



FIRST
QUARTER 2021

An aerial photograph of a city street, likely in the East Bay area, is shown with a semi-transparent green overlay. The street has multiple lanes with cars and a central median. Buildings and trees are visible on either side of the road. The green overlay is a solid color that covers the entire image, with a white triangle in the top right corner.

EAST BAY
OFFICE
REPORT

VACANCY & RENTS



2021 Office Figures Propped by Tentpole Deals

The Economy has started to recover from the Pandemic with the retail sector starting to recover and anything industrial/warehouse the most active. The suburban office market is the commercial sector that is lagging. The vast majority of office workers continued to work from home in the first months of 2021. Companies are "right sizing their" office headcounts, planning on a permanent percentage of employees working remotely along with the automation of certain back office functions. Predictions have varied as to how much of the office workforce will be permanently working from home here on out, as high as 40% to as low as 15%. Pre-Covid the work from home was 5%. Projected, if 15% of the current work force works from home on a permanent basis there will be 12 million SF of office space that will be underutilized. The current numbers also point to an exodus of employers migrating west to east from the inner SF Bay area to the outer suburbs and/or out of state.

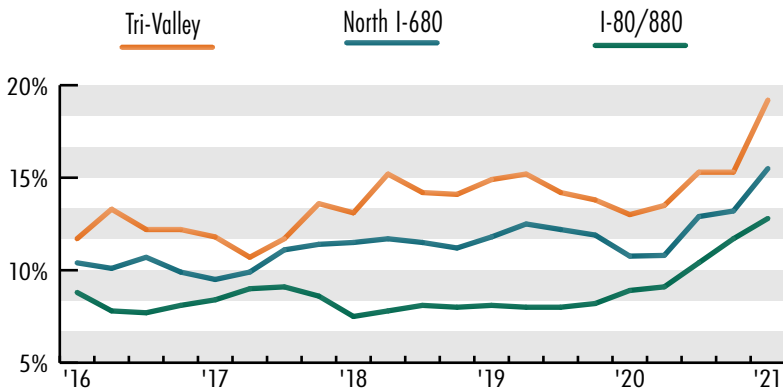
YTD Net Absorption

-1,424,975 SF

Sublease Vacancy Q4 vs Q1 2021

+251,383 SF

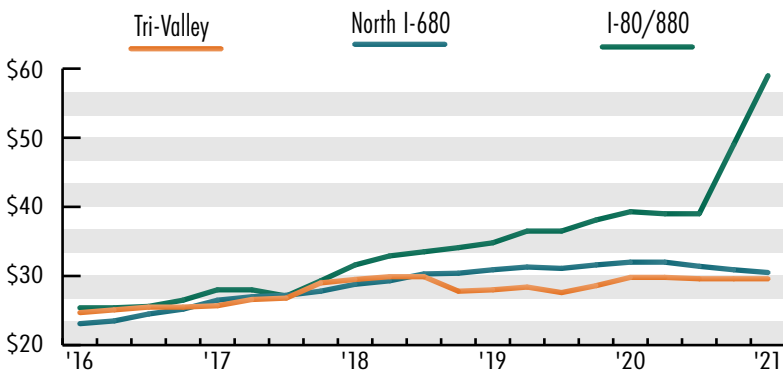
VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

+4.5%

AVERAGE RENTAL RATES | Full Service Rents



Change in Asking Rents (YoY)

