

Key Takeaways

- The industrial vacancy rate in the Oakland I-80/I-880 Corridor dropped to 2.6%, and rental rates generally rose in Q1 2023.
- The electric car industry was the most active sector, with Tesla Motors accounting for the largest lease renewal of 327,100 sq. ft. and the largest direct lease of 148,525 sq. ft. in Hayward.
- Terreno Realty Corporation's purchase of the Morton Commerce Center in Newark was the largest transaction in Q1 2023, while Reyes Holdings bought the brand new build at 500 Pittsburg Avenue in Richmond for \$140.0 million.
- The construction of industrial space in the area remains limited, with Bridge Point Oakland, a 534,242 sq. ft. warehouse/distribution building, being the largest project under development.



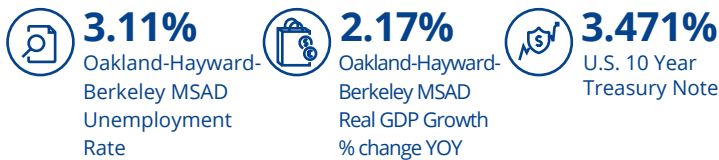
Oakland Industrial 23Q1



Oakland I-80 / I-880 Corridor Industrial Market Q1 2023

The overall industrial vacancy rate in the Oakland I-80/I-880 Corridor dropped from 2.9 percent in the first quarter of 2023 to 2.6 percent in the second. In the first quarter, net absorption was positive 417,355 square feet. On a triple net basis (NNN), the combined average asking rental rate for industrial real estate was \$1.72 per square foot, up 1.8 percent from the \$1.69 per square foot reported in the fourth quarter. In the fourth quarter of 2022, the average asking rent for R&D/Flex properties was \$3.61 per square foot NNN, which was down 17.7 percent to \$2.97 per square foot NNN in the current quarter. Over the upcoming quarters, it is anticipated that industrial vacancy will remain low and that rental rates will generally rise.

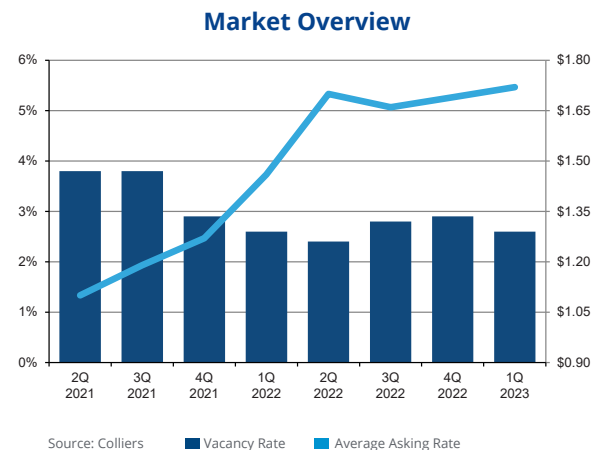
Market Indicators



Historic Comparison

	22Q3	22Q4	23Q1
Total Inventory (in Thousands of SF)	150,375.4	150,375.4	150,433.9
New Supply (in Thousands of SF)	-	-	58.5
Net Absorption (in Thousands of SF)	(591.1)	(72.0)	417.4
Overall Vacancy	2.8%	2.9%	2.6%
Under Construction (in Thousands of SF)	2,454.3	2,454.3	2,395.8
Overall Asking Lease Rates (FSG)	\$1.66	\$1.69	\$1.72

Market Graph



The vacancy rate decreased by 30 basis points to 2.6%, and overall asking rents increased \$0.03 from \$1.69 to \$1.72.

