

MARKET FUNDAMENTALS

	YOY Chg	Outlook
30.3% Vacancy Rate	▲	▲
41K Net Absorption, SF	▲	▼
\$3.06 Asking Rent, PSF (Overall, All Property Classes)	▬	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M East Bay Employment	▲	▼
4.4% East Bay Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

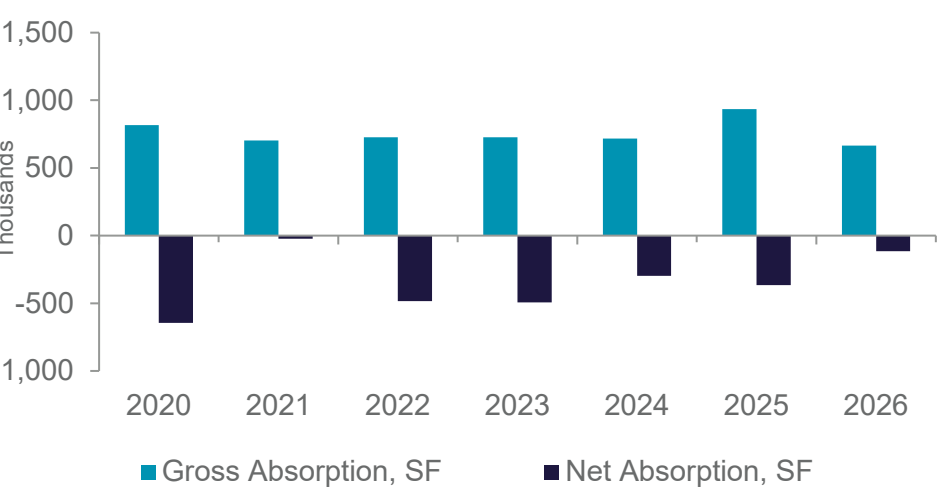
ECONOMY: UNSTEADY

The East Bay, consisting of Alameda and Contra Costa counties, recorded a gain of 3,000 jobs year-over-year (YOY), lowering the unemployment rate by 40 basis points (bps) to 4.4%. Throughout the East Bay, healthcare has been a driving force behind employment growth in the past year, but despite overall gains, the broader technology industry, previously a driver of occupancy growth, has faced softness and continues to weigh on office leasing. While nearby San Francisco has experienced an influx of leasing activity from AI companies, or those servicing them, that demand has yet to spill over to the East Bay office market in a meaningful way.

