NDUSTRIAL MARKET REPORT



The East Bay Region and I-880 Corridor Industrial Market continues full steam ahead with record low vacancy rates and record high lease rates.

As our region continues to thrive, the need for last minute delivery is more and more relevant for larger e-commerce and delivery companies. We continue to see companies such as Amazon, FedEx, & UPS looking for the best-in-class industrial sites in the market. In past surging markets we had seen other demands, such as small buildings (10,000±SF - 30,000±SF) for the owner/user buyer, but today it is all about bulk distribution with clear height, ESFR sprinklers, and truck parking. This is not an easy requirement in an already tight market, but tenants and developers continue pursuit. Things currently seem overheated, and we anticipate this pace for the balance of the year.

Lee & Associates Oakland is pleased to announce some exciting news! We recently brought on new Principal, David Scarpinato, who focuses on the lease and sale of industrial and office assets in the South I-880 Corridor. David is a seasoned veteran with many years of experience and we are very happy to welcome him to our team. Additionally, Garrett Drew has been promoted to Principal. Garrett focuses on the lease and sale of industrial and R&D properties along the South I-880 and North San Jose marketplace. We congratulate both David and Garrett.

At Lee & Associates we pride ourselves on our street smarts, superior market knowledge, and our ability to get deals done.

We appreciate your business and invite you to contact us with any questions or comments you may have regarding commercial properties in the East Bay. We look forward to working with you in 2017 and beyond!

 - Craig Hagglund, SIOR, Managing Principal Lee & Associates - Oakland

MARKET SNAPSHOT

57,196,952
1,075,096
1.88%
79,513,032
1,718,293
2.16%
55,613,739
2,719,642
4.89%

KEY TERMS & DEFINITIONS

Availability: Square footage that is marketed for lease which is available within 90 days. This also includes sublease space.

Industrial buildings are defined as buildings with a ceiling clearance of less than 22 feet with drive in truck doors; some may have dock doors. These buildings can be used by a wide variety of users. Parking is usually limited. This is the most prevalent type of industrial building.

Multi-tenant/incubator is defined as an industrial building that divides into units of less than $5,000\pm$ SF with drive in truck doors and a ceiling clearance of less than 18 feet. These buildings are ideal for expanding small businesses.

Warehouse and distribution buildings have a ceiling clearance of 22 feet or greater, dock high doors, limited parking and an adequate apron for truck deliveries.

Office/Flex/R&D buildings are characterized by having a parking ratio of at least 3/1000 SF of building. They usually have a lower clearance height and can be one or two stories. The parking enables these buildings to be flexible in the type of user they can accommodate. Any user from pure office to research & development can take advantage of the flexibility of this type of building.



MARKET		INVF	NTORY	AVAILABILITY AVAILAB			LITY RATE	
		Buildings	Total SF	Direct SF	Sublease SF	Available SF	Direct	Total
BERKELEY/EME	RYVILLE							
	INDUSTRIAL/WAREHOUSE	419	9,222,688	252,272	5,327	257,599	2.74%	2.79%
	FLEX/R&D	69	3,221,931	44,155	0	44,155	1.37%	1.37%
	TOTAL	488	12,444,619	296,427	5,327	301,754	2.38%	2.42%
OAKLAND								
	INDUSTRIAL	1,242	22,676,793	444,300	0	444,300	1.96%	1.96%
	MULTI TENANT/INCUBATOR	42	291,246	18,287	0	18,287	6.28%	6.28%
	FLEX/R&D	115	1,978,760	28,442	0	28,442	1.44%	1.44%
	WAREHOUSE/DIST	84	6,323,872	22,440	0	22,440	0.35%	0.35%
	TOTAL	1,483	31,270,671	513,469	0	513,469	1.64%	1.64%
RICHMOND								
	INDUSTRIAL	286	6,881,448	107,841	7,500	115,341	1.57%	1.68%
	MULTI TENANT/INCUBATOR	24	1,219,497	25,853	3,000	28,853	2.12%	2.37%
	FLEX/R&D	21	779,258	9,386	0	9,386	1.20%	1.20%
	WAREHOUSE/DIST	39	4,601,459	106,293	0	106,293	2.31%	2.31%
	TOTAL	370	13,481,662	249,373	10,500	259,873	1.85%	1.93%
MARKET TOTAL		2,341	57,196,952	1,059,269	15,827	1,075,096	1.85%	1.88%

