

THE CORPORATE REAL ESTATE LETTER

BY FRANK FUEDEM

November 2004

Abaton Technology Corporation - 9,909 s.f.* ▪ Automatic Data Processing - 15,366 s.f. ▪ AIPSO / CAARP / Western Association of Auto Insurance Plans - 56,022 s.f.* ▪ Application Group, Inc. - 15,540 s.f. ▪ Application Resources, Inc. - 11,570 s.f. ▪ Arthur Andersen & Co. - 129,581 s.f.* ▪ Bank Hapoalim - 4,302 s.f. ▪ Bank of the West / Banque Nationale de Paris - 14,274 s.f.* ▪ Barger & Wolen, LLP - 13,847 s.f. ▪ Barnes Mosher Whitehurst Lauter Partners - 4,664 s.f. ▪ BBDO - 29,774 s.f.* ▪ Bernard Hodes Advertising, Inc. - 3,159 s.f. ▪ Boston Consulting Group - 38,960 s.f.* ▪ Boughey, Garvie & Bushner - 11,824 s.f.* ▪ Brewer/Fraser & Holland - 6,103 s.f. ▪ Bridgeways - 5,339 s.f. ▪ Bronson, Bronson & McKinnon - 85,318 s.f. ▪ Brown and Toland Medical Group - 46,454 s.f. ▪ Brown, Vence & Associates - 11,075 s.f.* ▪ California Federal - 5,573 s.f. ▪ Dillon, Read & Company - 2,508 s.f. ▪ Diversified Corporate Loans - 18,746 s.f.* ▪ Dudnyk Advertising - 1,758 s.f. ▪ E-greetings Network - 70,231 s.f.* ▪ EIP Associates - 24,906 s.f.* ▪ Evolve Software - 51,261 s.f. ▪ Farella Braun + Martel LLP - 112,208 s.f. ▪ General Electric Consulting Services - 28,748 s.f.* ▪ GMAC Commercial Mortgage - 32,389 s.f. ▪ Goldberg Stinnett Meyers & Davis - 8,646 s.f. ▪ Heidrick and Struggles - 16,415 s.f. ▪ Hellman & Friedman LLC - 39,982 s.f.* ▪ Hewitt Associates LLC. - 118,674 s.f.* ▪ Hispanic Scholarship Fund - 21,507 s.f.* ▪ Hodge Niederer Cariani - 3,107 s.f. ▪ Imperial Bank - 19,292 s.f.* ▪

Ingersoll-Rand / California Pellet Mill Co. - 6,321 s.f. ▪ James Irvine Foundation - 16,264 s.f. ▪ Kauff, McClain & McGuire - 33,240 s.f.* ▪ Kaufman & Logan LLP - 10,603 s.f. ▪ Kerr Steamship Company, Inc. - 6,765 s.f. ▪ Kimpton Hotel & Restaurant Group, LLC - 15,653 s.f. ▪ Koret Foundation - 12,300 s.f. ▪ Korn/Ferry International - 9,094 s.f. ▪ Lewis, Browand & Associates - 6,250 s.f. ▪ Loomis Sayles & Company - 29,085 s.f.* ▪

THANK YOU FOR 20 GREAT YEARS!

Heartfelt thanks to my many
wonderful clients.

It has been my pleasure and privilege
to represent you with your commercial real
estate transactions for these first 20 years.

I look forward to the next twenty!

McKenna Long & Aldridge LLP - 40,100 s.f.* ▪ MZ Group - 22,407 s.f.* ▪ Market-Touch Corp. - 38,332 s.f. ▪ NYK Line (North America) Inc. - 15,430 s.f. ▪ Northwest Power Company - 9,187 s.f.* ▪ Osterweis Capital Management, Inc. - 14,931 s.f. ▪ Pacific Gas and Electric Company - 54,648 s.f.* ▪ Pacific Maritime Assoc. - 19,006 s.f. ▪ Pivot Interiors - 5,979 s.f. ▪ Productopia, Inc. - 30,402 s.f.* ▪

Public Policy Institute of California - 142,972 s.f.* ▪ Rainoldi Kerzner Radcliffe - 13,438 s.f. ▪ Republic Indemnity Company of America - 39,855 s.f. ▪ Rogers Joseph O'Donnell & Phillips - 58,206 s.f.* ▪ Rudy & Zieff - 7,986 s.f. ▪ Runaway Tours, Inc. - 31,259 s.f.* ▪ San Francisco Conservatory of Music - 90,000 s.f. ▪ San Francisco Foundation - 22,742 s.f. ▪ San Francisco State University - 20,820 s.f. ▪ Sand County Securities LP - 3,885 s.f. ▪ Security Pacific Leasing Corporation - 59,267 s.f. ▪ Sheppard, Kaufmann, England & Logan - 6,190 s.f. ▪ SpencerStuart - 5,229 s.f. ▪ State Farm Insurance Companies - 62,258 s.f.* ▪ State Mutual Life Assurance Company - 33,062 s.f.* ▪ Steinhart & Falconer LLP - 30,473 s.f. ▪ Stong & Associates - 5,987 s.f. ▪ Stuart Foundation - 1,029 s.f. ▪ Sunset Magazine - 8,835 s.f.* ▪ Systems Management Facilities - 1,662 s.f. ▪ Thierman Law Partnership - 27,176 s.f.* ▪ Time, Inc. - 7,113 s.f.* ▪ Transbay Joint Powers Authority - 3,637 s.f. ▪ Trucker-Huss - 31,975 s.f.* ▪ United Technologies/Carrier Corporation - 2,485 s.f. ▪ VoiceCom Systems, Inc. - 15,688 s.f. ▪ Volpe Brown Whelan & Company, LLC - 43,170 s.f.* ▪ Wilbur Smith Associates - 7,971 s.f. ▪ Williams-Sonoma, Inc. - 90,100 s.f. ▪ Workers' Compensation Insurance Rating Bureau - 31,361 s.f. ▪ Working Assets Funding Service, Inc. - 45,918 s.f.* ▪ Yugoslav Consulate - 4,251 s.f. ▪

