3Q25

North I-680 Office Market Overview

Market Observations

Economy

- The East Bay's unemployment increased by 90 basis points in the third quarter and currently stands at 5.1%. This is now 80 basis points higher than the national average.
- Job growth year-over-year was only increased in education and health, government, and other services sectors. The information, manufacturing, and leisure/hospitality sectors showed the largest decreases in employment.
- The U.S. economy remains in a state of heightened uncertainty, driven by the president's recent tariff actions and evolving interest rate policy. These developments will be closely monitored for their potential impact on the market throughout the remainder of 2025.

Leasing Market Fundamentals

- The vacancy rate remained steady at 25.5% in the third quarter of 2025, the market experienced 104,482 square feet of positive absorption.
- Well-leased buildings with strong tenant engagement are drawing heightened interest as companies shift back to in-person operations. With more employers enforcing return-to-office mandates, there's a growing demand for workplaces that support collaboration, stability, and culture-building. As a result, tenants are increasingly prioritizing properties that offer modern amenities, convenient access, and an environment that helps attract and retain talent.

Major Transactions

- Wells Fargo extended their lease term on 257,830 square feet at 1655 and 1755 Grant Street.
- Fugro extended their lease of 10,962 square feet of space at 1777 Botelho Drive.
- JAMS expanded into 9,422 square feet of space at 1255 treat Blvd.
- Diablo Ballet leased 9,252 square feet of space at 490 N Wiget Lane.
- Symphony Risk Enterprises leased 6,625 square feet of space at 2121 N California Blvd.

Outlook

- Full floor Tenants in the market (20k+) will be the needle mover for Q4 absorption.
- The buildings with leasing momentum are keeping momentum, with vacant buildings continuing to suffer.
- Tenants are committing to longer term deals to make sure that their office are impressive enough to recruit and retain talent.

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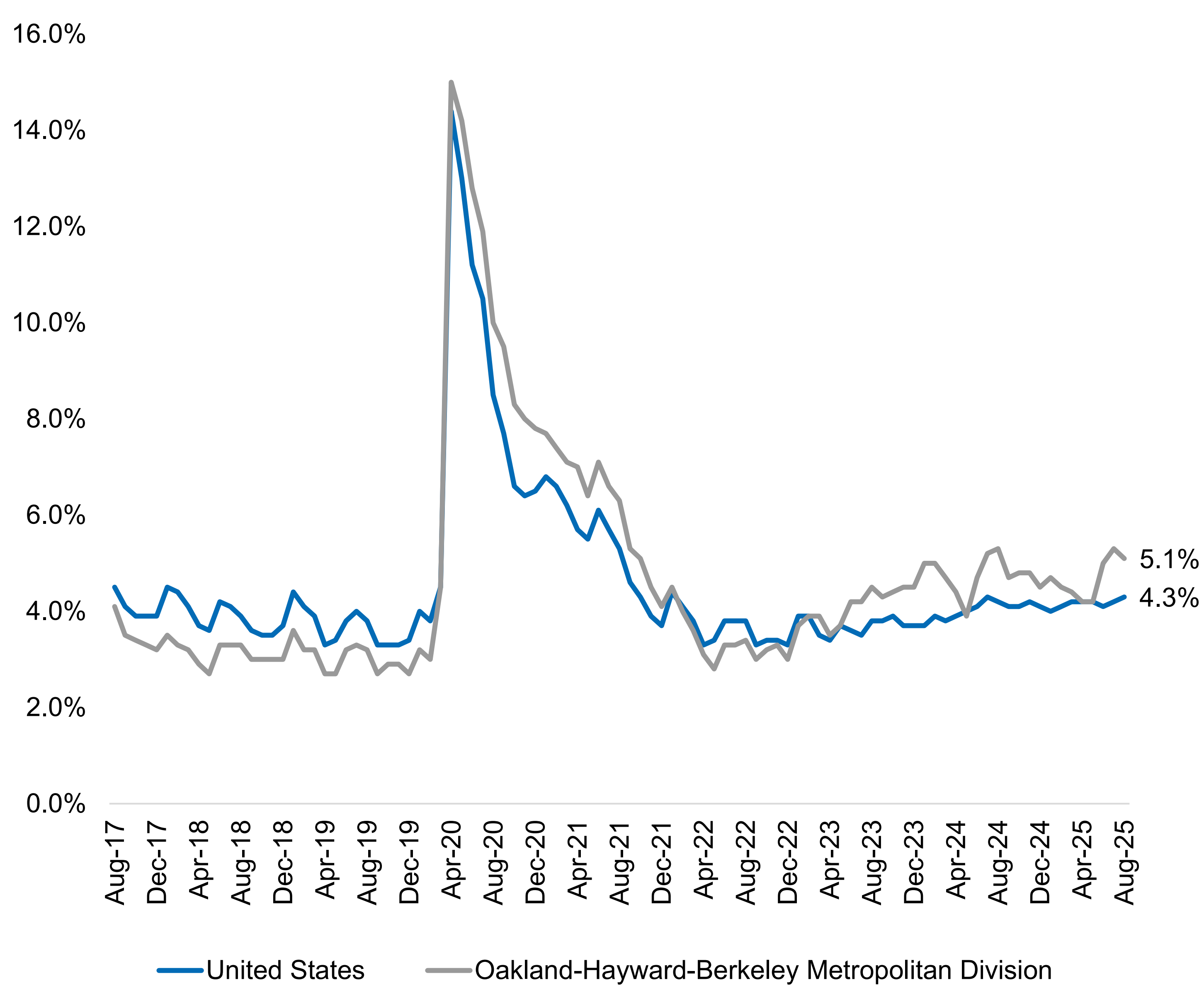
Economy

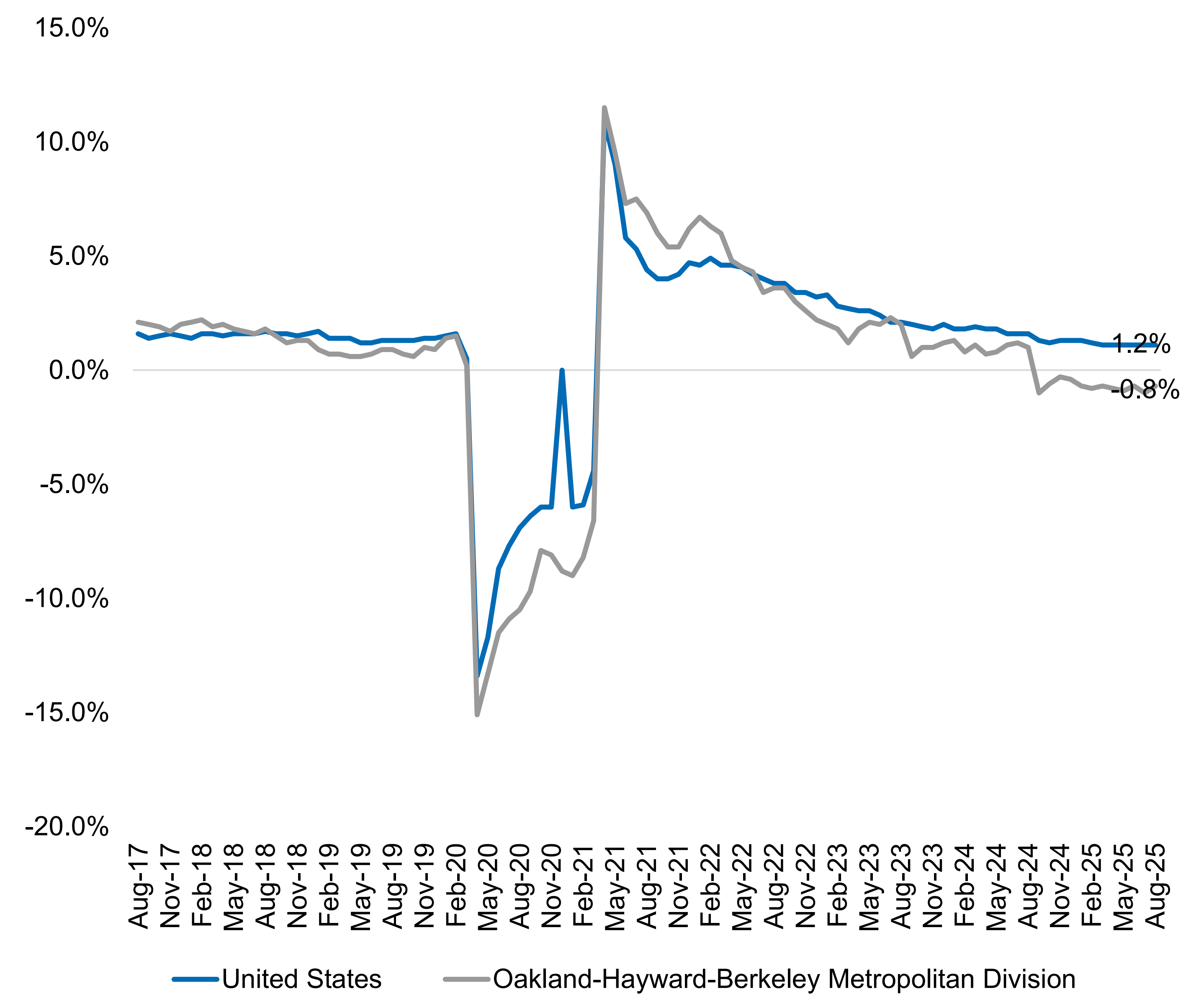
Metro Employment Trends Signal a Slight Comeback

