



North Bay CRE Market Pulse | Q2 2025

- **Prices** eased **3.3%** while cap rates rose 13 bpts over 12 months—setting the stage for stronger yields.
- **Inventory:** 202 medium-size assets on market (10-yr avg = 139) → best selection in a decade.
- **Sector moves:** Pricing Per Square Foot: Office **-4.2%**, Industrial **-6.8%**, Retail **+0.6%**.
- **Capital:** 10-Yr Treasury closed at **4.76%**; Bay Area CPI **+1.5%** while National CPI jumps **2.7%**.
- **Sales volume is still 32% below** norm, but momentum is building.

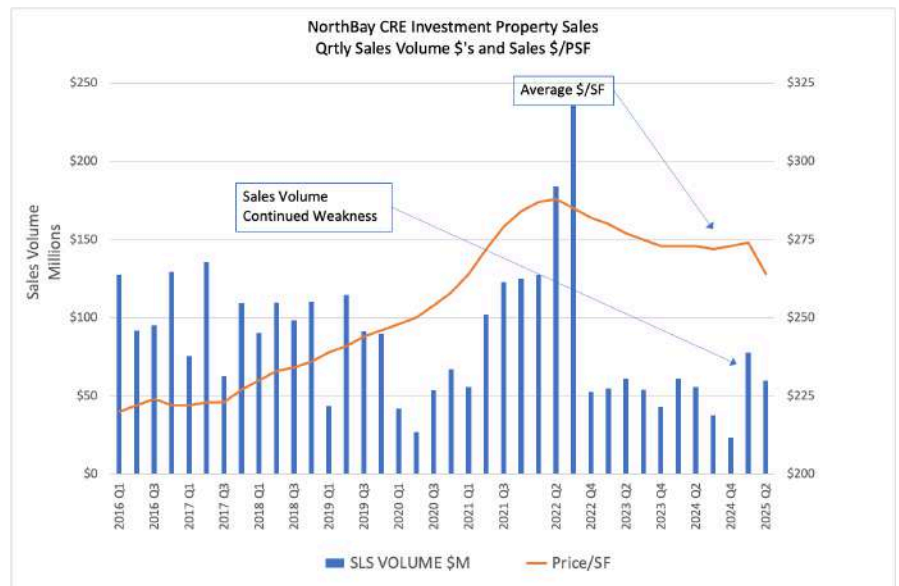
Metric	Trend	Why It Matters
Cap Rates	↑ 120 bps since Jan '23	Higher yields offset debt costs, boosting future cash-on-cash returns.
U.S. Office Vacancy	20.6% (record)	Pressure continues, but local exposure is limited vs. Gateway peers.
Rents (North Bay)	-1.2% y/y overall	Prime assets are holding firm; flight-to-quality favors well-located product.
Absorption	Retail ready; Office & Industrial Soft	Consumer spending and e-commerce keep retail demand resilient.

Capital Markets Pulse

Treasury swings between **4.4–5.1%** kept lenders cautious, yet spreads are stabilizing. As inflation cools, the first incremental drop in borrowing costs could unlock sidelined capital—particularly 1031 exchange buyers seeking yield.

Supply-Demand Balance

Sellers are back after recalibrating pricing, but distress remains limited. Limited new construction and enduring population/wealth growth give the North Bay a structural floor many markets lack.



Dataset: 4,104 multi-tenant office, industrial & retail buildings (60.4 M SF) across the North Bay.



Opportunity Playbook

1. **Window of Value** – Today’s pricing reset offers above-trend yields without recession-level risk.
2. **Be Ready to Act** – Well-underwritten deals move quickly once priced right; line up capital and due diligence now.

Looking Ahead (Next 90 Days)

- **Rates:** Fed watch shows bias toward a late-summer trim; expect incremental mortgage relief.
- **Office:** Continued price discovery; creative reuse discussions gaining traction.
- **Retail & Industrial:** Steady demand and limited supply support modest rent upticks.
- **Transaction Pace:** Anticipate post-Labor Day surge as investors seek Q4 closings.

HOW CAN I HELP YOU?

I’m a North Bay–based commercial real estate broker who helps property owners and investors unlock value in Commercial Real estate and Multifamily assets. From marketing and leasing to sales and 1031 exchanges, I combine market data with hands-on deal making to secure the right buyer, tenants, structure win-win transactions, and maximize long-term returns for my clients.

What people are saying about me

“Ces helped us every step of the way, making a complicated sale feel uncomplicated. He helped us through a process we’ve never gone through before. We appreciate his ability to distill and explain investment real estate along with his candor and honesty when we needed advice.”

— Hillary G., Trustee

“I have used Ces Cecchin in multiple trades of my investment real estate, including multifamily apartments and industrial property investments. I appreciate his hard work, his market knowledge, and his commitment to looking after his clients’ interests.”

— Terry Andrews, Investment Property Owner

Curious how these shifts impact your portfolio—or a target acquisition? **Let’s model the upside together.**