

## FIRST QUARTER 2020



## VACANCY & RENTS

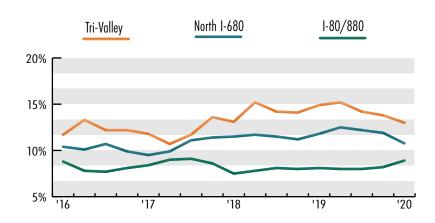
### **East Bay Vacancy Sees Slight Downtick**

The East Bay office market ended the first quarter with a slight reduction in overall vacancy to 10.1%. Strong leasing activity throughout the quarter placed the East Bay in a favorable position. However, at the beginning of March 2020, those fundamentals were compromised with anticipation of the impact of the Coronavirus Pandemic which created an entire global economic shift. Abruptly halting the economy, the State of California led the nation in the shelter in place orders forcing tenants and landlords alike to quickly begin looking at their lease obligations and sifting through tenant obligations. With the resulting layoffs, we expect to see a give back of space over the next few quarters.

YTD Net Absorption

# 182,229<sub>SF</sub>

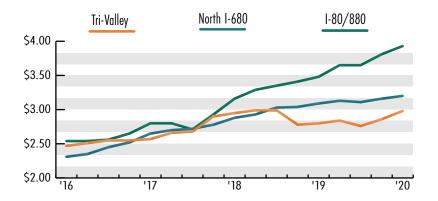
#### VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)



#### AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)



## DEMAND & ECONOMY



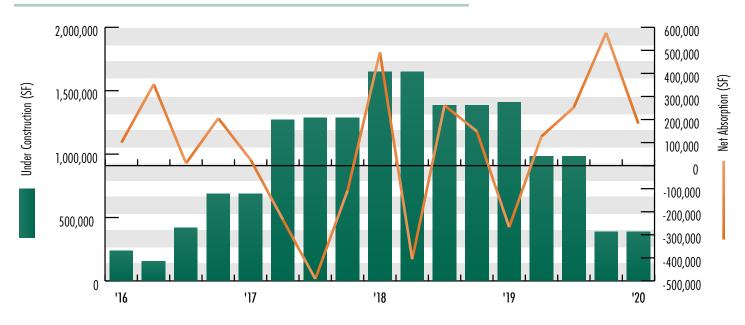
### **Job Figures For East Bay Mostly Positive in February**

For nearly ten straight months the East Bay showed employment gains helping to bolster office space needs throughout 2019. While the East Bay posted a low 3.0% unemployment rate in February, figures for March are expected to be much higher. For the week ending April 4th, the number of unemployment insurance claims topped ±925,000. The new Federal CARES Act is expected to provide some assistance to workers and an extension of benefits, however a foreshadowing of office impact is expected.

### **Rental Rates and Development**

The combination of migrating tenants from San Francisco to the East Bay and Downtown Oakland's increased popularity have helped drive rental rates to all-time highs in just a few short years. Areas like Downtown Oakland and Emeryville have surged 15% and 10%, respectively over the last 24 months and the effects have coursed across the East Bay where development could pencil out. As developers are forced into a wait and see mode, expect to see construction projects delayed until the market opens up again. With rental rates as a lagging indicator, it is expected that rents will start to drop as landlords get a better idea of market direction.

#### UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



#### LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Property City	Size (SF)	Туре
ZYMERGEN	5300 Chiron Way	Emeryville	285,000	Class A
INSCRIPTA	5720 Stoneridge Dr	Pleasanton	29,467	Class A
CALPINE CORP	3003 Oak Rd	Walnut Creek	23,826	Class A
SIMPSON GUMPERTZ & HEGER	1999 Harrison St	Oakland	20,776	Class A

## INVESTMENT & OUTLOOK

Average Sale Price PSF

**\$301** 

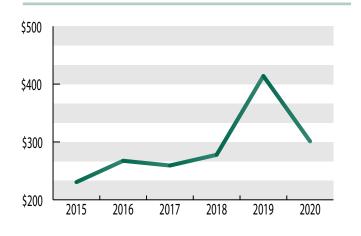
Average Sale CAP Rate



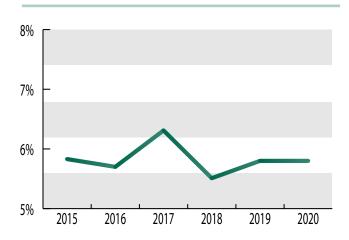
### **Investment Projects Close While Others Back Out**

