3Q25

Tri Valley Office and R&D 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 three office using sectors, information, business and professional services, and financial activities all experienced negative growth.
- 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.

Major Transactions

- Toll Brothers extended their 22,439 square foot lease at 6800 Koll Center Parkway in Pleasanton.
- Comtel Systems Technology Inc. leased 16,466 square feet of flex space at 7133 Koll Center Parkway in Pleasanton.
- King's Classical Academy leased 16,297 square feet at 3090 Independence Drive in Livermore.
- At Bishop Ranch, Donor Network West purchased 2409 Camino Ramon from Sunset Development Company for $33 million dollars, or $309.81 per square foot.
- 5075 Hopyard Road in Pleasanton was purchased by Parag Patel for $11 million dollars, or $266.41 per square foot.
- 3223 Crow Canyon Road in San Ramon was purchased by San Ramon Valley Islamic Center for $9 million dollars, or $188.47 per square foot.

Leasing Market Fundamentals

- The Tri Valley office market experienced positive absorption of 145,348 square feet in the third quarter of 2025, mainly attributed to buildings in Pleasanton.
- Although there was positive absorption, there was a slight decrease in tenant demand in the third quarter.
- 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.

Outlook

- The macroeconomic future remains uncertain, prompting both occupiers and investors to approach deals with increased caution.
- Projects with move in ready / market ready spaces continue to see increased touring and higher lease up success.
- Tenant demand likely to remain subdued for Q4 2025 but should increase in the coming quarters with broader market wide lease rollover.

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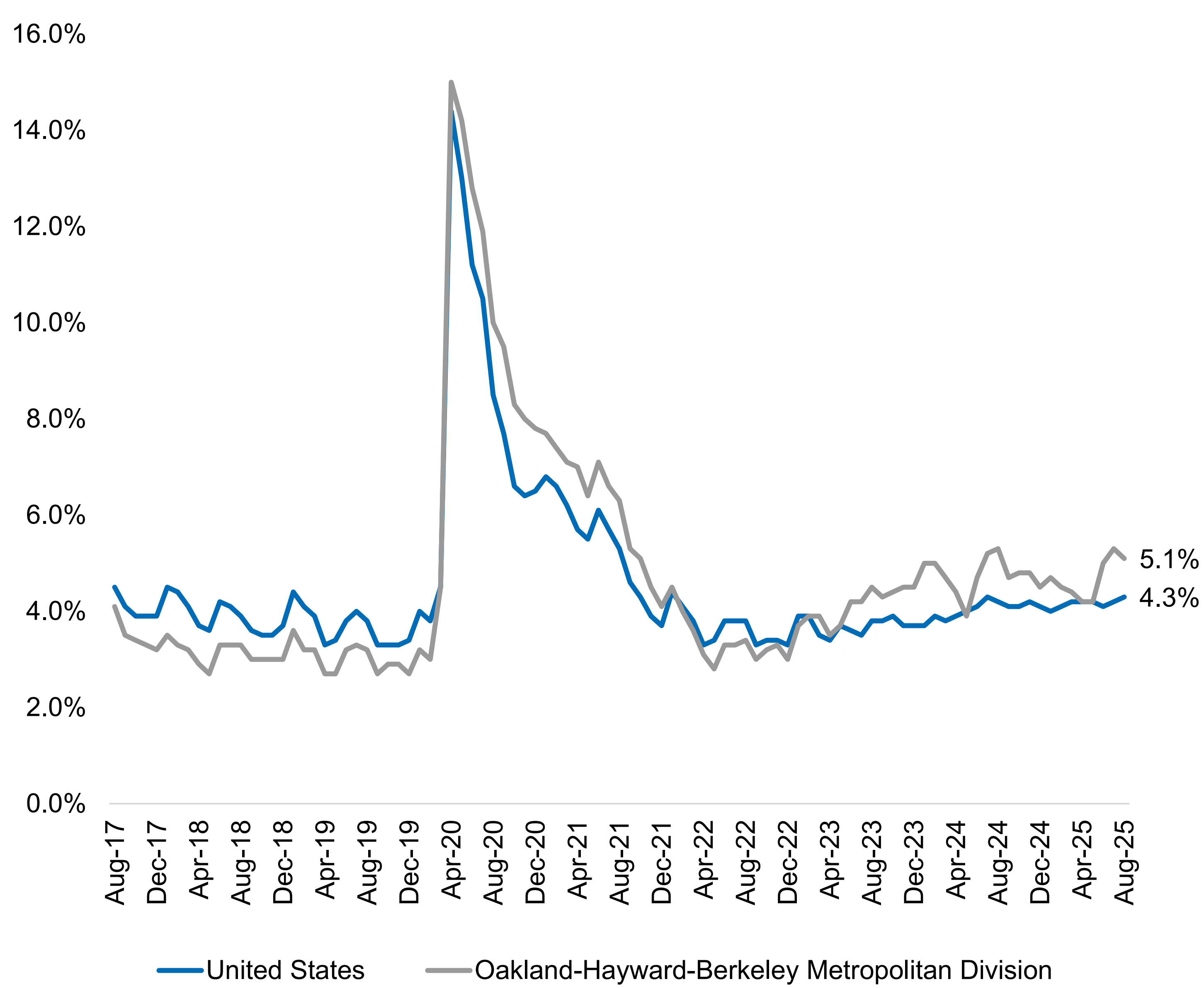
Economy

