

FIGURES | OAKLAND OFFICE | Q1 2024

Tenants in the Market Highest in Five Years

▲ 21.2%
Vacancy Rate

▼ (235.1K)
SF Net Absorption

▶ 0
SF Under Construction

▼ \$4.32
Full-Service Gross/Asking Lease Rate
Existing Properties

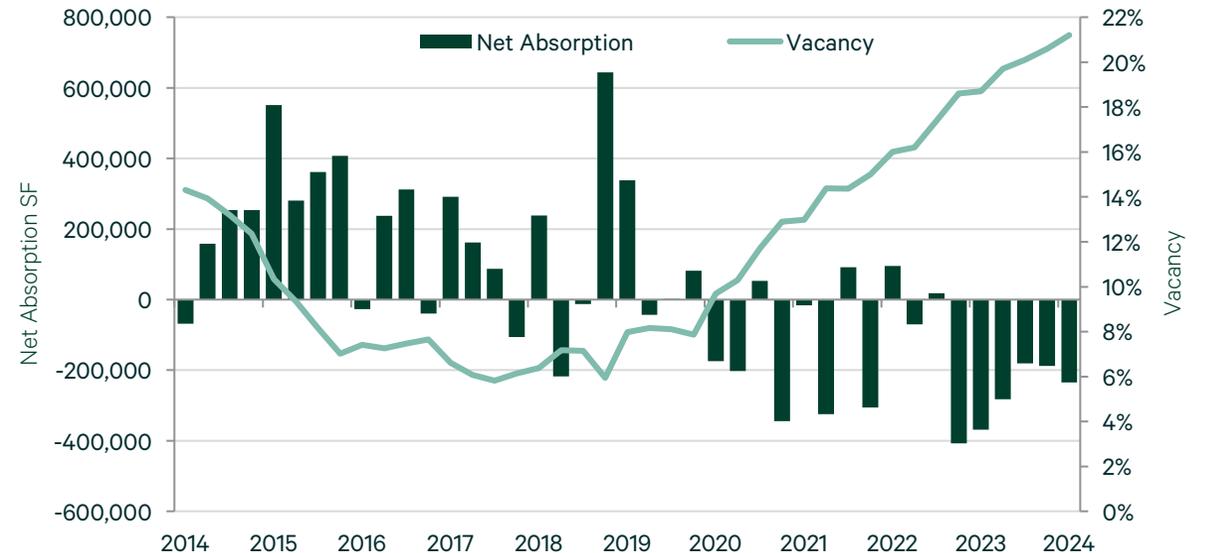
▲ 265.3K
Office Using Employment
Alameda/Contra Costa County

Note: Arrows indicate change from previous quarter.

OFFICE MARKET HIGHLIGHTS

- The total population of Alameda and Contra Costa Counties stood at 2.83 million, an increase of 0.27% from the previous quarter. Total labor force increased by 0.28%, from 1.392 million to 1.396 million, while the total office employment increased by 0.10% to 265.3K at the end of Q1. The unemployment rate increased quarter-over-quarter (QoQ) by 14 basis points (bps) from 4.36% to 4.50% and up 117 bps year-over-year (YoY) from 3.33% to 4.50%.
- Overall net absorption for the Oakland office market was negative 235,100 sq. ft. The largest transaction of the quarter was by Science Corp at 300 Wind River Way in Alameda for 77,135 sq. ft. The overall vacancy rate increased nominally by 60 bps QoQ to 21.2% while overall availability rate increased by 100bps to 24.8%
- Market-wide asking rates decreased by \$0.09 QoQ and by \$0.14 YoY, and a decline of \$0.19 since Q1 22 from \$4.51 to \$4.32 psf/mo on a full-service gross basis. Landlords continue to adjust their asking rates in response to the market's supply-demand imbalance.
- Total tenant demand reflected a significant increase QoQ to 77 tenants with 1.04 million sq. ft. of active office requirements during Q1 2024. This was a 28.3% increase in the total number of active tenants and a 60.9% increase in the sq. ft. requirements YoY.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2024

