

### OUTLOOK

**Vacancy Rates:** Even though vacant space increased between the third and fourth quarters, in the past five years, the total amount of vacant space has decreased by over 4.5 million square feet, or almost 60%, while inventory has only increased by 4%. This adverse effect indicates the demand continues to outpace the market. Across all product types, warehouse space remains the most constrained at 4% vacancy rate and accounts for nearly two-thirds of the entire industrial market for the region.

**Lease Rates:** Rental rates increased this past quarter, maintaining a record high among all product types. General industrial saw the biggest increase year-over-year at 24%, followed by warehouse space at 14%. If demand for industrial product continues to outpace supply, rents will continue to inch upward over the next few quarters.

**Absorption:** Despite a slow first half of the year, activity remains and industrial fundamentals are strong. Much of the negative absorption in 2018 is reflective of construction deliveries this year.

**Construction:** The total inventory increased over 1.8 million square feet year-over-year. Warehouse product is in high demand, accounting for over 60% of East Bay Industrial projects under construction. With the average age of industrial product now at 44 years, many industrial and warehouse buildings on the market are outdated for current occupancy requirements; specifically pertaining to characteristics such as adequate clear height, power and sprinklers.

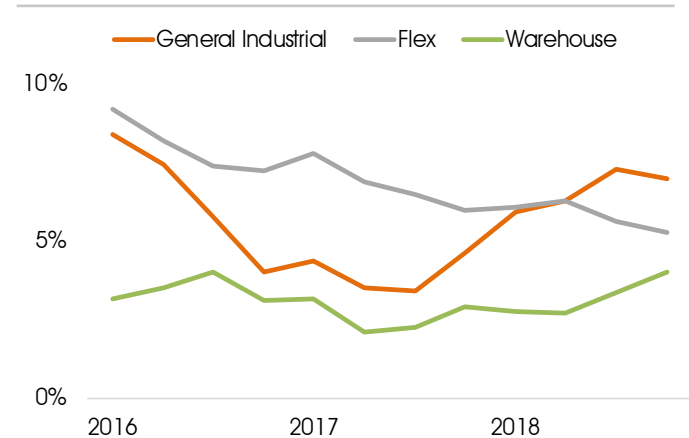
### OAKLAND/EAST BAY INDUSTRIAL TRENDS | FOURTH QUARTER 2018

ARROWS REPRESENT CHANGES FROM THE PREVIOUS QUARTER

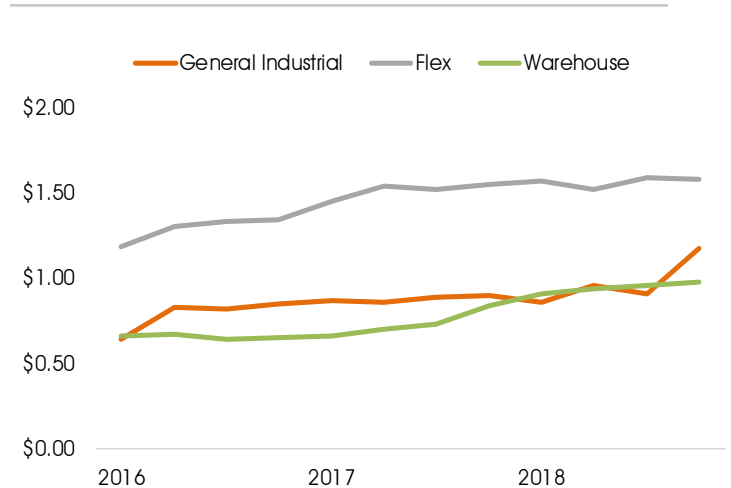
MARKET INDICATORS	Vacancy	Net Absorption	Under Construction	Sales Price PSF
Q <sup>4</sup> 2018	4.76%	-130,329	1,993,809	\$199.64
Q <sup>3</sup> 2018	4.43%	-138,164	2,570,016	\$198.02

Report Prepared By:  
**Dina Simoni-Gouveia**  
 Managing Director | Marketing & Research  
 dina.gouveia@tricommercial.com

