

FOURTH
QUARTER 2020

EAST BAY
INDUSTRIAL
REPORT

VACANCY & RENTS

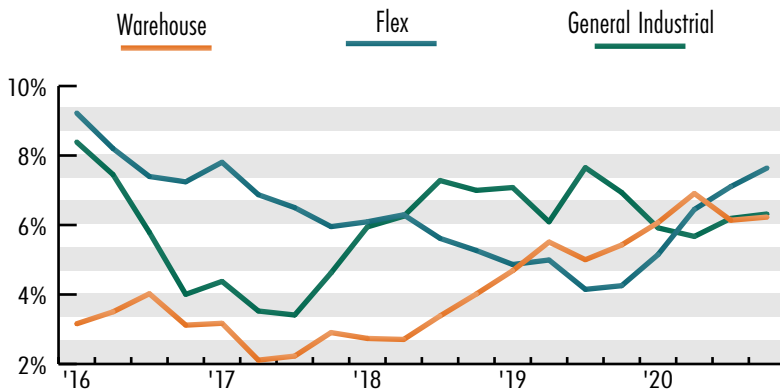


Industrial Sees Steady Activity Encouraged “Just In Time”

Increased logistics and supply chain needs kept the East Bay industrial market relatively insulated to the pandemic and economic woes. Retail demands for eCommerce, and “just in time” deliveries helped increase needs for additional warehouse space in the inner bay. Warehouse net absorption reported 176,885 square feet of positive leasing activity. Year-to-date total absorption ended in positive territory. Manufacturing witnessed an uptick with an excellerated trend of biotech, bio synthetics, and life science industries helping to push vacancy for general industrial space lower reporting 6.3% in Q4 2020 compared to 6.9% in Q4 2019. R&D/flex conversely is up to 7.6% in Q4 2020 compared to a year earlier at 4.3%. A product that caters to quasi office/industrial users this product type hasn’t ever been the primary driver for the East Bay area market.

All the moving parts of the Bay Area supply chain continue to flourish with extended stay-at-home orders. Online sales made up more than half of holiday shopping with restrictions on brick and mortar. The “just in time” delivery has all translated into the need for additional warehouse space. These trends had previously existed and were accelerated by the health crisis. 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. A 2021 Trend to anticipate is for vacant “retail big boxes” and other vacant buildings to be converted to “just-in-time warehousing” due to lack of existing warehouse space. Look for more cold storage facilities to be built to accommodate vaccine storage and just-in-time delivery model food distribution.

VACANCY RATES BY PRODUCT | Physically Vacant Space

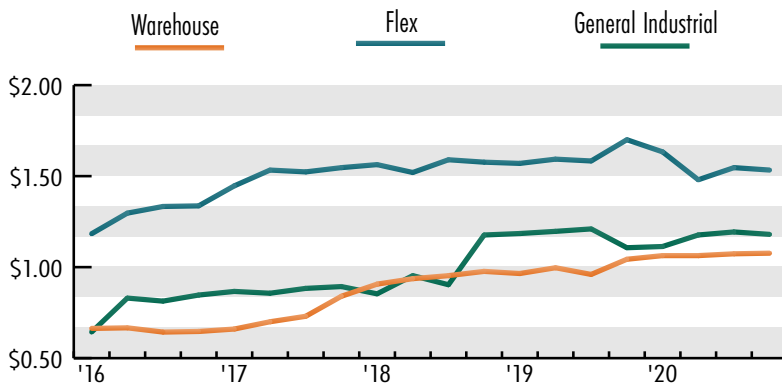


Change in Vacancy (YoY)



