

# Market Research

INDUSTRIAL | THIRD QUARTER | 2009



## MARKET INDICATORS

	3Q 2009	4Q 2009*
VACANCY	↑	↑
NET ABSORPTION	↓	↓
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

\* PROJECTED

## North 680 / Hwy 4 Corridor • Industrial / R&D

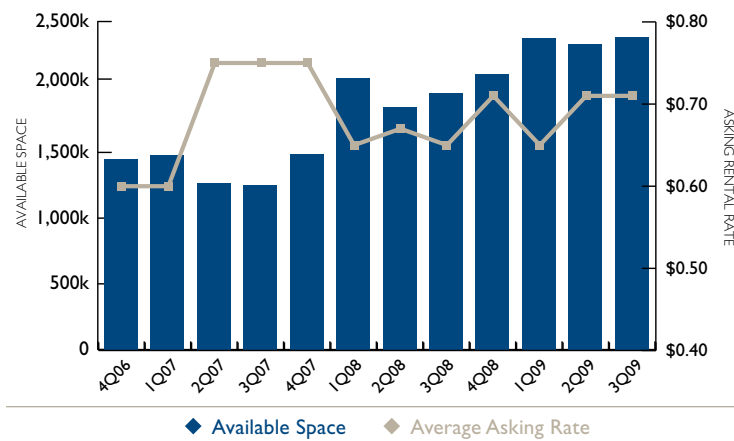
Written by Brian Landes

As the economy continued to erode in the third quarter of 2009, the industrial real estate market in the North I-680 and Highway 4 Corridors was dragged down with it. More and more industrial users have closed shop and many that remain continue to struggle through this downturn. Though the economy may no longer be in a recession, the industrial market conditions hardly reflect that idea.

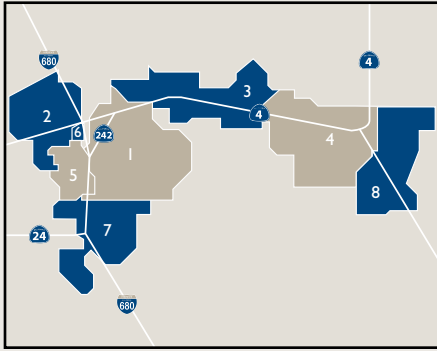
The North I-680 and Highway 4 Corridors continued to be adversely affected by the struggling economy. Vacancy climbed upwards for the sixth consecutive quarter landing at 14.3%. Average asking rents fell from \$0.71 per square foot in the second quarter to \$0.67 per square foot in the third quarter. The entire market had 59,841 square feet of negative net absorption. For 2009 year to date the market had 505,766 square feet of negative net absorption.

Market conditions were marginally worse for the Concord industrial market. Average asking rents fell \$0.04 to \$0.94 per square foot. Vacancy climbed one tenth of a percent from the second to third quarter, climbing to 14.7%. The Concord industrial market had 25,521

NORTH 680 - AVAILABLE SPACE VS. AVERAGE ASKING RENTAL RATE



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**SUBMARKET MAP**

- 1 CONCORD
- 2 MARTINEZ
- 3 PITTSBURG
- 4 ANTIOCH
- 5 PLEASANT HILL
- 6 PACHECO
- 7 WALNUT CREEK
- 8 BRENTWOOD

square feet of positive net absorption, and negative 472,204 square feet year to date. Martinez had very stable condition through the third quarter. Vacancy remained unchanged, holding steady at 14.5% in the third quarter. The Martinez submarket had 702 square feet of negative net absorption. So far during 2009, Martinez has 69,756 square feet of negative net absorption. Average asking rents fell considerably to \$0.70 per square foot.

