

MARKET FUNDAMENTALS

	YOY Chg	Outlook
21.2% Vacancy Rate	▼	▲
5K Net Absorption, SF	▼	▼
\$2.97 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M East Bay Employment	▲	▼
4.4% East Bay Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

ECONOMY: UNSTEADY

The East Bay, consisting of Alameda and Contra Costa counties, recorded a gain of 3,000 jobs year-over-year (YOY), lowering the unemployment rate by 40 basis points (bps) to 4.4%. Despite overall gains, the Bay Area has experienced widespread layoffs within the technology industry, a sector that has been a driving force behind occupancy growth in the region. A soft job market in tech, among other office occupying industries, has continued to drag on employment through the third quarter of 2026. While nearby San Francisco has experienced an influx of leasing activity from AI companies, or those servicing them, that demand has yet to spill over to the East Bay office market in a meaningful way.

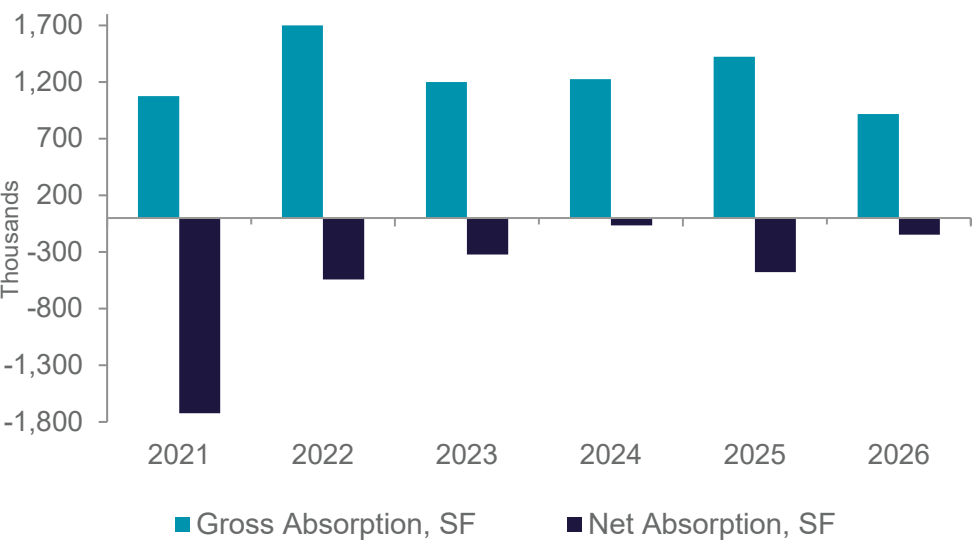
SUPPLY: RIGHTSIZING

Vacancy in the Tri Valley, consisting of Dublin, San Ramon, Pleasanton and Livermore, closed the third quarter at 21.2%, level with the previous quarter and down 20 bps YOY. The third quarter recorded 5,067 square feet (sf) of positive net absorption, the fourth of the last five quarters to post a gain in occupancy. Pleasanton was the driving force behind positive net absorption, recording 94,418 sf on its own, erasing nearly all of the negative absorption from the prior quarter and bringing the vacancy down to 20.6%. For the second consecutive quarter, San Ramon saw the most negative net absorption with -57,366 sf, as vacancy rose to 29.8%. Livermore, with its limited office inventory and tight R&D market, remains the submarket with the lowest overall vacancy, while Dublin retains the lowest pure office vacancy rate. There has been a consistent decline in smaller available spaces as both the group of spaces below 5,000 sf and 5,000-10,000 sf have declined YOY. Large block spaces, which have seen significant challenges coming out of the pandemic, finally saw some relief, down 3.9% YOY. The only size range to record a gain in available spaces from the previous quarter and YOY was 10,000-20,000 sf. There has been a recent push to demolish older, struggling office product in favor of residential redevelopment, a move that should concentrate demand on remaining inventory. This has been most prevalent in San Ramon, where over one million sf has already been removed from the inventory. With older vintage inventory being removed, employers will increasingly gravitate toward high-quality and well-amenitized buildings. Leasing activity demonstrates this trend as seven of the nine largest leases this quarter went to Class A buildings.

