

NORTH I-680 CORRIDOR | INDUSTRIAL

Q1 2018

Accelerating success.

Adjustment Period

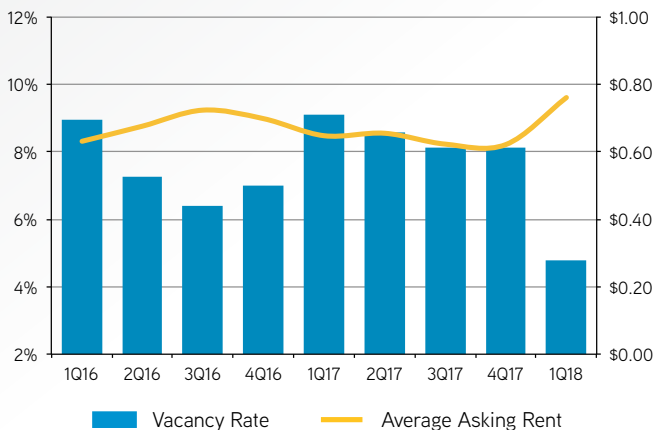
- > Industrial Inventory: 18,104,294 SF
- > Current Vacancy: 4.8%
- > Net Absorption: 41,462 Square Feet

As we move into 2018, the North I-680 Corridor's industrial market is very tight. Overall vacancy rate dropped to 4.8 percent, from 8.1 percent the previous quarter. Rental rates increased to \$0.76 per square foot from \$0.62 the same period. During the quarter there was 41,462 square feet of net absorption. Two sales occurred this quarter, which is a bit lower than the region has experienced over the past few cycles.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Vacancy dropped and rents increased to begin 2018.

