

### San Francisco Office Market Conditions:

**Q1 2010:** office occupancy declined slightly, by 69,787 square feet, pushing the vacancy rate up to 15.7%.

**Looking forward:** the market may have reached bottom. 69,787 sf was the least amount of negative absorption in the past two years.

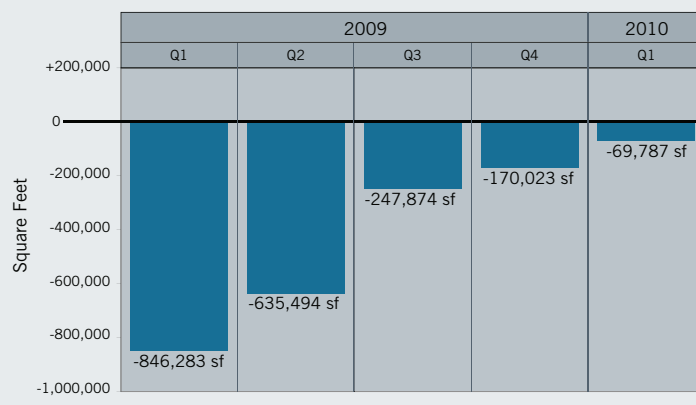
A number of tech companies and other users with younger work forces are expanding or moving into San Francisco. They generally prefer “cool” looking space with exposed ceilings. Consequently some Class B buildings now command higher rents than generic Class A space. Meanwhile, job growth remains stalled for most firms in the traditional office sectors that typically occupy Class A buildings, like finance and professional services. There are millions of square feet of generic, non-view Class A space available that will continue to languish until job growth resumes in those sectors.

Market conditions are still extraordinarily tenant-favorable, but at some point this window will close. **Beacon Economics** recently issued a report that said San Francisco is on the “verge of a revival” of job creation, and that employment in the San Francisco metropolitan district “will begin a steady return to growth in the second quarter [of 2010].”

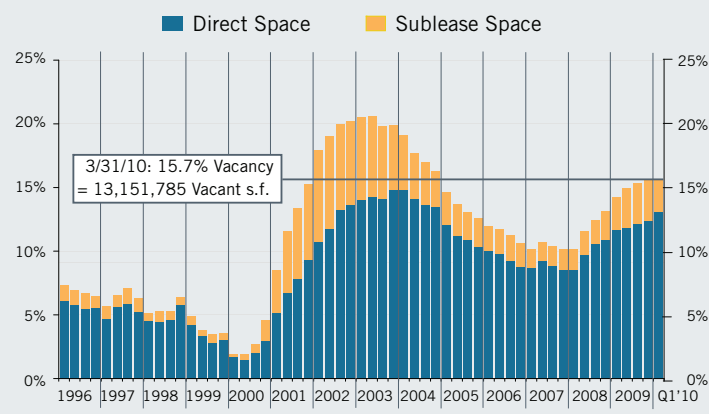
**Dr. Mark G. Dotzour, Chief Economist, Texas A&M Real Estate Center,** forecasts rents rising in 2011. And **Rosen Consulting Group** predicts San Francisco vacancies will decline to less than 10% by the end of 2013.

If these economists are right, rents will jump significantly and conditions will turn much less favorable for tenants. It is not too late, there is still time to lock in extremely attractive terms. Let us show you how your firm can take maximum advantage of this once-a-decade opportunity.

### Net Absorption (= change in occupancy)



### San Francisco Office Vacancy



### We are Cassidy Turley BT Commercial:

**What's in a name?** Long-time readers of this newsletter will notice that we are no longer NAI BT Commercial, and are now Cassidy Turley BT Commercial.

**What is different?** BT cofounded a new national commercial real estate firm, in concert with other top real estate firms around the country. On the day of its birth, Cassidy Turley became the fourth largest commercial real estate service provider in the United States, with 57 offices. We expect to add more offices in more cities shortly.

**What has not changed?** The “BT” portion of Cassidy Turley BT is unchanged: the same privately-owned, debt-free firm with 15 offices throughout Northern California, with the same great people and exceptional resources.



Let me increase your firm's success!