With nearly 7.8 million residents in the Bay Area, once noted office product was a favorable investment with owners until now. Transactions responded to the backlash of the economic environment, one of the first was 500 Ygancio in Walnut Creek. Reportedly PGIM Real Estate pulled out of the transaction as the lender in the planned \$49 million acquisition of the office building. Meridian, who was planning to acquire the property confirmed the decision. Following suit, New York City-based Blackstone made the decision to walk away from its planned \$405 million acquisition of the Uptown Station in Oakland. As a result, the investor had to forgo the \$20 million non-refundable deposit it made toward the acquisition earlier this year. As the market shakes out it is possible that investors will refocus their attention towards essential services and businesses that will benefit in the future.

#### 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
1701 Harbor Bay Pkwy, Alameda	380,000	\$127,500,000	\$335.53	Stockbridge
1800 Sutter Street, Concord	174,689	\$30,800,000	\$176.31	Iron Point Partners
426 17th Street, Oakland	61,435	\$29,900,000	\$486.69	Vertical Ventures
2520 Stanwell Drive, Concord	24,000	\$4,300,000	\$179.17	Patricia Cardenas

## STATISTICS BY SUBMARKET

Market/ Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	QTR Net Absor	Average Asking Rent
	<u> </u>		01	70	01	70	01	70	1 401 / 10301.	7 taking kem
	tsburg/Bren	twood								
Class A Class B	995,454	-	- 113,651	- 11.4%	- 1,533	0.2%	- 115,184	- 11.6%	(6,985)	- \$2.61
Class B Class C	398,675	-	13,000	3.3%	-	0.2%	13,104	3.3%	66,000	\$2.63
Total	1,394,129	-	126,651	9.1%	1,533	0.0%	128,184	9.2%	<b>59,015</b>	\$1.97
Concord	1,074,127		120,031	7.1 70	1,500	0.170	120,104	7.2 /0	57,015	Ų 11.77
Class A	3,396,169	-	399,584	11.8%	7,389	0.2%	406,973	12.0%	99,926	\$2.24
Class B	1,456,705	-	134,542	9.2%	5,229	0.4%	139,771	9.6%	10,490	\$2.16
Class C	588,907	-	11,326	1.9%	-	0.0%	11,326	1.9%	(9,364)	\$1.60
Total	5,441,781	-	545,452	10.0%	12,618	0.2%	558,070	10.3%	101,052	\$2.17
Danville/Al	amo									
Class A	50,000	-	11,096	22.2%	-	0.0%	11,096	22.2%	-	-
Class B	693,057	-	48,658	7.0%	10,149	1.5%	58,807	8.5%	( <i>7</i> ,633)	\$2.69
Class C	262,477	-	7,639	2.9%	-	0.0%	7,639	2.9%	5,200	\$2.80
Total	1,005,534	-	67,393	6.7%	10,149	1.0%	77,542	7.7%	(2,433)	\$2.69
Lamorinda										
Class A	-	-	-	-	-	- 0.00/	- 57/47	-	- 700	- ¢0.04
Class B	840,737	-	57,647	6.9%	-	0.0%	57,647	6.9%	2,708	\$3.84
