

NORTH I-680 CORRIDOR | INDUSTRIAL

Q3 2018

Accelerating success.

Record Setting Year for Industrial Market

- > Industrial Inventory: 18,099,894 Square Feet
- > Current Vacancy: 3.8 percent
- > Net Absorption YTD: 223,308 Square Feet

As we prepare to put a bow on 2018, the North I-680 Corridor's industrial market is going through a record breaking year. Overall vacancy rate dropped to 3.8 percent, continuing the trend of record low vacancy in the market. Rental rates increased to \$0.78, continuing to ride a nine year high. During the quarter there was 86,610 square feet of absorption. Construction is underway at Kendall Plaza in Brentwood, which would provide nearly 30,000 square feet of additional warehouse space. Two sales occurred during the quarter, which is lower than the past few cycles.

Continued on last page

Market Indicators

Contra Costa County
Unemployment Rate

10-Year Nominal
Interest Rate

Consumer
Confidence



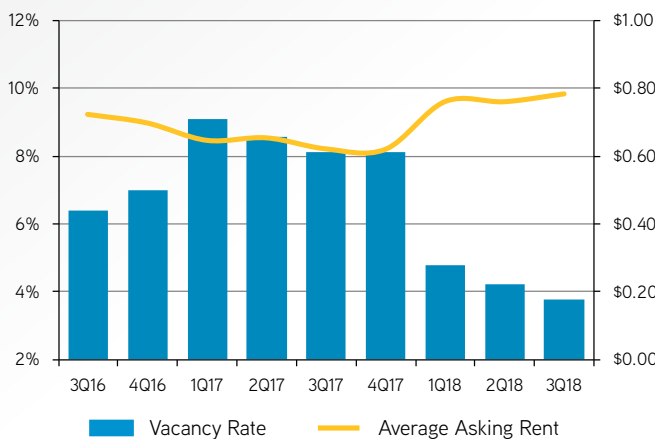
Market Trends

Relative to prior period	Q3 2018	Q4 2018*
Vacancy	↓	↓
Net Absorption	↑	↑
Construction	↑	↑
Rental Rate	↑	↑

