

# FOURTH QUARTER 2022

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## EAST BAY OFFICE REPORT

# VACANCY & RENTS

- Office Vacancy Rates continue to increase with the East Bay showing negative space absorption for four quarters in a row. The velocity of closed real estate transactions continues to be distressingly low.
- The large amount of sublease space at nearly 2 million SF is now a factor in the East Bay office market.
- Tech layoffs from large tech companies like Twitter and Salesforce certainly captured the attention of the Bay Area, but employment numbers are solid between 97-98% employment, which may be keeping the headline layoffs from having too severe of an effect on the market.

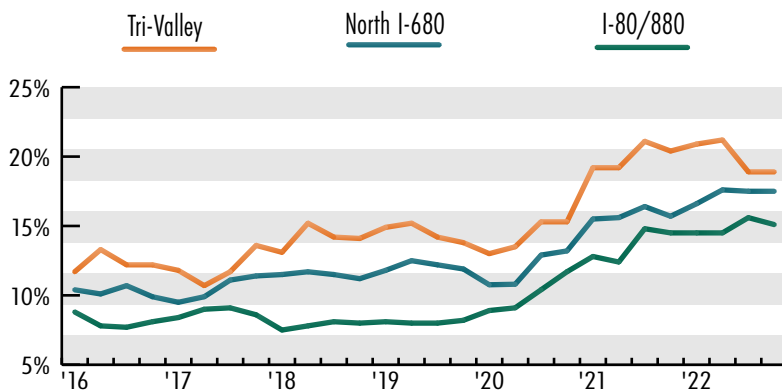
4th QTR Net Absorption

## -71,108 SF

Sublease Vacancy Q3 vs Q4 2022

## -18,071 SF

## VACANCY RATES | Physically Vacant Space

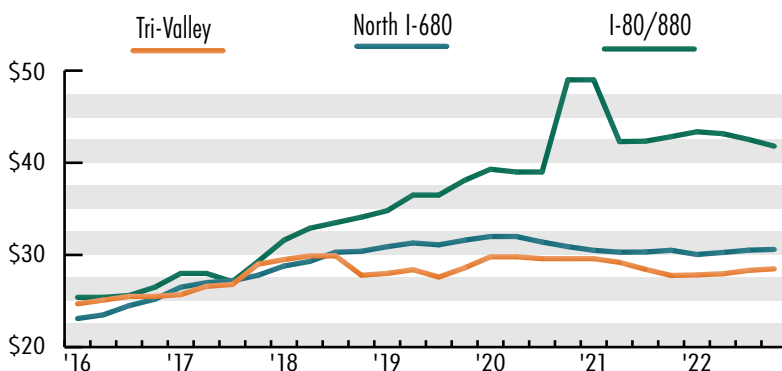


Change in Vacancy (YoY)



