

MARKET TRENDS

I-680 CORRIDOR / TRI-VALLEY OFFICE



Year-Over-Year Change

The Tri-Valley office market continues to experience slow tenant demand, negative net absorption and rising vacancy rates.

As a result of the subdued demand for office space, the Tri-Valley market experienced an increase in total office vacancy from 25.94% in 2023 to 29.16% at the end of 2024, in increase of 322 basis points. The Flex market also experienced an increase from 14.29% to 14.72% over the same 12-month period. The Class A market segment saw the greatest increase compared to last year, rising from 28.83% to 34.27% as the bulk of recent activity has favored the Class B segment of the market. In two submarkets, the Class A segment exceeded 30% vacancy at the end of Q4 with Pleasanton ending the year at 38.54% and San Ramon ending the year at 34.40%, both were up more than 500 basis points year-over-year.

On the positive side, sublease space fell from 978,702 SF at the end of 2023 to 792,383 SF at the end of 2024. This decrease can be attributed to both sublease transactions as well as space that was converted to direct space offered by the landlord for lease. However, currently standing at 4.9%, the sublease vacancy rate figure is well within healthy norms and well below sublease vacancy rates seen across other Bay Area markets like San Francisco, Oakland and the Silicon Valley.

Even with vacancy rates steadily increasing, the average asking lease rate remained relatively stable at \$3.02 FSG, only a slight decrease compared to last year's rate of \$3.04/SF per month and equaling a -0.6% decline, year-over-year. Class A rates stayed the same at \$3.22/SF per month while Class B and Flex rates fell slightly to \$2.61/SF per month and \$2.35/SF per month, respectively. The highest average asking rate can be found in Danville/Alamo at \$3.50/SF per month, followed by San Ramon Class A at \$3.30/SF per month and Dublin Class A at \$3.25/SF per month.

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NOTABLE SALE TRANSACTIONS

Uneka Concepts purchased 328 St Mary St in Pleasanton from James D Byrd
7,777 SF | \$4,000,000 or \$514.00 PSF

Live & Smile Dental & Orthodontics purchased 5906 Stoneridge Mall Rd in Pleasanton from Rider Sportsfashion, LLC
6,308 SF | \$3,284,000 or \$520 PSF

Red Bear Property Management purchased 425 Boulder Ct, Unit 800 in Pleasanton from Danco Waterproofing Corp.
2,850 SF | \$1,300,000 or \$447.00 PSF

First Edison purchased 4749 Bennett Dr, Unit K in Livermore from Chan Hing Foon
4,240 SF | \$1.2MM or \$271 PSF

NOTABLE LEASE TRANSACTIONS

Zinus leased 6111 Bolinger Canyon Rd 67,462, San Ramon
13,636 SF (Office)

Arctera leased 6200 Stoneridge Mall Rd, Pleasanton
12,340 SF (Office)

PTC, Inc. leased 5001 Executive Pkwy, San Ramon
10,499 SF (Office)

David White Associates leased 2000 Crow Canyon Pl, San Ramon
7,016 SF (Office)



However, with vacancy rates expecting to see additional increases before stabilization, landlords may soon consider rate reductions and/or additional concessions to entice tenant activity. The market may also see more sale activity investors continue to assess their current portfolio with assets purchased at peak prices. Additionally, projects with high vacancy are looking for highest and best use options to possibly re-entitle and/or convert their underperforming asset to residential or mixed-use.

Office/Flex sales activity was very slow in Q4 2024 with only a handful of smaller sized transactions. The largest sale of the quarter was Uneka Concepts purchasing 328 St Mary St in Pleasanton for \$4.0 million at \$514/SF. However, for the full year, 2024 produced 43 transactions (over 1,000 SF) in Tri-Valley totaling more than \$352M in sales volume with an average price of \$265/SF. These 2024 figures were considerably higher than 2023 when total volume was less than \$125M and was the third highest annual total since covid. However, investment sales activity still lags the 5-year pre-covid average annual volume of \$415M.

The largest office transaction of the quarter was Zinus leasing 6111 Bollinger Canyon Rd 67,462 SF, San Ramon 13,636 SF (Office) HQ relocation expansion from existing distribution warehouse in Tracy.

Additionally, Arctera leased 6200 Stoneridge Mall Rd, Pleasanton 12,340 SF (Office) Arctera created from the separation of Veritas Technologies in December 2024 and PTC, Inc. leased 5001 Executive Pkwy, San Ramon 10,499 SF (Office)

In 2025, there will be a few trends worth monitoring. First, more and more companies are beginning to implement return to work mandates that are expected to revitalize most office markets across the country, including the Bay Area and Tri-Valley. While work from home and hybrid work policies will persist, there is expected to be a conscious shift to a more balanced workforce. If this trend continues to gain momentum and employees continue to fill office buildings, the office market will likely shift to recovery and growth mode sooner than expected. Additionally, the presidential administration change will likely bring new policies impacting both the economy and commercial real estate – with potential tax breaks and a notable shift to a business-friendly environment that could spur future growth in the office market.



LARGEST PURCHASE OF THE 2ND QUARTER

328 St Mary St, 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)	10,930,978	5,213,501	16,144,479	5,398,231
Weighted Average Asking Rent	\$3.22	\$2.61	\$3.02	\$2.35
Vacancy	34.27%	18.45%	29.16%	14.72%
Marketed Sub-Lease Space (SF)	475,377	317,006	792,383	283,213

PLEASANTON

	Class A	Class B	Flex
Market Inventory (SF)	4,043,390	1,718,546	1,999,801
Weighted Average Asking Rent	\$3.11	\$2.50	\$2.85
Vacancy	38.54%	25.63%	19.14%
Marketed Sub-Lease Space (SF)	197,671	79,392	150,329

DUBLIN

	Class A	Class B	Flex
Market Inventory (SF)	1,267,209	588,899	766,788
Weighted Average Asking Rent	\$3.25	\$2.27	\$2.54
Vacancy	20.04%	15.34%	16.06%
Marketed Sub-Lease Space (SF)	127,218	0	23,926

SAN RAMON

	Class A	Class B	Flex
Market Inventory (SF)	5,620,379	918,939	266,872
Weighted Average Asking Rent	\$3.30	\$2.37	\$2.47
Vacancy	34.40%	13.29%	4.50%
Marketed Sub-Lease Space (SF)	150,488	53,096	48,931

LIVERMORE

	Class A	Class B	Flex
Market Inventory (SF)	0	788,250	2,364,770
Weighted Average Asking Rent	N/A	\$2.15	\$1.86
Vacancy	N/A	24.94%	11.71%
Marketed Sub-Lease Space (SF)	0	162,544	60,027

DANVILLE/ALAMO

	Total
Market Inventory (SF)	1,198,867
Weighted Average Asking Rent	\$3.43
Vacancy	9.38%
Marketed Sub-Lease Space (SF)	21,974

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COMMERCIAL BROKERAGE

\$10B

3-YEAR AVERAGE
TRANSACTION VOLUME

42.4M

ANNUAL
LEASING SF

500+

NO. OF
BROKERS

31.7M

ANNUAL
SALES SF

ASSET SERVICES

57M+

MANAGEMENT
PORTFOLIO SF

850+

ASSETS UNDER
MANAGEMENT

VALUATION ADVISORY

2,600+

ASSIGNMENTS
ANNUALLY

39/24

TOTAL NO
APPRAISERS/MAI'S

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