Market Indicators

Unemployment Rate
Contra Costa County

10-Year Nominal
Interest Rate

Consumer
Confidence

3.4%

2.74
%

127.7

Market Trends

Relative to prior period

Q1 2018

Q2 2018*

Vacancy



Net Absorption



Construction



Rental Rate



*Projected

Summary Statistics

Q1 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate

8.1%

4.8%

Net Absorption

-2,017

41,462

Construction Completed

0

0

Under Construction

0

0

Overall Asking Rents*

\$0.62

\$0.76

Industrial

\$0.89

\$0.80

R&D/Flex

\$1.12

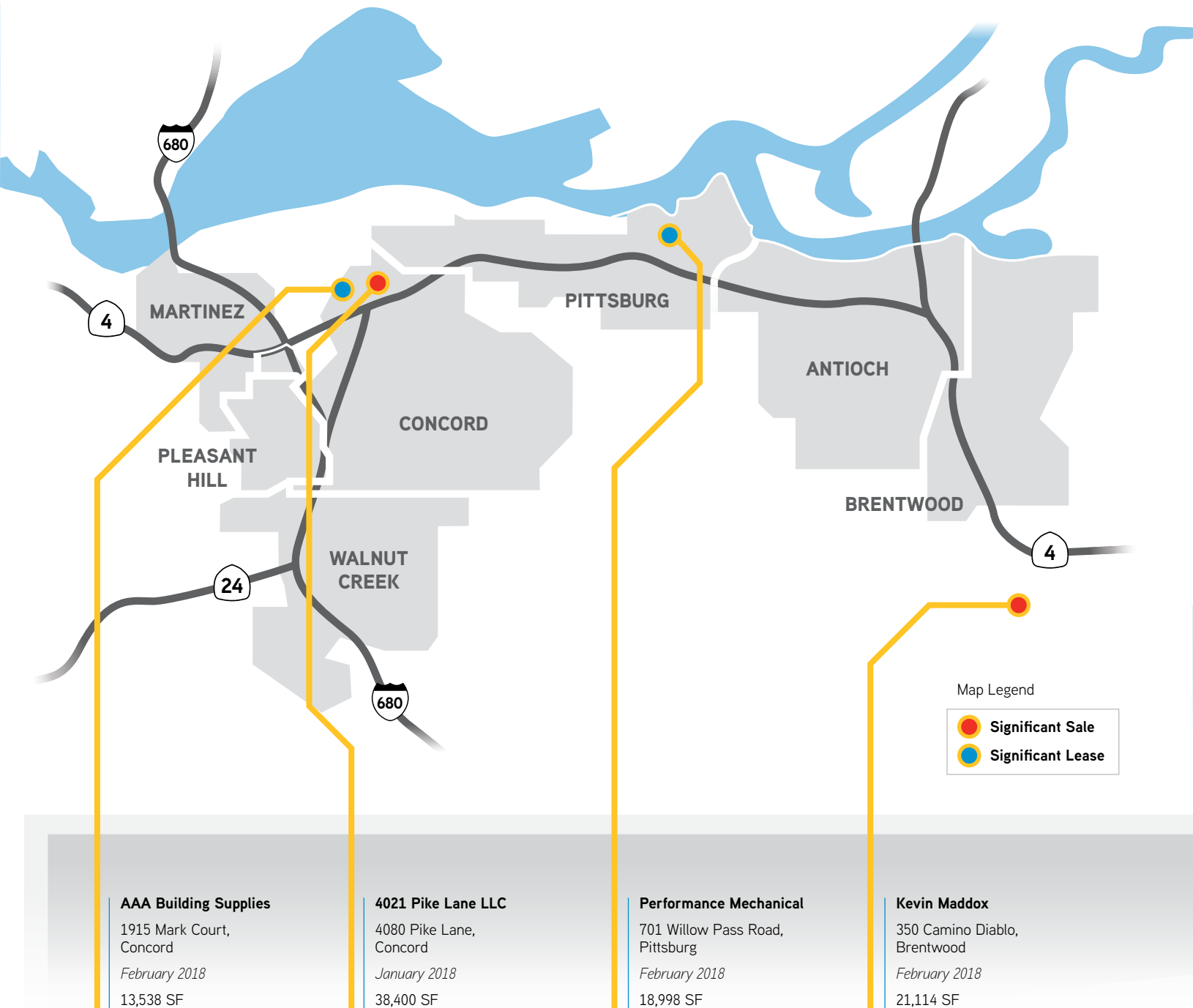
\$1.04

Warehouse/Distribution

\$0.41

\$0.40

*Asking Rents Reported Monthly



Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
701 Willow Pass Road, Pittsburg	February 2018	18,998	Performance Mechanical	Warehouse/Distribution
1915 Mark Ct, Concord	February 2018	13,538	AAA Buidling Supplies	R&D/Flex

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
4080 Pike Lane, Concord	January 2018	38,400	4021 Pike Lane LLC	Light Industrial
350 Camino Diablo, Brentwood	February 2018	21,114	Kevin Maddox	Light Industrial

Market Comparisons – Walnut Creek

INDUSTRIAL MARKET

TYPE	BLDGS	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETED CURRENT QTR SF	UNDER CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
CONCORD														
IND	299	6,357,139	141,722	2.2%	56,298	0.9%	198,020	3.1%	5.0%	(119,901)	(119,901)	-	-	\$1.08
WH	3	264,128	-	0.0%	-	0.00%	-	0.0%	6.3%	5,000	5,000	-	-	\$0.75
RD/FL	21	627,287	11,396	1.8%	-	0.0%	11,396	1.8%	8.8%	2,727	2,727	-	-	\$1.15
TOTAL	323	7,248,554	153,118	2.1%	56,298	0.8%	209,416	2.9%	5.4%	(112,174)	(112,174)	-	-	\$1.08
MARTINEZ														
IND	55	931,208	14,390	1.5%	-	-	14,390	1.5%	2.8%	-	-	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	14,213	10.2%	-	-	14,213	10.2%	11.2%	1,370	1,370	-	-	\$0.96
TOTAL	65	1,189,509	28,603	2.4%	-	-	28,603	2.4%	3.5%	1,370	1,370	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	462,831	13.6%	-	-	462,831	13.6%	4.0%	200	200	-	-	\$0.64
WH	7	853,101	93,600	11.0%	-	-	93,600	11.0%	47.7%	127,148	127,148	-	-	\$0.40
TOTAL	101	4,262,490	556,431	13.1%	-	0.0%	556,431	13.1%	16.4%	127,348	127,348	-	-	\$0.60
ANTIOCH														
IND	63	1,672,710	60,198	3.6%	-	0.0%	60,198	3.6%	3.6%	424	424	-	-	\$0.95
WH	9	1,671,250	-	0.0%	-	-	-	0.0%	15.9%	23,750	23,750	-	-	\$0.45
RD/FL	6	85,754	-	0.0%	-	-	-	0.0%	2.4%	2,074	2,074	-	-	\$1.50
TOTAL	78	3,429,714	60,198	1.8%	-	0.0%	60,198	1.8%	9.5%	26,248	26,248	-	-	\$0.95
PLEASANT HILL														
IND	10	298,020	-	0.0%	-	0.0%	-	0.0%	0.8%	2,299	2,299	-	-	\$1.00
RD/FL	2	56,808	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.20
TOTAL	12	354,828	-	0.0%	-	0.0%	-	0.0%	0.6%	2,299	2,299	-	-	\$1.00
PACHECO														
IND	30	605,690	3,629	0.6%	-	0.0%	3,629	0.6%	0.0%	(3,629)	(3,629)	-	-	\$1.10
TOTAL	30	605,690	3,629	0.6%	-	0.0%	3,629	0.6%	0.0%	(3,629)	(3,629)	-	-	\$1.10
WALNUT CREEK														
IND	10	142,650	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.12
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.25
TOTAL	11	304,664	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.25
BRENTWOOD														
IND	33	689,364	9,135	1.3%	-	-	9,135	1.3%	1.3%	-	-	-	-	\$1.14
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.00
TOTAL	35	708,845	9,135	1.3%	-	-	9,135	1.3%	1.3%	-	-	-	-	\$1.14

