



NEWMARK

Tri Valley Office & Flex Market Overview

1Q26

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U.S. Market Observations



Economy

- The East Bay unemployment rate ended January 2026 at 4.3%, 40 basis points lower than the national rate, and unchanged from the start of 2025. Unemployment rates remained above pre-pandemic levels.
- Year-over-year job growth was positive only in Education and Health, Leisure/Hospitality, Government and Other Services. The three office using sectors: Information, Business and Professional Services, and Financial Activities all experienced negative growth.
- Overall, the U.S. economy remains stable, though trade policies and global conflicts are adding pressure and uncertainty to the outlook for the rest of the year.



Leasing Market Fundamentals

- At the close of the first quarter, the Tri Valley office market experienced a positive net absorption of 163,306 square feet, 62% of which was in Pleasanton, the submarket that recorded the largest transactions in the first quarter.
- Class A buildings led the net absorption during the first quarter of the year with 131,000 square feet leased, while Class B closed with a net absorption of 32,500 square feet. Tenants continue to be drawn to either Class A space in buildings with energy, vibrancy, superior tenant amenities and ownership stability, or to low-cost class B options with limited amenities.



Major Transactions

- AT&T downsized to 220,000 square feet and extended its lease in Bishop Ranch, the largest transaction of the quarter.
- Cloud Software Group expanded from 25,000 to 54,000 square feet at Sycamore in Bishop Ranch.
- The Wine Group leased 20,852 square feet at 4301 Hacienda Drive in Pleasanton.
- At 6210 Stoneridge Mall Road in Pleasanton, Bright Pattern subleased a space of 9,419 square feet.
- Sutter Health purchased 294,607 square feet at Pleasanton Labs in Pleasanton for \$45.0 million.
- PG&E Corporation purchased 209,000 square feet from Workday in Pleasanton for \$21.8 million.



Outlook

- The macroeconomic outlook remains uncertain, prompting both occupiers and investors to approach deals with increased caution.
- Some buildings in the Tri-Valley office market are being converted to alternative uses, such as Plaza San Ramon and 5000 Hopyard, which are no longer leasing space due to planned redevelopment.
- Limited large-tenant demand and touring activity continue to prevent significant positive absorption in the market.

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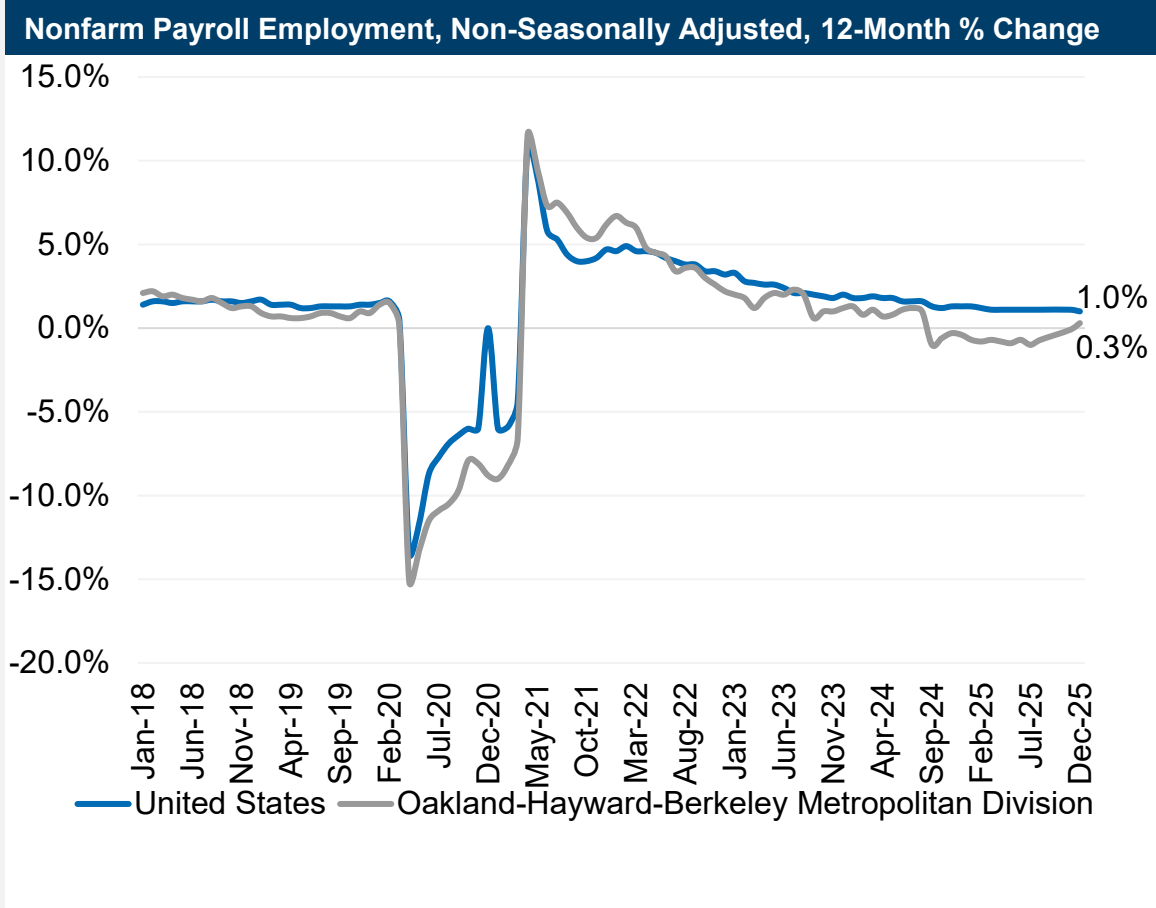
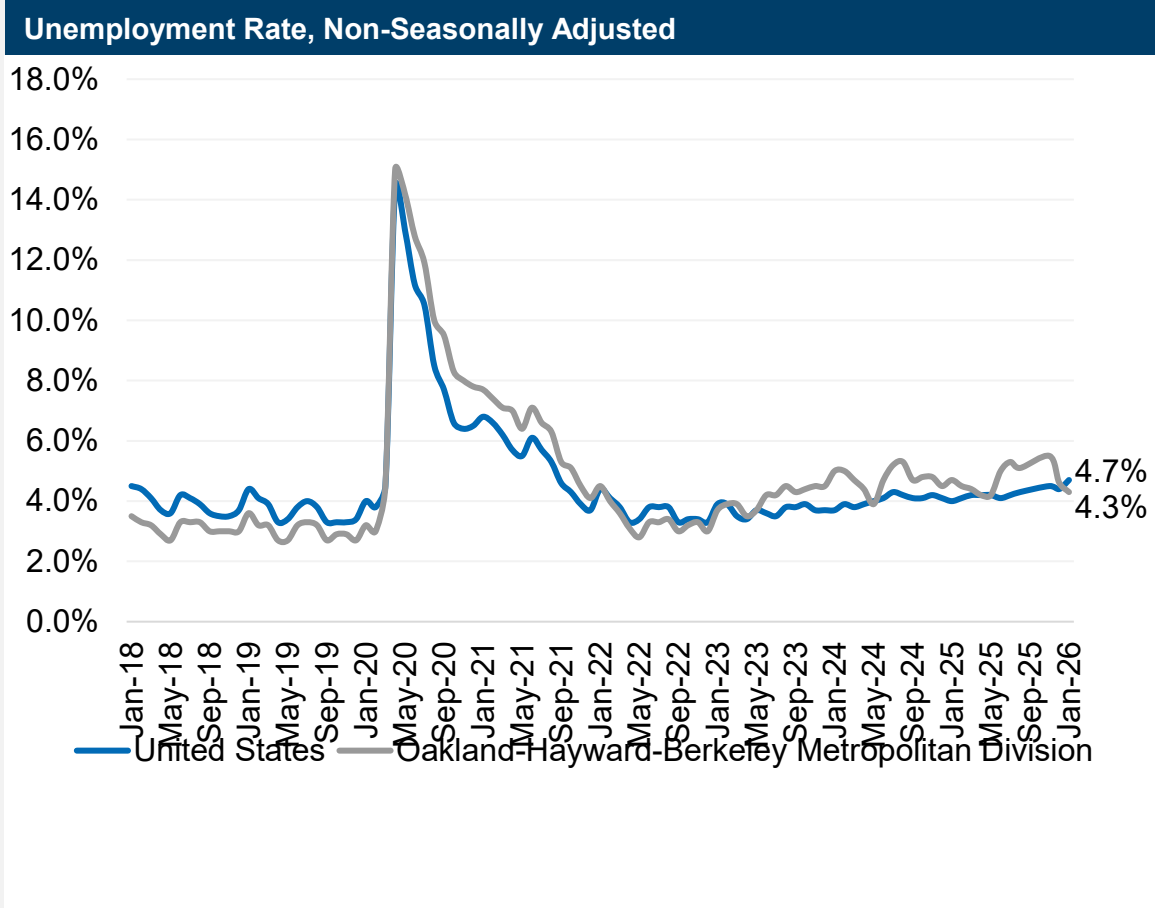
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Economy



