



# East Bay Industrial Market

## Fundamentals Holding Despite Economic Headwinds

The East Bay industrial market continues to see significant leasing activity and ended the third quarter of 2022 with just under 700,000 square feet of net absorption across the market. The overall vacancy rate has declined 100 basis points, from 5.6% to 4.6%. The warehouse availability rate has fallen 70 basis points, to 4.9%, which is the lowest mark since the first quarter of 2018. Asking rents in the Greater Oakland market have experienced a steady climb to their current spot at \$1.43/SF but appear to be stabilizing, despite a large amount of demand in the market. R&D asking rates are notably distorted in Hayward and Newark due to a majority of the vacancy being life science.

The largest delivery of the third quarter of 2022 was the completion of 6065 Giant Hwy. in Richmond, a 124,050-square-foot warehouse space owned by Ridgeline. Upon completion, the building was occupied by GoPuff, a consumer goods and food delivery company based out of Philadelphia.

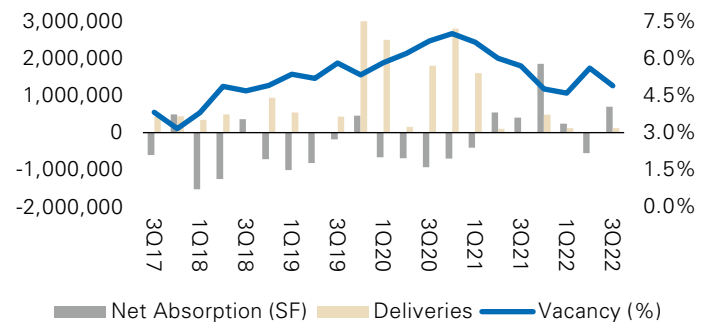
The largest property under construction is Bridge Point Oakland, a 534,208-square-foot warehouse property in Oakland. The construction is located four miles from the Port of Oakland

### Market Summary

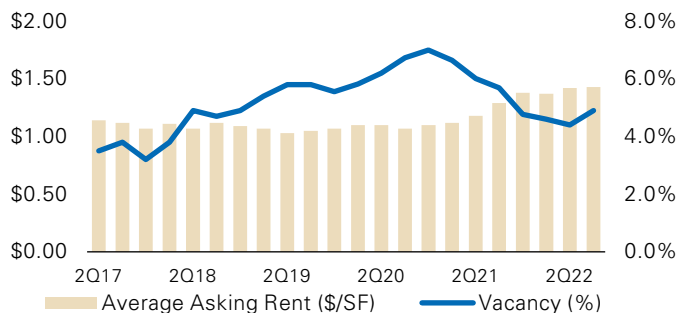
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	175.5M	175.4M	189M	↑
Vacancy Rate	4.6%	5.6%	6.7%	↓
Qtr Net Abs (SF)	696K	63K	-406K	↑
Avg NNN Ask Rent/SF	\$1.43	\$1.42	\$1.11	↑
Under Const (SF)	2.6M	2.7M	1.6M	↓

