

MARKET FUNDAMENTALS

|                                                                              | YOY Chg | Outlook |
|------------------------------------------------------------------------------|---------|---------|
| 28.4%<br>Vacancy Rate                                                        | ▲       | ▲       |
| -495K<br>YTD Net Absorption, SF                                              | ▼       | ▲       |
| \$3.66<br>Asking Rent, PSF<br><small>(Overall, All Property Classes)</small> | ▼       | ▼       |

ECONOMIC INDICATORS

|                                                              | YOY Chg | Outlook |
|--------------------------------------------------------------|---------|---------|
| 1.2M<br>East Bay Employment                                  | ▲       | ▼       |
| 4.4%<br>East Bay Unemployment Rate                           | ▼       | ▲       |
| 4.2%<br>U.S. Unemployment Rate<br><small>Source: BLS</small> | ▼       | ▲       |

ECONOMY: TECH BOOM ELUDES OFFICE MARKET

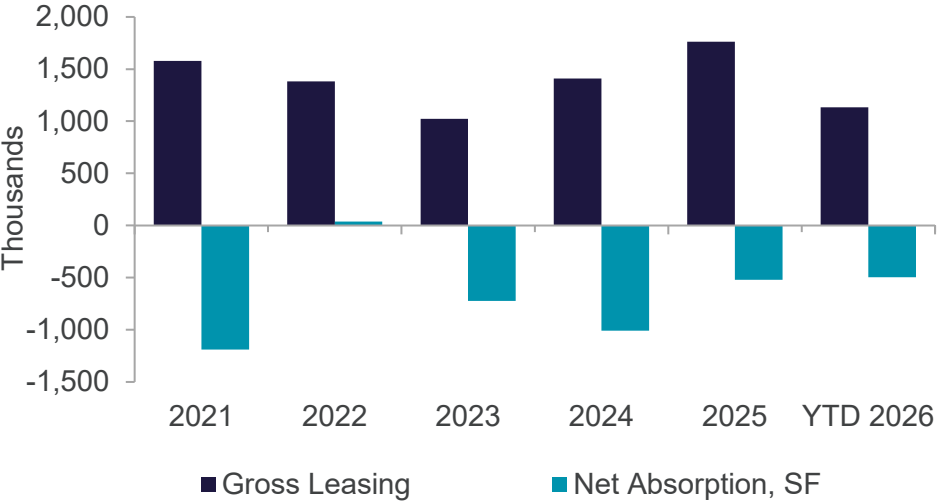
The East Bay, consisting of Alameda and Contra Costa counties, recorded an increase of 3,000 positions over the past year, bringing the unemployment rate to 4.4%, down 40 basis points (bps) year-over-year (YOY), but holding above the national rate of 4.2%. While the East Bay’s office market stands to benefit from recent gains in healthcare employment, it has yet to feel any substantive effects of the AI boom that has generated significant demand for office space in San Francisco and Silicon Valley. The market has also had to contend with pullbacks from the federal workforce and government funding, placing additional downward pressure on an office market that continues to grapple with persistent hybrid work trends.

Beyond the office numbers, a growing wave of R&D and advanced manufacturing activity in the East Bay is drawing AI, robotics, and aerospace users to the region for their physical space needs, attracted by the quality of available industrial space and workforce. While this activity has yet to register in the office statistics, it is a starting point in drawing high-growth companies out of San Francisco and Silicon Valley. These uses, while industrial today, typically require supporting engineering, administrative, and collaborative office space, and as they scale, that need could translate into new office demand.

