

OAKLAND METROPOLITAN OFFICE MARKET REPORT

Q4 2017

In 2017, Oakland solidified its position as a top contender in the Greater Bay Area marketplace, with increasing rents and a revitalized aesthetic in the office sector. Oakland metro markets saw an average rent increase of 11% compared to year end 2016, with rents spiking to up to \$60.00 per square foot in select buildings. Despite the boost in average rents, vacancy rose slightly due to an injection of new space into the market. The proliferation of leasing activity, in conjunction with the addition of much-needed office space, lay a foundation for Oakland to continue its solid growth amongst neighboring markets going into 2018.

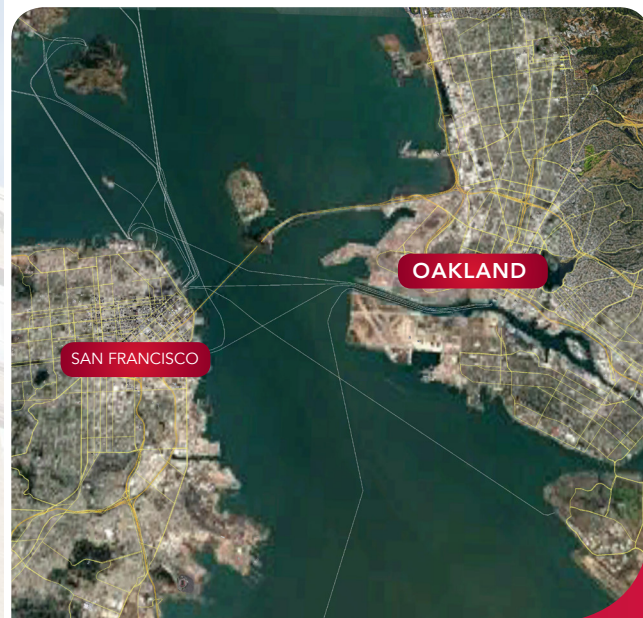
San-Francisco tenants moving across the Bay accounted for some of the largest deals of the year, with the expansion of Blue Shield in Q1 (200,000 square feet), Delta Dental in Q3 (82,000 square feet) and Clovis Oncology in Q4 (32,380 square feet), who all settled in Oakland City Center. WeWork also leased and transitioned into 82,000 square feet at 1111 Broadway, while Marqeta occupied 56,456 square feet at 180 Grand.

Investors have continued optimism in Oakland markets, exemplified by year-to-date sales volume topping \$540 million. CIM Group purchased Uber's Uptown Station building for \$180 million in December, and the group promptly proceeded with renovations of the building, which is set to deliver in early 2018.

Over the next 24 months, Oakland CBD vacancy will increase, with up to 1 million square feet of new or redeveloped office space set to deliver, not all of which is pre-leased. Sites currently under redevelopment include 2201 Broadway, 2150 Webster, Uptown Station and Tribune Tower. 601 City Center is under construction (set to deliver early 2019), while construction at 1100 Broadway has yet to begin. This incoming supply of office space will relieve the highly crowded and increasingly expensive Oakland market.

MARKET SNAPSHOT

- ▶ Oakland Office Inventory: **26,901,781**
- ▶ Oakland Office Availability: **1,927,835**
- ▶ Oakland Office Availability Rate: **7.1%**



OAKLAND METROPOLITAN OFFICE MARKET REPORT



4TH QUARTER 2017		AVAILABILITY					ABSORPTION		AVG ASKING FULL SERVICE
SUBMARKET	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLET VACANT SF	TOTAL VACANCY SF	TOTAL VACANCY RATE	NET ABSORPTION Q4 2017	NET ABSORPTION YTD SF	
City Center Oakland	5,230,710	313,843	6.0%	60,000	329,535	6.3%	22,892	75,584	\$4.34
Lake Merritt Oakland	6,875,437	543,160	7.9%	84,694	550,035	8.0%	41,771	129,614	\$4.16
Jack London Square	1,735,834	99,450	5.7%	13,580	113,030	6.5%	10,723	28,477	\$3.48
Oakland Airport	2,075,845	125,655	6.0%	2,445	128,100	6.2%	31,986	83,420	\$1.95
Marina Village Alameda	1,736,610	212,947	12.3%	22,500	235,447	13.5%	4,760	37,972	\$3.01
Harbor Bay Alameda	1,805,430	174,532	9.6%	0	174,532	9.6%	13,226	111,390	\$2.15
Emeryville	4,215,765	311,967	7.4%	112,431	320,398	7.6%	25,099	156,045	\$3.79
Downtown Berkeley	1,850,700	70,425	3.8%	0	70,425	3.8%	129	1,793	\$3.86
West Berkeley	1,375,450	75,856	5.5%	45,652	121,508	8.8%	-9,806	12,454	\$3.42
MARKET TOTALS	26,901,781	1,927,835	7.1%	341,302	2,043,010	7.8%	140,780	636,749	\$3.35



FURTHER SIGNIFICANT LEASE TRANSACTIONS:

TANIUM | LEASED | 64,841 SF | 2100 POWELL, EMERYVILLE
 TREASURY WINE ESTATES | LEASED | 29,299 SF | 300 LAKESIDE, OAKLAND
 BART | LEASED | 28,303 SF | 300 LAKESIDE, OAKLAND
 BLUE SHIELD | LEASED | 26,400 SF | 601 12TH, OAKLAND
 SEIU JANITORS | LEASED | 16,829 SF | 1650 HARBOR BAY, ALAMEDA

FURTHER SIGNIFICANT SALE TRANSACTIONS:

VERTICAL VENTURES LLC | SOLD | 194,858 SF | 303/333 HEGENBERGER, OAKLAND

SIGNIFICANT CONSTRUCTION:

