



# Market Overview

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

1st Quarter 2025

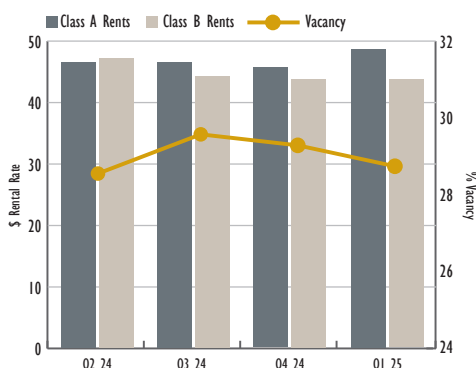
## High vacancy remains a persistent challenge; meaningful absorption still limited across most markets.

JP Morgan recently made headlines by expanding and contracting its footprint, reflecting the broader trend of companies reevaluating their space needs. At the same time, artificial intelligence firms continue to drive most new leasing activity, signaling robust, sustained demand and reinforcing the sector's growing impact on the commercial real estate landscape.

### Vacancy Drops Slightly

In Q1 2025, the Class A office space vacancy rate in the downtown core dropped slightly to 28.8%, a slight decrease from 29.2% in Q4 2024. Gross leasing activity saw an increase, rising

#### SAN FRANCISCO FINANCIAL CORE



from 1,174,065 square feet in Q4 to 1,231,372 square feet in Q1. Net absorption increased to 230,417 square feet in Q1 compared to -70,089 square feet in Q4.

Average asking rental rates for

Class A space increased from \$46.86 per square foot in Q4 to \$48.59 in Q1. Class B space rental rates decreased slightly, from \$43.57 to \$43.26 per square foot. Class B absorption continued positive at +47,213 square feet in Q1, from Q4's +6,052 square feet.

In the South of Market (SOMA) area, Class A vacancy remained stable at 39.1 % vacancy but still at historical highs.

### JPMorgan Makes Strategic Expansion

JPMorgan Chase is reinforcing its presence in San Francisco with a fresh lease for 65,000 square feet at 560 Mission Street, expanding its footprint in the building to 280,000 square feet – enough space for around 1,600 employees.

The move comes as the bank fully returns to in-person work and upgrades its offices with new amenities, including a fitness

center, yoga studio, and café areas. The expansion coincides with a \$3.8 million donation from JPMorgan to support efforts to revitalize San Francisco's downtown core – a gesture that reflects both civic engagement and a bet on the city's long-term potential.

At the same time, JPMorgan has scaled back at nearby One Front Street, retaining about 125,000 square feet, down from the 300,000+ square feet previously occupied by First Republic Bank, which it acquired in 2023.

The adjustment reflects a broader trend among large employers: maintaining a strong urban presence while using space more efficiently in the post-pandemic landscape. While San Francisco continues to face stubbornly high office vacancy rates, JPMorgan's moves suggest that the city's downtown still holds strategic value for global firms, especially those looking to blend in-office culture with modern flexibility.

### Tools for Humanity/Worldcoin Inks Major Lease

Tools for Humanity, the crypto startup co-founded by OpenAI CEO Sam Altman, has signed a lease for the entire 600 Townsend East building in San Francisco's Showplace Square.

The move marks a significant expansion, growing the company's office footprint from 10,000 square feet at 650 California Street to more than 87,400 square feet.