VACANCY RATE | PERCENT BY PRODUCT



AVERAGE ASKING RENT | WEIGHTED NNN BY PRODUCT



# NOTEWORTHY TRANSACTIONS

## LEASE TRANSACTIONS | NOTABLE INDUSTRIAL LEASES SIGNED Q4 2018

Property Address	Submarket	Tenant	Type	Date Lease Signed	Transaction Size
2498 W 20th Street	Oakland	Good Eggs	Direct Lease	October 2018	116,370
555 Maritime Street	Oakland	Quik Pick Express	Direct Lease	December 2018	39,360
2885 Volpey Way	Union City	Crown Worldwide	Direct Lease	December 2018	28,080

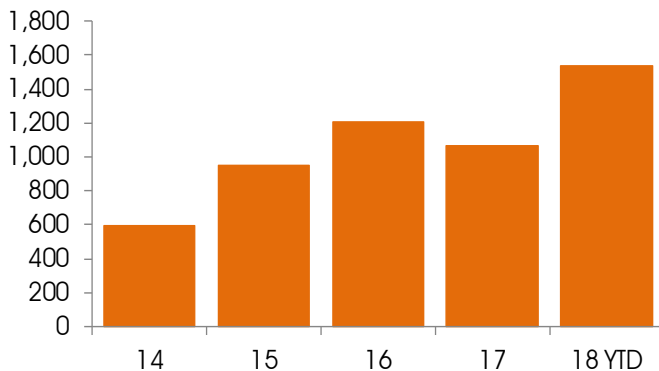
## SALE TRANSACTIONS | NOTABLE INDUSTRIAL SALES FOR Q4 2018

Property Address	Submarket	Buyer	Sale Price	\$ PSF	Transaction Size
26415 Corporate Avenue	Hayward	Harrison Street Capital	\$34,975,000	\$238.02	164,944
31153 San Antonio Street	Hayward	Tarltan Properties	\$26,460,000	\$222.77	118,777
4696-4698 Willow Road	Pleasanton	Deerfield Realty Co.	\$12,800,000	\$300.33	42,620

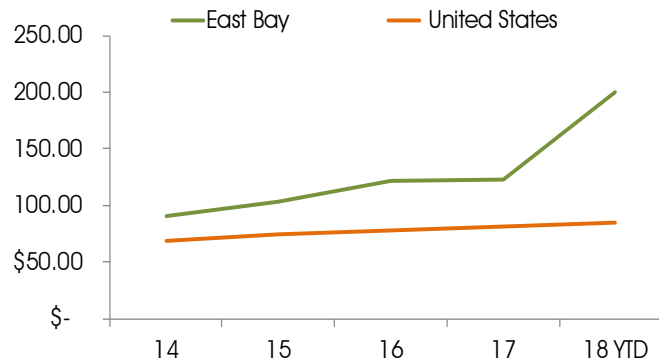
	Q4 2018	Q4 2017	% Chg
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Vacancy Rate	4.76%	3.66%	+1.1%
Avg. Asking Lease Rate	\$1.24	\$1.09	+12%
Net Absorption	-130,329	-513,295	(N/A)
Sale Price PSF	\$199.64	\$122.83	+38.0%

### EAST BAY SALE VOLUME | TOTAL MILLIONS OF DOLLARS



### EAST BAY SALE PRICE | AVERAGE DOLLAR PSF

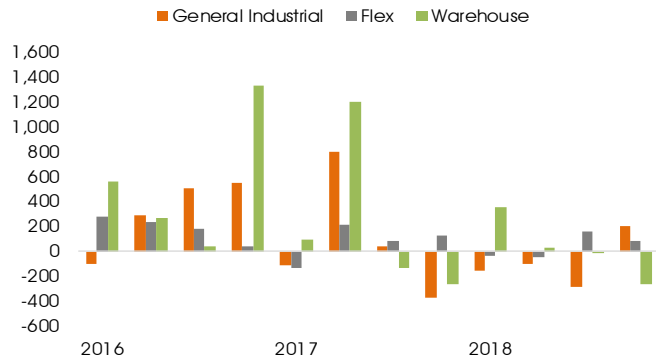


THESE STATISTICS ENCOMPASS THE ENTIRE SURVEY, WHICH INCLUDES ALL GENERAL INDUSTRIAL, FLEX AND WAREHOUSE/DISTRIBUTION OVER 20,000 SQUARE FEET IN SIZE. EXCLUDES TELECOM AND SHOWROOM BUILDINGS.