### Net Absorption v New Construction & Vacancy

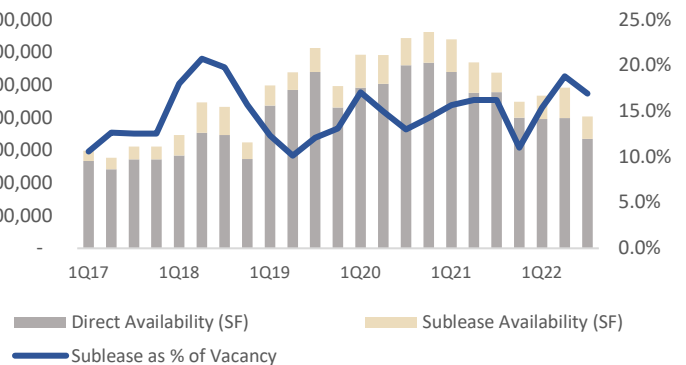
#### SQUARE FEET



### ASKING RENT AND VACANCY RATE



### SUBLEASE V. DIRECT AVAILABILITY (SF)



## RESEARCH 3Q 2022

and is expected to be delivered in the fourth quarter of 2022. Also under construction is the Hayward Exchange at 92, a 352,095-square-foot warehouse building that is expected to be completed in the fourth quarter of 2022. Over 2 million square feet of industrial product is expected to be delivered in the next two quarters. At the close of Q3, approximately 45.0% of these deliveries have been preleased.

### Significant Transactions

There were several noteworthy transactions in the third quarter of 2022. Rivian Automotive had the largest new lease of the quarter, leasing a 349,147-square-foot warehouse space in Hayward. Closely following was Matagrano's 197,417-square-foot lease at 25858 Clawiter Rd., also in Hayward. The largest lease renewal of the quarter was Restoration Hardware's 200,000-square-foot lease renewal at 2900 Atlas Rd. in Richmond. Hayward and Richmond had a total of eight new deals

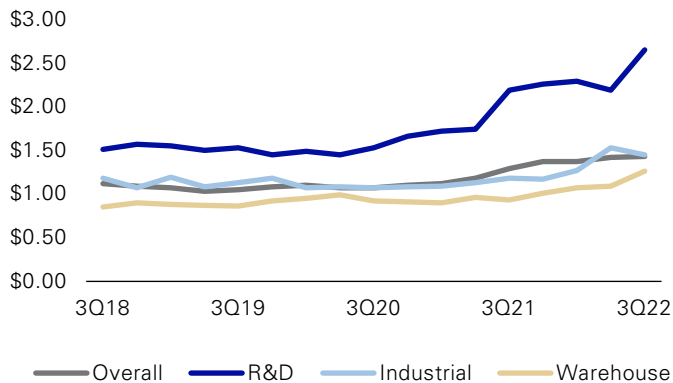
for over 100,000 square feet, a significant increase over only two new deals for over 100,000 square feet in the second quarter of 2022.

### Industrial Sales

The East Bay market experienced an extremely healthy sale market in the third quarter of 2022. Blackstone had several significant purchases across the entire market, purchasing three buildings in Hayward, Oakland and Fremont, totaling 647,269 square feet. The highest dollar amount on a sale in the third quarter of 2022 was Diversified Healthcare Trust's \$82.0 million purchase of the Fremont Labs at 47071 Bayside Pkwy. At the time of the purchase, the property was entirely occupied by Alamar Biosciences. The deal amounted to \$926/SF. LaSalle Investment Management made a portfolio purchase of 6500 Kaiser Dr. and 6300 Dumbarton Cir. that totaled \$80.5 million for 131,953 square feet.

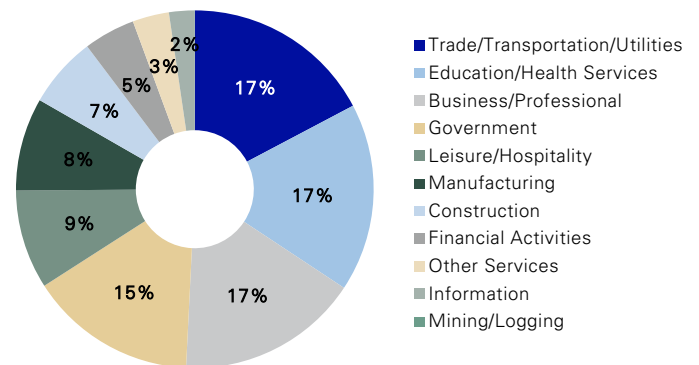
### Direct Class A Asking Rents by Product Type

