3Q25

East Bay Industrial Market Overview

NEWMARK

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Market Observations

Economy

- The East Bay's unemployment increased by 90 basis points in the third quarter and currently stands at 5.1%. This is now 80 basis points higher than the national average.
- Job growth year-over-year was only increased in education and health, government, and other services sectors. The information, manufacturing, and leisure/hospitality sectors showed the largest decreases in employment year-over-year.

Leasing Market Fundamentals

- The industrial market experienced 163,938 square feet of positive absorption in the third quarter of 2025 mainly due to the high leasing activity in Oakland and Newark.
- Vacancy rates increased 10 basis points to 8.4% in the third quarter of 2025 but overall remained stable. Much of the vacancy was in warehouse/distribution buildings. Overall availability rates decreased 60 basis points to 10.0%.

Major Transactions

- The largest direct lease renewal of the quarter was a 327,100 SF space signed by Tesla Motors, Inc. at 31353 Huntwood Avenue in Hayward.
- The largest direct lease transaction was signed by Cal Cargo for 240,808 square feet in Oakland.
- 31350-31398 Huntwood Avenue (Huntwood Business Park) sold for $40 million, or $228/sf.
- 2286-2298 Tripaldi Way, 2302-2332 Tripaldi Way, and 2438-2512 Tripaldi Way (Hesperian Business Park) sold for $19.97 million, or $241/sf.
- Fremont Innovation Center, comprised of 843 Auburn Court, 47266 Benicia Street, and 47173 Benicia Street. sold for $51 million or $367/sf.

Outlook

- A clear performance gap has emerged between Class A and Class B industrial properties. Class A consistently outperformed, driven by tenant demand for newer facilities with higher power capacity and modern infrastructure. Demand has remained especially strong in the South 880 corridor, fueled by the growth of advanced manufacturing and proximity to Silicon Valley. Leasing activity in the North 880 corridor has slowed due to reduced operations at the port.
- As a result, leasing fundamentals for Class B assets remained weak, with effective rents staying subdued through the remainder of 2025 and into the first half of 2026.
- Fremont is currently experiencing significant growth in advanced manufacturing. Several of the world's leading AI data center and server manufacturers such as Quanta, Wistron, Mitec, TD Synnex, and Supermicro have substantial operations in Fremont and are growing rapidly, further strengthening Fremont's position as a key hub for advanced manufacturing and technology development.

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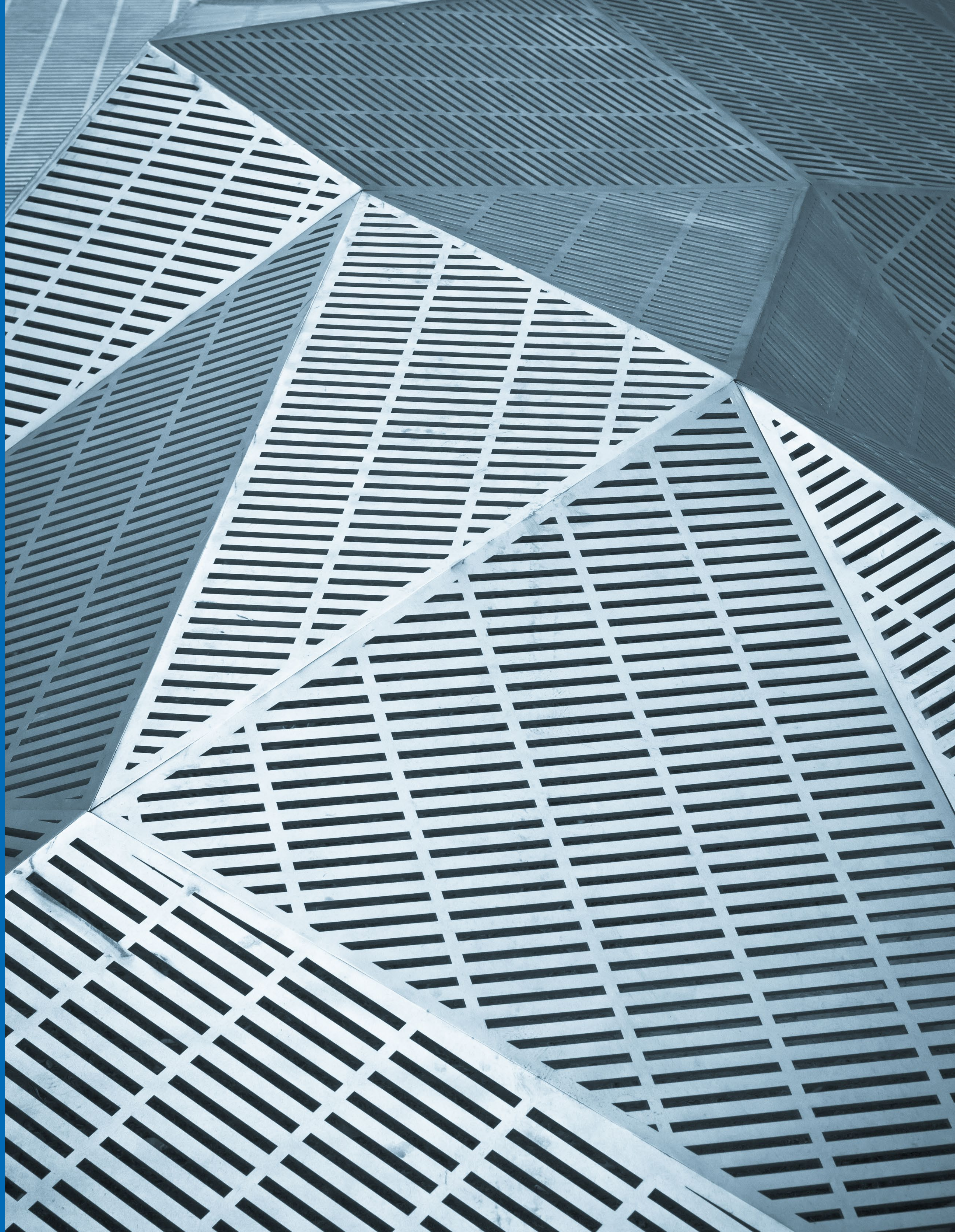
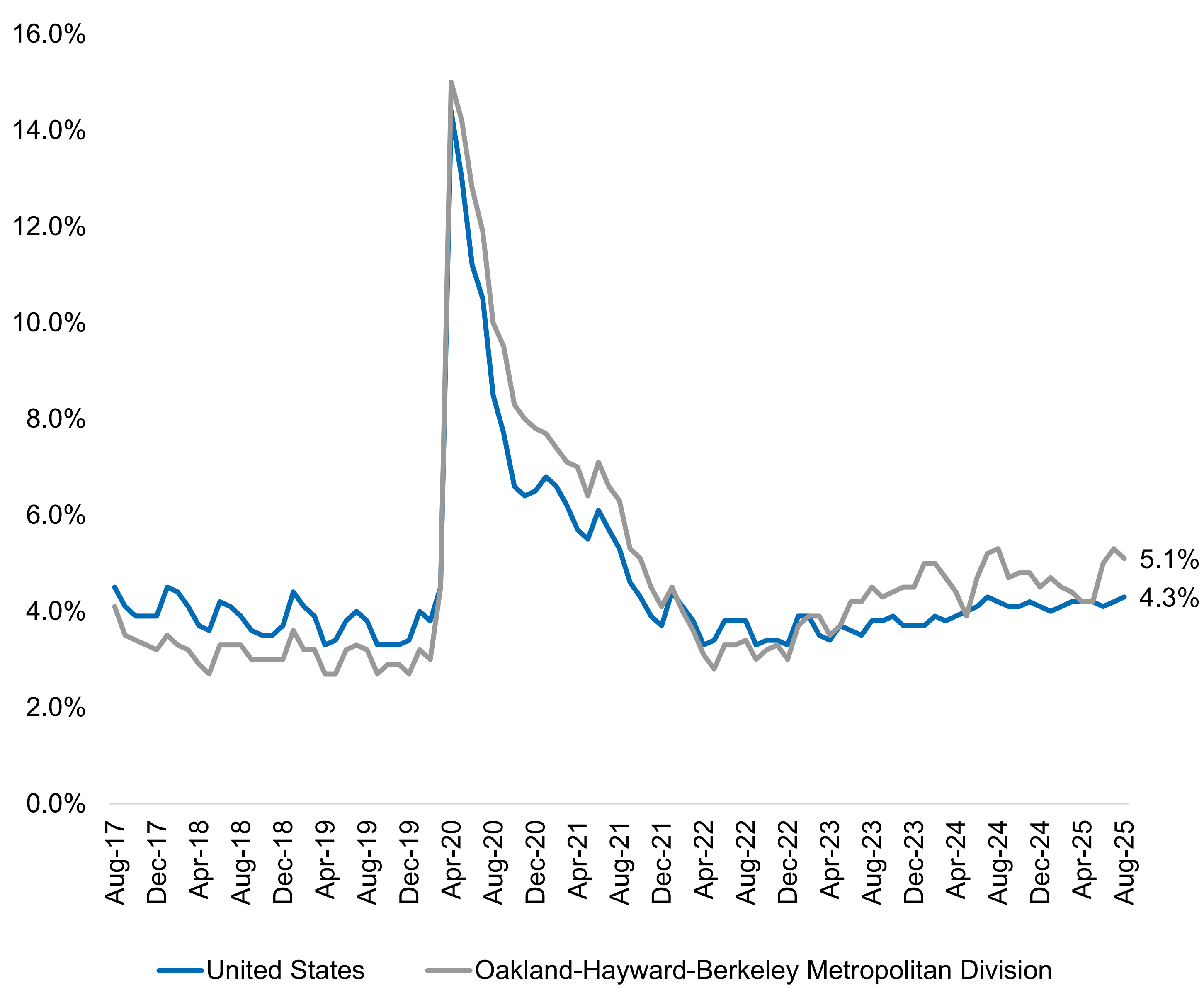
Economy



