



NEWMARK

East Bay Industrial Market Overview

1Q26

NMRK.COM

Market Observations



Economy

- The East Bay unemployment rate ended January 2026 at 4.3%, 40 basis points below the national rate, and unchanged from the start of 2025. Unemployment rates remained above pre-pandemic levels.
- Year-over-year job growth was positive only in Education and Health, Leisure/Hospitality, Government and Other Services. The three industrial using sectors: Trade/Transportation/Utilities, Construction and Manufacturing all experienced negative growth.
- Overall, the U.S. economy remains stable, though trade policies and global conflicts are adding pressure and uncertainty to the outlook for the rest of the year.



Leasing Market Fundamentals

- The industrial market experienced 2,054,094 square feet of negative absorption in first quarter, mainly due to space returning to the market in Hayward.
- Vacancy rates increased 110 basis points in 1Q26 compared with the previous quarter, closing at 9.9%. Most vacancy was concentrated in Warehouse/Distribution buildings, which accounted 47% of the total vacancy (8,172,612 square feet), while R&D/Flex accounted for 27% of total vacant space.
- In 1Q26, construction activity closed with 641,628 square feet under construction, Fremont is the most active submarket in the East Bay, with 50% of the total activity or 323,344 square feet.



Major Transactions

- The largest direct lease of the quarter was a 267,099 SF space signed by Tesla Motors at 4900 Milmont Drive in Fremont.
- In 1Q26, Outform Inc. subleased 154,886 square feet at 4100 Whipple Road in Union City, representing the largest sublease in the market.
- Several properties were sold during the first quarter of the year, primarily for investment purposes. WPT Capital Advisors recorded the largest single-property transaction, acquiring 374,725 square feet at 8350 Pardeee Drive for \$119 Million, or \$317 per square foot.
- Portfolio purchases also increased in 1Q26. Morgan Stanley purchased a two-property portfolio in Fremont totaling 290,000 square feet for \$110.3 Million, or \$380 per square foot. Ares Management purchased over 7.3 million square feet across 13 states, including 144,483 square feet in the East Bay Industrial market; these two properties were acquired for \$43.8 Million.



Outlook

- Tariffs threaten supply chain in the East Bay Industrial market and will continue to affect productivity at the Port of Oakland. The cost of goods, along with complex import/export regulations, will remain important considerations in 2026 as they continue to affect many factors in the industrial market.
- Geopolitical instability is affecting several sectors in the East Bay Industrial market. In 1Q26, distribution and logistics recorded the largest amount of industrial space vacated
- Demand has remained strong in the South 880 corridor, especially in the Fremont submarket, driven primarily by increased advanced manufacturing activity and proximity to Silicon Valley.

