



Market Overview

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

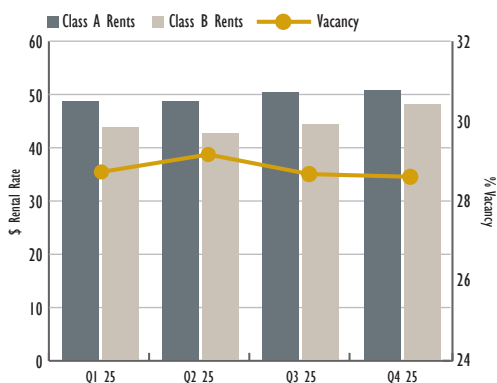
4th Quarter 2025

Vacancy rates continued to decline

At a pace consistent with the prior quarter, this downward trend represents the most meaningful post-pandemic reduction in downtown office vacancy to date. This decline is particularly notable if positive absorption levels persist into 2026, signaling sustained improvement in leasing fundamentals.

Vacancy and Absorption

SAN FRANCISCO FINANCIAL CORE



In Q4 2025, the Class A office vacancy rate in San Francisco's downtown core declined to 28.1%, down from 28.6% in Q3 2025, continuing the meaningful improvement that began in the third quarter.

Leasing momentum strengthened during the quarter. Gross absorption totaled 1,092,377 square feet, a notable increase from 761,237 square feet in Q3. Net absorption remained positive, posting +250,120 square feet, closely tracking the adjusted Q3 figure of +219,599 square feet.

Class A asking rents increased modestly, rising from \$50.18 to \$50.65 per square foot. Class B rents experienced a more pronounced increase, climbing from \$44.19 to \$47.88 per square foot. Class B absorption was also positive, totaling +116,334 square feet, comparable to the adjusted Q3 figure of +128,796 square feet.

Higher education makes a push

San Francisco is seeing growing momentum from higher education institutions as part of its broader downtown recovery, with major universities committing to long-term expansions across the city.

The University of Pennsylvania's Wharton School has signed a long-term lease for approximately 80,000 square feet at The Cube, 345 Montgomery Street, within the iconic 555 California Street complex. The five-story modernist building will serve as Wharton's first standalone San Francisco campus,

more than doubling its existing footprint in the city. The space is expected to be ready for occupancy within the next 18 months and will support Wharton's executive MBA program, which enrolls roughly 220 students, as well as the school's expanding focus on artificial intelligence and business education.

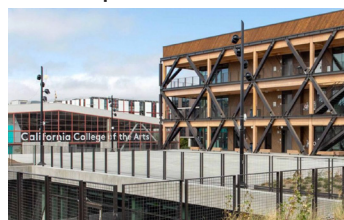


The Cube

Wharton's move comes as the school deepens its commitment to AI-related coursework, including a newly launched AI-for-business major that will extend to executive MBA students in 2026. The Financial District location places Wharton alongside major corporate tenants such as Morgan Stanley and Goldman Sachs, further elevating the area's institutional presence.

At the same time, Vanderbilt University has announced plans to establish a West Coast campus in San Francisco through the acquisition of the California College of the Arts' (CCA) San Francisco facilities. Vanderbilt will assume control of the campus after CCA winds down operations in 2027, pending regulatory approvals. The new campus is expected to serve approximately 1,000 students and could open as early as the 2027–2028 academic year.

Vanderbilt's expansion follows years of outreach by San Francisco leadership to attract universities as part of a strategy to diversify downtown beyond traditional office use. While the campus will be located in the Design District rather than



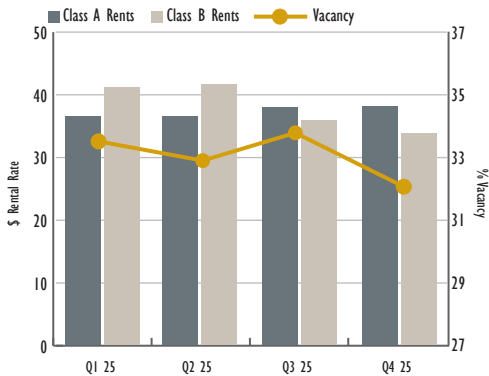
CCA Campus

the Financial District, Vanderbilt had previously explored downtown locations and emphasized its intention to honor CCA's century-long Bay Area legacy, including the creation of a California College of the Arts Institute at Vanderbilt.

