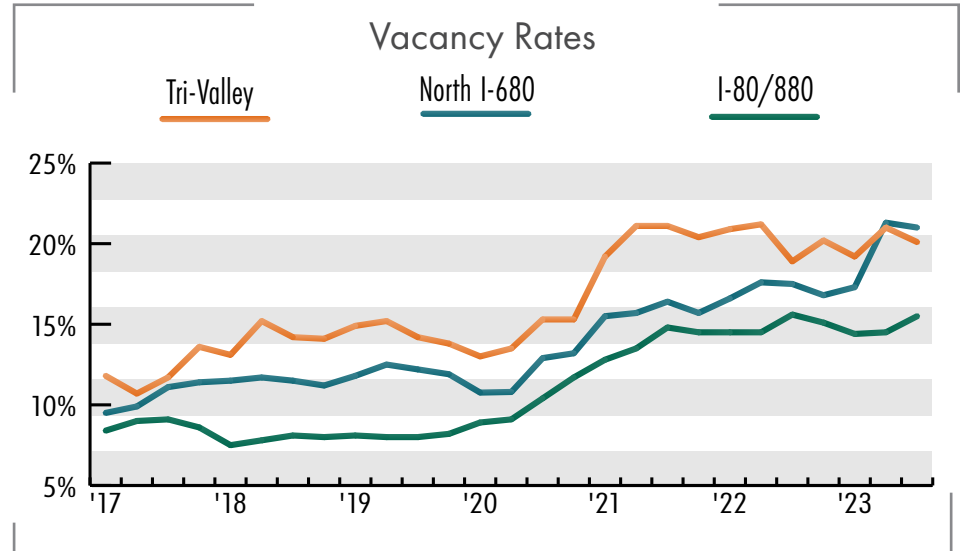




EAST BAY OFFICE

- The East Bay Office Market at the end of the 3rd quarter continued the three-year trend of increased vacancies and negative absorption. Office vacancies for all classes averaged 18.1% with an additional $\pm 280,000$ sf of negative absorption or space vacant added to the market. The velocity of lease transactions per month continues at historical lows.
- Remote work trends, companies renewing in place with smaller office footprints (i.e., in some cases shrinking by over 50%), and companies migrating out of the East Bay due to high housing costs continues.
- Downtown Oakland continues to struggle with Class A office vacancies increasing to $\pm 23.9\%$ with a third quarter negative absorption of $\pm 355,678$ sf.
- TriValley Class A Vacancy increased to $\pm 26.7\%$ with a third quarter negative while North 680 Corridor Class A Vacancy at $\pm 31.4\%$. Class B vacancies in the East Bay reached $\pm 15.8\%$.



EAST BAY SIGNPOST FIGURES

TRENDING

YTD Net Absorption	-2,226,236 SF	∨
Class A Vacancy Rate	26.7%	∧
Sublease % (All Classes)	2.2%	∨
Under Construction	0 SF	

FOCUSED FIGURES

I-80/880 Corridor Avg Rate	\$2.97/PSF Asking
DT Walnut Creek Vacant SF	1,032,059 SF

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- Sublease space in the East Bay increased to over $\pm 1,700,000$ with this expected to increase over the next several quarters.
- Major CRE lenders, because of soft markets and Federal Reserve pressure limited new construction financing for office buildings. In addition, equity ratios for existing loans were raised requiring owners to put more funds into their buildings to prevent foreclosure.
- Actual Foreclosures were less than projected as lenders and equity partners worked with their clients. At the same time, some buildings loom on the verge of distressed status. 1440 Broadway in Oakland was transferred to its lender.
- Fremont-based Lam Research bought a portfolio of 5 buildings that it currently occupies reflecting a trend to take advantage of low office building values.
- CCIG bought One Concord Center at \$109 psf at a value of of less than 20% of replacement value.
- Lease transactions tended to be small in the North 680 Corridor
- Muir Pulmonary leased 6,769 sf of Class A office space at 2700 Ygnacio Valley Road in Walnut Creek., Axis Construction leased 4,522 sf of Class A office space in Concord. Delta Dental expanded and renewed at 1333 Broadway to 24,525 sf while East Bay Community Energy expanded and leased 20,977 sf at 1999 Harrison Street Oakland. Tri-Valley leased some larger spaces with Unchained Labs leasing 121,000 sf in Pleasanton and Sharp Business Systems leasing 19,000 sf, also in Pleasanton.