Table of Contents

1. Economy
2. Leasing Market Fundamentals
3. Appendix / Tables

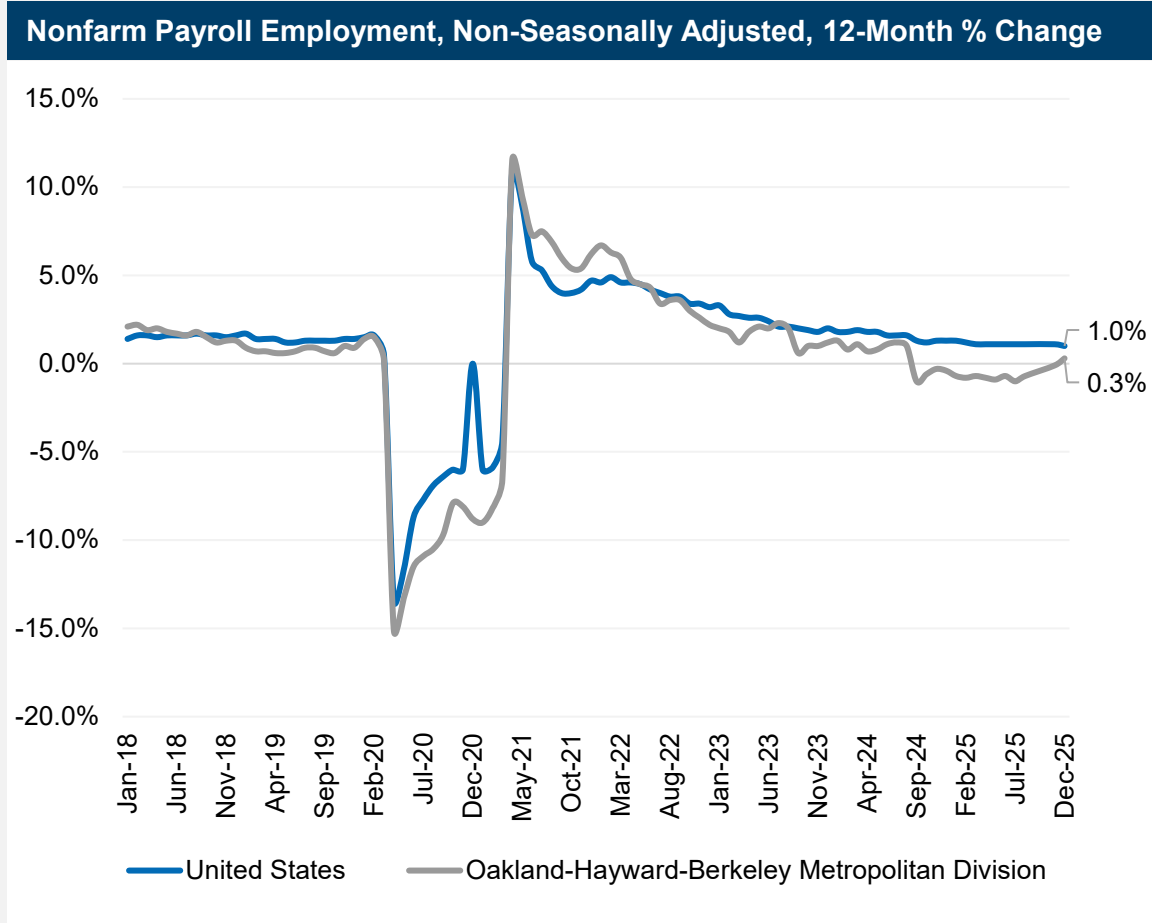
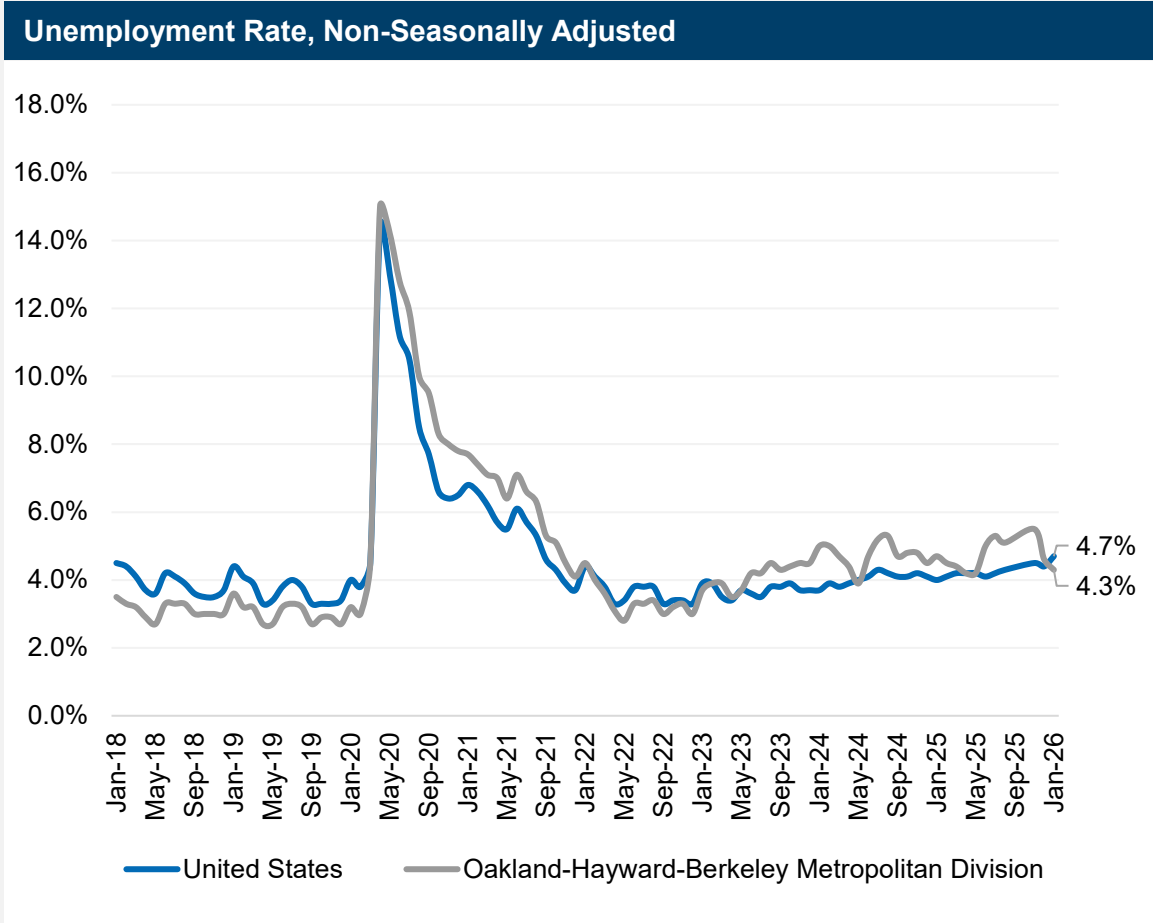
01