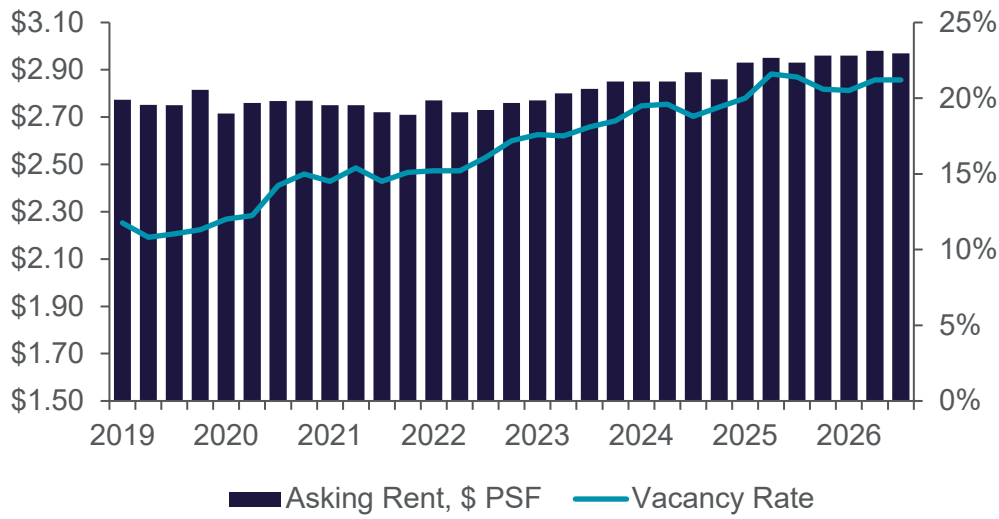
DEMAND: REBOUNDS

The third quarter recorded 378,425 sf of leasing activity, over double that of the prior quarter and more than the trailing two-year average of 326,225 sf per quarter. Pleasanton led all submarkets in leasing for the third straight quarter, bringing the submarket to 500,231 sf year-to-date (YTD).

SPACE DEMAND / ABSORPTION



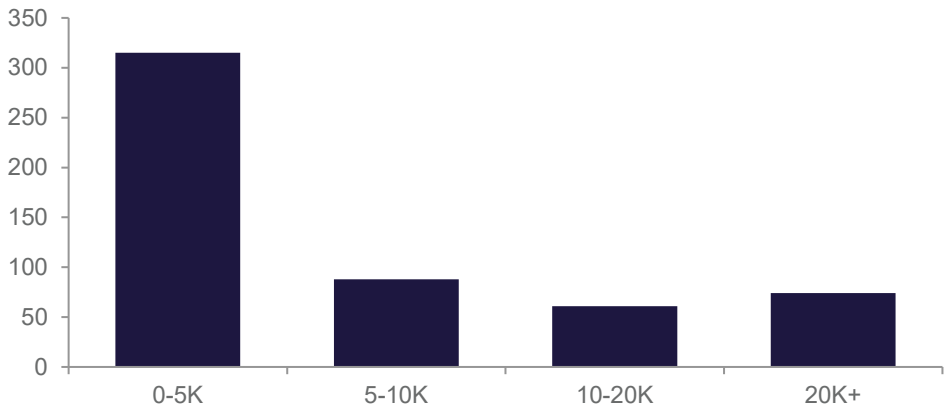
OVERALL VACANCY & ASKING RENT



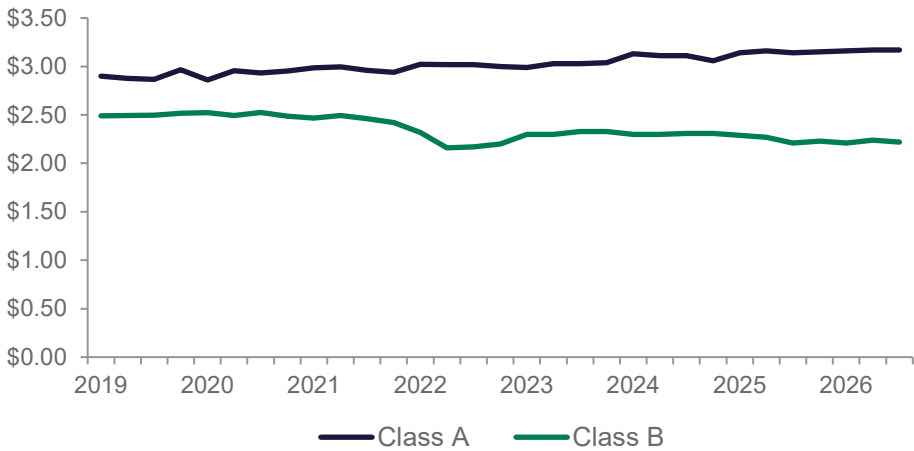
AVERAGE ASKING RATE BY SUBMARKET (FULL SERVICE)



