

FIGURES | OAKLAND | Q4 2022

# Oakland Industrial Figures

▼ 2.6%  
Vacancy Rate

▲ 400.5K  
SF Net Absorption

▶ 2.1M  
SF Under Construction

▶ \$1.34 psf/mo  
NNN / Asking Lease Rate for Existing Properties

▲ 283.2K  
Industrial Using Employment Alameda & Contra Costa Cos

Note: Arrows indicate change from previous quarter.

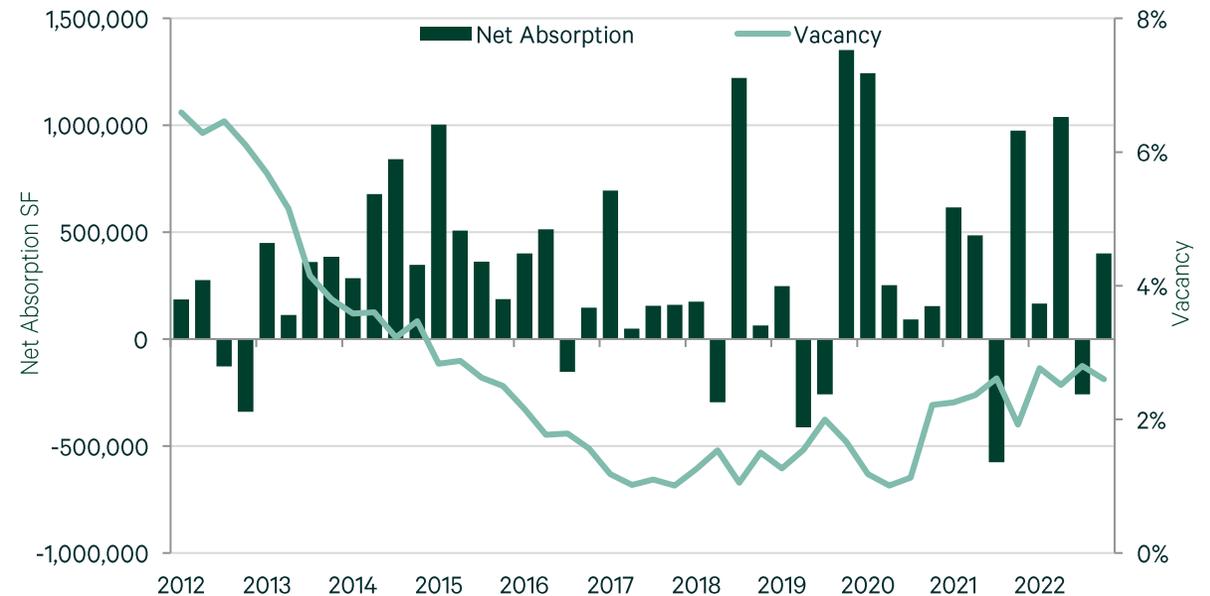
## EMPLOYMENT

The East Bay, comprising both Alameda and Contra Costa counties, is home to 2.8 million residents and hosts a labor force of 1.4 million. Ending December 2022, the total resident employment was 1.4 million, representing an increase of nearly 32,100 jobs from this time last year when the region was emerging out of COVID shelter-in-place policies due to a combination of high vaccination rates and lower contraction numbers. This increase in employment caused the unemployment rate to decline 120 basis points (bps) over the past year, ending Q4 2022 at 3.5%.

## INDUSTRIAL OVERVIEW

The Oakland/East Bay industrial market, which spans the inner East Bay from Richmond to Union City, experienced a significant supply/demand imbalance that favored owners during 2022. This, coupled with strong leasing activity and a flight to quality, resulted in higher asking rates throughout the year. Q4 2022 echoed this trend throughout the quarter as available spaces that came to market were absorbed very quickly. As a result, vacancy rates dropped quarter over quarter (QoQ) by 20 bps from 2.8% to 2.6%. This also caused the availability rate to decrease 30 bps QoQ, declining from 4.0% in Q3 2022 to 3.7% at the end of Q4 2022.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research

