

FIGURES | OAKLAND INDUSTRIAL | Q3 2026

Vacancy Holds Steady Amid Softer Leasing Demand



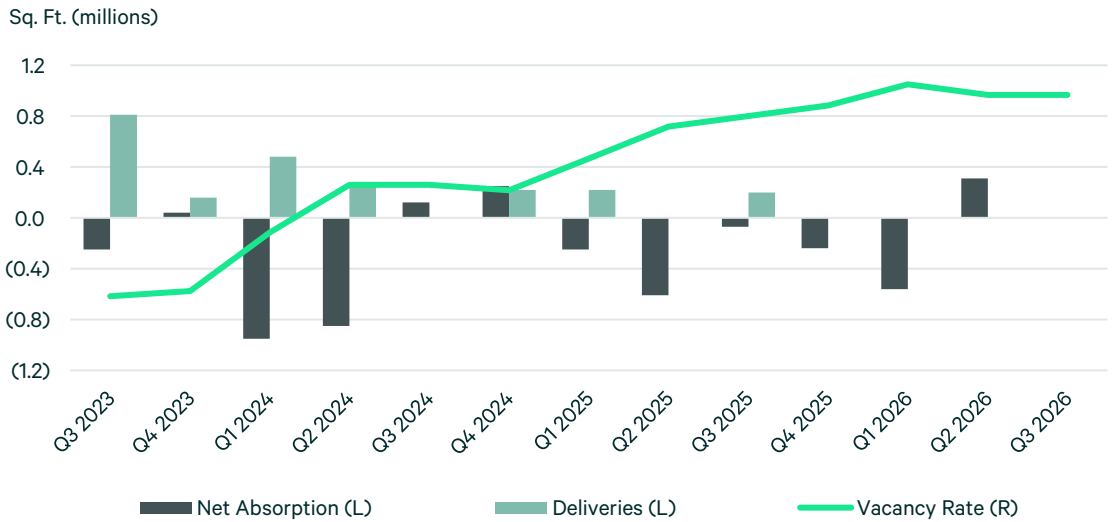
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, market conditions remained soft as elevated vacancy coincided with slower leasing and further rent compression. Net absorption for the quarter totaled negative 1,000 sq. ft., leaving vacancy unchanged at 7.2% compared with Q2 2026, while availability edged up 10 basis points from 8.4% to 8.5%. Average asking rent softened quarter-over-quarter from \$1.22 per sq. ft. to \$1.20 per sq. ft. Leasing activity pulled back sharply, with tenants signing 1.26 million sq. ft. in Q3 2026 versus 2.08 million sq. ft. in Q2 2026. Tenant demand rose 53% year-over-year to 5.5 million sq. ft. in Q3 2026, but a shortage of modern product has limited leasing, with only well-featured, competitively priced properties attracting tenants. Construction activity remained limited, with 167,000 sq. ft. under construction across two properties and no new deliveries, while existing availability stayed high.

Over the period from Q3 2023 through Q3 2026, the market shifted from relatively tight conditions to sustained softness as occupancy contracted and the construction pipeline shrank. Net absorption over these thirteen quarters totaled negative 3.05 million sq. ft., with large occupancy losses in 2024 and early 2026 outweighing intermittent positive quarters in late 2023 and 2024. Vacancy increased from 3.4% in Q3 2023 to a high of 7.4% in Q1 2026 before easing slightly to 7.2% in Q3 2026, while availability rose from 5.0% to a peak of 9.0% in Q1 2026 and ended the period at 8.5%. Average asking rents peaked at \$1.38 per sq. ft. in Q1 2024 and trended lower to \$1.20 per sq. ft. by Q3 2026. On the supply side, deliveries from Q3 2023 through Q3 2026 reached 2.33 million sq. ft., and space under construction declined from 1.10 million sq. ft. to 167,000 sq. ft. as the active pipeline narrowed.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy Rate

