



Economic & Real Estate Drivers

Presented by:

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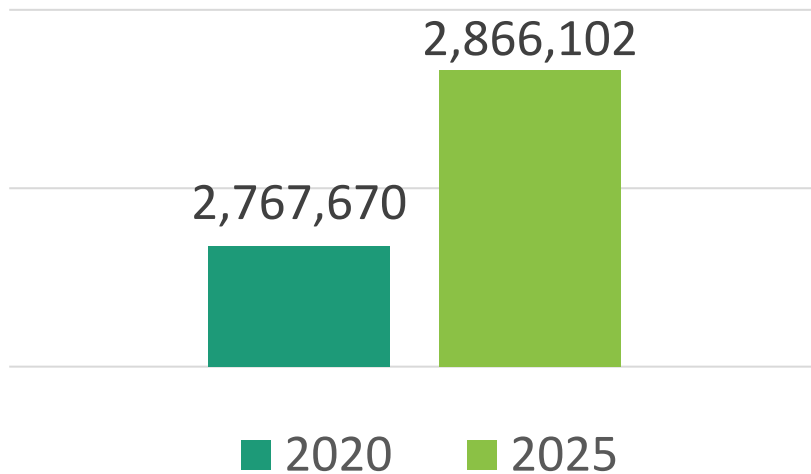


