

Flying High

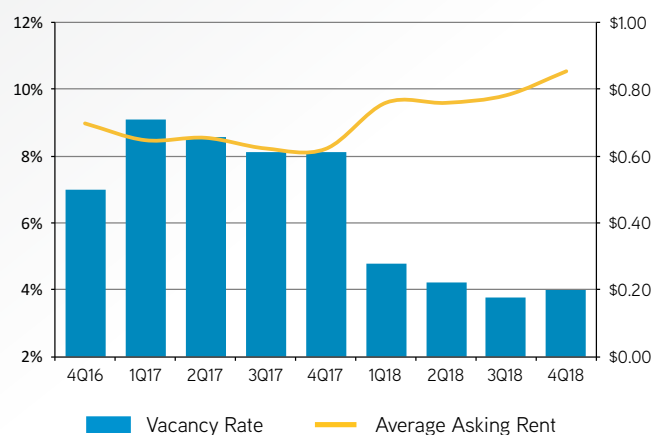
- > Industrial Inventory: 18,099,894 SF
- > Current Vacancy: 4%
- > Net Absorption YTD: 178,871 SF

As we turn the page on 2018, the North I-680 Corridor's industrial market continues to perform well. The overall vacancy rate decreased to 4.0 percent, a drop from 8.1 percent last year. Rental rates increased to \$0.86, an increase of \$0.24 over the same period. During the quarter there was negative 44,437 square feet of absorption, bringing net absorption for the year to 178,871 square feet. 30,000 square feet of warehouse space is under construction at Kendall Plaza in Brentwood, which is scheduled for completion by October 2019. Two sales occurred during the quarter, which is lower than the past few cycles.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Vacancy is still historically low, and rents continued their ascent to finish 2018.

Market Indicators

Contra Costa County
Unemployment Rate

10-Year Nominal
Interest Rate

Consumer
Confidence



Market Trends

Relative to prior period

Q4 2018

Q1 2019*

Vacancy	↑	↔
Net Absorption	↓	↔
Construction	↑	↑
Rental Rate	↑	↑

*Projected

Summary Statistics

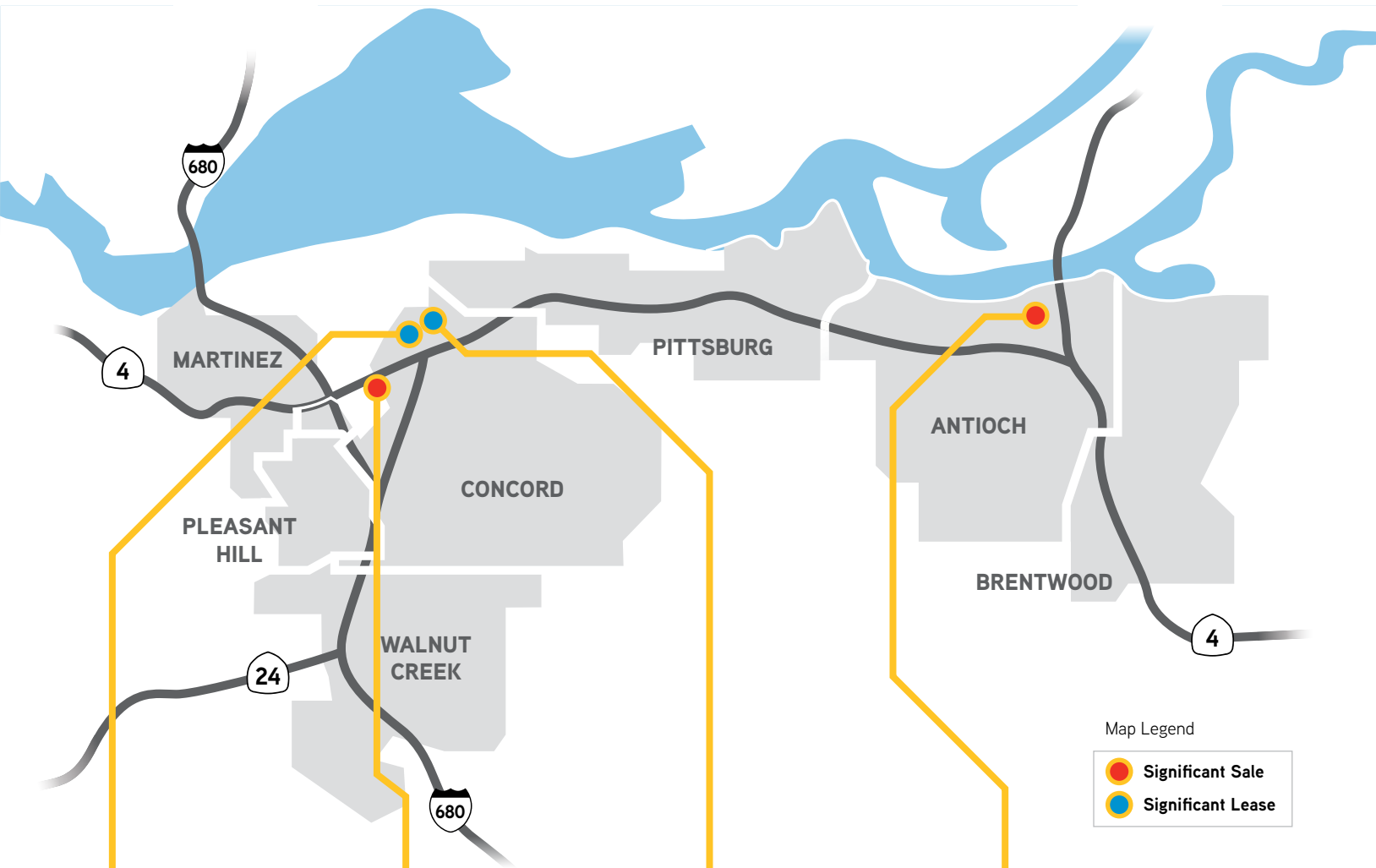
Q4 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate	3.8%	4%
Net Absorption	86,610	(44,437)
Construction Completed	0	0
Under Construction	29,102	29,102
Overall Asking Rents*	\$0.78	\$0.86
Industrial	\$0.82	\$0.84
R&D/Flex	\$0.96	\$1.21
Warehouse/Distribution	\$0.42	\$0.67

