

**CP Commercial  
Partners**

**San Francisco**

**Commercial Real Estate Market**

**Michael McGinn**

**Sr. Vice President/Partner**

# **Introduction**

## **State of the Market**

### **Bay Area: Economy and Diversity**

# Market Analysis

**Vacancy Rates**

**Rental Rates**

**Comps**

**Sublease Space**

**Absorption**

**Construction**

# Market Analysis – Vacancy Rates

7.8%

Building Class	Bldgs	Existing Rentable Bldg Area	Direct SF Vacant	Vacant Rate %	Direct w/ Sublet SF Vacant	Vacant % with Sublet	Total SF Available	Direct SF Available	Sublet SF Available	Max SF Contig	Avg Rate
A	90	38,411,263	2,781,612	7.2%	3,105,626	8.1%	4,437,994	3,516,412	921,582	97,936	\$42.61/fs
B	146	14,449,909	1,429,803	9.9%	1,518,452	10.5%	2,201,974	1,942,111	259,863	282,331	\$30.94/fs
C	104	2,190,437	68,801	3.1%	72,024	3.3%	97,957	94,734	3,223	6,959	\$30.04/fs
<b>Totals</b>	<b>340</b>	<b>55,051,629</b>	<b>4,280,216</b>	<b>7.8%</b>	<b>4,696,102</b>	<b>8.5%</b>	<b>6,737,925</b>	<b>5,553,257</b>	<b>1,184,668</b>	<b>282,331</b>	<b>\$37.76/fs</b>

8.5%

## Submarket Cluster: SF Downtown North

Building Class	Bldgs	Existing Rentable Bldg Area	Direct SF Vacant	Vacant Rate %	Direct w/ Sublet SF Vacant	Vacant % with Sublet	Total SF Available	Direct SF Available	Sublet SF Available	Max SF Contig	Avg Rate
A	10	1,326,126	98,687	7.4%	98,687	7.4%	134,395	127,383	7,012	36,261	\$41.83/fs
B	106	4,633,319	252,100	5.4%	259,151	5.6%	484,749	408,262	76,487	62,476	\$32.45/fs
C	111	1,510,318	96,455	6.4%	96,455	6.4%	16,740	115,240	1,500	18,000	\$33.50/fs
<b>Totals</b>	<b>229</b>	<b>7,469,763</b>	<b>447,242</b>	<b>6.0%</b>	<b>454,293</b>	<b>6.1%</b>	<b>735,884</b>	<b>650,885</b>	<b>84,999</b>	<b>62,476</b>	<b>\$33.09/fs</b>

