



THIRD  
QUARTER 2020

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EAST BAY  
OFFICE  
REPORT

# VACANCY & RENTS



## One Million SF of Vacant Space Added Quarter Over Quarter

The East Bay office market saw more than a million square feet of vacant space including sublease space, added to its inventory from last quarter. While the state and county regulations have loosened to allow some businesses to operate more freely, office tenants have opted to continue to allow employees to work from home. As a result, tenants have begun to give back the unused space. More than 690,832 square feet of sublease space was added to the market this quarter from last. The hardest hit was Downtown Oakland with 148,000 SF of negative absorption. Downtown San Francisco also experienced a great increase in vacancy which is now 8.9% up from 6.9% last quarter and this will have some impact over the next 12 months.

YTD Net Absorption

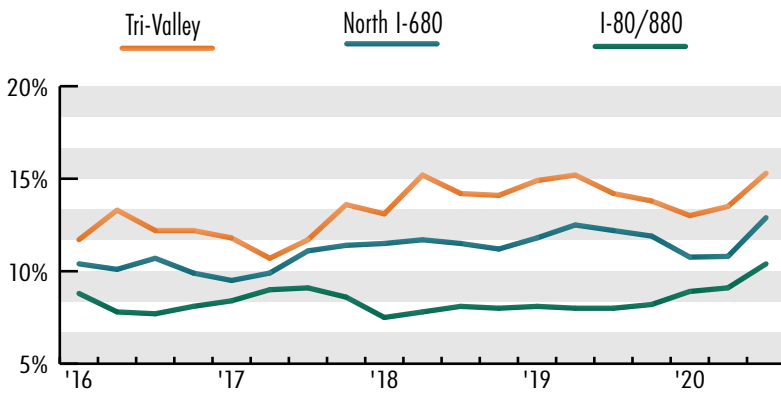
**-390,068 SF**

Sublease Vacancy Q2 vs Q3 20

**+690,832 SF**

*Contraction of Space Widens As Shutdown Guidelines Begin to Loosen. Office Market Witnesses Biggest Quarterly Drop in Net Absorption Recorded.*

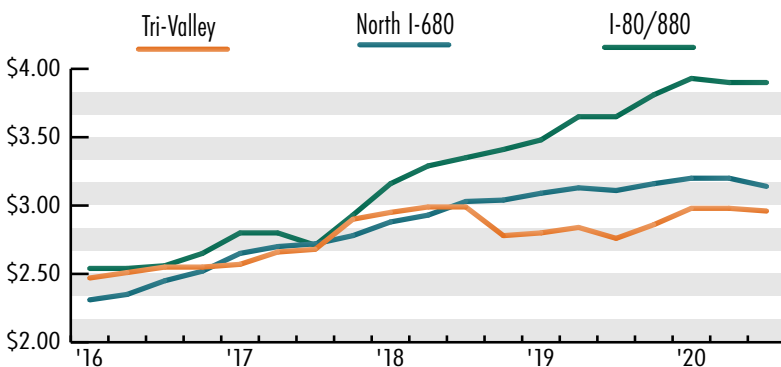
## VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