Economy



Metro Employment Trends: A Slight Comeback

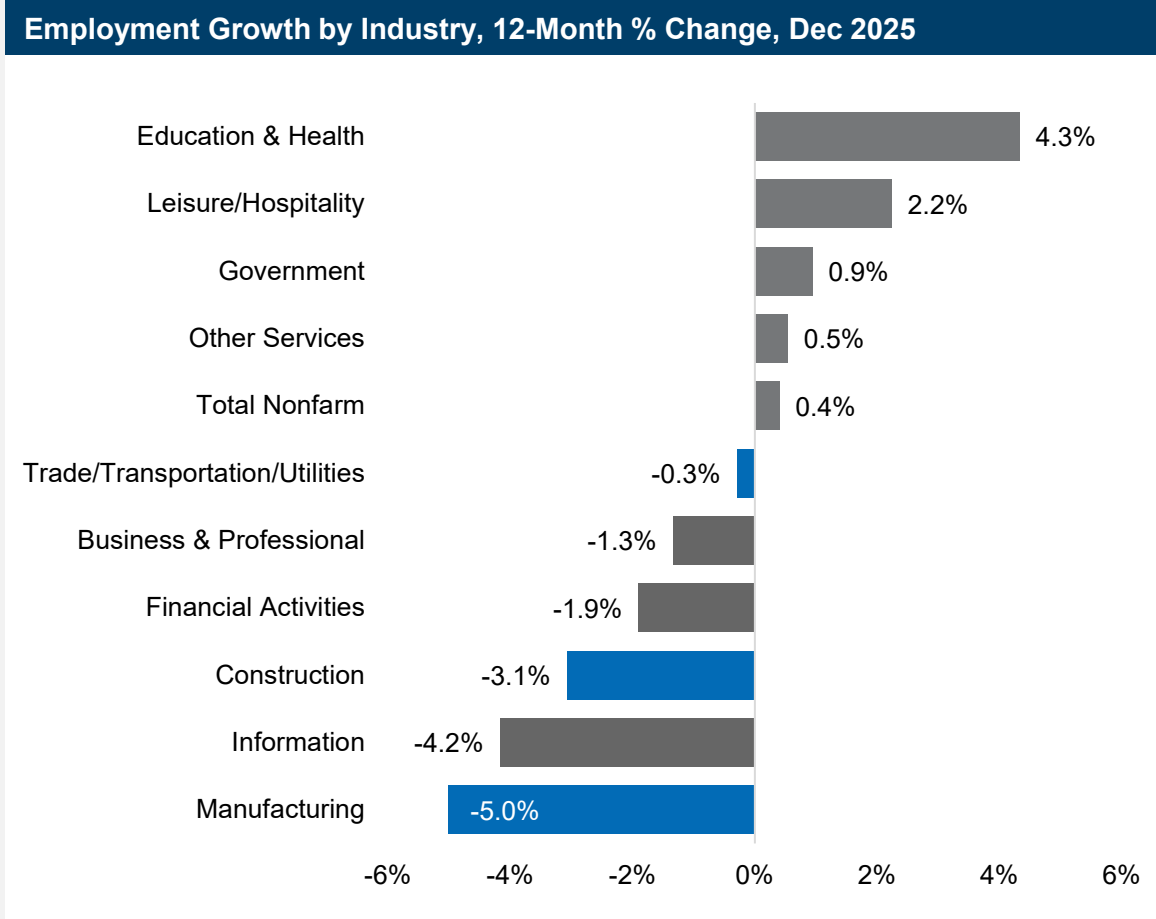
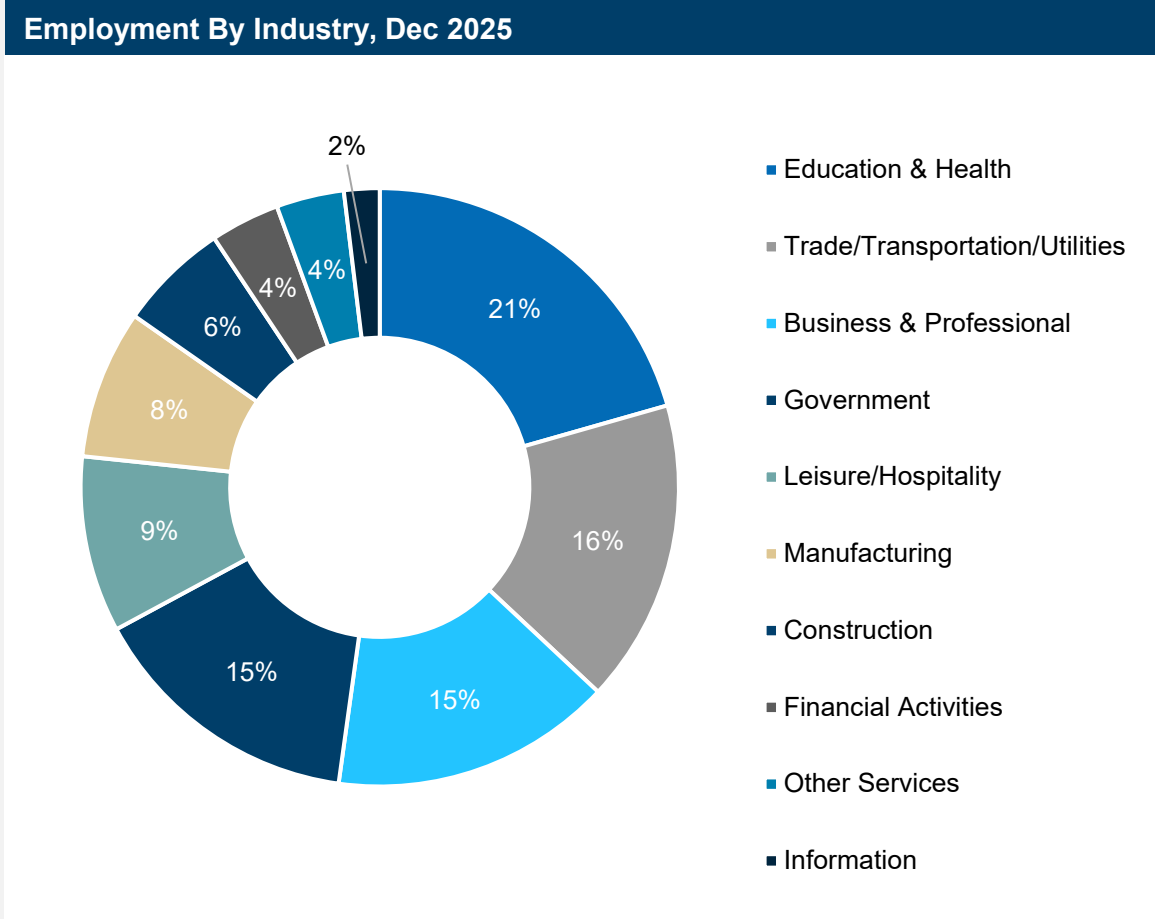
The East Bay unemployment rate ended January 2026 at 4.3%, 40 basis points lower than the national rate and unchanged from the start of 2025. Unemployment rates remained above pre-pandemic levels.



