

NORTH I-680 CORRIDOR | INDUSTRIAL

Q3 2017

Accelerating success.

Holding Steady

- > Industrial Inventory: 18,080,304 Square Feet
- > Current Vacancy: 8.1 percent
- > Net Absorption YTD: 146,255 Square Feet

As we head into the fall, the North I-680 Corridor's inventory continues to be limited. The overall vacancy rate decreased to 8.1 percent in the current quarter, from 8.6 percent in the previous quarter. Rental rates dropped slightly to \$0.62 per square foot. During the quarter, there was 93,517 square feet of absorption. Four sales occurred during the quarter, which is an increase from the previous period.

Concord

Concord's vacancy rate decreased to 5.3 percent from 5.7 percent last quarter. Average rents in Concord also experienced a slight

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Market Indicators

Contra Costa County
Unemployment Rate

10-Year Nominal
Interest Rate

Consumer
Confidence



Market Trends

Relative to prior period

Q3 2017

Q4 2017*

Vacancy



Net Absorption



Construction



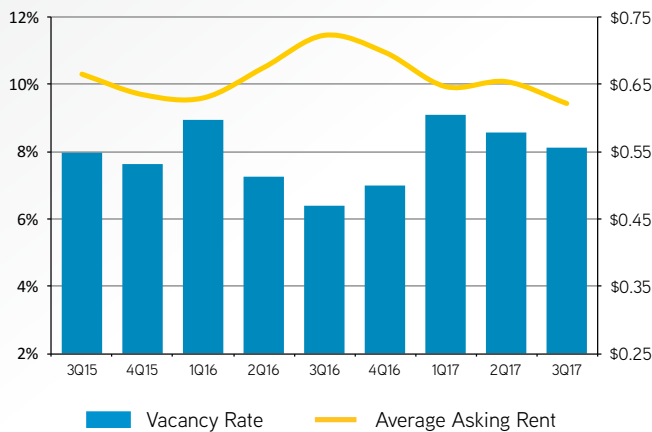
Rental Rate



*Projected

Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Vacancy rates continued their decrease, while rents slightly decreased.

