

NORTH I-680 CORRIDOR | INDUSTRIAL

Q2 2019

Accelerating success.

Even Keel

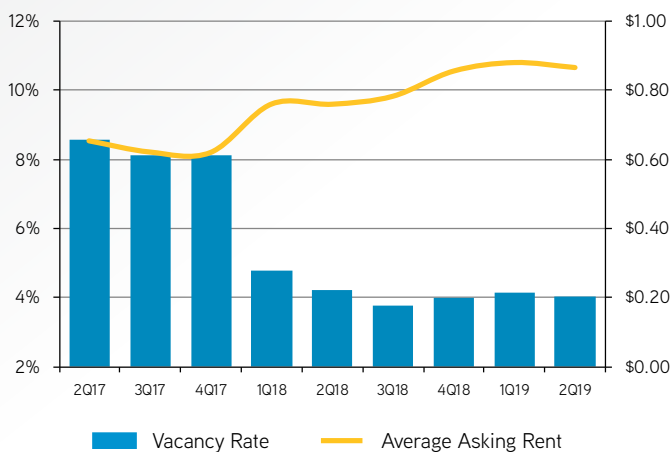
- > Industrial Inventory: 18,156,048 SF
- > Current Vacancy: 4.0%
- > Net Absorption: (6,267) Square Feet Year-To-Date

As we move into the summer months, the North I-680 Corridor's industrial market seems to be stabilizing. Overall vacancy rate decreased to 4.0 percent, a decrease of 20 basis points since last quarter. Rental rates decreased to \$0.87, a decrease of \$0.01 over the same period. During the quarter there was negative 22,018 square feet of absorption. Five sales occurred during the quarter, which is typical when taking into account previous quarters.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Space continues to be scarce, and rents still remain high as we move into the second half of 2019.