MARKET		INVE	INVENTORY AVAILABILITY			AVAILABILITY RATE		
		Buildings	Total SF	Direct SF	Sublease SF	Available SF	Direct	Total
HAYWARD								
	INDUSTRIAL	859	16,208,381	84,495	5,000	89,495	0.52%	0.55%
	MULTI TENANT/INCUBATOR	166	2,187,524	21,643	0	21,643	0.99%	0.99%
	FLEX/R&D	73	3,326,188	225,876	0	225,876	6.79%	6.79%
	WAREHOUSE/DIST	224	21,585,887	319,840	92,503	412,343	1.48%	1.91%
	TOTAL	1,322	43,307,980	651,854	97,503	749,357	1.51%	1.73%
SAN LEANDRO								
	INDUSTRIAL	409	12,428,768	184,877	5,000	189,877	1.49%	1.53%
	MULTI TENANT/INCUBATOR	29	595,162	4,144	0	4,144	0.70%	0.70%
	FLEX/R&D	33	1,379,594	6,198	0	6,198	0.45%	0.45%
	WAREHOUSE/DIST	94	7,636,403	160,769	0	160,769	2.11%	2.11%
	TOTAL	565	22,039,927	355,988	5,000	360,988	1.62%	1.64%
UNION CITY								
	INDUSTRIAL	110	3,486,941	91,989	0	91,989	2.64%	2.64%
	MULTI TENANT/INCUBATOR	21	377,632	7,003	0	7,003	1.85%	1.85%
	FLEX/R&D	15	438,401	0	0	0	0.00%	0.00%
	WAREHOUSE/DIST	104	9,862,151	445,256	63,700	508,956	4.51%	5.16%
	TOTAL	250	14,165,125	544,248	63,700	607,948	3.84%	4.29%
MARKET TOTAL		2,137	79,513,032	1,552,090	166,203	1,718,293	1.95%	2.16%

FREMONT/NEWARK MARKET STATISTICS - 1 st Quarter 2017								
MARKET		INVENTORY		AVAILABILITY			AVAILABILITY RATE	
		Total SF	Direct SF	Sublease SF	Available SF	Direct	Total	
REMONT/N	IEWARK							
	INDUSTRIAL/WAREHOUSE	31,938,739	1,265,975	158,262	1,424,237	3.96%	4.46%	
	FLEX/R&D	23,675,000	1,222,705	72,700	1,295,405	5.16%	5.47%	
	MARKET TOTAL	55,613,739	2,488,680	230,962	2,719,642	4.47%	4.89%	



HAYWARD INDUSTRIAL AVAILABILITY

AVAILABILITY



The Hayward market consists of roughly 43 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space.

ABSORPTION

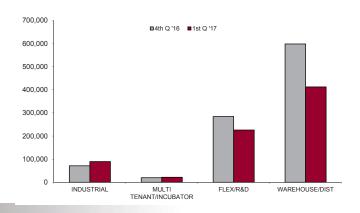
LEASE RATE



The Hayward marketplace remains one of the most highly sought after markets for investors of all types. From large institutional buyers to high net worth local owners, Hayward remains a rock and one of the most consistent markets along the West Coast. Some of the larger transactions in the 1st Quarter include the warehouse sale of 47,000±SF on San Antonio Street to Leadway International for \$165/SF, Ripcord, Inc., leased a 62,031±SF industrial space on Huntwood Avenue and, on Point Eden Way, Motor Coach leased 34,000±SF situated on 5± acres at the foot of the San Mateo Bridge.