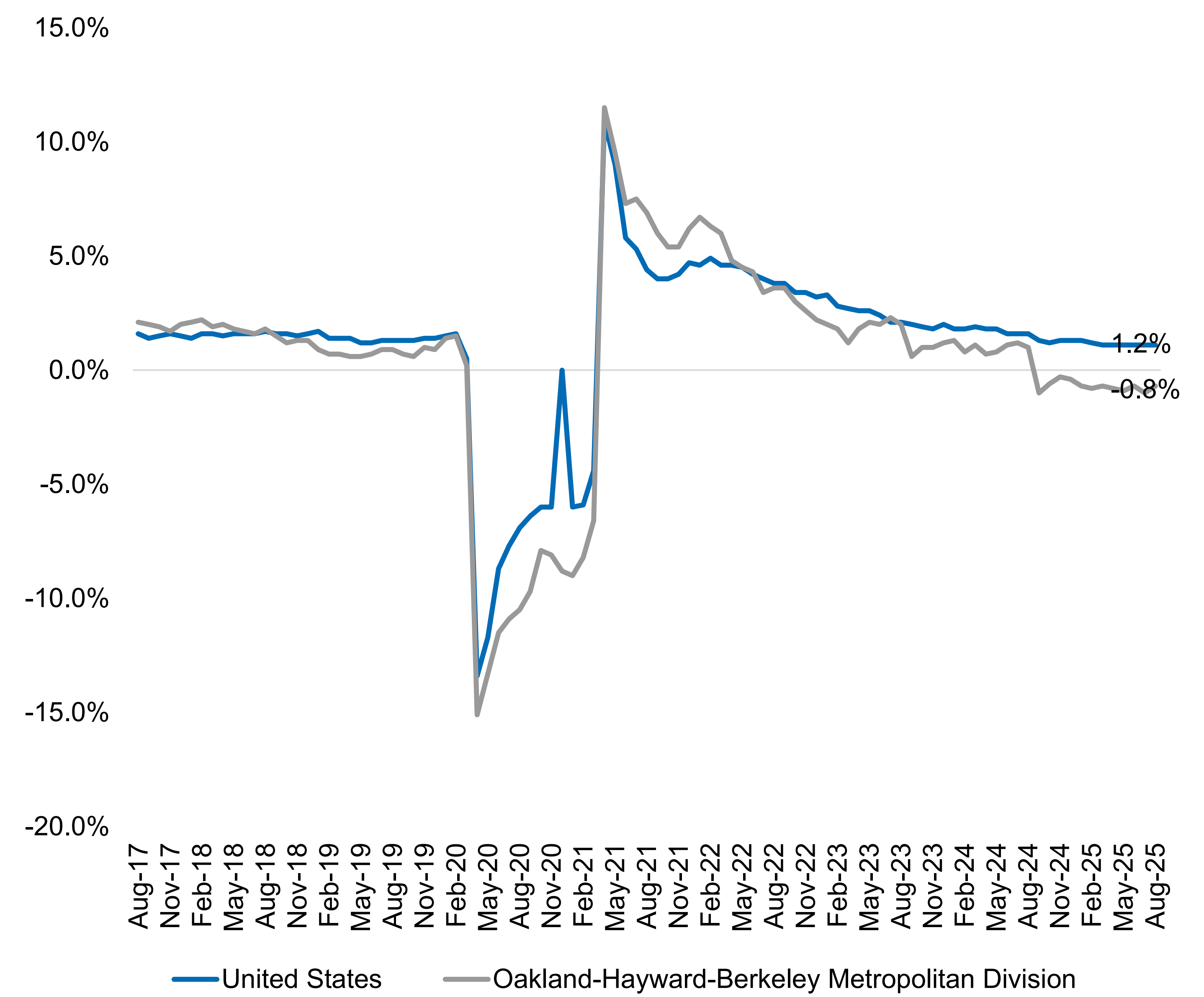
Metro Employment Trends Signal a Slight Comeback

