

FIRST
QUARTER 2022

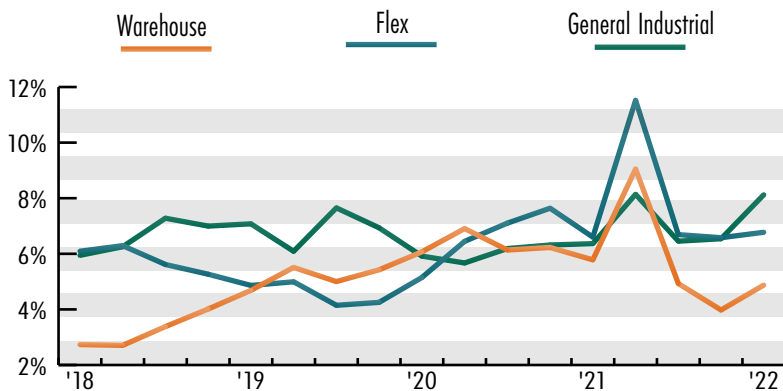
EAST BAY
INDUSTRIAL
REPORT

VACANCY & RENTS

66 East Bay Industrial Product Remains White Hot.

- Industrial remains the asset class that is under highest demand in the East Bay Rents are still strong, however are still fluctuating at a little over a dollar
- In Hayward, the American Asphalt NorCal office was sold for a staggering \$923 per square foot, while the largest transaction occurred at 1200 Whipple Road in Union City, bought by cybersecurity firm Fortinet and also home to a Macy's warehouse outlet.
- Meanwhile, Amazon had to put a pause on their plans to implement a new last-mile warehouse in San Francisco, which may have the logistics titan searching for alternatives in the close East Bay.
- Leasing demand is high, however investment demand is even higher. Cap rates have decreased every year since 2015.
- When it comes to Warehouse inventory, a fifth of all available space in the East Bay is sublease space. The asset type is so highly coveted, it follows that the high rents are forcing warehousing tenants to be flexible and cut-and-run from the market when it gets too expensive, especially without a significant supply of storage space between the I-880 corridor and Tracy/Stockton.

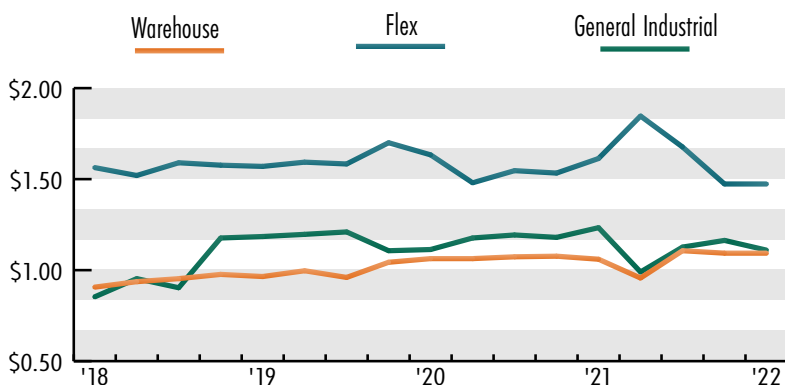
VACANCY RATES BY PRODUCT | Physically Vacant Space



Change in Vacancy (YoY)

 **-0.08%**

AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)

