



AURORA BUSINESS CENTER

1515 AURORA DR SAN LEANDRO, CA 94577

Silicon Valley Construction Services



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PRESENTED BY

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section 1

Investment Overview



Investment Overview

Pricing

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Investment Highlights

INVESTMENT OVERVIEW // *Aurora Business Center*



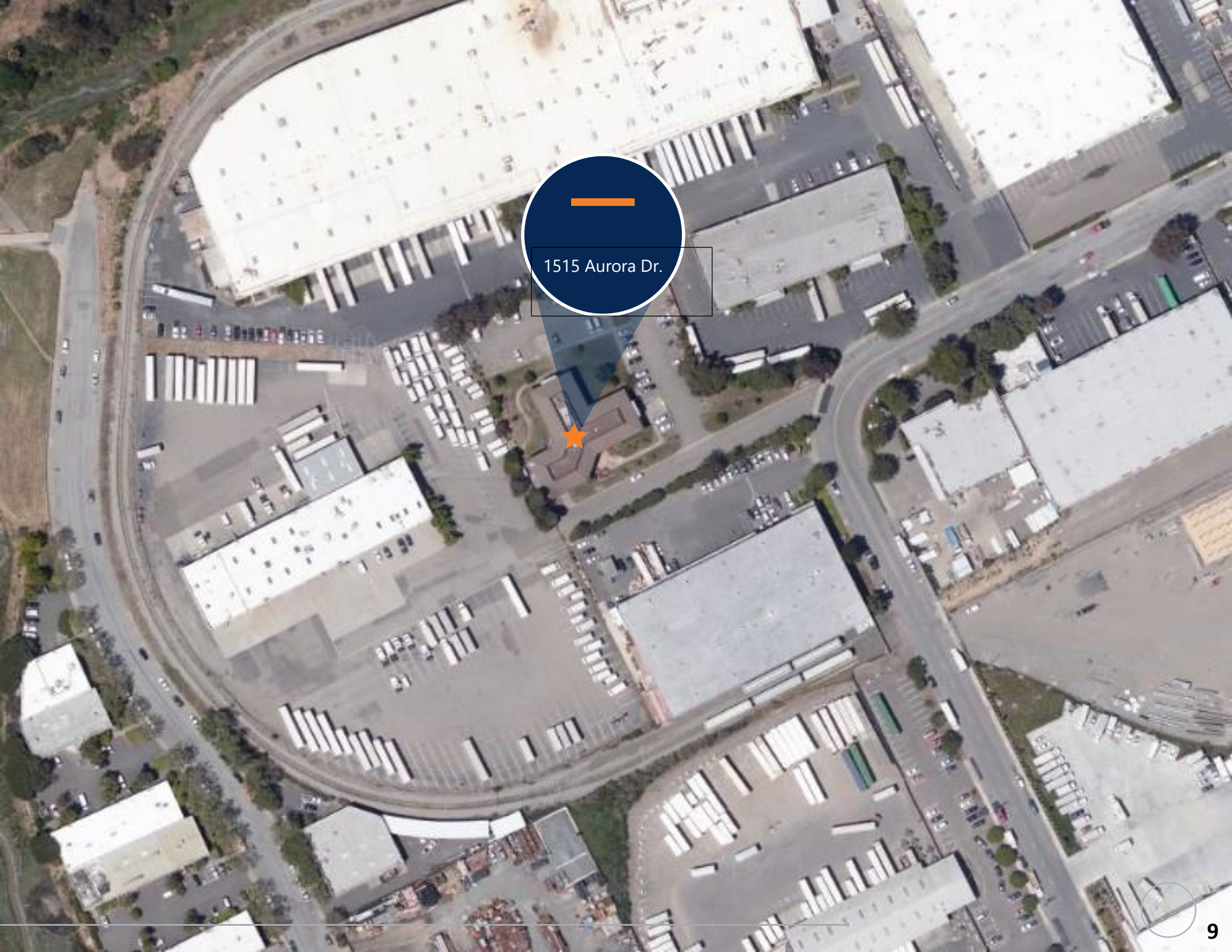
The Silicon Valley Construction Services is pleased to present the opportunity to acquire 1515 Aurora Drive, also known as the Aurora Business Center. Aurora Business Center is a multi-tenant office property located in San Leandro, California. The property is home to 64 current tenants in approximate 18,000 SF two story office property situated on 1.87 Acre lot. Situated off of highway 880 between the Oakland International Airport and the San Leandro Marina near the heart of the Bay. The small units and proximity to local businesses keep the building in high demand for businesses that need auxiliary office space in San Leandro. The ownership has kept month to month leases in place for flexibility and affords the new owner to access immediate upside. Low lot coverage in an Industrial Park-IP Zone also lends itself to the possibility of a covered land reposition and development down the line.

PRICING // *Aurora Business Center*

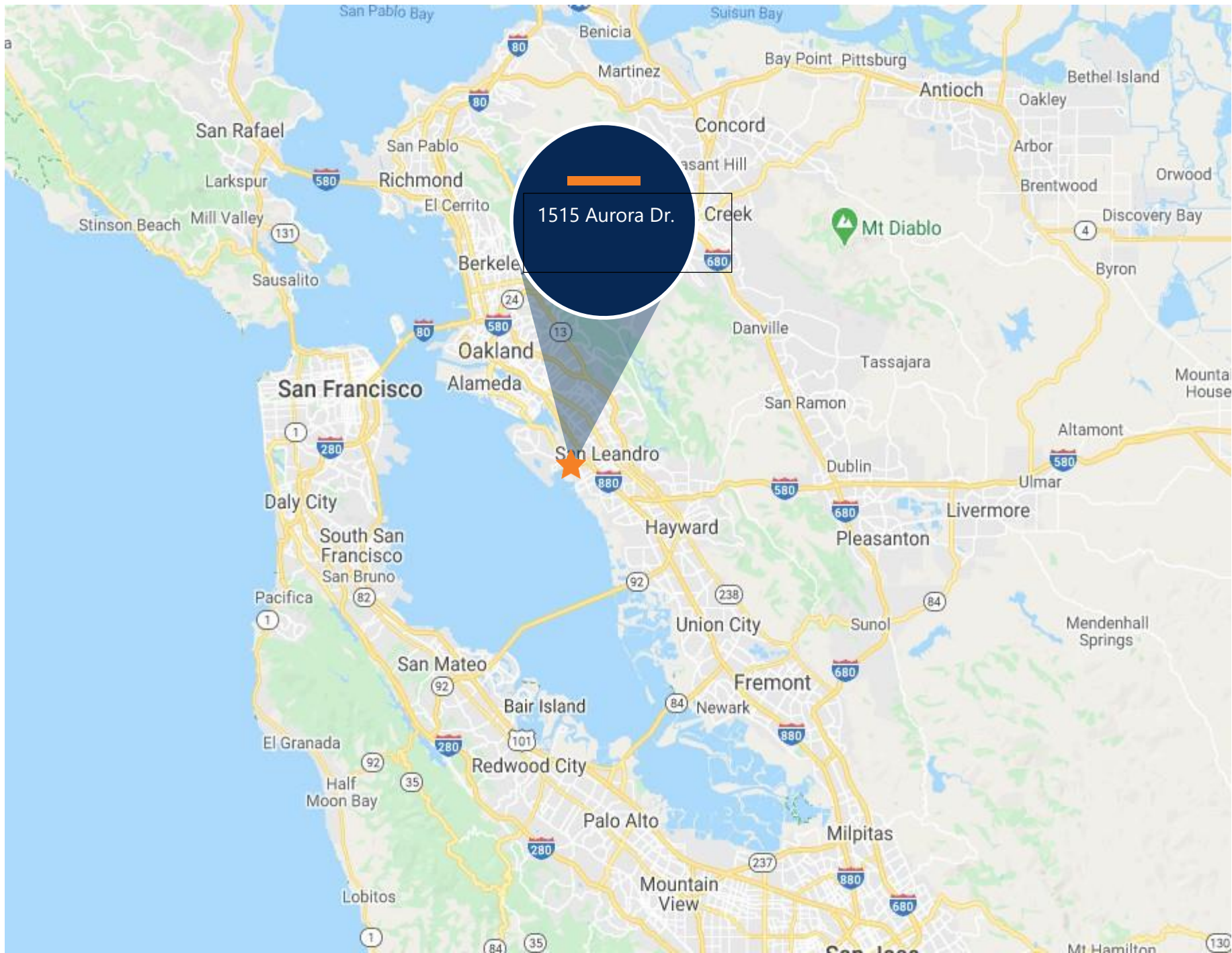
OFFERING PRICE

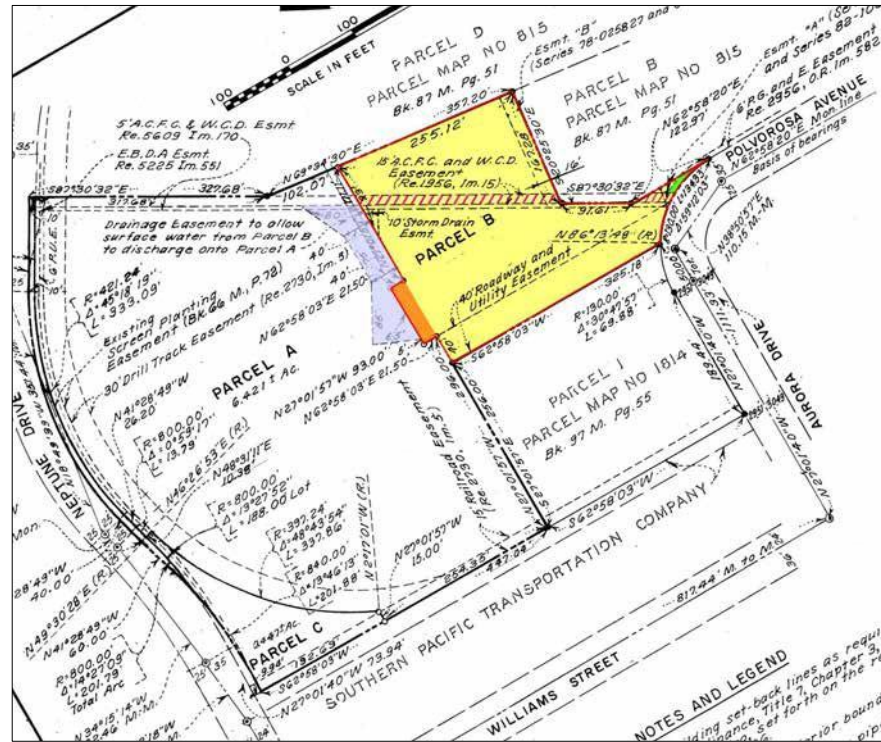
\$6,000,000

VITAL DATA	
CAP Rate	5.5%
Pro Forma CAP	6.9%
Building Square Feet	18,040
RBA	10,676
Price/Building SF	\$332.59
Price/RBA	\$562.00
Lot Size	1.87 AC / 81,457 SF
Current Occupancy	95%
Suites	64
Parking Spots	71
Stories	2
Year Built	1981



