

FIGURES | WALNUT CREEK/I-680 CORRIDOR OFFICE | Q1 2026

# Flight to Quality Gains Momentum as Overall Rents Hold Firm

▲ 22.4%

Vacancy Rate

▼ (81,874)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▲ \$3.05

FSG/MTH Direct Lease Rate

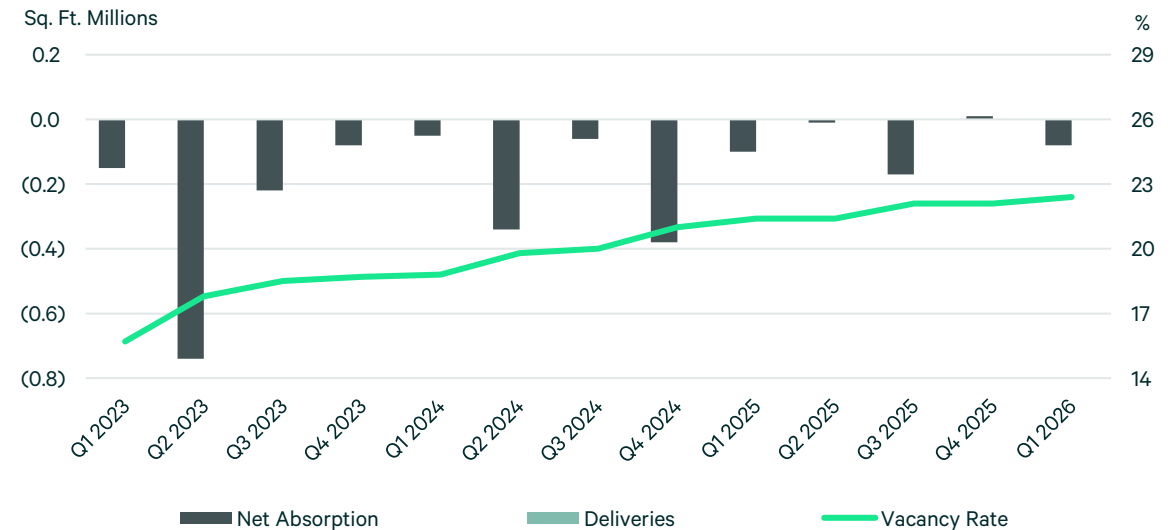
Note: Arrows indicate change from previous quarter.

## Market Overview

Q1 2026 marked another quarter of incremental softening for the 680 Corridor office market, extending a contraction that has now persisted for over three years. Net absorption came in at negative 82,000 sq. ft., reversing the brief positive read from Q4 2025 and bringing the market's three-year cumulative loss to roughly 2.4 million sq. ft. Vacancy rose 30 basis points quarter over quarter to 22.4%, a full 100 basis points above where it stood a year ago, while availability climbed to 26.4%, up 110 basis points year over year. The steady rise from 15.7% vacancy in Q1 2023 reflects ongoing space givebacks rather than new supply pressure, with no projects under construction and no deliveries during the period.

Asking rents held steady at \$3.05 per sq. ft., virtually unchanged from both Q4 2025 and Q1 2025, a sign that landlords have largely maintained pricing discipline throughout the cycle. Effective rents and concession packages tell a more nuanced story beneath the surface, but face rate stability has been a defining feature of this downturn. Flight to quality continued to shape activity, with tenants leveraging current conditions to upgrade their space at favorable terms rather than expand footprints. Until broader demand catalysts emerge from tech hiring, financial services growth, or a meaningful shift in workplace utilization, vacancy is likely to drift modestly higher before reaching a peak.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Vacancy

Total vacancy in Class A buildings rose 80 bps quarter-over-quarter and 200 bps year-over-year to 28.0% in Q1 2026, while total Class B vacancy fell 70 bps on the quarter and 60 bps on the year to 12.7%. Class C vacancy stood at 14.9%, edging down 10 bps quarter-over-quarter but 60 bps above a year earlier. Within Class A, direct vacancy increased to 25.6%, up 80 bps QoQ and 210 bps YoY, as sublease vacancy held at 2.4%, flat on the quarter and 10 bps below a year earlier. Sublease space totaled 558,000 sq. ft., largely in Class A assets, and the vacancy spread between Class A and B widened to 1,530 bps from 1,270 bps a year ago, underscoring pronounced segmentation by asset quality, with Class C continuing to sit between the two.

Submarket performance was highly dispersed. Concord posted some of the highest vacancies, with Class A at 40.5% and 1.3 million sq. ft. of direct availability plus 49,000 sq. ft. of sublease space, while Class C vacancy was 25.2%. Pleasanton and San Ramon also recorded elevated Class A vacancy at 22.9% and 28.4%, with 1.2 million sq. ft. of direct space in each and sublease availability of 129,000 sq. ft. and 219,000 sq. ft., respectively. At the other end of the spectrum, Alamo’s Class B inventory is fully occupied at 0.0% vacancy, Highway 4’s Class B vacancy is just 4.5%, and Class C vacancy in Walnut Creek – Ygnacio Valley is 5.1%.