6.1%

12.6%

## Submarket Cluster: SF Downtown South

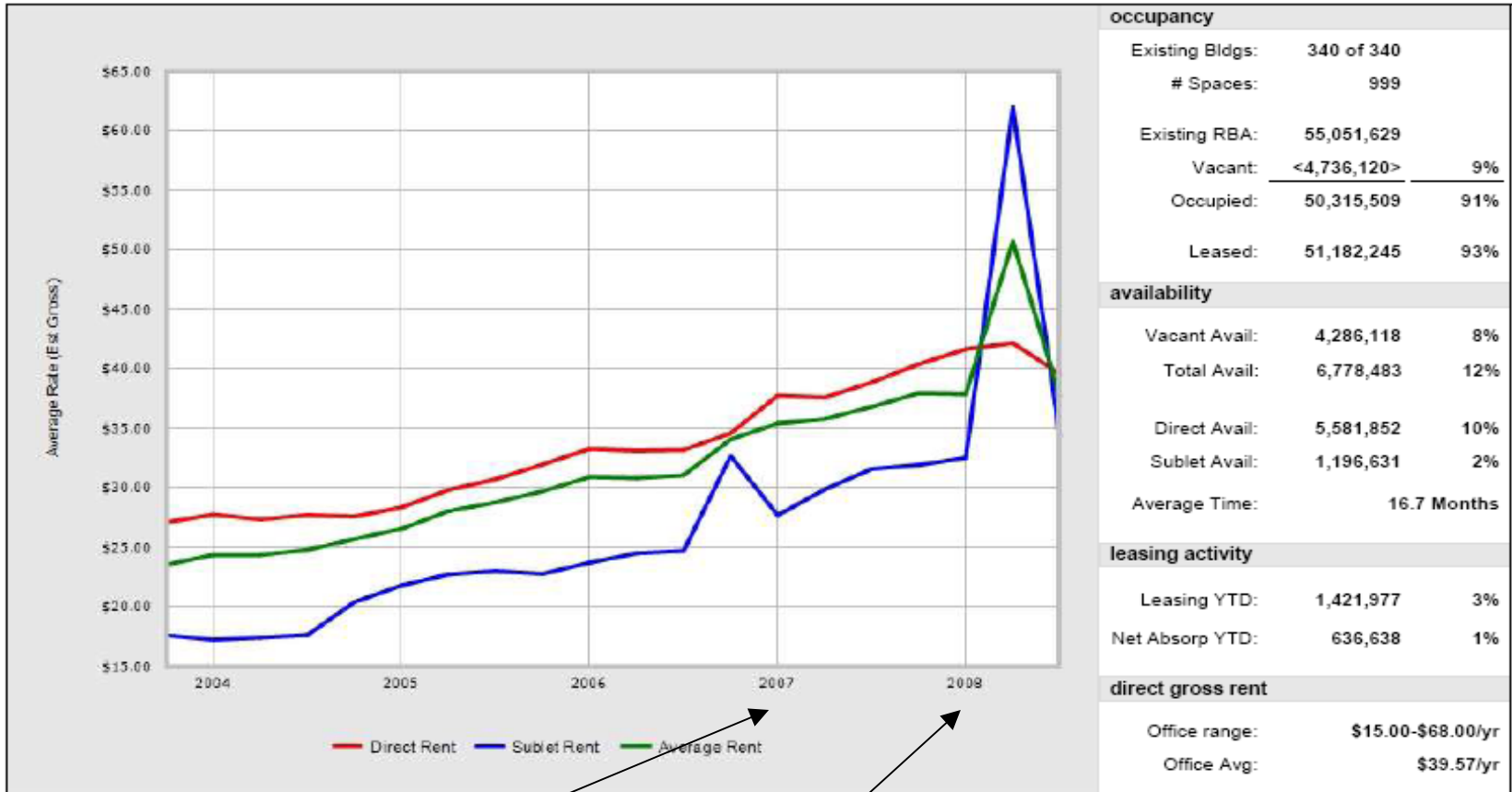
Building Class	Bldgs	Existing Rentable Bldg Area	Direct SF Vacant	Vacant Rate %	Direct w/ Sublet SF Vacant	Vacant % with Sublet	Total SF Available	Direct SF Available	Sublet SF Available	Max SF Contig	Avg Rate
A	13	4,115,916	212,760	5.2%	257,630	6.3%	374,265	193,314	180,951	63,970	\$36.02/fs
B	189	10,441,525	1,698,524	16.3%	1,805,878	17.3%	2,366,600	2,239,758	162,215	565,000	\$33.11/fs
C	153	2,672,920	104,272	3.9%	105,144	3.9%	135,689	134,814	875	18,143	\$23.45/fs
<b>Totals</b>	<b>355</b>	<b>17,230,361</b>	<b>2,015,556</b>	<b>11.7%</b>	<b>2,168,655</b>	<b>12.6%</b>	<b>2,876,554</b>	<b>2,567,886</b>	<b>344,041</b>	<b>565,000</b>	<b>\$32.44/fs</b>

9.2%

## Grand Totals

Building Class	Bldgs	Existing Rentable Bldg Area	Direct SF Vacant	Vacant Rate %	Direct w/ Sublet SF Vacant	Vacant % with Sublet	Total SF Available	Direct SF Available	Sublet SF Available	Max SF Contig	Avg Rate
<b>Totals</b>	<b>924</b>	<b>79,751,753</b>	<b>6,743,014</b>	<b>8.5%</b>	<b>7,319,050</b>	<b>9.2%</b>	<b>10,350,363</b>	<b>8,772,028</b>	<b>1,613,708</b>	<b>565,000</b>	<b>\$35.08/fs</b>

