

Greater Oakland Office Market Overview

Market Observations



- 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.
- The U.S. economy remains in a state of heightened uncertainty, driven by the president’s recent tariff actions and evolving interest rate policy. These developments will be closely monitored for their potential impact on the market throughout the remainder of 2025.



- Sierra Club leased 24,611 square feet of space in Oakland at 2101 Webster Street.
- Premier Office Centers renewed 20,977 square feet of space in Oakland at 1999 Harrison Street.
- SEIU expanded into 15,098 square feet of space in Oakland at 333 Hegenberger Road.
- Schneider, Wallace, Cottrell, Konecky, Wotkyns, LLP extended their lease of 11,310 square feet at 2000 Powell Street in Oakland.
- Charles Schwab extended their lease of 10,529 square feet at 180 Grand Street in Oakland.
- CBRE Investment Management sold 2100 Powell Street in Emeryville to LBA Realty for \$72.5 million, or \$185.14/sf.
- Harvest Properties sold 2168-2180 Shattuck Avenue to SRM Associates for \$4.5 million, or \$222.96.
- Redwood property Investors sold 570 10th Street in Oakland to Oddo Family Foundation for \$5.64 million, or \$151.95/sf.



Leasing Market Fundamentals

- Net absorption in the third quarter of 2025 totaled positive 130,332 square feet, following 13 consecutive quarters of negative absorption. This is the highest positive absorption in a quarter since fourth quarter 2018.
- Vacancy dropped to 22.6% in the third 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.



Outlook

- We expect additional high-vacancy properties to trade at significantly reduced prices. Meanwhile, rental rates are projected to continue declining, while build-out and improvement costs remain elevated.
- These market conditions present unique opportunities for value-driven investors who can leverage existing improvements or negotiate favorable terms to offset high renovation expenses.
- Asking rents have continued to drop as vacancy rates have remained elevated throughout the market.
- Tenants got the best value from transactions that made use of existing second-generation buildouts.

1. Economy
2. Leasing Market Fundamentals
3. Appendix

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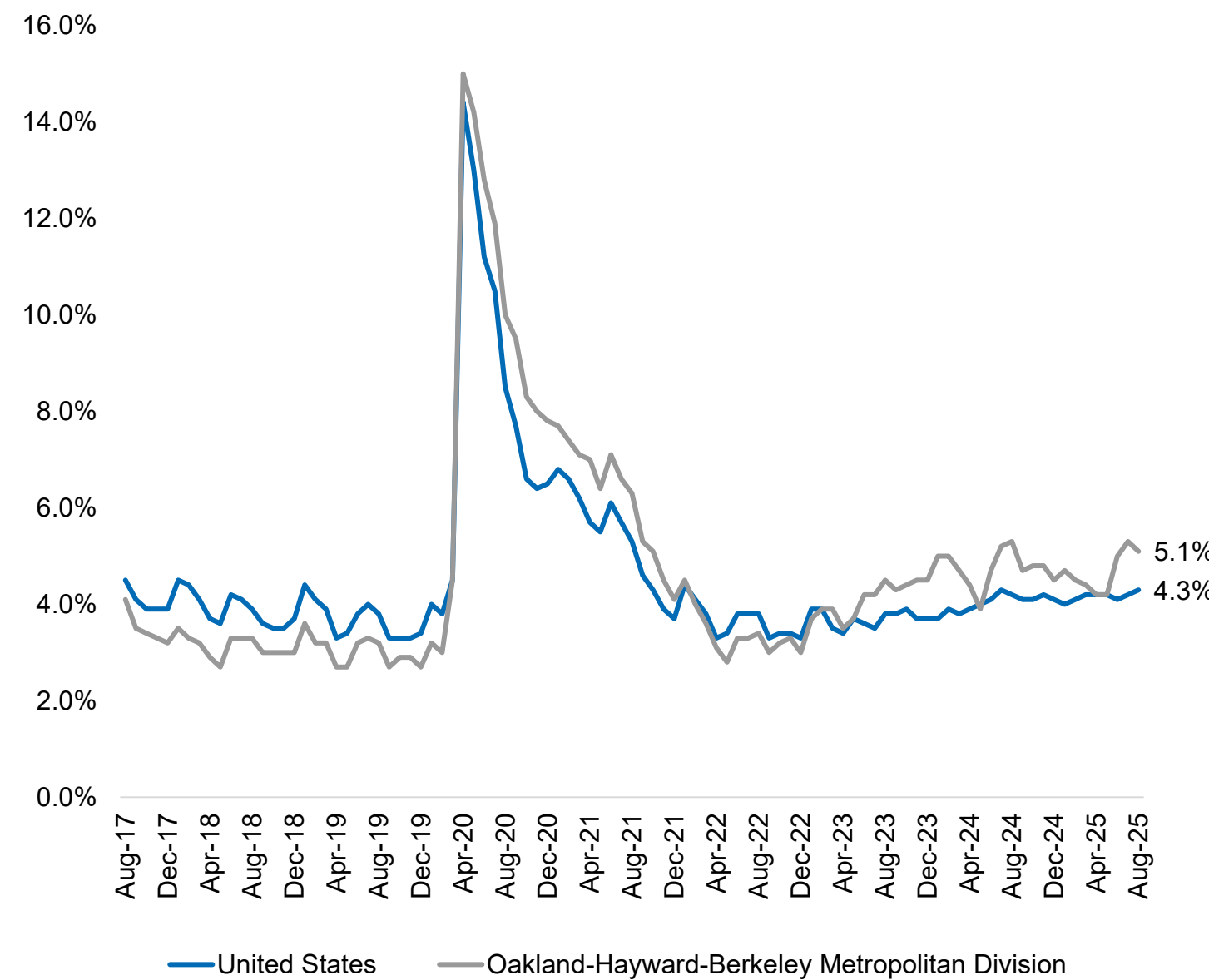
Economy