Vacancy remained elevated in Q3 2026, capping a multi-year period of rising availability across the market. Quarter-over-quarter, the overall vacancy rate held steady at 7.2%, while direct vacancy decreased 30 bps from 6.2% to 5.9% and sublease vacancy increased 20 bps from 1.0% to 1.2%. Year-over-year, overall vacancy rose 40 bps from 6.8% in Q3 2025 to 7.2% in this quarter; over the same period, direct vacancy declined 10 bps to 5.9% and sublease vacancy climbed 40 bps to 1.2%. Compared with Q3 2023, overall vacancy increased from 3.4% to 7.2%, a 380 bps rise over the three-year period, with direct vacancy up from 3.0% to 5.9% and sublease vacancy up from 0.4% to 1.2%.

Vacancy levels in this quarter varied widely by submarket. Berkeley recorded the lowest overall vacancy rate at 0.8%, followed by Union City at 3.2%, indicating comparatively tight conditions in these locations. San Lorenzo posted the highest overall vacancy rate at 11.0%, marking the most pronounced availability among the reported submarkets.

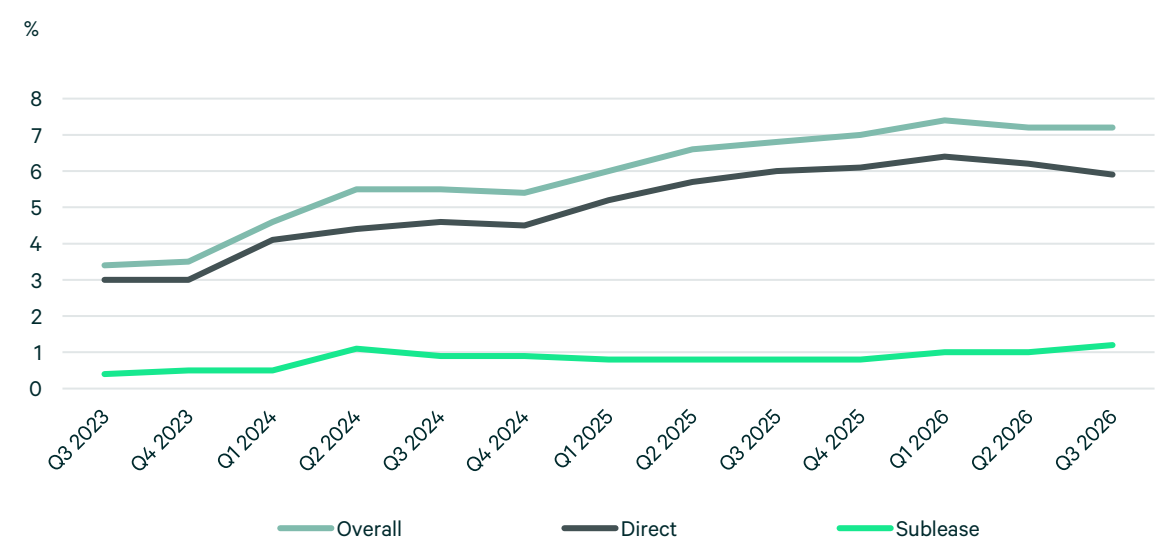
Sublease availability edged higher this quarter even as direct vacancy eased modestly. The sublease vacancy rate increased 20 bps quarter-over-quarter, from 1.0% in Q2 2026 to 1.2% in this quarter, with sublease space totaling 1.51 million sq. ft. across the tracked submarkets.

Net Absorption

Net absorption in Q3 2026 totaled negative 1,000 sq. ft., indicating occupancy was essentially flat for the quarter. This result was below the strong 306,000 sq. ft. of positive absorption recorded quarter-over-quarter in Q2 2026, reflecting a pause after that prior improvement. However, it exceeded the negative 70,000 sq. ft. of net absorption recorded year-over-year in Q3 2025, signaling a modest reduction in space givebacks compared with Q3 2025. Even with this small quarterly movement, the rolling four-quarter average remained negative at 122,500 sq. ft., underscoring that occupancy trends were still weak on a multi-quarter basis.