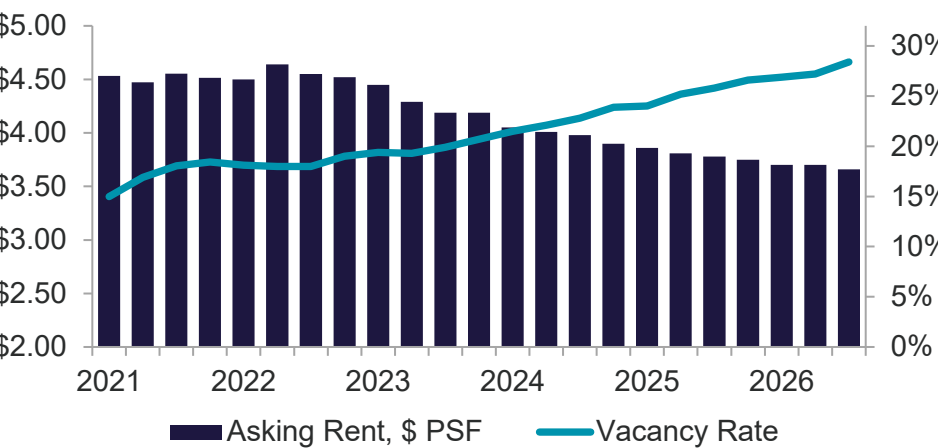
SUPPLY: VACANCY RISES

The East Bay Oakland office market’s overall vacancy rate reached a record 28.4% at the close of the third quarter, a 120-bps increase from the prior quarter and up 260 bps YOY. The region recorded negative net absorption of 316,877 square feet (sf) this quarter, the largest single-quarter occupancy loss since the fourth quarter of 2024. This brought year-to-date (YTD) net absorption to -495,089 sf, nearing the full-year 2025 total. Sublease space was responsible for the rise in vacancy, with sublease availability jumping 25.7% to just over 1.0 million sf (msf). This marked an abrupt change in momentum, as sublease availability had fallen for seven of the past eight quarters. As the underlying leases of subleases listed early in the pandemic expired, that vacancy rolled to a direct basis. However, the recent declines were undone by two significant listings in the third quarter. At 1955 Broadway, Square (Block) put its entire 360,000-sf headquarters on the market for sublease. A portion of that space had been listed for years, but the recent move placed an additional 200,000 sf on the market in Oakland’s Central Business District (CBD). Also of note, Tanium placed two floors totaling 48,114 sf on the sublease market at 2100 Powell in Emeryville. Oakland’s CBD continued to have the region’s highest vacancy rate, reaching a new record of 39.1%.