1515 Aurora Dr.





LEGEND

Parcel (Fee, Property in Question)

Parcel Two (Easement)

Item No. 4 - Easement for Drainage
April 28, 1967, Book 1956, Page 15, of Official Records Affects
as described therein

Item No. 5 - Easement for Electrical
September 23, 1971, Book 2956, Page 582, of Official Records
Affects as described therein

Item No. 12 - Easement for Access and Maintenance of the Utility Lines
and Facilities
May 4, 2004, Serial No. 04-193322, of Official Records
Affects as described therein



Old Republic Title Company
275 Battery Street, Suite 1500
San Francisco, CA 94111
(415) 397-0500 Fax: (415) 397-0199

"Notice: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon."

NOTE: Easements depicted hereon are provided as a courtesy only and no representation is made as to the accuracy or completeness thereof. The Company assumes no liability for any loss occurring by reason of reliance thereon. It is recommended that a survey be obtained from a licensed professional to determine actual locations.

Title Order No. 0227024060-LE, Preliminary report dated as of May 15, 2020	Drawing Date: 06/27/2020
Reference:	Data:
Property: 1515 Aurora Drive, San Leandro, CA 94577	Assessor's Parcel No. 079A-0541-040
Parcel B, Parcel Map No. 4453, filed May 1, 1985, in Book 154, Page 19 and 20 of Maps, Alameda County Records.	Sheet 1 of 2 Archive #

INVESTMENT HIGHLIGHTS // *Aurora Business Center*

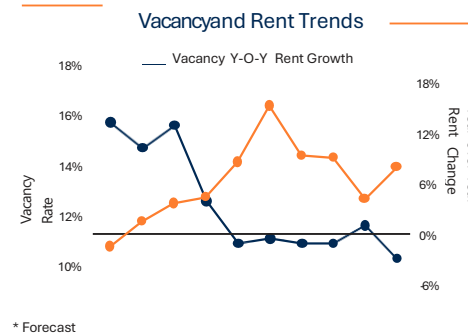
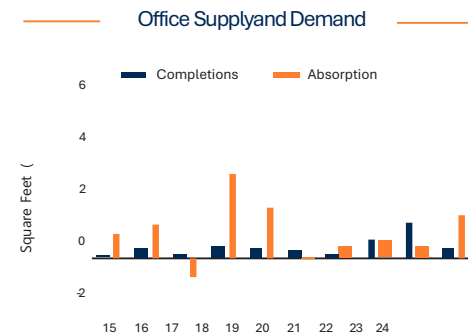
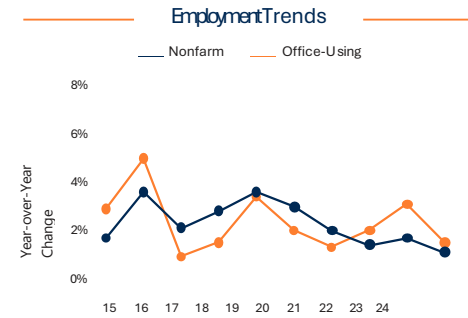
- ▶ Excellent cashflow from multiple tenants (no anchor tenant risk).
- ▶ Multi-tenant configuration offers stability
- ▶ Only lot with IP zoning within 3 Mile Radius.
- ▶ Separate office spaces allow for social distancing
- ▶ Close proximity (less than 1 mile) to the 880 Freeway and Oakland International Airport and San Leandro Marina
- ▶ Current ownership has recently made significant capital improvements to the building



SPILLOVER DEMAND DRIVING RENT GROWTH AND PROMOTING MYRIAD OF INVESTMENT STRATEGIES IN THE EAST BAY

East Bay office properties realize outsized benefits during mature economic cycles. In addition to a fairly robust local office foundation, the East Bay has long served as a destination for spillover demand in the Bay Area. That trend will persist this year after both San Francisco and San Jose record cyclical-low vacancy, encouraging tenants with rollover leases to explore more affordable options while remaining within arm's length of their high-profile clients. Office-users seeking larger footprints may also defect to the East Bay in the coming months. The average rent for available floor plans with at least 200,000 square feet is 33 percent lower than across the Bay Bridge, potentially nudging tenants facing sticker shock as leases expire. Blue Shield, for instance, opened a new headquarters in Oakland after spending the previous 80 years in San Francisco. Payment processor Square, meanwhile, recently moved into 356,000 square feet of space in Oakland's Uptown Station, though the firm retained its San Francisco offices as well.

Office listings near major thoroughfares attract several bids. Although activity has dipped each of the past two years, office buyers remain lively in the East Bay. Properties near Interstates 680 and 880 are particularly appealing to investors, including those migrating capital from San Francisco, the South Bay and out of state. Assets with a sizable vacancy component are becoming scarcer, forcing buyers seeking to expand their presence in the East Bay to reconsider their long-term motivation. Repositioning plays have gained in popularity in recent quarters due to a relatively thin pipeline and belief that upgrading office space to attract technology companies will still leave a generous discount relative to nearby markets. Another strategy is to position local office properties as an alternative to high-cost space sought by tech firms. More traditional office users that lack the deep cash reserves of tech firms feel the pinch of high rents and may be easier to poach to the East Bay.



Sources: CoStar Group, Inc.; Real Capital Analytics

San Leandro IP Zone Master Use List: P = Permitted AR = Administrative Review CUP = Conditional Use Permit X = Prohibited					
Business Classification	Status	Business Classification	Status	Business Classification	Status
Industrial / High-Tech		Offices & Professional		Retail & Commercial	
Industry, Research & Development	P	Offices, Business & Professional	P	Business Services	P
Industry, Limited	P	Government Offices	P	Catering Services	P
Industry, Custom	P	Medical Supply Stores	P	Maintenance & Repair Services	P
Laboratories	P	Financial Institutions, Retail	P	Financial Institutions, Commission	P
Food Processing, Limited	P	Medical / Dental Offices	X	Personal Services	X
Food Processing, General	X	Residential Uses (All New)	X	Retail Sales, Big Box / Standard	X
Industry, General	X	Cannabis Product Manufacturing	CUP	Adult-Oriented Businesses	X
Logistics & Warehousing		Amenities & Education		Automotive & Services	
Wholesale Trade	P	Business and Trade Schools	P	Automobile Parts Sales	P
Parcel Processing & Shipping	P	Day Care Centers (Child/Adult)	P	Vehicle Repair, Limited	AR
Warehouse & Storage (≤10k sf)	P	Health and Fitness Centers	P	Vehicle Repair, General	X
Warehouse & Storage (>\$10k sf)	CUP	Restaurants, Full-Service	AR	Automobile Body Repair	X
Wholesaling, Storage & Distrib.	P	Fast-Food / Cafés	AR	Fleet Services	X
Freight/Truck Terminals & Yards	X	Drive-up / Drive-thru Facilities	CUP	Vehicle/Heavy Equip. Dealers	X
Marine Sales and Services	X	Commercial Recreation	CUP	Service Stations (Gas Stations)	X
Storage, Personal Property (Mini)	X	Public Assembly / Banquets	CUP	Car Washes	X
Infrastructure & Public		Specialized Uses		Agricultural Uses	
Utilities, Minor	P	Artists' Studios	P	Nurseries (Plant/Garden)	X
Telecomm. Antennas (Co-location)	P	Emergency Health Care	P	Horticulture, Limited	X
Telecomm. New Monopoles/Towers	CUP	Emergency Shelters (≤45 beds)	P	Animal Hospitals / Vet	X
Utilities, Major	CUP	Ambulance Services, Emergency	CUP	Animal Boarding / Kennels	X
Heliports	CUP	Ambulance Services, Non-Emerg.	AR	Agricultural Processing	X
Park and Recreation Facilities	P	Home Improvement/Interior Dec.	X	Commercial Cannabis Cultivation	X



section 2

Financial Analysis

▼
pricing highlights
rent roll detail

PRICING DETAILS//*Aurora Business Center*

PRICE	\$6,000,000
Down Payment	\$2,400,000
Down Payment %	40%
Number of Suites	64
Price Per RBA	\$562
Price Per Square Foot	\$332.59
Rentable Building Area (RBA)	10,676
Building Square Feet	18,040
Lot Size	1.87 AC / 81,457 SF
Year Built/Renovated	1981

RETURNS	CURRENT	PRO FORMA
CAP Rate	5.5%	6.9%

FINANCING	1st Loan
Loan Amount	\$3,600,000
Loan Type	New
Interest Type	6%
Amortization	25 Years

*Loan information is subject to change.