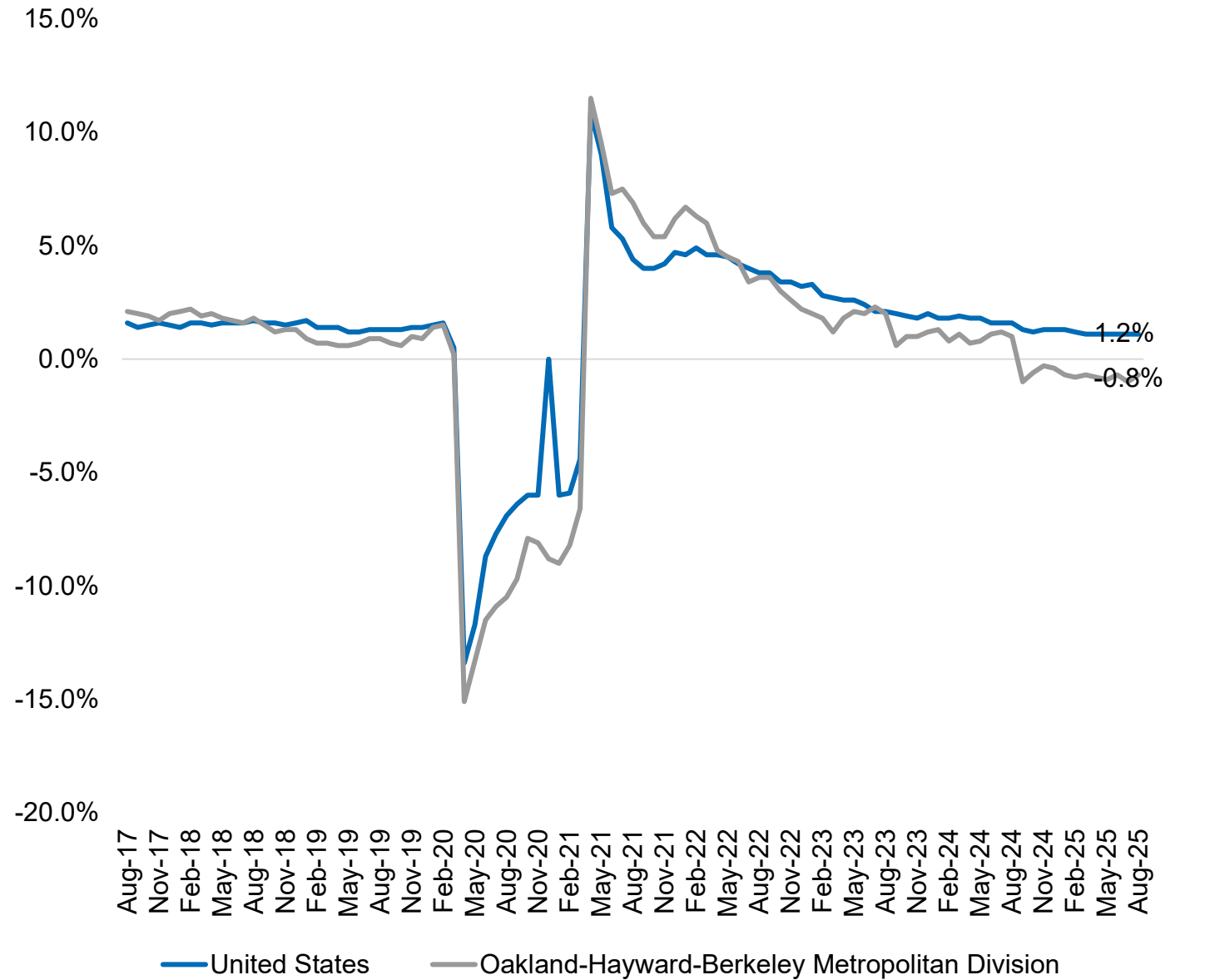
Metro Employment Trends Signal A Slight Comeback

