



FOURTH
QUARTER 2020

EAST BAY
OFFICE
REPORT

VACANCY & RENTS

2020 Year-To-Date Net Absorption Eclipses Previous Year

The East Bay office market saw more than 10 million square feet of vacant space at the end of 2020. Prolonged state and county shutdowns have kept employees away from offices, combined with remote work at home trends, caused a flurry of vacancies, as companies shed space to offset revenue losses, especially in the San Francisco market. While the East Bay office market hasn't seen such a dramatic shed, landlords across the board have quickly turned to securing renewals, offering concessions to keep occupancy levels intact. More than 1.7 million square feet of sublease space is on the market, a record above previous recessions. Look for Companies in the coming years to relocate from Downtowns across the country to their suburbs - especially out of San Francisco to the Greater East Bay, to the Southeast, especially TriValley/Tracy, and to the Northeast to Concord and Fairfield to locate closer to their work force due to cost of housing, lower labor rates, and fewer business taxes.

YTD Net Absorption

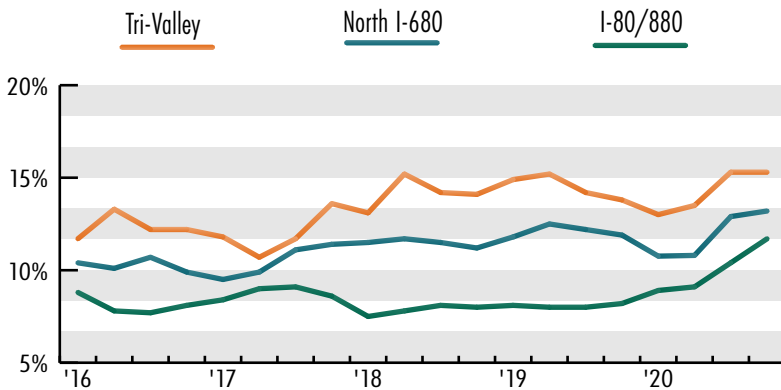
-390,068 SF

Sublease Vacancy Q2 vs Q3 20

+690,832 SF

*Contraction Velocity Slows As Landlords Negotiate Current Tenants:
Total Vacant Square Feet Tops 10 Million*

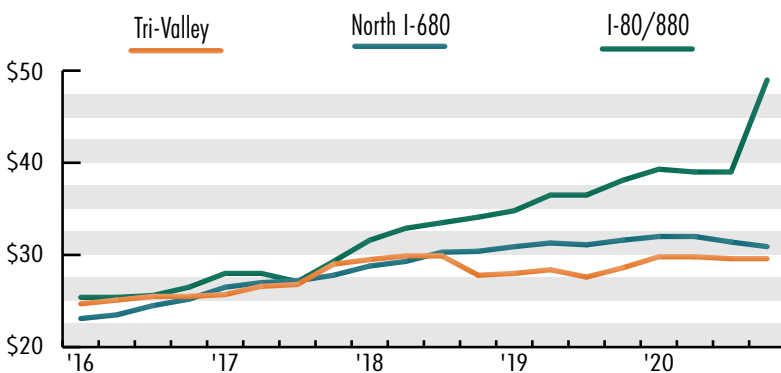
VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

+0.9%

AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (QoQ)

