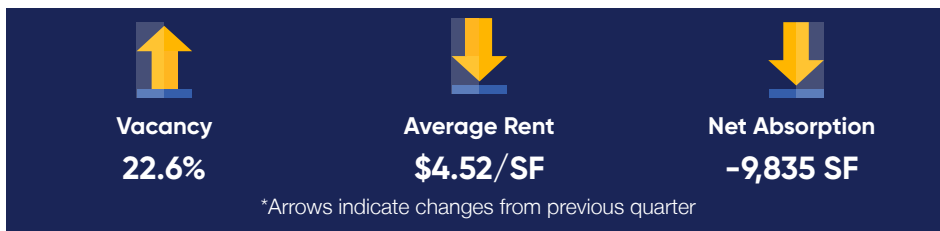


Occupier's Guide - Office

Companies looking for office space in the East Bay market have plenty of options for Class A office suites. Overall office availability rates have stayed above 21.7% since Q1 2020 and are currently at 34.8% for Q1 2023. Overall rental rates are also trending downwards, falling to \$4.52 this quarter from \$4.59 in Q4 2022.

Vacancy rates grew the fastest since last quarter for Class A Offices in Downtown Oakland and Emeryville. This is reflected by drops in the direct asking rates. Direct asking rates for Class A offices in Downtown Oakland declined 4.1% since last quarter to \$4.93 FS. Direct asking rates for Class A offices in Emeryville also decreased 4.6% quarter-over-quarter to \$4.59 FS. With high vacancy rates and declining direct asking rates for Class A offices in Downtown Oakland, tenants can find it easier to negotiate for more concessions such as lower rent, more tenant improvements, or more free rent.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ Change
\$4.93	Oakland CBD Class A 26.8%	▲ 6.5%
\$4.88	Oakland CBD Overall 27.0%	▲ 4.4%
\$4.52	Berkeley Class A 20.2%	▲ 3.0%
\$3.83	Berkeley Overall 14.3%	▲ 2.1%
\$4.59	Emeryville Class A 33.4%	▲ 5.5%
\$4.46	Emeryville Overall 26.1%	▲ 2.6%
\$4.28	Alameda Class A 11.5%	◆ 0.0%
\$3.80	Alameda Overall 8.3%	▼ -3.1%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Unspun	21,052	Emeryville	New Lease	Apparel
2 Eko Devices	16,622	Emeryville	Sublease	Medical Device
3 Roofstock	12,206	Oakland CBD	Renewal	Real Estate
4 UC Regents	10,325	Berkeley	Renewal	Education

Occupier's Perspective

Notable large direct availabilities for the quarter include Nielsen subsidiary, Gracenote, former 47,286 SF office at 2000 Powell St in Emeryville and recently bankrupt Clovis Oncology's former 33,252 SF office at 1330 Broadway in Oakland.

After seeking to expand in September 2021, Callisto Media relisted 78,070 SF space for sublease in the largest listing this quarter at 1955 Broadway, a sub-sublease from Block.

Kaiser Permanente plans to transfer 1,200 of the 12,500 office jobs based in Oakland to its 700K SF Pleasanton campus in 2024, further cooling office demand in Downtown Oakland.

Market Trends

Leasing activity dropped to 148,562 SF in Q1 2023 from 283,439 SF in Q4 2022. The average lease transaction size also shrunk to 3,161 SF in Q1 2023 from 6,748 SF in Q4 2022. Downtown Oakland and Emeryville were the most active submarkets with 83,403 SF and 36,270 SF of leasing activity respectively.

Class A buildings in Emeryville and Berkeley have higher vacancy rates than the overall vacancy rates for these cities. Class A vacancy rates for Emeryville are 33.4% and Class A vacancy rates for Berkeley are 20.2%.

The total availability rate grew to 34.8% for Q1 2023 from 32.1% in Q4 2022. This was mainly due to the direct availability rate climbing to 27.9% quarter-over-quarter from 24.9% and sublease availability declining 6.9% quarter-over-quarter from 7.3%.