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

Industrial-Using Employment Declines

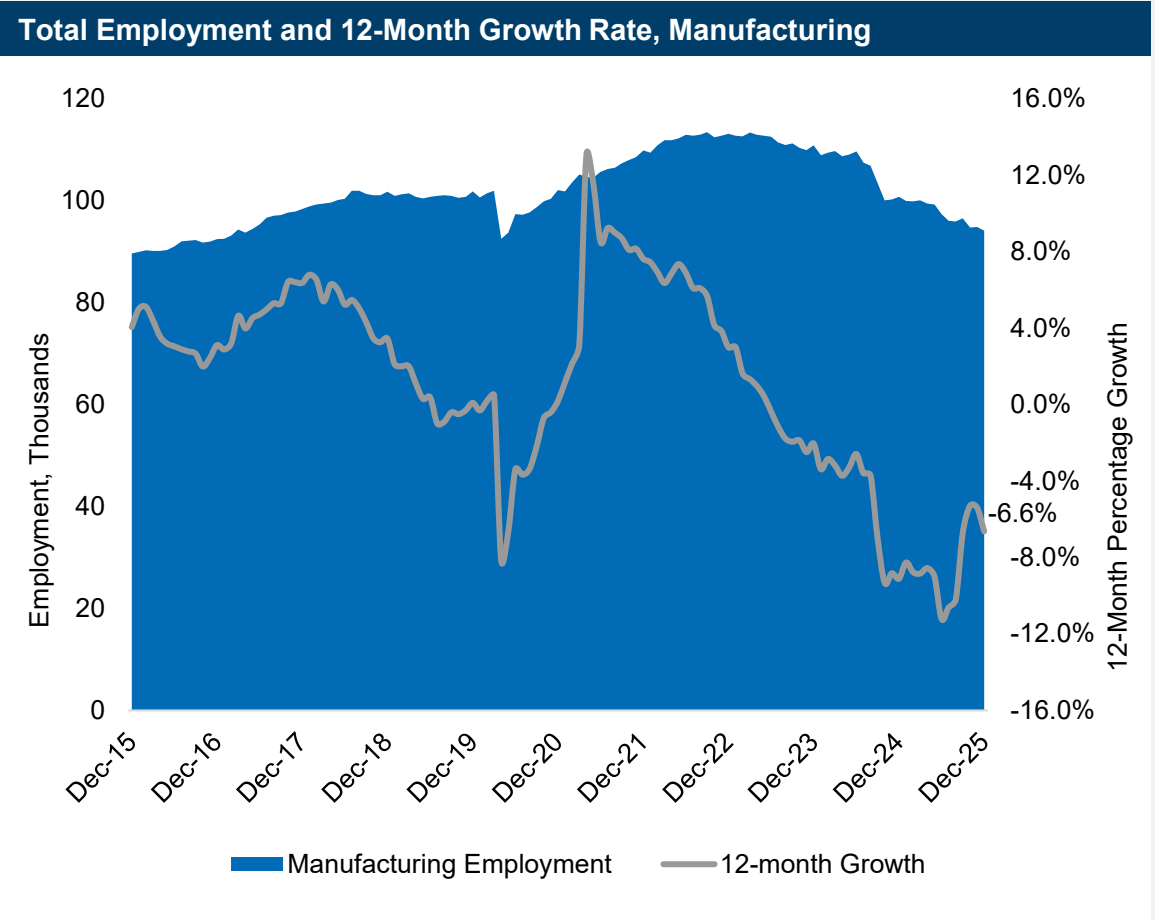
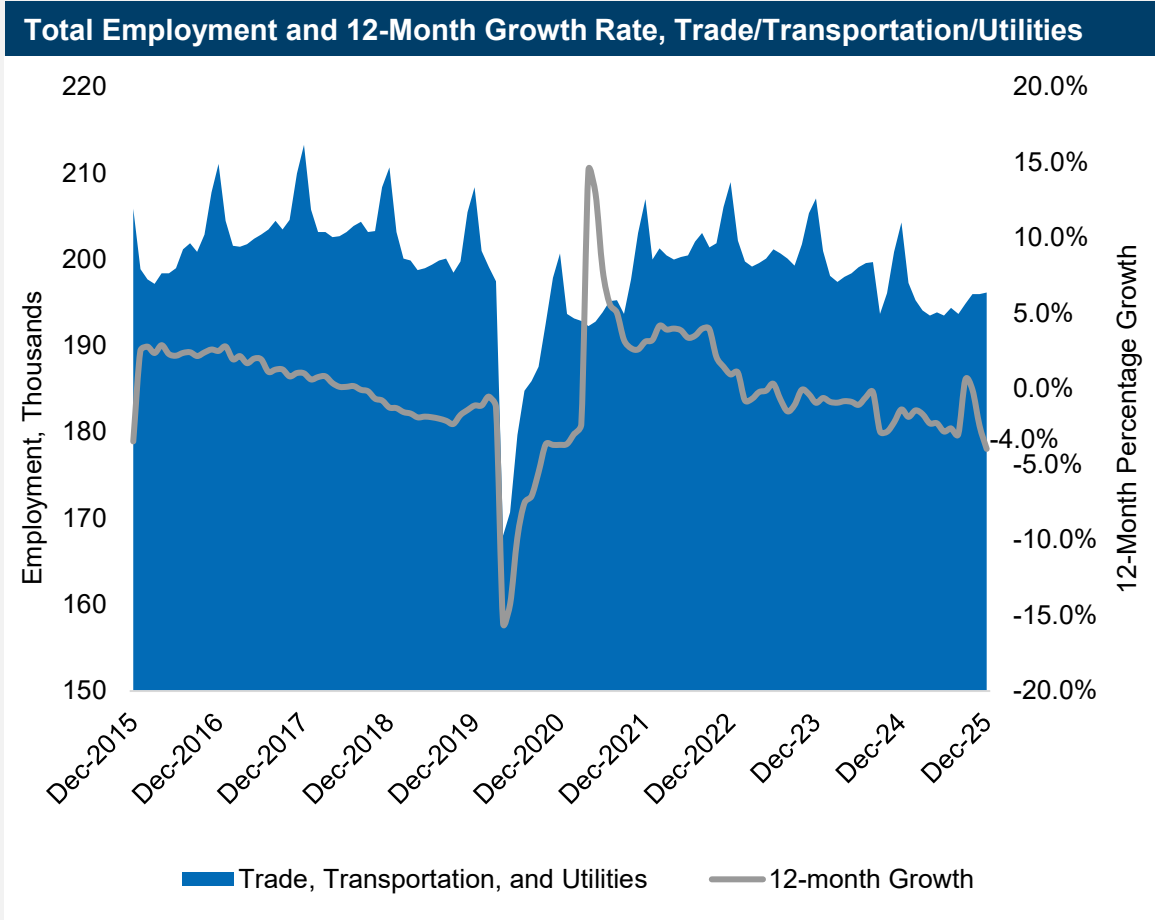
All three industrial-using sectors continued to experience negative growth over a 12-month period, with the Manufacturing sector experiencing the largest decline (-5.0%).



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

Industrial Employment Shows Signs of Cooling

Following the pandemic-driven surge, employment in the Trade, Transportation, and Utilities sector, as well as the Manufacturing sector, continues to trend back toward pre-pandemic levels. Through 2025, The Trade, Transportation, and Utilities sector recorded only slight variations in employment but still 5% below pre-pandemic levels. In the Manufacturing sector, employment decreased 6.6% compared with December 2024.