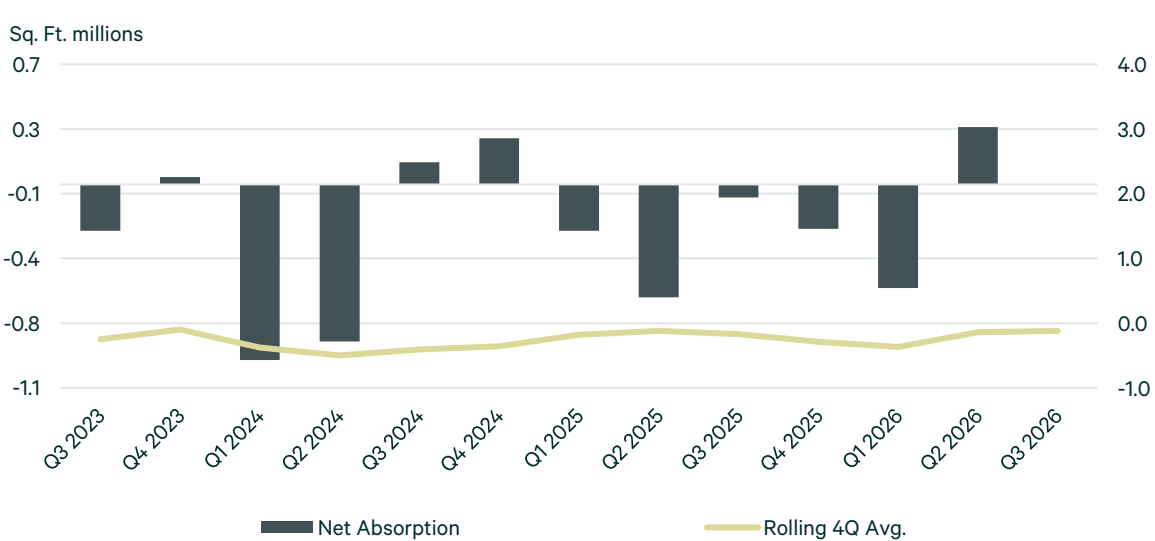
Richmond and Alameda posted the strongest gains in Q3 2026, with net absorption of 324,000 sq. ft. and 111,000 sq. ft., respectively. Union City and Berkeley also recorded positive net absorption, totaling 77,000 sq. ft. and 28,000 sq. ft., respectively. On the downside, Hayward saw net absorption of negative 277,000 sq. ft., with Oakland close behind at negative 217,000 sq. ft., marking the two weakest submarkets this quarter.

Figure 2: Vacancy Rate



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Figure 3: Net Absorption Trend



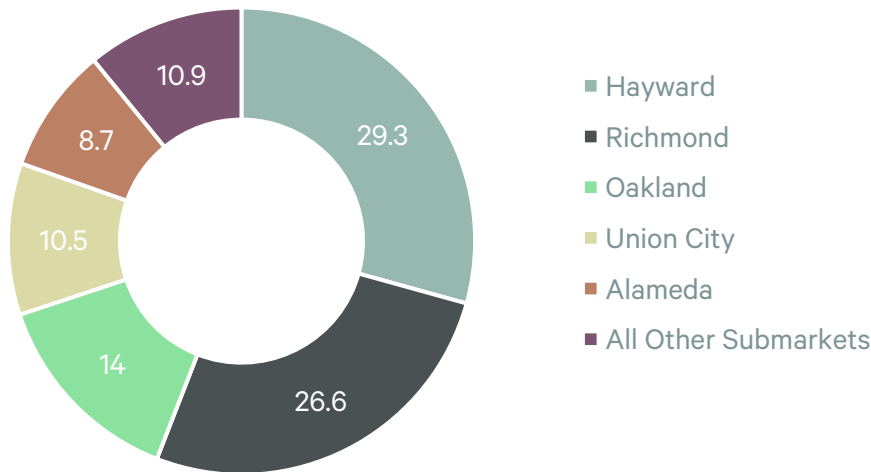
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Leasing Activity

Leasing activity weakened in Q3 2026 compared with Q2 2026 and Q3 2025. Tenants leased 1.26 million sq. ft. in Q3 2026, a 39.3% quarter-over-quarter decline from the 2.08 million sq. ft. recorded in Q2 2026 and 53.3% lower year-over-year than the 2.71 million sq. ft. completed in Q3 2025.

