

Greater Oakland Office Market Overview

Market Observations

Economy

- The East Bay's unemployment decreased by 30 basis points in the first quarter and currently stands at 4.5%. This is 40 basis points higher than the national average.
- Job growth year-over-year was highest in the education and health, and government. The information, manufacturing, and construction sectors showed the largest decreases in employment.

Major Transactions

- The largest transaction of the quarter was Veterans Affairs' 78,196-square-foot lease in Oakland.
- Other leases this quarter include Goldfarb & Lipman, LLP's lease extension of 16,068 square feet of space in Oakland; Santen Pharmaceuticals' 15,919-square-foot lease in Emeryville; and The State of California 9,063-square-foot lease in Emeryville.
- Sales this quarter include 1420-1440 Broadway in Oakland which sold for \$5.5 million, or \$60.64/sf. It was last sold in 2018 for \$43.5 million, or \$479.64/sf. Additionally 1220-1240 Broadway in Oakland sold for \$3.2 million, or \$64.20/sf. It was purchased by a retail user with the office space upstairs still being available for lease.



Leasing Market Fundamentals

- Net absorption in the first quarter of 2025 totaled negative 45,738 square feet. This is the 12th quarter in a row where the market has experienced negative absorption.
- There were no new office construction projects in the Greater Oakland market in the first quarter of 2025. Life science makes up most of the active construction.
- Vacancy increased to 22.7%.

Outlook

- Like the two building sales on Broadway in Oakland in the first quarter, we anticipate more buildings with high vacancy to be purchased at low cost. Rental rates will continue to decline, and improvement costs remain high.
- Asking rents continue to drop and buildings are not getting any cheaper to operate causing slimmer margins and leaving tenants in the market with a vast array of options to choose from.
- The most cost-effective deals for tenants in the market are the transactions where some or all the second-generation improvements are utilized.

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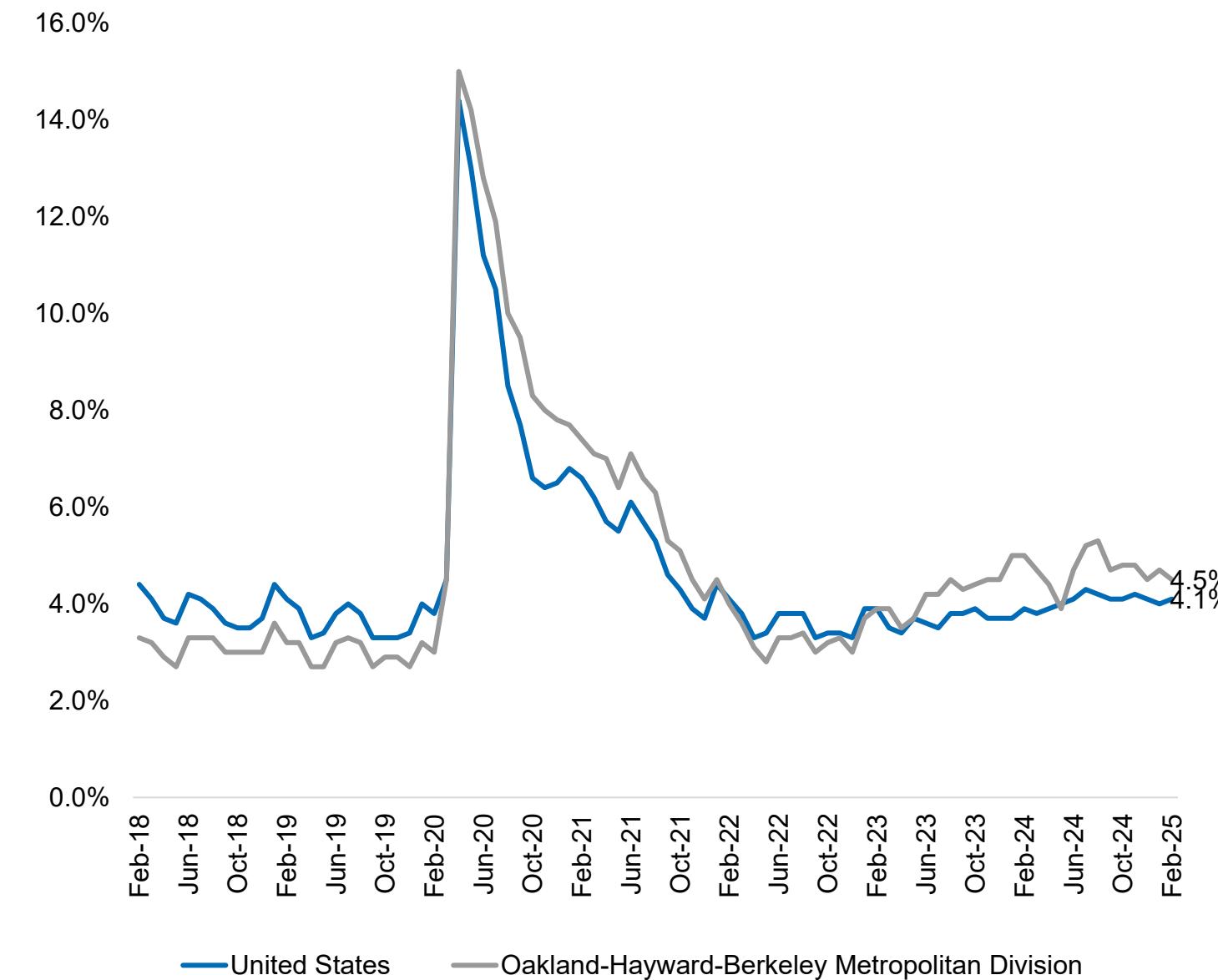
Economy