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

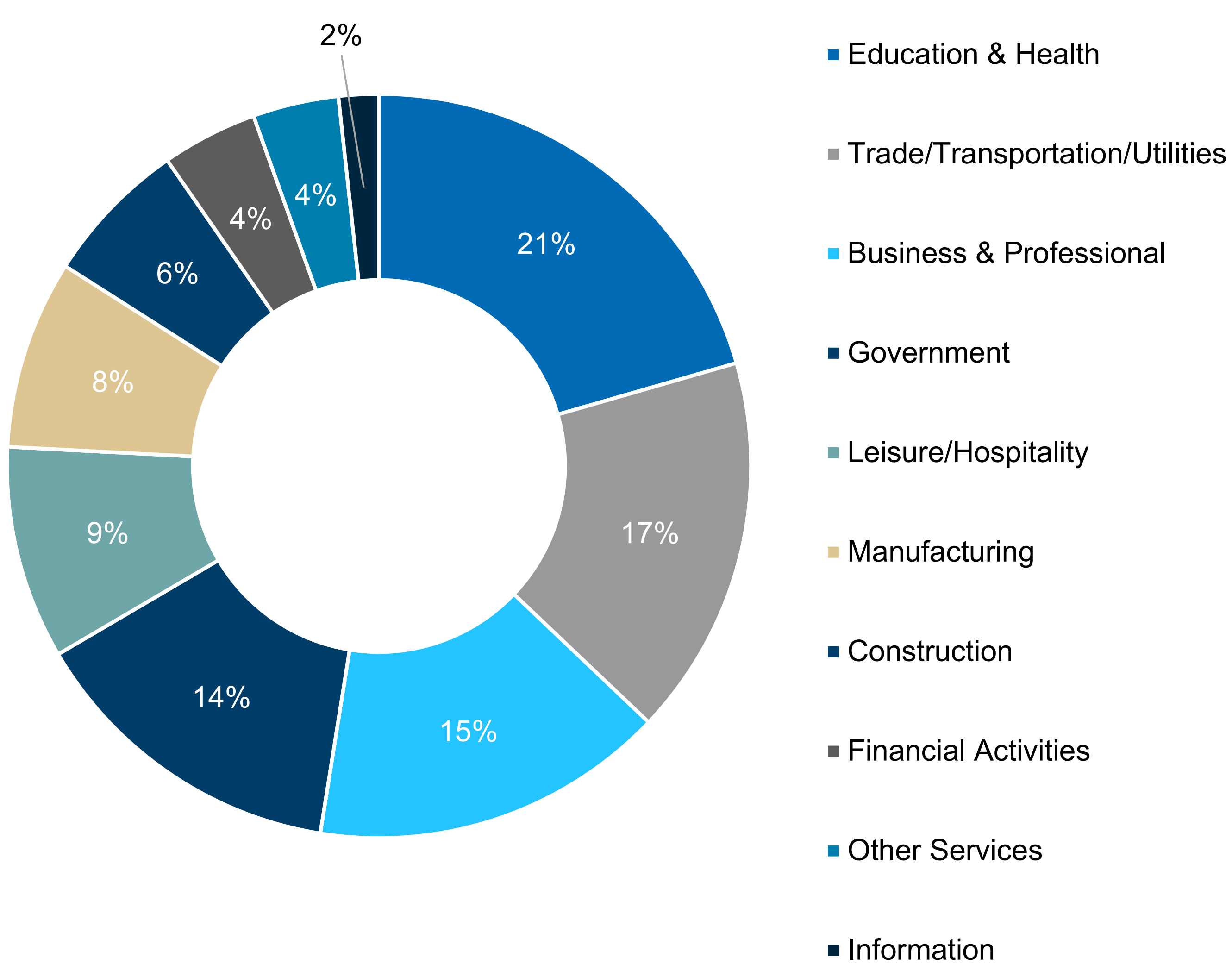


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

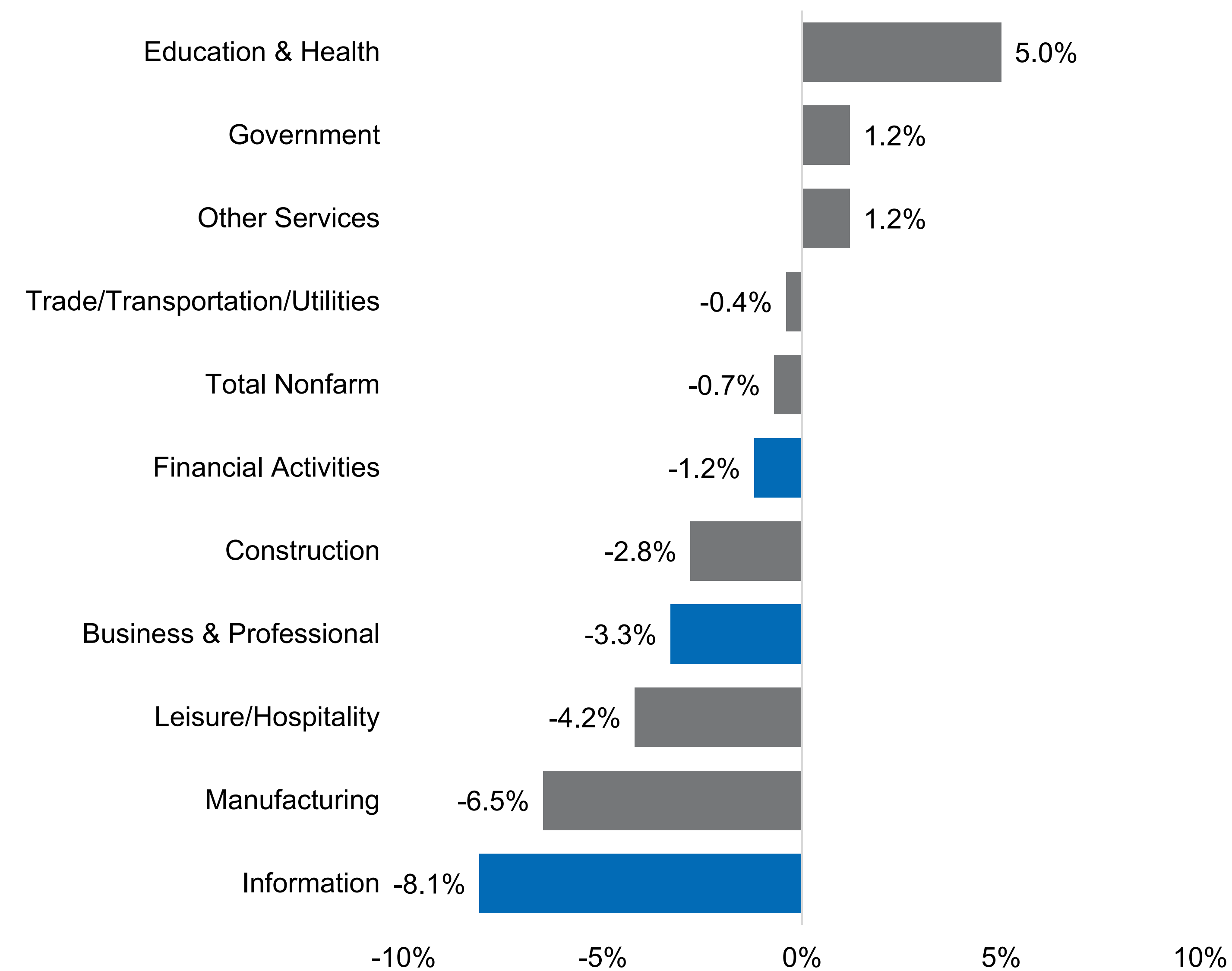
Office-Using Employment Down

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

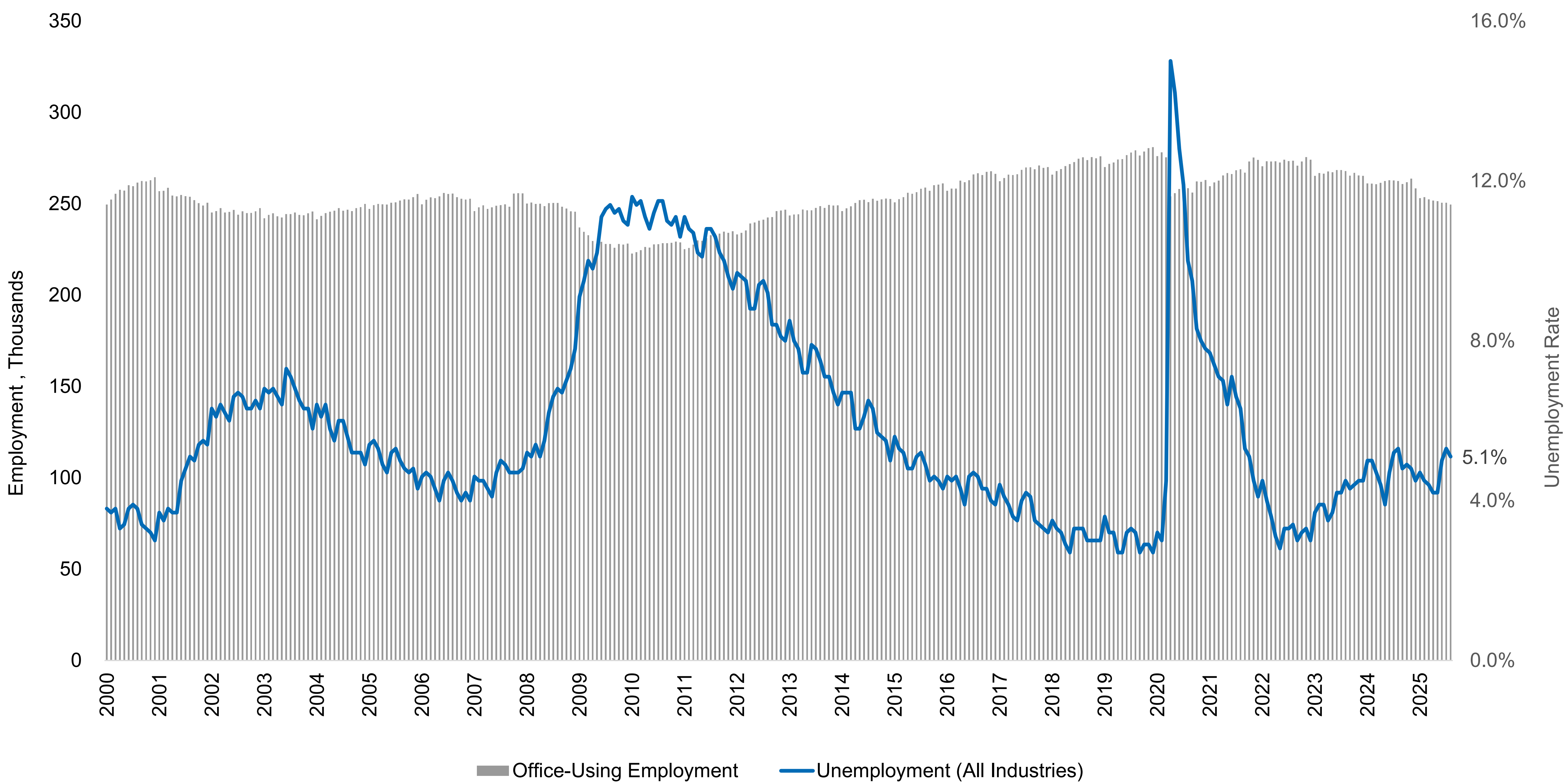


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

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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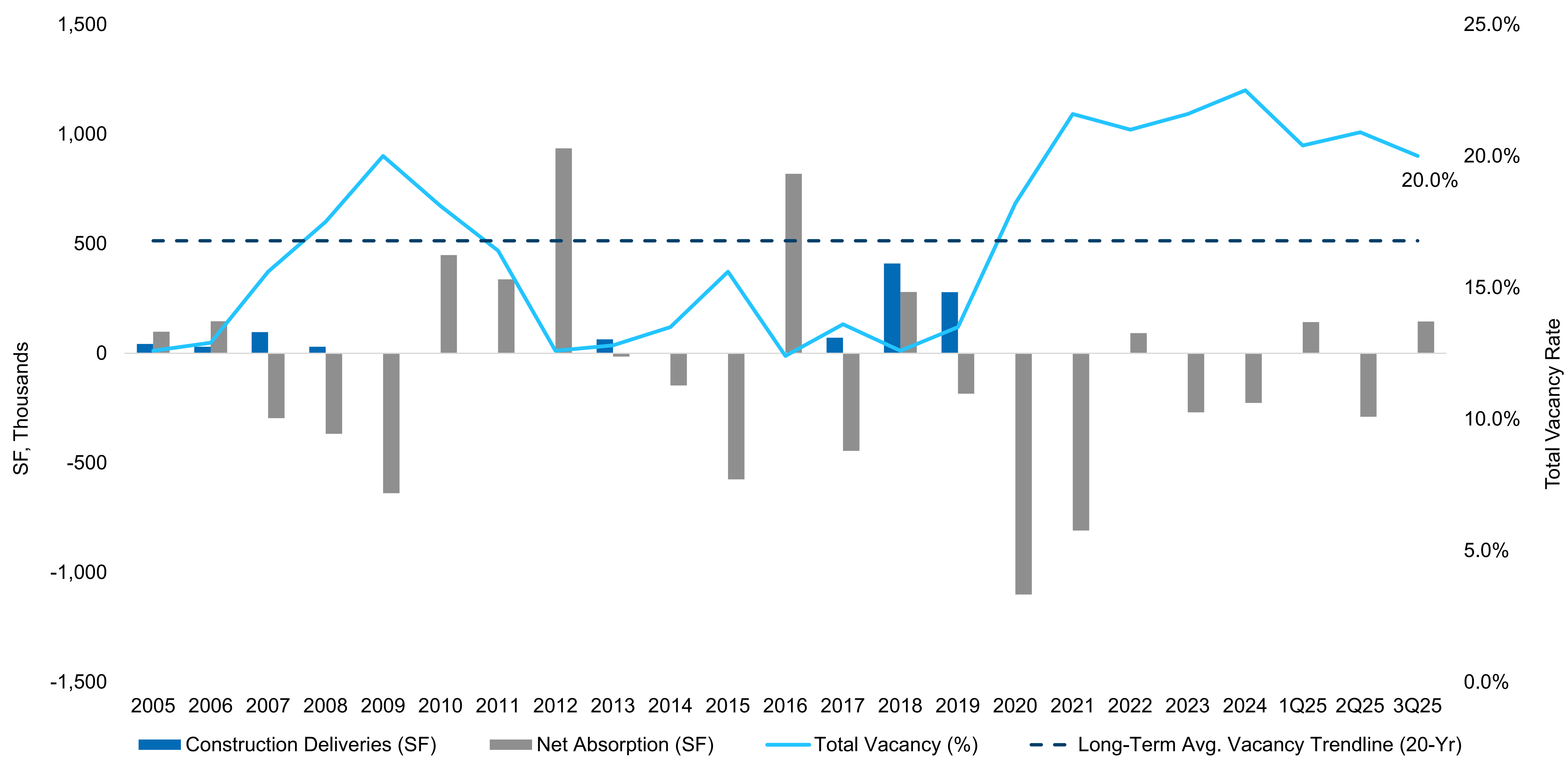
Leasing Market Fundamentals

Tri Valley Office Vacancy Decreased

