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East Bay Has Both Abundant And Scarce Space

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Brokers presented a case study of a current or recently completed real estate project and discussed market conditions within their respective product type specialties at a recent town hall event at Cal.



Zhou, Kapp, Weil, Andrew Tham, Maguire, Murray, Missirlian (L-R) attend a town hall meeting at Haas.

BERKELEY, CA—Oakland has recorded soaring office rents but its leasing activity is limited by the lack of available office space. Moreover, there will be approximately 6.5 million square feet of new East Bay warehouse product shell completed by first quarter 2018. In addition to that, there is another 5 million feet starting construction or working through planning approvals. This type of development would be about 15% of new warehouse inventory to the East Bay warehouse market, an amount virtually unheard of, said brokers at a recent town hall meeting held at the [Haas School of Business](#) at the **University of California, Berkeley**.

As part of an educational partnership, the Northern California Chapter of the [Society of Industrial & Office Realtors/SIOR](#) is teaming up with the **Fisher Center for Real Estate and Urban Economics** at the Haas School. The SIOR chapter, along with matching funds from Washington, DC-based [SIOR Foundation](#), is sponsoring Cal's Undergraduate Real Estate Club in the coming year.

The organizations hosted the first joint event last week. Featured panelists included **Steve Kapp**, executive managing director of **Newmark Knight Frank**; **Mark Maguire**, executive vice president of **Colliers International**; **Michael Murray**, a principal with **Lift Partners** and **Jeffrey Weil**, executive vice president of **Colliers International**. The brokerage speakers hold either undergraduate or graduate degrees from UC Berkeley.

The meeting was attended by more than 50 students and moderated by seniors **Marcus Missirlian** and **Tyler Zhou**. The overall event theme was career development. The professionals discussed how they started their careers and their current work scope. Each panelist also presented a case study of a current or recently completed real estate project. In addition, the brokers discussed market conditions within their respective product type specialties and subsequently provided **exclusive** interviews.

"With the recent increase in ecommerce and focus on speed of product to consumers, we've seen a dramatic need for new warehouse product. In past cycles in the East Bay warehouse market, we typically have approximately 1 million square feet of new warehouse construction in a cycle," Maguire tells GlobeSt.com. "Within the current cycle, we'll have approximately 6.5 million square feet of new warehouse product shell complete by first quarter 2018. In addition to that, there is another 5 million feet starting construction or working through planning approvals. Adding 11.5 million square feet would be about 15% of new warehouse inventory to the East Bay warehouse market. I haven't seen anything close to this in my 22 years in the business."

Weil also discussed how the office market differs from the industrial market, mainly in the amount of available space.

"In the East Bay office market, we are seeing a dramatic dichotomy between different Bay Area office regions. San Francisco is still sizzling hot, with large office leases occurring frequently. Oakland has also seen soaring office rents but its leasing activity is limited by the lack of available office space," Weil tells GlobeSt.com. "While San Francisco office rents on a full-service annualized basis are in the \$75 to 80 per rentable square foot range, Oakland is now \$60 per rentable square foot. There are several new high-rise office towers under construction in downtown Oakland."

In contrast, Weil noted that on the Interstate 680 Corridor in the East Bay, there are millions of square feet of available office space, no new construction anywhere on the horizon and class-A fully serviced office rents in the \$24 to 36 per rentable square foot range. Large and even medium-size office leases are far and few between, he said, with very little tech relocation or growth and the main tenant type is generally the financial service sector of law firms, CPAs, financial planners and insurance brokers.