**+1.6%**

## AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (QoQ)

**-1.1%**

# DEMAND & ECONOMY



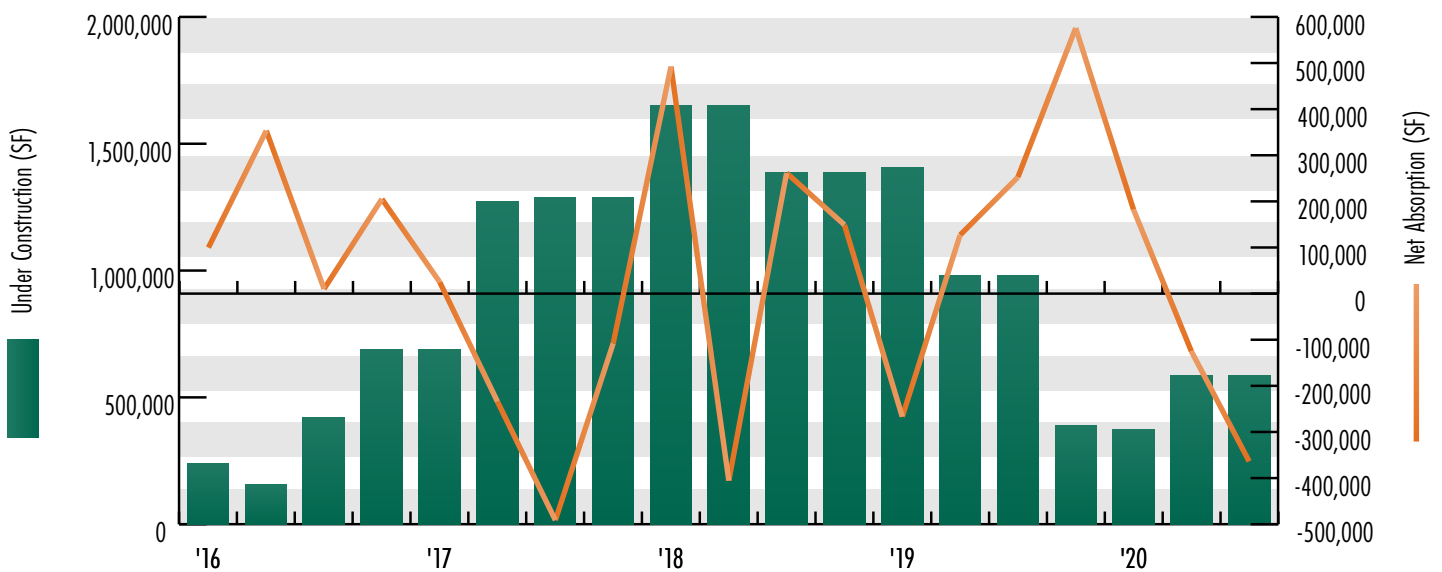
## Rental Rates Expected to Drop

Rental rates which are typically a lagging indicator, have dropped close to 10% to 20% in some submarkets as landlords are faced with increased vacancies among buildings. Expect to see those numbers drop further over the next several quarters as renewals begin to slow and tenants give back space. While new construction remains in the pipeline there has been virtually no movement on leasing.

## Unemployment Surges

Despite weak leasing fundamentals, the unemployment rate in the Oakland-Hayward-Berkeley metro was 9.3% in September 2020, down from a revised 9.5% in August 2020. This is compared with an unadjusted unemployment rate of 10.8% for California as a whole.

## UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



## LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Property City	Size (SF)	Type
T-MOBILE	1200 Concord Ave., Concord	Direct	61,522	Class A
REVANCE THERAPEUTICS INC.	6200 Stoneridge Mall Rd., Pleasanton	Sublease	30,772	Class A
STANFORD HEALTH CARE VALLEYCARE	5568 Gibraltar Dr., Pleasanton	Direct	22,411	Class B
NIDERA	1999 Harrison St., Oakland	Direct	17,097	Class A
HARMLESS HARVEST	1814 Franklin St., Oakland	Direct	10,208	Class B