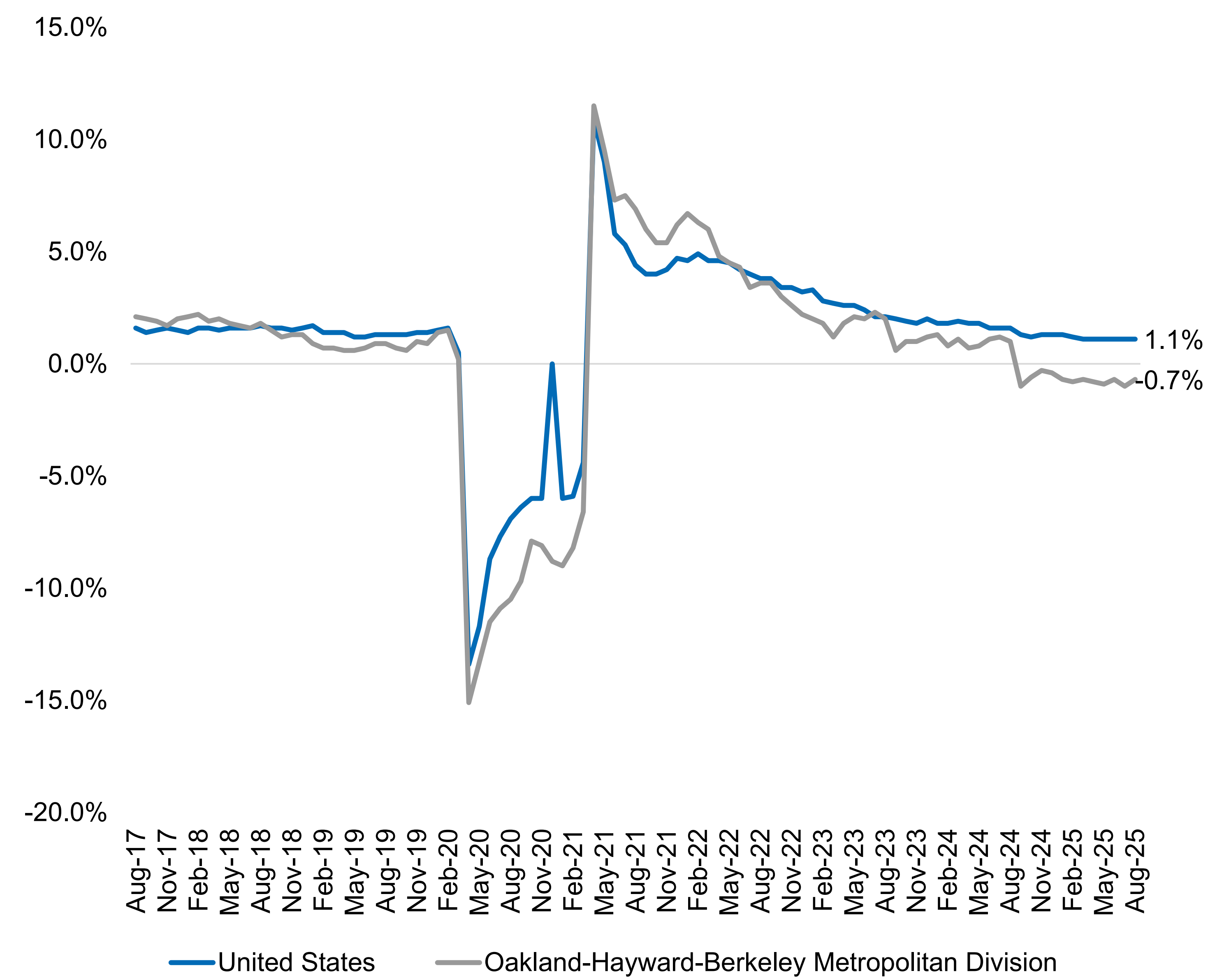
Metro Employment Trends Signal a Slight Comeback

The current unemployment rate for the East Bay increased by 90 basis points from May to August, and at 5.1% was 80 basis points higher than 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

