



THIRD
QUARTER 2022

The background of the right side of the cover is an aerial photograph of a city street, showing buildings, trees, and a road with lane markings. A large, semi-transparent green arrow graphic points upwards from the bottom right corner, partially overlapping the street image. The text 'EAST BAY OFFICE REPORT' is overlaid on this section in white, all-caps, sans-serif font.

EAST BAY
OFFICE
REPORT

VACANCY & RENTS

- Office Vacancy Rates in the I80/880 Market remained at a decade high of 15% with Downtown Oakland at 21%, with no signs of recovery year to date.
- Leasing activity remains slow, with most transactions showing signs of businesses shifting from larger to smaller spaces. Headline-making layoffs like Meta and Twitter's recent show that some businesses are looking to right-size with their office size and use.
- Downtown Oakland experienced another bump in sublease space up to 3.8% as businesses realized the return-to-office flow didn't happen as fast as hoped.

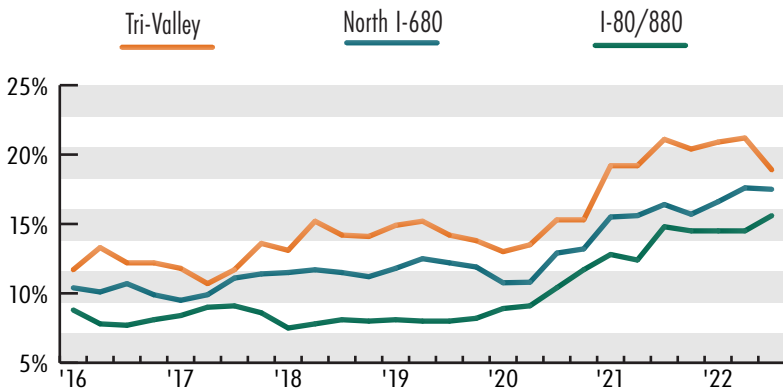
QTR Net Absorption

-182,455 SF

Sublease Vacancy Q2 vs Q3 2022

-239,285 SF

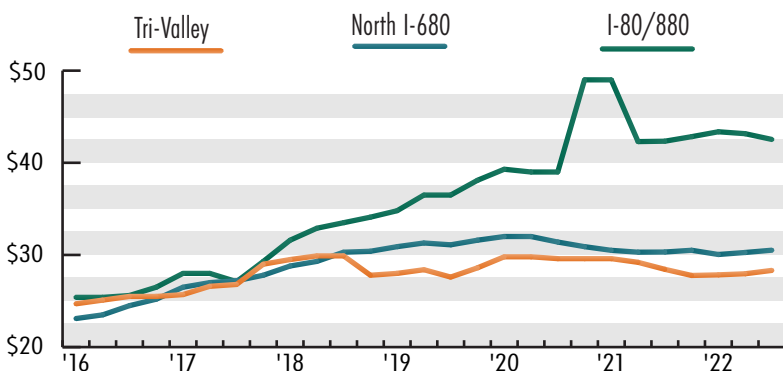
VACANCY RATES | Physically Vacant Space



Change in Vacancy (YoY)

