

Tri Valley Office and R&D 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

- Vagaro downsized to 70,514 square feet at 4430 Rosewood Drive in Pleasanton.
- Face Reality Skincare leased 38,000 square feet at 6111 Bollinger Canyon Road in San Ramon at Bishop Ranch.
- Green Elite Investments purchased 4637 Chabot Drive in Pleasanton, a 74,508-square-foot Class A property, for \$14.1 million or \$189/SF.
- Ventas Inc. purchased 4480 Willow Road in Pleasanton, a 64,222-square-foot R&D property, for \$28.0 million or \$436/SF.

Leasing Market Fundamentals

- The Tri Valley office market experienced negative absorption of 289,136 square feet in the second quarter of 2025, mainly due to Chevron’s new sublease totaling 389,681 RSF at 5001 Executive Parkway, San Ramon. Excluding this sublease, the Tri-Valley experienced positive absorption of 100,545 RSF during the quarter.
- Although there was negative absorption, there has been an increase in tenant demand as a percentage of inventory of 20 basis points compared to the first quarter of 2025.
- Tenants continued to be drawn to Class A space in buildings with energy, vibrancy, superior tenant amenities and ownership stability.
- Tri-Valley market tenant touring activity is more active with larger, national companies than regional and local based companies.

Outlook

- The macroeconomic future remains uncertain, prompting both occupiers and investors to approach deals with increased caution.
- Projects with move in ready or market ready spaces continue to see increased touring and higher lease up success.
- It is likely that more vacant office buildings will be converted to alternate uses, such as the KB Homes announcement to acquire Bishop Ranch 9.

