

# FIRST QUARTER 2022



### **VACANCY & RENTS**



Large suburban markets like Concord, Walnut Creek, Pleasanton continue to see increased vacancies.

- Asking rents ticked down in Oakland and the Tri-Valley, with Class A Downtown Oakland dipping back under \$5.00/SF Full Service again.
- The only active construction project is Emeryville's theLAB. Life Science is the big driver of new office demand. There is a continuing lack of options to build in Emeryville and South San Francisco.
- Berkeley's former art museum turned BioScience coworking space opened in December, the building, shuddered for almost a decade, proves that the industry is willing to get creative to be close to their workforce.

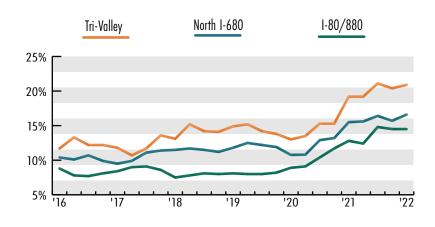
**QTR Net Absorption** 

-383,727 sf

Sublease Vacancy Q4 vs Q1 2022

+108,206 SF

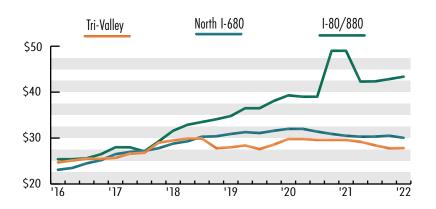
### VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

Ø+0.8%

### AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)



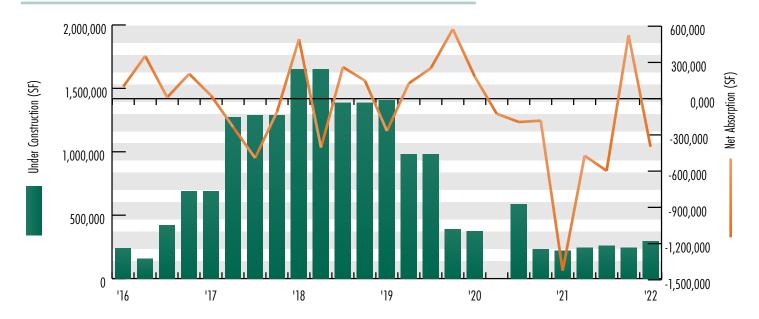
## DEMAND & ECONOMY



Occupied space made a sudden drop off of 2% in Q1 2022 alone reflecting uncertain work trends.

- Vacant available space continues to trend to on new record highs.
- Leasing activity was down, however this past winter outperformed the previous year's activity by about 100,000 SF.
- Life science and medical uses are the exception to shrinking general administration office demand.
- San Francisco city officials, as reported by the San Francisco Chronicle, now expect office workers to be working remotely a third of the time, much higher than previous reports.

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



### LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
Dolls Kill	55 Harrison St, Oakland	Sublease	19,835	New
CRB	6001 Shellmound St, Emeryville	Direct	24,856	New
Hippo Insurance	2201 Broadway, Oakland	Direct	15,605	New
Carvana	1814-1820 Franklin St, Oakland	Direct	10,207	New
Thomas James Homes	1255 Treat Blvd, Walnut Creek	Sublease	9,394	New

## INVESTMENT & OUTLOOK

**Average Sale Price PSF** 



\$270

- Notwithstanding the efficient use of space by tenants, and differences between the East Bay and San Francisco office markets, this projection concludes that current vacancy rates will not improve significantly in the next few years.
- Sales activity for smaller leased investments is still humming, considering as much as 70% of office space in the U.S. could lose value as large properties face large vacancies.

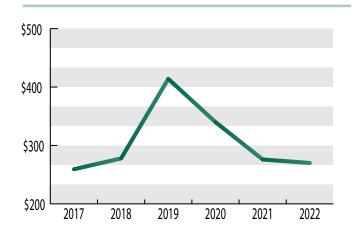
Average Sale CAP Rate



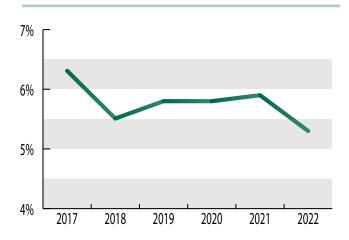
5.3%

- The Pleasanton office market saw one of the most dramatic drops in occupancy since the previous quarter, with a 2% jump in vacancy and a \$0.20 drop in rents.
- The central Contra Costa sector's best performing city was Pleasant Hill, which thanks to a couple of small leases, was the only city to decrease vacancy.
- Unemployment rates are still low compared to the statewide count.

