



THIRD
QUARTER 2019

An aerial photograph of a city street, likely in the East Bay area, is shown with a semi-transparent green overlay. The street has multiple lanes with cars and a central median. Buildings and trees are visible on either side of the road. The green overlay is a solid color that covers the entire right half of the page.

EAST BAY
OFFICE
REPORT

VACANCY & RENTS



Uptick in Sublease Vacancy

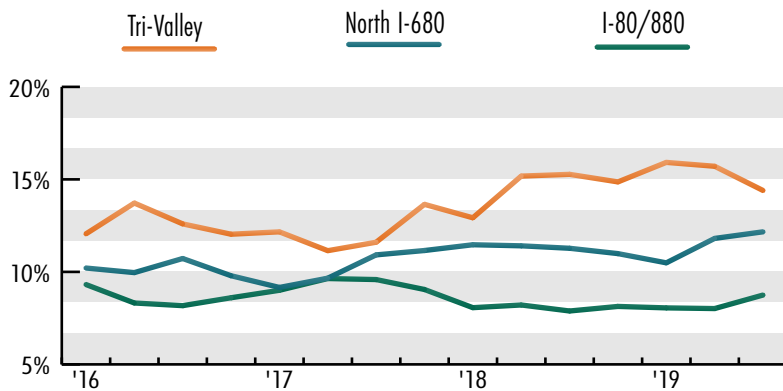
Overall vacancy in the East Bay office market grew to 10.8% in Q3 2019, up 0.3% from the previous quarter. The change is due in part to an increase of 188,668 square feet in available sublease space. This brought sublease vacancy in the region to 1.1%, the highest since mid-2007. However, the change is typical at this point in the economic cycle, as some tenants shed excess space in the face of economic uncertainties and the upcoming Presidential election.



East Bay Highest Job Gains

Despite the uptick in vacancy, the Bay Area market was cushioned somewhat by continued job growth. Ten straight months of employment gains boosted the need for office space across the region. The East Bay saw the region's highest gains with more than 2,400 jobs added, ahead of San Francisco and the Peninsula combined. After wobbling for a few quarters, net absorption jumped into positive territory, reporting a 13,616-square-foot increase.

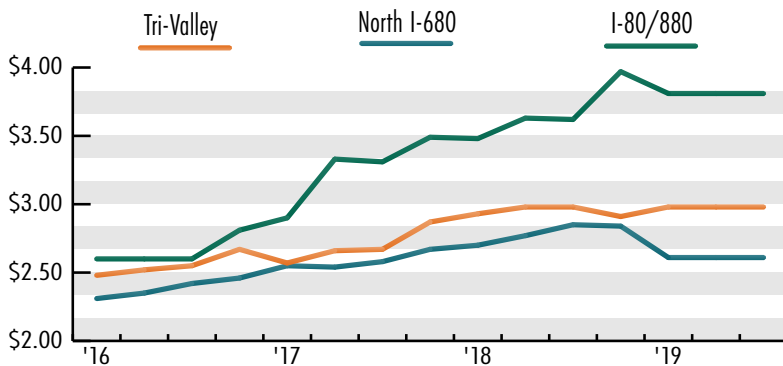
VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

+0.6%

AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)

-0.5%

DEMAND & ECONOMY



Rents Peak in Core Submarkets

The migration of tenants continued to ripple eastward as the San Francisco market approached 1% vacancy in select submarkets. Growing interest in the Oakland office market is reflected in steadily-rising rental rates there. In fact, the average asking rate delta between the Oakland and North Contra Costa submarkets has widened to more than 30% over the past 36 months, up from a mere 6% in 2017. Rents have risen above \$5 per square foot (full service) for trophy buildings in Downtown Walnut Creek, Oakland and Emeryville.