+1.2%

DEMAND & ECONOMY



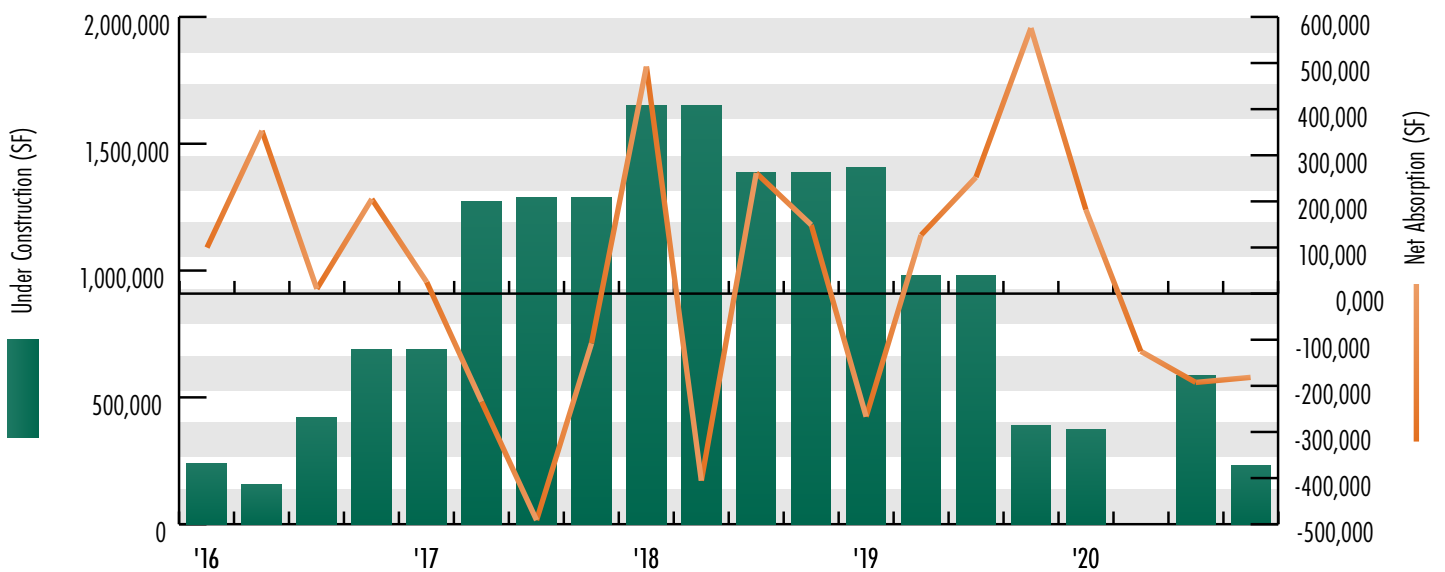
Unemployment Surges

Despite weak leasing fundamentals, the unemployment rate in the Oakland-Hayward-Berkeley metro recovered to 6.8% in November 2020, down from summer peaks at 9.5% in August 2020. National unemployment also recovered reporting 6.7% in November.

Rental Rates Projected to Drop Further

While rental rates are still well above historical averages, this trend is unlikely to continue as landlords experience a strain in keeping tenants in place and finding new ones. As lenders begin to put pressure on owner-occupancy requirements expect to see some assets fall onto the troubled watch list. Concessions have quickly returned as landlords offer renewal rates, blend and extend and rent forgiveness to meet these requirements.

UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
AGENUS	6455 Christie Ave, Emeryville	Direct	83,620	Class A
CA DOJ	5601 Arnold Rd, Dublin	Direct	20,134	Class A
THERAPEUTIC PATHWAYS	5601 Arnold Rd, Dublin	Renewal	13,455	Class A
SELECT QUOTE INSURANCE	1440 Broadway, Oakland	Direct	8,623	Class B

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$340

Average Sale CAP Rate

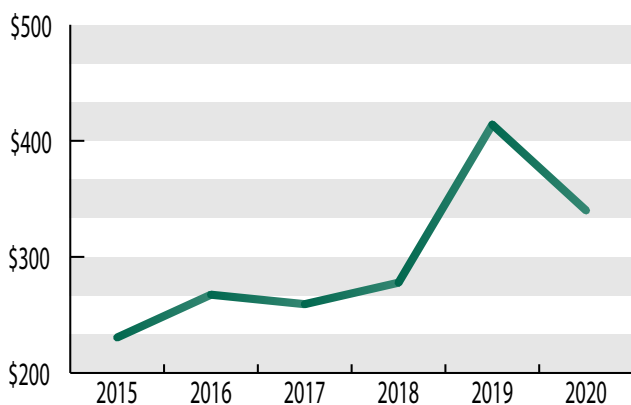


5.8%

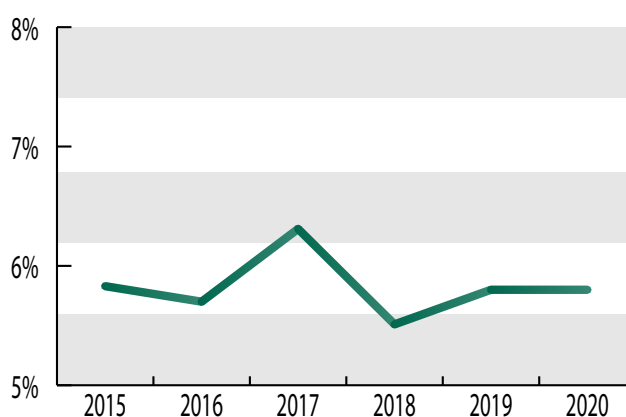
Transaction Volume Halts

Investment volumes ironically ended the year strong with a few significant transactions in Q4. TMG Partners closed on a 910,000 square foot, Class A office at 300 Lakeside in Oakland for more than \$450 million. The owners announced earlier in the year it will be fully leased to PG&E who is relocating its headquarters from San Francisco. Another stellar transaction was the sale of Hollis Business Center, a two-building life science conversion for more than \$129.5 million. While total investment volume is down more than 60%, we anticipate more transactions in 2021 as dry power waits for market opportunity.

