



SECOND QUARTER 2020

EAST BAY OFFICE REPORT

VACANCY & RENTS



East Bay Vacancy Ticks Up Due to Increased Sublet

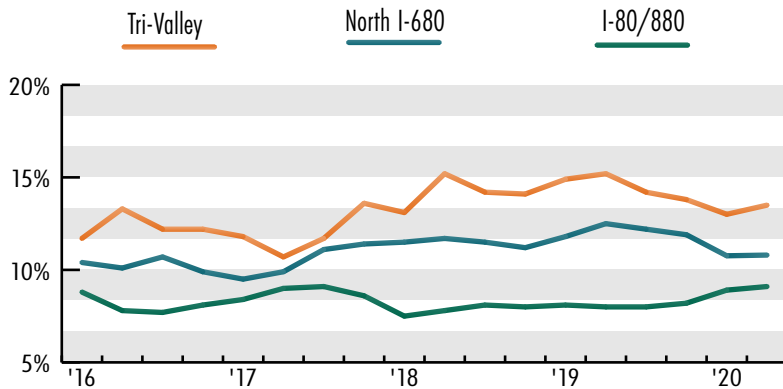
The East Bay office market ended the second quarter with an increase in vacancy to 10.3% primarily due to an increase in sublease vacancy by approximately 167,864 square feet from last quarter. As state and county agencies pull back the reigns on allowing some businesses to reopen, tenants and landlords further reviewed their lease obligations and tenants have opted to right-size operations.

YTD Net Absorption



-124,998 SF

VACANCY RATES | Physically Vacant Space

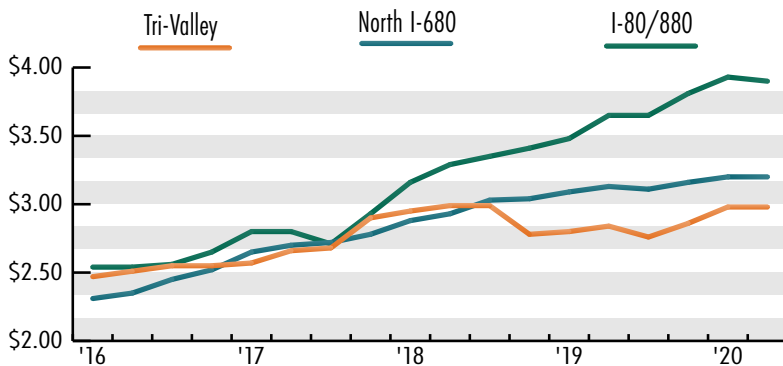


Change in Vacancy (YoY)



-0.4%

AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)