## 0.3%

## AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)

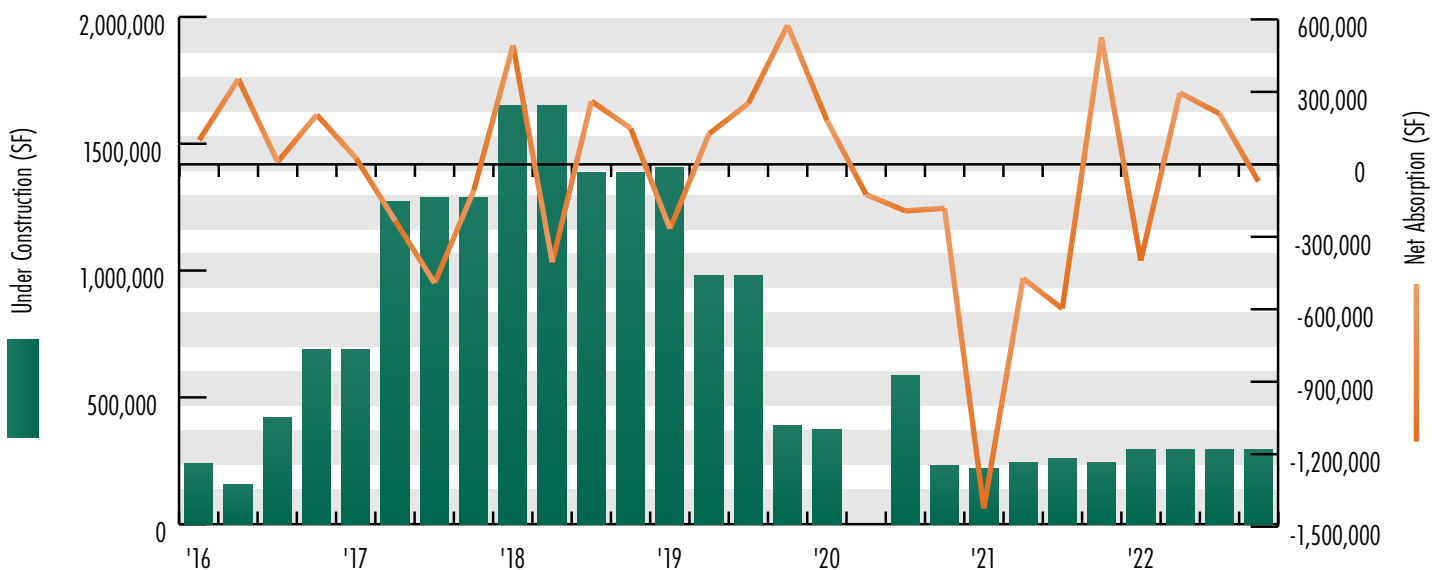


## -1.2%

## DEMAND & ECONOMY

- The huge climb in inflation and accompanying increases in interest rates from the later half of 2022 have led many economists into believing a recession is right around the corner, however due to the fairly good employment numbers nationally, an economic downturn is not guaranteed at this point.
- Remote and shared office trends still are a factor in low office space use. Many firms however are now starting to require employees to come back to the office.
- San Ramon's Bishop Ranch continues its reinvention, this time becoming a new home for the Pac-12 Sports League, which registered the highest SF lease signed during the quarter.

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



### LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
Vivani Medical, Inc	1350 S Loop Rd, Alameda	Direct	43,645	New
Pac-12	12647 Alcosta Blvd, San Ramon	Direct	42,090	New
Kimley-Horn & Associates Inc	1300 Clay St, Oakland	Direct	16,080	New
Building Kidz Family of Dublin	6351 Dublin Blvd, Dublin	Direct	9,338	New
Washington Hospital	2201 Walnut Ave, Fremont	Direct	8,689	New
Embark Behavioral Health	370 N Wiget Ln, Walnut Creek	Direct	8,100	New

## INVESTMENT &amp; OUTLOOK

Average Sale Price PSF

**\$237**

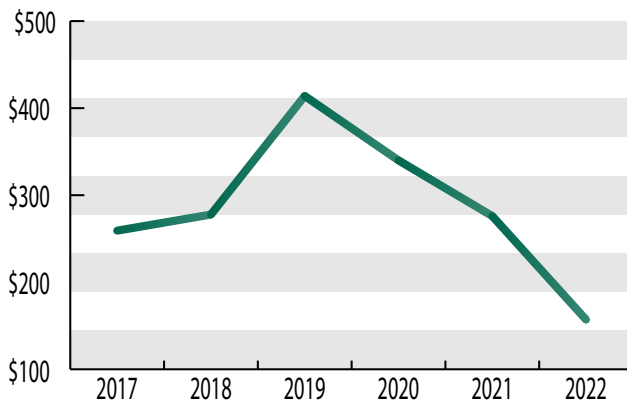
- Emeryville, which a year ago was Alameda County's darling for exemplifying a strong market, had a big hit at the end of the year with nearly a 100,000 SF of negative absorption
- Downtown Oakland's high asking rates finally started to fall as landlords scramble to make deals with the few tenants trying to implement space.
- As office users reconcile their leases with their redefined WFH policies, the most corporate-supported companies are able to leverage the best use of space - which is usually much less than before.