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley



02

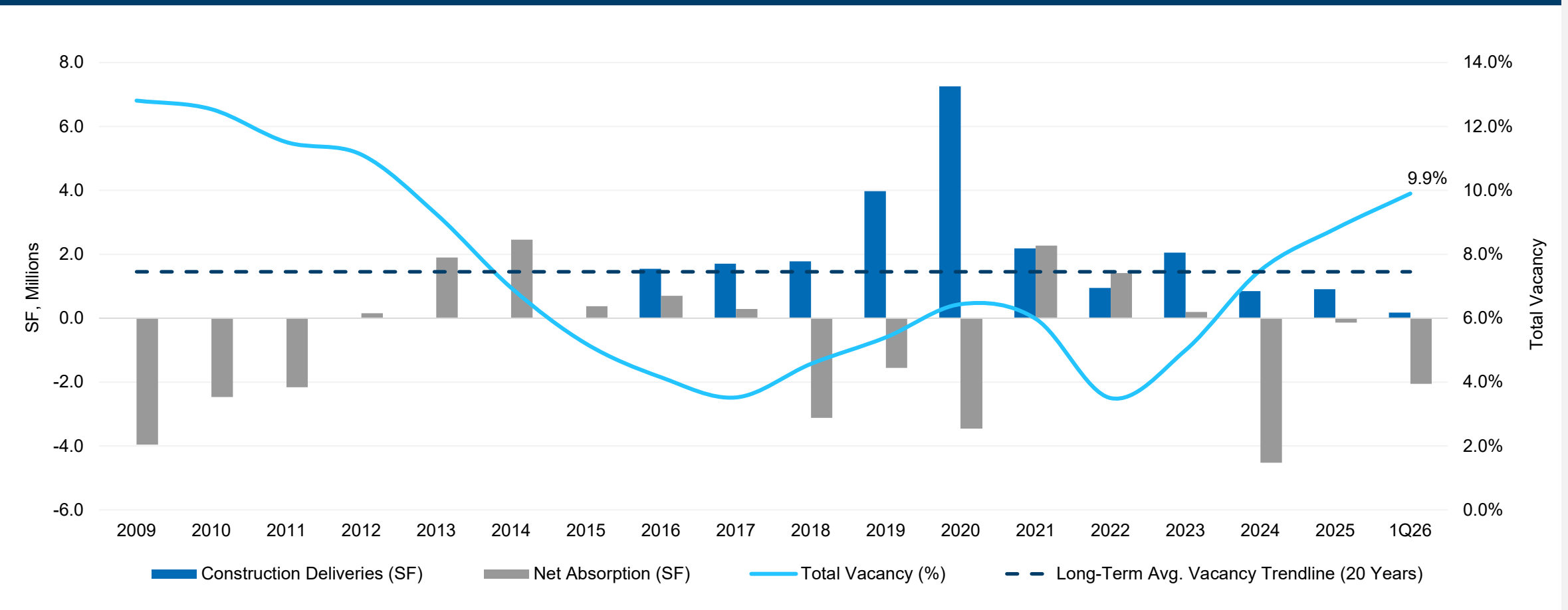
Leasing Market Fundamentals

1Q26

Vacancy Remained Elevated Year-over-Year

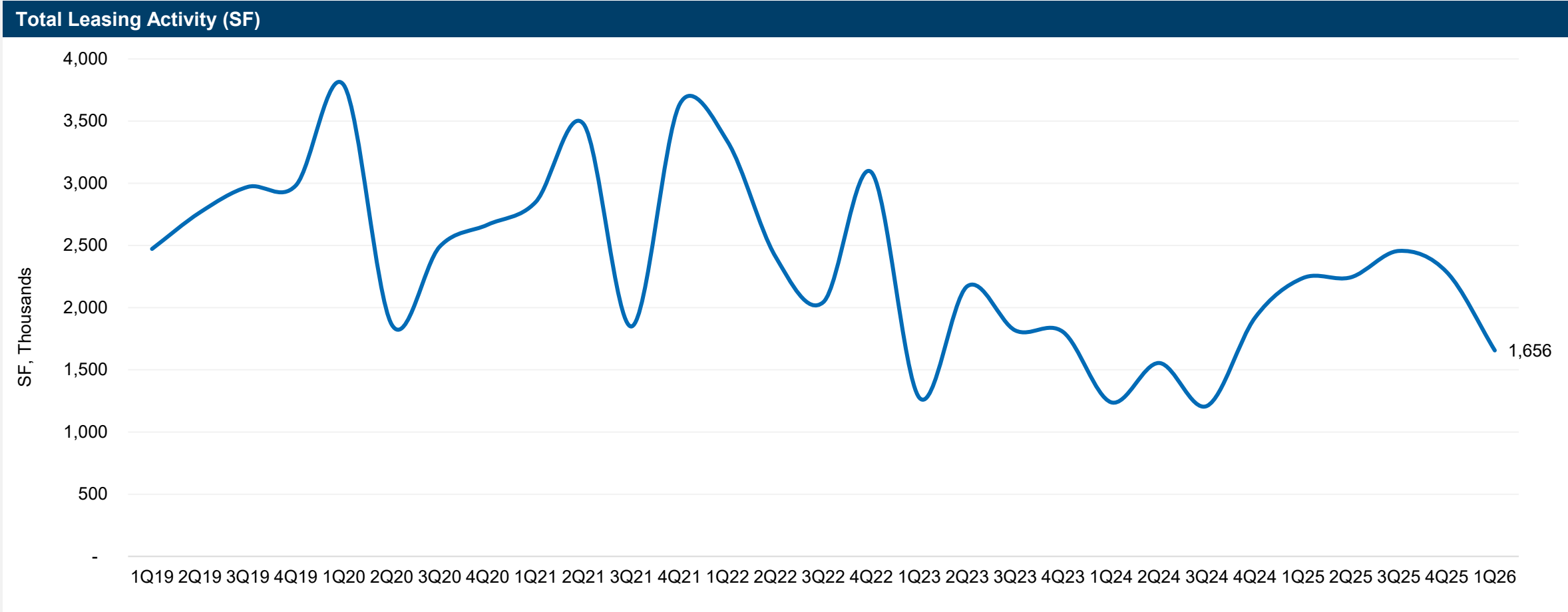
As of the first quarter, The East Bay industrial vacancy rate increased 110 basis points compared with 4Q25 closing at 9.9%. The market recorded its second-highest negative absorption for a single quarter in the last 15 years, with -2,054,094 square feet. This negative absorption was mainly driven by the vacancy of large spaces over 60,000 square feet occupied by logistics companies.

