Bank of Marin

# *Insights &* PERSPECTIVES

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FALL NEWSLETTER 2025

*Insights & Perspectives* delivers information on today's economic landscape and commercial real estate trends, paired with insights from our leadership and stories from clients we're proud to serve. This quarterly newsletter is designed to share the knowledge and relationships that help our communities thrive.

A MESSAGE FROM TIM

## Welcome to Insights & Perspectives

Each quarter, CEO Tim Myers shares his perspective on the business environment, our commitment to clients, and the relationships that guide our work. Look for his signature message in every edition.

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ECONOMIC OUTLOOK

## Tariffs, Inflation, Interest Rates & More

As inflation concerns ease and interest rates fall, the U.S. economy is entering a healthier phase of normalization—supported by resilient growth, stabilizing consumer trends, and forward momentum from AI-driven innovation, even as labor and housing markets present new challenges.

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COMMERCIAL REAL ESTATE

## Navigating the Bay Area Office Market

Each quarter, we'll examine the commercial real estate market in different regions. We begin with the Bay Area's office market, which is entering a new growth cycle driven by AI, crypto, and a renewed focus on high-end, amenity-rich workspaces that attract top talent.

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CLIENT SPOTLIGHT

## Harvesting Trust: A Family Business Grows with Bank of Marin

Renteria Vineyard Management's growth story reflects the power of family, innovation, and a trusted partnership with Bank of Marin, which has supported their expansion across Napa's wine industry for over 15 years.

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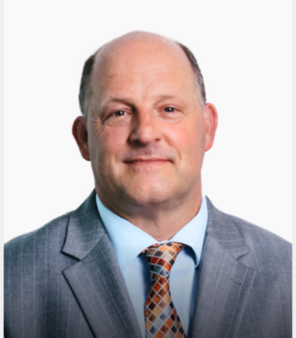


Tim Myers
President & CEO

Welcome to the inaugural edition of *Insights & Perspectives*, our new quarterly newsletter.

Our goal is simple: to keep you informed through thought leadership, expert commentary, and stories that reflect the values we hold as your financial partner.

We're honored to feature insights from two respected professionals, our guest contributors:

> **Dr. Sanjay Varshney**, founder and principal of Goldenstone Wealth LLC. and professor of finance at Sacramento State, and
>
> **Kevin Colombo**, executive vice president and partner at Colliers' Occupier Services Bay Area (OSBA), specializing in various types of commercial real estate.

Their expert insights are not only timely but also actionable—designed to empower you to make confident, informed decisions.

This newsletter is more than just a source of information. It's a way for us to stay connected, spark meaningful conversations, and give you direct access to thought leaders who are shaping the industries that matter to you.

Thank you for allowing Bank of Marin to serve as your trusted financial home. Whether you're a long-time client or just getting to know us, we're grateful for the opportunity to support your journey.

Warm regards,

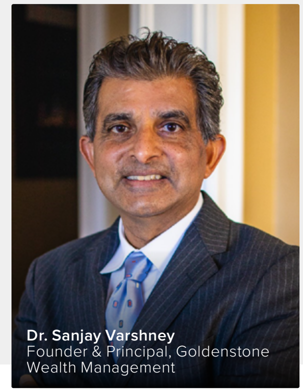
**Tim Myers**
President & CEO
Bank of Marin



NEXT ECONOMIC OUTLOOK →

# Tariffs, Inflation, Interest Rates & More

As inflation concerns ease and interest rates fall, the U.S. economy is entering a healthier phase of normalization—supported by resilient growth, stabilizing consumer trends, and forward momentum from AI-driven innovation, even as labor and housing markets present new challenges.


**Dr. Sanjay Varshney**
Founder & Principal, Goldenstone Wealth Management

## IT IS NO LONGER ABOUT THE TARIFFS

Fears about the negative impacts of tariffs have mostly subsided after most data suggests the economy remains resilient.  Contrary to widespread speculation, inflation is only slightly elevated, global trade is mostly intact, confidence has returned to both US investments and the US Dollar from foreign investors, and constructive negotiations on future trade policies continue in the background.