*Asking Rents Reported Monthly



Map Legend

- Significant Sale
- Significant Lease

Hulgren Tillis Engineers

4085 Nelson Avenue
Concord
November 2018
11,448 SF

1980 Olivera LLC

1980 Olivera Road
Concord
December 2018
39,500 SF

Stericycle

5060 Forni Drive
Concord
December 2018
25,200 SF

Making Waves Foundation

3201-3299 East 18th Street
Antioch
October 2018
32,000 SF

Significant Leases

PROPERTY ADDRESS	SALE DATE	SIZE	TENANT	TYPE
5060 Forni Drive, Concord	December 2018	25,200	Stericycle	Warehouse/Distribution
4085 Nelson Avenue, Concord	November 2018	11,443	Hulgren Tillis Engineers	Light Industrial
3951 Industrial Way, Concord	October 2018	6,760	Sun Life Farming	Light Industrial

Significant Sales

PROPERTY ADDRESS	LEASE DATE	SIZE	BUYER	TYPE
1980 Olivera Road, Concord	December 2018	39,500	1980 Olivera LLC	Light Industrial
3201-3299 East 18th Street, Antioch	October 2018	32,000	Making Waves Foundation	Light Industrial
5135-5141 Port Chicago Highway, Concord	December 2018	26,720	PCH Partners	Light Industrial
2508 Verne Roberts Circle, Antioch	October 2018	9,600	Bocci Bypass Trust	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	92,065	1.4%	24,680	0.4%	116,745	1.8%	1.8%	829	(37,626)	-	-	\$1.20
WH	3	264,128	-	0.0%	-	0.00%	-	0.0%	9.5%	25,200	5,000	-	-	\$0.95
RD/FL	21	622,087	48,783	7.8%	-	0.0%	48,783	7.8%	0.0%	(48,783)	(39,860)	-	-	\$1.21
TOTAL	323	7,244,354	140,848	1.9%	24,680	0.3%	165,528	2.3%	2.0%	(22,754)	(72,486)	-	-	\$1.20
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	428,251	12.6%	3,960	0.00	432,211	12.7%	13.0%	10,145	30,820	-	-	\$0.72
WH	7	853,101	-	0.0%	43,200	0.05	43,200	5.1%	5.1%	-	177,548	-	-	\$0.67
TOTAL	101	4,262,490	428,251	10.0%	47,160	1.1%	475,411	11.2%	11.4%	10,145	208,368	-	-	\$0.72
ANTIOCH														
IND	63	1,672,710	56,949	3.4%	-	0.0%	56,949	3.4%	2.7%	(12,459)	3,673	-	-	\$0.88
WH	9	1,671,250	-	0.0%	-	-	-	0.0%	0.0%	-	23,750	-	-	\$0.45
RD/FL	6	85,754	1,391	1.6%	-	-	1,391	1.6%	0.0%	(1,391)	683	-	-	\$1.55
TOTAL	78	3,429,714	58,340	1.7%	-	0.0%	58,340	1.7%	1.3%	(13,850)	28,106	-	-	\$0.90
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	20,578	3.4%	-	0.0%	20,578	3.4%	0.7%	(16,278)	(20,778)	-	-	\$1.05
TOTAL	30	605,490	20,578	3.4%	-	0.0%	20,578	3.4%	0.7%	(16,278)	(20,778)	-	-	\$1.05
WALNUT CREEK														
IND	10	142,650	1,700	1.2%	-	-	1,700	1.2%	0.0%	(1,700)	(1,700)	-	-	\$1.80
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.90
TOTAL	11	304,664	1,700	0.6%	-	-	1,700	0.6%	0.0%	(1,700)	(1,700)	-	-	\$1.80
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	602,063	4.3%	28,640	0.2%	630,703	4.5%	4.3%	(19,463)	(2,307)	-	-	\$0.84
WH	24	2,926,858	-	0.0%	43,200	1.5%	43,200	1.5%	2.3%	25,200	206,298	-	29,102	\$0.67
RD/FL	37	1,066,066	51,700	4.8%	-	0.0%	51,700	4.8%	0.1%	(50,174)	(25,120)	-	-	\$1.21
TOTAL	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

