



FOURTH
QUARTER 2021

EAST BAY
INDUSTRIAL
REPORT

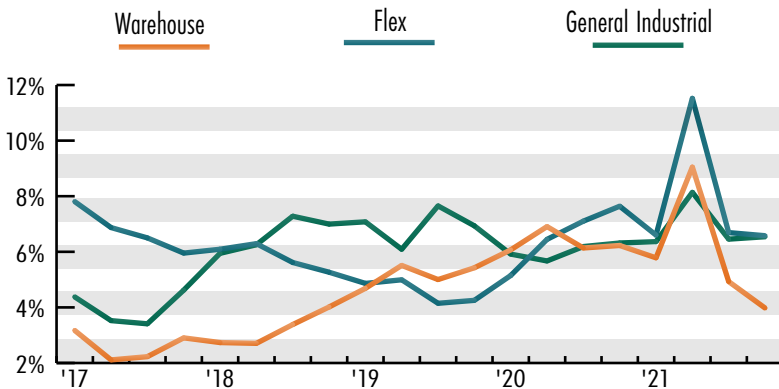
VACANCY & RENTS

East Bay Industrial Product Remains White Hot.

- The East Bay Industrial Market has remained strong from both a leasing and a buying perspective. Tenants and investors alike have to move quickly when securing space as vacant buildings will have several offers when they become available. Smaller sized industrial properties, such as those below 20,000 SF, are extremely competitive, with vacancy rates falling to 2% - 3% per continuing trends below:

- Many tenants are seeking a last mile stop warehouse to serve the Bay Area from their out-of-region or fulfillment centers to achieve same day deliveries.
- Some office users who maintained a small stock warehouse or shop may be closing their conventional office space and rolling their office employees into smaller flex space increasing demand for incubator space competing with startups.
- Investors are right sizing their office product investments and reorienting their portfolio to industrial properties paying cap rates as low as 3.5 %
- Supply chain issues are causing companies to lease warehouse space for valuable commodities and parts for their manufacturing process reversing just in time philosophies
- The tight market has leases being signed for generally longer terms resulting in less turnover.
- With over 3 million SF under construction in the East Bay, activity seems to be picking back up from the pre-covid boom, which hit a peak of 5.5 million SF under construction at the end of 2019. The lion's share of the new buildings, however, are for large scale logistics firms and life sciences users leaving smaller tenants with less space.

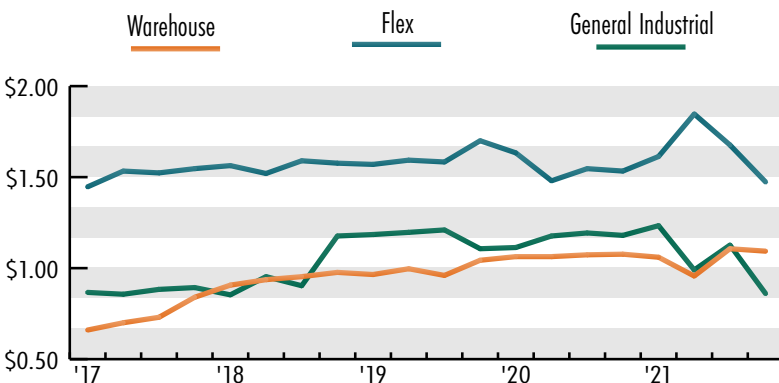
VACANCY RATES BY PRODUCT | Physically Vacant Space



Change in Vacancy (YoY)