AVAILABILITIES BY SIZE SEGMENT



AVERAGE ASKING RATE BY CLASS (FULL SERVICE)



This equates to 54% of all leasing in the Tri Valley, while Pleasanton makes up 44% of the total inventory. Pleasanton accounted for three of the four largest leases of the quarter. The largest lease of the quarter, and 2026 thus far, was at 6220 Stoneridge Mall Road, where Blackhawk Networks renewed its lease on 60,560 sf. This represents a downsize of 88,342 sf, but their recommitment to the market is a positive sign as prior to their renewal, the entire building was listed for sublease. The largest new lease of the quarter was signed by 1AU Technologies, which took 42,620 sf at 4696-4698 Willow Road in Pleasanton. There were 10 leases over 10,000 sf this quarter, as tenant demand showed new signs of resilience. While most of these were renewals, the recommitment of large tenants is still a positive sign for the market.

PRICING: RESILIENT

The overall asking rate for the East Bay Pleasanton market closed the third quarter at \$2.97 per square foot (psf) on a monthly full-service basis, a decrease of \$0.01 psf from the prior quarter but up \$0.04 psf YOY. The primary source of this downward pressure on rental rates came from R&D product, which fell by \$0.24 psf from the previous quarter. Class B office saw a modest decrease from the previous quarter of \$0.02 psf, however remained up \$0.01 psf YOY, while Class A office was unchanged QOQ and is still up by \$0.03 psf YOY. Dublin continued to experience the greatest rental rate appreciation within the market, up 4.1% YOY to \$2.92 psf. Pleasanton has also recorded growth in recent quarters, up 1.9% YOY to \$2.97 psf, while both San Ramon and Livermore have seen asking rates decrease slightly. While other markets have experienced falling rental rates as a reaction to rising vacancy, pricing has remained resilient in the East Bay Pleasanton market. Since the Tri Valley already offers discounted rents compared to nearby markets, there is less pressure for rents to fall. While the inventory continues to downsize, with lower quality inventory being phased out in favor of residential redevelopment, rates are likely to remain stable and may even see further upward pressure.

SALES: ACTIVITY SLOWS

Sales activity in the Tri Valley slowed drastically in the third quarter, following a surge in activity in the first half of 2026. The only significant sale in the third quarter was 2340 Santa Rita Road, an 11,150-sf office building located in Pleasanton. Anchor Education Inc. purchased the building for \$4.0 million or \$359 psf. This represents the largest psf price for a building larger than 10,000 sf in over a year, a sign that owner-user demand remains strong. With vacancy elevated and a substantial base of functionally obsolete product, redevelopment sales may continue to be a significant driver of sales activity.

OUTLOOK

- Flight to quality should persist, with Class A properties capturing the majority of demand as major leases increasingly consolidate in the market’s higher quality buildings.
- Vacancy is expected to slowly increase into 2027, but redevelopment activity may help limit the pace of future vacancy increases.
- Overall asking rates are expected to remain steady, supported by a combination of competitive pricing relative to nearby markets and the continued removal of obsolete supply which helps limit downward pressure.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Dublin	2,901,293	199,111	364,458	19.4%	-17,342	-79,662	80,723	0	\$2.92	\$3.15
San Ramon	7,224,889	649,037	1,504,745	29.8%	-57,366	-93,829	251,500	0	\$3.16	\$3.25
Pleasanton	11,356,276	264,109	2,075,999	20.6%	94,418	10,142	500,231	0	\$2.97	\$3.13
Livermore	4,168,284	71,161	312,728	9.2%	-14,643	18,040	85,616	0	\$2.02	\$2.45
CLASS BREAKDOWN										
Class A	12,645,507	914,022	3,147,708	32.1%	-10,924	-91,288	516,989	0	-	-
Class B	5,111,994	208,454	598,316	15.8%	38,582	-19,118	213,779	0	-	-
Office / Flex	6,802,867	60,942	509,403	8.4%	-22,591	-35,203	187,302	0	-	-
TOTALS	25,650,740	1,183,418	4,257,930	21.2%	5,067	-145,609	918,070	0	\$2.97	\$3.17

*Rental rates reflect full service asking
**Stats are not reflective of U.S. Overview Tables