Class C <b>Total</b>	221,684 <b>1,062,421</b>		1,883 <b>59,530</b>	0.8% <b>5.6%</b>	-	0.0% <b>0.0%</b>	1,883 <b>59,530</b>	0.8% <b>5.6%</b>	0 <b>2,708</b>	\$3.84
Martinez	1,002,421		39,330	<b>3.0</b> / <sub>0</sub>	_	0.0 /6	39,330	3.0 /0	2,708	<b>33.64</b>
Class A	112,904	-		0.0%	-	0.0%		0.0%	-	-
Class B	434,623	-	22,631	5.2%	-	0.0%	22,631	5.2%	(4,180)	\$2.16
Class C	246,700	-	1,000	0.4%	_	0.0%	1,000	0.4%	500	\$1.60
Total	794,227	-	23,631	3.0%	-	0.0%	23,631	3.0%	(3,680)	\$2.11
Pleasant Hi									(0)000	7 - 000
Class A	130,000	-	25,602	19.7%	1,655	1.3%	27,257	21.0%	(3,998)	\$1. <i>7</i> 3
Class B	762,996	-	69,847	9.2%	-	0.0%	69,847	9.2%	(2,171)	\$2.25
Class C	183,227	-	18,155	9.9%	-	0.0%	18,155	9.9%	(3,985)	\$2.56
Total	1,076,223	-	113,604	10.6%	1,655	0.2%	115,259	10.7%	(10,154)	\$2.18
San Ramon										
Class A	3, <i>7</i> 31,146	-	300,675	8.1%	66,180	1.8%	366,855	9.8%	179,117	\$3.35
Class B	5,567,927	-	477,232	8.6%	223,721	4.0%	700,953	12.6%	7,438	\$2.66
Class C	203,352	-	14,663	7.2%	-	0.0%	14,663	7.2%	(6,140)	\$1.93
Total	9,502,425	-	792,570	8.3%	289,901	3.1%	1,082,471	11.4%	180,415	\$2.87
Shadelands	107,146	-	_	0.0%	-	0.0%		0.0%	67,940	
Class A Class B	1,352,249	-	233,799	17.3%		0.0%	233, <i>7</i> 99	17.3%		\$2.00
Class B Class C	363,626	-	12,664	3.5%	-	0.0%	12,664	3.5%	(1,443)	\$2.00 \$1.69
Total	1,823,021	-	246,463	13.5%	-	0.0%	246,463	13.5%	48,602	\$1.99
	k Dtwn/PH		240,400	10.5 70		0.070	240,400	10.5 /0	40,002	41177
Class A	3,767,893	-	464,301	12.3%	109,666	2.9%	573,967	15.2%	16,036	\$3.60
Class B	2,821,817	-	227,323	8.1%	13,604	0.5%	240,927	8.5%	32,698	\$2.98
Class C	593,443	-	14,042	2.4%	3,060	0.5%	17,102	2.9%	5	\$2.08
Total	7,183,153	-	705,666	9.8%	126,330	1.8%	831,996	11.6%	48,739	\$3.64
	<b>Market Tota</b>	ıls								
Class A	11,295,258	-	1,202,232	10.6%	198,127	1.8%	1,400,359	12.4%	344,810	\$3.67
Class B	14,721,563	-	1,367,700	9.3%	253,357	1.7%	1,621,057	11.0%	11,762	\$2.84
Class C	3,097,440	-	108 <i>,737</i>	3.5%	3,060	0.1%	111 <i>,7</i> 97	3.6%	(29,242)	\$2.13
Total	29,114,261	-	2,678,669	9.2%	454,544	1.6%	3,133,213	10.8%	327,330	\$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	2,134,930	-	292,022	13.7%	13,546	0.6%	305,568	14.3%	(6,985)	\$2.62
Class C	1,098,412	-	41,273	3.8%	O	0.0%	41,273	3.8%	66,000	\$2.76
Total	3,233,342	-	333,295	10.3%	13,546	0.4%	346,841	10.7%	59,015	\$2.66
Berkeley										
Class A	300,000	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	2,666,861	-	89,783	3.4%	5,833	0.2%	95,616	3.6%	(21,915)	\$3.65
Class C	1,394,564	-	<i>7</i> 1,941	5.2%	18,805	1.3%	90 <i>,7</i> 46	6.5%	(23,314)	\$2.79