The current unemployment rate for the East Bay increased by 90 basis points from May to August, and at 5.1% was 80 basis points higher than 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

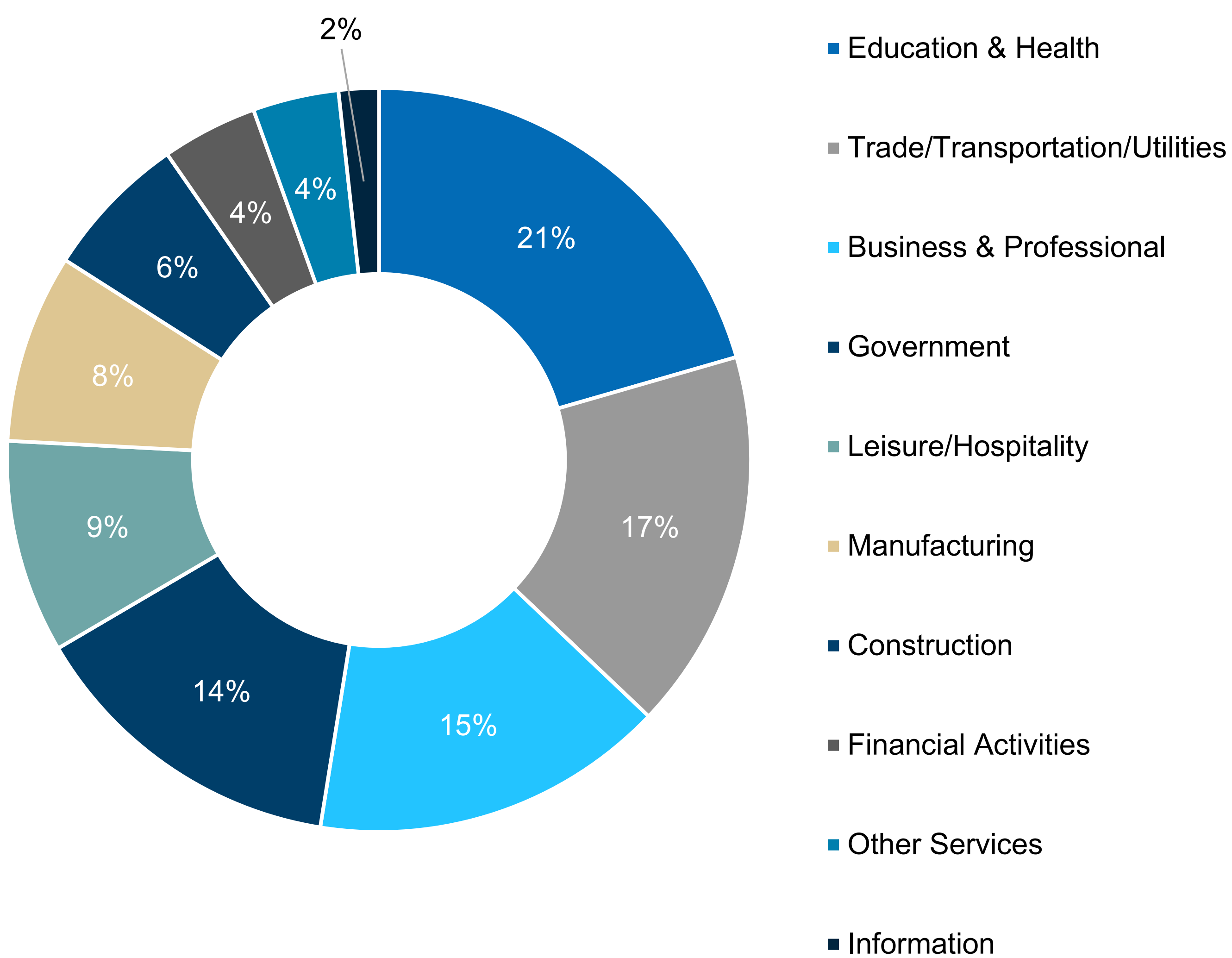


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

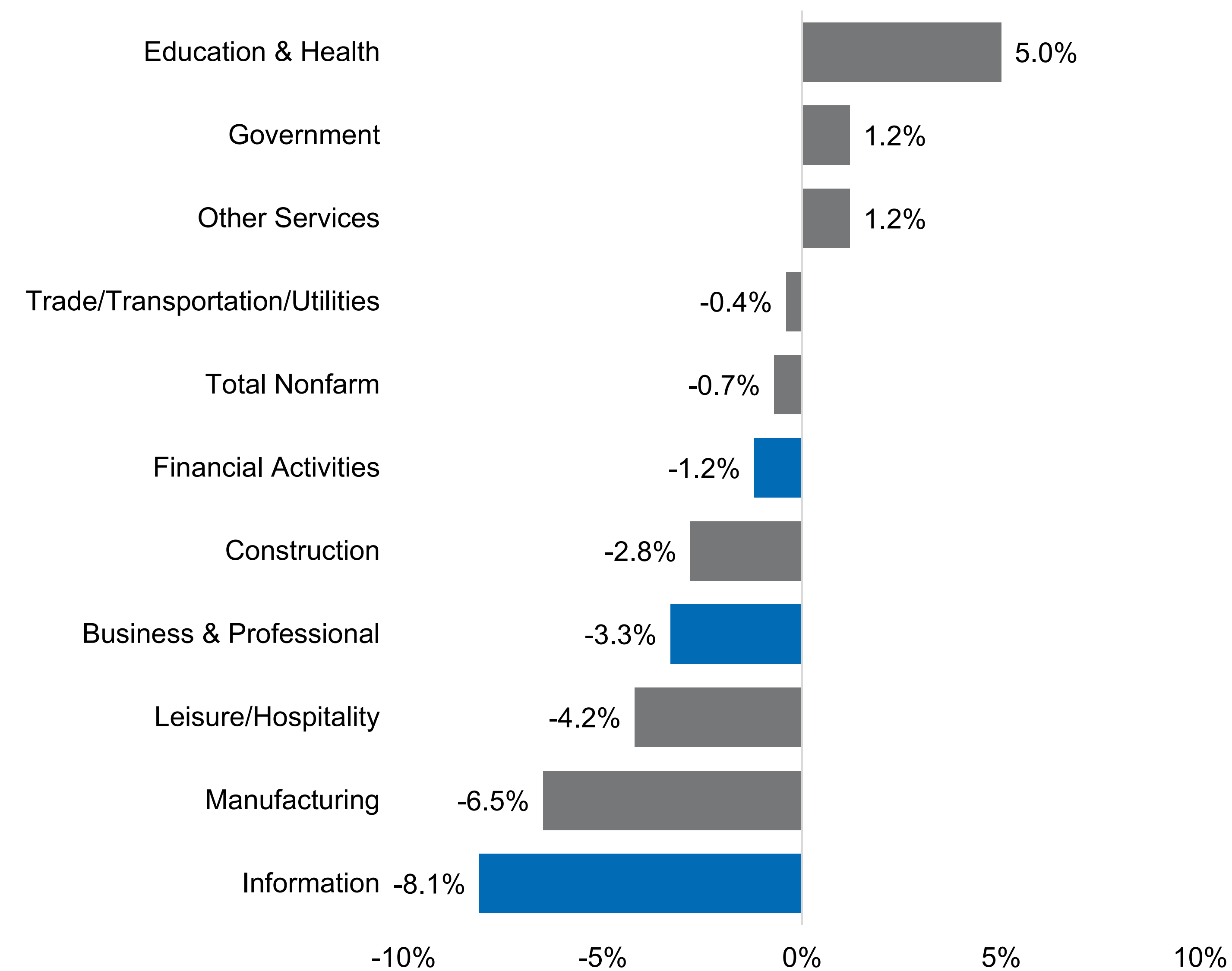
Office-Using Employment Down

Office using sectors continued to experience 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

