



East Bay Industrial Market

Market Moving in a Positive Direction

Trends in the East Bay industrial market remain mostly the same as the third quarter of 2020, with some signs of improvement. Net absorption, totaling negative 701,838 square feet, has gotten less negative, an increase of about 25%, while gross absorption, totaling 2,959,177 square feet, is about 44% higher than it was last quarter. The substantial increase in gross absorption is partially due to heavy renewal activity in the market, notably Smart Modular's renewal in Newark and the Macy's renewal in Union City. Another quarter of negative net absorption also means that vacancy rates increased again, to 7.1%. Whether this represents a new long-term equilibrium for tenants and landlords or a short-term vacancy trend while the uncertainty clears remains to be seen.

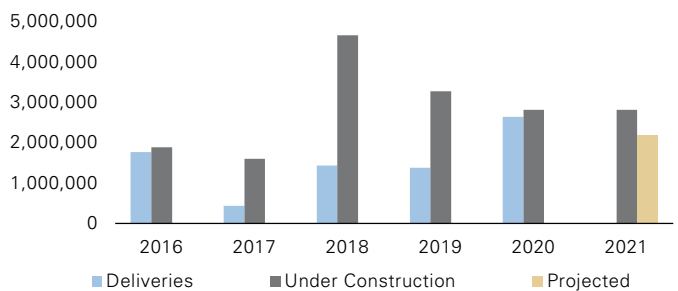
Year over year, the numbers tell a different story. Gross absorption is down by 2.0 million square feet compared to fourth-quarter 2019. This is partially due to the pandemic and partially due to a lack of large ecommerce tenants, like Amazon, whose leasing activity appears to be on hold after a large leasing spree in January of 2020.

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	188M	188M	186M	↑
Vacancy Rate	7.1%	6.7%	5.3%	↑
Qtr Net Abs (SF)	-701K	-934K	454K	↑
Avg NNN Ask Rent/SF	\$1.10	\$1.07	\$1.08	↓
Under Const (SF)	2.8 M	1.8 M	3.0M	↑

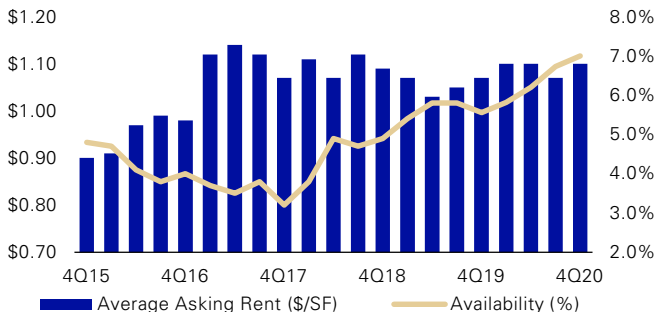
Construction and Deliveries

SQUARE FEET

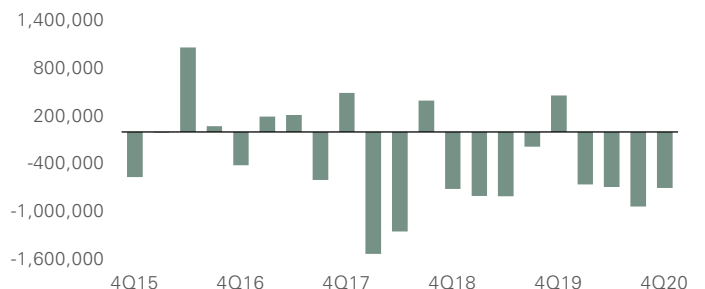


Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH 4Q 2020

Additionally, there is a growing interest on both the tenant and landlord sides to sign short-term renewals. This allows the landlords to avoid vacancy spikes, while they continue to assess the uncertainty of the market, and the tenants to avoid the moving costs they cannot afford to incur right now.

Rates remained relatively stagnant, seeing a minor increase of \$0.02/SF. The more notable development in rental rates is the growing disparity between new space and second- and third-generation buildings coming to the market. Rates on newer buildings have remained firm, while some rates on older buildings are being lowered substantially.