KEY LEASE TRANSACTIONS Q3 2026

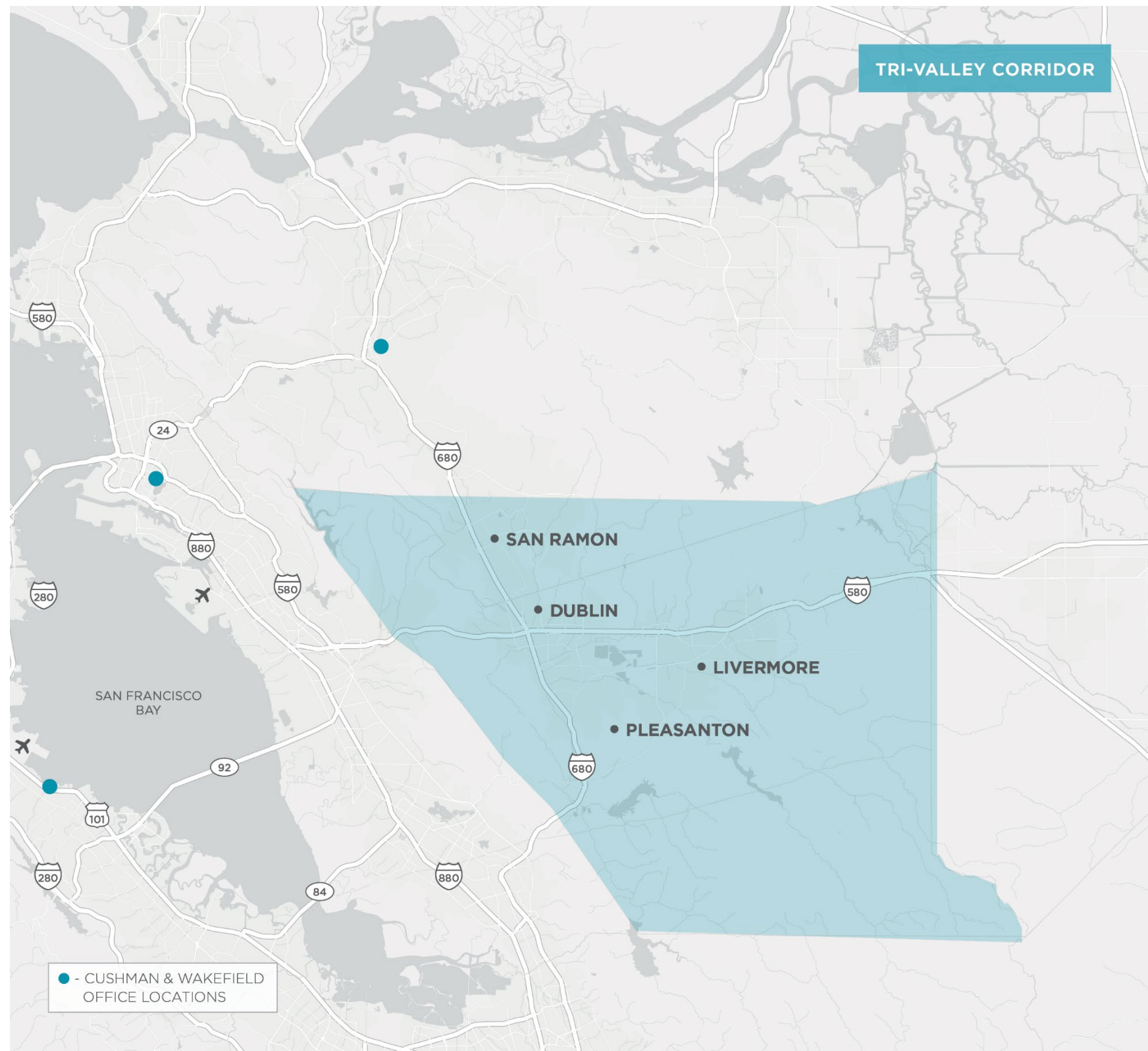
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6220 Stoneridge Mall Road	Pleasanton	Blackhawk Networks	60,560	Renewal
4696-4698 Willow Road	Pleasanton	1AU Technologies	42,620	New Lease
2633 Camino Ramon	San Ramon	Carlson, Barbee, & Gibson, Inc.	29,949	Renewal & Expansion
4464 Willow Road	Pleasanton	STN	25,849	Expansion
5020 Hacienda Drive	Dublin	Zenith Insurance	22,000	Renewal
5142 Franklin Drive	Pleasanton	MackKay & Soms Civil Engineers Inc.	20,404	Renewal

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2340 Santa Rita Road*	Pleasanton	John Hallquist / Anchor Education Inc.	11,150	\$4M / \$359

*Building not included in C&W statistical inventory

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