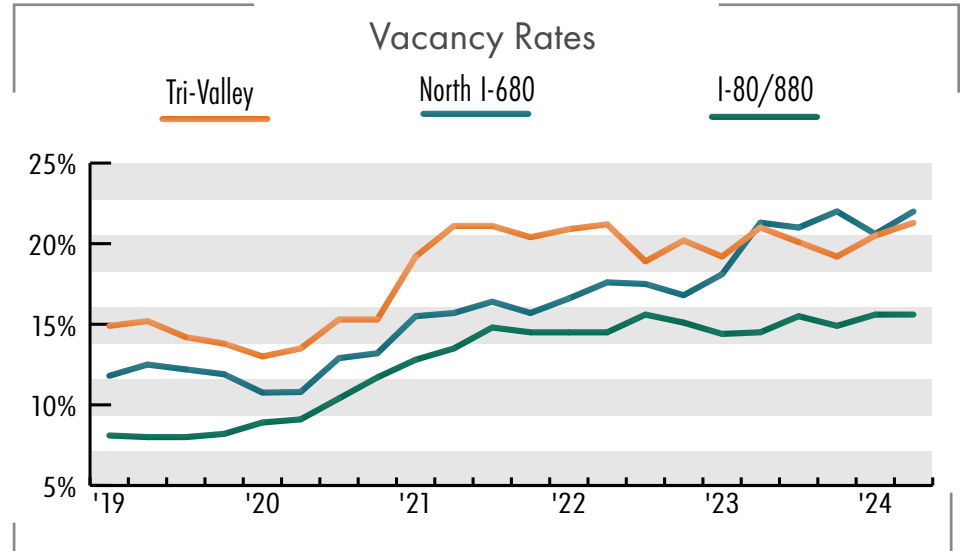


EAST BAY OFFICE

- In the second quarter office vacancies continued to increase, and negative absorption continued.
- Goldman Sachs predicts that after 8 consecutive quarters of transaction volume decline in the national office submarket, that the bottom has been hit - within a year and half, transactions will likely begin to recover.
- In Q2, office leasing in San Francisco was dominated by AI firms, who made up 25% of the new lease, renewal, and sublease activity.
- Hines Development has announced a new redevelopment that would replace a conventional shopping center in Dublin to a larger campus including shopping, new homes and 535,000 SF of R&D space. If able to clear the Dublin City government, this development confirms the new real estate economic drivers that tenants and employers are looking for from the commercial sector.



EAST BAY SIGNPOST FIGURES

TRENDING

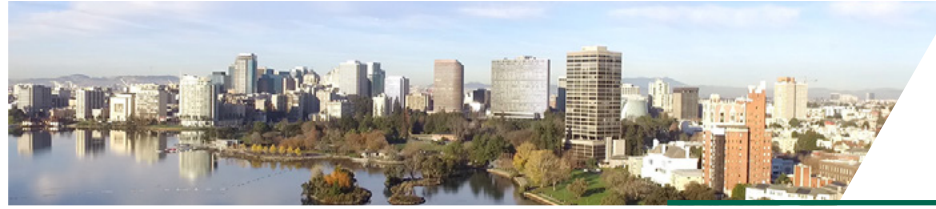
YTD Net Absorption	-269,342 SF	∨
Class A Vacancy Rate	26.8%	∧
Sublease % (All Classes)	3.0%	∨
Under Construction	0 SF	

