Quality Space Fuels Leasing Velocity Despite Elevated Vacancy

▲22.8%
Vacancy Rate

▲(82,286)
SF Net Absorption

▶0
SF Construction Delivered

▶0
SF Under Construction

▲$3.06
FSG/MTH Direct Lease Rate

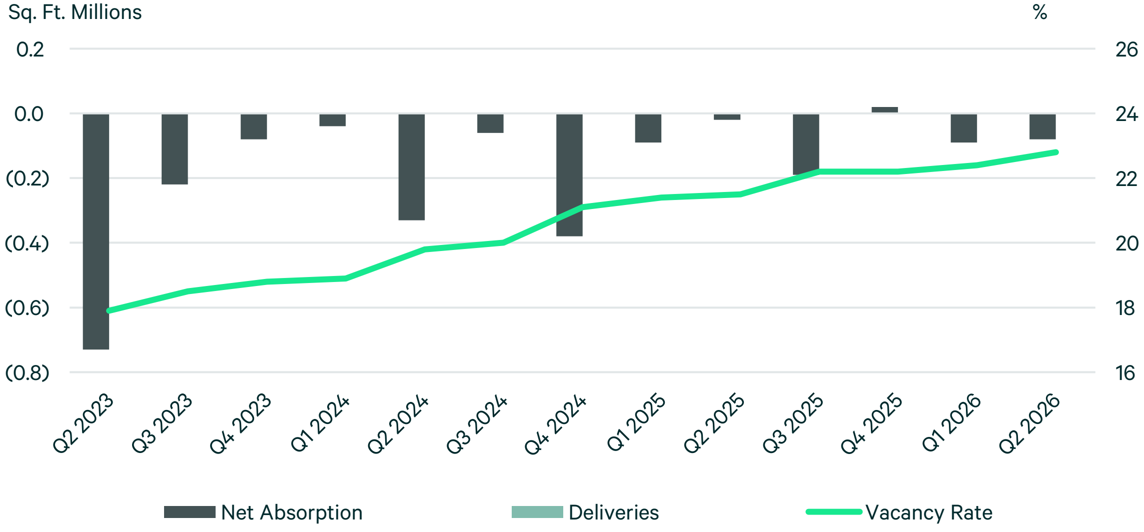
Note: Arrows indicate change from previous quarter.

Market Overview

Overall conditions in Q2 2026 remained unsteady. Net absorption was negative 82,000 sq. ft. This represented an improvement of 8,000 sq. ft. on a quarter-over-quarter basis. On a year-over-year basis, net absorption declined by 63,000 sq. ft. Vacancy rose to 22.8%, increasing 40 bps on a quarter-over-quarter basis. On a year-over-year basis, vacancy climbed by 130 bps. Since Q2 2023, vacancy moved higher by 490 bps. Availability reached 26.4%, rising by 20 bps on a quarter-over-quarter basis. On a year-over-year basis, availability increased by 110 bps. Average asking rent was $3.06. This equated to year-over-year rent growth of 1.3%. No space was under construction and there were no new deliveries during the period.

Leasing activity during the quarter included a Concord commitment by Travelers Insurance for 46,000 sq. ft. Old Republic Title Company signed another Concord lease totaling 17,000 sq. ft. Charles Schwab & Company completed a Walnut Creek - Downtown lease of 20,000 sq. ft. Combined, these three transactions covered 83,000 sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