Recent Transactions



Renewal

31353 Huntwood Avenue
Hayward | 327,100 SF



Renewal

4100 Whipple Road
Union City | 154,866 SF



Direct Lease

22290 Hathaway Avenue
Hayward | 148,525 SF



Renewal

7600 Gateway Boulevard
Newark | 138,344 SF



Sale

7355-7395 Morton Avenue
Newark | \$186M | \$308.6/SF



Sale

500 Pittsburg Avenue
Richmond | \$140M | \$290.8/SF

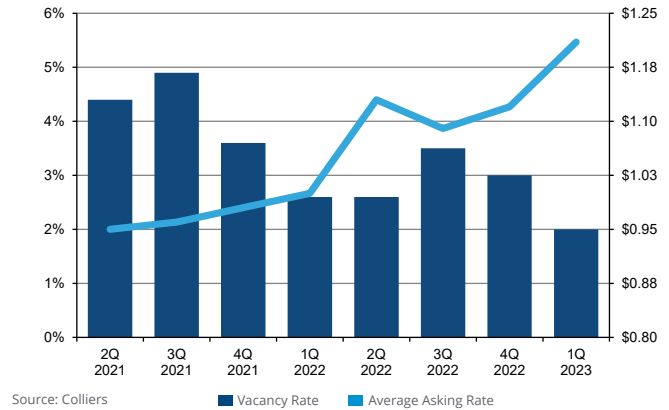
In the I-80/I-880 Corridor, there were fourteen leases of 50,000 square feet or more, up from ten in the fourth quarter of 2022. Tesla Motors’ renewal of a 327,100 square foot lease at 31353 Huntwood Avenue in Hayward accounted for the largest lease in the quarter. Tesla Motors recently inked the largest direct lease, for 148,525 square feet at 22290 Hathaway Avenue in Hayward. The electric car industry accounted for four of the top 14 lease transactions, totaling 665,871 square feet, making it the most active sector when considering lease transactions larger than 50,000 square feet.

In the first quarter, there were six sales of 50,000 square feet or more as opposed to four in the fourth quarter of 2022. The purchase of the 602,731 square foot Morton Commerce Center in Newark by Terreno Realty Corporation was the largest transaction in the first quarter. The industrial park has four buildings and was completely leased by prominent tenants, including Lucid Motors and Meta, at the time of sale. The I-80/I-880 Corridor’s sustained demand from institutional capital for high-quality industrial product is demonstrated by this sale, which closed in March. The 481,487 square foot distribution center at 500 Pittsburg Avenue in Richmond was purchased by Reyes Holdings for \$140.0 million, making it the next-largest sale in terms of value.

Prologis Park Oakland’s delivery resulted in a reduction of 58,530 square feet in the 2,395,790 square feet of industrial space that was under construction in the first quarter. More than 1.91 million square feet of warehouse space alone is included in this amount. The largest project presently under development is Bridge Point Oakland, a 534,242 square foot warehouse/distribution building that is scheduled to be finished in the second quarter of 2023. It is being developed by Bridge Development Partners.

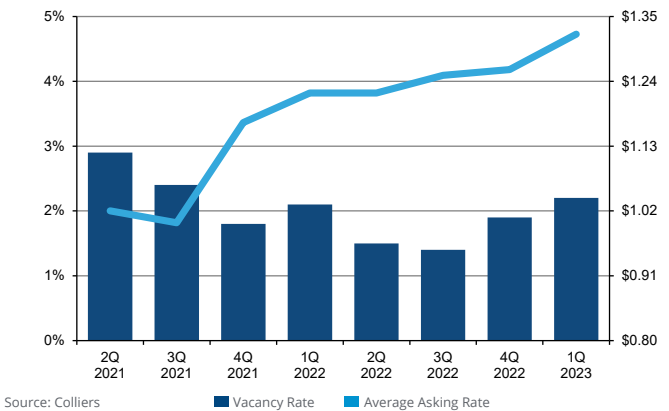
Because of the significant demand for industrial property types in the Oakland I-80 / I-880 Corridor, vacancy rates are low and property prices remains high. Owners are continuing to profit from strong fundamentals, low vacancy, and a limited development pipeline. As a result of the I-80 / I-880 Corridor’s closeness to the Port of Oakland, growth in the electric car industry, long-term trends in e-commerce, and a strong local economy, tenant demand remains strong.

