



NEWMARK

Tri Valley Office & Flex Market Overview

4Q25

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U.S. Market Observations



Economy

- 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.
- Job growth year-over-year only increased in education and health, and other services. 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 2026.



Leasing Market Fundamentals

- The Tri Valley office market experienced positive absorption of 80,975 square feet in the fourth quarter of 2025, mainly attributed to buildings in Pleasanton, including Natera taking a 31,804 square foot vacant sublease off the market.
- 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. Class B buildings leased more square footage in 2025.



Major Transactions

- Calyxo expanded by 26,100 square feet at 4430 Rosewood Drive in Pleasanton.
- Natera subleased 31,804 square feet at 5100 Franklin Drive in Pleasanton.
- The largest direct lease of the quarter was Atkinson, Andelson, Loya, Ruud & Romo taking 16,197 square feet at 4160 Dublin Boulevard in Dublin.
- In Pleasanton, Anjani Thakur purchased 5000 Pleasanton Avenue from Pomfret Estates Incorporated for \$4.8 million dollars, or \$201.44 per square foot.
- Sutter Health is purchasing the 300,000 square foot Pleasanton Labs project for \$45 million, set to close in January 2026.



Outlook

- While tenant demand remains subdued, competition exists for quality space due to implications of significant office to residential redevelopment.
- Projects with move in ready / market ready spaces or are the lowest rent options are seeing the most activity and deal making.
- Tenant demand is picking up due to relocations caused by planned or wishful housing redevelopment, but mostly for tenants under 10,000 RSF.
- Limited large tenant demand and touring activity continues to prevent significant positive absorption in the market.

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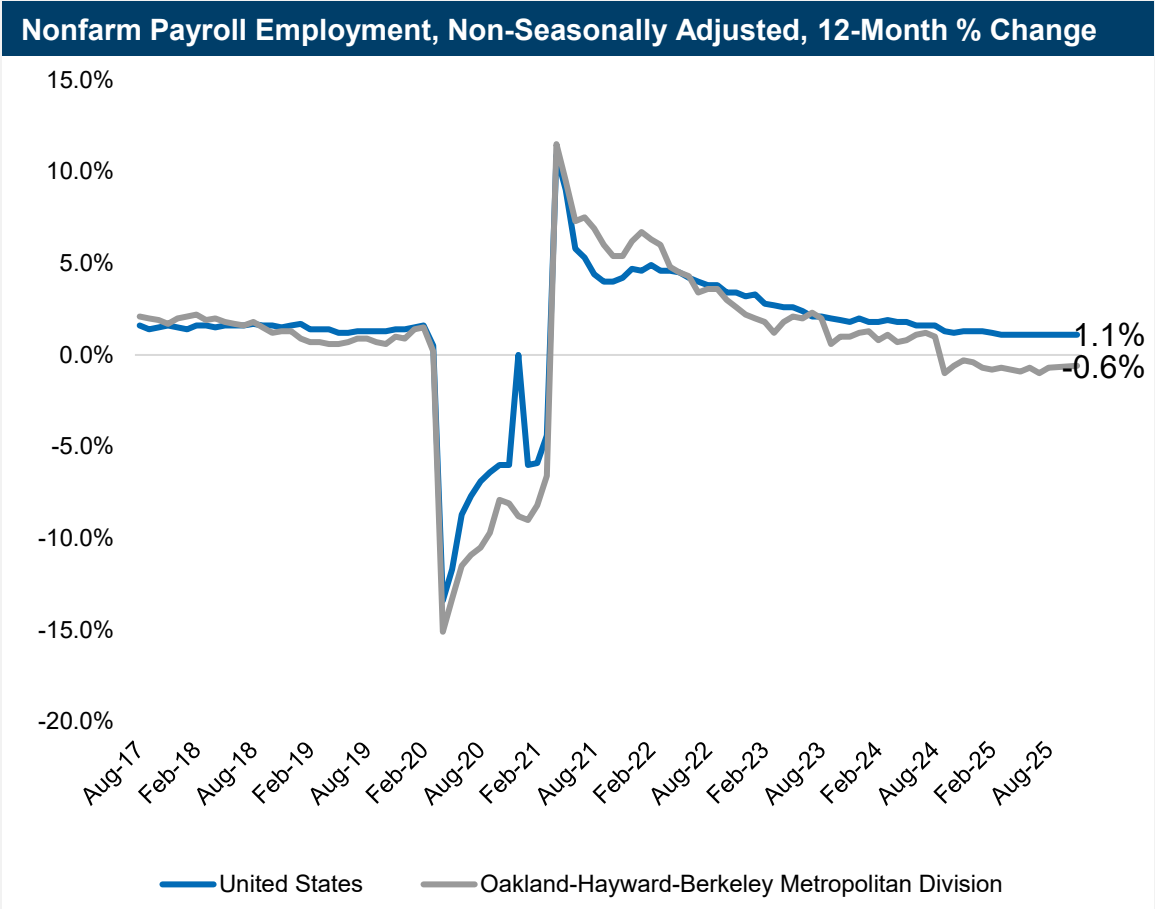
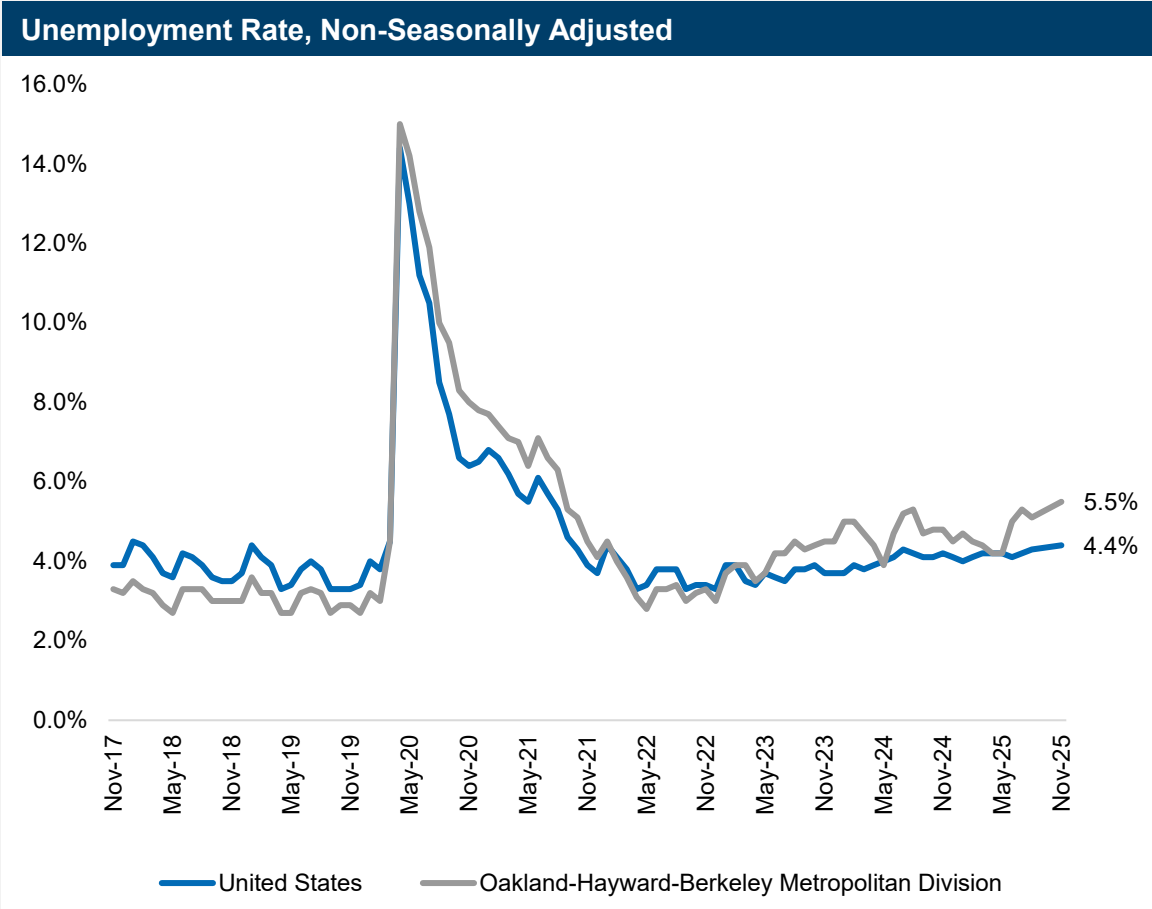
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Economy