East Bay Unemployment Rate



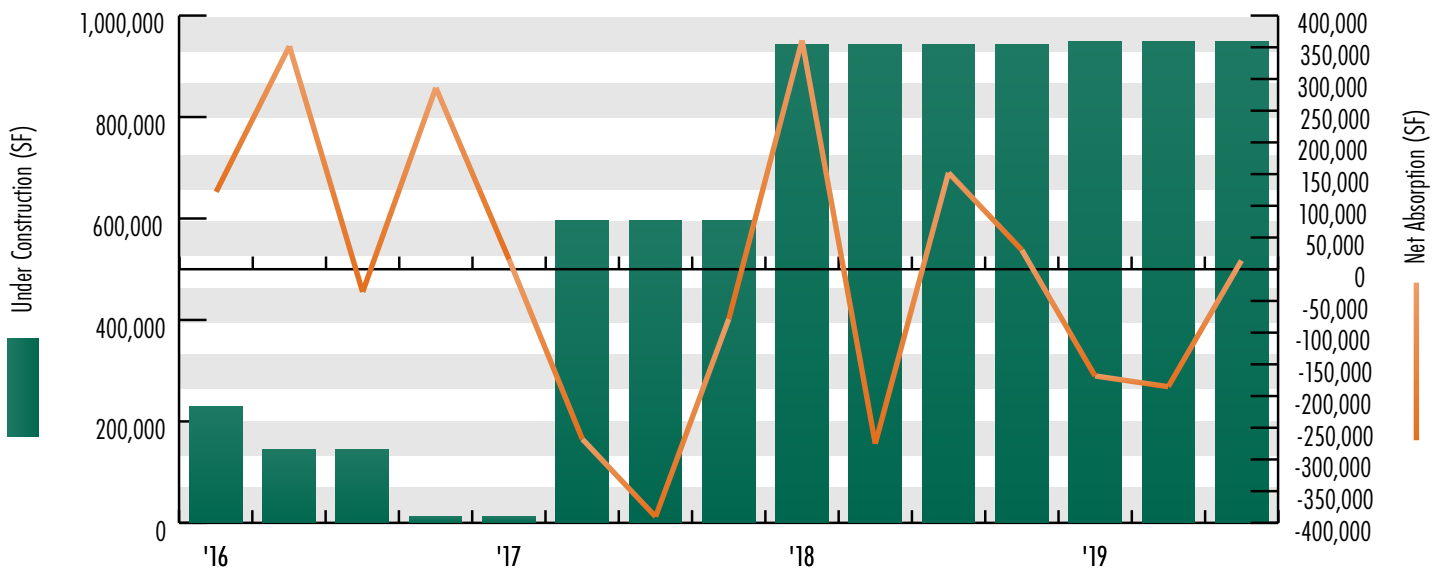
3.2%

YTD Net Absorption



13,616_{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	57,600	Class A
WEWORK	1814 Franklin St	Oakland	37,256	Class A
SAP	2600 Camino Ramon	San Ramon	30,259	Class A
CH2M	155 Grand Ave	Oakland	26,619	Class A
W.R. BERKLEY	1277 Treat Blvd	Walnut Creek	19,560	Class A

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$238

Average Sale CAP Rate

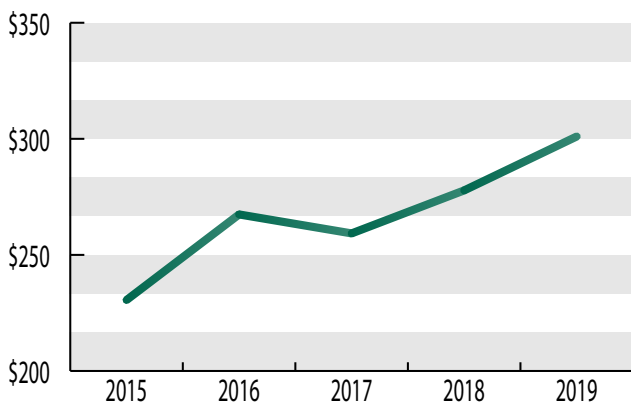


7.4%

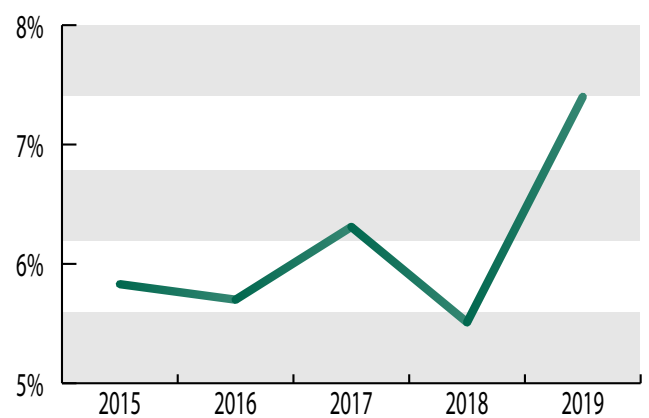
East Bay Sees Large Office Trade in Q3 2019

In one of the largest office sales in the East Bay this year, MetLife purchased Treat Towers for nearly \$118 million (over \$313 per square foot). Class A assets in the East Bay region are drawing interest from all types of regional and institutional investors as the turnover in San Francisco and Silicon Valley office product reaches peak levels. With price points in those markets approaching \$800 - \$1,000 per square foot, the East Bay offers greater affordability as well as long-term value-add as the economic core of the region grows in size and strength.

