

NORTH I-680 CORRIDOR | INDUSTRIAL

Q2 2018

Accelerating success.

Industrial Lockdown

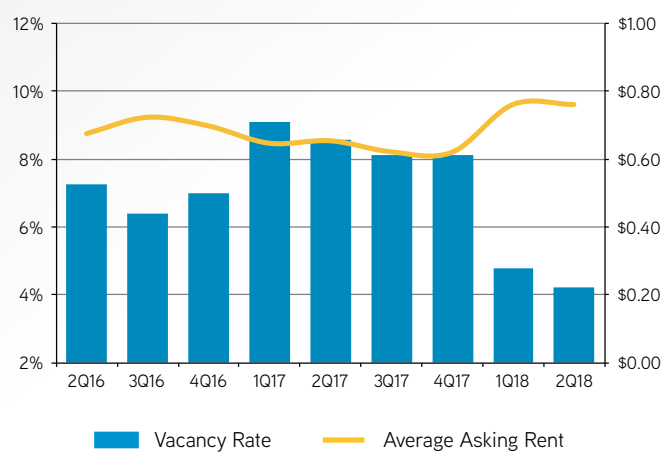
- > Industrial Inventory: 18,098,894 square feet
- > Current Vacancy: 4.2 percent
- > Net Absorption YTD: 136,698 square feet

As we move into the second half of 2018, the North I-680 Corridor's industrial market continues to be extremely limited. The overall vacancy rate dropped to 4.2 percent, the lowest vacancy rate recorded since Colliers began tracking the market. As vacant space becomes more scarce, asking rents across all industrial types are increasing. Rental rates remained at \$0.76, which is a nine year high. During the quarter there was 95,236 square feet of net absorption. There were also three sales this quarter, which is a bit lower than we have been experiencing in the past few cycles.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Vacancy decreased further, and rents continued their increase this past quarter.

Market Indicators

Unemployment Rate Contra Costa County 10-Year Nominal Interest Rate Consumer Confidence



Market Trends

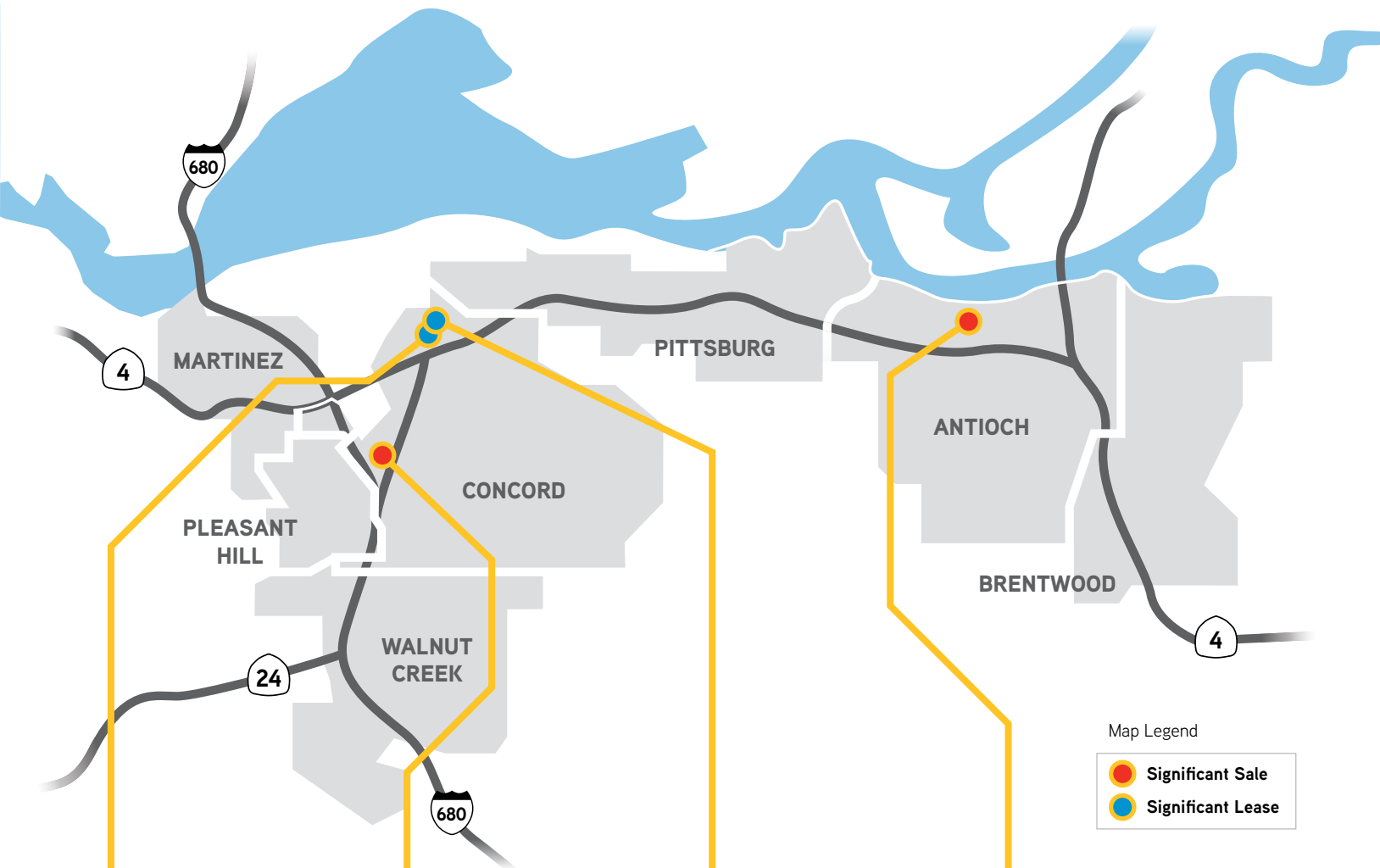
Relative to prior period	Q2 2018	Q3 2018*
Vacancy	↓	↑
Net Absorption	↑	↓
Construction	↔	↔
Rental Rate	↑	↔