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

2Q25

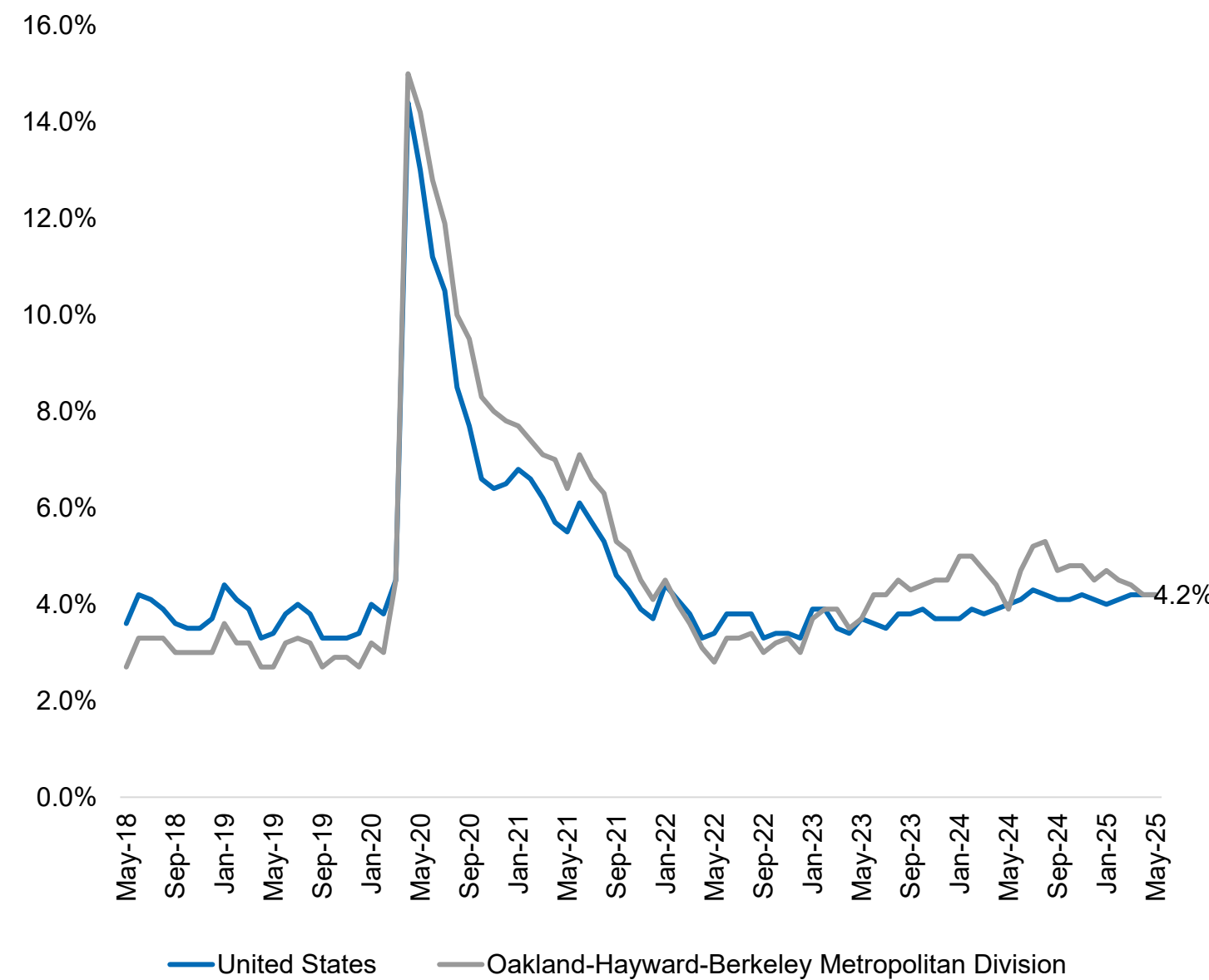
Economy



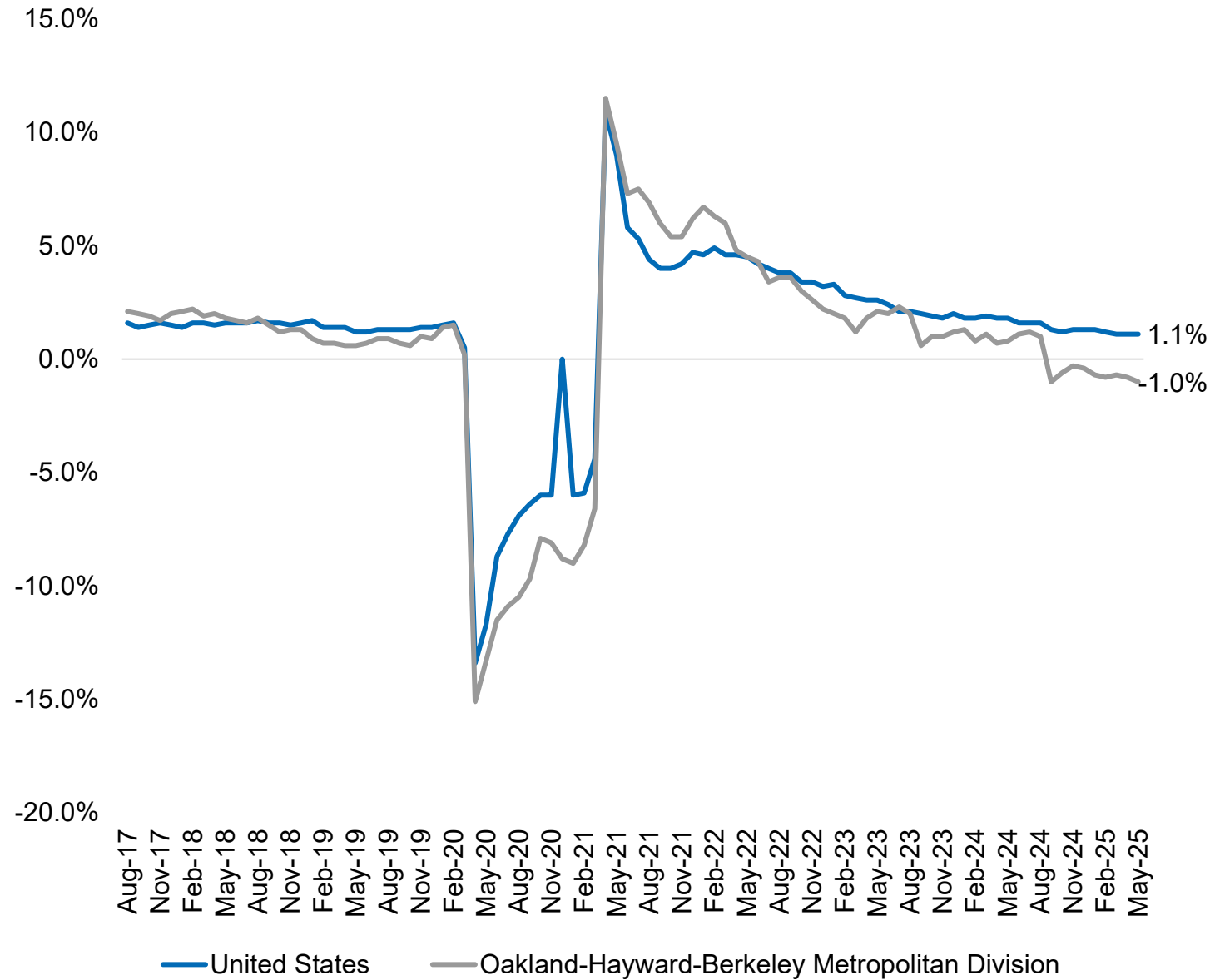
Metro Employment Trends Signaled a Slight Comeback