The overall vacancy rate decreased in the third quarter by 90 basis points, as the office market logged 145,348 square feet of absorption with an overall vacancy rate of 20.0%.

Historical Construction Deliveries, Net Absorption, and Vacancy

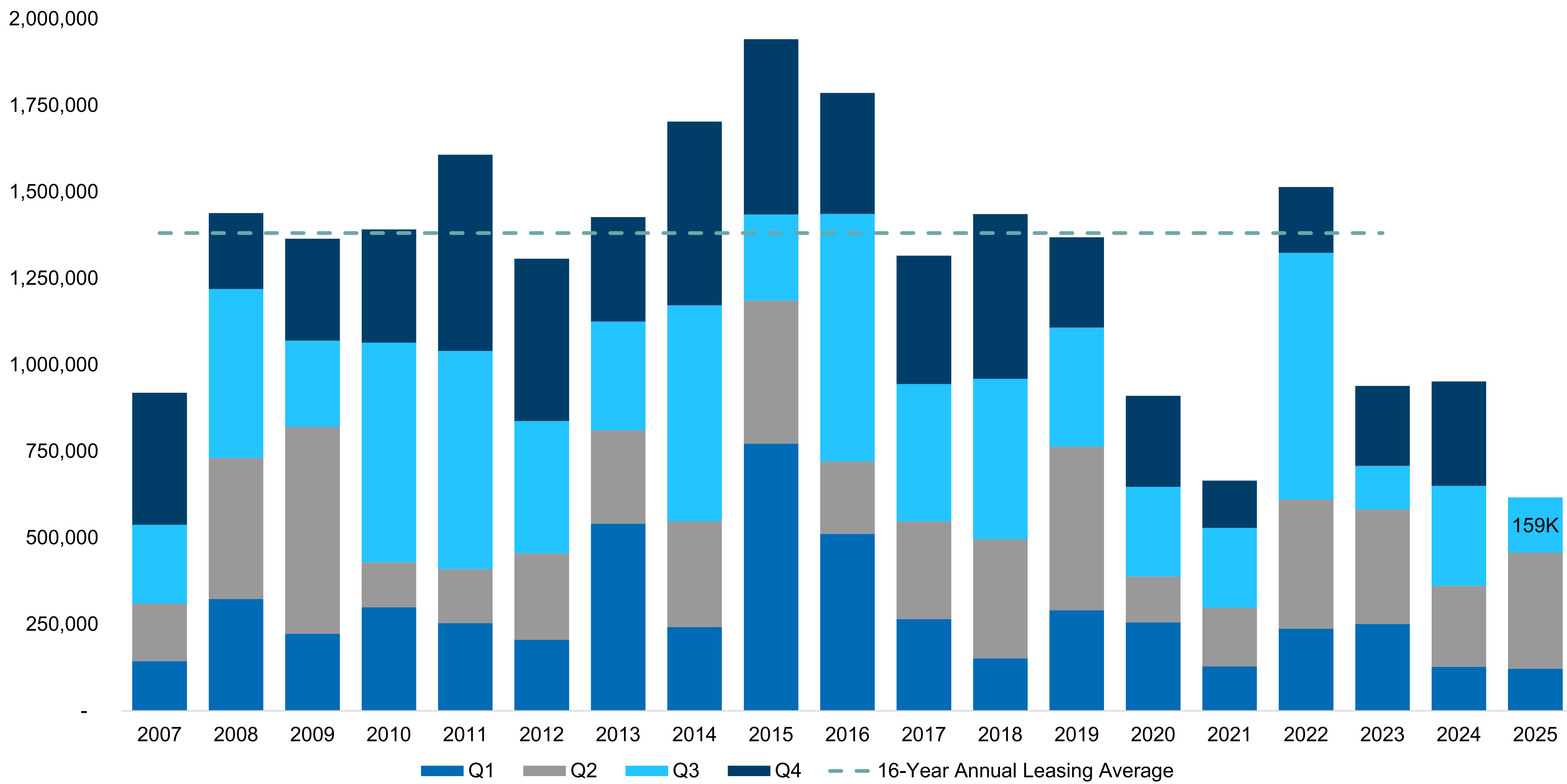


Source: Newmark Research, CoStar

Tri Valley Office Leasing Activity 3Q25

Office leasing activity in the third quarter of 2025 was less than the third quarter of 2024, and YTD leasing is slightly less than 2024. The Tri Valley office market is still on track to have less leasing volume than the 16-year average.

