

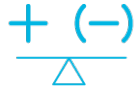
# EAST BAY

## MULTIFAMILY MARKET | Q2 2025



**210,134**

Unit Inventory



**1,022**

Net Absorption



**6.0%**

Vacancy Rate



**6.4%**

Cap Rate



**3,347**

Units Under Construction



**\$2,364**

Effective Rent \$/Unit

### SIGNS OF POSITIVE MOMENUM BEGIN TO EMERGE

#### Q2 2025 Market Observations

- The East Bay multifamily market posted a seemingly unproductive quarter, with fundamental metrics showing negative quarter-over-quarter results. Contradicting this, however, is an emerging trend of underlying data demonstrating strong fundamentals and increased values across these key indicators. Vacancy across most submarkets has stabilized, and rents have remained flat or modestly improved YTD, with some exceptions, such as Berkeley,. While post-pandemic disruptions remain evident and volatility persists, underlying momentum may be starting to build as broader trends take shape.
- In Q2, the East Bay recorded over 1,000 units absorbed for the third consecutive quarter, a level of consistency not seen since 2021. The current streak began in Q4 2024 and marks only the second time the market has achieved three consecutive quarters of absorption greater than 1,000 units. Prior to 2021, this level of sustained demand had never been recorded.
- Broader economic pressures remain a persistent crosswind, fueling uncertainty around the direction of the labor market, reflected in the uneven path of the East Bay's unemployment rate. While the rate has generally trended downward since peaking at a four-year high of 5 percent in July and August 2024, the recovery has not been entirely steady. As of May 2025, it stands at 4.2 percent.





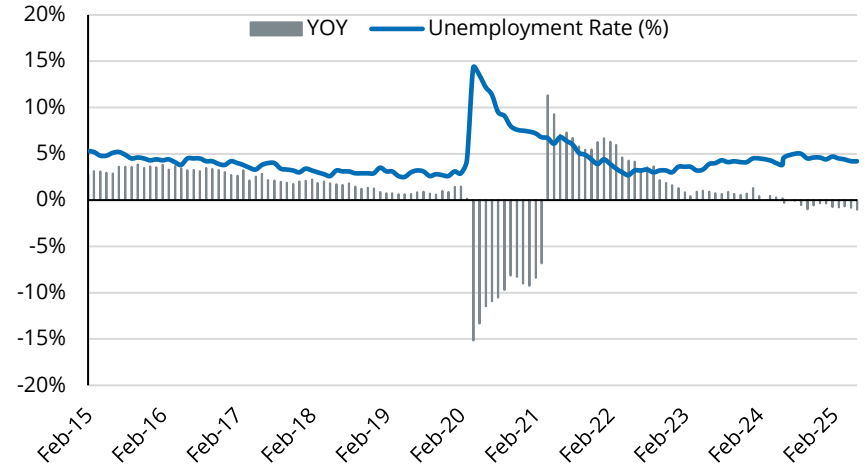
# EAST BAY MULTIFAMILY MARKET | Q2 2025

## ECONOMY

### East Bay Job Market Fighting Off Economic Uncertainties

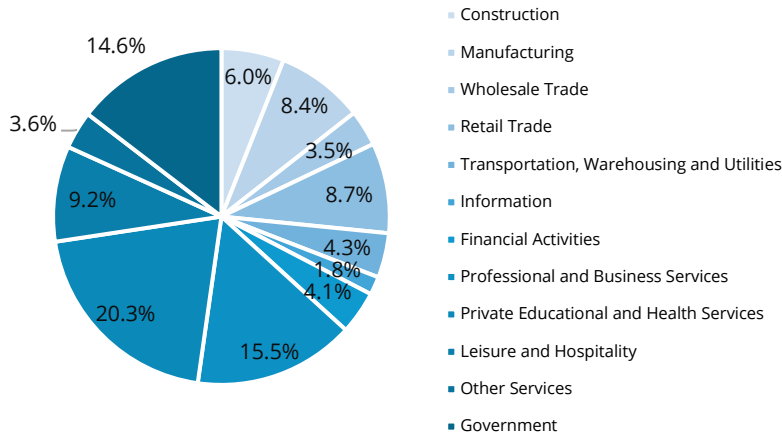
- Since the beginning of the post-pandemic era and leading up to the start of 2025, the unemployment rate in the East Bay gradually increased, rising from a low of 2.7% in May 2022 to a peak of 5% in July and August of 2024. However, since the start of 2025, it has decreased by 50 basis points, falling to a current 4.2%.
- Following a similar path, job growth has struggled to find consistent direction, resulting in a year-over-year loss of 12,300 jobs. Nonetheless, the education and health services sector added 10,300 jobs over the past year, helping to partially offset the losses. After a significant drop between Q4 and Q1, when roughly 19,000 jobs were shed, the East Bay has begun a slow recovery in 2025, with a net gain of 8,400 jobs across all sectors since.