Average Sale CAP Rate

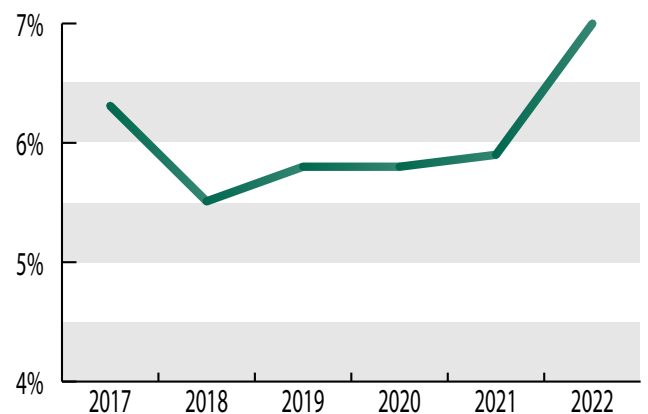
**7.0%**

- Shadelands Walnut Creek office space continues to hurt, as an aging inventory that is heavily car-dependent, is not as relevant to the current market.
- Office building sales continue to be sold as cap rates and interest rates rise along with the vacancies, prompting investors to get out of the game before things get much worse.

## 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
5751 Arnold Road	85,577	\$12,500,000	\$146.07	South Bay Partners
5065 Deer Valley Road	54,276	\$3,734,550	\$68.81	Prestige One Investments
2190 Shattuck Ave	52,000	\$27,712,000	\$532.92	Landmark 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
<b>Antioch/Pittsburg/Brentwood</b>										
Class A	0	0	0	-	0	-	0	-	0	
Class B	1,037,042	0	123,382	11.9%	0	0.0%	123,382	11.9%	15,367	\$1.60
Class C	410,991	0	12,999	3.2%	0	0.0%	12,999	3.2%	(2,674)	\$1.58
<b>Total</b>	<b>1,448,033</b>	<b>0</b>	<b>136,381</b>	<b>9.4%</b>	<b>0</b>	<b>0.0%</b>	<b>136,381</b>	<b>9.4%</b>	<b>12,693</b>	<b>\$1.59</b>
<b>Concord</b>										
Class A	3,101,118	0	532,408	17.2%	27,375	0.9%	559,783	18.1%	139,201	\$2.75
Class B	1,521,036	0	165,634	10.9%	0	0.0%	165,634	10.9%	60,707	1.84
Class C	474,885	0	10,230	2.2%	0	0.0%	10,230	2.2%	3,667	\$-
<b>Total</b>	<b>5,097,039</b>	<b>0</b>	<b>708,272</b>	<b>13.9%</b>	<b>27,375</b>	<b>0.5%</b>	<b>735,647</b>	<b>14.4%</b>	<b>203,575</b>	<b>\$1.53</b>
<b>Danville/Alamo</b>										
Class A	50,000	0	7,372	14.7%	0	0.0%	7,372	14.7%	3,067	\$3.96
Class B	679,559	0	52,377	7.7%	6,400	0.9%	58,777	8.6%	1,919	\$2.68
Class C	177,221	0	9,136	5.2%	0	0.0%	9,136	5.2%	0	\$-
<b>Total</b>	<b>906,780</b>	<b>0</b>	<b>68,885</b>	<b>7.6%</b>	<b>6,400</b>	<b>0.7%</b>	<b>75,285</b>	<b>8.3%</b>	<b>4,986</b>	<b>\$1.34</b>
<b>Lamorinda</b>										
Class A	0	0	0	--	0	-	0	-	0	
Class B	833,187	0	84,805	10.2%	804	0.1%	85,609	10.3%	3,711	\$3.40
Class C	198,454	0	3,168	1.6%	0	0.0%	3,168	1.6%	0	\$2.40
<b>Total</b>	<b>1,031,641</b>	<b>0</b>	<b>87,973</b>	<b>8.5%</b>	<b>804</b>	<b>0.1%</b>	<b>88,777</b>	<b>8.6%</b>	<b>3,711</b>	<b>\$2.90</b>
<b>Martinez</b>										
Class A	112,904	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	290,795	0	17,299	5.9%	0	0.0%	17,299	5.9%	(2,148)	\$1.90