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

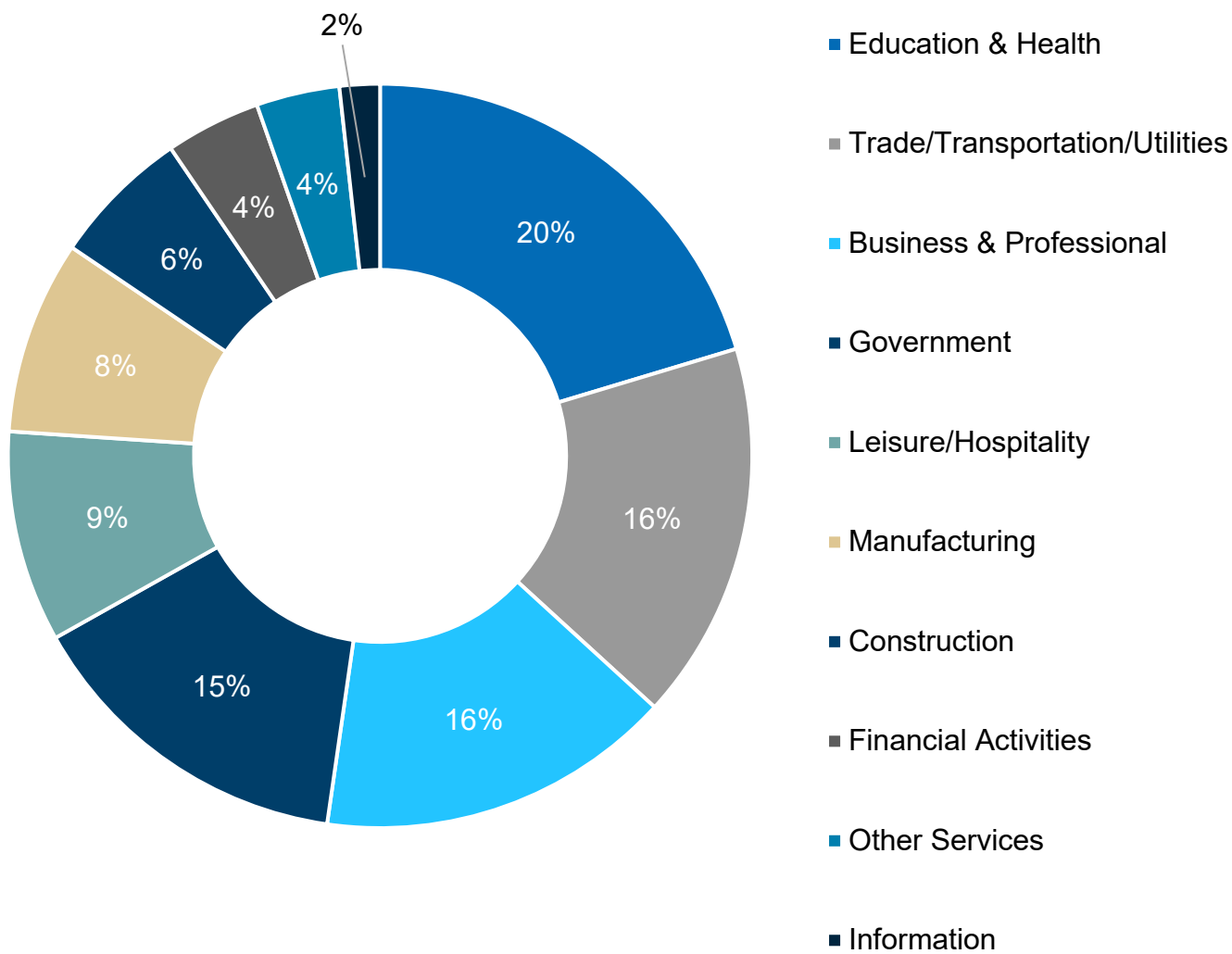


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

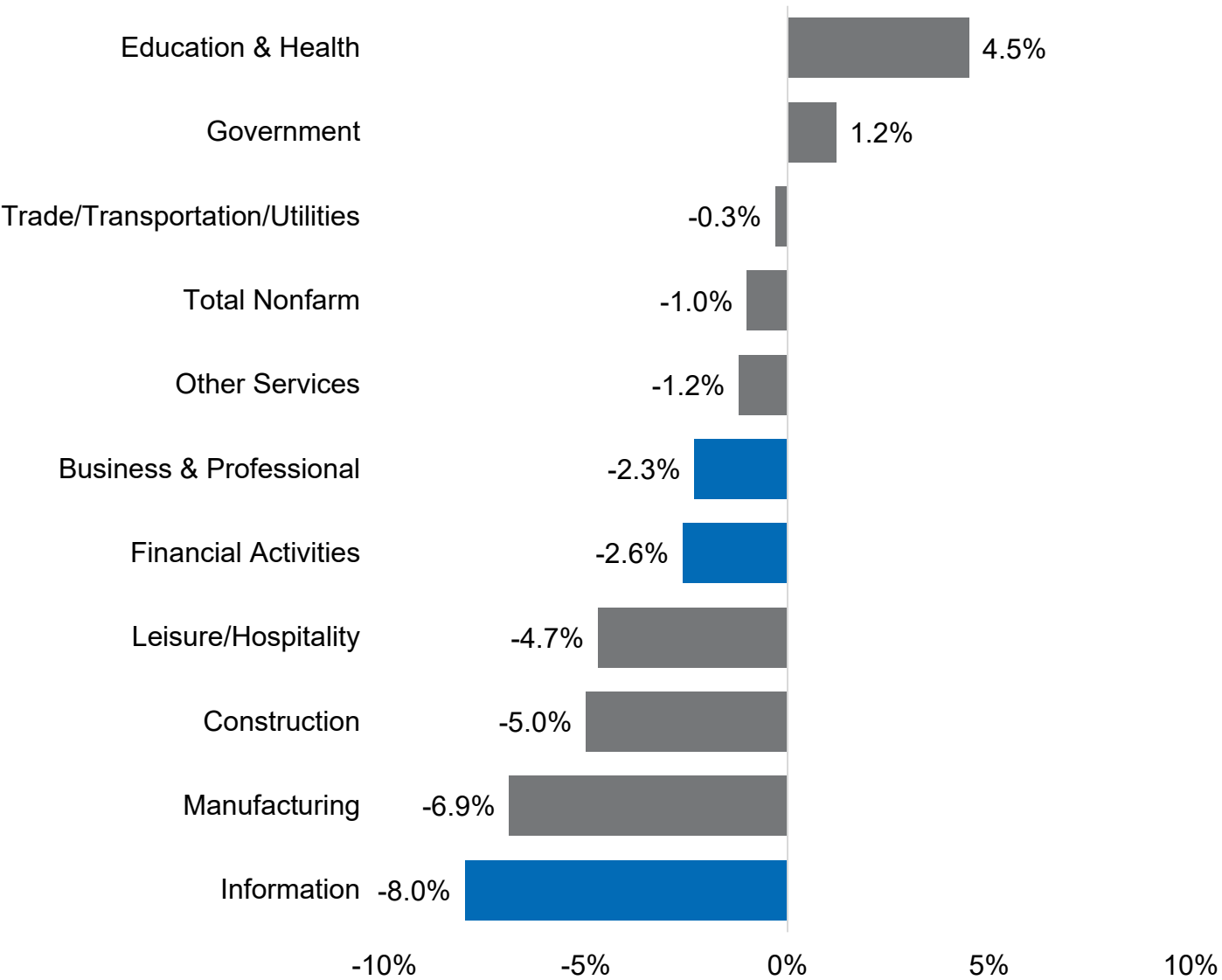
Office-Using Employment Down

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

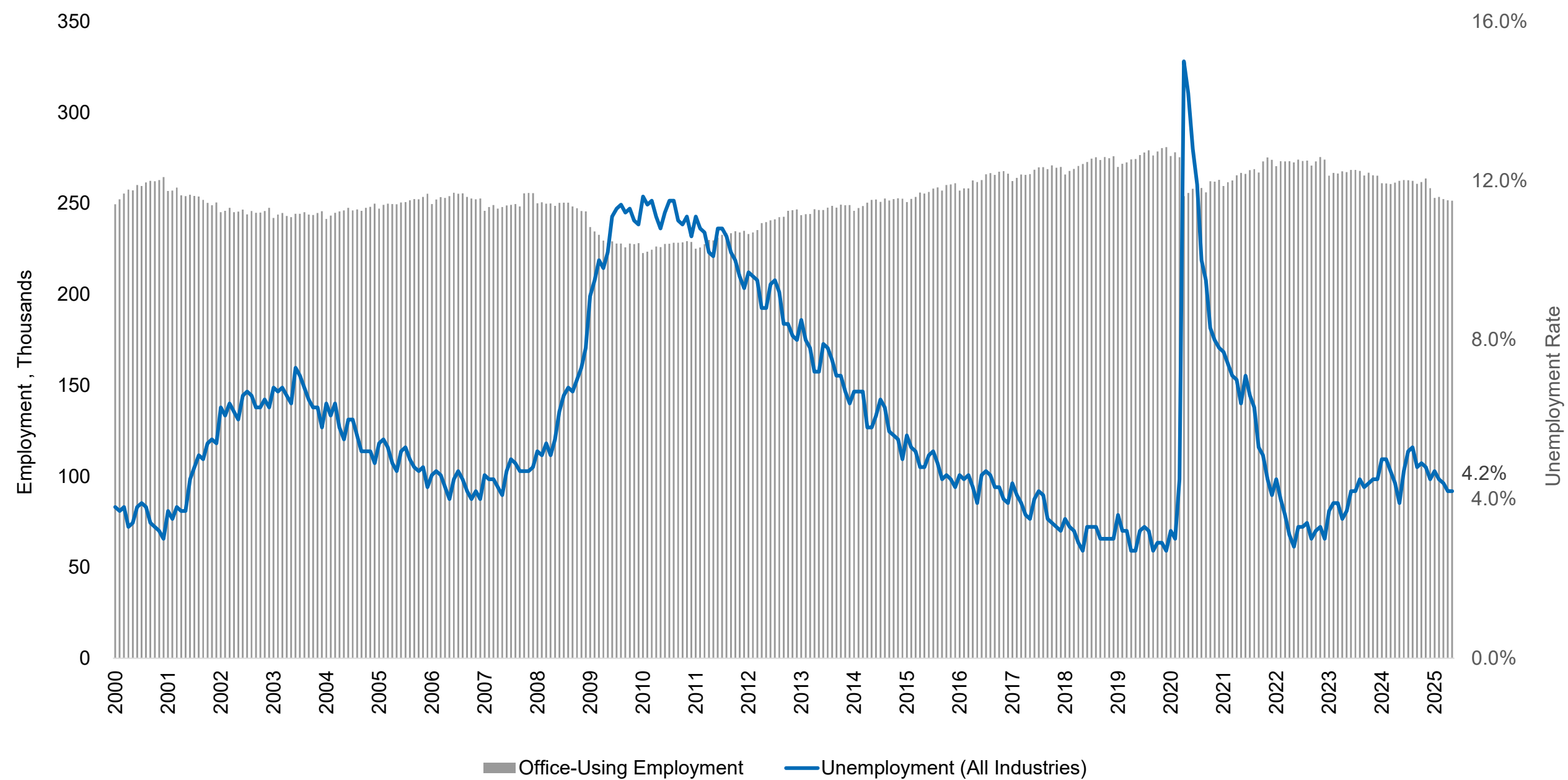


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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). Note: August 2023 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

2Q25

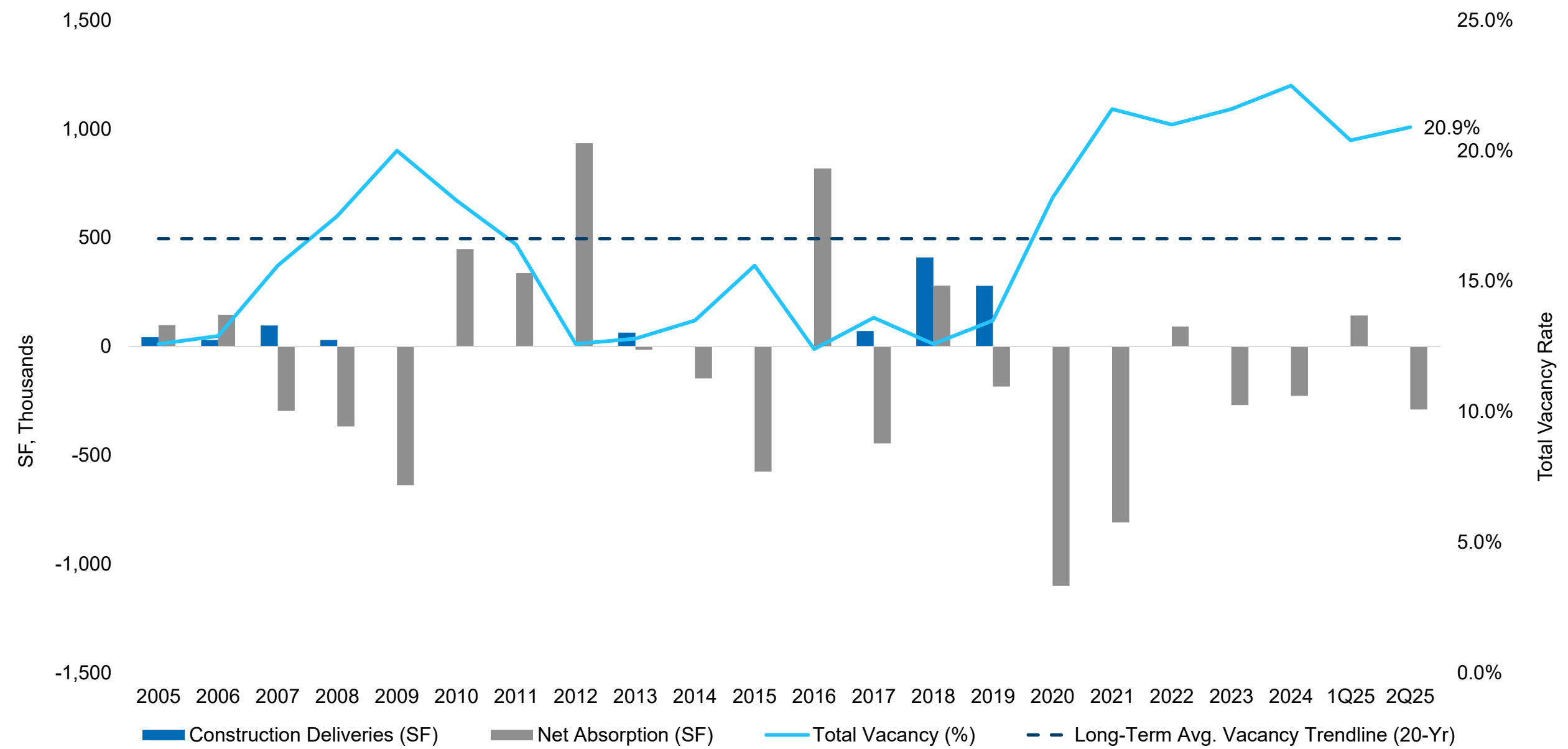
Leasing Market Fundamentals



Tri Valley Office Vacancy Decreased

The overall vacancy rate increased in the second quarter by 50 basis points, as the market logged 289,136 square feet of negative absorption with an overall vacancy rate of 20.9%.