## OFFICE-USING JOBS AND UNEMPLOYMENT RATE



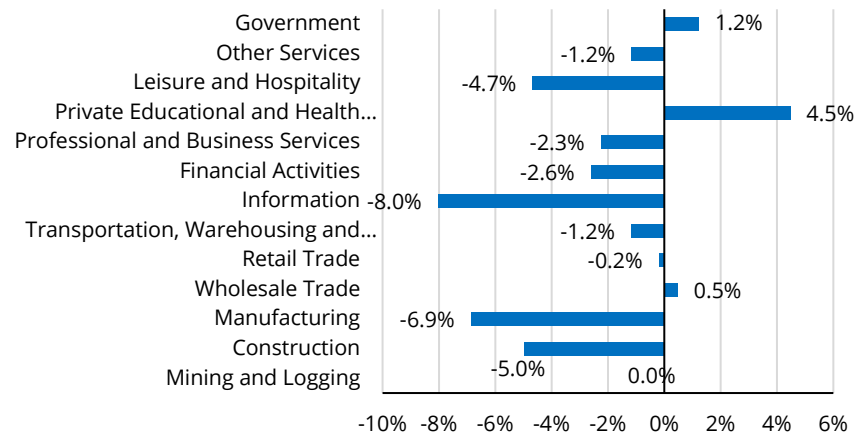
Source: Bureau of Labor Statistics, Transwestern