## INDUSTRIAL OVERVIEW (continued)

Leasing activity remained strong during the fourth quarter as tenants continued their flight to quality from Class B & C into Class A product. New leasing activity included Moxion Power for 200,000 sq. ft. in a build-to-suit project that has not broken ground yet, and another 126,000 sq. ft. of existing space at Ford Point, both in Richmond. Other large transactions in Q4 included RK Logistics Group for 237,400 sq. ft. in Hayward and RoadOne Intermodal Logistics for 232,881 sq. ft. in Oakland. At the end of 2022, there were a total of 45 companies actively touring for over 6 million sq. ft. of space. This represents a decrease from the 67 tenants in the market with 9.4 million sq. ft. in space requirements during Q3 2022. Despite the decrease, the demand pipeline remains strong with half of these requirements coming from out-of-market tenants.

Following the trend from Q3 2022, sales volume flattened by year-end. This is directly correlated to the substantial interest rate hikes implemented by the Federal Reserve Bank during the year; from 0% - 0.25% at the beginning of the year to 4.25% - 4.50%, a range not seen since 2007. The most notable sale during the quarter was a land acquisition in Richmond for 3.5 acres by ALC Investment. Prologis also completed its acquisition of Duke Realty Corporation early in the quarter, totaling just over 2 million sq. ft. of industrial properties in the Oakland/East Bay market.

The Prologis warehouse project at 6345 Coliseum Way, that broke ground during Q4 2021 for 58,530 sq. ft. and preleased to TireHub, was delivered this quarter. Hayward Exchange@92, located at 25810-25830 Clawiter, is expected to deliver 352,095 sq. ft. in Q1 2023, with another 1.7 million sq. ft. of space deliveries at other developments in the Oakland/East Bay market expected throughout 2023. In total, 1 million sq. ft. of this highly anticipated space has already been preleased.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Lease Rate (\$)		Q4 Net Absorption	YTD Net Absorption
				Mfg.	Whs.		
Richmond	12,394,139	4.5%	7.4%	\$1.15	\$1.30	(20,082)	132,939
Berkeley	5,110,233	0.0%	0.0%	\$1.50	\$1.75	3,284	55,768
Emeryville	2,293,113	0.9%	3.0%	\$1.50	\$1.75	0	(21,082)
Oakland	35,032,206	3.3%	3.7%	\$1.35	\$1.35	328,790	402,703
Alameda	4,012,884	2.4%	2.4%	\$1.00	\$1.50	0	0
San Leandro	19,744,859	3.1%	4.6%	\$1.35	\$1.35	112,544	(80,363)
San Lorenzo	1,104,363	4.8%	4.8%	\$1.10	\$1.10	0	222,694
Hayward	34,255,217	2.1%	3.3%	\$1.35	\$1.35	(6,078)	25,633
Union City	12,421,313	0.7%	1.2%	\$1.35	\$1.35	(14,696)	249,181
<b>Oakland Ind. Market</b>	<b>126,361,327</b>	<b>2.6%</b>	<b>3.7%</b>	<b>\$1.34</b>	<b>\$1.34</b>	<b>400,478</b>	<b>987,473</b>
<b>Manufacturing</b>	<b>34,097,283</b>	<b>2.3%</b>	<b>2.7%</b>	<b>\$1.34</b>	<b>N/A</b>	<b>109,201</b>	<b>463,972</b>
<b>Warehouse</b>	<b>92,264,044</b>	<b>2.7%</b>	<b>4.0%</b>	<b>N/A</b>	<b>\$1.34</b>	<b>291,277</b>	<b>523,501</b>

Source: CBRE Research

FIGURE 3: Notable Lease Transactions Q4 2022

Tenant	City	SF Leased	Type
RK Logistics Group, Inc.	Hayward	237,400	Sublease
RoadOne IntermodaLogistics	Oakland	232,881	New Lease
Moxion Power	Richmond	200,000	New Lease
Lansum International	Oakland	155,000	Sublease
Iron Mountain	Hayward	147,853	Renewal
Finelite	Union City	140,100	Renewal
Dependable Highway Express	San Leandro	136,764	Sublease/Expansion
CEVA Freight	San Leandro	82,300	Renewal

