

# NORTH I-680 CORRIDOR | INDUSTRIAL

Q3 2016

Accelerating success.

## Industrial Inventory Remains Scarce As Rents Continue To Climb

- > Industrial Inventory: 17,704,548 Square Feet
- > Current Vacancy: 6.4 percent
- > Net Absorption YTD: 234,679 Square Feet

The North I-680 industrial market's vacancy rate remained low for the second consecutive quarter, decreasing to 6.4 percent from 7.3 percent the prior quarter. While the vacancy rate dropped, rental rates in the region increased. Average asking rents increased to \$0.72 per square foot from \$0.63 to begin the year. During the quarter, there was 153,621 square feet of absorption, and year to date numbers are positive at 234,679 square feet. Five sales of properties over 10,000 square feet occurred during the quarter, compared to three such sales in the prior period.

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### Market Indicators

Contra Costa County  
Unemployment Rate

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 Rate vs. Average Asking Rent

North I-680 Highway 4 Corridor

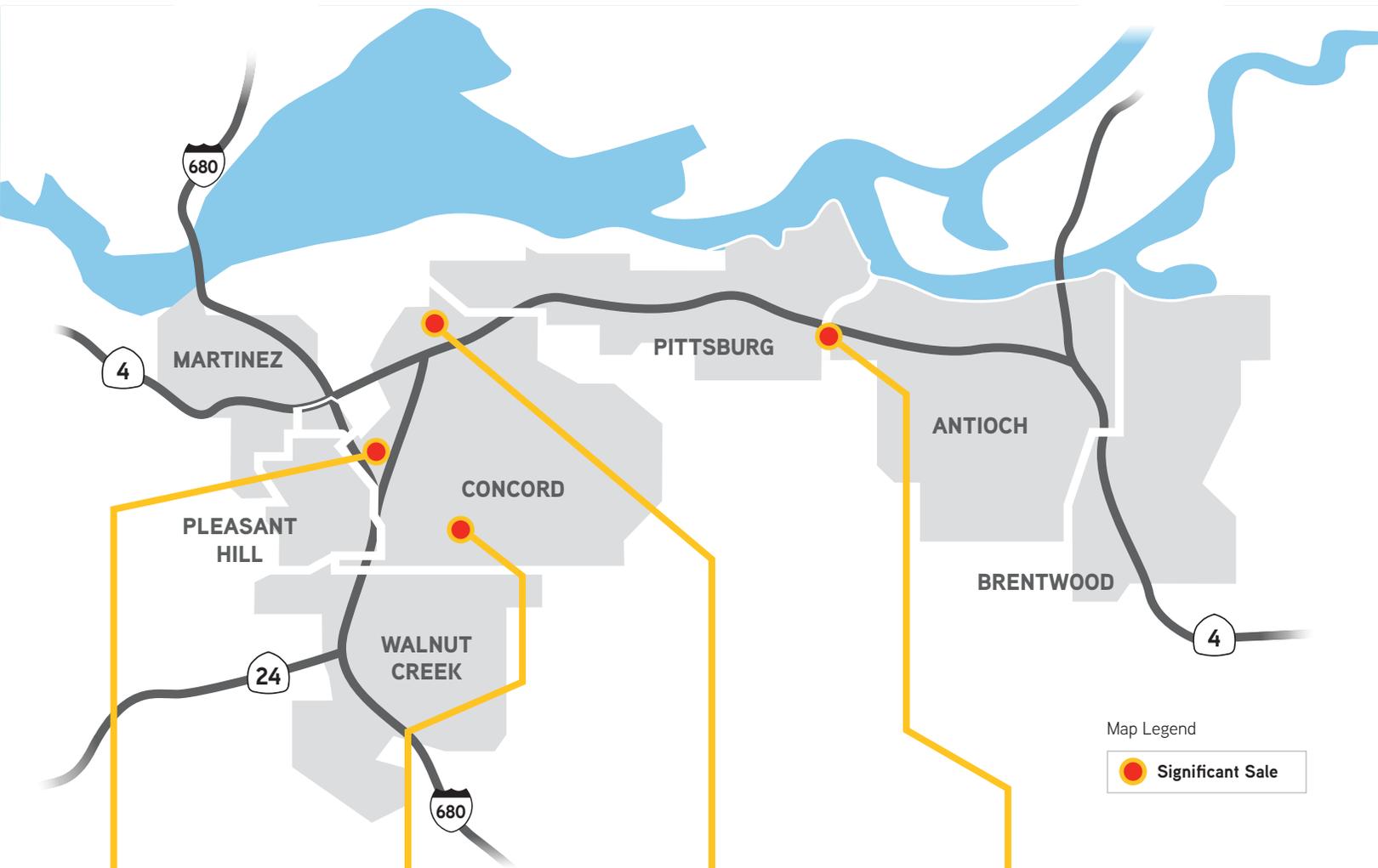


Vacancy rates declined, and asking rents increased.

### Summary Statistics

Q3 Walnut Creek Industrial Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	7.3%	6.4%
Net Absorption	298,254	153,621
Construction Completed	0	0
Under Construction	15,240	15,240
Overall Asking Rents*	\$0.68	\$0.72
Industrial	\$0.92	\$0.91
R&D/Flex	\$1.11	\$1.11
Warehouse/Distribution	\$0.42	\$0.42