## Asking Rent

The overall average direct asking lease rate in Q1 2026 is \$3.05 per sq. ft., up 0.7% from the prior quarter and unchanged from the year-ago period. Class A office asking rents increased from \$3.18 per sq. ft. to \$3.20 per sq. ft. quarter-over-quarter and are 0.3% higher year-over-year, modestly outperforming the overall market. Class B rents were steady quarter-over-quarter at \$2.47 per sq. ft. and 0.4% above Q1 2025, underscoring a generally stable pricing environment across most segments.

At the submarket level in Q1 2026, Lamorinda commanded the highest Class A asking rate at \$4.06 per sq. ft., followed closely by Walnut Creek – Downtown at \$4.03 per sq. ft. and Alamo at \$4.00 per sq. ft. On the value side, Highway 4 offers the lowest average quoted rate at \$1.47 per sq. ft. for Class B product, while Livermore’s Class B rate of \$2.21 per sq. ft. provides another discounted alternative to higher-priced submarkets.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

## Net Absorption

The market posted negative 82,000 sq. ft. of net absorption in Q1 2026, below the 5,000 sq. ft. of positive absorption recorded in Q4 2025 but exceeding the negative 102,000 sq. ft. recorded in Q1 2025. Class A space accounted for negative 165,000 sq. ft. this quarter, reversing from 29,000 sq. ft. of move-ins last quarter, while all other classes registered 83,000 sq. ft. of positive net absorption, improving from negative 24,000 sq. ft. in Q4 2025 and negative 81,000 sq. ft. a year earlier.

Positive net absorption for Q1 2026 was concentrated primarily in the Walnut Creek - Ygnacio Valley submarket with 35,000 sq. ft. for the quarter, and the Concord submarket with 27,000 sq. ft. Livermore, Walnut Creek - Downtown (all other classes), Danville, Pleasant Hill - Bart (all other classes), and Lamorinda in both all other classes and Class A also recorded positive net absorption with 13,000 sq. ft., 9,000 sq. ft., 4,000 sq. ft., 4,000 sq. ft., 3,000 sq. ft., and 2,000 sq. ft., respectively. Eleven submarkets recorded negative net absorption, Walnut Creek - Downtown Class A with negative 42,000 sq. ft., and San Ramon Class A with negative 40,000 sq. ft.

## Sale Activity

Figure 5: Key Sale Transactions

Buyer	Address	SF Sold	Sale Price \$/SF
AXS Opportunity Fund	1655 & 1755 Grant Road	477,502	\$42.3M \$88
PG&E	5928 Stoneridge Mall Road	209,000	\$21.8M \$104
Sutter Health	4125 Hopyard Rd	130,134	\$15.3M \$117
Van Daele Homes	1 & 2 Annabel Lane	113,174	\$11.0M \$33 (Land Value)
SRVUSD*	3130 Crow Canyon Place	80,000	\$18.0M \$228
Next Petroleum	2817 Crow Canyon Road	42,243	\$9.0M \$224

Source: CBRE Research, Q1 2026

\*CBRE Involved

Figure 4: Net Absorption Trend



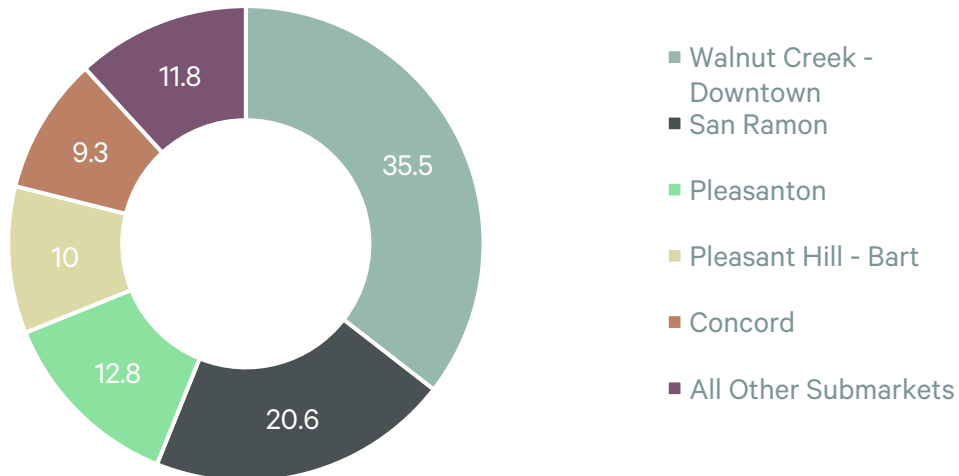
Source: CBRE Research, Q1 2026

## Leasing Activity

Total leasing reached 503,000 sq. ft. in Q1 2026, while activity over the past four quarters totaled 2.2 million sq. ft. On a quarter-over-quarter basis, Q1 volume increased 58,000 sq. ft. or 13.0% versus Q4 2025 and was 109,000 sq. ft. or 27.7% higher than Q1 2025. Over the same four-quarter period, leasing rose 680,000 sq. ft. or 44.5% year-over-year, with Class A space accounting for 1.8 million sq. ft., or 83.2% of the total.