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
300 Lakeside Dr, Oakland	913,428	\$449,700,000	\$492.32	TMG Partners
6401 Hollis St, Emeryville	227,696	\$129,500,000	\$568.74	Beacon Capital Partners
5601 Arnold Rd, Dublin	120,199	\$34,700,000	\$288.69	Toda Corporation

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	995,454	-	123,048	12.4%	4,156	0.4%	127,204	12.8%	-	\$2.31
Class C	398,383	-	27,365	6.9%	-	0.0%	27,365	6.9%	-	\$1.89
Total	1,393,837	-	150,413	10.8%	4,156	0.3%	154,569	11.1%	-	\$1.94
Concord										
Class A	3,403,812	-	484,601	14.2%	18,028	0.5%	502,629	14.8%	1,480	\$2.50
Class B	1,453,943	-	134,374	9.2%	-	0.0%	134,374	9.2%	-	\$2.13
Class C	577,898	-	15,270	2.6%	-	0.0%	15,270	2.6%	-	\$1.75
Total	5,435,653	-	634,245	11.7%	18,028	0.3%	652,273	12.0%	1,480	\$2.11
Danville/Alamo										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	715,057	-	68,319	9.6%	15,159	2.1%	83,478	11.7%	4,087	\$3.00
Class C	262,477	-	7,928	3.0%	-	0.0%	7,928	3.0%	(3,977)	\$2.80
Total	977,534	-	76,247	7.8%	15,159	1.6%	91,406	9.4%	110	\$2.80
Lamorinda										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	854,454	-	101,003	11.8%	4,593	0.5%	105,596	12.4%	(1,305)	\$3.53
Class C	197,967	-	1,883	1.0%	-	0.0%	1,883	1.0%	-	-
Total	1,052,421	-	102,886	9.8%	4,593	0.4%	107,479	10.2%	(1,305)	\$3.53
Martinez										
Class A	112,904	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	437,409	12,296	36,791	8.4%	-	0.0%	36,791	8.4%	-	\$1.84
Class C	246,524	-	11,751	4.8%	-	0.0%	11,751	4.8%	-	\$1.70
Total	796,837	12,296	48,542	6.1%	-	0.0%	48,542	6.1%	-	\$1.81
Pleasant Hill										
Class A	134,000	-	4,787	3.6%	1,847	1.4%	6,634	5.0%	-	\$2.87
Class B	765,952	-	86,579	11.3%	3,125	0.4%	89,704	11.7%	2,607	\$2.10
Class C	183,227	-	17,817	9.7%	-	0.0%	17,817	9.7%	-	\$1.87
Total	1,083,179	-	109,183	10.1%	4,972	0.5%	114,155	10.5%	2,607	\$2.44
San Ramon										
Class A	3,785,224	-	316,281	8.4%	12,725	0.3%	329,006	8.7%	(992)	\$3.31
Class B	5,469,357	-	549,399	10.0%	251,322	4.6%	800,721	14.6%	(5,357)	\$2.89
Class C	204,071	-	6,133	3.0%	-	0.0%	6,133	3.0%	-	\$1.93
Total	9,458,652	-	871,813	9.2%	264,047	2.8%	1,135,860	12.0%	(6,349)	\$3.06
Shadelands										
Class A	107,146	-	81,594	76.2%	-	0.0%	81,594	76.2%	-	\$2.75
Class B	1,251,784	-	247,809	19.8%	-	0.0%	247,809	19.8%	(2,200)	\$2.09
Class C	284,504	-	2,133	0.7%	-	0.0%	2,133	0.7%	-	-
Total	1,643,434	-	331,536	20.2%	-	0.0%	331,536	20.2%	(2,200)	\$2.40
Walnut Creek BART Dwn										
Class A	2,492,712	-	434,694	17.4%	78,113	3.1%	512,807	20.6%	(6,820)	\$4.26
Class B	2,436,697	-	283,590	11.6%	26,342	1.1%	309,932	12.7%	(2,938)	\$3.11
Class C	542,570	-	62,521	11.5%	-	0.0%	62,521	11.5%	775	\$2.40
Total	5,471,979	-	780,805	14.3%	104,455	1.9%	885,260	16.2%	(8,983)	\$3.78
Walnut Creek/Pleasant Hill BART										
Class A	1,275,181	-	174,531	13.7%	78,890	6.2%	253,421	19.9%	-	\$3.99
Class B	629,987	-	99,243	15.8%	-	0.0%	99,243	15.8%	-	\$3.50
Class C	-	-	-	-	-	-	-	-	-	-
Total	1,905,168	-	273,774	14.4%	78,890	4.1%	352,664	18.5%	(2,291)	\$3.89
North I-680 Market Totals										
Class A	11,310,979	-	1,496,488	13.2%	189,603	1.7%	1,686,091	14.9%	(6,332)	\$3.28
Class B	15,010,094	12,296	1,730,155	11.5%	304,697	2.0%	2,034,852	13.6%	(5,106)	\$2.65
Class C	2,897,621	-	152,801	5.3%	-	0.0%	152,801	5.3%	(3,202)	\$2.05
Total	29,218,694	12,296	3,379,444	11.6%	494,300	1.7%	3,873,744	13.3%	(14,640)	\$3.09

