

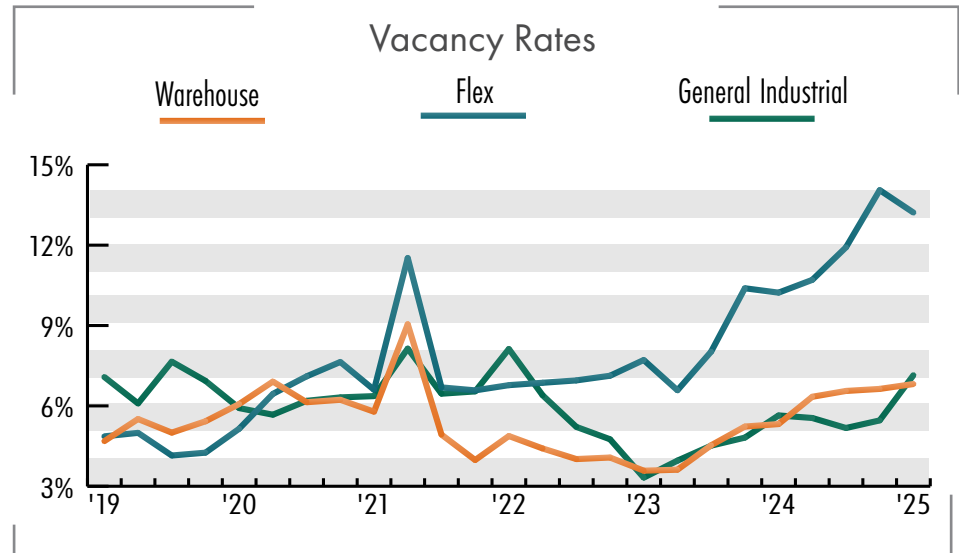


## EAST BAY INDUSTRIAL

- Net absorption for all types of industrial product continued a negative trend ongoing from 18 months, with a total of over half a million in the first quarter alone.
- Asking rents seem to be reacting to the market as rates for incoming tenants have dipped by 20% since their level in Q1 2024.
- Flex space experienced high vacancy due to the struggle of the life science sector and similar to office. Some landlords in low-rent office areas are tearing out the office component of their flex product to make room for more warehouse.
- AI and data centers continue to be a significant factor in the commercial real estate zeitgeist, but are difficult to come by in the Bay Area relative to the software industry's presence in Silicon Valley. Power and water capability of buildings will continue to be a factor, and increase demand for industrial assets.

**Justin Flom**  
Director of San Francisco Bay Area  
Marketing & Research  
justin.flom@tricommercial.com

**Edward F. Del Beccaro**  
Executive Vice President  
San Francisco Bay Area Manager  
ed.delbeccaro@tricommercial.com



### EAST BAY SIGNPOST FIGURES

		TRENDING
YTD Net Absorption	-574,546	✓
Flex Vacancy Rate	13.2%	✓
Warehouse Vacancy Rate	6.8%	^

### FOCUSED FIGURES

I-80/880 General Indust. Asking	\$1.23/SF
Tri-Valley Flex Vacancy	11.8%
Oakland All Types Time on Market	9 Months Average



- Unemployment continues to technically be low at 5.4% in California, however underemployment enters the conversation and consumer spending habits are not expected to sustain for much longer, which will drive negative demand for logistics uses. Furthermore, the amount of employees per square foot occupying commercial space appears to be decreasing.
- Discussion of re-shoring manufacturing capability to the United States increases with the new federal administration. Which industries can or will be established is so far unclear.
- In Sacramento, the state assembly passed Bill 98, effective in 2026 that limits where, and how densely new warehouses can be built. The California Chamber of Commerce endorsed the bill as a compromise that considers housing needs, business needs, and environmental concerns. It remains to be seen how this will impact warehouse development.

Change in Vacancy (YoY)

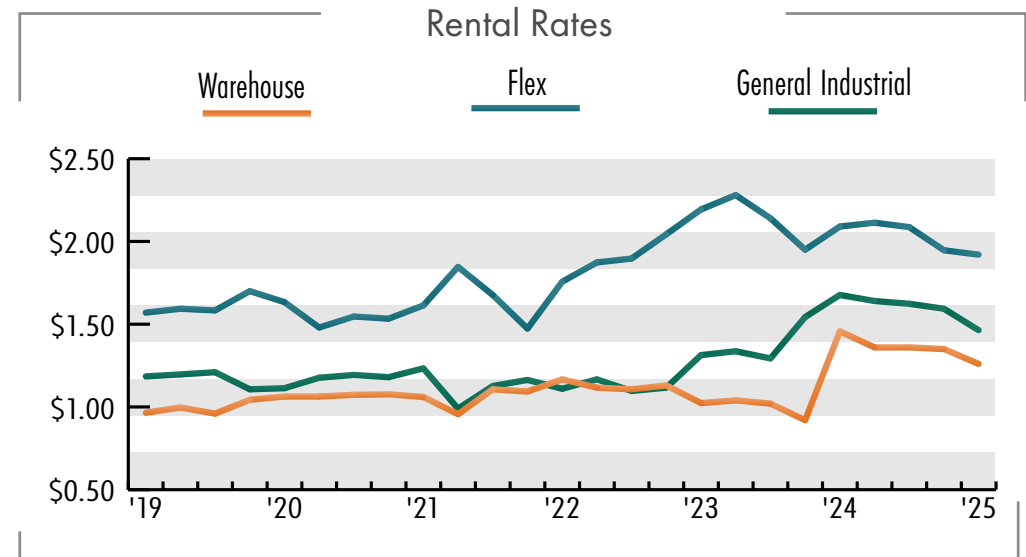


**+1.7%**

Change in Rents (YoY)



**-19.3%**



#### Justin Flom

Director of San Francisco Bay Area  
Marketing & Research  
justin.flom@tricommercial.com

#### Edward F. Del Beccaro

Executive Vice President  
San Francisco Bay Area Manager  
ed.delbeccaro@tricommercial.com