*Projected

Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor

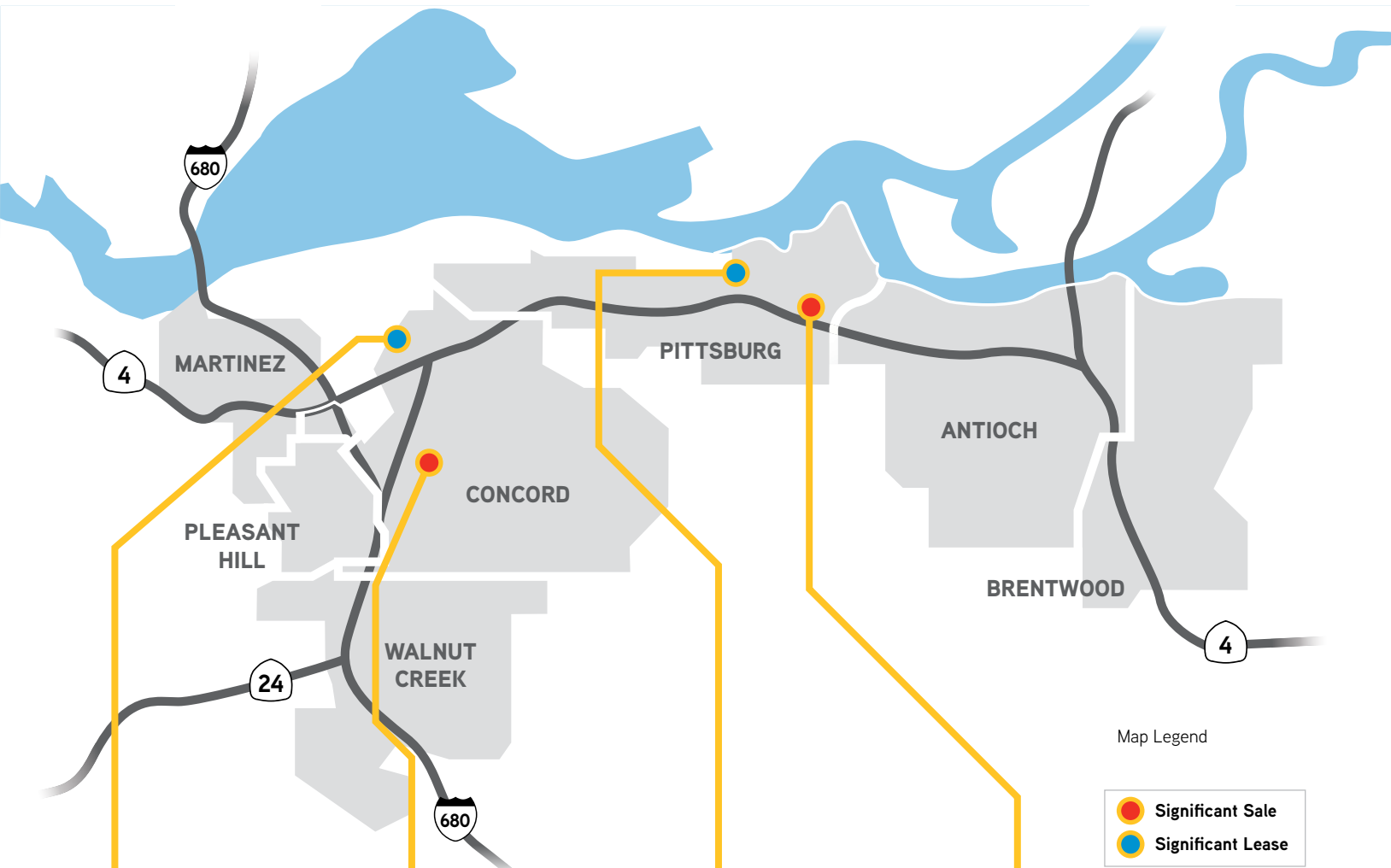


Vacancy continues its descent, and rents remained on the rise this past quarter.

Summary Statistics

Q3 Walnut Creek Industrial Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	4.2%	3.8%
Net Absorption	95,236	86,610
Construction Completed	0	0
Under Construction	0	29,102
Overall Asking Rents*	\$0.76	\$0.78
Industrial	\$0.81	\$0.82
R&D/Flex	\$1.12	\$0.96
Warehouse/Distribution	\$0.57	\$0.42

*Asking Rents Reported Monthly



Map Legend

- Significant Sale
- Significant Lease

Valley Relocation & Storage

4020 Nelson Avenue,
Concord
September 2018
17,341 SF

Morello Ave Baptist Church

1700 Willow Pass Court,
Concord
July 2018
4,800 SF

NBC Packaging

701 Willow Pass Road,
Pittsburg
September 2018
93,600 SF

Rise Group Commercial

1251 California Avenue,
Pittsburg
August 2018
3,019 SF

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	SELLER/BUYER	TYPE
1700 Willow Pass Court G, Concord	July 2018	4,800	Morello Avenue Baptist Church	R&D/Flex
1251 California Avenue 200, Pittsburg	August 2018	3,019	Rise Group Commercial	R&D/Flex

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
701 Willow Pass Road, Pittsburg	September 2018	93,600	NBC Packaging	Warehouse/Distribution
4020 Nelson Avenue, Concord	September 2018	17,341	Valley Relocation & Storage	Warehouse/Distribution
2035 E Leland Road, Pittsburg	August 2018	17,080	Total Equipment & Rental	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	6,358,139	105,974	1.7%	11,600	0.2%	117,574	1.8%	1.6%	(11,887)	(38,455)	-	-	\$1.17
WH	3	264,128	25,200	9.5%	-	0.00%	25,200	9.5%	9.5%	-	(20,200)	-	-	\$0.95
RD/FL	21	622,087	-	0.0%	-	0.0%	-	0.0%	0.7%	4,369	8,923	-	-	\$1.18
TOTAL	323	7,244,354	131,174	1.8%	11,600	0.2%	142,774	2.0%	1.9%	(7,518)	(49,732)	-	-	\$1.17
MARTINEZ														
IND	55	931,208	-	0.0%	-	-	-	0.0%	0.0%	-	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%	1.1%	-	14,057	-	-	\$0.96
TOTAL	65	1,189,509	1,526	0.1%	-	-	1,526	0.1%	0.1%	-	28,447	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	442,356	13.0%	-	-	442,356	13.0%	13.1%	3,528	20,675	-	-	\$0.71
WH	7	853,101	-	0.0%	43,200	0.05	43,200	5.1%	16.0%	93,600	177,548	-	-	\$0.67
TOTAL	101	4,262,490	442,356	10.4%	43,200	1.0%	485,556	11.4%	13.7%	97,128	198,223	-	-	\$0.71
ANTIOCH														
IND	63	1,672,710	44,490	2.7%	-	0.0%	44,490	2.7%	2.7%	1,300	16,132	-	-	\$0.98
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	44,490	1.3%	-	0.0%	44,490	1.3%	1.3%	1,300	41,956	-	-	\$0.98
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	4,300	0.7%	-	0.0%	4,300	0.7%	0.0%	(4,300)	(4,500)	-	-	\$1.05
TOTAL	30	605,490	4,300	0.7%	-	0.0%	4,300	0.7%	0.0%	(4,300)	(4,500)	-	-	\$1.05
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%	0.4%	-	6,615	-	-	\$1.30
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	29,102	-	\$1.00
TOTAL	35	708,845	2,520	0.4%	-	-	2,520	0.4%	0.4%	-	6,615	29,102	-	\$1.30