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

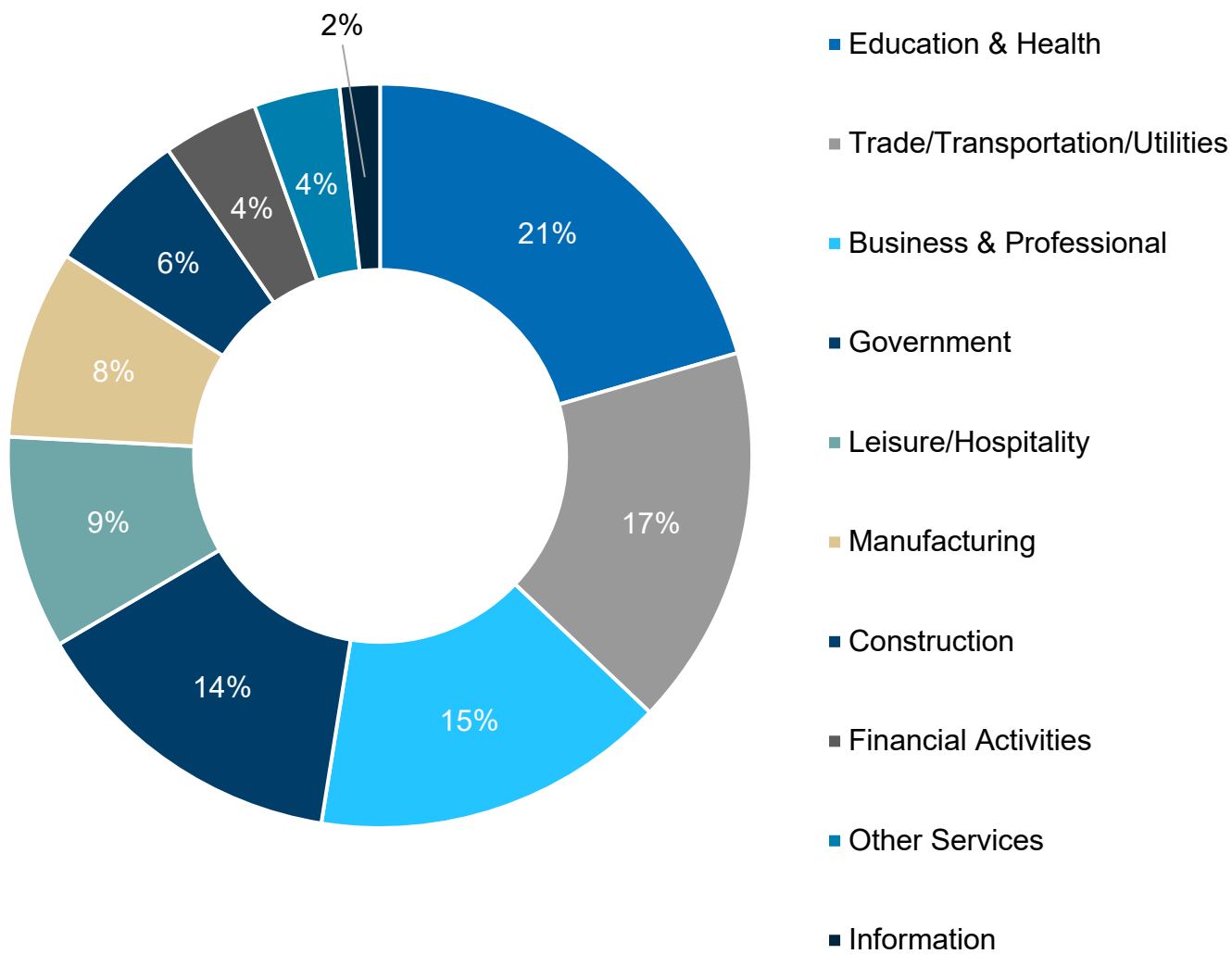


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

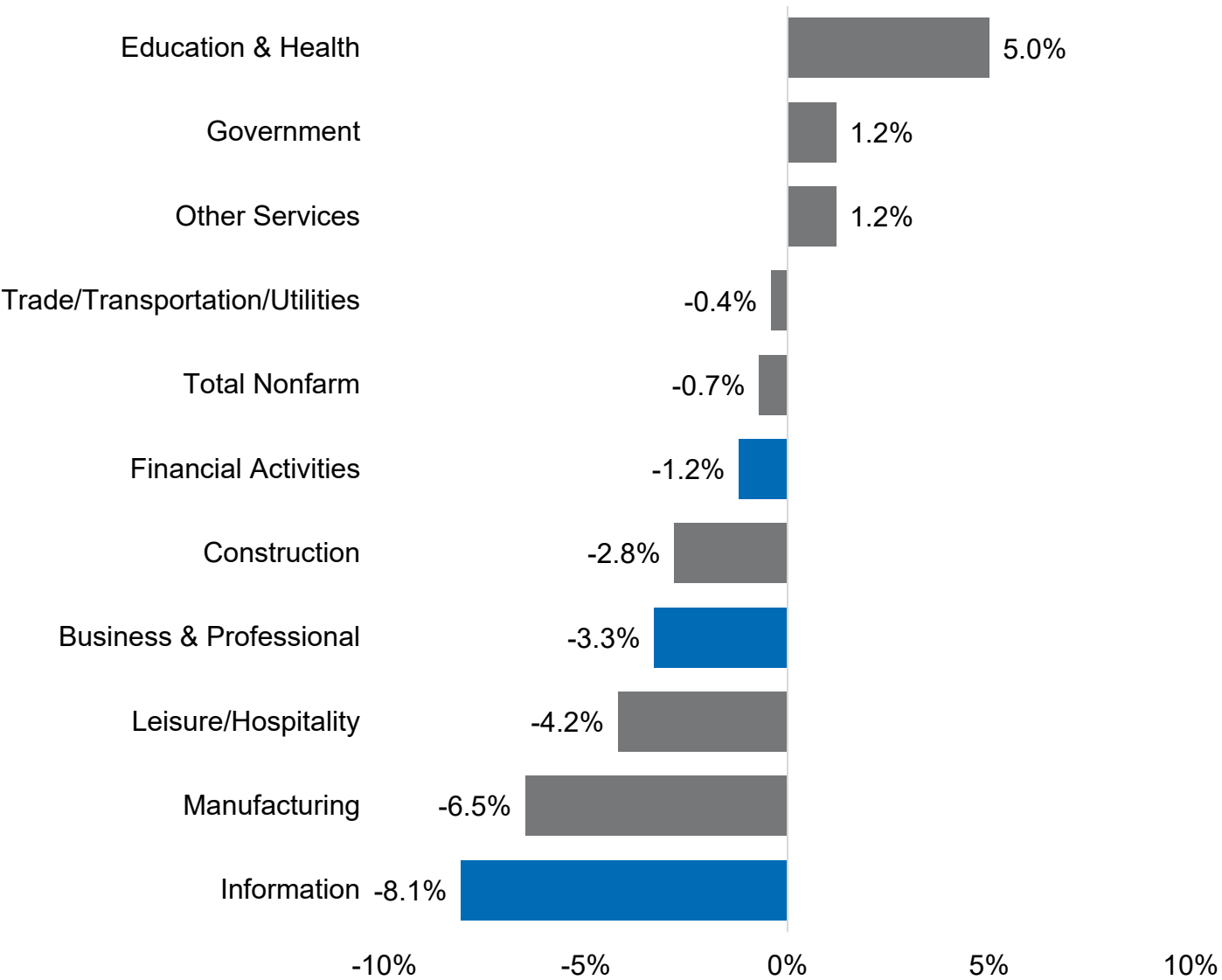
Office-Using Employment Down

Office using sectors continued to experience 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