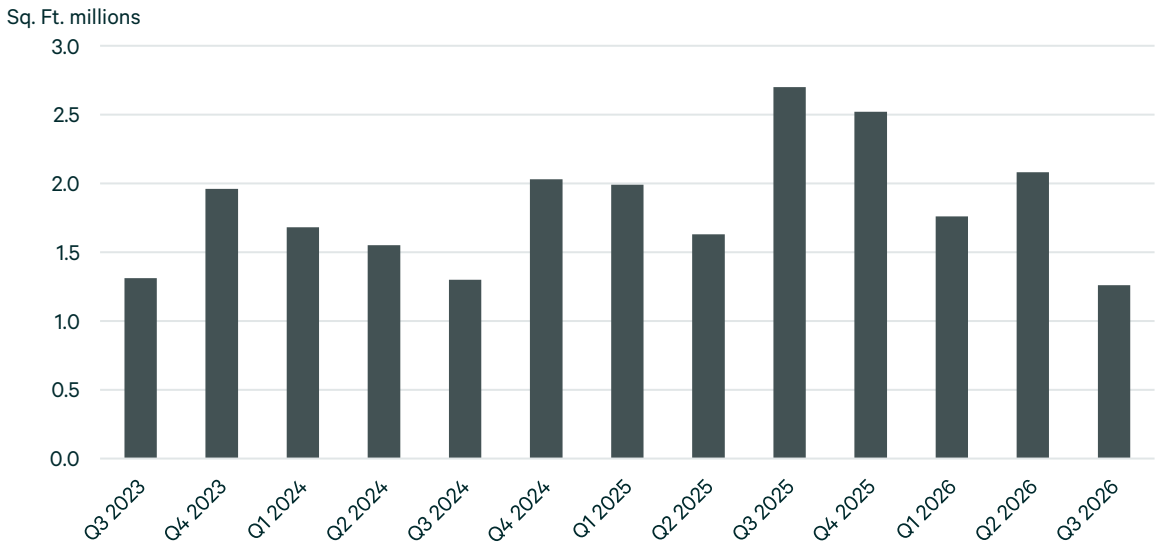
Hayward and Richmond recorded the strongest leasing activity this quarter among the submarkets tracked. Berkeley registered 29,000 sq. ft. of leasing, San Leandro 109,000 sq. ft., Alameda 111,000 sq. ft., Union City 133,000 sq. ft., and Oakland 178,000 sq. ft., demonstrating that positive leasing demand extended across all submarkets in the market. Tenant demand reached 5.5 million sq. ft. in Q3 2026, up 53% year-over-year, but has yet to convert into leasing activity, partly because the market lacks newer, modern, functional product, as reflected in the limited construction pipeline. Commodity warehouse space continues to lag amid ongoing softness in the logistics sector, while well-located, competitively priced properties with strong features are still securing tenants.

Figure 5: Leasing Activity by Submarket (% of Total Activity)



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Figure 4: Leasing Activity Trend



CBRE Research

Figure 6: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Gofo	224,000	New Lease	6015 Giant Rd	Richmond
Poseidon Aerospace	111,000	New Lease	1190 W Tower Ave	Alameda
Confidential Tenant	99,000	New Lease	1960 Mandela Pkwy	Oakland
Lantana Led	73,000	New Lease	155 Parr Blvd	Richmond
Santos	63,000	New Lease	2741 Mccone Ave	Hayward
Prime Electric	60,000	New Lease	2975 Volpey Way	Union City
Graham Group (US)	50,000	New Lease	1595 Crocker Ave	Hayward
Connex Trade	50,000	New Lease	28500 Marina Dr	Hayward

Source: CBRE Research, Q3 2026

Asking Rent

In Q3 2026, the market’s average asking rent stood at \$1.20 per sq. ft., down from \$1.36 per sq. ft. in Q3 2025. This represented a 1.6% quarter-over-quarter decline and an 11.8% year-over-year decrease, extending the downward momentum that followed a period when rents were between \$1.35 per sq. ft. and \$1.38 per sq. ft. from Q3 2023 through Q3 2025. Over the full data series, average asking rent moved only slightly higher through Q1 2025 before reversing and declining from \$1.37 per sq. ft. in Q1 2025 to \$1.20 per sq. ft. in Q3 2026.

