

San Francisco

Office - Q1 2026

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AI demand drives new wave of leasing activity

San Francisco began the year with its strongest leasing quarter since 2014, reaching 3.8 million square feet (msf) in Q1 2026, driven largely by the accelerated growth of AI and advanced technology firms which have emerged as a primary source of demand. Companies such as OpenAI, Databricks, and Anthropic have accounted for a significant share of leasing activity, reinforcing the sector's role as a key demand driver. OpenAI alone occupies more than 1.0 msf in San Francisco, while Anthropic has taken over two additional buildings in the Financial District South submarket, with its footprint approaching 1.0 msf. Databricks has also expanded within 1 Sansome, bringing its presence to approximately 240,000 square feet (sf). As AI companies continue to expand and attract both investment and talent, demand for office space is expected to remain strong.

Availability declines as market works through excess supply

Office availability has decreased for six consecutive quarters, falling by 210 basis points (bps) from a quarter ago and 640 bps a year ago to 29.2%. Despite healthy interest from AI and tech firms, overall demand has not kept pace with the volume of space coming online, keeping availability well above pre-pandemic norms as the market works through a multi-year buildup of supply. Average asking rental rates fell quarter over quarter from \$66.74 per square footage (psf) to \$66.38 psf due to heavy leasing activity in higher-rent submarkets such as the Financial District North and South and Mission Bay/Showplace Square this quarter, but remain slightly above \$66.33 psf a year ago.

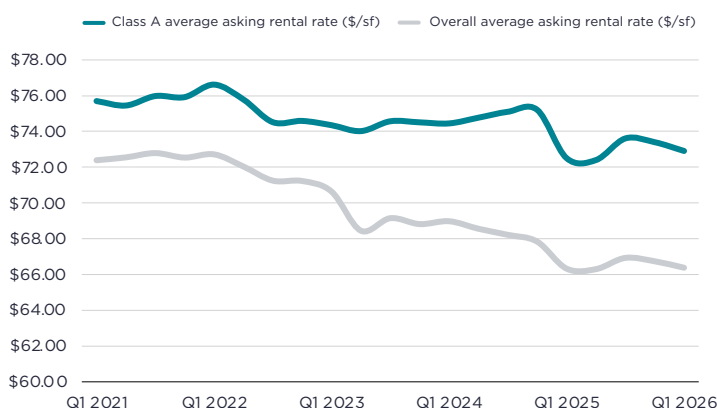
Class A leads recovery as market bifurcation persists

San Francisco's office recovery is being led by Class A assets, which continue to capture the strongest leasing activity due to their premium positioning and modern amenities. In contrast, Class B properties are recovering more slowly, facing higher availability and rent pressure, prompting many landlords to pursue value-add repositioning strategies. New office construction remains limited as developers shift toward mixed-use, transit-oriented projects.

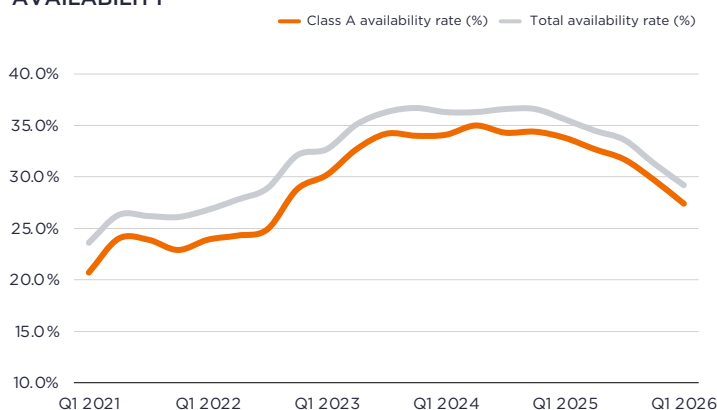
KEY STATISTICS

	Q1 2025	Q1 2026	Y-O-Y
Inventory	91.3 msf	91.0 msf	-0.3 msf
Availability rate	35.6%	29.2%	-640 bps
Asking rental rate	\$66.33	\$66.38	+0.1%
Class A asking rental rate	\$72.51	\$72.91	+0.6%
Quarterly leasing activity	3.4 msf	3.8 msf	+0.4 msf
Available sublease space	6.8 msf	4.4 msf	-2.4 msf

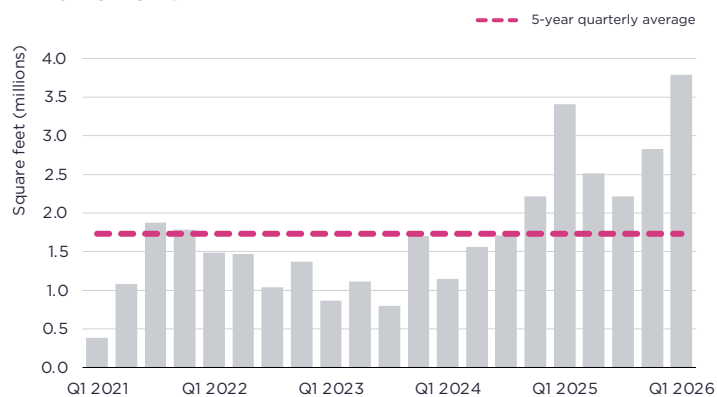
ASKING RENT



AVAILABILITY



LEASING ACTIVITY



Outlook

01 Flight-to-quality trends are expected to continue throughout 2026, with newer, amenity-rich buildings in core submarkets outperforming older or less centrally located properties.

