

East Bay / Oakland

Quick Stats

18.8%
Class A Vacancy

13.1%
Class B Vacancy

\$4.70 fs
Class A
Average Asking Rate

\$3.75 fs
Class B
Average Asking Rate

The spread of COVID-19 and the containment policies throughout California and the U.S. continue to change rapidly. While information in this report is current as of the date written, the views expressed herein are subject to change and may not reflect the latest opinion of Avison Young. We are committed to you, our clients, and remain available for discussions and advice as your partners and to offer our latest insights.

Developer interest, a life science boom, and new office requirements offer an encouraging start to the year.

- Uptown Station, a 396,808-sf office building located at 1955 Broadway, was listed and sold during the first quarter. Singapore's Mapletree Investments acquired the asset from CIM Group for \$420M or \$1,058 psf, setting a record price on a per square foot basis for Oakland office assets.
- Oxford Properties acquired the Emeryville Public Market and adjacent land parcels for an undisclosed price early in the quarter. Plans for the properties include keeping the established food hall, conversion of existing office into biotech and life science space, and developing the land parcels into new lab product.
- Eat Just, a San Francisco plant-based food company, signed a 116,627-sf lease to fully occupy two buildings the Research Park at Marina Village in Alameda. The buildings involved were 300 Wind River Way and 1145 Atlantic Avenue, both vacant at the time of signing.
- Tenant demand is starting to pick up as renewed interest in space needs emerge. Twitter is on the hunt for 50,000 sf to 80,000 sf in Oakland. While headquartered in San Francisco, Twitter looks to decentralize its foothold and is looking into opportunities to create a presence in the East Bay.
- Current overall market vacancy grew to 14.9% with 19.3% in Oakland CBD. As we monitor vacancy growth, we will not know the full impact on the market until employees come back to the office and companies decide their true return to work policies.
- Renewals and lease renegotiations lead market activity but soon may give way to a flight to quality. Tenants looking for new space could be enticed by lower rents and attractive concessions in higher quality buildings that have established advanced new tenant health initiatives.

Trends to watch

Subleases



Sublease growth, and lack of leasing, sustained their burden on the market. Subleases represent 24.6% of space availability after adding another 198,000 sf during the quarter.

Leasing



An encouraging uptick in tours and demand, coupled with active lease negotiations, could reduce Oakland vacancy over the short term.

Life science

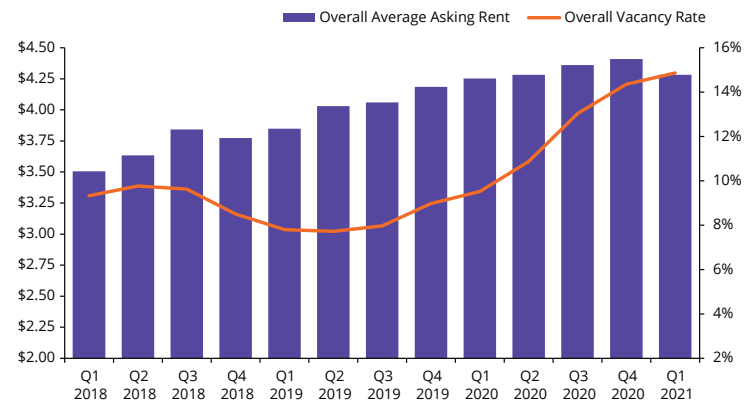


Life science tenants garner significant portions of recent leasing activity as life science product begins to outpace industrial as a preferred capital markets asset class.

Looking forward

Pre-COVID, Oakland was on the verge of transitioning from a spillover market to a standalone market. Despite the pandemic fallout in the East Bay, Oakland has a history of resiliency in downturns due to less tech exposure. Recovery is well within the sights of the Oakland market. The vaccine's rollout and the return to office will take time. Amid this uncertainty, most companies are in a wait-and-see mode and recovery has been slow and challenging, requiring a flexible approach. Tenant confidence and cost containment will be significant keys to recovery. Co-working is struggling sector now but will likely do well going forward as companies realize their need for flexible office space.

