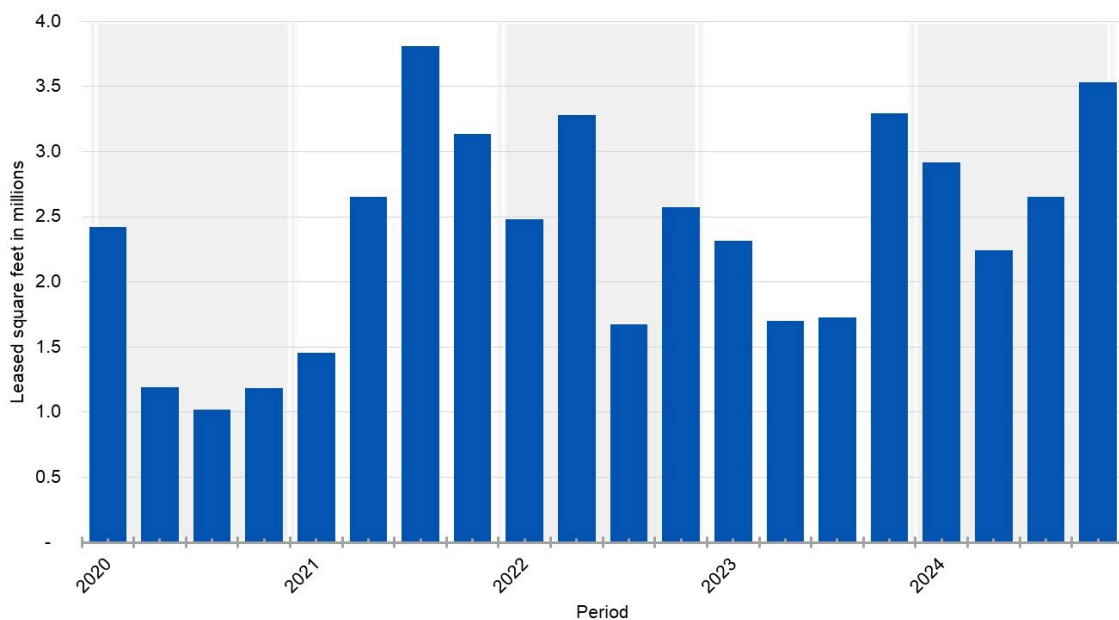


## San Francisco's office market enters 2025 on a high

Tenant demand recovered in 2024 to set the highest leasing volume for three years

### Leasing volume tops 3.5 million SF in the fourth quarter



Source: CoStar, January 2025



By **Nigel Hughes**

CoStar Analytics

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The outlook for San Francisco's office market looks a lot brighter in 2025 after finishing the previous year with buoyant levels of leasing.

Total leasing volume in the fourth quarter of 2024 topped 3.5 million square feet, the second-highest quarterly amount since the onset of the COVID-19 pandemic in 2020 and the highest since the third quarter of 2021.

A handful of large leases made the difference in the year's final months. The biggest deal was in December, when Snowflake leased over 700,000 square feet in Menlo Park, taking over three buildings in the [Menlo Gateway](#) campus that social media giant Meta had given back in 2023. This is something of a reversal for the cloud computing company, which moved its headquarters away from the Bay Area in 2021, reducing its physical office space like many other tech companies.

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Online trading platform Robinhood also demonstrated a renewed interest in physical office space in the Bay Area when it [leased 128,000 square feet](#) in Menlo Park in December.

Another large lease deal that closed at the end of 2024 was rideshare company Lyft's renewal of its roughly 170,000-square-foot lease at [185 Berry St.](#) in San Francisco. While the total amount of space renewed is a fraction of the company's original occupancy, it is nevertheless a promising sign of Lyft's commitment to an ongoing physical presence.

Biotech tenants have also increased their leasing activity in recent months. One such deal was inked in November when Vaxcyte [leased 189,000 square feet](#) in San Carlos.

While the uptick in large lease deals is a promising sign, [San Francisco](#) will still have to contend with more space returning to the market as

existing tenants adjust their occupancy. Among the larger move-outs set to impact the market this coming year is Google's exit of [300,000 square feet](#) in the South Financial District and the space that X, formerly Twitter, will [vacate in Mid-Market](#) as it relocates its headquarters to Austin, Texas.

Nevertheless, most industry players in San Francisco believe that the office market will see more positive momentum in 2025. Funding of artificial intelligence companies continues to grow, with San Francisco-based enterprises taking the lion's share of investment dollars. In recent quarters, this sector has shown a strong appetite for second-generation and sublet space, and this will likely support further growth in tenant demand for large and small spaces in the months ahead.

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