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# Microsoft Moving San Francisco Offices to Largest Tower

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**Microsoft Corp. (MSFT)** will move its San Francisco offices to the city's largest tower as it relocates to the heart of the financial district from the technology-heavy South of Market area.

The world's biggest software maker will move in December to **Vornado Realty Trust (VNO)**'s 555 California St., San Francisco's largest building by square footage and second-tallest, said Peter Wootton, a spokesman for Redmond, Washington-based Microsoft. He wouldn't comment further on the relocation plans.

San Francisco is the "center of the U.S. new economy" after four years of sustained rent growth, according to property-research firm **Green Street Advisors Inc.** Office rents rose 6.8 percent in the first quarter from a year earlier to \$57.21 a square foot on average, with vacancies little changed at 11.3 percent, brokerage **Jones Lang LaSalle Inc. (JLL)** said. Asking rents have climbed 70 percent since 2010, when rates bottomed at \$33.57 a square foot.

"Microsoft had the ability to go anywhere in the city," David Greenbaum, president of Vornado's **New York** office division, said today in a telephone interview. The 555 California building is "incredibly iconic both in San Francisco and the country."

Microsoft will occupy about 50,000 square feet (4,600 square meters) on the second and third floors, said a person with knowledge of the plans. Rent will be about \$62 a square foot for the two floors, said the person, who asked not to be identified because the details are private.

## Street View

Greenbaum declined to comment on financial terms. He said the tower's second floor has 27-foot (8-meter) ceilings, allowing Microsoft to establish a unique presence visible from the street.

Asking rates in San Francisco's north financial district averaged \$58 a square foot in the first quarter, up 7.8 percent from a year earlier, according to Jones Lang LaSalle. Microsoft's Yammer Inc. unit, with 76,000 square feet in Twitter Inc.'s headquarters building in the Central Market area, won't be affected by the parent company's move, the person with knowledge of the matter said.

The 52-story tower between Montgomery and Kearny streets has 1.5 million square feet of **office space** and 45,000 square feet of retail, according to Vornado's **website**. At 779 feet, the building is surpassed in San Francisco only by the 853-foot Transamerica Pyramid, according to property website **Emporis.com**.

The California Street high-rise, opened in 1969, is the main building in a complex that was known as Bank of America Center before the financial company moved to **Charlotte, North Carolina**. The skyscraper was featured in the 1974 disaster film "The Towering Inferno," according to Emporis.

Microsoft currently occupies space at **Westfield Group (WDC)**'s San Francisco Centre, the city's biggest mall. The property, at Market and Fifth streets, is between the Union Square shopping district and the SOMA area, where companies including Google Inc. and Salesforce.com Inc. have offices.

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