Market Indicators

Unemployment Rate
Contra Costa County

10-Year Nominal
Interest Rate

Consumer
Confidence



Market Trends

Relative to prior period

Q2 2019

Q3 2019*

Vacancy	↓	↔
Net Absorption	↑	↔
Construction	↑	↑
Rental Rate	↓	↑

*Projected

Summary Statistics

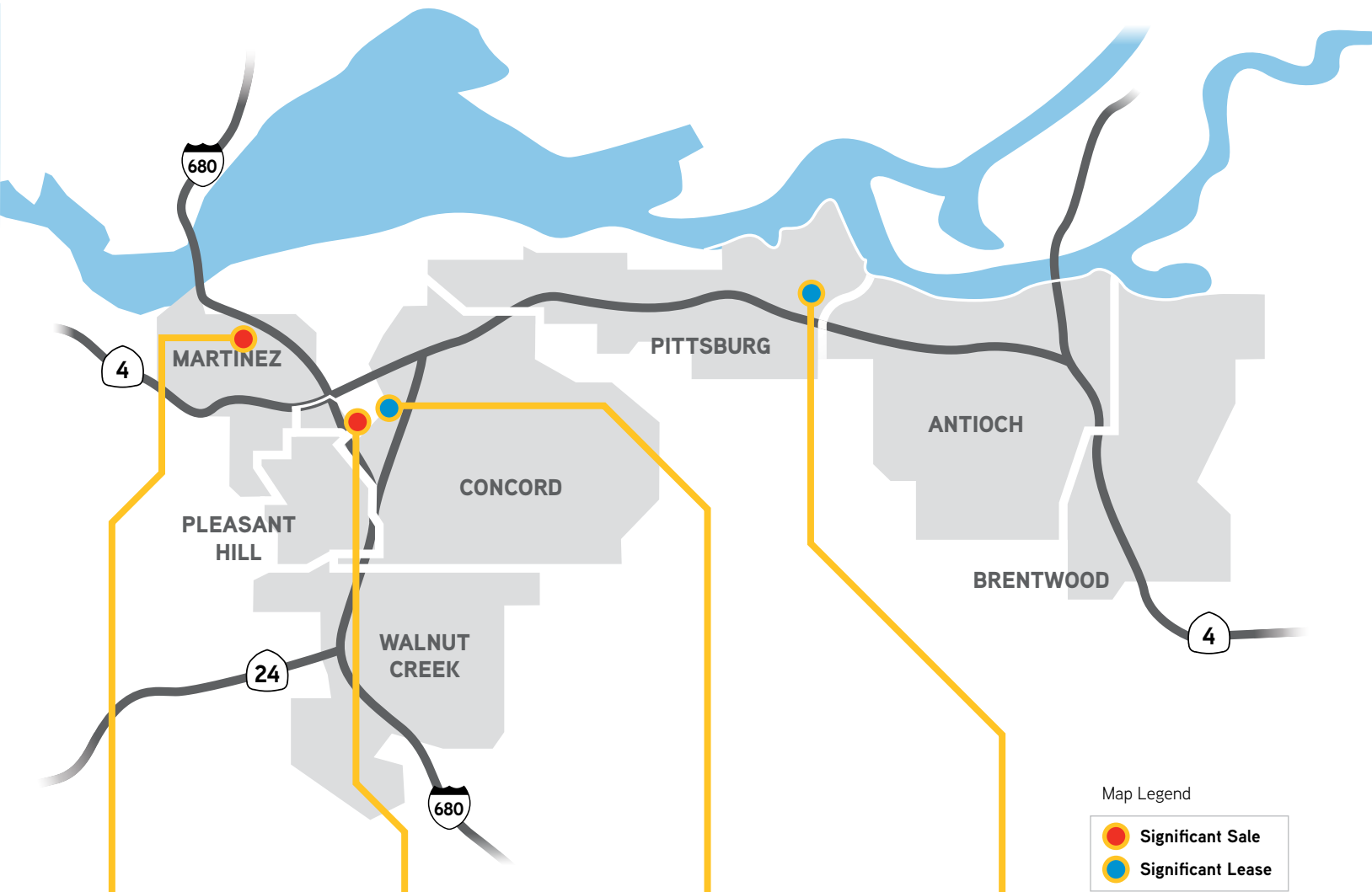
Q2 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate	4.2%	4.0%
Net Absorption	(28,285)	(22,018)
Construction Completed	0	0
Under Construction	29,102	29,102
Overall Asking Rents*	\$0.88	\$0.87
Industrial	\$0.84	\$0.85
R&D/Flex	\$1.62	\$1.49
Warehouse/Distribution	\$0.67	\$0.67

*Asking Rents Reported Monthly



Map Legend

- Significant Sale
- Significant Lease

4040 Pacheco, LLC

4040 Pacheco Boulevard,
Martinez

June 2019

15,450 SF

Orinda Investors LP

115 Center Avenue,
Pacheco

April 2019

71,996 SF

Vici Inc

2500 Bisso Lane,
Concord

June 2019

38,207 SF

Bombardier Transportation

1501 Loveridge Road,
Pittsburg

May 2019

122,750 SF

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
1501 Loveridge Road, Pittsburg	May 2019	122,750	Bombardier Transportation	Manufacturing
2500 Bisso Lane, Concord	June 2019	38,207	Vici Inc	Light Industrial
2500 Bates Avenue, Concord	April 2019	25,000	Comcast	R&D/Flex
2250 Wilbur Avenue, Antioch	June 2019	11,000	JC Recycle	Warehouse

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
115 Center Avenue, Pacheco	April 2019	71,996	Orinda Investors LP	Light Industrial
4040 Pacheco Boulevard, Martinez	June 2019	15,450	4040 Pacheco LLC	Light Industrial
4064 Pike Lane, Concord	April 2019	15,000	Haist Properties LLC	Light Industrial
1409 Auto Center Drive, Antioch	April 2019	12,329	Robert Elam	Light Industrial
2516 Verne Roberts Circle H1-H3, Antioch	April 2019	8,400	RRM Enterprises LLC	Warehouse

