

BAY AREA OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2019

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Breaking Record After Record



The Bay Area's office sector continues to grow, benefiting from its highly qualified employment pool, a host of Fortune 500 companies and high-paying tech jobs. While growth in coworking spaces slowed down in recent quarters, shared office space companies continue to eye the Bay Area, thanks to its vibrant startup scene. Three years after entering the metro, WeWork now leases more than 800,000 square feet, almost double the square footage occupied by Regus, the Bay Area's second-largest coworking operator.

The metro's job market keeps expanding, although it is doing so at a slower pace than in recent years. The Bay Area had the fifth-highest growth rate for office-using jobs in the nation, at 3.5% year-over-year through March. Employers added 15,900 positions, 54.5% of the total jobs gained in the market. The information and financial activities sectors had the biggest surge over the 12 months ending in March, expanding by as much as 9.7% and gaining a combined 10,300 jobs.

Following two consecutive years of record office deliveries, the Bay Area's average vacancy rate went up for the first time since the end of the recession, to 14.8%. As developers are projected to add 5.5 million square feet to the metro's inventory by year's end—the highest level in more than a decade—it's likely that vacancy will continue to slightly increase over the coming quarters. Roughly half of the office space slated for delivery by year-end is already preleased.