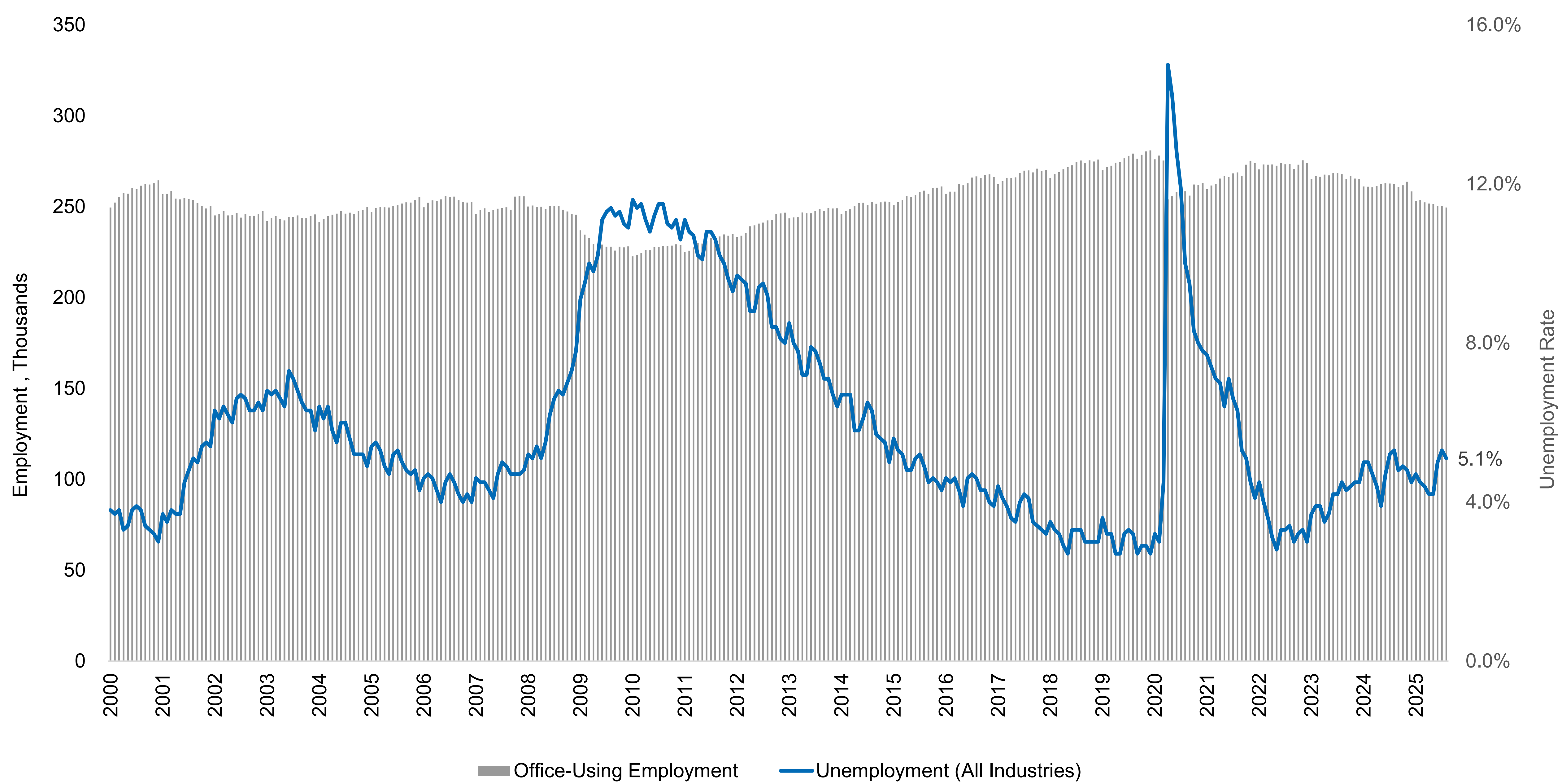


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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.

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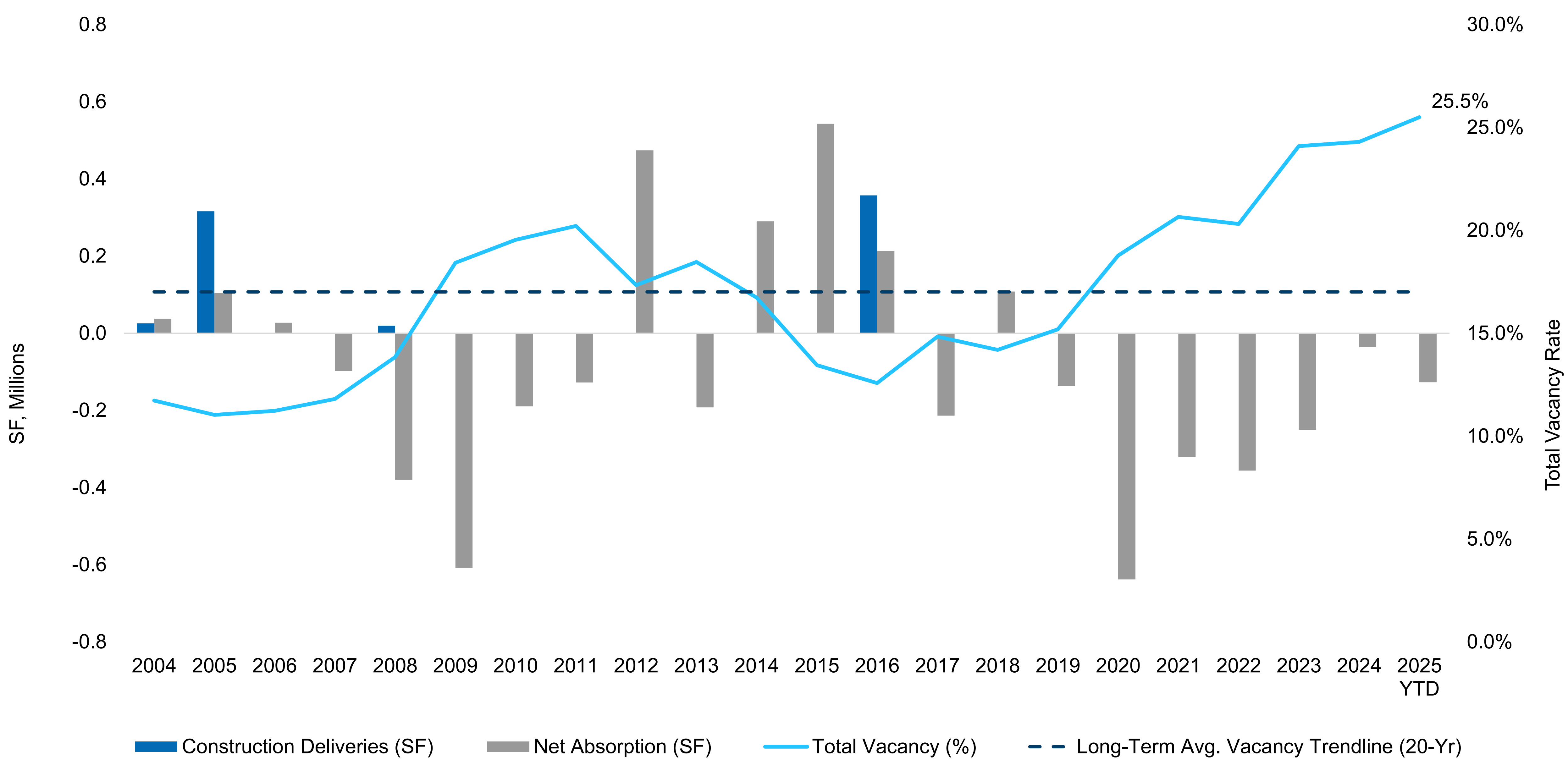
Leasing Market Fundamentals

Vacancy Remains Steady in Third Quarter of 2025

The vacancy rate held steady in the third quarter of 2025. Net absorption totaled positive 104,482 square feet for the quarter, partially offsetting earlier losses and bringing the year-to-date total to negative 127,042 square feet. Meanwhile, no new office construction projects are currently in the pipeline.

