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

OFFICE

**2ND QUARTER
2022****▲ VACANCY | ▼ RENTAL RATES | ▼ NET ABSORPTION | ▲ NEW CONSTRUCTION**

Year-over-year change

The 2nd Quarter Tri-Valley office and office/ flex market was a dichotomy of developments highlighted with the unfortunate planned exodus of Chevron from the Tri-Valley and both completed and pending large lease and sale transactions.

The office market benefitted from two existing Tri-Valley tenant expansions. The deals removed two large subleases (totaling 219,586 SF) from the market. However, there remains 897,715 SF of available sublease space still on the market and that number does not include the roughly 1,000,000 SF that AT&T would vacate at BR 2600 (San Ramon) if the right user surfaced for that sublease partially expiring in 2027. Vagaro, Inc. subleased three of the four floors that Ellie Mae has had on the market at Rosewood Commons (the 4th, 5th, and 6th floors at 4430 Rosewood Drive, Pleasanton) in taking 106,016 SF. Vagaro will move across Interstate 580 to their new, expanded headquarters location and put their current 19,011 SF Dublin Corporate Center ("DCC") office on the market for sublease. Vagaro's, management is encouraging employees' return to the office vs the recent work from home ("WFH") trend. Another large expansion saw Snowflake, Inc. increase their footprint at DDC in taking the entirety of the 4140 Dublin Blvd. building

totaling 148,078 SF. The expansion of 113,570 SF was formerly a Callidus Software sublease. Snowflake also clearly visualizes a return of its' workforce to the office with this commitment.

Despite the above large lease transactions, the core multi-tenant office buildings in the Tri-Valley saw vacancy remain basically unchanged just slightly down from the 1st Quarter 2022 in moving from 23.03% to 22.68%. Overall touring activity of tenants 1,000 to 10,000 SF remains abysmal. The lack of new users in the market and/or re-entry of WFH employees is compounded by the fact that tenants in multi-tenant Class "A" and "B" buildings are generally vacating vs. renewing their leases upon lease expirations, or in many cases, if maintaining

continued on page 2

Notable Sale Transactions

WELLTOWER NNN GROUP LLC purchased 5680 Owens Dr, Pleasanton from San Ramon Ambulatory Care, LLC | 92,075 SF | \$35M or \$380/SF

REALM/CANNAE PARTNERS purchased 4430 Willow Rd, Pleasanton from Olympia Investments, Inc. 63,202 SF | \$13.4M or \$213/SF

AXIS HEALTH purchased 1686 2nd St, Livermore from Martin Land Company 8,688 SF | \$3.065M or \$353/SF

Notable Lease Transactions

SNOWLAKE, INC. leased 4140 Dublin Blvd, Dublin 113,570 SF (Office)

VAGARO, INC. leased 4430 Rosewood Dr, Pleasanton 106,019 SF (Office)

PROSOMNUS SLEEP TECHNOLOGIES, INC. leased 5673-5675 Gibraltar Dr, Pleasanton | 32,219SF (Office/Lab)

S2 GENOMICS INC. leased 7683 Southfront Road, Livermore | 13,881 SF (Office/Lab)

COMPASS leased 710 Camino Ramon, Danville 10,523 SF (Office)

an office presence, downsizing. Weighted full service asking rents in the combined Class "A" and "B" multi-tenant marketplace fell slightly quarter to quarter moving \$3.04 full service from \$3.05.

In Dublin, the long vacant former Corrie Center, now named "The Edge", is rumored to have a school use interested in purchasing the 81,575 SF property and working through permitting with the city of Dublin. The property is in cold shell condition.

In Danville, at the Rose Garden, Compass residential real estate, just completed a lease of 10,523 SF in the long vacant second floor shell space. This mixed-use project has second floor office space and ground floor retailers that include Sloats Garden Center, Café Esin, and Amici's.

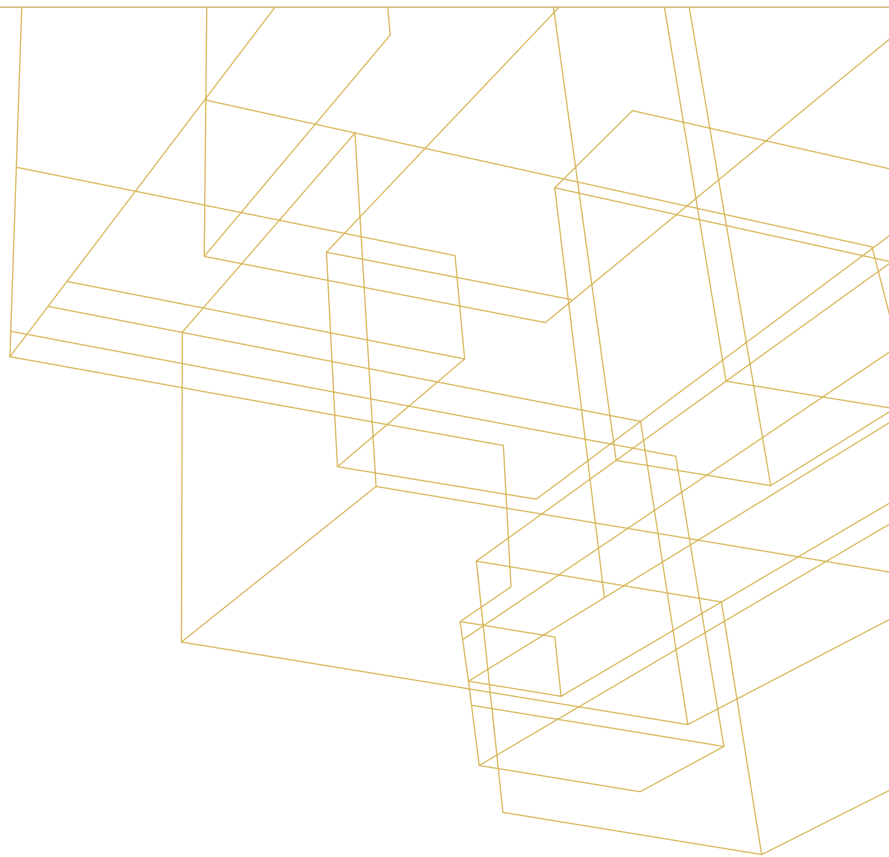
As previously alluded to, Chevron is marketing its San Ramon Headquarters campus for sale. The 13 building campus totals over 1.47M SF situated on 92 acres and has been the company's global HQ for over twenty years. The site will most likely be repurposed for a life science conversion,