Summary Statistics

Q3 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate

8.6%

8.1%

Net Absorption

100,803

93,517

Construction Completed

0

15,240

Under Construction

15,240

0

Overall Asking Rents*

\$0.65

\$0.62

Industrial

\$0.95

\$0.89

R&D/Flex

\$1.16

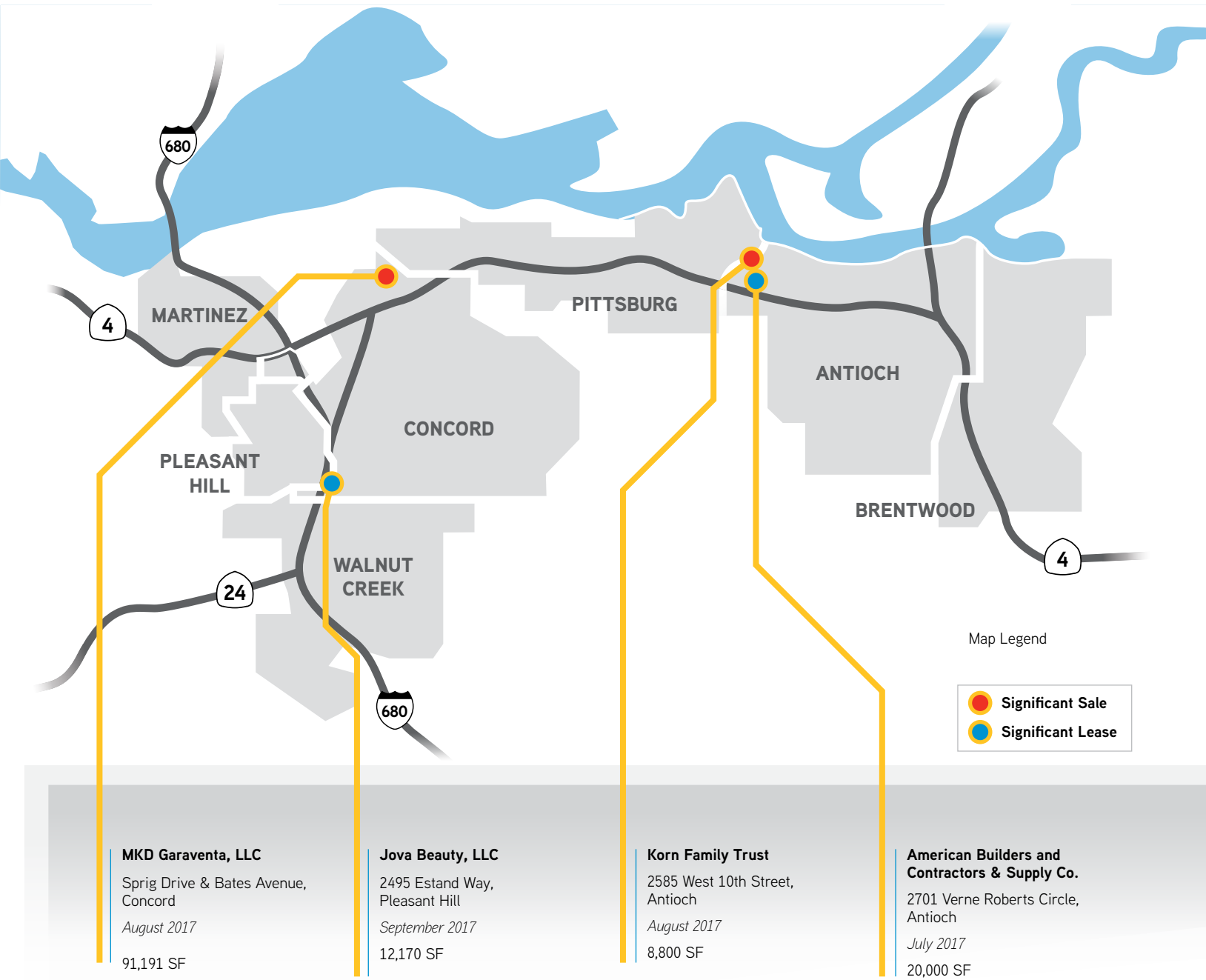
\$1.12

Warehouse/Distribution

\$0.41

\$0.41

*Asking Rents Reported Monthly



Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	SELLER/BUYER	TYPE
Sprig Drive & Bates Avenue, Concord	August 2017	91,191	MKD Garaventa LLC	Industrial
2585 West 10th Street, Antioch	August 2017	8,800	Korn Family Trust	Light Industrial

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
2701 Verne Roberts Circle, Antioch	July 2017	20,000	American Builders and Contractors & Supply Co Inc	Warehouse
2495 Estand Way, Pleasant Hill	September 2017	12,170	Jova Beauty 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	6,357,139	252,369	4.0%	57,543	0.9%	309,912	4.9%	5.3%	25,814	(3,376)	-	-	\$0.96
WH	3	264,128	11,560	4.4%	5,000	1.89%	16,560	6.3%	6.3%	-	-	-	-	\$0.75
RD/FL	22	627,287	53,903	8.6%	2,148	0.3%	56,051	8.9%	10.0%	20,503	24,162	15,240	-	\$1.17
TOTAL	324	7,248,554	317,832	4.4%	64,691	0.9%	382,523	5.3%	5.7%	46,317	20,786	15,240	-	\$0.99
MARTINEZ														
IND	55	931,208	25,910	2.8%	-	-	25,910	2.8%	2.8%	-	-	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	21,179	15.2%	-	-	21,179	15.2%	15.2%	-	10,360	-	-	\$0.96
TOTAL	65	1,189,509	47,089	4.0%	-	-	47,089	4.0%	4.0%	-	10,360	-	-	\$0.96
PITTSBURG														
IND	93	3,052,149	125,703	4.1%	-	-	125,703	4.1%	3.5%	(19,128)	(9,015)	-	-	\$0.64
WH	8	1,210,101	577,748	47.7%	-	-	577,748	47.7%	47.7%	-	79,281	-	-	\$0.40
TOTAL	101	4,262,250	703,451	16.5%	-	0.0%	703,451	16.5%	16.1%	(19,128)	70,266	-	-	\$0.44
ANTIOCH														
IND	63	1,672,710	58,638	3.5%	-	0.0%	58,638	3.5%	3.6%	1,375	(2,114)	-	-	\$1.02
WH	8	1,647,500	262,200	15.9%	-	-	262,200	15.9%	17.1%	20,000	-	-	-	\$0.45
RD/FL	6	85,754	2,074	2.4%	-	-	2,074	2.4%	2.4%	-	-	-	-	\$1.50
TOTAL	77	3,405,964	322,912	9.5%	-	0.0%	322,912	9.5%	10.1%	21,375	(2,114)	-	-	\$0.56
PLEASANT HILL														
IND	10	298,020	2,299	0.8%	-	0.0%	2,299	0.8%	9.7%	26,553	25,107	-	-	\$1.00
RD/FL	2	56,808	-	0.0%	-	-	-	0.0%	15.1%	8,550	8,550	-	-	\$1.20
TOTAL	12	354,828	2,299	0.6%	-	0.0%	2,299	0.6%	10.5%	35,103	33,657	-	-	\$1.00
PACHECO														
IND	30	605,690	-	0.0%	2,000	0.3%	-	0.0%	0.3%	2,000	2,000	-	-	\$1.00
TOTAL	30	605,690	-	0.0%	2,000	0.3%	-	0.0%	0.3%	2,000	2,000	-	-	#DIV/0!
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	9,135	1.3%	-	-	9,135	1.3%	2.5%	7,850	11,300	-	-	\$1.14
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.00
TOTAL	35	708,845	9,135	1.3%	-	-	9,135	1.3%	2.4%	7,850	11,300	-	-	\$1.14