* Two or more transactions

The Corporate Real Estate Letter by Frank Fudem is a complimentary periodic commentary on the San Francisco office market. When you foresee a real estate need or if others in your organization would like to receive future editions of this letter at no charge, please call, write or email: Frank Fudem, Senior Vice President, (415) 677-0455
ffudem@btcommercial.com BT Commercial, 201 California Street, Suite 100, San Francisco, CA 94111

The Corporate Real Estate Letter by Frank Fudem
San Francisco Central Business District
Office Market Conditions
Third Quarter 2004

Submarket	Office Vacancy						Change in Total Vacancy				Net Absorption [Change in Occupancy]						
	Direct Vacancy		Sublease Vacancy		Total Vacancy		From Last Quarter		From One Year Ago		From Last Quarter	2004 YTD					
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq.Ft.	Sq.Ft.					
North Financial District																	
Class A	21,202,395 s.f.	2,931,927	13.8%	867,363	4.1%	3,799,290	17.9%	up	26,252	0.1%	down	(630,184)	-3.0%	neg	(35,252)	pos	160,966
Class B	6,143,329 s.f.	791,886	12.9%	275,754	4.5%	1,067,640	17.4%	down	(39,529)	-0.6%	down	(93,301)	-1.5%	pos	18,889	pos	15,001
Subtotal	27,345,724 s.f.	3,723,813	13.6%	1,143,117	4.2%	4,866,930	17.8%	down	(13,277)	0.0%	down	(723,485)	-2.6%	neg	(16,363)	pos	175,967
South Financial District																	
Class A	18,822,816 s.f.	2,518,396	13.4%	556,912	3.0%	3,075,308	16.3%	down	(87,694)	-0.5%	down	(335,285)	-1.8%	pos	72,714	pos	383,939
Class B	3,504,579 s.f.	342,891	9.8%	20,245	0.6%	363,136	10.4%	down	(41,592)	-1.2%	down	(168,427)	-4.8%	pos	41,592	pos	99,916
Subtotal	22,327,395 s.f.	2,861,287	12.8%	577,157	2.6%	3,438,444	15.4%	down	(129,286)	-0.6%	down	(503,712)	-2.3%	pos	114,306	pos	483,855
Jackson Square/No. Waterfront																	
Subtotal	6,736,609 s.f.	797,068	11.8%	219,532	3.3%	1,016,600	15.1%	up	856	0.0%	down	(186,772)	-2.8%	neg	(19,356)	pos	111,046
Union Square																	
Subtotal	4,824,607 s.f.	441,787	9.2%	46,692	1.0%	488,479	10.1%	up	10,570	0.2%	down	(126,542)	-2.6%	neg	(10,570)	neg	(35,466)
Yerba Buena																	
Subtotal	3,794,953 s.f.	598,589	15.8%	92,023	2.4%	690,612	18.2%	down	(58,811)	-1.5%	down	(74,304)	-2.0%	pos	58,811	pos	22,409
South Beach/Rincon Hill/SOMA																	
Subtotal	19,128,137 s.f.	3,067,837	16.0%	729,967	3.8%	3,797,804	19.9%	down	(400,277)	-2.1%	down	(763,852)	-4.1%	pos	310,116	pos	431,228
All San Francisco CBD Markets																	
Total	84,157,425 s.f.	11,490,381	13.7%	2,808,488	3.3%	14,298,869	17.0%	down	(590,225)	-0.7%	down	(2,378,667)	-2.8%	pos	436,944	pos	1,189,039

Frank Fudem specializes in representing corporate tenants in office space transactions including relocations, lease renewals, and consulting. One of San Francisco's top brokers since 1984, he has represented local and national tenants in millions of square feet of successful negotiations. Personal Mission Statement: Increase my clients' success through real estate expertise.

BT Commercial Real Estate is the largest brokerage focusing exclusively on Northern California. BT Commercial has 170 agents in 11 offices serving San Francisco, the Peninsula, Marin, and the East Bay. BT has consummated more than \$18 Billion of real estate transactions.

When you foresee a real estate need, or when you would like more information on San Francisco or Bay Area commercial real estate, please call, write, or email: Frank Fudem, Senior Vice President, BT Commercial Real Estate, 201 California Street, Suite 100, San Francisco, CA 94111 (415) 677-0455 ■ ffudem@btcommercial.com

