

# Growth remains steady in North I-680 Corridor

- > Office Inventory: 17,623,918 Square Feet
- > Vacancy: 11.0 percent
- > Net absorption: 381,381 square feet year-to-date

**With San Francisco and Downtown Oakland experiencing record lows in vacancy, the North I-680 Corridor stands to gain from the shortage of office inventory.** While San Francisco Class A asking rents are \$6.70 per square foot and Downtown Oakland's Class A rents at \$4.37, prospective tenants are finding the North I-680 Corridor's Class A average asking rent of \$3.09 much more attractive for their bottom-line.

The North I-680 Corridor average asking rents are \$2.48 per square foot, up \$0.05 from the previous quarter. Class A rents saw the biggest increase; Downtown Walnut Creek Class A rents increased \$0.13 to \$3.70, Concord's Class A rents increased \$0.04 to \$2.42, and the Lamorinda area's Class A rents increased \$0.90 to \$4.25. Overall, the region's rents remain the strongest they have been in 14 years.

## Market Indicators

Unemployment Rate  
North I-680 Corridor

10-Year Nominal  
Interest Rate

Consumer  
Confidence



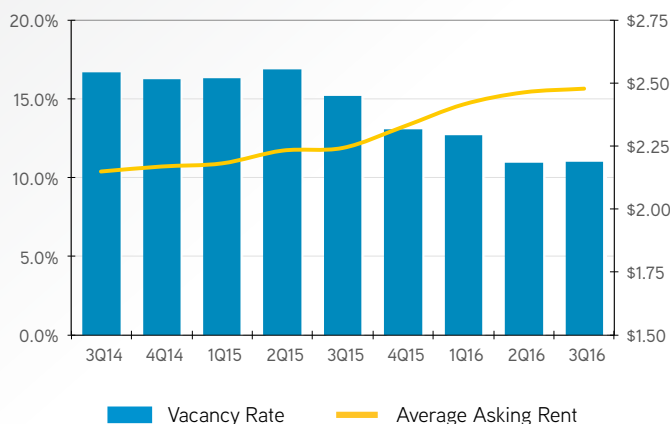
## Market Trends

Relative to prior period	Q3 2016	Q4 2016*
Vacancy	↓	↓
Net Absorption	↑	↑
Construction	↔	↔
Rental Rate	↑	↑

\*Projected

## Vacancy vs. Average Asking Rental Rates

I-680 / Highway 4 Corridor | All Classes



Overall vacancy dropped to 11 percent in 2016's 3rd quarter; rental rates continued their rise to \$2.48 per square foot. Overall, rents in the region are at a 14 year high.

## Summary Statistics

Q3 Walnut Creek Office Market

	Previous Quarter	Current Quarter
Overall Vacancy Rate	11.5%	11.0%
Net Absorption	215,240	(5,503)
Overall Asking Rents	\$2.43	\$2.48
Class A Asking Rents	\$3.02	\$3.09
Class B Asking Rents	\$2.11	\$2.15
Class C/Flex Asking Rents	\$1.76	\$1.72

\*Asking Rents Reported Monthly

## U.S. Market Economic Indicators

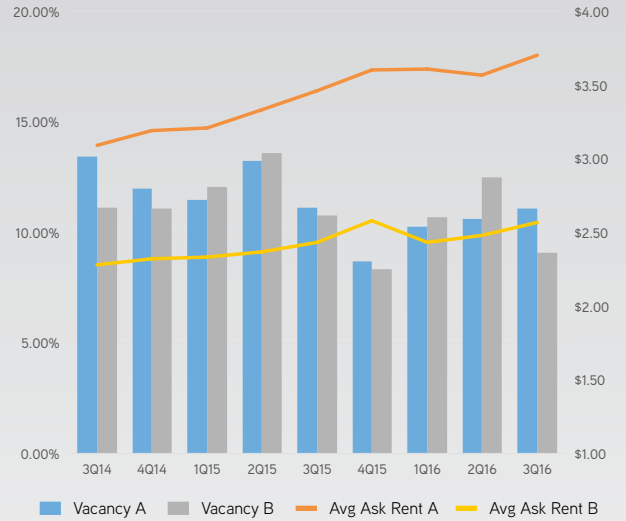
	Q3 2016	Q4 2016*
Unemployment Rate (N.I-680)	3.9%	4.0%
Labor Force Participation Rate	62.7%	62.9%
Consumer Price Index	2.40%	2.41%
Interest Rate - 10 Yr Treasury	1.49%	1.60%
Business Confidence Index	99.7%	99.5%
Consumer Confidence Index	100.8%	104.1%

