



FIRST
QUARTER 2021

EAST BAY
INDUSTRIAL
REPORT

VACANCY & RENTS



Industrial Sees Steady Activity Encouraged “Just In Time”

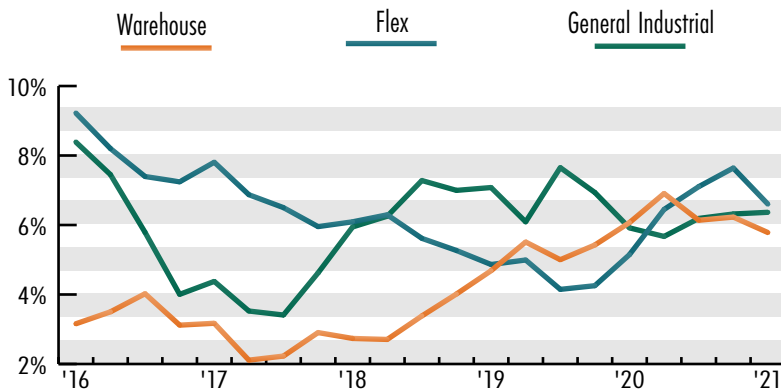
As vaccine rollouts hit milestones and the commercial real estate markets recover, it has become increasingly clear that the industrial landscape barely felt a hit. Even though the numbers don't look hyperactive, the evidence shows that the market is extremely tight. Tenants are seeing the value in purchasing their own buildings, while Just-in-Time and assembly tenants are chomping at the bit to find space that fits their requirements. With the increase of industrial construction in the East Bay brought on by the remarkably low supply a couple years ago, it is probable that the 1,540,315 SF of underway Industrial construction projects will go some distance in normalizing the current vacancy rates.

It remains to be seen how Flex product will fluctuate in the coming year. Unlike the manufacturing and logistics sectors, owners of flex property are affected by the

dramatic and uncertain shifts in office space. While flex space took a significant hit at the beginning of 2020, supply has gradually climbed back to where it stood in the summer of 2019, ultimately proving its malleability in the midst of unforeseen circumstances. As proof, average rents have increased to \$1.61 PSF, which is only a couple cents less than where it stood in Q1 of 2020.

In the warehouse sector, San Leandro saw most of the East Bay's largest sale transactions, and most of those transactions by investor buyers. While a number of factors have proven San Leandro as a logistically crucial locale, industrial investors seem to have focused on the city as a safe bet. Considering that average rents for Warehouse in the subregion are more affordable than out in the Tri-Valley, yet still closer to San Francisco and the Peninsula, it is clearly an area to keep an eye on.

VACANCY RATES BY PRODUCT | Physically Vacant Space

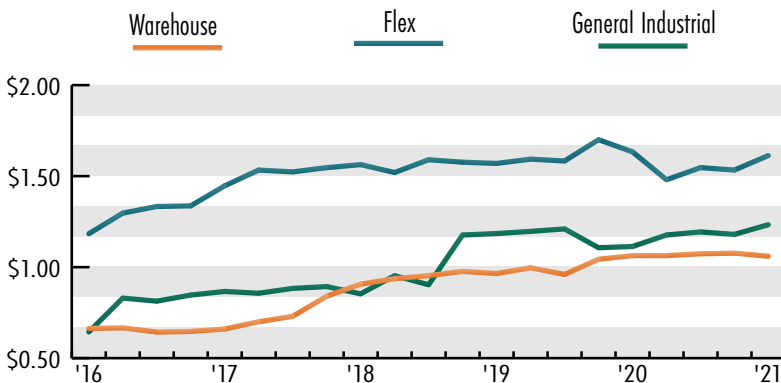


Change in Vacancy (YoY)



