
4Q24

Marin County Office Market Overview



NEWMARK

Market Observations

Economy

- Marin County’s unemployment rate decreased by 60 basis points between August and November of 2024, and is now 50 basis points below the United States unemployment rate. However, it is still 120 basis points below California’s unemployment rate of 5.4%.
- The Trade and Transportation sector experienced the largest year over year growth. Professional and Business Services was the only office using sector that experienced growth in 2024, while the Financial Services and Information sectors experienced negative growth.

Major Transactions

- The largest lease signed in the fourth quarter of 2024 was Fair Isaac Corporation, leasing 10,855 square feet at 6 Hamilton Landing in Novato.
- On Board Experimental extended their 5,671 square foot lease at 100 Shoreline Highway in Southern Marin.
- Pinnacle Capital Management Services, LLC sold 75 Rowland Way, an 81,410 square foot medical office building, to Stockdale Capital Partners for \$32.8 million, or \$391.46 per square foot.

Leasing Market Fundamentals

- Net absorption was negative 18,631 square feet for the fourth quarter of 2024. The two submarkets that contributed most to this negative absorption were Southern Marin and Northern San Rafael.
- Average weighted full service asking rates across Marin County in the fourth quarter of 2024 remained constant at \$3.41 per square foot.
- Hybrid work trends continue to inspire downsizing into quality buildings, allowing employers to better incentivize workers to return to the office.

Outlook

- The Marin County office market, with a vacancy of 20.0%, is fairing well when compared to nearby urban metros such as San Francisco, which posted an office vacancy rate of 29.8% in the fourth quarter of 2024.
- Companies exiting and downsizing out of larger metro areas are expected to result in a decrease in vacancy across Marin County throughout 2025.
- With a number of Marin County office buildings scheduled to be converted to housing as well as new housing developments, it is expected in years to come that there could be a lack of supply for the demand of office space.

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

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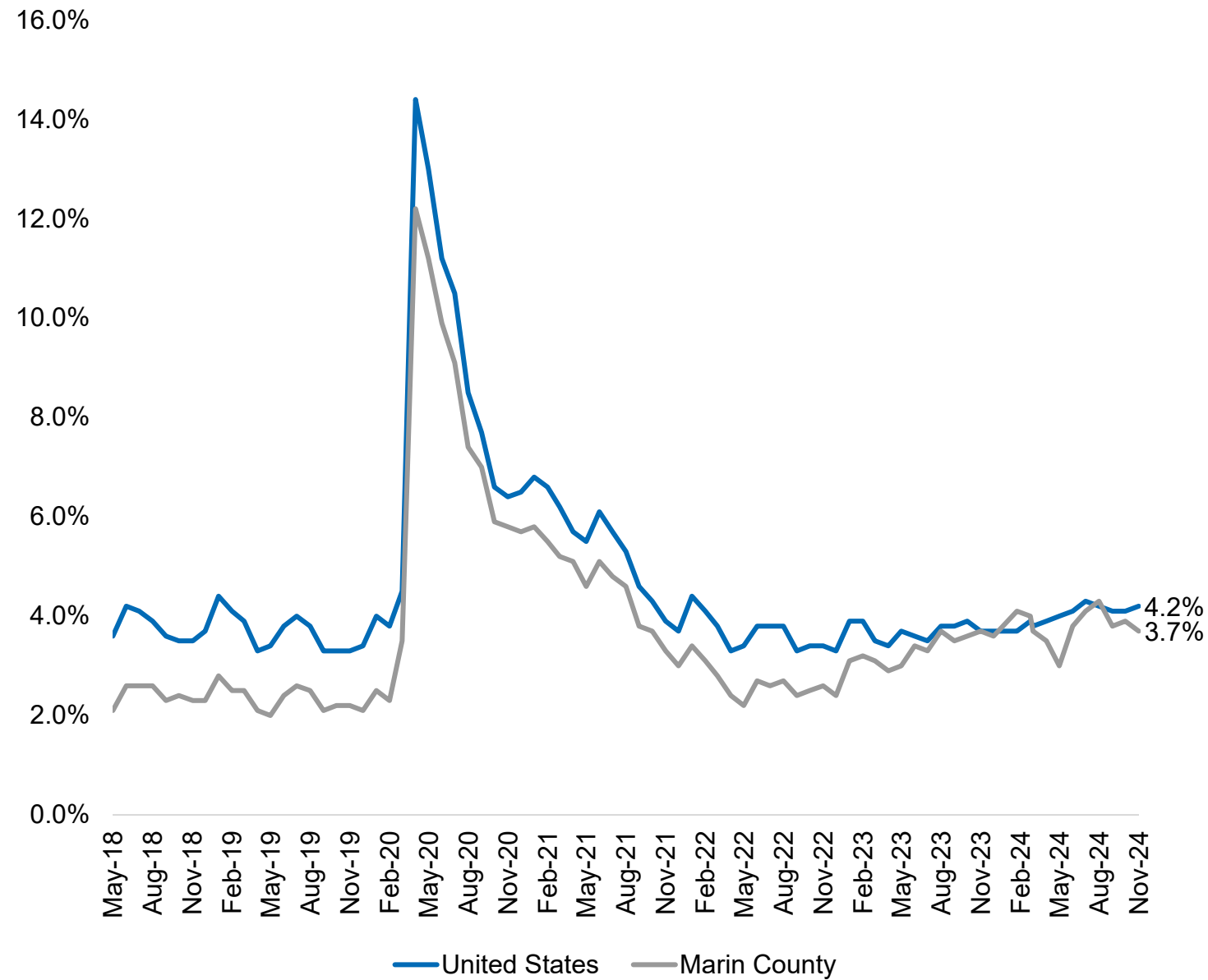
Economy



