

North I-680 Office Market Overview

Market Observations

Economy

- The East Bay’s unemployment decreased by 30 basis points in the second quarter and stood at 4.2%, equivalent to the national average.
- Job growth year-over-year only increased in the education and health and government sectors. The information, manufacturing, and construction sectors showed the largest decreases in employment.
- The U.S. Economy has been experiencing significant uncertainty amidst the president’s recent tariff policies and interest rate decisions, which we will continue keep an eye on throughout the second half of 2025.

Major Transactions

- McNamara, Ambacher, Wheeler, Hirsig & Gray extended their lease of 18,071 square feet of space at 3480 Buskirk Ave.
- Fehr & Peers renewed their 17,944 square foot lease at 100 Pringle Ave.
- Littler Mendelson downsized to 11,565 square feet of space at 1255 Treat Blvd.
- UCSF extended their lease of 11,090 square feet of space at 1777 Botelho Dr.
- Aletha leased 10,616 square feet at 1350 Treat Blvd.
- 3003 Oak Rd sold for \$22.5 million, or \$108.82/sf. It was last sold in 2017 for \$66 million, or \$319.20/sf.
- Ygnacio Center (3 Properties) sold for \$111 million, or \$210.96/sf. It was last sold in 2018 for \$220 million, or \$418.13/sf.

Leasing Market Fundamentals

- The vacancy rate increased to 25.5% in the second quarter of 2025, the market experienced an additional 53,627 square feet of negative absorption.
- Buildings with high occupancy and strong leasing momentum have been drawing the most interest from prospective tenants. Employers increasingly have been favoring fully-occupied spaces as they aim to stabilize operations and rebuild office culture.
- Touring activity and overall market engagement in the Class A sector are the strongest they have been in over seven years.

Outlook

- As companies move to mandated in-person work schedules, tenants in the market are expected to further prioritize amenities and convenience.
- Tenant demand is increasingly driven by expansion rather than downsizing or renewals in place.
- There is a clear preference for high-quality buildings featuring modern upgrades and amenities, as companies seek environments that support in-office collaboration and help counterbalance the work-from-home trend.