Historical asking rates vs. vacancy rates



Notable lease transactions

Tenant	Building	Submarket	SF	Type
Eat Just Inc.	300 Wind River Way	Alameda	77,130	New
Eat Just Inc.	1145 Atlantic Ave	Alameda	39,397	New
Berkeley Research Group	2200 Powell Street	Emeryville	20,256	Renewal
LeapFrog	2200 Powell Street	Emeryville	20,252	New
CNS Health	2200 Powell Street	Emeryville	20,252	New
Ology Bioservices	2061 Challenger Drive	Alameda	19,561	New
PlaceWorks	2300 Shattuck Avenue	Berkeley	7,186	New
Oakland City Center Owners Association	500 12th Street	Oakland-City Center	6,760	Renewal
Gwilliam, Ivary, Chiosso, Cavalli & Brewer	1999 Harrison Street	Oakland-Lake Merritt/Uptown	6,391	Renewal
Revamp Engineering	1300 Broadway	Oakland-City Center	4,850	New
The Breakthrough Institute	2050-2054 University Ave	Berkeley	3,960	New

Notable sale transactions

Building	Buyer	Submarket	SF	Sale Price	PSF
Uptown Station	Mapletree Investments	Oakland-Lake Merritt/Uptown	396,808	\$420,000,000	\$1,058
Public Market & Adjacent Land Parcels	Oxford Properties	Emeryville	-	Undisclosed	-
1625 Shattuck Avenue	HTC America Holding	Berkeley	27,155	\$16,450,000	\$606