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

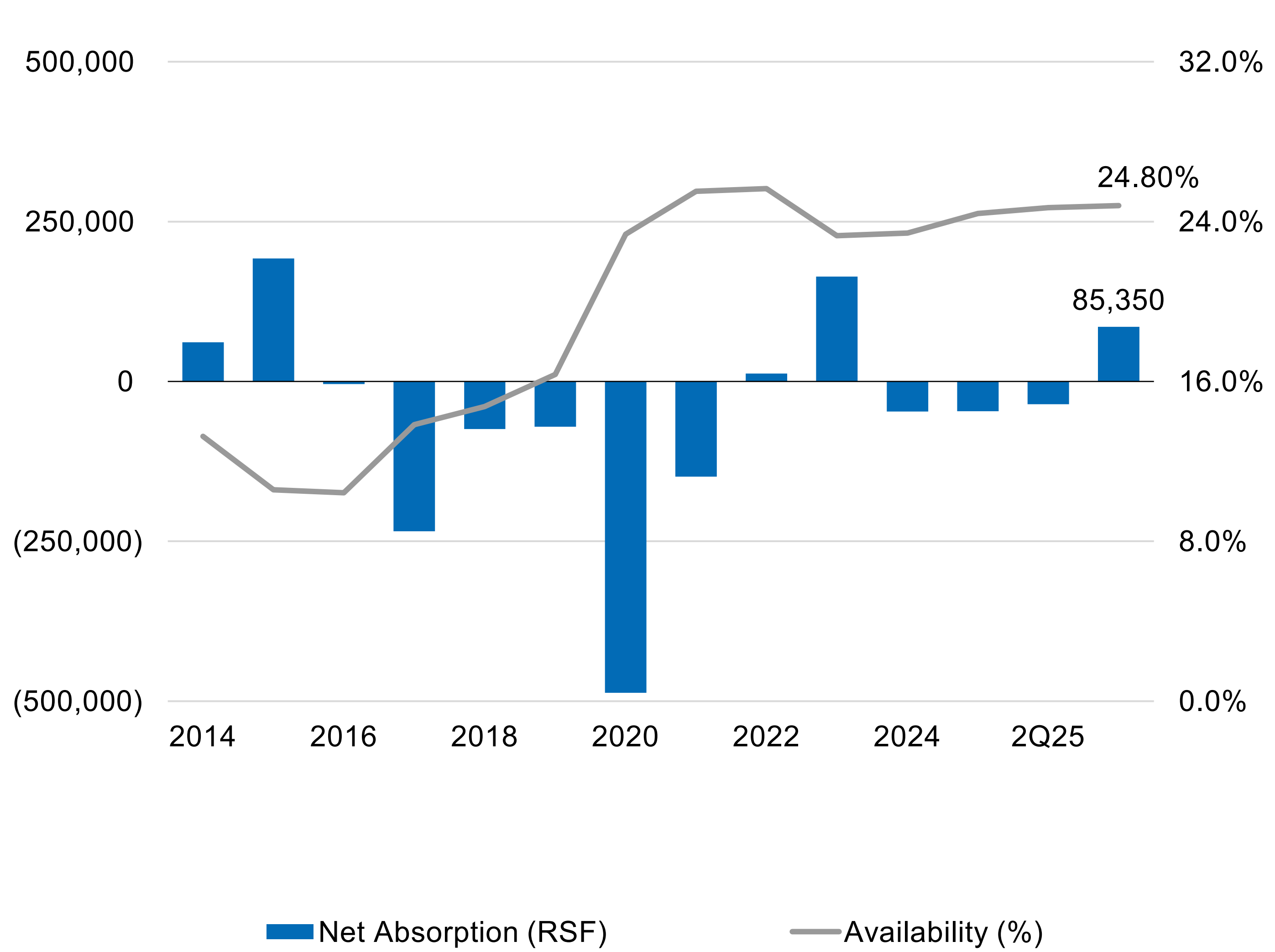


Source: Newmark Research

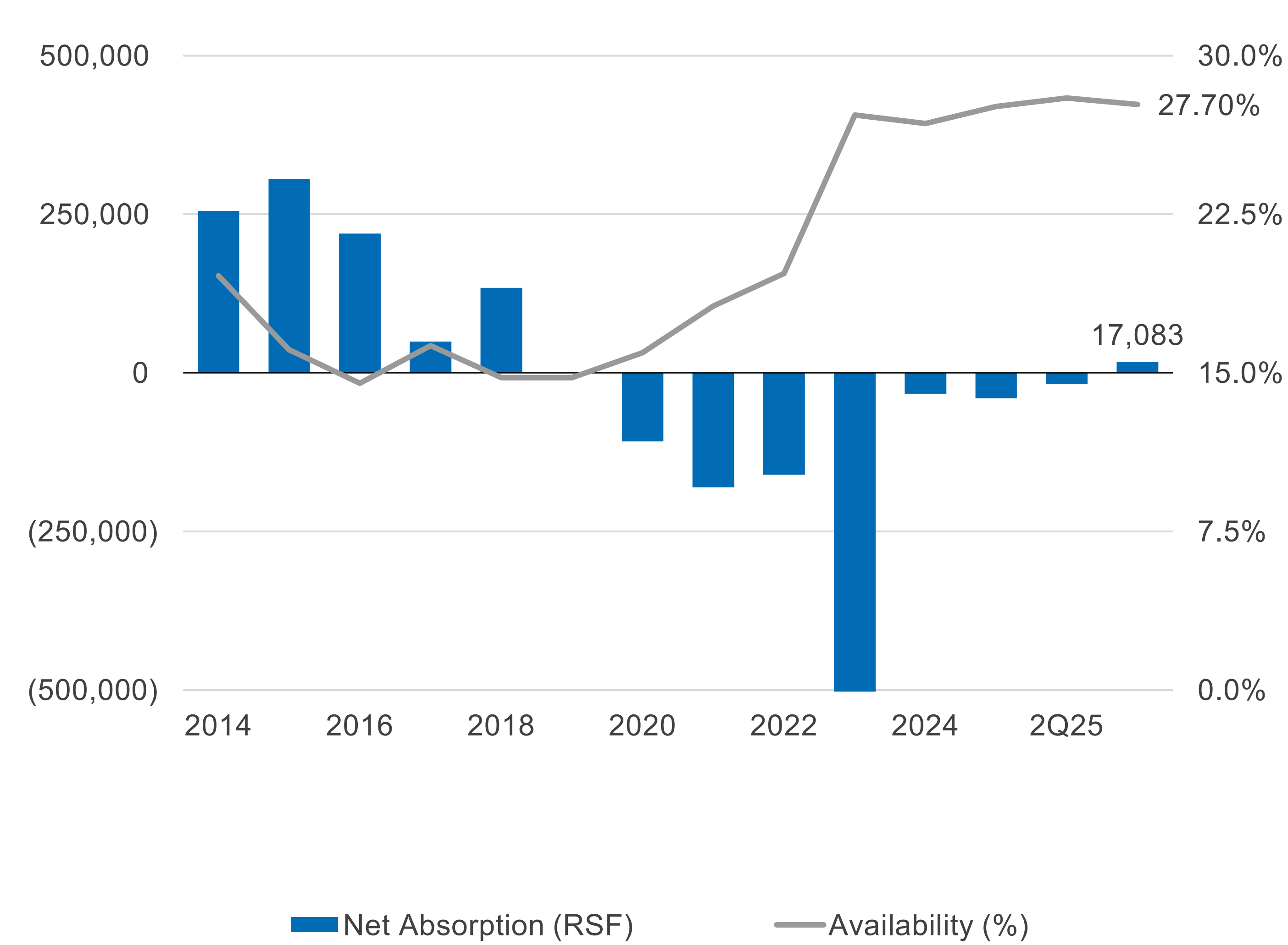
Net Absorption and Availability Correlation

Most submarkets in Greater Walnut Creek experienced positive absorption in the third quarter, with the exceptions of Concord and Pleasant Hill. The Walnut Creek BART submarket led the region, posting the highest level of positive absorption at 36,409 square feet. Overall availability declined slightly, driven by steady positive absorption across several areas of the market.

Walnut Creek Downtown, Walnut Creek BART and Pleasant Hill BART



Concord, Pleasant Hill and Walnut Creek Shadelands

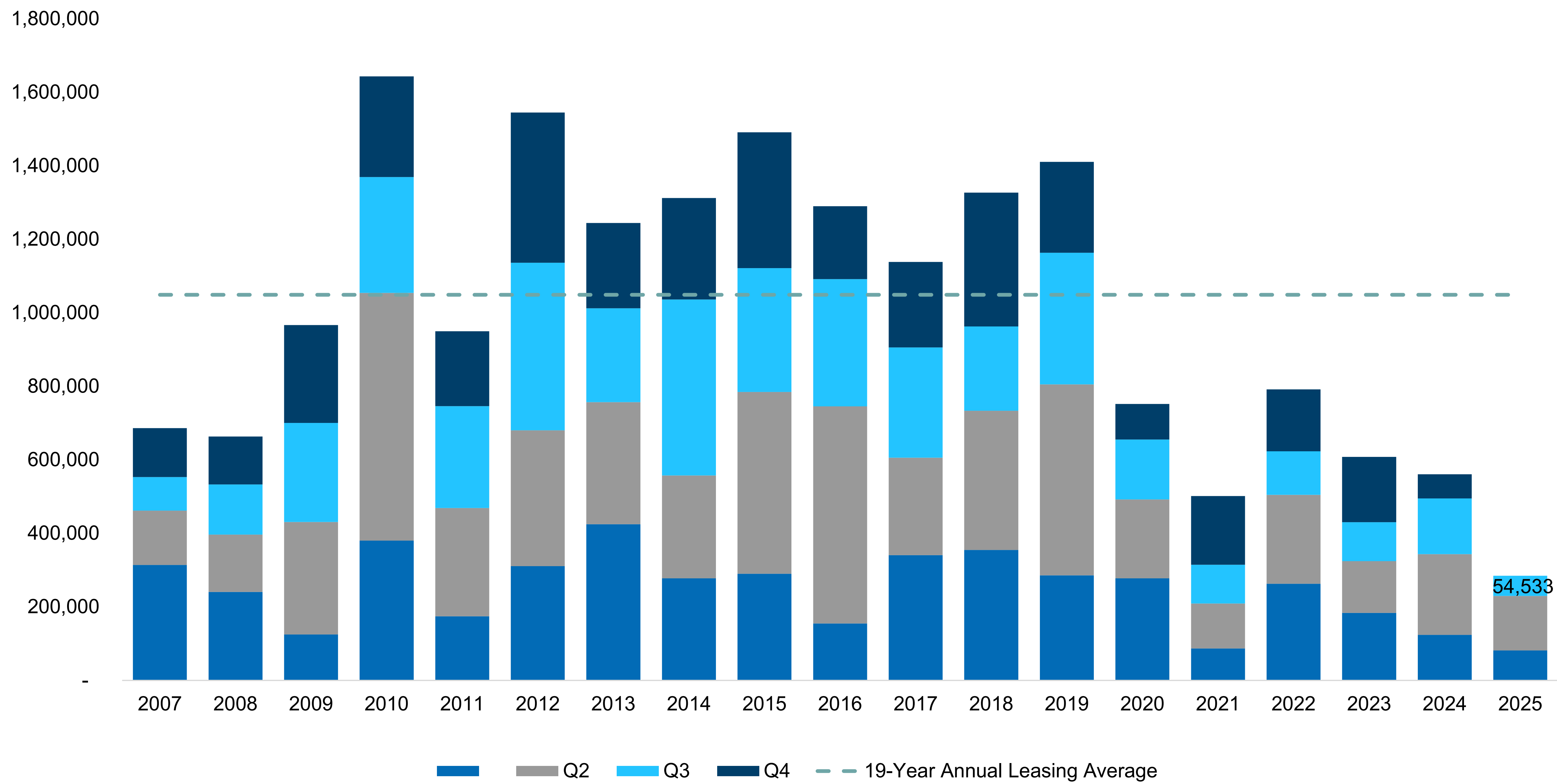


Source: Newmark Research

Leasing Activity Remains Slow

Leasing activity remains below pre-pandemic levels, with momentum continuing to falter. Although the second quarter of 2025 saw a temporary uptick, the third quarter experienced a notable decline. Many companies are maintaining a cautious stance, taking a deliberate and measured approach as they navigate ongoing economic uncertainty and evaluate long-term market conditions.