1. Economy
2. Leasing Market Fundamentals
3. Appendix / Tables

2Q25

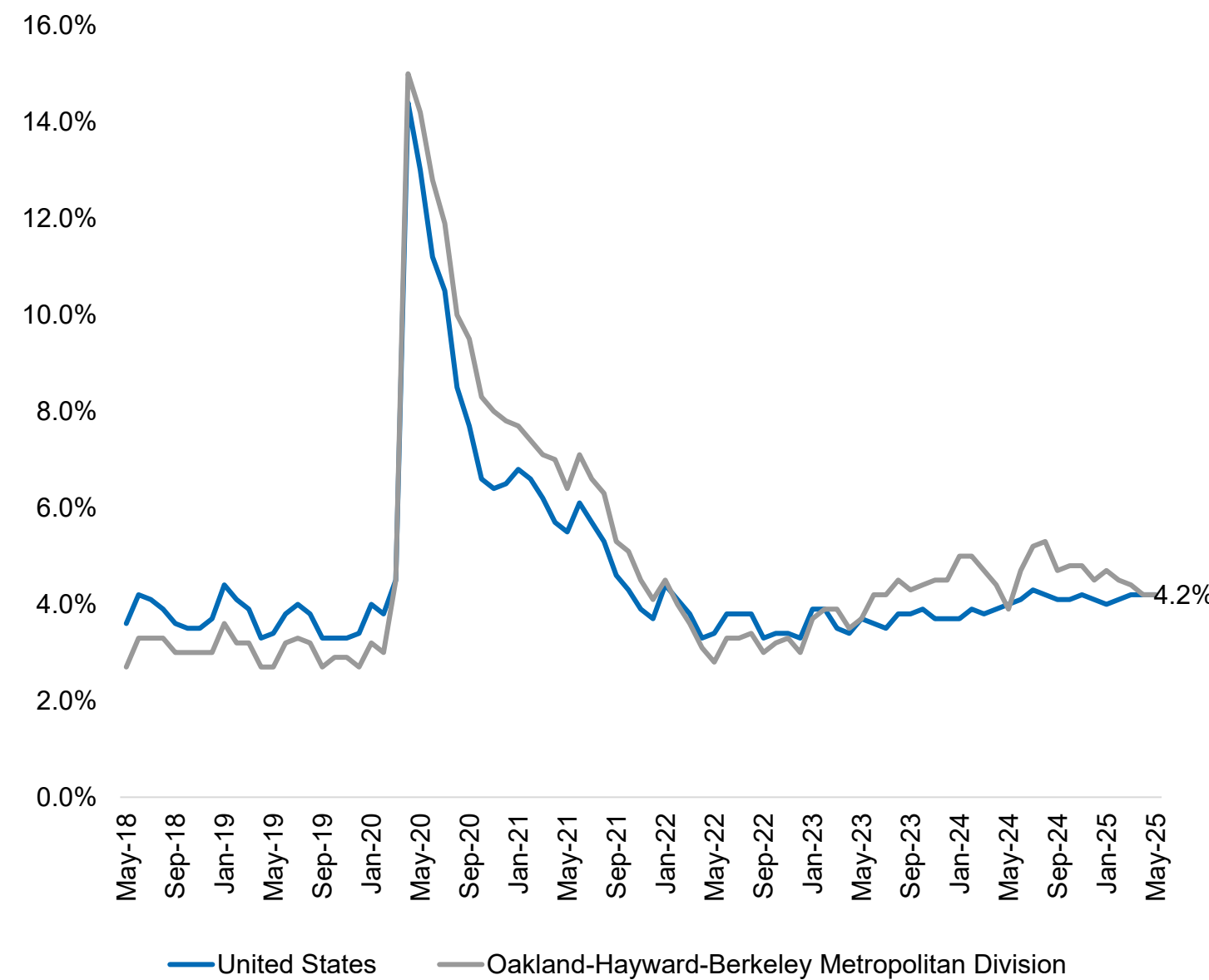
Economy



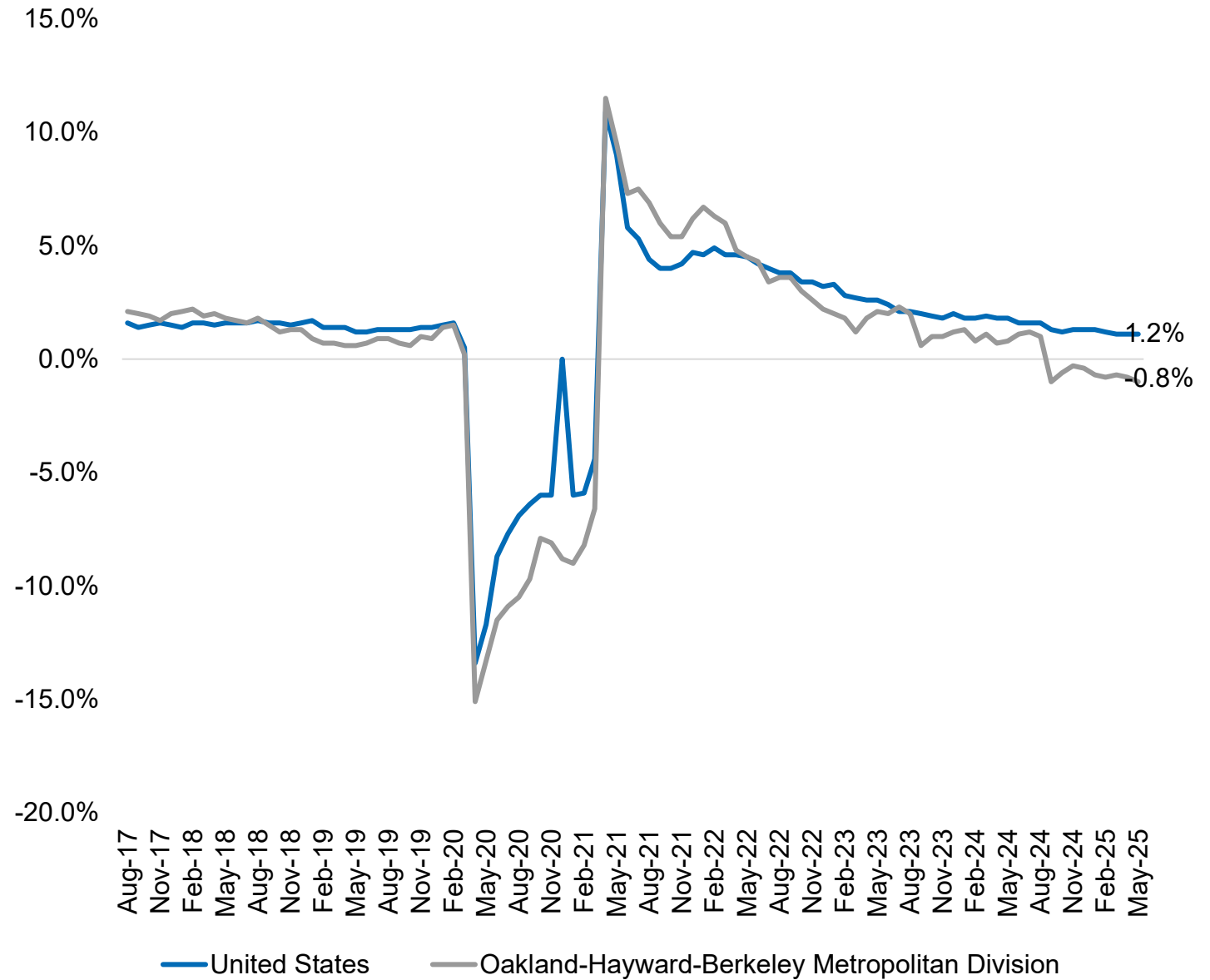
Metro Employment Trends Signal a Slight Comeback

The May unemployment rate for the East Bay Area was 50 basis points lower than it was at the beginning of 2025, and at 4.2% was equivalent to the national unemployment rate. Unemployment rates remained above pre-pandemic levels.