OPERATING DATA // *Aurora Business Center*

INCOME		CURRENT		PROFORMA
Scheduled Base Rental Income		\$475,200		\$625,512
Potential Gross Revenue		\$552,200		\$625,512
General Vacancy	5.0%	(\$27,600)	5.0%	(\$31,276)
Uncollectable Rents	5.0%	(\$27,600)		
Effective Gross Revenue		\$451,440		\$594,236
Less: Operating Expenses	27%	(\$154,223)	22%	(\$126,223)
Net Operating Income	5.5%	\$342,577	5.5%	\$468,013
Debt Service		\$223,200		\$223,200
Net Cash Flow After Debt Service	4.95%	\$119,377	10.2%	\$244,813
Valuation based on income and expenses		\$6,230,000		\$8,364,000

OPERATING EXPENSES		CURRENT		PROFORMA
Utilities-Electricity		\$30,000		\$30,000
Saving from Solar		-----		-\$23,000
Water		\$500		\$500
Garbage		\$2,500		\$2,500
Insurance		\$9,332		\$9,332
Real Estate Taxes		\$42,891		\$42,891
Management Fee		\$36,000		\$36,000
Other Expenses – Janitor		\$12,000		\$12,000
Other Expenses – Land Scraper		\$6,000		\$6,000
Total Expenses		\$154,223		\$126,223
Expenses/SF		\$14.44		\$11.82

The solar system significantly reduces electricity expenses, increasing net operating income (NOI) and enhancing the property's investment appeal.

RENT ROLL DETAIL // *Aurora Business Center*

SUITE #	APPROX SQ FT	LEASE COMMENCE	LEASE EXPIRE	SCHEDULED		PROFORMA	
				MONTHLY RENT	RENT/SF	MONTHLY RENT	RENT/SF
101A	169	18-Jul-18	month to month	\$520.00	\$ 3.08	\$761	\$4.5
101B	156	12-May-22	3 years and 4 months	\$570.00	\$ 3.65	\$702	\$4.5
101C	156		month to month	\$520.00	\$ 3.33	\$702	\$4.5
101D	156	23-May-21	month to month	\$520.00	\$ 3.33	\$702	\$4.5
101E	156	05-Oct-16	month to month	\$460.00	\$ 2.95	\$702	\$4.5
101F	100	19-Apr-18	month to month	\$330.00	\$ 3.30	\$450	\$4.5
101G	100	03-Aug-22	4 years	\$420.00	\$ 4.20	\$450	\$4.5
101H	100	14-May-13	month to month	\$300.00	\$ 3.00	\$450	\$4.5
101J	460	07-May-20	month to month	\$1,100.00	\$ 2.39	\$1,380	\$3.0
101K	156	01-Sep-21	2 years	\$590.00	\$ 3.78	\$702	\$4.5
101L	156	22-Apr-17	month to month	\$480.00	\$ 3.08	\$702	\$4.5
101M	160	12-Jul-18	month to month	\$320.00	\$ 2.00	\$720	\$4.5
102A	156	25-May-21	month to month	\$390.00	\$ 2.50	\$702	\$4.5
102B	156	27-Jun-16	month to month	\$520.00	\$ 3.33	\$702	\$4.5
102C	156	16-May-23	3 years	\$600.00	\$ 3.85	\$702	\$4.5

RENT ROLL DETAIL // *Aurora Business Center*

SUITE #	APPROX SQ FT	LEASE COMMENCE	LEASE EXPIRE	SCHEDULED		POTENTIAL	
				MONTHLY RENT	RENT/SF	MONTHLY RENT	RENT/SF
102D	156	03-Mar-20	month to month	\$ 520.00	\$ 3.33	\$ 702	\$ 4.5
102E	100	31-Dec-20	month to month	\$ 460.00	\$ 4.60	\$ 450	\$ 4.5
102F	100	29-Mar-22	4 years	\$ 400.00	\$ 4.00	\$ 450	\$ 4.5
102G	100	14-Apr-23	3 years	\$ 390.00	\$ 3.90	\$ 450	\$ 4.5
102H	156	03-May-23	3 years	\$ 600.00	\$ 3.85	\$ 702	\$ 4.5
102I	156	29-Aug-22	3 years	\$ 730.00	\$ 4.68	\$ 702	\$ 4.5
102J	156	26-Mar-21	month to month	\$ 500.00	\$ 3.21	\$ 702	\$ 4.5
102K	156	01-Dec-18	month to month	\$ 440.00	\$ 2.82	\$ 702	\$ 4.5
103A	156	03-Oct-16	month to month	\$ 470.00	\$ 3.01	\$ 702	\$ 4.5
103B	156	30-Apr-16	month to month	\$ 380.00	\$ 2.44	\$ 702	\$ 4.5
103C	156	10-Mar-23	3 years	\$ 640.00	\$ 4.10	\$ 702	\$ 4.5
103D	156	18-Jun-21	month to month	\$ 560.00	\$ 3.59	\$ 702	\$ 4.5
103E	130	18-Jan-20	month to month	\$ 425.00	\$ 3.27	\$ 585	\$ 4.5
103F	130	07-Mar-18	month to month	\$ 443.00	\$ 3.41	\$ 585	\$ 4.5
103G	460	16-Jul-12	month to month	\$ 800.00	\$ 1.74	\$ 1,380	\$ 3.0

RENT ROLL DETAIL // *Aurora Business Center*

SUITE #	APPROX SQ FT	LEASE COMMENCE	LEASE EXPIRE	SCHEDULED		POTENTIAL	
				MONTHLY RENT	RENT/SF	MONTHLY RENT	RENT/SF
103H	367	04-Jan-16	month to month	\$ 760.00	\$ 2.07	\$1,101	\$3.0
201A	169	30-Dec-14	month to month	\$ 530.00	\$ 3.14	\$761	\$4.5
201B	156	11-Mar-22	4 years	\$ 480.00	\$ 3.08	\$702	\$4.5
201C	156	01-May-23	3 years	\$ 590.00	\$ 3.78	\$702	\$4.5
201D	156	29-Nov-17	month to month	\$ 480.00	\$ 3.08	\$702	\$4.5
201E	156	01-Oct-13	month to month	\$ 480.00	\$ 3.08	\$702	\$4.5
201F	131	28-Jun-22	4 years	\$ 440.00	\$ 3.36	\$590	\$4.5
201G	100	17-Jun-15	month to month	\$ 330.00	\$ 3.30	\$450	\$4.5
201H	100	25-Mar-21	month to month	\$ 300.00	\$ 3.00	\$450	\$4.5
201I	156	02-Mar-20	month to month	\$ 520.00	\$ 3.33	\$702	\$4.5
201J	156	01-Feb-18	month to month	\$ 460.00	\$ 2.95	\$702	\$4.5
201K	156	07-Sep-22	3-year	\$ 690.00	\$ 4.42	\$702	\$4.5
201L	156	28-Feb-22	month to month	\$ 800.00	\$ 5.13	\$702	\$4.5
201M	156	30-Jan-18	month to month	\$ 400.00	\$ 2.56	\$702	\$4.5
202A	156	06-Oct-14	month to month	\$ 460.00	\$ 2.95	\$702	\$4.5

RENT ROLL DETAIL // *Aurora Business Center*

SUITE #	APPROX SQ FT	LEASE COMMENCE	LEASE EXPIRE	SCHEDULED		POTENTIAL	
				MONTHLY RENT	RENT/SF	MONTHLY RENT	RENT/SF
202B	156		month to month	\$ 580.00	\$ 3.72	\$702	\$4.5
202C	156	09-Mar-22	4 years	\$ 480.00	\$ 3.08	\$702	\$4.5
202E	156	01-Feb-21	month to month	\$ 580.00	\$ 3.72	\$702	\$4.5
202D	156	17-Sep-14	month to month	\$ 450.00	\$ 2.88	\$702	\$4.5
202F	131	12-Jan-17	month to month	\$ 300.00	\$ 2.29	\$590	\$4.5
202G	100	11-May-22	1 year	\$ 650.00	\$ 6.50	\$450	\$4.5
202H	100		month to month	\$ 280.00	\$ 2.80	\$450	\$4.5
202I	156	01-Oct-19	month to month	\$ 480.00	\$ 3.08	\$702	\$4.5
202J	156	27-Jun-13	month to month	\$ 480.00	\$ 3.08	\$702	\$4.5
202K	308	31-Mar-22	4 years	\$ 710.00	\$ 2.31	\$1,386	\$4.5
203A	156	12-May-23	3 years	\$ 590.00	\$ 3.78	\$702	\$4.5
203B	156	03-Dec-20	month to month	\$ 580.00	\$ 3.72	\$702	\$4.5
203C	156	07-Jun-21	month to month	\$ 580.00	\$ 3.72	\$702	\$4.5
203D	156	12-Jul-18	month to month	\$ 480.00	\$ 3.08	\$702	\$4.5
203E	131	13-Jul-20	month to month	\$ 460.00	\$ 3.51	\$590	\$4.5

RENT ROLL DETAIL // *Aurora Business Center*

				SCHEDULED		POTENTIAL	
SUITE #	APPROX SQ FT	LEASE COMMENCE	LEASE EXPIRE	MONTHLY RENT	RENT/SF	MONTHLY RENT	RENT/SF
203F	100	25-Mar-23	3 years	\$ 390.00	\$ 3.90	\$450	\$4.5
203G	460	02-Sep-22	5-years	\$ 1,300.00	\$ 2.83	\$1,380	\$3.0
203H	220		3-years	\$ 880.00	\$ 4.00	\$990	\$4.5
203I	156	02-Mar-20	month to month	\$ 550.00	\$ 3.53	\$702	\$4.5
202G Storage				\$ 100.00		\$200	
102E Storage				\$ 100.00		\$	
Parking spot 202F				\$ 210.00		\$210	
Parking permit 1 to 55				\$ 6500.00		\$10000	
Total Rentable SF:	10,517						
	Monthly Total Scheduled Rent:			\$46,000	\$3.9	\$52,250	\$4.5
	Monthly Scheduled Gross Income:			\$46,000		\$52,250	
	Annual Scheduled Gross:			\$552,000		\$627,000	



section 5

Market Overview



East Bay overview

Graphs

Market comparables

EAST BAY OVERVIEW // *Aurora Business Center*

The Oakland metro is located on the eastern side of the San Francisco Bay and encompasses 1,470 square miles across Alameda and Contra Costa counties. Lower housing costs and quick access across the Bay lure many San Francisco workers to the East Bay. The Port of Oakland is a major economic driver for the area, and roughly 2.5 million TEUs pass through annually. The area is also experiencing a boom in redevelopment, especially in older areas of Oakland and Hayward. These efforts are helping to attract businesses and residents. Blue Shield of California will move its headquarters to Oakland in 2019, bringing 1,200 workers, and tech firm square has leased Uptown Station in downtown Oakland. High-paying jobs in the tech sector are attracting young professionals to the metro.