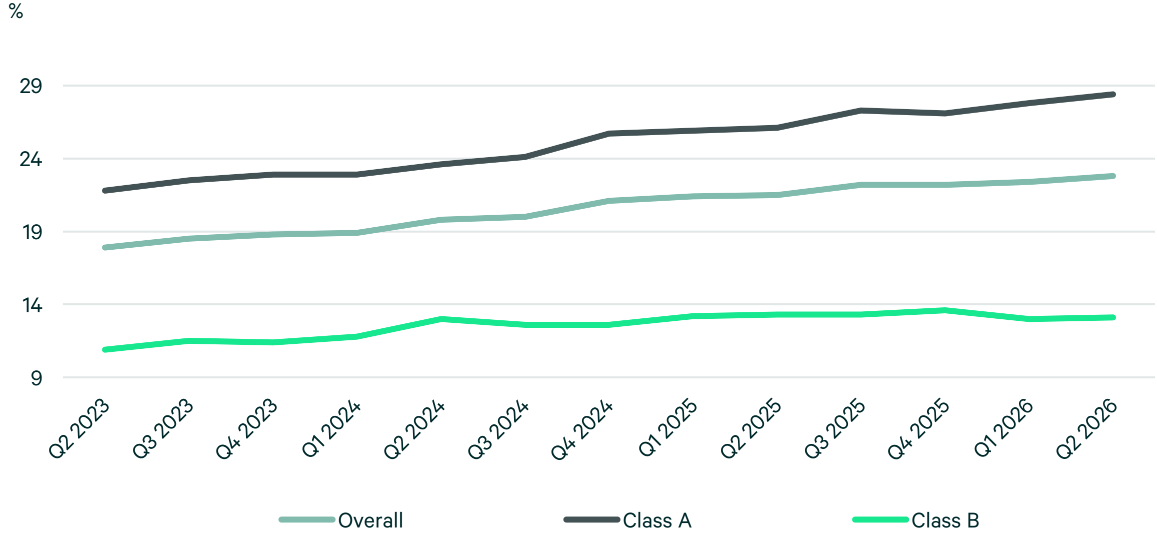
Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, overall vacancy stood at 28.4% in Class A, 13.1% in Class B, and 15.4% in Class C, with Class A the highest and Class B the lowest. Compared with Q1 2026, overall vacancy increased by 60 bps in Class A and 10 bps in both Class B and Class C. Year-over-year, vacancy rose 230 bps in Class A and 60 bps in Class C, while Class B declined 20 bps. Relative to Q2 2023, vacancy is higher by 660 bps in Class A, 220 bps in Class B, and 480 bps in Class C.

At the submarket level in Q2 2026, Highway 4 recorded the lowest overall vacancy at 2.9%, followed by Danville at 7.1%, while Pleasant Hill - Bart posted the highest overall vacancy at 33.9%. Sublease vacancy measured 2.3% in Class A, 0.2% in Class B, and 0.0% in Class C; quarter-over-quarter, sublease vacancy decreased 10 bps in Class A and Class B and was unchanged in Class C. Across all submarkets, sublease availability totaled 503,000 sq. ft. of vacant space in Q2 2026.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption in Q2 2026 was negative 82,000 sq. ft. across all property classes. This result exceeded the negative 90,000 sq. ft. recorded in Q1 2026 on a quarter-over-quarter basis but was below the negative 18,000 sq. ft. posted in Q2 2025 on a year-over-year comparison. Class A drove most of the net give-backs at negative 70,000 sq. ft., with Class B and Class C contributing smaller losses of negative 11,000 sq. ft. and negative 1,000 sq. ft., respectively.

At the submarket level, Concord and Pleasanton posted the strongest positive net absorption in Q2 2026, at 42,000 sq. ft. and 8,000 sq. ft., respectively. On the negative side, Walnut Creek - Downtown registered the most pronounced contraction at negative 55,000 sq. ft., followed by San Ramon at negative 51,000 sq. ft., indicating where the largest volumes of space were returned to the market.

