

# The CoStar Office Report

First Quarter 2016

## North Bay/Santa Rosa Office Market



**CoStar**<sup>TM</sup>  
The knowledge market

# North Bay/Santa Rosa Office Market



## Table of Contents

Table of Contents . . . . .	<b>A</b>
Methodology . . . . .	<b>B</b>
Terms & Definitions . . . . .	<b>C</b>
Market Highlights & Overview . . . . .	<b>1</b>
CoStar Markets . . . . .	<b>4</b>
Inventory & Development Analysis . . . . .	<b>5</b>
Inventory & Development Analysis	
Select Top Under Construction Properties	
Select Top Deliveries	
Figures at a Glance . . . . .	<b>8</b>
Figures at a Glance by Class & Market	
Historical Figures at a Glance	
Leasing Activity Analysis . . . . .	<b>11</b>
Select Top Lease Transactions	
Sales Activity Analysis . . . . .	<b>13</b>
Sales Activity Analysis	
Select Top Sales Transactions	
Analysis of Individual CoStar Submarket Clusters . . . . .	<b>15</b>
Benicia/Vallejo Market	
Corte Madera/Mill Valley Market	
Fairfield/Suisun City Market	
Healdsburg/Cloverdale/N. Market	
Napa County Market	
Novato/Ignacio/N Marin Market	
Petaluma/Cotati/Rohnert Market	
San Rafael/Larkspur Market	
Santa Rosa Market	
Sebastopol/Bodega/West Market	
Sonoma/Wine Country Market	
Vacaville/Dixon Market	



# North Bay/Santa Rosa Office Market

## Methodology

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

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**CoStar Group, Inc.**

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# North Bay/Santa Rosa Office Market



## Terms & Definitions

**Availability Rate:** The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

**Available Space:** The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Build-to-Suit:** A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

**Buyer:** The individual, group, company, or entity that has purchased a commercial real estate asset.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

**CBD:** Abbreviation for Central Business District. (See also: Central Business District)

**Central Business District:** The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

**Class A:** A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

**Class B:** A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Class C:** A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Construction Starts:** Buildings that began construction during a specific period of time. (See also: Deliveries)

**Contiguous Blocks of Space:** Space within a building that is, or is able to be joined together into a single contiguous space.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

**Delivery Date:** The date a building completes construction and receives a certificate of occupancy.

**Developer:** The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

**Direct Space:** Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

**Existing Inventory:** The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

**Flex Building:** A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

**Full Service Rental Rate:** Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

**Gross Absorption:** The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

**Growth in Inventory:** The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

**Industrial Building:** A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

**Landlord Rep:** (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

**Leased Space:** All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

**Leasing Activity:** The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

**Market:** Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

**Multi-Tenant:** Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different



# North Bay/Santa Rosa Office Market

tenant needs. (See also: Tenancy).

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Net Rental Rate:** A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

**New Space:** Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

**Occupied Space:** Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

**Office Building:** A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

**Owner:** The company, entity, or individual that holds title on a given building or property.

**Planned/Proposed:** The status of a building that has been announced for future development but not yet started construction.

**Preleased Space:** The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

**Price/SF:** Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

**Property Manager:** The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

**Quoted Rental Rate:** The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

**RBA:** Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

**Region:** Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

**Relet Space:** Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

**Rentable Building Area:** (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

**Rental Rates:** The annual costs of occupancy for a particular space quoted on a per square foot basis.

**Sales Price:** The total dollar amount paid for a particular property at a particular point in time.

**Sales Volume:** The sum of sales prices for a given group of buildings in a given time period.

**Seller:** The individual, group, company, or entity that sells a particular commercial real estate asset.

**SF:** Abbreviation for Square Feet.

**Single-Tenant:** Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

**Sublease Space:** Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

**Submarkets:** Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

**Suburban:** The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

**Tenancy:** A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

**Tenant Rep:** Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

**Time On Market:** A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

**Under Construction:** Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

**Weighted Average Rental Rate:** Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

**Year Built:** The year in which a building completed construction and was issued a certificate of occupancy.

**YTD:** Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

# North Bay/Santa Rosa Office Market



Overview

## North Bay/Santa Rosa's Vacancy Increases to 11.4% Net Absorption Negative (366,003) SF in the Quarter

The North Bay/Santa Rosa Office market ended the first quarter 2016 with a vacancy rate of 11.4%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (366,003) square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 57,830 square feet. Rental rates ended the first quarter at \$25.50, an increase over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 213,000 square feet, with 25,121 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall North Bay/Santa Rosa office market was negative (366,003) square feet in the first quarter 2016. That compares to positive 299,050 square feet in the fourth quarter 2015, positive 322,827 square feet in the third quarter 2015, and positive 223,142 square feet in the second quarter 2015.

The Class-A office market recorded net absorption of negative (561,238) square feet in the first quarter 2016, compared to positive 241,461 square feet in the fourth quarter 2015, positive 9,312 in the third quarter 2015, and negative (14,646) in the second quarter 2015.

The Class-B office market recorded net absorption of positive 161,956 square feet in the first quarter 2016, compared to positive 42,484 square feet in the fourth quarter 2015, positive 289,708 in the third quarter 2015, and positive 204,247 in the second quarter 2015.

The Class-C office market recorded net absorption of positive 33,279 square feet in the first quarter 2016 compared

to positive 15,105 square feet in the fourth quarter 2015, positive 23,807 in the third quarter 2015, and positive 33,541 in the second quarter 2015.

### Vacancy

The office vacancy rate in the North Bay/Santa Rosa market area increased to 11.4% at the end of the first quarter 2016. The vacancy rate was 10.1% at the end of the fourth quarter 2015, 10.8% at the end of the third quarter 2015, and 11.6% at the end of the second quarter 2015.

Class-A projects reported a vacancy rate of 31.2% at the end of the first quarter 2016, 14.1% at the end of the fourth quarter 2015, 20.8% at the end of the third quarter 2015, and 21.0% at the end of the second quarter 2015.

Class-B projects reported a vacancy rate of 10.6% at the end of the first quarter 2016, 10.8% at the end of the fourth quarter 2015, 11.0% at the end of the third quarter 2015, and 12.2% at the end of the second quarter 2015.

Class-C projects reported a vacancy rate of 7.7% at the end of the first quarter 2016, 7.9% at the end of fourth quarter 2015, 8.0% at the end of the third quarter 2015, and 8.2% at the end of the second quarter 2015.

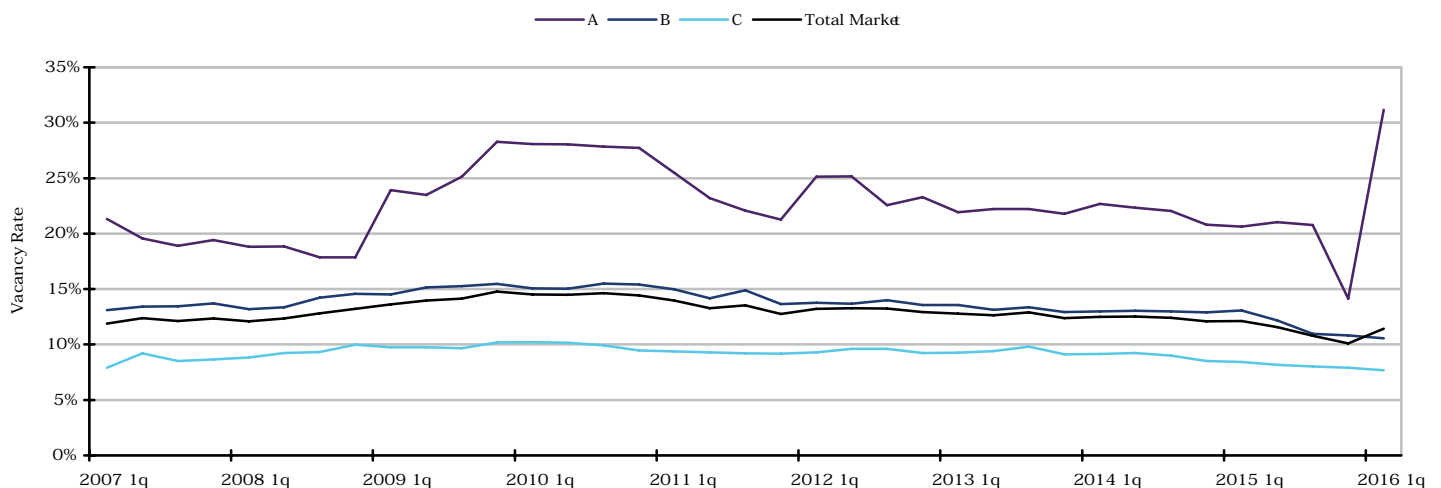
### Largest Lease Signings

The largest lease signing occurring in 2016 included: the 11,956-square-foot lease signed by Keller Williams Real Estate at Fountaingrove Executive Center.

### Sublease Vacancy

The amount of vacant sublease space in the North Bay/Santa Rosa market increased to 57,830 square feet by the end

## Vacancy Rates by Class 2007-2016



Source: CoStar Property®



# North Bay/Santa Rosa Office Market

Overview

of the first quarter 2016, from 54,565 square feet at the end of the fourth quarter 2015. There was 281,594 square feet vacant at the end of the third quarter 2015 and 320,878 square feet at the end of the second quarter 2015.

North Bay/Santa Rosa's Class-A projects reported vacant sublease space of 13,573 square feet at the end of first quarter 2016, down from the 20,974 square feet reported at the end of the fourth quarter 2015. There were 254,230 square feet of sublease space vacant at the end of the third quarter 2015, and 262,610 square feet at the end of the second quarter 2015.

Class-B projects reported vacant sublease space of 41,112 square feet at the end of the first quarter 2016, up from the 28,296 square feet reported at the end of the fourth quarter 2015. At the end of the third quarter 2015 there were 24,219 square feet, and at the end of the second quarter 2015 there were 56,218 square feet vacant.

Class-C projects reported decreased vacant sublease space from the fourth quarter 2015 to the first quarter 2016. Sublease vacancy went from 5,295 square feet to 3,145 square feet during that time. There was 3,145 square feet at the end of the third quarter 2015, and 2,050 square feet at the end of the second quarter 2015.

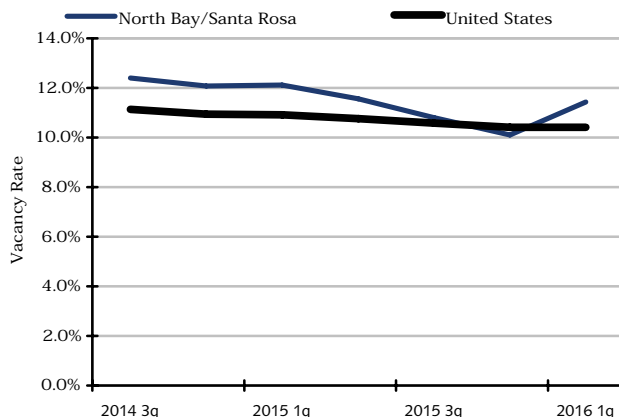
## Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$25.50 per square foot per year at the end of the first quarter 2016 in the North Bay/Santa Rosa market area. This represented a 0.4% increase in quoted rental rates from the end of the fourth quarter 2015, when rents were reported at \$25.39 per square foot.

The average quoted rate within the Class-A sector was \$29.73 at the end of the first quarter 2016, while Class-B rates stood at \$25.43, and Class-C rates at \$20.53. At the end of the fourth quarter 2015, Class-A rates were \$29.03 per square foot, Class-B rates were \$25.05, and Class-C rates were \$22.01.

## U.S. Vacancy Comparison

Past 7 Quarters



Source: CoStar Property®

## Deliveries and Construction

During the first quarter 2016, two buildings totaling 213,000 square feet were completed in the North Bay/Santa Rosa market area. This compares to two buildings totaling 10,712 square feet that were completed in the fourth quarter 2015, one building totaling 10,652 square feet completed in the third quarter 2015, and nothing completed in the second quarter 2015.

There were 25,121 square feet of office space under construction at the end of the first quarter 2016.

Some of the notable 2016 deliveries include: 402 Aviation Blvd, a 128,000-square-foot facility that delivered in first quarter 2016 and is now 100% occupied, and 791 Lincoln Ave, an 85,000-square-foot building that delivered in first quarter 2016 and is now 100% occupied.

The largest projects underway at the end of first quarter 2016 are 106 Johnson St, a 14,000-square-foot building, and 9230 Old Redwood Hwy, a 11,121-square-foot facility that is 0% pre-leased.

## Inventory

Total office inventory in the North Bay/Santa Rosa market area amounted to 41,239,034 square feet in 3,715 buildings as of the end of the first quarter 2016. The Class-A office sector consisted of 3,722,830 square feet in 46 projects. There were 1,303 Class-B buildings totaling 23,228,890 square feet, and the Class-C sector consisted of 14,287,314 square feet in 2,366 buildings. Within the Office market there were 81 owner-occupied buildings accounting for 2,358,111 square feet of office space.

## Sales Activity

Tallying office building sales of 15,000 square feet or larger, North Bay/Santa Rosa office sales figures fell during the fourth quarter 2015 in terms of dollar volume compared to the third quarter of 2015.

In the fourth quarter, six office transactions closed with a total volume of \$97,460,000. The six buildings totaled 330,714 square feet and the average price per square foot equated to \$294.70 per square foot. That compares to 12 transactions totaling \$184,237,875 in the third quarter 2015. The total square footage in the third quarter was 933,122 square feet for an average price per square foot of \$197.44.

Total office building sales activity in 2015 was up compared to 2014. In the twelve months of 2015, the market saw 31 office sales transactions with a total volume of \$386,647,775. The price per square foot averaged \$220.45. In the same twelve months of 2014, the market posted 20 transactions with a total volume of \$215,847,425. The price per square foot averaged \$198.98.



# North Bay/Santa Rosa Office Market



Overview

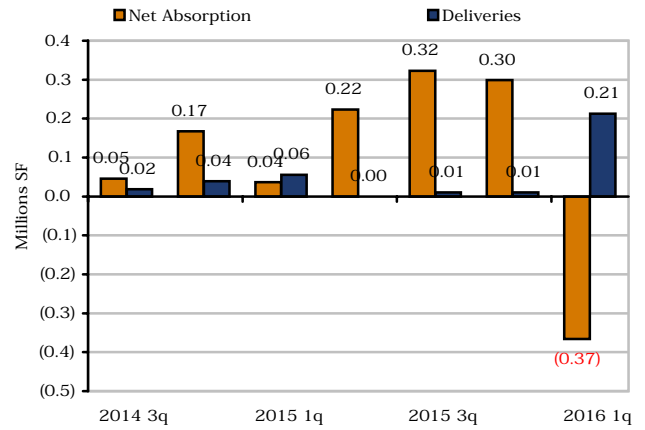
Cap rates have been lower in 2015, averaging 6.53% compared to the same period in 2014 when they averaged 7.93%.

One of the largest transactions that occurred within the last four quarters in the North Bay/Santa Rosa market is the sale of Larkspur Landing Office Park in Larkspur. This 199,046-square-foot office building park sold for \$82,000,000, or \$411.97 per square foot. The property sold on 1/7/2016, at a 5.5% cap rate.