+1.06%

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

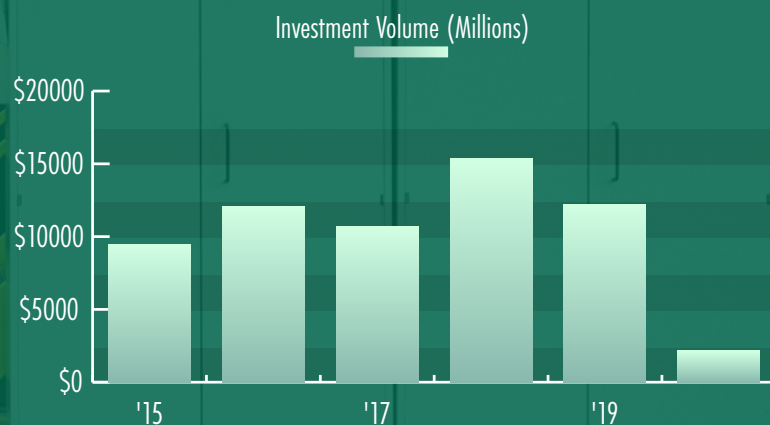


-2.22%

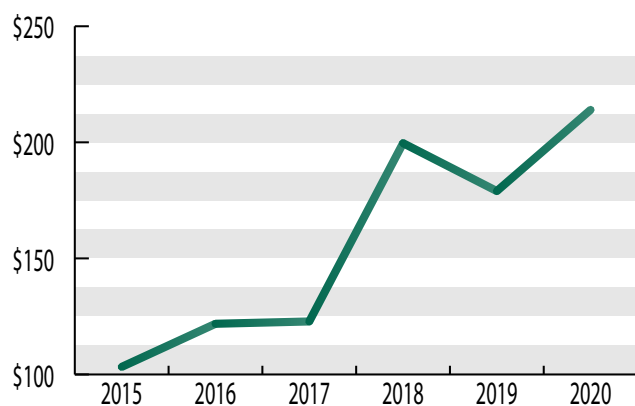
ECONOMY & INVESTMENT



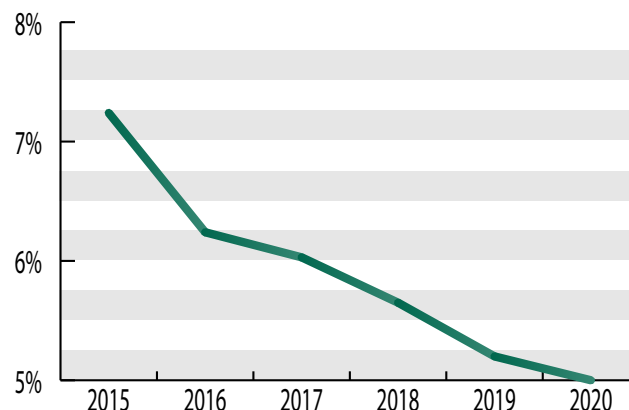
Investors and developers kept their focus towards the industrial sector as a viable investment amidst the shakeup in the office and brick and mortar. However, a limited supply has kept investment volume fairly low through 2020. In one of the most significant transactions of the quarter, Exeter, a real estate investment manager focused on industrial properties and portfolios across North America, purchased in a sale-leaseback from Bay Area Beverage Company located at 702 National Court in Richmond. The site was acquired for more than 50 million.



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
702 National Ct, Richmond	267,500	\$50,100,000.00	\$187	Exeter	Warehouse
33401 Central Ave, Union City	96,000	\$23,000,000.00	\$240	Elion Partners	Flex
3400 Arden Road, Hayward	102,324	\$20,800,000.00	\$203	Berkeley Partners	Warehouse
1700 W 4th St, Antioch	235,456	\$11,300,000.00	\$48	Republic Flooring	Warehouse

STATISTICS BY SUBMARKET

LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Size (SF)	Type
RK LOGISTICS	38503 Cherry Street, Newark	62,500	Warehouse
BROOK FURNITURE	30973-30995 Santana St, Hayward	56,997	Industrial
WEST COAST MOVING	1961 Davis St, San Leandro	25,955	Warehouse

Under Construction (SF)



1,430,672

Average Price per SF



\$214

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	1,371,059	65,088	1,436,147	6.0%	0.3%	6.3%	219,147	117,016	\$0.84
Flex	13,980,841	979,791	162,280	1,142,701	7.0%	1.2%	8.1%	(42,425)	-	\$1.50
Warehouse	87,665,299	4,691,304	839,737	5,531,041	5.3%	1.0%	6.3%	182,800	506,925	\$1.05
Total	124,579,479	7,042,154	1,067,105	8,109,889	5.6%	0.9%	6.5%	359,522	623,941	\$1.13
N. I-680										
General Ind.	6,699,473	457,000	10,505	467,505	6.8%	0.2%	7.0%	(5,705)	-	\$1.25
Flex	3,291,327	188,391	69,561	257,952	5.8%	2.2%	8.0%	(64,367)	-	\$1.37
Warehouse	9,588,498	298,725	11,520	310,245	3.1%	0.1%	3.2%	(62,163)	594,091	\$1.26
Total	19,579,298	944,116	91,586	1,035,702	4.8%	0.5%	5.3%	(132,235)	594,091	\$1.29
Tri-Valley										
General Ind.	1,808,172	82,693	-	82,693	4.6%	0.0%	4.6%	(66,944)	-	\$1.45
Flex	6,428,135	397,683	8,555	406,238	6.2%	0.1%	6.4%	(52,567)	-	\$1.73
Warehouse	14,105,923	1,085,282	38,400	1,123,682	7.7%	0.3%	7.9%	69,109	212,640	\$0.92
Total	22,342,230	1,565,658	46,955	1,612,613	7.0%	0.2%	7.2%	(50,402)	212,640	\$1.37
East Bay										
General Ind.	31,440,984	1,910,752	75,593	1,986,345	6.1%	0.2%	6.3%	146,498	117,016	\$1.18
Flex	23,700,303	1,565,865	240,396	1,806,891	6.6%	1.0%	7.6%	(159,359)	0	\$1.53
Warehouse	111,359,720	6,075,311	889,657	6,964,968	5.4%	0.8%	6.2%	189,746	1,313,656	\$1.08
Total	166,501,007	9,551,928	1,205,646	10,758,204	5.7%	0.7%	6.4%	176,885	1,430,672	\$1.26