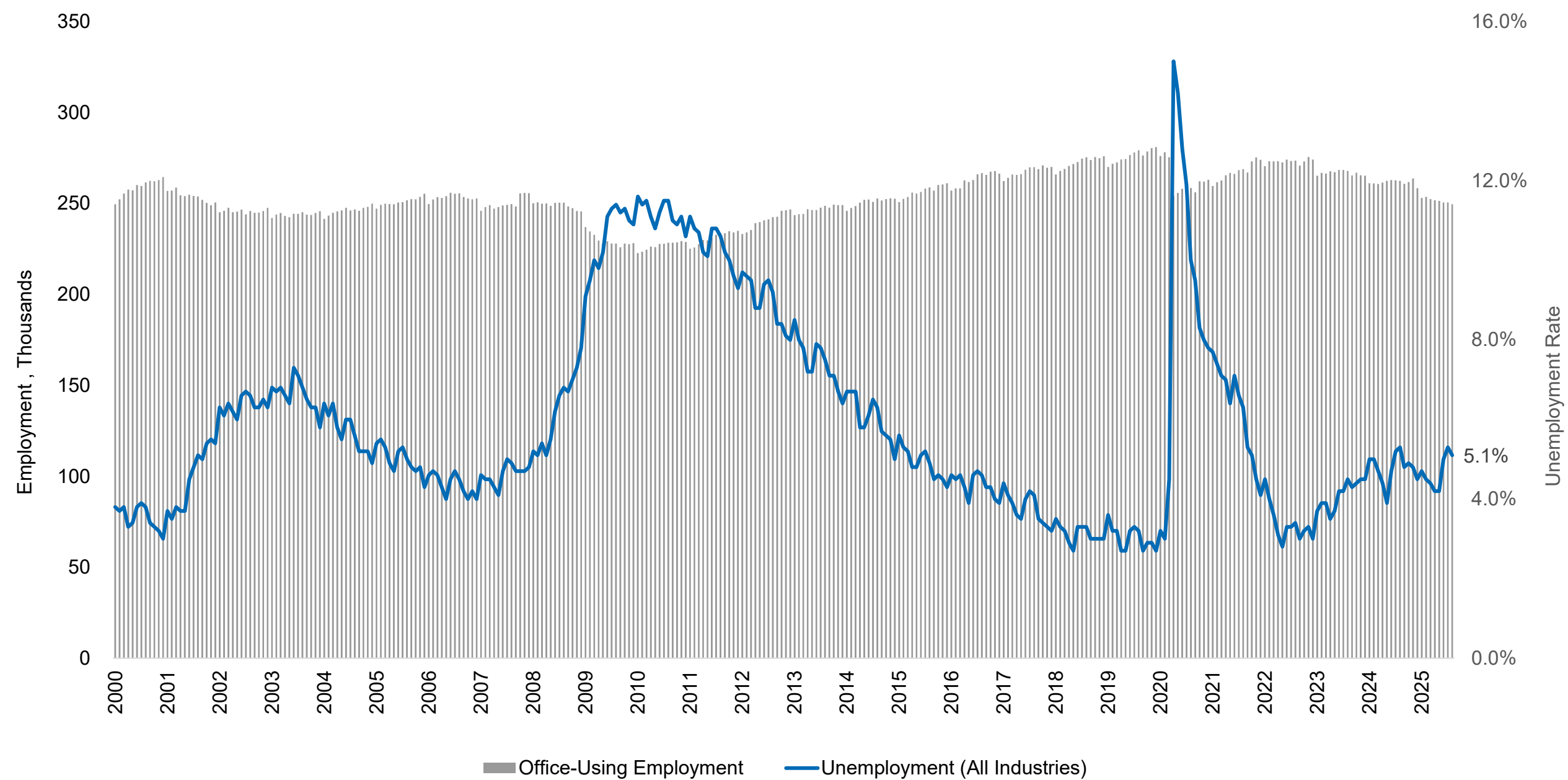


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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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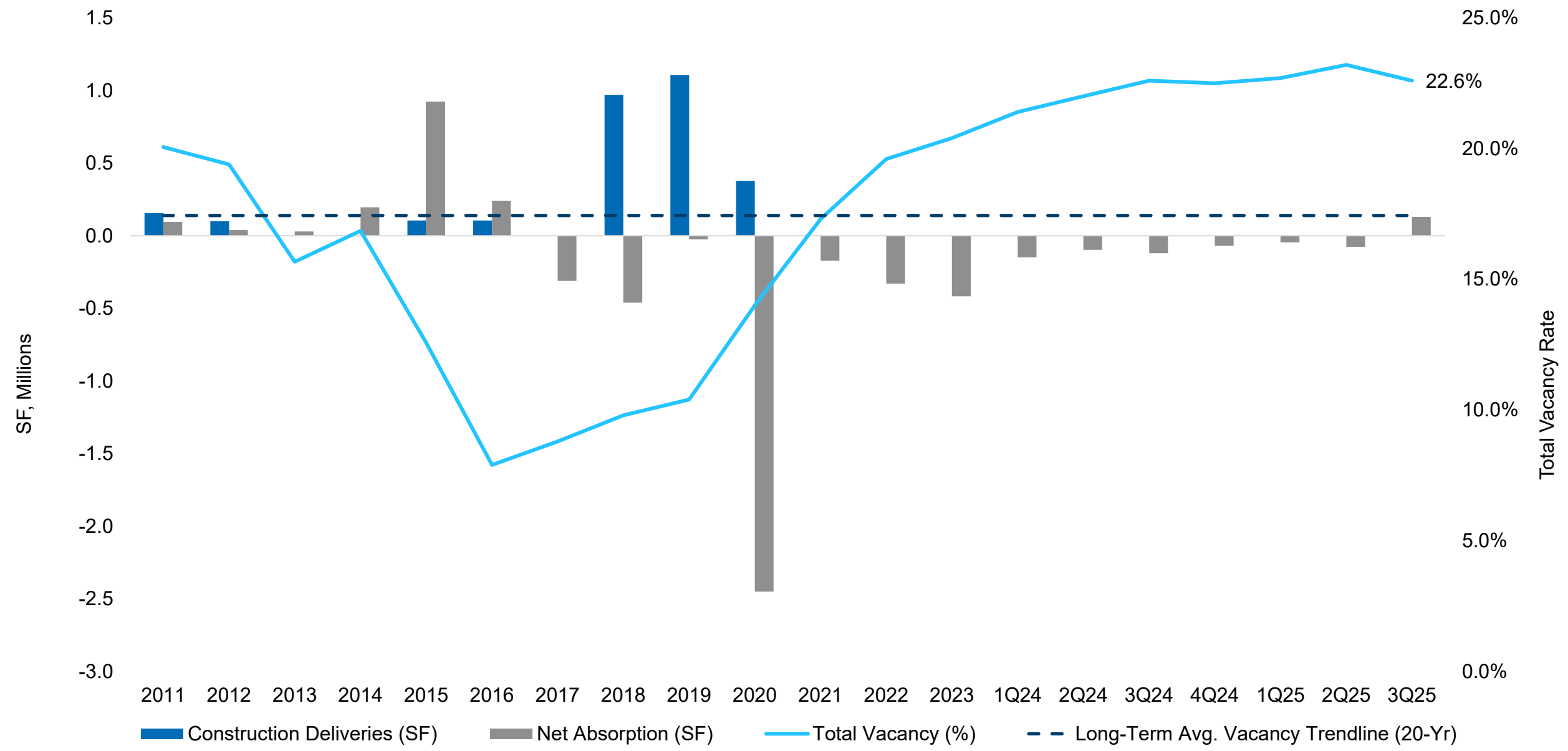
Leasing Market Fundamentals



Vacancy Experiences a Decrease

Vacancy rates declined modestly to 22.6% as the Greater Oakland market closed the third quarter of 2025 with a positive absorption of 130,332 square feet, the most quarterly absorption since fourth quarter 2018. This new demand highlights a promising shift in market dynamics and reinforces a growing sense of optimism for the near-term outlook.

