



SECOND
QUARTER 2021

EAST BAY
OFFICE
REPORT

VACANCY & RENTS



Optimistic market activity overshadows the shadow of the pandemic

The San Francisco Bay Area office market has been one of the slowest in the nation to regain occupancy in office product in the wake of the Covid-19 crisis. The San Francisco workforce was recently estimated at only 18% back in the office, which is still fewer than New York City, estimated at about 24%. However, as it has been for decades, the East Bay is the first ripple from any major trend in San Francisco.

Major headline leases this summer have included Twitter, who is reportedly close to finishing a 65,000 SF agreement in Downtown Oakland as well as software firm Fivetran slotting into another ±80,000 SF space only a block away. A rush of other deals in the Tri-Valley also provide proof that the first ripple has reached the East Bay. All that said, the gear shift in activity may feel relatively fast compared to this time last year, but still is soured by the short term trend of increased vacancies which will likely continue down over the next 18 months.

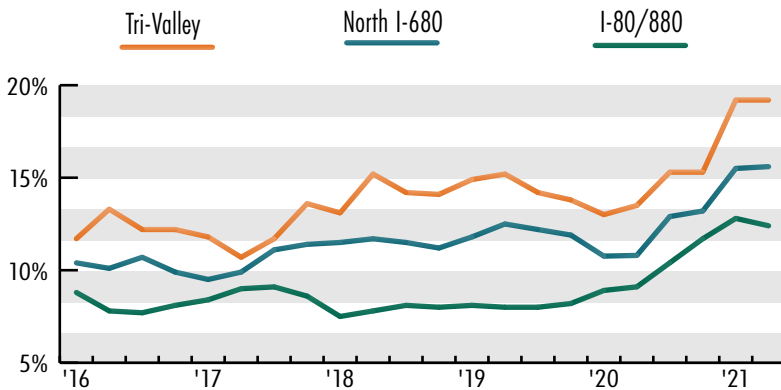
YTD Net Absorption

-471,815 SF

Sublease Vacancy Q1 vs Q2 2021

+251,383 SF

VACANCY RATES | Physically Vacant Space

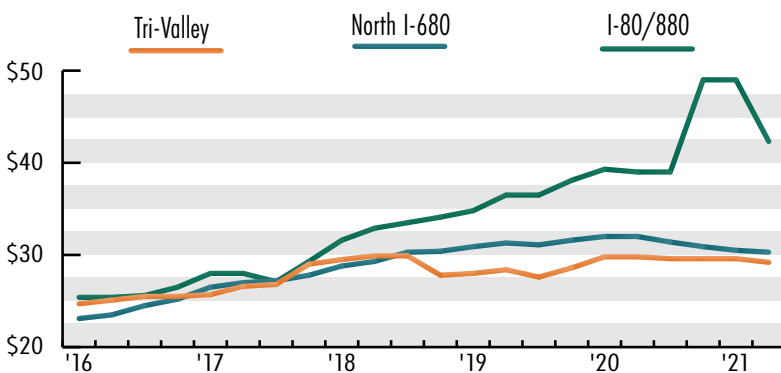


Change in Vacancy (YoY)



+4.5%

AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)