## SHARE OF EMPLOYEES BY INDUSTRY



Source: Bureau of Labor Statistics, Transwestern

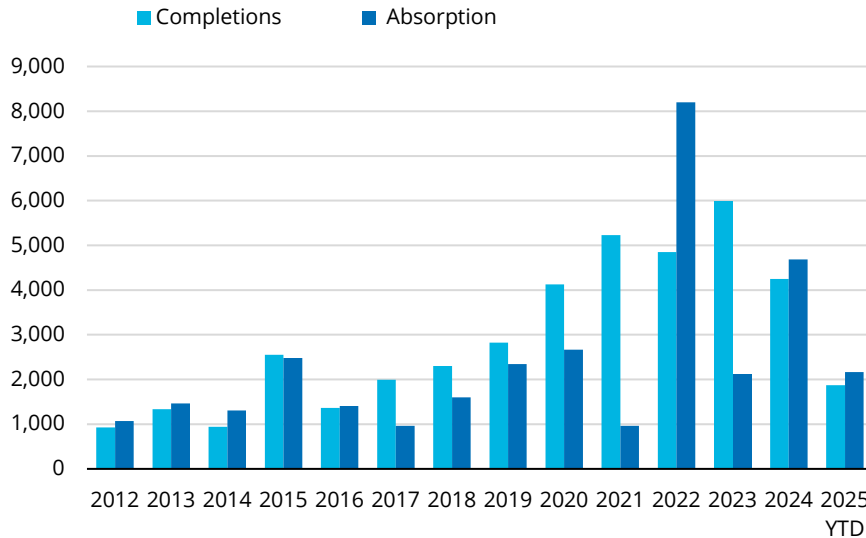
## JOB CHANGE BY INDUSTRY



Source: Bureau of Labor Statistics, Transwestern



## SUPPLY AND DEMAND

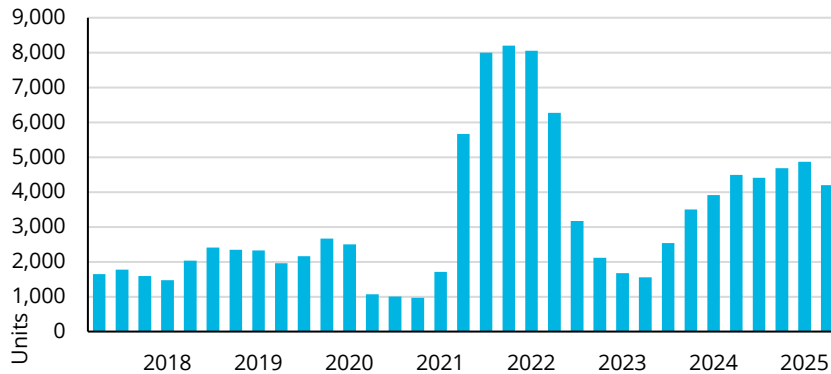


## NET ABSORPTION

### Positive Net Absorption Continues

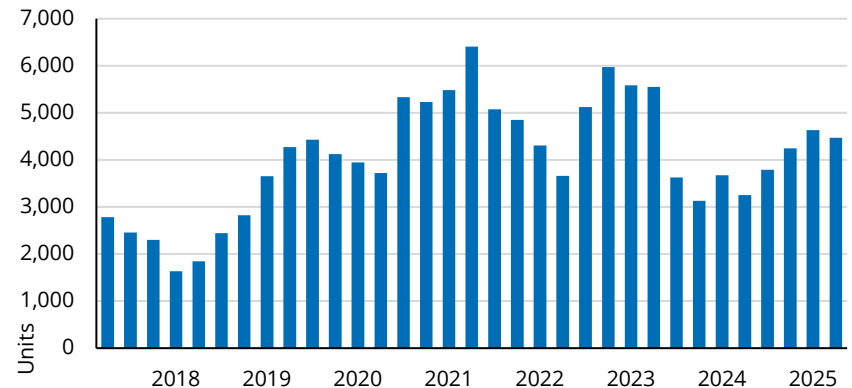
- Net absorption in the East Bay multifamily market totaled a positive 1,022 units, simultaneously extending a two-year streak of positive absorption and marking the third consecutive quarter with more than 1,000 units absorbed
- Class A and B properties both delivered strong quarters. Class A recorded positive absorption of 612 units, while Class B posted 477 units. Although Class A experienced a 10% quarter-over-quarter decline, it was offset by a 36% quarterly increase in Class B absorption, which carried much of the market's momentum.
- A total of 768 units were delivered to the East Bay market in Q2. However, compared to the past year's average of 1,234 units delivered per quarter, this represents a 30% decrease from Q1.

