



NEWMARK

North I-680 Office Market Overview

1Q26

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Market Observations



Economy

- The East Bay entered 2026 on steady footing: unemployment held at 4.3% in January, 40 basis points below the U.S. rate and unchanged from early 2025, even as conditions remain softer than pre-pandemic norms.
- Job growth is narrowing. Education and Health, Leisure/Hospitality, Government and Other Services were the only sectors to expand year-over-year, while the core office-using sectors, Information, Business and Professional Services, and Financial Activities, continued to contract.
- The national backdrop remains stable but unsettled, with trade-policy shifts and global conflicts adding new layers of uncertainty to the outlook for the rest of the year.



Leasing Market Fundamentals

- Momentum remains uneven. Vacancy increased slightly from 24.7% to 25.1% in 1Q26, with the market posting 50,439 square feet of negative absorption despite ongoing lease activity during the quarter.
- Walnut Creek Executive Park is beginning a transition. Buildings 1–11 are no longer being marketed to office users in advance of a planned redevelopment, prompting existing tenants to evaluate relocation options over the coming quarters. This quarter, we removed 374,047 RSF from the inventory to reflect this shift, resulting in an approximate 20 basis points improvement in overall vacancy.
- Tenant preference continues to concentrate in buildings that already feel active and well-amenitized. High-occupancy assets with strong on-site and nearby amenities are outperforming, offering the energy, consistency, and workplace environment companies are seeking as they bring employees back together.



Major Transactions

- Golden State Orthopedics & Spine anchored the quarter with a 45,922-square-foot lease extension at 2625 Shadelands Drive, marking the largest transaction of the period
- Berding & Weil reaffirmed its presence at 2175 N California Blvd with a 15,095-square-foot extension, downsizing from 22,200 RSF.
- Cigna Health & Life Insurance signed a new 10,054-square-foot lease at 1277 Treat Blvd within the Walnut Creek/Pleasant Hill BART submarket, expanding from 8,013 RSF at 1340 Treat Blvd.
- AXS Opportunity Fund completed the quarter's largest sale, acquiring 1655 & 1755 Grant St for \$45.85 million, or \$94.76 per square foot



Outlook

- As in-person work requirements become more defined, tenant demand is increasingly concentrating in amenity-rich buildings with convenient access to public transit.
- Longer-term lease commitments are starting to re-emerge as companies look to secure landlord capital to upgrade their spaces—creating environments that attract talent, support culture, and justify the commute.
- Market activity is strong but is nothing in comparison to the volume of Tenants leasing large blocks of space in San Francisco. The decrease in available large blocks of space in SF and increase in rental rate delta between WC and SF has created a more compelling value proposition for Walnut Creek. As tenants priced out of or seeking alternatives to San Francisco increasingly view the market as an attractive, cost-effective option.
- Over the past 24 months, several major Class A assets have traded through lender-driven sales, including 3003 Oak, Ygnacio Center, Mt. Diablo Plaza, 1655/1755 Grant, Corporate Centre, and Concord Center. These new owners, often with a lower basis, are introducing more competitive pricing, creating some downward pressure on overall lease economics.

