

NORTH I-680 CORRIDOR | INDUSTRIAL

Q1 2017

Accelerating success.

Industrial Cool Down

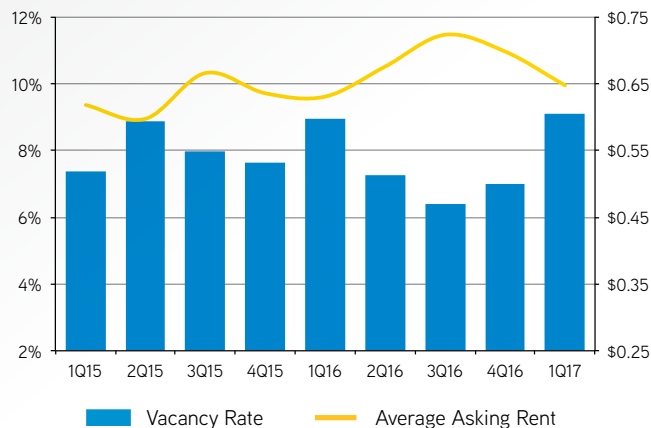
- > Industrial Inventory: 18,065,064 SF
- > Current Vacancy: 9.1%
- > Net Absorption: (48,065) SF

As we move forward into 2017, the North I-680 Corridor experienced a small contraction to begin the year. The overall vacancy rate increased to 9.1 percent in the current quarter, from 7.0 percent in the previous quarter. Rental rates also decreased this year to \$0.65 per square foot, from \$0.70 last quarter. During the quarter, there was 48,065 square feet of negative absorption. Only two sales occurred during the quarter, compared to the three that occurred the previous quarter.

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Vacancy Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor



Vacancy rates increased, and asking rents decreased.