WORLD-CLASS INSTITUTIONS

Students have access to 15 universities in the Greater Bay Area including two campuses of the University of California.



EDUCATED WORKFORCE

The large base of skilled workers supports the diversification in local industries, drawing additional tech and research employers.



ELEVATED HOUSEHOLD INCOME

The skilled labor pool and increase in higher-paying jobs has produced a median income that is more than \$30,000 above the U.S. level.



Sources: CoStar Group, Inc.; Real Capital Analytics

EAST BAY OVERVIEW // *Aurora Business Center*

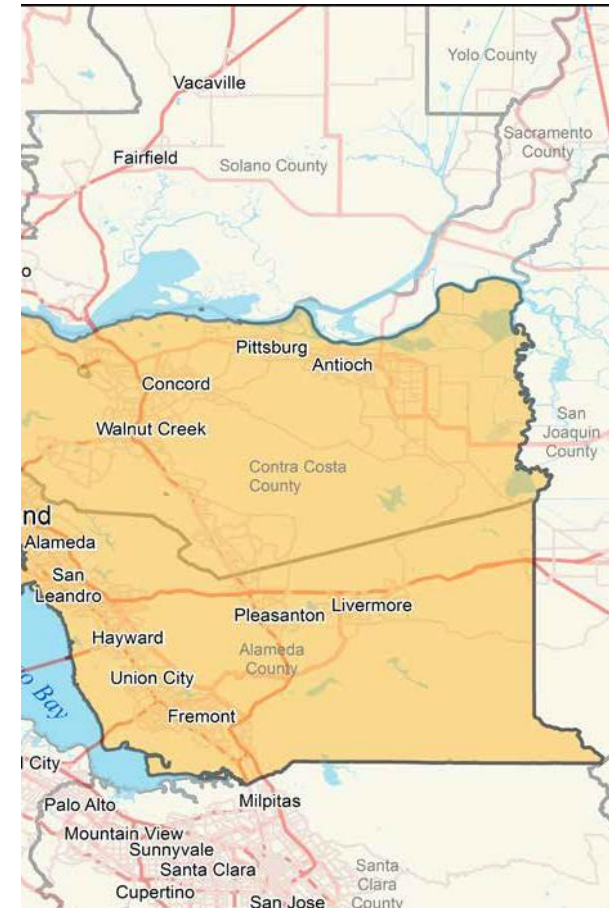
- ▶ Major employers come from a wide array of industries: education, healthcare, financial services, telecommunications, retail, technology, manufacturing and transportation.
- ▶ The metro is a transportation hub of the Bay Area, and Oakland International Airport, BART, two major rail lines and the Port of Oakland all play important roles.
- ▶ Oakland is a major tech employment market. High-tech businesses currently employ tens of thousands of workers. The metro boasts an extensive underground fiber-optic cable network and is a regional telecommunications hub.

MAJOR AREA EMPLOYERS

Kaiser Permanente
UCSF Children's Hospital Oakland
Sutter Health
Tesla Motors Inc.
Lawrence Livermore National Laboratory
Southwest Airlines
Lam Research Corp.
Chevron Corp.
Alameda Health Systems
Safeway Inc.



Sources: CoStar Group, Inc.; Real Capital Analytics



SHARE OF 2025 TOTAL EMPLOYMENT

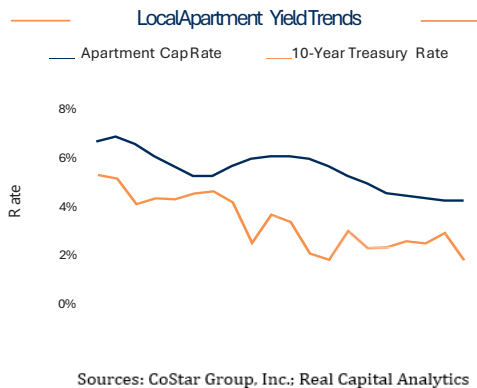


OAKLAND OVERVIEW // *Aurora Business Center*

Diverse Job Growth in Trio of Metros Generates Robust Demand Across All Tiers of Apartments

Bay Area economies thrive. Spanning the past 12 months, nearly 100,000 jobs were created in the region amid extremely low unemployment. Each metro that comprises the mega market recorded an annual improvement in job creation, with employers frequently recruiting from outside the region to fill open positions. The resulting inflow of residents and households, coupled with out-of-reach home prices, fueled demand for the 6,400 units completed over the past four quarters. During this stretch, strong absorption held vacancy in the high-3 percent band, positioning the region to handle the 3,600 doors slated for fourth quarter delivery.

California's multifamily sector grapples with regulatory changes. In early October, Assembly Bill 1482 was signed into law by Gov. Newsom, making California the third state to implement statewide rent control. Effective January 2023, the legislation will limit rent increases at pre-2005-built properties to 5 percent plus inflation or 10 percent, whichever is lower. While average rent growth in seven of the state's eight major metros was at or below 5 percent during the past 12 months ending in September, it is probable each market's stock of lower-cost apartments could be impacted by the implications. Spanning the past year, Class C rent in the eight-metro group rose an average of 8 percent. Limited rate increases at these properties moving forward could increase the appeal to renters of an already limited stock of vacant units. Though tight conditions tend to increase investor interest, rent control could alter returns on some investments, particularly properties that still have value-add potential.



* Cap rate trailing 12-month average through 3Q; Treasury rate as of Sept. 30
Includes sales \$1 million and greater for San Francisco, Santa Clara County and East Bay/Oakland.

Multifamily 2020 Outlook

Contra Costa County Quick Facts

Rent per unit	\$1,935	Price/Unit	\$328,412
Price/SqFt	\$2.34	Rent Growth	2.5%
Market Cap Rate	4.5%	Vacancy Rate	4.7%
Velocity - 3.6% - 114 Properties		Total Population - 1.15 Million	
Median Household Income - \$79,799		Unemployment Rate - 3.1%	

Biggest Players - Essex Property Trust, Pillar Properties, IMT Capital, AEW Capital Management, Sequoia Equities, LaSalle Investment Management

East Bay/Oakland

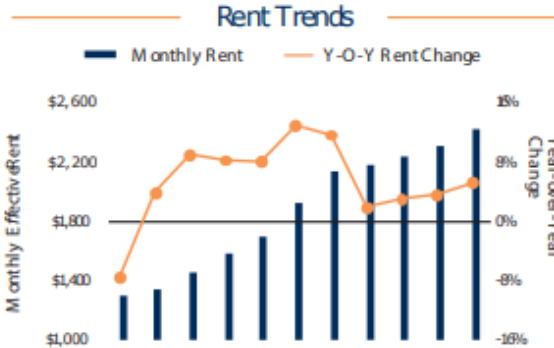
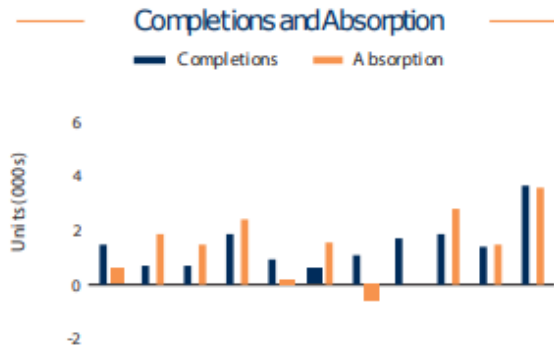
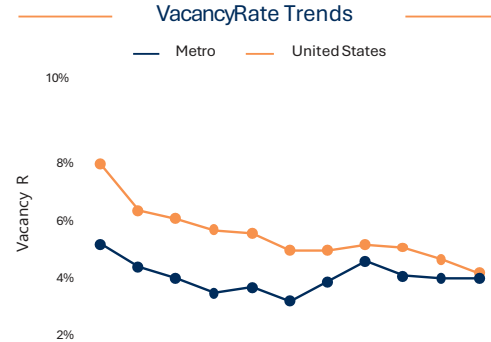
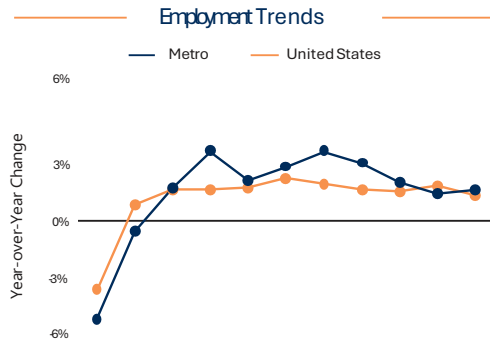
- ▶ The sizable spread between East Bay asset values and the rest of the Bay Area steered capital into the metro, with deal flow centered in Oakland and northern cities along Interstate 80. Most closings in these locales involved Class C properties trading at a 5 percent average cap rate.
- ▶ Buyers seeking low entry costs were active in East Oakland, Richmond and Hayward, where sub-\$250,000 per unit pricing remains.