+6.4%

DEMAND & ECONOMY



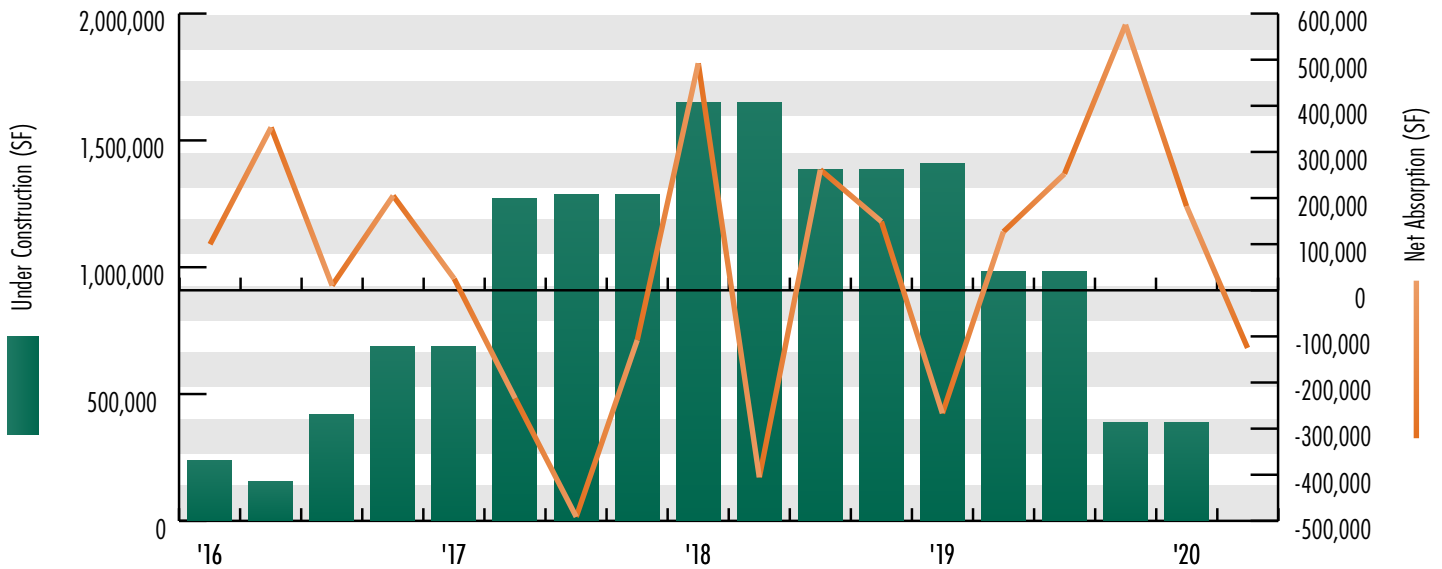
Q2 Unemployment Surges

In May, East Bay unemployment hit unprecedented numbers at 13.5 percent which is well up from 8 years of single-digit numbers. The Bay Area has remained an active job generator and as a result, the East Bay office market experienced positive leasing activity for 4 consecutive quarters. The economic shakeup slowed demand forcing net absorption to fall into negative territory at 124,998 square feet in Q2 2020.

Rents Begin Downward Trend

The migration East from San Francisco into Downtown Oakland and Emeryville had rates surging through most of 2019. Since Q1 2020 rental rates have dropped close to 10% with the average asking rent at \$3.09, full service per month. The lagging indicator in commercial real estate fundamentals, rental rates are expected to drop close to 10 to 20 percent over the next several quarters from pre-COVID times. Expect concessions to make a come back as landlords are now faced with empty buildings.

UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Property City	Size (SF)	Type
ALAMEDA COUNTY	Three Sybase Dr, Dublin	Direct	36,716	Class A
EVERLAW	2101 Webster Street, Oakland	Direct	24,214	Class A
BITWISE INDUSTRIES	106-154 Linden St, Oakland	Sublease	16,087	Class A
POLICY LINK	1438 Webster St, Oakland	Direct	13,350	Class B

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$250

Average Sale CAP Rate

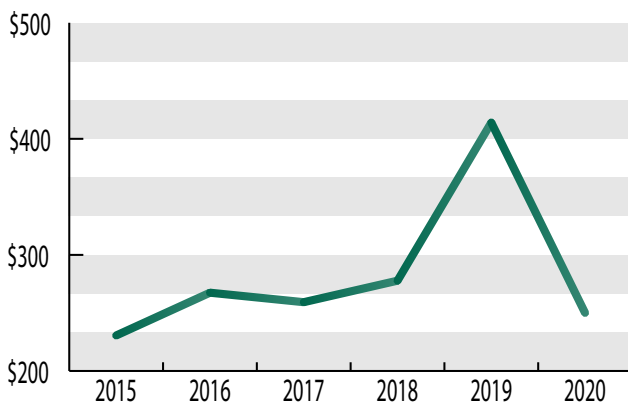


6.4%

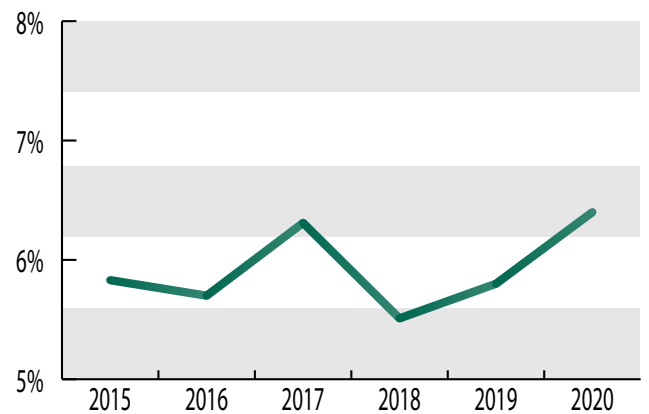
Large Investment Halt

In Q2 2020 major investments fell out of contract as buyers pulled back the reins and cut their losses. Pension funds and dry power remain on the sidelines as the waiting game begins as to assets move into trouble waters. A mere 12 million in sales closed in the East Bay this quarter with cap rates jumping a full percentage point. Lower sale values have yet to be seen as landlords and investors are focused on retaining occupancies.