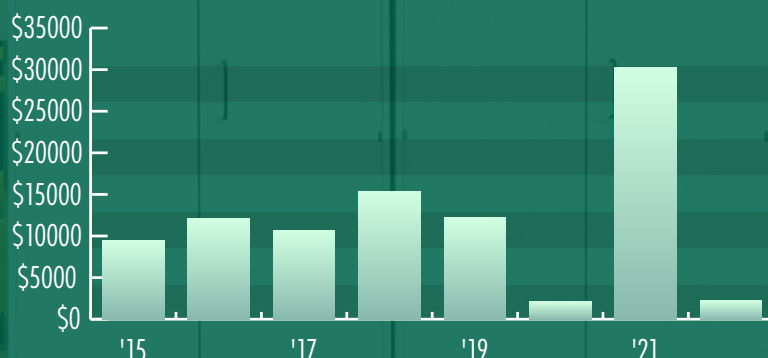
 **+4.22%**

ECONOMY & INVESTMENT

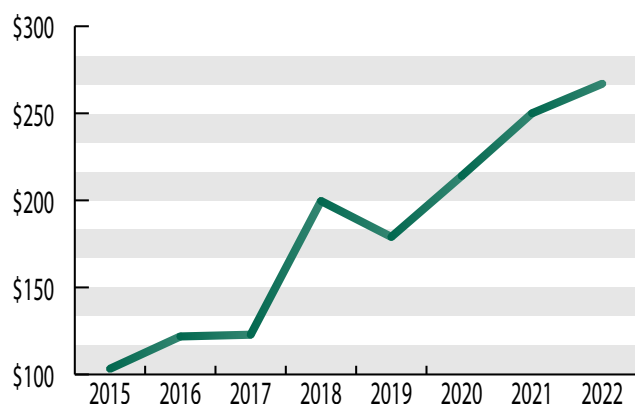


- Available Tri-Valley general industrial continues to be essentially non-existent as rents tick up to nearly a dollar and a quarter per SF and vacancy rates in limbo just under the 3% mark.
- Investment interest has maintained heavy activity in the East Bay, however sales closes in the first quarter did not make a splash, however as the year progresses, deal volume is expected to be quite high.

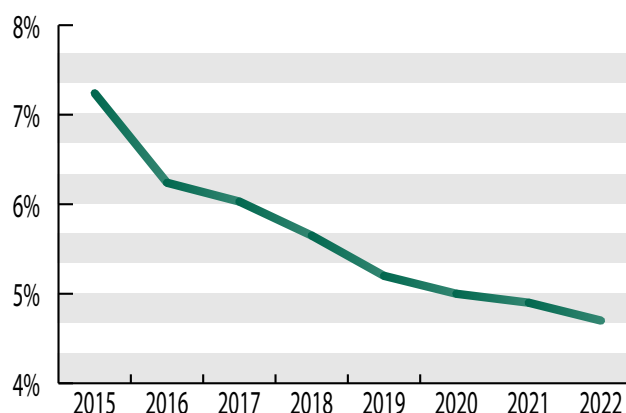
Investment Volume (Millions)



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
1200 Whipple Road, Union City	257,500	\$65,700,000	\$255	Fortinet	Warehouse
24200 Clawiter Road, Hayward	18,200	\$15,500,000	\$923	First Industrial	Flex
1501 Harbor Bay Parkway, Alameda	31,667	\$8,134,500	\$257	Paceline Investors	Flex
6640 Sierra Lane, Dublin	24,375	\$6,900,000	\$283	TA Sierra Lane	Flex
110 L Street, Antioch	50,997	\$5,300,000	\$104	John Lompa	Warehouse
306 Adeline Street, Oakland	22,624	\$6,725,000	\$297	Fortress	Warehouse

STATISTICS BY SUBMARKET

Under Construction (SF)

**3,421,559**

Average Price per SF

**\$267**

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.	31,958,776	2,447,277	484,199	2,931,476	6.2%	0.6%	6.8%	235,454	573,031	\$0.96
Flex	17,459,627	1,290,743	60,761	1,351,504	6.3%	0.5%	6.8%	54,905	-	\$2.33
Warehouse	87,625,375	2,862,923	1,065,149	3,711,122	3.1%	0.7%	3.8%	(529,052)	1,272,837	\$1.06
Total	137,043,778	6,600,943	1,610,109	7,994,102	4.8%	1.2%	5.8%	(238,693)	1,845,868	\$1.45
N. I-680										
General Ind.	7,013,608	487,116	-	487,116	7.5%	0.0%	7.5%	14,151	28,745	\$1.20
Flex	3,766,187	203,154	68,170	271,324	8.1%	1.8%	9.9%	21,204	-	\$1.21
Warehouse	16,346,060	1,164,196	5,382	1,169,578	8.7%	0.2%	8.8%	8,279	1,396,946	\$1.27
Total	27,125,855	1,854,466	73,552	1,928,018	6.8%	0.3%	7.1%	43,634	1,425,691	\$1.23
Tri-Valley										
General Ind.	4,879,713	144,550	-	144,550	2.8%	0.0%	2.8%	(17,933)	0	\$1.17
Flex	7,187,636	235,226	66,813	302,039	4.5%	0.2%	4.7%	38,233	150,000	\$1.73
Warehouse	12,760,868	772,189	38,980	811,169	7.2%	0.5%	7.7%	174,676	0	\$1.17
Total	24,828,217	1,151,965	105,793	1,257,758	4.6%	0.4%	5.1%	194,976	150,000	\$1.36
East Bay										
General Ind.	43,852,097	3,078,943	484,199	3,563,142	7.0%	1.1%	8.1%	231,672	601,776	\$1.11
Flex	28,413,450	1,729,123	195,744	1,924,867	6.1%	0.7%	6.8%	114,342	150,000	\$1.76
Warehouse	116,732,303	4,799,308	1,109,511	5,908,819	4.1%	1.0%	5.1%	(346,097)	2,669,783	\$1.17
Total	188,997,850	9,607,374	1,789,454	11,396,828	5.1%	0.9%	6.0%	(83)	3,421,559	\$1.34

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