

NORTH I-680 CORRIDOR | INDUSTRIAL

Q3 2019

Accelerating success.

Zeroing In

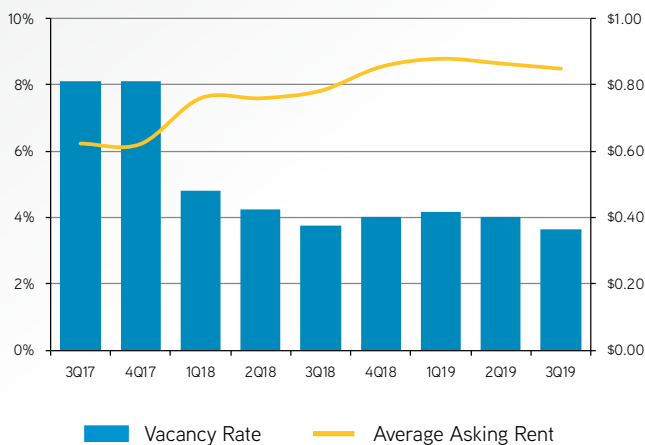
- > Industrial Inventory: 18,156,048 SF
- > Current Vacancy: 3.6%
- > Net Absorption: 71,373 Square Feet Year-To-Date

As we proceed to the final quarter of 2019, the North I-680 Corridor's industrial market continues to be limited. The overall vacancy rate decreased to 3.6 percent since the previous quarter, the lowest ever recorded since Colliers began tracking the market. Rental rates decreased to \$0.85, a decrease of \$0.02 over the same period. During the quarter there was 71,373 square feet of absorption. Seven sales occurred during the quarter, which is slightly more activity than past cycles.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



The trends from the past several quarters have not changed much. Vacancy across all industrial types are at historical lows while rents remain high.