-0.03%

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

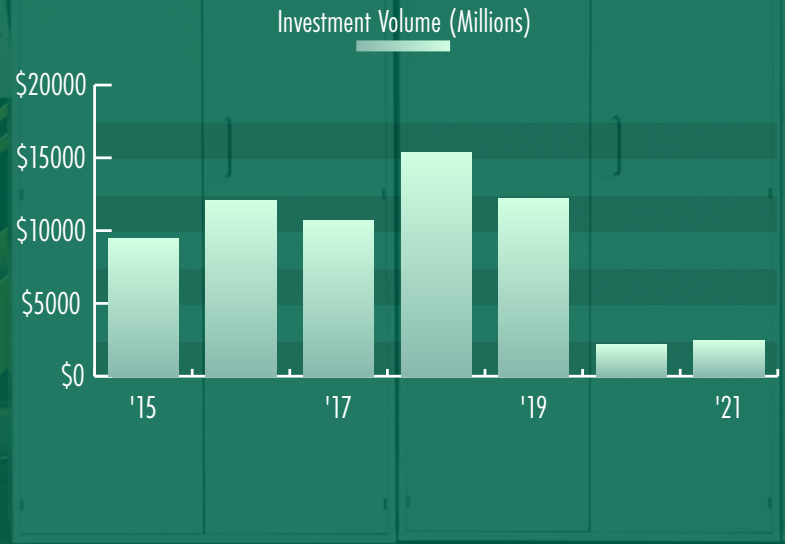


-3.22%

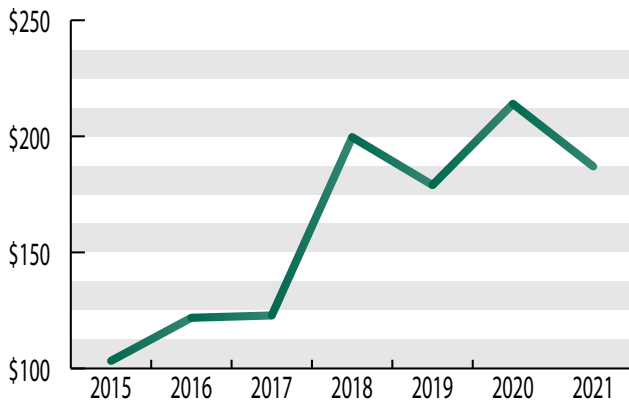
ECONOMY & INVESTMENT



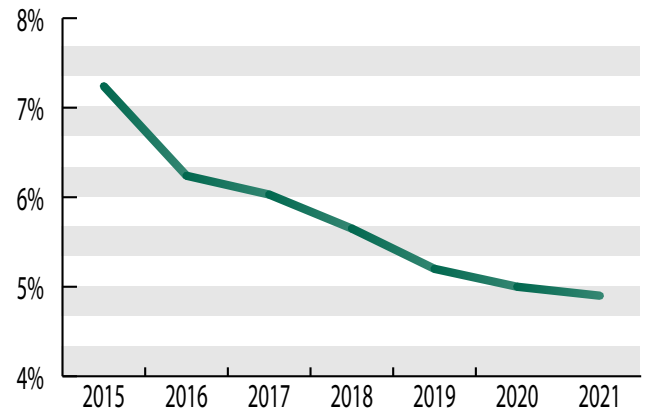
Investment numbers of Industrial property in the East Bay as 2021 begun is the most remarkable number totaling a to-date sum of \$245 million. Pro-rated through the year, this translates to a near-full recovery to 2019 annual investment numbers, without even considering what kind of bump may be coming after California's June 15 full re-opening target. To compare, \$245 million in just the first quarter outmatches investment numbers for the entire 2020 calendar year. Investors are no longer holding their breath and are back at the dealmaking table. As average prices catch back up to pre-pandemic pace, look for deal velocity to normalize trajectory as well.



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
2002-2150 Edison Ave, San Leandro	112,000	\$17,600,000	\$157	Terreno Realty	Warehouse
1285 Atlantic St, Union City	90,704	\$12,425,000	\$137	Fortinet Inc.	Warehouse
888 Doolittle Dr, San Leandro	79,834	\$11,650,000	\$146	Amerian Emperor Inc	Warehouse
2300 Polvorosa Ave, San Leandro	79,629	\$15,000,000	\$188	Westcore Properties	Warehouse
3420 Fostoria Way, Danville	31,440	\$6,025,000	\$192		Flex
5542 Brisa St, Livermore	18,078	\$3,695,868	\$204	LREH California	Warehouse

STATISTICS BY SUBMARKET

LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Size (SF)	Type
RK LOGISTICS	6753 Mowry Avenue	268,538	Warehouse
BROOK FURNITURE	6015 Giant Road	224,154	Industrial
WEST COAST MOVING	33300 Dowe Avenue	191,868	Warehouse

Under Construction (SF)



1,540,315

Average Price per SF



\$187

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.	22,834,977	1,859,093	88,983	1,948,076	8.1%	0.4%	8.5%	56,441	-	\$0.79
Flex	14,110,823	899,642	535,301	1,434,943	6.4%	3.8%	10.2%	188,392	-	\$1.36
Warehouse	8,792,482	5,194,837	1,219,990	6,414,827	5.9%	1.4%	7.3%	265,513	636,106	\$1.01
Total	124,870,652	7,953,572	1,844,274	9,797,846	6.4%	1.5%	7.8%	510,346	636,106	\$1.05
N. I-680										
General Ind.	6,699,524	471,689	-	471,689	7.0%	0.0%	7.0%	(4,184)	-	\$1.25
Flex	3,220,094	148,706	73,097	221,803	4.6%	2.3%	6.9%	46,078	-	\$1.56
Warehouse	9,590,979	889,079	17,980	907,059	9.3%	0.2%	9.5%	(25,145)	594,091	\$1.19
Total	19,510,597	1,509,474	91,077	1,600,551	7.7%	0.5%	8.2%	16,749	594,091	\$1.33
Tri-Valley										
General Ind.	1,810,760	111,898	90,629	202,527	6.2%	5.0%	11.2%	(22,137)	-	\$1.45
Flex	6,660,818	610,802	55,460	666,262	9.2%	0.8%	10.0%	220,657	208,650	\$1.69
Warehouse	14,338,943	1,898,959	62,608	1,961,567	13.2%	0.4%	13.7%	(140,375)	101,468	\$0.74
Total	22,810,521	2,621,659	208,697	2,830,356	11.5%	0.9%	12.4%	58,145	310,118	\$1.29
East Bay										
General Ind.	31,345,261	2,442,680	179,612	2,622,292	7.8%	0.6%	8.4%	30,120	-	\$1.16
Flex	23,991,735	1,659,150	663,858	2,323,008	6.9%	2.8%	9.7%	455,127	208,650	\$1.54
Warehouse	111,854,774	7,982,875	1,300,578	9,283,453	7.1%	1.2%	8.3%	99,993	1,331,665	\$0.98
Total	167,191,770	12,084,705	2,144,048	14,228,753	7.2%	1.3%	8.5%	585,240	1,540,315	\$1.23

We define the above data by the following geography: I-80/880 covers Union City to the south, Richmond to the north along the interstate corridors. The North I-680 region covers much of Contra Costa County as well as subjects on the Hwy 4 corridor, including Brentwood to the East and Hercules to the West. The Tri-Valley covers Dublin, Pleasanton, and Livermore.



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