East Bay Population & Income

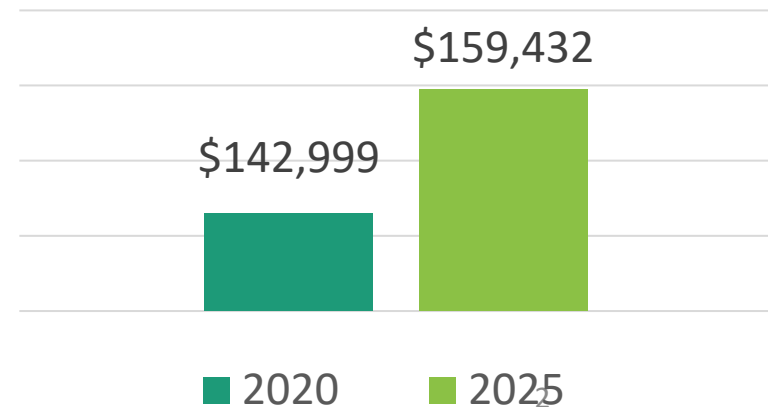


Median
Age 38.5

East Bay Population*



East Bay Average Household Income*

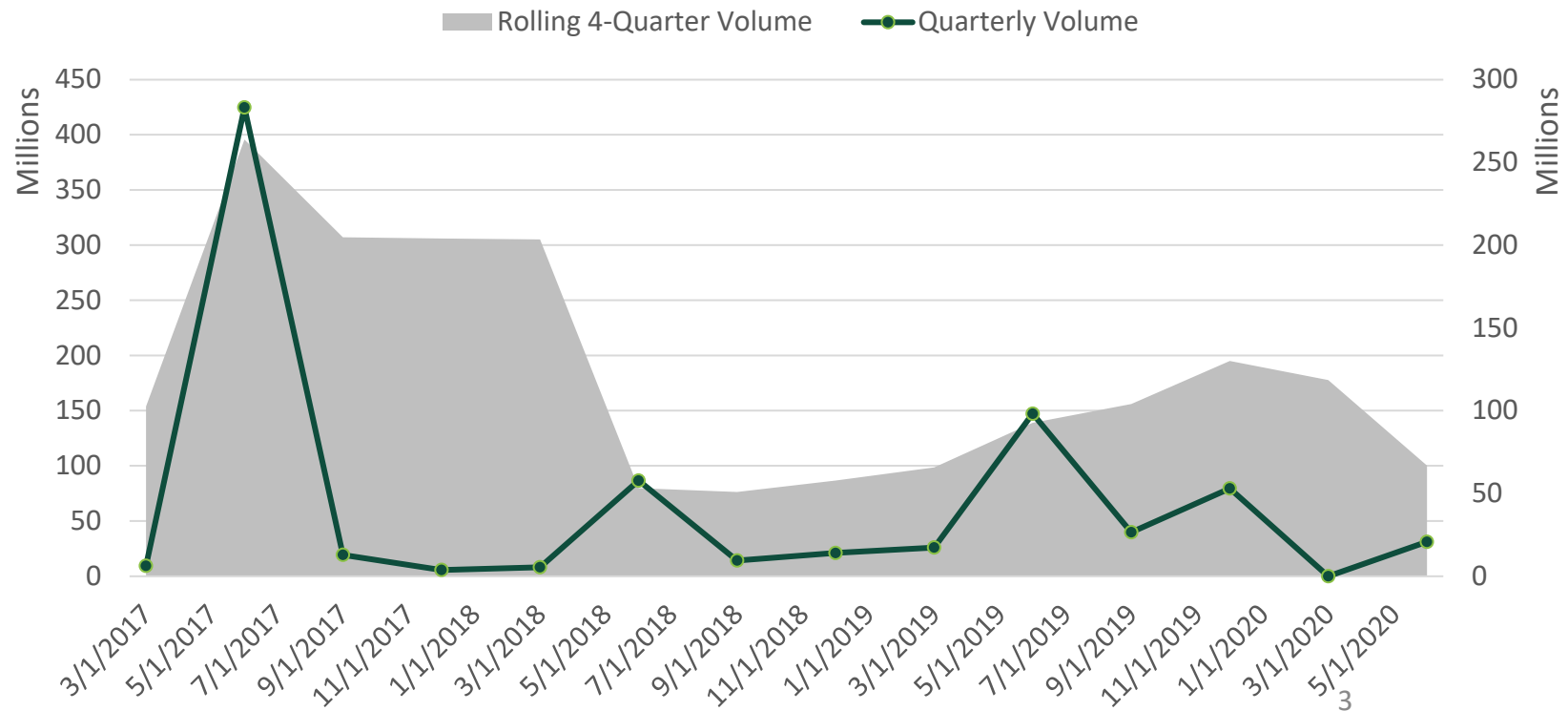


Source: ESRI Sept 2020. Alameda and Contra Costa County Combined

East Bay Hotel Investments



East Bay Hotel Rolling Sales Volume by Quarter