Vacancy for the region as a whole decreased slightly from 11.5 percent last quarter to 11.0 percent. Although most of the regions in the North I-680 Corridor experienced minute changes to their vacancy rates, Downtown Walnut Creek and Pleasant Hill Bart had some positive trends. Downtown Walnut Creek's Class B vacancy rate dropped to 9.1 percent from 12.5 the prior quarter. Pleasant Hill Bart's Class A vacancy rate also decreased to 7.8 percent from 9.1 over the same span.

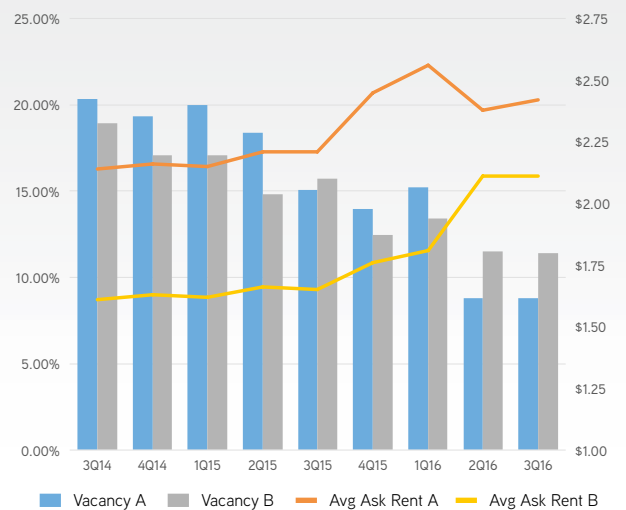
A number of large transactions took place during the quarter. 500 Ygnacio Valley Road in Walnut Creek, a 104,050 square foot Class A building sold to Cigna Realty and Lowe Enterprise Investors for \$36,000,000 or \$345.99 per square foot. Another sale of note was 3466-3470 Mt. Diablo Boulevard in Lafayette. The 82,000 square foot Class B office sold for \$30,100,000 or \$367.07 per square foot. The buyer was DPW Diablo LP and PPG Diablo LP. 1455 Montego in Walnut Creek, a Class B medical office, sold to Sixteen AM Thirty LLC for \$4,750,000 or \$216.11 per square foot. In regards to leasing, Anova Education leased 21,085 square feet at 1140 Galaxy Way in Concord. Canadian Solar leased 18,791 square feet at 3000 Oak Road in Walnut Creek. Lastly, ITT Technical Institute leased 16,169 square feet at 2730 Shadelands Drive in Walnut Creek.

As the inventory in the region is slowly being occupied, the effect on rental rates is noticeable. With asking rents the highest they have been in nearly 15 years and vacancy at its lowest in 8 years, the region is positioned to close out 2016 strong.