WEIGHTED, NNN, MONTHLY



### East Bay Employment by Industry

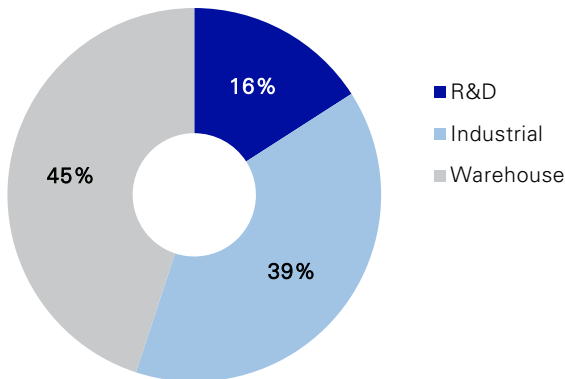
Source: US Bureau of Labor Statistics, 2021



Overall Submarket Statistics								
	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
<b>NORTH</b>	<b>49,888,254</b>	<b>1,986,399</b>	<b>381,591</b>	<b>4.7%</b>	<b>658,812</b>	<b>409,249</b>	<b>646,599</b>	<b>\$1.31</b>
Richmond	14,251,599	804,413	120,627	6.5%	465,100	355,506	170,230	\$1.16
Berkeley	4,485,984	60,872	30,995	2.0%	4,180	(27,643)	100,790	\$1.80
Emeryville	2,836,999	95,864	76,277	6.1%	3,978	(62,995)	(46,087)	\$2.00
Oakland	28,313,672	1,025,250	153,692	4.2%	185,554	144,381	421,666	\$1.28
<b>SOUTH</b>	<b>123,914,901</b>	<b>4,710,528</b>	<b>981,935</b>	<b>4.6%</b>	<b>2,008,740</b>	<b>287,595</b>	<b>(304,705)</b>	<b>\$1.98</b>
San Leandro	21,412,544	943,575	191,799	5.3%	412,620	(36,226)	(111,144)	\$1.23
Hayward	38,630,655	1,382,180	152,255	4.0%	933,658	223,435	(391,573)	\$1.94
Union City	13,887,003	213,747	-	1.5%	98,326	(12,734)	87,647	\$1.29
Newark	11,334,480	465,864	166,084	5.6%	150,769	28,020	(79,388)	\$2.76
Fremont	38,650,219	1,705,162	471,797	5.6%	413,367	85,100	189,753	\$2.11
<b>EAST BAY TOTAL</b>	<b>173,803,155</b>	<b>6,696,927</b>	<b>1,363,526</b>	<b>4.6%</b>	<b>2,667,552</b>	<b>696,844</b>	<b>341,894</b>	<b>\$1.43</b>