## NET ABSORPTION 4-QUARTER TOTAL



Source: CoStar, Transwestern

## COMPLETIONS 4-QUARTER TOTAL





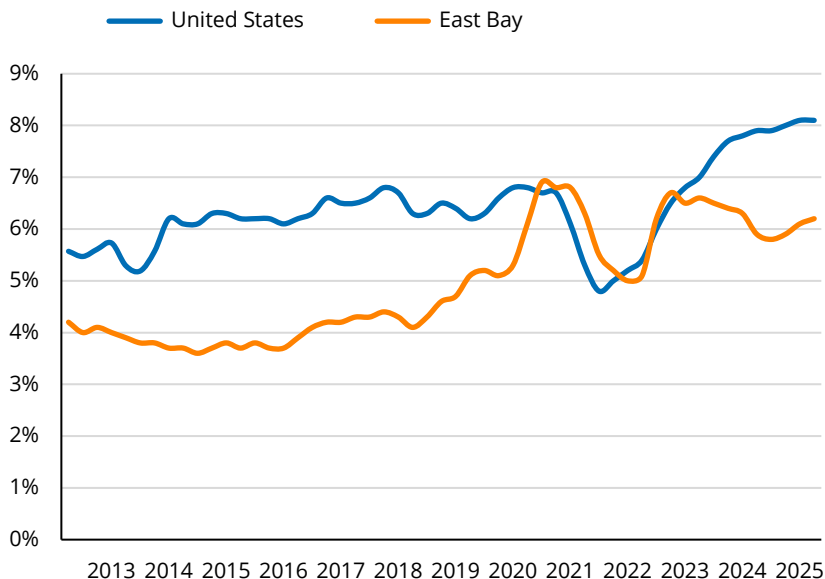
# EAST BAY MULTIFAMILY MARKET | Q2 2025

## VACANCY

### Ongoing Progress Despite Ongoing Fluctuations

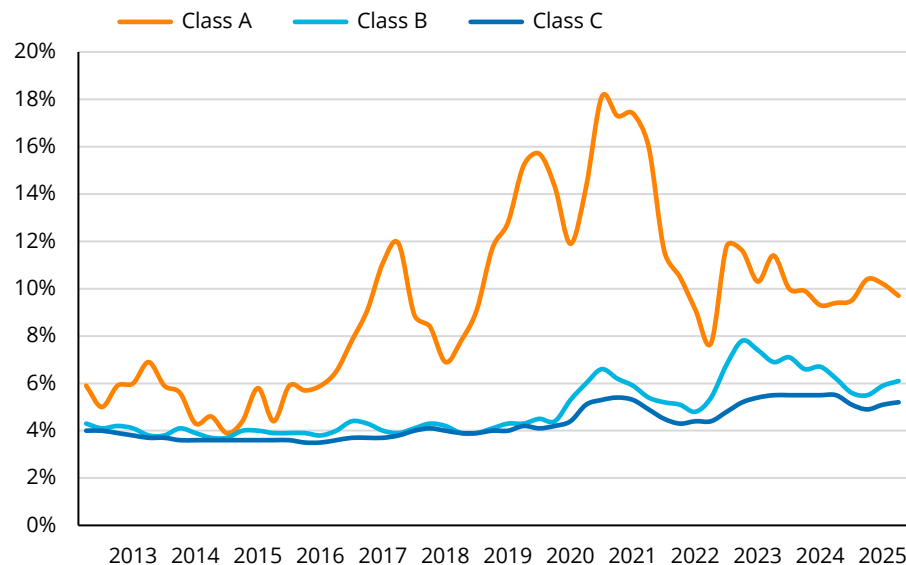
- Class-wide vacancies have ticked up for the fourth consecutive quarter, maintaining a steady quarterly increase of 10 basis points and now sitting at 6.2%. This follows a dip into the 5% range during 2024, a level that hadn't been seen since 2022. The current rate is nearly in line with the East Bay's five-year average of 6.1% and is notably better than in 2023, when vacancies hovered around 7%. While the East Bay market remains somewhat volatile, recent trends suggest gradual progress despite ongoing fluctuations.
- Class A properties experienced a decrease in vacancy during Q2. Class A declined by 50 basis points, ending the quarter at 9.7%. This marks a significant improvement from its level two years ago, when vacancy was nearly 12%. While Class B posted a modest increase of 10 basis points, staying in line with the 5-year average of 6.2%. Class C properties have experienced almost no change over the past year.