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	6,358,139	102,792	1.6%	19,160	0.3%	121,952	1.9%	2.0%	4,409	(5,207)	-	-	\$1.24
WH	4	320,282	-	0.0%	-	0.00%	-	0.0%	0.0%	-	-	-	-	\$0.95
RD/FL	21	622,087	26,905	4.3%	-	0.0%	26,905	4.3%	8.1%	23,783	21,878	-	-	\$1.65
TOTAL	324	7,300,508	129,697	1.8%	19,160	0.3%	148,857	2.0%	2.4%	28,192	16,671	-	-	\$1.31
MARTINEZ														
IND	55	931,208	4,080	0.4%	11,520	0.01	15,600	1.7%	0.0%	(15,600)	(15,600)	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	5,774	4.1%	-	-	5,774	4.1%	1.8%	(3,251)	(4,248)	-	-	\$0.96
TOTAL	65	1,189,509	9,854	0.8%	11,520	0.01	21,374	1.8%	0.2%	(18,851)	(19,848)	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	414,906	12.2%	9,000	0.00	423,906	12.4%	12.9%	16,960	8,305	-	-	\$0.72
WH	7	853,101	58,311	6.8%	-	-	58,311	6.8%	6.2%	(5,000)	(15,111)	-	-	\$0.67
TOTAL	101	4,262,490	473,217	11.1%	9,000	0.2%	482,217	11.3%	11.6%	11,960	(6,806)	-	-	\$0.71
ANTIOCH														
IND	63	1,672,710	48,052	2.9%	-	0.0%	48,052	2.9%	3.2%	5,998	8,897	-	-	\$0.77
WH	9	1,671,250	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.45
RD/FL	6	85,754	4,058	4.7%	-	-	4,058	4.7%	1.6%	(2,667)	(2,667)	-	-	\$1.20
TOTAL	78	3,429,714	52,110	1.5%	-	0.0%	52,110	1.5%	1.6%	3,331	6,230	-	-	\$0.80
PLEASANT HILL														
IND	10	298,020	-	0.0%	2,700	0.9%	2,700	0.9%	0.0%	(2,700)	(2,700)	-	-	\$1.00
RD/FL	2	56,808	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.20
TOTAL	12	354,828	-	0.0%	2,700	0.8%	2,700	0.8%	0.0%	(2,700)	(2,700)	-	-	\$1.00
PACHECO														
IND	30	605,490	16,278	2.7%	-	0.0%	16,278	2.7%	3.4%	4,300	4,300	-	-	\$1.05
TOTAL	30	605,490	16,278	2.7%	-	0.0%	16,278	2.7%	3.4%	4,300	4,300	-	-	\$1.05
WALNUT CREEK														
IND	10	142,650	1,700	1.2%	-	-	1,700	1.2%	1.2%	-	-	-	-	\$1.80
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$2.00
TOTAL	11	304,664	1,700	0.6%	-	-	1,700	0.6%	0.6%	-	-	-	-	\$1.80
BRENTWOOD														
IND	33	689,364	6,634	1.0%	-	-	6,634	1.0%	0.4%	(4,214)	(4,114)	-	-	\$1.30
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	29,102	\$1.00
TOTAL	35	708,845	6,634	0.9%	-	-	6,634	0.9%	0.3%	(4,214)	(4,114)	-	29,102	\$1.30

MARKET TOTAL

IND	594	14,106,970	594,442	4.2%	42,380	0.3%	636,822	4.5%	4.6%	9,153	(6,119)	-	-	\$0.85
WH	25	2,983,012	58,311	2.0%	-	0.0%	58,311	2.0%	1.8%	(5,000)	(15,111)	-	29,102	\$0.67
RD/FL	37	1,066,066	36,737	3.4%	-	0.0%	36,737	3.4%	5.1%	17,865	14,963	-	-	\$1.49
TOTAL	656	18,156,048	689,490	3.8%	42,380	0.2%	731,870	4.0%	4.2%	22,018	(6,267)	-	29,102	\$0.87

QUARTERLY COMPARISON AND TOTALS

2Q19	656	18,156,048	689,490	3.8%	42,380	0.2%	731,870	4.0%	4.2%	22,018	(6,267)	-	29,102	\$0.87
1Q19	656	18,156,048	729,648	4.0%	24,240	0.1%	753,888	4.2%	4.0%	(28,285)	(28,285)	-	29,102	\$0.88
4Q18	655	18,099,894	653,763	3.6%	71,840	0.4%	725,603	4.0%	3.8%	(44,437)	178,871	-	29,102	\$0.86
3Q18	655	18,099,894	626,366	3.5%	54,800	0.3%	681,166	3.8%	4.2%	86,610	223,308	-	29,102	\$0.78
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