Excluding rents, market conditions actually improved for industrial properties in Pittsburg. Average asking rents only fell \$0.03 per square foot, falling to \$0.47 per square foot. Vacancy actually declined in the third quarter, falling eight tenths of a percent from 9.4% to 8.6%. The Pittsburg submarket had 25,516 square feet of positive net absorption. The Pittsburg submarket is somewhat of an anomaly this quarter in

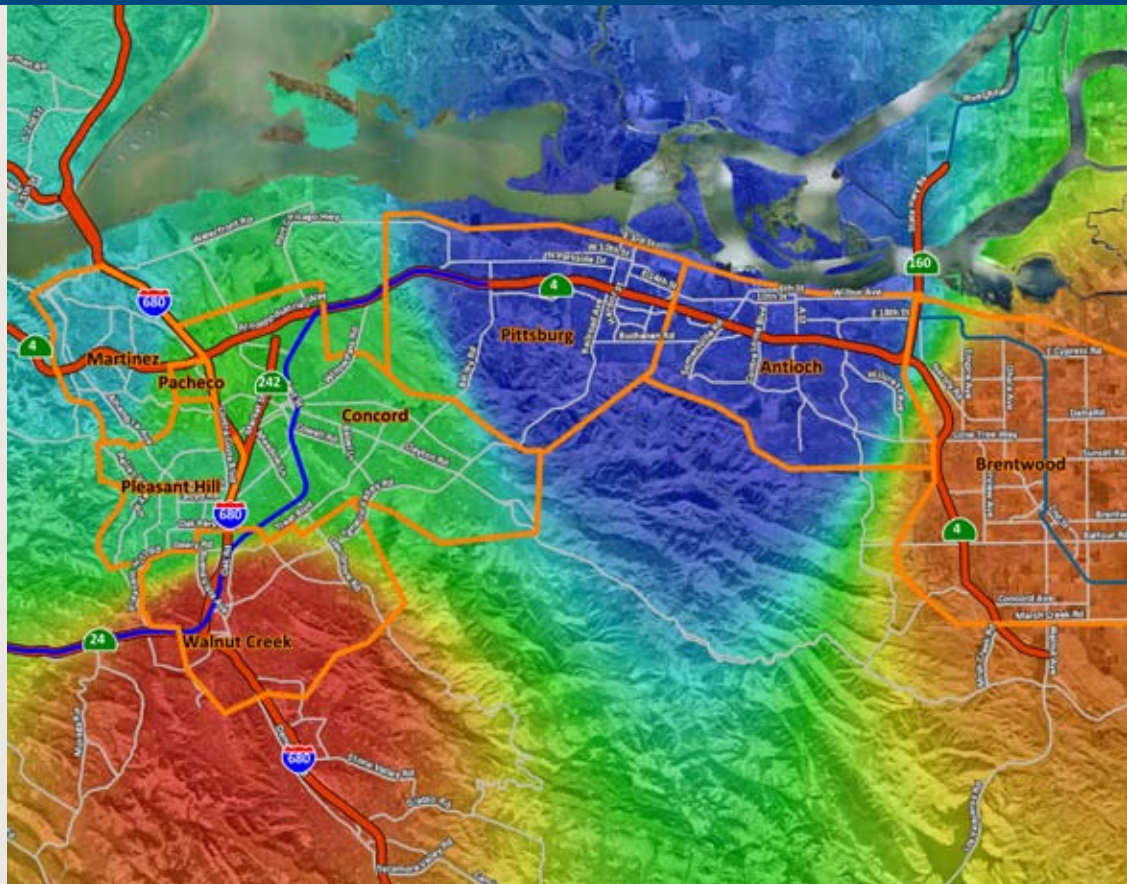
that it has 155,453 square feet of positive net absorption through all of 2009.

Antioch industrial market conditions worsened the most among the submarkets of the North I-680 and Highway 4 Corridors, during the third quarter of 2009. Vacancy for industrial property in Antioch climbed to 22.0%, up almost two hundred basis points from the previous quarter. Average asking rents fell to \$0.47 per square foot in the third quarter. The entire submarket had 87,017 square feet of negative net absorption, and 45,407 square feet of negative net absorption year to date.