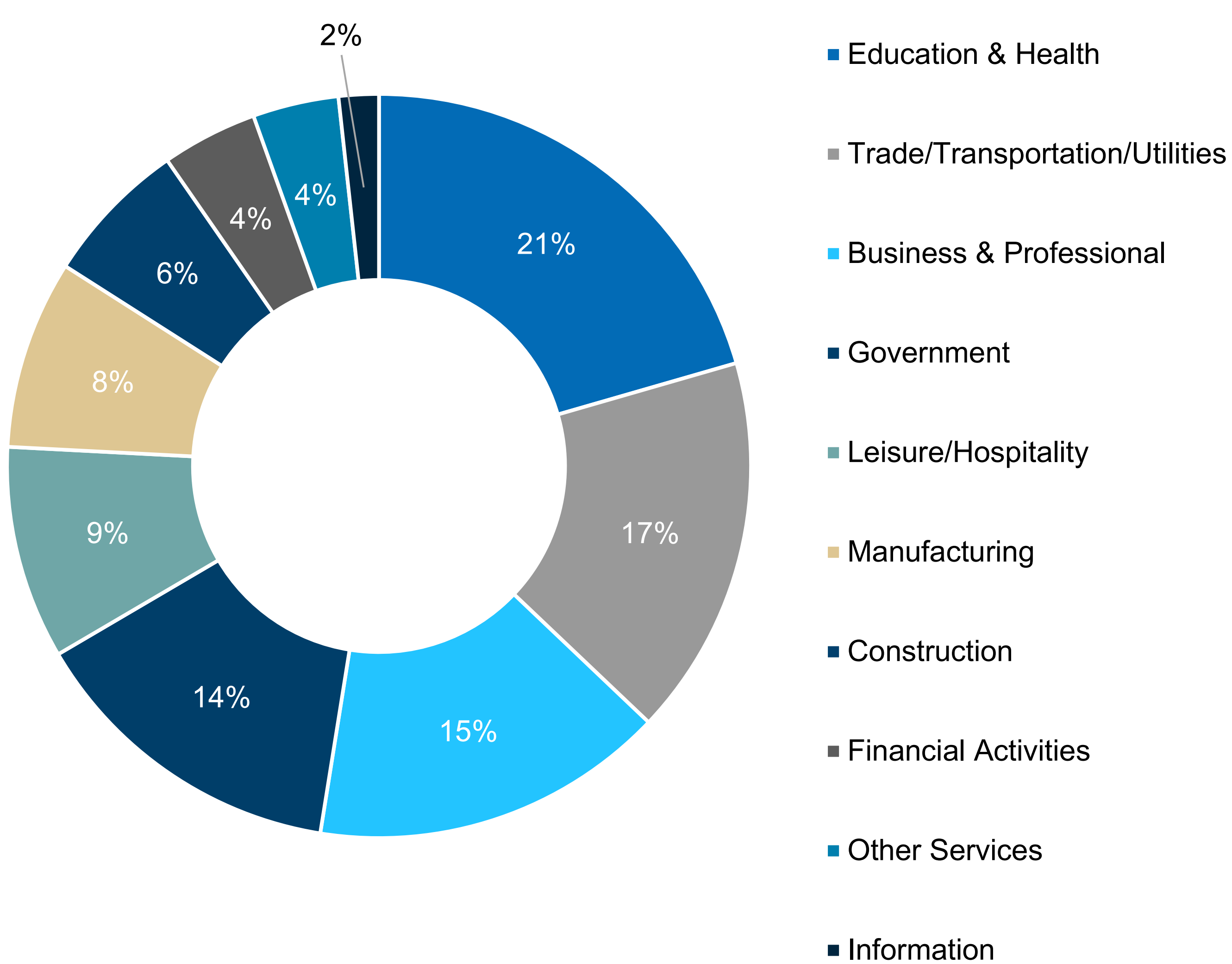


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

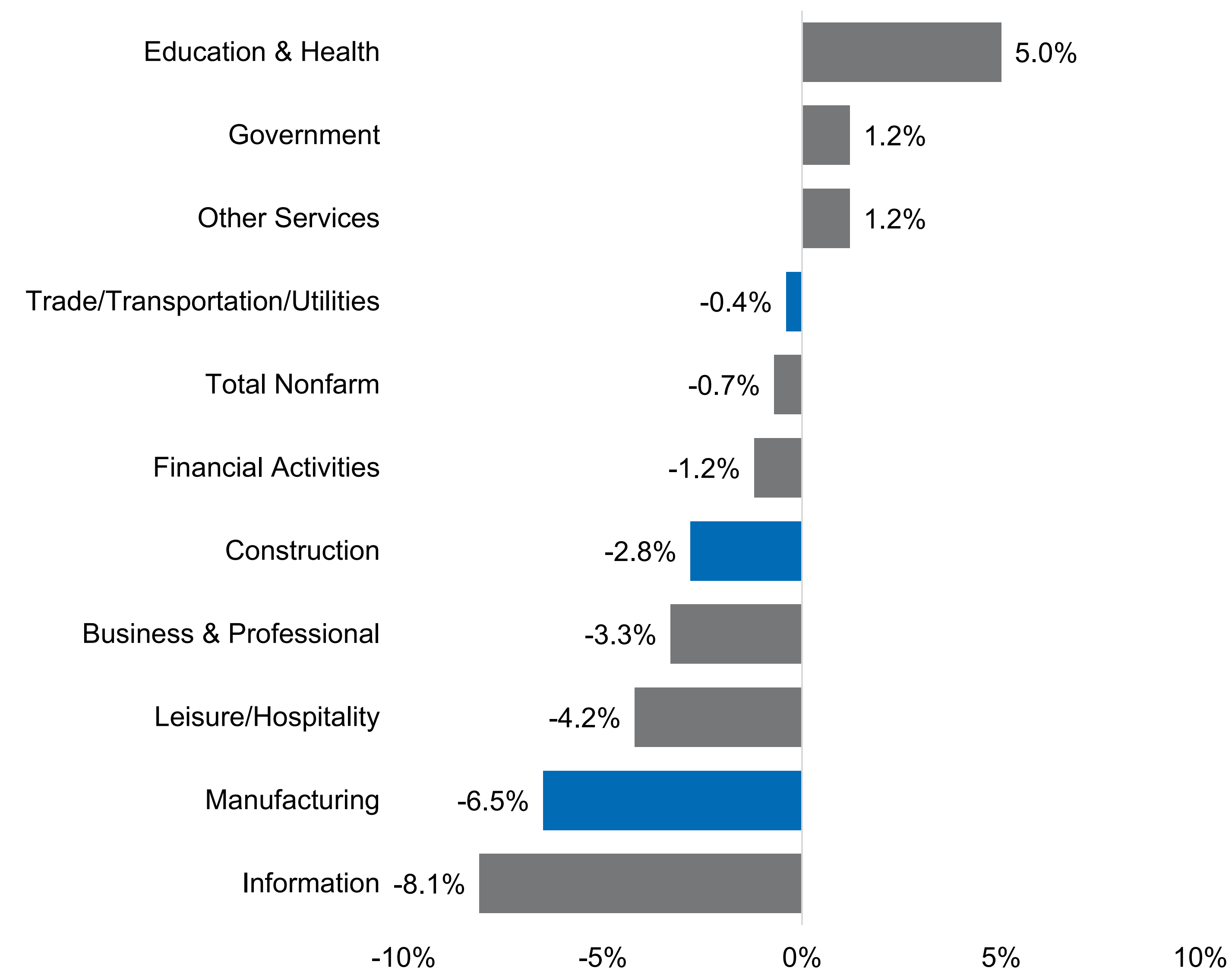
Industrial Using Employment Down

Manufacturing experienced the largest loss in growth for industrial using sectors year-over-over, while construction also experienced large negative growth. The Trade/Transportation/Utilities sector decreased only slightly year-over-year.

