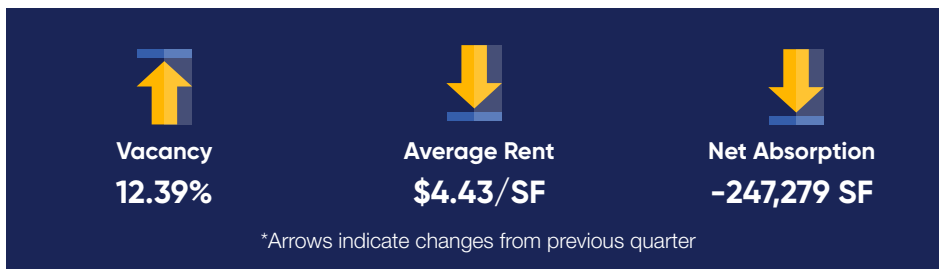


# Occupier's Guide

With a slow reopening under COVID-19 orders, East Bay markets face uncertainties following the election, and pending coronavirus vaccine. East Bay experienced, on average, a 185-bps increase of available space across all submarkets, and negative net absorption. Rental rates declined in all submarkets except for Class A space in Oakland CBD, which increased by 250 bps over Q2. Increased amounts of sublease space entering the market coupled with needs to downsize office space are primary forces for putting downward pressure on direct rental rates. Life Science remains a driving force in the East Bay, with 3 of 4 notable top lease transactions coming from biotech companies. Demand for newly built R&D space is high, with companies such as Exelixis pre-leasing space (1951 Harbor Way) pending development completion over one year away.

## Tenant's Perspective

- Overall East Bay rates experienced a 1.1% decline from the previous quarter.
- Exelixis is pre-leased to 1951 Harbor Way, Alameda. A 220,000 SF space being constructed with an estimated completion date of 2/1/2022.
- East Bay is a Life Sciences hub, with 3 of the 4 top lease transactions in the biotech sector. The entirety of the East Bay market saw large transactions unfold, not having any one submarket concentrated for biotech transactions.



## Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	Margin from Q2
\$5.41	Oakland CBD   Class A 11.28%	▲ +3.12%
\$5.15	Oakland CBD   Class B 13.52%	▲ +2.53%
\$4.12	79% Berkeley   Class A	▲ +2.72%
\$3.51	8.73% Berkeley   Class B	▲ +2.83%
\$4.62	Emeryville   Class A 13.47%	▲ +2.5%
\$4.25	Emeryville   Class B 12.27%	▼ -0.23%
\$3.06	Alameda 12.44%	▲ +1.22%

## Recent Transactions

Tenant	City	Type	Size	Sector
1 Perfect Day	Berkeley	Sublease	111,000 RSF	Biotechnology
2 Geltor	San Leandro	Renewal/Expansion	32,000 RSF	Biotechnology
3 Heliotrope	North Alameda	Renewal	24,000 RSF	Technology
4 Kyverna Therapeutics	Emeryville	New Lease	21,000 RSF	Biotechnology

## Market Trends



Direct asking rates remain relatively stagnant, while sublease asking rates are sliding. "Owners prefer to value properties on pre-COVID performance", a sentiment shared by sellers of properties regarding direct asking rates.

Vacancy increased from 10.91% to 12.39%, and net absorption followed the previous quarters' trend of declines by decreasing 25.6% further negative.

Work from home dominated the quarter, causing sharp increases in vacancies due to companies offering remote work policies and needing less spatial requirements. WFH shows us that demand for tenants to occupy space are at all-time highs, creating a strong buyers' market.