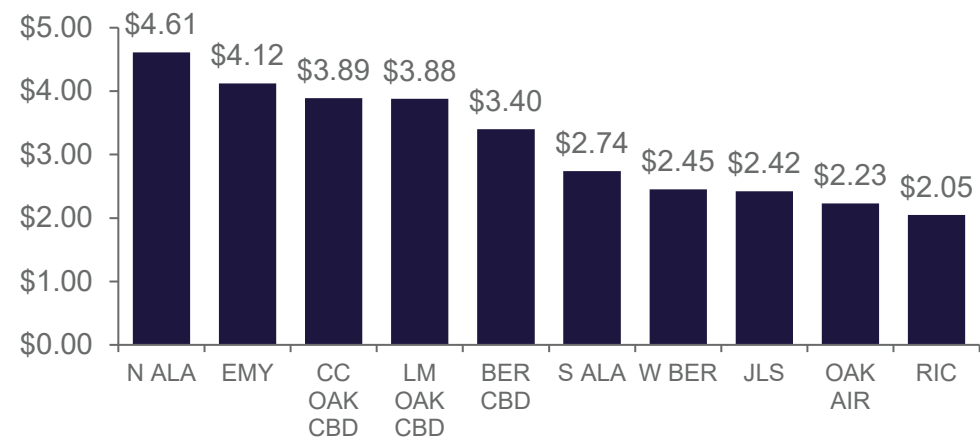
SPACE DEMAND / ABSORPTION



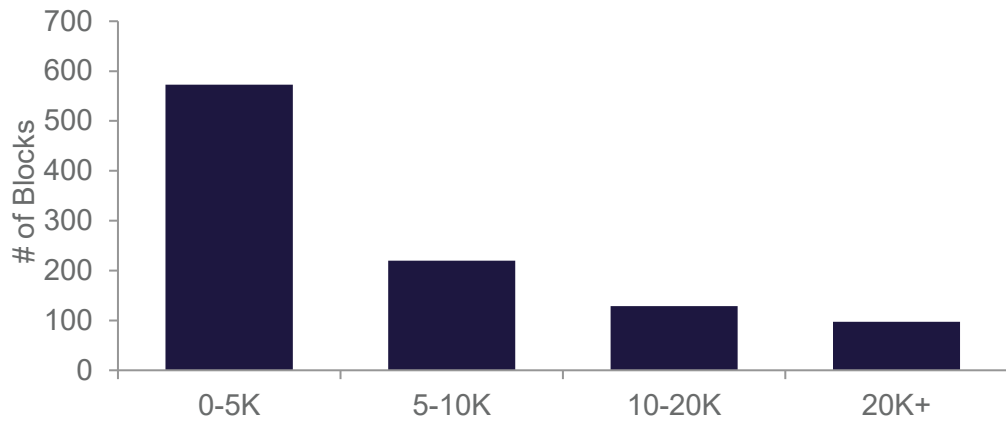
OVERALL VACANCY & ASKING RENT



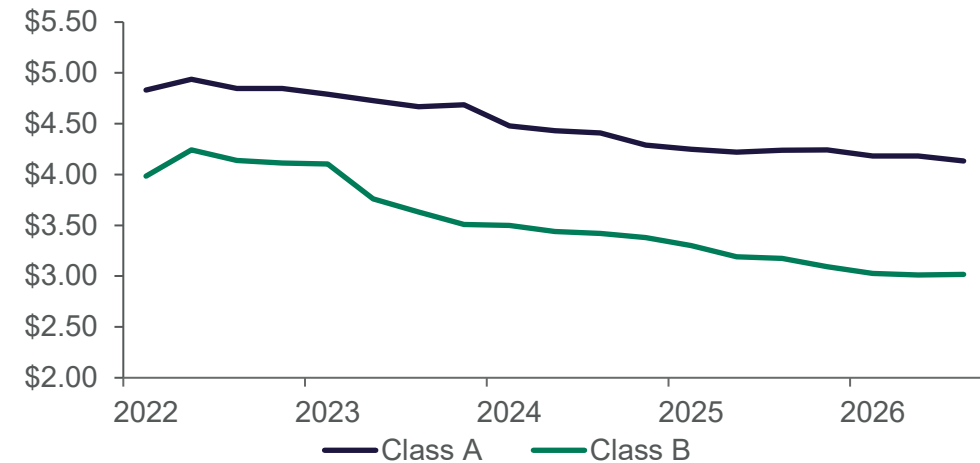
AVERAGE ASKING RATE BY SUBMARKET (FULL SERVICE)



AVAILABILITIES BY SIZE SEGMENT



AVERAGE ASKING RATE BY CLASS (FULL SERVICE)



While overall vacancy rose, direct vacancy in the CBD declined by 72,698 sf, the first quarterly gain in direct occupancy in over a year. Looking ahead, the consistent rise in vacancy has the potential to slow, with any major swings dependent on the CBD’s largest tenants, including Kaiser Permanente, Clorox, and Pandora/SiriusXM, which have leases expiring over the next several years and a high probability of downsizing.