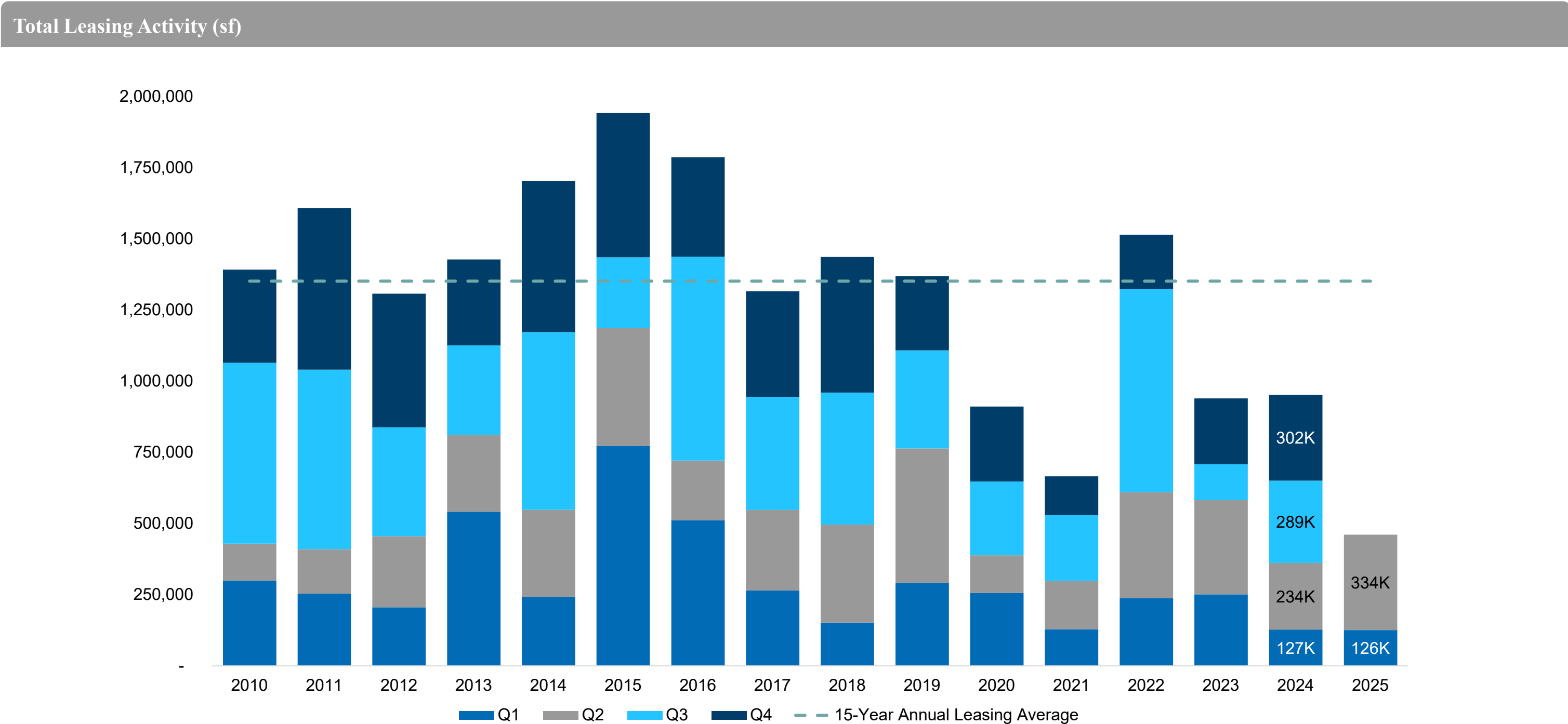
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Tri Valley Office Leasing Activity 2Q25

Office leasing activity in the two quarters of 2025 has outpaced the first half of 2024 due to an increase in leasing in the second quarter. Tri Valley is still on track to have less leasing volume than the 15-year average.