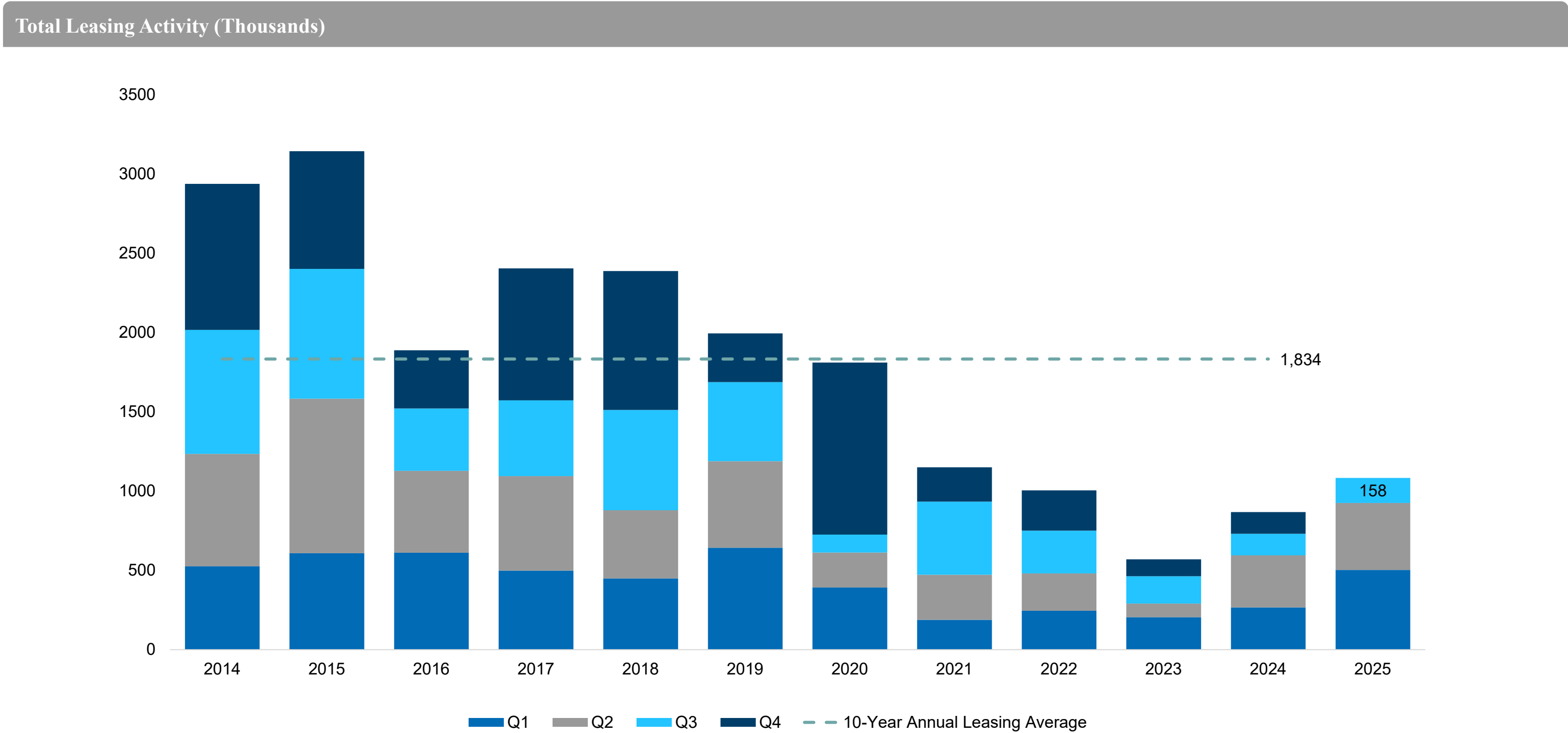
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Picks Up

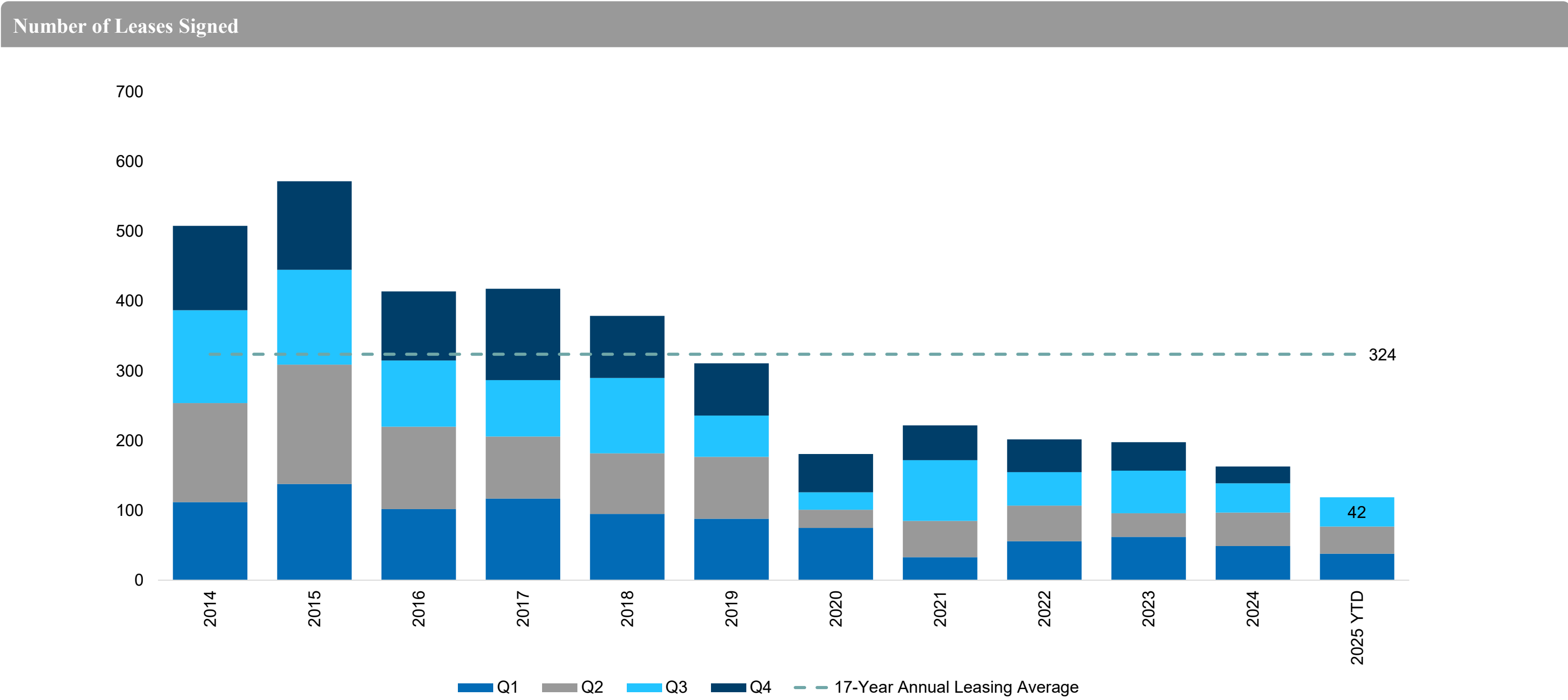
Leasing activity by square footage is on track to reach its highest level since 2021. This along with the slight decrease in vacancy is a positive sign that underscores strengthening demand and growing confidence in the market.