+1.5%

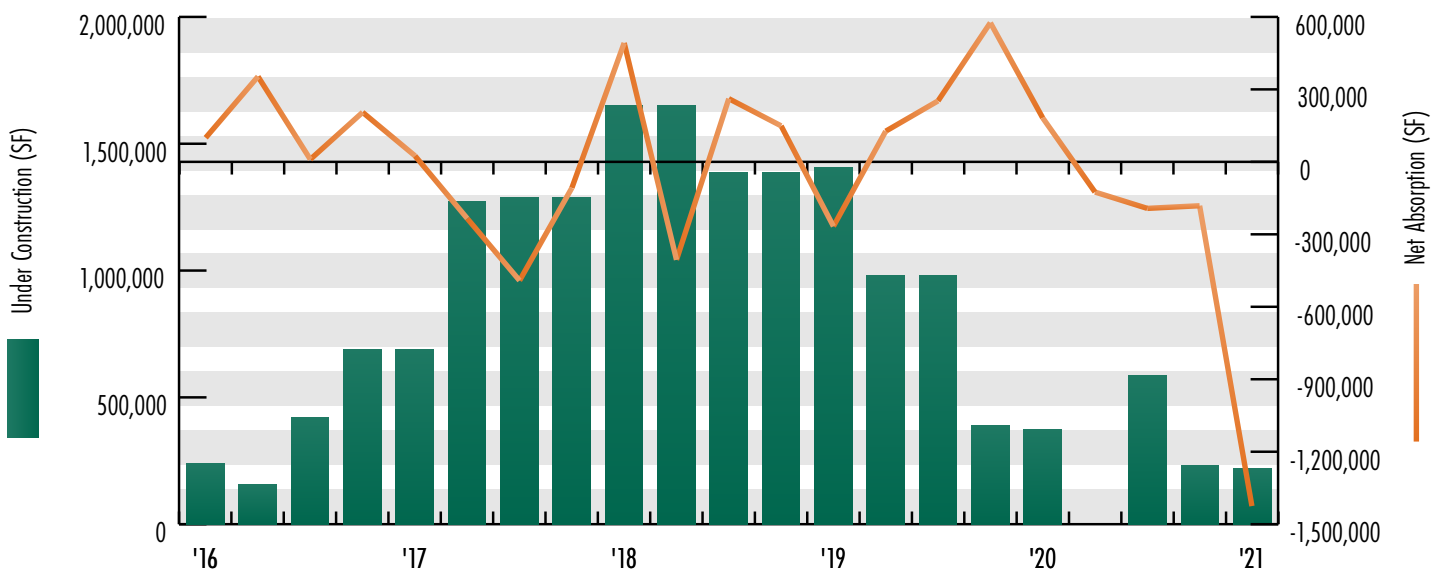
DEMAND & ECONOMY



The holding pattern affecting office occupier's decisions is proven in the decrease of lease transaction velocity year-over-year; It is down at the end of the first quarter by 48.5%. The total inventory of sublease office increased only by 219,778 SF, which was the smallest quarter-by-quarter increase through the pandemic which may be the signal that the immense release of space is slowing down. In the suburban markets, office rental rates only dipped on average 2-6%.

Office construction has slowed due to a variety of factors, office building owners & investors are unlikely to have worry and are positive on the future as the Bay Area's business clout remains strong. Evidence of this trend is reflected in the several major office lease & investment transactions detailed later in this report.

UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
GINKGO BIOWORKS	Emery Station, 5858 Horton Street, Emeryville	Direct	32,038	Class A
KAISER PERMANENTE	3825 Hopyard Road, Pleasanton	Renewal	21,538	Class B
BRG	2200 Powell Street, Emeryville	Direct	20,256	Class A
LEAPFROG SOLUTIONS	2200 Powell Street, Emeryville	Direct	20,252	Class A

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$498

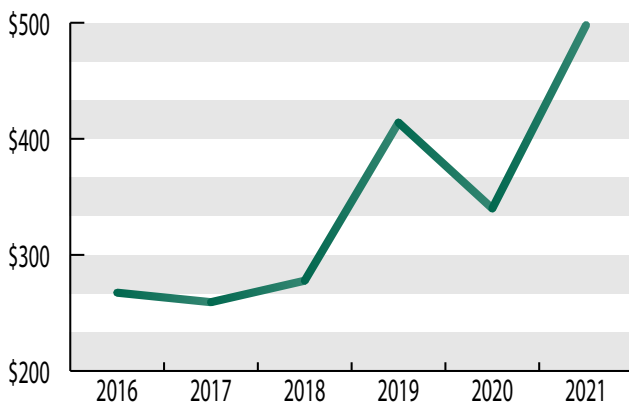
Average Sale CAP Rate



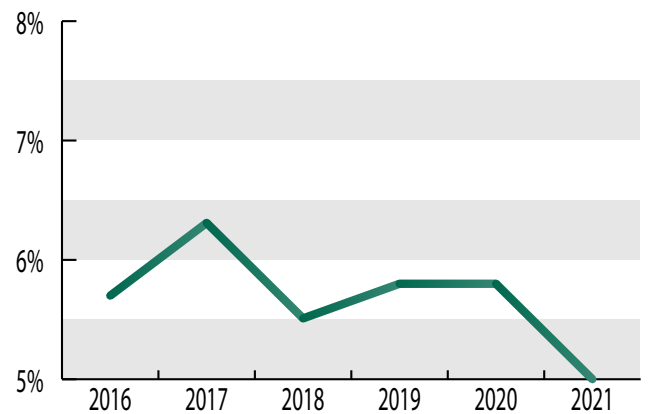
5.0%

If anything will shake off the ice from the market, it could be several major office “Tentpole Transactions” leading the way. In the first quarter of 2021, the East Bay office building sale numbers were thrown off due to the sale of Uptown Station and the new Kaiser acquisition in Downtown Oakland. These major office building sales were so large and uniquely priced that they shifted the average investment sale numbers abnormally higher. Note that excepting for the dip in sale prices from 2020 year as a whole, the first quarter’s sale trends, if not anomalous, are a continuation of the office investment spike that began back in 2018. Massive high price deals help to unfreeze the market as Medical and Tech users continue to hire and lease space.