Figure 3: Net Absorption Trend

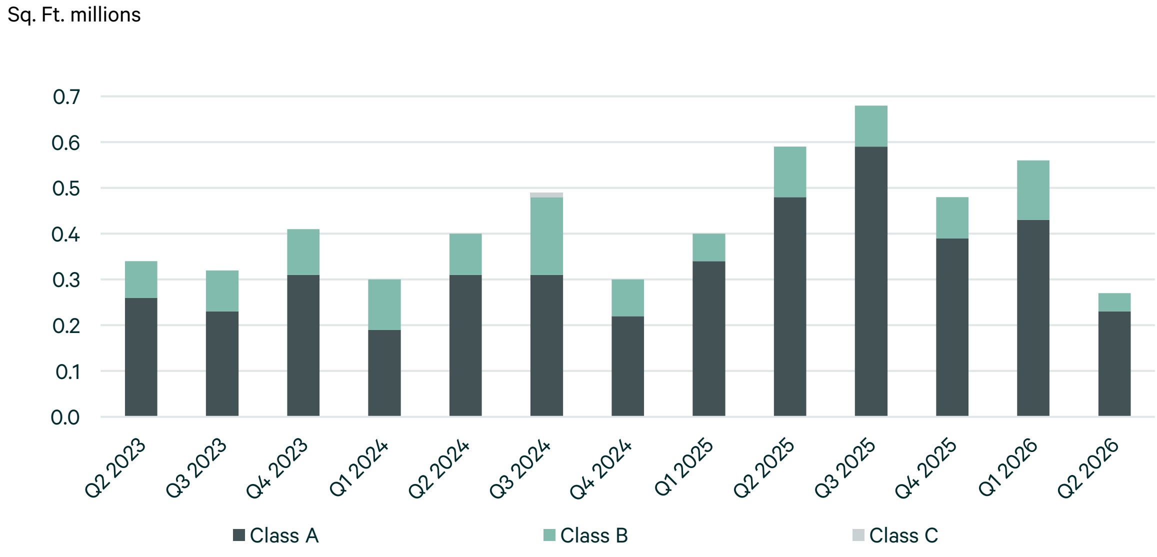
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity in Q2 2026 totaled 269,000 sq. ft. across Class A and Class B space. This was down 295,000 sq. ft., a 52.3% decline quarter-over-quarter from 564,000 sq. ft. in Q1 2026, and 320,000 sq. ft. lower year-over-year, a 54.3% drop from 589,000 sq. ft. in Q2 2025. Over the last four quarters, tenants have leased 2.0 million sq. ft., with Class A assets consistently capturing most commitments.

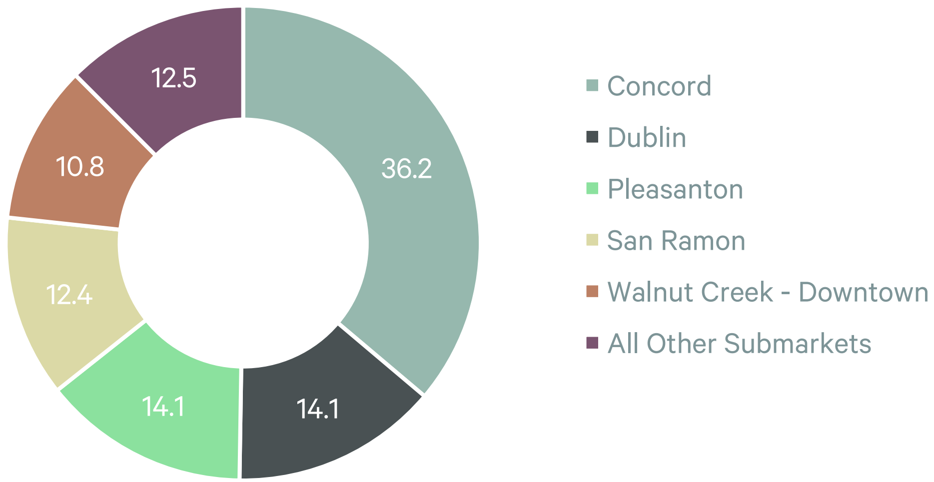
By submarket, Concord recorded the highest volume in Q2 2026 with 98,000 sq. ft. leased, while Dublin and Pleasanton were tied for the next highest level at 38,000 sq. ft. each. Leasing also occurred in San Ramon 32,000 sq. ft., Walnut Creek - Downtown 29,000 sq. ft., Pleasant Hill - Bart 22,000 sq. ft., Walnut Creek - Ygnacio Valley 9,000 sq. ft., Pleasant Hill 1,000 sq. ft., and Danville 2,000 sq. ft..