Walnut Creek - Downtown posted the highest positive leasing in Q1 2026 with 179,000 sq. ft. transacted, followed by San Ramon at 104,000 sq. ft. Additional submarkets with positive activity included Pleasanton (64,000 sq. ft.), Pleasant Hill - Bart (50,000 sq. ft.), Concord (47,000 sq. ft.), Walnut Creek - Ygnacio Valley (20,000 sq. ft.), Lamorinda (16,000 sq. ft.), Danville and Pleasant Hill (7,000 sq. ft. each), Dublin (5,000 sq. ft.) and Livermore (4,000 sq. ft.).

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Cloud Software Group	54,000	New Lease	2623 Camino Ramon	San Ramon
Lennar Homes of California	24,000	Renewal	2603 Camino Ramon	San Ramon
The Wine Group	21,000	New Lease	4301-4309 Hacienda Dr	Pleasanton
Discovery Builders	17,000	New Lease	5099 Commercial Cir	Concord
Innersense Organic Beauty	15,000	New Lease	175 Lennon Ln	Walnut Creek - Ygnacio Valley
Berding and Weil LLP	13,000	New Lease	2175 N California Blvd	Walnut Creek - Downtown
Allspring Global Investments	12,000	Renewal	2001 N Main St	Walnut Creek - Downtown
Regus	12,000	New Lease	5075 Hopyard Rd	Pleasanton

Source: CBRE Research, Q1 2026

## Market Statistics

Figure 9: Market Statistics by Submarket

Submarket	Net Rentable Area (MSF)	Total Vacant Available (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Alamo	0.16	8.2	8.6	8.6	-	4.00	(6,000)	(6,000)	-	-
Class A	0.09	14.8	15.6	15.6	-	4	(6,000)	(6,000)	-	-
Concord	4.97	31.8	34.9	32.3	2.6	2.46	12,000	12,000	-	-
Class A	3.37	40.5	44.9	41.1	3.8	2.52	(15,000)	(15,000)	-	-
Danville	0.50	8.3	9.2	8.3	0.9	3.08	4,000	4,000	-	-
Class A	0.13	8.4	9.8	9.8	-	3.24	-	-	-	-
Dublin	2.26	20.4	24.1	17.3	6.8	2.84	(37,000)	(37,000)	-	-
Class A	1.44	27.2	32.8	22.1	10.8	3.08	(36,000)	(36,000)	-	-
Highway 4	0.59	4.5	4.5	4.5	-	1.47	-	-	-	-
Class A	-	-	-	-	-	-	-	-	-	-
Lamorinda	1.10	16.4	19.6	17.1	2.5	3.64	5,000	5,000	-	-
Class A	0.22	16.9	25.8	21.9	3.9	4.06	2,000	2,000	-	-
Livermore	0.52	23.1	26.0	26.0	-	2.21	13,000	13,000	-	-
Class A	-	-	-	-	-	-	-	-	-	-
Pleasant Hill	1.09	10.2	12.3	11.9	0.4	2.66	(8,000)	(8,000)	-	-
Class A	0.13	26.0	41.3	41.3	-	3.1	(8,000)	(8,000)	-	-
Pleasant Hill - Bart	1.94	33.1	34.5	33.8	0.7	3.70	(10,000)	(10,000)	-	-
Class A	1.73	34.0	35.0	34.2	0.8	3.81	(14,000)	(14,000)	-	-
Pleasanton	8.06	19.7	25.5	21.7	3.8	2.90	(14,000)	(14,000)	-	-
Class A	5.87	22.9	30.3	25.7	4.6	2.97	(6,000)	(6,000)	-	-
San Ramon	6.35	24.5	29.8	21.5	8.3	3.18	(43,000)	(43,000)	-	-
Class A	5.01	28.4	34.7	24.3	10.4	3.28	(40,000)	(40,000)	-	-
Walnut Creek - Downtown	4.62	22.6	25.7	24.1	1.6	3.75	(32,000)	(32,000)	-	-
Class A	2.76	24.4	29.1	27.0	2.1	4.03	(42,000)	(42,000)	-	-
Walnut Creek - Ygnacio Valley	1.72	12.2	17.2	17.1	0.0	2.32	35,000	35,000	-	-
Class A	0.50	12.4	21.1	21.1	-	2.43	-	-	-	-
<b>Total</b>	<b>33.88</b>	<b>22.4</b>	<b>26.4</b>	<b>22.8</b>	<b>3.7</b>	<b>3.05</b>	<b>(82,000)</b>	<b>(82,000)</b>	-	-
<b>Class A</b>	<b>21.26</b>	<b>28.0</b>	<b>33.7</b>	<b>28.2</b>	<b>5.4</b>	<b>3.20</b>	<b>(165,000)</b>	<b>(165,000)</b>	-	-