Total Leasing Activity (sf)

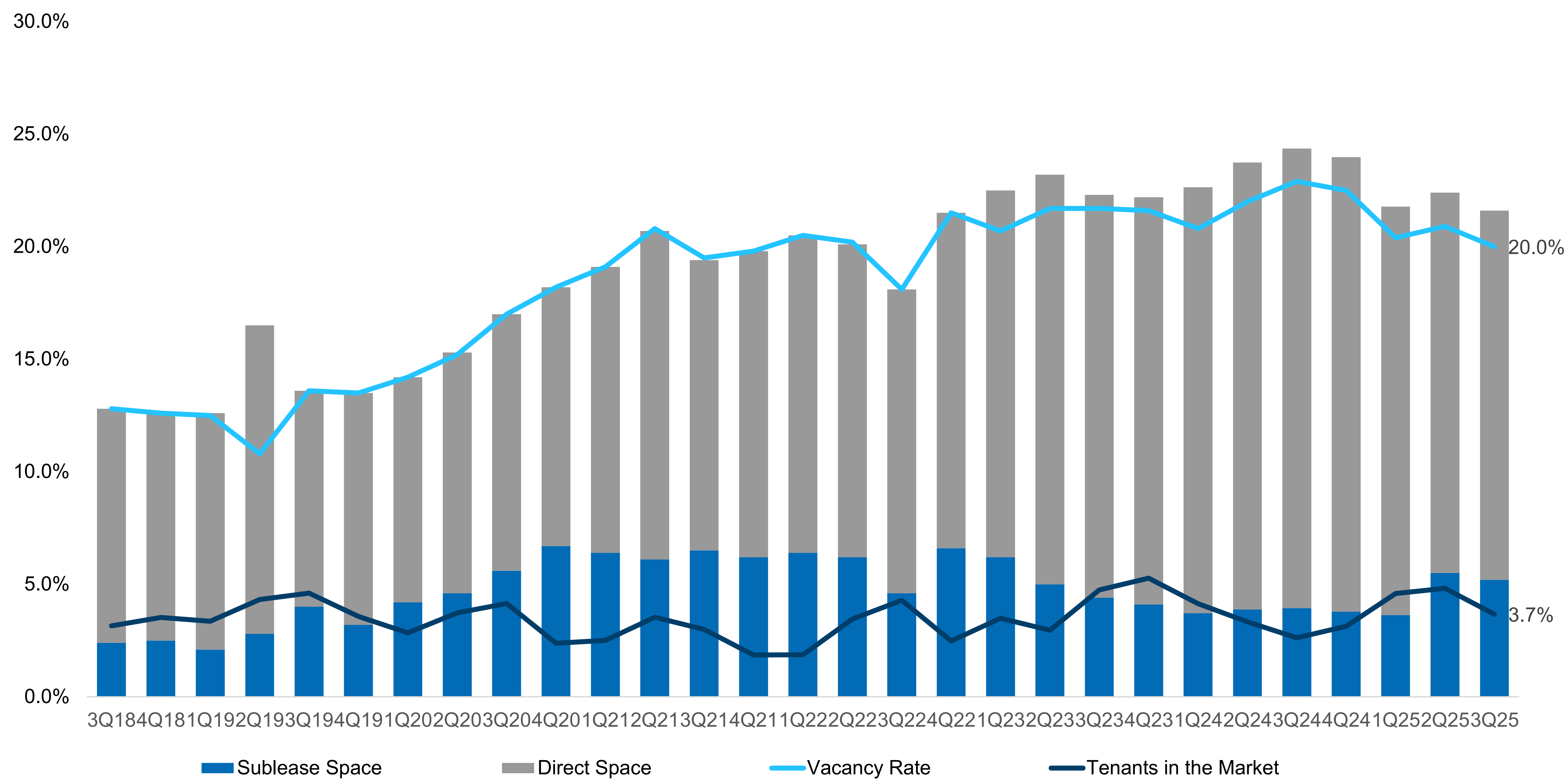


Source: Newmark Research, CoStar

Availability Experiences a Decrease while Tenant Demand Increases

Vacancy and availability both decreased in the third quarter of 2025 as well as tenant demand based on total square footage requirements. There are approximately 19 tenants in the market currently looking for 10,000 square feet or more.

