

Inventory Shortage

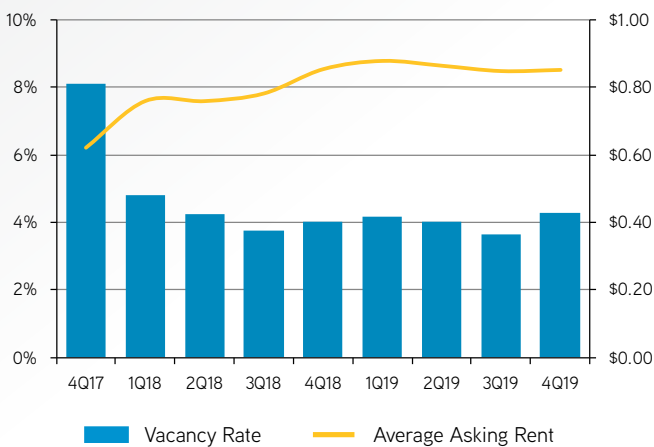
- > Industrial Inventory: 18,203,418 SF
- > Current Vacancy: 4.3%
- > Net Absorption: (32,409) Square Feet Year-To-Date

As we wrap up 2019 and move into the new year, the North I-680 Corridor industrial market remains very tight. The overall vacancy rate increased to 4.3 percent, from 4.0 percent last year while rental rates moved only negligibly to \$0.86 from \$0.85 from last quarter. On the leasing front, the year-to-date net absorption registered negative 32,409 square feet, while the sale side of the market registered just three sales this quarter, which is lighter than past quarters. Despite this, brokers contend that industrial properties have seen more appreciation compared to other property types, making it an attractive investment opportunity.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



The trends set forth in 2018 and 2019 continue to set the pace. Extremely low vacancy rates coupled with high rents are making options for tenants in the market very limited.

