Supply Outpaces Demand, Pressuring Market Fundamentals

▲7.4%	▼(35,108)	▼0	▶441,841	▼$1.34
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/MTH Direct Lease Rate

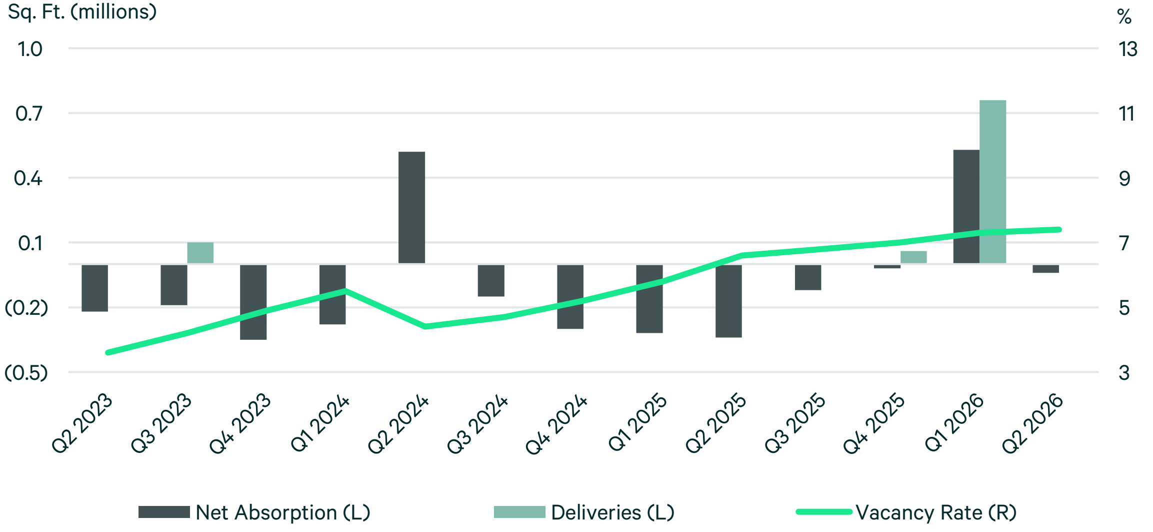
Note: Arrows indicate change from previous quarter.

Market Overview

During Q2 2026 the market remained tenant-biased, as vacancy reached 7.4%. Vacancy increased by 10 basis points quarter-over-quarter and 80 basis points higher year-over-year. Availability stood at 9.3%, declining 10 basis points quarter-over-quarter but rising 160 basis points year-over-year. Net absorption was negative 35,000 sq. ft. in the latest quarter. Relative to the prior quarter, net absorption weakened by 565,000 sq. ft. Compared with the same quarter last year, net absorption improved by 306,000 sq. ft. Over the last three years, cumulative net absorption totaled roughly negative 1.3 million sq. ft. Relative to Q2 2023, vacancy was 380 basis points higher and availability was 430 basis points higher.

Average asking rent was $1.34 per sq. ft. in Q2, declining modestly by 0.7% quarter-over-quarter and more significantly by 8.2% lower year-over-year. Over the last three years, cumulative deliveries reached 920,000 sq. ft. The construction pipeline peaked at 1.3 million sq. ft. during this period. Currently, space under construction measured 442,000 sq. ft. Recent leasing data showed three large transactions in the Livermore submarket totaling 536,000 sq. ft. Velo3D committed to 289,000 sq. ft. of space. DYCM Solar Modules leased 193,000 sq. ft. A confidential tenant took 54,000 sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

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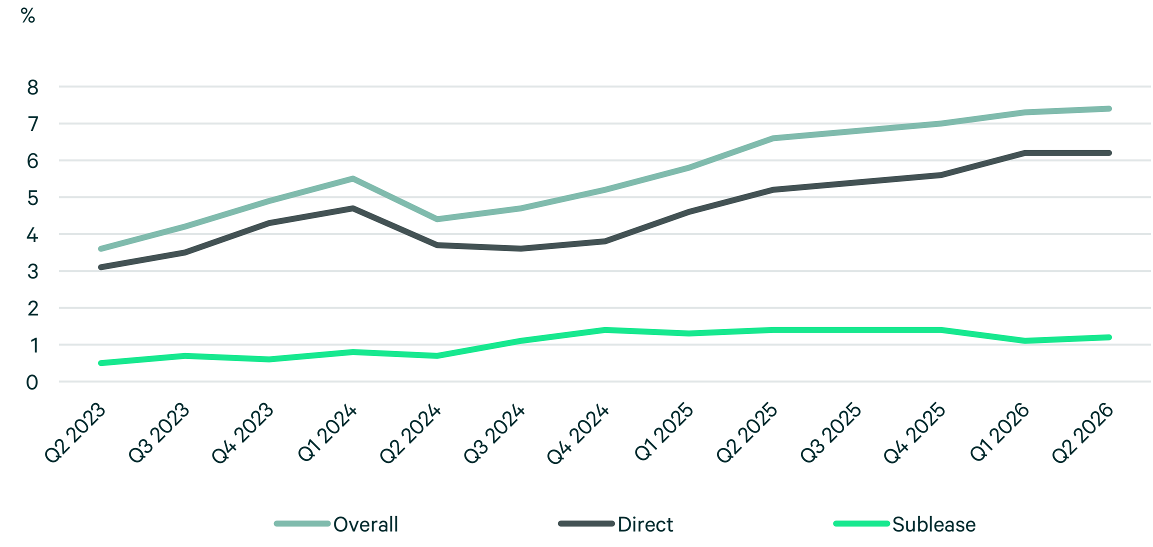
Vacancy Rate