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	2,141,883	-	249,364	11.6%	18,810	0.9%	268,174	12.5%	-	\$2.88
Class C	1,110,040	-	42,094	3.8%	-	0.0%	42,094	3.8%	-	\$1.61
Total	3,251,923	220,710	291,458	9.0%	18,810	0.6%	310,268	9.5%	-	\$2.82
Berkeley										
Class A	300,000	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	2,706,369	-	133,762	4.9%	12,900	0.5%	146,662	5.4%	(5,521)	\$3.78
Class C	1,203,558	-	98,892	8.2%	18,805	1.6%	117,697	9.8%	(4,092)	\$3.50
Total	4,209,927	-	232,654	5.5%	31,705	0.8%	264,359	6.3%	(9,613)	\$3.73
Emeryville										
Class A	2,354,730	-	350,584	14.9%	122,139	5.2%	472,723	20.1%	(1,836)	\$4.52
Class B	1,425,083	-	275,356	19.3%	51,805	3.6%	327,161	23.0%	-	\$4.50
Class C	424,071	-	29,207	6.9%	-	0.0%	29,207	6.9%	-	-
Total	4,203,884	-	655,147	15.6%	173,944	4.1%	829,091	19.7%	(1,836)	\$4.51
Hayward										
Class A	175,918	-	-	0.0%	-	0.0%	-	0.0%	-	-
Class B	767,502	-	59,299	7.7%	1,170	0.2%	60,469	7.9%	(923)	\$2.03
Class C	970,722	-	21,831	2.2%	-	0.0%	21,831	2.2%	-	\$1.97
Total	1,914,142	-	81,130	4.2%	1,170	0.1%	82,300	4.3%	(923)	\$2.03
Oakland - South/Airport										
Class A	332,473	-	21,901	6.6%	-	0.0%	21,901	6.6%	(2,728)	\$2.85
Class B	2,311,534	-	166,941	7.2%	17,157	0.7%	184,098	8.0%	-	\$2.43
Class C	1,086,926	-	43,057	4.0%	2,720	0.3%	45,777	4.2%	-	\$1.94
Total	3,730,933	-	231,899	6.2%	19,877	0.5%	251,776	6.7%	(2,728)	\$2.35
Oakland Downtown										
Class A	8,364,974	351,400	1,204,194	14.4%	235,079	2.8%	1,439,273	17.2%	(1,668)	\$5.23
Class B	6,961,966	-	724,389	10.4%	326,906	4.7%	1,051,295	15.1%	10,208	\$4.65
Class C	1,175,050	-	91,445	7.8%	3,323	0.3%	94,768	8.1%	-	\$4.26
Total	16,501,990	351,400	2,020,028	12.2%	565,308	3.4%	2,585,336	15.7%	8,540	\$5.05
Oakland Port/Jack London										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	936,135	-	91,490	9.8%	20,475	2.2%	111,965	12.0%	-	\$4.34
Class C	564,308	-	22,786	4.0%	-	0.0%	22,786	4.0%	-	\$4.15
Total	1,500,443	-	114,276	7.6%	20,475	1.4%	134,751	9.0%	-	\$4.22
Oakland North										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	1,066,890	-	75,133	7.0%	-	0.0%	75,133	7.0%	(21,000)	\$3.60
Class C	699,220	-	26,649	3.8%	4,889	0.7%	31,538	4.5%	-	\$3.03
Total	1,766,110	-	101,782	5.8%	4,889	0.3%	106,671	6.0%	(21,000)	\$3.21
Richmond/San Pablo										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	922,927	-	73,349	7.9%	13,537	1.5%	86,886	9.4%	(7,431)	\$2.23
Class C	464,025	-	4,499	1.0%	-	0.0%	4,499	1.0%	-	\$1.94
Total	1,386,952	-	77,848	5.6%	13,537	1.0%	91,385	6.6%	(7,431)	\$2.21
San Leandro										
Class A	132,725	-	-	-	-	-	-	-	-	-
Class B	1,027,586	-	51,655	5.0%	-	0.0%	51,655	5.0%	-	\$3.15
Class C	489,886	-	32,379	6.6%	1,985	0.4%	34,364	7.0%	-	\$2.08
Total	1,650,197	-	84,034	5.1%	1,985	0.1%	86,019	5.2%	-	\$2.91