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
1955 Broadway St, Oakland	381,622	\$419,000,000	\$1,097.95	Mapletree Investments
6110-6160 Stoneridge Mall, Pleasanton	559,829	\$172,500,000	\$308.13	Workday
5601 Arnold Rd., Dublin	120,199	\$34,700,000	\$288.69	Nome Ventures

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	965,962	-	130,648	13.5%	2,623	0.3%	134,639	13.9%	(6,067)	\$2.30
Class C	398,383	-	27,645	6.9%	-	0.0%	27,645	6.9%	(130)	\$1.44
Total	1,364,345	-	158,293	11.6%	2,623	0.2%	162,284	11.9%	(6,197)	\$1.94
Concord										
Class A	3,403,812	-	553,275	16.3%	56,353	1.7%	609,628	17.9%	(105,519)	\$2.60
Class B	1,456,943	-	135,837	9.3%	-	0.0%	135,837	9.3%	(1,463)	\$2.13
Class C	577,898	-	20,306	3.5%	-	0.0%	20,306	3.5%	(5,036)	\$1.85
Total	5,438,653	-	709,418	13.0%	56,353	1.0%	765,771	14.1%	(112,018)	\$2.12
Danville/Alamo										
Class A	50,000	-	13,228	26.5%	-	0.0%	13,228	26.5%	2,528	-
Class B	665,057	-	56,233	8.5%	11,360	1.7%	67,593	10.2%	(3,848)	\$2.81
Class C	248,631	-	7,928	3.2%	-	0.0%	7,928	3.2%	1,161	\$2.81
Total	963,688	-	77,389	8.0%	11,360	1.2%	88,749	9.2%	(159)	\$2.69
Lamorinda										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	854,454	-	97,489	11.4%	3,386	0.4%	100,875	11.8%	3,416	\$3.51
Class C	197,967	-	1,883	1.0%	-	0.0%	1,883	1.0%	-	-
Total	1,052,421	-	99,372	9.4%	3,386	0.3%	102,758	9.8%	3,416	\$3.51
Martinez										
Class A	112,904	-	-	-	-	-	-	-	-	-
Class B	449,705	-	34,727	7.7%	-	0.0%	34,727	7.7%	14,360	\$2.05
Class C	246,524	-	13,815	5.6%	-	0.0%	13,815	5.6%	(2,064)	\$1.87
Total	809,133	-	48,542	6.0%	-	0.0%	48,542	6.0%	12,296	\$2.00
Pleasant Hill										
Class A	134,000	-	4,781	3.6%	1,847	1.4%	6,628	4.9%	-	-
Class B	765,952	-	91,404	11.9%	3,125	0.4%	94,529	12.3%	907	\$2.77
Class C	183,227	-	24,994	13.6%	-	0.0%	24,994	13.6%	(7,177)	\$1.88
Total	1,083,179	-	121,179	11.2%	4,972	0.5%	126,151	11.6%	(6,270)	\$2.18
San Ramon										
Class A	3,785,224	-	529,145	14.0%	27,155	0.7%	556,300	14.7%	(228,286)	\$3.23
Class B	5,469,357	-	645,324	11.8%	248,643	4.5%	893,967	16.3%	(98,603)	\$2.81
Class C	203,785	-	16,954	8.3%	-	0.0%	16,954	8.3%	(10,821)	\$1.93
Total	9,458,366	-	1,191,423	12.6%	275,798	2.9%	1,467,221	15.5%	(337,710)	\$3.00
Shadelands										
Class A	107,146	-	81,594	76.2%	-	-	81,594	76.2%	-	\$2.75
Class B	1,251,784	-	248,429	19.8%	-	-	248,429	19.8%	(2,820)	\$2.10
Class C	284,504	-	2,133	0.7%	-	-	2,133	0.7%	-	\$1.86
Total	1,643,434	-	332,156	20.2%	-	-	332,156	20.2%	(2,820)	\$2.36
Walnut Creek BART Dtrwn										
Class A	2,492,712	-	463,475	18.6%	52,340	2.1%	515,815	20.7%	(9,828)	\$4.03
Class B	2,436,698	-	283,590	11.6%	23,005	0.9%	306,595	12.6%	(37,470)	\$2.95
Class C	482,570	-	65,392	13.6%	-	-	65,392	13.6%	(2,096)	\$2.40
Total	5,411,980	-	812,457	15.0%	75,345	1.4%	887,802	16.4%	(49,394)	\$3.58
Walnut Creek/Pleasant Hill BART										
Class A	1,275,181	-	239,126	18.8%	138,448	10.9%	377,574	29.6%	(124,153)	\$3.58
Class B	629,987	-	149,013	23.7%	-	-	149,013	23.7%	(49,770)	\$3.53
Class C	-	-	-	-	-	-	-	-	-	-
Total	1,905,168	-	388,139	20.4%	138,448	7.3%	526,587	27.6%	(2,291)	\$3.57
North I-680 Market Totals										
Class A	11,360,979	-	1,884,624	16.6%	276,143	2.4%	2,160,767	19.0%	(465,258)	\$3.38
Class B	14,945,899	-	1,872,694	12.5%	292,142	2.0%	2,166,204	14.5%	(181,358)	\$2.75
Class C	2,823,489	-	181,050	6.4%	-	-	181,050	6.4%	(26,163)	\$1.96
Total	29,130,367	-	3,938,368	13.5%	568,285	2.0%	4,508,021	15.5%	(672,779)	\$3.03

