

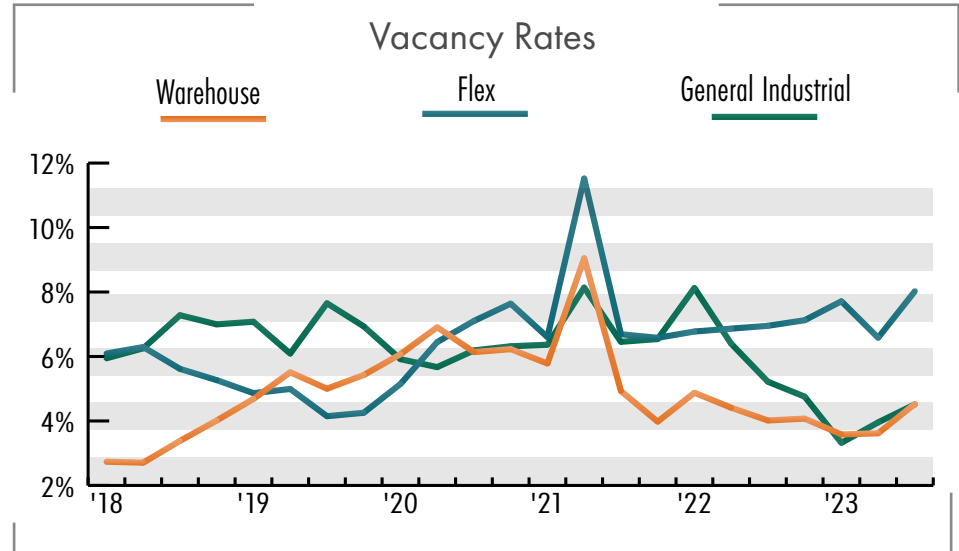


EAST BAY INDUSTRIAL

- Demand for industrial warehouse, flex and manufacturing space has continued to be high for the last five years in the East Bay Industrial Market. Vacancy rates in 2023 however, have risen to 3.5% to 5% in various industrial categories.
- Absorption of vacant space has been positive YTD, but the market took a major hit in QTR 3 with over 680,000 SF of negative absorption.
- Job growth in the industrial sector has slowed with the current overall employment rate in the East Bay climbing to over 4% per the EDD. Wholesale trade, transportation, warehousing, and utilities were sectors experiencing job cuts.
- Sublease space is now a factor in the 880 corridor which saw sublease vacancies jump from 1.1% to 1.8% in just one quarter, while in the Tri-Valley vacancies rose 0.5% to 2.3%.

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EAST BAY SIGNPOST FIGURES

EAST BAY SIGNPOST FIGURES		TRENDING
YTD Net Absorption	+494,404 SF	∨
Flex Vacancy Rate	8.0%	∧
Warehouse Vacancy Rate	4.5%	∧

FOCUSED FIGURES

I-80/880 Warehouse Asking	\$1.17/SF
Tri-Valley Flex Asking	\$1.98/SF
Concord Flex Absorption	(175,777)



- New warehouse construction has peaked across the Bay Area. In the East Bay, just under 2 million square feet of new construction is underway. Logistics developers, however, have slowed efforts to buy and to entitle new projects.
- Notably, in the 880-corridor, new construction decreased to only 72,000 SF of general industrial space decreased from over 500,000 a year ago, reflecting similar trends throughout the East Bay and SF Bay Area.
- Major leases include the Taiwanese computer manufacturer Quanta coming to Fremont, leasing space in the same complex as Meta and Tesla.
- Amazon agreed to one of the Bay Area's largest industrial property deals in the last decade committing to over 1.2 million SF in Vacaville. Earlier in the year Amazon said they were slowing Bay Area expansion.
- General Industrial warehouse rental rates averaged \$1.32 to \$1.50 IG throughout the East Bay higher in the 880 Corridor.
- Lab space and life science users, which in the past three years have garnered extensive funding and growth, have slowed their expansion efforts significantly with sublease space now entering the marketplace.

Change in Vacancy (YoY)



-0.3%

Change in Rents (YoY)



+11.8%