 **-0.8%**

AVERAGE RENTAL RATES | Full Service Rents



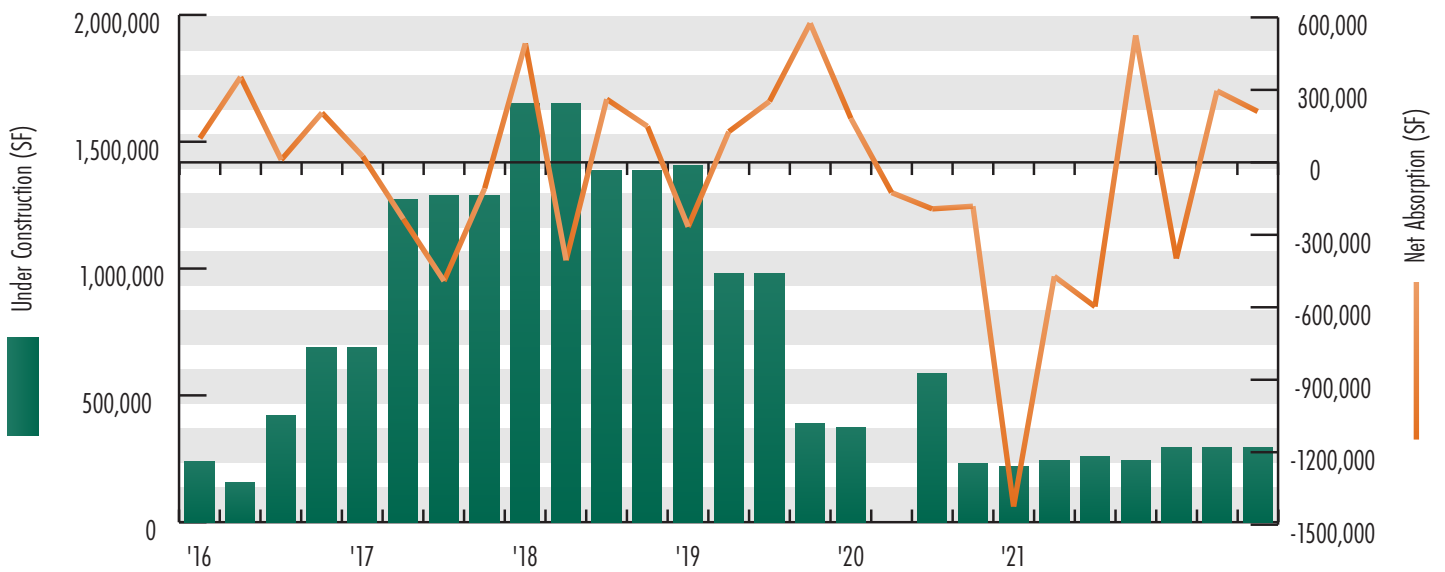
Change in Asking Rents (YoY)

 **1.1%**

DEMAND & ECONOMY

- Alternative office markets like Berkeley and Martinez fared well, dialing down vacancy slightly since quarter two. This reflects demand for smaller office spaces that are community-located, as interest in commuting to larger CBD's diminishes. The Pleasant Hill BART area, which has a massive office to resident ratio, saw rents tank \$0.70 per SF per month for this quarter.
- Chevron shrank its building footprint from 1.6 million to 400,000 as it moved its headquarters to Texas.
- The acquisition of the Chevron campus by Sunset Development in San Ramon in September leaves the market with a major question: How much office space will be warranted? And of what office space is demolished - how much, how fast?

UNDER CONSTRUCTION & NET ABSORPTION | Total Square Feet



LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Lease Type	Size (SF)	Type
Unchained Labs	4747 Willow Rd, Pleasanton	Direct	123,390	New
Ariat International	1500 Alvarado St, San Leandro	Direct	80,700	New
Regus	1900 Powell St, Emeryville	Direct	37,714	New
Superior Tile and Stone	2378 Polvorosa Dr, San Leandro	Direct	28,920	New

INVESTMENT & OUTLOOK

Average Sale Price PSF



\$157

- The East Bay did not see any new general office construction except in the Life Sciences and Medical sectors in Emeryville.
- The largest sale transaction, ringing in at \$174 million, was the Bishop Ranch Chevron campus, which over time may convert to alternative uses.