Metro Employment Trends A Slight Comeback

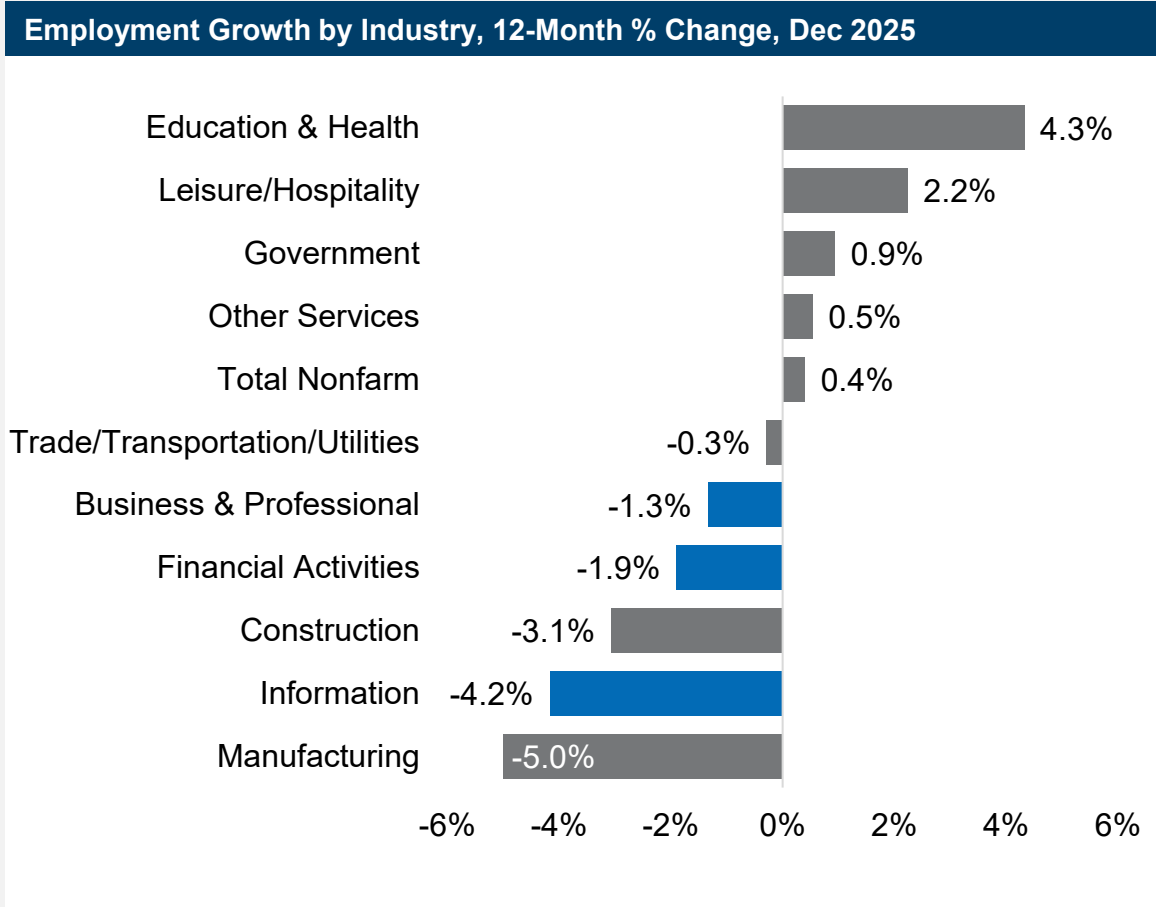
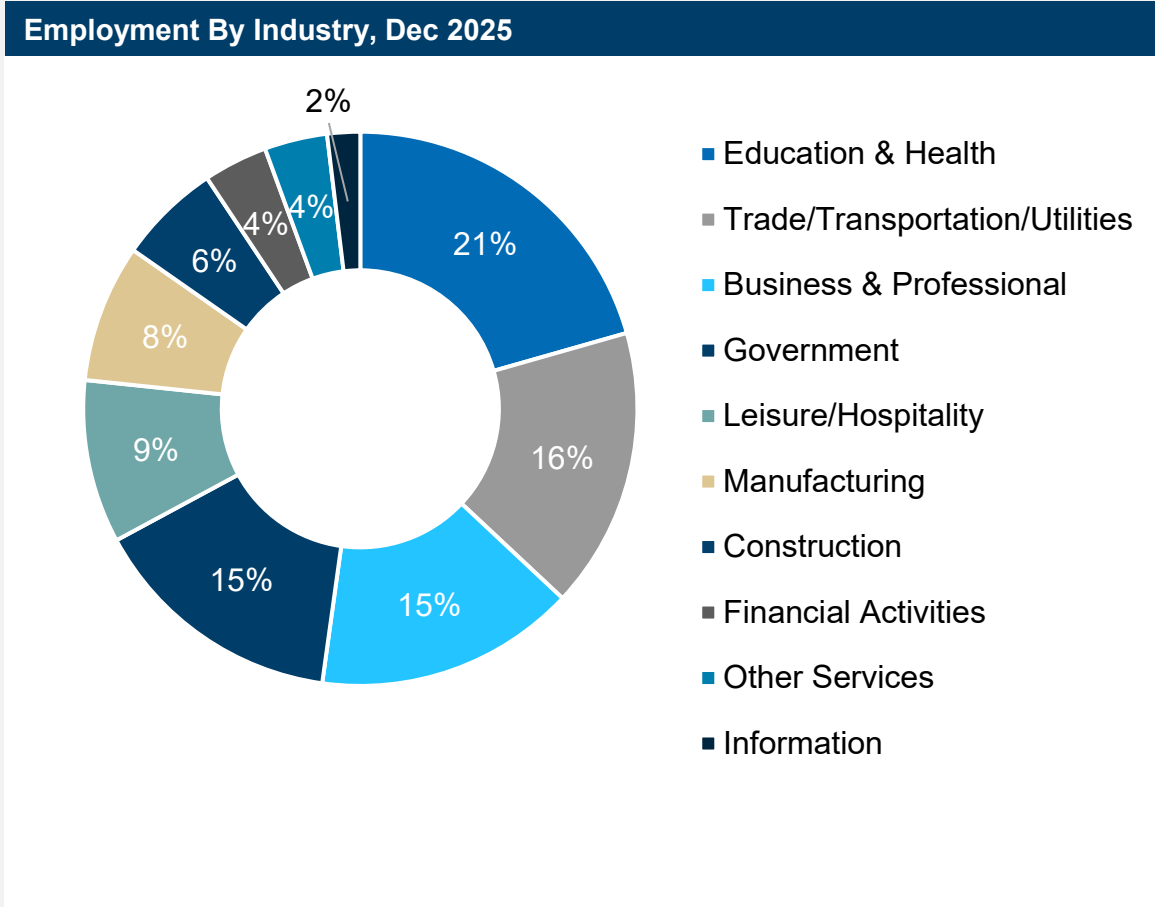
The East Bay unemployment rate ended January 2026 at 4.3%, 40 basis points lower than the national rate, and unchanged from the start of 2025. Unemployment rates remained above pre-pandemic levels.