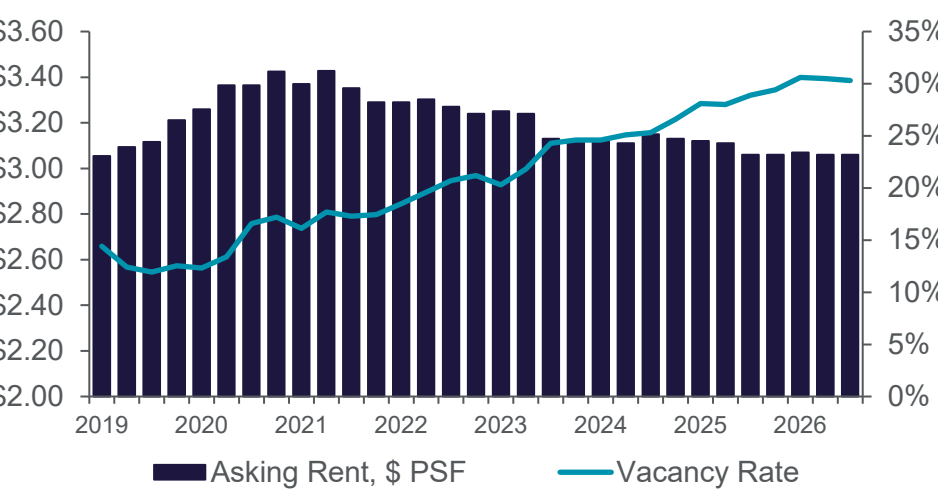
SUPPLY AND DEMAND: LEASING REBOUND

The East Bay Walnut Creek office market closed the third quarter with a vacancy rate of 30.3%, down 20 bps from the prior quarter but still up 140 bps YOY. This drop in vacancy comes as the result of 40,651 square feet (sf) of net absorption. The market has now recorded occupancy gains for the past two quarters, following 12 consecutive quarters of negative net absorption dating back to the second quarter of 2023. Class A space, which for many quarters had been the leader in occupancy loss, was responsible for the majority of the positive absorption this quarter at 36,781 sf. Walnut Creek Pleasant Hill BART led all submarkets with a 62,275-sf gain in occupancy, while Walnut Creek Downtown faced the greatest loss with 26,955 sf of negative absorption as several new small spaces hit the market. The average time on market for office space continued to rise across all submarkets in the third quarter, to a marketwide average of 42.5 months as commodity space struggles with a lack of demand. While the region has made some gains in occupancy, it has become apparent that certain product may continue to wait for a broader surge in demand. Total leasing activity reached 272,997 sf, the highest level in over a year. Of this, 93% of leasing volume came from Class A office, including the 11 largest leases of the quarter. Over half of these leases were direct new deals, signifying sustained demand for the best office properties in the market. The largest lease of the quarter, and the year, was a renewal of 96,944 sf by AssetMark at 1655 Grant Street in Concord. Elsewhere in Concord, Regional Center of the East Bay renewed its lease of 40,027 sf and expanded into an additional 20,170 sf, for a total of 60,197 sf at 1320 Willow Pass Road. Concord led the region in leasing this quarter, largely thanks to these two deals, with 176,356 sf.

SPACE DEMAND / ABSORPTION



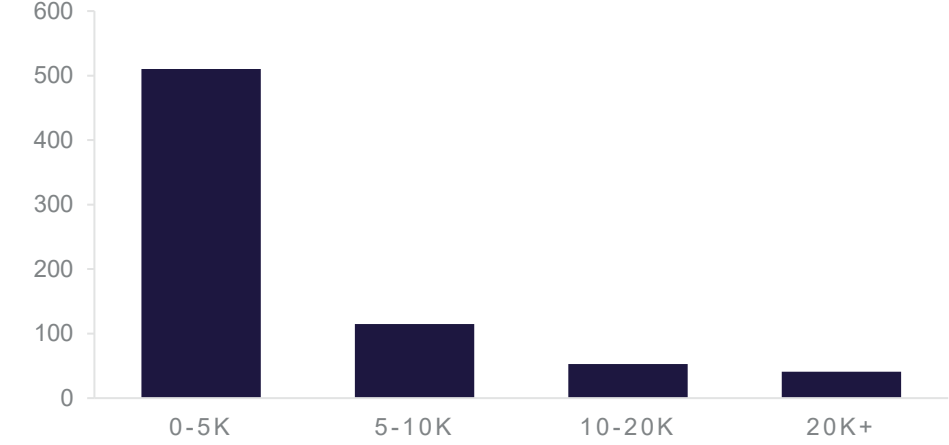
OVERALL VACANCY & ASKING RENT



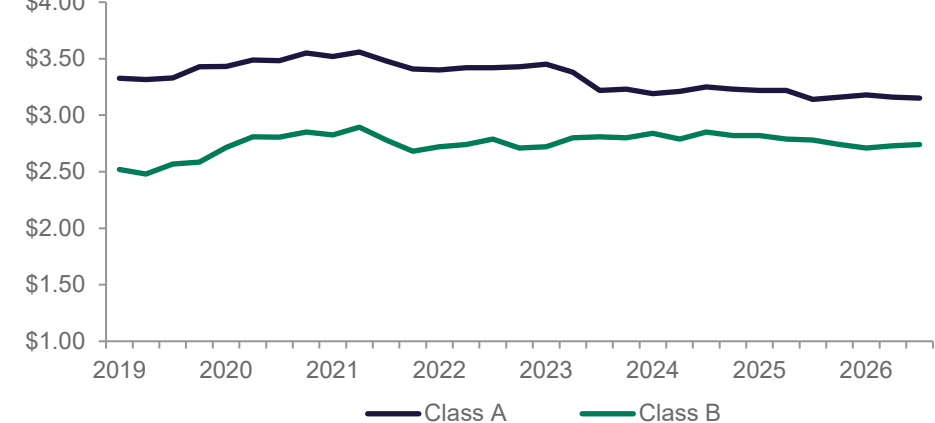
AVERAGE ASKING RATE BY SUBMARKET (FULL SERVICE)



AVAILABILITIES BY SIZE SEGMENT



AVERAGE ASKING RATE BY CLASS (FULL SERVICE)



The East Bay Walnut Creek office tenant base is heavily concentrated in the finance, insurance, real estate and legal industries, unlike other nearby markets which are more reliant on technology tenants. Walnut Creek has begun to see demand ramp up in recent quarters, with several large new leases or expansions, a divergence from the trend of rightsizing we had seen in the market for multiple years. Over half of the leases larger than 10,000 sf in 2026 have come tenants in those industries. As leasing activity has increased for two consecutive quarters, expect the East Bay Walnut Creek, and its well-located, Class A office properties to remain an attractive option for office occupiers going forward.

