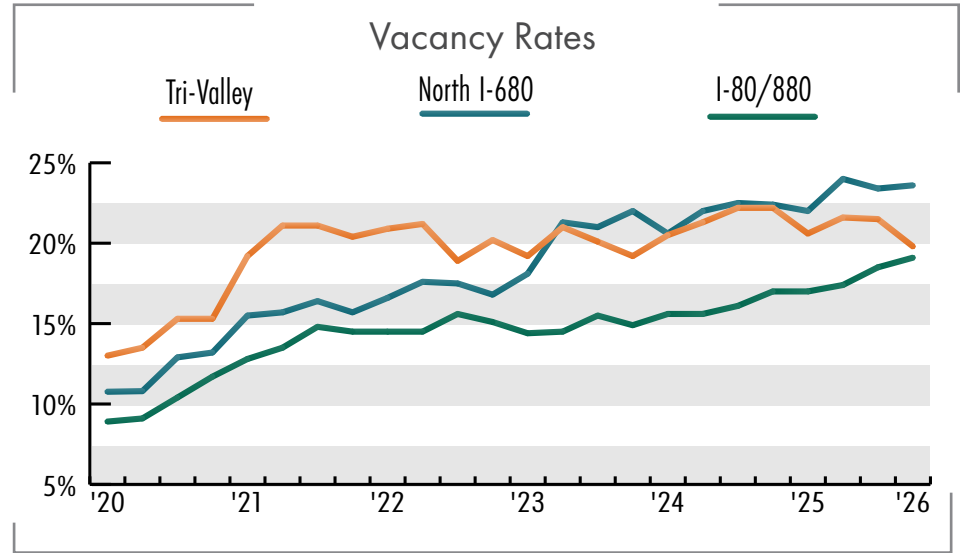


EAST BAY OFFICE

- The East Bay unemployment rate stabilized at 4.7%, (4.6% in Alameda County and 4.8% in Contra Costa), at the end of March 2026, providing a floor for an office market grappling with structural shifts caused by remote work trends and office automation. While the broader San Francisco region saw a surge in AI-led leasing activity this quarter, the East Bay market is characterized by stagnant rental rates. Asking rental rates have yet to be significantly adjusted downward due to bank loan equity valuation requirements. This despite Class A regional vacancy continuing to climb toward 32%.
- Samuel Merritt University opened its Oakland City Center nursing campus, which is a healthy sign for activity near the downtown area and in the growing medical sector.
- A notable bright spot emerged in the Tri-Valley submarket, where vacancy decreased to 19.8%, down from 20.6% at the end of 2025 with the medical and tech sectors leading the way.
- Investment activity in the urban core was highlighted by a three-building portfolio deed in-lieu of foreclosure sale in Oakland, (2101 Webster St, 2100 Franklin St, and 1900 Harrison St),



EAST BAY SIGNPOST FIGURES

TRENDING

Qtr Net Absorption	134,452	^
Class A Vacancy Rate	32.6%	^
Sublease % (All Classes)	2.0%	✓
Under Construction	0 SF	✓