### OVERALL VACANCY RATE



Source: CoStar, Transwestern

### VACANCY RATE BY CLASS



Source: CoStar, Transwestern



## MORTGAGE RATES

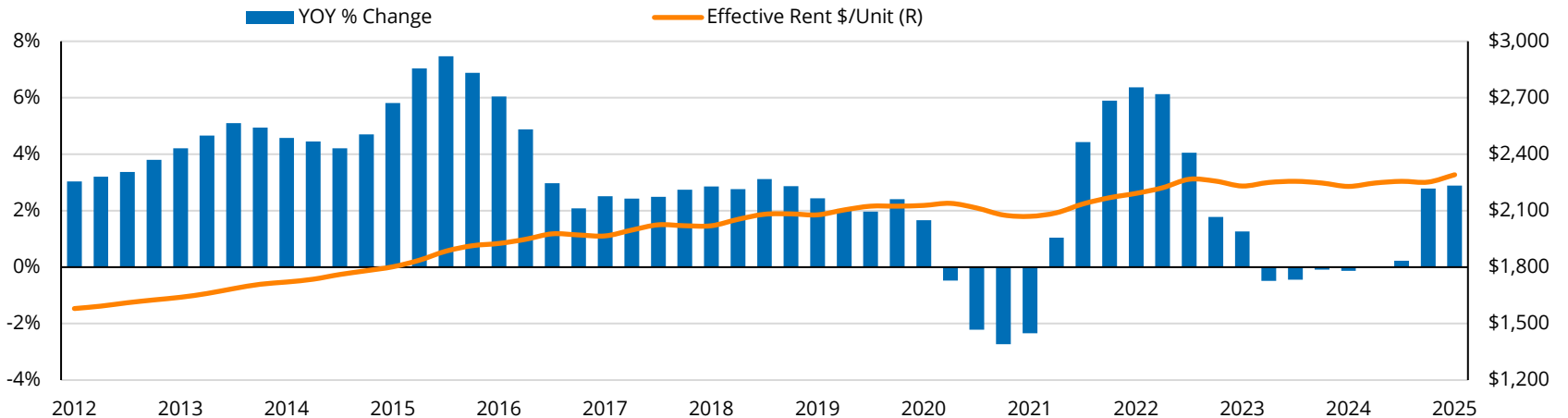


## ASKING RENT

### Rents Steadily Increase Throughout Q2

- On a quarter-over-quarter basis, class-wide asking rents experienced another uptick, bringing average rates to \$2,340. Rents have been uneven throughout the post-pandemic era, but data shows a 9.5% increase compared to 2021. However, this growth can be partially attributed to regional factors, such as a sharp decrease in rents between 2020-2021, along with the East Bay's inconsistent recovery.
- The Dublin/Pleasanton/Livermore submarket recorded the highest year-over-year rent growth across the East Bay region. Asking rents in this area rose by 2.4%, pushing the average rate to \$2,688 per unit. In contrast, the Berkeley submarket recorded a 0.7% decrease in year-over-year rent figures, falling to an average of \$2,625 per unit. However, the data in Berkeley is likely lagging, and the Q3 and Q4 fall lease up will likely show a larger decline in rents.
- 30-year fixed mortgage rates reached a historic high of 7.8% in 2023, the highest level since 2000. After this peak, rates declined briefly between January and May of 2024, but have been steadily increasing since July. At the beginning of 2025 rates were around 6.9% and briefly touching 7%, since then rates have declined slightly to 6.8%

