

North I-680 Office Market Overview

Market Observations

Economy

- The East Bay’s unemployment decreased by 30 basis points in the first quarter and currently stands at 4.5%. This is 40 basis points higher than the national average.
- Job growth year-over-year was highest in the education and health, and government. The information, manufacturing, and construction sectors showed the largest decreases in employment.
- The U.S. Economy is undergoing significant changes driven by recent tariff policies and interest rate decisions which we will continue keep an eye on as we head into the second quarter of 2025.

Major Transactions

- Factory Mutual Insurance Company renewed on 35,733 square feet of space at 1333 N California Blvd.
- Calpine Corporation leased 21,699 square feet at 2175 N California Blvd.
- Sutter Health renewed their 15,287 square foot lease at 2121 N California Blvd.
- Glynn, Finley, Mortl, Hanlon & Friedenberg, LLP renewed 10,633 square feet at 100 Pringle Ave.
- Jewish Family and Community Services leased 10,149 square feet at 2300 Clayton Rd.

Leasing Market Fundamentals

- The vacancy rate increased to 25.3% in the first quarter of 2025, the market experienced an additional 99,178 square feet of negative absorption.
- Tenants demand has been strong with good migration activity to North I-680 from Oakland and San Francisco.
- Ygnacio Center (529k RSF) and 3003 Oak (206k RSF) were put on the market for sale and are both transactions expected to close in Q2 2025.
- Buildings with high occupancy and “new deal momentum” are attracting prospective tenants with their high energy. The push to bring employees to full buildings is preferred as employers look to stabilize or build the office culture.
- As companies are beginning mandated in-person work schedules, we are seeing tenants in the market further prioritize amenities and convenience.

Outlook

- The general market will be impacted by new ownership groups taking over 15% of the Class A WC Market. The level of impact will be monitored as the groups come in with a lower cost basis.
- Talks of tariffs loom with potential impact on cost of improvements in addition to the greater economy.
- As companies continue to come back to the office we expect to see more “upsizing than downsizing” in the coming months

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2. Leasing Market Fundamentals
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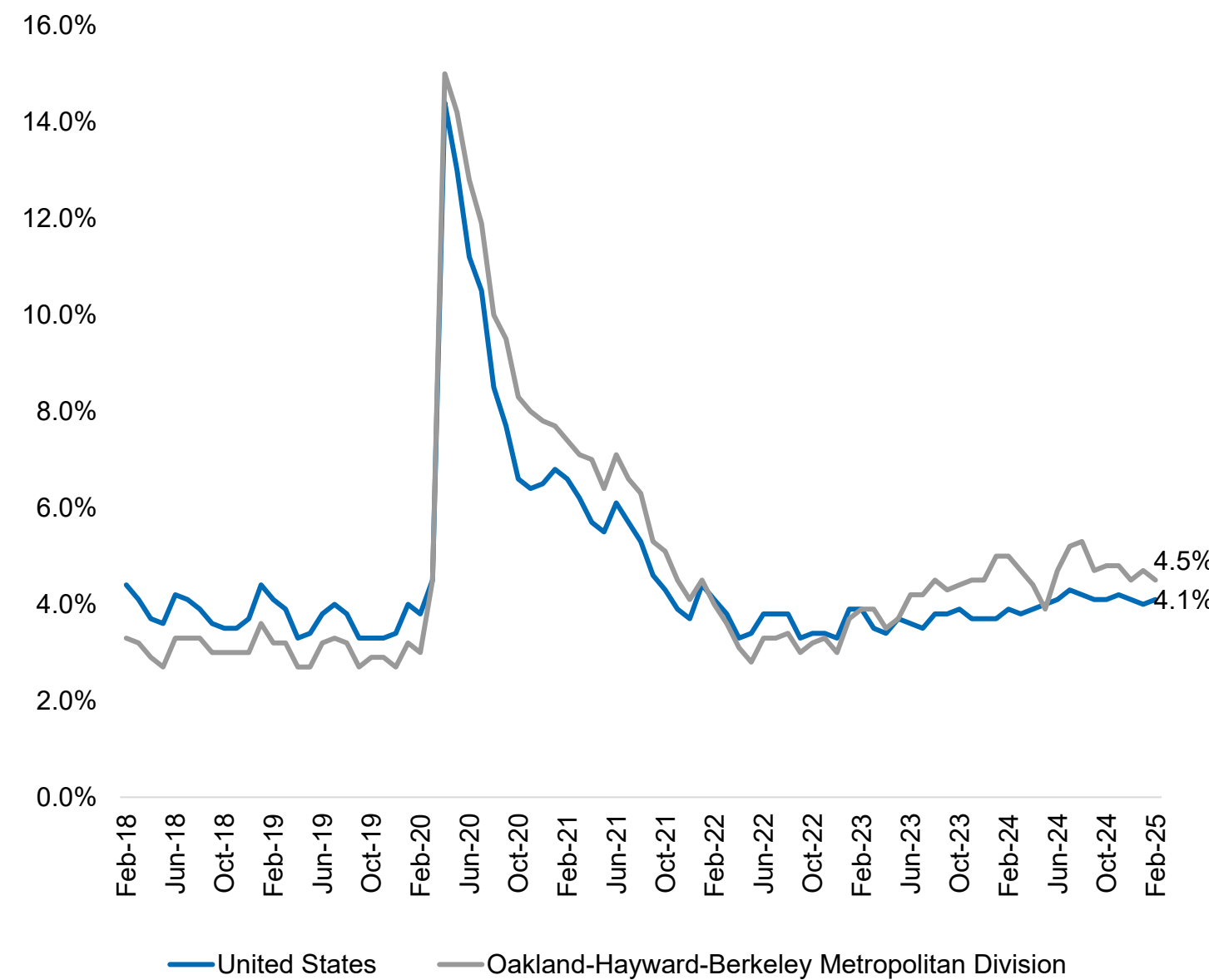
Economy