- Craig Hagglund, SIOR

4th OUARTER '16 VS. 1st OUARTER '17 AVAILABILITIES



SAN LEANDRO INDUSTRIAL AVAILABILITY

AVAILABILITY



The San Leandro market encompasses roughly 22 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space. With the overall vacancy at 1.64%, industrial and warehouse/distribution have a decreased vacancy and multitenant and flex/R&D are still under 1%. Thus making it extremely difficult for tenants in these product types to find space. Because of this the 1st Quarter saw a small number of deals.

ABSORPTION



LEASE RATE



Notable Lease in 1st Quarter:

30,993±SF to HB Kitchen Bath, Inc. | 1501 Doolitte Drive 60 months/starting at \$0.73/SF NNN

Notable Sale in 1st Quarter:

 5,016±SF to Precision Tile & Granite | 869-871 Estabrook Street Multi-tenant building/closed at \$239/SF

With so little vacancy, we anticipate both lease rates and sale prices to continue at the current levels or rise over the next quarter.

- Doug Pearson



FLEX/R&D

WAREHOUSE/DIST

50,000

INDUSTRIAL

UNION CITY INDUSTRIAL AVAILABILITY

AVAILABILITY

ABSORPTION

LEASE RATE



The Union City market consists of roughly 14 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space. Vacancy rates dropped below 4% in the 1st Quarter.

Notable Leases in 1st Quarter:

- 235,447±SF to Penske Logistics | 33400 Dowe Avenue
- 125,081±SF to Uriman Co. | 33201-33207 Dowe Avenue (likely a Tesla related requirement)

Notable Sales in 1st Quarter:

- 57,175±SF to 85C Bakery | 1205-1275 Atlantic Street
- 53,960±SF to Northwood Partners | 1528-1550 Atlantic Street
- 26,243±SF to Healthy Pets | 34485 7th Street

With the signing of Penske Logistics and Uriman Company along with other notable lease deals in the works for the 2nd Quarter, we expect vacancy rates to tighten further and lease rates continue to rise.

-Jesse Lucas

4th OUARTER '16 VS. 1st OUARTER '17 AVAILABILITIES

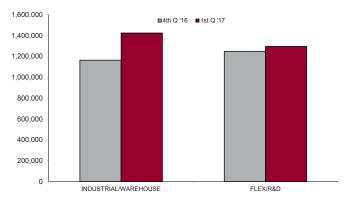
FREMONT/NEWARK INDUSTRIAL AVAILABILITY

AVAILABILITY

1

The Fremont/Newark market encompasses roughly 55 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space. The Fremont/Newark market has now posted its 15th straight quarter of positive net absorption. As predicted in our 4th Quarter Market Report, we are seeing tenants faced with ±50% lease renewal increases and exploring relocation out of the market for rent relief. Fremont continues to benefit from the "Advanced Manufacturing" boom with the Bayside sub-market exceeding peak pricing and renovating current vacancies to now provide campus amenities. We forecast steady growth for the remainder of 2017 with continued strong demand and minimal supply.

4th QUARTER '16 VS. 1st QUARTER '17 AVAILABILITIES



ABSORPTION

LEASE RATE

Notable Leases from the 1st Ouarter:

- 30,000±SF to ABC Bus Companies, Inc. | 7980 Enterprise Avenue, Newark
- 51,801±SF to ElringKlinger AG | 40969 Encyclopedia Circle, Fremont
- 129,883±SF to Hewlett Packard | 4209-4227 Technology, Fremont

Notable Sales from the 1st Quarter:

- 142,188±SF to Private Investor | 39888 Eureka Drive, Newark
- 86,118±SF to 46703 Lakeview, LP | 46703 Lakeview Boulevard, Fremont
- 88,908±SF to KZ Kitchen Cabinet & Marble Supply | 1421 California Circle, Milptas

-Andrew Stoddard & Garrett Drew

OAKLAND INDUSTRIAL AVAILABILITY

AVAILABILITY



7

The Oakland market encompasses roughly 31 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space. The 1st Quarter in 2017 was one that echoed what all of the numbers are saying – there is very little product available. As the previous quarters saw some larger transactions, this one only had a few small to mid-sized deals to speak of, most of which are cannabis cultivation related uses. With warehouse availability at under 0.5%, the activity is sparse and justifiability, asking rates are increasing dramatically.