Class C	224,005	0	17,168	7.7%	0	0.0%	17,168	7.7%	1,950	\$-
<b>Total</b>	<b>627,704</b>	<b>0</b>	<b>34,467</b>	<b>5.5%</b>	<b>0</b>	<b>0.0%</b>	<b>34,467</b>	<b>5.5%</b>	<b>(198)</b>	<b>\$0.95</b>
<b>Pleasant Hill</b>										
Class A	134,759	0	14,191	10.5%	0	0.0%	14,191	10.5%	(355)	\$3.00
Class B	794,240	0	95,633	12.0%	0	0.0%	95,633	12.0%	11,531	\$2.24
Class C	148,071	0	19,688	13.3%	0	0.0%	19,688	13.3%	547	\$-
<b>Total</b>	<b>1,077,070</b>	<b>0</b>	<b>129,512</b>	<b>12.0%</b>	<b>0</b>	<b>0.0%</b>	<b>129,512</b>	<b>12.0%</b>	<b>11,723</b>	<b>\$1.75</b>
<b>San Ramon</b>										
Class A	3,784,106	0	704,215	18.6%	10,446	0.3%	714,661	18.9%	(16,573)	\$3.20
Class B	4,578,152	0	472,600	10.3%	275,284	6.0%	747,884	16.3%	(22,390)	\$2.84
Class C	236,150	0	3,985	1.7%	0	0.0%	3,985	1.7%	0	\$2.16
<b>Total</b>	<b>8,598,408</b>	<b>0</b>	<b>1,180,800</b>	<b>13.7%</b>	<b>285,730</b>	<b>3.3%</b>	<b>1,466,530</b>	<b>17.1%</b>	<b>(38,963)</b>	<b>\$2.73</b>
<b>Shadelands</b>										
Class A	107,146	0	85,003	79.3%	0	0.0%	85,003	79.3%	0	\$2.45
Class B	1,265,700	0	307,358	24.3%	0	0.0%	307,358	24.3%	4,635	\$2.28
Class C	377,684	0	36,293	9.6%	0	0.0%	36,293	9.6%	5,634	\$2.03
<b>Total</b>	<b>1,750,530</b>	<b>0</b>	<b>428,654</b>	<b>24.5%</b>	<b>0</b>	<b>0.0%</b>	<b>428,654</b>	<b>24.5%</b>	<b>10,269</b>	<b>\$2.25</b>
<b>Walnut Creek BART Drwn</b>										
Class A	2,375,583	0	496,265	20.9%	38,796	1.6%	535,061	22.5%	(23,056)	\$4.01
Class B	2,765,092	0	488,450	17.7%	30,836	1.1%	519,286	18.8%	18,450	\$2.99
Class C	510,570	0	36,670	7.2%	1,000	0.2%	37,670	7.4%	(461)	\$2.48
<b>Total</b>	<b>5,651,245</b>	<b>0</b>	<b>1,021,385</b>	<b>18.1%</b>	<b>70,632</b>	<b>1.2%</b>	<b>1,092,017</b>	<b>19.3%</b>	<b>(5,067)</b>	<b>\$3.16</b>
<b>Walnut Creek/Pleasant Hill BART</b>										
Class A	1,473,822	0	271,092	18.4%	115,915	7.9%	387,007	26.3%	(14,907)	\$3.82
Class B	604,996	0	162,360	26.8%	4,412	0.7%	166,772	27.6%	2,843	\$3.36
Class C	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	-
<b>Total</b>	<b>2,078,818</b>	<b>0</b>	<b>433,452</b>	<b>20.9%</b>	<b>120,327</b>	<b>5.8%</b>	<b>553,779</b>	<b>26.6%</b>	<b>(12,064)</b>	<b>\$3.59</b>
<b>North I-680 Market Totals</b>										
Class A	11,139,438	0	2,110,546	18.9%	192,532	1.7%	2,303,078	20.7%	87,377	\$3.44