Unemployment Rate, Non-Seasonally Adjusted



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

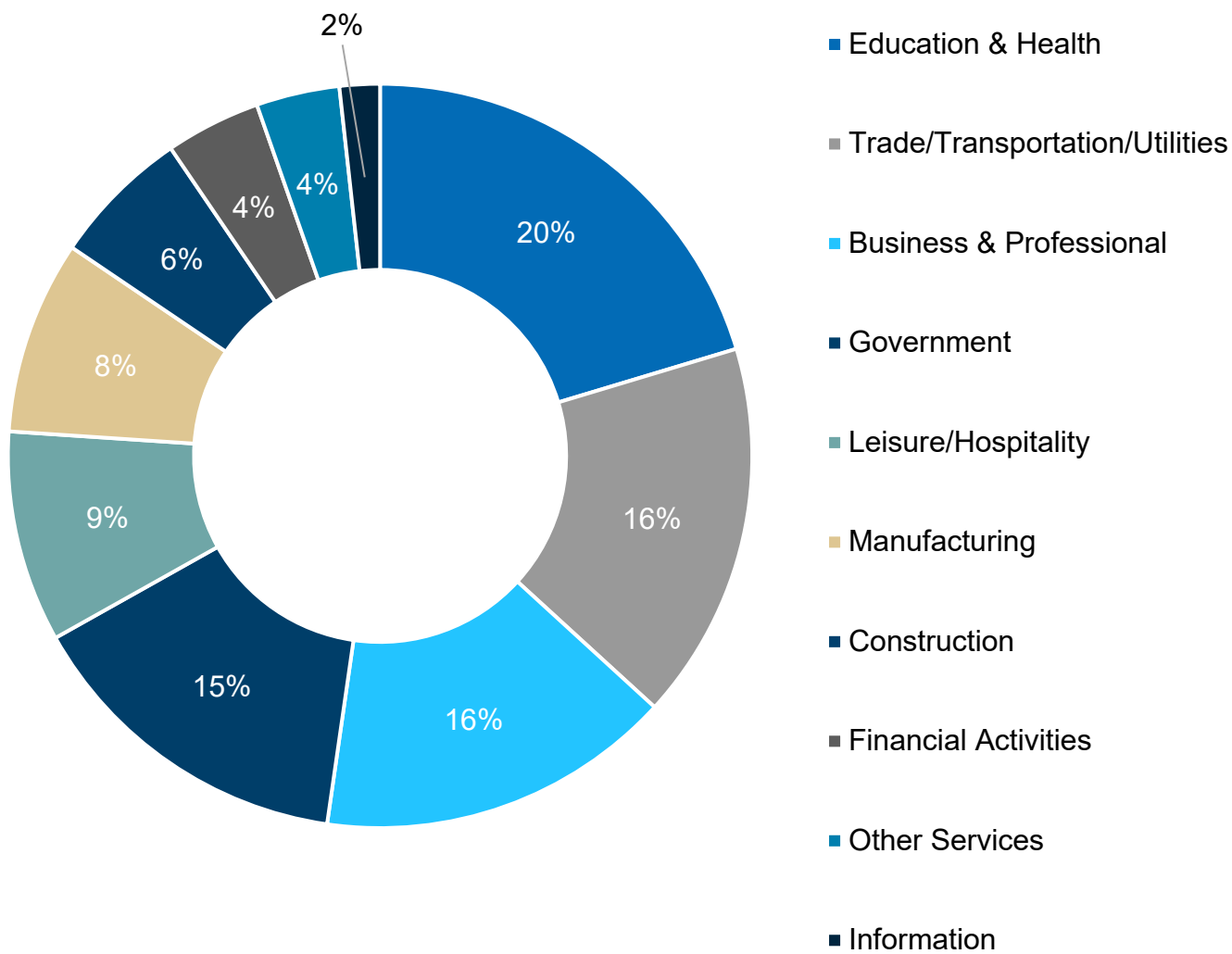


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

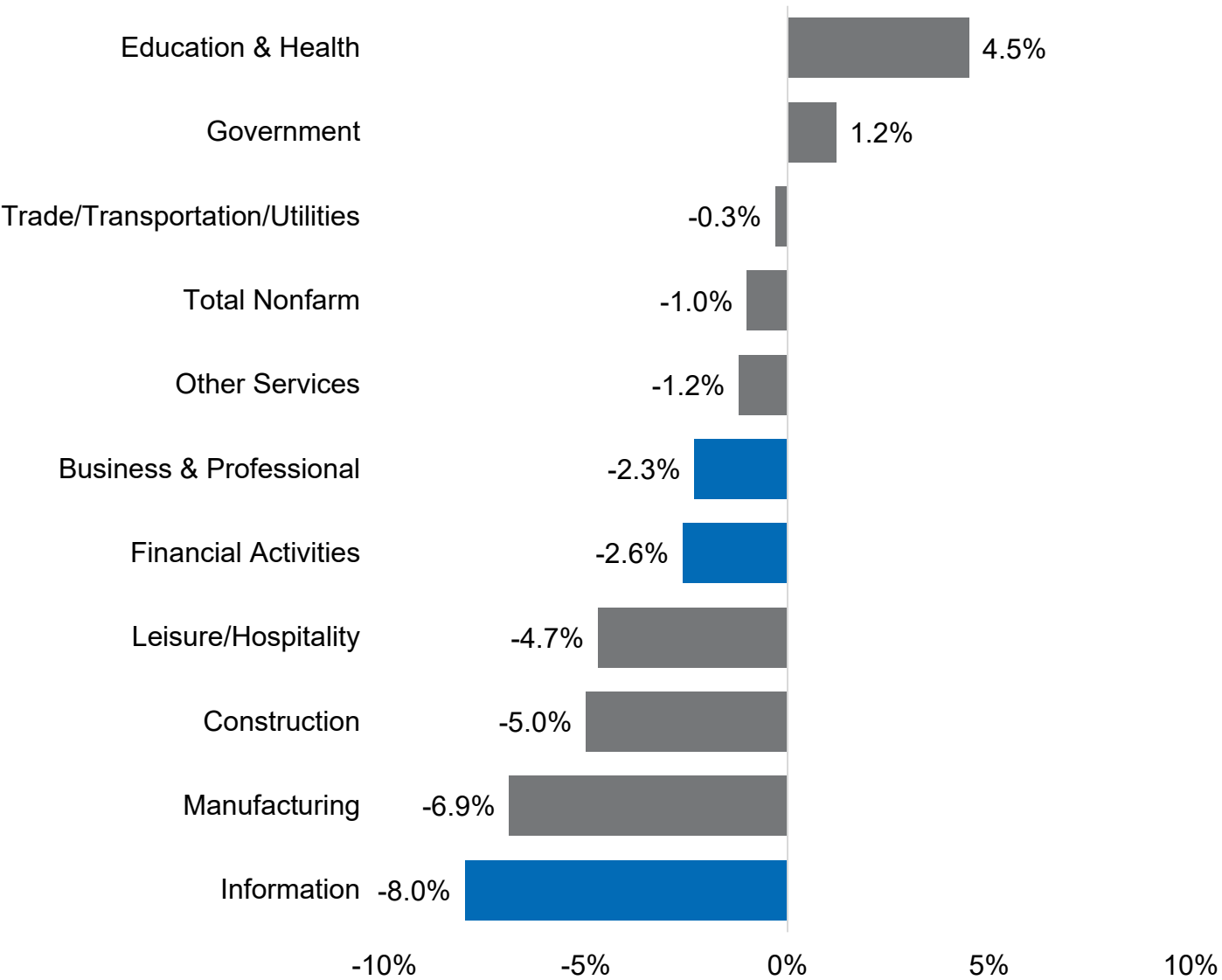
Office-Using Employment Down

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, May 2025



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

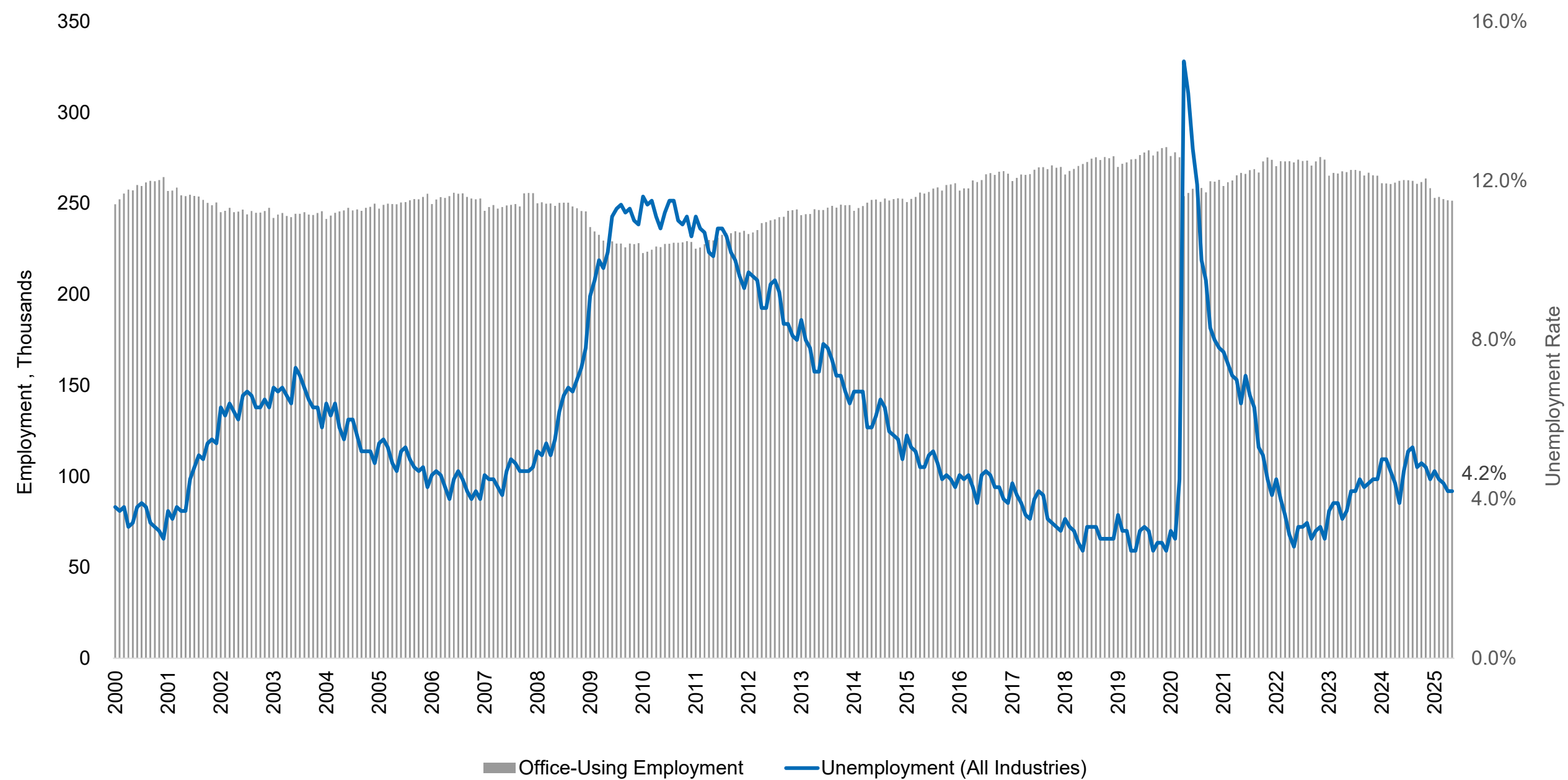


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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 30 thousand 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).