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

Office-Using Employment Down

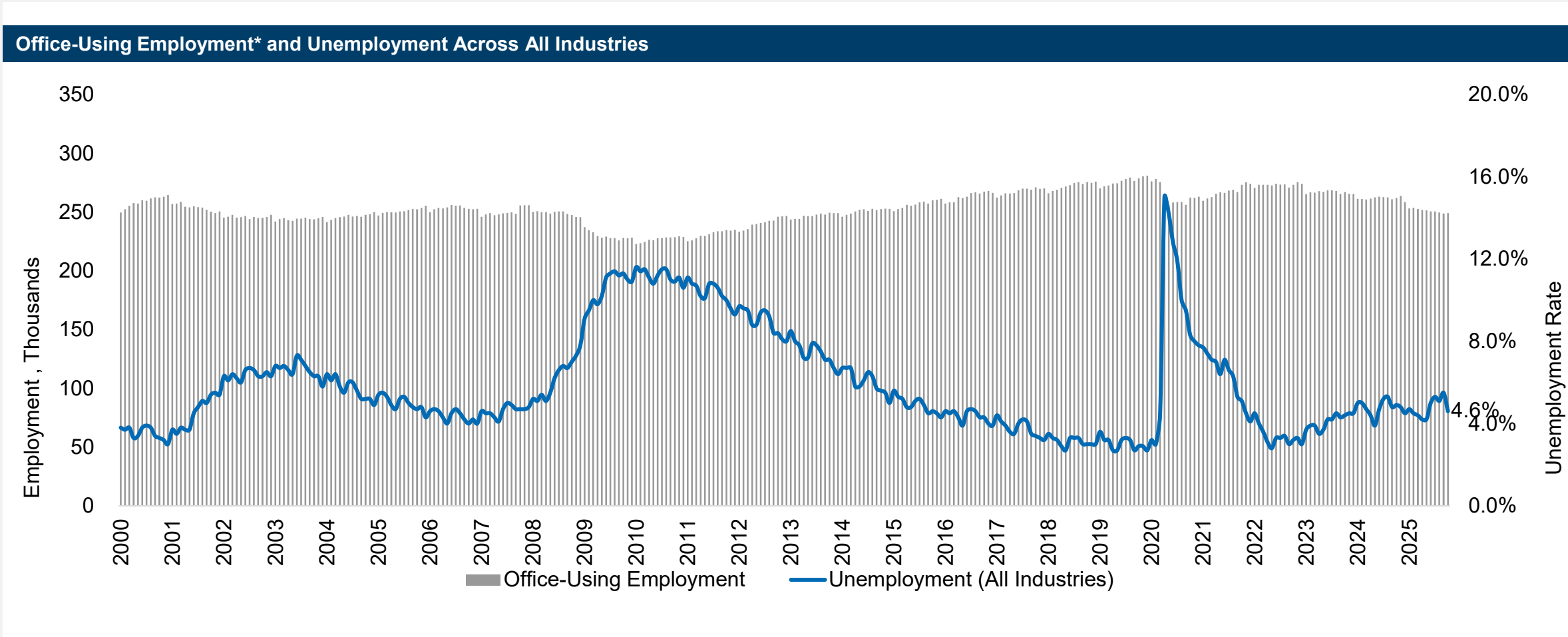
All three office using sectors continued to experience negative growth over a 12-month period; with Information experiencing the largest decline (-4.2%).



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 14,000 fewer office-using jobs. Office-using employment is now just below early-2015 levels.



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties). Note: November 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.



