

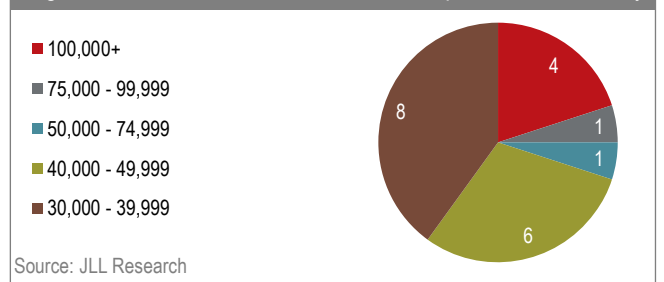


Second tier submarkets benefit from core tighten

Large blocks diminishing with some potential relief in sight

Large blocks of space to accommodate growing companies are few and far between. There are currently four 100,000-square-foot and larger blocks of available space in the 680 Corridor compared to a year ago there were nine 100,000-square-foot options. However, consolidation of corporate footprints may be key in large block relief as dominant market players look to utilize space efficiently by shrinking footprints. In addition, companies like Safeway are evaluating their long-term real estate needs post buyout and could potentially bring multiple 100,000-square-foot blocks to the market. And, San Francisco corporate users continue to look to push back-office functions to the Tri-Valley.

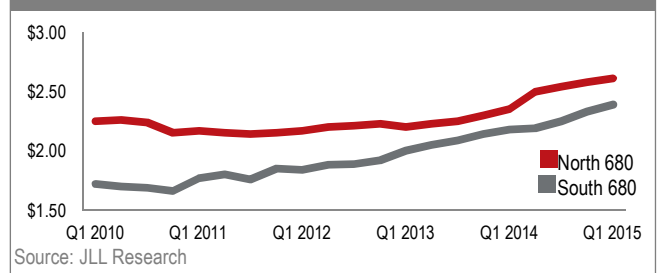
Large blocks available in Class A, B & Flex space in the East Bay



Tri-Valley rising rents parallel with strong employment gains

Pricing differentials can be seen throughout the East Bay, with accelerated increases in submarkets that house growing industry sectors. Strong employment gains in healthcare and professional services are translating to robust Tri-Valley occupancy gains and rental rate increases. Rent growth in the North 680 Corridor has been more tempered but landlords will continue to push rents as long as tenant demand remains strong. Currently there are more than one million square feet of active requirements in the 680 Corridor.

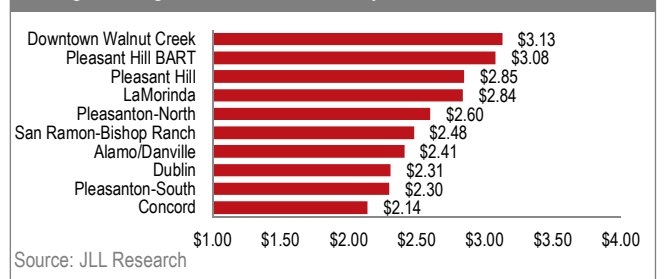
North 680 vs. South 680 Rental Rates



Second tier submarkets benefit from spillover as core tightens

Tightening vacancy and rising costs in core submarkets have pushed companies seeking affordable quality space to the second tier submarkets. As a result, second tier submarkets such as: Livermore, Concord, and San Ramon-other experienced an increase in leasing activity this quarter driven by small-size FIRE users. In the North 680 Corridor, Concord is positioning itself as a relative bargain with access to the same amenities neighboring Downtown Walnut Creek and Pleasant Hill BART offer at half the price. Second tier submarkets will continue to benefit from spillover in the next 18 to 24 months ahead as core submarkets see little slowdown.

Average asking rents across East Bay



13.8%

Total vacancy

93,413

Q1 2015 net absorption (s.f.)

8.0%

12-month rent growth

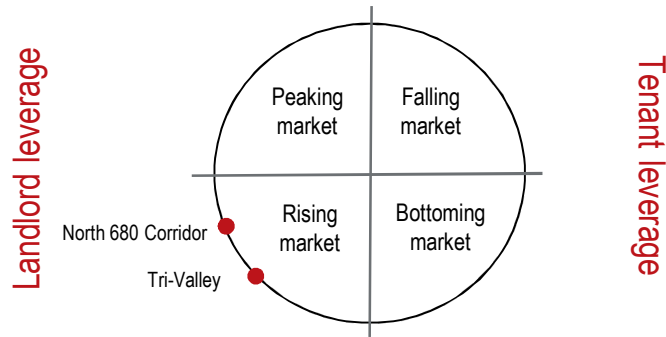
0

Total under construction (s.f.)