+1.5%

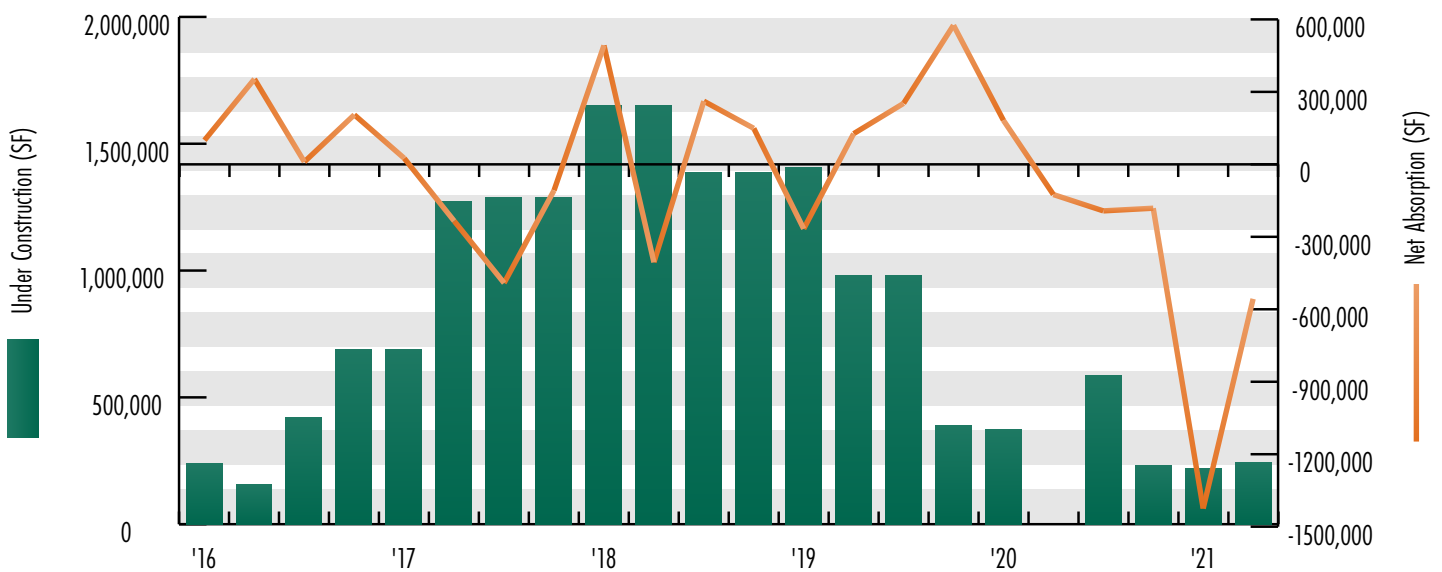
DEMAND & ECONOMY



What remains to be fully determined is the role that commute trends will play in the long-term office occupancy trends in the Bay Area. Residential migrations were well covered in the media, whether they were panic over migration out-of-state that never significantly played out, or migration into suburban markets, the ramifications are not yet clear. Even regarding the aforementioned Twitter deal in Downtown Oakland, steering offices closer to

their workforce played a role in the decision. As other companies begin to settle into their long-term options, the trend from the past decade of San Francisco's high rents pushing tenants out into Oakland and then further towards the Tri-Valley and I-680 markets may be over, at least for now. Tenants are now faced with more questions than the old standards of how much space and with how much money, but also how safe can we be, and how far will our employees commute?

UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
Fivetran	1221 Broadway, Oakland	New Lease	79,356	A
Performance Contracting Group	12667 Alcosta Boulevard, San Ramon	New Lease	20,869	A
Insight Global	1080 Marina Village Parkway, Alameda	Renewal	19,000	B
Gibbs Law Group	1901 Harrison Street, Oakland	Sublease	18,125	A
Kinder's Meats	2121 N California Boulevard, Walnut Creek	New Lease	17,858	A
Brookfield Bay Area Holdings	12657 Alcosta Boulevard, San Ramon	New Lease	16,434	B
Providence Medical Technology, Inc.	1111 Broadway, Oakland	New Lease	14,647	A

