



FIRST  
QUARTER 2020

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EAST BAY  
INDUSTRIAL  
REPORT

# VACANCY & RENTS



## Industrial Market Ready to Weather the Storm

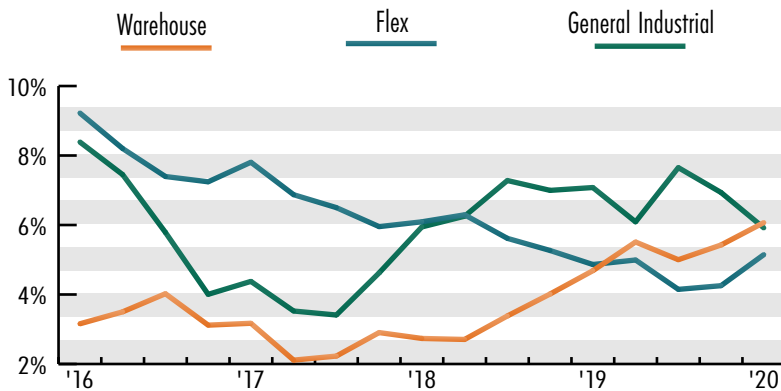
Soaring rents and low vacancy had characterized the East Bay industrial market over the past several years. The ever-growing trend of e-commerce and high-tech manufacturing along with the high paying stakes of the cannabis industry set asking rents on an upward trajectory with a nearly 8.5% year-over-year growth over the past 5 years. Despite this growth, the industrial market started to show some signs of leasing instability due to the high costs of labor and housing in the Bay Area that had forced some tenants to relocate.

Fundamentals were officially compromised in March with the impact of the Coronavirus Pandemic in March which created an entire global economic shift. Abruptly halting the economy, the State of California led the nation in the shelter in place orders forcing tenants

and landlords alike to quickly begin looking at their lease obligations and sifting through tenant obligations. After a brief jump into positive territory last quarter, net absorption reported negative 861,322 square feet. Looming in the shadows awaits the more than 2.9 million square feet of supply under construction.

The East Bay Industrial investment market experienced its most favorable quarter thus far. Over 2.5 billion in sales volume was transacted in the first quarter. The average sales price per square foot rose to \$205, up from \$179 in the previous quarter. The City of Concord saw two of the five largest sale transactions this quarter. BKM Capital purchased a 141,792 square foot warehouse building in Concord for more than \$30 million.

### VACANCY RATES BY PRODUCT | Physically Vacant Space

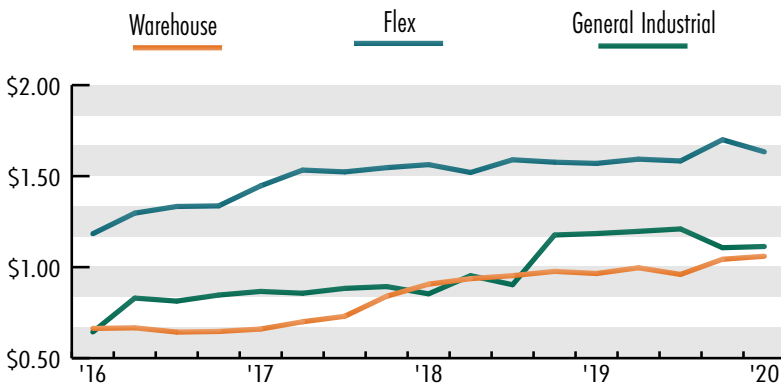


Change in Vacancy (YoY)



**+0.75%**

### AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)



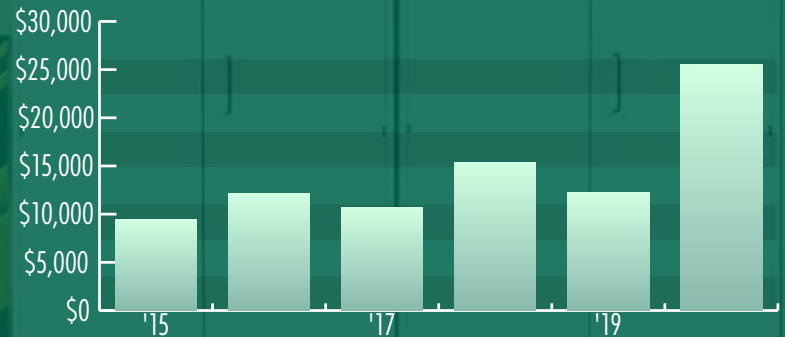
**+2.9%**

# ECONOMY & INVESTMENT

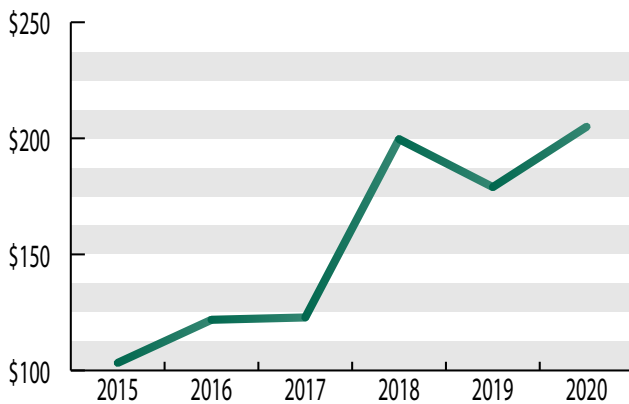


Albeit the uncertainty, a bright spot remains with the immediate rise in eCommerce which has seen a substantial spike in requirements with the Shelter in Place orders just a few weeks into the second quarter. As many manufacturers scramble to meet market demand e-commerce titan Amazon announced its purchase of a large Dublin flex building where it could employ as many as 1,000 or more people. Purchasing the location for \$49.5 million it's a welcomed new East Bay expansion in the Tri-Valley.