601 CITY CENTER | 601 12TH STREET, OAKLAND | 602,000 SF
 EMERY STATION WEST | 5959 HORTON, EMERYVILLE | 248,000 SF
 BERKELEY WAY WEST | 1919 SHATTUCK, BERKELEY | 213,000 SF
 SAN LENDRO TECH CNTR | 1333 MARTINEZ, SAN LEANDRO | 132,000 SF
 UC PRESS BUILDING | 2120 BERKELEY WAY, BERKELEY | 40,000 SF

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

YOUR OFFICE TEAM OF LOCAL MARKET EXPERTS



DAVID MCCARTY, Principal
510.903.7601 | LIC# 01748283
dmccarty@lee-associates.com



BEN JONES, Principal
510.903.7606 | LIC# 01758720
bjones@lee-associates.com

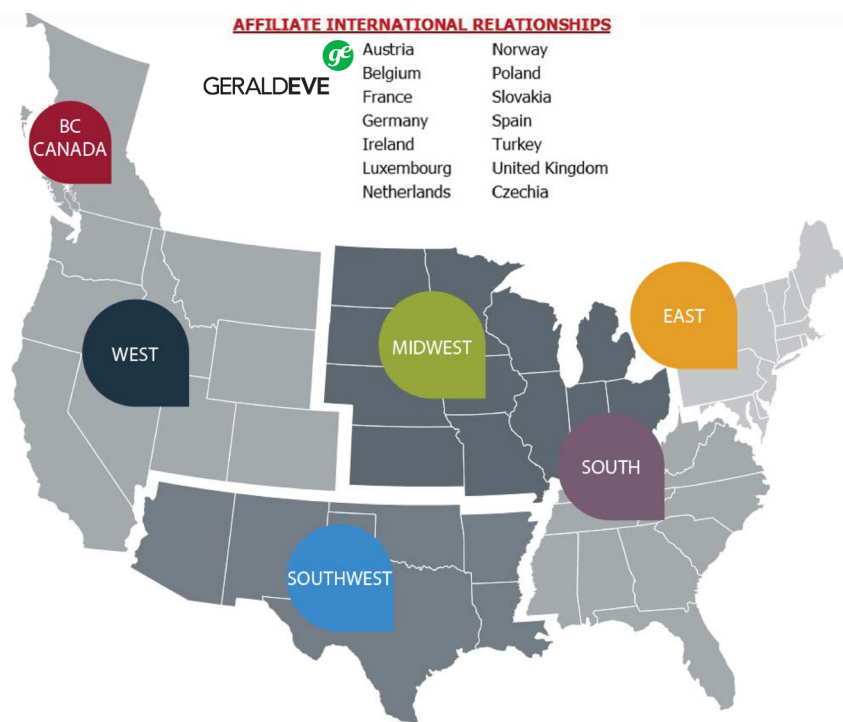


JOE MCGLYNN, Associate
510.903.7612 | LIC# 01911689
jmcglynn@lee-associates.com



NEIL COWPERTHWAIT, Associate
510.903.7603 | LIC# 01912683
ncowperthwaite@lee-associates.com

LEE & ASSOCIATES, OAKLAND | 520 3RD STREET, SUITE 105, OAKLAND, CA 94607 | 510-903-7600 | WWW.LEE-ASSOCIATES.COM



INTERNATIONAL ORGANIZATION, LOCAL OWNERSHIP

Established in 1979, Lee & Associates has expanded across the nation and North America with offices that are individually owned by the shareholders of that office, thus encouraging an entrepreneurial spirit and allowing more freedom and creativity to make real estate transactions work.

EXPLOSIVE GROWTH

Since its inception there has been an explosive growth of Lee & Associates offices throughout the country and now in Vancouver, British Columbia, making it one of the largest and fastest growing commercial real estate organizations in North America.



2016 - Seattle, WA	2013 - Long Island-Queens, NY	2010 - Indianapolis, IN	2006 - Oakland, CA	2001 - Victorville, CA	1989 - LA - Long Beach, CA
2016 - Walnut Creek	2013 - Chesapeake Region, MD	2009 - Long Beach, CA	2006 - Reno, NV	1999 - Temecula Valley, CA	1989 - Riverside, CA
2016 - Vancouver, BC Canada	2012 - Edison, NJ	2009 - Elmwood Park, NJ	2006 - San Diego - UTC, CA	1996 - Central LA, CA	1987 - Ontario, CA
2016 - Twin Cities, MN	2012 - Orlando, FL	2008 - Boise, ID	2006 - Ventura, CA	1994 - Sherman Oaks, CA	1984 - Newport Beach, CA
2016 - Pasadena, CA	2012 - Charleston, SC	2008 - ISG, LA, CA	2006 - San Luis Obispo, CA	1994 - West LA, CA	1983 - Orange, CA
2015 - Eastern Pennsylvania	2011 - Fort Myers, FL	2008 - Palm Desert, CA	2005 - Southfield, MI	1993 - Pleasanton, CA	1979 - Irvine, CA
2015 - Columbus, OH	2011 - Manhattan, NY	2008 - Santa Barbara, CA	2005 - Los Olivos, CA	1993 - Stockton, CA	
2015 - Houston, TX	2011 - Greenville, SC	2006 - Antelope Valley, CA	2004 - Calabasas, CA	1991 - Phoenix, AZ	
2014 - Denver, CO	2010 - Atlanta, GA	2006 - Dallas, TX	2004 - St. Louis, MO	1990 - Carlsbad, CA	
2014 - Cleveland, OH	2010 - Greenwood, IN	2006 - Madison, WI	2002 - Chicago, IL	1990 - Industry, CA	

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.