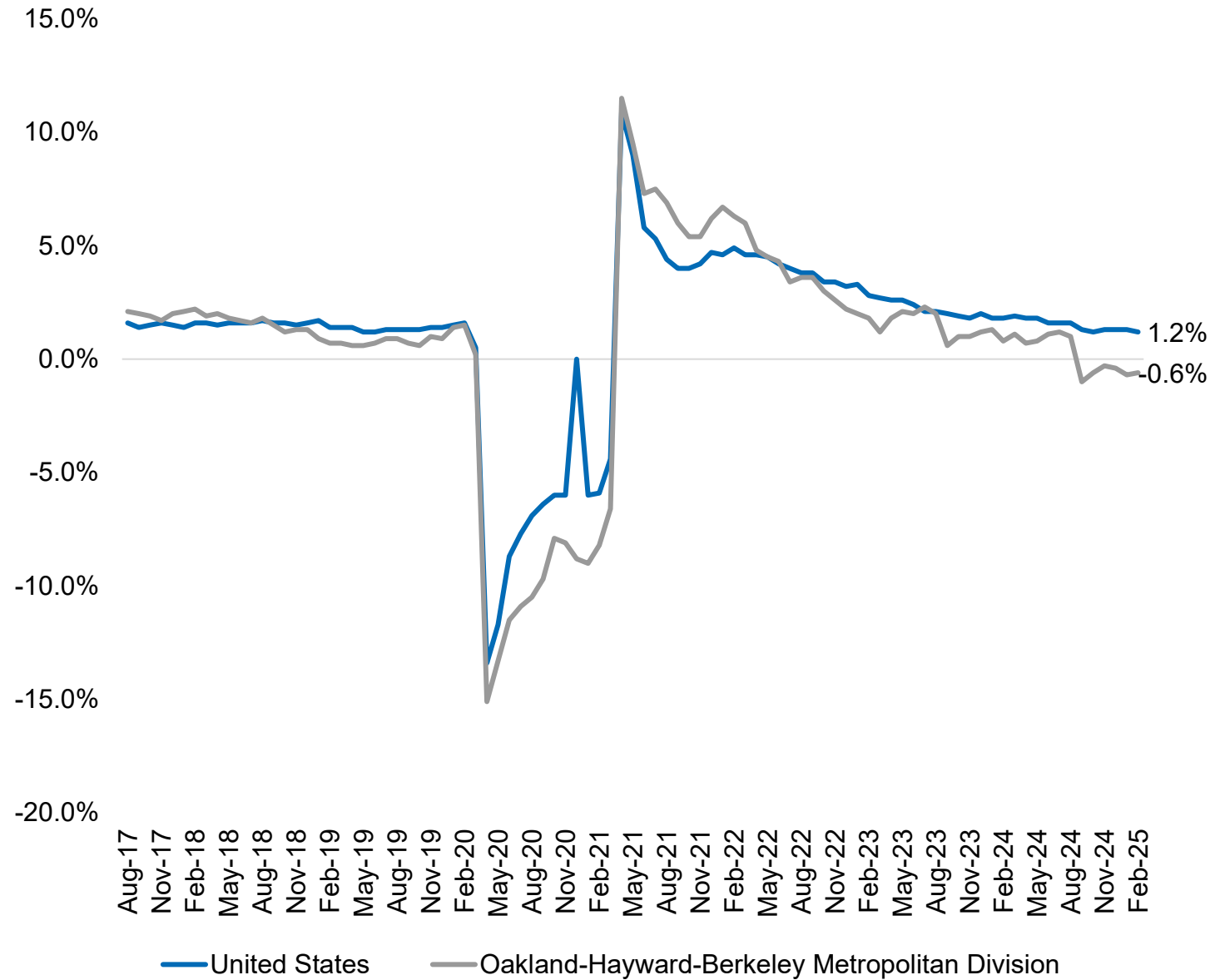
Metro Employment Trends Signal a Slight Comeback

The unemployment rate for the East Bay Area was 50 basis points lower than it was at the beginning of 2024, and at 4.5% was 40 just basis points higher than the national average. Unemployment rates remain above pre-pandemic levels.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