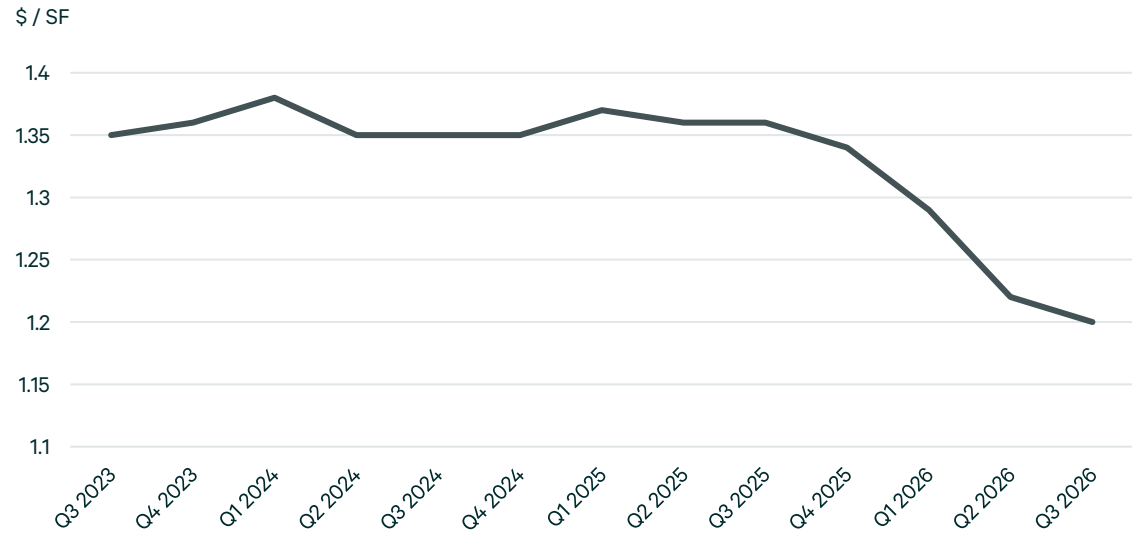
Within the market in Q3 2026, Berkeley and Emeryville recorded the highest average asking rents at \$2.70 per sq. ft. and \$1.63 per sq. ft., respectively. Union City, Hayward and San Lorenzo followed with mid-tier pricing of \$1.32 per sq. ft., \$1.28 per sq. ft. and \$1.25 per sq. ft., while Alameda, San Leandro, Oakland and Richmond formed a lower-rent group ranging from \$1.09 per sq. ft. in Alameda to \$1.07 per sq. ft. in Richmond, with Oakland and San Leandro at \$1.17 per sq. ft. and \$1.10 per sq. ft., respectively.

Construction Activity

Construction activity in the market remained limited in Q3 2026, with a small pipeline and no new deliveries. Under construction space totaled 167,000 sq. ft. this quarter, unchanged quarter-over-quarter, with no deliveries during the quarter. Under construction volume was far below the 1.16 million sq. ft. recorded in Q4 2023, underscoring the moderation in development activity over recent years.