Reports compiled by: *Espie Tuthill, Research Manager; and Jonelle Lenz, Research Associate.*

## Absorption & Deliveries

Past 7 Quarters



Source: CoStar Property®





# North Bay/Santa Rosa Office Market

Markets

## CoStar Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters
Benicia/Vallejo
Corte Madera/Mill Valley
Fairfield/Suisun City
Healdsburg/Cloverdale/N.
Napa County
Novato/Ignacio/N Marin
Petaluma/Cotati/Rohnert
San Rafael/Larkspur
Santa Rosa
Sebastopol/Bodega/West
Sonoma/Wine Country
Vacaville/Dixon

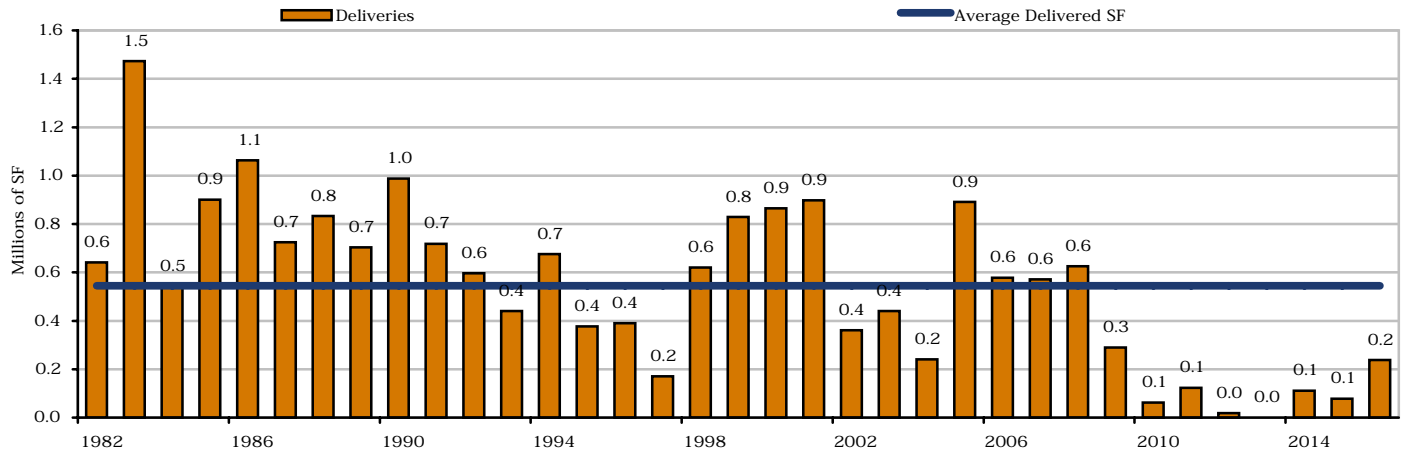
# North Bay/Santa Rosa Office Market



Inventory & development

## Historical Deliveries

1982 - 2016



Source: CoStar Property® \* Future deliveries based on current under construction buildings.

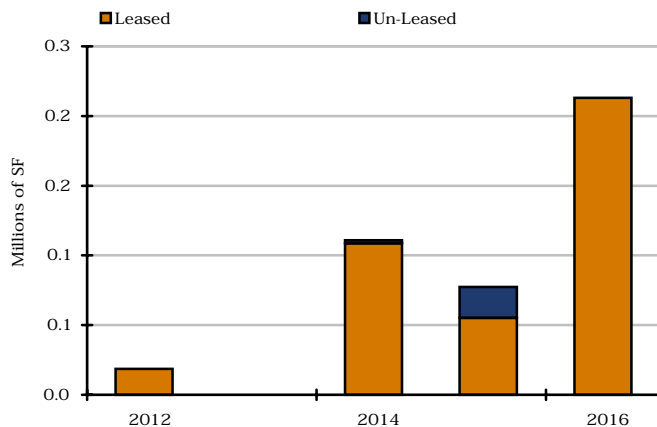
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Healdsburg/Cloverdale/N.	2	25,121	12,600	50.2%	10,523	12,560
Sonoma/Wine Country	0	0	0	0.0%	4,563	0
Novato/Ignacio/N Marin	0	0	0	0.0%	23,878	0
San Rafael/Larkspur	0	0	0	0.0%	16,498	0
Napa County	0	0	0	0.0%	7,451	0
Benicia/Vallejo	0	0	0	0.0%	9,301	0
Fairfield/Suisun City	0	0	0	0.0%	15,637	0
Vacaville/Dixon	0	0	0	0.0%	10,900	0
Corte Madera/Mill Valley	0	0	0	0.0%	10,504	0
Petaluma/Cotati/Rohnert	0	0	0	0.0%	13,815	0
All Other	0	0	0	0.0%	9,231	0
<b>Totals</b>	<b>2</b>	<b>25,121</b>	<b>12,600</b>	<b>50.2%</b>	<b>11,101</b>	<b>12,560</b>

Source: CoStar Property®

## Recent Deliveries

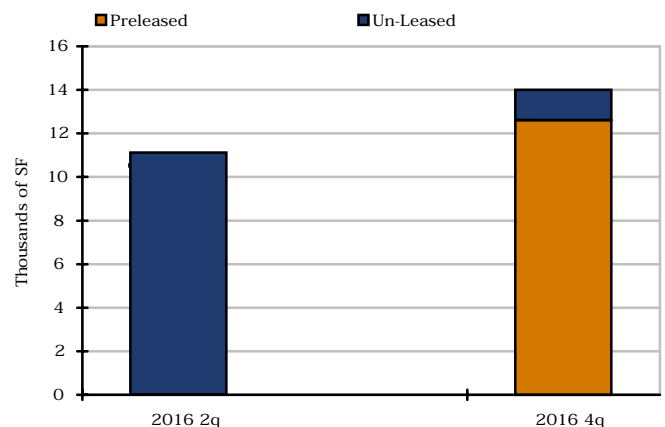
Leased & Un-Leased SF in Deliveries Since 2012



Source: CoStar Property®

## Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

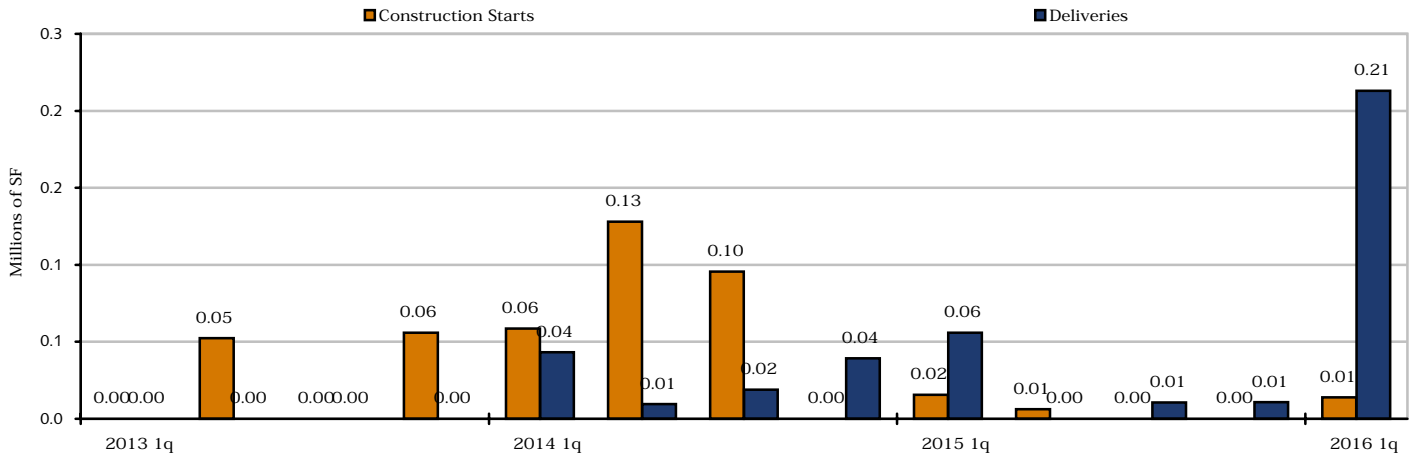


# North Bay/Santa Rosa Office Market

Inventory & development

## Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

## RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	1	85,000	85,000	100.0%	\$0.00	85,000	0
100,000 SF - 249,999 SF	1	128,000	128,000	100.0%	\$0.00	128,000	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

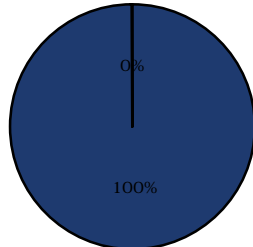
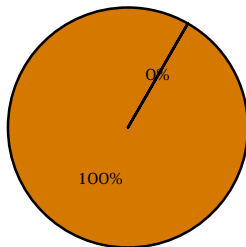
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2016 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

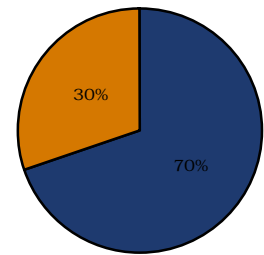
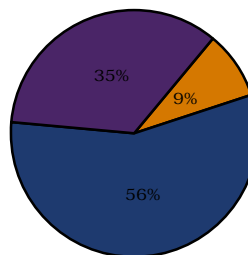
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

# North Bay/Santa Rosa Office Market



Inventory & development

## Select Year-to-Date Deliveries

Based on Project Square Footage

### 1. 402 Aviation Blvd

Submarket: **Santa Rosa**  
RBA: **128,000**  
# Floors: **3**  
Class: **B**  
Occupied: **100%**  
Quoted Rate: **N/A**  
Grnd Brk Date: **Second Quarter 2014**  
Deliv Date: **First Quarter 2016**  
Leasing Co: **AmericanAg**  
Developer: **Jim Murphy and Associates**  
Architect: **TLCD Architecture**

### 2. 791 Lincoln Ave

Submarket: **San Rafael/Larkspur**  
RBA: **85,000**  
# Floors: **4**  
Class: **A**  
Occupied: **100%**  
Quoted Rate: **N/A**  
Grnd Brk Date: **Third Quarter 2014**  
Deliv Date: **First Quarter 2016**  
Leasing Co: **BioMarin Pharmaceutical, Inc.**  
Developer: **BioMarin Pharmaceutical, Inc.**  
Architect: **BAR Architects**

## Select Top Under Construction Properties

Based on Project Square Footage

### 1. 9230 Old Redwood Hwy

Submarket: **Healdsburg/Cloverdale/N.**  
RBA: **11,121**  
# Floors: **1**  
Class: **B**  
Preleased: **0%**  
Quoted Rate: **Negotiable**  
Grnd Brk Date: **First Quarter 2015**  
Deliv Date: **Second Quarter 2016**  
Leasing Co: **Oakmont Senior Living**  
Developer: **Bisno Development Co LLC**  
Architect: **Angeleno Associates**



# North Bay/Santa Rosa Office Market

Figures at a Glance

## Class A Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Benicia/Vallejo	0	0	0	0	0.0%	0	0	0	\$0.00
Corte Madera/Mill Valley	1	60,000	27,264	27,264	45.4%	0	0	0	\$54.00
Fairfield/Suisun City	8	708,661	68,720	68,720	9.7%	32,881	0	0	\$29.88
Healdsburg/Cloverdale/N.	4	195,060	4,320	14,362	7.4%	0	0	0	\$24.03
Napa County	1	40,000	0	0	0.0%	0	0	0	\$0.00
Novato/Ignacio/N Marin	7	975,795	765,696	765,696	78.5%	(701,512)	0	0	\$26.94
Petaluma/Cotati/Rohnert	2	113,149	36,317	36,317	32.1%	7,291	0	0	\$22.36
San Rafael/Larkspur	11	894,907	135,916	135,916	15.2%	85,461	85,000	0	\$41.88
Santa Rosa	12	735,258	108,443	111,974	15.2%	14,641	0	0	\$22.79
Sebastopol/Bodega/West	0	0	0	0	0.0%	0	0	0	\$0.00
Sonoma/Wine Country	0	0	0	0	0.0%	0	0	0	\$0.00
Vacaville/Dixon	0	0	0	0	0.0%	0	0	0	\$0.00
<b>Totals</b>	<b>46</b>	<b>3,722,830</b>	<b>1,146,676</b>	<b>1,160,249</b>	<b>31.2%</b>	<b>(561,238)</b>	<b>85,000</b>	<b>0</b>	<b>\$29.73</b>

Source: CoStar Property®

## Class B Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Benicia/Vallejo	97	1,298,785	148,933	148,933	11.5%	5,499	0	0	\$15.70
Corte Madera/Mill Valley	56	1,213,052	116,524	116,524	9.6%	(7,836)	0	0	\$44.23
Fairfield/Suisun City	59	1,284,294	184,275	184,275	14.3%	11,507	0	0	\$17.18
Healdsburg/Cloverdale/N.	80	1,697,893	199,348	199,348	11.7%	(497)	0	25,121	\$20.02
Napa County	109	1,625,865	81,502	85,203	5.2%	(10,789)	0	0	\$27.21
Novato/Ignacio/N Marin	76	1,929,275	204,499	205,999	10.7%	3,853	0	0	\$29.53
Petaluma/Cotati/Rohnert	150	3,286,294	721,513	734,681	22.4%	47,541	0	0	\$19.84
San Rafael/Larkspur	118	3,617,223	227,416	234,008	6.5%	(7,608)	0	0	\$34.66
Santa Rosa	456	5,787,443	425,894	441,380	7.6%	118,198	128,000	0	\$20.39
Sebastopol/Bodega/West	26	287,028	7,241	7,241	2.5%	(2,893)	0	0	\$18.82
Sonoma/Wine Country	45	342,345	12,800	13,465	3.9%	(4,448)	0	0	\$23.55
Vacaville/Dixon	31	859,393	85,370	85,370	9.9%	9,429	0	0	\$21.36
<b>Totals</b>	<b>1,303</b>	<b>23,228,890</b>	<b>2,415,315</b>	<b>2,456,427</b>	<b>10.6%</b>	<b>161,956</b>	<b>128,000</b>	<b>25,121</b>	<b>\$25.43</b>

Source: CoStar Property®

# North Bay/Santa Rosa Office Market



Figures at a Glance

## Class C Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Benicia/Vallejo	324	2,616,934	684,973	684,973	26.2%	(12,966)	0	0	\$9.85
Corte Madera/Mill Valley	150	901,314	28,365	28,365	3.1%	4,047	0	0	\$37.65
Fairfield/Suisun City	104	680,984	92,472	92,472	13.6%	(250)	0	0	\$15.33
Healdsburg/Cloverdale/N.	170	779,975	8,075	8,075	1.0%	5,096	0	0	\$22.78
Napa County	300	1,389,235	21,832	21,832	1.6%	535	0	0	\$33.28
Novato/Ignacio/N Marin	68	700,540	14,345	14,345	2.0%	(1,231)	0	0	\$20.67
Petaluma/Cotati/Rohnert	148	745,019	20,966	21,766	2.9%	2,619	0	0	\$18.62
San Rafael/Larkspur	275	2,153,153	80,489	82,834	3.8%	13,974	0	0	\$28.26
Santa Rosa	431	2,620,738	81,453	81,453	3.1%	4,523	0	0	\$14.57
Sebastopol/Bodega/West	153	520,338	4,301	4,301	0.8%	3,985	0	0	\$14.99
Sonoma/Wine Country	128	447,083	13,654	13,654	3.1%	13,242	0	0	\$16.47
Vacaville/Dixon	115	732,001	42,146	42,146	5.8%	(295)	0	0	\$19.45
<b>Totals</b>	<b>2,366</b>	<b>14,287,314</b>	<b>1,093,071</b>	<b>1,096,216</b>	<b>7.7%</b>	<b>33,279</b>	<b>0</b>	<b>0</b>	<b>\$20.53</b>

