



# SECOND QUARTER 2019

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## EAST BAY OFFICE REPORT

# VACANCY & RENTS

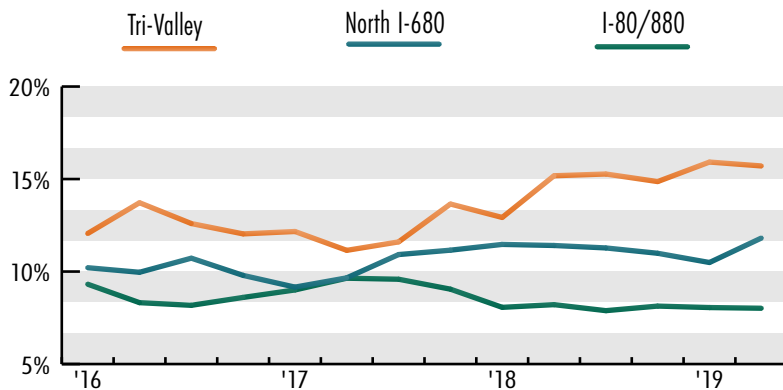


**Sublease Vacancy** has shown an uptick, while market fundamentals remain healthy as we enter second half of 2019. Overall vacancy hovered around 10% the last several quarters, as the market put up its catcher's mitt to slow the migration of San Francisco and Silicon Valley tenants. Notably, Credit Karma took over the 10-year lease of 110,000 SF in Oakland for about \$4.83 PSF. Overall available sublease space increased by 361,232 square feet in Q2. Despite the uptick in sublease space, supply remains historically low and average rent rose nearly 10% over the last 24 months. Investors are also raising rents following recent acquisitions of traded assets. Oakland remains the bright spot in the East Bay with the lowest vacancy and highest rents.



**Consistent Leasing Demand** has continued to encourage developers to explore their building plans across the Bay Area. The economy is also expanding at a rapid rate with 10,000 new Bay Area jobs added in May representing half of all job growth in California. Prospective tenants continue to find little joy in the San Francisco market. As a result, over the last 18 months East Bay developers pushed a number of projects into the construction pipeline hoping to attract the overflow. Until those projects come on line, existing East Bay tenants are noticeably cautious, showing signs of slowing expansion plans and opting for slight consolidation.

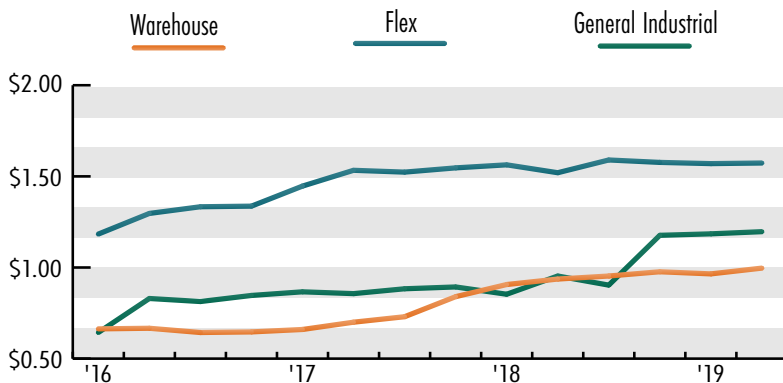
## VACANCY RATES BY CLASS | Physically Vacant Space



### Change in Vacancy (YoY)

**+0.1%**

## AVERAGE RENTAL RATES | Full Service Rents



### Change in Asking Rents (YoY)

**+0.2%**

# DEMAND & ECONOMY



## Investors Are Gobbling up space.

The top three investment sales in Q2 2019 were portfolio acquisitions. Notably, New York's DRA Advisors paid just over \$329 PSF for three buildings totaling more than 1.1 million SF in at Marina Village in Alameda with an occupancy rate at the time of sale hovering around 78%. YTD, Oakland's witnessed just over \$748 million in transactions. Clearly, investors are responding to signals that San Francisco tenants will seek relief in the East Bay in the foreseeable future. Pair this with the impact of the East Bay's two-million-resident talent pool on the region's nearly unquenchable thirst for skilled workers, and it's clear the near term outlook for the East Bay is positive.