\*Asking Rents Reported Monthly



**Sixth & Bryant**  
 1240 Willow Pass Road,  
 Concord  
*July 2016*  
 17,490 SF

**JC Brown Family  
 Investment Partnership**  
 1022-1024 Shary Circle,  
 Concord  
*July 2016*  
 16,480 SF

**BMI Holdings**  
 179 Mason Circle  
 Concord  
*August 2016*  
 15,000 SF

**Patrick & Lori O'Keefe**  
 557-780 Clark Avenue,  
 Pittsburg  
*August 2016*  
 42,000 SF

### Significant Sales

PROPERTY ADDRESS	SALE DATE	SIZE	SELLER/BUYER	TYPE
557-780 Clark Avenue, Pittsburg, CA	August 2016	42,000	Patrick & Lori O'Keefe	Light Industrial
1240 Willow Pass Road, Concord, Ca	July 2016	17,490	Sixth & Bryant	Industrial
1022-1024 Shary Circle, Concord, CA	July 2016	16,480	JC Brown Family Investment Partnership	Light Industrial
179 Mason Circle, Concord, CA	August 2016	15,000	BMI Holdings	Light Industrial
3665 Wilbur Avenue, Antioch, CA	July 2016	14,000	Brian Dulong	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
<b>CONCORD</b>														
IND	299	6,353,023	260,076	4.1%	47,083	0.7%	303,159	4.8%	4.5%	(19,519)	53,649	-	-	\$0.99
WH	3	264,128	11,560	4.4%	-	-	11,560	4.4%	4.4%	-	-	-	-	\$0.75
RD/FL	20	612,047	85,978	14.0%	931	0.2%	86,909	14.2%	6.5%	(47,364)	(42,480)	-	15,240	\$1.11
<b>TOTAL</b>	<b>322</b>	<b>7,229,198</b>	<b>357,614</b>	<b>4.9%</b>	<b>48,014</b>	<b>0.7%</b>	<b>401,628</b>	<b>5.6%</b>	<b>4.6%</b>	<b>(66,883)</b>	<b>11,169</b>	<b>-</b>	<b>15,240</b>	<b>\$1.02</b>
<b>MARTINEZ</b>														
IND	55	931,208	25,910	2.8%	-	-	25,910	2.8%	2.8%	-	(9,038)	-	-	\$0.96
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.68
RD/FL	7	139,403	5,505	3.9%	-	-	5,505	3.9%	3.9%	-	5,444	-	-	\$0.96
<b>TOTAL</b>	<b>65</b>	<b>1,189,509</b>	<b>31,415</b>	<b>2.6%</b>	<b>-</b>	<b>-</b>	<b>31,415</b>	<b>2.6%</b>	<b>2.6%</b>	<b>-</b>	<b>(3,594)</b>	<b>-</b>	<b>-</b>	<b>\$0.96</b>
<b>PITTSBURG</b>														
IND	93	3,052,149	116,688	3.8%	-	-	116,688	3.8%	4.2%	10,010	(58,177)	-	-	\$0.64
WH	7	853,101	206,429	24.2%	-	-	206,429	24.2%	34.8%	90,188	105,574	-	-	\$0.35
<b>TOTAL</b>	<b>100</b>	<b>3,905,250</b>	<b>323,117</b>	<b>8.3%</b>	<b>-</b>	<b>0.0%</b>	<b>323,117</b>	<b>8.3%</b>	<b>10.8%</b>	<b>100,198</b>	<b>47,397</b>	<b>-</b>	<b>-</b>	<b>\$0.45</b>
