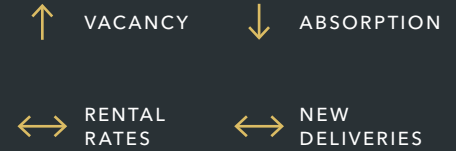


MARKET TRENDS

I-680 CORRIDOR /TRI-VALLEY OFFICE



Year-Over-Year Change

In Q2 2024, the Tri-Valley office market saw higher vacancy rates and negative net absorption, despite increased leasing activity.

This trend mirrors what many office markets are experiencing, as companies continue to downsize office space to adapt to remote work policies. Even with these challenges, rental rates remained steady year-over-year.

The sublease market saw a 3.25% reduction in available space during the first quarter of 2024, reaching 962,668 square feet (SF). However, by the second quarter, sublease

space increased by 5.68% to 1,020,726 SF. The vacancy rate for office-flex space in the Tri-Valley area also climbed by 27 basis points, reaching 16.92%, following a slight rise in the first quarter.

Tenants are increasingly opting for high-quality Class A office buildings in desirable locations, although overall leased space continues to decline. Despite more leasing volume this quarter compared to last, negative net absorption indicates that the market is still struggling. Key office transactions in the quarter included Acco Engineered Systems leasing 67,462 SF at 5890 Owens Dr in Pleasanton, Sutter Health expanding into 64,222 SF at 4480 Willow Rd in Pleasanton for a surgery center, and Cooper Bussmann LLC renewing 23,304 SF at 5735 W Las Positas Blvd in Pleasanton.

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NOTABLE SALE TRANSACTIONS

Jameel Nabulsi & Rohit Kumar purchased 6200 Stoneridge Mall Rd in Pleasanton from UBS Realty Investors
595,600 SF | \$151,800,000 or \$254.87 PSF

Roadhaus SR, LP 2057 San Ramon Valley Blvd in San Ramon from Mallory Service Buildings, Inc.
17,420 SF | \$6,058,500 or \$347.79 PSF

Tarob Court Properties purchased 6111 Johnson Ct in Pleasanton from Northern California Joyful Church
14,588 SF | \$4,700,000 or \$322.18 PSF

Rohit Patel purchased 2220-2228 Camino Ramon in San Ramon from Mind Craft Academy
6,240 SF | \$3,060,000 or \$490.38 PSF

NOTABLE LEASE TRANSACTIONS

Acco Engineered Systems leased 5890 Owens Dr in Pleasanton
67,462 SF (Office)

Sutter Health leased 4480 Willow Rd in Pleasanton
64,222 SF (Medical/Office)

SavvyMoney leased 4160 Dublin Blvd in Dublin | 18,740 SF (Office)

Cooper Bussmann, LLC renewed lease 5735 W Las Positas Blvd in Pleasanton | 23,304 SF (Office/Flex)

Peoples Associates Structural Engineers, Inc. (PASE) leased 2633 Camino Ramon in San Ramon | 7,630 SF (Office)

SavvyMoney transitioned from a sublease to a direct lease for 18,740 SF at 4160 Dublin Blvd in Dublin, and Peoples Associates Structural Engineers, Inc. (PASE) expanded their space, leasing 7,630 SF at 2633 Camino Ramon in San Ramon.

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With vacancy rates reaching 26.44%, rental prices have remained stable as landlords hold firm to avoid losses. However, if landlords don't consider price reductions, the market may see more property sales as investors reassess assets bought at peak prices. The trend of downsizing due to remote work seems set to continue, pushing investors to adjust prices or face potential losses to attract tenants.

For the third consecutive quarter, the Tri-Valley market saw a rise in sold office square footage, driven by property owners selling at losses due to tenant vacancies. Notable transactions included the sale of 6200 Stoneridge Mall Rd in Pleasanton, where Nome Capital Partners purchased 595,600 SF of office space from UBS Realty Investors for \$151.8 million. Additionally, the 14,588 SF office at 6111 Johnson Ct in Pleasanton sold for \$4.7 million to Tarob Court Properties, and Rohit Patel acquired 6,240 SF at 2220-2228 Camino Ramon in San Ramon from Mind Craft Academy for \$3.1 million.

Overall, the first quarter's activity reflected ongoing post-pandemic office market trends, with tenants adjusting space needs and owners selling at a loss due to fewer tenants. As economic uncertainty lingers, vacancy rates rise, and lenders remain cautious, the market is expected to see continued increases in vacancy, stable or reduced rental rates, and more office square footage sold. These trends are emerging in the early stages of the 2024 election year, with some optimism for a potential economic rebound as the year progresses.

This trend is expected to continue, leading to increased vacancy, more investor sales, and steady or reduced rental rates. These developments are just the initial phases of the 2024 election year, with optimism remaining for a potential economic comeback as the year progresses.



LARGEST PURCHASE OF THE 2ND QUARTER
6200 Stoneridge Mall Rd, Pleasanton

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:

	Class A	Class B	Total	Flex
Market Inventory (SF)	10,928,844	5,160,346	16,089,190	5,408,025
Weighted Average Asking Rent	\$3.22	\$2.61	\$3.02	\$2.36
Vacancy	29.81%	19.29%	26.44%	16.92%
Marketed Sub-Lease Space (SF)	699,648	321,078	1,020,726	307,416

PLEASANTON

	Class A	Class B	Flex
Market Inventory (SF)	4,041,256	1,701,489	2,054,621
Weighted Average Asking Rent	\$3.11	\$2.50	\$2.87
Vacancy	33.25%	27.74%	22.26%
Marketed Sub-Lease Space (SF)	409,123	90,119	174,532

DUBLIN

	Class A	Class B	Flex
Market Inventory (SF)	1,267,209	588,899	767,202
Weighted Average Asking Rent	\$3.25	\$2.27	\$2.54
Vacancy	19.46%	14.61%	21.52%
Marketed Sub-Lease Space (SF)	176,503	0	23,926

SAN RAMON

	Class A	Class B	Flex
Market Inventory (SF)	5,620,379	890,347	266,872
Weighted Average Asking Rent	\$3.30	\$2.38	\$2.42
Vacancy	29.67%	15.79%	3.94%
Marketed Sub-Lease Space (SF)	114,022	54,824	48,931

LIVERMORE

	Class A	Class B	Flex
Market Inventory (SF)	0	788,250	2,319,330
Weighted Average Asking Rent	N/A	\$2.15	\$1.85
Vacancy	N/A	23.07%	12.17%
Marketed Sub-Lease Space (SF)	0	162,630	60,027

DANVILLE/ALAMO

	Total
Market Inventory (SF)	1,191,361
Weighted Average Asking Rent	\$3.43
Vacancy	9.66%
Marketed Sub-Lease Space (SF)	13,505

Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, debt equity finance services for all property types.

COMMERCIAL BROKERAGE

\$10B

3-YEAR AVERAGE
TRANSACTION VOLUME

42.4M

ANNUAL
LEASING SF

500+

NO. OF
BROKERS

31.7M

ANNUAL
SALES SF

ASSET SERVICES

55M+

MANAGEMENT
PORTFOLIO SF

800+

ASSETS UNDER
MANAGEMENT

VALUATION ADVISORY

2,600+

ASSIGNMENTS
ANNUALLY

43/27

TOTAL NO
APPRAISERS/MAI'S

GARY BARAGONA

Vice President of Research
415.229.8925 | gary.baragona@kidder.com

DAVID NELSON

Regional President, Brokerage
Northern California & Nevada
415.229.8888
david.nelson@kidder.com
LIC N° 01716942