Significant Transactions

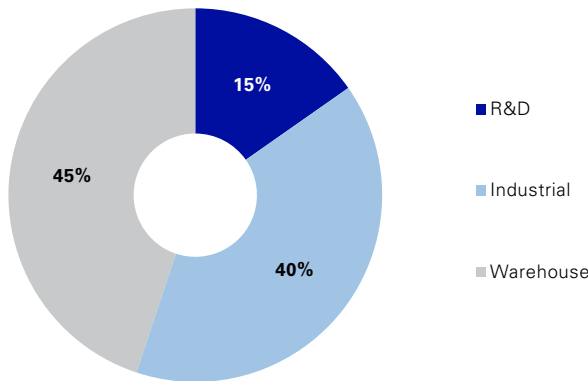
As usual, the deals that dominated significant lease transactions were warehouse. The largest warehouse deal of the quarter

happened in Union City, where Macy’s renewed 257,000 square feet at 1200 Whipple Road. Landsberg Aurora also signed 194,000 square feet of warehouse space at 8311 Central Avenue in Newark. Lastly, Cepheid leased 178,910 square feet of new construction at 44509 Pacific Commons Boulevard in Fremont.

Also, some notable investment transactions occurred in the fourth quarter. The largest sale transaction of the fourth quarter was Exeter Property Group’s acquisition of the 263,200-square-foot warehouse at 702 National Court in Richmond. The second-largest sale transaction of the quarter was CIP’s acquisition of Cabot Business Park in Hayward, a four-building, multi-tenant R&D/flex park totaling 139,644 square feet.

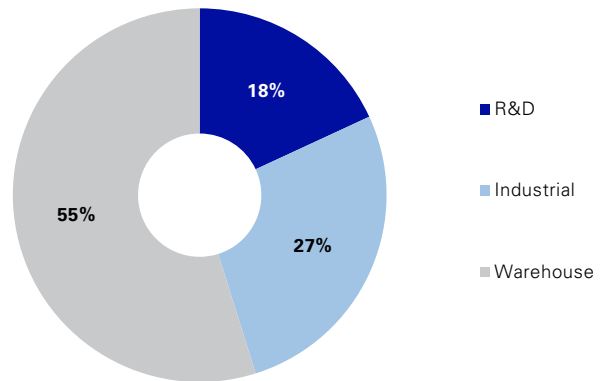
Inventory Breakdown

Percentage by Square Footage



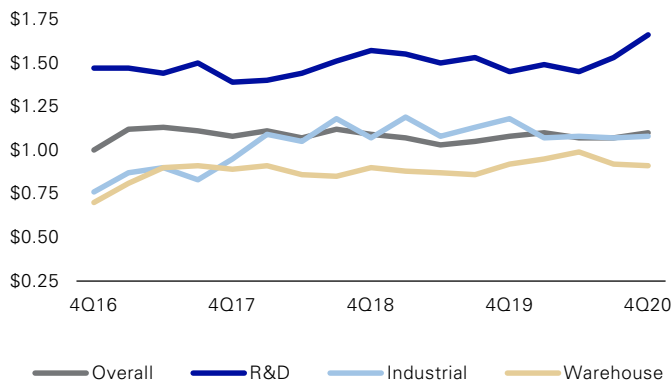
Lease Availability Breakdown

Percentage by Square Footage



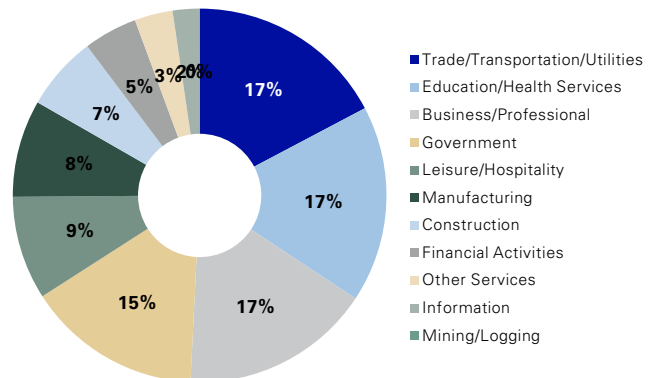
Direct Class A Asking Rents by Submarket