Total	4,361,425	-	161,724	3.7%	24,638	0.6%	186,362	4.3%	(45,229)	\$3.41
<b>Emeryville</b>										
Class A	2,354,730	-	28 <i>7</i> ,131	12.2%	<i>7</i> ,056	0.3%	294,187	12.5%	(7,308)	\$4.57
Class B	1,395,839	-	293,689	21.0%	-	0.0%	293,689	21.0%	(57,482)	\$4.31
Class C	439,071	-	3,630	0.8%	13,988	3.2%	17,618	4.0%	(8,163)	-
Total	4,189,640	-	584,450	13.9%	21,044	0.5%	605,494	14.5%	(72,953)	\$4.43
Hayward	175.010			0.60/		0.00/		0.634		
Class A	175,918	-	-	0.0%	1 000	0.0%	-	0.0%	-	- #1.7/
Class B	767,502	-	31,917	4.2%	1,000	0.1%	32,917	4.3%	12,414	\$1.76
Class C	995,654	-	32,868	3.3%	-	0.0%	32,868	3.3%	(1,054)	\$1.27
Total	1,939,074		64,785	3.3%	1,000	0.1%	65,785	3.4%	11,360	\$1.57
	South/Airpor		1/ 50/	F 00/		0.00/	1/ 50/	F 00/	7.445	¢0.00
Class A	332,473	-	16,536	5.0%	-	0.0%	16,536	5.0%	7,445	\$2.82
Class B	2,303,984	-	175,061	7.6%	18,431	0.8%	193,492	8.4%	(21,602)	\$2.16
Class C <b>Total</b>	1,058,900 <b>3,695,357</b>	-	58,934 <b>250,531</b>	5.6% <b>6.8%</b>	714 <b>19,145</b>	0.1% <b>0.5%</b>	59,648	5.6% <b>7.3%</b>	(25,495)	\$1.73 <b>\$2.21</b>
		-	250,531	0.0%	19,145	0.5%	269,676	7.3%	(39,652)	\$2.21
Oakland Do	8,021,786	374,900	735,232	9.2%	104,961	1.3%	840,193	10.5%	(35,898)	\$5.11
Class B	7,233,911	374,900	622,472	8.6%	208,666	2.9%	831,138	11.5%	(81,753)	\$4.36
Class C	1,233,233	-	48,464	3.9%	0	0.0%	48,464	3.9%	14,145	\$4.36
Total	16,488,930	374,900	1,406,168	<b>8.5%</b>	313,627	1.9%	1,719,795	10.4%	(103,506)	\$ <b>4.78</b>
	ort/Jack Lone		1,400,100	0.5 70	010,027	1.7 /0	1,717,773	10:470	(100,500)	Ş4.70
Class A	- -	-	-	_	-	_	-	-	-	-
Class B	938,228	_	94,368	10.1%	17,466	1.9%	111,834	11.9%	(17,023)	\$4.04
Class C	530,296	_	22,012	4.2%	-	0.0%	22,012	4.2%	(7,717)	\$4.30
Total	1,468,524	-	116,380	7.9%	17,466	1.2%	133,846	9.1%	(24,740)	\$4.14
Oakland N										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	961,077	-	27,103	2.8%	-	0.0%	27,103	2.8%	(2,831)	\$3.31
Class C	747,755	-	15,018	2.0%	-	0.0%	15,018	2.0%	2,924	\$2.82
Total	1,708,832	-	42,121	2.5%	-	0.0%	42,121	2.5%	93	\$3.01
Richmond/	San Pablo									
Class A	-	-	-	-	-	-	-	-	-	-
Class B	950,891	-	55,293	5.8%	14,941	1.6%	70,234	7.4%	(1,914)	\$2.31
Class C	479,697	-	4,499	0.9%	-	0.0%	4,499	0.9%	2,480	\$1.50
Total	1,430,588	-	59,792	4.2%	14,941	1.0%	74,733	5.2%	566	\$2.14
San Leandr										
Class A	132,725	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	931,815	-	92,034	9.9%	1.005	0.0%	92,034	9.9%	(825)	\$3.48
Class C	557,524	-	50,364	9.0%	1,985	0.4%	52,349	9.4%	(24,145)	\$1.85
Total	1,622,064	-	142,398	8.8%	1,985	0.1%	144,383	<b>8.9</b> %	(24,970)	\$3.00