<b>ANTIOCH</b>														
IND	63	1,672,710	65,724	3.9%	-	0.0%	65,724	3.9%	5.3%	22,577	140,385	-	-	\$0.99
WH	8	1,647,500	262,200	15.9%	-	-	262,200	15.9%	21.0%	84,000	18,626	-	-	\$0.50
RD/FL	6	85,754	4,741	5.5%	-	-	1,955	2.3%	0.0%	(1,955)	(564)	-	-	\$1.22
<b>TOTAL</b>	<b>77</b>	<b>3,405,964</b>	<b>332,665</b>	<b>9.8%</b>	<b>-</b>	<b>0.0%</b>	<b>329,879</b>	<b>9.7%</b>	<b>12.8%</b>	<b>104,622</b>	<b>158,447</b>	<b>-</b>	<b>-</b>	<b>\$0.60</b>
<b>PLEASANT HILL</b>														
IND	10	298,020	10,404	3.5%	17,002	5.7%	27,406	9.2%	9.2%	-	(15,236)	-	-	\$0.90
RD/FL	2	56,808	8,550	15.1%	-	-	8,550	15.1%	15.1%	-	-	-	-	\$1.20
<b>TOTAL</b>	<b>12</b>	<b>354,828</b>	<b>18,954</b>	<b>5.3%</b>	<b>17,002</b>	<b>4.8%</b>	<b>35,956</b>	<b>10.1%</b>	<b>10.1%</b>	<b>-</b>	<b>(15,236)</b>	<b>-</b>	<b>-</b>	<b>\$0.97</b>
<b>PACHECO</b>														
IND	30	605,690	-	0.0%	2,000	0.3%	2,000	0.3%	0.3%	-	7,418	-	-	\$1.00
<b>TOTAL</b>	<b>30</b>	<b>605,690</b>	<b>-</b>	<b>0.0%</b>	<b>2,000</b>	<b>0.3%</b>	<b>2,000</b>	<b>0.3%</b>	<b>0.3%</b>	<b>-</b>	<b>7,418</b>	<b>-</b>	<b>-</b>	<b>\$1.00</b>
<b>WALNUT CREEK</b>														
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
<b>TOTAL</b>	<b>11</b>	<b>304,664</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$1.25</b>
<b>BRENTWOOD</b>														
IND	33	689,364	7,095	1.0%	-	-	7,095	1.0%	3.3%	15,684	29,078	-	-	\$1.25
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	\$0.87
<b>TOTAL</b>	<b>35</b>	<b>708,845</b>	<b>7,095</b>	<b>1.0%</b>	<b>-</b>	<b>-</b>	<b>7,095</b>	<b>1.0%</b>	<b>3.2%</b>	<b>15,684</b>	<b>29,078</b>	<b>-</b>	<b>-</b>	<b>\$1.25</b>

## MARKET TOTAL

IND	593	13,744,814	485,897	3.5%	66,085	0.5%	547,982	4.0%	4.2%	28,752	148,079	-	-	\$0.91
WH	23	2,903,108	480,189	16.5%	-	0.0%	480,189	16.5%	22.5%	174,188	124,200	-	-	\$0.42
RD/FL	36	1,056,026	104,774	9.9%	931	0.1%	102,919	9.7%	5.1%	(49,319)	(37,600)	-	15,240	\$1.11
<b>TOTAL</b>	<b>652</b>	<b>17,703,948</b>	<b>1,070,860</b>	<b>6.0%</b>	<b>67,016</b>	<b>0.4%</b>	<b>1,131,090</b>	<b>6.4%</b>	<b>7.3%</b>	<b>153,621</b>	<b>234,679</b>	<b>-</b>	<b>15,240</b>	<b>\$0.72</b>

