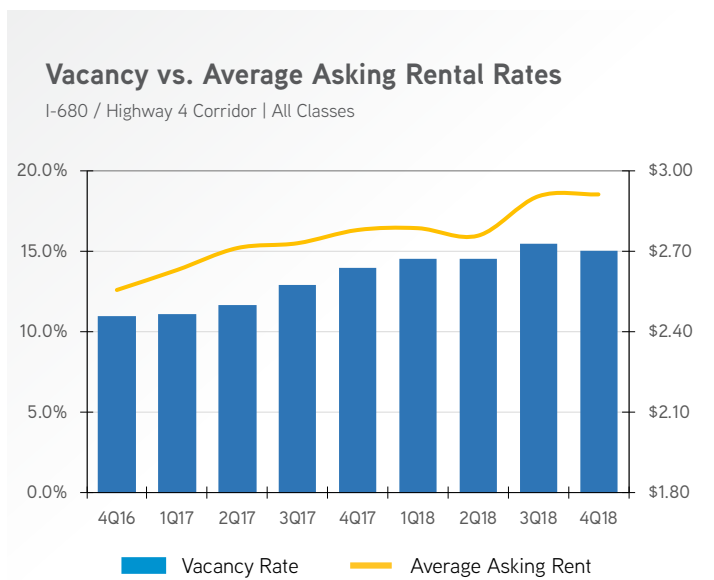


Weighing Options

- > Office Inventory: 16,966,736 square feet
- > Vacancy: 15 percent
- > Net absorption: (35,823) square feet, year to date

For the past few years, the North I-680 Corridor has experienced immense growth. Asking rental rates have increased to the highest Colliers has ever recorded. Although the vacancy rate has been increasing the past several quarters, the vacancy rate decreased to 15.0 percent, a drop from 15.4 percent the previous quarter.

Rents are still performing extremely well in the North I-680 Corridor. Class A rents are at \$3.40 per square foot, a \$0.15 increase year over year. Class B rents have increased to \$2.44 per square foot, an increase of \$0.19 over the same period. Overall average asking rents increased to \$2.91 per square foot, a \$0.13 increase from last year. This is a new all-time high for asking rates in the North I-680 Corridor.



Vacancy rates in the North I-680 Corridor slightly decreased in 4Q18 to 15 percent. Asking rental rates in the region also increased to \$2.91 per square foot.

Market Indicators

Unemployment Rate
North I-680 Corridor

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 Office Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	15.4%	15%
Net Absorption	(128,775)	74,323
Overall Asking Rents	\$2.90	\$2.91
Class A Asking Rents	\$3.40	\$3.40
Class B Asking Rents	\$2.44	\$2.44
Class C/Flex Asking Rents	\$1.85	\$1.88

*Asking Rents Reported Monthly

U.S. Market Economic Indicators

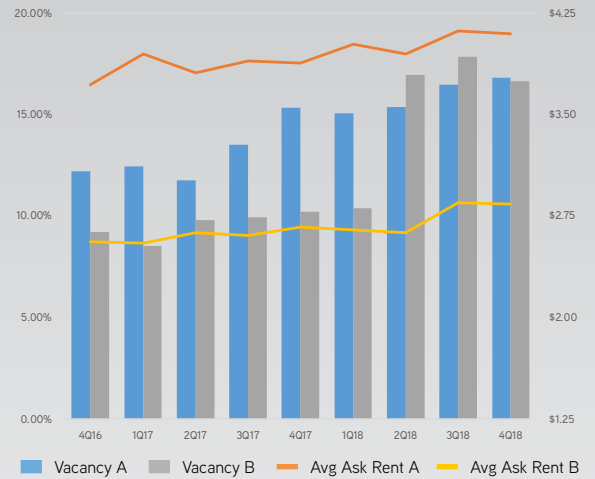
Unemployment Rate (N I-680)	2.7%	2.6%
Labor Force Participation Rate	62.7%	63.1%
Consumer Price Index	2.52%	2.20%
Interest Rate - 10 Yr Treasury	3.05%	2.69%
Business Confidence Index	101.5	101.17
Consumer Confidence Index	138.4	128.1

Although the region's asking rents are doing well, the vacancy rate has been fluctuating for the past few quarters. Overall, the North I-680 Corridor's vacancy rate is at 15.0 percent, an increase of 1.0 percent from the previous year. Net absorption during the quarter was 74,323 square feet, putting the year end absorption figure at negative 35,823. Downtown Walnut Creek, Walnut Creek Pleasant Hill BART, Shadelands, and the Concord submarkets each experienced negative absorption of more than 20,000 square feet during 2018.

