



NEWMARK

North I-680 Office Market Overview

4Q25

U.S. Market Observations



Economy

- The East Bay's unemployment increased by 40 basis points in the fourth quarter and currently stands at 5.5%. This is now 110 basis points higher than the national average.
- Job growth year-over-year increased in financial activities, construction, government, and leisure hospitality. The information, professional business and services, and other services sectors showed the largest decreases in employment.
- As the new year begins, the U.S. economy enters a period of heightened uncertainty, shaped by recent tariff actions and evolving interest rate policy. These dynamics are expected to play a significant role in influencing market conditions, investor sentiment, and economic performance throughout the year ahead.



Leasing Market Fundamentals

- The vacancy rate decreased from x to 24.9% in the fourth quarter of 2025. The market experienced 82,409 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

- Kimley-Horn & Associates leased 21,611 square feet at 2999 Oak Road.
- Black & Veatch subleased 19,549 square feet of space at 1277 Treat Blvd.
- Discovery Builders leased 17,236 square feet at 5099 Commercial Circle.
- Southland industries renewed 11,626 square feet and expanded 2,617 square feet of space at 2999 Oak Road.
- Unison leased 10,104 square feet of space at 1320 Willow Pass Road.



Outlook

- In migration from San Francisco slowed a bit during the fourth quarter. We expect this to pick up as the fast-paced recovery in San Francisco pushes more tenants east towards North I-680.
- Buildings that are well leased and have good employee density are leasing fastest as energy environments are attracting employers and employees.
- 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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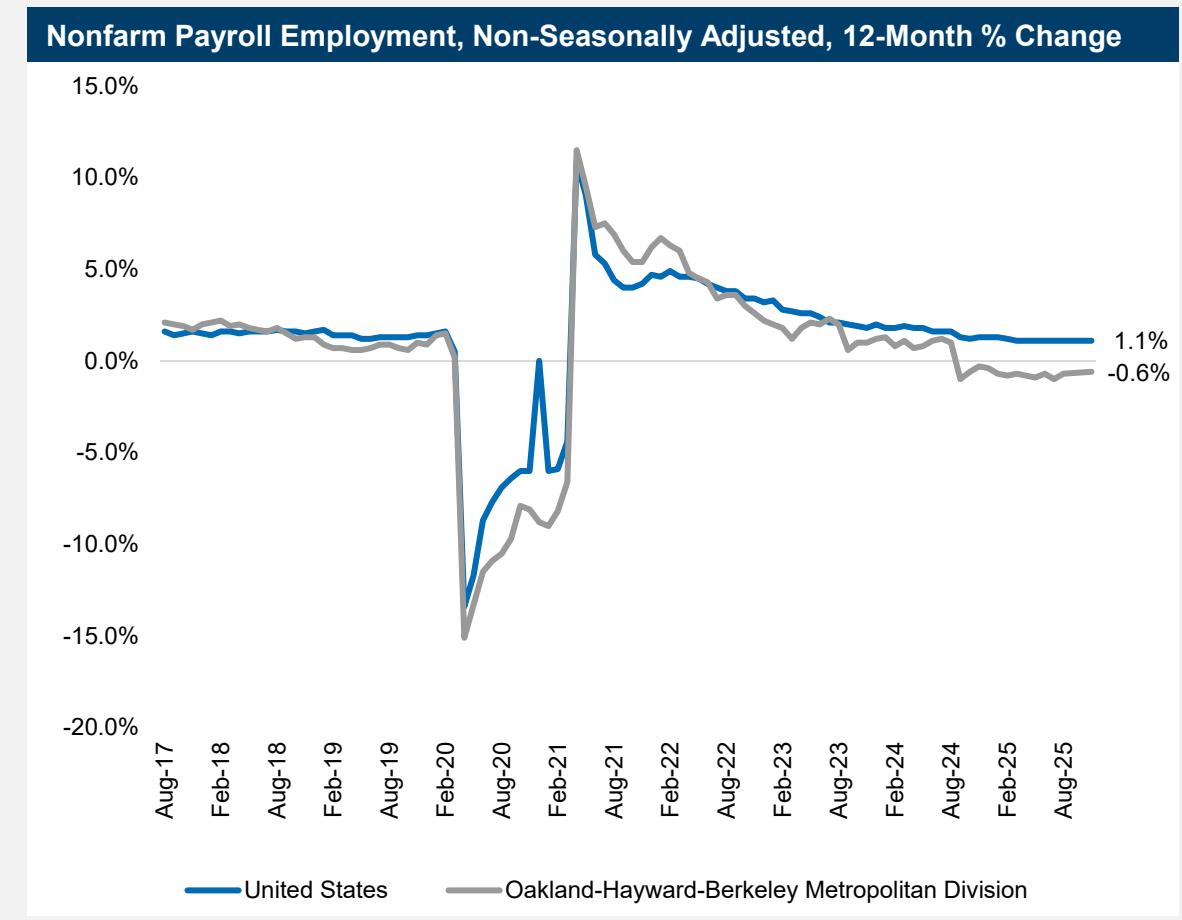
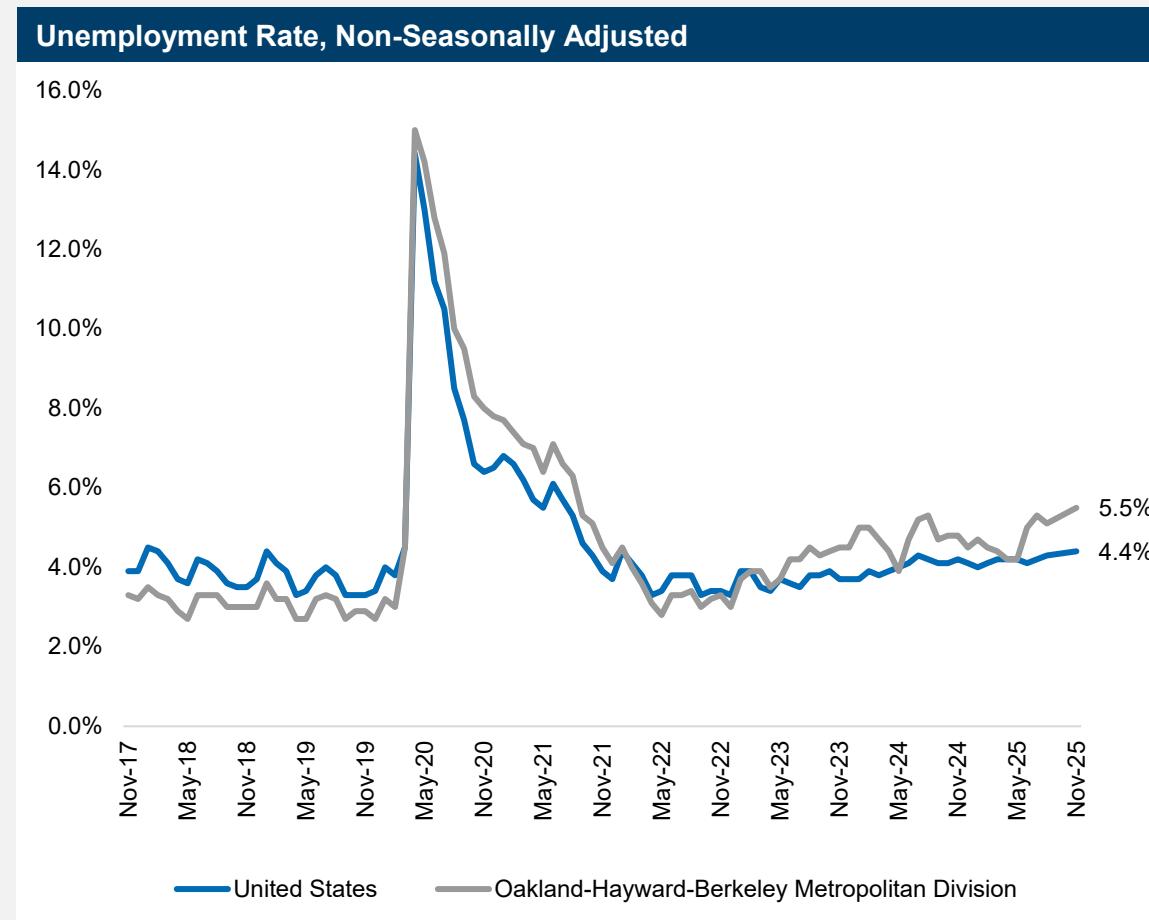
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Economy



Metro Employment Trends Signal a Slight Comeback

The current unemployment rate for the East Bay increased by 40 basis points from August to November, and at 5.5% was 110 basis points higher than the national unemployment rate. Unemployment rates remained above pre-pandemic levels.