Market Indicators

Contra Costa County
Unemployment Rate

10-Year Nominal
Interest Rate

Consumer
Confidence



Market Trends

Relative to prior period

Q4 2019

Q1 2020*

Vacancy



Net Absorption



Construction



Rental Rate



*Projected

Summary Statistics

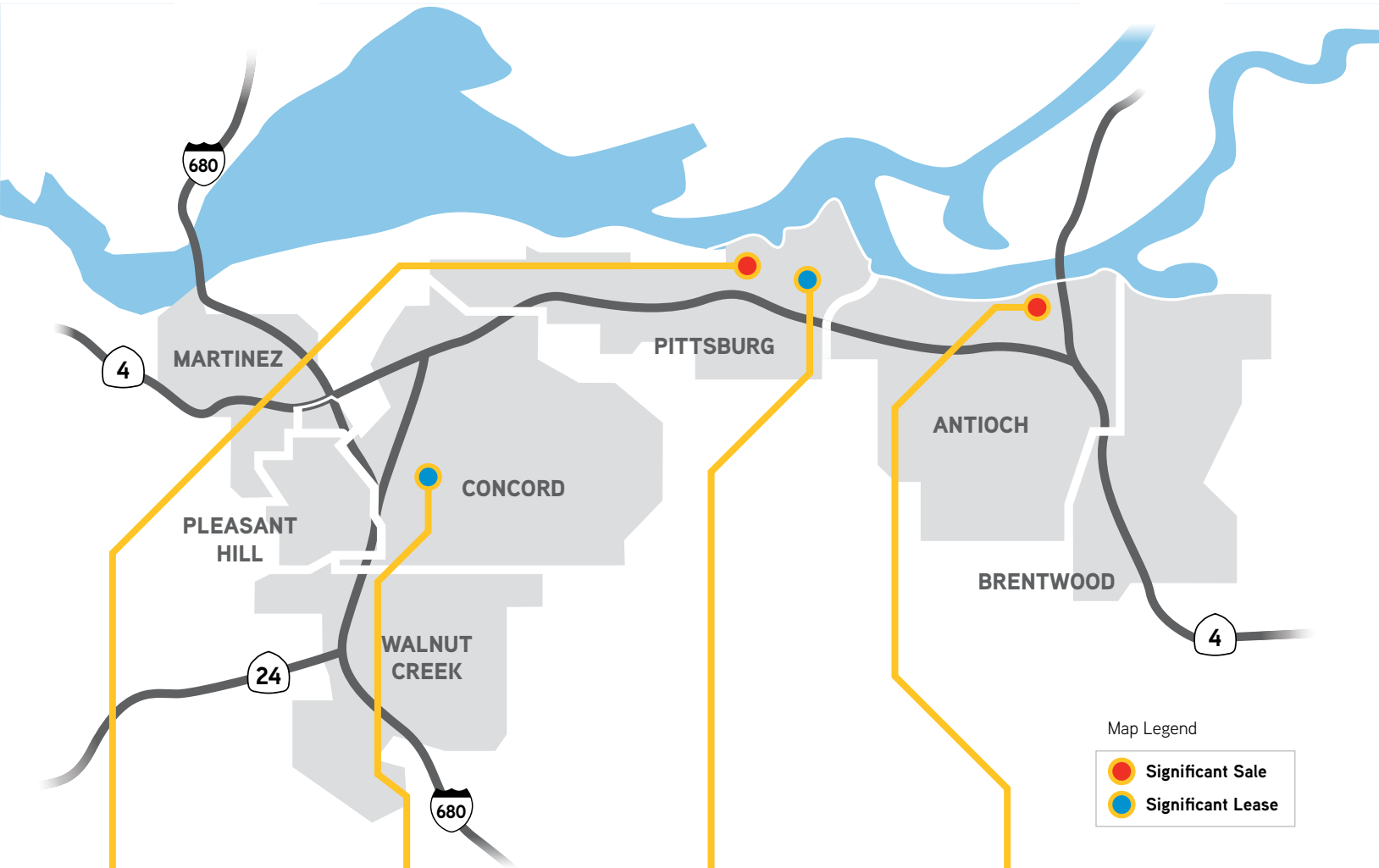
Q4 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate	3.6%	4.3%
Net Absorption	71,373	(97,515)
Construction Completed	0	29,102
Under Construction	29,102	0
Overall Asking Rents*	\$0.85	\$0.85
Industrial	\$0.84	\$0.83
R&D/Flex	\$1.31	\$1.16
Warehouse/Distribution	\$0.67	\$1.00

*Asking Rents Reported Monthly



Map Legend

- Significant Sale
- Significant Lease

JDG Holdings LLC
 1 Leslie Drive
 Pittsburg
December 2019
 139,000 SF

Electric Tech Construction
 2455 Vista Del Monte
 Concord
December 2019
 10,000 SF

ARB Inc.
 1101-1501 Loveridge Road
 Pittsburg
November 2019
 16,310 SF

Contra Costa Farms LLC
 3400 Wilbur Avenue
 Antioch
October 2019
 7,375 SF

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
529 Garcia Avenue, Pittsburg	December 2019	4,513	Omni BioEnergy	Light Industrial
2441 Sprig Court, Concord	October 2019	4,300	The Maids	Light Industrial