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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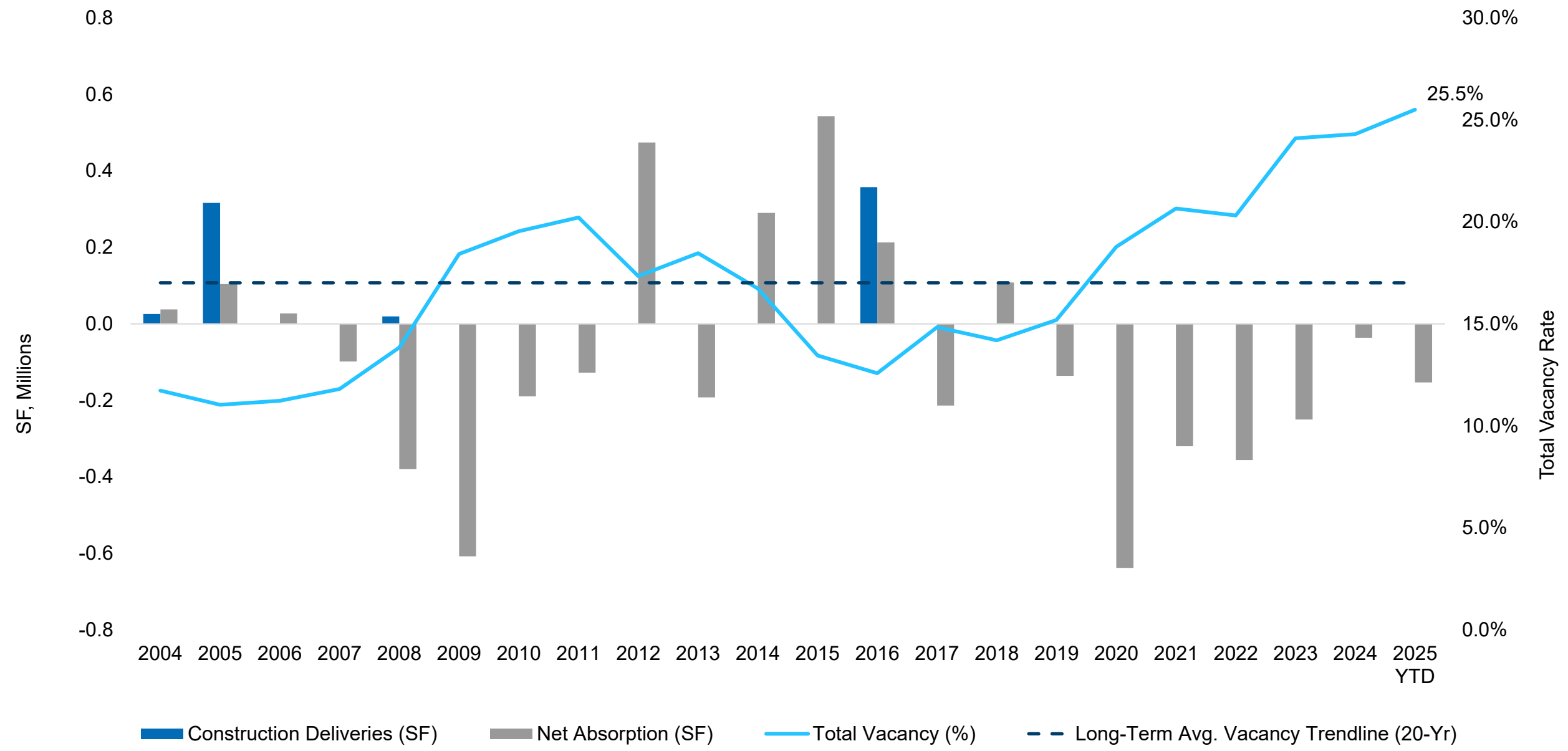
Leasing Market Fundamentals



Vacancy Increased in Second Quarter of 2025

The vacancy rate edged up slightly to 25.5% in the second quarter of 2025. Net absorption for the quarter was negative 53,627 square feet, bringing the year-to-date total to negative 152,805 square feet. There are still no office construction projects currently in the pipeline.