### East Bay Unemployment Rate



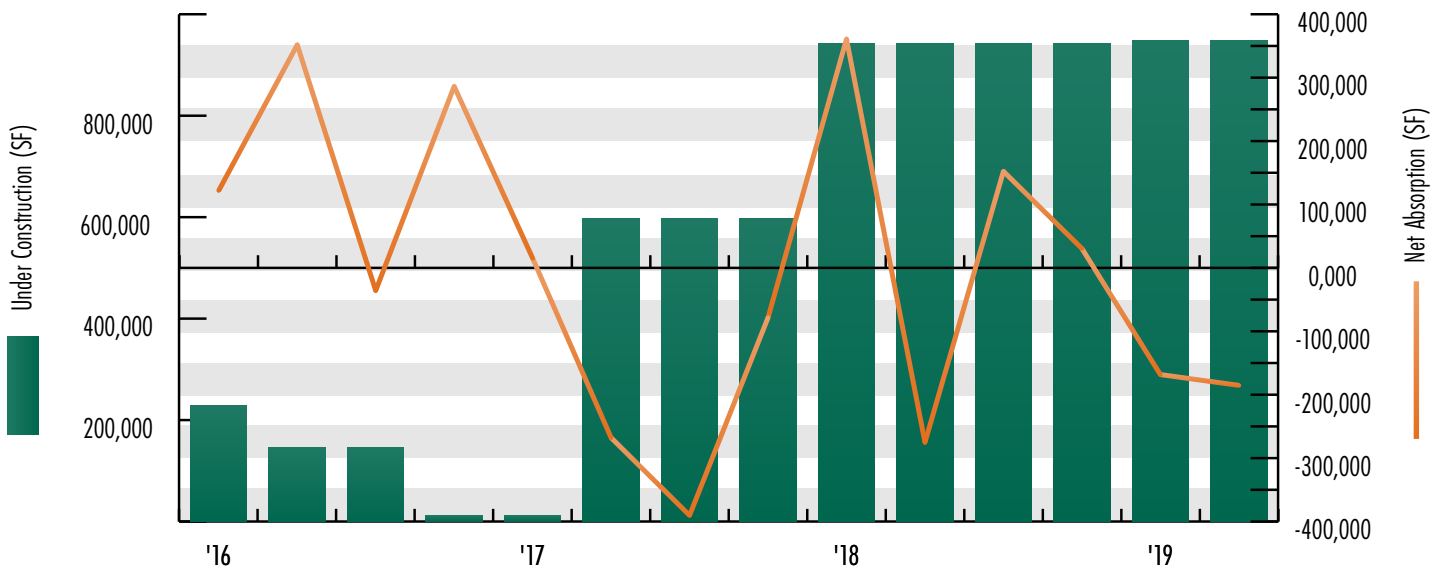
# 2.7%

### YTD Net Absorption



# 185,263 SF

## UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



## LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Property City	Size (SF)	Type
CREDIT KARMA	1100 Broadway	Oakland	110,000	Class A
AEYE	1 Park Place	Dublin	62,208	Class A
MEDALLIA	6220 Stoneridge	Pleasanton	60,000	Class A

