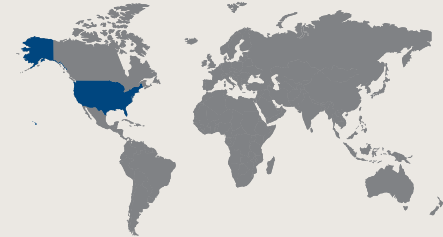


Market Research

INDUSTRIAL | FOURTH QUARTER | 2009



MARKET INDICATORS

	4Q 2009	1Q 2010*
VACANCY	↑	↑
NET ABSORPTION	↓	↓
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

* PROJECTED

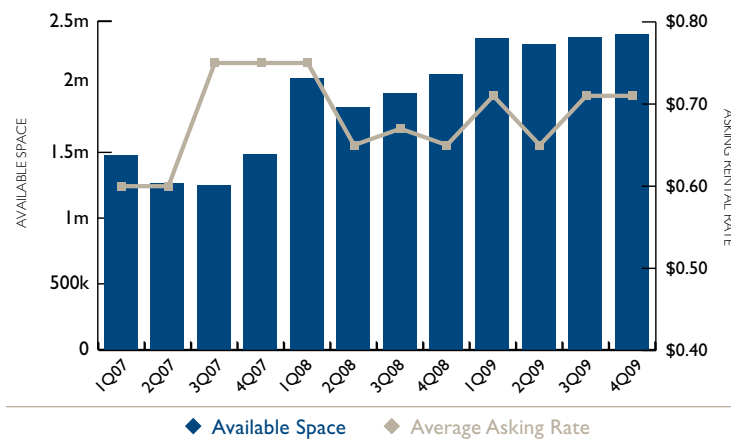
North 680 / Hwy 4 Corridor • Industrial / R&D

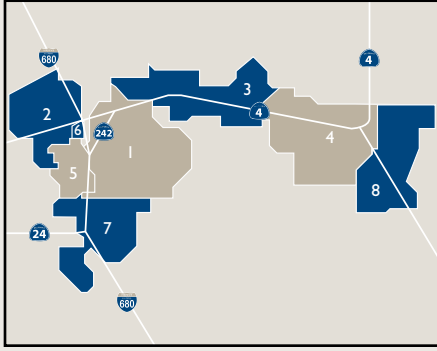
Amid the official emergence from recession, the industrial market in the North I-680 and Highway 4 Corridors had its healthiest quarter in eighteen months. Whether or not market conditions have stabilized and what new challenges will affect the market in 2010 remain to be seen. However, industrial real estate in the region finished the year with slightly improved conditions.

The industrial real estate market continued to remain the most stable commercial real estate sector in the region during the fourth quarter. Though average asking rents were down and net absorption was negative, the vacancy rate for the region declined. Vacancy fell four tenths of a percent to 13.9%. Average asking rents fell slightly from \$0.67 per square foot in the third quarter to \$0.65 per square foot in the fourth quarter. The North I-680 AND Highway 4 Corridors had 28,062 square feet of positive net absorption in the fourth quarter. The region had 575,660 square feet of negative net absorption year to date.

Market conditions improved slightly for light industrial properties. Average asking rents rose one cent to \$0.92 per square foot. Vacancy fell from 10.9% to 10.2% during the fourth quarter. Light industrial properties had 74,774 square feet of positive net absorption.

NORTH 680 - AVAILABLE SPACE VS. AVERAGE ASKING RENTAL RATE





SUBMARKET MAP

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

Warehouse market conditions were reasonably stable. Vacancy held steady at 28.0%. However, average asking rents fell from \$0.36 per square foot in the third quarter to \$0.33 per square foot in the fourth quarter. The warehouse sector had 5,348 square feet of negative net absorption. R&D/Flex properties saw market conditions deteriorate the most. Average asking rents declined from \$1.31 per square foot to \$1.10 per square foot. Vacancy climbed over three hundred basis points to close at 20.5%. The sector had 42,364 square feet of negative net absorption.