## EFFECTIVE RENTS





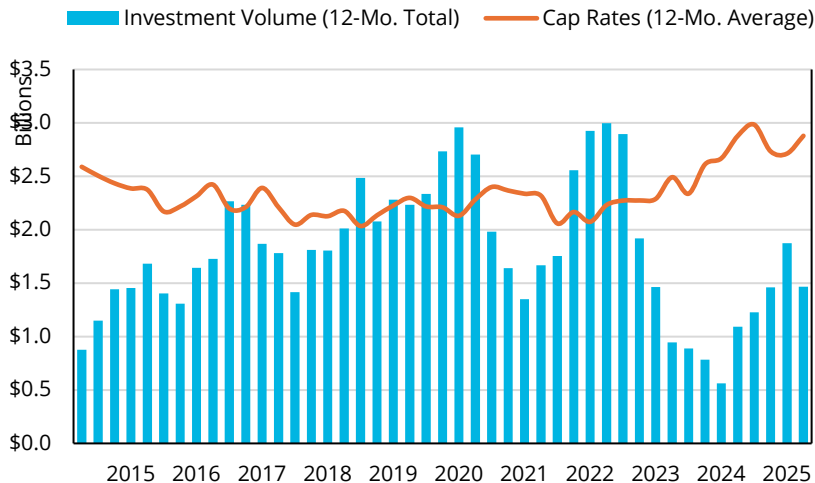
# EAST BAY MULTIFAMILY MARKET | Q2 2025

## SALES

### Quarterly Slow Down in Investment Volume

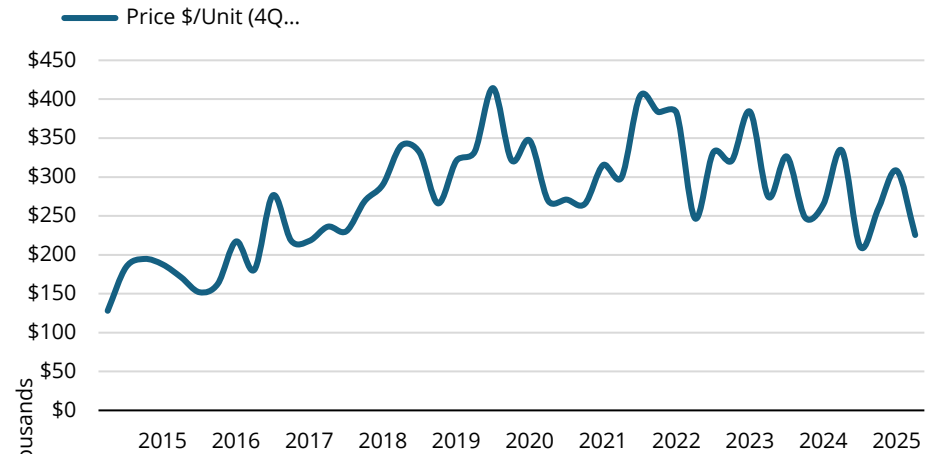
- East Bay apartment sales slowed in Q2 following an exceptional first quarter. Quarterly sales volume fell 51%, or \$265 million, from Q1, totaling just \$254 million. Momentum had appeared to be building, with 2023 averaging \$196 million per quarter, 2024 rising to \$364 million, and Q1 posting \$519 million. However, from a broader perspective, investment activity remains relatively strong. Despite this quarterly hiccup, 12-month investment volume still rose by 34%, signaling sustained investor interest in the region.
- As a symptom of the Q2 sales slowdown, the average price per unit also declined, landing at \$225,437, a 26% drop from Q1. However, with cap rates holding steady at 6.5%, identical to where they stood a year ago, the dip in sales volume appears more temporary than a cause for concern.