WEIGHTED, NNN, MONTHLY



East Bay Employment by Industry

Source: U.S. Bureau of Labor Statistics, 2020



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 FS Asking Rent (Price/SF)
NORTH	54,245,933	2,692,765	181,757	5.30%	252,701	72,284	-273,968	\$0.94
Richmond	13,551,025	672,389	0	4.96%	42,000	85,410	533,166	\$0.97
Berkeley	5,147,555	201,882	0	3.92%	22,625	32,868	2,000	\$0.69
Emeryville	2,870,238	191,118	35,547	7.90%	0	3,377	-101,423	\$1.12
Oakland	32,677,115	1,627,376	146,210	5.43%	188,076	-49,371	-707,711	\$0.94
SOUTH	133,455,932	8,662,037	1,704,938	7.77%	2,706,476	-783,449	-1,535,361	\$1.14
San Leandro	23,446,658	2,053,111	157,573	9.43%	27,461	-985,601	-563,304	\$0.88
Hayward	42,030,462	1,945,339	690,782	6.27%	779,260	160,264	-273,665	\$1.03
Union City	14,120,006	827,987	139,391	6.85%	420,228	22,997	-311,410	\$0.91
Newark	11,384,894	1,124,527	207,543	11.70%	524,253	-118,921	-210,973	\$1.18
Fremont	42,473,912	2,711,073	509,649	7.58%	955,274	137,812	-176,009	\$1.46
EAST BAY TOTAL	187,701,865	11,354,802	1,886,695	7.05%	2,959,177	-701,838	-2,255,787	\$1.10

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 FS Asking Rent (Price/SF)
NORTH	27,267,571	728,501	0	2.67%	86,196	23,345	-305,867	\$0.95
Richmond	6,560,249	208,647	0	3.18%	10,000	6,660	-48,340	\$1.07
Berkeley	4,116,407	136,982	0	3.33%	0	14,868	-16,000	\$0.80
Emeryville	2,131,659	74,735	0	3.51%	0	3,377	-31,423	\$1.36
Oakland	14,459,256	308,137	0	2.13%	76,196	-1,560	-210,104	\$0.83
SOUTH	47,514,839	2,342,802	125,247	5.19%	552,861	-55,252	-993,891	\$1.12
San Leandro	11,020,455	588,130	46,083	5.75%	1,506	-373,104	-347,293	\$1.05
Hayward	16,804,819	654,933	66,684	4.29%	84,340	71,922	-336,075	\$1.11
Union City	3,238,371	109,320	0	3.38%	0	-6,042	-64,485	\$0.85
Newark	4,116,675	265,462	0	6.45%	0	-168,979	-244,513	\$1.28
Fremont	12,334,519	724,957	12,480	5.98%	467,015	420,951	-1,525	\$1.19
EAST BAY TOTAL	74,782,410	3,071,303	125,247	4.27%	639,057	-31,907	-1,299,758	\$1.08

Select Lease/User Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Cepheid	44509 Pacific Commons Blvd	Fremont	New Lease	178,910
National Resilience	800 Corporate Way	Fremont	Sublease	152,995
Hub Logistics	42744 Boscett Road	Fremont	New Lease	51,535
Halco Fasteners Inc.	20275 Mack St	Hayward	Renewal	32,701
Zeng's Kitchen	1945 Alpine Way	Hayward	Owner/User	21,816

Select Investment Sale Transactions				
Building(s)	Submarket	Sale Price	\$/SF	Square Feet
3340-3430 Arden (3 Properties)	Hayward	\$20,750,000	\$203	102,122
6691 Clark Ave	Newark	\$7,400,000	\$338	22,000