## THE ECONOMY – GOOD, BAD, AND UGLY

The GDP growth year to date, while moderating, has been impressive and likelihood of a recession any time soon is very low. Corporate earnings are strong with the last quarter delivering double digit increase for the S&P500 companies.  After a slow start earlier in the year, growth-seeking companies including the Magnificent Seven are driving the markets forward with the promise of major benefits from artificial intelligence. While consumer spending has slowed, household budgets appear stable – this is especially important since the consumer is two-thirds of the economy. Restaurant dining, air travel, visitation to Las Vegas or Statue of Liberty – all are close to record levels.

However, stresses are building in the labor and housing markets.  Both have seen a radical cooling off leading to fears that they could tip the economy over unless more relief comes in the form of lower rates and borrowing costs. Inflation has not spiked but remains problematic given that tariffs are still working their way through.  The risks arising from a rapidly deteriorating labor market now exceed those from rising inflation.  Both business and consumer confidence have been hit hard by policy uncertainty and policy error risks are high. The AI trade has driven the markets higher, but concentration risk is elevated with the top 10 companies in the S&P500 now constituting almost 50% weight in the index and also accounting for most of its returns.

More worrisome is the rising public debt in our country – the debt financing costs now exceed what the country spends on defense from the federal budget. This is arguably unsustainable and an urgent issue that remains unaddressed.  Central banks and governments globally have implemented a Zero Interest Rate Policy for the last 25 years creating free money and artificially inflating asset values that is both unsustainable and dangerous with severe consequences.  Further, geo-political risk is now high with multiple expensive wars being fought with no end in sight.

## THE ECONOMY AND RATES ARE NORMALIZING – AND THAT'S A GOOD THING!

The last 25 years have been anything but normal.  The current generation has been falsely misled into getting used to a new normal with near free money, low auto loan rates, low single digit mortgage rates, and the Federal Reserve coming to the rescue with every small hiccup in the economy.  Those days may finally be coming to an end.  To normalize back to historical averages, I would like to see the Federal Funds rate close to 3%.  We need at least 4 more cuts of 25 basis point equivalent each to get there.  Similarly, if the 10 year Treasury rate can settle between 4-5%, and the 30 year fixed rate mortgage close to 6%, that would indeed be good outcomes.

## WHAT THIS MEANS FOR YOU

- The economy will stabilize and normalize under the tailwinds coming in from lower rates.
- Young graduates and those early in their careers should prepare for a more challenging job market ahead, not just due to a slowing economy, but also due to widely anticipated impacts of AI displacing labor.
- Consumers and Households will see some relief due to lower borrowing costs in the form of lower auto loan rates and credit card rates.
- Savers will see lower returns on short-term capital, but may be able to find more attractive terms on longer-term capital.
- Market risks are high since valuations are stretched.  Investors should seek good diversification in their portfolios, including strategies in private capital to offset the risks and volatility in public markets.
- Businesses should prepare their income statements and balance sheets for at least one year of possible slowdowns and disruptions in the event of a bear market.

## LOOKING AHEAD

As we move through 2025, the economic environment is likely to remain one of balance—between growth and caution, opportunity and risk. While challenges persist, the fundamentals of the U.S. economy remain strong. For Bank of Marin and our clients, that means continuing to look forward with confidence, guided by trusted relationships and thoughtful planning.

**Disclaimer:** The views expressed in this article are solely those of the author and do not represent the opinions of any other individual or organization. This is not financial advice; please consult with qualified professionals for any such matters.

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**NEXT** COMMERCIAL REAL ESTATE →

# Navigating the Bay Area Office Market

Having spent 20+ years immersed in the Bay Area commercial real estate scene, I've seen firsthand the shifts, challenges, and surprising opportunities that have come to define this market. With high high's and low low's, history has repeated itself in the Bay Area numerous times. In 2025, we are at an interesting inflection point where we are at the start of another positive run with San Francisco at ground zero. Forget the broad generalizations; let's talk about what's really happening out there.

