

GLOBAL SPOTLIGHT

San Francisco, California



San Francisco is the banking and financial center of the West – a vibrant hub of regional, national and global business.

- San Francisco County's office market continues to experience steady recovery with declining vacancy and escalating rents. Market-wide vacancy declined to 10.6% at year-end 2006. The year achieved more than 1 million square feet of positive net absorption with 1.3 million square feet. The annual average asking rate for the City's office product was \$34.26 per square foot full service at the close of 2006, representing a gain of \$4.07 from the previous year.
- The investment market activity remains very active as San Francisco accounted for one-third of the Bay Area's total commercial investment sale volume in 2006. The year began with the \$1 billion resale of the San Francisco's tallest building (Bank of America building) and went on to post another \$2.5 billion in additional volume. Overall retail investment activity jumped from \$35 million in 2005 to over \$300 million in 2006.
- The San Francisco industrial/warehouse market contains approximately 19.4 million square feet of base and includes users in both distribution and manufacturing industries. Vacancy in this market tightened further in 2006 to just 2.6% at year's end. The average asking rate for industrial/warehouse remained steady in 2006 between \$0.75 and \$0.77 per square foot NNN.
- San Francisco retail is well known for their two big B's — Barney's and Bloomingdales. Barney's department store signed a 63,000 square-foot deal in Union Square and is scheduled to open in fall 2007. A 357,000 square-foot Bloomingdale's opened in grand style in September 2006 at Westfield's/Forest City's expansion of the San Francisco Centre. A combination of strong sales, healthy tourism, and hotel occupancy in the high 70 percentile led retailers to lease nearly 200,000 square feet of street-front, in addition to the 170 new stores at the Westfield Centre.

San Francisco At A Glance

Population	740,402 (2006 est.)
Location	California, United States
GDP	\$1.62 trillion USD
Inflation	2.5%
Interest	4.55% (US 10yr Treasury Note)
Unemployment	4.4%

Property	Rent/SF/Year		Effective Avg.
	Low	High	
Downtown Office			
Class A (Prime)	\$18.00	\$73.00	\$40.07
Class B (Secondary)	\$18.00	\$45.00	\$28.31
Industrial			
Bulk Warehouse	\$5.88	\$15.00	\$9.12
Retail			
Downtown	\$18.00	\$290.00	\$154.00

NAI has 15 offices and 236 professionals in the San Francisco Bay Area.

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NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

350	Offices
45	Countries
5,000	Professionals
\$40 billion	Annual Transaction Volume
200	MSF of Property Management

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