FIGURES | CENTRAL VALLEY OFFICE | Q4 2025

Modest rise in demand coupled with limited supply shape the market outlook for 2026

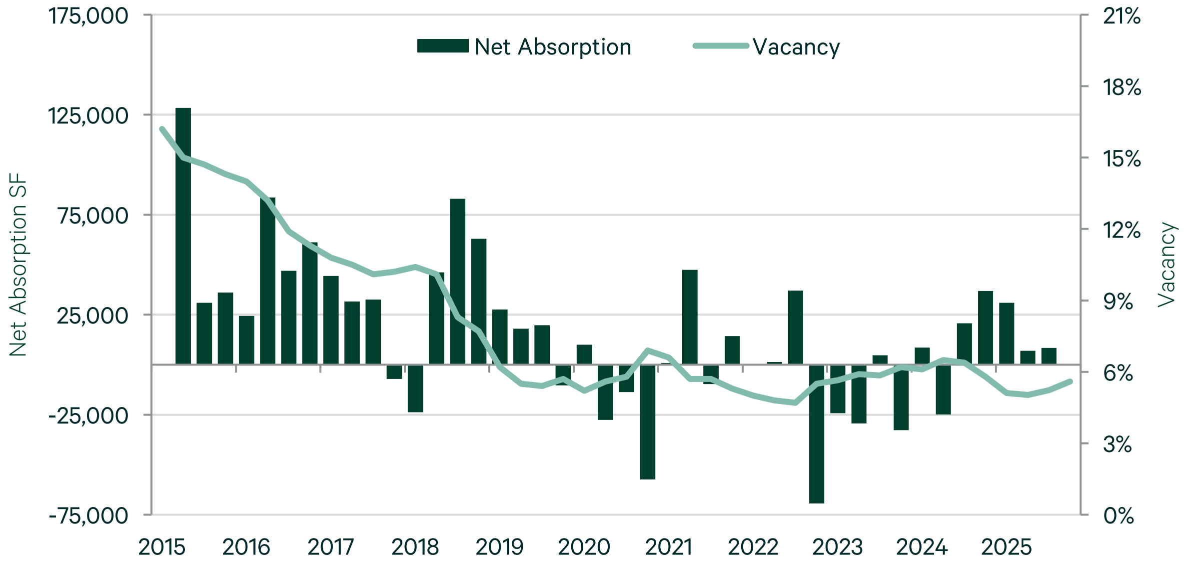
▲ 5.6%	▼ (478) SF	▶ N/A	▲ $1.64	▲ 54.2K
Vacancy Rate	SF Net Absorption	SF Under Construction	Full-Service Gross / Lease Rate Existing Properties	Office Using Employment San Joaquin County

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Central Valley's labor force stood at 610,100 with 483,200 employed at the close of Q4 2025. The unemployment rate closed the quarter at 7.4%, 3 basis points (bps) lower than the previous quarter. Office using employment held steady at 54,200 jobs at the close of Q4 2025.
- The overall net absorption for the Central Valley office market closed Q4 2025 at negative 478 sq. ft. compared to positive 8,231 sq. ft. in Q3 2025.
- Tenant demand from new entrants remains subdued, with most leasing activity driven by relocations, consolidations, and renewals.
- High construction costs and modest rent growth continue to discourage speculative development throughout the market.
- Owner-user transactions remain the primary driver of sales, but easing interest rates and better alignment between buyer and seller expectations could pave the way for increased investment activity as we move into 2026.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Direct Asking Rate FSG ($)	Q4 Net Absorption	2025 Net Absorption
Downtown Stockton	2,189,946	5.4	7.7	1.42	736	(11,031)
Class A	464,506	4.1	4.1	1.80	0	0
Class B	1,079,289	4.2	7.8	1.36	736	(7,692)
Lodi	604,939	3.3	3.3	1.71	0	3,637
Class A	196,532	6.1	6.1	1.75	0	3,637
Class B	126,957	1.8	1.8	1.50	0	0
Manteca/Lathrop	352,385	4.5	5.2	2.25	0	0
Class A	0	0	0	0.00	0	0
Class B	317,817	4.0	4.9	2.25	0	0
Modesto	3,444,009	5.0	6.1	1.65	(13,146)	21,646
Class A	838,251	2.7	4.2	1.94	417	31,008
Class B	1,385,897	4.7	6.1	1.70	(9,605)	(5,366)
North Central Stockton	1,543,356	8.4	9.2	1.60	(3,089)	(95)
Class A	171,001	1.5	1.5	0.00	0	31,255
Class B	1,034,641	8.1	9.0	1.68	(4,136)	(25,042)
Northwest Stockton	1,094,237	6.5	7.1	2.00	15,021	13,019
Class A	434,782	8.4	8.7	2.21	17,205	24,688
Class B	459,525	7.3	8.3	1.83	(2,184)	(11,351)
Tracy	329,509	2.6	2.6	2.32	0	(5,983)
Class A	62,862	2.9	2.9	2.48	0	(1,813)
Class B	160,569	3.6	3.6	2.32	0	(3,849)
Market Total	**9,558,381**	**5.6**	**6.7**	**1.64**	**(478)**	**56,668**
Class A	**2,167,934**	**4.4**	**5.0**	**1.95**	**17,622**	**88,775**
Class B	**4,564,695**	**5.4**	**7.1**	**1.63**	**(15,189)**	**(53,300)**

