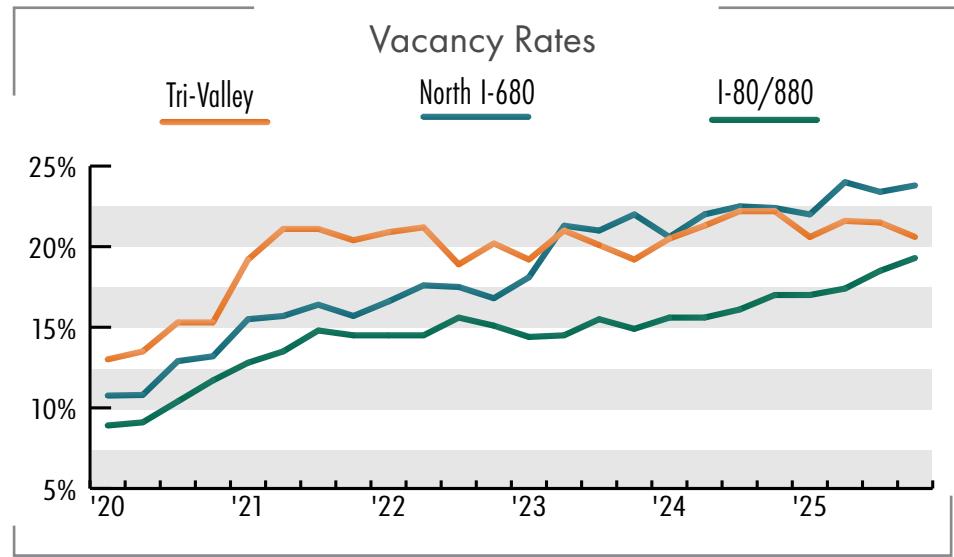




EAST BAY OFFICE

- The East Bay unemployment numbers rose to 4.6% for all office sectors end of 4th quarter 2025 negatively impacting the struggling office market. This was not seen in the Health Care sector, which saw job growth of 5%.
- The East Bay office market remains mostly stagnant with persistent vacancies increasing to 21.1% by end of 4th QTR. The exception was the Tri-Valley office market which stabilized at 20.6% vacancy.
- 3458 Mt. Diablo Blvd in Lafayette sold for \$5.35 million, demonstrating that smaller professional office building assets are maintaining their value even as larger regional vacancy rates climb toward 20-30% despite overall absorption of space still negative.
- Oakland's 1700 Broadway which sold at a distressed price just a couple years ago, has bounced back with a nonprofit acquisition with Self Help Credit Union, highlighting a shift in the downtown tenant base as traditional FIRE office firms continue to consolidate footprints and or exit the East Bay urban core entirely due to high housing prices, AI and remote work trends.



EAST BAY SIGNPOST FIGURES

	TRENDING
Qtr Net Absorption	81,200 
Class A Vacancy Rate	31.8% 
Sublease % (All Classes)	2.4% 
Under Construction	0 SF 

FOCUSED FIGURES

Walnut Creek Vacancy	25.7%
Oakland Vacancy	23.9%



- Sutter Health anchored the Tri-Valley market by purchasing the Britannia Business Center for \$45 million in Pleasanton. This purchase reinforces healthcare's role as the growing employment sector in the East Bay and represents a much-needed vital stabilizer against the ongoing regional trend of negative absorption.
- Office Building Debt challenges persist in the East Bay where in San Ramon a significant office property loan at 2000 Crow Canyon Place went into default reflecting a cooling investor appetite for suburban office campuses as office vacancies continue to increase. Another East Bay office building that went into loan default status was Mt. Diablo Plaza in Walnut Creek.
- National trends indicate office buildings are no longer the primary target for residential conversions, as high construction costs, large floor plates and structural complexities make repurposing aging commercial towers increasingly difficult compared to other asset classes. In some cases, the office buildings are just being torn down to be replaced by residential development.
- Net absorption in the N I-680 corridor remained negative for the fifth year at -302,000 SF, while the migration of FIRE tenants helped push vacancy rates to a new high of 24% in 2025.

