



Walnut Creek

Industrial 22Q1

Key Takeaways

- Vacancy continues to tick upward as large blocks of space become available
- After reaching record highs in 2020, average asking rates have been slightly decreasing since then
- Land and build-to-suit are in demand due to lack of suitable inventory



Deja Vu

As we put a bow on the first quarter of 2022, the North I-680 Corridor industrial market continues relatively unchanged from previous cycles. The overall vacancy rate increased to 8.1 percent from 7.6 percent the previous quarter. Overall average asking rents decreased to \$0.78 from \$0.79 across the same period. Investment activity slowed this quarter with one transaction in the region.

Market Indicators



Historic Comparison

| | 21Q1 | 21Q4 | 22Q1 |
|--|--------|---------|--------|
| Total Inventory (in Thousands of SF) | 17,579 | 17,610 | 17,567 |
| New Supply (in Thousands of SF) | - | - | - |
| Net Absorption (in Thousands of SF) | 24.9 | (210.1) | (95.9) |
| Overall Vacancy | 5.5% | 7.6% | 8.1% |
| Under Construction (in Thousands of SF) | - | - | 35.0 |
| Overall Asking Lease Rates (NNN) | \$0.88 | \$0.79 | \$0.78 |

Market Graph



Source: Colliers

Vacancy increased to 8.1 percent, while average asking rates decreased to \$0.78 per square foot.

Recent Transactions

| | | | | |
|---|---|--|---|---|
| Lease 205 Mason Circle Concord 28,500 SF | Lease 1985 Arnold Industrial Way Concord 18,528 SF | Lease 1501 Loveridge Road Pittsburg 15,200 SF | Lease 195 Mason Circle Concord 13,070 SF | Sale 705 Bliss Avenue Pittsburg \$137/SF |
|---|---|--|---|---|

