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This issue marks the beginning of the 37th year of publication of OfficeTimes, 222 issues, I have never missed a deadline, and thank you for taking the time to read this! In the olden days before the Internet my staff would print out hundreds of hard copies to snail mail, and I would write hard-written notes and sign each one. Now it goes to tens of thousands of real estate professionals and industry leaders, and your feedback is always most welcome! [Jeff.weil@colliers.com](mailto:jeff.weil@colliers.com)

San Francisco office leasing market is a bit less frothy as millions of square feet of new office developments come to market. Oakland has to wait several years before its two new office developments are completed, and the I-680 Corridor and Tri-Valley have no new office development on the horizon. Class A rates in Downtown Walnut Creek just hit a new high water mark, with the highest rents in town now hitting \$4.97/rsf including parking.

Rod Adams, president at WCI-GC, one of the leading Bay Area tenant improvement contractors, ballparks current tenant improvements for San Francisco at \$100/rsf, Oakland at \$75/rsf and Contra Costa/Tri-Valley at \$35 to 50/rsf. Part of the differential is city permitting requirements and fees, expense and ease of parking construction vehicles, getting building materials in and out of properties, etc. It is much easier to get sheetrock into a four-story suburban office building than a downtown San Francisco office high-rise where parking may be near impossible. Adams also commented that the LED lighting retrofit portion is running about \$15/rsf, down from \$20/rsf when there were less products available.

General Electric employs 330,000 people in 180 countries and for the past 42 years has had its corporate headquarters in Fairfield, Conn., on "... a beautiful, idyllic 68-acre campus about 60 miles out of New York City. However, it became blatantly obvious to the leadership of the firm that it was not a place where they were going to create the industrial internet. The Millennials did not aspire to work there, and their cohort represented the type of employee of the future." General Electric moved to Boston. "The company has gone to 100 percent open space, and within one week of moving in to the new space was working completely differently. It has become much more collegial and collaborative. You feel an energy in the building you've never felt before." (*The Registry, May 4, 2017*)

Last month I attended the National SIOR Conference in New Orleans, and one of our keynote speakers, an economist named Dr. Mark Dotzour, predicted two to three more years of great economic times before the market turns. His caveat was that most economists are correct only half the time ...

The Walnut Creek, California office submarket is morphing - I just ran a space search for a smaller office requirement and came up with zero results for Class A, reran the search for Class B and again, zero results. I haven't had this experience in decades. Until the past few weeks, there were a handful of Class B office bargains in Downtown Walnut Creek at \$2.10 to \$2.25/rsf full-service rents including parking. These are all but gone, and we expect Class B rents to go up \$0.50/rsf while Class A still is robust at \$4 to 4.75/rsf per month including parking.

33% of East Bay workers commute out of the area each day, with San Francisco and Santa Clara County being the most popular destinations.

Deals and Rumors: Starting in **Alameda**, Exelixis Inc. inked 111,000 sf at The Waterfront on Harbor Bay Parkway. In **Oakland**, Oracle took 16,000 sf at 1330 Broadway. In **Dublin**, Easterseals Bay Area leased 44,000 sf at 5601 Arnold Drive. Over in **Palo Alto**, Amazon will be taking 214,000 sf at 2100 University Ave, Facebook is planning a 960,000 sf campus expansion in **Menlo Park**, and Medallia pre-leased 210,000 sf at 450 Concar in **San Mateo**. Up in **South San Francisco**, Five Prime Therapeutics took 115,000 sf and Global Blood Therapeutics leased 67,000 sf, both at The Cove at 101 Oyster Point Blvd. In San Francisco, Google took 166,000 sf at Rincon Center II, Uber pre-leased 580,000 sf at the new Warriors Stadium office park, Blend took 57,000 sf at 500 Pine St., Affirm leased 86,000 sf at 650 California St., and AppDynamics took 67,000 sf at 303 2nd St. Whew!

From my December 1, 1994 Newsletter Issue 88, "During the past six years of office building recession, we have seen property values drop 50 to 70%. Most of the former independent developers are now extinct or are fee property managers. A number of former lenders are now reluctant owners. We survived the almost total absence of office property financing, corporate downsizing, the threat of office hoteling, and the multi-headed stigmas of asbestos, ADA, URM and other earthy scourges. Even the few of us remaining commercial real estate brokers saw 50-70% of our former membership disappear." These memories seem so distant and hard to believe while we are in the midst of such strong market conditions ...