Source: CoStar Property®

## Total Office Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Benicia/Vallejo	421	3,915,719	833,906	833,906	21.3%	(7,467)	0	0	\$11.68
Corte Madera/Mill Valley	207	2,174,366	172,153	172,153	7.9%	(3,789)	0	0	\$44.23
Fairfield/Suisun City	171	2,673,939	345,467	345,467	12.9%	44,138	0	0	\$18.76
Healdsburg/Cloverdale/N.	254	2,672,928	211,743	221,785	8.3%	4,599	0	25,121	\$20.79
Napa County	410	3,055,100	103,334	107,035	3.5%	(10,254)	0	0	\$29.08
Novato/Ignacio/N Marin	151	3,605,610	984,540	986,040	27.3%	(698,890)	0	0	\$28.14
Petaluma/Cotati/Rohnert	300	4,144,462	778,796	792,764	19.1%	57,451	0	0	\$19.96
San Rafael/Larkspur	404	6,665,283	443,821	452,758	6.8%	91,827	85,000	0	\$35.12
Santa Rosa	899	9,143,439	615,790	634,807	6.9%	137,362	128,000	0	\$20.10
Sebastopol/Bodega/West	179	807,366	11,542	11,542	1.4%	1,092	0	0	\$16.97
Sonoma/Wine Country	173	789,428	26,454	27,119	3.4%	8,794	0	0	\$19.06
Vacaville/Dixon	146	1,591,394	127,516	127,516	8.0%	9,134	0	0	\$20.51
<b>Totals</b>	<b>3,715</b>	<b>41,239,034</b>	<b>4,655,062</b>	<b>4,712,892</b>	<b>11.4%</b>	<b>(366,003)</b>	<b>213,000</b>	<b>25,121</b>	<b>\$25.50</b>

Source: CoStar Property®



# North Bay/Santa Rosa Office Market

Figures at a Glance

## Class A Market Statistics

First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	46	3,722,830	1,146,676	1,160,249	31.2%	(561,238)	1	85,000	0	0	\$29.73
2015 4q	45	3,637,830	493,037	514,011	14.1%	241,461	0	0	1	85,000	\$29.03
2015 3q	45	3,637,830	501,242	755,472	20.8%	9,312	0	0	1	85,000	\$27.90
2015 2q	45	3,637,830	502,174	764,784	21.0%	(14,646)	0	0	1	85,000	\$26.98
2015 1q	45	3,637,830	487,528	750,138	20.6%	6,537	0	0	1	85,000	\$27.02
2014 4q	45	3,637,830	492,128	756,675	20.8%	45,113	0	0	1	85,000	\$27.26
2014 3q	45	3,637,830	526,472	801,788	22.0%	10,497	0	0	1	85,000	\$27.33
2014 2q	45	3,637,830	538,531	812,285	22.3%	12,792	0	0	0	0	\$27.31
2014 1q	45	3,637,830	533,962	825,077	22.7%	(32,432)	0	0	0	0	\$26.88
2013	45	3,637,830	513,653	792,645	21.8%	54,045	0	0	0	0	\$26.71
2012	45	3,637,830	552,399	846,690	23.3%	(73,327)	0	0	0	0	\$25.81
2011	45	3,637,830	626,459	773,363	21.3%	235,258	0	0	0	0	\$26.30
2010	45	3,637,830	783,002	1,008,621	27.7%	19,587	0	0	0	0	\$27.32
2009	45	3,637,830	802,080	1,028,208	28.3%	(196,873)	3	221,257	0	0	\$20.45
2008	42	3,416,573	416,227	610,078	17.9%	186,473	3	165,320	3	221,257	\$30.23
2007	39	3,251,253	430,387	631,231	19.4%	97,529	1	45,000	3	165,320	\$29.29

Source: CoStar Property®

## Class B Market Statistics

First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	1,303	23,228,890	2,415,315	2,456,427	10.6%	161,956	1	128,000	2	25,121	\$25.43
2015 4q	1,303	23,110,520	2,471,717	2,500,013	10.8%	42,484	2	10,712	2	139,121	\$25.05
2015 3q	1,301	23,099,808	2,507,566	2,531,785	11.0%	289,708	1	10,652	4	149,833	\$24.72
2015 2q	1,300	23,089,156	2,754,623	2,810,841	12.2%	204,247	0	0	5	160,485	\$24.99
2015 1q	1,300	23,089,156	2,958,662	3,015,088	13.1%	14,059	1	56,000	4	154,263	\$24.87
2014 4q	1,299	23,033,156	2,931,905	2,973,147	12.9%	52,782	2	39,239	3	194,652	\$25.04
2014 3q	1,297	22,993,917	2,942,815	2,986,690	13.0%	27,106	1	19,000	5	233,891	\$24.72
2014 2q	1,296	22,974,917	2,952,779	2,994,796	13.0%	(4,832)	1	9,585	5	242,239	\$24.85
2014 1q	1,295	22,965,332	2,899,838	2,980,379	13.0%	29,047	2	43,135	5	123,824	\$24.70
2013	1,293	22,922,197	2,854,341	2,966,291	12.9%	144,372	0	0	4	108,374	\$24.91
2012	1,293	22,922,197	2,937,682	3,110,663	13.6%	(10,576)	1	18,691	0	0	\$23.71
2011	1,293	22,951,317	2,882,775	3,129,207	13.6%	513,630	2	122,620	0	0	\$23.81
2010	1,291	22,828,697	3,204,218	3,520,217	15.4%	65,142	3	61,512	2	122,620	\$24.22
2009	1,288	22,767,185	3,332,963	3,523,847	15.5%	(175,916)	4	68,342	3	61,512	\$24.14
2008	1,285	22,728,707	3,061,310	3,309,453	14.6%	201,300	15	460,661	6	124,854	\$25.04
2007	1,270	22,268,046	2,872,189	3,050,092	13.7%	63,771	27	523,542	13	455,818	\$24.78

Source: CoStar Property®

## Total Office Market Statistics

First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	3,715	41,239,034	4,655,062	4,712,892	11.4%	(366,003)	2	213,000	2	25,121	\$25.50
2015 4q	3,714	41,035,664	4,088,954	4,143,519	10.1%	299,050	2	10,712	3	224,121	\$25.39
2015 3q	3,712	41,024,952	4,150,263	4,431,857	10.8%	322,827	1	10,652	5	234,833	\$23.89
2015 2q	3,711	41,014,300	4,423,154	4,744,032	11.6%	223,142	0	0	6	245,485	\$23.49
2015 1q	3,711	41,014,300	4,645,696	4,967,174	12.1%	36,697	1	56,000	5	239,263	\$23.32
2014 4q	3,710	40,958,300	4,640,723	4,947,871	12.1%	167,548	2	39,239	4	279,652	\$23.60
2014 3q	3,708	40,919,061	4,751,810	5,076,180	12.4%	45,739	1	19,000	6	318,891	\$23.41
2014 2q	3,711	40,925,796	4,809,008	5,128,654	12.5%	(11,604)	1	9,585	5	242,239	\$23.24
2014 1q	3,711	40,924,640	4,742,538	5,115,894	12.5%	(6,786)	2	43,135	5	123,824	\$23.12
2013	3,709	40,881,505	4,670,323	5,065,973	12.4%	213,669	0	0	4	108,374	\$22.84
2012	3,709	40,881,505	4,798,852	5,279,642	12.9%	(92,361)	1	18,691	0	0	\$22.05
2011	3,709	40,910,625	4,811,832	5,216,401	12.8%	791,829	2	122,620	0	0	\$22.22
2010	3,707	40,788,005	5,321,816	5,885,610	14.4%	187,138	3	61,512	2	122,620	\$22.90
2009	3,704	40,726,493	5,570,791	6,011,236	14.8%	(401,910)	7	289,599	3	61,512	\$21.63
2008	3,698	40,466,758	4,866,749	5,349,591	13.2%	199,222	18	625,981	9	346,111	\$23.79
2007	3,680	39,840,777	4,498,190	4,922,832	12.4%	48,958	29	570,644	16	621,138	\$23.44

Source: CoStar Property®



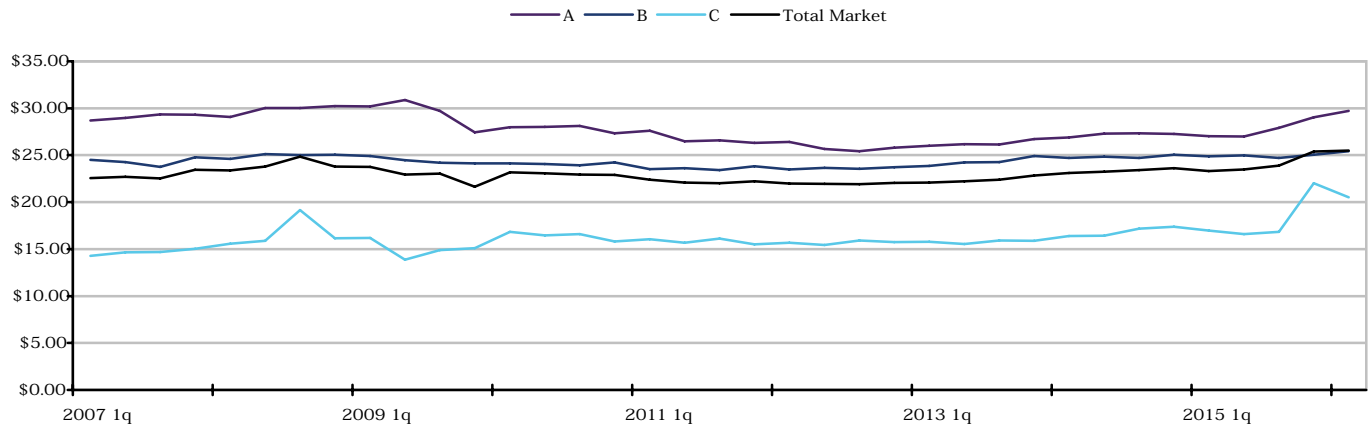
# North Bay/Santa Rosa Office Market



Leasing Activity

## Historical Rental Rates

Based on Full-Service Equivalent Rental Rates



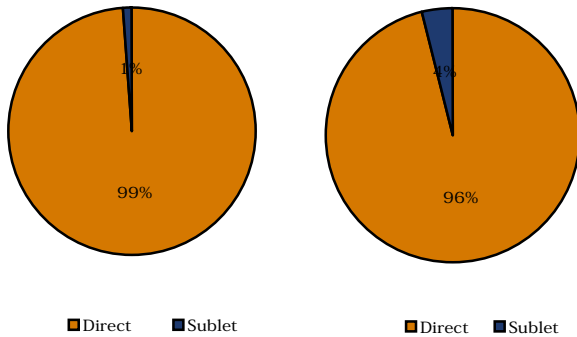
Source: CoStar Property®

## Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

North Bay/Santa Rosa

United States



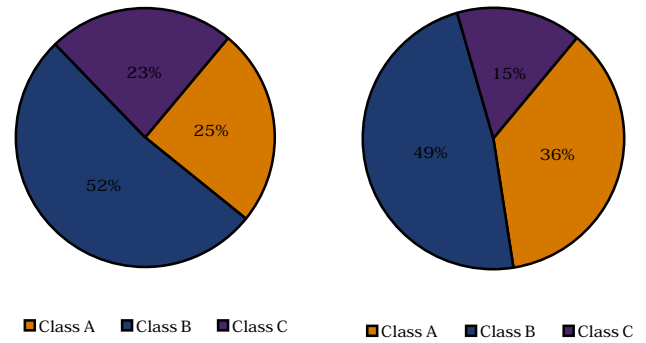
Source: CoStar Property®

## Vacancy by Class

Percent of All Vacant Space by Class

North Bay/Santa Rosa

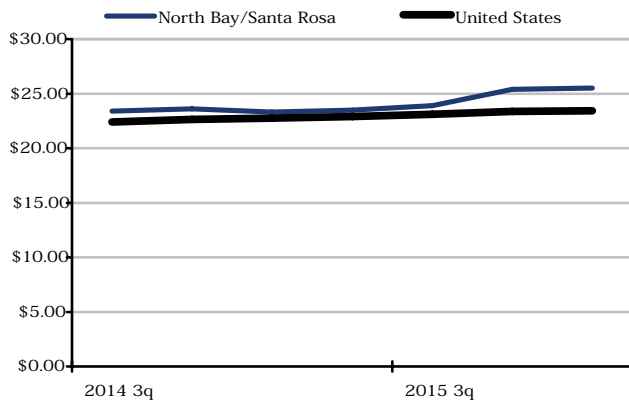
United States



Source: CoStar Property®

## U.S. Rental Rate Comparison

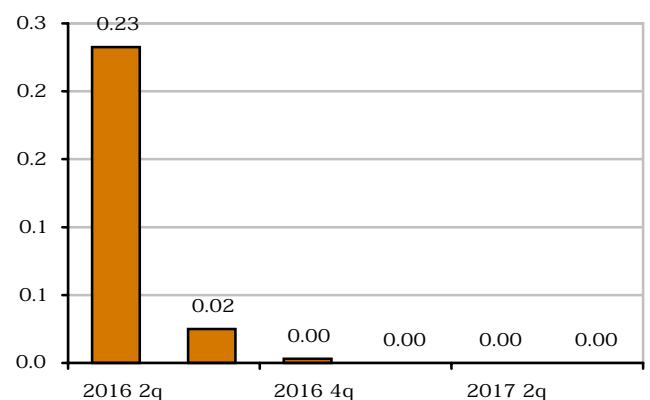
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