Available Space and Tenant Demand as Percent of Overall Market

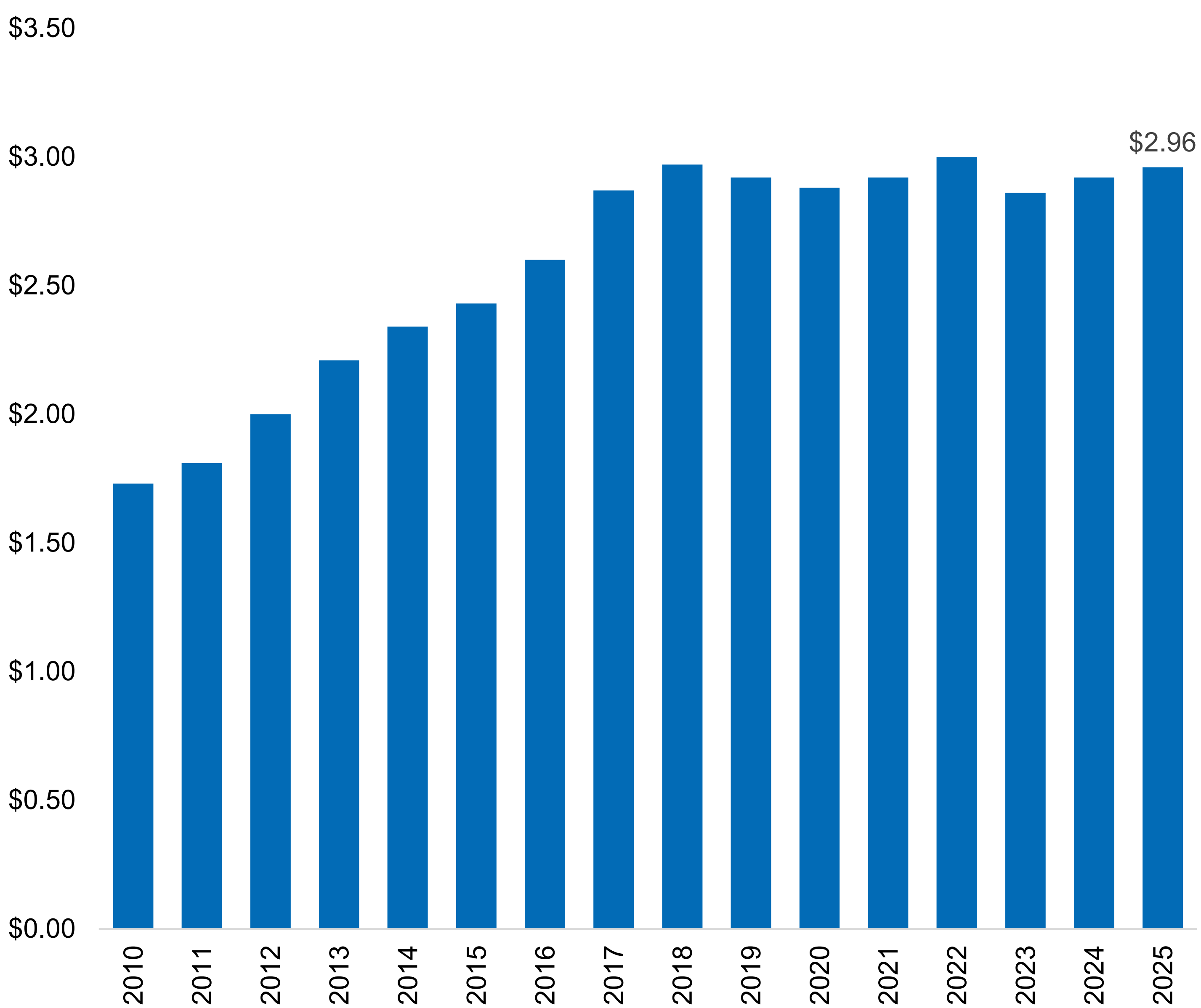


Source: Newmark Research, CoStar

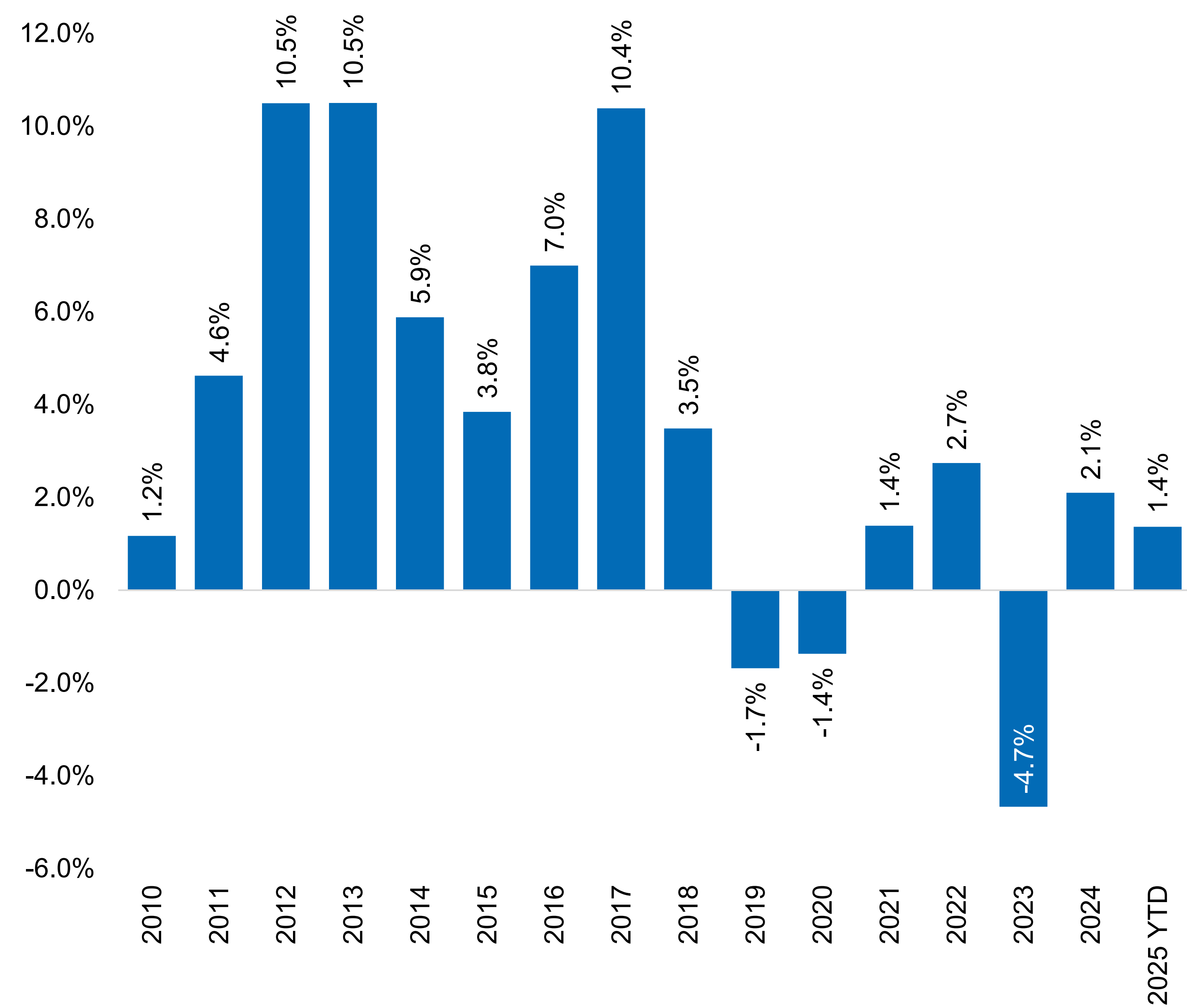
Office Asking Rents Stay Consistent

Overall asking rates have remained steady over the course of the third quarter of 2025. There has been a slight 1.4% increase year over year.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