Class B	14,369,799	0	1,969,898	13.7%	317,736	2.2%	2,287,634	15.9%	94,625	\$2.51
Class C	2,758,031	0	149,337	5.4%	1,000	0.0%	150,337	5.5%	8,663	\$1.18
<b>Total</b>	<b>28,267,268</b>	<b>0</b>	<b>4,229,781</b>	<b>15.0%</b>	<b>511,268</b>	<b>1.8%</b>	<b>4,741,049</b>	<b>16.8%</b>	<b>190,665</b>	<b>\$2.38</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	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	2,208,461	0	216,002	9.8%	1,620	0.1%	217,622	9.9%	(6,965)	\$2.26
Class C	1,080,869	0	2,590	0.2%	0	0.0%	2,590	0.2%	0	\$2.20
<b>Total</b>	<b>3,510,040</b>	<b>0</b>	<b>218,592</b>	<b>6.2%</b>	<b>1,620</b>	<b>0.0%</b>	<b>220,212</b>	<b>6.3%</b>	<b>(6,965)</b>	<b>\$2.23</b>
<b>Berkeley</b>										
Class A	334,091	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	2,996,347	0	331,471	11.1%	51,578	1.7%	383,049	12.8%	(10,390)	\$3.62
Class C	1,151,764	0	142,206	12.3%	0	0.0%	142,206	12.3%	(6,712)	\$3.24
<b>Total</b>	<b>4,482,202</b>	<b>0</b>	<b>473,677</b>	<b>10.6%</b>	<b>51,578</b>	<b>1.2%</b>	<b>525,255</b>	<b>11.7%</b>	<b>(17,102)</b>	<b>\$3.43</b>
<b>Emeryville</b>										
Class A	2,231,688	0	380,839	17.1%	277,962	12.5%	658,801	29.5%	(107,180)	\$4.64
Class B	1,188,731	0	195,630	16.5%	5,395	0.5%	201,025	16.9%	(20,474)	\$3.99
Class C	528,463	0	53,499	10.1%	8,392	1.6%	61,891	11.7%	37,211	\$1.50
<b>Total</b>	<b>3,948,882</b>	<b>0</b>	<b>629,968</b>	<b>16.0%</b>	<b>291,749</b>	<b>7.4%</b>	<b>921,717</b>	<b>23.3%</b>	<b>(90,443)</b>	<b>\$4.32</b>
<b>Hayward</b>										
Class A	314,878	0	12,902	4.1%	0	0.0%	12,902	4.1%	(80)	\$2.35
Class B	819,820	0	69,673	8.5%	0	0.0%	69,673	8.5%	3,727	\$1.82
Class C	1,101,289	0	35,157	3.2%	0	0.0%	35,157	3.2%	13,867	\$1.74
<b>Total</b>	<b>2,235,987</b>	<b>0</b>	<b>117,732</b>	<b>5.3%</b>	<b>0</b>	<b>0.0%</b>	<b>117,732</b>	<b>5.3%</b>	<b>17,514</b>	<b>\$1.78</b>
<b>Oakland - South/Airport</b>										
Class A	332,473	0	14,771	4.4%	0	0.0%	14,771	4.4%	0	\$3.00
Class B	1,988,755	0	282,806	14.2%	0	0.0%	282,806	14.2%	(2,995)	\$2.51
Class C	1,071,479	0	36,834	3.4%	0	0.0%	36,834	3.4%	(4)	\$2.06
<b>Total</b>	<b>3,392,707</b>	<b>0</b>	<b>334,411</b>	<b>9.9%</b>	<b>0</b>	<b>0.0%</b>	<b>334,411</b>	<b>9.9%</b>	<b>(2,999)</b>	<b>\$2.52</b>
<b>Oakland Downtown</b>										
Class A	8,359,451	0	1,793,545	21.5%	332,001	4.0%	2,125,546	25.4%	(17,647)	\$5.20