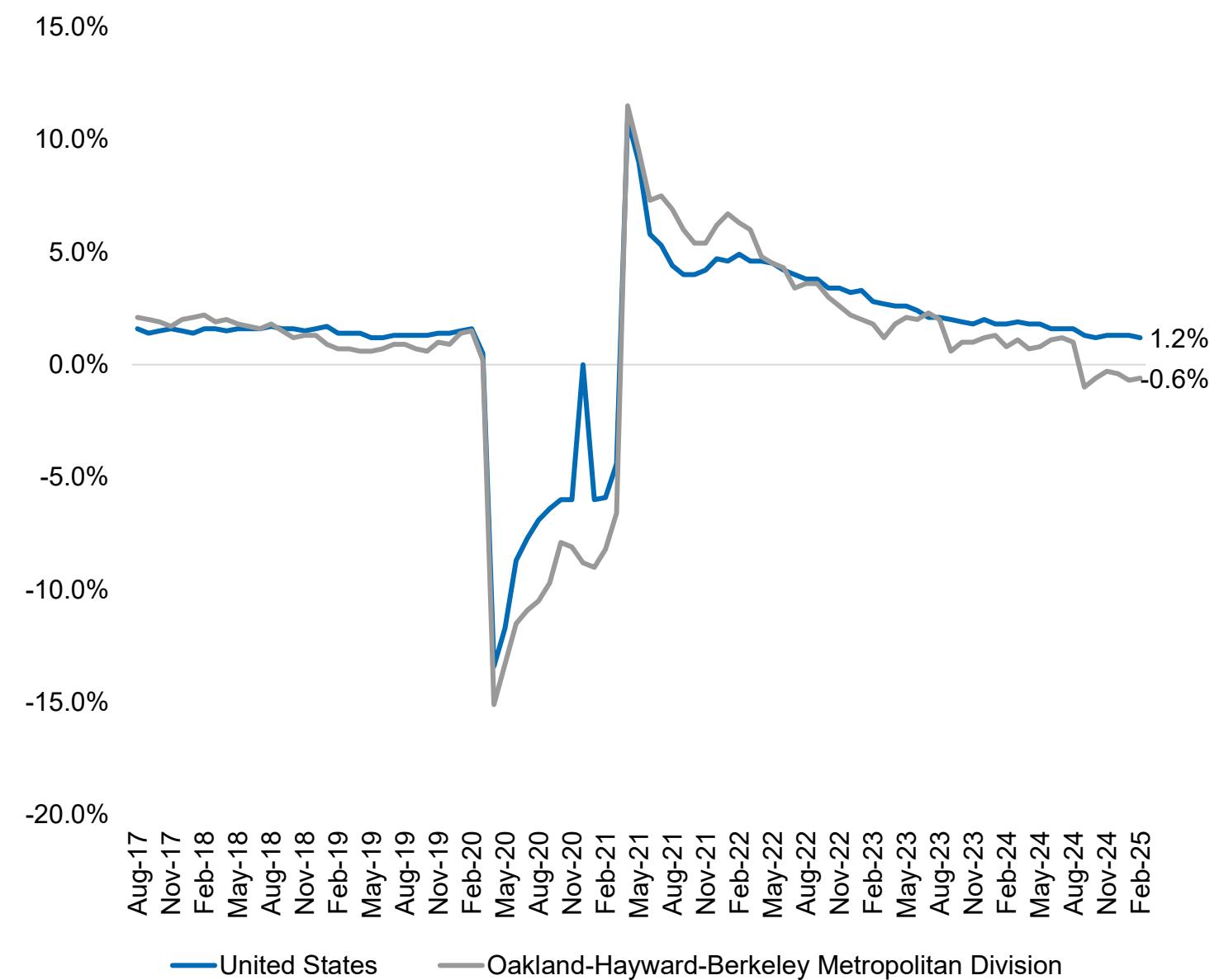
Metro Employment Trends Signal A Slight Comeback

The current unemployment rate for the East Bay Area is now 50 basis points lower than it was at the beginning of 2024, and at 4.5% is 40 basis points higher than the national average. Unemployment rates remain above pre-pandemic levels.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

