

San Francisco Market Snapshot

JANUARY 2026



Market Trends & Intel

- Tenant demand totals 10.3 MSF; 400+ active/pending tenants, including 23 needs over 100K SF.
- Tech/AI requirements account for 49% of overall demand.
- 2025 gross leasing totaled of 9.8 MSF, the highest gross leasing since 2020-2024.
- Trophy/view space rents continue to improve, averaging \$122.43 asking rent in trophy buildings.
- Sublease availability has fallen to 5.1 MSF, down 48.5% from its 2Q 2023 peak. This indicates that "shadow space" is being absorbed or pulled off the market as companies commit to their footprints.
- Since 2024, 50% of San Francisco CBD Buildings sales (10-150K SF) were owner-user deals. This suggests companies are choosing control over flexibility, expecting long-term occupancy.

Source: Newmark Research, CoStar

Market Statistics

	4Q25	3Q25	4Q24
Total Inventory (SF)	91.0M	90.9M	90.7M
Vacancy Rate	29.4%	30.2%	29.8%
Availability Rate	33.4%	35.2%	38.0%
QTR Net Abs (SF)	824K	308K	356K
YTD Net Absorption (SF)	728K	-96K	-369K
Average Direct Asking Rent/SF	\$67.55	\$68.33	\$68.17

Key Takeaways – 4Q25

- Artificial intelligence firms were the primary growth engine, representing over 33% of expansion-driven deals over 50,000 square feet. Major leases from firms like Databricks and OpenAI have anchored the market's recovery.
- Net absorption for 4Q25 was positive 823K square feet, including 754K sf positive absorption in Class B office space.

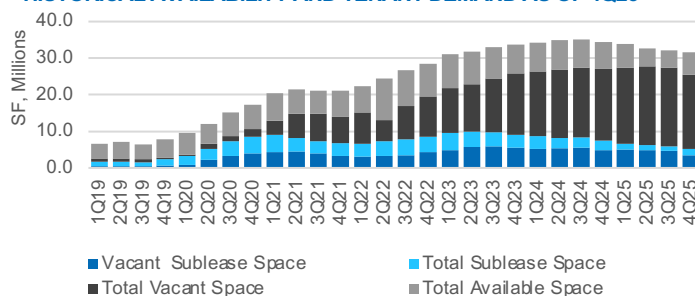
Sublease Inventory

MARKET OVERVIEW – 10K+ SF

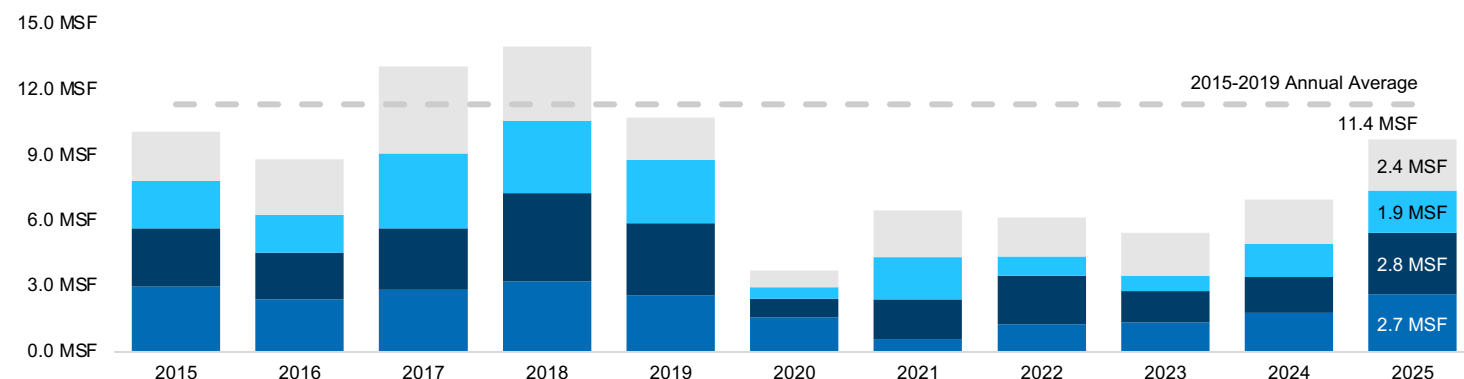
10K+ SF SUBLEASE STATS	DECEMBER 2025	DECEMBER 2024	MARCH 2020
Total Count	85	131	78
Availability	5.0M SF	6.6M SF	2.9M SF
Average Size	59K SF	51K SF	37K SF
Weighted Average Term	37 mos	20 mos	44 mos
Average Time on Market	119 wks	124 wks	16 wks