Class B	7,290,478	0	1,104,800	15.2%	148,088	2.0%	1,252,888	17.2%	25,011	\$4.45
Class C	1,256,400	0	87,920	7.0%	9,992	0.8%	97,912	7.8%	(730)	\$3.07
<b>Total</b>	<b>16,906,329</b>	<b>0</b>	<b>2,986,265</b>	<b>17.7%</b>	<b>490,081</b>	<b>2.9%</b>	<b>3,476,346</b>	<b>20.6%</b>	<b>6,634</b>	<b>\$4.24</b>
<b>Oakland Port/Jack London</b>										
Class A	0	0	0	-	0	-	0	-	0	
Class B	824,965	0	127,197	15.4%	13,373	1.6%	140,570	17.0%	6,100	\$3.60
Class C	288,884	0	9,366	3.2%	0	0.0%	9,366	3.2%	(1,247)	\$3.17
<b>Total</b>	<b>1,113,849</b>	<b>0</b>	<b>136,563</b>	<b>12.3%</b>	<b>13,373</b>	<b>1.2%</b>	<b>149,936</b>	<b>13.5%</b>	<b>4,853</b>	<b>\$3.39</b>
<b>Oakland North</b>										
Class A	0	0	0	-	0	-	0	-	0	
Class B	1,137,760	0	112,040	9.8%	65,778	5.8%	177,818	15.6%	589	\$3.12
Class C	679,696	0	29,983	4.4%	26,612	3.9%	56,595	8.3%	(9,210)	
<b>Total</b>	<b>1,817,456</b>	<b>0</b>	<b>142,023</b>	<b>7.8%</b>	<b>92,390</b>	<b>5.1%</b>	<b>234,413</b>	<b>12.9%</b>	<b>(8,621)</b>	<b>\$3.12</b>
<b>Richmond/San Pablo</b>										
Class A	0	0	0	-	0	-	0	-	0	
Class B	946,495	0	129,800	13.7%	0	0.0%	129,800	13.7%	7,388	\$2.21
Class C	500,688	0	11,000	2.2%	0	0.0%	11,000	2.2%	(92)	\$1.68
<b>Total</b>	<b>1,447,183</b>	<b>0</b>	<b>140,800</b>	<b>9.7%</b>	<b>0</b>	<b>0.0%</b>	<b>140,800</b>	<b>9.7%</b>	<b>7,296</b>	<b>\$1.95</b>
<b>San Leandro</b>										
Class A	132,725	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	1,043,949	0	26,080	2.5%	0	0.0%	26,080	2.5%	1,085	\$2.58
Class C	390,331	0	5,910	1.5%	0	0.0%	5,910	1.5%	6,870	\$2.08
<b>Total</b>	<b>1,567,005</b>	<b>0</b>	<b>31,990</b>	<b>2.0%</b>	<b>0</b>	<b>0.0%</b>	<b>31,990</b>	<b>2.0%</b>	<b>7,955</b>	<b>\$2.33</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	0	0	0	-	0	-	0	-	0	
Class B	72,879	0	0	0.0%	0	0.0%	0	0.0%	0	\$1.69
Class C	64,176	0	2,598	4.0%	0	0.0%	2,598	4.0%	1,097	\$1.65
<b>Total</b>	<b>137,055</b>	<b>0</b>	<b>2,598</b>	<b>1.9%</b>	<b>0</b>	<b>0.0%</b>	<b>2,598</b>	<b>1.9%</b>	<b>1,097</b>	<b>\$1.69</b>
<b>Oakland I-80/880 Market Totals</b>										
Class A	11,926,016	0	2,202,057	18.5%	609,963	5.1%	2,812,020	23.6%	(124,907)	\$3.76
Class B	20,518,640	0	2,595,499	12.6%	285,832	1.4%	2,881,331	14.0%	3,076	\$2.90
Class C	8,114,039	0	417,063	5.1%	44,996	0.6%	462,059	5.7%	41,050	\$2.24