Market Indicators

Unemployment Rate
Contra Costa County

10-Year Nominal
Interest Rate

Consumer
Confidence

3.2%

1.68
%

125.1

Market Trends

Relative to prior period

Q3 2019

Q4 2019*

Vacancy



Net Absorption



Construction



Rental Rate



*Projected

Summary Statistics

Q3 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate

4.0%

3.6%

Net Absorption

22,018

71,373

Construction Completed

0

0

Under Construction

29,102

29,102

Overall Asking Rents*

\$0.87

\$0.85

Industrial

\$0.85

\$0.84

R&D/Flex

\$1.49

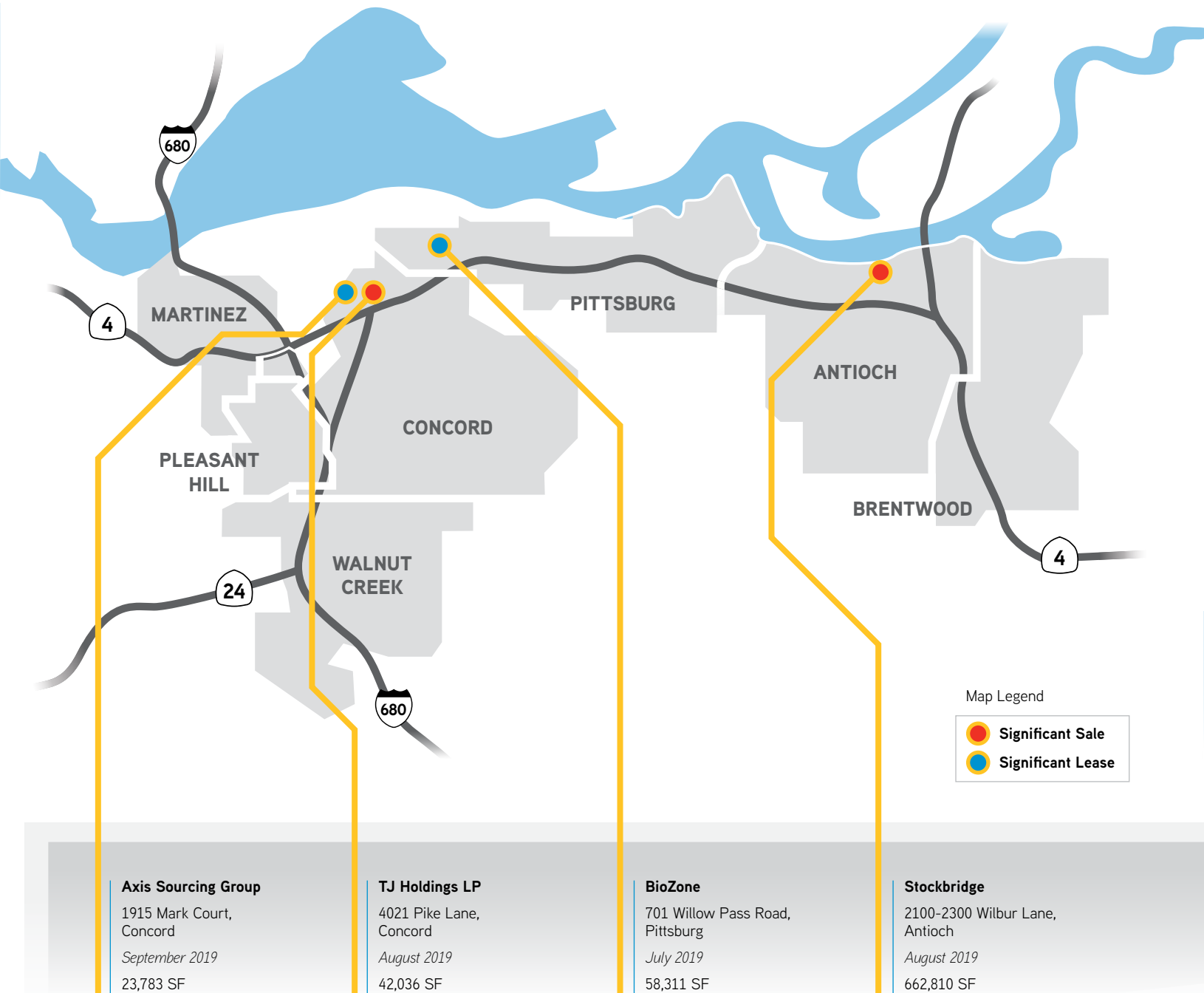
\$1.31

Warehouse/Distribution

\$0.67

\$0.67

*Asking Rents Reported Monthly



Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
701 Willow Pass Road, Pittsburg	July 2019	58,311	BioZone	Warehouse
1915 Mark Court, Concord	September 2019	23,783	Axis Sourcing Group	R&D/Flex
2280 Bates Avenue, Concord	August 2019	10,142	Eva's Esthetics	Light Industrial

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
2100-2300 Wilbur Lane, Antioch	August 2019	662,810	Stockbridge	Warehouse
4021 Pike Lane, Concord	August 2019	42,036	TJ Holdings LP	Light Industrial
140 Mason Circle, Concord	August 2019	27,748	Charles & Colleen Malet	Light Industrial
4095 Pike Lane, Concord	July 2019	15,900	Reverse Exchange NO 79 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	6,358,139	79,417	1.2%	19,760	0.3%	99,177	1.6%	1.9%	22,775	17,568	-	-	\$1.27
WH	4	320,282	-	0.0%	-	0.00%	-	0.0%	0.0%	-	-	-	-	\$0.95
RD/FL	21	622,087	28,251	4.5%	-	0.0%	28,251	4.5%	4.3%	(1,346)	20,532	-	-	\$1.50
TOTAL	324	7,300,508	107,668	1.5%	19,760	0.3%	127,428	1.7%	2.0%	21,429	38,100	-	-	\$1.32
MARTINEZ														
IND	55	931,208	7,168	0.8%	11,520	0.01	18,688	2.0%	1.7%	(3,088)	(18,688)	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	14,235	10.2%	-	-	14,235	10.2%	4.1%	(8,461)	(12,709)	-	-	\$0.96
TOTAL	65	1,189,509	21,403	1.8%	11,520	0.01	32,923	2.8%	1.8%	(11,549)	(31,397)	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	436,137	12.8%	-	-	436,137	12.8%	12.4%	(12,231)	(3,926)	-	-	\$0.72
WH	7	853,101	-	0.0%	-	-	-	0.0%	6.8%	58,311	43,200	-	-	\$0.67
TOTAL	101	4,262,490	436,137	10.2%	-	0.0%	436,137	10.2%	11.3%	46,080	39,274	-	-	\$0.72
ANTIOCH														
IND	63	1,672,710	45,413	2.7%	-	0.0%	45,413	2.7%	2.9%	2,639	11,536	-	-	\$0.78
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%	4.7%	-	(2,667)	-	-	\$1.20
TOTAL	78	3,429,714	49,471	1.4%	-	0.0%	49,471	1.4%	1.5%	2,639	8,869	-	-	\$0.81
PLEASANT HILL														
IND	10	298,020	-	0.0%	-	0.0%	-	0.0%	0.9%	2,700	-	-	-	\$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%	0.8%	2,700	-	-	-	\$1.05
PACHECO														
IND	30	605,490	-	0.0%	-	0.0%	-	0.0%	2.7%	16,278	20,578	-	-	\$1.05
TOTAL	30	605,490	-	0.0%	-	0.0%	-	0.0%	2.7%	16,278	20,578	-	-	\$1.05
WALNUT CREEK														
IND	10	142,650	-	0.0%	-	-	-	0.0%	1.2%	1,700	1,700	-	-	\$1.80
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$2.00
TOTAL	11	304,664	-	0.0%	-	-	-	0.0%	0.6%	1,700	1,700	-	-	\$1.80
BRENTWOOD														
IND	33	689,364	14,538	2.1%	-	-	14,538	2.1%	1.0%	(7,904)	(12,018)	-	-	\$1.42
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	29,102	\$1.00
TOTAL	35	708,845	14,538	2.1%	-	-	14,538	2.1%	0.9%	(7,904)	(12,018)	-	29,102	\$1.42