Significant Sales

PROPERTY ADDRESS	LEASE DATE	SIZE	BUYER	TYPE
630 West 10th Street, Pittsburg	December 2019	4,800	UA Local 342 J.A.T.C.	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	82,017	1.3%	16,786	0.3%	98,803	1.6%	1.6%	374	17,942	-	-	\$1.32
WH	4	320,282	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$0.95
RD/FL	21	622,087	28,251	4.5%	-	0.0%	28,251	4.5%	4.5%	-	20,532	-	-	\$1.25
TOTAL	324	7,300,508	110,268	1.5%	16,786	0.2%	127,054	1.7%	1.7%	374	38,474	-	-	\$1.30
MARTINEZ														
IND	55	931,208	11,248	1.2%	11,520	1.2%	22,768	2.4%	2.0%	(4,080)	(22,768)	-	-	\$0.96
WH	3	118,898	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	14,235	10.2%	-	0.0%	14,235	10.2%	10.2%	-	(12,709)	-	-	\$0.96
TOTAL	65	1,189,509	25,483	2.1%	11,520	1.0%	37,003	3.1%	2.8%	(4,080)	(35,477)	-	-	\$0.96
PITTSBURG														
IND	94	3,409,389	516,734	15.2%	4,800	0.1%	521,534	15.3%	12.8%	(85,397)	(89,323)	-	-	\$0.71
WH	7	853,101	-	0.0%	-	0.0%	-	0.0%	0.0%	-	43,200	-	-	\$0.67
TOTAL	101	4,262,490	516,734	12.1%	4,800	0.1%	521,534	12.2%	10.2%	(85,397)	(46,123)	-	-	\$0.71
ANTIOCH														
IND	63	1,672,710	45,413	2.7%	7,700	0.5%	53,113	3.2%	2.7%	(7,700)	3,836	-	-	\$0.86
WH	9	1,671,250	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$0.45
RD/FL	6	85,754	4,058	4.7%	-	0.0%	4,058	4.7%	4.7%	-	(2,667)	-	-	\$1.20
TOTAL	78	3,429,714	49,471	1.4%	7,700	0.2%	57,171	1.7%	1.4%	(7,700)	1,169	-	-	\$0.88
PLEASANT HILL														
IND	10	298,020	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$1.00
RD/FL	2	56,808	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$1.20
TOTAL	12	354,828	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$1.05
PACHECO														
IND	30	605,490	-	0.0%	-	0.0%	-	0.0%	0.0%	-	20,578	-	-	\$1.05
TOTAL	30	605,490	-	0.0%	-	0.0%	-	0.0%	0.0%	-	20,578	-	-	\$1.05
WALNUT CREEK														
IND	10	142,650	-	0.0%	-	0.0%	-	0.0%	0.0%	-	1,700	-	-	\$1.80
RD/FL	1	162,014	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$2.00
TOTAL	11	304,664	-	0.0%	-	0.0%	-	0.0%	0.0%	-	1,700	-	-	\$1.80
BRENTWOOD														
IND	33	689,364	15,250	2.2%	-	0.0%	15,250	2.2%	2.1%	(712)	(12,730)	-	-	\$1.43
WH	3	66,851	20,901	31.3%	-	0.0%	20,901	31.3%	0.0%	-	-	29,102	-	\$1.00
TOTAL	36	756,215	36,151	4.8%	-	0.0%	36,151	4.8%	2.1%	(712)	(12,730)	29,102	-	\$1.18

MARKET TOTAL

IND	594	14,106,970	670,662	4.8%	40,806	0.3%	711,468	5.0%	4.4%	(97,515)	(80,765)	-	-	\$0.83
WH	26	3,030,382	20,901	0.7%	-	0.0%	20,901	0.7%	0.0%	-	43,200	29,102	-	\$1.00
RD/FL	37	1,066,066	46,544	4.4%	-	0.0%	46,544	4.4%	4.4%	-	5,156	-	-	\$1.16
TOTAL	657	18,203,418	738,107	4.1%	40,806	0.2%	778,913	4.3%	3.6%	(97,515)	(32,409)	29,102	-	\$0.86

QUARTERLY COMPARISON AND TOTALS

4Q19	657	18,203,418	738,107	4.1%	40,806	0.2%	778,913	4.3%	3.6%	(97,515)	(32,409)	29,102	-	\$0.86
3Q19	656	18,156,048	687,528	3.8%	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

Concord

Concord's vacancy remained stable at 1.7 percent, a decrease of 6 basis points from last year; correspondingly, the average rents in Concord finished 2019 at \$1.30 per square foot, up from \$1.20 at the end of 2018. In regards to leasing, Electric Tech Construction leased 10,000 square feet of light industrial space at 12455 Vista Del Monte, and The Maids leased 4,300 square feet of light industrial space at 2441 Sprig Court.