## QUARTERLY COMPARISON AND TOTALS

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
4Q15	652	17,704,548	1,142,586	6.5%	212,223	1.2%	1,354,809	7.7%	8.0%	58,027	(84,980)	-	10,040	\$0.64
3Q15	652	17,704,548	1,175,113	6.6%	237,723	1.3%	1,412,836	8.0%	8.9%	92,077	(143,007)	55,260	-	\$0.67

## Concord

Concord's vacancy rate experienced a slight increase from 4.6 percent last quarter to 5.6 percent. Average asking rents rose from \$1.00 per square foot the previous quarter to \$1.02, the highest Concord has seen in seven years. Concord also had a noteworthy sale at 1240 Willow Pass Road. The 17,490 square foot light industrial building was purchased by Sixth & Bryant for \$4,275,000 or \$250.14 per square foot

## East Contra Costa County

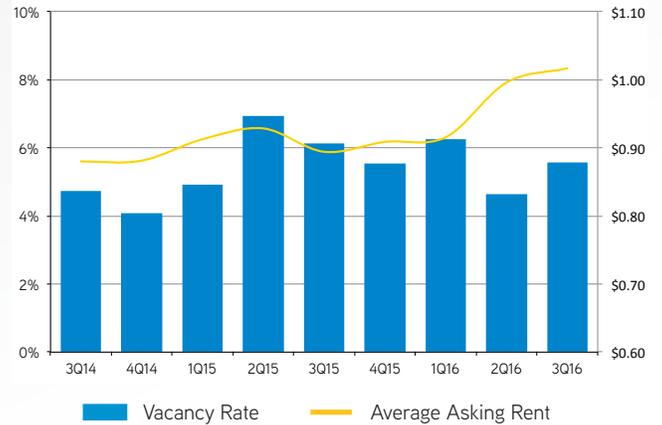
Antioch's vacancy rate continues to plunge and is currently at 9.7 percent, down from 16.6 percent to begin the year. Also performing strong in Antioch is the average rental rate. At \$0.60 per square foot, this is Antioch's highest rental rate in eight years. Pittsburg's vacancy rate has also been experiencing a decrease and is at 8.3 percent, down from 11.7 percent to start the year. While vacancy has been decreasing in Pittsburg, rents have also been on the decline. Average rents in the Pittsburg area are \$0.45 per square foot, down from \$0.46 the previous quarter. Pittsburg had a significant sale on 557-780 Clark Ave. The 42,000 square foot industrial property was sold to Patrick & Lori O'Keefe for \$3,700,000, or \$88.10 per square foot.

## Summary

With vacancy at a low 6.4 percent, inventory is becoming increasingly difficult to find in the industrial market. As a result, rents are at a seven year high and vacancy is at an eleven year low. Industrial property types will most likely continue to have a positive outlook moving into the end of 2016.

## Average Asking Rent vs. Vacancy Rate

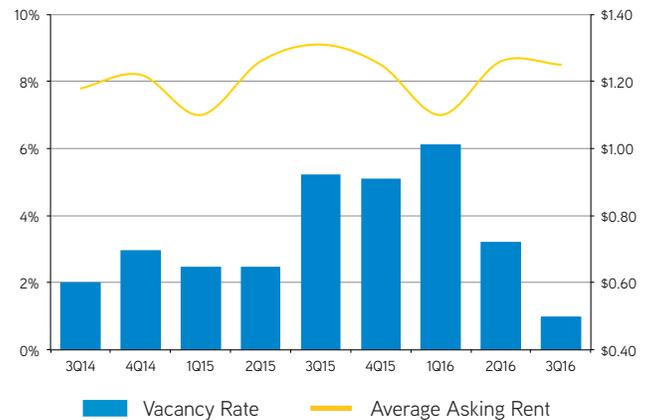
Concord, CA



Source: Colliers International Research

## Average Asking Rent vs. Vacancy Rate

Brentwood, CA



Source: Colliers International Research

## FOR MORE INFORMATION

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