Overall, vacancy from all industrial building types fell in Concord during the fourth quarter, from 14.7% to 14.5%. The average asking rent remained unchanged at \$0.94 per square foot. Concord had 51,403 square feet of positive net absorption in the fourth quarter. However, Concord was more hammered by negative net absorption during 2009 than any other submarket in either the North I-680 or Highway 4 Corridors, negative 446,332 square feet.

Average industrial asking rents remained unchanged from the previous quarter in Martinez, holding at \$0.70 per square foot. The vacancy rate fell from 14.5% in the third quarter to 12.4% in the fourth quarter. The Martinez submarket

had 21,582 square feet of positive net absorption for industrial properties in the fourth quarter. Martinez had 47,472 square feet of negative net absorption through all four quarters of 2009.

Pittsburg was one of the healthiest industrial markets during the fourth quarter, posting 40,357 square feet of positive net absorption. Pittsburg finished the year with the largest amount of positive net absorption through all of 2009, 170,294 square feet. The vacancy rate fell from 8.6% in the third quarter to 8.2% in the fourth quarter. Average asking rents only declined slightly fall from \$0.47 per square foot in the prior quarter to \$0.46 per square foot.

Antioch Industrial had stable industrial market conditions in the fourth quarter. Average asking rents were down only one cent, declining to \$0.46 per square foot. Vacancy was down a tenth of a percent to 21.9%. The Antioch industrial submarket had 81,589 square feet of negative net absorption.

Vacancy for industrial properties in Pleasant Hill fell considerably during the fourth quarter. During that period the vacancy rate fell to 15.9%, down from 19.3% in the prior quarter. Average asking rents remained stable at \$0.88 per square foot. The Pleasant

MARKET ACTIVITY

SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	DATE	SQUARE FEET	TENANT	TYPE
5600-5750 IMHOFF DR, CONCORD CA	11/09	7,548	FLEETPRIDE, INC.	LIGHT INDUSTRIAL
5600-5750 IMHOFF DR, CONCORD CA	12/09	7,536	ENGINEERING SUPPLY CO.	LIGHT INDUSTRIAL
2625 CROW CT, ANTIOCH CA	12/09	7,261	PB AMERICAS, INC.	LIGHT INDUSTRIAL

INDUSTRIAL MARKET STATISTICS

FOURTH 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	4Q - 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	5,897,264	750,412	12.7%	39,918	0.7%	790,330	13.4%	14.2%	5,106,934	74,995	(329,372)	-	-	\$0.90	\$10.80
WH	3	264,128	17,341	6.6%	50,400	19.1%	67,741	25.6%	25.6%	196,387	-	(135,482)	-	-	\$0.65	\$7.80
RD/FL	21	671,296	133,383	19.9%	-	-	133,383	19.9%	15.2%	537,913	(23,592)	18,532	-	-	\$1.21	\$14.52
TOTAL	311	6,832,688	901,136	13.2%	90,318	1.3%	991,454	14.5%	14.7%	5,841,234	51,403	(446,322)	-	-	\$0.94	\$11.28

MARTINEZ																
IND	45	776,553	81,548	10.5%	-	-	81,548	10.5%	13.4%	695,005	22,356	(41,411)	-	-	\$1.00	\$12.00
WH	3	118,898	37,242	0.31	-	0.0%	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%	6.7%	130,089	(774)	11,797	-	-	\$0.85	\$10.20
TOTAL	55	1,034,854	128,104	12.4%	-	0.0%	128,104	12.4%	14.5%	906,750	21,582	(47,472)	-	-	\$0.70	\$8.40

PITTSBURG																
IND	84	2,947,853	112,459	3.8%	1,750	0.1%	114,209	3.9%	4.2%	2,833,644	(4,495)	5,550	-	-	\$0.65	\$7.80
WH	6	805,767	194,146	24.1%	-	-	194,146	24.1%	24.6%	611,621	44,852	164,744	-	-	\$0.35	\$4.20
TOTAL	90	3,753,620	306,605	8.2%	1,750	0.0%	308,355	8.2%	8.6%	3,445,265	40,357	170,294	-	-	\$0.46	\$5.52