Source: Real Capital Analytics

Hotel Sales by Market

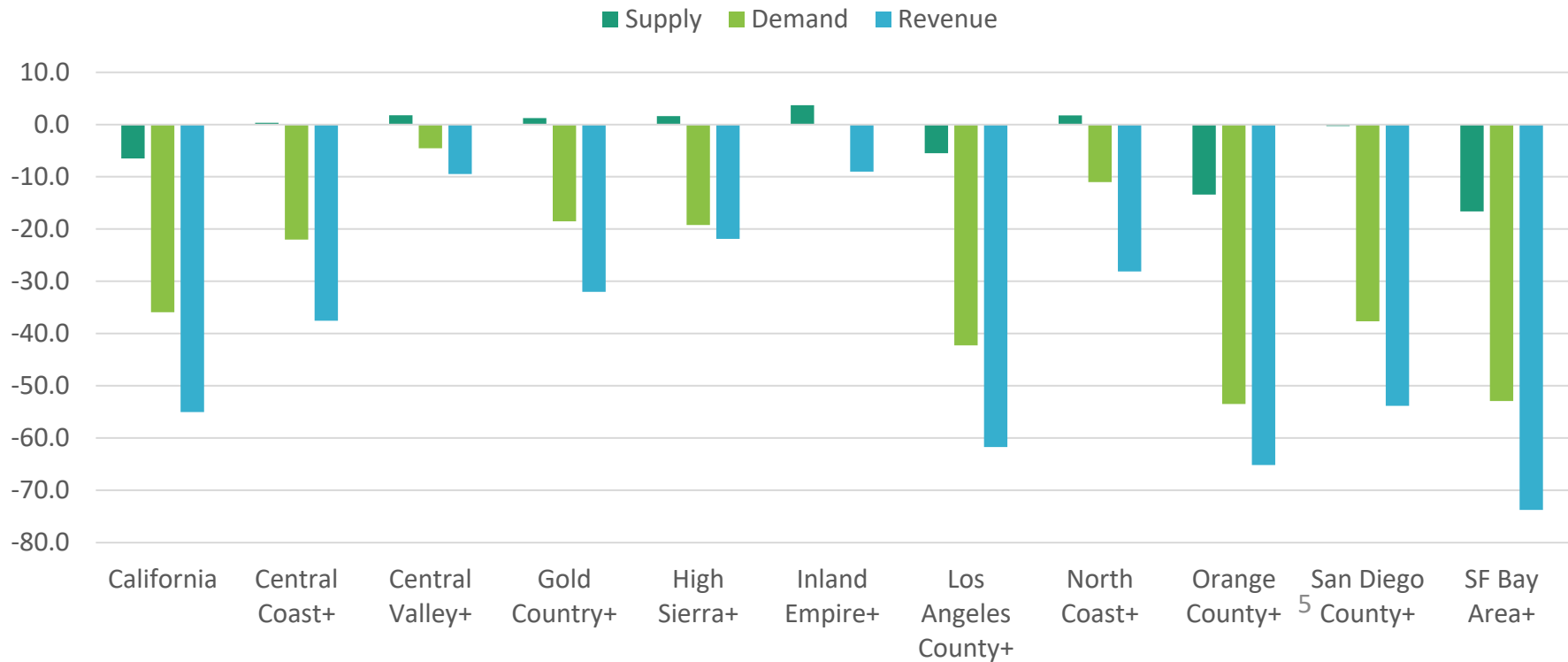


Volume(\$)	Oakland/ Berkeley	Contra Costa	Hayward/ Fremont	Oakland - CBD
2016	4,675,000	101,500,000	44,437,500	49,150,000
2017	16,580,000	51,250,000	-	154,795,000
2018	19,700,000	-	61,500,000	-