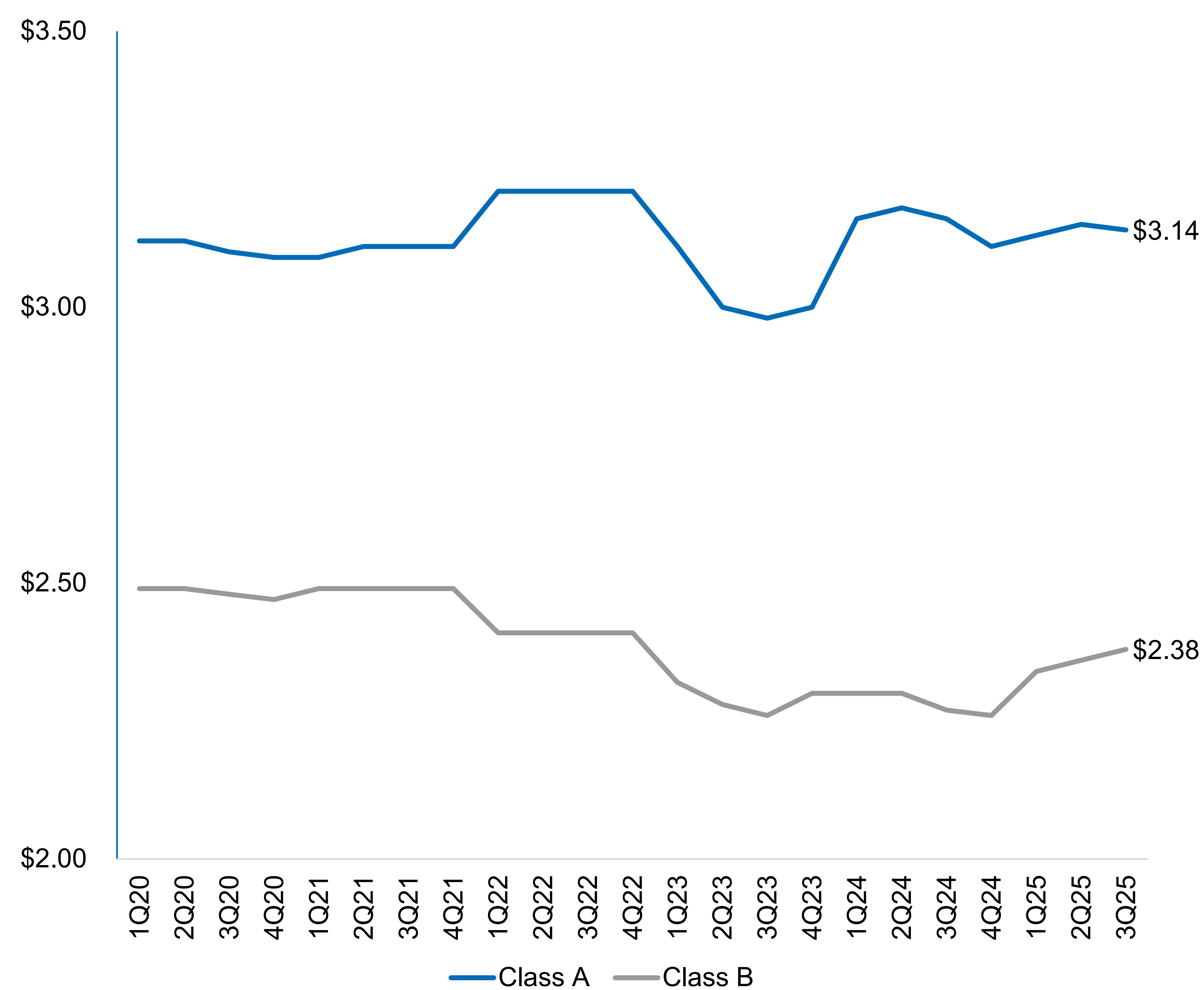


Source: Newmark Research, CoStar

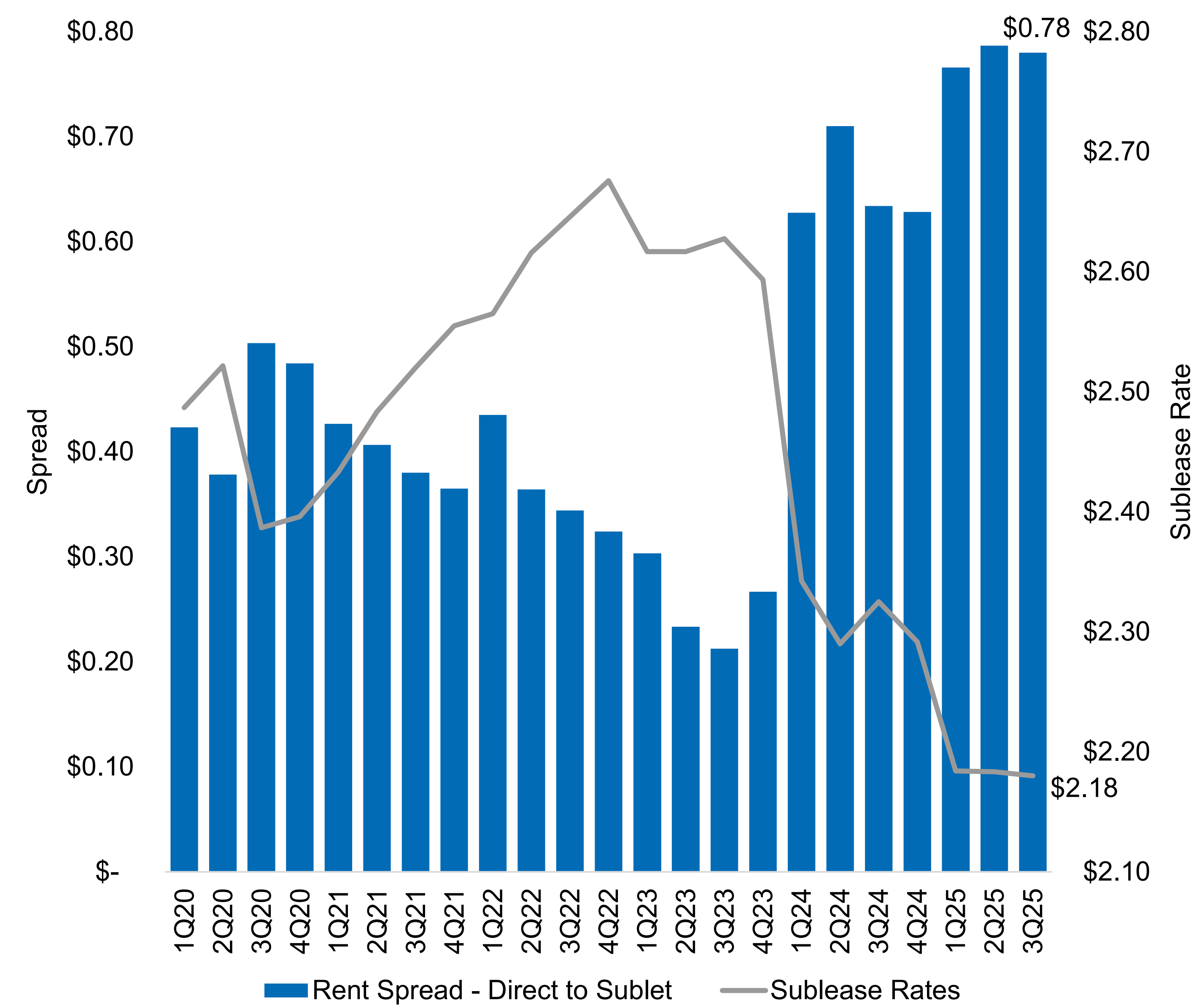
Tri Valley Office Rates

Direct rents experienced a slight decrease in third quarter, while sublease rents remained the same, therefore the rent spread between sublease and direct decreased slightly in the third quarter.