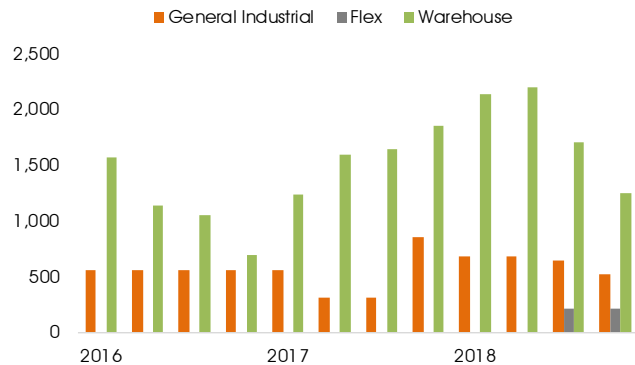
# STATISTICS BY MARKET & PRODUCT TYPE

Submarket	Total Inventory	Under Construction	Direct SF	Direct %	Sublease SF	Sublease %	Total SF	Total %	Qtr Net Absorption	YTD Net Absorption	Average Asking Rent
General Industrial	23,596,873	524,079	1,640,947	7.0%	71,764	0.3%	1,712,711	7.3%	197,623	(422,345)	\$0.96
Flex	14,099,195	187,200	689,839	4.9%	99,561	0.7%	789,400	5.6%	(12,199)	169,191	\$1.69
Warehouse	88,294,663	921,439	3,072,528	3.5%	332,413	0.4%	3,404,941	3.9%	(349,025)	430,999	\$0.96
<b>I-80/880 Total</b>	<b>125,990,731</b>	<b>1,632,718</b>	<b>5,403,314</b>	<b>4.3%</b>	<b>503,738</b>	<b>0.4%</b>	<b>5,907,052</b>	<b>4.7%</b>	<b>(163,601)</b>	<b>177,845</b>	<b>\$1.20</b>
General Industrial	6,054,710	-	381,000	6.3%	-	0.0%	381,000	6.3%	3,178	430,999	\$1.36
Flex	2,667,063	29,000	230,955	8.7%	-	0.0%	230,955	8.7%	417	35,469	\$1.43
Warehouse	9,837,605	-	154,381	1.6%	-	0.0%	154,381	1.6%	82,636	182,546	\$1.02
<b>North I-680 Corridor Total</b>	<b>18,559,378</b>	<b>29,000</b>	<b>766,336</b>	<b>4.1%</b>	<b>0</b>	<b>0.0%</b>	<b>766,336</b>	<b>4.1%</b>	<b>86,231</b>	<b>649,014</b>	<b>\$1.27</b>
General Industrial	1,940,753	-	108,429	5.6%	-	0.0%	108,429	5.6%	1,600	24,437	\$1.21
Flex	6,295,204	-	204,859	3.3%	1,580	0.0%	206,439	3.3%	(56,092)	(46,218)	\$1.63
Warehouse	13,328,498	332,091	840,966	6.3%	74,193	0.6%	915,159	6.9%	1,533	(493,880)	\$0.92
<b>Tri Valley Total</b>	<b>21,564,455</b>	<b>332,091</b>	<b>1,154,254</b>	<b>5.4%</b>	<b>75,773</b>	<b>0.4%</b>	<b>1,230,027</b>	<b>5.7%</b>	<b>(52,959)</b>	<b>(515,661)</b>	<b>\$1.25</b>
General Industrial	31,592,336	524,079	2,130,376	6.7%	71,764	0.2%	2,202,140	7.0%	202,401	33,091	\$1.18
Flex	23,061,462	216,200	1,125,653	4.9%	101,141	0.4%	1,226,794	5.3%	(67,874)	158,442	\$1.58
Warehouse	111,460,766	1,253,530	4,067,875	3.6%	406,606	0.4%	4,474,481	4.0%	(264,856)	119,665	\$0.97
<b>East Bay Total</b>	<b>166,114,564</b>	<b>1,993,809</b>	<b>7,323,904</b>	<b>4.4%</b>	<b>579,511</b>	<b>0.3%</b>	<b>7,903,415</b>	<b>4.8%</b>	<b>(130,329)</b>	<b>311,198</b>	<b>\$1.24</b>