PRICING: ASKING RATES CONTINUE TO ADJUST

The overall asking rate closed the third quarter at \$3.66 per square foot (psf) on a monthly full-service basis, down \$0.04 psf from the prior quarter and \$0.12 psf YOY. In Oakland’s CBD, the overall asking rate was \$3.88 psf, down 28.5% from its pre-pandemic high. Unlike recent quarters, Class A rates led the decline. Class A asking rates fell \$0.05 psf quarter-over-quarter to \$4.13 psf and are now down \$0.11 psf YOY, while Class B rates held essentially flat at \$3.02 psf after falling \$0.16 psf over the past year. Despite the pullback in Class A pricing, the spread between Class A and Class B space in Oakland’s CBD remains at approximately 40%, well above the 17.3% delta of late 2019. With Class A vacancy at a new high, landlords of top-tier space are facing growing pressure to compete on price, a trend that has been accelerated by recent distressed debt sales and reset cost bases.

DEMAND: SIGNS OF NEW GROWTH

The East Bay Oakland office market recorded 515,508 sf of leasing activity in the third quarter, up 28.3% from the prior quarter and 18.7% YOY, its strongest quarter since the first quarter of 2025. While this marks a significant uptick in momentum, YTD activity of 1.1 msf is 23.1% below the same period in 2025. Renewals accounted for over 50% of leasing in the third quarter, with large government users recommitting to the region. The largest lease of the third quarter was the County of Alameda’s 119,533-sf renewal across 1900 and 2000 Embarcadero in Jack London Square, followed by the Oakland Police Department’s 64,000-sf renewal at Eastmont Town Center in the Oakland Coliseum submarket. While renewals led the top transactions, there was a noticeable uptick in new activity as well, with three new transactions over 30,000 sf. The largest new leases were signed by Perennial Autonomy for 40,000 sf at 1608 4th Street in West Berkeley, Cape Trial Consultants for 33,154 sf at 500 12th Street, and the MATS Program for approximately 33,000 sf at 2100 Milvia Street in Berkeley. New demand in this large-size range will be critical to begin walking back the region’s record vacancy.

SALES: DEBT DRIVES THE MARKET

The region’s largest transaction of the quarter was the debt sale of 1333 Broadway, a 238,394-sf Class A office building in Oakland’s City Center. China Construction Bank sold the note to Libertas Companies for an undisclosed amount following the earlier default on the loan by Swift. Transactions outside of the CBD also gained momentum. In Emeryville, Blackstone sold 1400 65th Street, a 234,016-sf Class A building, to Cannae Partners for \$55.5 million (\$237 psf) and Wareham Development sold 2600 10th Street, a 129,000-sf Class B building in West Berkeley, to SRM Associates for \$9.6 million (\$74 psf). Long term, new cost bases should allow owners to put capital into their buildings and be more responsive to tenant demands, acting as a potential catalyst to spark increased leasing activity.

OUTLOOK

- Asking rents are expected to decline as pricing adjusts to elevated vacancy and lower demand.
- Investment activity will maintain momentum into 2027 as debt maturity places pressure on properties to trade.
- Vacancy will continue rising into 2027 until either new demand returns from outside of the market or existing tenants cease downsizing. However, a surge in R&D demand may help kickstart the flow of high-growth companies from neighboring markets.

