

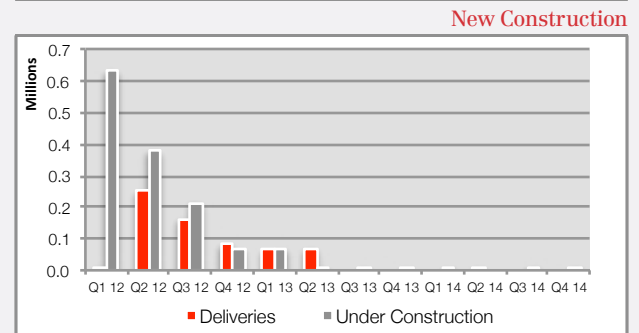
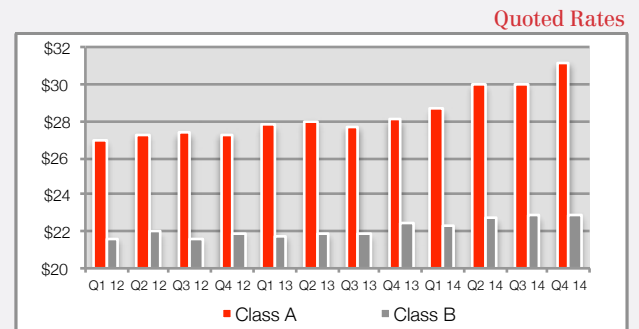
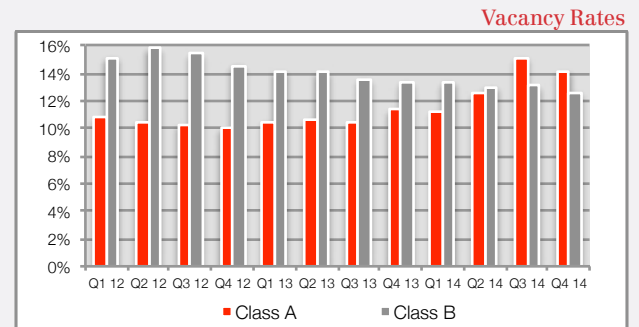
East Bay 4Q14 Office Report



Class A space quoted rates have been on the rise overall and are the highest they have been in the last four years; in the fourth quarter Class A quoted rates were \$52.44. Class B space quoted rates have been fluctuating up and down quarter to quarter, but are higher than in the fourth quarter of 2013. Class A office space had a jump in vacancy compared to last year, Class A vacancy increased from 11.3% to 14.2%.

East Bay office had three major leases totaling 484,141 square feet of building space in the fourth quarter of 2014: Workday, Inc. renewed 224,473 square feet at 6200-6230 Stoneridge Mall Rd. in Pleasanton, Pandora Media, Inc. leased 184,704 square feet at 2101 Webster St. and 2100 Franklin St. in Oakland, and 74,964 square feet at 4140 Dublin Blvd. in Dublin. Three major sale transactions occurred in the fourth quarter of 2014 in the East Bay: KBS REIT Properties purchased 1900-2200 Powell St. in Emeryville for \$248,000,000, University of California purchased 1111 Broadway. in Oakland for \$158,000,000 and PSAI Realty Partners, LLC purchased 5700-5720 Stoneridge Dr. in Pleasanton for \$28,400,000.

In the fourth quarter, quoted rates of office space in Downtown San Francisco were over double the prices of office space in Oakland. This is \$48.53/ sf/ year compared to only \$22.31 in Oakland. Companies want to take advantage of this price disparity to relocate operations that are not essential to being in San Francisco. San Francisco rents have risen significantly and the East Bay is a viable alternative option. Tenants moving from San Francisco are seeking BART accessible office space that is affordable and fits their requirements.



Trends for 4Q14 vs 4Q13

▲
NET ABSORPTION

▲
VACANCY RATE

▲
CONSTRUCTION

▲
QUOTED RATES

East Bay 4Q14

Office Report

Market Overview:

SUBMARKET NAME	# OF BLDGS	TOTAL RBA (SF)	VAC (%)	QUOTED RATES (\$/SF/YR)	YTD NET ABSORP. (SF)	YTD DELIV. (SF)	UNDER CONST. (SF)
680 North Corridor	968	20,232,341	12.18%	\$25.86	(119,216)	2,000	10,000
680 South Corridor	773	27,089,480	11.61%	\$27.38	(487,036)	-	-
80 Corridor	904	14,324,949	9.29%	\$27.48	141,864	-	-
880 Corridor	1161	16,332,890	12.66%	\$20.57	148,154	-	-
Highway 4	423	3,970,501	9.68%	\$15.80	25,801	-	-
Napa	410	3,097,648	9.25%	\$29.47	61,101	-	-
Oakland	1036	27,764,430	11.00%	\$22.36	79,873	-	-

Significant Sales Transactions:

Buyer	Address	Price	City
KBS REIT Properties	1900-2200 Powell St	\$248,000,000	Emeryville
University of California	1111 Broadway	\$158,000,000	Oakland
PSAI Realty Partners, LLC	5700-5720 Stoneridge Dr	\$28,400,000	Pleasanton
Branagh Development, Inc.	3730-3732 Mount Diablo Blvd	\$13,700,000.00	Lafayette
The Swig Company	426 17th St	\$12,200,000	Oakland
Rago Development Corporation	1411 Harbor Bay Pky	\$7,350,000	Alameda
John P Thacher	600-610 16th St	\$7,150,000	Oakland
The Wright Institute	1000 Dwight Way	\$4,500,000	Berkeley
Bradley Drian & Tamara Warren	2520 Stanwell Dr	\$4,390,000	Concord

Significant Lease Transactions:

Tenant	Address	Size	City
Workday, Inc. (Renewal)	6200-6230 Stoneridge Mall Rd	224,473	Pleasanton
Pandora Media, Inc.	2101 Webster St	134,308	Oakland
Callidus Software, Inc.	4140 Dublin Blvd	74,964	Dublin
Pandora Media, Inc.	2100 Franklin St	50,396	Oakland
MobiTV, Inc. (Renewal)	6425 Christie Ave	23,104	Emeryville
Morgan Stanley	1999 Harrison St	20,755	Oakland
University Healthcare Alliance	1221 Broadway	20,501	Oakland
ITT Technical Institute	1200 Clay St	16,991	Oakland

4Q'14

East Bay Office Market Report

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