Source: Newmark Research, CoStar

HISTORICAL AVAILABILITY AND TENANT DEMAND AS OF 4Q25

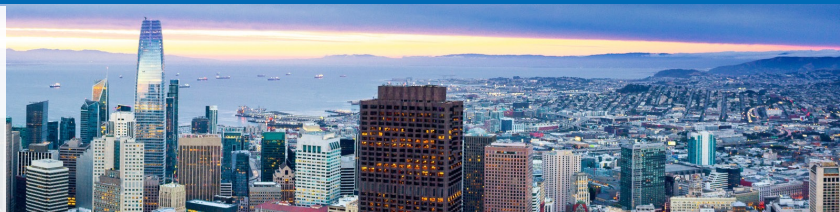


Leasing Activity



Source: Newmark Research, CoStar. Leasing data for 4Q25 is still preliminary.

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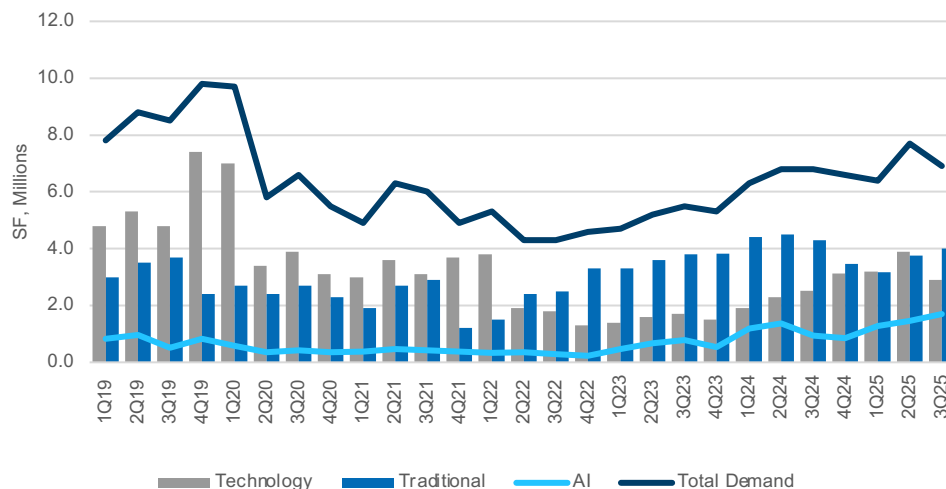
Notable New Changes

TENANTS NEW TO THE MARKET

TENANT	SIZE REQUIRED
Anthropic	400,000
Amazon	300,000
OpenAI	175,000
Astranis	150,000
Vanderbilt	150,000
Crusoe Energy	137,500
Charles Schwab	120,000
Faire	100,000
First Citizens Bank/SVB	100,000
Handshake	95,000
Decagon	90,000
Ramp	75,000
Disney	60,000