mixed use residential or new office HQ occupier. Chevron is rumored to be keeping a small presence within Bishop Ranch, but most employees will relocate to Houston, Texas over time.

On the office/flex front ProSomnus Sleep Technologies, Inc. leased 32,219 SF at Sunol Center II (5673-5675 Gibraltar Drive, Pleasanton). They will relocate and expand from their current location at the Arbor. Atonarp, Inc., in relocating from Hayward, leased 10,515 SF at Inglewood Place. Inglewood Place is a traditional Class "A" office building but has an existing ground floor, R&D space formerly occupied by Jabil, Inc. In Livermore, S2 Genomics Inc. leased 13,219 SF of office and lab space at the Vineyard (7683 Southfront Road). On the rumor front, Unchained Labs is circling the expansion/ renovation project at 4747 Willow Road (Park 47). That project can be expanded from its current footprint of 125,000 SF to 264,000 SF. Unchained Labs will likely renew their current Bernal Corporate Park location (6870 Koll Center Pkwy.).

As reported last quarter, Tarlton Properties and Harrison St recently purchased 4125-4255 Hopyard Road, Pleasanton (Britannia Business Center I) has been rebranded Pleasanton Labs with new ownership looking to capitalize on growing bio-tech interest in the Tri-Valley. Trading this past quarter was 4480 Willow Road, a 63,202 SF R&D building that will soon be 100% vacant and repositioned by the buyer, Cannae Partners, also looking to chase R&D and biotech users.

The traditional mid-summer 'lull' in market touring activity is now upon us. Absent of a spike in office activity this fall, market asking office rents will erode. There has been little impetus to lower asking rents in a market void of office tenants but come this fall look for Landlords to post lower asking rents to try to drive office users to their specific project. There will be continued tenant concessions in a very tenant friendly marketplace.



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:

TRI-VALLEY OFFICE MARKET

	Class A	Class B	Total	Flex
Market Inventory SF	10,091,752	4,658,381	14,750,133	4,626,725
Weighted Average Asking Rent	\$3.24	\$2.61	\$3.04	\$2.30
Vacancy	22.68%	18.48%	21.35%	5.65%
Marketed Sub-Lease Space	693,554	204,161	897,715	137,115

PLEASANTON

	Class A	Class B	Flex
Market Inventory SF	3,399,164	1,426,238	1,475,781
Weighted Average Asking Rent	\$3.14	\$2.61	\$3.01
Vacancy	25.66%	18.98%	12.13%
Marketed Sub-Lease Space	235,105	34,319	64,021

DUBLIN

	Class A	Class B	Flex
Market Inventory SF	1,072,209	533,196	976,098
Weighted Average Asking Rent	\$3.34	\$2.21	\$2.40
Vacancy	14.50%	9.53%	0.71%
Marketed Sub-Lease Space	111,857	0	1,905

SAN RAMON

	Class A	Class B	Flex
Market Inventory SF	5,620,379	594,350	193,510
Weighted Average Asking Rent	\$3.29	\$2.43	\$2.35
Vacancy	22.45%	17.96%	0.00%
Marketed Sub-Lease Space	346,592	4,315	48,931

LIVERMORE

	Class A	Class B	Flex
Market Inventory SF	0	860,190	1,981,336
Weighted Average Asking Rent	N/A	\$2.02	\$1.71
Vacancy	N/A	24.67%	3.81%
Marketed Sub-Lease Space	0	160,602	22,258

DANVILLE/ALAMO

	Total
Market Inventory SF	1,244,407
Weighted Average Asking Rent	\$3.27
Vacancy	16.28%
Marketed Sub-Lease Space	4,925

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COMMERCIAL BROKERAGE

49.7M

ANNUAL
SALES SF

43.7M

ANNUAL
LEASING SF

470+

NO. OF
BROKERS

\$10.9B

ANNUAL TRANSACTION
VOLUME

VALUATION ADVISORY

2,600+

APPRAISALS
ANNUALLY

50/25

TOTAL NO.
APPRAISERS/MAI'S

ASSET SERVICES

62M

MANAGEMENT
PORTFOLIO SF

\$11B

IN ASSETS UNDER
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