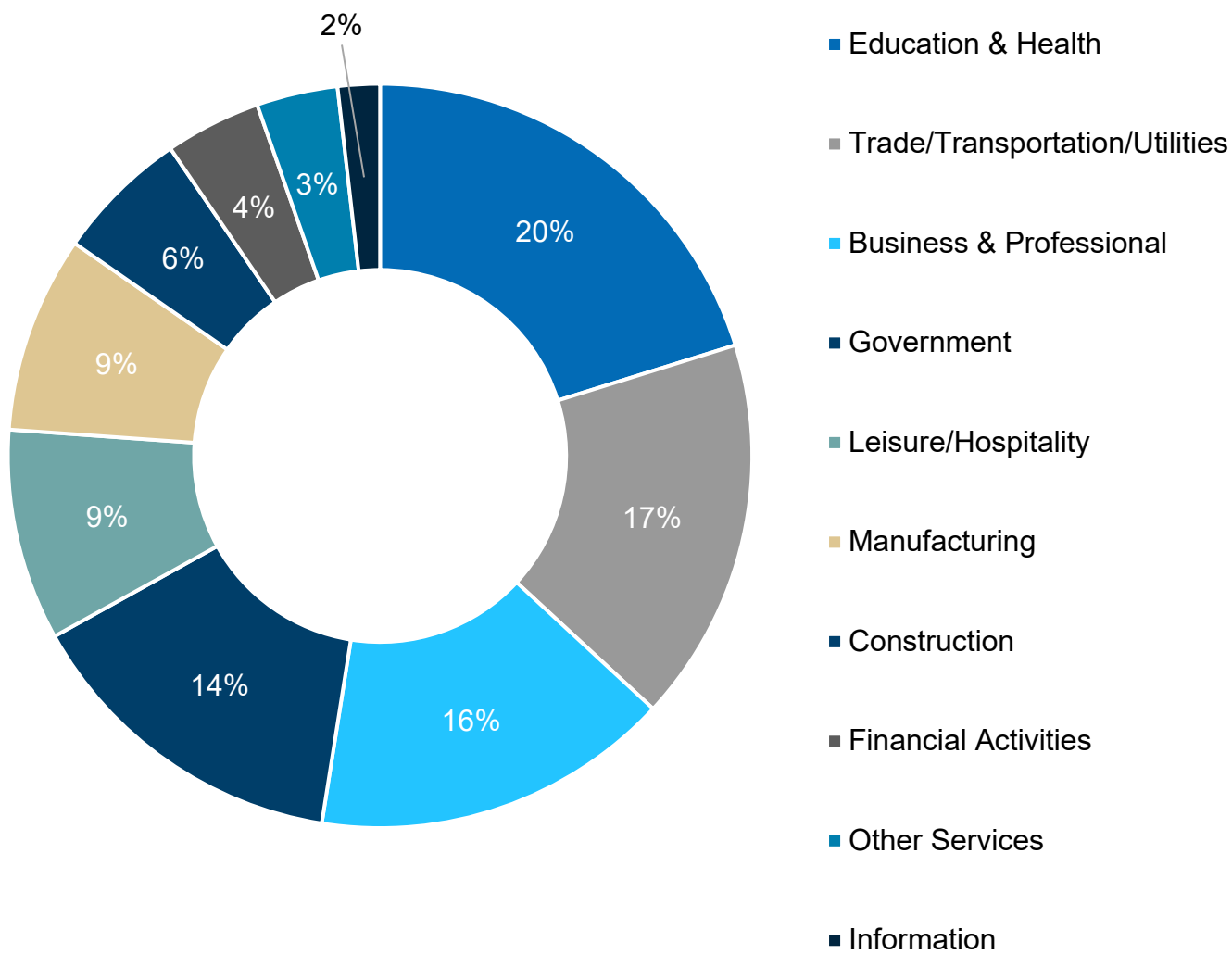


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

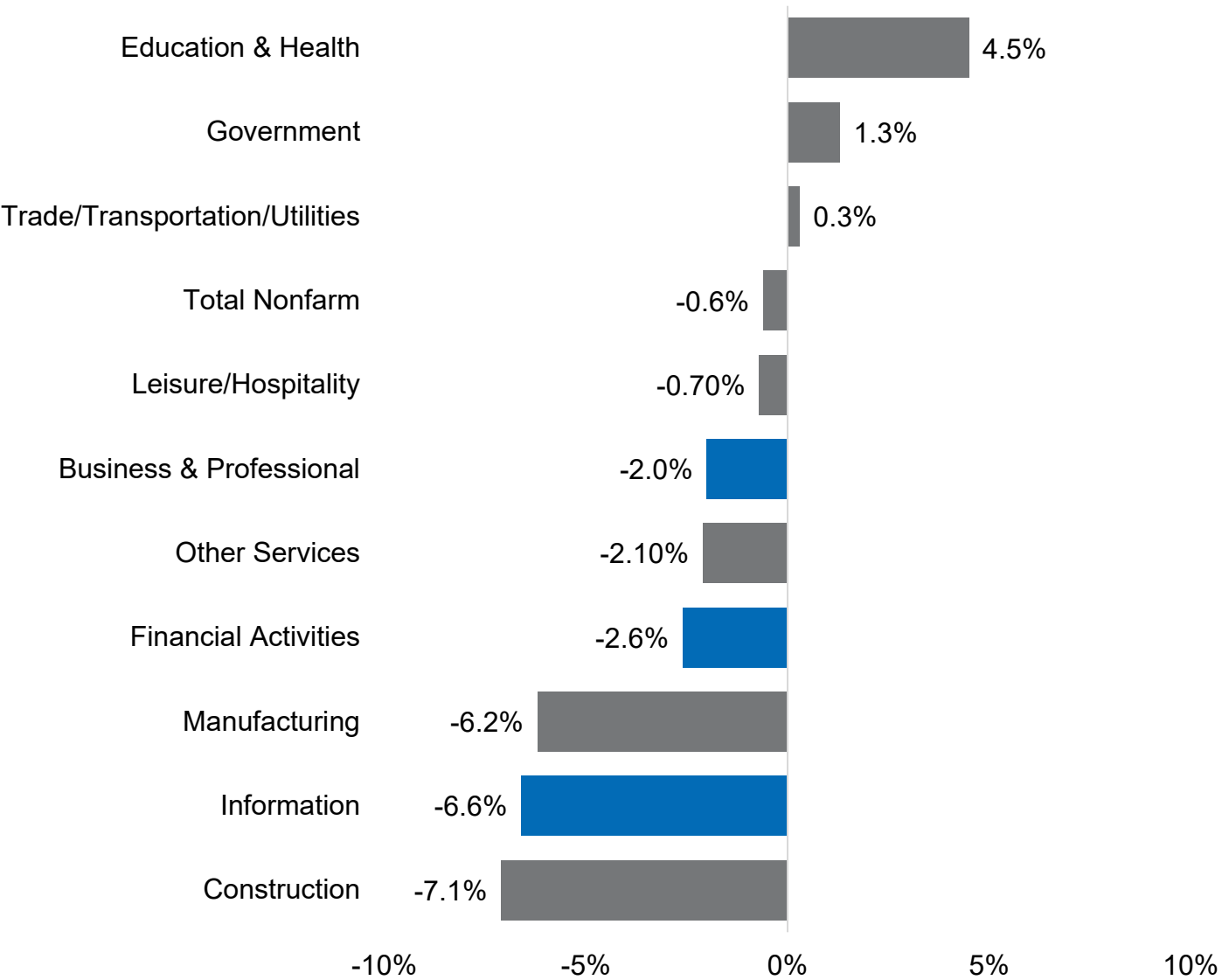
Office-Using Employment Down

All three office using sectors experienced negative growth over a 12-month period, with the Information sector experiencing the most negative growth.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

