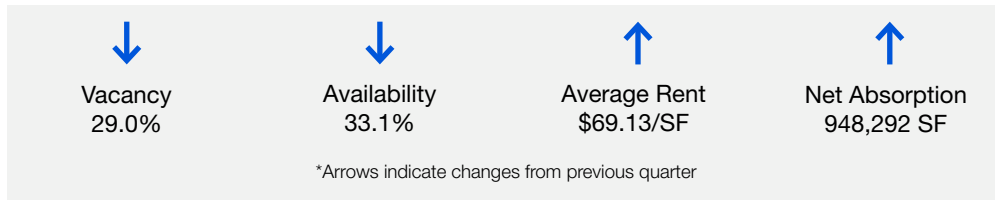


San Francisco office market is off to a hot start. Vacancy fell for the fourth consecutive quarter, declining to 29.0%, down 1.0% quarter-over-quarter (QoQ) and 4.2% year-over-year (YoY). Availability also declined, falling to 33.1%, a 1.1% decrease QoQ. Average asking rents continued to increase, rising to \$69.19 PSF, up \$2.12 PSF YoY, or 3.2%. Net absorption was positive for the quarter, totaling 948K SF the highest quarterly total since 2018.

AI tenant demand brought renewed life to the San Francisco office market, with several consecutive quarters of increased leasing activity. AI demand has pushed tenant requirements to nearly 7.4M SF, near all-time highs, supporting continued market momentum.

Capital markets had a positive start with international and institutional buyers deploying significant capital on notable assets including 600 Montgomery (Transamerica Pyramid), 123 Mission, 415 Natoma (5M), and 45 Fremont. However, three of the four transactions were driven by distress, with deed-in-lieu of foreclosure, while the Transamerica Pyramid sale, though not distressed, still reflected a repricing of a trophy asset. Nonetheless, these deals reflect meaningful capital deployment in the San Francisco office market.

### Quarterly Snapshot



### Submarket Movement

Direct Asking Rent (\$/SF)	Sublease Asking Rent (\$/SF)		Total Vacancy Rate
\$75.74	\$46.79	No. Financial   Class A	24.4%
\$56.52	\$36.73	No. Financial   Class B	35.6%
\$79.97	\$58.57	So. Financial   Class A	24.7%
\$57.10	\$35.00	So. Financial   Class B	30.7%
\$89.95	\$58.55	SOMA   Class A	18.2%
\$48.48	\$52.04	SOMA   Class B	34.9%

### Recent Transactions

Tenant	Size (SF)	Submarket	Lease Type	Sector
Anthropic	419,172	South Financial District	New Lease	Technology
OpenAI	222,411	Mission Bay / China Basin	Sublease	Technology
Atlassian	121,895	North Financial District	Renewal - Downsize	Technology
Charles Schwab	115,042	South Financial District	New Lease	Financial Services
Anthropic	101,969	South Financial District	New Lease	Technology
Databricks	87,395	North Financial District	Expansion	Technology
Crusoe	82,526	North Financial District	Expansion	Technology

### Occupier's Perspective

**Class A vacancy is declining across the CBD (30.6% in Q3 2024 to 24.5% in Q1 2026)**, while Class B vacancy continues to rise (23.7% to 34.0%). However, with 11.5M SF of CBD Class A space still available and demand concentrated at the top end, competition remains elevated for premier assets. Meanwhile, there is greater leverage for occupiers considering CBD Class A commodity and Class B options.

**Average asking rents have risen for four consecutive quarters**, with growth concentrated in Class A, space especially South Financial District (+4.9% YoY) and SOMA (+30.2% YoY). Google's premier space at 510 Townsend coming online in the past year, added roughly 15% to the submarket's availability and pushed average annual SOMA Class A rents up \$7.89 PSF.

**Competition has intensified as office demand approaches 7.4M SF**, up from 4.8M SF in Q1 2025. The market has shifted away from highly tenant favorable conditions toward a more competitive environment, where speed and decisiveness are increasingly important to secure the right space for your company.

### Market Trends

**Leasing activity surged**, reaching 3.5M SF representing a 71.9% increase over the 2024–2025 quarterly average of 2.0M SF.

**OpenAI and Anthropic each occupy more than 1M SF, making them some of the largest occupiers in the city.** That is more space than Salesforce (903K SF), Amazon (766K SF), Meta (755K SF), and Uber (578K SF) occupy today.

**Class B accounts for 70% of early stage AI leasing activity (under 10K SF).** As tenants scale to 10–25K SF, activity shifts toward Class A (~56%), with Class B (~35%), reflecting a shift from cost-driven, utilitarian space to higher-quality environments, supporting talent acquisition.

## Office Submarket Statistics | Q1 2026

Cresa is the world's only global commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, with over 1000 employees in more than 80 offices globally, Cresa partners with occupiers everywhere. For more information, please visit [cresa.com](http://cresa.com).