OFFICE OVERVIEW

The Oakland office market, which ranges from Richmond to the north and San Leandro to the south, is comprised of approximately 29 million sq. ft. There are currently no speculative office developments under construction at this time. The vacancy rate increased 60 bps from 20.6% to 21.2% QoQ. Eight out of the ten largest spaces that became vacant this quarter were over 10,000 sq. ft. Notable spaces include a 40,213-sq.-ft. sublease at 5858 Horton St in Emeryville, another sublease for 24,268 sq. ft. at 2101 Webster St in Oakland, and 21,000 sq. ft. at 5885 Hollis St in Emeryville. The overall availability rate increased by 100 bps from 23.8% to 24.8% QoQ. Although market activity resulted in negative absorption for Q1, we are starting to see a sustained reduction in sublease space availability over the last three quarters.

Market-wide average monthly asking rents on a full-service gross basis decreased by \$0.09 from \$4.41 to \$4.32 PSF QoQ. Overall Oakland CBD asking rates decreased by \$0.15 QoQ to \$4.39 PSF, with Class A monthly asking rents declining by \$0.24 from \$4.84 to \$4.60 PSF QoQ.

After an underperforming 2023, leasing velocity rebounded during Q1 2024. Volume is up nearly 200% for the entire market, with class A growing nearly 275% during the quarter. An increasing number of active tenant deals are pending which could lead to sustained velocity for Q2.

Office tenant demand grew from 51 requirements totaling 775,700 sq. ft. to 77 requirements totaling 1.04 million sq. ft. QoQ. This is significant growth from Q1 2023 with 28% more active tenants touring the market. This is the largest number of requirements in the Oakland market since 2019. Tenant requirements between 2,500 to 8,000 sq. ft. are the most prolific range at 56% of the total number of requirements.

Office conversions are gaining traction in the Oakland market with Studio T-Square filing zoning paperwork to convert a majority of the 374,898-sq.-ft. Trans Pacific Centre at 1000 Broadway in Oakland CBD into residential units. Similarly, The Martin Group has filed entitlement permits to build a 350-unit apartment project at the Mariner Court Office Park in Alameda. This will replace the existing 4-building, 44,000-sq.ft. office complex.

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Direct Asking Rate (\$)	Q1 Net Absorption	YTD Net Absorption
Alameda	3,594,133	6.5%	7.9%	\$4.03	(78,657)	(78,657)
Class A	1,201,397	8.7%	12.0%	\$4.46	(55,313)	(55,313)
Berkeley	3,298,625	10.5%	15.0%	\$3.89	(22,856)	(22,856)
Class A	483,877	12.4%	28.1%	\$4.38	(735)	(735)
Emeryville	4,413,581	27.7%	35.0%	\$5.16	(89,950)	(89,950)
Class A	2,714,982	30.0%	39.3%	\$4.76	(89,950)	(89,950)
Oakland CBD	11,923,097	30.5%	34.5%	\$4.39	(38,380)	(38,380)
Class A	7,528,406	29.9%	35.3%	\$4.60	(22,337)	(22,337)
Oakland General	1,632,114	17.0%	17.8%	\$2.76	(6,593)	(6,593)
Class A	0	0.0%	0.0%	\$0.00	0	0
Oakland JLS	933,946	11.4%	15.0%	\$3.54	5,904	5,904
Class A	283,008	2.0%	2.0%	\$0.00	0	0
Oakland Airport	1,794,625	9.7%	10.0%	\$2.44	3,237	3,237
Class A	265,000	2.4%	3.9%	\$2.97	0	0
Richmond	667,853	15.2%	15.2%	\$2.30	(7,367)	(7,367)
Class A	170,736	47.0%	47.0%	\$2.38	(7,367)	(7,367)
San Leandro	927,748	8.3%	9.6%	\$2.52	(441)	(441)
Class A	320,023	12.2%	12.2%	\$3.50	0	0
Oakland Office Market	29,185,722	21.2%	24.8%	\$4.32	(235,103)	(235,103)
Class A	12,967,438	25.9%	31.9%	\$4.57	(175,702)	(175,702)

Source: CBRE Research, Q1 2024

FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	Address	SF Leased	Type
Science Corp	300 Wind River Way	77,135	New Lease
FEMA	1111 Broadway	47,739	Renewal
Kyverna Therapeutics	5980 Horton St	34,789	New Lease
ThredUp	969 Broadway	25,405	Renewal
Academy of Chinese Culture & Health Science	1600 Broadway	17,000	Renewal

Source: CBRE Research, Q1 2024

FIGURE 4: Notable Sale Transactions Q1 2024

Buyer	Address	SF Sold	Transaction Type
No notable sale transactions occurred during the quarter.			

