



THIRD
QUARTER 2021

EAST BAY
INDUSTRIAL
REPORT

VACANCY & RENTS

East Bay Industrial Product Continues to be Extremely Competitive.

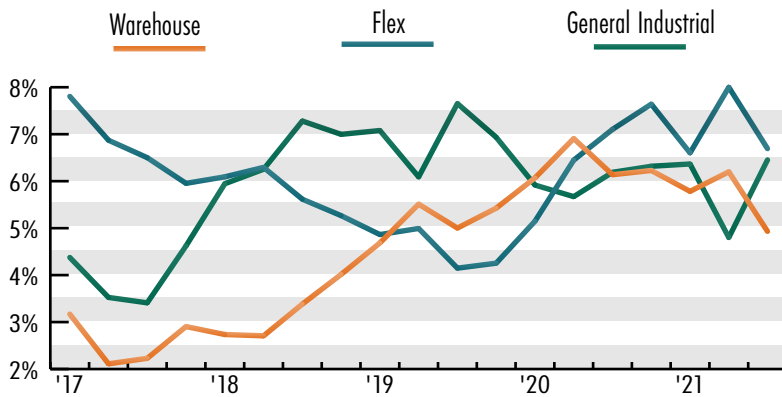
Industrial product continues to be the bedrock investment keeping the Real Estate industry afloat in the San Francisco Bay Area. East Bay vacancy numbers have continued to fluctuate at minor increments, but ultimately have remained quite low compared to national standards, and quite consistent - even while the office sector finds itself in a hole after covid.

Available warehouse space is nearly nowhere to be found with only 3.8% vacancy in the 880 corridor, and a 4.9% rate across the East Bay. Rents have followed as leases are being asked at \$1.11 per square foot, locking in 2021 as the most expensive year on record for this product type.

Quarter Net Absorption was in the positive across the region, however the North I-680 saw a small negative value of 75,000 SF. This lines up with recent negative trends specifically in this subregion, and runs against general trends across California. Rents have stayed fairly consistent around \$1.25 over the past year, so tenants and investors looking at the Concord to Antioch industrial corridor should keep an eye on the area for something to budge.

Construction of industrial assets is slowed, with only 1.5 million SF underway - less than 1% of the current inventory. Certainly not for lack of want, but that there's not a lot of space left for wide-footprint development, and most cities are adverse to the baggage that comes with industrial zones, meaning the builders are heading further out to Stockton or the North Bay.

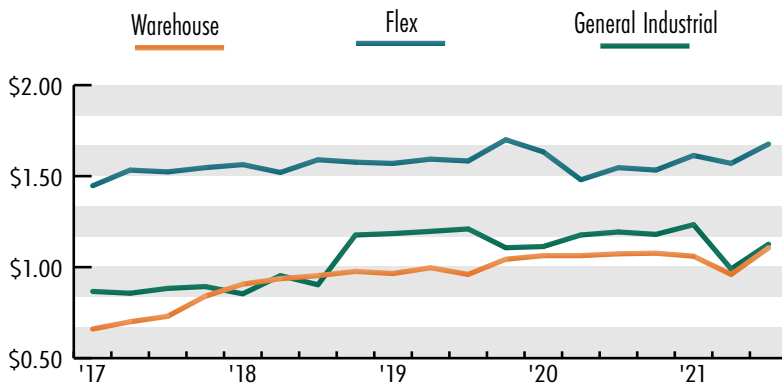
VACANCY RATES BY PRODUCT | Physically Vacant Space



Change in Vacancy (YoY)

