NEWMARK

Greater Oakland Office Market Overview

1Q26

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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 the Education and Health, Leisure/Hospitality, Government and Other Services sectors. The three office using sectors, Information, Business and Professional Services, and Financial Activities 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

- Net absorption in the first quarter of the year totaled negative 134,096 square feet, marking the 11th highest negative quarter since 2019.
- The vacancy rate closed 1Q26 at 23.3%, 50 basis points higher than in 4Q25.
- As of the close of the first quarter, sublease spaces increased compared with the previous quarter, and 50% of all sublease space was in the two Downtown Oakland submarkets.

Major Transactions

- A number of tenants at 2150 Shattuck in Berkeley renewed their leases with First Shattuck LLC including MIRI (10,383 RSF), Constellation Institute Inc (6,928 RSF) and Regents of The University of California (2,386 RSF).
- Alta Planning + Design Inc leased an 8,998 RSF space at 180 Grand Avenue in Oakland.
- At 1625 Clay Street in Oakland, TYBA Energy leased 7,279 RSF.
- Several sales occurred during the first quarter:
  - 1814-1820 Franklin Street in Oakland was purchased by Edward Hemmat from First Citizen Bank for $14.4 million, or $98 per square foot.
  - 7717 Edgewater Drive in Oakland was purchased by Cards & Comics Central from Mark A & Lisa B Moss Trust for $2.4 million, or $101 per square foot.
  - 2927 Newbury Street was purchased by Scopely from Newbury Properties for $1.6 million, or $219 per square foot.

Outlook

- The Oakland office market is in the middle of a basis reset and we expect buildings to continue to trade hands. New owners can be more aggressive and tend to transact more frequently.
- The best overall deals completed by tenants in the market involved transactions that made use of second-generation build-outs.
- As asking rents continue their downward trend and a wide range of vacant space remains available, tenants are in a strong negotiation position.

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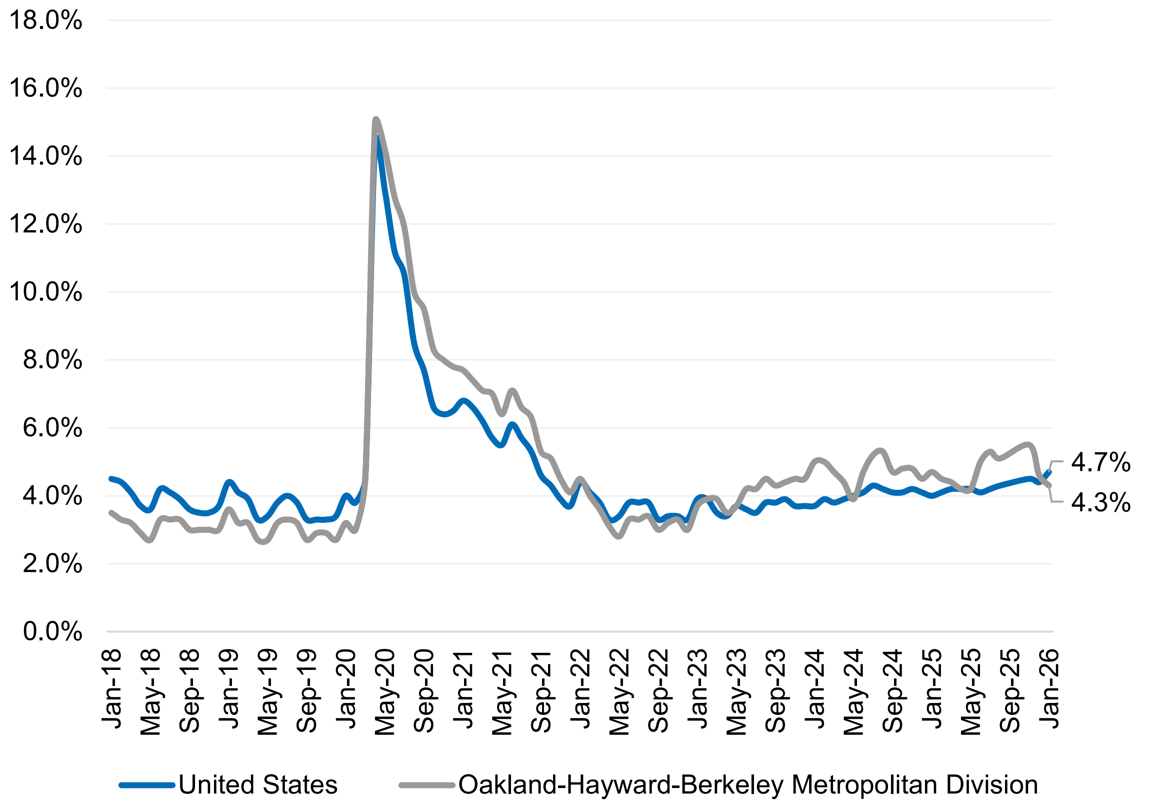
Economy

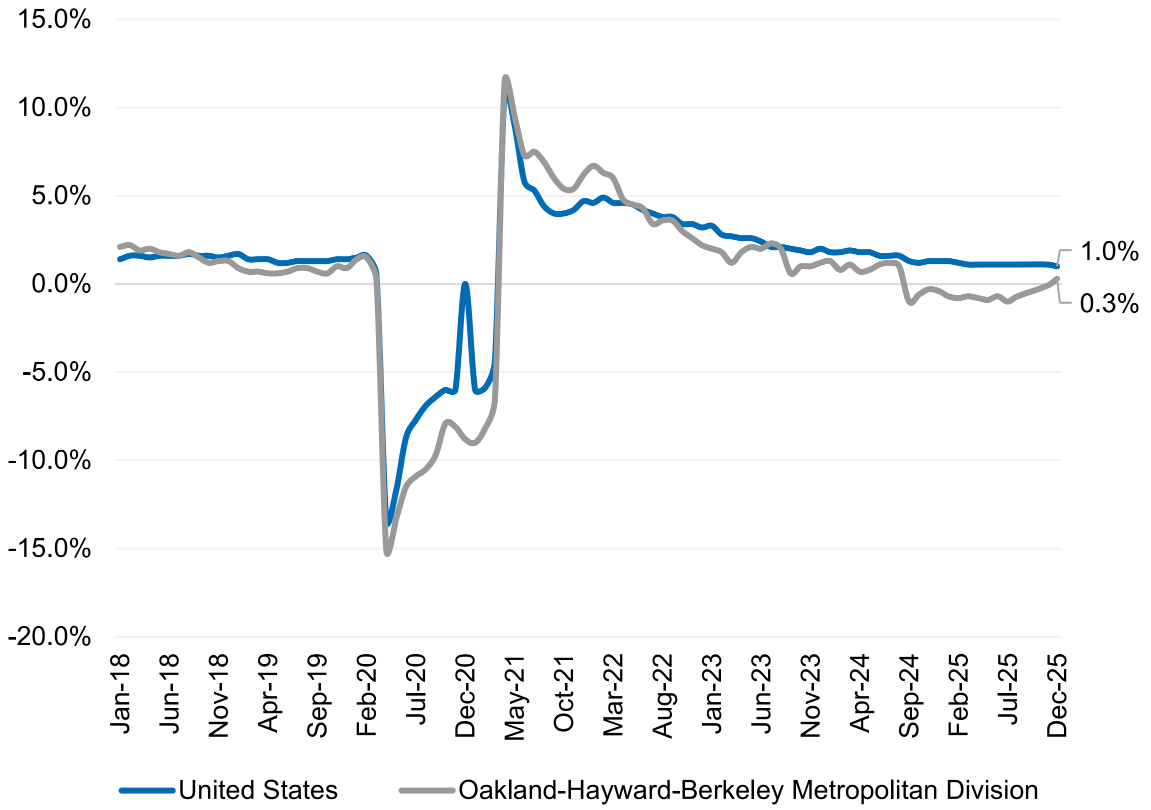
Metro Employment Trended a Slight Comeback

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.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

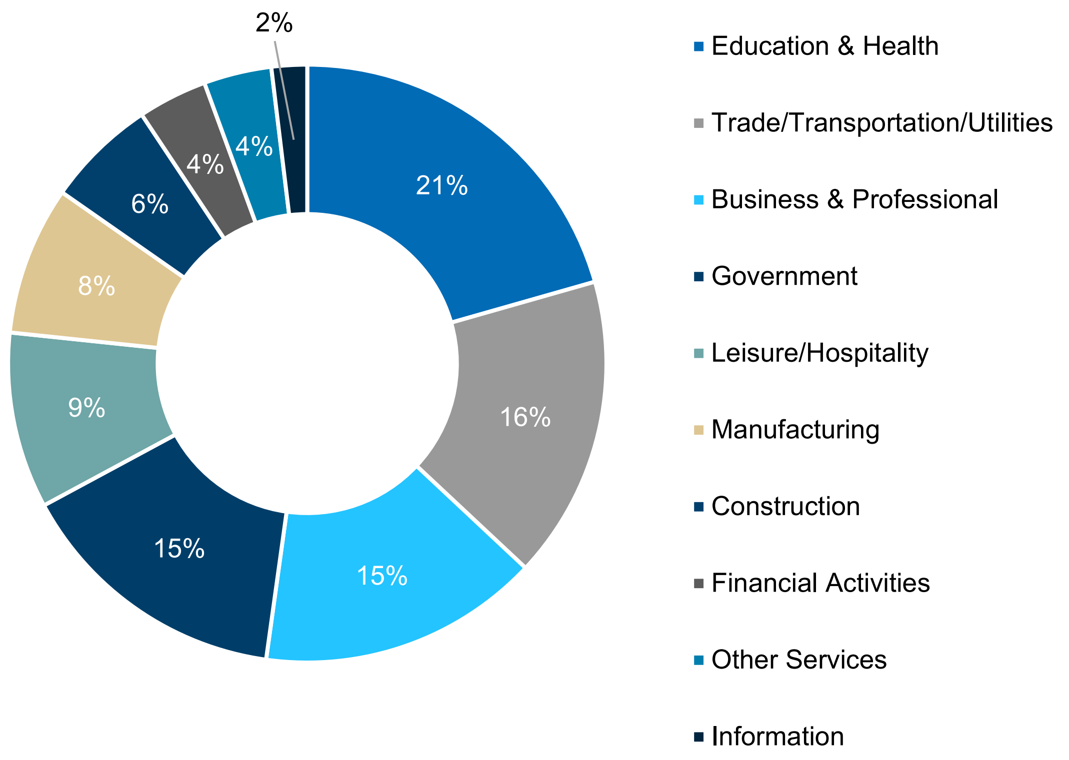


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

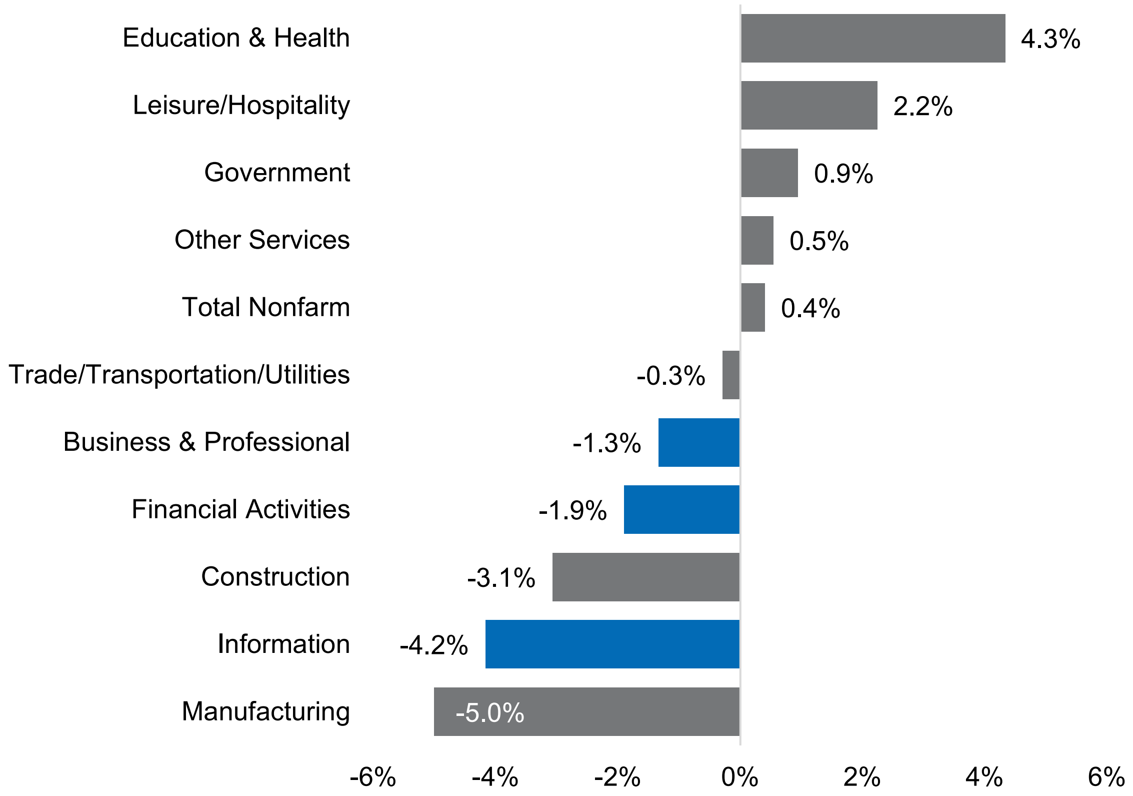
Office-Using Employment Down

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%).

Employment By Industry, Dec 2025



Employment Growth by Industry, 12-Month % Change, Dec 2025

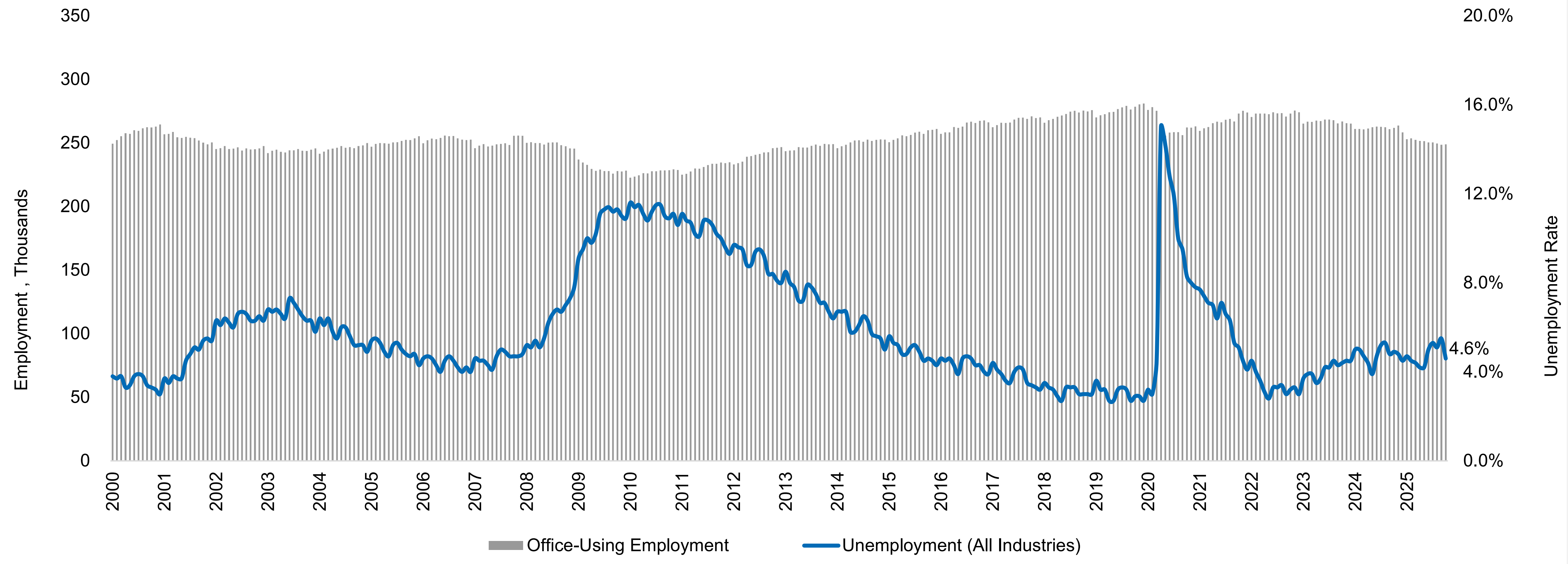


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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.

Office-Using Employment* and Unemployment Across All Industries



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

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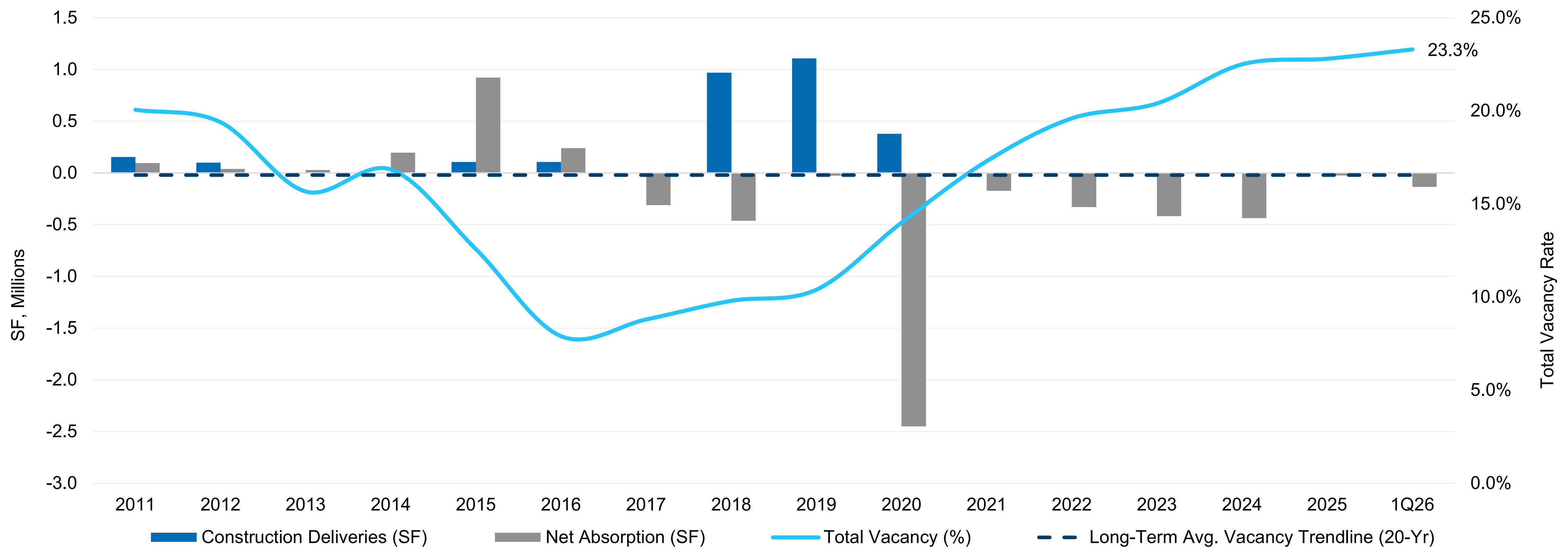
Greater Oakland Office Vacancy Increased

Vacancy rates increased slightly by 50 basis points to 23.3% as the Greater Oakland market closed the first quarter of 2026 with negative absorption of 134,096 square feet. Downtown Oakland submarkets continued to outperform the rest.

Historical Construction Deliveries, Net Absorption, and Vacancy

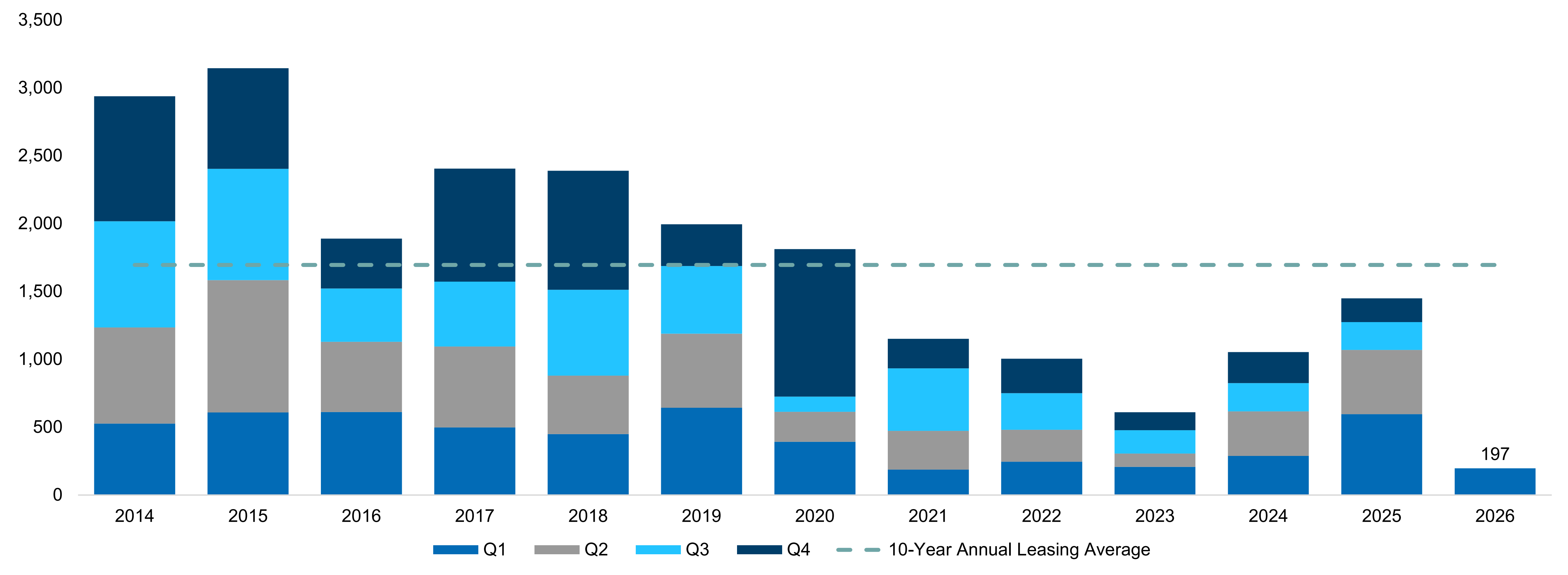


Source: Newmark Research

Greater Oakland Office Leasing Activity, 1Q26

Leasing activity in the Greater Oakland market reached its lower first-quarter level since 2022, closing at 197,000 square feet of leased space, which is 33% of the space leased in 1Q25.

Total Leasing Activity (Thousands)

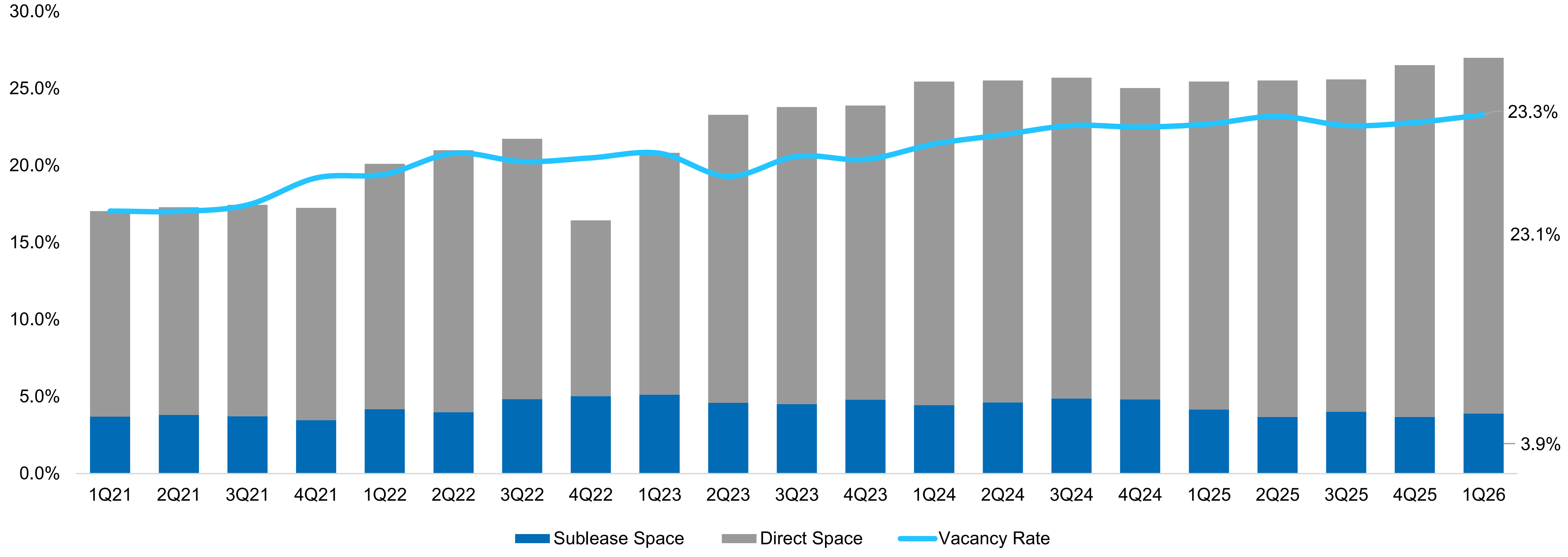


Source: Newmark Research, CoStar

Availability and Vacancy Experience a Slight Increase in the Market

In 1Q26, the Greater Oakland market recorded 134,096 square feet of negative absorption, increasing both availability and vacancy rates. In terms of sublease space, 1Q26 recorded 103 square feet or available spaces, increasing this indicator by 20 basis points compared with the previous quarter. Tenant demand continued to focus primarily on spaces of 10,000 square feet or less, highlighting sustained interest from small to mid-sized companies.

Available Space as a Percent of Overall Market

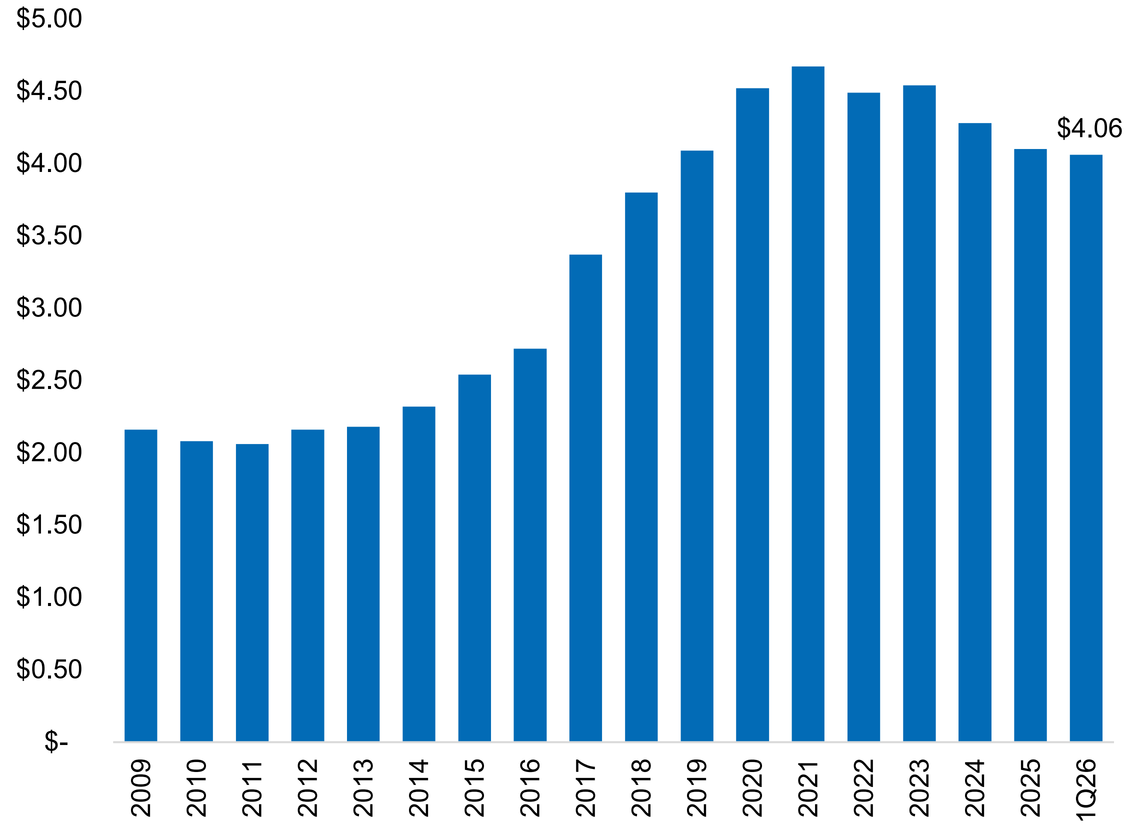


Source: Newmark Research, CoStar

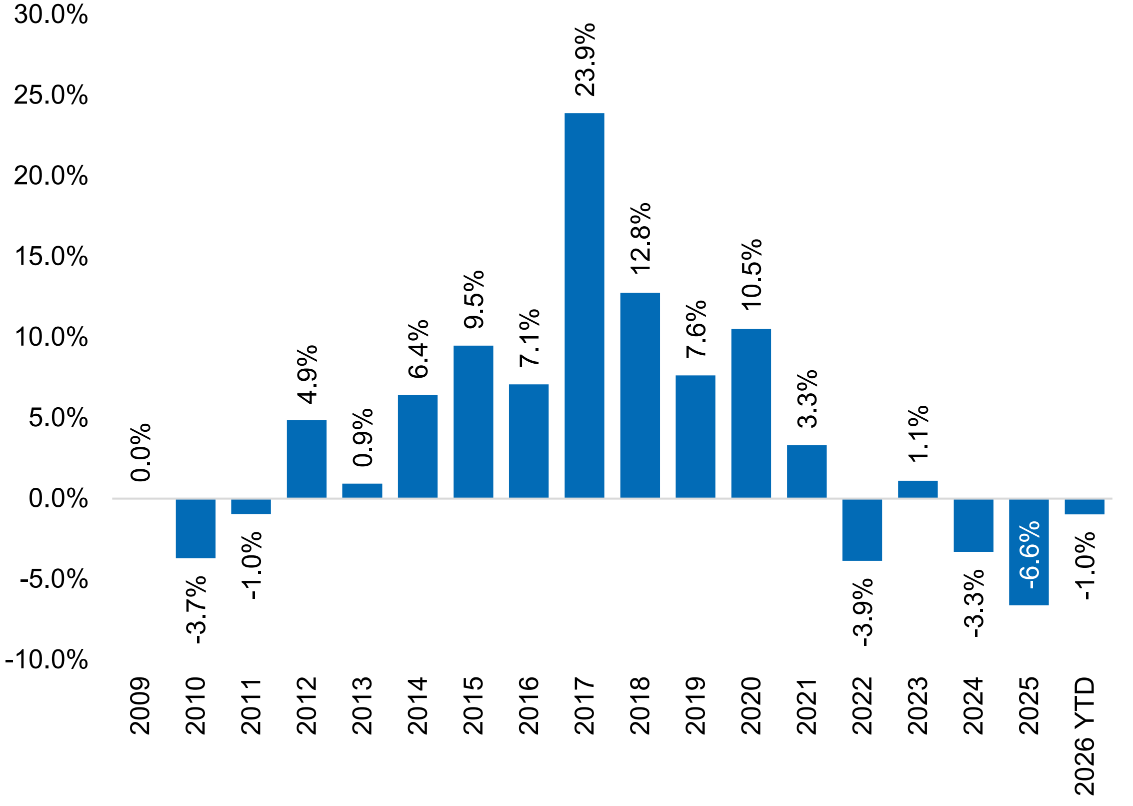
Rents Slightly Decreased Year-over-Year

Rents slightly decreased to $4.06 in 1Q26, creating more opportunities for tenants to secure quality space. Landlords are beginning to concede lower rents in order to retain tenants and attract new ones. Since 2023, rents have continued to fall, with no sign of easing.

Overall Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

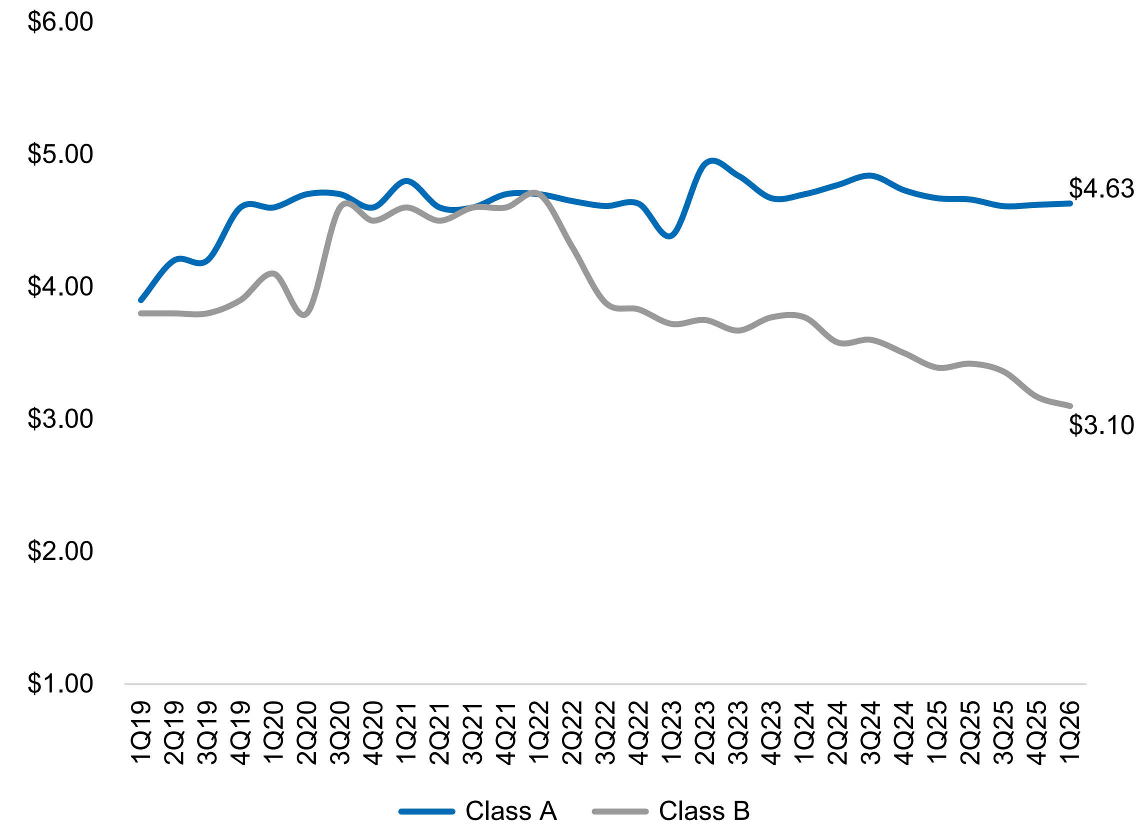


Source: Newmark Research, CoStar

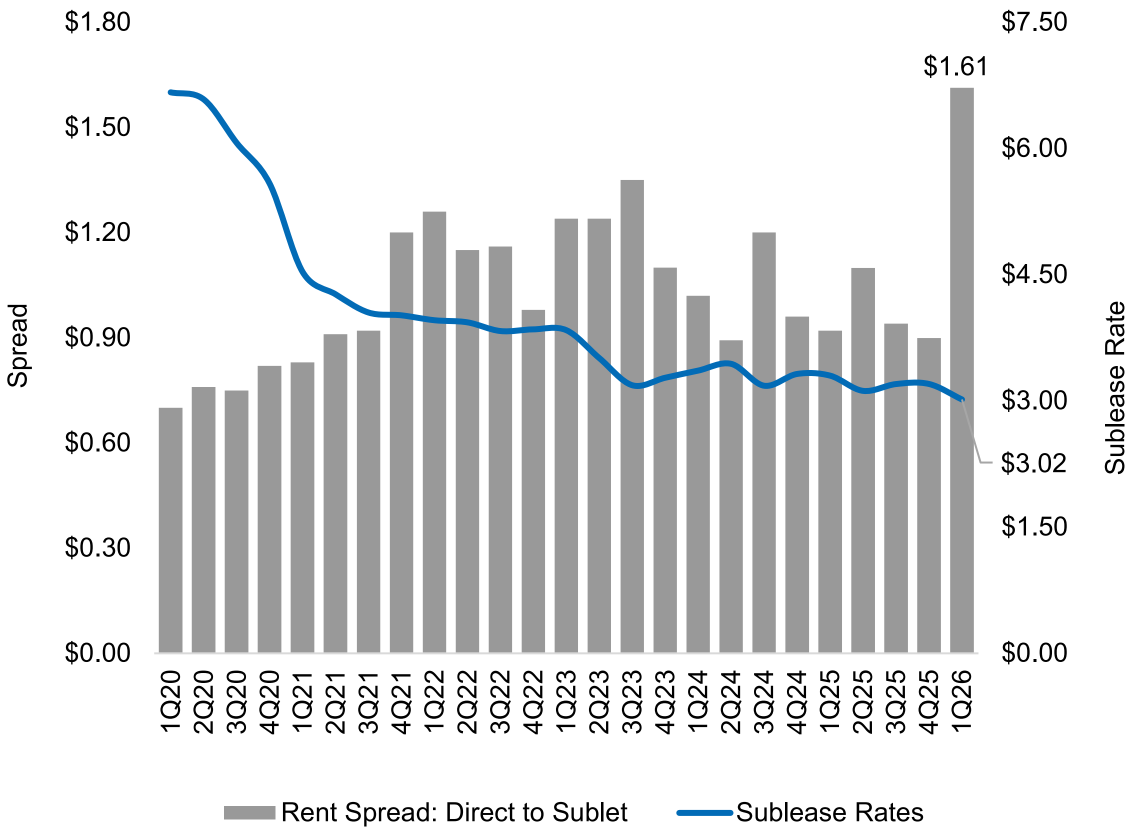
Class A vs. B Rents

In 1Q26, asking rents for Class A space remained constant, while Class B rents dropped by $0.07, closing at $3.10. Meanwhile, direct rents overall recorded their highest spread since 2020, with a $0.71 difference compared with 4Q25. The sublease rate slightly decreased in 1Q26 compared with the previous quarter, closing $0.18 lower. Despite overall rent softening, tenant demand remained focused on properties with strong amenity offerings and convenient access to public transit.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

First Quarter Lease Transactions

There was three transactions over 10,000 square feet in the Greater Oakland office market during 1Q26; Emeryville was the submarket with the largest transaction during the first quarter.

Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Kyverna Therapeutics	5980 Horton St	Emeryville	Lease Extension / Restructure	34,789
MIRI	2150 Shattuck Avenue	Berkeley - Downtown	Renewal	10,383
Kyverna Therapeutics	5980 Horton St	Emeryville	Lease Extension / Blend	10,000
PROFUSA	626 Bancroft	Berkeley – Other	Direct Lease	9,094
Alta Planning + Design	180 Grand Avenue	Oakland – Lake Merritt	Direct Lease	8,988
TYBA Energy	1625 Clay Street	Oakland – City Center	Direct Lease	7,279

Source: Newmark Research

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Appendix

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