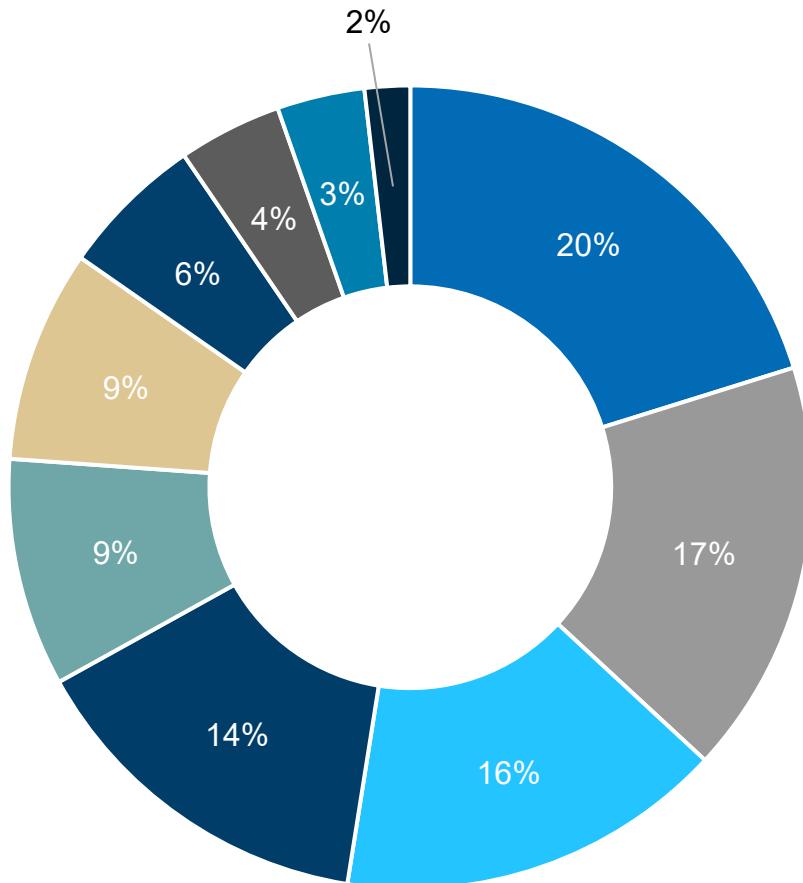


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

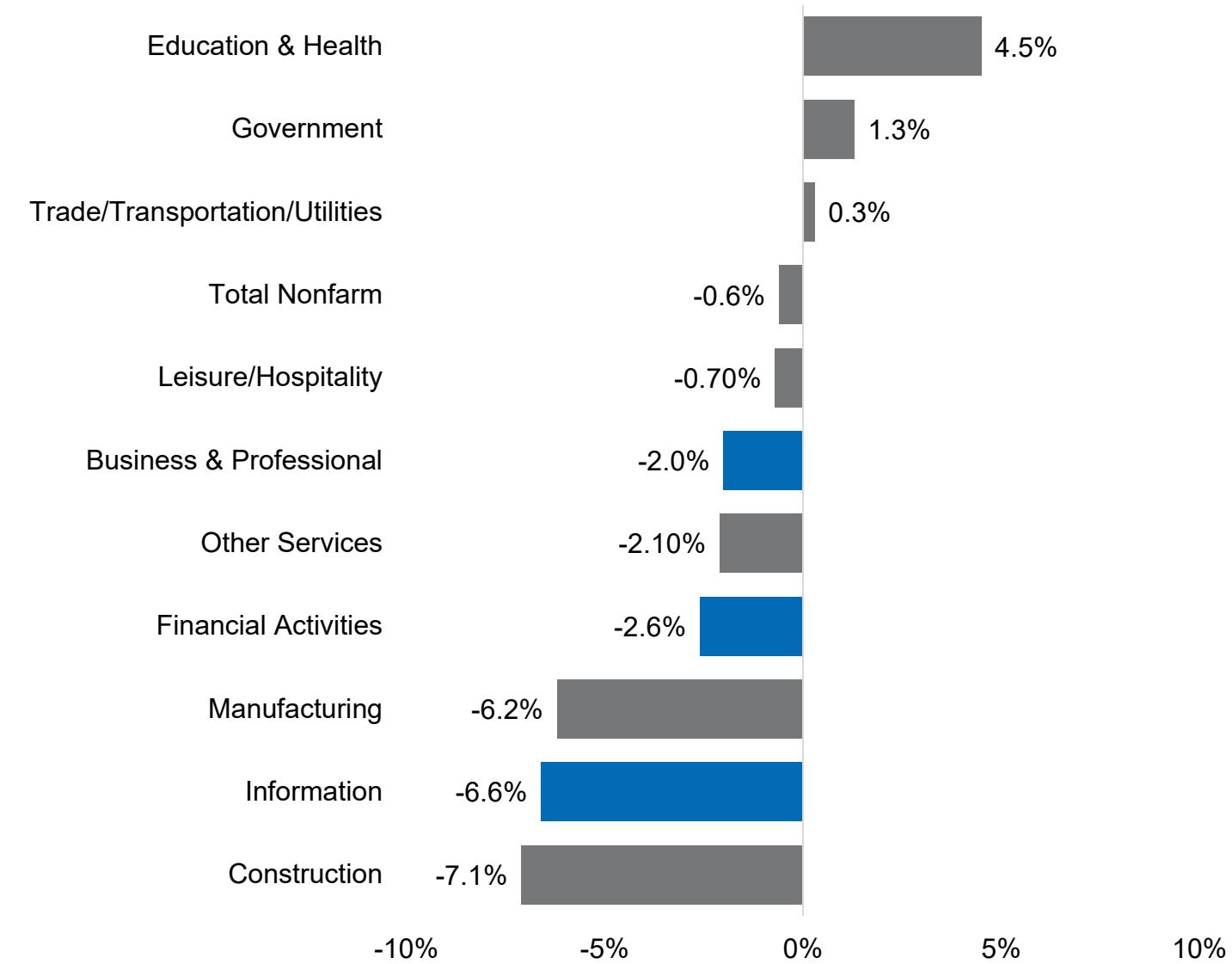
Office-Using Employment Down

All three office using sectors experienced negative growth over a 12-month period, with the information sector experiencing the most negative growth.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

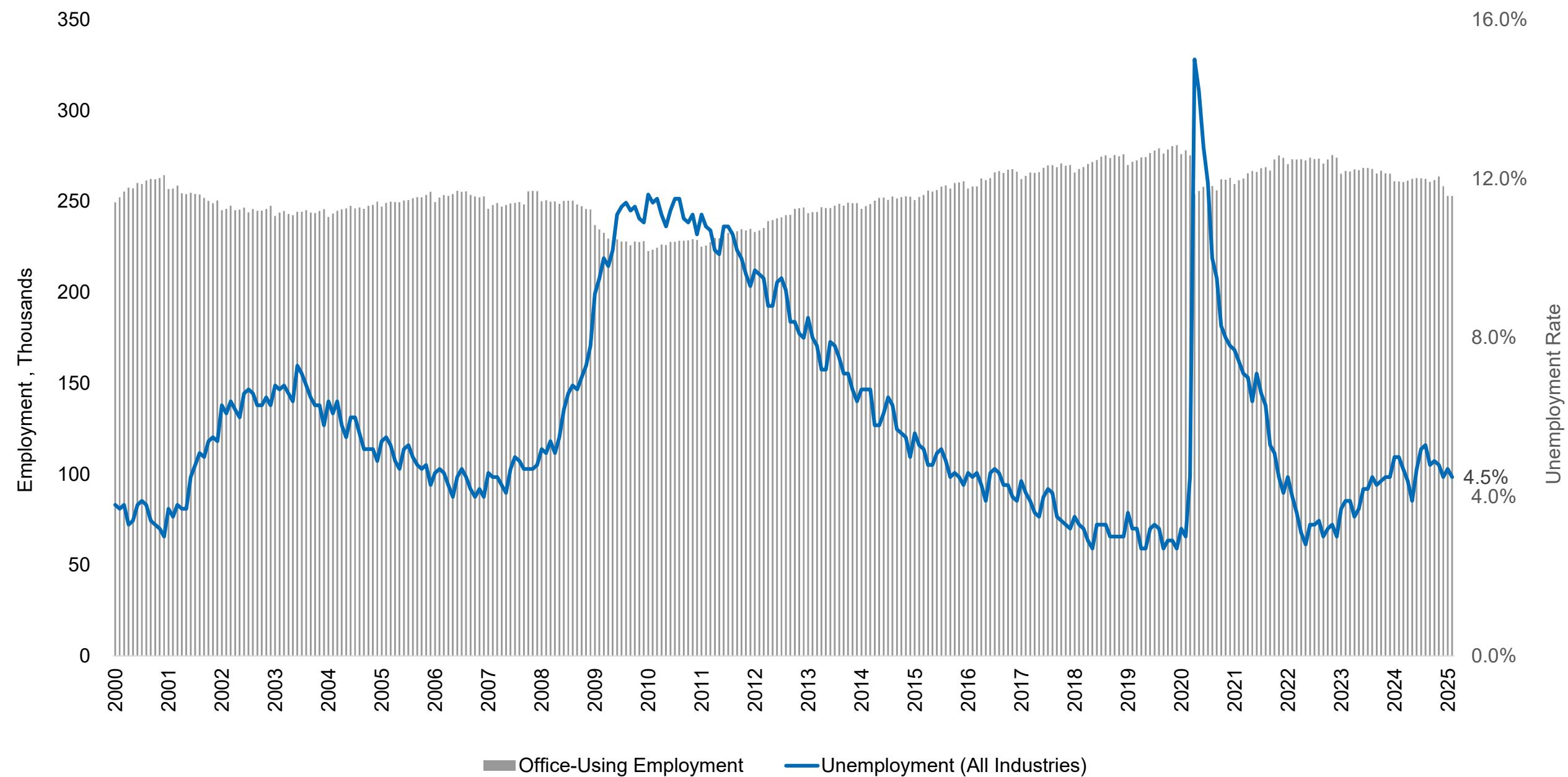


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

Overall Office-Using Employment Still Lower than Pre-Pandemic

The number of office jobs in the East Bay has yet to recover to pre-pandemic levels, with about 25 thousand fewer office-using jobs. Office-using employment is now just below early-2015 levels.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties). Note: August 2023 data is preliminary.