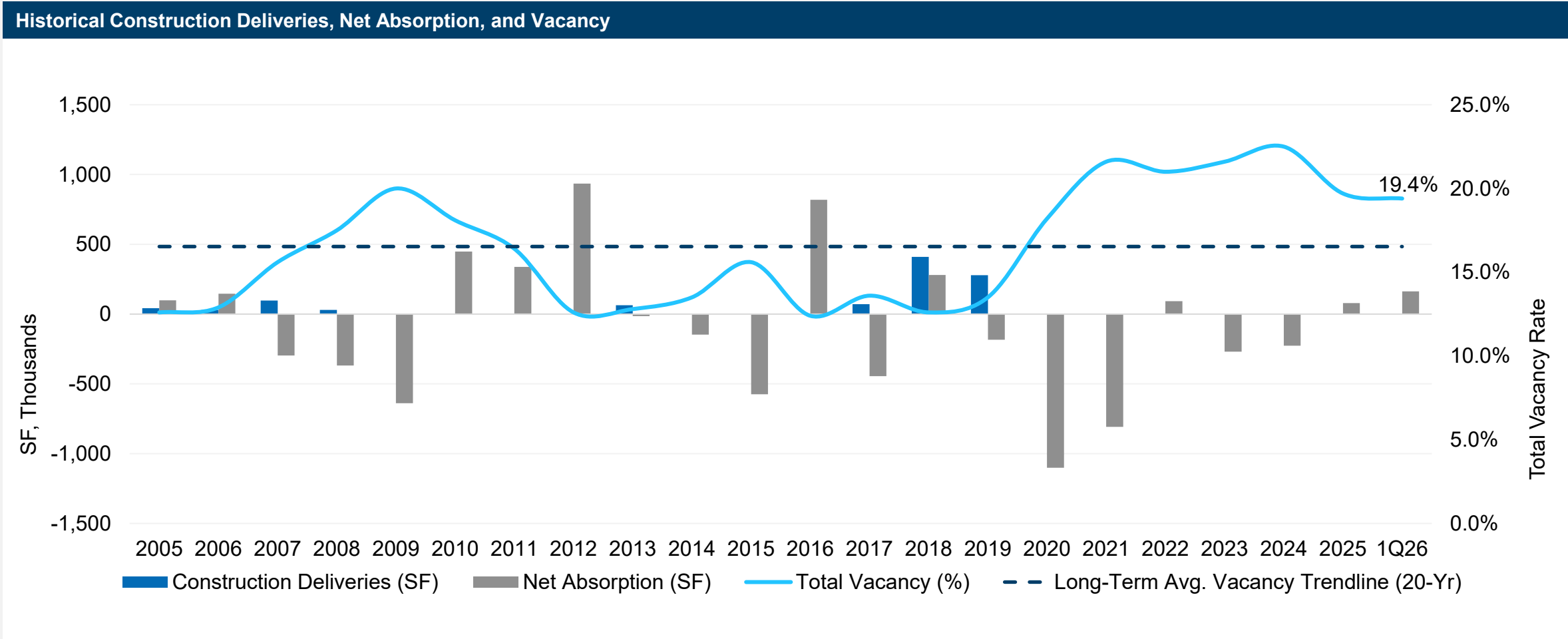
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Leasing Market Fundamentals

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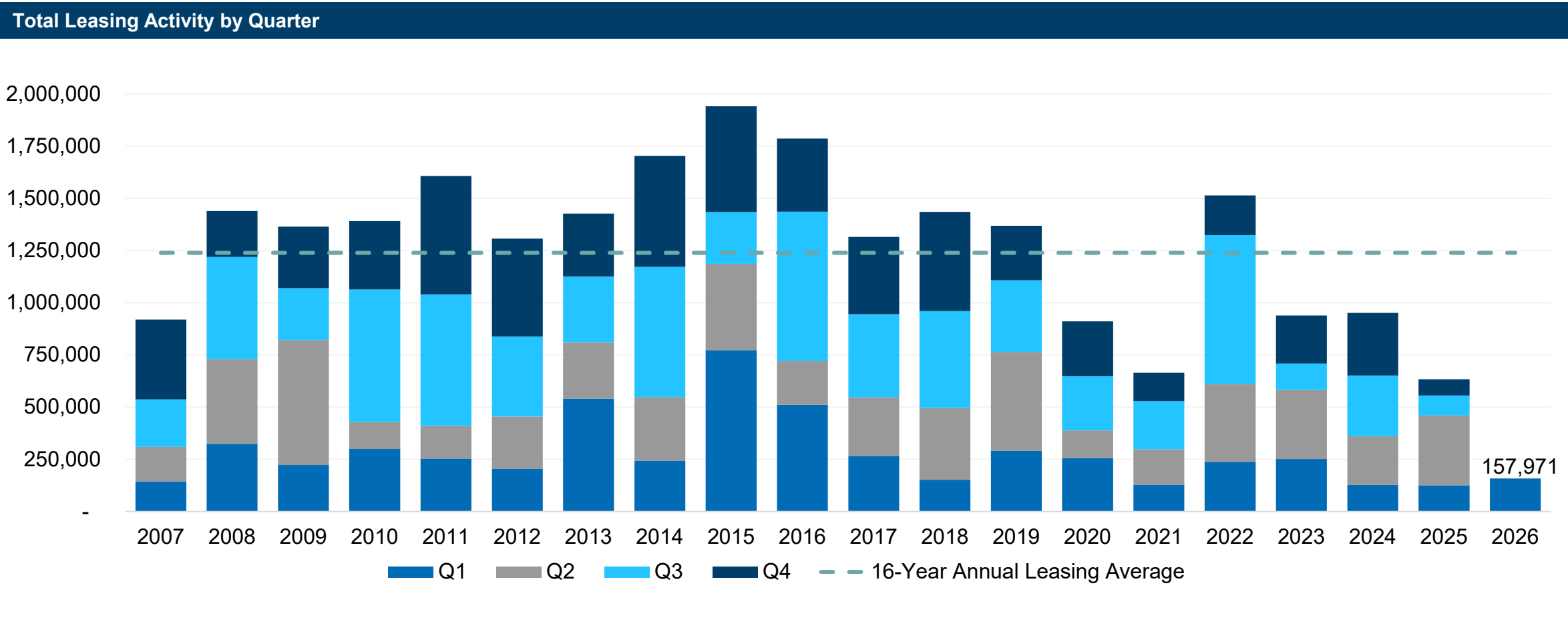
Tri-Valley Office Vacancy Slightly Decreased

Overall vacancy decreased by 30 basis points as of the close of the first quarter, as the office market logged 163,306 square feet of absorption and an overall vacancy rate of 19.4%.