LEASE RATE

ABSORPTION



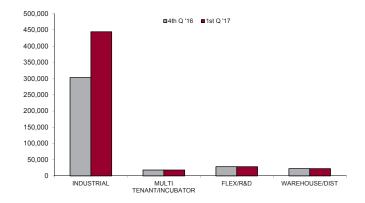
Notable Leases in 1st Quarter:

- 16,320±SF leased for \$1.25/SF | 721 37th Avenue
- 25,000±SF leased for \$0.72/SF | 200 Victory Court

Notable Sale in 1st Quarter:

- 10,434±SF sold for \$169/SF | 10811 Russett Street
- Drew Fischer

4th QUARTER '16 VS. 1st QUARTER '17 AVAILABILITIES



BERKELEY/EMERYVILLE INDUSTRIAL AVAILABILITY

AVAILABILITY



The Berkeley & Emeryville sub-markets consist of 12 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space.

ABSORPTION



Starting off 2017, Berkeley and Emeryville continues to attract high-end quasi-industrial style tenants to its limited stock of available space. Startup food and beverage companies seem to be the prevailing trend, with small to medium sized craft/artisan producers taking advantage of the increased customer traffic in developing clusters of similar users.

LEASE RATE

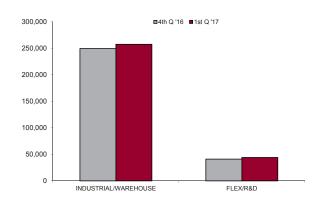


Keeping in this trend, Berkeley will be welcoming Ripple Foods, its largest new tenant at the Pyramid Brewery redevelopment project on Gilman Street. The expanding startup alternative food company has committed to relocating it headquarters into 29,950±SF of office/production space at the font of the project. Ripple will be joining Blue Bottle Coffee who recently leased space in the same project.

With limited inventory available for tenants to consider in these markets, we anticipate rents to continue rising along with sale value for assets that are coming to market. We anticipate strong demand and premium pricing to continue in this sub-market.

- Ryan Davidson

4th OUARTER '16 VS. 1st OUARTER '17 AVAILABILITIES



RICHMOND INDUSTRIAL AVAILABILITY

AVAILABILITY



The Richmond market consists of roughly 13 million square feet of warehouse/distribution, industrial, multi-tenant/incubator and flex/R&D space.

ABSORPTION



In the 1st Quarter of 2017 leasing remained steady and sales continued at its torrent pace. There were multiple leases signed in the 1st Quarter, many of which were smaller spaces. The most notable lease signed this quarter was for a 20,000±SF new warehouse facility at 2200 Central Avenue by Paul Davis Restoration.

LEASE RATE



Vacancy remains low and the number of tenants looking to lease space in Richmond is outpacing the supply.

The sales market has also remained strong from 2016 right into 2017.

Closing in the 1st Quarter was the sale of 867 South 19th Street, an 11,000±SF industrial building to Workshop Property LLC., as well as the sale of 1030 Ohio Avenue, a 7,500±SF building to 1030 Ohio Avenue LLC.

In other Richmond news, development interest in Class "A" warehouse space remains strong, with several projects in the planning stages and/or starting construction. Most notably LDK Capital is underway on 700,000±SF of Class "A" warehouse known as the "Bay Area Logistics Center", this will be one of the largest freestanding warehouse buildings in the East Bay Market.

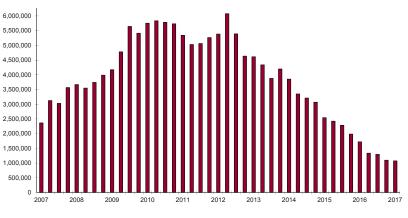
The Richmond market remains very active and the outlook for 2017 continues to be very positive.