Total Leasing Activity (sf)

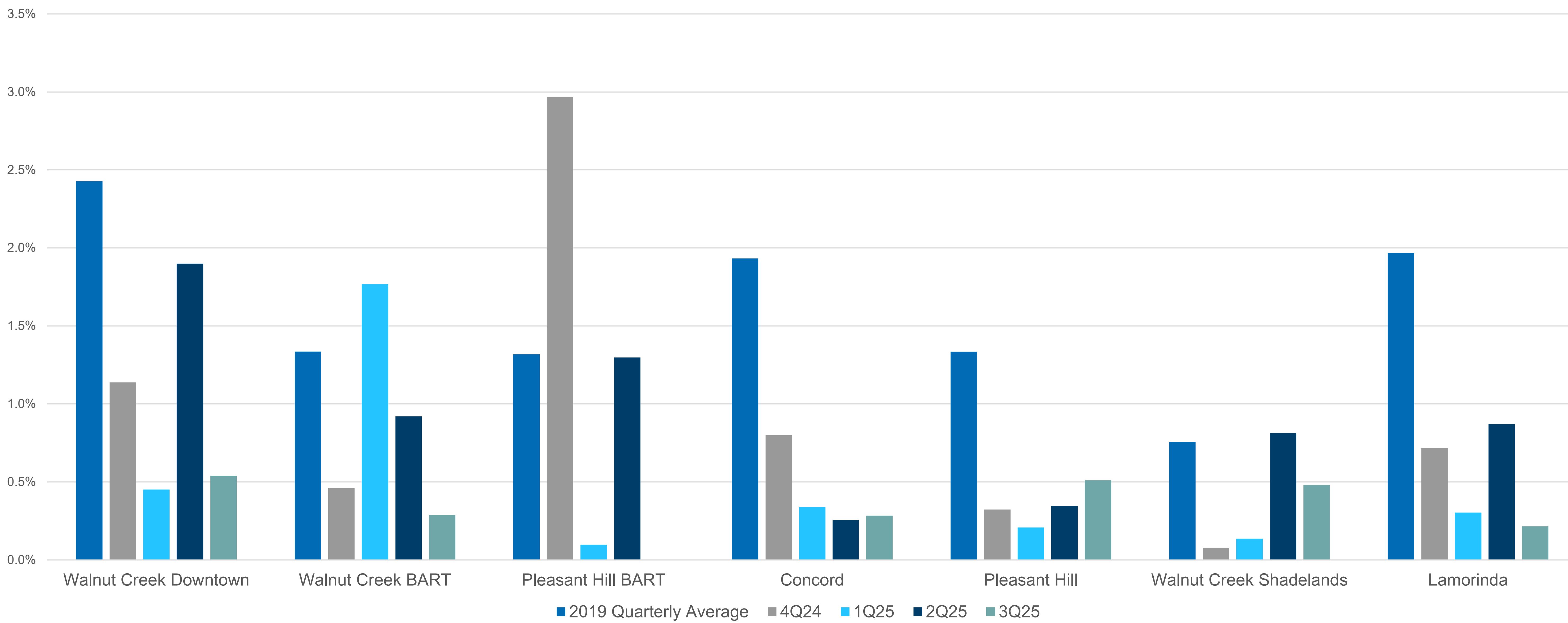


Source: Newmark Research, CoStar

NI-680 Leasing Activity Slows

Leasing activity remained limited in the third quarter of 2025. While overall volumes were minimal, the Walnut Creek Shadelands, Walnut Creek Downtown, and Pleasant Hill submarkets recorded the highest levels of activity. In contrast, the remaining submarkets continued to face significant challenges in securing new leases.

Leasing Activity as a Percentage of Inventory

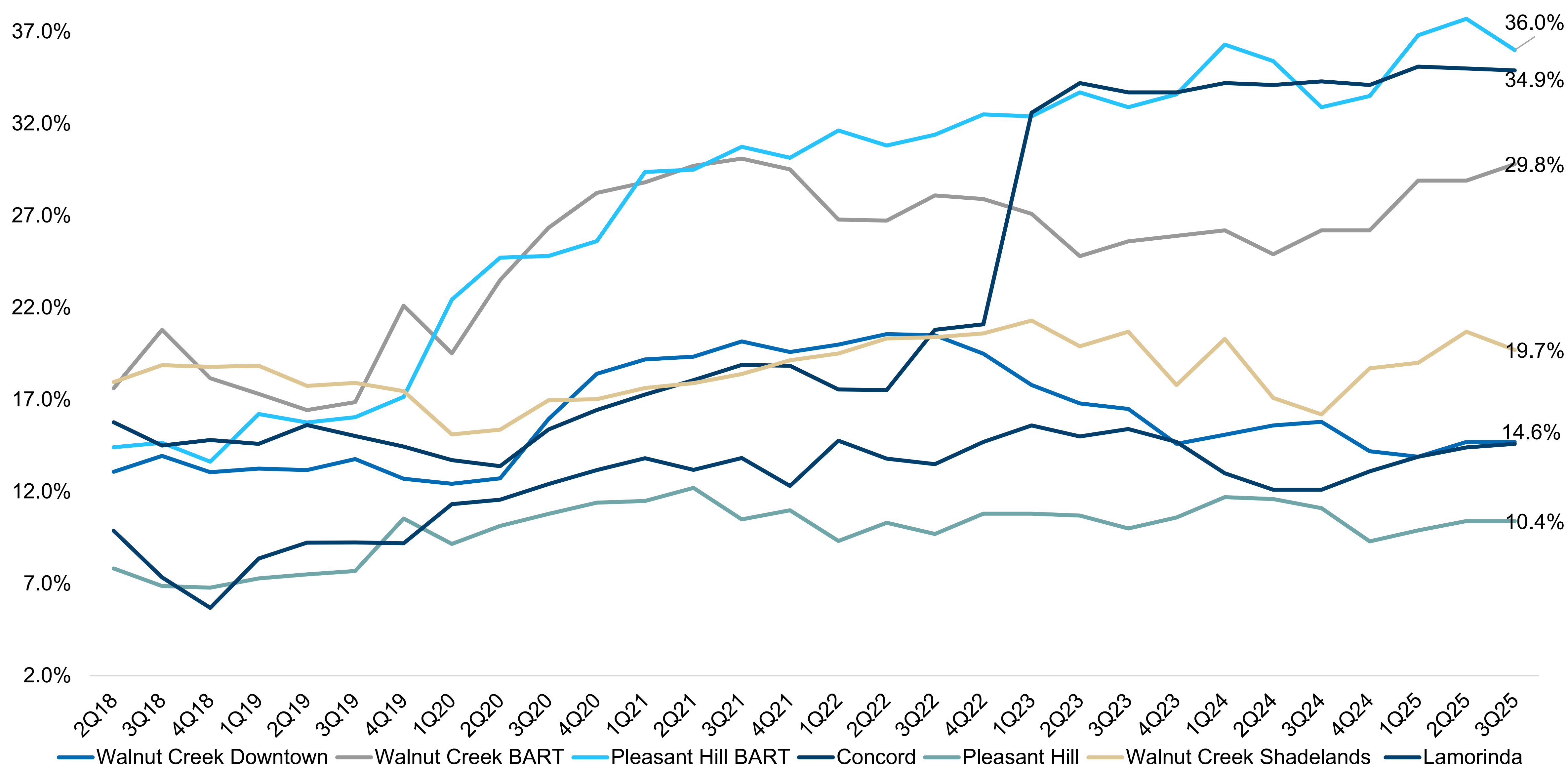


Source: Newmark Research, Costar

Availability Remained Stable in Almost All Submarkets

Availability remained relatively stable throughout the third quarter of 2025, with some notable variations across key submarkets. Pleasant Hill BART experienced a significant decrease in availability, dropping by 170 basis points, reflecting strong leasing activity in the area. Conversely, Walnut Creek BART saw an increase of 90 basis points in availability.