Source: Newmark Research

Active Tenants in the Market



SPACES RECENTLY ADDED TO THE MARKET

Address	RSF	Floor	Type	Submarket	Previous Tenant
55 2nd St	105,811	7-10,12,14	Direct	South Financial District	KPMG
55 Hawthorne St	127,675	5-11	Direct	South Financial District	
360 3rd St	67,000	5	Direct	Yerba Buena	AKQA
550 Kearny St	57,594	4,8,10	Direct	South Financial District	
315 Montgomery St	44,814	2-3,8	Direct	Financial District North	Ripple

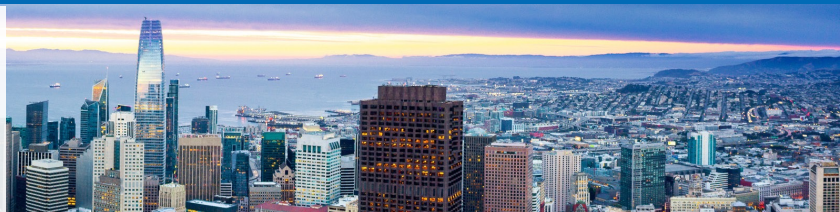
Source: Newmark Research, CoStar

RECENT LEASES

Tenant	Address	Submarket	Lease Type	Month	SF Leased
Nudge Pharma	1800 Owens	Mission Bay/China Basin	Direct	December	62,250
Baseten	360 Third St	SOMA/Yerba Buena	Direct	December	26,422
Sierra AI	185 Berry St	Mission Bay/China Basin	Direct	November	257,817
Ironclad	650 California St	Financial District North	Direct	November	46,000
Nvidia	1090 Dr. Maya Angelou Ln	Mission Bay/China Basin	Direct	November	45,126
Lockton Insurance	3 Embarcadero Center	Financial District North	Direct	November	36,000
Vercel	201 Mission St	SOMA/Yerba Buena	Sublet	October	42,150

Source: Newmark Research, CoStar

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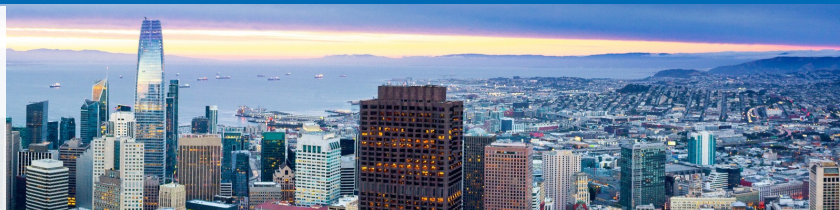


