

# TRI NEWS UPDATE

## Tenant Advisory Group (TAG)

TRI Commercial's Tenant Advisory Group (TAG) delivers real estate solutions to drive value and push business strategy. A combination of long-term local market expertise, leading technology, and research allows TAG to deliver results from reducing operational costs to increasing workforce engagement and productivity:

JUNE • 2021

San Francisco

While San Francisco has seen positive signs of higher transaction volume, the large number of new sublease spaces have driven the vacancy rate to levels not seen since the Dot.com bust. Recent transactions include Figma for 100,000 sq.ft., Afterpay for 50,000 sq.ft. and the renewal for Sutter Health at 475 Brannan Street. The Presidio has seen tremendous activity during the pandemic and rents have not only held steady in most buildings but even increased in some.

Oakland

As the pandemic accelerated migrations out of San Francisco, companies have responded by skipping over San Francisco entirely or relocating to the East Bay. PG&E has placed their San Francisco campus on the market for sale after leasing a majority of the 824,469 square-foot office tower of 300 Lakeside Drive in Oakland. Rumor has it that Twitter is wrapping up a 50,000 square-foot lease for an East Bay hub at City Center in Oakland. Over the past year, Oakland has surpassed 1.4 million square feet in new office leases; an over 18% jump compared to the prior 12-month period. However, Oakland is flooded with just over 3M square feet of vacant office space, nearly double that of pre-COVID. With the market still recovering, smart occupiers will take advantage by seeking early renewals and green lighting expansions.

Silicon Valley

Silicon Valley office and flex markets remain in the sway of the COVID recession. Overall vacancy sits at 11.2% (up from 9.4% in Q2 2019), and the region maintains a glut sublease availability with asking rates discounted 20% or more below direct. Under downward pressure, office rents have shown negative growth since Q4 2020 and are forecast to remain negative through 2022. Flex rents have maintained a positive YoY growth rate of 2%; however, this is well below the 7.1% YoY growth seen in Q2 2019. Several companies have taken advantage of these weak market conditions to relocate and expand their facilities

See following page for noteworthy transactions.

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ADDRESS	TENANT	SIZE (SF)	TYPE
760 Market St, San Francisco	Figma	97,000	Sublease
760 Market St, San Francisco	Afterpay	50,000	Sublease
475 Brannan St, San Francisco	Sutter Health	45,000	Renewal

Oakland

ADDRESS	TENANT	SIZE (SF)	TYPE
1221 Broadway, Oakland	Fivetran	80,000	Direct
1814 Franklin St, Oakland	Zendesk	10,000	Sublease

Silicon Valley

ADDRESS	TENANT	SIZE (SF)	TYPE
115 Murphy Ranch Rd, Milpitas	Corsair Gaming	118,127	Direct
1011 McCarthy Blvd, Milpitas	Infosys	72,580	Sublease
170 Baytech Dr, San Jose	Auris Health (J&J)	76,000	Sublease

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