EAST BAY NET ABSORPTION | THOUSANDS OF SQ FT



EAST BAY UNDER CONSTRUCTION | THOUSANDS OF SQ FT

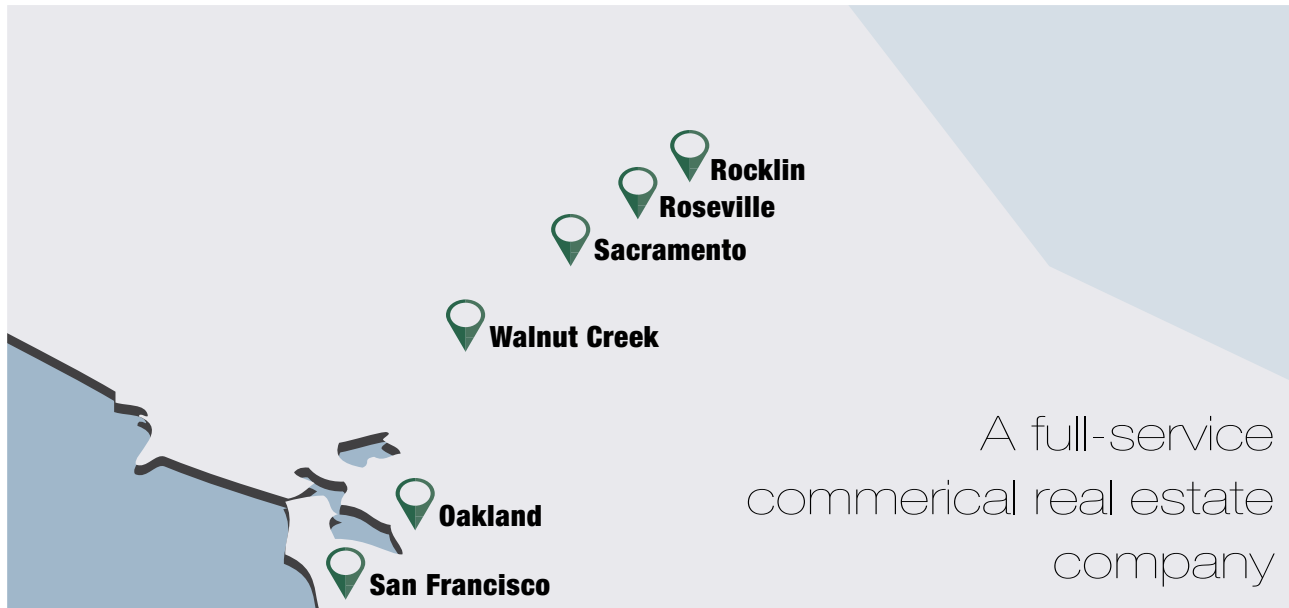




# OAKLAND/EAST BAY INDUSTRIAL

To learn more about TRI Commercial and our real estate services, please visit: [www.tricommercial.com](http://www.tricommercial.com)  
BRE Lic. #00532032

## NORTHERN CALIFORNIA MAP | TRI OFFICE LOCATIONS



## TRI CONTACT INFORMATION

### San Francisco

**100 Pine Street, Suite 1000**  
**San Francisco, CA 94111**  
**Tel: (415) 268-2200 | Fax: (415) 268-2299**

### Oakland

**1404 Franklin Street, Penthouse**  
**Oakland, CA 94607**  
**Tel: (510) 622-8466 | Fax: (510) 622-8499**

### Walnut Creek

**1777 Oakland Boulevard., Suite 100**  
**Walnut Creek, CA 94596**  
**Tel: (925) 296-3300 | Fax: (925) 296-3399**

### Sacramento

**1515 River Park Drive, Suite 200**  
**Sacramento, CA 95815**  
**Tel: (916) 669-4500 | Fax: (916) 669-4598**

### Roseville

**532 Gibson Drive, Suite 200**  
**Roseville, CA 95678**  
**Tel: (916) 677-8000 | Fax: (916) 677-8199**

### Rocklin

**2209 Plaza Drive, Suite 100**  
**Rocklin, CA 95765**  
**Tel: (916) 960-5700 | Fax: (916) 960-5799**

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