

Greater Oakland Office Market

New Leases Return to Start the New Year

The Greater Oakland market started off the year with ambiguity; tenants were uncertain how to proceed. The market saw a 0.4% increase in the vacancy rate compared to last quarter. With companies announcing a flexible return-to-office option for employees, new and existing tenants will enter the market with an asking rent decrease of \$0.07/SF compared to last quarter. This decreased asking rent is likely a result of the historic vacancy rates in the market. Due to the decrease in office usage in the East Bay, the office vacancy rate of 17.6% is its highest peak in over five years.

Optimistic plans for office reentry remain in the Greater Oakland market. Downtown Oakland office leasing has slowly regained traction. Due to the lack of affordable Class A buildings, tenants are turning to Alameda for cheaper rents. Berkeley and Emeryville have also emerged as competitive markets as they offer affordable rents and abundance of parking compared to Oakland. As expected with the high vacancy rate this high, there is little demand for new construction in the Greater Oakland market. Limited new construction coupled with the climate of companies returning to the market suggests rents will be increasing in the future.

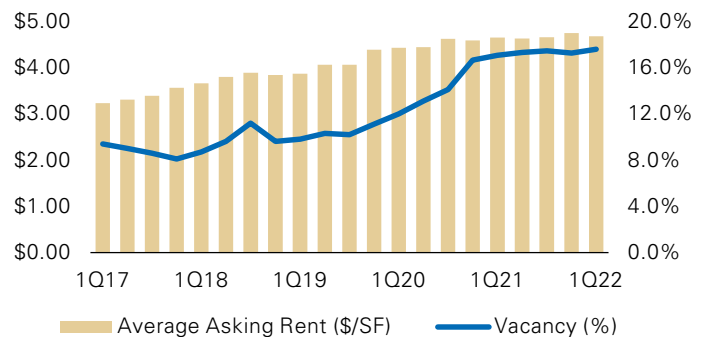
Lab Sector Remains Competitive

The lab sector remains a driving force in the Greater Oakland office market as demand continues to grow in the East Bay. Tenant demand this quarter was recorded at 1.4 million square feet, a slight increase over last quarter's demand. In the north, rents held steady in the \$4.50/SF and \$6.75/SF ranges. As companies look south at cheaper rents, southern East Bay submarkets saw a rise in rents, up to the \$4.00/SF and \$4.95/SF range. Moving forward, the Greater Oakland market is looking to add 216,920 square feet in life science deliverables in the second quarter of 2022. Beyond that, there are approximately 4.4 million square feet of proposed ground-up construction and potential conversion product in the Greater Oakland office market.

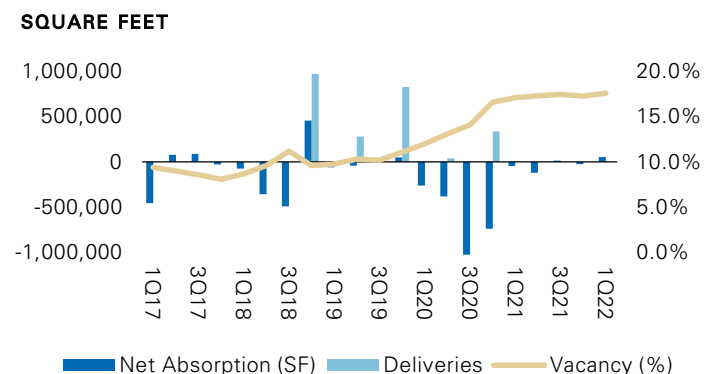
Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	27.9M	28.8M	28.6M	↔
Vacancy Rate	17.6%	17.2%	17.0%	↓
Qtr Net Abs (SF)	53K	-24K	-45K	↑
Total FS Asking Rent	\$4.68/SF	\$4.75/SF	\$4.65/SF	↔
Under Const (SF)	0	0	0	↔