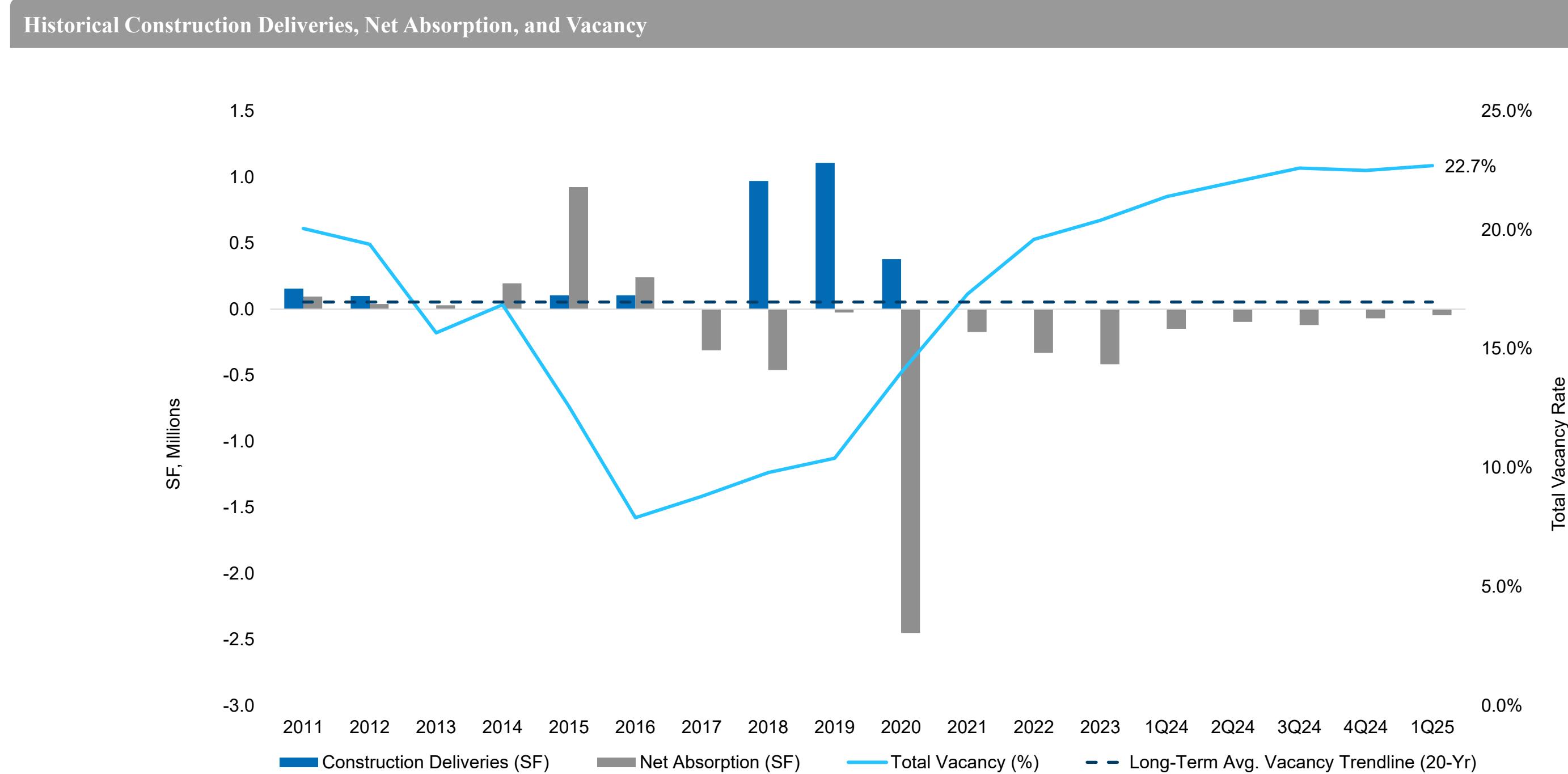
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Leasing Market Fundamentals



Vacancy Continued to Rise

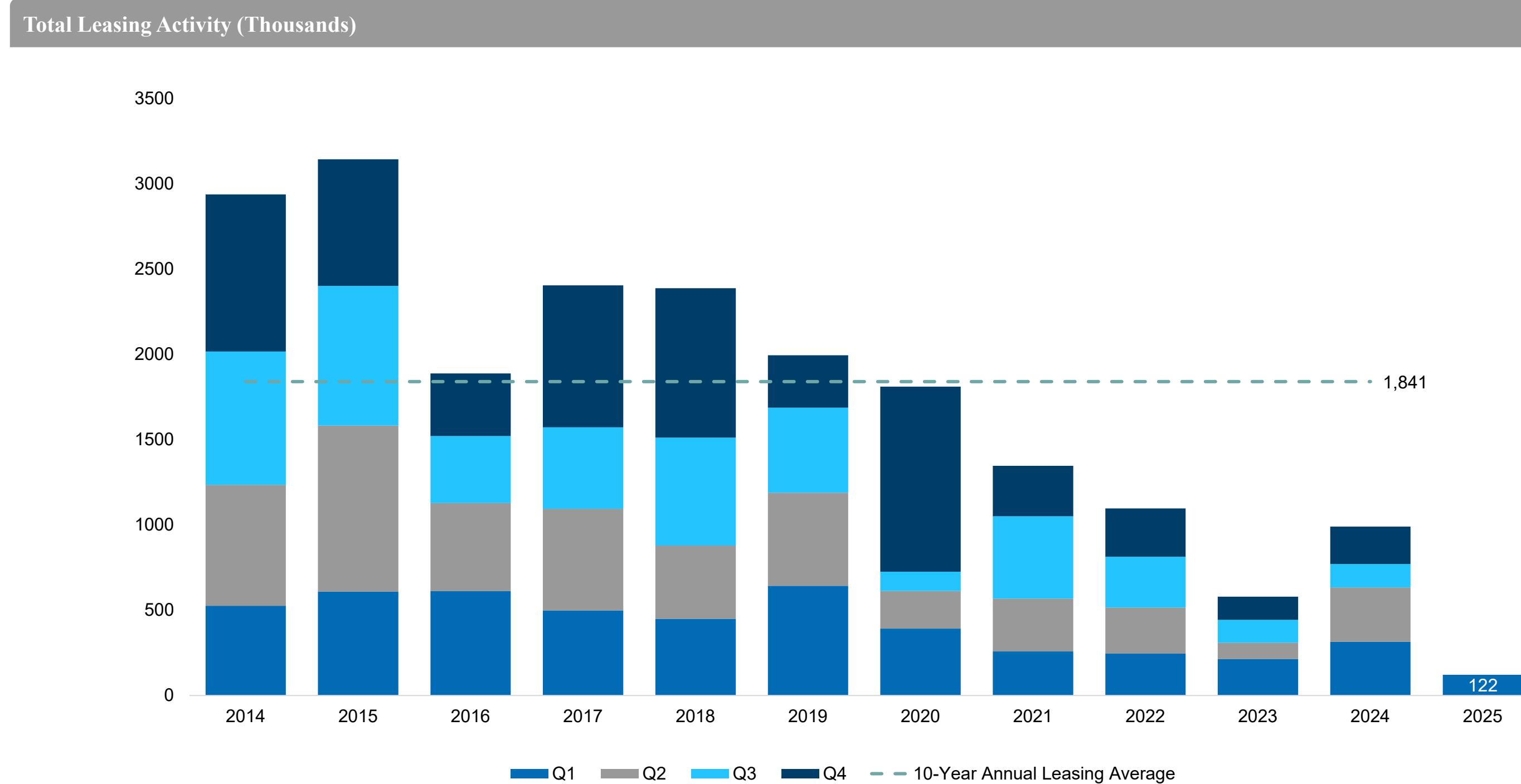
Vacancy rates increased slightly to 22.7%. The continued increase in vacancy numbers over the past year proves that leasing activity has remained slow and that companies are still prioritizing other markets when looking for space.