The relatively small Pleasant Hill submarket also saw some of the most adverse market conditions in the third quarter. Vacancy surged to 19.3% climbing several percentage points from the previous quarter. Average asking

**NORTH I-680 & HIGHWAY 4 CORRIDORS  
INDUSTRIAL AVERAGE ASKING RENTS**

- > \$1.40/sf
- \$1.25/sf - \$1.40/sf
- \$1.00/sf - \$1.25/sf
- \$0.75/sf - \$1.00/sf
- < \$0.75/sf
- Submkt Boundaries
- Major Highways
- Major Roads
- BART



## INDUSTRIAL MARKET STATISTICS

### THIRD QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION SF		U/C & PROPOSED SF		AVG RENTS		
Class	Bldgs	Total Inventory Sq Ft	Sq Ft	Rate	Sq Ft	Rate	Sq Ft	3Q - 09	Vacancy Rate Previous Q	Current Occupied Sq Ft	Current Period	YTD	Completed This Qtr Sq Ft	Under Constr	Avg Asking Rent Rate	Avg Annual Rate

### SUB MARKETS

CONCORD																
IND	287	5,883,014	753,413	12.8%	79,993	1.4%	833,406	14.2%	13.9%	5,049,608	17,669	(386,698)	-	-	\$0.90	\$10.80
WH	3	264,128	17,341	6.6%	50,400	0.19	67,741	25.6%	25.6%	196,387	-	(135,482)	-	-	\$0.65	\$7.80
RD/FL	21	671,296	101,939	15.2%	-	-	101,939	15.2%	16.4%	569,357	7,852	49,976	-	-	\$1.42	\$17.04
TOTAL	311	6,818,438	872,693	12.8%	130,393	1.9%	1,003,086	14.7%	14.6%	5,815,352	25,521	(472,204)	-	-	\$0.94	\$11.28

MARTINEZ																
IND	45	776,553	103,832	13.4%	-	-	103,832	13.4%	13.4%	672,721	72	(63,695)	-	-	\$0.92	\$11.04
WH	3	118,898	37,242	0.31	-	-	37,242	31.3%	31.3%	81,656	-	(17,858)	-	-	\$0.67	\$8.04
RD/FL	7	139,403	9,314	6.7%	-	-	9,314	6.7%	6.1%	130,089	(774)	11,797	-	-	\$0.99	\$11.88
TOTAL	55	1,034,854	150,388	14.5%	-	-	150,388	14.5%	14.5%	884,466	(702)	(69,756)	-	-	\$0.70	\$8.40

PITTSBURG																
IND	84	2,947,853	123,436	4.2%	1,750	0.00	125,186	4.2%	3.8%	2,822,667	(15,472)	(5,427)	-	-	\$0.65	\$7.80
WH	6	805,767	198,010	24.6%	-	-	198,010	24.6%	29.7%	607,757	40,988	160,880	-	-	\$0.35	\$4.20
TOTAL	90	3,753,620	321,446	8.6%	1,750	0.00	323,196	8.6%	9.4%	3,430,424	25,516	155,453	-	-	\$0.47	\$5.58

ANTIOCH																
IND	52	1,526,064	219,568	14.4%	-	-	219,568	14.4%	14.1%	1,306,496	(21,819)	(21,209)	-	-	\$0.80	\$9.60
WH	8	1,697,260	462,450	27.2%	46,265	2.7%	508,715	30.0%	27.0%	1,188,545	(50,200)	(9,200)	-	-	\$0.32	\$3.84
RD/FL	5	82,328	-	0.0%	-	-	-	-	0.0%	82,328	(14,998)	(14,998)	-	-	\$0.91	\$10.92
TOTAL	65	3,305,652	682,018	20.6%	46,265	1.4%	728,283	22.0%	20.3%	2,577,369	(87,017)	(45,407)	-	-	\$0.47	\$5.69

PLEASANT HILL																
IND	11	245,229	41,706	17.0%	6,000	2.4%	47,706	19.5%	12.7%	197,523	(16,500)	(19,320)	-	-	\$0.85	\$10.20
RD/FL	2	56,808	10,700	18.8%	-	-	10,700	18.8%	17.9%	46,108	(3,000)	(4,300)	-	-	\$1.00	\$12.00
TOTAL	13	302,037	52,406	17.4%	6,000	0.02	58,406	19.3%	13.7%	243,631	(19,500)	(23,620)	-	-	\$0.88	\$10.57

PACHECO																
IND	26	561,782	12,900	2.3%	4,000	0.01	16,900	3.0%	3.0%	544,882	(32)	5	-	-	\$1.01	\$12.12
TOTAL	26	561,782	12,900	2.3%	4,000	0.01	16,900	3.0%	3.0%	544,882	(32)	5	-	-	\$1.01	\$12.12

