



# Greater Oakland Office Market

## Hub & Spoke Begins

The Greater Oakland office market had its best quarter since the pandemic started. Deal velocity has been ramping up, but the variant has slowed the overall market strength. Several larger deals landed in Downtown Oakland, while leasing is still slow for the more common space size of below ten thousand square feet. There are a significant amount of San Francisco tenants looking at migrating to the Emeryville and Alameda office markets as options for new space. Many of the tech giants in the Bay Area have estimated that a soft return date would start in the new year. This is a good sign for the East Bay as it will likely follow suit in the transition back to the office.

### Market Trends

PG&E has subleased the remaining few floors that were available at 300 Lakeside Drive. The utility company now has the entire 902,098 square foot building under leases with occupancy expected in early 2023. In the largest transaction of the quarter, Callisto Media subleased 78,070 square feet from Square at 1955 Broadway in Downtown Oakland. Rents remained flat quarter-over-quarter in the Greater Oakland market from \$4.63/SF in the second quarter to \$4.66/SF in the third quarter, although concessions are at an all-time peak. Downtown Oakland has a large pool of available space including both direct and sublease. Rates are likely to remain somewhat stagnant until the sublease market levels out.

### Twitter Lands in Oakland

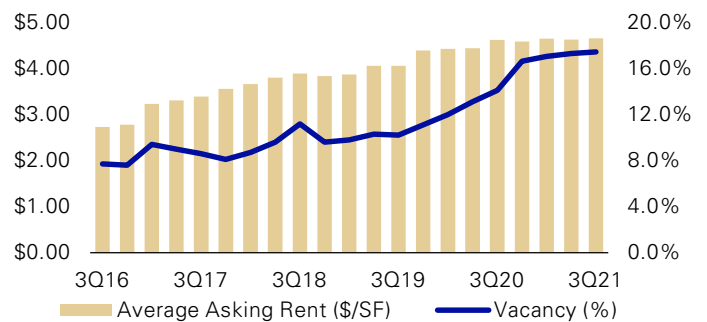
At 1330 Broadway, Twitter inked their first deal in Downtown Oakland with the intention of creating a hub & spoke model. Twitter leased the top 4 floors, totaling 66,600 square feet. This is the first example of a large San Francisco headquartered company opening a satellite office in Oakland since the pandemic began.

### Market Summary

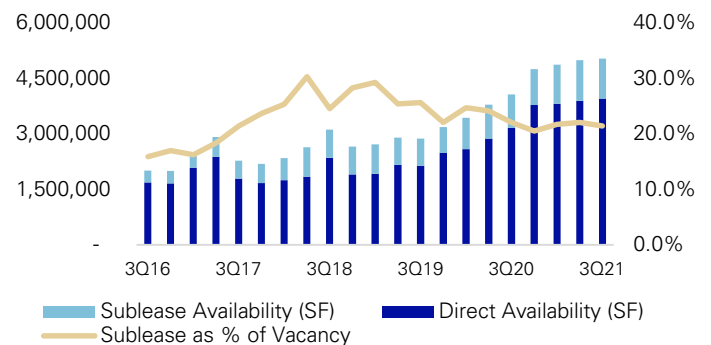
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	28.8M	28.8M	28.8	↔
Vacancy Rate	17.4%	17.3%	14.1%	↓
Qtr Net Abs (SF)	14K	-118K	-1.1M	↑
Total FS Asking Rent	\$4.66/SF	\$4.63/SF	\$4.62/SF	↑
Under Const (SF)	0	0	0	↔