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 FS Asking Rent (Price/SF)
NORTH	1,749,710	48,973	0	2.80%	22,625	18,000	-52,000	\$1.50
Richmond	784,298	13,973	0	1.78%	0	0	0	\$1.50
Berkeley	249,297	35,000	0	14.04%	22,625	18,000	18,000	\$0.00
Emeryville	95,000	0	0	0.00%	0	0	-70,000	\$0.00
Oakland	621,115	0	0	0.00%	0	0	0	\$0.00
SOUTH	26,920,233	2,006,789	656,681	9.89%	567,860	-284,758	-557,674	\$1.66
San Leandro	238,615	33,400	0	14.00%	0	-9,327	-2,995	\$1.36
Hayward	3,324,919	237,168	153,378	11.75%	45,154	9,911	-192,345	\$1.70
Union City	517,128	32,100	0	6.21%	0	0	-20,500	\$1.29
Newark	3,088,407	92,780	151,929	7.92%	129,661	-32,478	-99,298	\$1.69
Fremont	19,751,164	1,611,341	351,374	9.94%	393,045	-262,191	-242,536	\$1.66
EAST BAY TOTAL	28,669,943	2,055,762	656,681	9.46%	590,485	-266,758	-609,674	\$1.66

Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Facebook	6750 Dumbarton Circle	Fremont	New Lease	118,535
Cytek Biosciences	47211 Lakeview Blvd	Fremont	New Lease	95,000
Smart Modular Technologies	39870 Eureka Drive	Newark	Renewal	79,840
Netflix	48113 Warm Springs Blvd	Fremont	Renewal	56,500
IT Renew	7575 Gateway Blvd	Newark	New Lease	31,477

Select Investment Sale Transactions

Building(s)	Submarket	Sale Price	\$/SF	Square Feet
Cabot Business Park	Hayward	\$32,956,000	\$236	139,644

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 FS Asking Rent (Price/SF)
NORTH	25,228,652	1,915,291	181,757	8.31%	143,880	30,939	83,899	\$0.95
Richmond	6,206,478	449,769	0	7.25%	32,000	78,750	581,506	\$0.90
Berkeley	781,851	29,900	0	3.82%	0	0	0	\$0.99
Emeryville	643,579	116,383	35,547	23.61%	0	0	0	\$1.00
Oakland	17,596,744	1,319,239	146,210	8.33%	111,880	-47,811	-497,607	\$0.96
SOUTH	59,020,860	4,312,446	923,010	8.87%	1,585,755	-434,112	16,204	\$0.89
San Leandro	12,187,588	1,431,581	111,490	12.66%	25,955	-603,170	-213,016	\$0.81
Hayward	21,900,724	1,053,238	470,720	6.96%	649,766	78,431	254,755	\$0.82
Union City	10,364,507	686,567	139,391	7.97%	420,228	29,039	-226,425	\$0.90
Newark	4,179,812	766,285	55,614	19.66%	394,592	82,536	132,838	\$0.99
Fremont	10,388,229	374,775	145,795	5.01%	95,214	-20,948	68,052	\$1.08
EAST BAY TOTAL	84,249,512	6,227,737	1,104,767	8.70%	1,729,635	-403,173	-346,355	\$0.91

Select Lease/User Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Macy's	1200 Whipple Road	Union City	Renewal	257,000
Landsberg Orora	8311 Central Avenue	Newark	Renewal	194,033
General Logistics Systems, Inc.	30535 Huntwood Avenue -Bldg 12	Hayward	Direct Lease	139,400
CoreMark International	31300 Medallion Drive	Hayward	Renewal	130,080
Grand J&K Cabinetry	33401 Central Avenue	Union City	Direct Lease	95,512
Build Group	1600 Pacific Street	Union City	Direct Lease	67,716
Brooks Furniture	30985 Santana Street	Hayward	Renewal	56,990

Select Investment Sale Transactions				
Building(s)	Submarket	Sale Price	\$/SF	Square Feet
702 National Court	Richmond	\$50,130,000	\$190	263,200
33401 Central Ave	Union City	\$23,000,000	\$242	94,976
47375 Fremont Blvd	Fremont	\$9,771,000	\$238	40,987