WALNUT CREEK																
IND	12	180,654	7,000	3.9%	-	-	7,000	3.9%	3.9%	173,654	-	-	-	-	\$1.51	\$18.12
RD/FL	1	52,420	52,420	100.0%	-	-	52,420	100.0%	100.0%	-	-	(52,400)	-	-	\$-	\$-
TOTAL	13	233,074	59,420	25.5%	-	-	59,420	3.0%	3.0%	173,654	-	(52,400)	-	-	\$1.51	\$18.12

BRENTWOOD																
IND	26	592,542	37,597	6.3%	-	-	37,597	6.3%	5.7%	554,945	(3,627)	2,163	-	-	\$1.43	\$17.16
TOTAL	26	592,542	37,597	6.3%	-	-	37,597	6.3%	5.7%	554,945	(3,627)	2,163	-	-	\$1.43	\$17.16

### MARKET TOTAL

IND	543	12,713,691	1,299,452	10.2%	91,743	0.7%	1,391,195	10.9%	10.5%	11,322,496	(39,709)	(494,181)	-	-	\$0.91	\$10.92
WH	20	2,886,053	715,043	24.8%	96,665	3.3%	811,708	28.1%	27.8%	2,074,345	(9,212)	(1,660)	-	-	\$0.36	\$4.32
RD/FL	36	1,002,255	174,373	17.4%	-	-	174,373	17.4%	17.8%	827,882	(10,920)	(9,925)	-	-	\$1.31	\$15.72
TOTAL	599	16,601,999	2,188,868	13.2%	188,408	1.1%	2,377,276	14.3%	14.0%	14,224,723	(59,841)	(505,766)	-	-	\$0.67	\$8.04

### QUARTERLY COMPARISON AND TOTALS

3Q09	599	16,601,999	2,188,868	24.8%	188,408	1.1%	2,377,276	14.3%	14.0%	14,224,723	(59,841)	(505,766)	-	-	\$0.67	\$8.04
2Q09	600	16,631,436	2,137,815	17.8%	188,408	1.1%	2,326,223	14.0%	13.9%	14,305,213	(269,971)	(457,526)	-	-	\$0.71	\$8.49
1Q09	600	16,704,106	2,137,658	17.8%	178,819	1.1%	2,316,477	13.9%	12.7%	14,387,629	(187,555)	(187,555)	-	-	\$0.64	\$7.68
4Q08	600	16,551,106	1,967,509	11.9%	128,574	0.8%	2,096,083	12.7%	11.7%	14,455,023	(405,751)	(825,950)	-	-	\$0.70	\$8.40
3Q08	598	16,556,326	1,816,670	11.0%	128,574	0.8%	1,945,244	11.7%	11.1%	14,611,082	(249,692)	(669,891)	0	-	0.65	7.8

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rents for the third quarter fell to \$0.88 per square foot. The submarket had 19,500 square feet of negative net absorption for the third quarter and 23,620 square feet of negative net absorption year to date.

Pacheco had another stable quarter of market conditions. Vacancy remained very low in the third quarter, standing unchanged at 3.0%. Average asking rents were up only one cent to \$1.01 per square foot.

Walnut Creek had stable vacancy, remaining at 3.0% in the third quarter. Average asking rents fell from \$1.60 per square foot to \$1.51 per square foot.

The submarket has 52,400 square feet of negative net absorption year to date.

Vacancy increased in Brentwood, climbing to 6.3% from 5.7% in the previous quarter. In what could be called a statistical anomaly average asking rents climbed to \$1.43 per square foot. The submarket had 3,627 square feet of negative net absorption.

Even though the overall economy may have shown some signs of improvement, the industrial market continues to show signs of weakness; exhibiting weak demand and a large excess of space. Until drivers of economic growth remove the excess space from the market, conditions will likely continue to erode.

NORTH 680 INDUSTRIAL • CORRIDOR SALES VS. LEASE VELOCITY



294 OFFICES IN 61 COUNTRIES  
ON 6 CONTINENTS

USA 94  
Canada 19  
Latin America 18  
Asia Pacific 62  
EMEA 95

\$48.1 billion in annual transaction volume

1.1 billion square feet under management

12,749 Professionals

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