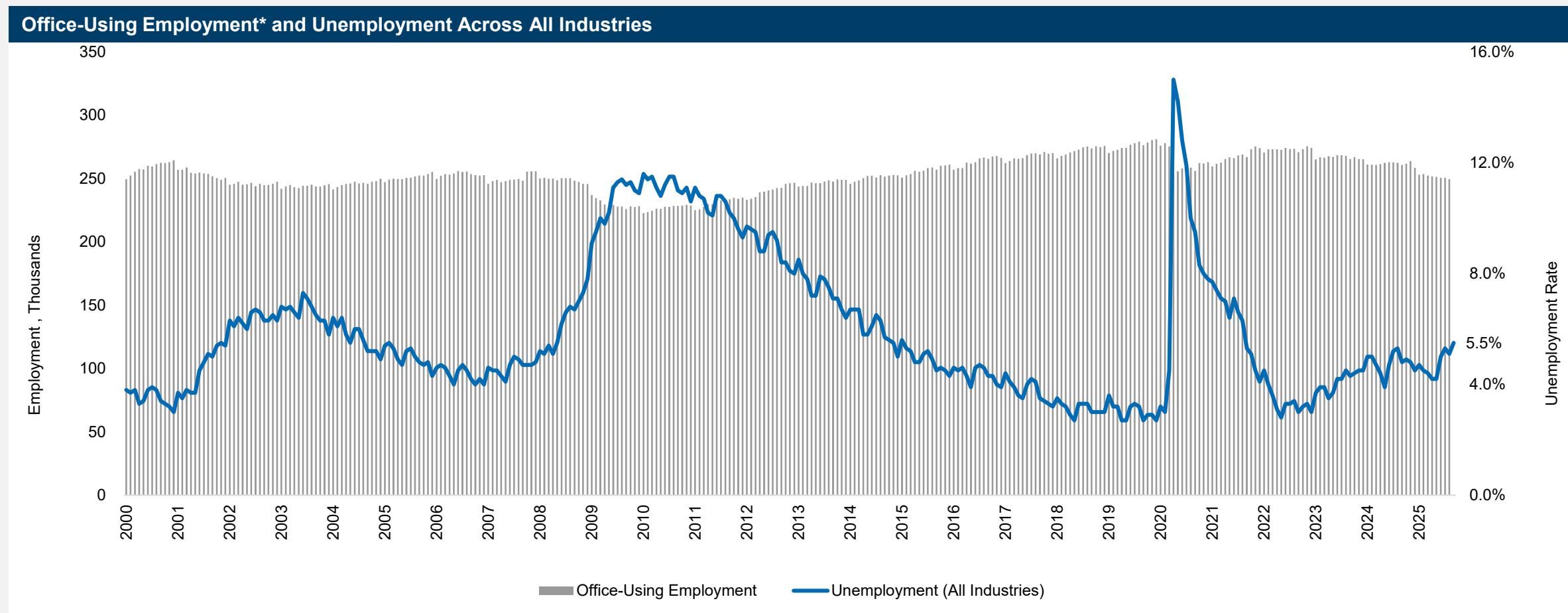
Office-Using Employment Down

Office using sectors continued to experience negative growth over a 12-month period, with the Information sector experiencing the most negative growth.



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.



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties). Note: November 2025 data is preliminary.