*Projected

Summary Statistics

Q2 Walnut Creek Industrial Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	4.8%	4.2%
Net Absorption	41,462	95,236
Construction Completed	0	0
Under Construction	0	0
Overall Asking Rents*	\$0.76	\$0.76
Industrial	\$0.80	\$0.81
R&D/Flex	\$1.04	\$1.12
Warehouse/Distribution	\$0.40	\$0.57

*Asking Rents Reported Monthly



Pacific States Petroleum
 2278 Pike Court,
 Concord
May 2018
 10,202 SF

JRM Properties, LLC
 1330 Galaxy Way,
 Concord
April 2018
 12,536 SF

**Marine Spill
 Response Corporation**
 4090 Pike Lane,
 Concord
June 2018
 15,000 SF

SunTrek Solar, Inc.
 721 East 18th Street,
 Antioch
June 2018
 8,624 SF

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
4090 Pike Lane, Concord	June 2018	15,000	Marine Spill Response Corporation	Light Industrial
2278 Pike Court, Concord	May 2018	10,202	Pacific States Petroleum	Light Industrial

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
1330 Galaxy Way, Concord	April 2018	12,536	JRM Properties LLC	Light Industrial
721 East 18th Street, Antioch	June 2018	8,624	SunTrek Solar Inc	Light Industrial
2616 Verne Roberts Circle, Antioch	April 2018	4,000	Polloant LLC	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	89,102	1.4%	15,585	0.2%	104,687	1.6%	3.1%	93,333	(26,568)	-	-	\$1.15
WH	3	264,128	25,200	9.5%	-	0.00%	25,200	9.5%	0.0%	(25,200)	(20,200)	-	-	\$0.95
RD/FL	21	622,087	4,369	0.7%	-	0.0%	4,369	0.7%	1.8%	1,827	4,554	-	-	\$1.18
TOTAL	323	7,243,354	118,671	1.6%	15,585	0.2%	134,256	1.9%	2.9%	69,960	(42,214)	-	-	\$1.15
MARTINEZ														
IND	55	931,208	-	0.0%	-	-	-	0.0%	1.5%	14,390	14,390	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	1,526	1.1%	-	-	1,526	1.1%	10.2%	12,687	14,057	-	-	\$0.96
TOTAL	65	1,189,509	1,526	0.1%	-	-	1,526	0.1%	2.4%	27,077	28,447	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	445,884	13.1%	-	-	445,884	13.1%	13.6%	16,947	17,147	-	-	\$0.71
WH	7	853,101	93,600	11.0%	43,200	0.05	136,800	16.0%	11.0%	(43,200)	83,948	-	-	\$0.67
TOTAL	101	4,262,490	539,484	12.7%	43,200	1.0%	582,684	13.7%	13.1%	(26,253)	101,095	-	-	\$0.70
ANTIOCH														
IND	63	1,672,710	45,790	2.7%	-	0.0%	45,790	2.7%	3.6%	14,408	14,832	-	-	\$0.97
WH	9	1,671,250	-	0.0%	-	-	-	0.0%	0.0%	-	23,750	-	-	\$0.45
RD/FL	6	85,754	-	0.0%	-	-	-	0.0%	0.0%	-	2,074	-	-	\$1.50
TOTAL	78	3,429,714	45,790	1.3%	-	0.0%	45,790	1.3%	1.8%	14,408	40,656	-	-	\$0.97
PLEASANT HILL														
IND	10	298,020	-	0.0%	-	0.0%	-	0.0%	0.0%	-	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%	0.0%	-	2,299	-	-	\$1.00
PACHECO														
IND	30	605,490	-	0.0%	-	0.0%	-	0.0%	0.6%	3,429	(200)	-	-	\$1.10
TOTAL	30	605,490	-	0.0%	-	0.0%	-	0.0%	0.6%	3,429	(200)	-	-	\$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	2,520	0.4%	-	-	2,520	0.4%	1.3%	6,615	6,615	-	-	\$1.30
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.00
TOTAL	35	708,845	2,520	0.4%	-	-	2,520	0.4%	1.3%	6,615	6,615	-	-	\$1.30