In Q2 2026, overall vacancy stood at 7.4%, with direct vacancy at 6.2% and sublease vacancy at 1.2%. Quarter-over-quarter, overall vacancy increased by 10 basis points, direct vacancy was unchanged, and sublease vacancy rose 10 basis points. Year-over-year, overall vacancy is up 80 basis points, direct vacancy has increased 100 basis points, while sublease vacancy has declined by 20 basis points. Compared with Q2 2023, overall vacancy is higher by 380 basis points, direct vacancy by 310 basis points, and sublease vacancy by 70 basis points, reflecting a structurally more available market than three years ago.

Among submarkets with vacancy, Brentwood records the lowest overall vacancy at 0.7%, followed by Martinez at 2.6%. Dublin posts the highest overall vacancy at 13.7%, with Antioch and Pleasanton also elevated at 12.8% and 12.1%, respectively. Walnut Creek reports no vacant space.

Sublease vacancy in Q2 2026 was 1.2%, up 10 basis points from 1.1% in Q1 2026. Sublease space totals 578,044 sq. ft. of vacant area in the current quarter.

Figure 2: Vacancy Rate



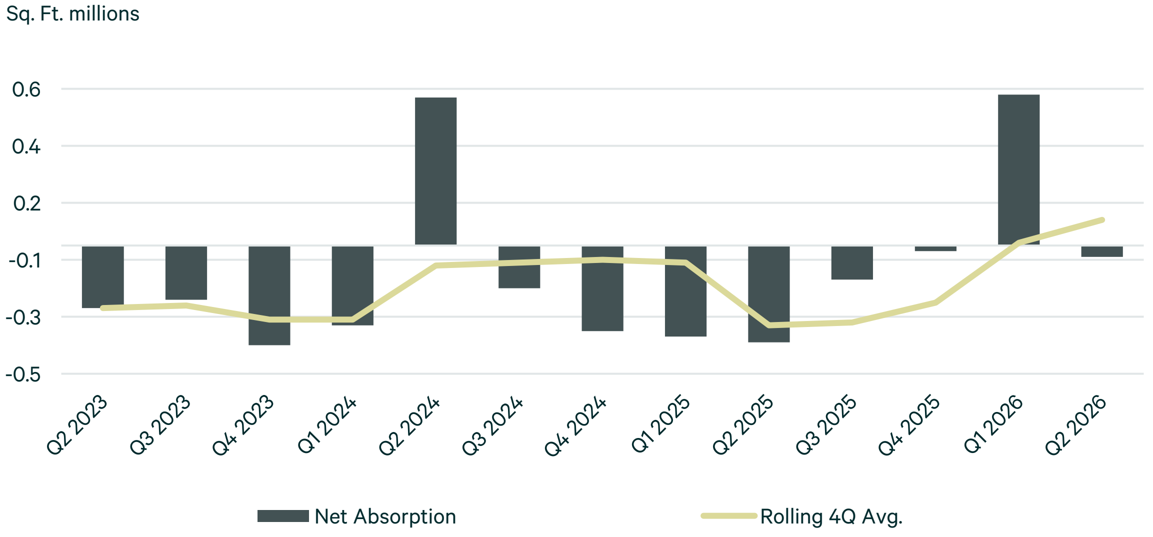
Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, total net absorption measured negative 35,000 sq. ft., compared with positive 530,000 sq. ft. in Q1 2026. Quarter-over-quarter, net absorption in Q2 2026 was below Q1 2026, reflecting a negative 106.6% change. Year-over-year, the Q2 2026 total exceeded the larger loss of negative 341,000 sq. ft. posted in Q2 2025, corresponding to a negative 89.7% change. From Q2 2023 through Q2 2026, net absorption was negative in most quarters, with positive readings only in Q2 2024 at 524,000 sq. ft. and Q1 2026 at 530,000 sq. ft.