Source: Newmark Research, CoStar

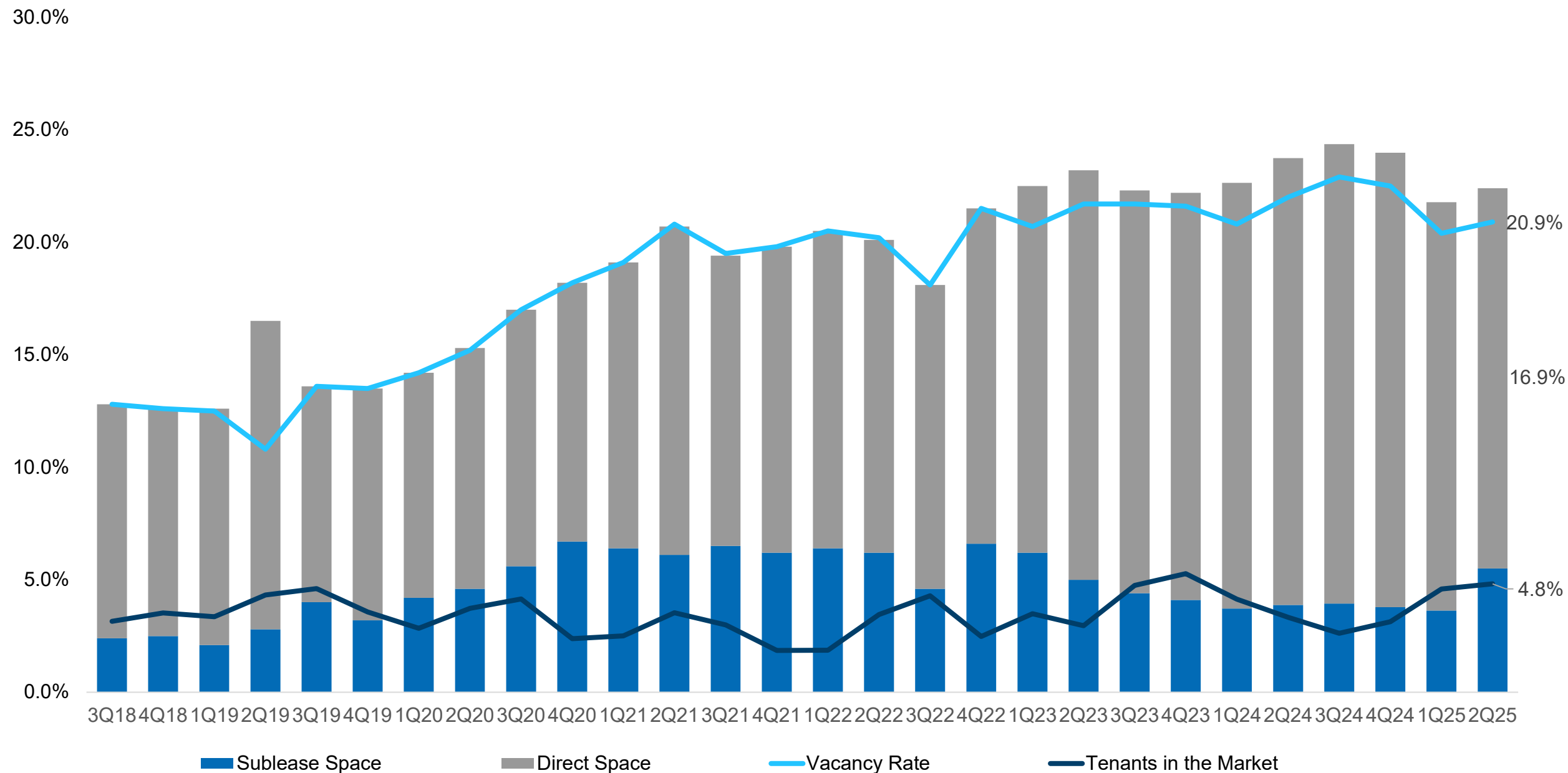


Please reach out to your
Newmark business contact for this information

Availability Experienced a Decrease While Tenant Demand Increased

Vacancy and available space both increased in the second quarter of 2025, however the total square footage requirement for tenants in demand increased by 20 basis points to 4.8% of the Tri Valley office inventory. There are approximately 18 tenants in the market currently looking for 10,000 square feet or more.