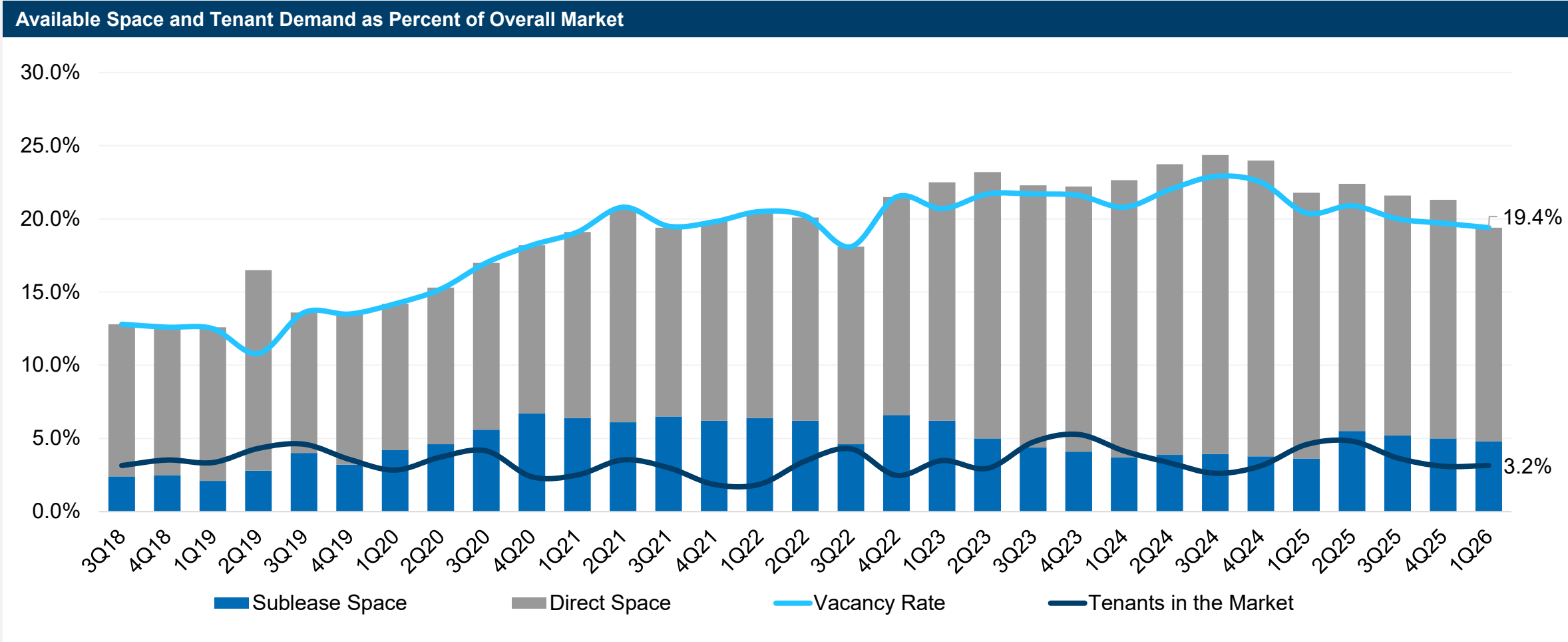
Tri-Valley Office Leasing Activity 1Q26

Office leasing activity in 1Q26 surpassed the activity recorded during 1Q24 and 1Q25, closing at 157,971 square feet. Even with the increase in activity, the Tri-Valley office market has not reached pre pandemic leasing levels to date.



