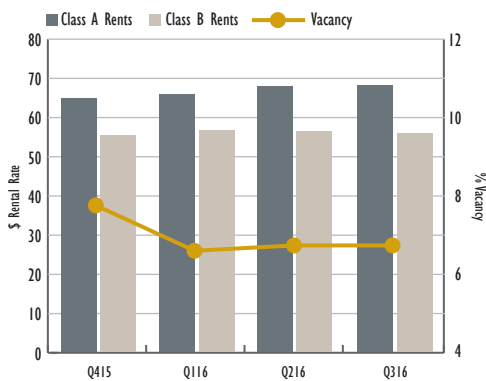


Leasing activity in the 3rd quarter was stable, with vacancy rates similar to the previous two quarters. Space absorption increased slightly in the 3rd quarter but, was still negative.

Absorption and Vacancy Flat For 3rd Quarter

Third quarter leasing activity in San Francisco's financial core decreased slightly when compared to the 1st & 2nd quarters. Vacancy rates increased slightly, moving from an adjusted 6.8% in the 2nd quarter to 6.9% in the 3rd quarter. Gross leasing activity dropped, moving from 918,318 square feet in the 2nd quarter to 791,974 square feet in the 3rd quarter. Net absorption was just slightly negative in the 3rd quarter at (-9,343), but less than the negative absorption which we saw in the 2nd quarter at (-103,150).

SAN FRANCISCO FINANCIAL CORE



Average asking rental rates for Class A space increased slightly from \$67.85 in the 2nd quarter to \$68.01 in the 3rd quarter. Average rental rates for Class B financial core space decreased from \$56.23 in the 2nd quarter to \$55.63 in the 3rd

quarter. Class B absorption was positive at 12,110 square feet. This was an increase from the 2nd quarter, with negative absorption of (-189,224) square feet.

Twitter Puts Major Sublease On Market

Twitter made available over 180,000 square feet of space in their headquarters facility. The space is in two buildings, 1355 Market Street and One Tenth Street building, which is directly behind 1355. This adds to a number of subleases which have come on the market from technology firms. However, as we have seen before, the space will be snapped up quickly due to the fact it is completely furnished and "plug and play", allowing any incoming sub-tenant to have limited upfront capital expenditures or exposure. Portions of the space were never occupied by Twitter. Microsoft and Uber are rumored to be actively looking at the space.

Axiant Represents Major Easy Bay Lease

The Axiant group is pleased to have again represented Rodan and Fields, one of San Francisco's fastest growing companies, which just committed to a major expansion in the East Bay. They will be leasing over 150,000 square feet of space at 2600 Camino in the Bishop



Fast growing Rodan and Fields expands to Bishop Ranch

Ranch Complex, representing the largest lease in the East Bay this year. Katie Rodan and Kathy Fields founded the skincare company in 2002, which now with over 450 employees, is the second largest woman-owned company in the Bay Area. Steve Corbitt was the lead advisor from the Axiant Group. The move will increase Rodan and Fields square footage by over three-hundred percent. The Bishop Ranch lease will be in the mid-thirties, fully serviced, which is a 50% discount over rental rates we are seeing in San Francisco. Their headquarters will continue to be at 60 Spear Street in San Francisco, where they lease over 75,000 square feet of space.

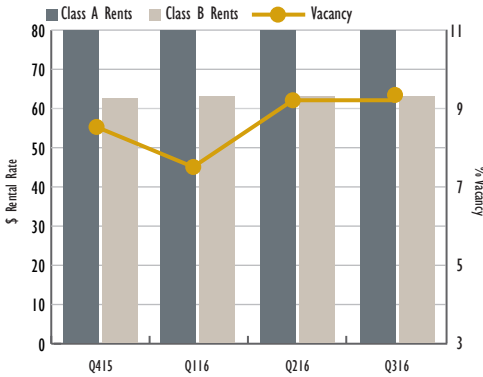
350 Bush Development Lands Anchor Tenant

Video game streaming site Twitch has committed to lease 185,000 square feet at 350 Bush Street. This is one of the largest leases to date this year in San Francisco, and is a great opportunity for project developer Lincoln Properties and their Chinese financial partner Gemdale. The ownership of the development took on significant risk by starting the project on a speculative basis without existing tenant commitment, but ended up hitting a home run by signing up Twitch who is fully backed by the AAA credit of their parent company Amazon. Twitch will occupy floors 2-9 and rent will be \$85-\$90 per square foot fully serviced.