Warehouse



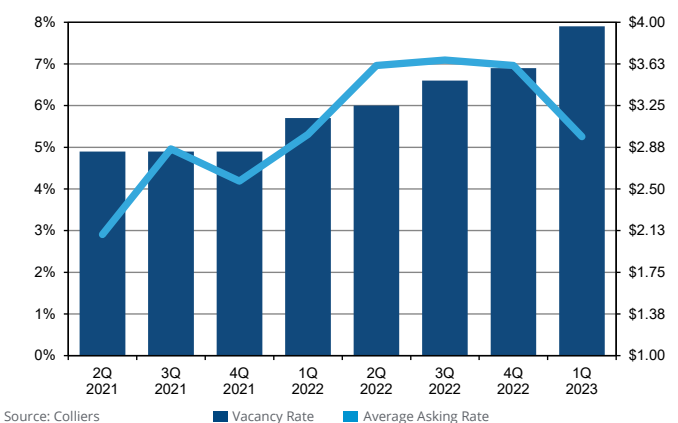
Source: Colliers

Industrial



Source: Colliers

R&D/Flex



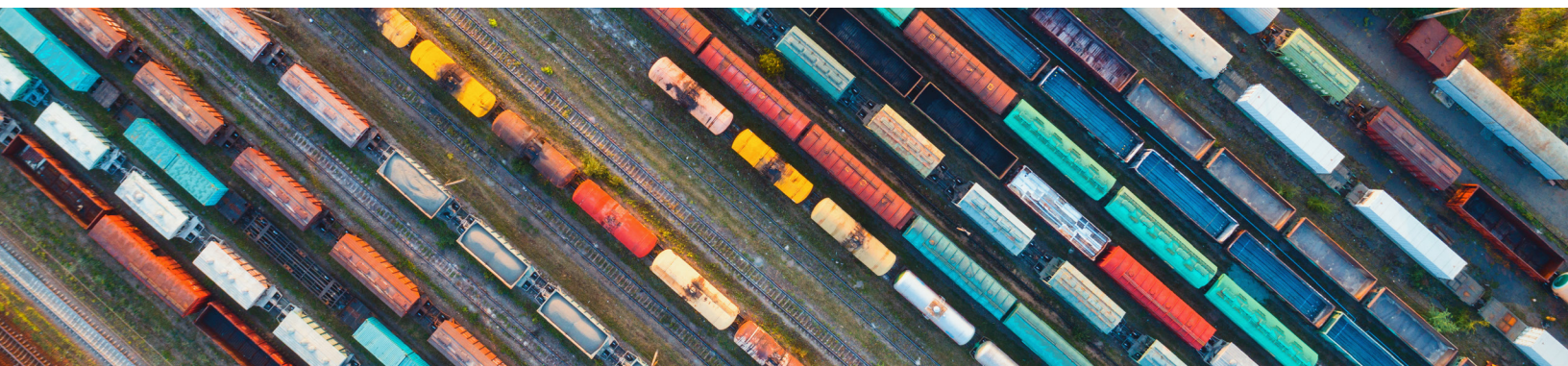
Source: Colliers

Significant Lease Activity

Property Address	Lease Date	Size	Tenant	Type
31353 Huntwood Avenue, Hayward	Mar-2023	327,100	Tesla Motors	Renewal
4100 Whipple Road, Union City	Mar-2023	154,866	Wholesale Interiors	Renewal
22290 Hathaway Avenue, Hayward	Mar-2023	148,525	Tesla Motors	Direct
7600 Gateway Boulevard, Newark	Feb-2023	138,344	Stanford Health Care	Renewal
1699 West Grand Avenue, Oakland	Mar-2023	120,000	Lilac Solutions	Direct
8707 San Leandro Street, Oakland	Jan-2023	82,120	Quik Pick Express	Direct
7000 Gateway Boulevard, Newark	Mar-2023	70,246	Lucid USA	Sublease
2660 West Winton Avenue, Hayward	Mar-2023	63,512	Maple Trade Corporation	Renewal
2801-2809 Faber Street, Union City	Jan-2023	56,629	Sodexo Operations LLC	Direct
1530 Pacific Street, Union City	Jan-2023	55,476	Maxar Technologies	Renewal
2900 Faber Street, Union City	Feb-2023	53,504	nVent Thermal LLC	Renewal
33233 Central Avenue, Union City	Feb-2023	52,831	GCM Medical & OEM Inc	Renewal
33428 Central Avenue, Union City	Feb-2023	51,584	Extron Logistics LLC	Direct

Significant Sale Activity

Property Address	Sale Date	Size	Buyer	Type
7355-7395 Morton Avenue, Newark	Mar-2023	602,731	Terreno Realty Corporation	Investment
500 Pittsburg Avenue, Richmond	Mar-2023	481,487	Reyes Holdings	User
177 Parr Boulevard, Richmond	Feb-2023	205,900	Pell Development	Investment
2300 Polvorosa Avenue, San Leandro	Jan-2023	79,629	NGY Stone & Cabinet	User
3655 Collins Avenue, Richmond	Jan-2023	72,000	Woodburn Partners LLC	User
33589 Central Avenue, Union City	Mar-2023	61,707	Tarlton Properties	Investment





Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Richmond											
Industrial	4,902,375	1.1%	0.0%	1.1%	1.1%	1.2%	2,602	2,602	33,853	-	\$1.04
Warehouse	6,770,927	5.3%	2.1%	7.4%	0.4%	7.1%	457,487	457,487	487,278	-	\$1.30
R&D/FLEX	3,411,053	4.2%	0.6%	5.3%	1.1%	1.1%	-	-	-	-	\$1.50
Total	15,084,355	3.8%	1.1%	4.9%	0.8%	3.8%	460,089	460,089	521,131	-	\$1.24
Oakland											
Industrial	22,664,359	1.1%	0.4%	1.5%	1.4%	1.3%	(27,676)	(27,676)	-	-	\$1.44
Warehouse	12,004,717	5.0%	1.2%	6.2%	3.3%	4.9%	249,801	249,801	605,521	58,530	\$1.14
R&D/FLEX	-	-	-	-	-	-	-	-	-	-	-
Total	34,669,076	2.5%	0.7%	3.1%	2.0%	2.5%	222,125	222,125	605,621	58,530	\$1.27
San Leandro											
Industrial	11,451,555	5.8%	0.9%	6.7%	4.3%	4.5%	18,888	18,888	-	-	\$1.34
Warehouse	15,660,009	3.5%	0.1%	3.6%	2.5%	2.2%	(49,118)	(49,118)	-	-	\$1.12
R&D/FLEX	1,298,303	12.6%	0.0%	12.6%	12.6%	13.4%	10,281	10,281	-	-	\$3.68
Total	28,409,867	4.8%	0.4%	5.3%	3.7%	3.6%	(19,949)	(19,949)	-	-	\$1.62
Hayward											
Industrial	16,949,654	3.1%	0.6%	3.6%	2.7%	1.9%	(141,050)	(141,050)	448,720	-	\$1.30
Warehouse	22,259,560	3.8%	0.3%	4.1%	1.2%	2.3%	241,097	241,097	820,318	-	\$1.22
R&D/FLEX	4,547,794	9.0%	2.3%	11.2%	10.0%	8.2%	(84,061)	(84,061)	-	-	\$2.06
Total	43,757,008	4.1%	0.6%	4.6%	2.7%	2.7%	15,986	15,986	1,269,038	-	\$1.58
Union City											
Industrial	7,883,678	0.9%	0.0%	0.9%	0.8%	0.9%	5,061	5,061	-	-	\$1.30
Warehouse	7,488,110	2.7%	1.5%	4.2%	2.0%	2.0%	-	-	-	-	\$1.29
R&D/FLEX	870,672	1.0%	0.0%	1.0%	1.0%	1.0%	-	-	-	-	\$1.45
Total	16,242,460	1.8%	0.7%	2.4%	1.4%	1.4%	5,061	5,061	-	-	\$1.30
Newark											
Industrial	4,660,317	0.9%	0.9%	1.8%	2.4%	1.6%	(36,817)	(36,817)	-	-	\$1.11
Warehouse	4,528,574	0.4%	3.9%	4.3%	3.9%	0.0%	(177,140)	(177,140)	-	-	\$1.50
R&D/FLEX	3,082,263	15.4%	3.8%	19.2%	12.1%	10.4%	(52,000)	(52,000)	-	-	\$3.97
Total	12,271,154	4.4%	2.7%	7.1%	5.4%	3.2%	(265,957)	(265,957)	-	-	\$2.83
Grand Total											
Industrial	68,511,938	2.4%	0.5%	2.8%	2.2%	1.9%	(178,992)	(178,992)	482,573	-	\$1.32
Warehouse	68,711,897	3.7%	0.9%	4.7%	2.0%	3.0%	722,127	722,127	1,913,217	58,530	\$1.21
R&D/FLEX	13,210,085	9.2%	1.8%	11.0%	7.9%	6.9%	(125,780)	(125,780)	-	-	\$2.97
Total	150,433,920	3.6%	0.8%	4.4%	2.6%	2.9%	417,355	417,355	2,395,790	58,530	\$1.72
I-80 / I-880 Corridor Quarterly Comparisons and Totals											
23Q1	150,433,920	3.6%	0.8%	4.4%	2.6%	2.9%	417,355	417,355	2,395,790	58,530	\$1.72
22Q4	150,375,390	3.8%	0.7%	4.5%	2.9%	2.8%	(72,016)	653,512	2,454,320	606,105	\$1.69
22Q3	150,375,390	3.4%	0.9%	4.3%	2.8%	2.4%	(591,144)	725,528	2,454,320	606,105	\$1.66
22Q2	150,375,390	3.1%	0.3%	3.4%	2.4%	2.6%	902,679	1,316,672	1,875,539	606,105	\$1.70
22Q1	149,769,285	3.2%	0.8%	4.0%	2.6%	2.9%	413,993	413,993	2,481,644	-	\$1.46

FOR MORE INFORMATION

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