

OFFICE

3RD QUARTER**2019**▼ **ABSORPTION** | ▲ **VACANCY** | ▼ **RENTAL RATE** | ▼ **CONSTRUCTION DELIVERIES**

The Tri-Valley office market experienced its first evidence of rental rate erosion in over eight years. Harsch Investment Properties discounted selective suites at their Hacienda West property, where full-service asking rates were lowered from \$2.85/s.f. to \$2.45/s.f. and at their Hacienda Lakes property, where some suites are now being offered at \$2.35/s.f. full-service, down from \$2.75/s.f. Market touring activity fell this quarter, particularly between the 1,000 to 8,000 s.f. range, where discounted asking rates are likely to follow due to this slowdown. Bernal Corporate Park in Pleasanton continues to capture deals at Class-A asking rates of \$2.75/s.f. full-service.

The third quarter saw a few major leases in the Tri-Valley region, with SAP agreeing to an additional 30,000 s.f. at 2600 Camino Ramon at Bishop Ranch in San Ramon (BR 2600). The software company is rumored to lease another 60,000 s.f. in 4Q 2019. Further at BR 2600, Rodan & Fields placed

55,000 s.f. of office space for sublease. In Pleasanton, coworking company Venture X opened its doors at 4125 Hopyard Road, offering 14,000 s.f. of shared office space. Lastly, cloud data management company Snowflake Computing is in the market for 20,000 to 200,000 s.f. of office space in the East Bay. This shift into the East Bay follows their recent lease of 210,000 s.f. in San Mateo earlier this year.

Investment demand remains steady in the Tri-Valley, with a few considerable transactions in 3Q 2019. Hines was selected to purchase 1 Park Place in Dublin, a 203,000 s.f. Class A property, while the Laborers Union acquired the Courthouse and will likely market their user building for sale in 2020.

Notable Sale Transactions

NORTHERN CALIFORNIA DISTRICT COUNCIL OF LABORERS purchased Platform Center in Pleasanton from PV Acre Stoneridge, LLC
56,146 s.f. | \$11.53M or \$205/s.f.

WEST VALLEY PROPERTIES, INC. purchased The Arbor from Chamberlin Associates
93,800 s.f. | \$28.7M or \$306/s.f. | 6.5% CAP

DOLLINGER PROPERTIES purchased Sunol Center (bldg.. B & C) (5673-5675 and 5669-5671 Gibraltar Drive, Pleasanton) from Principal Global Investors in partnership with Ellis Partners
116,680 s.f. | \$33.3M or \$285/s.f. | 6.81% CA

Notable Lease Transactions

8x8 Bishop Ranch 15, San Ramon
15,000 s.f.

Taylor Morrison Dublin Corporate Center
9,964 s.f.

Iron Planet Gibraltar Center, Pleasanton
19,782 s.f.

SAP BR 2600, San Ramon
30,000 s.f.

The reflected office statistics below are exclusive to competitive, multi-tenant Class A and B office projects exclusive of single-tenant or owner-user buildings.

OVERALL TRI-VALLEY OFFICE MARKET

	Class A	Class B	Total
Market Inventory SF	10,301,989	5,272,081	15,574,070
Weighted Average Asking Rent	\$3.21	\$2.64	\$3.02
Vacancy	14.44%	14.83%	14.57%
Available Sublease SF	679,538	140,647	820,185

PLEASANTON

	Class A	Class B
Market Inventory SF	3,399,164	1,426,958
Weighted Average Asking Rent	\$3.14	\$2.69
Vacancy	16.44%	19.52%
Available Sublease SF	193,740	43,452
Submarket (Class A & B)	Market Inventory	Vacancy
Mall	987,717	7.72%
Bernal	684,425	16.75%
Hacienda	1,732,996	23.78%
Other	4,420,984	16.49

DUBLIN

	Class A	Class B
Market Inventory SF	3,399,164	1,426,958
Weighted Average Asking Rent	\$3.14	\$2.69
Vacancy	16.44%	19.52%
Available Sublease SF	193,740	43,452

SAN RAMON

	Class A	Class B
Market Inventory SF	1,069,134	533,196
Weighted Average Asking Rent	\$3.31	\$2.22
Vacancy	22.61%	7.68%
Available Sublease SF	118,203	0
Submarket (Class A & B)	Market Inventory	Vacancy
Bishop Ranch	6,131,078	12.02%
Other	847,665	16.17%

LIVERMORE

	Class A	Class B
Market Inventory SF	0	922,468
Weighted Average Asking Rent	N/A	\$2.09
Vacancy	N/A	23.09%
Available Sublease SF	N/A	74,829

DANVILLE/ALAMO

	Class A	Class B
Market Inventory SF	0	1,244,407
Weighted Average Asking Rent	N/A	\$3.34
Vacancy	N/A	4.96%
Available Sublease SF	N/A	9,905

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 800 real estate professionals and staff in 22 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

COMMERCIAL BROKERAGE

20M
ANNUAL
SALES SF

40M
ANNUAL
LEASING SF

420+
NO. OF
BROKERS

\$9B
ANNUAL TRANSACTION
VOLUME

VALUATION ADVISORY

1,600+
APPRAISALS
ANNUALLY

36/23
TOTAL NO.
APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+
MANAGEMENT
PORTFOLIO SF

\$9.4B
IN ASSETS UNDER
MANAGEMENT

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