SALE PRICE PSF | REGIONAL TRENDS



CAP RATES | REGIONAL TRENDS



SALE TRANSACTIONS | NOTABLE OFFICE TRANSACTIONS

Property Address	Size (SF)	Sale Price	PSF	Buyer
1255-1277 Treat Blvd, Walnut Creek	367,313	\$195,000,000	\$531	Rockpoint
180 Grand Ave, Oakland	274,000	\$175,000,000	\$639	AXA IM
1701 Harbor Bay Pkwy, Alameda	380,000	\$115,000,000	\$303	Hillwood
5669 & 5671 Gibraltar, Pleasanton	67,680	\$23,000,000	\$340	Dollinger

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										
Class A	0	0	0		0		0		0	-
Class B	692,410	0	90,142	13.0%	0	0.0%	90,142	13.0%	39,827	\$1.68
Class C	331,478	0	10,552	3.2%	0	0.0%	10,552	3.2%	4,430	\$1.30
Total	1,023,888	0	100,694	9.8%	0	0.0%	100,694	9.8%	44,257	\$1.49
Brentwood										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	402,707	0	13,093	3.3%	0	0.0%	6,178	1.5%	(7,751)	\$1.88
Class C	67,197	0	0	0.0%	0	0.0%	0	0.0%	0	\$1.80
Total	469,904	0	13,093	2.8%	0	0.0%	6,178	1.3%	(7,751)	\$1.84
Concord										
Class A	3,396,169	0	485,415	14.3%	48,229	1.4%	533,644	15.7%	(69,265)	\$2.77
Class B	1,298,674	0	133,692	10.3%	5,229	0.4%	138,921	10.7%	(698)	\$2.05
Class C	573,364	0	3,976	0.7%	0	0.0%	3,976	0.7%	3,336	\$1.67
Total	5,268,207	0	623,083	11.8%	53,458	1.0%	676,541	12.8%	(66,627)	\$2.52
Danville/Alamo										
Class A	50,000	0	11,096	22.2%	0	0.0%	11,096	22.2%	0	\$4.07
Class B	738,724	0	41,035	5.6%	6,312	0.9%	47,347	6.4%	(20,303)	\$2.65
Class C	262,477	0	13,096	5.0%	2,081	0.8%	15,177	5.8%	(5,137)	\$2.80
Total	1,051,201	0	65,227	6.2%	8,393	0.8%	73,620	7.0%	(25,440)	\$2.79
Lamorinda										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	830,737	0	71,702	8.6%	695	0.1%	72,397	8.7%	(9,493)	\$3.80
Class C	197,967	0	1,883	1.0%	0	0.0%	1,883	1.0%	0	\$2.39
Total	1,028,704	0	73,585	7.2%	695	0.1%	74,280	7.2%	(9,493)	\$3.60
Martinez										
Class A	112,904	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	243,621	0	15,921	6.5%	0	0.0%	15,921	6.5%	(6,059)	\$1.97
Class C	78,081	0	2,195	2.8%	0	0.0%	2,195	2.8%	0	\$1.69
Total	434,606	0	18,116	4.2%	0	0.0%	18,116	4.2%	(6,059)	\$1.80
Pleasant Hill										
Class A	130,000	0	19,639	15.1%	0	0.0%	19,639	15.1%	(1,408)	-
Class B	748,127	0	70,060	9.4%	0	0.0%	70,060	9.4%	(7,429)	\$2.52
Class C	223,725	0	23,126	10.3%	1,600	0.7%	24,726	11.1%	323	\$2.14
Total	1,101,852	0	112,825	10.2%	1,600	0.1%	114,425	10.4%	(8,514)	\$1.83
San Ramon*										
Class A	2,144,458	0	208,155	9.7%	89,882	4.2%	298,037	13.9%	44,755	\$3.14
Class B	7,136,635	0	768,360	10.8%	268,422	3.8%	1,036,782	14.5%	(73,101)	\$3.02
Class C	203,352	0	9,346	4.6%	0	0.0%	9,346	4.6%	(7,671)	\$2.38
Total	9,484,445	0	985,861	10.4%	358,304	3.8%	1,344,165	14.2%	(36,017)	\$2.85
Shadelands										
Class A	107,146	0	67,940	63.4%	0	0.0%	67,940	63.4%	(5,315)	\$2.20
Class B	1,306,232	0	215,712	16.5%	0	0.0%	215,712	16.5%	8,393	\$2.01
Class C	363,626	0	11,221	3.1%	0	0.0%	11,221	3.1%	(690)	\$1.69
Total	1,777,004	0	294,873	16.6%	0	0.0%	294,873	16.6%	2,388	\$2.01
Walnut Creek Dtwn/PHB										
Class A	3,439,543	0	460,564	13.4%	66,398	1.9%	526,962	15.3%	(14,753)	\$3.95
Class B	3,337,523	0	256,160	7.7%	11,912	0.4%	268,072	8.0%	84,715	\$2.90
Class C	576,944	0	19,590	3.4%	3,060	0.5%	22,650	3.9%	9,537	\$2.25
Total	7,354,010	0	736,314	10.0%	81,370	1.1%	817,684	11.1%	79,499	\$3.46
North I-680 Market Totals										
Class A	9,380,220	0	1,252,809	13.4%	204,509	2.2%	1,457,318	15.5%	(45,986)	\$3.44
Class B	16,735,390	0	1,675,877	10.0%	292,570	1.7%	1,968,447	11.8%	8,101	\$2.39
Class C	2,878,211	0	94,985	3.3%	6,741	0.2%	101,726	3.5%	4,128	\$2.00
Total	28,993,821	0	3,023,671	10.4%	503,820	1.7%	3,527,491	12.2%	(33,757)	\$2.61