Employment by Industry, Aug 2025



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

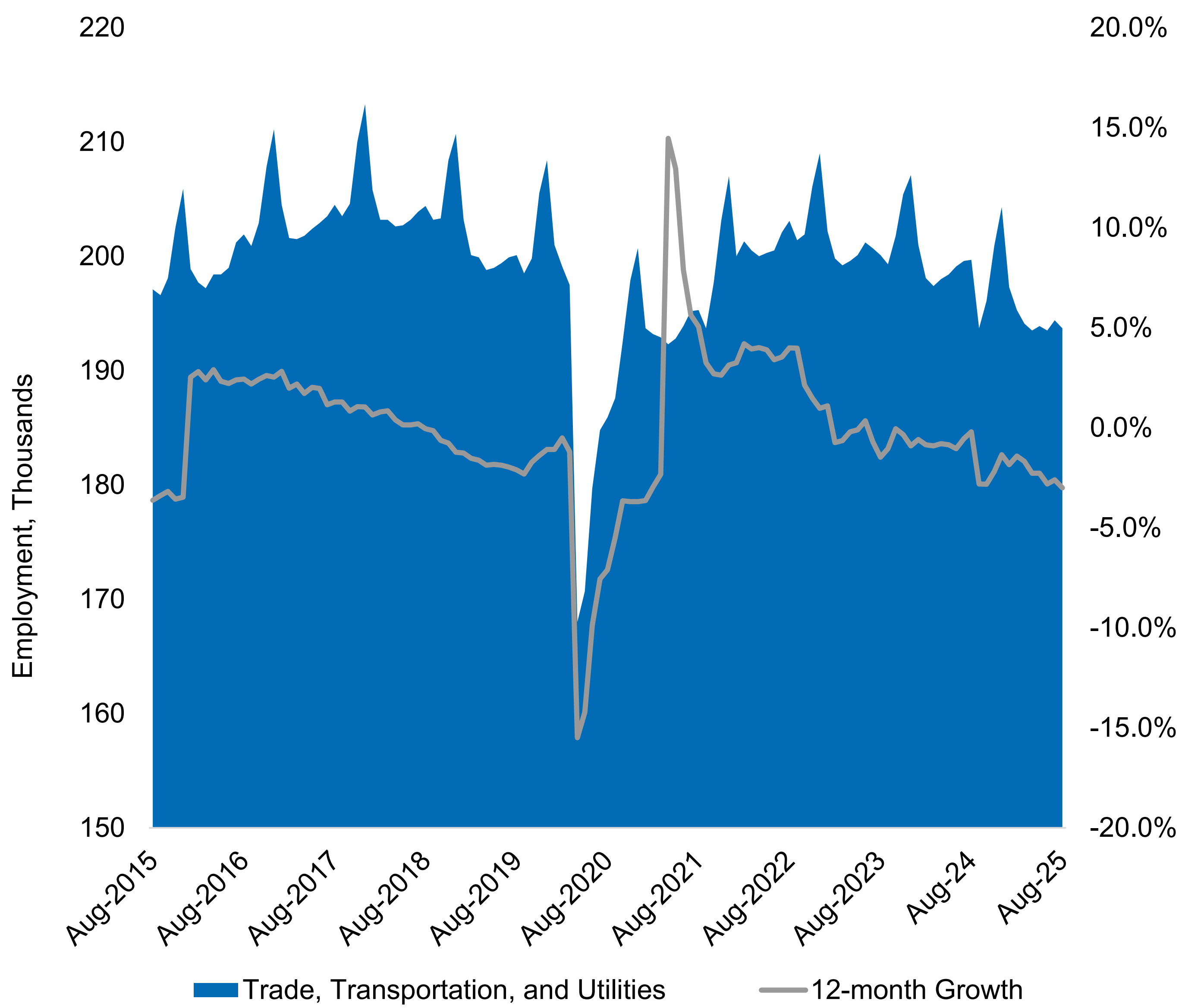


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

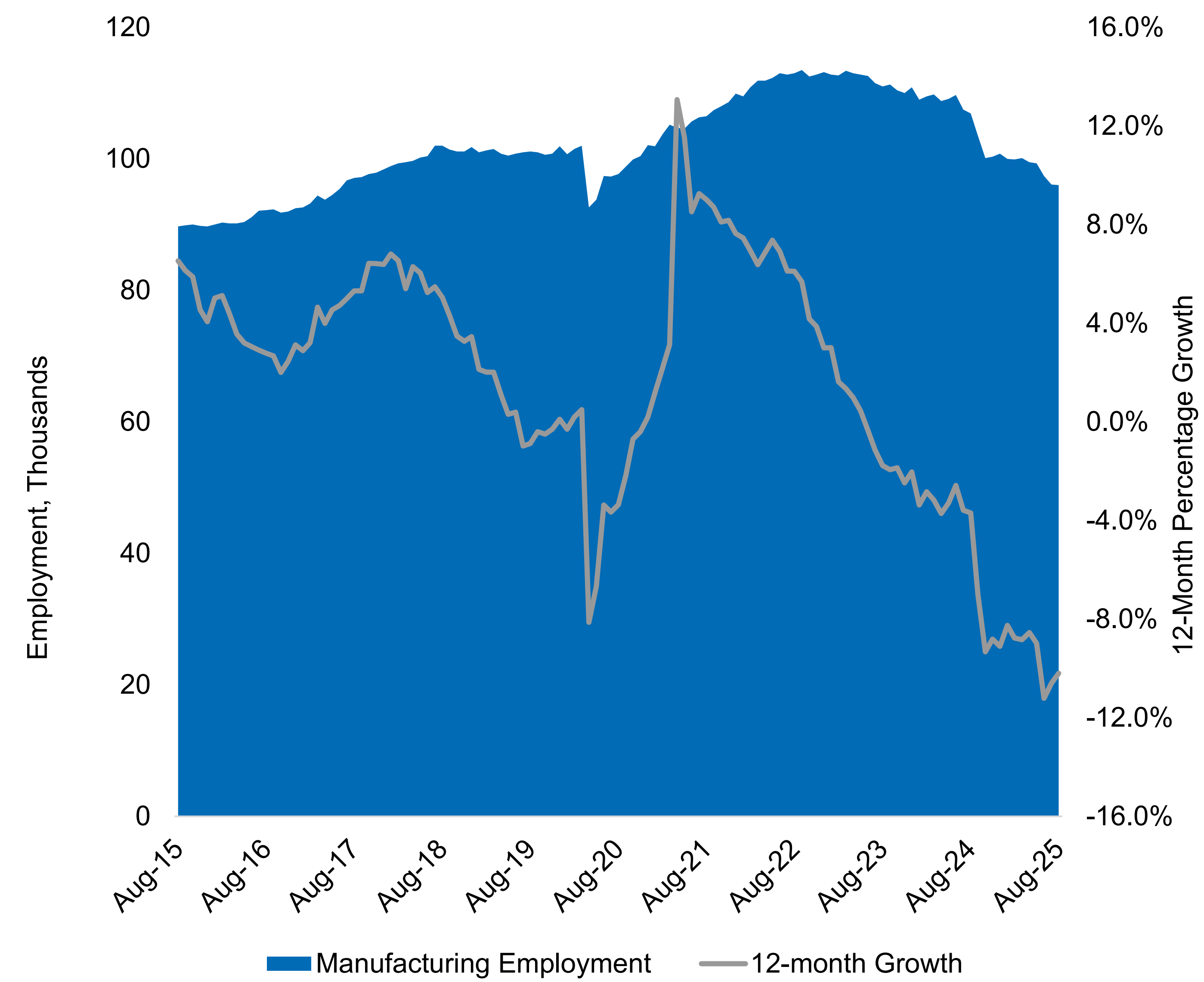
Industrial Employment Strong but Not Immune to Softening Conditions

Since the pandemic spike, Trade/Transportation/Utilities and Manufacturing employment has come back down to pre pandemic levels. This is the tenth consecutive quarter that Trade/Transportation/Utilities experienced negative year-over-year growth, and the ninth consecutive quarter that manufacturing employment experienced negative growth.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



