TRI COMMERCIAL

OAKLAND/EAST BAY INDUSTRIAL

Q1 2019 | COMMERCIAL REAL ESTATE MARKET TRENDS

OUTLOOK

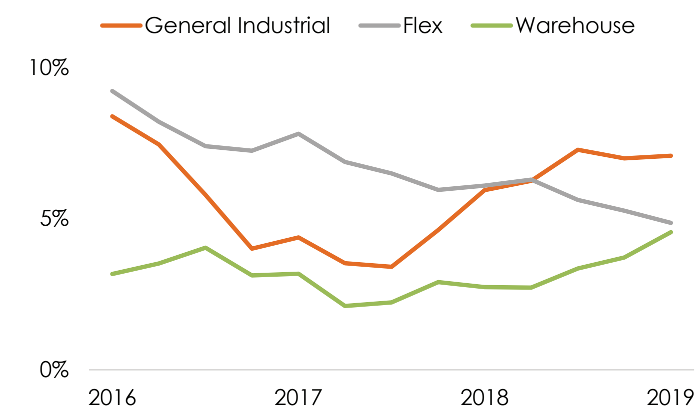
Vacancy Rates: Vacant space as a whole seemed to stay static as the year began compared with the close of 2018, but a breakdown of product type compared to the first quarter of 2017 marks some interesting trends in demand for industrial space. Flex availability has been cut by 50%, with the sharpest drop in share from the I-680 market. On the other side of the hills in the I-80/880 corridor, GI product has steered vacancy of that type steeply upwards.

Lease Rates: Rental rates held a record high of all product types over the past quarter. The past few years of new leases have mostly ignored the short-term fluctuations in supply and demand, pointing to at least a few more quarters of incrementally increased rates. Notably, the average rent for Warehousing in the I-80/880 corridor finally cracked $1.00, even if the quarter-over-quarter move wasn't very large.

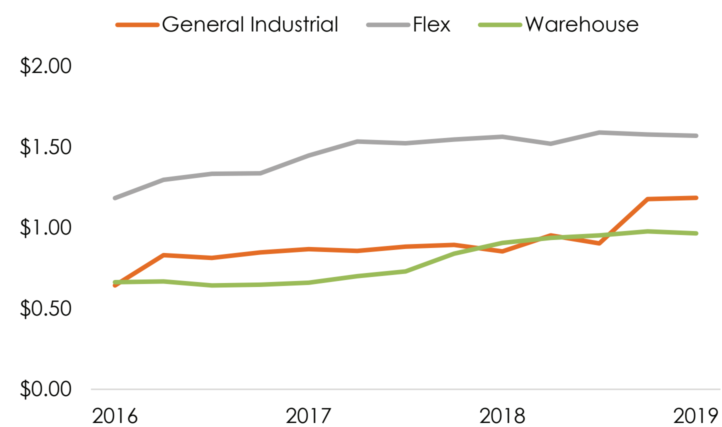
Absorption: 2018 was a strong year for construction deliveries, and all of the newly available space kept absorption staistics below the line in the region. Q1 saw no movement on the dial, which may be a sign that a significant rubberband activity will occur later this year.

Construction: The total inventory continues to increase at around half a million per quarter from the past two years, but is showing signs of sloping downwards. Warehouse product is still in high demand, accounting for over 60% of East Bay Industrial projects under construction. New, albeit small, construction of Flex space in the East Bay will be worth keeping an eye on, as contemporary tenant requirements disqualify large share of the product.

VACANCY RATE | PERCENT BY PRODUCT



AVERAGE ASKING RENT | WEIGHTED NNN BY PRODUCT



OAKLAND/EAST BAY INDUSTRIAL TRENDS | FIRST QUARTER 2019

ARROWS REPRESENT CHANGES FROM THE PREVIOUS QUARTER

MARKET INDICATORS	Vacancy	Net Absorption	Under Construction	Sales Price PSF*
	▲	▼	▼	▲
Q1 2019	5.1%	(375,882)	1,591,608	$187.00
Q4 2018	4.8%	(130,329)	1,994,127	$199.64