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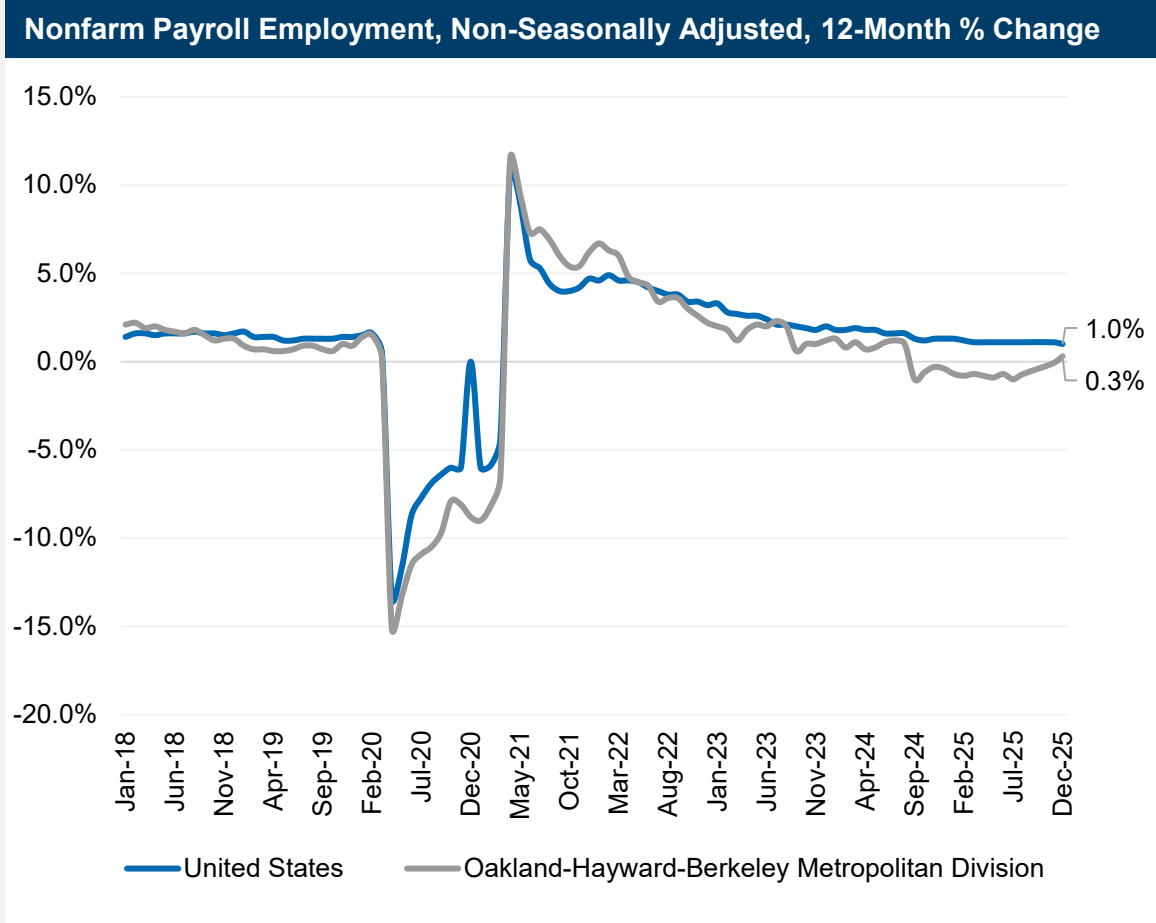
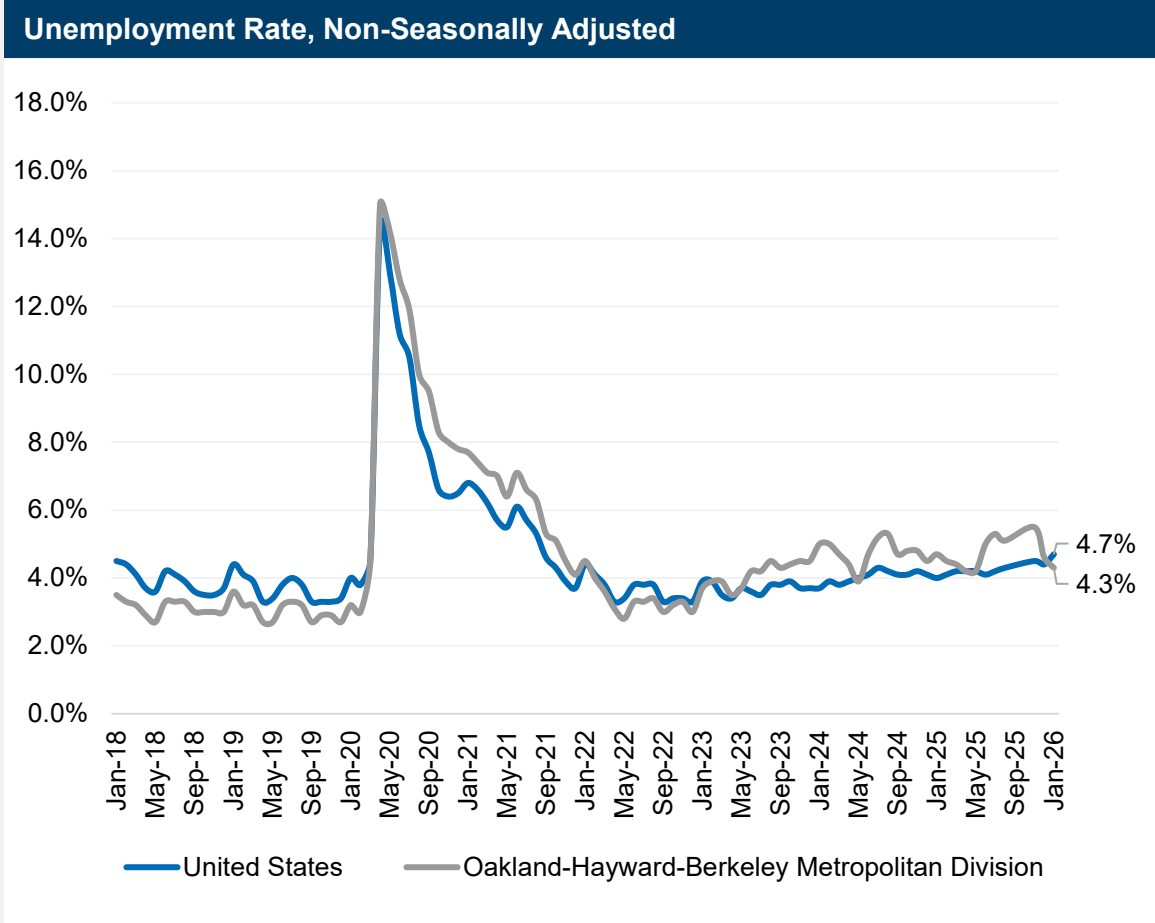
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Economy