\* Includes Under Construction Spaces

Source: CoStar Property®



# North Bay/Santa Rosa Office Market

Leasing Activity

## Select Top Office Leases Based on Leased Square Footage For Deals Signed in 2016

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 1747-1755 Copperhill Pky	Healdsburg/Cloverdale/N.	65,547	1st	N/A	N/A	North Bay Property Advisors
2 360 Campus Ln	Fairfield/Suisun City	17,626	1st	N/A	N/A	Cushman & Wakefield
3 Fountaingrove Executive Center	Santa Rosa	11,956	1st	Keller Williams Real Estate	Direct Deal	Keegan & Coppin - ONCOR Int'l
4 222-240 Gateway Rd W	Napa County	8,523	1st	N/A	N/A	JLL
5 1005 Walnut Ave	Benicia/Vallejo	7,358	1st	N/A	N/A	KWP Concord
6 50 Old Courthouse Sq	Santa Rosa	5,353	1st	Teal Montgomery & Henderson	N/A	Mason McDuffie Commercial
7 100 Stony Point Rd	Santa Rosa	4,952	1st	N/A	N/A	Direct Deal
8 690 Walnut Ave	Benicia/Vallejo	4,300	1st	N/A	N/A	KWP Concord
9 2921-2999 Cleveland Ave	Santa Rosa	4,260	1st	Pivot Charter School North Bay	N/A	Keegan & Coppin - ONCOR Int'l
10 100 Drakes Landing Rd	San Rafael/Larkspur	4,146	1st	N/A	N/A	Cushman & Wakefield
11 6145-6167 State Farm Dr	Petaluma/Cotati/Rohnert	3,970	1st	Climate Pro	N/A	Keegan & Coppin - ONCOR Int'l
12 2455 Bennett Valley Rd	Santa Rosa	3,919	1st	N/A	N/A	Newmark Cornish & Carey
13 6010 Commerce Blvd	Petaluma/Cotati/Rohnert	3,746	1st	Department of Veteran Affairs	N/A	Mason McDuffie Commercial
14 101 Lucas Valley Rd	San Rafael/Larkspur	3,652	1st	N/A	N/A	Keegan & Coppin - ONCOR Int'l
15 6 Hamilton Lndg	Novato/Ignacio/N Marin	3,505	1st	Pride Institute	Newmark Cornish & Carey	Newmark Cornish & Carey
16 999 Andersen Dr	San Rafael/Larkspur	3,360	1st	Gaidano & Sons Painting	N/A	Meridian Commercial
17 1304 Southpoint Blvd	Petaluma/Cotati/Rohnert	3,237	1st	N/A	N/A	Meridian Commercial
18 99 Smith Ranch Rd	San Rafael/Larkspur	3,121	1st	N/A	N/A	HL Commercial Real Estate
19 384 Bel Marin Keys Blvd	Novato/Ignacio/N Marin	2,952	1st	N/A	Direct Deal	Cushman & Wakefield
20 100 Tamal Vista Blvd	Corte Madera/Mill Valley	2,650	1st	N/A	N/A	Cushman & Wakefield

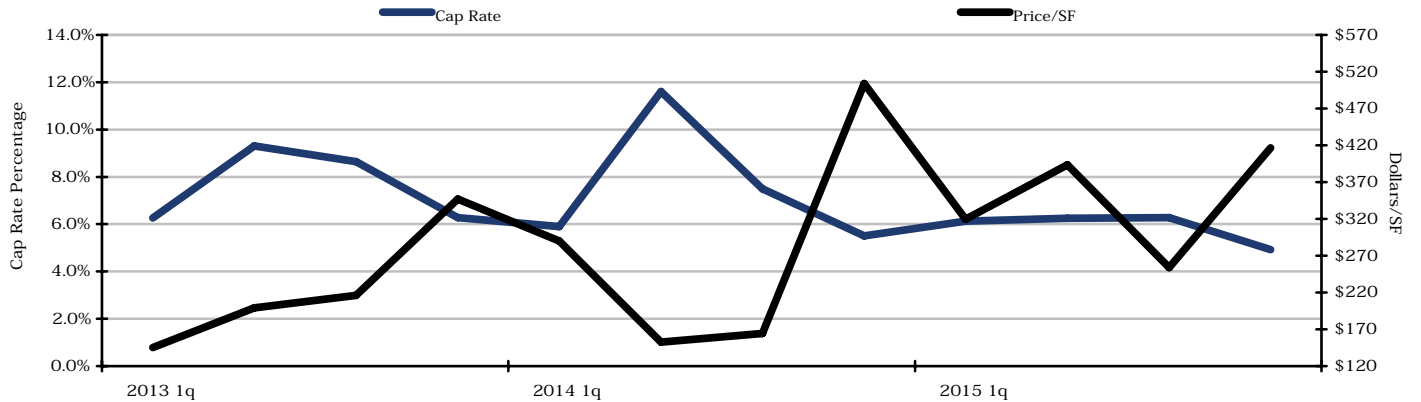
# North Bay/Santa Rosa Office Market



Sales Activity

## The Optimist Sales Index

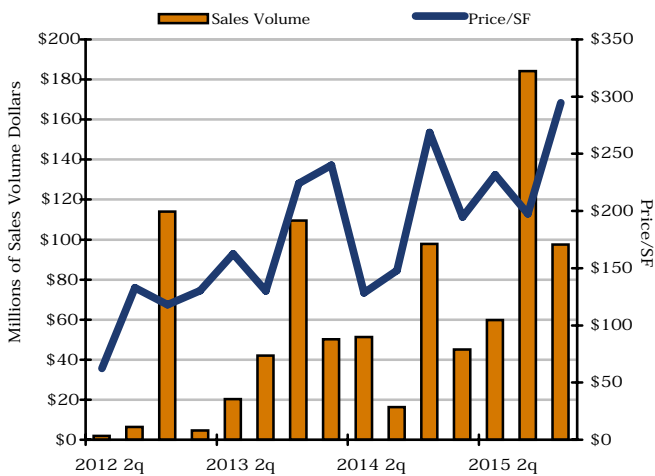
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

## Sales Volume & Price

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## Sales Analysis by Building Size

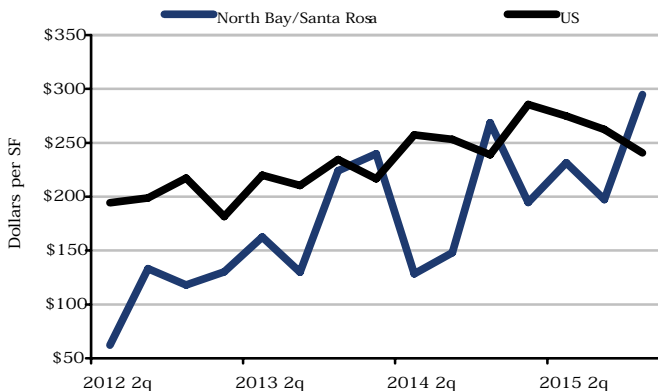
Based on Office Building Sales From Jan. 2015 - Dec. 2015

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	99	986,579	\$235,690,484	\$ 238.90	5.94%
50K-249K SF	8	736,962	\$172,850,000	\$ 234.54	6.18%
250K-499K SF	1	406,355	\$84,000,000	\$ 206.72	6.25%
>500K SF	-	-	-	\$ -	-

Source: CoStar COMPS®

## U.S. Price/SF Comparison

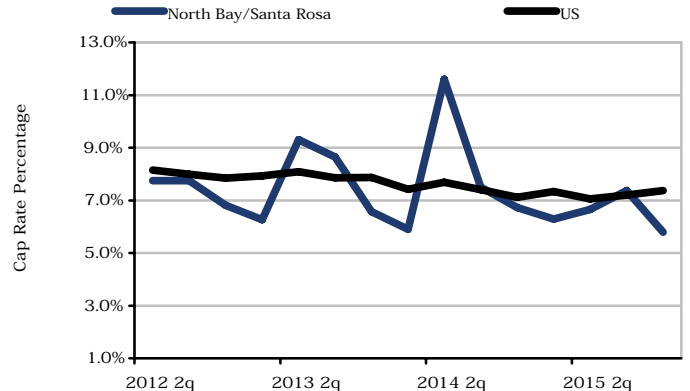
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## U.S. Cap Rate Comparison

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®



# North Bay/Santa Rosa Office Market

Sales Activity

## Select Top Sales

Based on Sales from January 2015 Through March 2016

1. 9 Hamilton Lndg



**Novato**

Price: **\$84,000,000**  
Price/SF: **\$206.72**  
Cap Rate: **6.25%**  
RBA: **406,355**  
Date: **7/24/2015**  
Year Built: **1936**  
Buyer: **ScanlanKemperBard Companies**  
Seller: **Barker Pacific Group**

2. 1100 Larkspur Landing Cir



**Larkspur**

Price: **\$82,000,000**  
Price/SF: **\$411.97**  
Cap Rate: **5.5%**  
RBA: **199,046**  
Date: **1/7/2016**  
Year Built: **1980**  
Buyer: **Jamestown, L.P.**  
Seller: **Equity Office**

3. 5725 Paradise Dr



**Corte Madera**

Price: **\$51,000,000**  
Price/SF: **\$520.99**  
Cap Rate: **6.1%**  
RBA: **97,890**  
Date: **10/9/2015**  
Year Built: **1978**  
Buyer: **Menlo Equities**  
Seller: **The Pasha Group**

4. 3 Harbor Dr



**Sausalito**

Price: **\$34,800,000**  
Price/SF: **\$304.42**  
Cap Rate: **N/A**  
RBA: **114,314**  
Date: **2/18/2016**  
Year Built: **1981**  
Buyer: **PM Realty Group**  
Seller: **Equity Office**

5. 88 Rowland Way



**Novato**

Price: **\$24,900,000**  
Price/SF: **\$173.59**  
Cap Rate: **6.5%**  
RBA: **143,444**  
Date: **6/5/2015**  
Year Built: **1995**  
Buyer: **Buchanan Street Partners**  
Seller: **Barker Pacific Group**

6. 1650 Los Gatos Dr



**San Rafael**

Price: **\$22,000,000**  
Price/SF: **\$148.11**  
Cap Rate: **N/A**  
RBA: **148,534**  
Date: **8/17/2015**  
Year Built: **1973**  
Buyer: **Kaiser Permanente**  
Seller: **Cigna Investments**

7. 5900 State Farm Dr



**Rohnert Park**

Price: **\$21,500,000**  
Price/SF: **\$312.34**  
Cap Rate: **5.8%**  
RBA: **68,836**  
Date: **11/2/2015**  
Year Built: **1983**  
Buyer: **Nazareth Enterprises**  
Seller: **Meridian Property Company**

8. 121 Sotoyome St



**Santa Rosa**

Price: **\$16,864,900**  
Price/SF: **\$495.34**  
Cap Rate: **7%**  
RBA: **34,047**  
Date: **6/16/2015**  
Year Built: **1956**  
Buyer: **Healthcare Trust, Inc.**  
Seller: **Sotoyome Medical Building LLC**

9. 7250 Redwood Blvd



**Novato**

Price: **\$16,250,000**  
Price/SF: **\$186.21**  
Cap Rate: **6.3%**  
RBA: **87,268**  
Date: **7/9/2015**  
Year Built: **2003**  
Buyer: **Ellis Partners LLC**  
Seller: **Equity Office**

# North Bay/Santa Rosa Office Market

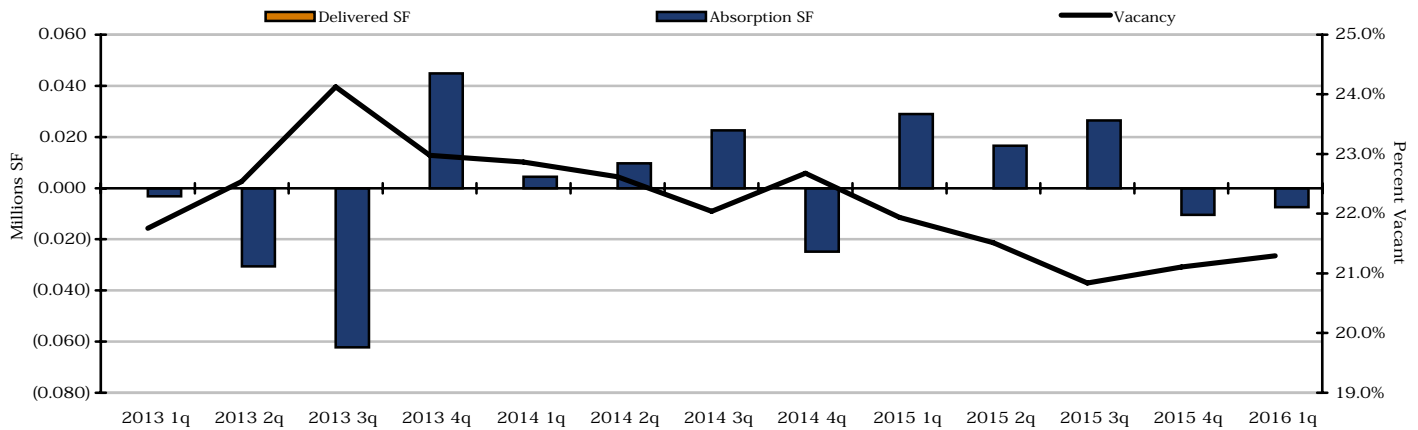


## Benicia/Vallejo Market

Market Highlights – Class "A, B & C"

### Deliveries, Absorption & Vacancy

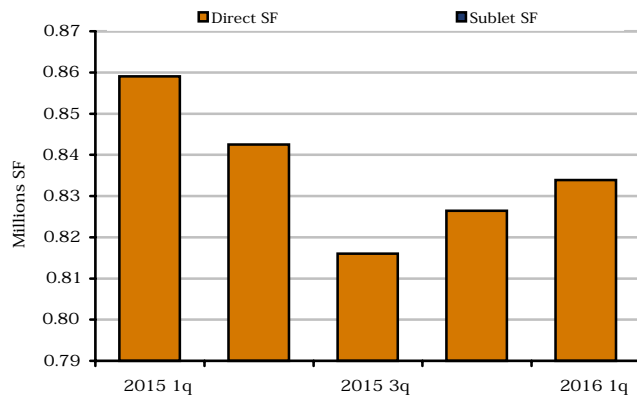
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

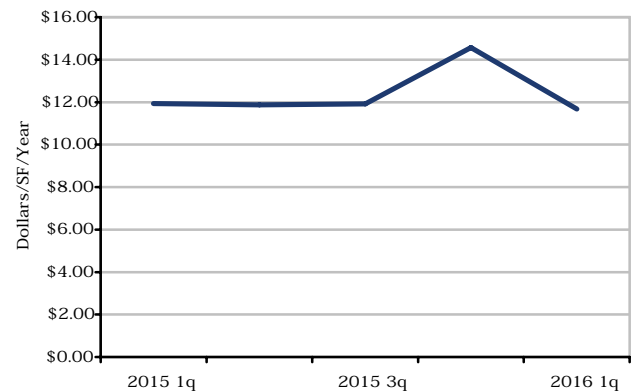
### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	421	3,915,719	833,906	21.3%	(7,467)	0	0	0	0	\$11.68
2015 4q	421	3,915,719	826,439	21.1%	(10,429)	0	0	0	0	\$14.57
2015 3q	421	3,915,719	816,010	20.8%	26,469	0	0	0	0	\$11.92
2015 2q	421	3,915,719	842,479	21.5%	16,579	0	0	0	0	\$11.87
2015 1q	421	3,915,719	859,058	21.9%	28,944	0	0	0	0	\$11.93
2014 4q	421	3,915,719	888,002	22.7%	(24,868)	0	0	0	0	\$12.24
2014 3q	421	3,915,719	863,134	22.0%	22,614	0	0	0	0	\$11.92
2014 2q	421	3,915,719	885,748	22.6%	9,664	0	0	0	0	\$12.00
2014 1q	421	3,915,719	895,412	22.9%	4,440	0	0	0	0	\$11.98
2013 4q	421	3,915,719	899,852	23.0%	44,914	0	0	0	0	\$12.02
2013 3q	421	3,915,719	944,766	24.1%	(62,261)	0	0	0	0	\$12.08
2013 2q	421	3,915,719	882,505	22.5%	(30,559)	0	0	0	0	\$11.65
2013 1q	421	3,915,719	851,946	21.8%	(3,130)	0	0	0	0	\$12.11
2012 4q	421	3,915,719	848,816	21.7%	23,415	0	0	0	0	\$11.94
2012 3q	421	3,915,719	872,231	22.3%	3,264	0	0	0	0	\$12.31
2012 2q	421	3,915,719	875,495	22.4%	(10,943)	0	0	0	0	\$12.33