Metro Employment Trends Signal a Slight Comeback

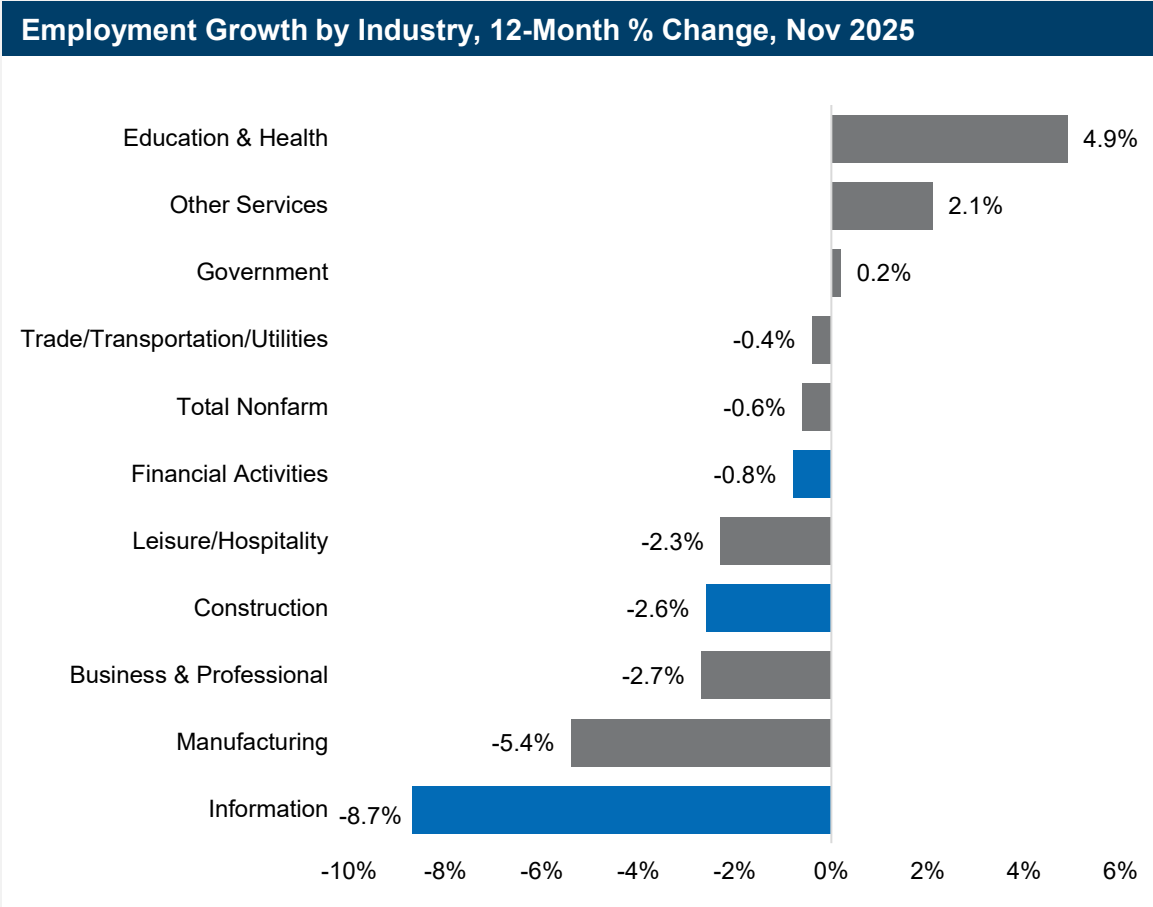
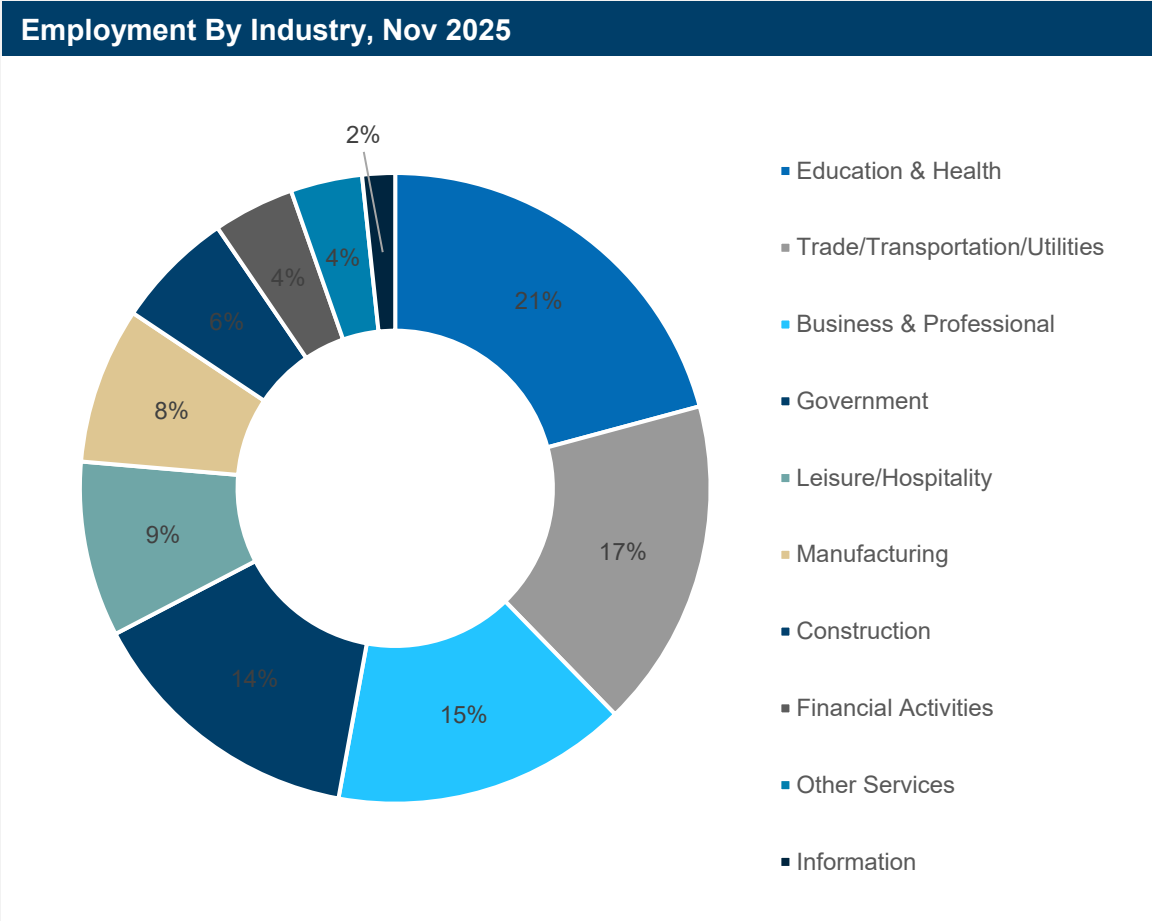
The current unemployment rate for the East Bay increased by 40 basis points from August to November, and at 5.5% was 110 basis points higher than the national unemployment rate. Unemployment rates remained above pre-pandemic levels.