QUARTERLY COMPARISON AND TOTALS

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
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	-	-	\$0.62

Concord

Concord's vacancy increased to 2.3 percent, a 0.3 percentage point increase from last quarter. Average rents in Concord increased to \$1.20 per square foot, from \$1.17 over the same period. The Concord submarket once again had a few of the largest leases signed, as well as the largest sales this past quarter. DAH 1980 Olivera LLC purchased 1980 Olivera Road, a 39,500 square foot light industrial building for \$6,520,000, or \$165 per square foot. PCH Partners purchased 5135-5141 Port Chicago Highway, a 26,720 square foot light industrial building for \$4,500,000, or \$170 per square foot. In terms of leasing, Stericycle leased 25,200 square feet of warehouse space at 5060 Forni Drive. Hulgren Tillis Engineers leased 11,443 square feet of light industrial space at 4085 Nelson Avenue.

East Contra Costa County

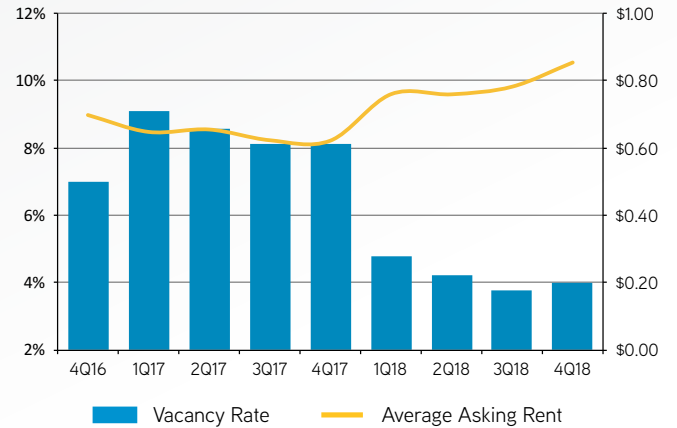
The vacancy rate in Antioch increased to 1.7 percent, from 1.3 percent last quarter. Average rental rates in Antioch decreased to \$0.90 per square foot, a \$0.08 decrease from the same period. Pittsburg's vacancy rate decreased to 11.2 percent from 11.4 percent the previous quarter. Rental rates in Pittsburg have increased to \$0.72, an increase of \$0.01 since the previous quarter. Antioch was home to a couple of sales to finish 2018. 3201-3299 East 18th Street, a 32,000 square foot light industrial building sold to Making Waves Foundation for \$4,500,000, or \$168 per square foot. 2508 Verne Roberts Circle, a 9,600 square foot light industrial building was sold to Bocci Bypass Trust for \$3,250,000, or \$339 per square foot.

Summary

As we move into 2019, the industrial market's vacancy continues to be extremely thin. With a 4.0 percent vacancy rate overall, and a 1.5 vacancy rate for warehouse space, rents in turn are steadily increasing to unprecedented highs. Although there is nearly 30,000 square feet of warehouse space estimated to be completed by October 2019, this would only provide a slight relief to tenants looking for quality warehouse space. Current expectations project the rents to continue to increase and vacancy to remain low as we proceed into 2019.

Average Asking Rent vs. Vacancy Rate

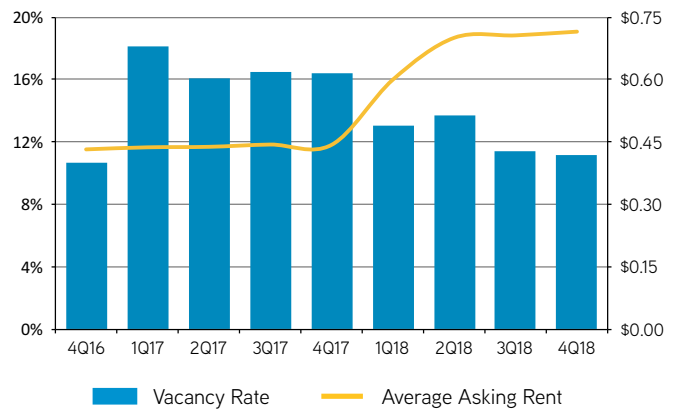
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

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