Source: Newmark Research, CoStar

Increase in Signed Leases in the Third Quarter

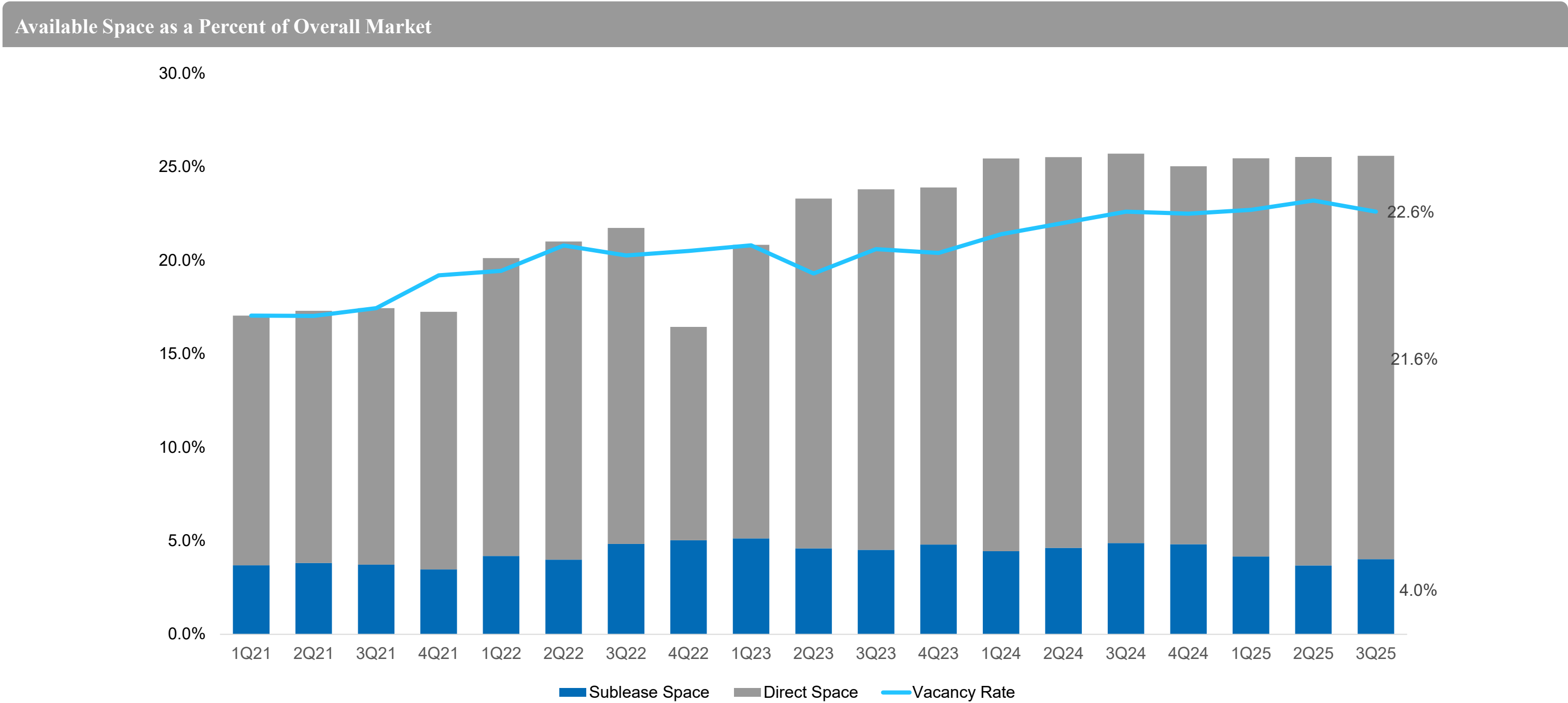
Leasing activity experienced a modest increase in the third quarter of 2025 compared to the second, with three additional leases signed. The majority of these new leases were concentrated in Downtown Oakland, highlighting the area’s continued appeal to tenants during this period.



Source: Newmark Research, CoStar

Availability and Vacancy Experiences Slight Decrease in the Market

In the third quarter of 2025, the Greater Oakland market recorded modest positive absorption, helping to stabilize and even decrease vacancy and availability rates. Tenants looking for sublease space continue to see increased options. Tenant demand continued to focus primarily on spaces of 10,000 square feet or less, highlighting sustained interest from small to mid-sized companies.