### Frank Fudem

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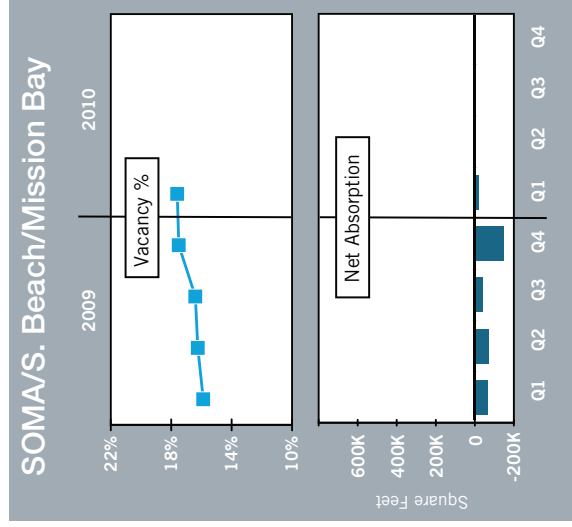
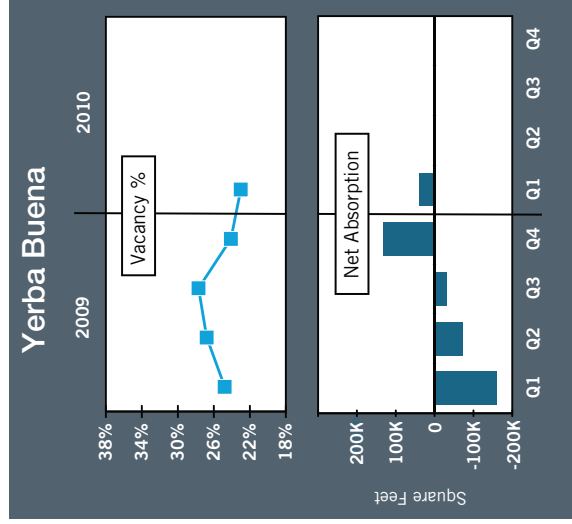
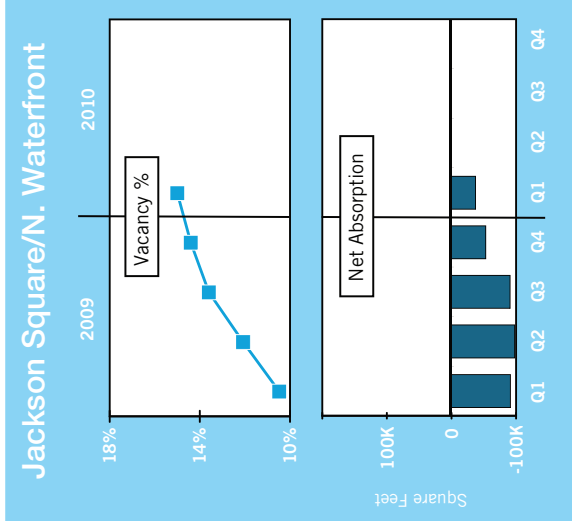
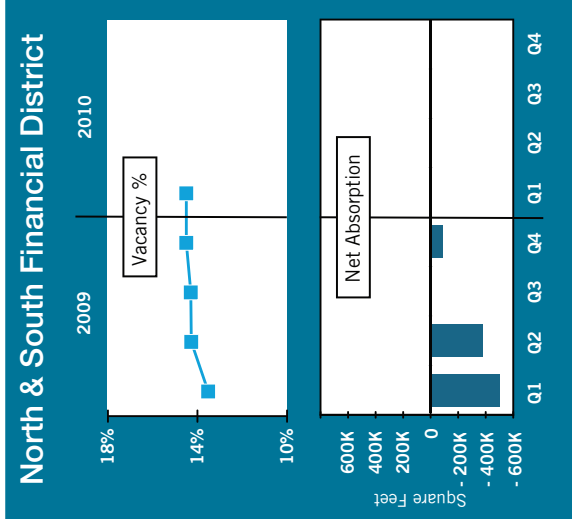
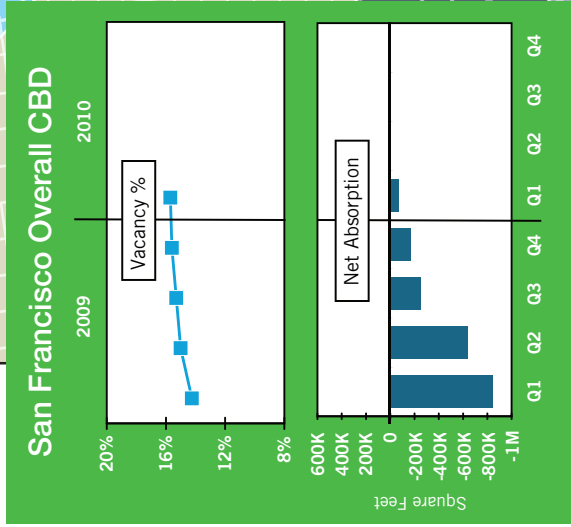
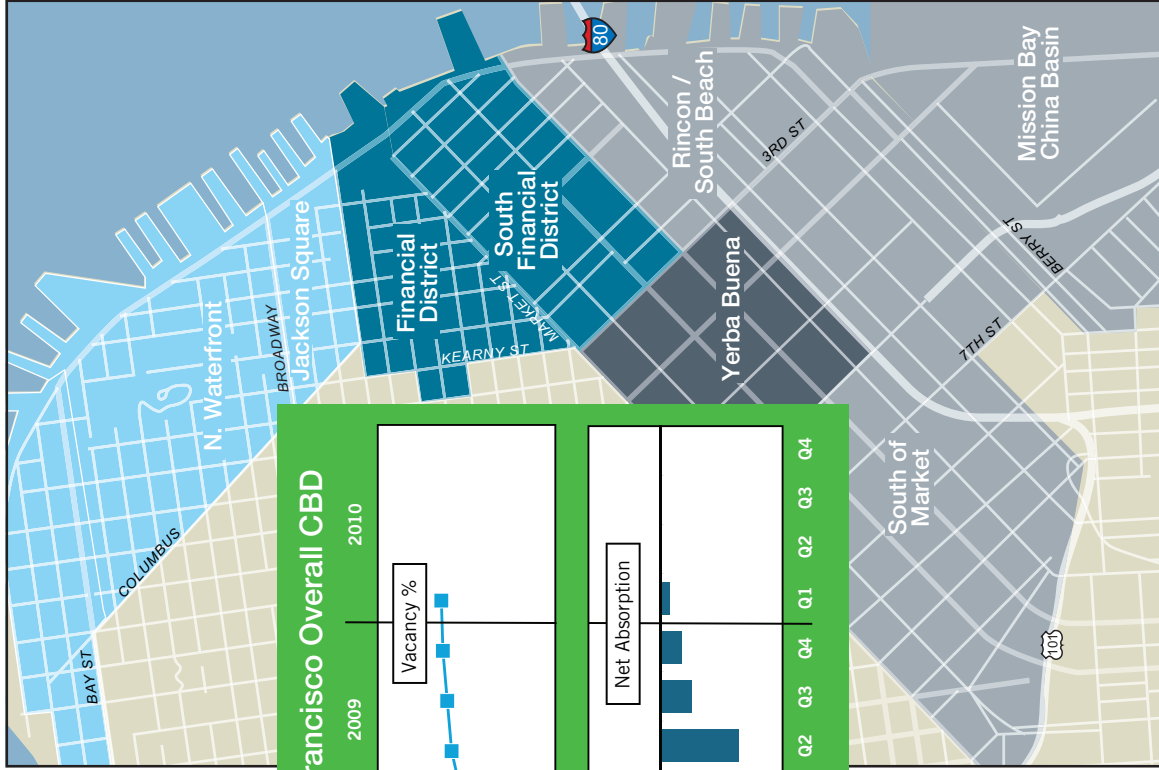
- Top Tenant Broker in San Francisco Office Market
- Completed more successful transactions on behalf of San Francisco office tenants than any other broker
- Emphasis on Long Term Commercial Relationships: Repeat Clients and Referrals comprise 70%+ of Practice
- Tenant Representation Exclusively: no landlord listings or allegiances

# The Corporate Real Estate Letter

by Frank Fudem | April 2010

**Frank Fudem**

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Cassidy Turley BT Commercial



Frank Fudem represents corporate tenants in office space transactions. When you foresee a real estate need please contact:

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