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

Office-Using Employment Down

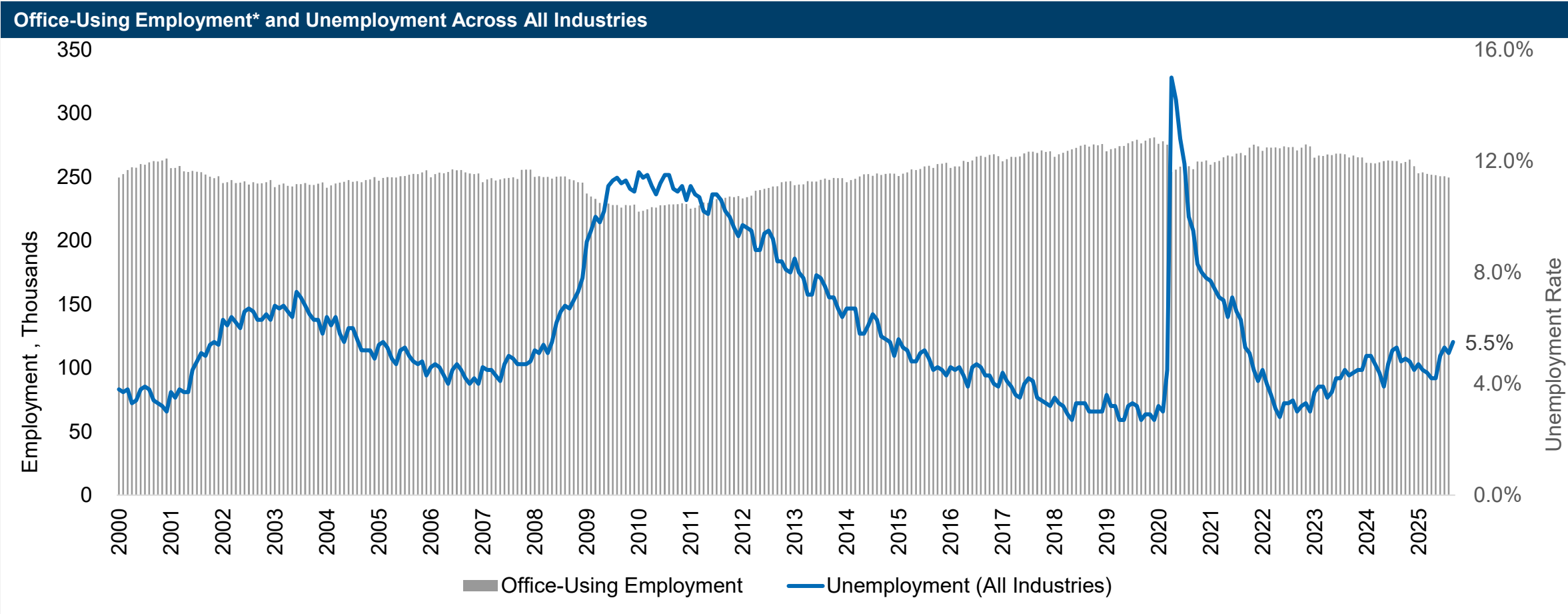
Office using sectors continued to experience negative growth over a 12-month period, with the Information sector experiencing the most negative growth.



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.



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.



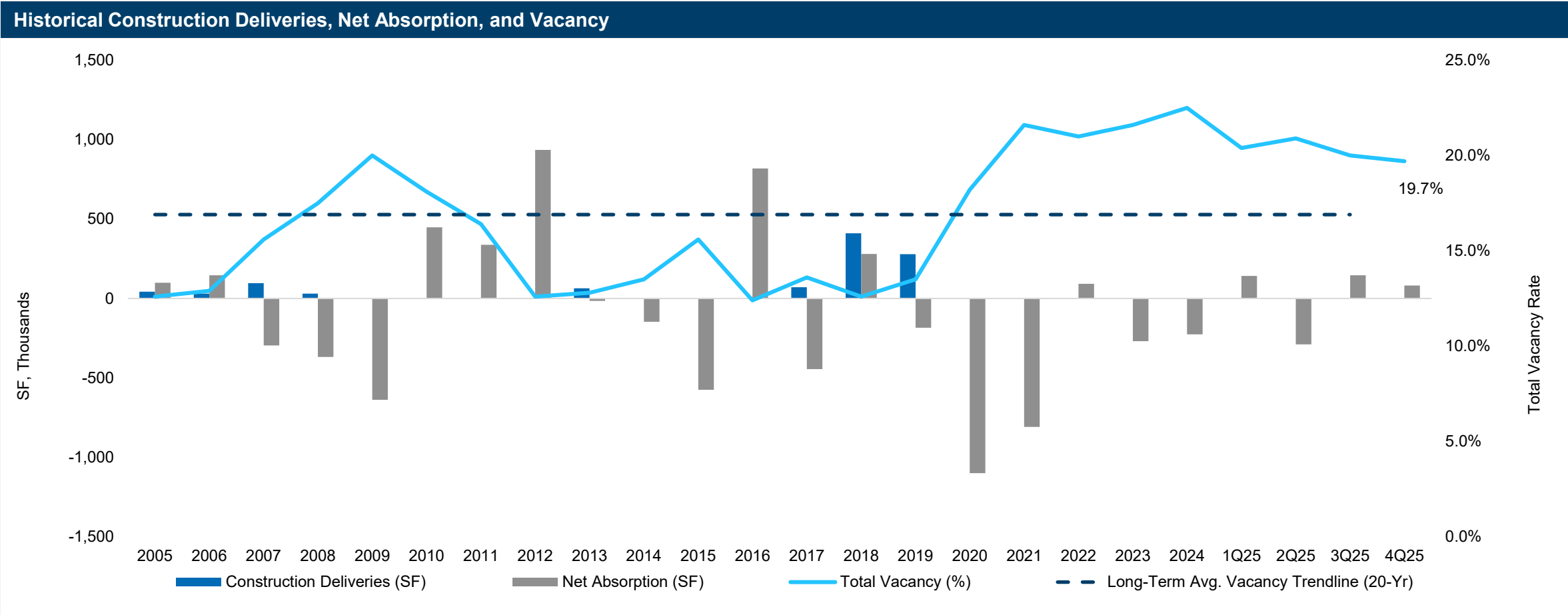
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Leasing Market Fundamentals