Metro Employment Trends A Slight Comeback

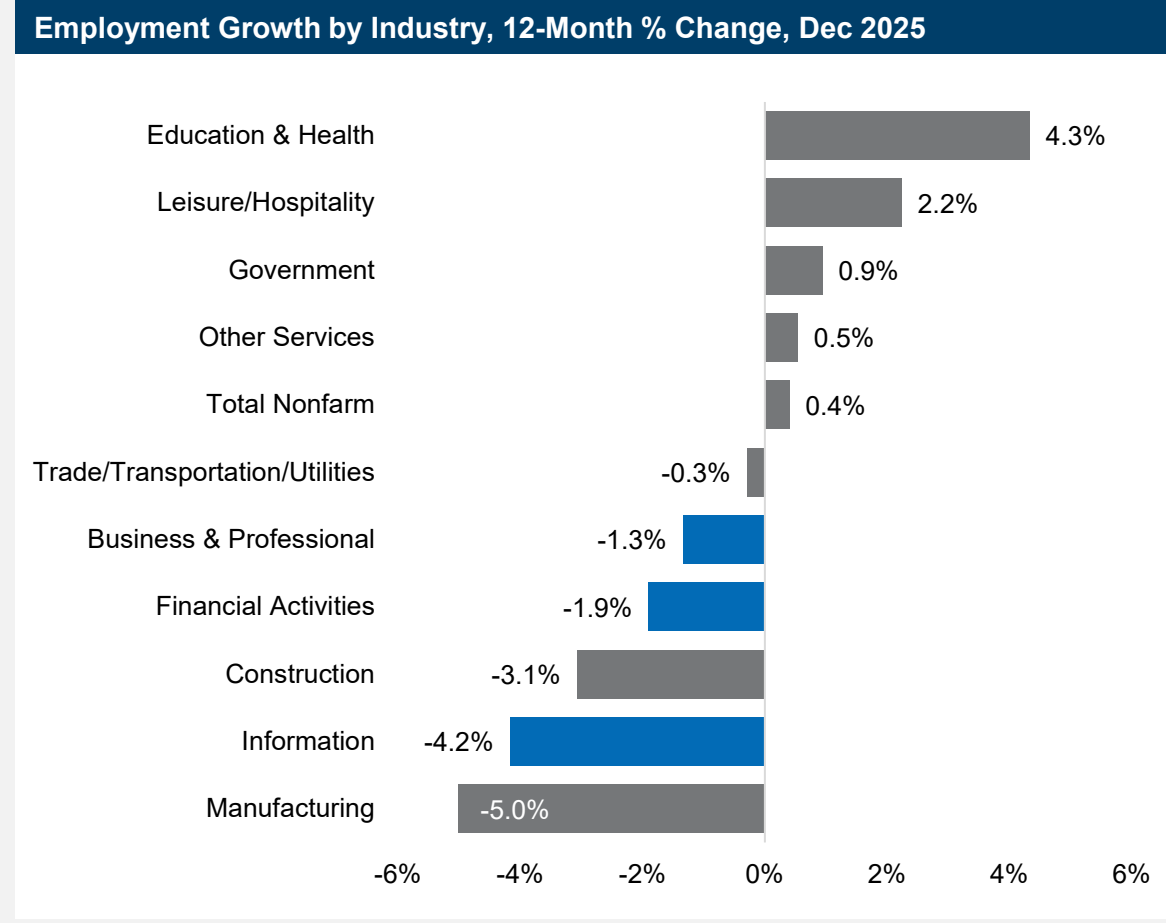
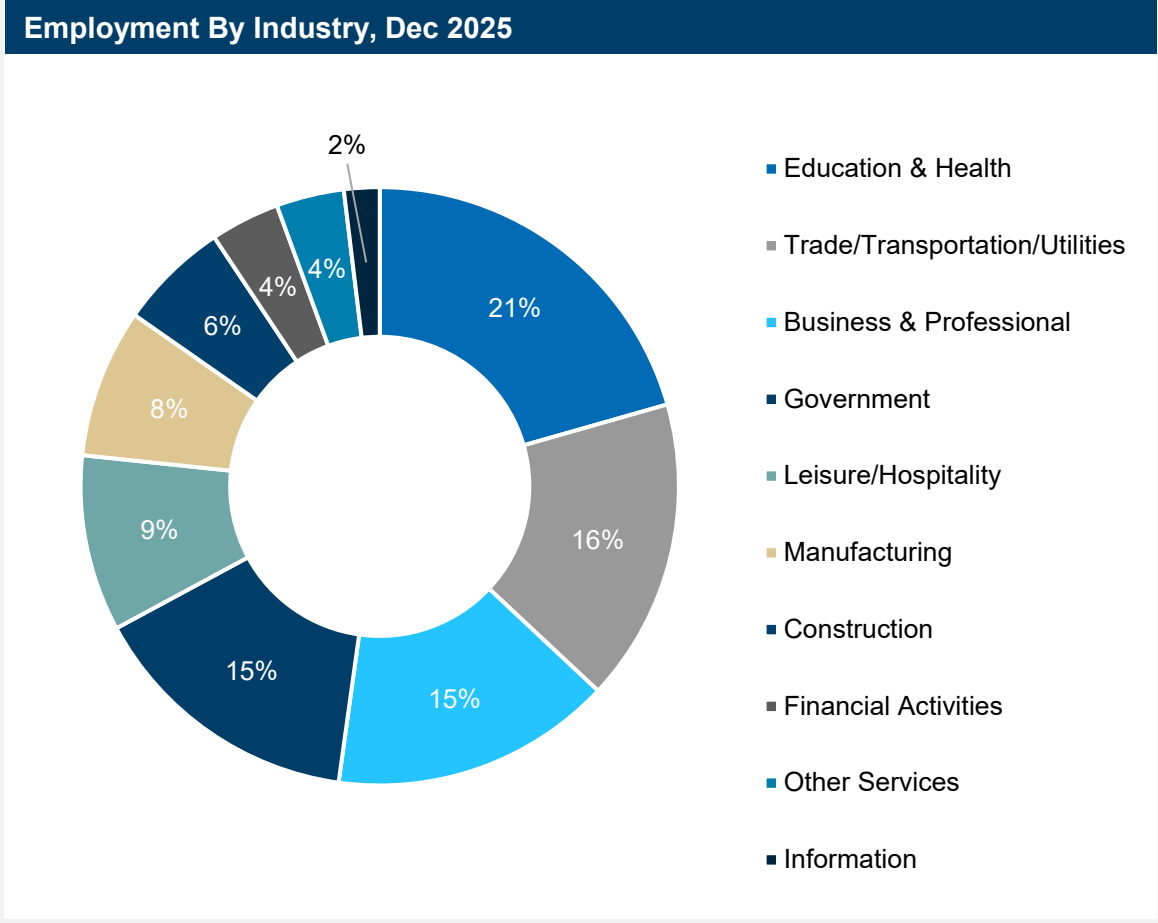
The East Bay unemployment rate ended January 2026 at 4.3%, 40 basis points lower than the national rate, and unchanged from the start of 2025. Unemployment rates remained above pre-pandemic levels.