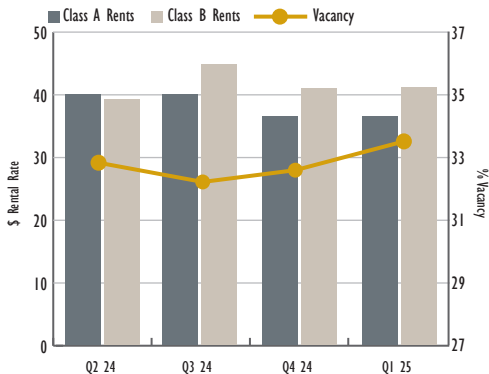
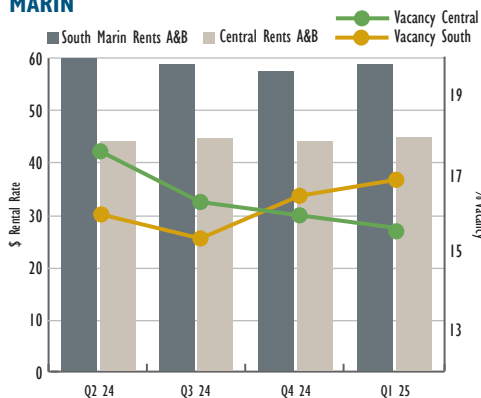
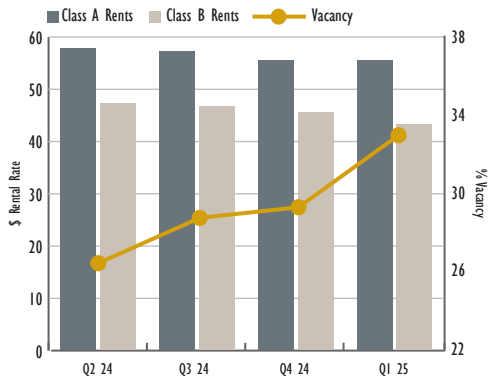
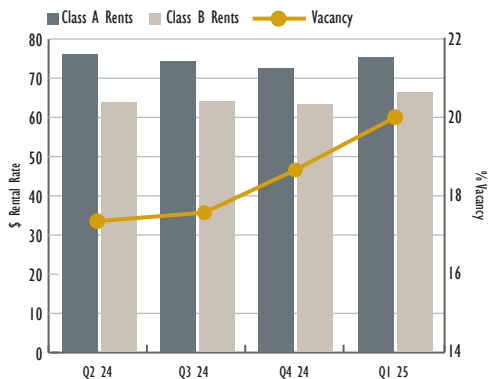
Founded in 2019, Tools for Humanity is best known for its controversial Worldcoin project, which exchanges cryptocurrency tokens for biometric data, such as iris scans.

The company had previously been in talks to lease around 60,000 square feet at the Mission Rock development, a \$2.5 billion project by Tishman Speyer and the San Francisco Giants, but those negotiations fell through earlier this month.



600 Townsend East

The 600 Townsend East building was previously leased by Airbnb as an extension of its headquarters at 888 Brannan Street. The space was put on the sublease market in 2021 amid Airbnb's downsizing but ultimately became a direct listing after failing to find a subtenant, paving the way for Tools for Humanity's new long-term lease.

**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.	1,690,229	13.20%	732,819	6.40%	2,423,048	19.00%
Fin. Dist. A	12,195,976	24.20%	2,309,942	4.60%	14,505,918	28.80%
Fin. Dist. B	3,145,785	27.30%	181,282	1.60%	3,327,067	28.80%
SOMA A	2,572,705	34.70%	324,894	4.40%	2,886,155	39.10%
SOMA B	2,434,626	21.40%	975,617	8.60%	3,410,243	29.90%

**Major Leases Completed in the First Quarter**

Tenant	Sq. Ft.	Address
Google	405,000	345 Spear Street * ***
JP Morgan	280,000	560 Mission Street* ***
Databricks	160,000	One Sansome Street ****
Google	132,000	Two Harrison Street * ***
Dodge & Cox	124,855	555 California Street * ***
Morgan Lewis	123,000	600 Montgomery Street ****
Goldman Sachs	89,530	555 California Street *
Tools for Humanity/ Worldcoin	87,405	600 Townsend Street-East ****

\*Renewal \*\*Sublease \*\*\*Expansion \*\*\*\*Oakland lease

**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., Coblentz, Patch, Duffy & Bass, Oracle Corporation, PG&E, Sutro & Company, Zurich Scudder Investments, Charles Schwab, Texas Pacific Group, Club One, Moss Adams, and many others.



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