 **+1.49%**

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

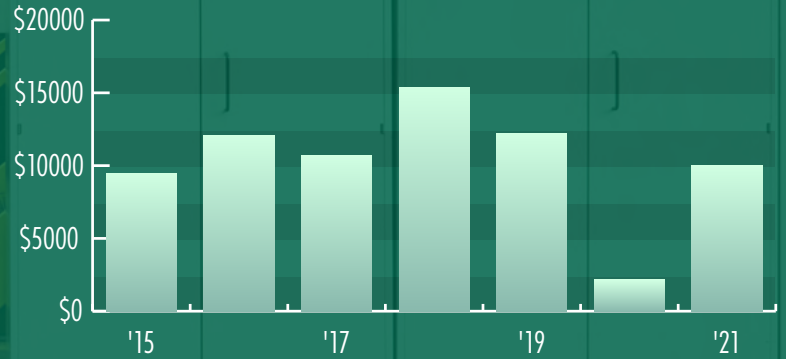
 **-2.00%**

ECONOMY & INVESTMENT

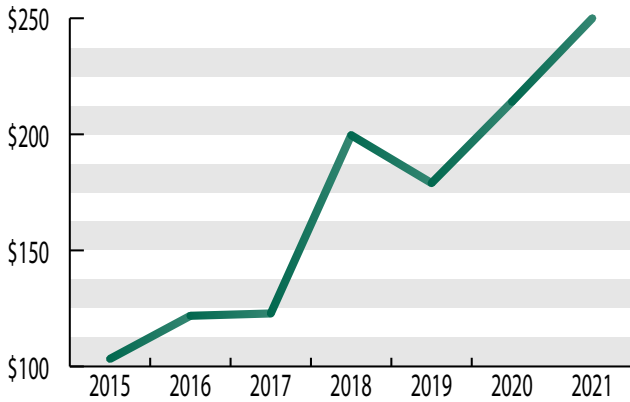


On the investment side, sale prices are often going for over \$200/SF. Due to market interest and activity occurring even now at the turnover of the year, market activity will almost certainly be high through to the Fall of 2022. The largest transactions of the quarter included the acquisition of the Owens-Brockway Glass Container Factory in Oakland between the Park and High Street bridges to Alameda. The site was acquired by a development company with links to Amazon. Meanwhile in the East County, the next piece of the growing Oakley Logistics District puzzle was placed, as the portion at 6000 Bridgehead Road was acquired by a developer and may come online in the next few years.

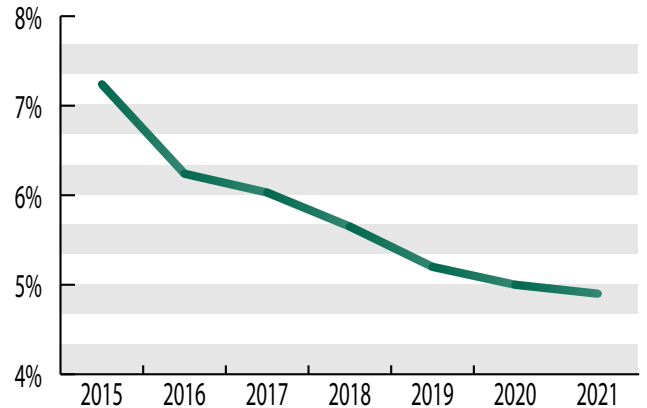
Investment Volume (Millions)



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
3600 Alameda Avenue, Oakland	1,200,000	\$34,400,000	\$29	Duke Realty	Warehouse
3636 Enterprise Ave, Hayward	473,559	\$23,300,000	\$49	Dermody	Land
7590 W Belfort Ave, Brentwood	704,801	\$5,800,000	\$8	Seecon	Land
321 A Avenue, Alameda	358,000	\$41,900,000	\$117	Friedkin Inv.	Warehouse

STATISTICS BY SUBMARKET

Under Construction (SF)



3,322,234

Average Price per SF



\$250

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.	30,927,992	2,140,702	112,673	2,253,375	6.2%	0.6%	6.8%	140,061	776,018	\$0.81
Flex	17,117,757	1,105,419	97,229	1,202,648	6.3%	0.5%	6.8%	(48,166)	-	\$1.88
Warehouse	87,925,475	2,168,037	420,374	2,588,411	3.1%	0.7%	3.8%	1,316,546	609,808	\$0.96
Total	135,971,224	5,414,158	630,276	6,044,434	4.0%	0.5%	4.4%	1,408,441	1,385,826	\$1.22
N. I-680										
General Ind.	7,013,608	501,267	-	501,267	7.5%	0.0%	7.5%	11,000	28,745	\$1.09
Flex	3,787,441	237,748	68,170	305,918	8.1%	1.8%	9.9%	64,808	-	\$0.91
Warehouse	16,342,902	1,131,411	33,056	1,164,467	8.7%	0.2%	8.8%	292,080	753,946	\$1.06
Total	27,143,951	1,870,426	101,226	1,971,652	6.9%	0.4%	7.3%	367,888	782,691	\$1.02
Tri-Valley										
General Ind.	4,953,628	51,166	-	51,166	2.8%	0.0%	2.8%	41,400	-	\$1.59
Flex	7,194,868	290,875	49,397	340,272	4.5%	0.2%	4.7%	(1,806)	-	\$1.63
Warehouse	12,987,138	912,856	-	912,856	7.2%	0.5%	7.7%	45,184	-	\$1.26
Total	25,135,634	1,254,897	49,397	1,304,294	5.0%	0.2%	5.2%	84,778	-	\$1.49
East Bay										
General Ind.	42,895,228	2,693,135	112,673	2,805,808	6.3%	0.3%	6.5%	192,461	804,763	\$0.99
Flex	28,100,066	1,634,042	214,796	1,848,838	5.8%	0.8%	6.6%	14,836	-	\$1.57
Warehouse	117,255,515	4,212,304	453,430	4,665,734	3.6%	0.4%	4.0%	1,653,810	1,363,754	\$0.96
Total	188,250,809	8,539,481	780,899	9,320,380	4.5%	0.4%	5.0%	1,861,107	2,168,517	\$1.24

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