Source: Newmark Research

Leasing Activity Remained Slow

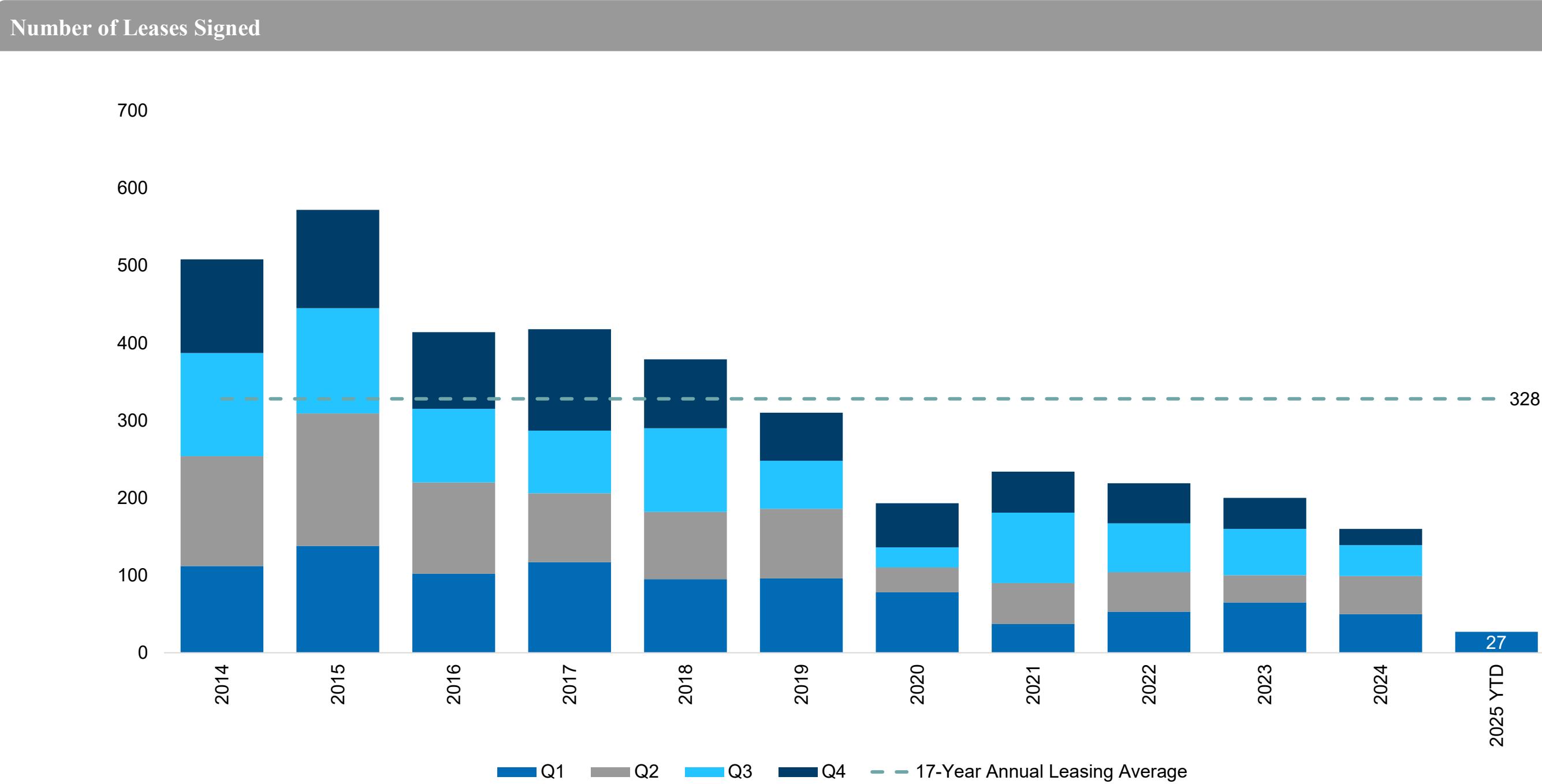
The first quarter of 2025 was the slowest leasing activity since the second quarter of 2023. Companies continued to migrate out of the market which is taking a toll on the amount of space being leased.



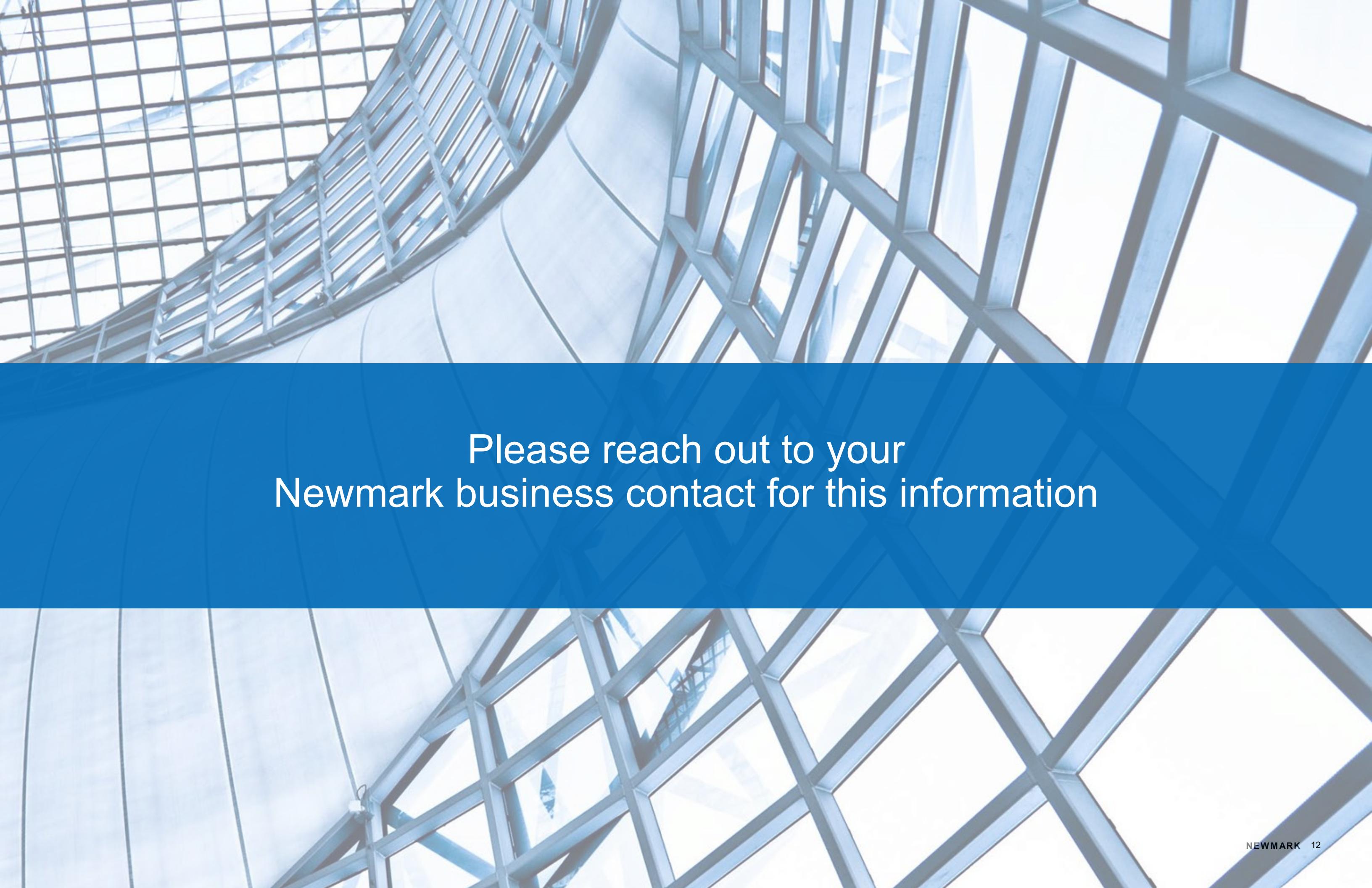
Source: Newmark Research, CoStar

Increase in Signed Leases in the First Quarter

Overall leasing increased in the first quarter of 2025 compared to the fourth quarter of 2024, with 6 more leases being signed mainly in Berkeley.