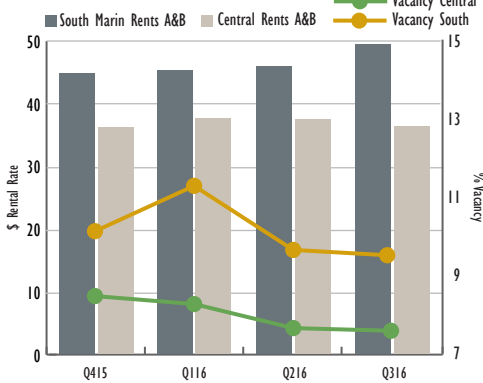


One of the largest leases in San Francisco this year took place at 350 Bush Street

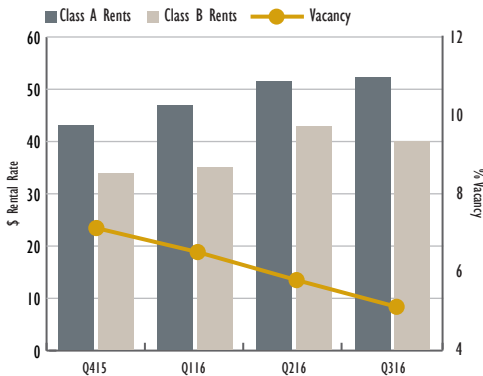
SAN FRANCISCO SOMA



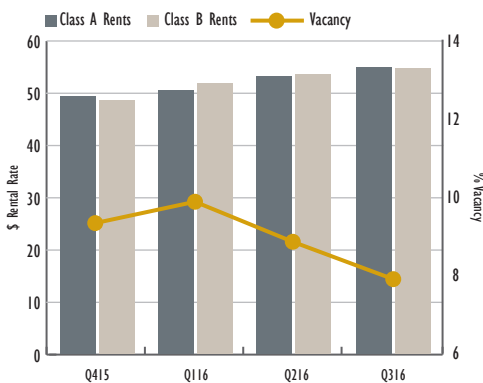
MARIN



OAKLAND CBD



PENINSULA



Where's the Space?

Submarket	Direct SF	Vacancy (direct)	Sublet SF	Vacancy (sublet)	Total SF	Vacancy (Total)
Top 10 Build.	554,229	5.90%	140,237	1.50%	694,466	7.40%
Fin. Dist. A	2,471,756	5.80%	360,390	.80%	2,832,146	6.60%
Fin. Dist. B	943,514	7.30%	54,008	.40%	997,522	7.70%
SOMA A	1,357,511	4.60%	76,054	2.60%	2,111,605	7.20%
SOMA B	833,230	8.50%	149,574	1.50%	982,804	10.00%

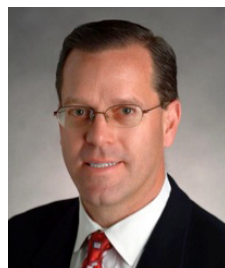
Large Tenants in the Market

Tenant	Sq. Ft.
Mass Innovation Labs	300,000
Microsoft	200,000
Uber	200,000
Nerdwallet	150,000
Instacart	125,000
Pivotal Labs	125,000
OKTA	120,000

Significant Leases Completed in the Third Quarter

Tenant	Sq. Ft.	Address
Twitch	177,826	350 Bush Street
Price Waterhouse	76,779	3 Embarcadero Center
McKinsey & Co.	50,105	555 California Street
OpenAI	37,104	3180 Eighteenth Street
Manatt, Phelps, & Philips	35,912	1 Embarcadero Center
Capital One	29,498	201 Third Street
Practice Fusion	27,567	731 Market Street
Switchfly	26,690	601 Montgomery Street

The Axiant Group Can Help You



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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.