



SECOND  
QUARTER 2021

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EAST BAY  
INDUSTRIAL  
REPORT

# VACANCY & RENTS

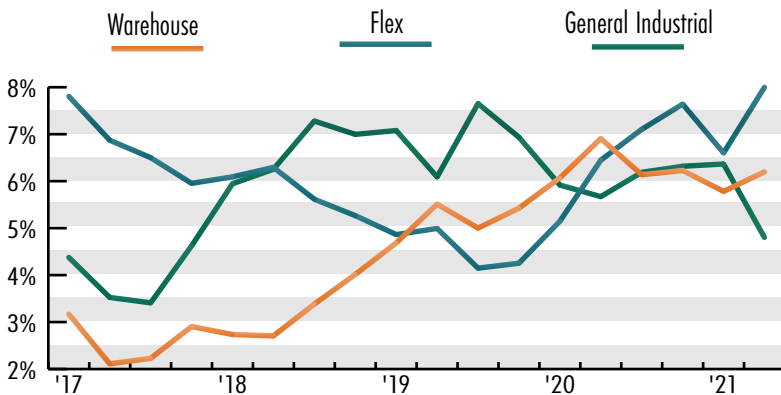
## 66 East Bay Industrial Product Makes a Strong Case for Invincibility

Industrial product remains the product of choice for both users and investors. Vacancy rates remain low averaging 5.5 % in the East Bay, up slightly from 1st Quarter. Warehouse space in the 880/80 Highway corridors remain in tight supply with direct vacancies in general warehouse under 5% making it a landlord's market. Average Rental Rates are slightly down from 1st Quarter for the entire East Bay but are rising in the 880 Corridor. Warehouse Rental Rates average \$1.05 to \$1.40 Industrial gross per SF per month when blending in all size categories in the East Bay. Major leases include East Bay Logistics in San Lorenzo for 171,445 SF, Custom Goods in Oakland for 189,038 SF, DHL Express lease for 191,000 SF in Livermore, Caymus Vineyards in Fairfield, 177,000 SF. Yard space paved and fenced in the I-880 corridor is between \$0.25 and \$0.40 industrial gross.

White hot demand for Warehouse space and modern Logistics facilities continues to drive the industrial market of 2020 and 2021.

Replacement Rental rates have risen over the last couple years that will allow new construction throughout the East Bay, so Developers are responding. As a prime example of Logistics demand driving development, in Oakley, part of Eastern Contra Costa County, NorthPoint Development is building over 2.1 million square feet of Logistics space, currently under construction. Developers are planning for the trend of high Warehouse/Logistics demand to continue.

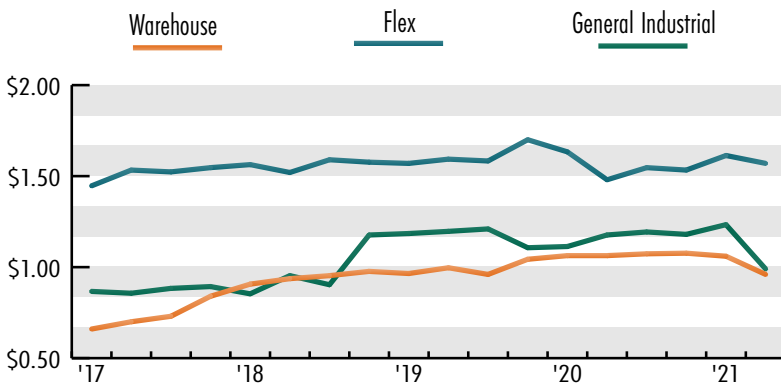
### VACANCY RATES BY PRODUCT | Physically Vacant Space



Change in Vacancy (YoY)

 **+1.06%**

### AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

 **-2.22%**

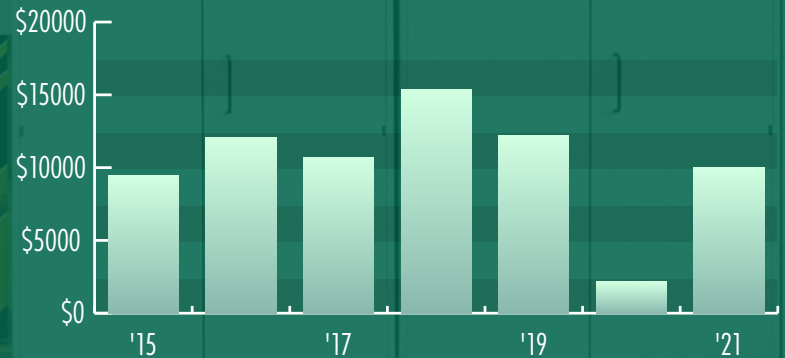
# ECONOMY & INVESTMENT



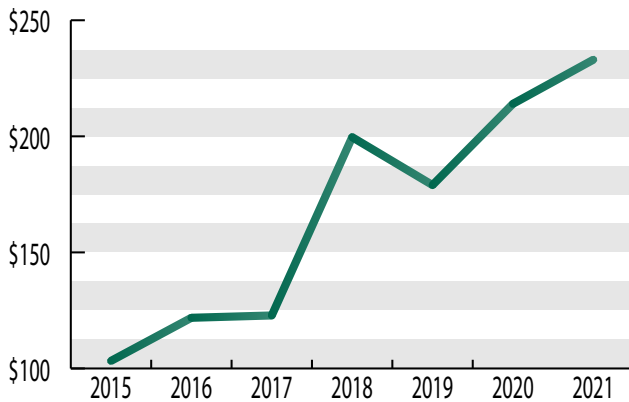
Traditional industrial space in the 10,000 to 30,000 SF range with yard space is also in short supply with users having to look in the outer counties for space. The Demand for just in time warehouse, life science, assembly manufacturing and general warehouse is such that more will need to be built in the coming years.

