

San Francisco Peninsula

Office market snapshot

Q4 2023

The San Francisco Peninsula office market remains favorable for tenants, particularly with increasing vacancies. Anticipated softening of market conditions is expected due to upcoming deliveries and the continued decrease of job openings. With the largest negative net absorption in recent quarters, asking rents are also expected to drop.

+6.4%

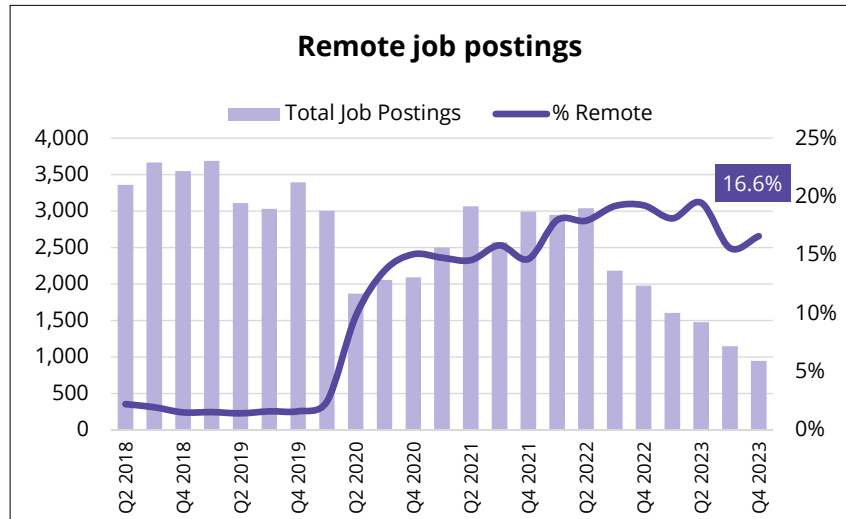
Remote job postings are up **6.4%** quarter-over-quarter, but sit well below San Francisco's 23.7% percentage share of remote postings.

25.9%

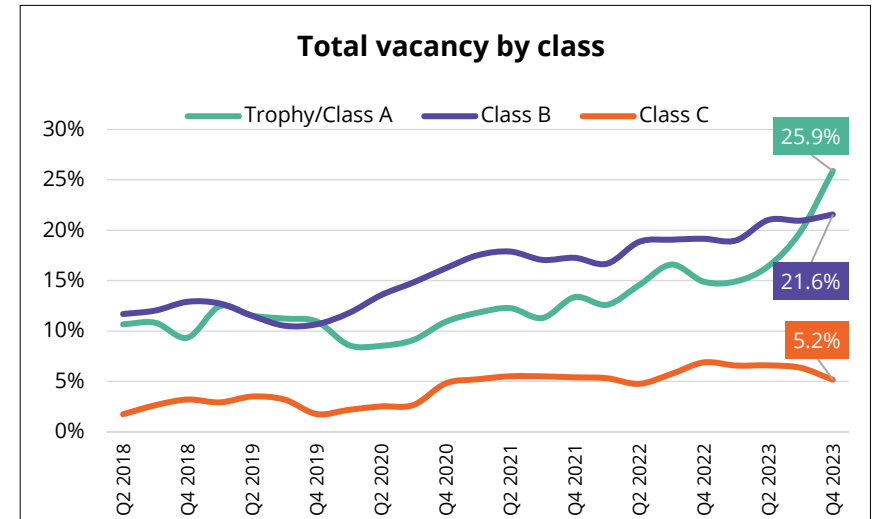
Trophy/Class A vacancy has continued to rise for the fourth straight quarter and now sits at **25.9%**.

\$5.67

Asking rents held steady this quarter, but are up 14.5% since the recent low of 2022.



The overall job market has softened as economic headwinds continue to restrict the flow of capital. While the share of remote jobs postings increased moderately, they are still well below San Francisco's 23.7%.