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$357

Average Sale CAP Rate

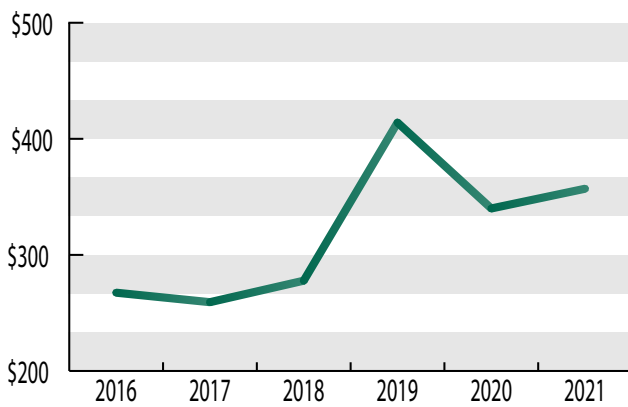


5.0%

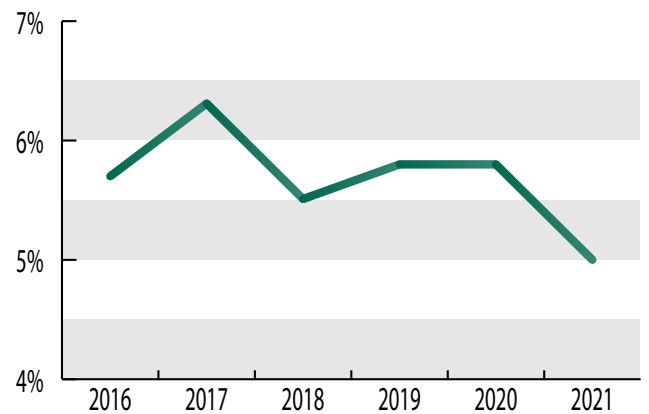
Meanwhile, in the investment sector, the bets against the resiliency of the East Bay are off.

While action on price and sale velocity hit a speed bump, it is increasingly clear that landlords' interest in the metro never wavered, with sale prices back on the rise already, and cap rates at the lowest in the past five years. Especially with the tenacious and flexible submarkets in Dublin/Pleasanton, and the Silicon Valley-proximate South I-880 corridor, the use cases of office tenants can slip and slide across a number of industries - many wallets are still open to acquiring office product because the question of *who wants to occupy office* isn't what scares investors, the scary question is *if anyone wants to occupy said space* - and in the East Bay, the question is who. And that will remain to be seen.

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
3100 San Pablo Avenue, Oakland	402,700	\$173,850,000	\$431.71	Oxford Properties Group
25801 Industrial Boulevard, Hayward	369,986	\$155,000,000	\$418.93	GI Partners
4301 Hacienda Dr, Pleasanton	300,700	\$58,000,000	\$193.00	Spieker Investment JV Keech Properties

