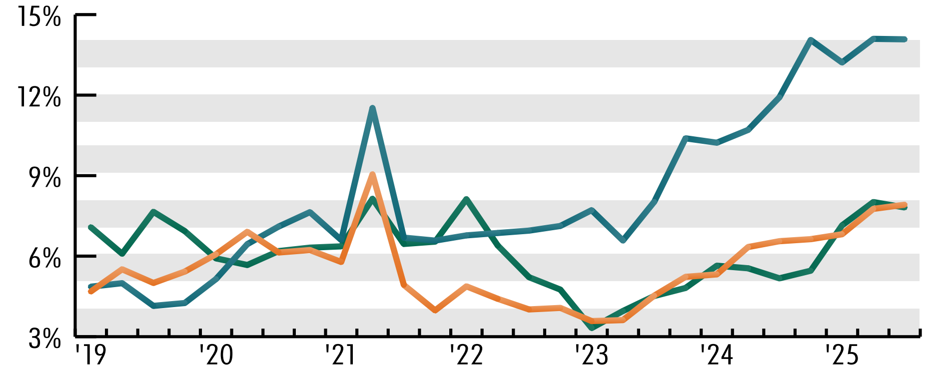
THIRD QUARTER 2025

EAST BAY INDUSTRIAL

- In Oakland, lease rate averages declined 2.4% YOY to ~ $1.65/PSF /NNN.
- Also in Oakland, direct net absorption totaled -494K SF in Q3, adding to the trend of decline from prior quarters.
- Construction in most markets has hit zero or near-zero as vacancies continue to rise.
- Rents in the East Bay as a whole and through all product types decreased 11% over the year, a trend not seen in the office sector, despite the vacancy factor outpacing industrial by leaps and bounds.
- North Palisade Partners broke ground on a $30 million dollar, 70,000 SF facility in Fremont. Fremont has garnered much attention in the past few years for its position as an advanced manufacturing destination.

Vacancy Rates



EAST BAY SIGNPOST FIGURES		TRENDING
YTD Net Absorption	-2,195,300	∨
Flex Vacancy Rate	9.2%	∨
Warehouse Vacancy Rate	8.1%	∧

FOCUSED FIGURES	
I-80/880 General Indust. Asking	$1.37/SF
Tri-Valley Flex Vacancy	12.4%
Tri-Valley All Types Time on Market	7.8 Months Average

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THESE STATISTICS ENCOMPASS THE ENTIRE SURVEY, WHICH INCLUDES ALL MANUFACTURING, WAREHOUSE & FLEX TYPES OVER 1,000 SF

THIRD QUARTER 2025

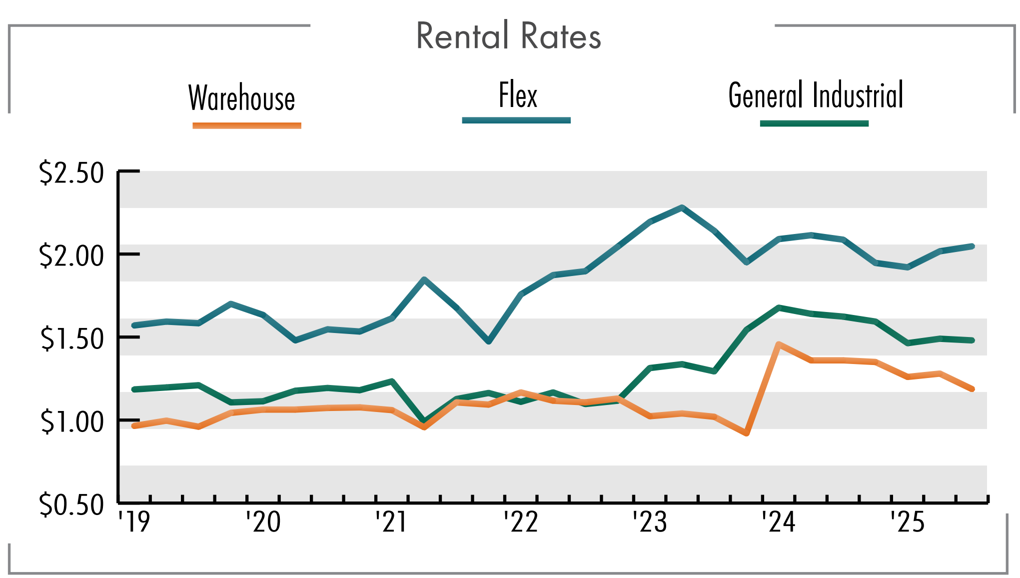
- ProLogis publicized a 4-year strategy that includes $8 billion in expenditures to build data centers and AI infrastructure. Part of the initiative includes sourcing energy for the buildings. Not comprehensive, but a portion of the solution is the deployment of solar arrays on the rooftops of existing buildings.
- The closure of the Valero Refinery in Benicia in 2026 may have adverse effects on the cost of power for industrial assets.
- An Alameda bidding war is coming to a close for redevelopment of a small section of the Alameda Naval Base, which would be converted to midsized R&D or advanced manufacturing suites.
- Another major transaction in Q3 included a portfolio with buildings in Concord and Hayward. 505,000 SF was bought by BKM Capital Partners and Kayne Anderson. The sites are mainly light industrial and contain a roster of 70 tenants. The total volume of the transaction was $120 million.

Change in Vacancy (YoY)

+1.8%

Change in Rents (YoY)

-11.9%



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