Availability Rate by Submarket

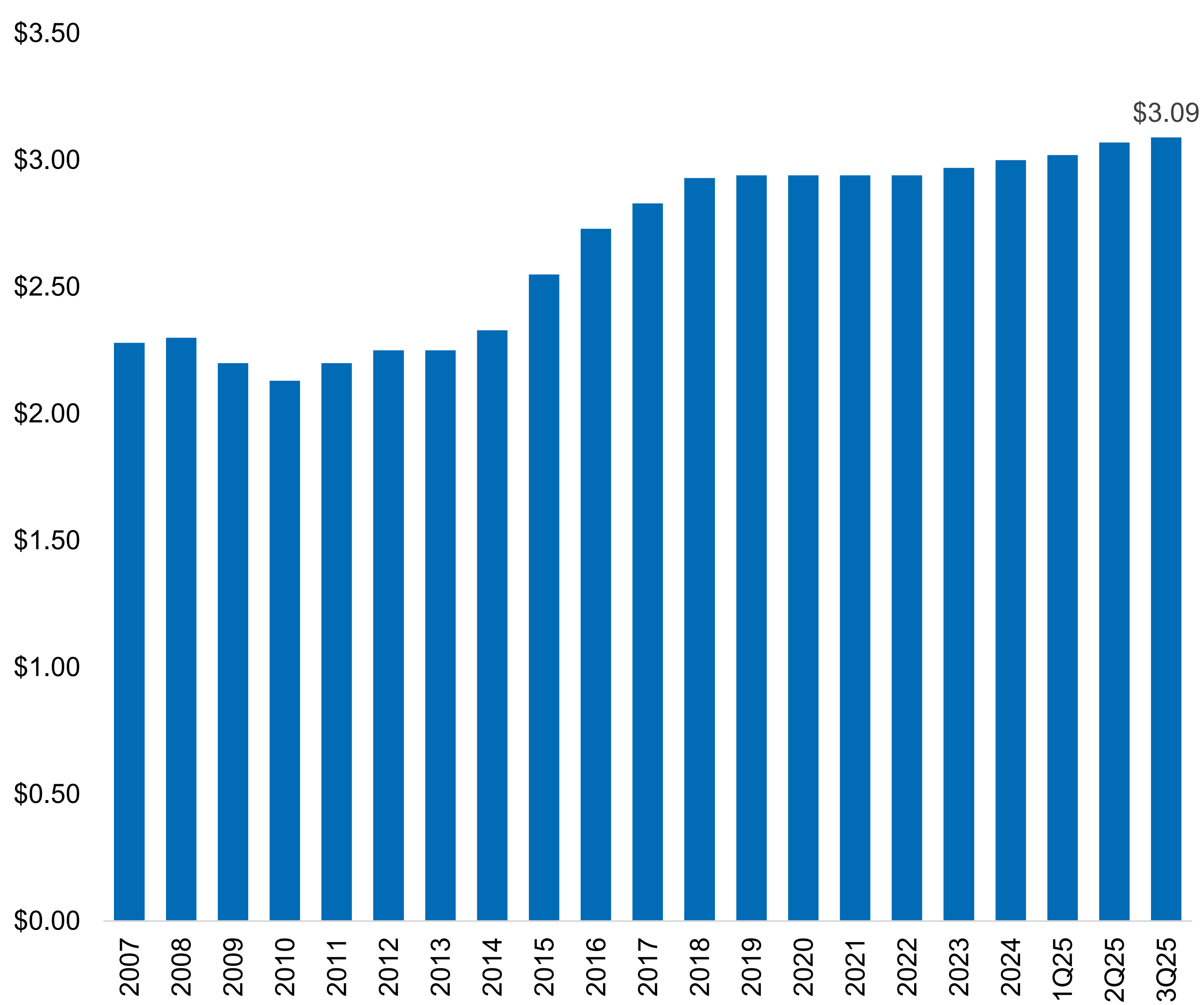


Source: Newmark Research

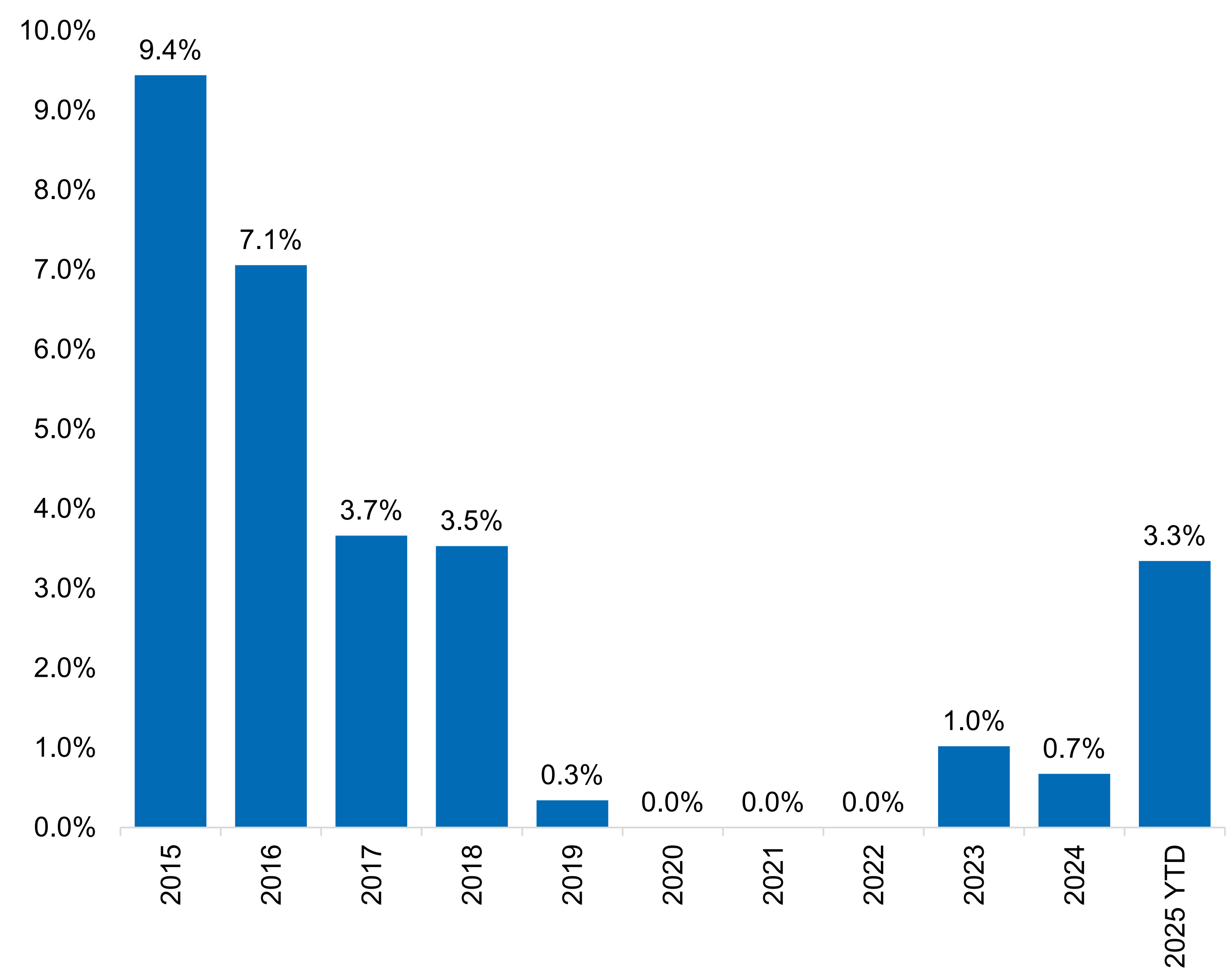
Direct Asking Rents Increase Slightly

Office rents remained relatively stable in the third quarter of 2025, with the average rent increasing by $0.02. Year-over-year growth reached 3.3% as the market has moved into the fourth quarter.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