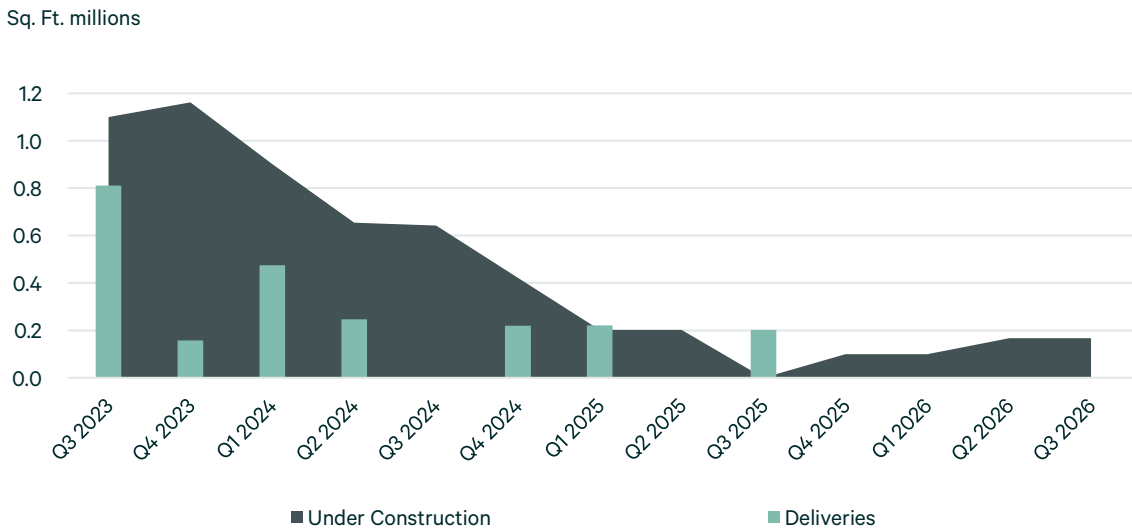
Hayward and San Leandro were the only submarkets with distribution/logistics projects under construction this quarter. Hayward and San Leandro each had one project underway: Diablo Park - 25375 Clawiter Drive at 99,000 sq. ft. in Hayward and 1700 Doolittle Drive at 67,000 sq. ft. in San Leandro, with both projects 0.0% pre-leased.

Figure 7: Average Direct Asking Rate



CBRE Research

Figure 8: Construction Activity



CBRE Research

Investment Sale Activity

Investment sales volume in the Oakland Industrial market declined quarter-over-quarter but increased year-over-year in Q3 2026. Q3 2026 investment sale volume totaled \$109.98 million across six reported property trades, down 22.4% from \$141.74 million in Q2 2026 but up 37.6% from \$79.92 million in Q3 2025. Through Q3 2026, total 2026 volume reached \$448.45 million, including \$196.73 million in Q1 2026 and \$141.74 million in Q2 2026.