0%

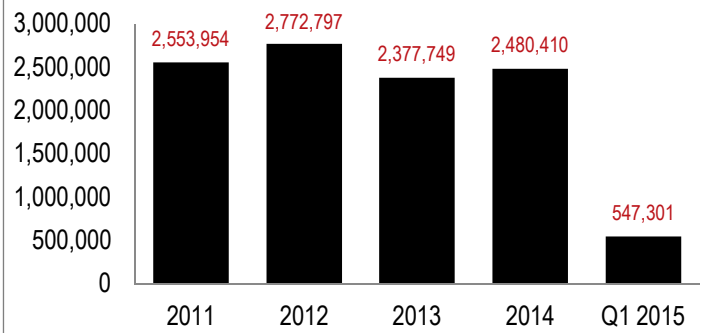
Total preleased

Current conditions – market and submarket



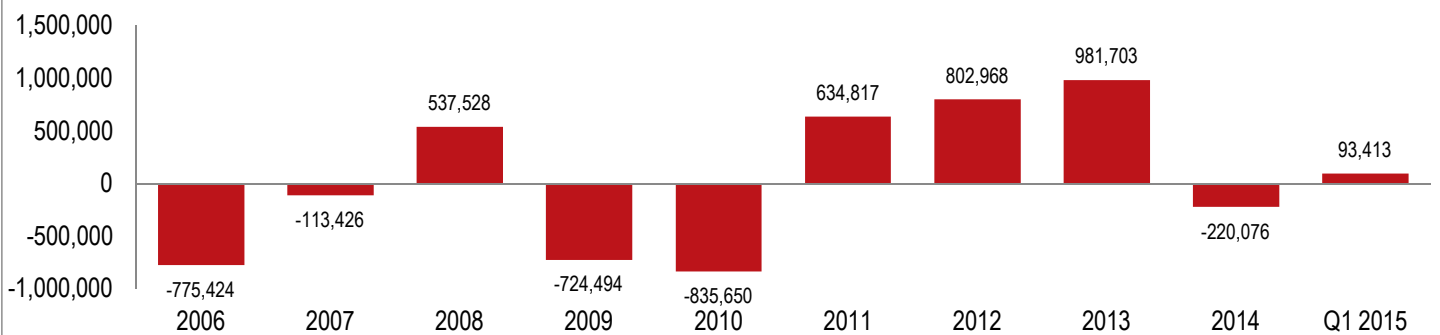
Source: JLL Research

Historical leasing activity



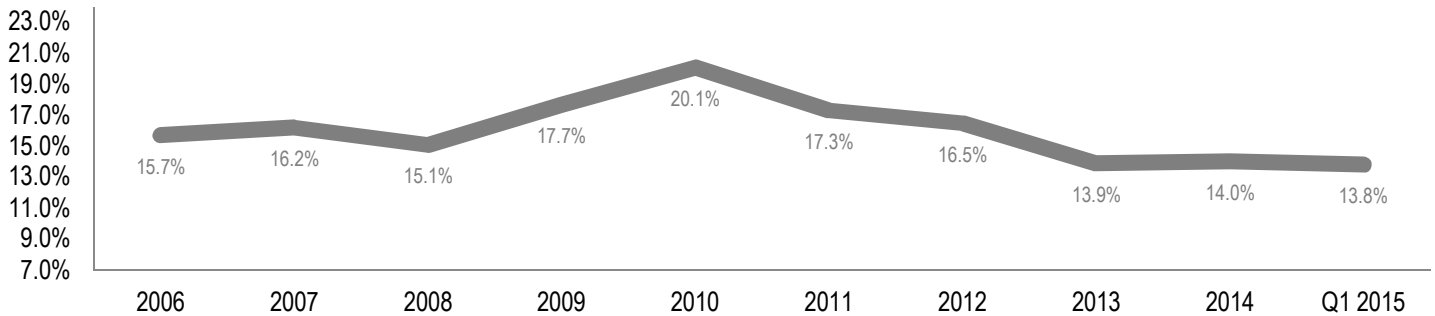
Source: JLL Research

Total net absorption (s.f.)



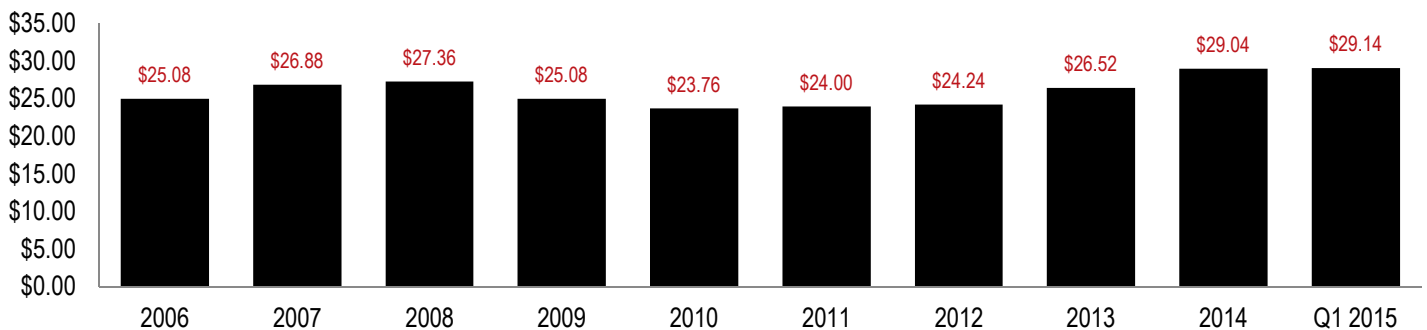
Source: JLL Research

Total vacancy rate



Source: JLL Research

Direct average asking rent (\$ p.s.f.)



Source: JLL Research