2019	103,425,001	75,500,000	16,000,000	-
2020 (YTD)	-	20,750,000	-	-

Source: Real Capital Analytics

California Hotel Occupancy Trends

(% Percent Chg Aug 19 vs Aug 20)



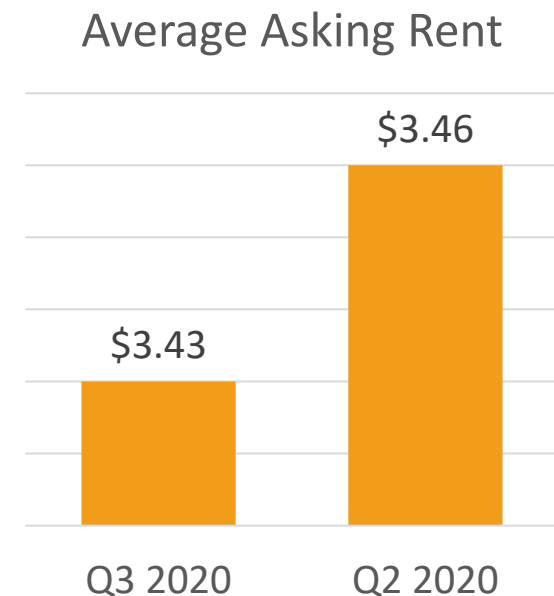
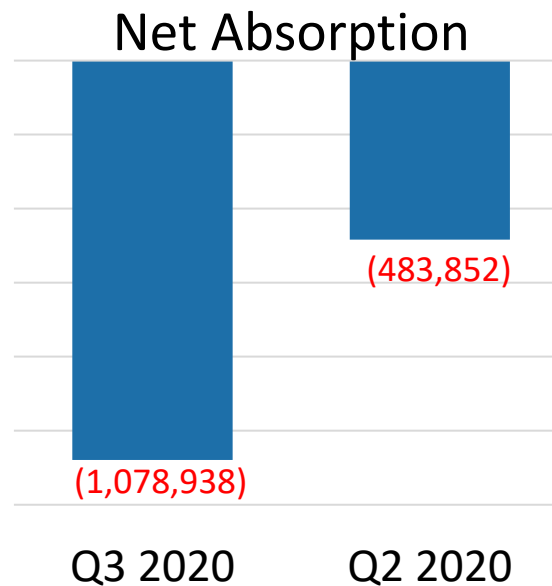
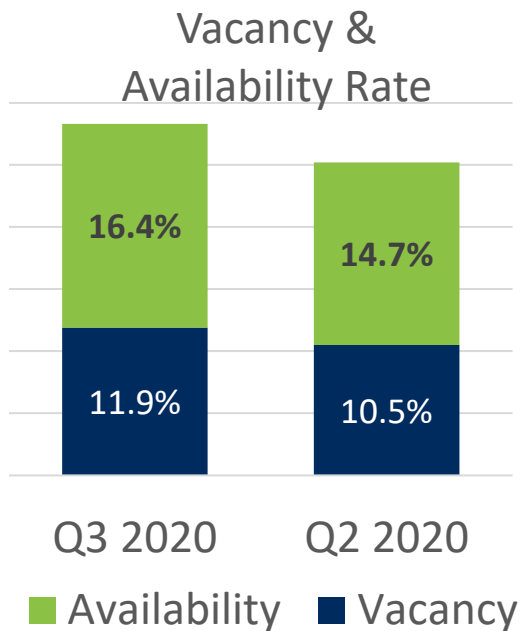
Source: Visit California