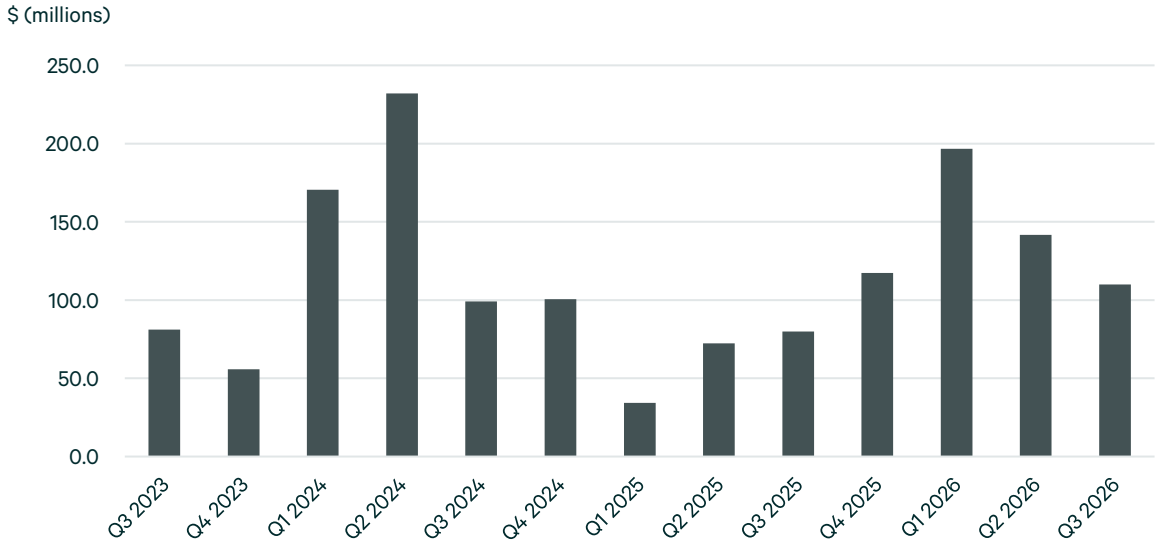
In Q3 2026, private buyers accounted for the highest share of activity, and top sales involved single-asset trades. Private buyers represented 90.8% of transaction volume, followed by institutional buyers at 9.2%, while cross-border, public, and user/other buyers each held a 0.0% share. The largest transaction was Lift Partners’ acquisition of the 21001-21005 Cabot Blvd in Hayward for \$59.40 million, totaling 249,000 sq. ft. at \$238.55 per sq. ft. The second-largest sale was LBA Logistics’ purchase of 2910 Faber St in Union City for \$15.00 million, comprising 52,476 sq. ft. at \$285.84 per sq. ft. Additional sales included 7801 Capwell Dr in Oakland, acquired by Webcor Builders for \$13.40 million for 33,560 sq. ft. at \$399.28 per sq. ft.; 30964 Huntwood Avenue in Hayward, purchased by Industry Cap Advisors for \$10.10 million for 47,814 sq. ft. at \$211.76 per sq. ft.; 335 Adeline Street in Oakland, bought by Joey Tou for \$7.00 million for 114,017 sq. ft. at \$61.39 per sq. ft.; and 945 Aileen Street in Oakland, sold to Miguel E Jara for \$3.20 million for 11,700 sq. ft. at \$273.50 per sq. ft., for a combined \$108.10 million across these six reported trades.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
21001-21005 Cabot Blvd	Hayward	Lift Partners	\$59.4M	249,000	\$238.55
2910 Faber St	Union City	LBA Logistics	\$15M	52,476	\$285.84
7801 Capwell Dr	Oakland	Webcor Builders	\$13.4M	33,560	\$399.28
30964 Huntwood Avenue	Hayward	Industry Cap Advisors	\$10.1M	47,814	\$211.76
335 Adeline Street	Oakland	Joey Tou	\$7M	114,017	\$61.39
945 Aileen Street	Oakland	Miguel E Jara	\$3.2M	11,700	\$273.50

MSCI Real Capital Analytics

Figure 9: Quarterly Sales Volume



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Figure 11: Buyer Composition



MSCI Real Capital Analytics

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Alameda	3.59M	7.9	7.9	7.6	0.4	1.09	111,000	3,000	-	-
Berkeley	4.32M	0.8	0.8	0.5	0.3	2.70	28,000	42,000	-	-
Emeryville	2.09M	8.7	8.7	6.9	1.8	1.63	-	18,000	-	-
Hayward	35.58M	8.1	10.1	7.8	2.3	1.28	(277,000)	(363,000)	-	99,000
Oakland	30.72M	7.6	8.9	7.4	1.5	1.17	(217,000)	(292,000)	-	-
Richmond	12.82M	5.5	6.4	6.4	-	1.07	324,000	664,000	-	-
San Leandro	19.93M	9.3	10.8	7.5	3.3	1.10	(47,000)	(283,000)	-	67,000
San Lorenzo	1.10M	11.0	11.0	11.0	-	1.25	-	-	-	-
Union City	12.85M	3.2	3.9	3.2	0.8	1.32	77,000	(39,000)	-	-
Total	123.02M	7.2	8.5	6.8	1.7	1.20	(1,000)	(250,000)	-	167,000

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 13

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	90.74M	8.2	9.9	7.6	2.3	1.22	(124,000)	(602,000)	-	167,000
Manufacturing - General	32.29M	4.3	4.4	4.3	0.1	1.11	123,000	352,000	-	-
Total	123.02M	7.2	8.5	6.8	1.7	1.20	(1,000)	(250,000)	-	167,000