Multifamily 2023 Forecast

- ▶ Facebook and Amazon have bought a combined 1,050,000+ Sq Ft for a new headquarters and distribution center to both be completed between June and October of 2023 (Newark & Livermore). This will increase the value of properties in the surrounding cities, especially the areas of San Ramon and Danville.
- ▶ More than 2,800 units have been built in the last 12 months and 3,400 more are forecasted to be developed every year for the next three years. 17,000 jobs are projected to be created in the East Bay which means the demand for new housing will be evident.

EAST BAY OVERVIEW // *Aurora Business Center*

Current Trends



Sources: CoStar Group, Inc.; Real Capital Analytics

2025-12-Month Period EMPLOYMENT

1.9% increase in total employment Y-O-Y

- Job creation improved over the last 12 months ended in September as employers bolstered payrolls by 22,900 positions. During the prior year, long stretch, the East Bay recorded employment growth of 1.5 percent.
- The professional and business services sector added 11,300 jobs, leading metro hiring. The education and health care sector contributed an additional 7,600 positions.

CONSTRUCTION

2,375 units completed Y-O-Y

- Completions over the past year rose compared with the previous annual period, when 1,590 apartments opened. The finalization of nearly 1,200 units during the past three months ended in September drove the recent uptick in deliveries.
- Entering the fourth quarter, roughly 7,500 apartments were under way in the Oakland/Hayward/Berkeley submarket, with an additional 1,600 rentals being built in Fremont.

VACANCY

20 basis point decrease in vacancy Y-O-Y

- Net absorption of nearly 2,400 units outpaced supply over the past year, contracting vacancy to 3.5 percent. Since the fourth quarter of 2009, unit availability has held below 5 percent.
- Vacancy in Oakland/Berkeley, the metro's largest submarket, rose 30 basis points during the last 12 months to 4.7 percent. While overall unit availability increased, a 250-basis-point reduction in Class C vacancy was recorded.

RENT

2.9% increase in the average effective rent Y-O-Y

- The average effective rent rose to \$2,399 per month over the past year, supported by an 11.8 percent increase in Class C rates. During the prior 12-month span an uptick of 2.5 percent was noted.
- Oakland/Berkeley and Hayward/San Leandro/Union City registered rent increases of 6.3 percent and 4.7 percent, respectively, the most pronounced rates of growth in the metro.

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- ▶ The population will expand by more than 78,000 residents during the next five years, resulting in the formation of nearly 42,000 households.
- ▶ Due in part to high home prices, the homeownership rate of 57 percent is below the national rate of 64 percent.
- ▶ Roughly 42 percent of the population age 25 and older have attained a bachelor’s degree, with 17 percent also holding a graduate or professional degree.

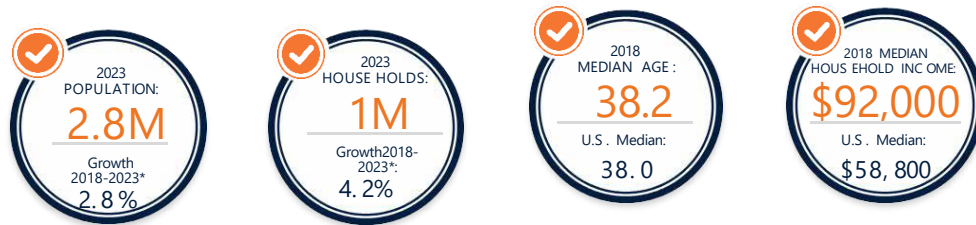
SPORTS



2025 Population by Age



Sources: CoStar Group, Inc.; Real Capital Analytics



QUALITY OF LIFE

The past decade’s downtown redevelopment initiatives have resulted in housing, office and retail construction, greatly improving the quality of life for urban dwellers. In the East Bay, people enjoy cultural and recreational activities, including the symphony, an award-winning zoo, the Paramount Theater, the Oakland Museum of California, along with numerous parks. Major-league sports teams include the Oakland Athletics and Oakland Raiders, both of which play at the Oakland-Alameda County Coliseum. Oracle Arena is home to the Golden State Warriors. There are 15 colleges and universities in the area, including the University of California-Berkeley and California State University, East Bay.

EDUCATION



ARTS & ENTERTAINMENT



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Rent Growth Moderating as Supply Pressures Increase Amid Shortage in Workforce Housing

Political discussions heat up as robust economy puts more pressure on housing affordability. Fueled by the lowest unemployment rates since the height of the late 1990s, the Bay Area economies remain exceptional. However, the success of the region has exacerbated a shortage of housing, particularly rental units, as home prices approach the highest levels in the nation. Although development will reach a new cycle high this year, rent-al rates remain elevated, fueling a political movement in many municipalities to cap or limit rents through a variety of methods. These initiatives have only produced moderate results to date, but they remain a key focal point for investors to monitor moving forward.

Core locations highlight extensive development pipeline. As conditions remain tight, builders have expanded the scale and scope of projects underway, with seven offerings exceeding 500 units. The vast majority of deliveries will be at locations in the urban core, with the most notable buildout underway in the East Bay. Builders have nearly 7,000 units in progress in Alameda County, focused on locations in Fremont and Oakland. Farther south in Santa Clara County, sites in San Jose will lead the way, with 2,600 rentals to be delivered this year inside the city limits. Corporate strongholds in Mountain View, Santa Clara and Redwood City are also receiving an influx of new supply as well-paid employees seek out

Investment Trends

San Francisco

- ▶ Rapid price gains inside the city limits of San Francisco underpin the greatest deal flow in the marketplace. Class C assets in the Mission District and Downtown San Francisco are garnering the greatest attention amongst investors.
- ▶ Farther down the peninsula in San Mateo County, buyers are primarily interested in high-end assets in Menlo Park and Redwood City. Other opportunities are beginning to emerge in San Mateo and Burlingame as prices head higher.

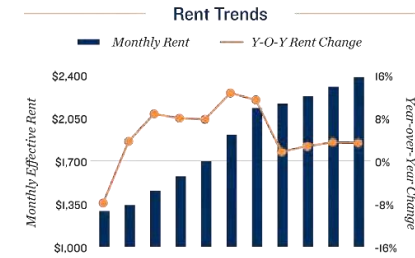
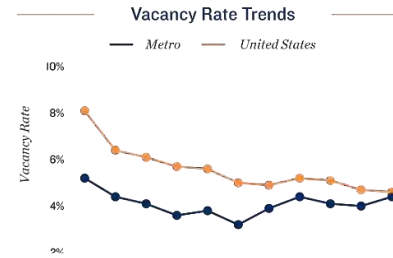
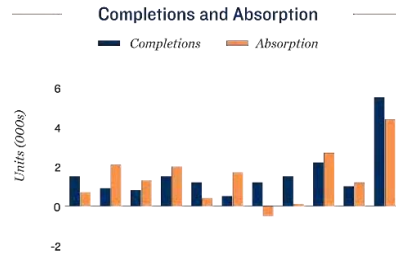
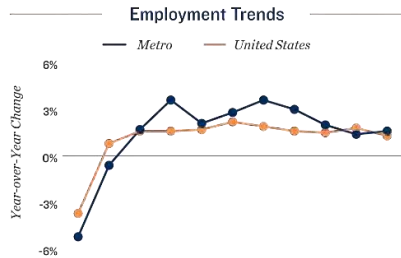
Santa Clara County

- ▶ The wide variety of asset prices in the county is exacerbating the two-tiered market structure. Institutions remain the primary buyers in the western cities of Mountain View, Palo Alto and Sunnyvale, where prices extend far above the metro average.
- ▶ Individual investors are pursuing more affordable properties in Downtown and Midtown San Jose. Here, pricing and cap rates allow for more operational flexibility, generating greater risk adjusted returns amid rapidly rising rental rates.

Santa Clara County

- ▶ Investors are eyeing a significant rental arbitrage in the East Bay, targeting properties in East Oakland, Berkeley and the Fremont/Hay-ward corridor.
- ▶ While the rent spread between East Bay assets and the broader Bay Area continues to contract rapidly, the exceptional valuation gap should encourage further capital flows into the metro.

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Sources: CoStar Group, Inc.; Real Capital Analytics

2025 –12-Month Period

EMPLOYME



1.7% increase in total employment Y-O-Y

- Annual job growth remains steady as 19,500 jobs were created over the past four quarters. During the previous time period 20,700 positions were created.
- The professional and business services sector added nearly 8,000 jobs, leading metro hiring. The education and healthcare sector contributed 6,830 positions.

CONSTRUCTION



2,410 units completed Y-O-Y

- Completions over the past four quarters have pick up compared with the previous annual period when 1,570 apartments opened.
- In 2025, the largest complex will be the 632-unit The Asher in Fremont, the majority of the 934 rentals to be completed in this city. While the bulk of projects this year will be in the city of Oakland followed by Fremont, the cities of Berkley, Emeryville, Union City and Walnut Creek all have construction activity.

VACANCY



30 basis point decrease in vacancy Y-O-Y

- Net absorption outpaced supply over the past year, contracting vacancy to 3.6 percent. Since the turn of the century, vacancy has only been over 5.0 percent in 2015. Over the past 10 years, the rate has fluctuated in the high-3 to low-4 percent range.
- Class C vacancy is exceptionally tight at 2.3 percent as tenants seek out affordable rentals.

RENTS

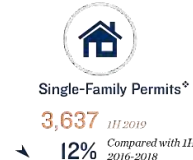
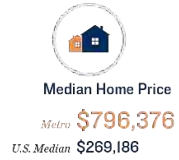


2.7% increase in effective rents Y-O-Y

- The average effective rent rose to \$2,373 per month during the past year. Since the third quarter of 2016, the quarterly annual rent growth has also averaged 2.7 percent per quarter. In the previous five-years, annual quarterly growth averaged 9.7 percent. Rent performance continues to be driven by Class C properties, where the average effective rent lifted annual 5.7 percent to \$1,695 per month.