### 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
4125 Hopyard Road, Pleasanton	296,537	\$78,000,000	\$263.00	Tarlton Properties
300 Frank H Ogawa Plaza, Oakland	250,000	\$93,000,000	\$372.00	Rubicon Point Partners
1951 Harbor Bay Parkway, Alameda	220,000	\$158,887,500	\$722.00	Stockbridge
1855 Olympic Blvd, Walnut Creek	51,072	\$10,000,000	\$196.00	California Community Housing Mgmt

## 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/Pi	ttsburg/Brent									
Class A	0	0	0	-	0	-	0	-	0	<b>41</b> (1
Class B Class C	1,006, <i>7</i> 92 410,991	0	139,616 5,499	13.9% 1.3%	5,878 0	0.6% 0.0%	145,494 5,499	14.5% 1.3%	(5,300) 2,444	\$1.61 \$1.57
Total	1,417,783	0	145,115	10.2%	5,878	0.0%	150,993	10.6%	(2,856)	\$1.59
Concord	1, 112,7200		110/110	101270	5,576	60176	100/170	1010 /0	(2)000)	41102
Class A	3,101,118	0	648,827	20.9%	52,289	1.7%	<i>7</i> 01,116	22.6%	(29,314)	\$2.14
Class B	1,521,036	0	256,363	16.9%	41,811	2.7%	298,1 <i>7</i> 4	19.6%	(61,477)	\$1.86
Class C	474,885	0	21,966	4.6%	0	0.0%	21,966	4.6%	(8,251)	\$1.82
Total Danville/A	5,097,039	0	927,156	18.2%	94,100	1.8%	1,021,256	20.0%	(99,042)	\$1.94
Class A	50,000	0	14,505	29.0%	0	0.0%	14,505	29.0%	898	-
Class B	658,587	Ö	71,473	10.9%	6,400	1.0%	77,873	11.8%	(5,654)	\$2.79
Class C	1 <i>77</i> ,221	0	9,636	5.4%	0	0.0%	9,636	5.4%	(1,057)	-
Total	885,808	0	95,614	10.8%	6,400	0.7%	102,014	11.5%	(5,813)	\$2.79
Lamorinda		0	0		0		0		0	
Class A Class B	0 829,911	0	0 99, <i>7</i> 10	- 12.0%	0 34,484	- 4.2%	0 134,194	- 16.2%	0 3,405	\$3.44
Class C	197,967	Ö	3,886	2.0%	1,332	0.7%	5,218	2.6%	(1,332)	\$2.10
Total	1,027,878	0	103,596	10.1%	35,816	3.5%	139,412	13.6%	2,073	\$2.77
Martinez										
Class A	112,904	0	0	0.0%	0	0.0%	0	0.0%	0	4
Class B	388,683	0	35,918	9.2%	0	0.0%	35,918	9.2%	(4,579)	\$2.13
Class C <b>Total</b>	266,660 <b>768,247</b>	0	28,330 <b>64,248</b>	10.6% <b>8.4%</b>	0	0.0% <b>0.0%</b>	28,330 <b>64,248</b>	10.6% <b>8.4%</b>	( <b>4,579)</b>	\$1.96 <b>\$2.05</b>
Pleasant H	ill		04,240	0.4 /0	0	0.0 /6	04,240	0.4 /0	(4,377)	\$2.05
