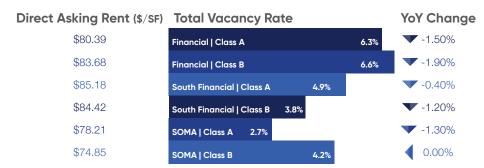
## Occupier's Guide



Tech, tech and more tech! The industry's appetite for the markets dwindling office supply posted record numbers throughout the year and left 2018 with rates at all time highs, vacancy at all time lows, and rent growth year-over-year of more than 10%. Don't look for the slowdown to happen just yet – forecasts for 2019 remain strong, but the City isn't likely to see a year quite like 2018 again in this extended cycle. Spillover to Oakland trickled out over the past 12 months, but the 4th quarter saw the Oakland CBD land their biggest fish since Uber barely touched the waters in 2015. Square signed a lease for all 380,000 rentable square feet at Uptown Station.



### **Rental and Vacancy Rates**



#### **Recent Transactions**

|   | Buyer         | Submarket  | Туре      | Size        | Sector     |
|---|---------------|------------|-----------|-------------|------------|
| 1 | Salesforce*   | South FiDi | New Lease | 325,000 RSF | Technology |
| 2 | Google        | South FiDi | New Lease | 300,000 RSF | Technology |
| 3 | DoorDash      | South FiDi | New Lease | 195,000 RSF | Technology |
| 4 | iRhythm Tech. | SOMA       | Expansion | 120,000 RSF | Technology |
| 5 | WeWork        | North FiDi | New Lease | 100,000 RSF | Co-Working |
| 6 | Pivotal       | SOMA       | New Lease | 85,000 RSF  | Technology |

# Occupiers's Perspective



The SF market saw net absorption of approximately 3.9 million square feet in 2018, pushing office lease rates up by year-over-year levels of greater than 10% market wide.



Co-working companies finished the 4th quarter with deals totaling almost a half million square feet. WeWork leased close to 300,000 square feet, followed by Knotel, Regus (Spaces), Covene.



Office rates ended the year \$82.83, with rates for Class A space totaling \$83.40, a 10% increase over the fourth quarter of 2017.

### Market Trends



# The Central SOMA plan was approved in the 4th quarter, an accomplishment year's in the making. The next question is will community lawsuits further delay works ready to break ground now.

Salesforce continued to make headlines in the real estate market in the 4th quarter with their leasing of the entirety of 550 Howard – a building that is still awaiting its development entitlements from the City.

Square Inc.'s, leased the Uptown
Station office complex in Oakland.
Landlord's could further see flight
of tenants to the East Bay due to
little supply in the City.