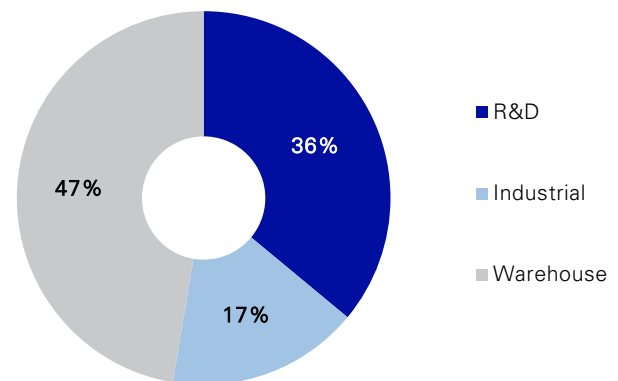
### Inventory Breakdown

Percentage by Square Foot



### Lease Availability

Percentage by Square Foot



Industrial Submarket Statistics								
	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
<b>NORTH</b>	<b>24,646,062</b>	<b>352,318</b>	<b>9,692</b>	<b>1.5%</b>	<b>158,058</b>	<b>4,591</b>	<b>212,877</b>	<b>\$1.65</b>
Richmond	6,319,693	128,090	-	2.0%	141,050	31,456	170,230	\$1.48
Berkeley	3,733,919	38,744	-	1.0%	4,180	(27,643)	100,790	\$1.80
Emeryville	2,836,999	48,481	-	2.7%	3,978	3,978	30,190	\$2.00
Oakland	12,865,553	137,003	9,692	1.1%	8,850	(3,200)	(88,333)	\$1.30
<b>SOUTH</b>	<b>43,324,215</b>	<b>708,245</b>	<b>269,960</b>	<b>2.3%</b>	<b>566,579</b>	<b>50,998</b>	<b>(25,250)</b>	<b>\$1.38</b>
San Leandro	9,944,014	239,017	27,725	2.7%	237,145	107,570	(117,459)	\$1.39
Hayward	15,296,580	191,758	39,042	1.5%	107,131	(23,641)	11,542	\$1.48
Union City	3,098,876	28,959	-	0.9%	76,100	76,100	89,250	\$1.28
Newark	4,014,425	10,304	40,000	1.3%	113,825	57,425	20,347	\$1.50
Fremont	11,177,281	186,044	175,785	3.2%	113,021	(156,562)	(28,930)	\$1.68
<b>EAST BAY TOTAL</b>	<b>67,970,277</b>	<b>1,060,563</b>	<b>279,652</b>	<b>2.0%</b>	<b>724,637</b>	<b>55,589</b>	<b>187,627</b>	<b>\$1.45</b>

Select Lease/User Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
GoPuff	6065 Giant Rd	Richmond	Direct Lease	124,050
Shaw Bakers	14470 Catalina St	San Leandro – West	Direct Lease	91,359
Great Way Trading & Transport	1000 Whipple Rd	Union City – East	Direct Lease	76,100

Select Investment Sale Transactions				
Building(s)	Submarket	Sale Price	\$/SF	Square Feet
7303 Edgewater Dr	Oakland – Airport	\$66,320,916	\$332	199,733
25001 Industrial Blvd	Hayward – 92 Corridor	\$52,800,000	\$277	190,286
2378 Polvorosa Dr	San Leandro – West	\$12,500,000	\$432	28,920
20902 Cabot Blvd + 20936 Cabot Blvd	Hayward – North	\$10,250,000	\$318	32,186

R&D Submarket Statistics								
	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
<b>NORTH</b>	<b>2,478,689</b>	<b>96,372</b>	<b>227,899</b>	<b>13.1%</b>	<b>-</b>	<b>(66,973)</b>	<b>23,790</b>	<b>\$1.35</b>
Richmond	1,216,759	41,089	120,627	13.3%	-	-	-	\$1.38
Berkeley	299,830	22,128	30,995	17.7%	-	-	100,067	-
Emeryville	479,183	-	76,277	15.9%	-	(66,973)	(76,277)	-
Oakland	482,917	33,155	-	6.9%	-	-	-	-
<b>SOUTH</b>	<b>25,100,517</b>	<b>2,109,004</b>	<b>469,735</b>	<b>10.3%</b>	<b>268,500</b>	<b>37,671</b>	<b>(14,373)</b>	<b>\$2.82</b>
San Leandro	216,995	3,560	-	1.6%	8,461	8,461	2,877	\$1.78
Hayward	3,044,481	330,394	103,133	14.2%	35,925	(67,208)	42,178	\$4.32
Union City	517,128	-	-	0.0%	-	-	-	\$1.65
Newark	3,139,135	455,560	67,502	16.7%	19,783	5,920	(262,989)	\$4.35
Fremont	18,182,778	1,319,490	299,100	8.9%	204,331	90,498	203,561	\$2.47
<b>EAST BAY TOTAL</b>	<b>27,579,206</b>	<b>2,205,376</b>	<b>697,634</b>	<b>10.5%</b>	<b>268,500</b>	<b>(29,302)</b>	<b>9,417</b>	<b>\$2.65</b>