### Vacancy vs. Average Asking Rental Rates Downtown Walnut Creek



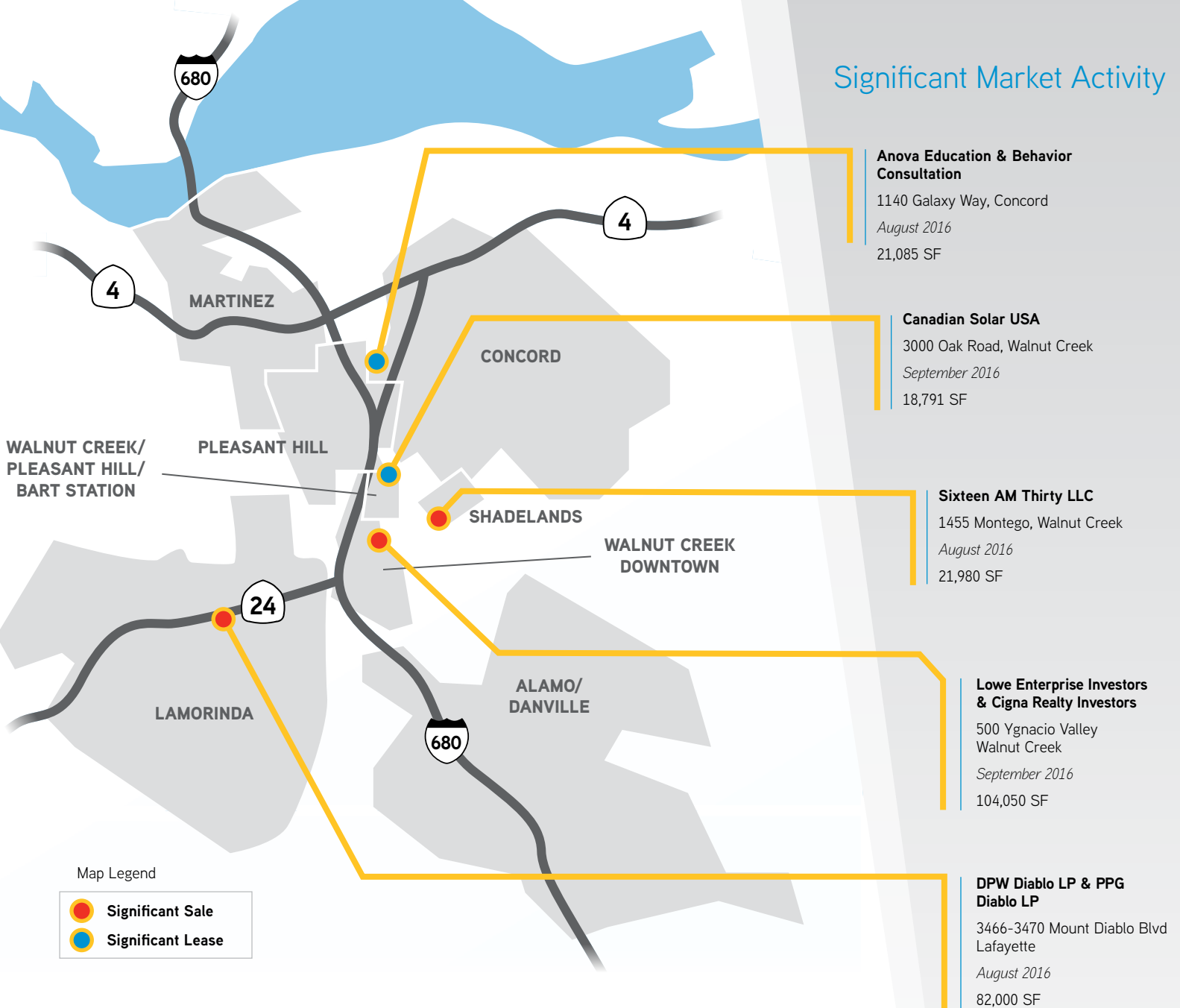
### Vacancy vs. Average Asking Rental Rates Concord



As vacancy decreases, rental rates in the North I-680 Corridor continue to surge. For example, Downtown Walnut Creek experienced a \$0.13 jump in Class A rents from just a quarter ago.

**Class A Office, Alpine Square**  
1777 Botelho Drive, Concord

## Significant Market Activity



- Anova Education & Behavior Consultation**  
 1140 Galaxy Way, Concord  
*August 2016*  
 21,085 SF
- Canadian Solar USA**  
 3000 Oak Road, Walnut Creek  
*September 2016*  
 18,791 SF
- Sixteen AM Thirty LLC**  
 1455 Montego, Walnut Creek  
*August 2016*  
 21,980 SF
- Lowe Enterprise Investors & Cigna Realty Investors**  
 500 Ygnacio Valley  
 Walnut Creek  
*September 2016*  
 104,050 SF
- DPW Diablo LP & PPG Diablo LP**  
 3466-3470 Mount Diablo Blvd  
 Lafayette  
*August 2016*  
 82,000 SF

### Map Legend

- Significant Sale
- Significant Lease

### Significant Leases

PROPERTY ADDRESS	LEASE DATE	SIZE	TENANT	TYPE
1140 Galaxy Way, Concord	August 2016	21,085	Anova Education & Behavior Consultation	Direct
3000 Oak Road, Walnut Creek	September 2016	18,791	Canadian Solar USA	Direct
1333 North California Boulevard, Walnut Creek	July 2016	11,000	Cushman & Wakefield	Direct
1390 Willow Pass Road, Walnut Creek	September 2016	9,996	Eichley Engineers	Direct
590 Ygnacio Valley Road, Walnut Creek	September 2016	9,956	Bell Carter Foods	Direct

### Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	BUYER	TYPE
500 Ygnacio Valley Road, Walnut Creek	September 2016	104,050 SF	Lowe Enterprise Investors & Cigna Realty Investors	Investor
3466-3470 Mount Diablo Boulevard, Lafayette	August 2016	82,000 SF	DPW Diablo LP & PPG Diablo LP	Investor
1455 Montego, Walnut Creek	August 2016	21,980	Sixteen AM Thirty LLC	Investor

# 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
<b>WALNUT CREEK DOWNTOWN</b>														
A	20	2,745,998	271,143	9.9%	33,315	1.2%	304,458	11.1%	10.6%	(12,830)	(66,091)	-	-	\$3.70
B	52	1,481,209	125,047	8.4%	9,141	0.6%	134,188	9.1%	12.5%	50,996	(8,767)	-	-	\$2.57
C	21	450,879	22,038	4.9%	4,000	0.9%	26,038	5.8%	4.6%	(5,088)	4,592	-	-	\$2.04
Total	93	4,678,086	418,228	8.9%	46,456	1.0%	464,684	9.9%	10.6%	33,078	(70,266)	-	-	\$3.28
<b>WALNUT CREEK PH BART</b>														
A	9	1,540,420	96,798	6.3%	22,733	1.5%	119,531	7.8%	9.1%	21,145	83,692	-	-	\$3.56
B	4	164,226	7,976	4.9%	20,066	12.2%	28,042	17.1%	4.9%	(20,066)	(17,645)	-	-	\$2.53
Total	13	1,704,646	104,774	6.1%	42,799	2.5%	147,573	8.7%	8.7%	1,079	66,047	-	-	\$3.36
<b>CONCORD</b>														
A	17	3,900,553	252,981	6.5%	89,275	2.3%	342,256	8.8%	8.8%	(728)	203,255	-	-	\$2.42
B	37	1,080,308	123,268	11.4%	-	0.0%	123,268	11.4%	11.5%	889	5,158	-	-	\$2.11
C	34	925,403	146,461	15.8%	252	0.0%	146,713	15.9%	13.7%	(19,782)	64,978	-	-	\$1.79
Total	88	5,906,264	522,710	8.9%	89,527	1.5%	612,237	10.4%	10.0%	(19,621)	273,391	-	-	\$2.21
<b>PLEASANT HILL</b>														
A	2	188,131	25,615	13.6%	-	0.0%	25,615	13.6%	14.7%	2,066	460	-	-	\$2.50
B	15	723,846	35,554	4.9%	30,775	4.3%	66,329	9.2%	9.6%	2,807	(22,443)	-	-	\$2.31
C	14	240,671	14,250	5.9%	-	0.0%	14,250	5.9%	7.4%	3,479	6,556	-	-	\$1.32
Total	31	1,152,648	75,419	6.5%	30,775	2.7%	106,194	9.2%	9.9%	8,352	(15,427)	-	-	\$2.22
<b>SHADELANDS</b>														
A	2	174,807	37,040	21.2%	-	0.0%	37,040	21.2%	21.2%	-	17,735	-	-	\$2.00
B	29	1,286,383	305,089	23.7%	3,227	0.3%	308,316	24.0%	22.7%	(12,751)	64,504	-	-	\$1.85
C	13	310,329	32,947	10.6%	-	0.0%	32,947	10.6%	10.5%	(244)	68,419	-	-	\$1.67
Total	44	1,771,519	375,076	21.2%	3,227	0.2%	378,303	21.4%	20.4%	(12,995)	150,658	-	-	\$1.83
<b>MARTINEZ</b>														
B	8	258,326	-	0.0%	-	0.0%	-	0.0%	0.0%	-	15,000	-	-	\$1.45
C	9	266,864	97,555	36.6%	-	0.0%	97,555	36.6%	36.6%	-	(3,432)	-	-	\$1.42
Total	17	525,190	97,555	18.6%	-	0.0%	97,555	18.6%	18.6%	-	11,568	-	-	\$1.42
<b>LAMORINDA</b>														
A	6	248,205	16,577	6.7%	-	0.0%	16,577	6.7%	1.8%	(12,227)	(12,227)	-	-	\$4.25
B	25	602,532	33,260	5.5%	7,977	1.3%	41,237	6.8%	8.0%	6,954	(2,462)	-	-	\$2.44
C	5	128,454	15,594	12.1%	1,300	1.0%	16,894	13.2%	13.1%	(4)	(2,319)	-	-	\$2.25
Total	36	979,191	65,431	6.7%	9,277	0.9%	74,708	7.6%	7.1%	(5,277)	(17,008)	-	-	\$2.80
<b>ALAMO/DANVILLE</b>														
A	3	129,469	4,324	3.3%	-	0.0%	4,324	3.3%	3.3%	-	735	-	-	\$3.00
B	30	572,992	21,269	3.7%	2,688	0.5%	23,957	4.2%	4.2%	262	(5,919)	-	-	\$2.37
C	12	203,913	26,243	12.9%	3,216	1.6%	29,459	14.4%	9.4%	(10,381)	(12,398)	-	-	\$1.97
Total	45	906,374	51,836	5.7%	5,904	0.7%	57,740	6.4%	5.3%	(10,119)	(17,582)	-	-	\$2.21
<b>MARKET TOTAL</b>														
A	59	8,927,583	704,478	7.9%	145,323	1.6%	849,801	9.5%	9.5%	(2,574)	227,559	-	-	\$3.09
B	200	6,169,822	651,463	10.6%	73,874	1.2%	725,337	11.8%	13.6%	29,091	27,426	-	-	\$2.15
C	108	2,526,513	355,088	14.1%	8,768	0.3%	363,856	14.4%	13.1%	(32,020)	126,396	-	-	\$1.72
Total	367	17,623,918	1,711,029	9.7%	227,965	1.3%	1,938,994	11.0%	11.5%	(5,503)	381,381	-	-	\$2.48
<b>QUARTERLY COMPARISON AND TOTALS</b>														
3Q-16	367	17,623,918	1,711,029	9.7%	227,965	1.3%	1,938,994	11.0%	11.5%	(5,503)	381,381	-	-	\$2.48
2Q-16	367	17,623,918	1,845,637	10.5%	174,716	1.0%	2,020,353	11.5%	13.2%	215,240	296,795	-	-	\$2.43
1Q-16	367	17,623,918	2,203,446	12.5%	117,094	0.7%	2,320,540	13.2%	13.5%	81,555	81,555	-	-	\$2.42
4Q-15	370	17,705,613	2,314,500	13.1%	68,712	0.4%	2,383,212	13.5%	15.2%	376,565	563,343	-	-	\$2.33
3Q-15	370	17,705,613	2,607,983	14.7%	83,082	0.5%	2,691,065	15.2%	16.9%	163,520	45,185	-	-	\$2.24