Source: CoStar Property®



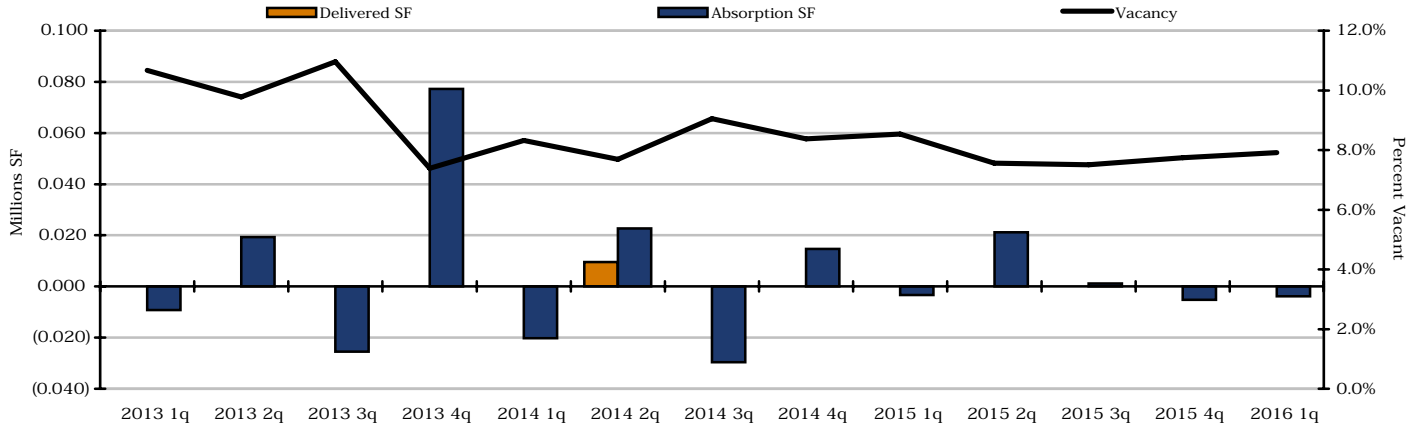
# North Bay/Santa Rosa Office Market

Corte Madera / Mill Valley Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

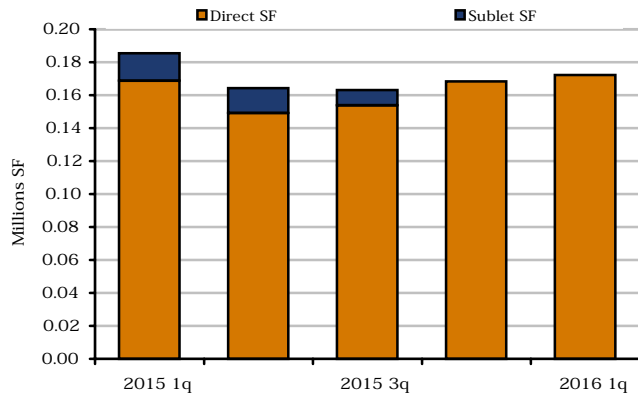
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

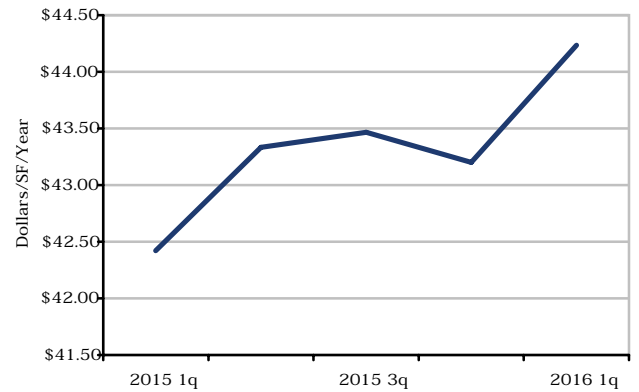
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	207	2,174,366	172,153	7.9%	(3,789)	0	0	0	0	\$44.23
2015 4q	207	2,174,366	168,364	7.7%	(5,253)	0	0	0	0	\$43.20
2015 3q	207	2,174,366	163,111	7.5%	1,174	0	0	0	0	\$43.47
2015 2q	207	2,174,366	164,285	7.6%	21,237	0	0	0	0	\$43.33
2015 1q	207	2,174,366	185,522	8.5%	(3,392)	0	0	0	0	\$42.42
2014 4q	207	2,174,366	182,130	8.4%	14,631	0	0	0	0	\$41.69
2014 3q	207	2,174,366	196,761	9.0%	(29,564)	0	0	0	0	\$41.40
2014 2q	207	2,174,366	167,197	7.7%	22,620	1	9,585	0	0	\$41.52
2014 1q	206	2,164,781	180,232	8.3%	(20,281)	0	0	1	9,585	\$41.29
2013 4q	206	2,164,781	159,951	7.4%	77,207	0	0	0	0	\$40.13
2013 3q	206	2,164,781	237,158	11.0%	(25,462)	0	0	0	0	\$38.44
2013 2q	206	2,164,781	211,696	9.8%	19,310	0	0	0	0	\$38.51
2013 1q	206	2,164,781	231,006	10.7%	(9,279)	0	0	0	0	\$36.37
2012 4q	206	2,164,781	221,727	10.2%	25,481	0	0	0	0	\$35.60
2012 3q	207	2,212,592	295,019	13.3%	(98,214)	0	0	0	0	\$33.69
2012 2q	207	2,212,592	196,805	8.9%	(25,180)	0	0	0	0	\$34.83

Source: CoStar Property®

# North Bay/Santa Rosa Office Market

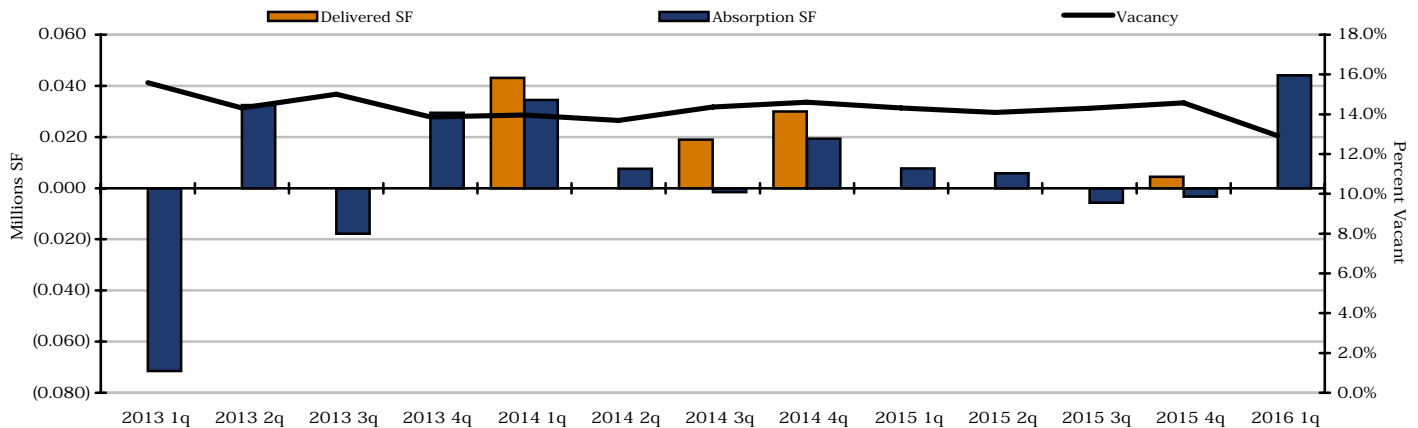


## Fairfield/Suisun City Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

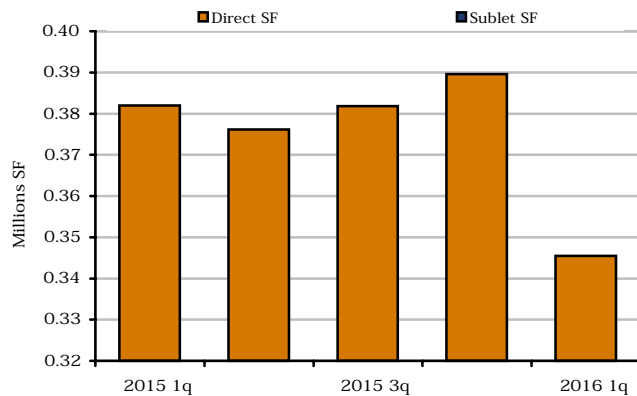
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

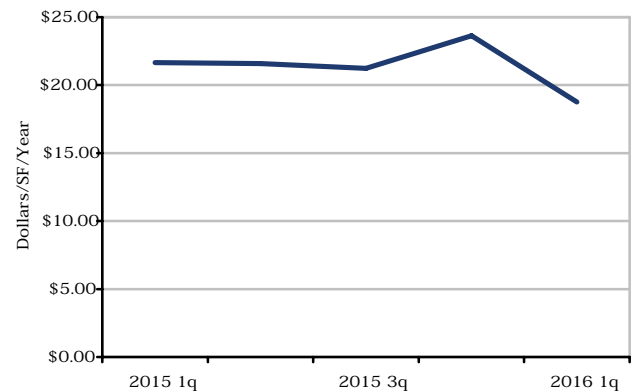
### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	171	2,673,939	345,467	12.9%	44,138	0	0	0	0	\$18.76
2015 4q	171	2,673,939	389,605	14.6%	(3,264)	1	4,490	0	0	\$23.63
2015 3q	170	2,669,449	381,851	14.3%	(5,704)	0	0	1	4,490	\$21.23
2015 2q	170	2,669,449	376,147	14.1%	5,854	0	0	1	4,490	\$21.58
2015 1q	170	2,669,449	382,001	14.3%	7,693	0	0	1	4,490	\$21.65
2014 4q	170	2,669,449	389,694	14.6%	19,365	1	30,000	0	0	\$23.35
2014 3q	169	2,639,449	379,059	14.4%	(1,547)	1	19,000	1	30,000	\$22.14
2014 2q	168	2,620,449	358,512	13.7%	7,567	0	0	2	49,000	\$21.83
2014 1q	168	2,620,449	366,079	14.0%	34,498	2	43,135	2	49,000	\$22.17
2013 4q	166	2,577,314	357,442	13.9%	29,520	0	0	2	43,135	\$23.02
2013 3q	166	2,577,314	386,962	15.0%	(17,860)	0	0	2	43,135	\$22.55
2013 2q	166	2,577,314	369,102	14.3%	32,444	0	0	2	43,135	\$22.81
2013 1q	166	2,577,314	401,546	15.6%	(71,463)	0	0	0	0	\$22.54
2012 4q	166	2,577,314	330,083	12.8%	601	0	0	0	0	\$23.67
2012 3q	166	2,577,314	330,684	12.8%	(3,161)	0	0	0	0	\$21.92
2012 2q	166	2,577,314	327,523	12.7%	(18,821)	0	0	0	0	\$22.34

Source: CoStar Property®





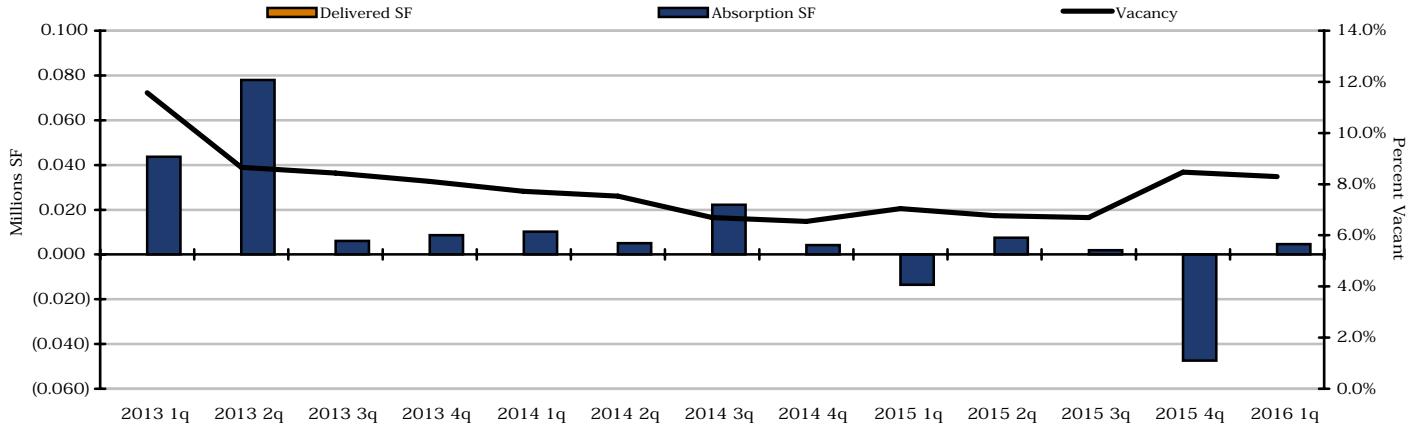
# North Bay/Santa Rosa Office Market

Healdsburg / Cloverdale / N. Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

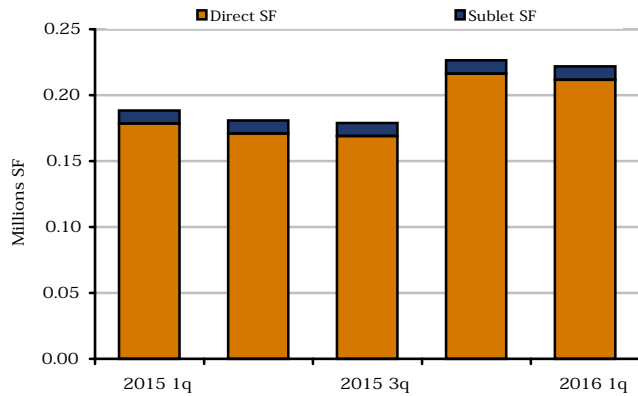
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