Select Lease/User Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Our Next Energy	45531 Northport Loop, East	Fremont – Bayside	Direct Lease	70,505
Europhins	47100 Baywside Pkwy	Fremont – Bayside	Owner User Sale	61,454
LAM Research	44036 Grimmer Blvd	Fremont – Mission South	Direct Lease	38,880
Cancom	850 Auburn Ct	Fremont – Mission South	Lease Renewal	31,850
Shutterfly Lifetouch LLC	1469 Salmon Wy	Hayward – South	Direct Lease	31,525

Select Investment Sale Transactions				
Building(s)	Submarket	Sale Price	\$/SF	Square Feet
6500 Kaiser + 6300 Dumbarton Cir Portfolio	Fremont – Ardenwood	\$80,500,000	\$610	131,953
47071 Bayside Pkwy	Fremont – Bayside	\$82,000,000	\$926	88,508

Warehouse Submarket Statistics								
	Total Inventory (SF)	Direct Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
<b>NORTH</b>	<b>22,693,045</b>	<b>1,537,709</b>	<b>144,000</b>	<b>7.4%</b>	<b>500,754</b>	<b>471,631</b>	<b>721,752</b>	<b>\$1.23</b>
Richmond	6,715,147	635,234	-	9.5%	324,050	324,050	203,500	\$1.08
Berkeley	452,235	-	-	0.0%	-	0	8,253	-
Emeryville	560,461	47,383	-	8.5%	-	0	-	-
Oakland	14,965,202	855,092	144,000	6.7%	176,704	147,581	509,999	\$1.33
<b>SOUTH</b>	<b>55,657,165</b>	<b>1,893,279</b>	<b>242,240</b>	<b>3.8%</b>	<b>1,173,661</b>	<b>198,926</b>	<b>(265,082)</b>	<b>\$1.27</b>
San Leandro	11,251,535	700,998	164,074	7.7%	167,014	(152,257)	3,438	\$1.13
Hayward	20,289,594	860,028	10,080	4.3%	790,602	314,284	(445,293)	\$1.28
Union City	10,270,999	184,788	-	1.8%	22,226	(88,834)	(1,603)	\$1.33
Newark	4,180,920	-	58,582	1.4%	33,000	(58,582)	163,254	\$1.30
Fremont	9,664,117	11,424	9,504	0.2%	160,819	10,176	15,122	\$1.37
<b>EAST BAY TOTAL</b>	<b>78,350,210</b>	<b>3,430,988</b>	<b>386,240</b>	<b>4.9%</b>	<b>1,674,415</b>	<b>670,557</b>	<b>456,670</b>	<b>\$1.26</b>

Select Lease/User Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Rivian Automotive	25500 Clawiter Rd	Hayward – 92 Corridor	Direct Lease	349,147
Restoration Hardware	2900 Atlas Rd	Richmond	Lease Renewal	200,000
Matagrano Inc	25858 Clawiter Rd	Hayward – 92 Corridor	Direct Lease	160,000
Ceva	24493 Clawiter Rd	Hayward – North	Direct Lease	157,725
Quik Pick	7240 Edgewater Dr	Oakland – Airport	Direct Lease	96,400
Three Way Logistics	42505 Christy St	Fremont – Auto Mall North	Lease Renewal	75,963
Fortinet	1551 Atlantic St	Union City - East	Owner-User Sale	58,714

Select Investment Sale Transactions				
Building(s)	Submarket	Sale Price	\$/SF	Square Feet
21001 Cabot Blvd	Hayward – North	\$72,362,788	\$290	248,860
45101 Industrial Dr	Fremont – Mission North	\$57,832,107	\$291	198,676
2701 Merced St	San Leandro – West	\$42,900,000	\$317	135,150
2480 Baumann Ave	San Lorenzo	\$34,750,000	\$285	121,625
2933 Alvarado St	San Leandro – East	\$12,250,000	\$227	53,805