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

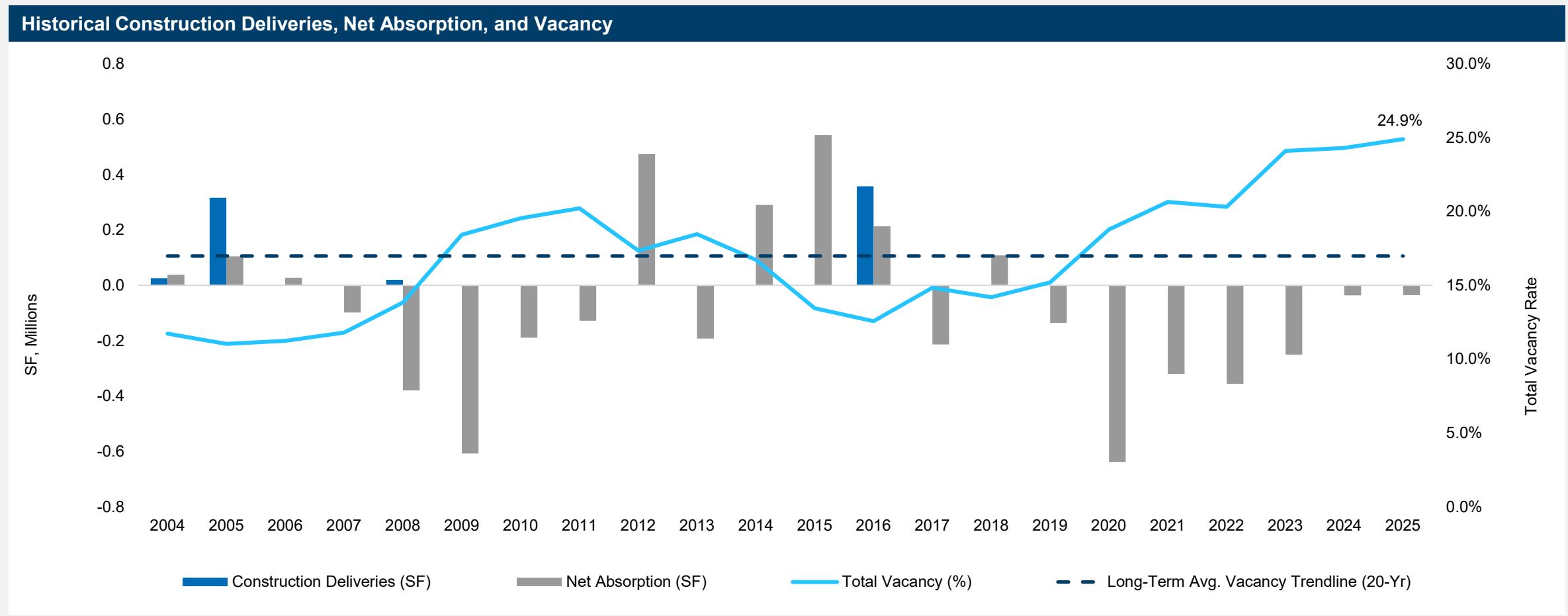
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Leasing Market Fundamentals

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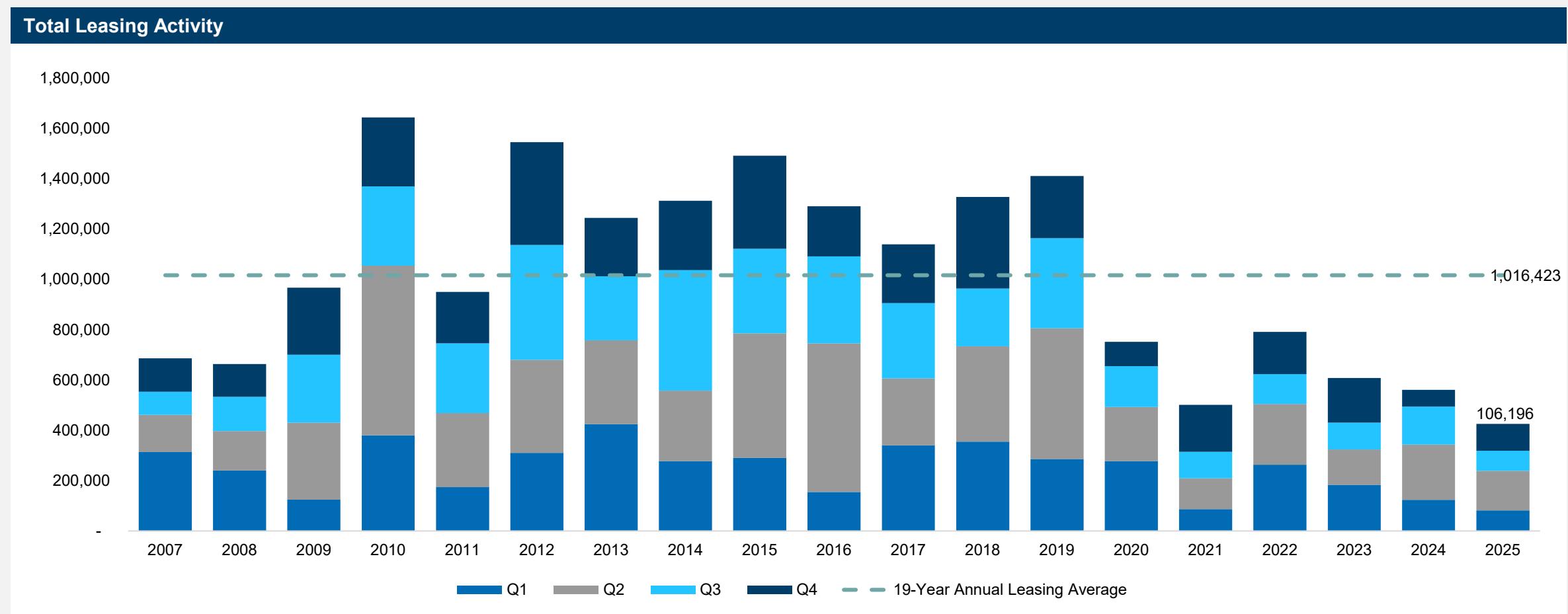
Vacancy Remains Steady in Fourth Quarter of 2025