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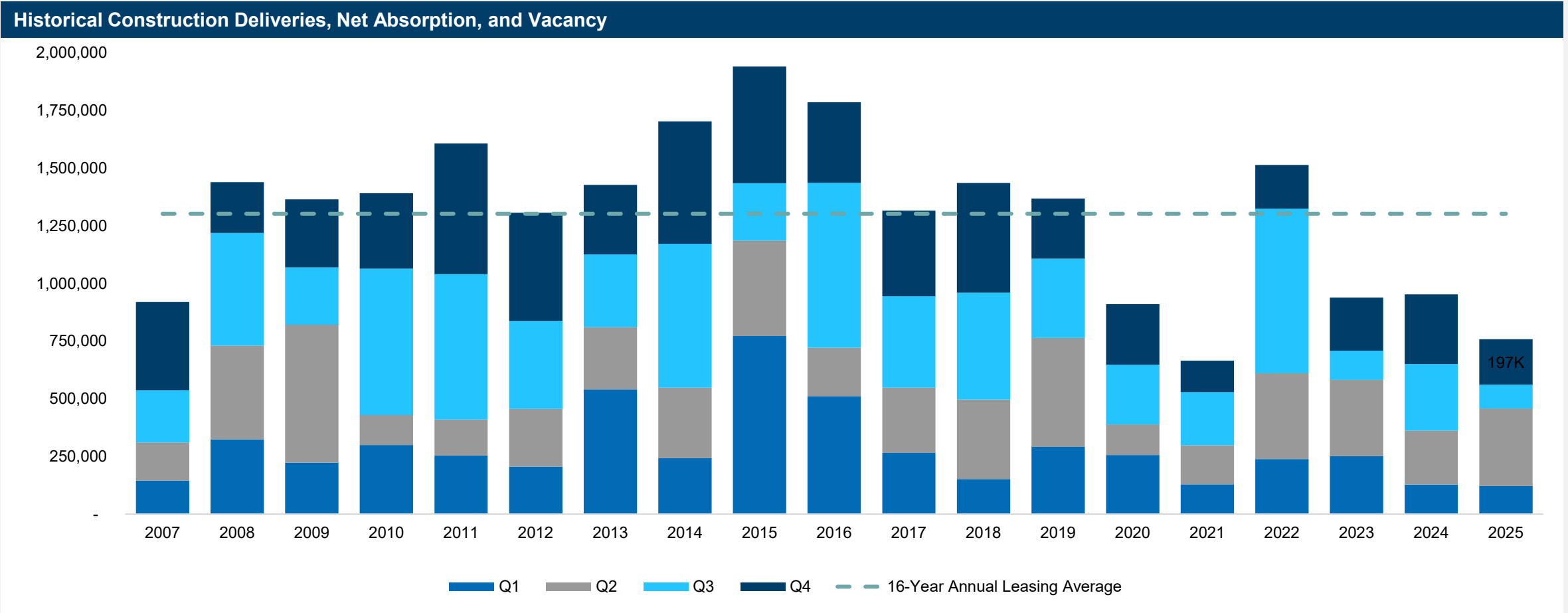
Tri Valley Office Vacancy Decreased

The overall vacancy rate decreased in the third quarter by 30 basis points, as the office market logged 80,975 square feet of absorption with an overall vacancy rate of 19.7%.