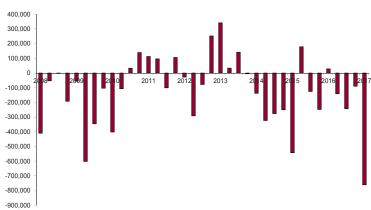
-Brian Barden

4th QUARTER '16 VS. 1st QUARTER '17 AVAILABILITIES



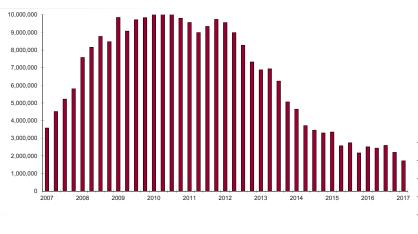
NORTH I-880 ABSORPTION HISTORY

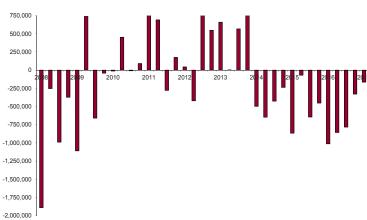




I-880 AVAILABILITY HISTORY

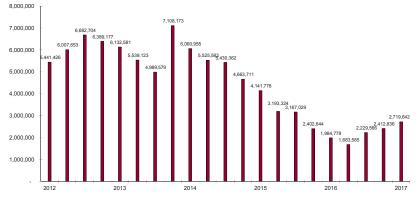
I-880 ABSORPTION HISTORY

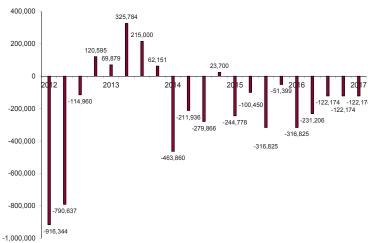




FREMONT/NEWARK AVAILABILITY HISTORY

FREMONT/NEWARK ABSORPTION HISTORY







NEW CONSTRUCTION

275,000±SF, HAYWARD DEVELOPER: SHEA



Under construction; completion 10/2017 4 Building Industrial Complex

275,000±SF, HAYWARD
DEVELOPER: CONOR COMMERCIAL



Pre-leased to FedEx Single Tenant Warehouse

50,000±SF, HAYWARD DEVELOPER: EVERWEST



Under construction; completion 10/2017 Freestanding Class A Warehouse

30,000±SF, HAYWARD DEVELOPER: PANATTONI



BTS Loomis Armored Car; completion 10/2017 30,000±SF With Yard Area

555,000±SF, SAN LEANDRO DEVELOPER: TRAMMEL CROW



Multi-building warehouse; former Kraft site

161,000±SF, SAN LEANDRO DEVELOPER: COMSTOCK

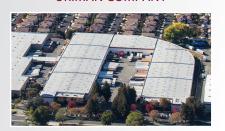


Adding to existing building at 1717 Doolittle Drive



TRANSACTIONS

Industrial - 125,081± SF Leased 33201-33207 Dowe Avenue, Union City URIMAN COMPANY



Industrial - 101,700± SF Leased 30551 Huntwood Avenue, Hayward COAST ALUMINUM



Industrial - 83,000±SF Leased 3335 Arden Road, Hayward PLASTIKON INDUSTRIES, INC.



Industrial - 77,244± SF Leased 4000 Whipple Road, Union City CHETAK SAN FRANCISCO, LLC



Industrial - 63,592± SF Leased 2842 W. Winton Avenue, Hayward CAL CARGO



Industrial - 34,000± SF Leased 4120 Point Eden Way, Hayward MCI SALES & SERVICECS, INC.