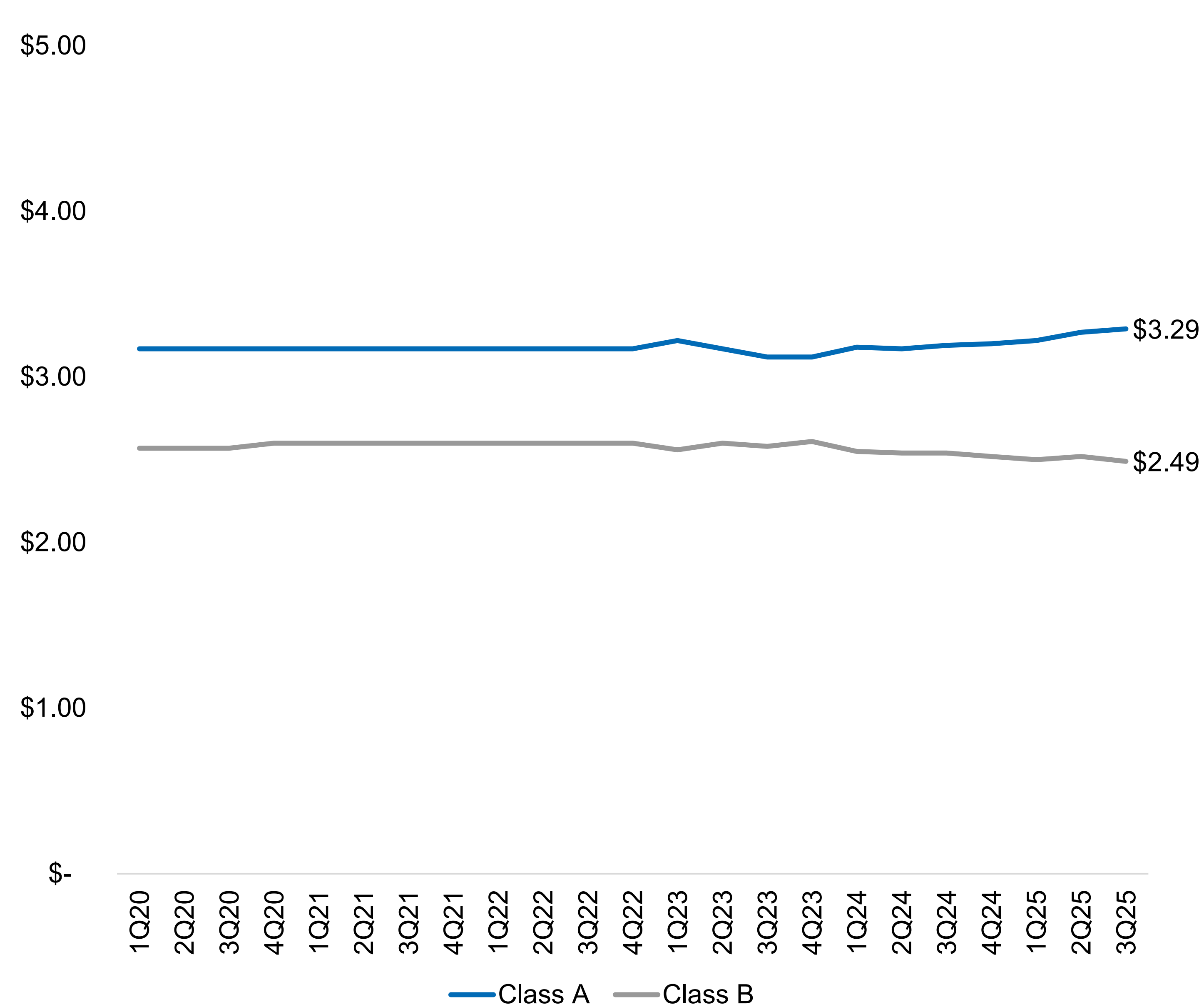


Source: Newmark Research, CoStar

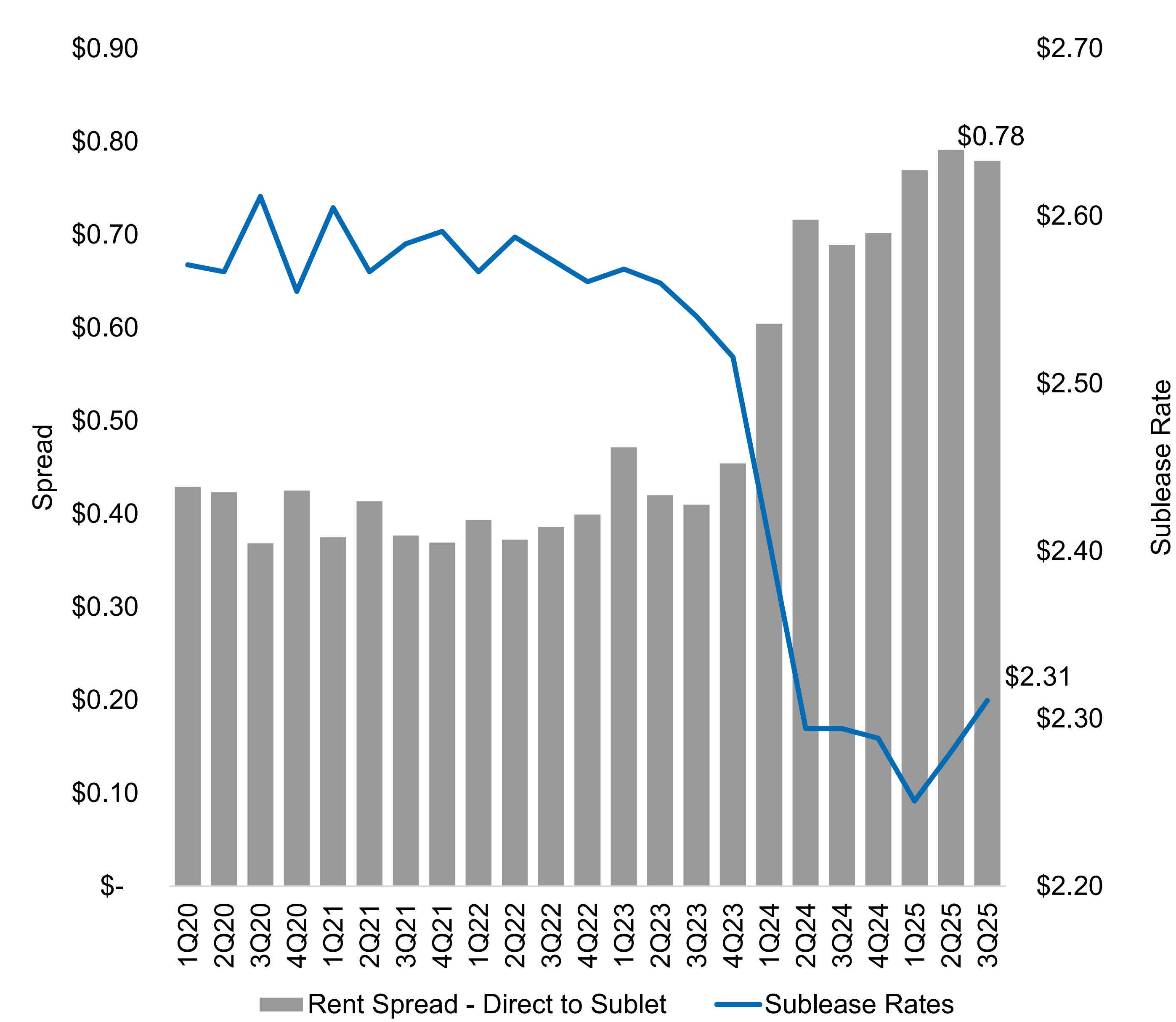
Sublease Rates Increased

In the third quarter of 2025, sublease asking rates rose at a faster pace than direct rates, narrowing the rent spread by $0.01. Despite this convergence, both categories experienced overall growth. Since the beginning of the year, market rents have shown a notable and sustained upward trend.