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

Office-Using Employment Down

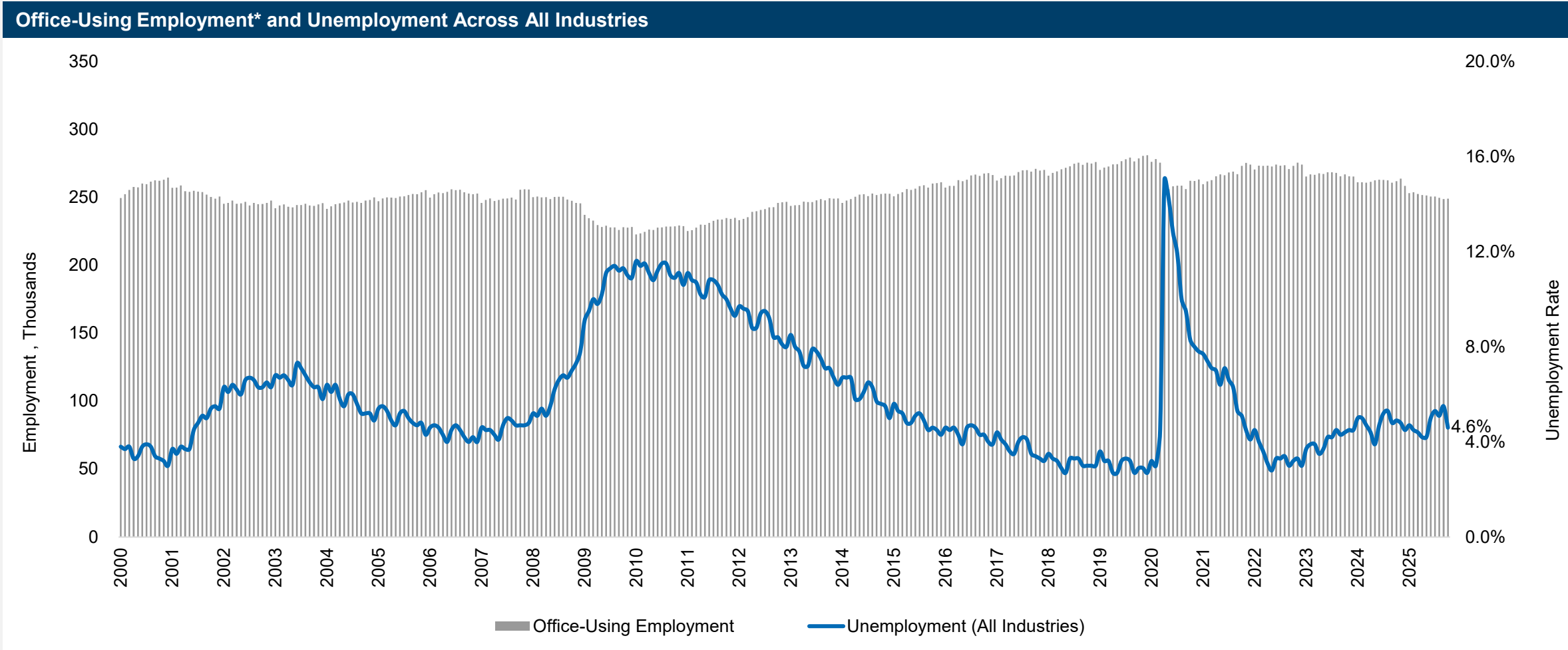
All three office using sectors continued to experience negative growth over a 12-month period; with the Information sector experiencing the largest decline (-4.2%).



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

Overall Office-Using Employment Still Lower than Pre-Pandemic

The number of office jobs in the East Bay has yet to recover to pre-pandemic levels, with about 14,000 fewer office-using jobs. Office-using employment is now just below early-2015 levels.



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties). Note: November 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.



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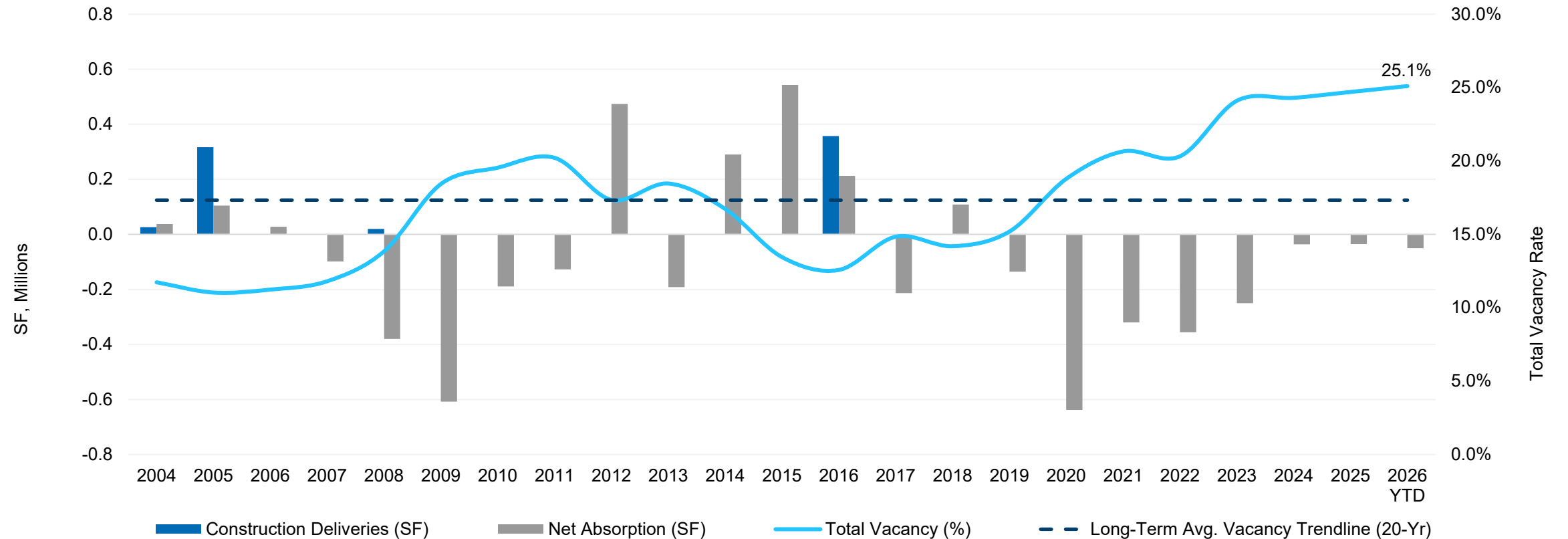
Leasing Market Fundamentals

