

**Class A Office Space
Rental & Vacancy Rate Historical
Comparison
June 2003 - June 2007**

	<u>June 2003</u>		<u>June 2006</u>		<u>June 2007</u>	
	Rental Rate (per month)	Vacancy Rate	Rental Rate (per month)	Vacancy Rate	Rental Rate (per month)	Vacancy Rate
Downtown Oakland	\$2.31	16.8%	\$2.24	10.1%	\$2.54	5.8%
Downtown SF	\$2.38	17.7%	\$3.86	12.4%	\$3.70	10.6%
Pleasanton	\$2.10	19.8%	\$2.25	8.3%	\$2.25	8.4%
Walnut Creek DT	\$2.78	11.9%	\$2.80	13.4%	\$2.87	8.9%
San Mateo	\$2.06	24.9%	\$2.30	22.4%	\$3.26	13.4%

All rental rates are monthly, full-serviced, for Class A office space.

Trends

- Investment office sales at record levels, with initial cap rates as low as 4%
- On August 28th, 2007 at 3:25 pm the investment office market peaked - however, it may take buyers and sellers up to six months before they fully realize this phenomenon
- East Bay office demand has been more dynamic in Emeryville and Oakland, but downright sluggish in Pleasanton, San Ramon and Walnut Creek Shadelands (i.e.: over the past six months in Walnut Creek Shadelands with over 1,520,000 sf of non-owner office product there has been only four (4) office leases totaling 6,284 sf leased!)
- The mortgage and real estate industry meltdown has added hundreds of thousands of feet of office space back on the market. Fortunately Chevron took 100,000 sf of this but there is still several hundred thousand feet of Class A plug & play available
- New suburban office construction is estimated at \$400-\$500/rsf all-in including land, soft costs, and \$50/rsf TI's, which will require full-service office rents of \$4-\$4.50/rsf to break even

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