---

**554** offices in  
**66** countries on  
**6** continents

United States: **153**  
Canada: **34**  
Latin America: **24**  
Asia Pacific: **231**  
EMEA: **112**

---

**\$2.5**

billion in  
annual revenue\*

**2.0**

billion square feet  
under management

**16,000**

professionals  
and staff

\* All statistics are for 2015 and include affiliates

## About Colliers International

*Colliers International Group Inc. (NASDAQ: CIGI; TSX: CIG) is an industry leading global real estate services company with more than 16,000 skilled professionals operating in 66 countries. With an enterprising culture and significant employee ownership, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.*

*Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 outsourcing firms by the International Association of Outsourcing Professionals' Global Outsourcing for 11 consecutive years, more than any other real estate services firm.*

*For the latest news from Colliers, visit [Colliers.com](http://Colliers.com) or follow us on Twitter (@Colliers) and LinkedIn.*

Copyright © 2016 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

## COLLIERS INTERNATIONAL | WALNUT CREEK

1850 Mt. Diablo Boulevard,  
Suite 200  
Walnut Creek, CA 94596  
+1 925 279 0120  
[www.colliers.com/walnutcreek](http://www.colliers.com/walnutcreek)

### MARKET CONTACTS:

**André Walewski**  
Interim Executive Managing Director  
CA License No. 00844960  
+1 408 282 3837  
[Andre.Walewski@colliers.com](mailto:Andre.Walewski@colliers.com)

**Cristian Villarreal**  
Market Research Analyst  
+1 925 279 5579  
[Cristian.Villarreal@colliers.com](mailto:Cristian.Villarreal@colliers.com)



Accelerating success.