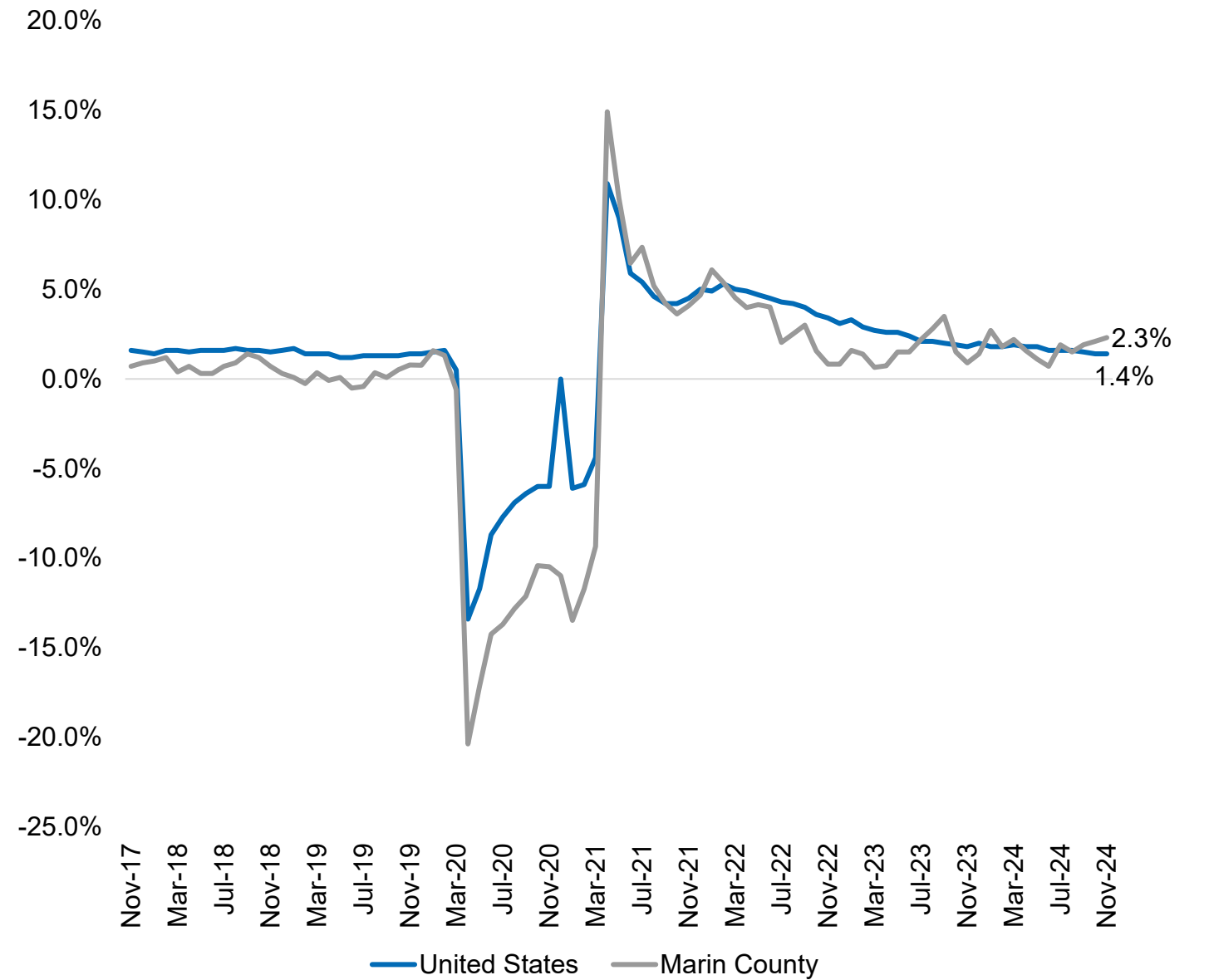
Metro Employment Increase

Marin County's unemployment rate decreased by 60 basis points between August and November of 2024. As of the end of November, Marin County's unemployment rate was equivalent to what it was in November of 2023. At 3.7%, the unemployment rate in Marin County was 50 basis points lower than the national rate.