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	0	0	0	-	0	-	0	0	0	-
Class B	2,072,385	0	256,140	12.4%	15,678	0.8%	271,818	13.1%	(20,969)	\$3.29
Class C	1,099,182	0	106,987	9.7%	0	0.0%	106,987	9.7%	900	\$1.86
Total	3,171,567	0	363,127	11.4%	15,678	0.5%	378,805	11.9%	(20,069)	\$2.79
Berkeley										
Class A	300,000	0	0	0.0%	0	0.0%	0	0.0%	0	\$-
Class B	2,576,988	0	65,955	2.6%	6,244	0.2%	72,199	2.8%	17,561	\$3.59
Class C	1,360,121	0	37,438	2.8%	21,879	1.6%	59,317	4.4%	6,100	\$2.75
Total	4,237,109	0	103,393	2.4%	28,123	0.7%	131,516	3.1%	23,661	\$3.32
Emeryville										
Class A	2,354,730	0	219,744	9.3%	13,052	0.6%	232,796	9.9%	109,504	\$4.61
Class B	1,410,369	0	224,298	15.9%	0	0.0%	224,298	15.9%	(41,707)	\$3.78
Class C	735,426	0	9,455	1.3%	0	0.0%	9,455	1.3%	(6,399)	\$-
Total	4,500,525	0	453,497	10.1%	13,052	0.3%	466,549	10.4%	61,398	\$4.21
Hayward										
Class A	175,918	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	896,252	0	59,827	6.7%	629	0.1%	60,456	6.7%	(369)	\$1.57
Class C	1,072,354	0	34,720	3.2%	0	0.0%	34,720	3.2%	(14,099)	\$1.19
Total	2,144,524	0	94,547	4.4%	629	0.0%	95,176	4.4%	(14,468)	\$1.50
Oakland - Airport										
Class A	263,833	0	18,610	7.1%	0	0.0%	18,610	7.1%	(7,657)	\$2.81
Class B	1,304,837	0	54,212	4.2%	19,549	1.5%	73,761	5.7%	(13,145)	\$2.15
Class C	645,635	0	29,745	4.6%	714	0.1%	30,459	4.7%	2,834	\$1.74
Total	2,214,305	0	102,567	4.6%	20,263	0.9%	122,830	5.5%	(17,968)	\$2.20
Oakland Downtown										
Class A	7,423,704	948,000	448,821	6.0%	44,624	0.6%	493,445	6.6%	49,402	\$5.35
Class B	6,392,828	0	1,159,423	18.1%	22,155	0.3%	1,181,578	18.5%	(23,465)	\$4.75
Class C	1,323,215	0	43,709	3.3%	15,000	1.1%	58,709	4.4%	(8,238)	\$3.82
Total	15,139,747	948,000	1,651,953	10.9%	81,779	0.5%	1,733,732	11.5%	17,699	\$4.94
Oakland Jack London										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	929,206	0	85,208	9.2%	9,569	1.0%	94,777	10.2%	5,970	\$3.59
Class C	457,883	0	16,421	3.6%	0	0.0%	16,421	3.6%	(3,621)	\$4.33
Total	1,387,089	0	101,629	7.3%	9,569	0.7%	111,198	8.0%	2,349	\$4.13
Oakland South										
Class A	68,640	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	962,003	0	108,133	11.2%	0	0.0%	108,133	11.2%	815	\$1.94
Class C	455,184	0	5,023	1.1%	0	0.0%	5,023	1.1%	0	\$2.10
Total	1,485,827	0	113,156	7.6%	0	0.0%	113,156	7.6%	815	\$2.02
Oakland North										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	855,618	0	20,604	2.4%	0	0.0%	20,604	2.4%	(1,795)	\$3.22
Class C	776,525	0	24,375	3.1%	0	0.0%	24,375	3.1%	(5,485)	\$3.01
Total	1,632,143	0	44,979	2.8%	0	0.0%	44,979	2.8%	(7,280)	\$3.05
Richmond										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	951,386	0	41,727	4.4%	15,875	1.7%	57,602	6.1%	(5,738)	\$2.28
Class C	439,698	0	32,589	7.4%	0	0.0%	32,589	7.4%	(755)	\$2.20
Total	1,391,084	0	74,316	5.3%	15,875	1.1%	90,191	6.5%	(6,493)	\$2.27
San Leandro										
Class A	132,725	0	0	0.0%	0	0.0%	0	0.0%	0	-
Class B	888,916	0	88,195	9.9%	0	0.0%	88,195	9.9%	2,839	\$2.93
Class C	488,116	0	29,205	6.0%	1,985	0.4%	31,190	6.4%	60	\$1.90
Total	1,509,757	0	117,400	7.8%	1,985	0.1%	119,385	7.9%	2,899	\$2.18