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)* |
|--------------------------|----------------|--------------------|--------------------|----------------------|------------------------------------|-----------------------------|---------------------------|------------------|----------------------------------------|------------------------------------|
| Richmond                 | 2,510,994      | 0                  | 330,587            | 13.2%                | -47,822                            | -23,311                     | 30,224                    | 0                | \$2.05                                 | \$2.25                             |
| West Berkeley            | 767,624        | 14,461             | 169,603            | 24.0%                | -14,511                            | -37,436                     | 50,332                    | 0                | \$2.45                                 | -                                  |
| Berkeley CBD             | 2,602,660      | 41,300             | 320,484            | 13.9%                | -49,907                            | -75,962                     | 118,069                   | 0                | \$3.40                                 | -                                  |
| Emeryville               | 3,025,178      | 125,481            | 946,804            | 35.4%                | -55,967                            | -92,860                     | 111,125                   | 0                | \$4.12                                 | \$4.30                             |
| City Center Oakland CBD  | 6,251,393      | 219,642            | 2,370,093          | 41.4%                | 30,359                             | -2,793                      | 163,663                   | 0                | \$3.89                                 | \$4.30                             |
| Lake Merritt Oakland CBD | 5,961,054      | 474,505            | 1,708,222          | 36.6%                | -153,178                           | -192,196                    | 228,639                   | 0                | \$3.88                                 | \$4.12                             |
| Oakland CBD Total        | 12,212,447     | 694,147            | 4,078,315          | 39.1%                | -122,819                           | -194,989                    | 392,302                   | 0                | \$3.88                                 | \$4.23                             |
| Jack London Square       | 1,580,283      | 30,409             | 272,630            | 19.2%                | -19,682                            | -40,610                     | 161,029                   | 0                | \$2.42                                 | \$3.00                             |
| Oakland Coliseum         | 2,444,785      | 11,661             | 329,836            | 14.0%                | -4,950                             | -26,310                     | 151,916                   | 0                | \$2.23                                 | \$3.00                             |
| Northern Alameda         | 1,224,764      | 46,974             | 270,912            | 26.0%                | -1,219                             | 30,312                      | 119,451                   | 0                | \$4.61                                 | \$4.00                             |
| Southern Alameda         | 1,152,631      | 40,000             | 79,142             | 10.3%                | 0                                  | -33,923                     | 0                         | 0                | \$2.74                                 | \$2.75                             |
| CLASS BREAKDOWN          |                |                    |                    |                      |                                    |                             |                           |                  |                                        |                                    |
| Class A                  | 12,971,604     | 880,926            | 4,006,840          | 37.7%                | -246,374                           | -391,023                    | 432,591                   | 0                | \$4.13                                 |                                    |
| Class B                  | 12,111,798     | 123,507            | 2,577,908          | 22.3%                | -23,714                            | -66,033                     | 686,342                   | 0                | \$3.02                                 |                                    |
| Office/Flex              | 2,437,964      | 0                  | 213,565            | 8.8%                 | -46,789                            | -38,033                     | 15,515                    | 0                | \$1.82                                 |                                    |
| TOTALS                   | 27,521,366     | 1,004,433          | 6,798,313          | 28.4%                | -316,877                           | -495,089                    | 1,134,448                 | 0                | \$3.66                                 | \$4.13                             |