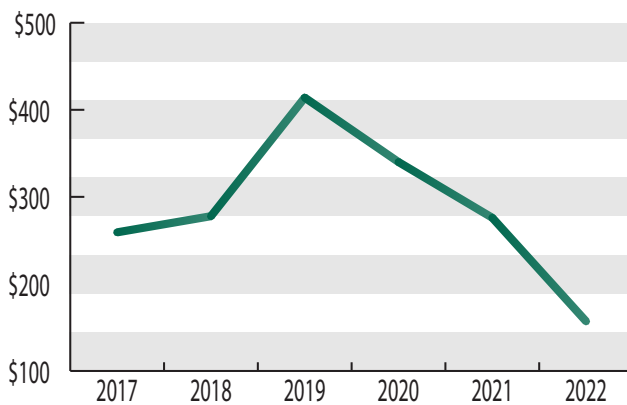
Average Sale CAP Rate



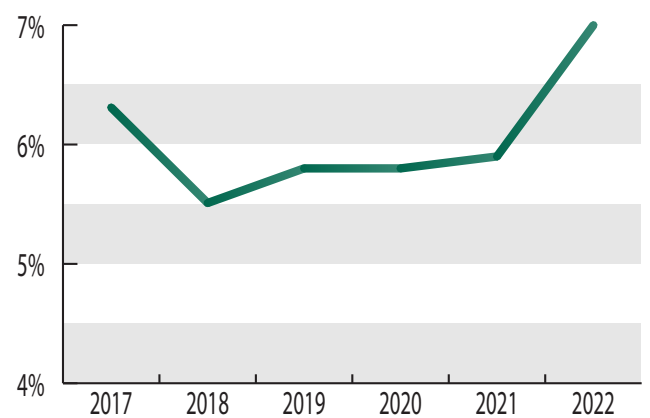
7.0%

- I-80/880 Rents dipped just below \$3.00 per SF a month, full service for the first time in many years. Although symbolic, it suggests that the search for office building developers is off the table.
- Owners with difficult-to-fill office buildings may be able to utilize funds from CA Bill 1695, which within some criteria, can be

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
6001 Bollinger County Rd, San Ramon	1.47 m	\$174.5 m	\$118	Sunset Development
2671 Crow Canyon Road, San Ramon	10,204	\$5,000,000	\$490	Quattro Development
727 Allston Way	8,800	\$3,710,000	\$422	Verdo Capital
2880 Shadelands Dr, Walnut Creek	419,589	\$48,805,000	\$116	California Group