Source: CBRE Research

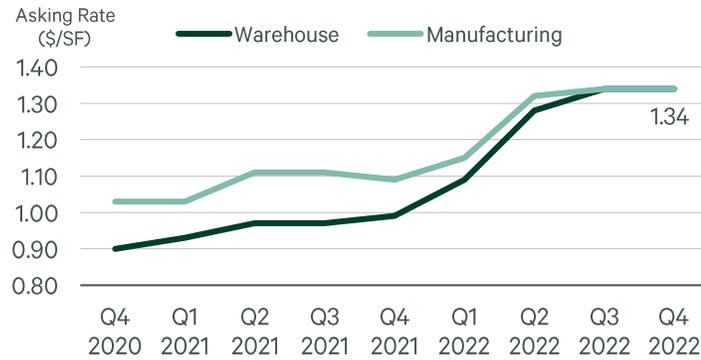
FIGURE 4: Notable Sale Transactions Q4 2022

Buyer	City	SF Sold	Sale Price
Prologis	880 Corridor*	2,007,380	N/A
Self-Help Credit Union	Oakland	29,040	\$7.3M
ALC Investment Inc	Richmond	3.5 Acres	\$7.5M

Source: CBRE Research

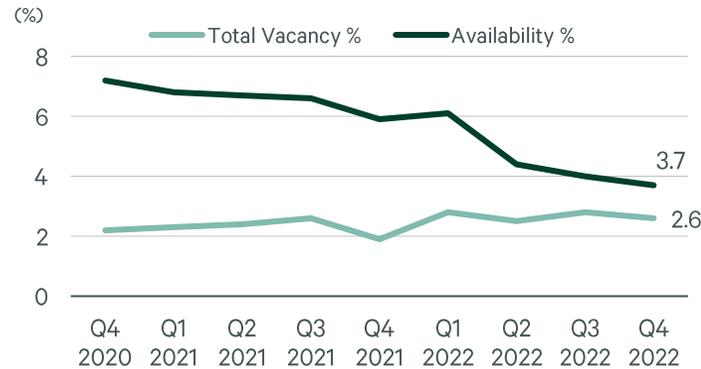
\* Indicates a portfolio sale

FIGURE 5: Lease Rates



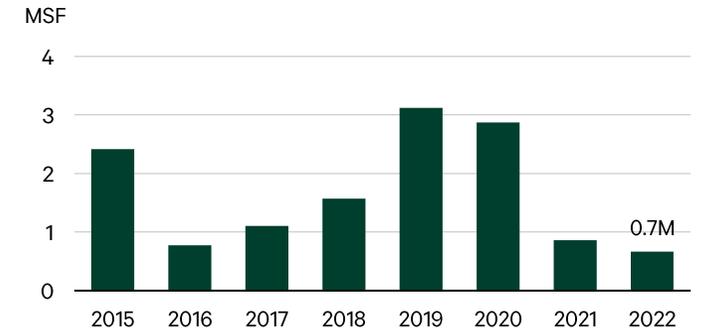
Source: CBRE Research

FIGURE 6: Vacancy & Availability



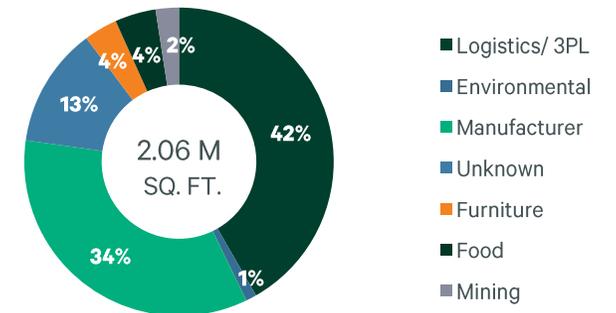
Source: CBRE Research

FIGURE 7: Construction Completions



Source: CBRE Research

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research

**Submarket Map**



Source: CBRE Research, Location Intelligence

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**Definitions**

Average Asking Rate Direct Monthly Lease Rates., Triple Net (NNN). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE’s market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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