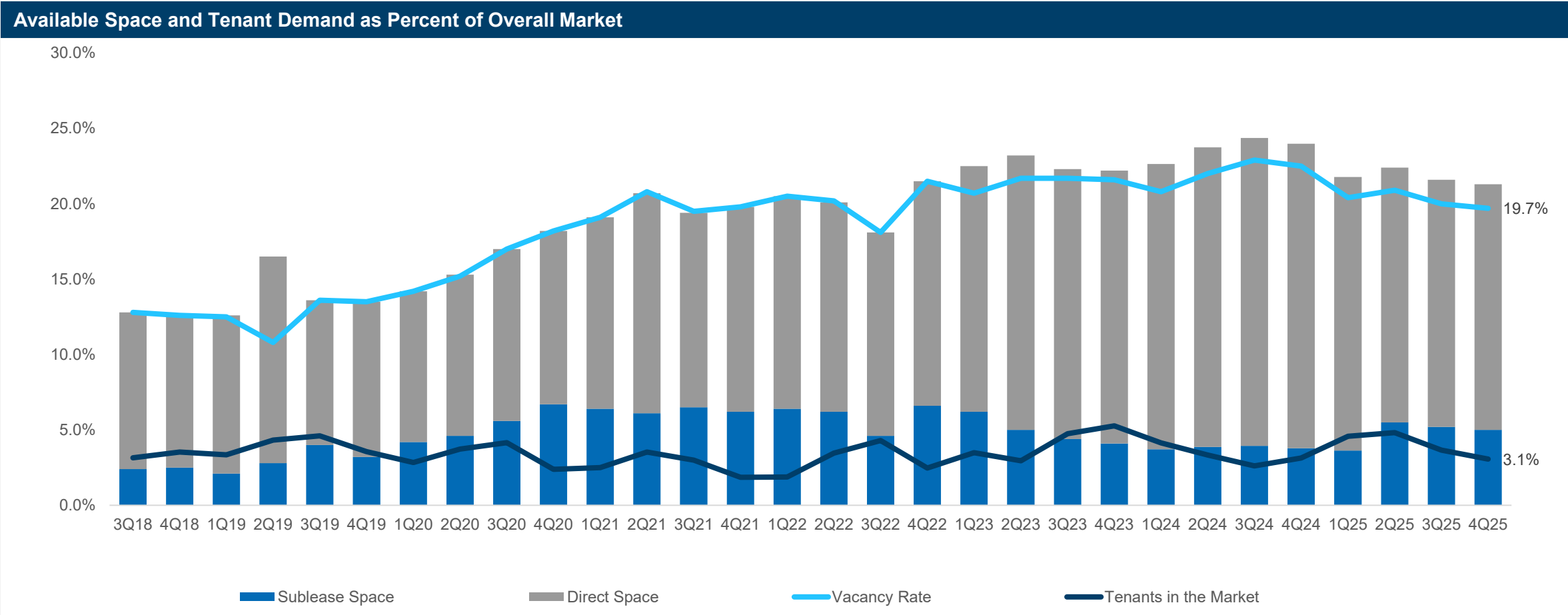
Tri Valley Office Leasing Activity 4Q25

Office leasing activity in the fourth quarter of 2025 was less than the fourth quarter of 2024, and YTD leasing is 194k less than 2024. The