



THIRD
QUARTER 2020

EAST BAY
INDUSTRIAL
REPORT

VACANCY & RENTS

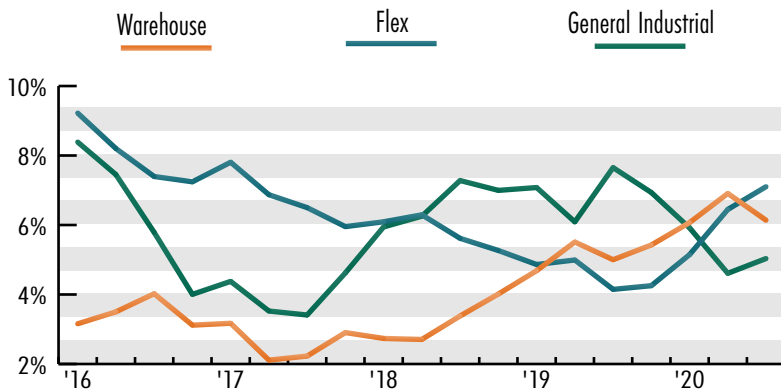


Industrial Sees Uptick in Activity As Logistics Business Surges

The East Bay industrial market in 3Q20 witnessed a substantial rebound in leasing activity driven primarily by increased warehouse logistic needs for “just in time” deliveries. This trend mirrors the San Francisco Bay Area and national industrial trends. This quarter net absorption reported 779,828 square feet propelled by positive leasing activity in the warehouse market. More than 1.1 million square feet of positive warehouse absorption was reported while both general industrial and flex markets remained in negative territory. As a result, warehouse vacancy decreased to 6.1% from last quarter while R&D/flex increased to 7.1% and general industrial 5.0%, respectively. This is in stark contrast to the office and retail market leasing trends.

The supply chain with all its moving parts including retailer in house logistics, logistic service providers, third-party logistics (3PL), reverse logistics for returns, warehouse providers, courier shipping, and “just in time” delivery have all translated into the need for additional warehouse space. A previous trend that has been accelerated by the health crisis, consumers are utilizing e-commerce more than ever before. Retailers, restaurants, and businesses across the country have reconfigured strategies to compete with big-box delivery services to augment revenue declines from nationwide Pandemic shutdowns. This shift in the economy has rebounded the need for blue-collar workers that have helped aid the loss of employment in the first and second quarters of the year.

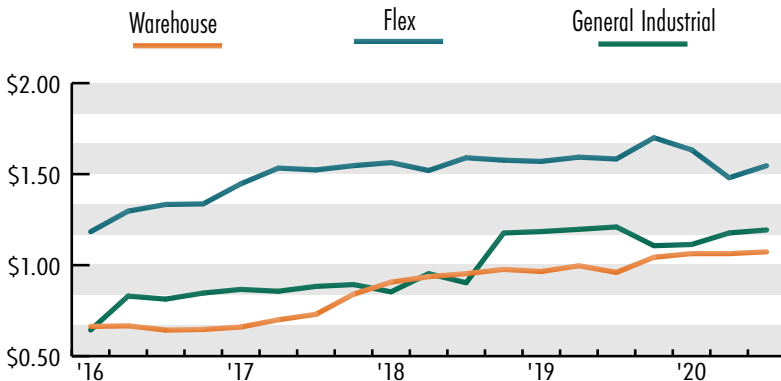
VACANCY RATES BY PRODUCT | Physically Vacant Space



Change in Vacancy (YoY)