1Q26

Vacancy Slightly Increased in 1Q26

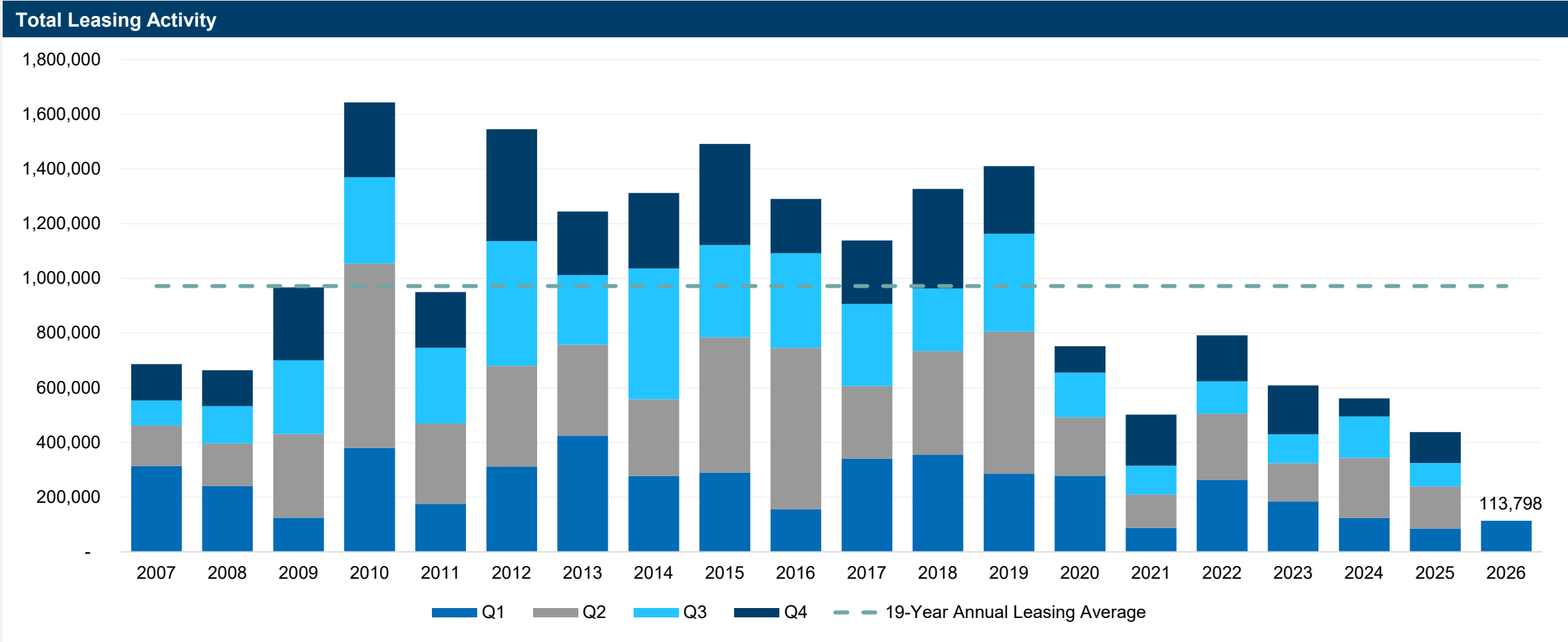
As of the close of the first quarter of the year, the vacancy rate increased by 40 basis points compared with the 4Q25. Net absorption totaled negative 50,439 square feet in the quarter, mainly due to vacancy of second-generation spaces added to the submarkets Walnut Creek Shadelands and Walnut Creek BART.