MARKET TOTAL

IND	593	13,748,930	474,054	3.4%	59,543	0.4%	531,597	3.9%	4.2%	44,464	23,902	-	-	\$0.89
WH	24	3,260,108	851,508	26.1%	5,000	0.2%	856,508	26.3%	26.9%	20,000	79,281	-	-	\$0.41
RD/FL	38	1,071,266	77,156	7.2%	2,148	0.2%	79,304	7.4%	8.8%	29,053	43,072	15,240	-	\$1.12
TOTAL	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

QUARTERLY COMPARISON AND TOTALS

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
2Q17	653	18,065,064	1,486,712	8.2%	58,974	0.3%	1,545,686	8.6%	9.1%	100,803	52,738	-	15,240	\$0.65
1Q17	653	18,065,064	1,566,913	8.7%	79,576	0.4%	1,646,489	9.1%	7.0%	(48,065)	(48,065)	-	15,240	\$0.65
4Q16	652	17,703,948	1,152,932	6.5%	84,376	0.5%	1,237,308	7.0%	6.4%	(101,218)	133,461	-	15,240	\$0.72
3Q16	652	17,703,948	1,070,860	6.0%	67,016	0.4%	1,131,090	6.4%	7.3%	153,621	234,679	-	15,240	\$0.72

decrease to \$0.99 per square foot, from \$1.05 over the same period. Concord was home to the largest industrial sale of the quarter at the Garaventa Business Park. The portfolio of industrial buildings totaling 91,191 square feet was purchased by BTP MKD Garaventa LLC for \$14,175,000 or \$155.44 per square foot.

East Contra Costa County

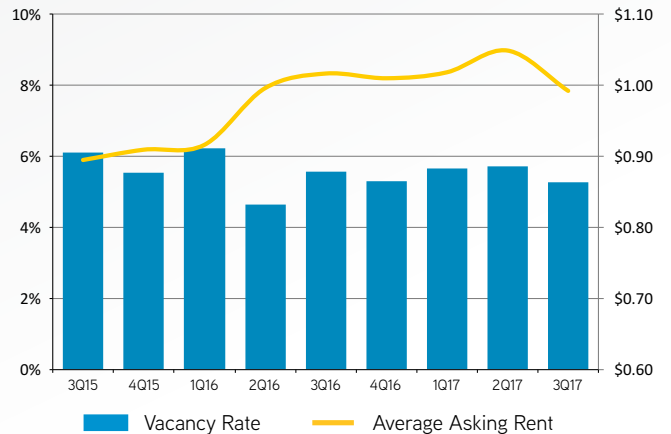
The vacancy rate in Antioch went down to 9.5 percent, a decrease from 10.1 in the previous period. Antioch’s average asking rate increased slightly to \$0.56 per square foot, a one cent increase per square foot from the previous quarter. Pittsburg’s vacancy rate rose to 16.5 percent from 16.1 percent last quarter. Rental rates in Pittsburg have remained constant at \$0.44 for the past three consecutive quarters. The largest lease of the quarter belongs to Antioch, where American Builders and Contractors & Supply Company leased 20,000 square feet of warehouse space on 2701 Verne Roberts Circle.

Summary

As we reach the final stretch of 2017, the industrial market is still performing very well. Vacancy rates continue to be historically tight, while the overall rental rates have decreased \$0.10 since a year ago. Broker sentiment in our office is that the industrial market is still very limited in their offerings in all size groupings. The current expectation is that the industrial market will continue to perform strong as 2017 comes to a close.

Average Asking Rent vs. Vacancy Rate

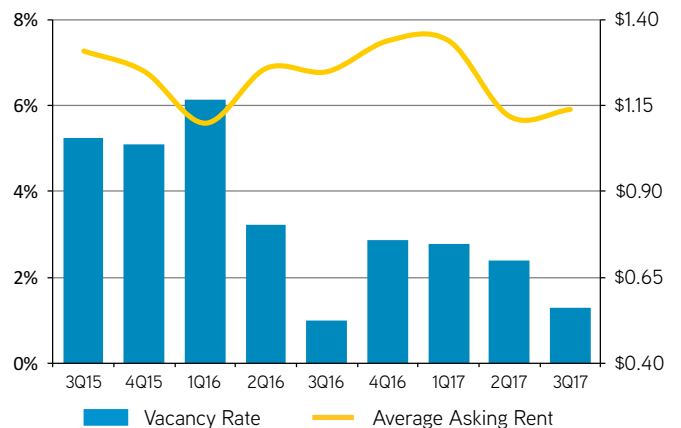
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Brentwood, CA



Source: Colliers International Research

FOR MORE INFORMATION

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