### DEFINITIONS

**Vacancy:** Space that is physically unoccupied, including both direct and sublease space.

**Availability:** Space being marketed for lease, including vacant space and space offered for future occupancy, across both direct and sublease.

**Average rent:** Weighted average asking rent for direct space. Sublease rents are calculated separately using weighted-average sublease asking rents (page 1 only).

**Net absorption:** The net change in occupied space, calculated as move-ins minus move-outs, including both direct and sublease space.

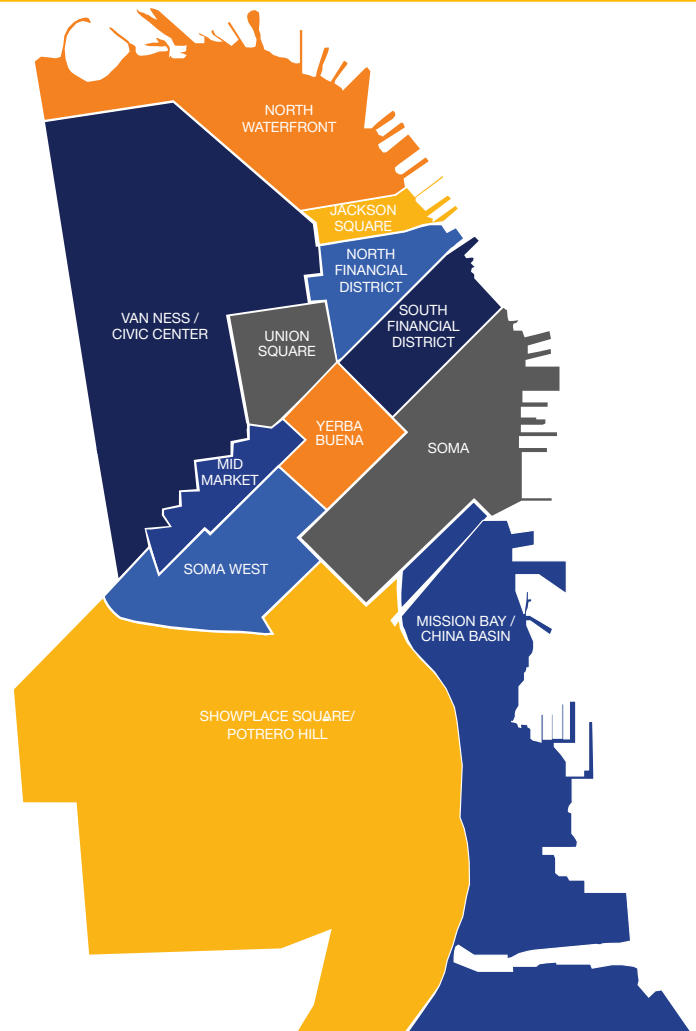
**Demand:** Amount of space (square footage) that tenants are actively seeking.

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Submarket	Inventory	Overall Rent	Direct Vacancy	Sublease Vacancy	Total Vacancy	Total Availability	Total Net Absorption
<b>CBD</b>	55,845,533	\$73.87	24.7%	2.5%	27.2%	31.0%	549,850
North Financial District	29,205,254	\$71.13	25.6%	2.0%	27.6%	31.5%	210,948
South Financial District	26,640,279	\$77.30	23.7%	3.0%	26.8%	30.5%	338,902
North Waterfront	3,392,292	\$64.86	26.5%	1.7%	28.3%	30.7%	67,359
Jackson Square	2,090,526	\$66.47	17.2%	1.2%	18.4%	23.2%	(14,815)
Mid Market	4,908,290	\$43.17	37.9%	10.4%	48.3%	63.8%	(69,483)
Yerba Buena	3,761,708	\$63.13	49.0%	8.9%	57.9%	62.4%	(38,749)
Union Square	3,491,361	\$50.71	25.9%	2.5%	28.4%	29.5%	(96,483)
SOMA	7,638,365	\$75.39	22.0%	10.1%	32.1%	35.4%	138,171
SOMA West	1,101,867	\$43.92	12.4%	6.3%	18.8%	18.6%	38,437
Mission Bay / China Basin	3,278,990	\$76.04	7.1%	4.7%	11.7%	13.7%	250,380
Showplace Square / Potrero Hill	5,259,850	\$63.86	14.4%	13.9%	28.3%	32.0%	62,309
Van Ness / Civic Center	2,019,940	\$35.89	14.7%	0.3%	14.9%	14.8%	61,316
<b>Total</b>	<b>92,788,722</b>	<b>\$69.13</b>	<b>24.5%</b>	<b>4.4%</b>	<b>29.0%</b>	<b>33.1%</b>	<b>948,292</b>