Tri Valley office market has not reached pre-pandemic leasing levels to date.



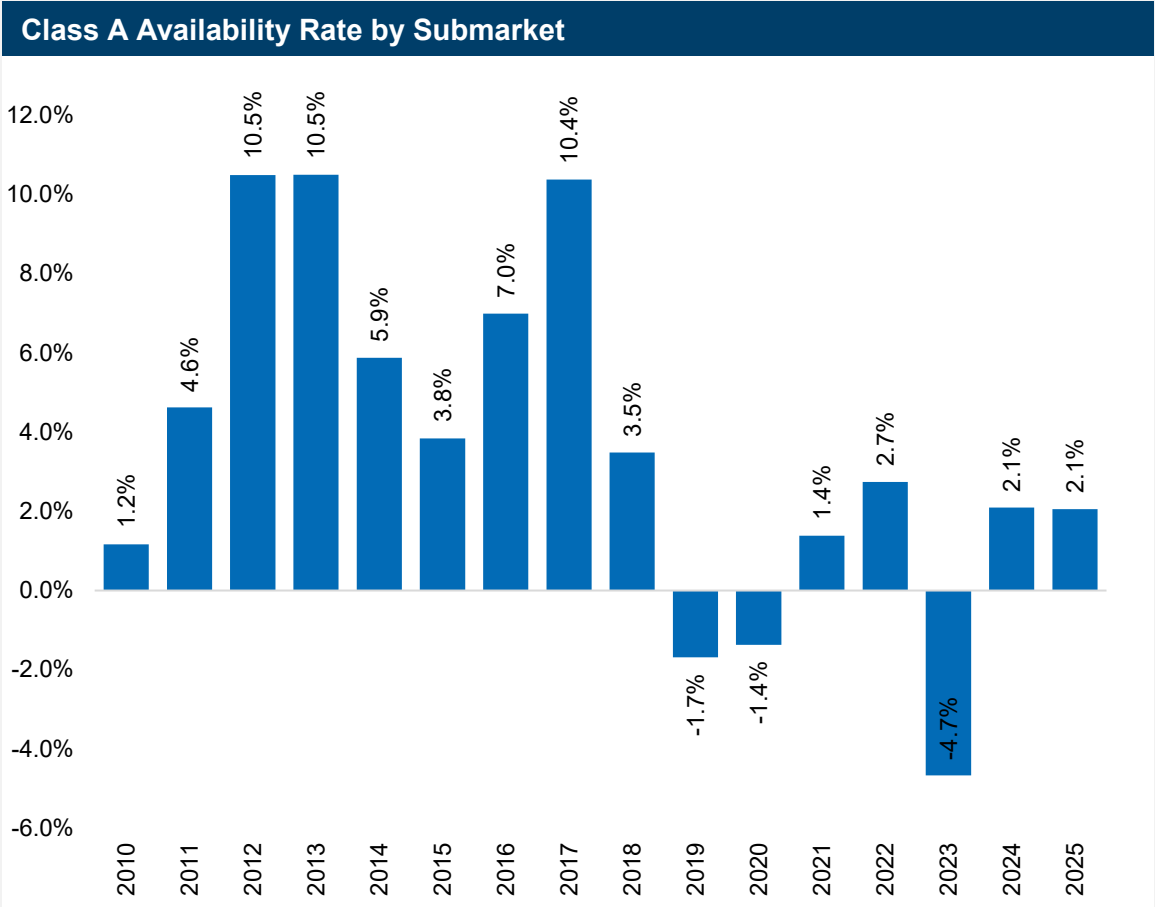
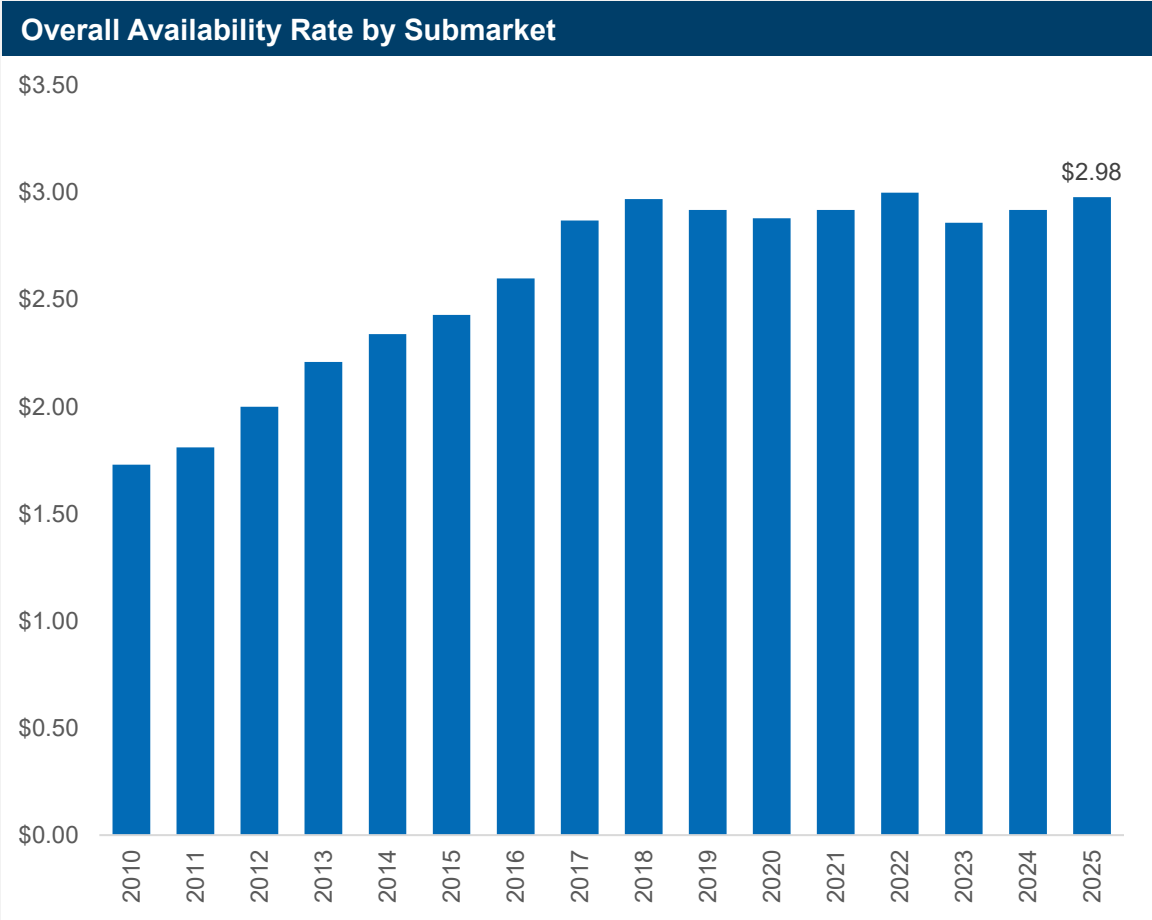
Availability, Vacancy, and Tenant Demand Decreased in Q4