MARKET TOTAL

IND	594	14,106,170	691,905	4.9%	56,298	0.4%	748,203	5.3%	3.9%	(120,607)	(120,607)	-	-	\$0.80
WH	24	2,926,858	93,600	3.2%	-	0.0%	93,600	3.2%	26.3%	155,898	155,898	-	-	\$0.40
RD/FL	37	1,071,266	25,609	2.4%	-	0.0%	25,609	2.4%	6.8%	6,171	6,171	-	-	\$1.04
TOTAL	655	18,104,294	811,114	4.5%	56,298	0.3%	867,412	4.8%	8.1%	41,462	41,462	-	-	\$0.76

QUARTERLY COMPARISON AND TOTALS

1Q18	655	18,104,294	811,114	4.5%	56,298	0.3%	867,412	4.8%	8.1%	41,462	41,462	-	-	\$0.76
4Q17	655	18,080,304	1,395,732	7.7%	71,006	0.4%	1,469,426	8.1%	8.1%	(2,017)	144,238	-	-	\$0.62
3Q17	655	18,080,304	1,402,718	7.8%	66,691	0.4%	1,467,409	8.1%	8.6%	93,517	146,255	15,240	-	\$0.62
2Q17	653	18,065,064	1,486,712	8.2%	58,974	0.3%	1,545,686	8.6%	9.1%	100,803	52,738	-	15,240	\$0.65
1Q17	653	18,065,064	1,566,913	8.7%	79,576	0.4%	1,646,489	9.1%	7.0%	(48,065)	(48,065)	-	15,240	\$0.65

Concord

Concord's vacancy decreased to 2.9 percent, a 2.5 percentage point decrease from last quarter. Average rents in Concord increased to \$1.08 per square foot, from \$0.99 over the same period. Concord was home to the two sales of the quarter. 4021 Pike Lane LLC purchased 4021 Pike Lane, a 38,400 square foot light industrial building for \$6,100,000, or \$159 per square foot. 2278 Pike Court, a 21,114 square foot light industrial building, sold to Kevin Maddox for \$3,672,000, or \$174 per square foot.

East Contra Costa County

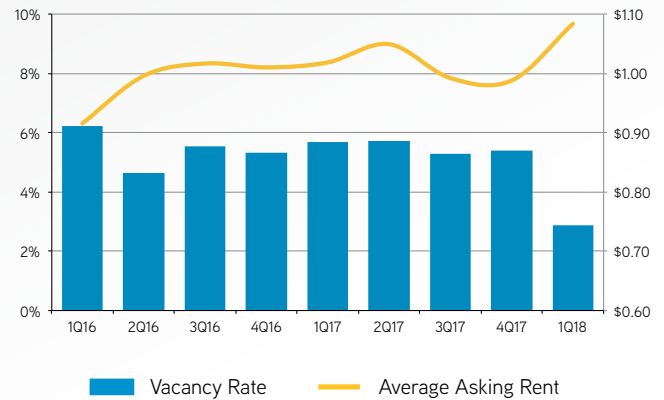
The vacancy rate in Antioch plummeted to 1.8 percent, from 9.5 percent the previous quarter. Average rental rates in Antioch surged to \$0.95 per square foot, a \$0.39 increase from the same period. The rents jumped after the 262,000 square feet in the Antioch Distribution Center was leased to OneSource Distribution Company; leaving smaller but more expensive spaces available. Pittsburg's vacancy rate decreased to 13.1 percent from 16.4 percent last quarter. The 357,000 square feet of vacant space at 900 East 3rd Street was previously incorrectly classified as a warehouse space, and reclassified to industrial. This led to an increase in industrial vacancy type, while warehouse vacancy dropped to 4.0 percent. Rental rates in Pittsburg have increased to \$0.60, an increase of \$0.16 since the previous quarter. Pittsburg was home to the largest lease this quarter when Performance Mechanical leased 18,998 square feet at 701 Willow Pass Road in Pittsburg.

Summary

As we move into 2018, the industrial market remains more constrained than ever. The vacancy rate is at its lowest levels since 2005, and overall rents are at their highest levels since 2009. Broker sentiment indicates that the industrial market is very much constricted, with very few available blocks in all size ranges. With no major developments and prohibitive land costs, we anticipate the asking rates to continue to increase moving into 2018.

Average Asking Rent vs. Vacancy Rate

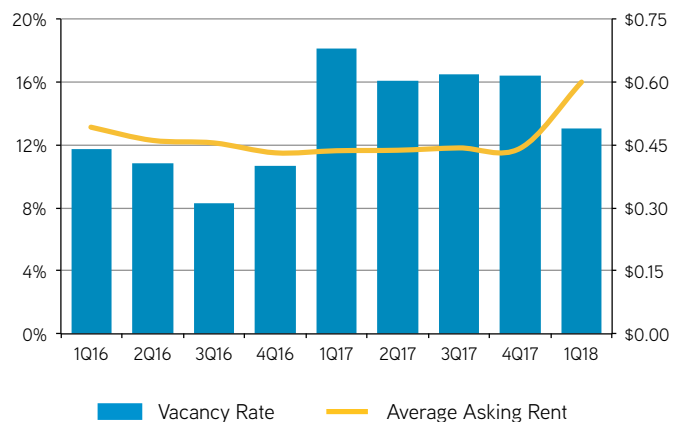
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Brentwood, CA



Source: Colliers International Research

FOR MORE INFORMATION

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