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Demographic Highlights



*Mortgage payments based on quarterly median home price with a 30-year fixed-rate conventional mortgage, 90% LTV, taxes, insurance and P.M.I. **2019 - 2024 Annualized Rate

Sales Trends

Class C Deals in Oakland and Berkeley Spur Investment Interest

- While deal flow remained in line with the previous year dollar volume extended above \$2.1 billion. Activity was overwhelmingly based in Oakland and Berkeley, where buyers were primarily focused on Class C properties.
- Overall, cap rates reached the high-4 to low-5 percent range, with urban properties lifting the average price per unit 9.6 percent to \$281,480 since last July.



Outlook: The significant spread between East Bay assets and the rest of the Bay Area will continue to drive capital flows into the metro. Urban locations remain the most desirable due to the rental arbitrage.

Sources: CoStar Group, Inc.; Real Capital Analytics

Submarket Trends

Lowest Vacancy Rates

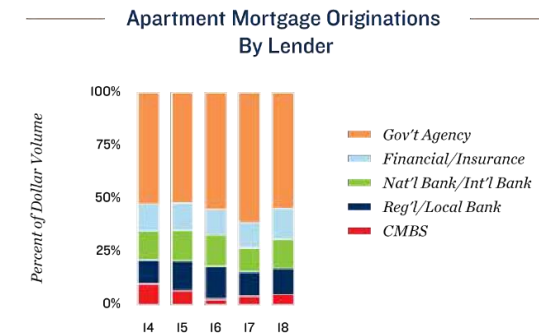
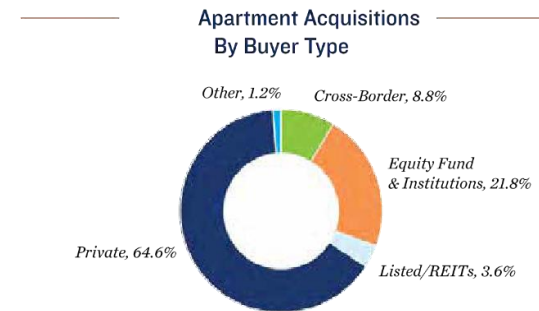


Submarket	Vacancy Rate	Y-O-Y Basis Point Change	Effective Rent	Y-O-Y % Change
Northwest Contra Costa County	2.6%	-160	\$2,132	4.3%
Hayward/San Leandro/Union City	2.9%	-40	\$2,089	2.3%
Fremont	3.0%	-50	\$2,461	2.5%
Concord/Martinez	3.1%	-70	\$2,051	2.4%
Northeast Contra Costa County	3.8%	-80	\$1,829	5.1%
Walnut Creek/Lafayette	3.8%	0	\$2,494	4.4%
Livermore/Pleasanton	4.0%	-20	\$2,475	2.3%
San Ramon/Dublin	4.6%	30	\$2,534	1.9%
Oakland/Berkeley	4.9%	30	\$2,958	3.1%
Overall Metro	3.6%	-30	\$2,373	2.7%

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Capital Markets

- Fed takes action to sustain economic momentum.** The combination of trade disputes between the U.S. and China together with slowing European growth converged to weigh on the global economic outlook, sparking action by the Federal Reserve. To combat the restraints on growth, largely driven by uncertainty surrounding international trade, the Federal Reserve cut its overnight rate by 25 basis points and halted its balance sheet reductions, known as quantitative tightening. Though this action runs the risk of lifting inflation pressure, the Fed has communicated its willingness to let the economy “run hot.” Many believed the Fed action would offer a boost to domestic markets until the trade war was escalated immediately after the Fed announcement. This new bout of uncertainty pushed the 10-year Treasury yield below 2 percent for the first time since 2016. Though domestic growth has moderated, the nation’s economic foundation remains solid, headlined by the tight labor market and muted inflationary pressure. Fed officials will continue to focus on economic risks spilling over from the trade war with China, potentially calling for additional rate reductions this year.
- Abundant liquidity balances conservative underwriting.** Debt financing for apartment assets remains strong, supported by a variety of lenders. However, Fannie Mae and Freddie Mac, two mainstay apartment capital sources, will step to the sidelines in the second half of the year as they reach their lending caps on market rate assets. The Government Sponsored Enterprises will remain active lenders for “uncapped business,” including environmentally sustainable and affordable housing properties. A wide range of local, regional and national banks; pension funds; insurance companies and CMBS sources will remain active. All have responded to the falling interest rate climate by reducing mortgage rates, but lender spreads have widened as the 10-year Treasury rate has fallen. Given the downward pressure on interest rates, lender caution has risen, particularly for construction loans. Though lending is still available for these types of projects, investors may need to blend mezzanine debt with other capital sources until they prove out their concepts and substantially fill units. For stabilized existing assets in most major markets, financing remains plentiful.

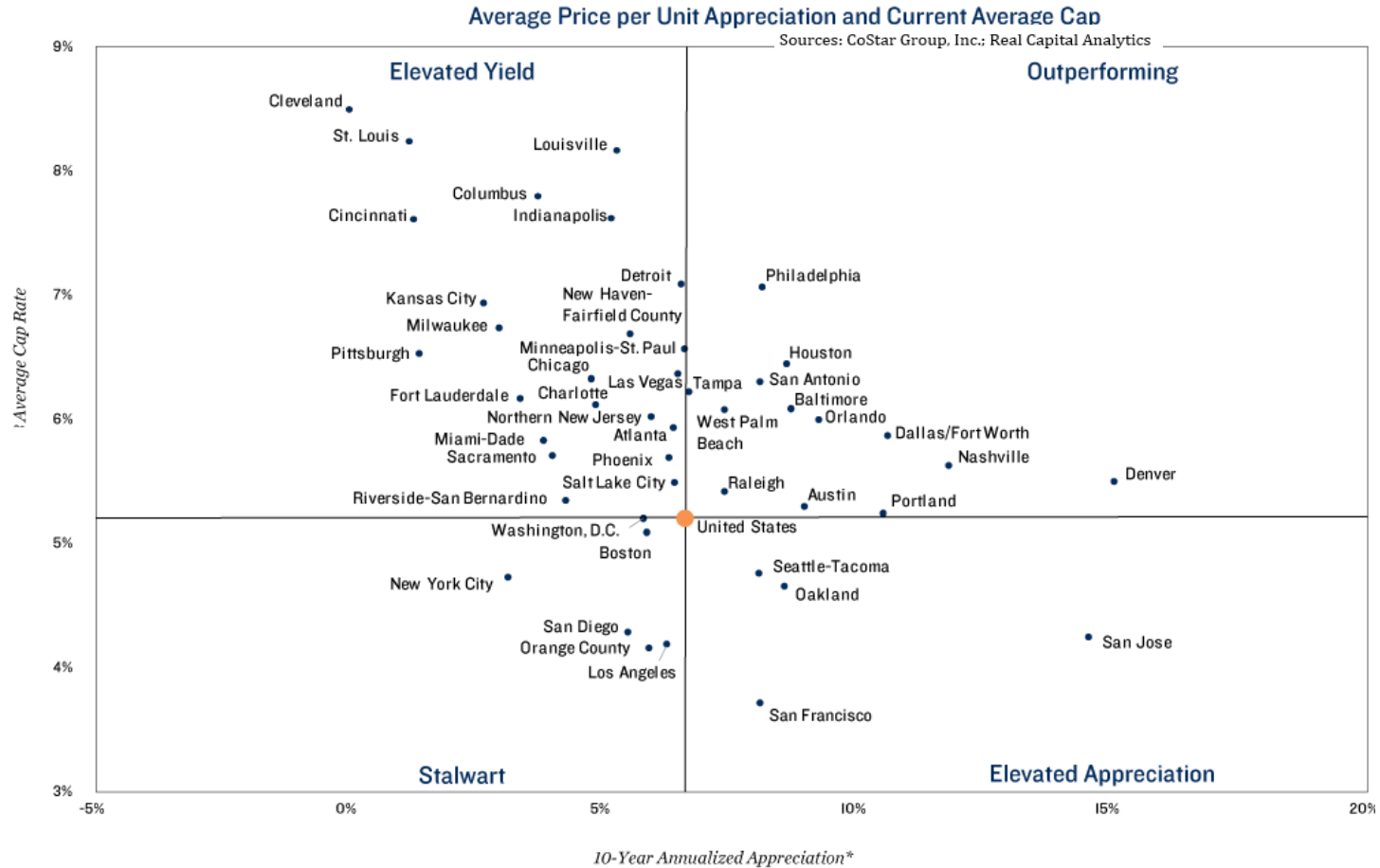


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Sources: CoStar Group, Inc.; Real Capital Analytics

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Yield Range Offers Compelling Options for Investors;
Most Metros Demonstrate Strong Appreciation



* 2015 - 2025 Average annualized appreciations in price per unit

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Pricing and Valuation Trends Summary

Ten-year appreciation favors high-growth markets. Benchmarked from the end of 2008 as the U.S. economy began its rapid tumble into recession, appreciation has generally been strongest in tech, growth and Texas markets. Because Texas experienced a much softer downturn, as sets there had to recovers lost value during the growth cycle. Interestingly, markets like Denver, Nashville, Orlando and Baltimore generated stronger-than-average value gains that reflect substantive economic and employment growth. Several Midwestern markets, which were trading at cycle highs in late 2008, faced significant value loss during the recession and only recently surpassed their prices of 10 years ago.

Capital pursues yield to smaller metros. Although Midwestern markets have taken longer to generate appreciation relative to the near-peak pricing achieved in late 2008, they have offered investors particularly high yields. Comparatively, the Bay Area and Seattle provide low yields but have higher-than-average appreciation. The most favored primary markets, New York City, Southern California and Washington, D.C., have generated lower-than-average appreciation over the last 10 years. This reflects the flight to safety in late 2008 that kept pricing in these markets stronger than many others.