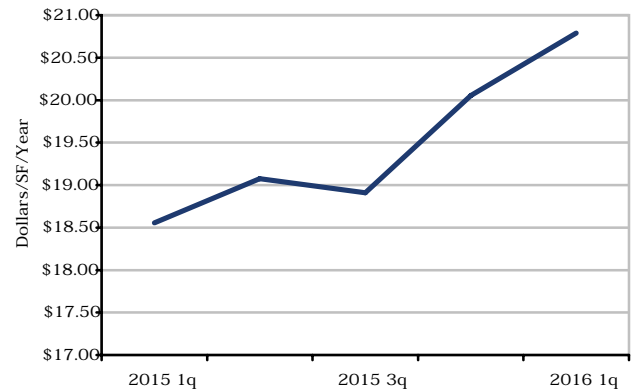
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	254	2,672,928	221,785	8.3%	4,599	0	0	2	25,121	\$20.79
2015 4q	254	2,672,928	226,384	8.5%	(47,428)	0	0	1	11,121	\$20.06
2015 3q	254	2,672,928	178,956	6.7%	1,958	0	0	1	11,121	\$18.91
2015 2q	254	2,672,928	180,914	6.8%	7,490	0	0	1	11,121	\$19.07
2015 1q	254	2,672,928	188,404	7.0%	(13,523)	0	0	1	11,121	\$18.56
2014 4q	254	2,672,928	174,881	6.5%	4,133	0	0	0	0	\$18.56
2014 3q	254	2,672,928	179,014	6.7%	22,270	0	0	0	0	\$18.21
2014 2q	254	2,672,928	201,284	7.5%	5,118	0	0	0	0	\$18.50
2014 1q	254	2,672,928	206,402	7.7%	10,212	0	0	0	0	\$18.67
2013 4q	254	2,672,928	216,614	8.1%	8,675	0	0	0	0	\$19.69
2013 3q	254	2,672,928	225,289	8.4%	6,107	0	0	0	0	\$18.24
2013 2q	254	2,672,928	231,396	8.7%	77,950	0	0	0	0	\$18.54
2013 1q	254	2,672,928	309,346	11.6%	43,693	0	0	0	0	\$18.54
2012 4q	254	2,672,928	353,039	13.2%	2,340	0	0	0	0	\$18.78
2012 3q	254	2,672,928	355,379	13.3%	4,515	0	0	0	0	\$18.19
2012 2q	254	2,672,928	359,894	13.5%	(28,223)	0	0	0	0	\$18.97

Source: CoStar Property®

# North Bay/Santa Rosa Office Market

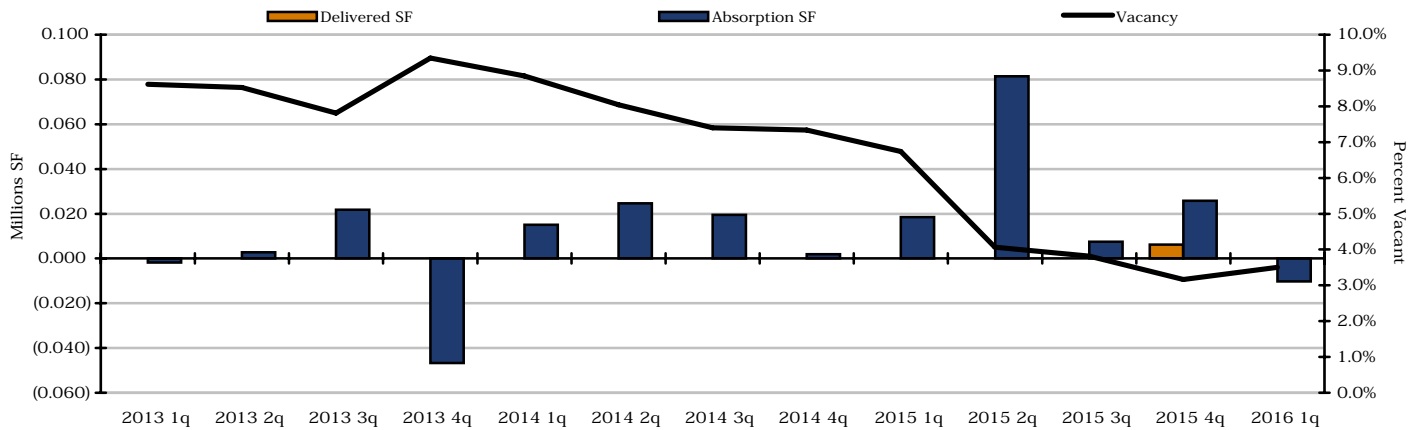


Napa County Market

Market Highlights – Class "A, B & C"

## Deliveries, Absorption & Vacancy

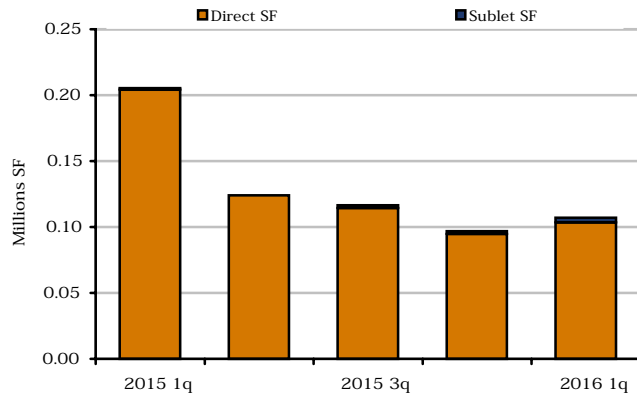
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

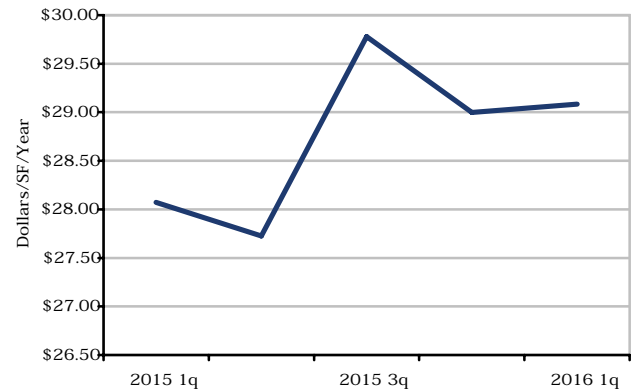
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	410	3,055,100	107,035	3.5%	(10,254)	0	0	0	0	\$29.08
2015 4q	410	3,055,100	96,781	3.2%	25,852	1	6,222	0	0	\$29.00
2015 3q	409	3,048,878	116,411	3.8%	7,536	0	0	1	6,222	\$29.78
2015 2q	409	3,048,878	123,947	4.1%	81,409	0	0	1	6,222	\$27.73
2015 1q	409	3,048,878	205,356	6.7%	18,428	0	0	0	0	\$28.07
2014 4q	409	3,048,878	223,784	7.3%	1,924	0	0	0	0	\$29.47
2014 3q	409	3,048,878	225,708	7.4%	19,485	0	0	0	0	\$28.18
2014 2q	409	3,048,878	245,193	8.0%	24,576	0	0	0	0	\$27.48
2014 1q	409	3,048,878	269,769	8.8%	15,116	0	0	0	0	\$27.26
2013 4q	409	3,048,878	284,885	9.3%	(46,769)	0	0	0	0	\$28.09
2013 3q	409	3,048,878	238,116	7.8%	21,774	0	0	0	0	\$26.95
2013 2q	409	3,048,878	259,890	8.5%	2,736	0	0	0	0	\$27.37
2013 1q	409	3,048,878	262,626	8.6%	(1,791)	0	0	0	0	\$27.12
2012 4q	409	3,048,878	260,835	8.6%	10,626	0	0	0	0	\$25.57
2012 3q	409	3,048,878	271,461	8.9%	(14,262)	0	0	0	0	\$26.47
2012 2q	409	3,048,878	257,199	8.4%	(31,869)	0	0	0	0	\$28.36

Source: CoStar Property®



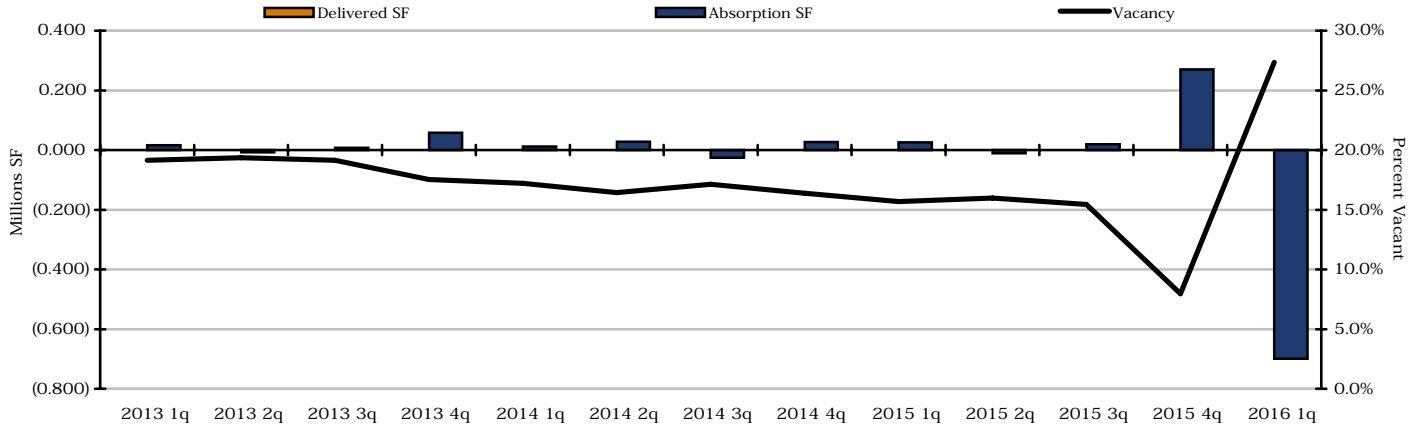
# North Bay/Santa Rosa Office Market

Novato/Ignacio/N Marin Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

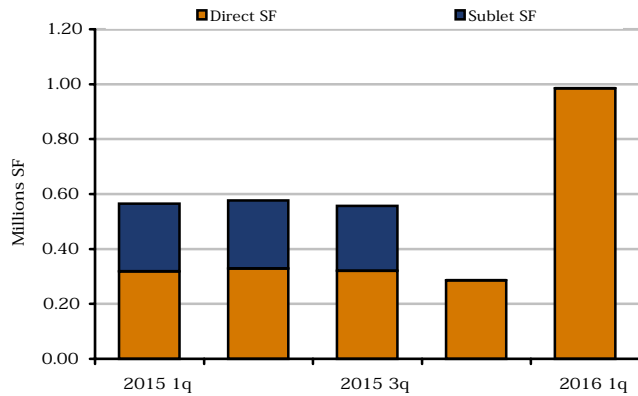
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

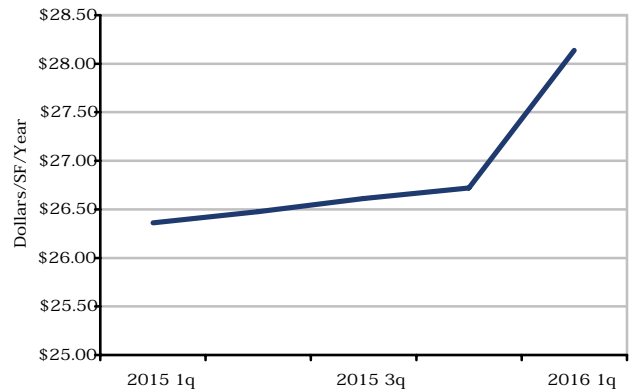
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	151	3,605,610	986,040	27.3%	(698,890)	0	0	0	0	\$28.14
2015 4q	151	3,605,610	287,150	8.0%	269,809	0	0	0	0	\$26.72
2015 3q	151	3,605,610	556,959	15.4%	19,158	0	0	0	0	\$26.61
2015 2q	151	3,605,610	576,117	16.0%	(10,626)	0	0	0	0	\$26.48
2015 1q	151	3,605,610	565,491	15.7%	25,450	0	0	0	0	\$26.36
2014 4q	151	3,605,610	590,941	16.4%	26,993	0	0	0	0	\$26.50
2014 3q	151	3,605,610	617,934	17.1%	(25,342)	0	0	0	0	\$26.22
2014 2q	151	3,605,610	592,592	16.4%	27,752	0	0	0	0	\$25.92
2014 1q	151	3,605,610	620,344	17.2%	11,654	0	0	0	0	\$25.01
2013 4q	151	3,605,610	631,998	17.5%	57,725	0	0	0	0	\$25.85
2013 3q	151	3,605,610	689,723	19.1%	7,929	0	0	0	0	\$24.95
2013 2q	151	3,605,610	697,652	19.3%	(7,123)	0	0	0	0	\$25.59
2013 1q	151	3,605,610	690,529	19.2%	15,985	0	0	0	0	\$25.28
2012 4q	151	3,605,610	706,514	19.6%	854	0	0	0	0	\$25.37
2012 3q	151	3,605,610	707,368	19.6%	215	0	0	0	0	\$24.22
2012 2q	151	3,605,610	707,583	19.6%	36,186	0	0	0	0	\$24.29

Source: CoStar Property®

# North Bay/Santa Rosa Office Market

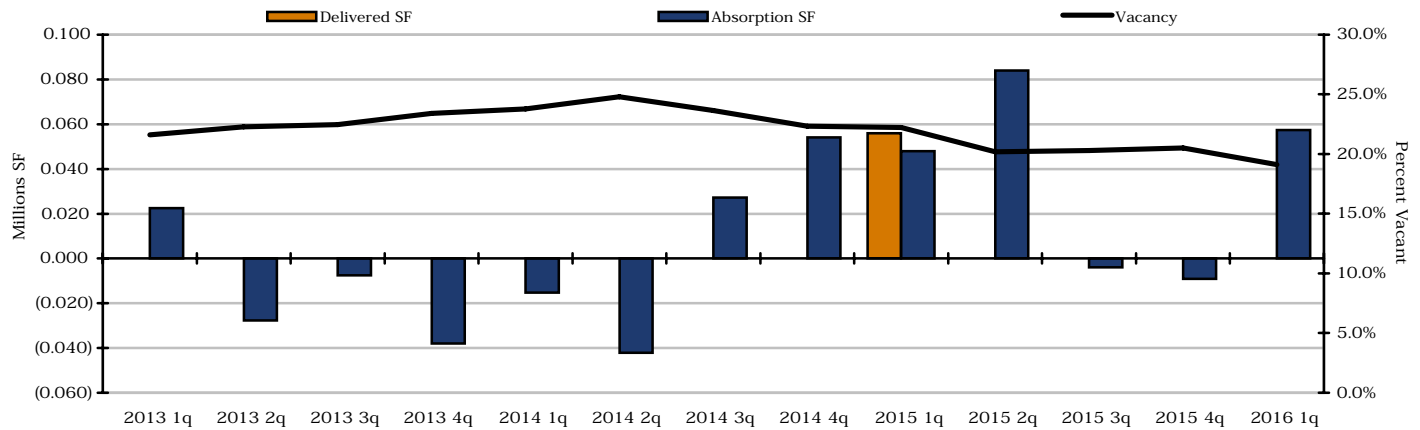


Petaluma / Cotati / Rohnert Market

Market Highlights – Class "A, B & C"