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

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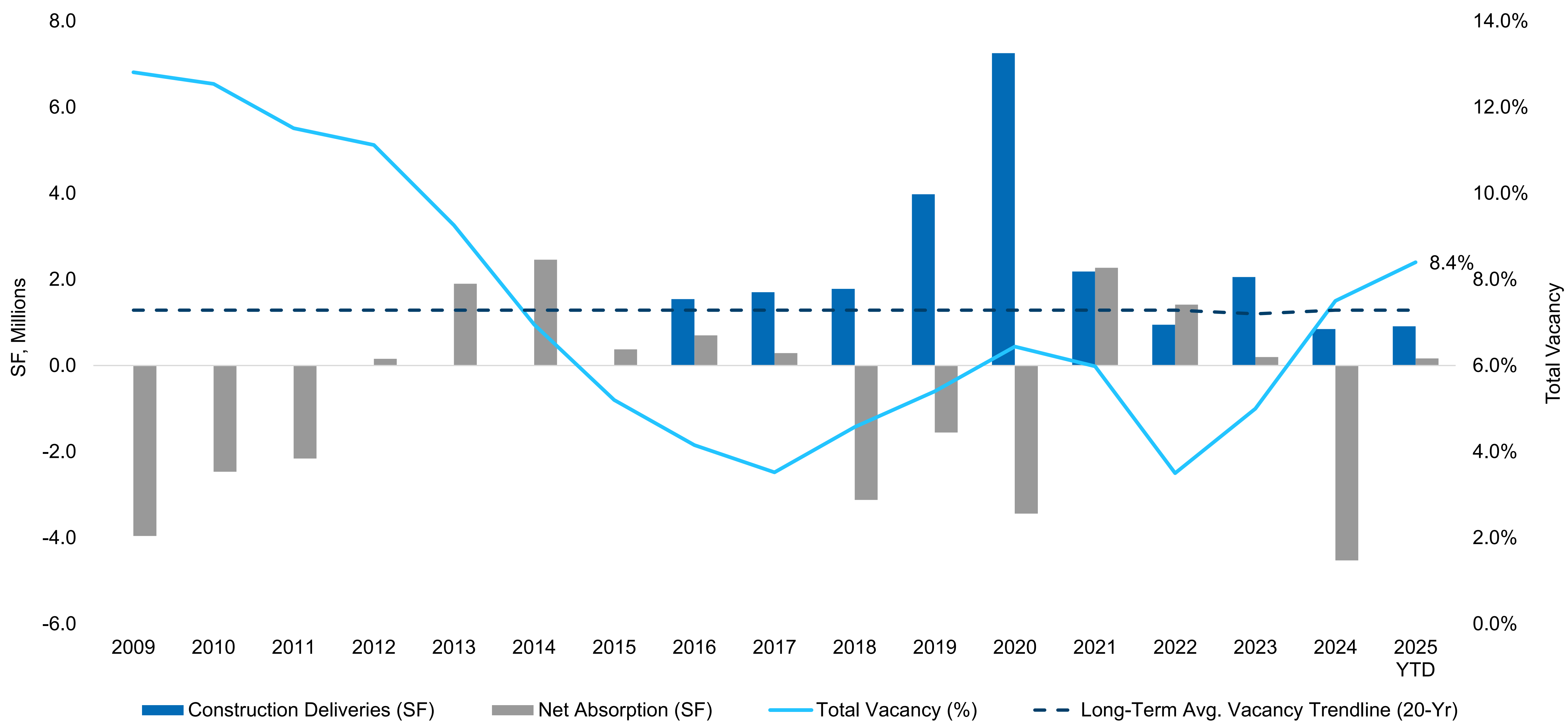
Leasing Market Fundamentals

Vacancy Remained Up Year Over Year

East Bay industrial vacancy rates remained stable in the third quarter of 2025. The market recorded 163,000 square feet of positive net absorption, while 534,361 square feet of new construction was underway at quarter-end. No new projects were delivered during the period.

Historical Construction Deliveries, Net Absorption, and Vacancy

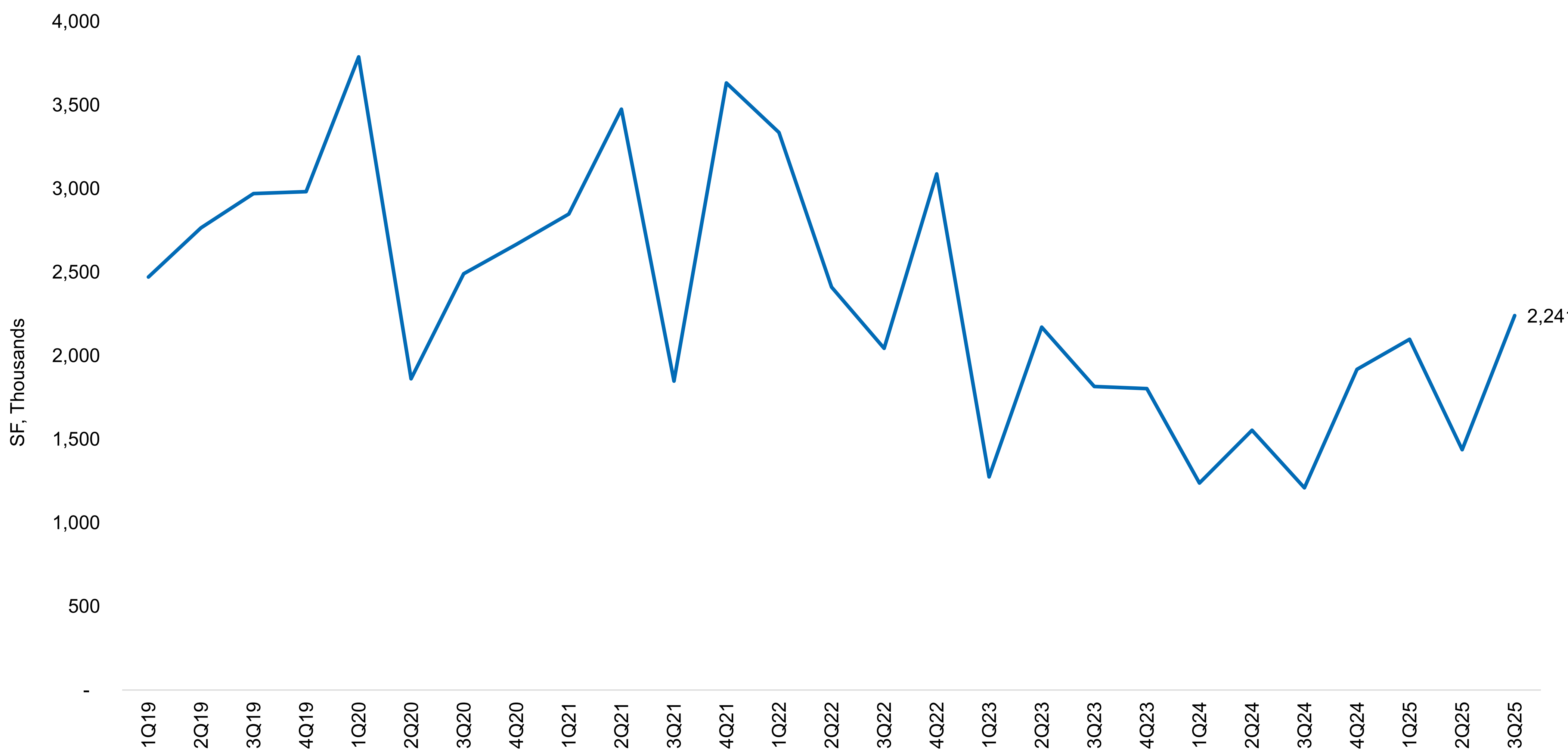


Source: Newmark Research, CoStar

Industrial Leasing Activity Increases

In the third quarter of 2025, overall leasing activity rose by more than 800,000 square feet compared to the previous quarter. Activity was well-distributed across all submarkets, with Fremont leading the way at 580,000 square feet of leases signed.

