Market Report

MULTIFAMILY 2Q/26

Oakland Metro Area

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026 FORECAST

EMPLOYMENT

4,000 — Jobs will be lost

0.3% — Decrease Y-O-Y

CONSTRUCTION

600 — Units will be added

0.3% — Inventory increase Y-O-Y

VACANCY

4.3% — Vacancy rate

50 — BPS decrease Y-O-Y

RENT

$2,690 — Average effective rent by year-end

2.6% — Increase Y-O-Y

Measured Demand Growth Met With Abating Pipeline, Painting Balanced Outlook

Apartment market expected to stabilize further. From 2019 to 2024, Oakland received roughly 3,000 new units annually. The overhang from these deliveries pushed vacancy to a historically high 5.8 percent in 2023, and the market has been gradually recovering since. As net absorption continues to outpace deliveries this year, market conditions should further stabilize as vacancy returns to its long-term average and rent growth gains momentum. This trend is most evident in Oakland-Berkeley, which recorded a 200-basis-point decline in vacancy in the 12 months ended in March, the largest in the metro, while also posting the highest rent growth at 4.2 percent over the period.

Development shifts outward. Unlike other Bay Area metros where limited land availability continues to constrain development, Oakland has seen a steady stream of apartment deliveries in the Livermore-Pleasanton and San Ramon-Dublin areas. This trend should become even more apparent as the construction pipeline in Oakland-Berkeley slows next year. Despite net absorption remaining flat in these outer submarkets in 2025, they continue to record below-average vacancy rates, while luxury properties there command some of the strongest rent growth in the metro, ranging roughly from 6 to 10 percent year-over-year.

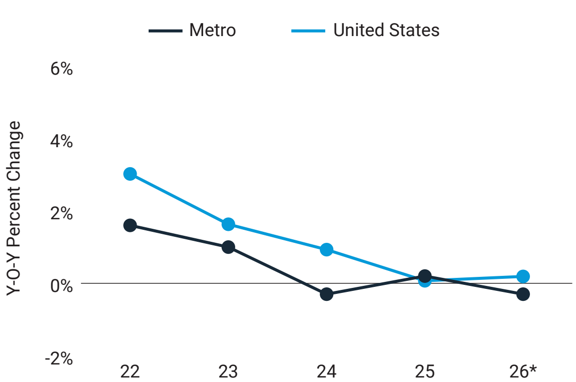
EMPLOYMENT

The job market in Oakland has remained largely flat over the last two years. Continued declines in manufacturing roles have largely offset gains in the education and health services sectors. This trend accelerated in 2025 and carried into early 2026, indicating that a broader labor market recovery may depend on stronger growth across private-sector industries. However, white-collar employment is expected to decline for a fifth consecutive year, suggesting that these headwinds could persist in the near term.

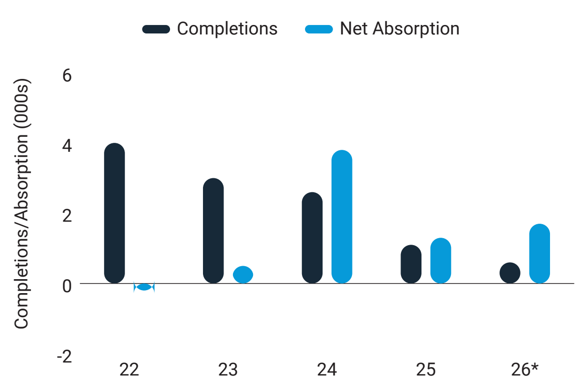
CONSTRUCTION

Deliveries in Oakland are expected to fall to less than a quarter of the metro's prior-decade annual average of roughly 2,700 units. The resulting 0.3 percent increase in inventory ranks second lowest among all major U.S. markets, ahead of only San Jose. This dynamic underscores how high construction costs and limited supply growth remain defining characteristics of the region, especially as the future pipeline in the Oakland metro is expected to remain below 1,000 units annually in the medium term.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