# INVESTMENT & OUTLOOK

Average Sale Price PSF



**\$184**

Average Sale CAP Rate

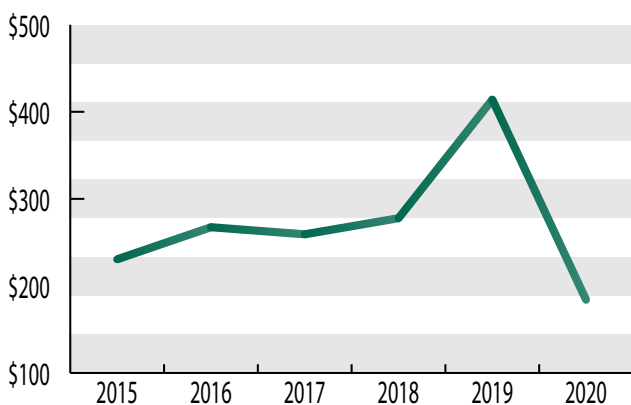


**6.4%**

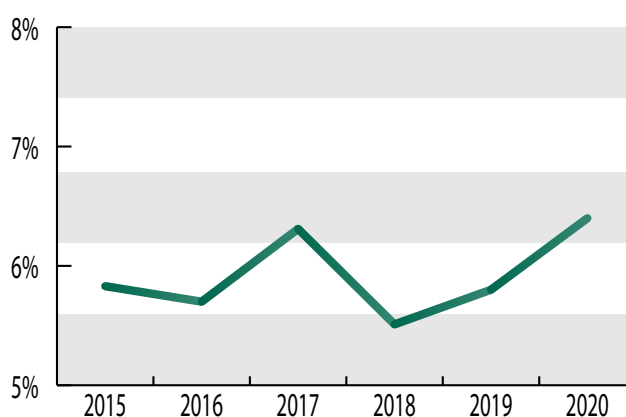
## Sale Transaction Volume Halts

Investment volumes fell to record lows in Q3 as investment “Dry Powder” Funds await to see if that over the next several months how the economy and credit markets shake out. Very few sale transactions were reported. However, one of the largest transactions reported this quarter was procured by TRI Commercial, the sale of Ellinwood Corporate Center, a three-building, government occupied office campus fully leased by the Employment and Human Services Division of Contra Costa County.

### 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	Type	Buyer
300-500 Ellinwood Wy, Pleasant Hill	137,232	\$54,000,000	\$393.49	Class A	Boyd Watterson Asset Management
2700 Ygnacio Valley Rd, Walnut Creek	107,146	\$15,700,000	\$146.53	Class A	Vukota Capital Management
2055 Meridian Park Blvd, Concord	25,141	\$6,100,000	\$242.63	Class B	2055 Meridian Park Blvd LLC

