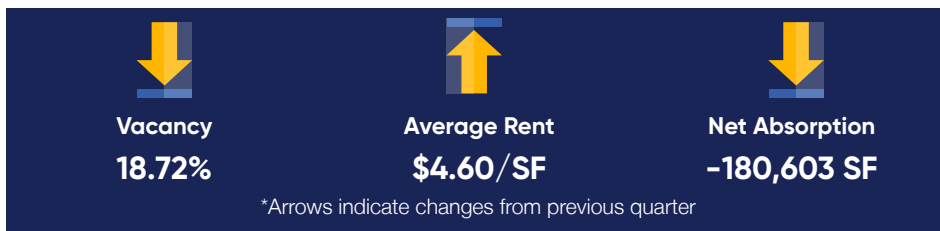


Occupier's Guide - Office

Quarterly metrics for the East Bay Office Market continue leaning towards a tenant-favorable market. Current availability rates have climbed to a historic 35.1% of total inventory as the number of available direct and sublease spaces continue to climb. Absorption for Q3 2022 recorded negative 181K SF. After years of hybrid and remote work schedules, companies have opted for smaller office footprints.

Even amongst these market indicators, overall direct asking rents have stabilized at \$4.60 FS for the region. Asking rates in the Oakland CBD and Emeryville have remained largely stable over the last few quarters despite increases in vacancies above 21.0% for both markets. As a result, it is an optimal time for tenants to negotiate for more tenant improvements, free rent, and lower base rates to better reflect market realities.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ Change
\$5.18	Oakland CBD Class A 18.76%	▼ -3.12%
\$4.98	Oakland CBD 21.54%	▼ -5.93%
\$4.32	Berkeley Class A 13.30%	▼ -14.19%
\$3.66	Berkeley 11.34%	▼ -10.78%
\$4.89	Emeryville Class A 23.75%	▲ 8.94%
\$4.58	Emeryville 21.43%	▲ 49.57%
\$4.13	Alameda Class A 7.90%	▼ -39.23%
\$4.04	Alameda 11.66%	▼ -21.00%

Recent Transactions

	Tenant	Size (SF)	Submarket	Type	Sector
1	Regus	37,714	Emeryville	New Lease	Coworking
2	Geosyntec Consultants	24,271	Oakland	Renewal	Professional Services
3	Everlaw	24,236	Oakland	New Lease	Legal
4	Sepion Technologies	24,078	Alameda	New Lease	Battery

Occupier's Perspective

Pre-pandemic, direct availability and sublease availability recorded 16.8% and 3.9%, respectively. In today's market, direct availability climbed to 27.5% while sublease inventory nearly doubled to 7.6%.

A few notable subleases came online in the quarter including Twitter's 67K SF sublease at 1330 Broadway in Oakland and Vituity's 25K SF sublease at 2100 Powell St in Emeryville.

Average deal size climbed to 5,581 SF for the quarter, breaking a downward trend from Q2 2021. Notable leases for the quarter include Regus's 38K SF lease in Emeryville and Geosyntec Consultants's 24K SF renewal in Oakland.

Market Trends

Direct asking rates for the Oakland CBD market remains flat at \$4.98 FS even as vacancy rates remain elevated at 21.5%. Market absorption recorded negative 109K SF in the quarter.

Total leasing activity crept upwards to a total of 357K SF.

Vacancy rates decreased quarter over quarter for all submarkets except for Emeryville. Overall vacancy rates remained high within the Oakland CBD and Emeryville submarkets with 21.5% and 21.4%, respectively.