Industrial Investment Cap Rates continue to compress and now average less than 5% vs over 7% in 2015. Prices per square foot per square foot averaged over \$237 in the East Bay with a sale in Hayward at \$308 a SF, Pleasanton \$247 a SF, Richmond over \$256 a SF, and Concord at \$294 per SF sale.

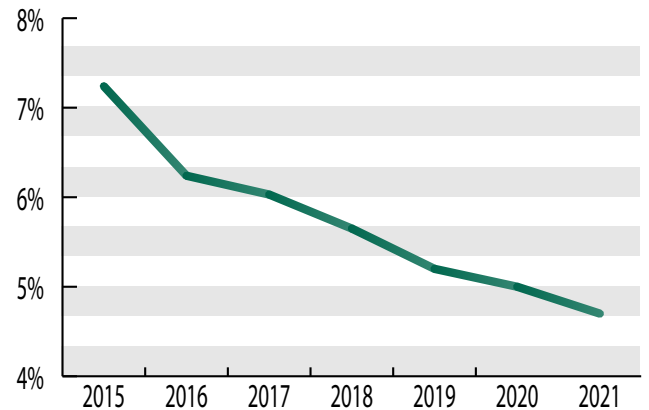
Investment Volume (Millions)



## 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
4225 Hacienda Dr, Pleasanton	393,931	\$97,250,000	\$247	Elion Partners	Warehouse
6045 Giant Wy, Richmond	203,000	\$52,000,000	\$256	Hines	Warehouse
2500 Bates Ave, Concord (with adjacent land parcels)	113,792	\$33,414,500	\$294	Conco Companies	Warehouse
1950 Marina Blvd, San Leandro	104,120	\$23,900,000	\$230	TPG Global LLC	Warehouse

# STATISTICS BY SUBMARKET

Under Construction (SF)



**2,173,707**

Average Price per SF



**\$233**

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.	22,337,763	844,926	59,208	904,134	3.8%	0.3%	4.0%	(86,374)	254,464	\$0.85
Flex	14,435,281	1,077,473	160,954	1,238,427	7.5%	1.1%	8.6%	(27,478)	-	\$1.57
Warehouse	88,127,075	4,032,077	699,615	4,731,692	4.6%	0.8%	5.4%	(129,463)	700,418	\$1.04
<b>Total</b>	<b>124,900,119</b>	<b>5,954,476</b>	<b>919,777</b>	<b>6,874,253</b>	<b>4.8%</b>	<b>0.7%</b>	<b>5.5%</b>	<b>(243,315)</b>	<b>954,882</b>	<b>\$1.15</b>
<b>N. I-680</b>										
General Ind.	6,699,524	482,689	-	482,689	7.2%	0.0%	7.2%	(11,000)	-	\$0.80
Flex	3,221,251	263,790	68,170	331,960	8.2%	2.1%	10.3%	(114,191)	28,745	\$1.90
Warehouse	10,034,570	914,286	26,569	940,855	9.1%	0.3%	9.4%	(155,745)	1,190,080	\$0.86
<b>Total</b>	<b>19,955,345</b>	<b>1,660,765</b>	<b>94,739</b>	<b>1,755,504</b>	<b>8.3%</b>	<b>0.5%</b>	<b>8.8%</b>	<b>(280,936)</b>	<b>1,218,825</b>	<b>\$1.19</b>
<b>Tri-Valley</b>										
General Ind.	1,810,760	-	90,629	90,629	0.0%	5.0%	5.0%	254,161	-	\$1.32
Flex	6,660,818	368,420	17,637	386,057	5.5%	0.3%	5.8%	257,093	-	\$2.07
Warehouse	14,512,831	1,279,869	63,180	1,343,049	8.8%	0.4%	9.3%	14,201	-	\$0.86
<b>Total</b>	<b>22,984,409</b>	<b>1,648,289</b>	<b>171,446</b>	<b>1,819,735</b>	<b>7.2%</b>	<b>0.7%</b>	<b>7.9%</b>	<b>525,455</b>	<b>-</b>	<b>\$1.42</b>
<b>East Bay</b>										
General Ind.	30,848,047	1,327,615	149,837	1,477,452	4.3%	0.5%	4.8%	156,787	254,464	\$0.99
Flex	24,317,350	1,709,683	246,761	1,956,444	7.0%	1.0%	8.0%	115,424	28,745	\$1.57
Warehouse	112,674,476	6,226,232	789,364	7,015,596	5.5%	0.7%	6.2%	(271,007)	1,890,498	\$0.96
<b>Total</b>	<b>167,839,873</b>	<b>9,263,530</b>	<b>1,185,962</b>	<b>10,449,492</b>	<b>5.5%</b>	<b>0.7%</b>	<b>6.2%</b>	<b>1,204</b>	<b>2,173,707</b>	<b>\$1.25</b>