The vacancy rate held steady in the fourth quarter of 2025. Net absorption totaled positive 82,409 square feet for the quarter, partially offsetting earlier losses and bringing the year-to-date total to negative 35,381 square feet. Meanwhile, no new office construction projects are currently in the pipeline.



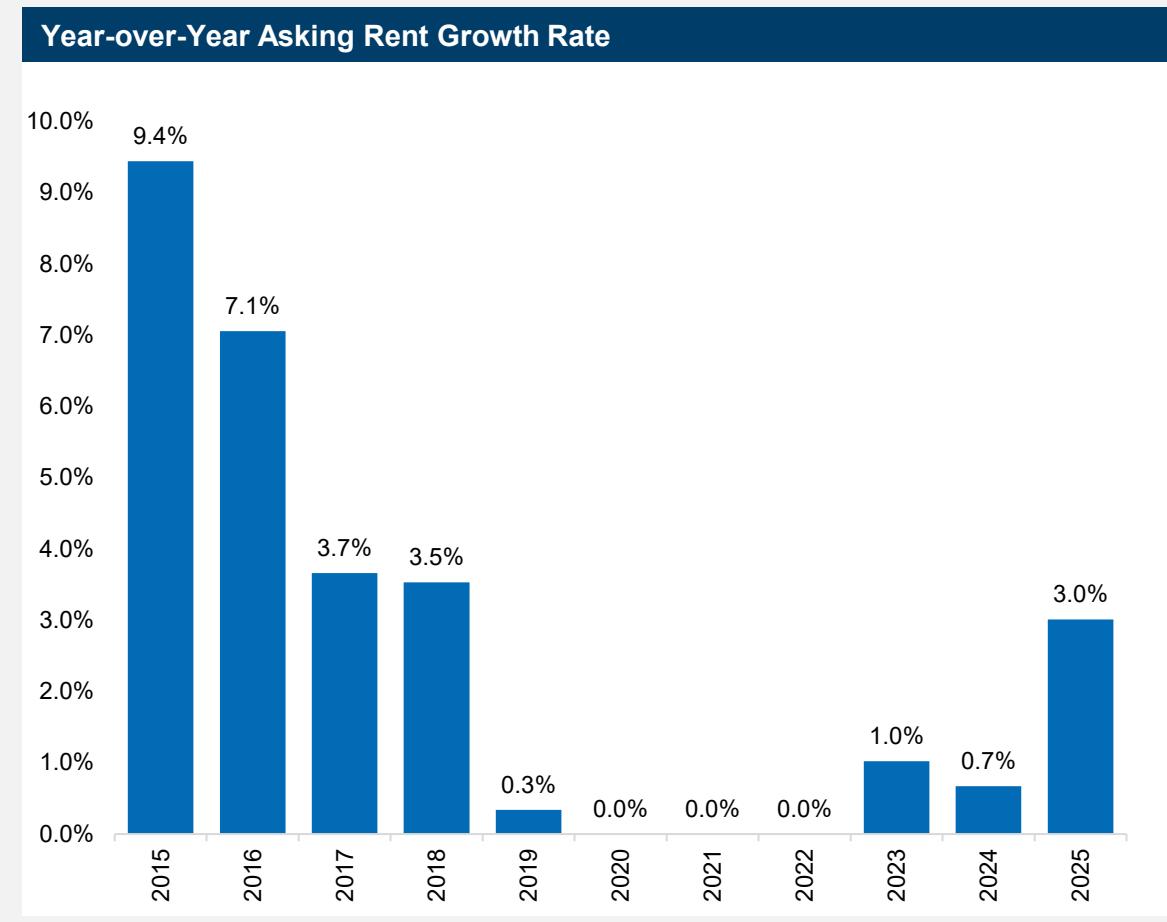
