



SF MARKET INSIGHTS



MARKET OUTLOOK

San Francisco's office sector continues to show signs of recovery in 2025, building on the momentum from late 2024. Since the start of the year we have seen 1.08 million square feet of leasing activity, a slight decrease from Q4 2024 but still outpacing the post-COVID average. The market's revival is driven by AI-related demand and innovative tech firms, with companies reinvesting in the city by securing prime office space. Notably, investors are returning to the market, looking to acquire buildings at discounted prices. Gradual increases in price per square foot indicate that the market has moved beyond its bottom and will continue to rise. Highlighted are some of the largest transactions and tenants paving the way to revitalization:

- **1 Montgomery Sale to EMPIRE**
- **450 Sansome Sale to Hearst**
- **Google - Renewals of 575,000 SF**
- **Twilio - 83,000 SF at 101 Spear**
- **Databricks in talks for +/- 100,000 SF at 1 Sansome**
- **Coinbase in search for +/- 100,000 SF**

The buzz around town is palpable, packed restaurants, full ferries, and city wide events like All Star Weekend, reigniting a vibrancy that hasn't been seen in some time. While challenges remain, the election of Mayor Daniel Lurie has brought renewed optimism for addressing key issues like public safety and economic recovery. This combination of factors, along with the city's enduring appeal, indicate that San Francisco is on the cusp of a market correction.

RETURN TO OFFICE

One of the major topics we've been closely monitoring is the return to office (RTO). The RTO trend is reshaping San Francisco's future, with major companies and the city government leading the charge. Salesforce, Gap Inc., Google, Amazon, and Apple are among the tech giants pushing for increased in-person work, while Mayor Daniel Lurie has mandated city workers to return to the office four days a week starting April 28, 2025. This influx of workers is expected to revitalize downtown areas and boost local businesses. A recent survey by KPMG of 100 San Francisco-based companies with annual revenues of \$50M or more reveals a strong commitment to office expansion. Three-quarters of executives plan to increase their office footprints in the next 12 to 18 months, with 79% aiming to bring employees back more frequently and 66% planning to grow their headcount. This trend signals a significant shift in workplace dynamics and a potential resurgence of San Francisco's commercial real estate market, as business leaders invest in the city's future and seek to foster collaboration and innovation through in-person work environments.

HOW ARE YOU CAPITALIZING ON THIS CITY'S ECONOMIC OPPORTUNITIES?

TRI COMMERCIAL

In San Francisco's complex and challenging office market, hiring the right commercial real estate broker is crucial for saving time and money. Our team at TRI Commercial has in-depth knowledge of the office market, navigating the disparities between high-quality spaces with premium rents and struggling commodity options. We can efficiently identify suitable properties, saving you time amidst high vacancy rates, while negotiating favorable lease terms that can lead to significant cost savings. Additionally, our access and strategic guidance ensures that your decisions align with current trends and your long-term business needs.

WHAT DOES YOUR FUTURE WORK PLACE STRATEGY LOOK LIKE?



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