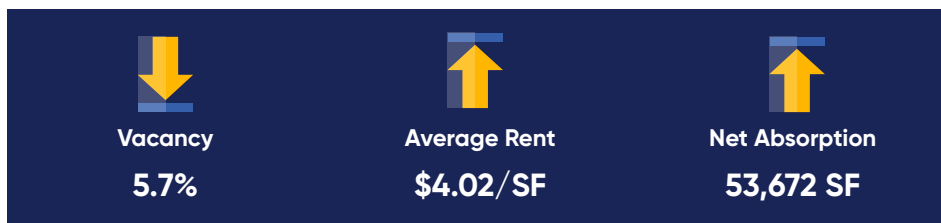
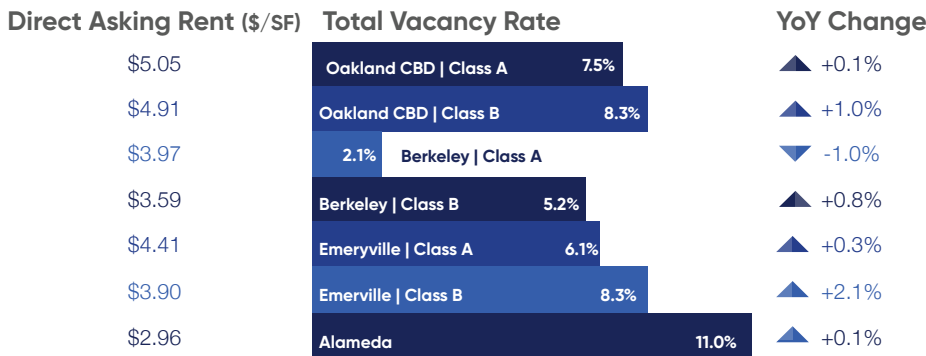


Occupier's Guide

While leasing lagged to start the new year, the investment sales market did anything but disappoint. CIM Groups portfolio offering was won by Starwood Capital Group, snatching up four properties (three buildings and one parking garage) for \$512,000,000. The office portion alone hit \$515 PRSF in aggregate, sending speculators spinning. Look for new construction and existing renovation deliveries through the end of 2019 to spark the leasing sector back into the headlines.



Rental and Vacancy Rates



Recent Transactions

	Buyer	Submarket	Type	Size	Sector
1	Abbott Diabetes Care	Alameda	Renewal	110,000 RSF	Healthcare
2	Novartis	Emeryville	New Lease	78,000 RSF	Bioscience
3	Spaces	Oakland	New Lease	45,000 RSF	Co-Working
4	Telecare Corporation	Alameda	Renewal	37,000 RSF	Healthcare
5	WeWork	Berkeley	Sublease	36,000 RSF	Co-Working
6	Gristone Oncology	Berkeley	New Lease	34,000 RSF	Bioscience

Tenant's Perspective

- “Is this it?” Tenants are asking as supply in the first quarter couldn't keep up with tenant demand. Requirements seeking 20,000 sf or more outnumbered existing options in the market four to one.
- Square's blockbuster lease last year, and Credit Karma's rumored entry into the East Bay has the market asking if Oakland can finally solidify itself as the newest Bay Area tech-hub. Uber's exit a year ago gave some people pause, but 2019 tenants look to grow roots in Oaktown.
- Amenities provided by landlord's are increasingly being added to offers in the East Bay as price starts to become second to employers focus on the two big R's - Recruiting and Retention.

Market Trends



CIM Group put it all out there, and Starwood Capital Group said YES. The three-office building sale told the Bay Area that the market is open for business – expect much more to come this year.

The first quarters negative absorption can be summed up by one address: 2150 Webster. The 240,000 square foot re-delivery adjacent to Lake Merritt sent the Oakland market negative; exclude this asset and the market absorption shifts into the positive at approximately 40,000 square feet.

Unemployment continued to remain well below the national average of 3.8%, hovering just below 3.0% through the first quarter of the year. Expect that number to remain in place through 2019 as the market's full employment rate levels out.