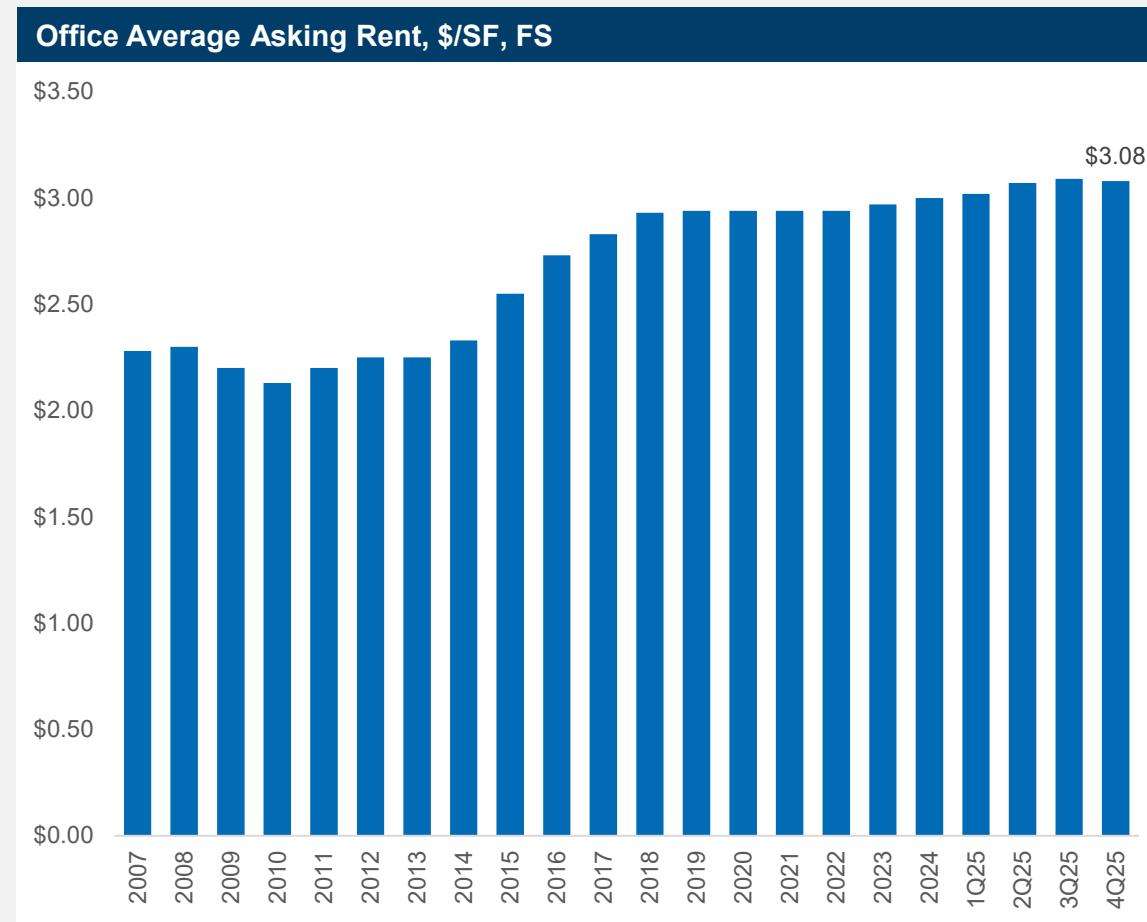
Leasing Activity Remains Slow

Leasing activity remains below pre-pandemic levels, with momentum continuing to wane. The third and fourth quarters saw a notable decline. Many companies are adopting a cautious approach, carefully navigating ongoing economic uncertainty while evaluating long-term market conditions.