# Market Analysis – Rental Rates



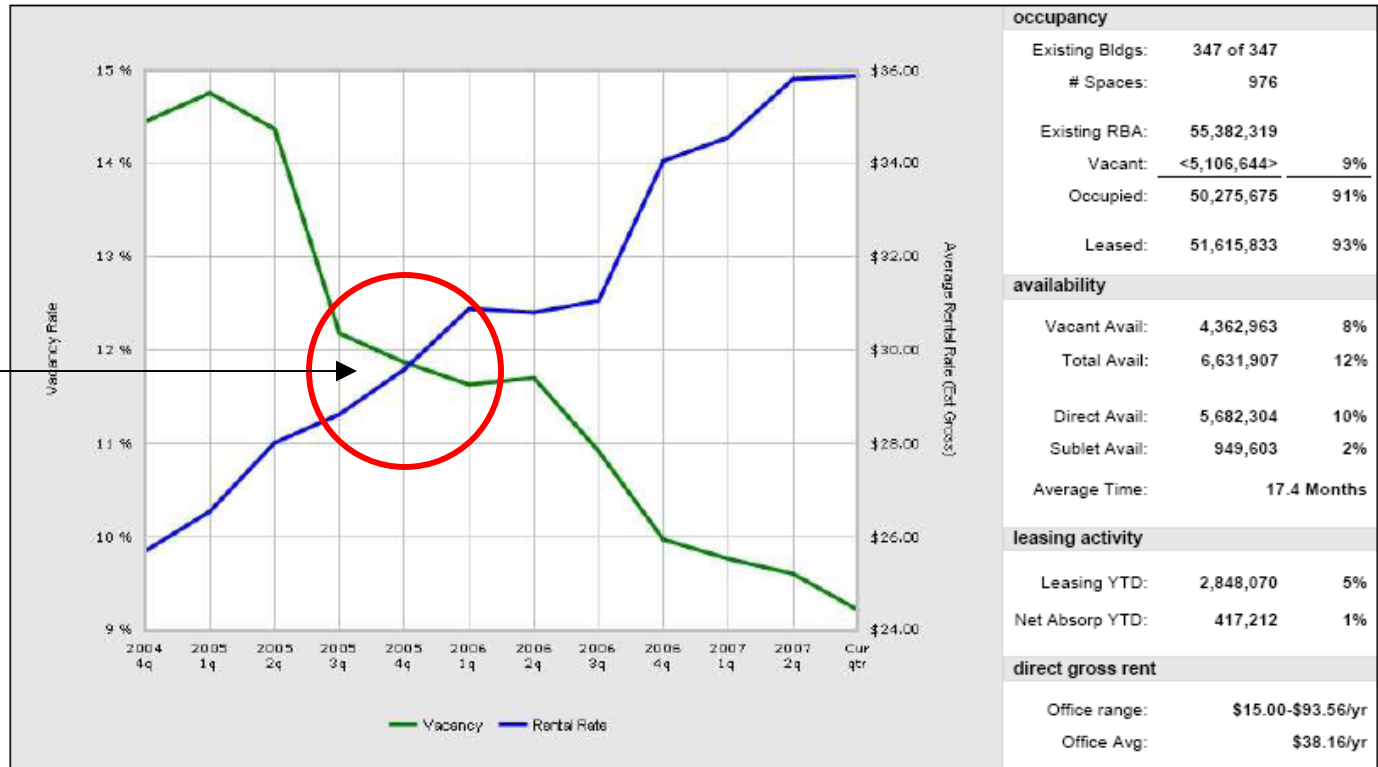
occupancy		
Existing Bldgs:	340 of 340	
# Spaces:	999	
Existing RBA:	55,051,629	
Vacant:	<4,736,120>	9%
Occupied:	50,315,509	91%
Leased:	51,182,245	93%
availability		
Vacant Avail:	4,286,118	8%
Total Avail:	6,778,483	12%
Direct Avail:	5,581,852	10%
Sublet Avail:	1,196,631	2%
Average Time:	16.7 Months	
leasing activity		
Leasing YTD:	1,421,977	3%
Net Absorp YTD:	636,638	1%
direct gross rent		
Office range:	\$15.00-\$68.00/yr	
Office Avg:	\$39.57/yr	

