

**MARKET TRENDS | I-680 CORRIDOR / TRI-VALLEY**

OFFICE

**2ND QUARTER
2020**

▲ VACANCY | ▼ RENTAL RATES | ▼ NET ABSORPTION | ◀▶ NEW CONSTRUCTION

The second quarter of 2020 in the Tri-Valley will be remembered as the “shelter in place” quarter with office buildings closed and tenant touring activity virtually non-existent. Tenants, brokers and landlords continue to speculate what the office market might look like post Covid-19 which is a still to be determined time frame. It is not a stretch to predict that Covid-19 will continue to be a front-page topic in the second quarter of 2021.

Rhetoric today surrounding the office market includes speculation on tenant needs for less office space going forward, ramping blocks of sublease space coming on the market, rental rate erosion and continued requests for short term renewals as Tenants themselves discover what their office space needs might be in the post Covid-19 world. There is the growing theme that “working from home” will be a part of some company’s long-term strategies in accommodating their employees and thus reducing their office space needs.

One positive outlook for office demand in the Tri-Valley is the speculative theme that companies in Silicon Valley, Oakland and San Francisco may look to open more satellite offices so their employees can ‘office’ closer to home and without need for commute. Traffic and long commutes from affordable housing to urban work centers have always

been a source of wasted man-hours but now with Covid-19, the commuter fear of riding in the close confines of BART, trains and buses, perhaps will drive companies to accommodate more working from home and satellite office scenarios.

As the virus continues to thrive in the state of California and with shelter in place orders still intact and inclusive of office buildings closures in Alameda County, office touring activity in the typical slow summer months will be negligible. We do not expect Landlords to lower asking rents in a summer market void of tenants looking for office space, but come this fall we expect this will be inevitable together with other leasing promotions and tenant inducement measures.

Notable Sale Transactions

RESTORATION MANAGEMENT COMPANY purchased 3090 Independence Dr, Livermore, CA from Independence Acquisition & Appraisal
79,270 s.f. | \$15.5M or \$195.53/s.f.

THE QUARRY LANE SCHOOL purchased 4400 Black Ave, Pleasanton, CA from Overton Moore Properties
22,212 s.f. | \$5.3M or \$237.48/s.f.

UNDISCLOSED BUYER purchased 1024 Serpentine Ln, Unit 116, Pleasanton, CA from Undisclosed Seller
1,952 s.f. | \$595K or \$304.82/s.f.

Notable Lease Transactions

ALAMEDA COUNTY SHERIFF DEPT. 3 Park Place, Dublin
36,716 SF Class A

CHEVRON INC 6379 Clark Ave, Dublin
12,060 SF Class B (Renewal)

NEURAL PROPULSION SYSTEMS 6800 Koll Center Pkwy, Pleasanton
7,754 SF Class B

DIACARTA 2420 Camino Ramon, San Ramon
4,909 SF Class B

The reflected office statistics are exclusive to competitive, multi-tenant Class A and B office projects as well as multi-tenant office-flex properties and is exclusive of single tenant or owner user buildings:

OVERALL TRI-VALLEY OFFICE MARKET

| | Class A | Class B | Total | Flex |
|------------------------------|-----------|-----------|------------|-----------|
| Market Inventory SF | 9,399,064 | 5,402,576 | 14,801,640 | 4,547,663 |
| Weighted Average Asking Rent | \$3.20 | \$2.66 | \$3.00 | \$2.23 |
| Vacancy | 18.02% | 18.96% | 18.36% | 6.54% |
| Marketed Sub-Lease Space | 688,453 | 60,427 | 748,880 | 83,964 |

PLEASANTON

| | Class A | Class B | Flex |
|------------------------------|-----------|-----------|-----------|
| Market Inventory SF | 3,399,164 | 1,553,862 | 1,396,947 |
| Weighted Average Asking Rent | \$3.14 | \$2.65 | \$2.83 |
| Vacancy | 24.02% | 22.82% | 12.01% |
| Marketed Sub-Lease Space | 226,044 | 46,302 | 15,638 |

DUBLIN

| | Class A | Class B | Flex |
|------------------------------|-----------|---------|---------|
| Market Inventory SF | 1,072,209 | 533,196 | 976,098 |
| Weighted Average Asking Rent | \$3.23 | \$2.22 | \$2.40 |
| Vacancy | 13.03% | 4.36% | 3.97% |
| Marketed Sub-Lease Space | 156,621 | 0 | 16,059 |

SAN RAMON

| | Class A | Class B | Flex |
|------------------------------|-----------|-----------|---------|
| Market Inventory SF | 4,927,691 | 1,145,052 | 193,510 |
| Weighted Average Asking Rent | \$3.24 | \$2.50 | \$2.35 |
| Vacancy | 14.96% | 22.26% | 0% |
| Marketed Sub-Lease Space | 305,788 | 8,772 | 48,931 |

LIVERMORE

| | Class A | Class B | Flex |
|------------------------------|---------|---------|-----------|
| Market Inventory SF | 0 | 926,059 | 1,981,108 |
| Weighted Average Asking Rent | N/A | \$2.09 | \$1.71 |
| Vacancy | N/A | 25.30% | 4.58% |
| Marketed Sub-Lease Space | 0 | 5,353 | 3,336 |

DANVILLE/ALAMO

| | Total |
|------------------------------|-----------|
| Market Inventory SF | 1,244,407 |
| Weighted Average Asking Rent | \$3.44 |
| Vacancy | 4.60% |
| Marketed Sub-Lease Space | 0 |

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COMMERCIAL BROKERAGE

27M
ANNUAL
SALES SF

42M
ANNUAL
LEASING SF

440+
NO. OF
BROKERS

\$9.6B
ANNUAL TRANSACTION
VOLUME

VALUATION ADVISORY

1,680+
APPRAISALS
ANNUALLY

38/24
TOTAL NO.
APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+
MANAGEMENT
PORTFOLIO SF

\$12B+
IN ASSETS UNDER
MANAGEMENT

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