MARKET TOTAL

IND	594	14,106,970	582,673	4.1%	31,280	0.2%	613,953	4.4%	4.5%	22,869	16,750	-	-	\$0.84
WH	25	2,983,012	-	0.0%	-	0.0%	-	0.0%	2.0%	58,311	43,200	-	29,102	\$0.67
RD/FL	37	1,066,066	46,544	4.4%	-	0.0%	46,544	4.4%	3.4%	(9,807)	5,156	-	-	\$1.31
TOTAL	656	18,156,048	629,217	3.5%	31,280	0.2%	660,497	3.6%	4.0%	71,373	65,106	-	29,102	\$0.85

QUARTERLY COMPARISON AND TOTALS

3Q19	656	18,156,048	629,217	3.5%	31,280	0.2%	660,497	3.6%	4.0%	71,373	65,106	-	29,102	\$0.85
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

Concord

Concord's vacancy decreased to 1.7 percent, a three basis point decrease from last quarter, while average rents in Concord increased to \$1.32 per square foot, from \$1.31 over the same period. Concord was home to several major transactions during the quarter. TJ Holdings LP purchased 4021 Pike Lane in Concord, a 42,036 square foot light industrial building for \$6,980,000, or \$210 per square foot. Reverse Exchange No 79 purchased 4091-4095 Pike Lane in Concord, a 31,800 square foot light industrial building for \$6,678,000, or \$210 per square foot. Charles & Colleen Malet purchased 140 Mason Circle in Concord, a 27,748 square foot light industrial building for \$5,000,000 or \$180 per square foot. On the leasing end, Axis Sourcing Group renewed 23,783 square feet of warehouse space at 1915 Mark Court and Eva's Esthetics leased 10,142 square feet of light industrial space at 2280 Bates Avenue.

East Contra Costa County

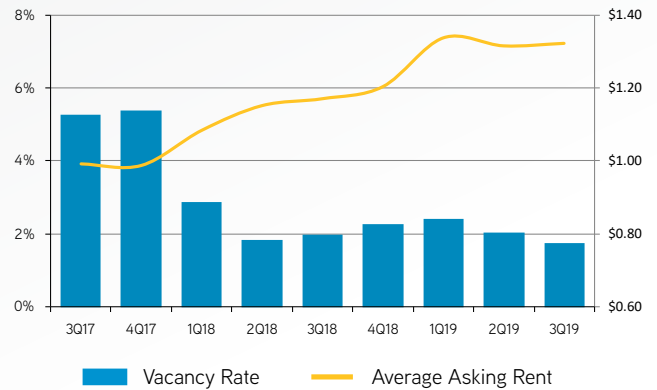
The vacancy rate in Antioch decreased to 1.4 percent, from 1.5 percent last quarter, while average rental rates here increased to \$0.81 per square foot, a \$0.01 increase from the same period. Pittsburg's vacancy rate decreased to 10.2 percent from 11.3 percent the previous quarter. Rental rates in Pittsburg remained at \$0.71 since the previous quarter. East County was home to the largest lease and sale during the quarter. Stockbridge purchased 2100-2300 Wilbur Lane in Antioch, a pair of warehouse buildings totaling 662,810 square feet for \$51,097,000 or \$77 per square foot. In leasing, BioZone took 58,311 square feet of warehouse space at 701 Willow Pass Road in Pittsburg. This deal was for the remaining available warehouse space in the North I-680 Corridor, which is now fully leased.

Summary

As we proceed into the final quarter of 2019, the trends have not changed much in the North I-680 Corridor industrial market. Vacancy is tight at 3.6 percent, while rents continue to remain historically high. The region currently has zero available warehouse space for the first time ever. Indications are that land sales in the region are picking up leading to speculation of potential new developments of industrial types, of which are long overdue. If developments do not begin to take shape, the current trends may be the norm moving forward.

Average Asking Rent vs. Vacancy Rate

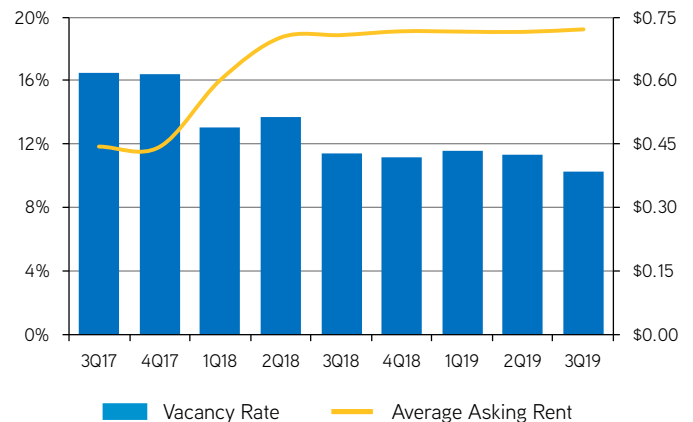
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

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