Asking Rent and Vacancy Rate



Net Absorption v New Construction & Vacancy



Significant Lease Transactions

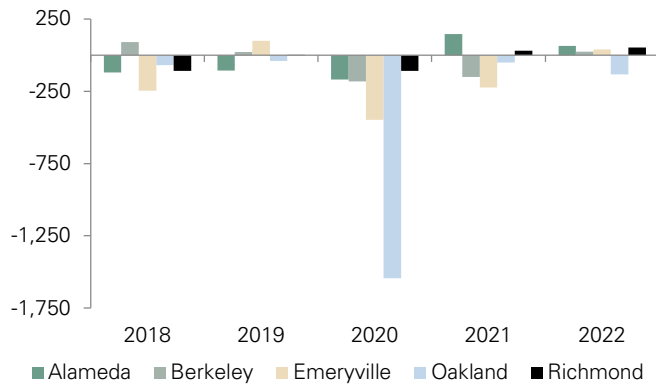
A few notable lease transactions occurred during the first quarter of 2022. The largest transaction was Gensler’s renewal for 23,862 square feet in the Lake Merritt submarket. One of the larger subleases in the market was the Dolls Kill 19,835-square-foot sublease at 55 Harrison St. In addition, Carvana signed a lease for 10,207 square feet at Harvest’s The Leamington. Finally, in early March, Hippo Insurance signed a lease at TMG’s 2201 Broadway for 15,500 square feet. Despite the decrease in activity, the Bay Area remains a competitive market due to location, sizing and layout options.

Significant Sale Transactions

Investment sales started off strong in 2022. The largest sale of the quarter was the sale of the 220,710-square-foot property at 1951 Harbor Bay Pkwy., which sold to Stockbridge Capital for \$158.9 million. During January, the iconic Rotunda Building was sold for \$93.0 million, or \$372/ft. Following that, the 32,000-square-foot property at 1501 Harbor Bay was sold for over \$8.1 million. A few days later, 400 30th St. was sold for \$8.6 million. Within the next month, 2120 Berkeley Way was sold for \$30.1 million.

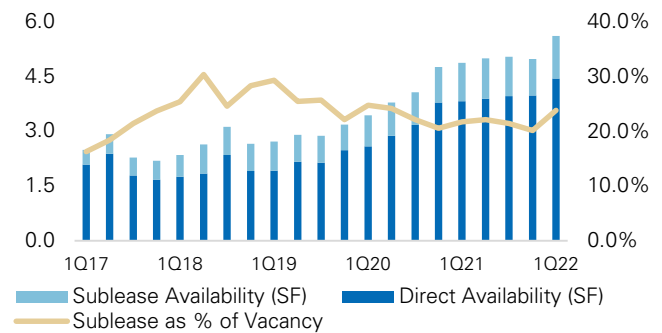
Net Absorption By City

SQUARE FEET, THOUSANDS



Sublease and Direct Availability

SQUARE FEET, MILLIONS



Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Twelve	1135 Atlantic Ave	Alameda	New Lease	28,067
Gensler	2101 Webster St	Lake Merritt	Renewal	23,862
Science Corporation	1010 Atlantic Ave	Alameda	New Lease	22,220
Hippo Insurance	2201 Broadway	Lake Merritt	New Lease	15,500
iQ Biosciences	1640 South Loop Rd	Alameda	New Lease	12,235

Select Investment Sale Transactions

Building(s)	Submarket	Sale Price	\$/SF	Square Feet
1951 Harbor Bay Pkwy	Alameda	\$158,900,000	\$720	220,710
2120 Berkeley Wy	Berkeley	\$30,100,000	\$650	46,334
1501 Harbor Bay Pkwy	Alameda	\$8,134,500	\$254	32,000
400 30 th St	Oakland	\$8,550,000	\$330	25,912

Overall Submarket Statistics

	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Alameda	3,447,731	296,913	48,529	10.0%	81,275	62,997	62,997	\$2.61
Harbor Bay	1,800,124	146,887	12,659	8.9%	30,988	67,845	67,845	\$2.61
Marina Village	1,647,607	150,026	35,870	11.3%	50,287	(4,848)	(4,848)	\$2.61
Berkeley	3,472,553	433,880	28,727	13.3%	26,969	24,386	24,386	\$3.54
Emeryville	4,496,150	768,163	328,277	24.4%	36,016	40,025	40,025	\$6.42
Oakland	14,606,941	2,800,157	761,015	24.4%	78,820	(121,464)	(121,464)	\$4.69
Airport	2,127,895	118,867	20,742	6.6%	-	(270)	(270)	\$2.30
Jack London Square	1,477,791	122,787	77,490	13.6%	-	(4,189)	(4,189)	\$3.60
City Center	5,767,635	1,666,636	363,701	35.2%	18,236	(149,085)	(149,085)	\$5.01
Lake Merritt	5,233,620	891,867	299,082	22.8%	60,584	32,080	32,080	\$4.99
Richmond	1,839,345	139,622	-	7.6%	-	58,175	58,175	\$1.96
Greater Oakland	27,862,720	4,438,735	1,166,548	20.1%	241,952	53,119	53,119	\$4.68