Historical Construction Deliveries, Net Absorption, and Vacancy



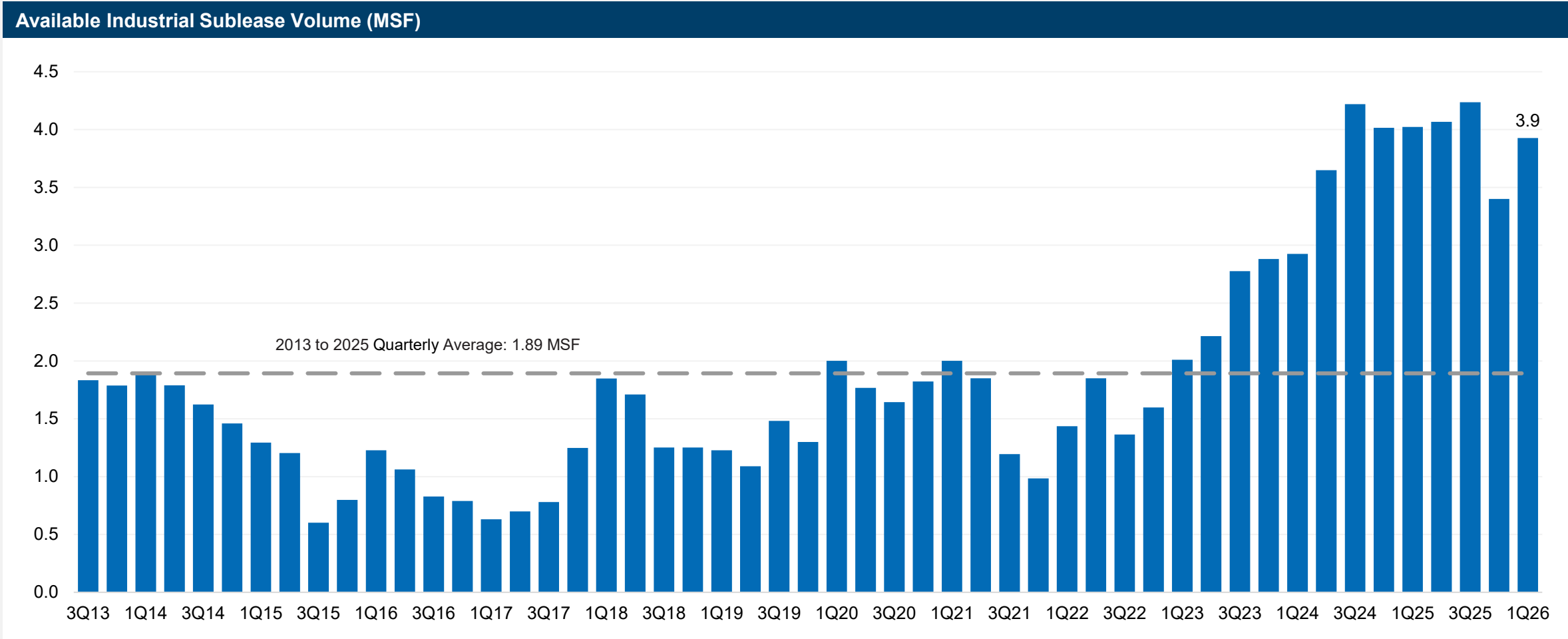
Industrial Leasing Activity Declines

Overall leasing activity declined by approximately 500,000 square feet in 1Q26 compared with the prior quarter. Despite the slowdown, activity was broadly distributed across all submarkets, with Fremont leading the region at 513,008 square feet of leases signed, followed by Hayward and San Leandro with 346,088 and 247,502 square feet, respectively. These three submarkets together accounted for 67.0% of the leasing activity in the market.



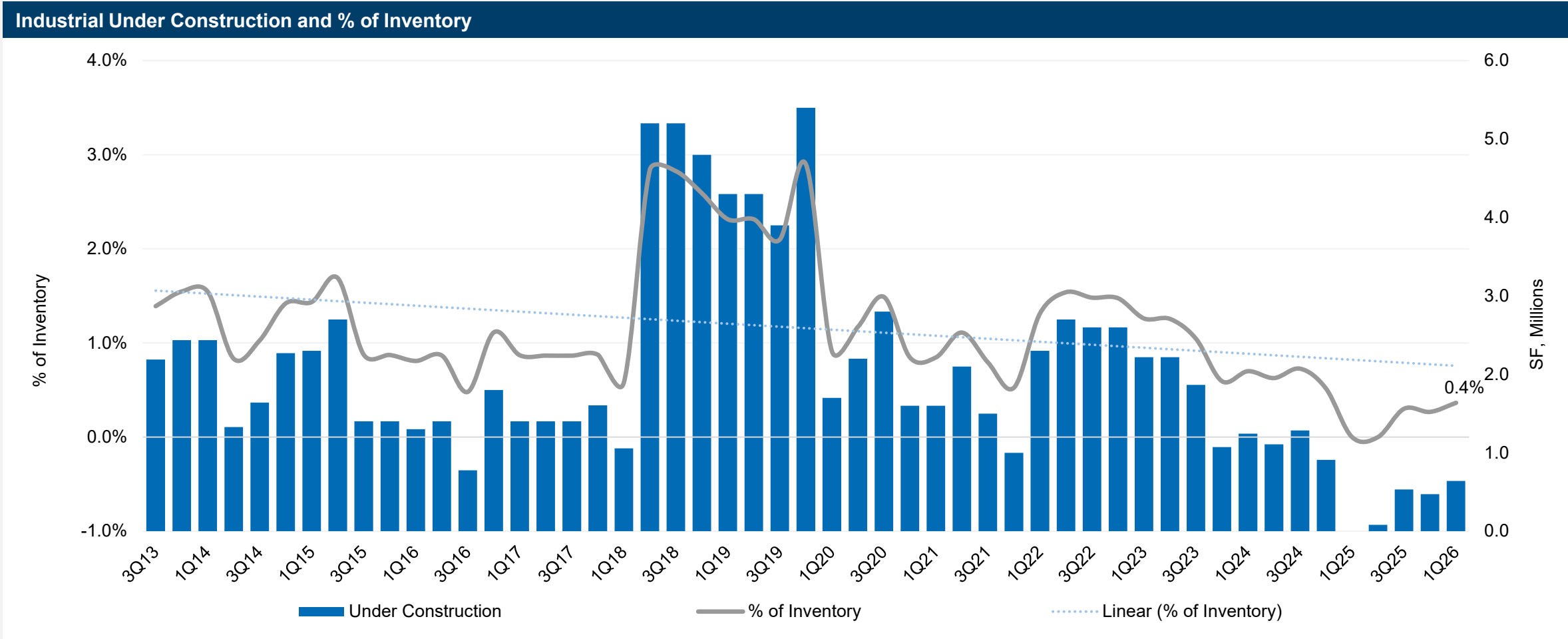
Industrial Sublease Availability Increased in 1Q26