+0.68%

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

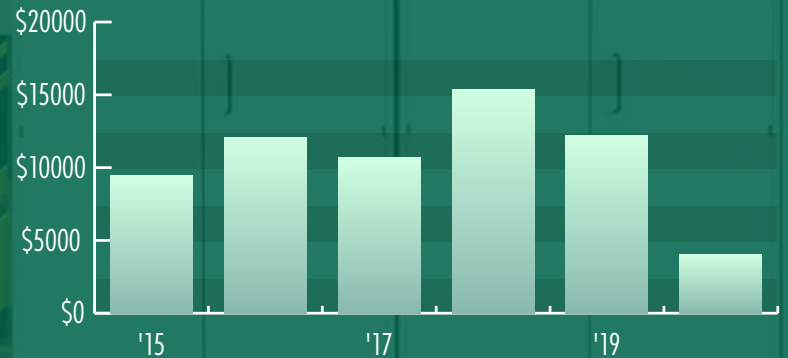
+0.98%

ECONOMY & INVESTMENT

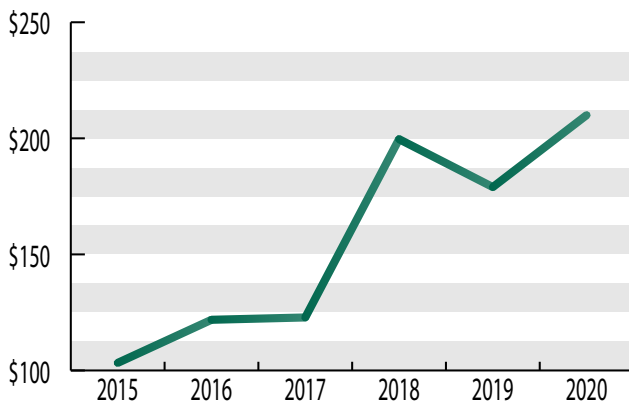


Investors and developers have also shifted their focus towards the industrial sector as a viable investment amidst the shakeup in the office and brick and mortar sectors. Investors such as CenterPoint Properties continued to make investments in the East Bay market. In 3Q20 the firm acquired a 707K SF distribution facility for more than \$153 million in the Richmond/San Pablo submarket, its fifth purchase within 12 months. Other notable transactions included Duke Realty's \$53 million portfolio purchase of the Rexel, Inc building at 909 King Street, and Veronica Foods Company at 1905 Dennison Street in Oakland. The Berkeley Farms site in Hayward was purchased by developer Dermody Properties for \$48 million and plans to bulldoze and replace the buildings with a large industrial and logistics center.

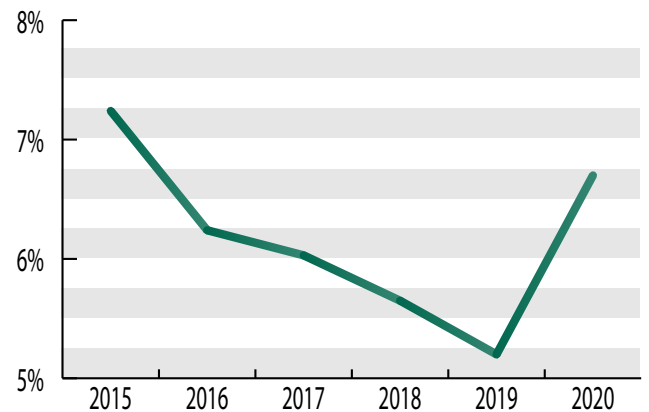
Investment Volume (Millions)



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
2995 Atlas Rd, San Pablo	707,596	\$146,600,000	\$207	CenterPoint Properties	Warehouse
25500 Clawiter Rd, Hayward	230,186	\$48,700,000	\$212	Dermody Properties	Warehouse
24493 Clawiter Rd, Hayward	147,489	\$25,500,000	\$173	Duke Realty Group	Warehouse
575 Marina Blvd, San Leandro	47,020	\$17,400,000	\$370	Justin Chan	Warehouse

STATISTICS BY SUBMARKET

LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Size (SF)	Type
LOGISTICS	1609-1619 Whipple Rd, Hayward	40,200	Warehouse
ANGEL DEAR	2900 Faber St, Union City	36,308	Warehouse
DMZ BUILDERS	10000 Bigge St, San Leandro	29,000	Industrial

Under Construction (SF)



1,771,672

Average Price per SF



\$210

Market/ Submarket	Total Inventory	Direct SF	Sublease SF	Total SF	Direct %	Sublease %	Total %	Qtr Net Absorption	Under Construction	Average Asking Rent
I-80/880										
General Ind.	22,933,339	1,403,450	59,208	1,462,658	6.1%	0.3%	6.4%	(125,528)	117,016	\$0.88
Flex	13,980,841	963,447	114,490	1,077,937	6.9%	0.8%	7.7%	(131,718)	-	\$1.57
Warehouse	87,665,299	4,603,159	765,669	5,368,828	5.3%	0.9%	6.1%	726,610	661,544	\$1.02
Total	124,579,479	6,970,056	939,367	7,909,423	5.6%	0.8%	6.3%	469,364	778,560	\$1.16
N. I-680										
General Ind.	6,699,473	100,000	4,800	104,800	1.5%	0.1%	1.6%	23,200	-	\$1.25
Flex	3,291,327	124,024	48,931	172,955	3.8%	1.5%	5.3%	(29,805)	-	\$1.37
Warehouse	9,588,498	365,810	12,000	377,810	3.8%	0.1%	3.9%	25,916	594,091	\$1.24
Total	19,579,298	589,834	65,731	655,565	3.0%	0.3%	3.3%	19,311	594,091	\$1.29
Tri-Valley										
General Ind.	1,808,172	15,749	-	15,749	0.9%	0.0%	0.9%	8,104	-	\$1.45
Flex	6,428,135	401,422	31,115	432,537	6.2%	0.5%	6.7%	(89,938)	208,650	\$1.70
Warehouse	14,105,923	1,032,142	55,961	1,088,103	7.3%	0.4%	7.7%	372,987	190,371	\$0.96
Total	22,342,230	1,449,313	87,076	1,536,389	6.5%	0.4%	6.9%	291,153	399,021	\$1.37
East Bay										
General Ind.	31,440,984	1,519,199	64,008	1,583,207	4.8%	0.2%	5.0%	(94,224)	117,016	\$1.19
Flex	23,700,303	1,488,893	194,536	1,683,429	6.3%	0.8%	7.1%	(251,461)	208,650	\$1.55
Warehouse	111,359,720	6,001,111	833,630	6,834,741	5.4%	0.7%	6.1%	1,125,513	1,446,006	\$1.07
Total	166,501,007	9,009,203	1,092,174	10,101,377	5.4%	0.7%	6.1%	779,828	1,771,672	\$1.27



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