Class A	134, <i>7</i> 59	0	16,392	12.2%	1,000	0.7%	17,392	12.9%	0	
Class B	771,560	0	45,385	5.9%	20,164	2.6%	65,549	8.5%	18,257	\$1.97
Class C	170,751	0	26,301	15.4%	0	0.0%	26,301	15.4%	(2,827)	-
<mark>Total</mark> San Ramor	1,077,070	0	88,078	8.2%	21,164	2.0%	109,242	10.1%	15,430	\$1.97
Class A	3,784,106	0	896,741	23.7%	35,302	0.9%	932,043	24.6%	(252,867)	\$3.16
Class B	5,507,145	Ö	517,981	9.4%	322,677	5.9%	840,658	15.3%	(21,204)	\$2.55
Class C	203,785	0	20,894	10.3%	Ó	0.0%	20,894	10.3%	5,880	\$2.40
Total	9,495,036	0	1,435,616	15.1%	357,979	3.8%	1,793,595	18.9%	(268,191)	\$2.70
<u>Shadeland</u>		0	05.000	70.00/	0	0.00/	05.000	70.00/	1.07	
Class A Class B	107,146	0	85,003 301,530	79.3% 23.8%	0 23,843	0.0% 1.9%	85,003 325,373	79.3% 25.7%	1,067 17,517	- \$2.15
Class B Class C	1,264,602 404,509	0	25,227	6.2%	23,643	0.0%	25,227	6.2%	(2,179)	\$2.13 \$1.91
Total	1,776,257	Ö	411,760	23.2%	23,843	1.3%	435,603	24.5%	16,405	\$2.03
<b>Walnut Cre</b>	ek BART Dtwr									
Class A	2,500,662	0	544,443	21.8%	53,259	2.1%	597,702	23.9%	33,444	\$4.06
Class B	2,542,117	0	401,766	15.8%	12,274	0.5%	414,040	16.3%	7,254	\$2.85
Class C <b>Total</b>	382,958 <b>5,425,737</b>	0	24,036 <b>970,245</b>	6.3% <b>17.9%</b>	6 <b>5,533</b>	0.0% <b>1.2%</b>	24,036 <b>1,035,778</b>	6.3% <b>19.1%</b>	1,430 <b>42,128</b>	\$2.50 <b>\$3.14</b>
	ek/Pleasant		77 0/243	17.7 /0	03,333	104/0	1,000,770	17.1 /0	72/120	70.14
Class A	1,473,822	0	315,143	21.4%	139,263	9.4%	454,406	30.8%	10,632	\$3.34
Class B	604,996	0	165,487	27.4%	18,721	3.1%	184,208	30.4%	(18,782)	\$2.82
Class C	0	0	0	-	0	-	0	-	0	-
Total	2,078,818	0	480,630	23.1%	157,984	7.6%	638,614	30.7%	(8,150)	\$3.08
Class A	<b>0 Market Tota</b> 11,264,517	0	2,521,054	22.4%	281,113	2.5%	2,802,167	24.9%	(236,140)	\$3.23
Class B	15,095,429	0	2,035,229	13.5%	486,252	3.2%	2,521,481	16.7%	(70,563)	\$3.23 \$2.42
Class C	2,689,727	Ö	165,775	6.2%	1,332	0.0%	167,107	6.2%	(5,892)	\$2.04
Total	29,049,673	0	4,722,058		768,697	2.6%	5,490,755			\$2.56

