



WALNUT CREEK, CA | NORTH I-680 CORRIDOR

RESEARCH & FORECAST REPORT



Slight Market Improvement in Second Quarter

MARKET OVERVIEW

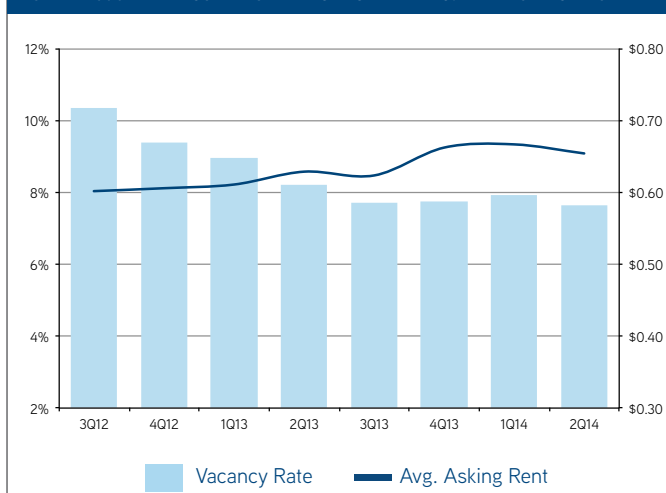
The North I-680 industrial market improved in the second quarter of 2014 with vacancy decreasing 20 basis points to 7.7 percent. There was a total of 48,912 square feet of net absorption for the quarter. Total asking rents decreased \$0.02 per square foot (PSF) to \$0.65 PSF. Concord led the market in net absorption with 120,907 square feet, followed by Martinez with 24,080 square feet. Pittsburg gave back the most space with 98,520 square feet of negative net absorption.

Industrial and R&D/Flex posted positive absorption while warehouse was negative for the quarter. Industrial registered 182,138 square feet followed by R&D/Flex with 5,874 square feet, and warehouse with negative 139,100 square feet. The largest lease transaction of the quarter was MusclePharm's 101,511 square foot warehouse/distribution renewal and expansion at Empire Business Park in Pittsburg. Leasing activity was even throughout the market. IEWC Corp leased 24,649 square feet at Concord North Commerce. Johnstone Supply renewed their 10,150 square foot space at 2231 Commerce Avenue in Concord. At 2185 Elkins Way in Brentwood, Ford Motor Company leased 9,231 square feet of warehouse space. In Delta Business Park, Urban Furniture and Designs leased 4,800 square feet of light industrial space.

MARKET INDICATORS

	Q2	PROJECTED Q3
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↔	↔
RENTAL RATE	↑	↑

