

# SAN FRANCISCO OFFICE MARKET Yardi® Matrix

## Market Analysis

Second Quarter 2018

### Contacts

#### Jeff Adler

Vice President & General  
Manager of Yardi Matrix  
Jeff.Adler@Yardi.com  
(800) 866-1124 x2403

#### Jack Kern

Director of Research and  
Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

#### Chris Nebenzahl

Senior Analyst  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

#### Veronica Grecu

Senior Real Estate Market Analyst  
Veronica.Grecu@Yardi.com  
(306) 955-1855 x7583

#### Author

#### Razvan Cimpean

Associate Editor  
Razvan-I.Cimpean@Yardi.com

Aggregated and anonymized  
expense and lease expiration  
data is available to Yardi Matrix  
subscribers. Please contact us  
for details!

For more information please contact:

#### Ron Brock, Jr.

Industry Principal, Matrix  
JR.Brock@Yardi.com  
(480) 663-1149 x2404

## Deliveries to Test Thriving SF Market



San Francisco's office market continues to be **bolstered by major companies** willing to pay a premium to be in the country's largest tech-driven metro, counteracting smaller players' shift to less expensive areas. **Dropbox** and **Okta** are expected to move into their new corporate headquarters in Fall 2018. The two companies will occupy a combined 1 million square feet in SOMA and South Financial District. Meanwhile, Blue Shield of California joined a growing list of small and medium-size firms priced out of San Francisco. The health plan provider will relocate more than 1,000 employees to its new headquarters in Oakland.

Despite a slowdown in development activity over the last three years, office absorption remained well above the national average. However, more than **4.6 million square feet** is scheduled for completion by the end of this year. **The spike in deliveries** will test the market's ability to maintain tenant interest, as prices keep going up at a fast pace in most established submarkets.

Some **26,000 jobs** were added year-to-year through February. **Office-using jobs account for 39.3%** of San Francisco's total employment pool of 1.1 million jobs. This is the highest level recorded in the metro.

Core urban submarkets continue to attract investors. The South Financial District has emerged as the most expensive submarket, with an average of **\$1,498 per square foot**, surpassing the well-established North Financial District and South San Francisco.