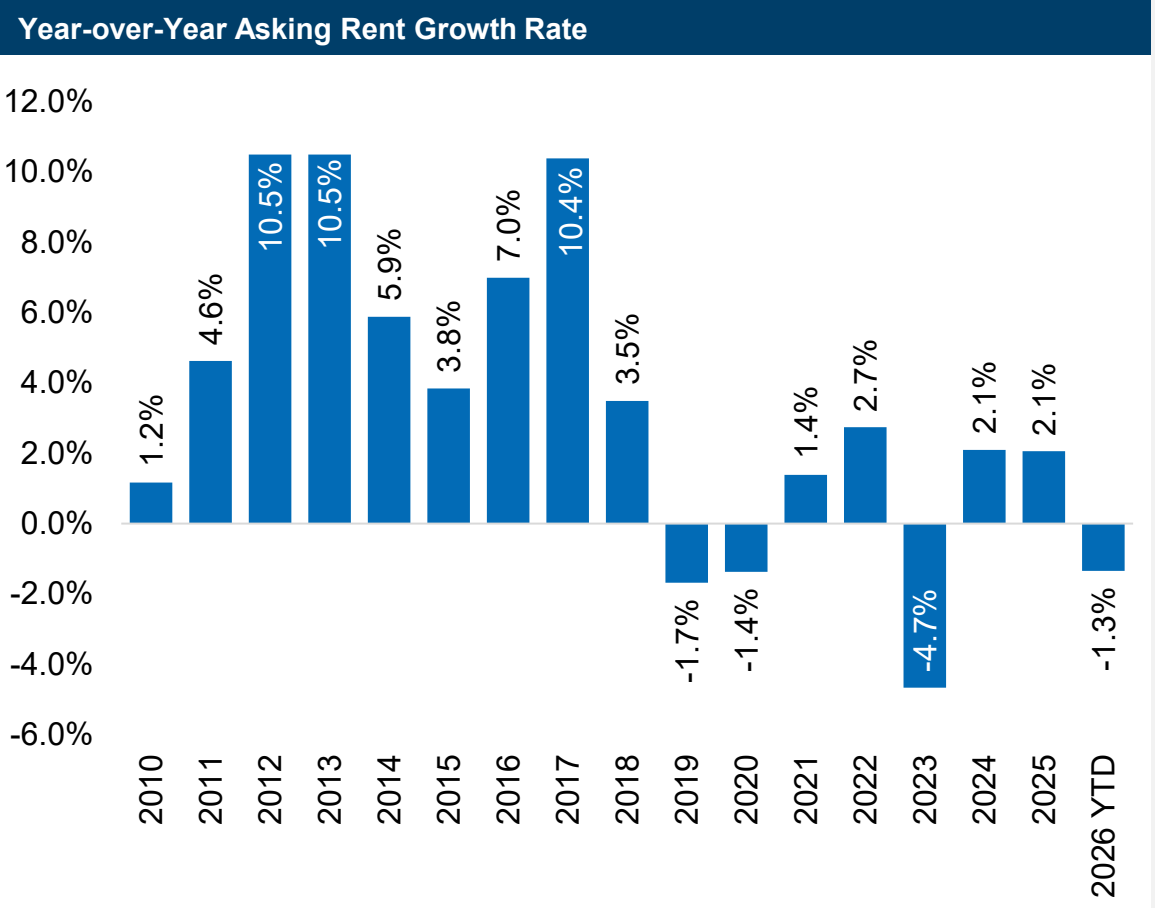
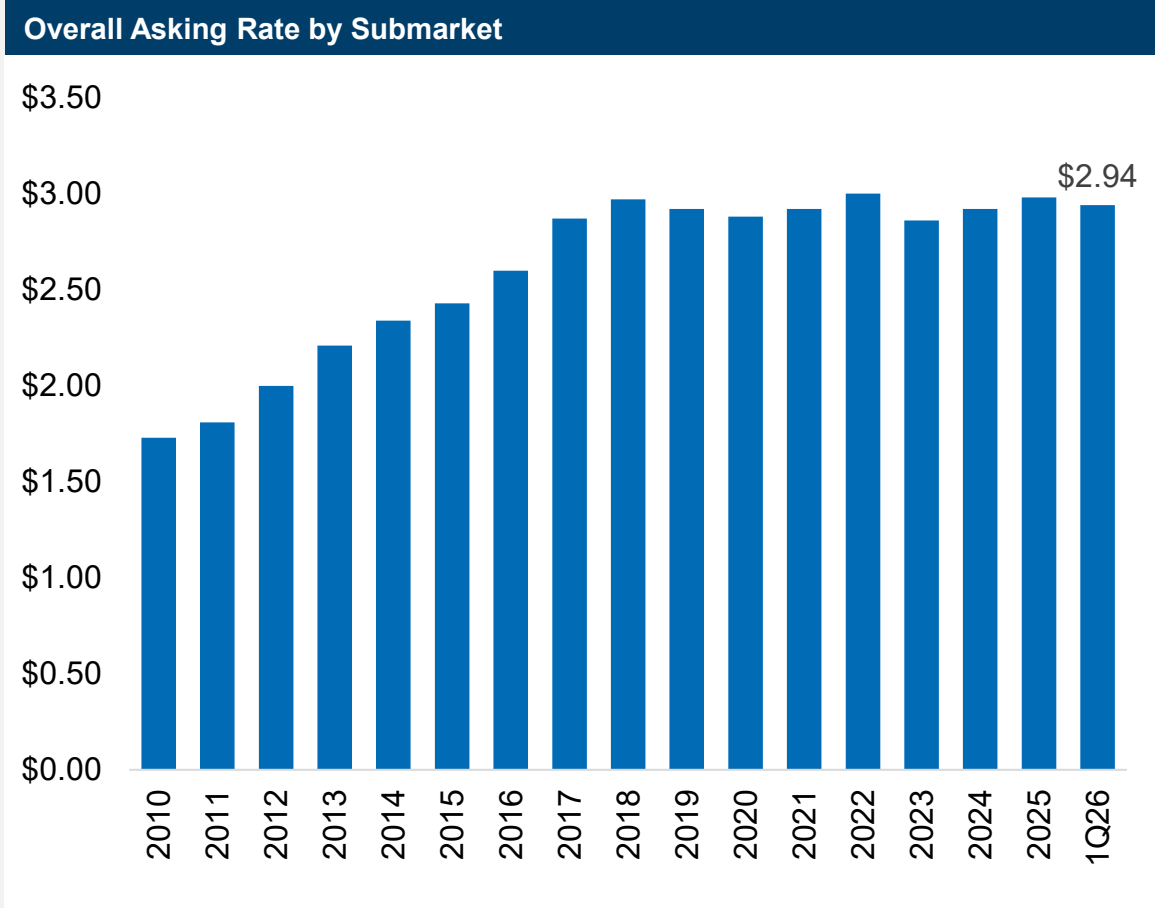
Availability and Vacancy Decreased in Q1 as Tenant Demand Remained Stable

Availability and vacancy both slightly decreased at the close of the first quarter, while tenant demand remained stable based on total square footage requirements. Approximately 15 tenants are currently seeking 10,000 square feet or more.