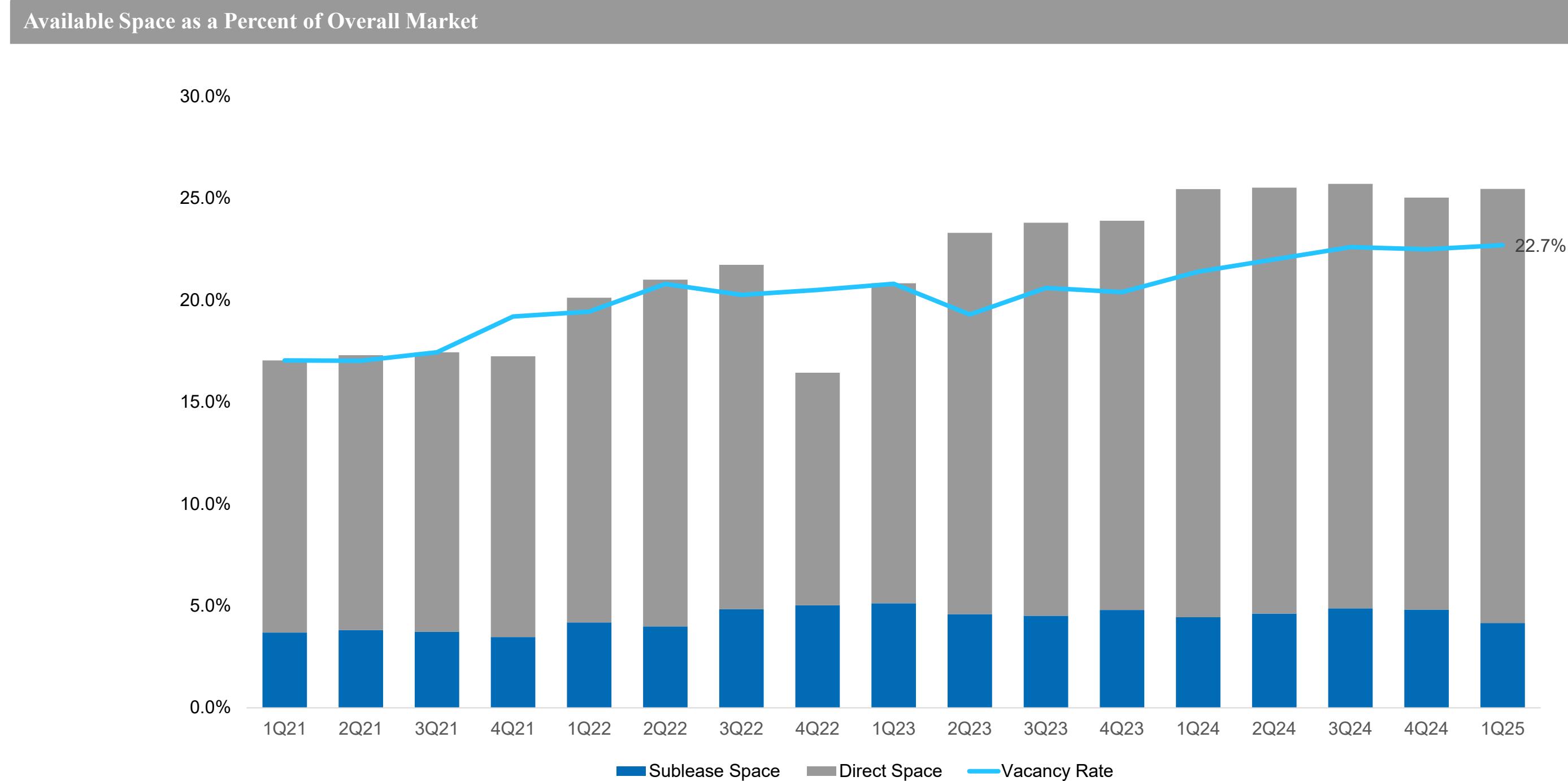
Source: Newmark Research, CoStar



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Availability and Vacancy Continued to Increase in the Market

With more tenants continuing to move out of Oakland, vacancy is expected to continue to increase. Most tenants in the Greater Oakland market are looking for space that is 10,000 square-feet or smaller.