 **+0.74%**

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

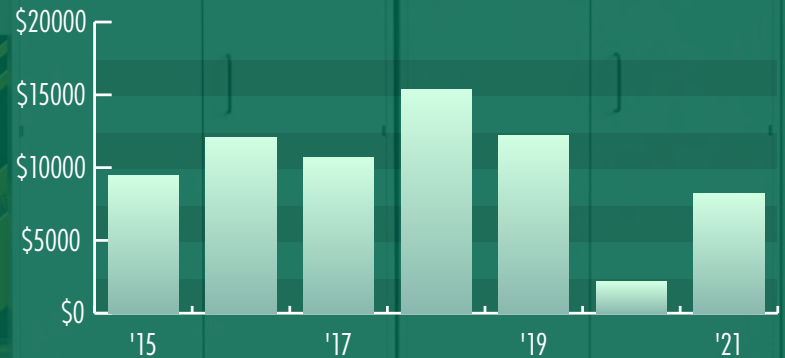
 **+3.22%**

ECONOMY & INVESTMENT

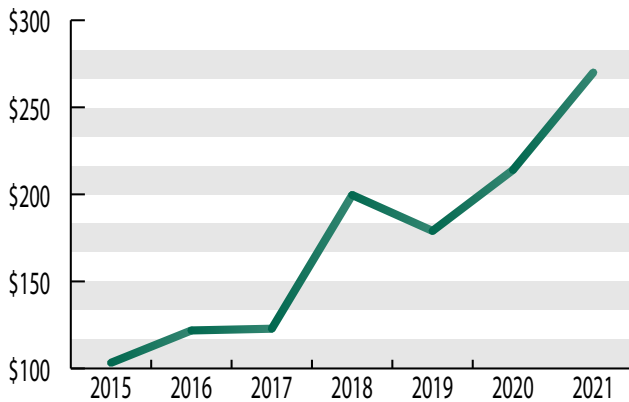


Industrial investment continues to plow forward after the hum-drum of 2020, getting close to achieving a continuity between 2019 and 2021. Supply line conversations rampant with 70 ships a day held up at the Southern California ports, the port of Oakland is much more clear, and Oakland/San Leandro/Hayward industrial are likely seeing a lot of turnover or activity as manufacturers and distributors and pivoting. As such, prices per SF rose to \$297 PSF as buyers compete to carve into a piece of the hot market.

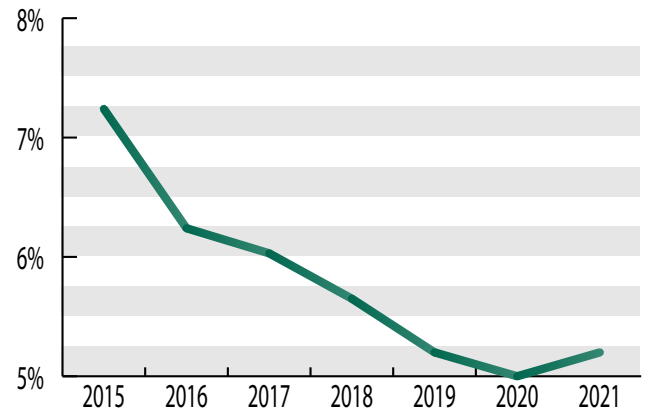
Investment Volume (Millions)



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
26203 Production Avenue, Hayward	194,560	\$46,000,000	\$236	Stack Infrastructure	Flex
22300 Hathaway Avenue, Hayward	152,094	\$30,100,000	\$198	MS International	Warehouse
6383 Las Positas Road, Livermore	106,700	\$20,900,000	\$196	Dalfen Industrial	Warehouse
7500 National Drive, Livermore	30,725	\$6,500,000	\$212	Topcon Positioning	Flex
1960 Mandela Parkway w/nearby, Oakland	426,855	\$82,500,000	\$193	Scanlan Kemper Bard	Warehouse
2002 Davis Street, San Leandro	80,900	\$13,700,000	\$169	EverWest	Warehouse
2707 W Linton Ave	507,500	\$89,100,000	\$176	Black Creek	Flex

STATISTICS BY SUBMARKET

Under Construction (SF)



1,427,443

Average Price per SF



\$270

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.	31,029,994	1,929,313	188,001	2,117,314	6.2%	0.6%	6.8%	190,884	776,018	\$0.91
Flex	17,134,615	1,077,606	91,695	1,169,301	6.3%	0.5%	6.8%	235,131	-	\$1.96
Warehouse	88,117,976	2,699,614	638,600	3,338,214	3.1%	0.7%	3.8%	380,674	75,600	\$1.02
Total	136,282,585	5,706,533	918,296	6,624,829	4.2%	0.7%	4.9%	806,689	851,618	\$1.30
N. I-680										
General Ind.	6,863,108	512,267	-	512,267	7.5%	0.0%	7.5%	(29,578)	28,745	\$1.21
Flex	3,752,754	302,556	68,170	370,726	8.1%	1.8%	9.9%	(7,018)	-	\$1.41
Warehouse	16,493,270	1,427,623	28,924	1,456,547	8.7%	0.2%	8.8%	(39,132)	547,080	\$1.24
Total	27,109,132	2,242,446	97,094	2,339,540	8.3%	0.4%	8.6%	(75,728)	575,825	\$1.29
Tri-Valley										
General Ind.	4,953,628	136,410	-	136,410	2.8%	0.0%	2.8%	311,234	-	\$1.26
Flex	7,189,005	325,889	12,577	338,466	4.5%	0.2%	4.7%	51,073	-	\$1.66
Warehouse	12,986,938	938,704	63,180	1,001,884	7.2%	0.5%	7.7%	(31,644)	-	\$1.06
Total	25,129,571	1,401,003	75,757	1,476,760	5.6%	0.3%	5.9%	330,663	-	\$1.33
East Bay										
General Ind.	42,846,730	2,577,990	188,001	2,765,991	6.0%	0.4%	6.5%	472,540	804,763	\$0.99
Flex	28,076,374	1,706,051	172,442	1,878,493	6.1%	0.6%	6.7%	279,186	-	\$1.57
Warehouse	117,598,184	5,065,941	730,704	5,796,645	4.3%	0.6%	4.9%	309,898	622,680	\$0.96
Total	188,521,288	9,349,982	1,091,147	10,441,129	5.0%	0.6%	5.5%	1,061,624	1,427,443	\$1.30



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