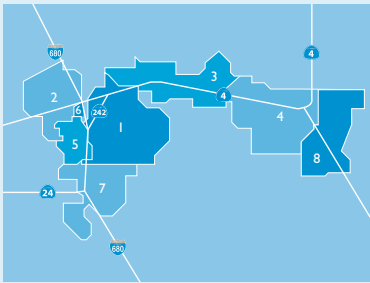
NORTH I-680 HWY 4 CORRIDOR > VACANCY RATE VS. AVERAGE ASKING RENT



There was a modest drop in vacancy in the second quarter

INDUSTRIAL MARKET > Q2 2014

EXISTING PROPERTIES										ABSORPTION		CONSTRUCTION				RENTS
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	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
CONCORD																
IND	297	6,299,497	331,649	5.3%	34,484	0.5%	366,133	5.8%	7.2%	90,384	65,350	-	-	-	-	\$0.84
WH	3	264,128	9,689	3.7%	-	-	9,689	3.7%	13.0%	24,649	(9,689)	-	-	-	-	\$0.85
RD/FL	20	612,047	25,983	4.2%	-	-	25,983	4.2%	5.2%	5,874	2,812	-	-	-	-	\$1.25
TOTAL	320	7,175,672	367,321	5.1%	34,484	0.5%	401,805	5.6%	7.3%	120,907	58,473	-	-	-	-	\$0.87
MARTINEZ																
IND	55	935,208	47,216	5.0%	-	-	47,216	5.0%	7.6%	24,080	22,640	-	-	-	-	\$0.88
WH	3	118,898	-	0.0%	-	-	-	0.0%	0.0%	-	27,960	-	-	-	-	\$-
RD/FL	7	139,403	10,828	7.8%	-	-	10,828	7.8%	7.8%	-	(4,077)	-	-	-	-	\$0.92
TOTAL	65	1,193,509	58,044	4.9%	-	-	58,044	4.9%	6.9%	24,080	46,523	-	-	-	-	\$0.89
PITTSBURG																
IND	95	3,100,149	171,808	5.5%	-	-	171,808	5.5%	6.3%	24,329	19,771	-	-	-	-	\$0.59
WH	6	805,767	122,849	15.2%	162,029	20.1%	284,878	35.4%	20.1%	(122,849)	(122,849)	-	-	-	-	\$0.30
TOTAL	101	3,905,916	294,657	7.5%	162,029	4.1%	456,686	11.7%	9.2%	(98,520)	(103,078)	-	-	-	-	\$0.41
ANTIOCH																
IND	62	1,649,674	91,876	5.6%	-	-	91,876	5.6%	8.2%	42,946	44,280	-	-	-	-	\$0.91
WH	8	1,647,500	252,365	15.3%	-	-	252,365	15.3%	12.8%	(40,900)	(40,900)	-	-	-	-	\$0.50
RD/FL	6	85,754	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	-	-	\$1.00
TOTAL	76	3,382,928	344,241	10.2%	-	-	344,241	10.2%	10.2%	2,046	3,380	-	-	-	-	\$0.61
PLEASANT HILL																
IND	10	298,020	17,420	5.8%	12,170	4.1%	29,590	9.9%	10.5%	1,666	(11,775)	-	-	-	-	\$1.16
RD/FL	2	56,808	8,550	15.1%	-	-	8,550	15.1%	15.1%	-	-	-	-	-	-	\$0.60
TOTAL	12	354,828	25,970	7.3%	12,170	3.4%	38,140	10.7%	11.2%	1,666	(11,775)	-	-	-	-	\$1.03
PACHECO																
IND	30	605,690	16,789	2.8%	-	-	16,789	2.8%	2.3%	(3,000)	3,829	-	-	-	-	\$0.94
TOTAL	30	605,690	16,789	2.8%	-	-	16,789	2.8%	2.3%	(3,000)	3,829	-	-	-	-	\$0.94
WALNUT CREEK																
IND	10	142,650	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	-	-	\$1.25
RD/FL	1	162,014	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	-	-	\$1.12
TOTAL	11	304,664	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	-	-	\$1.25
BRENTWOOD																
IND	33	689,364	33,223	4.8%	-	-	33,223	4.8%	5.1%	1,733	20,800	-	-	-	-	\$1.17
WH	2	19,481	-	0.0%	-	-	-	0.0%	0.0%	-	-	-	-	-	-	\$0.84
TOTAL	35	708,845	33,223	4.7%	-	-	33,223	4.7%	4.9%	1,733	20,800	-	-	-	-	\$1.17
MARKET TOTAL																
IND	592	13,720,252	709,981	5.2%	46,654	0.3%	756,635	5.5%	6.8%	182,138	164,895	-	-	-	-	\$0.82
WH	22	2,855,774	384,903	13.5%	162,029	5.7%	546,932	19.2%	14.3%	(139,100)	(145,478)	-	-	-	-	\$0.39
RD/FL	36	1,056,026	45,361	4.3%	-	0.0%	45,361	4.3%	4.9%	5,874	(1,265)	-	-	-	-	\$1.05
TOTAL	650	17,632,052	1,140,245	6.5%	208,683	1.2%	1,348,928	7.7%	7.9%	48,912	18,152	-	-	-	-	\$0.65
QUARTERLY COMPARISON AND TOTALS																
2Q14	650	17,632,052	1,140,245	6.5%	208,683	1.2%	1,348,928	7.7%	7.9%	48,912	18,152	-	-	-	-	\$0.65
1Q14	650	17,632,052	1,193,626	6.8%	199,214	1.1%	1,392,840	7.9%	7.8%	(30,760)	(30,760)	-	-	-	-	\$0.67
4Q13	650	17,632,052	1,177,184	6.7%	189,896	1.1%	1,367,080	7.8%	7.7%	(9,507)	286,838	-	-	-	-	\$0.66
3Q13	650	17,632,052	1,325,408	7.5%	32,165	0.2%	1,357,573	7.7%	8.2%	91,068	296,345	-	-	-	-	\$0.62
2Q13	650	17,632,052	1,403,002	8.0%	45,639	0.3%	1,448,641	8.2%	8.9%	128,526	205,277	-	-	-	-	\$0.63