## STATISTICS BY SUBMARKET

Market/	Total	Under	Direct	Direct	Sublease	Sublease	Total	Total	QTR	Average
Submarket	Inventory	Construction	SF	%	SF	%	SF	%	Net Absor.	Asking Rent
Union City										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	99,162	-	-	0.0%	-	0.0%	-	0.0%	2,389	-
Class C	64,176	-	-	0.0%	-	0.0%	-	0.0%	-	-
Total	163,338	-	-	0.0%	-	0.0%	-	0.0%	2,389	-
Oakland I-8	80/880 Mark	et Totals								
Class A	11,317,632	<i>37</i> 4,900	1,038,899	9.2%	112,01 <i>7</i>	1.0%	1,150,916	10.2%	(35,761)	\$5.01
Class B	20,384,200	-	1 <i>,77</i> 3 <i>,7</i> 42	8.7%	279,883	1.4%	2,053,625	10.1%	(197,527)	\$3.49
Class C	8,599,282	-	349,003	4.1%	35,492	0.4%	384,495	4.5%	(4,339)	\$2.56
Total	40,301,114	374,900	3,161,644	<b>7.8</b> %	427,392	1.1%	3,589,036	8.9%	(237,627)	\$3.93
Dublin									/-	*
Class A	1,009,682	-	1 <i>5</i> 1, <i>7</i> 12	15.0%	108,644	10.8%	260,356	25.8%	13,456	\$2.44
Class B	714,046	-	20,953	2.9%	-	0.0%	20,953	2.9%	15,422	\$2.42
Class C	141,692	-	5,170	3.6%	-	0.0%	5,170	3.6%	177	\$2.10
Total	1,865,420	-	177,835	9.5%	108,644	5.8%	286,479	15.4%	29,055	\$2.43
Pleasanton			140.000	7.70/	000	0.00/	1.40.100	7.70/	/ F F O \	<b>\$0.05</b>
Class A	1,937,248	-	148,332	7.7%	800	0.0%	149,132	7.7%	(558)	\$3.25
Class B	5,548,897	-	681,600	12.3%	26,631	0.5%	708,231	12.8%	57,744	\$2.78
Class C	342,778 <b>7,828,923</b>	-	35,185	10.3% <b>11.1%</b>	27/21	0.0% <b>0.4%</b>	35,185 <b>892,548</b>	10.3% <b>11.4%</b>	2,554	\$2.65 <b>\$2.95</b>
Total Livermore	7,020,923	-	865,117	11.1 %	27,431	0.4%	092,340	11.4%	59,740	\$2.95
Class A	_	-	-	-	-	-	-	-		-
Class B	1,099,6 <i>7</i> 0	-	1 <i>77</i> ,250	16.1%	-	0.0%	1 <i>77</i> ,250	16.1%	_	- \$1.94
Class C	207,407	-	74,481	35.9%	-	0.0%	74,481	35.9%	3 <i>,7</i> 31	\$1.82
Total	1,307,077	-	<b>251,731</b>	19.3%		0.0%	<b>251,731</b>	19.3%	3,731	\$1.94
	Market Totals		201/201	17.070		0.070	201/201	17.070	6/2 6 .	4117-4
Class A	2,946,930	-	300,044	10.2%	109,444	3.7%	409,488	13.9%	12,898	\$3.26
Class B	7,362,613	_	879,803	11.9%	26,631	0.4%	906,434	12.3%	73,166	\$2.80
Class C	691,877	_	114,836	16.6%	-	0.0%	114,836	16.6%	6,462	\$2.51
Total	11,001,420	-	1,294,683	11.8%	136,075	1.2%	1,430,758	13.0%	92,526	\$2.98
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<b>TOTAL EAST</b>	<b>FBAY</b>									
Class A	25,559,820	3 <i>7</i> 4,900	2,541,175	9.9%	419,588	1.6%	2,960,763	11.6%	321,947	\$4.08
Class B	42,468,376	-	4,021,245	9.5%	559,871	1.3%	4,581,116	10.8%	(112,599)	\$3.08
Class C	12,388,599	-	572,576	4.6%	38,552	0.3%	611,128	4.9%	(27,119)	\$2.51
TOTAL	80,416,795	374,900	7,134,996	8.9%	1,018,011	1.3%	8,153,007	10.1%	182,229	\$3.45



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