Total Leasing Activity (SF)

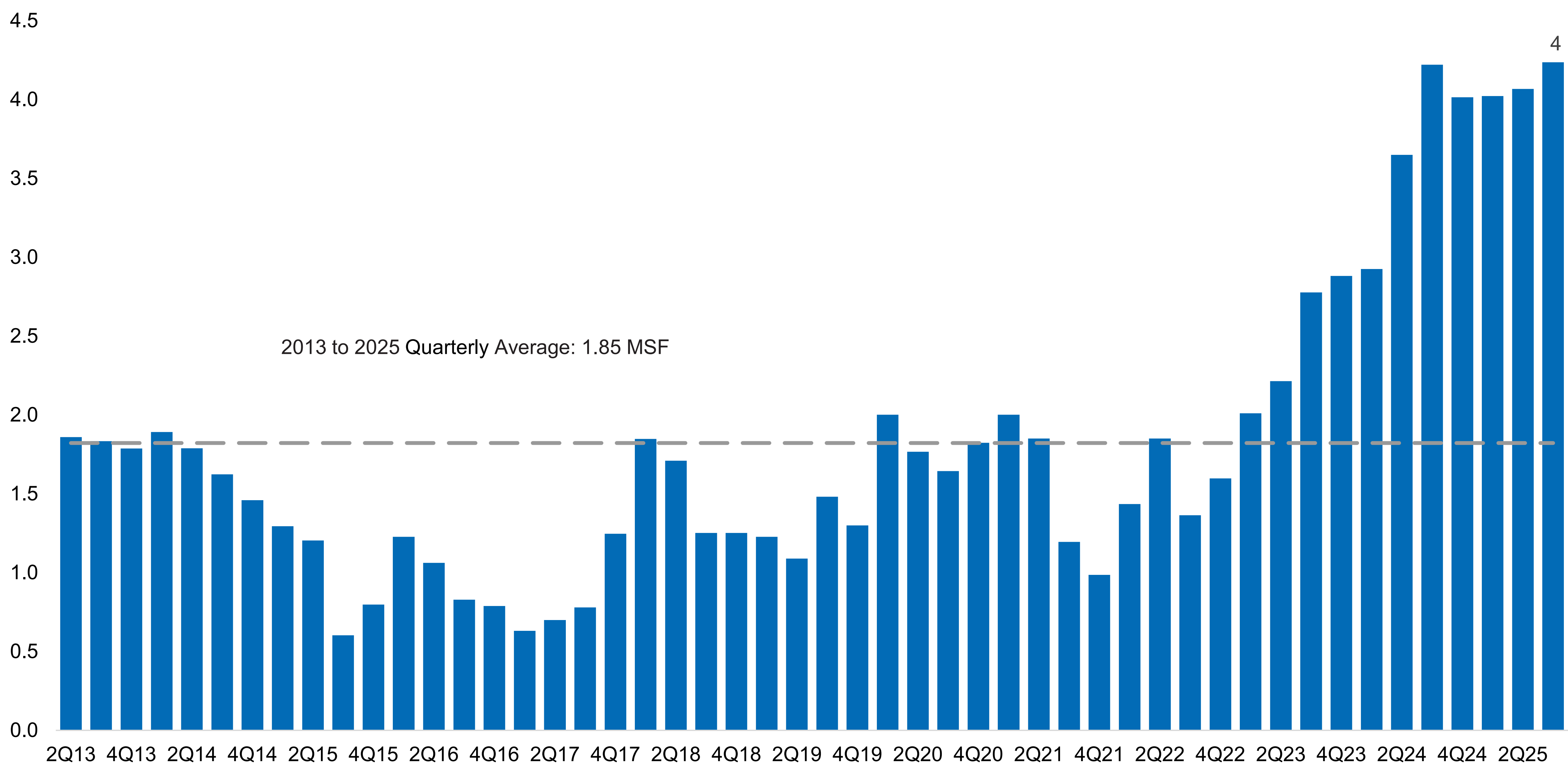


Source: Newmark Research, CoStar

Industrial Sublease Availability Increases

Sublease availability in the East Bay edged up to 4.2 million square feet in Q3 2025. Notably, 60% of this total is concentrated in just 15 large blocks, each exceeding 100,000 square feet—highlighting the presence of sizable space offerings. A key sublease transaction during the quarter took place in the greater Oakland market, where 50,000 square feet was leased at 277 Maritime Street.

Available Industrial Sublease Volume (MSF)

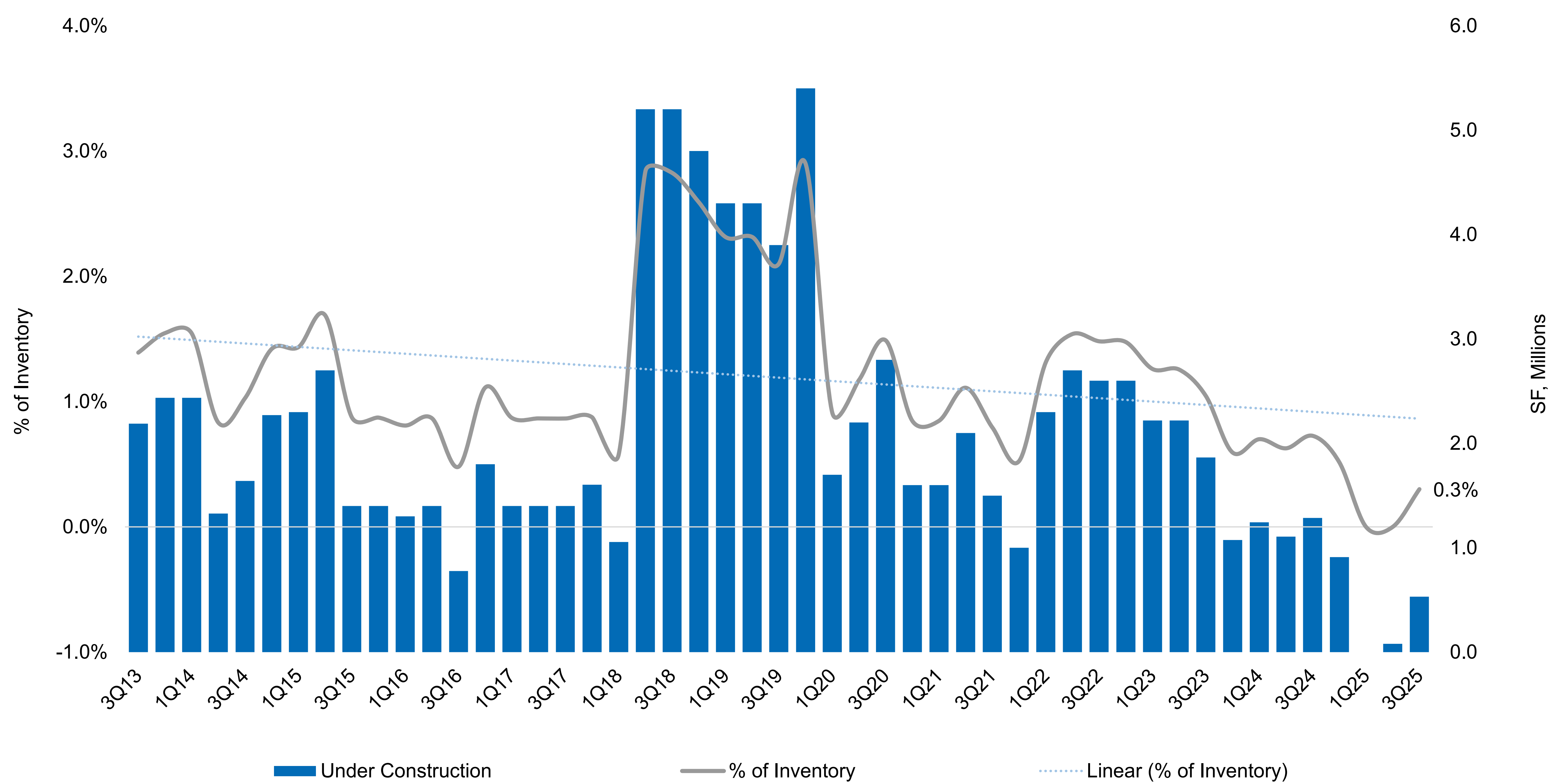


Source: Newmark Research, CoStar

Industrial Supply Pipeline

The construction pipeline in the Oakland industrial market has slowed significantly in recent years, reflecting softening market fundamentals and a more restrictive lending environment. Currently 534,361 square feet of new industrial space is under construction.