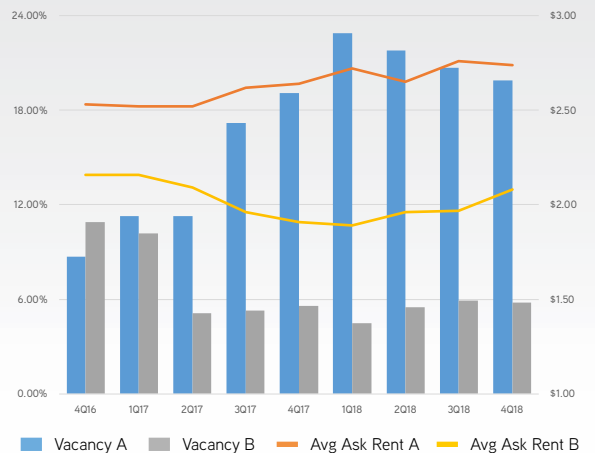
Investment activity is still the buzz in the region. Ygnacio Center, three Class A buildings in Concord totaling 504,023 square feet, sold for \$210,517,000 to Hines. 3466-3470 Mount Diablo Boulevard, another set of three Class B buildings in Lafayette totaling 81,554 square feet, sold for \$34,600,000 to Miramar Capital. 2890 North Main Street, a 40,715 square foot Class B building in Walnut Creek sold for \$12,300,000 to Walnut Creek 2890 LLC. In regards to leasing, T-Mobile renewed 56,722 square feet at 1855 Gateway Boulevard in Concord. Merrill Lynch also renewed their 50,124 square foot space at 1331 North California Boulevard in Walnut Creek. Lastly, United Business Bank leased 23,480 square feet at 500 Ygnacio Valley Road in Walnut Creek.

As we step into 2019, rental rates are still increasing to unprecedented highs. For almost two years we have experienced an increasing vacancy rate, going from nearly 11 percent to 15 percent in that span. Between Walnut Creek's submarkets alone, there is nearly 1.4 million square feet of available space. Concord itself has 665,000 square feet of available Class A space. Broker sentiment is that the increasing rental rates, particularly in the Downtown Walnut Creek and Lamorinda submarkets, are causing tenants to relocate to areas like Concord to take advantage of the bargain rental rates and options to choose from as evidenced by the largest deals leased this past quarter. Looking forward, we anticipate strong leasing and investment activity to buoy the uncertainty of 2019.

Vacancy vs. Average Asking Rental Rates Downtown Walnut Creek



Vacancy vs. Average Asking Rental Rates Concord



With vacancy rates stabilizing near 15 percent, unprecedented high rental rates continue to drive the region prompting tenants to consider more feasible alternatives.

**1600 Riviera Avenue,
Walnut Creek, California**

Significant Market Activity



Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
2001-2033 North Main Street, Walnut Creek	October 2018	504,023	Hines	Investment
3466-3470 Mount Diablo Boulevard, Lafayette	October 2018	81,554	Miramar Capital	Investment
2890 North Main Street, Walnut Creek	October 2018	40,715	Walnut Creek 2890 LLC	Investment

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
1855 Gateway Boulevard, Concord	December 2018	56,772	T-Mobile	Renewal
1331 North California Boulevard, Walnut Creek	December 2018	50,124	Merrill Lynch	Renewal
500 Ygnacio Valley Road, Walnut Creek	November 2018	23,480	United Business Bank	Expansion
2121 North California Boulevard, Walnut Creek	November 2018	20,423	Comcast Spotlight	Direct
1800 Sutter Street, Concord	December 2018	18,718	CoolSystems Inc	Renewal