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



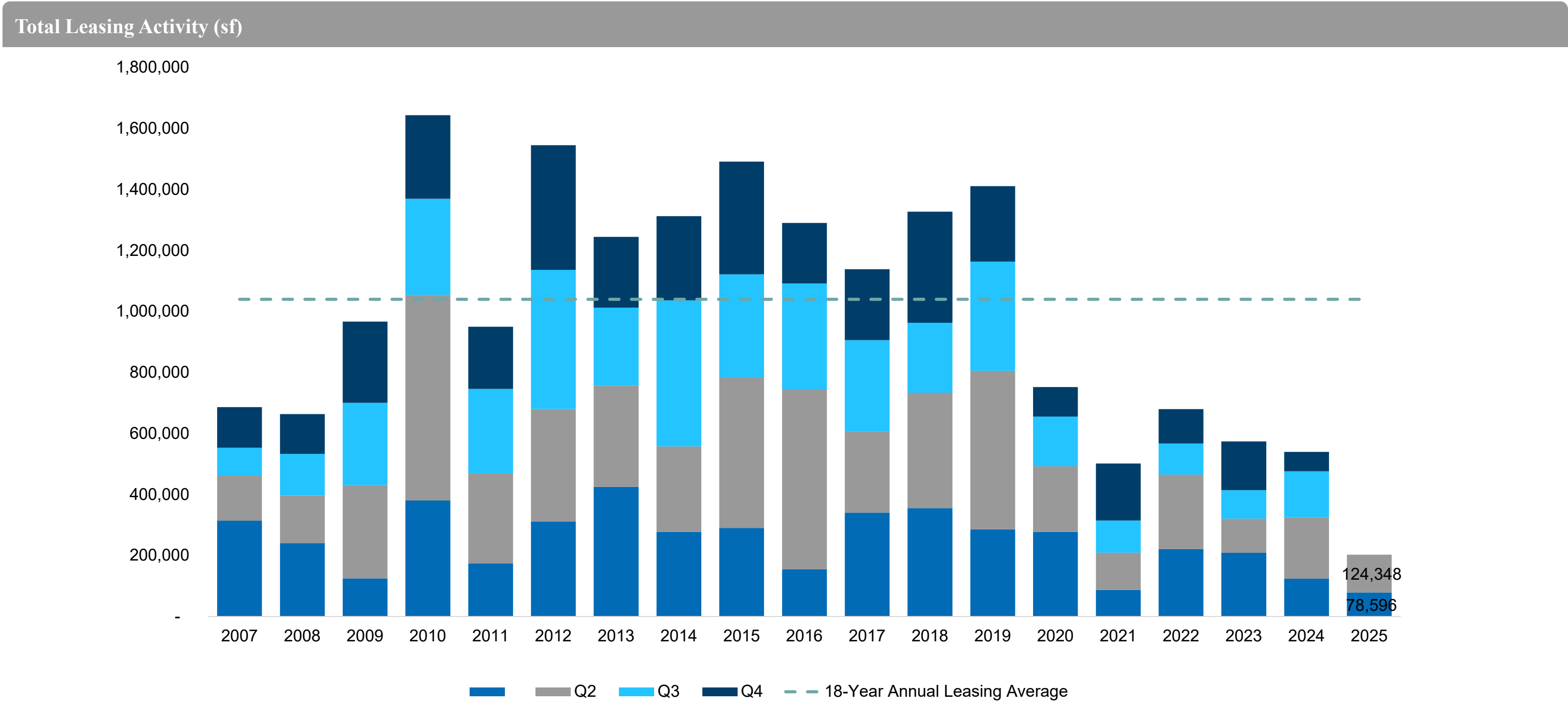
Source: Newmark Research



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Leasing Activity Remained Slow

Leasing activity has continued to struggle to rebound to pre-pandemic levels. Although the second quarter of 2025 showed an increase in leasing compared to the previous quarter, overall leasing in the first half of the year was at its lowest rate since 2021. Leasing levels are anticipated to rise in the second half of the year as a number of companies are looking to expand as they increase their back-to-office days.