### Market Analysis

#### ASKING RENT AND VACANCY RATE



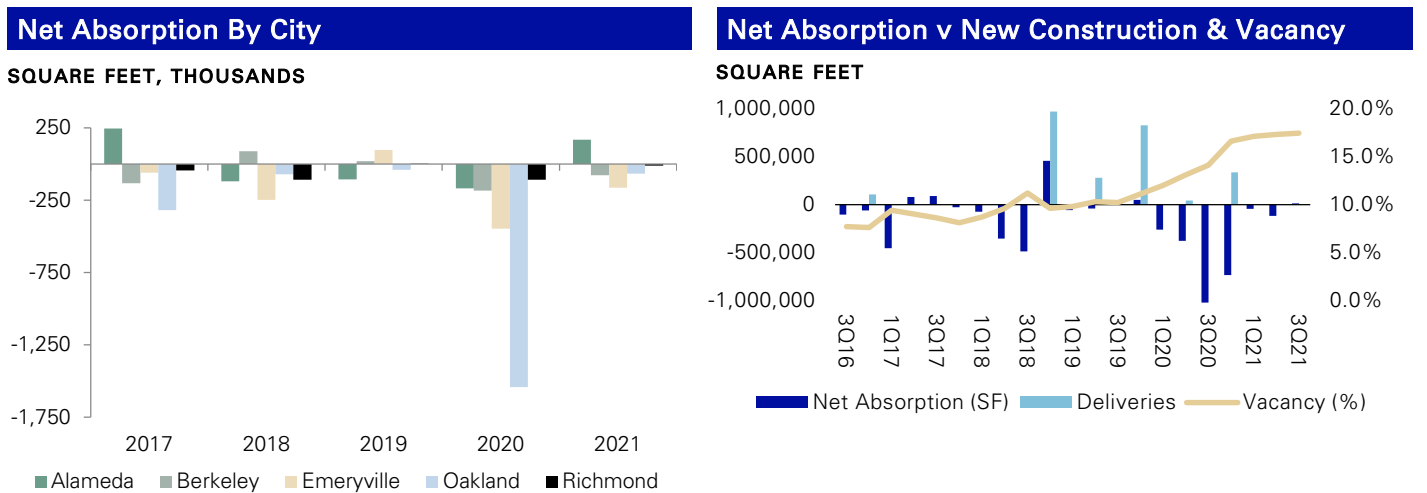
#### SUBLEASE V. DIRECT AVAILABILITY (SF)



**Significant Sale Transactions**

Investment sales have remained hot throughout 2021. The most significant investment sale of the third-quarter 2021 occurred at 1111 Broadway in Downtown Oakland. The 564,745-square-foot office building sold for \$327.5 million, or \$580/SF. Most of the other significant purchases of the quarter took place in Alameda which is following the same trend set in previous quarter.

Paceline Investors continues to make strides growing their market share for future R&D in Alameda. One of the largest transactions from Paceline in Alameda was the sale of 1321 & 1351 Harbor Bay Parkway, totaling 157,770 square feet for nearly \$80 million, or \$393/SF. Both buildings are currently occupied by Penumbra and have long term length remaining on the lease.



**Select Lease/User Transactions**

Tenant	Building(s)	Submarket	Type	Square Feet
Callisto Media	1955 Broadway	Lake Merritt	Sublease	78,070
Twitter	1330 Broadway	City Center	New Lease	66,600
PG&E	300 Lakeside Drive	Lake Merritt	Sublease	59,299
First Place For Youth	426 17 <sup>th</sup> Street	Lake Merritt	Renewal	12,510

**Select Investment Sale Transactions**

Building(s)	Submarket	Sale Price	\$/SF	Square Feet
1111 Broadway	City Center	\$327,500,000	\$580	564,745
1310 Harbor Bay Parkway	Harbor Bay	\$79,473,504	\$627	126,700
1321 & 1351 Harbor Bay Parkway	Harbor Bay	\$60,500,000	\$383	157,770
600 Bancroft Way	Berkeley	\$39,453,500	\$821	48,038
1441 Franklin Street	City Center	\$8,850,000	\$426	20,754