At the submarket level in Q2 2026, Livermore recorded the highest positive net absorption at 170,000 sq. ft., followed by Pittsburg at 14,000 sq. ft. Walnut Creek also posted positive net absorption, totaling 2,000 sq. ft. On the negative side, Concord registered the lowest net absorption at negative 82,000 sq. ft., with Pleasanton next at negative 47,000 sq. ft., while Brentwood recorded negative 5,000 sq. ft. of net absorption.

Figure 3: Net Absorption Trend



Source: CBRE Research, Q2 2026

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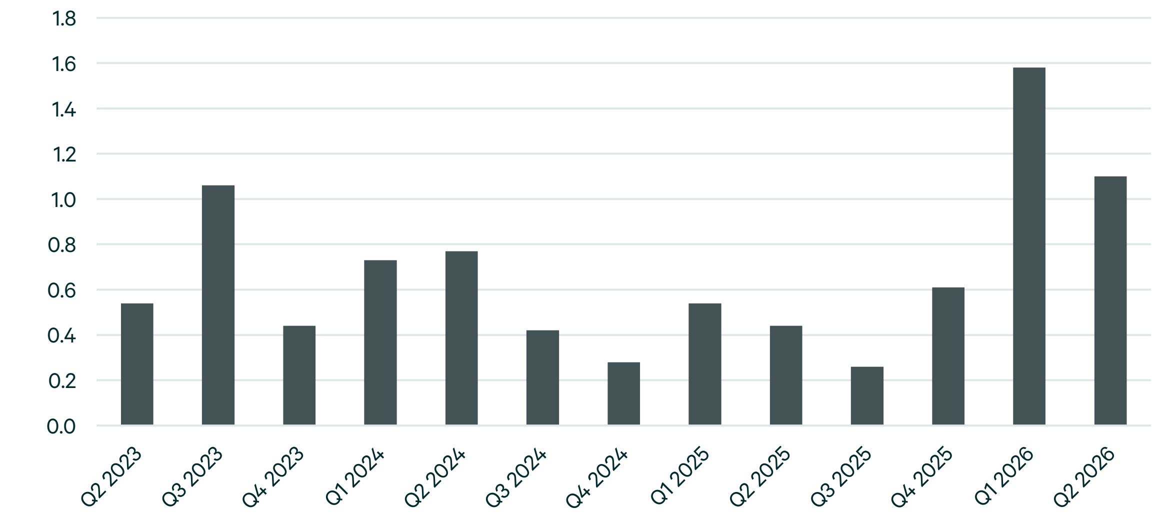
Leasing Activity

Leasing activity in Q2 2026 totaled 1.1 million sq. ft., with 3.6 million sq. ft. completed over the last four quarters. Compared with Q1 2026, leasing volume in Q2 2026 declined 30.2% on a quarter-over-quarter basis and increased 151.3% on a year-over-year basis versus Q2 2025.

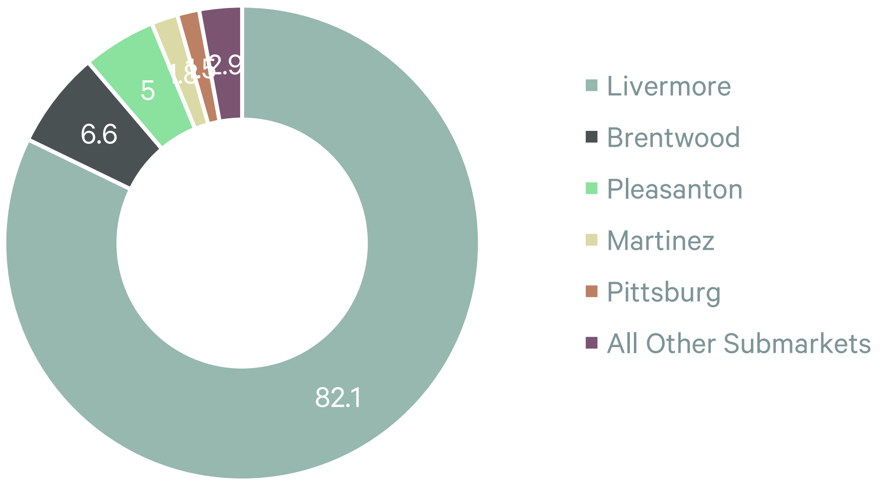
Livermore recorded the highest leasing activity at 905,000 sq. ft., followed by Brentwood at 73,000 sq. ft. Leasing was also observed in Pleasanton (55,000 sq. ft.), Martinez (20,000 sq. ft.), Pittsburg (16,000 sq. ft.), Concord and Antioch (12,000 sq. ft. each), San Ramon (6,000 sq. ft.), and Walnut Creek (2,000 sq. ft.).