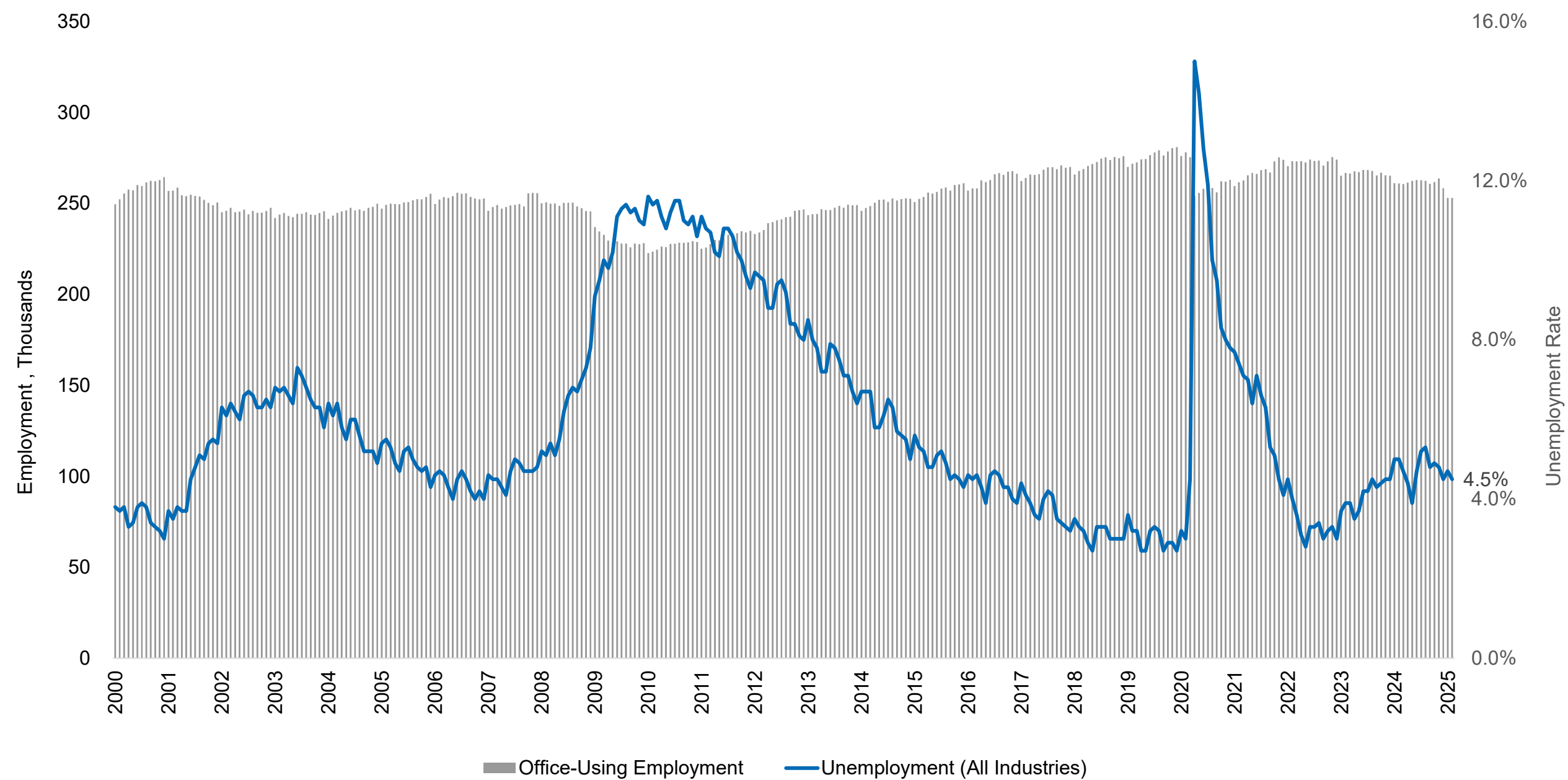


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

Overall Office-Using Employment Still Lower than Pre-Pandemic

The number of office jobs in the East Bay has yet to recover to pre-pandemic levels, with about 25,000 fewer office-using jobs. Office-using employment is now just below early-2015 levels.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics , Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties). Note: August 2023 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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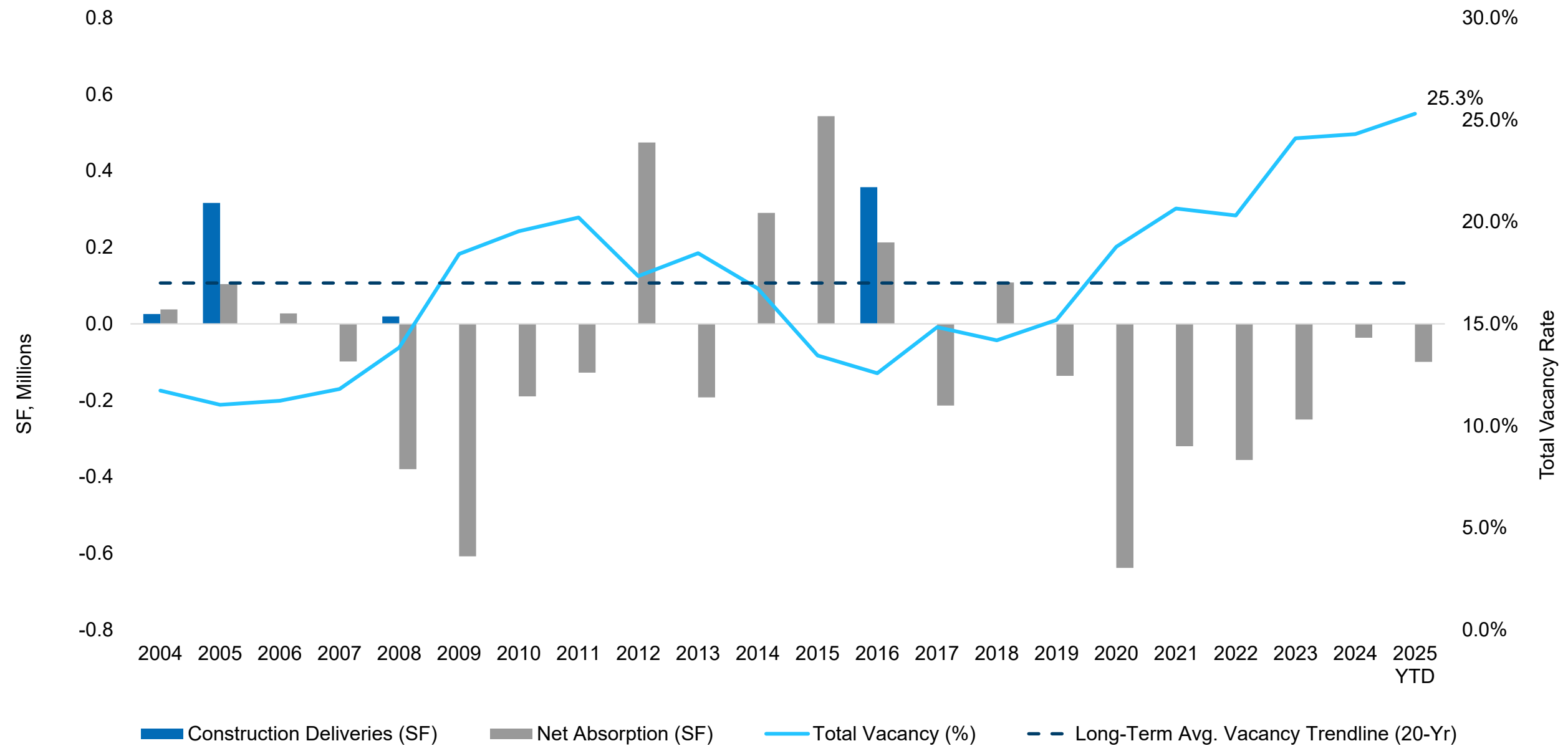
Leasing Market Fundamentals



Vacancy Increased in First Quarter of 2025

The vacancy rate increased slightly to 25.3% in the first quarter of 2025. Net absorption in first quarter was negative 99,178 square feet. There are still no construction projects for office in the pipeline.

