INVESTMENT FORECAST

Industrial
Oakland

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Ongoing Construction Still Weighs on Occupancy, Despite Further Stabilization in Demand

Urban demand growth emerging as an early green shoot. While most submarkets still recorded notable net space relinquishment in 2025, the City of Oakland witnessed four consecutive quarters of positive absorption and vacancy compression, though conditions softened in early 2026. Despite this, the 2025 recovery of this port-adjacent node may signal the initial stages of a broader market inflection, even as the Port of Oakland has maintained largely stable, but not expanding, container throughput amid tariff-related uncertainty. Still, metrowide conditions remain soft, with eight consecutive quarters of net space relinquishment. Weakness is most pronounced along the Interstate 880 and 680 corridors, where a higher concentration of newer, large-format speculative distribution space continues to face leasing challenges. Although more than half of this year's deliveries remained unleased as of March, forward supply pressure is easing as development starts have largely paused.

Recent investment trends highlight newer vintages, less costly locations. As the market continues to absorb recent supply and contend with soft job growth, older assets in established industrial zones such as the I-80 corridor have recorded a marked decline in transaction velocity over the 12 months ending in March. In contrast, activity along the I-680 corridor has increased materially, with sales activity doubling over the same period, indicating that investors are becoming more active in lower-cost growth areas. Metrowide transaction velocity is likely to remain subdued in the near term as vacancy continues to rise at a slower pace, supporting gradual stabilization. Even so, select asset types, particularly newer flex properties capable of accommodating tech and R&D users, could attract comparatively stronger investor interest.

2026 MARKET FORECAST

+0.7% — **Employment:** The job market in Oakland continues to recover for a second consecutive year, adding 8,000 roles by December, as strength in education and healthcare services persists.

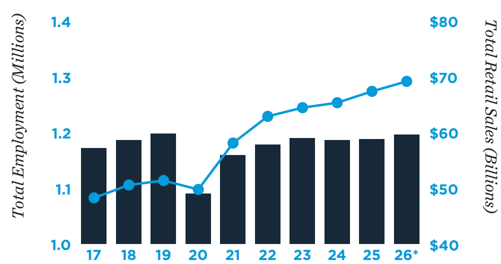
1.5 million *sq. ft.* — **Construction:** Deliveries are expected to increase modestly from 2025 levels, though total volume will remain about 33 percent below the metro's prior 10-year annual average.

+60 bps — **Vacancy:** The metrowide vacancy rate is projected to rise to 10.3 percent by year-end, with the pace of increase ranking among the highest among major West Coast metros.

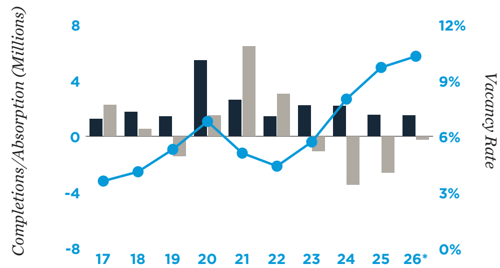
-1.2% — **Rent:** Rising vacancy will continue to exert downward pressure on rents, with the average asking rate forecast to decline to $17.11 per square foot by year-end, remaining below 2022 levels.

INVESTMENT: *Ongoing modernization at Oakland International Airport should support the metro's multimodal positioning, helping sustain investor interest in well-located assets despite near-term market softness.*

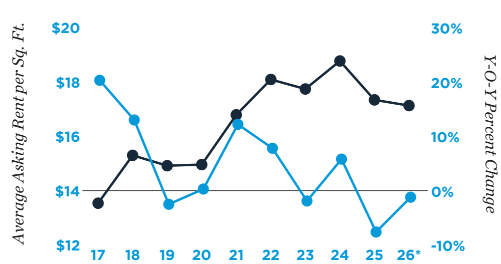
Economic Trends



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 January 2026. 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 office 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 future event. This is not intended to provide specific investment advice and should not be considered as investment advice.