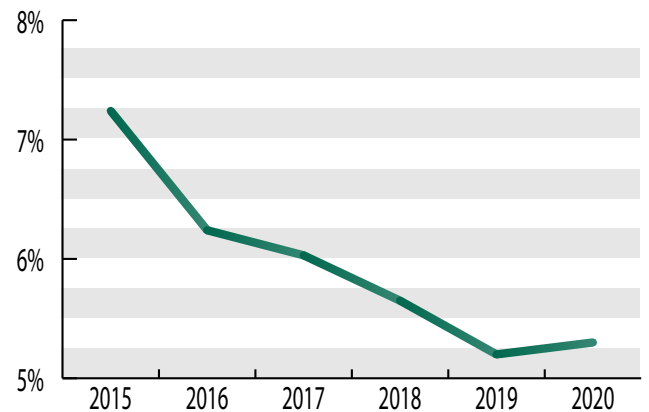
Investment Volume (Millions)



## SALE PRICE PSF | EAST BAY REGIONAL TRENDS



## CAP RATES | EAST BAY REGIONAL TRENDS



## SALE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

Property Address	Size (SF)	Sale Price	PSF	Buyer	Type
5600-5700 Imhoff Dr, Concord	141,792	\$30,100,000.00	\$212	BKM Capital	Warehouse
5160 Hacienda Dr, Dublin	201,620	\$50,000,000.00	\$248	Amazon	Flex
2700 Systron Dr, Concord	100,920	\$13,200,000.00	\$131	Parkview Mgmt Group	Warehouse
2376 Davis Ave, Hayward	132,741	\$25,250,500.00	\$190	CenterPoint Properties	Warehouse
3202 Investment Blvd, Hayward	49,520	\$8,820,000.00	\$178	Lift Partners	Flex

# STATISTICS BY SUBMARKET

## LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Size (SF)	Type
SHAW INDUSTRIES	4025 Whipple Road, Union City	126,000	Warehouse
HOPSY	4909 Central Avenue, Richmond	56,805	Warehouse
PIVOT BIO	4030-4058 Point Eden Way, Hayward	32,200	Flex

Under Construction (SF)



**2,980,763**

Average Price per SF



**\$205**

Market/ Submarket	Total Inventory	Direct SF	Sublease SF	Total SF	Direct %	Sublease %	Total %	Qtr Net Absorption	Under Construction	Average Asking Rent
<b>I-80/880</b>										
General Ind.	22,919,364	1,293,604	72,104	1,365,708	5.6%	0.3%	6.0%	(45,808)	-	\$0.84
Flex	13,541,091	710,418	66,032	776,450	5.2%	0.5%	5.7%	(101,812)	448,124	\$1.95
Warehouse	88,106,752	5,014,050	384,675	5,398,725	5.7%	0.4%	6.1%	(281,254)	1,196,481	\$1.02
<b>Total</b>	<b>124,567,207</b>	<b>7,018,072</b>	<b>522,811</b>	<b>7,540,883</b>	<b>5.6%</b>	<b>0.4%</b>	<b>6.1%</b>	<b>(428,874)</b>	<b>1,644,605</b>	<b>\$1.27</b>
<b>N. I-680</b>										
General Ind.	6,676,584	480,200	4,800	485,000	7.2%	0.1%	7.3%	(23,200)	-	\$1.04
Flex	3,171,043	60,010	48,931	108,941	1.9%	1.5%	3.4%	(72,931)	29,000	\$1.36
Warehouse	10,475,466	389,752	11,520	401,272	3.7%	0.1%	3.8%	(58,513)	594,091	\$1.21
<b>Total</b>	<b>20,323,093</b>	<b>929,962</b>	<b>65,251</b>	<b>995,213</b>	<b>4.6%</b>	<b>0.3%</b>	<b>4.9%</b>	<b>(154,644)</b>	<b>623,091</b>	<b>\$1.20</b>
<b>Tri-Valley</b>										
General Ind.	1,808,117	7,645	-	7,645	0.4%	0.0%	0.4%	-	-	\$1.46
Flex	6,348,165	294,762	6,855	301,617	4.6%	0.1%	4.8%	6,208	208,650	\$1.59
Warehouse	13,688,129	971,900	42,424	1,014,324	7.1%	0.3%	7.4%	(284,012)	504,417	\$0.95
<b>Total</b>	<b>21,844,411</b>	<b>1,274,307</b>	<b>49,279</b>	<b>1,323,586</b>	<b>5.8%</b>	<b>0.2%</b>	<b>6.1%</b>	<b>(277,804)</b>	<b>713,067</b>	<b>\$1.33</b>
<b>East Bay</b>										
General Ind.	31,404,065	1,781,449	76,904	1,858,353	5.7%	0.2%	5.9%	(69,008)	-	\$1.11
Flex	23,060,299	1,065,190	121,818	1,187,008	4.6%	0.5%	5.1%	(168,535)	685,774	\$1.63
Warehouse	112,270,347	6,375,702	438,619	6,814,321	5.7%	0.4%	6.1%	(623,779)	2,294,989	\$1.06
<b>Total</b>	<b>166,734,711</b>	<b>9,222,341</b>	<b>637,341</b>	<b>9,859,682</b>	<b>5.5%</b>	<b>0.4%</b>	<b>5.9%</b>	<b>(861,322)</b>	<b>2,980,763</b>	<b>\$1.27</b>



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