| Submarket/ Class | Total Inventory SF | Direct Availability Rate | Sublease Availability Rate | Availability Rate | Vacancy Rate | Vacancy Rate Previous | Net Absorption Current | Net Absorption YTD | Under Construction | Deliveries YTD | Avg Direct Asking Rate (NNN) |
|--|-----------------------|--------------------------------|----------------------------------|----------------------|-----------------|-----------------------------|------------------------------|--------------------------|-----------------------|-------------------|------------------------------------|
| Grand Total | | | | | | | | | | | |
| Industrial | 13,493,264 | 6.7% | 0.3% | 7.0% | 6.8% | 6.9% | 13,110 | 13,110 | 35,000 | 0 | \$0.90 |
| Warehouse | 3,077,684 | 12.3% | 3.8% | 16.2% | 16.2% | 12.8% | (104,920) | (104,920) | 0 | 0 | \$0.55 |
| R&D Flex | 996,526 | 1.1% | 0.0% | 1.1% | 1.1% | 0.6% | (4,124) | (4,124) | 0 | 0 | \$1.43 |
| TOTAL | 17,567,474 | 7.4% | 0.9% | 8.3% | 8.1% | 7.6% | (95,934) | (95,934) | 35,000 | 0 | \$0.78 |
| Concord | | | | | | | | | | | |
| Industrial | 6,147,373 | 3.3% | 0.4% | 3.7% | 3.5% | 3.2% | (17,579) | (17,579) | 35,000 | 0 | \$1.35 |
| Warehouse | 338,482 | 5.4% | 7.3% | 12.7% | 12.7% | 12.7% | - | - | 0 | 0 | \$0.95 |
| R&D Flex | 571,559 | 0.7% | 0.0% | 0.7% | 0.7% | 0.5% | (654) | (654) | 0 | 0 | \$1.50 |
| TOTAL | 7,057,414 | 3.2% | 0.7% | 3.9% | 3.7% | 3.4% | (18,233) | (18,233) | 35,000 | 0 | \$1.35 |
| Martinez | | | | | | | | | | | |
| Industrial | 815,747 | 0.7% | 0.0% | 0.7% | 0.7% | 0.7% | - | - | 0 | 0 | \$1.17 |
| Warehouse | 118,898 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | - | - | 0 | 0 | \$0.80 |
| R&D Flex | 139,403 | 5.0% | 0.0% | 5.0% | 5.0% | 2.5% | (3,470) | (3,470) | 0 | 0 | \$1.40 |
| TOTAL | 1,074,048 | 1.2% | 0.0% | 1.2% | 1.2% | 0.9% | (3,470) | (3,470) | 0 | 0 | \$1.30 |
| Pittsburg | | | | | | | | | | | |
| Industrial | 3,336,648 | 18.1% | 0.1% | 18.3% | 18.1% | 18.6% | 15,200 | 15,200 | 0 | 0 | \$0.70 |
| WH | 853,101 | 19.1% | 11.0% | 30.1% | 30.1% | 17.8% | (104,920) | (104,920) | 0 | 0 | \$0.58 |
| TOTAL | 4,189,749 | 18.3% | 2.3% | 20.7% | 20.6% | 18.4% | (89,720) | (89,720) | 0 | 0 | \$0.66 |
| Antioch | | | | | | | | | | | |
| Industrial | 1,582,329 | 2.2% | 0.0% | 2.2% | 2.2% | 2.3% | 2,400 | 2,400 | 0 | 0 | \$0.81 |
| Warehouse | 1,671,250 | 11.0% | 0.0% | 11.0% | 11.0% | 11.0% | - | - | 0 | 0 | \$0.55 |
| R&D Flex | 66,742 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | - | - | 0 | 0 | \$1.20 |
| TOTAL | 3,320,321 | 6.6% | 0.0% | 6.6% | 6.6% | 6.6% | 2,400 | 2,400 | 0 | 0 | \$0.59 |
| Pleasant Hill | | | | | | | | | | | |
| Industrial | 289,620 | 4.9% | 2.6% | 7.5% | 7.5% | 8.3% | 2,214 | 2,214 | 0 | 0 | \$1.10 |
| R&D Flex | 56,808 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | - | - | 0 | 0 | \$1.20 |
| TOTAL | 346,428 | 4.1% | 2.2% | 6.3% | 6.3% | 6.9% | 2,214 | 2,214 | 0 | 0 | \$1.10 |
| Pacheco | | | | | | | | | | | |
| Industrial | 542,944 | 1.2% | 0.8% | 1.9% | 1.9% | 2.7% | 4,275 | 4,275 | 0 | 0 | \$1.67 |
| TOTAL | 542,944 | 1.2% | 0.8% | 1.9% | 1.9% | 2.7% | 4,275 | 4,275 | 0 | 0 | \$1.67 |
| Walnut Creek | | | | | | | | | | | |
| Industrial | 122,500 | 1.3% | 0.0% | 1.3% | 1.3% | 1.3% | - | - | 0 | 0 | \$1.80 |
| R&D Flex | 162,014 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | - | - | 0 | 0 | \$2.00 |
| TOTAL | 284,514 | 0.5% | 0.0% | 0.5% | 0.5% | 0.5% | - | - | 0 | 0 | \$1.80 |
| Brentwood | | | | | | | | | | | |
| Industrial | 656,103 | 4.8% | 0.0% | 4.8% | 4.2% | 5.2% | 6,600 | 6,600 | 0 | 0 | \$1.41 |
| Warehouse | 95,953 | 15.2% | 0.0% | 15.2% | 15.2% | 15.2% | - | - | 0 | 0 | \$1.75 |
| TOTAL | 752,056 | 6.1% | 0.0% | 6.1% | 5.6% | 6.5% | 6,600 | 6,600 | 0 | 0 | \$1.53 |
| North I-680 Corridor - Quarterly Comparisons and Totals | | | | | | | | | | | |
| 22Q1 | 17,567,474 | 7.2% | 0.9% | 8.2% | 8.1% | 7.6% | (95,934) | (95,934) | 35,000 | 0 | \$0.78 |
| 21Q4 | 17,610,474 | 6.6% | 1.0% | 7.6% | 7.6% | 6.4% | (209,557) | (332,924) | 0 | 0 | \$0.79 |
| 21Q3 | 17,608,827 | 6.2% | 0.2% | 6.4% | 6.4% | 6.7% | 49,905 | (123,367) | 0 | 0 | \$0.83 |
| 21Q2 | 17,579,725 | 6.4% | 0.3% | 6.7% | 6.7% | 5.5% | (198,191) | (173,272) | 0 | 0 | \$0.83 |
| 21Q1 | 17,579,725 | 5.3% | 0.3% | 5.5% | 5.5% | 5.6% | 24,919 | 24,919 | 0 | 0 | \$0.88 |