MARKET TOTAL

IND	594	14,106,970	599,640	4.3%	11,600	0.1%	611,240	4.3%	4.2%	(11,359)	17,156	-	-	\$0.82
WH	24	2,926,858	25,200	0.9%	43,200	1.5%	68,400	2.3%	5.5%	93,600	181,098	-	29,102	\$0.42
RD/FL	37	1,066,066	1,526	0.1%	-	0.0%	1,526	0.1%	0.6%	4,369	25,054	-	-	\$0.96
TOTAL	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

QUARTERLY COMPARISON AND TOTALS

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
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	15,240	-	\$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

Concord

Concord's vacancy increased to 2.0 percent, a 0.1 percent increase from last quarter. Average rents in Concord increased to \$1.17 per square foot, from \$1.15 over the same period. Concord was home to a majority of the leases signed in addition to having one of the sales in the region this past quarter. Morello Avenue Baptist Church purchased 1700 Willow Pass Court G, a 4,800 square foot R&D/flex space for \$1,550,000, or \$323 per square foot. In terms of leasing, Valley Relocation & Storage renewed their 17,341 square foot lease at 4020 Nelson Avenue.

East Contra Costa County

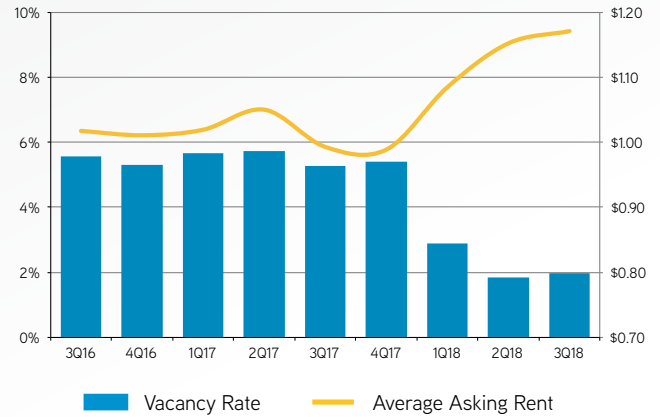
The vacancy rate in Antioch remained at 1.3 percent from the previous quarter. Average rental rates in Antioch increased to \$0.98 per square foot, a \$0.01 increase from the same period. Pittsburg's vacancy rate decreased to 11.4 percent from 13.7 percent last quarter. Rental rates in Pittsburg have increased to \$0.71, an increase of \$0.01 since the previous quarter. Pittsburg was home to an industrial sale and had the largest lease in the North I-680 Corridor during the quarter. A 3,019 square foot R&D/flex condo at 1251 California Avenue, Suite 200, sold to Rise Group Commercial for \$865,000, or \$287 per square foot. NBC Packaging leased 93,600 square feet of warehouse space at 701 Willow Pass Road. Total Equipment & Rental leased 17,080 square feet of light industrial space at 2035 East Leland Road.

Summary

As we prepare to wrap up 2018, the industrial market available space remains extremely limited, dropping to just 681,240 square feet, on an overall product inventory of more than 18.0 million square feet. As space becomes more scarce, rents are in turn continuing to increase as evidenced by the record high rents we are experiencing. Current expectations project the rents to continue to increase and vacancy to remain low to finish 2018.

Average Asking Rent vs. Vacancy Rate

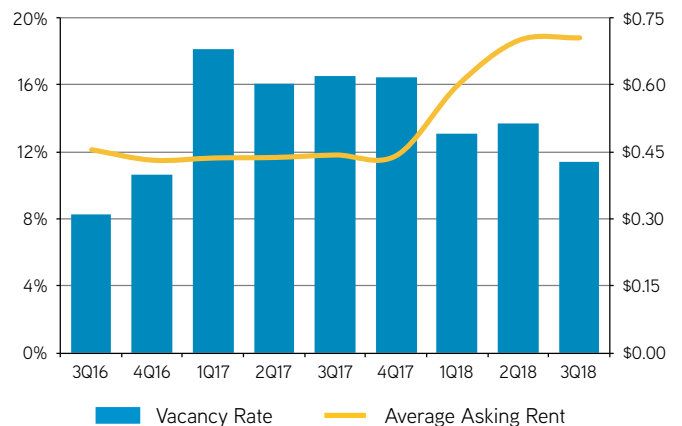
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

Scott Ellis
Executive Managing Director
CA License No. 00713974
+1 925 279 5575
Scott.Ellis@colliers.com

Cristian Villarreal
Market Research Analyst
+1 925 279 5579
Cristian.Villarreal@colliers.com