There is a there, there ... In San Ramon, Sunset Development Company broke ground on its 300,000-square-foot retail development, with the first tenant, The Lot, a 45,000 sf movie theater / restaurant / bar / café. There will be a number of additional restaurants and retailers joining The Lot, with announcements in the near future. ([The Registry, May 11, 2017](#))

Office space bells and whistles ... Bosch, which has begun to meld industrial and The Internet of Things, just leased 104,000 square feet

of R&D and office space in Sunnyvale, with “the bells and whistles that tech firms often dangle in front of current employees and prospective recruits. Among those: wellness rooms, outdoor seating, gathering spaces, game rooms, music rooms, collaborative areas and creative spaces.” ([Bay Area News Group, April 20, 2017](#))

Uber will only be moving a few hundred and not a few thousand employees to downtown Oakland, which is creating an opportunity of available space for other tenants. However, Oakland might bite the feeding hand by suggesting it would tax tech companies which come to Oakland. To me, that is a crazy idea, and Walnut Creek, Concord and San Ramon have millions of vacant square feet of office space just waiting for tech companies, and no tax on tech! ([SF Business Times](#))

Net Zero Energy Buildings grew by 74% since 2015, according to the New Buildings Institute. The World Green Building Council has a long-term target of ensuring that all buildings are net zero carbon emissions by 2050. ([Buildings, March 30, 2017](#))

New software is out by Autodesk, Project Discover, which uses algorithms to determine all the variables in laying out an office, such as: who would be moving in, what departments would you like to sit near? Exploring head-down vs. interactive workstyle, high vs. low traffic area, natural light levels, the constraints on the space. Autodesk used this on its 300 employees to generate 10,000 possible space designs (who reviewed these 10,000 designs?) ... ([Wired, April 2017](#))

Multi-story warehouse is coming to San Francisco. Prologis, which has developed many of these structures in Asia, is planning a million square foot, three- to five-story warehouse with “The ability to get domestic trailers and vehicles up to second floors”, unprecedented in the U.S. ([SF Business Times, April 28, 2017](#))

The East Bay job growth will be good, not great in 2017, Beacon Economics forecasts a drop from the 3.1% job growth experienced in 2016 to 1.5% for 2017. Key industry components are the construction industry, health care, manufacturing, government and technology. ([Bay Area News Group, May 11, 2017](#))

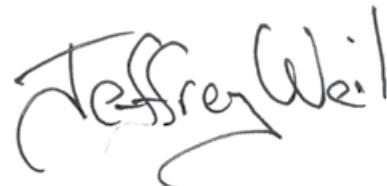
My father, Arthur Weil, has written 23 poetry books for his third career (middle school teacher 18 years, teaching German and American History, then 20 years selling residential real estate in Oakland) and on June 3 and 4 at the Bay Area Book Festival (www.baybookfest.org) attended last year by 60,000 literature enthusiasts, he and I have a booth and will be giving away thousands of his poetry books to poetry lovers. You can check out his works by Googling “Arthur Weil Poet”. We will see you in Berkeley!

Madison is just finishing her 2017 Scorpion lacrosse season with the Scrappers, and her team played all over Northern California against teams from Monterey, Napa and elsewhere. Great comradery and good memories! This week, Madison is “promoted” from the 8th grade middle school to high

school, and will be spending part of her summer at a stay-away camp in Santa Rosa and the remainder of the summer as a junior camp counselor. Jordan, who just turned 20 last week, was elected as president of his Alpha Epsilon Pi fraternity at Cal Poly and in a few weeks flies to Barcelona, Spain to begin college summer classes in Europe. Ah, the life of kids these days! Their recent pictures can be seen [here](#).

Not enough water, too much water; oil shortage, oil glut; interest rates too low, interest rates too high; low unemployment, now hard to find new hires; too much government, let's set up more committees to study this; the only element we really have any control over, is us as individuals, our attitudes and how we respond to everything around us. Surround yourself with loving, optimistic, caring fellow humans and it is amazing how wonderful, in spite of whatever, the world can be!

Sincerely,



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