Industrial Under Construction and % of Inventory

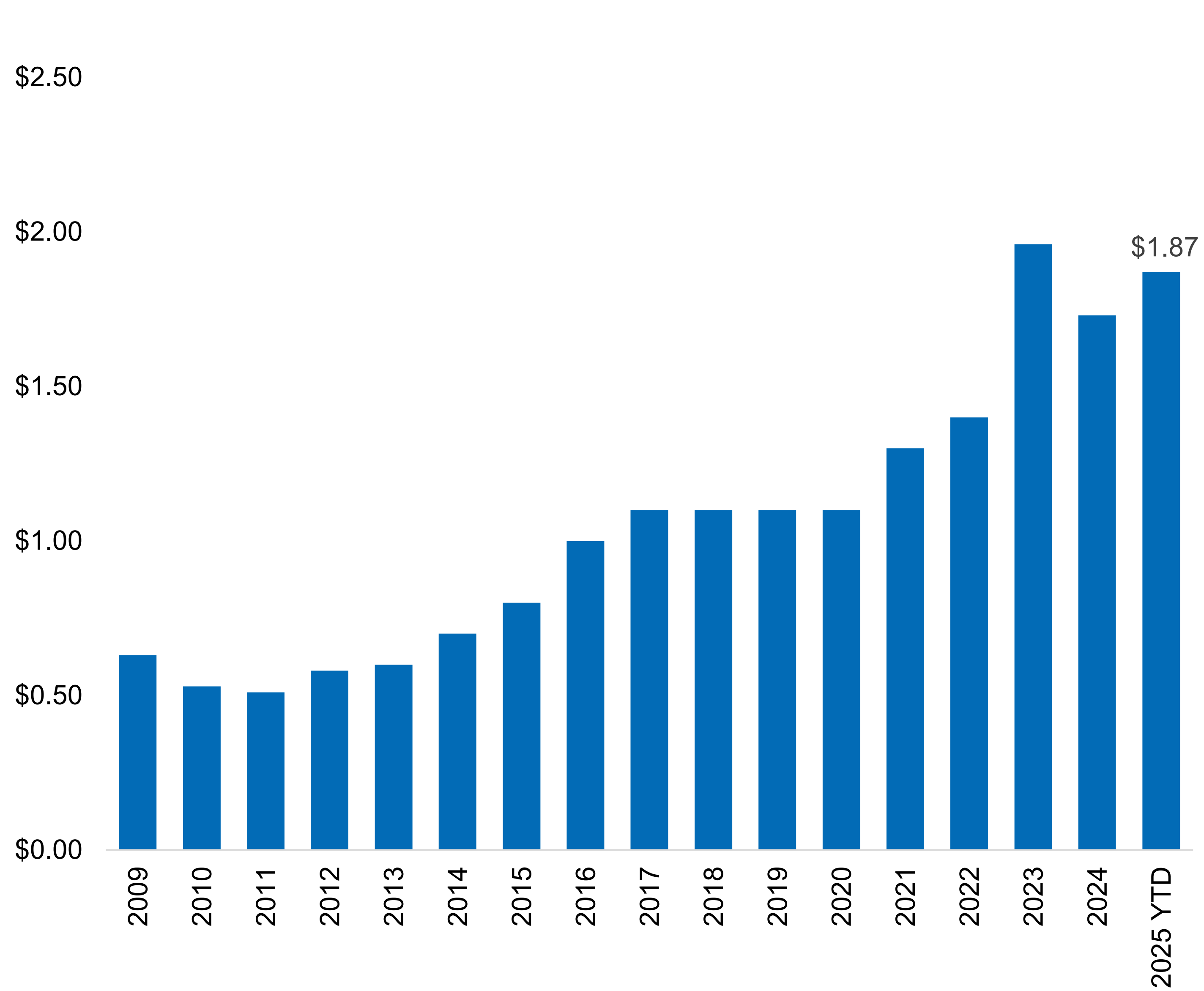


Source: Newmark Research, CoStar

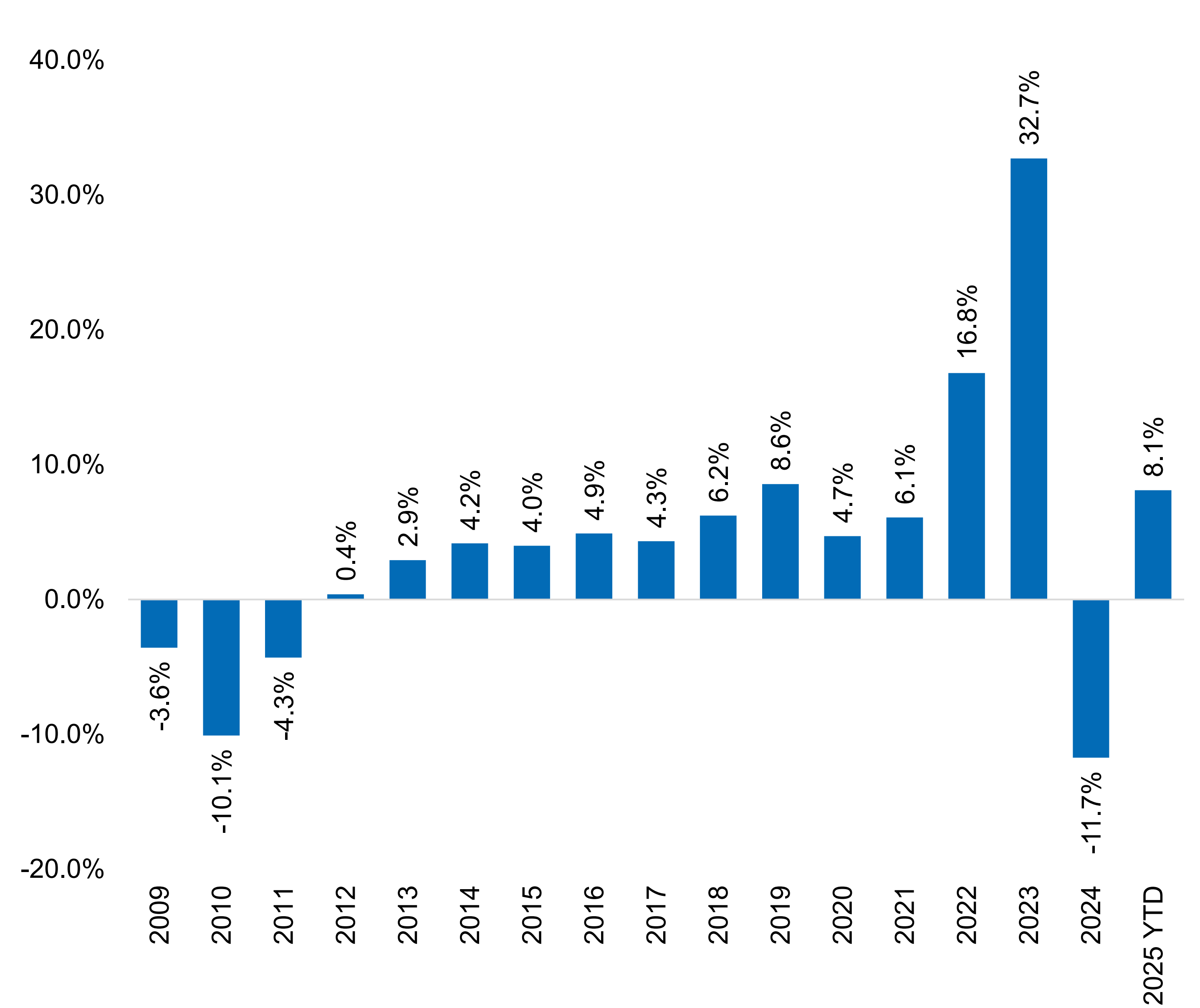
Industrial Asking Rent Growth

Industrial asking rents rose during the third quarter of 2025, reflecting continued market strength. We anticipate further upward pressure on rents in the fourth quarter, driven by increased tenant engagement and a notable rise in leasing activity.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q25 Lease Transactions

During the third quarter of 2025, several lease transactions exceeding 150,000 square feet were completed across the market. While leasing activity remained sluggish in some areas of the Greater Oakland Market, these sizable deals offer encouraging signs of potential recovery and renewed tenant demand.

Select Lease Transactions

Tenant	Building	Submarket	Type	Product Type	Square Feet
Tesla Motors, Inc.	31353 Huntwood Avenue	Hayward -- South	Lease Renewal	Warehouse/Distribution	327,100
Cal Cargo	7240 Edgewater Drive	Oakland – Airport	Direct Lease	Warehouse/Distribution	240,808
Ferguson Enterprises, Inc.	1936 Fairway Drive	San Leandro – West	Expansion	Warehouse/Distribution	237,404
Costco	30736-30760 Wiegman Road	Hayward – South	Expansion	Warehouse/Distribution	222,888
New IEM, LLC	47422 Kato Road	Fremont – Mission South	Direct Lease	Warehouse/Distribution	214,809