Concord

Concord's vacancy decreased to 2.0 percent, a forty basis point decrease from last quarter. Average rents in Concord decreased to \$1.31 per square foot, from \$1.34 over the same period. While Concord only saw one sale, surrounding cities saw large transactions take place. Orinda Investors LP purchased 115 Center Avenue in Pacheco, a 71,996 square foot light industrial building for \$15,150,000, or \$210 per square foot. 4040 Pacheco LLC purchased 4040 Pacheco Boulevard in Martinez, a 15,540 square foot light industrial building for \$3,450,000, or \$223 per square foot. Haist Properties LLC purchased 4064 Pike Lane in Concord, a 15,000 square foot light industrial building for \$3,529,500 or \$235 per square foot. On the leasing end, Vici Inc expanded to 38,207 square feet of light industrial space at 2500 Bisso Lane. Comcast leased 25,000 square feet of R&D space at 2500 Bates Avenue.

East Contra Costa County

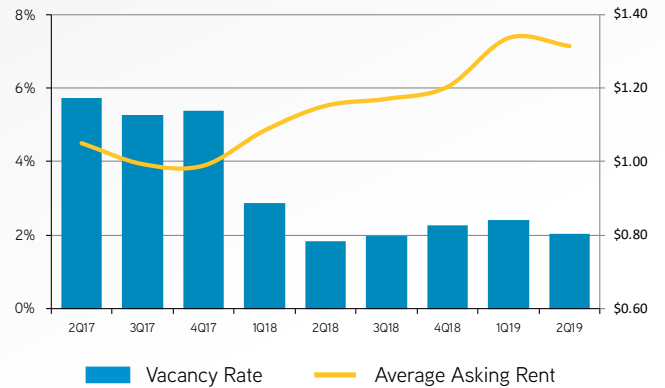
The vacancy rate in Antioch decreased to 1.5 percent, from 1.6 percent last quarter. Average rental rates in Antioch increased to \$0.80 per square foot, a \$0.01 increase from the same period. Pittsburg's vacancy rate decreased to 11.3 percent from 11.6 percent the previous quarter. Rental rates in Pittsburg remained at \$0.71 since the previous quarter. Antioch was home to two sales this past quarter. Robert Elam purchased 1409 Auto Center Drive, a 12,329 square foot light industrial building for \$2,700,000, or \$219 per square foot. RRM Enterprises LLC purchased 2516 Verne Roberts Circle, Suites H1-H3, an industrial condo, for \$1,300,000, or \$155 per square foot. Pittsburg was home to the largest lease in the quarter when Bombardier Transportation took 122,750 square feet of manufacturing space at 1501 Loveridge Road. JC Recycle leased 11,000 square feet of warehouse space at 2250 Wilbur Avenue in Antioch.

Summary

As we move into the second half of 2019, the North I-680's vacancy appears to be settling, having hit a sweet spot at 4.0 percent when it was 4.2 percent a year ago while rents continue to surge. Furthermore, research & development/flex are quickly drying up as there is only roughly 37,000 square feet available within the region. One factor is that cannabis based businesses have begun to proliferate and require the use of industrial property types. If development does not keep pace with the needs to the new burgeoning tenant market, rents may continue to hit new record highs and vacancy will remain

Average Asking Rent vs. Vacancy Rate

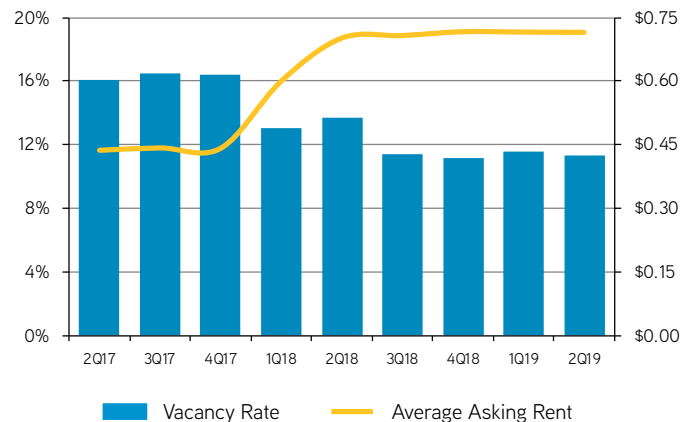
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

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