

SAN FRANCISCO OFFICE MARKET

Yardi® Matrix

Market Analysis

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San Francisco's office market is bustling, thanks to its ever-strengthening tech appeal and emerging companies expanding their local operations. The metro's current lack of available space coupled with an escalating cost of construction have put a dent in vacancy, but further issues could hamper the sector's growth. However, San Francisco's **booming coworking sector** is acting to counterbalance the metro's dependence on new upscale office product. Following an aggressive expansion plan this year, WeWork's footprint throughout the metro now exceeds 1.3 million square feet. Additionally, Spaces, Knotel, Canopy and Industrious have leased roughly 200,000 square feet of office space in San Francisco, combined.

San Francisco's overall job growth has been strong, with 28,500 new jobs over the past year. The metro added more than **15,000 office-using jobs** year-over-year through August, led by 10,000 jobs in professional and business services. Office-using employment now accounts for 39.7% of the metro's employment pool, the highest level on record.

The metro's office vacancy rate was **7.6% in September**, significantly lower in submarkets with good transit options. Following strong absorption of existing inventory, development activity has picked up again. More than **6 million square feet** of space is slated to come online by year's end, the bulk of it already pre-leased. High demand levels should keep vacancy low, even as deliveries soar.