ANTIOCH																
IND	52	1,526,064	208,060	13.6%	6,080	0.00	214,140	14.0%	14.4%	1,311,924	(16,391)	(15,781)	-	-	\$0.80	\$9.60
WH	8	1,697,260	462,450	27.2%	46,265	2.7%	508,715	30.0%	30.0%	1,188,545	(50,200)	(9,200)	-	-	\$0.30	\$3.60
RD/FL	5	82,328	-	0.0%	-	-	-	-	-	82,328	(14,998)	(14,998)	-	-	\$0.91	\$10.92
TOTAL	65	3,305,652	670,510	20.3%	52,345	1.6%	722,855	21.9%	22.0%	2,582,797	(81,589)	(39,979)	-	-	\$0.46	\$5.46

PLEASANT HILL																
IND	11	245,229	37,305	15.2%	-	-	37,305	15.2%	19.5%	207,924	(6,099)	(8,919)	-	-	\$0.85	\$10.20
RD/FL	2	56,808	10,700	18.8%	-	-	10,700	18.8%	18.8%	46,108	(3,000)	(4,300)	-	-	\$1.00	\$12.00
TOTAL	13	302,037	48,005	15.9%	-	-	48,005	15.9%	19.3%	254,032	(9,099)	(13,219)	-	-	\$0.88	\$10.60

PACHECO																
IND	26	564,782	8,633	1.5%	4,000	0.01	12,633	2.2%	3.0%	552,149	7,235	7,272	-	-	\$0.96	\$11.52
TOTAL	26	564,782	8,633	1.5%	4,000	0.01	12,633	2.2%	3.0%	552,149	7,235	7,272	-	-	\$0.96	\$11.52

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	35,797	6.0%	-	-	35,797	6.0%	6.3%	556,745	(1,827)	3,963	-	-	\$1.34	\$16.08
TOTAL	26	592,542	35,797	6.0%	-	-	35,797	6.0%	6.3%	556,745	(1,827)	3,963	-	-	\$1.34	\$16.08

MARKET TOTAL

IND	543	12,730,941	1,241,214	9.7%	51,748	0.4%	1,292,962	10.2%	10.9%	11,437,979	75,774	(429,988)	-	-	\$0.92	\$11.04
WH	20	2,886,053	711,179	24.6%	96,665	3.3%	807,844	28.0%	28.1%	2,078,209	(5,348)	(7,008)	-	-	\$0.33	\$3.96
RD/FL	36	1,002,255	205,817	20.5%	-	-	205,817	20.5%	17.4%	796,438	(42,364)	(138,664)	-	-	\$1.10	\$13.20
TOTAL	599	16,619,249	2,158,210	13.0%	148,413	0.9%	2,306,623	13.9%	14.3%	14,312,626	28,062	(575,660)	-	-	\$0.65	\$7.80

QUARTERLY COMPARISON AND TOTALS

4Q09	599	16,619,249	2,158,210	13.0%	148,413	0.9%	2,306,623	13.9%	14.3%	14,312,626	28,062	(575,660)	0	0	\$0.65	\$7.80
3Q09	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	0	\$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	0	\$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	0	\$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	0	\$0.70	\$8.40

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Hill submarket had 9,099 square feet of negative net absorption.

Industrial properties in Pacheco saw market improvements during the fourth quarter. The submarket had 7,235 square feet of positive net absorption. Vacancy fell eight tenths of a percent to 2.2%; the lowest vacancy rate in the region. However, the average asking rents in Pacheco did fall from \$1.01 per square foot in the third quarter to \$0.96 per square foot in the fourth quarter.

The small industrial market in Walnut Creek remained virtually unchanged from the previous quarter. Vacancy remained minimal at 3.0%. Average asking rents held steady at \$1.51 per square foot; the highest industrial asking rents in either the North I-680 or Highway 4 Corridors.

