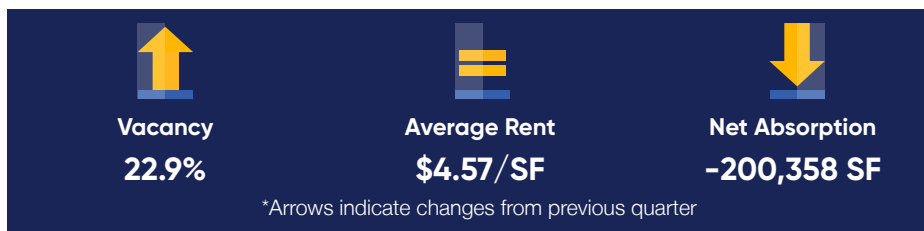


Occupier's Guide - Office

The East Bay office market continues to favor tenants, even so, leasing activity remains slow. Tenants signed 108K SF of leases this quarter, down from 170K SF last quarter. The average size of lease signed decreased to 2,934 SF from 3,201 SF quarter-over-quarter.

Availability rates increased from 34.5% to 35.6% this quarter. Despite increasing availability rates and shrinking tenant activity, asking rates ticked slightly upwards to \$4.57/SF from \$4.52/SF quarter over quarter.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF FS)	Total Vacancy Rate	QoQ Change
\$5.04	Oakland CBD Class A 27.2%	▲ 0.4%
\$4.84	Oakland CBD Overall 26.8%	◆ -0.2%
\$4.46	Berkeley Class A 11.0%	▼ -6.2%
\$3.83	Berkeley Overall 11.8%	▼ -2.5%
\$4.62	Emeryville Class A 33.8%	▲ 0.4%
\$4.66	Emeryville Overall 26.3%	◆ 0.2%
\$4.20	Alameda Class A 8.3%	▼ -3.2%
\$3.90	Alameda Overall 8.5%	◆ 0.2%

Recent Transactions

	Tenant	Size (SF)	Submarket	Type	Sector
1	Regus	17,631	Oakland CBD	Direct	Coworking
2	Kimley-Horn	16,068	Oakland CBD	Direct	Professional Services
3	GreenBiz	4,655	Oakland CBD	Direct	Professional Services
4	Barbary Insurance Brokerage	4,610	Oakland CBD	Direct	Professional Services

Occupier's Perspective

Net absorption dropped to negative 200K SF from negative 10K SF quarter-over-quarter. Major new subleases listed this quarter include Dentons LLP 28K SF office at 1999 Harrison St in Oakland and American Auto Association (AAA) 17K SF office at 1919 Shattuck Ave in Berkeley.

Berkeley and Downtown Oakland were the most active submarkets with 21K SF and 85K SF of leasing activity respectively. Downtown Oakland comprised 74.5% of leasing activity this quarter. Oakland Unified School District (OUSD) vacated 46K SF in 1000 Broadway in Oakland to relocate to its new 56K SF headquarters at 1011 Union St in Oakland.

Class A office vacancies for Downtown Oakland increased 40 basis points to 27.2% quarter-over-quarter. Berkeley Class A offices had the largest quarterly drop in vacancy falling to 11.0% from 17.2%.

Market Trends

East Bay companies received \$1.1 billion in VC funding this quarter, a 50% drop year-over-year. Life science companies Carmot Therapeutics (\$150 million), Eikon Therapeutics (\$141 million), and Acepodia (\$100 million) were the only companies to receive more than \$100 million of funding.

Professional services and non-profit industries signed 35K SF and 17K SF of leasing activity respectively. Kimley-Horn was the largest professional services tenant, leasing 16K SF at 1300 Clay St in Oakland. Pacific Center for Human Growth was the largest non-profit tenant, leasing 4K SF at 2130 Center St in Berkeley.

Sales Transactions were very minimal this quarter, with only 58,624 SF sold. Most of this volume was in two transactions. The Masonic Temple of Berkeley purchased 2105-2107 Bancroft Way in Berkeley from UC Berkeley for \$13 million (\$387/SF). Okada Bros purchased 2039 Kala Bagai Way in Berkeley from a private individual for \$8 million (\$589/SF). Quarterly sales transaction volume within the Oakland CBD, Berkeley, Emeryville, and Alameda submarkets have not exceeded 100K SF since 2Q 2022.