Sublease availability in the East Bay market increased to 3.9 million square feet in the first quarter of the year. Fremont has the most sublease space, representing 40.0% of the total, or 1.6 million square feet. Most of this space is located in R&D/Flex buildings (938,194 square feet).



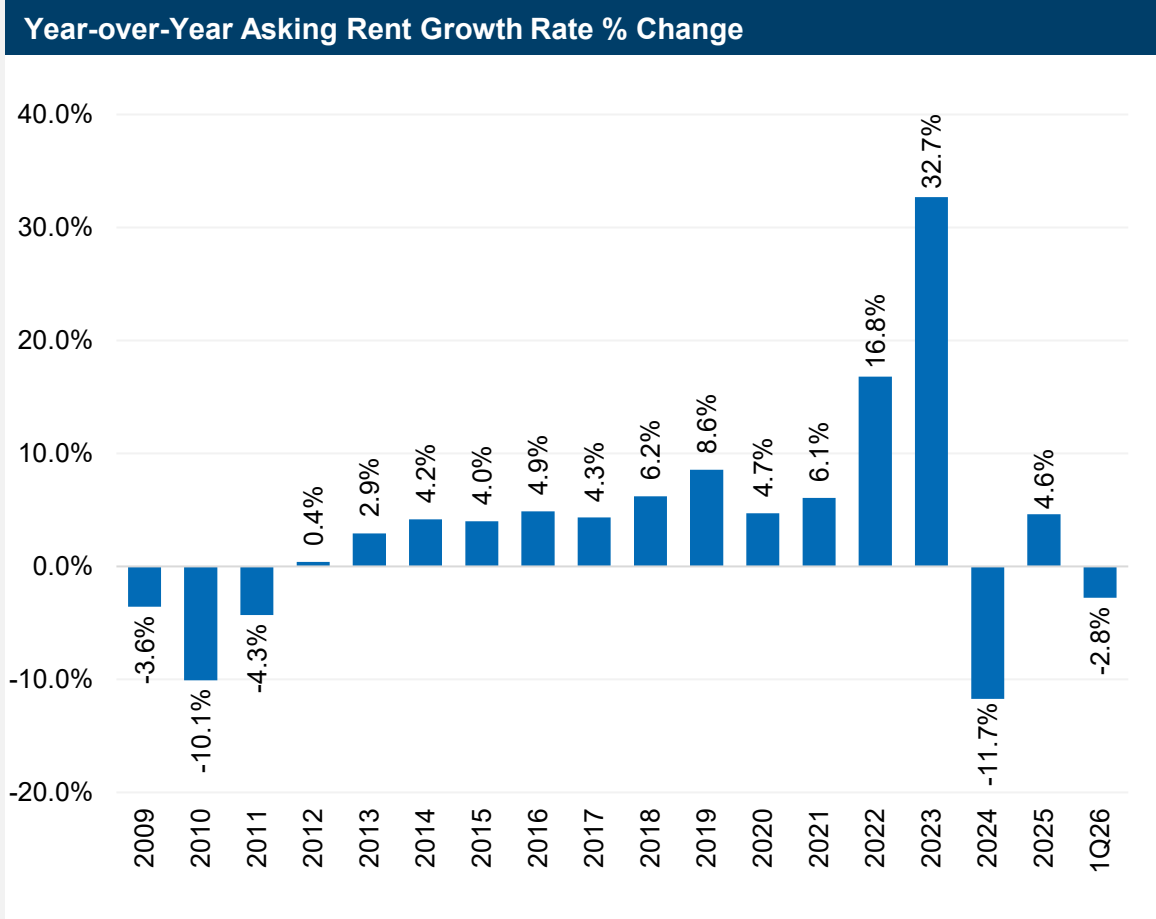
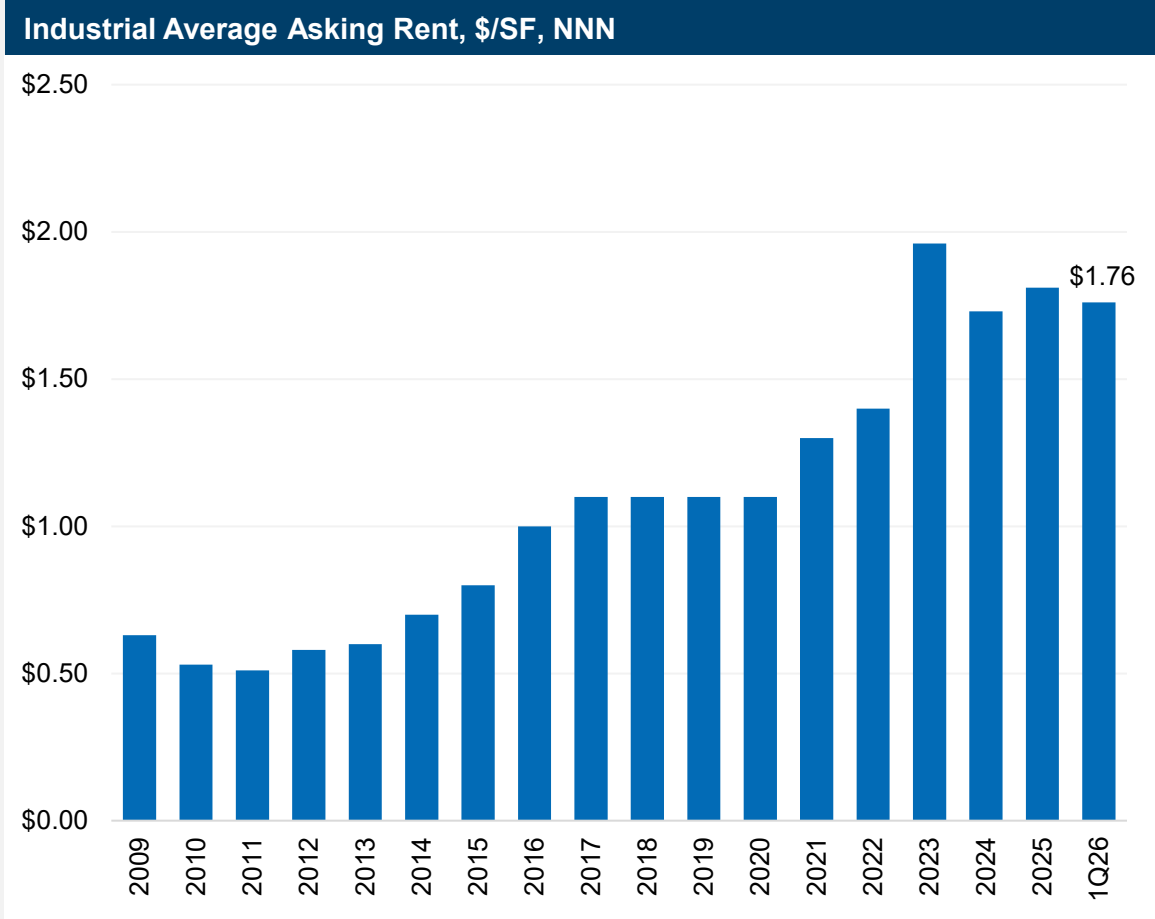
Industrial Supply Pipeline