## 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/Brentwood</b>										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	995,454	-	130,336	13.1%	4,156	0.4%	134,492	13.5%	(1,992)	\$2.37
Class C	398,383	-	33,910	8.5%	-	0.0%	33,910	8.5%	754	\$1.89
<b>Total</b>	<b>1,393,837</b>	<b>-</b>	<b>164,246</b>	<b>11.8%</b>	<b>4,156</b>	<b>0.3%</b>	<b>168,402</b>	<b>12.1%</b>	<b>(1,238)</b>	<b>\$1.92</b>
<b>Concord</b>										
Class A	3,403,812	-	476,280	14.0%	14,953	0.4%	491,233	14.4%	61,680	\$2.56
Class B	1,454,509	-	128,811	8.9%	-	0.0%	128,811	8.9%	-	\$2.13
Class C	577,898	-	19,812	3.4%	-	0.0%	19,812	3.4%	(770)	\$1.75
<b>Total</b>	<b>5,436,219</b>	<b>-</b>	<b>624,903</b>	<b>11.5%</b>	<b>14,953</b>	<b>0.3%</b>	<b>639,856</b>	<b>11.8%</b>	<b>60,910</b>	<b>\$2.15</b>
<b>Danville/Alamo</b>										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	715,057	-	58,758	8.2%	15,159	2.1%	73,917	10.3%	(8,188)	\$2.77
Class C	262,477	-	10,009	3.8%	-	0.0%	10,009	3.8%	-	\$2.70
<b>Total</b>	<b>977,534</b>	<b>-</b>	<b>68,767</b>	<b>7.0%</b>	<b>15,159</b>	<b>1.6%</b>	<b>83,926</b>	<b>8.6%</b>	<b>(8,188)</b>	<b>\$2.74</b>
<b>Lamorinda</b>										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	854,454	-	97,486	11.4%	5,493	0.6%	102,979	12.1%	(26,467)	\$3.53
Class C	197,967	-	3,133	1.6%	-	0.0%	3,133	1.6%	-	\$3.14
<b>Total</b>	<b>1,052,421</b>	<b>-</b>	<b>100,619</b>	<b>9.6%</b>	<b>5,493</b>	<b>0.5%</b>	<b>106,112</b>	<b>10.1%</b>	<b>(26,467)</b>	<b>\$3.35</b>
<b>Martinez</b>										
Class A	112,904	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	437,409	12,296	31,904	7.3%	-	0.0%	31,904	7.3%	-	\$1.93
Class C	246,524	-	15,669	6.4%	-	0.0%	15,669	6.4%	(770)	\$1.70
<b>Total</b>	<b>796,837</b>	<b>12,296</b>	<b>47,573</b>	<b>6.0%</b>	<b>-</b>	<b>0.0%</b>	<b>47,573</b>	<b>6.0%</b>	<b>(770)</b>	<b>\$1.85</b>
<b>Pleasant Hill</b>										
Class A	134,000	-	4,781	3.6%	-	0.0%	4,781	3.6%	2,252	-
Class B	762,996	-	78,378	10.3%	3,125	0.4%	81,503	10.7%	923	\$2.87
Class C	183,227	-	20,171	11.0%	-	0.0%	20,171	11.0%	-	\$2.12
<b>Total</b>	<b>1,080,223</b>	<b>-</b>	<b>103,330</b>	<b>9.6%</b>	<b>3,125</b>	<b>0.3%</b>	<b>106,455</b>	<b>9.9%</b>	<b>3,175</b>	<b>\$2.46</b>
<b>San Ramon</b>										
Class A	3,785,224	-	308,618	8.2%	12,725	0.3%	321,343	8.5%	-	\$3.31
Class B	5,469,357	-	525,089	9.6%	248,714	4.5%	773,803	14.1%	(1,262)	\$2.92
Class C	204,071	-	6,133	3.0%	-	0.0%	6,133	3.0%	-	\$1.93
<b>Total</b>	<b>9,458,652</b>	<b>-</b>	<b>839,840</b>	<b>8.9%</b>	<b>261,439</b>	<b>2.8%</b>	<b>1,101,279</b>	<b>11.6%</b>	<b>(1,262)</b>	<b>\$3.08</b>
<b>Shadelands</b>										
Class A	107,146	-	81,594	76.2%	-	0.0%	81,594	76.2%	0	\$2.75
