

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.