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

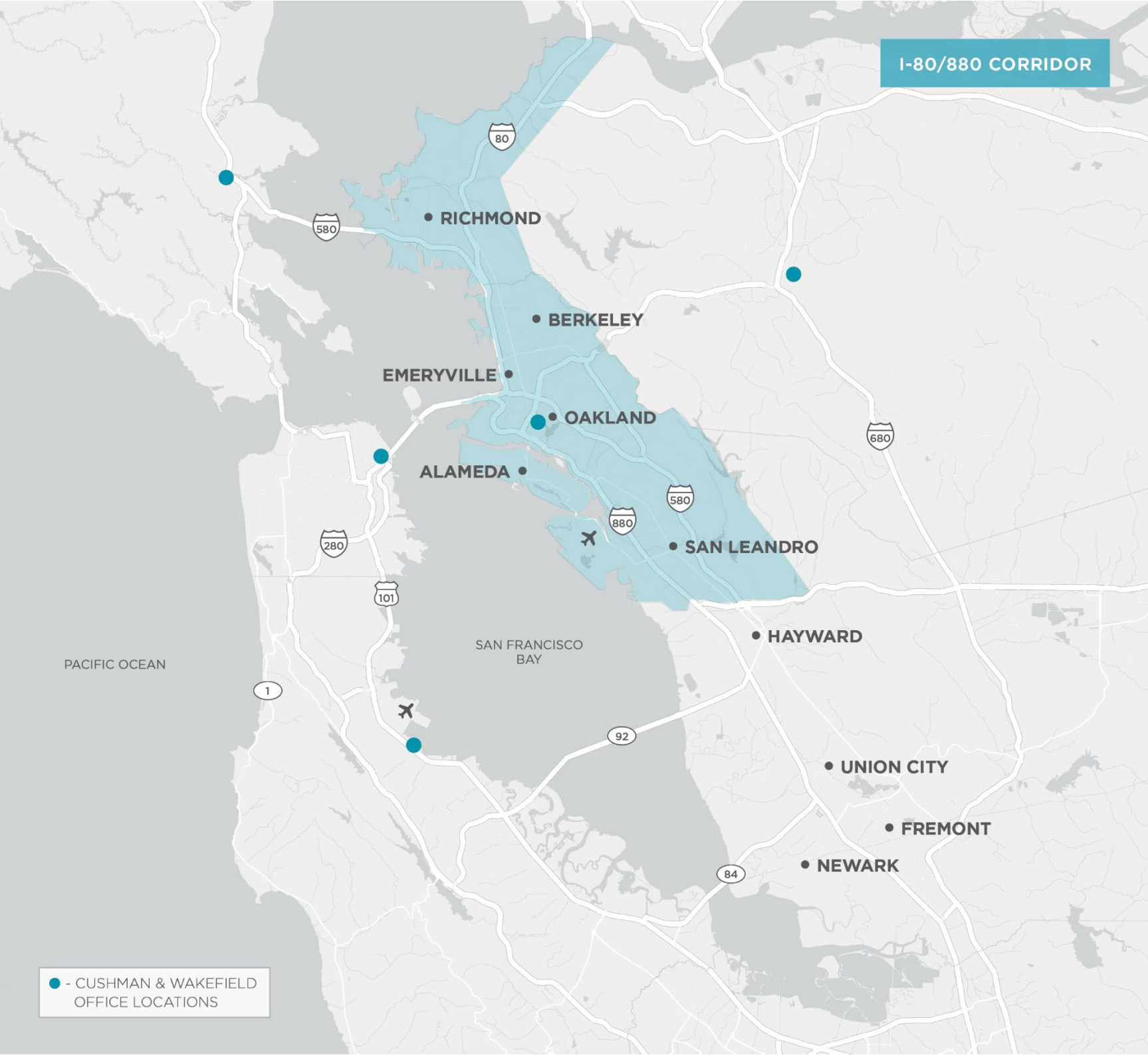
KEY LEASE TRANSACTIONS Q3 2026

| PROPERTY                    | SUBMARKET               | TENANT                    | RSF     | TYPE         |
|-----------------------------|-------------------------|---------------------------|---------|--------------|
| 1900 & 2000 Embarcadero     | Jack London Square      | County of Alameda         | 119,533 | Renewal      |
| 7200 Bancroft Avenue        | Oakland Coliseum        | Oakland Police Department | 64,000  | Renewal      |
| 1608 4 <sup>th</sup> Street | West Berkeley           | Perennial Autonomy        | 40,000  | Direct Lease |
| 500 12 <sup>th</sup> Street | Oakland City Center CBD | Cape Trial Consultants    | 33,154  | Direct Lease |
| 2100 Milvia Street          | Berkeley CBD            | MATS Program              | 33,000  | Direct Lease |

KEY SALES TRANSACTIONS Q3 2026

| PROPERTY                     | SUBMARKET               | SELLER / BUYER                               | SF      | PRICE / \$PSF   |
|------------------------------|-------------------------|----------------------------------------------|---------|-----------------|
| 1333 Broadway (Debt Sale)    | Oakland City Center CBD | China Construction Bank / Libertas Companies | 238,394 | Confidential    |
| 1400 65 <sup>th</sup> Street | Emeryville              | Blackstone / Cannae Partners                 | 234,016 | \$55.5M / \$237 |
| 2600 10 <sup>th</sup> Street | West Berkeley           | Wareham Development / SRM Associates         | 129,000 | \$9.6M / \$74   |

OFFICE SUBMARKETS



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