*For more information:*

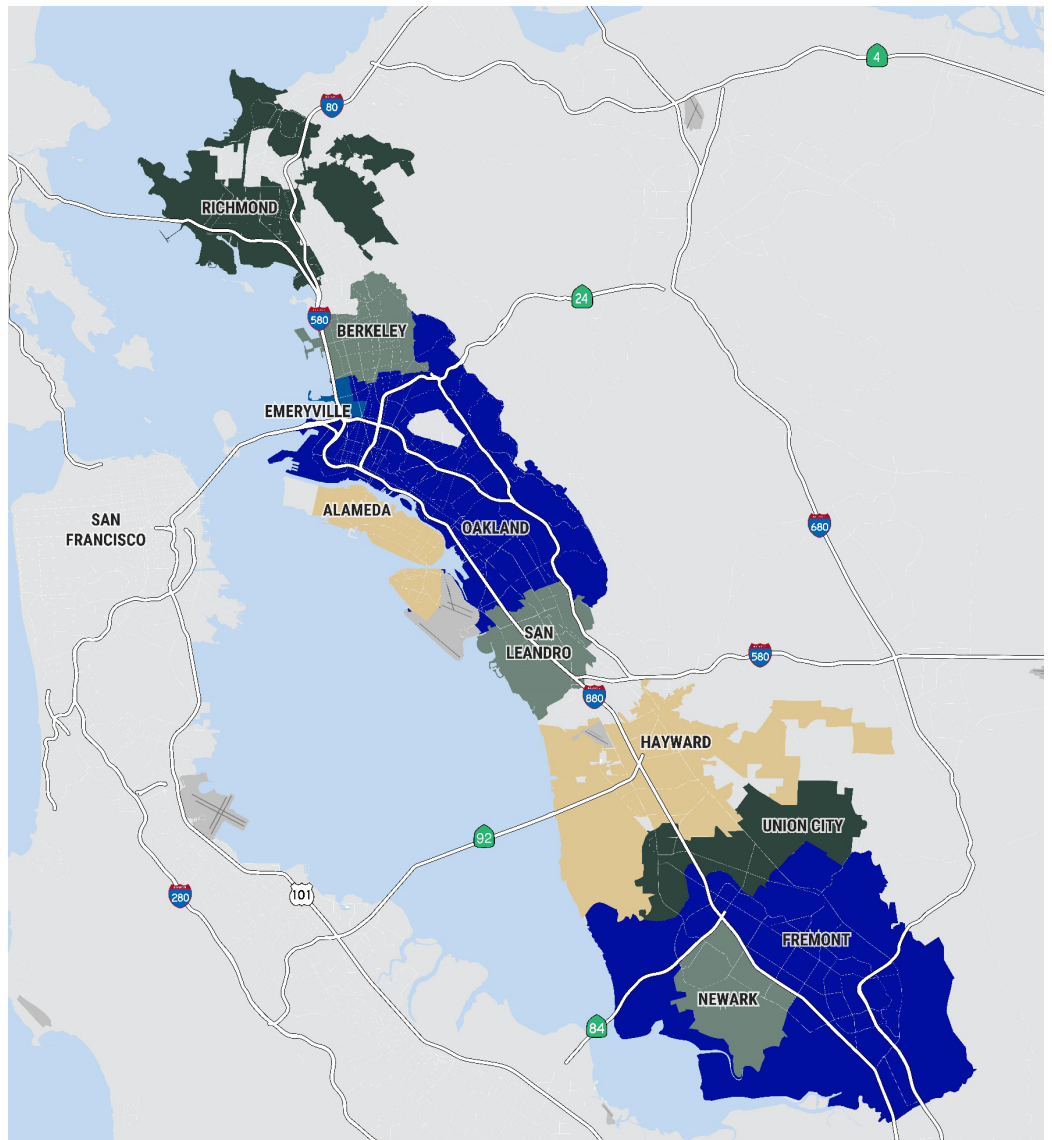
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