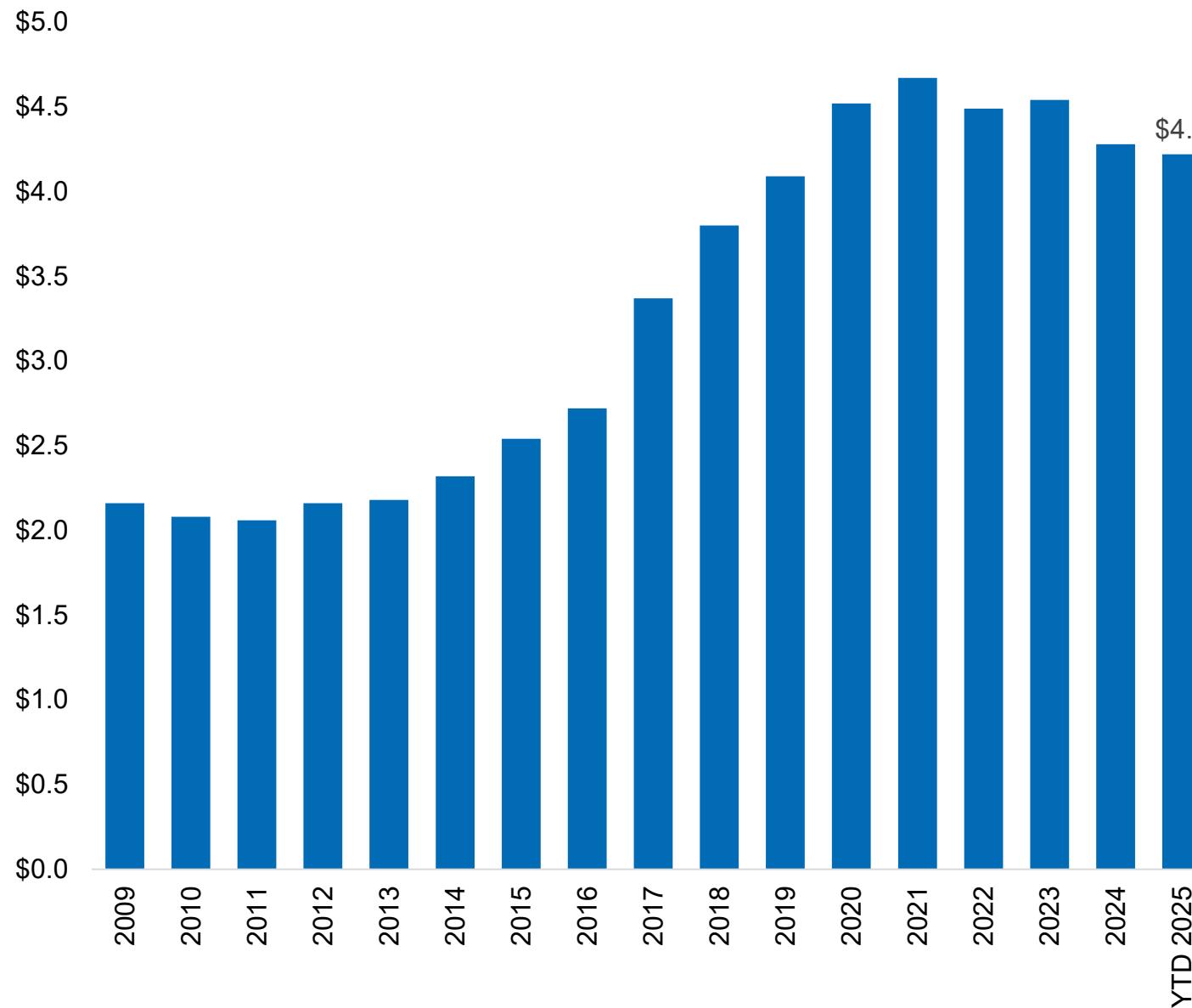


Source: Newmark Research

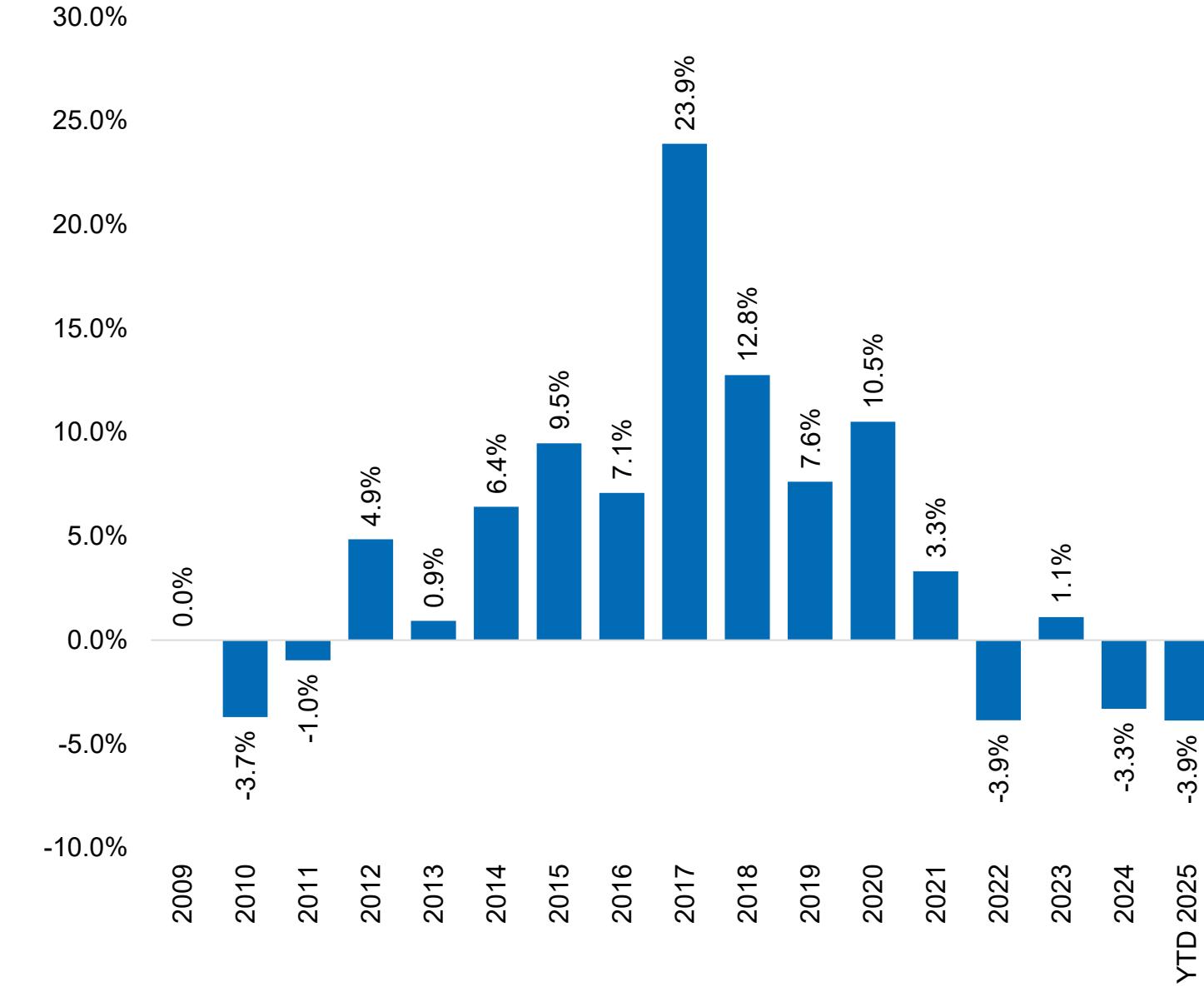
Rents Remained Steady Over the First Quarter

Rents remained relatively steady in the first quarter of 2025. Tenants continued to prioritize convenience, amenities and security when looking for new space.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