FOCUSED FIGURES

Walnut Creek Vacancy	25.9%
Oakland Vacancy	22.9%

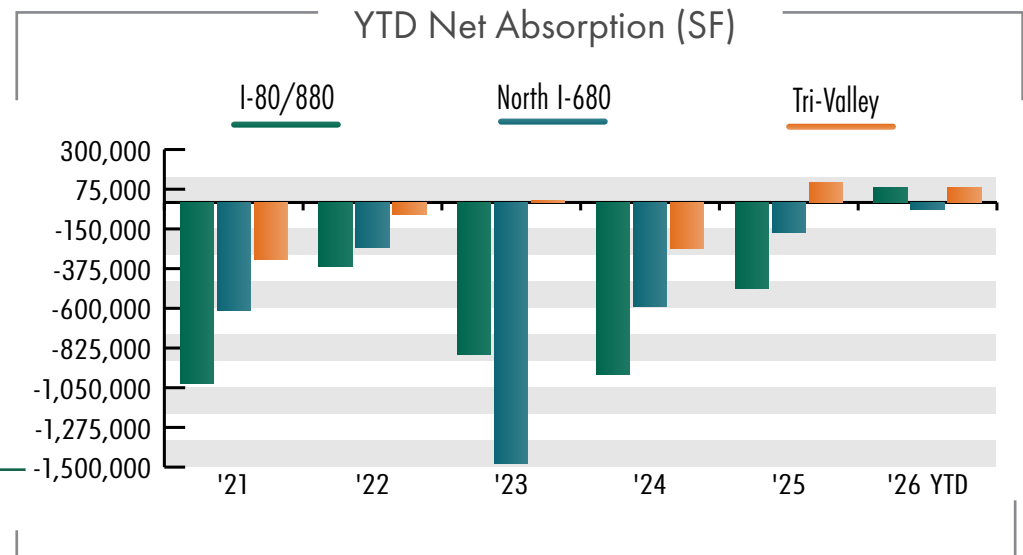
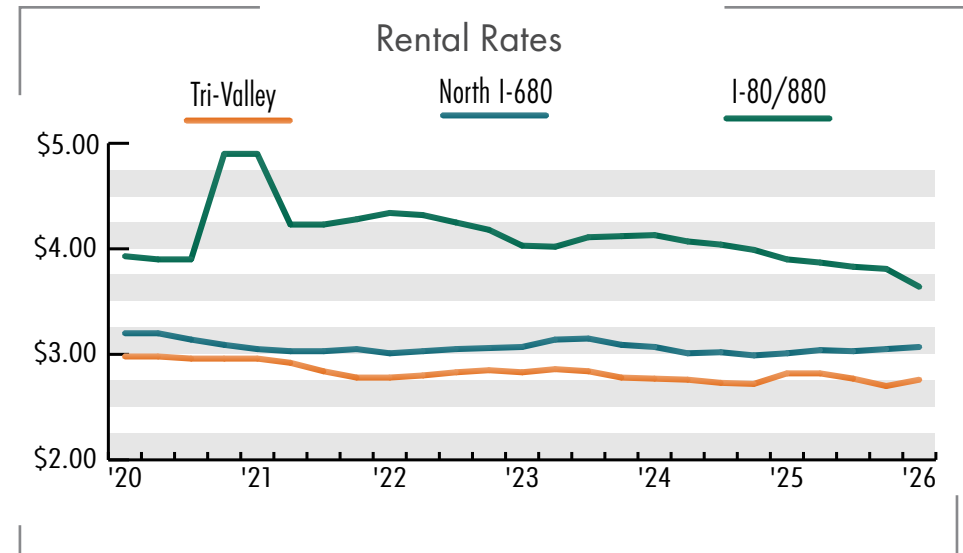
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which helped bolster Q1 sales volume to approximately \$148 million. These restructured office building loan sales are beginning the “reset process” of downtown core Class A office values.

- Regionally, net absorption rates have begun to stabilize after five years of heavy losses. While still slightly in negative territory, the pace of contraction has slowed significantly compared to the -302,000 SF seen at the end of 2025. This stabilization is partly due to a lack of new supply, as the construction pipeline for traditional office space has effectively dried up, with developers focusing almost exclusively on life science/medical office conversions or residential teardowns.
- Debt challenges, however, continue to loom over the I-680 corridor. Following the defaults at 2000 Crow Canyon Place in San Ramon, Mt. Diablo Plaza in Walnut Creek, and recently 601 City Center in Oakland, lenders are exercising extreme caution, often requiring higher capital reserves for suburban campus refinancings. This has led to a bifurcated market: premium, occupied assets in the Tri-Valley are successfully stabilizing, while aging Class B assets in the North I-680 corridor, continue to struggle with a lack of liquidity and persistent shadow inventory.



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