Class A and Class B Asking Rents



Sublease Rates

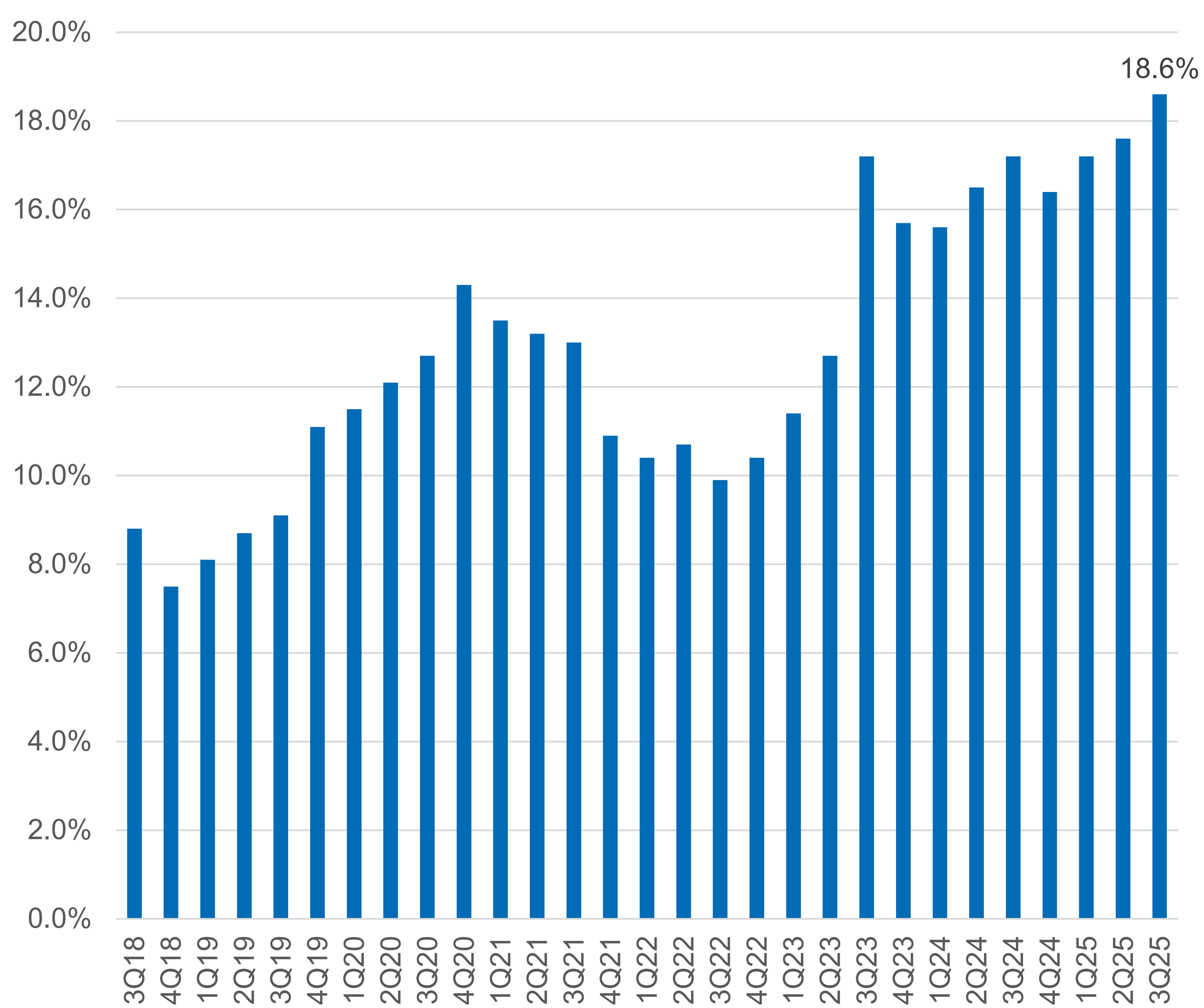


Source: Newmark Research, CoStar

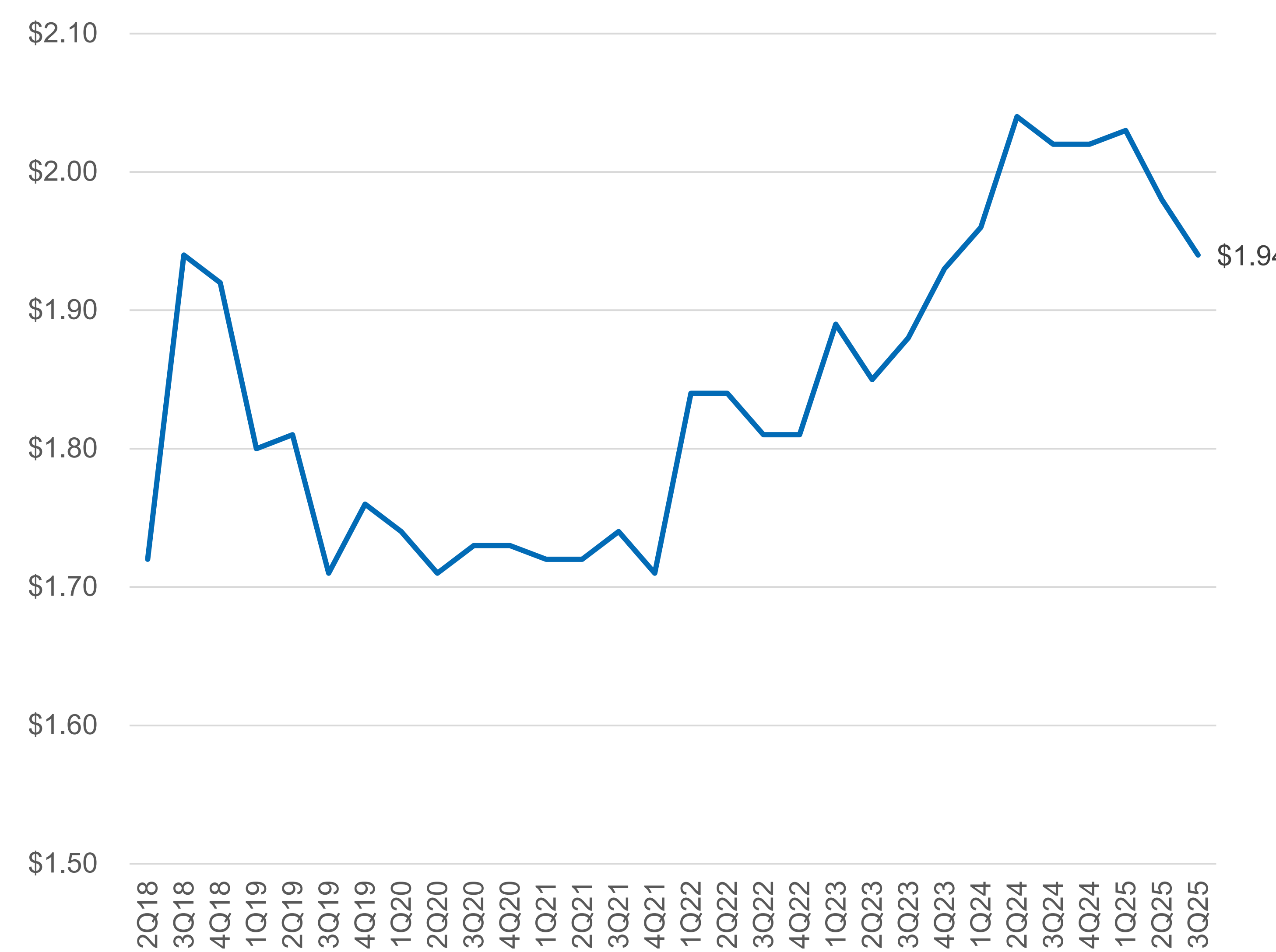
Flex Market Overall Availability and Asking Rent

Flex availability increased in the third quarter with there being 87,192 square feet of negative absorption in the Tri-Valley flex market. Availability increased by 100 basis points while rents declined 40 basis points to $1.94/sf.

Flex Space Overall Availability



Flex Rate Direct Asking Rent



Source: Newmark Research, CoStar

Third Quarter Lease Transactions

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

Notable 3Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Toll Brothers	6800 Koll Center Parkway	Pleasanton – Bernal Corporate Park	Extension	22,439
Comtel Systems Technology Inc.	7133 Koll Center Parkway	Pleasanton – Other	Direct	16,466
King's Classical Academy	3090 Independence Drive	Livermore – West	Direct	16,297
Gillig Corporation	5100 Franklin Drive	Pleasanton - Other	Sublease	13,005

Source: Newmark Research

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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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