The construction pipeline in the Oakland industrial market has slowed considerably in recent years, driven by softer market fundamentals and a more restrictive lending environment. Currently, there are 641,628 square feet under construction in the East Bay Industrial market, Fremont is the most active submarket, totaling 50.0% of the construction activity.



Industrial Asking Rent Growth

Due to the increase in the vacancies in 1Q26, industrial asking rents dropped slightly, decreasing by \$0.05 per square foot compared with the previous quarter. While demand persists, ongoing supply deliveries, interest-rate volatility, and macroeconomic uncertainty are weighing on asking rents.



Notable 1Q26 Lease Transactions

During the first quarter of the year, several lease transactions exceeding 100,000 square feet were completed across the market. Although leasing activity remained subdued in portions of the East Bay Industrial market, the execution of these large-scale deals signals early indications of a renewed tenant demand. Among all the submarkets, Fremont led the leasing activity.

Notable 1Q26 Lease Transactions					
Tenant	Building	Submarket	Type	Product Type	Square Feet
Tesla Motors	49000 Milmont Drive	Fremont – Mission South	Direct Lease	Warehouse/Distribution	267,099
Open AI	1411 Harbour Way S	Richmond	Direct Lease	Warehouse/Distribution	202,371
Outform INC	4100 Whipple Rd Bldg. E	Union City – West	Sublease	Warehouse/Distribution	154,886
All Modular Systems	21001-21005 Cabot Blvd	Hayward – North	Lease Renewal	Warehouse/Distribution	130040
Specialized Packaging Solutions	38505 Cherry St Bldg. B	Newark	Lease Renewal	Warehouse/Distribution	117,115
Quanta Computer	7447 Mortin Avenue	Newark	Direct Lease	Warehouse/Distribution	105,760
Lahlouh	13949-13951 Washington Ave	San Leandro – East	Direct Lease	Warehouse/Distribution	103,789
Bay Area Wholesales Tires & Wheels	6195-6201 Coliseum Way	Oakland – East	Lease Renewal/Expansion	Warehouse/Distribution	86,241
Best Bay Logistics	2001 Maritime Street Bldg. 3	Oakland – West	Sublease	Warehouse/Distribution	79,310*
Beeline Group	2302-2368 Lincoln Avenue	Hayward – North	Direct Lease	Warehouse/Distribution	70,503

*Leased as Yard

Notable 1Q26 Sale Transactions

Several notable sale transactions occurred during 1Q26. WPT Capital recorded the largest acquisition in the market, purchasing 374,725-square-foot property in Oakland. Meanwhile, Ares Management acquired 4 million square feet along the U.S. as part of a sixteen-building portfolio, including two properties in the East Bay Industrial market.

Notable 1Q26 Sale Transactions						
Buyer	Building	Submarket	Square Feet	Total Sales Price	Price per SF	Owner User/Investor
WPT Capital Advisors	8350 Pardee Dr	Oakland – Airport	374,725	\$119,000,000	\$317	Investment
Morgan Stanley & Co	44100 Osgood Rd 44200 – 44280 Osgood Rd (Portfolio Sale)	Fremont – Warm Springs	290,000	\$110,300,000	\$380	Investment
Prologis	41777 Boyce Rd 41494 Boyce Rd 41777 Boyce Rd	Fremont – Auto Mall North	111,675	\$70,100,000	\$62*	Investment
Ares Management Corporation	2710 Lakeview Ct 30803 San Clemente St (Portfolio Sale)	Newark – Bayside Hayward – South	144,483	\$43,800,000	\$303	Investment
Sagard Real estate	20201 Mack St	Hayward – North	68,114	\$20,800,000	\$305	Investment

*Sold as land value

03

Appendix

1Q26

NMRK.COM



Heriberto Quintero

Research Analyst

East Bay Research

Heriberto.Quintero@nrmk.com

East Bay Office

1333 N California Blvd, Ste 343

Walnut Creek, CA 94596

T 925-974-0100

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nrmk.com/insights

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.