East Bay Overview

Office Market Q3 2020



Current Vacant SF is 8,068,530. Vacant Sublease Space is 1,508,980 SF



Source: TRI, Costar

All Class A, B and C buildings over 10,000 square feet building size

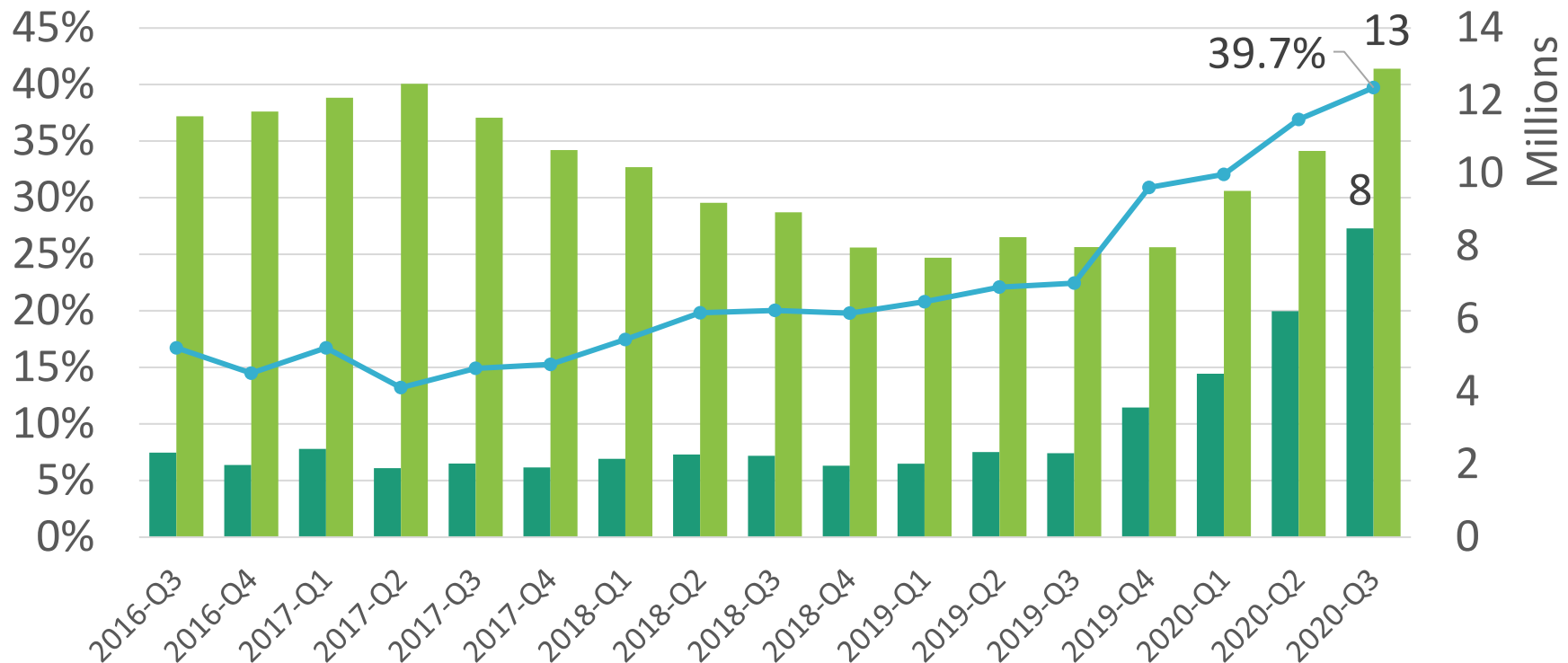
San Francisco Sublease Market

Office Market Q3 2020



Historical San Francisco Office Sublease Trends

■ Sublease Available ■ Direct available — Sublease % of Total Availability



Source: TRI, Costar

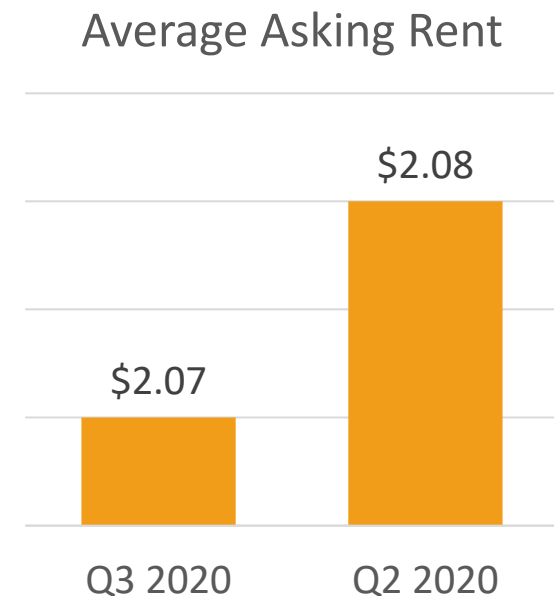
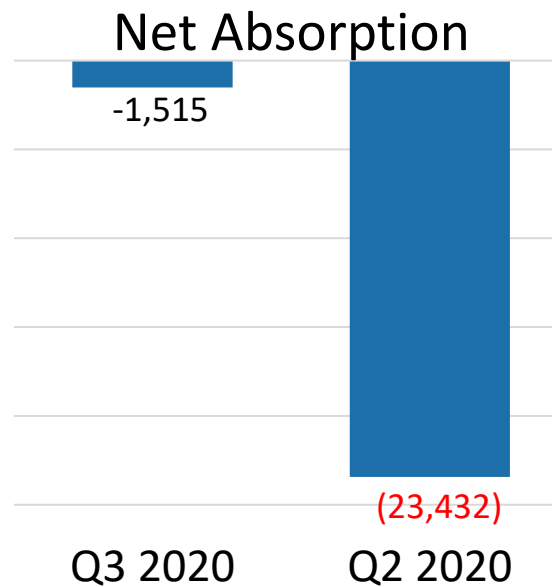
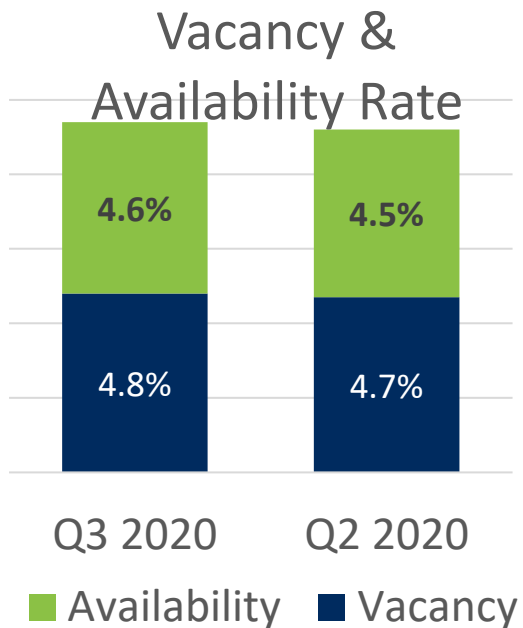
All Class A, B and C buildings over 10,000 square feet building size