Industrial - 142,188± SF Sold 39888 Eureka Drive, Newark THE MOULTON COMPANY



Industrial - 88,908± SF Sold 1421 California Circle, Milpitas KZ KITCHEN CABINET & MARBLE SUPPLY



Industrial - 57,175± SF Sold 1205-1275 Atlantic Street, Union City 85C BAKERY



Industrial - 53,960± SF Sold 1528-1550 Atlantic Street, Union City NORTHWOOD PARTNERS



Industrial - 46,626± SF Sold 31010 San Antonio Street, Hayward LEADWAY INTERNATIONAL



Industrial - 36,819± SF Sold 23874 Cabot Boulevard, Hayward CR WINDOWS





LEE AVAILABLES

FOR LEASE AVAILABLE: 50,230±SF 3781 Depot Rd., HAYWARD



FOR LEASE AVAILABLE: 18,900± SF 30315 Union City Blvd., UNION CITY



FOR LEASE AVAILABLE: 15,000± SF 5035 Brandin Ct., FREMONT



FOR LEASE AVAILABLE: 143,888± SF 4730 Fite Ct., STOCKTON



FOR LEASE AVAILABLE: 47,703±SF 41049 Boyce Rd., FREMONT



FOR SALE AVAILABLE: 5.0± ACRES 7580 Mowry Ave., NEWARK



FOR LEASE AVAILABLE: 14,883± SF 33175 Transit Ave., UNION CITY



FOR SALE AVAILABLE: 17,850± SF 802 E. 12th St. & 1222-1224 8th Ave., OAKLAND



FOR SALE AVAILABLE: 29,450± SF 24615-25619 O'Neil Ave., HAYWARD



FOR LEASE AVAILABLE: 15,626± SF 40950 Encyclopedia Cir., FREMONT



FOR LEASE
AVAILABLE: 7.26± ACRES
Collins Ave., & John Ave., RICHMOND



FOR LEASE AVAILABLE: 16,000± SF 192 Utah St., SAN FRANCISCO



COMMERCIAL REAL ESTATE SERVICES

520 3rd Street, Suite 105, Oakland, CA 94607 www.lee-associates.com

YOUR TEAM

INDUSTRIAL AGENTS

NAME	TITLE	PHONE NUMBER	EMAIL ADDRESS
Brian Barden	Associate	510-903-7616	bbarden@lee-associates.com
Zack Barnes	Associate	510-903-7619	zbarnes@lee-associates.com
Ryan Davidson	Principal	510-903-7614	rdavidson@lee-associates.com
Garrett Drew	Principal	510-903-7613	gdrew@lee-associates.com
Drew Fischer	Principal	510-903-7602	dfischer @lee-associates.com
Craig Hagglund	Principal	510-903-7611	chagglund@lee-associates.com
Jesse Lucas	Principal	510-903-7607	jlucas@lee-associates.com
Ryan Martens	Principal	510-903-7605	rmartens@lee-associates.com
Doug Pearson	Principal	510-903-7610	dpearson@lee-associates.com
Chris Schofield	Principal	510-903-7608	cschofield@lee-associates.com
Michael Schofield	Principal	510-903-7604	mschofield@lee-associates.com
Andrew Stoddard	Principal	510-903-7618	astoddard@lee-associates.com

INVESTMENT AGENTS

NAME	TITLE	PHONE NUMBER	EMAIL ADDRESS
Rick Bland	Principal	510-903-7609	rbland@lee-associates.com
David Scarpinato	Principal	510-903-3022	dscarpinato@lee-associates.com
Winston Street	Associate	510-903-7615	wstreet@lee-associates.com
Guy Warren	Principal	510-903-7617	gwarren@lee-associates.com

OFFICE AGENTS

NAME	TITLE	PHONE NUMBER	EMAIL ADDRESS
Neil Cowperthwaite	Associate	510-903-7603	ncowperthwaite@lee-associates.com
Ben Jones	Principal	510-903-7606	bjones@lee-associates.com
Dave McCarty	Principal	510-903-7601	dmccarty@lee-associates.com
Joseph McGlynn	Associate	510-903-7612	jmcglynn@lee-associates.com

RETAIL AGENT

INAIVIE	IIILE	PHONE NUMBER	EMAIL ADDRESS
Cass Gulden	Associate	510-599-3139	cgulden@lee-associates.com

MANAGING PRINCIPAL

NAME	IIILE	PHONE NUMBER	EMAIL ADDRESS
Mike Furay	Managing Principal	925-737-4140	mfuray@lee-associates.com