SALE PRICE PSF | EAST BAY REGIONAL TRENDS



CAP RATES | EAST BAY REGIONAL TRENDS



SALE TRANSACTIONS | NOTABLE OFFICE TRANSACTIONS

Property Address	Size (SF)	Sale Price	PSF	Buyer
165 Lennon Ln, Walnut Creek	30,668	\$5,550,000	\$180.97	Imagine Partners
4400 Black Ave, Pleasanton	22,212	\$5,300,000	\$238.61	DR Sabri Arac
7750 Edgewater Dr, Oakland	29,000	\$3,500,000	\$120.69	Alco
20600 Lake Chabot, Castro Valley	10,583	\$3,400,000	\$321.27	Lisa Keith

STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
Antioch/Pittsburg/Brentwood										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	995,403	-	110,697	11.1%	4,156	0.4%	114,853	11.5%	1,272	-
Class C	398,775	-	34,623	8.7%	-	0.0%	34,623	8.7%	(11,380)	\$1.89
Total	1,394,178	-	145,320	10.4%	4,156	0.3%	149,476	10.7%	(10,108)	\$1.97
Concord										
Class A	3,396,169	-	563,863	16.6%	7,389	0.2%	571,252	16.8%	(4,997)	\$1.68
Class B	1,454,304	-	139,547	9.6%	-	0.0%	139,547	9.6%	5,229	\$2.13
Class C	577,898	-	26,243	4.5%	-	0.0%	26,243	4.5%	(9,864)	\$1.79
Total	5,428,371	-	729,653	13.4%	7,389	0.1%	737,042	13.6%	(9,632)	\$2.17
Danville/Alamo										
Class A	50,000	-	11,096	22.2%	-	0.0%	11,096	22.2%	-	-
Class B	665,057	-	47,992	7.2%	10,892	1.6%	58,884	8.9%	(989)	\$2.81
Class C	262,477	-	10,009	3.8%	-	0.0%	10,009	3.8%	-	\$3.00
Total	977,534	-	69,097	7.1%	10,892	1.1%	79,989	8.2%	(989)	\$2.69
Lamorinda										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	854,454	-	62,691	7.3%	5,493	0.6%	68,184	8.0%	(3,567)	\$3.68
Class C	197,967	-	3,883	2.0%	-	0.0%	3,883	2.0%	-	-
Total	1,052,421	-	66,574	6.3%	5,493	0.5%	72,067	6.8%	(3,567)	\$3.84
Martinez										
Class A	112,904	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	434,623	-	31,390	7.2%	-	0.0%	31,390	7.2%	-	\$2.05
Class C	246,700	-	20,991	8.5%	-	0.0%	20,991	8.5%	(9,864)	\$1.79
Total	794,227	-	52,381	6.6%	-	0.0%	52,381	6.6%	(9,864)	\$2.11
Pleasant Hill										
Class A	134,000	-	8,779	6.6%	1,655	1.2%	10,434	7.8%	-	\$1.72
Class B	762,996	-	81,493	10.7%	-	0.0%	81,493	10.7%	(6,518)	\$2.42
Class C	183,227	-	16,186	8.8%	-	0.0%	16,186	8.8%	-	\$2.12
Total	1,080,223	-	106,458	9.9%	1,655	0.2%	108,113	10.0%	(6,518)	\$2.18
San Ramon										
Class A	3,731,146	-	271,852	7.3%	66,180	1.8%	338,032	9.1%	9,081	\$3.34
Class B	5,522,548	-	517,121	9.4%	225,386	4.1%	742,507	13.4%	-	\$2.67
Class C	203,352	-	4,937	2.4%	-	0.0%	4,937	2.4%	-	\$1.93
Total	9,457,046	-	793,910	8.4%	291,566	3.1%	1,085,476	11.5%	9,081	\$2.87
Shadelands										
Class A	107,146	-	-	-	-	-	-	-	-	-
Class B	1,251,784	-	228,505	18.3%	1,189	0.1%	229,694	18.3%	-	\$2.06
Class C	242,690	-	12,664	5.2%	-	-	12,664	5.2%	-	\$2.10
Total	1,601,620	-	241,169	15.1%	1,189	0.1%	242,358	15.1%	-	\$1.99
Walnut Creek Dtnw/PHB										
Class A	3,767,893	-	545,278	14.5%	168,692	4.5%	713,970	18.9%	22,012	\$3.86
Class B	3,064,672	-	297,626	9.7%	14,232	0.5%	311,858	10.2%	(6,329)	\$3.20
Class C	461,674	-	22,079	4.8%	-	-	22,079	4.8%	(591)	\$2.14
Total	7,294,239	-	864,983	11.9%	182,924	2.5%	1,047,907	14.4%	15,092	\$3.64
North I-680 Market Totals										
Class A	11,299,258	-	1,202,232	10.6%	198,127	1.8%	1,400,359	12.4%	26,096	\$3.67
Class B	14,721,563	-	1,367,700	9.3%	253,357	1.7%	1,621,057	11.0%	(10,902)	\$2.84
Class C	3,097,440	-	108,737	3.5%	3,060	0.1%	111,797	3.6%	(31,699)	\$2.13
Total	29,118,261	-	2,678,669	9.2%	454,544	1.6%	3,133,213	10.8%	(16,505)	\$3.20

STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
Alameda										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	2,136,998	-	278,876	13.0%	13,546	0.6%	292,422	13.7%	(2,270)	\$2.82
Class C	1,110,015	-	44,417	4.0%	-	0.0%	44,417	4.0%	-	\$1.33
Total	3,247,013	-	323,293	10.0%	13,546	0.4%	336,839	10.4%	(2,270)	\$2.66
Berkeley										
Class A	300,000	-	-	-	-	-	-	-	-	-
Class B	2,686,208	-	98,049	3.7%	5,833	0.2%	103,882	3.9%	2,678	\$3.83
Class C	1,400,039	-	85,900	6.1%	18,805	1.3%	104,705	7.5%	-	\$3.59
Total	4,386,247	-	183,949	4.2%	24,638	0.6%	208,587	4.8%	2,678	\$3.41
Emeryville										
Class A	2,354,730	-	264,958	11.3%	19,062	0.8%	284,020	12.1%	-	\$4.32
Class B	1,552,083	-	370,998	23.9%	-	-	370,998	23.9%	-	\$4.50
Class C	439,071	-	6,399	1.5%	-	-	6,399	1.5%	-	\$-
Total	4,345,884	-	642,355	14.8%	19,062	0.4%	661,417	15.2%	-	\$4.43
Hayward										
Class A	175,918	-	-	-	-	-	-	-	-	-
Class B	767,502	-	43,748	5.7%	-	-	43,748	5.7%	-	\$2.04
Class C	995,033	-	42,755	4.3%	-	-	42,755	4.3%	-	\$1.97
Total	1,938,453	-	86,503	4.5%	-	-	86,503	4.5%	-	\$1.57
Oakland - South/Airport										
Class A	332,473	-	17,423	5.2%	-	-	17,423	5.2%	-	\$2.82
Class B	2,311,534	-	180,077	7.8%	18,431	0.8%	198,508	8.6%	-	\$2.44
Class C	1,083,570	-	57,564	5.3%	2,720	0.3%	60,284	5.6%	(1,321)	\$1.93
Total	3,727,577	-	255,064	6.8%	21,151	0.6%	276,215	7.4%	(1,321)	\$2.21
Oakland Downtown										
Class A	8,013,575	-	837,112	10.4%	146,268	1.8%	983,380	12.3%	(24,479)	\$5.12
Class B	6,940,725	-	581,002	8.4%	234,229	3.4%	815,231	11.7%	(10,395)	\$4.53
Class C	1,206,969	-	43,625	3.6%	1,300	0.1%	44,925	3.7%	(1,300)	\$4.36
Total	16,161,269	-	1,461,739	9.0%	381,797	2.4%	1,843,536	11.4%	(36,174)	\$4.78
Oakland Port/Jack London										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	938,228	-	102,611	10.9%	20,475	2.2%	123,086	13.1%	-	\$4.04
Class C	564,308	-	16,878	3.0%	-	-	16,878	3.0%	-	\$5.50
Total	1,502,536	-	119,489	8.0%	20,475	1.4%	139,964	9.3%	-	\$4.14
Oakland North										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	1,127,617	-	24,892	2.2%	-	-	24,892	2.2%	3,652	\$3.31
Class C	695,869	-	15,018	2.2%	-	-	15,018	2.2%	-	\$2.55
Total	1,823,486	-	39,910	2.2%	-	-	39,910	2.2%	3,652	\$3.01
Richmond/San Pablo										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	950,891	-	61,977	6.5%	13,537	1.4%	75,514	7.9%	-	\$2.17
Class C	479,697	-	4,599	1.0%	-	-	4,599	1.0%	-	\$1.50
Total	1,430,588	-	66,576	4.7%	13,537	0.9%	80,113	5.6%	-	\$2.14
San Leandro										
Class A	132,725	-	-	-	-	-	-	-	-	-
Class B	978,315	-	203	-	-	-	203	-	-	\$2.08
Class C	512,024	-	2,208	0.4%	-	-	2,208	0.4%	-	\$1.75
Total	1,623,064	-	2,411	0.1%	-	-	2,411	0.1%	-	\$3.00

STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor.	Average Asking Rent
Union City										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	99,162	-	-	-	-	-	-	-	2,389	-
Class C	64,176	-	-	-	-	-	-	-	-	-
Total	163,338	-	-	-	-	-	-	-	2,389	-
Oakland I-80/880 Market Totals										
Class A	11,309,421	-	1,119,493	9.9%	165,330	1.5%	1,284,823	11.4%	(24,479)	\$5.01
Class B	20,489,263	-	1,742,433	8.5%	306,051	1.5%	2,048,484	10.0%	(3,946)	\$3.49
Class C	8,550,771	-	319,363	3.7%	22,825	0.3%	342,188	4.0%	(2,621)	\$2.56
Total	40,349,455	-	3,181,289	7.9%	494,206	1.2%	3,675,495	9.1%	(31,046)	\$3.93
Dublin										
Class A	1,009,682	-	117,600	11.6%	121,488	12.0%	239,088	23.7%	6,340	\$2.46
Class B	714,046	-	20,940	2.9%	-	0.0%	20,940	2.9%	(1,187)	\$2.00
Class C	141,692	-	6,249	4.4%	-	0.0%	6,249	4.4%	(357)	\$2.15
Total	1,865,420	-	144,789	7.8%	121,488	6.5%	266,277	14.3%	4,796	\$2.43
Pleasanton										
Class A	1,937,248	-	172,560	8.9%	35,474	1.8%	208,034	10.7%	(67,027)	\$3.44
Class B	5,572,921	-	698,444	12.5%	80,163	1.4%	778,607	14.0%	(13,700)	\$2.76
Class C	329,086	-	35,515	10.8%	-	-	35,515	10.8%	-	\$2.68
Total	7,839,255	-	906,519	11.6%	115,637	1.5%	1,022,156	13.0%	(80,727)	\$2.95
Livermore										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	970,533	-	103,715	10.7%	-	-	103,715	10.7%	-	\$2.18
Class C	194,655	-	75,997	39.0%	-	-	75,997	39.0%	(1,516)	\$1.82
Total	1,165,188	-	179,712	15.4%	-	-	179,712	15.4%	(1,516)	\$1.94
Tri-Valley Market Totals										
Class A	2,946,930	-	290,160	9.8%	156,962	5.3%	447,122	15.2%	(60,687)	\$3.26
Class B	7,257,500	-	823,099	11.3%	80,163	1.1%	903,262	12.4%	(14,887)	\$2.80
Class C	665,433	-	117,761	17.7%	-	-	117,761	17.7%	(1,873)	\$2.51
Total	10,869,863	-	1,231,020	11.3%	237,125	2.2%	1,468,145	13.5%	(77,447)	\$2.98
TOTAL EAST BAY										
Class A	25,555,609	-	2,611,885	10.2%	520,419	2.0%	3,132,304	12.3%	(59,070)	\$4.08
Class B	42,468,326	-	3,933,232	9.3%	639,571	1.5%	4,572,803	10.8%	(29,735)	\$3.08
Class C	12,313,644	-	545,861	4.4%	25,885	0.2%	571,746	4.6%	(36,193)	\$2.51
TOTAL	80,337,579	-	7,090,978	8.8%	1,185,875	1.5%	8,276,853	10.3%	(124,998)	\$3.45



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