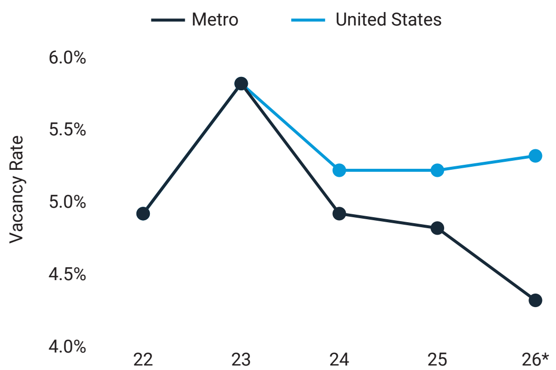
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

As a result of the limited construction pipeline and consistent renter demand, vacancy is expected to decline faster this year than in 2025. The projected 50-basis-point drop will be among the largest in major West Coast metros, bringing vacancy to 4.3 percent, in line with the long-term average. Demand is broadly balanced, with Class A, B, and C vacancy rates largely similar as of March, while most submarkets also recorded vacancy in the 4-percent range.

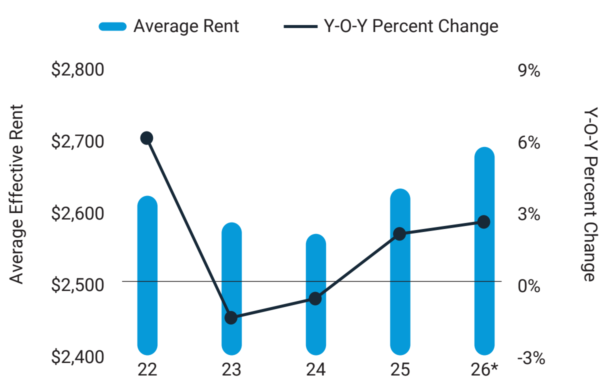
VACANCY TRENDS



RENT

Accelerating vacancy compression should support rent growth. The projected 2.6 percent increase in the average effective rent will outpace both the national rate and Oakland's performance last year. In the first quarter of 2026, year-over-year rent growth for Class A properties exceeded 5 percent, while Class B and C properties remained in the low-3-percent range, indicating that luxury assets continue to command the greatest pricing power — a trend common across Bay Area metros.

RENT TRENDS



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

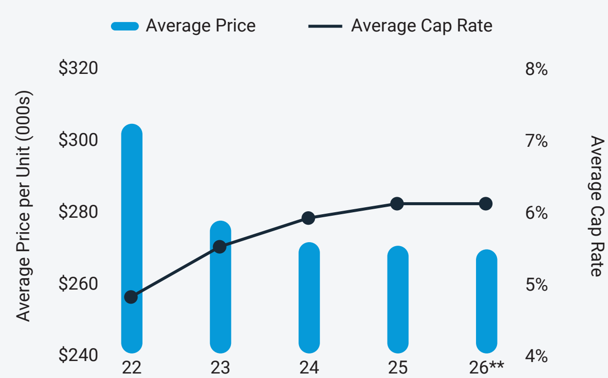
INVESTMENT HIGHLIGHTS

- In line with trends observed across the Bay Area, transaction activity in Oakland increased by about 50 percent in the 12 months ended in March compared to the prior period. However, this increase was primarily driven by deals under $10 million, while transactions above $10 million remained largely flat. This discrepancy in deal sizes reflects increasing private investor participation, consistent with the metro's relatively large stock of older, lower-barrier-to-entry properties, which continue to attract local investors with a positive long-term outlook for the region.

- The increase in sales activity was broad-based across the metro. Oakland-Berkeley remained the most active submarket, accounting for half of all transactions. Sales in this area were concentrated in pre-1970 assets trading below $5 million, with cap rates around the 6 percent range. Notably, Class C properties here also recorded comparatively higher vacancy rates, in the 5 percent range, along with flat rent growth over the past 12 months, yet these fundamentals did not deter acquisition activity. Outside of the urban core, areas such as Richmond-Martinez and Fremont-Newark also saw transaction velocity increase by about 50 percent.

- Despite improved deal flow, Oakland's average cap rate of 6.1 percent remains the highest among major West Coast markets. The average price per unit continued to decline, albeit at a slower pace of less than 1 percent over the past 12 months. This may signal a near-term inflection point if transaction velocity continues to strengthen through the rest of 2026.

SALES TRENDS



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