Historical Construction Deliveries, Net Absorption, and Vacancy (North I-680 Entire Market)



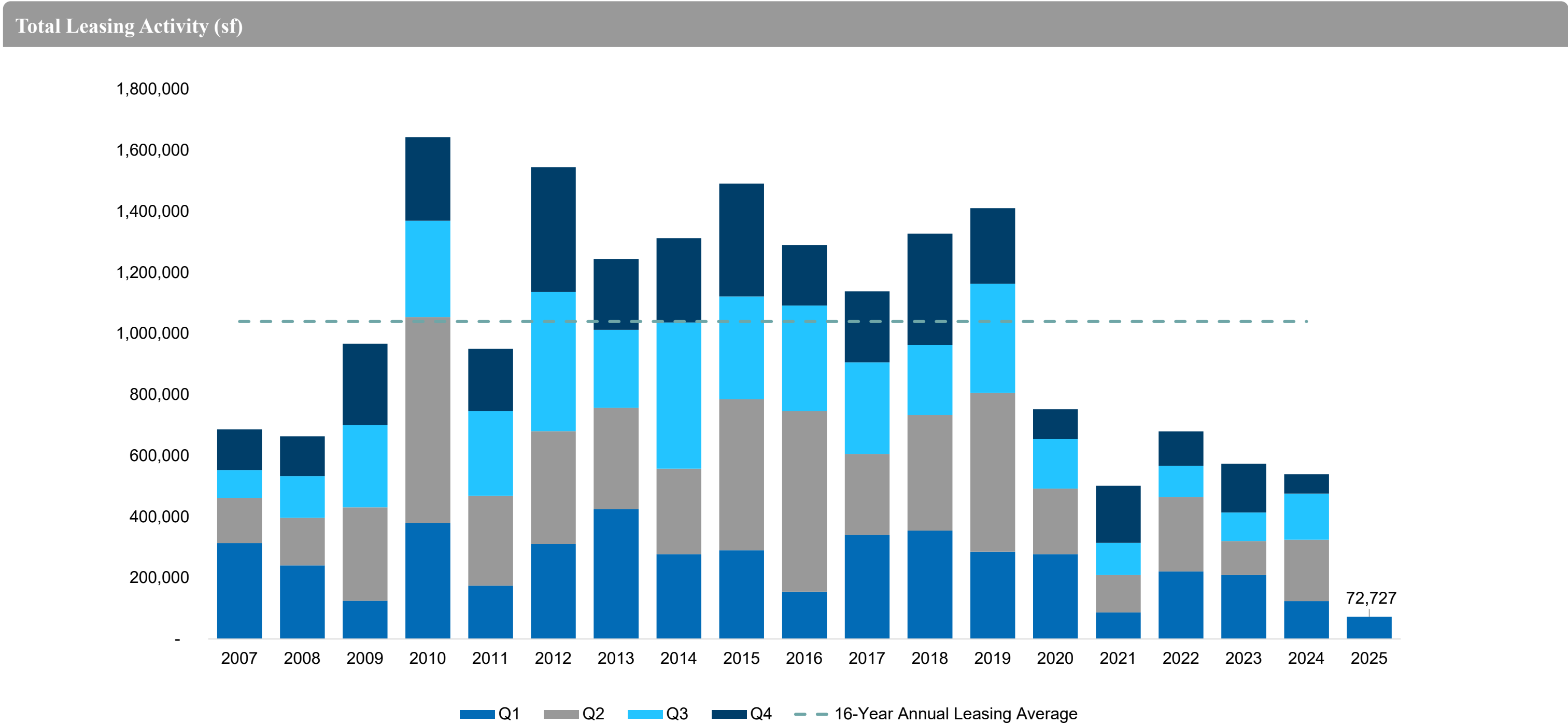
Source: Newmark Research



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Leasing Activity Remained Slow

Leasing activity has still struggled to revitalize and reach levels similar to before the pandemic. The first quarter of 2025 saw more leasing activity than last quarter but only by 9,400 square feet. Companies continued to deliberate and thoughtful while assessing current and future economic outlooks.