Brentwood had more mixed market conditions. The vacancy rate fell three

tenths of a percent to 6.0% in the fourth quarter. Average asking rents fell nine cents to \$1.34 per square foot. Brentwood had 1,827 square feet of negative net absorption.

Though many submarkets in the North I-680 & Highway 4 Corridors saw slightly improved conditions during the fourth quarter of 2009, they may see conditions deteriorate again through 2010. Market conditions will continue to deteriorate until tenants are in a position to expand. Though the industrial market may have already seen the bulk of tenant downsizing, very few tenants are in a position to expand. As tenants remain idle, landlords are left with vacant space and declining rental income. Until the overall economy begins real recovery the industrial market will likely remain on the sidelines.

294 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

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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

CONTACT INFORMATION

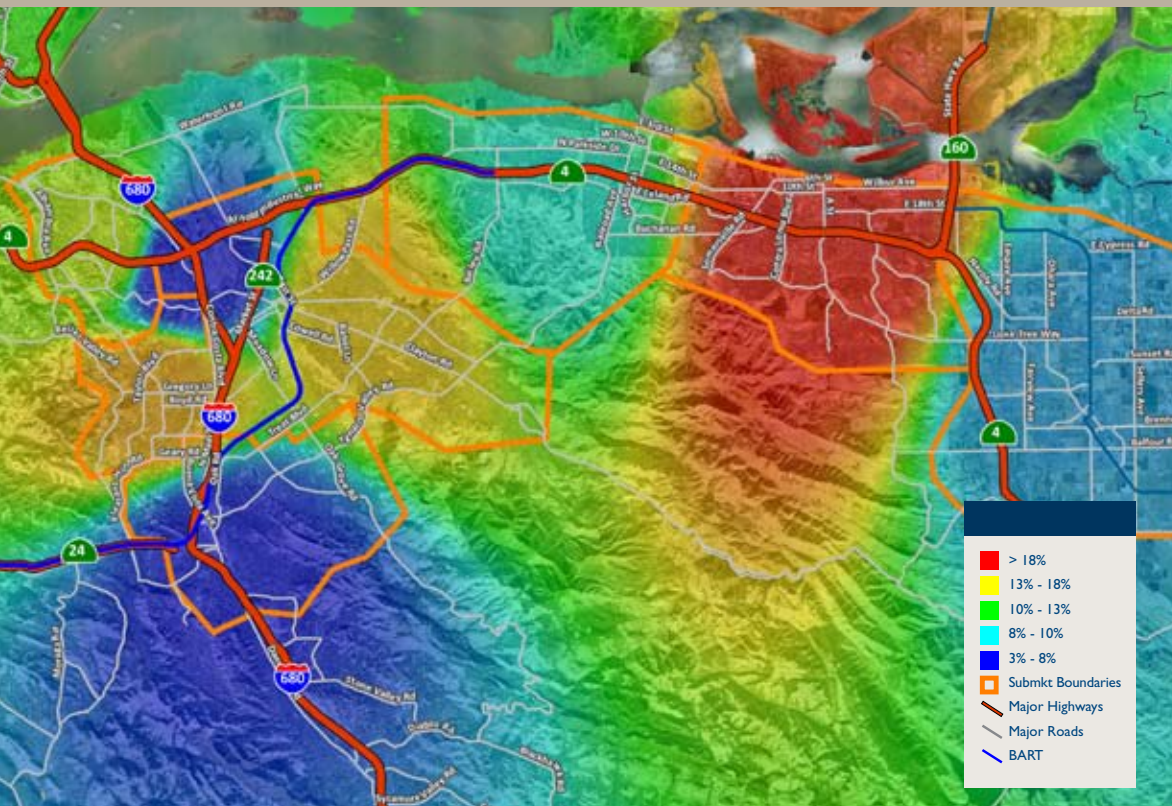
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NORTH I-680 & HIGHWAY 4 CORRIDORS
INDUSTRIAL VACANCY RATES



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