*SALE PRICE FIGURES ARE YEAR-OVER-YEAR

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NOTEWORTHY TRANSACTIONS

LEASE TRANSACTIONS | NOTABLE INDUSTRIAL LEASES SIGNED Q1 2019

Property Address	Submarket	Tenant	Type	Transaction Size
23411-23447 Cabot Blvd	Hayward	Mission Foods	Warehouse/Distribution	90,989
2593 Goodrick Ave	Richmond	Tempur-Sealy	Warehouse/Distribution	113,130
33001 Dowe Ave	Union City	Crown Moving and Storage	Warehouse/Distribution	88,745

SALE TRANSACTIONS | NOTABLE INDUSTRIAL SALES FOR Q1 2019

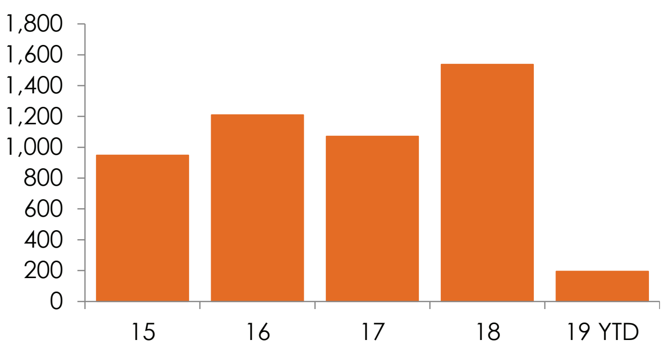
Property Address	Submarket	Buyer	Sale Price	$ PSF	Transaction Size
25800 Clawiter Rd	Hayward	Hines Global	$38,000,000.00	$156	243,944
2619 Magnolia St	Oakland	Aftergood Trust	$11,000,000.00	$92	120,000
1289 67th St	Emeryville	Hackman Capital	$10,200,000.00	$245	41,628

	Q1 2019	Q1 2018	% Chg
Vacancy Rate	5.1%	3.8%	+34.2%
Under Construction	1,590,442	2,818,912	-43.6%
Net Absorption	-375,882	162,176	(N/A)
Sale Price PSF	$187.00	$199.64	-6.33%

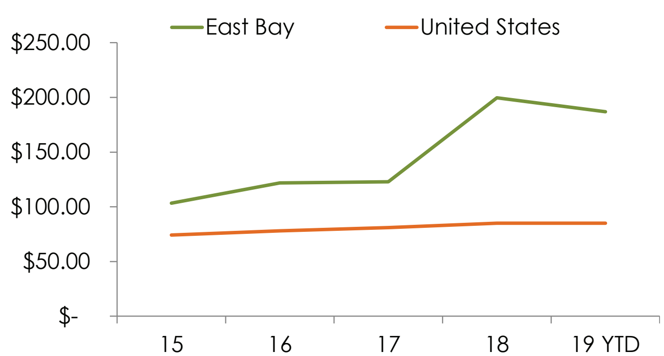
THESE STATISTICS ENCOMPASS THE ENTIRE SURVEY, WHICH INCLUDES ALL GENERAL INDUSTRIAL, FLEX AND WAREHOUSE/DISTRIBUTION OVER 20,000 SQUARE FEET IN SIZE. EXCLUDES TELECOM AND SHOWROOM BUILDINGS.

*SALE PRICE FIGURES ARE YEAR-OVER-YEAR

EAST BAY SALE VOLUME | TOTAL MILLIONS OF DOLLARS



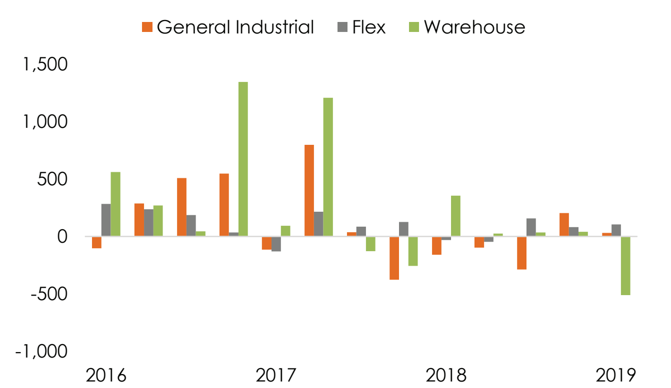
EAST BAY SALE PRICE | AVERAGE DOLLAR PSF