Hayward Overview

Office Market Q3 2020



Current Vacant SF is 111,450. Vacant Sublease Space is 4,695 SF



Source: TRI, Costar

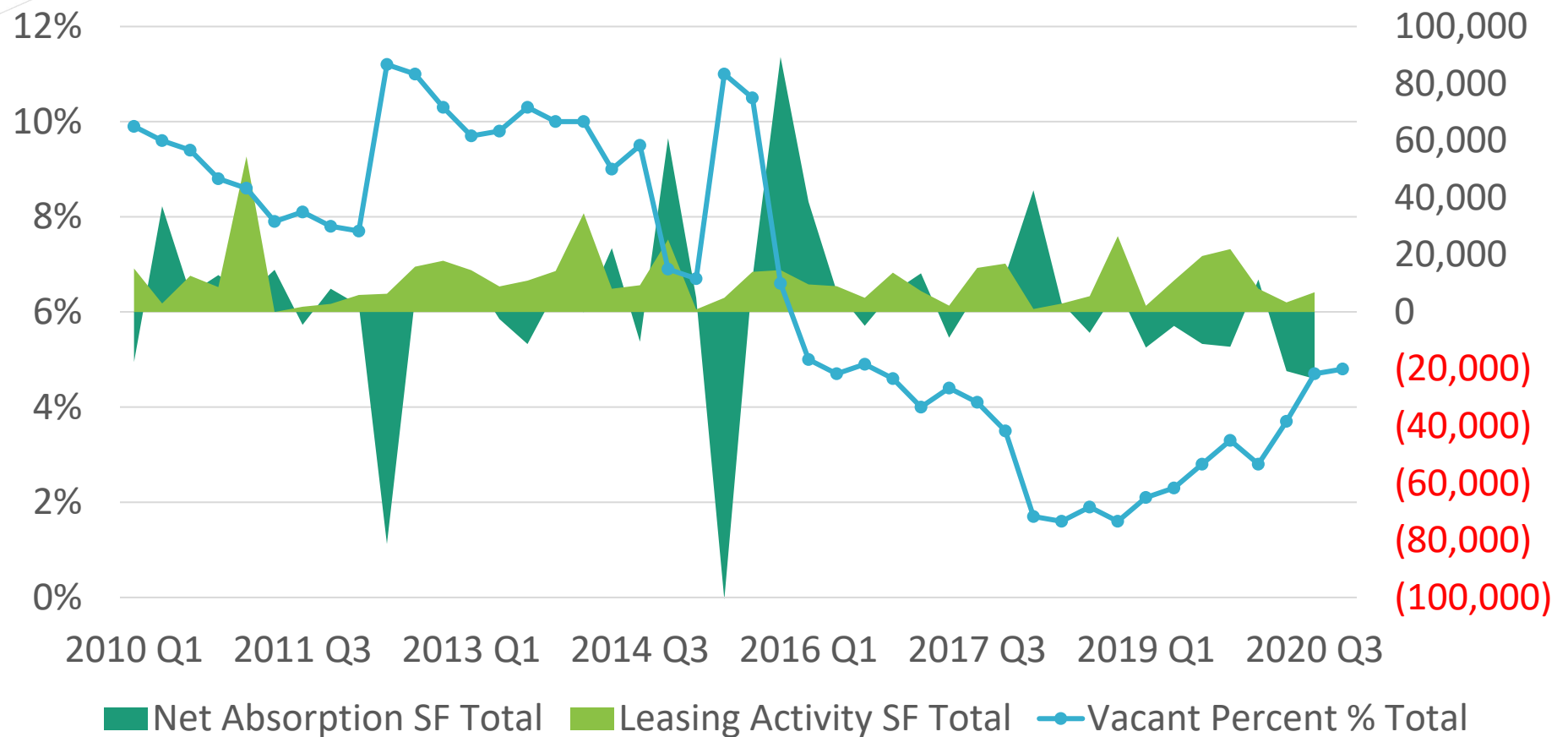
All Class A, B and C buildings over 10,000 square feet building size

Hayward Overview

Office Market Q3 2020



Historical Leasing Activity & Vacancy (%)



Source: TRI, Costar

All Class A, B and C buildings over 10,000 square feet building size

In the tunnel:
Executive
expectations
about the shape
of the
coronavirus crisis

Scenarios for the economic impact of the COVID-19 crisis.