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	-	3,508	3.5%	-	0.0%	3,508	3.5%	-	\$2.80
Class C	64,176	-	-	0.0%	-	0.0%	-	0.0%	-	\$1.69
Total	163,298	-	3,508	2.1%	-	0.0%	3,508	2.1%	-	\$1.71
Oakland I-80/880 Market Totals										
Class A	11,660,820	572,110	1,576,679	13.5%	357,218	3.1%	1,933,897	16.6%	(6,232)	\$4.20
Class B	20,366,997	-	1,904,246	9.3%	462,760	2.3%	2,367,006	11.6%	(24,667)	\$3.31
Class C	8,251,982	-	412,839	5.0%	31,722	0.4%	444,561	5.4%	(4,092)	\$2.62
Total	40,279,799	572,110	3,893,764	9.7%	851,700	2.1%	4,745,464	11.8%	(34,991)	\$3.90
Dublin										
Class A	979,881	-	85,916	8.8%	118,608	12.1%	204,524	20.9%	(39,434)	\$3.36
Class B	724,574	-	23,831	3.3%	803	0.1%	24,634	3.4%	-	\$2.14
Class C	141,692	-	6,575	4.6%	-	0.0%	6,575	4.6%	-	\$1.96
Total	1,846,147	-	116,322	6.3%	119,411	6.5%	235,733	12.8%	(39,434)	\$2.98
Pleasanton										
Class A	1,937,248	-	171,810	8.9%	98,034	5.1%	269,844	13.9%	-	\$3.44
Class B	5,564,898	-	815,295	14.7%	192,485	3.5%	1,007,780	18.1%	1,529	\$2.85
Class C	379,086	-	54,313	14.3%	-	0.0%	54,313	14.3%	-	\$2.58
Total	7,881,232	-	1,041,418	13.2%	290,519	3.7%	1,331,937	16.9%	1,529	\$2.98
Livermore										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	952,027	-	75,505	7.9%	71,161	7.5%	146,666	15.4%	(69,598)	\$2.20
Class C	194,655	-	52,948	27.2%	-	0.0%	52,948	27.2%	-	-
Total	1,146,682	-	128,453	11.2%	71,161	6.2%	199,614	17.4%	(69,598)	\$2.20
Tri-Valley Market Totals										
Class A	2,917,129	-	257,726	8.8%	216,642	7.4%	474,368	16.3%	(39,434)	\$3.40
Class B	7,241,499	-	914,631	12.6%	264,449	3.7%	1,179,080	16.3%	(68,069)	\$2.40
Class C	715,433	-	113,836	15.9%	-	0.0%	113,836	15.9%	-	\$2.27
Total	10,874,061	-	1,286,193	11.8%	481,091	4.4%	1,767,284	16.3%	(107,503)	\$2.96
TOTAL EAST BAY										
Class A	25,888,928	572,110	3,330,893	12.9%	763,463	2.9%	4,094,356	15.8%	(51,998)	\$4.09
Class B	42,618,590	12,296	4,549,032	10.7%	1,031,906	2.4%	5,580,938	13.1%	(97,842)	\$3.02
Class C	11,865,036	-	679,476	5.7%	31,722	0.3%	711,198	6.0%	(7,294)	\$2.77
TOTAL	80,372,554	584,406	8,559,401	10.6%	1,827,091	2.3%	10,386,492	12.9%	(157,134)	\$3.32



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