Figure 4: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 5: Leasing by Submarket % of Total Activity



Source: CBRE Research, Q2 2026

Figure 6: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Blackhawk Network	62,060	Renewal/ Downsize	6220 Stoneridge Mall Rd	Pleasanton
Travelers Insurance	46,000	New Lease	1390 Willow Pass Rd	Concord
Amtrust North America	24,000	Renewal	1655 Grant St	Concord
Zenith Insurance Co.	23,000	Renewal/ Downsize	3 Sybase Dr	Dublin
Charles Schwab & Company	20,000	New Lease	2001 N Main St	Walnut Creek - Downtown
Old Republic Title Company	17,000	New Lease	1390 Willow Pass Rd	Concord
Berkshire Hathaway Specialty Insurance	16,000	New Lease	6111 Bollinger Canyon Rd	San Ramon
Body Contour Centers DBA Sono Bello	14,000	New Lease	3003 Oak Rd	Pleasant Hill - Bart

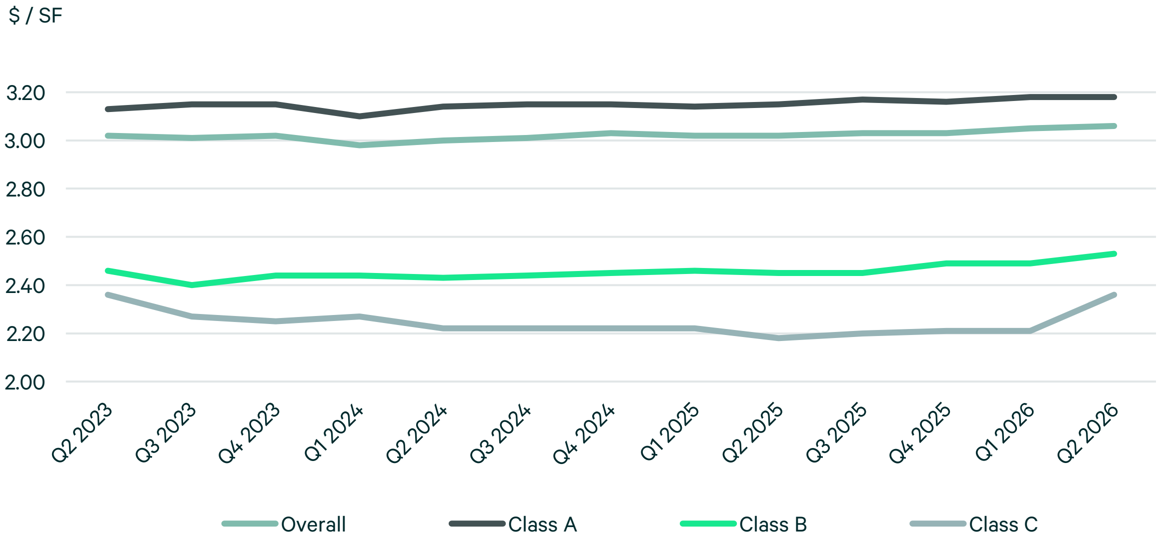
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the overall average asking rent was $3.06 per sq. ft., up slightly quarter-over-quarter from $3.05 per sq. ft. and 1.3% higher year-over-year from $3.02 per sq. ft. Since Q2 2023, overall asking rents have stayed in a narrow range of $2.98 to $3.06 per sq. ft., underscoring modest. Class A asking rents ended Q2 2026 at $3.18 per sq. ft., flat quarter-over-quarter and up about 1.0% year-over-year, maintaining a clear premium over Class B at $2.53 per sq. ft. and Class C at $2.36 per sq. ft.

In Q2 2026, Class A pricing was highest in Lamorinda at $4.06 per sq. ft., with Alamo and Walnut Creek – Downtown close behind at $4.00 per sq. ft. Other Class A submarkets with elevated asking rents included Pleasant Hill – Bart at $3.80 per sq. ft., Dublin at $3.30 per sq. ft., San Ramon at $3.28 per sq. ft., Danville at $3.12 per sq. ft. and Pleasanton at $2.98 per sq. ft.