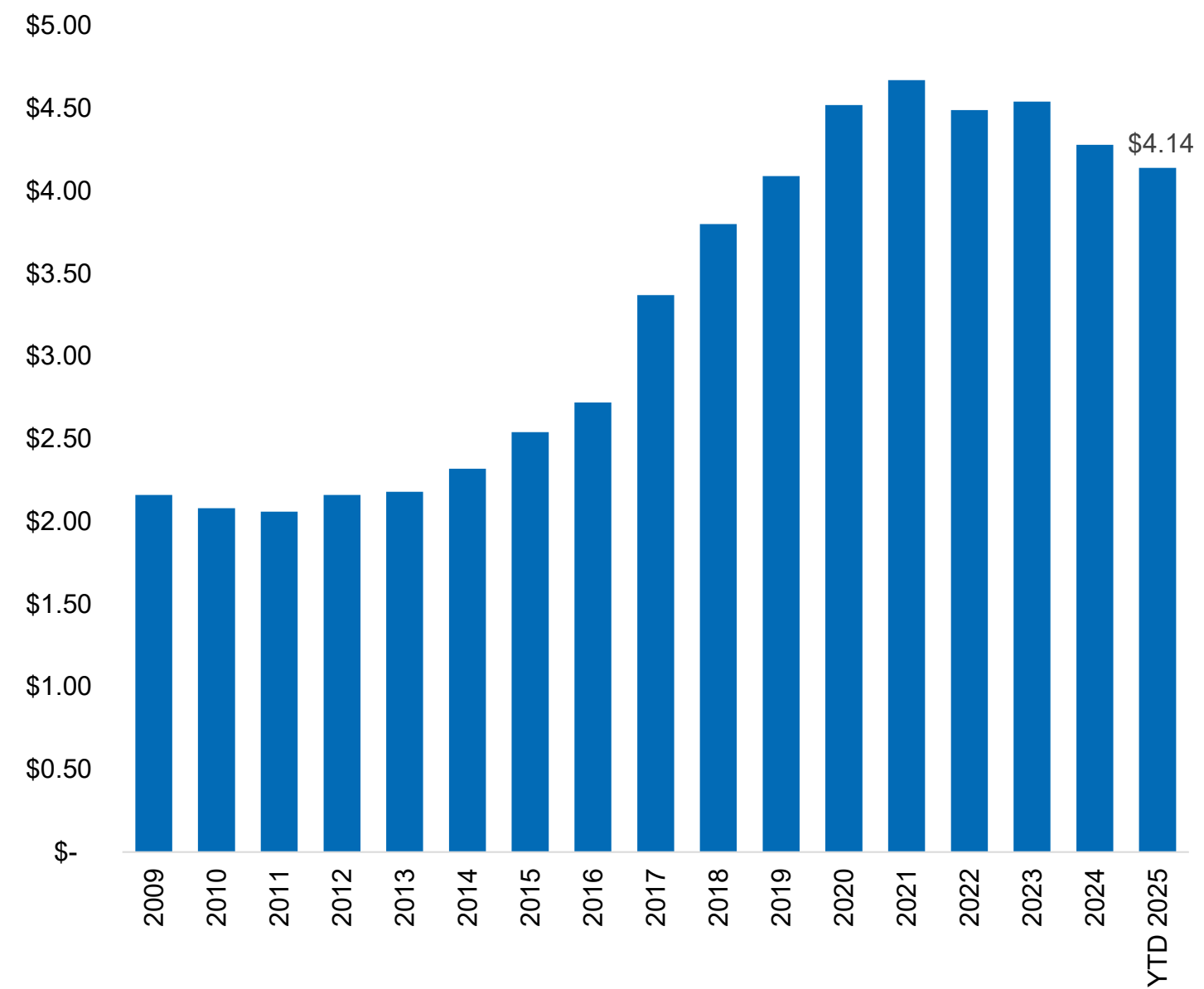


Source: Newmark Research

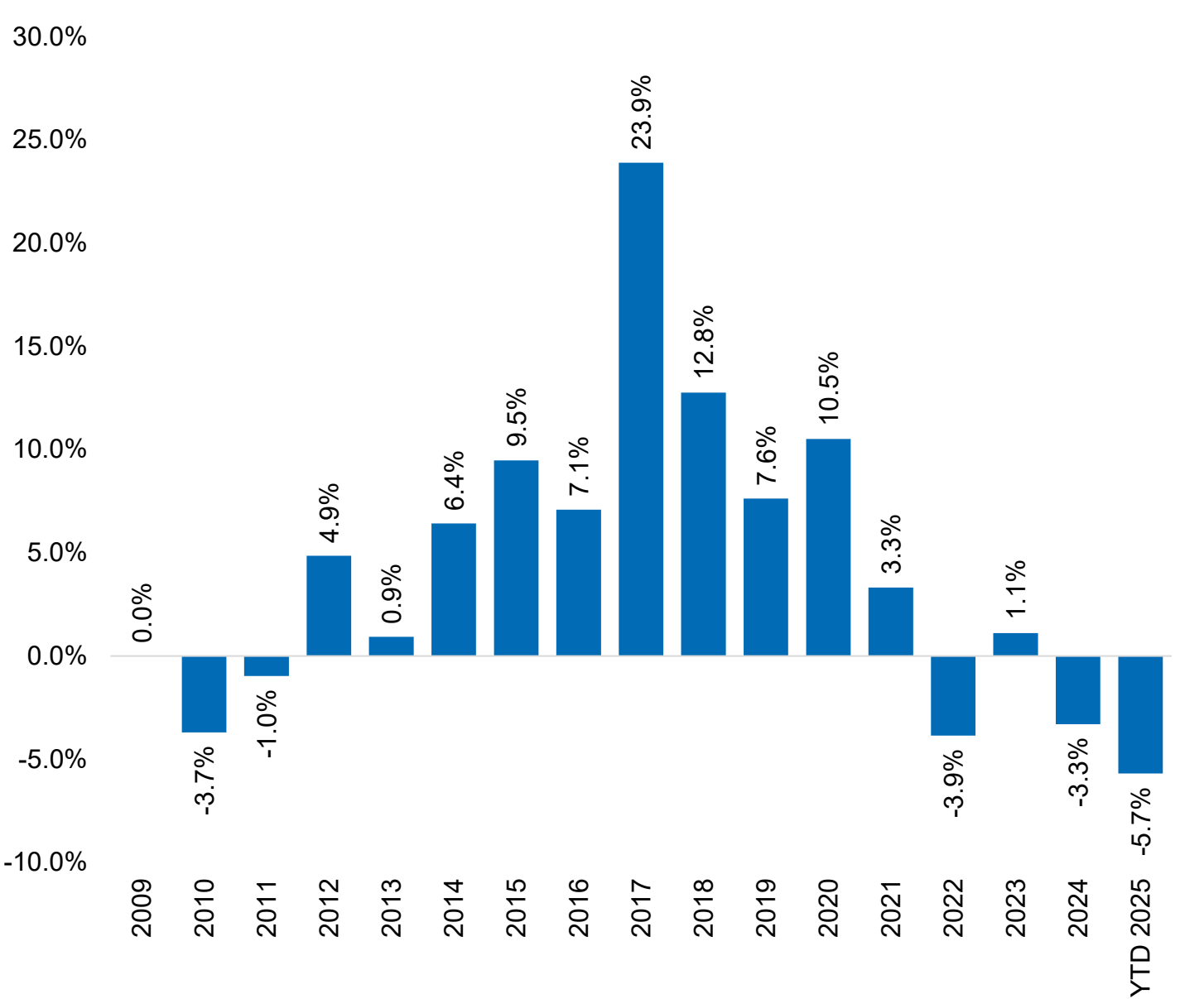
Rents Decrease Over the Third Quarter

Rents adjusted to \$4.14 in the third quarter of 2025, creating more opportunities for tenants to secure quality spaces. Demand remained strong for locations offering convenience, modern amenities, and enhanced security, as these continued to be top priorities in tenant decision-making.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