Average Price per Unit Range

(Alphabetical order within each segment)

\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000 - \$149,999	\$150,000 - \$199,999	\$200,000 - \$299,999	\$300,000 - \$450,000
Cincinnati	Kansas City	Atlanta	Chicago	Los Angeles	Boston
Cleveland	Las Vegas	Austin	Denver	New York City	Orange County
Columbus	Louisville	Baltimore	Fort Lauderdale	Oakland	San Francisco
Detroit	Milwaukee	Charlotte	Miami-Dade	San Diego	San Jose
Indianapolis	Pittsburgh	Dallas/Fort Worth	N.H.-Fairfield County	Seattle-Tacoma	
St. Louis		Houston	Northern New Jersey		
		Minneapolis-St. Paul	Orlando		
		Nashville	Philadelphia		
		Phoenix	Portland		
		Raleigh	Washington, D.C.		
		Riverside-San Bernardino	West Palm Beach		
		Sacramento			
		Salt Lake City			
		San Antonio			
		Tampa-St. Petersburg			

Sources: CoStar Group, Inc.; Real Capital Analytics

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Midwest Metro Rises to Claim First Place; Coastal Markets Fill Remainder of Top Rungs

Re shuffling changes leader. Minneapolis-St. Paul climbed two spots to head this year's Index as sustained apartment demand kept vacancy persistently tight, allowing steady rent growth. It is the only Midwest market to break into the top 20. San Diego also inched up two notches on solid rent growth to claim second place. High housing prices and the lowest vacancy rate among major U.S. markets advanced New York City (#3) four steps, while an escalation in the vacancy rate slid Los Angeles (#4) down two places. A surge in new inventory this year will increase vacancy in Seattle-Tacoma (#5), pushing last year's Index leader down four rungs to round out the first five markets. Orlando (#6) is the only new entrant into the top 10, with Riverside-San Bernardino (#7), Boston (#8), Oakland (#9), and Portland (#10) changing places to round out the rest of the spots.

Biggest movers shake up Index. Neighboring Florida metros Orlando (#6) and Tampa-St. Petersburg (#12) registered the largest advances in this year's NMI, leaping 11 and nine places, respectively. In both markets, robust job growth will expand the population base, generating strong demand for apartments, cutting vacancy and producing substantial rent gains. An escalation in employment and in-migration also propelled Las Vegas (#27) up six notches. The most significant declines in the Index were posted in Northern New Jersey, Denver, Cincinnati and St. Louis. Northern New Jersey (#24) tumbled eight notches as a slowdown in employment and a rise in deliveries widened the gap between supply and demand. Another year of elevated completions will push vacancy above the national average in Denver (#21) this year, lowering the metro seven steps. Cincinnati (#40) and St. Louis (#46) each moved down six rungs due to above-average vacancy and slower rent growth. Midwestern markets dominate the last five spots in the Index with St. Louis sliding into the bottom rung.

Index Methodology

The NMI ranks 46 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including projected job growth, vacancy, construction, housing affordability and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to show relative supply-and-demand conditions at the market level.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

Market Name	Rank 2019	Rank 2018	18-19 Change
Minneapolis-St. Paul	1	3	↗ 2
San Diego	2	4	↗ 2
New York City	3	7	↗ 4
Los Angeles	4	2	↘ -2
Seattle-Tacoma	5	1	↘ -4
Orlando	6	17	↗ 11
Riverside-San Bernardino	7	9	↗ 2
Boston	8	6	↘ -2
Oakland	9	10	↗ 1
Portland	10	5	↘ -5
Sacramento	11	8	↘ -3
Tampa-St. Petersburg	12	21	↗ 9
Phoenix	13	13	■ 0
San Jose	14	12	↘ -2
San Francisco	15	11	↘ -4
Orange County	16	19	↗ 3
Fort Lauderdale	17	22	↗ 5
Atlanta	18	15	↘ -3
Salt Lake City	19	24	↗ 5
Raleigh	20	18	↘ -2
Denver	21	14	↘ -7
Miami-Dade	22	20	↘ -2
Columbus	23	26	↗ 3
Northern New Jersey	24	16	↘ -8
Philadelphia	25	23	↘ -2
Charlotte	26	27	↗ 1
Las Vegas	27	33	↗ 6
Chicago	28	25	↘ -3
Washington, D.C.	29	32	↗ 3
Houston	30	29	↘ -1
Dallas/Fort Worth	31	30	↘ -1
Detroit	32	28	↘ -4
Indianapolis	33	36	↗ 3
Austin	34	31	↘ -3
Milwaukee	35	38	↗ 3
West Palm Beach	36	41	↗ 5
Nashville	37	35	↘ -2
San Antonio	38	37	↘ -1
New Haven-Fairfield	39	44	↗ 5
Cincinnati	40	34	↘ -6
Pittsburgh	41	42	↗ 1
Kansas City	42	46	↗ 4
Cleveland	43	39	↘ -4
Baltimore	44	45	↗ 1
Louisville	45	43	↘ -2

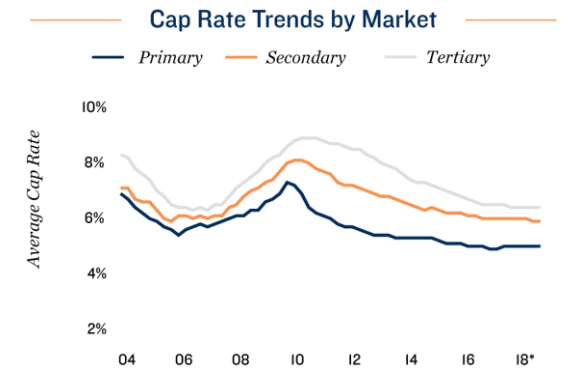
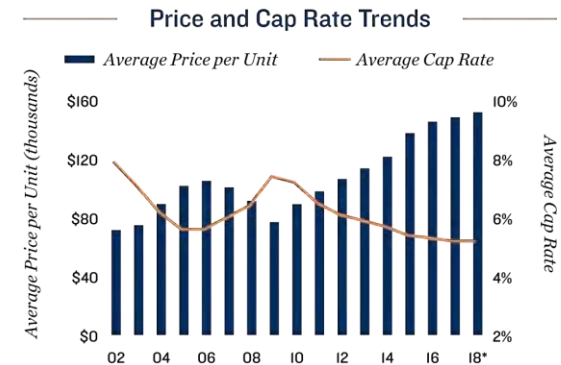
Sources: CoStar Group, Inc.; Real Capital Analytics

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Investors Consider Portfolio Strategies to Mitigate Risk, Boost Returns, Buyers Adapt to Tighter Yield Spreads

Market diversification a key portfolio strategy in maturing cycle. The economic expansion will remain supportive of the apartment investment market in 2019, though buyer's and seller's expectations will likely need to adjust to a rising interest rate climate and the possibility of downside economic risk. Stock market volatility and prospects of a flattening yield curve will weigh on sentiment and induce elevated caution, but the underlying performance of apartments remain positive. Strong demand drivers supporting long-term yield models will counterbalance much of the market volatility, encouraging investors to look beyond any short-term turbulence. While the bid/ask gap could widen for transactions in primary locations where the spread between interest rates and cap rates is narrowest, capital could pursue yields to suburban locations as well as secondary and tertiary markets. The spread in average cap rates between primary to secondary markets has tightened to approximately 80 basis points, with an additional 80-basis point yield difference between secondary and tertiary markets. The yield premium offered by smaller metros, together with the market diversification it brings, should offer investors more durable yields on a portfolio basis.

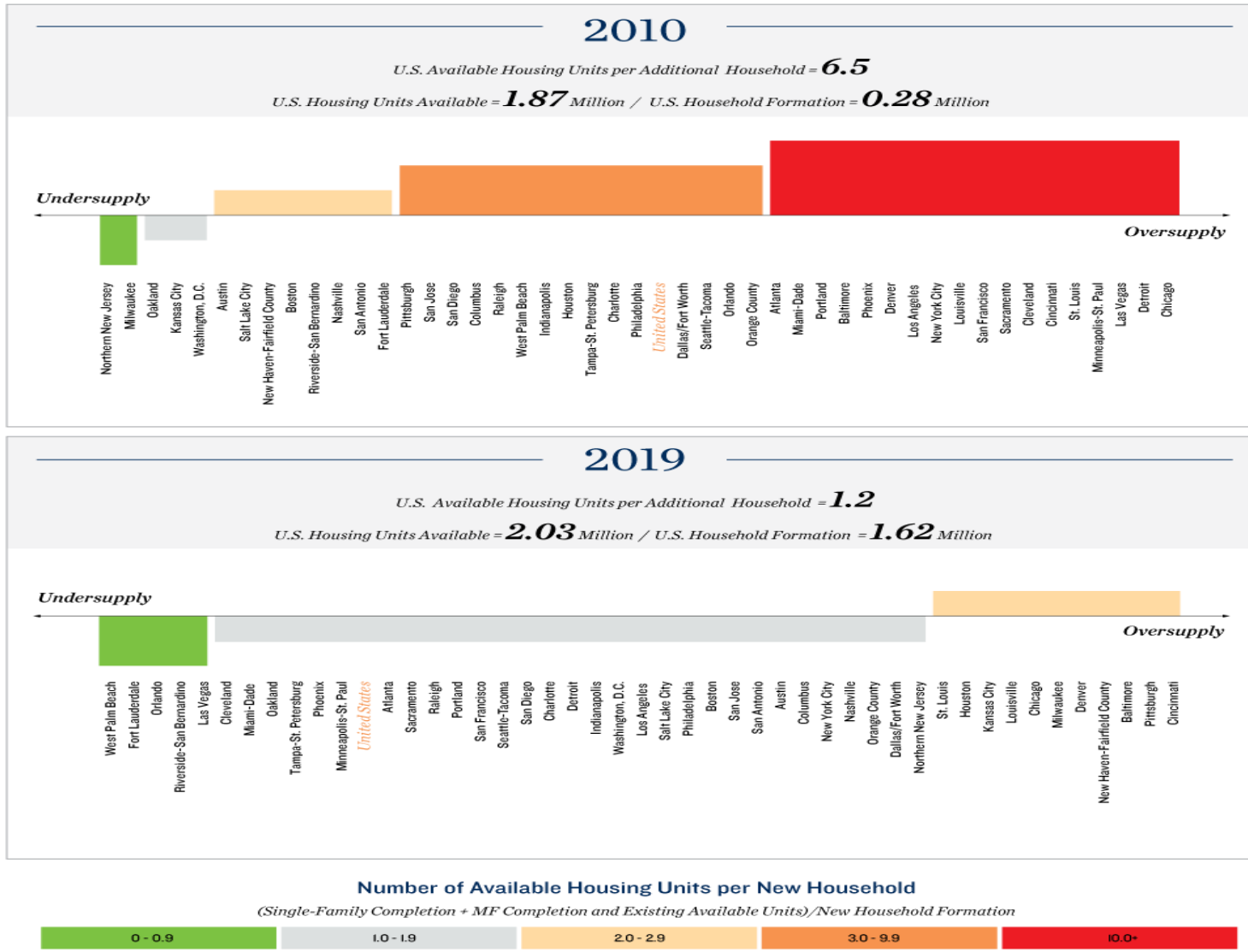
Influx of non-traditional capital could invigorate transaction activity. Sales of apartment assets have remained relatively stable at elevated levels for four years, and the trend should carry into 2019 as new capital enters commercial real estate. Tax reform, particularly the ability to defer and reduce capital gains from other investment types by placing the gains into an opportunity fund, has the potential to draw new capital into real estate. In addition to the initial opportunity fund investments into properties located in opportunity zones, a domino effect could ensue as the sellers of that property seek to reinvest into other property types through 1031 exchanges. This influx of new capital could offset a natural slowing of sales generally experienced in a maturing growth cycle. Another tax rule change that could affect behavior is tied to the new depreciation rules. Investors may apply accelerated depreciation to the personal property of new acquisitions identified by using a cost-segregation study. In doing this, investors can fully expense property such as HVAC systems, furnishings and security systems in acquired properties, thereby boosting the cash flow in the early years of ownership.