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/Brentwood										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	977,492	23,100	132,543	13.6%	2,623	0.3%	147,806	15.1%	1,861	\$2.29
Class C	398,383	-	18,601	4.7%	-	-	18,601	4.7%	12,294	\$2.02
Total	1,375,875	23,100	151,144	11.0%	2,623	0.2%	166,407	12.1%	14,155	\$2.16
Concord										
Class A	3,403,812	-	608,706	17.9%	60,928	1.8%	669,634	19.7%	(89,491)	\$2.66
Class B	1,298,033	-	142,487	11.0%	2,801	0.2%	145,288	11.2%	(22,804)	\$2.40
Class C	550,476	-	39,703	7.2%	-	-	39,703	7.2%	(13,258)	\$2.29
Total	5,252,321	-	790,896	15.1%	63,729	1.2%	854,625	16.3%	(125,553)	\$2.45
Danville/Alamo										
Class A	50,000	-	15,871	31.7%	-	-	15,871	31.7%	(744)	\$3.67
Class B	664,844	-	65,047	9.8%	6,350	1.0%	71,397	10.7%	(921)	\$2.91
Class C	248,631	-	5,225	2.1%	-	-	5,225	2.1%	2,703	\$2.95
Total	963,475	-	86,143	8.9%	6,350	0.7%	92,493	9.6%	1,038	\$2.93
Lamorinda										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	854,454	-	84,608	9.9%	19,423	2.3%	104,031	12.2%	(6,716)	\$3.20
Class C	197,967	-	1,883	1.0%	-	-	1,883	1.0%	-	-
Total	1,052,421	-	86,491	8.2%	19,423	1.8%	105,914	10.1%	(6,716)	\$3.55
Martinez										
Class A	112,904	-	-	-	-	-	-	-	-	-
Class B	449,705	-	18,942	4.2%	-	-	18,942	4.2%	15,785	\$2.16
Class C	246,524	-	10,751	4.4%	-	-	10,751	4.4%	-	\$1.80
Total	809,133	-	29,693	3.7%	-	-	29,693	3.7%	17,549	\$1.98
Pleasant Hill										
Class A	134,000	-	14,225	10.6%	-	-	14,225	10.6%	(7,597)	-
Class B	792,089	-	46,141	5.8%	-	-	46,141	5.8%	1,987	\$2.83
Class C	183,227	-	25,316	13.8%	-	-	25,316	13.8%	(551)	\$2.53
Total	1,109,316	-	85,682	7.7%	-	-	85,682	7.7%	(6,161)	\$2.68
San Ramon										
Class A	3,785,224	-	483,944	12.8%	27,155	0.7%	511,099	13.5%	45,201	\$3.31
Class B	5,473,023	-	654,653	12.0%	294,878	5.4%	949,531	17.3%	(23,126)	\$2.77
Class C	203,785	-	21,333	10.5%	-	-	21,333	10.5%	(5,275)	\$2.50
Total	9,462,032	-	1,159,930	12.3%	322,033	3.4%	1,481,963	15.7%	16,800	\$2.86
Shadelands										
Class A	107,146	-	86,070	80.3%	-	-	86,070	80.3%	(4,476)	\$2.70
Class B	1,251,784	-	257,707	20.6%	-	-	257,707	20.6%	9,337	\$2.33
Class C	369,752	-	8,006	2.2%	-	-	8,006	2.2%	2,939	\$2.16
Total	1,728,682	-	351,783	20.3%	-	-	351,783	20.3%	7,800	\$2.39
Walnut Creek BART Dtrwn										
Class A	2,492,712	-	462,952	18.6%	47,049	1.9%	510,001	20.5%	(12,149)	\$3.68
Class B	2,436,698	-	320,851	13.2%	23,005	0.9%	343,856	14.1%	(3,421)	\$3.07
Class C	627,818	-	71,176	11.3%	-	-	71,176	11.3%	(6,708)	\$2.74
Total	5,557,228	-	854,979	15.4%	70,054	1.3%	925,033	16.6%	(22,278)	\$3.16
Walnut Creek/Pleasant Hill BART										
Class A	1,277,153	-	183,808	14.4%	138,448	10.8%	322,256	25.2%	55,318	\$3.53
Class B	629,987	-	142,902	22.7%	-	-	142,902	22.7%	5,890	\$3.39
Class C	-	-	-	-	-	-	-	-	-	-
Total	1,907,140	0	326,710	17.1%	138,448	7.3%	465,158	24.4%	61,208	\$3.46
North I-680 Market Totals										
Class A	11,362,951	-	1,855,576	16.3%	273,580	2.4%	2,129,156	18.7%	(13,938)	\$3.28
Class B	14,828,109	23,100	1,865,881	12.6%	349,080	2.4%	2,227,601	15.0%	(39,649)	\$2.74
Class C	3,026,563	-	201,994	6.7%	-	-	201,994	6.7%	(7,856)	\$2.37
Total	29,217,623	23,100	3,923,451	13.4%	622,660	2.1%	4,558,751	15.6%	(61,443)	\$2.80