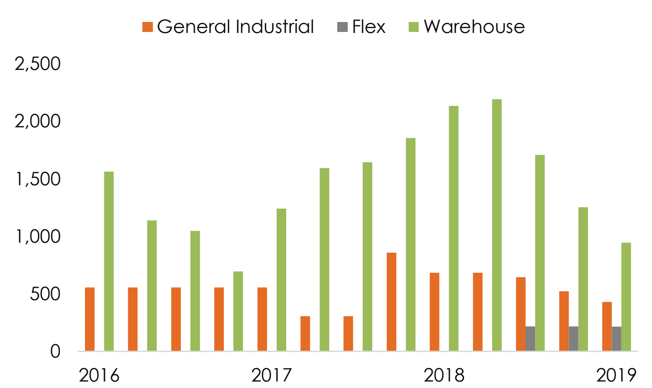
STATISTICS BY MARKET & PRODUCT TYPE

Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	Qtr Net Absorption	Average Asking Rent
General Industrial	23,726,952	430,734	1,671,401	7.0%	71,764	0.3%	1,743,165	7.3%	43,768	$0.96
Flex	13,926,353	186,034	650,580	4.7%	120,552	0.9%	771,132	5.5%	6,069	$1.69
Warehouse	88,520,030	944,674	3,728,854	4.2%	267,333	0.3%	3,996,187	4.5%	(546,375)	$0.96
I-80/880 Total	**126,173,335**	**1,561,442**	**6,050,835**	**4.8%**	**459,649**	**0.4%**	**6,510,484**	**5.2%**	**(496,538)**	**$1.20**
General Industrial	6,054,710	-	394,000	6.3%	-	0.0%	394,000	6.5%	(13,000)	$1.36
Flex	2,391,793	29,000	108,785	4.5%	-	0.0%	108,785	4.5%	25,635	$1.43
Warehouse	9,444,430	-	121,522	1.3%	5,280	0.1%	126,802	1.3%	(15,621)	$1.02
North I-680 Corridor Total	**17,890,933**	**29,000**	**624,307**	**3.5%**	**5,280**	**0.0%**	**629,587**	**3.5%**	**(2,986)**	**$1.27**
General Industrial	1,940,753	-	108,429	5.6%	-	0.0%	108,429	5.6%	-	$1.21
Flex	6,507,916	-	230,249	3.5%	-	0.0%	230,249	3.5%	72,725	$1.63
Warehouse	13,881,929	-	1,042,676	7.5%	74,193	0.5%	1,116,869	8.0%	50,917	$0.92
Tri Valley Total	**22,330,598**	**-**	**1,381,354**	**6.2%**	**74,193**	**0.3%**	**1,455,547**	**6.5%**	**123,642**	**$1.25**
General Industrial	31,722,415	430,734	2,173,830	6.9%	71,764	0.2%	2,245,594	7.1%	30,768	$1.18
Flex	22,826,062	215,034	989,614	4.3%	120,552	0.5%	1,110,166	4.9%	104,429	$1.58
Warehouse	111,846,389	944,674	4,893,052	4.4%	346,806	0.3%	5,239,858	4.7%	(511,079)	$0.97
East Bay Total	**166,394,866**	**1,590,442**	**8,056,496**	**4.8%**	**539,122**	**0.3%**	**8,595,618**	**5.2%**	**(375,882)**	**$1.24**

EAST BAY NET ABSORPTION | THOUSANDS OF SQ FT



EAST BAY UNDER CONSTRUCTION | THOUSANDS OF SQ FT



TRI COMMERCIAL
REAL ESTATE SERVICES

OAKLAND / EAST BAY INDUSTRIAL

To learn more about TRI Commercial and our real estate services, please visit: www.tricommercial.com
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NORTHERN CALIFORNIA MAP | TRI OFFICE LOCATIONS

ABOUT TRI COMMERCIAL

Since 1977, we have consistently proven that we come to the table with real-time knowledge of the opportunities and challenges our clients face. Our value is providing the expertise to help you seize the opportunities, overcome the challenges and complete your transaction. Our agents truly value the relationship more than the transaction. As a full-service brokerage firm, TRI Commercial has an industry specialist to match your specific needs. We provide complete tenant/landlord representation in leasing, as well as property acquisition and disposition services. We have a strong presence in San Francisco, Oakland, Walnut Creek, Sacramento, Rocklin and Roseville with direct access to every major office market in Northern California. Through our affiliation with CORFAC International, we also provide clients with national and international coverage. No matter what your requirements, you'll find a TRI agent who possesses the knowledge, expertise and commitment to fulfill all of your commercial real estate needs.

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