Vacancy and availability both decreased in the fourth quarter of 2025 as well as tenant demand based on total square footage requirements. There are approximately 12 tenants in the market currently looking for 10,000 square feet or more.



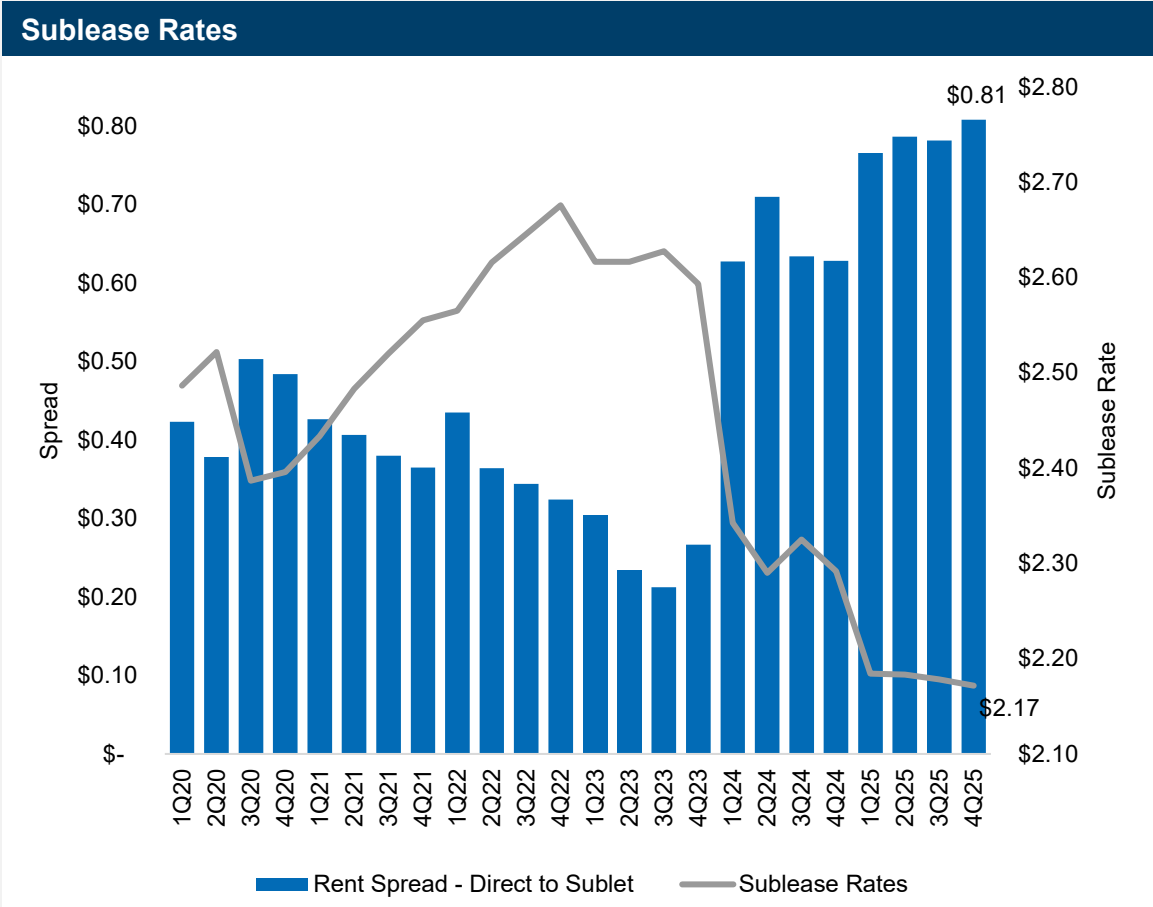
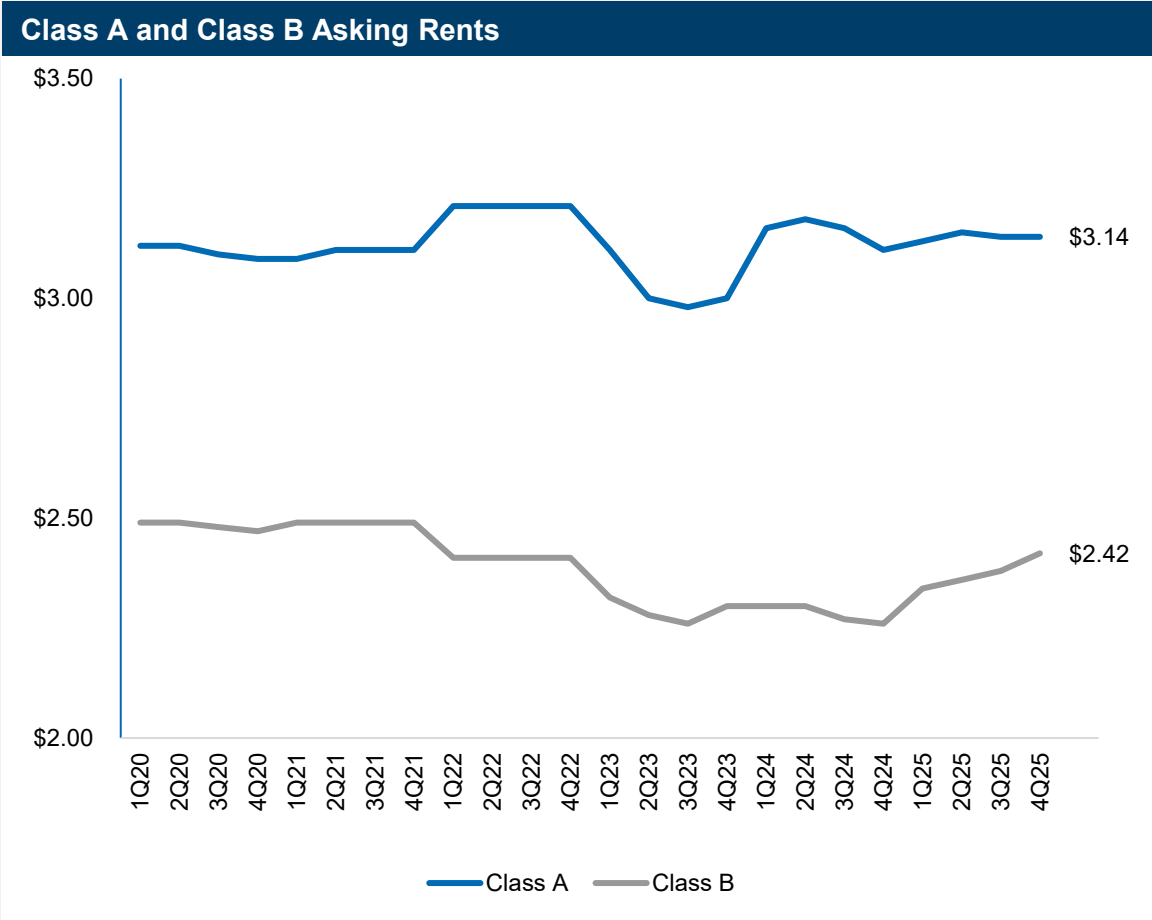
Office Asking Rents Stay Consistent

Overall asking rates have remained steady over the course of the fourth quarter of 2025. There has been a slight 2.1% increase year over year, this is largely due to more inexpensive class B space being leased, driving up the average rate.



Tri Valley Office Rates

Direct rents experienced a slight increase in fourth quarter, largely due to more inexpensive class B space getting leased, driving up the class B average.



Fourth Quarter Lease Transactions

Pleasanton led the way with the three largest lease transactions in the fourth quarter of 2025.

Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Natera	5100 Franklin Drive	Pleasanton – Other	Sublease	31,804
Calyxo	4430 Rosewood Drive	Pleasanton – Hacienda Business Park	Expansion	26,100
Atkinson, Andelson, Loya, Ruud & Romo	4160 Dublin Boulevard	Dublin	Direct	16,197
John Muir Physician Network	200 Porter Drive	San Ramon – Other	Renewal	11,603

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Appendix

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