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 14

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	39.28M	4.0	5.0	4.0	0.9	1.29	(138,000)	(102,000)	-	-
50K-99,999 SF	24.64M	5.8	6.7	5.3	1.5	1.22	241,000	73,000	-	167,000
100K-249,999 SF	39.59M	6.7	8.8	7.7	1.1	1.16	235,000	570,000	-	-
250K-499,999 SF	15.53M	14.2	15.5	11.9	3.6	1.15	(340,000)	(554,000)	-	-
500K-749,999 SF	3.99M	23.3	23.3	13.4	9.9	1.35	-	(237,000)	-	-
Total	123.02M	7.2	8.5	6.8	1.7	1.20	(1,000)	(250,000)	-	167,000

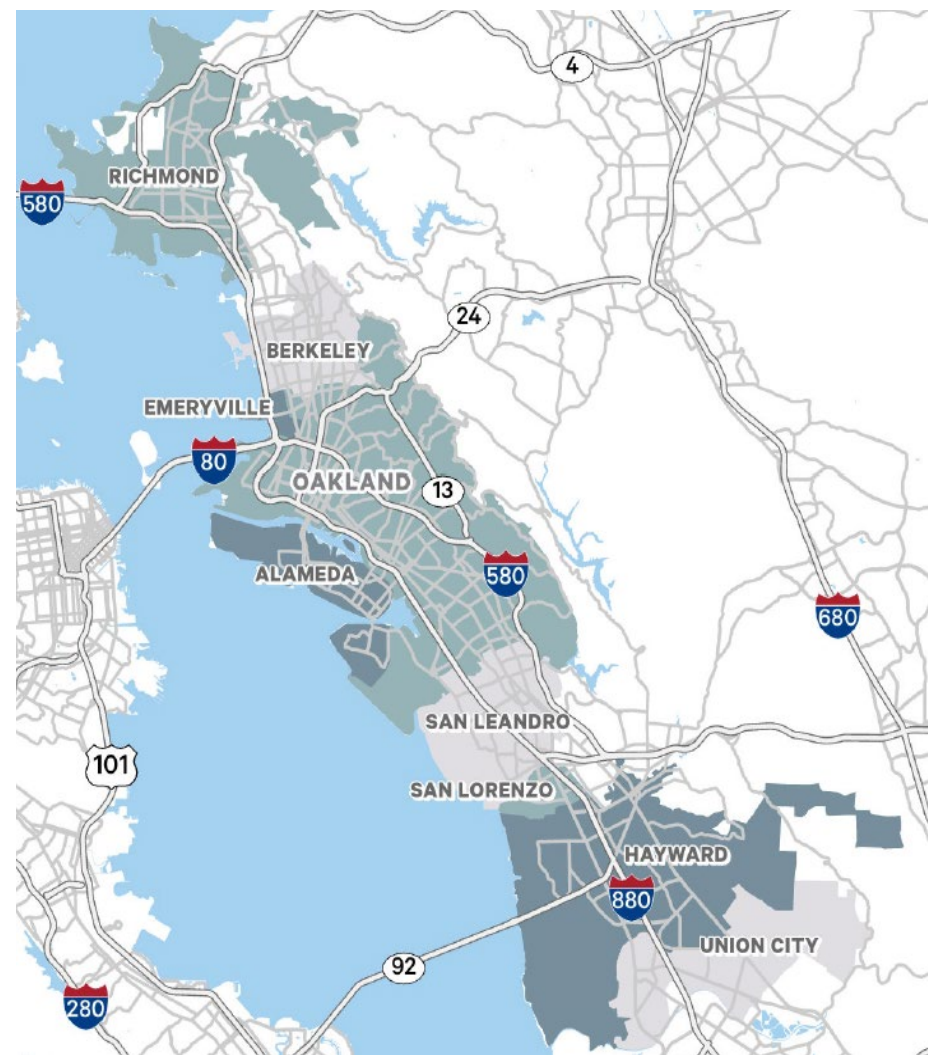
Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

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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