

INVESTMENT FORECAST

Office
Oakland Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Metrowide Fundamentals Begin to Improve, Drawing Investment to Well-Positioned Assets

Inflection point in office demand and vacancy imminent. Due to a smaller tech presence, Oakland's office market recovery continues to trail nearby Bay Area metros. Still, much smaller increases in vacancy and net space relinquishment in 2025, compared to the previous year, suggest positive absorption is poised to return for the first time since 2019, leading to the first metrowide year-over-year vacancy compression in a decade, as no major speculative project is coming online. The Dublin-Livermore submarket has been a notable area of strength in 2025, with Class B and C properties performing especially well. This trend should become more widespread as tenants favor smaller, more flexible spaces, as metrowide leasing activity improves this year after a slower 2025. Major move-ins this year include Premier Nutrition and Vagaro, yet the outlook still hinges on occupancy gains in spaces under 50,000 square feet. Amid a broader Bay Area office recovery, Class A properties in Oakland's urban core could also see renewed interest from tenants looking to capitalize on the region's highly integrated economy.

Well-connected properties dominate sales. Transaction velocity increased by 25 percent last year in Oakland, the smallest improvement in the Bay Area, driven mainly by a 50 percent rise in downtown Oakland and Berkeley. Investors have remained focused in the urban core and along the Interstate 680 corridor, with private investors and owner-users especially active while institutions largely stayed on the sidelines. This trend is poised to continue, as still-elevated vacancy may slow local pricing recovery, though a more active lending environment could draw more investment activity. Additionally, the Interstate 880 corridor, with the lowest vacancy rate among major submarkets in the metro, could attract interest due to its sizable stock of recently renovated properties.

2026 MARKET FORECAST

-0.6%



Employment: The pace of job losses will ease a bit in 2026, after reaching a post-pandemic peak last year. Traditionally office-using sectors will continue to account for more than half of all roles cut.

30,000
sq. ft.



Construction: Development activity remains very limited in Oakland, with this year's delivery total marking the lowest nonzero level in the metro since at least 2007.

-30 bps



Vacancy: Metrowide vacancy is projected to contract for the first time since 2016, as demand improves. Still, at 19.0 percent, the metric is only beginning to decline after last year's historic peak.

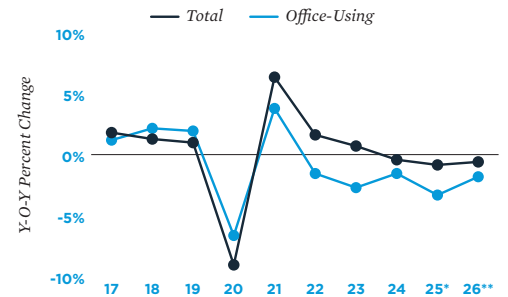
+1.0%



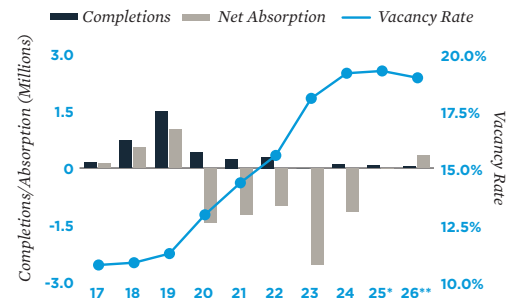
Rent: The average asking rent should continue to rise after growth reemerged in 2025. At \$36.87 per square foot, the level still ranks among the 10 highest nationwide.

INVESTMENT: Medical office sales were especially active around Dublin in 2025. Cap rates in the 7 percent range and proximity to more affluent households may draw investors again this year.

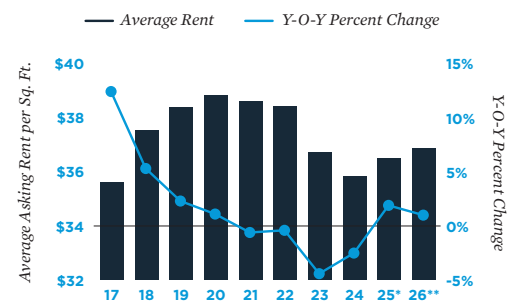
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metrowide 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 a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.