Historical Construction Deliveries, Net Absorption, and Vacancy



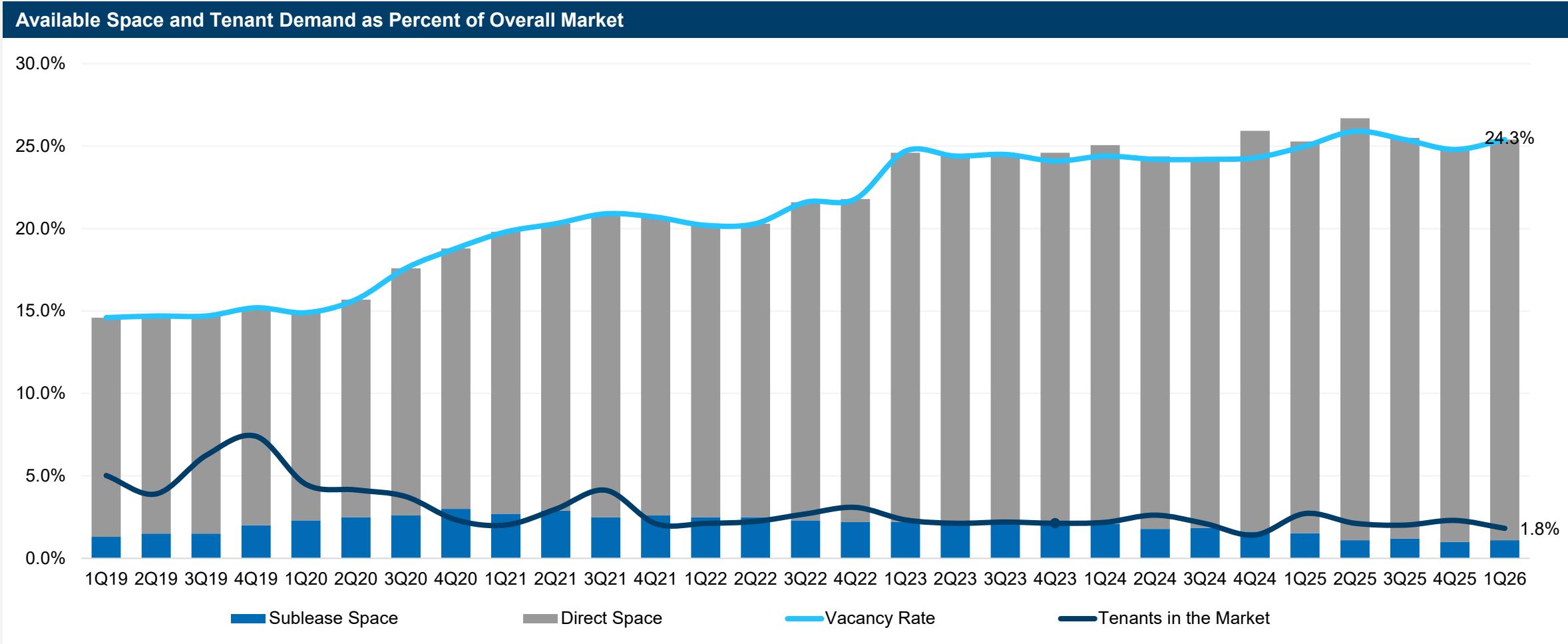
Leasing Activity Remains Slow

Although leasing activity in 1Q26 was 28,000 square feet higher than 1Q25, leasing activity remains below pre-pandemic levels, with