Kevin Colombo
Executive Vice President, Colliers

## BEYOND THE HEADLINES: A NUANCED PERSPECTIVE ON LEASING

Yes, you'll hear about the resurgence of leasing activity, and there's truth to it – pockets of momentum are undeniable. However, it's not the sweeping, across-the-board surge some might portray. The reality is much more granular. What I'm witnessing is a new level of strategic deliberation. Most companies aren't blindly scooping up square footage. They're diving deep into data, analyzing their specific needs, and demanding spaces that align with their long-term goals. The flight to quality trend continues as companies are flocking to the best product in each market. Getting people back to "nice" offices with views, amenities and a high end experience is becoming a priority.

## SAN FRANCISCO SPOTLIGHT

Since 2023, which we will look back at with similar perspectives to 2009 as the "bottom", this market has experienced positive momentum. With a new mayor coming into office in San Francisco promoting clean and safe streets, a return to office push nationally, and the emergence of the AI, Crypto, and Robotics sectors, the stars have aligned for San Francisco, and ultimately the entire Bay Area. 2025 is on pace to see leasing volume in San Francisco close to 12M RSF, which exceeds the average annual leasing volume seen between 2010 and 2019. What occurred between 2010 and 2015 with the rise of companies like Uber, Lyft, AirBnB, Pinterest, Dropbox, Linkedin, Slack and Okta, we are seeing a similar trend correlate with AI and Crypto companies between 2020 and 2025. If history continues to repeat itself, we will see continued growth for the next year and then things will level off unless Big Tech (Google, Microsoft, Salesforce, Amazon, Meta) steps up and starts to grab space again as they did in 2016-2019.

## BAY AREA LEASING MOMENTUM

The catalyst for this shift? The war for talent. The Bay Area remains a hub for skilled professionals, and organizations recognize that the office environment plays a pivotal role in attracting and retaining top-tier employees. If your office is outdated, uninspiring, or lacking in essential amenities, you're at a competitive disadvantage. Plain and simple. This has led to a push from companies to secure the "best" space in the market as a differentiator. With this effect, we have seen vacancy dip well below the market average for Tier 1 space, and a massive shift toward demand for view space. As an example, if you are looking for less than a full floor with views in San Francisco, your availability is less than 3%. On the flip side, lower end assets throughout the Bay Area are suffering with high vacancy and decreasing rents. This "flight to quality" has pushed Landlords to invest capital in their buildings to try and compete. In today's competitive landscape, amenities aren't mere perks; they're fundamental requirements. The traditional office, with its rows of cubicles and sterile atmosphere, is no longer sufficient to attract and retain a thriving workforce. Employees crave environments that foster collaboration, creativity, and well-being.

We're witnessing the "hospitalization" of office buildings leaning toward high end hotels, with landlords investing heavily in state-of-the-art fitness centers with spa features, collaborative lounges, flexible workspaces, outdoor areas, private club type food and beverage offerings, golf simulators, podcast studios, and many other creative offerings to try and differentiate from the competition. These enhancements aren't just cosmetic; they represent a fundamental shift in how companies view the office – a transformation from a place of work to a destination that supports employee success.

## THE AI FACTOR: THE UNPREDICTABLE INFLUENCE ON REAL ESTATE DEMAND

Here's the million-dollar question that everyone in the real estate industry is grappling with: How will the rapid proliferation of AI technologies impact long-term office demand? Some analysts predict that AI-driven automation will lead to significant efficiency gains, potentially reducing the need for expansive office footprints. Others contend that the surge in AI innovation will foster a heightened need for collaboration and in-person interaction, thus sustaining demand for office space.

Ultimately, we should follow the money. With more venture capital being poured into the Bay Area than any region around the world, we will likely see a 3-5 year runway of growth.

The Bay Area remains a global hub for innovation, talent, and economic growth. Success in this dynamic market requires more than just optimism; it demands strategic insight, the right partners, careful planning, and a commitment to adapting to change.