Class B	1,251,784	-	246,281	19.7%	-	0.0%	246,281	19.7%	(2,291)	\$2.09
Class C	224,390	-	2,133	1.0%	-	0.0%	2,133	1.0%	0	\$2.10
<b>Total</b>	<b>1,583,320</b>	<b>-</b>	<b>330,008</b>	<b>20.8%</b>	<b>-</b>	<b>0.0%</b>	<b>330,008</b>	<b>20.8%</b>	<b>(2,291)</b>	<b>\$2.38</b>
<b>Walnut Creek BART Dtrwn</b>										
Class A	2,492,712	-	380,097	15.2%	79,609	3.2%	459,706	18.4%	(5,427)	\$4.34
Class B	2,436,697	-	265,851	10.9%	26,342	1.1%	292,193	12.0%	(20,836)	\$3.10
Class C	482,570	-	62,646	13.0%	-	0.0%	62,646	13.0%	-	\$2.07
<b>Total</b>	<b>5,411,979</b>	<b>-</b>	<b>708,594</b>	<b>13.1%</b>	<b>105,951</b>	<b>2.0%</b>	<b>814,545</b>	<b>15.1%</b>	<b>(26,263)</b>	<b>\$3.93</b>
<b>Walnut Creek/Pleasant Hill BART</b>										
Class A	2,492,712	-	380,097	15.2%	79,609	3.2%	459,706	18.4%	(5,427)	\$4.34
Class B	2,436,697	-	265,851	10.9%	26,342	1.1%	292,193	12.0%	(20,836)	\$3.10
Class C	482,570	-	62,646	13.0%	-	0.0%	62,646	13.0%	-	\$2.07
<b>Total</b>	<b>5,411,979</b>	<b>-</b>	<b>708,594</b>	<b>13.1%</b>	<b>105,951</b>	<b>2.0%</b>	<b>814,545</b>	<b>15.1%</b>	<b>(26,263)</b>	<b>\$3.93</b>
<b>North I-680 Market Totals</b>										
Class A	11,310,979	-	1,423,252	12.6%	186,177	1.6%	1,609,429	14.2%	58,505	\$3.42
Class B	15,007,704	12,296	1,665,563	11.1%	302,989	2.0%	1,968,552	13.1%	(55,830)	\$2.92
Class C	2,777,507	-	173,616	6.3%	-	0.0%	173,616	6.3%	(1,540)	\$2.63
<b>Total</b>	<b>29,096,190</b>	<b>12,296</b>	<b>3,262,431</b>	<b>11.2%</b>	<b>489,166</b>	<b>1.7%</b>	<b>3,751,597</b>	<b>12.9%</b>	<b>1,135</b>	<b>\$3.14</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	-	220,710	-	-	-	-	-	-	-	-
Class B	2,141,883	-	281,806	13.2%	22,668	1.1%	304,474	14.2%	(12,029)	\$2.87
Class C	1,110,040	-	40,681	3.7%	-	0.0%	40,681	3.7%	-	\$1.33
<b>Total</b>	<b>3,251,923</b>	<b>220,710</b>	<b>322,487</b>	<b>9.9%</b>	<b>22,668</b>	<b>0.7%</b>	<b>345,155</b>	<b>10.6%</b>	<b>(12,029)</b>	<b>\$2.83</b>
<b>Berkeley</b>										
Class A	300,000	-	-	0.0%	-	0.0%	-	0.0%	0	-
Class B	2,700,763	-	124,326	4.6%	6,510	0.2%	130,836	4.8%	(10,649)	\$3.78
Class C	1,222,883	-	92,420	7.6%	18,805	1.5%	111,225	9.1%	0	\$3.50
<b>Total</b>	<b>4,223,646</b>	<b>-</b>	<b>216,746</b>	<b>5.1%</b>	<b>25,315</b>	<b>0.6%</b>	<b>242,061</b>	<b>5.7%</b>	<b>(10,649)</b>	<b>\$3.73</b>
<b>Emeryville</b>										
Class A	2,354,730	-	311,688	13.2%	67,796	2.9%	379,484	16.1%	(51,249)	\$4.52
Class B	1,425,083	-	277,818	19.5%	28,933	2.0%	306,751	21.5%	(10,112)	\$4.50
Class C	424,071	-	11,794	2.8%	-	0.0%	11,794	2.8%	0	\$3.12
<b>Total</b>	<b>4,203,884</b>	<b>-</b>	<b>601,300</b>	<b>14.3%</b>	<b>96,729</b>	<b>2.3%</b>	<b>698,029</b>	<b>16.6%</b>	<b>(61,361)</b>	<b>\$4.08</b>
<b>Hayward</b>										
