



RESEARCH 4Q 2020

Greater Oakland Office Market

Out with the Old, In with the New

The Greater Oakland office market finished off one of its toughest years to date, although the future looks to bring positive news, with mass vaccinations beginning to take place. A sense of normalcy in the Bay Area should be around the corner, with options for employers to reintroduce workers back into the office space. As tenants begin to reenter the market, the number of options at all size ranges will be a great benefit to those in the market. Shell space to beautifully built-out suites will be there for the taking, and competition will be lower than prior years.

Market Trends

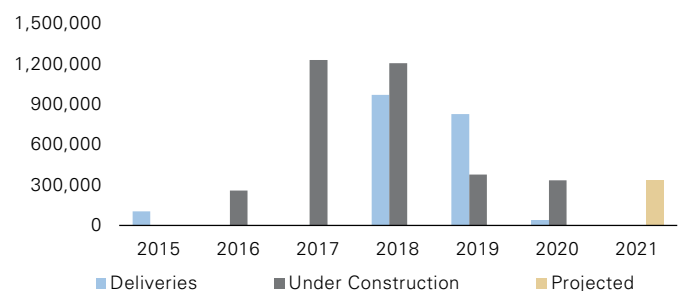
Net absorption took a massive hit in the final quarter of 2020 at negative 734,992 square feet, with a large majority of the space coming back in Downtown Oakland. Class A buildings in the Greater Oakland market took the biggest hit of the year, with nearly negative 1.7 million square feet of absorption, compared to the more isolated options in class, at negative 682,216 square feet. Since 2016, availability has been rapidly rising every quarter with a steep incline as of the pandemic. A jump in availability has been noted from 7.2% to 18.4% over the past four years.

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	28.6M	28.8M	28.7M	↑
Vacancy Rate	16.6%	14.1%	11.1%	↓
Qtr Net Abs (SF)	-735K SF	-1.1M SF	51K SF	↑
Total FS Asking Rent	\$4.59/SF	\$4.62/SF	\$4.39	↓
Under Const (SF)	336K SF	336K SF	378K SF	↓

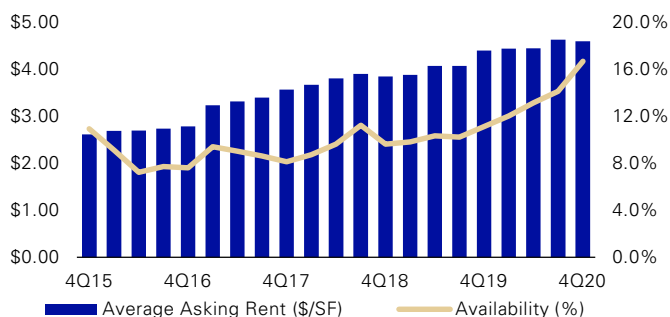
Construction and Deliveries

SQUARE FEET



Market Analysis

ASKING RENT AND AVAILABILITY RATE



NET ABSORPTION



Asking rents have remained nearly the same quarter over quarter in the Greater Oakland market, falling to \$4.59/SF, from \$4.62/SF. The amount options for subleasing have been consistently adding up each quarter, creating a new dynamic that owners will have to compete against. Landlords have kept direct asking rates steady throughout the pandemic and are hopeful that this will be short term and prices should remain somewhere close to the peaks reached previously.

Office deal velocity came close to nearly a full halt in fourth-quarter 2020, with the smallest amount of leasing volume in recent years and no sales of note. The slowdown in leasing activity didn't just affect Downtown Oakland but all suburb

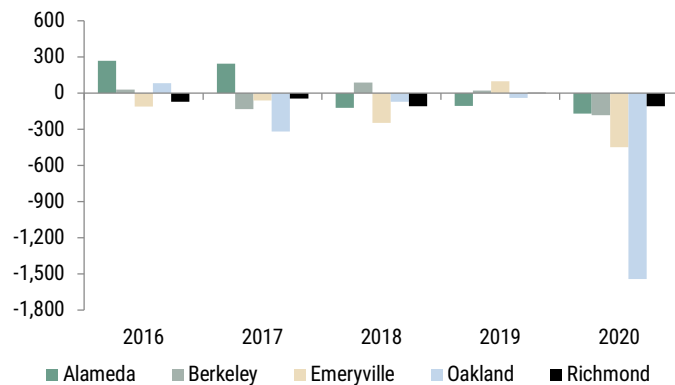
office space, including Alameda, Berkeley and Emeryville. The Greater Oakland market had 253,531 square feet leased in total, making it the slowest quarter to date.

Significant Transactions

A few notable lease transactions occurred during fourth-quarter 2020. In one of the largest transactions of the quarter, Agenesis leased 83,620 square feet at 6455 Christie Avenue in Emeryville. Also, IAC subleased a portion of Square's space at 1955 Broadway in Oakland for 819,000 square feet. In Alameda, Terviva Bioenergy leased 7,824 square feet of space from DRA Advisors at 980 Atlantic Avenue.