momentum continuing to wane. Many companies remain cautious as they navigate ongoing economic uncertainty and asses long-term market conditions.



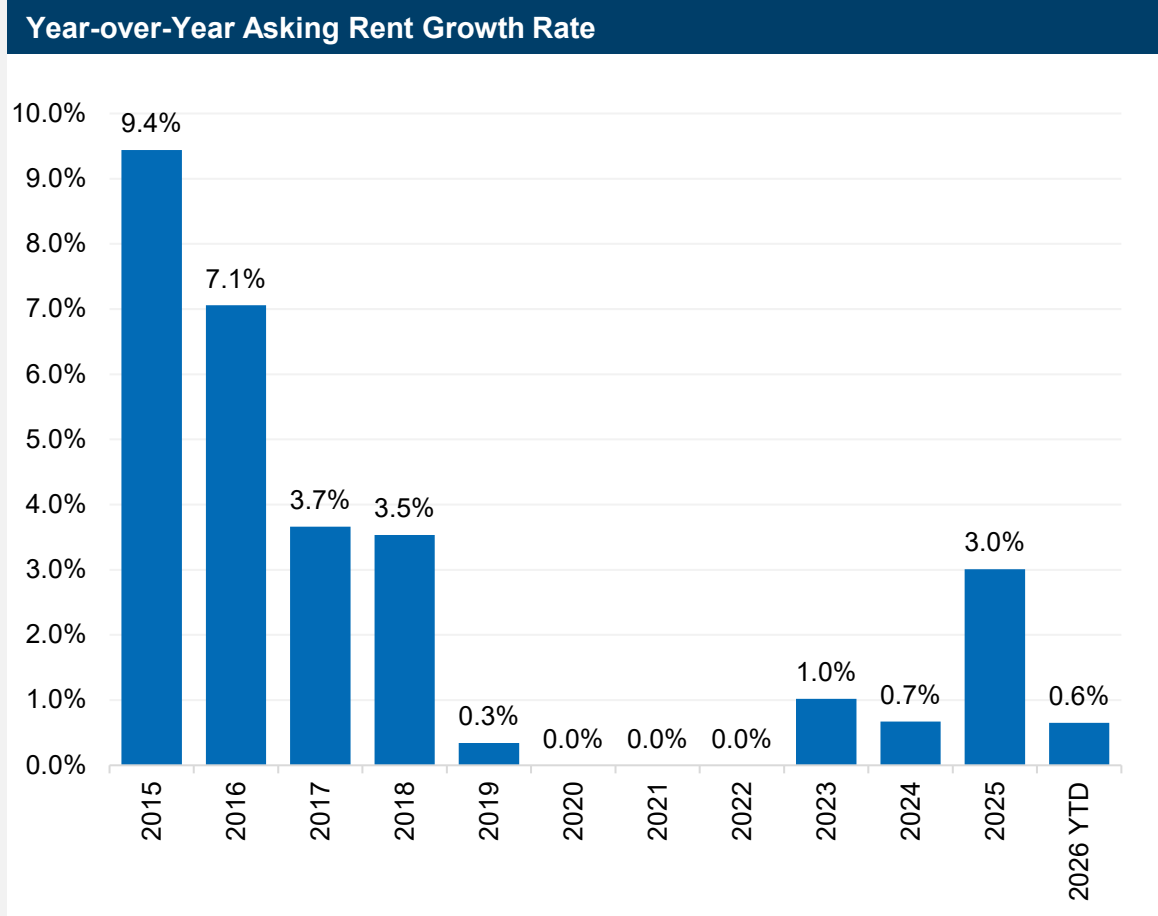
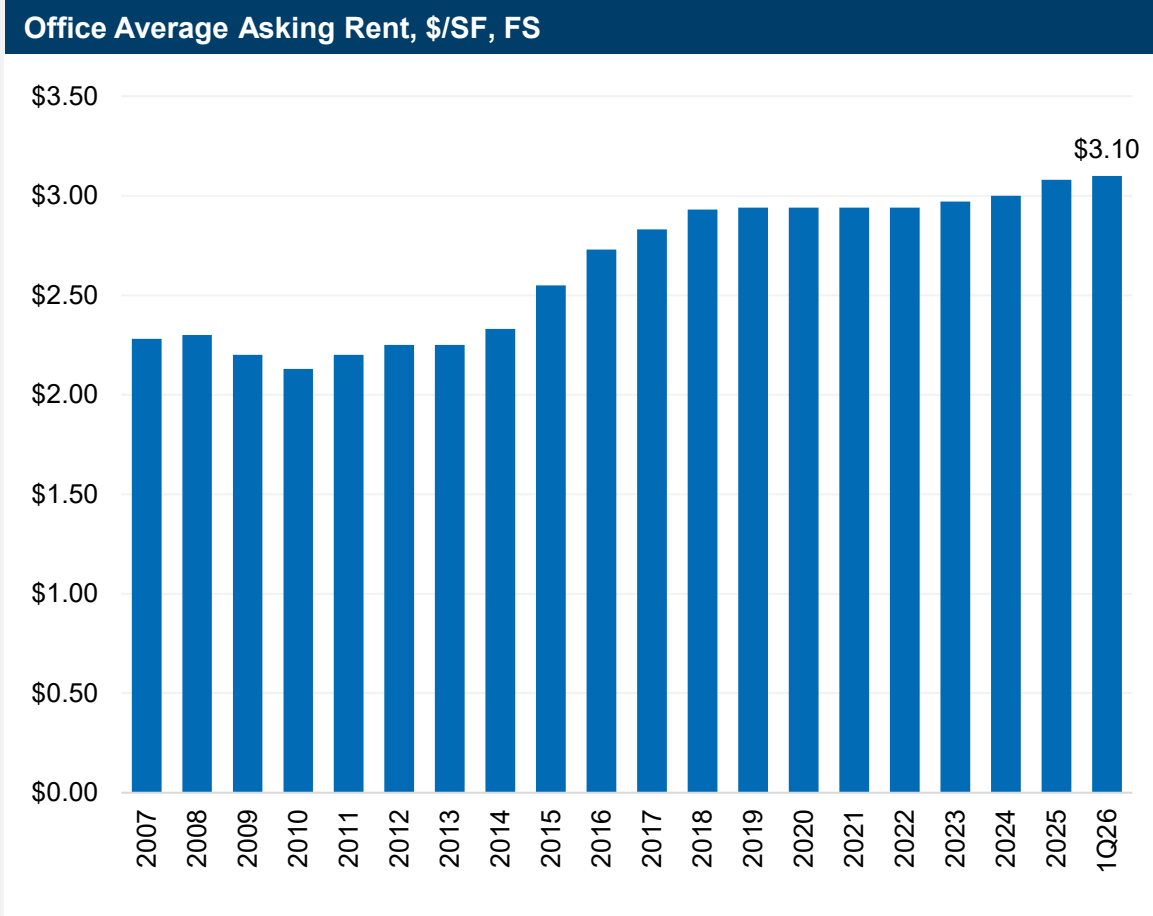
Tenant Demand Decreased in 1Q26