Figure 7: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 8: Metro Market Statistics by Class

Property Class	Net Rentable Area SF	Total Vacancy %	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	21.32M	28.4	33.6	28.4	5.2	3.18	(70,000)	(234,000)	-	-
Class B	11.34M	13.1	13.8	13.6	0.2	2.53	(11,000)	63,000	-	-
Class C	988,000	15.4	15.8	15.8	-	2.36	(1,000)	(1,000)	-	-
Total	**33.65M**	**22.8**	**26.4**	**23.0**	**3.4**	**3.06**	**(82,000)**	**(172,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area SF	Total Vacancy %	Total Availability %	Direct Availability %	Sublease Availability %	Avg. Direct Asking Rate	Current Quarter Net Absorption SF	YTD Net Absorption SF	Deliveries SF	Under Construction SF
Alamo	158,000	7.5	7.9	7.9	-	4.00	1,000	(5,000)	-	-
Class A	87,000	13.5	14.3	14.3	-	4.00	1,000	(5,000)	-	-
Concord	4.94M	31.0	33.9	31.8	2.1	2.57	42,000	55,000	-	-
Class A	3.37M	39.5	43.7	40.6	3.1	2.62	31,000	16,000	-	-
Danville	500,000	7.1	7.7	7.7	-	3.05	0	4,000	-	-
Class A	133,000	8.4	8.7	8.7	-	3.12	0	0	-	-
Dublin	2.26M	20.1	24.2	17.6	6.6	3.12	(1,000)	(38,000)	-	-
Class A	1.44M	26.9	33.4	23.0	10.4	3.30	(1,000)	(38,000)	-	-
Highway 4	574,000	2.9	2.9	2.9	-	1.40	0	0	-	-
Class A	-	-	-	-	-	-	0	0	-	-
Lamorinda	998,000	19.6	21.1	19.7	1.3	3.70	(16,000)	(11,000)	-	-
Class A	223,000	20.5	25.8	21.9	3.9	4.06	(8,000)	(6,000)	-	-
Livermore	523,000	26.2	28.8	28.8	-	2.23	(3,000)	10,000	-	-
Class A	-	-	-	-	-	-	0	0	-	-
Pleasant Hill	1.09M	10.7	12.5	11.6	0.9	2.49	0	(15,000)	-	-
Class A	129,000	29.6	42.8	38.9	3.9	2.70	0	(15,000)	-	-
Pleasant Hill - Bart	1.94M	33.9	34.6	33.9	0.7	3.67	0	0	-	-
Class A	1.73M	32.7	33.5	32.7	0.8	3.80	15,000	11,000	-	-
Pleasanton	8.12M	20.1	25.1	21.7	3.4	2.91	8,000	(35,000)	-	-
Class A	5.93M	23.4	30.1	25.6	4.5	2.98	10,000	(11,000)	-	-
San Ramon	6.21M	25.9	30.9	22.4	8.4	3.21	(51,000)	(93,000)	-	-
Class A	5.01M	29.6	35.6	25.2	10.4	3.28	(50,000)	(88,000)	-	-
Walnut Creek - Downtown	4.62M	23.3	24.8	23.8	1.0	3.76	(55,000)	(72,000)	-	-
Class A	2.76M	26.3	28.4	27.0	1.4	4.00	(59,000)	(90,000)	-	-
Walnut Creek - Ygnacio Valley	1.72M	12.0	18.6	18.5	0.0	2.35	(8,000)	27,000	-	-
Class A	501,000	11.7	26.1	26.1	-	2.47	(9,000)	(9,000)	-	-
Total	**33.65M**	**22.8**	**26.4**	**23.0**	**3.4**	**3.06**	**(82,000)**	**(172,000)**	**-**	**-**
Class A	**21.32M**	**28.4**	**33.6**	**28.4**	**5.2**	**3.18**	**(70,000)**	**(234,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