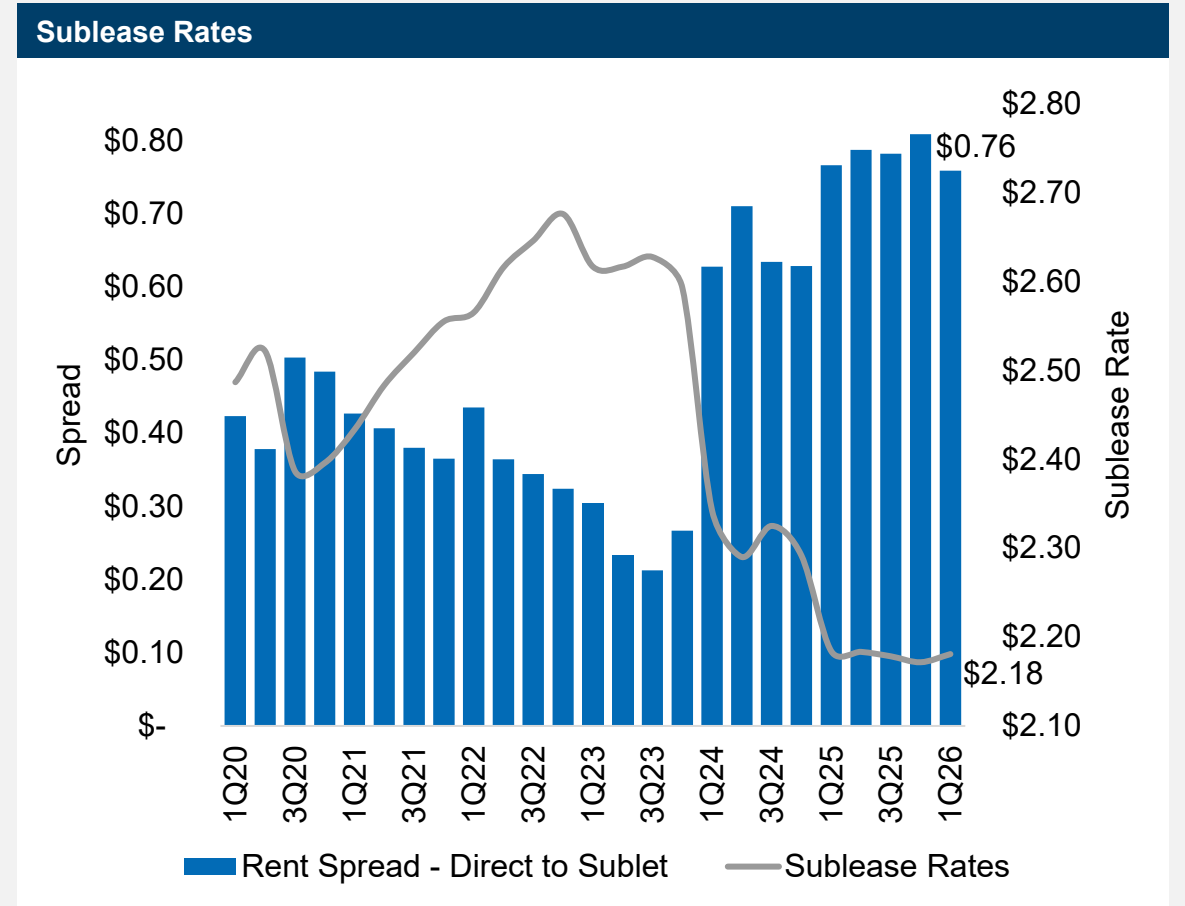
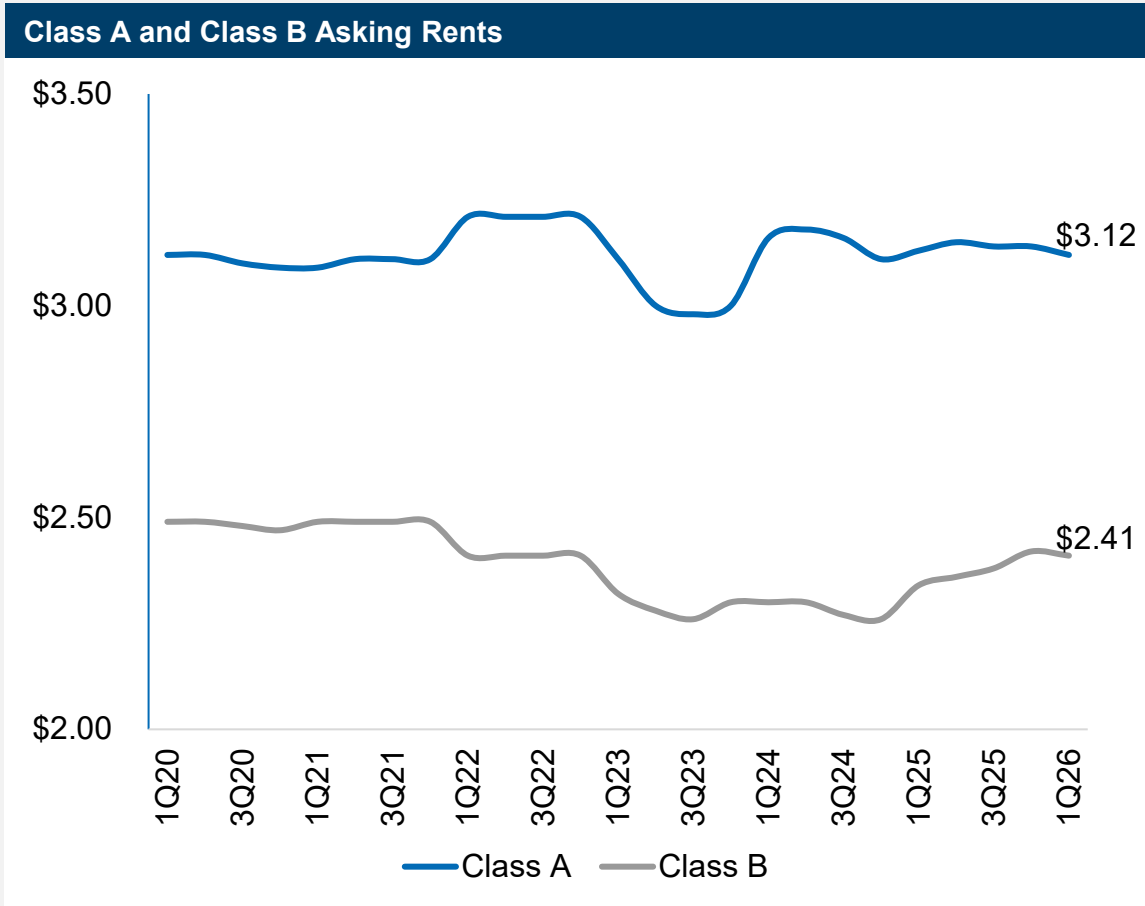
Rents Remained Steady Over the First Quarter

Overall asking rates have remained steady over the course of the first quarter. Overall asking rates declined slightly year-over-year (-1.3%), largely due to more Class A space being leased, which lowered the average rate.



