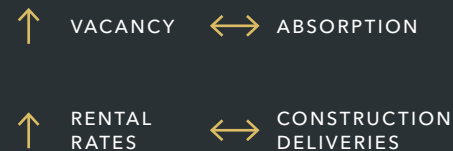


MARKET TRENDS

I-680 CORRIDOR /TRI-VALLEY OFFICE



Year-Over-Year Change

The second quarter of 2023 was a blur of inactivity, languishing deals, renewals, and general stagnancy.

Class A and B Multi-Tenant Tri-Valley Office Properties saw vacancies inch higher to 24.51% from the prior quarters' 23.97%. Rental rates remain unchanged and marketed sublease space ticked higher to 1,495,960 SF verse 1,394,483 SF at close of the first quarter 2023. Tri-Valley Office-flex space exhibited softening as vacancy in that market sector rose to 14.61% from 11.24% in Q1. Activity in the quarter was limited to renewals and market tours of long tenured Tri-Valley tenants looking for amenities, suite upgrades, less footage

or renewal leverage. Downsizing and the lack of migration of office users into the Tri-Valley from other Bay Area markets coupled with no "start-up" business leasing space continues to impact vacancy rates. The Tri-Valley optimism speared by schadenfreude feelings of Bay Area Urban demise has not resulted in office users flocking to the safe confines, chain restaurants, and free parking that the Tri-Valley provides.

Notable office transactions in the quarter include PTC Inc. (formerly ServiceMax) renewal in 38,459 SF at Rosewood Commons (4450 Rosewood Dr). The user toured the market for a short term 15,000 SF downsize solution but were enticed to renew in their current premises with rumored aggressive terms. Rosewood Commons also landed ADP in about 21,000 SF at 4410 Rosewood Dr (4th floor). ADP will relocate from

continued on page 2

NOTABLE SALE TRANSACTIONS

Dr. Barry Hoch purchased 2600 Old Crow Canyon Rd, San Ramon from Wachter Enterprises LP
9,528 SF | \$4.4M or \$546/SF

Malakoff & Associates Investment Services purchased 809 Podva Rd, Danville from Gary Swiggett
3,764SF | \$2.8M or \$741/SF

Mind Craft Academy purchased 2220-2228 Camino Ramon, San Ramon from Olym Building Investment Co.
6,240 SF | \$2.0M or \$321/SF

Andrew Lavelle purchased 7041 Koll Center Pkwy, #120, Pleasanton from Koll Center 7041, LP
1,867 SF | \$746,800 or \$400/SF

NOTABLE LEASE TRANSACTIONS

ServiceMax leased 4420 Rosewood Dr, Pleasanton
38,459 SF (Office)

Cornerstone leased 4120 Dublin Blvd, Dublin
19,430 SF (Office)

KB Homes leased 5000 Executive Pkwy, San Ramon
17,302 SF (Office)

AVI Systems, Inc. leased 6612-6616 Owens Dr, Pleasanton
12,378 SF (Flex)

The Boeing Company leased 5753 W Las Positas, Pleasanton
48,193 SF (Flex)

4125 Hopyard Rd, Pleasanton. The deal duration from touring to lease execution took roughly a year to ink. Cornerstone OnDemand, Inc. (formerly Saba Software) renewed their lease at Dublin Corporate Center (4120 Dublin Blvd.) for 19,430 SF. In San Ramon, KB Homes downsized and renewed their lease at Bishop Ranch 8 (5000 Executive Parkway). KB Homes shed about 5,000 SF in the renewal going from 22,862 SF to 17,302 SF. Similarly, and on a larger scale, Robert Half will downsize in the Ranch from Bishop Ranch 3 from roughly 250,000 SF to 70,000 SF in moving into Bishop Ranch's top end BR 2600 property.

On the flex front, AVI Systems Inc. leased 12,378 SF at 6612-6616 Owens Drive, Pleasanton. The audiovisual tech company expanded out from Fremont. The Boeing Company renewed their lease at 5753 W. Las Positas Blvd., Pleasanton, but terms of the 47,000 SF renewal were kept confidential. SequLITE Genomics, a new biotech company to Pleasanton, subleased second generation lab space at North Creek in Bernal Corporate Park.

Looking forward we are looking forward to a market that might include office users return to office space, new tenants entering the market, and migration of office tenants to the Tri-Valley from distressed Bay Area urban centers. September, that traditional active time of year when school has started and decisions makers are back from vacations, will hopefully bring an uptick in leasing activity. 2023 has no hope of shoring up multi-tenant offices vacancies that are approaching 30% or, shutting down eroding rental rates, but a strong fall leasing campaign may give hope of a healthier office market in 2024.

LARGEST PURCHASE OF THE 1ST QUARTER

2600 Old Crow Canyon Rd, San Ramon, CA



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)	10,888,259	4,538,376	15,426,635	4,787,777
Weighted Average Asking Rent	\$3.23	\$2.64	\$3.06	\$2.37
Vacancy	27.53%	17.25%	24.51%	14.61%
Marketed Sub-Lease Space	1,174,732	291,228	1,465,960	87,492

PLEASANTON

	Class A	Class B	Flex
Market Inventory (SF)	4,000,671	1,211,678	1,516,208
Weighted Average Asking Rent	\$3.11	\$2.48	\$2.96
Vacancy	33.18%	23.49%	17.63%
Marketed Sub-Lease Space	496,936	60,860	79,388

DUBLIN

	Class A	Class B	Flex
Market Inventory (SF)	1,267,209	580,361	948,045
Weighted Average Asking Rent	\$3.25	\$2.22	\$2.45
Vacancy	19.05%	12.83%	19.87%
Marketed Sub-Lease Space	103,057	0	4,104

SAN RAMON

	Class A	Class B	Flex
Market Inventory (SF)	5,620,379	839,999	257,825
Weighted Average Asking Rent	\$3.30	\$2.41	\$2.51
Vacancy	25.42%	19.17%	4.54%
Marketed Sub-Lease Space	574,739	65,193	0

LIVERMORE

	Class A	Class B	Flex
Market Inventory (SF)	0	734,562	2,065,699
Weighted Average Asking Rent	N/A	\$2.11	\$1.89
Vacancy	N/A	20.85%	11.24%
Marketed Sub-Lease Space	0	149,581	4,000

DANVILLE/ALAMO

	Total
Market Inventory (SF)	1,171,776
Weighted Average Asking Rent	\$3.51
Vacancy	9.34%
Marketed Sub-Lease Space	15,594

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, project and construction management, and debt equity finance services for all property types.

COMMERCIAL BROKERAGE

32.1M	41.2M
ANNUAL SALES SF	ANNUAL LEASING SF
500+	\$12B
NO. OF BROKERS	TRANSACTION VOLUME ANNUALLY

ASSET SERVICES

53M	771+
MANAGEMENT PORTFOLIO SF	ASSETS UNDER MANAGEMENT

VALUATION ADVISORY

2,600+	46/23
ASSIGNMENTS ANNUALLY	TOTAL NO APPRAISERS/MAI'S

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