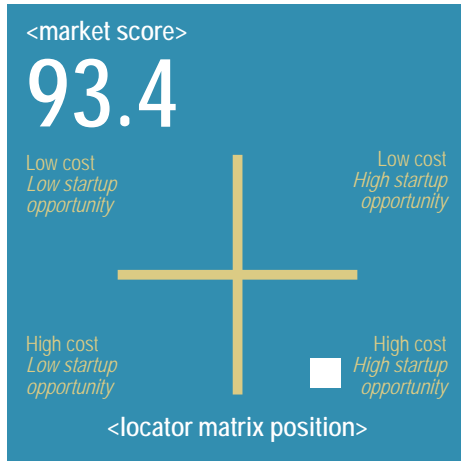


Technology Office Outlook

San Francisco | 2015



MARKET SCORE AND LOCATOR MATRIX POSITION



Supply 74,650,345 total inventory (s.f.)	Office cost \$66.80 overall direct asking rent	Employee cost \$175,557 average wage 2014	Total cost per employee \$11,690 annual real estate cost (175 s.f./person)
8.4% total vacancy	12.6% 12-month rent growth	12.0% annual wage growth 2014	\$187,247 all-in cost (real estate and wages)
Venture capital \$12.6B total funding Q314-Q215	Population 852,469 total population	Talent pool 52.4% % of population with bachelor's or higher	Lifestyle \$3,067 average monthly apartment rent
36.5% share of U.S. funding	3.6% unemployment rate	28.8% share of millennials (work age, 20-34)	12 market dynamism (0-14)

TOP LEASE TRANSACTIONS

510 Townsend Street South of Market Tenant: Stripe Size: 300,000 s.f. Expansion in market	555 Market Street South Financial District Tenant: Uber Size: 172,838 s.f. Expansion in market	199 Fremont Street South Financial District Tenant: Fitbit Size: 163,628 s.f. Expansion in market
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OPPORTUNITY

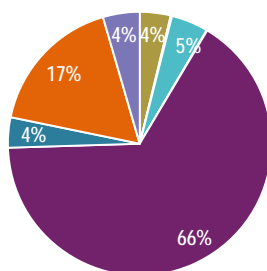
San Francisco remains one of the technology industry's most coveted office locations in the United States. Access to talent that's drawn to the city's lifestyle and amenities is one of the leading factors keeping companies within city limits, but it's cluster of brand-name technology companies, access to capital, incubators and accelerators, and its bootstrap mentality also support this booming hub.

CHALLENGE

The dynamics between supply and demand, and the exorbitant cost born out of that imbalance has elevated San Francisco to a new echelon in the real estate market from both a commercial and residential perspective. As a result, both occupiers and residents are considering whether the benefits outweigh the costs while employers increasingly look to lower cost markets where talent is migrating.

EMPLOYMENT COMPOSITION

- Computer/Electronic product manufacturing
- Electrical/equipment manufacturing
- E-retailers
- Online auctions
- Computer systems design & Related services
- Data processing, Hosting & Related services
- Other information services
- Software publishers



"Not even during the dot-com boom in the 90s did San Francisco see the kind of growth it's seeing today. It's not just the velocity of startup activity, but the continued expansion of the city's anchor tech tenants that's driving growth."

- Amber Schiada
VP, Director of Research

Employment 59,616 high-tech employment 2014	20.9% annual high-tech employment growth
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