Unemployment Rate, Non-Seasonally Adjusted



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

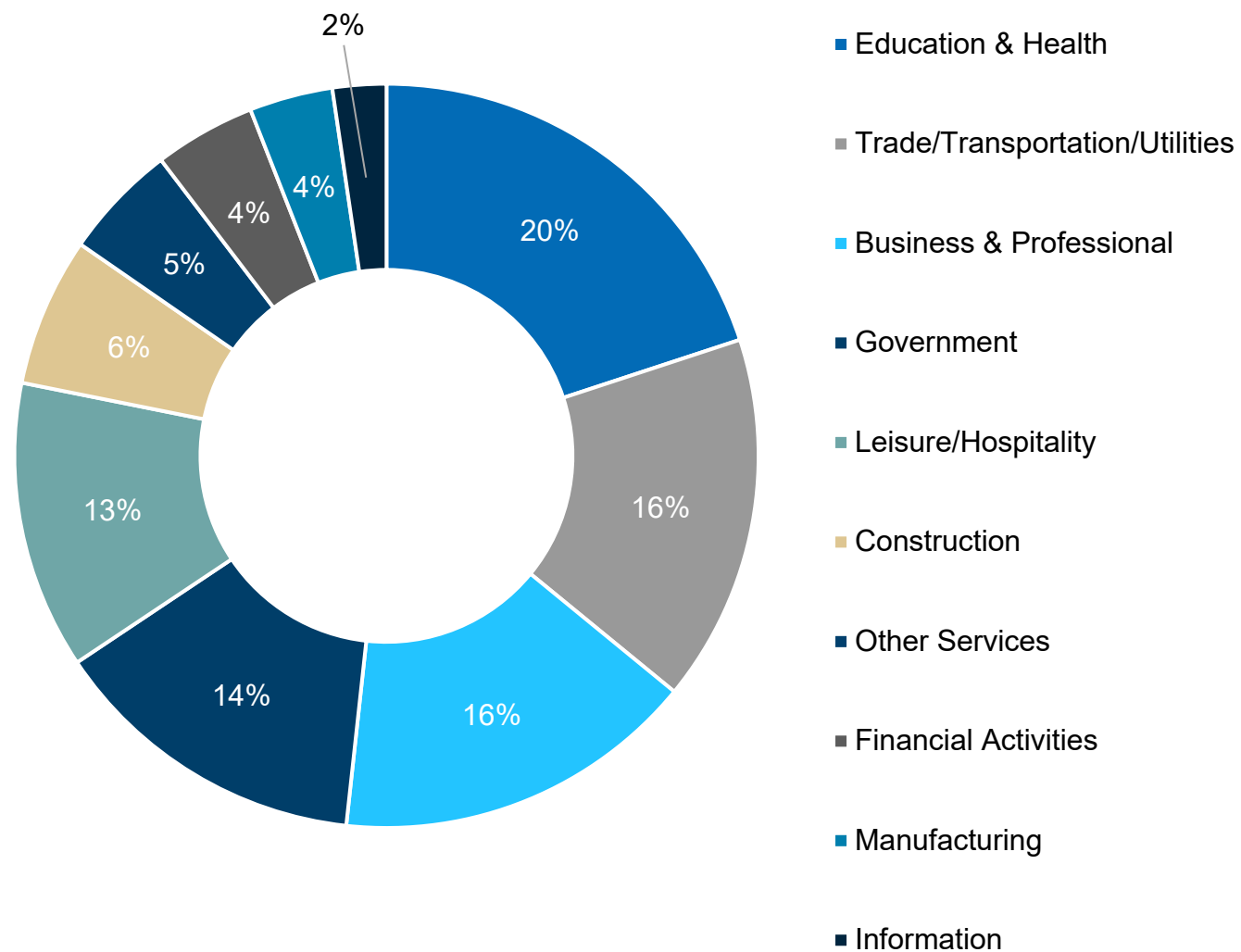


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

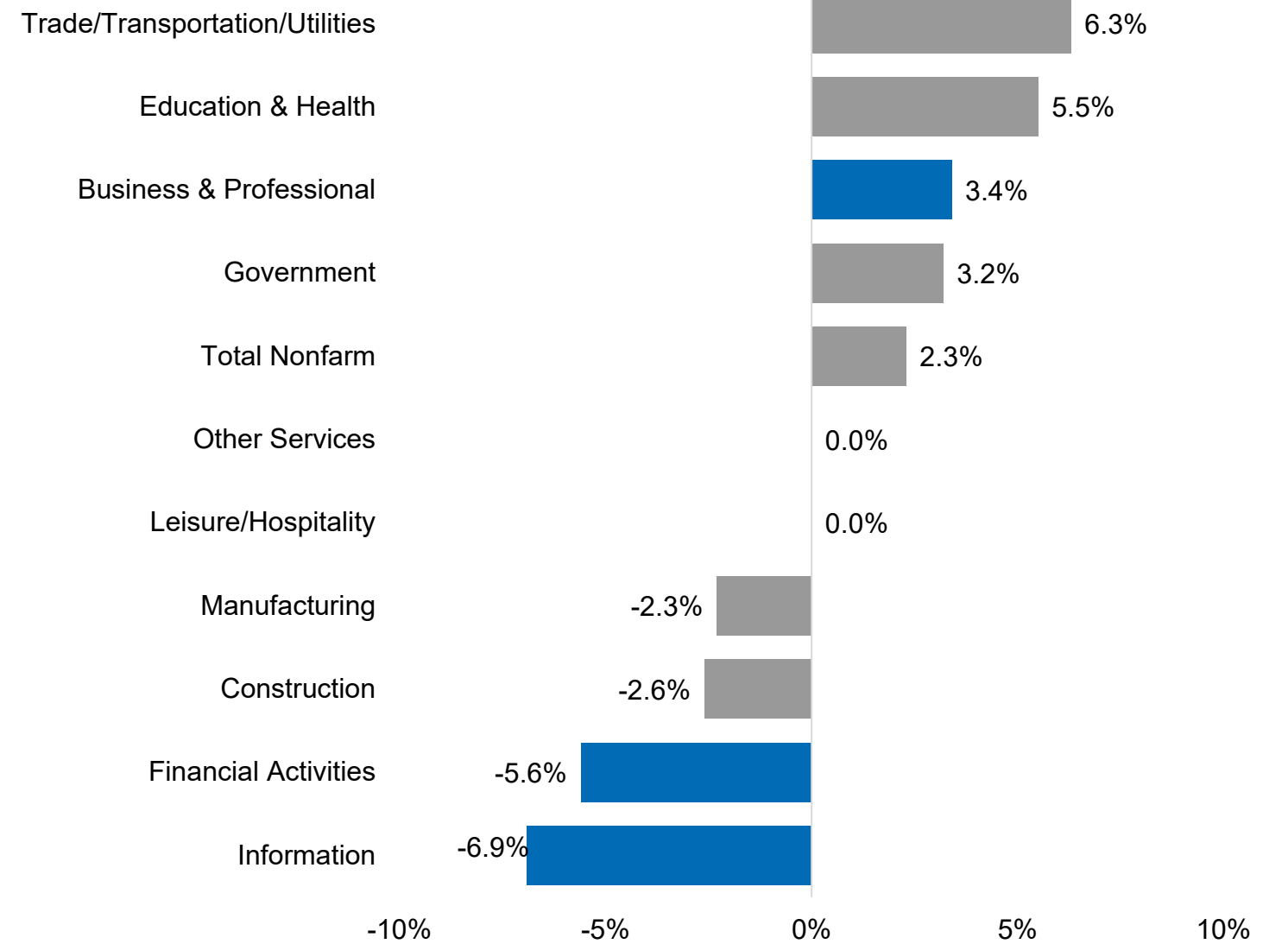
Office-Using Employment Down Year-Over-Year

The education and health sector has the most employees in Marin County, followed by trade/transportation/utilities and business and professional Services. The only office using sector in Marin County that experienced year over year increases in employees is Professional & Business Services.