# INVESTMENT & OUTLOOK

Average Sale Price PSF



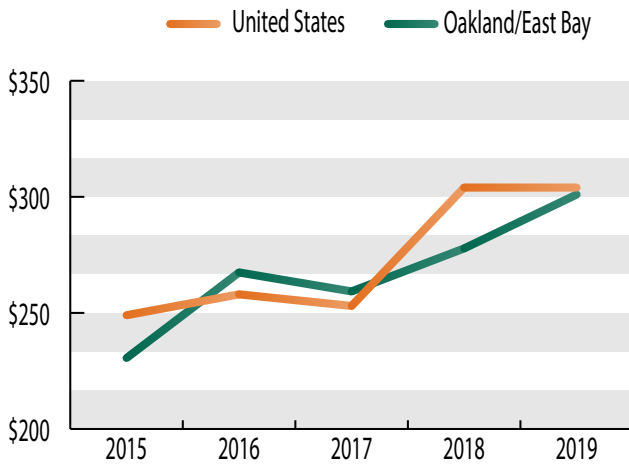
**\$301**

Average Sale CAP Rate

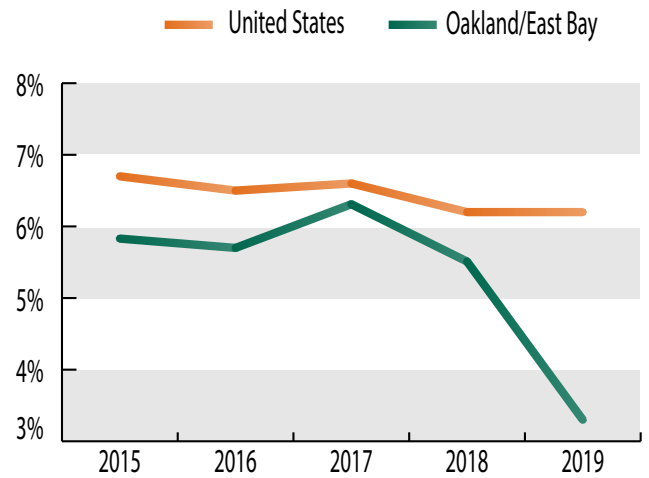


**3.3%**

## SALE PRICE PSF | REGIONAL VS NATIONAL TRENDS



## CAP RATES | REGIONAL VS NATIONAL TRENDS



## SALE TRANSACTIONS | NOTABLE OFFICE TRANSACTIONS

Property Address	Size (SF)	Sale Price	PSF	Buyer
Marina Village Portfolio, Alameda	1,162,319	\$265,800,000	\$229	DRA Advisors
1333 Broadway, Oakland	252,080	\$115,200,000	\$457	Swift Realty Partners
2637 Shadelands Drive, Walnut Creek	85,000	\$41,000,000	\$482	Montecito Medical
Sand Creek Business Center, Brentwood	50,880	\$12,300,000	\$242	Coddquest

## STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
<b>Antioch/Pittsburg</b>										
Class A	0						0			-
Class B	684,961	0	129,969	19.0%	0	0.0%	129,969	19.0%	(55,475)	\$1.70
Class C	341,757	0	14,982	4.4%	0	0.0%	14,982	4.4%	(3,230)	\$1.31
<b>Total</b>	<b>1,026,718</b>	<b>0</b>	<b>144,951</b>	<b>14.1%</b>	<b>0</b>	<b>0.0%</b>	<b>144,951</b>	<b>14.1%</b>	<b>(58,705)</b>	<b>\$1.51</b>
<b>Brentwood</b>										
Class A	0	0	0		0		0		0	-
Class B	402,707	0	5,919	1.5%	0	0.0%	6,178	1.5%	(877)	\$1.88
Class C	67,197	0	0	0.0%	0	0.0%	0	0.0%	0	\$1.80
<b>Total</b>	<b>469,904</b>	<b>0</b>	<b>5,919</b>	<b>1.3%</b>	<b>0</b>	<b>0.0%</b>	<b>6,178</b>	<b>1.3%</b>	<b>(877)</b>	<b>\$1.84</b>
<b>Concord</b>										
Class A	3,396,169	0	423,539	12.5%	40,840	1.2%	464,379	13.7%	19,947	\$2.95
Class B	1,273,738	0	121,312	9.5%	16,911	1.3%	138,223	10.9%	7,180	\$1.93
Class C	573,364	0	7,312	1.3%	0	0.0%	7,312	1.3%	(2,567)	\$1.40
<b>Total</b>	<b>5,243,271</b>	<b>0</b>	<b>552,163</b>	<b>10.5%</b>	<b>57,751</b>	<b>1.1%</b>	<b>609,914</b>	<b>11.6%</b>	<b>24,560</b>	<b>\$2.52</b>
<b>Danville/Alamo</b>										
Class A	50,000	0	11,096	22.2%	0	0.0%	11,096	22.2%	(1,366)	\$4.07
Class B	738,724	0	25,744	3.5%	1,300	0.2%	36,755	5.0%	2,443	\$2.40
Class C	273,810	0	7,959	2.9%	2,081	0.8%	10,040	3.7%	4,857	\$2.80
<b>Total</b>	<b>1,062,534</b>	<b>0</b>	<b>44,799</b>	<b>4.2%</b>	<b>3,381</b>	<b>0.3%</b>	<b>57,891</b>	<b>5.4%</b>	<b>5,934</b>	<b>\$2.79</b>
<b>Lamorinda</b>										
Class A	0	0	0				0		0	-
Class B	921,274	0	63,349	6.9%	2,644	0.3%	42,204	4.6%	(6,957)	\$3.70
Class C	197,967	0	1,883	1.0%	0	0.0%	1,883	1.0%	2,970	\$2.11
<b>Total</b>	<b>1,119,241</b>	<b>0</b>	<b>65,232</b>	<b>5.8%</b>	<b>2,644</b>	<b>0.2%</b>	<b>44,087</b>	<b>3.9%</b>	<b>(3,987)</b>	<b>\$3.60</b>
<b>Martinez</b>										
Class A	112,904	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	243,621	0	9,862	4.0%	0	0.0%	9,862	4.0%	1,909	\$1.85
Class C	78,081	0	2,965	3.8%	0	0.0%	2,965	3.8%	(2,195)	\$1.67
<b>Total</b>	<b>434,606</b>	<b>0</b>	<b>12,827</b>	<b>3.0%</b>	<b>0</b>	<b>0.0%</b>	<b>12,827</b>	<b>3.0%</b>	<b>(286)</b>	<b>\$1.80</b>