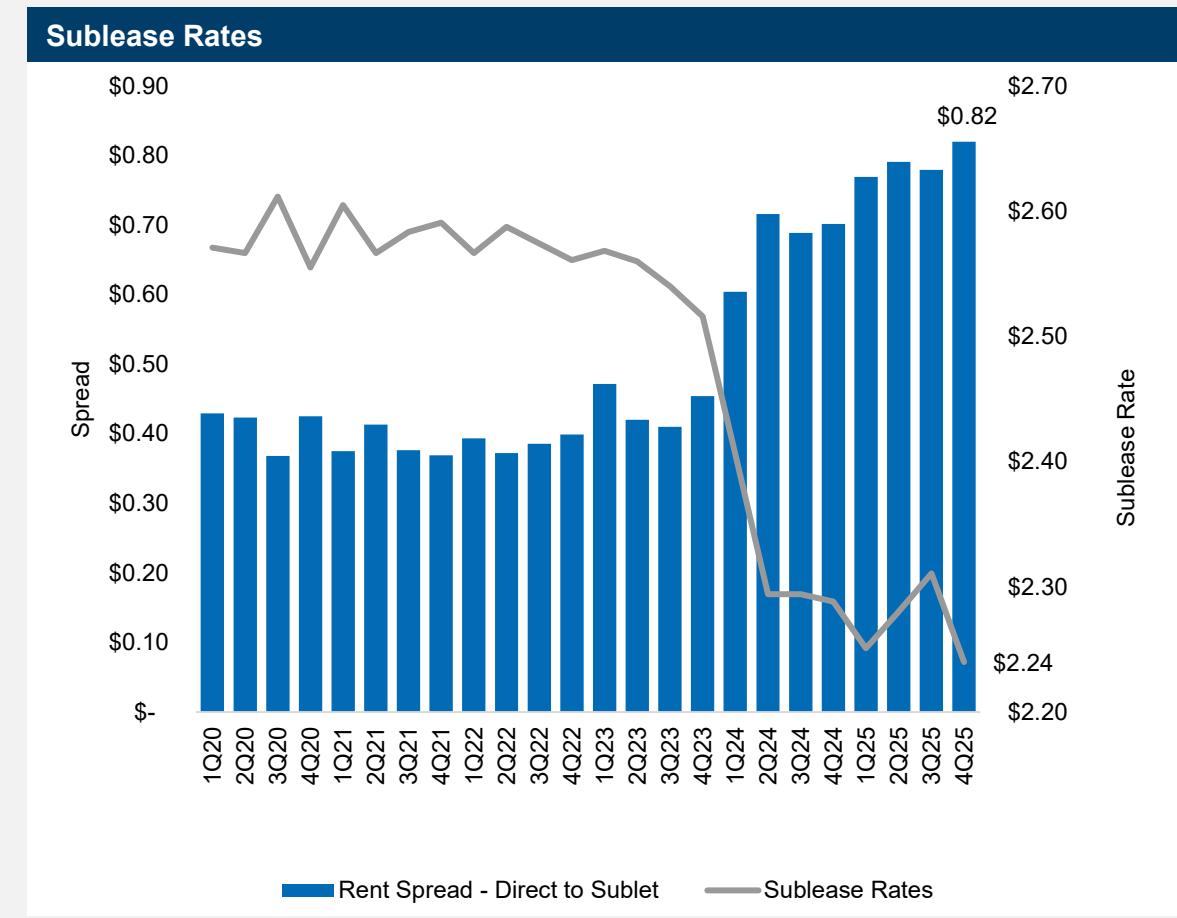
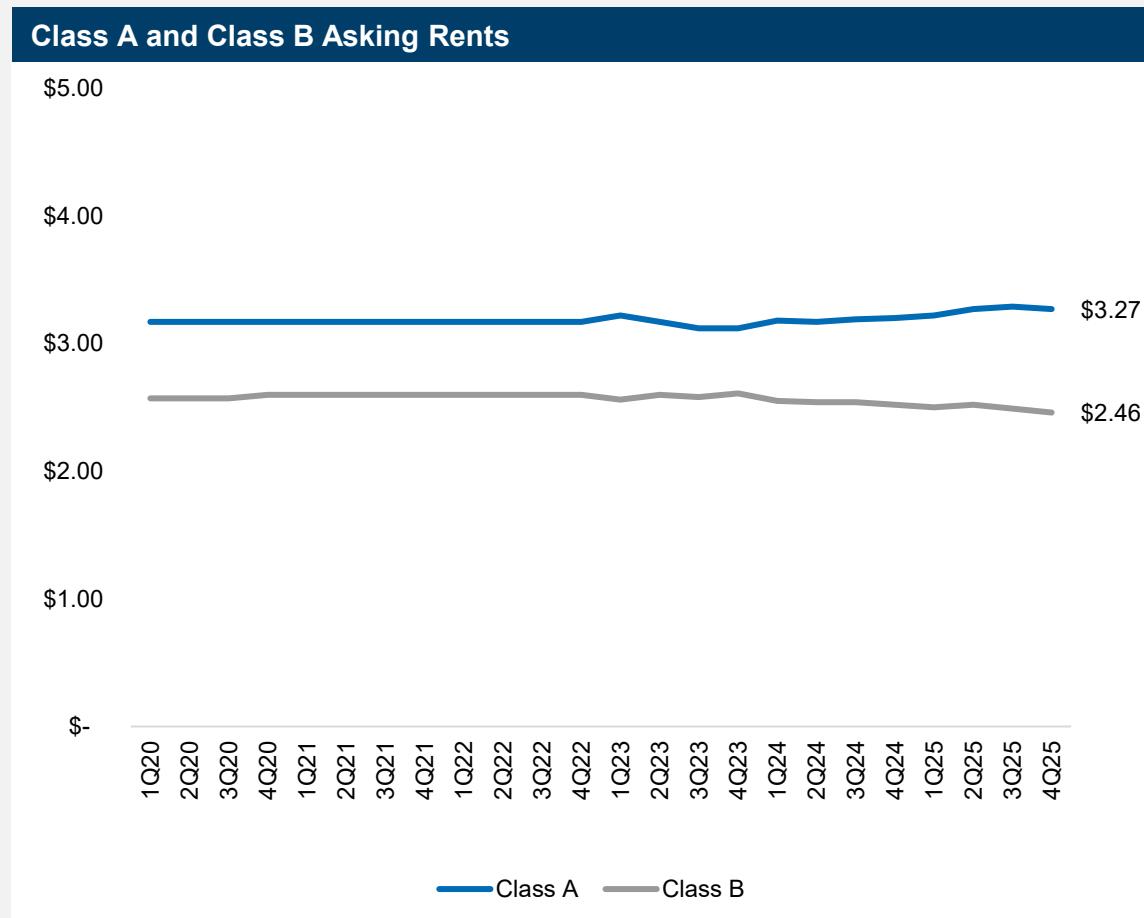
Direct Asking Rents Increase Slightly

Office rents remained stable in the fourth quarter of 2025. Year-over-year growth reached 3.0%.



Sublease Rates Decreased

In the fourth quarter of 2025, direct asking rates increased at a faster pace than sublease rates, widening the rent spread by \$0.04. While direct rates remained steady, sublease rates declined by \$0.07.



Fourth Quarter Lease Transactions

During the fourth quarter of 2025, leasing activity in the East Bay was primarily concentrated in the Walnut Creek and Concord submarkets. The largest lease was executed by Kimley-Horn and Associates at 2999 Oak Road in Walnut Creek, totaling 21,611 square feet.

Notable 4Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Kimley-Horn and Associates	2999 Oak Road	Walnut Creek – Pleasant Hill BART	Direct Lease	21,611
Black & Veatch	1277 Treat Blvd	Walnut Creek – Pleasant Hill BART	Sublease	19,549
Discovery Builders	5099 Commercial Circle	Concord – Concord	Direct Lease	17,236
Southland Industries	2999 Oak Road	Walnut Creek – Pleasant Hill BART	Lease Renewal/Expansion	14,243
Unison	1320 Willow Pass Road	Walnut Creek – Pleasant Hill BART	Direct Lease	10,104

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Appendix

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