**Market Report Links:**
Bay Area Office Rate Map - Second Quarter 2025
Q3 2025 San Francisco Office Market Research Report
Q3 2025 Silicon Valley Market Research Report
Q3 2025 Sacramento Office Market Research Report
Q3 2025 San Francisco Peninsula Office Market Research Report
Q3 2025 Oakland Office Market Research Report
Q3 2025 Pleasanton Office Market Research Report
Q3 2025 Walnut Creek Office Market Research Report

**Disclaimer:** The views expressed in this article are solely those of the author and do not represent the opinions of any other individual or organization. This is not financial or real estate advice; please consult with qualified professionals for any such matters.

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NEXT CLIENT SPOTLIGHT →

CLIENT SPOTLIGHT

# Harvesting Trust: A Family Business Grows with Bank of Marin

Renteria Vineyard Management's growth story reflects the power of family, innovation, and a trusted partnership with Bank of Marin, which has supported their expansion across Napa's wine industry for over 15 years.

**Oscar Renteria**
CEO of Renteria Vineyard Management

## Speaking with Oscar Renteria, CEO of Renteria Vineyard Management, it's immediately clear that his passion for farming grapes and growing the wine industry runs deep.

Recently honored as the Napa Valley Grapegrowers 2025 Grower of the Year, Oscar learned the business from his father, Salvador, who founded the company in 1987 after a long career in the wine industry. Starting with just one vineyard, Salvador built a reputation for excellence, eventually managing vineyards for some of Napa Valley's most prestigious wineries.

When Salvador retired in 1993, Oscar took the reins and expanded the business significantly. Today, Renteria Vineyard Management oversees 2,200 acres and employs more than 500 people, including both full-time and seasonal workers.

Working alongside his wife, Denise—whom Oscar calls the "hero of the operation"—the Renterias have benefited greatly from their partnership with Bank of Marin. "Fifteen years ago, when we started working with the Bank, we were about one-third the size we are today," Oscar shares. "They've grown and evolved with us. The wine industry is complex, and the Bank truly understands our business, including the fluctuations that can happen unexpectedly, often due to Mother Nature."

Oscar emphasizes the importance of resilience, calm under pressure, and consistent communication—qualities he learned from his father and values in Bank of Marin's team. "Diane Bishofberger, the head of the Wine Group at the Bank, has been great to us, as has everyone in the Napa office. They've operated as true partners, especially during challenging times like the post-pandemic slowdown. I believe we've earned the Bank's trust by being accountable and transparent, and that's made all the difference."

In addition to vineyard management, the Renterias operate a premium direct-to-consumer boutique wine label, Tres Perlas ("Three Pearls"), named for their three daughters. Producing 1,800 cases annually, Tres Perlas wines are priced between $165 and $400 per bottle, reflecting their high-end positioning. The family also runs O&D Vineyard Holdings, a vineyard ownership and leasing business.

"Bank of Marin supports our entire business portfolio, which showcases our diversification and expertise across the wine industry," Oscar says. "Our business has truly matured with their support, and we're grateful for everything they've done."

Innovation is another key part of the Renteria story. Oscar describes himself as a dreamer who enjoys experimenting with new processes and technologies—something the Bank has also supported.

> "The wine business is very technical, and I'm always trying new ideas. I'm thankful to Diane and the Napa team for helping us plan and forecast to ensure we get it right."

Oscar and Denise also appreciate Bank of Marin's commitment to the community, noting its support for causes close to their hearts, including donations to the Napa Valley Grape Growers Association and the Napa Farmworker Association. "The Bank has been very generous and involved over the years, and we don't take that for granted."

"I love living life to the fullest," Oscar says. "I enjoy taking on new challenges and am always learning, which makes this a thrilling business to be in. When I took over from my father, I had no idea how things would turn out. I'm incredibly proud of what we've accomplished as a family, and we wouldn't be where we are today without Bank of Marin."

**www.renteriavineyards.com**