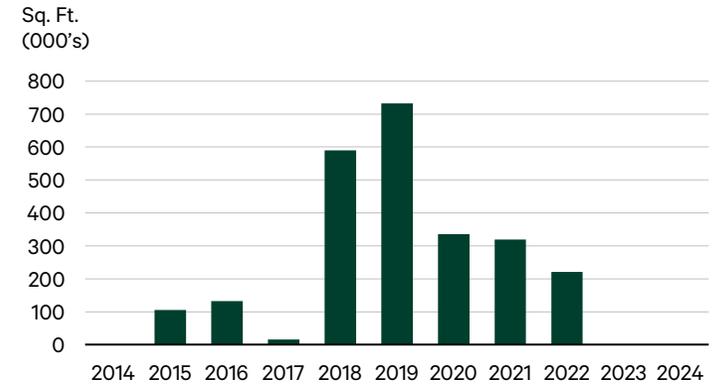
Source: CBRE Research, Q1 2024

FIGURE 5: Lease Rates (FSG per/mo)



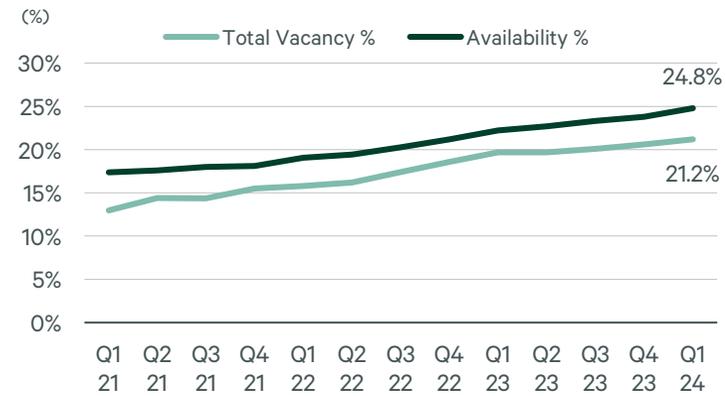
Source: CBRE Research, Q1 2024

FIGURE 7: Construction Completions



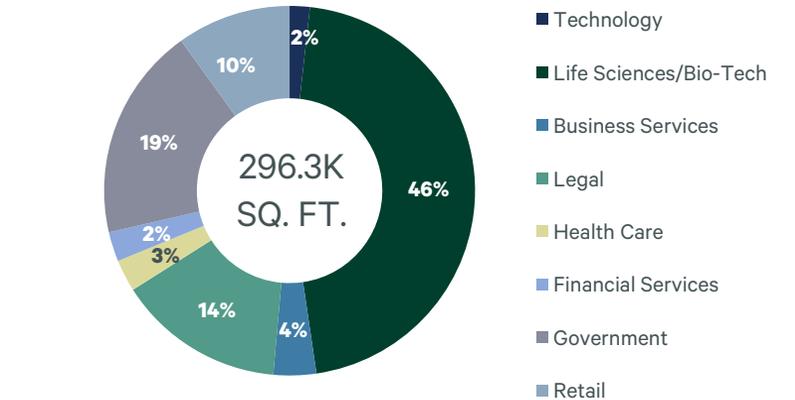
Source: CBRE Research, Q1 2024

FIGURE 6: Vacancy & Availability



Source: CBRE Research, Q1 2024

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2024

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Annual Lease Rates, Full Service Gross. Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy. CBD Central Business District; consists of Financial District and South Financial District submarkets.

CBRE's market report analyzes existing single- and multi-tenant office buildings that total 10,000+ sq. ft. in downtown San Francisco, excluding owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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