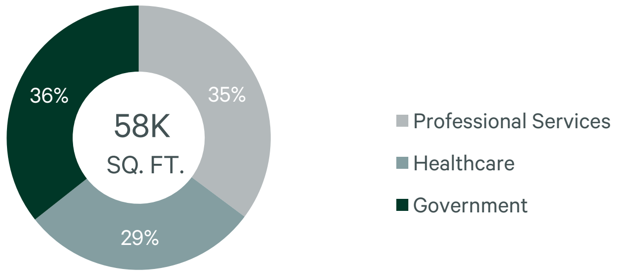
Source: CBRE Research, Q4 2025

FIGURE 3: Notable Lease Transactions Q4 2025

Tenant	Address	SF Leased	Type
DGS – State of California	10100 Trinity Pkwy, Stockton	17,205	New Lease
Central Valley Training Center, Inc.	928 E Rose St, Stockton	12,000	New Lease
WellBound	3555 Deer Park Dr, Stockton	4,072	Renewal

Source: CBRE Research, Q4 2025

FIGURE 4: Q4 2025 Leases by Industry



Source: CBRE Research, Q4 2025

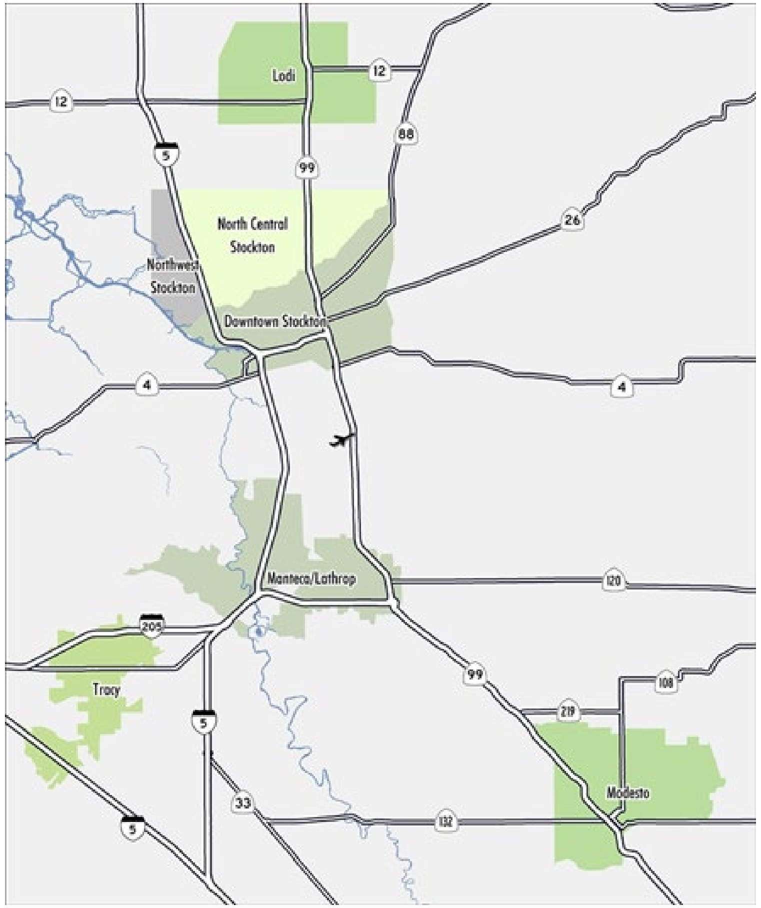
FIGURE 5: Notable Sale Transactions Q4 2025

Buyer	Address	SF Sold	Sale Price
County of San Joaquin	400 E Main St, Stockton	246,551	$50.0M
Kaiser Foundation Hospitals	1721 W Yosemite Ave, Manteca	44,222	$14.5M
County of Stanislaus	5330 Pirrone Rd, Salida	37,851	$8.3M

*Land transaction

Source: CBRE Research, Q4 2025

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Annual Lease Rates, Full-Service Gross. Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant office buildings that total 10,000+ sq. ft. in the Stockton and Modesto area, excluding owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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