Class A and Class B Asking Rents



Sublease Rates

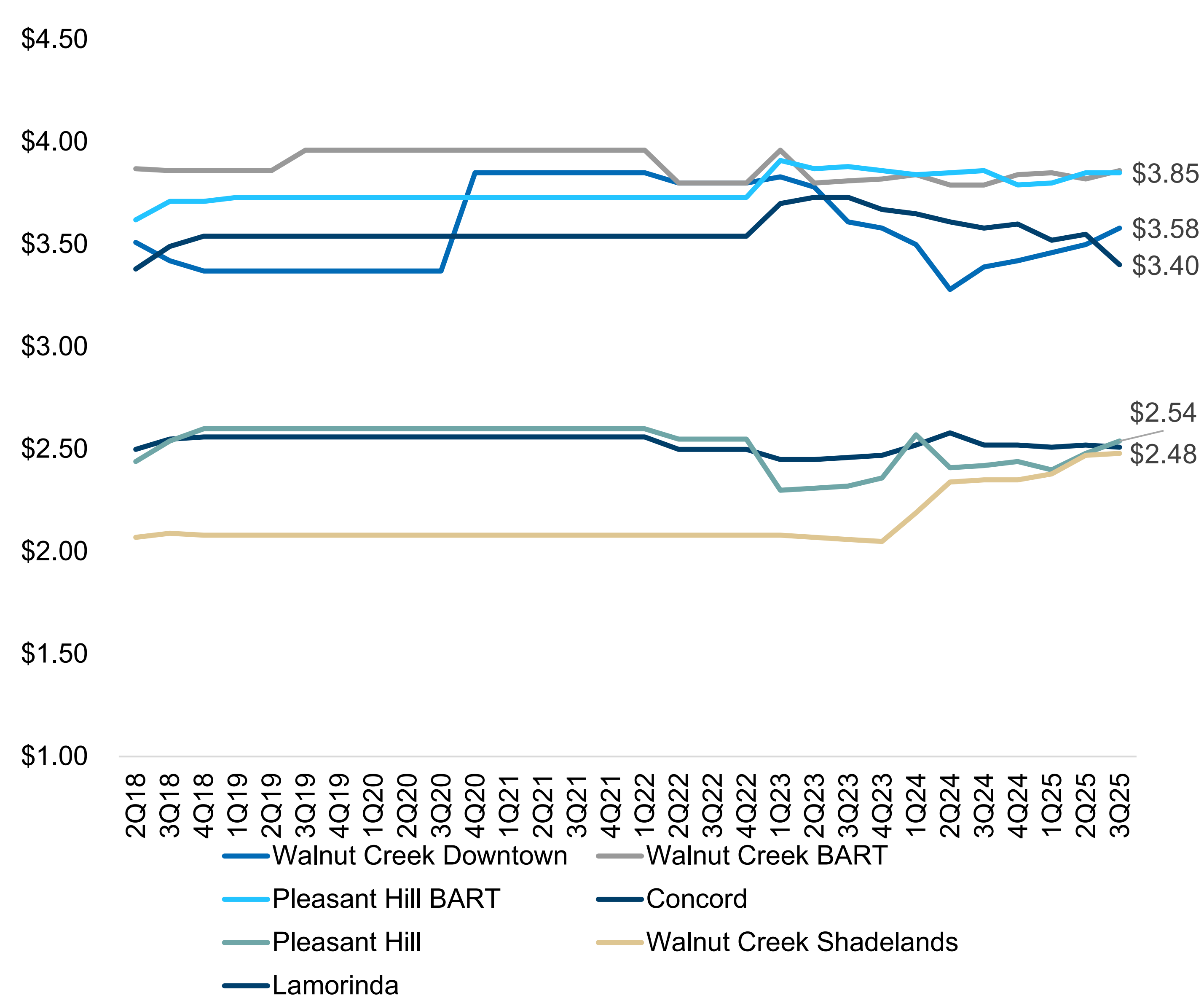


Source: Newmark Research, CoStar

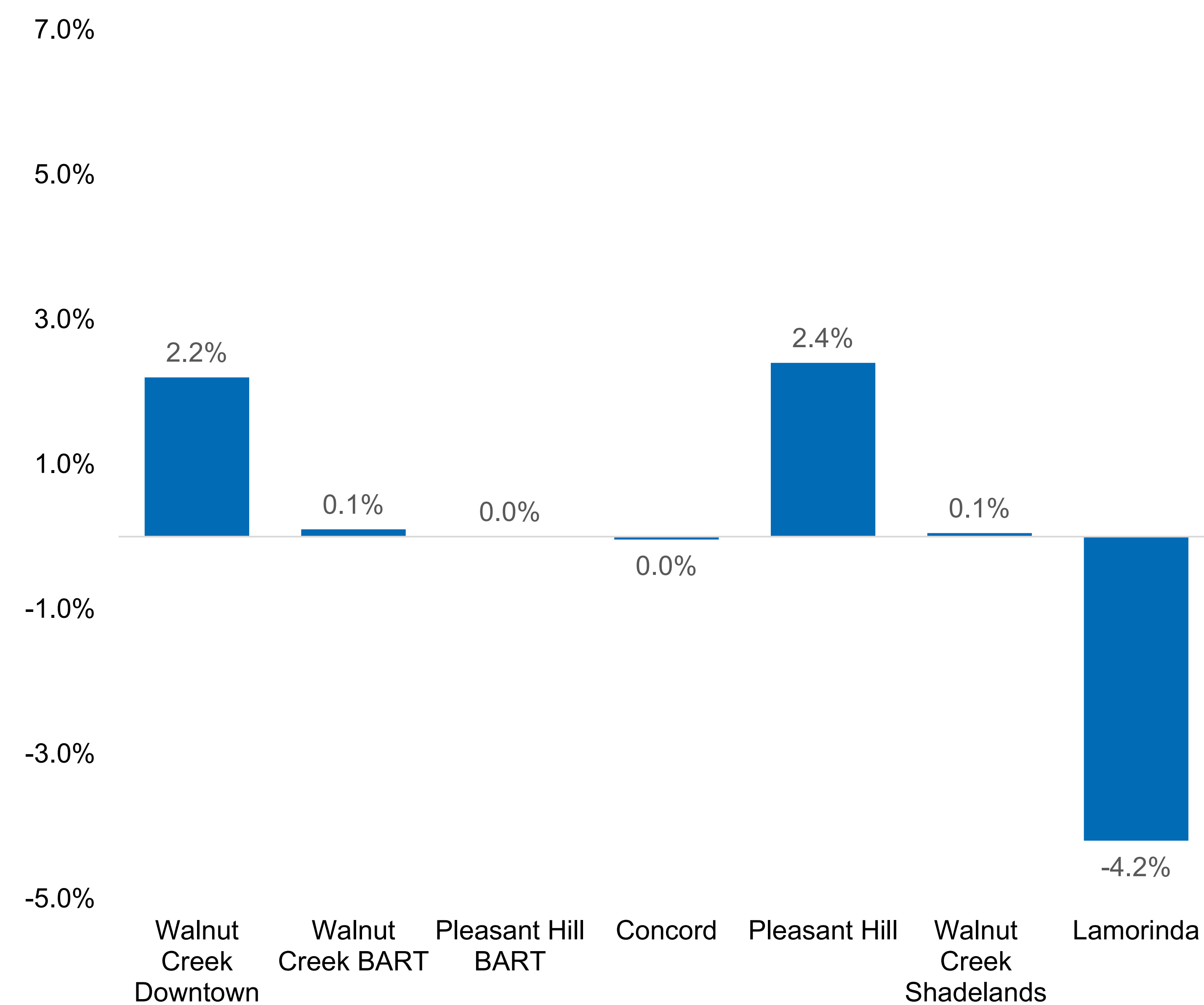
Asking Rates Remain Relatively Steady

Asking rental rates remained stable across most submarkets during Q3 2025, with the exception of Lamorinda, which saw a significant decline. Rents in Lamorinda dropped 4.2%, falling from $3.55 to $3.40 per square foot. In contrast, Downtown Walnut Creek recorded the largest quarter-over-quarter gain, with asking rents rising by $0.08.

Asking Rent by Submarket



Year-over-Year Percent Change in Asking Rate



Source: Newmark Research

Appendix

Third Quarter Lease Transactions

During the third quarter of 2025, leasing activity in the East Bay was predominantly focused in the Walnut Creek submarkets. Wells Fargo accounted for the largest lease by a wide margin, renewing its space at 1655/1755 Grant Street in Concord for a total of 257,830 square feet.

Notable 3Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Wells Fargo Bank	1655/1755 Grant Street	Concord – Concord	Lease Extension	257,830
Fugro USA	1777 Botelho Drive	Walnut Creek – Downtown	Lease Extension	10,962
JAMS	1255 Treat Blvd	Walnut Creek – Pleasant Hill BART	Lease Expansion	9,422
Diablo Ballet	490 N Wiget Lane	Walnut Creek – Shadelands	Direct Lease	9,252
Symphony Risk Enterprises	2121 N California Blvd	Walnut Creek – Walnut Creek BART	Direct Lease	6,625

Source: Newmark Research

NI-680 Office Market Statistics

Market Stats 3Q25

	Total Inventory (SF)	Total Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Sublease Availability Rate	Qtr Net Absorp (SF)	Direct FS Asking Rent (Price/SF)
Pleasant Hill BART	**1,946,374**	**701,196**	**25,603**	**36.0%**	**1.3%**	**32,816**	**$3.85**
Class A	1,789,006	649,792	25,603	36.3%	1.4%	32,816	$3.94
Class B	157,368	51,404	0	32.7%	0.0%	0	$2.61
Walnut Creek BART	**2,123,278**	**633,246**	**27,317**	**29.8%**	**1.3%**	**36,409**	**$3.86**
Class A	1,955,486	581,690	27,317	29.7%	1.4%	36,246	$3.98
Class B	167,792	51,556	0	30.7%	0.0%	163	$2.61
Walnut Creek Downtown	**3,205,583**	**460,814**	**14,629**	**14.7%**	**0.5%**	**17,125**	**$3.58**
Class A	1,121,560	171,817	7,264	15.3%	0.6%	6,669	$4.95
Class B	1,735,307	263,522	7,428	15.6%	0.4%	594	$2.81
Class C	348,716	25,475	0	8.3%	0.0%	4,514	$2.99
NORTH I-680	**16,256,508**	**4,152,964**	**188,542**	**25.6%**	**1.2%**	**104,482**	**$3.09**
Class A	9,897,831	3,174,473	175,271	32.2%	1.8%	83,132	$3.29
Class B	4,820,360	768,892	7,428	16.1%	0.2%	24,379	$2.49
Class C	1,538,317	209,599	5843	13.4%	0.4%	(3,029)	$2.22

	Total Inventory (SF)	Total Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Sublease Availability Rate	Qtr Net Absorp (SF)	Direct FS Asking Rent (Price/SF)
Concord	**4,854,142**	**1,693,328**	**102,136**	**34.9%**	**2.1%**	**(5,223)**	**$2.51**
Class A	3,378,573	1,453,941	101,533	43.0%	3.0%	2,442	$2.59
Class B	940,159	112,329	0	11.9%	0.0%	(2,488)	$2.08
Class C	535,410	127,058	603	23.7%	0.1%	(5,177)	$2.00
Pleasant Hill	**1,120,558**	**117,094**	**8,569**	**10.4%**	**0.8%**	**(683)**	**$2.54**
Class A	342,984	71,783	3,329	20.9%	1.0%	(5,997)	$3.10
Class B	546,033	19,762	0	3.6%	0.0%	5,218	$2.09
Class C	231,541	25,549	5,240	11.0%	0.0%	96	$1.91
Walnut Creek Shadelands	**1,925,449**	**378,526**	**0**	**19.7%**	**0.0%**	**22,989**	**$2.48**
Class A	697,829	143,303	0	20.5%	0.0%	3,221	$2.90
Class B	912,260	220,345	0	24.2%	0.0%	22,230	$2.17
Class C	315,360	14,878	0	4.7%	0.0%	(2,462)	$2.47
Lafayette/Moraga/Orinda	**1,081,124**	**157,945**	**10,225**	**14.6%**	**0.9%**	**1,049**	**$3.40**
Class A	612,393	102,147	10,225	16.7%	1.7%	7,735	$3.68
Class B	361,441	42,546	0	11.8%	0.0%	(6,686)	$2.94
Class C	107,290	13,252	0	12.4%	0.0%	0	$2.83

Source: Newmark Research

Newmark East Bay I-680 Corridor

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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.

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