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## **OAKLAND CENTRAL BUSINESS DISTRICT OFFICE MARKET FORECASTED AS ONE OF NATION'S BEST**

### **FOR IMMEDIATE RELEASE**

Oakland, CA – April 17<sup>th</sup>, 2006 – According to a recent study compiled by researchers in Cushman & Wakefield's New York and Oakland offices, the Oakland Central Business District (CBD) is projected to be one of the top emerging office markets in the United States. These projections are based on an office market "barometer," a tool which looks at a number of variables such as overall vacancy rate, inventory, overall average asking rent, inventory in the market's pipeline, current construction completions and employment projections, to name a few. Based on such variables, the Oakland CBD is projected to have the highest change in overall rents over the next 24 months, going from \$21.95 psf/year to approximately \$24.22 psf/year, and the overall vacancy is expected to drop from 13.0% for the fourth quarter of 2005 to a projected 9.5% in 2007.

Several factors help explain such a trend. Oakland's Metropolitan market continued to demonstrate progress throughout 2005, finishing the year with strong market and economic indicators. Unemployment rates for the East Bay have remained stable at 4.8%, and the Bay Area workforce has steadily increased as a whole since April 2005. With 1.8% job growth over last year and sixteen consecutive months of year-to-year job gains, the East Bay employment outlook continues to be positive. Positive local and regional economic data should continue to strengthen the real estate market as local companies expand through additional hiring. Such economic strength allowed the overall vacancy rate to decline for the eighth consecutive quarter and posted a 13.0% vacancy rate to finish 2005. Significant demand for high quality office space drove the class A vacancy rate down to 8.6%, more than 0.7% better than last year's figure. When coupled with the strong residential development in downtown Oakland, the Oakland CBD office market is poised to enjoy its most pivotal period in years.

While the potential planning and construction of new office buildings present another facet of commercial activity in downtown Oakland, few projects have yet to break ground, giving existing landlords such as Shorenstein and Brandywine significant leverage to raise rents due to the lack of top-tier space. Further enhancing the Oakland business demographic is the robust residential condo development in downtown Oakland, with over 1,400 units under construction. Thus, Oakland will continue to transform itself into a major center for business and development in the Bay Area, especially as more competition for jobs fuels the business environment and sites for new office high-rises become few and far between.

Charles Allen, Senior Director at Cushman and Wakefield's Oakland office has seen these trends first hand. "Class A office space users are being faced with a jump in rental rates, and the flight-to-quality from Class B users has ended. The spread between types of office space has widened."

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