Figure 4: Leasing Activity Trend



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 6: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
DAA Draexlimaier Automotive	295,000	Renewal	801 Challenger St	Livermore
Velo3D	289,000	New Lease	711 Challenger St	Livermore
DYCM Solar Modules	193,000	New Lease	7364 Marathon Dr	Livermore
Paramount Group	70,000	Renewal	4100 Wilbur Ave	Brentwood
Confidential Tenant	54,000	New Lease	355 Vasco Rd	Livermore
Kenco Logistics Services	37,000	Renewal	6262 Patterson Pass Rd	Livermore
Confidential Tenant	33,000	New Lease	6189 Preston Ave	Livermore
Confidential Tenant	16,000	New Lease	661 Garcia Ave	Pittsburg

Source: CBRE Research, Q2 2026

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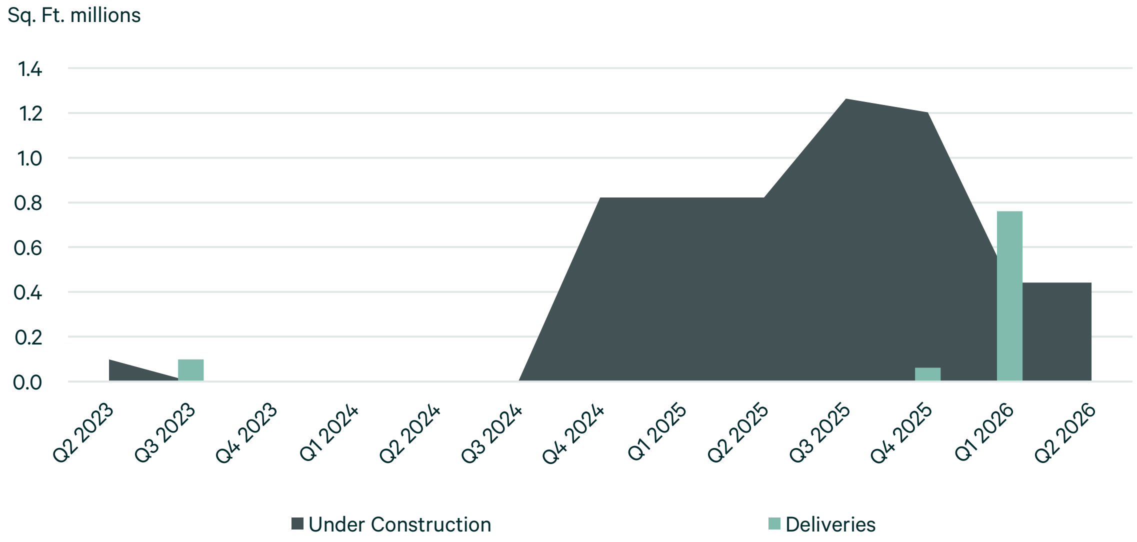
Construction Activity

In Q2 2026, the market had 442,000 sq. ft. under construction and no new deliveries. Under construction space was flat quarter-over-quarter but recorded a negative 46.2% year-over-year change, while delivered construction declined to zero.

Within the tracked data, Antioch is the only submarket with active development. Black Diamond Industrial is a 442,000-sq.-ft. Distribution/Logistics project under construction at 2901 E 18th St, scheduled for delivery in Q3 2026 with no pre-leasing.

Figure 7: Construction Activity



Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the market-wide average asking rate was $1.34, reflecting a negative 0.7% quarter-over-quarter change and a negative 8.2% year-over-year change. This compares with $1.36 in Q2 2023 and a series high of $1.63 in Q4 2023, indicating that current pricing sits modestly below both the starting point and the peak. Rates rose from $1.36 in mid-2023, held near $1.52 through mid-2024, then eased to $1.46 in early 2025 before drifting down to $1.34 by Q2 2026.

Submarket pricing in Q2 2026 spans a wide range, with San Ramon and Pleasanton posting the highest average asking lease rates at $2.27 and $2.14, respectively, while Antioch and Pittsburg are at the lower end with $0.66 and $0.89. The remaining tracked submarkets fall between $1.23 and $1.79, including Livermore at $1.23, Brentwood at $1.42, Concord at $1.50, Dublin at $1.56, Pleasant Hill at $1.60, and Martinez at $1.79, underscoring meaningful differences in occupancy costs across the market.