Source: Newmark Research, CoStar

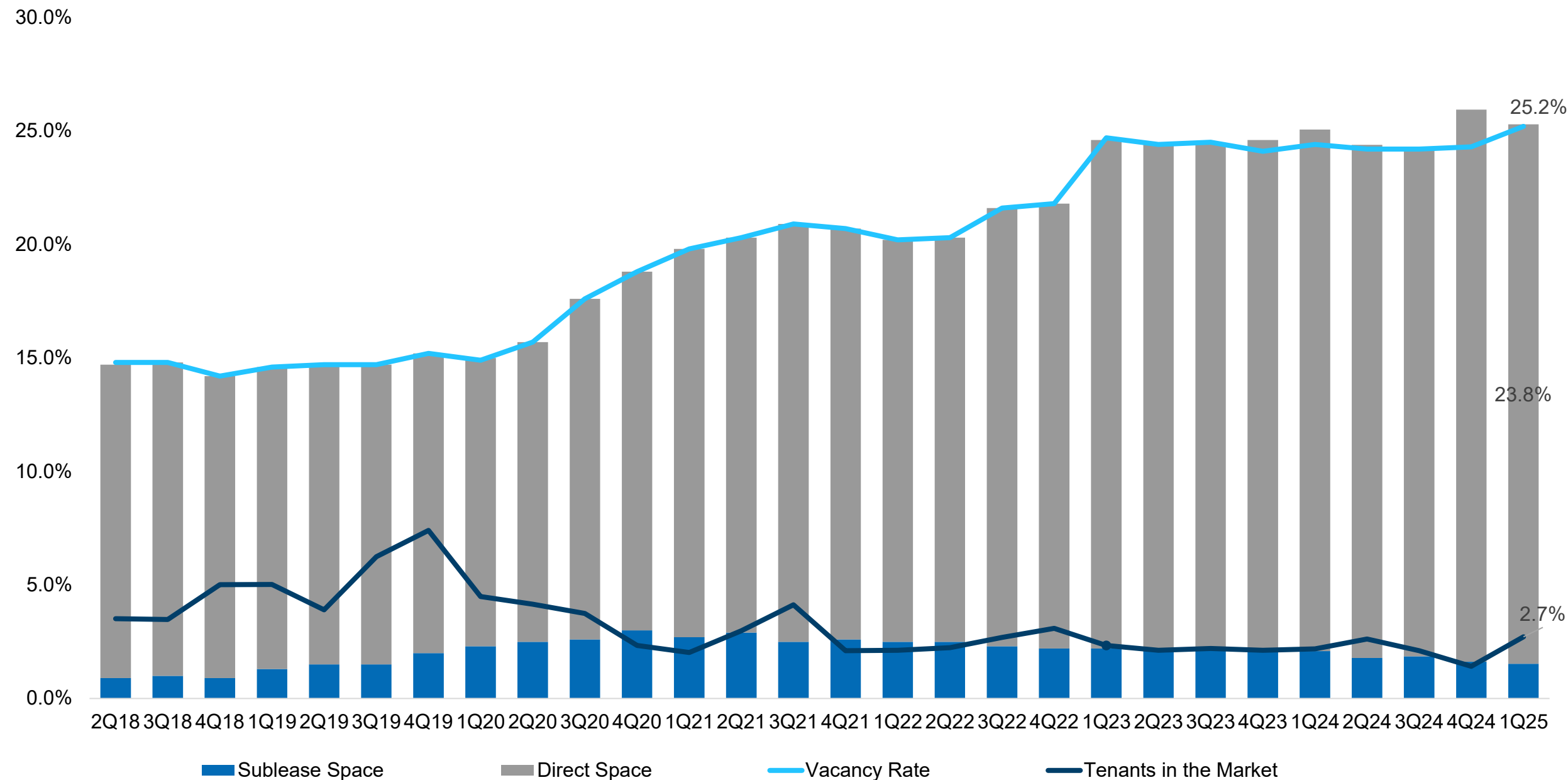


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Tenant Demand Increased in the First Quarter

Vacancy Increased by almost 1% in the first quarter of 2025, while sublease availability remained relatively the same. Direct availability decreased 50 basis points. Over 70% of tenants in the market continued to look for 10,000 square-feet of space or less.