## Deliveries, Absorption & Vacancy

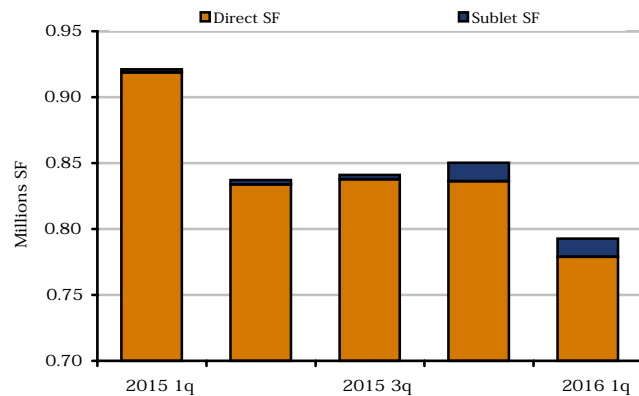
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

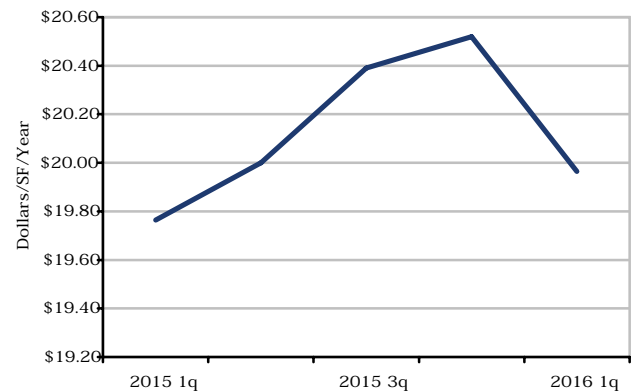
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	300	4,144,462	792,764	19.1%	57,451	0	0	0	0	\$19.96
2015 4q	300	4,144,462	850,215	20.5%	(9,140)	0	0	0	0	\$20.52
2015 3q	300	4,144,462	841,075	20.3%	(3,943)	0	0	0	0	\$20.39
2015 2q	300	4,144,462	837,132	20.2%	83,952	0	0	0	0	\$20.00
2015 1q	300	4,144,462	921,084	22.2%	47,943	1	56,000	0	0	\$19.76
2014 4q	299	4,088,462	913,027	22.3%	54,073	0	0	1	56,000	\$19.79
2014 3q	299	4,088,462	967,100	23.7%	27,178	0	0	1	56,000	\$19.83
2014 2q	303	4,114,197	1,020,013	24.8%	(42,133)	0	0	1	56,000	\$19.52
2014 1q	303	4,114,197	977,880	23.8%	(15,220)	0	0	1	56,000	\$19.63
2013 4q	303	4,114,197	962,660	23.4%	(38,039)	0	0	1	56,000	\$19.79
2013 3q	303	4,114,197	924,621	22.5%	(7,516)	0	0	0	0	\$19.98
2013 2q	303	4,114,197	917,105	22.3%	(27,637)	0	0	0	0	\$19.58
2013 1q	303	4,114,197	889,468	21.6%	22,438	0	0	0	0	\$19.55
2012 4q	303	4,114,197	911,906	22.2%	1,647	0	0	0	0	\$19.72
2012 3q	303	4,114,197	913,553	22.2%	(8,180)	0	0	0	0	\$20.81
2012 2q	303	4,114,197	905,373	22.0%	28,548	0	0	0	0	\$20.61

Source: CoStar Property®



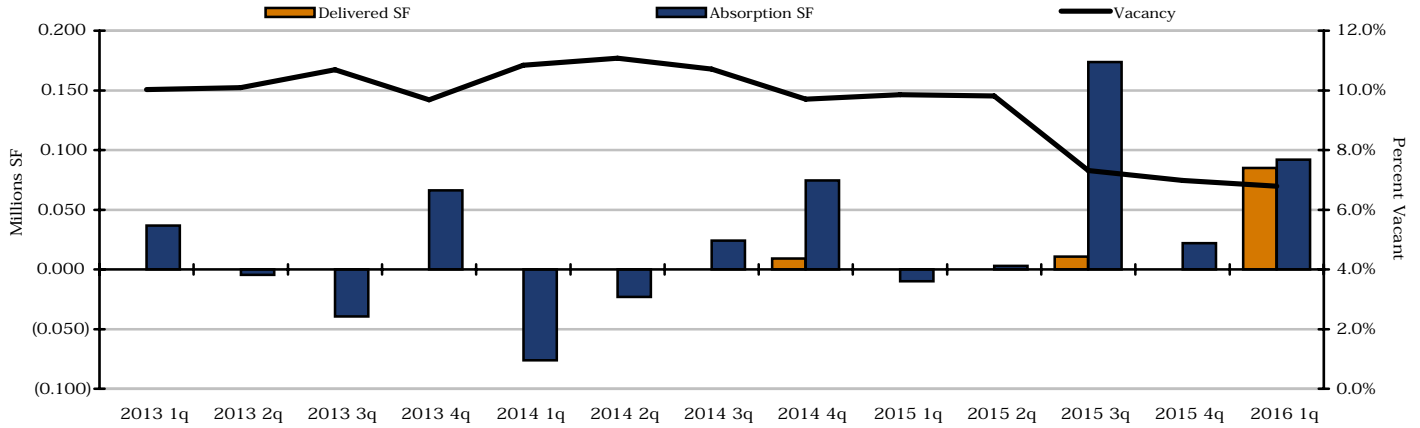
# North Bay/Santa Rosa Office Market

San Rafael/Larkspur Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

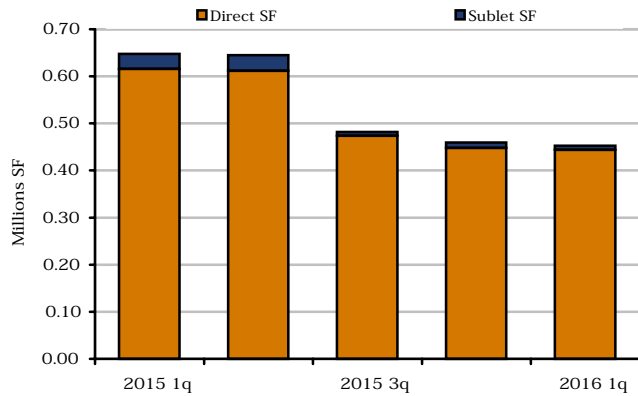
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

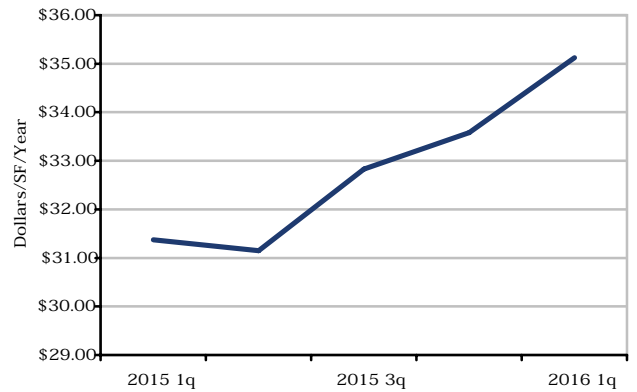
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	404	6,665,283	452,758	6.8%	91,827	1	85,000	0	0	\$35.12
2015 4q	403	6,580,283	459,585	7.0%	21,968	0	0	1	85,000	\$33.58
2015 3q	403	6,580,283	481,553	7.3%	173,798	1	10,652	1	85,000	\$32.83
2015 2q	402	6,569,631	644,699	9.8%	2,882	0	0	2	95,652	\$31.15
2015 1q	402	6,569,631	647,581	9.9%	(9,880)	0	0	2	95,652	\$31.38
2014 4q	402	6,569,631	637,701	9.7%	74,538	1	9,239	2	95,652	\$31.64
2014 3q	401	6,560,392	703,000	10.7%	24,058	0	0	3	104,891	\$31.45
2014 2q	401	6,560,392	727,058	11.1%	(23,112)	0	0	1	9,239	\$31.15
2014 1q	402	6,568,821	712,375	10.8%	(76,085)	0	0	1	9,239	\$31.13
2013 4q	402	6,568,821	636,290	9.7%	66,092	0	0	1	9,239	\$30.59
2013 3q	402	6,568,821	702,382	10.7%	(39,473)	0	0	1	9,239	\$29.97
2013 2q	402	6,568,821	662,909	10.1%	(4,522)	0	0	1	9,239	\$30.19
2013 1q	402	6,568,821	658,387	10.0%	36,830	0	0	0	0	\$30.20
2012 4q	402	6,568,821	695,217	10.6%	(2,723)	0	0	0	0	\$29.90
2012 3q	402	6,568,821	692,494	10.5%	146,736	0	0	0	0	\$28.45
2012 2q	402	6,568,821	839,230	12.8%	28,901	0	0	0	0	\$28.31

Source: CoStar Property®

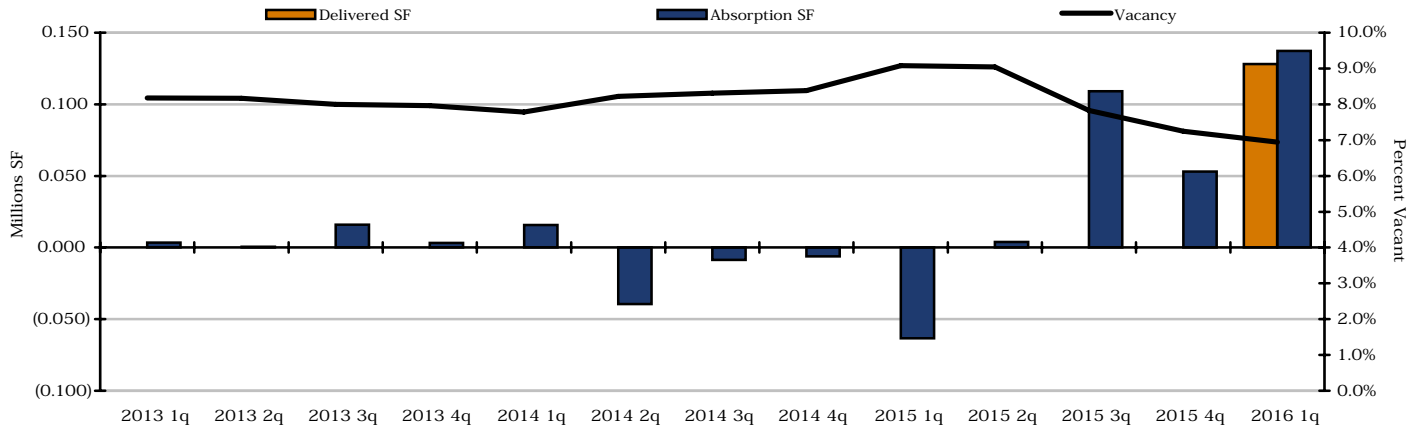
# North Bay/Santa Rosa Office Market



Santa Rosa Market  
Market Highlights – Class "A, B & C"

## Deliveries, Absorption & Vacancy

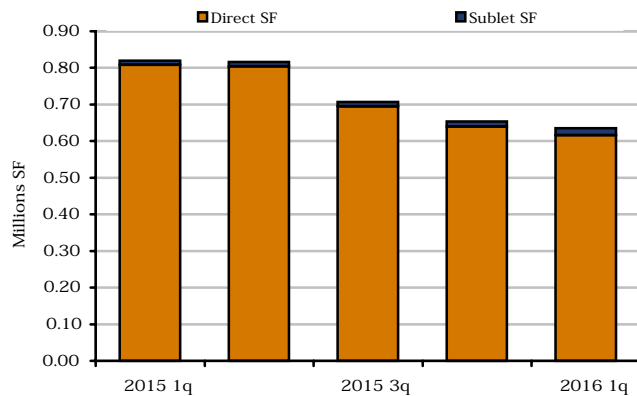
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

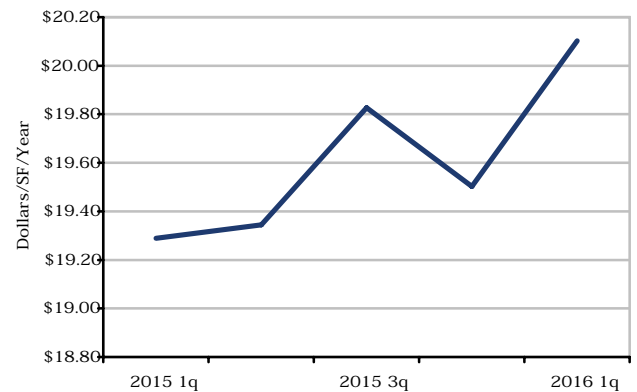
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	899	9,143,439	634,807	6.9%	137,362	1	128,000	0	0	\$20.10
2015 4q	899	9,025,069	653,799	7.2%	53,107	0	0	1	128,000	\$19.50
2015 3q	899	9,025,069	706,906	7.8%	109,105	0	0	1	128,000	\$19.83
2015 2q	899	9,025,069	816,011	9.0%	3,820	0	0	1	128,000	\$19.34
2015 1q	899	9,025,069	819,831	9.1%	(63,327)	0	0	1	128,000	\$19.29
2014 4q	899	9,025,069	756,504	8.4%	(6,099)	0	0	1	128,000	\$19.26
2014 3q	899	9,025,069	750,405	8.3%	(8,548)	0	0	1	128,000	\$19.53
2014 2q	899	9,025,069	741,857	8.2%	(39,446)	0	0	1	128,000	\$19.26
2014 1q	899	9,025,069	702,411	7.8%	15,836	0	0	0	0	\$19.05
2013 4q	899	9,025,069	718,247	8.0%	3,272	0	0	0	0	\$18.64
2013 3q	899	9,025,069	721,519	8.0%	15,938	0	0	0	0	\$18.97
2013 2q	899	9,025,069	737,457	8.2%	527	0	0	0	0	\$18.49
2013 1q	899	9,025,069	737,984	8.2%	3,440	0	0	0	0	\$18.35
2012 4q	899	9,025,069	741,424	8.2%	16,578	0	0	0	0	\$18.49
2012 3q	899	9,025,069	758,002	8.4%	(16,507)	0	0	0	0	\$19.18
2012 2q	899	9,025,069	741,495	8.2%	(11,134)	0	0	0	0	\$18.61