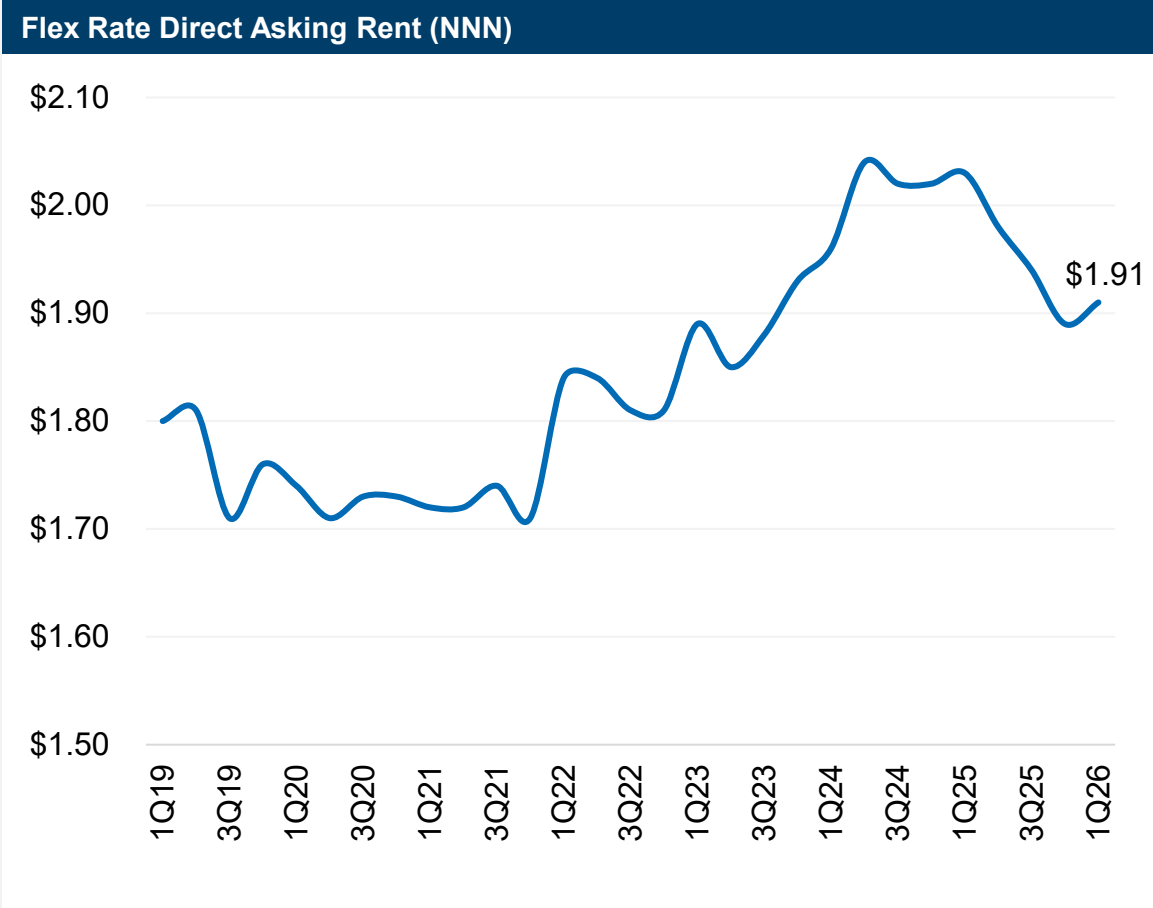
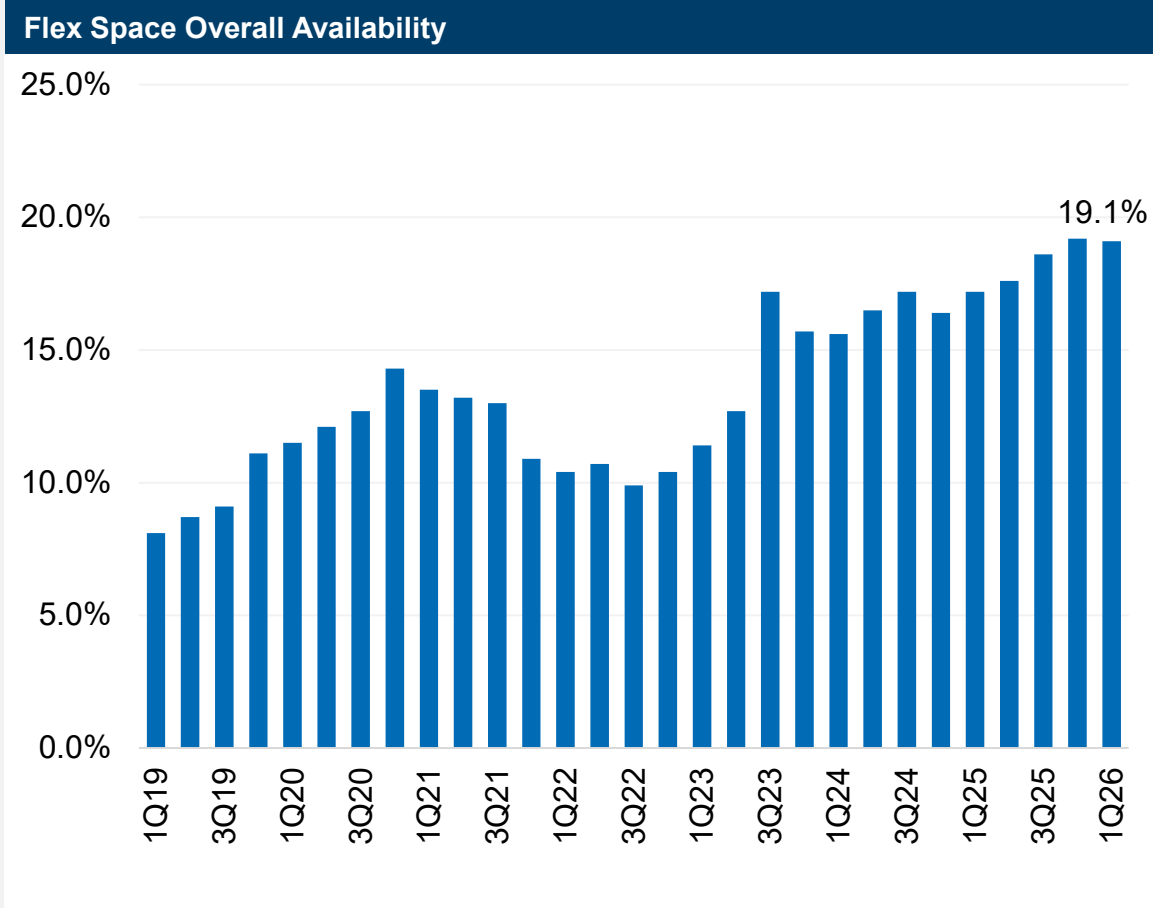
Tri-Valley Office Rates

At the close of the first quarter, direct rents experienced a slight decrease compared with 4Q25, while sublease rents increased slightly, primarily due to Class B sublease spaces being leased.



Flex Market Overall Availability and Asking Rent

Flex availability slightly decreased in the first quarter, with 13,364 square feet of positive absorption in the Tri-Valley flex market. Availability decreased by 10 basis points, while rents increased from \$1.89/SF last quarter to \$1.91/SF on 1Q26.



First Quarter Office Lease Transactions

Bishop Ranch signed one of the largest Tri-Valley lease/renewals since the beginning of covid, while Pleasanton completed two large owner-user sale transactions in the first quarter of the year.

Notable 1Q26 Office Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
AT&T	2600 Camino Ramon	Bishop Ranch	Renewal	220,000
Cloud Software Group	2326 Camino Ramon	Bishop Ranch	Expansion	29,000
The Wine Group	4301 Hacienda Dr	Pleasanton – Hacienda Business Park	Direct	20,852
Bright Pattern	6210 Stoneridge Mall Rd	Pleasanton – Stoneridge Mall	Sublease/Renewal	9,419
Rimini Street Inc	4309 Hacienda Dr	Pleasanton – Hacienda Business Park	Direct	8,988

Notable 1Q26 Office Sale Transactions

Building Address	Square Footage	Buyer	Seller	Submarket	Sale Price	Price Per Square Foot
4125, 4155, 4255 & 4385 Hopyard Rd	294,607	Sutter Health	Tarlton Properties	Pleasanton – Hacienda Business Park	\$45,000,000	\$152.75
5928 Stoneridge Mall Rd	209,000	PG&E Corporation	Workday	Pleasanton – Stoneridge Mall	\$21,800,000	\$104.31
3130 Crow Canyon Pl	79,147	San Ramon Valley Unified School	Eagle Canyon Management	San Ramon	\$18,000,000	\$227.42
2817, 2819, 2821 Crow Canyon Road	42,243	Oak Creek Plaza	Oak Court Properties	San Ramon	\$9,500,000	\$224.88

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Appendix

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