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	-	220,710	-	-	-	-	-	-	-	-
Class B	2,150,423	-	155,439	7.2%	79,838	3.7%	235,277	10.9%	(61,028)	\$2.71
Class C	1,110,040	-	600	0.1%	-	-	600	0.1%	5,000	\$2.41
Total	3,260,463	220,710	156,039	4.8%	79,838	2.4%	235,877	7.2%	(56,028)	\$2.56
Berkeley										
Class A	300,000	-	-	-	-	-	-	-	-	-
Class B	3,109,033	-	177,099	5.7%	17,944	0.6%	195,043	6.3%	-	\$3.44
Class C	1,160,292	-	142,280	12.3%	12,161	1.0%	154,441	13.3%	(38,797)	\$2.91
Total	4,569,325	-	319,379	7.0%	30,105	0.7%	349,484	7.6%	(38,797)	\$3.17
Emeryville										
Class A	2,354,730	-	375,921	16.0%	117,708	5.0%	493,629	21.0%	32,077	\$4.21
Class B	1,278,283	-	134,004	10.5%	38,493	3.0%	172,497	13.5%	40,616	\$3.39
Class C	413,414	-	20,050	4.8%	-	-	20,050	4.8%	-	\$2.98
Total	4,046,427	-	529,975	13.1%	156,201	3.9%	686,176	17.0%	72,693	\$3.80
Hayward										
Class A	175,918	-	-	-	-	-	-	-	-	\$3.74
Class B	767,502	-	59,949	7.8%	11,103	1.4%	71,052	9.3%	(16,963)	\$2.25
Class C	937,577	-	14,598	1.6%	-	-	14,598	1.6%	5,104	\$2.24
Total	1,880,997	-	74,547	4.0%	11,103	0.6%	85,650	4.6%	(11,859)	\$2.25
Oakland - South/Airport										
Class A	332,473	-	7,736	2.3%	-	-	7,736	2.3%	(3,597)	\$2.87
Class B	2,106,985	-	174,551	8.3%	19,146	0.9%	193,697	9.2%	(16,293)	\$2.26
Class C	1,086,926	-	38,642	3.6%	1,170	0.1%	39,812	3.7%	852	\$2.40
Total	3,526,384	-	220,929	6.3%	20,316	0.6%	241,245	6.8%	(19,038)	\$2.51
Oakland Downtown										
Class A	8,304,374	-	1,229,938	14.8%	362,275	4.4%	1,592,213	19.2%	(242,515)	\$5.12
Class B	7,127,874	-	905,008	12.7%	224,340	3.1%	1,129,348	15.8%	(45,285)	\$4.03
Class C	1,137,467	-	71,347	6.3%	3,323	0.3%	74,670	6.6%	808	\$3.66
Total	16,569,715	-	2,206,293	13.3%	589,938	3.6%	2,796,231	16.9%	(286,992)	\$4.27
Oakland Port/Jack London										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	931,335	-	125,072	13.4%	9,569	1.0%	134,641	14.5%	(12,611)	\$4.15
Class C	378,985	-	20,860	5.5%	-	-	20,860	5.5%	6,920	\$3.85
Total	1,310,320	-	145,932	11.1%	9,569	0.7%	155,501	11.9%	(5,691)	\$4.00
Oakland North										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	1,115,676	-	124,764	11.2%	63,515	5.7%	188,279	16.9%	(107,001)	\$3.82
Class C	656,931	-	21,518	3.3%	22,100	3.4%	43,618	6.6%	(2,400)	\$3.40
Total	1,772,607	-	146,282	8.3%	85,615	4.8%	231,897	13.1%	(109,401)	\$3.61
Richmond/San Pablo										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	914,982	-	85,659	9.4%	13,537	1.5%	99,196	10.8%	(1,493)	\$2.88
Class C	462,808	-	4,499	1.0%	-	-	4,499	1.0%	-	\$1.88
Total	1,377,790	-	90,158	6.5%	13,537	1.0%	103,695	7.5%	(1,493)	\$2.38
San Leandro										
Class A	132,725	-	-	-	-	-	-	-	-	-
Class B	991,326	-	31,858	3.2%	9,933	1.0%	41,791	4.2%	(10,226)	\$3.13
Class C	451,424	-	24,327	5.4%	-	-	24,327	5.4%	1,168	\$2.32
Total	1,575,475	-	56,185	3.6%	9,933	0.6%	66,118	4.2%	(9,058)	\$2.72