Together, these commitments signal increasing confidence in San Francisco's long-term recovery and highlight higher education as an emerging demand driver for large-scale real estate. City officials continue to position universities and students as critical contributors to downtown vitality, helping reshape the urban core into a place to live, work, learn, and innovate.

further supports a growing belief that the city's commercial real estate market is entering a period of recalibration rather than decline.

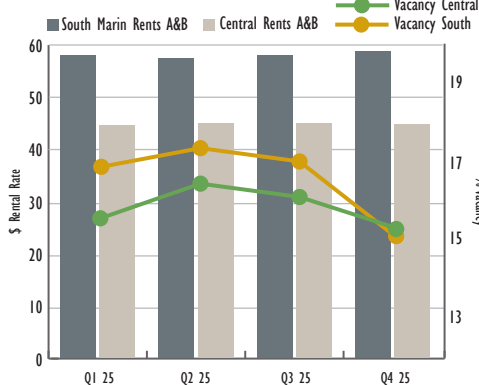
SAN FRANCISCO SOMA



Where's the Space?

Submarket	Direct SF	Vacancy (direct)	Sublet SF	Vacancy (sublet)	Total SF	Vacancy (Total)
Top 10 Build	1,834,910	14.40%	686,853	5.40%	2,521,763	19.80%
Fin. Dist. A	12,199,034	24.80%	1,620,468	3.30%	13,819,502	28.10%
Fin Dist. B	3,665,695	29.00%	186,125	1.50%	3,851,820	30.50%
SOMA A	2,421,355	33.60%	523,270	7.30%	2,944,625	40.80%
SOMA B	2,498,428	21.20%	664,632	5.60%	3,163,060	26.80%

MARIN

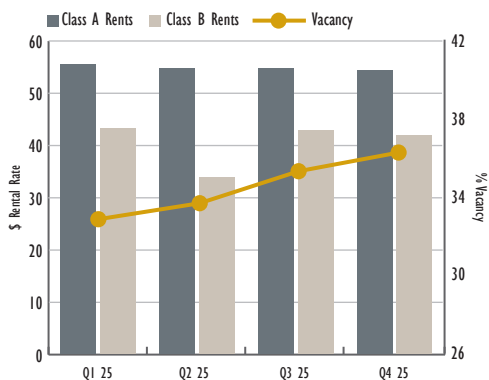


Major Leases Completed in the Fourth Quarter

Tenant	Sq. Ft.	Address
Sierra AI	251,179	185 Berry Street ****
DocuSign	189,542	221 Main Street * ***
Kirkland & Ellis	153,202	555 California Street * ***
Carta	83,245	333 Bush Street *
Wharton School	77,399	345 Montgomery Street ****
Abridge	76,119	208 Utah Street ****
Retool	72,225	1550 Bryant Street *
Ironclad	46,215	650 California Street ****

*Renewal **Sublease ***Expansion ****New lease

OAKLAND CBD

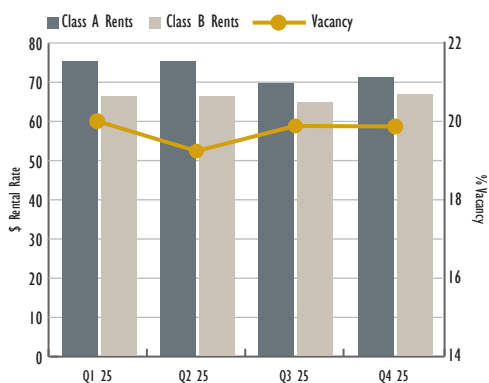


The Axiant Group Can Help You

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.

PENINSULA



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