Class A	175,918	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	767,502	-	58,781	7.7%	5,865	0.8%	64,646	8.4%	(2,685)	\$2.07
Class C	970,550	-	23,491	2.4%	-	0.0%	23,491	2.4%	-	\$1.97
<b>Total</b>	<b>1,913,970</b>	<b>-</b>	<b>82,272</b>	<b>4.3%</b>	<b>5,865</b>	<b>0.3%</b>	<b>88,137</b>	<b>4.6%</b>	<b>(2,685)</b>	<b>\$2.07</b>
<b>Oakland - South/Airport</b>										
Class A	332,473	-	22,623	6.8%	-	0.0%	22,623	6.8%	0	\$2.85
Class B	2,311,534	-	173,304	7.5%	16,039	0.7%	189,343	8.2%	0	\$2.36
Class C	1,083,570	-	37,717	3.5%	2,720	0.3%	40,437	3.7%	(5,700)	\$1.92
<b>Total</b>	<b>3,727,577</b>	<b>-</b>	<b>233,644</b>	<b>6.3%</b>	<b>18,759</b>	<b>0.5%</b>	<b>252,403</b>	<b>6.8%</b>	<b>(5,700)</b>	<b>\$2.30</b>
<b>Oakland Downtown</b>										
Class A	8,013,575	351,400	1,047,608	13.1%	154,369	1.9%	1,201,977	15.0%	(92,809)	\$4.24
Class B	6,977,496	-	755,621	10.8%	300,660	4.3%	1,056,281	15.1%	(112,015)	\$3.65
Class C	1,175,050	-	66,540	5.7%	1,300	0.1%	67,840	5.8%	(2,023)	\$3.27
<b>Total</b>	<b>16,166,121</b>	<b>351,400</b>	<b>1,869,769</b>	<b>11.6%</b>	<b>456,329</b>	<b>2.8%</b>	<b>2,326,098</b>	<b>14.4%</b>	<b>(206,847)</b>	<b>\$4.05</b>
<b>Oakland Port/Jack London</b>										
Class A	-	-	-	-	-	-	-	-	0	-
Class B	928,540	-	97,925	10.5%	20,475	2.2%	118,400	12.8%	288	\$4.15
Class C	564,308	-	20,673	3.7%	-	0.0%	20,673	3.7%	(900)	-
<b>Total</b>	<b>1,492,848</b>	<b>-</b>	<b>118,598</b>	<b>7.9%</b>	<b>20,475</b>	<b>1.4%</b>	<b>139,073</b>	<b>9.3%</b>	<b>(612)</b>	<b>\$4.15</b>
<b>Oakland North</b>										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	1,077,002	-	24,609	2.3%	-	0.0%	24,609	2.3%	-	\$3.18
Class C	695,869	-	29,649	4.3%	4,889	0.7%	34,538	5.0%	(2,721)	\$3.03
<b>Total</b>	<b>1,772,871</b>	<b>-</b>	<b>54,258</b>	<b>3.1%</b>	<b>4,889</b>	<b>0.3%</b>	<b>59,147</b>	<b>3.3%</b>	<b>(2,721)</b>	<b>\$3.11</b>
<b>Richmond/San Pablo</b>										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	870,302	-	62,974	7.2%	13,537	1.6%	76,511	8.8%	-	\$2.09
Class C	464,025	-	4,499	1.0%	-	0.0%	4,499	1.0%	-	\$1.94
<b>Total</b>	<b>1,334,327</b>	<b>-</b>	<b>67,473</b>	<b>5.1%</b>	<b>13,537</b>	<b>1.0%</b>	<b>81,010</b>	<b>6.1%</b>	<b>-</b>	<b>\$2.08</b>
<b>San Leandro</b>										
Class A	132,725	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	1,027,586	-	51,931	5.1%	-	0.0%	51,931	5.1%	(3,002)	\$3.15
Class C	462,753	-	23,619	5.1%	1,985	0.4%	25,604	5.5%	-	\$2.15
<b>Total</b>	<b>1,623,064</b>	<b>-</b>	<b>75,550</b>	<b>4.7%</b>	<b>1,985</b>	<b>0.1%</b>	<b>77,535</b>	<b>4.8%</b>	<b>(3,002)</b>	<b>\$3.02</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	-	-	-	-	-	-	-	-	-	-
Class B	99,122	-	-	0.0%	-	0.0%	-	0.0%	203	-