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

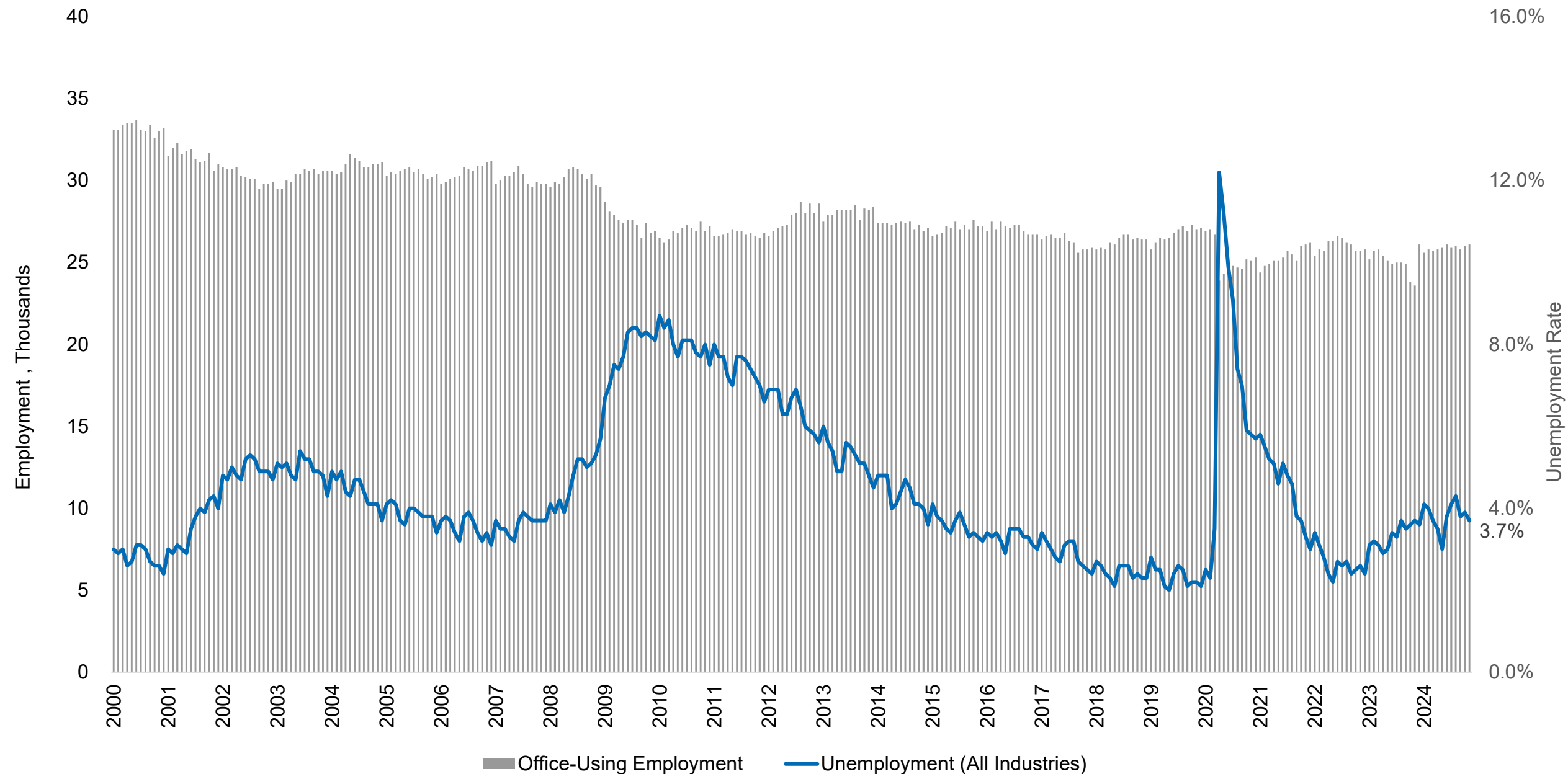


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

Office-Using Employment Remains Under Pre-Pandemic Totals

The number of office jobs in Marin County is trending up, yet still has not reached pre-pandemic levels. However, the unemployment rate in Marin County has decreased by 60 basis points since August of 2024.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County). Note: May 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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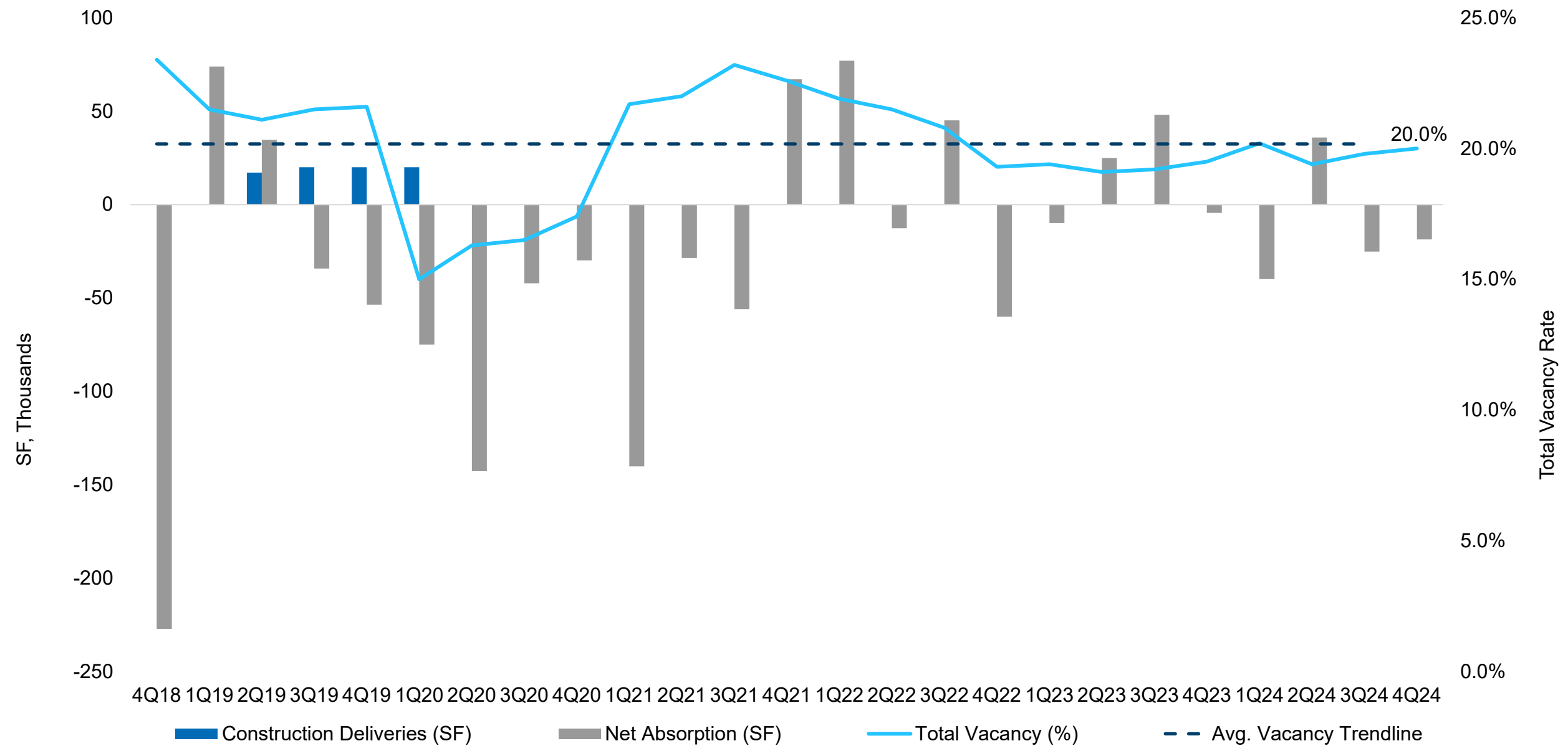
Leasing Market Fundamentals