Source: CoStar Property®



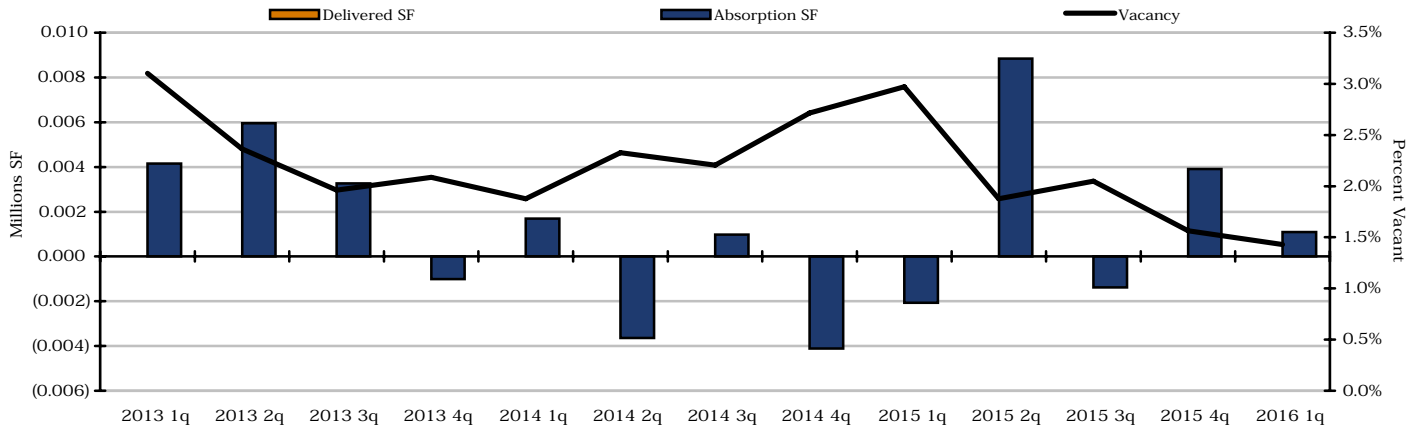
# North Bay/Santa Rosa Office Market

Sebastopol / Bodega / West Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

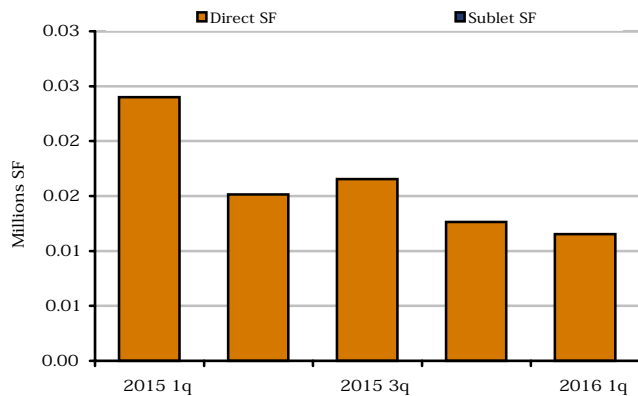
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

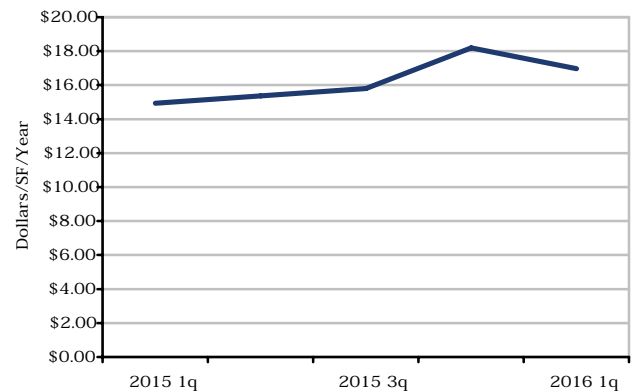
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	179	807,366	11,542	1.4%	1,092	0	0	0	0	\$16.97
2015 4q	179	807,366	12,634	1.6%	3,907	0	0	0	0	\$18.19
2015 3q	179	807,366	16,541	2.0%	(1,385)	0	0	0	0	\$15.80
2015 2q	179	807,366	15,156	1.9%	8,836	0	0	0	0	\$15.37
2015 1q	179	807,366	23,992	3.0%	(2,074)	0	0	0	0	\$14.93
2014 4q	179	807,366	21,918	2.7%	(4,113)	0	0	0	0	\$15.92
2014 3q	179	807,366	17,805	2.2%	983	0	0	0	0	\$15.32
2014 2q	179	807,366	18,788	2.3%	(3,647)	0	0	0	0	\$15.16
2014 1q	179	807,366	15,141	1.9%	1,690	0	0	0	0	\$16.16
2013 4q	179	807,366	16,831	2.1%	(1,008)	0	0	0	0	\$18.82
2013 3q	179	807,366	15,823	2.0%	3,271	0	0	0	0	\$18.01
2013 2q	179	807,366	19,094	2.4%	5,949	0	0	0	0	\$17.54
2013 1q	179	807,366	25,043	3.1%	4,146	0	0	0	0	\$17.44
2012 4q	179	807,366	29,189	3.6%	(9,521)	0	0	0	0	\$18.20
2012 3q	179	807,366	19,668	2.4%	4,346	0	0	0	0	\$18.39
2012 2q	179	807,366	24,014	3.0%	6,278	0	0	0	0	\$17.95

Source: CoStar Property®



# North Bay/Santa Rosa Office Market

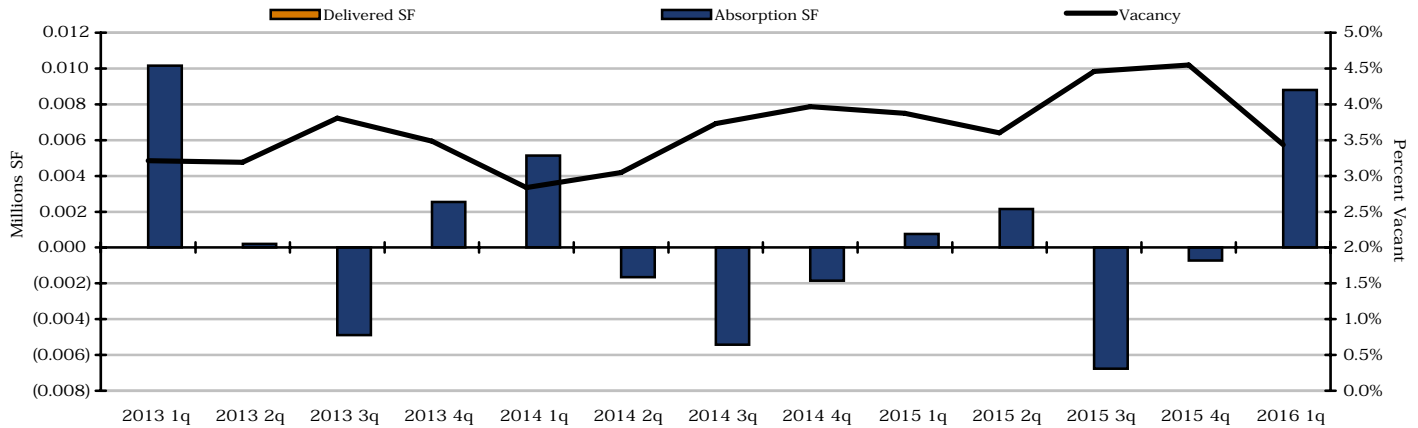


Sonoma / Wine Country Market

Market Highlights – Class "A, B & C"

## Deliveries, Absorption & Vacancy

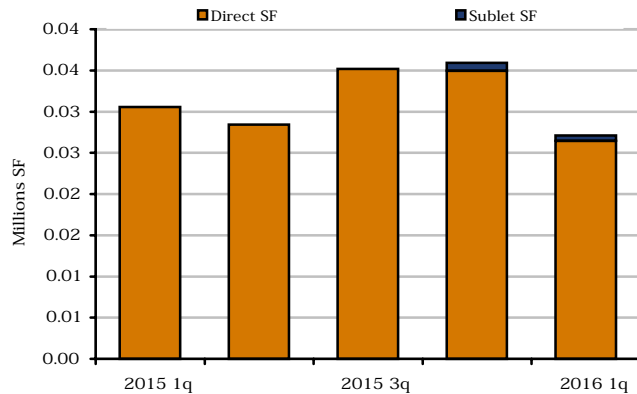
Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

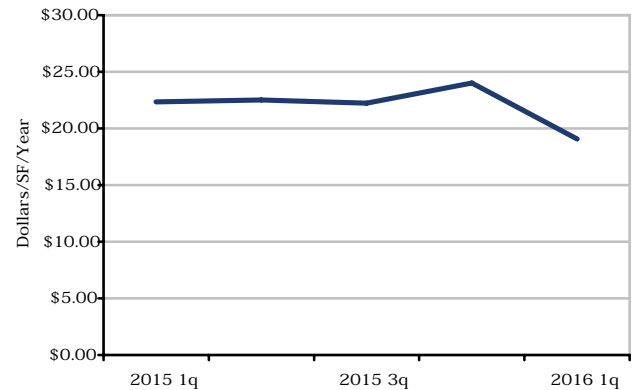
Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	173	789,428	27,119	3.4%	8,794	0	0	0	0	\$19.06
2015 4q	173	789,428	35,913	4.5%	(724)	0	0	0	0	\$24.00
2015 3q	173	789,428	35,189	4.5%	(6,769)	0	0	0	0	\$22.24
2015 2q	173	789,428	28,420	3.6%	2,146	0	0	0	0	\$22.51
2015 1q	173	789,428	30,566	3.9%	750	0	0	0	0	\$22.34
2014 4q	173	789,428	31,316	4.0%	(1,855)	0	0	0	0	\$23.30
2014 3q	173	789,428	29,461	3.7%	(5,418)	0	0	0	0	\$21.84
2014 2q	173	789,428	24,043	3.0%	(1,656)	0	0	0	0	\$21.04
2014 1q	173	789,428	22,387	2.8%	5,135	0	0	0	0	\$22.00
2013 4q	173	789,428	27,522	3.5%	2,537	0	0	0	0	\$22.54
2013 3q	173	789,428	30,059	3.8%	(4,891)	0	0	0	0	\$21.29
2013 2q	173	789,428	25,168	3.2%	205	0	0	0	0	\$20.26
2013 1q	173	789,428	25,373	3.2%	10,151	0	0	0	0	\$21.35
2012 4q	173	789,428	35,524	4.5%	26,229	1	18,691	0	0	\$20.84
2012 3q	172	770,737	43,062	5.6%	(4,675)	0	0	1	18,691	\$19.67
2012 2q	172	770,737	38,387	5.0%	2,257	0	0	1	18,691	\$19.78

Source: CoStar Property®



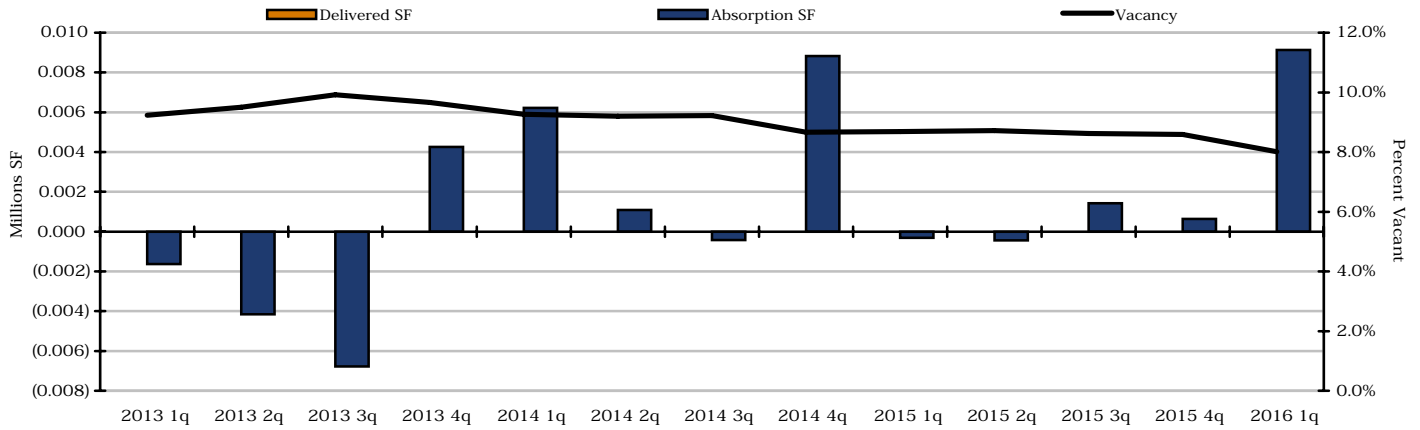
# North Bay/Santa Rosa Office Market

Vacaville / Dixon Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

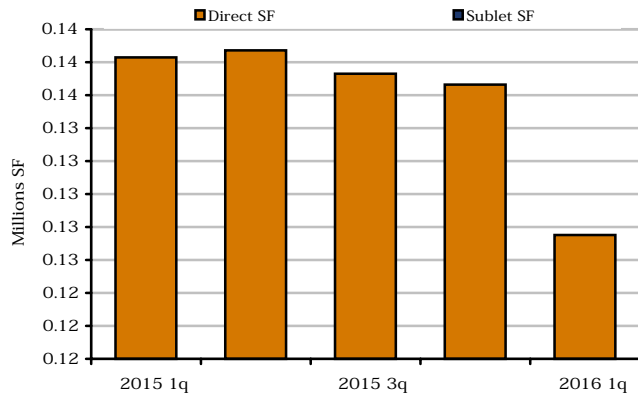
### Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

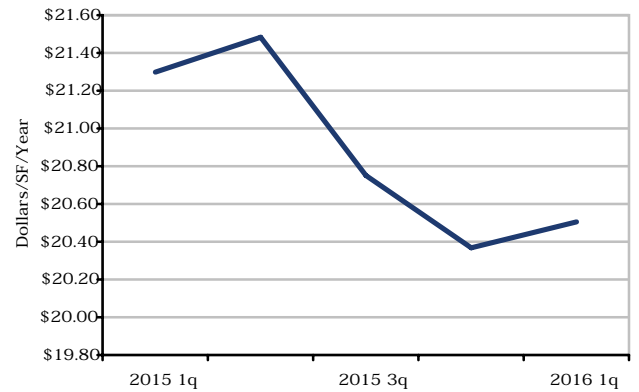
### Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	146	1,591,394	127,516	8.0%	9,134	0	0	0	0	\$20.51
2015 4q	146	1,591,394	136,650	8.6%	645	0	0	0	0	\$20.37
2015 3q	146	1,591,394	137,295	8.6%	1,430	0	0	0	0	\$20.75
2015 2q	146	1,591,394	138,725	8.7%	(437)	0	0	0	0	\$21.48
2015 1q	146	1,591,394	138,288	8.7%	(315)	0	0	0	0	\$21.30
2014 4q	146	1,591,394	137,973	8.7%	8,826	0	0	0	0	\$21.17
2014 3q	146	1,591,394	146,799	9.2%	(430)	0	0	0	0	\$20.77
2014 2q	146	1,591,394	146,369	9.2%	1,093	0	0	0	0	\$21.29
2014 1q	146	1,591,394	147,462	9.3%	6,219	0	0	0	0	\$21.22
2013 4q	146	1,591,394	153,681	9.7%	4,261	0	0	0	0	\$21.38
2013 3q	146	1,591,394	157,942	9.9%	(6,780)	0	0	0	0	\$20.78
2013 2q	146	1,591,394	151,162	9.5%	(4,156)	0	0	0	0	\$21.21
2013 1q	146	1,591,394	147,006	9.2%	(1,638)	0	0	0	0	\$21.06
2012 4q	146	1,591,394	145,368	9.1%	8,598	0	0	0	0	\$21.57
2012 3q	146	1,591,394	153,966	9.7%	3,866	0	0	0	0	\$21.04
2012 2q	146	1,591,394	157,832	9.9%	(5,461)	0	0	0	0	\$21.33

Source: CoStar Property®