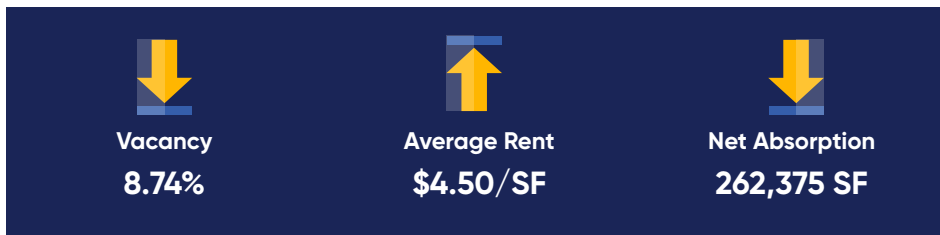
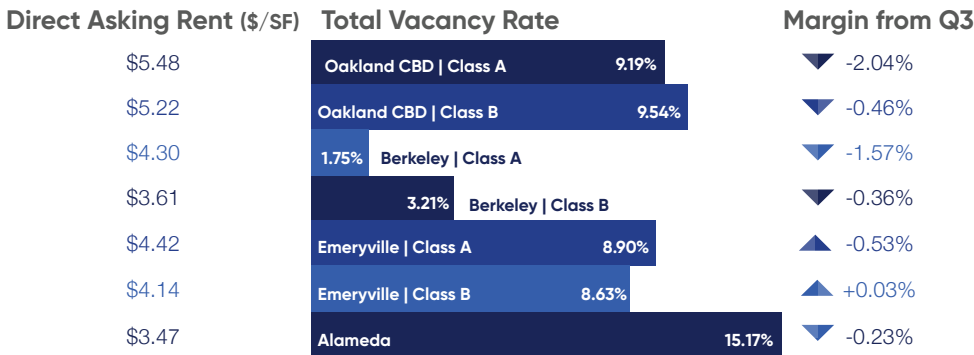


Occupier's Guide

The East Bay market continues to be in an upward trend, with average rates maintaining growth, overall decreases in vacancy, and many local economic metrics outperforming national ones. The Oakland-Fremont-Hayward unemployment rate registered at 2.7%, below the national rate of 3.6%. The East Bay economy added over 20,000 jobs, year-over-year. Square places 150,000 SF of space at Uptown Station on the sublease market, with an asking rate of \$7.17. There were no construction completions in the Oakland market, a trend which has continued for three quarters. Record sale prices in Oakland CBD have been driving increases in rents.



Rental and Vacancy Rates



Recent Transactions

	Tenant	City	Type	Size	Sector
1	Zymergen	Emeryville	Sale/Leaseback	285,000 RSF	Biotechnology
2	Exelixis	Alameda	Build To Suit	220,000 RSF	Biotechnology
3	Pandora Media	Oakland CBD	Expansion/Renewal	125,000 RSF	Technology
4	Pivot Bio	Berkeley	New Lease	45,000 RSF	Biotechnology
5	Perfect Day	Emeryville	New Lease	25,000 RSF	Biotechnology
6	Simpson Gumpertz & Heger	Oakland CBD	New Lease	21,000 RSF	Engineering

Tenant's Perspective

- ↑ Rates continue to rise, with Class A product in Oakland CBD pricing in at \$5.48. Alameda experienced a slight decrease in vacancy: down by 23bps.
- ↑ After delivery, 300,000 SF is now available within the 601 City Center project. The pre-leased 1100 Broadway is scheduled for delivery in 2020. Also, there are now 6 times as many Oakland CBD listings over 20,000 SF than in Q4 2018.
- ↑ Biotech continues to be an important force in the East Bay. A proposed conversion could deliver 270,000 SF of life science space at the Wind River campus in Alameda. Two thirds of the top 6 leases this quarter were signed by biotechnology companies.

Market Trends



The largest lease of the quarter at 285,000 SF was signed by biotechnology company Zymergen. The transaction was a sale-leaseback, a transaction common among firms seeking increased liquidity. The transaction can increase a firm's current ratio, improving financial appeal and its ability to service short-term debt.

Average East Bay vacancy decreased by 77bps, now registering at 8.74%.

The Bureau of Labor Statistics reported a Q4 unemployment rate of 2.7% for the Oakland-Fremont-Hayward geography, sitting well below the national rate of 3.6%.