SALES

Status	Address	RSF	Rumored Pricing Guidance	Rumored \$/SF	Buyer	Seller
Sold	800 Market St	47,494	\$17,200,000	\$362.15	Fountainhead Development	Invesco
Sold	420 Montgomery St	371,432	\$55,000,000	\$148	REDCO Development	Wells Fargo
Sold	1161 Mission St	65,659	\$7,500,000	\$114	Parinas Prime Properties	Sino Ocean Group
Sold	149 New Montgomery St	84,318	\$25,431,583	\$302	TMG Partner/Bridges Capital	Monahan Parker Inc.
Sold	625 Market St	71,329	\$17,800,000	\$250	Chelsea Pacific Investments	Sun Life Assurance Company of Canada
Sold	625 2nd St	134,848	\$28,000,000	\$208	Frontline Realty Capital	Hudson Pacific Props
Sold	555-575 Market St	770,000	\$177,000,000	\$230	DRA Advisors, Flynn Properties	Paramount Group (REIT)
Sold	208 Utah St	76,453	\$15,100,000	\$198	REDCO Development	Shorenstein
Sold*	1 Front St	651,732	N/A	N/A	Beacon Capital Partners	Paramount Group (REIT)
Sold	1045 Sansome St	89,010	\$28,350,000	\$319	Bridges Capital LLC	Goldman Sachs, Lincoln Property Co
Sold	799 Market St	145,400	\$44,000,000	\$303	Sansome Street Advisors	ASB Real Estate Investments
Sold	199 Fremont St	401,043	\$111,300,000	\$278	DivcoWest, Blackstone	GLL RE Partners
Sold	88 Kearny St	228,359	\$74,500,000	\$326	Lending Club	TIAA-CREF
Sold	995 Market St	90,552	\$10,136,353	\$112	Deep Ink Ventures	L Star Capital
Sold	351 California St	139,488	\$36,000,000	\$258	Tidewater Capital	Goldman Sachs, Tidewater
Sold	505 Montgomery St	365,466	\$105,000,000	\$274	Peninsula Land & Capital	DWS Group
Sold	1660 Mission St	78,500	\$18,500,000	N/A	City of San Francisco	Market Street Capital
Sold	140 2nd St	38,000	N/A	N/A	StartupHQ	The Kivelstadt Group
Sold	340 Bryant St	65,718	\$10,000,000	\$152	Cannae Partners	Rialto Capital
Sold	600 California St	403,629	\$130,000,000	\$322	Lone Star Funds	N/A
Sold	667 Mission St	160,164	\$90,000,000	\$562	First Citizen's Bank	Align Real Estate
Pending	201 California St	272,000	N/A	N/A	N/A	PIMCO
Pending	25 Taylor St	49,939	\$7,000,000	\$140	N/A	WeWork Golden Gate LLC
Pending	45 Fremont St	692,000	N/A	N/A		Blackstone, Shorenstein
Pending	1035 Battery St	13,908	\$7,100,000	\$510		Graham Street Realty
On Market	1680 Mission St	41,715	\$9,500,000	\$228		Market Street Capital
On Market	200 Pine St	49,463	N/A	N/A		M&E LLC
On Market	40 Jessie St	50,790	N/A	N/A		Long Market Property Partners