Office Vacancy Increased in 4Q24

The vacancy rate for office space in Marin County increased by 20 basis points to 20.0% in the fourth quarter of 2024.

Historical Construction Deliveries, Net Absorption, and Vacancy

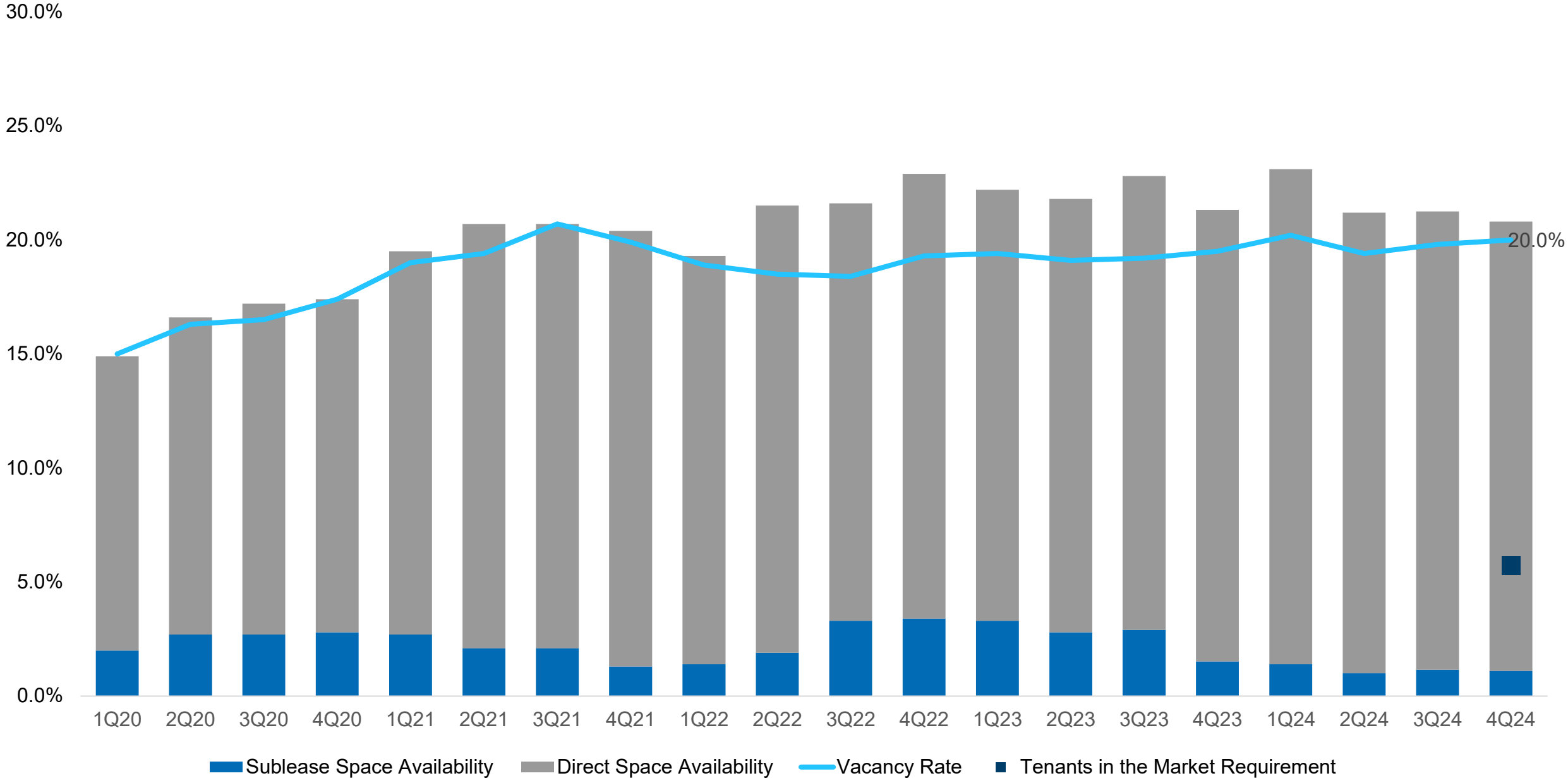


Source: Newmark Research, CoStar

Tenants in the Market Demand

The fourth quarter demand for tenants in the market for office space is 5.7% of the 7.4-million-SF total office inventory in Marin County. Demand for office space in Marin County is expected to increase as more companies exit the larger metropolitan areas in the Bay Area.