Figure 8: Average Direct Asking Rate

Source: CBRE Research, Q2 2026

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Market Statistics by Submarket

Figure 9

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)
Antioch	3.02M	12.8	13.6	13.6	-	0.66	(87,000)	(87,000)	-	442,000
Brentwood	3.00M	0.7	0.8	0.8	-	1.42	(5,000)	(7,000)	-	-
Concord	8.19M	3.3	6.3	5.7	0.6	1.50	(82,000)	(59,000)	-	-
Dublin	1.95M	13.7	14.4	12.1	2.3	1.56	-	15,000	-	-
Livermore	19.01M	8.1	9.9	7.7	2.2	1.23	170,000	575,000	-	-
Martinez	2.42M	2.6	4.2	3.4	0.8	1.79	-	3,000	-	-
Pittsburg	4.30M	9.3	9.4	9.4	-	0.89	14,000	35,000	-	-
Pleasant Hill	391,000	5.6	11.5	11.5	-	1.60	-	3,000	-	-
Pleasanton	5.58M	12.1	14.9	9.9	5.0	2.14	(47,000)	15,000	-	-
San Ramon	1.25M	4.5	12.6	1.0	11.6	2.27	-	2,000	-	-
Walnut Creek	857,000	-	-	-	-	-	2,000	-	-	-
Total	**49.97M**	**7.4**	**9.3**	**7.4**	**1.9**	**1.34**	**(35,000)**	**494,000**	**-**	**442,000**

Source: CBRE Research, Q2 2026

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Market Statistics by Product Type

Figure 10

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	33.09M	6.0	7.9	6.3	1.6	1.19	30,000	555,000	-	442,000
Manufacturing - General	6.08M	11.9	12.0	11.8	0.2	1.07	3,000	(75,000)	-	-
R&D/Flex	10.81M	9.2	12.0	8.3	3.7	1.85	(68,000)	14,000	-	-
Total	**49.97M**	**7.4**	**9.3**	**7.4**	**1.9**	**1.34**	**(35,000)**	**494,000**	**-**	**442,000**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 11

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	22.83M	4.8	5.7	4.9	0.8	1.63	(131,000)	(98,000)	-	-
50K-99,999 SF	9.80M	10.3	13.6	9.6	4.0	1.51	(75,000)	(78,000)	-	-
100K-249,999 SF	7.60M	9.6	13.9	10.6	3.4	1.24	(31,000)	(2,000)	-	-
250K-499,999 SF	7.31M	11.7	13.4	11.7	1.7	0.78	201,000	673,000	-	442,000
500K-749,999 SF	2.44M	-	-	-	-	-	-	-	-	-
Total	**49.97M**	**7.4**	**9.3**	**7.4**	**1.9**	**1.34**	**(35,000)**	**494,000**	**-**	**442,000**

Source: CBRE Research, Q2 2026

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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.

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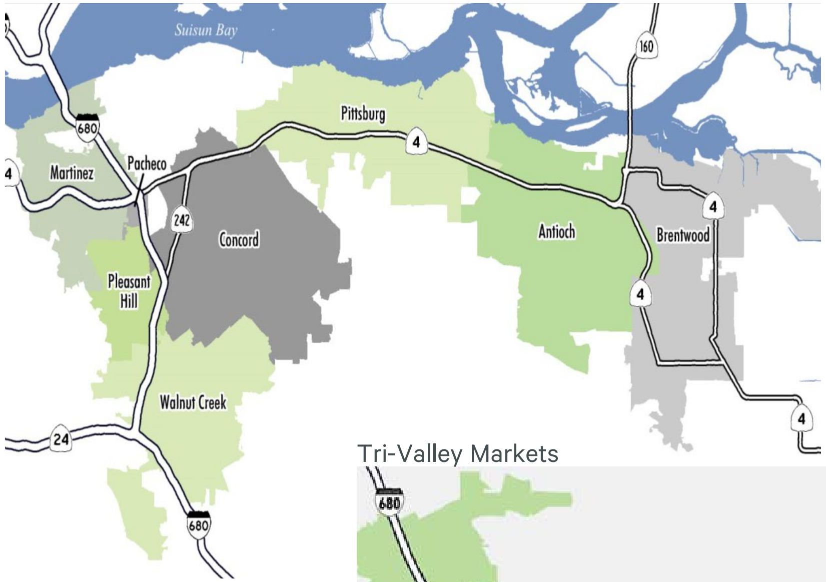
Market Area Overview

North Contra Costa Markets



Tri-Valley Markets

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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