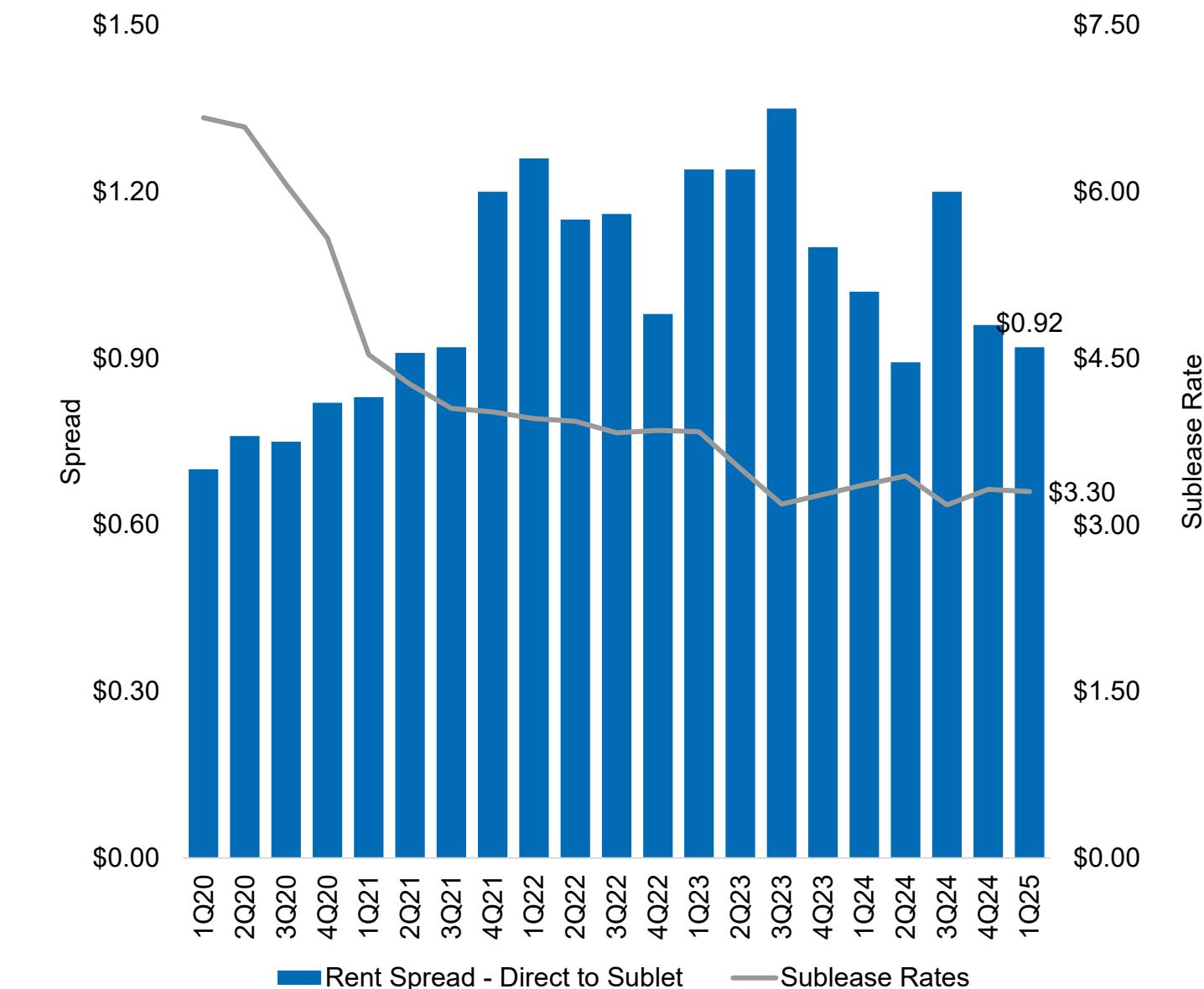
Class A vs. B Rents

Rents decreased for both classes in the first quarter of 2025. Spaces surrounded by amenities and public transit access continued to control the demand in the market. The rent spread from direct to sublease decreased slightly further by \$0.04.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Leasing Activity

There were three office lease transactions over 15,000 square feet in the Greater Oakland office market for the first quarter of 2025.

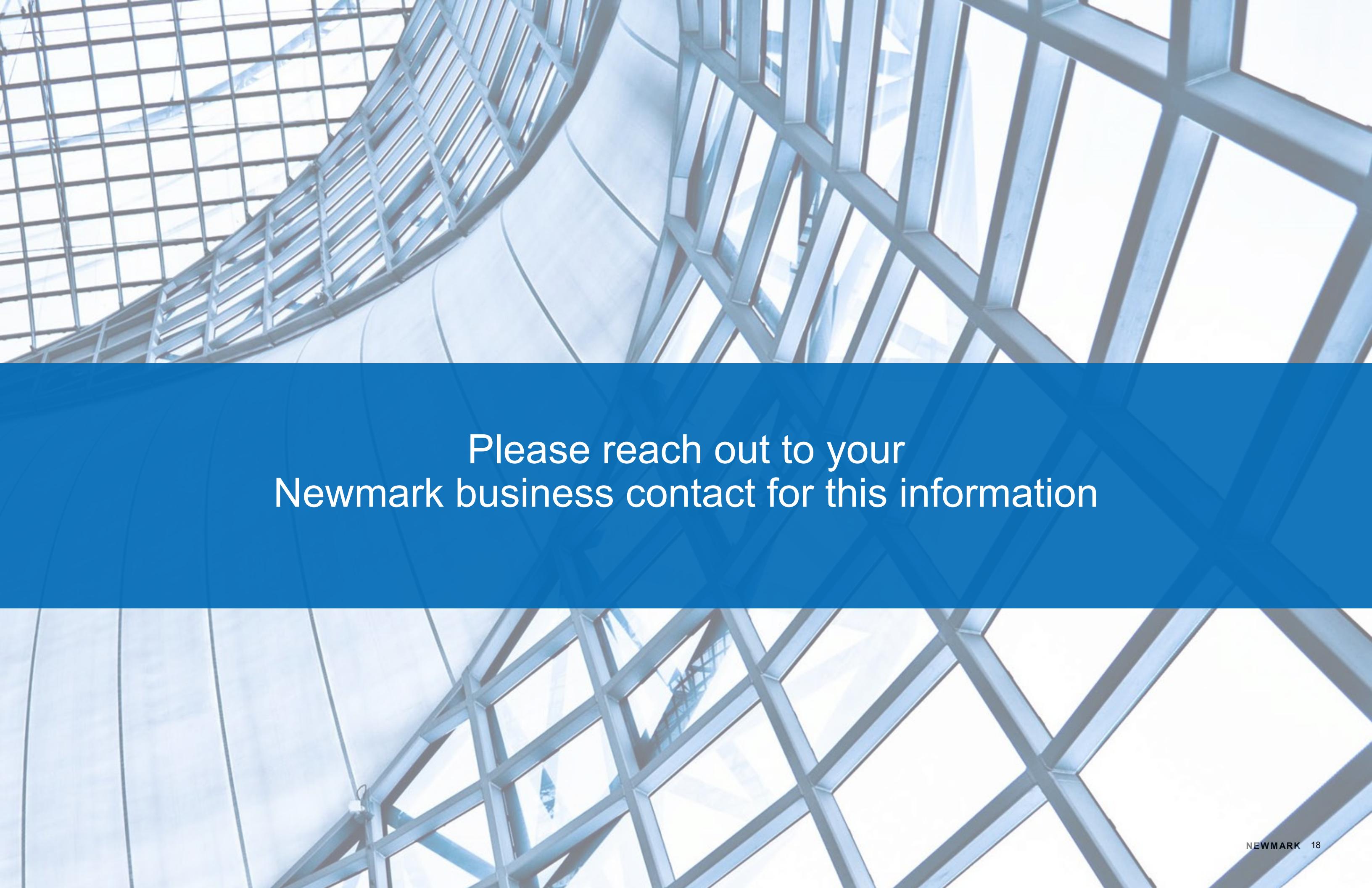
Notable 1Q25 Lease Transactions

| Tenant | Building(s) | Submarket | Type | Square Feet |
|------------------------|----------------------------|--------------------------|-----------------|-------------|
| Veterans Affairs | 1950 Franklin Street | Oakland -- | Direct Lease | 78,196 |
| Goldfarb & Lipman, LLP | 1300 Clay Street | Oakland – City Center | Lease Extension | 16,068 |
| Santen Pharmaceuticals | 2100 Powell Street | Emeryville -- Emeryville | Direct Lease | 15,919 |
| State of California | 2100 Powell Street | Emeryville – Emeryville | Direct Lease | 9,063 |
| Beeson Tayer & Bodine | 429 9 th Street | Oakland -- | Lease Renewal | 7,019 |
| ELS Architects | 2040 Addison Street | Berkeley -- Other | Lease Renewal | 6,788 |
| HOPO Therapeutics | 5858 Horton Street | Emeryville -- Emeryville | Direct Lease | 6,635 |

Source: Newmark Research

Appendix





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