Available Space and Tenant Demand as Percent of Overall Market



Source: Newmark Research, CoStar

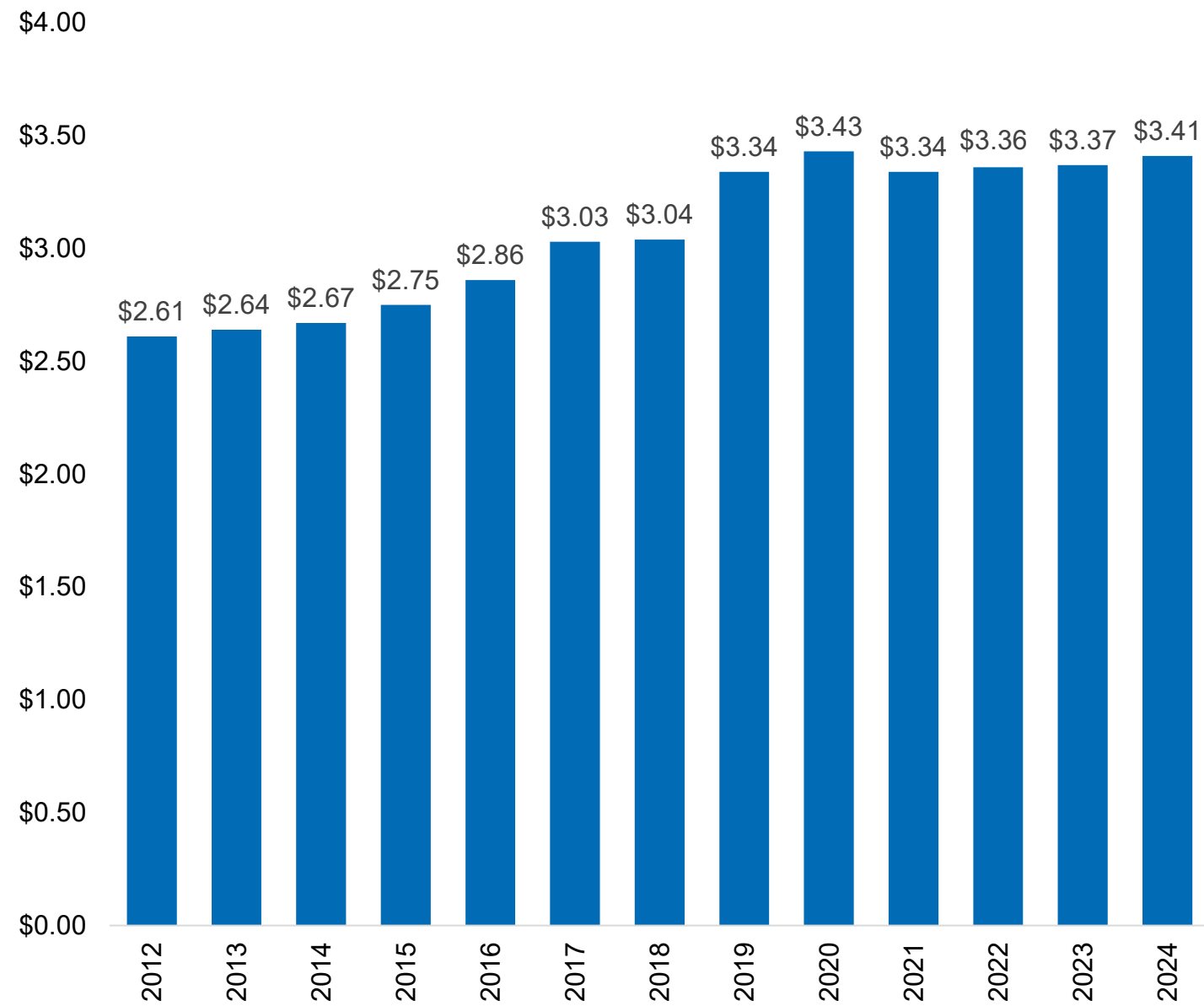


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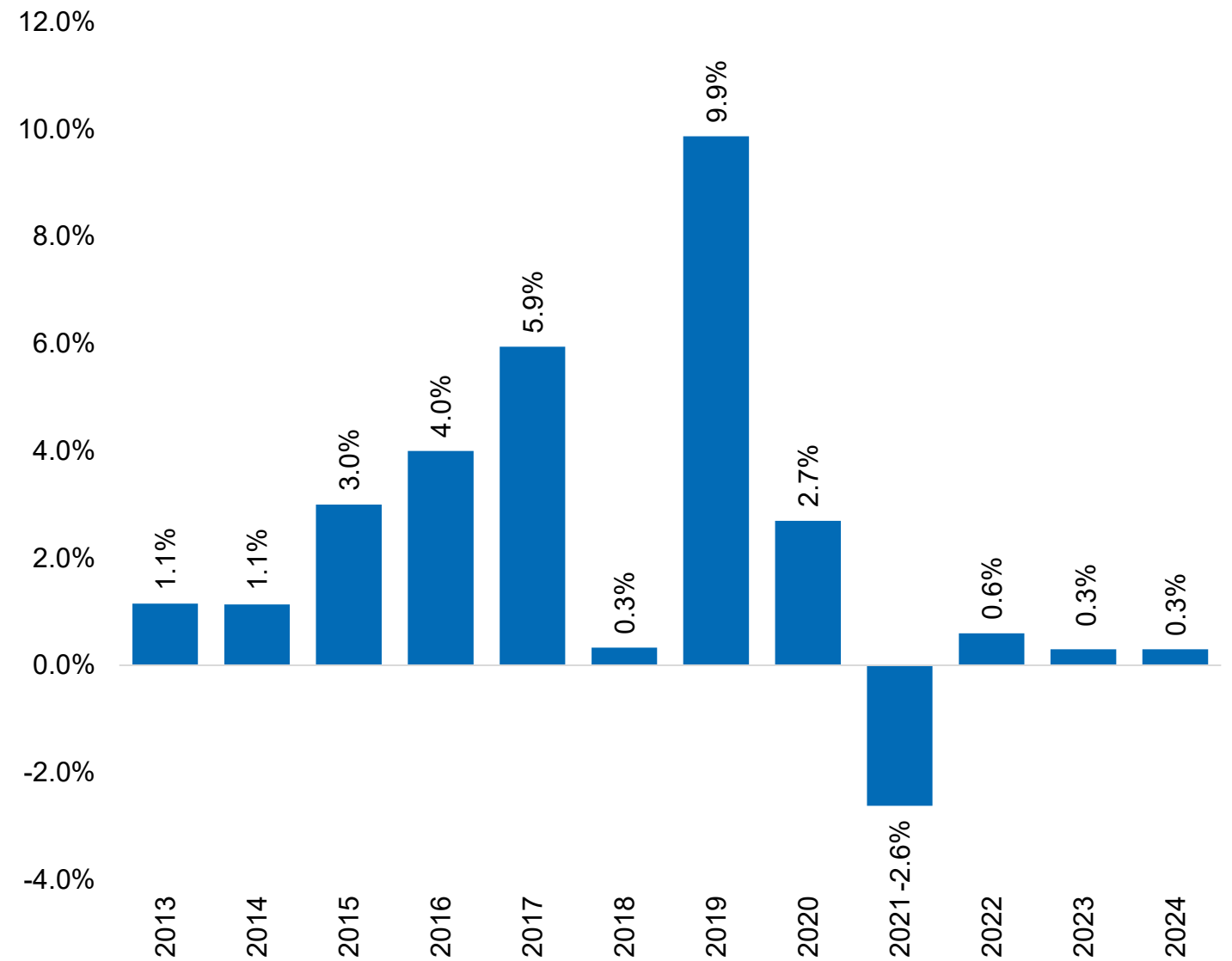
Office Asking Rents Remain Constant

Asking rents in Marin County have remained steady and have increased 40 basis points over the course of 2024. It is expected that asking rents remain constant into the foreseeable future.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar



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4Q24 Lease Transactions

There were 5 leases signed over 2,500 square feet in the fourth quarter for the Marin Office market, the largest being Fair Isaac Corporation leasing 10,855 square feet at 6 Hamilton Landing in Novato.

Notable 4Q24 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Fair Isaac Corporation	6 Hamilton Landing	Novato	Direct Lease	10,855
On Board Experimental	100 Shoreline Highway	Marin Southern	Lease Extension	5,671
Paul Handelman, D.O	899 Northgate Drive	San Rafael – Northern	Lease Renewal	2,776
Cunningham Legal	899 Northgate Drive	San Rafael – Northern	Direct Lease	2,457
Defined Financial Planning LLC	899 Northgate Drive	San Rafael – Northern	Lease Expansion	2,425

Appendix





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