Select Class A Submarket Statistics

	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Emeryville	2,782,066	510,413	279,974	28.4%	36,016	21,729	21,729	\$5.75
Downtown Oakland	8,077,019	1,781,894	423,826	27.3%	38,520	(98,783)	(98,783)	\$5.21
City Center	3,930,846	1,212,095	192,795	35.7%	10,058	(108,315)	(108,315)	\$5.20
Lake Merritt	4,146,173	569,799	231,031	19.3%	28,462	9,532	9,532	\$5.24
Greater Oakland	16,325,192	2,710,948	768,049	21.3%	161,856	13,391	13,391	\$4.92

Select Class B Submarket Statistics

	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Emeryville	1,572,777	203,706	38,191	15.4%	0	14,556	14,556	\$5.00
Downtown Oakland	2,924,236	776,609	238,957	34.7%	40,300	(29,222)	(29,222)	\$4.63
City Center	1,836,789	454,541	170,906	34.1%	8,178	(40,770)	(40,770)	\$4.54
Lake Merritt	1,087,447	322,068	68,051	35.9%	32,122	11,548	11,548	\$4.78
Greater Oakland	11,294,617	1,671,833	388,387	18.2%	65,392	34,417	34,417	\$3.76

RESEARCH 1Q 2022

HISTORICAL GROSS ABSORPTION								
	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Alameda	17,348	41,076	12,406	148,567	27,862	114,251	87,221	81,276
Berkeley	2,621	115,960	0	15,999	2,804	52,236	30,342	26,969
Emeryville	9,212	43,875	146,922	70,106	44,568	6,340	74,387	36,016
Oakland	976,887	88,089	92,583	20,938	219,531	296,278	167,846	78,820
Richmond	10,428	7,717	1,620	0	753	0	59,485	0
GREATER OAKLAND	1,016,496	296,717	253,531	255,610	295,518	469,105	419,281	241,952

HISTORICAL NET ABSORPTION								
	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Alameda	16,109	(92,344.00)	(99,925.00)	148,567.00	0	20,333.00	55,221.00	62,997
Berkeley	(52,803.00)	(52,916.00)	(68,592.00)	(15,340.00)	(37,105.00)	(25,477.00)	(73,008.00)	24,386
Emeryville	(154,193.00)	(254,128.00)	(22,320.00)	20,581.00	(61,667.00)	(121,924.00)	(61,053.00)	40,025
Oakland	(186,591.00)	(622,758.00)	(490,600.00)	(198,688.00)	(19,450.00)	151,619.00	14,784.00	(132,464)
Richmond	0	(54,959.00)	(53,555.00)	0	-2,52	(10,177.00)	40,007.00	58,175
GREATER OAKLAND	-377,478	-1,077,105	-734,992	-44,880	-118,474	14,374	-24,049	53,119

HISTORICAL AVAILABILITY RATE								
	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Alameda	11.45%	13.01%	15.91%	11.63%	11.63%	10.46%	8.16%	10%
Berkeley	5.90%	5.33%	6.70%	7.15%	7.32%	8.98%	11.11%	13.3%
Emeryville	14.22%	16.86%	17.78%	18.85%	20.09%	22.75%	23.83%	24.4%
Oakland	14.87%	16.10%	19.40%	20.77%	20.52%	20.02%	19.61%	27.4%
Richmond	12.76%	10.63%	12.85%	12.85%	12.85%	13.28%	11.62%	7.6%
GREATER OAKLAND	13.10%	14.11%	16.64%	17.05%	17.30%	17.44%	17.25%	20.1%

HISTORICAL ASKING RENT								
	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Alameda	\$2.93	\$2.76	\$2.60	\$2.50	\$2.49	\$3.61	\$3.87	\$2.61
Berkeley	\$3.89	\$3.53	\$3.52	\$3.49	\$3.48	\$3.49	\$3.53	\$3.54
Emeryville	\$3.91	\$4.38	\$4.36	\$4.32	\$4.38	\$4.37	\$4.85	\$5.00
Oakland	\$4.99	\$5.07	\$5.04	\$5.02	\$4.99	\$5.00	\$5.00	\$4.69
Richmond	\$2.31	\$2.03	\$2.04	\$1.96	\$1.96	\$2.03	\$2.03	\$1.87
GREATER OAKLAND	\$4.44	\$4.62	\$4.59	\$4.65	\$4.63	\$4.66	\$4.75	\$4.68