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	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
Total	163,338	0	2,389	1.5%	0	0.0%	2,389	1.5%	0	\$1.51
Oakland I-80/880 Market Totals										
Class A	10,719,550	948,000	687,175	6.4%	57,676	0.5%	744,851	6.9%	151,249	\$4.71
Class B	19,339,950	0	2,166,111	11.2%	89,699	0.5%	2,255,810	11.7%	(80,003)	\$4.02
Class C	8,917,515	0	369,667	4.1%	39,578	0.4%	409,245	4.6%	(28,703)	\$2.69
Total	38,977,015	948,000	3,222,953	8.3%	186,953	0.5%	3,409,906	8.7%	42,543	\$3.81
Dublin										
Class A	1,015,634	0	270,192	26.6%	108,644	10.7%	378,836	37.3%	(107,793)	\$3.25
Class B	714,046	0	19,413	2.7%	0	0.0%	19,413	2.7%	(5,678)	\$2.34
Class C	141,692	0	4,315	3.0%	0	0.0%	4,315	3.0%	0	\$2.10
Total	1,871,372	0	293,920	15.7%	108,644	5.8%	402,564	21.5%	(113,471)	\$3.19
Pleasanton										
Class A	1,937,248	0	148,574	7.7%	0	0.0%	148,574	7.7%	157,346	\$3.07
Class B	5,484,923	0	679,713	12.4%	47,145	0.9%	726,858	13.3%	(50,109)	\$2.76
Class C	436,604	0	89,719	20.5%	0	0.0%	89,719	20.5%	(4,662)	\$2.73
Total	7,858,775	0	918,006	11.7%	47,145	0.6%	965,151	12.3%	102,575	\$2.86
Livermore										
Class A	0	0	0	-	0	-	0	-	0	-
Class B	1,116,096	0	170,287	15.3%	0	0.0%	170,287	15.3%	(3,135)	\$1.42
Class C	207,407	0	57,704	27.8%	0	0.0%	57,704	27.8%	18,861	\$1.58
Total	1,323,503	0	227,991	17.2%	0	0.0%	227,991	17.2%	15,726	\$1.53
Tri-Valley Market Totals										
Class A	2,952,882	-	418,766	14.2%	108,644	3.7%	527,410	17.9%	49,553	\$3.05
Class B	7,315,065	-	869,413	11.9%	47,145	0.6%	916,558	12.5%	(58,922)	\$3.35
Class C	785,703	-	151,738	19.3%	0	0.0%	151,738	19.3%	14,199	\$2.53
Total	11,053,650	0	1,439,917	13.0%	155,789	1.4%	1,595,706	14.4%	4,830	\$2.98
TOTAL EAST BAY										
Class A	23,052,652	948,000	2,358,750	10.2%	370,829	1.6%	2,729,579	11.8%	154,816	\$3.73
Class B	43,390,405	0	4,711,401	10.9%	429,414	1.0%	5,140,815	11.8%	(130,824)	\$3.25
Class C	12,581,429	0	616,390	4.9%	46,319	0.4%	662,709	5.3%	(10,376)	\$2.41
TOTAL	79,024,486	948,000	7,686,541	9.7%	846,562	1.1%	8,533,103	10.8%	13,616	\$3.13



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