<p>Better</p> <p>↑</p> <p>Effectiveness of the public-health response</p> <p>↓</p> <p>Worse</p>	<p>Rapid and effective control of virus spread Strong public-health response succeeds in controlling spread in each country within 2–3 months</p>	<p>Virus contained but sector damage; lower long-term trend growth</p> <p>B1</p>	<p>Virus contained; slow recovery</p> <p>A3</p>	<p>Virus contained; strong growth rebound</p> <p>A4</p>
	<p>Effective response, but virus recurs Public-health response succeeds, but measures are not sufficient to prevent recurrence, so physical distancing continues (regionally) for several months</p>	<p>Virus recurrence; slow long-term growth</p> <p>B2</p>	<p>Virus recurrence; slow long-term growth; muted world recovery</p> <p>A1</p>	<p>Virus recurrence; return to trend growth; strong world rebound</p> <p>A2</p>
	<p>Broad failure of public-health interventions Public-health response fails to control the spread of the virus for an extended period of time (eg, until vaccines are available)</p>	<p>Pandemic escalation; prolonged downturn without economic recovery</p> <p>B3</p>	<p>Pandemic escalation; slow progression toward economic recovery</p> <p>B4</p>	<p>Pandemic escalation; delayed but full economic recovery</p> <p>B5</p>
		<p>Ineffective interventions Self-reinforcing recession dynamics kick in; widespread bankruptcies and credit defaults; potential banking crisis</p>	<p>Partially effective interventions Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted</p>	<p>Effective interventions Strong policy response prevents structural damage; recovery to precrisis fundamentals and momentum</p>
		<p>Worse ← Knock-on effects and economic policy response → Better</p> <p>Effectiveness of government economic policy</p>		

A1	A2	A3	A4	B1	B2	B3	B4	B5
31	6	16	6	15	11	3	9	2
59				10				
				100%				

How will COVID-19 affect the economy short-term and long term?

ABAG/MTC

Speculating
what effects
may be on
region's
economy

ECONOMY



BEST CASE LONGER-TERM OUTCOMES

- Following the end of shelter-in-place, the region is able to rapidly rebound, thanks to its emphasis on technology sector which remains relatively strong
- Any displaced service-sector workers are able to find new job opportunities in e-commerce or experiential retail



WORST CASE LONGER-TERM OUTCOMES

- The Bay Area's economic vitality could be challenged by metro areas elsewhere in the world, as its locational benefits become less attractive
- Main streets could experience high vacancy due to accelerated rise of e-commerce
- Accelerated adoption of automation leads to higher level of unemployment



"LIKELY" OUTCOMES FOR BAY AREA

- **Near-term:** Bay Area is likely to experience a recession, with a potential recovery by 2025
- **Near-term:** lower-wage workers and small businesses may be hit the hardest, due to a combination of health risks and the rise of e-commerce
- **Near-term:** available monies may stretch further than in recent years with countercyclical investments
- **Near-term:** potential stimulus investments may help to lower unemployment
- **Near-term:** retreat from globalization may lead to more domestic industry, but mostly outside of the Bay Area
- **Near-term & longer-term:** employers may accelerate the shift towards flexible office spaces and automation, alongside a greater openness to occasional telecommuting

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PLAN BAY AREA 2050

Source: Agenda for MTC/ABAG Joint Planning/Administrative Committees meeting, May 8, 2020, attachment, discussion of implications for preliminary Plan Bay Area 2050 forecast.

- The COVID19 virus is a stop crisis with health mandates not an economic event crisis of bursting bubbles
- Assuming economy partially reopens mid-June and wholly by September what happens
- People are going back to work slowly but surely
- Previous economic trends are accelerated, what are they and how do they affect real estate
- Will it be a **V** Sharp Recovery, **U** Shape, / Down Shape, **L** Down Lateral or...
- How about all of the above??