For more information:

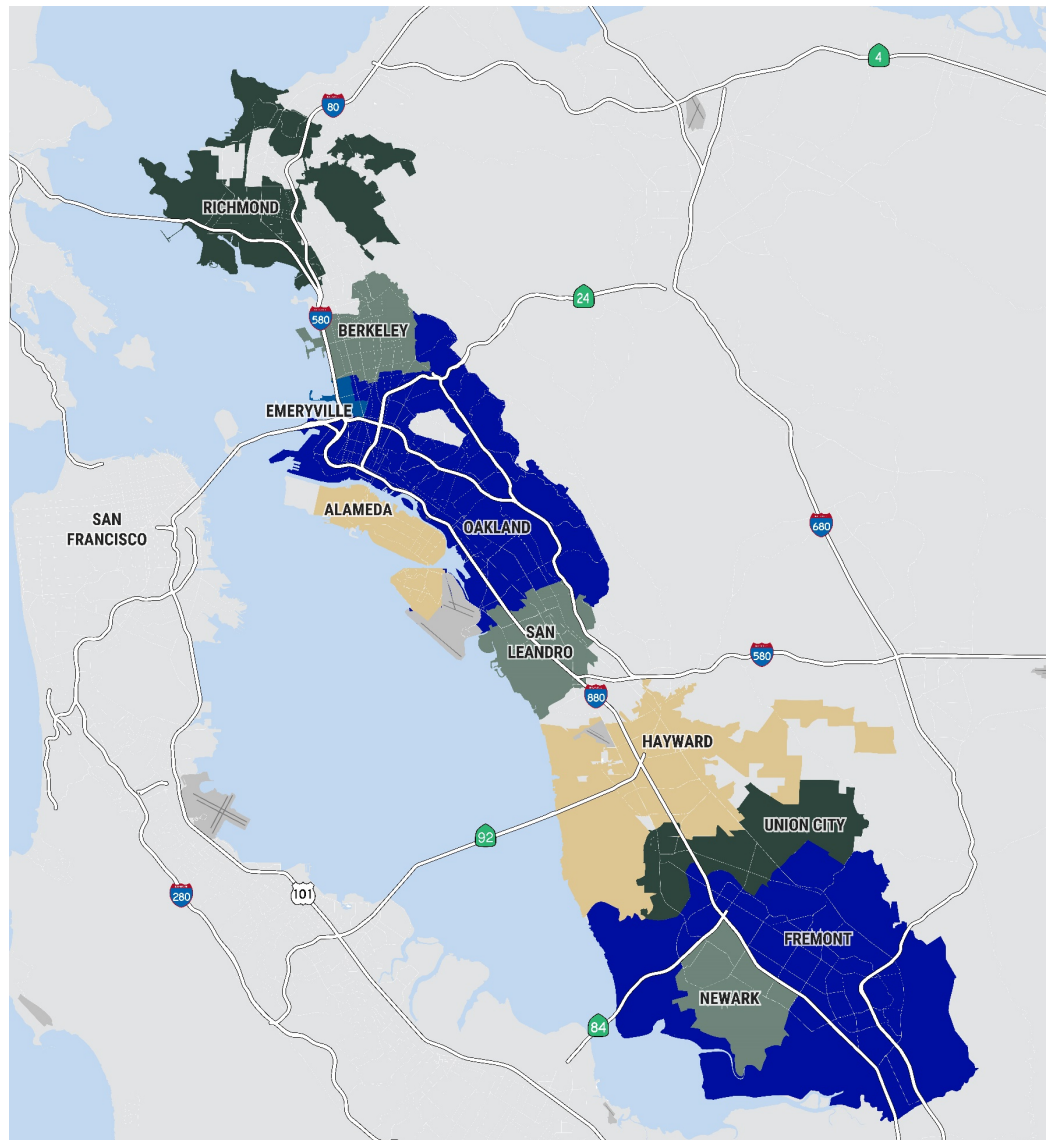
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