# 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	0	0	0	-	0	-	0	-	0	*
Class B	2,257,828	0	404,106	17.9%	154,508	6.8%	558,614	24.7%	118,272	\$2.26
Class C	1,070,552	0	68,531	6.4%	0	0.0%	68,531	6.4%	(735)	- *0.0/
Total	3,328,380	0	472,637	14.2%	154,508	4.6%	627,145	18.8%	117,537	\$2.26
Berkeley Class A	334,091	0	0	0.0%	0	0.0%	0	0.0%	0	
Class A Class B	3,109,697	0	411,402	13.2%	33,182	1.1%	444,584	14.3%	(12,794)	\$3.64
Class C	1,176,821	0	149,745	12.7%	36,792	3.1%	186,537	15.9%	7,449	\$2.99
Total	4,620,609	Ŏ	561,147	12.1%	69,974	1.5%	631,121	13.7%	(5,345)	\$3.32
Emeryville	1,020,007		501/11/	120170	07/77	100 70	001/121	1017 70	(0)010)	40.02
Class A	2,231,688	<i>7</i> 5,240	428,262	19.2%	256,428	11.5%	684,690	30.7%	(4,346)	\$4.24
Class B	1,311,914	Ô	113,208	8.6%	41,853	3.2%	155,061	11.8%	(5,870)	\$3.19
Class C	411,245	0	21,432	5.2%	17,070	4.2%	38,502	9.4%	(1,197)	
Total	3,954,847	75,240	562,902	14.2%	315,351	8.0%	878,253	22.2%	(11,413)	\$3.72
Hayward										
Class A	175,918	0	0	0.0%	0	0.0%	0	0.0%	0	\$-
Class B	993,818	0	70,539	7.1%	30,062	3.0%	100,601	10.1%	8,175	\$1. <i>7</i> 2
Class C	1,079,441	0	57,260	5.3%	0	0.0%	57,260	5.3%	(13,568)	-
Total	2,249,177	0	127,799	<b>5.7</b> %	30,062	1.3%	157,861	7.0%	(5,393)	\$1.72
	iouth/Airpor 332,473		17 40 5	5.3%	2 714	0.09/	20.100	4 10/	4,258	¢2.05
Class A Class B	2,185,990	0	17,485 247,893	11.3%	2,714 19,146	0.8% 0.9%	20,199 267,039	6.1% 12.2%	(2,802)	\$2.85 \$2.37
Class B Class C	1,058,679	0	47,531	4.5%	0	0.9%	47,531	4.5%	(1,000)	\$2.37 \$1.90
Total	3,577,142	o	312,909	<b>8.7%</b>	21,860	0.6%	334,769	9.4%	<b>456</b>	\$2.3 <b>7</b>
Oakland Do			012/707	017 70	21/000	010 70	00-1/101	71-170	450	42.07
Class A	8,333,091	0	1,719,492	20.6%	352,134	4.2%	2,071,626	24.9%	(99,733)	\$4.93
Class B	7,156,232	0	1,100,896	15.4%	291,058	4.1%	1,391,954	19.5%	26,240	\$4.45
Class C	1,260,976	0	95,591	7.6%	9,992	0.8%	105,583	8.4%	(1,400)	\$3.31
Total	16,750,299	0	2,915,979	17.4%	653,184	3.9%	3,569,163	21.3%	(74,893)	\$4.23
	ort/Jack Lone	lon								
Class A	0	0	0	-	0	-	0	-	0	
Class B	730,064	0	107,990	14.8%	16,990	2.3%	124,980	17.1%	(13,621)	\$3.77
Class C	378,985	0	33,798	8.9%	0	0.0%	33,798	8.9%	(1,200)	-
Total	1,109,049	0	141,788	12.8%	16,990	1.5%	158,778	14.3%	(14,821)	\$3.77
Oakland No		0	0		0		0		0	
Class A	0 1 124 040	0	0	- 11 5%	0 68,529	- 61%	0 107.510	- 17.6%	0 (23,824)	\$3.20
Class B Class C	1,124,949 638,695	0	128,981 89,810	11.5% 14.1%	26,415	6.1% 4.1%	197,510 116,225	18.2%	(836)	\$3.28 \$-
Total	1,763,644	Ŏ	218,791	12.4%	94,944	5.4%	313,735	17.8%	(24,660)	\$1.64
Richmond/			210/171	120170	2 1/2 1 1	00170	010/2 00	1710 /0	(21,000)	41101
Class A	0	0	0	-	0	-	0	-	0	
Class B	914,982	0	119,380	13.0%	0	0.0%	119,380	13.0%	(8,075)	\$2.05
Class C	500,688	0	10,908	2.2%	0	0.0%	10,908	2.2%	(1,550)	\$1.90
Total	1,415,670	0	130,288	9.2%	0	0.0%	130,288	9.2%	(9,625)	\$1.98
San Leandr										
Class A	132,725	0	0	0.0%	0	0.0%	0	0.0%	0	*
Class B	991,326	0	26,259	2.6%	0	0.0%	26,259	2.6%	4,249	\$2.25
Class C	429,827	0	18,246	4.2%	0	0.0%	18,246	4.2%	9,268	\$2.18
Total	1,553,878	0	44,505	2.9%	0	0.0%	44,505	2.9%	13,517	\$2.22