Market Comparisons – Walnut Creek

OFFICE 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
WALNUT CREEK DOWNTOWN														
A	20	2,745,998	442,001	16.1%	20,040	0.7%	462,041	16.8%	16.5%	(9,687)	(40,845)	-	-	\$4.10
B	55	1,616,529	269,234	16.7%	-	0.0%	269,234	16.7%	17.9%	19,423	5,572	-	-	\$2.84
C	20	437,751	29,423	6.7%	1,100	0.3%	30,523	7.0%	7.2%	929	(1,043)	-	-	\$2.28
Total	95	4,800,278	740,658	15.4%	21,140	0.4%	761,798	15.9%	16.1%	10,665	(36,316)	-	-	\$3.58
WALNUT CREEK PH BART														
A	9	1,540,420	165,203	10.7%	58,048	3.8%	223,251	14.5%	14.7%	2,737	(6,703)	-	-	\$3.96
B	3	107,034	39,167	36.6%	-	0.0%	39,167	36.6%	39.6%	3,194	(15,002)	-	-	\$2.65
Total	12	1,647,454	204,370	12.4%	58,048	3.5%	262,418	15.9%	16.3%	5,931	(21,705)	-	-	\$3.76
CONCORD														
A	16	3,351,886	637,441	19.0%	28,374	0.8%	665,815	19.9%	20.7%	27,499	(6,009)	-	-	\$2.74
B	37	1,081,716	62,718	5.8%	-	0.0%	62,718	5.8%	5.9%	697	(2,322)	-	-	\$2.08
C	34	925,403	100,286	10.8%	3,717	0.4%	104,003	11.2%	11.2%	-	(24,531)	-	-	\$1.95
Total	87	5,359,005	800,445	14.9%	32,091	0.6%	832,536	15.5%	16.1%	28,196	(32,862)	-	-	\$2.59
PLEASANT HILL														
A	2	188,131	21,372	11.4%	-	0.0%	21,372	11.4%	16.0%	8,775	14,169	-	-	\$3.19
B	16	752,263	25,602	3.4%	2,016	0.3%	27,618	3.7%	3.8%	1,014	51,812	-	-	\$2.59
C	14	240,671	44,291	18.4%	-	0.0%	44,291	18.4%	17.5%	(2,070)	(7,167)	-	-	\$1.59
Total	32	1,181,065	91,265	7.7%	2,016	0.2%	93,281	7.9%	8.6%	7,719	58,814	-	-	\$2.25
SHADELANDS														
A	2	174,807	29,855	17.1%	4,087	2.3%	33,942	19.4%	16.0%	(5,958)	8,347	-	-	\$2.25
B	28	1,116,321	317,681	28.5%	-	0.0%	317,681	28.5%	29.7%	13,859	(46,732)	-	-	\$2.07
C	17	310,783	21,202	6.8%	428	0.1%	21,630	7.0%	7.2%	850	3,422	-	-	\$1.93
Total	47	1,601,911	368,738	23.0%	4,515	0.3%	373,253	23.3%	23.8%	8,751	(34,963)	-	-	\$2.08
MARTINEZ														
B	8	258,326	8,616	3.3%	-	0.0%	8,616	3.3%	4.0%	1,717	2,790	-	-	\$1.75
C	9	266,864	77,504	29.0%	-	0.0%	77,504	29.0%	29.0%	-	4,990	-	-	\$1.65
Total	17	525,190	86,120	16.4%	-	0.0%	86,120	16.4%	16.7%	1,717	7,780	-	-	\$1.66
LAMORINDA														
A	6	248,205	22,302	9.0%	4,046	1.6%	26,348	10.6%	13.2%	6,408	9,135	-	-	\$4.12
B	24	550,017	14,435	2.6%	5,676	1.0%	20,111	3.7%	4.3%	3,313	11,896	-	-	\$2.92
C	5	128,454	20,227	15.7%	1,300	1.0%	21,527	16.8%	16.8%	-	(4,428)	-	-	\$2.44
Total	35	926,676	56,964	6.1%	11,022	1.2%	67,986	7.3%	8.4%	9,721	16,603	-	-	\$3.23
ALAMO/DANVILLE														
A	3	129,469	1,992	1.5%	-	0.0%	1,992	1.5%	1.5%	-	-	-	-	\$3.08
B	30	572,992	36,873	6.4%	2,688	0.5%	39,561	6.9%	7.2%	1,977	(6,201)	-	-	\$2.85
C	16	222,696	25,822	11.6%	538	0.2%	26,360	11.8%	11.7%	(354)	13,027	-	-	\$1.85
Total	49	925,157	64,687	7.0%	3,226	0.3%	67,913	7.3%	7.5%	1,623	6,826	-	-	\$2.47
MARKET TOTAL														
A	58	8,378,916	1,320,166	15.8%	114,595	1.4%	1,434,761	17.1%	17.5%	29,774	(21,906)	-	-	\$3.40
B	201	6,055,198	774,326	12.8%	10,380	0.2%	784,706	13.0%	13.7%	45,194	1,813	-	-	\$2.44
C	115	2,532,622	318,755	12.6%	7,083	0.3%	325,838	12.9%	12.8%	(645)	(15,730)	-	-	\$1.88
Total	374	16,966,736	2,413,247	14.2%	132,058	0.8%	2,545,305	15.0%	15.4%	74,323	(35,823)	-	-	\$2.91
QUARTERLY COMPARISON AND TOTALS														
4Q-18	374	16,966,736	2,413,247	14.2%	132,058	0.8%	2,545,305	15.0%	15.4%	74,323	(35,823)	-	-	\$2.91
3Q-18	374	16,967,009	2,449,347	14.4%	170,281	1.0%	2,619,628	15.4%	14.5%	(128,775)	(103,748)	-	-	\$2.90
2Q-18	366	16,998,288	2,339,263	13.8%	129,512	0.8%	2,468,775	14.5%	14.5%	113,867	25,027	-	-	\$2.76
1Q-18	365	16,931,340	2,297,084	13.6%	161,418	1.0%	2,458,502	14.5%	14.0%	(88,840)	(88,840)	-	-	\$2.78
4Q-17	364	16,926,446	2,042,422	12.1%	322,346	1.9%	2,364,768	14.0%	12.9%	(181,933)	(562,879)	-	-	\$2.78

69 countries

\$2.7

billion in
annual revenue

2.0

billion square feet
under management

15,400

professionals
and staff

\$116

billion in
total transaction value

*All statistics are for 2017 are in U.S. dollars and include affiliates.

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Accelerating success.