Sale Activity

Figure 10: Key Sale Transactions

Buyer	Address	Submarket	SF Sold	Sale Price $/SF
Schnitzer Properties	Sierra Trinity Business Park (Office/Flex Portfolio)	Dublin	403,476	±$300/SF
Confidential User	1340 Treat Blvd*	Pleasant Hill - Bart	243,576	Undisclosed
Grant Private Wealth Management	6000 Stoneridge Mall Rd	Pleasanton	58,168	$5.5M $95
Arroyo Capital	18 Crow Canyon Ct*	San Ramon	54,000	$9.4M $174
Dollinger Properties	Poplar Plaza (Office/Flex Portfolio)	Pleasanton	50,762	$13.6M $268
Willow Pass One LLC	1849 Willow Pass Rd	Concord	28,147	$4M $142

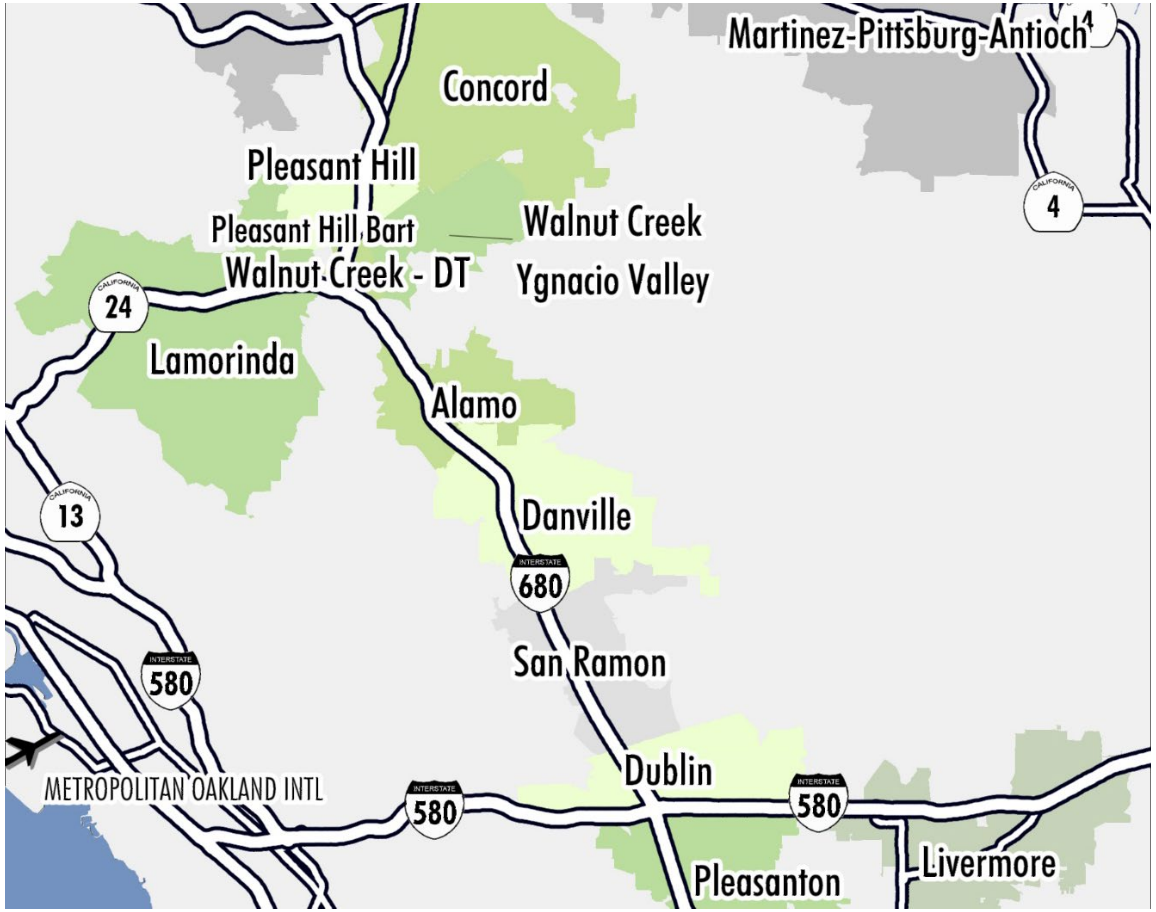
Source: CBRE Research, Q2 2026 *CBRE Involved

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

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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