## INVESTMENT VOLUME AND CAP RATE

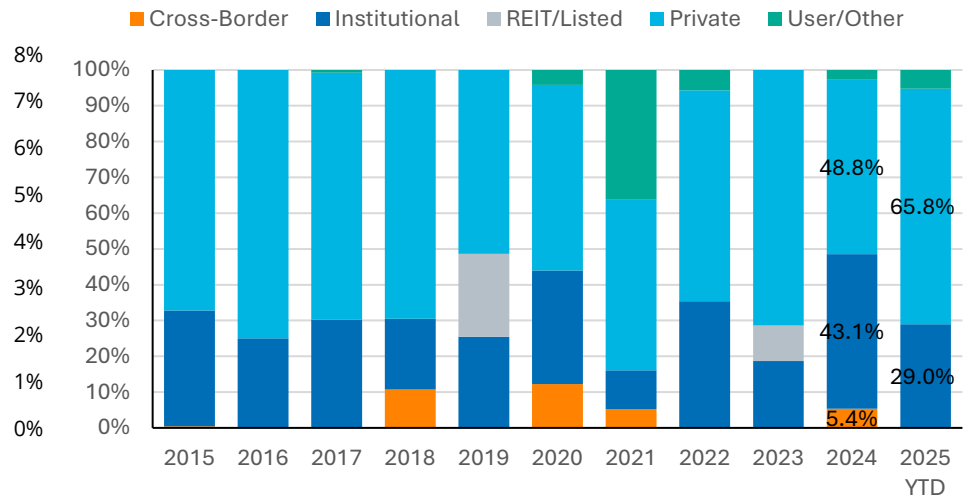


Source: CoStar, Transwestern

## PRICE \$/UNIT



## INVESTOR COMPOSITION



Source: CoStar, Real Capital Analytics, Transwestern



# EAST BAY MULTIFAMILY MARKET | Q2 2025

## NOTABLE SALES

ADDRESS	CITY	SALE DATE	SALES PRICE	NUMBER OF UNITS	PRICE PER UNIT	YEAR CONSTRUCTED	BUYER	SELLER
<b>33 17<sup>th</sup> St</b>	Oakland	Apr-2025	\$76,000,000	206	\$378,641	2019	Three Steps Properties	Ullico Investment Advisors
<b>4444 Hansen Ave</b>	Oakland	Jun-2025	\$33,000,000	108	\$345,170	1972	Timpson Marylue C Trust	Throckmorton Partners
<b>257 Vernon St</b>	Oakland	Apr-2025	\$17,500,000	88	\$199,330	1970/2001	PCCP	La Caisse, Veritas Investments, Inc
<b>2124 Parker St</b>	Oakland	Apr-2025	\$10,400,000	32	\$325,000	1964	Valiance Capital	Lucena E Labosimpao
<b>1600-1612 3<sup>rd</sup> Ave</b>	Oakland	Apr-2025	\$10,100,000	75	\$135,253	1914	PCCP	La Caisse, Veritas Investments, Inc

Source: CoStar, Transwestern

## Q2 SUBMARKET FUNDAMENTALS

TENANT	INVENTORY (UNITS)	EFFECTIVE RENT \$/UNIT	YOY RENT GROWTH	VACANCY RATE	ABSORPTION (4 QUARTER)	COMPLETIONS (4 QUARTER)	ANNUAL CAP RATE	ANNUAL \$/UNIT
<b>Richmond/Martinez</b>	16,051	\$2,020	0.4%	5.1%	180	212	6.2%	\$266,667
<b>Berkley</b>	15,374	\$2,625	-0.7%	8.3%	393	305	6.2%	\$323,301
<b>Emeryville</b>	4,560	\$2,775	1.9%	7.1%	68	0	7.0%	\$122,222
<b>Oakland</b>	43,218	\$2,119	2.1%	8.1%	1,587	1,914	7.1%	\$236,946
<b>Alameda</b>	7,634	\$2,624	-0.1%	7.2%	127	0	8.0%	\$383,002
<b>San Leandro/San Lorenzo</b>	11,317	\$1,960	-0.5%	5.5%	133	196	5.7%	\$261,804
<b>Hayward</b>	17,029	\$2,170	1.8%	4.4%	193	148	6.3%	\$148,822
<b>Concord/Pleasant Hill</b>	14,633	\$2,120	2.2%	5.6%	97	189	5.6%	\$227,759
<b>Walnut Creek/San Ramon</b>	19,396	\$2,695	1.3%	5.4%	249	361	6.3%	\$168,519
<b>Pittsburg/Antioch</b>	14,725	\$1,983	1.4%	6.0%	130	0	7.2%	\$226,636
<b>Dublin/Pleasanton/Livermore</b>	16,611	\$2,688	2.4%	4.8%	204	0	5.2%	\$275,429
<b>Freemont/Newark</b>	29,586	\$2,585	2.2%	4.8%	649	860	6.0%	\$325,527
<b>East Bay Total</b>	<b>210,134</b>	<b>\$2,364</b>	<b>1.2%</b>	<b>6.0%</b>	<b>4,010</b>	<b>4,185</b>	<b>6.4%</b>	<b>\$247,220</b>

Source: CoStar, Transwestern



## Research Methodology

The information in this report is the result of a compilation of information on office properties located in the east bay. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding condo and medical facilities and those properties owned and occupied by a government agency.

## About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at [transwestern.com](https://www.transwestern.com) and [@Transwestern](https://www.instagram.com/transwestern).

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