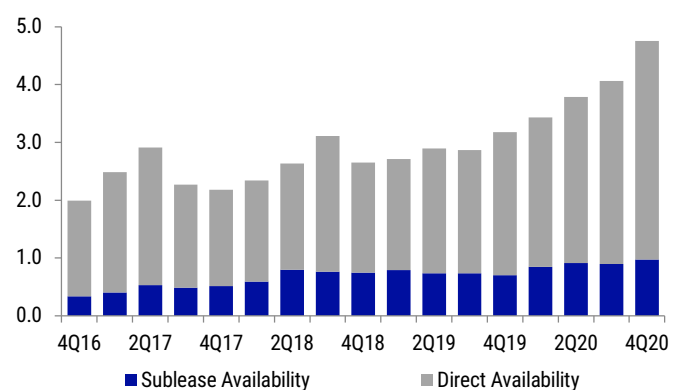
Net Absorption By City

Square Feet, Thousands



Direct V. Sublease Availability

Square Feet, Millions



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	3,446,392	484,306	64,160	15.9%	12,406	-99,925	-169,175	\$2.60
Harbor Bay	1,798,785	173,391	2,293	9.8%	2,682	-3,508	-48,729	\$2.43
Marina Village	1,647,607	310,915	61,867	22.6%	9,724	-96,417	-120,446	\$2.81
Berkeley	3,428,792	216,427	13,350	6.7%	-	-68,592	-182,874	\$3.52
Emeryville	4,712,526	577,969	259,856	17.8%	146,922	-22,320	-447,227	\$4.36
Oakland	14,564,577	2,357,421	468,719	19.4%	92,583	-490,600	-1,542,646	\$5.04
Airport	2,127,895	96,877	18,531	5.4%	25,291	-13,174	-44,178	\$2.43
Jack London Square	1,413,046	87,142	9,569	6.9%	13,220	1,818	-36,761	\$3.89
City Center	5,710,217	1,404,570	252,441	29.0%	26,664	-335,144	-859,790	\$5.24
Lake Merritt	5,313,419	768,832	188,178	18.0%	27,408	-144,100	-601,917	\$5.24
Richmond	2,411,525	141,342	168,471	12.8%	1,620	-53,555	-109,514	\$2.04
Greater Oakland	28,563,812	3,777,465	974,556	16.6%	253,531	-734,992	-2,450,436	\$4.59

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	245,280	146,210	17.3%	52,686	-31,157	-299,337	\$4.58
Downtown Oakland	7,838,172	1,637,645	237,907	23.9%	45,449	-457,479	-1,109,150	\$5.20
City Center	3,930,846	1,104,949	94,858	30.5%	18,041	-318,287	-652,602	\$5.28
Lake Merritt	3,907,326	532,696	143,049	17.3%	27,408	-139,192	-456,448	\$5.08
Greater Oakland	16,056,345	2,483,739	593,197	19.2%	178,362	-670,121	-1,768,220	\$4.80

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	1,930,460	332,689	23,091	18.4%	30,428	8,837	-147,890	\$3.55
Downtown Oakland	3,185,464	535,757	202,712	23.2%	8,623	-21,765	-352,657	\$5.08
City Center	1,779,371	299,621	157,583	25.7%	8,623	-16,857	-140,359	\$5.08
Lake Merritt	1,406,093	236,136	45,129	20.0%	-	-4,908	-212,298	\$5.08
Greater Oakland	12,507,467	1,293,726	381,359	13.4%	75,169	-64,871	-682,216	\$4.12

HISTORICAL GROSS ABSORPTION

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Alameda	23,759	4,992	141,617	17,126	6,985	17,348	41,076	12,406
Berkeley	16,173	45,171	6,168	33,486	7,339	2,621	115,960	0
Emeryville	95,662	75,904	120,785	20,869	77,427	9,212	43,875	146,922
Oakland	232,380	302,956	254,228	366,263	163,722	976,887	88,089	92,583
Richmond	6,463	0	2,775	2,338	13,736	10,428	7,717	1,620
GREATER OAKLAND	374,437	429,023	525,573	440,082	269,209	1,016,496	296,717	253,531

HISTORICAL NET ABSORPTION

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Alameda	-36,850	-59,150	13,040	-23,100	6,985	16,109	-92,344	-99,925
Berkeley	-9,101	27,000	-18,826	21,879	-8,563	-52,803	-52,916	-68,592
Emeryville	36,680	46,371	30,117	-14,738	-16,586	-154,193	-254,128	-22,320
Oakland	-48,413	-55,569	-876	65,100	-242,697	-186,591	-622,758	-490,600
Richmond	-627	0	0	1,404	0	0	-54,959	-53,555
GREATER OAKLAND	-58,311	-41,348	23,455	50,545	-260,861	-377,478	-1,077,105	-734,992

HISTORICAL AVAILABILITY RATE

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Alameda	11.51%	13.23%	12.41%	13.05%	12.60%	11.45%	13.01%	15.91%
Berkeley	5.06%	4.27%	4.82%	4.18%	4.43%	5.90%	5.33%	6.70%
Emeryville	13.78%	10.79%	10.13%	10.45%	10.82%	14.22%	16.86%	17.78%
Oakland	8.88%	10.75%	10.75%	12.10%	13.74%	14.87%	16.10%	19.40%
Richmond	11.56%	11.56%	11.56%	12.76%	12.76%	12.76%	10.63%	12.85%
GREATER OAKLAND	9.77%	10.34%	10.21%	11.07%	11.95%	13.10%	14.11%	16.64%