PRICING: STABLE

The overall asking rate in the East Bay Walnut Creek closed the third quarter at \$3.06 per square foot (psf) on a monthly full-service basis, level with the prior quarter and YOY. Rental rates reached their lowest point since 2019 in the third quarter of 2025, and have remained there since, aside from a \$0.01 bump to \$3.07 psf in the first quarter of this year. For the second consecutive quarter, Class A rates fell slightly while Class B rates rose by the same margin, sitting at \$3.15 psf and \$2.74 psf, respectively. Walnut Creek Pleasant Hill BART and Walnut Creek BART tied for the highest overall asking rate at \$3.69 psf. Walnut Creek Downtown maintained the highest Class A asking rates in the region by a wide margin, at \$5.35 psf. As tenants continue to place value on high-quality, well-located office space, Class A asking rates in specific submarkets could continue to rise despite the elevated vacancy. Walnut Creek Downtown Class A has seen a modest increase in vacancy YOY, yet at the same time rates have risen by \$0.12 psf. Over the same period Walnut Creek BART Class A vacancy rose 160 bps, and rates went up by \$0.15 psf. Walnut Creek Shadelands, with its older, less location-oriented inventory, remains the submarket with the lowest overall asking rate at \$2.41 psf.

SALES: ACTIVITY CONTINUES

The first half of the year saw several large sales and the third quarter followed suit with another major transaction. Synergy Petroleum Enterprises, Inc. purchased 1600 Riviera Avenue, a 128,090-sf Class A office property located in the Walnut Creek BART Area, from Eagle Canyon Capital. The buyer paid \$14.5 million, or \$113 psf, and plans to reposition and lease the property. In Walnut Creek Downtown, Cilker purchased the 21,200-sf 2099 Mount Diablo Boulevard for \$7.7 million, or \$362 psf, a strong price for a well-located, fully leased office building. As the leasing market is showing signs of heating up, there may be increased investor interest in the region through the end of 2026 and beyond.

OUTLOOK

- Vacancy will begin to flatten and may even see a slight decrease if demand continues at its current pace
- The delta between Class A and Class B asking rates will continue growing as tenants are placing an increasing value on high-quality space, putting downward pressure on Class B rents.
- Top tier, well-located assets will outperform the broader market, with the flight to quality continuing to impact occupier decision making.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Concord	4,405,361	73,032	1,585,527	37.6%	735	-45,591	291,554	0	\$2.52	\$2.54
Pleasant Hill	551,356	9,716	100,325	20.0%	-4,945	-11,969	12,825	0	\$2.89	\$2.90
WC Pleasant Hill BART	1,676,561	13,394	566,403	34.6%	62,275	45,250	111,973	0	\$3.69	\$3.85
WC Downtown	1,905,795	39,854	324,560	19.1%	-26,955	-49,112	79,404	0	\$3.67	\$5.35
WC BART Area	2,331,889	28,583	797,179	35.4%	-7,582	-28,644	105,193	0	\$3.69	\$3.74
WC Shadelands	1,755,443	14,483	441,798	26.0%	21,798	-38,644	43,466	0	\$2.41	\$2.85
WALNUT CREEK TOTALS	7,669,688	96,314	2,129,940	29.0%	49,536	-71,150	340,036	0	\$3.43	\$3.88
Lamorinda	1,139,996	10,610	159,454	14.9%	-4,675	12,481	20,549	0	\$3.58	\$3.72
CLASS BREAKDOWN										
Class A	7,932,041	161,089	2,886,138	38.4%	36,781	-105,072		0	\$3.15	-
Class B	5,834,360	28,583	1,089,108	19.2%	3,870	-11,157		0	\$2.74	-
TOTALS	13,766,401	189,672	3,975,246	30.3%	40,651	-116,229	664,964	0	\$3.06	-

*Rental rates reflect full service asking
**Stats are not reflective of U.S. Overview Tables