MARKET TOTAL

IND	594	14,105,970	583,296	4.1%	15,585	0.1%	598,881	4.2%	5.3%	149,122	28,515	-	-	\$0.81
WH	24	2,926,858	118,800	4.1%	43,200	1.5%	162,000	5.5%	3.2%	(68,400)	87,498	-	-	\$0.57
RD/FL	37	1,066,066	5,895	0.6%	-	0.0%	5,895	0.6%	2.4%	14,514	20,685	-	-	\$1.12
TOTAL	655	18,098,894	707,991	3.9%	58,785	0.3%	766,776	4.2%	4.8%	95,236	136,698	-	-	\$0.76

QUARTERLY COMPARISON AND TOTALS

2Q18	655	18,098,894	707,991	3.9%	58,785	0.3%	766,776	4.2%	4.8%	95,236	136,698	-	-	\$0.76
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

Concord

Concord's vacancy decreased to 1.9 percent, a full 1.0 percentage point decrease from last quarter. Average rents in Concord increased to \$1.15 per square foot, from \$1.08 over the same period. Concord was home to the two largest leases as well as the largest sale this quarter. JRM Properties LLC purchased 1330 Galaxy Way, a 12,536 square foot light industrial building for \$1,850,000, or \$148 per square foot. In terms of leasing, Marine Spill Response Corporation leased 15,000 square feet of light industrial space at 4090 Pike Lane in Concord. 2278 Pike Court in Concord had a 10,202 square foot lease signed to by Pacific States Petroleum.

East Contra Costa County

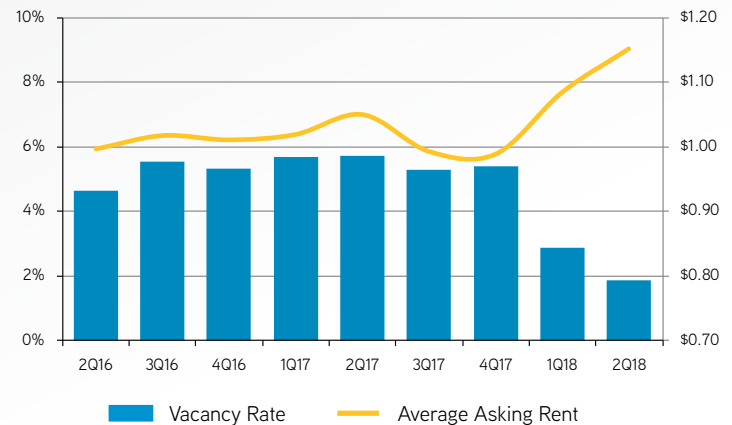
The vacancy rate in Antioch decreased to 1.3 percent, from 1.8 percent the previous quarter. Average rental rates in Antioch surged to \$0.97 per square foot, a \$0.02 increase from the same period. Pittsburg's vacancy rate increased to 13.7 percent from 13.1 percent last quarter. Rental rates in Pittsburg have increased to \$0.70, an increase of \$0.10 since the previous quarter. Antioch was home to two sales this past quarter. 721 East 18th Street, an 8,624 square foot light industrial building sold to SunTrek Solar Inc for \$940,000, or \$109 per square foot. 2616 Verne Roberts Circle Suite E-1, a 4,000 square foot industrial condo sold to Polloant LLC for \$640,000, or \$160 per square foot.

Summary

As we proceed past the midway point of 2018, the industrial market is experiencing record low vacancy rates as well as record high asking rental rates. With only 766,776 available square feet in the entire North I-680, there are few options left for tenants. With the drop in available space, asking rents have increased to meet the demand. This is in turn driving rents to record highs. With no major developments and prohibitive land costs, it will be interesting to see how the North I-680 industrial market responds.

Average Asking Rent vs. Vacancy Rate

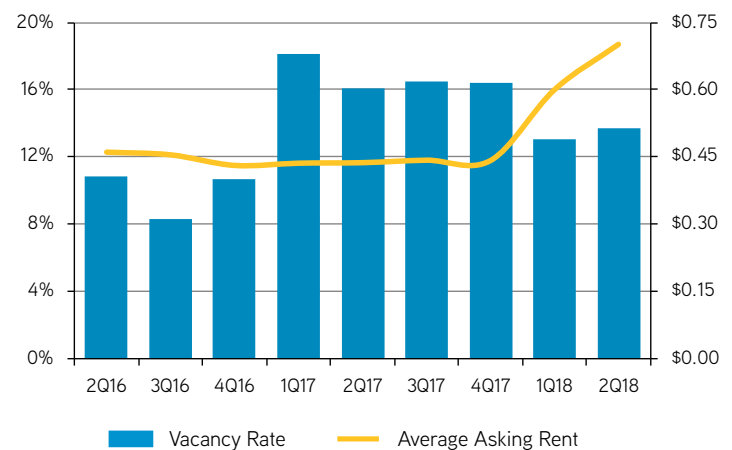
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

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