## RESEARCH 3Q 2021

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)
<b>Alameda</b>	<b>3,446,392</b>	<b>324,975</b>	<b>35,414</b>	<b>10.5%</b>	<b>114,251</b>	<b>20,333</b>	<b>169,900</b>	<b>\$3.61</b>
Harbor Bay	1,798,785	188,389	2,293	10.6%	17,947	-14,998	-13,921	\$3.77
Marina Village	1,647,607	136,586	33,121	10.3%	96,304	35,331	182,821	\$2.68
<b>Berkeley</b>	<b>3,428,875</b>	<b>304,782</b>	<b>3,000</b>	<b>9.0%</b>	<b>52,236</b>	<b>-25,477</b>	<b>-77,922</b>	<b>\$3.49</b>
<b>Emeryville</b>	<b>4,712,526</b>	<b>729,243</b>	<b>342,746</b>	<b>22.7%</b>	<b>6,340</b>	<b>-121,924</b>	<b>-163,010</b>	<b>\$4.38</b>
<b>Oakland</b>	<b>14,834,860</b>	<b>2,442,983</b>	<b>526,541</b>	<b>20.0%</b>	<b>296,278</b>	<b>151,619</b>	<b>-66,519</b>	<b>\$5.00</b>
Airport	2,127,895	98,116	16,039	5.3%	0	0	-1,239	\$2.32
Jack London Square	1,413,046	111,093	7,927	8.4%	1,170	-1,227	-22,309	\$3.86
City Center	5,741,653	1,454,071	310,241	30.7%	91,267	70,306	-27,944	\$5.26
Lake Merritt	5,552,266	779,703	192,334	17.5%	203,841	82,540	-15,607	\$4.96
Richmond	2,411,525	151,771	168,471	13.3%	0	-10,177	-10,429	\$1.96
<b>Greater Oakland</b>	<b>28,834,178</b>	<b>3,953,754</b>	<b>1,076,172</b>	<b>17.4%</b>	<b>469,105</b>	<b>14,374</b>	<b>-148,980</b>	<b>\$4.66</b>
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)
<b>Emeryville</b>	<b>2,558,855</b>	<b>366,698</b>	<b>280,109</b>	<b>25.3%</b>	<b>0</b>	<b>-121,924</b>	<b>-166,390</b>	<b>\$4.56</b>
<b>Downtown Oakland</b>	<b>8,077,019</b>	<b>1,646,469</b>	<b>320,858</b>	<b>24.1%</b>	<b>201,453</b>	<b>147,474</b>	<b>7,082</b>	
City Center	3,930,846	1,098,591	168,273	32.2%	12,597	57,420	12,300	\$5.24
Lake Merritt	4,146,173	528,378	152,585	16.4%	188,856	90,054	-5,218	\$4.87
<b>Greater Oakland</b>	<b>16,071,981</b>	<b>2,456,501</b>	<b>680,396</b>	<b>19.5%</b>	<b>313,038</b>	<b>38,362</b>	<b>-1,409</b>	<b>\$4.80</b>
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)
<b>Emeryville</b>	<b>2,153,671</b>	<b>362,545</b>	<b>62,637</b>	<b>19.7%</b>	<b>6,340</b>	<b>0</b>	<b>3,380</b>	<b>\$3.63</b>
<b>Downtown Oakland</b>	<b>3,216,900</b>	<b>606,805</b>	<b>181,717</b>	<b>17.1%</b>	<b>93,655</b>	<b>5,372</b>	<b>-50,053</b>	
City Center	1,810,807	355,480	141,968	27.5%	78,670	12,886	-40,244	\$5.32
Lake Merritt	1,406,093	251,325	39,749	20.7%	14,985	-7,514	-9,809	\$5.18
<b>Greater Oakland</b>	<b>12,762,197</b>	<b>1,497,253</b>	<b>395,776</b>	<b>14.8%</b>	<b>155,067</b>	<b>-23,988</b>	<b>-147,571</b>	<b>\$4.36</b>

RESEARCH 3Q 2021

HISTORICAL GROSS ABSORPTION								
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Alameda	17,126	6,985	17,348	41,076	12,406	148,567	27,862	114,251
Berkeley	33,486	7,339	2,621	115,960	0	15,999	2,804	52,236
Emeryville	20,869	77,427	9,212	43,875	146,922	70,106	44,568	6,340
Oakland	366,263	163,722	976,887	88,089	92,583	20,938	219,531	296,278
Richmond	2,338	13,736	10,428	7,717	1,620	0	753	0
<b>GREATER OAKLAND</b>	<b>440,082</b>	<b>269,209</b>	<b>1,016,496</b>	<b>296,717</b>	<b>253,531</b>	<b>255,610</b>	<b>295,518</b>	<b>469,105</b>
HISTORICAL NET ABSORPTION								
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Alameda	-23,100	6,985	16,109	-92,344	-99,925	148,567	0	20,333
Berkeley	21,879	-8,563	-52,803	-52,916	-68,592	-15,340	-37,105	-25,477
Emeryville	-14,738	-16,586	-154,193	-254,128	-22,320	20,581	-61,667	-121,924
Oakland	65,100	-242,697	-186,591	-622,758	-490,600	-198,688	-19,450	151,619
Richmond	1,404	0	0	-54,959	-53,555	0	-2,52	-10,177
<b>GREATER OAKLAND</b>	<b>50,545</b>	<b>-260,861</b>	<b>-377,478</b>	<b>-1,077,105</b>	<b>-734,992</b>	<b>-44,880</b>	<b>-118,474</b>	<b>14,374</b>
HISTORICAL AVAILABILITY RATE								
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Alameda	13.05%	12.60%	11.45%	13.01%	15.91%	11.63%	11.63%	10.46%
Berkeley	4.18%	4.43%	5.90%	5.33%	6.70%	7.15%	7.32%	8.98%
Emeryville	10.45%	10.82%	14.22%	16.86%	17.78%	18.85%	20.09%	22.75%
Oakland	12.10%	13.74%	14.87%	16.10%	19.40%	20.77%	20.52%	20.02%
Richmond	12.76%	12.76%	12.76%	10.63%	12.85%	12.85%	12.85%	13.28%
<b>GREATER OAKLAND</b>	<b>11.07%</b>	<b>11.95%</b>	<b>13.10%</b>	<b>14.11%</b>	<b>16.64%</b>	<b>17.05%</b>	<b>17.30%</b>	<b>17.44%</b>
HISTORICAL ASKING RENT								
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Alameda	\$3.04	\$3.07	\$2.93	\$2.76	\$2.60	\$2.50	\$2.49	\$3.61
Berkeley	\$3.40	\$3.48	\$3.89	\$3.53	\$3.52	\$3.49	\$3.48	\$3.49
Emeryville	\$3.74	\$3.87	\$3.91	\$4.38	\$4.36	\$4.32	\$4.38	\$4.37
Oakland	\$5.03	\$5.01	\$4.99	\$5.07	\$5.04	\$5.02	\$4.99	\$5.00
Richmond	\$2.31	\$2.31	\$2.31	\$2.03	\$2.04	\$1.96	\$1.96	\$2.03
<b>GREATER OAKLAND</b>	<b>\$4.39</b>	<b>\$4.43</b>	<b>\$4.44</b>	<b>\$4.62</b>	<b>\$4.59</b>	<b>\$4.65</b>	<b>\$4.63</b>	<b>\$4.66</b>