# 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	<u>'</u>									
Class A	0	0	0	-	0	_	0	-	0	
Class B	72,879	Ö	640	0.9%	Ö	0.0%	640	0.9%	(406)	\$1.04
Class C	64,176	Ö	3,695	5.8%	0	0.0%	3,695	5.8%	0	\$-
Total	137,055	Ö	4,335	3.2%	Ö	0.0%	4,335	3.2%	(406)	\$1.69
Oakland I-80/880 Market Totals										
Class A	11,539,986	<i>7</i> 5,240	2,165,239	18.8%	611,276	5.3%	2,776,515	24.1%	(99,821)	\$3.16
Class B	20,849,679	0	2,731,294	13.1%	655,328	3.1%	3,386,622	16.2%	89,544	\$2.73
Class C	8,070,085	0	596,547	7.4%	90,269	1.1%	686,816	8.5%	(4,769)	\$1. <i>75</i>
Total	40,459,750	<i>7</i> 5,240	5,493,080	13.6%	1,356,873	3.4%	6,849,953	16.9%	(15,046)	\$2.55
Dublin										
Class A	1,128,188	0	294,069	26.1%	212,538	18.8%	506,607	44.9%	(3,311)	\$2.33
Class B	657,842	0	53,914	8.2%	0	0.0%	53,914	8.2%	606	\$2.33
Class C	141,692	0	4,373	3.1%	0	0.0%	4,373	3.1%	5,843	\$2.13
Total	1,927,722	0	352,356	18.3%	212,538	11.0%	564,894	29.3%	3,138	\$2.26
Pleasanton		0	207075	00.5%	050 (70	10.00/	4.470.40	22 49/	2.000	¢2.20
Class A	1,939,380	0	397,265	20.5%	250,678	12.9%	647,943	33.4%	3,902	\$3.39
Class B	5,043,596	0	1,181,403	23.4%	188,679	3.7%	1,370,082	27.2%	(80,701)	\$2.69
Class C <b>Total</b>	334,675	0	42,814	12.8% <b>22.2%</b>	<b>439,357</b>	0.0% <b>6.0%</b>	42,814	12.8%	(4,680)	\$2.31 <b>\$2.80</b>
Livermore	7,317,651	0	1,621,482	ZZ.Z 70	439,337	0.0%	2,060,839	20.2%	(81,479)	\$2.80
Class A	0	0	0	_	0	_	0	_	0	
Class B	976,098	0	231,978	23.8%	83,161	8.5%	315,139	32.3%	45,535	\$1.64
Class C	174,579	Ö	76,228	43.7%	00,101	0.0%	76,228	43.7%	(23,280)	Ψ1.0-
Total	1,150,677	Ŏ	308,206	26.8%	83,161	<b>7.2%</b>	391,367	34.0%	22,255	\$1.64
	Market Totals		000,200		00,101	20270	021,002	0 100 /0	,	41101
Class A	3,067,568	-	691,334	22.5%	463,216	15.1%	1,154,550	37.6%	591	\$2.86
Class B	6,677,536	_	1,467,295	22.0%	271,840	4.1%	1,739,135	26.0%	(34,560)	\$2.22
Class C	650,946	_	123,415	19.0%	Ó	0.0%	123,415	19.0%	(22,117)	\$2.22
Total	10,396,050	0	2,282,044	22.0%	735,056	<b>7.1</b> %	3,017,100	29.0%	(56,086)	\$2.43
TOTAL EAS										
Class A	25,872,071	295,950	5,377,627	20.8%	1,355,605	5.2%	6,733,232	26.0%	(335,370)	\$3.08
Class B	42,622,644	0	6,233,818	14.6%	1,413,420	3.3%	7,647,238	17.9%	(15,579)	\$2.46
Class C	11,410, <i>7</i> 58	0	885 <i>,7</i> 37	7.8%	91,601	0.8%	977,338	8.6%	(32,778)	\$1.90
TOTAL	79,905,473	295,950	12,497,182	<b>15.6</b> %	2,860,626	3.6%	15,357,808	19.2%	(383,727)	<b>\$2.48</b>



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TRI Commercial | Q4 Market Trends 2021



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