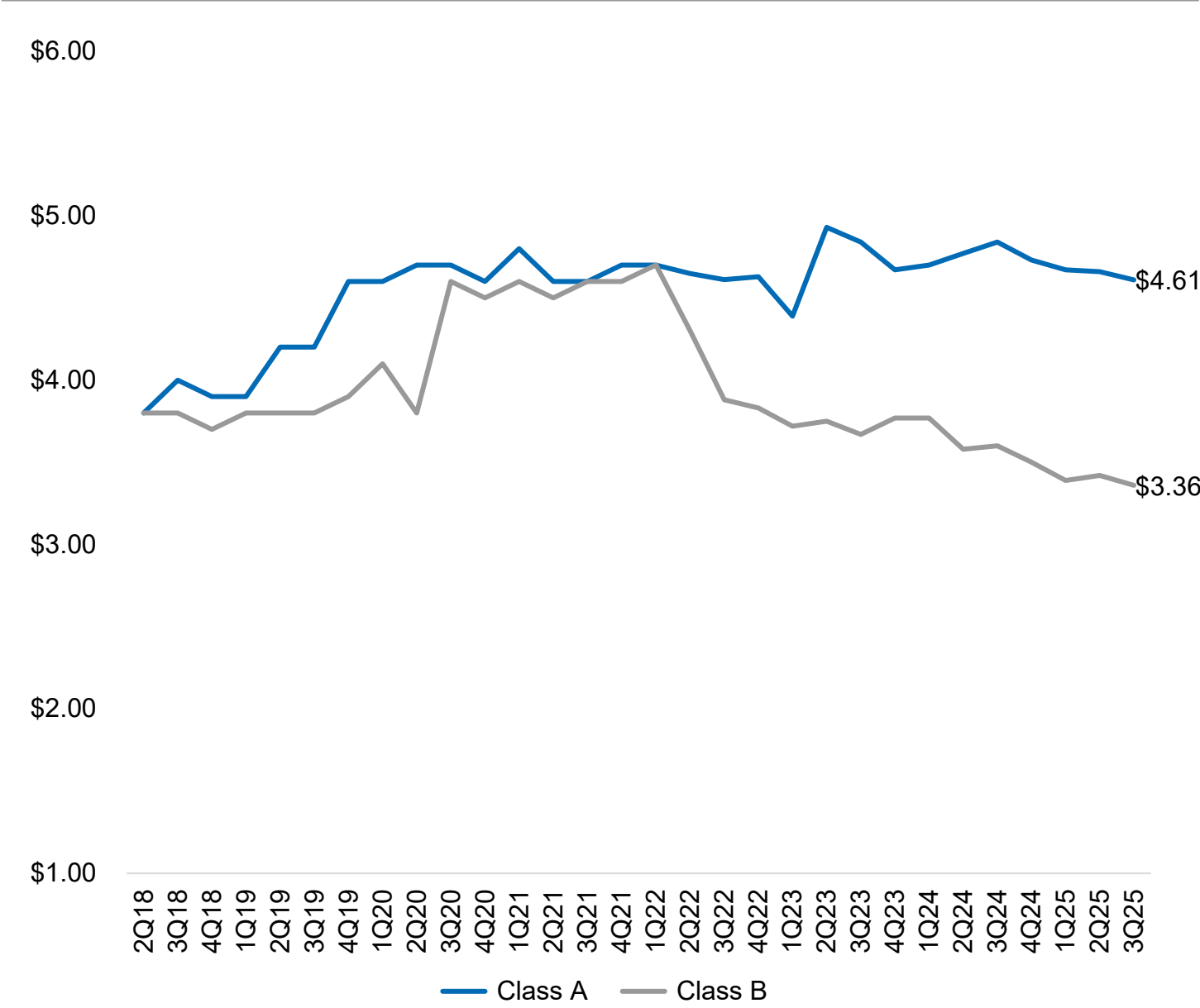


Source: Newmark Research, CoStar

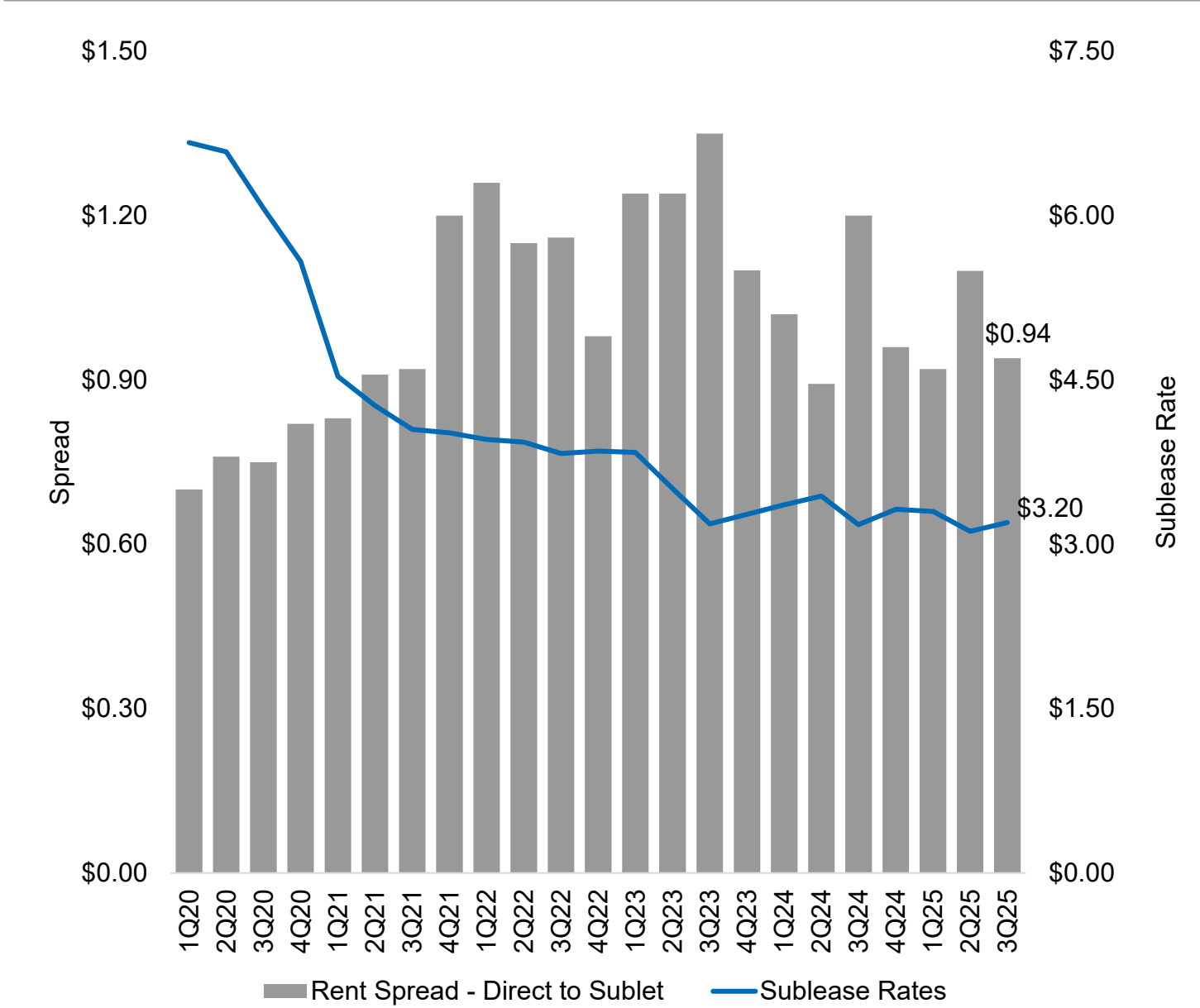
Class A vs. B Rents

In the third quarter of 2025, asking rents for both Class A and Class B office spaces declined. Meanwhile, sublease rents rose by \$0.08, narrowing the rent spread between direct and sublease space. Despite overall rent softening, tenant demand remained focused on properties with strong amenity offerings and convenient access to public transit, which continued to outperform the broader market.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

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