

BAY AREA OFFICE MARKET

Yardi® Matrix

Market Analysis

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Tech Sustains Record Growth



The Bay Area's office fundamentals remain very strong, bolstered by its highly trained employment pool, large availability of high-paying tech jobs and fast-growing economy. The metro is on track to close the year with record growth. While rapidly rising rents price out smaller tenants, large tech companies and coworking players continue to expand their local operations. Shared office space firms leased some 300,000 square feet in the metro year-to-date through September.

Employers added 29,100 positions in the Bay Area in the 12 months ending in August, 58.1% of which were office-using. With 8,600 jobs gained, the information sector had the highest growth rate year-over-year through August, at 9.1%. If the trend continues, the sector is on track to become the fourth largest in the metro over the coming quarters. After slowing down in 2018, the office-using employment market gained traction again this year, increasing 4.2% over the first eight months.

Thanks to strong demand, the Bay Area's vacancy rate decreased by 100 basis points year-over-year through September, despite record levels of deliveries over the past two years. Development activity shows no sign of slowing down. The metro is the ninth-largest market for office construction, with more than 6 million square feet underway as of September. By year's end, developers are projected to complete some 5.4 million square feet, a 23% uptick from last year.