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	0	0	0	-	0	-	0	-	0	
Class B	1,037,042	0	132,871	12.8%	5,878	0.6%	138,749	13.4%	19,745	\$1.60
Class C	410,991	0	10,325	2.5%	0	0.0%	10,325	2.5%	(4,378)	\$1.41
Total	1,448,033	0	143,196	9.9%	5,878	0.4%	149,074	10.3%	15,367	\$1.51
Concord										
Class A	3,101,118	0	682,837	22.0%	16,147	0.5%	698,984	22.5%	33,564	\$2.75
Class B	1,521,036	0	191,541	12.6%	34,800	2.3%	226,341	14.9%	31,764	\$1.80
Class C	474,885	0	13,897	2.9%	0	0.0%	13,897	2.9%	1,533	-
Total	5,097,039	0	888,275	17.4%	50,947	1.0%	939,222	18.4%	66,861	\$2.28
Danville/Alamo										
Class A	50,000	0	10,439	20.9%	0	0.0%	10,439	20.9%	2,836	-
Class B	679,559	0	54,296	8.0%	6,400	0.9%	60,696	8.9%	4,697	\$2.62
Class C	177,221	0	9,136	5.2%	0	0.0%	9,136	5.2%	-	-
Total	906,780	0	73,871	8.1%	6,400	0.7%	80,271	8.9%	7,533	\$2.62
Lamorinda										
Class A	0	0	0	-	0	-	0	-	0	
Class B	833,191	17,000	85,165	10.2%	4,155	0.5%	89,320	10.7%	8,268	\$3.43
Class C	197,967	0	3,168	1.6%	0	0.0%	3,168	1.6%	-	-
Total	1,031,158	0	88,333	8.6%	4,155	0.4%	92,488	9.0%	8,268	\$3.43
Martinez										
Class A	112,904	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	274,019	0	15,151	5.5%	0	0.0%	15,151	5.5%	1,460	\$2.19
Class C	240,781	0	17,168	7.1%	0	0.0%	17,168	7.1%	(4,267)	\$1.95
Total	627,704	0	32,319	5.1%	0	0.0%	32,319	5.1%	(2,807)	\$2.07
Pleasant Hill										
Class A	134,759	0	1,386	1.0%	0	0.0%	1,386	1.0%	0	
Class B	794,240	0	107,164	13.5%	0	0.0%	107,164	13.5%	(15,683)	\$2.25
Class C	148,071	0	20,235	13.7%	0	0.0%	20,235	13.7%	(547)	\$2.25
Total	1,077,070	0	128,785	12.0%	0	0.0%	128,785	12.0%	(16,230)	\$2.25
San Ramon										
Class A	3,784,106	0	677,387	17.9%	20,701	0.5%	698,088	18.4%	(174,589)	\$3.21
Class B	4,623,244	0	461,905	10.0%	273,934	5.9%	735,839	15.9%	(14,863)	\$2.82
Class C	203,785	0	18,997	9.3%	0	0.0%	18,997	9.3%	1,432	\$2.30
Total	8,611,135	0	1,158,289	13.5%	294,635	3.4%	1,452,924	16.9%	(188,020)	\$2.78
Shadelands										
Class A	107,146	0	85,003	79.3%	0	0.0%	85,003	79.3%	1,067	\$2.45
Class B	1,265,700	0	308,865	24.4%	3,128	0.2%	311,993	24.6%	(25,052)	\$2.23
Class C	388,052	0	41,927	10.8%	0	0.0%	41,927	10.8%	0	\$2.00
Total	1,760,898	0	435,795	24.7%	3,128	0.2%	438,923	24.9%	(23,985)	\$2.23
Walnut Creek BART Dtrwn										
Class A	2,375,583	0	479,417	20.2%	32,588	1.4%	512,005	21.6%	(7,079)	\$4.04
Class B	2,306,966	0	359,409	15.6%	30,402	1.3%	389,811	16.9%	(20,985)	\$2.97
Class C	333,050	0	17,213	5.2%	0	0.0%	17,213	5.2%	2,051	\$2.56
Total	5,015,599	0	856,039	17.1%	62,990	1.3%	919,029	18.3%	(26,013)	\$3.19
Walnut Creek/Pleasant Hill BART										
Class A	1,473,822	0	256,185	17.4%	115,915	7.9%	372,100	25.2%	(24,720)	\$3.82
Class B	604,996	0	162,360	26.8%	7,255	1.2%	169,615	28.0%	14,068	\$3.36
Class C	0	0	0	-	0	-	0	-	0	-
Total	2,078,818	0	418,545	20.1%	123,170	5.9%	541,715	26.1%	(10,652)	\$3.59
North I-680 Market Totals										
Class A	11,139,438	0	2,192,654	19.7%	185,351	1.7%	2,378,005	21.3%	(168,921)	\$3.45
Class B	13,939,993	0	1,878,727	13.5%	365,952	2.6%	2,244,679	16.1%	3,419	\$2.53
Class C	2,574,803	0	152,066	5.9%	0	0.0%	152,066	5.9%	(4,176)	\$2.08
Total	27,654,234	0	4,223,447	15.3%	551,303	2.0%	4,774,750	17.3%	(169,678)	\$2.69

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	0	0	0.0%	0	0.0%	0	0.0%	220,710	
Class B	2,208,461	0	206,744	9.4%	3,913	0.2%	210,657	9.5%	(6,254)	\$2.26
Class C	1,080,869	0	2,590	0.2%	0	0.0%	2,590	0.2%	(1,255)	\$2.08
Total	3,510,040	0	209,334	6.0%	3,913	0.1%	213,247	6.1%	213,201	\$2.17
Berkeley										
Class A	334,091	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	2,996,347	0	343,552	11.5%	29,107	1.0%	372,659	12.4%	(75,090)	\$3.57
Class C	1,149,194	0	135,494	11.8%	0	0.0%	135,494	11.8%	20,498	\$2.99
Total	4,479,632	0	479,046	10.7%	29,107	0.6%	508,153	11.3%	(54,592)	\$3.28
Emeryville										
Class A	2,231,688	75,240	354,840	15.9%	196,781	8.8%	551,621	24.7%	(57,924)	\$4.66
Class B	1,234,806	0	187,910	15.2%	0	0.0%	187,910	15.2%	48,157	\$3.71
Class C	528,463	0	71,920	13.6%	27,182	5.1%	99,102	18.8%	(9,452)	
Total	3,994,957	75,240	614,670	15.4%	223,963	5.6%	838,633	21.0%	(19,219)	\$4.19
Hayward										
Class A	314,878	0	9,815	3.1%	3,007	1.0%	12,822	4.1%	(637)	\$2.35
Class B	819,826	0	73,400	9.0%	0	0.0%	73,400	9.0%	(33,373)	\$1.79
Class C	1,101,289	0	49,024	4.5%	0	0.0%	49,024	4.5%	(27,739)	\$1.67
Total	2,235,993	0	132,239	5.9%	3,007	0.1%	135,246	6.0%	(61,749)	\$1.73
Oakland - South/Airport										
Class A	332,473	0	14,771	4.4%	0	0.0%	14,771	4.4%	2,714	\$3.00
Class B	1,988,755	0	279,811	14.1%	0	0.0%	279,811	14.1%	(50,734)	\$2.54
Class C	1,071,479	0	36,830	3.4%	0	0.0%	36,830	3.4%	7,192	\$2.00
Total	3,392,707	0	331,412	9.8%	0	0.0%	331,412	9.8%	(40,828)	\$2.51
Oakland Downtown										
Class A	8,346,075	0	1,897,366	22.7%	494,154	5.9%	2,391,520	28.7%	(201,426)	\$5.25
Class B	7,290,478	0	1,136,561	15.6%	141,338	1.9%	1,277,899	17.5%	(46,447)	\$4.48
Class C	1,262,244	0	87,190	6.9%	9,992	0.8%	97,182	7.7%	23,917	\$3.07
Total	16,898,797	0	3,121,117	18.5%	645,484	3.8%	3,766,601	22.3%	(223,956)	\$4.27
Oakland Port/Jack London										
Class A	0	0	0	-	0	-	0	-	0	
Class B	824,965	0	132,070	16.0%	14,600	1.8%	146,670	17.8%	(9,292)	\$3.70
Class C	288,884	0	8,119	2.8%	0	0.0%	8,119	2.8%	2,722	\$3.17
Total	1,113,849	0	140,189	12.6%	14,600	1.3%	154,789	13.9%	(6,570)	\$3.44
Oakland North										
Class A	0	0	0	-	0	-	0	-	0	
Class B	1,137,760	0	112,629	9.9%	65,778	5.8%	178,407	15.7%	12,413	\$3.17
Class C	678,953	0	30,174	4.4%	17,211	2.5%	47,385	7.0%	1,334	-
Total	1,816,713	0	142,803	7.9%	82,989	4.6%	225,792	12.4%	13,747	\$3.17
Richmond/San Pablo										
Class A	0	0	0	-	0	-	0	-	0	
Class B	929,119	0	137,188	14.8%	0	0.0%	137,188	14.8%	(3,315)	\$2.20
Class C	500,688	0	10,908	2.2%	0	0.0%	10,908	2.2%	0	-
Total	1,429,807	0	148,096	10.4%	0	0.0%	148,096	10.4%	(3,315)	\$2.20
San Leandro										
Class A	132,725	0	0	0.0%	0	0.0%	0	0.0%	0	
Class B	1,043,949	0	27,165	2.6%	0	0.0%	27,165	2.6%	1,391	\$2.47
Class C	390,331	0	12,780	3.3%	0	0.0%	12,780	3.3%	(110)	\$2.18
Total	1,567,005	0	39,945	2.5%	0	0.0%	39,945	2.5%	1,281	\$2.33