FOCUSED FIGURES

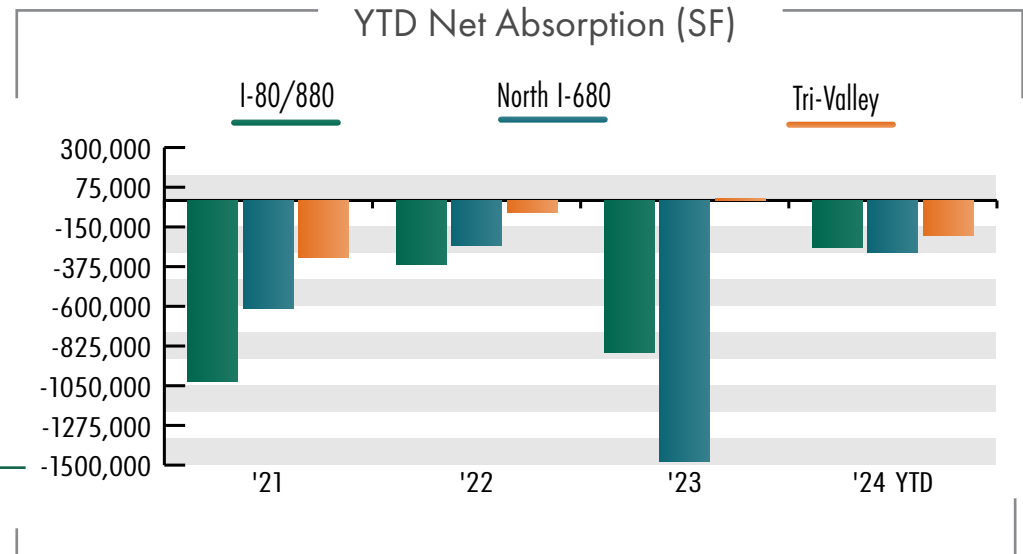
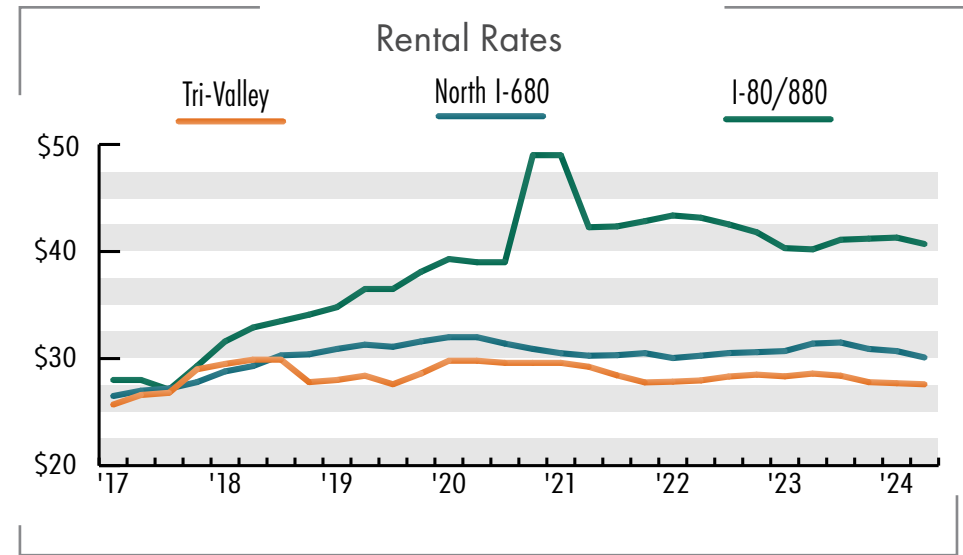
East Contra Costa County Vacancy	10.0%
Regional Rents Year Over Year	-0.3%

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- Despite the much-publicized failures of WeWork, BisNow reported that over the course of the previous 18 months, the coworking sector saw a 20% increase.
- Several more Oakland office buildings hit default status, including downtown 1700 Broadway, as well as a couple along Hegenberger Road. Each had been acquired by Vertical Ventures less than a decade ago. At 30%-50% vacancy, it is clear that weaker assets unable to attract tenants are still liabilities to investors.
- A CoStar report in June indicated that deeds-in-lieu, a type of foreclosure that is voluntary has decreased in frequency nationwide. This trend reflects fewer investors who aren't willing to "weather the storm" have already dropped out of their untenable investments and have corrected their portfolios. A generous read could grant that there are more building owners who see a light at the end of the tunnel and are willing to bear a few more quarters of red numbers.



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