

Market Report

The overall East Bay market showed signs of resilience through the pandemic. Compared to San Francisco, Oakland only experienced a 0.52% decrease in CBD rates YoY, while San Francisco experienced a much harsher reality, clocking in a 6.8% dip in rates YoY.

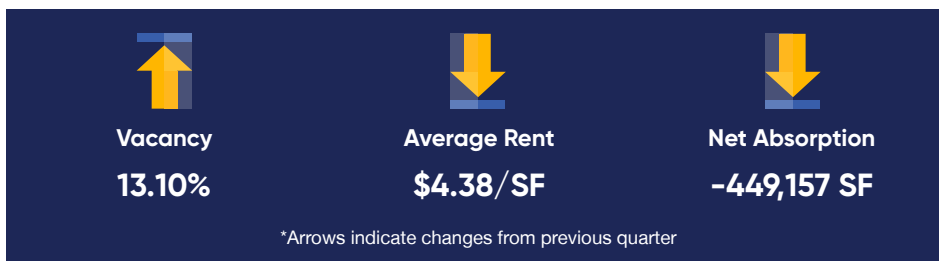
Following Credit Karma's decision to move out of San Francisco and into the newly constructed 1100 Broadway. PG&E followed suit by moving its headquarters out of South Financial District and into Oakland CBD. PG&E inked over 900,000 SF, as a blockbuster transaction, cementing themselves as one of the largest new tenants. It should be noted that PG&E's deal represented 38.01% of all transacted RSF in 2020. However, total number of deals done recorded a 44.95% decrease YoY, down from 376 deals completed in 2019 to 207 done in 2020.

Occupier's Perspective

PG&E's decision to move out of San Francisco and into Oakland marks another key tenant choosing greener pastures and lower average rents. Oakland welcomes PG&E's move with Oakland mayor Libby Schaaf stating, "good news for the vitality of downtown Oakland".

The East Bay is adding some much-needed inventory to its less expensive office market compared to San Francisco. In the third quarter, 1100 Broadway Street was delivered, adding 336,600 SF to market. Credit Karma has already leased half of the product. Proposed projects, Beacon Tower and 415 20th Street, will provide a much needed 1,733,803 SF of office product to market.

The East Bay is continuing its efforts in biotech related expansion. The goal being to improve infrastructure expediting approvals for biotech permitted uses in specified biotech zones. An example being Fremont making biotech a main target of business attraction and retention.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	Q/Q Change
\$5.32	Oakland CBD Class A Office 12.74%	▲ 1.46%
\$5.08	Oakland CBD Class B Office 14.69%	▲ 1.17%
\$4.12	Berkeley Class A Office 7.19%	▲ 0.77%
\$3.47	Berkeley Class B Office 7.45%	▼ 1.28%
\$4.62	Emeryville Class A Office 13.47%	0.0%
\$4.25	Emeryville Class B Office 12.27%	0.0%
\$3.06	Alameda Office 14.36%	▲ 1.92%

Market Trends

Overall East Bay rates experienced a 1.1% decline from the previous quarter. Leasing velocity is down significantly with overall transacted RSF decreasing in Q4.

Overall vacancy rose by 0.71% quarter-over-quarter. In conjunction, the East Bay recorded negative absorption, nearly doubling last quarters' negative absorption figure.

While Oakland experienced less volatile rate changes than San Francisco, it should be noted that some outliers have propped up the average rates. 601 City Center and Uptown Station should be included as outliers, putting upwards pressure on the overall rate trends.

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 PG&E	910,150 SF	Oakland	Direct	Energy
2 Agenus	83,620 SF	Emeryville	Direct	Biotechnology
3 IAC	19,000 SF	Oakland	Sublease	Media