02 Despite improving leasing activity, the broader market continues to absorb a significant supply overhang, and a full return to pre-pandemic conditions will take time.

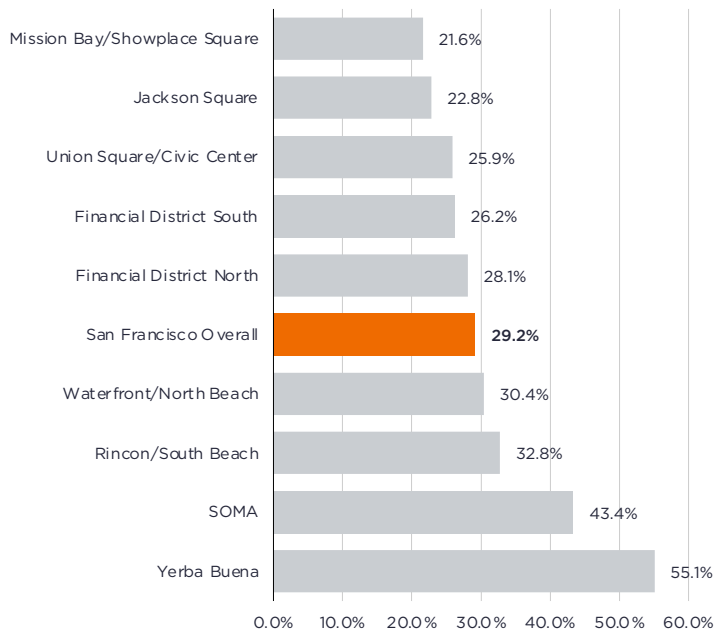
03 The looming debt crisis continues to weigh on the office market and could result in more assets reverting to lenders, trading at significant discounts, or entering foreclosure.

NOTABLE LEASES

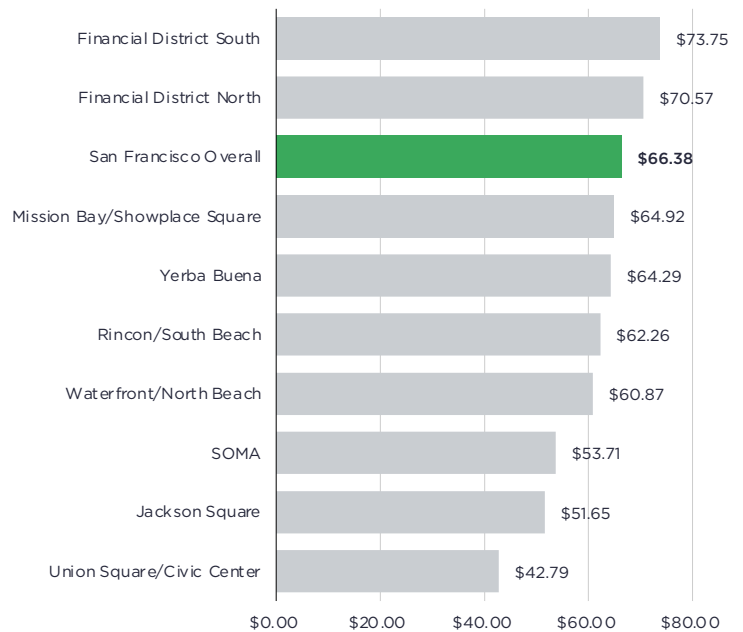
*Trophy building **Sublease

Tenant	Industry	Submarket	Address	Size (SF)	Transaction type
Anthropic	Technology, Advertising, Media & Information	Financial District South	300 & 342 Howard Street	479,172	New Location
OpenAI	Technology, Advertising, Media & Information	Mission Bay/Showplace Square	1800 Owens Street	280,000	New Location**
Atlassian	Technology, Advertising, Media & Information	Financial District North	350 Bush Street	122,198	Renewal
Charles Schwab Corporation	Financial Services & Insurance	Financial District South	425 Market Street	115,014	Relocation
Databricks	Technology, Advertising, Media & Information	Financial District North	1 Sansome Street	87,387	Expansion
Ramp	Technology, Advertising, Media & Information	Financial District South	235 2nd Street	82,215	Relocation
Perplexity	Technology, Advertising, Media & Information	Financial District South	181 Fremont Street*	80,561	Relocation**
Crusoe	Technology, Advertising, Media & Information	Financial District North	225 Bush Street	79,537	Expansion
General Catalyst	Financial Services & Insurance	Mission Bay/Showplace Square	Pier 70	70,000	New Location
Decagon	Technology, Advertising, Media & Information	Financial District South	680 Folsom Street	69,358	Relocation

AVAILABILITY RATE COMPARISON (%)
SAN FRANCISCO SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)
SAN FRANCISCO SUBMARKETS



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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills