2Q25

Greater Oakland Office Market Overview

Market Observations

Economy

- The East Bay's unemployment decreased by 30 basis points in the second quarter and stood at 4.2%, equivalent to the national average.
- Job growth year-over-year only increased in the education and health and government sectors. The information, manufacturing, and construction sectors showed the largest decreases in employment.
- The U.S. Economy has been experiencing significant uncertainty amidst the president's recent tariff policies and interest rate decisions, which we will continue keep an eye on throughout the second half of 2025.

Leasing Market Fundamentals

- Net absorption in the second quarter of 2025 totaled negative 76,889 square feet. This is the 13th quarter in a row where the market has experienced negative absorption.
- Vacancy rose to 23.2% in the second quarter of 2025.
- No new office construction projects commenced in the Greater Oakland market during this period, with active development primarily driven by life science facilities.

Major Transactions

- Premier Nutrition leased 118,767 square feet of space in Emeryville. This is the largest new lease since 2019 when Credit Karma leased half of 1100 Broadway.
- Marqeta extended their lease of 37,741 square feet of space in Oakland.
- Donahue Fitzgerald leased 20,977 square feet of space in Oakland.
- KIPP Bay Area Schools leased 10,322 square feet of space in Oakland.
- PG&E purchased their two buildings 300 Lakeside Drive and 344 Thomas L Berkeley Way in Lake Merritt for $906 million, or $814.30/sf. This is significantly more than what TMG purchased them for in October of 2020. This was a pre-agreed upon number, which included significant work done by TMG.
- The City of Oakland sold 1150-1220 Harbor Bay Parkway in Alameda to REDCO Development for $24 million, or $202/SF.
- 2001 Center Street in Berkeley sold for $6 million, or $196/SF.

Outlook

- During the second half of the year we expect increased activity in the purchase of high-vacancy buildings in Oakland at discounted prices. Rental rates are likely to decline further, while renovation costs remain high.
- Asking rents continue their downward trend, yet operating expenses show no signs of easing—further compressing landlord margins. With a wide range of available space on the market, tenants are in a strong negotiating position.
- The most cost-effective transactions are those that capitalize on existing second-generation improvements, allowing tenants to minimize upfront capital expenditures and expedite occupancy.

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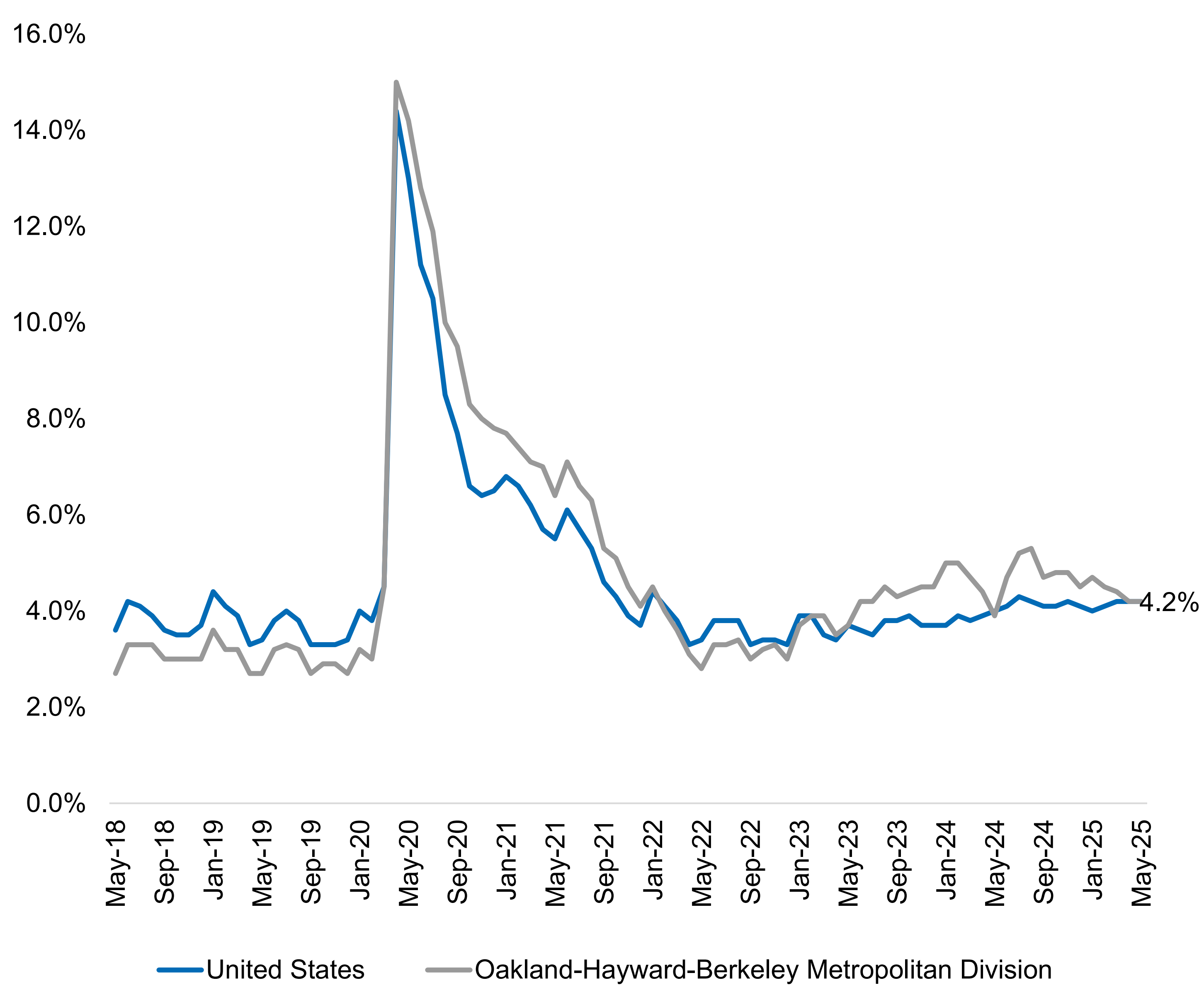
Economy

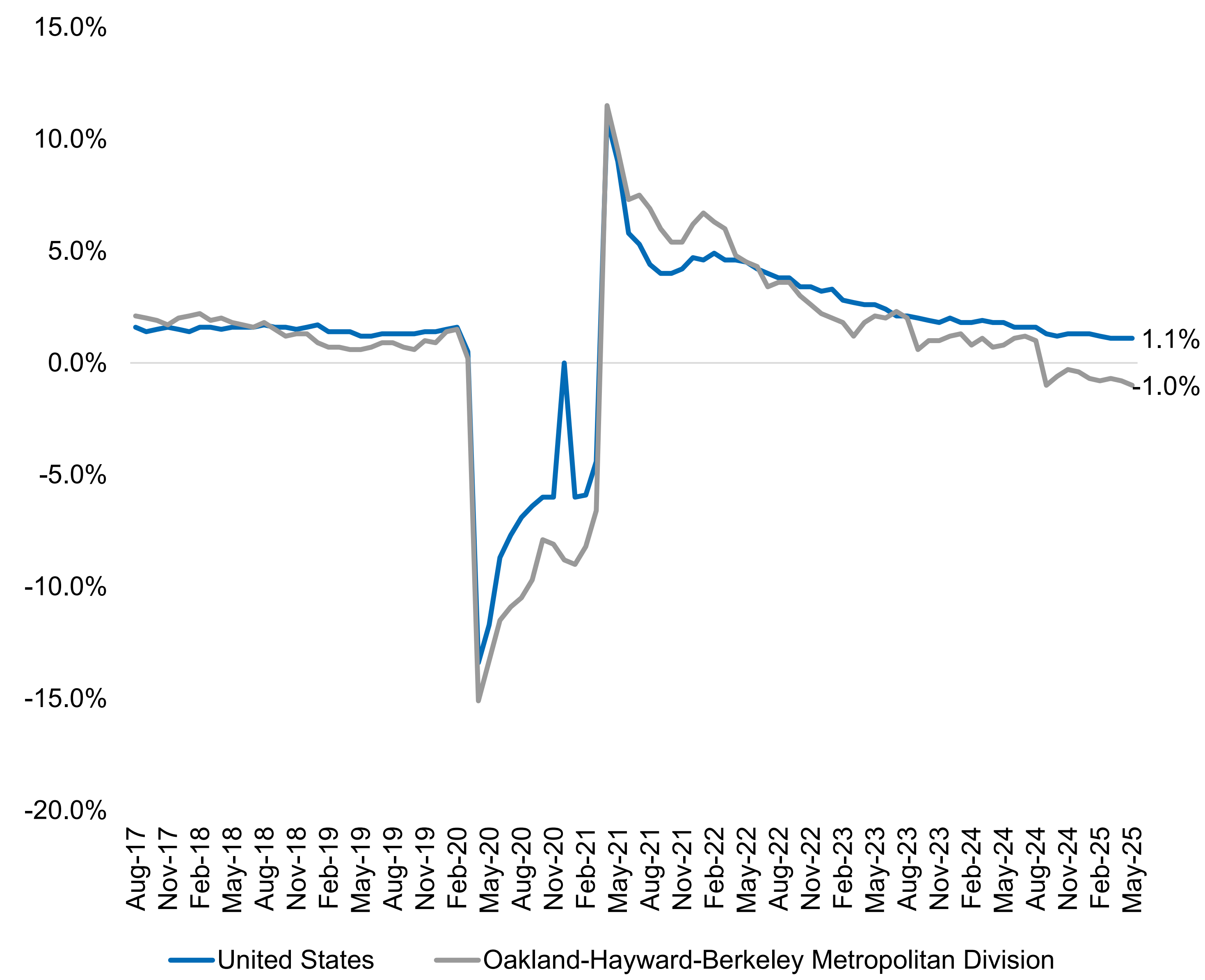
Metro Employment Trends Signaled A Slight Comeback

The May unemployment rate for the East Bay Area was 50 basis points lower than it was at the beginning of 2025, and at 4.2% was equivalent to the national unemployment rate. Unemployment rates remained above pre-pandemic levels.

Unemployment Rate, Non-Seasonally Adjusted



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

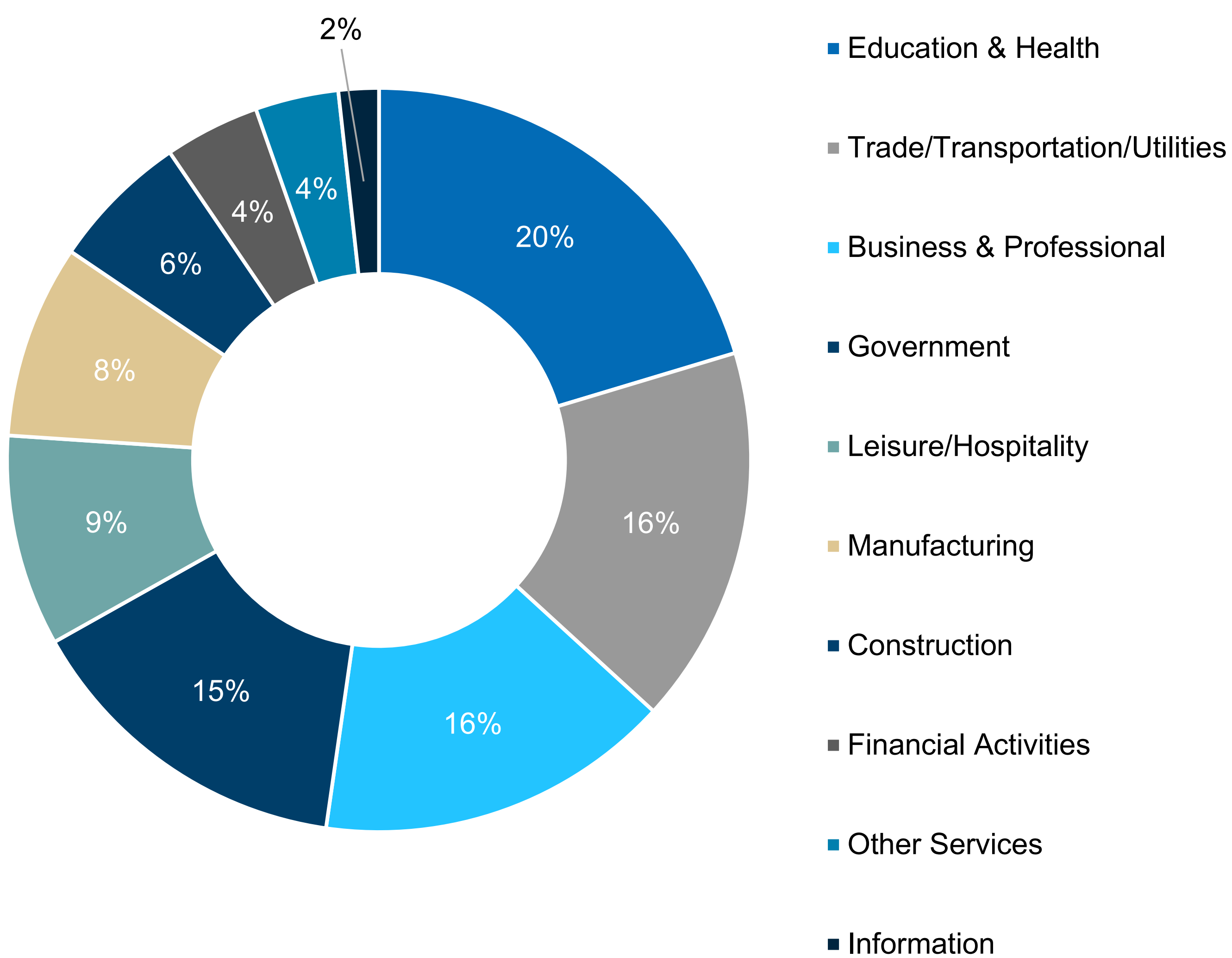


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

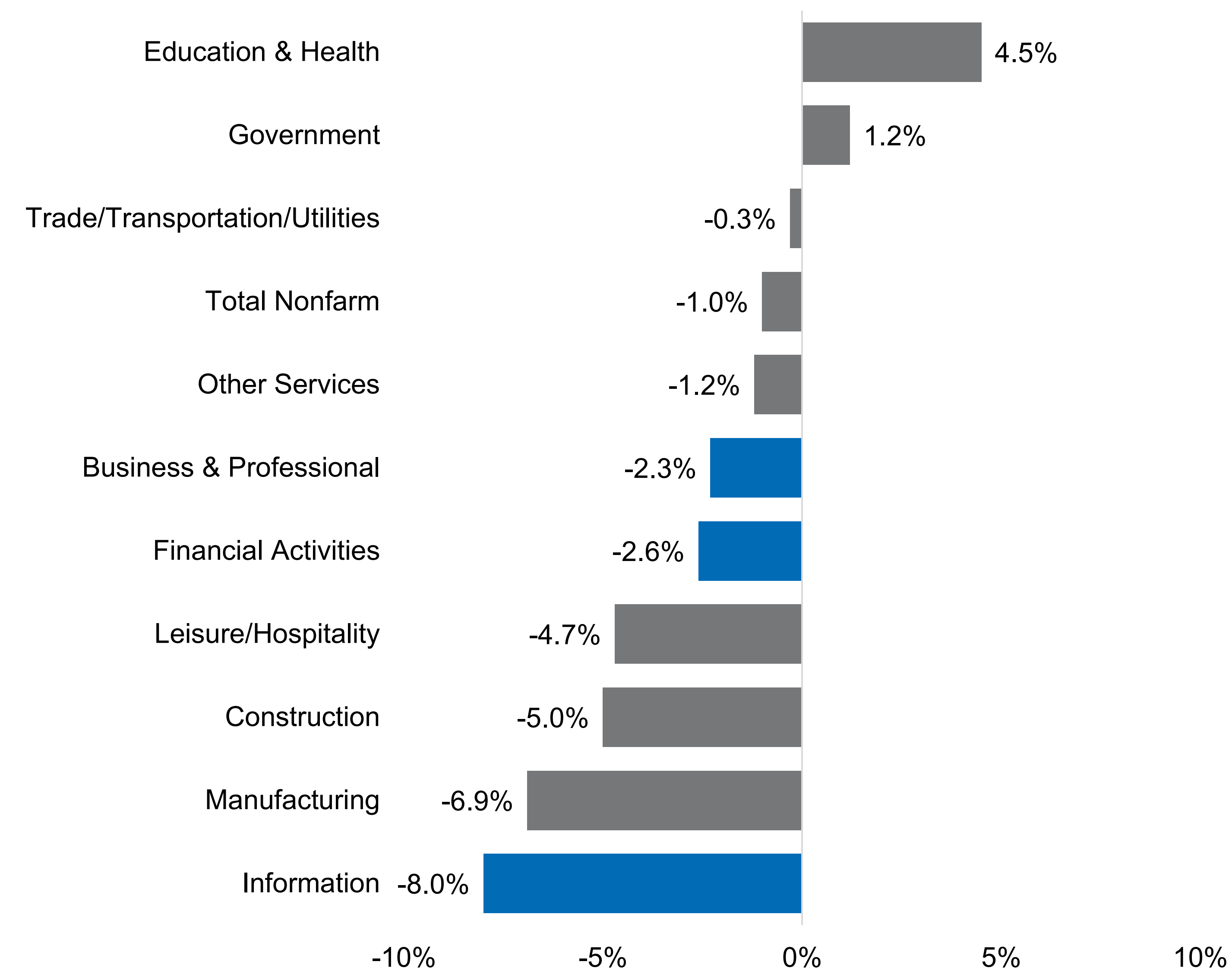
Office-Using Employment Down

All three office using sectors experienced negative growth over a 12-month period, with the Information sector experiencing the most negative growth.

Employment by Industry, May 2025



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

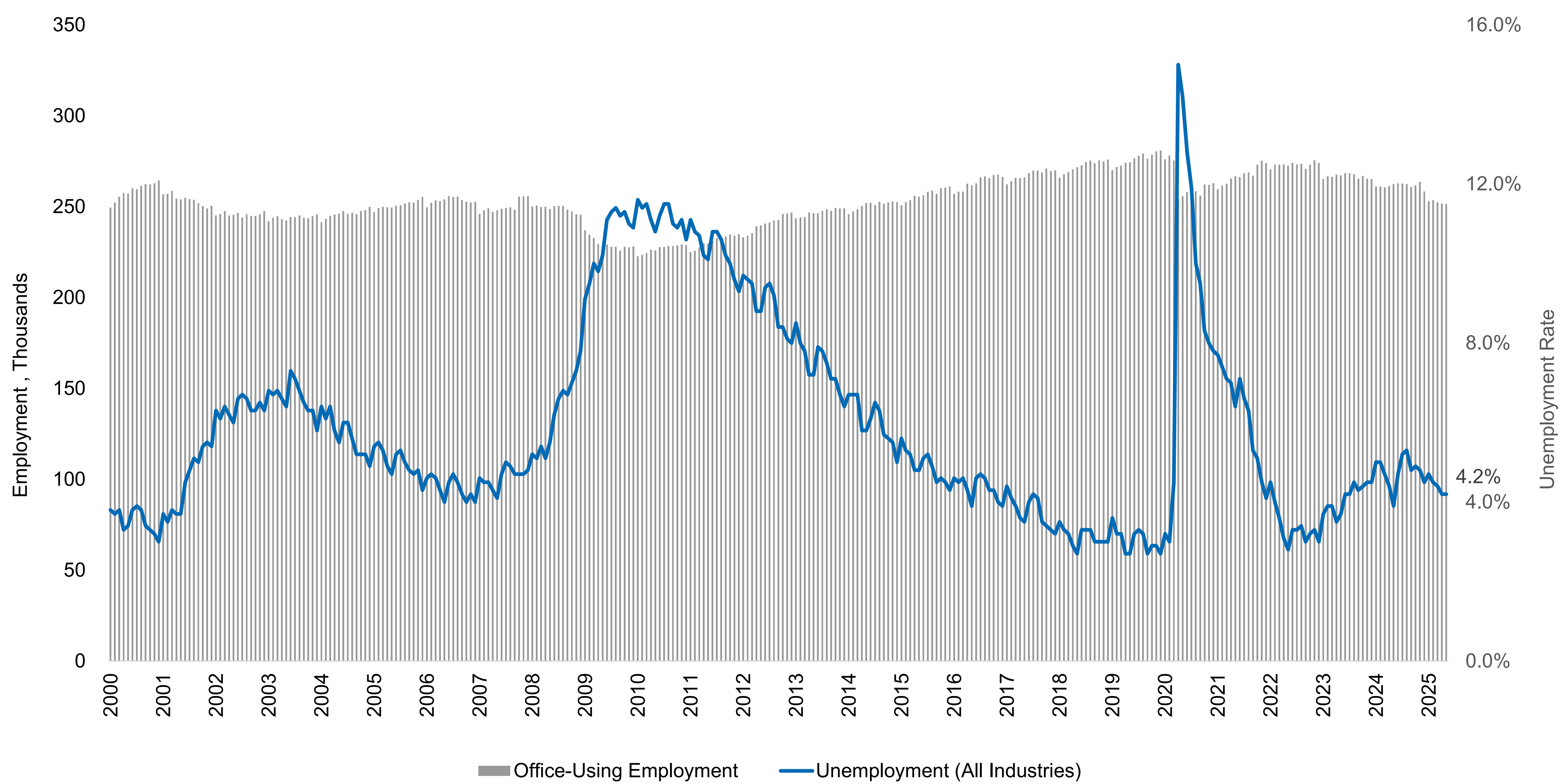


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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 30 thousand 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: August 2023 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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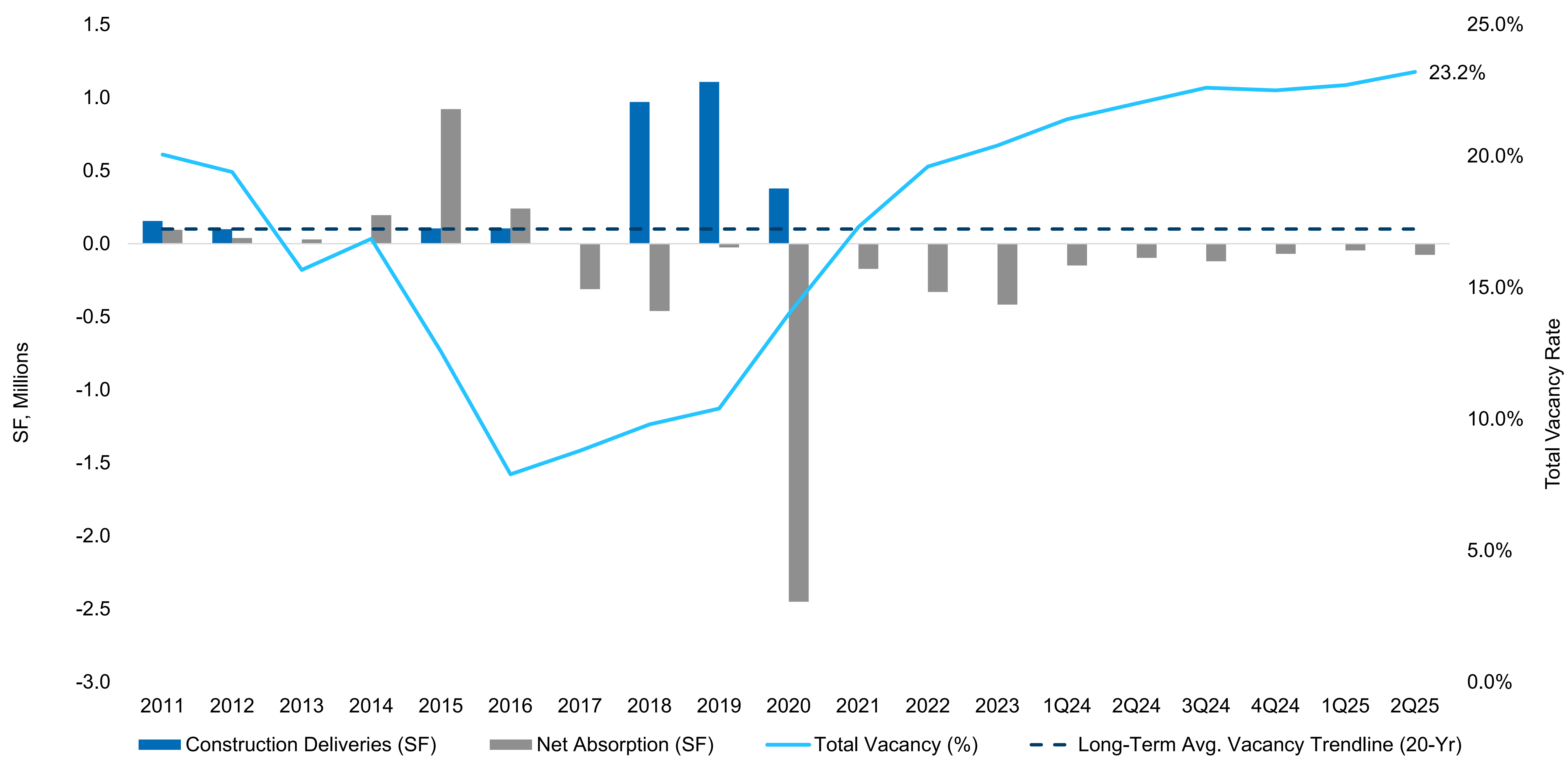
Leasing Market Fundamentals

Vacancy Continued to Rise

Vacancy rates increased slightly to 23.2%. The continued increase in vacancy numbers over the past year coupled with low volume leasing shows that companies are still prioritizing other markets when looking for space.

Historical Construction Deliveries, Net Absorption, and Vacancy

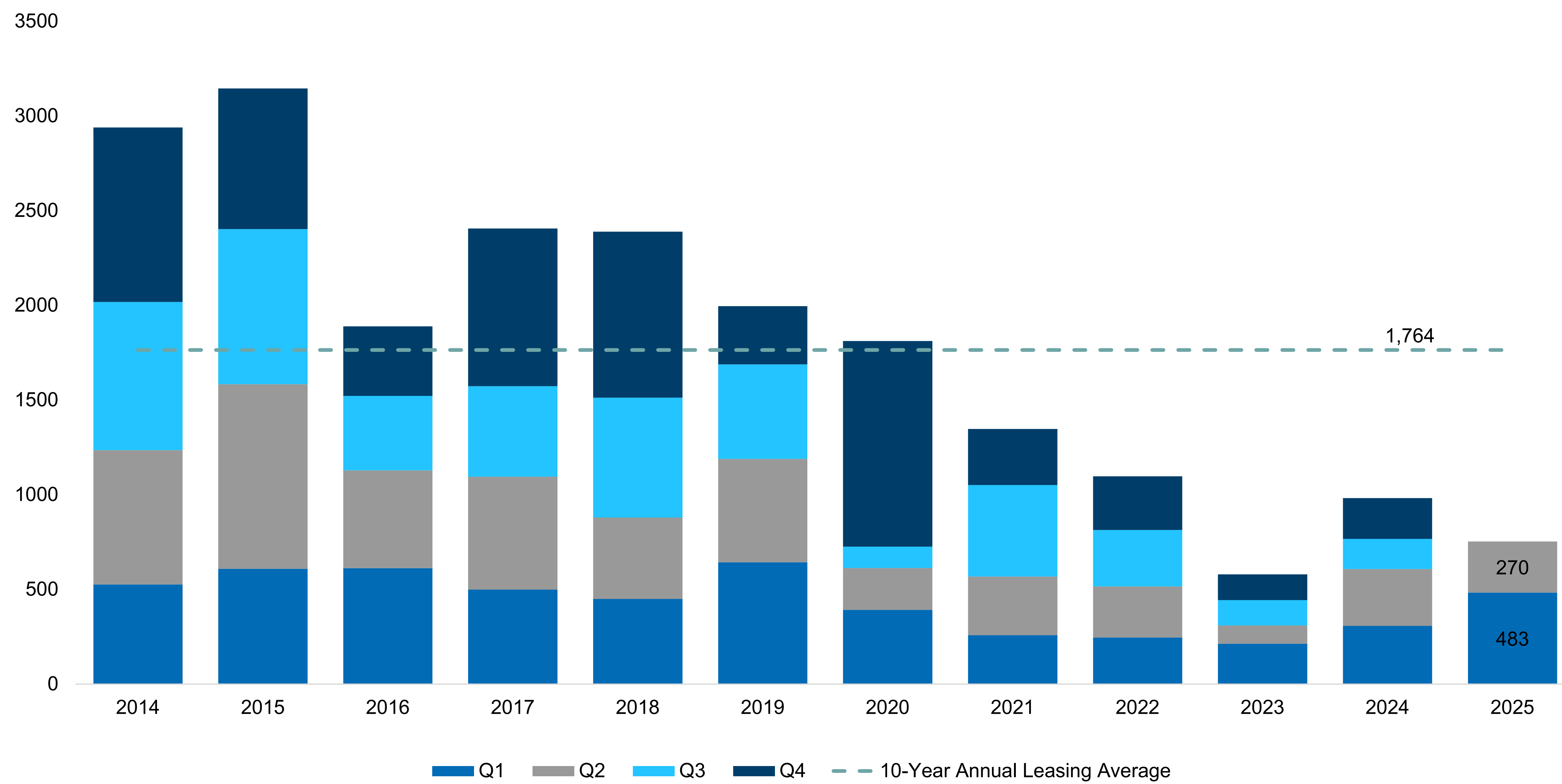


Source: Newmark Research

Leasing Activity Picked Up

Leasing activity is on track to reach its highest level since 2021 and has already surpassed total 2023 leasing. However, vacancy continued to rise as companies departed the Greater Oakland office market.

Total Leasing Activity (Thousands)

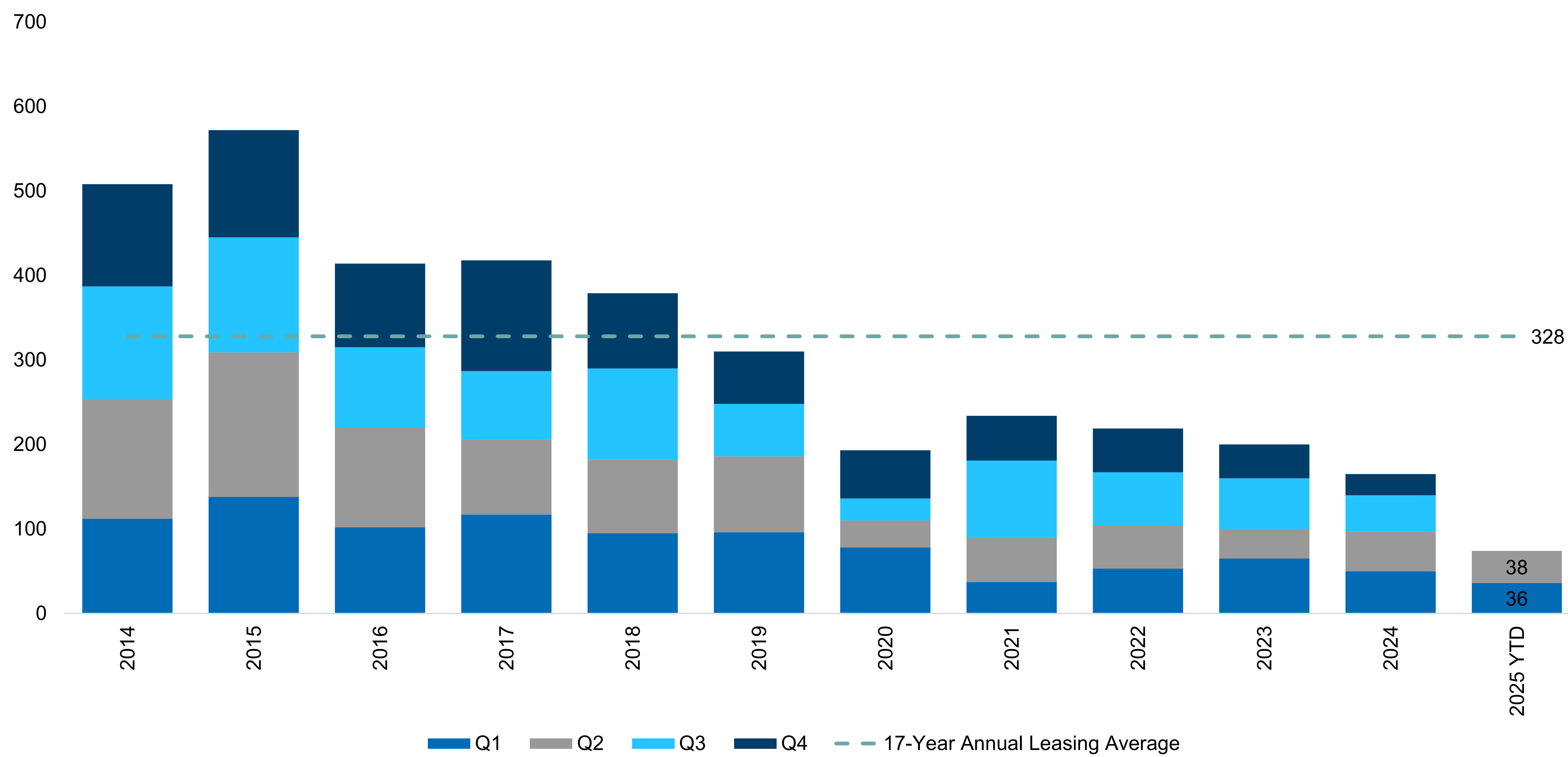


Source: Newmark Research, CoStar

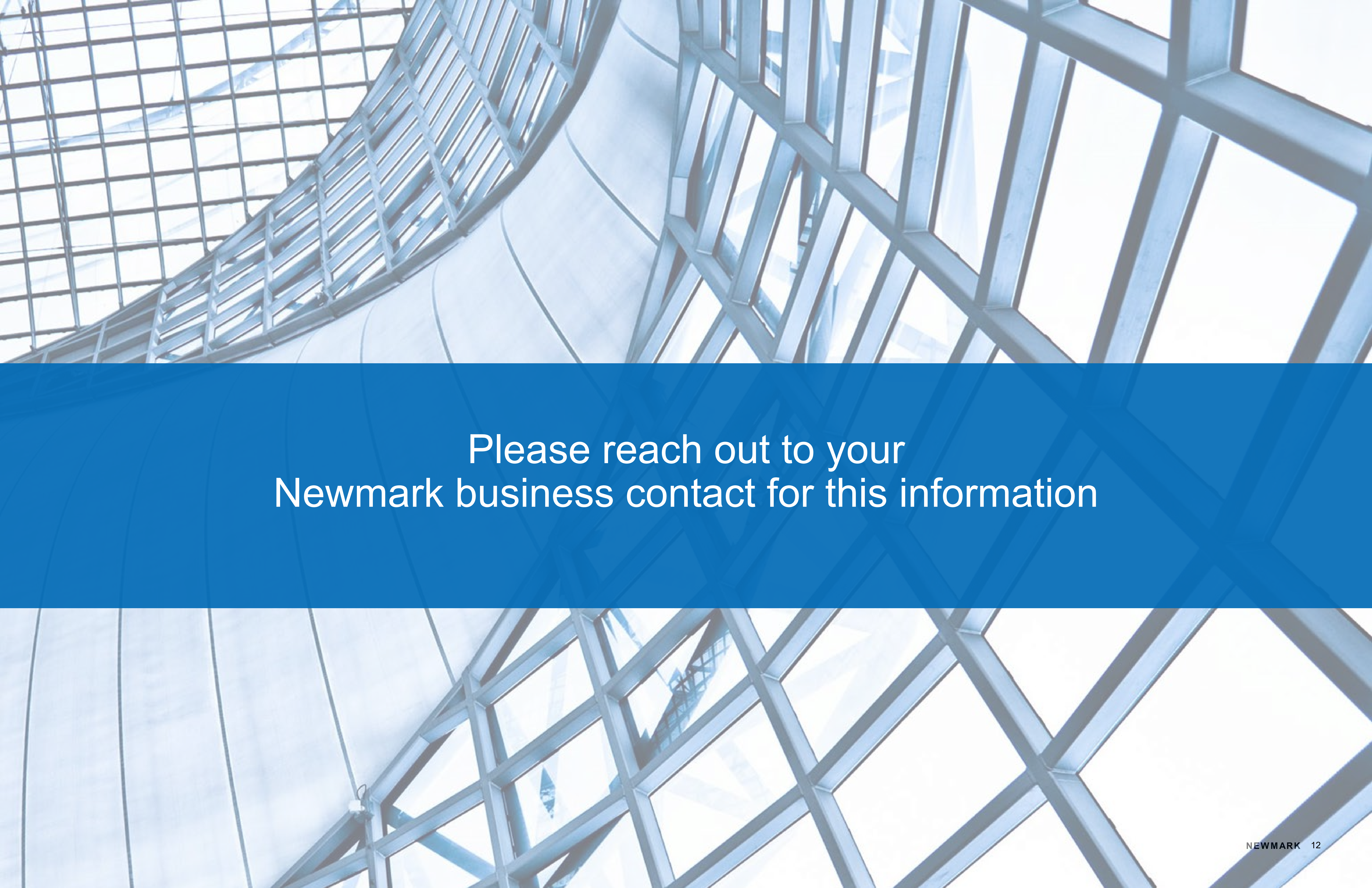
Increase in Signed Leases in the Second Quarter

Leasing activity saw a modest uptick in the second quarter of 2025 compared to the first, with two additional leases signed. The majority of these new leases originated from Oakland during this period.

Number of Leases Signed



Source: Newmark Research, CoStar



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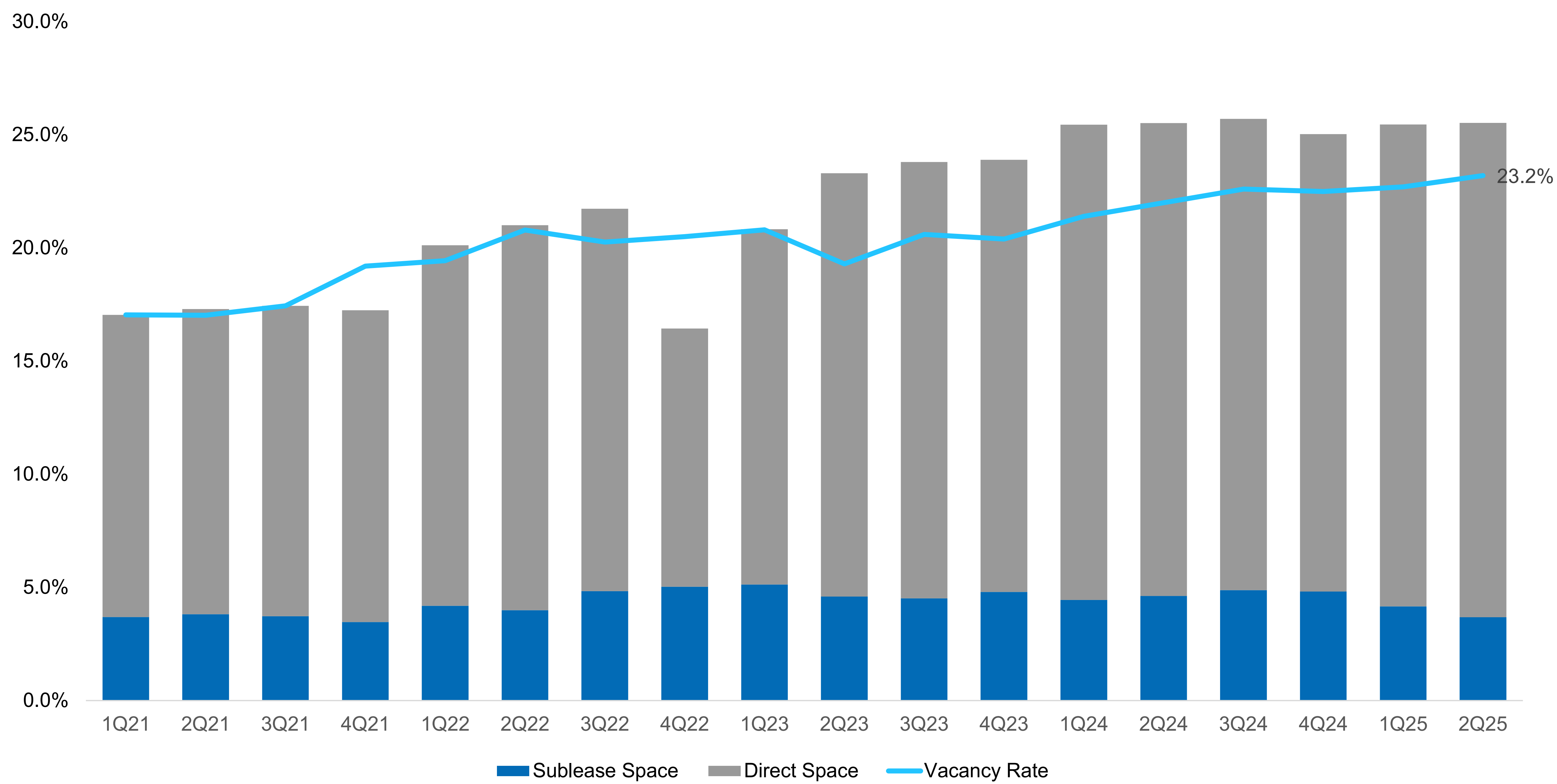
Availability and Vacancy Continued to Increase in the Market

As tenant departures from Oakland persist, vacancy rates are expected to rise further. In the Greater Oakland market, demand is primarily concentrated among tenants seeking spaces of 10,000 square feet or less.

Available Space as a Percent of Overall Market

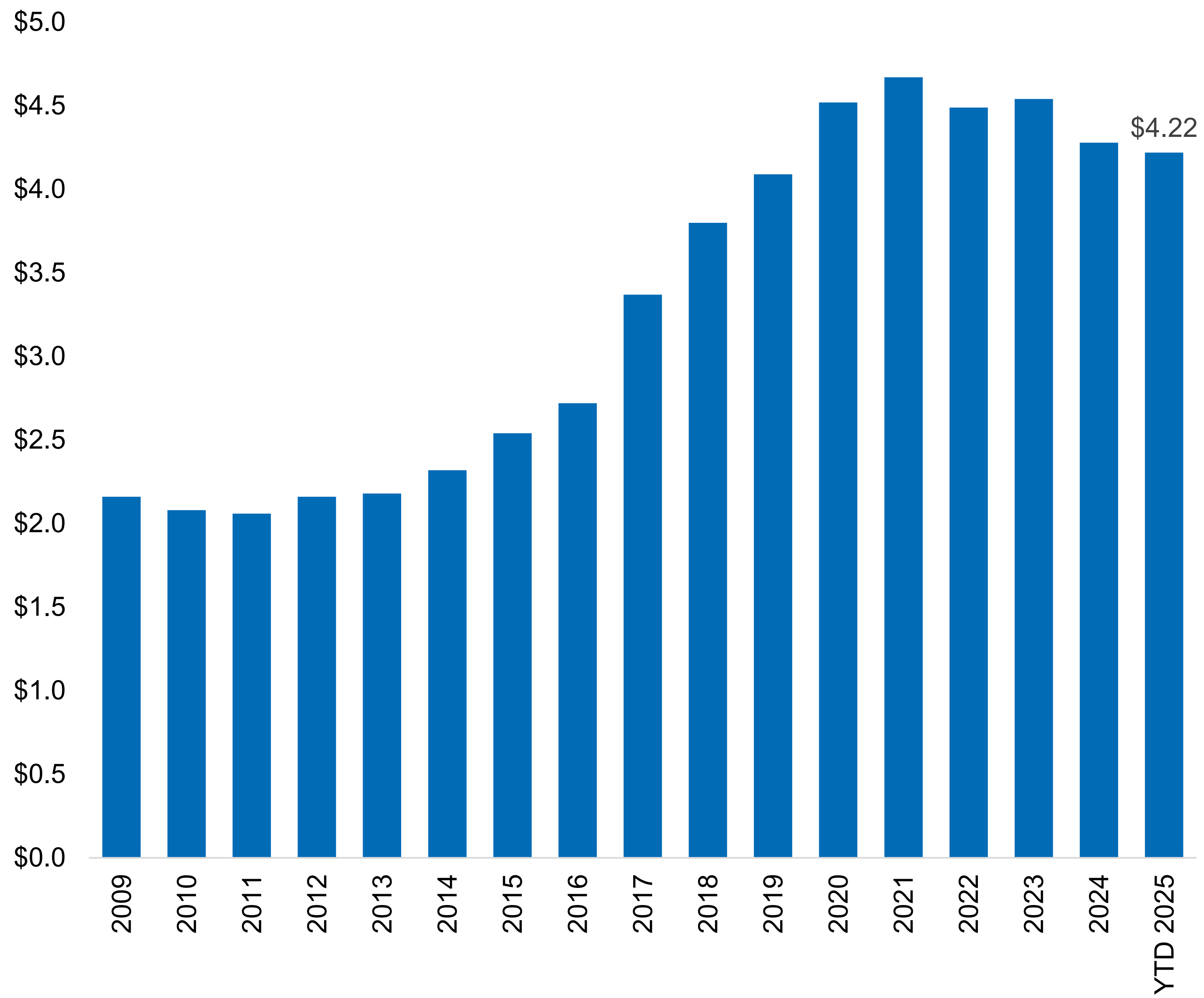


Source: Newmark Research

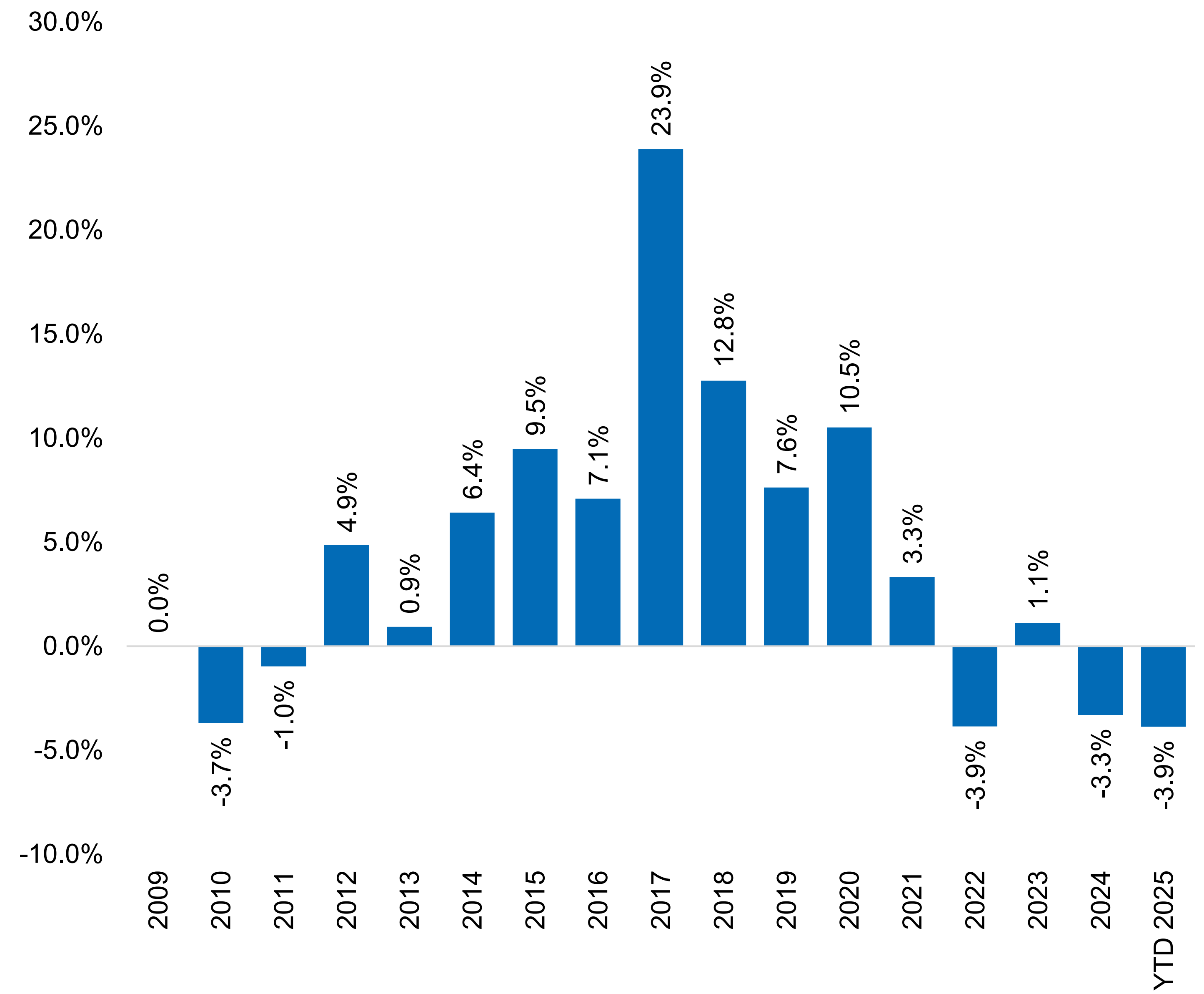
Rents Remained Steady During the Second Quarter.

Rents remained at $4.22 throughout the second quarter of 2025. Tenants consistently prioritized convenience, amenities, and security when searching for new spaces.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

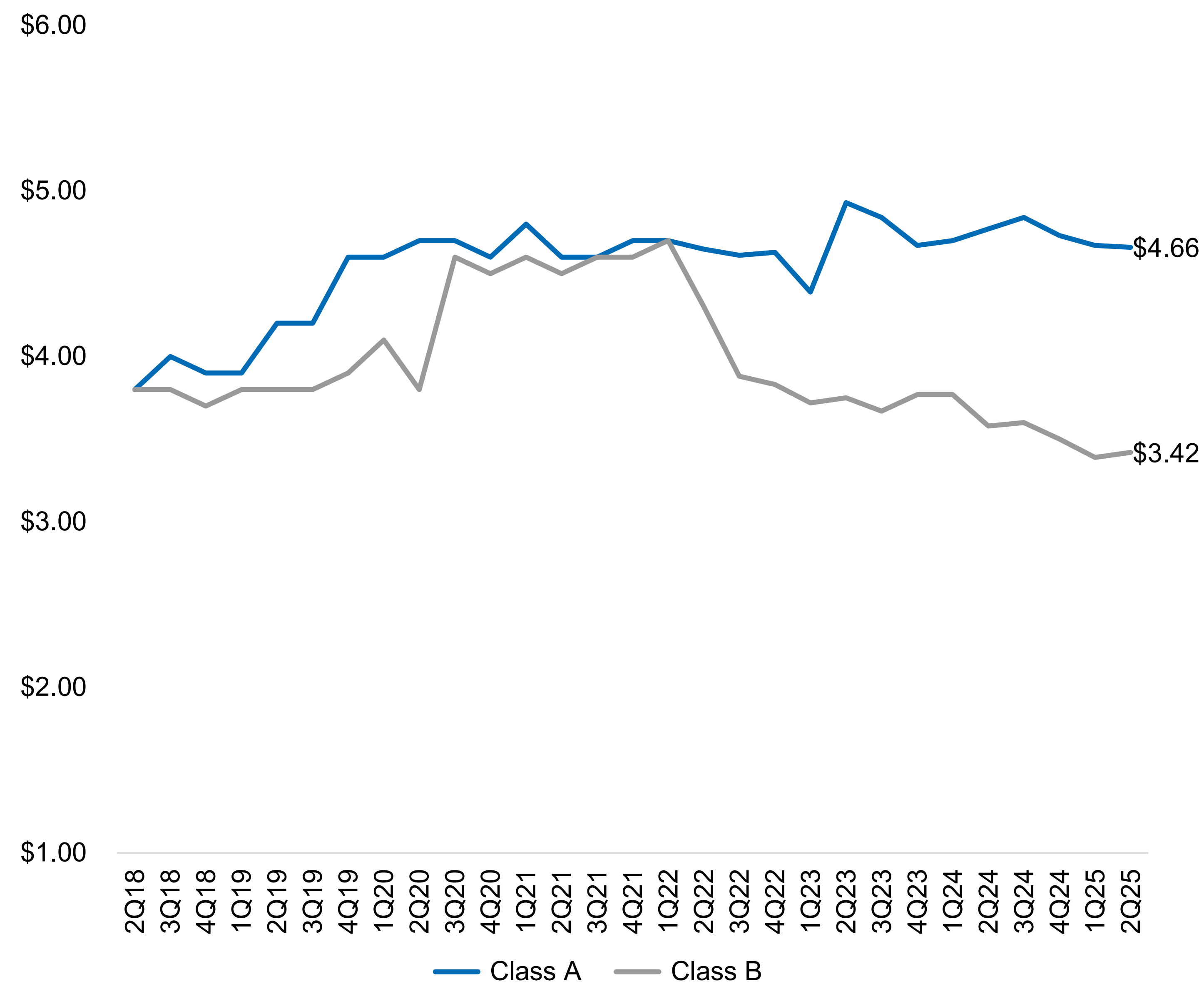


Source: Newmark Research, CoStar

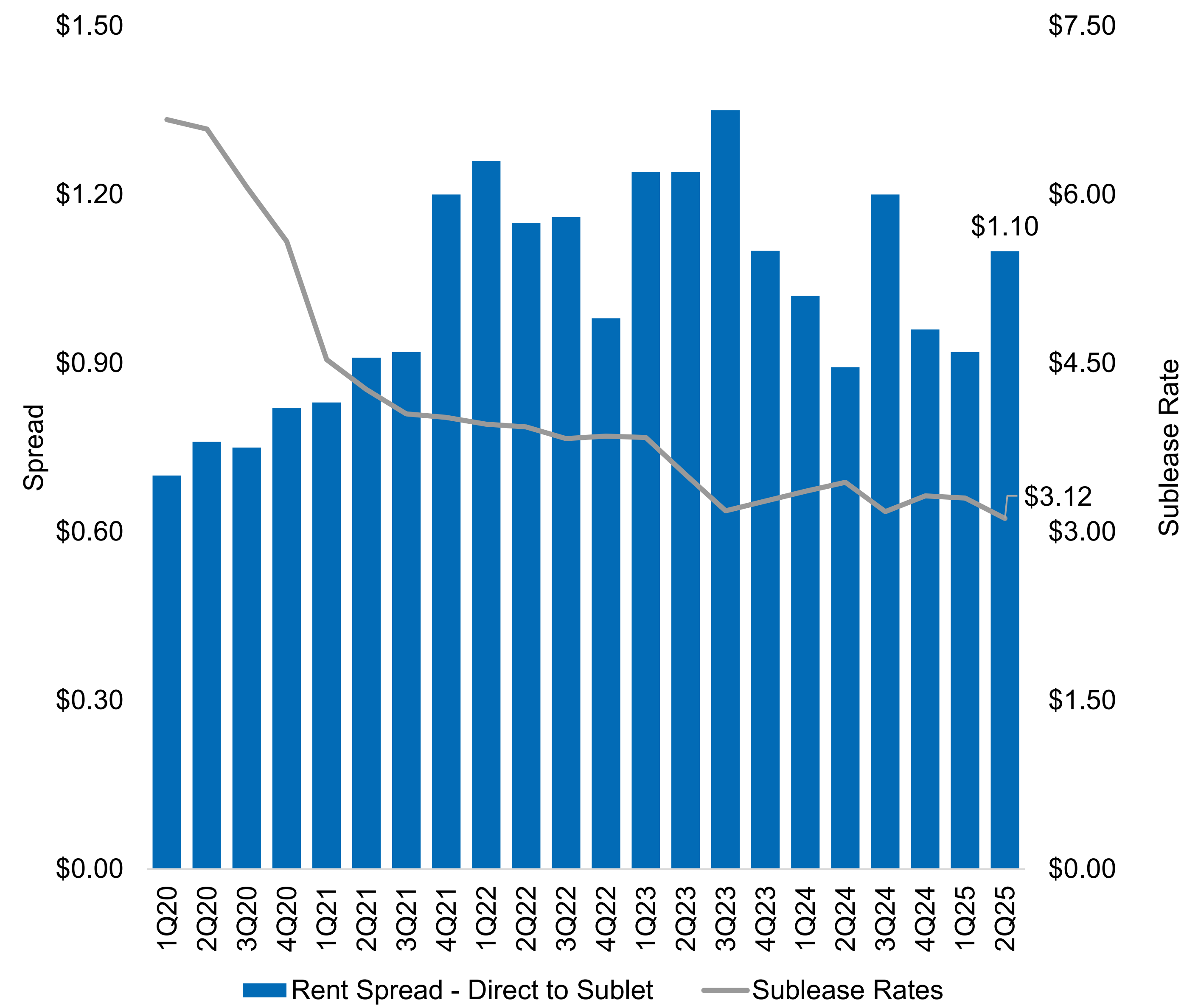
Class A vs. B Rents

Rents remained relatively stable with a slight increase in Class B rents in the second quarter of 2025. Sublease rents dropped significantly by $0.18 leading the rent spread between sublease and direct space to increase. Spaces surrounded by amenities and easy public transit access continued to control the demand in the market.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Leasing Activity

There were three office lease transactions over 20,000 square feet in the Greater Oakland office market for the second quarter of 2025. A substantial amount of leasing activity came from the downtown Oakland submarkets.

Notable 2Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Premier Nutrition	1400 65th Street	Emeryville	Direct Lease	118,767
Marqueta	180 Grand Avenue	Oakland – Lake Merritt	Lease Extension	37,741
Donahue Fitzgerald	1999 Harrison Street	Oakland – Lake Merritt	Lease Expansion	20,977
KIPP Bay Area Schools	1 Kaiser Plaza	Oakland – Lake Merritt	Direct Lease	10,322
Astera labs	5980 Horton Street	Emeryville	Direct Lease	7,520
Carol Williams Advertising	426 17th Street	Oakland – Lake Merritt	Direct Lease	6,930
Economic Partners	1111 Broadway	Oakland – City Center	Direct Lease	6,423

Source: Newmark Research

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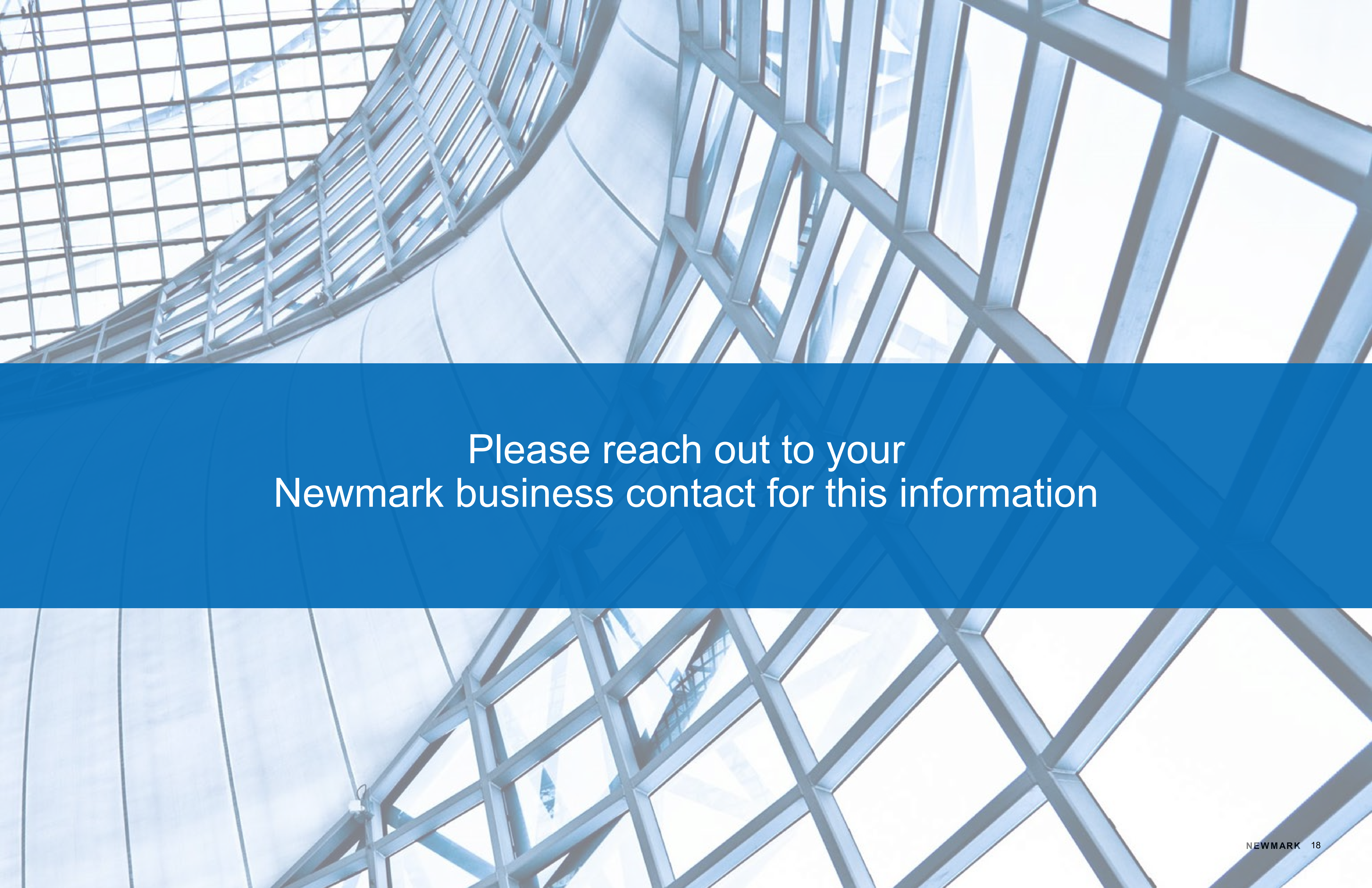
Appendix



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