Sources: CoStar Group, Inc.; Real Capital Analytics

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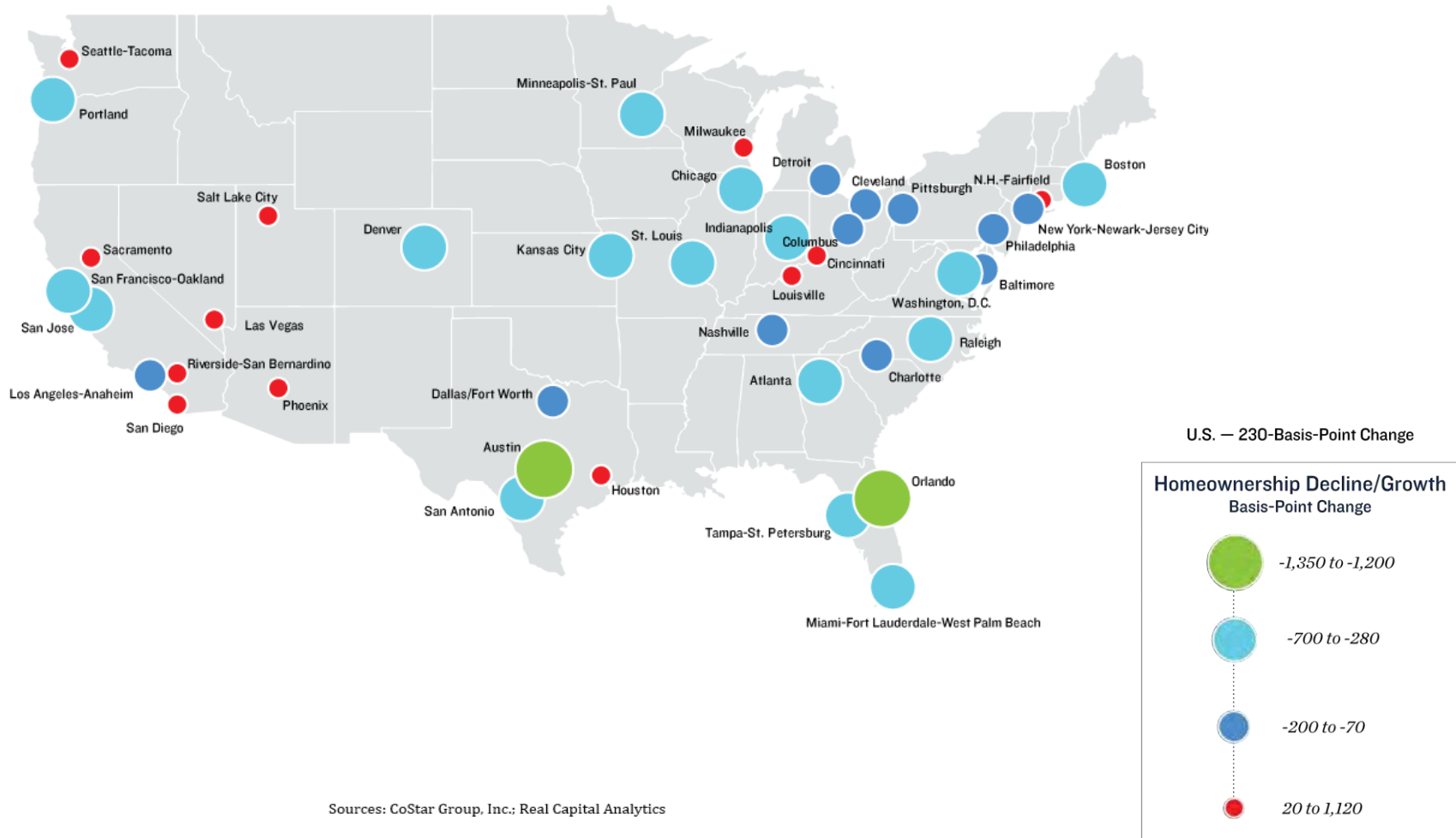
Housing Demand Growth Outpacing New Supply



Sources: CoStar Group, Inc.; Real Capital Analytics

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Decline in Homeownership Underpins Lowering Apartment Vacancy
 Eight-Year Change 2017-2025



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Created on March 2026

POPULATION	1 Miles	3 Miles	5 Miles
■ 2026 Projection			
Total Population	57,991	320,744	536,472
■ 2021 Estimate			
Total Population	59,025	318,021	529,938
■ 2010 Census			
Total Population	54,312	294,667	487,525
■ 2000 Census			
Total Population	61,448	301,790	489,121
■ Daytime Population			
2018 Estimate	39,909	330,182	549,538
HOUSE HOLDS	1 Miles	3 Miles	5 Miles
■ 2026 Projection			
Total Households	21,338	137,576	224,398
■ 2021 Estimate			
Total Households	21,055	133,722	217,421
Average (Mean) Household Size	2.71	2.30	2.36
■ 2010 Census			
Total Households	19,179	121,748	196,950
■ 2000 Census			
Total Households	19,786	119,651	191,922
Growth 2015-2020	1.34%	2.88%	3.21%
HOUSING UNITS	1 Miles	3 Miles	5 Miles
■ Occupied Units			
2026 Projection	21,338	137,576	224,398
2021 Estimate	21,733	136,481	222,927
Owner Occupied	6,051	47,947	86,437
Renter Occupied	15,004	85,775	130,984
■ Vacant Persons In Units			
2021 Estimate Total Occupied Units	21,055	133,722	217,421
1 Person Units	31.38%	38.52%	36.41%
2 Person Units	25.81%	29.33%	29.80%
3 Person Units	15.20%	13.28%	13.98%
4 Person Units	12.39%	9.93%	10.39%
5 Person Units	7.21%	4.57%	4.78%
6+ Person Units	8.01%	4.37%	4.65%

HOUSE HOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2021 Estimate			
\$200,000 or More	5.42%	11.11%	12.31%
\$150,000 - \$199,000	6.54%	8.23%	8.69%
\$100,000 - \$149,000	14.37%	16.83%	16.89%
\$75,000 - \$99,999	10.69%	11.32%	11.04%
\$50,000 - \$74,999	16.45%	14.02%	13.64%
\$35,000 - \$49,999	11.73%	9.92%	9.49%
\$25,000 - \$34,999	9.86%	7.34%	7.33%
\$15,000 - \$24,999	11.45%	8.74%	8.34%
Under \$15,000	13.49%	12.51%	12.28%
Average Household Income	\$80,898	\$106,999	\$111,964
Median Household Income	\$54,795	\$70,082	\$72,871
Per Capita Income	\$29,083	\$45,334	\$46,302
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2021 Estimate Total Population	59,025	318,021	529,938
Under 20	22.55%	20.23%	20.93%
20 to 34 Years	26.85%	24.00%	25.02%
35 to 39 Years	9.11%	8.65%	8.42%
40 to 49 Years	13.36%	14.28%	13.93%
50 to 64 Years	17.29%	18.91%	18.44%
Age 65+	10.84%	13.93%	13.27%
Median Age	35.31	38.27	37.33
Population 25+ by Education Level			
2021 Estimate Population Age 25+	41,993	236,890	386,515
Elementary (0-8)	10.35%	6.70%	6.44%
Some High School (9-11)	9.15%	7.05%	7.05%
High School Graduate (12)	18.94%	15.14%	14.78%
Some College (13-15)	20.73%	18.91%	18.58%
Associate Degree Only	5.48%	6.01%	5.92%
Bachelor Degree Only	17.56%	24.71%	24.83%
Graduate Degree	10.65%	17.75%	19.27%
■ Population by Gender			
2021 Estimate Total Population	59,025	318,021	529,938
Male Population	49.31%	48.44%	48.42%
Female Population	50.69%	51.56%	51.58%

Sources: CoStar Group, Inc.; Real Capital Analytics

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