Concord

In Concord, the vacancy rate reached 3.7 percent from 3.4 percent year over year, while average asking rents increased to \$1.35 from \$1.34 over the same period. Qualtek leased 28,500 square feet of light industrial space at 205 Mason Circle. Johnstone Supply leased 18,528 square feet of light industrial space at 1985 Arnold Industrial Way. Service Champions leased 13,070 square feet of light industrial space at 195 Mason Circle.

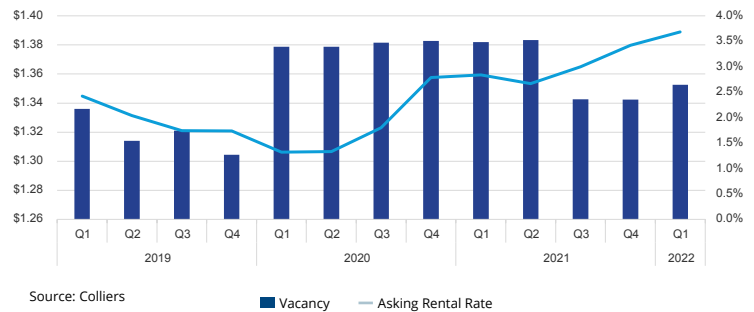
East County

In Antioch, vacancy held steady at 6.6 percent, the same as the previous quarter. In Pittsburg, vacancy increased to 20.6 percent from 18.4 percent the previous quarter. Much of this can be attributed to a large availability totaling 104,920 square feet becoming available at Empire Business Park. In leasing, Martinez Steel took 15,200 square feet of manufacturing space at 1501 Loveridge Road in Pittsburg. In transactions, A&M Investment LLC purchased 705 Bliss Avenue in Pittsburg, a 23,898 square foot light industrial building for \$3,275,000 or \$137 per square foot.

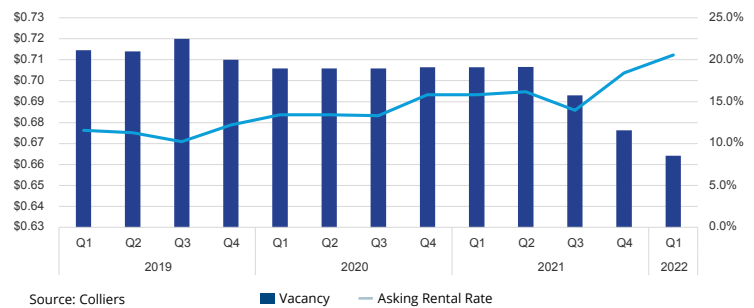
Looking Forward

After experiencing a slight uptick in vacancy through 2021, the start of 2022 also has a similar feel. Net absorption began 2022 with 95,934 square feet of negative absorption, however much of this can be attributed to a large block becoming available in East County just like previous quarters. Pricing has remained high for sale investments, leading to a slowdown in transactions. Brokers mention that demand continues to increase for build to suit projects due to expanding tenant needs. With few new constructions and a lack of suitable inventory for tenants, we expect absorption to rise as we move into 2022.

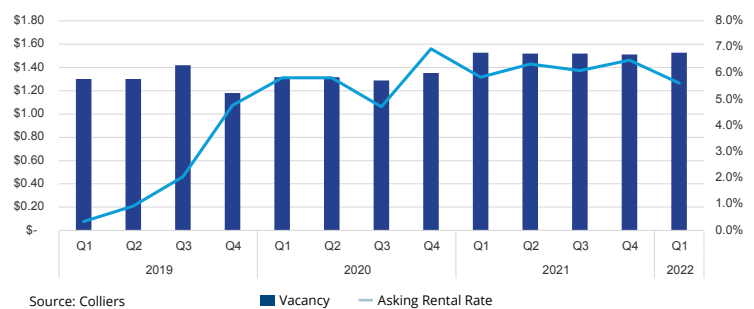
Concord



Pittsburg



Brentwood



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