East Contra Costa County

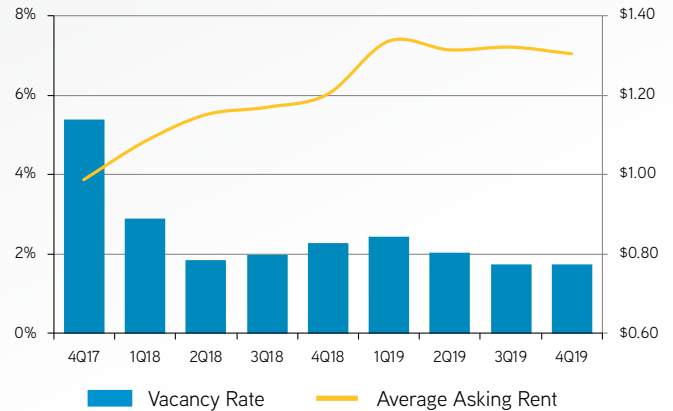
The vacancy rate in Antioch finished 2019 at 1.7 percent, the same as the previous year. Average rental rates in Antioch reached \$0.88 per square foot, a \$0.02 decrease from the same period last year. Pittsburg's vacancy rate increased to 12.2 percent from 11.2 percent year, with rental rates here decreasing to \$0.70, a slight decrease of \$0.01 from last year. East County once again had the largest lease, as well as all the sale transactions during the quarter. JDG Holdings LLC purchased 1 Leslie Drive in Pittsburg, an industrial/manufacturing building totaling 139,000 square feet for \$7,500,000 or \$54 per square foot. Contra Costa Farms LLC purchased 3400 Wilbur Avenue in Antioch, a 7,375 square foot light industrial building on 9.5 acres for \$3,200,000. In leasing, ARB Inc took 16,310 square feet of light industrial space at 1101-1501 Loveridge Road in Pittsburg. Omni BioEnergy took 4,513 of light industrial space at 529 Garcia Avenue in Pittsburg.

Summary

As we head into a new year, our industrial market is seeing more of the same trends that defined 2019. Although vacancy increased slightly, most of that can be attributed to Contra Costa Industrial Park where a bulk of the negative absorption occurred. Removing that instance, vacancy would actually remain flat otherwise. Brokers indicate that the 10,000-30,000 square foot range of avails is the tightest, with either very large spaces or very small spaces being the only options in many markets. The Oakley Northpoint development, a proposed warehouse totaling 2,000,000 square feet, may provide some much needed relief to the region once that construction gets underway. Furthermore, cannabis uses are still expanding and often paying premiums in comparison to traditional industrial users. The hope is that new developments get underway in order to provide more options to this tight market.

Average Asking Rent vs. Vacancy Rate

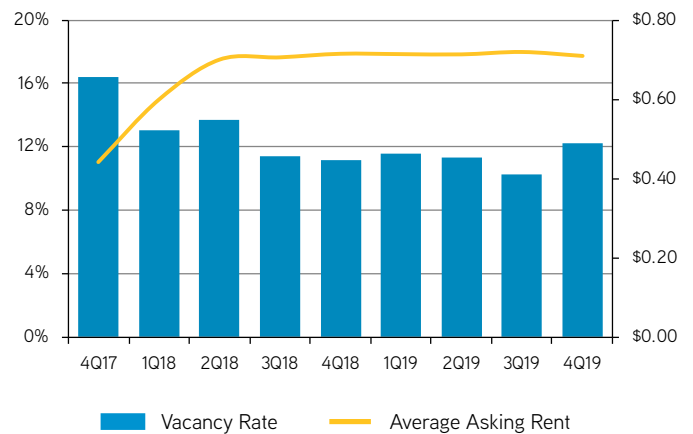
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Pittsburg, CA



Source: Colliers International Research

FOR MORE INFORMATION

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