*25% partial interest sale

San Francisco Market Snapshot



VC Funding

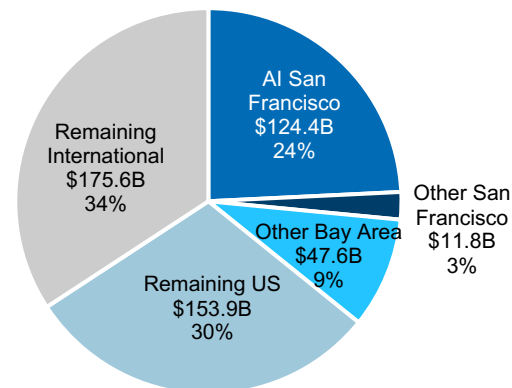
2025 SAN FRANCISCO VC FUNDING

Number of Deals **2,554**
Total \$ Raised **\$136.13 B**

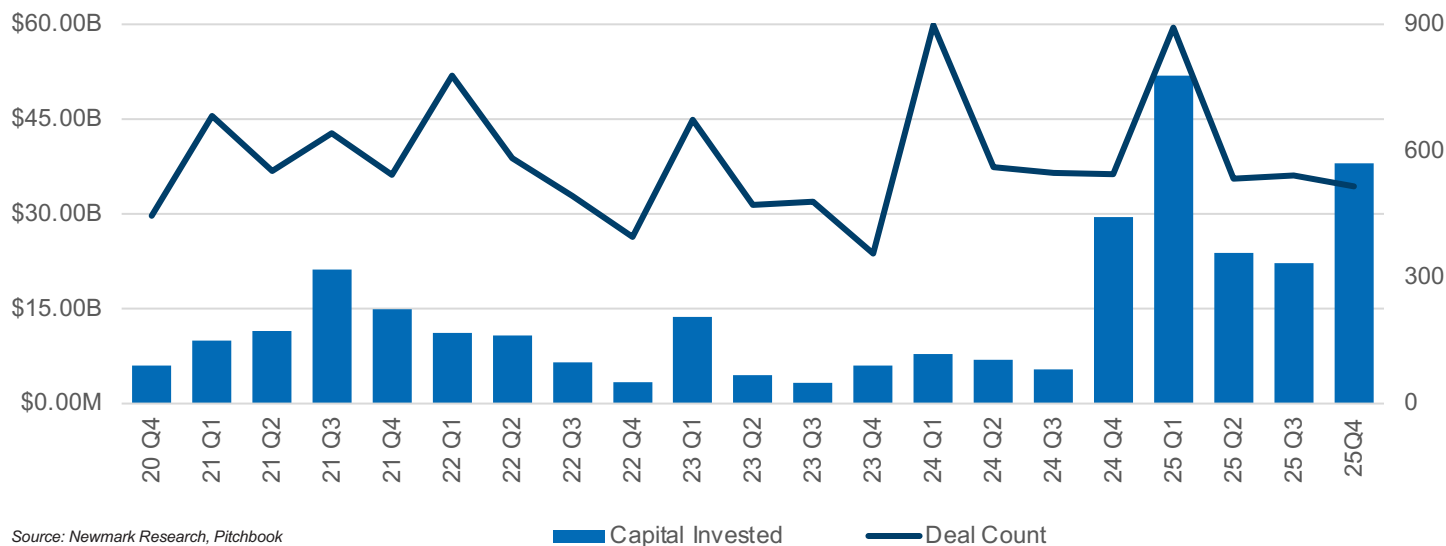
Largest Deals

OpenAI - \$40.0B – Later Stage VC
Anthropic - \$15.0B – Later Stage VC
Scale AI - \$14.3B – Later Stage VC
Anthropic - \$13.0B – Later Stage VC – Series F
Project Prometheus - \$6.2B – Early Stage VC
Databricks - \$4.1B – Later Stage VC
Anthropic - \$3.5B – Later Stage VC – Series E
Anyphere - \$2.3B – Later Stage VC – Series E
Thinking Machines Lab - \$2.0B – Seed Round
Databricks - \$1.0B – Later Stage VC – Series K
Retro - \$1.0B – Early Stage VC – Series A

2025 SAN FRANCISCO VC FUNDING SHARE

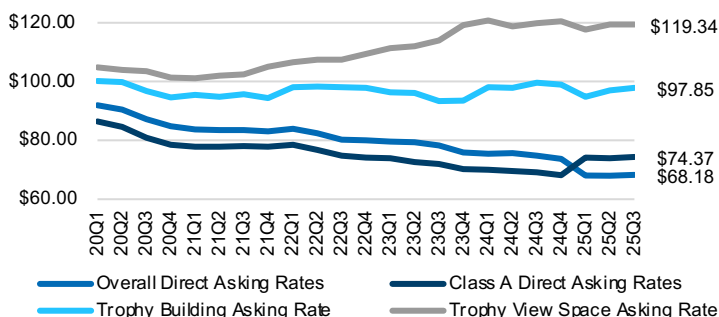


SAN FRANCISCO VC FUNDING OVER TIME

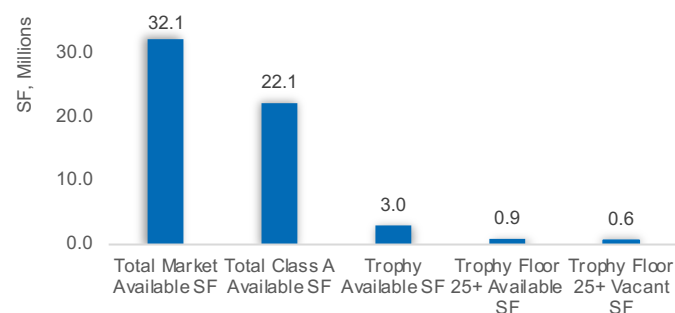


Trophy Space

ASKING RATE COMPARISON AS OF 3Q25



TROPHY AVAILABILITY COMPARED TO TOTAL OFFICE MARKET



Source: Newmark Research, CoStar

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