*For more information:*

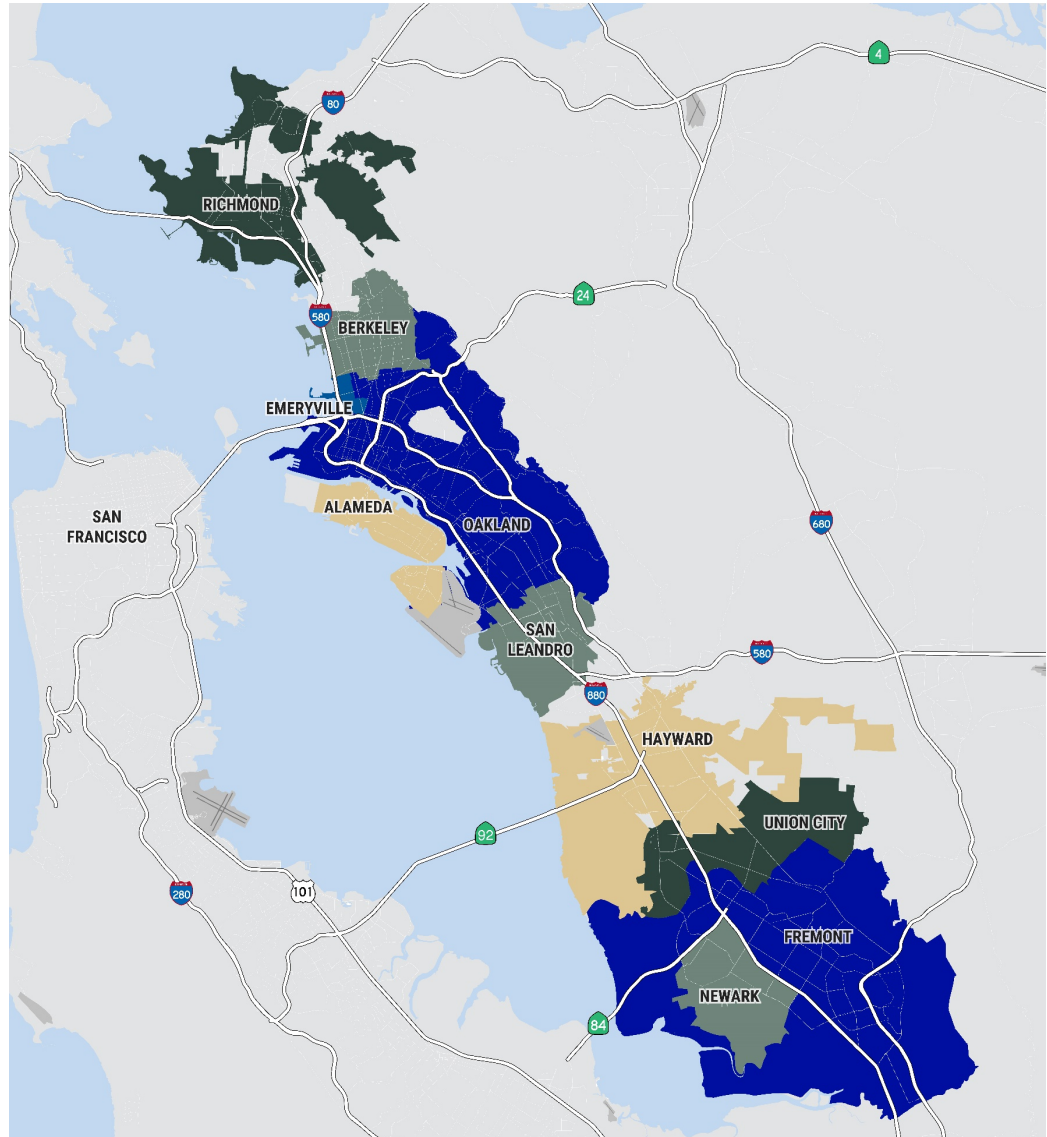
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