Available Space and Tenant Demand as Percent of Overall Market



Source: Newmark Research

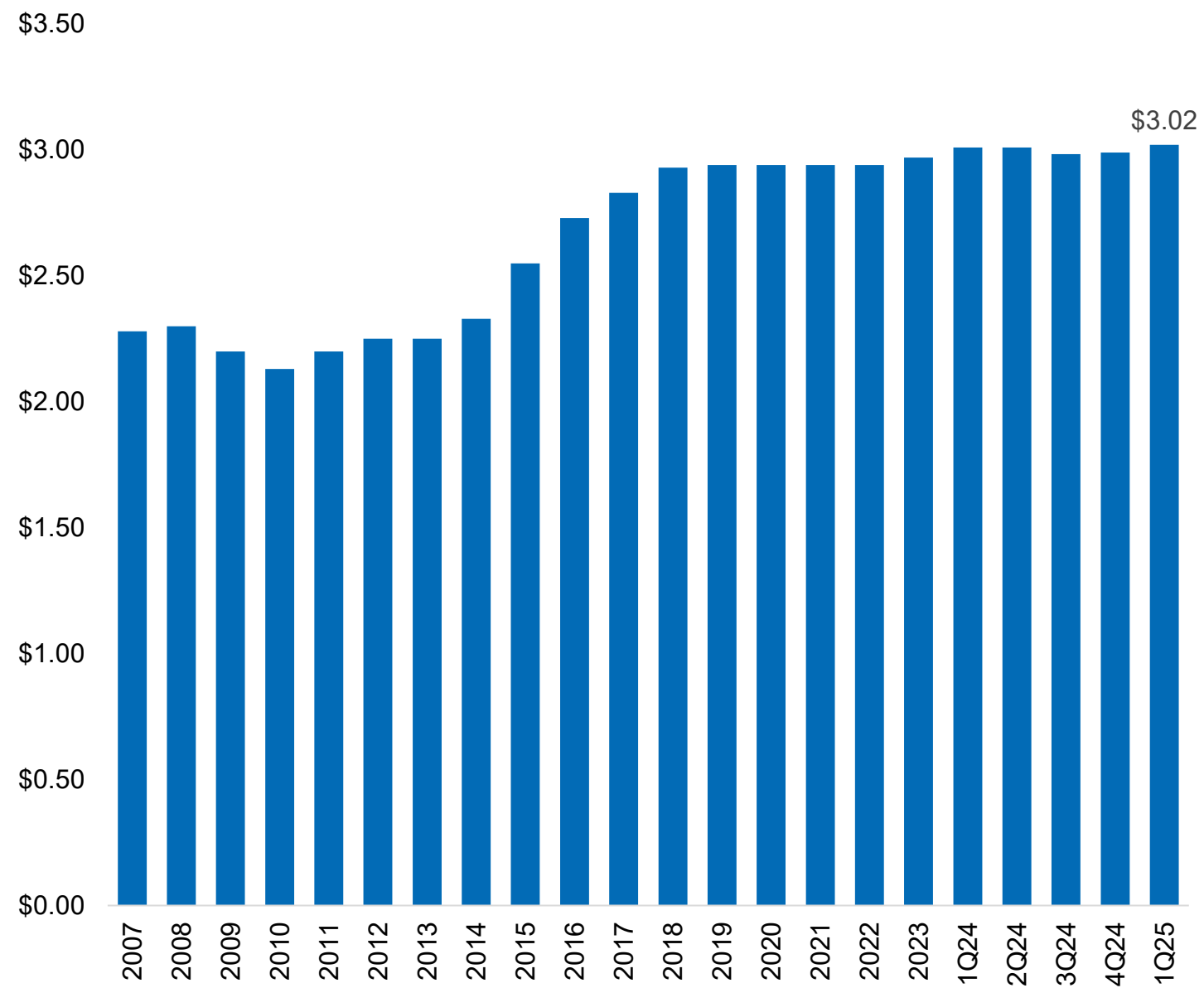


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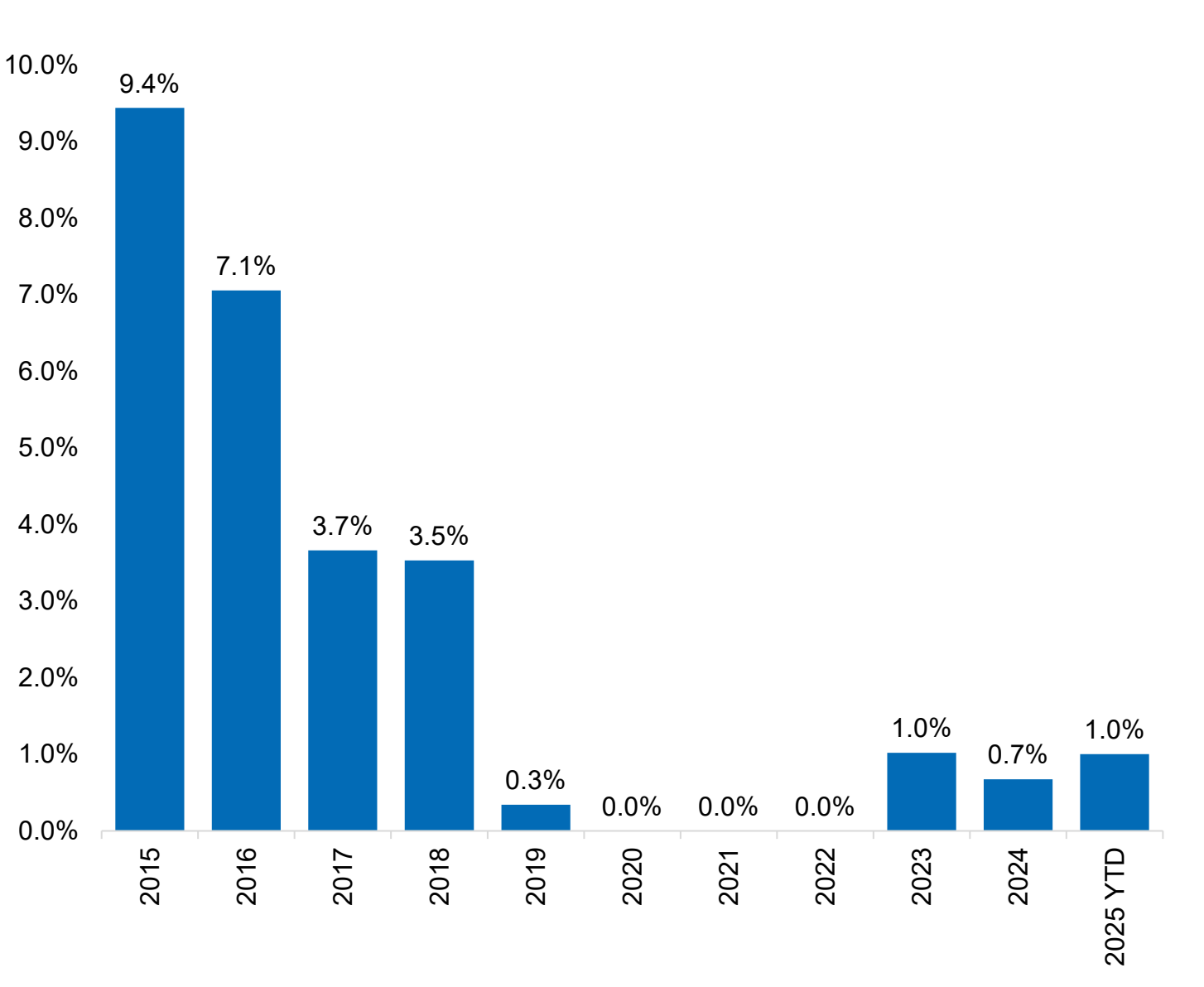
Direct Asking Rents Increased Slightly

Office rents remained relatively stable in the first quarter of 2025. The average rent increased slightly.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