Market Indicators

Unemployment Rate
Contra Costa County

10-Year Nominal
Interest Rate

Consumer
Confidence



Market Trends

Relative to prior period

Q1 2017

Q2 2017*

Vacancy



Net Absorption



Construction



Rental Rate



*Projected

Summary Statistics

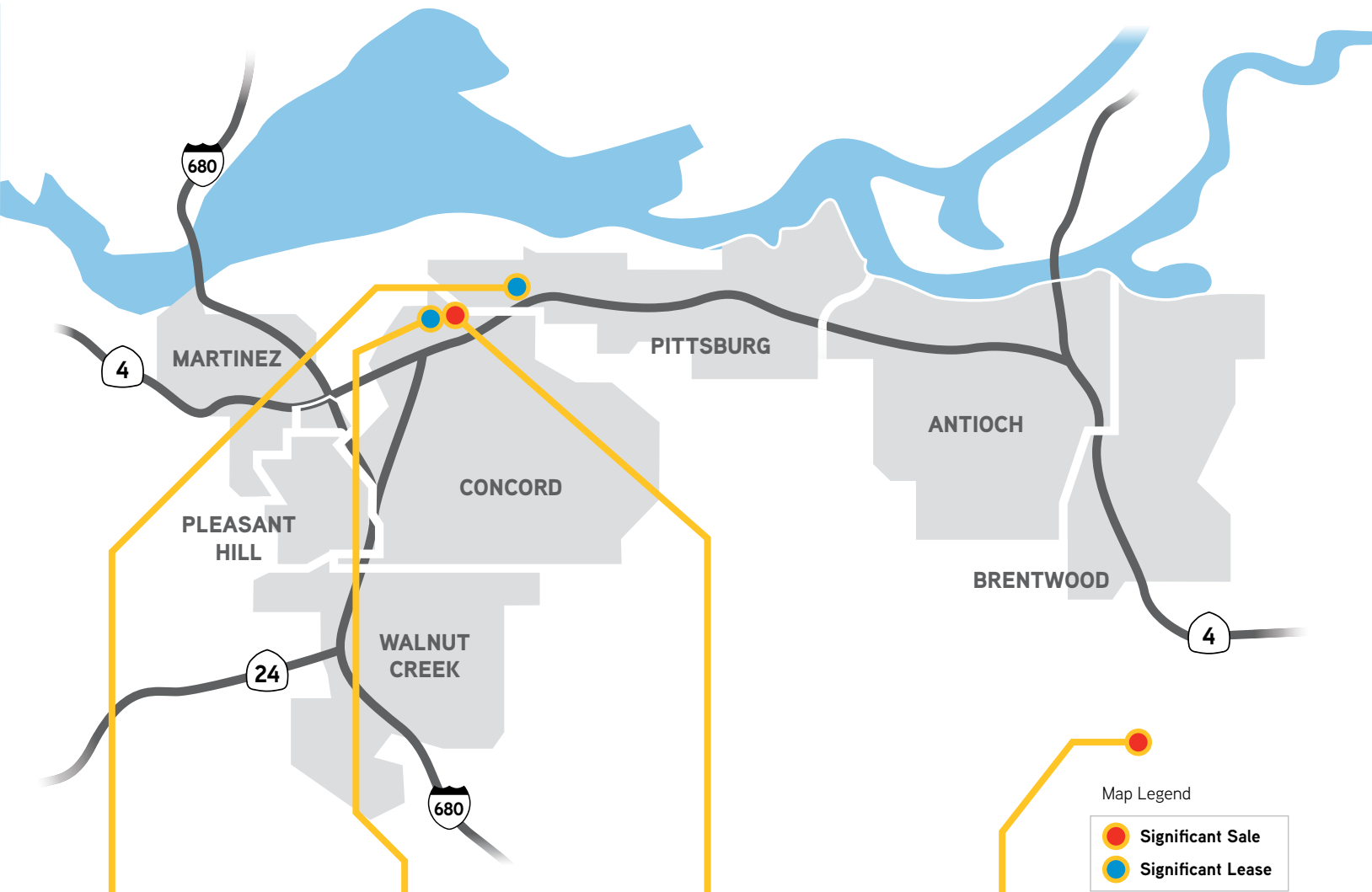
Q1 Walnut Creek Industrial Market

Previous
Quarter

Current
Quarter

Overall Vacancy Rate	7.0%	9.1%
Net Absorption	133,461	-48,065
Construction Completed	0	0
Under Construction	15,240	15,240
Overall Asking Rents*	\$0.70	\$0.65
Industrial	\$0.92	\$0.93
R&D/Flex	\$1.10	\$1.12
Warehouse/Distribution	\$0.41	\$0.42

*Asking Rents Reported Monthly



Map Legend

- Significant Sale
- Significant Lease

Meridian Associates

1300 Willow Pass Court,
Concord
February 2017
2,141 SF

KMM Telecommunications

2470 Bates Avenue,
Concord
January 2017
11,835 SF

LSTC California

4080 Pike Lane,
Concord
March 2017
16,848 SF

John L Lineweaver Trust

350 Camino Diablo,
Brentwood
February 2017
6,000 SF

Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
2470 Bates Avenue, Concord	January 2017	11,835	KMM Telecommunications	R&D Flex
1300 Willow Pass Court, Concord	February 2017	2,141	Meridian Associates	R&D Flex

Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
4080 Pike Lane, Concord	March 2017	16,848	LSTC California	Light Industrial
350 Camino Diablo, Brentwood	February 2017	6,000	The John L Lineweaver 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	6,357,139	280,047	4.4%	54,643	0.9%	334,690	5.3%	4.8%	(28,154)	(28,154)	-	-	\$0.99
WH	3	264,128	11,560	4.4%	5,000	0.02	16,560	6.3%	6.3%	-	-	-	-	\$0.75
RD/FL	20	612,047	58,130	9.5%	931	0.2%	59,061	9.6%	10.6%	5,912	5,912	-	15,240	\$1.18
TOTAL	322	7,233,314	349,737	4.8%	60,574	0.8%	410,311	5.7%	5.3%	(22,242)	(22,242)	-	15,240	\$1.02
MARTINEZ														
IND	55	931,208	25,910	2.8%	-	-	25,910	2.8%	2.8%	-	-	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	33,276	23.9%	-	-	33,276	23.9%	22.6%	(1,737)	(1,737)	-	-	\$0.96
TOTAL	65	1,189,509	59,186	5.0%	-	-	59,186	5.0%	4.8%	(1,737)	(1,737)	-	-	\$0.96
PITTSBURG														
IND	93	3,052,149	116,688	3.8%	-	-	116,688	3.8%	3.8%	-	-	-	-	\$0.64
WH	8	1,210,101	657,029	54.3%	-	-	657,029	54.3%	35.2%	-	-	-	-	\$0.40
TOTAL	101	4,262,250	773,717	18.2%	-	0.0%	773,717	18.2%	10.7%	-	-	-	-	\$0.44
ANTIOCH														
IND	63	1,672,710	61,360	3.7%	-	0.0%	61,360	3.7%	3.4%	(4,836)	(4,836)	-	-	\$1.03
WH	8	1,647,500	282,200	17.1%	-	-	282,200	17.1%	15.9%	(20,000)	(20,000)	-	-	\$0.50
RD/FL	6	85,754	2,074	2.4%	-	-	2,074	2.4%	2.4%	-	-	-	-	\$1.50
TOTAL	77	3,405,964	345,634	10.1%	-	0.0%	345,634	10.1%	9.4%	(24,836)	(24,836)	-	-	\$0.60
PLEASANT HILL														
IND	10	298,020	10,404	3.5%	17,002	5.7%	27,406	9.2%	9.2%	-	-	-	-	\$0.90
RD/FL	2	56,808	8,550	15.1%	-	-	8,550	15.1%	15.1%	-	-	-	-	\$1.20
TOTAL	12	354,828	18,954	5.3%	17,002	4.8%	35,956	10.1%	10.1%	-	-	-	-	\$0.97
PACHECO														
IND	30	605,690	-	0.0%	2,000	0.3%	2,000	0.3%	0.3%	-	-	-	-	\$1.00
TOTAL	30	605,690	-	0.0%	2,000	0.3%	2,000	0.3%	0.3%	-	-	-	-	\$1.00
WALNUT CREEK														
IND	10	142,650	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.12
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.25
TOTAL	11	304,664	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$1.25
BRENTWOOD														
IND	33	689,364	19,685	2.9%	-	-	19,685	2.9%	3.0%	750	750	-	-	\$1.34
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.87
TOTAL	35	708,845	19,685	2.8%	-	-	19,685	2.8%	2.9%	750	750	-	-	\$1.34

MARKET TOTAL

IND	593	13,748,930	514,094	3.7%	73,645	0.5%	587,739	4.3%	4.0%	(32,240)	(32,240)	-	-	\$0.93
WH	24	3,260,108	950,789	29.2%	5,000	0.2%	955,789	29.3%	19.9%	(20,000)	(20,000)	-	-	\$0.42
RD/FL	36	1,056,026	102,030	9.7%	931	0.1%	102,961	9.7%	10.1%	4,175	4,175	-	15,240	\$1.12
TOTAL	653	18,065,064	1,566,913	8.7%	79,576	0.4%	1,646,489	9.1%	7.0%	(48,065)	(48,065)	-	15,240	\$0.65

QUARTERLY COMPARISON AND TOTALS

1Q17	653	18,065,064	1,566,913	8.7%	79,576	0.4%	1,646,489	9.1%	7.0%	(48,065)	(48,065)	-	15,240	\$0.65
4Q16	652	17,703,948	1,152,932	6.5%	84,376	0.5%	1,237,308	7.0%	6.4%	(101,218)	133,461	-	15,240	\$0.72
3Q16	652	17,703,948	1,070,860	6.0%	67,016	0.4%	1,131,090	6.4%	7.3%	153,621	234,679	-	15,240	\$0.72
2Q16	652	17,703,948	1,226,420	6.9%	58,291	0.3%	1,284,711	7.3%	8.9%	298,254	81,058	-	15,240	\$0.68
1Q16	652	17,703,948	1,505,174	8.5%	77,791	0.4%	1,582,965	8.9%	7.7%	(217,196)	(217,196)	-	15,240	\$0.63