FedEx	2451 Polvorosa Drive	San Leandro – West	Direct Lease	Warehouse/Distribution	181,720
Williams-Sonoma	6000 Giant Road	Richmond – Richmond	Lease Renewal	Warehouse/Distribution	167,000
American Freightways	955 Kennedy Street	Oakland – Embarcadero	Direct Lease	General Industrial	119,000

Source: Newmark Research

Notable 3Q25 Sale Transactions

A few significant sale transactions took place in the third quarter of 2025, the largest being Huntwood Business Park, a 176,000-square-foot portfolio property in Hayward acquired by BKM Capital Partners as part of a portfolio sale.

Select Sale Transactions

Buyer	Building	Submarket	Square Feet	Total Sales Price	Price Per SF	Owner User / Investor
BKM Capital Partners (Portfolio Sale)	Huntwood Business Park	Hayward	175,980	$40,161,000	$228	Investment
North Haven Net REIT (Portfolio Sale)	843 Auburn Court 47266 Benicia Street 47173 Benicia Street	Fremont	138,887	$51,000,000	$367	Investment
Berkeley Partners	5020-5070 Brandin Court	Fremont	132,856	$33,000,000	$248	Investment
New Mountain Capital	3240 Whipple Road	Union City	91,124	$54,000,000	$593	Investment
BKM Capital Partners (Portfolio Sale)	Hesperian Business Park	Hayward	82,840	$19,971,000	$241	Investment

Source: Newmark Research, Costar

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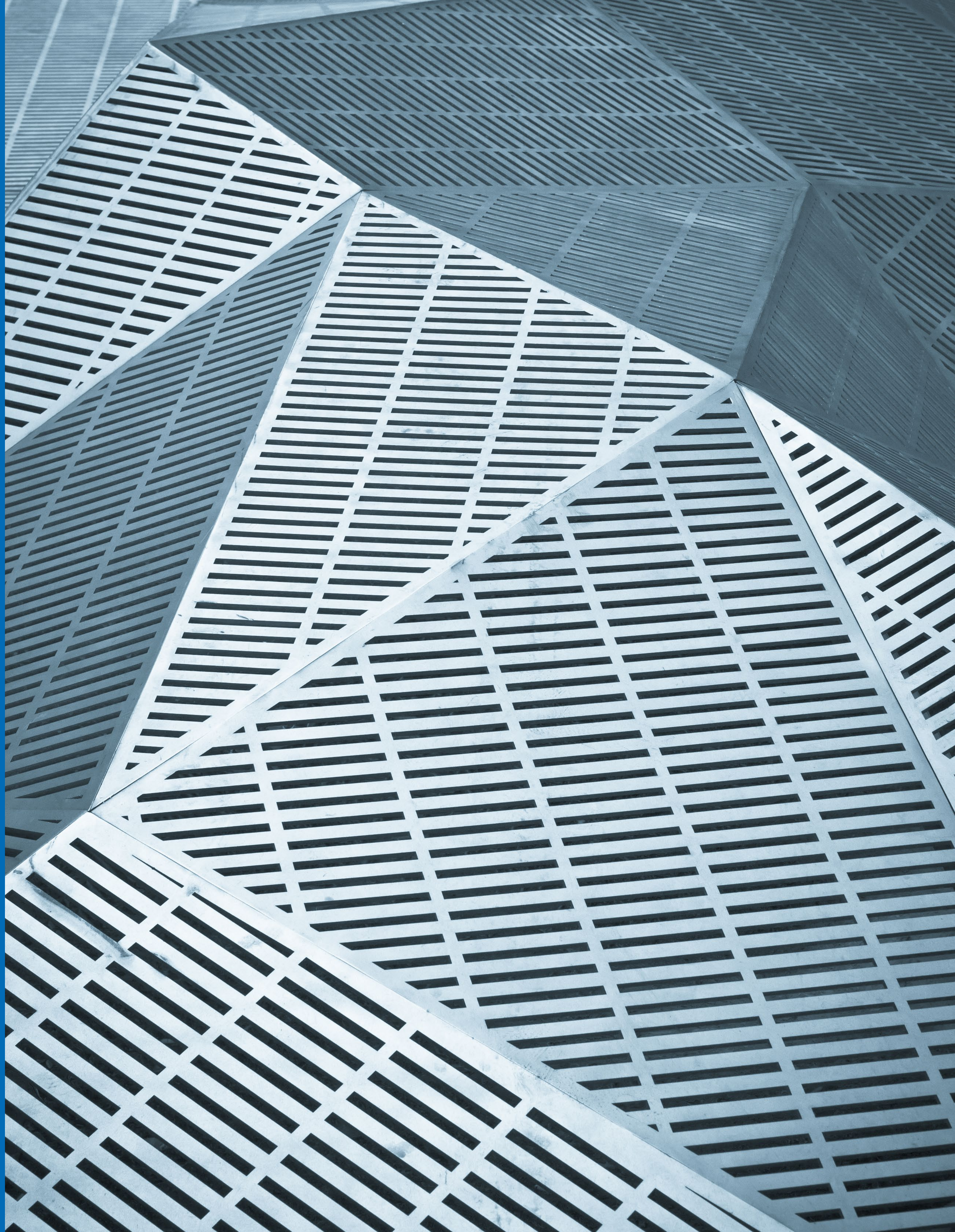

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