SUBMARKET MAP

- 1 Concord
- 2 Martinez
- 3 Pittsburg
- 4 Antioch
- 5 Pleasant Hill
- 6 Pacheco
- 7 Walnut Creek
- 8 Brentwood

Concord vacancy decreased 170 basis points to 5.6 percent. The industrial market posted 90,384 square feet of net absorption, which now stands at 65,350 square feet year-to-date. Concord warehouse vacancy fell significantly, dropping 930 basis points to 3.7 percent. Concord R&D vacancy decreased 100 basis points to 4.2 percent and absorbed 5,874 square feet.

Total vacancy for Pittsburg increased 250 basis points to 11.7 percent. There was 98,520 square feet of negative net absorption for the quarter. Vacancy for industrial space decreased 80 basis points to 5.5 percent.

Antioch total vacancy remained flat at 10.2 percent. Average asking rents increased \$0.10 PSF to \$0.61 PSF. Warehouse vacancy increased 250 basis points to 15.3 percent.

Sales activity was relatively light in the second quarter. Cardoza Properties purchased a 12,000 square foot light industrial building at 1062 Shary Circle in Concord. A 7,800 square foot light industrial building at 2201 Commerce Avenue in Concord sold to John Crawford.

There were two condo sales in the region, both within Gateway Industrial Park in Concord. Michael Lucas purchased a 3,040 square foot light industrial condo and Gambles Flooring purchased a 2,382 square foot condo.

**485 offices in
63 countries on
6 continents**

United States: 146
Canada: 44
Latin America: 25
Asia Pacific: 186
EMEA: 84

- > \$2.1 Billion in annual revenue
- > 1.46 Billion* square feet under management
- > Over 15,800 professionals

*Square footage includes office, industrial and retail property under management. Residential property is excluded from this total. All statistics are for 2013.

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SIGNIFICANT TRANSACTIONS

SALES ACTIVITY

PROPERTY ADDRESS	SALES DATE	SIZE SF	BUYER	TYPE
1062 Shary Circle	Jun-14	12,000	Cardoza Properties	Light Industrial
2201 Commerce Avenue	Apr-14	7,800	John Crawford	Light Industrial
Gateway Industrial Park	Apr-14	3,040	Michael Lucas	Condo
Gateway Industrial Park	May-14	2,382	Gambles Flooring	Condo

LEASING ACTIVITY

PROPERTY NAME/ADDRESS	LEASE DATE	SIZE SF	TENANT	TYPE
Empire Business Park	May-14	101,511	MusclePharm	Warehouse/Distribution
Concord North Commerce	May-14	24,649	IEWC Corp	Warehouse/Distribution
2231 Commerce Avenue	May-14	10,150	Johnstone Supply	Light Industrial
2185 Elkins Way	Jun-14	9,231	Ford Motor Company	Warehouse
Delta Business Park	Apr-14	4,800	Urban Furniture Design	Light Industrial



Accelerating success.