2007

2008

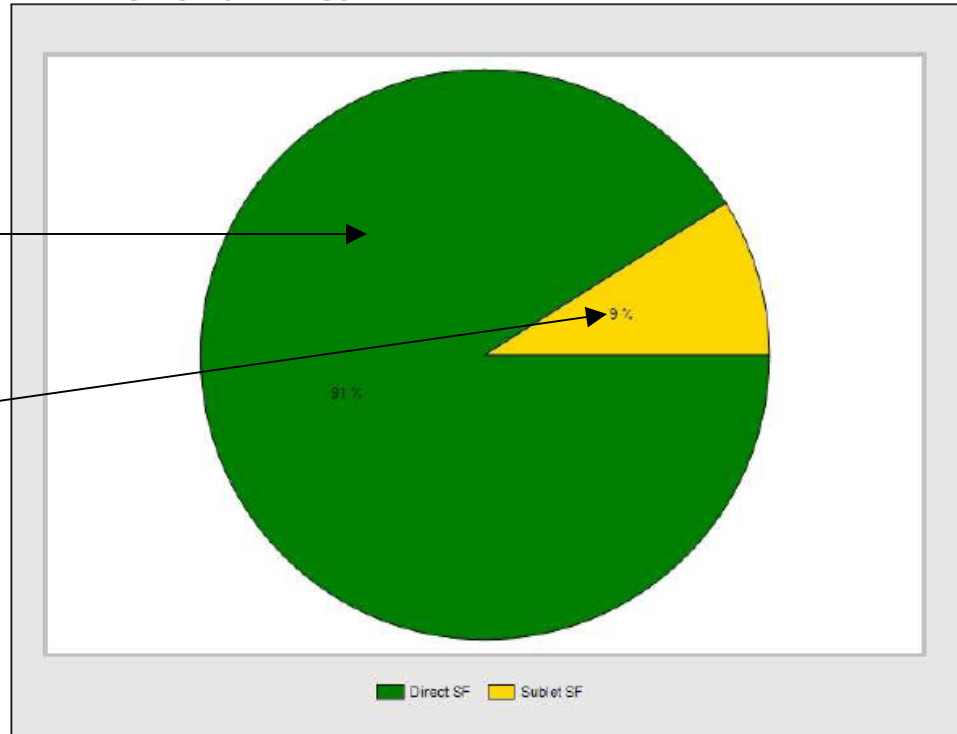
# Market Analysis – Vacancy and Rental Rates

**Equilibrium  
Point  
Q4 2005**



# Market Analysis - Sublease Space

Vacancy By Space Type



**Direct SF**

**91%**

**Sublet SF**

**9%**

## Market Analysis - High Comps

<u>Address</u>	<u>\$ per RSF</u>	<u>Floor</u>	<u>Tenant</u>
600 Montgomery	66.57/RSF	37 <sup>th</sup>	Serenity Capital
1 Market	91.32/RSF	26 <sup>th</sup>	Valiant Capital
1 Market	88.13/RSF	17 <sup>th</sup>	New Mountain Capital
4 Embarcadero	76.33/RSF	25 <sup>th</sup>	Perkins Coie
1 Embarcadero	88.00/RSF	38 <sup>th</sup>	PCG Advisors
600 Montgomery	76.12/RSF	38 <sup>th</sup>	Rockwood Capital

# For Sale



**601 California Street**

**CP** Commercial  
Partners

# Sale Comp



**1 Sansome Street**

**Sold for \$370,000,000**

**\$572/per RSF**

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# Issues

**Energy Costs**

**Green Building**

**Seismic/Liquefaction**