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	-	0	-	-	-	-	-	-	-	-
Class B	72,879	0	6,824	9.4%	-	0.0%	6,824	9.4%	3,266	\$1.97
Class C	64,176	0	3,695	5.8%	-	0.0%	3,695	5.8%	-	-
Total	137,055	0	10,519	7.7%	0	0.0%	10,519	7.7%	3,266	\$1.69
Oakland I-80/880 Market Totals										
Class A	11,912,640	75,240	2,276,792	19.1%	693,942	5.8%	2,970,734	24.9%	(36,563)	\$3.79
Class B	20,547,345	0	2,637,030	12.8%	254,736	1.2%	2,891,766	14.1%	(155,720)	\$2.87
Class C	8,116,570	0	448,724	5.5%	54,385	0.7%	503,109	6.2%	17,107	\$2.15
Total	40,576,555	75,240	5,362,546	13.2%	1,003,063	2.5%	6,365,609	15.7%	(175,176)	\$2.94
Dublin										
Class A	1,133,110	0	193,738	17.1%	112,176	9.9%	305,914	27.0%	(51,537)	\$3.17
Class B	657,842	0	41,364	6.3%	0	0.0%	41,364	6.3%	3,389	\$2.50
Class C	141,692	0	2,876	2.0%	0	0.0%	2,876	2.0%	1,497	\$2.15
Total	1,932,644	0	237,978	12.3%	112,176	5.8%	350,154	18.1%	(46,651)	\$2.61
Pleasanton										
Class A	2,036,284	0	199,198	9.8%	76,391	3.8%	275,589	13.5%	125,780	\$3.39
Class B	4,972,689	0	841,816	16.9%	174,469	3.5%	1,016,285	20.4%	35,205	\$2.74
Class C	324,587	0	40,981	12.6%	0	0.0%	40,981	12.6%	(4,696)	\$2.27
Total	7,333,560	0	1,081,995	14.8%	250,860	3.4%	1,332,855	18.2%	156,289	\$2.80
Livermore										
Class A	0	0	0	-	0	-	0	-	0	
Class B	924,052	0	125,606	13.6%	71,161	7.7%	196,767	21.3%	(3,416)	\$2.04
Class C	226,625	0	69,575	30.7%	0	0.0%	69,575	30.7%	56,177	\$1.35
Total	1,150,677	0	195,181	17.0%	71,161	6.2%	266,342	23.1%	52,761	\$1.70
Tri-Valley Market Totals										
Class A	3,169,394	-	392,936	12.4%	188,567	5.9%	581,503	18.3%	74,243	\$3.28
Class B	6,554,583	-	1,008,786	15.4%	245,630	3.7%	1,254,416	19.1%	35,178	\$2.43
Class C	692,904	-	113,432	16.4%	0	0.0%	113,432	16.4%	52,978	\$1.92
Total	10,416,881	0	1,515,154	14.5%	434,197	4.2%	1,949,351	18.7%	162,399	\$2.54
TOTAL EAST BAY										
Class A	26,221,472	75,240	4,862,382	18.5%	1,067,860	4.1%	5,930,242	22.6%	(131,241)	\$3.51
Class B	41,041,921	17,000	5,524,543	13.5%	866,318	2.1%	6,390,861	15.6%	(117,123)	\$2.61
Class C	11,384,277	0	714,222	6.3%	54,385	0.5%	768,607	6.8%	65,909	\$2.11
TOTAL	78,647,670	92,240	11,101,147	14.1%	1,988,563	2.5%	13,089,710	16.6%	(182,455)	\$2.74



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