Available Space and Tenant Demand as Percent of Overall Market



Source: Newmark Research, CoStar

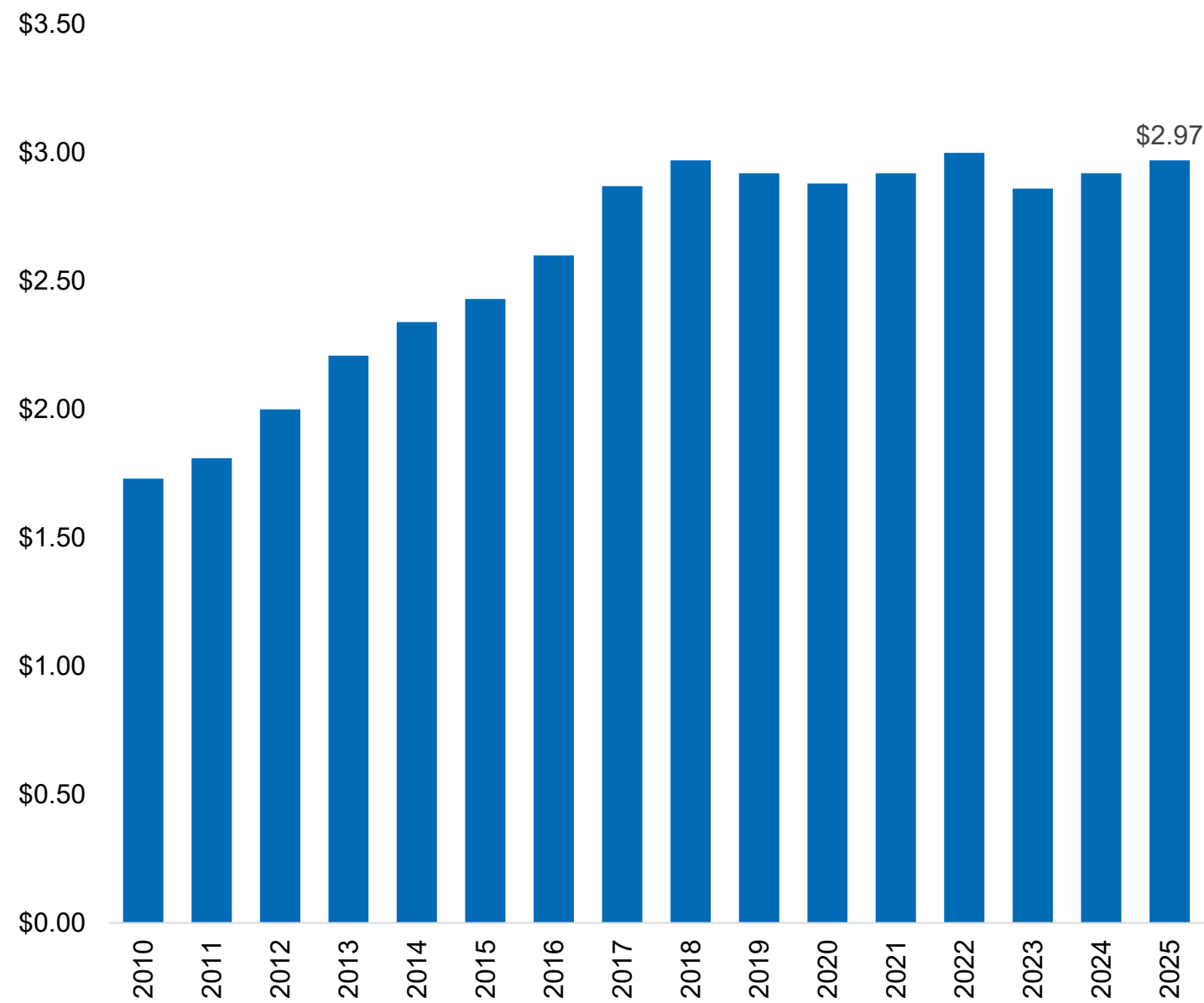


Please reach out to your
Newmark business contact for this information

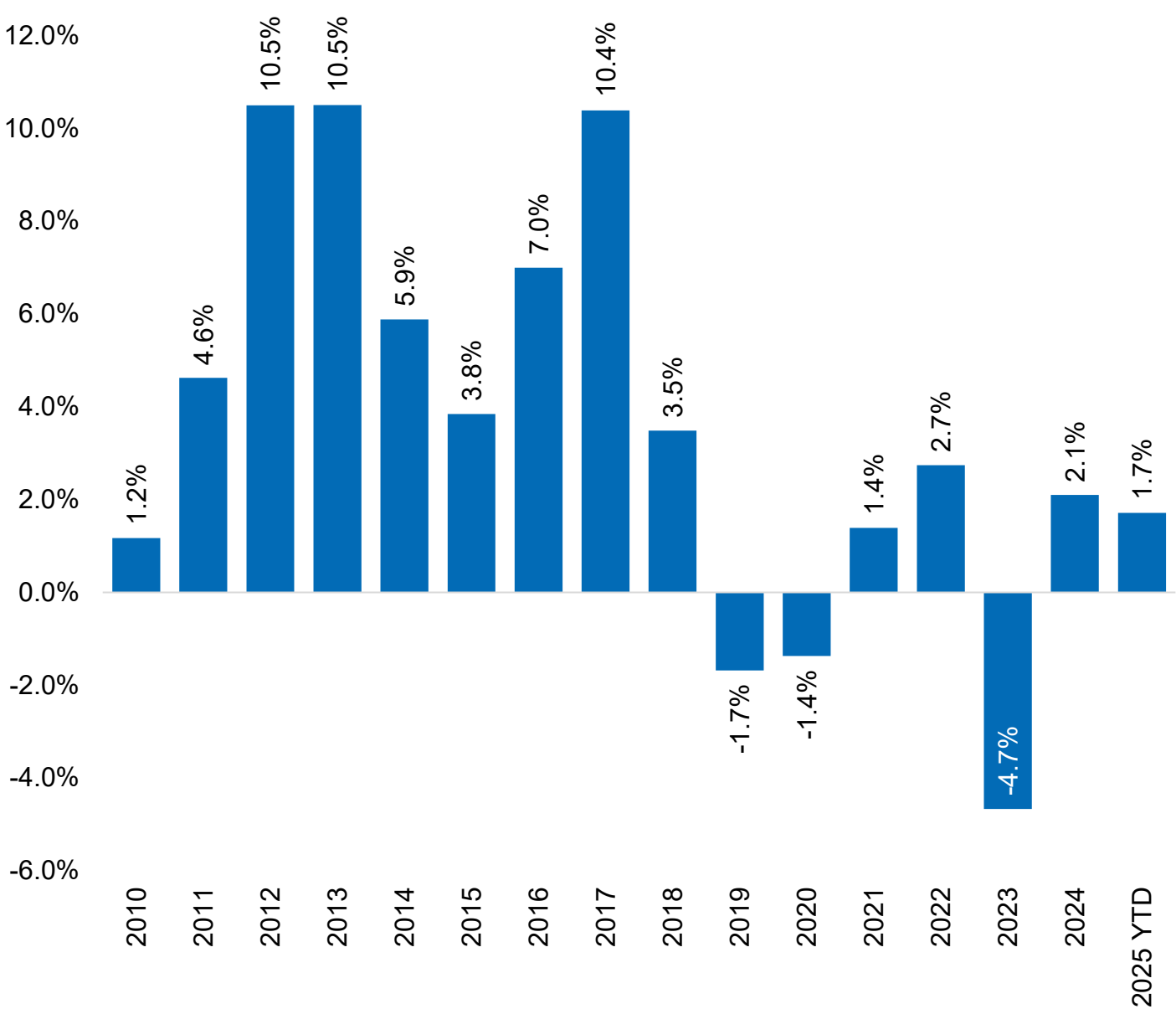
Office Asking Rents Stayed Consistent

Overall asking rates have remained steady over the course of the second quarter of 2025, with just a slight 1.7% increase year over year.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