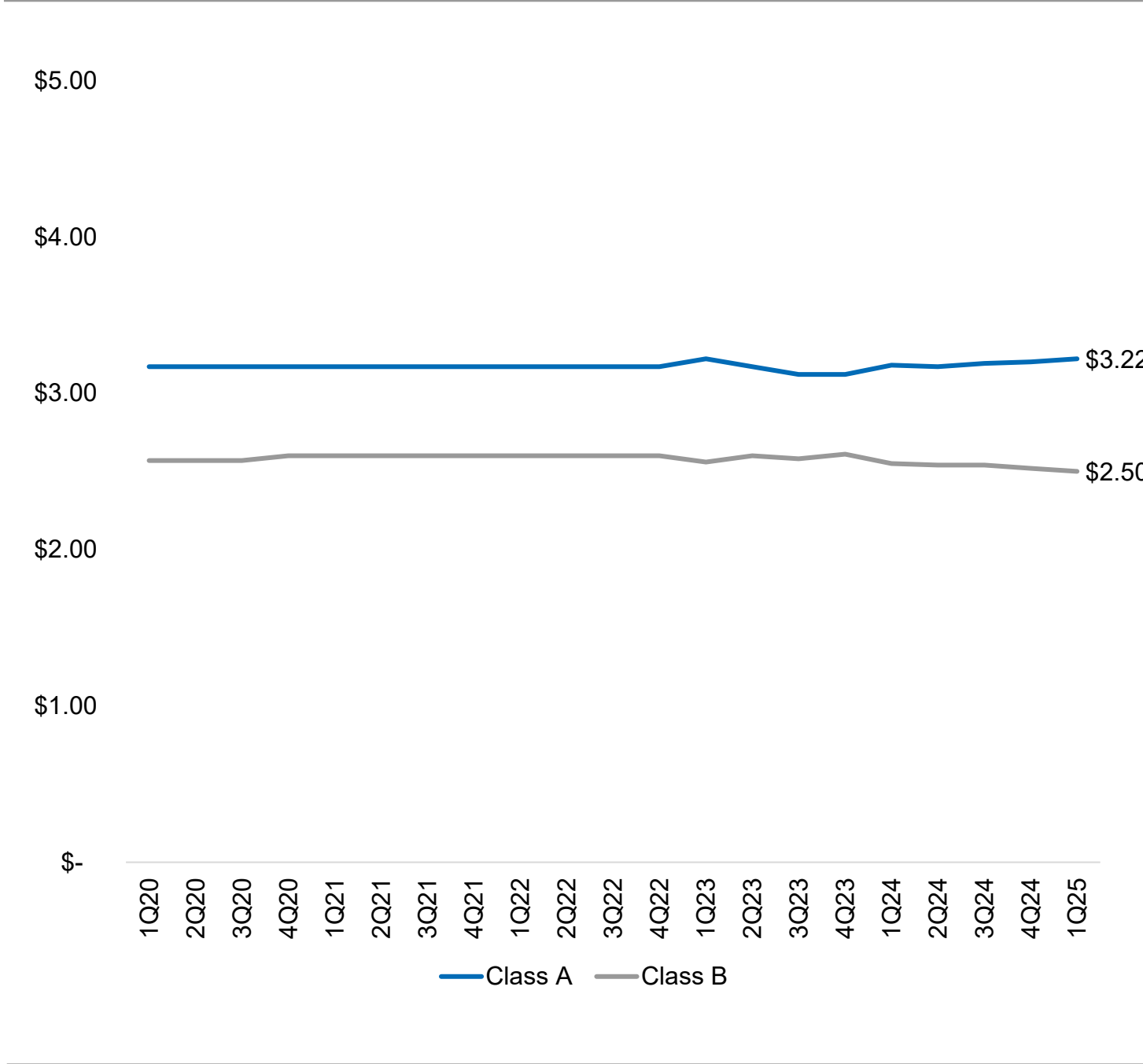


Source: Newmark Research, CoStar

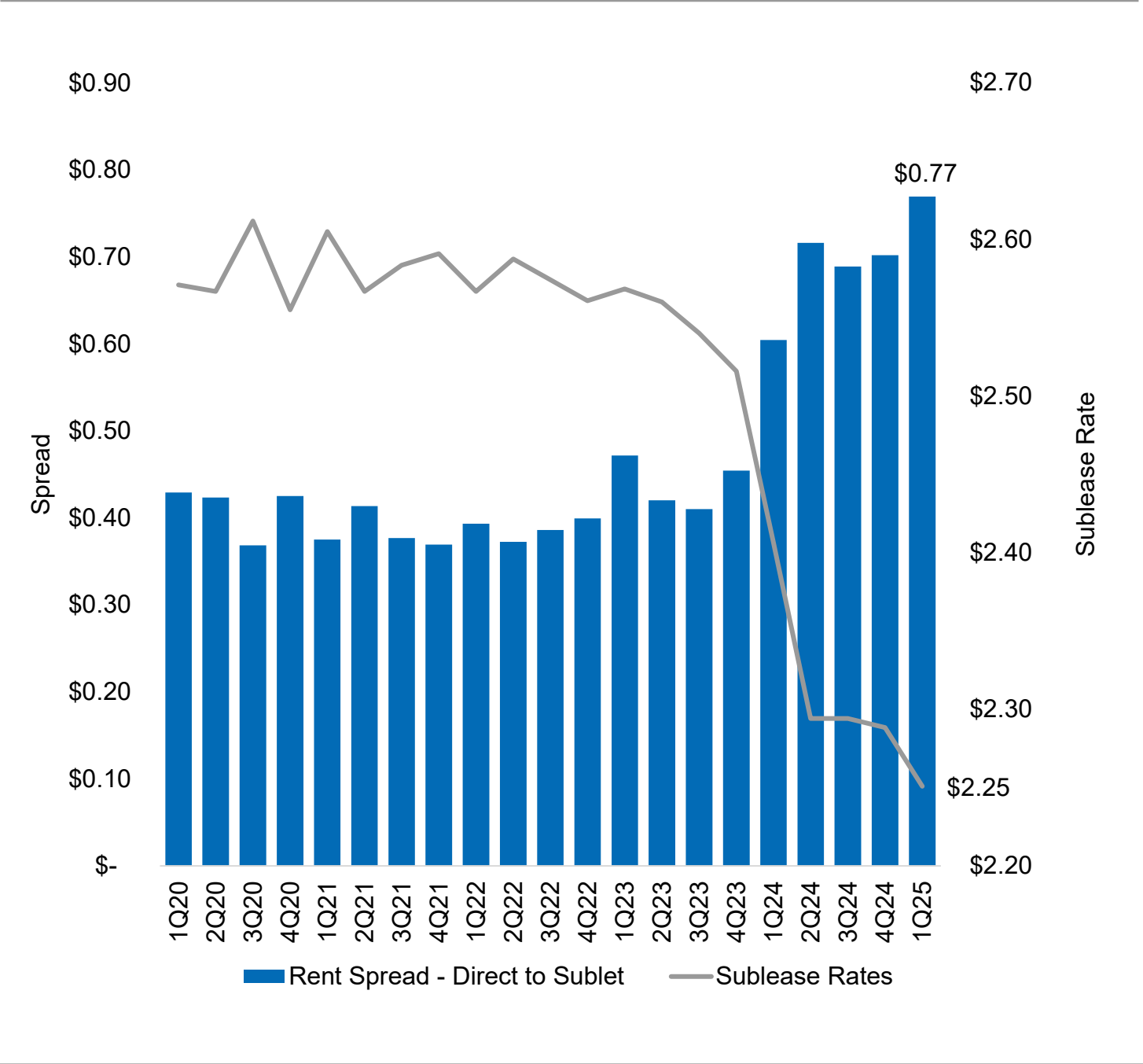
Rent Spread Between Direct and Sublease Rates Increased

In the first quarter of 2025 direct rates increased while sublease rates took a dip leaving the rent spread to grow by \$0.07.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar



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First Quarter Lease Transactions

Walnut Creek BART made up the majority of large leasing transactions in the East Bay for the first quarter of 2025.

Notable 1Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Factory Mutual Insurance Company	1333 N California Blvd	Walnut Creek – Downtown	Lease Renewal	35,733
Calpine Corp	2175 N California Blvd	Walnut Creek – Walnut Creek BART	Direct Lease	21,699
Sutter Health	2121 N California Blvd	Walnut Creek – Walnut Creek BART	Lease Renewal	15,287
Glynn, Finley, Mortl, Hanlon & Friedenberg, LLP	100 Pringle Ave	Walnut Creek – Walnut Creek BART	Lease Renewal	10,633
Jewish Family and Community Services	2300 Clayton Rd	Concord -- Concord	Direct Lease	10,149
Bowles & Verna	2121 N California Blvd	Walnut Creek – Walnut Creek BART	Lease Renewal	8,000

Source: Newmark Research

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Appendix





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