

INVESTMENT FORECAST

Office
Oakland Metro Area

IPA
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ADVISORS

2025

Varied Performance Across Submarkets Defines Investment Landscape for the Oakland Metro

Momentum may be picking up in the East Bay. After six months of net move-outs, the second half of 2024 noted a return of positive net absorption that is poised to carry forward this year. A series of retailers have move-ins scheduled across the East Bay, including national chain restaurants, health and wellness concepts, auto parts vendors, and value stores. The city of Oakland, along with the Interstate 880 Corridor to the south, entered this year with the lowest vacancies of local submarkets at 4.4 percent and 4.1 percent, respectively. Availability remains elevated, meanwhile, in Richmond and San Pablo, with the Interstate 80 Corridor at 10.4 percent to conclude 2024. Operations this year may be aided by a lack of new supply pressure, as the development pipeline is largely focused north and west along the Highway 4 and Interstate 680 corridors. These projects are generally well accounted for; however, other troubled retailers closed locations here in recent months. This trend will carry forward into this year as brands such as Joann's plan local closures, partially offsetting openings.

Least vacant submarket continues to record most deals. Trading activity for multi-tenant properties picked up last year, while remaining about half that of the 2014-2019 norm. The Interstate 880 Corridor spanning San Leandro to Fremont continued to garner the most transactions among both types of tenancy. While convenience stores and fast food establishments changed hands at a premium, local buyers found opportunities for other assets at entry costs under \$300 per square foot. Compared with 2023, sales velocity picked up last year along Highway 4, led by the multi-property exchange of the San Creed Road Lifestyle Center. Individual transactions also took place here for restaurants, quick-service food stops and smaller strip centers.

2025 MARKET FORECAST

+1.2%



EMPLOYMENT: The pace of hiring nearly doubles from 2024 as about 14,500 jobs are created this year. Employment growth has been strongest among education and health services.

280,000
sq. ft.



CONSTRUCTION: Oakland boasts the largest completion slate in the Bay Area for this year, with a new Brentwood Costco and Phase IV of Plaza Gale Ranch in San Ramon leading deliveries for 2025.

-10 bps



VACANCY: Pre-leased openings will help net absorption improve, resulting in a slight vacancy dip to 5.9 percent. The multi-tenant rate is about 100 basis points tighter than the single-tenant mark.

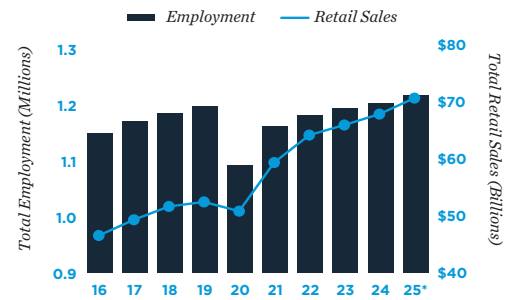
-1.2%



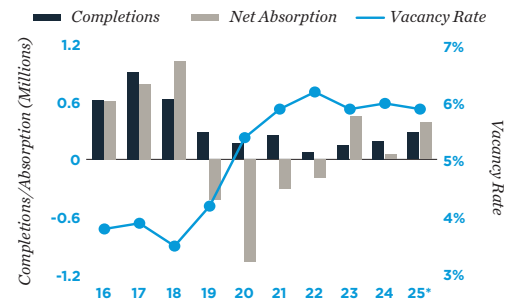
RENT: The average asking rent in Oakland will inch down for the third consecutive year as less optimal space remains vacant. The metro's average rate will end the year at \$29.35 per square foot.

INVESTMENT: As one of the few East Bay areas to register population gains since 2020, Oakland proper notes below-market vacancy, which supports a small but consistent level of investment activity.

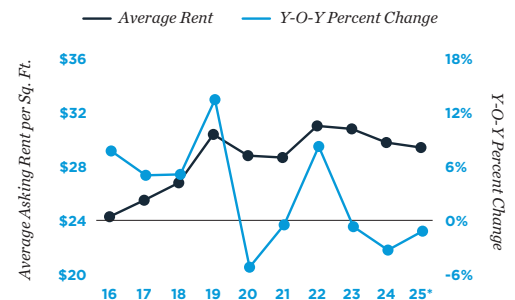
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.