Source: Newmark Research, CoStar

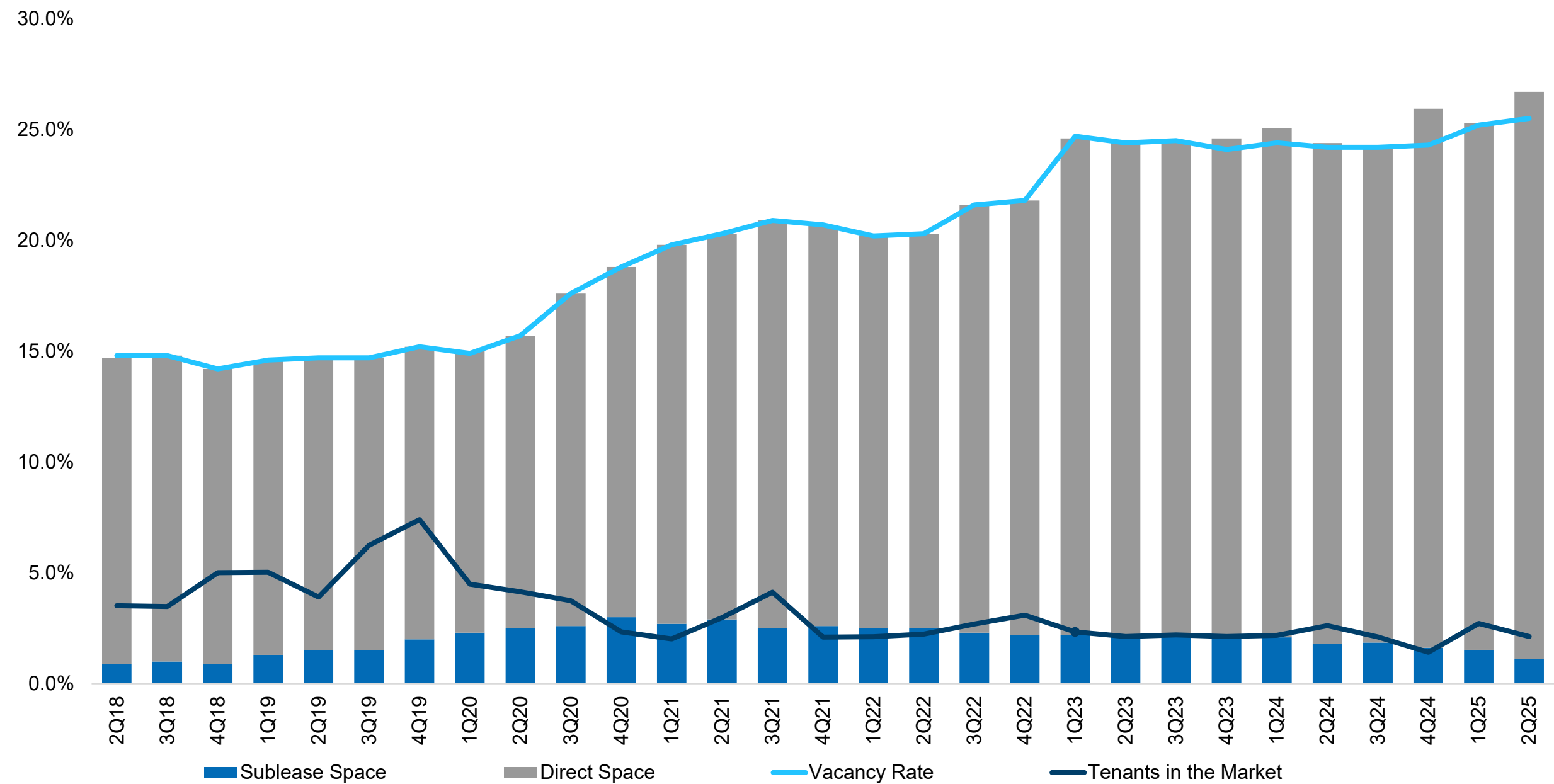


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Tenant Demand Decreased in the Second Quarter

Overall availability increased by almost 140 basis points in the second quarter of 2025, while sublease availability decreased by 40 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