<b>Total</b>	<b>40,558,695</b>	<b>0</b>	<b>5,214,619</b>	<b>12.9%</b>	<b>940,791</b>	<b>2.3%</b>	<b>6,155,410</b>	<b>15.2%</b>	<b>(80,781)</b>	<b>\$2.96</b>
<b>Dublin</b>										
Class A	1,328,114	0	305,845	23.0%	112,176	8.4%	418,021	31.5%	(93,367)	\$3.23
Class B	657,842	0	38,475	5.8%	0	0.0%	38,475	5.8%	2,889	\$2.37
Class C	141,692	0	3,809	2.7%	0	0.0%	3,809	2.7%	(933)	\$2.18
<b>Total</b>	<b>2,127,648</b>	<b>0</b>	<b>348,129</b>	<b>16.4%</b>	<b>112,176</b>	<b>5.3%</b>	<b>460,305</b>	<b>21.6%</b>	<b>(91,411)</b>	<b>\$2.59</b>
<b>Pleasanton</b>										
Class A	2,036,644	0	199,198	9.8%	107,163	5.3%	306,361	15.0%	(30,772)	\$3.39
Class B	5,064,003	0	833,303	16.5%	248,984	4.9%	1,082,287	21.4%	(51,077)	\$2.73
Class C	297,443	0	25,977	8.7%	0	0.0%	25,977	8.7%	10,869	\$2.27
<b>Total</b>	<b>7,398,090</b>	<b>0</b>	<b>1,058,478</b>	<b>14.3%</b>	<b>356,147</b>	<b>4.8%</b>	<b>1,414,625</b>	<b>19.1%</b>	<b>(70,980)</b>	<b>\$2.80</b>
<b>Livermore</b>										
Class A	0	0	0	-	0	-	0	-	0	
Class B	960,593	0	144,207	15.0%	71,161	7.4%	215,368	22.4%	(18,601)	\$2.09
Class C	226,625	0	69,575	30.7%	0	0.0%	69,575	30.7%	0	\$1.82
<b>Total</b>	<b>1,187,218</b>	<b>0</b>	<b>213,782</b>	<b>18.0%</b>	<b>71,161</b>	<b>6.0%</b>	<b>284,943</b>	<b>24.0%</b>	<b>(18,601)</b>	<b>\$1.96</b>
<b>Tri-Valley Market Totals</b>										
Class A	3,364,758	-	505,043	15.0%	219,339	6.5%	724,382	21.5%	(124,139)	\$3.31
Class B	6,682,438	-	1,015,985	15.2%	320,145	4.8%	1,336,130	20.0%	(66,789)	\$2.40
Class C	665,760	-	99,361	14.9%	0	0.0%	99,361	14.9%	9,936	\$2.09
<b>Total</b>	<b>10,712,956</b>	<b>0</b>	<b>1,620,389</b>	<b>15.1%</b>	<b>539,484</b>	<b>5.0%</b>	<b>2,159,873</b>	<b>20.2%</b>	<b>(180,992)</b>	<b>\$2.60</b>
<b>TOTAL EAST BAY</b>										
Class A	26,430,212	295,950	4,817,646	18.2%	1,021,834	3.9%	5,839,480	22.1%	(161,669)	\$3.50
Class B	41,570,877	0	5,581,382	13.4%	923,713	2.2%	6,505,095	15.6%	30,912	\$2.60
Class C	11,537,830	0	665,761	5.8%	45,996	0.4%	711,757	6.2%	59,649	\$1.71
<b>TOTAL</b>	<b>79,538,919</b>	<b>295,950</b>	<b>11,064,789</b>	<b>13.9%</b>	<b>1,991,543</b>	<b>2.5%</b>	<b>13,056,332</b>	<b>16.4%</b>	<b>(71,108)</b>	<b>\$2.60</b>





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**TRI Commercial | Q3 Market Trends 2022**



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