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	-	232,569	10.9%	18,810	0.9%	251,379	11.7%	16,795	\$2.17
Class C	1,110,040	-	46,947	4.2%	-	-	46,947	4.2%	(4,853)	\$2.08
Total	3,251,923	220,710	279,516	8.6%	18,810	0.6%	298,326	9.2%	11,942	\$2.17
Berkeley										
Class A	300,000	-	-	-	-	-	-	-	-	-
Class B	2,706,333	-	162,483	6.0%	20,494	0.8%	182,977	6.8%	(34,242)	\$3.74
Class C	1,519,799	-	100,604	6.6%	18,805	1.2%	119,409	7.9%	(41,836)	\$3.46
Total	4,526,132	-	263,087	5.8%	39,299	0.9%	302,386	6.7%	(76,078)	\$3.71
Emeryville										
Class A	2,354,730	-	383,961	16.3%	169,478	7.2%	553,439	23.5%	(82,552)	\$4.45
Class B	1,278,283	-	224,765	17.6%	48,605	3.8%	273,370	21.4%	53,791	\$4.10
Class C	423,491	-	28,267	6.7%	-	0.0%	28,267	6.7%	-	\$3.25
Total	4,056,504	-	636,993	15.7%	218,083	5.4%	855,076	21.1%	(28,761)	\$4.13
Hayward										
Class A	175,918	-	-	-	-	-	-	-	-	-
Class B	767,502	-	82,671	10.8%	1,170	0.2%	83,841	10.9%	24,295	\$2.02
Class C	959,035	-	19,158	2.0%	-	-	19,158	2.0%	-	\$1.50
Total	1,902,455	-	101,829	5.4%	1,170	0.1%	102,999	5.4%	24,295	\$2.01
Oakland - South/Airport										
Class A	332,473	-	17,228	5.2%	-	-	17,228	5.2%	1,945	\$2.85
Class B	2,108,345	-	164,763	7.8%	19,146	0.9%	183,909	8.7%	(1,989)	\$2.21
Class C	1,086,926	-	42,265	3.9%	2,720	0.3%	44,985	4.1%	792	\$1.92
Total	3,527,744	-	224,256	6.4%	21,866	0.6%	246,122	7.0%	748	\$2.19
Oakland Downtown										
Class A	8,244,696	351,400	1,266,979	15.4%	294,065	3.6%	1,561,044	18.9%	(135,685)	\$4.84
Class B	7,203,646	-	804,375	11.2%	347,935	4.8%	1,152,310	16.0%	(79,100)	\$4.43
Class C	1,137,467	-	81,914	7.2%	3,323	0.3%	85,237	7.5%	(2,176)	\$4.15
Total	16,585,809	351,400	2,153,268	13.0%	645,323	3.9%	2,798,591	16.9%	(216,961)	\$4.72
Oakland Port/Jack London										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	936,135	-	103,195	11.0%	20,475	2.2%	123,670	13.2%	(11,705)	\$4.22
Class C	564,308	-	27,780	4.9%	-	-	27,780	4.9%	(4,994)	\$3.32
Total	1,500,443	-	130,975	8.7%	20,475	1.4%	151,450	10.1%	(16,699)	\$4.22
Oakland North										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	1,055,434	-	69,560	6.6%	-	-	69,560	6.6%	(15,427)	\$3.07
Class C	700,731	-	62,944	9.0%	4,889	0.7%	67,833	9.7%	(11,084)	\$3.03
Total	1,756,165	-	132,504	7.5%	4,889	0.3%	137,393	7.8%	(26,511)	\$3.05
Richmond/San Pablo										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	922,927	-	105,073	11.4%	13,537	1.5%	118,610	12.9%	(39,155)	\$2.27
Class C	464,025	-	4,499	1.0%	-	-	4,499	1.0%	-	\$1.94
Total	1,386,952	-	109,572	7.9%	13,537	1.0%	123,109	8.9%	(39,155)	\$2.26
San Leandro										
Class A	132,725	-	-	-	-	-	-	-	-	-
Class B	991,326	-	31,367	3.2%	-	-	31,367	3.2%	(3,712)	\$2.34
Class C	478,882	-	28,408	5.9%	-	-	28,408	5.9%	1,985	\$2.05
Total	1,602,933	-	59,775	3.7%	-	-	59,775	3.7%	(1,727)	\$2.20

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	-	-	-	-	-	-	-	-	-
Class C	64,176	-	3,508	5.5%	-	-	3,508	5.5%	-	\$1.69
Total	163,298	-	3,508	2.1%	-	-	3,508	2.1%	-	\$1.69
Oakland I-80/880 Market Totals										
Class A	11,540,542	572,110	1,668,168	14.5%	463,543	4.0%	2,131,711	18.5%	(216,292)	\$4.67
Class B	20,210,936	-	1,980,821	9.8%	490,172	2.4%	2,470,993	12.2%	(90,449)	\$3.43
Class C	8,508,880	-	446,294	5.2%	29,737	0.3%	476,031	5.6%	(62,166)	\$3.09
Total	40,260,358	572,110	4,095,283	10.2%	983,452	2.4%	5,078,735	12.6%	(368,907)	\$4.05
Dublin										
Class A	979,881	-	85,916	8.8%	136,660	13.9%	222,576	22.7%	(57,486)	\$3.27
Class B	724,574	-	26,943	3.7%	803	0.1%	27,746	3.8%	(3,312)	\$1.94
Class C	141,692	-	6,575	4.6%	-	-	6,575	4.6%	-	\$2.13
Total	1,846,147	-	119,434	6.5%	137,463	7.4%	256,897	13.9%	(60,798)	\$2.01
Pleasanton										
Class A	1,934,891	-	456,040	23.6%	117,426	6.1%	573,466	29.6%	(303,622)	\$3.41
Class B	5,569,827	-	895,593	16.1%	169,082	3.0%	1,064,675	19.1%	(55,366)	\$2.77
Class C	379,086	-	33,859	8.9%	-	0.0%	33,859	8.9%	20,454	\$2.52
Total	7,883,804	-	1,385,492	17.6%	286,508	3.6%	1,672,000	21.2%	(338,534)	\$2.91
Livermore										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	955,508	-	74,470	7.8%	71,161	7.4%	145,631	15.2%	(71,161)	\$2.20
Class C	194,655	-	52,948	27.2%	-	-	52,948	27.2%	-	-
Total	1,150,163	-	127,418	11.1%	71,161	6.2%	198,579	17.3%	(71,161)	\$2.20
Tri-Valley Market Totals										
Class A	2,914,772	-	541,956	18.6%	254,086	8.7%	796,042	27.3%	(361,108)	\$2.88
Class B	7,249,909	-	997,006	13.8%	241,046	3.3%	1,238,052	17.1%	(129,839)	\$2.75
Class C	715,433	-	93,382	13.1%	-	-	93,382	13.1%	20,454	\$2.43
Total	10,880,114	-	1,632,344	15.0%	495,132	4.6%	2,127,476	19.6%	(470,493)	\$2.78
TOTAL EAST BAY										
Class A	25,816,293	572,110	4,094,748	15.9%	993,772	3.8%	5,088,520	19.7%	(1,042,658)	\$3.79
Class B	42,406,744	-	4,850,521	11.4%	1,023,360	2.4%	5,875,249	13.9%	(401,646)	\$2.93
Class C	12,047,802	-	720,726	6.0%	29,737	0.2%	750,463	6.2%	(67,875)	\$2.69
TOTAL	80,270,839	572,110	9,665,995	12.0%	2,046,869	2.5%	11,714,232	14.6%	(1,512,179)	\$3.31



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