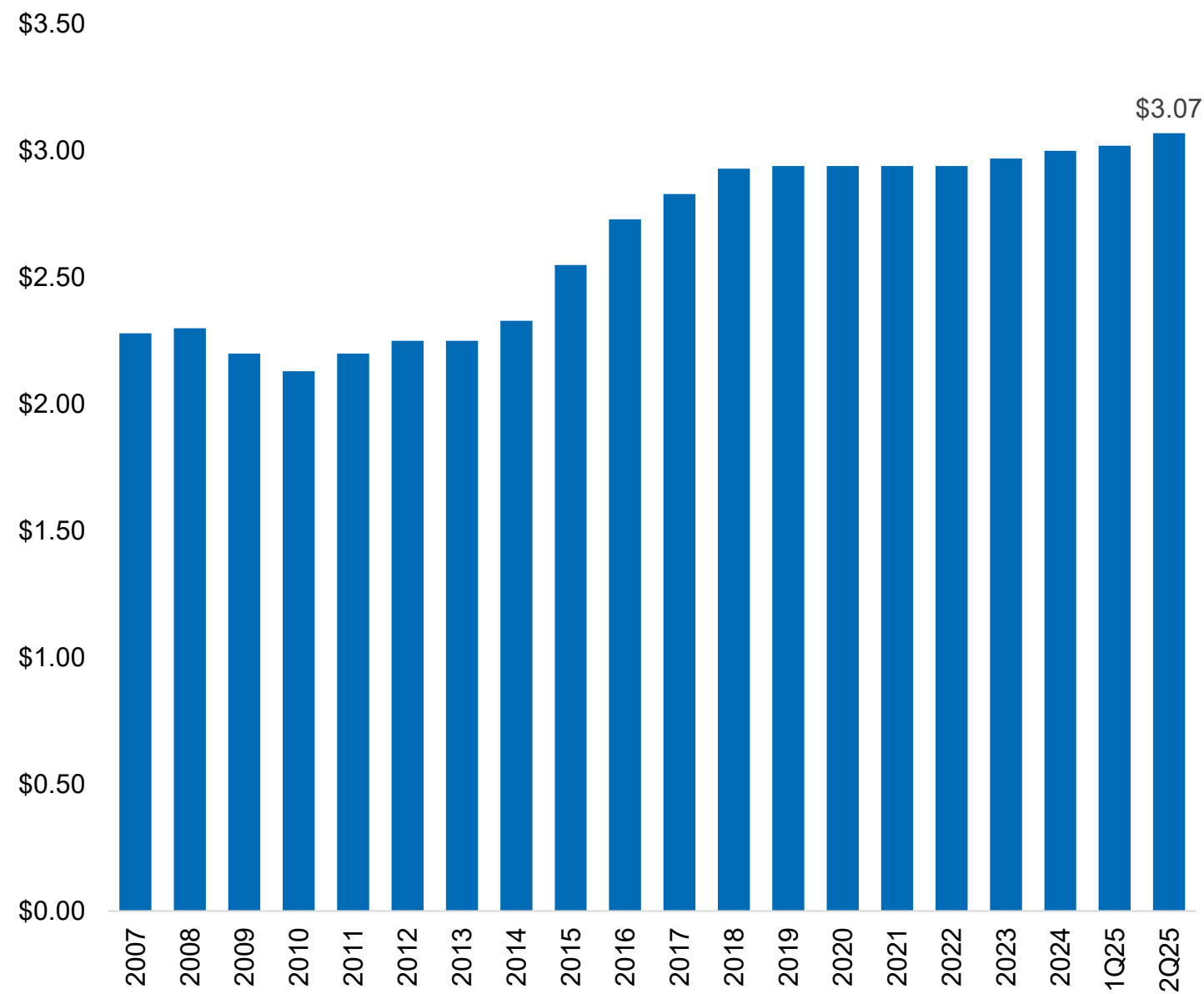


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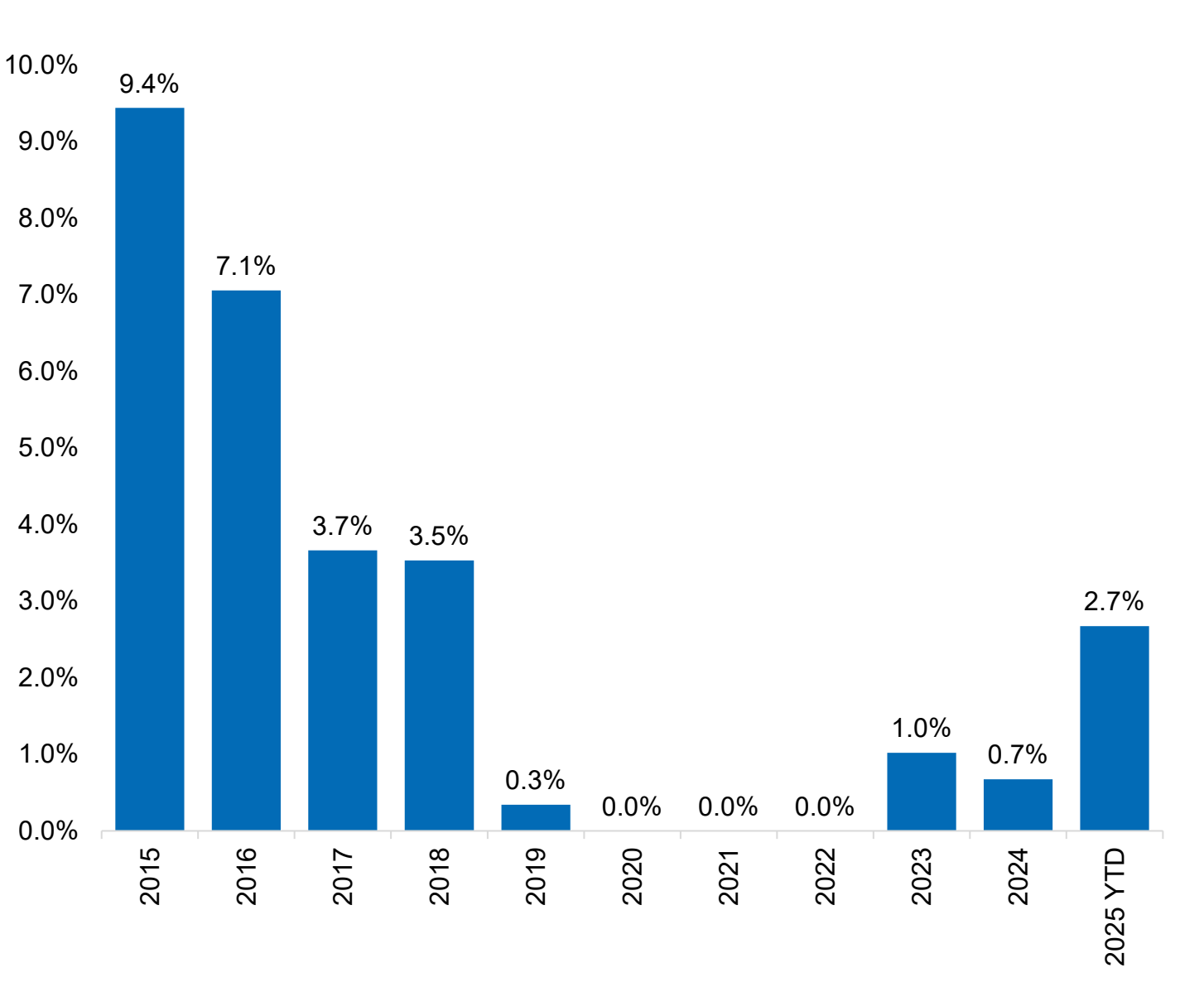
Direct Asking Rents Increased Slightly

While overall rents increased slightly in the second quarter the change can be attributed to a slight reduction of direct availabilities in less expensive buildings combined with a slight increase in direct availabilities in more expensive buildings. Overall office rents remained stable within each submarket in the second quarter.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