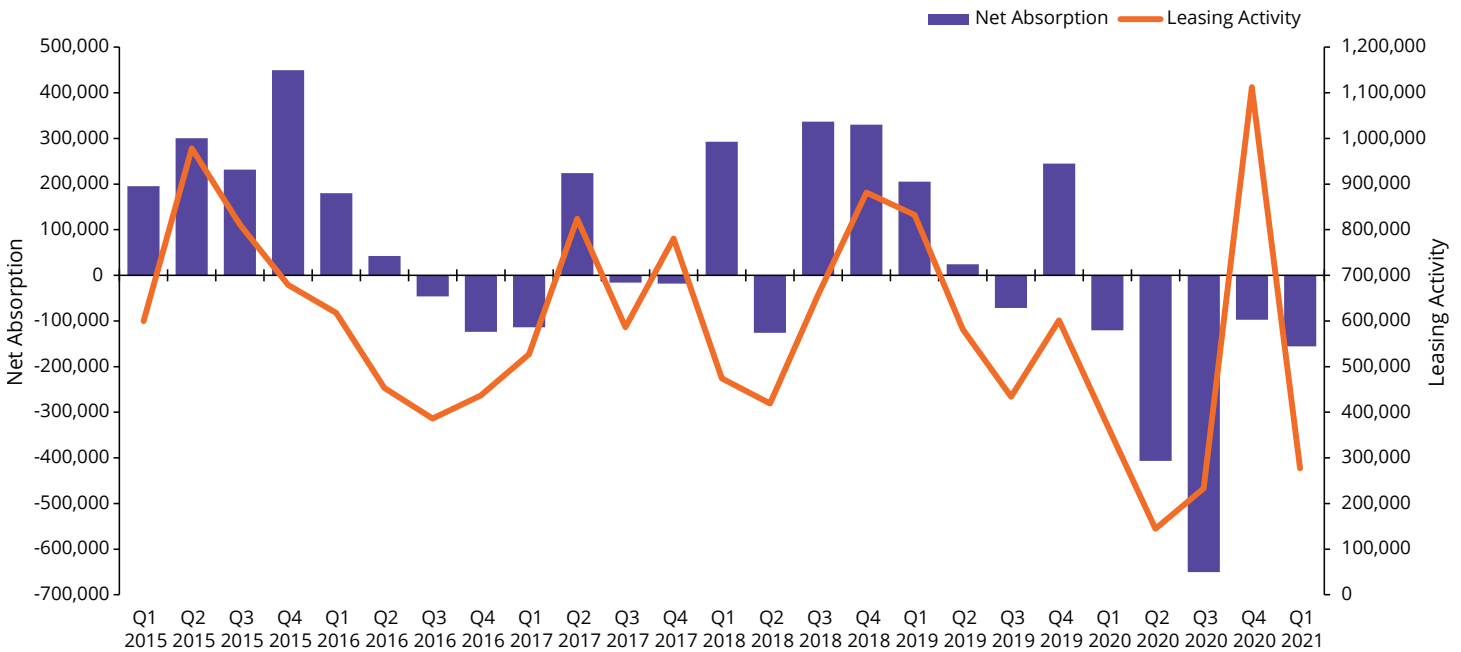
Construction pipeline

Building	Developer	Submarket	SF	% Leased	Status
1951 Harbor Bay Pky (Exelixis expansion)	Stockbridge Capital Group	Alameda	220,710	100%	Under Const. 3Q22
Tapscott Building - 1910 Broadway	Mission Bay Dev. Group	Oakland-Lake Merritt/Uptown	35,000	0%	Under Renov.
Eastline	Lane Partners	Oakland-Lake Merritt/Uptown	1.6 million	0%	Proposed
Beacon Tower	CIM Group	Oakland-Lake Merritt/Uptown	700k-1.1 million	0%	Proposed
Telegraph Tower	TMG Partners	Oakland-Lake Merritt/Uptown	875,000	0%	Proposed
415 20th Street	Hines	Oakland-Lake Merritt/Uptown	862,048	0%	Proposed
Berkeley Commons	Lane Partners	Berkeley	521,810	0%	Proposed
Mandela Station	BART & SUDA	West Oakland	382,460	0%	Proposed
2424 Webster Street	Signature Dev. Group	Oakland-Lake Merritt/Uptown	161,000	0%	Proposed

Market by the numbers

Submarket	Total RBA (SF)	Direct Vacant Space (SF)	Sublet Vacant Space (SF)	Vacancy Rate		Avail Rate		Total SF Leased	Net Absorp (SF)	Under Construction (SF)	Avg. Asking Rent		
				Class A	Class B	Class A	Class B				Total	Class A	Class B
Oakland- City Center	6,931,725	1,356,059	196,262	27.7%	14.4%	30.2%	18.7%	15,324	-157,555	0	\$4.95	\$5.08	\$3.94
Oakland- Jack London Square	1,324,172	111,167	20,475	2.0%	16.5%	2.0%	21.9%	125	-11,600	0	\$4.22	N/A	\$4.22
Oakland- Lake Merritt/Uptown	6,672,497	749,655	453,984	13.4%	22.9%	20.8%	24.8%	6,411	-45,109	0	\$4.44	\$4.49	\$4.23
Oakland CBD	14,928,394	2,216,881	670,721	20.3%	18.6%	24.9%	22.0%	21,860	-214,264	0	\$4.70	\$4.91	\$4.14
Alameda	3,564,625	169,832	18,810	19.9%	4.9%	13.9%	13.5%	165,222	121,626	220,710	\$2.77	N/A	\$3.04
Berkeley	3,645,144	245,232	38,622	0.0%	8.4%	0.0%	10.5%	20,309	-31,497	0	\$3.77	N/A	\$3.77
Emeryville	4,558,375	636,194	218,083	19.5%	18.1%	23.8%	18.8%	65,105	16,087	0	\$4.11	\$4.15	\$3.97
Oakland- Airport	2,614,349	193,251	21,866	6.5%	8.9%	7.8%	9.7%	4,559	-10,247	0	\$2.26	\$2.85	\$2.20
Richmond	1,117,814	82,735	12,537	N/A	12.4%	N/A	12.4%	160	-37,347	0	\$2.27	N/A	\$2.27
Oakland Suburban	15,500,307	1,327,244	309,918	15.4%	9.7%	17.8%	12.7%	255,355	58,622	220,710	\$3.54	\$4.10	\$3.29
East Bay / Oakland Total	30,428,701	3,544,125	980,639	18.8%	13.1%	22.6%	16.3%	277,215	-155,642	220,710	\$4.28	\$4.70	\$3.75

Historical leasing vs. net absorption



Get more market information

Charlie Allen
Principal & Managing Director
510.254.4260
charlie.allen@avisonyoung.com

Paul Magoria
Senior Research Analyst
510.254.4266
paul.magoria@avisonyoung.com

**AVISON
YOUNG**