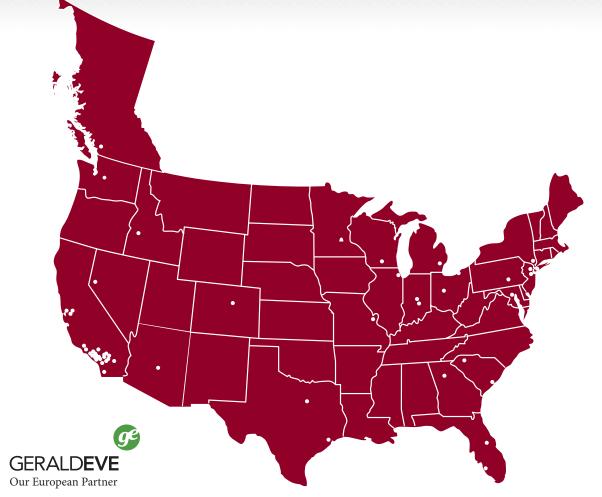
ABOUT LEE & ASSOCIATES

Lee & Associates, founded in 1979, is one of the largest regional commercial real estate providers in the United States.

Since 1979, our seasoned, motivated shareholders and professionals have been offering comprehensive quality service nationally and locally in a pro-active manner. We develop customized solutions for all of your real estates needs through our market-to-market knowledge in all property types. Our unique business model and extensive experience has helped us become one of the largest commercial real estate providers in the United States.



LOCAL EXPERTISE. NATIONAL REACH. WORLD CLASS.



INTERNATIONAL ORGANIZATION, LOCAL OWNERSHIP

Established in 1979, Lee & Associates has expanded across the nation and North America with offices that are individually owned by the shareholders of that office, thus encouraging an entrepreneurial spirit and allowing more freedom and creativity to make real estate transactions work.

EXPLOSIVE GROWTH

1990 - Carlsbad, CA

Since its inception there has been an explosive growth of Lee & Associates offices throughout the country and now in Vancouver, British Columbia, making it one of the largest and fastest growing commercial real estate organizations in North America.



COMMERCIAL REAL ESTATE SERVICES

2016 - Seattle, WA
2016 - Walnut Creek
2016 - Vancouver, BC Canada
2016 - Twin Cities, MN
2016 - Pasadena CA

2016 - Twin Cities, MN
2016 - Pasadena, CA
2015 - Eastern Pennsylvania
2015 - Columbus, OH
2015 - Houston, TX
2014 - Denver, CO
2014 - Cleveland, OH

013 - Long Island-Queens, NY
.013 - Chesapeake Region , N
. 012 - Edison, NJ
.012 - Orlando, FL
012 - Charleston, SC
011 - Fort Myers, FL
011 - Manhattan, NY
011 - Greenville, SC
010 - Atlanta, GA
010 - Greenwood, IN

2010 - Indianapolis, IN	
2010 - Indianapolis, IN	
2009 - Long Beach, CA	
2009 - Elmwood Park, NJ	
2008 - Boise, ID	
2008 - ISG, LA, CA	
2008 - Palm Desert, CA	
2008 - Santa Barbara, CA	
2006 - Antelope Valley, CA	
2006 - Dallas, TX	

2006 - Madison, WI
2006 - Oakland, CA
2006 - Reno, NV
2006 - San Diego - UTC, CA
2006 - Ventura, CA
2006 - San Luis Obispo, CA
2005 - Southfield, MI
2005 - Los Olivos, CA
2004 - Calabasas, CA
2004 - St. Louis, MO

COMMERCIAL REAL ESTATE SERVICES		
2002 - Chicago, IL	1990 - Industry, CA	
2001 - Victorville, CA	1989 - LA - Long Beach, C	
1999 - Temecula Valley, CA	1989 - Riverside, CA	
1996 - Central LA, CA	1987 - Ontario, CA	
1994 - Sherman Oaks, CA	1984 - Newport Beach, C.	
1994 - West LA, CA	1983 - Orange, CA	
1993 - Pleasanton, CA	1979 - Irvine, CA	
1993 - Stockton, CA		
1991 - Phoenix, AZ		