Source: CBRE Research, Q1 2026

## Market Statistics

Figure 10: Market Statistics by Class

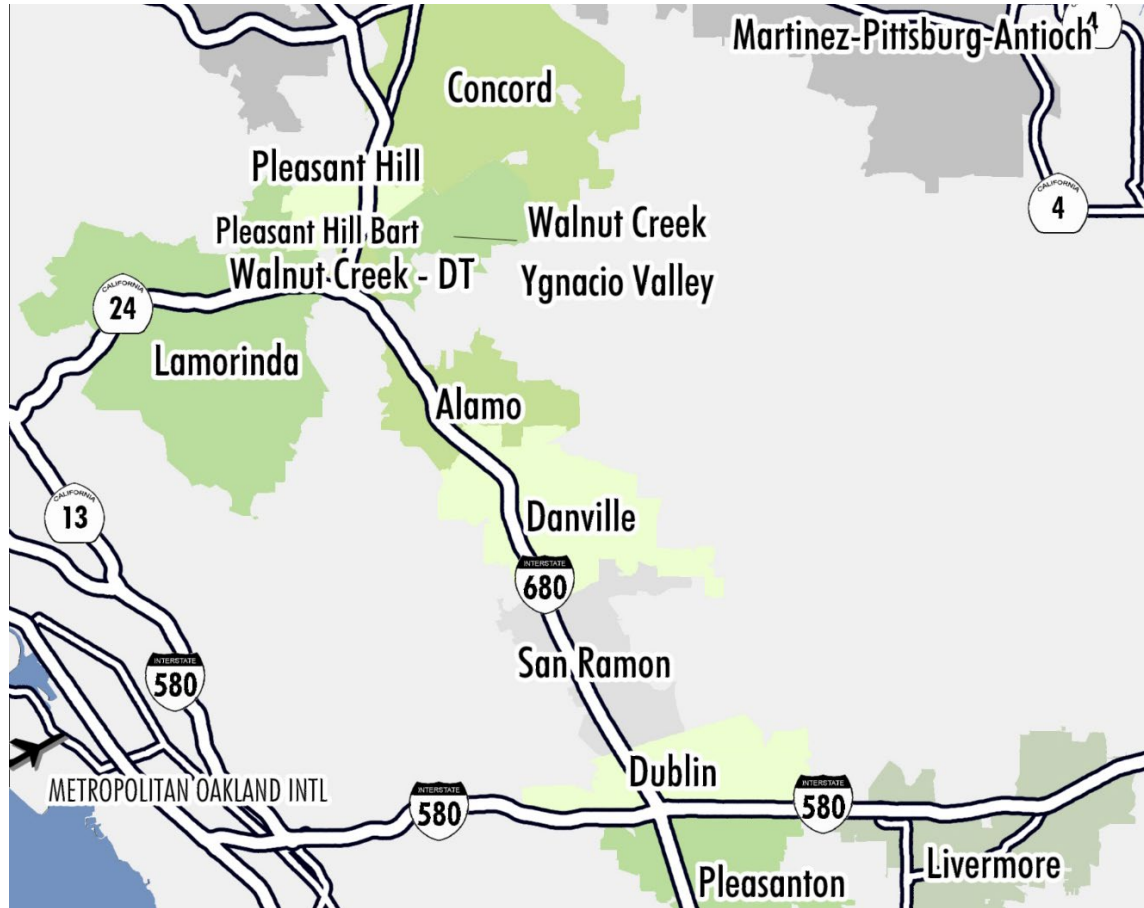
Property Class	Net Rentable Area (MSF)	Total Vacant Available (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	21.26	28.0	33.7	28.2	5.4	3.20	(165,000)	(165,000)	-	-
Class B	11.60	12.7	14.1	13.3	0.7	2.47	82,000	82,000	-	-
Class C	1.02	14.9	15.5	15.5	0.1	2.21	1,000	1,000	-	-
<b>Total</b>	<b>33.88</b>	<b>22.4</b>	<b>26.4</b>	<b>22.8</b>	<b>3.7</b>	<b>3.05</b>	<b>(82,000)</b>	<b>(82,000)</b>	<b>-</b>	<b>-</b>

Source: CBRE Research, Q1 2026

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

**Market Area Overview**



**Definitions**

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

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