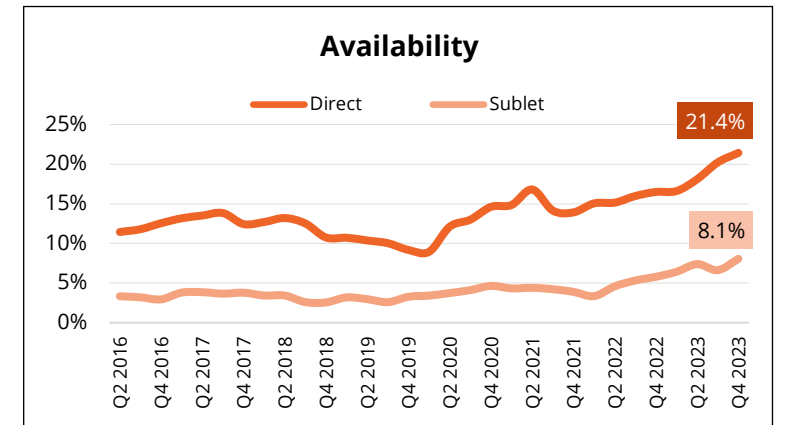
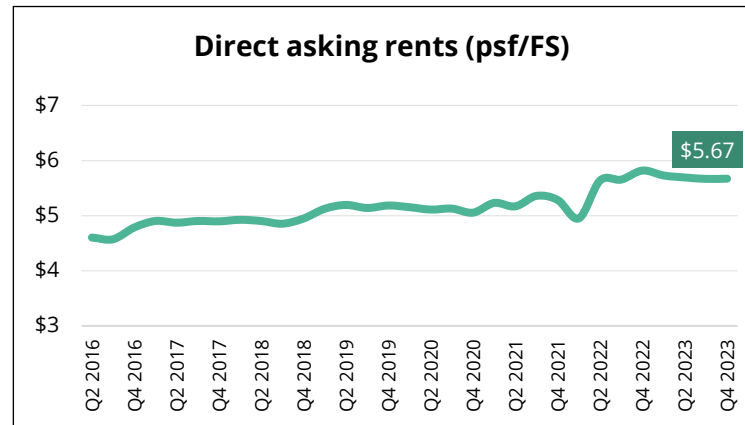
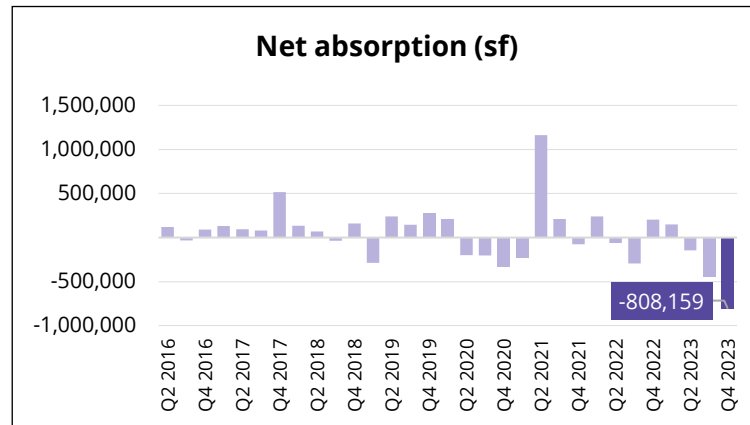


Vacancy rates are on the rise for Class A and Class B assets, while asking rents have mostly held firm. Tenants can continue to expect favorable lease terms while these conditions persist.

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Recent leasing activity

Tenant	Address	Submarket	Size (sf)	Lease type
Davis Polk & Wardwell	900 Middlefield Rd	Redwood City	54,066	Direct
Coherus Biosciences	333 Twin Dolphin Dr	Redwood City	23,671	Direct
Snaplogic	1835 S Grant St	San Mateo	18,465	Direct
RSE Corporation	1820 Gateway Dr	San Mateo	15,891	Direct
FalconX	1850 Gateway Dr	San Mateo	9,793	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (QTD)	Net absorption sf (YTD)	Direct asking rent FS
Brisbane	643,901	-	-	5.9%	1.1%	6.9%	-2,778	-18,094	\$4.63
Burlingame	2,790,822	44,605	185,000	7.9%	0.8%	8.7%	8,455	7,613	\$4.05
Daly City	662,052	-	-	1.7%	0.0%	1.7%	1,234	-364	\$3.01
Millbrae	187,160	-	-	84.9%	0.0%	84.9%	3,409	3,409	\$6.43
San Bruno	402,225	-	-	5.7%	0.3%	6.0%	351	-379	\$4.32
South San Francisco	635,769	-	-	13.0%	0.0%	13.0%	0	62,269	\$3.82
North County	5,321,929	44,605	185,000	10.0%	0.6%	10.6%	10,671	54,454	\$4.70
Belmont	154,345	-	-	0.0%	0.0%	0.0%	0	0	-
Foster City	1,922,710	-	-	10.2%	3.5%	13.7%	50,361	-2,291	\$4.21
San Mateo	6,864,145	213,999	28,000	18.4%	3.9%	22.2%	-78,149	-53,059	\$4.86
Central County	8,941,200	213,999	28,000	16.3%	3.7%	20.0%	-27,788	-55,350	\$4.77
East Palo Alto	721,086	-	-	44.0%	0.0%	44.0%	5,623	-159,605	\$7.78
Menlo Park	4,621,713	154,000	34,710	10.6%	18.9%	29.5%	-784,185	-602,175	\$9.26
Redwood City	5,876,250	118,136	631,000	23.0%	6.0%	29.0%	-15,248	-481,464	\$5.79
San Carlos	645,192	-	-	16.7%	16.4%	33.2%	2,768	-3,128	\$5.81
South County	11,864,241	272,136	665,710	19.1%	11.2%	30.3%	-791,042	-1,246,372	\$6.47
Overall	26,127,370	530,740	878,710	16.3%	6.5%	22.8%	-808,159	-1,247,268	\$5.67

Sources: AVANT by Avison Young

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