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	-	-	-	-	-	-	-	-	-	-
Class B	99,122	-	9,450	9.5%	-	-	9,450	9.5%	(9,450)	\$2.35
Class C	64,176	-	3,508	5.5%	-	-	3,508	5.5%	-	\$2.21
Total	163,298	-	12,958	7.9%	-	-	12,958	7.9%	(9,450)	\$1.69
Oakland I-80/880 Market Totals										
Class A	11,600,220	220,710	1,613,595	13.9%	479,983	4.1%	2,093,578	18.0%	(214,035)	\$4.02
Class B	20,592,541	-	1,982,853	9.6%	487,418	2.4%	2,470,271	12.0%	(239,727)	\$3.09
Class C	7,860,040	-	362,229	4.6%	38,754	0.5%	400,983	5.1%	(21,345)	\$2.79
Total	40,052,801	220,710	3,958,677	9.9%	1,006,155	2.5%	4,964,832	12.4%	(475,107)	\$3.30
Dublin										
Class A	1,046,613	-	85,916	8.2%	174,209	16.6%	260,125	24.9%	(37,549)	\$2.95
Class B	657,842	-	35,020	5.3%	803	0.1%	35,823	5.4%	(8,077)	\$2.34
Class C	141,692	-	4,964	3.5%	-	-	4,964	3.5%	1,611	\$2.25
Total	1,846,147	-	125,900	6.8%	175,012	9.5%	300,912	16.3%	(44,015)	\$2.51
Pleasanton										
Class A	1,934,531	-	310,525	16.1%	61,415	3.2%	371,940	19.2%	18,738	\$3.33
Class B	5,059,995	-	870,464	17.2%	153,001	3.0%	1,023,465	20.2%	15,652	\$2.78
Class C	329,086	-	22,056	6.7%	-	-	22,056	6.7%	(9,817)	\$2.65
Total	7,323,612	-	1,203,045	16.4%	214,416	2.9%	1,417,461	19.4%	24,573	\$2.92
Livermore										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	968,654	-	140,126	14.5%	71,161	7.3%	211,287	21.8%	(785)	\$2.43
Class C	174,579	-	52,948	30.3%	-	-	52,948	30.3%	-	2.38
Total	1,143,233	-	193,074	16.9%	71,161	6.2%	264,235	23.1%	(785)	\$2.40
Tri-Valley Market Totals										
Class A	2,981,144	-	396,441	13.3%	235,624	7.9%	632,065	21.2%	(18,811)	\$3.14
Class B	6,686,491	-	1,045,610	15.6%	224,965	3.4%	1,270,575	19.0%	6,790	\$2.48
Class C	645,357	-	79,968	12.4%	-	0.0%	79,968	12.4%	(8,206)	\$2.46
Total	10,312,992	-	1,522,019	14.8%	460,589	4.5%	1,982,608	19.2%	(20,227)	\$2.69
TOTAL EAST BAY										
Class A	25,944,315	220,710	3,865,612	14.9%	989,187	3.8%	4,854,799	18.7%	(246,784)	\$3.48
Class B	42,107,141	23,100	4,894,344	11.6%	1,061,463	2.5%	5,968,447	14.2%	(272,586)	\$2.77
Class C	11,531,960	-	644,191	5.6%	38,754	0.3%	682,945	5.9%	(37,407)	\$2.58
TOTAL	79,583,416	243,810	9,404,147	11.8%	2,089,404	2.6%	11,506,191	14.5%	(556,777)	\$2.94



CONTACT INFO

SAN FRANCISCO

4 Embarcadero Center, Suite 1400
San Francisco, CA 94111
Tel: (415) 268-2200 | Fax: (415) 268-2299

SILICON VALLEY

1961 The Alameda
San Jose, CA 95126
Tel: (408) 413 3555

OAKLAND

1404 Franklin Street, Penthouse
Oakland, CA 94607
Tel: (510) 622-8466 | Fax: (510) 622-8499

WALNUT CREEK

1777 Oakland Boulevard, Suite 220
Walnut Creek, CA 94596
Tel: (925) 296-3300 | Fax: (925) 296-3399

SACRAMENTO

1515 River Park Drive, Suite 200
Sacramento, CA 95815
Tel: (916) 669-4500 | Fax: (916) 669-4598

ROSEVILLE

532 Gibson Drive, Suite 200
Roseville, CA 95678
Tel: (916) 677-8000 | Fax: (916) 677-8199

ROCKLIN

2209 Plaza Drive, Suite 100
Rocklin, CA 95765
Tel: (916) 960-5700 | Fax: (916) 960-5799

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Report Prepared By:

Justin Flom

Director of San Francisco Bay Area
Marketing & Research
justin.flom@tricommercial.com

