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At least one San Francisco company is taking more office space in the Financial District

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Even as many San Francisco companies continue to shed office space, at least one firm is expanding its footprint.

Mutual fund company Parnassus Investments renewed its lease for 18,000 square feet at One Market Plaza's Stuart Tower, real estate services firm Transwestern announced Wednesday, and took an additional 7,500 square feet in the building.

"Interest in Parnassus's investment offerings has grown, and this expansion will allow our team to continue to support our valued clients," Parnassus COO Marc Mahon said in the release.



PARAMOUNT GROUP

Parnassus Investments renewed its 18,000-square-foot lease at One Market Plaza's Stuart Tower, the shorter of the property's two towers, and also signed on for an additional 7,500 square feet there.

Parnassus, which emphasizes socially responsible investment, did not immediately respond to request for comment Wednesday.

The deal closed in the third quarter. Transwestern's Gabe Chao represented Parnassus; One Market Plaza owner Paramount Group was represented by a JLL team led by Ted Davies.

Parnassus' expansion brings One Market Plaza's occupancy to 95.8%, Transwestern said. The building is outperforming the broader Financial District submarket, which clocked an 18.7% vacancy rate in the third quarter, according to data from real estate services firm JLL.

At a time when many prominent office tenants in San Francisco — many of them in the tech sector — are shedding space, Parnassus' deal could point to a hopeful trend in the financial services sector. That sector has been among those most eager to coax employees back to the office, analysts say, helping to buoy office attendance rates in office markets like Manhattan. Regional leadership at Bank of America, for example, told my colleague Mark Calvey this spring that the firm ultimately intends to bring its workers back to the office full-time.

But even as officials in San Francisco have continually sought to draw office workers back into the city's downtown, their efforts have largely come up short. Office occupancy in the San Francisco metro area clocked in at 43.1% before the Thanksgiving holiday week, according to data from Kastle Systems, a number that is below leading office markets but has gradually increased throughout the year.

San Francisco's Chief Economist Ted Egan told my colleague Mark Calvey in March it would take some time to catch up to some of the leading metro areas like Austin and Houston, which have maintained office attendance approximately 20 percentage points higher than San Francisco in recent weeks.

Reporting from my colleagues at the Business Journals showed last week that San Francisco has one of the highest percentages of sublease space as a percentage of total inventory in the market, or 5.6%. Approximately 10.6 million square feet of office space sat vacant in the city at the end of the third quarter; in the Financial

District, overall availability, a measure that includes sublease space and space under construction, reached 27.2%.

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