<b>Pleasant Hill</b>										
Class A	130,000	0	19,639	15.1%	0	0.0%	19,639	15.1%	(1,408)	-
Class B	748,127	0	23,937	3.2%	0	0.0%	23,937	3.2%	1,214	\$2.61
Class C	223,725	0	23,449	10.5%	1,600	0.7%	25,049	11.2%	(6,315)	\$1.38
<b>Total</b>	<b>1,101,852</b>	<b>0</b>	<b>67,025</b>	<b>6.1%</b>	<b>1,600</b>	<b>0.1%</b>	<b>68,625</b>	<b>6.2%</b>	<b>(6,509)</b>	<b>\$1.83</b>
<b>San Ramon*</b>										
Class A	2,144,458	0	252,910	11.8%	89,882	4.2%	342,792	16.0%	541	\$2.75
Class B	7,136,635	0	764,401	10.7%	194,529	2.7%	958,930	13.4%	(181,502)	\$2.27
Class C	203,352	0	1,675	0.8%	0	0.0%	1,675	0.8%	17,420	\$2.54
<b>Total</b>	<b>9,484,445</b>	<b>0</b>	<b>1,018,986</b>	<b>10.7%</b>	<b>284,411</b>	<b>3.0%</b>	<b>1,303,397</b>	<b>13.7%</b>	<b>(163,541)</b>	<b>\$2.52</b>
<b>Shadelands</b>										
Class A	107,146	0	62,625	58.4%	0	0.0%	62,625	58.4%	(35,715)	\$2.20
Class B	1,347,089	0	224,105	16.6%	0	0.0%	224,105	16.6%	83,604	\$2.00
Class C	363,626	0	10,531	2.9%	0	0.0%	10,531	2.9%	6,245	\$1.74
<b>Total</b>	<b>1,817,861</b>	<b>0</b>	<b>297,261</b>	<b>16.4%</b>	<b>0</b>	<b>0.0%</b>	<b>297,261</b>	<b>16.4%</b>	<b>54,134</b>	<b>\$2.01</b>
<b>Walnut Creek Dtwn/PHB</b>										
Class A	3,361,311	0	466,658	13.9%	45,449	1.4%	512,107	15.2%	(40,119)	\$3.98
Class B	3,415,854	0	320,316	9.4%	14,756	0.4%	335,072	9.8%	(9,709)	\$3.12
Class C	576,944	0	29,127	5.0%	3,060	0.5%	32,187	5.6%	(6,289)	\$2.27
<b>Total</b>	<b>7,354,109</b>	<b>0</b>	<b>816,101</b>	<b>11.1%</b>	<b>63,265</b>	<b>0.9%</b>	<b>879,366</b>	<b>12.0%</b>	<b>(56,117)</b>	<b>\$3.46</b>
<b>North I-680 Market Totals</b>										
Class A	9,301,988	0	1,236,467	13.3%	176,171	1.9%	1,412,638	15.2%	(58,120)	\$3.44
Class B	16,912,730	0	1,688,914	10.0%	230,140	1.4%	1,919,054	11.3%	(158,170)	\$2.39
Class C	2,899,823	0	99,883	3.4%	6,741	0.2%	106,624	3.7%	10,896	\$2.00
<b>Total</b>	<b>29,114,541</b>	<b>0</b>	<b>3,025,264</b>	<b>10.4%</b>	<b>413,052</b>	<b>1.4%</b>	<b>3,438,316</b>	<b>11.8%</b>	<b>(205,394)</b>	<b>\$2.61</b>

## STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
<b>Alameda</b>										
Class A		0			0		0		0	-
Class B	1,999,835	0	188,171	9.4%	12,678	0.6%	209,560	10.5%	5,596	\$3.19
Class C	1,098,291	0	107,487	9.8%	400	0.0%	107,887	9.8%	61,719	\$1.85
<b>Total</b>	<b>3,098,126</b>	<b>0</b>	<b>295,658</b>	<b>9.5%</b>	<b>13,078</b>	<b>0.4%</b>	<b>317,447</b>	<b>10.2%</b>	<b>67,315</b>	<b>\$2.79</b>
<b>Berkeley</b>										
Class A	300,000	0	0	0.0%	0	0.0%	0	0.0%	240	\$-
Class B	2,584,388	0	83,516	3.2%	6,244	0.2%	89,760	3.5%	33,838	\$3.58
Class C	1,360,121	0	37,738	2.8%	24,879	1.8%	62,617	4.6%	(11,495)	\$2.58
<b>Total</b>	<b>4,244,509</b>	<b>0</b>	<b>121,254</b>	<b>2.9%</b>	<b>31,123</b>	<b>0.7%</b>	<b>152,377</b>	<b>3.6%</b>	<b>22,583</b>	<b>\$3.32</b>
<b>Emeryville</b>										
Class A	2,354,141	0	312,133	13.3%	30,167	1.3%	342,300	14.5%	92,034	\$4.62
Class B	1,410,369	0	250,670	17.8%	15,541	1.1%	266,211	18.9%	18,103	\$3.74
Class C	723,426	0	3,056	0.4%	0	0.0%	3,056	0.4%	(3,056)	\$3.50
<b>Total</b>	<b>4,487,936</b>	<b>0</b>	<b>565,859</b>	<b>12.6%</b>	<b>45,708</b>	<b>1.0%</b>	<b>611,567</b>	<b>13.6%</b>	<b>107,081</b>	<b>\$4.21</b>
<b>Hayward*</b>										
Class A	175,918	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	896,252	0	60,087	6.7%	0	0.0%	60,087	6.7%	(23,449)	\$1.60
Class C	1,072,354	0	18,621	1.7%	0	0.0%	18,621	1.7%	(1,464)	\$1.13
<b>Total</b>	<b>2,144,524</b>	<b>0</b>	<b>78,708</b>	<b>3.7%</b>	<b>0</b>	<b>0.0%</b>	<b>78,708</b>	<b>3.7%</b>	<b>(24,913)</b>	<b>\$1.50</b>
<b>Oakland - Airport</b>										
Class A	263,833	0	10,953	4.2%	0	0.0%	10,953	4.2%	(2,578)	\$2.79
Class B	1,304,837	0	62,024	4.8%	2,392	0.2%	64,416	4.9%	(12,906)	\$2.05
Class C	645,217	0	32,579	5.0%	714	0.1%	33,293	5.2%	(5,035)	\$1.99
<b>Total</b>	<b>2,213,887</b>	<b>0</b>	<b>105,556</b>	<b>4.8%</b>	<b>3,106</b>	<b>0.1%</b>	<b>108,662</b>	<b>4.9%</b>	<b>(20,519)</b>	<b>\$2.20</b>
<b>Oakland Downtown</b>										
Class A	7,423,704	948,000	496,457	6.7%	33,611	0.5%	530,068	7.1%	(105,118)	\$5.14
Class B	6,004,417	0	764,930	12.7%	31,245	0.5%	796,175	13.3%	(42,400)	\$4.73
Class C	1,323,215	0	35,471	2.7%	15,000	1.1%	50,471	3.8%	(15,976)	\$3.72
<b>Total</b>	<b>14,751,336</b>	<b>948,000</b>	<b>1,296,858</b>	<b>8.8%</b>	<b>79,856</b>	<b>0.5%</b>	<b>1,376,714</b>	<b>9.3%</b>	<b>(163,494)</b>	<b>\$4.94</b>
<b>Oakland Jack London</b>										
Class A	0	0	0				0		0	-
Class B	899,206	0	62,820	7.0%	7,927	0.9%	70,747	7.9%	5,021	\$3.44
Class C	457,883	0	12,800	2.8%	0	0.0%	12,800	2.8%	53,787	\$4.41
<b>Total</b>	<b>1,357,089</b>	<b>0</b>	<b>75,620</b>	<b>5.6%</b>	<b>7,927</b>	<b>0.6%</b>	<b>83,547</b>	<b>6.2%</b>	<b>58,808</b>	<b>\$4.13</b>
<b>Oakland South</b>										
Class A	68,640	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	965,446	0	108,948	11.3%	0	0.0%	108,948	11.3%	7,558	\$1.93
Class C	455,184	0	5,023	1.1%	0	0.0%	5,023	1.1%	818	\$2.01
<b>Total</b>	<b>1,489,270</b>	<b>0</b>	<b>113,971</b>	<b>7.7%</b>	<b>0</b>	<b>0.0%</b>	<b>113,971</b>	<b>7.7%</b>	<b>8,376</b>	<b>\$1.97</b>
<b>Oakland North</b>										
Class A	0	0	0				0		0	-
Class B	842,618	0	18,809	2.2%	0	0.0%	18,809	2.2%	16,784	\$3.23
Class C	790,525	0	18,890	2.4%	0	0.0%	18,890	2.4%	17,670	\$2.94
<b>Total</b>	<b>1,633,143</b>	<b>0</b>	<b>37,699</b>	<b>2.3%</b>	<b>0</b>	<b>0.0%</b>	<b>37,699</b>	<b>2.3%</b>	<b>34,454</b>	<b>\$3.05</b>
<b>Richmond</b>										
Class A	0	0	0		0		0		0	-
Class B	951,386	0	38,286	4.0%	18,123	1.9%	56,409	5.9%	(13,714)	\$2.30
Class C	439,698	0	31,834	7.2%	0	0.0%	31,834	7.2%	348	\$1.50
<b>Total</b>	<b>1,391,084</b>	<b>0</b>	<b>70,120</b>	<b>5.0%</b>	<b>18,123</b>	<b>1.3%</b>	<b>88,243</b>	<b>6.3%</b>	<b>(13,366)</b>	<b>\$2.27</b>
<b>San Leandro*</b>										
Class A	132,725	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	845,157	0	87,074	10.3%	0	0.0%	87,074	10.3%	6,798	\$2.32
Class C	525,045	0	33,225	6.3%	1,985	0.4%	35,210	6.7%	(5,202)	\$1.86
<b>Total</b>	<b>1,502,927</b>	<b>0</b>	<b>120,299</b>	<b>8.0%</b>	<b>1,985</b>	<b>0.1%</b>	<b>122,284</b>	<b>8.1%</b>	<b>1,596</b>	<b>\$2.18</b>

# STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
<b>Union City</b>										
Class A	0	0	0		0		0		0	-
Class B	99,162	0	2,389	2.4%	0	0.0%	2,389	2.4%	0	\$1.45
Class C	64,176	0	0	0.0%	0	0.0%	0	0.0%	0	\$1.75
<b>Total</b>	<b>163,338</b>	<b>0</b>	<b>2,389</b>	<b>1.5%</b>	<b>0</b>	<b>0.0%</b>	<b>2,389</b>	<b>1.5%</b>	<b>0</b>	<b>\$1.51</b>
<b>Oakland I-80/880 Market Totals</b>										
Class A	10,718,961	948,000	819,543	7.6%	63,778	0.6%	883,321	8.2%	(15,422)	\$4.71
Class B	18,803,073	0	1,727,724	9.2%	94,150	0.5%	1,821,874	9.7%	1,229	\$4.02
Class C	8,955,135	0	336,724	3.8%	42,978	0.5%	379,702	4.2%	92,114	\$2.69
<b>Total</b>	<b>38,477,169</b>	<b>948,000</b>	<b>2,883,991</b>	<b>7.5%</b>	<b>200,906</b>	<b>0.5%</b>	<b>3,084,897</b>	<b>8.0%</b>	<b>77,921</b>	<b>\$3.81</b>
<b>Dublin</b>										
Class A	1,015,634	0	340,786	33.6%	0	0.0%	340,786	33.6%	23,948	\$3.28
Class B	714,046	0	13,735	1.9%	0	0.0%	13,735	1.9%	(530)	\$2.34
Class C	141,692	0	1,475	1.0%	2,840	2.0%	4,315	3.0%	0	\$2.07
<b>Total</b>	<b>1,871,372</b>	<b>0</b>	<b>355,996</b>	<b>19.0%</b>	<b>2,840</b>	<b>0.2%</b>	<b>358,836</b>	<b>19.2%</b>	<b>23,418</b>	<b>\$3.19</b>
<b>Pleasanton*</b>										
Class A	1,526,001	0	305,920	20.0%	0	0.0%	305,920	20.0%	(7,445)	\$3.09
Class B	5,484,923	0	633,640	11.6%	41,096	0.7%	674,736	12.3%	(890)	\$2.75
Class C	436,604	0	85,057	19.5%	0	0.0%	85,057	19.5%	(125)	\$2.73
<b>Total</b>	<b>7,447,528</b>	<b>0</b>	<b>1,024,617</b>	<b>13.8%</b>	<b>41,096</b>	<b>0.6%</b>	<b>1,065,713</b>	<b>14.3%</b>	<b>(8,460)</b>	<b>\$2.86</b>
<b>Livermore</b>										
Class A	0	0	0		0		0			-
Class B	1,128,696	0	172,650	15.3%	0	0.0%	172,650	15.3%	(74,264)	\$1.50
Class C	207,407	0	76,565	36.9%	0	0.0%	76,565	36.9%	1,516	\$1.58
<b>Total</b>	<b>1,336,103</b>	<b>0</b>	<b>249,215</b>	<b>18.7%</b>	<b>0</b>	<b>0.0%</b>	<b>249,215</b>	<b>18.7%</b>	<b>(72,748)</b>	<b>\$1.53</b>
<b>Tri-Valley Market Totals</b>										
Class A	2,541,635	-	646,706	25.4%	0	0.0%	646,706	25.4%	16,503	\$3.05
Class B	7,327,665	-	820,025	11.2%	41,096	0.6%	861,121	11.8%	(75,684)	\$3.35
Class C	785,703	-	163,097	20.8%	2,840	0.4%	165,937	21.1%	1,391	\$2.53
<b>Total</b>	<b>10,655,003</b>	<b>0</b>	<b>1,629,828</b>	<b>15.3%</b>	<b>43,936</b>	<b>0.4%</b>	<b>1,673,764</b>	<b>15.7%</b>	<b>(57,790)</b>	<b>\$2.98</b>
<b>TOTAL EAST BAY</b>										
Class A	22,562,584	948,000	2,702,716	12.0%	239,949	1.1%	2,942,665	13.0%	(57,039)	\$3.73
Class B	43,043,468	0	4,236,663	9.8%	365,386	0.8%	4,602,049	10.7%	(232,625)	\$3.25
Class C	12,640,661	0	599,704	4.7%	52,559	0.4%	652,263	5.2%	104,401	\$2.41
<b>TOTAL</b>	<b>78,246,713</b>	<b>948,000</b>	<b>7,539,083</b>	<b>9.6%</b>	<b>657,894</b>	<b>0.8%</b>	<b>8,196,977</b>	<b>10.5%</b>	<b>(185,263)</b>	<b>\$3.13</b>



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