Availability of direct spaces increased by almost 50 basis points in 1Q26, while sublease availability only increased by 10 basis points. Aligned with the increase on the vacancy rate, the tenant demand decreased by 50 basis points, going from 2.3% in 4Q25 to 1.8% in 1Q26.



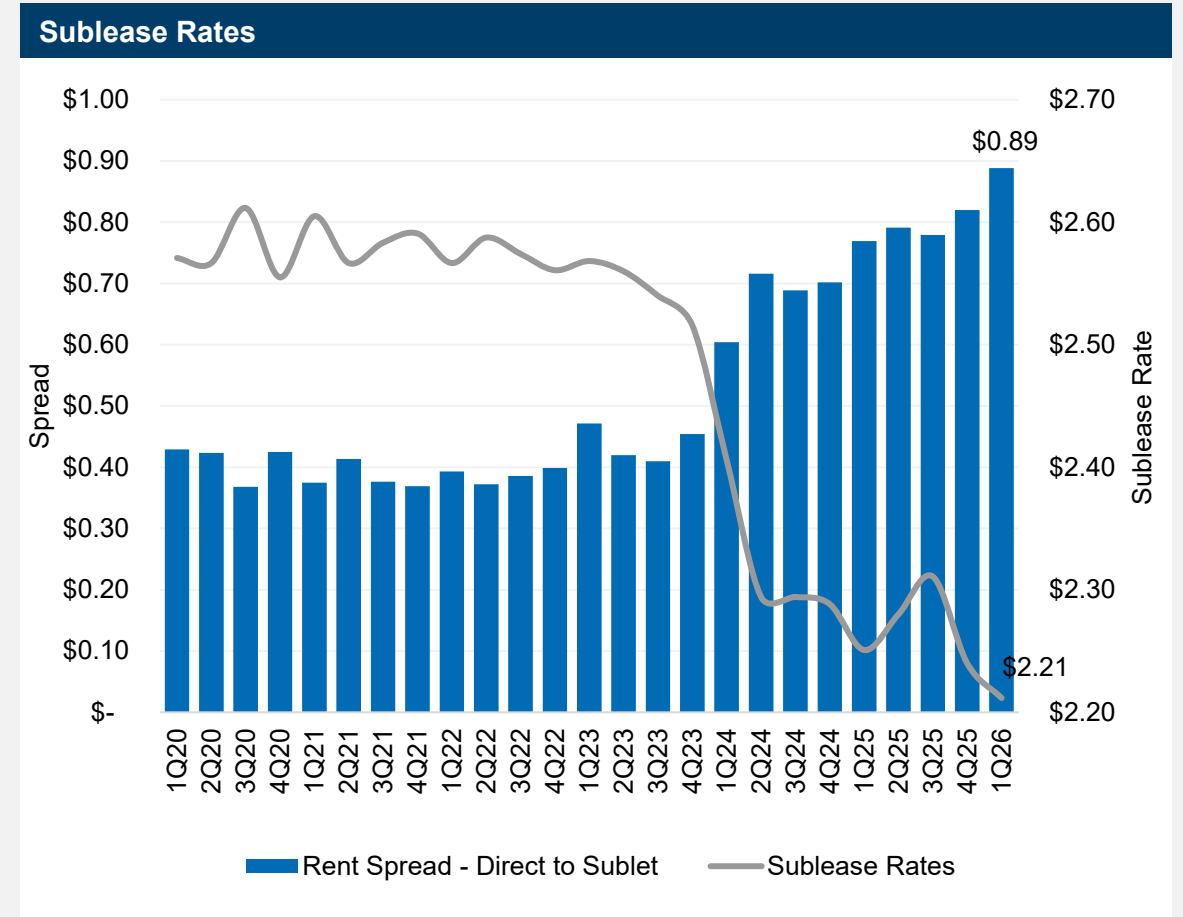
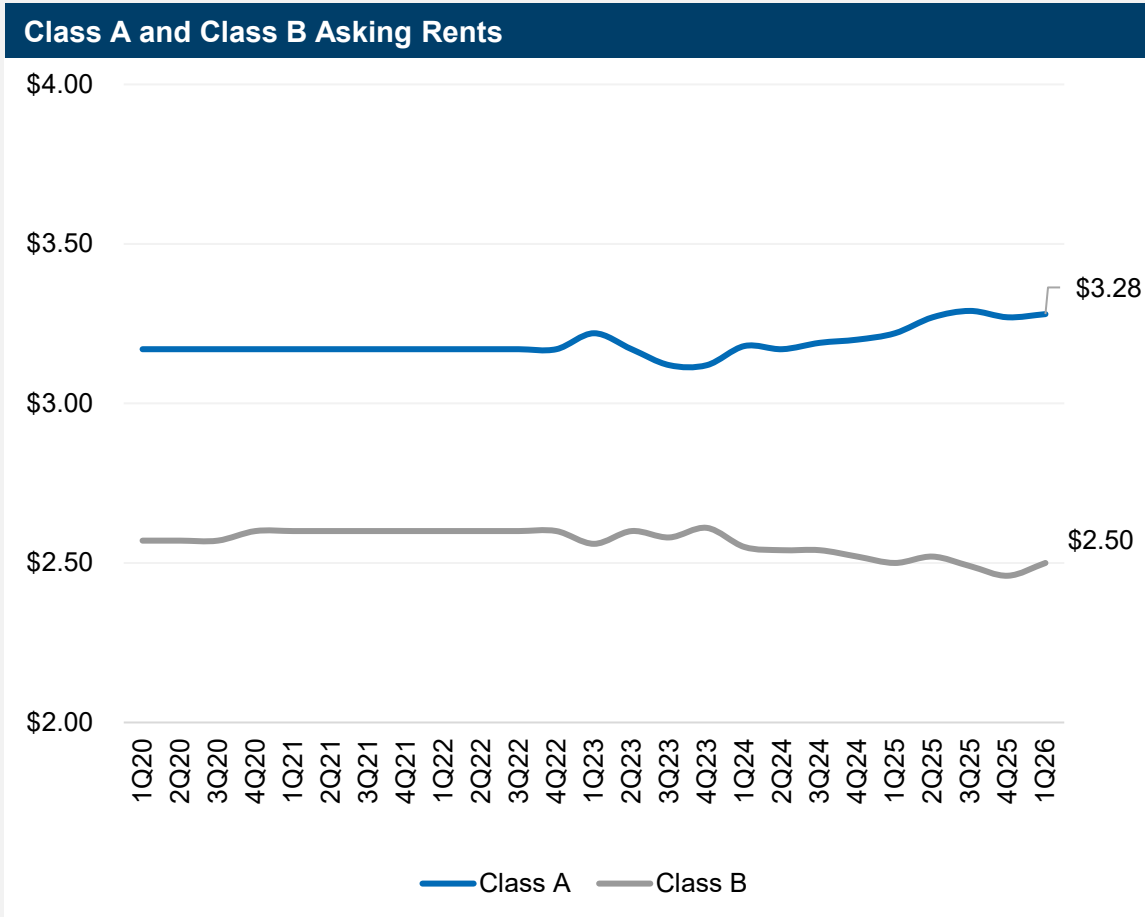
Direct Asking Rents Increased Slightly

Even though the availability of office space increased, rents remained stable during the first quarter of the year. Year-over-year growth reached 0.6%.



Sublease Rates Continue Decreasing

As of the close of 1Q26, direct asking rates increased at a faster pace than sublease rates, widening the rent spread by \$0.07 per square foot. While direct rates remained steady, sublease rates declined by \$0.03 per square foot.



First Quarter Lease and Sale Transactions

As of the close of the first quarter of the year, leasing activity in the East Bay was primarily concentrated in Walnut Creek submarkets. The largest lease was executed by Golden State Orthopedics & Spine at 2625 Shadelands Drive in Walnut Creek - Shadelands, totaling 45,922 square feet; while sales activity was concentrated in Concord, where AXS Opportunity Fund purchased 1655 & 1755 Grant St. buildings, totaling 477,502 square feet at \$41.9 million.

Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Golden State Orthopedics & Spine	2625 Shadelands Drive	Walnut Creek – Shadelands	Lease Extension	45,922
Berding & Weil	2175 N California Blvd	Walnut Creek – Walnut Creek BART	Lease Extension	15,095
Cigna Health & Life Insurance Company	1277 Treat Blvd	Walnut Creek – Pleasant Hill BART	Direct Lease	10,054
SS&C Technologies	1255 Treat Blvd	Walnut Creek – Pleasant Hill BART	Direct Lease	9,824
PNC Bank National Association	1331 N California Blvd	Walnut Creek – Downtown	Direct Lease	9,547

Notable 1Q26 Sale Transactions

Building Address	Square Footage	Buyer	Seller	Submarket	Sale Price	Price Per Square Foot
1655 Grant St	292,896	AXS Opportunity Fund	Partners Group AG	Concord	24,000,000	\$83
1755 Grant St	184,606	AXS Opportunity Fund	Partners Group AG	Concord	17,900,000	\$97
785 Ygnacio Valley Rd	5,100	Siddharth Singh	Swanmap7 Trust	Walnut Creek - Downtown	1,900,000	\$372

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Appendix

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