HISTORICAL ASKING RENT

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Alameda	\$2.54	\$2.71	\$2.72	\$3.04	\$3.07	\$2.93	\$2.76	\$2.60
Berkeley	\$3.59	\$3.25	\$3.30	\$3.40	\$3.48	\$3.89	\$3.53	\$3.52
Emeryville	\$3.87	\$3.65	\$3.70	\$3.74	\$3.87	\$3.91	\$4.38	\$4.36
Oakland	\$4.30	\$4.63	\$4.62	\$5.03	\$5.01	\$4.99	\$5.07	\$5.04
Richmond	\$2.37	\$2.37	\$2.37	\$2.31	\$2.31	\$2.31	\$2.03	\$2.04
GREATER OAKLAND	\$3.87	\$4.06	\$4.06	\$4.39	\$4.43	\$4.44	\$4.62	\$4.59

For more information:

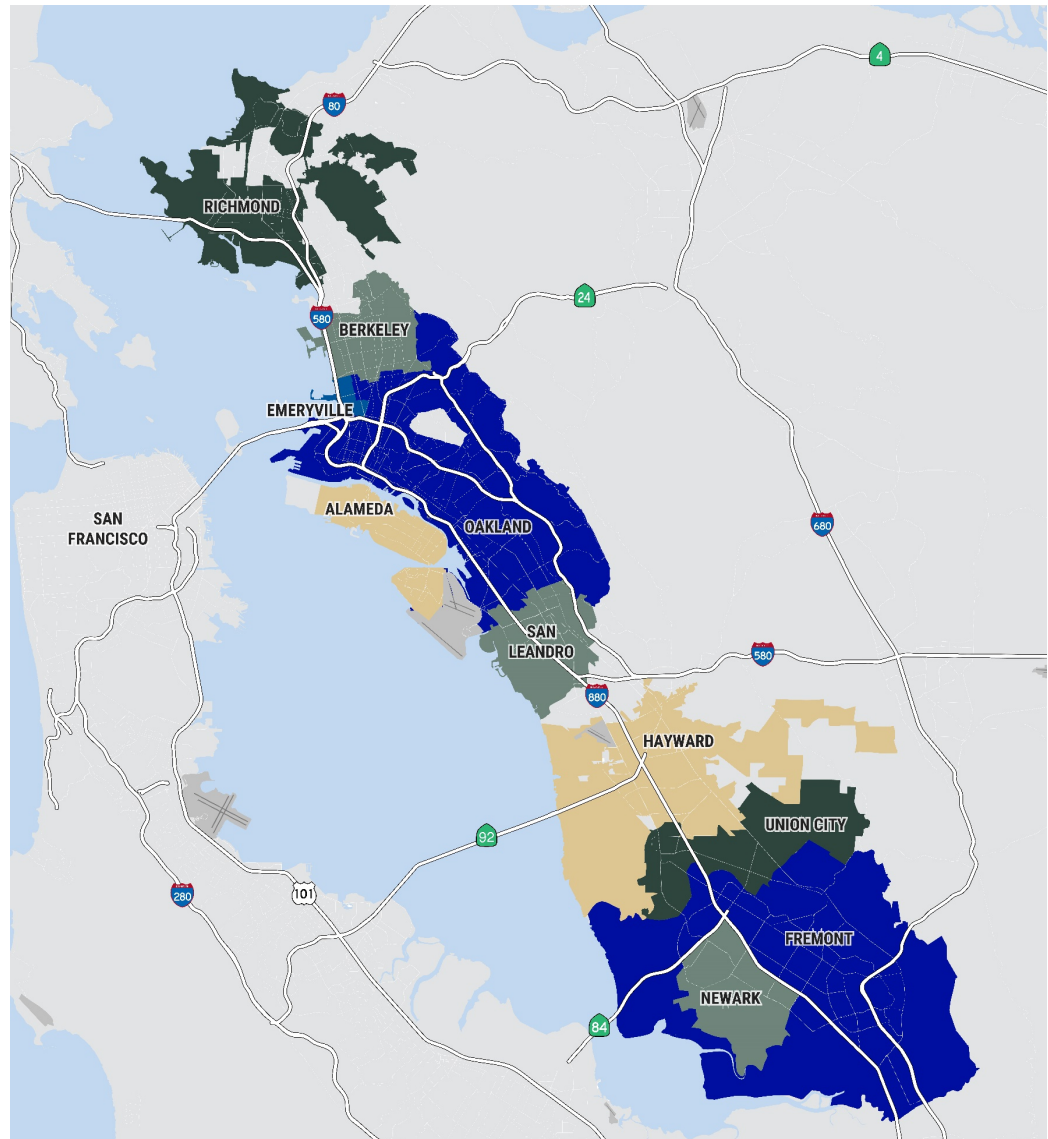
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