For more information:

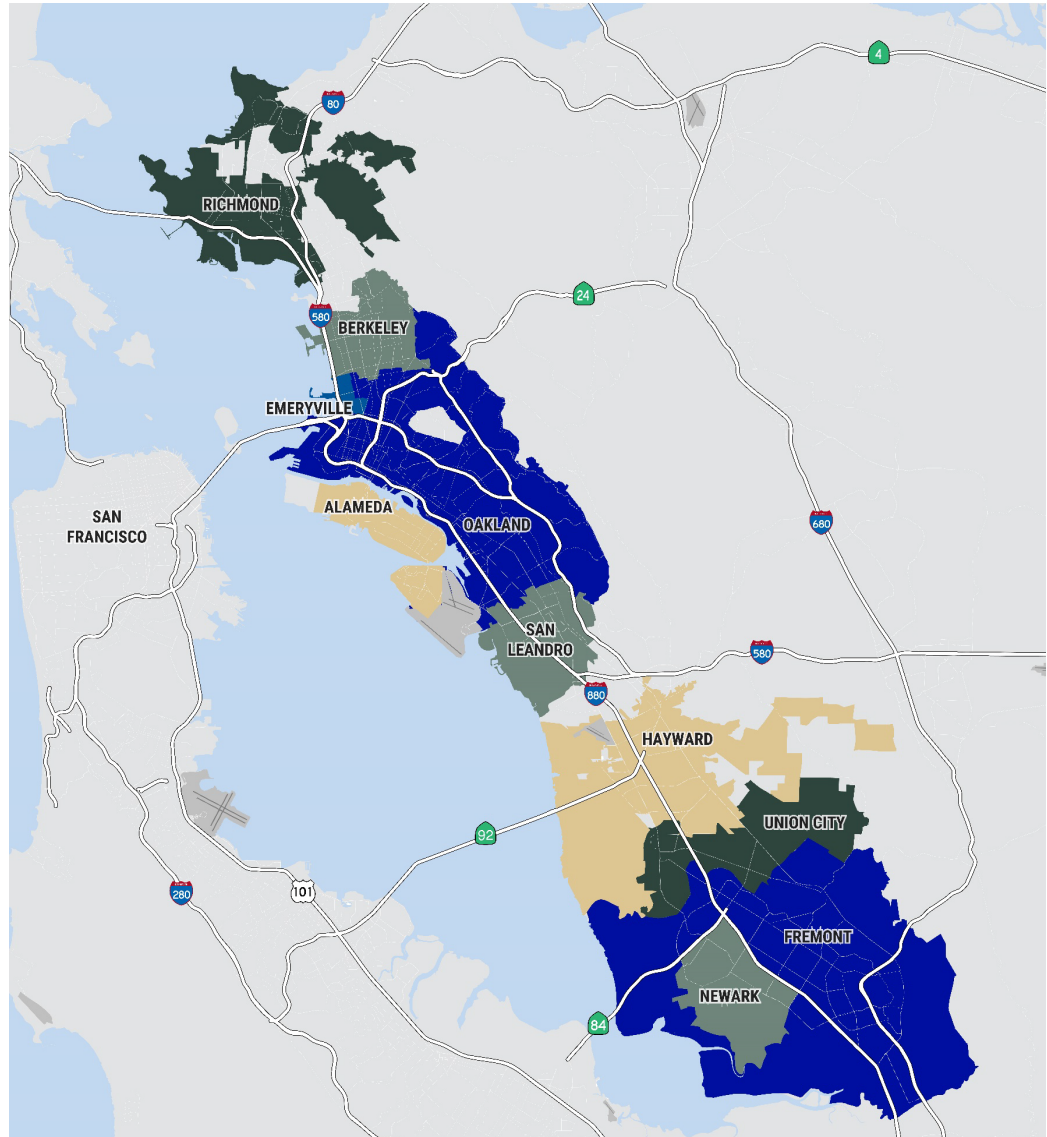
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