KEY LEASE TRANSACTIONS Q3 2026

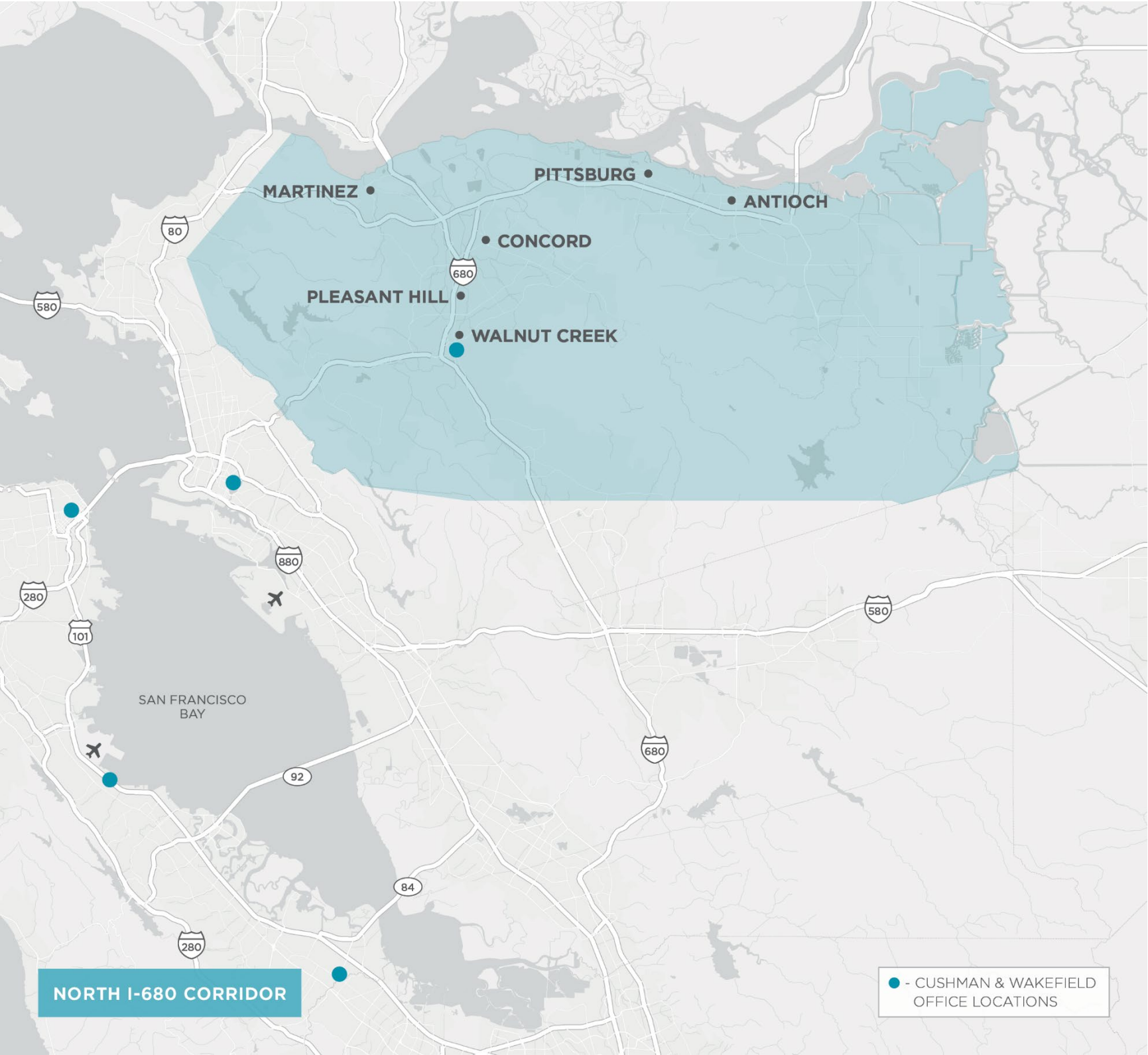
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1655 Grant Street	Concord	AssetMark	96,944	Renewal
1320 Willow Pass Road	Concord	Regional Center of the East Bay Inc.	60,197	Renewal & Expansion
1255 Treat Boulevard	WC Pleasant Hill BART	Marsh	17,460	New Lease
1676 N California Boulevard	WC Downtown	Hanson Bridgett LLP	13,013	Renewal
3003 Oak Road	WC Pleasant Hill BART	Sono Bello	14,000	New Lease
1655 Grant Street	Concord	Edgewood Partners Insurance Center	10,513	New Lease

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1600 Riviera Avenue	WC BART Area	Eagle Canyon Capital / Synergy Petroleum Enterprises, Inc.	128,090	\$14.5M / \$113
2099 Mount Diablo Boulevard*	WC Downtown	Loja Real Estate / Cilker	21,200	\$7.7M / \$362
1400 Civic Drive*	WC Downtown	Edelin Family Trust, Van Wing Trust & Melton Family Trust / Roof and Realm	20,067	\$5.3M / \$262

*Building(s) not included in C&W statistical inventory

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