Concord

Concord's vacancy rate begins the year at 5.7 percent, up from 5.3 percent in the last quarter. Average rents in Concord also experienced a slight improvement to \$1.02 per square foot, an increase from \$1.01 over the same period. Concord was home to the largest industrial sale of the quarter on 4080 Pike Lane. The 16,848 square foot light industrial building was purchased by LSTC California LLC for \$2,825,000 or \$167.68 per square foot. Concord also had the largest lease in the quarter as well. KMM Telecommunications leased 11,835 square feet of R&D flex space on 2470 Bates Avenue.

East Contra Costa County

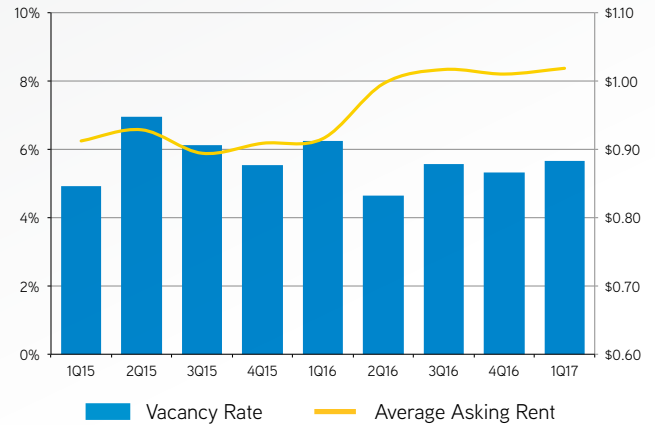
Antioch began the year with a 10.1 percent vacancy rate, an increase from 9.4 percent the previous quarter. Average rental rates in Antioch remained the same from the previous period at \$0.60 per square foot. Pittsburg's vacancy rate dipped to 18.2 percent from 10.7 percent last quarter. The reason for this was the warehouse space on 900 East 3rd Street was recently added to our database, and as a result carries a 357,000 square foot vacancy. Rental rates in Pittsburg have slightly increased from \$0.43 in the fourth quarter of 2016 to \$0.44 currently.

Summary

Over several previous quarters, the industrial market in the North I-680 Corridor has experienced historically high rents and low vacancies. Rental rates are still performing well and industrial space is slowly becoming more accessible for prospective tenants, which in turn should yield more leasing activity. As 2017 continues, we expect the industrial market to grow and expand in response to the recent contraction in the market.

Average Asking Rent vs. Vacancy Rate

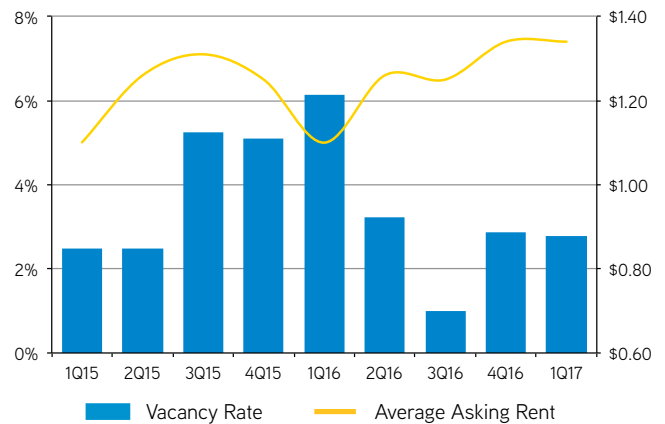
Concord, CA



Source: Colliers International Research

Average Asking Rent vs. Vacancy Rate

Brentwood, CA



Source: Colliers International Research

FOR MORE INFORMATION

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