Class C	64,176	-	3,508	5.5%	-	0.0%	3,508	5.5%	-	\$1.71
<b>Total</b>	<b>163,298</b>	<b>-</b>	<b>3,508</b>	<b>2.1%</b>	<b>-</b>	<b>0.0%</b>	<b>3,508</b>	<b>2.1%</b>	<b>203</b>	<b>\$1.71</b>
<b>Oakland I-80/880 Market Totals</b>										
Class A	11,309,421	572,110	1,381,919	12.2%	222,165	2.0%	1,604,084	14.2%	(144,058)	\$4.04
Class B	20,326,813	-	1,909,095	9.4%	414,687	2.0%	2,323,782	11.4%	(150,001)	\$3.48
Class C	8,237,295	-	354,591	4.3%	29,699	0.4%	384,290	4.7%	(11,344)	\$3.30
<b>Total</b>	<b>39,873,529</b>	<b>572,110</b>	<b>3,645,605</b>	<b>9.1%</b>	<b>666,551</b>	<b>1.7%</b>	<b>4,312,156</b>	<b>10.8%</b>	<b>(305,403)</b>	<b>\$3.90</b>
<b>Dublin</b>										
Class A	979,881	-	117,600	12.0%	121,488	12.4%	239,088	24.4%	12,844	\$3.36
Class B	724,574	-	28,899	4.0%	803	0.1%	29,702	4.1%	0	\$2.03
Class C	141,692	-	8,437	6.0%	-	0.0%	8,437	6.0%	(198)	\$2.14
<b>Total</b>	<b>1,846,147</b>	<b>-</b>	<b>154,936</b>	<b>8.4%</b>	<b>122,291</b>	<b>6.6%</b>	<b>277,227</b>	<b>15.0%</b>	<b>12,646</b>	<b>\$3.03</b>
<b>Pleasanton</b>										
Class A	1,937,248	-	172,560	8.9%	98,034	5.1%	270,594	14.0%	0	\$3.44
Class B	5,525,124	-	730,229	13.2%	160,285	2.9%	890,514	16.1%	(46,977)	\$2.78
Class C	379,086	-	46,953	12.4%	-	0.0%	46,953	12.4%	0	\$2.60
<b>Total</b>	<b>7,841,458</b>	<b>-</b>	<b>949,742</b>	<b>12.1%</b>	<b>258,319</b>	<b>3.3%</b>	<b>1,208,061</b>	<b>15.4%</b>	<b>(46,977)</b>	<b>\$2.97</b>
<b>Livermore</b>										
Class A	-	-	-	-	-	-	-	-	0	-
Class B	952,027	-	96,235	10.1%	-	0.0%	96,235	10.1%	(21,677)	\$2.18
Class C	194,655	-	79,872	41.0%	-	0.0%	79,872	41.0%	0	\$1.82
<b>Total</b>	<b>1,146,682</b>	<b>-</b>	<b>176,107</b>	<b>15.4%</b>	<b>-</b>	<b>0.0%</b>	<b>176,107</b>	<b>15.4%</b>	<b>(21,677)</b>	<b>\$2.14</b>
<b>Tri-Valley Market Totals</b>										
Class A	2,917,129	-	290,160	9.9%	219,522	7.5%	509,682	17.5%	12,844	\$3.45
Class B	7,201,725	-	855,363	11.9%	161,088	2.2%	1,016,451	14.1%	(68,654)	\$2.77
Class C	715,433	-	135,262	18.9%	-	0.0%	135,262	18.9%	(198)	\$2.63
<b>Total</b>	<b>10,834,287</b>	<b>-</b>	<b>1,280,785</b>	<b>11.8%</b>	<b>380,610</b>	<b>3.5%</b>	<b>1,661,395</b>	<b>15.3%</b>	<b>(56,008)</b>	<b>\$2.96</b>
<b>TOTAL EAST BAY</b>										
Class A	25,537,529	572,110	3,095,331	12.1%	627,864	2.5%	3,723,195	14.6%	(78,136)	\$4.20
Class B	42,536,242	12,296	4,430,021	10.4%	878,764	2.1%	5,308,785	12.5%	(299,604)	\$3.11
Class C	11,730,235	-	663,469	5.7%	29,699	0.3%	693,168	5.9%	(12,328)	\$3.01
<b>TOTAL</b>	<b>79,804,006</b>	<b>584,406</b>	<b>8,188,821</b>	<b>10.3%</b>	<b>1,536,327</b>	<b>1.9%</b>	<b>9,725,148</b>	<b>12.2%</b>	<b>(390,068)</b>	<b>\$3.33</b>



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