Inc. purchased the building 2014 and has committed to a major renovation of the property, including a new Lobby, 10,000 square foot outdoor terrace, and an adjacent conference/reception center. The anchor tenant in the building is DocuSign who occupies over 100,000 square feet. The location of the building is optimal, being a couple of blocks from BART/Muni and the Embarcadero. This makes the building attractive to both older established firms and newer technology tenants.

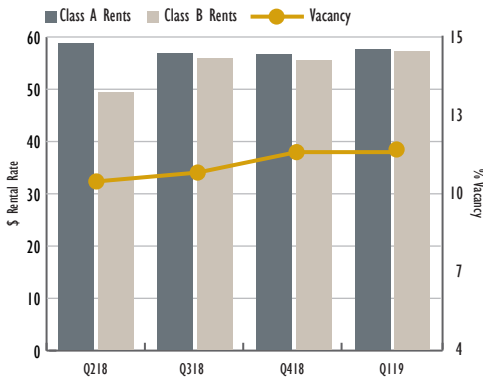
SAN FRANCISCO SOMA



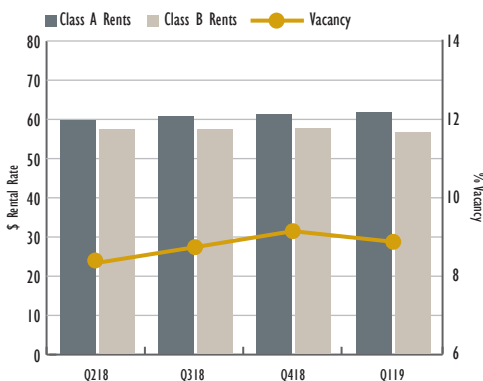
MARIN



OAKLAND CBD



PENINSULA



Where's the Space?

Submarket	Direct SF	Vacancy (direct)	Sublet SF	Vacancy (sublet)	Total SF	Vacancy (Total)
Top 10 Build.	447,933	3.70%	59,609	.50%	507,542	4.20%
Fin. Dist. A	1,956,530	4.20%	398,528	.90%	2,355,058	5.10%
Fin. Dist. B	1,177,921	9.30%	391,764	3.10%	1,569,685	12.30%
SOMA A	126,324	4.30%	55,566	1.90%	181,890	6.10%
SOMA B	387,815	3.70%	49,962	.50%	437,777	4.20%

Large Tenants in the Market

Tenant	Sq. Ft.
Slack	200,000
Credit Karma	110,000
Skillz	45,000

Significant Leases Completed in the First Quarter

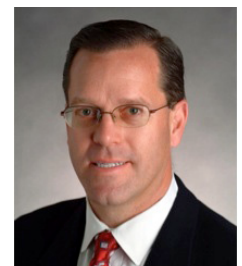
Tenant	Sq. Ft.	Address
Pinterest	490,000	88 Bluxome Street
Asana	268,000	633 Folsom Street
Samsara	153,680	2 Henry Adams
Google	140,079	215 Fremont Street
Cooley	130,613	3 Embarcadero Center
Keker & Van Nest LLP	90,238	629-633 Battery Street
Marsh & McLennan	85,000	4 Embarcadero Center
Knotel	56,271	625 Second Street
Knotel	53,285	455 Market Street
Stripe, Inc.	47,416	410 Townsend Street
Uber	43,095	71 Stevenson Street
Minted	39,000	747 Front Street
Brex	35,577	153 Townsend Street

*Renewal **Sublease ***Expansion

The Axiant Group Can Help You

Do you want information about rents and space available in your building? Are you interested in subleasing or terminating your lease? Is your lease expiring in the next three years?

Contact The Axiant Group. We have handled transactions from 1,000 to 1,000,000 sq.ft. in the Bay Area and throughout the U.S. The average tenure of our brokers is over 20 years. We have handled assignments for clients including Chevron U.S.A., Coblenz, Patch, Duffy & Bass, Oracle Corporation, PG&E, Sutro & Company, Zurich Scudder Investments, Charles Schwab, Texas Pacific Group, Club One, Moss Adams, and many others.



John Abel – Principal
T 415.374.2103
jabel@axiantgroup.com
License #00884176