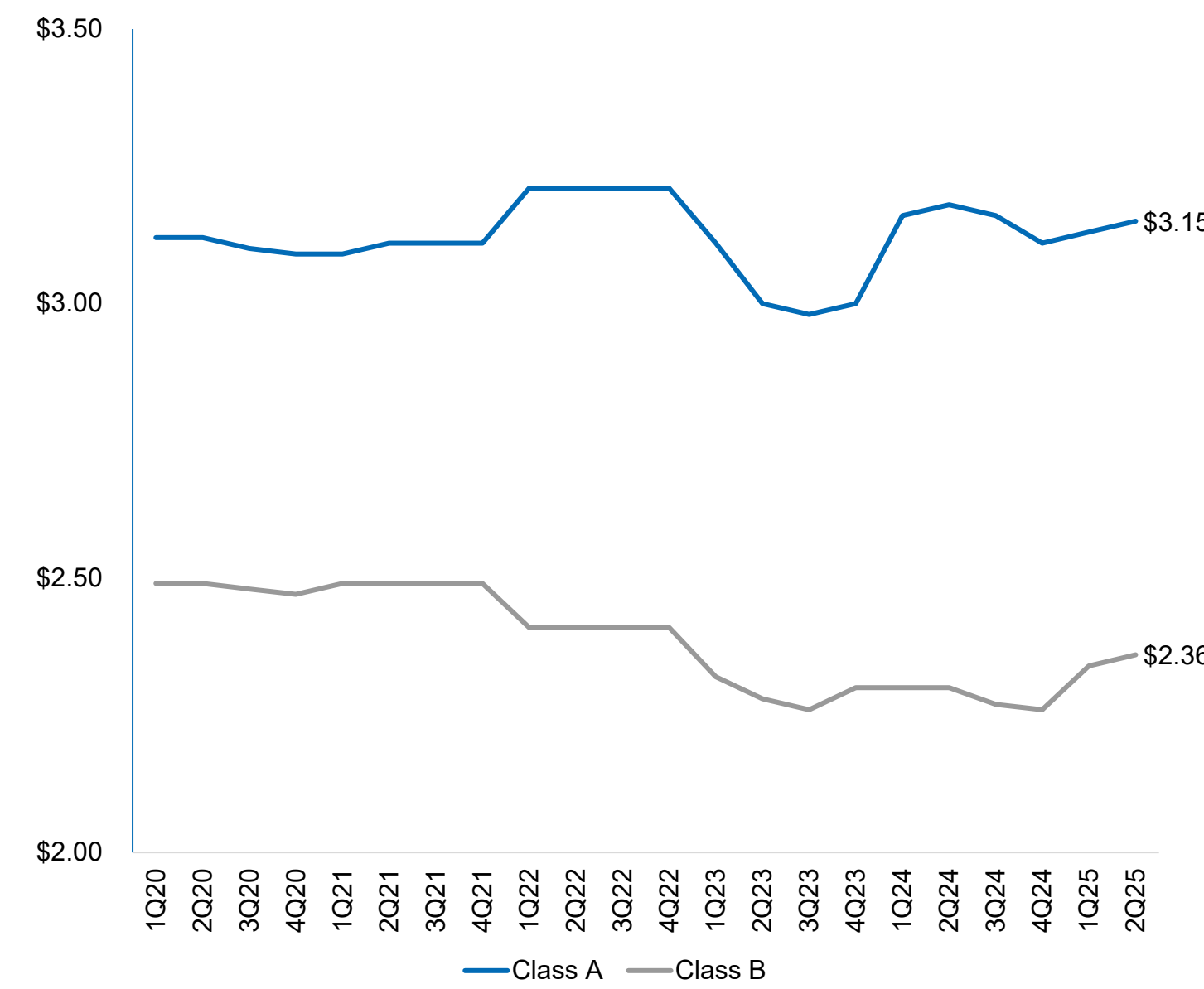


Source: Newmark Research, CoStar

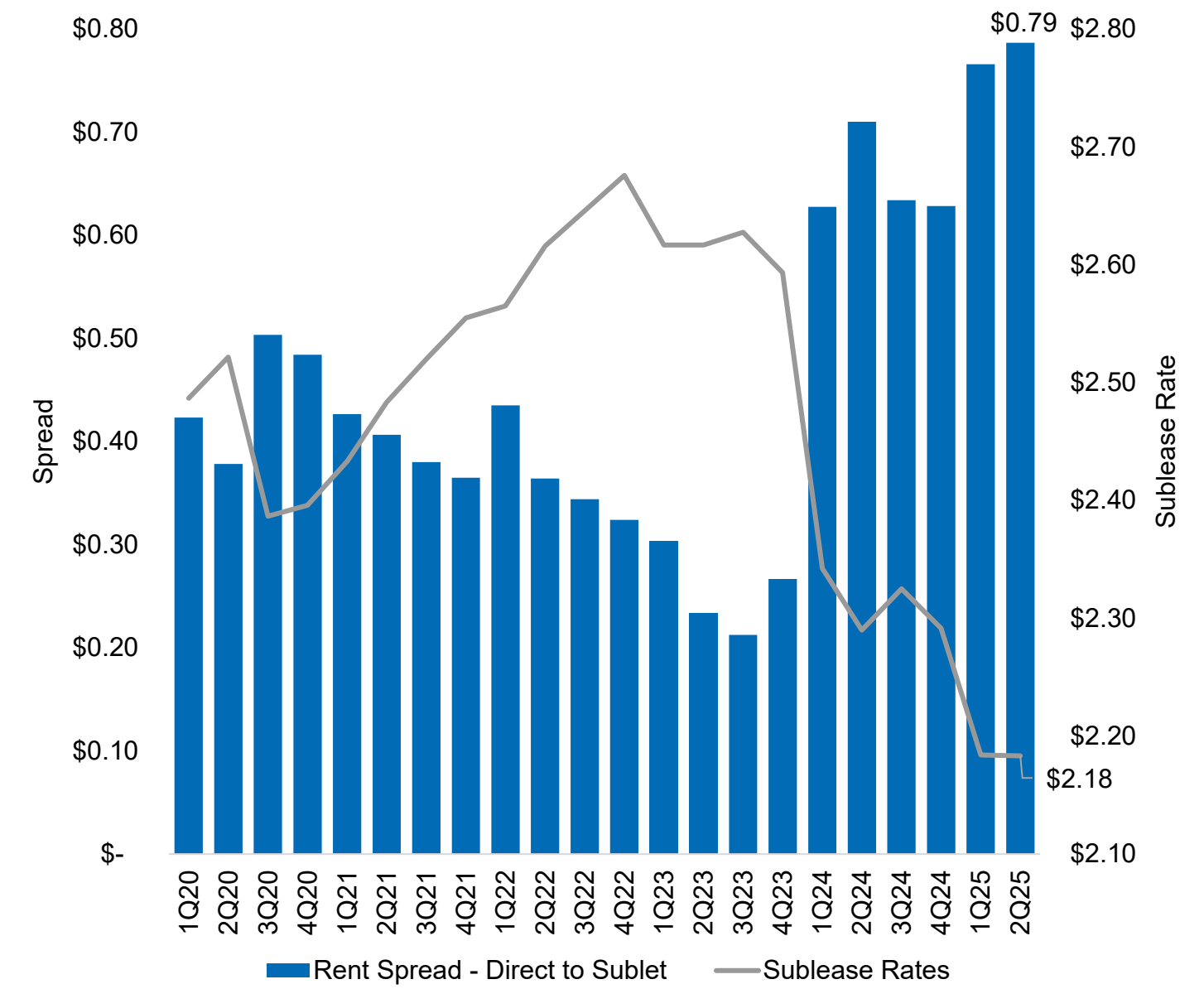
Office Sublease Rates Increased

Direct rents experienced a slight increase in second quarter, while sublease rents remained the same, therefore the rent spread between sublease and direct increased slightly in the second quarter.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar



Please reach out to your
Newmark business contact for this information

Second Quarter Lease Transactions

Pleasanton had the largest transactions of the second quarter for the Tri-Valley office market.

Notable 2Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Vagaro	4430 Rosewood Drive	Pleasanton – Hacienda Business Park	Downsize	70,514
Face Reality Skincare	6111 Bollinger Canyon Road	San Ramon – Bishop Ranch	Direct	38,000

Source: Newmark Research

Appendix





Please reach out to your
Newmark business contact for this information

For more information:

Jack Baughman

Research Analyst

East Bay Research

Jack.Baughman@nmrk.com

Reed Watson

Research Analyst

East Bay Research

Reed.Watson@nmrk.com

N I-680 Office

1333 N California Blvd, Ste 343

Walnut Creek, CA 94596

t 925-974-0100

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

NEWMARK

NEWMARK