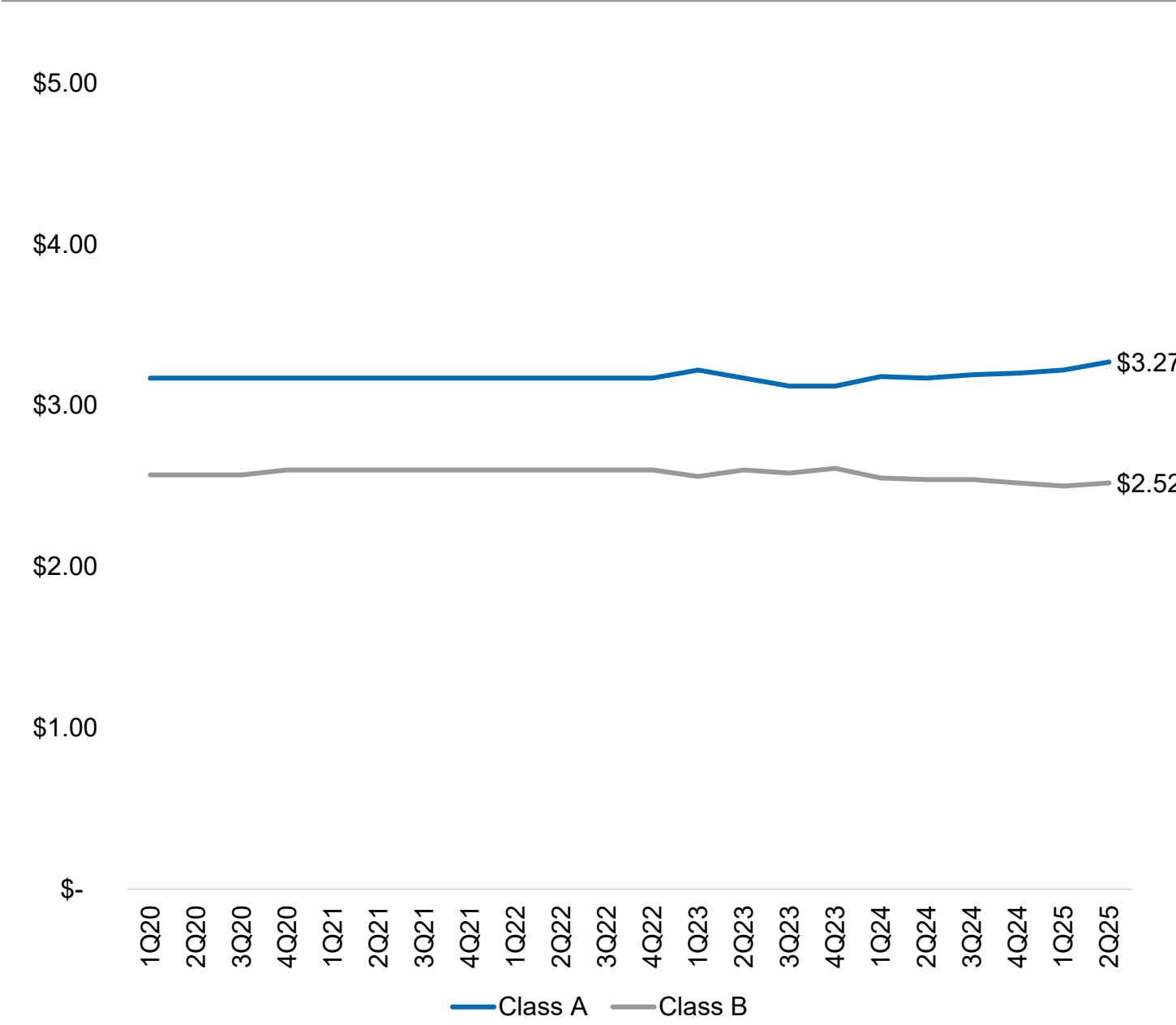


Source: Newmark Research, CoStar

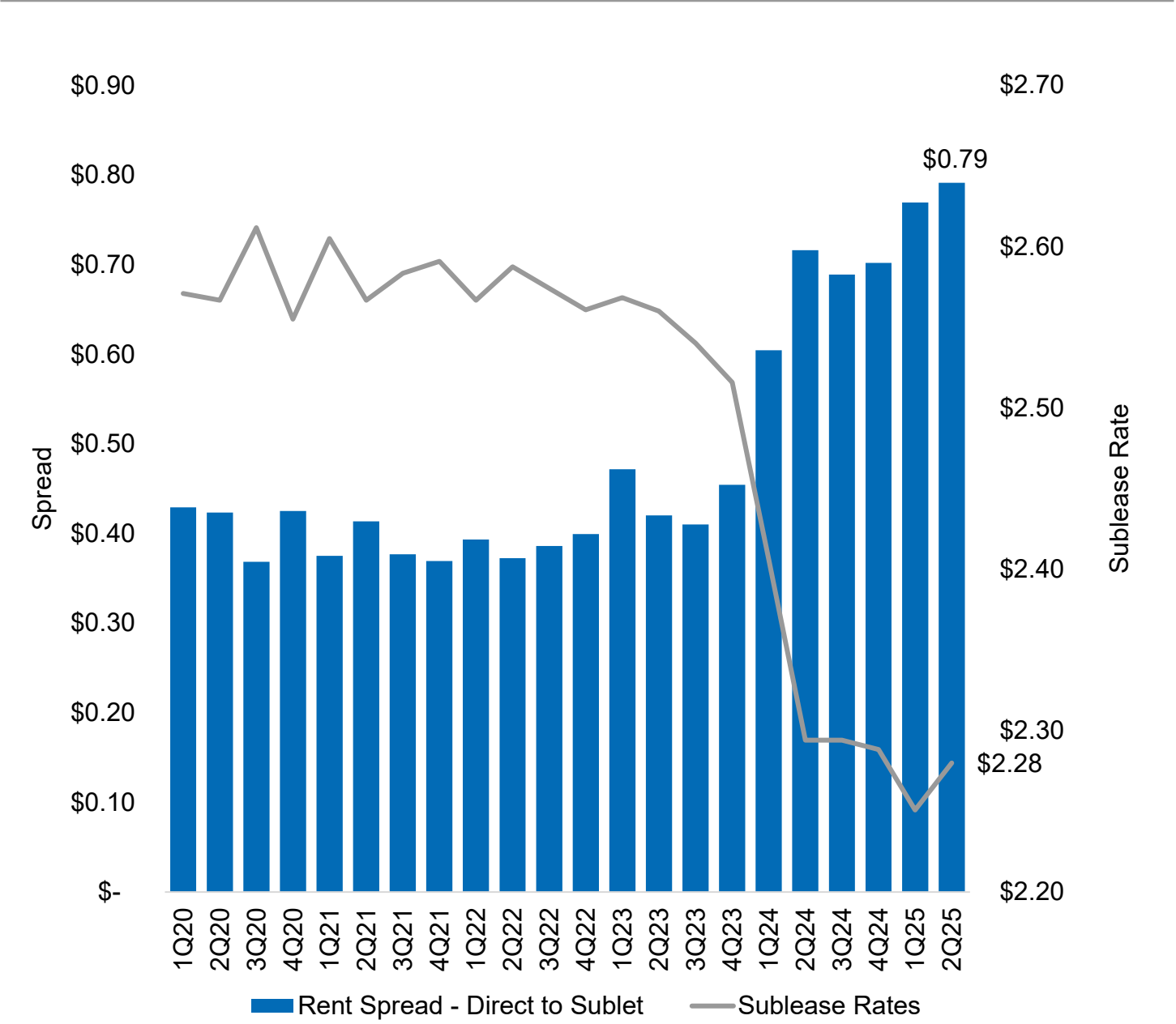
Spread Between Direct and Sublease Rates Increased

In the second quarter of 2025, direct asking rates increased more than sublease rates, widening the rent spread by \$0.02, even though both categories had overall growth.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar



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Appendix



Second Quarter Lease Transactions

During the second quarter of 2025, the majority of large leasing transactions in the East Bay were concentrated around the Walnut Creek and Pleasant Hill BART submarkets.

Notable 2Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
McNamara, Ambacher, Wheeler, Hirsig & Gray	3480 Buskirk Avenue	Pleasant Hill	Lease Extension	18,071
Fehr & Peers	100 Pringle Avenue	Walnut Creek – Walnut Creek BART	Lease Renewal	17,944
Littler Mendelson	1255 Treat Blvd	Walnut Creek – Pleasant Hill BART	Downsizing	11,565
UCSF	1777 Botelho Drive	Walnut Creek – Downtown	Lease Extension	11,090
Aletha	1350 Treat Blvd	Walnut Creek – Pleasant Hill BART	Direct Lease	10,616
P.K. Kinder Co	2121 N California Blvd	Walnut Creek – Walnut Creek BART	Lease Expansion	9,142

Source: Newmark Research



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